

Simplifying Success

An Ecosystem Initiative for Improving the Financial Sustainability of Independent Digital News Media in Restricted Markets

A report to Internews

June 2021

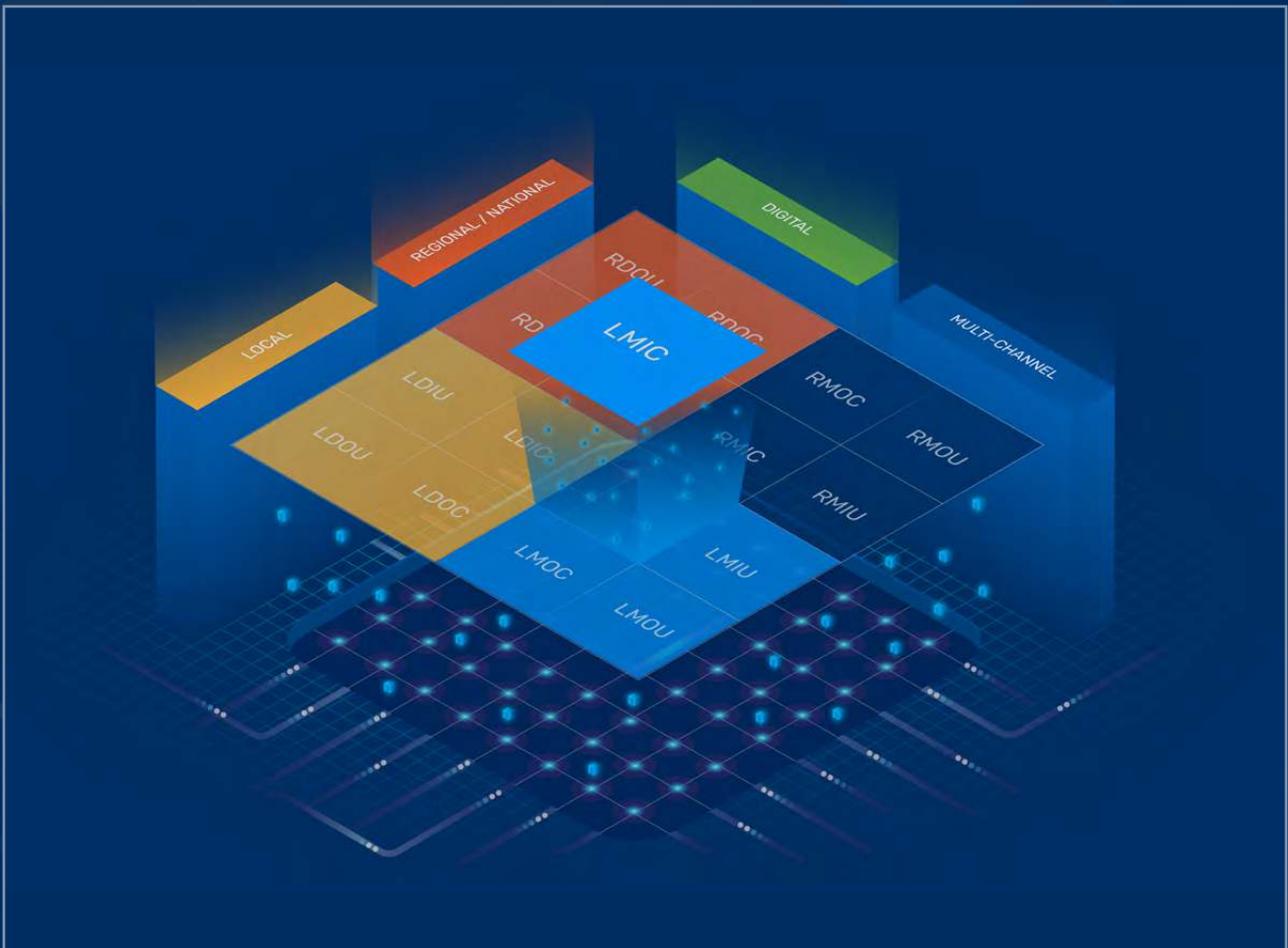


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About the author

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Executive summary

This report aims to progress the media development sector's work towards the financial sustainability of independent news media. It proposes a new ecosystem-level framework for categorising media outlets, measuring their performance and making them more resilient to their obstacles in reaching and generating income from audiences and businesses.

The proposed framework is intended for use by media development implementers (such as Internews), media outlets, donors, technologists and research partners.

If there were an obvious solution to the financial sustainability of such news media, it would have been found. While the media development sector works to understand and improve enabling environments for independent news media and build their capacities, there is no framework for systematically identifying a media outlet's development needs that is lightweight and fast to use, which connects to live data, looks ahead and can surface strategies for future success.

Solving the problem of media sustainability now requires sectoral collaboration to better understand what makes media outlets successful.

While this is a global problem, the report focuses on freedom-restricted countries in which news media are supported by Official Development Assistance (ODA).

The proposed solution

This report makes two primary suggestions.

The first is adoption of a framework that classifies independent news media outlets in freedom-restricted countries. This research identifies a framework that uses four characteristics, derived from analysis of existing tools created by Internews, Newsgain and DW Akademie.

Table 1: Four media outlet characteristics

Characteristic	Variable 1	Variable 2
Addressable market	L: Local	R: Regional/national
Distribution channels	D: Digital-only	M: Multi-channel*
Business interference	I: Impeded	O: Open
Censorship	C: Censored	U: Uncensored

*Media outlets that also have print and/or broadcast distribution.

Combining these characteristics yields *16 Media Types*, each of which offer benchmarks according to resources, capabilities and future revenue expectations. Without disclosing a media outlet's identity or location, these benchmarks can reveal how currently successful organisations like theirs are planning to generate revenue in the future.



Table 2: The 16 Media Types

	DIGITAL		MULTI-CHANNEL	
REGIONAL/ NATIONAL	RDOU	RDOC	RMOC	RMOU
	RDIU	RDIC	RMIC	RMIU
LOCAL	LDIU	LDIC	LMIC	LMIU
	LDOU	LDOC	LMOC	LMOU

Second, the new framework should be embedded into a new online protocol and platform that will give immediate and actionable insights into media outlet performance. This 'Digital Performance Navigator' will be accessible to donors, implementers and media outlets and continuously fed with new data to refine the analyses and recommendations it makes. Rather than burying business performance data in reports, or having it spread across disparate systems, the Navigator will collect data and transform them into insights that can be used immediately - by media outlets and at sector level.

This combination of a framework with a data platform will allow the media development sector, and those it supports, to share success characteristics while all stakeholders can retain the required privacy levels. It will reduce the performance gaps between independent media and powerful market incumbents, improving competitiveness and bringing trusted news and information to more people. It will also create a wider sectoral culture of media business expertise, enabling in-country program teams to better guide program design and support essential capacity development among media outlets, with input from experts when required.



Background

How do news media outlets generate revenue?

There are three primary ways for a consumer-targeted online media outlet to generate money.

The first, most traditional way, is to sell **advertising**. Second is generating **revenue from consumers**. The most common forms of this are memberships, subscriptions and donations.

The third method is to **diversify** into other areas of business. For some media companies, this can include setting up e-commerce ventures, creating niche media brands (e.g. related to cooking or automobiles), managing events, and selling their in-house production skills to other organisations (e.g. producing sponsored or branded content to advertisers). Other media, especially those in less developed or freedom-restricted markets, might diversify into business activities not directly related to media (e.g. farming, hospitality).

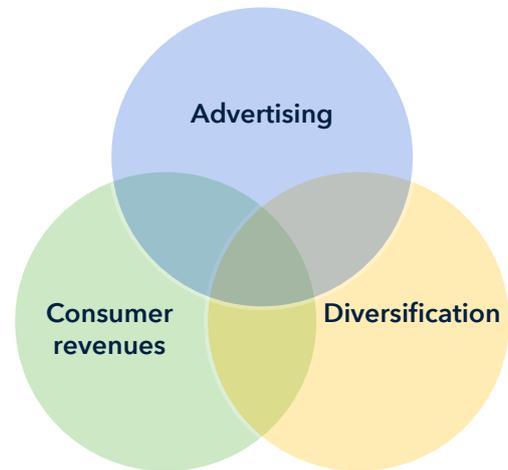


Figure 1:
Three revenue streams for news media

Why do news media in restricted markets struggle to survive financially?

In general, local news organisations worldwide face substantial competitive threats. In freedom-restricted countries those are heightened when controlling the flow of information via news media is a primary method of suppression for authoritarian governments. They gain and retain power through establishing crony networks of aligned media, controlling state media and capturing independent media. Those not aligning with them face **impediments to their businesses** and their market access in many forms: exclusion from newspaper distribution networks; exclusion from TV and radio broadcast licensing; cyber-attacks; tax inspections; advertiser intimidation; audits of user databases; and personal targeting.

Often, this is accompanied by **censorship** and the creation of a self-censorship culture. For example, five weeks after the February 2021 coup in Myanmar, the country's military government had revoked the media licenses of five major independent media¹ and arrested many journalists covering the protests. Two months after the coup, violence against civilians was still escalating, with an estimated 550 killed for protesting the coup.² By July 2021, independent media had largely left the country in the face of military orders to shut down.³ Financially, though, Myanmar's media face ruin as revenues have evaporated.

Despite the indispensable public service they deliver, independent news media in these constrained contexts face extreme existential threats. The problem is widespread; of 180 countries measured in the 2021 World Press Freedom Index,⁴ only 48 achieved a ranking better than 'problematic'. In some of the most restricted countries, such as Azerbaijan, Eritrea and North Korea, there are no independent news media businesses operating domestically, as their journalists are forced to report from exile out of fear of imprisonment or worse. In 2020, 50 journalists globally were killed in connection with their work⁵ while a record high of 274 were imprisoned.⁶

A further, increasing problem is the rise of disinformation, where malign actors distribute misleading information and brand unfavourable coverage as 'fake news'. With increasingly sophisticated distribution, disinformation often spreads more quickly than fact-checked reporting, stealing

public opinion and advertising revenues away from trusted news media. This has contributed to a 'raging infodemic' globally that feeds mistrust.⁷

In less overtly oppressive contexts, sometimes the economics of producing news are just difficult to balance. Local, hyperlocal and community media can lack the **addressable market size** to sustain teams of salaried, professional journalists. The economics might have worked in past decades of print and broadcast media, but the highly targeted, **digital age** brings information and advertising efficiencies that such media were not designed for. Further, many media outlets, especially those rooted in activism, have capability shortages in knowing how to run a successful media business.

Even in highly developed media markets like the United States, which was listed only as 44th in the 2021 World Press Freedom Index, local news is facing extinction. There are now 1,300 communities there with no local news coverage at all.⁸

Purpose of this report

While much research is conducted in news media sustainability, including identification of relevant viability indicators for markets and media outlets operating in them, there is no agreement on indicators or any toolkit for determining how different types of news media outlet can become financially sustainable in different types of freedom-restricted markets.

This was confirmed in comments from Josh Machleder, Senior Advisor for Media and Internet Freedom at USAID:

*'...unfortunately, we really have been grappling with a good set of indicators on media management and business practice. We don't have a lot of programming that has been very intentional and demanding in this area (except in a few countries where we saw that independent media was not tapping into the market to the full extent possible). We do recognize that this needs to be prioritized if independent media are to survive, and our USAID assistance is to be relevant.'*⁹

To answer this sectoral problem, this report creates an evidence-based framework to identify development efforts that independent news media, and those supporting them, can prioritise in becoming more financially sustainable as quickly and efficiently as possible.

Delimitations

- While learnings can be taken from countries with 'fairly good' or 'good' press freedom, this report focuses on those with a 2021 RSF World Press Freedom Index ranking of 'problematic' or lower, from which survey responses were received.
- While the media development sector covers all forms of independent news media, only media with an online presence will be evaluated. The secular shift to digital media has been accelerated; for news media businesses to survive into the future, they must establish a strong online presence.
- This report focuses on ways for media outlets to generate revenue, the assumption being that this study's measure of profitability encapsulates revenues minus costs. There is no in-depth analysis of costs.
- This report does not explore media outlets' administrative resources and capabilities such as finance, legal, accounting and human resources.



Analysis: Market challenges

The global digital advertising market is growing, so why are independent news media struggling to capture that revenue?

Even in countries that are not freedom restricted, the past two decades of secular shift in news consumption from print and broadcast media to digital platforms – with their personalised targeting and increased advertising efficiency – have left most independent news media outcompeted for audiences and revenues. Technology giants, such as Facebook and Google, win by aggregating audiences and applying algorithms to large datasets of content consumption behaviour to drive ever-increasing engagement and loyalty.

For online, independent news media, the result is that advertising revenues are increasingly challenging for them to capture. Globally in 2020, the \$628 billion dollar advertising market had grown by 5.1% compared to 2019, with digital spend growing at more than double the pace at 11.1%.¹⁰ However, in this burgeoning digital sector, Facebook, Google and Amazon now collect 62% of digital ad spend.¹¹ In the UK, Facebook and Google alone capture almost 70% of digital ad spend.¹²

Coronavirus accelerated the shift to digital and the financial pressure on news media

Coronavirus has accelerated the shift to digital news platforms, as newspaper distribution faltered, and physical delivery became less feasible during lockdowns.

Businesses froze their advertising campaigns, while major brands used broad keyword blocking to avoid advertising adjacencies with Covid-related news topics, resulting in most digital news media being excluded from their targeting. This slashed at least 30% from their traditional revenue base.¹³

Coronavirus has been attributed as the cause for large numbers of news media closures and staff cutbacks since March 2020, with 65 media outlets closing in the United States.¹⁴ For many other countries, equivalent data is hard to find although there are reports of media outlets across Africa closing their print operations in favour of digital operations while 'they have not figured out how to make money online.'¹⁵ Media in Kenya were particularly affected, with major independent news media like Nation Media Group laying off large numbers of staff.¹⁶

What about revenue from consumers?

Whereas print and broadcast media have historically been funded by a combination of audiences paying for access and businesses paying for access to those audiences, the culture of free information online has exacerbated the sustainability challenge for news media as users increasingly consume news online. While 72.5% of internet users now pay for content online, only 10% of those pay for news.¹⁷ Activating consumer revenue is much more dependent on audience trust, loyalty and visit frequency than advertising is, so in these winner-takes-most markets, smaller and medium-sized independent media are left chasing advertising revenues and diversifying into activities that are not necessarily related to their news-gathering business. As the purely advertising-driven business model increasingly fails to support digital news media, there is growing acceptance among consumers of the need to pay for online news. While this is now more common in some industrialised nations, with 42% of consumers in Norway paying for online news content in 2020, the UK was at just 7%.¹⁸ It will take years to be significant in many countries where Internews operates.



What is the result of this adversity?

When independent news media globally face a myriad of threats from the shift to digital, algorithmic audience engagement, the rise of disinformation and a pandemic, financial sustainability is far from assured.

In freedom-restricted markets, the business interference and censorship they face intensify the challenge.

Further, when independent media operate in freedom-restricted countries, they rarely have the same access to broadcast and print distribution channels as state-aligned media, and therefore lack the ability to cross-promote between online, print and broadcast distribution and to deliver multi-channel campaigns to advertisers.

The role of Official Development Assistance (ODA)

To survive, many independent news media in freedom-restricted markets rely on funding from donor organisations – comprised of the overseas development agencies of industrialised democracies, and private sector organisations.¹⁹ Such funding always has time horizons, the aim being to support the distribution of fact-based information while nurturing media businesses off support. USAID, which is the largest contributor to Official Development Assistance,²⁰ has referred to this as the ‘journey to self-reliance.’²¹

The scale and scope of funding towards media outlets varies according to donor priorities, market context and the needs of each media outlet. The most common components are: core funding to cover overheads and operational costs; project-based awards for specific activities; funding for capacity-building to improve the capabilities of media outlets.

Foundational research

The Media Outlet Survey

In developing a framework by which to classify media outlets, a survey was designed, based on the four sources outlined below.

- DW Akademie’s *Media Viability Indicators*:²² A comprehensive set of 104 indicators of market and organisational conditions that support media viability.
- Internews’ *Organisational Capacity Assessment*: A methodology for developing baselines and measuring change with 31 indicators of organisational capacity.
- Internews *Due Diligence Questionnaire*: A document that requests 110 datapoints covering organisational contact details, financial processes and situation, and disclosures on propriety.
- Newsgain’s *Business Planning Baselines*: A survey with 136 questions, created by Michelle Foster before co-founding Newsgain, and adapted – with this report’s author – to the work Newsgain and Internews’ Media Business Unit have performed since 2017. It also includes topics covered by both the OCA and DDQ.

At the outset of this research, the aim was to understand the universe of factors that can impact a news media outlet’s ability to generate revenue. Although Newsgain and Internews had developed their own their own standards, DW Akademie’s Media Viability Indicators (MVI), released in



May 2020, were a step forward in comprehensiveness. The indicators are grouped into pillars that closely resemble the classic PESTLE analysis,²³ designed to analyse markets according to Political, Economic, Sociological, Technological, Legal and Environmental factors. The MVI replaces PESTLE's *Sociological* and *Legal* pillars with *Community* and *Content & Expertise*.

Table 3: Count of DW Akademie's Media Viability Indicators and sub-indicators

Dimension	Politics	Economics	Community	Technology	Content & Expertise
Indicators	5	5	5	5	5
Sub-indicators	15	29	15	15	30

Compared to a PESTLE analysis, the MVI combines external factors alongside internal factors specifically relevant to media businesses. The framework comes with a rigorous implementation and scoring methodology and can be considered exhaustive. The challenge with MVI is its size along with the time, effort and budget resources needed to apply it effectively. Although the guidance states that it is 'not necessary to ask every interview subject to respond to every Dimension or to every Indicator or Sub-Indicator in a Dimension', there is still complexity in deciding which indicators to follow. As a source for this research into creating a deliberately simplified framework, though, it is valuable.

Finding common elements from these four documents, the survey design sought to achieve the following:

1. **Classify the media outlet as independent**, deemed as its business and editorial operations being free from any influence by state and political actors. Any media not declaring themselves independent were taken directly to the end of the survey.
2. **Identify** the respondent and media outlet.
3. Establish the **staff size and composition**, according to salaried and volunteer staff.
4. Categorise the media outlet according to **criteria it cannot easily change**:
 - **Local vs. national/regional**: The purpose of this question is to estimate the size of the addressable audience, the assumption being that local media have generally smaller potential addressable audiences than their national and regional (i.e. intra-country or international) counterparts. This classification was validated by two further questions about domestic and international target audiences. While a local media outlet can become national or regional, and vice-versa, it rarely happens.
 - **Digital-only or multi-channel**: Running a TV or radio station, or a printed publication, is a very different type of business to a web-only media outlet. The 'traditional' media types rely more heavily on at-risk licensing and physical distribution infrastructure (e.g. print distribution networks and government-licensed spectrum bandwidth) to reach their audiences. [La Prensa](#), the oldest independent newspaper in Nicaragua, had its ink and paper blockaded by the Ortega government for more than a year in 2018-19 due to its coverage of anti-government protests,²⁴ causing extreme pressure while other independent media in the country closed or were forced to operate from abroad. Multi-channel media have the advantage of being able to promote one distribution platform (e.g. website) with others (e.g. radio station) and offer advertisers omni-channel advertising solutions that reach users across multiple platforms for increased impact.
 - **Business interference encountered**: In many freedom-restricted markets, organisations are afraid to advertise with independent media due to concerns they will be



targeted by state or political actors. In Belarus, for example, advertisements must carry a domestically registered company registration number so they can be traced back to the organisations that placed them. Foreign companies without a Belarus registration have thereby been excluded from advertising in the country. Business interference can also include media outlets being targeted by tax investigations, or having their license to operate withheld, withdrawn or unreasonably priced.

- **Censorship encountered:** In the most restrictive markets, governments exert direct control over the content available online, and journalism itself more widely. While most stop short of banning search engines and specific social media networks entirely, they do instruct domestic Internet Service Providers to block access to entire websites/platforms or specific pages of those platforms. In Azerbaijan, independent news websites such as [Meydan TV](#) and [Azadliq](#) are blocked. In Belarus, the Lukashenko government took the extraordinary step of using a military jet to re-route journalist Roman Protasevich's Vilnius-bound passenger flight to Minsk, causing international outcry.²⁵ While censored digital media can remain available to in-country audiences that use proxy services, such use is not widespread enough to reach all underserved audiences. Just as significant as external censorship, however, is self-censorship, whereby media refrain from publishing content due to the interference they expect from state or political actors from doing so.
5. Assess each media outlet's **perceived importance of having specific resources and capabilities** related to running a media outlet. These included questions about pillars selected from analysis of the four source documents:
- **Governance** includes having a strong board, a written strategy and the necessary registrations and licenses to operate.
 - **Brand** includes having a strong, trusted brand that is represented consistently everywhere it is used.
 - **Content** focuses on producing a high volume of original, fact-based content that is brand-safe for advertisers and which includes audio and video.
 - **Audience** focuses on the need for developing large, engaged, loyal audiences that can be analysed in depth, every day.
 - **Technology** includes essential skills in running a digital media outlet, such as creating mobile-friendly websites, optimised for a great user experience that deliver advertising, take payments online and which are secure.
 - **Business development:** focuses on the hiring of dedicated staff in sales, marketing and customer support roles – all directly connected to revenue.

These questions were asked in a standalone section without indicating that, in the following section, media outlets would be asked to rate their own performance on the same measures.

6. Capture each media outlet's **self-assessed performance** against each of the resources and capabilities they had just evaluated the importance of. The purpose was to establish gaps, which could then be correlated to each type of media outlet (e.g. Digital-only media outlets placing higher importance on digital advertising than their multi-channel counterparts, and having a smaller skill gap to close).
7. A forecast on **composition of prevalent digital news media revenues three years from now**, according to various types of advertising and consumer-generated revenues (e.g. memberships, subscriptions). As an increasing number of media in unrestricted markets start collecting payments from audiences rather than relying on advertising, it is useful to correlate this to market contexts and any gaps in media outlets' resources and capabilities.



This section is designed to discover if media outlets have the required skills to capture the markets they expect to occupy in the future;

8. A forecast by each media outlet on the **significance of media-related revenue diversification**, into event management and media production.
9. Free-text answer to capture **any other sources of revenue** the media outlet expects to have in the future.
10. **Profit percentage** of each media outlet in the most recent fiscal year.
11. **Percentage of revenues from donors** in the most recent fiscal year. This, combined with the media outlet's score for profit percentage, could create an understanding of financial sustainability.
12. **Any other thoughts** on the financial sustainability of news media.

With this structure, the survey allowed media to be categorised by types according to relatively fixed attributes of being **local or regional/national** and **digital-only or multi-channel**, which could then be deepened by adding measures of the **business interference** and **ensorship** they encounter. The rest of the survey's data enabled correlation between these characteristics and the media outlet's resources and capabilities, along with an understanding of how each can determine financial sustainability and, therefore, how development efforts can be prioritised.

The survey was released in English, French, Russian and Ukrainian on 6 April 2021, distributed to a filtered list of Internews' global partners and further promoted by country teams thanks to the support of Internews' regional and country directors. By the time of closing ten days later, it had generated 143 responses, of which the 129 responses from independent media outlets were analysed. In total, an estimated 298 invitations were sent, meaning the completion rate was 48%. The survey invitation offered \$100 to ten randomly chosen respondents.

The four characteristics each have two measured variables.

Table 4: Four media outlet characteristics

Characteristic	Variable 1	Variable 2	Measurement scale
Addressable market	L: Local	R: Regional/ national	Two options
Distribution channels	D: Digital-only	M: Multi-channel	Two options
Business interference	I: Impeded	O: Open*	0-3
Censorship	C: Censored	U: Uncensored	0-3

*While Unimpeded would be a more logical term, Open was chosen as a clearer alternative to having two U abbreviations in the matrix for Unimpeded, Uncensored media outlets.

The 16 Media Types

The result of combining four characteristics, each with two options, is a grid of **16 Media Types** operating in freedom-restricted contexts.



Table 5: 16 Media Types

	DIGITAL		MULTI-CHANNEL	
REGIONAL/ NATIONAL	RDOU	RDOC	RMOC	RMOU
	RDIU	RDIC	RMIC	RMIU
LOCAL	LDIU	LDIC	LMIC	LMIU
	LDOU	LDOC	LMOC	LMOU

The elegance of the 4x4 matrix, inspired by the Myers-Briggs 16 Personality Types,²⁶ is that each cell shares three characteristics with the cell vertically or horizontally adjacent to it, allowing granularity in classification. Media types in the four inner cells, being both Impeded and Censored, are furthest from market access. Media types in the four corners have greatest market access, being Open and Uncensored.

As markets open or close over time, referring to the example of Myanmar's emerging democracy closing in 2021 following a military coup, stakeholders can reclassify media outlets and adjust support. This tool can also be part of scenario planning for anticipated changes in operating environments.

There are of course varying degrees of business interference and censorship in each market, and for each media outlet in such markets. These standard types, however, are used as a guide. The two binary characteristics, L/R and D/M, are used as the first two variables as they are less subjective than I/O and C/U.

Derived measures

Financial Sustainability

In trying to establish the relatedness of media outlet characteristics to financial sustainability, it helps to have an agreed measure of financial sustainability.

The survey featured the following question:

- Question 32: 'How profitable was your organization in its most recent fiscal year?'

Table 6: Data to derive current financial sustainability

Answer	Loss > 25%	Loss 11-25%	Loss 6-10%	Loss ≤ 5%	Break even	Profit ≤ 5%	Profit 6-10%	Profit > 10%	Do not know
Score	-4	-3	-2	-1	0	1	2	3	NULL

While correlations were made using the results on this scale, media outlets that did not make a loss in the most recent fiscal year were classified as Financially Sustainable. Media outlets providing null responses were removed from the dataset.

Business interference: Impeded & Open

To establish the level of business interference a media outlet encountered, the survey asked three questions, each with a score of 0 or 1. The sum of these three questions resulted in a business interference score. Any score greater than zero was classified as *Impeded*, while only those with a score of zero were classified as *Open*. While the classification method converts gradated results into binary ones, the gradated scores were used in generating correlations between, for example, the level of business interference and the perceived importance of strong organisational governance.

Censorship

The same method, with three other questions, classified media outlets as *Censored* or *Uncensored*.

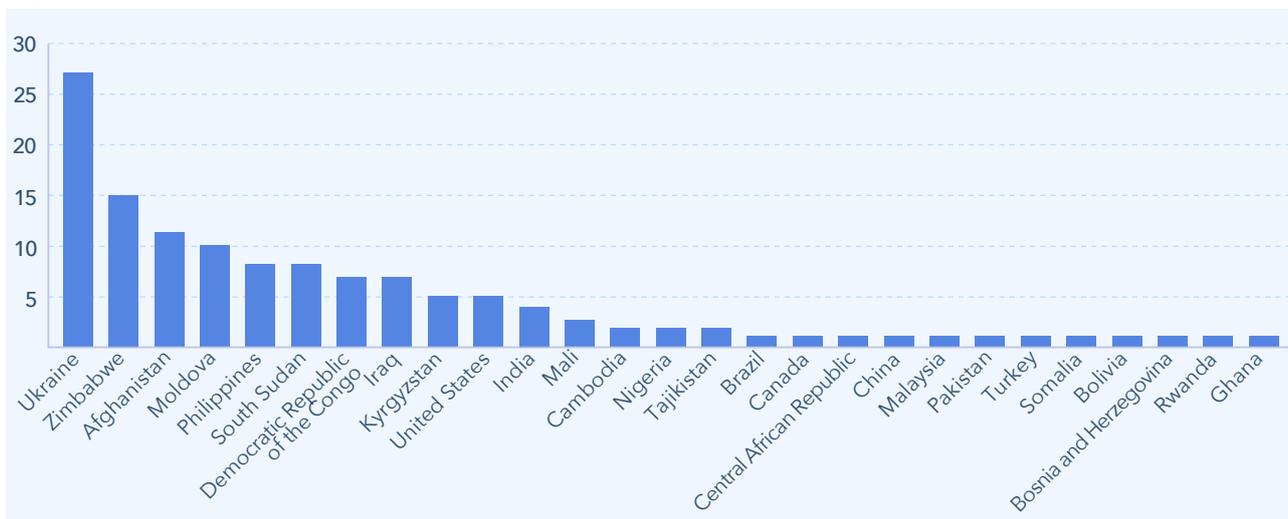
Survey representation of each characteristic

This analysis is based on a small sample of the many media outlets in the world. The responses represent the four top-level characteristics: Local/Regional, Digital/Multi-channel, Censored/Uncensored and Impeded/Open. As a proof of concept, though, the small dataset is still considered a meaningful representation.

Representation of region and countries

Survey responses were collected from media in 28 countries, with distribution as shown below. Highest response rates were achieved for countries in which a country/program director was actively involved in distributing the survey. As the analysis focused on media types and the interference they individually encounter, country-level data such as GDP, GDP per capita and other World Bank datasets were not considered.

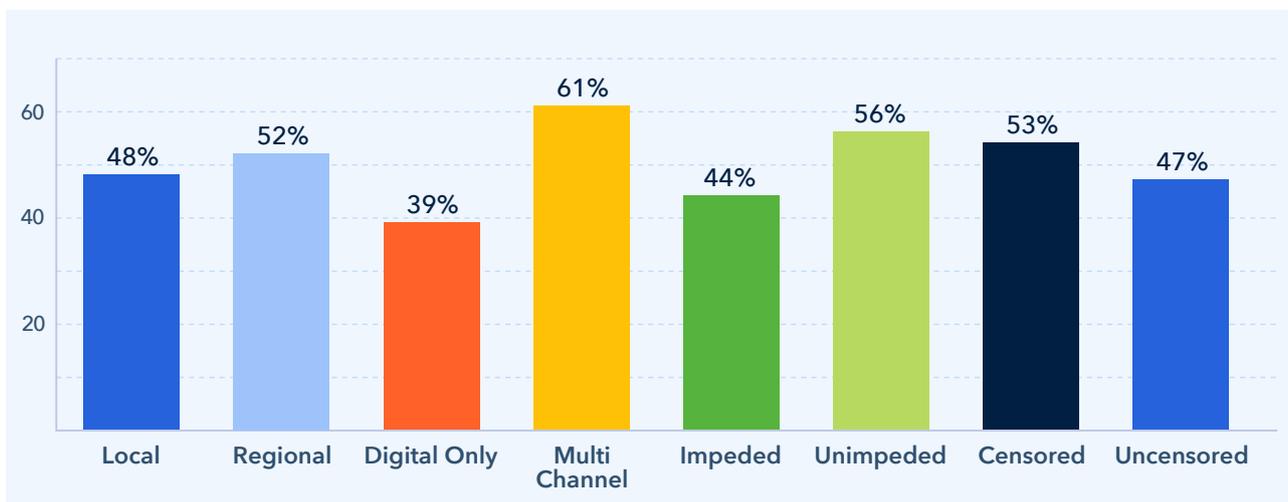
Figure 2: Responses per country



Representation of characteristics

There was almost equal representation of both values of all four characteristics.

Figure 3: Representation of each characteristic





Could the RSF Press Freedom Index be used instead?

A great deal of research goes into compiling the annual RSF [World Press Freedom Index](#) (WPFI), so it was natural to explore if scores for business interference and censorship tracked to the WPFI. Doing a spot check on the three countries that generated the most survey responses, it was found that measures of both business interference and censorship were reported with significant variance, independently of WPFI ranking.

Below, a Media Outlet Survey score of 0 above indicates media outlets encountering no business interference, whereas a score of 3 indicates significant business interference.

Table 7: WPFI compared to survey scores for *business interference*.

Country	2020 WPFI (/180)	Number of independent media outlets			
		Score=0	Score=1	Score=2	Score=3
Ukraine	96	19	6	2	0
Zimbabwe	126	10	4	1	0
Afghanistan	122	10	4	1	0

Interestingly, in the more freedom-restricted markets of Zimbabwe and Afghanistan, there are still independent media outlets that reported no business interference. In this study, the WPFI does not show a meaningful correlation to business interference at the media outlet level.

Table 8: WPFI compared to survey scores for *censorship*.

Country	2020 WPFI (/180)	Number of media outlets with this score			
		Score=0	Score=1	Score=2	Score=3
Ukraine	96	19	8	0	0
Zimbabwe	126	3	11	0	1
Afghanistan	122	3	11	0	1

A Media Outlet Survey score of 0 above indicates media outlets encountering no censorship, whereas a score of 3 indicates significant censorship. Again, in the more freedom-restricted markets of Zimbabwe and Afghanistan, there are still independent media outlets that reported no censorship. In this study, the WPFI does not show a meaningful correlation to censorship at the media outlet level.

Survey raw data clean-up

The total survey dataset comprised 144 responses, of which there were 129 valid responses from media classifying themselves as independent. The data was cleaned as follows before further analysis was conducted:

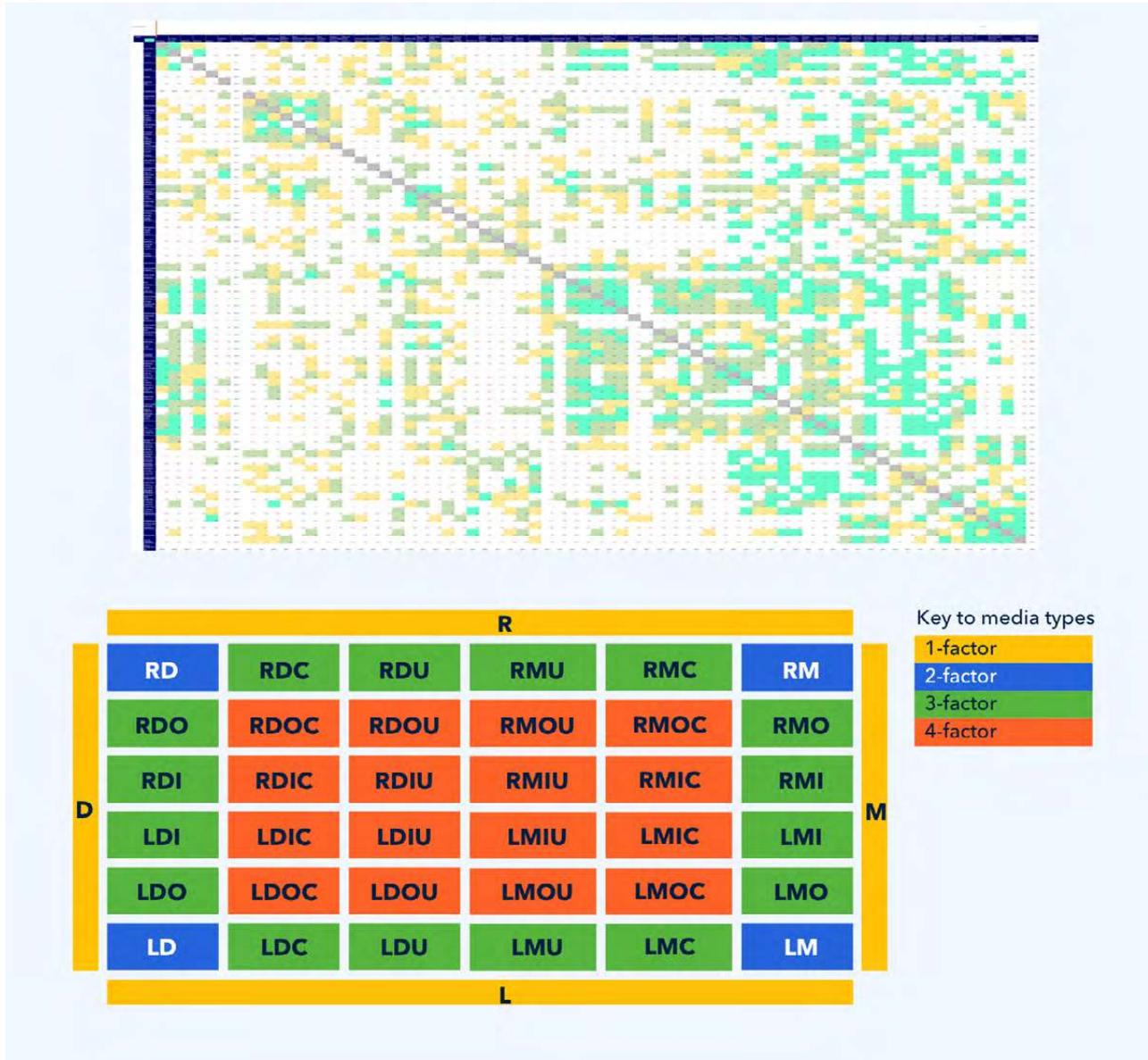
- Data inputs that had <NULL VALUE> entries, in data fields important to the analysis, were removed from the dataset.
- The dataset has been limited to responses from countries with a WPFI rating of *very bad*, *bad* or *problematic*. Responses from countries with a PFI rating of *fairly good* or *good* were removed.

The cleaned dataset comprised 100 responses, or 78% utilisation of valid responses. In the ensuing analyses, results not generated by at least three responses were excluded.

Survey analysis methodology

First, the global dataset was analysed for interesting correlations. A correlation matrix was generated for each of the 16 Media Types, based on four characteristics (e.g. LMCI). Correlation matrices were also created for one, two and three-factor media types (e.g. L, LM and LMC).

Figure 4: Correlation matrix and Media Types at 1-4 factor levels



Then the influence of media outlet type was compared to expectations of future revenue sources and current profitability. This analysis was performed for one-factor types (e.g. L, R, O, U), then two, three and four-factor types. Where there was insufficient data in a four-factor type, three-factor types were explored for possibly inferred results.

The analysis is focused on a broad set of parameters' correlations to financial sustainability. Parameters with moderate (25-50%) to high (50%-100%) correlation to financial sustainability are noted in the analysis.



Initial findings

The survey was designed to test if the four chosen characteristics could be used to drive effective implementations in support of media outlets becoming more financially sustainable.

Analysis was focused on combinations of these four characteristics at one, two, three and four-factor levels. Both two and three-factor analysis revealed some useful guidance for media outlets. The clearest results, however, came from three and four-factor correlations. In building a framework for designing and implementing activities to improve the financial sustainability of digital news media in freedom-restricted contexts, all four of the proposed characteristics can be applied. Further findings:

- The 16 Media Types will allow stakeholders in independent media to narrow their focus towards activities with a proven likelihood of producing positive results.
- While the findings from this report alone cannot overcome the market challenges identified (i.e. Facebook and Google capturing the majority of advertising revenue; coronavirus and its catalysing effect on shift to digital; consumer revenue models), they will help media outlets and their stakeholders to navigate these challenges more effectively.
- There are multiple correlations between specific media types and financial sustainability.
- Different media types have differing capabilities, each of which correlate to financial sustainability differently.
- Multiple correlations have been discovered between media type, their expectations of future revenue and their current financial sustainability. This framework allows media outlets to replicate the future planning of currently sustainable media outlets in a way that does not reveal any other media outlet's identity.

Embedding the 16 Media Types in a platform for all

To create a truly useful application of the 16 Media Types, to refine the framework and identify other relevant characteristics and indicators in time, requires data. The more data it is fed, the more powerful the solution will become, and the greater impact and value will be generated by independent media in freedom-restricted countries.

This data platform, herein referred to as the Digital Performance Navigator, is intended for use primarily by media business specialists, in-country program teams, media outlets and donors. In its first iteration, it will offer a dashboard on media outlet performance and benchmarks, along with resources for each media outlet tailored to its media type - such as e-learning, research and tools. The Navigator should be built to support AI-driven recommendations in the future, with further investment.

Components of the Navigator are currently being built and integrated with Power BI by the Media Business Unit at Internews, in data panels that dynamically show or hide information based on the user's roles and permissions. For example, a donor will be able to see performance data across its funded programs, but not data on individual media outlets outside its programs. When becoming a sectoral tool, though, a custom-built solution will be required.



There are three main sources of data that will drive the Navigator. By default, each media outlet's performance will be compared to other media of the same type, but other media types can also be benchmarked.

- **Open Web:** Data will be scraped from each media outlet's website to give an indication of its performance on metrics such as website optimisation, details of technologies implemented (which can feed into Digital capabilities scoring), and content volume.
- **Permissioned:** This data, driven by API connections to platforms like [Google Analytics](#) (and in later iterations, social media) present the viewer with a summary of traffic volume, engagement and loyalty metrics.
- **Submitted:** This data is shared by each media outlet and includes specific revenue details along with a version of the Media Outlet Survey, which would be updated on at least an annual basis. This data will enable evaluation of each media outlet's capabilities and revenue performance gaps, allowing work plans to be created that improve the right capabilities towards improved financial performance.
- Additionally, the Navigator will include extra tools and insights of relevance to the specific media type. These can be offered in a marketplace or added in for closed groups of users. The marketplace will be populated by a variety of providers, such as media development non-profits, business specialists, research providers and technologists. These components will be able to connect to the Navigator by API.

The Digital Performance Navigator in use

Take an example of a Regional/national (R), Digital-only (D) media outlet in Country X, founded in 2014 with 25 salaried Full Time Employees (FTEs). The media outlet is Impeded (I) in its business, with advertisers having historically avoided it due to fear of government targeting. Further, it has Censored (C) itself in order to mitigate attacks from the government. However, recent sales performance shared to the Navigator indicates that it is having some success selling advertising directly to companies domestically. It is therefore in a possible transition between Media Types RDIC and RDOC, with O representing Open access to businesses.

How do RDIC and RDOC differ in financial sustainability?

Table 9: Financial sustainability of RDIC and RDOC media outlets.

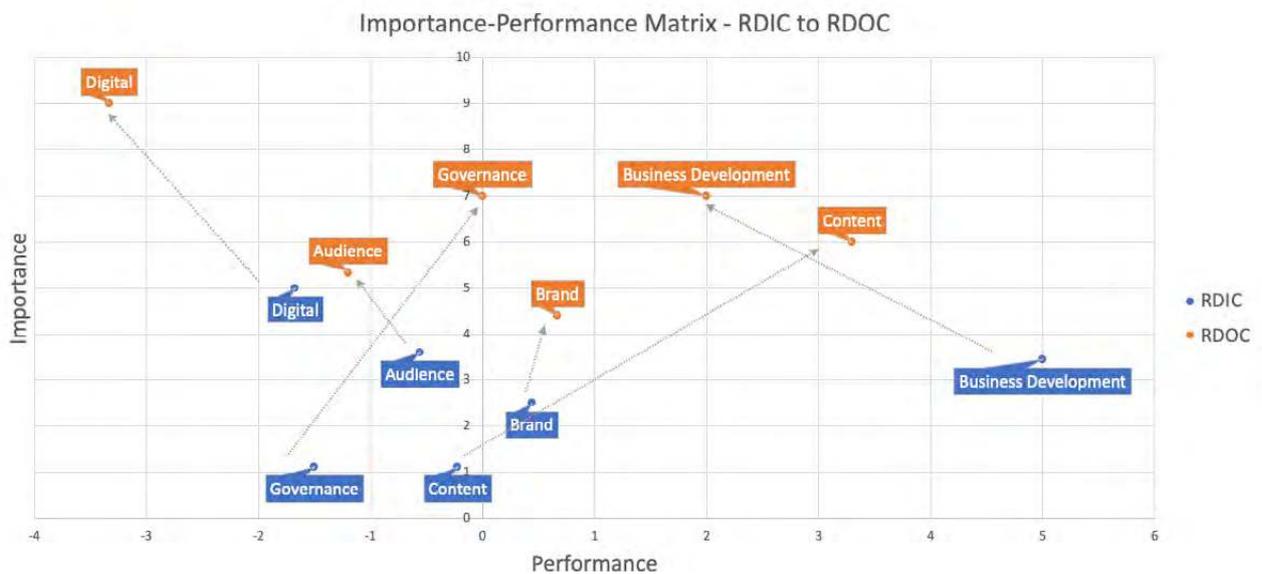
RDIC		RDOC	
Response Count	9	Response Count	7
Financial Sustainability	44%	Financial Sustainability	67%
Donor Revenue % of total	19%	Donor Revenue % of total	62%
Salaried FTE%	51%	Salaried FTE%	55%

The table above indicates that RDOC media are more financially sustainable, but they typically receive more donor revenue to achieve this – or perhaps they are simply stronger candidates for donor support, which would be an issue to potentially address in itself.

How can the Navigator help the media outlet through this transition?

The Navigator has data on how numerous other media of the same types perceive the importance of each pillar and their capability shortages within them. This provides useful cues in selecting media for program activities and deploying just the relevant expertise in helping each media outlet.

Figure 5: Navigator guidance in transition from RDIC to RDOC



In the figure above, the perceived importance (y axis) and performance (x axis) in each capability pillar (i.e. Governance, Brand, Audience, Content, Digital, and Business Development) is charted, and the gaps between current (RDIC - blue markers) and anticipated future positions (RDOC - orange markers) are shown. The longest arrows represent the largest gaps. The chart can be interpreted as follows:

- As the media outlet moves towards RDOC, the perceived importance of all capabilities increases as it will need to compete strongly in a more open market.
- An RDOC’s perception of its own performance across these pillars is lower than an RDIC’s. This reflects an increasing understanding of the constant need to improve its capabilities.
- The largest performance gaps to close for a media outlet transitioning from RDIC to RDOC are in Content, Business Development, Governance and Digital capabilities.

Which pillars correlate most to increased financial sustainability?

Table 10: Pillars correlated to financial sustainability for RDOC media outlets.

	Correlation to financial sustainability
Audience Performance Total	19%
Brand Performance Total	50%
Business Development Performance Total	50%
Content Performance Total	-28%
Digital Performance Total	-50%
Governance Performance Total	19%

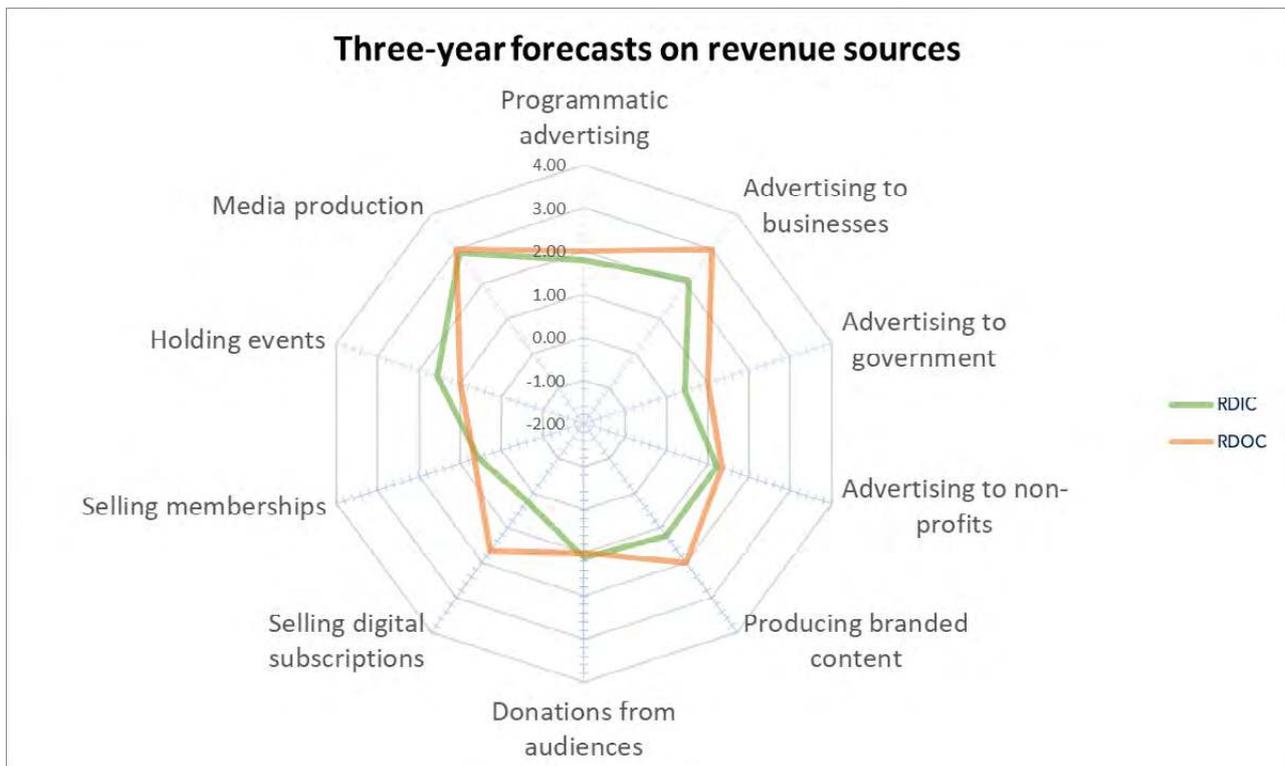
According to the table above, work to strengthen the media outlet’s performance in the Brand and Business Development pillars will have the strongest chance to improve its financial sustainability, based on results from other RDOC media outlets. Combining this and the importance-performance analysis, it is clear that development resources can be focused according to how they are anticipated to deliver value to the media outlet:



- Improving the media outlet's **brand** is a relatively small gap to close but has a relatively large impact on its financial sustainability.
- Strengthening the media outlet's **business development** capabilities will have a similar level of impact to work on its brand, but the gap to close is wider so it can be anticipated that greater resources will be needed.
- Improving the media outlet's ability to analyse, attract and retain **audiences** is a relatively small gap to close, and will not require such heavy input as the previous two pillars.
- Achieving more robust **governance** is also a high priority for the RDOC.
- While **content** production and digital capabilities are still essential, as are all pillars, this dataset did not show that improving **those** as part of the media outlet's transition from RDIC to RDOC would correlate to improved financial sustainability.

Where is future revenue coming from?

Figure 6: Revenue focus areas for RDOC media outlets transitioning from RDIC



The chart above shows where media outlets are expecting to generate revenue three years from now. This look ahead provides insights to media outlet stakeholders on revenue streams they can consider integrating or strengthening within their media and long-term strategies. In this example, a media outlet transitioning from RDIC to RDOC would expect increased focus on **selling digital subscriptions, advertising to businesses and producing branded content**.



How does each future revenue source correlate to current financial sustainability?

How can a media outlet take inspiration from the plans of currently successful RDOCs?

Table 11: Future revenue sources correlated to current financial sustainability for RDOC media outlets

Three-year revenue forecasts	Correlation to financial sustainability
Programmatic advertising	-38%
Advertising to businesses	0%
Advertising to government	-87%
Advertising to non-profits	76%
Producing branded content	87%
Donations from audiences	50%
Selling digital subscriptions	-19%
Selling memberships	-50%
Holding events	-19%
Media production	100%

In the table above, RDOC media that are currently financially sustainable believe their revenue in the next three years will come from media production, producing branded content, selling advertising to non-profits and securing donations from audiences. A media outlet transitioning from RDIC to RDOC should keep these revenue opportunities in mind when prioritising development efforts with its stakeholders. Such media outlets should also not rely heavily on advertising to governments, programmatic advertising or selling memberships. These general trend predictions will also be relevant to stakeholders supporting these media outlets.

How can program teams quickly understand what to do?

Simple, one-page briefings can be created for each Media Type.

Figure 7: One-page notes on RDIC Media Type

About RDIC	Size	Financial Sustainability	Audience
This is one of the most restricted media types.	RDIC's have an average of 25 FTEs, 51% of which are salaried.	44% of RDICs achieved break-even or better last year, with 19% of revenues coming from donors.	Being regional/national should bring wide audience reach.
Governance	Content	Brand	Business Development
Like many digital-only media outlets, RDICs often lack strong strategic planning and a useful board.	RDIC censorship means they have to compete even harder for audiences by producing great content.	RDIC often does not focus significantly enough on building a strong brand, which is essential for audience loyalty.	RDICs have small commercial teams. As they diversify, these resources and capabilities need boosting.



Summary

This section represents a small sample of the guidance the Navigator will be able to provide. While the above charts and tables can already be created from the existing survey data using Microsoft Excel, the Digital Performance Navigator will become more valuable by being continuously fed with new data to refine its recommendations with.

How will the Navigator be adopted?

Encouraging adoption of the Navigator will require change. Some key points are highlighted below.

MEL teams: Beyond this initial concept for the Navigator, the influence of Monitoring, Evaluation and Learning teams will be essential. Such teams will be a guiding force in ensuring strong implementation and exploring potential applicability of the 16 Media Types and Digital Performance Navigator in other areas of media development, such as editorial and security.

Program teams – modular approach: When asked if this approach would work well for his team, an Internews Project Director saw challenges associated with varying skills levels across teams but that, in the longer-term, this work could influence course development in local colleges and universities

'I agree with the direction that you want to take. It is more sustainable and doable in the long run. However, the biggest challenge is that many countries have capacity deficiencies in terms of media business skills. The other challenge is that most programs, including ours, do not have specific people focusing on the media business. It is easier if we ensure that new programs have people dedicated to that role. As an organization, we can then, over time, dedicate time to build those skills internally. I have done a quick scan of the courses offered by most colleges and universities in our region and discovered that the majority, if not all, are very weak on that front.

In the short run, we can ensure some form of "on the job training" to country-based people who will then do some of the implementation. In the long run, we can support a few colleges / universities to include such courses in their curricula.'

The aim of the proposed Navigator and the 16 Media Types framework is not to make every program team member a media business expert, but instead to enable teams to build core competencies in key members of staff who can then manage media sustainability initiatives more effectively in cooperation with experts.

Consultants – reduced reporting time: Preparing quarterly and annual program reports takes more time than it should, in compiling performance data from multiple sources, often needing to repeatedly ask media outlets for it. The Navigator will enable consultants to spend more time analysing performance and making better recommendations on how media outlets can become more financially sustainable.

Media outlets – active participation in performance: Whereas media outlets until now have been unreliable in submitting performance data, particularly financial data, doing so can now become a pre-requisite for joining programs, and will yield powerful, immediate insights. With much of the basic data-gathering automated, and with strictly managed roles and permissions in the Navigator, there should be confidence that the data will be gathered safely and secured effectively.

Ecosystem: If the Digital Performance Navigator becomes an ecosystem tool, used by media



development non-profits in addition to Internews, there are the following considerations:

- **Coalition ‘wrapper’:** Internews leads the [United for News](#) coalition (in collaboration with the World Economic Forum) and the [Ads for News](#) sub-brand, both of which engage multiple other stakeholders. A coalition-based sub-brand such as ‘Sustainability for News’ could be suitable for collaboration around the 16 Media Types and Digital Performance Navigator, with equal participation by other stakeholders, also offering reach into the United for News coalition for engagement with the wider media sector.
- **Full disclosure:** Others in the sector will want to review the findings and have chance to provide their own ideas. More detail on the research for this report, and the dataset generated, can be shared when all parties have a collaboration agreement in place.
- **Data protection** and the ability for media development non-profits to create **walled gardens** around their media outlet partners and data will be essential. By joining the system, they could expect to contribute to and gain from benchmarking, but roles and privileges for accessing specific media outlet data will need to be tightly controlled.

What could a successful rollout look like?

First, the definition of what constitutes success should be clarified. In its most basic form, if the Digital Performance Navigator is actively used by more independent media outlets than currently served by the sector, it will have provided data, benchmarks, recommendations and resources that can improve their financial sustainability – and this constitutes success.

Beyond that, the measures of success below should be built into the rollout plan.

- **Navigator users:** Number of media outlets, media development non-profits and donors actively using the system.
- **Navigator usage:** Number of logins; logins per media outlet; users per media outlet; total logged-in hours per month.
- **Navigator coverage:** Number of countries covered; estimated % of population reached by media using the system (i.e. unique users per month divided by population aged 16+).
- **Performance changes:** Reduction in capability gaps; increased audience scale, engagement and loyalty; increased revenue; increased Page RPM (revenue per 1,000 page loads); increased ARPU (i.e. Average Revenue Per User); reduced percentage of media outlets generating a financial loss.
- **Ratings from media outlets** in platform usability and effectiveness in guiding them.
- **Ratings from program staff** in platform usability and effectiveness in guiding their work with media outlets.
- **Ratings from experts** in time saved on reporting, and increased work effectiveness.
- **Ratings from donors** in establishing global benchmarks and program oversight: improved reach and impact of funded media outlets.



Further recommendations

This research sought to identify a simple set of variables that could be used to classify media outlets so that efforts to help them become more financially sustainable could be deployed more widely and effectively. With the 16 Media Types, it has achieved that goal although there are areas in which this work could be improved and extended.

- While there are strong indications that the 16 Media Types outlined in this report are valid and useful, substitute characteristics could be explored.
- The cleaned dataset comprised 100 media outlets. For some media types, there was insufficient data to draw specific conclusions. Repeating the survey with a larger dataset would be helpful in further validating some findings.
- The Media Outlet Survey lacked one important question about the media outlet being for-profit or non-profit, resulting in the study's measure of financial sustainability being determined by simply not making a loss in the most recent fiscal year. A more nuanced measure of financial sustainability could be worth exploring.
- Similar studies could include analysis of costs and administrative capabilities.



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