

Executive Summary

Chapter 1

News From Everywhere: *The Economics of Digital Journalism*

Large-scale competitive and economic forces are confronting news organizations, old and new. This chapter identifies 16 features of the digital world that are transforming the business of news, including changes in audience, aggregation, distribution, customer experience, cost structure, innovation cycles and advertising.

Chapter 2

The Trouble with Traffic: *Why Big Audiences Aren't Always Profitable*

Digital audiences often far outnumber those for broadcast or print news outlets, but online ad revenue is usually a fraction of what's earned in traditional news media. One reason is the difficulty sites have keeping readers' attention. The most loyal users typically make up a small part of the audience but look at the most pages per visit. Some news organizations are retooling their approach to derive more revenue from those users.

- Companies discussed: New York Times, Houston Chronicle, Los Angeles Times, Scout Analytics, Gawker Media, PBS, Dallas Morning News, Examiner.com, The Atlantic, Tumblr, New York Magazine, Newser, Mashable

Chapter 3

Local and Niche Sites: *The Advantages of Being Small*

Despite the general distress in the news industry, some community sites have succeeded. The economics of local and niche news providers are much different than those of large sites, and they capture some benefits by operating at such a small scale: low costs, local ties and creative online ad sales strategies. Networks such as Patch are attempting to be local to their audiences but national in their technology and ad sales, with uncertain success so far.

- Companies discussed: TBD, Main Street Connect, Patch, Baristanet, Alaska Dispatch, Batavian, Daily Candy

Chapter 4

The New New Media: *Mobile, Video and Other Emerging Platforms*

Journalism companies are grappling with a stream of innovations in digital media. Most organizations have tried to develop new ways to report and distribute stories, and many are making substantial investments to enable their work to appear on attractive new devices. Companies must constantly evaluate where to invest and how much. Video has been a special challenge. Publishers know that advertisers will pay a premium for video, but the video audience remains small at many news sites.

- Companies discussed: Wall Street Journal, The Daily, Wired, Sports Illustrated, Miami Herald, Dallas Morning News, CNN, New York Magazine, LIN Media, Forbes, Detroit Free Press

Chapter 5

Paywalls: *Information at a Price*

Publishers cite several reasons to charge for news online. One is to increase subscription revenue, another is to slow erosion in print audiences. Even before the Internet, subscription revenue didn't amount to much; Americans are used to paying little for their news. With few exceptions, digital pay plans have not been able to make up for declining advertising revenue offline. Digital subscriptions may pay off in the years to come, but only if media companies can persuade consumers to use, and pay for, mobile platforms like smartphones and tablets.

- Companies discussed: Wall Street Journal, Arkansas Democrat-Gazette, Dallas Morning News, Miami Herald, Financial Times, Newport Daily News, New York Times

Chapter 6

Aggregation: *'Shameless' – and Essential*

The arguments about companies like Huffington Post mask the reality that aggregation has long been a feature of the journalism business, and one that almost every news provider engages in today in some fashion. It makes economic sense to create and enrich content by linking to material that appears elsewhere, and aggregation is among the cheapest and most efficient ways to get users.

- Companies discussed: Huffington Post, AOL, Google, Yahoo, New York Magazine, Newser

Chapter 7

Dollars and Dimes: *The New Costs of Doing Business*

The notion of “trading dollars for dimes” captures the impact of digital distribution on the economics of the news business. Without having to make the steep investment that used to be required to launch a media business, low-cost local or topical sites have found it easier to build audiences. Legacy news producers face a trickier challenge: to cut costs and boost online revenue while trying to protect traditional advertising sources.

- Companies discussed: CT Mirror, Journal-Register, Breaking Media, Business Insider, The Atlantic, Detroit Free Press, Detroit News

Chapter 8

New Users, New Revenue: *Alternative Ways to Make Money*

Media companies that successfully make the transition to the digital world are developing new businesses and twists on old ones. These include selling marketing services to advertisers, beating Craigslist at its own game and broadening their sales beyond their own sites.

- Companies discussed: Houston Chronicle, KSL.com/Deseret News, McClatchy, Izea, Groupon, The Atlantic, Facebook

Chapter 9

Managing Digital: *Audience, Data and Dollars*

Every digital news organization faces relentless competition; some do better than others through high-quality management. Because digital news products are in a state of flux, it is critical for news companies to understand data and respond quickly. Hiring and compensation of journalists have been made more complicated as metrics have entered the picture. Some media companies are developing programs to encourage advertisers and marketers to contribute content directly in ways that wouldn't have been countenanced in the past.

- Companies discussed: Huffington Post, AOL, CNNMoney, LIN Media, Forbes, Tumblr, GQ