



Journalist Fellowship Paper

# Digital audience revenue strategies in CEE and the Global South

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Michaelmas Term

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# Introduction

“The president of our country held a major press conference and dedicated almost half an hour to our newspaper – basically calling us criminals, enemies. Before [he did] this, our digital membership programme was growing very slowly; we added around 25 new subscribers a month. The days following the press conference were our best so far. We added more than a hundred new members within the first week. People just wanted to support independent media.”

This story was relayed to me by the editor of a Latin-American news outlet, but there are others like it.

The Editor in Chief of a digital daily from the Balkans jokingly referred to his countries’ controversial president as their “brand ambassador” after he went on record saying he never reads the publication, causing subscriptions to skyrocket. “We may have to cut him a commission if he does it again,” he said.

Beyond these cheerful anecdotes of strongmen who accidentally help the very outlets they’d meant to undermine, independent-minded media outlets face a sobering reality as forces beyond their control reshape the news business.

Shrinking advertising revenues – under pressure from platform companies like Google and Facebook – have made the old ad-supported business model obsolete for all but the biggest players. In many countries, state actors also interfere in the advertising market, weaponizing spending and starving independent media to favour those willing to toe the government line.

Grants and endowments are a lifeline to some but are hardly sustainable in the long run and, in many cases, lack the scale to support but the smallest outfits. They are often project based, and there is little money for core support, or for everyday current affairs coverage – the bread and butter of news media.

Grants can also be subject to restrictive regulation by governments that do not want to see independent media funded.

This leaves audience revenue as the best bet for many independent outlets: subscriptions, memberships, crowdfunding drives, and micro-donations to cover the production costs of quality journalism.

But it's easier said than done outside of the developed world, where affluent audiences are relatively small and not necessarily used to or willing to pay for digital media. It makes newsrooms in challenging environments reluctant to lock their public service journalism behind a paywall, despite how difficult it is to keep audiences paying without offering some exclusivity.

That's why, with the help of 23 top editors, media managers, and experts from 19 outlets in 16 countries (mainly from Central and Eastern Europe and the Global South), my aim during my fellowship at the Reuters Institute for the Study of Journalism was to analyze audience revenue programmes of digital media outlets outside North America and Western Europe to see what works.

This paper examines environments that are often low-choice and repressive, and tries to map out the common challenges and identify practical, adaptable solutions.

It consists of seven chapters:

- The first chapter examines the environments of the participating outlets: the types of interference their newsrooms face and how these factors influence some of their strategic decisions.
- The second chapter explores the debates around paywalls, their effectiveness in driving audience revenues, and the reluctance of some newsrooms to implement them, as they are thought to diminish the reach and impact of journalism.
- The third explores audiences' motivations to pay, focusing on subscriptions and memberships as acts of personal political expression.

- The fourth chapter looks at various other types of audience needs, and the benefits and services news outlets offer. It touches on retention and the relationship between offering exclusive content versus providing other types of benefits.
- The fifth chapter details the pricing strategies of outlets participating in the study in terms of the price of individual subscriptions, tiers of service, and available subscription periods. It looks at payment methods and how authoritarian regimes may interfere with independent media around the payment process.
- The sixth chapter deals with crowdfunding: the unique challenges it poses for news organisations, and the opportunities it brings.
- Finally, we consider how participating outlets promote their audience revenue programmes on their sites and the uses of paid promotion strategies.

# Methodology

In March 2021, we selected 23 independent digital newsrooms with online audience revenue programmes (donation or crowdfunding drives, a membership scheme, or subscriptions) to participate in a survey, and an in-depth follow-up interview.

Of the 23 invited, 19 independent digital newsrooms participated in this project. Participants had to meet two key criteria: they had to have a digital audience revenue programme, and had to be independent (no ownership by state or political actors).

Due to the political and business sensitivity of some of the topics discussed, the results presented here are entirely anonymous: no specific countries, outlets, or individuals are referenced in the text, only regions.

Of the 19 newsrooms, five are located in Asia, three in Latin America, one in Africa, nine in Central and Eastern Europe, and one in Western Europe. (The latter was included to serve as a reference point on some of the issues discussed.)



*For illustrative purposes only: a rough representation of the regions surveyed*

Each participating outlet was asked to complete an online survey with up to 110 questions about their newsroom, audience, content, business setup, revenues, environment, and

interference. No questions were mandatory. After completing the survey, I conducted structured online interviews with 17 outlets to understand their context and answers better. The respondents were editors in chief, business and product directors, and CEOs.

In addition to representatives from the newsrooms, I conducted interviews with three reader revenue experts and three experts on regional media environments.

444.hu, the digital media outlet I work for, was one of the respondents in the survey.

# Environment and interference

- Most newsrooms participating in this project operate in a politically challenging environment, where press freedom is “difficult” or “problematic”.
- Outside interference more commonly targets the content and newsroom; a lot less interference is reported on the business side of the operation.
- The most common type of business interference is around advertising.
- No participating outlets reported any direct interference with their ability to collect audience revenues.

One of the most important functions of independent media is to hold power to account, but some powerful actors do not want to be held accountable. These actors may try to interfere with independent media to prevent it from fulfilling its watchdog function. The concept of “press freedom” refers to the press’s ability to publish materials free from interference.

According to the 2021 World Press Freedom Index by Reporters Without Borders (RSF), of the 16 countries participating in the project:

- 4 countries had a press freedom situation described as “mostly good”;
- 5 countries had a press freedom situation described as “problematic”;
- 7 countries had a press freedom situation described as “difficult”;
- and no project participant fell into either the “good” or the “grave” category at opposite ends of the RSF spectrum.

The environments examined can also be described by the levels of democratic governance.

According to the 2020 Democracy Index of the Economist Intelligence Unit of the 16 countries participating in the project

- 1 country is a Full Democracy
- 10 countries are Flawed Democracies
- 3 countries are Hybrid Regimes
- 2 countries are Authoritarian

For many participants, the complex political realities behind these designations heavily influence strategy in the newsroom and on the business side of operations.

#### Frequency and types of interference with independent newsrooms

During the online survey component of the project, each participant was asked about types of interference they have experienced in the past 12 months in either their newsroom or in the business side of their operation.

Of the 19 participants surveyed, 16 answered these questions. Each participant was asked to score the frequency of different kinds of interference on a scale from:

- 0 - Didn't happen in the past 12 months
- 1 - Happened once in the past 12 months
- 2 - Happened occasionally in the past 12 months
- 3 - Happened often in the past 12 months
- 4 - Happened constantly in the past 12 months

The results are represented in Table 1 (newsroom interference) and Table 2 (business interference) on the next page.

## Type and frequency of interference in newsroom (12 months)

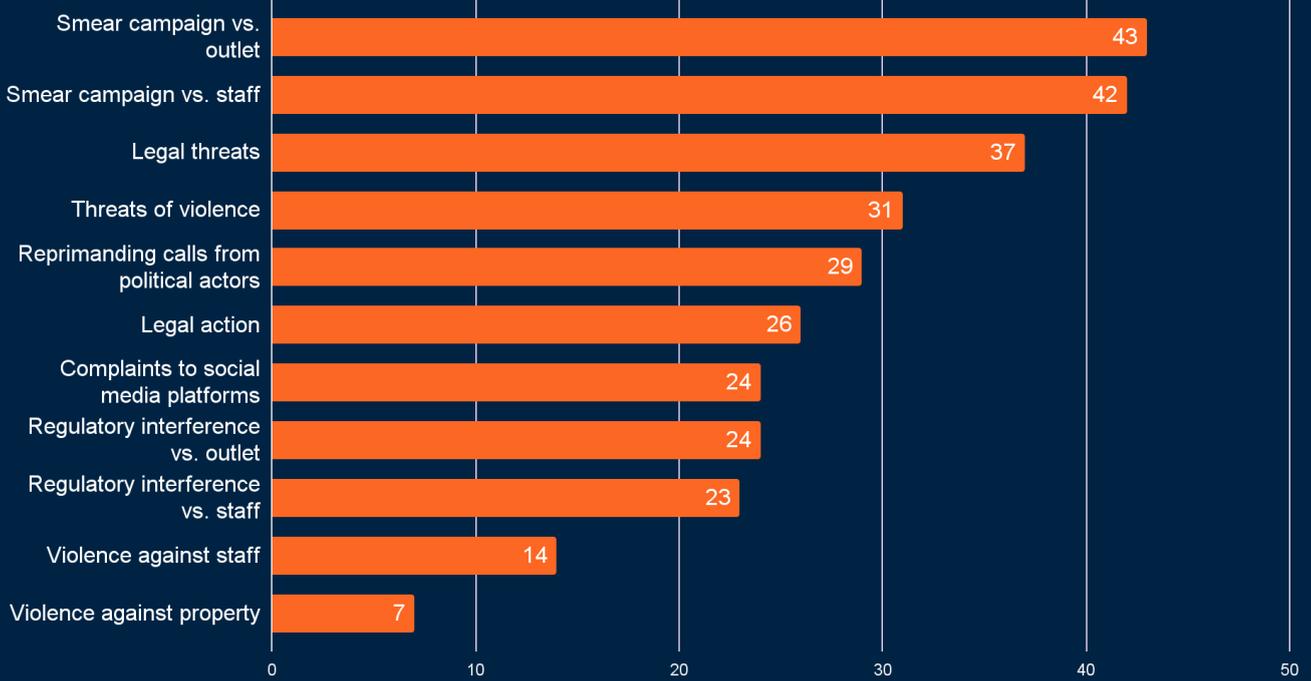


Table 1: Newsroom interference

## Type and frequency of interference in the business of news (12 months)

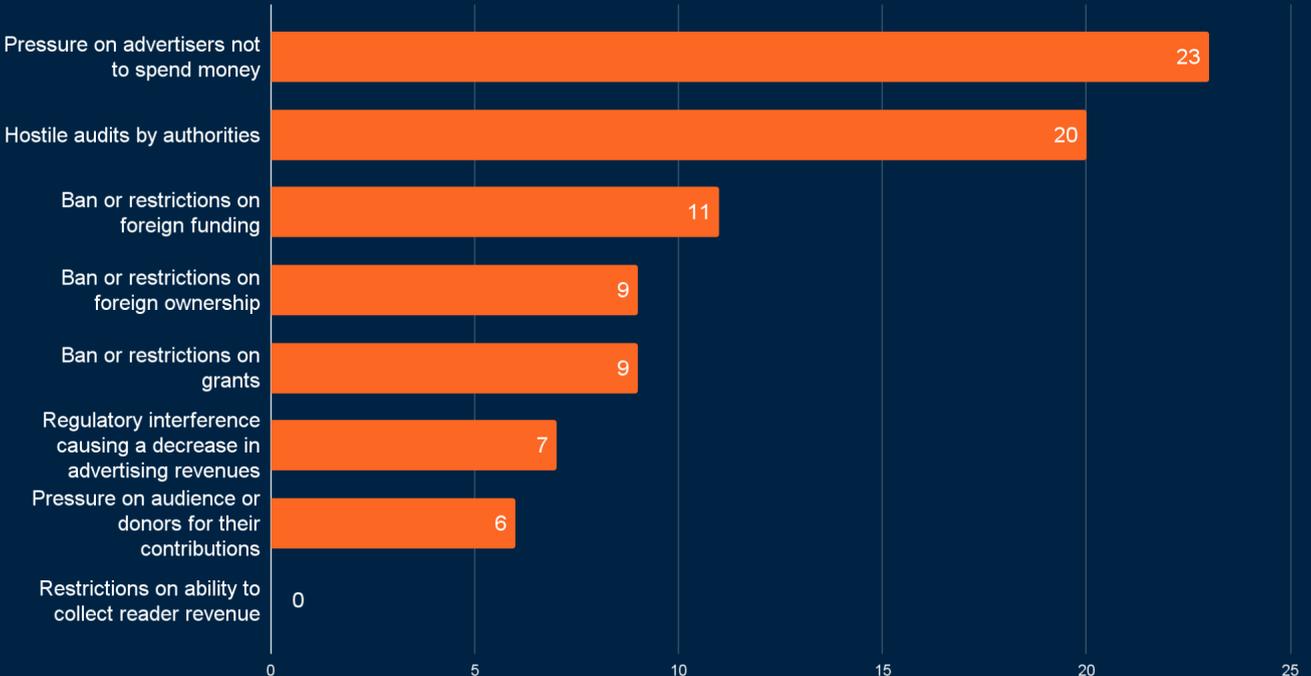


Table 2: Business interference

Notable trends based on these results:

- Interference in the newsrooms and around content is, on average, almost 2.5 times more frequent than interference on the business side of the operations.
- Most of the interference on the business side focuses on advertising.
- There is little direct interference with collecting audience revenues, even in the most repressive countries.

### Why is there more interference with content?

During interviews, participating newsrooms offered various explanations as to why interference might be focused on editorial and not the business-side of media companies.

Multiple editors and managers said interference with content and the newsroom is more informal, harder to prove, and therefore preferred by actors trying to maintain some deniability. Pressure around content can be selective – applied only when needed as opposed to business restrictions, which have to be legislated and are therefore more visible and potentially wide-ranging.

Some editors pointed out that since it's the newsrooms that are creating the stories that hurt powerful politicians, it may make more sense for them to put pressure directly on reporters and editors. Some managers mentioned ad-hoc pressure over content could be applied by a wider range of political actors, while certain types of business interference require state or legislative power not available to individual politicians.

Half of the project participants brought up how perceptions, especially of powerful foreign countries, may matter to their governments. States want to be seen as democratic and/or pro-business. Systemic, legislated interference with media businesses could make it difficult for them to maintain such an image, which is particularly important in countries where the economy is relying on foreign investment from the developed world.

Two editors from smaller countries pointed out that their states may not necessarily be powerful or developed enough to design and successfully enforce certain types of legislative interference, so they apply informal, ad hoc pressure instead.

## Interference with advertising revenues

On the business side, pressure on advertisers seems to be the most common and frequent form of interference.

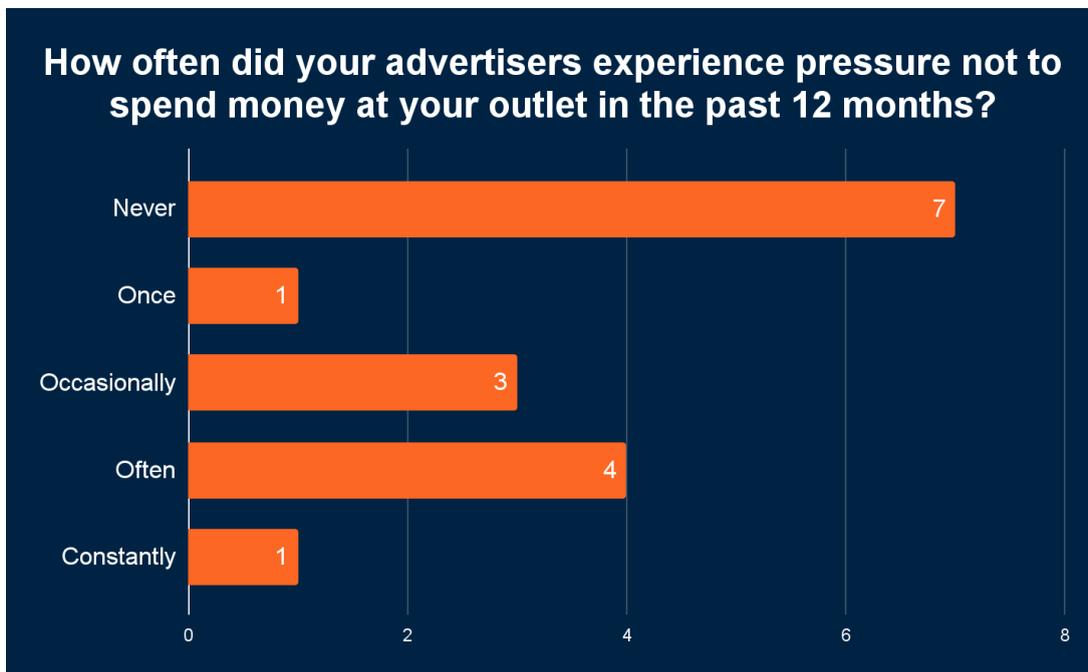


Table 3: Interference with advertisers

Governments can withhold state advertising from certain critical outlets and/or put direct or indirect pressure on private advertisers not to spend money with certain newsrooms. A CEO from Asia said:

“The state doesn’t go after our advertising explicitly. They don’t say, ‘Don’t advertise with this newspaper!’ But they make an effort to make us look like a dangerous, risky, unpredictable outlet. They do this so some companies will ask themselves, ‘Why risk it? Why spend my money with them if their content is a political risk?’”

A top executive of a Central European media company said:

“Simply put: there is a ban on advertising with us. It’s not overt, but everyone knows it’s there. It’s for big state institutions and state-owned corporations, and private companies which do lots of business with the state. We know because we used to get their ads, but now, we are not part of their campaigns.”

This is very much in line with my own experience at 444 in Hungary. Some of the biggest private advertisers, like banks and telecom companies, operate in sectors heavily regulated by the state and are very cautious about spending that may upset the government. State advertising is also a powerful tool of political favouritism and an instrument of market distortion, censorship, and building an uncritical media empire aligned with the government.<sup>1</sup>

These considerations transcend the preference of the advertisers. As a leader from a Latin American newsroom said:

“We have lots of advertisers telling us: we like you, we believe in what you do, we want to support you, but can’t because we are afraid we would get in trouble with the government.”

### Ownership structure

During the interview phase, more than half of the newsrooms spoke about how the setup of business structures were crucial to navigating financial threats to media freedom.

A leader from an Asian newsroom said:

“When we built our current office building, we put it in a completely different company than the publisher itself, so if we get sued or fined, they can’t take away our building as collateral. It’s our most valuable single asset, and we want to protect it.”

A Latin American media executive explained how they tried to alleviate some of the pressure on advertisers through their business setup:

“We have a completely different company for advertising, and that company doesn’t have the name of the paper. If you glance at a receipt, you wouldn’t know that it’s for advertising on our site. We also strongly encourage long-term contracts and let everyone know this is our policy. This gives some advertisers cover: even if

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<sup>1</sup> Batorfy, A. and Urban, A., 2021. *State advertising as an instrument of transformation of the media market in Hungary*. [online] Taylor & Francis. Available at: <<https://www.tandfonline.com/doi/full/10.1080/21599165.2019.1662398>>

the government calls them out for spending money with us, they can say it's a long-term contract that was done ages ago, and they can't back out from it."

Even in the only Western newsroom surveyed, a lot of thought went into the initial business setup to minimise potential interference. The CEO of that company explained:

"We are a co-operative. The main reason is, yes, you can invest money with us, but you will only have one voice, one vote. And while our country may be in a better position than many others [on press freedom] it is still important to set up a structure that will not allow anyone to buy their way into our journalism. Even if it's not political, maybe someone just spends a lot of money and tries to transform us into something we don't want to [be]."

At almost half of the participating outlets, the newsroom or key leaders within it were the majority owner.

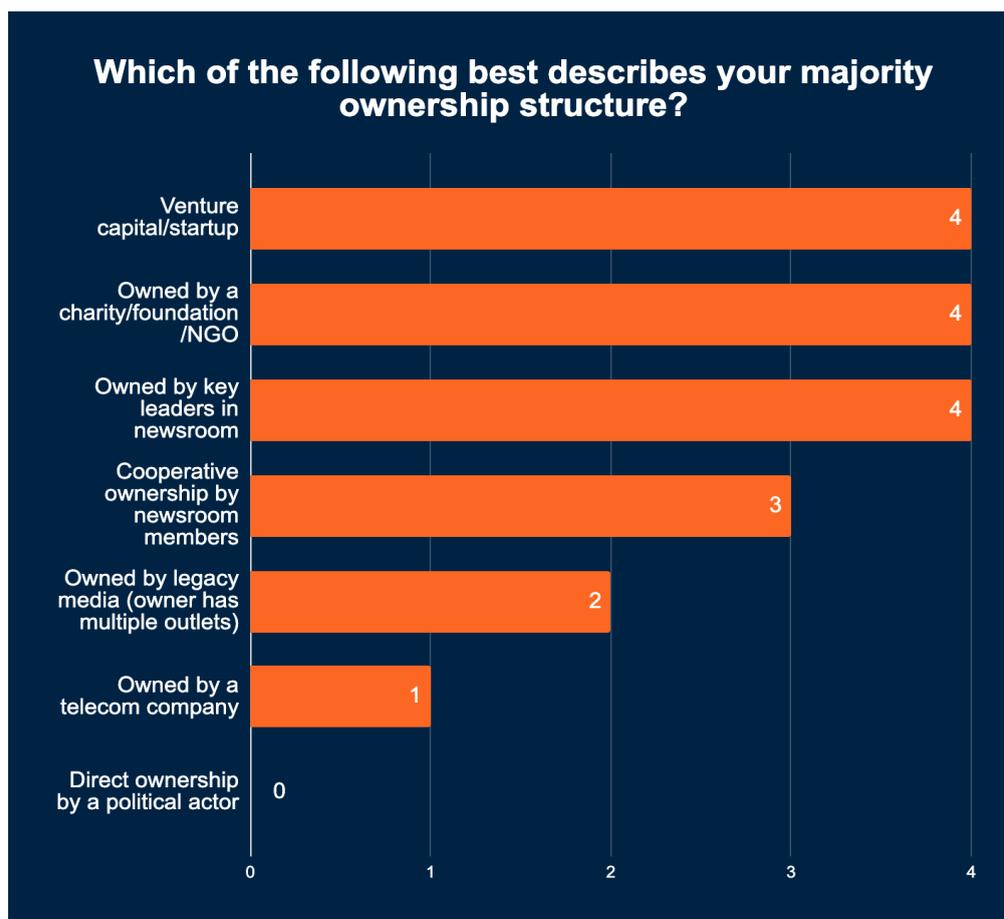


Table 4: Ownership structure

## Nonprofit evolution and grants

While only four outlets in our survey reported ownership by an NGO/charity, only half of the outlets in the project were entirely for profit.

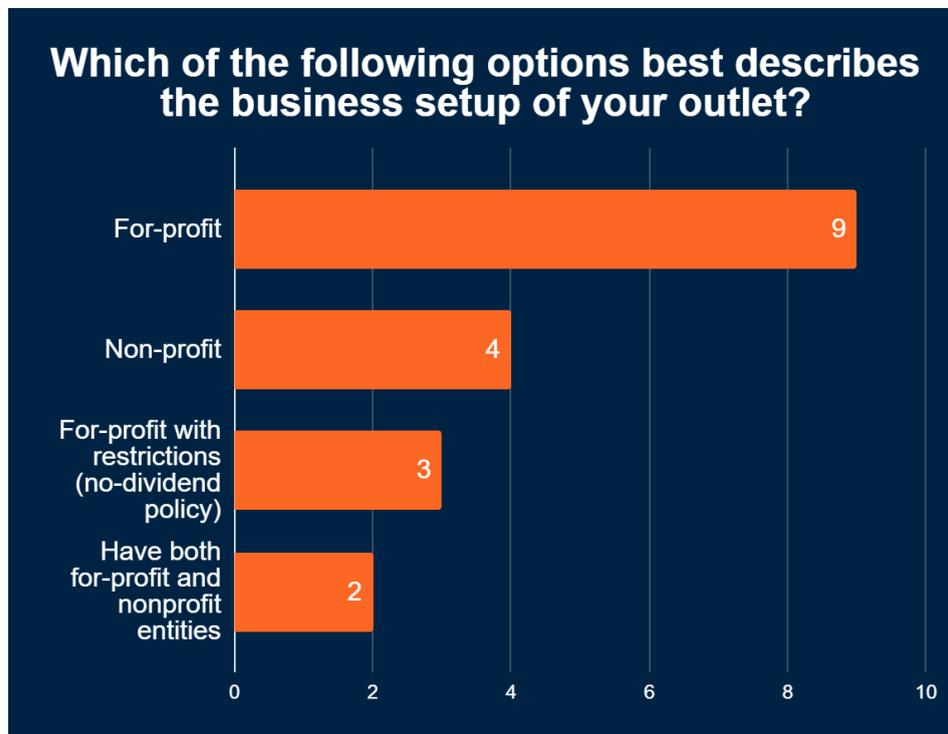


Table 5: Business setup

A Central European media executive explained:

“As a media house, we are a for-profit corporation, we are listed on the stock exchange. Everything we do ultimately has to be for profit, we have to explain to our investors how this or that activity is going to be profitable. But our journalism is about more than profits. Big investigations are rarely profitable, but we still need them. So we set up a foundation which can get charitable donations and which will fund some of our activities that are not strictly for profit. We even support other independent media outlets in our country – newsrooms that are not related to us – through this foundation.”

The nonprofit format had a special significance in the most repressive East European country in the cohort. A media expert from that country explained:

“Some outlets covering societal problems through social empathy and human interest/advocacy stories began as charitable NGOs focusing on specific issues. Since they needed to raise money for their activities, they began publicising their

work. This was reasonably successful in bringing in more donations, so they expanded their coverage. With the traditional media sphere under extreme pressure and the state’s increasingly autocratic tendencies, these organisations began acting more and more like media outlets, hiring seasoned editors and reporters. Some of them have turned into almost full-fledged media outlets, while others operate in a hybrid fashion, still raising funds for various charitable causes and publishing reports and even long reads on the issues they raise money for.”

All of the newsrooms operating in hybrid setups (for-profit with restrictions, or having both for-profit and nonprofit entities) said they opted for this setup to qualify for receiving grants to support their journalism since some grants are not available to purely for-profit entities.

While grants can be an important supplemental revenue stream, most newsrooms within the cohort do not rely on them.

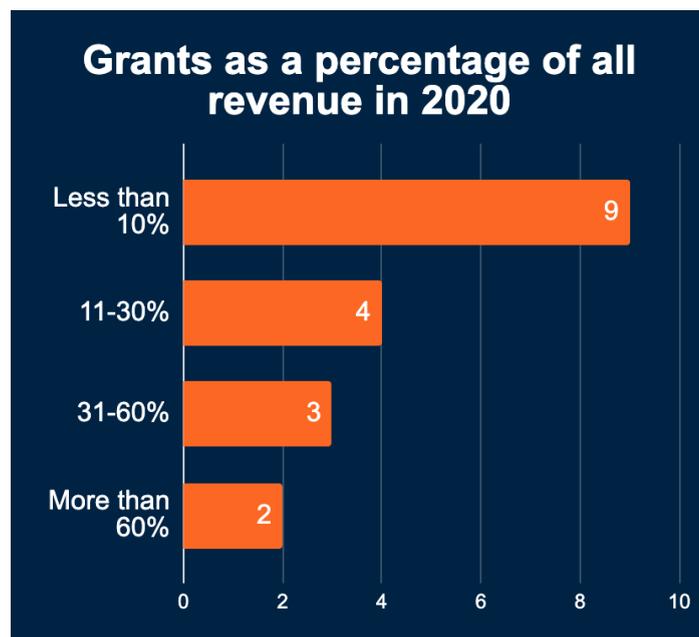
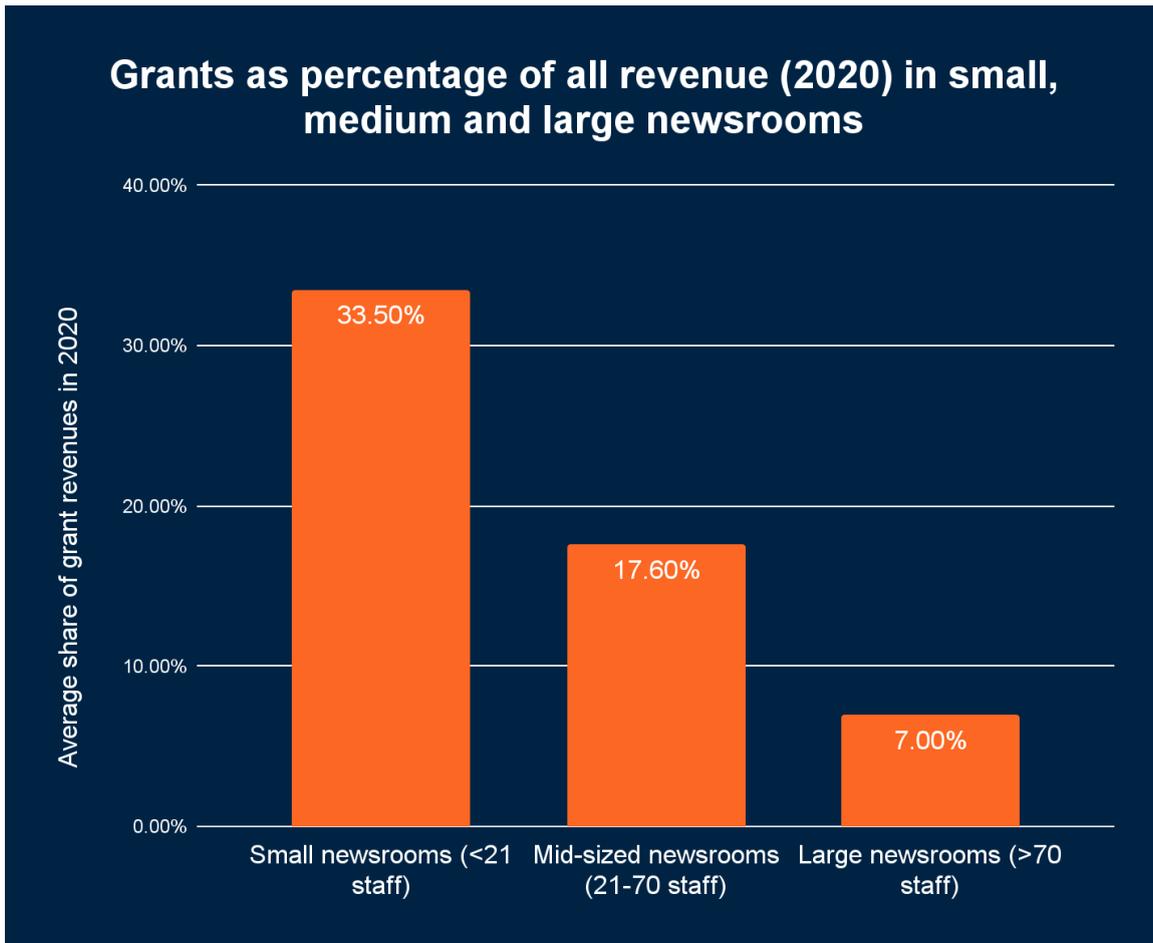


Table 6: Grant revenue

Grants are often project focused, with little money for core support or everyday current affairs coverage – a critical part of the content stream for many newsrooms. Grants also often lack the scale to support large newsrooms.



*Table 7: Grants as percentage of all revenue in small, medium and large newsrooms. Of the newsrooms surveyed, four were large, eight medium and six small.*

Grants, especially international grants, are often subject to restrictions by repressive governments. Three outlets surveyed reported interference with their ability to accept grants, and an executive from Asia explained during their interview:

“We got a good grant from an international donor organisation, but we told them to hold off on wiring the money for us because our lawyers need to figure out if and how we can receive it, if at all, because we have some very restrictive rules around foreign grants in our country.”

A newsroom in Latin America decided “voluntarily” not to accept grants from organisations in the U.S.:

“We had successful, good projects with donor organisations from the US. But the United States has a very controversial role in our region. Despite the fact getting

grants never influenced our coverage, this relationship made us vulnerable to attack by politicians, so we decided we won't accept grants from certain organisations, so we can't be attacked based on receiving money.”

A CEE newsroom in an EU country described another form of interference around grants:

“The EU has money for business development and digital innovation, there are plenty of grants around to go for, and we did try to get some. But these grants, including the selection process, are administered by national institutions. So because of the critical coverage of the government, we practically have zero chance to get any EU money, grants, or other subsidies when national institutions are involved in the selection process.”

Staff from a newsroom in one of the most repressive East European countries participating in this project said accepting certain foreign grants could land an outlet on a list of “undesirable organisations” that would make it almost impossible for it to operate in the country.

In Southern Europe, international donor organisations whose grants are pivotal for local independent media may come with undesirable requirements. A media expert and executive from the Balkans gave an example:

“They say launching a membership or something like that is a condition for support. You can only get certain grants if you have a reader revenue programme or the money itself is to develop such a revenue stream. This is forced and unhealthy because these efforts usually last until the grant does. These are small countries with small audiences that are not affluent enough, and the online payment infrastructure is in bad shape.

### Audience revenues are relatively untouched

In contrast to other sources of revenue, no outlet surveyed reported any direct interference with its ability to collect audience revenues. This is a very encouraging sign for independent media operating in challenging environments, as it shows the potential of audience revenue programmes to contribute to the sustainability of newsrooms.

That said, having such a programme or revenue stream does not make media outlets immune to interference.

As one East European editor said:

“The state, while very repressive, got good at applying pressure selectively. Outlets that do reader revenues and the amount of reader revenues they get, I think, are still below a certain threshold, and therefore do not trigger interference. If the outlets grow bigger – or if it’s going to be very clear that restricting their ability to collect reader revenues is a meaningful way to control them – the state would probably do it. You also have to consider that these repressive, authoritarian states are not the most technologically adept and agile. For the longest time, they didn’t consider the internet important and just started to crack down on it in recent years. I think [in] some way they don’t get what digital membership programmes are.”

An executive from Asia echoed similar sentiments:

“They don’t understand crowdfunding, memberships, that people would pay for online journalism. They will never believe that. If we announced that we are funded by our audience 100%, no advertising, nothing else, no one in the government would believe us. It’s a joke to them. They can’t conceive that people support outlets like ours. They believe in conspiracy, not in democracy, human rights, and free media.”

There were some reports of indirect interference with audience revenues from some of the most repressive countries in the project. A media executive from Asia explained how their government interfered indirectly with their audience revenue programme by making it more difficult for wealthier expatriates to subscribe.

“According to government regulation, we have to ask for all sorts of extra data, physical addresses, phone numbers, and such from non-resident subscribers. It’s ridiculous. Basically, for every non-resident subscription, we have to create an export/import contract. This discourages lots of people. Online payments work best

if there is very little or no friction during the process, but this kills it unless the reader is super committed.”

Another CEO from the same country said legacy media companies with huge print circulations might have had a role in coming up with these regulations to stifle a key audience segment for new competitors.

In the most repressive environments, supporting independent media outlets can be a risky decision for the audience as the state can consider it an unwelcome act of personal political expression. Some outlets therefore accept donations in cryptocurrencies, which – while not easy to use – can be transferred anonymously with sufficient knowhow. This protects supporters from potential punitive action from the state.

# Paywalls: bad for impact, good for business?

- Paywalls are not the norm outside North America and Western Europe, even for outlets relying on audience revenues.
- Most newsrooms worry about the impact of paywalls on their reach, and therefore public service mission.
- Even at outlets with paywalls, some editors and managers are looking for ways to poke holes in them to increase access.
- Paywalls still seem to be very effective tools driving reader revenues, especially when a large amount of daily content output is kept behind them.
- Editors are often conflicted about what type of content to put behind paywalls.

Paywalls are a foregone conclusion for most outlets in North America and Western Europe pursuing audience revenues. If a news site wants to make real money from its readers, it usually opts to charge for its journalism, making it exclusive to those who can afford it. “The truth is paywalled but the lies are free,” as Nathan J. Robinson puts it.<sup>2</sup> But in the developing world, paywalls seem to be up for debate.

## Why not have a paywall?

A 2019 survey by the Reuters Institute of 212 US and European media outlets found 69% operated some type of paywall.<sup>3</sup> Of the 19 digital outlets based in Central and Eastern Europe and the Global South surveyed for this project, only 7 (36.8%) had paywalls, despite all pushing for audience revenues.

Of the 12 respondents to our question about reasons for not implementing a paywall, 66% shared some version of this African media startup CEO’s thinking:

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<sup>2</sup> Robinson, N., 2021. *The Truth Is Paywalled But The Lies Are Free* Current Affairs. Available at: <<https://www.currentaffairs.org/2020/08/the-truth-is-paywalled-but-the-lies-are-free/>>

<sup>3</sup> Graves, L. and Simon, F., 2021. *Pay Models for Online News in the US and Europe: 2019 Update*. [online] Reuters Institute for the Study of Journalism. Available at: <<https://reutersinstitute.politics.ox.ac.uk/our-research/pay-models-online-news-us-and-europe-2019-update>>

“We have excessive rates of unemployment and suffer greatly from corruption. If our work were only available to people who could afford it, its impact would be significantly reduced. The site may be better off financially speaking, but we would be far worse off as a society. Our goal is greater than just the profitability of the institution.”

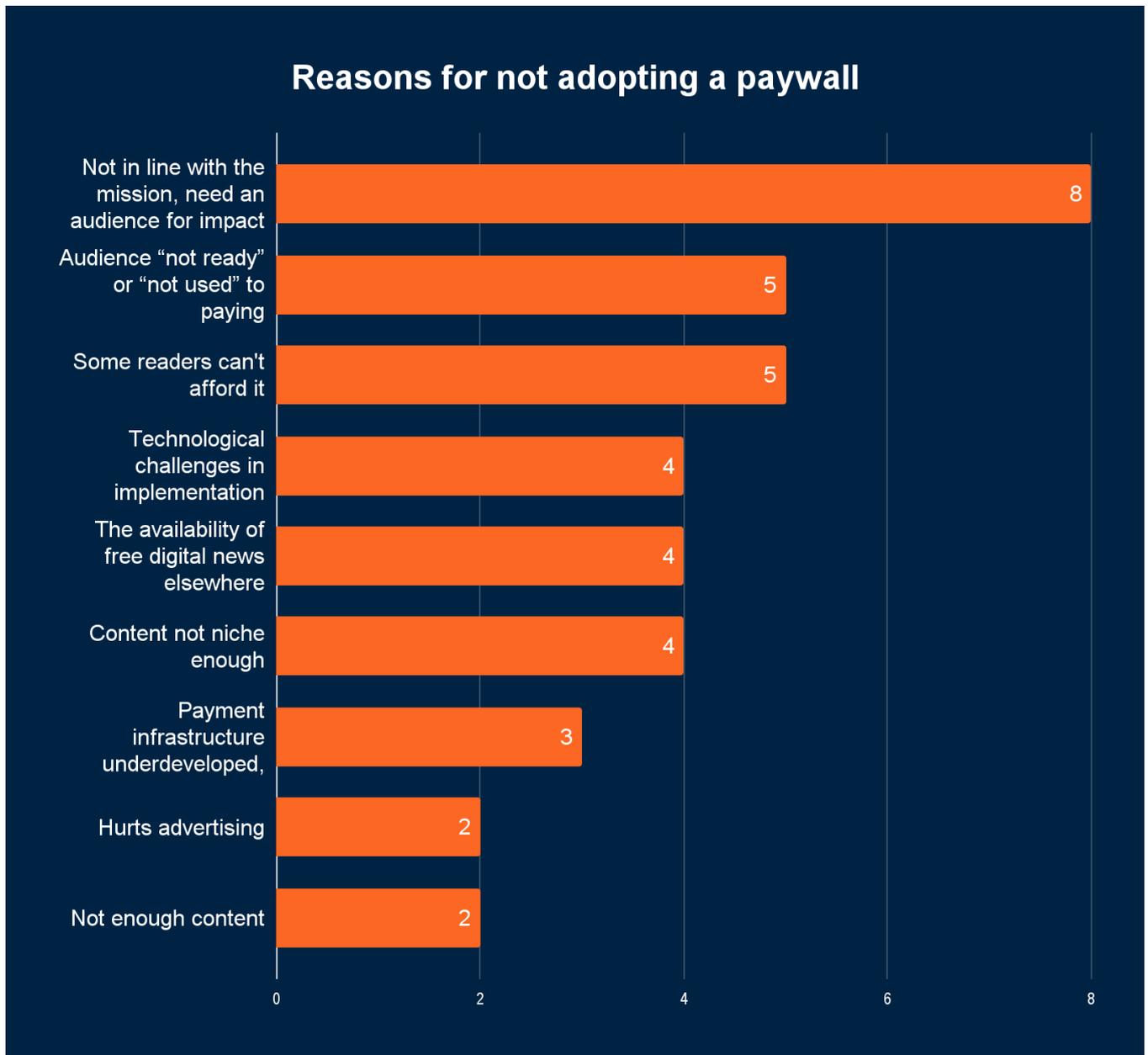


Table 8: Reasons for not adopting a paywall (12 out of 19 respondents)

Other editors said they believed only specific types of content would work well with paywalls. The managing editor of a Central European digital daily said:

“It sure works for the *Wall Street Journals* and the *FTs*. If a reader can turn the information directly into money, that is a good reason to pay for it. But paywalls may not work equally well for more general coverage.”

Others spoke about audiences not being used to paying for digital news, the widespread availability of free online news elsewhere, and the technological challenges involved with implementing a paywall.

### Financially speaking, paywalls seem to work

While many of these concerns are legitimate, financially speaking, paywalls seem to work relatively well for those who implement them. When asked about the share of audience revenues as a percentage of all revenues in 2020, outlets with paywalls scored higher on average than those who do not have them.

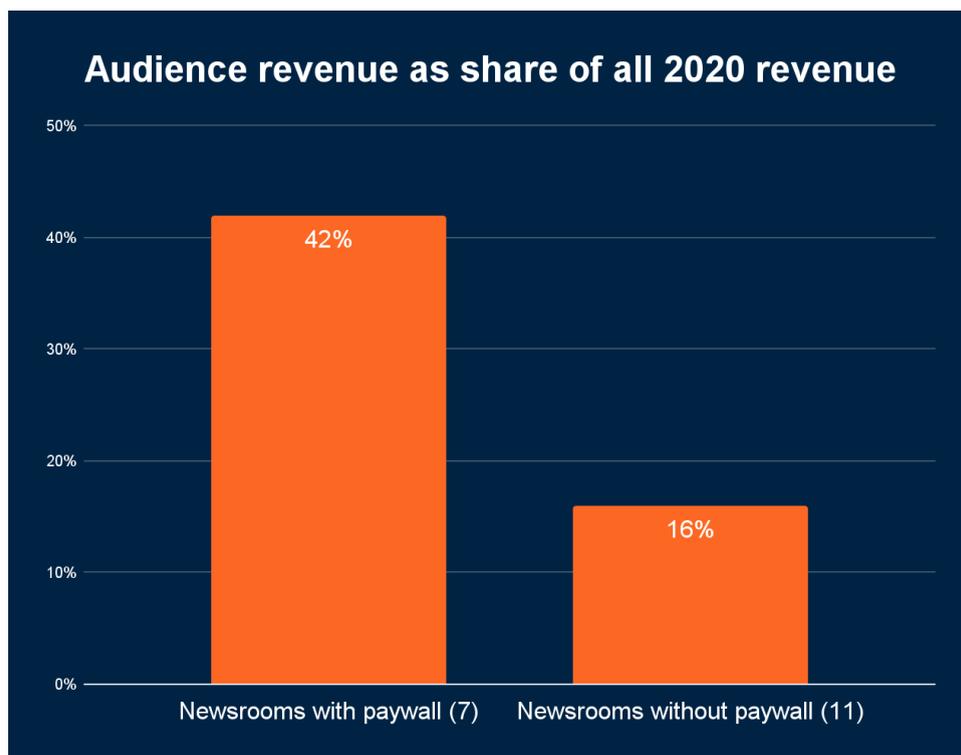


Table 9: Audience revenue is higher with a paywall

A top media manager from Central Europe explained their thinking:

“The debate in the newsrooms in the US 10 years ago, in ours six years ago, and in many countries today is the same. We want money, but we also want an audience. If

we start asking for money, the audience numbers will go down, and we will not be accessible for some groups of people, and so on. To me, what's called a 'cultural difference' between countries seems like differences in time. Everyone wants to be the *Guardian* and have the best of both worlds: not lock anything but have people send them a lot of money. The problem is that this is so much harder to pull off than the actual paywall, so almost no one can do it but the *Guardian*. For us, it was a question [of], 'if we don't charge, we can't survive;.

In fact, every participant with a paywall that we surveyed gave the same reason for implementing one: the need to generate income for survival and sustainability.

And the more content behind the paywall, the higher the share of audience revenues. Examples and averages from 6 participants with premium paywalls.

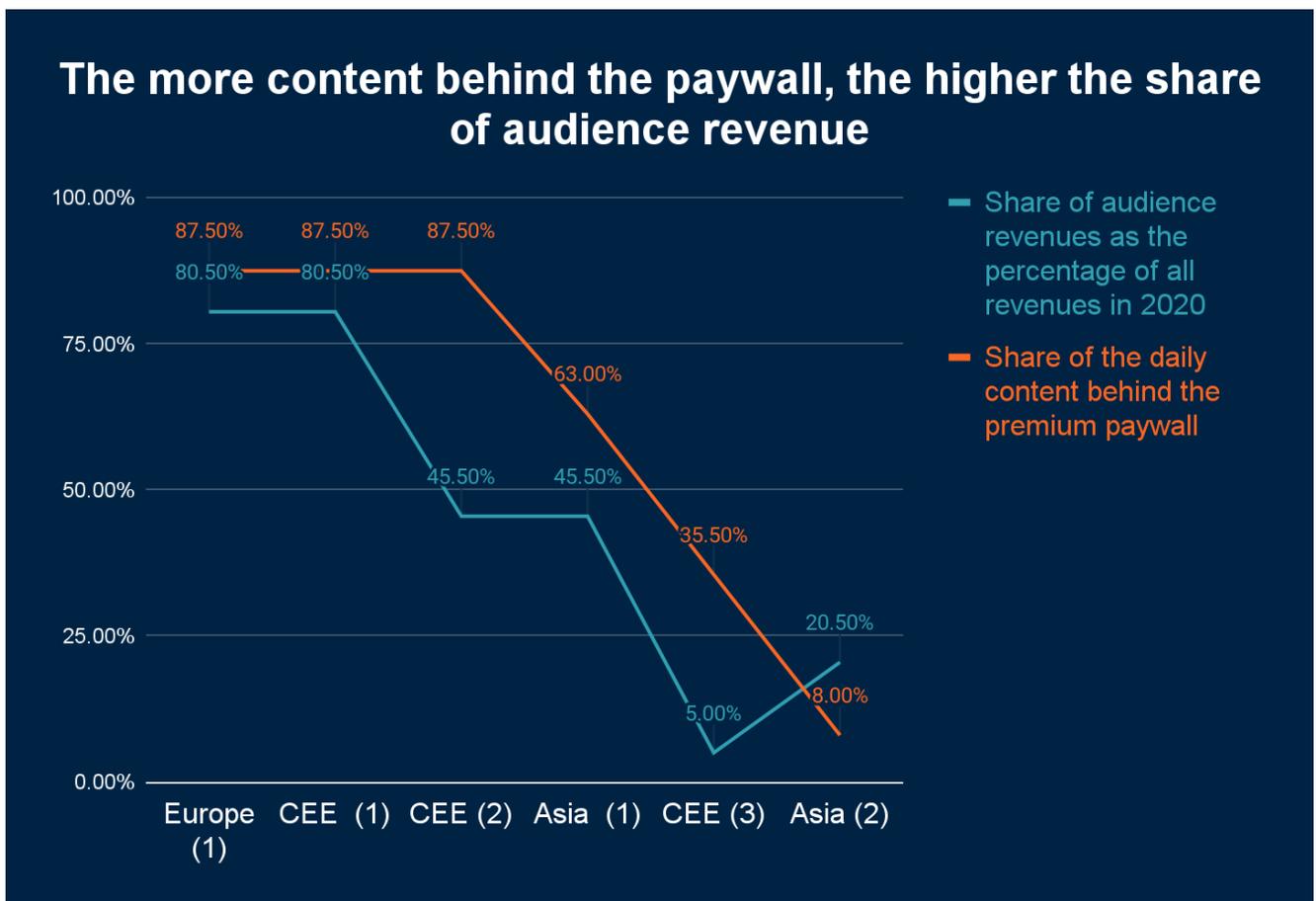


Table 10: Share of content behind paywalls vs share of revenue from audience at six project participants

The COVID-19 pandemic's negative effect on digital advertising revenues may be driving some movement towards audience revenue models. Of the 19 outlets surveyed, five saw significant decreases in the share of advertising revenues from 2019 to 2020, with no one reporting significant gains in this area. However, within the cohort, three newsrooms reported significant gains in the share of audience revenues from 2019 to 2020, while no one reported significant decreases in this area over the same period.

### Poking holes in your paywall

Even newsrooms who know the full revenue value of a paywall still feel the need to open doors for the wider public when it's a matter of serving the community. A leader from a newsroom in Asia explained:

“Our website is the gateway for readers who want to dig deeper, know more, who want in-depth, investigative reports, things that we publish behind the paywall. But we also publish everything in a shorter, more concise form, and those articles are free for everyone. This is our answer to the questions about public service and unequal access to quality information.”

Two other outlets surveyed said they opened their paywall around elections and certain topics that were in the public interest. A top manager at a small European outlet with a paywall said:

“I want to poke more holes in the paywall. If you visit the site for the first time, you won't encounter the barrier because you are unlikely to pay anyway. We need to be smart about when to show the paywall or not. Paywalls are the means, not the end in any way. When a member shares an article on social media, for example, anyone can access the article through that, we think of it as a promotion, a way for us to grow, but it also provides value for the member. It empowers them to share our content with their followers for free. There are certain types of stories – like ones about COVID-19 – where we didn't put up paywalls. Also, before the last general election, we removed the paywall from everywhere a week before. And also, if you don't have any money but want to read our stories, you can write us an email, and

we will give you an account. We don't promote this option heavily, mainly because it may make the paying members feel uncomfortable about their purchase, but you can find this option if you visit our site."

Some editors and managers spoke openly about their dislike for their paywalls, despite admitting that they are necessary for sustainability. A Latin-American editor at an outlet where they only recently launched a digital paywall spoke about the arrangement being temporary:

"We want to reach 20,000 digital subscribers. We hope to have that in two years, and then we can increase the free article quota so more people have access to more of our journalism."

In Hungary, 444 is trying to partially resolve issues around information access inequality by making the most important public service journalism and investigations freely accessible to everyone for a few hours immediately after publication. This strategy encourages those who can't afford a subscription to visit often so they can read premium articles in the "free" period, thus driving return visits and page impressions. By contrast, people with subscriptions have the "luxury" to read any article whenever they want.

For some, giving access to people who can't afford it has become part of an audience acquisition strategy. As an executive from a Central European outlet explained:

"People who subscribe to the site can give some extra money for free subscriptions for students. We collect that money for a year, don't do anything with it, and then have a campaign and say if you are a student and want to get access, reach out now. It's free, but we still ask them for their credit card information, and actually, the retention is quite good. Many of them stay with us as paying subscribers after their free student year is up. And we always give out more of these free subscriptions than we receive money for."

## What to put behind the paywall?

Of the seven outlets surveyed with operating paywalls, five used a paywall where certain “premium” articles are for paying members only, regardless of how many other articles you read. One used a metered paywall, where a preset number of articles can be accessed freely, but you cannot read more without subscribing after the limit is reached. One used a hybrid system that has both “metered” and “premium” elements.

In all the participating newsrooms with a premium paywall, editors decide what to put behind it, what articles get locked, and what type of content remains freely accessible. During the survey phase, all outlets with a premium paywall were asked about the decision making around locking content, and how certain properties of an article influence its status.

Each participant was asked to rate properties/topics as they relate to their decision to about locking content:

- 2: Strong incentive to keep it free
- 1: Some incentive to keep it free
- 0: Neutral
- 1: Some incentive to put it behind the paywall
- 2: Strong incentive to put it behind the paywall

With six outlets having premium or hybrid paywalls, the response scale to each variable can potentially run from +12 to -12. +12 indicates that all participating newsrooms operating a premium paywall felt a strong incentive to lock content on that topic/with that property behind the paywall. -12 means all participating newsrooms operating a premium paywall felt a strong incentive not to lock content on that topic/with that property behind the paywall. The results point to a conflicted mindset.

## What types of content are you more likely to put behind a paywall?

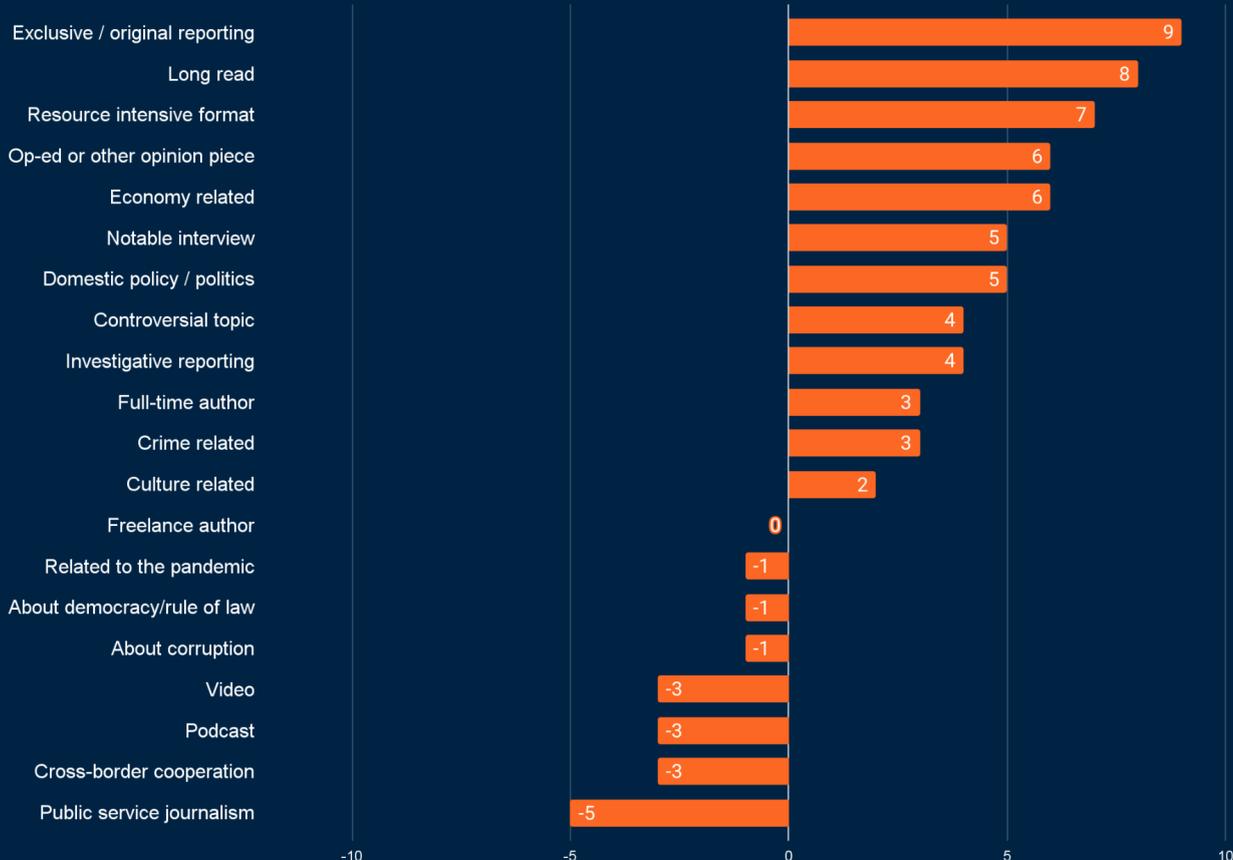


Table 11: Preference for gating content by type

On one hand, most editors indicated resource-intensive forms of journalism, original reporting, and longreads should go behind the paywall, on the other, they said stories about corruption and other abuses of power, rule of law and public service journalism should remain freely accessible, even though these two categories often overlap.

As shown above, this dichotomy between the public service mission of delivering reliable, unbiased information to large audiences, and the need for sustainability – to find money to finance the journalism – is at the heart of the debate around paywalls.

The relatively high values assigned to opinion pieces and controversial topics points to another problematic dynamic. Opinion pieces are known to drive conversions relatively

well, while the resource cost associated with their production is relatively low (compared, for example, to investigative journalism). From a financial perspective, newsrooms are incentivised to produce more opinion journalism and more opinionated journalism. As Andrey Mir describes in his book, *Postjournalism and the Death of Newspapers*:

“The membership model assumes that, through their donations, people join the cause of journalism. However, donations require the best possible triggers. The cause for donation to the media is inevitably shifting and will continue shifting to more triggering causes. The threat to democracy – or, taking also into consideration the conservative media, political outrage – is a better trigger than simply the maintenance of journalism.”

The digital audience revenue models prevalent in the West, according to Mir, are fundamentally different from traditional newspaper subscriptions. In his view, reader revenue is not based on retailing news, but on validating the value of news and promoting agendas.<sup>4</sup>

A media executive from Central Europe said he felt very concerned about the mis-use of opinion pieces, and warned that it was not a good long-term strategy:

“A strong opinion piece may be driving lots of conversions, but focusing more and more on those instead of nuanced and unbiased reporting goes against our mission. Others do it, we do it too, but it's not a good thing. We should be cooling debates, not heating them further.”

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<sup>4</sup> Miroshnichenko, A., 2021. *Postjournalism and the death of newspapers*. eBook

# Payment motives: Emotional vs. Transactional

- Some readers may not be interested in content or services and want to support independent media outlets for their mission, or as an act of personal political expression.
- After the initial conversions, most of these users are likely to churn if not receiving some recurring “value.”
- This “value” may not be directly related to the content or traditional services.

The practical debates around paywalls that we partly discussed in the last chapter tend to dominate discussions on audience revenue. But at their core are two more abstract questions: Why are readers paying? What exactly are they paying for?

To say the readers are mainly paying for content – and, by extension, information – is the straightforward and often valid answer to this question. Information and content are worth money to some people, and paywalls are the best tools for extracting that money.

But most newsrooms participating in this project felt their relationship with the audience – even the commercial part of the relationship – was not primarily transactional.

A leader of an Asian news outlet said of their relationship with the audience:

“We have people who support the idea, who want to support independent media. This is the only reason for them. I do not believe that for any of our members, the benefits are important. It’s this belief and nothing more.”

While the CEO of a digital daily in Asia said:

“In our country, independent media is under threat, and that’s what they are currently paying for, but I believe we need to develop services the readers use, otherwise, we wouldn’t be able to scale up. That’s when you can go from 10,000 –

by the way, the same 10,000 people who support all independent digital media in our country – to hundreds of thousands, or more. I think, in some ways, the missing ingredient is trust. The internet is mostly an ad-supported cesspool of trash. If we could have the same trust [that] the *Atlantic* or the *New York Times* has, it would be much easier to charge money for content or service.”

The head of a digital magazine in Central Europe described a dichotomy of people getting on board for the mission but then not really using services and leaving. “People become members because they like something we do, but then after 6 or 12 months, some of them realise it’s not really for them and cancel.”

It’s a dynamic that plagues many outlets with audience revenue programmes – certainly most of the outlets I spoke to for this project.

Readers initially subscribe for the mission – for what free press means for democracy, or because they believe in the content, or the impact of the outlet – but will not stay if the outlet doesn’t have content or services to offer that they use regularly.

As a leader of an Asian newsroom put it, they come through the door because they want to support independent media, “but stay in the room because we offer something more”:

“A new repressive measure against independent media is introduced; I’m angry, and I may pick up a subscription to a news organisation. But when it comes time to renew, the first thing on my mind is: have I even gone back to it? Unless I’m angry again – unless there is an emotional trigger again – I’m going to be thinking about: have they offered me something that makes this thing valuable?”

This phenomenon is not unique to newsrooms in countries with difficult political climates: According to the Northwestern University’s Medill Spiegel Research Center, 49% of digital subscribers didn’t go to the websites they had paid for even once a month.<sup>5</sup>

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<sup>5</sup> Jacob, M., 2021. *Nearly Half of Digital Subscribers Are ‘Zombies,’ Medill Analysis Finds*. [online] Local News Initiative. Available at: <<https://localnewsinitiative.northwestern.edu/posts/2021/03/01/zombies/index.html>>

A Central European media expert said users like these were sometimes referred to as “zombies”, although they preferred the term “sleeping beauties”.

“The problem with these people is that we don't really know what they like, since they don't visit the website, and therefore it's difficult to send the articles in which they might be interested. We try to engage with them around more general things: not focusing on content but rather the things our journalism achieved, our impact on democracy. Some of them may care about this even if they don't read articles or take part in events.”

In countries where the avenues for personal political expression are limited, supporting an independent media outlet is one of the few things citizens can do to “take part” in public life and feel at least a limited agency over public affairs.

Even in developed democracies, decisions around public policy happen far away from the electorate, and therefore votes can seem to have less of a direct, meaningful impact on public affairs. Some readers may choose to support certain media outlets because the work of the reporters may have a direct, immediate impact on public affairs. Articles may lead to changes of unfair policies, and exposing unethical or illegal behavior can lead to changes in personnel or even prosecutions.

# Programme design and benefits

- As an audience revenue programme matures, more transactionally minded readers will need to be targeted. Their sensitivity to price and benefits may differ from the people who buy in at early stages.
- The self-designation of the audience revenue programme as “subscription” or “membership” describes the type of relationship the newsroom wants with its audience.
- Outlets with paywalls tend to offer fewer additional benefits.

The pool of potential subscribers is not homogeneous. While some people buy-in for the mission alone, in every environment, there are more transactionally minded readers. People who are mainly interested in the content, or a certain service, and won't pay unless offered something enticing.

There is also a typical pattern around readers and their service preferences as an audience revenue programme matures.

Initially, right after the launch of a subscription/membership scheme, the most loyal brand fans are the first to buy in. These people generally care less about the specific offering, services, and amount of content, and they tend to be less sensitive to price. They possess the highest lifetime value (LTV) in general, as they tend to stick around for a long time. As a programme matures and most loyal fans are converted, the next batch of subscribers is a lot more challenging to get. After the brand fans come the pragmatists, who are very interested in the specific offering and the benefits (medium LTV). After them, the occasional buyers, deal seekers, and “all-in-one” bundle customers, who have the lowest LTV. They are the hardest to convince and convert.<sup>6</sup>

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<sup>6</sup> Grzegorz Piechota based on Moore, *Crossing the Chasm*, 1991; C. Lee, V. Kumaar, S. Gupta: *Designing Premium*, Harvard Business Review 2015

## Types of audience needs and programme designations

Reader or audience needs may be categorised using the following classifications:

**Cognitive needs:** To acquire information, knowledge, and understanding, e.g. Traditional media content, articles, videos, podcasts, multimedia experiences. Investigations, analysis, explainers.

**Affective needs:** To feel emotions, pleasure, e.g. Opinion pieces, advocacy journalism, social empathy stories, cooking/gardening/lifestyle sections.

**Personal integrative needs:** To be safe, belong, confirm status e.g. content aimed at specific audiences (single mothers, university students, investment bankers). Subscription to certain outlets can address this need. If I'm subscribed to the *Financial Times* or the *Wall Street Journal*, that says things about me; supporting the *Jacobin* says something different. Op-ed sections, and branded merchandise can confirm status.

**Social integrative needs:** To connect with others, interact e.g. membership in an exclusive forum, in closed Facebook or Whatsapp groups, attendance at events, ability to comment under articles.

**Tension release needs:** To escape, or divert attention e.g. cartoon and caricatures, satirical pieces, novelettes, entertainment news, listicles.<sup>7</sup>

Of the 19 outlets participating in this survey:

- 9 categorised their audience revenue programme as a *Membership* scheme (with some benefits, but most or all content is still accessible free of charge to all readers)
- 8 categorised their audience revenue programme as *Subscriptions* (with clear benefits for paying customers and some exclusive content for paying members)
- 2 categorised their audience revenue programme as a *Voluntary* donations scheme (with no or only symbolic benefits)

These designations did not completely overlap with the presence or lack of a paywall. One outlet with a paywall still considered its model membership-based, another outlet without a paywall considered its programme subscriptions.

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<sup>7</sup> Types of needs by Grzegorz Piechota based on *Media uses and gratifications framework* by J. Blumler, E. Katz, *The Uses of Mass Communication*, Sage Publications 1975; and *Jobs to be done framework* by C. Christensen, *Competing against luck*, HarperCollins 2016

This self-classification expresses the outlet’s perceived connection to its audience: the newsrooms selling subscriptions viewed the relationship as more transactional (satisfying mostly cognitive needs); the newsrooms selling memberships described the relationship as more emotional (satisfying affective and integrative needs), though these classifications are not mutually exclusive.

### Types of benefits and services

Participating outlets offered the following services and benefits to their subscribers, members, or donors:

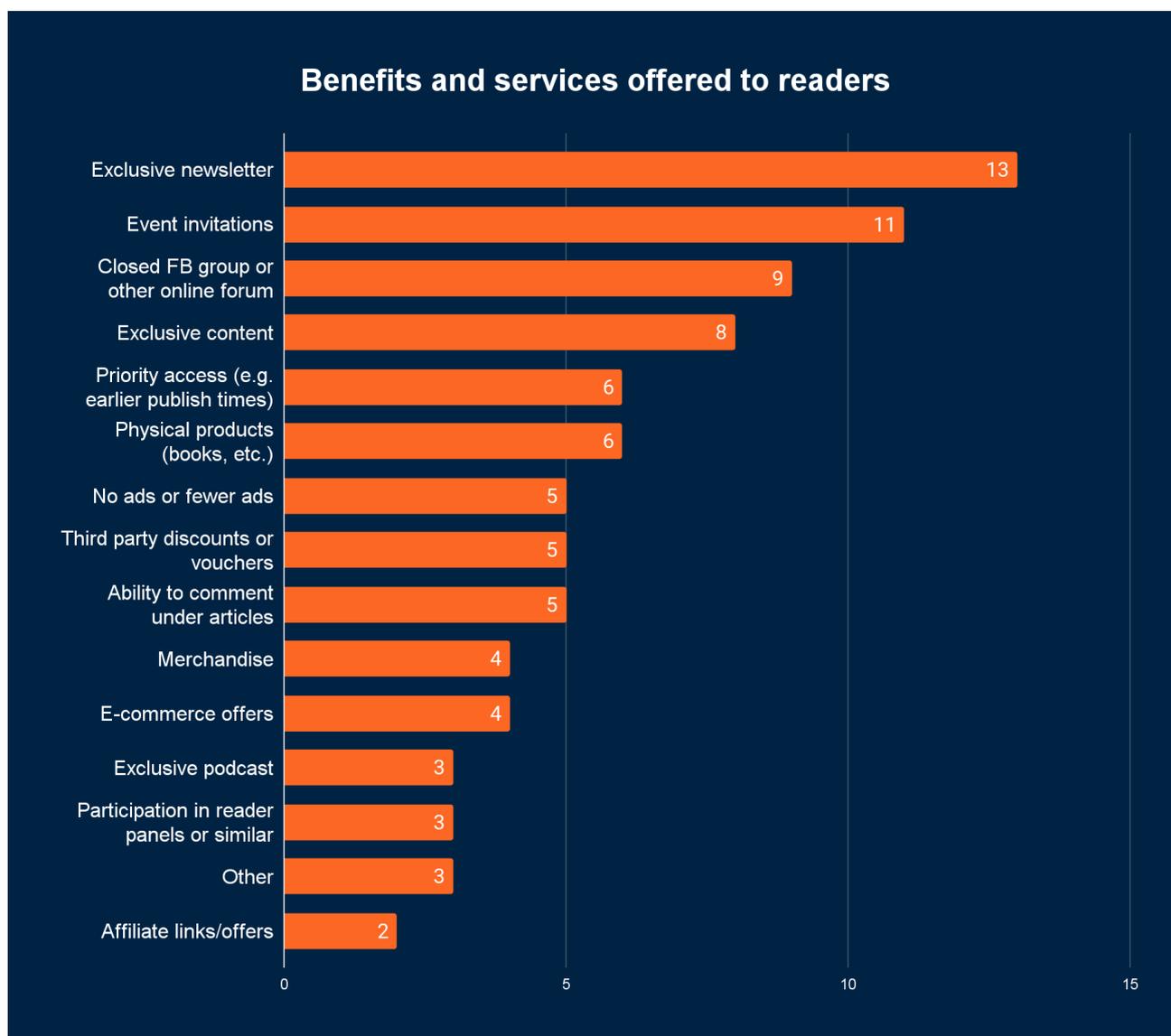


Table 12: Benefits offered to readers

On average, each outlet offered 4.5 benefits, with one outlet offering only one benefit (participation in reader panel or steering committee above a certain threshold of donations, as part of a voluntary donation-based programme) and three offering eight.

The most often cited benefit was “exclusive newsletter”. Survey participants mentioned multiple reasons for using them:

- Newsletters are relatively easy to produce for the newsrooms.
- Subscriber/member-only newsletters are relatively easy to implement from a technical perspective – there are a number of sophisticated and reasonably priced software providers.
- Newsletters are not subject to algorithmic filtering (unlike Facebook posts): everyone sent a newsletter will receive it, and can read it if they want.
- Newsletters can fit into the audience's existing habits (most people who subscribe to digital outlets check their emails regularly).
- Newsletters sent at fixed intervals can create regular reading habits, which is an important precursor for retention.

Four outlets indicated they have relationships with various shops, most often bookstores independent of the publisher. These stores offer discounts to members. An Eastern European editor explained:

“Our members like to read. They are the ones buying books, so having these discounts included in our membership benefits are also a great opportunity for both the bookstore, which gets exposure, and our members who will get more value from being part of the programme.”

One outlet in Africa offers Uber vouchers to members who pay above a certain threshold:

“We believe this is good for retention. People use these vouchers, they get value out of them every month, so it’s a reason not to cancel, even when they don't have enough time to read.”

Several newsrooms offered extra accounts at higher tiers. This seems to work well not just to increase the value of the offering but as a means to aid retention. Said a Central European media executive:

“We call this the in-law effect. If you subscribe to the highest tier, you can create an extra account apart from your own. People tend to give this to their family members who don’t live in the same households. Now let’s say they don’t use the site anymore because they don’t have time. This is why some people cancel. But if they [let] their grandparents or in-laws have access through their subscriptions, and these relatives use the site, they may not cancel just because they don’t want to have the conversation with the relatives about canceling.”

While only three newsrooms indicated they offered formal membership in a reader panel/steering committee as a benefit, half of the participants spoke about offering supporters an option to engage with their newsroom through some exclusive forum. This included participation in virtual newsroom meetings, getting feedback on individual stories (e.g. choosing titles for specific content projects from a shortlist), and giving readers the opportunity to offer feedback on the whole outlet.

Multiple newsrooms offering these benefits using WhatsApp groups or closed Facebook groups. A number of newsrooms mentioned Discord as a potential platform for community building but no participant had implemented Discord communities at the time of the project.

Unfortunately, in some more repressive countries these benefits can be tricky to offer. On the one hand, the audience wants to connect with the newsroom and other like-minded members; on the other, they also want to maintain anonymity.

At 444 in Hungary some supporters tell us they want to be part of our closed Facebook group, but they don't want to reveal their true identity to others in the community. While these concerns are legitimate, Facebook is the most convenient platform for engaging with our community, since most of our supporters are already on it, and familiar with its use.

Benefits in the “other” category included:

- A Latin American newsroom offering hand-drawn caricatures of supporters. Supporters have the option to send the outlet a photograph based on which their in-house caricaturist creates a simple drawing that gets sent back to the reader. The picture’s style is very recognisable, and some supporters use them as avatars on social media which promotes the outlet and their reader revenue programme.
- A newsroom in Asia offers a “Help Desk” service aimed explicitly at supporters living outside of the country, a large chunk of their member base. These expatriates can ask for recommendations for various local professional services, lawyers, doctors, and so on, most often for their relatives who still live in the region.

None of the participating newsrooms offered “masterclasses” at the time of the survey, but three mentioned that they consider them as potential benefits for expanding their audience revenue programme.

### Paywalls vs. benefits

When comparing the number of benefits outlets offer via their audience revenue programmes, it seems the presence of a paywall “reduces” the number of benefits offered:

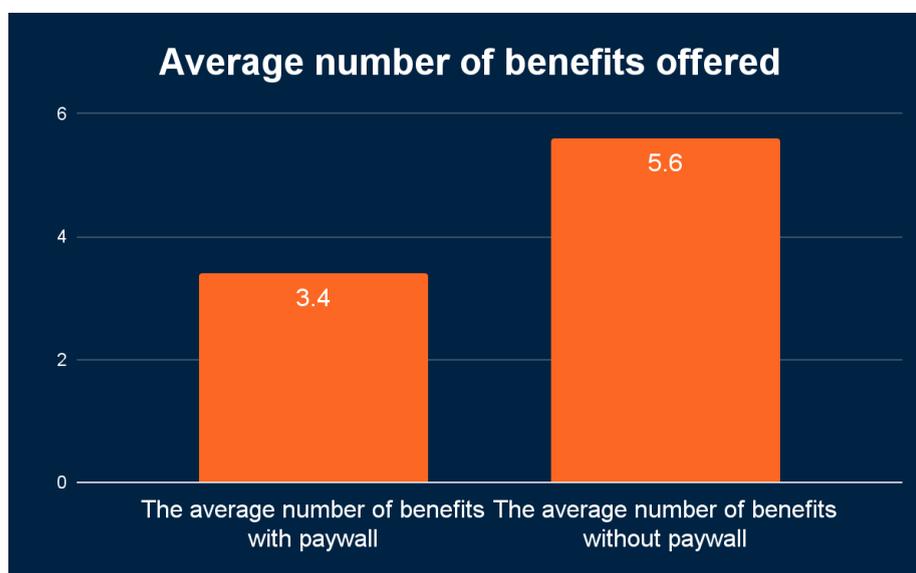


Table 13: Benefits with and without a paywall

At 444 in Hungary, we don't want to lock most of our content behind a paywall, because there is very little reliable, unbiased information to begin with.

Instead, we came up with a range of services and benefits, so readers have incentives to become paying members. The problem is maintaining some of these services requires resources from the newsroom.

If we had a hard paywall with most of our content behind it, we would spend less time and effort on the other benefits because there is the content; that's what readers are mainly paying for.

# Pricing, payments, recurring periods, multiple tiers of service

- Pricing strategies in participant countries differ from the developed world, probably due to economic differences.
- Credit/debit cards are the most common form of payment.
- In some countries, a lack of reliable online payment infrastructure prevents outlets from developing audience revenue programmes.
- Some outlets offer extremely long, multi-year subscriptions to combat high rates of churn and/or high transactional costs.
- Not having multiple pricing tiers makes it easier to implement a revenue programme, but it leaves money on the table.

A significant difference between the audience revenue programmes of outlets in developed countries and those in more challenging environments was the pricing strategy. At most of the participating outlets surveyed, the average monthly contribution per paying audience member was below US\$6.

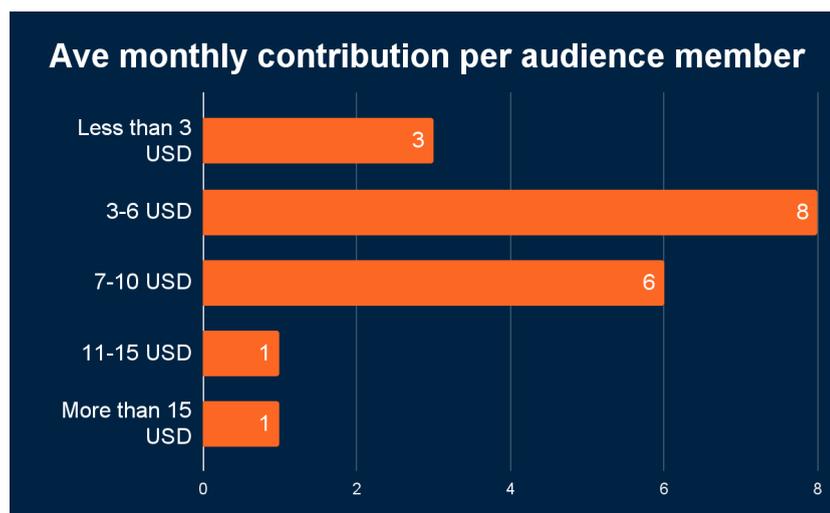


Table 14: Average monthly revenue per paying audience member

For reference, here are some non-discounted monthly digital subscription prices at leading Western outlets:



Table 15: Monthly fees at leading Western news outlets

This discrepancy can probably be explained by the economic disparities between North America and Western Europe, and countries from Central and Eastern Europe and the Global South that participated in this survey.

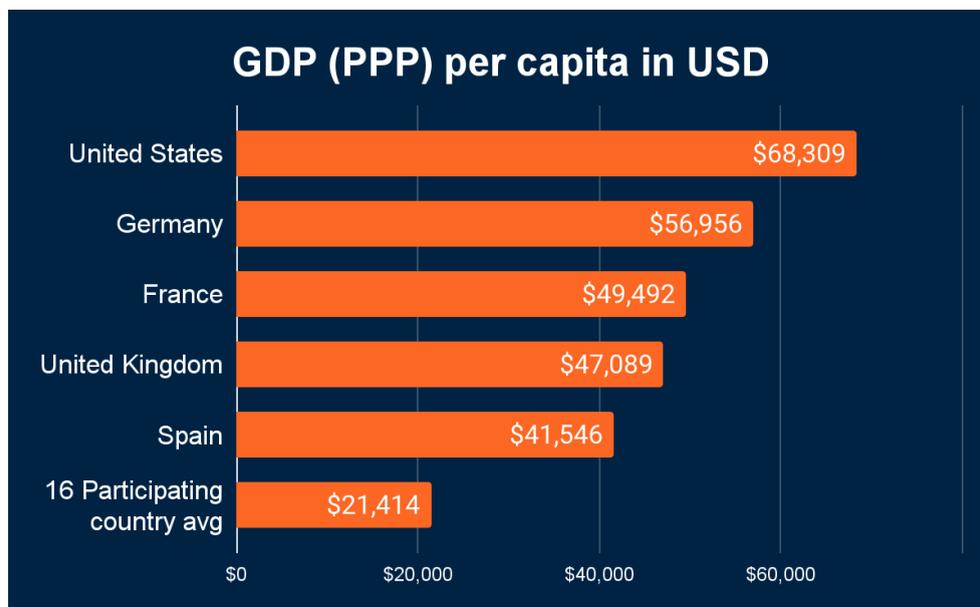


Table 16: Gross domestic product based on purchasing power parity

Multiple project participants used flexible pricing: supporters could decide for themselves how much to pay for their membership each month. An African outlet participating in the project used flexible pricing for their membership programme, but certain benefits were only available to those who paid more than a predetermined amount.

While flexible pricing enables readers with modest means to become members and gives the option to affluent readers to give more than required, it also comes with some unique challenges.

Flexible pricing may be more difficult to implement from a technical perspective, and high transactional costs in certain countries could make it impractical. It may also give the reader too much choice, which is not always beneficial during conversion/payment flows.

While not participating in this project, *El Diario* in Spain recently published the results of their experiment with flexible pricing.<sup>8</sup> They ask for €8/month for their membership, but readers can choose to pay more or less, depending on their means. According to their most recent figures:

- 61,318 pay full price (€8)
- 2,986 people pay between €1 and €7 a month.
- 13,699 are members without paying anything
- 6,560 pay even more than €8 a month

### Payment methods

All participants accepted credit/debit card payments in their audience revenue programme. On average, outlets accepted three different payment methods, with one outlet only accepting cards as the form of payment and two outlets accepting five payment methods at the top end.

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<sup>8</sup> Escolar, I., 2021. Las cuentas de 2020: los socios y socias salvan elDiario.es. [online] ElDiario.es. Available at: <[https://www.eldiario.es/escolar/cuentas-socios-socias-salvan-eldiario\\_132\\_8102443.html](https://www.eldiario.es/escolar/cuentas-socios-socias-salvan-eldiario_132_8102443.html)>

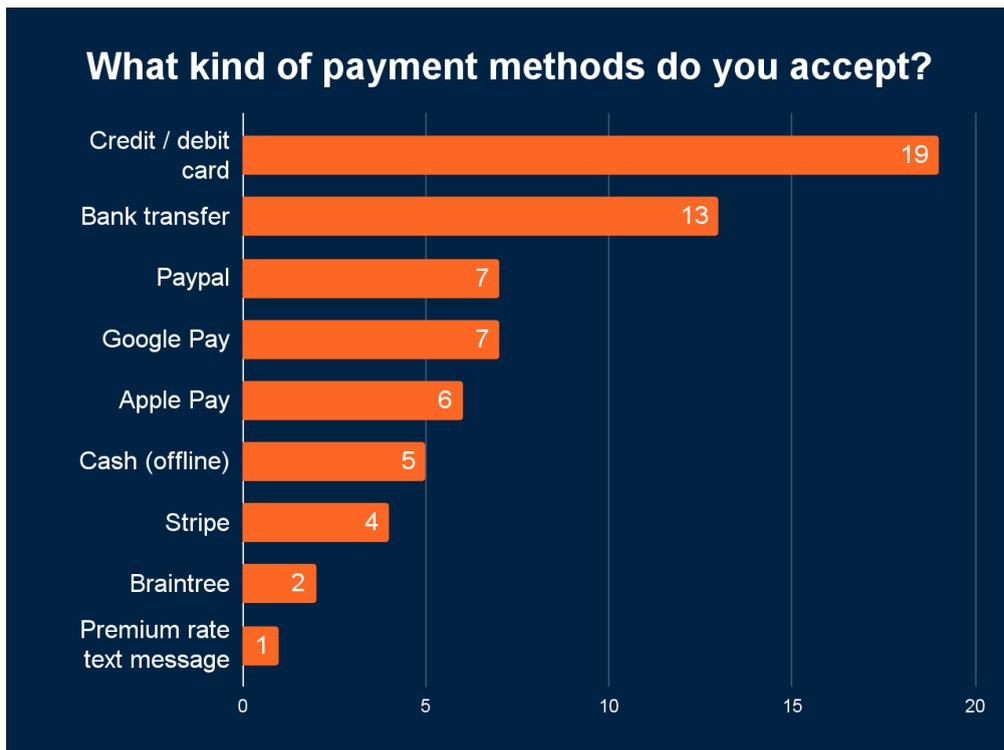


Table 17: Payment methods accepted by outlets surveyed

Stripe and Braintree are relatively easy to implement and work seamlessly with a wide range of cards in many countries, but the transactional cost charged by these providers is relatively high. Premium rate text messages are very user-friendly and accessible, even for older audiences, but the transactional costs charged by telecom companies are prohibitively high, exceeding 40-60% of the transaction in some countries.

In certain countries in Southern and Eastern Europe, the online payment infrastructure is underdeveloped, pertinent regulation is unpredictable and sometimes prohibitively complex, and transactional costs are very high, making relatively small, recurring online payments very inefficient. However, the pandemic is said to be changing the status quo to some extent.

#### Default subscription length and tiers of benefits

In the U.S. many of the most prominent outlets use four weeks as the default unit for a recurring subscription (this means 13 cycles are billed annually, opposed to 12 if the billing period is one month), the outlets participating in this project billed monthly.

Three outlets offered subscription periods longer than a year. One outlet offered a three-year, heavily discounted plan to combat high rates of churn.



Table 18: Participants were asked, What are the default lengths of your subscription/membership periods?

About half of the project participants offered only one tier of benefits to readers.

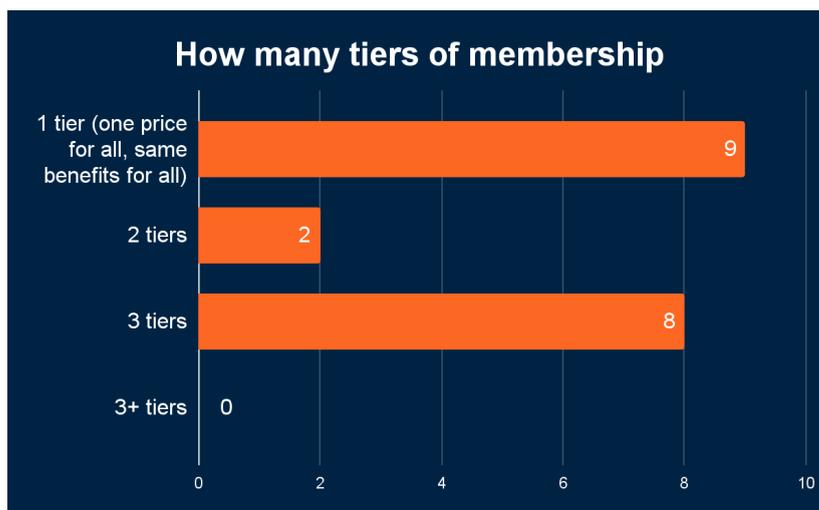


Table 19: Participants were asked, If you offer a variety of membership/subscription packages (increased benefits for those who pay more), how many package tiers do you offer?

One tier is simpler to implement, both from a technical standpoint and from a newsroom perspective: more tiers mean more services and benefits, and usually the newsroom has to dedicate extra resources for those. Having only one option is also beneficial for the payment flow once a user decides to subscribe: the fewer decision points there are, the fewer people will abandon the payment flow.

On the other hand, with one tier, you are bound to leave money on the table. There will be people who won't buy-in because they can't afford the set price, and there are people who would have gladly given more, but couldn't, because of the lack of options.

At 444 in Hungary, we offer three tiers and three price points and will try to push most users to choose the second tier. The first two tiers are priced very closely together, the difference between them is less than US\$2, but the second tier has a lot more benefits. The third, most expensive, has more benefits and is a lot more expensive. That tier is for people who want to support us, and are not very transactional.

# Crowdfunding

- Crowdfunding was a divisive topic for survey participants.
- They seem to be effective for one-time, costly projects but require a lot of resources from already strained newsrooms.
- It's worth considering using crowdfunding as a marketing tool for membership drives since recurring payments beat one-off contributions.

A manager at a European digital outlet explained why his outlet was not a fan of crowdfunding as a revenue source:

“Crowdfundings are more like a marketing tool than a business model. In their original form, they are one-off things and not sustainable. Someone gives you €20 at once, that's a lot of money. You have to contact the user a lot in a campaign like that. It's exhausting for you and them too. And all you have is €20. It's a lot better if they become a member for €5 and you are at €20 after a few months. Now we only use crowdfunding mechanics for membership drives. We say we need to get 1,000 new subscribers in four weeks. We are always asking for memberships for recurring money, not one-off donations.”

Another East European editor said:

“I always thought of them as a last resort thing. If we are ever in huge trouble, we can try that to raise money, but not as a regular thing for content projects.”

A Latin American newsroom used crowdfunding successfully in this manner when they were running out of money, but they also see this as a tool only to be used in emergencies. However, it can be used by outlets for costly one-off projects, as a top manager of an Asian digital daily explained:

“We had done one very successful crowdfunding project when we wanted to buy our building, where the newsroom now is. During the campaign, we sold bricks with the

name of the backer on them. It was a one-off thing, a very visible, focused thing, a big target.”

They had two other campaigns after they received hefty fines from authorities:

“While the fines were big, we managed to raise the money quickly. I think people understood that we are being attacked for doing our jobs and wanted to support us. The actions against us were seen as very punitive, very petty, aimed at shutting us down, and so our readers rallied to our cause. But we wouldn’t use crowdfunding regularly, like to fund content projects.”

Central European digital publishers had a different perspective. As a top digital manager of a Central European outlet said:

“Start with crowdfunding. That’s the easiest thing to do. It also helps that it’s usually tangible: a book or a magazine that backers get if the project is successful. Teachers told us that a type of language book is missing from the curriculum aimed at Roma minority children. We hired teachers and experts to create it and raised over €20,000, and every kid in our country who needed it got a copy for free. When we published a print magazine about disinformation, we told our readers that we would send an extra copy to schools in our country for free if they pay a little more. A lot of people decided to pay more, and it was an amazing success. But you need to set big goals – tens of thousands of euros – otherwise, it’s not worth the effort.

At 444 in Hungary, we published two books, a video documentary, and a magazine through crowdfunding. We usually offer two tiers: one will get you the product we are raising money for, and the other tier, which is usually at least 10 times more expensive, gets you a face-to-face meeting on top of the product. We organised dinners with backers and a digital event in 2020, because we couldn’t meet people due to the pandemic.

We have gathered money for an investigative video documentary through crowdfunding, too. For their support, users got tickets for the movie’s premiere in a big movie theater where they met the creators and could ask questions. Despite these successes,

crowdfunding can be difficult because they require a lot of effort both for marketing and the project itself. It's only worth doing if it's a lot of money you are after.

A newsroom in South-East Asia also experimented with crowdfunding around content, with modest results:

“We had cooperation between us, change.org, and a local crowdfunding site. We put up three stories [ideas] on change, and people could choose [one], and we started a crowdfunding campaign for the one which had the most votes. But while thousands of people voted, only very few of them put their money up at the crowdfunding phase. We only reached around 10% of our targets. Collaborating with these platforms minimised the cost and the effort for us. We didn't have to promote it; that was Change.org's job. We didn't have to develop the digital funding mechanism because the platform had that already. We just needed to provide the potential stories and wait for the results. I think people got confused. Some were already subscribers at our site, they didn't understand exactly why they have to put up money again, what they are paying for. I think just saying 'you can choose the story and pay for it' is not an appealing offer. We also had political issues. Stories that were critical of the government would probably get a lot of traction, but we can't work on only those because we would be seen as biased, and our country is very polarized, so we can't afford that perception.”

# Marketing

- All but one of the participating outlets keep the marketing of their audience revenue programme in-house.
- Most emphasise the value of their unique journalism, journalism's general value to the democratic society, and no one bases their message around the financial value of the subscription.
- Most believe that their content and important current events are the most important tool in their marketing arsenal.
- Most outlets do paid promotions. The most used platform is Facebook.
- Determining the average lifetime value of a potential customer is very helpful when setting the cost of acquisition in paid marketing campaigns.

As discussed earlier, there are few greater drivers of audience revenue for independent media outlets than the public's apprehension of powerful politicians. But political bluster is not something we can anticipate reliably – and it may come with undesirable side effects. Hence, outlets spend a lot of time and energy coming up with ways to promote their subscription, membership, and donation programmes.

## Who is in charge of what message?

As the charts on the following page show, most marketing efforts for the outlets we surveyed are kept in-house. And most of the newsrooms focused their marketing on their journalism's unique value. No one promoted their programme mainly around financial value and discounts.

As one manager from Asia put it:

“Editorial – the core of our job – is going to drive conversions. When people recognize we do good work, that's when they want to become members. Whether it's a story about communal violence or government mismanagement around

COVID. So we promote our journalism and not the audience revenue programme itself.”

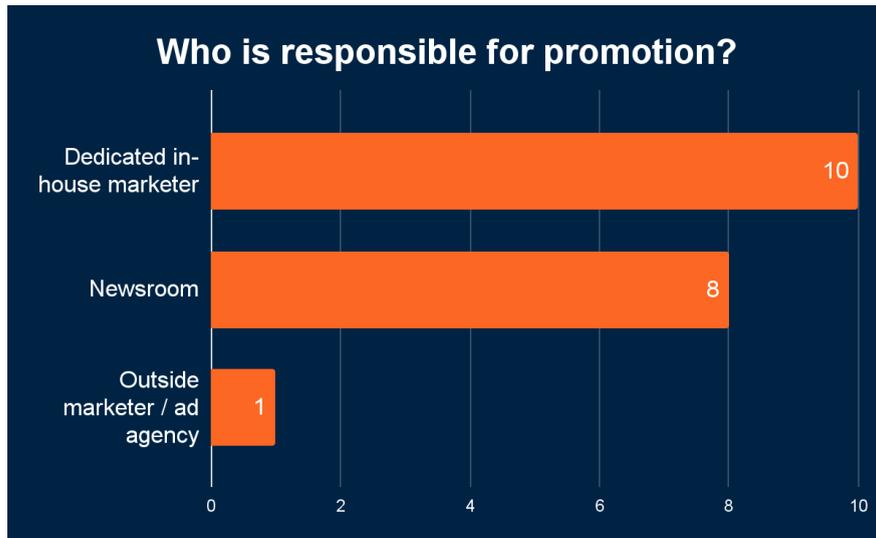


Table 20: Participants were asked, Who is mainly responsible for promoting your reader revenue programme and shaping its message?

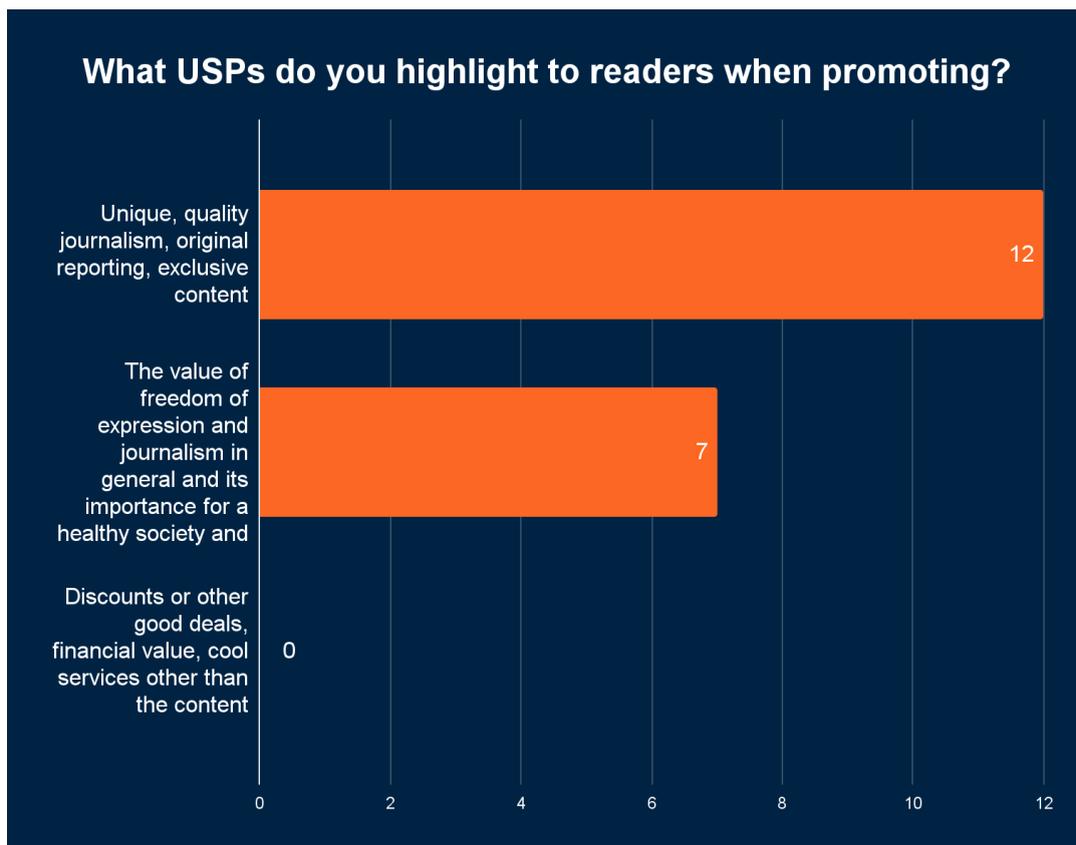


Table 21: Participants were asked, When promoting your audience revenue programme to your readers, which of the following USPs are the most important to highlight?

A media executive from Europe agreed:

“We look at what [...] articles had the best conversion rates and promote those. If you have a paywall, good content will be the biggest driver of conversions, certainly bigger than any marketing slogan.”

It can also be helpful to step up marketing efforts around current events, elections, and so on. A leader in an Asian newsroom explained:

“Current events drive a lot more conversions than the best marketing campaigns: a byelection, campaign season, mass demonstrations. You have a core readership who will follow you no matter what, but there is an audience in and out of politics depending on current events, and to tap into that, you need these big, consequential events to get them on board.”

While many Western outlets promote their subscription programmes by promising exclusive content to those who pay, some newsrooms participating in this project reported taking the exact opposite approach. A CEO at an African digital daily said:

“We basically tell our readers: if you can afford it, please pay for our journalism. Pay as little or as much as you can, so we can keep our content freely available for all. This is by far our most important message when we promote our membership programme.”

While this counter-exclusivity proposition may work best in low-choice, repressive environments, it's not exclusive to them: in the UK, the *Guardian* also promotes its donation programme by putting a marketing emphasis on the fact that they have not put up paywalls, unlike many other international outlets.

### Smear, legal threats and other types of interference as means of promotion

Some outlets turn repressive actions against them into marketing campaigns. For the people who perceive newspaper subscriptions as a form of personal political expression, this can be a strong incentive.

A Central European editor explained:

“When we get smeared by a government official for doing our jobs, asking hard questions, we will use that in our marketing. We will show a clip of being told to shut up at a press conference or when powerful people call for our arrests. We edit these together as they happen and promote them, asking for the support of the audience. These scenes seem to work with some of our audience, who want to show their support for us and our work, and maybe their support for democracy.”

### Paid promotions

Most newsrooms use paid promotions to spread the message about their audience revenue programme. The most regularly used platform for this was Facebook.

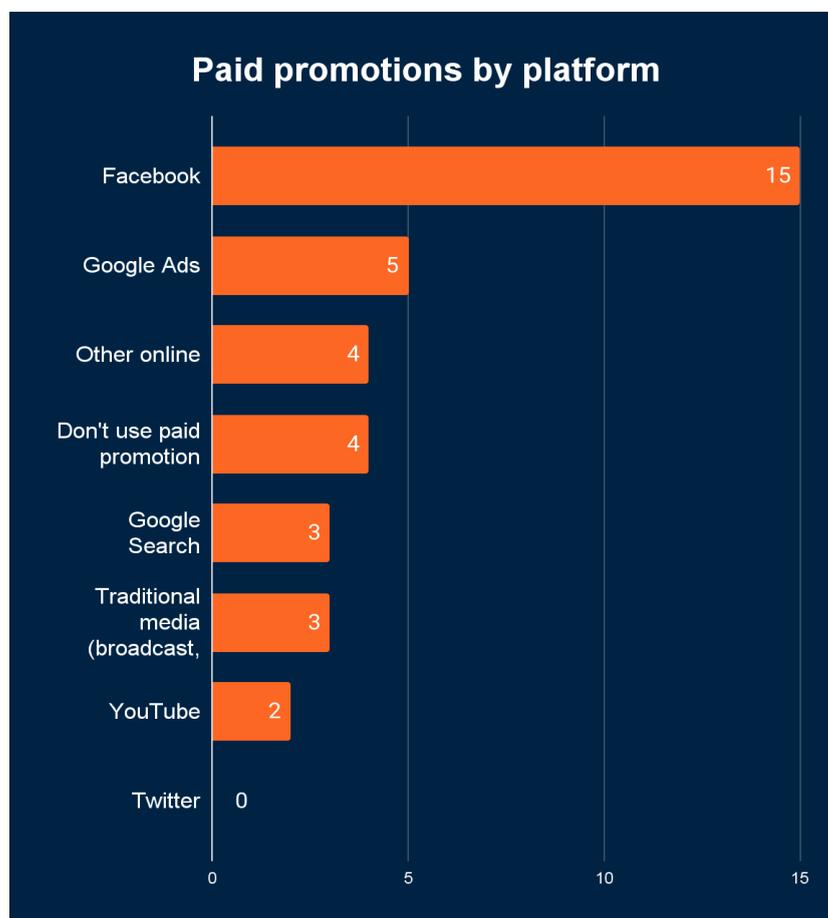


Table 22: Where outlets promote their reader revenue programmes

While there seem to be no major differences in the efficiency of various targeting strategies, one method from Central Europe stood out.

“What works best for us is to create ‘lookalike audiences’. You can upload to Facebook the email addresses of your current supporters (if you have them) and then tell the algorithm to create a ‘lookalike’ audience. We don’t know what the algorithm uses to find similar people to those who have already supported you, but it’s more efficient than any other targeting we came up with. We create campaigns that optimise for conversions, and when we target these lookalike audiences, the price per conversion is cheaper, and there are more conversions in total.

It may also be beneficial to know where your potential customers spend their time online (other than your site) and to assign them an average lifetime value. A European media executive said:

“We promote a lot on [an app called] Pocket. Most of our content is long reads, and people who read these types of things tend to use Pocket. You can pay for recommendations there, and this works for us pretty well. We have lifetime values calculated for members. It’s around €120 per person on average, so we still make money if we spend €110 on the acquisition. But we try to do 1-to-4, so a user shouldn’t cost more than 20% of their lifetime value to acquire.

## Conclusions

This study provides encouraging evidence that digital audience revenue programmes – donation drives, crowdfundings, membership schemes or subscriptions – may be a viable option for independent media outlets operating in challenging political environments.

Responses from 19 outlets operating in Central and Eastern Europe and the Global South show that, while there is plenty of interference with independent media by state and political actors, there is little interference aimed at audience revenue programmes of independent newsrooms.

Examination of the ownership structures and business setups of the outlets participating in the study shows how independent media is not necessarily just profit-driven in CEE and the Global South. Only half of the outlets in the cohort were fully for-profit and many of them had newsroom members as majority owners.

While paywalls are a foregone conclusion in developed countries, for the media outlets in challenging environments included in this study, paywalls are very much up for debate. While all newsrooms in the project collect some form of audience revenue, only 37% had paywalls in place. Most outlets without paywalls worry about limiting the impact of their journalism, and this is why they are reluctant to charge for exclusive content.

While their reservations may be perfectly legitimate, financially speaking paywalls work well for those who implement them. Outlets with active paywalls reported a higher share of audience revenue on average than those who do not have them. Editors seem to be conflicted about what to put behind paywalls, but resource-intensive forms of journalism and opinion pieces are among most popular types of content that end up behind paygate.

Outlets participating in this project, even the ones with paywalls, view their relationship with their audience as emotional rather than transactional. Many editors and managers spoke about how they receive support for their mission rather than any specific benefit.

Benefits are still hugely important: in the initial conversion, the buy-in may happen for emotional reasons, but many newsroom leaders think readers will only stay (and renew their subscriptions) if they get some recurring value out of their contribution. Conversions may be chiefly emotional but retention is more transactional.

The three most popular benefits that project participants offered were exclusive newsletters, event invitations and some exclusive forums, like a closed Facebook group for the reporters and readers to connect. Outlets with active paywalls seem to offer fewer benefits than those who do not charge for exclusive content.

Due to the economic disparities between the developed world and the countries participating in this project, newsrooms in this cohort charge a lot less than outlets in North America and Western Europe. The average monthly contribution per supporter for the project participants is below US\$6. Due to high transactional costs and high rates of churn, some participating newsrooms offer extremely long subscriptions – one outlet offers a three-year, heavily discounted package.

Crowdfunding proved to be very controversial among the project participants, but most agreed they can only be effectively used for the largest and most expensive projects since they require a lot of effort from the newsroom to be successful. That said, some crowdfunding mechanics can be an effective marketing tool to promote audience revenue programmes.

Most outlets in the cohort keep the promotion of their programmes in house. Some newsrooms try to get their audiences to pay by showing the pressure they are under and the threats they face.

Results from this study show that audience revenues can contribute to the sustainability and resilience of independent newsrooms outside of the developed democracies of North America and Western Europe. Some well-developed Western strategies may need to be amended for success, but for independent online outlets struggling to break even, audience revenue programmes are worth exploring.