

ISOJ 2018: Day 1, Morning Session

REVENUE: E-Commerce, Events, Membership and the Search for new Revenue Streams

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 - **April Hinkle**, Chief Revenue Officer, **Texas Tribune**
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Alex Clark: So, good morning. It's awesome to be back in Austin, and incredible to be here with Rosenthal and his talented team. It's really awesome what they've been doing here. I'm here to talk about my masters research and also about the funding platform Press Patron. But to begin, I'd like us to consider some of the reasons why journalism is so important. And I know I'm preaching to the converted here, but it's a good place for us to start.

So, journalism helps us to answer life's big questions, the kind of stuff that keeps us up at night. [Slide w/picture of sneakers captioned: Are these sneakers pink and white, or blue and grey?] [laughter] It informs us about things that matter—the issues of life and death. [Slide w/picture captioned: Man almost dies after fish jumps down his throat.] [laughter] It gives us useful life tips, so that we can grow as individuals. [Slide w/picture captioned: Revealed: The shocking ways people get revenue on an ex.] It brings communities together, so that we can learn to understand each other. [Slide w/picture of President Trump captioned: 9 Pieces of Documentation that Vindicate Trump's Claim of 9/11 Muslim Celebrations.] And it strengthens our democracy by helping us make informed decisions as citizens. [Slide w/picture of Hillary Clinton captioned: BREAKING: FBI Confirms Evidence of HUGE Underground Clinton Sex Network.]

So, it is easy to be cynical and it's easy to laugh about how bad things have become. But how did we get to this place? As you already know, the journalism community has been going through a period of unprecedented crisis. To begin, advertising revenues collapsed by more than two-thirds in the space of a decade. Then, readers began cancelling their print subscriptions by around 10-15% each year. When the revenues decreased, journalists were fired. And in the U.S., nearly half of journalists have lost their jobs since 2006.

To make things even worse, online advertising has created perverse economic incentives for low-quality content. Journalists have been encouraged to maximize

clicks and page views with popular stories. And unless we get readers to pay for news again, we're destroying the feedback loop that used to exist between quality and revenue.

So, how can we fix journalism? Thankfully, people are still willing to pay for high-quality reporting about topics that matter. What we need to do is make it as easy as possible. So, for my masters' research, I asked consumers about their willingness to pay for journalism under a whole range of different business models. Quite surprisingly, it turned out that more people are willing to make donations voluntarily than pay for content that is restricted and locked up behind paywalls. So, you don't need to lock content up. You just need to prioritize quality and earn the respect of your audience.

To turn this research into action, I founded a funding platform called Press Patron to make the donation process as easy as possible for both readers and the publishers. In New Zealand and Australia, we now have a community of more than 25 websites. And across these websites, there's a unique audience of about 800,000 visitors per month.

Now, Press Patron embeds directly into the websites of our media partners through a line of code. And once its integrated, it appears as a promotional banner along the top of each page. And you can also embed it as a payment button at the bottom of each article. When the button is clicked, the signup process is activated immediately with a small call-to-action message from the publisher. The supporter then chooses the amount and the frequency of their payment under a model that's completely pay-what-you-want.

You then enter the name, email, and credit card number. And finally at the end of the process after paying, you have the option of creating an account, if you want to manage your payment preferences. You get an overview of all the publishers that you support within the network. And you have full control over your payment preferences.

Now very recently, we started taking the donation data to see which stories are having the highest level of success. And we created this recommendation tool that in real time creates a positive feedback loop. And we're recreating that direct link between quality and revenue. Across our community of sites, we've got a diverse range of sites that include investigative journalism, community bloggers, traditional publishing companies, as well as indigenous media and others.

So, some insights from our launch. We've confirmed that there's a higher uptake than the industry averages for paywalls. The sites that launched about a year ago have already exceeded 1% of the unique audience becoming a supporter, and that's still growing each month. And the most successful ones have been as high as 5%. Half of the supporters are opting in to recurring monthly revenue. And on top of that, the retention rates are extremely high. At the moment, only approximately 1.4% are cancelling each month. And on top of this, the monthly averages are high, so we've got \$11 per month for recurring contributions, and \$49 for one-time

contributions. And that's in New Zealand dollars, so you can see the conversion rate there.

Other insights from our launch, so quality journalism does receive the highest level of support. There's a direct link between investigative reporting and a large boost in donations. And news organizations need to prioritize quality rather than clicks.

So, why do people become supporters? So, a lot of people actually think about the platform itself. The biggest feedback that we get is that it's nice and easy. Why do people donate in the first place? This is a values-based transaction. It's based on the economics of generosity, rather than a traditional transactional approach.

And why not paywalls? It's because people want to support the underlying mission of journalism and people don't actually want to see that content restricted from having maximum impact.

And just reemphasizing what the panel was talking about this morning. Absolutely importance is the core mission of journalism. It's high-quality investigations and other types of reporting.

So, to close, I'd like us to think again—why does journalism matter? And I'm going to use some examples of articles that in New Zealand have had the highest level of success through the Press Patron platform. So, journalism highlights corruption and it holds out politicians to account. It exposes abuses of power. And it gives a voice to the people that have been wronged and disempowered by others. It informs us about issues that matter so that we can find solutions together. And it encourages compassion by showing us life from other perspectives. Most importantly, all of these things empower us to reach our full potential as a society and bring an end to injustices.

If you'd like to learn more about my masters' research or the Press Patron platform, it would be great to have a chat either during the conference or send me an email if you'd like to catch up directly. Thank you.

[Applause.]

April Hinkle: Good morning. Before I talk about the Texas Tribune, I have to share a few things about Texas with you. So, Texas is the only state in the union to have first been a country. And if Texas was a country today, we would represent the 14th largest economy in the world. Texas is big. Small towns, 254 counties, and major metropolitan areas. Texas claims three of the top 10 and six of the top 20 markets in the U.S. And the special thing about Texas is that Texas is a cohesive state. We're Texans first. We're proud to be Texans, and we care about what happens in Texas.

The Texas Tribune was launched in November 2009 based on the decline on traditional journalism. The media had stopped covering our statewide issues. The Texas Tribune is a non-profit, non-partisan news organization. We publish

enterprise and beat reporting, columns, podcasts, newscasts, event, videos, and more, all found on our destination news site—TexasTribune.org. The Texas Tribune has won a Peabody and 13 national Murrow awards. Yeah. [applause] It's pretty great. And many call us the leader in public journalism in the United States.

One thing I should have said—going back to Texas is a cohesive state—it doesn't matter if you're from Dallas or Dimebox, Corsicana or Corpus Christi, we care about our state's biggest issues. And that's what The Tribune covers—public education, higher education, healthcare, transportation, immigration, energy, the economy, and much, much more.

Since 2009, we've raised over \$51-million [to] support an ambitious newsroom. [applause] And from the start, the business model has not changed. It's a diversified one guaranteeing sustainability and success. Foundations, individuals, members, corporations, and other creative revenue sources support the newsroom.

Now, Janine asked me to give a couple of examples. I think there's things that we all have in common. Take digital products—ad banners, voicemail messaging, email messaging, sponsored content, right? But the uniqueness about The Tribune, kind of, I'll give you two case studies.

The first one is licensing of content. As a non-profit news organization, all of the content that we create is given away to other media. We believe that smarter Texans create a better Texas. We do, though, license our content for documentary films, textbooks, coffee-table books, and we have even licensed video for music. In the fourth and seventh grade, Texans take and study Texas history. About six years ago, the Higher Education Coordinating Board in Texas changed the government sequence to graduate from public colleges and universities. Now, all students must take a Texas government course. It didn't take the Publishing Division of Pearson long to get to Texas. And they started talking to professors all over the state. And one thing they heard over and over and over again in every conversation was mentioning The Texas Tribune.

So, we got the call. The first thing we talked about was our polling data. Then we quickly licensed our content to create their first Evergreen Texas textbook. From here, we added online learning labs, based on Texas Tribune current content. Right now, we're developing a next-generation Texas Experience digital platform with Pearson. And two things are important. This will actually go on sale next year. But two things are really important. One is, part of the mission of The Tribune is that we have to embrace the youth of our state, because we know our future belongs to them. This product puts our brand in front of and our content in the hands of hundreds of thousands of college students each year. And here's the thing—the revenue is pretty good, too, especially for content that we're already creating. So, this licensing opportunity with Pearson represents upfront \$280,000, and over the next five years, The Texas Tribune will earn a revenue share from every unit sold. Pretty impressive.

The next thing, I think, that sets us apart as well are events. There's not an organization, a news organization, that comes to our office, whether it's non-profit or for-profit that doesn't ask about our events and how we're monetizing editorial events. The first thing is, from the very start, events were very important to The Tribune and in the original business plan. We believe that people need to come together to discuss—respectfully discuss our state's biggest issues. So, we present these events to bring them together to do just that, from all points of view. Last year, The Texas Tribune presented 62 events. 27 conversations here in Austin, eight around the state, themed-series, one-day-one-topic symposiums—four of those—and a Big Ideas Festival. And they all are editorial events. You come and attend in person. If you can't make it, then the content is streamed on our site in real time. After the event, the video is posted, promoted, and then archived on our site forever. The audio file is also transitioned to a podcast form found on all of our channels.

We have amazing sponsors that support these events. They are free to attend, public record, and open to the public. We create wonderful, general, basic benefits for everybody. Because we don't want to spend our time there. We want to understand each sponsor's purpose for supporting that event and create custom elements around a point of engagement and a direct takeaway. Our sponsors also understand that they have no influence in the discussion or the participants on the stage. They are truly editorial events.

So, the jewel in our event crown is the big Texas Tribune Festival. It's been held here on campus for the last seven years, and this year, we're transitioning the festival to downtown Austin. That will allow us to offer a complete second day of programming. Last year, 2017, The Texas Tribune Festival presented ten tracks, 65 programs. We had 250-plus speakers, 80 sponsors and media partners. And almost 5,000 people attend in person, while over 112,000 viewed the festival online. So, I'm going to give y'all a look at it. Maybe. This is the best part.

[Video plays of the festival. Music only, no audio.]

[Applause.]

And the last thing I will say is that we believe that editorial events—the juice is definitely worth the squeeze. In 2018, our event sponsorship goal is \$1.9-million, and over the course of the festival weekend, we will secure one million of it. Thank you.

[Applause.]

Christina Shih: Thanks so much for having me here today. I'm Christina. I'm with the News Revenue Hub. And let's just dive right into it. I wanted to start with something that Sara Fischer from Axios wrote back in November. She said, "There's no question that the media is facing unprecedented disruption at this moment." And what we found at the Hub is that reader expectations are changing, too. And, you

know, something that was said earlier today, people are willing to support the news that they value and trust, but news organizations have to make the case for it.

So, a little bit about what we do. We help digital news organizations build membership programs and we provide the front-end strategy and the back-end technology to make this all happen. Our strategy is heavily focused on building meaningful relationships with readers, and our tech stack is designed to automate the critical but really tedious tasks that are necessary to fundraising.

And I think our origin story has also been said earlier today, but we were born out of the non-profit space. Our founding team came from Voice of San Diego and Director of Client Relationships came from The Texas Tribune. And when we were at Voice, we created a membership program that made up about 25% of our annual budget. And over the years, people would call us all the time asking, "Hey, what CRM are you guys using?" "How do you run a string campaign?" And we would share advice or best practices, but once the conversation was over, folks would go back to their own newsrooms just really unsure of how to begin or how to actually implement these ideas.

So in November 2016, we took on five digital news organizations. We gave them all of our tools. We walked them through the fundamentals of membership. And we really embedded ourselves in their development departments. So today, we work with 16 news organizations. And our approach has been scaled across this diverse group of newsrooms. And one of my favorite things about the Hub is that no one goes at it alone. Our big picture goal is to solve the problems that the entire industry is facing. So, we experiment, we learn, we research, and we test. And whatever we find is working, we try to scale it across our cohort.

And so today, since we've launched in 2016, we've helped our clients raise \$4.3-million in revenue. \$3-million is money that's in the bank. That's money that they have now that they can use. And then \$1.3-million is predictable revenue. So, if somebody gives \$10 a month, that all adds up. And so for the first time, some of our clients are able to see money that's going to come in July, August, September, and be able to plan for their operations.

We also help our clients increase their subscriber database, as email is a huge part of what we do. And the results are game changing. Whether our clients are non-profits, for-profits, locals, startup, legacy, topical, whatever, all of them have seen results out the gate. And our smallest org you can see raised \$90,000 in their first year, and that's game changing for them.

And so today, since we're talking about different forms of revenue, I want to pause for a second and explain why we love membership at the Hub. So, the first thing to know about our clients is that all of their editorial content is free and accessible to everybody. There's no paywalls. There's no subscriptions. And the way we think about it is, if you're telling somebody, "It costs this much to access our content," the second they hand over the money, the transaction ends. But if you flip it around and you make your content free, you now ask your reader, "How much do

you think our reporting is worth?" And you now have the opportunity to unlock so much more potential. People might give more than what you might be asking for. And you also now have the chance to regularly communicate with your readers and talk to them about how your business model works and the role that they play in the future of your organization.

And so, I mean, this concept is simple. It's just building relationships and talking to your readers regularly. But it takes a lot of ongoing work, and it's not easy, and it's somewhat uncomfortable for people who've never been this open and candid about the financial realities of running a newsroom.

So, I'm going to tell you everything about our membership strategy. And 1998 Tom Hanks is giving you clues to what the secret ingredient is—it's email. Email is one of the most powerful tools that you have. You can use email to become part of your reader's daily or weekly routine. If you have.... If you don't have an email newsletter product, create one. Make it have.... Make it a quality product with standout content and a distinct voice. A regular routine so somebody can build a habit off of it. And use it as a way to engage with your readers.

So, when I was at Voice, I checked our info box. Just something that people replied to all the time. And most of the emails were complaints and spam. But we also had a really good majority of people who genuinely wanted to offer feedback, tips, or just comment on a story. And this type of engaged readership is not unique.

So, the first thing we have all of our clients do is take advantage of this email list. And they create something that we call a 'get to know you' series or a welcome campaign. And the point of a welcome campaign is, over the course of a few emails, the reader is going to start to learn and understand the basics and fundamentals of your organization—your mission, your purpose, what you do, why you exist—and they're going to become really engrained in everything that you do.

So, this is an example from an organization in San Antonio that we work with, the Rivard Report. And so, think of this as another form of your 'about' page and add a little bit of value to it. So here, she's introducing herself. You have the picture, Jenna. You already have a connection with her. You're starting to build a relationship. And then she just lays it all out. "I want to give you a picture of our history." So, her origin—their origin story, their goals, their value propositions and guiding principles as a non-profit newsroom.

Now, these emails are so important, because they will also prime your readers to actually donate. So, if you're a non-profit or you're community supported, slip that in. It's really important for people to understand this. This is core to your business model. And then, you can make it more than a one-way channel. Invite readers to offer feedback, or ask questions, or you can even embed a survey in one of these.

And so here, she again is saying, "I invite you to join our community of supporters," and mentions membership. And ideally, in the end, this all culminates in an actual, explicit appeal. And by the time you're ready to ask for a contribution,

your readers will already understand why you're deserving of their support. And it's also important to help connect the dots. You know, most readers don't understand that their donation has a direct impact on your reporting and your reporting has a direct impact on conversations happening in the community, policy, or whatever.

And you know, similar to—going back to the quote that we opened up with, you know, this unprecedented disruption, most readers probably don't realize what the entire industry has gone through, that traditional business models have crumbled, that we can no longer rely on advertising. So, explain it, and be clear about the role that they have as a news consumer.

So, this is an example of a pitch that we tied back to the editorial content. So, anytime one of our clients writes a story of impact, one that encapsulates the idea of, "This is why you exist. This is why we're here," we help them make an appeal out of it. So, this is from The Lens in New Orleans. And last spring, they wrote a story about DA's issuing fake subpoenas. And I mean, the copy—the teaser copy is literally, "This is why we're here." And then in the pitch, it only takes three sentences to summarize the story. And we come in with the close, "If not for our reporting, these questionable subpoenas may not have come to light." I don't know what's more powerful than that. And then, we call out the donate button. Like, this is the point of this email. It has value. You learn something about it. But you also understand you need to support the organization.

So, that's pretty much our membership strategy. And I want to end with this. For those who are thinking about trying to raise money off of readers, there are no 'get sustainable quick' schemes. Honest, open conversation takes ongoing work, but it is so worth it. And stay focused. Focus on what only moves the needle. Don't get distracted by shiny things or new—you know, new things or new initiatives. And always think about, is this going to drive revenue? Is this going to increase the list of our email subscribers?

And then, a lot of clients, you know, they cripple themselves before they even get a chance to start. You know, the stars are never going to align. You're never going to have like the biggest, baddest database, or the best staff. You know, you've just got to start. There's so much money on the table, so don't be afraid to just go.

And then finally, you know, membership is only part of it. Healthy news organizations need diversified revenue streams. So, that's why I'm really looking forward to the conversation that we're going to have now about, after, about all the different ways that our news organizations can raise money.

Thank you.

[Applause.]

Rob Wijnberg: Thank you for hosting me here in the wonderful city of Austin. I'm going to talk fast, because I have a lot to tell you and just a little bit of time to do so. So, bear with me, and also, apologies to the translators up front.

I am the founder of De Correspondent, and I have to tell you up front, I'm going to probably say a few things that are considered rude to say on a journalism conference. I can't help it. I am Dutch. We are considered rude. [laughter] We are also considered cheap. If you don't believe me, just Google "Going Dutch." [laughter] Sorry about that.

So, The Correspondent. We call ourselves an antidote to the daily news grind. That is our slogan and has been for five years. And that's probably the unique selling point we have and why people sign up for us. We are not the news. I could talk hours why we are not the news. And we don't consider ourselves to be in the news business. Because news is a terrible product. News is a terrible product. News fundamentally misleads our audience about what goes on around in the world.

Now, I'm not talking about journalism. It's not the same as news. But when regular folks, non-journalists, think about journalism, they often think about the daily news grind. The thing that is tiring and misleading and we get just fed up by it.

Now, what's wrong with news? News, generally speaking, almost always is about the most sensational exceptions to the rule. That's the basic premise of news. If it's exceptional, if it's sensational, if it catches your eye, then it will be in the news. Now if you see the world through the prism of news alone, at the end of the day, you will exactly understand how the world doesn't work. This came to me after working for a couple of years in journalism. I've been in journalism for 15 years. And I've grown to hate the news myself as much as most of the public does. Nobody watches the news for fun. Nobody even trusts most of the general news anymore. That's our biggest fundamental problem we have in journalism. The core product doesn't breed trust. It breeds distrust and it breeds cynicism. It also breeds powerlessness. People feel disengaged with democracy. I'm not talking about fake news. Fake news is a problem all in itself. But the real news is even worse.

I don't know if you... Who saw the movie *The Big Short* or read the book, by the way? Nobody read the book. OK. [laughter] I saw the movie, and the thing that struck... It's about the guy who saw the housing crisis in the United States. He shorted on it. He went short on it. Betting against the housing market when it was booming in 2007. Then saw it crash and made billions of dollars. Now the thing that struck me most about that movie is there was one source of information he kept deliberately ignoring, which was the daily news—stock market prices, the current events that were going on every day.

News is about what happens today, never about what happens every day. We should focus more on what happens every day, because that shapes our society and our lives. As we call it, news is about the weather. If you want to know what to wear tomorrow, watch the news. But we need to cover the climate as well. There are structures governing our societies that explain to you why these current events are happening. We need to inform people about those as well. Now, I mean this metaphorically. We have a climate change correspondent, who writes about climate

change every day. But we use this metaphor for almost everything we do. It's not about events, it's about structures.

We do so being ad free. Best thing, best decision we've ever made. We've been ad free since the beginning. And it frees us up from selling our audience to third party businesses. This is how it looks. We don't have the muck yet. [laughter] Working on it. We're completely digital. We are responsive. You can follow us on every platform you would like.

And we got started by crowdfunding. No investors. No banks. No loans. Just people. And we set a world record in journalism crowdfunding. We raised \$1.7-million in eight days from almost 19,000 people in a country that has almost 17-million people. So, about like the size of New York. And well, this is the text I wrote to my co-founder, "50% in 24 hours." "Unbelievable," it says. [laughter]

And we've grown ever since. Steadily, every day, about 30 or 40 new paying members sign up. We have 82% of people staying after a year. They pay €60 a year or €6 a month. We employ 47 people. We reach about two-million people in the Netherlands every month.

And we also write books. Those are the end products of our longer series of articles on our website. We published five books. Sold over 100,000 copies. All of them national bestsellers. And the key part is involving readers into your journalism. That's the most important part. Not just by engaging them or getting them to comment on something or like something. Really involving them. Because a thousand of your readers—maybe they're doctors or teachers or patients in hospitals—they know more than one journalist. And this treasure of knowledge, this is the biggest untapped resource of knowledge and expertise we as journalists have, and we can un-tap it now because we're online.

And I put this in because this was in The New York Times and The Washington Post two days ago. We had a big scoop that all started with this call-out. All of our series of stories start out with call-outs. Very specifically, for example, to Shell employees. "If you work at Shell, please help us research this." This is our correspondent [on] climate change. And by collaborating with readers who worked at Shell—a couple hundred signed up—we have unearthed the Shell tapes that documented how Royal Dutch Shell, the oil company, knew about climate change since 1986 and has been frustrating action to do something about it ever since. This is the tape they used internally to warn their own employees about the dangers of climate change 30 years ago. We got this from readers. This is our guru, Jay Rosen, tweeting about it.

We also collaborate with members in other ways. So, for example, we did the largest group interview with refugees through our members. We asked members, "Find a refugee who came to the Netherlands recently, and ask him the questions we want to ask for us." Almost 500 people did so. And we did the biggest group interview. And we got a sense of what daily life for refugees in the Netherlands looks like. Wrote a whole series of stories. Also, translated it for the people who we interviewed.

So, a big part of this conversation goes on, on our platform itself. So, we call it the 'contribution section,' not the 'comment section.' We don't want comments. Comments are opinions. We want what you know, not.... So, that's every story on De Correspondent ends with questions that De Correspondent wants to discuss. And we obligate our journalists to speak back, talk back. 50% of their time goes into conversing with members on a daily basis. It's not a side job. It *is* your job. And people can also fill in their expertise titles. You see it below the name, the expertise title. We verify those titles, so we know you are a doctor or a teacher or something else. And then, these readers become ambassadors.

We don't have a paywall. If you go to De Correspondent, then you have to sign up. You have to become a paying member to see everything we do, but members can share everything we do without any limits. On top of the articles, it says, "This article has been given to you by a paying member," and then the name of the member. There's a unique link, so people know somebody paid for this.

And my time is running up! Also, very important, have designers and developers in your highest ranks. Design and development is very important. If you judge websites, if they're trustworthy, the first thing people look at is, "What does it look like?" So, we teamed up with a great design studio, who built and designed everything. This handsome man is our Creative Director. And the word there is Rust, which means—oh, now I forgot the English word. Oh, my god! Calm. Calm. Calm. He creates calm. Because news is hyped. We are calm.

So, one thing we did, for example, design wise, is we took out all the links. Links distract you. Links point you towards things that you don't know where you're going. So, we put the links with context next to the stories. Side notes, we call them. And we explain the link—why we want you to go there or why you might want to read that. We also have context buttons that explain certain words.

And the readers are our most important stakeholders. They pay us. They're the only payers. And we work for them. We don't want their attention for attention sake. There's 68% of our revenue is member subscription. We don't actually use the word *subscription*. 2% is donations. 5% is speakers agency. And we also sell books. It's becoming a bigger part of our business.

Almost there. And now we want to go here—[The Correspondent]—because Dutch is a very small language. 21-million people speak it. We want to be in English, and we hope to launch—again with the crowdfunding—at the end of this year. So if you'd like to help us or like to know more, please reach out. I am available here, of course, and also through Twitter.

Thank you so much.

[Applause.]