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A NOTE ABOUT THIS REPORT

> Short ‘bios’ of the news media organisations cited in this research are contained in stand-alone boxes. Many of organisations and projects are further profiled in the case studies section, pages 52-62.

> Quotes not otherwise cited come from interviews or discussions conducted as part of this research. Quotes or information from speeches or interventions at conferences not otherwise published are referenced to the conference in the text.

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Disruption and innovation is the call and response of the modern world. News media is caught shuffling helter-skelter from one to the other, attempting to juggle the impact of disruption while innovating to create a new media ecosystem. It’s hard and exhausting work.

But disruption is not a matter of having to deal with new technological tools or the platform-based internet. The disruption of news media lies in the abrupt turnabout in the information and the attention economies. Previously, information – and access to information – was relatively scarce. It could be corralled, packaged and sold. But now, information is everywhere. It strains to be free, to be ubiquitous. And where supply is effectively infinite, demand for each individual unit falls.

On the other hand, attention – the time any one person has to consume information – is all too finite. As all the other magnets for attention come rushing in to compete with news media, the attention available for journalism has dwindled. Journalists are engaged, whether they know it or not, in a global fight for attention, from competition within their own industry and from outside it. Once, information scarcity allowed news media to monopolise significant blocks of attention, with the morning newspaper over the breakfast table or the television news in the evening. Now, the challenge is to win that attention through the power of journalism. And that is the core question posed by the digital disruption of news media: do you have what it takes to hold the audience’s attention? The situation calls for an innovation response that captures the audience with compelling content, packaged and delivered in the right way at the right time. The goal is R.E.A: repeat engaged attention.

It has taken a long time to understand that beyond the business model, social distribution and technology, the biggest disruption has been to the audience: their habits, needs and expectations and how they value information. This calls for an audience-focused response, and an understanding that just as disruption is at the heart of the business, innovation too has to be at the centre of everything. Business as usual is not an option. Practically, this means aggregating, identifying or creating an audience with a holistic approach: creating journalism they value, designing distribution tools to reach them where they are and developing the products that embed the business strategy to complement the journalism.

This audience-centred dynamic is creating a diverse ecosystem, made up of traditional players, start-up media, public broadcasting and global players seeking a local footprint. There is good reason to be excited about the journalism that it’s generating and the business processes and distribution that are underpinning it.

**Six Takeaways**

1. Disruption of news media has come from outside. Innovation is about remaking news media from the inside.
2. The disruption is not about the technology. It’s not even about the business model. It’s about the clash between living in a world of information abundance and having only a finite amount of time to pay it attention.
3. Innovation in news media has circled through three overlapping cycles: digital-first publishing, social media distribution and, now, audience-centred publishing.
4. It has taken these three cycles to understand what is at the core of the disruption challenge: audiences.
5. Practically, putting audiences at the centre means having a holistic strategy that combines innovation in content, business models, distribution and product.
6. The case studies in this report reveal how new and established media organisations are placing audiences first.

**Executive Summary**

**IT CALLS FOR AN INNOVATION RESPONSE THAT CAPTURES THE AUDIENCE WITH COMPPELLING CONTENT, PACKAGED AND DELIVERED IN THE RIGHT WAY AT THE RIGHT TIME. THE GOAL IS R.E.A: REPEAT ENGAGED ATTENTION.**

In this report, we draw insights and questions about innovation across the four pillars of product development, business models, distribution and, of course, the journalism that must continue to lie at the heart of news media in a democratic society. These need to be integrated in a holistic strategy that understands and engages its audience at the centre of the process.

The big takeaway for innovation in the journalism itself is that the story can’t take for granted the attention of the audience. It must be earned over and over again. Journalists need to start any story by asking themselves: what’s the value in this? Why should a reader, viewer or listener use some of their limited attention on this. This requires understanding the job your journalism is doing, as well as providing compelling content, engaging storytelling and a targeted market niche.

Once, ‘distribution’ went one way, through loading papers on the truck or firing up the broadcast tower. Now innovation in distribution is multi-directional. With the internet now the front page, each media outlet needs to find its cut through, from managing the trials of the algorithm to the secret distribution power needs to find its cut through, from managing the

There’s another distribution trap: your audience wants it when they want it – not when you decide to give it to them: think of time-shifting in video or the rise of the podcast. And there’s an emerging challenge: artificial intelligence has the potential to make personalised delivery the ultimate in what the audience wants, when they want it. Link that with the trend to voice activation and you have the drivers of the next cycle of news media innovation in distribution.

The next question is how to innovate the business model – aka, where’s the money coming from? Traditionally for news media, that’s been advertising – and innovators are still finding those dollars too attractive to just give away. But grabbing a slice of the pay in the age of Google and Facebook requires smarts.

Increasingly, news media innovators are turning to their readers, viewers and listeners for revenue, turning them into subscribers, donors and partners. But it comes with a warning – that changes a lot more than you might think.

What other dollars are there? The magic answer is revenue diversification – an answer that requires real innovation and often rethinking the product.

If the business model is about building diverse revenue streams with the audience at the centre, innovation in product development is about designing news products that people need and want, will seek out and will pay for. It brings together the journalism, the distribution and the business strategy into a product that fits its market, a product that solves a problem for the audience it centres on.

That means there’s a need for skills development, where innovators need business skills – either their own or someone else’s. And start-ups need to find someone to help them get on, and off, the runway. That someone might be you, bootstrapping yourself.

While there is much to be excited about in this innovative ecosystem, there are also reasons for real concern. Too often, the ecosystem lacks depth and there is much work to be done to develop a robust culture to support media in transition. The current culture risks building walls that confine news to those able and prepared to pay for it and facilitating the creation of news deserts, most notably in local news.

So what’s next for these four innovation responses? How might we:

- give the current generation of journalists (and, for universities, the emerging generation) training to drive innovation in journalism that meshes the imaginative and the practical?
- network news media innovators across Australia, New Zealand and Asia and link them with innovators around the world to share the wisdom that comes equally from success and failures? How do we enable networked innovators to support each other through sharing knowledge as peers and mentors?
- build the support structures and space for experimentation and shared learning for the whole craft and industry?
- build initial runways for access to investment and other funding?
- understand the role and value of journalism where internet culture is rapidly changing the context?

There are plenty more related questions to ask and problems to wrangle with. But the positive note is, by and large, the news media industry knows it has to meet the challenge of disruption with innovative responses. This report is a good place to start to understand how it is doing so.
The emerging media eco-system in Australia and New Zealand, and in the broader Asia region, demonstrates an exciting diversity, both in its journalism and the products that make up that journalism. The black and white world of 20th century analogue journalism has been replaced by a vibrant interplay of colour. But what makes it work? How are traditional media navigating the transition? Why do some ventures succeed and others fail? How is the eco-system evolving?

To rephrase Clay Shirky in his 2009 blog post, Newspapers and Thinking the Unthinkable (Shirky 2009): You can understand the world before a revolution. You can understand the world after a revolution. But in the middle of it? All but impossible!

The stories of innovation only tell the journey up to this point where the news media (and its story) is heading, care about what’s happening in the world after a revolution. But in the middle of it? Impossible!

Newspapers and Thinking the Unthinkable

The black and white world of 20th century journalism has been replaced by a vibrant interplay of colour. But what makes it work? How are traditional media navigating the transition? Why do some ventures succeed and others fail? How is the eco-system evolving?

Second are the institutions that are providing essential support for media in transition: universities, philanthropists, governments, not-for-profits, investors – people who want to know how they can help make a difference by collaborating with innovators.

And then there’s everyone else: the news media is central to a democratic society, as a Fourth Estate. People who care about where society is heading, care about what’s happening with news media.

Media – both traditional players and start-ups – are using innovative methodology and design to adapt distribution, audience building, business models and the pivot to reader revenues. The traditional players are reshaping historical products, walking either side of the line that separates innovation from business as usual, to innovate without breaking what still brings value. Start-ups are providing a key layer of news and information – deepening the news ecology and filling news gaps.

In the 25 years since Australian media ventured online, our tentative learnings suggest that building a sustainable news media for the future requires integrated innovation around four factors:

- **Journalism** that understands its audience’s needs and is able to engage it in a two-way (and a broader social) relationship and add value through being both useful and entertaining;
- **A product** that does the job that audiences want it to do for them and that, directly or indirectly, funds the journalism of news media;
- **Social distribution** that both uses and builds network power; and
- **A business model** that relies on diverse revenues from advertisers, readers and some other mix, without being over-dependent on any one source.

These are not stand-alone points to be ticked off. Successful news media innovators think about each of these steps in a holistic way that integrates them by centring the audience.

Because news media innovation is in a state of flux, it’s all but impossible to put a pin into just where we are, or where we’re going. Innovation is a discovery, a journey of exploration with news media often struggling to see too far ahead. This means ‘we need to consider methodological approaches that help us capture a field in flux, and that allow us insights into the process, not merely into the input and/or the output of such processes’ (Wagemans and Witschge 2019). This report, then, uses human-centred design both as a research technique and as a way of understanding how innovators in news media have (or could or should have) responded to the challenges. Human-centred design encourages innovators to focus on a sharp definition of the question before they fall in love with the answer or, in the case of journalism, before they assume that the answer that may have been correct within the constraints of 20th century media remains the correct answer today.

Within journalism, there’s often a caution about embracing so-called Silicon Valley values; a concern, for example, that one person’s audience focus is another’s corrupt pandering to what works (Foer 2018 p 149). But, as the author of The Content Trap, Bharat Anand, says, innovators need to understand the game being played before they can know how to win it (Anand 2016). In this game, then, human-centred design is more a tool than a theory, a mindset that takes time for a deep understanding of the question or challenge and encourages innovation based on centring the user. This has been described elsewhere as the soft operating system of Silicon Valley innovation (Park 2019).

As a result this research is qualitative and theme-based, rather than quantitative. In-depth interviews with more than 70 practitioners and readings of their real-time comments in blogs, speeches and articles, have provided an understanding of how others have been defining the question – and how they’ve been attempting to answer it.

As Shirky reminded us a decade ago, we understand the future with the tools of the past. In news media this understanding means that what is innovation from one point of view is business as usual from another. But a holistic look over news media helps put each step – each success, each pivot, each failure – in a broad innovation context.
Innovation and disruption (and even disruptive innovation) describe processes of change in industry and industry sectors – change that profoundly reshapes, perhaps destroys, and recreates. Economist Joseph Schumpeter dubbed ‘creative destruction’ the driving force of capitalism (Schumpeter 1947). Management theorist Henry Mintzberg said businesses mistake disruption as a moment, not a process: change, he says, has always been with us and each generation – mistakenly – believes it alone stands at the epicentre (Mintzberg 1994).

Much of this theoretical analysis of disruption treats innovation as the cause, rather than the driver of disruption. Disruption within a specific industry is driven by the shock of an invention, as suggested by Ralph Waldo Emerson and his proverbial better mousetrap. This underpins the foundational 1990s work on modern innovation by Clayton Christensen, *The Innovator’s Dilemma* (Christensen 1997). Corporations, he says, are torn between implementing the unknown new at the expense of a profitable present.

In news media, this was true of the large disruptions driven by innovations in the late 19th century, radio in the 1920s and television in the 1950s. News media largely captured the overflow of infinite information it brings crashing into the habits, wants and needs of news media audiences were thought to be well understood. The appointment of the morning paper over breakfast or with the 6pm news over dinner was so solid, it could, in a practical sense, be taken to the bank.

Now the audience has atomised. Time has become an industry responds to the twin shocks of the internet: the hard limits of attention. It’s how the industry – and society – responds once it realises that a nudge on the tiller of business as usual isn’t going to cut it any more. It’s how the industry responds to the revaluation of time, the re-imagination of journalism in the revaluation of time, the re-imagination of the things that get broken – local newspapers, say – have a value beyond the commercial, a deep history and strong community role.

As a response to exogenous disruption, innovation is both more constrained – i.e., more reliant on platforms and tools developed by others – and more free, at least of the trap of the innovator’s dilemma – the industry will be disrupted whatever choices the industry leaders make. However, the dilemma in news media innovation is real. It’s easy for Silicon Valley evangelists to grandly admonish us to ‘Move fast and break things’ (Zuckerberg quoted in Baer 2014). In news media, the things that get broken – local newspapers, say – have a value beyond the commercial, a deep history and strong community role.

Given the social and political significance of news media, the innovator’s dilemma has been to build the future while preserving as much of the values and assets of the past as we can. Practically, this means asking: how might we innovate in news media without sacrificing the core, historic values of journalism’s truth-telling mission? And, how might we support the advertising-driven mass product which still, 25-odd years into this digital journey, provides the overwhelming majority of news media revenues?

News media have eagerly adopted the tools of disruption to innovate. Newspapers were quick to move online; within six months of Netscape’s launch in 1994, the first commercialised browser online service began. Since then, journalists and communicators have continued to embrace the opportunity to innovate news media: in distribution, in product development, in business models and in the journalism itself, both in reporital research and in crafting the story.

This mix of opportunity and constraint often leads to a Crocodile Dundee-style innovation competition: ‘You call that innovation? THIS is innovation.’ Google describes its thinking as 10x: ‘Put simply, true innovation happens when you try to improve something by 10 times rather than by 10 per cent’ (Google Cloud 2014).

How would we begin to conceptualise this in the news media today? What would 10x news media look like? What metric would you use to measure it? It’s a fascinating intellectual exercise – and a useful heuristic at the micro level – but of limited practical use for a sector seeking to just be as fit for purpose as it was 25 years ago.

However, as everything changes outside journalism, the starting point for that sort of necessary ambition in news media lies in radically reimagining the provenance and place of journalism in the revaluation of time, the re-imagination of community and the demand for relationships that can be trusted. Being confident in its values and mission, innovation in news media is a radically conservative project. As Lampedusa writes in *The Leopard* in response to that great 19th century social and political disruption of nationalism: ‘If we want everything to stay the same, everything will have to change.’ (Lampedusa 1958).

Or to put Lampedusa into design thinking: how might we renew a journalism true to its values that delights and fulfills an essential need for our society? The answer to that question is a process, a journey. That process is the grand task of innovation as it is explored in this report.

Innovation across the sector is a collective and iterative project, assuming an implied collaborative understanding. Each individual idea, practice or change should be assessed for its contribution to the sector’s often tentative reaching for its next footing, rather than assessed for its own (probably unknowable) impact. For example, roll-out of large-scale donations strategies was initiated by The Guardian and now is being replicated by others. However, as each of these innovative practices jumps (or iterates) from company to company, it demands its own product/market assessment, that process of understanding your own problem to assess the solution’s fit, rather than a simple cut-and-paste replication.

Looking back, putting a paper on the web in the 1990s using print deadlines looks a lot like 20th century business as usual. But at the time, it was a first tentative attempt to answer the question of how we would renew journalism. And it was embraced by many with excitement for the opportunities it offered.

The sector is rich in start-up and innovation talent, open to experimentation and adaptable to the constantly changing media landscape. Indeed, many have embraced change as the new normal. Significantly, it’s not about the money, or not just about the money. Innovators have a strong mission to create journalism as a service that informs and drives change, that speaks directly to the needs of their community.
WHERE ARE WE NOW?

HOW DID WE GET HERE?

Today’s news media eco-system is more diverse both in what it is and where audiences find it. On the one hand, it’s more national (less local) and more globally integrated. On the other, it provides more opportunities for diverse voices, more niches for different interests.

Start-ups are carving out a new space in the media ecosystem, alongside publicly owned media, such as ABC and SBS in Australia and Radio New Zealand. Evolving traditional media groupings are building national scale around two big groups – Nine Entertainment, having absorbed the Fairfax mastheads and Stuff in New Zealand, and News Corp and Seven West Media who are increasingly cooperating on content and distribution. Global players are carving out a local footprint, such as The Guardian, Buzz Feed, New York Times and VICE.

These are common global patterns, although in Asia, there is less innovation in the bigger traditional media houses (apart from a few exciting outliers), but real innovation in new media ventures is often freeing up reporting despite restrictive national conditions.

The innovation journey for news media has not been smooth. Since the turn of the century, it has rolled through three overlapping cycles of experimentation and learning.

Today’s news media eco-system is more diverse both in what it is and where audiences find it. On the one hand, it’s more national (less local) and more globally integrated. On the other, it provides more opportunities for diverse voices, more niches for different interests.
These early trends were overwhelmed from about 2008 by two external shocks: the sudden and continuing collapse of advertising revenues, particularly in newspapers, and the absorption of readers’ time by social media, particularly Facebook and, in news at least, Twitter. Together with Google’s search these platforms replaced the traditional top-down distribution of the media companies with a consumer-driven discovery.

This shattered the hope that the traditional news publishing model funded by advertising that brought and kept readers in the single product for both news and ads would transition from print to digital, from a newspaper to a url, from, say, The Sydney Morning Herald to smh.com.au.

The slump in advertising support happened as astonishingly quickly, particularly in newspapers, as the graph (right) illustrates:

According to the latest reports from the Australian Communications and Media Authority (ACMA 2019) and the Interactive Advertising Bureau, the proportion of advertising dollars spent online is now over 50 per cent in Australia and 40 per cent in New Zealand. (As a general rule of thumb, ad spend in developed countries is equivalent to about 1 per cent of GDP, so about $AU15.6 billion in Australia and about $NZ2.2 billion in New Zealand.) Mary Meeker’s Internet Trends (Meeker 2019) reports the online share increasing globally by about 20 per cent per year, on average.

Most of these online ads are now captured by Google and Facebook. According to the final report of the ACCC’s Digital Platform Inquiry, about 61 per cent of this online ad spend in Australia is now captured by one or other of the products and services of these two giants (ACCC 2019).

A significant slice of this online spend supports search and classified advertisements – famously dubbed ‘vines of gold’ by Rupert Murdoch. In the internet world, these are look up and discover plays, with no self-evident basis for a relationship with news or related content. Although some media companies retain full or partial ownership of classified advertising platforms (Nine and Domain, News Corp and the REA Group) there is now only the most tenuous link between classified income and news media.

At the same time, display advertising (now about a third of online ad spends or about $3.2 billion in Australia) is increasingly mediated through programmatic advertising – algorithmically allocated to consumers based on the user’s personal data held by the platform. Programmatic ads are both cheaper and shared across ad-supported web pages. (The ACCC inquiry includes a useful explanation both of how this works in practice and how it acts to capture advertising dollars within the platforms’ own eco-system.)

Meeker’s Trends estimate this takes 62 per cent of display advertising globally, and growing. The New Zealand IAB estimates about 48 per cent of digital display spend goes to programmatic ads.

As early as 2010, Meeker’s Trends gave a structural reasoning to this decline by matching time spent on medium with ad spend, showing that newspapers then consumed 8 per cent of media users’ time, but received 27 per cent of all advertising income. By last year, the figures for print papers had fallen to 1 per cent of time and 8 per cent of ad spend.

The report of the ACCC inquiry into the platforms estimates that print revenues in Australia are now about 12 per cent of total ad spend. Whereas print revenues of about $1.8 billion remain the major source of revenues for the traditional mastheads. They are tied both in content and in advertising to the aging of the traditional newspapers.

According to the ACCC report, in 2017, over 90 per cent of advertising revenue was spent on these two giants (Google (23 per cent) and Facebook (23 per cent), most of these referrals were coming from Facebook. According to the ACCC report, in 2017, over half still came from Google (28 per cent) or Facebook (23 per cent).

The relationship between the platforms and the publishers was always uneasy. On the one hand, in 2015, Google’s Accelerated Mobile Pages (AMP) and Facebook’s Instant Articles seemed to solve a problem for the craft, making the mobile web better and faster for journalism. But publishers said that it truncated their design and revenue options and the pact saw journalism in journalism content. Free from advertising constraints, organisations such as the ABC or Radio New Zealand have been able to experiment in new approaches to journalism. For the ABC and SBS, this also involved launching new digital channels like News24 and NITV and time-shifting streaming services iView and SBS On Demand.

From the news media’s perspective, Facebook (and other social platforms like Twitter) have been about pulling readers into the publisher’s web page where they can be monetised through advertising or converted to subscribers. For Google, this led to the near universal adoption of the tools of Search Engine Optimisation – the use of headings, words and tags to bump stories up the search rankings, pitching media companies in a zero-sum competition with each other.

For Facebook, it meant maximising user engagement with their page through likes, shares and comments to boost their links up the News Feeds of people similar to their existing users and so pulling them back to the publication site. This strategy caught the publishers out when the NSW Supreme Court found that this approach made them liable for defamation of comments posted on their public Facebook page (Voller v Nationwide News 2019).

In 2015, Facebook seemed to be cementing its positioning as the media distributor of choice through Instant Articles, which allowed loading of links (and some ads) more quickly and more efficiently. It promised even greater access to a Facebook audience that was growing both in numbers and in time on the site.
subject to the whims of changing algo-
rithms (ACCC 2019).

The new environment brought opportuni-
ties to commercialise start-ups, using the platform
distribution to reach and en-
gage readers. Most famously, BuzzFeed
launched in 2013 and 2014,
and where the media looks to its readers,
and where the media looks to its readers.

In 2018 Facebook announced it was
launching Facebook Watch (with 55
per cent of ad revenue for the pro-
ducer) as a direct competitor to You-
Tube in Australia. Both Sky News
Nine have announced they are
using this service to distribute video
news although the early indications
are that this is not attracting audi-
cences to pay its own way.

The search for global scale saw Australia
become a significant test market and the
launch of Australian footprints for The
Guardian in 2012, US start-ups such as
Buzzfeed and Mashable in 2013 and 2014,
and Huffington Post in 2015.

Then, in mid-2017, Facebook started
to turn off the tap. In two tweaks to the
Facebook algorithm – one in mid-2017
and, another, more high profile in Jan-
uary 2018 – news was downgraded in the
Facebook News Feed in lieu of posts from
family and friends. Seven West Me-
dia, for example, told the ACCC inquiry
that its referrals fell by 40 per cent.

FOR START-UPS THAT HAD
BUILT THEIR BUSINESS
OFF THE ALGORITHM
IT WAS AS THOUGH A
LIGHT HAD GONE OUT

For start-ups that had built their business
off the algorithm – often with encour-
agement from the platforms – it was as
though a light had gone out. Some are
still struggling, reacting with all the stag-
es of grief, from anger to denial, and out
of necessity, acceptance.

The ones that will survive are the ones
that can pivot and build a more direct
relationship with an audience they can
monetise, or as with Starts at 60, switch to
a transactional business such as their
travel agency to capture the full value of
the travel vertical.

innovation in news media is turning to a third
cycle, one where the audience focus has to
be increasingly niche and deeply engaged,
and where the media looks to its readers,
viewers and listeners to provide the income
to sustain journalism. It’s forcing a more diversi-
fied approach to revenues, including adver-
sising, reader revenues, events and anything
else that might work.

From an organisational point of view, this
has required a shift in innovation focus from
an often tangential activity – interesting,
but happening to one side of the main work of
the organisation – to a core activity that sits at
the centre of the most traditional of organisations.

In money terms, this has involved requiring
a payment – usually a continuing subscrip-
tion – to access a news website. Often this
involves some continued free access (a so-
called freemium model) for non-subscribers.
In 2013, the (now) Nine metropolitan papers
moved to a freemium paywall. The Australian
Financial Review had long been behind a
harder paywall. Beginning that same year,
News Corp started to move its mastheads be-
hind paywalls. In New Zealand, the National
Business Review was the first to adopt a pay-
wall, followed this year by The New Zealand
Herald. Among start-ups, Colley has had a
hard paywall from inception.

In early 2016, The Guardian (including its Aus-
tralian online edition) launched a ‘contributions
model’. In the three years since, the paper has
received financial support from about 650,000
regular supporters, providing a small operat-
ing profit and making its Australian operation
self-sufficient with annual revenues of about
$16.6 million (Blackiston 2019).

This monetisation requires recognition that
not all audiences are equal. As a rule of
thumb, organisations say that perhaps 5 per
cent of weekly audience will translate into
paying subscribers. To encourage that transi-
tion, an organisation has to encourage repeat
consumption by reshaping news habits with digital
products.

Monetising readers, viewers or listeners
directly requires innovating around both the
product and audience engagement. Emerg-
ing research suggests it requires compelling
journalistic content that they value in transac-
tional terms and/or appeals to the audience’s

THEN, IN MID-2017, FACEBOOK
STARTED TO TURN OFF THE
TAP – NEWS WAS DOWN-
GRADED IN THE FACEBOOK
NEWS FEED IN LIEU OF POSTS
FROM FAMILY AND FRIENDS

THE GUARDIAN HAS RECEIVED FINANCIAL SUPPORT FROM ABOUT
650,000 SUPPORTERS PROVIDING ANNUAL REVENUES OF ABOUT
$16.6M
PAYWALLS INVOLVE A TRADE-OFF BETWEEN THE ADVERTISING REVENUES FROM MASS (AND FREE) SITES AND SUBSCRIPTIONS REVENUES

Australian companies charge significantly more than comparable metropolitan newspapers in the United States, with annualised costs in early 2019 ranging from $178 a year for The Sydney Morning Herald and The Age ($312 for the West Australian, $364 for the News Corp 2019). Nine claims about 350,000 between The Sydney Morning Herald and The Age (Nine, 2019).

In the six years of paywalls in Australia, they have been increasingly hardened with fewer articles being accessible without a subscription. The innovation challenge is to build a product that engages an audience and also attracts a revenue mix that is largely based on readers, viewers and listeners.

Too often, innovation in journalism means innovation within journalism itself. It’s the opportunity of the craft of journalism to lead the news media industry in getting it right. In December 2015, Neal Mann (Mann 2015) could write: "The innovation we talk of in journalism isn’t the kind of innovation designed to radically change the way consumers behave, it’s really just short term reactionary attempts to try and deliver content to platforms the majority of consumers already use."

THE INNOVATION WE TALK OF IN JOURNALISM IS ... REALLY JUST SHORT TERM REACTIONARY ATTEMPTS TO TRY AND DELIVER CONTENT TO PLATFORMS THE MAJORITY OF CONSUMERS ALREADY USE
In the disrupted world, journalism can be understood as falling into two categories: fast and slow (Le Masurier 2019).

Fast journalism is breaking news or news and comment snippets that’s up to the minute, presentable and consumable in, say, Twitter’s 280 characters. It makes every journalist – and plenty of others – a news breaker. In Australia at least, Twitter is the dominant journalism social platform, particularly for political news where #auspol is, year after year, the most used hashtag. It’s the major pull medium. It’s increasingly the tool for consumer crossover from the news and slow to the fast.

NEW MATILDA

is an online site of news, opinion and satire. First launched by John Menadue in 2004, it has been managed by Brisbane-based Chris Graham since 2014. It is funded through crowd-funded donations and subscriptions without a paywall.

As the unit of production for journalism, innovation in reporting and storytelling – innovation in journalism – can best be understood at the level of the story. It can be understood as falling into two categories: fast and slow.

This paper looks at some practical examples of this innovation in the 5W1H context, recognising that journalism in Australia and New Zealand is slower in trialing and implementing innovation at the level of the story than news media in other countries.
tunities for advertising acceptable to targeted consumers. It can mean the sort of long-form weekend analyses of the political week that new players such as The Saturday Paper have made their hallmark and which are the major content of traditional media such as The Australian. It can be the 20,000 words of a Quarterly Essay or the 60,000 words of a non-fiction book.

Mobile has powered slow journalism innovation through podcasts, made possible by the inclusion of the podcast button in 2012, initially in iOS and then on Android and other platforms. Podcasts filled a gap in the attention economy, found new audiences and developed an advertising revenue model. Melbourne-based Lawson Media, with its lead podcast Moonshot, has demonstrated the capacity to build a global business out of Australia on strong storytelling. Within Australia the podcast market for Australian content has been dominated by innovation in traditional media, particularly the ABC and The Australian.

It’s also journalism that is guided by telling the stories of the big thematic issues of our time. Non-traditional journalism spaces such as Melbourne’s Wheeler Centre are providing space for experimentation, notably with podcasting. Head of publishing, Sophie Black said she didn’t expect the writ- er-driven program to morph into traditional journalism but she wanted to capitalise on the calibre of people that come through the centre and capture some of the editorial threads and themes. Behind the Wire – a collaboration with The Wheeler Centre – brought together tech tools, community engagement and podcasting to tell stories of people in detention, using 4,000 community engagement and podcasting to Behind the Wire – a collaboration with The Australian.

Writer-focused literary magazines are also experimenting in news delivery in both traditional media (such as Meanjin) and more recent ventures (such as the Griffith Review). These provide formats for writers – journalists as well as others – to experiment in long-form news analysis and reporting, taking creative risks that are less dependent on readership. Griffith Review provides book-length space to deeply explore a given theme, relying on pitched story ideas from its Contributors’ Circle.

The Walkley Magazine (which ceased its print edition in 2018) tracked the disruption and innovation and provided a vehicle for journalistic reflection on the craft that provided confidence for creative and reportorial innovation.

WHAT STORIES ARE BEING TOLD?

The shift to a business model reliant on reader revenues is demanding innovation in the sort of stories that journalists produce, and in the subjects and people that we report on.

This has meant a greater focus on considered analysis, explanatory and investiga- tion-based journalism: stories that go beyond reporting the actions of public institutions, looking instead in depth at how broader, often social or environmental issues are playing out. The shift in focus means that stories that didn’t fit well into the daily news cycle now find their own home.

New York University’s Mitchell Stephens calls this ‘wisdom journalism’, where journalism becomes an ideas business that replaces the low-value activity of simply reporting the news (Stephens 2014).

To add value by creating this in-depth content, Crikey has this year launched a 12-person public inquiry unit, INQ, funded through investment from former media owners John B. Fairfax and Cameron O’Reilly. This will augment its long-term focus on news analysis, although it has not yet announced what product changes this may involve.

These investigations are shifting the definition of newsworthiness, within and especially with the fast news sphere. Stories about domestic violence, youth suicide, gender and sexuality, and mental illness break out of the slow news space into broader newsworthiness areas of continued report- torial attention. At the same time, as the recent analysis by the ACCC showed, reporting on traditional institutions such as local government and courts has declined, although given the heavy tracking of usage metrics in traditional media, this would have been driven, in part, by audience demand (ACCC 2019).

Innovation is bringing valuable tools to generate big stories by unlocking information often hidden in plain sight. Data journalism meshes journalistic and data skills to explain (and, sometimes, match) large data sets. In Australia, The Guardian and the ABC have established data teams. Rosie Williams’ largely crowdfunded website ausgov.info makes government data dumps accessible. So-called open source journalism has relied on analysing patterns in social media to generate stories (see, for example, the work of Bellingcat) and the power of data (and collaboration between, for example, the International Consortium of Investigative Journalism) has also been used to uncover stories in large document dumps, such as the Panama Papers.

The power of this journalism is evidenced by those who noted a pattern of new subscrip- tions off the back of strong stories, particularly stories that unearthed new information and exposed hypocrisies.

Journalism is also being challenged by the proliferation of fake news. Although this has largely required a response from the platforms (particularly Facebook), journalism’s truth-tell- ing mission means this cannot be ignored.

Innovation is also driving a change in just who is telling the story, in recognition that diversi- ty among tellers is as important as diversity in the subject of the story. It’s providing an opportunity for storytellers to better reflect the diversity of Australian community and through that reflection, broaden the perspective of what’s sufficiently newsworthy. The most exci- tings innovations in this space are in indigenous reporting, such as the work of IndigenousX (IndigenousX 2019).

E-TANGATA is an online Sunday magazine run by the Mana Trust, specialising in Māori and Pacific stories. Launched in late 2014, the website is not-for-profit and seeks audience supporter donations to increase its presence, and represent a more balanced view of Māori and Pacific peo- ple’s lives and issues in the New Zealand media landscape.

HOW MUCH: DOES QUALITY TRUMP QUANTITY?

Innovators find that not all stories are equal. Quality (length, analysis, will) seems to be more attractive to readers than the quantity approach of traditional mass media. In a world where just about everyone is fighting for a share of the attention economy, journalism that is relevant and useful turns out to be the winning play.

At The Guardian, Viner has recently reported that a reduction in the number of stories re- sulted in more time spent on the page. After a review of which stories were being rarely read (‘exactly what you’d expect them to be’), the masthead cut its online content by 30 per cent without any complaints from readers. ‘All that’s happened is that they’re reading more of the good stories and the traffic has gone up. So, you know less is more’.

Similarly, Brazil’s O Globo recently changed its online mix to fewer, longer stories – fewer words, in fact – and found readers spent more time with the masthead. Francisco Amaral, former executive editor at O Globo told the GEN summit this year that doing less journalism better delivered results when they reduced their content by 20 per cent and saw 32 per cent more page views per article.

In London, The Times has published 15 per cent fewer stories on its online Home News section after learning that news with no addi- tional or exclusive content underperforms. ‘As
The why: Social audience is about creation, not just consumption

Media innovators say repeatedly that the key to success is loyalty and engagement that creates and feeds a habit for journalism. This means different things to different media and depending on practicality and degree of comfort, the audience engagement activities can range from comments and sharing right through to story idea generation and framing of issues, selection and involvement in the reporting process.

However, it involves a fundamental shift in news production models by creating channels, tools and practices that actively seek to integrate the expertise of the audience both in identifying and preparing stories, providing information and context, and in deepening on-site and social debate.

Audience engagement is one side of the same coin that is looking for reader revenues. But what the right audience engagement model involves or looks like is still being worked out. Hearken and GroundSource in the United States have both built platforms for listening at scale and also articulate a strong journalism and business case in support of creating two-way channels.

GroundSource pioneered the use of texting to mass gather information and context from communities that help frame the story, and by listening and predicting opportunities information needs. Hearken offers a technology platform but emphasises the change in processes and practices is more of a cultural, mindset one.

GroundSource founder Andrew Haeg says the real power of texting is that it provides an incredible channel for developing and cultivating loyalty and turning audiences into fans and brand ambassadors by experiencing more direct connections with the news organisation and its journalists. With its unfiltered ‘directness, immediacy and intimacy’ you feel like you are in a conversation with a reporter (Araban 2019).

The Guardian is continuing its work on engaging its readers in story generation, despite the reluctance of some journalists. Says Viner: ‘My experience is that readers really want to help you in positive creative ways. I wouldn’t say we’re necessarily so great at capturing them yet, that’s something we’re working on.’

There are deeper expectations of journalism. This requires journalists to recognise that there will often be audience members who know more about a given subject than they do. The Guardian’s Lemon Taylor says that about half the story ideas for their Wide Brown Land series came from a reader call-out.

In an interview with Harvard’s Cold Call podcast Bharat Anand said: ‘One of the important traps is … that somehow the answer to try to succeed in a digital world, where there’s product clutter, is to produce even better content … That often turns out to be wrong (Kenny 2016).’

‘It’s actually the connected product that sits in the centre of a newspaper’s success, financial success … connectedness is a central feature of behaviour. It’s something that we take for granted, but it turns out to have huge implications.’

Norway’s Schibsted media, says Anand, responded to the travel disruption of the Icelandic ash cloud by creating an app that allowed people to share their own experiences, which turned out to be the most popular response. ‘This comes back to this idea of connections … It’s all about user connections, and how do you tap into, recognize it, exploit it.’

An audience relationship that builds connections, driven by social media, is essential to open up media access to this sort of expertise. NewsPicks in Japan has built a new social platform business model on the strong response of seeking and integrating commentary from readers and experts into its journalism. For the journalists, this can sometimes be an ‘uncomfortable’ process as their own expertise is challenged and their work might be corrected in real time before the audience. But as editor Naoyoshi Goto said, if the journalist starts by accepting ‘there is a lot I don’t know, then the comments can help us find new insights’.

This is the model that underpins The Conversation, an Australian start-up that has now been rolled out in other countries. The Conversation unlocks the expertise of Australian universities and mediates it through digital journalism, using social media to optimise discovery.

Other start-ups have been built from or traded on the expertise that emerged from the blogging culture of the first decade of the 21st century, which provided a path for experts into media as, for example, economist Greg Jericho into The Guardian or psephologist William Bowie into Crikey, or through having blogs collected and attached to a start-up, as for example occurred at both Crikey and The Australian. Similarly as ‘the front page of the internet’, Reddit has simplified the bulletin-board framework by enabling discussion around content, including content initiated by other media organisations.

It doesn’t appear that any organisation in Australia or New Zealand has been able to monetise this free-range engagement other than as an indirect tool for driving audience (and subscriber) growth. Some media with either hard paywalls will use it as a tool of connection to potential subscribers by allowing additional (or more) access to social media links.

Bharat Anand: ‘One of the important traps is … that somehow the answer to try to succeed in a digital world is to produce even better content … that often turns out to be wrong’
Building a sustainable media business now depends on finding ways to diversify income streams by experimenting with innovative customer-focused advertising models, pivoting to reader revenues and developing other sources of revenue, most commonly, events. Despite the talk around reader revenues, advertising income models continue to dominate the thinking of many of the new digital news media in Australia and New Zealand. However, the sector is moving towards more diverse funding flows, increasingly relying on (and future-proofing) readers paying for content directly.

All sources of income rely on a strong relationship with the audience, whether it be committed founders and are, initially, reliant on personal founder investment (in time, if not cash), sometimes with friends and family seed funding, and then relying on cash flow for their continuing operation.

Cash flow is what keeps many founders up at night. Yet many start-ups either don’t have the time or the capacity to work through challenges in the kind of systemic and detailed way necessary to build sustainable revenue bases.

This is particularly true of news-oriented organisations such as New Matilda, Newsroom, The Spinoff (although it had the benefit of launch sponsor partners) and Independent Australia. It was initially true of Crikey. The Squiz was initially bootstrapped and recently raised its first round of investor funding.

Pedestrian started in 2005 with a hand-distributed DVD of the kind of mini-docs video content that, now commonplace, wasn’t widely on offer at the time. Founders Chris Wirasinha and Oscar Martin came to their start-up from the advertising industry and “always had the model of free content in exchange for advertising” and have “hustled” for advertising in different forms since. Pedestrian was launched “the same year three guys in a garage were creating YouTube”, and grew organically online and via social where they began creating original video content for MySpace, reaching half a million views, and building their profile and traffic back to their site. Social is “still the most fantastic distribution platform,” says Wirasinha. They were among the first to offer a full suite brand and content service and recently sold to Nine.

This distinguishes the Australian and New Zealand news start-ups from the US examples such as BuzzFeed, Vox, Vice, or Mic, which were launched or bootstrapped in one or more of ways: bootstrapped including from family and friends, grant funded, investment, or built through support by public or not-for-profit institutions.

Innovation teams in established companies, on the other hand, start with knowing where their money is coming from. They are budgeted in either continuing or revolting structures and in some cases, teams are built ad hoc within editorial departments.

In Australia and New Zealand, start-ups have usually been bootstrapped by committed founders and are, initially, reliant on personal founder investment (in time, if not cash), sometimes with friends and family seed funding, and then relying on cash flow for their continuing operation.

Innovation requires funding to get from start-up to take-off where sustainable cash flows support the business. News media start-ups in Australia and New Zealand have typically been funded in one or more of ways: bootstrapped including from family and friends, grant funded, investment, or built through support by public or not-for-profit institutions.

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How do you get on (and off) the runway?

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This was a hard-copy subscription newspaper and digital publication for young people aged seven to 14. It was founded in 2016 by former Fairfax journalists Saffron Howden and Remi Bianchi. Crinking News was written by adults with children contributing ‘junior reporter’ articles, opinion pieces and reviews. It operated until January 2018, eight months after the funds raised in a crowdfunding campaign to keep it going were exhausted.

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news media innovation 2020

We don't know how many journalistic innovation ideas were snuffed out because the journalist didn't know what they didn't know.

You need business skills in the business

It's no secret that journalism skills and business skills do not necessarily come neatly packaged together. And the idea of producing graduates with the range of skills and know-how to build sustainable journalism ventures hasn’t yet made its way into the heart of the current journalism education offerings.

The journalistic background of most founders and innovators means that the light bulb of inspiration quickly burns out unless the founder or innovator develops or sources an entrepreneurial mindset matched with the business skills needed to operationalise the concept in a sustainable manner.

The sector would benefit (and would have benefited at the start) from techniques, tools and support to understand audience needs and engagement strategies and for product development as a solution, which could be provided through industry or university bodies.

There is a natural survivor bias in drawing conclusions from the current players. We don't know how many journalistic innovation ideas were snuffed out because the journalist didn't know what they didn't know. Certainly, some of the smaller start-up media we met could have benefited from a significant business skills input.

Experience with the Walkley media innovation fund and incubator over four years shows there were many good ideas that just lacked business nous, a bias to action and the research and design mindset that gets to product/market fit. Some developed these ideas through the accelerator program. Some went off and found them on their own or found an entrepreneurial partner. Others faded due to this skills shortfall.

Kevin Brockland reviews investment opportunities in the Asia-Pacific for the Media Development Investment Fund. He says that for early stage companies, they look at the strength of the founding team and how they are building off their strengths, and whether they have the qualities to be able to build a business. However, he says, it's also important that they can demonstrate good processes, can set targets, milestones and KPIs, and during execution they can measure and revise and deal in the level of detail needed as well as have the discipline around process to build a business.

He says management needs to understand the levers that move their business to have operational focus. For example, if you are building a subscription business you need to know what number you need to get to, at what price point and have a strategy to get there. If it's advertising supported, how many ads at what price? Or for crowdfunding which you wish to raise $300,000 for example, how many people do you need to reach, what is the average contribution and how will you reach them?

Opportunities for deep investment in the people who can boldly reinvent journalism need to be created in Australia, and in the broader Asia-Pacific region. For inspiration, and evidence of the investment, look to the Reuters Fellowships at Oxford or the offerings from Stanford, Harvard and the University of Michigan, which each offer up to year-long programs and space to learn, experiment and tackle wicked challenges, and importantly, develop the confidence for bold leadership. Similarly, the Sulzberger program at Columbia provides space for journalism leaders to work on solutions to complex problems.

Collaboration, networking, and space for experimentation that allows for failure and the learning and sharing of lessons, is the definition of any eco-system. And universities and journalism-specific foundations and institutes need to be developed and funded to play a leading role. There is much to be shared and learnt among news media organisations, and while collaboration between both traditional and emerging players is already strong in New Zealand, in Australia we need to take steps to build confidence in collaboration.
ADVERTISING: THE GOOD, THE BAD AND THE UGLY

The industry has spent nearly 20 years trying to make the advertising model work for online media. It’s been a struggle of reinvention, of reimagining both what the media and advertising are and can be, as both are being transformed by digital disruption.

Understanding the new advertising-journalism relationship means understanding that the advertising relationship must itself be innovative, not simply an online replication of 20th century mass distribution.

Both start-ups and traditional media in Australia and New Zealand use some or all of the following advertising income models to sustain their products in a way that can sustain their niche.

Programmatic advertising delivers the bulk of display advertising that appears online, including for online news sites. This mainly benefits publishers operating at scale, such as general news sites like news.com.au or, in the start-up space, New Daily. While this also contributes to a diverse revenue mix for subscriber-first media, it is decreasing in value, although the space on sites is relatively constant.

Buzzfeed innovated with a model of native viral advertising through social media, initially in the US and subsequently in Australia. Mamamia built a revenue strategy around social media packages, producing content for campaigns on their site and amplified on Twitter.

Content marketing involves providing editorial content to fill out an advertiser’s site or to support an advertiser’s strategy. In both start-up and traditional media, this is provided through content studios attached to the core products. Junkee, Pedestrian and The Guardian all work their own internal brand and content studios. Junkee Media publishes AWOL for Qantas and City-Mag got its start in Adelaide as a quarterly magazine content marketing play boosting Adelaide city and supported by the city council and others.

Advertisers sometimes sponsor part or all of the product. In Mumbrella, for example, a sponsorship arrangement can cover both events and newsletter and web display advertising. The Design Files has a direct sponsor relationship with Dulux among others, and other sponsor arrangements that include events and awards.

In New Zealand, both The SpinOff and Newsroom have sponsors supporting particular verticals or areas of coverage. For example, The SpinOff book section is sponsored by Auckland and Wellington book stores Unity Books.

With the spread of Instagram, influencers are used to promote products and services. This is still limited in news media, although Lizzy Marvelly uses her personal brand on Instagram to promote Villainesse. The Design Files also uses its Instagram presence to promote partners while Lucy Feagins has an ambassadorial role.

However, advertisers – and ad buyers – seek scale. Aside from some direct relationships, such as those nurtured by The SpinOff or The Design Files or that between the industry superannuation funds and New Daily, advertisers are likely to opt for large traditional players or the tech platforms. As the ACCC digital platforms report highlighted, the increasing complexity of ad tech means that somewhere between one and two thirds of advertising spend is being swallowed by the processes of getting the ads in front of the consumer.

A focus on bespoke advertising like native content for particular communities or niches can drive journalism to abandon low-income communities. As Harry Backlund, founder of the Chicago-based city bureau says:

In the era of paid referral links, many of our most respected news services have put journalists to work on a kind of information-concierge service for the consumer class (Backlund, 2019).

The challenge now for many media is getting the business model right with volume versus quality. Community metrics focus on unique audiences that miss the point and challenge for media organisations that are concerned with engagement metrics such as time spent on site and return visits. For businesses that continue to rely on custom advertising for the bulk of revenue now, but are investing in their biggest source of future growth to come from reader revenues, this is a particular challenge.

TURNING READERS INTO SUBSCRIBERS, DONORS, PARTNERS – IT WILL CHANGE MORE THAN YOU THINK

Within the pivot to diversified revenue streams, the big media houses and many of the smaller media are moving to or deepening their reliance on reader revenues, particularly subscriptions (sometimes shaped and marketed as ‘memberships’) and/or crowdfunded donations.

But there’s a price that comes with reader revenues. Journalists and stories hidden behind paywalls can largely vanish from public debate, reducing the fourth estate influence of media. It also has the potential to create an information inequality that restricts much of the news market to those who can afford to pay.

THE SQUIZ

is a free Australian weekday morning email newsletter and companion eight-minute podcast. It was launched in March 2017 by Claire Kimball, PR specialist and Tony Abbott’s former press secretary. The second half of 2019 it had more than 35,000 email subscribers and daily open rates of 50 per cent each day and more than 4000 podcast listeners.

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Whether through subscriptions, donations or memberships, news media relying on reader revenues need to deeply understand their audiences and what might motivate them to pay for journalism by subscribing. Most commonly, people subscribe when they think the news source has authority in the areas they care about and has values that align with the reader.

Building this relationship with their readers requires understanding how journalism is found and consumed. How do people land on the site? What are they looking for? How do you convert that casual visit to a subscription? And then how do you deepen the relationship to loyalty? What functional relationship reflects that loyalty (e.g., membership)?

As American Press Institute research has found, the foundations of the relationship fall into three categories (Ha 2017):

1. The traditionally transactional
   paying for value
2. Engagement
   aligned values build loyalty and community
3. Elusive vectors
   view journalism as a commodity

The more successful reader-driven organisations invest in building this understanding and in a continuing engagement with their audience. In turn, their journalism is shaped by this understanding. Reader revenues mean a new metric, one that values community and quality over reach and clicks.

While there is growing consensus on the need to develop reader revenue streams, it’s less clear what that best roadmap for the revenue model might look like, and, for the organisations that currently lack one, the best way to make the pivot and develop the business model.

SUBSCRIPTIONS: The most successful subscriber models have been the traditional media with the Australian, Nine and News Corp papers between them having about 850,000 subscribers — although this is about half the level of pre-internet print circulation.

Next to other common subscription services Spotify and Netflix, paying for news in Australia looks expensive. Some are finding ways to increase the (perceived) value of their subscriptions with events, or for The Australian, access to The Wall Street Journal. Some are also looking at bundling packages for family subscriptions, or at least a second account.

Very few start-ups are able to build a subscription model as they lack the scale to build direct sale to consumers with the layer of complexity, cost of customer acquisition and relationship management, and the challenge of discovery for new titles or mastheads.

The exception is in business/finance/tech media where the start-ups Eureka Report in Australia, National Business Review in New Zealand and The Ken in India were all able to build subscriber business models off the value of the content.

Australia’s most mature digital start-up, Cokey, has always been primarily subscription-funded. It does not release its numbers (thought to be somewhere in the teen-thous- ands) and has recently increased its annual cost to $210. The smaller Independent Australia (thought to have somewhere around 2,000) charges $120 a year. The print stable of Schwartz Media – The Monthly magazine, The Saturday Paper and Quarterly Essay – have digital access, largely tied to subscription to the print product.

Similarly, Australia’s literary magazines – including Meanjin, Griffith Review and Over- land – can increasingly be characterised as forums for long-form journalism. They provide a mix of digital content for print subscribers or digital-only subscriber access to the otherwise printed content. They generally see themselves as writer-driven publications and rely on this community to subscribe, with incentives like first call for story proposals by Griffith Review to its ‘writers circle’ subscribers.

Start-ups in New Zealand have a contrasting approach where paywalls have been all but nonexistent outside finance news (particularly the National Business Review, which has recently pivoted from a free advertising model to a hard paywall, prioritising its service to readers over advertisers), although the New Zealand Herald has launched a paywall this year.

The biggest challenge in a subscriptions model is retaining paying subscribers. One challenge is finding ways to develop products that surface wider content to readers. For retention this is particularly important to make sure that readers are engaging with, and valuing, your journalism.

Other strategies to minimise the churn rate, the number of subscribers that fail to renew, are centred on developing a relationship with readers and keeping them engaged through events, podcasts, newsletters and notifications.

With all the effort of gaining subscribers, if they fail to engage with a media’s content the investment will most likely be lost.

There is a developing understanding of the scope and potential limits of a paywall and resulting innovation within the subscriptions model. For The Ken, it started with the understanding ‘that we needed to separate the roles of subscribers from that of payers’.

The Ken now offers corporates, college and institutional-wide subscriptions and recently launched its ‘most ambitious and radical paywall innovation’, patron-funded subscriptions.

Separating payers from readers with a corporate subscription model is also a feature of the planned new subscription content platform from former Hearst chief content officer Joanna Coles. She told The Information’s Women in Tech, Media and Finance conference in New York in June 2019, the new media venture would focus on connecting working women across the US. Early moves involve discussions with corporations for company subscriptions. She is confident that people will pay for quality information, and is more concerned about the potential of excluding people who can’t afford it.

DONATIONS: The use of crowdfunding donations as a way of the business model has been highlighted by the success of The Guard- ian which has encouraged others to explore a donation process. Both start-ups and some bigger media are including it as part of a mixed revenue model, usually for specific asks.

Some more established media are turning to Patreon or — particularly in New Zealand — the Wellington-based start-up PressPatron. These platforms are including both processing (hopefully) repeat donations — particularly for specific causes such as investigative reporting — and for structured campaigns.

New Zealand-based PressPatron is a media monetisation platform operating in the US, Canada, UK, Australia and New Zealand, which allows to streamline the payment and sign-up process including monthly, annual and one-time payments under a ‘pay-what-you-want’ patronage model, facilitating memberships, donations, subscriptions and crowdfunding campaigns. The platform integrates natively within media websites and offers a one-click checkout process for payments.

PressPatron also provides publishers with detailed insights into the stories that generate the highest levels of support, and also offers campaign strategy services to assist publishers with best practices for their marketing and promotion.

The company says its clients who follow best practices can convert between one and five of their monthly unique audience into paying

JUNKEE MEDIA

is an Australian digital media company that produces the pop culture title Junkee filled with original content aimed at an audience aged 18 to 29 years. Formerly known as Sound Alliance, it was originally founded in 2000 by Matt Callender, Libby Clark and Andre Lackmann, who were later joined by Neil Ackland and Tim Duggan who launched Junkee in March 2013. Junkee averages more than 1.3 million unique browsers and a monthly Facebook reach of nearly 3.5 million, with 75 per cent of audience coming via mobile device. In 2016, ooh/media bought 85 per cent of Junkee Media for $11.05 million.

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None of the start-ups outside of those tied to universities have what the Australian Tax Office calls Deductible Gift Recipient status – that is, donations to them are not tax-deductible for the donor. It is unlikely that any of them would have the bandwidth to work through the regulatory approval process required to have them be as Hearken and Ground Source that help facilitate this two-way relationship with the audience and the engagement between journalists and the reader. This still seems more a marketing tag-line reflecting a sense of shared values than a practical engagement. However, Crikey has received a grant from ACMA to develop its engagement platform and it is possible that this relationship will change.

Whether building reader revenues through membership, subscriptions or donations, a conversion strategy is based on progressive stages in a funnel: research, expose and attract, engage and deepen, convert, and sustain.

Successful news media recognise that audience engagement and audience revenue are two sides of the same coin, and embed the engagement of the reader in day-to-day thinking about product design and output. Here, loyalty is the key: Emily Goligoski, formerly with the Membership Puzzle Project, told the 2019 International Journalism Festival in Perugia that the email subscribers who regularly open and click through – ‘super readers’ – are the best indication of success. To boost this requires thinking about the product in a cross-functional way, and civic-minded organisations’ understanding of the need to support journalism.

MEMBERSHIPS: Memberships seek to mesh more transactional subscriptions with the purer values affinity of donations, using the power of engagement to generate continuing payment. It requires the most profound rethinking of the relationship between journalism and the reader, viewer or listener.

This makes it a difficult model for traditional commercial players. Some publishers have attempted to create a purely transactional membership program through added benefits. This seems to have been the model that BuzzFeed had in mind when it announced its membership in late 2018.

The more thoughtful work involves rethinking how you bring readers into the process of journalism that might involve contributions beyond money. Beyond contributing revenues, many successful membership programs outside of Australia and New Zealand have users contributing in different ways, from cleaning data, volunteering at events, to joining the editorial meetings at ‘thinkins’ with UK-based The Guardian. It perhaps requires the biggest newsroom cultural change as it redefines the relationship with the audience and the power position of the journalist. There are well thought out and proven products such as Herkens and Ground Source that help facilitate this two-way relationship with the audience and guidelines for engagement journalism that start with the audience.

There are interesting experiments, like the work of the Wheeler Centre or the crowdfunding- funded environmental editorial position at The Guardian, where contributions included story ideas and expertise as well as money. The ABC’s Four Corners story on aged care crowdfunded story direction and content for its double episode in 2018, that also turned out to be its most popular for the year. However, none of these were on the scale that has been developing in the US and Europe. In Australia, Crikey is one of the few start-up organisations which has, at times, characterised its subscribers as members. Although there appears to be a growing engagement between Crikey and its readers, this still seems more a marketing tag-line reflecting a sense of shared values than a practical engagement. However, Crikey has received a grant from ACMA to develop its engagement platform and it is possible that this relationship will change.

We can expect to see more experimentation on sustainable business models as both start-ups and traditional media have been looking for project-based contributions from government, tech platforms, NGOs and philanthropists. Diversifying revenues

Almost all media are seeking to diversify their revenues by looking beyond advertising and reader revenues to find additional sources. The most common is to build parallel businesses, usually content studios that provide an additional cash flow to the news products, although they will often generate native advertising for inclusion in the organisations’ digital channels.

In some ways, the most interesting example was Buzzfeed, which started the other way around as a content studio, using social media to generate virality around brands and campaigns. Its newsroom came later, partly as a tool to lure audiences in traditional ways.

Events are a second significant source of diversifying revenues while engaging subscribers. The most successful start-up in the space has been Mumbrella – so successful how it ended up selling itself to a US events company. Similarly, the private equity and venture capital-backed events business built around Singapore-based Deal Street Asia contributed to its value and sale to Nikkei in 2019.

Some are exploring transactions as an income source. The most successful has been Starts at 60 with its travel agency, Travel at 60.

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PRESSPATRON

is a media monetisation platform designed specifically for media organisations and journalists. It specialises in turning readers, listeners and viewers into paying supporter, by streamlining the payment and sign-up process. PressPatron processes monthly, annual and one-time payments under a ‘pay-what-you-want’ patronage model, facilitating memberships, donations, subscriptions and crowdfunding campaigns. The platform integrates natively within media websites and offers a one-click checkout process for payments.
Reaching and building an engaged audience online has become one of the biggest challenges for news media as their audience has largely replaced distribution, shifting power to the audience, primarily through the mediation of the big platforms’ algorithms. News media cannot rely on traditional recognition of brands or a build-it-and-they-will-come approach.

The social web has transformed distribution, replacing it with shares, likes and algorithmic discovery. As a result, media have to optimise themselves for discovery through search, and make sense of the world. For many, this means they need to rely on either social networking services, or publishing within their own domain.

In an information oversupply environment, algorithms facilitate personalised discovery – usually on a story-by-story basis – through push, rather than pull. The algorithms facilitate personalisation discovery – usually on a story-by-story basis – through recommendation, and through algorithm. News media track what is trending across platforms through tools such as NewsWhip or Chartbeat to determine what is engaging news consumers.

The enthusiastic launch of iPad and related tablet editions was the last significant innovation built on top-down distribution. For some publications, like the SMH, The Age and The Guardian tablets offered an early opportunity to apply a subscription model to e-delivery. This approach founded on the rocks of search and social web, built on reader-driven discovery.

In the social world, distribution is facilitated through pull, rather than push. The algorithms facilitate personalised discovery – usually on a story-by-story basis – through content-based filtering (‘here’s something similar to something you liked’) or collaborative filtering (‘here’s something that people similar to you liked’) or a mix of the two.

In an information oversupply environment, curated newsletters have been an innovative tool to help readers sift through the mass of information and make sense of the world. For many, trusted email curators have replaced web browsing and social as the news interface of choice.

Reaching your audience, over and over: the trials of the algorithm and the power of email

News media now use a broad spectrum of tools to engage their audience, from socially distributed media, to email lists and push notifications, in efforts to draw them to their sites where they can earn revenue from them. For social media, the Facebook News Feed is the most important, and for search, it’s Google. However, the tweaks Facebook made in 2017 and 2018 to prioritise family and friends have forced a rethink about alternative social channels, a more diversified use of distribution, brand promotion to build organic growth and the re-emergence of email as a primary tool.

For Melbourne-based The Design Files, the Facebook shift was part of the disruption that pushed them towards a more diversified and lucrative business model. Unusually they get around 30 per cent organic traffic direct to the website. Pinterest is their main social draw, bringing about 10 per cent of traffic, followed by Instagram.

Villainess has used short videos on Instagram to target its young female demographic, and the approach is more diversiﬁed, saying that Instagram is more a publication channel in its own right than an engagement platform.

Independent Australia has used Twitter as its primary social distribution tool, particularly through #auspol links, and distributes links through email. For Mamamia, Twitter powered its early growth and provided the social amplification for its content marketing campaigns.

After the damaging experience of entrusting the reader relationship to Facebook, most publishers turned (or returned) to email as a tool to own their relationship with their readers. While email lists don’t bring the same scale of audience engagement as the virality of social (and are more work to compile), audiences are more loyal and the lists drive more revenue (Owens 2019).

Almost all media are investing in building their own email newsletter subscriber lists. Even those with paywalls understand that a direct line to the reader is a crucial early step in building a relationship with a potential subscriber, and are creating products for a wider audience at the top of the funnel. The South China Morning Post sees signing up for a newsletter as a ‘loyalty trigger’, which informs how they develop new products that move people to sign up.

Lauren Indvik, chief editor of the recently launched Vogue Business told the Global Editors Network Summit in Athens in June 2019 that email is the best way to test and launch a new product, as it requires only a small staff and getting feedback is as easy as asking for a reply to the email. But she warns while it is ‘great for loyalty and engagement’, it can’t be found by search, share is limited, and subscriptions will need a website to register and pay.

For some, such as Crikey and New Daily, email has long been their preferred distribution. In fact, Crikey’s primary product remains their email newsletter, containing all content. Crikey, The Smacz and The Design Files each work an email list of about 35,000 active users.

Email

Platform for users to upload photos and videos. These can be edited and organised with tags and location information and shared with stories in text.

Facebook

A microblogging and social networking service – the ‘SMS of the Internet’. More than 321 million monthly active users.

Twitter

A site for visual discovery, collection, and storage tool. Available in 27 languages and 291 million active users.
Few have been able to build audiences outside community groups to build subscriptions to Crinkling, membership groups to build its email distribution. Publishers rely on subscriptions are asking how to get a higher rate of conversion from readers to payers and how to get subscribers to visit more often.

Publishers relying on subscriptions are asking how to get a higher rate of conversion from readers to payers and how to get subscribers to visit more often. "For me as a news consumer, the newsletters they were able to reduce churn rate by 49 per cent. "[The newsletter] likely open them, they were able to reduce at the time individual subscribers would most email newsletters as well as delivering them a US$1.2 million grant from Google, that by newspaper in the UK found, with of approximately 440,000 professionals, who earn 55% of advertising revenue works subscribe to other users of cut-and-paste jobs, not a note to someone. emails miss the mark because they’re generic It had to cut through the clutter and feel like it was somebody updating you. Newspaper emails miss the mark because they’re generic and unlike pure digital, their ad rates are significantly higher outside Australia, and particularly for US audiences (see case study).

One regional offering is The Mekong Review, a literary journal for and about South East Asia published by Minh Bui Jones from Syd- ney. It circulates in Australia and South East Asia as a high quality quarterly newspaper print product sold in bookstores and also available online, and is supported by donations, subscriptions and print sales. Some publishers seek to manage the churn of paid subscriptions and the challenge of keeping subscribers engaged by using AI to understand readers’ preferences and pull up a range of content they might engage with.

The Times newspaper in the UK found, with a US$1.2 million grant from Google, that by using AI to personalise the content of their email newsletters as well as delivering them at the time individual subscribers would most likely open them, they were able to reduce churn rate by 49 per cent. "[The newsletter] created habits among the lowest engaged groups which are the hardest groups for us to retain," said Mike Migliore, head of customer value at the newspaper (Tobitt 2019).

Some try to build audience through promotion via other organisations. New Daily works through industry super funds and other mem- bership groups to build its email distribution. Crinkling worked through schools and school community groups to build subscriptions to its print newspaper. Few have been able to build audiences outside Australia or New Zealand, inhibited by the ad-

## Time-shifting has powered the attention economy. People are no longer beholden to 20th century production and delivery times

So podcasts can be shaped into commute times for example, or, as Medium does, the reader can be alerted to the likely time length of a pending read, while others are looking at providing stories in different formats from the long read to takeaways.

Time-shifting has been powering the attention economy. People are no longer beholden to the industry’s 20th century production processes and delivery times. It’s a disruption that has particu- larly hit free-to-air television as viewers embrace streaming services such as Netflix or Stan, also demonstrating the appetite for binge-worthy content in audio and video.

The ABC was an early innovator in time-shifting, particularly for news, launching its streaming service iView in 2008, long before it was com- mercially viable. It used its HD channel to launch a 24-hour news channel in 2010. It has been a leader in podcasting.

The ABC’s Director News, Analysis and Investi- gations, Gaven Morris, says: ‘My theory is that on-demand video news that is never out of date is going to be the big emerging trend. No-one is doing it at the moment. It completely changes what you do with a television news product.’

On-demand will be powered by machine learning to give you stories you want over the time span you want them, much like Spotify does with music.

YouTube and its emerging competitor Face- book Watch are being used to produce some news programs supported by advertising with a split between the platform and the producer. For example, Sky is producing a best-of-commentary half hour program for Facebook Watch.

People want it when they want it

Living in the attention economy – where information abundance has replaced scarcity – gives consumers the freedom to deter- mine what they want and when they want it. This requires news media to better understand how much time people have, when they have it, and their preferences at different times of the day.
Innovative organisations think deeply about how to ensure the product’s value proposition meets the audience needs, and where building audience loyalty and engagement are the desired outcomes, ensuring that the product is designed in a way that triggers loyalty actions. It may mean some continuing commitment to an email newsletter, a YouTube program or a continuing donation or subscription. It may mean some pop-up such as one off podcasts (perhaps the ultimate pop-up right now) or newsletters to deal with news issues and events.

Many organisations, particularly larger media, have designated product managers or teams to research, design and steer products to market (Southern 2019). Still, for many traditional media particularly, culture is where the major change is happening, in conceptualising their audience beyond an amorphous group to defining new measures of success.

**How do you operationalise a hunch?**

Product innovation in news media, particularly in the start-up space, tends to be launched off an idea or a vision of a gap in the market – almost a light-bulb moment – and then goes looking for an audience. It’s been more like Mintzberg’s ‘emergent strategy’ than the Harvard business school’s analytical strategic approach. In some cases this is a problem; rather than starting with a deep understanding of an audience and its needs, the product has been conceptualised first and reshaped through implementation or after launch.

Usually, the founder in start-up news media comes from a journalistic or related communications background. Innovation teams in tra-
diotlional media tend to be more broadly based, drawing on journalism, technology and product development skills.

Of course, the light-bulb moments and insights are not uniformed. Successful founders are smart and driven people. The internal innovation teams are committed to building for the future. These recognitions of a gap or gaps usually come with a strong hunch of how they can leverage that insight.

Among the most sophisticated pre-launch research in Australia was done by Junkee (see case study), which went looking for the white space in a charting of smart-dumb and gener-al niche axes.

‘Starter at 60 launched with a deep sense of its audience embedded in their name: how to speak to the over 60s, understanding the kind of information they need at their different life stages and providing a forum for its audience to share. Founder Rebecca Wilson saw the gap – there was nothing that made this age group ’look and feel sexy’.

In some cases the start-up is built specifically off the personal brand of the founder, such as New Zealand’s site for young feminists, Vilaiennesse, which is wrapped up in the personal brand of Lizzie Marveley. Some others were built out of blogs, building the brand of the site and the brand of the journalist hand-in-hand, such as Mia Freedman and her eponymous site Mamamia or The Design Files’ Lucy Feagins.

In the Asia-Pacific, India stands out for the strength of start-ups focussed on hard news that are filling a credibility and trust gap left by the mainstream media that is perceived to be pro-establishment and pro-corporate inter-
est. These have been built in part around the brands and reputations of their founders who are senior journalists and former editors from traditional media, such as former Hindu editor Siddharth Varadarajan and Siddharth Bhalla at The Wire, or Naresh Fernandes (previously editor-in-chief of Time Out) at The Scroll or Madhu Trehan at the crowd-sourced media critique website Newslaundy, or former Indian Express editor and NDTV host Shekhar Gupta at The Print.

Successful organisations usually document the hunch with a business plan or, at least, a concept note. Rebecca Wilson at Starts at 60 says she sat down and wrote out her business plan a matter of months after start-
ing journalistic experiments inspired by her light-bulb recognition that there were few if any media voices speaking to her parents’ generation. This plan continues to guide her.

‘Everything we’ve done was in there,’ she says.

The Spinoff in New Zealand started with a concept note for a content marketing play developed by founder Duncan Griewe. Rather than a map, this acted as a concept for unroll-
ing the start-up over time, with each vertical seeking its own sponsor. It pivoted in June to a more diversified revenue mix with the launch of its membership offering.

Lucy Feagins at The Design Files says she ‘retrofitted’ her business model over the original product, originally with direct-sale advertising before pivoting as the money fell out of programmatic advertising and as social media opened up greater opportunities to monetise.

Consistency of brand and offering is important in sustaining – and monetising – the start-up’s narrative.

Pedestrian, for example, credits its success to its unity of mission and brand. In 2014, Junkee renamed its parent company from Sound Alli-
ance to Junkee Media in keeping with the hero brand. The Australian notes its print and online versions are aligned, not in content and not even in typeface.

These differing trajectories indicate that in suc-
cessful start-ups, the plan will evolve over time both as the outside world changes (specifically as it becomes more social and mobile) and as the demands and needs of the audience change or become better understood.

E V E R Y T H I N G

THE SEARCH FOR PRODUCT-MARKET FIT IN NEWS MEDIA – particularly start-up news media – means they are increasingly focused on a specific audience or niche. Media products need to be shaped with their audience in mind to deliver revenues. These can be a single target or seek to link groups together. However, the size of the market in Australia (and, even more so in New Zealand) means there are significant constraints on the down side for start-up media: too small a niche means you struggle to build revenues, as some news sites have found.

For traditional media the challenge is to be both big enough to retain mass, and small enough to build a community relationship or feel. The successful ones adopt a bold approach, using the depth and breadth of their coverage to build new products like podcasts, blogs and savvy investigations. They use the mass scale of the web, but are also able to feel small and intimate by using the formats like almost-personalised email newsletters, events and podcast avenues that allow them to speak directly to their read-
ers, and allow their readers to get to know the people behind the mastheads, to build relationships and communities.

The New York Times perhaps does this best, particularly with its Australian news-
letter produced by its local team, set up in 2017. It is typical of The Times’ attempts to build on the breadth of its coverage to build a more intimate relationship with its audience, using verticals and new products (e.g., modern love, simple living, cooking, health), podcasts and email newsletters that also target new audiences. It’s now experimenting with AI to deliver even more personalised email newsletters.

Among the factors used to develop target audiences are:

Demographics, usually by age group, with Starts at 60 targeting over 60s, Junkee and Pedestrian targeting millennials (with both also developing products to reach Gen Z). Vilaiennesse is aimed at military (and younger) women;

Political orientation, with The Australian leading with a centre-right voice, or The Sydney Morn-
ing Herald and The Age seeking an ‘indepen-
dent always’ constituency, or The Guardian targeting a more progressive grouping;

Work and career, with Moonshot aimed at people working in middle and project management in technology companies, and Mumbrrella targeting people in media, marketing and advertising;

Indigeneity (and people interested in indigenous issues), such as IndigenousX or e-Tangata;

Gender, as with long-standing start-up Mamamia targeting a broad range of wom-
men’s interests, as do new entrants launched by Helen McCabe with Nine, Future

M A M A M I A

is an opinion and life-
style website targeted at women. It was created in 2007 by magazine editor Mia Freedman. Orig-
inally a blog, it is now a full digital platform for women’s news, lifestyle content and opinion, with written, video and podcast content, for an average of approximately 4 million unique users.

PRIVATE MEDIA

is an independent digital media company with a portfolio of specialist news sites whose pub-
lications include Crikey (subscription-based), SmartCompany, Start-
upSmart, The Manda-
arin and Crikey’s new investigative journalism extension INQ. Eric Beecher is Chairman of Private Media and Editor-in-Chief of Crikey.

INQ. Private Media also operates a business to business audience engagement agency called Bureau.
Not all niches are equal. Some bring more passion. Some are more engaged. Some have greater financial resources. Some are just bigger than others. This tells us that it is not enough to identify and engage an unserved or poorly served niche. Mumbrella credits its success in part to the capacity of its audience (via its employers) to pay for events and products, demonstrating how important it is to find a niche that can sustain a media business.

This is great for communities and niches that can afford to pay for their journalism. They are better served than ever. But as Stanford media economist James Hamilton said recently: ‘There’s no Wirecutter for the poor’ (Owen 2019).

THE LOCAL NICHE

Through the 20th century ‘local’ was what news media did best. The infrastructure of 20th century media – newspapers, radio and television – was built off local structures and ‘local’ was what news media did best. The infrastructure of the local niche sector into an audience, and engaged relationship, to turn this into funding pressure. In the traditional chains, innovation is still being too large to be considered a unified community.

In 2019, The New York Times executive editor Dean Baquet warned the International News Media Association World Congress of the coming death of local media:

The greatest crisis in American journalism is the death of local news... Their economic model is gone... most local newspapers in America are going to die in the next five years.

In Australia and New Zealand, ‘local’ is used to mean suburban or community media and is perhaps best placed to develop the kind of deep relationship with its audience that can sustain small but relevant newrooms, as noted in the Centre for Media Transition’s report on regional news media (Fray & Giotis 2019).

The handful of independent local media, caught up in the day to day production process chasing costs and revenues, struggle to get the time and intellectual bandwidth to innovate. In 2018, the Federal Government announced a special program of grants for independent local media. ACMA, which administers the grants, found that this lack of innovation potential meant the sector lacked the ability to take advantage of the grants’ structure. And yet, local media is perhaps best placed to develop the kind of deep relationship with its audience that could sustain small but relevant newrooms, as noted in the Centre for Media Transition’s report on regional news media (Fray & Giotis 2019).

The only regional start-up of any scale and longevity is Adelaide’s InDaily. It’s a relatively successful model that relies mostly on advertising and sponsorship to report on politics, culture and city life in Adelaide. It’s been able to build a relationship with its readers so that when it launched a donation strategy via PressPatron it was able to raise significant enough revenue that it is now looking into deepening this strategy.

One attempt to get around the constraints of local scale has been a London-based start-up, Urbis, which exploits big open data sets, often funded by philanthropists. It is unlikely to survive outside the ABC by simple reliance on the market to sort it out.

The value in local and regional media is community. It will be interesting to see if the fortunes of local media can be improved if the larger groups decide to divest some assets and local ownership is encouraged. They will need assistance and support to develop the tools, know-how and mindset to understand and engage local audiences and to develop the journalism products that can deliver on both engagement and reader revenues.
Within this landscape, there remains a market for traditional mass news for mass audiences. These mass products are the closest there is to ‘business as usual’ products in the ecosystem, producing online the sort of product that sustained newspapers or broadcast news. This means spot news: weather, celebrities and entertainment, crime and personal tragedy, sport, politics as the horse race (who’s up, who’s down), etc. High on details and drama. Low on analysis and deep reporting. They remain a critical part of the eco-system, providing a free layer of information.

In the commercial sector, these endure as general advertising plays. In the online world, this means maximising clicks to maximise usually programmatic (including programmatic native) advertising revenues. It’s less about driving reader revenues behind a paywall, the company is shifting to an integrated online strategy and prioritising quality over reach, driven by its paywall approach. A possible approach of the newly merged Nine-Fairfax might be to position the Nine site as a free site going head to head with news.com.au, and to further re-align the mastheads’ sites with the papers’ more targeted values of quality, in-depth journalism.

For commercial free-to-air broadcasters, the network digital news offers the same generic coverage as a sort of content-marketing play to draw viewers to the (advertising-supported) broadcast.

In the start-up area, the New Daily is attempting to occupy this generic news space, although it has a leaning to superannuation coverage as a sort of content-marketing play (through, for example, Four Corners) to set the agenda both through the quality of its reporting and through its ability to boost its stories across its platforms and to adapt its news for target audiences (e.g., Triple J for under 25s).

The endurance of mass market news remains a key social and democratic imperative. As much of news production shifts behind paywalls, there is a real risk of creating a news divide between the news rich and news poor alongside the economic divide. The more this paid-for news is targeted at its relatively well-off audience, the less that audience will be exposed to the diversity of real world issues and challenges, as well as possible solutions.

URBS PRODUCED 180,000 LOCAL NEWS STORIES IN 12 MONTHS COVERING HEALTH, CRIME, TRANSPORT, EDUCATION, HOUSING, SOCIAL POLICY, ENVIRONMENT, LIFESTYLE - THE BEATS OF LOCAL NEWS

AS MUCH OF NEWS PRODUCTION ShiftS BEHind PAY-WALLS, THERE IS A REAL RISK OF CReATING A NEWS DIVE BETWEEN THE NEWS RICH AND NEWS POOR ALONGSIDE THE ECONOMIC DIVIDE

There’s still mass in the mix

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The endurance of mass market news remains a key social and democratic imperative. As much of news production shifts behind paywalls, there is a real risk of creating a news divide between the news rich and news poor alongside the economic divide. The more this paid-for news is targeted at its relatively well-off audience, the less that audience will be exposed to the diversity of real world issues and challenges, as well as possible solutions.
This report seeks to step off the treadmill of constant change and the stream of new challenges, responses and experiments, to understand more deeply what and how broader societal changes are impacting media transitions. There is much experimentation and the external conditions are constantly changing. The report is a work in progress. In the midst of a revolution, it can be nothing more. While the report has outlined the three cycles of innovation, we can’t be certain just where we are, and what the endpoint is, nor how much of this journey there is to come.

As much as it is a work in progress, it attempts to bring speed to the process, push down on the accelerator, drag the industry and the craft from the past into an admittedly uncertain future, keep what is valuable, be open to reviewing everything you thought essential, and break things. In 2015, Facebook had moved on from a revolution to a ‘move fast and break things’ approach. This involves a deeper knowledge base on how to build and scale audiences, how to reach them, engage them (and promote to them) and how to identify otherwise missed opportunities. This could include annual (or more frequent) innovator workshops to bring together entrepreneurs and/or innovators to work on a particular challenge or idea; an audience lab to work with media start-ups directly on identifying and understanding audience needs/wants and data and strategies to monetise opportunities and product development; and promote opportunities for start-up expansion, particularly to off-shore audiences.

Identifying audience and understanding audience needs has to be more deeply embedded in the innovation practices of the industry as too many still operate on a ‘build it and they’ll come’ approach. This involves a deeper knowledge base on how to build and scale audiences, how to reach them, engage them (and promote to them) and how to identify otherwise missed opportunities. This report seeks to step off the treadmill of constant change and the stream of new challenges, responses and experiments, to understand more deeply what and how broader societal changes are impacting media transitions. There is much experimentation and the external conditions are constantly changing.

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As much as it is a work in progress, it attempts to bring together the blocks the industry is using to rebuild media. Many of these have come from earlier experiments that might have failed but have left vital learnings and clues for the future builders, demonstrating the collective nature of innovation.

Perhaps the most important block is the mindset and culture of the innovator — open to understanding the past and present in new ways and comfortable with change as a constant companion. Famously, the founding mantra of Facebook was ‘move fast and break things’. In 2015, the company’s CEO Mark Zuckerberg announced a rhetorical pivot to ‘move fast with stable infrastructure’. Not as catchy, but relevant for innovators in news media. All the ‘breaking’ that’s happened in the industry, all those job losses and masthead closures resulting from the exogeneous disruption of the internet and the consequent fragmentation of attention, has been bad — not just for the industry (or the journalists who lost their jobs) but for a vibrant media in a democratic society.

That’s why innovation in news media has always been about balancing the need to move fast with the imperative of stabilising the existing news media infrastructure. The new isn’t being written on a blank page. It’s emerging on palimpsest that’s already been written over and over.

The job of innovators in news media is to bring speed to the process, push down on the accelerator, drag the industry and the craft from the past into an admittedly uncertain future, keep what is valuable, be open to reviewing everything you thought essential.
Diversifying Revenues

Key to the business of the business is diversifying funding through building greater understanding of the potential of the different models of advertising, reader revenues and the range of possible alternate sources, ensuring the model fits the mission.

This could include evangelising the importance of media start-ups to create news media-focused accelerators, showcase them, encourage deal flow and interest and build an angel network of media believers; bringing together potential philanthropic institutes to create a targeted grants program for existing start-ups to address a specific challenge and/or to seed runway for new start-ups; building a matching fund for PressPatron-style donations to existing media; and building a coalition of media donors and investors to help build the case for broader investment.

It could mean helping news outlets reach sustainability by lowering operating costs, particularly for publishing and business infrastructure; providing shared resources and services for creating and managing initiatives such as membership campaigns; share best practices for developing reader revenue streams; networking start-ups to engage with advertisers seeking placements at scale.

Building Out the Eco-System

The eco-system depends on a network that encourages understanding and learning from success and failure of others, providing access to expertise, coaching, mentoring and community support. This could include a (perhaps virtual) community-based co-work space specifically for media start-ups, a coaching service and a mentor network to support new media ventures and innovators.

The Fall and Rise of News Media

Innovation both in start-up and in traditional media is creating an opportunity for news media to climb out of the slough of disruption into a new, exciting and diverse media world. Around the world – and in Australia and New Zealand – innovators are seizing this opportunity.

Too often, critics focus on the effects of disruption, on what we call the ‘niche to have’ component of the news business to the very centre of how news is thought about, created and consumed. It has to be front-of-mind for everyone in the business of news.

Innovation works to rebuild journalism when it is centred on a deep understanding of the audience, on the people who value and engage with the journalism on offer to engage through shares, likes, comments – and payments. An innovation strategy requires a holistic approach to rethinking this understanding – in the content, in the distribution, in the business model and in the products that package them up.

The examples in this report – the stories of those who are engaged in the innovation journey – demonstrate how that strategy is playing out in the local eco-system.

We’re now deep into the third cycle of this innovation, a cycle that demands readers, viewers and listeners be put first in news media thinking. For many news media it’s also a crucial moment when their actions will determine their survival and success, and that demands an understanding that disruption, and innovation are not something to the side, or a part of the business, but at the heart of the business itself. It is the audience that is disrupting news media, and innovators need to understand how it has fragmented, how expectations and behaviours have completely changed, as well as the way in which it values journalism.

This cycle brings its own challenges, with increased competition for both time and money. When the competition is for attention, the competitors are less other news outlets than they are all the other demands on time and attention (and subscription dollars) from social media to streamed entertainment.

Yet it’s a cycle where everyone within news media benefits from sharing what they’re learning, to work together to build deep news habits in the new eco-system for the 21st century and to carve out a role for the democratic practice of journalism in the internet age.
Feagins says that the industry brands working with didn’t want to advertise. ‘The Design Files’ pivot away from a traditional advertising-based business model to build a more sustainable business focusing on Australian design.

Founder Lucy Feagins says that advertising directly contracted by brands was once the main source of the site’s income, although it was never making substantial money from that source. ‘We were lucky in that we were never over-reliant on advertising but what we did start to find about five years ago was that advertising – even the minimal we were getting – was just declining.’ Feagins says. That decline was the shift by ad buyers to programmatic advertising, which acted to disadvantage start-up players.

Programmatic advertising produces less income than direct deals because of downward pressures on price and because of the proportion of ad spend clipped by the platforms and ad exchanges on the way through.

Feagins says that the industry brands she was working with didn’t want to spend their money in that way. But there was good news: ‘They did want to still work with us. They said: “We want to work with you, but we don’t want to advertise.” We heard that over and over again. That provided an opportunity to pivot to meeting the brands’ marketing needs in place of advertising, unlocking more budget from those brands through native content, co-hosted events and being a brand ambassador. ‘Now,’ Feagins says, ‘many spend more on us doing those things than they did doing straight advertising.’

The Design Files was started by Feagins in 2008 as a blog for the design industry, evolving incrementally to where it is now with a team of nine, including designers, event organisers and writers. Its major outlet is the website, which attracts about 180,000 unique visitors each month, supported by an email list of about 30,000.

Most of its traffic is organic – people looking for the site. The major social media referrals come from Pinterest, although most of those are from overseas and so can’t be monetised.

In terms of brands strategy, Feagins says: ‘It’s our job to look at that brand and think about how to integrate that into our content in a way that our readers will accept.

‘We’re in a unique position in some ways because we’re a publisher than can sell content but we’re also in the influencer game. I have a bit of a profile and sometimes brands want me and there’s a cost attached to me being part of the campaign.’ For example, she says, she’s been an ambassador for Dulux Paint, who are a long-standing advertiser.

There’s a value, she says, when the founder is in the business every day: ‘Everyone here can see me working.’ But The Design Files brand has to come first: ‘We have a culture around our brand that is very strong. We are very protective of that culture. That’s where engagement comes. We protect it because the outcome of that is that our audience are very engaged – they’ll let us know when we drop the ball. That’s the magic and that’s what keeps us on track and holds us accountable.’

The membership program took six months of planning and prep work: programming to accept monthly continuing payments, design and artwork, getting the book ready. ‘We really sweated the copy and the message of the membership landing page because we wanted to emphasise that this wasn’t a paywall and would not change the experience of The Spinoff, but would allow us to do more and open up a two-way conversation where members could speak to, inform and contribute,’ says Greive.

By launch, he says, ‘I was pleased that it felt like we had figured out the proposition that made sense for us.’

About 1,000 people signed up in the first week. Although there was no minimum payment (members can pay as little as $1), the average contribution is about NZS$100 a year. Greive says the company is continuing to pick up members every day and is on track for a total of about 2,000 people by the end of this year, on the way to a tripling of current membership income. Although The Spinoff is based in Auckland, the membership growth has largely come from outside, particularly Wellington which has contributed about 25 per cent, although it is only 10 per cent of the country’s population. The company has launched its first membership based product – a pop-up newsroom to cover local government elections, which are important in New Zealand. The challenge is to respond to members, without, Greive says, being edited by members. It conducts monthly surveys of readers to identify interest and then considers how or whether it can bring an appropriate standpoint to the subject. Major topics so far have been climate change, followed by national politics. It is currently road-testing climate change coverage with the aim of developing an ongoing unique coverage that doesn’t duplicate what others are doing.
Six-year-old Japanese news app NewsPicks may be closest to working out one of the central challenges of journalism right now: how do we genuinely engage the audience in both creation and consumption?

The business and tech news organisation uses the power of comments to drive a news platform that acts more like a social media platform. They mesh this approach with innovative journalism that merges the skills and contributions of journalists, designers and engineers.

It has more than 4 million member subscribers who have downloaded the app and can access and comment on curated content for free supported by advertising. Their paying subscribers include: 110,000 subscribers, predominately in the 20- to 40-year age group, paying 1500yen (US$14) per month to access and engage with original content; and around 5,000 premium subscribers paying 5000yen (US$46) per month who can also access the more than 100 events per year either live or via video. Branded content provides another revenue stream.

But it has a big difference to the big tech platforms. As Silicon Valley Bureau Chief YoonHee Hong says: ‘NewsPicks is a totally different social platform to Facebook or Twitter because we create original content. We have a newsroom and we try to share the knowledge of experts that everyone can read for free.

The company invested heavily in the commentary system to grow the app. This meant focusing on identifying and attracting high quality ‘newspickers’ and expert commenters with large followings who could lend their status to help NewsPicks grow its audience.

Newspicks also challenged the idea of the interests of Japanese news consumers, both in areas of coverage and in journalistic style. They try to think mobile, from each story’s beginning.

The design team are key partners. They bring strong visual journalism and infographics for explainers as well as using Manga visuals.

NewsPicks has experimented to develop new formats for storytelling to attract and enthuse this new audience. The platform supports video streaming, graphic storytelling and weekly in-house talk shows. It takes a team approach, bringing journalists, designers and engineers together from the beginning of the process to make a package that works for their audience.

‘I love journalism,’ says technology and business editor Naoyoshi Goto. ‘But content is more than just journalism.’

‘And journalists need to bring a business perspective to their work, thinking from the start about how the content will be designed to reach and engage our audience.’

As a platform, it aggregates global content on business and tech for its Japanese audience. As a community, it encourages and curates comments. As media, it generates its own content through meshing the skills and contributions of journalists, designers and engineers.

As a business model, it generates its own content and enhances and creates value through the knowledge of experts that every reader/subscriber pays for.

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Newspicks does not want to be just another space for marketing and influencers. It wants to make space for deep insights.

Finding the right commenters for each story and providing advance access is now part of its weekly news planning, with lead commenters identified for major stories each morning and evening. The newsroom actively curates the thousands of comments it receives, rather than relying on algorithms, and encourages its users to spread their comments on their own social networks.

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‘It took us well over a year to understand that we needed to separate the roles of subscribers from that of payers,’ says Dharmakumar. As a result, the company introduced a corporate subscription that eliminated the paywall for all (or some) of their employees. Six months later, it innovated its paywall again for colleges, through campus-wide subscriptions, with students and faculty members as the subscribers, and educational institutions the payers.

This year, it launched patron subscriptions, its ‘most ambitious and radical paywall innovation’, where any person, company or brand can fund annual subscriptions of between $50 and $250, to support its in-depth narrative style.

According to The Ken, patrons can choose who these subscriptions should go to from ‘their alma maters, bootstrapped start-ups in their sector, young employees or specialist professionals. Or they can leave that to us to figure out and solve’.

In October it used its third anniversary to launch what is effectively a household subscription (the model used by streaming services) by letting subscribers add their partners to their subscription at no additional cost.

The organisation also encourages sharing to increase reach. In any month, a subscriber can share access for up to five individual stories. The Ken then hopes that the quality of the offering will convert them into a subscriber.

Separating payers from readers with a group subscription model is now being explored by other start-ups and traditional media. It’s a feature of the planned new subscription content platform from former Hearst chief content officer Joanna Coles. She told The Information’s Women in Tech, Media and Finance conference in New York in June 2019 that the planned new venture would focus on connecting working women across the US.

Early moves involve discussions with corporations for company subscriptions. She is confident that people will pay for quality information, and is more concerned about the potential of excluding people who can’t afford it.
The podcast discusses the biggest ideas in tech – such as moving to Mars or quantum computing – and talks to the people who are making that happen, wherever they are.

Its first podcast reached ‘100 downloads (pretty dispiriting,’ says Lawson) but the company persisted. In July that year, it featured in Pocket Cast. By its fifth episode in August, the advertising started to come in. Now, Apple is using Moonshot in a global campaign for the Apple Watch.

‘If you are going for real scale, you are not going to get that in the Australian market,’ CEO and Founder Kristofer Lawson says. ‘Audiences recognise quality, particularly in Australia.’

Moonshot saw the opportunity to charge ads at US rates, normally about US$37 or $50. The company was launched with support from the Walkley Innovation Fund in March 2017, then built with support from RMIT University’s Activator Launch-HUB, and bootstrapped with financial support from family and friends.

By May 2018, the company had built sufficient revenues with about 70 per cent from ads on the podcast and 30 per cent from providing content and audio services. Lawson had left his job at the ABC a year earlier to focus on building a sustainable business.

As a business that has been built with support from family and friends and a handful of innovation grants, the company can grow step by step based on its income. Still, Lawson notes, ‘the sale of Gymlet Media at $230 million is fantastic for podcasting. It adds legitimacy to the field.’ If anything, he says, it will turn out to be a cheap price.

‘What worries me most as a start-up company is cash flow, and being able to sustain it, so we can build a real business around it. We need to keep the show relevant and keep the audience engaged so that the advertising keeps coming in.

In the end, quality in podcasting is about a combination [of] the depth of the storytelling and the quality of the audio production. You can have a really fantastic investigation but if the audio is terrible, it can be a turn-off for listeners.

We want our listeners to recognise the work that goes into making our podcasts a reality and that only shines through when the show sounds as good as the journalism that went into it,’ Lawson says.

‘Audiences recognise quality,’ Lawson says.

The Guardian has stood out as a model for innovation in the media, often in counter-intuitive ways, zigging when others zag. Right now, it is innovating reader revenues through reader-based donations. Although crowdfunding has long been a feature of digital creativity on the internet, The Guardian was the first to imagine practice its potential in funding a global media player.

By 2015, most mastheads (and all metropolitan and national mastheads in Australia) were implementing subscriber-based paywalls of increasing hardness to confront the continued decline in advertising revenues. Although The Guardian had experimented with digital subscriptions in its tablet product, it was philosophically committed to remaining free on the web. Yet it faced the same crisis.

The Guardian News and Media Editor-in-chief Kath Viner says: ‘In the UK, the idea of a media organisation making its readers for direct contributions was unheard of at the time. And I’ll be honest with you, it really did not have much support inside The Guardian or outside to begin with.’

‘But,’ she says, ‘the readers understood it.’

The company invested in a new unit led by two senior journalists who understood ‘the readers’ relationships with The Guardian and in political campaigning’. They put together a team of journalists, UX researchers, designers, data analysts, engineers, marketing and product managers.

They tested messaging to identify the most effective tool. Viner (who was also founding editor) of The Guardian Australia in 2013) says: ‘Independence is a very powerful message all around the world, but it’s particularly powerful in Australia where 70 per cent of the media is owned by Rupert Murdoch and so they, obviously, value independence particularly in Australia.’

The research found that although pre-existing members (about 12,000 registered from an earlier events-based program) liked getting something tangible for their contribution, there were also many who would prefer to simply support The Guardian’s journalism at a level and frequency they could dictate and they could afford.

The ask for donations had to be structured within the values of the organisation – and of their readers. As chief strategy officer James Down said in February, The Guardian had ‘to build a more meaningful set of relations with our readers to play a larger role in their lives and to improve our journalism.’

In three years, more than 1 million people have signed up to The Guardian financially, with more than 650,000 paying regularly. Most (55 per cent) revenues are now digital, and more than half come from readers over advertisers, with only 6 per cent from print advertising.

The editor of the digital-only The Guardian Australia, Lenore Taylor says, that as a result of the campaign, the Guardian Australian business is self-sustaining and has been able to diversify its journalism.

The membership/contributions model, she says, ‘frees you up to do the most important journalism’ because you are not having to create products for advertisers. More importantly, engaging readers transforms the journalism.

‘You need to find ways to hear from people rather than talking about them,’ Taylor says. In Australia, this has included call-outs to readers for both donations and story ideas for environmental issues under ‘The Wide Brown Land’ project. Taylor says the company raised more than it expected (about $150,000) and that half the story ideas came from its readers.

Engaging readers has also helped with journalistic innovation in data, such as the ‘Killing Time’ project, developing ‘a massacre map of Australia’s frontier wars’.

The Guardian demonstrates both the work that it takes and the financial value of engaging readers. It’s a model that’s being picked up around the world. Viner says: ‘Everyone has taken a leaf out of our book. We’ve seen everyone using our language and that’s great because we did all the hard work. That’s great. Very happy to help the industry.’
As a media company, we own the channels and reduced its Facebook audience share to about 45 per cent. ‘We always had email,’ says Wilson, ‘but before mid-2017 we never focused on it because we liked Facebook. But there came a time when there was no more growth in Australia for us in Facebook, so we had to build wider audience share and depth with our audience. That’s just the reality of media today.’

Wilson launched the media side of the business in March 2013 as she watched her parents turn 60 and start to look around for how to reference their retiree audience.

‘In my job as a marketing consultant, I was recommending that corporates should be looking at the boomers market, at the time the demographics of the market as it shifted. Everyone wants a millennial audience – but they have no money and no real propensity to make significant purchases. All the money is tied up in the boomer market, yet few media companies treat them with the respect they deserve.’

Now the company sends out more than 10 million emails a month on a twice-daily timetable, and has a powerful Google traffic base coming directly to its ‘reinventing retirement’ evergreen and news articles, while still engaging across Facebook, Instagram, Twitter and Pinterest.

‘The audience come for a mix of the journalistic content targeted at the age group (the company now employs 11 journalists plus freelancers out of their 28 staff) and professionally edited user-generated content from about 430 over-60 bloggers. The media business is free to access, and runs on advertising, sponsored and native content. Wilson describes it as a premium digital environment, with mainly direct booked and premium programmatic advertising, and little to no open marketplace activity, due to the demand for the site’s advertising. The advertising model is limited, as we all know, by the need to have scale to service the advertising agency market.’

‘With sold-out advertising in recent months, the business is gradually shaping its native model around the retirement life stages, and has built first-party data that can be linked with consumer datasets to overlay on advertising, content amplification and social media activity.

Recognising the potential in the travel market for over 60s (about 80 per cent of discretionary travel), Wilson estimates Wilson launched the parallel company Travel at 60 in 2017 as a lead-gen marketplace before shifting it in 2018 to an online travel agency.

‘Retailers are regular travellers and there are some very unique ways we can bring them unique propositions … As a product, retail and media company we can bring the consumer a better deal, in bringing to them quickly, while other larger companies are less able to bring great deals to markets at speed due to their limited digital audiences and traditional marketing approach. It really helps to work with our own media platform and have the trust of our community. It allows us to go full stack between product and the consumer.’

In 2016, Seven West Media bought a third of the business for $2.5 million. Three years later, it followed on in a round of $2.7 million. Travel at 60 is working closely with the Seven business in media campaigns that Wilson says ‘have been very successful in expanding the marketplace.

‘Women are great sharers,’ says Claire Kimball, founder of the daily curated news digest, The Squiz. That’s the social secret that lies behind the growth in the email newsletter’s distribution from an initial mailing list of about 900 government and communication executives when it launched in March 2017 to the 30,000 odd inboxes and 12,000 regular podcast listeners it reaches today – three-quarters of them women – with a 45 per cent open rate.

In those two years, Kimball has been up at 3.30 each morning to curate The Squiz as a daily email newsletter, along with a short podcast that delivers a digest of news you need to know to start the day, without, she says, political spin.

She saw an opportunity to build an audience that was looking for information without spin. ‘With The Squiz, we’ve worked on our balance and tone to make it factual, not punishing,’ she says. ‘You’re not going to feel outraged. We don’t shout at people at 6am. In the 18 months since we’ve published, we’ve had two complaints.’

Kimball comes from a news consumer rather than a journalism background – she worked in corporate and political communications, publishing, she says, political spin.

‘The Squiz was based on identifying a gap: There is certainly a hole — from a marketing perspective anyway — for reaching high-income, professional women who are short of time,’ Kimball says.

To drive distribution, she seeks subscribers, or ‘Squizheads’. Once their sharing leads to at least five additional subscribers, they are thanked for their support. Going forward, the plan is to engage them further with unique content and offers.

‘We were always only interested in developing long-term relationships with our email and podcast subscribers – and like any relationship it takes time and consistency to build trust,’ Kimball says. ‘By showing up every weekday and delivering our “shortcut to being informed” in a way that takes a lot of care and respect for our audience, means we’re not exoticising this valuable business (or at least we hope we are), but it’s a meaningful venture for us to put our blood, sweat and tears into.’

Kimball bootstrapped the launch and focused on growing The Squiz audience for the first year before looking for revenue from sponsorship matched with native advertising. It now draws from the Commonwealth Bank, Woolworths, Future Women, Qantas, The Growth Faculty and Four Pillars Gin. These partnerships have helped bolster an audience whose only income stream, although the team is thinking about what non-advertising income might look like.

The podcast has brought a new audience. ‘By large and it’s a different audience to the email gang. Our view is we need to be where our audience is, and a 5am morning podcast with an opinion-free look across the news was a no-brainer for us.’

In late 2018, The Squiz gained runway status when its first round of investor funding, led by ex-News Corp executive Peter Tonagh, raised almost $500,000. As a result it now pays its way and has expanded her team to include two team members focused on commercial growth and subscriber engagement.

And for the future? ‘There is a very downcast sentiment about the future of media, but I didn’t come from any of that,’ Kimball says. ‘We didn’t beat ourselves up because we were a start-up. We didn’t think, ‘This is the future of news and it’s going to be awesome.’ I prefer us to be reader-focused. The Squiz has carved a space for itself. We don’t have any legacy issues to worry about.’ remains confident in the idea. ‘We didn’t fail because the product didn’t work.’
As a public broadcaster, the ABC is free from the constraints of business pressures, but it is not free from the imperative to innovate in news media. In part, this is because innovation is a specific ABC Charter responsibility, but more important is the imperative to reach and engage new audiences.

This means the ABC is innovating around the type of journalism it produces, the way it is distributed and the products it creates.

According to the ABC's Director News, Analysis and Investigations, Gaven Morris, the journalism challenge is to shape stories from the beginning with different means of distribution – and consequent different audiences – in mind.

Morris calls this the ABC's responsibility to provide 'an equal digital life'. 'When Four Corners does a good story then it should have a life for all platforms. We should be able to take that story and make it just as compelling on a different platform for under 40s,' Morris says. The young audiences are out there on these platforms looking for these sort of information. These are people who never use the ABC for anything else.'

He says the big drivers are Facebook, Google and Apple News. 'Apple has been amazing as an audience for us. We get 2 million unique from Apple to our content.' The corporation has launched a Messenger news bot and is experimenting with YouTube and voice-activation.

Although, it likes to draw users into the ABC's website to explore other options ('The Messenger bot has been great for that,' says Morris), it doesn't have the brand – or monetisation – imperative that commercial players do.

This enables the ABC to innovate around social platforms more as push distribution tools to get their content out to new audiences than as tools to pull users into the core site.

The ABC has long-standing, committed audiences. About a million people still sit down and watch the 7pm news, although, like most linear broadcasting, it's an aging audience that's down a third from its peak.

Morris says the organisation needs to be thinking about the future experience: 'Thinking about what people want from news. What are their habits? How can we meet them there?'

One way is public collaborative journalism such as the two part Four Corners series in 2018 on aged care. A call-out to viewers generated 3,000 pieces of feedback, which informed a rich and deep look at the challenges of the sector.

Another is 'More in investigation. More in telling them stuff, less in telling them stuff.' Another is 'More in explanation. Less in telling them stuff which happens today. Explain to me. Give me the meaning around this story that helps me understand.'

The greatest innovation challenge is navigating the end of schedule broadcasting. The ABC was an early innovator, launching its streaming service in 2008, long before it was commercially viable. It used its HD channel to launch a 24-hour news channel in 2010 and it has been a leader in podcasting.

Now, Morris says, 'we're getting to the point that what drives a behaviour is on-demand and personalised. It's a greater challenge than anything that has come before. Earlier changes were incremental but our newsrooms are structured in the same way they've always been.'

'When you move from a clock-driven organisation to one that's on-demand, it changes fundamentally how you put a newsroom together. A lot of broadcast-ers haven't grasped that yet.'

The company was aiming to diversify its revenue streams through subscriptions, although, 'we've already done the work to show a national newspaper for young people actually works.'

As costs mounted, the company launched a crowdfunding campaign which raised about $200,000. It learned one big lesson from the experience: 'Unless you ask for money, people don't know you need it.'

Getting known was a challenge. 'We didn't spend a cent on marketing,' Howden says. 'But we got a lot of organic media coverage.' Subscription spikes came off the back of this coverage.

The company was aiming to diversify its revenue streams through subscriptions, through households and schools, media literacy programs and resources, and some child-appropriate advertising.

Howden is critical of the Australian news industry saying big picture thinking isn't coming from within. Support for Crinkling came not from the media companies but, instead, from places like Facebook and Google, and the Museum of Australian Democracy.

Looking back, Howden recognises that the Crinkling founders needed deeper pockets or real financial runway. But she remains confident in the idea: 'We didn't fail because the product didn't work.'
CASE STUDY

11 JUNKEE DO THE RESEARCH

The founding principle of Junkee is ‘do the research’. Its co-founders started with a market analysis charting existing media products across multiple axes, including ‘smart to dumb’ and ‘niche to mainstream’. In the white space of smart millennial demand, the company launched its millennial-focused website Junkee in 2013.

Publisher Tim Duggan says ‘Choose a community you can authentically speak to and find the gap that exists in the market. Once you start speaking to an audience every single day you have to continually tweak your strategy, because the readers you talked to five years ago may have changed.’

The Junkee co-founders matched the market analysis with a deep audience dive to make sure they had a clear understanding of wants and needs. They have continued to do that: year on year and have now surveyed almost 30,000 Australian millennials to deliver what they believe is the most significant (nine-year) longitudinal set of data about the generation.

‘We wanted to treat the audience like they had brains,’ says Duggan, who co-found ed Junkee with CEO Nick Abbott. ‘We did not want to just say what we liked or believed was the future.’

In 2017, the research showed a need to adapt for the next generation. ‘The hunch we had was that Gen Z, roughly 16- to 24-year-olds, were very different to their millennial older brothers and sisters,’ Duggan says. ‘We needed to speak to them in their own way, or our audience would only grow older in age.’ From that insight came the parallel media brand, Punkee.

Junkee also has experimented with Messenger chatbots – a Punkee bot that sends subscribers the latest television recap videos scored a 95 per cent open rate – and is looking at voice activations such as Alexa.

In 2016, 85 per cent of the company was bought by oOh!media, Australia’s largest outdoor advertising company, for $11.05 million, bringing help in areas such as legal, human resources and removing cash flow pressures, while leaving it independent.

Duggan does not believe Junkee’s current content can be monetised through subscriptions (‘that horse has bolted’). Rather Junkee Media’s model focuses on sponsorship and advertising, particularly native advertising targeted at the millennial generation. About half of its media revenue comes from native advertising, with the balance from display and events.

Junkee’s social distribution remains dependent on Facebook – still the source of around 50 per cent of audience referrals – and it has a close relationship with social media giant. Junkee was one of five Australian publishers to receive funding from Facebook to create news content exclusively for Facebook Watch.

Junkee’s distribution channels include a daily email on food and travel, The独立 Weekly; a weekly email on food and travel, The Forager; and a special festivals highlight email during the February-March festivities season.

The index tracks the top 100 companies in South Australia, generating intelligence and analysis for the business community and engaging them in a major lunch event. The index brings in revenue from tickets and sponsors while the analytics provide in-depth business journalism.

The second major event, launched in 2018, highlights 40 prominent South Australians under 40 years old. The event generates tickets sales and sponsorship and provides stories.

The final Junkee line is set to tell stories.

“We have a passionate community of readers. We can have a story on indigenous incarceration and a dry economist writing for us. They can sit side by side because people expect it to be challenging. They demand it be independent.”

The daily email is now sent to 45,000 addresses, almost all of them local.

Solstice Media is now working with the Facebook Accelerator program to further develop this revenue stream.

InDaily continues to innovate around journalism products, including a podcast series during the state election, a weekly email on food and travel, and has sought to diversify revenue. In Daily’s audience and revenue strategy includes launching two key events: the South Australian Business Index and ‘40 under 40’.

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The 40 South Australians are profiled in the lead-up to the event and become de-facto InDaily ambassadors.

‘We are filling the broadsheet shaped space in the market,’ says Washington. ‘It’s what people want – what our readership expects of us. They can sit side by side – they demand it be independent.’

Through its ownership of Adelaide’s only daily paper, The Advertiser, and its community newspaper chain, News Corp had an effective monopoly over local commercial news content until the Independent Weekly arrived.

Solstice Media Managing Director Paul Hamra is clear about what innovation is needed: ‘You have to invest in the journalism.’ With the move to digital, this is even more important, he says.

The result is a unique local digital offering. Washington says: “I don’t think there’s another digital only news service in a capital city in Australia that provides a traditional news offering like we do on a daily basis.”
The Centre for Media Transition (CMT) is an interdisciplinary initiative of the Faculty of Arts and Social Sciences and the Faculty of Law. It was launched in July 2017.

It sits at the intersection of media, technology, regulation and business. Working with industry, the academia and other stakeholders, the CMT explores:

- The changing nature of journalistic practice;
- Ways in which citizens and media interact and how regulatory and ethical frameworks might adapt for this environment (this includes issues of digital privacy);
- The ingredients of a competitive commercial media sector, built on sustainable business models and informed by the experience of other disrupted industries;
- The development of a diverse media environment that embraces local, international and transnational issues and debate; and
- Contemporary formulations of the public interest informed by established and enduring principles such as accountability and the public's right to know.

The CMT’s published works include reports on digital defamation and trust in news media and it has current projects on industry self-regulation, privacy, news verification, foreign reporting, innovation and press freedom. The CMT has consulted for the Australian Competition and Consumer Commission and the Australian Communications and Media Authority and is the host of the Asia-Pacific bureau of First Draft News.

The Centre hosts public events, conferences and forums on a regular basis. Details of events the CMT’s work can be found at our website at http://bit.ly/2lXvs6D.

You can sign up to our regular newsletter at http://bit.ly/20xsvD.