Analysis of the Changing U.S. News Media Landscape and Strategies Toward Delivering Civic Value

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I. WHAT IS THIS REPORT?

We are living through a time of extreme transition in the world of news and media. In the last several months alone, we've seen the demise of BuzzFeed News — a Pulitzer Prize winner, once considered the cutting edge of new media — as well as the bankruptcy filing of Vice Media, a billion-dollar bet on how to deliver news and cultural commentary to a new generation. We have seen significant layoffs at Meta, Twitter, NPR, Paper Magazine, ESPN, The Washington Post, Spotify, and Vox; and continuing drastic cuts in local newsrooms across the country. At the same time, as the diversity of brands above illustrates, the bounds of what is and is not news and media has changed — so much so that when we use the term "media," we could mean a lot of different things. We used to get news from Walter Cronkite or by picking up a physical newspaper. Now we get "news" in a myriad of formats and from even more sources — and, at times, it is indistinguishably mixed with entertainment, opinion, and misinformation. Meanwhile, the rise of ChatGPT and generative AI has raised hopes — and fears — about the application of this technology toward the creation and delivery of news content. We are living in a time where the range and volume of information and news available is overwhelming, and yet so many communities and constituencies appear dramatically underserved in this evolving ecosystem.

This report seeks to support new efforts and reimaginations of existing enterprises that have the potential to get more news and higher-quality news to millions of Americans, particularly in geographies and among demographic groups that are underserved. It seeks to assess the disruption briefly described in the preceding paragraph and evaluate how to overcome it — or take advantage of it — with new strategies around news production, distribution, and consumption.

To inform those kinds of strategies, the report attempts to interweave two things:

- a landscape assessment that describes key trends in news and journalism, along with related developments in the media, technology, and market environments that surround news; and,
- directional notions and recommendations relating to gaps in some existing investment strategies as well as opportunities for complementary or novel approaches.

As to the former element, this report seeks to be descriptive and analytical in nature. It describes what is happening across news media in the United States and, to a degree, in media and technology sectors that are news-adjacent. It assesses recent trends from three perspectives: that of the *producers* of news, including the publishers, journalists, and independent creators; that of the *consumers* of news; and, that of the *owners* and *investors* in enterprises (for-profit and nonprofit) that produce news. The report is structured around these three perspectives.

As to the latter objective of recommending approaches that we think might be valuable, we also include throughout this report more prescriptive — rather than merely descriptive — analyses. Those prescriptions reflect two things: the inclinations and biases we, as authors of the report, brought with us to this project; and, how working on the project — talking to people in the industry, writing drafts of this report and related memos — has altered, sharpened, and honed some of those pre-conceived notions in various ways.

We are among those who seek to revitalize the quality, consistency, and actionability of the news. We know many have come before us. We hope to build on what they have learned and learn about what they have built. We are interested because we think the free flow of news and information is fundamental to an open society and a well-functioning democracy. We also believe there won't be enough delivery of news without identifying business models that generate enough revenue to facilitate financial stability. So, we are among the many people inside and around the news who are searching for novel ways to reignite journalism for a new era. We see many approaches underway, and we recognize that there must be more than one way. But we also believe there are gaps in the current set of strategies that both for-profit investors and nonprofit investors are pursuing. We offer this assessment to help comprehend this landscape, identify current trends and existing strategies, explore potential gaps in those strategies, and point toward novel and complementary approaches.

We hope you find it valuable.

II. WHO ARE WE, AND HOW DID WE GO ABOUT THIS?

Who wrote this?

The principal authors of this report are people who have spent their careers in areas *adjacent* to the news media, not *within* it. Our backgrounds are in advocacy, philanthropy, political communications, nonprofits, and government — only episodically, and more recently, have any of us dipped our toes into the business of producing news. That may make us an unlikely group of people to take on a project seeking to describe what's happening in the news business and to propose strategies to revitalize the news diets of millions of Americans. Of course, for those reasons, you might be skeptical that our assessment can be of much value. That said, we think there are two reasons you may find the perspective of this report useful.

First, there may be some benefit to all the things we did not know and all the experiences we have not had. At the outset of our project, we were looking for a cross-cutting landscape assessment of trends in news media across different mediums. What we found were many assessments that offered insights into particular aspects of media transformation, but none was flying at quite the altitude and covering the range of territory we were hoping for. So, we embarked on doing it ourselves and composing this meta-analysis — drawing from those other assessments — to inform ourselves about the breadth of trends across the landscape. Likewise, as we were talking to people to develop this report, we found that, while many people know a lot about one form of media, very few seem to know a lot about lots of media types. Podcasters, digital newsroom website producers, Substack newsletter writers, local TV news broadcasters, cable news producers, and TikTok influencers tend to know a lot about (and people within) their mode of communication and distribution, but they tend to have little understanding — let alone integration — with other people focused on other modes. For these reasons, we hope our relative lack of insider experience may at times be a benefit in composing this report, allowing us to see across the different mediums.

Second, while our own experience may be limited, we've tried to compensate by bringing in advisors into this project over the last two months — people who've contributed mightily to the content of this report. Each of those advisors has spent all or most of their careers working in journalism and digital media — and they drew on their expertise, their networks, and their skills as writers and editors to shape and inform this work product.[1] Additionally, over the last four months, we've interviewed about 75 people in news media and journalism, as well as the surrounding fields of technology and non-news media. And, we have hosted and participated in several small group convenings. Our conversation partners have ranged from current and former CEOs of news media companies, to television and print journalists, to social media creators, digital news site innovators, investors, analysts, media philanthropists, editors, publishers, and more. We are grateful to them for their insights and perspectives.

In combination, the authors of and advisors to this report are a group with varied professional backgrounds and relationships to the evolving media environment. Some of us have had careers in political and issue advocacy; others have a philanthropic background; still others are engaged in hands-on media practice, as reporters, media executives, or communications experts. Each of us, in our own way, has experienced significant changes in the media environment over the course of our careers. We've run up against the limitations of current models as we've tried to advance ideas and policies; defend — and improve — American democracy; and, fundamentally, reach and engage people. We undertook this project to better understand why that might be the case, and to explore where there may be gaps and opportunities that we, or others, could begin to fill, as practitioners or investors.

1 Please see Appendix A: About the Authors and Advisors section for background on the people who drafted this report.

Methodology and limitations

Fundamentally, the landscape assessment components that comprise about 90 percent of the report represent a meta-analysis drawing from many useful studies. We sought, for the most part, to maintain a high altitude — a bird's eye view of trends in the landscape. That said, there are several places where we dive in a bit deeper or focus on a particular topic or example. These tend to be areas where we had access to more direct, relevant, and detailed information, and/or areas we found particularly interesting and relevant to the directional notions to which we found ourselves gravitating.

More important than describing what's in this report is describing what's missing. We do not purport this to be a full accounting of the many trends in American media today. That might take 8,000 pages instead of 80. The report touches on — but does not offer a comprehensive analysis of — issues including the movement toward vibrant community-based media, the role of political fracturing and polarization in media consumption, and media-adjacent platforms that focus on gaming, music, and non-news streaming entertainment. Other gaps worth noting include but are not limited to: a deep dive on religious media; the roles of algorithms in news consumption and targeting; the health of news magazines; an in-depth exploration of for-profit revenue models other than advertising and subscriptions; a thorough account of the implications of the emerging technology of generative AI; and, a detailed view of the many nonprofit news projects that are serving local communities.

Additionally, this report does not seek to solve for a single "problem" in news media. For example, it does not preference strategies that might make Americans more aware of climate change or make them more financially literate. From time to time, it references types of media strategies that may be more relevant to solving particular challenges than others, but it's not constructed around achieving a goal of increasing awareness on a particular topic. Likewise, the report doesn't set out with a particular target audience in mind, though such an audience analysis would be critical to determining when, whether, and how to launch or invest in specific media or news ventures. Generally, we are interested in the news content pointed at all audiences and especially interested in topic areas and geographies where audiences are underserved. That said, we've not picked particular audiences — e.g., rural communities or Black Americans or young people — as special areas of focus in this assessment.

Finally, we have made some choices in the structure and presentation of this report to help readers identify the parts that are reportorial about changes in the news media landscape from the parts of this assessment that reflect our opinions and recommendations (or a blend of fact and opinion) regarding strategies that we think deserve further exploration, represented in blue shaded boxes. Of course, as in journalism, the line between news and opinion is a fuzzy one. There's no doubt that, to a degree, the choices we made in constructing the landscape assessment reflect our opinions about what to highlight and describe. And, in those blue-shaded sections where we explicitly offer directional guidance in this report, those opinions — we hope — are backed up by some evidence.

Gaps and limitations notwithstanding, we hope that if you come to it with questions similar to ours, the report will provide a sense of where the news and media landscape sits today and where it may be headed.

III. OVERVIEW

Research findings

At a high level, our research finds an unsettled media and technology landscape whose future is yet to be written. This report outlines trends and changes in the American news media landscape over roughly the last decade, even as much of what seemed cutting edge — or inevitable — in the 2010s is going out of business today.

We examined major transformations from three standpoints: producers, consumers, and owners. This account primarily concerns journalism, but also includes ancillary analysis of related trends in non-news media, digital platforms, and social media as they are relevant to shifting terrains in journalism.

Our report outlines key changes in production incentives, practices, and financial outcomes, largely driven by digitization and the advent of streaming. It finds that newspapers across the country have struggled with the shift to digital distribution — indeed, fully a quarter have gone out of business. While local newspapers declined sharply, digital-native outlets and television news have experienced relative growth. In light of these trends, overall newsroom employment and revenue has contracted, with sharp declines in overall advertising revenue leaving many sectors of news media more dependent on subscriptions and other sources of income. Meanwhile, a rising creator/influencer economy has upended traditional content production mechanisms, fueled in part by independent publishing platforms.

We also examined changing consumer preferences and habits as it relates to news and news-adjacent content. While consumers increasingly patronize digital outlets, trust in local media ranks substantially higher than trust in national outlets. We also find increasing demand for novel news and news-adjacent content across non-traditional platforms and associated with topical and lifestyle content such as sports, religion, community-based media, and entertainment. Americans increasingly get their news wrapped in lifestyle content, personal narrative, and other forms and formats that would be unrecognizable to the newspaper editors and TV news producers of several decades ago.

Changes in media ownership, control, and investment naturally impact this assessment. As pre-existing journalistic revenue structures are failing, two broad categories of owners have made investments in media. Mega-investors and philanthropies/nonprofits have financed a broad range of digital transformation efforts with the goal of long-term viability. In contrast, some hedge funds and private equity have driven incentives toward short-run profits, which they often achieve through mass lay-offs and rapid sales of assets. Changes in media ownership have driven sector-wide consolidation and may contribute to an ideological shift in news content. However, a new ecosystem of entrepreneurs is experimenting with a series of innovative financial models that offer alternative paths for media.

Overall, we conclude that traditional journalism has responded unevenly to the pressures created by digitization, social media, the creator economy, and other technological trends, with many outlets requiring significant levels of outside capital investment to become profitable once again — and many are failing to get there. Meanwhile, these disruptions and vulnerabilities in the industry have also created opportunities for new entrants to grow revenue, expand circulation, and achieve sustainability.

Directional recommendations

There is no silver bullet that will address the challenges associated with the goal of bringing more high-quality news to millions of Americans. We see no one model as the answer; rather, we identify nine directions that we think point toward what sustainable and high-quality outlets can do to adapt and thrive in this new media landscape.

Throughout this report, we describe and associate these instincts and recommendations with the prisms through which we assess the news media landscape: production, consumption, and ownership.

As it relates to news *production*:

- Integrate news into a content meal that's mostly "steak" with a side dish of "vegetables." We believe one of the most compelling strategies to deliver news to underserved audiences is to integrate it into streams of content that are primarily not news: sports, gossip, religious media, financial self-help advice, weather, and so on.

- Imagine and embrace a different set of relationships between and among creators and publishers/platforms. We are moving from an era where publishers, publications, and broadcasters were the dominant structures through which writers and creatives produced news toward an era where journalists and creators are increasingly independent units of production, individually branded, and disseminated on emergent social and new media platforms. Rather than fight this trend, we believe there are opportunities for new institutions, enterprises, and platforms that can provide some of the collaborative, constitutive, catalytic, and creative benefits that publishers once provided — both to the people who produce news and those who ultimately consume it.

- Recognize the deep conflict between journalism "restorers" and news "revolutionaries" — and more fully embrace a revolution. In newsrooms across the country, there is a roiling conflict regarding how to produce news that reflects many lines of division — ideological, generational, functional. We see the future of news production as a more thorough reimagining of its purpose, norms, format, and audience — not a mere application of technology to facilitate a reversion to the journalism norms from an imagined golden age. We need new journalism norms for a new media age.

As we think about the perspective of *consumers*:

- Focus more on derivative content and distribution, because there is great content being created — but too few people are seeing it. We believe that the primary problem regarding high-quality content is not a lack of supply. In fact — except for high-quality local news content (which is a big exception!) — we think there may now be more high-quality topical news and analysis than ever before. The primary problem is that far too few people are seeing it. Therefore, we are intrigued by strategies that tap into novel approaches for distribution to large audiences (including the aforementioned steak-and-vegetables strategy), as well as strategies that focus on developing and supporting an ecosystem of derivative news content.

- View local as especially compelling and especially underserved. Our gut is that the best opportunities — whether the enterprise is a media network, a social media platform, a network/platform/association of creators that reaches many localities, or whether the enterprise is focused on reaching large audiences in a particular locality — lie with delivering news attached to locally relevant and compelling content (e.g., sports, gossip, restaurants, events).

- Embrace putting the audience more in charge. Increasing competition for attention is pitting platforms, outlets, and creators against each other. In this environment, even great journalism will not reach an audience without a smart audience strategy that is responsive to what readers/viewers want. It remains critical to expand the focus on creating news products that service a particular audience with information they need to improve their lives, engage with their community, or further their understanding of the world. Every newsroom or news product needs to be driven by its organizational values and clearly demonstrate to its audience how it tells stories consistent with an organizational mission. If the audience doesn't know why or when to seek out a newsroom's product, it won't have a lasting audience whether news discovery is happening by social, by search, or the latest tech disruption. In a digital landscape overflowing with metrics, the ones that really matter — both for impact and financial sustainability — are the ones that measure not just readership or viewership, but also the conversion from passive, distracted consumer to active consumer engaged with content, returning for news in a crowded environment, and becoming an ambassador for brands, authors and stories.

Third, as it relates to our assessment of trends in *ownership of* and *investment in* news media:

- Blend civic goals and financial sustainability — and thereby blend investment and revenue in a manner that mixes nonprofit money with for-profit money. There is a culture clash between the worldview and perspectives of philanthropic investors in media and those of the for-profit conglomerates, hedge funds, and billionaires seeking to revitalize news media. One group of investors seeks impact but demands no financial return, while another group of investors insists on a path to profitability. We believe there may be special value in enterprises and collaborations that live in the interstitial space between something that can return a dollar or more for every dollar invested and something that returns not one penny. Isn't an enterprise that delivers 80 cents on the dollar along with significant civic impact more attractive than one that delivers similar impact, but returns nothing financially?

- Recognize that legacy news media still has pockets of profitability, including local TV, that deserve more attention and investment, and that might be ripe for reimagining. While observers and investors in a transforming media landscape often focus their gaze on the emerging trends or technology (in this moment, that focus is squarely on generative AI), there are areas where we think legacy media still has enduring value and under-utilized potential. For instance, local broadcast TV has, so far, has proven relatively impervious to the declines in employment, revenue, and news production volume that have hit other media hard. But local TV news has attracted relatively little focus, particularly from the civic media investors that are making big bets on print- and audio-focused news production. Local TV news also seems to be viewed as generic, plastic, staid, commoditized. But, is that depiction accurate? And, if so, does it have to be that way?

- Explore more direct investment in creators and sponsored content revenue models, which are currently underdeveloped and appear attractive relative to advertising. Too little advertising money is making it to the enterprises and people who produce high-quality news, and too much goes to digital platform middlemen who leverage monopoly positions and take too big a share of the spend on the connections they facilitate. As individual creators increasingly serve as key news sources, we need new models that respect and reward their roles as trusted communicators who understand audience and attention. We believe that involves building platforms, products, and enterprises that facilitate more direct investment in creators and a bigger — and more transparent — ecosystem of sponsored news and news-adjacent content.

Finally, this report ends with a conclusion that seeks to pull these notions and strands together into something of a unified vision for the kind of integrated approach that we think will be most valuable and additive.

IV. NEWS PRODUCTION LANDSCAPE

Summary:

The past decade has seen digital attain dominance in newsrooms, driving or contributing to a full quarter of local newspapers going out of circulation. National newspaper revenue and readership continues to grow at elite outlets like The New York Times, but most legacy papers require cash infusions to facilitate investments to fully digitize their operations. Instead, the dominant newspaper acquisition and investment strategy is focused on short-term cost-cutting to squeeze a few years of profit and then strip or sell off any remaining assets.

Meanwhile, local TV news has not yet experienced the disruption that has felled more than a quarter of the nation's newspapers. Local TV news has seen modest revenue increases over that last decade and, on average, local stations are devoting more airtime to original local news programming than they were a decade ago.

General advertising revenue for both local and national print news has fallen dramatically, and now trails circulation revenue, but advertisers do need somewhere to go to sell their wares and services. That means outlets/platforms with dedicated, regular viewers can continue to generate advertising revenue to supplement other sources.

Over the last decade, overall newsroom employment has continued to fall, driven by dramatic declines in newspapers, even as digital-native news grows and the definition of who creates and shares the news broadens to include influencers and others outside of a traditional journalism mold. Employment in television news has remained stable.

There are opportunities to cultivate and support a broader array of creators and influencers, who will be critical to reaching Gen Z and millennial audiences with both lifestyle and civic content. We see direct investment in these creators as an increasingly attractive alternative to traditional advertising for brands and causes seeking to tell their stories.

How is news being produced, and how has it changed over the past decade?

News was once served like a meal. Newspaper publishers and radio and TV broadcasters assembled a variety of recipes, pulling together many different ingredients. Technology, geography, and market forces demanded that it be this way. Newspapers were a delivery vehicle, but because of the cost of printing and the difficulty of mass distribution, it all had to be packaged together once a day (or twice, in cities large enough to create demand for evening editions). Sports, crime, local politics, weather, and movie timetables were among the ingredients combined along with stock prices and some national news supplied by wire services and a few far-flung reporters. Advertising principally paid for these papers, telling readers about deals at the supermarket or the Chevy dealership, along with reams of classified ads, which was how many Americans found jobs or unloaded used furniture. Newspapers, along with radio and television, were inherently local. To a large degree, the distance a radio wave could travel or that a delivery truck could drive dictated the geographic reach of stations and publications.

Of course, technology and market changes have thoroughly disrupted news and media, but one of the primary ambits of that disruption was an unprecedented fragmentation of the content ecosystem. Ingredients that had once been integrated into a balanced meal became available in isolation. Job boards, sports coverage, and opinion could now propagate independent of one another. In fact, technology and market pressures enabled a degree of customization, specialization, and the potential for apportionment that more often favored separating these content streams over combining them.

Media analyst Ben Thompson described this phenomenon as the "Great Unbundling."[2] We went from a media world where "[d]istribution required massive up-front investment, whether that be printing presses, radio airplay and physical media, or broadcast licenses and cable wires; the payoff was that those that owned distribution could create money-making integrations" to a new internet-enabled ecosystem that reduced "the cost of distribution to effectively zero," and favored deconstructing content experiences that had once been, necessarily, integrated. A cause and consequence of this phenomenon was the rise of new platforms to search, aggregate, and recommend content leveraging algorithms and social network data. Another consequence of these disruptions, of course, was that it upended norms, business models, and delivery vehicles for journalism.

Almost a decade ago, in the midst of this turmoil in 2014, The New York Times Innovation Team authored a seminal document outlining recommendations to guide The Times' adaptation to a changing media landscape. The report, which was leaked by staff after high-level shake-ups at the newspaper, has been described as "one of the key documents of this media age" by Harvard's Nieman Journalism Lab.[3] The behind-the-scenes look revealed several key trends in media production that, at the time, the most preeminent name in news felt would upend their business model. One core concern animated the authors' perspective: the rise of digital media.

Legacy media outlets like The Times had, of course, traditionally oriented their business practices toward print distribution. But increasingly, readers were seeking out products online and through social media. Thus, while newspaper newsroom practices remained oriented around concepts such as the physical format of the paper (e.g., reporters complained that a disproportionate amount of time was spent composing the A1 page), readership was trending increasingly online. As a result, newspapers have become increasingly dependent on online advertising revenue—which now comprises nearly 40 percent of total newspaper advertising revenue.[4]

Most newspapers have adapted somewhat to the most basic demands of digital media. The majority of local papers have websites and are optimized for a range of mobile and tablet options.[5] The remaining papers have largely folded. Dianne Lynch, former Dean of the Roy H. Park School of Communications at Ithaca College, reports that The Times itself has "downsize[d] its print-centric newsroom to make way for the hiring of digital players."[6]

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2 Thompson, Ben. "The Great Unbundling." *Stratechery*, January 18, 2017. https://stratechery.com/2017/the-great-unbundling.

3 Benton, Joshua. "The Leaked New York Times Innovation Report Is One of the Key Documents of This Media Age." *Nieman Lab,* May 15, 2014. https://www.niemanlab.org/2014/05/the-leaked-new-york-times-innovation-report-is-one-of-the-key-documents-of-this-media-age. Accessed May 17, 2023.

4 Pew Research Center. "Newspapers Fact Sheet." *Pew Research Center's Journalism Project,* June 29, 2021. https://www.pewresearch.org/journalism/fact-sheet/newspapers. Accessed January 30, 2023.

5 Cantwell, Maria. "Local Journalism: America's Most Trusted News Sources Threatened." *Benton Institute for Broadband and Society*, October 27, 2020. https://www.benton.org/headlines/local-journalism-americapercentE2percent80percent99s-most-trusted-news-sources-threatened.

6 Lynch, Dianne. "Above & Beyond - Looking at the Future of Journalism Education." *Knight Foundation*, Accessed February 1, 2023. https://knightfoundation.org/features/je-the-state-of-american-journalism.

Now, much of news production is timed to coincide with peak hours for digital consumers and features non-article online exclusives like podcasts, videos, and photo essays. Many news platforms also rely on online comment sections and debate forums to involve readers in the stories they produce. The rise of liveblogs, social media journalism, and citizen reporting has forced news outlets to publish content more quickly. But it has also given them new tools for reporting: technological advances have facilitated remote reporting, remote interviews, and remote working. It has facilitated distributed rapid response reporting, especially in crisis and disaster situations, allowing reporters to source both information and visuals from people on the ground, and giving a real-time feeling to fast-breaking news. This has decentralized — at least in a geographic sense — much of journalism and allowed outlets to develop local sources and reach experts at a more rapid pace.

Digital media has always sought to use emerging technologies to disrupt the gatekeeping of mainstream media. Today's digital media began with bloggers who pioneered a new style of writing to reach a market of media consumers that traditional journalism was leaving behind. Gawker played a pivotal role in this development. Its founder, Nick Denton, believed that journalists said the most interesting things at the bar after work rather than in their work. Gawker was an experiment in letting journalists say what they really thought, and it influenced the entire digital media landscape.[7] Digital media companies were often run by young people who spoke for a new generation, and who were not being well served by traditional media. Gawker, Vice, MTV News, and even Drudge Report spoke to the cynicism of Gen X. The next wave, including BuzzFeed, Huffington Post, Vox, 538, and others spoke to a more politically engaged and earnest millennial generation.

The highest profile digital media of the last ten years has been funded in significant part by angel investors who specialize in media or early-stage venture capital firms. Huffington Post, BuzzFeed, Bustle Media Group, Medium, Substack, Vice, and Group Nine all enjoyed venture funding. Even in 2017, the Columbia Journalism Review noted that "[o]ne of the bets VCs made was that digital-media companies like BuzzFeed could grow at rates similar to tech startups, and could therefore justify the same kinds of valuations, but that doesn't appear to be the case."[8] Unrealistic profit expectations, plus a low interest rate environment, meant that major digital media properties "paddled in a warm bath of venture capital funding but never fully controlled [their] pricing and distribution," until recent reckonings.[9] The shuttering of BuzzFeed News — once a dominant digital media organization — has sent waves of concern through the industry. Part of that concern is about the durability of venture capital investments that once poured money into new media.[10] Columbia Journalism School Professor Emily Bell has noted that "[c]learly that VC route runs out after a while, and it's never going to come back because of interest rates — you're never going to get returns on investment putting into a Vice Media that's missing [its] numbers compared to [doing] something else with your money."[11]

To those watching closely, BuzzFeed News's financial mismanagement and reliance on social media traffic raised serious questions of sustainability and longevity even from those

7 Denton, Nick. "How Things Work." *Gawker*, August 22, 2016. https://www.gawker.com/how-things-work-1785604699.

8 Ingram, Matthew. "Media's complicated relationship with VC funding." *Columbia Journalism Review*, November 27, 2017. https://www.cjr.org/analysis/venture-capital-funding-vice-buzzfeed.php. Accessed May 15, 2023.

9 Helmore, Edward. "The digital media bubble has burst. Where does the industry go from here?" *The Guardian*, May 7, 2023. https://www.theguardian.com/media/2023/may/07/the-digital-media-bubble-has-burst-where-does-the-industry-go-from-here. Accessed May 15, 2023.

10 Fischer, Sara. "BuzzFeed News shutters amid digital media reckoning." *Axios*, April 21, 2023. https://www.axios.com/2023/04/21/buzzfeed-news-digital-media. Accessed May 15, 2023.

11 Helmore, "The digital media bubble has burst." https://www.theguardian.com/media/2023/may/07/the-digital-media-bubble-has-burst-where-does-the-industry-go-from-here.

within the organization for years.[12] As news became more of a problem than an asset for Facebook, the balance of power between the social media giant and media organizations became more lopsided. Newsrooms like BuzzFeed "depended on a high number visitors, propelled by viral forces, that could then be harvested for data and sold to digital advertisers … But the advertising model had deep flaws, not least that the flow of visitors to websites could be disrupted when the primary distribution networks for the traffic — internet giants Google and Facebook — could at any moment change their codes — algorithm — and send internet news customers elsewhere."[13] This was a terrifying shakeup for all news organizations, but was particularly challenging for BuzzFeed, which was hyper-focused on creating content for social media.[14]

Of course, BuzzFeed News was not alone in facing these challenges and a substantial number of digital media organizations have shuttered in the last 10 years. But the ones that remain — Politico, Huffington Post, Vox, Slate, Axios,[15] Insider, and others — have done so because they were more fiscally responsible, developed their editorial strategy in concert with a smart audience strategy, and focused on diversifying their lines of business to mitigate the effects of Facebook product changes on their revenue.[16]

The digitalization trends of the last decade also affected how newspapers related to their audiences, as platforms and aggregators intervened to curate their content for viewers. As Google has, in the last few years, prioritized liveblogs in search, newsrooms have been forced to either build liveblogs and try to compete with large well-resourced newsrooms like The New York Times and The Washington Post, or lose out on valuable search traffic. In a medium-sized newsroom, that can mean changing workflows, job descriptions, layoffs, and a shift of resources away from the actual business of reporting — decisions that need to be made without knowing how long a platform will prioritize any given form or algorithm. For outlets that are unwilling or unable to adapt to new priorities, there can be a real snowball effect with search traffic. A big audience from search begets more search traffic in the future. Similarly, Facebook's pivot to video, and then its de-prioritization of news, have had expensive and sequential impacts on newsroom functions and audience reach. Each change in platform priority, therefore, necessitates a high-stakes and often high-dollar — but possibly low-reward — decision process for newsmakers.

Digital journalism and the advent of social media has also increased competition for viewer attention. With a plethora of online content creators — both within and outside of the domain of news — media outlets have increasingly adopted an "infotainment" model that blends entertainment with hard news. As part of this paradigm, the profile of individual anchors and journalists has become especially important for news vendors to differentiate themselves in a crowded digital landscape.[17] In addition, these developments facilitated a so-called "pivot to video," in which changing priorities for news aggregators like Facebook prompted an overarching resource shift within news media toward creating video content.

12 Buzzfeed News. "'We Were Always Playing An Entirely Different Game': The Ultimate Oral History Of BuzzFeed News." May 5, 2023. https://www.buzzfeed.com/buzzfeednews/buzzfeed-news-oral-history-2012-2023.

13 Helmore, "The digital media bubble has burst." https://www.theguardian.com/media/2023/may/07/the-digital-media-bubble-has-burst-where-does-the-industry-go-from-here.

14 Fischer, "BuzzFeed News shutters." https://www.axios.com/2023/04/21/buzzfeed-news-digital-media.

15 Axios, in particular, has developed a corporate subscription model of revenue, modeled more on Bloomberg than on The Washington Post. In 2022, it generated $2 million in revenue from Axios Pro, with over 3,000 subscribers. *See* Barber, Kayleigh. "Axios Pro generated $2 million in 2022 with more than 3K paid subscribers." *Digiday*, January 20, 2023. https://digiday.com/media/axios-pro-generated-2-million-in-2022-with-more-than-3k-paid-subscribers.

16 Helmore, "The digital media bubble has burst." https://www.theguardian.com/media/2023/may/07/the-digital-media-bubble-has-burst-where-does-the-industry-go-from-here.

17 Craven, Julia. "In Today's Journalism Job Market, Having Your Own Brand Is Key To Survival." *Nieman Reports*, March 23, 2022. https://niemanreports.org/articles/journalist-brand-social-media.

However, retrospective analysis suggests that this pivot has thus far yielded mixed success for media companies.[18]

A handful major national legacy organizations that took the digital revolution seriously — such as The New York Times and The Washington Post — have thrived through this digital media era. They closely watched their digital media competitors, taking note of where they failed and where they succeeded.[19] Because they had well established businesses, they were able to invest in innovation as a means of growth, not survival. These legacy organizations then targeted top talent from digital news organizations with careful precision as they recruited away rising digital stars one by one. In an environment of rising celebrity status of journalists, this was a massive blow to the new digital organizations that were working hard to grow a loyal audience and establish their brands.

If the 2010s brought this push toward universal, digital-oriented reporting across the sector, the news production revolution of the next decade appears to come from streaming in the TV news industry. As Jack Shafer, a senior media writer at POLITICO reported, in 2021, "for the first time, viewers spent more time streaming programming than they did watching broadcast TV."[20] The advent of streaming has allowed larger TV news outlets to pursue more targeted and niche content unfit for general audiences.

Streaming, according to Shafer, represents the "biggest change in media since cable." Indeed, streaming has already attracted hundreds of millions in investment and millions of subscribers. Fox News boasts 1.5 million subscribers to its Fox Nation streaming platform, NBC News receives 31 million hours of streams on its NBC News Now, and CBS has declared its intention to upload 45,000 hours of local news to its streaming platform. In addition, smaller players and start-ups, including Cheddar, Al Jazeera, Bloomberg, Newsmax, and Newsy, have all invested heavily in the medium. Only CNN — which scrapped its $100 million investment in CNN+ last spring — stands out as lacking significant plans to enter the streaming market.[21]

Finally, changing revenue incentives have created an increased need for newspapers to attract new customers and grow their audience. As Sarah Marshall, an executive at Condé Nast, writes: "over the past decade, 'audience development' has gone from a little-known marketing term to a familiar newsroom role."[22] This includes a push toward new products such as newsletters, podcasts, and video. Audience development is important in newsrooms for business reasons to attract customers, but also to advance the mission of the newsroom. In an increasingly crowded marketplace for audience attention, with myriad ways for people to consume news, news organizations need dedicated strategies to grow a large and loyal audience. Occasionally, these new strategies have entirely disrupted the news production apparatuses at their parent companies. In 2019, NPR, for example, estimated that it made more sponsorship revenue from podcasts than from its flagship radio programs[23] — only to partially correct for over-expansion in 2023, when it shuttered some of its significant podcast investments.[24]

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18 Cranley, Ellen. "How the Media Has Changed in the Last Decade, from #MeToo to Thousands of Layoffs." *Business Insider*, December 13, 2019. https://www.businessinsider.com/how-the-media-has-changed-in-the-last-decade-2019-11.

19 Hennessy, James. "BuzzFeed News' business model turned to dust because they were always at the whim of mercurial tech titans." *The Guardian*, April 25, 2023. https://www.theguardian.com/commentisfree/2023/apr/26/buzzfeed-news-business-model-turned-to-dust-because-they-were-always-at-the-whim-of-mercurial-tech-titans.

20 Shafer, Jack. "The Biggest Change in Media Since Cable Is Happening Right Now." *POLITICO*, June 3, 2022. https://www.politico.com/news/magazine/2022/06/23/news-streaming-media-revolution-00040567.

21 Ibid.

22 Marshall, Sarah. "Audience Development Roles Broaden Further." *Nieman Lab,* Accessed November 21, 2022. https://www.niemanlab.org/2021/12/audience-development-roles-broaden-further.

23 Falk, Tyler. "Podcast Sponsorship Revenue Continues to Fuel NPR's Financial Growth." *Current*, September 13, 2019. https://current.org/2019/09/podcast-sponsorship-revenues-continue-to-fuel-nprs-financial-growth.

24 Folkenflik, David, and Mary Yang. "NPR cancels 4 podcasts amid major layoffs." *NPR*, March 27, 2023. https://www.npr.org/2023/03/23/1165559810/npr-layoffs-cancels-podcasts-invisibilia-rough-translation.

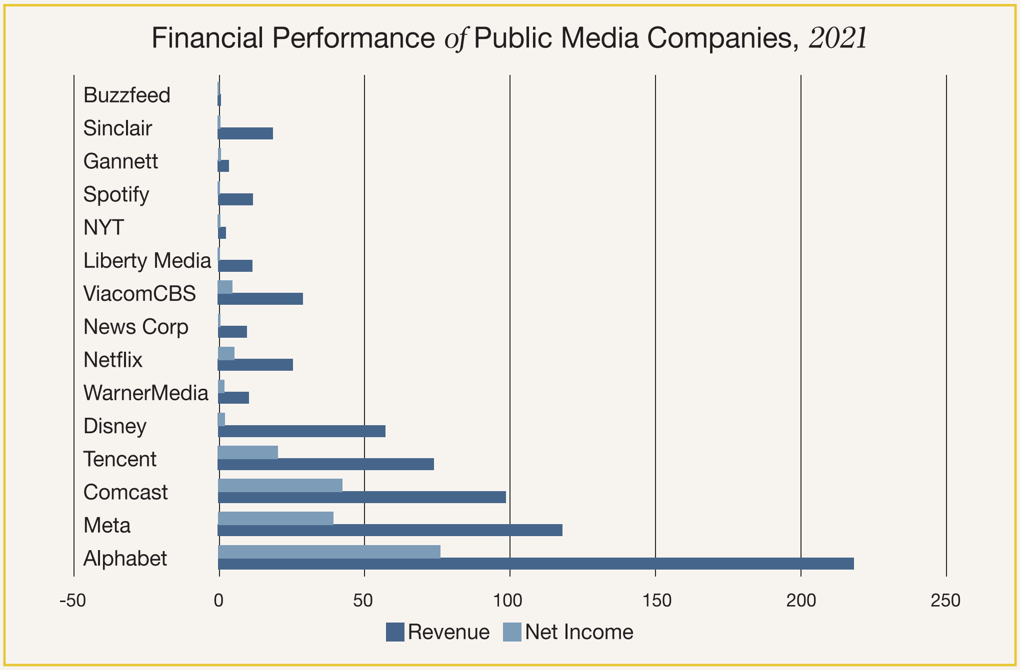
Much of what The Times forecasted in 2014 has played out rapidly and intensely over the past nine years. But, with the fall of BuzzFeed News and Vice in recent months, we think we are seeing the impact of a new range of trends and disruptions that reflect a new era of transformation.

Some of the dynamics described in The Times 2014 report still exist, to greater or lesser degrees, for legacy newsrooms. But they are now joined by other emerging issues, including the role of AI in news reporting (and as a replacement for search results that once yielded links to articles and drove traffic to news websites); the rise of individual creators and the still increasing fragmentation of media; the challenge of turning virality into more sustained traffic; and the continuing difficulties of successful distributed publishing across platforms that are constantly changing their algorithms and policies.

What does the current financial landscape for media companies look like?

In 2023, media companies are facing asymmetric landscapes. Despite public accounts of the demise of for-profit journalism, major media companies — including ones with significant journalistic arms — have managed to attain a significant market share, earn substantial revenue, and remain profitable. Of course, across publicly held media companies, there is substantial variation on these metrics. Tech giants like Alphabet and Meta continue to dominate both the net income and revenue picture, given their comparative advantages in digital advertising and low upkeep costs. Large media conglomerates like Disney, News Corp, Liberty Media, and Sinclair also account for a relatively large revenue and circulation share of media content, but have not managed to regularly convert this large revenue base into substantially higher profits than smaller competitors like The New York Times.

The last year has brought severe cutbacks for major news-focused media companies. BuzzFeed, Vox, NPR, The Washington Post, and Gannett, among others, have all laid off workers to reduce costs and/or effect a reorientation of their focus. This marks a key divergence within the broader entertainment and media sector: While print (and to some extent, radio and digital) hard news faces significant challenges, demand for overall media content appears to be growing at a healthy rate.



Source: Authors' calculations based on annual filing reports

What changes are market analysts predicting in the next few years across the sector?

Across the entertainment and media sector, growth for the coming decade is predicted to be strong. In 2021, the sector grew 10.4 percent globally, and is expected to grow at a 4.6 percent average compound annual growth rate (CAGR) over the next five years.[25] As media consumption adjusts to post-pandemic conditions, major market analysts predict several overarching trends will define the next few years in the media sector.

The first is, as alluded to above, streaming. Though pandemic viewership rates led to skyrocketing investments in streaming, this process of content creation is capital intensive, as CNN and others have found out the hard way. Conversely, while the pandemic saw in-person entertainment venues shutter, reopening is projected to lead to rapid and sustained growth for live entertainment events and companies. Within the umbrella of streaming, Deloitte Global projects that advertising video-on-demand (AVOD) will soon predominate over subscription-based services.[26] Streaming will also cause declines in traditional television viewership, leading to an estimated -0.8 percent CAGR between 2021 and 2026.[27] Even as streaming rises as a format of viewership, streaming platforms like Netflix are slashing investments in original programming and enacting other cost-cutting measures.[28]

The second is advertising. Digital advertising spending has ballooned, growing a whopping 22.6 percent last year alone.[29] In the coming years, overall print advertising revenues are expected to decline, as digital — and particularly mobile — advertising encompasses a progressively larger share of entertainment and media revenues. This is driven by a shifting demographic profile of users: Millennials and Gen Z, who spend significantly more time on games, streaming, and digital platforms, are increasing their consumer share. (We discuss the role of platforms as mediators of digital advertising in greater detail below.)

Third, nascent technologies will upend media, but the extent to which they are predictable is unclear. In recent years, industry analysis had mostly concentrated on the promise of the metaverse and NFTs to upend media consumption. The former term is relatively amorphous, but is generally understood to entail a more immersive media experience, such as through the use of virtual or augmented reality. Currently, this technology is most frequently deployed for video games, and analysts vary on the degree to which they believe it will actually disrupt the industry.[30] Similarly, NFTs (blockchain-powered digital assets) offer creators new tools to customize consumer experiences. But already, just a few months after launching, the medium has experienced a significant fall in demand after initial popularity across sports, music, and art. Surveys of publishers, on the other hand, express more excitement about the potential of artificial intelligence to revolutionize newsrooms.[31]

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25 PricewaterhouseCoopers. “Global Entertainment & Media Outlook 2022–2026 Perspectives Report.” https://www.pwc.com/gx/en/industries/tmt/media/outlook/outlook-perspectives.html. Accessed February 22, 2023.

26 Deloitte Insights. “2023 TMT Predictions.” https://www2.deloitte.com/uk/en/insights/industry/technology/technology-media-and-telecom-predictions/2023.html#everyones-watching. Accessed February 22, 2023.

27 PWC, “Media Outlook 2022–2026 Perspectives Report.” https://www.pwc.com/gx/en/industries/tmt/media/outlook/outlook-perspectives.html.

28 Malik, Aisha. “Netflix reportedly plans to cut spending by $300 million this year.” *TechCrunch*, May 12, 2023. https://techcrunch.com/2023/05/12/netflix-cut-spending-by-300-million-this-year.

29 Ibid.

30 Ibid.

31 Reuters Institute for the Study of Journalism. “Journalism, Media, and Technology Trends and Predictions 2023.” January 10, 2023. https://reutersinstitute.politics.ox.ac.uk/journalism-media-and-technology-trends-and-predictions-2023.

Generative AI's potential to shake up news creation and distribution

Generative AI appears to represent the most significant disruptive force on the horizon for news media in terms of both content creation and distribution. The impacts of AI and machine learning have long been felt on the distribution side of media. Increasingly sophisticated algorithms have been used to target and personalize media and curate content for years. In fact, most social media platforms use these algorithms as the core intellectual property underlying their valuations. Increasingly, however, AI use has spilled into the creation side of media as well. Generative AI heralds a capability to develop news content, usually based on a training corpus of existing content. Deployment of this technology is nascent, but was accelerated with the release of ChatGPT. Earlier this year, CNET, a tech news site, began testing a series of articles written by AI. The results were mixed: though the content appeared like normal CNET articles, more than half required corrections.[32] CNET swiftly announced that the program would be paused. In subsequent months, similar attempts by lifestyle magazine Men's Journal met the same fate.[33]

Despite this notable backlash, several other media brands have embraced generative AI for journalistic content. BuzzFeed founder Jonah Peretti outlined two paths for AI's use: in the first, it might be used to generate high volumes of low-quality search engine optimized content.[34] This path allows for substantial reach, potentially at the cost of brand value. Alternatively, AI can be used to create "media that is more personalized, more creative, [and] more dynamic."[35] In this latter model, AI's function is to take existing work by journalists and augment it. Though BuzzFeed claimed to adopt the latter model, its critics allege that it more resembles the content farms that Peretti himself once decried.[36] Of course, Buzzfeed shuttered its news platform just weeks after Peretti offered these predictions.

Major legacy publications have also experimented with AI content where data inputs are clear and standardized, and errors are less consequential. The Los Angeles Times has introduced QuakeBot, a tool to translate geological data into articles. The local site Patch is increasingly relying on AI to generate customized reporting and information for thousands of U.S. localities. The Washington Post launched Heliograf to cover elections and high school sports. Most prolifically, Bloomberg News has released Cyborg, automated journalism that produces articles out of financial reports.[37]

How have journalism's revenue streams changed over the past few years across mediums?

Broadcast television

Revenue for local broadcast television stations is largely comprised of two components: advertising, and retransmission fees. Advertising earnings come from the commercials that local stations run over the air and on their digital sites. Retransmission fees refer to payments made by cable and satellite companies to local stations for the right to transmit their content.

32 Sato, Mia. "CNET Is Doing Big Layoffs Just Weeks after AI-Generated Stories Came to Light." *The Verge*, March 2, 2023. https://www.theverge.com/2023/3/2/23622231/cnet-layoffs-ai-articles-seo-red-ventures.

33 Christian, Jon. "Magazine Publishes Serious Errors in First AI-Generated Health Article." *Futurism*, February, 9, 2023. https://futurism.com/neoscope/magazine-mens-journal-errors-ai-health-article.

34 Darcy, Oliver. "Reliable Sources." *CNN*, January 26, 2023. https://view.newsletters.cnn.com/messages/1674787291972586081ce914d/raw.

35 Ibid.

36 Al-Sibai, Noor, and Jon Christian. "BuzzFeed Is Quietly Publishing Whole AI-Generated Articles, Not Just Quizzes." *Futurism*, March 30, 2023. https://futurism.com/BuzzFeed-publishing-articles-by-ai.

37 Peiser, Jaclyn. "The Rise of the Robot Reporter." *The New York Times*, February 5, 2019. https://www.nytimes.com/2019/02/05/business/media/artificial-intelligence-journalism-robots.html.

On a national level, the advertising earnings of three major cable news networks (CNN, Fox, and MSNBC) have grown significantly: in 2020, the three networks generated more than $2.5 billion in combined ad revenue.[38] (Over $1 billion of that revenue is attributable to Fox, whose profits have surpassed both CNN and MSNBC.) This increase tracks with overall annual profit for these networks.

However, for local broadcasters, which also provide almost exclusively news-focused original programming, total revenue is up. Total revenue for local TV broadcasters was roughly $20 billion in 2010 and grew to nearly $32 billion in 2020.[39] Yet, over the last decade advertising revenue has declined slightly, while retransmission fee revenue has grown considerably.

In general, local stations do not receive any advertising revenue from network content (e.g., NBC sitcoms), receive only a portion of advertising revenue from syndicated programs (e.g., Jeopardy!), and receive all advertising revenue from original programming (e.g., local news) and infomercials. Though practices vary, local news typically contributes a large share of this revenue for local broadcasters because of these revenue rules. As of 2020, an average of 6.2 hours of station time per weekday was dedicated to local news programming, a figure that had gradually grown from 5.3 hours in 2010. However, as more firms place their marketing dollars in digital outlets with enhanced targeting capabilities, local channels have seen declines in advertising. A report commissioned for the National Association of Broadcasters estimates that local stations lose nearly $2 billion in advertising revenue to Google and Facebook each year.[40] Though most local outlets do have ads on their digital platforms, this practice only generated roughly 7 percent of total advertising revenue last year.

This digital-driven advertising decline has been largely offset by the rise in political ads, which has kept advertising revenue relatively stable during election years. In 2020, for example, the five largest publicly held local television station conglomerates — which are all legally required to release earnings from political advertising — alone reported more than $2 billion in revenue from campaign and issue ads.[41] Campaigns tend to disproportionately spend on television compared to other advertisers for several reasons: The medium has a broad reach, enjoys wide trust, is conducive to videos, and offers a captive audience.[42] The growth of addressable television — which allows advertisers to target with greater demographic specificity than ordinary linear television — will only increase the value of television advertising for campaigns.

This rise in political ads has created a cyclical pattern: local television advertising revenues are generally 15-20 percent higher in election years than non-election years. That gap is expected to grow substantially in the coming years as outside spending continues to flood politics. S&P Global, for example, projects that political ad spending for TV stations could reach $4 billion during the 2024 presidential election cycle. There is also important regional variation in this projected spending growth: As one might expect, the most acute increases in advertising revenue are expected in swing states and areas with high population growth.[43]

38 Meek, Andy. "As Fox News Turns 25, Here's How Its Business Stacks Up Against Rivals CNN And MSNBC." *Forbes*, October 12, 2021. https://www.forbes.com/sites/andymeek/2021/10/12/as-fox-news-turns-25-heres-how-its-business-stacks-up-against-rivals-cnn-and-msnbc.

39 Pew Research Center. "Local TV News Fact Sheet." July 13, 2021. https://www.pewresearch.org/journalism/fact-sheet/local-tv-news. Accessed May 13, 2022.

40 Adgate, Brad. "Local News Losing Billions In Revenue Each Year From Digital Media Giants." *Forbes*, May 17, 2021. https://www.forbes.com/sites/bradadgate/2021/05/17/local-news-losing-billions-in-revenue-each-year-from-digital-media.

41 Pew, "Local TV News Fact Sheet." https://www.pewresearch.org/journalism/fact-sheet/local-tv-news.

42 Williams, Shereta. "Why Political Advertisers Double Down On Local TV And What Brand Media Pros Can Learn From Them." *Television News Daily*, January 8, 2020. https://www.mediapost.com/publications/article/345329/why-political-advertisers-double-down-on-local-tv.html.

43 Nielson, Justin. "Radio/TV Station Annual Outlook 2022." *S&P Global*, September 6, 2022. https://www.spglobal.com/marketintelligence/en/news-insights/research/radio-tv-station-annual-outlook-2022.

The second principal source of revenue for local channels comes from retransmission fees. The 1992 Cable Act established two pathways for local stations to receive coverage through cable.[44] First, they may opt into "must-carry" status, which means that cable providers are obligated to furnish the station with a channel in basic cable packages serving the local market. Alternatively, they may opt into "retransmission consent" status, which requires a cable company to obtain consent from a station before broadcasting its content. In recent years, local stations have shifted in bulk into the latter category, which allows them to demand payment from cable companies in exchange for broadcast. Typically, this amounts to a flat rate per cable subscriber per month. Retransmission fees have grown dramatically to comprise roughly one-third of total revenue ($11 billion dollars), up from roughly 6 percent in 2010. This dramatic rise points to a simple fact: Cable providers are finding that customers will not buy packages without local channels.[45] And, with more access to content from traditional cable networks like ESPN and HBO via streaming services, local broadcast channels are increasingly a differentiator for cable TV relative to streaming (though some streaming services, like YouTube TV, offer access to local channels and also pay retransmission fees).

Though retransmission fees have increased overall revenues for local broadcasters, national networks have begun resorting to a practice known as "reverse compensation" to claw back some of these earnings. These are payments from affiliated local stations to national networks in exchange for the rights to air network content, including sports, national news, and entertainment. Major networks now are negotiating to be paid back up 50 percent of total retransmission fees from their local affiliates.[46] While most analysts expect retransmission fees to keep growing over the next 3-5 years, some analysts predict that retransmission fees are not to be counted on as long-term profit generators,[47] as "cord cutting, the shift of sports rights to streaming, the growing investments in streaming content and other factors are … making the local stations less valuable to operators."[48] Even if retransmission fees are not reliable income in the long term, they have served as critical and stabilizing income to local TV stations during a time of significant upheaval elsewhere in the media landscape.

The growing overall revenue pie has helped broadcast television stave off the worst cuts happening in other parts of the media environment. Local TV broadcasters have held relatively stable levels of overall employment, discussed at greater length below. Revenue stability for local television news also appears aligned with adaptation in the sector toward digitalization and OTT (over-the-top internet-enabled distribution). A 2020 Knight Foundation analysis concluded that stability in the industry (from increasing retransmission revenue, cyclical political revenue, and station consolidation) has so far given local television a much better outlook than newspapers or hyper-local sites because it allowed them space and resources to experiment with social media strategies in particular.[49] According to the Knight Foundation report, newsroom leaders say that when social engagement is higher, newscast ratings are also higher, so that local TV does not feel like it is cannibalizing itself with online content: "A large social audience helps 'grease the wheels' for

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44 Here, "cable" is an umbrella term that includes satellite.

45 Knight Foundation. "Local TV News and the New Media Landscape." 2020. https://knightfoundation.org/wp-content/uploads/2020/03/TVNews_bundle-v5.pdf. Accessed May 18, 2023.

46 Nielson, Justin. "Retrans Projections Update: Sub Rates Continue To Rise." *S&P Global*, July 25, 2019. https://www.spglobal.com/marketintelligence/en/news-insights/research/retrans-projections-update-sub-rates-continue-to-rise.

47 Pew, "Local TV News Fact Sheet." https://www.pewresearch.org/journalism/fact-sheet/local-tv-news.

48 Winslow, George. "Analysts Wonder If TV Affiliate Station Retrans Fees Are Going the Way of RSNs." *TV Tech*, March 3, 2023. https://www.tvtechnology.com/news/analysts-wonder-if-tv-affiliate-station-retrans-fees-are-going-the-way-of-rsns. Accessed April 25, 2023.

49 Knight Foundation, "Local TV News and the New Media Landscape." https://knightfoundation.org/wp-content/uploads/2020/03/TVNews_bundle-v5.pdf.

bigger engagement on important issues, though it may be built, in large part, on the content the audience finds entertaining … Stations are using social media to find and deliver news, and using Facebook Live, in particular, as a way to add more and different coverage to their repertoire than they have previously."[50]

Radio

Radio revenue is predominantly driven by advertisements and sponsorships. Individual stations may also receive payments for syndication of popular programming or newscasts. Though relatively stable over the past decade, radio revenue fell dramatically during the pandemic as fewer consumers accessed content from their cars. Between 2019 and 2020, for example, revenue for news-focused radio stations fell by a quarter. By 2022, overall radio revenue returned to pre-pandemic levels. Radio ad revenue in the United States reached roughly $12.3 billion last year, including $1.7 billion from radio stations streamed digitally.[51] That accounts for the bulk of total revenue, which hit an estimated $15.5 billion in 2022.[52] In the coming years, most revenue growth is expected in the digital category — especially as radio stations continue to experiment with podcasting and other new formats — though overall growth is expected to stay relatively constant over the next five years, due to declines in traditional radio advertising.[53]

Perhaps the most well-known radio outlet in the United States is National Public Radio (NPR). In November 2022, NPR announced that it would need to cut $10 million (approximately 3 percent of its annual budget) from its current fiscal year budget,[54] to account for an anticipated $20 million decline in sponsorship revenue, a segment which accounts for 37 percent of its overall revenue.[55] In March, NPR announced layoffs and retirements for 100+ staff members, with layoffs concentrated in the network's podcast divisions. As a whole, public radio saw a 6 percent year-over-year decline in the number of donors, offset by a slight increase in actual revenue.[56] These downturns in the number of donors largely stem from a lack of significant digital strategy for donor acquisition, inability to attract donations from audiences, and lowering returns for on-air pledge strategies. NPR has sought to combat these trends by releasing a hybrid fundraising tool that allows simultaneous donations to both the national network and a donor's local affiliate.

Newspapers

Newspapers have experienced the most disruption and contraction of the news media formats over the past two decades. While a small minority of papers (The New York Times and a few others) have so far navigated the transition to digital distribution successfully, most newspapers have experiences traumatic revenue losses — and a quarter have gone out of business.

Historically, revenue from newspapers came from two primary sources: subscriptions and advertising. While newspaper subscription revenue traditionally came from print circulation, it has increasingly drifted toward paywalled digital content over the last decade. The earliest revenue casualty of the digital transformation was classified ads, which lost 75 percent of

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50 Ibid., at Part 2, page 25.

51 Nielson, "Radio/TV Station Annual Outlook 2022." https://www.spglobal.com/marketintelligence/en/news-insights/research/radio-tv-station-annual-outlook-2022.

52 Ibid.

53 Ibid.

54 Folkenflik, David. "NPR to impose near-freeze on hiring but avoids layoffs as budget cuts loom." *NPR*, November 30, 2022. https://www.npr.org/2022/11/30/1139888190/npr-budget-shortfall-20-million.

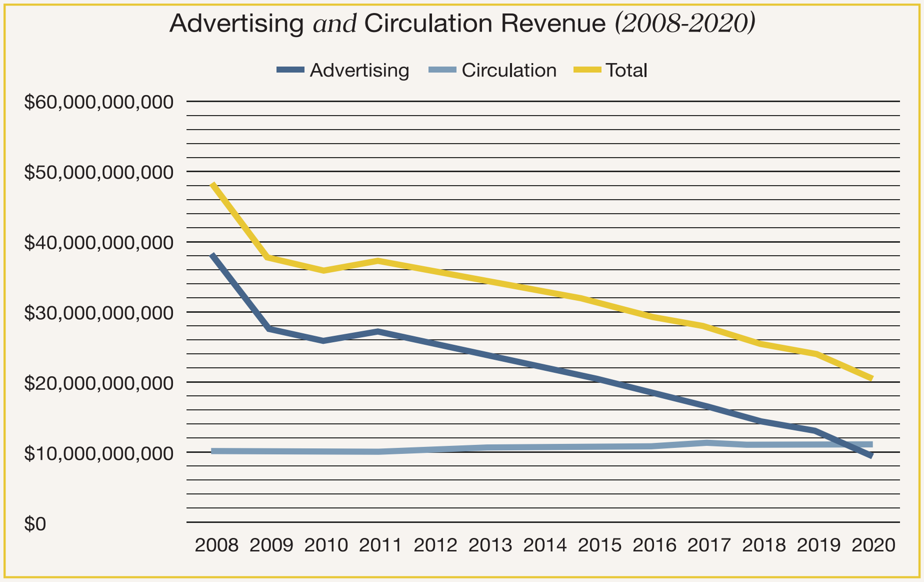
55 Russell, Emily. "Q&A: Victor Pickard on the Layoffs at NPR, and How to Better Support Public and Local Media." *Columbia Journalism Review*, March 15, 2023. https://www.cjr.org/the_media_today/victor_pickard_qa.php.

56 CDP. "CDP Blog | State of the System 2021," April 27, 2022. https://www.cdpcommunity.org/blog/2022/4/27/the-state-of-the-system-2021-radio-is-falling-further-behind.

their value between 2000 and 2013.[57] Between 2019 and 2020, weekday print circulation fell by approximately 19 percent, while digital subscriptions rose by an estimated 38 percent.[58] On the advertising front, digitization has had an equally significant impact. In 2020, digital advertising accounted for 39 percent of newspaper advertising revenue. A decade earlier, digital only accounted for 17 percent of advertising revenues.[59] Digital ad revenue is expected to surpass print ad revenue by 2026.[60] However, as large technology companies like Facebook and Google are able to reach more consumers at cheaper rates for advertisers, their data and targeting abilities can dramatically outcompete both national and local outlets for direct digital advertising dollars. Some estimates suggest that the average digital news outlet costs 350 times as much — and print media costs 2,500 times as much — as Google to reach 400,000 users.[61]

As advertising decisions have become increasingly programmatic and less oriented around qualitative or relationship-based metrics, overall newspaper advertising revenue has seen a sharp decline. The share of ad revenue coming from digital ads was about 35 percent for local news in 2020, which was roughly on par with 39 percent for overall industry.[62] But, while the digital share of the newspaper advertising pie is growing, the overall pie is shrinking: the total advertising revenue for locally focused U.S. daily newspapers in 2020 was $1.07 billion, down precipitously from $4.67 billion in 2014.[63]

In 2020, for the first time in history, newspapers became more reliant on revenue from circulation (which, by most estimates, has remained stable when digital subscriptions are included) than they were on advertising.



Source: Authors' calculations based on data from Pew Research Center

This pattern means that newspapers have been forced to find increasingly creative ways to boost subscriptions. Most papers have introduced digital paywalls to recoup revenue through digital subscriptions. Some papers have invested heavily in games, entertainment, podcasts, and films. Others have cut costs dramatically to keep up with declining revenues. Some innovative papers have worked

57 Thompson, Derek. "This Is the Scariest Statistic About the Newspaper Business Today." *The Atlantic*, March 18, 2013. https://www.theatlantic.com/business/archive/2013/03/this-is-the-scariest-statistic-about-the-newspaper-business-today/274125. Accessed April 26, 2023.

58 Pew, "Newspapers Fact Sheet." https://www.pewresearch.org/journalism/fact-sheet/newspapers.

59 Ibid.

60 Fischer, Sara. "U.S. digital newspaper ad revenue expected to surpass print by 2026." *Axios*, June 21, 2022. https://www.axios.com/2022/06/21/digital-newspaper-ad-revenue-print.

61 Cantwell, "Local Journalism." http://www.benton.org/headlines/local-journalism-americapercentE2percent80percent99s-most-trusted-news-sources-threatened.

62 Abernathy, Penny. "The State of Local News: The 2022 Report." *Northwestern University*: Local News Initiative, June 29, 2022. https://localnewsinitiative.northwestern.edu/research/state-of-local-news/report.

63 Matsa, Katerina Eva, and Kristen Worden. "Local Newspapers Fact Sheet." *Pew Research Center*, May 26, 2022. https://www.pewresearch.org/journalism/fact-sheet/local-newspapers.

to expand their service offerings — through events, advertising services, and consulting, but these functions are ancillary to the newsroom.[64]

One revenue hope for newspapers is the possibility of licensing fees from platforms. Similar to how cable providers provide retransmission fees to local broadcasters, some platforms have begun to pay news outlets for the revenue they garner from curating their stories.[65] However, absent legislation in the United States, this practice remains voluntary. Apple and Google have both launched relatively small-scale programs to compensate outlets whose content they push to their users, but the fraction of revenue entailed by these programs is fairly underwhelming (Google offers roughly $300 million/year, while Apple will pass along "15 percent on qualifying in-app purchase subscriptions").

Digital-native news sites

Digital-native news sites follow a similar revenue logic as newspapers. They are heavily dependent on subscriber revenue and digital advertising. As big tech takes larger and larger shares of ad revenue, some digital news sites have increasingly relied on sponsored content practices that bolster revenue. Here, digital news outlet will post content that is materially similar to their typical posts, but it has been created and paid for by a third party. This practice can be further broken down into "native advertising," where the outlet posts third-party advertisements that are formatted to look like news articles, and general "sponsorships," where the specific content is paid for by the third party but the outlet retains formal journalistic control.[66] Surveys of digital news outlets show that a growing number of outlets are embracing sponsored content and native advertising. As noted above, leading digital media companies, like BuzzFeed, have seen substantial revenue growth from implementing these practices, but without due care, these approaches risk a loss of trust among consumers. Because sponsored content requires significant client management and creative approval collaboration, it takes both time and money to create. That expense means it is best suited to outlets that (a) have the resources to produce it, and (b) have the kind of reach that will support the expense of ad creation. By contrast, traditional "programmatic" advertising is relatively plug-and-play.

Digital-native news sites have attracted hundreds of millions in private capital to support their operations, especially during the mid-2010s. In 2015, venture capital investments in media companies totaled approximately $1.1 billion, invested via 50 deals — a high watermark between the $77.5 million (24 deals) invested in 2010, and the $115 million (18 deals) in 2021.[67] Capital investments have softened significantly in recent years. Whereas key properties were raising hundreds of millions of dollars in the heyday of 2015, investment levels — even for prestige outlets — were significantly more modest in 2022: Flipboard's $25 million Series A funding round and Semafor's $25 million seed round tied for the biggest "publishing" VC deals of the year; third through fifth place deals totaled only $10 million per property.[68] Valuations have followed suit. Now in bankruptcy, Vice was once valued at $5.7 billion.[69] Both venture capital and corporate investors like Disney poured

64 Holcomb, Jesse, and Amy Mitchell. "The Revenue Picture for American Journalism and How It Is Changing." *Pew Research Center*, March 26, 2014. https://www.pewresearch.org/journalism/2014/03/26/the-revenue-picture-for-american-journalism-and-how-it-is-changing. Accessed May 18, 2023.

65 Doctor, Ken. "Newsonomics: Here Are 20 Epiphanies for the News Business of the 2020s." *Nieman Lab*, January 24, 2020. https://www.niemanlab.org/2020/01/newsonomics-here-are-20-epiphanies-for-the-news-business-of-the-2020s. Accessed January 31, 2023.

66 Hardy, Jonathan. "Sponsored Editorial Content in Digital Journalism: Mapping the Merging of Media and Marketing." *Digital Journalism* 9, no. 7 (August 9, 2021): 865–86. https://doi.org/10.1080/21670811.2021.1957970.

67 Fischer, Sara. "Investment in digital media slows, years after venture-backed boom." *Axios*, August 10, 2021. https://www.axios.com/2021/08/10/digital-media-startup-investment-fundraising.

68 Guaglione, Sara. "Why media investors are saying publishing company VC funding slowdown is a good thing." *Digiday*, November 10, 2022. https://digiday.com/media/why-publishing-investors-are-saying-media-company-vc-funding-slowdown-is-a-good-thing.

69 Hirsch, Lauren, and Benjamin Mullin. "Vice, Decayed Digital Colossus, Files for Bankruptcy." *The New York Times*, May 15, 2023. https://www.nytimes.com/2023/05/15/business/media/vice-bankruptcy.html.

hundreds of millions of dollars into Vice and its media conglomerate; today, Vices faces a likely purchase deal for a mere $225 million.[70] Vox Media, perhaps the healthiest of the "old" new media, recently raised $100 million from Penske on a valuation roughly half of its 2015 levels.[71] By 2021, the bloom had also come off the rose for BuzzFeed, which saw its attempt to raise capital via IPO fail spectacularly when "investors withdrew most of the money raised … leaving BuzzFeed with little funding to expand," just as "the ad market took a turn for the worse," and signaling a downward spiral that has left its business model in question.[72]

In a much smaller-scale effort at financial diversification, some news sites have worked to leverage their brands and communities to host events or promote merchandise. However, with the exception of especially zeitgeisty outlets, these revenue streams tend to account for only a small fraction of the overall revenue picture. More local digital outlets have experimented with creating job boards, community forums, and advertising services, but these practices do not appear to be widespread. Finally, mission-oriented news sites — like ProPublica or the Marshall Project — receive a substantial amount of their revenue from philanthropy and individual donors. With relatively limited reach, these high prestige outlets intentionally partner with larger news organizations to get distribution and audiences for individual stories, focusing less on repeat traffic to their own sites.

Podcasts

Podcast revenue has grown rapidly, as an increasing fraction of Americans become listeners, and the number of podcasts proliferates. In 2020, 37 percent of Americans reported listening to a podcast over the past month, compared to only 17 percent who reported the same in 2015.[73] By 2022, however, audience growth had slowed. A small dip in listenership coincided with consolidation in the podcast market, and a higher attention to audience, and decreased profitability among podcast publishers (see, e.g., the NPR layoffs of spring 2023). In a crowded field, it has become difficult to make a show stand out and find an audience. In 2022, the average top-10 podcast was over seven years old; thus, "while the overall audience for podcasting expands, the audience for individual new shows is shrinking across the board."[74]

Despite a slowdown in U.S. audience growth, podcasts remain primarily reliant on advertising revenue. From 2015 to 2022, U.S. podcast advertising revenue rose more than 16 times over, from $105.7 million to more than $1.825 billion, and is expected to reach nearly $4 billion by 2025.[75] Compared to newspapers, news sites, and even television, podcasts have several advantages that make them more attractive to advertisers. First, podcasts are generally considered "brand safe," second, ads are harder to skip, and third, ad density on podcasts is comparatively low.[76] Occasionally, platforms have experimented with keeping podcasts behind paywalls, but there is limited evidence that

70 Ibid.

71 Mullin, Benjamin. "Vox Media Spins Off NowThis, the Viral Politics Site, a Year After Buying It." *The New York Times*, April 12, 2023. https://www.nytimes.com/2023/04/12/business/media/vox-nowthis-accelerate-change.html.

72 Moses, Lucia. "BuzzFeed is shutting down its news arm and laying off 15% of staff as CEO Jonah Peretti concedes mistakes and some insiders complain of 'brutal' mismanagement." *Business Insider*, April 23, 2023. https://www.businessinsider.com/buzzfeed-news-shutdown-top-executives-leaving-2023-4.

73 Pew Research Center. "Audio and Podcasting Fact Sheet." *Pew Research Center*, June 29, 2021. https://www.pewresearch.org/journalism/fact-sheet/audio-and-podcasting.

74 Shaw, Lucas. "Podcasting Hasn't Produced a New Hit in Years." *Bloomberg*, January 9, 2022. https://www.bloomberg.com/news/newsletters/2022-01-09/podcasting-hasn-t-produced-a-new-hit-in-years.

75 Interactive Advertising Bureau (IAB). "U.S. Podcast Advertising 2022 Revenue & 2023-2025 Growth Projections." May 11, 2023. https://www.iab.com/insights/us-podcast-advertising-revenue-report-2022.

76 Newman, Nic, and Nathan Gallo. "News Podcasts and the Opportunities for Publishers." *Reuters Institute for the Study of Journalism*, December 2019. https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2019-12/Newman_Gallo_podcasts_FINAL_WEB_0.pdf. Accessed May 15, 2023.

consumers will spring for these products given the wide availability of free podcasts.[77] Some podcasts also often ask listeners for donations or support, host live shows and other events, and sell custom merchandise and tiered subscription access. An outlier in the news business, podcast listeners evince an exceptionally high degree of trust in their podcasts of choice, with 87 percent saying they expect podcast-delivered news to be largely accurate (as opposed to 37 percent of social media news consumers). And, Republican podcast listeners are particularly likely — relative to their Democratic listener counterparts — to say podcasts are more accurate than other news sources they rely on.[78] Notably (and relatedly), podcast listeners tend to be loyal, with average listeners consuming eight episodes per week.[79]

What types of outlets are growing? What types of outlets are contracting?

As we've noted above, despite growing levels of investment and interest, online news providers have also struggled: genre pioneer The Huffington Post has routinely failed to make a profit, and even newer entities — like the buzzy and well-financed Mic — have been sold for parts after a few years of operation.[80] Similarly, newspapers of all stripes continue to see declines and closures. By some estimates, an average of two newspapers shut down every week.[81] This problem is especially pronounced for local outlets, as slight upticks in digital subscribers are unable to salvage newspapers from other, more dramatic declines in revenue.

In the face of these obstacles, some newspapers have found success in digitizing. Heidi Legg of Harvard's Shorenstein Center argues that the exceptions to this rule of decline come from outlets that receive massive infusions of capital (typically from billionaire investors or philanthropy) and are subsequently able to stabilize their cash flows and undertake large innovative investments, typically in digital strategy.[82] Jeff Bezos, for example, argued upon purchase of The Washington Post that digital subscriptions constitute a "huge gift" to newspapers, since they entirely eliminate production costs.[83] Alternatively, companies like Axios have experimented with subscription-based local newsletters that are created and published centrally at Axios headquarters.[84] Legg's report details dozens of case studies of news outlets' efforts to adapt to this changing digital landscape.

The past few years have seen strong growth for cable news outlets. In newsworthy 2020, CNN, Fox, and MSNBC all saw record levels of viewership, revenue, and profit.[85] Likewise, most local broadcast affiliates of ABC, CBS, Fox, and NBC remain profitable, though they experienced modest changes in viewership and advertising.[86]

77 Ibid.

78 Pew Research Center. "Podcasts as a Source of News and Information." April 18, 2023. https://www.pewresearch.org/journalism/2023/04/18/podcasts-as-a-source-of-news-and-information. *See* Part V, News Consumption, subsection "What sources do Americans trust?" of this report for a fuller discussion of partisan consumption trends, particularly as it relates to podcasts and trust in media.

79 Kressner, Aron. "Media 2023: Podcasting After The Hype, By The Numbers." *Forbes*, February 2, 2023. https://www.forbes.com/sites/qai/2023/02/02/media-2023-podcasting-after-the-hype-by-the-numbers.

80 Legg, Heidi. "A Landscape Study of Local News Models Across America." Harvard Kennedy School Shorenstein Center on Media, *Politics, and Public Policy*, July 3, 2019. https://shorensteincenter.org/landscape-local-news-models.

81 Abernathy, "The State of Local News." https://localnewsinitiative.northwestern.edu/research/state-of-local-news/report.

82 Legg, "A Landscape Study." https://shorensteincenter.org/landscape-local-news-models.

83 Tracy, Marc. "Local Papers Find Hints of Success With Online Subscriptions." *The New York Times*, February 9, 2022. https://www.nytimes.com/2022/02/09/business/media/local-news-subscriptions.html.

84 Malone, Clare. "Is there a market for saving local news?" *The New Yorker*, February 3, 2022. https://www.newyorker.com/news/annals-of-communications/is-there-a-market-for-saving-local-news.

85 Ibid.

86 Pew, "Local TV News Fact Sheet." https://www.pewresearch.org/journalism/fact-sheet/local-tv-news.

How have Big Tech platforms and streaming services impacted the revenue of media enterprises?

Digital advertising's share of the overall media ad spending is increasing, growing from 56 percent of the total U.S. media ad spend in 2019 to 72 percent in 2022.[87] It is also overall more expensive today to reach Americans through advertising than ever before, for two primary reasons:

- *Demand increased*: As screen time shot up in 2020, businesses — particularly online retailers — saw greater reach as an opportunity to offset some of their pandemic-related losses. As demand increases, price increases.
- *Apple's new tracking policy*: In 2021, Apple rolled out its App Tracking Transparency initiative (ATT), a framework that requires marketers to allow Apple users to opt out of having their data collected, linked to them, and shared across third-party apps and websites (i.e., those owned by companies other than Apple).[88] ATT has meant that companies like Meta, which have relied on this cheap, personalized data, have had to use less cost-effective data and/or purchase personalized data at higher prices. Some observers have referred to Apple's and related tracking protections as driving a "Cookiepocalypse" that threatens the vitality of the types of programmatic ads that attracted brands to preferring digital ads in the first place.[89]

As discussed, the line between "digital" and "other" is blurring, particularly as people cut cords and lean into Connected Television (CTV). Digital is becoming TV: for users, the merge began years ago, as it became a near-identical experience to watch Netflix on your TV, computer, or phone. For advertisers, buying ads for Netflix's new ad-supported tier, for example, will look more like digital ad-buying than traditional television ad-buying. And it's not just TV: outside, digital displays at bus stops and on billboards mean that out-of-home advertising also increasingly falls into the digital category.

The big players

Large-scale platforms adapted early to digital advertising and have seen profits soar as a result.

> No one is better at digital advertising than **Google**, for two main reasons: (1) search advertising is the most profitable form of advertising, and they are the best at it; and (2) YouTube. The beauty of Google's search advertising operations is that the act of using the function — searching for "best standing desk for WFH," for example — tells the platform what kind of things a user is interested in, generating valuable first-party data. And YouTube, which has been owned by Google since 2006, has immense reach: Some 80 percent of people in the United States visited the site in 2022,[90] and globally, a 2022 report found that "YouTube ads now reach roughly 1 in 3 people on Earth."[91]

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87 Lebow, Sara. "Digital will account for 71.8% of US media ad spend this year, up 16 percentage points from 2019—and growing." Insider Intelligence, November 7, 2022. https://www.insiderintelligence.com/content/digital-us-media-ad-spend.

88 Apple. "Data Privacy Day at Apple: Improving transparency and empowering users." January 27, 2021. https://www.apple.com/newsroom/2021/01/data-privacy-day-at-apple-improving-transparency-and-empowering-users. Accessed May 18, 2023.

89 Herman, Paul. "The Cookiepocalypse: Why first-party data is going to matter to your newsroom." Reuters Institute, September 27, 2022. https://reutersinstitute.politics.ox.ac.uk/cookiepocalypse-why-first-party-data-going-matter-your-newsroom.

90 Kemp, Simon. "Digital 2022: YouTube's ad reach passes 2.5 billion." Data Reportal, January 26, 2022. https://datareportal.com/reports/digital-2022-youtube-headlines.

91 Ibid.

Meta has consistently been second to Google in ad revenue for at least a decade, together known as the "duopoly" of the market.[92] Combined, the two have brought in more than half of all U.S. digital ad revenue since 2015. (In 2022, however, Amazon's increase brought that total below the 50 percent line, making the case for a "triopoly."[93]) In the last two years, Apple's ATT initiative has caused some disruptions within Facebook's incredibly efficient targeting system by "[severing] the connection amongst e-commerce sellers, app developers, and Facebook by which Facebook achieved [such a high] ROI,"[94] prompting the company to warn it could lose $10 billion in ad revenue.[95]

Nevertheless, Meta's digital advertising is by no means doomed, nor is it going anywhere in terms of market share. In 2021, nearly 70 percent of U.S. adults used Facebook,[96] and by the company's own account, approximately 70 percent of the Internet users across the world use at least one Meta app on a monthly basis.[97] As such, Meta will continue to excel at non-search advertising. Although more expensive than search advertising, an entire industry of niche, Internet-only businesses were founded and are now dependent upon Facebook's direct-response display advertising, regardless of the ATT initiative's impact on its effectiveness.

Amazon is also creeping up from its third-place status. Digital advertising is a rapidly growing segment of the company's overall business: Its share of the total U.S. digital advertising spend is expected to grow to 12.4 percent in 2023 (up from 11.7 percent in 2022).[98] As the world's largest online retailer, Amazon collects and then has access to vast amounts of data on consumer behavior and preferences not subject to ATT restrictions, allowing it to offer highly targeted advertising based on factors such as search history, browsing behavior, and demographic information.

The role of middlemen

In the era of print media, publishers integrated content and advertisements, and made a profit in doing so: A local newspaper would solicit ads from businesses, incorporate them into the product, and distribute the ads on behalf of the businesses. As companies have absorbed both roles, this dynamic has been disrupted.[99] Nevertheless, the "middleman" remains important in digital advertising for the purpose of connecting buyers to sellers. Companies that have robust first-party data collection systems, such Apple, Google, and Amazon, might be able to operate on some fronts without it. But from the perspective of an advertiser or a publisher, purchasing ad space requires an intermediary.

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92 Fischer, Sara. "Slow fade for Google and Meta's ad dominance." *Axios*, December 20, 2022. https://www.axios.com/2022/12/20/google-meta-duopoly-online-advertising.

93 Levy, Adam. "Amazon's Ad Business Will Continue to Outpace in 2022." *The Motley Fool*, January 26, 2022. https://www.nasdaq.com/articles/amazons-ad-business-will-continue-to-outpace-in-2022.

94 Thompson, Ben. "Digital Advertising in 2022." *Stratechery*, February 8, 2022. https://stratechery.com/2022/digital-advertising-in-2022.

95 Newman, Daniel. "Apple, Meta And The $10 Billion Impact Of Privacy Changes." *Forbes*, February 10, 2022. https://www.forbes.com/sites/danielnewman/2022/02/10/apple-meta-and-the-ten-billion-dollar-impact-of-privacy-changes.

96 Auxier, Brooke, and Monica Anderson. "Social Media Use in 2021." *Pew Research Center*, April 7, 2021. https://www.pewresearch.org/internet/2021/04/07/social-media-use-in-2021.

97 Meta. "Meta Reports Third Quarter 2022 Results." October 26, 2022. https://investor.fb.com/investor-news/press-release-details/2022/Meta-Reports-Third-Quarter-2022-Results/default.aspx; United Nations Internet Telecommunications Union. "Internet surge slows, leaving 2.7 billion people offline in 2022." September 16, 2022. https://www.itu.int/en/mediacentre/Pages/PR-2022-09-16-Internet-surge-slows.aspx. *See* Meta's 2022 Q3 results, which reported 3.71 billion "Family monthly active people," representing 70 percent of the 5.3 billion people using the Internet as of September 2022, as estimated by the United Nation's Internet Telecommunications Union.

98 King, Hope. "Amazon sees huge potential in ads business as AWS growth flattens." *Axios*, April 27, 2023. https://www.axios.com/2023/04/28/amazon-earnings-aws-retail-ads.

99 Thompson, Ben. "Aggregation Theory." *Stratechery*, July 21, 2015. https://stratechery.com/2015/aggregation-theory. Accessed May 18, 2023.

Programmatic advertising — which runs on platforms such as Google Ad Manager, Amazon Publisher Services, Facebook Ad Services, and the Trade Desk — is the automated buying and selling of that digital ad space. It uses algorithms and AI to run live, real-time auctions, during which advertisers bid to reach a certain target audience or demographic during the time a user loads a website. It is scalable, it can provide targeting and performance insight, and it does so efficiently and automatically. On the other hand, it's also associated with low click rates and a high level of bot traffic, which can increase an ad's impressions without driving conversion.[100]

The disruptive rise of streaming services and internet-connected television

Streaming has massively increased as a method of television consumption, and as a result, CTV is the fastest-growing major ad format in the US. One forecast predicts CTV will grow by double-digits over each of the next four years and account for nearly a third of all U.S. TV advertising revenue by 2027.[101] In contrast to subscription video on demand (SVOD) — which includes platforms such as Netflix, Hulu, Amazon Prime, Apple TV+, etc. — free ad-supported (streaming) television (FAST) is a subscription-less service through which viewers can stream free TV programming with ads interspersed. FAST services usually resemble the traditional broadcast experience — automatically playing content, including reruns of popular shows — and they can be viewed on any connected device, without a monthly subscription fee or cable bill.

Three of the largest FAST networks are Peacock (the free version; owned by Comcast), Pluto TV (owned by Paramount), and Tubi (owned by Fox); other, smaller networks include the Roku Channel, Freevee, and Samsung TV Plus. FAST channels are the fastest-growing streamed content type in 2023, in large part because of the shift to streaming services owned by those companies, which advertise for their FAST networks. As each network expands programming within its FAST outlet, a virtuous cycle is established that drives audience growth, increased advertiser interest and higher ad revenues. Also, many FAST channels contain niche- or interest-based content, which provides advertisers with a relatively inexpensive way to target specific audiences. FAST's rapid growth — as a service defined by its unavoidable use of ads — suggests that users might not be overly bothered by ads in certain contexts.

On the side of entertainment media, the way companies are engaging with advertising is evolving. Both Netflix and Disney+ rolled out ad-supported tiers in the last year (even after Netflix vowed in 2019 that it would never do so, and maintained it had no plans to do so as recently as March 2022).[102] Although these ad-supported video on demand (AVOD) tiers are new, initial indications are that they are popular: "Many worried that the new plan would cost … revenues in the long run from users who switch over from a pricier tier to the new plan. But users who were accustomed to an ad-free experience expressed little interest. Instead, AVOD has been a source of new user growth … [and] accounted for 19 percent of new signups in January."[103] A 2022 survey of Netflix and Disney+ users found that 39 percent of people who don't have Netflix said they would consider signing up for an ad-supported option, and 26 percent of those without Disney+ said the same.[104]

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100 Denysenko, Sergii. "Programmatic In A Post-Cookie World: Key Considerations For Success." *Forbes*, August 29, 2022. https://www.forbes.com/sites/forbesagencycouncil/2022/08/29/programmatic-in-a-post-cookie-world-key-considerations-for-success.

101 Adgate, Brad. "Forecast 2023: Ad Spending Will Slow Down Next Year But Will Continue To Grow." *Forbes*, December 8, 2022. https://www.forbes.com/sites/bradadgate/2022/12/08/forecast-2023-ad-spending-will-slow-down-next-year-but-will-continue-to-grow.

102 Spangler, Todd. "Behind Netflix and Disney+'s Dash for Streaming Ad Cash." *Variety*, October 19, 2022. https://variety.com/2022/digital/news/netflix-disney-plus-ad-plans-analysis-1235408143; Munson, Ben. "Netflix with ads? 'Never say never but it's not in our plans.'" Fierce Video, March 8, 2022. https://www.fiercevideo.com/video/netflix-ads-never-say-never-its-not-our-plans.

103 Konstantinovic, Daniel. "Netflix's ad-supported tier reaches 1 million monthly active users." *Insider Intelligence*, March 21, 2023. https://www.insiderintelligence.com/content/netflix-s-ad-supported-tier-reaches-1-million-monthly-active-users.

104 Egan, Patrick. "Ad-supported streaming TV: Opening new audiences to brands." DISQO, September 2022. https://resources.disqo.com/hubfs/DISQOpercent20Emailpercent20Files/PDFpercent20Downloads/2022-CB-Report-StreamingServices.pdf.

How have local outlets been impacted as compared to national ones?

While the past decade has posed threats to news sources of all stripes, local news appears to be the hardest hit. Since 2005, 2,500 newspapers have gone out of business, representing a quarter of all U.S. newspapers.[105] That number will rise to one third by 2025 if current trends hold. Because the vast majority of these closures affected local outlets, roughly 70 million Americans (one in five) now live in areas deemed "news deserts."[106] These news deserts are associated with geographic areas with higher levels of poverty and lower levels of education than the national average, as well as suburban areas. Notably, these two geographies also represent many of the voters who have swung most in recent elections.

Many of the revenue threats that impact all newspapers are felt even more acutely by local outlets: Google and Facebook alone account for 77 percent of local advertising targeting, and consumers expect to receive local news for free.[107] In addition, sites like Facebook community groups and Nextdoor have supplanted some traditional local news delivery with a steady stream of gossip, hearsay, racism, and misinformation, interspersed with important local updates.[108] However, there are a few positive signs for local news: Digital-native local news sites are increasing in number in recent years (though these gains are still far outpaced by the loss of print publications). Also, in part buoyed by a desire for local news about the pandemic, online subscription to local newspaper dailies increased by an estimated 50 percent between 2020 and 2021, according to one industry analysis.[109]
Four types of local outlets have partially filled the void of local newspapers.[110] First, the nation's 1,700 local and regional news TV channels now employ more journalists than local newspapers. These stations are still largely profitable, though they are struggling to attract interest from younger generations. To broaden their audiences, some innovative stations are turning to more in-depth, off-deadline narrative reporting released on streaming platforms like YouTube. Other stations are taking on roles that once belonged to local newspapers, like coverage of high school sports, editorials, or newsletters on local events. The second category of local outlets to fill the gap are public access channels. Funded through 1984 Cable Act, these networks are designed to amplify community voices — though with increasing coverage of politics and current events, some networks have stretched their mandate to include local reporting. The third category of local outlets are relative newcomers: digital-native news sites. Though at least 525 local digital outlets have cropped up across the country, only about one in five attracts enough revenue to meet costs. The final group of local outlets are partisan and ideologically aligned newsrooms, which we describe later in this section.

How many people are employed in newsrooms and how has that changed over time?

Overall, newsroom employment has fallen by more than one-fourth since 2008. Ahead of the Great Recession, 114,000 employees worked in newsrooms across the five dominant sub-sectors: newspapers, broadcast television, digital-natives, radio broadcasting, and cable television.[111] By 2020, at the outset of the pandemic, only 85,000 people worked in newsrooms.

105 Abernathy, "The State of Local News." https://localnewsinitiative.northwestern.edu/research/state-of-local-news/report.

106 Ibid.

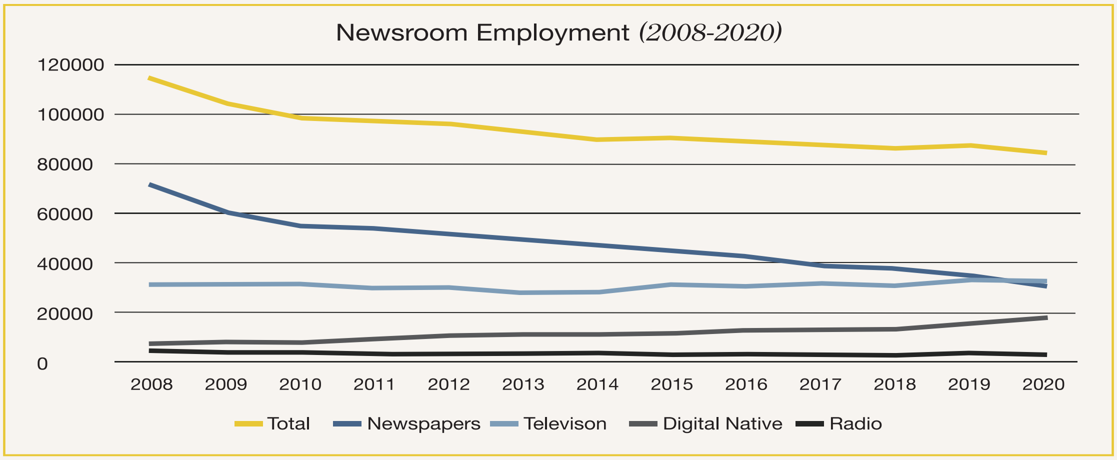
107 Cantwell, "Local Journalism." http://www.benton.org/headlines/local-journalism-americapercentE2percent80percent99s-most-trusted-news-sources-threatened.

108 Rajendra-Nicolucci, Chand, and Ethan Zuckerman. "Solving Social Media's 'Local Paradox.'" Stanford Social Innovation Review, October 3, 2022. https://ssir.org/articles/entry/solving_social_medias_local_paradox.

109 Ibid.

110 Abernathy, Penelope. "The Expanding News Desert." University of North Carolina Hussman School of Journalism and Media. https://www.usnewsdeserts.com. Accessed May 17, 2023.

111 Walker, Mason. "U.S. Newsroom Employment Has Fallen 26% since 2008." *Pew Research Center*, July 21, 2021. https://www.pewresearch.org/fact-tank/2021/07/13/u-s-newsroom-employment-has-fallen-26-since-2008.



Source: Authors' calculations based on data from Pew Research Center

Historically, newspapers have been responsible for the bulk of media employment: In 2008, newspapers accounted for more than 60 percent (approximately 71,000 out of 114,000) of newsroom jobs in America. However, in the intervening years, newspapers have seen dramatic layoffs. Newspapers (both print and digital) shed 57 percent of their employees between 2008 and 2020, dropping from roughly 71,000 jobs to about 31,000 at the outset of the pandemic.[112]

Though official figures that take into account the full impacts of the pandemic are still being finalized, the topline impact seems clear: Newspapers suffered heavy losses from the initial economic downturn. A 2020 report estimated that the pandemic could result in 7,000 additional layoffs at newspapers.[113] Contemporaneous media analyses show that at least one-third of all newspapers with Sunday circulations of greater than 50,000 have laid off workers since the onset of COVID-19. This impact was particularly pronounced for large newspapers — or newspapers owned by large conglomerates — that were unable to qualify for PPP and/or CARES Act assistance. 55 percent of newspapers with circulations of greater than 250,000 readers laid off employees during the pandemic.[114] The New York Times compiled a tracker of the major journalism-related employment announcements during the pandemic, estimating that a whopping 37,000 journalists were laid off, furloughed, or had their pay cut.[115]

These layoffs have important regional dimensions as well. Some states — New Hampshire, New Jersey, New Mexico, Rhode Island — have lost more than 80 percent of their journalism workforce since 2008.[116] In turn, two hundred counties around the nation have no newspaper staff covering their communities, particularly in the South, and half of all counties only have one source of local news.[117] In particular, some studies have found that investigative journalism in local newspapers has declined in recent years.[118]

112 Ibid.

113 Cantwell, "Local Journalism." http://www.benton.org/headlines/local-journalism-americapercentE2percent80percent99s-most-trusted-news-sources-threatened.

114 Walker and Matsa, "A Third of U.S. Newspapers Experienced Layoffs in 2020." https://www.pewresearch.org/fact-tank/2021/05/21/a-third-of-large-u-s-newspapers-experienced-layoffs-in-2020-more-than-in-2019.

115 Tracy, Marc. "News Media Outlets Have Been Ravaged by the Pandemic." The New York Times, September 21, 2021. https://www.nytimes.com/2020/04/10/business/media/news-media-coronavirus-jobs.html.

116 Walker and Matsa, "A Third of U.S. Newspapers Experienced Layoffs in 2020." https://www.pewresearch.org/fact-tank/2021/05/21/a-third-of-large-u-s-newspapers-experienced-layoffs-in-2020-more-than-in-2019.

117 Cantwell, "Local Journalism." http://www.benton.org/headlines/local-journalism-americapercentE2percent80percent99s-most-trusted-news-sources-threatened.

118 Turkel, Eray, Anish Saha, Rhett Carson Owen, Gregory J. Martin, and Shoshana Vasserman. "A Method for Measuring Investigative Journalism in Local Newspapers." *Proceedings of the National Academy of Sciences* 118, no. 30, July 27, 2021. https://doi.org/10.1073/pnas.2105155118.

Outside of newspapers, the other four sectors of journalism — broadcast television, digital-natives, radio broadcasting, and cable television — have seen divergent fates over the past few years. The digital-native newsroom workforce has seen the most growth of any journalism sector, expanding by approximately 150 percent from 7,400 workers in 2008 to about 18,000 in 2020.[119] Though, here too, nearly one in five digital news outlets reported layoffs during the pandemic.[120] Both broadcast and cable television have seen relatively constant levels of employment (with year-to-year fluctuations of generally fewer than 1,000 employees). By 2020, 29,700 people were employed in broadcast television newsrooms, while 2,730 worked in cable television newsrooms.[121] For the first time, this made television newsrooms the largest employer in journalism, beating out newspapers. Like newspapers, radio journalism has seen heavy losses, losing more than a quarter of its workforce between 2008 and 2020. In 2020, radio broadcast newsrooms employed approximately 3,360 people.[122]

The relative stability of employment levels in local television news is noteworthy. As the chart above describes, fifteen years ago, there were 2.5 times as many people working at newspapers as were working in local TV news. Now, those employment levels are the same — though newspaper employment continues to drop. While the overall employment levels in TV news have remained relatively stable, the nature of that employment is shifting. In 2022, the average local TV news department consisted of 40 full-time employees. Tracking data suggests that roles are shifting toward digital content and distribution roles, while most traditional reporting, mid-management, and editorial roles are contracting. More specifically, digital content producers (e.g., web/mobile writers, social media producers, digital content managers, multi-media journalists) have seen the largest increases in employment as a share of local broadcast news outlets. Meanwhile, some crossover broadcast and digital jobs (e.g., video editor) saw a small increase, while roles like sports anchor, news reporter, news writer, and news assistant, which are most linked to broadcast, are declining as a share of TV news employment.[123]

Distribution of Local TV Newsroom Employment Roles, 2017-2021

	2021	2020	2019	2018	2017	% change (2017-2021)
News Director	1	1	1	1	1	0%
Assistant News Director	0.6	0.6	0.7	0.6	0.5	20%
Managing Editor	0.4	0.3	0.3	0.3	0.3	33%
Executive Producer	1.3	1.2	1.2	1.3	1.2	8%
News Anchor	5.3	5.3	5.2	5.4	5.3	0%
Weathercaster	3.4	3.2	3.5	3.2	3.2	6%
Sports Anchor	1.4	1.5	1.6	1.5	1.6	-13%
News Reporter	2.5	3	3.2	3.7	4.1	-39%
MMJ	5.1	5.2	4.9	4.9	4.2	21%
Sports Reporter	0.5	0.5	0.6	0.5	0.5	0%
Assignment Editor	1.2	1.2	1.3	1.3	1.4	-14%
News Producer	6	5.6	5.7	5.4	5.7	5%
News Writer	0.1	0.2	0.2	0.2	0.4	-75%
News Assistant / AP	0.2	0.2	0.6	0.2	0.4	-50%
Photographer	5.4	5.5	6.1	6.2	6.2	-13%
Video Editor	2	1.8	1.6	1.9	1.8	11%
Graphics Specialist	0.2	0.3	0.3	0.3	0.3	-33%
Digital Content Manager	0.8	0.7	0.8	0.7	0.7	14%
Social Media Producer/Editor	0.4	0.3	0.3	0.4	0.3	33%
Web/Mobile Writer/Producer	1.8	1.4	1.2	1.2	1.1	64%
Other	0.6	1.1	0.3	0.2	0.3	100%

Source: Compiled by authors based on data from Radio Television Digital News Association

119 Walker, "U.S. Newsroom Employment Has Fallen." https://www.pewresearch.org/fact-tank/2021/07/13/u-s-newsroom-employment-has-fallen-26-since-2008.

120 Shearer, Elisa, and Emily Tomasik. "After Increasing in 2020, Layoffs at Large U.S. Newspapers and Digital News Sites Declined in 2021." *Pew Research Center*, October 13, 2022. https://www.pewresearch.org/fact-tank/2022/10/13/after-increasing-in-2020-layoffs-at-large-u-s-newspapers-and-digital-news-sites-declined-in-2021.

121 Walker, "U.S. Newsroom Employment Has Fallen." https://www.pewresearch.org/fact-tank/2021/07/13/u-s-newsroom-employment-has-fallen-26-since-2008.

122 Ibid.

123 Papper, Bob, and Keren Henderson. "Local News Staffing Doesn't Stick To Trends." *Radio Television Digital News Association (RTDNA)/Syracuse University Newhouse School of Communications*, June 16, 2022. https://assets-002.noviams.com/novi-file-uploads/rtdna/Research/RTDNA_TV_Staffing_Report.pdf.

How have specific media companies fared in recent months and years? What are their divergent strategies for growth and profitability?

In general, filings from the past few months point to uneven financial stability across news media companies. The broader macroeconomic environment has posed challenges to over-leveraged media companies across the board, and a pivot to digital is sapping advertising revenue from print newspapers. As a result, many newspaper groups are seeing hard news revenue decline, forcing them to either cut costs dramatically or innovate and expand into new revenue-producing products (e.g., games, sports, cooking, which can command an add-on subscription; or, Wirecutter's percentage take from recommended product purchases). In contrast, soaring spending on political advertising is driving sustained profits among TV broadcasters. The following section provides an analysis of a sample of major players with divergent strategies and views of the media landscape. It is not intended to provide a comprehensive view of the sector, but instead to illustrate a few key strategic divides across the industry.

> **Sinclair Broadcast Group**: Sinclair Broadcast Group is a telecom company that makes the majority of its revenue from local broadcast television. Sinclair's most recent third quarter 10-K filing suggests the company is in healthy financial territory. Revenues (and associated costs) have sharply risen over the past year, largely due to increased revenues from political advertising in the election year and the growth of retransmission fees for local stations. This led to a small year-to-year increase in net income. Industry analysts predict this revenue stream will balloon in the coming years, especially in the run-up to the 2024 presidential election.[124] Unlike many significantly over-leveraged media companies, analysts generally see Sinclair's debt as manageable and serviced by its existing cash flow streams (and, if needed, cash reserves).[125] However, an aggressive Federal Reserve may change this calculus in the next few months.
>
> Sinclair's growth strategy aims to upend its reliance on linear advertising — particularly cyclical political advertising — and retransmission fees. These initiatives include a substantial investment in original, multi-platform content creation (e.g., CSI: Crime Scene Investigation creator Anthony Zuiker has signed on with the company) and development of omnichannel marketing practice. This latter effort attempts to address the substantial arbitrage that currently exists between local media ad sellers and potential buyers.
>
> With an overtly conservative tilt to its local news coverage and required airtime for syndicated editorial programming, Sinclair stations already reached 40 percent of American households in 2018.[126]
>
> **News Corp**: News Corp's financial state has stayed relatively static over the past year. For Q3 of 2022, revenue across the board remained flat compared to the same period in 2021, while expenses have also held steady. Cash flow for the underlying media business appears stable, and profitability for the full year rose sharply to $1.67 billion for 2022. However, these findings mask declining revenue from advertising over several years, which has been offset by growth in its business and real estate services, including the Dow Jones portfolio. In general, News Corp's journalism properties have also proved profitable, as the company has cut its print expenses and embarked upon digital transformation.
>
> News Corp sees its growth strategy as threefold: first, it is making significant investments in digital and streaming to guard against declining television viewership. This includes both acquisitions of new streaming platforms — including for sports — and a pivot to digital for existing news properties. As part of this effort, News Corp has also entered deals with Facebook and Google for content dissemination through their platforms. Second,

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124 Smith, Matthew. "Sinclair Broadcast Stock: Nice Entry Point For Investors (SBGI)." *Seeking Alpha*, January 13, 2023. https://seekingalpha.com/article/4569763-sinclair-broadcast-nice-entry-point-for-investors.

125 Ibid.

126 Mathews, Dylan. "Sinclair, the pro-Trump, conservative company taking over local news, explained." *Vox*, April 3, 2018. https://www.vox.com/2018/4/3/17180020/sinclair-broadcast-group-conservative-trump-david-smith-local-news-tv-affiliate. Accessed May 15, 2023.

particularly in its American journalistic properties (Wall Street Journal, New York Post, Investor's Business Daily), News Corp has adopted a specific ideological niche that it argues distinguishes itself in a crowded news landscape. And finally, News Corp has diversified its holdings to embrace a larger role in business and real estate by acquiring competitors to Dow Jones and investing in non-journalism real estate services.

The New York Times: Last year, The New York Times delivered a 10 percent operating profit driven by growth in subscriptions. In 2022, annual overall revenue was $2.3 billion, an increase of 11.3 percent from 2021. But the source of this growth was not primarily based in news content. Instead, the Times's premium bundles — which include subscriptions to cooking and games — account for the bulk of these increases.[127] Today, Games is the fastest growing subscription component for the Times, while losses at recent content acquisitions like The Athletic continue to exert a drag on topline profits.[128]

At its core, the New York Times describes its strategy as "digital first, subscription first." This reflects the declining role of advertising revenue across newspaper outlets. This strategy is underlined by a relatively simple model based on three propositions. First, the Times aims to outcompete its competitors on journalism quality. They aim to leverage their legacy reputation — both within and outside the industry — to become the first destination for both breaking news and commentary. Second, they aim to increase their lifestyle-oriented offerings to engage consumers outside of the news. This includes products that span cooking, games, shopping, home repair and design, and sports. Finally, The Times wants to foster more integration between these properties, such that users may come to the website for Wordle, Wirecutter, or recipes, then continue to engage with news content. The net goal is 10 million subscribers by 2025. In any event, the fact that The New York Times is navigating this tension highlights at once the importance of having multiple lines of business, as well as the difficulties of making money on the core product of journalism — even for an organization with their reputation for quality and history of subscribers.

But despite subscriptions leading revenue growth, The Times continues to see growth in advertising revenue as well, with a 5.2 percent year-over-year increase in 2022. That 5.2 percent is comprised of an 8.4 percent increase in print advertising and a 3.2 percent increase in digital advertising revenue. Since 2019, digital and print advertising have maintained relatively stable shares of advertising revenues at approximately 61 percent and 39 percent, respectively. Digital advertising at The Times includes: direct-sold website, mobile application, podcast, email and video advertisements; programmatic advertising; creative services associated with branded content; ads on sub-brands like Wirecutter and Wordle; and classified advertising. Print advertising revenue is from column-inch ads and classified advertising, including both line-ads and preprinted advertising (free-standing inserts). Nevertheless, from The Times' perspective, the advertising landscape is becoming slightly more hostile — a downward trajectory that is not anticipated to reverse. Larger tech companies loom in the digital advertising markets, and will continue to do so as demand for formats that The Times can't replicate (such as vertical short form video content) increases. Programmatic buying causes downward pricing pressure as sellers are compelled to offer competitively low prices, particularly as Apple's initiative to allow users to opt out of ad tracking reduces efficiency overall.

Gannett: In both Q2 and Q3 of 2022, Gannett saw dramatic declines in revenue. In Q3, Gannett reported a net loss of $54.1 million, despite declining operating costs. While digital-only paid subscriptions grew by nearly 30 percent, the small topline number of digital subscribers was unable to offset substantial downturns in digital advertising revenue and print circulation revenue.[129] As a result, Gannett announced its intention to cut roughly $200 million from its operating budget before the end of 2022, primarily through real estate sales and layoffs.

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127 Edmonds, Rick. "News Alone Is No Longer the Driver of New York Times Subscription Growth." *Poynter*, November 2, 2022. https://www.poynter.org/business-work/2022/news-alone-is-no-longer-the-driver-of-new-york-times-subscription-growth.

128 Ibid.

129 Barber, Kayleigh. "Gannett's Q3 Earnings Were Bleak, but CEO Mike Reed Expects the Worst Is behind the Publisher." *Digiday*, November 4, 2022. https://digiday.com/media/gannetts-q3-earnings-were-bleak-but-ceo-mike-reed-expects-the-worst-is-behind-the-publisher.

Gannett's growth strategy mirrors The Times's objective of subscriber growth, though so far it has had less success. In contrast to The Times's logic that subscriber growth will come from a combination of quality and vertical media integration, Gannett is focused on optimizing its core business to meet consumer preferences and offloading any other capacities. For instance, following a series of experiments and studies, Gannett recommended to its newsrooms that they cut editorial content citing consumer apathy for those sections. The company has also aggressively pushed digitization on its affiliates. Gannett has also pushed significant austerity measures — the aforementioned layoffs, benefit cutbacks, as well as ending print production for a variety of local papers. In addition, like Sinclair, Gannett has launched a digital marketing service geared toward small, local businesses.

iHeartMedia: iHeartMedia continued to report rising revenues into Q3 of 2022, driven almost entirely by digital audio (which includes podcasting).[130] Revenues for digital audio grew 23 percent year-over-year and podcast revenue alone grew by 42 percent. This compares to only 0.4 percent growth among its radio station revenue.[131] Overall, the company reported a sizeable operating loss, though this was entirely due to non-cash impairments related to declining values of the FCC licenses the company possesses.

iHeartMedia's growth strategy involves creating and dominating the digital radio market. As traditional methods of radio listening decline, the company is pivoting to streaming and podcasting. While its multiplatform group still purports to have the largest reach of any media company in America — and seeks to leverage this data advantage as a comparative advantage as an advertiser — strategic investments are almost uniformly in the digital audio group. Given the growth of this sector writ large, the company is confident that growth in this area can offset multiplatform declines.

BuzzFeed: In April 2023, the BuzzFeed announced that it would entirely shut down its Pulitzer Prize-winning newsroom, BuzzFeed News, and centralize journalistic output under the HuffPost brand. Financial indicators from the company in the months prior to the April announcement gave some indication of the challenges that BuzzFeed was experiencing. While BuzzFeed's recent Q3 2022 earnings report shows 15 percent revenue growth year-over-year,[132] driven by a 45 percent jump in sponsored content/native advertising, traditional advertising remained flat. And while product and event revenue also grew a healthy 12 percent year-over-year, accounting for the balance of overall revenue growth, time spent across BuzzFeed's owned platforms declined a whopping 32 percent year-over-year. Overall, the quarterly net loss rose to nearly $30 million. In December, BuzzFeed announced layoffs of 12 percent of its overall workforce, which would turn out to be a preview of the larger retrenchment the company unveiled in April.[133]

BuzzFeed's growth strategy involved big bets on two trends in the digital media economy: the rise of creators, and the rise of artificial intelligence. BuzzFeed is investing in building the brand of its in-house creators, with specific targeting to hard-to-reach media communities. In this way, BuzzFeed is building an internal roster of creators and is partnering with brands to deliver sponsored content through their talent. BuzzFeed is also experimenting with shifting non-influencer content (e.g., listicles) to AI-powered pieces. In the coming months, we will see whether BuzzFeed, without the burden of BuzzFeed News, can capitalize on its innovation and investment in revenue sources like events and sponsored content.

Advance Local: The Newhouse family owns Advance Local, a local news and information-focused conglomerate, which pivoted to digital early with holdings like the Cleveland Plain Dealer/Cleveland.com; New Orleans Times Picayune/NOLA.com, and the Oregonian. It now also owns several issue-specific Advance publications (e.g., education, aviation) that feed content to the local/regional paper holdings. An Alabama holding called Red Clay Studio supports regionally

130 Stine, Randy J. "Digital Helps iHeartMedia Maintain Growth in Q3." *Radio World*, November 6, 2022. https://www.radioworld.com/news-and-business/business-and-law/digital-helps-iheartmedia-maintain-growth-in-q3.

131 Ibid.

132 BusinessWire. "BuzzFeed, Inc. Announces Third Quarter 2022 Financial Results." November 14, 2022. https://finance.yahoo.com/news/BuzzFeed-inc-announces-third-quarter-213000415.html.

133 Darcy, Oliver. "BuzzFeed slashes 12 percent of its workforce, citing 'worsening macroeconomic conditions.'" *CNN*, December 6, 2022. https://www.cnn.com/2022/12/06/media/BuzzFeed-job-cuts/index.html.

oriented social media creators, and is connected to Advance Alabama, a statewide digital news property. The parent company has also diversified into events, SEO/marketing, and AI services that appear to serve both the Advance properties and their advertisers and consumers. Advance Local also houses nationally focused property, Reckon, which "covers reckonings in America, the people powering change and the issues inspiring them … including coverage of climate justice, reproductive rights, faith and purity culture, working mothers and families, trans rights, Blackness, racial justice, movements and queer issues."[134] Since Advance Local is a privately held property, there is little public information surrounding the success of their innovations. The consensus in media circles is that while Advance Local's early pivot to digital was challenged and perhaps imperfectly executed, in at least some markets, it may have positioned them as a leader in a space to which others had to adapt rapidly in subsequent years.

Alden Global Capital: Unlike the other entries in this section, Alden Global Capital is not a media company. It is a hedge fund that primarily invests in newspapers and has risen to control more than 200 newspapers across the country. In recent years, the group has attracted headlines for its purchase of the Chicago Tribune, attempted takeover of Gannett, extreme cost-cutting measures, and shadowy investing practices. Though the firm is notoriously media-averse, public accounts indicate the Alden model is as follows: buy up struggling media properties, sell off physical assets and slash jobs, and milk print periodicals for advertising money while failing to invest in long-term transformation.[135] This practice allows the group to squeeze short-term profitability out of dying newspapers, all but ensuring that both their journalistic value and long-term financial viability decline.

How has the partisan nature of news changed?

To fill the void created by these gaps in local outlets, a new class of investors has begun to produce local news through outfits that are linked more tightly to an ideological perspective and in some cases to an implicit set of political objectives. These outlets are generally digital and often seek to take advantage of inherent greater consumer trust in local journalism. It is important to differentiate two forms of partisan news. The first is a category that some critics derogatively describe as "pink slime" journalism. These outlets predominantly package news content (sometimes algorithmically generated and sometimes largely paraphrased from other sources) sandwiched between content that can read like thinly disguised partisan talking points.[136] These sites often have anodyne names that sound like they are perhaps local newspapers that have been around for a while. The practice originated on the ideological right and has since ballooned, primarily through an outfit known as Metric Media, which boasts a whopping 1,200 local outlets.[137] In some cases, the sites are branded and presented as if they are long-standing neutral local news institutions, despite being part of a centrally controlled network whose content is distinctly partisan. In recent years, Democratic-aligned interests have made investments in local outlets to counter these conservative sites, but their size and scope has not matched the scale of right-wing efforts.[138] The left-aligned sites do — to a degree — credibility differentiate themselves from the inaccurate information (and at times caustic content) that is more common on the right-wing sites.

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134 Reckon. "About Reckon." https://www.reckon.news/about-us. Accessed May 9, 2023.

135 Pompeo, Joe. "The Hedge Fund Vampire That Bleeds Newspapers Dry Now Has the Chicago Tribune by the Throat." *Vanity Fair*, February 5, 2020. https://www.vanityfair.com/news/2020/02/hedge-fund-vampire-alden-global-capital-that-bleeds-newspapers-dry-has-chicago-tribune-by-the-throat.

136 Bartholomew, Jem. "The Rise and Rise of Partisan Local Newsrooms." *Columbia Journalism Review*, September 19, 2022. https://www.cjr.org/tow_center/the-rise-of-partisan-local-newsrooms.php.

137 Ibid.

138 Editorial Board. "Opinion | Hyperpartisan 'local news' sites are dangerous to democracy." *The Washington Post*, October 23, 2022. https://www.washingtonpost.com/opinions/2022/10/23/local-news-partisan-pink-slime-journalism.

The second category of ideological outlets are those that produce original journalism with a *transparently* ideological bent. Common examples on the right include The Daily Wire, The Federalist, and Breitbart, and Daily Kos, Mother Jones, and Crooked Media on the left. Again, these types of outlets associated with progressive ideology generally lack the scale and variety of those on the Right. This group of sites varies in the strategies employed to disguise an ideological bent. These outlets also vary, particularly across the ideological spectrum, in the degree to which traffic in false information and vitriolic content.

Even mainstream cable news channels have trended toward increasingly ideological alignment. Recently disclosed documents from the Dominion lawsuit offer a view into the Fox newsroom suggesting that in addition to scale and discipline, some conservative partisan media participants also possess a looser to commitment to truth and fact-based reporting.[139] That approach has tangible impact: A 2017 study found that just five additional minutes of watching Fox News each week causes a 0.6 percentage point uptick in the likelihood of voting for Republicans.[140] Thus, increased viewership increases partisan responses, which in turn reinforced Fox's decision to continue airing stories about the 2020 election that they knew to be untrue because their audience demanded it[141] — a toxic positive feedback loop between intensely partisan media and their (increasingly) partisan audiences who obtain news only through such media sources. News consumption is increasingly fragmented, with consumers on the left and right receiving not only competing versions of the facts, but wholly different accounts of what is "news."[142]

Scholars also find that media polarization has intensified over time, with the average ideology of political actors on primetime news shows drifting substantially to the extremes.[143] Similarly, a study by the Rand Corporation found that broadcast, digital, and television news journalism had all become more "subjective" and "opinion-based" over the past few decades.[144] That said, the consumption of this kind of media is not evenly distributed. A minority of Americans are heavy viewers of cable news shows. Today, one in seven Americans consumes over eight hours of partisan news every month.[145] While these heavy viewers are a minority of the overall population, a recent study suggests that these information echo chambers have an outsized impact on their views on issues: Regular Fox News viewers who were paid to watch CNN for a month saw significant shifts in opinion.[146]

In the next section of this report, we examine further audience polarization and ideological divides from a news consumer's perspective.

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139 Bauder, David. "Dominion voting case exposes post-election fear at Fox News." *AP News*, February 23, 2023. https://apnews.com/article/politics-television-donald-trump-business-1a4337a89c8abd952a814c60fa269b3c.

140 Martin, Gregory J., and Ali Yurukoglu. "Bias in Cable News: Persuasion and Polarization." *American Economic Review* 107, no. 9, September 2017. https://doi.org/10.1257/aer.20160812.

141 Bauder, "Dominion voting case." https://apnews.com/article/politics-television-donald-trump-business-1a4337a89c8abd952a814c60fa269b3c.

142 Jurkowitz, Mark, Amy Mitchell, Elisa Shearer, and Mason Walker. "U.S. Media Polarization and the 2020 Election: A Nation Divided," *Pew Research Center*, January 24, 2020. https://www.pewresearch.org/journalism/2020/01/24/u-s-media-polarization-and-the-2020-election-a-nation-divided. Accessed May 8, 2023.

143 Kim, Eunji, Yphtach Lelkes, and Joshua McCrain. "Measuring Dynamic Media Bias." *Proceedings of the National Academy of Sciences* 119, no. 32, August 9, 2022. https://doi.org/10.1073/pnas.2202197119.

144 Kavanagh, Jennifer, William Marcellino, Jonathan S. Blake, Shawn Smith, Steven Davenport, and Mahlet Gizaw. "Facts Versus Opinions: How the Style and Language of News Presentation Is Changing in the Digital Age." *RAND Corporation*, May 14, 2019. https://www.rand.org/pubs/research_briefs/RB10059.html.

145 Broockman, David, and Joshua Kalla. "Selective Exposure and Partisan Echo Chambers In Television News Consumption: Evidence from Linked Viewership, Administrative, and Survey Data." *OSF Preprints*, April 14, 2023. https://doi.org/10.31219/osf.io/b54sx.

146 Ibid.

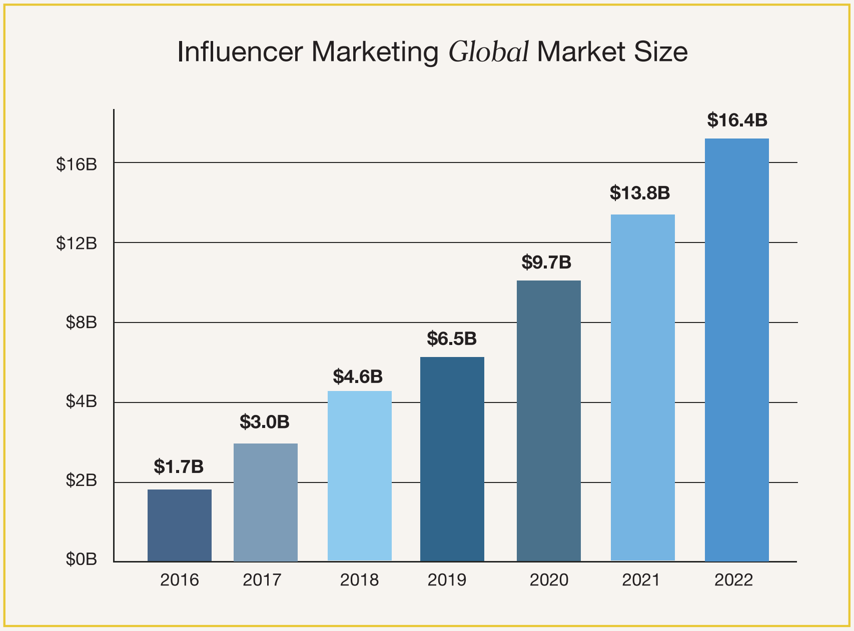
What is the scale and pace of the social media influencer and independent solo journalist phenomena?

With the advent of social media, brands and advertisers have begun to pay increasing attention to influencers, digital celebrities with a relatively broad following on social media who hold particular sway over their audiences. These influencers are usually responsible for creating and disseminating their own independent content to their audiences of followers. Thus, while the lines between producers, consumers, owners, and disseminators were more clear-cut decades ago, today's influencers and other creators have blended these categories.

In 2021, 3.8 million posts were tagged as sponsored content on Instagram, which mandates that users indicate when they receive payments for posts.[147] Adweek reports that 28 percent of content creators say that influencer earnings represent their main jobs.[148] Survey data also tells us that a wide audience of young people are open to become influencers: a whopping 86 percent of Gen Z and millennials say they are willing to post sponsored content for money.[149] In addition, 12 percent already consider themselves to be influencers of some variety.[150]

Global spending on influencer marketing grew from $1.7 billion in 2015 to $16.4 billion in 2022, a massive 860 percent increase.[151] Some estimates predict the global influencer market will be worth more than $100 billion by 2028, with a few established platforms dictating the terms of the relationships between influencers and potential spenders.[152]

Influencers are particularly important to reaching Gen Z and millennials: 72 percent of this cohort report following influencers on social media.[153] In a world inundated with marketing, authenticity has become the most important currency. Eighty-two percent of Gen Z says they trust a company more if it uses images of real customers



Source: Influencer Marketing Hub

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147 Klear. "2022: The State of Influencer Marketing." https://klear.com/resources/2022-state-of-influencer-marketing-report. Accessed May 17, 2023.

148 Main, Sami. "28% of Influencers Say Being An Influencer Is Their Full-Time Job." *Adweek*, October 27, 2017. https://www.adweek.com/performance-marketing/28-of-influencers-say-being-an-influencer-is-their-full-time-job. Accessed January 29, 2023.

149 Morning Consult. "The Influencer Report: Engaging Gen Z and Millennials." https://morningconsult.com/influencer-report-engaging-gen-z-and-millennials. Accessed January 29, 2023.

150 Ibid.

151 Influencer Marketing Hub. "The State of Influencer Marketing 2022: Benchmark Report." February 9, 2023. https://influencermarketinghub.com/influencer-marketing-benchmark-report-2022.

152 Business Wire. "Global Influencer Market to Reach $109.37 Billion by 2028: Increased use of Smartphones and Internet Penetration into Remote Areas has Increased User Presence Driving Growth." March 7, 2023. https://www.businesswire.com/news/home/20230307005675/en/Global-Influencer-Market-to-Reach-109.37-Billion-by-2028-Increased-use-of-Smartphones-and-Internet-Penetration-into-Remote-Areas-has-Increased-User-Presence-Driving-Growth---ResearchAndMarkets.com.

153 Morning Consult, "The Influencer Report." https://morningconsult.com/influencer-report-engaging-gen-z-and-millennials.

in its advertising.[154] And, a 2022 study found that 33 percent of Gen Z had bought a product based on an influencer's recommendation in the past three months.[155] Brands have had to adjust tactics to reach their consumers to build trust through consistent engagement. According to one social media influencer agency representative: "Following the emergence of TikTok and IG Reels, over-produced content is becoming less desirable. Un-filtered, short-form video offers more of a real-life representation, rather than broadcast-quality content that depicts life as perfect."[156] Even as the influencer marketing industry has grown significantly in recent years, the #deinfluencing tag that emerged in early 2023 has now reached over half a billion TikTok views, suggesting a rejection of overtly paid, gun-for-hire influencers, in favor of trusted messengers who audiences trust actually believe in their products and messages.

Despite evidence of their reach, measuring the number of paid influencers is difficult because of changing definitions and transparency practices. For example, in recent years, a subsidiary phenomenon known as micro-influencers — social media users with modest followings (typically 3,000-100,000 followers) who are often concentrated in a particular niche — have risen to command the majority of sponsored posts. Because of their ubiquity, the number of monetized micro-influencers is difficult to capture. Similarly, despite the bulk of media attention focused on so-called "mega"-influencers, micro-influencers are increasingly driving traffic to sponsored content. Perhaps in response to their perceived authenticity, these accounts tend to feature their higher engagement rates, higher levels of trust, and higher returns on investment for advertisers.[157] As a result, industry estimates suggest roughly 90 percent of sponsored posts are made by micro-influencers.[158]

That being said, the money on influencer campaigns appears to be concentrated in a small number of very large-scale influencers. The lion's share of revenue for sponsored content goes to a relatively tiny number of individuals. For example, if we consider the price-per-post of the 100 highest-earning influencers on Instagram in 2022 and conservatively estimate four posts per month, that already yields more than $2 billion, or 12.5 percent of the overall global spend on influencers. Put another way, in 2022, just 100 people on a single platform received one in every eight dollars spent globally on influencers.[159]

There are significant gender divides in the genres of influencers followed. Sixty-two percent of men report following gaming influencers, compared to only 26 percent of women.[160] Conversely, 59 percent of women follow beauty influencers, while only 12 percent of men do. Food, travel, and political influencers all tend to have significant crossover appeal across demographics.

How do platforms factor into the influencer economy?

Brand influencers primarily reach their audience through Instagram. Surveys of advertisers who conduct influencer marketing find that 80 percent use Instagram for these campaigns, compared to

154 Williams, Robert. "Gen Z wants brands to be 'fun,' 'authentic' and 'good,' study says." *Marketing Dive*, July 8, 2020. https://www.marketingdive.com/news/gen-z-wants-brands-to-be-fun-authentic-and-good-study-says/581191.

155 Iskiev, Maxwell. "How each generation shops in 2023." *HubSpot*, July 28, 2022. https://blog.hubspot.com/marketing/how-each-generation-shops-differently.

156 Stratton, Joe. "The TikTok age of authenticity: for gen Z, reach doesn't equal influence." *The Drum*, May 4, 2022. https://www.thedrum.com/opinion/2022/05/04/the-tiktok-age-authenticity-gen-z-reach-doesnt-equal-influence.

157 Ehlers, Kelly. "Council Post: Micro-Influencers: When Smaller Is Better." *Forbes*, June 2, 2021. https://www.forbes.com/sites/forbesagencycouncil/2021/06/02/micro-influencers-when-smaller-is-better.

158 Shepherd, Jack. "28 Essential Influencer Marketing Statistics You Need to Know in 2023." *The Social Shepherd*, May 15, 2023. https://thesocialshepherd.com/blog/influencer-marketing-statistics.

159 Hopper HQ. "2022 Instagram Rich List." https://www.hopperhq.com/instagram-rich-list. Accessed May 16, 2023.

160 Morning Consult, "The Influencer Report." https://morningconsult.com/influencer-report-engaging-gen-z-and-millennials.

50 percent for Facebook, 46 percent for TikTok, and 44 percent for YouTube.[161] However, TikTok and YouTube — the two primarily video-oriented platforms — had significantly higher levels of engagement than other platforms. Moreover, the youngest Gen Z influencers are increasingly turning to TikTok and eschewing legacy social media platforms. As a result, market research firms like Insider Intelligence predict that TikTok will dramatically overtake Facebook and YouTube in terms of spending on influencers in the next two years,[162] assuming it can avoid significant federal, state, and international attempts to curtail or limit its market reach.[163]

Platform advertising monetization practices are often opaque and inconsistent, but appear to break down as follows:[164]

- *YouTube*: Long-form creators receive a 50/50 split on ad revenue, while YouTube Shorts creators receive 45 percent of ad revenue. Generally, YouTube has among the most favorable and transparent policies for creator monetization of content. Many individual journalists, commentators, or creators in this category favor YouTube because its monetization eligibility requirements are more achievable than on some other platforms — YouTube creators may qualify for monetization with only 1,000 subscribers and 4,000 watch hours in the previous 12 months.[165]

- *TikTok*: Generally, TikTok pays creators who meet its eligibility requirements a proportion of funds from its Creator Fund. Revenue does not scale with platform growth; rather, it's proportional to a particular creator's ability to outperform other creators. However, creators with more than 100,000 followers receive up to a 50/50 split on ad revenue from some of their content through the TikTok Pulse Program, a pilot to target advertisements along with individual pieces of TikTok content.[166]

- *Meta*: The parent company of Instagram and Facebook pays 55 percent of ad revenue for in-stream IGTV ads and Facebook Reels ads to creators. However, creators cannot monetize generic ad revenue from content that appears in the ordinary Instagram grid or Facebook feed, which accounts for the overwhelming bulk of content on those platforms.[167]

- *Twitter*: On February 3, 2023, Elon Musk announced that Twitter would share some ad revenue with paid Twitter Blue subscribers based on traffic driven to advertisers appearing in Tweet replies. Months later, no details are available, and this feature appears inactive. For certain accounts, pre-roll video advertising is still a monetizable option.[168]

How does revenue beyond advertising flow in the creator economy?

Revenue for creators comes from three main sources: brand partnerships, follower contributions, and platform payments. According to analysis by Deloitte, the average creator with brand partnerships reports that more than half

161 Influencer Marketing Hub, "The State of Influencer Marketing 2022." https://influencermarketinghub.com/influencer-marketing-benchmark-report-2022.

162 Christison, Colleen. "How Much Do Influencers Make in 2023?" *Social Media Marketing & Management Dashboard*, October 3, 2022. https://blog.hootsuite.com/how-much-do-influencers-make.

163 McCabe, David. "Montana Legislature Approves Outright Ban of TikTok." *The New York Times*, April 14, 2023. https://www.nytimes.com/2023/04/14/technology/montana-tiktok-ban-passed.html.

164 Scanlon, Krystal. "Here Is How Much TikTok, Meta and Other Social Platforms Are Paying Creators." *Digiday*, October 20, 2022. https://digiday.com/marketing/here-is-how-much-tiktok-meta-and-other-social-platforms-are-paying-creators.

165 YouTube. "YouTube Partner Program overview & eligibility." https://support.google.com/youtube/answer/72851. Accessed May 1, 2023.

166 TikTok. "Monetize on TikTok." https://support.tiktok.com/en/business-and-creator. Accessed May 1, 2023.

167 Meta. "Earn Money: Meta for Creators." https://www.facebook.com/creators/tools/earn-money. Accessed May 1, 2023.

168 Clark, Mitchell. "Hey, where's the Twitter Blue revenue sharing Elon Musk promised a month ago?" *The Verge*, March 3, 2023. https://www.theverge.com/2023/3/3/23623927/twitter-blue-ad-revenue-one-month-missing.

their income comes from brand partnerships.[169] For creators with follower contributions and platform payments, these sources each account for roughly a third of their total revenue.[170] Follower contributions generally take the form of digital tip jars, merchandise sales, or premium subscriptions, while platform payments can range from portions of ad sales (detailed above) to lump sum payments to attract talent (e.g., Substack paid Matthew Yglesias a $250,000 advance).[171] Some platforms have also started "creator funds" to develop new talent.

For platforms, revenue is derived largely from ad sales on influencer content and subscription fees. As outlined above, platforms receive roughly half (or more) of ad sales on influencer pages across platforms. They also generally skim some revenue off subscription payments from consumers:[172]

- Twitch takes 50 percent;
- YouTube takes 30 percent;
- Substack takes 10 percent; and
- Twitter takes between 3 and 20 percent.

Beyond creators and platforms, a constellation of intermediaries receives payments from the creator economy. The number of marketing firms with specialized influencer marketing practices has nearly doubled over two years.[173] Moreover, a number of platforms have cropped up that specialize in connecting influencers and brands. LTK, a leading influencer marketing platform, has attracted more than $300 million in investment from venture capital and boasts $2.5 billion in annual brand sales.[174] Another crop of companies provides tools for additional monetization (e.g., virtual tip jars). Patreon, for example, which provides tools for creators to manage subscribers, takes between 5-12 percent of total transaction value.

Solo journalists and content creators

In addition to the YouTube stars and Instagram influencers, there is a growing cadre of independent solo-practitioner journalists and content creators who have built self-sustaining careers covering news and offering opinion and analysis. Whether by choice or by layoff, the trend is clear: solo practitioner journalism is on the rise. While it varies across beat and industry, a 2023 study by the Pew Research Center found that 34 percent of journalists in the United States are now freelancers, up from 13 percent in 2012 and 17 percent in 2018.[175] And while the absolute number of freelance and solo journalists is unclear, the trend is toward independence. The study also found that freelancers are more likely to be solo journalists, with 62 percent of freelancers working without any colleagues.

The modern solo journalist was shaped by the online news explosion of the mid-1990s; the development of early blogging platforms; and trailblazing digital writers such as Taegan Goddard (Political Wire), Josh Marshall (Talking Points Memo), and Matt Drudge (The Drudge Report). Of these types of writers, Andrew Sullivan stands out as charting a real-time (and chaotic) online career path that pioneered a new journalism and tested financial and content development on a new medium. From launching his blog ("The Daily Dish") to hopping between gigs at TIME, Newsweek, The Daily Beast, The Atlantic, New York Magazine, and now Substack, he ran donation drives, drove record traffic at

169 Deloitte. "The Content Creator Economy." https://www2.deloitte.com/us/en/pages/chief-marketing-officer/articles/content-creator-economy.html. Accessed January 29, 2023.

170 Ibid.

171 Florida, Richard. "The Rise of The Creator Economy." *Creative Class Group*, November 2022. https://creativeclass.com/reports/The_Rise_of_the_Creator_Economy.pdf.

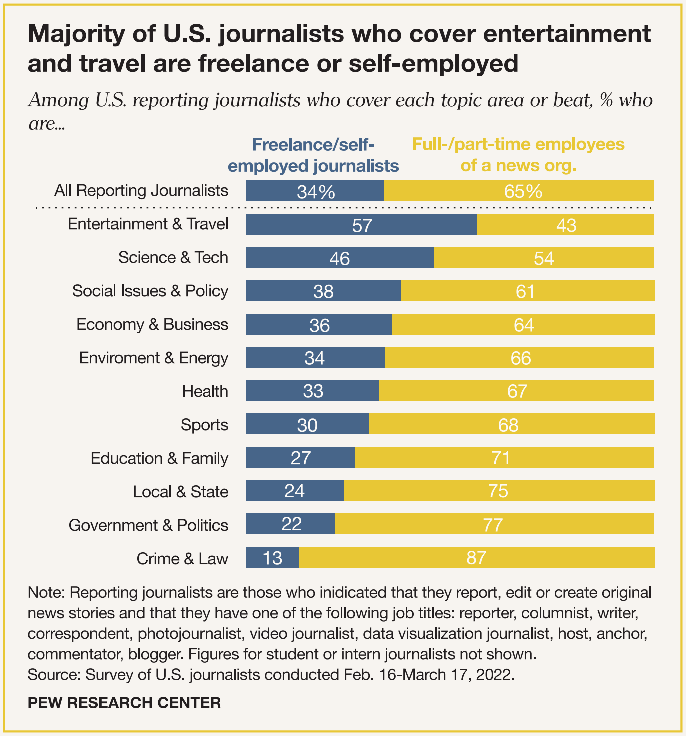
172 Ibid.

173 Influencer Marketing Hub, "The State of Influencer Marketing 2022." https://influencermarketinghub.com/influencer-marketing-benchmark-report-2022

174 Ibid.

175 Tomasik, Emily, and Jeffrey Gottfried. "U.S. Journalists Beats Vary Widely by Gender and Other Factors." *Pew Research Center*, April 4, 2023. https://www.pewresearch.org/short-reads/2023/04/04/us-journalists-beats-vary-widely-by-gender-and-other-factors.

legacy news outlets, and experimented early with subscriber model economics, setting the stage for the explosion of freelance.[176]



Source: Pew Research Center

Substack, where Sullivan's work now lives, emphasizes subscriptions over pageview and unique-user-driven advertising, enabling creators to monetize their work and engage an audience more reliably. Despite some financial headwinds in the last year,[177] the platform has grown substantially over the last several years: In October 2020, it had fewer than 300,000 paying subscribers, but by November 2021, it hit 1 million. In late February, that number was 2 million.[178] And as of early 2023, readers have paid writers more than $300 million through subscriptions to more than 17,000 writers.[179]

The empowerment of solo journalists has also opened the door to creator-turned-journalist types on other platforms, often in the form of newsroom partnerships. For example, HuffPost invited guest contributors to do direct-to-camera TikToks to promote articles they authored or are mentioned in, with the perspectival content racking up millions of views. Larger newsrooms, like NBC News, have handed the reins to influencers like Vitus (V) Spehar for big events such as the Macy's Thanksgiving Day Parade. Even some local news outlets like The Milwaukee Journal-Sentinel have struck deals — in their case, with "As Goes Wisconsin" founder Kristen Brey to produce video opinion content for their editorial pages.

It's worth noting that solo practitioners are not typically a substitute for investigative newsrooms. It's much harder and riskier to do investigative journalism as an independent, without the infrastructure and indemnification of a publisher. As a result, the kind of person who chooses independence from a traditional newsroom job is typically someone who has an existing brand and portable readership or viewership; those journalists are most often producing commentary and analysis. However, a number of journalists have been forced into solo status by recent layoffs. Many don't opt into the risk and instability of solo practice, so much as having it forced on them.

What is the landscape for independent publishing platforms?

In response to the rising creator economy, content creators are turning to independent publishing platforms over traditional social media platforms in increasing numbers. Like their mainstream competitors (YouTube, Twitter, legacy newspapers), these platforms provide an

176 Owens, Simon. "Why Andrew Sullivan's new paywall experiment will outlive his last one." *Simon Owens's Media Newsletter*, December 7, 2020. https://simonowens.substack.com/p/why-andrew-sullivans-new-paywall.

177 Mullin, Benjamin. "Substack is laying off 14% of its staff." *The New York Times*, June 29, 2022. https://www.nytimes.com/2022/06/29/business/media/substack-layoffs.html.

178 McKenzie, Hamish (@hamishmckenzie). "Today we have 2 million paid subscriptions on Substack and a new mission statement: To build a new economic engine for culture. Here's what that means…" *Twitter*, February 28, 2023. https://twitter.com/hamishmckenzie/status/1630599635843817473. Accessed May 17, 2023.

179 Fischer, Sara. "Substack invites newsletter writers to invest." *Axios*, March 28, 2023. https://www.axios.com/2023/03/28/substack-community-fundraising-round.

outlet for creators to host their content and often offer tools to disseminate it at low personal costs. These platforms carry three main advantages over traditional platforms: first, they allow creators to establish standalone brands; second, they allow creators to bypass traditional gatekeepers and publish topics and pieces without editorial buy-in or oversight; and third, many of these platforms allow creators to more easily monetize their content.

Publishing Platform	Description, Scale, & Trajectory	Revenue Flows
Medium	Medium is a blogging site founded in 2012 that allows any individual to publish content under their own branded identity. Under the single banner of Medium, the company provides several products for users. First, it is a publishing platform, wherein users can write, format, and post their own blogposts to a personal site. Second, it is a social network that algorithmically curates content to users. Third, it is a media company, which pays journalists to publish stories on its domain. This last function has been winding down in recent months. Previously, Medium created its own editorial content under a series of journalism banners (e.g., a tech outlet called OneZero, and an outlet for women of color called Zora).[180] Of late, Medium has slashed these publications on account of low hit rates. This represents one of several recent — and ostensibly unsuccessful — pivots as the company attempts to find a profitable model. Medium has raised $163 million from venture capital and brings in approximately $35 million in annual revenue, including subscription fees from more than 700,000 paid subscribers.	Medium receives revenue primarily from paid subscriptions (either $5/month or $50/month). These subscriptions allow readers to see paywalled content. Creators with a certain number of followers and posts can receive a portion of subscriber fees if they put their content behind a paywall. However, Medium has not been transparent in sharing how much of their total revenue they share with creators. In the past, Medium has also compensated individual posters who it chooses to curate (through a program called Amplify) and paid a few big-name contributors to write for the site (through a program called Hopscotch). Both appear to have been discontinued.

180 Newton, Casey. "The Mess at Medium." *The Verge*, March 25, 2021. https://www.theverge.com/2021/3/24/22349175/medium-layoffs-union-evan-williams-blogger-twitter-subscription.

Substack	Substack is a publishing platform for podcasters and writers. It provides three critical services. First, it is a publishing platform, wherein users can write, format, and post their own blogposts and podcasts on their own site. Second, it is a payment and analytics tool for creators to manage subscriptions. Third, it is a media company, which directly pays big-name writers to publish exclusive paywalled content. In November 2021, the company announced it hit one million paid subscribers. Revenue is estimated at roughly $100 million, with its top 10 writers accounting for roughly 20 percent of that. By the end of its Series B round in March 2021, Substack had raised $82.4 million.	Substack writers generally offer free content, as well as subscription-based paywalled content. Unlike Medium, on Substack, subscribers must pay for access to individual blogs or content, rather than purchasing a site subscription. Substack charges a 10 percent commission fee on all creator revenue, and an additional 2.9 percent fee for payments through Stripe. The rest is passed back to the creators. In addition, Substack has offered substantial advance payments to writers to attract them to Substack from legacy media platforms, including BuzzFeed's Anne Helen Petersen and Vox's Matthew Yglesias.
Spotify	Spotify is a global streaming application. It offers free and premium/ad-free subscriptions for access to a broad catalogue of music and podcasts. Spotify's annual revenue total approximately $10.5 billion, including $215 million from podcasts, and it has a market cap of nearly $20 billion.	Spotify's podcast business has spent around $1 billion on exclusive streaming deals for big names in the podcasting business. In addition, it acquired podcast studio Gimlet for $200 million in 2019, spent $200 million to acquire podcast network, The Ringer, and $200 million to acquire Joe Rogan's podcast. Beyond these one-off deals, Spotify also allows creators to publish podcast episodes on its platform. Spotify does not pay podcasters for non-commissioned podcasts, but they do allow creators to include independent advertisements within their content and keep that revenue.

Ghost	Ghost is a nonprofit competitor to Substack that boasts that it charges no fees on subscription earnings. It contains the same features as Substack except that (1) It is more customizable; (2) It can be hosted though standalone websites; and (3) It charges usage fees rather than subscriber fees (for Ghost Pro). Ghost's annual revenue totals roughly $5 million per year. Ghost began with $350,000 in donations through Kickstarter, and has not issued any equity.	Creators can keep all subscription fees they receive (minus the same 2.9 percent fee as Substack to payment processor Stripe) but does charge upfront software fees for Pro users.
Twitch	Twitch is a streaming site where gamers can livestream their gameplay. The company is owned by Amazon. Twitch has 30 million active daily users and boasts roughly $2.6 billion in annual revenue.	Twitch has two tiers of paid opportunities for streamers. Any user who meets a few basic criteria is eligible to become an "affiliate," where they can earn money from subscriptions, tips from viewers, and revenue from selling games or in-game items. More prolific streamers are able to become "partners" through invitation. In addition to the revenue options for affiliates, partners can also generate monthly subscriptions, create subscriber-only custom content, and run commercials on their own content. Typically, Twitch will split subscription income 50/50 with creators.[181] Ad revenue is split between Twitch and the user 55/45.[182]

181 Peters, Jay. "Twitch Is Cutting How Much Its Biggest Streamers Earn from Subscriptions." *The Verge*, September 21, 2022. https://www.theverge.com/2022/9/21/23364050/twitch-subscription-revenue-split-share-premium-partners.

182 Parrish, Ash. "Twitch Expands Ad Programs to Pay Streamers More Money." *The Verge*, June 14, 2022. https://www.theverge.com/2022/6/14/23168185/twitch-ad-incentive-program-payouts-increase-1-billion-streamer-revenue.

Directional opportunities around news production

Of the strategic directions we name at the top of this report, three relate to our theory of news production:

- **Integrate news into a content meal that's mostly "steak" with a side dish of "vegetables."** Newspapers were a medium that tended toward integrating high-quality journalism with more practical low-brow content like sports, classifieds, and weather. In the new media ecosystem, news and lifestyle content are increasingly unbundled and segregated from each other. Some outlets (ProPublica, the Marshall Project) produce high-quality news and investigative content to niche audiences (the good-for-you news we think of as "vegetables"), while others (Barstool Sports, TMZ) reach wide audiences by meeting consumers where they are (the "steak" that really brings carnivorous eaters into the restaurant in the first place). There seem to be opportunities to reintegrate the "steak" and "vegetables" for more balanced content "meals." Doing this would likely rely on a "steak-first" approach that would focus on building an audience primarily by supplying content for which a wide range of consumers already have an appetite. A key challenge to this approach is "meal integration" (to push our gustatory metaphor further). Integration does not mean grabbing everything in the refrigerator, dumping it into a food processor, and putting it in the microwave (that, at times, is what BuzzFeed seemed to have been doing). Rather, it's critical to integrate broccoli, for example, into a meal preparation where it fits — into a stir-fry or steamed alongside rice and steak — not placed on top of a hot dog or an ice cream sundae.[183]

- **Imagine and embrace a different set of relationships between and among creators and publishers/platforms.** Increasingly, individual journalists on Substack, creators on YouTube and TikTok, and Instagram storytellers are engaging greater shares of the American public with news, explainer content, opinion, and personal narrative — along with cat videos and all the other things they traffic in. These solo-journalists and creators are finding their audiences largely through social and new media platforms, and often earning a living with no intermediation by traditional publishers. With an increasing share of news, advertising, and influence moving through these channels, the balance of power is shifting, and the economic model to facilitate exchanges should shift in response. Rather than fight this trend, we believe there are opportunities for new institutions, enterprises, and platforms that can provide some of the collaborative, constitutive, catalytic, and creative benefits traditional publishers once provided (and, of course, still do in many other sectors of the media landscape). There may be many advantages to the journalist and creators — and their consumers alike — to the new platforms and modes of dissemination. And, while the new platforms don't seem to provide the associative benefits (particularly the editorial ones) that publications did and do, we think there may be opportunities to recreate these benefits in other spaces and ways.

- **Recognize the deep conflict between journalism "restorers" and news "revolutionaries" — and more fully embrace a revolution.** For the few legacy news outlets — such as The New York Times — that have seemed most successful at navigating the Scylla and Charybdis of technology change and market pressures, perhaps the biggest remaining challenge is internal and relates to the objectives of media reform. At The Times, for example, there is a roiling generational battle between largely younger, multi-racial, insurgent reporters and editorial staff battling management and a cadre of typically older, largely white, established reporters and editors over editorial

183 The integration challenge goes for investors, too. A successfully integrated financial picture would engage for-profit and nonprofit investors who may have different news-related goals, but who share a sense that the well-rounded meal is mission critical.

choices and control. At the heart of these disputes appear to be deeply conflicting visions for media reform. On one side, (though they would no doubt reject this label) are the “restorers,” a set of publishers, journalists, and investors seeking to leverage new technology to navigate the changing landscape in a manner that largely reestablishes the editorial norms, practices, and locus of control of two or three decades ago. They are committed to preserving journalistic norms including an attachment to seriousness, as defined by length, depth, professionalism, and objectivity.

On the other side are the “revolutionaries,” a cadre of publishers, journalists, and investors who think that reestablishing the old order is neither possible nor desirable — the old norms were broken (patriarchal, white-dominated, both-sides-y, among other things). Some of the key characteristics of more revolutionary perspectives include: less neutrality for neutrality’s sake, and more point-of-view journalism; flatter editorial organizations and practices, where the editorial sausage-making is far more transparent; the notion that understanding comes from more sophisticated news organizations and new trusted aggregators assembling a mosaic of information in the public domain, rather than editors doing it behind closed doors; and, an increasing share of news, information, locally relevant content, and narrative that is not traditional “journalism” but rather a combination of first-hand-accounts, opinion/perspective pieces, organized raw information, served via media that consumers like and use. We would align ourselves mostly with the revolutionaries, not based primarily on ideological preferences, but rather based on our vision of what news content might look like in the future given the trends we see today, and our sense that a return to a perceived golden age of journalism is not possible — and should not be the goal.

V. NEWS CONSUMPTION LANDSCAPE

Summary:

Media suffers from the same declining trust in institutions that infects almost all American institutions. And, while news audiences are increasingly consuming national news, Americans report higher levels of trust in local media.

While legacy media (TV, in particular) maintains a significant hold on older boomer and Gen X consumers, even their media intake has shifted to digital, largely mediated through platforms like Google and Facebook. Political news has been slower to follow the trend away from legacy media, but as Gen Z and millennials make up larger shares of audiences and boomers and Gen X fade as dominant forces, we can anticipate a continuing shift toward digital, phone-based, and other new media.

The delivery mechanisms for news and information are shifting as well. News is increasingly likely to be delivered in non-textual formats, reflecting younger consumers' emphasis on music, podcasts, and video. Across age groups and demographics, media consumers are hungry for authentic content that demonstrates a deep understanding of their concerns, the places they live, and the way they consume media.

Declining viewership of and attention to news content overall, however, suggests that mixed and more engaging formats will be key to successful news programming, which will at least partially integrate with non-news content in order to attract the rising Gen Z and younger demographics.

An important methodological note about news and media consumption data

The section that follows relies both on self-reported information (typically gathered in large-scale public opinion surveys) and some data that is observed behavioral tracking information (e.g., data from social media platforms describing how Americans use their services). There is a substantial amount of research indicating that self-reported data can differ significantly from observed data as it relates to trends in media consumption.[184] There are many factors that may account for these discrepancies, but one takeaway is that, in surveys, Americans generally tend to over-report media usage, and may over-report news consumption in particular.[185] In particular, so-called "social desirability bias" refers to the bias among survey respondents to self-report behavior in a manner that is more *aspirational* than *actual*.[186] With these factors in mind, we caution against over-relying on any one piece of self-reported data around news media consumption. Still, we assess that most data on trends in consumption of news are likely to be directionally accurate. For example, Americans were probably over-reporting their consumption of newspapers five years ago — and they are likely still over-reporting it — but, either way, the consumption trend is still going down.

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184 Parry, Douglass. "Do self-reports accurately capture media usage?" Nature, May 17, 2021. https://socialsciences.nature.com/posts/do-self-reports-accurately-capture-media-use.

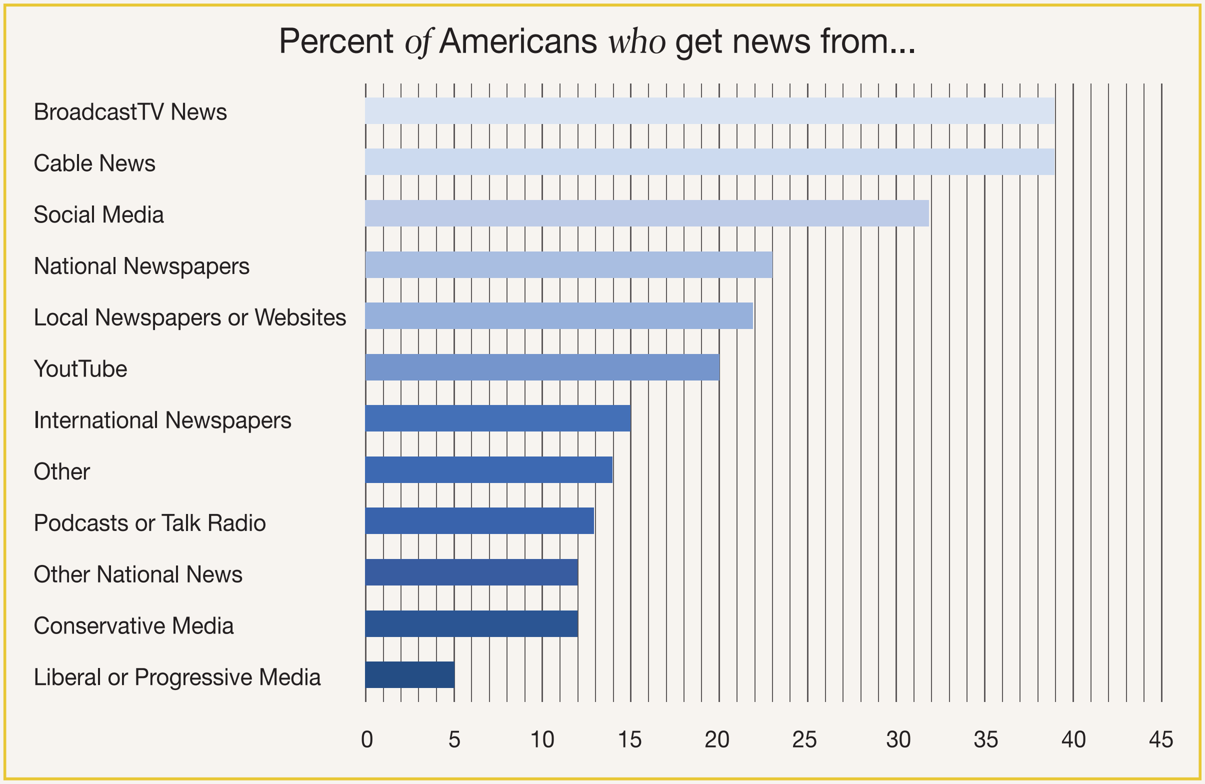
185 Barthal, Michael, Amy Mitchell, Dorene Asare-Marfo, Courtney Kennedy, and Kristen Worden. "The promise and pitfalls of using passive data to measure online news consumption," Pew Research Center, December 8, 2020. https://www.pewresearch.org/journalism/2020/12/08/the-promise-and-pitfalls-of-using-passive-data-to-measure-online-news-consumption.

186 Ibid.

What news sources and platforms are Americans consuming?

In 2012, Pew Research Center commissioned a survey to understand where respondents had gotten their news the day before. Television led the field, relied on by 55 percent of respondents, while digital news trailed just behind at 50 percent. At that time, only a third of Americans regularly listened to news on the radio and just 29 percent read newspapers regularly.[187] By 2022, the gaps became even more stark: 53 percent of respondents reported to Pew that they preferred receiving news on digital devices, compared to 35 percent from television, 7 percent from radio, and a paltry 5 percent from print publications.[188] These figures shift slightly for local news, which consumers appear just as likely to receive from television as they do online.[189]

While the *platforms* on which consumers access news on have changed dramatically, familiar mediums still dominate the market. The two single largest news *sources* for Americans are broadcast TV and cable news. With the advent of Twitter, Facebook News, and most recently TikTok, social media has surpassed both national and local newspapers to become the third largest news source in the country. Notably, liberal or progressive media (such as the Daily Kos or Mother Jones) reaches the lowest share of Americans, and reaches less than half of the number of consumers reached by conservative media.



Source: Economist/YouGov[190]

187 Pew Research Center. "Watching, Reading and Listening to the News." September 27, 2012. https://www.pewresearch.org/politics/2012/09/27/section-1-watching-reading-and-listening-to-the-news-3. Accessed May 17, 2023.

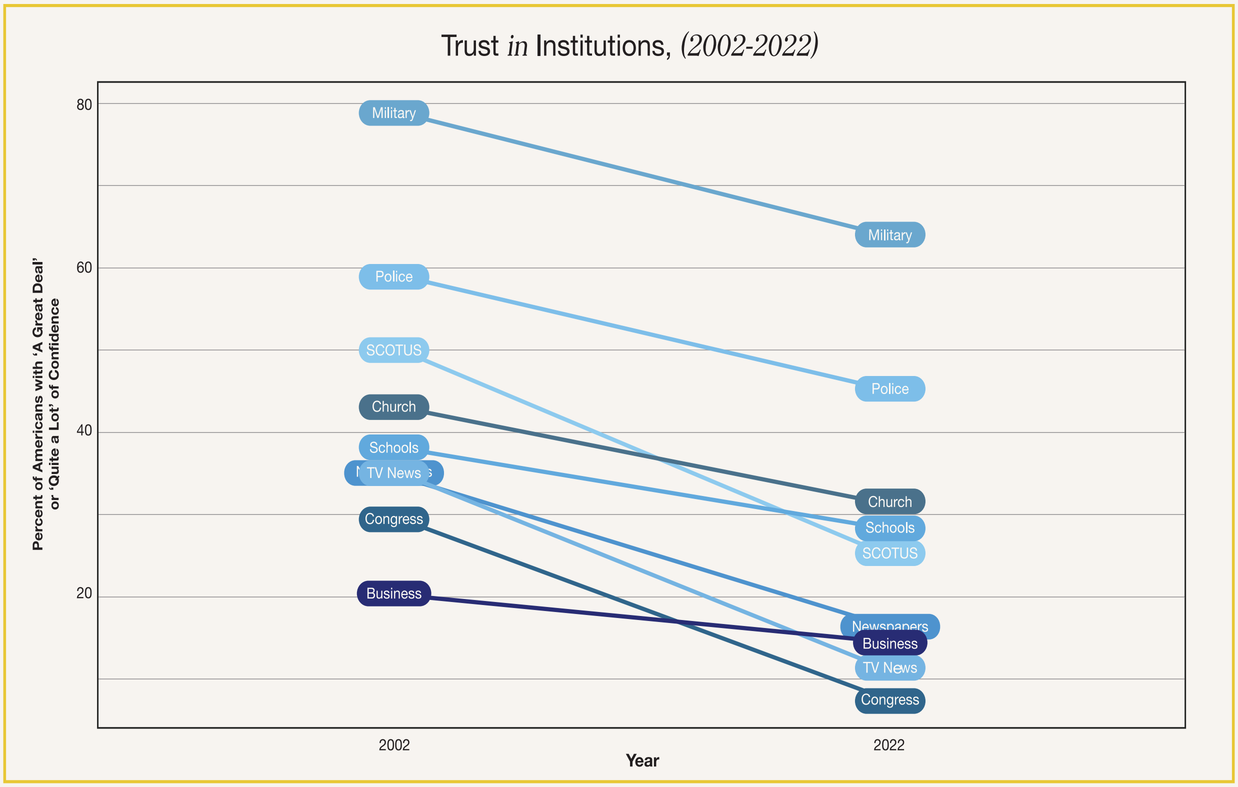
188 Forman-Katz, Naomi, and Katerina Eva Matsa. "News Platform Fact Sheet." *Pew Research Center*, September 20, 2022. https://www.pewresearch.org/journalism/fact-sheet/news-platform-fact-sheet.

189 Rosenberg, Stacy. "For Local News, Americans Embrace Digital but Still Want Strong Community Connection." *Pew Research Center*, March 26, 2019. https://www.pewresearch.org/journalism/2019/03/26/for-local-news-americans-embrace-digital-but-still-want-strong-community-connection.

190 Sanders, Linley. "Trust in Media 2022: Where Americans Get Their News and Who They Trust for Information." YouGov, April 5, 2022. https://today.yougov.com/topics/politics/articles-reports/2022/04/05/trust-media-2022-where-americans-get-news-poll.

Do consumers trust media? How has trust in media changed over the last 20 years?

Public trust in media has fallen to historic lows. Today, only 11 and 16 percent of respondents confidence in TV news and newspapers, respectively. This means that Americans trust news organizations at roughly the same levels they trust big business, and only slightly above their trust in Congress. The continuing erosion of trust in media broadly echoes declines in trust for other institutions.



Source: Authors' calculations based on data from Gallup

What news sources do Americans trust?

Though national cable news dominates news consumption, it does not lead in metrics of trust. In general, national media outlets suffer from a general trust deficit among the American public. Consumers largely view the media as biased, and roughly three-in-four believe news outlets prioritize their own financial interests over civic obligations.[191] According to research by the Economist/YouGov, only one national outlet — the Weather Channel — is trusted by the majority of the national public.[192] Generally, local news outlets are more trusted than national ones: A 2019 Knight-Gallup poll found that Americans trusted local media to "report the news without bias" by a two to one margin, when compared to national news.[193] Similarly, Poynter Media found that roughly

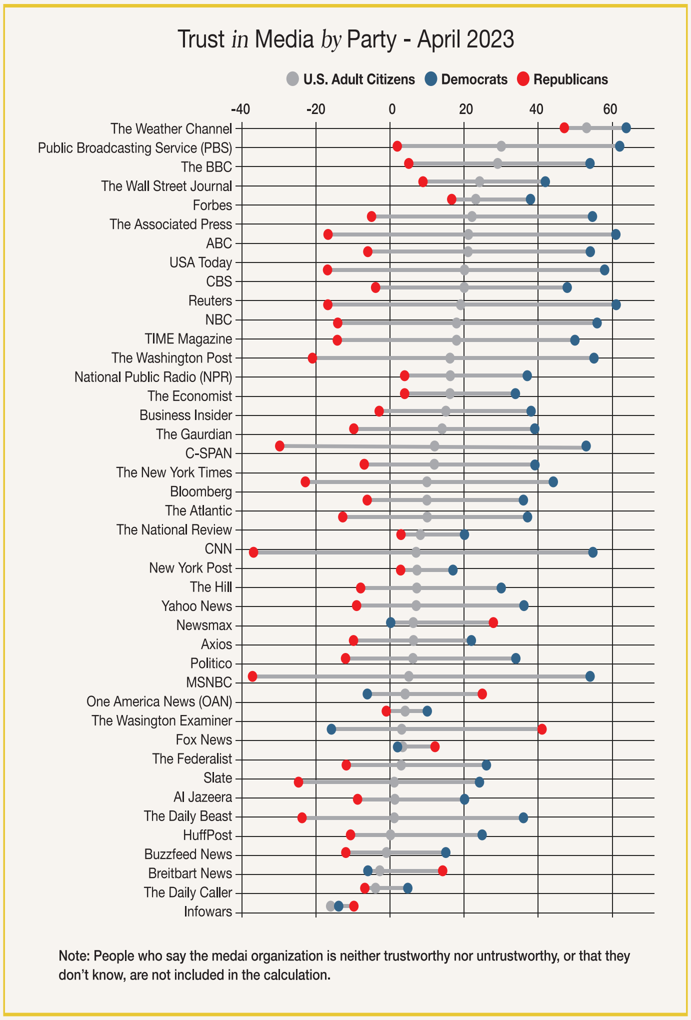
191 Knight Foundation. "News in America: Public Good or Private Enterprise?" October 19, 2022. https://knightfoundation.org/reports/news-in-america-public-good-or-private-enterprise.

192 Sanders, Linley. "Trust in Media 2023: What news outlets do Americans trust most for information?" *YouGov*, May 8, 2023. https://today.yougov.com/topics/politics/articles-reports/2023/05/08/2023-trust-in-media-what-news-outlets-trust-poll.

193 Fioroni, Sarah. "Local News Most Trusted in Keeping Americans Informed About Their Communities." *Knight Foundation*, May 19, 2022. https://knightfoundation.org/articles/local-news-most-trusted-in-keeping-americans-informed-about-their-communities.

three quarters of Americans regard local media with either a “great deal” or “fair amount” of trust, and polls show that more than 80 percent of Americans prefer journalists to be engaged in their communities and understand its history.[194]

We discuss the role of partisanship in media consumption in greater detail below, but 2023 data confirms deep partisan splits in trust in media generally, as well as among specific news outlets.[195] For example, a Pew survey finds that among podcast listeners, Republicans report trusting news they hear on that medium significantly more than news from other sources, while Democratic listeners report trusting podcasts at about the same rate as other sources.[196] And, 40 percent of Republican podcast listeners report hearing news on podcasts that they wouldn’t hear anywhere else — whereas only half as many Democratic listeners report the same.[197] As noted above, the only major source of news both Democrats and Republicans trust is the Weather Channel.[198] More fundamentally, recent polling shows that Republicans display broad-based distrust of media, whereas Democrats express greater overall confidence in the institution, though there are significant partisan divides related to which outlets Democrats trust versus the handful that are more trusted by Republicans.[199] Finally, because partisanship in the United States largely maps onto urban/rural divides, it is perhaps unsurprising that studies show that rural conservatives demonstrate the greatest declines in trust in media over time.[200]



Source: YouGov Survey[201]

While data generally suggests that local media has a relative trust advantage, there are some areas where new forms of news and information content appear to be achieving breakthroughs in trust. As discussed above, podcasts are an example of new high-trust media. About half of Americans have listened to a podcast over

194 Cantwell, “Local Journalism.” http://www.benton.org/headlines/local-journalism-americapercentE2percent80percent99s-most-trusted-news-sources-threatened.

195 Bump, Phil. “Both parties trust the Weather Channel ... and that’s about it.” *The Washington Post*, May 8, 2023. https://www.washingtonpost.com/politics/2023/05/08/media-trust-partisan.

196 Shearer, Elisa, Jacob Liedke, Katerina Eva Matsa, Michael Lipka, and Mark Jurkowitz. “Podcasts as a Source of News and Information.” *Pew Research Center*, April 18, 2023. https://www.pewresearch.org/journalism/2023/04/18/podcasts-as-a-source-of-news-and-information.

197 Ibid.

198 Bump, “Both parties trust the Weather Channel.” https://www.washingtonpost.com/politics/2023/05/08/media-trust-partisan.

199 Ibid.

200 Hmielowski, Jay D., Eve Heffron, Yanni Ma, and Michael A. Munroe. “You’ve lost that trusting feeling: Diminishing trust in the news media in rural versus urban US communities.” *The Social Science Journal*, September 10, 2021. https://www.tandfonline.com/doi/abs/10.1080/03623319.2021.1969510.

201 Sanders, “Trust in Media 2023.” https://today.yougov.com/topics/politics/articles-reports/2023/05/08/2023-trust-in-media-what-news-outlets-trust-poll.

the last year.[202] Of those listeners, 29 percent described relying on podcasts as a major source of news, while another 34 percent described news as a minor reason they listen to podcasts.[203]

Differences in media formats are not the only factors associated with differing levels of trust. For many communities, trust in media is colored by years of exclusion. Community media outlets, which seek to tell stories by and for minority communities, represent a growing piece of the media pie. Efforts to gather and share information within communities have existed in various forms, often out of necessity, since this country's founding; however, the advent of more formal publications came in the early 19th century. The nation's first Black newspaper, *Freedom's Journal*, was founded in 1827 in New York City, proclaiming in its inaugural issue: "We wish to plead our own cause. Too long have others spoken for us. … From the press and the pulpit we have suffered much by being incorrectly represented."[204] In the decades following, hundreds of publications were established to communicate trusted and relevant information among Black communities. These publications emerged within other marginalized communities as well, that had similarly been ignored and degraded by dominant white-owned newspaper giants in order to provide a crucial counter-narrative.

Today, community-based publications endure, despite decades of under-investment. Community media outlets are a primary way by which communities of color, immigrants, non-English speaking populations, and other groups who too often receive negligible media attention from the dominant media enterprises receive essential information and connect with one another. Univision anchor Jorge Ramos explains, "We are providing essential information … How does one receive a scholarship, how does one get medical insurance, how to vote on the day of elections."[205]

The largest share of these outlets are in print, although much like the overall landscape, that share is decreasing. According to directories of these outlets maintained by the CUNY Center for Community Media (CCM), a slim majority of Black media outlets, media outlets that operate along the U.S.-Mexico border, and Latino media outlets operate in print.[206] But the proportion of digital media outlets is increasing, for many of the same reasons it's increasing on a national scale: it allows for information to be transmitted faster, more often, to a wider audience.

This shift toward digital also comes as readership for historic publications such as Essence, Jet, and Ebony magazines has decreased. (Jet shifted to digital in 2014; in 2019, the publisher that owned Ebony and Jet filed for bankruptcy, and in 2021, Ebony relaunched as digital-only as well.[207] Essence, though still operating in print and digital, has seen readership decline since 2020.[208]) Like many cable networks, BET has lost viewership to streaming (its average daily

202 Shearer, Liedke, Matsa, Lipka, and Jurkowitz, "Podcasts as a Source of News and Information." https://www.pewresearch.org/journalism/2023/04/18/podcasts-as-a-source-of-news-and-information.

203 Ibid.

204 Torres, Joseph, Alicia Bell, Collette Watson, Tauhid Chappell, Diamond Hardiman, and Christina Pierce. "Media 2070: An Invitation to Dream Up Media Reparations." *Free Press*, 2020. https://mediareparations.org/wp-content/uploads/2020/10/media-2070.pdf.

205 Gerson, Daniela, and Carlos Rodriguez. "Going forward: How ethnic and mainstream media can collaborate in changing communities." *American Press Institute*, July 19 2018. https://www.americanpressinstitute.org/publications/reports/strategy-studies/ethnic-and-mainstream-media-collaborations-in-changing-communities.

206 City University of New York. "Center for Community Media." https://www.journalism.cuny.edu/centers/center-community-media/maps-directories. Accessed May 9, 2023.

207 Channick, Robert. "Ebony, the voice of Black American for 75+ years, set for digital relaunch on Monday." *The Chicago Tribune*, February 26, 2021. https://www.chicagotribune.com/business/ct-biz-ebony-relaunch-new-owners-20210226-lrpetuh7nrf4nkieurpxsxfofq-story.html.

208 Essence Magazine. "2023 Media Kit." https://www.essence.com/wp-content/uploads/2022/10/ESSENCE-Mediakit-23_FNL-2.pdf. Accessed May 9, 2023.

audience has decreased by 20 percent since 2000),[209] while Telemundo has seen consistent viewership.[210] Alongside this oscillation in viewer- or readership, though, the range of platforms for identity-based media has expanded in recent years: In 2022, TheGrio announced the launch of a series of podcasts to expand the reach of their network;[211] Mitú, a media company originally based on YouTube, announced in 2016 that they received 2 billion views per month;[212] digital outlets catered to the LGBTQ+ community like Queerty and PinkNews received a combined nearly 10 million visits every month;[213] and, NPR's "Code Switch" hit number one on Apple's podcast chart, reaching 650,000 weekly broadcast listeners.[214]

However, as described by CCM, many community-based media organizations "remain largely invisible to mainstream media, public officials, the nonprofit sector, advertisers, and philanthropic organizations." They lack the levels of investment that so-called mainstream publications have. As a result, community media as a whole faces a crisis of financial stability. The shift toward digital, for example, usually results in decreased ad revenue overall, and it's often inadequate to offset the cost of eliminating print. These outlets also have not been historically prioritized by funders, receiving only 2.1 percent of the total funding that philanthropic foundations gave all local media outlets from 2010-2015[215] — though the current funding pivot to support the revitalization of local news, described later in this section, suggests that support for community media is likely increasing in absolute dollars, if not as a proportion of overall philanthropic funding for journalism. Since 2019, New York City has helped fill the funding gap via a novel executive order that requires city agencies to direct half their print and digital ad budgets to small and community-based media, vastly expanding the reach of city notices to immigrant, ethnic, religious, and other communities not well-served by large, English-language newspapers.[216] According to CCM, one of the sponsors of the effort, the program's first year directed $9.9 million in resources to 220 community news partners — consequential ad dollars and reach during the first year of a pandemic that made elections and the decennial census even more challenging than usual.[217]

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209 Mullin, Benjamin. "Third Black-Owned Company Emerges as Suitor for BET." *The New York Times*, March 10, 2023. https://www.nytimes.com/2023/03/10/business/media/bet-bidders.html.

210 Pew Research Center. "Audience for Telemundo network." July 27, 2021. https://www.pewresearch.org/journalism/chart/sotnm-hispanic-black-audience-for-telemundo-network.

211 Depp, Michael. "Talking TV: TheGrio Casts A Wide Net For Black Audiences." *TV News Check*, July 15, 2022. https://tvnewscheck.com/journalism/article/talking-tv-thegrio-casts-a-wide-net-for-black-audiences.

212 Spangler, Todd. "Mitú Raises $27 Million From AwesomenessTV, Verizon and WPP." *Variety*, January 13, 2016. https://variety.com/2016/digital/news/mitu-awesomenesstv-verizon-wpp-27-million-1201678812.

213 Muck Rack. "Top 50 LGBTQ Publications in the World." https://muckrack.com/rankings/top-50-global-lgbtq-publications. Accessed April 24, 2023.

214 Corporation for Public Broadcasting. "CPB Awards $600,000 for Expansion of NPR's 'Code Switch.'" April 8, 2022. https://cpb.org/pressroom/CPB-Awards-600000-expansion-NPR-s-Code-Switch. *See* Code Switch emerged from the recent NPR layoffs unscathed, while other less established podcasts, led by and serving audiences of color and immigrant communities, were shuttered.

215 Nisbet, Matthew, and John Wihbey. "Funding the News: Foundations and Nonprofit Media." *Harvard Kennedy School Shorenstein Center on Media, Politics, and Public Policy*, June 18, 2018. https://shorensteincenter.org/funding-the-news-foundations-and-nonprofit-media.

216 Bartlett, Sarah, and Julie Sandorf. "How New York City Is Saving Its Local News Outlets." *The New York Times*, May 20, 2021. https://www.nytimes.com/2021/05/20/opinion/newspapers-New-York-City.html.

217 "NYC Ad Spending Initiative Boosts Community News Outlets." *Advertising Boost Initiative, CUNY Craig Newmark Graduate School of Journalism*, December 2020. https://abi.journalism.cuny.edu. Accessed May 9, 2023.

How has consumption of lifestyle media evolved?

In addition to hard news and entertainment, huge swaths of the American media diet also consist of content geared toward particular interests, identities, or pastimes. We dub these networks, outlets, and publications "lifestyle media," and we focus here on two facets in particular: religious media (in particular, Christian media, which dominates the genre in the U.S.) and sports coverage.

Religious (Christian) media continues to occupy substantial space in the American media landscape. According to the FCC, roughly 42 percent of noncommercial radio stations have a religious orientation. In 1999, the FCC attempted to reform rules around noncommercial media to decrease the number of religious outlets eligible for noncommercial licenses. These efforts were met with protests and were ultimately unsuccessful. Today, these outlets feature significant age skews: A recent Pew report found that just 25 percent of 18-to-29-year-olds regularly listen to podcasts about religion and spirituality, compared to 38 percent of people over 65.[218] During the height of the pandemic, consumption of religious television content seemed to rise substantially, but this may have stemmed from aberrational factors, rather than representing a general pattern or shift.[219] Today, fewer than one-in-four Americans watch religious TV, listen to religious radio, or consume Christian rock,[220] though nearly half encountered some religious content online in the past week. Moreover, the mediums for religious entertainment have expanded. Though traditionally averse to explicitly religious content, movie adaptations of biblical stories have attained some degree of success in Hollywood.[221] In addition, a large and growing field of Christian influencers — largely women — reach millions of people with posts that range from explicitly political to more subtly focused on religious/traditional values, with an emphasis on wellness, beauty, and family.[222]

The orientation of other religious outlets has also veered more explicitly into politics. Christian outlets beam conservative politics into millions of American households daily.[223] The simultaneous growth of the "moral majority" movement and the televangelist phenomenon in the 1970s gave Christian media both a wide audience and a unifying ideological bent. Since then, "religious broadcasting grew hugely in the 1990s and 2000s" and began to explicitly support particular political candidates, ideas, and causes.[224] This change in programming was also associated with a broader shift in hard news consumption for religious Americans: Today, surveys shows that even putatively areligious conservative outlets like Fox News have "outsized influence" on religious Americans.[225]

Sports and sports analysis also capture a significant proportion of Americans' media consumption. The average American watches

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218 Shearer, Liedke, Matsa, Lipka, and Jurkowitz, "Podcasts as a Source of News and Information." https://www.pewresearch.org/journalism/2023/04/18/podcasts-as-a-source-of-news-and-information.

219 Advanced Television. "US TV Audiences Turning to News & Religious Content." April 15, 2020. https://advanced-television.com/2020/04/15/us-tv-audiences-turning-to-news-religious-content.

220 Wormald, Benjamin. "Religion and Electronic Media." *Pew Research Center*, November 6, 2014. https://www.pewresearch.org/religion/2014/11/06/religion-and-electronic-media. Accessed May 2023.

221 Dowd, Cooper. "What Does An Increase in Christian Media Prove About Today's Audience?" *Movieguide*, April 6, 2023. https://www.movieguide.org/news-articles/what-does-an-increase-in-christian-media-prove-about-todays-audience.html.

222 Graham, Ruth. "The Jet-Setting, Jesus-Quoting Christian Influencers of Instagram." *Slate*, January 31, 2020. https://slate.com/human-interest/2020/01/the-jet-setting-jesus-quoting-christian-influencers-of-instagram-from-sadie-robertson-huff-to-caroline-franklin.html. Accessed May 9, 2023.

223 Bivins, Jason C. "Tracing the Rise of Christian Media in American Political Discourse." *Pacific Standard*, June 12, 2018. https://psmag.com/news/the-rise-of-the-christian-media. Accessed May 9, 2023.

224 Ibid.

225 Tiefer, Charles. "Faith in Numbers: Fox News Is Must-Watch for White Evangelicals, a Turnoff for Atheists." *Salon*, June 1, 2021. https://www.salon.com/2021/06/01/faith-in-numbers-fox-news-is-must-watch-for-white-evangelicals-a-turnoff-for-atheists_partner.

four hours of sports every week.[226] (Notably, the average American spends 20 minutes a day participating in sports and exercise.[227]) Moreover, Americans spend additional time reading and viewing sports analysis. A myriad of new written outlets have also sprung up, including those focused on high-quality sports written journalism — like The Athletic and Defector Media — or personality-driven sports coverage, like Barstool Sports.

Three key trends have animated sports media in recent years. First, the growth of streaming has transformed the industry around live sports. Analysis shows that subscriptions to traditional sports networks have fallen, while subscriptions to sports streaming services have risen dramatically, which may jeopardize the retransmission fees that have kept TV profitable.[228] Indeed, 80 percent of fans now say they are fine with live sports content being subsumed by streaming, Second, and relatedly, fans are increasingly interested in highlight reels over full games, as competition for their attention increases.[229] Part of this phenomenon stems from major search platforms' pivot to video, which encouraged short clips with the potential to go viral on social media. Finally, in the wake of a 2018 Supreme Court case that opened the door to legalized online sports betting, a majority of U.S. states have now authorized the activity. An array of phone-app sports betting services have surfaced accordingly, which in turn is fueling new advertising revenue for sports-focused media. The amount of money wagered by Americans on these services grew from just $13 billion in 2019 to almost $94 billion in 2022.[230] Meanwhile, advertising by sports betting services grew by 70 percent in 2022, totaling more than $1.8 billion.[231]

The persistence and breadth of sports viewership can be seen across sports. The 2023 Super Bowl reached 113 million viewers, just one million viewers shy of the all-time record. Live sports viewership is estimated to grow by approximately one million viewers per year between 2021 and 2025. Digital live sports viewership, on the other hand, is expected to grow by 6.5 million viewers per year.[232]

As viewership steadily ticks up, investment in acquiring the rights to broadcast and stream sports is only increasing. In 1963, CBS paid almost $30 million for the right to broadcast NFL games 17 days a year. In 2022, Disney paid the NFL $2.7 billion a year for the rights to Monday Night Football and the next two Super Bowls.[233] Sports franchises benefit greatly from owners' ability to work together as a cartel to collectively negotiate media rights, exempt from any U.S. antitrust laws since the Sports Broadcasting Act of 1961. This structural advantage gives the MLB, the NBA, the NFL, and the NHL a stronger negotiating position when determining revenue share with media companies.

The rise of streaming services has only added the value of sports teams and their media rights. A decade ago, traditional broadcasters

226 Ivanovska, Elena. "America's Sports Watching Habits." *Time2play*, March 8, 2022. https://time2play.com/blog/americas-sports-watching-habits.

227 U.S. Bureau of Labor Statistics. "Men spent 5.6 hours per day in leisure and sports activities, women 4.9 hours, in 2021." August 22, 2022. https://www.bls.gov/opub/ted/2022/men-spent-5-6-hours-per-day-in-leisure-and-sports-activities-women-4-9-hours-in-2021.htm. Accessed April 17, 2023.

228 McCain, Raymond. "Study: Sports Streaming Subscribers on the Rise as Traditional Sports Network Subs Decline." *Cord Cutters News*, March 28, 2022. https://cordcuttersnews.com/study-sports-streaming-subscribers-on-the-rise-as-traditional-sports-network-subs-decline.

229 Vinayak, S. "How Traditional Sports Broadcasting Can Evolve And Adapt To Changing Fan Expectations." *Forbes*, October 12, 2022. https://www.forbes.com/sites/forbestechcouncil/2022/10/12/how-traditional-sports-broadcasting-can-evolve-and-adapt-to-changing-fan-expectations.

230 Altruda, Chris. "Legal US Sports Betting Revenue, Handle And Tax Totals Since PASPA Repeal." *SportsHandle*, May 5, 2023. https://sportshandle.com/sports-betting-revenue.

231 Lipton, Eric and Kevin Draper. "First Came the Sports Betting Boom. Now Comes the Backlash." *The New York Times*, May 13, 2023. https://www.nytimes.com/2023/05/13/sports/online-sports-gambling-regulations.html.

232 Statista. "Topic: Sports on TV." https://www.statista.com/topics/2113/sports-on-tv. Accessed April 24, 2023.

233 Moore, Dan. "What's Behind the Exploding Prices of Pro Sports Franchises?" *The Ringer*, November 28, 2022. https://www.theringer.com/sports/2022/11/28/23472636/sports-team-franchise-valuation-sale-prices.

saw the importance of live sports to keep viewership strong. Today, with the oversupply of content and platforms, streaming services are joining the bidding wars for the live rights to the big four leagues (Amazon's $11 billion deal for the rights to 11 seasons of the NFL's Thursday Night Football) as well as to sports with a smaller U.S. footprint (Apple's 10-year, $2.5 billion deal for Major League Soccer).[234] The shift in sports programming rights toward streaming services aligns with the increasing cord-cutting and growth of streaming-TV-only households — particularly among younger Americans. According to a 2022 Nielsen report, 58 percent of people 25-34 live in a broadband-only home.[235]

In an attempt not to lose its position as the premier space for sports, ESPN has not only launched its own streaming service (ESPN+, with live rights to certain MLB and NHL games) but has also made deals to broadcast and livestream more niche sports like UFC, professional softball, professional lacrosse, the PGA tour, the X Games, and Red Bull events. The network is holding conversations with leagues and media partners to become a streaming hub and guide for all live sports, even if it means directing users to and promoting the competition. As one analyst described it, "ESPN wants to use its self-proclaimed status as 'the worldwide leader in sports' to become the de facto first stop for all consumers looking where to watch live sports."[236]

How has social media altered news consumption?

Today, half of all internet users report learning of breaking news through social media, rather than traditional media.[237] In fact, nearly one in five Americans report that social media is the source of most of their political news.[238] This shift has ushered in a dramatic transformation in a short period of time. Social media platforms hold differing value as news sources for their users. Leading the pack, more than half of all Twitter users say they regularly get their news from the site — raising concerns that Elon Musk's takeover and subsequent changes in content moderation policies may have outsized impact on the news consumption of tens of millions of people in the U.S. and around the world.[239] The fastest growing social media news source is TikTok, which only reached the international market five years ago. Today, TikTok boasts one billion users, including millions in the United States. Of the American users, 33 percent regularly get their news from the platform.[240]

Using two news accounts on TikTok — NowThis and The News Girl — as case studies can give us some directional insights on the distribution of news on social media. Both accounts have millions of followers (6.1 million and 2.5 million, respectively) and an engagement score of 10 percent (a score between 4 percent and 18 percent on TikTok is considered good).[241] NowThis is a well-known, video-

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234 Jarvis, David, Paul Lee, Pete Giorgio, and Kevin Westcott. "Live sports: The next arena for the streaming wars." *Deloitte*, November 30, 2022. https://www2.deloitte.com/us/en/insights/industry/technology/technology-media-and-telecom-predictions/2023/live-sports-streaming-wars.html.

235 The Nielsen Company. "Live sports are headed to streaming services, and audiences are ready." October 2022. https://www.nielsen.com/insights/2022/live-sports-are-headed-to-streaming-services-and-audiences-are-ready.

236 Sherman, Alex. "ESPN wants to be the hub of all live sports streaming — even if it helps its competition." *CNBC*, March 3, 2023. https://www.cnbc.com/2023/03/02/espn-live-sports-streaming-hub.html.

237 Martin, Nicole. "How Social Media Has Changed How We Consume News." *Forbes*, November 30, 2018. https://www.forbes.com/sites/nicolemartin1/2018/11/30/how-social-media-has-changed-how-we-consume-news. Accessed November 22, 2022.

238 Mitchell, Amy, Mark Jurkowitz, J. Baxter Oliphant, and Elisa Shearer. "How Americans Navigated the News in 2020: A Tumultuous Year in Review." *Pew Research Center*, February 22, 2021. https://www.pewresearch.org/journalism/2021/02/22/americans-who-mainly-got-news-via-social-media-knew-less-about-politics-and-current-events-heard-more-about-some-unproven-stories.

239 Matsa, Katerina Eva. "More Americans Are Getting News on TikTok, Bucking the Trend on Other Social Media Sites." *Pew Research Center*, October 21, 2022. https://www.pewresearch.org/fact-tank/2022/10/21/more-americans-are-getting-news-on-tiktok-bucking-the-trend-on-other-social-media-sites.

240 Ibid.

241 Keyhole. "What Is TikTok Engagement Rate? (+ Tips To Increase It)" January 2, 2023. https://keyhole.co/blog/top-tiktok-engagement-rate-tips.

focused brand that had been housed in Vox Media until it was acquired in early 2023 by the progressive media hub Accelerate Change.[242] Most content from the account features quick-cut, host-less videos that utilize text on screen. In addition, NowThis also posts hosted commentary videos that take a much more progressive bent (e.g., calling out Senator Joe Manchin's gas and oil industry connections). These commentary videos do not perform as well as the news reports. The top viewed "reports" of all time are not political (an alligator attack at a birthday party, a police officer saving a choking baby), apart from a video of Greta Thunberg dancing at a climate concert. It should also be noted that TikTok and NowThis formed a partnership in 2021 to produce content specifically to disseminate COVID-19 information, which could have given NowThis News a structural advantage on the platform. [243]

The News Girl takes a different approach. Lisa Remillard is a 20-year veteran reporter who, in addition to her TikTok reports, currently co-hosts her own LA-based TV show, "Carlos and Lisa." She is her own brand. The Washington Post reports that Remillard "first emerged on TikTok in early 2020, where she noticed a lack of users sharing the news in a traditional, anchor-style format. When she posted about Covid travel restrictions in March 2020 and immediately got 60,000 views, she realized … 'People needed this.'"[244] Videos feature her speaking directly to the camera giving updates with some commentary, but are not overtly political. Her videos cover everything from inflation to the recent birth control rulings, and her reach is in part due to her adeptness at using text and TikTok trends to share information.

To a degree, the rise in influencer reach has blurred the distinction between news and information. Likewise, social media platforms blur the lines between producers of news and news consumers, especially with the rise of "micro-influencers." Instead of going to just one place for news (as, say, a boomer who watches Fox News might do), millennials and Gen Z, on average, follow nine different sources for information. Around 25 percent of millennials and Gen Z have gone a step further and purchased membership or donated at least once to an independent creator's or nonprofit's site.[245] Furthermore, millennials and Gen Z are most likely to engage directly with family and friends about news, which mirrors their social behaviors when making purchases. This distinction highlights the fact that news sites can successfully target their audiences, and that consumers are looking for engaging, authentic content they can share with others, in part as a reflection of themselves. On platforms like YouTube, audiences have come to expect a dialogue with the creators. Videos that promote a healthy exchange in the comment section tend to have higher engagement key performance indicators (KPIs), which in turn signals to the algorithm that the video is worth pushing.

As influencers have increased the total quantity of news and information sources, this competition for attention means that social media users will only spend an average of fifteen seconds on an article and ten seconds on a video.[246] This has forced news providers to innovate their products such that they are digestible in smaller bites. Digital news sites like Axios, BuzzFeed, and The Skimm have built their core products around bulleted articles and listicles that distill complicated information

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242 Mullin, Benjamin. "Vox Media Spins Off NowThis, the Viral Politics Site, a Year After Buying It." *The New York Times*, April 12, 2023. https://www.nytimes.com/2023/04/12/business/media/vox-nowthis-accelerate-change.html.

243 Nover, Scott. "NowThis Partners With TikTok for Viral, a New Live Show About the Pandemic." *Adweek*, April 24, 2021. https://www.adweek.com/media/nowthis-partners-with-tiktok-for-viral-a-new-live-show-about-the-pandemic.

244 Newman, Kalina. "How TikTok personalities are making a name for themselves by delivering news to Gen Z." *The Washington Post*, May 3, 2021. https://www.washingtonpost.com/lifestyle/magazine/how-tiktok-personalities-are-making-a-name-for-themselves-by-delivering-news-to-gen-z/2021/04/29/73fcd106-8bf8-11eb-a6bd-0eb91c03305a_story.html.

245 The Media Insight Project. "The news consumption habits of 16- to 40-year-olds." *American Press Institute*, August 31, 2022. https://www.americanpressinstitute.org/publications/reports/survey-research/the-news-consumption-habits-of-16-to-40-year-olds.

246 Martin, "How Social Media Has Changed How We Consume News." https://www.forbes.com/sites/nicolemartin1/2018/11/30/how-social-media-has-changed-how-we-consume-news.

into quick reads. In addition, this environment exacerbates pressures toward "clickbait," and other practices aimed at grabbing viewers' attention at the potential cost of journalistic quality.

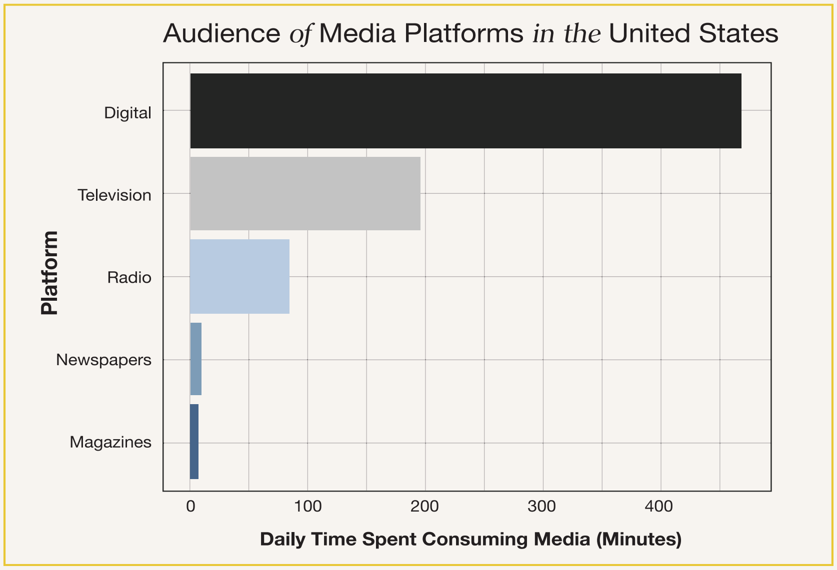
Users who get the majority of their information from social media are among the least well-informed.[247] This may be attributed to the rise of fake news and misinformation on these platforms, the demographic profile of social media users, which skews younger, or the algorithmic promotion of echo chambers.[248]

What platforms and mediums are U.S. consumers frequenting?

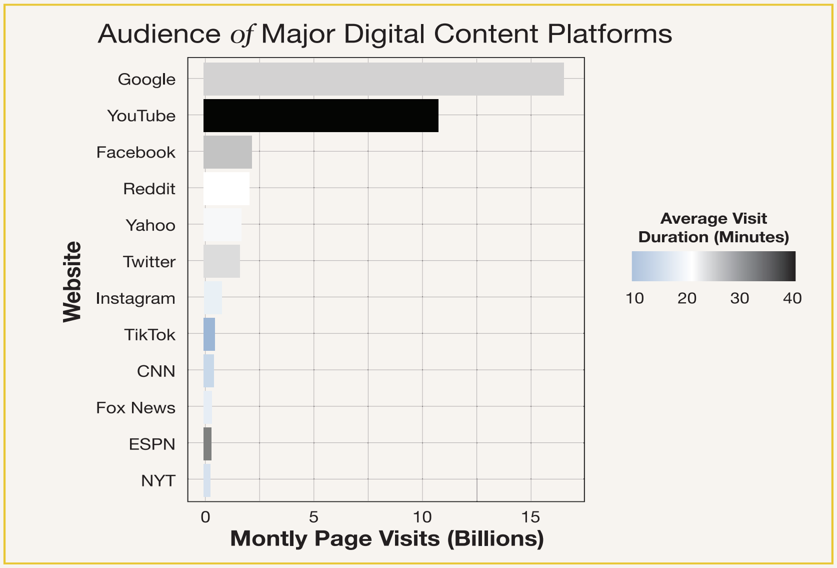
In 2022, the average American spent more than eight hours a day consuming digital media, nearly double the time they spend on traditional media like radio, television, and print newspapers.[249] This section breaks down topline statistics, variation between demographic groups, and consumers' stated preferences for content.

The average American spends roughly 470 minutes consuming digital media, compared to 197 on television, 86 on radio, 10 on newspapers, and eight on magazines. Though hard news only accounts for a portion of these media diets, similar patterns appear to hold for strict news content. More than eight in ten Americans — 86 percent — get at least some of their news online. Moreover, half of Americans rank digital media as their preferred news source over traditional outlets.[250]

Large technology conglomerates have maintained their platform monopolies on digital media. Social and search media giants like Google, YouTube, Meta, and Reddit still receive vastly more traffic than any other non-adult media platforms. But in addition to their vast reach, these providers also sustain



Source: Authors' calculations based on data from Statista



Source: Authors' calculations based on data from Semrush

247 Mitchell, Jurkowitz, Oliphant, and Shearer, "How Americans Navigated the News in 2020." https://www.pewresearch.org/journalism/2021/02/22/americans-who-mainly-got-news-via-social-media-knew-less-about-politics-and-current-events-heard-more-about-some-unproven-stories.

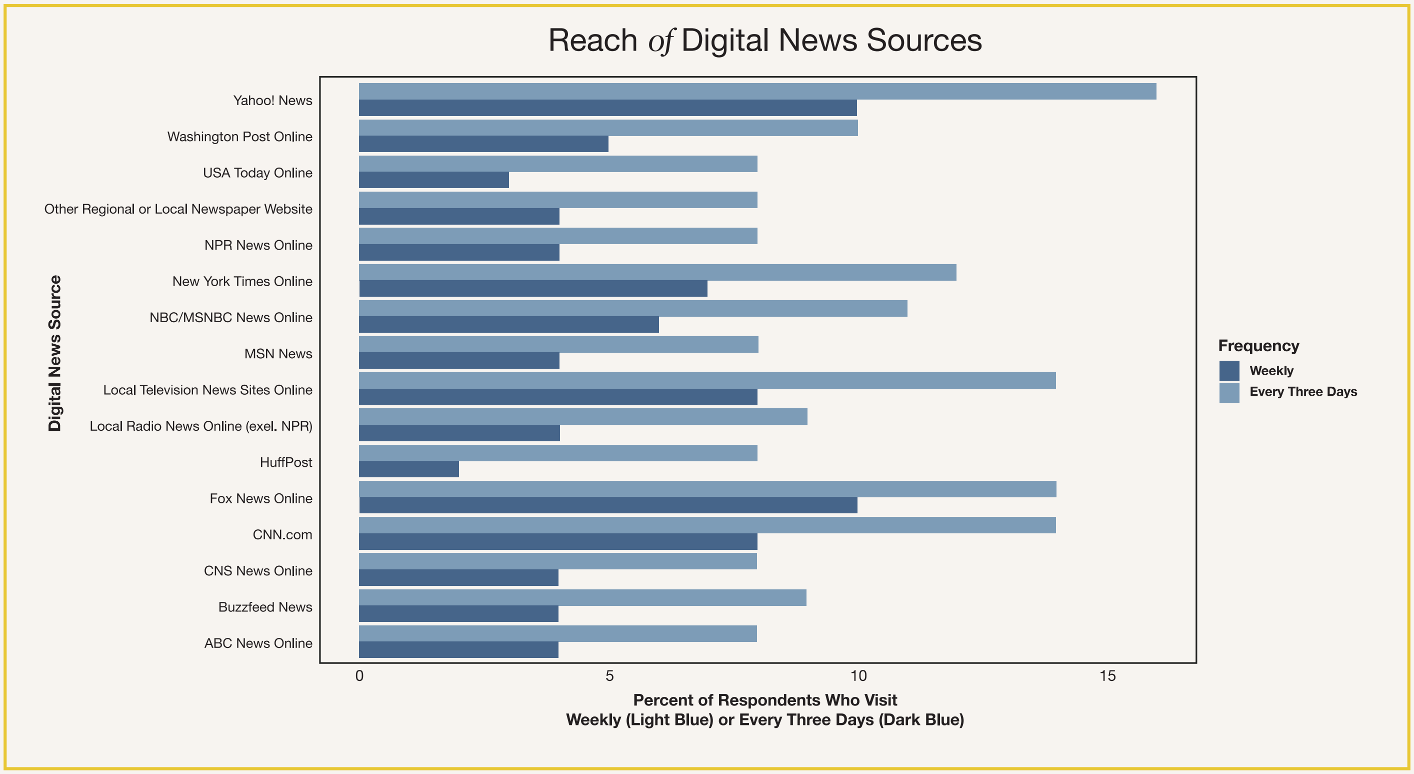
248 Dunaway, Johanna, and Doris A. Graber. Mass Media and American Politics. *CQ Press*, 2022.

249 Guttmann, Agnieszka. "Media Use in the U.S." Statista, January 19, 2023. https://www.statista.com/topics/1536/media-use.

250 Shearer, Elisa. "More than Eight-in-Ten Americans Get News from Digital Devices." *Pew Research Center*, January 12, 2021. https://www.pewresearch.org/fact-tank/2021/01/12/more-than-eight-in-ten-americans-get-news-from-digital-devices.

longer visits from consumers than hard news counterparts.[251] For example, the average visitor to The New York Times or Fox News spends less than 20 minutes on the website. In contrast, the average YouTube visitor remains on the site for 40 minutes, which reflects both a high level of engagement, and the fact that most YouTube content could be categorized as entertainment, as opposed to news. Among news media companies, ESPN stands out for the long duration of its site visitors — second only to YouTube. This may be a result of ESPN's sports-focused content attracting users who are more interested in the content, or perhaps due to its video content holding users' attention for longer periods of time.

When it comes to political news, Americans still report reliance on legacy broadcast and cable outlets to stay up to date. A 2020 survey by Pew Research Center found that Fox News was the leading source of political news for 16 percent of Americans, followed by CNN at 12 percent, NPR at 5 percent, and NBC, ABC, and MSNBC all at 4 percent. In contrast, only 2 percent named the New York Times as their main source of political news; 1 percent named Facebook, YouTube, and local news; and less than 1 percent of respondents cited digital-native outlets as their primary political news sources.



Source: Reuters Institute for the Study of Journalism

More than 15 percent of U.S. respondents to a 2022 study reported visiting Yahoo! News at least weekly.[252] That made it the highest performing digital outlet, followed closely by local television sites, CNN.com, and FoxNews.com. Local news sites that were not attached to television stations seemed to underperform: fewer respondents said they had visited *any* unaffiliated local news site in the past week than said they had visited BuzzFeed News.

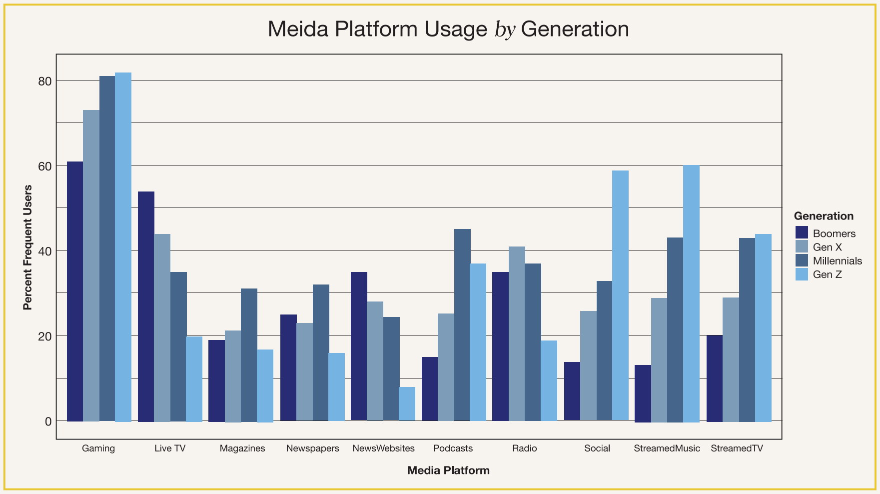
251 It may be worth separating traffic to Google distinguish between traffic to Google as a conduit versus traffic directly to it as a destination site. While not discussed at length in this report, the search ecosystem is an important vector as the way in which many people learn about the world when they're seeking information, and has been a significant source of mis- and disinformation as a result.

252 Sanders, "Trust in Media 2022." https://today.yougov.com/topics/politics/articles-reports/2022/04/05/trust-media-2022-where-americans-get-news-poll.

Does consumption vary generationally?

Importantly, these overarching trends vary across generational lines. Gen Z is significantly less likely than older generations to rely on TV news or news websites. However, they utilize social media and search engines for news at similar rates to millennials and Gen X.[253] In addition, Gen Z young adults are more often accidental consumers of news — receiving updates on current events from unrelated influencers or news-neutral programming.[254] In part, this also reflects a growing role for social media in news consumption for younger generations. Half of Gen Z reports receiving news from social media daily, while only one in four boomers report the same.[255] Politicians have taken notice: In March 2022, the White House organized briefings of TikTok influencers geared at spreading awareness of the Ukraine conflict to young people through the app.[256]

Even the device on which users consume digital media varies substantially by age. More than half of Gen Z reports exclusively receiving news through smartphones — mostly in the form of push notifications and other mobile alerts. In contrast, TV reigns supreme as the preferred news device for consumers over the age of 35.[257] Further underscoring this point, every generation except Gen Z ranked "watching TV and movies" as the primary purpose for consumption of digital media. For the youngest generation, video games, streaming music, internet browsing, and social media all took precedence.[258]



Source: Authors' calculations based on data from Attest, U.S. Media Consumption Report 2021

In general, Gen Z and millennials tend to prefer the same types of media platforms, while Gen X and boomers share similar consumption patterns. But wide divides exist between the older and younger generations. For instance, while roughly half of Gen X and baby boomers report watching more than three hours a day of live television, less than 30 percent of millennials and Gen Z do. On the other hand, Gen Z and millennials spend significantly more time on streaming platforms and using social media than their older counterparts. These generational divides are less stark on traditional hard news platforms, like newspapers and news sites, with the exception of Gen Z, whose viewership numbers lag behind older generations on all typical news-related platforms except podcasts.

253 Auxier, Brooke, and Jana Urbanas. "News at Their Fingertips: Digital and Social Tech Power Gen Z Teens' News Consumption." *Deloitte Insights*, May 12, 2022. https://www2.deloitte.com/uk/en/insights/industry/technology/gen-z-news-consumption.html.

254 Ibid.

255 Morning Consult. National Tracking Poll #2208095. August 2022, page 459. https://assets.morningconsult.com/wp-uploads/2022/10/17085405/2208095_crosstabs_GEOPOLITICAL_RISK_NEWS_MEDIA_Adults_STACKED_v13_CC-2.pdf. Accessed January 24, 2023.

256 Lorenz, Taylor. "The White House Is Briefing TikTok Stars about the War in Ukraine." *The Washington Post*, March 13, 2022. https://www.washingtonpost.com/technology/2022/03/11/tik-tok-ukraine-white-house.

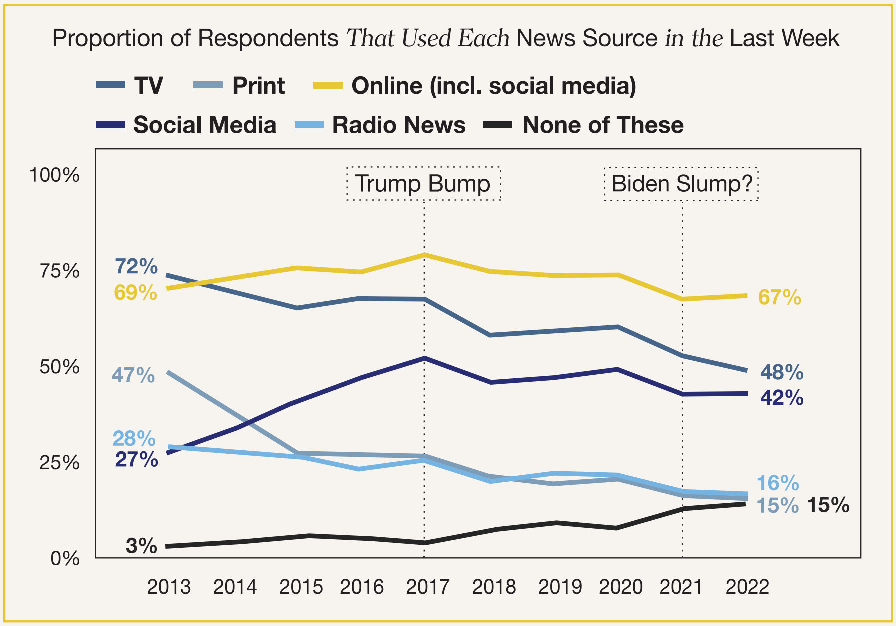
257 Kalogeropoulos, Antonis. "How Younger Generations Consume News Differently." *Reuters Institute*, May 24, 2019. https://www.digitalnewsreport.org/survey/2019/how-younger-generations-consume-news-differently.

258 Wescott, Kevin, Jana Arbanas, Chris Arkenberg, Brooke Auxier, Jeff Louks, and Kevin Downs. "2022 Digital media trends, 16th edition: Toward the metaverse." *Deloitte*, March 28, 2022. https://www2.deloitte.com/us/en/insights/industry/technology/digital-media-trends-consumption-habits-survey/summary.html.

In terms of specific news outlets, older generations are more likely to get news from broadcast and cable TV, local newspapers, radio, and conservative news outlets. Younger generations skew heavily toward social media, national outlets, and YouTube.[259]

What mediums are Americans relying on for news?

Overall, time spent with news media has declined markedly since the highs seen during the Trump administration. The proportion of respondents who say they are "very" or "extremely" interested in the news has fallen 20 percentage points since 2015.[260] This pattern has been especially harmful for print and TV news, which saw substantial losses to their audience in that time period. While social media and digital news have held up over the past few years, modest gains in readership in these new media have been unable to counter the dramatic declines in traditional media.



Source: Reuters Institute for the Study of Journalism

The overarching trend across mediums is toward digital platforms. This is true even for local news, which historically relied on print circulation. In 2015, roughly 28 million American households held a Sunday subscription to their local newspaper. By 2020, that figure had nearly halved to 15 million. In contrast, during that same time period, unique page visits to the websites of the top 46 locally focused newspapers increased by 50 percent.[261] In general, digital subscriptions have followed a "winner takes most" dynamic, in which the biggest news media companies are able to attract wide subscriber bases at the expense of smaller and local outlets. But in recent years, American consumers have displayed increased willingness to pay for multiple digital subscriptions. The median American subscriber now has two digital subscriptions, more than one in four digital subscribers reports paying for a local subscription, and nearly one in five digital subscribers is under the age of 30.[262] However, households consider these news subscriptions to be non-essential, so economic downturns may hit the digital news industry especially hard.

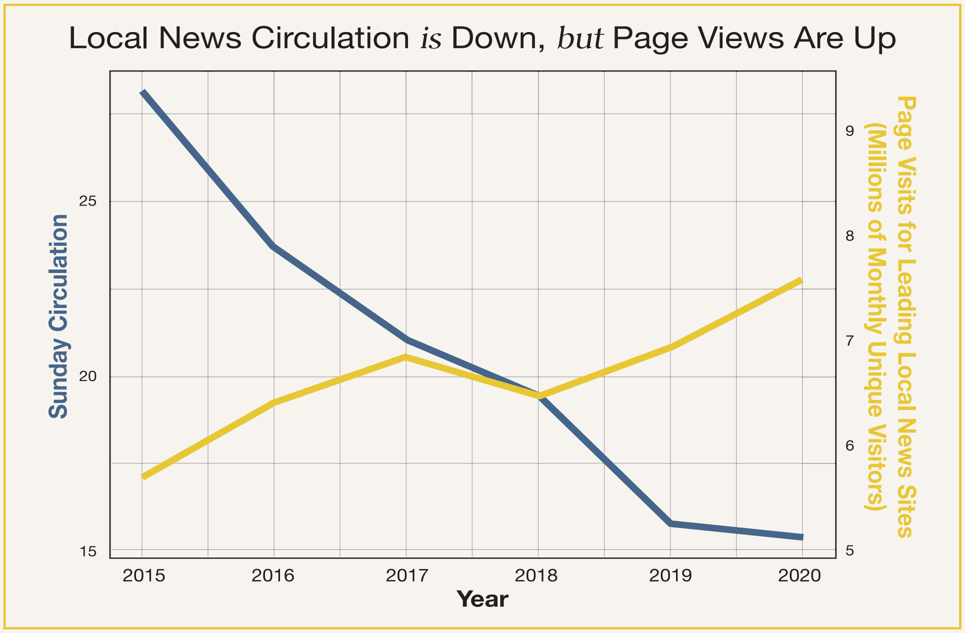
259 Attest. "US Media Consumption Report 2021." September 2021. https://www.askattest.com/wp-content/uploads/2021/09/US-Media-Consumption-Report-2021.pdf.

260 Newman, Nic. "2022 Digital News Report." Reuters Institute, June 15, 2022. https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2022/dnr-executive-summary.

261 Ibid.

262 Ibid.

It is worth noting that while views are up for news websites, engagement may be down. The time spent on news websites — both local and national — has contracted from an average of 2.6 minutes per visit in 2015 to 1.8 minutes per visit in 2020.[263]



Source: Authors' calculations based on data from Pew Research Center

What do consumers report looking for in media?

Surveys of Americans on media consumption preferences find similar results to the observational data explored above. When it comes to platforms, Americans' growing acceptance of digital platforms is echoed in their stated preferences. For example, 60 percent of Americans say they prefer reading newspapers articles online, compared to only 22 percent who prefer print.[264]

Consumption data and surveys diverge, however, when it comes to self-reporting about media preferences (recall our note on methodology above). On the content front, an investigation by the Media Insight Project, a collaboration between the Associated Press and the American Media Institute (AMI), found that Americans say they wanted more positive stories, journalism oriented toward solutions, more specific accounting of sources and methods, and more watchdogs against bias or misinformation.[265] Americans believe that delivering facts is the most important role for news media.[266] Across the board, respondents expressed dissatisfaction at what they saw as the editorial slant to hard news pieces, at the expense of factual accounts with context and analysis. However, journalists and media experts have argued that existing positive or solution-oriented stories rarely garner clicks.[267] A Reuters study found that 42 percent of Americans reported sometimes or often actively avoiding the news. The leading reasons for this avoidance were the negative effect news had on viewers' moods, a feeling of general fatigue with current events, perceptions of over-coverage of COVID-19/politics, and a lack of trust in the content.[268]

In 2021, E.W. Scripps, a media conglomerate that owns local newspapers and broadcast stations, conducted a series of focus groups and experiments aimed at increasing news viewership. They

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263 Pew Research Center. "Visit duration of news sites." June 29, 2021. https://www.pewresearch.org/journalism/chart/sotnm-newspapers-website-minutes-per-visit.

264 Bansal, Bhavika. "US/GB: Consumers may prefer their news online, but for magazines it's a different matter." *YouGov*, September 7, 2022. https://business.yougov.com/content/43701-usgb-consumers-may-prefer-their-news-online-magazi.

265 Bauder, David. "Study finds people want more than watchdogs for journalists." *AP News*, April 20, 2021. https://apnews.com/article/politics-media-tom-rosenstiel-journalists-915025bcab8f5910381eee11b5cb9d17.

266 McGreal, Chris. "Broken and Distrusting: Why Americans Are Pulling Away from the Daily News." *The Guardian*, July 17, 2022. https://www.theguardian.com/us-news/2022/jul/16/americans-avoid-news-reuters-survey.

267 Ibid.

268 Newman, "2022 Digital News Report." https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2022/dnr-executive-summary.

found that consumers reported similar concerns to those identified in the aforementioned surveys. The company then conducted experiments with longer form, in-depth reporting from journalists with stronger ties to the communities they reported on, which they claimed have increased viewership and viewer satisfaction.[269] However, precise details of these experiments are not publicly available, so the extent of that claim is difficult to assess.

There are also partisan dimensions to these stated preferences. According to the AMI survey, "stories that are focused largely on care and fairness are more likely to appeal to people with liberal instincts. Stories that talk about heroes and loyalty, meanwhile, are more likely to resonate with people who identify as conservatives."[270] Broadly, using the language of moral foundations theory, the AMI study finds that respondents who value "loyalty and authority" (who, politically speaking, tend to be a fairly conservative group) have the lowest levels of trust in media.[271] Experiments aimed at moral reframing of the headline and first paragraph of news stories to appeal to these groups appeared effective at raising trust and interest among this group without diminishing trust and interest among others.

In sum, what consumers say they want seems to be in tension with what they actually consume. In terms of content, consumers say they want longer-form, more in-depth reporting than they are currently receiving — a desire at odds with declining consumption attention patterns. In terms of tone, consumers say they want journalism that revolves around hard facts over editorializing, even though, as noted above, Fox News remains the most popular political news source. There is also misalignment between stated consumer preferences for news and observed behavior: What consumers report wanting directly lines up with what journalists are trained for and want to do, but for the most part, those stories largely go unread. The disjuncture between what consumers report wanting and their actual behaviors also suggests that a professed desire for "trust in media" or "unbiased content" translates to a desire for value alignment and bias confirmation.

Directional opportunities related to news consumption

Of the directions we name at the top of this report, three relate especially to news consumption:

- **Focus more on derivative content and distribution, because there is great content being created — but too few people are seeing it.** Many of the national and local civic media newsrooms created in the last decade have reported a huge number of significant stories. Some of those stories achieved wide notoriety, but too often some very high-quality reporting never reaches large audiences. A tried-and-true strategy for proliferating news and ideas is a strategy of developing a niche audience of information elites, people who will then convey (through multiple mechanisms) those ideas to wider, more massive audiences. This approach appears fundamental to many of the civic media nonprofit newsrooms created in the last decade. The idea is to produce high-quality, original, topical reporting that bleeds into the reporting of other outlets. The problem is that while the quality and quantity of this kind of content (topical news sites, podcasts, etc.) appears to be growing, the downstream effects (the secondary coverage) appear to be declining. Stories too rarely reach the less-motivated masses. The decline in local papers that used to republish major investigative items means the reach of those pieces is declining. One strategy to combat

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269 Ripley, Amanda. "Can the News Be Fixed?" *The Atlantic*, May 18, 2021. https://www.theatlantic.com/ideas/archive/2021/05/local-news-media-trust-americans/618895.

270 The Media Insight Project. "A New Way of Looking at Trust in Media: Do Americans Share Journalism's Core Values?" *American Press Institute*, April 14, 2021. https://www.americanpressinstitute.org/publications/reports/survey-research/trust-journalism-values.

271 Ibid.

this phenomenon is to focus on better derivative content and distribution networks that specialize in taking high-quality original content and repurposing it for larger, wider audiences; and by focusing on the new era of influencers — less the traditional New York and D.C. elites than the YouTube stars and Instagram influencers of today.

As we pursue strategies to engage solo journalists and creators, we should be realistic about what they are likely to be well-positioned to do and what they are not. They are not a replacement for original investigative reporting. While there a handful of solo practitioners who excel at that (e.g., Judd Legum at Popular Information), generally speaking, creators are unlikely to replace the functions at which an outlet like ProPublica thrives. But, this ecosystem of solo journalists and creators excels at analysis, derivative opinion, personal narrative perspective, and the remixing of content into new formats (like video and audio). This kind of news-adjacent content is exactly the kind of content that helps create an echo chamber for original and investigative reporting — and raises the possibility of extending a high-quality report's half-life. We believe it is insufficient to rely on organic redistribution. Instead, publishers and investors should explore strategies to fuel an influencer economy and derivative content ecosystem.

- **View local as especially compelling and especially underserved.** Our gut is that many of the best opportunities — whether the enterprise is a media network, a social media platform, a network/platform/association of creators, or some combination of these things — lie with delivering news with locally relevant and compelling content. Sports. Gossip. Restaurants. Events. Americans say they trust local news far more than most other news types, and they say they want more of it. We believe there is a gap that the decline of newspaper has left that needs to be filled, and merely digitized versions — which remain the primary focus on nonprofit and for-profit investor strategies — is not the only, or necessarily the best, approach. Rather, we believe that focus ought to be complemented with more emphasis on leveraging the relative financial stability of TV local news, and on efforts that better leverage the emerging ecosystem of solo-practitioner journalists, creators, and influencers who focus on local content.

- **Embrace putting the audience more in charge.** Audience is the best single proxy for the impact and value of a news enterprise. In a digital landscape overflowing with metrics (and competition for attention), the ones that really matter — both for impact and financial sustainability — are the ones that measure audience. But what are likely to be the hallmarks of the most effective audience-building and engagement strategies?

  With an explosion in the number of platforms and publishers, the further intrusion of the digital world into everyday life, the optimization of algorithms (e.g. TikTok, YouTube), and an increased bombardment of news and information, some audiences (particularly Gen Z and millennials) indicate they are facing consumption fatigue. While these demographic cohorts still spend near-record amounts of time online, people are increasingly reporting they feel "worn out" by the experience. With all that competition for attention, even great journalism will not reach more people without a smart audience strategy that supports both the news and the business model of a given newsroom. Thus, for advertising-based media entities, the key metric will be pageviews (or downloads for podcasts, or views for videos). For subscription-based businesses, it will be unique page views and return visitors. [272] For grant-funded entities, policy impact

272 Ceric, Vladimir. "Top KPIs for News and Media Companies." *Adverity*, February 18, 2021. https://www.adverity.com/blog/top-kpis-for-news-and-media-companies.

metrics may be key to measuring success.[273] Many media businesses will require a mix of these measures in order to meet multiple goals. In each case, audience engagement drives consumers not only to the news and information that is being created (the mission), but does so in a way that supports the venture's financial model — and keeps the audience coming back over time.

But real audience engagement requires more than continued traffic or comments at the bottom of an article. Real engagement creates a virtuous feedback circle between consumer and journalist or creator, and actually impacts the product — the kind, nature, and format of the news and information newsmakers deliver.[274] Taking audience engagement seriously means putting that feedback in the hands of leaders who are senior enough — and sensitive enough — to understand how to translate use metrics into an audience's wants and needs, and who are able to move decisively to act on what they hear in mission-aligned ways. We think this rebalancing is, while sometimes difficult, generally for the good of any news business that seeks to reach more people. It requires that media professionals share some control over their enterprises, not only hearing from, but responding to, the readers/viewers/texters who comprise their audiences.

273 Nelson, Jacob. "How do audiences really 'engage' with news?" *Columbia Journalism Review*, December 19, 2019. https://www.cjr.org/tow_center/audience-engagement-journalism.php. Accessed May 15, 2023.

274 Brandel, Jennifer. "What We Mean When We Talk About 'Engagement.'" *Medium*, August 31, 2016. https://medium.com/we-are-hearken/what-we-mean-when-we-talk-about-engagement-a4816f22902f. Accessed May 15, 2023.

VI. NEWS OWNERSHIP AND INVESTMENT LANDSCAPE

Summary:

In an environment where much of media ownership has settled in a small number of conglomerates, and where hedge funds and private equity investors have bought troubled newspapers to strip them for short-term profits, ownership matters. In the for-profit realm, it matters in terms of a commitment to audience-building operations, based on a mix of revenue sources that is both achievable and sustainable.

In the nonprofit realm, there are increasingly large commitments to support newsrooms, particularly at the local level. While encouraging, most of the new newsrooms are heavily dependent on recurring philanthropic support — which may or may not provide a reliable long-term source of revenue.

Across the board, ownership can be definitive when it comes to the political or social orientation of content. We are starting to see more experimentation in these models, particularly in new media. Those experiments include mixed revenue sources, creator-ownership models, and more conscious interoperability that allows individual journalists and other creators the ability to take their audiences with them.

It's a time of flux: we're seeing some spectacular flameouts (or near-flameouts) of longstanding outlets and new media entities, for-profit and nonprofit alike. There is a seeming opportunity to structure ventures that adopt the best elements of a variety of ownership and revenue models, in service of creating news and information networks that will better serve the next phase of our media existence.

How has media ownership changed?

The past decade in media ownership has witnessed three concurrent trends: *first*, large-scale mergers and consolidation; *second*, an increased presence of hedge funds and private equity; and *third*, a dramatic rise in nonprofit investment and civic-minded billionaire ownership of local (and national) news. The upshot of the first two trends, which are seen across much of the media landscape, is that a handful of large corporations account for the vast majority of content across newspapers, radio stations, and broadcast television. The third trend has meant that an increasing share of news is produced in a nonprofit format, or by a handful of for-profits with benefactors willing to sustain losses far longer than a typical owner.

While the advent of media concentration is not new — think, for example, of William Randolph Hearst's enormous media empire — the persistence of consolidation is surprising given the degree of choice and variety of mediums on which Americans can access content. On a macro scale, four of the five largest media mergers in history have occurred in the last decade. In 2014, AT&T bought DirecTV for $66.5 billion. In 2015, Charter Communications bought Time Warner Cable for $87.4 billion in 2015. The next year, AT&T bought Time Warner for $101 billion. And most recently, in 2019, Walt Disney Company bought Twenty-First Century Fox for $71.3 billion.[275]

275 Cranley, "How the Media Has Changed in the Last Decade." https://www.businessinsider.com/how-the-media-has-changed-in-the-last-decade-2019-11.

At the local level, patterns in TV news and radio ownership mirror these trends. Sinclair Broadcast Group now owns 294 stations, Nexstar owns 196, and Gray Television owns 145 of the roughly 1,000 local news stations across the country.[276] When it comes to radio, iHeartMedia alone owns nearly 1,000 stations nationwide.[277] According to Harvard's Future of Media Project, following the merger of Gannett and GateHouse Media, more than half of 672 major daily newspapers across America are owned by just seven conglomerates.[278]

One of these conglomerates is Alden Global Capital, a hedge fund that recently acquired Tribune Publishing. In total, Alden Global Capital now owns over 200 newspapers. By circulation, it is the country's second-largest newspaper group.[279] In fact, today, half of the 10 largest newspaper groups and nearly a quarter of all newspapers are owned by hedge funds, private equity firms, or other generalized investors. Penelope Abernathy, a journalist and academic at the Medill School at Northwestern, terms this phenomenon the rise of "new media barons."[280]

Moreover, as local newspapers and legacy magazines have continued to struggle, individual billionaires and nonprofits have stepped in to purchase struggling enterprises. Harvard's Heidi Legg describes this phenomenon as the "Billionaire Owners Club."[281] Their ranks include John and Linda Henry, Jeff Bezos, Jessica Lessin, Glen Taylor, Gerry Lenfest, Craig Newmark, Laurene Powell Jobs, Patrick Soon-Shiong, Marc Benioff, and John and Dathel Georges.[282] These owners generally view their involvement as altruistic, or as long-term investments in "saving" newspapers and news magazines; put differently, they often view their news enterprises as, to a degree, a civic hobby rather than a purely money-making enterprise. As a result, these investments by high net-worth financiers — when compared to the influx of private equity and hedge fund money — are seen as more civic-minded options for struggling newspapers.

A similar dynamic can be seen in the recent $80 million capital raise and $60 million purchase of 18 Latino-audience radio stations by the Latino Media Network, with support including from Lakestar and actor Eva Longoria.[283] Radio has particular reach in the Latino community, with 97 percent of Latino adults saying they have listened to the format in the last week.[284] The Latino Media Network, led by Jess Morales Rocketto and Stephanie Valencia, plans "to expand beyond radio into podcasts and content on YouTube and other digital platforms. It will take a bilingual approach, producing and distributing content in Spanish and English across various platforms, like audio streaming and social, as well as its own channels." The purchase provides access to politically salient Spanish-speaking and bilingual audiences in cities including Miami, Houston, Chicago, Dallas, San Antonio, McAllen, and Las Vegas, and represents an effort to counter increasing

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276 Harte, Tricia. "Understanding Local Media Markets & Ownership." *Digital Third Coast*. https://www.digitalthirdcoast.com/blog/local-media-markets-and-news-ownership. Accessed November 22, 2022.

277 Ibid.

278 Harvard University, The Future of Media Project. "Index of Seven Big Owners of Dailies." https://projects.iq.harvard.edu/futureofmedia/index-seven-big-owners-dailies. Accessed January 24, 2023.

279 Coppins, McKay. "A Secretive Hedge Fund Is Gutting Newsrooms." *The Atlantic*, October 14, 2021. https://www.theatlantic.com/magazine/archive/2021/11/alden-global-capital-killing-americas-newspapers/620171.

280 Abernathy, Penelope Muse. "The Rise of a New Media Baron and the Emerging Threat of News Deserts." *University of North Carolina Hussman School of Journalism and Media*, 2016. https://www.usnewsdeserts.com/reports/rise-new-media-baron. Accessed May 18, 2023.

281 Legg, "A Landscape Study." https://shorensteincenter.org/landscape-local-news-models.

282 Ibid.

283 Fischer, Sara. "Exclusive: New Latino media startup launches with historic $80M raise." *Axios*, June 3, 2022. https://www.axios.com/2022/06/03/latino-media-network-startup.

284 Gamboa, Suzanne. "Latina radio network owners fend off conservative critics, tout cultural focus." *NBCNews.com*, April 15, 2023. https://www.nbcnews.com/news/latino/latinas-latino-media-network-radio-owners-conservative-critics-rcna77905.

conservative hold and focus on Spanish-speaking audiences.[285] Latino Media Network will "focus on creating content that addresses the different cultural and political nuances that impact different types of Latinos [and… building] programming around authoritative news personalities and subject matter experts to help the Latino community navigate complicated topics, like health care, finance and small business."[286] While advertising and syndication opportunities are likely to form the bulk of the revenue stream, Latino Media Network is also exploring options for philanthropic support for specific programs.[287]

On the nonprofit side, two different approaches have proliferated over the past decade. The first involves an increased volume of giving to nonprofit newsrooms. This model has seen nonprofit organizations and charitable foundations step up giving to local news organizations in recent and coming years. Some of the largest sources of support in the space include the American Journalism Project (which will distribute $50 million), NewsMatch (which helped to leverage national philanthropic pledges to raise $47 million), Report for America (which has provided 300 young journalists to local papers in the mode of Teach for America), the Knight Foundation (which has pledged $300 million over five years, including substantial investments in the American Journalism Project, Report for America, and NewsMatch), and the National Trust for Local News (which purchased 24 newspapers and consolidated their business and operations practices). A more detailed account of philanthropic investment strategies in the media space appears later in this section.

The second approach revolves around the adoption of a nonprofit model by public interest news organizations. Newly launched nonprofit newsrooms, ventures that have converted from for-profit to nonprofit status, and other outlets experimenting with partially nonprofit operations fall under this model. The pioneer of this trend was ProPublica, which has announced tens of millions of dollars in investments in local initiatives.[288] We discuss nonprofit, hybrid, and other novel, nonprofit-maximizing business models below in greater depth.

The upshot of these various investment approaches is that, while inherent levels of trust in local media and promising avenues for digitization provide opportunities for new entrants and philanthropy, the major trend in the industry is toward consolidation.

How are owners paying for media?

The new owners of for-profit media can largely be divided into two camps with respect to their methods of paying for media. One group — largely comprised of wealthy individuals and philanthropic investors — is able to finance their purchase using existing resources. In turn, they can accept short-run losses and invest substantial sums in long-term innovation and transformation.[289]

On the other end of the spectrum, hedge funds and private equity firms often rely on debt and/or equity financing from affiliates or third parties to make their purchases.[290] These constraints — coupled with the shorter-term incentives they face — push for quick profits over sustained investments. For example, Alden Global Capital's

285 Allison, Natalie. "'Fox News in Spanish': Inside an upstart media company's big plans to impact the 2024 election." *POLITICO*, January 23, 2023. https://www.politico.com/news/2023/01/23/fox-news-spanish-americano-media-republicans-00078860.

286 Fischer, "Exclusive: New Latino media startup launches." https://www.axios.com/2022/06/03/latino-media-network-startup.

287 Ibid.

288 Edmonds, Rick. "For Local Nonprofit News, 2020 Was a Very Good Year, and 2021 Will Be Even Better." *Poynter*, January 26, 2021. https://www.poynter.org/locally/2021/for-local-nonprofit-news-2020-was-a-very-good-year-and-2021-will-be-even-better.

289 Abernathy, "The Rise of a New Media Baron." https://www.usnewsdeserts.com/reports/rise-new-media-baron.

290 O'Connell, Jonathan, and Sarah Ellison. "In a Hedge Fund's Bid for Tribune's Newspapers, a Hidden Risk Lurks in the Fine Print." *The Washington Post*, May 6, 2021. https://www.washingtonpost.com/business/2021/05/06/alden-tribune-hidden-risk.

playbook of "gutting and cutting" entails widespread layoffs, sales of any physical assets (i.e., real estate), and raised subscription rates.[291] Alden has applied this model even to profitable newspapers, like the Chicago Tribune, in an effort to rapidly boost margins. In fact, beyond these efforts to sell newspapers for scraps, hedge fund-owned papers have been slow to adopt best digital practices.[292] Instead, best practices are implemented according to their immediate impact on profit: Underperforming newspapers are sold; news, sales and publishing operations are centralized or regionalized; and the sharp divides between advertising and editorial content dissipate.[293]

A wide swath of literature finds that ownership affects news content.[294] In particular, political scientists from Stanford and Emory have found that Sinclair's purchase of news stations across the country causes a significant right-wing shift in content and increased discussion of national politics.[295] More broadly, the demise of local news outlets has been shown to diminish local participation in politics — from knowledge to voter turnout — as constituents assess themselves as less able to evaluate candidates.[296] Thus, the increased concentration of media among wealthy and conservative owners — and particular local media — presents significant risks that political information will become both more scarce and more skewed toward right-wing perspectives.

How is philanthropy approaching media investment?

Philanthropic investment in media comes in two primary forms: direct investments in public media or mission investments to advance particular journalistic strategies. From conversations our team has had with stakeholders and analysis of philanthropic roadmaps, several cross-cutting trends emerge:

- With few exceptions, this funding is focused almost exclusively on support for nonprofit ventures and high-quality civic news.
- Local nonprofit news outlets are experimenting with new approaches to collecting and delivering the news, but we are not yet seeing innovation at scale.
- All leading journalism funders now embrace efforts to diversify newsrooms, news coverage, and news readership as core values and investment strategies.
- Self-sustaining medium- and long-term funding models remain a concern for philanthropy, as many funded outlets remain reliant on outside donations to remain viable.

Existing media funding mapping projects have identified roughly 115 institutional funders of journalism, which altogether made $182.7 million in grants to 363 organizations in 2021. This likely is a significant under-count of the actual total level of annual philanthropic investment in news. Some of the most significant players in this space include:

291 Coppins, "A Secretive Hedge Fund." https://www.theatlantic.com/magazine/archive/2021/11/alden-global-capital-killing-americas-newspapers/620171.

292 Abernathy, "The Rise of a New Media Baron." https://www.usnewsdeserts.com/reports/rise-new-media-baron.

293 Ibid.

294 Archer, Allison, and Joshua D. Clinton. "Changing Owners, Changing Content: Does Who Owns the News Matter for the News?" *Jepson School of Leadership Studies*, 2017. https://scholarship.richmond.edu/jepson-faculty-publications/252; Wagner, Michael W. and Timothy P. Collins. "Does Ownership Matter?: The Case of Rupert Murdoch's Purchase of the Wall Street Journal." *Journalism Practice 8*, no. 6, November 2, 2014. https://doi.org/10.1080/17512786.2014.882063; Dunaway, Johanna. "Media Ownership and Story Tone in Campaign News." *American Politics Research* 41, no. 1, January 1, 2013. https://doi.org/10.1177/1532673X12454564.

295 Martin, Gregory J., and Joshua McCrain. "Local News and National Politics." *American Political Science Review* 113, no. 2, May 2019. https://doi.org/10.1017/S0003055418000965.

296 Hayes, Danny, and Jennifer L. Lawless. "As Local News Goes, So Goes Citizen Engagement: Media, Knowledge, and Participation in US House Elections." *The Journal of Politics* 77, no. 2 (April 2015): 447–62. https://doi.org/10.1086/679749.

John S. and James L. Knight Foundation
Total 2021 giving: $114.2 million

The Florida-based Knight Foundation is likely the best known, largest, and longest-standing funder of journalism and media in the U.S. and across the globe, with grants totaling over $400 million since the program's inception. In 2019, it announced it would double its "commitment to strengthening journalism," with a $300 million in investment over 5 years, including $20 million to the American Journalism Project to support venture philanthropy in sustainable civic journalism; $5 million to Report for America to place journalists in underserved newsrooms, in the model of Teach for America; several million for nonprofit newsrooms; $1.5 million to NewsMatch, which matches local funding to civic media with national gifts; $10 million to the Knight-Lenfest Local News Transformation Fund for digital transformation of traditional local outlets; $12 million to address the spread of disinformation; and $35 million in research initiatives. While we are able to identify approximately $24 million in grants for journalism in 2021, that number may underreport multi-year grants given in earlier years and/or grants, significant contracts for research, fellowships and other distributions less clearly identified as pure journalism grants.

Knight's political reputation is squarely centrist. Aside from its diversity initiatives, its grants have tended more heavily toward a traditional notion of journalistic objectivity. Its 2022 journalism grants are mostly in the low six-figures supporting local efforts. However, it is also offering two larger pots of money for sustainable media for BIPOC communities ($2 million) and a fund for media purchases ($5 million).

MacArthur Foundation
Total 2021 giving: $274.3 million (grants and impact investments)

Since John Palfrey — a lawyer by training who has spent a good deal of his career focused on the impact of technology on society — took the helm at the MacArthur Foundation in 2019, the Foundation has renewed its commitment to funding journalism and media. Palfrey's personal investment in journalism and media has made a palpable impact in the world of donors. He is able to organize his fellow leaders with deep focus, which has likely resulted in both more money and more collaborative investment in nonprofit civic journalism and media ventures.

MacArthur's journalism, narrative, and media/tech policy grants are difficult to disentangle, but our review of publicly available information identifies approximately $19 million in journalism and journalism-adjacent grants in 2022. That giving tended toward large six- or seven-figure multi-year grants (frequently 3- and sometimes 5-year commitments) to large nonprofits and donor collaboratives. While MacArthur remains a significant funder of traditional investigative journalism outlets like the Center for Public Integrity and ProPublica, its 2022 grants skew heavily toward BIPOC-led and -serving organizations and initiatives, including local media outlets.

Ford Foundation
Total 2021 giving: $1.114 billion

Unlike its closest peer funders, the Ford Foundation houses its work on journalism within the rubric of creativity and free expression, farther from its work on civic engagement and government. With journalism and media grants in the neighborhood of $11.5 million in 2022, it has made major investments in BIPOC-, women- and queer-led and -serving news organizations, and in news documentaries that mesh news and narrative. Its emphasis on southern states and Detroit provides additional geographic focus. While Ford remains a significant funder for the Reporters Committee for the Protection of Journalists, and maintains some support for nonprofit journalism entities, like the Institute for Nonprofit News, the bulk of its funding follows its commitments to equitable and regional strategies.

Democracy Fund
Total 2021 giving: $41.6 million

Once closer to Knight in its ideological even-handedness, Democracy Fund broke with its tradition of thorough-going emphasis on bipartisanship in June 2020, in favor of a strategy that emphasizes democratic health. Over the last five years, its support for journalism has undergone a similar transition, moving away from support for traditional investigative journalism toward a portfolio that now emphasizes local and community-informed civic journalism, especially in marginalized communities.

With approximately $9 million in journalism and media grants in 2022, Democracy Fund has the most intellectual capital behind what it calls "ecosystem news," which involves "[cultivating] strong and vibrant news ecosystems so that everyone has access to local information they can rely on to participate in their democracy." This approach means funding locally driven efforts to divine community assets, needs and solutions; support for research around promising new practices; investment in novel sustainable business models; core support to key organizations; and joint philanthropic funding. Democracy Fund is focused on ecosystem news investing in Chicago, Colorado, New Jersey, North Carolina, New Mexico and Oklahoma.

In the spring of 2023, key journalism funders, including MacArthur, Ford, Knight and Democracy Fund, launched the "Press Forward" initiative to "expand local journalism at an unprecedented scale." Press Forward is a campaign that aims to rally philanthropic support for civic media, engaging national funders, local funders, individual donors, civic leaders, and field partners in an effort to raise an initial goal of $500 million by July 2023. Press Forward will have both aligned giving and pooled fund options for donors, and will focus its investments and investment recommendations on: "[meeting] the information needs of the most underserved communities across America," and "[inspiring] greater civic engagement and [rebuilding] social cohesion." Press Forward-funded enterprises will: "bolster democracy at the local level; bolster diversity in staff and coverage; be digital in orientation; develop long-term sustainable models; and help drive demand for local news for every member of every community to thrive."[297]

While this large effort to bolster local civic news is the clear focus of the biggest philanthropies, it is also worth noting that in some instances, philanthropy has partnered with public and for-profit media to fund issue and other initiatives or reporting beats that otherwise would go uncovered. At outlets like Vox, The Atlantic, and others a growing trend is philanthropic investment that supports journalism (including on occasion dedicated reporters) to cover a particular topic. Even flagship and profitable news outlets like The New York Times are taking philanthropic money, demonstrating the mutually beneficial nature of philanthropic funding for serious reporting that has the hallmarks of a prestigious institution and has audience reach. For instance, in 2020, The Times announced $4 million in philanthropic support for its Headway Initiative to undertake data-rich reporting on large-scale matters of national and global concern;[298] another $150,000 in support from the Ford Foundation supports a disability journalism position in The Times' newsroom.[299] In 2022, The Times announced the hire of a new Vice President for Philanthropic Partnerships, with an explicit mandate to develop additional philanthropic support for reporting undertaken in partnership with nonprofit organizations.[300]

In a more novel example, in 2017, The Guardian established a 501(c)(3) entity in the United States under the theguardian.org moniker.[301] Rachel White, president of theguardian.org noted at the time that "charitable status would make it easier for more organizations and private individuals, who might otherwise feel conflicted about contributing to a for-profit newsroom, to donate."[302] Within nine months, it had raised $6 million in multi-year commitments, including philanthropic support from the funders including the Skoll Foundation, the Conrad Hilton Foundation, and Humanity United.[303] But

297 Direct communication with Joshua Stearns, Democracy Fund (May 11, 2023).

298 The New York Times. "The New York Times Announces Philanthropic Support for the Headway Initiative." December 1, 2020. https://www.nytco.com/press/the-new-york-times-announces-philanthropic-support-for-the-headway-initiative. Accessed May 8, 2023.

299 The New York Times. "Ford Foundation to Support The Times's Disability Journalism Fellowship." July 15, 2021. https://www.nytco.com/press/ford-foundation-to-support-the-timess-disability-journalism-fellowship. Accessed May 8, 2023.

300 The New York Times. "Marcia Parker Joins The Times as Director of Philanthropic Partnerships." June 2, 2022. https://www.nytco.com/press/marcia-parker-joins-the-times-as-director-of-philanthropic-partnerships. Accessed May 8, 2023.

301 Kaplan, Larry. "The Guardian Establishes a Nonprofit Wing in the US." *Nonprofit Quarterly*, August 29, 2017. https://nonprofitquarterly.org/guardian-establishes-nonprofit-wing-us. Accessed May 12, 2023.

302 Ibid.

303 Ibid.

while the move to (c)(3) status was intended to facilitate gifts from foundations and individuals, The Guardian's revenues remain mixed, and philanthropy comprises a relatively small portion of income: Nieman Lab reported that 2020 annual revenue for The Guardian as a whole was approximately $308 million, with digital revenue comprising 56 percent of all revenue, while theguardian.org has raised between $5.1 million and $5.4 million per year.[304] In 2021, contributions to theguardian.org included $1.6 million in one-time and recurring donations through its end-of-year giving campaign, exceeding a $1.25 million goal, and demonstrating significant voluntary support from readers, despite theguardian.org's lack of paywalled content.[305]

White noted in 2021 that "[f]or a place like The Guardian, we wouldn't and shouldn't be seeking the same kind of funding that nonprofit newsrooms split because we have lots of different revenue streams that support the news organization … We really needed to define why and how we would seek philanthropic support."[306] Unlike compatriots that may need unrestricted funds for newsroom operations, The Guardian's financial cushion and diversification means it "seeks out subject-specific funding. Broad topics — environmental justice or biodiversity or global development — lend themselves particularly well to this approach. White says their breadth gives editors 'more latitude' and appeals to foundations driven to 'tackle the big problems and big challenges'."[307] White went on to note that "philanthropy would have to 'massively scale' to meet even 20 percent of the budgetary need'"[308] for nonprofit (and hybrid) newsrooms, militating in favor of continuing to diversify revenue streams.

What are alternative business models for media companies?

In recent years, a series of alternative business models have challenged the model of typical for-profit media companies. While a panoply of billionaires and conglomerates still control most newspapers and local stations, nonprofit journalism, benefit corporations, mission equity models, and journalist-owned enterprises are gaining traction.

Nonprofit newsrooms

Since 2017, approximately thirty new nonprofit newsrooms have been stood up every year.[309] Over the past five years, the total number of nonprofit newsrooms has roughly doubled. The largest of these outlets include ProPublica, States Newsroom, Mother Jones, the Texas Tribune, and Chalkbeat. This explosive growth — particularly at the local level — means that nonprofit newsrooms now account for at least 20 percent of the statehouse press corps.[310] Though two-thirds of these outlets report growing their revenue in the past few years, they are still heavily dependent on outside donations. The average nonprofit newsroom receives 53 percent of its total funding from foundations, 30 percent from individual giving, and only 15 percent from earned revenue.[311] Though time series data suggests that both the share coming from individual giving and the reach of nonprofit newsrooms is growing, these newsrooms

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304 Scire, Sarah. "Philanthropic support is a small but growing revenue stream for The Guardian, reaching a record-breaking $9M last year." *Nieman Lab*, April 14, 2021. https://www.niemanlab.org/2021/04/philanthropic-support-is-a-small-but-growing-revenue-stream-for-the-guardian-reaching-a-record-breaking-9m-last-year.

305 Stenberg, Mike. "Despite Lower Traffic, The Guardian US Exceeds End of Year Donation Revenue Goals." *AdWeek*, January 12, 2022. https://www.adweek.com/media/despite-lower-traffic-the-guardian-us-exceeds-end-of-year-donation-revenue-goals. Accessed May 12, 2023.

306 Scire, "Philanthropic support is a small but growing revenue stream." https://www.niemanlab.org/2021/04/philanthropic-support-is-a-small-but-growing-revenue-stream-for-the-guardian-reaching-a-record-breaking-9m-last-year.

307 Ibid.

308 Ibid.

309 Roseman, Emily. "INN Index 2022: The State of Nonprofit News." *Institute for Nonprofit News*, July 27, 2022. https://inn.org/research/inn-index/inn-index-2022/executive-summary. Accessed January 31, 2023.

310 Forman-Katz, Naomi, Elisa Shearer, and Katerina Eva Matsa. "Nonprofit News Outlets Are Playing a Growing Role in Statehouse Coverage." *Pew Research Center*, April 29, 2022. https://www.pewresearch.org/fact-tank/2022/04/29/nonprofit-news-outlets-are-playing-a-growing-role-in-statehouse-coverage. Accessed January 31, 2023.

311 Roseman, "INN Index 2022." https://inn.org/research/inn-index/inn-index-2022/executive-summary.

tend to remain heavily reliant on support from large-scale philanthropies years after formation. And while strategies to bolster local news production — like the recently released Roadmap for Local News — embrace community participation in news-making, they remain focused on the production of high-quality civic news and information in deep partnership with national and local philanthropic partners.[312] The Press Forward initiative, discussed above, puts a $500 million-plus campaign framework on philanthropic giving to those ends.

Benefit Corporations (B Corps)

B Corps are companies that have opted — and whose directors are legally permitted — to prioritize some understanding of public benefits over shareholder value maximization when making decisions. In recent years, many mainstream companies like The Guardian, Patagonia, Ben & Jerry's, and Warby Parker have registered as B Corps. Proponents of organizing local news organizations as B Corps argue that such a structure may allow them to remain active in both business and civic spaces — potentially attracting heightened interests from impact investors, while working toward self-sufficiency through earned revenue.[313]

Though the idea of B Corps is appealing for media, it is unclear whether news outlets can prove sustainable without either a ruthless focus on profits or regular infusions of outside funding from philanthropy. Ken Doctor, a noted news analyst and former contributor to Harvard's Nieman Lab, has set up a B Corp local outlet called Lookout Santa Cruz to test whether this model can work in practice. Two years after launch, the local newsroom appears to be going strong winning plaudits for its depth and quality of reporting. In addition to news, the paper has attracted readers with entertainment calendars, puzzles, obituaries, and a job board. Eighty percent of expenses are staff costs, which departs substantially from most traditional for-profit endeavors. Moreover, revenue is broken down as follows: 50 percent from advertising, 35 percent from subscriptions, and 15 percent from philanthropy.[314] That share of revenue from advertising is unusual for a local newsroom, especially given the dominance of Google and Facebook in local targeted ads. Doctor explains his success as a form of relational marketing: Ads take the form of branded content through marketing "partnerships" with local community members. Because of the relational aspects of this advertising model—which may rely on the altruism of local small businesses—it is unclear whether it is scalable or even replicable in other communities, though Doctor is currently exploring a new round of funding and potential expansion markets. Doctor has also joined ranks with five other nonprofit and B Corp news organizations to launch the Alliance for Sustainable Local News (ASLN).[315] ASLN aims to promote news models that incorporate locally earned revenue models and that include reduced reliance on philanthropic sources.

On a national (and international) scale, The Guardian's conversion to a B Corp model in 2020 marked the first major media B Corp experiment.[316] The move to B Corp governance overlaid its already-nonprofit status with a set of governing principles for the news organization's operations. These include a redoubled commitment to being carbon neutral by 2030, as well as equity commitments in workplace, hiring, and other practices. Julie Richards of The Guardian's strategy and delivery team noted that "[t]he B Corp assessment measures our performance across five areas - governance, workers, community, environment and customers. We have to recertify every three years so we will be able to track our progress."[317]

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312 Green, Elizabeth, Darryl Holliday, and Mike Rispoli. "The Roadmap For Local News: An Emergent Approach to Meeting Civic Information Needs." *Local News Roadmap*, February 2, 2023. https://localnewsroadmap.org. Accessed March 21, 2023.

313 Glaser, Mark. "How Creative Ownership Structures Can Help Local News Publishers Stay Local." *Knight Foundation*, October 6, 2021. https://knightfoundation.org/articles/how-creative-ownership-structures-can-help-local-news-publishers-stay-local. Accessed January 31, 2023.

314 Doctor, Ken. "Newsonomics: Two Years after Launching a Local News Company (in an Alden Market), Here's What I've Learned." *Nieman Lab*, December 5, 2022. https://www.niemanlab.org/2022/12/newsonomics-two-years-after-launching-a-local-news-company-in-an-alden-market-heres-what-ive-learned.

315 Alliance for Sustainable Local News. "Alliance for Sustainable Local News builds on new local news model success." *Editor & Publisher*, February 21, 2023. https://www.editorandpublisher.com/stories/alliance-for-sustainable-local-news-builds-on-new-local-news-model-success,242354.

316 Zeldin-O'Neill, Sophie. "Why the Guardian became a B Corp: 'We want to do more than talk.'" *The Guardian*, January 4, 2020. https://www.theguardian.com/membership/2020/jan/04/guardian-b-corp-status-julie-richards-climate. Accessed May 12, 2023.

317 Ibid.

Mission equity
If a B Corp is a legal model that charges corporate directors to consider metrics other than shareholder benefit in the management of the company, mission equity is a complementary theory of how to balance those public and shareholder benefit considerations in practice. Unlike the B Corp model alone, a mission equity approach attempts to explain exactly how to allocate benefits based on the financial and social value created by the venture.[318] By clarifying the relationship between public benefit and reduced profit expectation, mission equity ventures seek to engage a much larger scale of capital in order to solve problems that are not solvable with nonprofit investments alone.

Mission equity investors embrace business strategies that seek to turn a profit, but forgo surplus returns where that margin may undermine enterprise's mission. The mission equity model permits investors to communicate clearly their assessments and expectations with regard to both the company's business qua business, and its social benefit (represented by the profits the investor is willing to forgo to advance the mission). It allows them to "'give up' some financial benefit for public goods, and do that at scale."[319]

This model has been piloted in other sectors, notably in the Athletes Unlimited professional women's sports leagues, launched in 2020. While its business focus is on creating leagues for and distributing coverage of underserved women's sports, Athletes Unlimited prioritizes best-in-class benefits, carbon neutral policies, co-governance with athletes, and other social benefits. Individual investors determine what rate of return is acceptable in exchange for their individual assessments of the combined value of the league's business and its mission.[320]

In the context of news ventures, mission equity might mean setting clear low- or (for a time) no-growth profit expectations. If short-term profit maximization drives venture capital and hedge fund investors to insist on unsustainable margins of return, or the liquidation of newsrooms and newsroom assets, this model offers a different, potentially democracy-enhancing, approach in which investors consider the enterprise's benefit to the community to be an essential, if non-financial, return on their capital.

Journalist- and creator-owned platforms
The final trend in media ownership covered in this memo is journalist- and creator-owned platforms. Outlets in this category can include B Corps, cooperatives, mission equity ventures, and traditional LLCs, so long as the enterprise is largely owned by the creators who furnish it. These types of outlets have typically sprung up in the wake of layoffs at existing outlets. They are popular because they put total editorial and financial control in the hands of journalists. These platforms might be appealing if a cadre of already-respected journalists decides to migrate to a standalone platform, bringing their audience with them. Given the increased importance of individual journalists' brands (detailed above) and the growing move toward independent platforms, creator-owned platforms may offer an opportunity to preserve the need for institutional media while keeping talent from embarking on standalone endeavors. The most famous example of this practice is Defector Media, an offshoot of sports and culture website Deadspin, that has garnered subscriptions from 40,000 readers, and divides its profits entirely among workers.[321]

318 Soros, Jonathan. "A New Way to Scale Social Enterprise." *Harvard Business Review*, April 15, 2021. https://hbr.org/2021/04/a-new-way-to-scale-social-enterprise. Accessed May 10, 2023.

319 Doherty, Brian. "Icon: Could Soros' New Investment Model Be A "Home-Run" With Impact Investors?" *Forbes*, January 31, 2023. https://www.forbes.com/sites/bdoherty/2023/01/31/icon-could-soros-new-investment-model-be-a-home-run-with-impact-investors/?sh=4df0f38b2cee.

320 Ibid.

321 Hazard Owen, Laura. "The Worker-Owned Defector, at a Year Old, Has over 40,000 Paying Subscribers and $3.2M in Revenue." *Nieman Lab*, September 7, 2021. https://www.niemanlab.org/2021/09/the-worker-owned-defector-at-a-year-old-has-over-40000-paying-subscribers-and-3-2m-in-revenue. Accessed January 31, 2023.

Directional opportunities related to news ownership

Of the directions we name at the top of this report, three apply to our theory of news ownership:

- **Blend civic goals and financial sustainability — and thereby blend investment and revenue in a manner that mixes nonprofit money with for-profit money.** Newspapers, in general, provided unique civic value to the communities they served while addressing market demands (classified ads, stock prices, sports coverage) that other enterprises struggled to match in terms of timeliness and flexibility. But with newspapers' decline, the efforts to revise media and journalism have been increasingly bifurcated into two separate camps and worldviews. There is a burgeoning set of philanthropic investors helmed by a range of major foundations, which over the last decade have launched substantial civic media enterprises. On the for-profit side, there has been an increasing pressure driving consolidation, pushing new revenue models, and embarking on aggressive cost-cutting schemes. There seems to be an opportunity for a blended strategy — something that integrates both approaches, tapping into the growing set of potential civic media revenue aims and streams but relying on a primarily for-profit approach and focus on building large audiences so that civic content is seen by more people. There are many forms such strategies may take, including: for-profits that are B-corps or adopt mission equity models that forego some profit potential to achieve a mission (like *Lookout Santa Cruz*); greater philanthropic support for journalism undertaken in primarily for-profit formats (as The Guardian is increasingly exploring); or, sponsored content or direct investment opportunities that allow causes and philanthropies to achieve impact and benefits beyond what is available to them via traditional advertising.

- **Recognize that legacy news media still has pockets of profitability, particularly local TV, that deserve more attention and investment — and that might be ripe for reimagining.** While observers and investors in a transforming media landscape often focus their gaze on the emerging trends or technology, there are areas where we think legacy media still have enduring value and under-utilized potential. For instance, local broadcast TV has, so far, proven relatively impervious to the declines in employment, revenue, and news production volume that have hit other media hard, but has attracted relatively little focus, particularly from the civic media investors that are making big bets on print- and audio-focused news production. Local TV may be worthy of additional consideration for several reasons. First, local television stations produce almost exclusively news content — and, the quantity of it has been increasing in recent years.

  According to Pew, over the last twenty years, average daily time dedicated to news by local TV broadcast stations has grown from just under four hours to now more than six hours a day.[322] While newspaper employment has dropped by more than 50 percent in the last 12 years; over the last 20 years, the number of people employed in broadcast TV news has remained stable. And, while over-the-air ad revenue to local TV broadcasters has dropped in the last two decades (from $22 to $18 billion between 2003 and 2020), major increases in retransmission revenue have more than made up that gap.[323] In the last decade, these fees grew from $2.5 billion to over $12 billion. Finally, while local TV news audiences are declining gradually and aging substantially, the decline is much more limited than that of newspapers. While newspapers have lost a third of their readership in the last five years, for local TV the drop is just 12 percent.

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322 Pew, "Local TV News Fact Sheet." https://www.pewresearch.org/journalism/fact-sheet/local-tv-news.

323 Ibid.

- At some level it may make sense that newspapers have attracted so much attention. It is the industry in free fall — and in terms of the loss of quality of local journalism, newspapers are credited in a way that local TV is not (and never was). Local TV news also seems to be viewed (perhaps particularly by the philanthropic elites behind civic media investment strategies) as generic, plastic, staid, commoditized. But, is that accurate? And, if so, does it have to be that way? Moreover, the market — i.e., the stock prices of local TV conglomerates and the fees the cable companies and YouTube TV pay in retransmission fees — views these local broadcasts as valuable in a way that philanthropic investors don't.

- **Explore more direct investment in creators and sponsored content revenue models, which are currently underdeveloped and appear attractive relative to advertising.** While civic media funders have effectively subsidized the creation of high quality investigative and community journalism, the mechanisms to move money directly (and more transactionally) to social media creators and influencers to produce — and especially disseminate — content seem dramatically underdeveloped. The roughly $16 billion in global spend on influencer sponsored content in 2022 compares to over $600 billion in total global digital ad spend.[324] Much of the influencer brand and product placement campaigns are managed by a growing cadre of influencer agencies that act as middlemen between brands and networks of creators they seek to cultivate. But, to date, the friction in coordinating these kinds of campaigns transactions is substantial. For brands and causes, it is simply much easier to advertise than to pursue an influencer/sponsored content strategy. The potential of creating efficiencies in brokering these deals — and developing strategies to help influencers break through — could be substantial. We see some of the greatest opportunities in this space not around developing original news content and reporting, but rather around supporting a more developed ecosystem of derivative news content that can bring more of the high-quality reporting (some of it happening in new and expanded nonprofit newsrooms) to new mediums and wider audiences.

324 Statista. "Digital advertising spending worldwide from 2021 to 2026." March 1, 2023. https://www.statista.com/statistics/237974/online-advertising-spending-worldwide. Accessed April 2, 2023.

VII. CONCLUSION: TOWARD STRATEGIES THAT FOCUS ON INTEGRATION

Over the course of this report, we've offered nine notions around what we see as compelling potential elements of a strategy to reinvigorate news. As we conclude, we will attempt to combine many of those themes together toward a more comprehensive and cross-cutting vision about where the greatest opportunities lie.

We have developed a point of view on the most compelling directions for investment in the future of news. If we had to boil our vision down to one word, it would be: integration.

- As it relates to the challenge of reaching underserved audiences, we are attracted to strategies that integrate the vegetables of journalism into discrete meals alongside more calorie-dense niche vertical offerings like sports, gossip, financial self-help advice, and weather.

- In the battle for online eyeballs and attention — where the half-life appears in perpetual decline — we are excited by strategies that integrate support for original reporting with derivative and secondary distribution investments that rely particularly on an under-utilized army of creators, influencers, and solo journalists to create a pulsing echo chamber of analysis and commentary so that the original reporting can reach more people.

- We are excited by the growing philanthropic civic media investments that are subsidizing more and more high-quality journalism, but we worry that too many walled-gardens are being built — pristine patches of blossoming high-quality news content that far too few members of the public ever get to see. So, we are excited by strategies that integrate nonprofit investment with for-profit investment to facilitate many models of lower-profit and mixed revenue for-profits, as well as revenue-generating nonprofits that reach — and, at their core, are incentivized to reach — millions and millions of Americans.

- For causes and brands which are seeking to find audiences for their arguments and products, we see opportunities to invest directly in news or to subsidize reporting on topics as a mechanism to reach Americans in ways that traditional advertising strategies can't. There are manifold challenges that come with integrating sponsored content (in all its forms) with traditional news-gathering, but we believe the advantages of these integrated approaches can often better serve the producers of news and its consumers — as well as the brands and causes trying to reach them.

We believe that support for the *creation* of high-quality news content is not the principal challenge we face. The investment and business models to create the content that ought to be created largely exist (with the huge and important exception of local, which we'll describe more in a moment). The internet has enabled some specialized news and news analysis in ways that were unimaginable in the past: for example, there is at least the potential that any journalist or want-to-be journalist is only a few thousand Substack subscribers away from earning a living on a newsletter. At the same time, philanthropic investors have given rise to a new generation of digitally focused nonprofit newsrooms ranging from ProPublica to Texas Tribune to the Markup, and these are consistently producing high-quality reporting across a range of formats, topics, and geographies — at least at the national level. For a sophisticated and entrepreneurial consumer of news, there may be *more* high-quality content available now than ever before with two caveats. *First*, despite some innovative networks like City Bureau's Documenters program, which trains local citizens to cover what is happening at the city council or zoning board meeting,[325] too many localities are not well served when it comes to local news. And *second*, current models are not ensuring that the big, investigative stories generated by civic news outlets are being read in communities beyond those motivated, elite consumers. Thus, the principal challenge of our time is not limited to only areas not getting the content created — rather, it's getting that high-quality content created *in a wider array of places, and distributed to and consumed by significantly larger audiences.*

The problem is that while the quality and quantity of high-quality news content of appears to be *growing*, the secondary venues and effects appear to be *declining*. If this description of the phenomenon is accurate and widespread, it points to at least three potentially attractive strategies: *first*, integrate topical news into topical content streams that already have wide consumer demand, integrating original reporting and news into existing content ecosystems that already have larger audiences (e.g., sports, weather, gossip, etc.); *second*, invest in derivative content and distribution strategies that integrate original reporting — rather than focusing exclusively on new outlets, original reporting, investigative reporting and the like, focus on an enterprise(s) that specializes in taking high-quality original content and repurposing it for larger, wider audiences; and *third*, focus on influencers — not Mark Halperin's 2004 "Gang of 500" and not just Semafor's new formulation for reaching Acela-corridor elites, but influencers in the modern sense of the word: the solo practitioners on YouTube, TikTok, Instagram, Substack, and other platforms whose news-adjacent explainer videos, perspective pieces, and events images might be corralled and directed toward amplifying original reporting.

Over the last decade, an increasing share of original journalism is being paid for — one way or another — by nonprofit sources. Philanthropies are now investing hundreds of millions of dollars each year to subsidize the creation of high-quality reporting at both legacy institutions like NPR and public TV broadcasters as well as a slew of new nonprofit newsrooms. The recently released *Roadmap for Local Journalism* gives a helpful snapshot of philanthropy's principal focus: The creation of hard "civic news" via nonprofit models. The Roadmap is notable for its rejection of the notion of "saving" local news, and its embrace of promising new newsgathering modes, like *Documenters*, which recently received a $10 million philanthropic investment to expand its network. The Roadmap does not, however, reckon with the demand for non-news content, more significant changes to news making and distribution, or delve into economic models beyond the nonprofit sector. We think the Roadmap's approach is part of the solution — but far from the whole. And, we worry that if impact investors focus exclusively on nonprofit, non-revenue generating strategies and self-contained high-quality reporting, they will not sufficiently reach the underserved audiences they are hoping to reach.

Cause-driven advertising makes up a substantial and growing share of the revenue that supports local TV news — in election years, campaign ads now comprise roughly 20 percent of all advertising revenue for local TV broadcasters. We believe that many of the best opportunities for cause-motivated investors lie in diverting a share of the investment that's going into exclusively cause-funded nonprofits towards sponsored content and into direct investment in hybrid and for-profit enterprises with large audiences. Likewise, rather than continuing to spend hundreds of millions of dollars on TV ads, we believe that there is more long-term value for nonprofit investors — ranging from civic media focused philanthropies to mission-driven SuperPAC investors — in diverting a share of that investment into sponsoring topical reporting in a for-profit, or simply in buying some of the stations on which they are now advertising.

Lookout Santa Cruz provides one example of a hybrid mission and profit-making venture. It is diversifying its media reach, working with philanthropy to stand up student reporting

325 Documenters. "People-powered news on your local government." https://www.documenters.org. Accessed May 10, 2023.

ventures that engage young people in news creation, building out SMS and other methods of reporting fast-breaking news in a way that gets eyeballs, holding local events to engage the community in-person, and simultaneously attending to the needs of local advertisers who feel that the Lookout readership is both seeing their content and is part of their community. At present, generated income (principally advertising) makes up 85 percent of the Lookout's revenue, while philanthropic support covers the rest. For philanthropic investors, surely a local news service that can deliver high-quality reporting and return 85 cents on every dollar invested ought to be more attractive than a local news nonprofit that delivers similar content and similar impact but returns not one penny? As the Lookout venture expands into additional markets, it's considering options for radio and other media companion components that would extend both the reach of and the audience for its content. In conjunction with the other B Corp and nonprofit ventures in its network, it may be able to centralize some back-office costs, allowing it to scale more aggressively.

We believe some of the best approaches for the future of news involve reintegrating the vegetables of journalism into a balanced media meal. We believe that many of the most attractive potential solutions to "news deserts" are "news desserts" (in addition to sides and appetizers). The vegetables need to be placed on a metaphorical plate where the principal elements are more calorie-dense items like steak or pasta. Moving past the food metaphors: what might this look like? It can take many forms, but one center of gravity for it is the *Accelerate Change* network of niche audience verticals. Combining both nonprofit and for-profit companion entities, Accelerate Change has launched an array of content services focused on particular niche audiences — including, a parenting tips service, an online English language-learning tool, and a this-day-in-Black-history newsletter — all of which include a steady stream of news and analysis content to complement the main course of lifestyle, service, and history content. [326]

What else might this look like? It might involve philanthropies concerned about the wealth and power of billionaires investing in sports properties (through acquisition or sponsored content) to integrate accountability journalism into sports coverage. It might involve people concerned about wage theft and tipped minimum wage sponsoring content at an outlet like Eater, the restaurant review site. It might involve a major advertiser for campaign and cause-focused ads on Michigan TV and radio instead buying a set of Michigan radio stations and integrating content. Or, it might imagine an extreme weather news service that operates in a primarily for-profit format but has mission investors excited by the prospect of a large audience (consumer surveys regularly show weather as the most in-demand news topic and the Weather Channel as the most trusted American news source) linked to a content strategy that aligns with an analytical commitment to explaining *why* extreme weather is happening with greater frequency and intensity.

There are many barriers to this kind of direct investment (whether it's sponsored content, acquisition, or creating new enterprises), but perhaps the most fundamental barriers are cultural and psychological. One element that seems implicit in the philanthropic focus on creating new topically focused nonprofit newsrooms is that it's clean and high-minded. Funding investigative journalism about climate in an entity with no real pressure to build an audience and no competing content demands relieves the investor and the editors of the pressure of balancing feeding the audience what it seems to have an appetite for and what the content sponsors and editors think the audience needs to know. That messy business was the daily conundrum for newspaper publishers and editors for centuries. The challenge for today's civic media investors, of course, is that while the product and the process around their investments may be pristine, too often, far too few people consume the content (directly or derivatively) for the investors to fully realize their impact objectives. We believe there is more

326 Mullin, "Vox Media Spins Off NowThis." https://www.nytimes.com/2023/04/12/business/media/vox-nowthis-accelerate-change.html.

opportunity in investment in properties that already have large audiences and the news/ journalism content is really a side-dish in a meal that's mostly about something else. Such an effort at integration will be inherently messy — but the potential value of navigating that messiness is substantial.

Likewise, old models of advertising had a certain cleanliness and control. A cause or a brand producing a 30-second TV ad can exercise total control of the content of the ad. There is no negotiation with publishers or stations about what an ad should say. Brands and causes decide the content exclusively and to a large degree — in an increasingly targeted digital ads landscape — decide who sees the ad. The problems with advertising are: it's expensive, it's generally not working as well as it once did, and monopoly platforms are diverting enormous shares of the ad spend to themselves. An alternative for advertisers is to go directly to publishers and individual creators and sponsor content. There are many barriers to doing this, including a lack of expertise and substantial transaction costs and inefficiencies in the market for sponsored content. But, probably the biggest barriers are again cultural and psychological — sponsored content means giving up a huge share of control and accepting that the publishers and creators will integrate and communicate the content in ways that differ (sometimes substantially) from how a brand would do it itself. We see additional opportunities in figuring out how to facilitate creative people generating and amplifying important content in ways that more directly compensate their talent and get news in the hands of substantially more, and different, people.

A huge barrier to a richer sponsored content ecosystem is the friction faced by causes and brands when identifying, building relationships, and executing transactions with solo journalists, influencers, and creators. A plethora of influencer marketing agencies exist (and some offer proprietary platforms) to facilitate these challenging relationships and campaigns. We can imagine something better: an open platform — perhaps a co-op largely owned by the creators themselves — that serves as a clearinghouse and intermediary for these kinds of relationships. If well-designed and well-trafficked, such a platform could allow causes and brands to build campaigns and relationships far more efficiently — thereby shifting some of the ad spend toward direct investment in creators. Big Tech, which generally takes half or more of the revenue ads generate on creators' content, would not like it. But, we think creators, causes, brands, and consumers would be better served.

Earlier in this report, we noted the siloed knowledge in the media space. At an enterprise level, the trend in media is not local or regionally defined cross-medium conglomerates, but rather a bunch of publishers that focus on one medium and often one topic or audience type. For example, there are a bunch of digital-native publishers that house sites focused on one topic versioned for many cities, e.g., Vox's Eater and SB Nation, Axios Local, States Newsroom's nonprofit statehouse newsrooms. As we noted above, we are excited by the opportunities to insert vegetable-type content into these types of niche verticals. But, after working to build this report's cross-cutting landscape, we believe there is also an opportunity for enterprises that focus on a particular geography to build cross-medium, cross-audience, cross-topic conglomerates that leverage local expertise, local economies of scale to serve local communities. The 2022 merger of WBEZ and the Chicago Sun-Times may offer one model for this approach, taking a long-unprofitable paper into a strong nonprofit partnership with $61 million in backing by Chicago Public Media, WBEZ's parent company.[327] The partners will operate as separate newsrooms, but will share content and back-office resources. There seems to be an opportunity aligned with the Chicago model for creating more localized cross-medium

327 Channick, Robert. "Chicago Sun-Times becomes nonprofit newspaper with $61 million in backing as WBEZ merger closes." *Chicago Tribune*, February 1, 2022. https://www.chicagotribune.com/business/ct-biz-sun-times-nonprofit-newspaper-wbez-merger-20220201-ylgzefzgazboxjeany3g3sbzqa-story.html.

centers of gravity for news content. One could imagine a local news operation that taps into the durability of revenue and audience that local TV still enjoys, supplementing that newsroom with a revised audience strategy that incorporates new mediums and more local lifestyle content — sports, restaurants, events — gathered by a small army of recruited local Substackers, sports podcasters, and Instagram food critics.

At the dawn of the internet age, which wreaked havoc on the news media as we once knew it, Marc Andreesen and Jim Barksdale, the internet trailblazers and founders of Netscape Navigator, said: there are "only two ways to make money in business: One is to bundle; the other is unbundle." As we've discussed throughout this report, the last 30 years have seen a lot of money made — and, at times, a lot of value destroyed — by a pervasive streak of unbundling in the news and journalism context. Today, across the news media landscape, we see both the indicia and potential of a countertrend. **We believe that the best opportunities to create new models of sustainable news involve integrating the news content that we value into media ecosystems, enterprises, and content streams we may not value, but large swaths of Americans are eager to consume.** Achieving civic media goals in such a mixed investment and mixed incentives environment will be challenging — it certainly was in the newspaper era. It will require some creative thinking about enterprise management and incentives — and structures such as B corps, co-ops, and mission equity models. And, it may require some creative lawyering to enable nonprofit investors to give for-profit content enterprises a leg up on their competitors in exchange for distribution, scale, and mission impact that is otherwise unavailable. But, we think these hurdles are manageable and the potential benefits of this kind of approach are enormous.

APPENDIX A: AUTHORS AND ADVISORS

Authors

Sophie Elliott was most recently the Federal Policy Manager at the Brady Center to Prevent Gun Violence, where she advanced the organization's policy priorities in Congress and the Administration. Prior to her time at Brady, she worked at The Hub Project, primarily researching and writing about democracy and economic reform. Born and raised in NYC, she's currently based in Washington, DC.

Arkadi Gerney is the founder and former Executive Director of The Hub Project, an issue advocacy organization. Prior to starting the Hub, he was SVP for Campaigns and Strategy at the Center for American Progress. From 2006 to 2011, Arkadi served as an advisor to Mayor Bloomberg in New York City, managing the Mayors Against Illegal Guns coalition in addition to several of the city's criminal justice programs.

Tim Hogan runs Heartland Signal and WCPT 820AM, the digital newsroom and progressive radio station focused on politics and policy in the Midwest. He was previously the Communications Director for Senator Amy Klobuchar's 2020 presidential campaign, a spokesperson for Hillary Clinton's 2016 presidential campaign, and has worked in Congress, statehouses, and on issue advocacy efforts across the country.

Sarah Knight is the founder and principal of Popcorn Strategies LLC, an independent strategic advising firm serving the nonprofit and philanthropic sectors. She previously led the Open Society Foundations' domestic work on democracy, media and tech policy, and journalism. Prior to joining OSF, Sarah was Vice President for Network Engagement at the American Constitution Society for Law & Policy, and practiced law at Perkins Coie LLP from 2000-2006.

Akhil Rajan is a graduate student at the University of Oxford, where he studies as a Marshall Scholar. Previously, he served in the Biden-Harris Administration at the United States Department of Agriculture and the White House. He holds a bachelor's and master's degree in political science from Yale University.

Advisors

Allison Rockey is the former vice president and executive editor at Vox. As a member of the founding team, she spent eight years designing Vox's audience-first editorial strategy, launching new editorial divisions such as audio & podcasts, and building emerging lines of business such as online contributions and grant-funded journalism. Prior to her time at Vox, Allison worked in digital fundraising and strategy as director of social media at Blue State Digital. She's now a consultant based in Washington, DC.

Jonathan Smith has spent the past 16 years as a content strategist with expertise in traditional linear TV, live news, OTT apps, and other web/digital platforms. Most recently, he served as the Director of Programming for Red Bull's Owned and Operated channels, prior to which he managed video operations and distribution at Condé Nast. He's based in Brooklyn, NY.

Elizabeth Spiers is the founder a progressive strategy and research firm that does messaging and polling, and previously served as Editor in Chief of The New York Observer, the founder of Dealbreaker, and the founding editor of Gawker. She has worked as an advisor to various media companies and tech startups, is a contributing writer for the New York Times opinion section, and is the co-host of Slate's economics and finance podcast, Slate Money. She teaches a graduate class on media innovation in NYU's Journalism Institute in the Studio 20 program, led by Jay Rosen.

APPENDIX B: KEY TAKEAWAYS AND FURTHER READINGS

News Production

- Local TV broadcaster conglomerates have maintained healthy financial positions, largely driven by growth in retransmission fees.
- Newspapers are struggling against declining revenue, though forays beyond hard news have created sustainable models at elite outlets like The New York Times.
- Radio station revenues appear flat, and though podcast growth has slowed, podcasts and digital audio are driving revenue growth in the sector.
- Across the board, media companies are still heavily reliant on advertising dollars, despite increasing competition from big tech companies.
- Even legacy platforms like radio and newspapers are increasingly diversifying into high audience growth mediums like podcasts and digital entertainment.
- Sponsored content and native advertising represent a growing category for advertising dollars.
- Retransmission fees have driven newfound profitability for the broadcast TV sector, though their durability may be uncertain.
- The past decade has seen digital attain dominance in newsrooms; the next decade will see a significant pivot toward streaming.
- Advertising revenue for both local and national news has fallen dramatically, and now trails circulation revenue.
- Newsroom employment has continued to fall, driven by dramatic declines in newspapers even as digital-native news grows and TV news stays relatively stable.
- A quarter of local newspapers have gone out of circulation, but online subscriptions, digital news sites, and television stations may offer pathways to more sustainable local news options.

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News Consumption

- Digital media accounts for the vast majority of media consumption today.
- Large tech companies, like Google and Meta, still command the bulk of digital media traffic.
- Americans still report reliance on legacy hard news outlets for their primary political news, though most of their media consumption comes from elsewhere.
- Yahoo! News, CNN.com, FoxNews.com, and local TV station websites lead the pack in terms of reach among individual digital news sources.
- Though public trust in media is at historic and concerning lows, recent declines echo declines in other institutions.
- Local journalism still maintains a relatively high degree of trust.
- Among new mediums, podcasts appear to be a particularly trusted source for news.
- Gen Z and millennials are significantly more likely to get news from their smartphone or social media.
- Gen Z and millennials are significantly more likely to spend time streaming music or television.
- Older generations still favor television and video content.
- With the exception of Gen Z, preferences for different hard news mediums are fairly closely clustered generationally.
- Americans are spending less time with traditional media, and less time overall consuming news.
- Local news, like all news, is increasingly going digital.

- Consumer attention to news is declining as well, as readers spend less time engaging with individual pieces of news content.

- The influencer economy is rapidly growing, as brands increasingly turn to content creators for sponsored content.

- Gen Z and millennials are by far the most susceptible to marketing from influencers.

- Platforms take substantial portions of the earnings on creators' content — and often offer only opaque guidance on how monetization functions.

- Big Tech companies hold functional monopolies as intermediaries between creators and consumers.

- There is little high-quality, up-to-date research that considers the potential for influencers to have civic impact.

- In terms of platform, consumers say they want their news to be easily accessible online.

- In terms of content, consumers say they want longer-form, more in-depth reporting than they are currently receiving — a desire at odds with declining consumption attention patterns.

- In terms of tone, consumers say they want journalism that revolves around hard facts over editorializing, even though, as noted above, Fox News remains the most popular political news source.

- There is misalignment between stated consumer preferences for news and observed behavior: What consumers tell us they want directly lines up with what journalists are trained for and want to do, but for the most part, those stories go largely unread.

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News Ownership

- There is a wide degree of experimentation in financial models of new media companies. Since these endeavors are fairly recent, it will take a few years to fully understand long-run success.

- Most nonprofit news organizations are still heavily dependent on recurring philanthropic support.

- Creator-owned platforms show promise when the individual journalists have pre-existing followings they can take with them.

- Financial challenges have also brought two new flavors of investors into the newspaper industry. The first group — wealthy individuals and philanthropies/nonprofits — are able to make large capital infusions for digital transformations with the potential to salvage newspapers' long-run financial models. In contrast, the second group — populated by hedge funds and private equity — are often driven by short-term profit incentives to gut newsrooms and cut staff.

- While inherent levels of trust in local media and promising avenues for digitization provide an opportunity for investors and philanthropy, absent outside investment in innovation, the dominant trend in the industry is toward consolidation and overall contraction.

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