Day 2, April 22, 2017: Afternoon Session – 5:00-6:15 p.m.

News Startups and New Business Models: Innovation in the Search of Sustainability

Chair: Aron Pilhofer, James B. Steel Chair in Journalism Innovation, Temple University

- Jim Brady, Founder and CEO, Spirited Media (BillyPenn.com/TheIncline.com)
- Tom Grundy, Editor-in-Chief, Hong Kong Free Press
- Juan Luis Sanchez, Deputy Director, ElDiario.es, Spain
- Janine Warner, ICFJ Knight Fellow and Executive Director, Sembra Media
- Li Zixin, Founder and CEO, China30s.com, China

Jim Brady: Well, it’s hard enough to go on the last panel, but following that panel is extremely difficult. Anyway, I’ve changed the name of the conference, because we all know that’s really what it is, right? [Slide shows: Spirited Media, Reimaging Local News, The Rosental C. Alves International Journalism Rave, Austin, Texas, April 22, 2017.] [laughter] I had ISOJ on there, but that’s so boring. [cheers/applause] We all know who drives this, so I figured what the hell! Maybe it catches on next year. [laughter]

So anyway, Aron mentioned, these are the three sites that we run. And I’m going to focus specifically on events, because we could talk a lot about the overall strategy of what we’re trying to do. And I will give you at least the basics here. And the resolution is unfortunate. Our logo is peeking out of the right there, but we’ll ignore that.

So, the basics of what we’re trying to do is we’re trying to build local sites for kind of the 40-and-under set. And the core tenants of it are, they are designed for mobile, first and foremost. We don’t do popup ads. We don’t do pop-under ads. You know, we’re very clean on the user experience, fast on load, [and] heavy on attitude and voice. We’re trying to have fun. We’re trying to mirror the motions people have in the course of their day. Heavily curated. So, in the cities that we’re in, if there’s a good story that will be of interest to our audience, we will put it in our front page stream regardless of whether we wrote it or not, and the link straight off to the original source, and not rewrite it, because we’re trying to serve our readers, period. We’re not trying to serve our readers our stuff. We’re trying to serve readers anything we think is of interest.

We’re all local all the time, which I think is an underappreciated advantage, when every single thing on your site is about the city that you’re covering, which a lot of
people cannot do because of the legacy responsibilities from other platforms. We’re heavy distributed [on] social. I’ll talk about events a little bit here, and it’s largely the reason we do events is that last bullet, is we’re really focused on building deep relationships with consumers both on platform and off platform, because we think that’s the future of a local business model. [It] has to be a much more intense relationship with the reader than I think a lot of media organizations have right now with their organizations.

The mission is pretty simple. We feel like we need to build news brands at local that people love. Like, it’s not.... The joke I keep making [is], it’s a lot harder to monetize like a golf clap than it is like real passion. Like if people respect what you do and they think it’s kind of nice, you’ll probably get some money out of them. But if they have a real passion for what it is you’re doing, you can build a business off of that. So, the old relationship of, “We’ll kind of report from the outside and hope that you buy us because you think we do good work,” has to still be a part of it, but it’s got to be a deeper connection than that.

And I think the key for us is this. I mean, we do not do anything for page views. I mean, obviously, we like page views, but we want to get page views the right way, which is we want.... We don’t paginate, as I said before. We don’t do slideshows for the sake of slideshows. We don’t auto-reload any pages. We don’t, as I mentioned earlier, don’t aggregate. We don’t rewrite other people’s work to try to take a page view on the way through. The whole idea of the site is, it’s gotta be easy for you to use. The concept we think of when we build the site is, it should not be about time spent, it should be about time well spent. It should be, if somebody gets in and out of the site in 20 seconds and gets what they want, I’m fine with that. I’d rather that than [them] spending 90 seconds looking around for something and being kind of pissed off when they don’t find it.

So for us, it’s all about serving the reader’s need as quickly as humanly possible. And so we don’t care about page views. What we want to do is build the passion and build the connection by doing the events thing. So, our business model needs to reflect that, because who wants to spend their day chasing page views and impressions all day that are beyond what you can do in the normal course of your business? We didn’t want to do that. So, if it’s hard enough to monetize a national business via display advertising, you sure as hell better not try to do it at a local level, because you’re dealing with fewer people to begin with and a group that’s probably equally willing to be angered by a lousy user experience.

So, we started with the idea that events had to be most of our revenue. So, why events? Right? None of these are probably surprises, but for the generation we’re going after, the sort of 40 and under.... And I’m sorry the ‘m’ word is on here. I try never to use the word millennials. But this is what the survey was—focusing on millennials. I think it’s kind of a profanity at this point. It’s such an over-used word. But this Harris Interactive Report from 2015 had some interesting data in it, which said, “More than three-quarters of millennials would choose to spend money on a desirable experience over buying something desirable.” And that sort of sums up
the phrase you see a lot in research about that younger generation, which is they prefer experiences over possessions. So good, let’s give them experiences.

More than half say they are spending more on events and live experiences than ever before. Almost three-quarters say they’d like to increase their spending on experiences. And more than three-quarters say their best memories are from an event or live experience. And 69% believe attending live events and experiences connects—makes them more connected to other people, the community, and the world.

So, that starts to connect the passion to the sites that we’re trying to build. And again, there’s a few more surveys, things that are interesting. This one is from Splash in 2015, which is 56% say the reason they signed up for a brand’s email list is because of an event. And that means you came to an event and we asked you to sign up, or you signed up because you wanted to get information about an event. And two-thirds of millennials said the reason they followed a brand on social media was because of an event. So, it’s a way to build a level of relationship. It’s just a lot harder to do within a relationship that’s screen-to-screen.

And again, this is, what’s the main reason you chose to go to an event? Almost three-quarters said “The topic, speaker, music, entertainment,” 56%— “Networking,” 53%— “Free booze or food.” That would have been 98% if it was only journalists polled. [laughter] 47%— “Free stuff or swag.”

So, and I’ll talk a little bit about our events. The irony is, [of] our events, the only one of these four that we generally don’t focus on is #1, which is we actually don’t do a whole lot of programming. We actually have found that actually just putting a lot of people in a room who want to meet each other and getting out of the way is a much more effective event than having speakers or panels or something that’s going to occupy a lot of the time.

So, couple of subtler benefits of doing events. Unlike online advertising, it deepens consumer connection to the brand. And it’s... Online advertising, let’s be honest, at best, it’s a quid pro quo. You tolerate it because you want to support the work of the site that you’re on, but no one ever says, like, “I wish these stories weren’t here and I could just see all the ads.” Right? This is not really what people say on media sites. But if you can have somebody come to an event, have a great time for 90 minutes, two hours, and walk out talking about what a great time they had, you just made money and you’re sending ambassadors back out there into the world. They like you more than they did when you walked in, and you have more money than you had when they walked in. So, it’s a nice way to not cut into the loyalty of your audience.

So, less subject to broader economic shifts, certainly, recessions will have an impact on events, too, but less so than they will on advertising. They also... One of the things... I’ve been doing local for a long time. One of the things I get tired of hearing is that local doesn’t have advantages [of] national scales. There’s so many things national can do that local can’t do. One of the things that national can’t do
that local can do is take advantage of the fact that your audience is physically around you all the time. You can actually amass them in places and build revenue and loyalty off of that. We don’t talk about that enough. I have, you know, we have three-quarters of a million people who read us in Philadelphia on an average month. And most of them 70% of them are in the Philadelphia area, so that’s an awful people that I have access to in a physical way that can help. And I think we need to think more about why that’s important.

And then, the precise timing of events can speed up decision making. When you’re a news site and you’re a startup like we are, one of the hardest things to do is get people to spend money with you, because they want to watch and sit, you know, watch you for a year before they buy any advertising. But if you have an event that speaks to people that they want to reach, and that event is on a specific day, they have to decide whether to spend money with you much earlier than if you’re just waiting for them to get around to buying advertising for you.

A good example of this was Comcast [is] obviously a huge Philadelphia company. Right when we launched BillyPenn, we had an event that we celebrated some of the hotter, younger, kind of, up-and-coming entrepreneurs in Philadelphia. And they wanted access to those people, so they sponsored an event four months into our history, which we never would have gotten advertising money from them that quickly, but we had something of interest to them, and it forced a decision more quickly than normal. And now, we’re in a position where we get a fair amount of business from them.

So, the summary. We did more than 70 events in 2016 across.... This is just for the two sites, because we only had.... Denverite just joined our company about a month ago. And they’ll do more than 100 in 2017. 86% of the revenue in 2015, 65% of the revenue in last year. This year, it’ll probably be in the 50’s, but that’s only because we’re making more money on organic advertising growth. We’re not forcing that growth, but we just have more traffic. And as a result, we’re making more money in advertising.

So, one of the questions that comes up is, what kind of events do we do? Some of them are simple, right? Movie nights where you show a movie that’s related to that particular city and you get people to come throw a couple of bucks in to see a film. We have beer tastings, trivia nights, watch parties around major events. All the sites that we have did parties around the three presidential debates. And just had people come out, sit around, watch something together, have a communal experience. Get to do some branding for your site, get the word out about what you’re doing, and make a little money in the process. Did a scavenger hunt in Philadelphia last year. We’ve done tailgating parties at Pittsburg Pirates opening day and Philadelphia Eagles.

But the main ones are these next events that are listed at the top of this. Who’s Next is just a simple concept. It’s taking the “40 under 40” kind of thing and doing it every single month. So in Denver.... Well, we haven’t done Denver yet, but in Pittsburg and Philadelphia, every month, we pick 15-20 people under the age of 40
in a particular category—health, education, entrepreneurship, philanthropy—and we just name our list of who’s up and coming in that segment, and then we have a party for them. We give them a plaque and we honor them. And we sell sponsorships around that. We sell food sponsorships, drink sponsorship, an overall annual sponsorship. And then once a year in each city—we’re actually doing it in Philadelphia next Wednesday—we have an event where we celebrate the entire year’s worth of Who’s Next folks that we’ve put in there. And we always are able to sell sponsorships against that, because there’s always somebody in that category who wants access to the people who are the up-and-coming people in health and education, entrepreneurship, period.

So, that’s a very quick kind of summary of what it is that we do. And I’ll be very glad to answer Jeff Jarvis’s question later. [laughter]

[Applause.]

Tom Grundy: I know this is the big finale about sustainability and all the answers, but I should warn you now that we are not quite sustainable yet, so I’ll see you later. [laughter] We’re getting there. And I’ll share some of the things we’ve learned the hard way, anyway.

So, for a decade, I avoided journalism because of the uncertainty, the low pay, the broken funding model, thinking it would get better, and of course, it didn’t fix itself. So when I turned 30, I quit my job, I applied for Hong Kong residency, started a journalism masters, and ended up cutting my teeth reporting freelance at the 2014 Pro-Democracy Umbrella Movement protest, which you may have seen in the news. Three years later, we have a news platform which has raised almost half-a-million-dollars from the public. And during our last fundraiser, I was coming to work with like piles of checks on the desk from supporters. One reader sent us a winning lottery ticket. Others have thrust cash at me in public. Please don’t do that. I know there’s…. We’ve had folks show up at the office, you know, to donate gear even.

So, Hong Kong Free Press was founded in 2015 as a direct response to the press freedom issues in the autonomous city of Hong Kong, an ex-British colony. And it’s traditionally been a hub for freedom of speech, freedom of expression, and press freedom in greater China. We’re an independent, non-profit, English-language news source with five full-time staff. Founded to fill the gap between English and Chinese journalism and to tell the Hong Kong story to the world.

But I guess in this region it’s impossible to talk about funding without also talking about politics. So in recent years, Hong Kong has seen a bit of decline in press freedom, physical attacks on journalists, an editor literally axed in the back, book publishers kidnapped from the streets into China, the rise of self-censorship among journalists, advertising boycotts of papers critical to China, and media ownership issues as well.

There’s a lot of media in Hong Kong. It’s still quite print-centric, and titles tend to fall on the pro-democracy to pro-Beijing spectrum. At one end, you have papers
that are outright owned by the Communist Party or Chinese conglomerates or tycoons with business interests in the mainland. And there’s very little on the pro-democracy side; nowadays, the more liberal, progressive side. Although, you have seen a blossoming of more critical Chinese digital media outlets in the years since the occupied protests.

There’s also very little middle ground in terms of size. You’re either, you know, a huge news operation with 300-plus reporters, perhaps, and you have a big tycoon behind you, or you’re a small, scrappy startup with 5-10 journalists and you get by funded by the public.

We’re now seeing about a million page views a month. 60% of readers are coming on a mobile device. And unsurprisingly, we’re censored over in China, of course. We’ve published over 7,500 news and comment pieces in under two years. We have award-winning local and national reporting on issues which tend to be missed elsewhere. And we’ve got a lot of attention in the international media, as I suppose, like a news hook for telling the press freedom story in the city.

We’re now the number two English newspaper in Hong Kong on social media. First for Facebook engagement growth and on all social media networks and platforms, of course. And we measure our impact not just through traffic but how we’re picked up and cited by other media as well.

We’re a pretty unique workplace in that we share contacts. We rarely have deadlines. It’s all quite equal. And we keep costs down by using free digital tools, like, Trello, WordPress, and through automation and partnerships with other media who can do things we can’t. We’re also very lucky that we don’t have to pay for office space, which would be killer in Hong Kong. Highest rents in the world. We share with a digital radio station.

We’re limited by guaranteeing non-profit company, because media aren’t allowed to be charities in Hong Kong. So, the pressure is off in terms of making millions. We can do our fundraising and then concentrate on the job. And we have a very simple structure. It’s quite flat. We run on a budget of about $15,000 a month.

So, we’ve done a few crowdfunding rounds, and no matter how much we ask for, we always end up raising about $75,000. In our first round in the midst of the Umbrella Movement, we raised $75,000 when we were asking for $19,000. We thought it would be a much smaller thing. More of an aggregation sort of effort. But we ended up 392% funded through 740 backers. And most of them were giving $65. We had merchandise. You could opt in to have a thank you on the website if you wanted it. But we were caught totally unaware. You know, we were all fresh grads, but clearly, our readers wanted more. And we became the most funded, fastest funded crowdfunding campaign of anything in the city.

So, we operated for a month behind the scenes. The cost of setting up, as we’ve heard this weekend, you know, was next to nothing. Those tools have sort of been democratized and are available to everyone. And after we did that, a couple of
months later, Fact Wire, a similar Chinese investigative news unit, they went on to raise $500,000, so I thought, damn, we didn’t ask for enough money. So six months later, we asked for $250,000, and we raised $79,000 again. [laughter] And the average was about $65. So a year later, last winter, we learned our lesson, and we asked for $70,000. [laughter] We promised to invest more in original reporting. We ended up raising, yeah, $74,000-and-something. [laughter] Again, most gave $65.

But this time we dropped the merchandise except for the very high donors. We had an annual report and a transparency report, so readers could see exactly where their money was going. We posted updates. We threw some money at a very slick video, which paid for itself within a couple of hours. It was really worth it. And included direct appeals from our staff. And throughout all of this, we had ongoing fundraising and one-off or monthly donations, which by the end of last year had earned almost $225,000 since we began.

So, we’ve been trying enable a diversity of income streams in the hope that the pennies add up to pounds and pay the bills. Though, there is no magic bullet, and none of these things on their own are going to solve the problem. We’ve seen just over $90,000 in offline donations, like transfers, checks. Google Ads brings in about $1,500 a month. Direct ads, advertorials, we got a new rate card just a month ago. I know a lot of news outlets here are reliant on advertising and they’re trying to move to a model like this with crowdfunding and monthly donations. We’re trying to diversify, so we’re actually getting some advertising, too. Events, unlike our first speaker, have not really worked so much in Hong Kong, if only because of the lack of space and the cost of it. And we’re setting up merchandise sales. Bitcoin are flat, We have very small amounts from that, too.

But the things that we’ve learned the hard way. First of all, we make it personal. We have direct appeals as you saw from our team. We use all platforms and all formats, especially video. We are accountable. We explain our work. We answer questions. We kill our enemies with love, so readers may not have news literacy and understand why we do what we do, but we are responsive, and we’ve converted some of our worst critics to donors by inviting them to the office and actually showing them what we do.

We’re transparent. We show carefully how we spend each cent. Put out a transparency report each year. And we keep it positive. So, we’ve had make or break fundraisers where we’ve been on our deathbed, but we keep it cool. Because advertisers and readers don’t particularly want the gory details. They want something more inspiring.

And we’re smart with timing. We’ve learned when to hit the accelerator and when to back off. So when we have our very big annual fundraising, we’ll kind of get out of people’s faces for a bit. And then when we do really good work, like covering the so-called elections a month ago, we will talk about, you know, “If you’ve enjoyed our coverage and our hard-working team, please think about supporting us with a one-off or monthly donation.”
Our next task is to nudge more readers—we’ve 100-or-so at the moment—to become regular monthly donors. And we’re rolling out a new payment system to make it as easy as possible. So, we want to have as many channels and for it to be as easy as possible for our readers to donate.

Crowdfunding, I don’t think, will save the day. And I don’t know how many times we can keep going back to the well, but I’ve some confidence that if we produce good journalism, keep the cost down, look after our team, remain accountable and transparent, and explain how we work, we can resist commercial and political pressure and convince people to support good journalism.

Thank you.

[Applause.]

Juan Luis Sánchez: I am the second Sanchez of this program, [laughter], which I find wonderful that a Chinese guy is called Sanchez. That’s wonderful. So, thanks to Professor Breiner, because he also mentioned us in a previous panel about new business models, so you have a hint about what I’m going to say.

But I’m presenting this project. The idea of it is, if you look at us, our front page, nothing strange. We have an agreement with The Guardian, translating their international news into Spanish, but beyond that, normal front page, right? Well, let me tell you the story about us. We started four years ago—four years and a half. So, this is us four years ago, almost five years ago already. And we were in a tiny flat designing the product and building a community. We were two people designing the product and the community. Two journalists, more or less. We had especially the Editor-in-Chief, Ignacio Escolar, a very well-known community as a journalist for political information. We started working, filling in the gap for a lack of credibility and representation of a lot of people in Spain regarding information, political information. So, we were two at the beginning. Then, we were ten people the first day that we went online. And we were, you know, on our own. We had no big investors, no political favors, not even a loan from the bank. No business deals, no venture capitalists, no money. Some friends, family put in some savings on it.

2017, here we are. We are now more than 70 people, almost 100 considering the local associating newsrooms that we have around Spain. 70 people in the central newsroom in Madrid. We became a major reference for political, social, human right issues, cultural, technology. Political issues are crosscutting around our content. And we have impact. We manage to have a huge impact. We are now going over the 7-million unique users per month. We are very proud of our figures, because we made three records in a row the past three months. So, we made it. We got a lot of impact in political debating in Spain. We don’t do Kardashians—[laughter]—or cats. I like cats, right, but it’s just we don’t do content about that. But we use the kind of techniques, the kind of lessons that we can learn from, from internet language to inform in a better way about political issues.
So here we are, 7th in the rank of ComScore last month. If you look around us, you will see big media groups, people with a lot of money or initial money. We are not.... We don’t have an investment to regain. It is just what we have, we spend it. And actually, we are the second most read pure digital in Spain, after El Confidencial, which is just above us.

And we are profitable. We are sustainable. We also made this work economically. We’ve been gaining money. This is probably little numbers for a lot of big groups in the room, but for us, it is quite okay. If our budget is three-million, four-million next year, euros per year, these numbers of profit are very well considering we have been hiring people, raising salaries from the bottom up, and making investment for improving our product. So, we made it also in the green numbers.

So, how do we get the money? How is our business model? We have advertisement. We have.... But I share with you—with all the panelists, actually—the concern about the future of our advertisement. So, from the very beginning four years ago, we planned to do something different. And I want you to meet a couple of persons in this video. They are Juan and Patricia. [Video starts. Juan are talking to each other in Spanish. Mr. Sánchez talks as it plays.] They are two of our socios. You can call it members, friends. They are paying €60 every year to support ElDiario.es. They are paying money [to] protect our independency. They are paying money to prevent our media is captured, as other media are captured in a lot of countries, as you just said and talked about in the previous session. So, they are paying to be our partners in crime in the social mission which is journalism. They are talking about why they are members. [Video stops.]

But the important thing here is, we have already 20,000 socios. They don’t pay again. They don’t pay to read the news, they pay for the news to be revealed, to be independent, to be spread. So, we don’t have [a] paywall. You don’t build a wall between you and your friends. This is not Trump related. [laughter/applause] So, we are building a community. We are engaging with the reader. We are understanding the reader. We are trying to give the politically concerned people in Spain—the progressive, new generation in Spain—something to talk about and a media that can be related with.

So, they pay this amount, €60 a month—sorry, €60 a year—which is no money actually. They can put a little bit more if they want to guarantee our independency. This is our core of evolution in members. They are already 35% of our incomes even when we had a huge bump up in audience. So, even when the audience is so high and so little time, still the rate of growth of membership is even growing faster.

We don’t get the money and run. We are building a community. It is not a subscription. They don’t pay for a product. They are paying for a project to exist. So, it is not a client/provider relationship. It is more than that. So, we do things as feedback. You know, we don’t get the money and just run with it. So, we send them some magazines, three, four times a year. We publish our economic figures, how much the CEO Ignacio Escolar and Editor-in-Chief is earning, how much the
person, the regular editor in the newsroom are earning, etc., etc., and they don’t see ads while surfing ElDiario.es.

That is not only a key for business, it’s also a key for editorial content. We can do things not only because of the clicks, not only because of the audience, not only because of traffic. We can do this little Telegram group. How many of you use Telegram here? Whoa. OK, you can check it out if you read Spanish. And we have 15,000 people there. Obviously, when I send a link in that Telegram group, it is not—I’m not receiving a lot of traffic as a feedback, right? But I’m building and nurturing a community there that at some point can become a member of ElDiario, or we can investigate during the year the death of some migrants in the southern border of Spain. Yeah, it is not going to be the most read article, but it is going to be very taken into consideration when people are thinking about what journalism ElDiario.es is doing.

So, what changed? I mean, I tried this same model with other colleagues in a previous project, this membership model. What changed? Well, we took technology seriously. We are doing a lot of different things in order to understand our audience, nurture our community, and ultimately are fundraising in that community. We are trying to implement sophistication, not only call to action. Because journalists tend to think—we tend to think that our job is so important that, yeah, money will come. It is not like that; otherwise, big NGO’s wouldn’t invest any dollar in marketing and fundraising.

So, we are building our next step. We prepared during this year our CRM for membership-based or community-based projects, independent projects. We’ve received some funds from the Google DNI round, first round. We were highlighted as the most interesting project of their first round. And we are developing a tool that helped us to sophisticate this membership model. And the good news is, this model, this software is ready to share, so if some of you want to use that tool, we can talk later.

And as a final sentence, don’t build that wall, build the community. Gracias.

[Applause.]

**Janine Warner:** I have some fantastic friends in this room! It has been so inspiring to watch journalists from Nicaragua, and Venezuela, and Serbia, and Russia talk here in the U.S. about their experience. We have much to learn from them. Today, I’m going to talk about a study we’ve been doing about digital natives. But first, I have to start by thanking the gentleman here at the center of this room—[cheers/applause]—who is absolutely.... 20 years ago, I met this man, and you have inspired my work ever since. But Sembra Media, which I had the great honor of launching with my Co-Director Mijal Iastrebner, a year-and-a-half ago, is so inspired by you, your moves, and the Knight Center. Thank you. Thank you. And to the other board members here, Maria, Patricia, James, and Neil, we couldn’t do without you. You are our early first supporters.
I also have to thank the team. Over the last year-and-a-half, I’ve been incredibly honored to bring together a team. Mijal and I work full-time on Sembra Media. She really focuses on the team, but we have brought together the superstars of digital media. They work part-time for us. They work more than full-time on their own digital media sites. But it is their diverse experience that’s helped us to really research this market.

Over the last 18 months, we have discovered by researching, by very carefully studying more than 600 digital media sites that meet our criteria. We’ve put them into a searchable directory at SembraMedia.org. And you can go there and filter by country, but content type, and many other factors. You should know this does not represent every blogger in Latin America. We have a very strict criteria that we publish in English and Spanish that we developed as a team. You have to create original content in Spanish. You have to do it regularly. And you have to have some level of transparency that lets us verify that you have more than one source of income and especially that that one source is not just the government.

In that context, I was especially interested to see that these are not just new media. I think there’s a misconception that there’s some kind of new thing happening in Latin America. And certainly, it’s been accelerated in the last few years. But if you look at the first ones, they started in the mid-1990’s. There are several digital natives in Latin America that are more than 20 years old already. And more than half of the 600 in our directory are more than four years old, which shows that they are already getting beyond that really big hurdle of the first couple of years of entrepreneurs.

In that context, I got to meet Felipe Estefan from Omidyar. And he said, you know, “We’re thinking about hiring somebody to study business models in Latin America.” And I said, “Oh, oh! We could do that!” And with their incredible support, we looked very deeply into Argentina, Brazil, Columbia, and Mexico. 10 researchers spent two hours each on 100 digital media sites asking more than 130 questions about what works, what doesn’t work, what they’re doing well. And it really complements our study.

For those of you who don’t know Omidyar Network, they’re kind of a hybrid, a philanthropic investment organization. They support for-profits and non-profits, and they’re increasingly supportive of journalism. If you’ve been hiding under a rock, maybe you didn’t hear that they recently committed $100-million to supporting journalism and the combating of fake news around the world. It’s an honor to work with them. [applause]

When we selected these 100 sites, we tried to get the best in these countries, but we also worked very hard to get a representative sample. So, they’re not all the big, giant ones. We also have hyperlocal and some niche sites in there, just to make sure that we were really studying the full market.

By far, the biggest headline of all of it was women. [cheers] 60% of the founders of those 100 sites were women. And 40% of all of the founders we studied were
women. Women, if you are struggling with the glass ceiling in your news organizations, my best advice is build your own house. [cheers/applause] To put it in context, even across the 600 media sites in our directory, more than 37% are women. And to put that further in context, a recent study in Mexico found that ownership of television and newspapers—all the traditional media in Mexico—less than 1% are owned by women. These numbers really are striking.

And just to put a light on some of the women who are here: Natalia Viana from Agência Pública. You can clap if you want. [applause] Juanita León from La Silla Vacia. [applause] These are leaders and models who are generously teaching other people what they do. Elaine Días, [cheers/applause], represents us in Cuba. And I should clarify that we have been studying Cuba. These are very preliminary results. We couldn’t go quite as deeply in that country for reasons I don’t have to explain to this audience. And we’re not ready to release them. But I want to give Elaine credit for being able to research, do research, in one of the more complicated countries we work in. And even just to have been able to create her own digital media site there. For those of you who haven’t seen, this used to be her profile photo until very recently. [laughter] She gets Wi-Fi from the public park across the street and with her window open and her computer balanced in the window, she can almost get Wi-Fi most of the time. This is what it looks like when she’s waiting for Wi-Fi in Cuba.

One of the most striking things is that nearly all of the 100 founders that we talked to said that their primary motivation for creating a new digital media site was creating an independent voice in their country. You’ve heard that over and over, but we found that across the board. It is the number one incentive. It’s not because they’re being laid off. It’s not because they don’t have anything else to do. It’s because they want to make sure that people are informed and that the polarization and the control in their countries is balanced by real journalism.

They’re covering lots of things—news, narcos—but they’re covering underserved communities too—gender issues, indigenous groups, LGBTQ—things that other media traditionally have not covered, and it’s part of why we support their work.

Content rules for these digital journalists, often at the expense of business. On average, about 23% of the team are working on content, two on technology and one is trying to raise enough money to support the rest of them. In 40-some-% of the cases, that one is also the founder doing everything else. This is something we’re trying to change.

They are doing exceptional journalism. They are winning awards in record numbers now. Last fall, at the Gabriel García Márquez Awards, all of the winners in that contest were digital natives. When the Pulitzer Prizes were announced recently and the Panama Papers were included, several of our team members and the sites on our directory worked on that project from the beginning and share in that award.

They’re doing serious journalism. And they’re breaking stories that other media in their country can’t break. And what we’re finding is that they’re doing original
investigative work and they’re investing tremendous resources in it. And they’re
doing stories that other media because of government control or limitations or
restrictions can’t. But once they do, they’re getting picked up. So, after they break
these stories, they start to get picked up by traditional media. And not only in their
own countries. Two-thirds of them said their work was getting picked up in
international media. And again, we can track that, because this is original
investigative work that shows up later in international press. They’re having an
impact.

They’re making a little money. On average, about $200,000. That’s because there
are some outliers like ElDiario pushing the limits. Thank you. You’re a model to us
all. But the median is around $45,000-$50,000. It’s not enough to be sustainable
forever, but they’re starting to figure it out. And they’re starting to get smart about
it. Ten reported no media—no revenue at all. That’s another thing we’re trying to
work on.

Those of you who are entrepreneurs, it’ll be interested to see banner advertising is
still really important. Native advertising and branded content coming up strong. We
think this is a great opportunity, if you have the right policy and you do it carefully
to protect your journalism. Google Ad Sense—thank you, Google—training services,
events. Further down the line, you start to see grants and donations, which we
think is one of the most important things moving forward.

This is important, because one of the most common methods of retribution against
these folks is governments withdrawing advertising. In Mexico, the largest
advertiser in the country is the government. And there are literally hundreds of
digital natives in Mexico that are not in our directory. Because if that’s your only
source of income, we want to help you diversify first.

Our mantra is “Diversified revenue is how you have strength and independence.”
Chequeado is our model for that. If you go to the financial page on Chequeado, you
will see, “To guarantee our sustainability and independence, we have a diversified
revenue strategy.” They have shown that you can make money and do the best
journalism in the world. Laura, you did a fantastic job yesterday in your
presentation.

This is why when I do seminars on the 12 ways to make money with your digital
media site, I teach everybody the money dance! When I talk to other people who
work with entrepreneurs and I say, “The first thing I have to do is convince them
that money is not evil,” they think I have a really hard job. But in the middle of my
seminar, I make them do a dance that’s about imagining what they’re going to do
to celebrate money when they make it, and it really helps.

20% of them are getting grants. It is a misconception, I think, of many people in
this room that there’s more grant money out there than there is. Across all 100,
when we look deeply, they only got $1.3-million. And these were the best in their
countries. There is lots more room for investment. And those grants are not only
coming from the U.S. We’re seeing more and more European influence there and donations from European foundations.

They are *muy* mobile. No surprise to anyone that more than 50% of their traffic comes from mobile devices, but I find this really heartening, because as we see the digital divide get filled with new kinds of technology, mobile is the way people are coming online.

Social media is important! All of them use Facebook. Most of them use Twitter. Kind of interesting to see Snapchat at the bottom of that list and Telegram coming up in importance. That’s about communicating securely with each other and their audiences.

There are some fantastic outliers. Quebrando o Tabu in Brazil has more than 7-million likes on Facebook. And they are not alone. Many of the sites in our directory are in the millions and millions of Twitter followers and likes.

But they are vulnerable. They are under attack. 45% report that they’ve had threats or actual violence. 50% have suffered cyberattacks. And they’re being attacked by auditors! In Argentina and Mexico, historically, they’d just get hit with an audit that went on forever. In Brazil, we found a site, Congresso em Foco. After publishing the expense reports of their government officials, they were hit with 50 lawsuits. To date, they’ve won 48 of them. Two are pending. But I don’t have to tell you that is a huge expense for a small organization and a real vulnerability that we’ve discovered in our work and our research, even worse than we thought it was.

So, I’m going to end with some keys to survival. What we think all of us need to do to help these folks. First, money, investments, grants, donations. If you have money, give it to them. They will use it wisely. Business training. That’s something we’re really focused on—trying to help them develop those business models and use our research to train them. Bail money. If you don’t know what bail money is, because English isn’t your first language, that’s the money you use to get out of jail after you’ve been arrested. Self-defense training. I’m serious. Technical support. Help with recruitment. Journalists are not very good at hiring and managing sales people. We’re trying to figure out how to supplement that for them. Moral support in the community.

That’s really the heart of what we’re trying to do at Sembra Media. We started as a research organization. We spent the last year-and-a-half trying to understand and humbly study this market—what’s working, what’s not, where are the best practices to share. Now, we’re going back with training. We’re launching an online school. We’re starting to have events to turn that directory into a community. And we’re looking at ways to develop shared resources and negotiate better deals, so you guys can save money and use that money you make more effectively.

I want to end by thanking this amazing team that helped make it possible. These are the folks that actually worked on this deep study. Expect more. This is just the
preliminary report. We’re just hoping a little buzz comes out today. But we will have much more information in the future.

Thank you all. We love partnering. Please, help us help them.

[Applause.]

Li Zixin: Thank you. It’s a great pleasure and pressure to make the last presentation. [laughter] Yeah. I want to tell you a little bit more about me. I cover many elections in different countries—U.S., Russia, France, U.K.—and I interviewed many celebrities. I interviewed John [?] at his home in D.C. I interview Scott Walker, the Wisconsin governor. I interview Drew Faust, the President of Harvard University. Interviewed Kasparov, the world chess champion, who is now an anti-Putin activist. After interviewing all these celebrities, I found them—they are kind of talking about a publicity. They don’t tell you too much truth, you know. [chuckles] So, I think it’s time to focus on ordinary people.

Because when I returned from London back to Shanghai, I think, why all the cover of magazines are all celebrities, but no ordinary people? In China, we have a large population of 1.3-billion. But why no one can be on the magazine cover? I think for me, I’d really love to explore more stories for ordinary people. So, I founded a platform called China30s, because at that time I was 32. So, I think, yeah, I would like to—I’m so curious to know more stories about people who are my same age.

So, at that time, I was doing this part-time, and then we embraced a new era in China. My friend, Sanchez, yesterday, already told you, there are 800-million mobile users in China. So now, China already into new era of digital. It’s totally different from here, because all Facebook, Twitter, Instagram, even Pinterest was recently banned from China. So, we have this gigantic, super app, WeChat in China. You can order takeaway food through WeChat. You can order Uber with WeChat. You can buy movie tickets through WeChat. You can manage your money. You can talk about job. You can chat with other people. All in WeChat. So overwhelming, right? But this is the way. 90% of our readers reached through WeChat. No one browse your website now. No one. Websites like a garage at your home. Just put in your material. [laughter] Yeah.

So, we had to deal with the new era. And then, stories are largely used for selling products online. They tell you a video[?] to move the story, and then in the end, they provide you a link to sell insurance, to sell mobile phone. Because in China, as you know, we cannot talk too much politics publicly. So, we don’t have a habit of a sound system of journalism. So, people are so comfortable without professional journalism. So, no journalism in China is okay. Can you imagine? But we are so adapted. So, we are in a situation [of] entertainment to death, gossip, love stories, interesting top stories, sensational headlines. So, these are our work. So, we are quite happy with that.

So, for the non-fiction stories, now is the feature story, because the traditional media collapsing. They don’t have enough money now. They cannot support you to
do a feature story in three months and then come up with maybe 10,000-word story. So, the new platform, websites, and some other digital media, they try to produce some. I think in China, people still like stories. And then some of the VC money. They try to sell these fictional—or non-fiction story into movies, because this make money. So, content and story are [what] we call intellectual property, IP. This comes out. It’s quite popular in China but journalism is not. Even maybe the young kids, they don’t know what the news is about. But we are quite happy with that.

This is the stream of our content, because under the wreck of journalism, it is our playground which inspires many, many new things, than here even. So, this is my, my, my toys—[chuckles]—in the playground. So, my independent platform [is] called China30s. The meaning is that, actually, I define the young people in China, 20-something, 30-something, as the sandwich generation. They are in the middle. They are under the high real estate price. They are under the idealism and also the reality. So, they’re kind of in the middle. And we make it into a platform, independent platform, to have people to tell their own stories.

As I mentioned, in China, we have so many stories to be told. So, actually, we record the stories. We promote writing as a lifestyle. We develop various writing products. So, this is our feature story. So, this, you can read many trendy news and stories of the Chinese young people, especially such as the “slave of cats.” Means that the people who raise their pets. They call themselves, they say, “I’m the slave of cats.” Or, slaves of dogs. And then the young people, they don’t want to work routinely. They just want to make something interesting, do some interesting job. So also in China, we have an education frenzy. All the middle class, upper middle class want to send their kids overseas to America, to the U.K., so conditions…[unintelligible].

So, this is kind of a symptom of the era. So, we record this. And then, this is actually a project we call “Cocoon Break,” to have ordinary writers to be a published writer. It’s like a silkworm breaks through the cocoon and then becomes a butterfly. So actually, we have them to…. This is their collection. So, anyone, if you can read Chinese, I can send it to you. [laughter] Yeah.

And then I can share you some of the stories inside. This man [Liu Wen] is a businessman selling mobile phone in Africa. He hires American to come to major in Zambia and Uganda. He wrote about the story…. Sorry. They wrote about a story of how he managed to do business in Uganda.

And this man [Wu Nan] is—he’s a fighter plane engineer. Sorry. But he’s gay so he struggle within the system. So, how can he deal with this identity? Sorry. Some problem.

And this man [Wu Yue] is heart surgeon in Beijing. He wrote a story about young kids suffering heart disease, and then he raised money through his stories. Raised more than 1-million Chinese Yuan. So, all these vivid stories are changed through our project.
And also, we did about some of the new products. This is a product people need to pay us in 30 days. It’s like gym, if you’re paying a gym, and then every day you write 300 words. If you don’t, then you fail, right? So, but if you succeed, then we can make all your writing into book or we can send you gifts. So, this is the way we design our products. This is only one of our products.

And then, we also offer many online writing workshops. So, we have different subjects. Even if you are housewife, you can find how to rescue from your look on life. Your housewives also like to express themselves, right? Also, some different stories. We offer the first tier of the writers in China to teach them. Mostly online. Because China now is experiencing online education as popular. People like to pay like about $100 to learn four-to-six weeks lesson.

And then, we also combine workshop with lifestyle—to travel to some of the sightseeing spots to do a three-day training. We also travel to Taiwan even. So it’s a combination of our products. And we also have an immersive writing theme festival. This we are doing next month, this year. So, this is to promote writing as a lifestyle. So, writing plus a tech talk. Writing plus drama. Writing plus some of the experimental interactions. So, this is to really make the young people think writing is not far away with them. Writing is, every day you can write something. Even...[unintelligible]. And then 30 days after, you collect a book, right? So, this is the way we promote in China.

And I have some conclusion here. The traditional boundary of journalism has disappeared. So, there’s lots of potential in “journalism plus something.” Actually, we are so happy to embrace all the different possibilities. And I think UGC—everyone knows UGC, the user-generated content—and PGC is a good model, but we’re trying to explore a TGC, because we teach them. They are a trainee. They are still.... They generate content. We make [it] into books. We make [it] into different outlets.

I think in the future, the journalism organizations should be hybrid. We are a content provider. We are educational institution. We are curated product shop. We’re a publishing house. We do both online and offline. We are everywhere. We are everything. But we.... The core is we own the ability of storytelling.

That’s my talk. Thanks.

[Applause.]