

# New Funding Models in Journalism Are Emerging, but Major Leap Forward Is Lacking

Merja Myllylahti <sup>1</sup>  and James Meese <sup>2</sup> 

<sup>1</sup> School of Communication Studies, Auckland University of Technology, New Zealand

<sup>2</sup> School of Media and Communication, RMIT University, Australia

**Correspondence:** Merja Myllylahti ([mmyllyla@aut.ac.nz](mailto:mmyllyla@aut.ac.nz))

**Submitted:** 28 November 2023 **Published:** 6 February 2024

**Issue:** This editorial is part of the issue “Examining New Models in Journalism Funding” edited by Merja Myllylahti (Auckland University of Technology) and James Meese (RMIT University), fully open access at <https://doi.org/10.17645/mac.i398>

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## Abstract

This editorial introduces our thematic issue, titled *Examining New Models in Journalism Funding*, at a pivotal time. While news companies have attempted to build sustainable business models, we have not yet seen a major leap forward. As observed by the authors of this issue, digital reader revenue has become a prominent source of income for many publishers, but the bulk of them continue to rely on advertising and print subscriptions for money. Recently, Google and Facebook have become major funders of news and innovation in journalism. Some governments have also launched specific support programs. After providing some background context, we introduce the articles featured in the issue. We go on to argue that these articles signal a renewed interest in the business of journalism, which will help us better understand the ongoing financial crisis in the commercial news sector at a more granular level.

## Keywords

business model; e-commerce; funding; innovation; journalism; journalism revenue; news; newspapers; platforms; subscriptions

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## 1. Funding Models and Revenue Sources

At first glance, it seems that not much has changed in journalism funding over the past decade. In 2010, Kaye and Quinn (2010) predicted that advertising would remain the most important revenue source for news organisations as they were starting to introduce paywalls. They noted that “consumers have been funding only a fraction of the cost of producing quality journalism,” predicting that this would be the case in future (Kaye & Quinn, 2010, p. 6). Their forecast has turned out to be accurate. Even though 70% of European and 50%

of American news organisations had a paywall by 2019 (Myllylahti, 2021), 48% of news publishers' revenue still comes from print and digital advertising with only 11% from digital-only subscriptions (Henriksson, 2023). These outcomes challenge news organisations' public narrative of rapid business model innovation. In fact, "New business models are mostly new combinations of existing revenue streams, while adaptation of new technology is slow, with few exceptions" (Lehtisaari et al., 2018, p. 1029). It is apparent that journalism funding models have evolved slowly over the last decade, and innovations have largely occurred at the margins.

Since 2010, some news outlets have invested in affiliate marketing (a form of e-commerce), allowing them to diversify revenue streams, earning commissions from promoting products and services on their website to their readers. Advances in customer targeting and automation have also allowed news media companies to attract and retain subscribers. Readers are now presented with variable subscription pricing, with offers based on a variety of data points. Content bundles are experiencing a revival in order to make subscriptions more attractive (Maher, 2023), and events have emerged as an important income source, better connecting audiences with news brands (Henriksson, 2023). Various authors in this thematic issue consider the extent to which the above examples contribute to the sustainability of news business models. Genuinely new forms of journalism funding have also started to emerge, such as platform funding. This thematic issue also considers the growing role of the platforms in the news funding space (Meese, 2023; Myllylahti, 2023), and the emergence of new forms of direct state funding (Neff & Pickard, 2023). While the state funding of news media has a long history in some regions (such as Scandinavia), in other locations it is relatively novel, as well as untried and untested.

## 2. Introducing the Articles

This issue features developments in journalism funding from Canada, Australia, the US, Spain, Germany, and Scandinavia. Many scholars have attempted to evaluate the value of the news, and assessing the "fair price" for the news has become pivotal as platforms and governments support news and news production. Recently, American academics proposed that news publishers and platforms jointly create "surplus value" from news, calculating that Facebook owes US\$1.9 billion and Google US\$10–12 billion to American news publishers (Holder et al., 2023, p. 2). In their article, Terry Flew and Agata Stepnik (2024) take a new institutional approach to news value and argue that the value of news as a "consumer product" needs to be assessed in relation to its value as a "social good." Of course, regardless of the actual value of news, the overarching business model needs to be sustainable. Hsiang Iris Chyi and Sun Ho Jeong (2024) suggest that print newspapers still outperform their digital offerings by "a wide margin" as print readers pay more than digital ones, keeping print newspapers as a core source of revenue. In their article, Harry Dugmore et al. (2024) investigate print-centric news start-ups in Queensland, Australia, and find that by drawing from community support, a hybrid business model can be a path for long-term sustainability.

As noted above, platform companies including Meta and Google have become funders of news and journalism. In their article, Andrea Carson and Dennis Muller (2024) argue that platforms have been influential in shaping digital-native outlets in Australia, and that the News Media Bargaining Code which mandates platforms to pay for journalism, has been pivotal for outlets that have survived the recent turbulence. Alfred Hermida and Mary Lynn Young (2024) continue this focus on platforms by exploring how platform initiatives such as Google's Innovation Challenge affect journalism business models. Their article suggests that most of the funding was targeted at for-profit news organisations, focusing on supporting business models that convert

audiences to paying subscribers. More recently, governments have started to invest in journalism, for example, Australia and New Zealand established new public interest journalism funds to alleviate the crisis triggered by the Covid-19 pandemic. However, Mikko Grönlund et al. (2024) present a cautionary tale, observing that in Sweden and Norway, direct subsidies for news media have not prevented the closure of news titles or ownership concentration, and have resulted in media companies only surviving on state support.

Of course, news companies continue to build revenue models and experiment with them. Alfonso Vara-Miguel et al. (2024) examine e-commerce as a revenue source for Spanish digital news outlets and find that only a small number use it to create income. Additionally, they find that the business model serves better the legacy news media outlets, widening a gap between large, established media companies and digital native outlets. In their article, Lukas Erbrich et al. (2024) explore news bundles in Germany, finding that news bundles can offer additional revenue for news organisations. Notably, news outlets in other countries are reporting similar outcomes, with *The New York Times* revealing that its “all access” package that bundles its core offerings—news, games, cooking, product reviews, and access to sports news—is behind its recent increase in revenues (Maher, 2023).

### 3. Considerations for the Field

Collectively, the above articles represent a growing interest in the business of journalism. This is of real benefit to the wider field, given that it was only recently that journalism studies was critiqued for ignoring questions about business models in favour of focusing on production and newsroom practices (Nielsen, 2018; Usher & Poepsel, 2021). While commercial journalism has had something of a financial crisis for some time (McChesney & Pickard, 2011), understanding how the crisis has developed over the last decade or so and the responses of various actors is still a critical task. The studies featured throughout this thematic issue help to shed light on the current state of journalism as a commercial concern, and in doing so, help to set a research agenda for the field. With governments and platforms becoming increasingly involved in journalism funding, ongoing contributions from adjacent sub-fields like media policy and platform studies will become especially vital.

More broadly, our issue also highlights a notable transition for the news media sector. While there has been a lot of popular and scholarly attention on the intersection between social media and the news, our issue shows that we are seeing a return to paywalls, subscriptions, and more tangible forms of revenue (Meese, 2023; Myllylahti, 2021, 2023). In such a context, we might also reflect on the ongoing narrative of the journalism crisis. While some academics including Pickard (2020) argue that the business model of commercial news is irreversibly broken, this is not the case universally. To exemplify, in 2023, *The New York Times* company reported rising revenue and almost 10 million subscribers (Robertson, 2023). Continuing to research the business of journalism helps us understand how and where such a crisis may manifest, and the extent to which new funding models can offer a pathway to a sustainable future.

### Acknowledgments

We want to thank all our authors for their submission and reviewers for their helpful comments and contributions to this issue as we know that time management in neoliberal universities has become a major issue for academics.

## Conflict of Interests

The authors declare no conflict of interests.

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## About the Authors



**Merja Myllylahti** (PhD) is a senior lecturer in journalism at the Auckland University of Technology (AUT), New Zealand. She is also co-director at the AUT Research Centre for Journalism, Media and Democracy (JMAD). Her research has been published in international books and journals including *Journalism Studies*, *Digital Journalism*, and *Journal of Media Business Studies*. Her recently published book *From Paper to Platform: How Tech Giants are Redefining News and Democracy* (2023) investigates platforms' roles in the media ecosystem and the risks they pose for it.



**James Meese** (PhD) is a senior lecturer at RMIT University and an associate investigator with the ARC Centre of Excellence for Automated Decision Making and Society. He regularly publishes work in leading media and communication journals and his most recent book is *Digital Platforms and the Press* (Intellect).