

# Finding a Foothold

HOW NONPROFIT NEWS VENTURES SEEK SUSTAINABILITY

# About

This report is based on a detailed analysis of 18 nonprofit news organizations between 2010 and 2012, and their progress towards sustainability. An earlier version of this document was shared with discussants at a roundtable co-hosted by Knight Foundation and the Pew Research Center on Sept. 20, 2013. The discussion included a group of thought leaders, practitioners and funders in the nonprofit news field. Insights from the discussion were used to inform this report.

## **This study involved:**

**The collection** of detailed information about each organization, including mission, Web traffic, revenue and expenditures.

**Analysis** of the data by Community Wealth Partners, a Share Our Strength organization that partners with social sector leaders nationwide to tackle social problems at the magnitude they exist.

**More than two dozen interviews** with leaders of each organization by Michele McLellan, a Knight consultant who began researching the emerging local news ecosystem as a Reynolds Journalism Institute Fellow in 2009.

Knight Foundation, which has funded many of the organizations in this study, conducted the review as part of its ongoing effort to track progress in the emerging field of nonprofit news ventures.

## **The report is organized into three sections that reflect areas considered essential to sustainability:**

**Social value creation** – The ability to create unique and relevant content, and to attract, understand and engage audiences in ways that produce measurable impact.

**Economic value creation** – The ability to grow multiple revenue streams to support the mission of creating content, engagement and impact.

**Organizational capacity** – The infrastructure, resource allocation and skills that enable an organization to adapt and innovate as it creates social and economic value.



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## **ABOUT THE JOHN S. AND JAMES L. KNIGHT FOUNDATION**

The John S. and James L. Knight Foundation advances journalism in the digital age and invests in the vitality of communities where the Knight brothers owned newspapers. The Knight Foundation focuses on projects that promote informed and engaged communities and lead to transformational change.

# How Nonprofit News Ventures Seek Sustainability

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# Introduction

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This study examines the progress – and challenges – of the nonprofit news field through the lens of 18 nonprofit news organizations seeking a path to sustainability. The report explores how these organizations raise and spend money and the role that reach and engagement play in their efforts to connect with audiences and derive revenue from those connections.

The organizations fall into three broad categories: Some focus primarily on local city or town news, some on statewide reporting and others on investigative projects at the regional or national level.

These organizations share many characteristics with their counterparts in traditional media: They are nonpartisan, and they follow professional journalistic standards.

At age 3 or older, these organizations were chosen for the study because they are established operations that represent leading examples of nonprofit news ventures. They are at different stages of attempting to reduce their reliance on foundations and grow other funding sources. Most of them have developed non-philanthropic revenue streams and can share important lessons with the wider field.

The organizations in this study can readily point to examples of significant impact. They are producing high-quality journalism that is reaching hundreds of thousands of people, changing government policies and laws, sending wrongdoers to jail, and protecting consumer interests.

This report is not designed to assess the quality of work generated by this group. The focus is instead on their progress toward sustainability.



# Summary

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This study builds on a review that Knight Foundation produced two years ago, “Getting Local: How Nonprofit News Ventures Seek Sustainability,” which examined eight local news startups. That report highlighted the need for emerging organizations to further define and understand their audiences and to diversify their revenue, while balancing investments in editorial activities with a focus on business development, technology and marketing.

## **Two years later, the 18 organizations in this study demonstrate significant progress:**

**Most of them** have increased their revenue, some at a significant rate.

**Many are building** a diverse set of revenue sources, tapping into pools of individual donors and the growing potential of sponsorships, events and syndication.

**Models for engagement** and content distribution are emerging, ranging from events by local and state organizations, to broad-reaching investigative organizations that publish through multiple partners.

## **With progress, of course, comes challenges:**

**Most organizations** are devoting a higher share of their resources to editorial expenses than is likely to be sustainable in the long term.

**With a few exceptions**, they have very limited tech capacity. This may impair their ability to grow and engage their audiences and to adapt to the rapid shifts that characterize the digital environment.

Still, there is room for encouragement.

# Profiled Organizations

The 18 nonprofit news organizations examined in this report fall into three broad types – local, state and national investigative.

These three types of news ventures generally have different underlying business models and approaches to publishing and distributing their content. We recognize these differences and are careful in this study to provide comparisons only where meaningful.



## Local news

Local news organizations primarily serve cities or towns. They have direct engagement with their audiences through a website, social media and community events.

PUBLICATION	LAUNCH	TARGET MARKET	FULL-TIME EMPLOYEES	2012 ANNUAL BUDGET
<b>City Limits</b>	2010	New York City	3	\$535,000
<b>The Lens</b>	2009	New Orleans	11	\$486,000
<b>MinnPost</b>	2007	Minnesota	17	\$1,505,000
<b>New Haven Independent</b>	2005	Connecticut	6	\$440,000
<b>Oakland Local</b>	2009	Oakland	3	\$165,000
<b>The Rapidian</b>	2009	Grand Rapids	2.4	\$125,000
<b>St. Louis Beacon</b>	2008	St. Louis	18	\$1,500,000
<b>Voice of San Diego (VOSD)</b>	2005	San Diego	11	\$1,100,000



## State Government & Politics

Organizations that focus tightly on state government, politics and policy have emerged in several states as newspapers have cut back as watchdogs of state government. They are more niche and appeal to influencers and people directly affected by policy changes. Some cover daily statehouse news while others produce less frequent investigative reports.

<b>FCIR</b>	2010	Florida	3	\$165,000
<b>I-News at Rocky Mountain PBS</b>	2009	Colorado	5	\$292,000
<b>NJ Spotlight</b>	2010	New Jersey	8	\$817,000
<b>Texas Tribune</b>	2009	Texas	33	\$4,538,000
<b>VTDigger</b>	2009	Vermont	6	\$386,000
<b>Wisconsin Watch</b>	2009	Wisconsin	4	\$397,800
<b>Wyofile</b>	2008	Wyoming	3	\$250,000

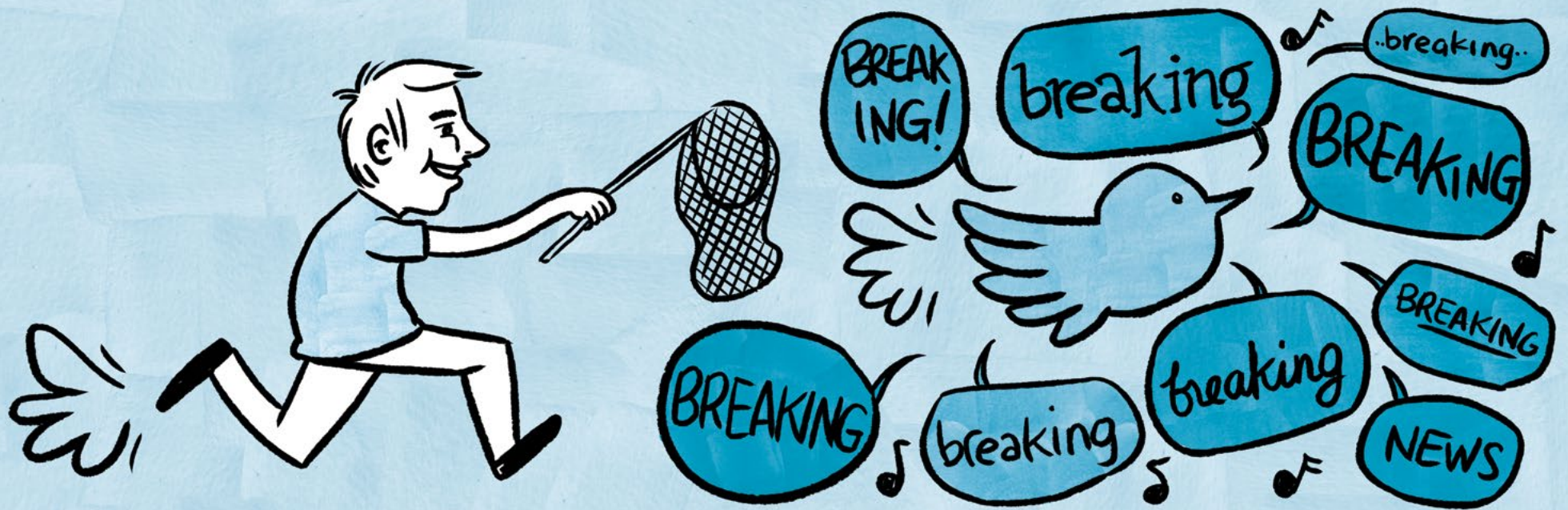


## National Investigative

These organizations produce major projects rather than daily news coverage. Their scope is regional and/or national. Their work is published primarily by other news organizations so their reach extends well beyond traffic to their own websites.

<b>Center for Investigative Reporting (CIR)</b>	1977	National	73	\$10,765,000
<b>New England Center for Investigative Reporting (NECIR)</b>	2009	New England	4	\$524,000
<b>ProPublica</b>	2008	National	43	\$10,600,000

# Social Value Creation



The ability to create unique and relevant content, and to attract, understand and engage audiences in ways that produce measurable impact.

This section examines:

**Understanding Audience** Who are the organizations trying to reach?

**Reach and Engagement** Are they attracting users?

# Highlights

**Most organizations define their audiences broadly**, with only a few conducting research to better understand their users and connect that understanding to revenue opportunities.

**Many experienced growth in Web traffic** but had mixed performance on other measures of online engagement such as time on site and bounce rates.

**Mobile as a share of Web traffic increased significantly.** But only a few organizations have implemented mobile responsive design, which suggests room for further growth.

**Many struggle with the best ways to track their impact**, with traditional web metrics often providing limited value.

**A handful of organizations boast large social media communities**, but most have not made it a cornerstone of their audience strategy.

**Nearly all the organizations stage community events, debates and discussions** as way to extend their reach. While a few generate significant revenue from event sponsorships, most consider events primarily part of their outreach activities.

**A number of organizations, particularly national investigative news organizations, are focused on building strong distribution models** that involve publishing their content through other news organizations.

**Just as they leverage partnerships for distribution, a dozen organizations report collaborations** with local community institutions that help further their mission of civic engagement.




# Understanding Audience

The 18 organizations share a mission of producing high-quality, relevant news. Only a few have invested time in understanding the size, profile and motivations of their audience. Five organizations – MinnPost, Oakland Local, Texas Tribune, VOSD and NJ Spotlight – conduct audience surveys and regularly connect what they learn to their revenue strategies.

## EXAMPLE


### Sponsor Presentations

 **Texas Tribune**'s annual reader survey confirmed that the organization has a "blue-chip" audience – college-educated homeowners with a median income of \$140,000.

This information is attractive to sponsors. Texas Tribune has since used the data to inform its earned revenue strategies and presentations.

## EXAMPLE


### Membership Communication

 **VOSD** consistently surveys its members and newsletter subscribers. It recently discovered confusion among its community about the definition and benefits of membership.

VOSD applied what it learned to adjust its model and significantly increased its membership numbers and revenue drawn from this segment in 2012.


## EXAMPLE

### Event Strategies

 **Oakland Local**'s research revealed strong connections with youth audiences and people of color. The organization used this information to help shape its event participation strategy and to inform its funder pitches.

## EXAMPLE


### Advertising Sales

 **MinnPost**'s 2012 survey for advertisers documented an attractive reader demographic. A majority lived in the Minneapolis-St. Paul Metro area, were married, owned their home, had a college degree or higher, were employed full-time, and had a household income of \$75,000 or more.

MinnPost used this information to support its ad sales team's meetings with potential sponsors.

## EXAMPLE

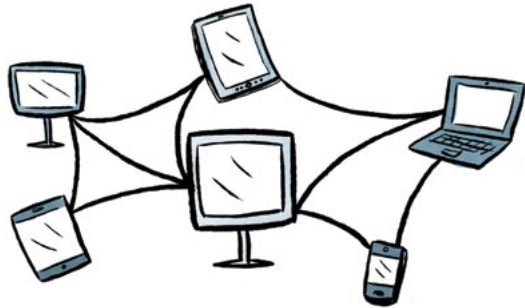
### Affirm Audience Targets

 **NJ Spotlight**'s 2012 user survey indicated that the organization attracted a focused audience: government officials, policymakers and aides, school superintendents, advocates and academics.

NJ Spotlight used its data to confirm its ability to reach a highly influential community of readers.

# Reach and Distribution

There are many strategies for reaching audiences and sharing content. These methods vary greatly depending on whether an organization has a local, state or national focus. Five key areas are highlighted in this report.



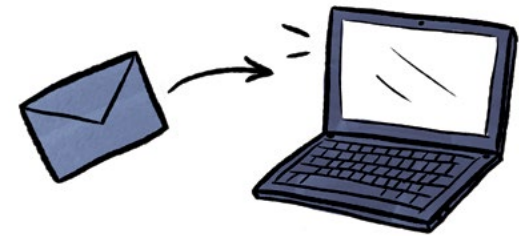
## Web and Mobile

Direct online and mobile traffic



## Social Media

Online communication channels for community sharing and interaction



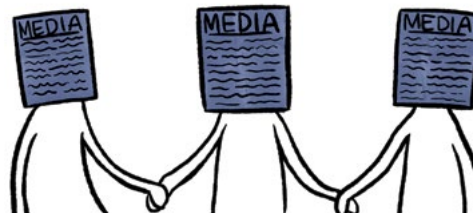
## E-Newsletters

Direct to audience emails with content highlights



## Events

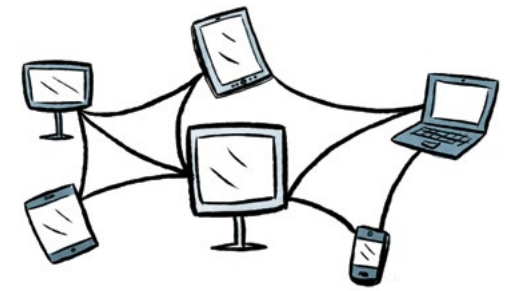
In-person community activities, debates and discussions



## Distribution Partnerships




Relationships with other news organizations to distribute content



# Web Traffic: Local



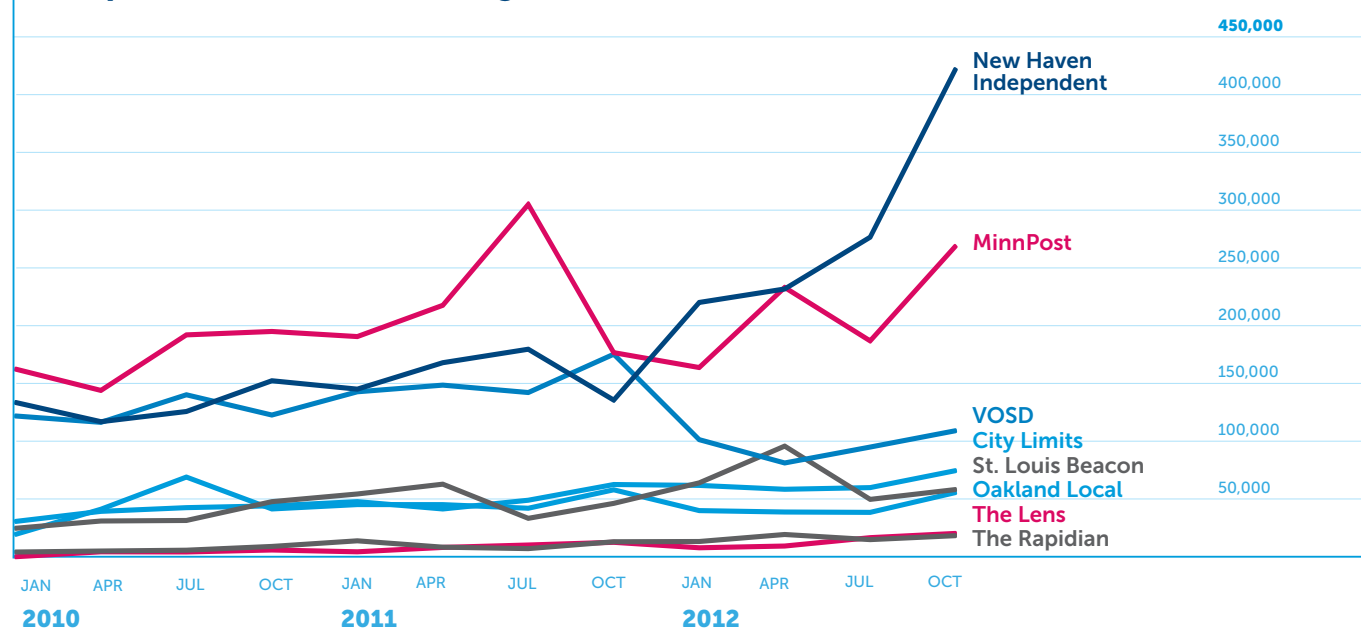
Nonprofit news organizations struggle with the best ways to track audience engagement. Web traffic is only one measure of reach.



In the right context, it can provide useful information for organizations that publish primarily on their own website every day or week. For organizations that publish content less frequently and distribute their investigations through a network of partners it is less valuable.


 **The Lens**,  **The Rapidian** and  **New Haven Independent** more than tripled their reach from 2010 to 2012.

 **The Lens** received a boost in traffic following cut-backs at the major local newspaper in New Orleans, The Times-Picayune.  **New Haven Independent** experienced a large spike in traffic as a result of a story it covered in October 2012 that was picked up by the Drudge Report. This was followed by additional traffic from residents relying on its consistent coverage of Hurricane Sandy to track the storm and its impact.

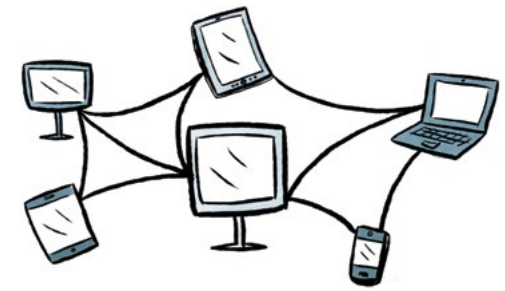
Unique Visitors for  LOCAL Organizations 2010–2012



Most local sites increased unique visitors over the past three years.  **MinnPost** and  **New Haven Independent** stand out for having the highest reach, at over 250,000 unique visitors a month.

 **VOSD** monthly unique visitors dropped more than a third from 2011 and 2012 when Yahoo stopped featuring VOSD headlines on its homepage.

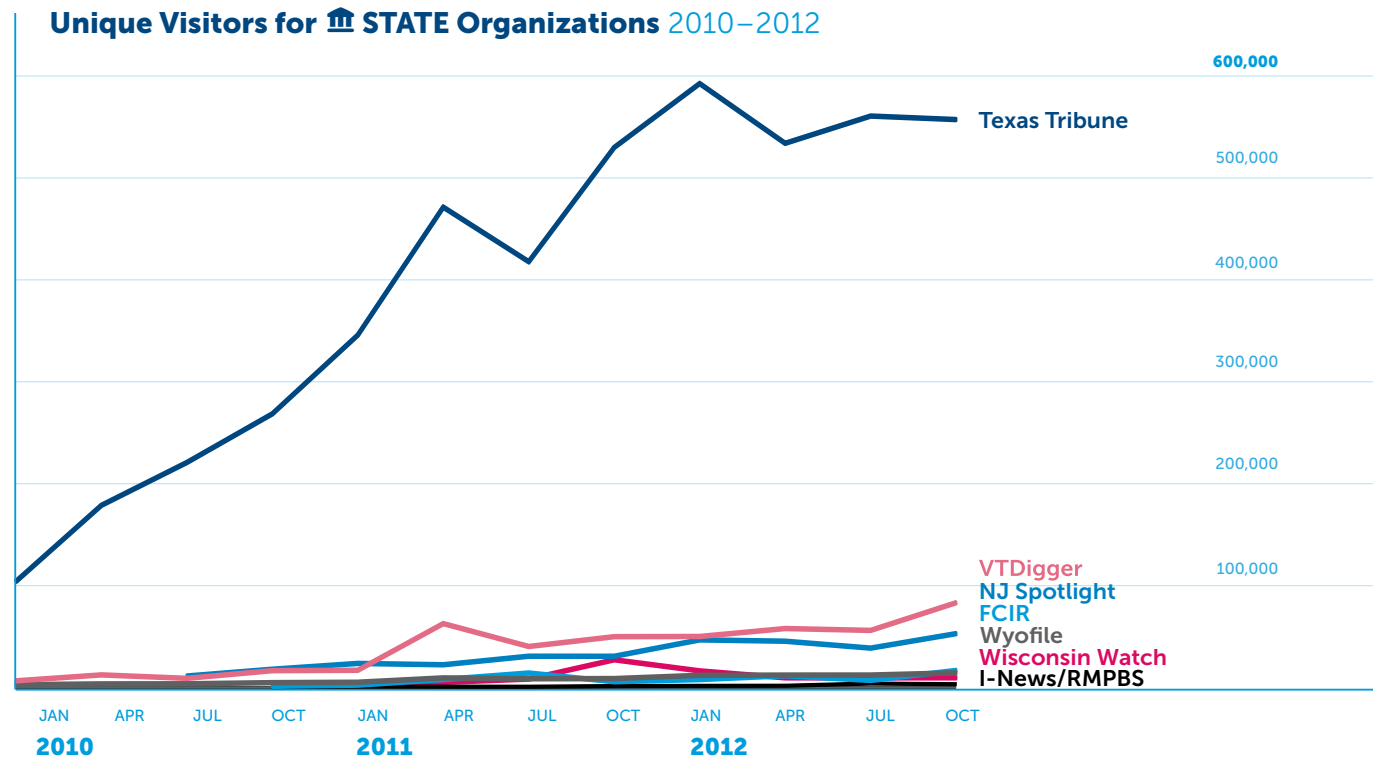
# Web Traffic: 🏠 State



State nonprofit news organizations saw steeper traffic increases than their local counterparts.

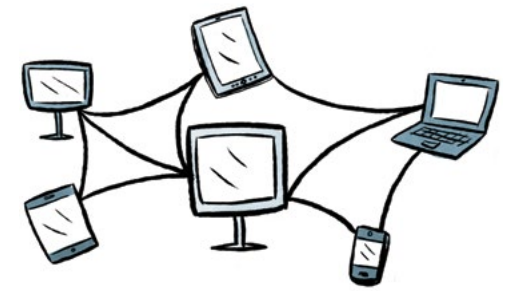
🏠 **Texas Tribune** grew its monthly unique visitors in 2012 to over 550,000, more than five times its traffic in 2010.

🏠 **VTDigger's** Web traffic increased eight-fold, from fewer than 10,000 monthly unique visitors at the start of 2010 to over 80,000 at the end of 2012.





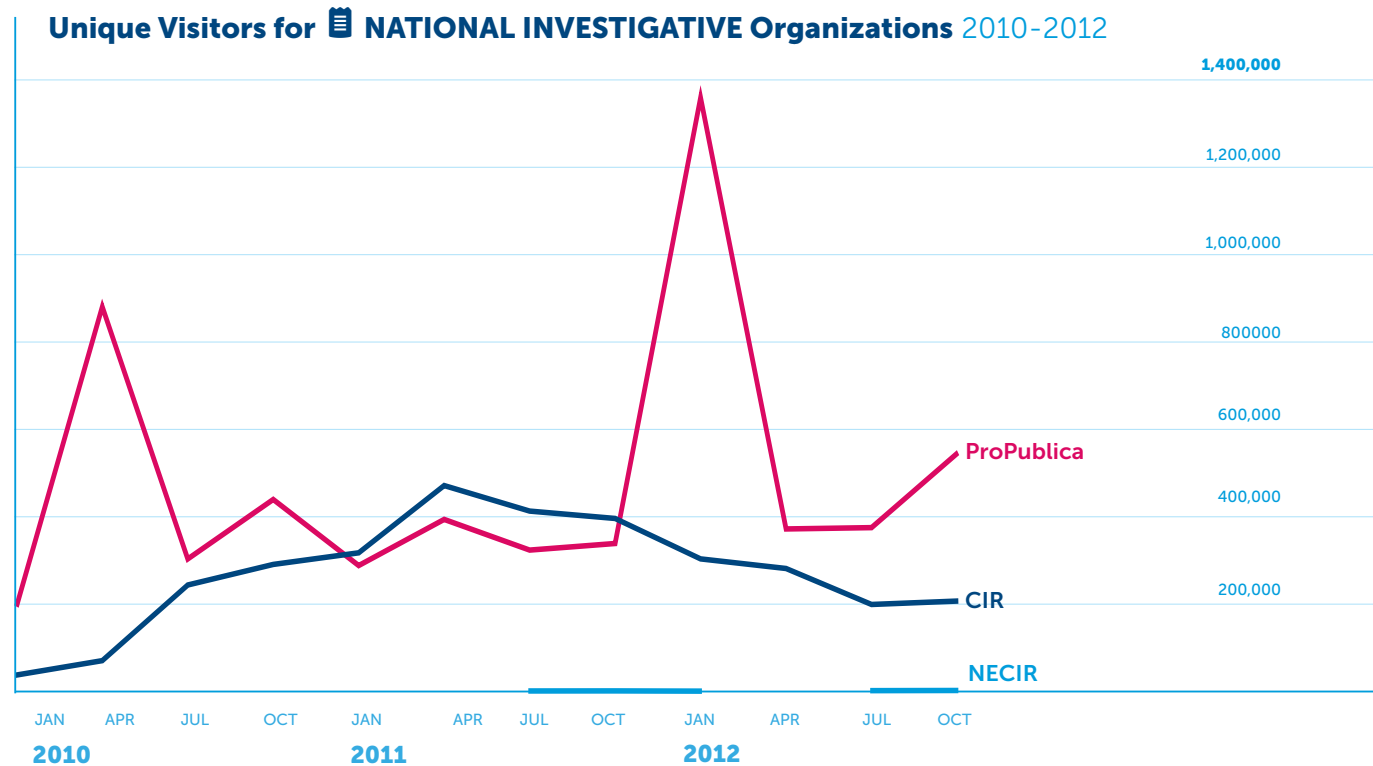
# Web Traffic: 📄 National



National investigative sites show less of a steep incline than local and state organizations.

**Investigative organizations publish less frequently** and primarily distribute their content through other news outlets. Web visitors reflect only a fraction of their reach.

**Compared with state and local organizations,** traffic patterns for investigative news organization sites are much less consistent, with steep spikes often associated with the breaking of national stories and the release of new databases. For example, in early 2012 📄 **ProPublica's** monthly unique visitors rose to over 1.3M.



# Time and Bounce



The average time on site per visit across the 18 organizations is just over two minutes.

■ **Texas Tribune** reported the highest, with an average of three minutes. By comparison, the average time on site per visit for newspaper websites, which provide broader, more general content, is nearly four minutes (Project for Excellence in Journalism). Eleven organizations saw declines in time on site between 2010 and 2012.

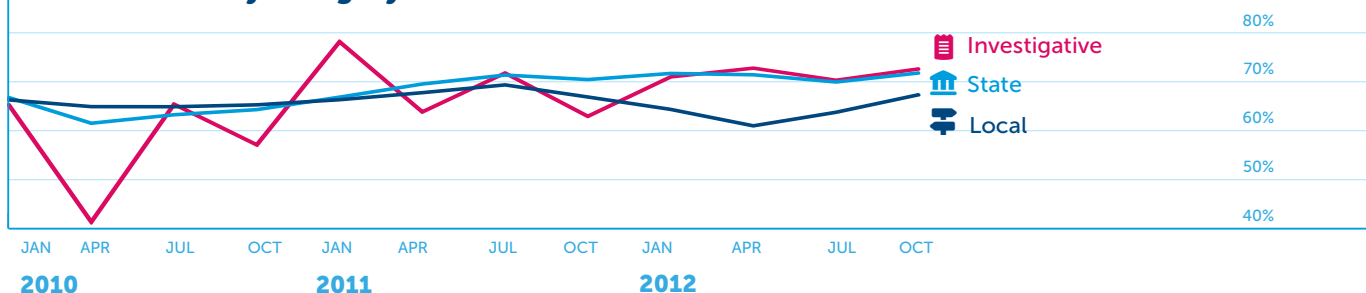
**Bounce rate** reflects the percentage of visitors who leave the site after viewing only one page. The average bounce rate was about 68% among the 18 organizations. ■ **St. Louis Beacon** reported the lowest, nearly 51%, and ■ **FCIR** recorded the highest, nearly 83%. As nonprofit news organization are niche sites, and many distributed their content through other websites, we might expect bounce rates to be higher than typical.

*\*St. Louis Beacon launched its new site in April 2012. The recorded time spent on site jumped to 05:48. The news organization believes that there is an error in the way the figures are being captured. As such, we are not including the information in the table.*

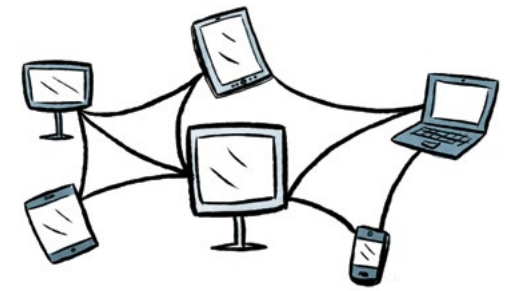
## Time on Site 2010–2012

		AVERAGE TIME/VISIT OCTOBER 2012	% GROWTH IN AVERAGE TIME/VISIT 2010–2012	UNIQUE VISITORS OCTOBER 2012	% GROWTH IN AVERAGE UNIQUE VISITORS 2010–2012
Local	The Raptidian	02:26	-12%	18,242	347%
	MinnPost	02:12	2%	268,955	66%
	City Limits	02:10	23%	74,531	144%
	The Lens	01:57	-13%	20,177	375%
	VOSD	01:56	4%	109,086	-10%
	NewHaven	01:39	-24%	422,238	216%
	St. Louis Beacon	n/a*	n/a*	55,573	22%
	Oakland Local	01:24	-23%	58,158	187%
State	Texas Tribune	03:00	27%	557,247	435%
	Wyofile	02:01	-17%	14,448	406%
	VTDigger	02:28	9%	83,252	1,158%
	Wisconsin Watch	01:35	6%	9,601	267%
	NJ Spotlight	01:10	-42%	52,933	367%
	FCIR	01:00	-72%	16,811	1,207%
	I-News/RMPBS	00:55	-51%	3,311	580%
National Investigative	ProPublica	01:39	-26%	544,799	176%
	NECIR	01:27	-55%	2,362	87%
	CIR	01:20	-51%	207,043	447%

## Bounce Rate by Category 2010–2012



# Metrics that Matter



The near-universal perception is that the standard metrics reflected in this report and used by nonprofit news organizations are simplistic and often misleading.

**Depending on the desired outcomes**, which tend to be about deepening user engagement among a smaller target community, traditional metrics such as unique visitors, bounce rates and average time spent on site have limited relevance.

**How ventures measure what matters** is a challenging question. Unlike traditional media, which benefit from (or are plagued by) a standard and consistent measurement system, this emerging sector is both frustrated with the available options and yet to create a shared definition of how to measure success.

**Some experimentation is underway:**

**Retention and repeat engagement:** Some organizations have explored indicators that offer better feedback on churn and retention rates, such as visits from new visitors vs. returning visitors on a monthly basis, as well as data that provide information on how broad an organization's penetration is within a target community. For example, MinnPost uses Quantcast to estimate its number of repeat users – individuals who visit their site more than twice a month.

**Qualitative insights on impact:** Some organizations consistently collect qualitative information and stories about the impact of their reporting on communities. For example, ProPublica tracks a suite of qualitative narrative accounts as part of its "Impact Report Card" to understand the influence of its stories on broader policy changes (see ProPublica's white paper).

The assumption is that with better metrics, organizations can be smarter about developing content and user experience strategies, and also better positioned to raise dollars from both institutional and private sources. The lack of progress toward smart, useful metrics is of particular concern to the organizations involved in this study and the entities that fund them.

# Referral Sources

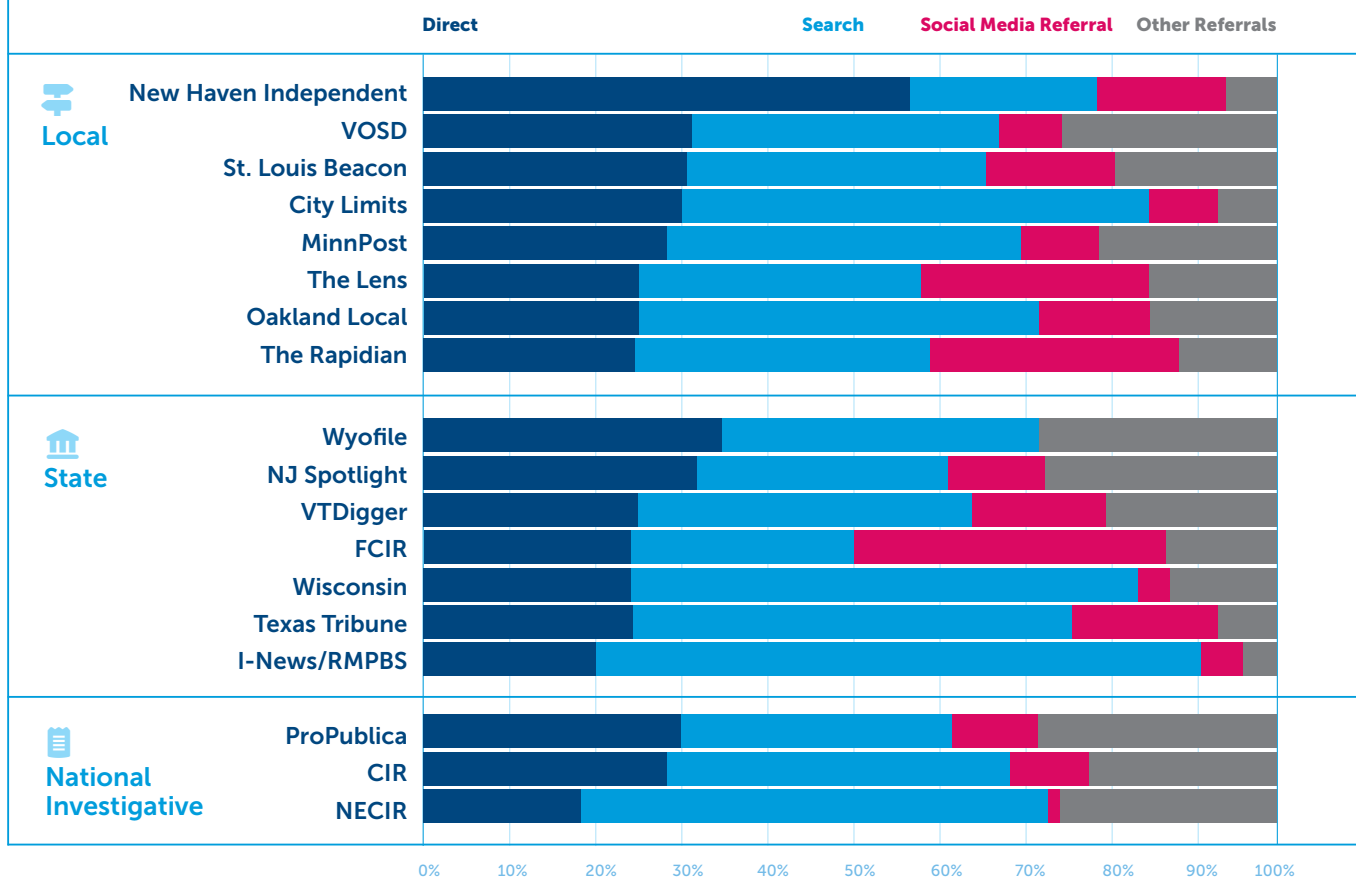


Organizations focused on reaching their audiences through their own sites have a higher percentage of direct traffic than those focused on distributing their content through other publications.

For example, **NECIR** has a low direct traffic share (18%) compared with 57% for **New Haven Independent**.

There is also a growing trend toward social referrals, over a reliance on search. Four sites received more than a quarter of their traffic from social media referrals: **The Rapidian**, **The Lens**, **Wyofile** and **FCIR**. This reflects varying degrees of actual social media activity.

Comparing Referral Source by Organization 2012





# Mobile

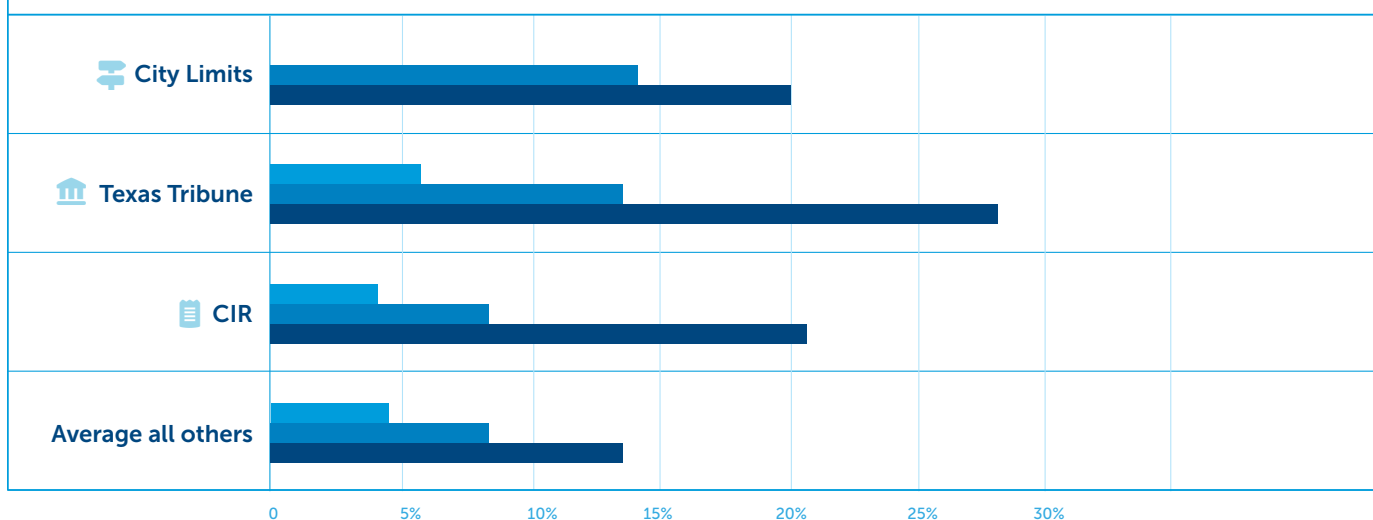


Mobile as a share of overall traffic to the 18 websites increased from an average of less than 3% in 2010 to over 15% in 2012.

**Texas Tribune**, **CIR** and **City Limits** stood out for having the highest mobile traffic rates – in the case of Texas Tribune, more than a quarter of its traffic comes from mobile. All three organizations have implemented mobile responsive design on their websites.

**Only three organizations** have developed mobile apps: **ProPublica**, **CIR** and **City Limits**. In May 2013 ProPublica launched a monthly digital magazine for iOS devices that curates the best of its news reporting.

**Percent Traffic from Mobile** 2010 2011 2012



# Social Media



**Five organizations have over 10,000 Twitter followers:** 📱 MinnPost, 📱 VOSD, 📱 City Limits, 🏠 Texas Tribune and 📰 ProPublica.

**Among the local sites,** 📱 City Limits stood out for growing its social media followers. The New York City organization grew to nearly 50,000 Facebook likes and 100,000 Twitter followers in 2012.

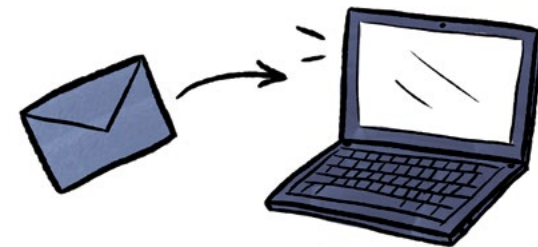
📱 City Limits paid for recruitment services to expand its social media community: \$50 per 10,000 Twitter followers and \$120 per 10,000 Facebook likes. The organization reports that the service has paid off, with roughly 75% retention of followers.

**The data show no definitive relationship** between the size of an organization's social media presence and social media referral. However, a strong social media presence may be associated with greater brand awareness and visibility.

## Social Media 2012

		AVERAGE UNIQUE VISITORS 2012	TWITTER FOLLOWERS	FACEBOOK LIKES	EMAIL DISTRIBUTION	% SOCIAL MEDIA REFERRAL
Local	New Haven Independent	287,674	6,997	9,954	3,600	0%
	MinnPost	213,162	20,000	7,000	8,805	9%
	VOSD	96,629	11,000	7,000	8,000	7%
	St. Louis Beacon	66,877	6,400	3,200	1,532	15%
	City Limits	63,620	100,000	49,316	35,000	8%
	Oakland Local	43,147	9,200	-	2,800	13%
	The Rapidian	16,368	-	2,812	1,623	29%
	The Lens	13,419	4,422	2,247	1,818	26%
State	Texas Tribune	561,114	32,391	20,813	3,798	17%
	VTDigger	61,858	3,700	2,020	3,021	16%
	NJ Spotlight	45,986	3,775	-	3,956	11%
	Wyofile	12,758	950	804	3,103	27%
	Wisconsin Watch	11,281	1,835	1,412	272	4%
	FCIR	10,836	1,964	1,200	550	37%
	I-News/RMPBS	2,701	797	658	1,500	5%
	ProPublica	662,899	162,042	-	58,033	10%
National Investigative	CIR	247,873	7,829	17,093	6,312	9%
	NECIR	1,752	710	791	638	1%

# E-Newsletters



E-Newsletters are a classic tool for cultivating a customer relationship. Having a solid list of individuals who opt in is the first step. Getting users to then open the content and keeping those users from opting out is imperative.

## Format

All 18 sites produce at least one regular e-newsletter to promote their content and expand their reach. Some organizations have multiple newsletters. 🏠 **St. Louis Beacon**, a local site, for example, publishes a daily and a weekly newsletter. 📰 **ProPublica** publishes a daily newsletter and a major investigations newsletter, which goes out once or twice a month.

## Subscribers

With its national audience, 📰 **ProPublica** has the most subscribers, more than 58,000 at the end of 2012.

At the local level, 🏠 **City Limits** has 35,000 subscribers drawn from the base of a former print magazine that is now included in the organization.

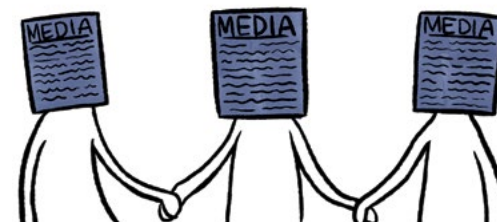
## Open Rates

On average e-newsletter open rates were 6% for the 11 organizations that supplied these data.

🏠 **MinnPost**, 🏠 **St. Louis Beacon** and 🏠 **Wyofile** boast open rates greater than 32%.

🏠 **City Limits** reports the lowest open rate at 8%.

# Distribution Partnerships



Distribution partnerships are an effective and economical way to reach a wider audience. Several nonprofit news organizations, particularly those focused on national and regional investigative reporting, are focused on distributing their content through a network of news partners. These include: ProPublica, CIR, FCIR, NECIR, I-News/RMPBS and Wisconsin Watch.

Nonprofit news organizations have structured their distribution partnerships in different ways. For example:

## Once Monthly

📄 **NECIR's "Public Eye"** service produces an investigative story each month, usually written by a freelancer. Eight or nine news outlets typically publish the content each month. The outlets pay a subscription fee for republication.

## Freely Available for All

🏠 **Wisconsin Watch** encourages news organizations to republish its investigations at no cost. Five to 20 organizations typically pick up a report.

## Highly Targeted

📄 **ProPublica**, which cites work with nearly 100 partner organizations, carefully targets distribution partners. Typically, ProPublica offers a report exclusively to one partner, selected based on a target audience and the impact ProPublica hopes to achieve. After exclusive publication, the report goes to the ProPublica website and then is offered for republication through Creative Commons agreements.

## Data and Syndication

📄 **CIR** frequently makes its databases and other content available to local news organizations to customize their own versions of the story. CIR

created an Application Program Interface (API) to help digital first news organizations customize CIR data for republication and integration into their stories. Increasingly, CIR is turning distribution partners into paying syndication customers.

## Tracking Reach

Developing a way to measure the meaningful reach of stories and investigations distributed through a network of partners is a challenge for nonprofit news organizations. 📄 **ProPublica** has developed a method for asking outlets that publish its work to include a snippet of code, PixelPing, that captures page-view data. Using this system, ProPublica reported nearly 3 million views of coded ProPublica content in the first four months of 2013.

🏠 **Wisconsin Watch** has developed a system for tracking reach that includes Google alerts, keyword searches, and monitoring print archives. Results are entered into a spreadsheet that records information including publication date and platform, the type of media published as well as information about the publication, including readership.



# Events & Community Partnerships



## Events

Fifteen organizations reported staging a total of 181 events in 2012 with a combined attendance of nearly 20,000 people. Events range from large gatherings such as Voice of San Diego's Politifest, which draw hundreds of people, to small informal meetups.

For most, events are a creative approach to increasing awareness, tapping into new donors and members, demonstrating value for potential sponsors and securing greater credibility for the organization itself.

## Community Partnerships

A dozen organizations reported community outreach partnerships that help them further their mission of civic engagement. For example:

### Youth Partnerships

■ **CIR** partners with Youth Speaks, a San Francisco-based nonprofit that works with a national network of young poets and literary nonprofits on challenges young people face. The project brings together journalists and young spoken-word artists to improve the quality and reach of reporting about key challenges affecting the next generation of Americans, including education, immigration reform and the environment.

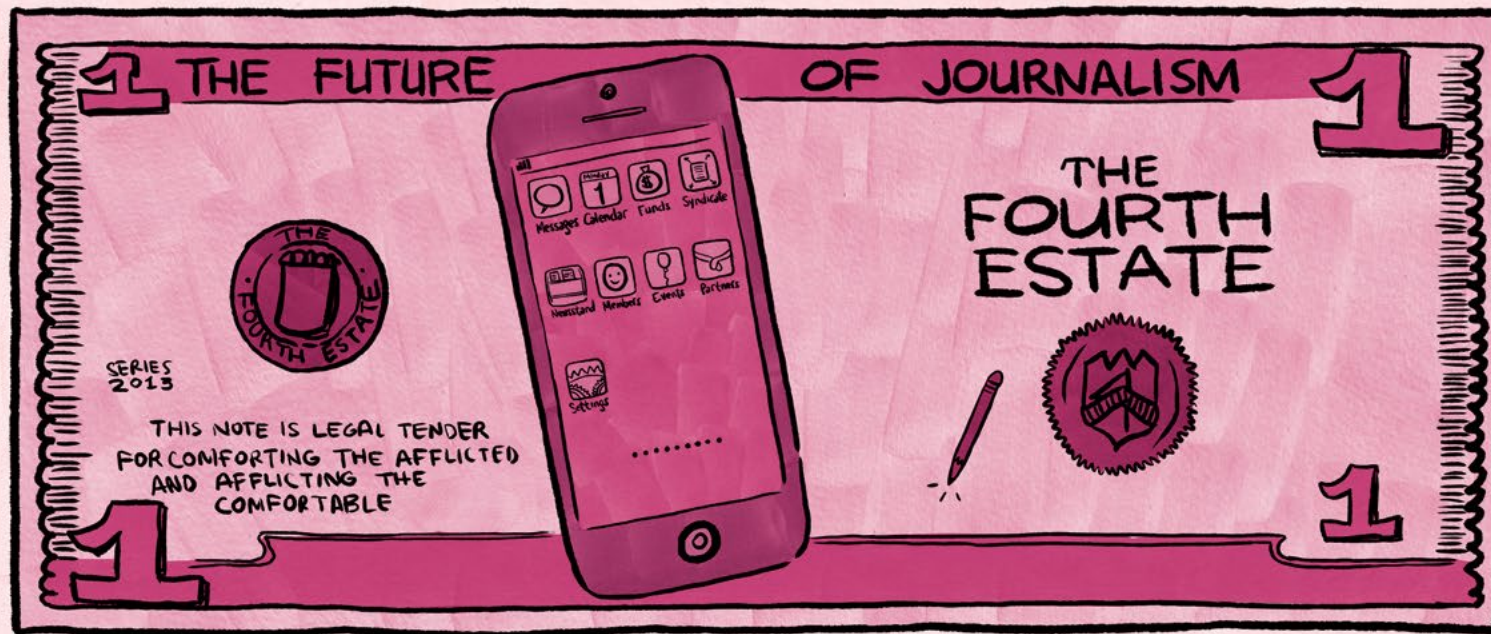
### Issue Collaborations

✚ **City Limits** partners with New York museums, schools, colleges and the chamber of commerce to create community conversation about its "Tackling Poverty Discussion and Networking Series." Launched in partnership with the Institute for Children, Poverty and Homelessness, the project aims to bring together New Yorkers engaged in fighting urban poverty.

### City Coalitions

✚ **The Lens** is part of the New Orleans Coalition on Open Governance, which has seven other nonprofit members, including the Public Affairs Research Council and the Public Law Center. The organizations cooperate to host joint events and profile one another's work to advance greater government transparency.

# Economic Value Creation



The ability to consistently raise multiple revenue streams to support the mission of creating content, engagement and impact.

This section examines:

**Revenue Generation** How much cash are the nonprofit news organizations raising?

**Revenue Diversification** What are their sources of support?

# Highlights

**The combined revenue generated by the 18 news organizations increased nearly 30%** over the past three years.

**Nearly two-thirds of the 18 news organizations reported a surplus** in 2012.

**From 2010 to 2012, the reliance on foundation decreased** funding for local, state and investigative news organizations.

**For local and state organizations this change was due to reported growth in earned revenue streams** of, on average, from 18% to 29% for local organizations and 7% to 24% for state sites.

**Earned revenue is primarily drawn from corporate sponsorships, events and advertising.**

**Total individual donations across all 18 ventures grew to \$19.1M in 2012**, up 30% from \$14.7M in 2010, driven largely by increased donations to investigative news organizations. Across all 18 news organizations total donors doubled from 4,000 to over 8,000 in the past three years.

**Most of the individual donation dollars raised comes from large donations** (over \$5,000).

**Syndication was the fastest-growing source of earned revenue.**

# Revenue Generation

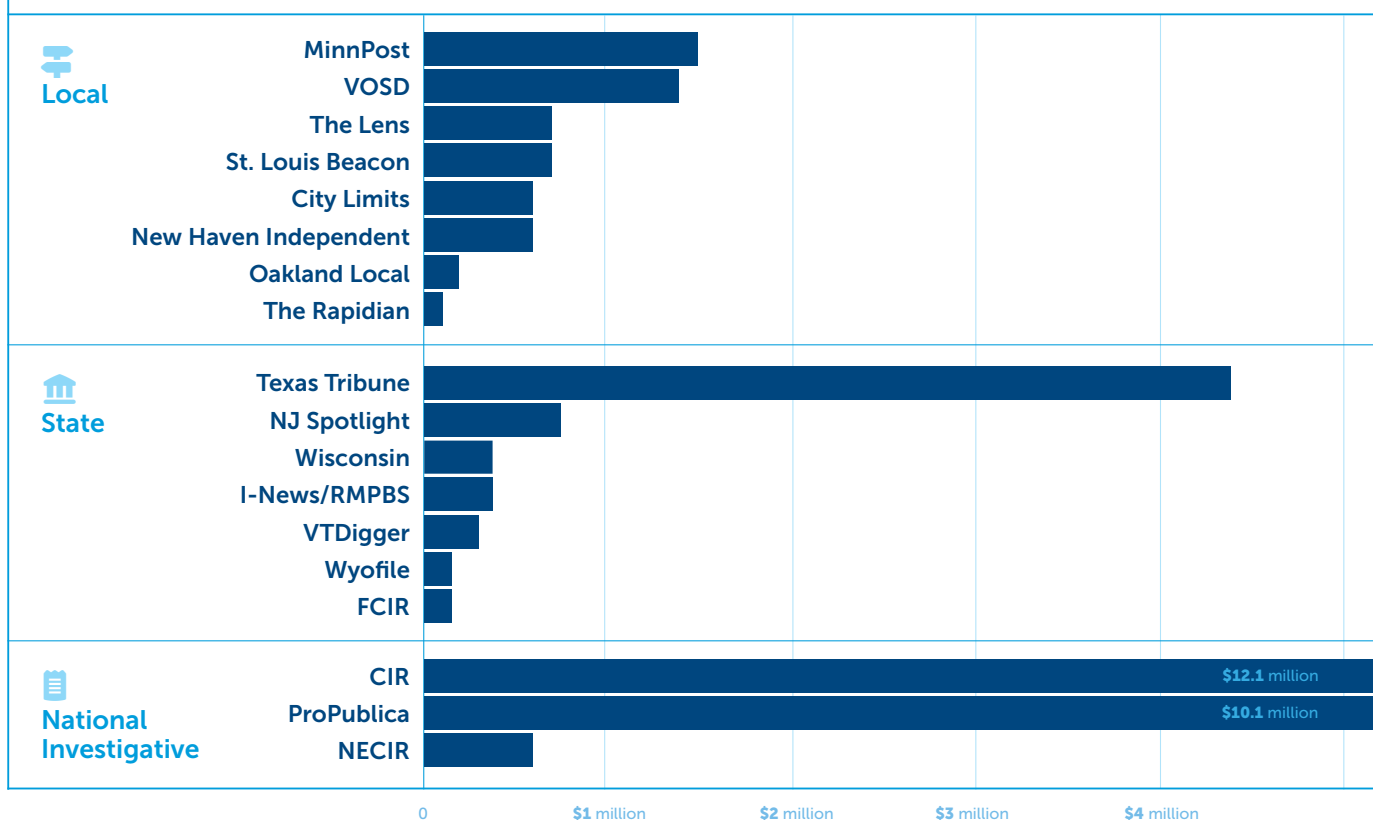
The 18 organizations raised nearly \$35.6M in 2012, up nearly 30% from \$27.4M in 2010.

**Two national investigative organizations,**  
 📰 **ProPublica** and 📰 **CIR**, raised over \$10M.

**At the other end of the scale**, smaller local and state sites such as 🏠 **Wyofile**, 🏠 **FCIR**, 🗞️ **The Rappian** and 🗞️ **Oakland Local** raised less than \$350,000.

📰 **CIR** reported the highest 2012 revenue, \$12.1M, which includes \$4.9M in donor revenue from its merger with The Bay Citizen.

**Revenue Totals by Organization 2012**





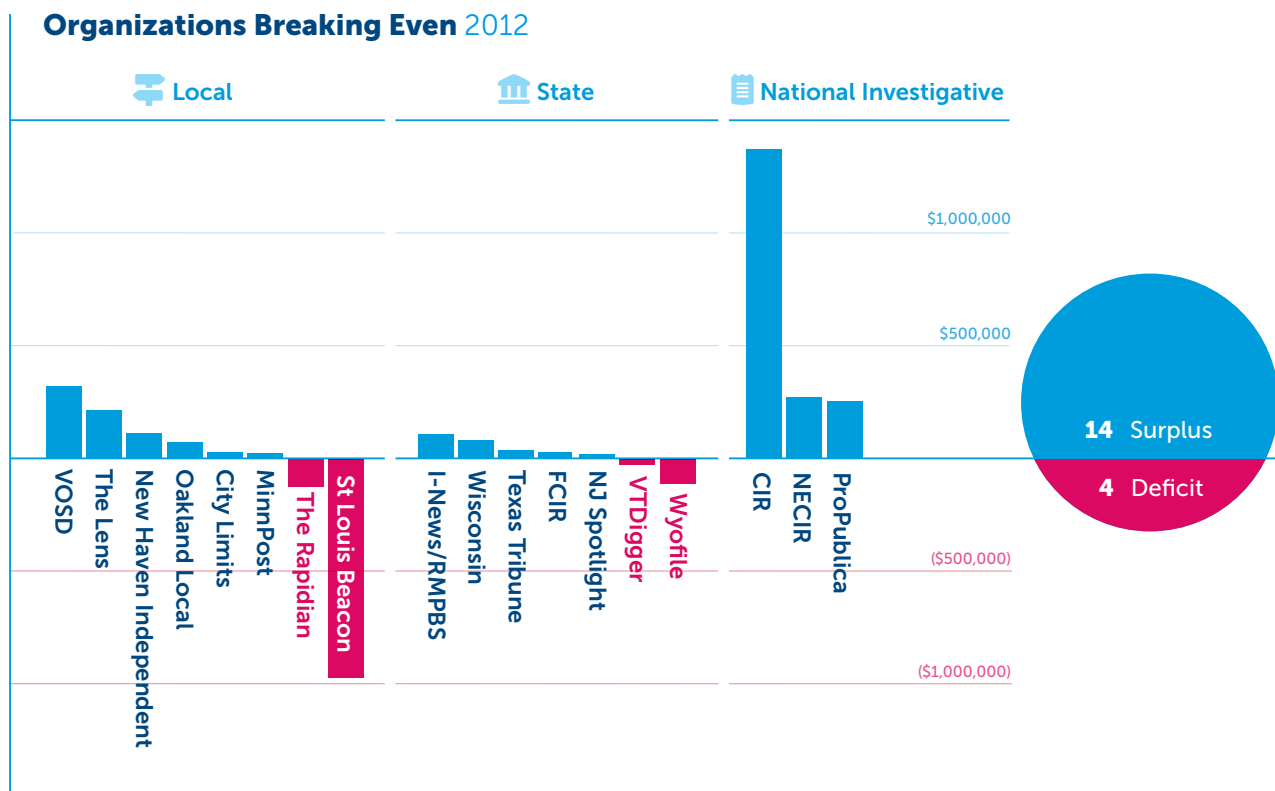
# Breaking Even

A surplus at the end of each year provides nonprofit news organizations with a cushion the following year. It offers flexibility and an increased ability to invest in growth and take calculated risks.

**14 organizations reported a surplus** at the end of 2012. Some operate at thin annual margins of less than \$50,000. Six organizations have reported breaking even over each of the past three years: 🏠 MinnPost, 🏠 New Haven Independent, 🏠 FCIR, 🏠 I-News/RMPBS, 📰 CIR and 📰 ProPublica.

**Four organizations reported a deficit:**

🏠 Wyofile, 🏠 VTDigger, 🏠 St. Louis Beacon, and 🏠 The Ravidian.



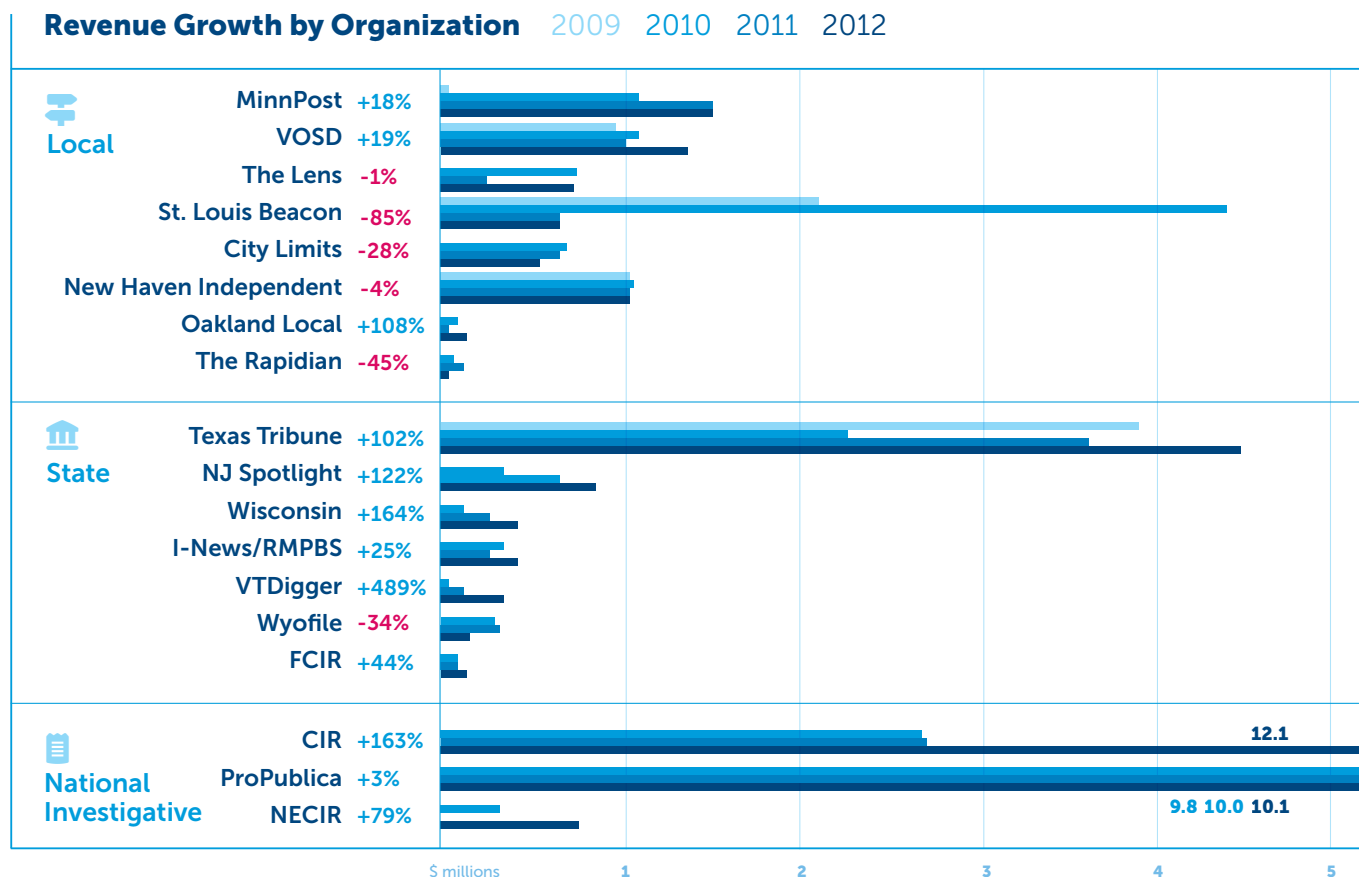
# Revenue Growth

Twelve organizations reported growth in revenue between 2010 and 2012.

🏠 VTDigger, 🏠 Texas Tribune, 🏠 NJ Spotlight, 🏠 Wisconsin Watch, 🏠 Oakland Local and 📄 CIR more than doubled their revenue.

Six organizations saw a decline in revenue:

🏠 City Limits, 🏠 The Lens, 🏠 New Haven Independent, 🏠 The Rappian, 🏠 St. Louis Beacon and 🏠 Wyofile. St. Louis Beacon reported the largest drop (85%) but had conducted a major donor campaign in 2010, skewing the total upward that year.



# Types of Revenue Sources

The strength of an organization's revenue base depends not only on the total amount generated, but also on the consistency and diversity of its revenue sources. The 18 nonprofit news organizations raised support from a range of sources.

## Foundations



Grant funding from foundations. This includes: seed funding, topic coverage, operating support and innovation grants.

## Donors



Donations and gifts from individuals. This includes large gifts as well as smaller donations often tied to membership programs.

## Earned Revenue

### Corporate Sponsorships



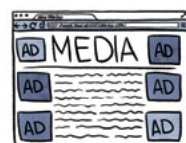
Corporations or institutions that pay to associate their brand with the content of the nonprofit news organization.

### Events



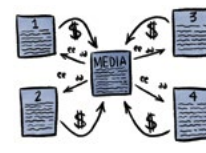
Corporations or institutions that pay to be associated with events hosted by the nonprofit news organization.

### Advertising



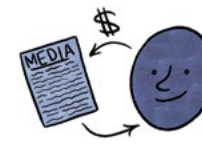
Corporations or institutions that purchase banner or display ads on the nonprofit news site.

### Syndication



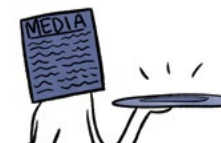
Content sold for republication to other organizations.

### Subscriptions



Selling individual subscriptions to specialty publications.

### Services



#### Training

Selling training courses on investigative reporting techniques.

#### Data analysis

Selling data analysis services to other organizations

UTILIZATION IN LOCAL / STATE / NATIONAL INVESTIGATIVE ORGANIZATIONS POLLED



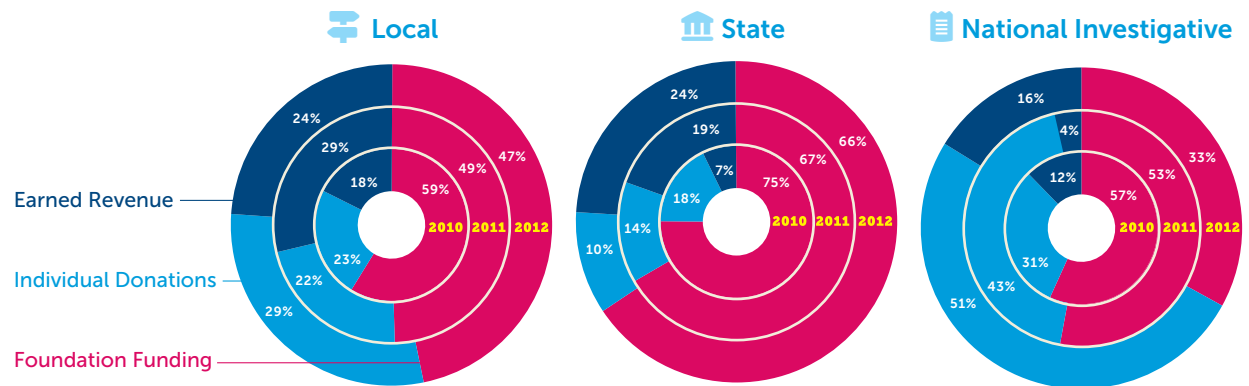
# Changes in Revenue Composition

From 2010 to 2012, the average share of revenue from foundation funding for local, state and investigative news organizations decreased.

**For local and state organizations** this was due to reported growth in earned revenue streams, from 18% to 24% on average for local organizations and 7% to 24% for state sites.”

**Investigative news organizations** have seen significant growth in individual donations, from 31% to 51%.

**Revenue Diversity Evolving 2010–2012 (Unweighted)**



# Revenue Diversity

Foundations continue to be a major source of support in the sector.

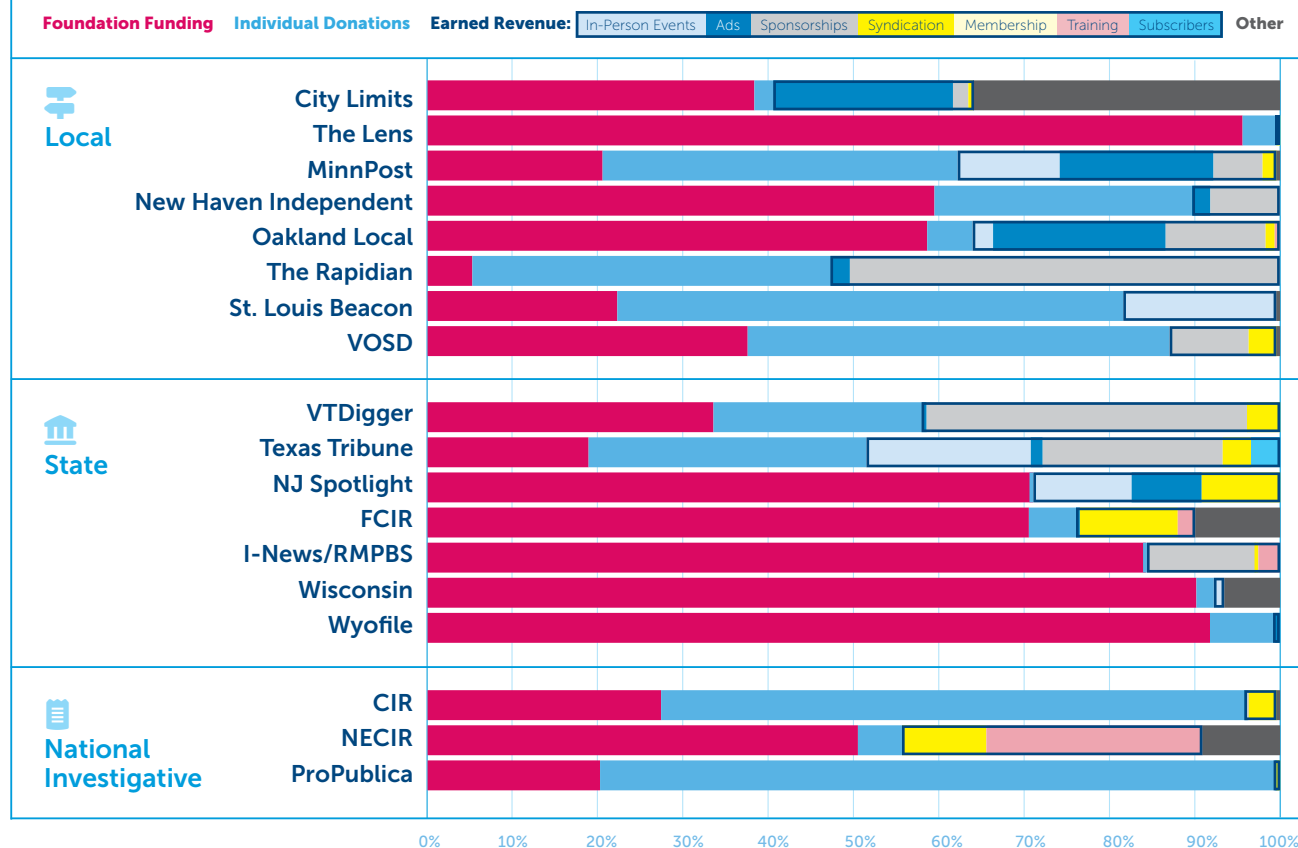
Since 2010, the organizations in this study have reduced their reliance on grants by cultivating donor support and earned revenue sources. Share of foundation funding declined from an average of 65% of total revenue to 50%. The revenue mix for each organization differs considerably.

**Local:** The Lens, New Haven Independent and Oakland Local are most dependent on foundations (over 55% of revenue). Individual donations account for more than 40% of revenue for VOSD and St. Louis Beacon. MinnPost, City Limits, Oakland Local and The Rapidian have the highest share of earned revenue.

**State:** Wyofile, Wisconsin Watch, I-News/RMPBS, NJ Spotlight and FCIR are most dependent on foundation funding (over 60%). Over two-thirds of revenue for Texas Tribune and VTDigger comes from individual donors and earned income.

**National Investigative:** More than 60% of ProPublica and CIR's revenue comes from individual donors.

Comparing Revenue Sources by Organization 2012 (Unweighted)





# Foundation Grants



Foundations continue to be a major source of support in the sector. Since 2010, the organizations in this study have reduced their reliance on grants by cultivating donor support and earned revenue sources. Share of foundation funding declined from an average of 65% of total revenue to 50%.

**Four organizations** that are the least dependent on foundation funding (<25% of revenue) represent different approaches.

🏠 **St. Louis Beacon** has raised significant funding from large donors. 🏛️ **Texas Tribune** and 🏠 **MinnPost** have made the most progress in generating multiple earned revenue streams.

🏠 **The Rapidian** saw a seed grant end and secured support from its parent organization, a local community media center, in 2012.

	2012 SHARE OF TOTAL REVENUE	2012 FOUNDATION FUNDING	2010 SHARE OF TOTAL REVENUE	2010 FOUNDATION FUNDING
🏠 <b>The Rapidian</b>	5%	\$1,150	100%	\$40,000
🏛️ <b>Texas Tribune</b>	19%	\$857,074	23%	\$515,000
🏠 <b>MinnPost</b>	21%	\$309,500	36%	\$466,350
🏠 <b>St. Louis Beacon</b>	22%	\$150,000	2%	\$100,000

# Individual Donations



## Donations are a major source of funding

for nonprofit news organizations. In total, individual donations grew to \$20M in 2012, up 36% from \$14.7M in 2010 across all 18 ventures. The total number of donors doubled from 4,000 in 2010 to nearly 8,000 in 2012. All but three organizations grew the total number of donors. There are varying degrees of focus and sophistication among the organizations in developing individual donor-membership models as a long term revenue source.

**All organizations** secured revenue from donors in 2012.

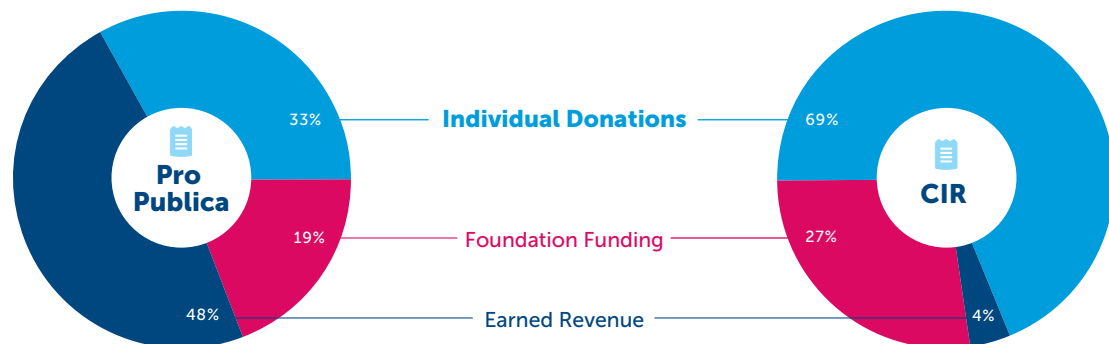
**Four organizations** reported individual donations as their top source of revenue: CIR, ProPublica, VOSD and St. Louis Beacon.

CIR made the most progress in growing its share of donations (from 3% in 2010 to 69% in 2012) due to its 2012 merger with The Bay Citizen.

**Most of the money** raised from individual donations came from large donors giving more than \$5,000. ProPublica and VOSD both reported more than 90% of their donation

	2012 SHARE OF TOTAL REVENUE	2012 INDIVIDUAL DONOR TOTAL	2010 SHARE OF TOTAL REVENUE	2010 INDIVIDUAL DONOR TOTAL
CIR	69%	\$8,341,640	3%	\$138,244
St. Louis Beacon	59%	\$400,000	95%	\$4,253,000
ProPublica	79%	\$8,047,000	82%	\$8,090,000
VOSD	49%	\$686,062	43%	\$505,912

## Revenue 2012



revenue in this category. Similarly, St. Louis Beacon reported that nearly two-thirds of its revenue came from large donors.

**By contrast,** MinnPost drew from large and small donors: 30% of its individual donations were less than \$1,000.

# Lessons in Cultivating Donors



## EXAMPLE

### Over-reliance on a Few, Large Donors

Heavy reliance on a single large donor or a small group of large donors can be risky. One donor, a founding board member of 🏠 **Wyofile**, provided \$60,000 in 2010 and 2011 but did not continue after moving out of state in 2012.

Despite efforts by a development director to enlist new donors, Wyofile raised only \$12,000 in donations in 2012. With an additional drop in foundation funding, the organization saw a 40% reduction in total revenue.

## EXAMPLE

### Developing the Relationship

🔧 **VOSD** hosts a cocktail party for potential donors every other month. An influential community member hosts it, and VOSD CEO Scott Lewis talks about trends in media and what the organization is doing and what it needs to continue. Afterwards, VOSD targets a small number of attendees for follow-up lunches.

In 2012, VOSD more than quadrupled the number of large donors. It raised more than \$480,000 from 38 donors of more than \$5,000 each, compared with about \$298,000 from only eight donors in 2011.

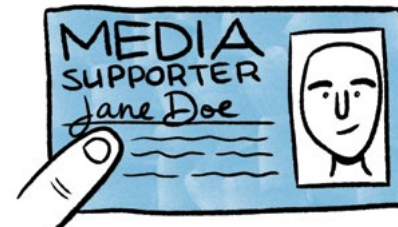
## EXAMPLE

### Group Funding

🔧 **MinnPost** has developed an innovative approach to recruit donors who are not necessarily interested in supporting journalism but do care about an issue being covered by MinnPost in their community.

MinnPost has established “group-funded beats,” starting with the environment. A group of donors agrees to commit \$5,000 each per year for three years. So far, MinnPost has raised a total of \$135,000 for environmental coverage.

# Membership Models



Organizations define individual contributors differently and provide varied member benefits. Some treat them simply as donors who provide gifts without receiving services in return; others offer membership benefits tied to their product in exchange for supporting their organization.

## Five organizations have membership programs:

🔗 **The Lens**, 🔗 **MinnPost**, 🏠 **Texas Tribune**, 🔗 **VOSD** and 📰 **CIR**, which inherited a membership program when it merged with The Bay Citizen. Organizations that run membership programs see them not only as a source of valuable revenue, but also as a driver of community loyalty and engagement.

## EXAMPLE

### Tiered Member Benefits

🔗 **MinnPost** members contribute at different levels from a “Cub Reporter” (\$60 a year) to a “Media Mogul” (\$5,000 a year). This comes with the following benefits:

- All donors: Supporter decals and invitations to events
- \$120: Above plus discounts on MinnPost ticketed events and access to special events
- \$300: Above plus invitation to receptions with MinnPost writers and visiting journalists
- \$600: Above plus invitations to unique MinnPost experiences and events

## EXAMPLE

### Tiered Member Benefits

🔗 **VOSD** offers four levels of membership: Conversation starter (\$35-\$100 a year); Inside Voice (\$101-\$500); Speaking Up (\$501-\$1,000); and Loud and Clear (\$1,001-\$5,000). Benefits include:

- Invitations to participate in discussions and special member events
- E-newsletters
- First look at special investigations
- Subscription to VOSD monthly magazine
- Promotional opportunities for individuals, their company or favorite organization

## EXAMPLE

### Tapping into Public Media Infrastructure

🔗 **St. Louis Beacon** experimented with a membership program but was unable to convert members to donors in significant numbers. After a third round of fundraising from its large donors, the organization decided to try to merge with St. Louis Public Radio (currently under consideration by the University of Missouri, which holds the public broadcast license). Aiming to tap an existing membership organization, 🏠 **I-News** completed a similar merger in Colorado in early 2013, becoming I-News at Rocky Mountain PBS.

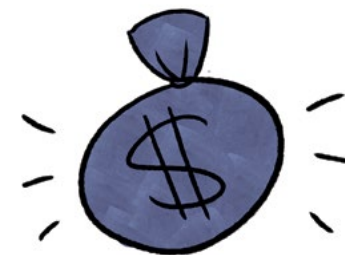
## EXAMPLE

### Tiered Member Benefits

🏠 **Texas Tribune** offers six levels of membership from Student (\$10) to Benefactor (\$500), as well as tiers for three year membership commitments from Editor’s Circle (\$1,000 per year) to Chairman’s Circle (\$5,000 per year). Benefits include:

- Texas Tribune monthly newsletter
- Invitations exclusive social events
- Opportunities to promote the nonprofit of your choice on the site for a year.

# Earned Revenue







**Earned revenue streams** that demonstrate a meaningful connection to users are critical to long-term stability and sustainability. Together, the organizations reported \$5.7M in earned revenue in 2012, more than double the amount reported for 2010.

**Sixteen organizations** reported earned income in 2012, which derived largely from corporate support for content or events, advertising and syndication.

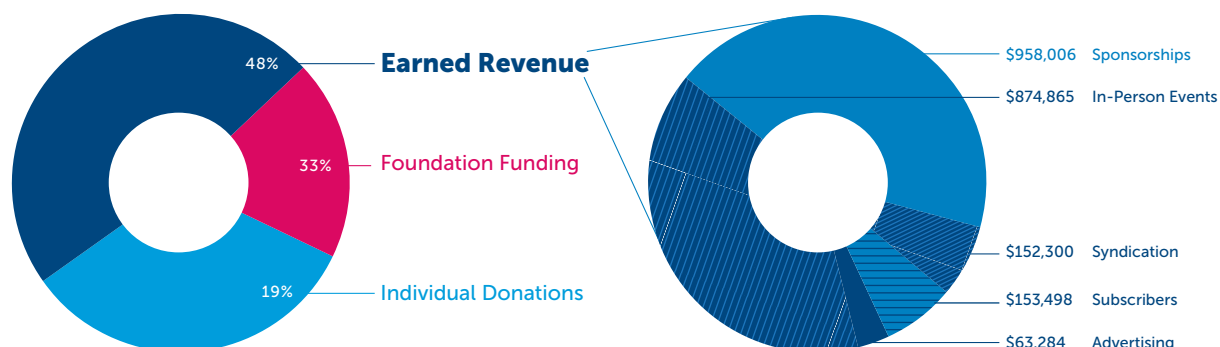
**State and local organizations** have experimented more with earned income than the national investigative ventures.

**Of the organizations** with a surplus in 2012, the **Texas Tribune** has achieved the highest share of revenue from earned revenue (48%). This earned revenue comes largely from special events and corporate sponsors

**VTDigger** made the most progress in growing its share of income derived from earned revenue sources, from 8% in 2010 (\$4,500) to 42% (\$141,000) in 2012. This was on the back of corporate sponsorships for content.

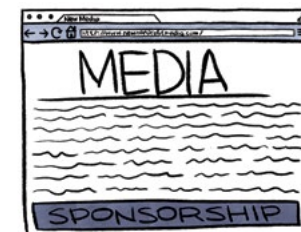
	2012 SHARE OF TOTAL REVENUE	2012 EARNED INCOME TOTAL	2010 SHARE OF TOTAL REVENUE	2010 EARNED INCOME TOTAL
 <b>The Rappian</b>	53%	\$11,550	0%	0
 <b>Texas Tribune</b>	48%	\$2,201,953	30%	\$668,615
 <b>VTDigger</b>	42%	\$141,106	8%	\$4,490
 <b>NECIR</b>	44%	\$308,417	42%	\$162,866

## Texas Tribune Revenue 2012





# Corporate Sponsorship






Corporate sponsorship has emerged as a significant revenue stream and one that grew substantially from 2010 to 2012. Corporations pay for a presence on the nonprofit news organization's website, from a highly visible banner to a smaller credit, or a presence in other communication, such as an e-newsletter.

**Thirteen organizations** reported revenue from corporate sponsorships totaling \$2.7M in 2012.

**Texas Tribune** generated nearly \$1M from corporate sponsors in 2012, more than tripling the money it generated from this source in 2010.

**VTDigger** increased its share of revenue from corporate sponsorships the most, growing from 8% in 2010 to 38% (\$126,000) in 2012.

	2012 SHARE OF TOTAL REVENUE	2012 TOTAL	2010 SHARE OF TOTAL REVENUE	2010 TOTAL
 <b>The Rappian</b>	50%	\$11,550	0%	0
 <b>VTDigger</b>	38%	\$126,241	8%	\$4,490
 <b>Texas Tribune</b>	21%	\$958,006	12%	\$264,768

## EXAMPLE

### **VOSD**

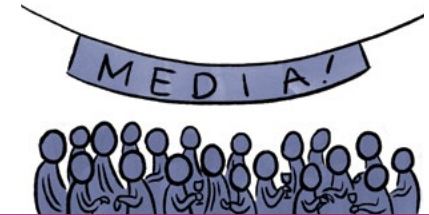
Community Partner Program offers four pricing levels for sponsorship on a monthly, quarterly and annual basis. These range from \$750 to \$2,500 per month. Each level offers a variety of placements, including website rail messages, monthly print magazine messages and e-newsletter placements.

## EXAMPLE

### **Texas Tribune**

The range of sponsorship opportunities includes \$3,600 per year to sponsor story pages, front pages and blog features; \$3,500 per month for placement on twice-daily digest of headline news; \$40,000 per year - sponsorship of weekly report on state policy issues featured on blog, weekly podcast pre-roll and placement on data pages and videos.

# Events



Events hosted by nonprofit news organizations and sponsored by corporations and institutions accounted for 4% of combined revenue in 2012 for the 18 organizations profiles.

**State organizations** reported the greatest share of revenue from event sponsorships. None of the national investigative organizations operate sponsored events.

**At the state level,** **Texas Tribune** and **NJ Spotlight** generate a significant share of their revenue (19% and 12%, respectively) selling sponsorships to events they stage.

**Texas Tribune** has staff experts dedicated to events and sponsorships. CEO Evan Smith attributes Texas Tribunes success with sponsorships and events to two key hires – the events coordinator who had performed that role for The New Yorker and the chief financial officer from the Texas Monthly .

	2012 SHARE OF TOTAL REVENUE	2012 EVENT TOTAL	2010 SHARE OF TOTAL REVENUE	2010 EVENT TOTAL
<b>Texas Tribune</b>	19%	\$874,865	9%	\$199,333
<b>St. Louis Beacon</b>	18%	\$120,000	3%	\$124,000
<b>NJ Spotlight</b>	12%	\$94,000	3%	\$12,000
<b>MinnPost</b>	12%	\$180,411	8%	\$101,466

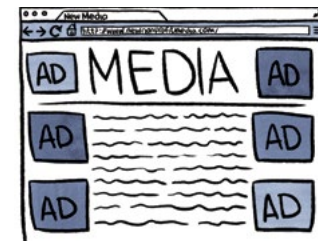
**St. Louis Beacon** and **MinnPost** generated more than 10% of their revenue from events. MinnPost hosts a signature fundraiser, MinnRoast, which combines a cocktail reception – silent auction and raffle – with a theatrical revue making fun of local media and political figures. St. Louis Beacon hosts an annual Beacon Festival, a monthlong series of events, lectures, music concerts and activities.

## EXAMPLE

### **Texas Tribune**

Texas Tribune staged 52 events in 2012, generating more than \$800,000 in revenue on expenses of \$220,000. Half of event revenue comes from Texas Tribune Festival, an annual weekend of discussion with more than 100 speakers. Other events include Tribune Conversations, moderated discussions with prominent officials and newsmakers; The Hot Seat, a statewide series of events featuring local legislators hosted by a local university; and one-day symposiums on local issues.

# Advertising






Two-thirds of the 18 organizations reported advertising revenue in 2012. But only a handful derived significant income from this source. Advertising is a harder sell than corporate sponsorship for nonprofit news organizations because the model relies on a mass audience that can generate sales for advertisers.

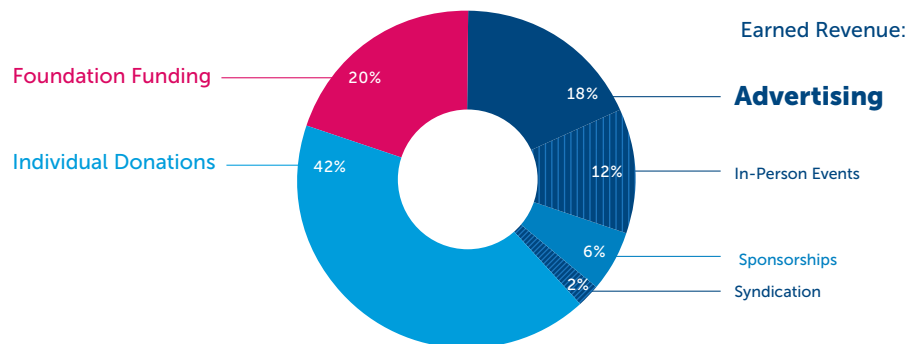
**Local news organizations** reported the greatest share of revenue from advertising among the different types of sites.

**Three sites** generated more than 18% of their revenue from selling ads: **MinnPost**, **City Limits** and **Oakland Local**. **MinnPost** accounts for more than half of the total ad revenue for the 18 nonprofit news organizations in 2012.

**MinnPost** commands a high rate of \$10 per CPM for ads because it can document the quality of its audience and high click-through rate. Its ad sales operation is labor-intensive, but

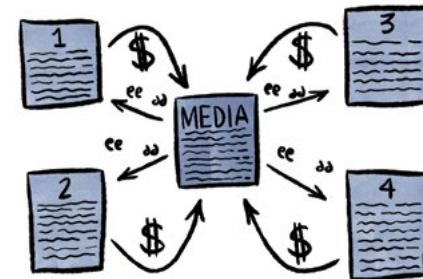
	2012 SHARE OF TOTAL REVENUE	2012 ADVERTISING TOTAL	2010 SHARE OF TOTAL REVENUE	2010 ADVERTISING TOTAL
 <b>Oakland Local</b>	20%	\$38,000	2%	\$2,000
 <b>MinnPost</b>	18%	\$271,939	17%	\$212,089
 <b>City Limits</b>	21%	\$117,000	14%	\$110,613

## **MinnPost Revenue 2012**



MinnPost expects continued positive returns: Ad revenue projections for 2013 are \$450,000 at a cost of approximately \$180,000.






# Syndication



Syndication – selling content for republication – generated a small share of total revenue in 2012. The dollar amount, though, increased four-fold from 2010, making it the fastest-growing type of revenue among the 18 news organizations. As a revenue stream it offers wider exposure and branding opportunities for organizations.

**Eleven news organizations** report revenue from syndication, nearly double the number in 2010.

**Syndication** offers a revenue stream as well as wide exposure and branding opportunities. This is particularly true for investigative organizations and others that create unique, in-depth content that many traditional organizations are no longer able to produce.


	2012 SHARE OF TOTAL REVENUE	2012 SYNDICATION TOTAL	2010 SHARE OF TOTAL REVENUE	2010 SYNDICATION TOTAL
 <b>FCIR</b>	11%	\$16,522	0%	\$0
 <b>NECIR</b>	10%	\$68,850	5%	\$20,000
 <b>VTDigger</b>	4%	\$12,865	0%	\$0
 <b>NJ Spotlight</b>	9%	\$75,000	0%	\$0
 <b>CIR</b>	3%	\$403,197	1%	\$47,919

**Increasingly**, investigative news organizations are turning their distribution partners into paying customers.

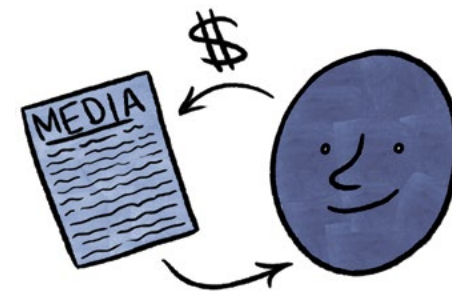
 **CIR** reported more than \$400,000 in syndication revenue in 2012, eight times as much as it generated in 2010.

## EXAMPLE

### CIR's Evolving Syndication Model

 **CIR** has syndication arrangements with 13 California newspaper and broadcast partners and expects to add national partners such as Univision and CNN. Some stories are distributed widely to multiple news organizations and others may be an exclusive. In 2013, CIR hopes to raise 6-7% (\$700,000) of its total budget from syndication.

# Subscription and Services









A handful of nonprofit news organizations have experimented with additional revenue streams that include subscriptions to publications and services in the form of reporting training and data analysis support.

**Texas Tribune** reported revenue of approximately \$150,000 from subscribers to specialty publications.

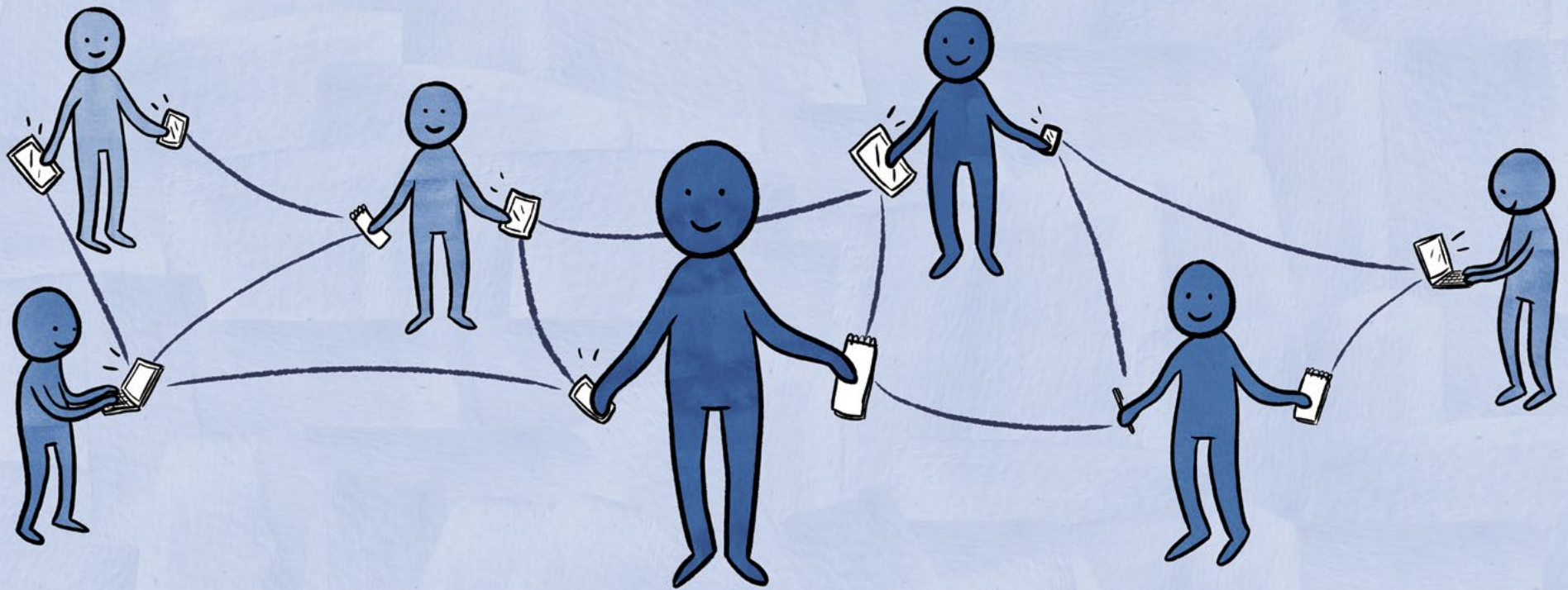
**Four organizations** conduct training, but only **NECIR** derived significant revenue from this activity – 25% of its budget. This amount is expected to increase to \$300,000 in 2013.

**FCIR** developed a small but promising revenue stream providing data analysis for other news organizations, which generated \$14,300 (10% of its total 2012 revenue).

Subscription Revenue		2012 SHARE OF TOTAL REVENUE	2012 TOTAL	2010 SHARE OF TOTAL REVENUE	2010 TOTAL
	Texas Tribune	3%	\$153,498	8%	\$174,350
Training Revenue		2012 SHARE OF TOTAL REVENUE	2012 TOTAL	2010 SHARE OF TOTAL REVENUE	2010 TOTAL
	NECIR	25%	\$176,007	14%	\$53,355
	I-News/RMPBS	3%	\$10,000	0%	\$0
	FCIR	2%	\$2,934	0%	\$0
	Oakland Local	1%	\$1,200	2%	\$2,000
Data Analysis		2012 SHARE OF TOTAL REVENUE	2012 TOTAL	2010 SHARE OF TOTAL REVENUE	2010 TOTAL
	FCIR	10%	\$14,300	0%	\$0



# Organizational Capacity



The infrastructure, resource allocation and skills that allow an organization to adapt and innovate as it creates social and economic value.

This section examines:

**Resource Allocation** How are nonprofit news organizations spending their capital?

# Highlights



**The combined budget of the 18 nonprofit news organizations increased by 54%**  
to a total of \$33.7M in 2012.




**On average the share of resources allocated to editorial and technology declined marginally,**  
with a slight increase in spending on marketing and development.

**Expenditures on marketing and development are associated with 1.6 times as much revenue**  
generated as expenditures on editorial.

# Total Expenditures

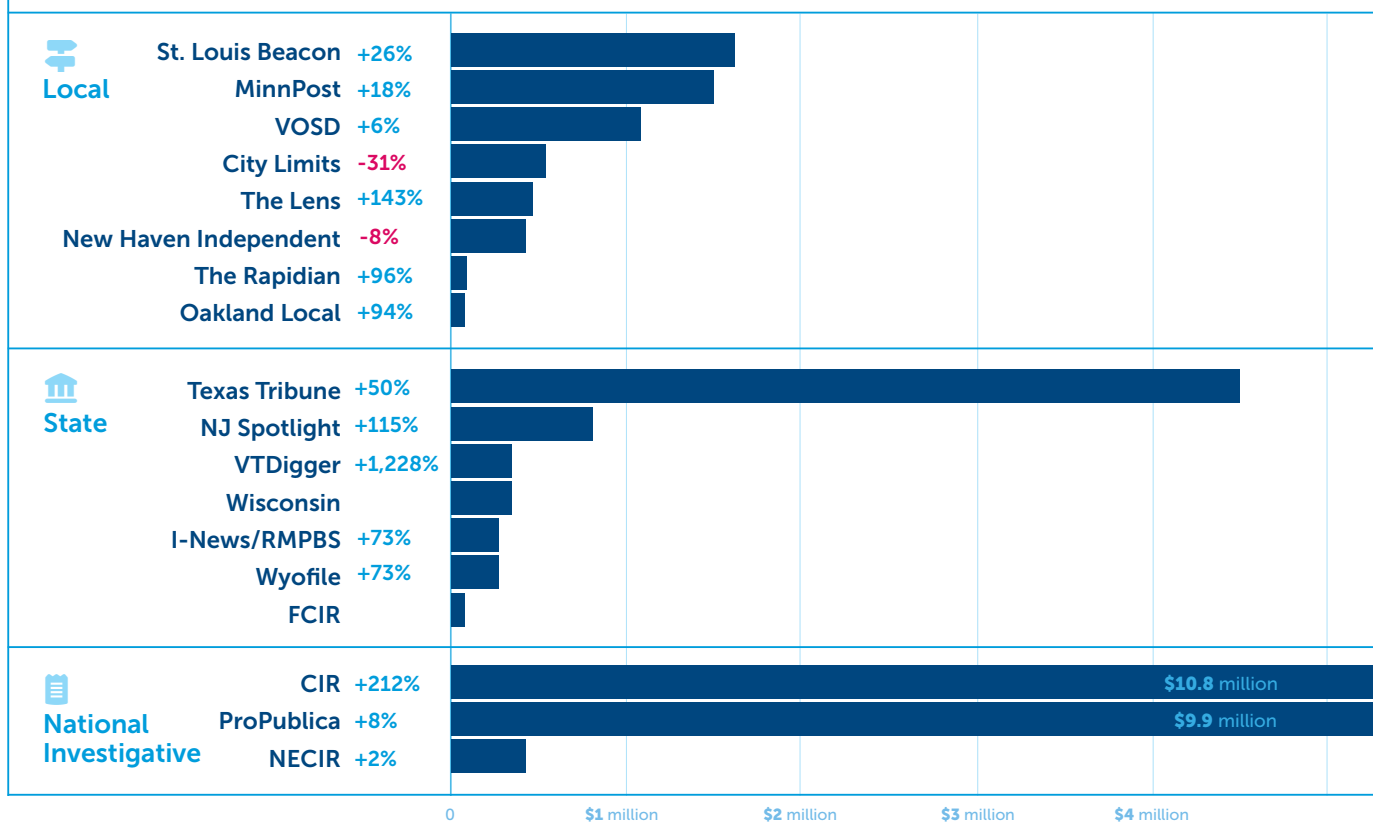
The total resources available to the 18 nonprofit news ventures vary significantly.

**At the high end**, national investigative reporting organizations such as  **ProPublica** and  **CIR** have annual expenditures over \$9.5M.

**By comparison**, smaller organizations like  **FCIR**,  **The Rapidian** and  **Oakland Local** have less than \$150,000 in expenses.

**Four organizations reported that their expenses more than doubled**, mostly reflecting staff expansions enabled by new infusions of grant or donation funds. These were:  **NJ Spotlight**,  **VTDigger**,  **The Lens** and  **CIR** (reflecting the merger with the Bay Citizen in 2012).

**Total Expenses by Organization, and % Change 2010–2012**



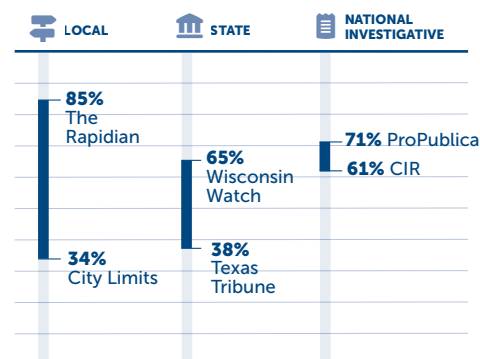
# Expenses by Category

For the purpose of this study, we split organizational expenses into four categories: editorial, general/admin, marketing/development and IT/tech. Listed below are the minimum and maximum share of total expenses dedicated to each category by local, state and national investigative organizations.



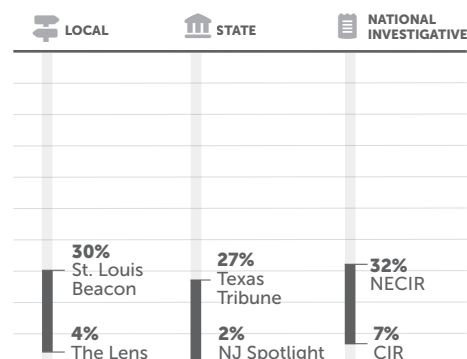
## Editorial

Activity related to creating content, including social media. This includes reporters, editors and designers.



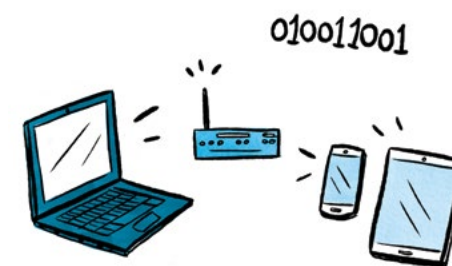
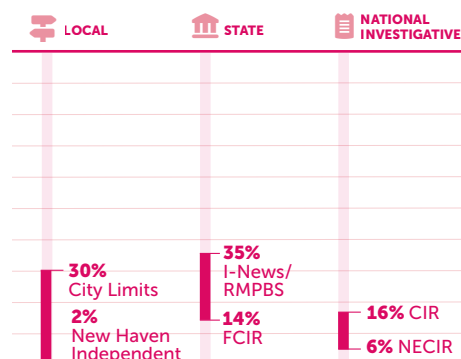
## General/Admin

Activity related to accounting, legal, administrative support, and staff not working primarily in editorial, development or IT/tech.



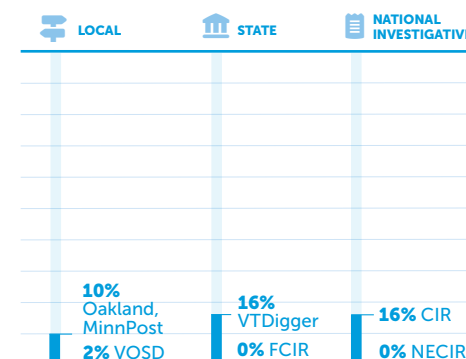
## Marketing/Development

Activity related to distributing content, PR/communications, fundraising, revenue generating.



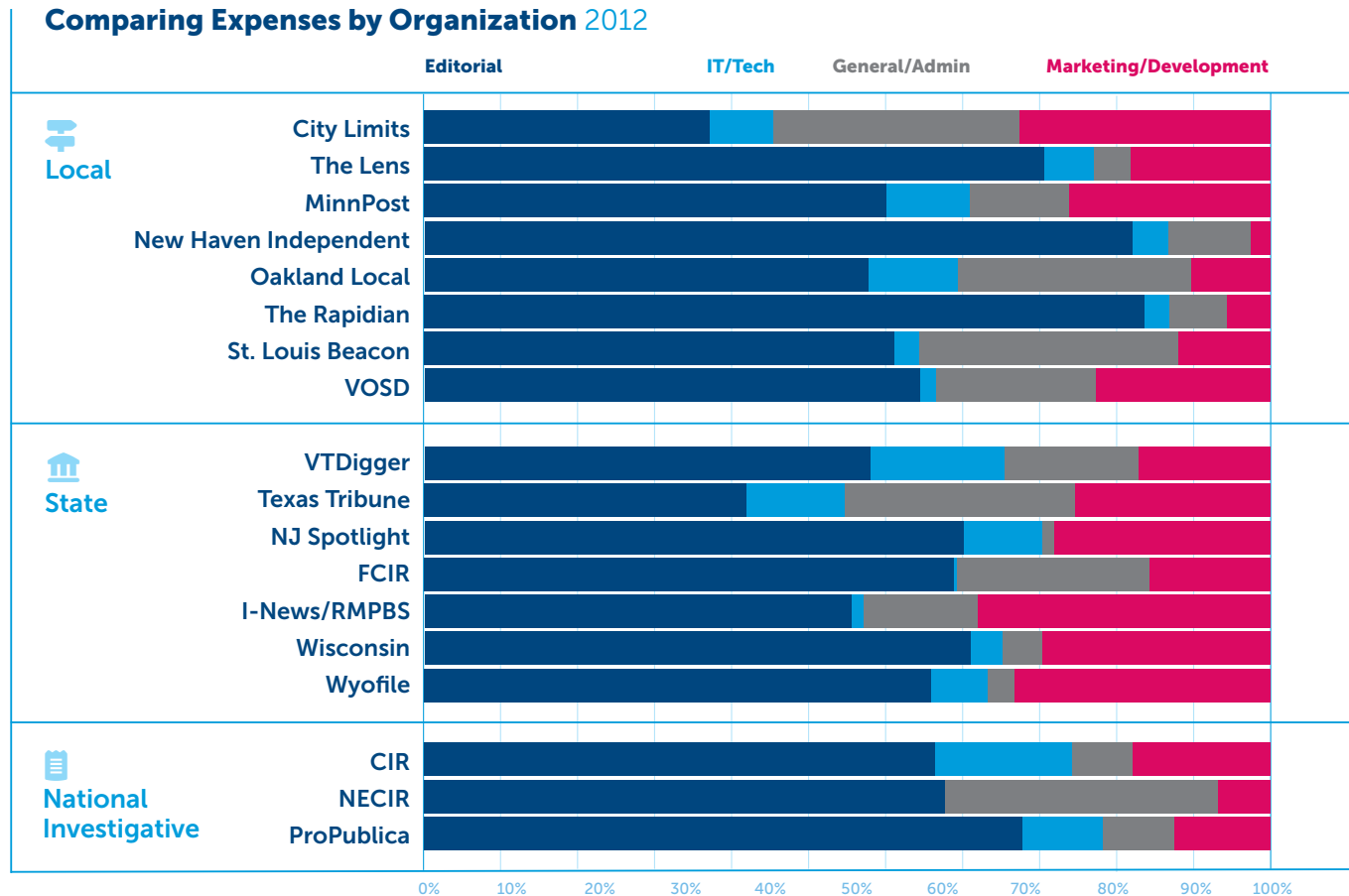
## IT/Tech

Activity related to infrastructure, hardware, software and IT. This includes Web developers, application developers and IT managers.



# Expenses Breakdown

Nonprofit news organizations typically launch with a heavy emphasis on producing journalistic content and devote the greatest share of their expenditures to editorial. To be sustainable, however, they must also invest resources in revenue development and technology. This chart shows the distribution of expenses for each site across editorial, IT/tech, general/admin and marketing/development.





# Editorial Expenditure



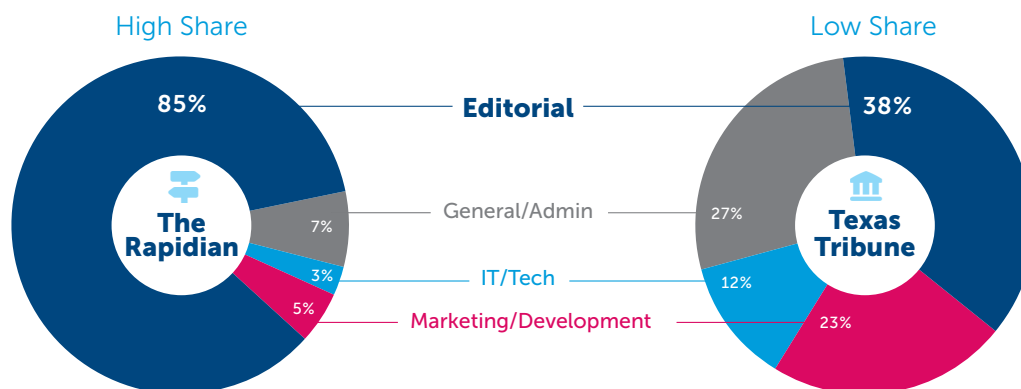
Nonprofit news startups usually start with an intense focus on producing high-quality content, shortchanging expenditures in marketing and development as well as technology that are essential to their long-term viability.

**Seven organizations** reduced their share of total expenses devoted to editorial and increased their share for marketing and development: **CIR**, **The Lens**, **MinnPost**, **Oakland Local**, **Texas Tribune**, **VOSD** and **Wyofile**.

**In general**, the national investigative organizations allocated a higher percentage (65%) to editorial than their state and local counterparts (46% and 57%, respectively).

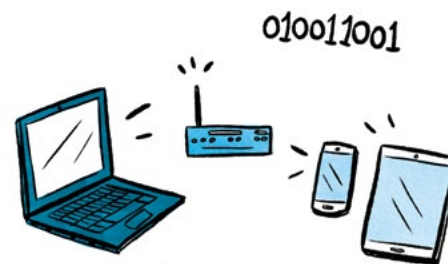
**In 2012**, **The Rappian** and the **New Haven Independent** spent the highest share of their resources on editorial, more than 80%.

## High and Low Share of Expenses Dedicated to Editorial 2012



**Texas Tribune** reported the smallest share of resource allocated to editorial, 38%, down from 49% in 2010. **MinnPost**, **St. Louis Beacon**, **VOSD** and **VTDigger** also reported below-average shares going to editorial.

# IT/Tech Expenditure



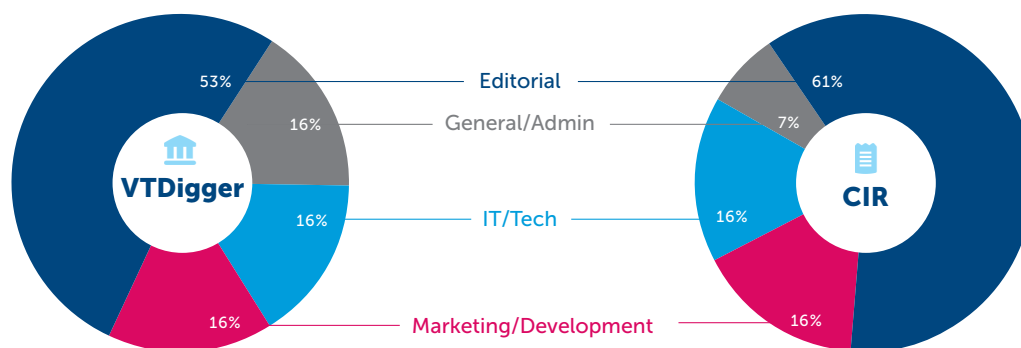
Spending on technology was a small share of total spending across the 18 organizations.

**Local news organizations spent the least** on this category, with an average of 5%. State and national investigative organizations spent on average 10% and 13%, respectively.

**VTDigger** and **CIR** both allocated the largest share of their expenses to IT/tech: 16%. CIR inherited additional tech capacity when it merged with The Bay Citizen. A site redesign is under way using Armstrong, a platform developed by The Bay Citizen and Texas Tribune.

**VOSD** migrated from a proprietary system to WordPress to improve user engagement and search engine optimization and to provide a better mobile experience through a responsively designed site. **Oakland Local** also switched to WordPress and has since achieved savings in editorial costs by using EditFlow, a WordPress plugin. **Wisconsin Watch** plans to redesign its site using Largo, a WordPress-based mobile-responsive design developed by the Investigative News Network.

## Expenses 2012



# Marketing/Development Expenditure

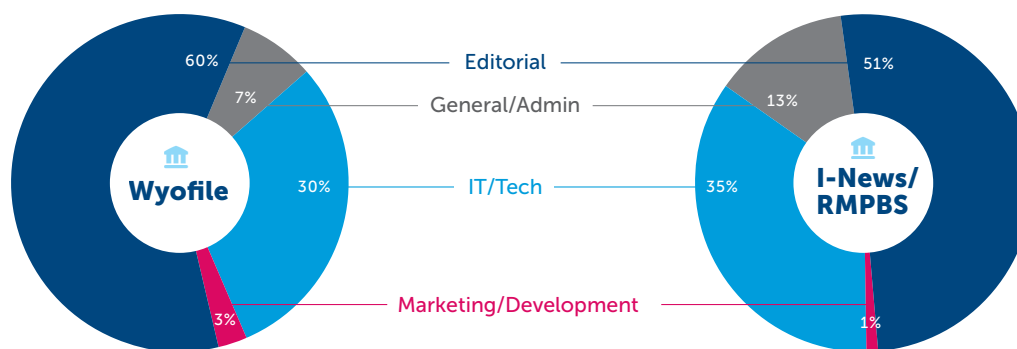


Developing effective strategies for promoting and marketing a nonprofit news organization's impact and audiences to sponsors and funders is critical for financial stability.

**Six organizations** reported the highest share of spending on marketing and development, nearly a quarter of total 2012 expenditures: I-News/RPBS, MinnPost, NJ Spotlight, Texas Tribune, VOSD and Wyofile.

**Generally**, state organizations (24%) outspent their local (16%) and national investigative (14%) counterparts on marketing/development.

## Expenses 2012

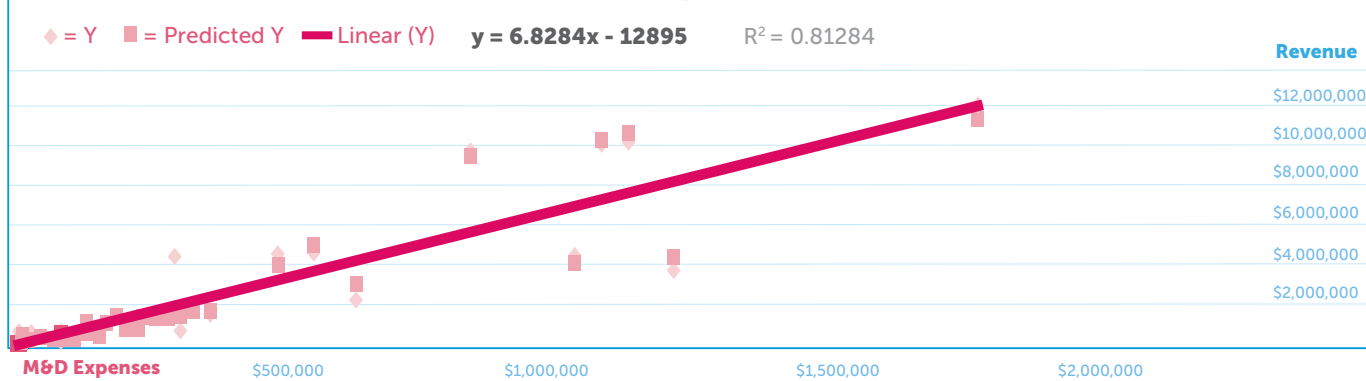


# Marketing and ROI

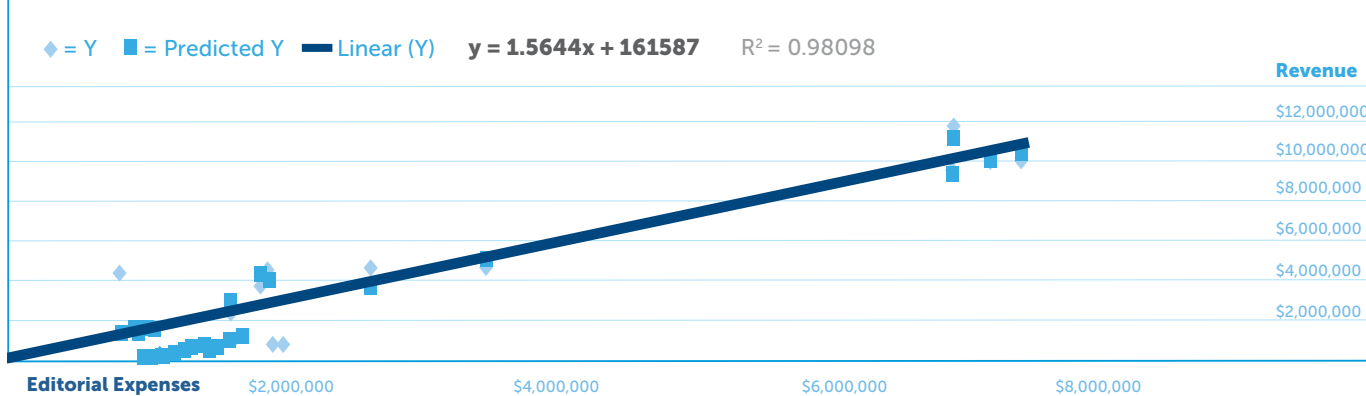


We examined the relationship between revenue generated by each of the 18 nonprofit news organizations and the amount of money they individually spent on marketing/development and editorial over the past three years. The results indicate spending increased on marketing/development revenue 1.6 times more than editorial spending.

**Relationship between Revenue and Marketing/Development Expenses 2010–2012**



**Relationship between Revenue and Editorial Expenses 2010–2012**



# Conclusions



This section summarizes a roundtable held on the future of nonprofit journalism on September 20, 2013. It was co-hosted by the Knight Foundation and The Pew Research Center.

It further highlights key traits of successful nonprofit news organizations.

# Summary of Pew-Knight Roundtable

The Pew Research Center and Knight Foundation co-hosted a roundtable Sept. 20, 2013, on the future of nonprofit journalism. The discussion reviewed data from a June Pew Research Center report on the financial sustainability of nonprofit news organizations and an early draft of this publication. Full video footage and an edited transcript of the meeting are available, as well as Pew's recap of the event. Here are four themes that stood out:

- 1. Recognizing the ongoing need for foundation funding.** While reliance on institutional foundations is shrinking for some outlets, it is still a critical revenue stream for most. The expectation is that it will remain a key part of the support for news organizations focused on investigative reporting in particular.
- 2. Selling the value of news.** Further work is required to raise the consciousness of the public service value of nonprofit journalism to attract additional supporters and donors. Joel Kramer, MinnPost CEO/editor, summed up the core tension: "I think bringing donors into this ecosystem is more important today, not less important, even though we're pedaling like hell trying not to be dependent upon them."
- 3. Creating space for business capacity.** Finding time for business, marketing and fundraising activities remains a key challenge for nonprofit news organizations. Many commonly feel pressure from foundations and watchdog organizations to focus the majority of their budget on content and program areas.
- 4. Standardizing measurement practices.** The mission-driven nature of nonprofit news is best understood not just by audience size, but also by the impact the journalism has on those it reaches. Currently, most tend to rely on often faulty Web metrics that can easily be misused. The maturation of the online nonprofit news sector requires a well-defined set of measurement practices, consistently applied by practitioners and funders.



# Key Takeaways

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This study has found progress toward diversification of revenue, increased visibility and creative ways of extending reach through partnerships. Ongoing sustainability still remains a challenge for several organizations, but many have found a foothold.

Based on our own insights and discussions with others, here is what we observe:

**Ever-present dangers for nonprofit news organizations:**

**Resisting the impulse** to recreate the traditional newspaper online

**Anticipating and adapting to changes** in how individuals consume and share news

**Overcoming the dilemma** that the passionate publisher who founded the enterprise often finds his/her skills stretched in areas required to sustain the business

These challenges are confronted by both nonprofit and for-profit media, and they are germane regardless of the size of the organization – from a two-person news startup to a 50-strong newsroom.

# Key Takeaways

### Built for sustainability:

The most successful nonprofit news organizations that have momentum exhibit the following traits:

- 1. Attack your assumptions, always.** They regularly develop ways to gather insights on who their audience is and what their audience cares about. They incorporate that feedback to pitch sponsors, refine membership programs and tailor user experiences.
- 2. Pursue the greatest overlap between niche and need.** Their strategy grows out of observing the market in which they operate and identifying a balance between two extremes – coverage that's so broad it's hard to build a community around it while so narrow that it creates long-term financial challenges. Their answer to "who is your audience?" is never "everyone."
- 3. Provide services, don't just publish.** They recognize that their business isn't about publishing and advertising, but about developing and marketing experiences for individuals that are rich in information and connections. They think beyond their website and see events, community discussions and partnerships as content that's created in many forms.
- 4. Invest beyond content.** They devote a significant share of their spending to priorities that go beyond editorial. They invest in marketing, business development and fundraising and see these activities as core to their operation, rather than something done "after-hours."
- 5. Measure what matters.** While they track traditional cumulative Web metrics such as monthly unique visitors, they focus on indicators that offer feedback on repeat user engagement. They combine this data with qualitative narrative accounts on how their reporting affects their target community.
- 6. Strive for diversity in funding.** They aggressively look for ways to step down foundation funding and to raise dollars from their community through sponsorship, events and individual donations. These revenue sources are prized because they offer greater independence in reporting and more flexibility strategically.
- 7. Bolster the brand by building partnerships.** They offer their content to others to reach key audiences and structure those partnerships to derive the following benefits: opportunities to prominently market their brand, feedback and business intelligence on the audience their content reaches and fees from syndication.
- 8. Move to where your audience is.** They understand the changing habits of how individuals consume information. They don't only focus on the home page of their website; they're building responsive design and prioritize social media.

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