Dying to get online: Independent media’s “last-chance saloon”

By Robert Shaw

It has been clear from the onset that the Covid-19 pandemic is not only a health crisis, but also an economic crisis, with journalists as the first responders in the ‘infodemic’. Together with the advertising crisis and the move to a more digital, mobile, and office-less media environment, the pandemic is speeding up the need for a ‘digital vaccine’.

To stimulus or not to stimulus?
The global media industry needs a massive economic stimulus. From small digital savvy start-ups in tight-knit communities in South Africa and Pakistan to larger legacy media in urban centers in Colombia and Ukraine, the line is increasingly long. There is a high chance that any stimulus will be ill-designed, counterproductive and hijacked by political interests.

“The risk with any stimulus offer is that those already-struggling media companies do not use this 'last chance saloon' call to substantially change their dying business models,” says CEO Styli Charalambous from South Africa’s Daily Maverick. “Digital transformation and innovation have been sorely lacking in our industry and this could just be a case of kicking the can down the road. But in the context of so many less-deserving outfits who have been bailed out, why not those who inform and provide a public service?”

As a qualified chartered accountant now leading a pioneering media start-up, Charalambous is acutely aware of the growing gap between traditional advertising and digital revenue and the constant need to get funds to stay afloat. He’s also aware that government funding of independent media is a tricky situation to navigate, especially in a country like South Africa that has been traumatised by wholesale corruption in the last decade.

“A stimulus is needed here too,” says Jakub Paruskinski, Head of Marketing for the Ukrainian Hromadske TV, a leading Internet television station founded in Kyiv in 2013, but he is quick to point out that its focus needs to be on organizational-led innovation rather than covering project budgets, where in two months they’ll be back to the same problem.

“Globally, there is a trend towards public or private-public funding to sustain the media sector,” says María Teresa Ronderos, a Colombian editor and co-founder of the Latin American Center for Investigative Journalism (CLIP), which leads cross-border collaborative investigations. “Like in France, where that have a competitive process to fund public-interest media based on the public’s need and right for information. And for the first time ever in the US, advanced talks are moving in political circles about using public money to finance local public-interest media. This was never on the cards before”.

However, she points out that this [use of public money] doesn’t work as easily in many [frontier and emerging] markets as too often the ‘BBC model’ is turned into a State propaganda machine. “So very often
the better solution is a public-private option,” says Ronderos, who recently returned to her native Colombia after five years heading the Independent Journalism Program of the Open Society Foundations (OSF), a private philanthropic foundation. “This is where innovative thinking is going, backing new business models for media that are vital to local communities”.

Even so, these new models operating in complex conflict markets must tread the line carefully to avoid being eaten up by such propaganda machines or being co-opted by special interests.

Such is the case for Pakistan’s media industry, which started to decline in recent years with mass layoffs and shut downs and has struggled to create such models. The situation was partly affected by the ailing economy, partly by the outcome of the July 2018 elections that brought a government to power headed by a party not seen as friendly to business, coupled with the withdrawal of government subsidies and dwindling advertising revenue.

From Islamabad, International Media Support’s (IMS) resident advisor, Adnan Rehmat, explains how the current government has clearly stated that it cannot provide subsidies to media. “This option is not on the table and so they must rely on the market to simulate the new digital media landscape,” he says.

“You must incentivize the right kind of behavior through substantive seed capital funding or stimuli for commercial-based revenue that drive sustainable innovation,” says Parusinski, who chairs the Media Development Foundation board, which works with journalists, newsrooms, civil society and public officials in Central and Eastern Europe to help build stronger civil societies in post-authoritarian states.”

Readers: Much more than “selling a newspaper”

“What we have seen [in Ukraine] is this how Covid 19 has stimulated innovation in the media,” says Parusinski. “A year ago, no major media outlets generated any reader revenue and now it’s pushing 50% of the market”.

In early 2020, Hromadske TV made massive internal organizational changes and rather than chasing stats for advertisers and public donors, they re-focused on deeper relations and engagement with audiences, carrying out root-and-branch change in their approach to marketing, analytics and user journeys.

The results have been quick. In April alone, a new “Friends of Hromadske” membership program brought a 45% boost in supporters and importantly a 60% increase in revenue.
To work, reader revenue needs to build a marked community interest in journalism, define clear targets and take a slow-burn phased approach.

“You start with this [collective community] and you start with some simple benefits, like a newsletter, access or alters, off the back of which further down the road you do ask for money,” says Renée Kaplan, head of digital editorial development at the Financial Times.

However, this move to readership revenue and a diverse mix of membership and subscription models will not be as straightforward in countries marked by conflict and political unrest.

“Mass media was already struggling before the novel Corona Virus arrived,” says Alan Soon, CEO of Splice Media, a media lab supporting bold, forward-looking media startups in Asia. “This pandemic is harsh and unforgiving -- if you didn’t have an audience plan or a viable business model before the virus, there’s a good chance you won’t survive it. This is true of all media across the world”.

Soon’s analysis is that the surviving media will be those who:

1. Have found a niche audience or community to cater for.
2. Have found ways to quickly restructure their financials to remain in positive cashflow. Legacy media will suffer on both fronts because of their high fixed costs.

“If you want to reach people based on their interest, needs and aspirations, digital is the way to go,” says Soon. “Media businesses need to follow that parallel track: content needs to chase after [readers] and provide for peoples' interests, needs and aspirations”.

Ronderos takes this a step further outlining that the media haven’t taken the necessary jump to understand that you can’t just ask people to become members if you’re just selling a newspaper.

“That’s a subscription full stop,” she says. “To become a member of a community you must build one first, and it’s a two-way street where both sides must participate and produce”.

Hromadske's new membership model is paying off

Launch of new donation campaign and simplification of payment process

New payment process and membership funnel launched on March 30 mid-day (results are as of April 27 - expected full month results in dotted box). Around 30-35% of supporters are monthly recurring

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<tr>
<th># of supporters</th>
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<td>February</td>
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<td>March</td>
<td>53,178</td>
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<td>April (as of 04.27)</td>
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- 75 new supporters
- 289 new supporters
- 419 new supporters
**Digital vaccine: “Staying afloat on a diversified revenue stream”**

Even so, the same membership model won’t work for all and media in different countries need to find the right mix of membership, subscription and public-private alliances.

The chart below is part of [WAN-IFRA’s 2019 World Press Trends report](https://wan-ifra.org/press-releases/), and shows that while global media are not able to replicate historic print advertising and content revenues, or the associated net yields with digital equivalents, the key forward-thinking strategy is centered more and more on digital audience revenue.

“While the FT is a legacy media company that has been profitable to date, it has also been aggressively experiencing the dramatic drop in print advertising and circulation and having to compensate for it,” says Kaplan.

“Given the digital transformations that media are experiencing in emerging markets, you need to go in with your eyes open about the reality of digital media economics is vital and it’s quite simply that advertising is not a viable business model in a sustainable way,” says Kaplan, who has a driving force in integrating data analytics and audience-first thinking into the FT’s digital storytelling. “Staying afloat means thinking about diversified revenue streams from the get-go”.

“Reader revenue is the big focus now and getting readers to support journalistic content,” she says. “In emerging markets, even though they’ve been used to paying for print products, it’s about finding ways to migrate that into a digital universe”.

Still, a digital vaccine won’t be ready to go to market for another few years. Each media market will have to buy time to re-fill the gap left by advertising with a well-designed and diversified unique selling point. This needs to be done in tandem with innovative cost-benefit operational plans.
This is what *Daily Maverick* have been experimenting with in South Africa.

In one of Africa’s leading emerging markets, in 2018, *Daily Maverick* launched a unique “pay-what-you-want” model, where they set an ingenious but commercially risky goal to ask readers only for what they could afford so that their content remains free for everyone.

“The response was massive,” says Francesca Beighton, General Manager of membership, with the publication achieving 100% newsroom growth and hitting the 10,000 mark in mid-March this year.

While the digital revenue numbers keep ticking upwards, the publication continues to push for new ways to build loyalty and income.

“When we created the membership model, we didn’t want it to become only about cash benefits, like become a member and get a free smoothie. The Uber deal was unique in that it helped us anchor our pricing but beyond that we didn’t want to make it just about deals and competing with other rewards programs. “For us it’s about the cause and commitment to help our journalism,” says Beighton. “Through that we ended up with one member emailing a thousand others just to tell them about Maverick Insider”.

Kaplan’s anchored assessment is that the only way forward is accompanying audiences and readers around what good journalism is versus what you find on Facebook and why it’s worth paying for it.

**Tech troubles: “Invalid credit card number”**

“Generation Z and young people [in Ukraine] want to pay for content,” says Parusinski. “Still you must make it easy and attractive. Hromadske TV tried to do this for years but you had to go on the website, make seven different clicks, make a delayed bank transfer and you get lost in technicalities.”

“A lot of work needs to be put into the mechanics of payments and most of all you need to transform the newsroom so that content is based on what readers want to read,” he details. Beighton from *Daily Maverick* agrees and says they’re losing thousands of dollars through tech glitches.

“Technology is a big problem for the publication, particularly with our payment gateway,” she says.

Given the relatively short six-month lifespan of a credit card and based on issues such as fraud and renewals, their marketing team found that when people sign up for recurring payments with a credit card,
sooner rather than later the payment doesn’t go through and then trying to get them to sort out invalid card numbers on a third party system is a nightmare.

“We’re losing hundreds of thousands of rand [thousands of US dollars] on this every year and ultimately our churn rates go up,” says Beighton.

To deal with this Parusinski says that media must combine the internal operations around smooth user journeys with the external marketing, pricing and digital advertising packet. He explains that you need people who can do (data) analytics using the right systems like IO Technologies, a US-based firm that seeks to change the way companies crunch big data.

According to Kaplan, you really must know your market to build membership effectively. She explains how in several emerging economies in Asia, while women often control the domestic budget, it’s a different question when it comes to digital spending which is individual and based on using tech effectively and what you have on your phone, on pay-as-you-go and on digital banking.

“It’s more about an individual consumer-to-consumer mobile experience. This is about optimizing a truly easy conversion experience, from a tech and user experience on mobile because that’s where it’s going to happen”.

“Building a membership model is more than slapping on a new coat of paint and telling people on Facebook please donate,” says Parusinski. “You have to create new partnerships and products”.

The ultimate union: in and out of the newsroom
In her hometown of Bogotá, Ronderos details a shining example of new alliances providing new services. Juanita León, head of the Colombian news website, La Silla Vacia took on the idea of The Conversation, a global network of not-for-profit media outlets set up in 2011, that use exceptional editing to create news stories from academic investigations. Universities pay handsomely for León’s team to convert the raw data into mainstream reports and this is now, together with membership, one of their main sources of revenue.

“Still though, my dream is more focused not only on getting seed capital funding for the idea, but how to connect these new media, if it’s for profit, with longer-term angel investors who can take them to the next level,” says Ronderos. “And if it’s a non-profit outlet, get them three to four-years of institutional support so they can learn how to make money”.

In a unique crossover between business and editorial, Maverick Insider uses engaged journalism to tap into the platforms’ ‘Insider experts’ and connect them with their beat reporters.

“We put a simple ask out to our Insiders saying we know we don’t know everything so regardless of what area you specialize in put your name down here if you’re happy to be contacted by a journalist,” explains Beighton. “These experts have been invaluable to us through crowdsourced investigations and having ten thousand sets of eyes out there is incredible”.

“Building a membership model is more than slapping on a new coat of paint and telling people on Facebook please donate,” says Parusinski. “You have to create new partnerships and products”.

Jakub Parusinski, Hromadske.TV
When the Covid-19 pandemic hit, Beighton decided to leverage this visual vantage point and quickly dipped into their expert pool to put on fast and effective webinar. She found a public health expert, Dr. Indira Govender, who’d worked with MSF in Sierra Leone on the Ebola crisis and teamed her up with a leading virologist on their Maverick Citizen vertical to discuss issues raised by our readers about the virus.

*Daily Maverick* has a diversified business portfolio made up of grant funding, events and webinars, membership, advertising as well as book and documentary film divisions. The Maverick Insider program covers a third of their payroll and they’ve now built up 2.8m unique browsers per month.

In Pakistan, however, many of the digital start-ups like *Daily Maverick* are still struggling to generate revenue from increased spikes in traffic.

Both Covid-19 and the downturn in traditional advertising revenue over the past 18 months has driven target audiences online to get reliable and diverse information. But these advertisers and sponsors still haven’t moved revenues over to the digital sphere.

“Even with a hundred thousand views, trailblazing native digital players like HumSub, the country’s largest citizen opinion and information site, will not generate significant revenue,” says Rehmat.

At the *Financial Times*, Kaplan explains how they’ve also experienced a Corona bump and have developed bespoke Corona content, but converting that traffic is difficult as its exceptional traffic driven by a news need.

“People might be more likely to convert if it’s you lower the entry barrier,” says Kaplan. “Or you decide you don’t want conversion now but instead you want to build loyalty so later it’s easier to ask for payment. It’s a phased approach where you first need to display value and get loyalty before you ask for money”.

The paper has built in gender focus around user habits and needs and understanding how that produces a better editorial experience for women and is less about commercial strategy. “Of course, conversion is going to be directly linked to the value you derive from the product so it’s important to understand how women’s editorial needs are different,” she says.

At the same time, there are also internal alliances that need to be built between editorial idealists and hard-nosed commercial realists. When Maverick Insider launched, Beighton said they had to both market it externally to readers as well as internally to the editorial team to get them to buy into it.

Getting the editorial team on board with a new membership model was tricky given their predisposition to ask questions as journalists and getting the balance right between their needs to drive editorial decisions and to bring in extremely valuable member input. “Now they’re so involved in it using the newsletter to reach out to readers for expertise or crowdsourcing and they realize that their job security also links them to the Insiders,” she says.

The ultimate union, according to Kapan, should go beyond metrics and figure out how to align both editorial and commercial goals. “What is our reason for being and what is our collective north star as a brand,” she explains.
The FT’s north star across the entire business was engagement and now it’s what they’re calling “life-time value”. This starts with a shared business goal to get the newsroom and the commercial department aligned around the need to get their readers engaged with their content.

Strategies will be different, she says, so editorial will try to understand if it’s a certain topic or format that brings people back systematically and marketing will know that a paid promotion on Facebook is a lot more effective than Twitter. “All to the same shared goal. This allows everyone to work together”.

Looking forward: Office-less media operations
Leading the line in shared goals and a creative approach to operational efficiency is the office-less workspace and the gig economy.

“Remote working, which was already on the rise before Covid 19, will become more common,” says Splice’s Soon, who sees the pressing need to create information and news faster and cheaper to deliver it into the hands of those who want or need it.

Distributed organisations began well before the commercialization of the internet. Even in the 60s, its first proponents realized the advantages of remote sharing and email exchanges. 

“As people emerge from months of working from home, where will be a continued acceptance of remote work as a way add flexibility to the newsroom,” says Soon.

Plenty of startups start out distributed to avoid high rents and salaries. Many chose to stay that way.

“Media managers are starting to see the benefits of being able to hire and work with people from everywhere -- you’ll be able to attract talent from other cities and towns, with people who are limited by physical disabilities,” he says. “Covid 19-related work-from-home is going to teach us that all of this is now possible; location and physical presence are now less of a factor”.

A physical office means you can hire the best person you can afford in a 50-km radius, isolating media companies from much of the world’s talent, and increasing technological talent churn from quality editorial-driven media houses to social media platforms.
The combined effect of both this mobility as well as mass layoffs in countries like Colombia, Pakistan, South Africa and Ukraine has opened the door to a new gig economy. According to the World Development Report 2019, 0.3-0.5 percent of the active labor force participate in the gig economy globally.

The future, Rehmat explains, belongs to the mobile freelancer.

“This future needs to build itself around new generations and create a new market from a pool of 110 million young people,” added Rehmat.

These freelancers are a growing force, working from home, managing their own YouTube channels with large followers and filing mobile stories for multiple traditional and digital media outlets. Pakistan has close to 80 million people who use smartphones and can drive revenue through this mobile journalism goldmine.

“From the thousands who have been laid off in the past 24 months and pushed into the gig economy, we need to support them to help reshape a new digital media future,” he says.

ENDS – 3,339 words