

Funding the Future – exploring the potential of
crowdfunding as an alternative revenue source for
journalism

by

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Abstract

Internet based systems of communication have altered mainstream business practices, including those of the news industry. Web 2.0 applications allow consumers and producers of content to interact in ways not possible in the past. In the last two decades traditional media organizations have faltered as new technology and changing audience expectations have diminished their position of power in their communities. This thesis explores the current state of the news industry and specifically the use of crowdfunding by independent journalists and news organizations. Through six case studies of Canadian journalists and journalistic organizations which have attempted different forms of crowdfunded journalism this thesis reflects on the benefits and drawbacks of this developing financial model. The research suggests that crowdfunding is a limited model which can be utilized in the right circumstances by the right individuals or groups, but is unlikely to replace mainstream funding options.

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Introduction

The 21st century is only a decade and a half old but already the new millennium has been defined by the rise of digital culture. From global trade to democratic revolution, online communications and communities have been at the centre of most major events over the last two decades. The Internet has changed how people interact and react to almost every aspect of daily life. It has changed how people correspond with each other on a daily basis and has led to new ways for people to shop, bank, and create communities. It has also changed how people access news and information and allowed for new and different kinds of interactions between consumers and producers of news content. This development has led to a major shift in how the business of journalism is done. Where once newspapers, radio, and television news organizations could guarantee advertisers a large and diverse audience, that mass group is now fractured into niche communities that are empowered by the Internet to find multiple and dispersed sources of information which are more specifically targeted to their interests.

The development of Web 2.0, the systems that allow the Internet to facilitate interactions between users, and activities like crowdsourcing and crowdfunding offer new ways to help individuals and businesses solve problems and fund the solutions. The Internet has also given the public the power to disrupt mainstream business models that have supported news and entertainment media organizations throughout most of the twentieth century. It has forced the companies that gather and deliver the news to reconsider their business models and acknowledge the failings of a system that was heavily subsidised by advertisers willing to pay for access to mass groups of readers and viewers. Though the reality of the Internet and a highly connected population has

disrupted the traditional business model for mainstream news organizations, it may also offer a new way of financially supporting the production of independent journalism through crowdfunding. This thesis investigates that change and the role of crowdfunding in journalism.

By reviewing existing literature on crowdfunding in multiple industries, including journalism, and reflecting on the details of a number of recent and current examples of journalistic initiatives that have been supported by crowdfunding, this thesis attempts to assess what conditions or circumstances have to be met in order for crowdfunding to be successful in supporting journalistic projects and why other journalistic crowdfunding campaigns fail. This research also considers how different forms of financing the journalistic enterprise produce different types of journalistic content (e.g., a traditional subscription model produces quite different forms of coverage from journalism supported by advertising and aimed at the widest possible audience) and reflects on how crowdfunding may produce a form of journalism coloured by, or indebted to, its source of revenue.

This research will be guided by a number of primary and secondary research questions. Firstly who and/or what kind of journalistic organizations are using crowdfunding and why? What are the implications of crowdfunded journalism? And in the same vein, how does crowdfunding change the relationship between the public, who are helping to fund the work, and the journalist? Because of its dependence on community support it will be important to understand what makes a crowdfunding campaign successful. And therefore this thesis will ask - what does this imply for the types of stories being told? Finally this thesis will assess if crowdfunding has the

potential to be a long-term model for the support of journalistic initiatives or if the public will eventually experience funding fatigue.

In the second decade of the 21st century, two contemporaneous developments have affected mass media industries and specifically the business of journalism and the news. While the advent of new digital media has expanded access to news content it has also undermined the 20th century model of mainstream, advertising-supported journalism. At the same time digital platforms have developed to allow certain forms of journalism to solicit funding from groups of like-minded individuals – crowds – to underwrite some of the costs of journalistic enterprise, spreading the expense of news production across numerous contributors via online micro-donations. While audience members have traditionally given small amounts of funding to, for example, a newspaper in the form of a subscription or newsstand purchase price, the difference lies in the fact that modern media consumers rarely if ever covered the full cost of news production with the fees they paid. The bulk of production costs were paid by advertisers, businesses and individuals looking for a mass audience who might purchase the good and services they were offering to provide. This traditional business model, in which advertising supported omnibus journalistic outlets such as newspapers, newsmagazines and newscasts, has begun to fail. In its wake this thesis will inquire into the emergence of crowdfunding as a means of financial support for journalistic work.

This thesis includes a number of case studies directly reviewing how Canadian journalists have used crowdfunding to support their work. These case studies act as a snapshot of the journalistic crowdfunding environment between September 2012 and June 2014. Furthermore, this thesis examines cases in which direct appeal to interested

communities – or the crowd – has successfully supported journalistic endeavours, and other instances in which it has not. It also analyses the merits of different crowdfunding campaigns and explores why they were or were not successful. While this will be a limited investigation of a small number of Canadian campaigns it will help shine a light on the trend of crowdfunding. The thesis seeks to consider whether and under what circumstances crowdfunding may provide an alternative model of financing journalistic enterprise, reflecting on what has worked thus far, what has not worked, and why. While new digital spaces have increased forms of engagement and involvement among audience members, this thesis will ask: is the crowdfunding model enough to support the ongoing professional scrutiny and public documentation of a community's political, economic and social affairs – in a word, journalism?

Chapter 1 reflects on the emergence of crowdfunding itself. From the development of Web 2.0 to crowdsourcing and beyond, the technologies and platforms that allow online communities to coalesce around shared interests rather than geography give new power to individuals in a way that disrupts traditional business models. Much of the current academic research on crowdfunding focuses on industries other than journalism. This chapter will review how funding models based on crowdfunding have developed in music, charitable giving and business start-ups. The research shows that there is some room for community funded business models especially when fans and supporters feel they have input, changing the consumer relationship into a more active exchange than in the past.

Chapter 2 reviews the economic state of the journalism industry. By examining the systematic and financial problems facing news organizations in the last few decades

this chapter provides context for why and how crowdfunding could be beneficial for journalists. As the Internet changes how the audience consumes news, traditional media companies have lost their monopoly position as sources of information. At the same time the Internet allows advertisers to attempt new ways of reaching audiences. All of this combined with the global recession in the late 2000s has left traditional media companies in a damaged position. With reduced budgets, staff levels have been cut back and the workload for those still employed has increased, leading to what many believe is a diminished ability to produce quality journalism.

Chapter 3 explores the responses to this new digital era and the types of journalism it has produced. As with any changing industry, numerous experimental organizations have developed as a response to changes in how news audiences access and consume information. Of those created in the last decade many have failed while others appear to be succeeding at producing profitable journalism online. This chapter reviews some of the trends around digital news organizations, as well as how different online business models for journalism have developed, including early attempts at crowdfunded journalism. With these examples in mind it is easier to contemplate how community funded journalism may or may not succeed.

The final two chapters contain information gathered in researching six case study examples of Canadian journalists and journalistic organizations that have attempted different kinds of crowdfunding. These examples reflect the current trends in crowdfunded journalism as well as review the conditions under which a campaign tends to succeed or fail. The six case studies are based on campaign information and one-on-one interviews about the subject's experience with the crowdfunding process.

Taken together this work explores and intends to explain some of the potential benefits and drawbacks associated with crowdfunded journalism. As digital technology continues to rearrange traditional relationships and business practices, professional news production will continue to change with it or fall away to make room for something new.

Chapter 1: The Foundations of Crowdfunding

Digital media and the rise of the Internet in the 21st century are defined by their ability to connect dispersed individuals and allow for the creation of communities of shared interests in ways not possible with other mediums. These changes have had a major effect on cultural industries and businesses around the world. In this new digital era mass media has tumbled from its perch high above the audience it serves. Mass media of the 20th century – newspapers, television, radio, publishing, music production and motion pictures – functioned as a one-way-street providing content to individual consumers and creating mass audiences within a system that left little room for individuals to connect with one another. While viewers of a prime time television program shared the common experience of watching the same content, any connection would rarely go farther than a chat among nearby individuals as the mass audience had limited means of making connections between the millions of people that made up the larger group. Now digital platforms help connect otherwise disconnected individuals and allow for the creation of communities in ways that were not possible even just a generation ago.

The introduction of the Internet (email, websites, blogs) and the social media platforms developed from it (YouTube, Facebook, Twitter etc.) have broken through the monopoly of mass media, the system in which centralized content creators and distributors addressed a large, dispersed and mostly anonymous audience. The Web instead acts as a location where interested individuals can meet, connect and create their own new communities and constituencies from the most broad to the most specialized topics imaginable. This new kind of mass media involves the audience and allows participants to communicate with one another and create their own content, rather than

have media organizations simply provide the content for the audience to accept or reject. The passive audience of the twentieth century – the audience that consumed content but had very few avenues to interact with producers or connect with other fans – is a thing of the past, done away with by the Internet’s pervasive reach into almost all areas of daily life.

The 21st century has seen the rise of “the crowd” – a matrix of overlapping communities, aggregates of individuals motivated to interact by shared interests, empowered to connect by the digital platforms that develop out of Web 2.0. Concerted behaviour – the mobilization of people and cooperation between them – is no longer as difficult to arrange. Where once the power to mobilize people lay with large, hierarchical organizations such as governments, corporations, churches and the mass media, now the same orchestration of individuals, from the hyper-local to the global, can be accomplished by individuals themselves. This power to bring about communities of shared interests, across physical space, means that individuals have the power to make things happen. Crowds, once connected through online platforms, can be asked to act, react, and develop solutions to problems. As the power of crowds has been recognized and organized they have been called on for their votes, their opinions and their knowledge. And now they can be solicited as well for financial contributions.

Crowdfunding and Online Communities

So far, much of the research examining the uses and successes of crowdfunding has been conducted by academic scholars in schools of business and has not specifically focused on crowdfunding journalism. While journalists have begun to use common

platforms like Indiegogo and Kickstarter, most academic work has concentrated on the use of the model for start-up businesses and cultural industries like music and film. In its simplest form crowdfunding emerges as the crowd gains more power and groups develop online platforms to collect money from interested individuals and connect people who have ideas with those who have the money to help fund them. Crowdfunding is a subset of crowdsourcing and as such is community oriented, tapping into the new digital constituencies created by Web 2.0 platforms. Those who fund projects often get rewards, early updates on information collected, or a return on their investment once the project is produced and sold (similar to venture capital and/or angel investors). Capitalizing on the development of online communities made possible by Web 2.0, crowdfunding gives artists, entrepreneurs, writers, and ultimately anyone with an idea access to financial supporters, often people who might not normally have had the knowledge or the ability to help fund grassroots projects. These online funding models have been described as creating “new social interactions that motivate the crowd to participate in the funding of projects, offering ‘feelings of connectedness to a community with similar interests and ideals’ for crowdfunders” (Belleflamme, Lambert, and Schwienbacher, “Tapping” 10).

As Web 2.0 applications developed and began to connect diverse communities and individuals around the world, businesses began to take a more interactive approach to their audience or consumers. As journalist and author Jeff Howe described in his 2006 article for *Wired* magazine, numerous examples have emerged in which professional fields have been over taken by the crowd, in other words amateurs, who are able to quickly and cheaply provide similar services. Howe wrote that technological advances have broken down cost barriers that used to separate amateurs from professionals in

many different fields. In the world of crowdsourcing “[h]obbyists, part-timers, and dabblers suddenly have a market for their efforts, as smart companies in industries as disparate as pharmaceuticals and television discover ways to tap the latent talent of the crowd” (Howe, “Wired 14.06”). The 2006 *Wired* article is where Howe first coined the term “crowdsourcing,” referring to the trend of online communities coming together to partake in activities more productive than entertainment but somewhat less consuming than paid work. In basic terms, crowdsourcing is the use of Internet technology to utilize people outside a company’s pool of employees to solve a problem, generate ideas, or help with marketing. Participants are not employees though they are sometimes compensated through rewards or cash prizes (Howe, “Wired 14.06”; Estellés-Arolas, 9).

The trend of online connections which transform the Internet into something more than just another form of mass communication starts with the open source movement among computer programmers. The Linux operating system was developed by Linus Torvalds in the early 1990s and was developed to be a computer program as powerful as those created by major corporations like Apple or Microsoft. However, Linux was developed publicly with the help of programmers from around the world who were connected by the Internet and able to interact and cooperate on the development of Linux because of the collaborative nature of the Web (Raymond, 21). At the same time, unlike open source communities and the projects like Linux that come out of the movement, the results of crowdsourcing are rarely undertaken for the benefit of the community or society as a whole. In a review of the emerging phenomenon Paul Belleflamme and his co-authors explain that “in the case of crowdfunding (and also crowdsourcing), the resource ultimately belongs to the firm, which is the only entity to use it” (“Tapping” 8).

While the crowd may not receive free access to the final product of crowdsourced or funded projects, Howe explains that community still plays an important part in the crowdsourcing universe:

Contrary to the foreboding, dystopian vision that the Internet serves primarily to isolate people from each other, crowdsourcing uses technology to foster unprecedented levels of collaboration and meaningful exchanges between people from every imaginable background in every imaginable geographical location. (*Crowdsourcing* 14)

For example, the relationship between ornithologists and amateur bird watchers has been expanded because of the Internet. While individuals have conducted their own personal study of which birds appear in certain areas and when for decades, online platforms have connected these dispersed groups of individuals and allowed scientists to benefit from the data collected. In doing so, these new online community “are providing an unprecedented look at the distribution and migratory patterns of a multitude of species” (Howe, *Crowdsourcing* 31). These early examples of communities banding together to build something online are the foundation on which crowdfunding stands. While fundraising has often been a part of cultural industries like film, radio and even music, the online version expands it to a system more connected and wide spread than in the past while still conforming with “the century-old tradition of private sponsorship and donations to culture and the arts” (Hemer, 26).

Testing the Model

Many researchers cite the recording industry funding platform Sellaband.com as an early venture into crowdfunding. This online platform was launched in 2006 and allows fans, or “believers” as they are referred to on the site, to provide financial support

for musicians hoping to produce a professional calibre recording. Once enough money is raised it is released to the musician in order to produce a market ready product. The music industry, like journalism, has been transformed by digital media and Web 2.0 applications. Sellaband is an example of the type of crowd response that has altered the traditional methods of music production. Where once fans of a musician or singer were left to consume the product produced by recording studios and production companies, now the online community created by websites like SellaBand can financially support and move the artists' work forward. Andrea Ordanini, Lucia Miceli and Marta Pizzetti focused their 2011 crowdfunding research on Sellaband and two other early crowdfunding adopters. They found that those who donated money acted not only as consumers but as "agents of the artists, selecting, and promoting offerings that merit patronage and being rewarded with a royalty on future sales" (456).

Crowdfunding platforms like Sellaband turn the more traditional activity of fundraising into an organized venture in which interested and active consumers can act as instigators of commercial activities, side-stepping the normal industry intermediaries or "gate-keeper". And unlike other business relationship those in the crowd who invest in the production of the product often receive rewards or early release of the item being produced but not necessarily a stake in the success of the product (i.e. profits). While researching the state of crowdfunding in 2010, Schwienbacher and Larralde found that in just three years Sellaband's concept was successful in raising "more than US\$ 3 million from individuals in order to promote new artists. In total, almost 4,000 artists received support from more than 65,000 'believers'" (4). Here online platforms allow fans to come together to help produce the next offering, giving them agency in the work being

produced. Platforms like Sellaband connect dispersed communities but they also serve as a new intermediary between the crowd and the person or group being funded. Many of the early adopters of this model come from the world of arts and culture, industries that have strong fan bases and have benefited from donor support throughout their history. As such it is not surprising that fans and community minded individuals have thrown their support behind a funding model that supports artists and artistic endeavors. There are however growing examples of the use of crowdfunding in other fields.

Ordanini and his co-authors focused their research on three crowdfunding platforms, Sellaband, Trampoline and Kapipal, each set up to support projects in the music, financial services and non-profit industries respectively. Here again, individuals from disparate locations and motivations come together to champion a project or product they value enough to financially support. The three platforms also engage consumers and encourage them to form online communities, though for different reasons. With SellaBand the motivation comes from a place of “patronage – the support, encouragement, and financial help that an individual bestows another” (Ordanini, Miceli, and Pizzetti, 455). For Kapipal, the charitable fundraising platform, the motivation is based more on social participation and finally their research finds that in the case of Trampoline the motivation for donors is “the idea of realizing a monetary return from [their] investment, and contribute a non-trivial amount of money to a new way of funding an early-stage new venture” (455). All three platforms take on the role of different traditional organizations but change the way individuals interact within the industry. In the world of charitable giving, it is not uncommon for groups to ask disconnected individuals for donations, crowdfunding through Kapipal however takes this traditional

activity and expands it allowing participants to “‘to live a second life’ because it ‘connects people in a better way, enhancing contacts, knowledge and word-of-mouth’ (Ordanini, Miceli and Pizzetti, 460). For platforms like SellaBand and Trampoline, crowdfunding changes how individuals interact with the business. In the music industry these platforms act as a new intermediary and both remove the need for certain agents, like traditional lending institutions in the venture capital environment of Trampoline. As such, Ordanini claims crowdfunding is “... a phenomenon that has the potential to significantly alter the roles of service organizations in value networks” (463).

Other early platforms include Spot.US, a journalism platform that provides community funding to freelance writers, BeerBankroll, a co-op launched for the sole purpose of opening a brewery, and MyMajorCompany, a European platform to help start-up businesses. These are just a few examples of the over 200 crowdfunding platforms functional on the Web. (Hemer, 4; Lambert and Schwienbacher, 1). This new way of fundraising creates its own marketplace “where creators produce and market their ideas or products and supporters consume them” (Gerber and Hui, 5). These platforms along with SellaBand, Trampoline and Kapipal represent the niche organizations that aim to raise funds for specific types of projects. As the model has developed large omnibus organizations have developed that cast a wider net, raising funds for projects in all genres and fields. The two main platforms are Indiegogo and Kickstarter. Though similar in their mission and organization the main difference between the two is in how they distribute the funds raised. Indiegogo has a couple of different settings, allowing the creator to either set an all-or-nothing goal or to receive flexible funding where any money raised, even if the amount is short of the goal, is released to the fundraiser. On the other hand

Kickstarter, the largest and best known crowdfunding platform, functions with an all-or-nothing model – in order to receive funds, a campaign must reach or exceed its target – making it imperative for those soliciting donations to reach their stated goal. Though globally more successful at raising funds than Indiegogo, Kickstarter only became available in Canada in September of 2013; though before that, Canadian creators were using American partners or businesses to raise funds on the Kickstarter platform south of the border (The Canadian Press).

Crowdfunding and Consumers

An important element of the developing landscape of crowdfunding is the changing role of the consumer. A central argument of Ordanini's research explains the fundamental shift that platforms like Sellaband and Trampoline provide when it comes to the relationship between consumers and producers. More than crowdsourcing or social media marketing, online communities that come together through crowdfunding go further, creating "more proactive roles for consumers, such as selecting new initiatives to support and providing financial backing for them" (Ordanini, Miceli and Pizzetti, 445). The change alters the power dynamic between producer, distributor and consumer in the economic relationship. Where once consumers had to passively wait for new products, now they are active participants working as a catalyst for economic production and backing ideas they expect to be viable on the open market. Over time consumer roles have developed from information sources, to co-producers, to partners in the case of "lead users" to co-creators in the case of crowdsourcing/funding (Ordanini, Miceli and Pizzetti, 444). The crowd relationship goes so far that the producers and consumers are in many cases one and the same, overlapping who creates new ideas and who pays for them.

These online consumers are no longer content to be given limited options to choose from without input. This developing online group expects to have up front control and as such have “become more like co-workers, who take over specific parts of a production process that ultimately remains under the control of a commercial enterprise” (Kleemann, Voss, and Rieder, 7).

Crowdfunding begins as part of this transition in the relationship between consumers and producers – turning purchasers into investors. Different kinds of platforms and formats develop within the crowdfunding universe and define how much benefit and/or control donors have. The three main organizing systems are:

- Donation – where funders give money with no expectation of return on their investment (donors may be given a small reward based on the size of their contribution);
- Pre-purchase – where a donation means getting access to the product before it reaches the market or in the first round of production; and
- Investment – where donors are in some way entitled to a return on the money they have invested.

In the donation system rewards are small and often range from “a mere thank-you mail, an artist's autograph or mentioning the crowdfunder's name on the cover of a film DVD or music CD (*“credit”*), through invitations to visit a film set or artist workshop” (Hemer, 13) among others. Donations can also be more structured in the form of sponsorship where “the project initiator and the sponsor agree on a defined reward which the initiator is obligated to give” (Hemer, 14). Pre-selling is more self-explanatory, giving donors early access to the product they helped produce with their financial support. When it

comes to journalism this can often mean getting reports while the journalistic work is being produced or extra updates that will not be available to the general public in the limited space within which a story may have to be structured. Investment models can be described as either crowd-lending or crowd-equity. With crowd-lending “the rewards are normally the interest and the payback after the lending period”, whereas crowd-equity is a “variant of micro-investments [and is] the most complicated alternative in the spectrum of crowdfunding instruments” (Hemer, 14).

These methods have been used differently by different groups and may respectively attract different types of crowdfunders with different motivations. The mainstream crowdfunding platforms, predominately Kickstarter and Indiegogo, encourage donation and pre-selling based fundraising. Rewards are an important element of mainstream crowdfunding and provide donors with something beyond just the good will of those to whom they provide financial support. Kickstarter asserts that the site is not about charity and encourages high level rewards for donors arguing that the “importance of creative, tangible, and fairly priced rewards cannot be overstated. Projects whose rewards are overpriced or uninspired struggle to find support” (Creator Handbook). According to Indiegogo, “campaigns offering perks raise 143% more money than those that do not” and perks or rewards help attract “a larger audience, make people feel more valued for their contributions, and help you spread the word about your campaign” (Creating Your Campaign). Many of the journalistic endeavours reviewed in this thesis function under this model, though it can be difficult to find suitable perks when working on an intangible product like an investigative work of journalism or extended coverage of a community. While many reporters promise a personal copy of the work

created using the funds raised as a reward, that work is also available to the public, possibly at no cost. In many ways this mimics the long-held tradition of telethon fundraising by organizations like PBS in the United States and TVOntario in Canada. In the PBS model donors receive rewards based on their level of contribution but still have the same level of access to the public broadcaster as those who do not donate.

Pre-purchasing style crowdfunding lends itself more to the realm of music or technology related industries as well as other arts, like photography or literature, though some journalistic organizations have begun offering discounted subscriptions as incentives for their initial crowdfunding campaign (Ricochet). In these cases future users will also have to pay a purchase price for the product (be it a CD or a new tech gadget) but those that participate in the crowdfunding campaign will receive their copy first or possibly before it is available to the wider audience. Investor based crowdfunding is the most complex as most countries have laws in place that govern who can invest. In March of 2014 six Canadian provinces announced plans to regulate investment through crowdfunding and allow “early stage companies such as start-ups and [small and medium enterprises] to raise up to \$1.5 million of capital online through the issuance of securities” (Canada's National Crowdfunding Association).

While many reports on crowdfunding refer to the individuals providing funds as consumers they may or may not actually purchase the product, if a product is being produced. With donations and investment models donors may decide to purchase the product being developed at a later date but it is not a requirement of their donation (Belleflamme, Lambert, and Schwienbacher, “Tapping” 2). Only in pre-ordering does a donor expressly commit to buying the product being created and may also benefit from

being an early supporter as creators can “price discriminate between crowdfunders and other consumers” (Belleflamme, Lambert, and Schwienbacher, “Tapping” 2). Numerous methods of crowdfunding – from donation to investment – have been successful but rewards appear to be an important element of the exchange between donor and creator of the campaign, with the majority of campaigns studied having some kind of reward offered (Schwienbacher and Larralde, 4). This system works well in industries like film or music where donors can be given credit on the finished product or get something special (like a signed photograph) from a favourite artist.

Origins of Crowdfunding

As the body of research on this new fundraising model has taken shape it is clear that artistic and cultural industries like music, film, journalism and publishing are more open and suited to this style of fundraising. And while the Internet makes it easier to build a community and utilize the public as a source of funding there exists a longer and larger history of community or ‘crowd’ based funding. Long before PBS began reaching out to the community via telethons, media partners have been involved in large scale fundraising projects, the most famous of which might be newspaper publisher Joseph Pulitzer’s involvement in funding the American part of the Statue of Liberty project. Near the end of the project and after years of delays and lack of funding for the platform on which Lady Liberty would stand, Pulitzer appealed to his readers to donate whatever they could and by doing so become part of the group that would make the project a reality. At first he did not have much success but “...as Pulitzer’s reader base grew, he made another attempt, and he repeatedly implored readers to donate, appealing to the charity of the masses, no matter how poor” (Lawton and Marom, xi-xii). Many individuals giving very

small donations produced enough money to build the platform. Here, convincing people that the community needed their support to reach a goal led to enough money being raised to fund what is now an American icon. Other examples include lotteries to fund specific government initiatives or Victory Bonds during war time when people voluntarily gave their money with the expectation of a return after the war. What Pulitzer, PBS and the government have in common is the ability to reach vast numbers of disconnected individuals through mass media properties (namely newspapers or television and radio networks). And in asking those individuals to participate in funding a large project, they are able to build a community from people connected by little else than their interest in the cause. These examples show that the essence of crowdfunding has been utilized before but the digital age and the Internet provides a platform and environment for it to spread wider and faster than before.

In this new model of crowdfunding there is more to raising money from the crowd than just collecting funds. If there were not it would be little more than an expanded version of collecting money from interested parties as has been done for decades through good will fundraising campaigns for everything from medical research to community sport league uniforms. When the crowd supports a project through crowdfunding the community that forms around the product becomes invested in the project's success, not necessarily just for financial rewards but for social ones as well. In these communities, investors are also "...part of a project's marketing department, sending out blasts to their Facebook friends and Twitter followers" (Lawton and Marom, 56). In their role as cheerleader it is often the crowd's support and online visibility that lead to success or failure since so many small level funders are necessary to raise the required funds.

Therefore the more visible a project, the more people jump onboard; the more likely a campaign is to succeed. In many ways it is the ability of online communities to talk to one another that gives crowdfunding its power and allows for viral networking which then “enables the mobilisation of a large number of users in specific Web communities within a relatively short period of time” (Hemer, 8).

The level of viral marketing for a crowdfunding campaign is often the difference between success and failure. Since creators are asking for micro-donations from the majority of people giving money they need as many individuals as possible to contribute. Andrea Ordanini and his co-authors found that for many campaigns the first phase of funding can be the easiest, and it is when people tend to reach about half of their total goal. They found that the “rapid accumulation is mainly due to the investment decisions of persons who are directly connected to the project or connected to the network of the project creator” (457). The next stage can be more difficult and involves the mobilization of powerful online communities. Once friends and family have donated their share, creators have to find a way to involve people outside their closed circle of influence “by motivating and involving other people through word-of-mouth communications” (Ordanini, Miceli and Pizzetti, 15). This is called the “getting the crowd” phase, namely because it is the time when unknown or disconnected people become part of the community to support a project. It is important for creators to be very active during this time of marketing – tapping into social networks and expanding the reach of their campaign as it is the only way to get enough people involved to raise the money they are attempting to collect. In the work done so far on why campaigns succeed or fail, “the primary reason for the failure of crowd-funding projects is the inability to trigger the

crowding process” and for those that do manage to connect enough individuals and get people interested the “‘race to be in’ stage begins, and people speed up their investment decisions because, once the target is reached, the opportunity to invest will no longer exist” (Ordanini, Miceli and Pizzetti, 458). Other research has found that crowdfunders worried about their ability to reach enough people, many feeling that “crowdfunding success was more indicative of good marketing skills rather than a good product” (Gerber and Hui, 19). Others, in order to avoid failure, put a great deal of their own money into the project. In one study, “creators report anxiety about having overestimated the size and commitment of their supporter community” (Gerber and Hui, 19).

A Different Way of Doing Business

Marketing is important to the success of crowdfunding but crowdfunding in and of itself can be an important kind of marketing. Ethan Mollick found in his report “The Dynamics of Crowdfunding: An exploratory study” that crowdfunding has been important for “creating interest in new projects in the early stages of development” (3). And while fundraising is the primary goal of crowdfunding, “...it can also help firms test, promote, and market their products; gain a better knowledge of their consumers' tastes; or create new products or services altogether” (Belleflamme, Lambert, and Schwienbacher, “Tapping” 34). For some they found the community’s support of the project in and of itself was beneficial as it provided “perceptions of approval, which strengthens beliefs in [the] ability to complete a task” (Gerber and Hui, 12). Crowdfunding can also act as market research for those producing products or running campaigns. The act of raising funds can help the creators gather important market information during a successful campaign. If enough individual funders are willing to financially back a project or

product then there is most likely a market for the idea. As such, campaigns can provide producers with important signals on the market potential of a product and “provide an indication whether there will be a demand for the product” (Schwienbacher and Larralde, 7).

An additional benefit for creators is a higher level of independence through crowdfunding. Gerber and Hui explain in their article “Crowdfunding: Motivations and Deterrents for Participation,” that along with a better understanding of the market, crowdfunding in its current form, seems to provide creators with more ability to “maintain control over their work rather than forfeiting control to the investor” since in the past creators often “had to trade project control for funding and other benefits associated with working under a large label” (12). And while the independence of receiving non-traditional financial backing may involve more risk for those involved, raising money with micro-donations from hundreds or thousands of dispersed individuals means more control over the direction and completion of the project by getting rid of middlemen, like venture capitalists or other kinds of traditional investors. In a journalistic setting, where the traditional media’s relationship with the audience was that of the gatekeeper – in which media determined the content that would be made publically available – Web 2.0 and systems like crowdsourcing and crowdfunding remove the gatekeeper or at the very least diminish the role to doorman.

The changing world of digital media is revolutionizing how audiences interact with media and is breaking down the gates that once guarded the production and dissemination of information and entertainment content. As explained by Shoemaker and Vos, gatekeeping is the process of “culling and crafting countless bits of information into

the limited number of messages that reach people each day, and it is the center of the media's role in modern public life" (1). With this in mind, crowdfunding is part of the turning tide of how information is produced and distributed. The Web 2.0 universe is a system that has stripped many gatekeepers of their power – in music it is the production companies and agents that manned the gate between artists and the mass audience, with books it was publishers acting as gatekeepers between authors and their readers. In a journalistic context this means the audience is developing into a community with more power over the type of news reported and the kinds of stories told.

Crowdfunding is more than a fundraising campaign; it moves many acts of business into the public realm making the process of starting a project or company more transparent. Pitching an idea in a way that will get public attention and support requires instigators to give up some of the control and provide access to information that once would be kept behind closed doors until a product was complete. These changes are part of what make crowdfunding a significant change in how business is being done in the world of Web 2.0. In the same vein, Ordanini's research shows that crowdfunding gives the funders/consumers new power that expands the experience beyond the product itself. They explain that crowdfunding's "foundational and distinguishing trait is that customers, with their evaluative decisions and monetary support, are the key players who make possible the generation of the offering" (Ordanini, Miceli and Pizzetti, 446). Consumers are not just receivers of goods and services or media content thrust at them by producers but now work with producers to "contribute directly or indirectly to the process of value creation" (Kleemann, Voss, and Rieder, 7).

These working consumers do not remain individuals on their own but often develop into communities or constituencies – groups of supporters who bond over being involved in the work in some way. These communities act as investors, marketers, cheerleaders, and even creators themselves. This changes the power dynamic and allows new individuals into the business cycle as producers. Crowdfunding is more than just a new way to raise money as it also blurs the usual divide between investors and customers. In the digital age of enhanced connectivity the business environment has developed into a situation where organizations have begun to draw on the opinions and experience of these new digital communities including allowing the crowd to take on traditionally corporate activities. Technological advances have broken down cost barriers that used to separate amateurs from professionals in many different fields.

Two of the companies discussed in Jeff Howe's book, *Crowdsourcing: Why the Power of the Crowd Is Driving the Future of Business* are perfect examples of how community and business have come together in a digital age. The companies, Threadless and iStockphoto, were both created by communities of people interested in the work as an activity not just a product created to sell. With Threadless it was t-shirts, while iStockphoto was created to produce a cheap alternative to professional stock photography. Threadless operates by putting out an open call for t-shirt designs; community members then vote on the designs to be produced and the company sells the winners for at least double what it cost to make them. Designers are rewarded with a cash prize – but it does not compare to the millions the company makes through the process (Howe, *Crowdsourcing* 2). As well as getting their designs at a reduced cost, the

company spends little on marketing, leaving that up to the community that is already invested in the products' success since,

designers spread the word as they try to persuade friends to vote for their designs, and Threadless rewards the community with store credit every time someone submits a photo of themselves wearing a Threadless shirt. (Howe, *Crowdsourcing* 2)

This business model makes an activity out of the creation, sale and use of a relatively everyday product. Here the community is in charge of many of the decisions and activities that would normally have been conducted by employees inside of the company. From product design to marketing and promotion, consumers have been let through the gates and act as an extension of the company.

The other example Howe cites is the Calgary based company iStockphoto, set up by web designer/entrepreneur Bruce Livingstone, who in 2000 wanted to share photos with other designers as a way to “avoid paying for stock photographs – which generally ran several hundred dollars apiece – and could improve their skills at the same time” (*Crowdsourcing*, 7). The business quickly took off and since most individuals involved were not firstly concerned with making money “iStockphoto was undercutting the big stock-photo agencies by 99 percent, and was fostering a vibrant community of creative types at the same time” (Howe, *Crowdsourcing* 7). This led Getty Images, one of the best known companies in photography, to purchase the company for \$50 million. In the case of iStockphoto not only did the business manage to become financially successful using crowdsourcing but it interrupted the normal course of business in that industry. Stock photo companies like Getty could once charge hundreds of dollars for professional images, but with the range and reach of the Internet Livingston was able to break into the

market and present his product for a fraction of the cost. In this way Howe claims that crowdsourcing is “the phenomenon of creative destruction happening in near real time” (*Crowdsourcing* 19). The idea Howe invokes here, creative destruction, was originally written about by Joseph A. Schumpeter in *Capitalism, Socialism & Democracy*, which was first published in the UK in 1943. His key point is that economic growth in a capitalist society requires continuous innovation and therefore destruction of the prevailing system. Schumpeter writes that what keeps the capitalist system working is the change that comes from “new consumers’ goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates” (83). Web 2.0, the applications and Internet platforms which create the current open source, open concept world, has created the rapid pace of creative destruction that industries such as music, stock photography, publishing, and even journalism are experiencing today.

Creative destruction leads to the creation of new systems and in the current case of online business activity it is a system that gives more power to individuals. Those that take part in crowdfunding, both as supporters and creators, are engaged in a changing way of doing business and seem to understand the opportunity this new model provides to individuals. Those who participate in crowdfunding campaigns do so for numerous reasons. While some may be in it for the reward offered, many seem to get involved because they want to support a cause or give backing to a start-up business so they can side step the traditional corporate structure (Gerber and Hui, 16). Gerber and Hui found that people tend to be involved for reasons tangential to profit as a motive, including

connecting with others, building communities of like-minded individuals in support of a cause and exchanging ideas and resources beyond financial support (23).

Limitations to Crowdfunding

Aside from being a new way of doing things, crowdfunding does not yet include large corporate bodies and therefore exists outside the mainstream in most industries. This idea of crowdfunding projects as being outside the mainstream, traditional business model may stem from the fact that so many of the projects undertaken are the product of start-up companies or entrepreneurs looking to break into the market. Working outside of a corporation may not be new but crowdfunding goes a step further in many cases, working outside of even traditional financial models and establishing itself as an alternative to venture capital funds or business angels. As the idea of crowdfunding solidifies, the simplest definition includes the fact that funding for a project comes from a “group of individuals instead of professional parties (like, for instance, banks, venture capitalists or business angels)” (Schwienbacher and Larralde, 4). The act of raising money from individuals and online communities separates the company and product further from corporate interests, giving the crowd the power to set the company on its way or not; developing a company or product through online support instead of through traditional economic systems. Crowdfunding initiatives often involve the introduction of new products, works that have yet to be attempted or products which may seem too adventurous for mainstream companies.

In an environment so new and uncharted there will be many mistakes and disappointments with crowdfunding. Investments and donations often come from

individuals, many of whom have little investment training beyond giving to a cause they think worthy. It is a system based on individuals volunteering their financial support and as such there is little protection for those who donate. The Oculus/Facebook deal in March of 2014 shone a light on this issue. The virtual reality firm Oculus was bought by the social media giant for \$2 billion in cash and stock options (The Associated Press). While a beneficial deal for the company and its employees, supporters of the company's crowdfunding campaign were reportedly upset by the sale and their money going to ultimately benefit a corporation like Facebook (Strange). While Oculus did not break any rules or lie to those who had donated funds it was the principle of an independent, crowd supported, company handing their ideas over to a corporation like Facebook that made many former supporters upset. While those involved in crowdfunding seem to see financial returns as a secondary concern (Lambert and Schwienbacher, 9) there is a kind of understanding that supporters are backing something that might not be possible without them. And because the environment is so new, systems have yet to be put in place to resolve conflicts that may arise – be it a case of a campaign not being able to provide the reward promised or the failure of the project all together. The platforms which host crowdfunding campaigns are still very new, and unlike online markets such as eBay, “crowdfunding platforms currently do not have ‘resolution centers’ if a conflict arises” (Gerber and Hui, 22). Of course it is still early in the history of crowdfunding and eBay too was once a platform many feared would be easily susceptible to fraud (Lawton and Marom, 187). Because crowdfunders are often start-up companies, supporters will have to be prepared for delays and lack of communications, and outright failure. It is

likely that should a large scale scam be successful at raising money online the ability of crowdfunding to move into the mainstream would be damaged.

In talking with individuals who had attempted crowdfunding campaigns Gerber and Hui found that those considering running a campaign were often deterred from crowdfunding because of the fear of failure especially if they “felt they were unable to attract their target audience or develop adequate reward” (18). Another key road block for some creators was the possibility that someone might steal their idea, and because crowdfunding is such a public endeavor “such exposure at an early stage of their work threatens chances of future investing, reputation in one’s social network, and idea theft” (Gerber and Hui, 20). And while many are touting crowdfunding as a new normal for start-up projects large numbers of campaigns fail to reach their funding goal each week. Ethan Mollick found that when projects do fail, they fail by large margins:

Only 10% of projects that fail raise 30% of their goal, and only 3% raise 50% of their goal. The average failed project received \$900 in pledges, compared to \$7825 for successful projects. (6)

In a journalistic context most of the crowdfunding efforts have been in alternative or entrepreneurial contexts and those that fail to reach their goals go largely unnoticed.

Journalism and Web 2.0

As traditional media have lost their footing with the audience the Internet has given rise to new forms of news outlets. These new models turn to their audiences for funding and content. In this convergence of old and new media technology the business of news is changing faster than is reflected by traditional news organizations. In the context of news the “working consumers” are individuals who are now able to produce,

or comment on what should be produced, in a much more pro-active way than in the past. Especially as staff levels at news organizations around the country fall, the audience may need to help in the production of information for the community. In this way crowdsourcing allows audience members to help provide the nuts and bolts of a news story – from helping connect reporters with sources to finding eye-witness photographs – the once passive viewer has become an active participant in news creation. Frank Kleemann and his co-authors write that the best example of this is CNN using “amateur reporters, who submit photos or short articles for publication or broadcast” (14). Web 2.0 and online news also give consumers the access and ability to search for content specific to their own interests and views – this extends to crowdfunding where individuals can financially support the types of news content they think worthy of production. This is just one more way media consumers are moving into a much more active role in the content creation relationship.

Audience members can now post reviews of television episodes minutes after a program airs, or during the broadcast via live-blogging services like Twitter. Comment pages on news sites give readers space to react, not just to the story, but also to the way news organizations are reporting on any number of different topics and events. Though similar to letters to the editor, comments are not screened or filtered with the same vigor that a letters section in the paper is, nor is it limited by the physical space that restricts what makes it into the printed newspaper. Henry Jenkins explains in *Convergence Culture: Where Old and New Media Collide* that this is an age of change and connection. He explains that the convergence of old and new media means consumers of media

content can also be producers, and/or participants in the experience of developing content:

A teenager doing homework may juggle four or five windows, scan the Web, listen to and download MP3 files, chat with friends, word-process a paper, and respond to e-mail, shifting rapidly among tasks. And fans of a popular television series may sample dialogue, summarize episodes, debate subtests, create original fan fiction, record their own soundtracks, make their own movies – and distribute all of this worldwide via the Internet. (Jenkins, 16)

As such the old gatekeepers of cultural content, including journalists and news organizations, must begin to change how they act as the audience develops “expectations of a freer flow of ideas and content (Jenkins, 18).

This convergence is the definition of Web 2.0 technology and the Internet communities it creates grants audiences a level of power once restricted to the editors and reporters that produced daily news. In this new model “users need not be mere recipients of media content but can actively take part in its production through activities like blogging, uploading photos and videos” (Kleemann, Voss, and Rieder, 11). When it comes to crowdfunding and journalism this means the audience is able to direct the kind of news covered through their financial support of a certain kind of story, or the storyteller themselves by bankrolling specific journalists. The projects funded may also be the type of work that otherwise might not have seen the light of day, given current budget and personnel restrictions facing newsrooms. Authors Jeff Kaye and Stephen Quinn explain that crowdfunding may be a kind of micro-financing available to news organizations in need:

In the context of journalism it is deceptively simple: A broker, which might be a media organization, gathers contributions from a large number of small investors. It uses that money to produce a specific form of reportage, such as a documentary or a piece of investigation journalism. Once the story is sold, the investors get their money back or it is re-invested to fund another piece of journalism. (65)

There have been a number of successful journalistic ventures that are tapping into crowdfunding or at least experimenting with the idea which will be examined in the following chapters. The ability of media producers to recruit interested individuals to their cause and have them fund parts of a project may provide a much needed model for how cultural industries are financed in an environment where mass advertising is no longer as accessible or reliable a form of funding. Crowdfunding is moving into the mainstream consciences as the decade long rise of Web 2.0 applications provides platforms for individuals to be more involved in business relationships. Its success in providing stable funding for journalism and other cultural industries is yet to be proven.

Chapter 2 will review the current economic state of the news industry. As advertising systems and revenue sources have changed and diminished, mainstream news organizations are unsure of how to finance the work they produce. With online organizations eating into audience attention and digital innovations changing how and to whom companies advertise their products the digital era has changed the media environment in a way that seems to have irreparably damaged the business model traditional news companies function under in the 20th century. By exploring the current economic situation that the media face Chapter 2 will set up in more detail the environment in which journalists and journalistic organizations have begun experimenting with crowdfunding.

Chapter 2: The Economics of Journalism

The current economic environment facing journalists, and the news industry at-large, is very different than what many would call the golden age of mass media news organizations. Journalists and the news industry have had to deal with large and difficult economic and technological changes for at least the last three decades. Audience numbers have fallen in some cases, fractured in others, and those individuals who are still tuning in are less and less interested in paying for content. Today's readers, listeners, and viewers are awash with choices, seemingly unlimited by the cost or location of information sources. The Internet provides a platform to access information that is both more general and more specific than traditional news organizations in their current state.

During the 20th century large mainstream media companies rose to a powerful position in society built on a business model supported by mass market advertising. Whether local or national, companies and organizations interested in advertising spent money to gain access to the content platforms (newspapers, radio, television, and more recently websites) with the most readers, listeners, or viewers. However, as digital technologies have established themselves as the gateway to information, audience members and advertisers have found new ways to produce and consume information. These new methods and systems of sharing information have altered the relationships between traditional providers and consumers of information. The news industry, in an attempt to find its place in the digital era, has experimented with different digital options for content presentation and collecting payment online over the last few decades. The state of the industry has been the subject of extensive investigation and worry during the final decade of the 20th century and into the first two of the 21st. Focusing on everything

from technological changes to economic struggles, academics and industry watch-dogs have spent much time reviewing the causes and consequences of a changing business model and what that means for the institution of journalism.

This chapter will review and investigate the economic state of journalism, how technological changes are affecting the industry and the economic environment within which journalists currently operate. It will explore the economic issues that the industry has dealt with over the last thirty years, reviewing how this situation developed and how the journalistic organizations have responded. This will provide a better understanding of the current marketplace from which digital news and crowdfunding emerge as potential alternatives to mainstream news models. Understanding the economic situation which journalists currently face is vital. While journalism is often discussed as a public service, it has functioned for more than a hundred years in a business environment where the service and sustainable employment for reporters producing content were inextricably linked to the ability of an organization to make a profit from some, or all of the content produced. As digital technology has become more mainstream changes to the business model of commercial journalism have been exponential, leading to mass layoffs and altered workloads for remaining staff. These changes have reduced many news organizations' ability to speak with authority and maintain a loyal audience.

Early News Organizations

The nature of mainstream journalism has changed from a system that was both socially and economically powerful to one competing with numerous other ventures for the attention and financial backing of the audience. And yet this is not the first time the

news industry has gone through a radical shift. Modern journalism – the professional institution defined by an objective investigation and review of the facts of the day – is a relatively recent invention. Before this model, newspapers were often politically motivated, produced to convince the population of a certain point of view. Economic and political shifts in the 19th and 20th century changed many aspects of society, including journalism. During this time both mass industrialization and urbanization brought about an era where business interests moved to the forefront and newspapers developed beyond their allegiance to political parties to become part of the growing capitalist marketplace.

In the United States, as well as in Canada, early newspapers were almost all connected to political parties. American media historian Michael Schudson explains these papers were either “financed by political parties, factions of parties, or candidates for office who dictated editorial policy and sometimes wrote the editorials personally” (15). While reminiscent of politically polarized news organizations today, these early papers were produced for an elite group which was limited to those who could afford to purchase them. In the early 19th century there were also commercial papers which provided business and trade information to the elites of a community. What both political and commercial papers had in common was the cost to access them. Schudson writes that an individual paper “cost the reader six cents an issue at a time when the average daily wage for nonfarm labor was less than eighty-five cents” (15). The high cost and limited access meant the topics covered by early newspapers were limited to the needs of their elite audience.

This changed with the introduction of the penny press, small newspapers sold on the street instead of by subscriptions. One of the first papers to run under this model was

“the *New York Sun* that began publication in September, 1833 ... [a few months later] it was selling some 5000 copies daily” (Osler, 80). By focusing on street sales rather than subscriptions penny press papers drew in a large, diverse audience of readers and advertisers. As Andrew Osler explained in *News: The Evolution of Journalism in Canada* “...the established press traditionally rejected advertisements for lotteries, theatres, [and] businesses that opened on Sundays”, the penny press on the other hand accepted advertising from almost any business (80). They also reported on a more diverse group of subjects including police reports, criminal court proceedings, and human interest stories which Osler writes led to “the birth of the modern *egalitarian* newspaper” (80).

Following a slightly different path, newspapers in Canada began to develop in the 1750s though high levels of illiteracy and a small population meant that “as late as 1800, there were just nine active printing establishments across the length and breadth of British America” (Rutherford, 2). As Paul Rutherford explains in his book *The Making of the Canadian Media*, daily newspapers were not successful in the colonies that would become Canada until the 1840s, when “new cities ensured a market for the wares of the daily journalist, and the busy retail trade of these cities enhanced his all-important advertising revenues” (7). When these papers did develop they were reflective of the “egalitarian American penny press” that had become common in the United States (Osler, 86). Papers that did exist in Canada before the mid-19th century were also more political. The *Halifax Gazette* began printing in 1752, one of what Wilfred Kesterton calls “pioneer papers”. Kesterton explains that government patronage was essential for these early news organizations, “so that revenue-producing government announcements, proclamations, orders and enactments made up a large part of their content” (6). As the population of

Canada expanded and the economies of larger cities developed, growth in both economic and social institutions led to the development of a newspaper industry (Kesterton, 10). Early developments in printing press technology also affected the business model since the high cost meant papers had to reach a wide audience in order to cover their costs as, “modern press inventions [were] staggeringly expensive” (Kesterton, 73).

In the early years of modern newspapers the readership continued to grow and change. At the same time, so too did the type of journalism produced. Michael Schudson explains:

The telegraph was invented in the 1840s, and, to take advantage of its speed in transmitting news, a group of New York newspapers organized the Associated Press in 1848. Since the Associated Press gathered news for publication in a variety of papers with widely different political allegiances, it could only succeed by making its reporting ‘objective’ enough to be acceptable to all of its members and clients. (4)

As newspapers became more connected to businesses instead of politics, and advertising became the main source of revenue, those in charge of news organizations “began to recognize the economic fact that bias in news columns, especially related to political bias, drove away as many readers as it retained” (Osler, 92). The traditional canon of journalistic objectivity is as much a reflection of changing business and technological realities during the 1800s and early 1900s as it is a reaction to changing social realities. In their work *The Story so Far: What We Know About the Business of Digital Journalism*, authors Grueskin, Seave and Graves point to these changes as the catalyst for an increasingly professionalized news industry, which by the 1920s and ‘30s was the norm. With a growing consumer culture in urban areas publishers “realized they could make

most of their money from local retailers, rather than from people in the street paying a few pennies to buy their paper” (Grueskin, Seave and Graves, 9). It is in this growing economic environment that newspapers have the space and resources to function as a business instead of an extension of political parties. When the public imagines what a newspaper looks like it is the descendants of the penny press that comes to mind.

Advertising and News Organizations

Moving into the 20th century the capitalist economic and political system continued to provide the conditions which allowed mainstream news companies to develop into powerful social institutions. Newspapers became the new village square, the place where the community gathered, even if it was individually in their homes, and by consuming the same information the community was exposed to the same concerns. Martin Hirst reviews the growth of industrial news in his book *News 2.0: Can journalism survive the Internet?* In it he calls news of this era a “commodity” and the organizations that create it “news factories”. These he explains were built on,

an emerging ideology of promoting balance, accuracy, fairness and objectivity as key values for reporters. Industrial journalism grew into a production system that foregrounded news as a commodity and that was predicted on an assembly-line methodology. (Hirst, 73)

As noted earlier, journalism is viewed as a public good, but operates as a profit-driven business. This leads to what Hirst calls “the dialectical tension between private profit and public interest” (74). While journalists may see their work as a public service it is unlikely those same reporters and the businesses that produce news content would do so without monetary compensation.

The newspapers that were built in this era were large, urban, omnibus offerings. They were organizations that hired reporters to find information and fill the pages with stories that would attract a large and diverse audience. And as journalism became more and more professionalized, the work produced focused on recounting important events of the day in a given community as a way of reaching the largest audience possible. For local newspapers that meant covering things like City Hall, local sports and business, and even connecting community members looking to buy or sell personal items through classified ads. A growing reliance on advertising also meant newspaper content grew to include topics that related to the types of products that could be advertised, for example, the automotive section. Twentieth century newspapers included subject specific sections such as arts, housing, business and sports. Chris Dornan writes in *Cultural Industries.ca: Making Sense of Canadian Media in the Digital Age*, newspapers were creating “editorial content that was simultaneously attractive to readers and a showcase and platform for advertisers” (57). It seems telling that,

every daily newspaper in North America came to include a business section – filled with news for the investor, the manager, the executive, and the employer, and flush with advertising. But not one included a labour section that was addressed to the employee, was attentive to working conditions, and chronicled the experience of the unemployed. (Dornan, 57)

Advertising is the financial backbone of news creation – making up the majority of revenue at newspapers around the world in the 20th century. Newspapers sold access to the information its reporters had collected, which for the most part, was not easily available to the audience. It is through that sale that mainstream news organizations accumulated a large and loyal group of readers that then enticed advertisers to pay for

access to that group. In this model, the size of the audience is a crucial element for a successful and profitable business.

Operating under this model, newspapers and other platforms (i.e. radio and television) were strong and stable industries for much of the 20th century. Building a consumer group based on local information and advertising journalists delivered information to their audience, and an audience to advertisers. Newspapers, radio stations and television networks made money because of the monopoly they held over the delivery of mass entertainment and information content; content that drew in a large enough audience that advertisers would be willing to pay to access it (Kaye and Quinn, 6). The relationship between news organizations and advertising has defined the business of news in many ways, even as technological advancements expanded and changed how information was presented.

News and Technology

As print stories became spoken reports on the radio and television added moving images, each additional technology has given advertisers new ways to reach their customers. Radio followed the telegraph and the advances in technology only continued over time, “[f]ilm was replaced by video, which was easier to edit. Telephone, microwave, and satellite communication allowed radio and TV journalists to escape the studio and broadcast live from news events, real or staged” (Beam and Meeks, 231). From the time that telegraphs made it possible to send information across great distances quickly, reporters have been at the mercy of the latest development that has made information more and more easily accessible.

It is important to remember that prior to the advent of the Internet the only way to reach a mass audience, besides perhaps the postal service, was by using the channels built by newspapers, radio stations, and television networks: organizations that reach millions of individuals daily through information and entertainment programming. With income coming from businesses and individuals looking to advertise through news organizations, the cost to consumers was kept relatively low, especially considering the production costs. Individuals pay nothing to listen to the radio, a small fee to television cable companies for the wires bringing the service to their homes and not much more than a dollar a day for a newspaper either through a subscription fee or the cost to buy a copy at a store. Though audience members may believe they are financially supporting the creation of news through newspaper subscriptions or cable fees it has been advertising dollars supporting news organizations for the better part of a hundred years.

The current environment of twenty-four hour news cycles and 140 character updates is a very different world than the days of objective, profitable journalism. When the downfall of journalism is discussed, it is this high-profit, institutionalized mass media that is being referenced. Up until the last decade the majority of mass produced content was created by professionals working in industries like film, publishing, music recording and journalism. This was often because of the expensive production costs associated with creation and distribution of media content. In a journalistic context, newspapers required dozens of reporters to write enough content to fill the pages and only those with access to expensive, industrial printing presses could produce the kind of product expected from large daily papers in urban centres. For radio and television the reality was much the same where professional equipment and large scale staffs were the only way to produce a

product at the industry level and therefore attractive to advertisers and audience alike. Peter Gade and Wilson Lowrey explain in the book *Changing the News: The Forces Shaping Journalism in Uncertain Times*, that it was these kinds of barriers that meant in the business of news, the “public was seldom an active participant” (22). As larger business oriented organizations developed to produce the news, the role of reporters became more professionalized – leading to more and more institutionalization of the industry. However, for all its strengths the mainstream business model that most news organizations have operated under has its flaws.

Economic Factors

Mainstream news organizations have faced financial struggles for decades. With the level of technology and staff required to function successfully in the news industry each city often housed only a few news organizations, all competing for the attention of a limited audience. During the 1980s and 1990s media consolidation became more and more common. According to research done by the CRTC (Canadian Radio-television and Telecommunications Commission) in 2012 only five companies share 82 percent of the revenue generated by broadcasting in Canada (CRTC, iii). The situation for newspapers is no better, with 112 daily newspapers in circulation, only six of those daily papers are independent and not “under group ownership” (Ownership: Daily Newspapers). Many list the rise of the Internet and online news sources as the major factor that has led to the current problems in the industry, but this is not the sole cause of the financial and institutional difficulties.

The introduction of radio and television divided the news audience long ago, giving individuals more choices as to where they can get information and entertainment content. Those technological developments, along with changes in society began to diminish the powerful position newspapers, and subsequently news organizations had in a community. In *News 2.0* Hirst points to the increasing numbers of working mothers, distractions like video games and changing ethnic demographics as some of the factors that contributed to the changing behaviour of news audiences in the late 20th century. Before anyone had heard of the World Wide Web, “video and home-recording, computer games, direct marketing and other forms of media ...were competing for people’s attention” (Hirst, 57). While companies were profitable under the 20th century model there was a limit to how many companies the system could support resulting in consolidated ownership and shrinking audiences in many cases.

While there are many news publications and programs in Canada, the ownership diversity among the country’s newspapers, radio stations and television networks has diminished over time. As Dwayne Winseck explains in the chapter on ownership concentration in *Cultural Industries.ca* there have been three main waves of consolidation among Canada’s media companies spanning from 1994 to the present day. The main trend is the integration of mediums, as companies like Rogers purchased MacLean-Hunter (a communications company with magazine, television, radio and newspaper holdings) and *Bell Canada Enterprises* (BCE) acquired CTV and the *Globe and Mail* (both national news institutions in television and print respectively). These merges created mega-media companies with properties in print, radio and television and combined production and distribution companies into one family tree (Winseck, 147).

More recently Shaw Cable purchased the old CanWest television holdings including the Global television network and Bell expanded again when it received CTRC approval to buy Astral Media's radio and television holdings in 2013 (Winseck, 147-148; Astral). With these business arrangements Canada's media environment has become heavily concentrated and as such most news and entertainment content is created by only a handful of large corporations.

A Changing Audience

While consolidation meant shrinking corporate diversity, audience diversity for news content has diminished as well. The Columbia School of Journalism has written numerous reports on the changes and challenges faced by the mainstream news industry. In the school's 2011 report *The Story So Far*, the authors focused on how digital journalism is affecting the industry as a whole. The researchers found that mainstream news organizations were struggling as early as the 1980s. Already broadcast network news programs were losing their audiences, all long before digital technology introduced new challenges. Although digital options have not helped, they cannot account for the full audience loss over the last three decades. In 2011 television network news programs reached just "over 20 million viewers a night, down more than half in three decades" (Grueskin, Seave and Graves, 8). Newspapers faced the same problem and began to experience declines in circulation numbers decades ago. Today in the United States "total daily newspaper circulation has fallen by 30 percent in 20 years, from 62.3 million in 1990 to 43.4 million in 2010" (Grueskin, Seave and Graves, 8). In Canada, "daily newspaper circulation in 1995 was 5.3 million copies. In 2010, that figure had dropped to 3.8 million, a loss of 28 per cent" (Dornan, 55). According to Canada's national

newspaper association circulation revenue continued to fall in 2012 (the most recent numbers available) and has decreased just over 4.5 percent since 2010 (Newspapers Canada). Facing a dispersed and often disinterested audience it has been difficult for news organizations to remain as profitable or relevant to the community as they were in their heyday.

An important element of the 20th century system was that it provided news organizations with a great deal of social standing because of the level of control they had over both the audience's attention and access to information. Lowrey writes that information was "originating from a media that were largely oligarchical, and institutionally secure. The content they produced was intended to travel one direction, to a mass" (137). As such the audience had little control or power to go elsewhere or challenge the institutions that had developed. At the same time, while newspapers and news organizations may have been losing audience members over the last 30 years, Grueskin and his co-authors found that advertisers still had few options besides mass media organizations to reach the audience they sought:

The monopoly or oligopoly that most metropolitan news organizations enjoyed by the last quarter of the 20th Century meant they could charge high rates to advertisers, even if their audiences had shrunk. ... Even if the station or newspaper could deliver only 30 percent of the local market, down from 50 percent a decade earlier, that was still a greater share than any other single medium could provide (Grueskin, Seave and Graves, 10).

This is the landscape news companies faced as the Internet started to become a mainstream source of information in the mid-1990s. Audiences had already begun to turn

away from news organizations and technology was beginning to give power to the formerly passive audience.

News and the Internet

Considering this trend it is less than surprising that the introduction of digital technology, the Internet and the open source attitudes that came with it heavily impact the economic system within which journalistic organizations operate. Online news is (for the most part) fast, free and available to anyone, anywhere, with an Internet connection. It gives newspapers a venue that allows them to act as quickly as radio or television stations, as well as breaking down barriers between the three mediums. In the new media environment video stories are expected to have text, print stories are expected to have video and radio stories require pictures for online platforms. The widespread reach of digital technology means consumers no longer have to passively accept the amount or kind of information given to them. They can search out alternative sources, from the smallest community newsletter to international news wires, all with little influence from organizations like mainstream news outlets. The Internet means that journalists and news organizations now face unprecedented levels of competition. Before digital technologies “news media operated in geographic markets and their control over the creation and dissemination of news and information meant their core product – news – was a relatively scarce commodity” (Gade, 73). And even in markets which supported multiple daily papers Kaye and Quinn explain that “loyalty to one newspaper has been commonplace for reasons that include the cost of having to pay for any extra publications” (102). The Internet allows information to cross borders and oceans in the blink of an eye and gives

audience members access to content from a variety of sources for little financial commitment from the individual.

This new digital media world means “the geographic limitations that had given newspapers regional monopolies, or near monopolies in print, were now gone” (Kaye and Quinn, 23). While early attempts at paywalls for online newspapers seemed to fail, the trend is coming back around and new metered paywalls require heavy readers to pay an online subscription fee. In the most recent review of newspaper circulation in Canada the national industry group for newspapers found that the number of newspapers with online paywalls increased dramatically in 2013. The year before “there were 20 papers with paywalls/metered access and by the end of 2013 that number was 33” (Circulation Data). The traditional model of advertiser based news organizations with a portion of income coming from readers has not translated well to the online market and revenue from digital advertisements has yet to replace the money lost in the print edition. And even as some papers find limited success, until all or at least most mainstream news sources erect paywalls there is little to stop audience members from going to a different source with similar content. Audience members have more control in a digital news model where access to essentially unlimited options mean news organizations can no longer count on their geographic audiences as a captive group whose attention could be sold to advertisers.

While technological changes like radio and television chipped away at newspapers business model, it was the Internet’s ability to both break down communities and build up different ones that truly disrupted the decades long hold mainstream news organizations had on advertising revenue. Companies from Craigslist and Kijiji to Google

and Facebook function online in ways that makes finding and selling an audience to advertisers easier and more effective than in the past. The free classifieds website Craigslist launched in 1995 and five years later was already available in cities around the world (Kaye and Quinn, 25). With the development of these types of online classifieds, newspapers truly lost their strangle hold on personal local advertising. These free digital platforms allowed community members to post classified ads and gain access to a larger (and probably more interested) audience than could have been accessed through paid newspaper classifies. And while sites like Craigslist gave individuals new platforms to reach an audience, developments by companies like Google allowed corporate advertisers to target customers in ways not possible through traditional news outlets.

Google re-invented how individuals found information online with its algorithm, PageRank, which “attempts to let all the Web pages on the Internet decide which pages are most relevant to a particular search” (Surowiecki,16), and lists different sources, based on which has the most links from other websites. In the same way, Google changes how advertisers target consumers so that, “advertisers could bid to have their ads show up every time a Google user typed in a specific keyword,” meaning users see ads directly related to the subject they are interested in and “advertisers did not have to pay for the ads unless a user clicked on it” (Kaye and Quinn, 25). If the automotive section of a newspaper meant a company could target people who were interested in cars, the Internet lets them target individuals interested in a certain make, model and maybe even colour of vehicle. The Internet allows every company no matter how large or small, to spend its advertising budget reaching an audience that is much more likely to be interested in its specific product. Compared to the analog world where the audience had to watch

commercials to see the rest of a television show, or flip past print advertisements to reach the next story, the Internet allows individuals to read and watch content often ignoring advertisements as they come and go. Where newspapers and magazines sold large faceless mass audiences to businesses, the Internet sells the individual whose interests and economic status is closely monitored by unseen algorithms.

At the same time, the audience that newspapers, radio stations and television networks had claimed to have and actively sold to advertisers was in many ways a fiction. While circulation numbers and network ratings gave businesses some idea as to who was consuming specific content, the reality was that newspapers claimed every reader as someone who read every page, or in radio or television as if every audience member sat through hours of content, including the ad breaks. The Internet is the opposite, where, as Grueskin and his co-authors explain, online content is “atomized, with each article existing independently of the next” (13). In this system advertisers can monitor if their ads are connected to popular content with much more accuracy than in past systems. Even more disruptive, online ads give more power to the audience member since in order to “get useful information from an online ad, a reader often must click and head to a new site, something people rarely do” (Grueskin, Seave and Graves, 17). Here again the control dynamic is turned around – where previously the audience traded some of its time consuming commercials to order to access the actual information or entertainment content they were interested in – now individuals can read and view most content without being required to first consume commercial content. This new world of individualized online content and paywalls has created an environment where audience members hold

much of the power and journalists and news organizations are forced to react, in an effort to keep up.

How individuals interact with news content has not been the only change that disrupted traditional systems. News aggregation websites are another disruptive development when it comes to news content online. Aggregators take articles from websites across the Internet and list them on their own site either with or without links to the originally produced content. A 2010 digital white paper on the topic lists four main kinds of aggregators. They are: “Feed Aggregators, Specialty Aggregators, User-Curated Aggregators, and Blog Aggregators” (Isbell, 2). Each is slightly different but all curate content online on their own webpage. Kimberly Isbell, working with the Citizen Media Law Project, explains that feed aggregators use content from numerous websites and organize stories usually by topic or source:

Feed Aggregators often draw their material from a particular type of source, such as news websites or blogs, although some Feed Aggregators will contain content from more than one type of source. Some well-known examples are Yahoo! News ...and Google News. (Isbell, 2)

Speciality Aggregators are more specific in the type of content they cover. They might be hyper local community sites or be more subject specific (Isbell, 3). Alternatively User-Curated Aggregators are put together by users and collect information from a wider variety of sources including blogs and other non-professional sources (Isbell, 4). Finally Blog Aggregators “are websites that use third-party content to create a blog about a given topic. The Gawker media sites are perhaps one of the best known examples of Blog Aggregators” (Isbell, 5). These sites use content from numerous web sources, often quoting excerpts from an online article or summarizing a story written by another

organization. Isbell explains that by this definition the Huffington Post is also a blog aggregator:

The Huffington Post website is organized into several sections, the front pages of which typically feature links to a mixture of different types of content, including original articles authored by Huffington Post writers, AP articles hosted on the Huffington Post website, and articles hosted on third-party websites. In linking to content on third party websites, the Huffington Post sometimes uses the original headline, and other times will use a headline written by Huffington Post editors. (Isbell, 5)

Aggregators are a very popular development in the online universe of information content. In a study of how users interact with these sites and what individuals gained from the experience, participants reported that these kinds of web platforms “help users find the required information from a variety of information channels without requiring too much user effort and time” (Chowdhury and Landoni, 101).

There are many who see the rise of aggregators as a key ingredient in the troubles facing the news industry. Isbell explains that even Rupert Murdoch, owner of the global media holding company News Corp, has weighed into the debate and believes that “news aggregators from Google News to The Huffington Post are free-riding, reselling and profiting from the factual information gathered by traditional media organizations at great cost” (Isbell, 1). On the other hand aggregators claim that their websites and the service they provide to users actually help news organization “by driving traffic to [the news organizations’] websites from consumers that would be unlikely to otherwise encounter their content” (Isbell, 13). While there have been legal battles fought and business agreements reached to mitigate the damage aggregators have caused to traditional news properties, the fast moving nature of the Internet means it will be difficult to ever fully

prevent this type of online curation. Additionally, Isbell cautions, in a time of developing online interaction it “would be premature, and likely counterproductive, to create rules which would have the effect, if not the purpose, of privileging one journalistic business model over others” (Isbell, 21). While aggregators have been one factor in revenue loss for news organizations in the digital era, the issues go deeper into the economic model from which mainstream news profited.

News and the Global Recession

Technological changes in the late 1990s and early 2000s have had a major impact on how news production is done and shook up the economic model the industry had been profitable under, but those alone cannot be blamed for the current state of the news media. The economic downturn that hit North America and much of the world in late 2008 and early 2009 put serious economic pressure on an industry that was already reeling. Digital advertisers and the recession both played a large role, along with technological changes, in how news companies operate in recent years. Reflecting on the changing economic model, Martin Hirst explains that traditionally newspapers had three sources of revenue: “street sales, subscriptions and advertising” (167). The Internet changed the first two; the recession played a large role in damaging the third. In *The Story so Far* the authors find that while companies like Craigslist and other forms of digital advertising were the beginning of a downward trend in ad revenue the recession made the situation even worse as it undermined everything from real estate to employment advertising (Grueskin, Seave and Graves, 10). In its State of the Media report for 2008 the Pew Project for Excellence in Journalism could already see the effects of the downturn on advertising spending and predicted that the situation would only get

worse in 2009 (Key Findings, 2009). The following year's report found that along with continued reductions in spending on advertising there was also a large decrease in newspaper subscriptions amounting to a loss of "25.6% in daily circulation since 2000" (Key Findings, 2010).

Advertising spending in all sectors dropped almost 13 percent in the United States during 2009 which was "the sharpest drop since the Great Depression, although most news sectors saw declines close to double that" (Key Findings, 2010). For an industry already in trouble these numbers were often the last straw that led to the collapse of even some fairly well known newspaper offerings. Since 2007 papers including the *Rocky Mountain News*, the *Baltimore Examiner* and the *Halifax Daily News* have shut their doors (Gillin). The Tribune chain of newspapers, which included well known titles such as the *Los Angeles Times* and the *Chicago Tribune*, had to file for bankruptcy protection and cities like Denver, Seattle and Tucson became one-newspaper towns (Downie and Schudson, 32). Though shocking at the time, the closures are understandable considering total revenue for newspapers fell more than 20 percent in 2009 or "a total of \$38 billion" in the United States alone (Key Findings, 2010).

Though the Canadian economy was somewhat sheltered from the full force of the economic downturn, there is little doubt similar losses in advertising revenue also occurred. In Canada, ad revenue at newspapers increased about two percent in 2012 to over \$2.2 billion. However, that was still about \$400 million less than the total revenue recorded in 2008 (Newspapers Canada). Also in 2012, circulation revenue only accounted for \$785 million which is down almost 1 percent from the year before. (Newspapers Canada). Economic pressures on advertising revenue have affected the

industry's bottom line and technological advances have changed how information is processed and presented to the public. And beyond even the loss of audience and revenue the Internet changes things further for news organizations as the beginnings of Web 2.0 platforms changed how the audience interacts with information.

Web 2.0 and the News

The societal changes created by Web 2.0 applications have had a transformative effect on how journalism is done. With the addition of user-generated content the role of the audience has changed as they now have the ability to produce content and communicate directly with news organizations. Platforms like YouTube and Facebook let individuals connect and share information without media institutions as the middleman. The journalist's traditional role as gatekeeper is disrupted by online communities that can talk to each other as well as institutions of power. This disruption means the ability to require payment for exclusive information, which journalists were once the chroniclers of, is diminishing and without it businesses are less likely to choose news organizations as the obvious recipient of their advertising dollars. Where once the job of journalist was necessary for the collection and dissemination of important information the current social shift that makes information more accessible also makes journalists less powerful.

And if it was not damaging enough that the monopoly over ad revenue was diminished, so too is the control journalists once had over huge bodies of knowledge. With digital databases the public can now access and investigate any number of topics and issues for themselves. Michael Hirst explains it as a "tension between the now fading and discredited industrial model of journalism and the emerging sub-field of 'journalism

from below” (Hirst, 85). Online content and increased public access to government information mean that journalists now share the role of investigator with anyone who has the time or resources to go looking for the information. In the article “The Reconstruction of American Journalism” Leonard Downie Jr. and Michael Schudson discuss the situation journalists are in, arguing that as news companies reduce staff levels and pull back on coverage, the news organizations “also reduce their value to their readers and communities” (34). In this new digital environment the definition of news and journalism itself is being questioned.

A number of scholars looking at this issue list a reporter’s main job as being accountable to the public and working in the public interest. But as the audience fractures, serving that public becomes more and more difficult as it can no longer be expected to be drawn to the same mass media system of information. In her book, *Participatory Journalism: Guarding Open Gates at Online Newspapers*, Jane Singer explores the role of participatory journalism and its effect on the institution of journalism. In it she explains the three roles of journalism:

First, it is the task of journalism to observe and inform. Second, journalism participates as an actor in public life when media practitioners comment on the news or advocate particular positions. And third, journalism has the task of providing a platform for voices from outside the media. (Singer, 35)

By this definition online practitioners easily fill the role of journalist. While new media voices can often be seen as less organized than institutional or mainstream media they do still observe and inform, act as actors in public life, and give platforms to any number of voices. For Hirst, his *News 2.0* definition is a bit more restrictive requiring that “the

person is paid for their work; that they can claim membership of a group defined by technical mastery over certain skills; and that they accept the social responsibilities that come with being a journalist” (Hirst, 114). And going even further, for something to qualify as journalistic work, he writes, it should be “‘aimed at an audience’; and that ‘there is a public benefit to the story or work product’” (Hirst, 115). While helpful, both these definitions also reveal the shift and confusion over what constitutes journalism and news in the digital, Web 2.0 system.

It is not just that new technology means journalists have to adapt to a new way of financing their work but also a new way of producing and distributing content. Audiences have gained power over how they consume news. Under the old media model information was packaged for the audience into newspaper sections, or supper hour television programs, with stories grouped together and often organized by an order of importance imposed by a journalist or editor. The public can now bypass the organization’s presentation of which story is most important and instead, through social media and other aggregating websites, access only the stories they find most interesting. As Singer points out, new models,

require more determination and engagement than simply watching the flow of a television show or seeing a static newspaper headline. Again, readers, listeners and viewers all become ‘users’; they have many more options in deciding when, where and how they consume journalists’ products. (Singer, 36)

This is consistent with the wide spread changes facing almost every industry where consumers are becoming producers and the lines dividing those two roles continues to blur. When talking about journalism and media technology these changes have led to a

system where, as Henry Jenkins explains in his book *Convergence Culture: Where Old and New Media Collide*, digital technology has led to a change in how consumers interact with media content itself. The old gatekeepers of cultural content including journalists and news organizations must begin to change how they act, as the audience develops “expectations of a freer flow of ideas and content. Inspired by those ideals consumers are fighting for the right to participate more fully in their culture” (Jenkins, 18). These ‘citizen journalists’ are what Gade and Lowrey call “‘pro-sumers’ ... interactive citizens who both produce and consume news and information content” (23). This convergence is the definition of Web 2.0, where Internet communities and programs allow audiences to interact with producers in a way very few could in the past.

Digital Journalism

Over time, as the Internet became an undeniable presence, news organizations began to launch online versions of their product, mostly newspapers reproduced their print content online, giving them the ability to reach a new audience and add content as quickly as radio or television networks could. Early adaptors were eager to get online “but unsure of the future of online journalism – [they] followed the free content model, hoping it would bring audiences and eventually advertisers” (Gade and Lowrey, 25). With so much information available online it is hard to define who is in charge of what the public can access. The news industry’s role, as Singer explains, “rested largely on professionals’ privileged access to the means of producing and disseminating information” (Singer, 15). Without that privilege, journalists have spent the better part of the last decade trying to figure out their new role. Unlike the 20th century where information flow was top-down, now centralized media organizations can address

dispersed and niche audiences, audiences can respond and individuals can converse with one another. It is a situation that the audience has taken full advantage of, creating specialized websites devoted to specific topics of interest. Online audiences can also interact with journalist directly, commenting on the journalist work itself rather than just the subjects covered as they might have done in the past through a “Letters to the Editor” section.

The Internet’s ability to connect people and create communities is why long held definitions of journalist and audience have begun to blur and intermingle. This is the difference between Web 2.0 and 1.0 in a journalistic context. Hirst calls the 1.0 system a “read-write” Web whereas in Web 2.0 “creating and uploading content is now much easier and does not require hours of hand-coding in hypertext mark-up language” (Hirst, 6). These new users and producers of journalistic content are an unpredictable force, an audience unencumbered by the past information production system that left them only as recipients of the content produced. Journalistic bodies have been wary of this participation though it has the power to keep individuals engaged and loyal to an organization’s online platform. If a large enough group of engaged readers or viewers develop a sense of loyalty to a website it could become beneficial for business. Singer found in her work that:

newspapers can serve as collective community nodes, as they have in the past ... there are business calculations behind these strategies ... but journalists also seem to feel that audiences are seeking a sense of belonging that can be lacking in a media landscape marked by overabundance and incoherence. (Singer, 45)

Active audience members make for active communities and journalists need to be willing to participate in those communities or lose their place as leaders.

Just as Google and Craigslist disrupted traditional advertising, YouTube and other user-generated content sites disrupt old pathways of content creation and distribution. When audience members can participate in the creation of the very product journalists are trying to sell the model for a profitable business is clearly broken. As of yet, few examples exist where individuals have taken over the role of professional reporter, providing detailed and current information on a broad number of topics. For now the situation is problematic because while it is no longer profitable for news to have large staffs focused on every aspect of a community's life, there is a gap where people seem to want information but are not yet, *en masse*, willing to pay for it. Examples of communities that have begun to pay for content will be discussed further in the following chapters.

The Open Society Foundations looked at Canada's digital media environment and named Canadians as some of the most "engaged and active users of digital media in the world" (Obar, et al, 6) with "22 percent of survey respondents citing [online platforms] as their main source of news in 2012 (nearly double what it was just four years earlier)" (Obar, et al, 22). And while a growing audience on any platform is a positive step for news companies, the way individuals access news content is changing – either first seeing it on social media websites or through non-traditional sources like blogs and other user-generated content. The Open Society report points to the growing use of smart phone technology that makes "capturing and delivering" content easier than ever before (Obar, et al, 42). This may provide new ways for journalists to interact and connect with the

audience. With users as producers of content as well as consumers, the old one-way system of journalism is broken and the system is unlikely to reverse course. The business of journalism is now competing with bloggers and citizens who have the access and ability to produce work similar to that of professionals.

New models of funding and function are beginning to take shape. The most recent State of the Media report from the Pew Project for Excellence in Journalism shows that while advertising remains the most common source of revenue, others are quickly developing. The report found that 69 percent of news revenue still came from advertising with 24 percent coming from the audience; seven percent was collected through other services, like event hosting or marketing services. The most interesting finding was that one percent of revenue came from philanthropy, venture capitalism or individual investment. And while the amount and sources of money may not “yet represent a sea change in the business model ... they do signify a pivot in the news world” (Holcomb and Mitchell, 2). Though advertising remains a key source of funding, the Pew researchers found that the model is not stable:

Print advertising continues its sharp decline. Television advertising currently remains stable, but the steady audience migration to the web will inevitably impact that business model, too. (Holcomb and Mitchell, 4)

Digital platforms continue to shake up the system and now changes in new ways of funding may be visible as well.

While changes in how journalism is being financed are becoming clearer, changes to how news is produced and presented in digital spaces are less clear. Most news organizations continue to produce news in the same format as before digital platforms

existed, loading traditionally formatted television and print articles onto their websites. Only recently have some publications turned to infographics (information organized using pictures and graphs for digital platforms) and data journalism (news reports built around the organization and investigation of large sets of information) which both take advantage of online programs and present information in non-traditional ways. Where the 20th century newspapers were generalist, the 21st century may require specialists and filterers of information. These new reporters could help Internet users negotiate the massive amounts of information produced on a daily basis; in other words the new function of journalism could be “to act as an intelligent sifter of the billions of bytes supplied by amateurs” (Hirst, 17). As the digital presentation of news evolves so too will the kinds of platforms used to create and consume content as well as the ways they are funded.

The changing media environment has affected the journalistic industry in many ways. Not only has digital technology interrupted how the news is consumed by the audience, it has also enabled that audience to work with reporters and news organizations to co-produce content or even take on the role of journalist themselves. Though digital media has disrupted the way news businesses have operated it has also given journalists new ways to tell stories and could ultimately “be a source of creativity and renewal” (Gade and Lowrey, 34). This is true too of providing new ways of potentially funding some kinds of journalism. Though online advertising has yet to replace the revenue lost from conventional advertising methods, online fundraising, namely, crowdfunding for journalistic work is a possible alternative to funding some journalistic work. In this complex and shifting digital environment crowdfunding is becoming a mainstream option

in other industries, perhaps journalism is next. And as journalists look for ways to continue informing the public while still making an income, the public appears to be willing in certain situations, to contribute financially to the production of news, if not its consumption. In Chapter 3 a number of new and emerging kinds of news organizations will be examined as well as the beginnings of how journalistic organizations and individuals are accessing online communities for financial support.

Chapter 3: News Organizations and Funding Options

Digital culture has advanced over the last decade from online versions of real world products to independent digital entities. Where once it might have been enough to load the daily newspaper onto a website each day, now news often breaks online and is updated in real time, regardless of when traditional news products (i.e. newspapers or supper hour TV programs) are scheduled for audience consumption. The Internet has created a venue where individuals, through their computers and digital devices, can create and interact with media content in a more fluid and personal way. As Web 2.0 applications like YouTube, Twitter, and numerous other social media platforms have risen to mainstream status, news companies and journalistically minded individuals have begun to develop different ways of producing news content and new ways of funding them.

This chapter will introduce a number of examples of digital only and adapted traditional media systems that have developed out of the financial and technological changes the news industry has faced in the 21st century. Without the guarantee of advertising revenue to financially support mainstream organizations new partnerships and funding models have begun to develop. Non-profit and philanthropic organizations have stepped in, in some situations; while subscription based digital platforms have had some success. And recently, individuals and organizations have begun to collect funds from the public directly to support their work. These new methods have had varying levels of achievement in producing well-rounded, informative news content in the current system of trial-and-error news organizations.

Mainstream News Online

The future of the news industry is being written in the present as technological developments force the industry to evolve to changing systems of access and production of information sources. Leonard Downie Jr. and Michael Schudson write in “The Reconstruction of American Journalism” that these new systems mean widespread access to information for members of the public willing to look. Because the Internet provides platforms that allow anyone to “gather information, investigate the powerful, and provide analysis” the authors argue that even if “news organizations were to vanish *en masse*, information, investigation, analysis, and community knowledge would not disappear” (Downie and Schudson, 31). The job of journalists in the last century was to seek out important information about how powerful groups operated and how decisions of importance were made, all in an effort to help the audience better understand the community of interest.

Public broadcasters and other interested parties will most likely continue to provide the public service element of journalism. However, it is unlikely that organized, centralised mass media news will ever return to the level of influence it once held. Reporters and others interested in the business of news will have to find a new place in the information system, and develop new roles that make them valuable enough that consumers are willing to help support the work produced. While models that aggregate content may have found a system that provides a large enough audience to support advertising based revenue, the content they collect is in many cases produced by mainstream organizations. As those organizations are forced to reduce their presence in

the community, news aggregator websites, such as Google News and the Huffington Post, will need to find new sources of content.

Traditional news organizations have attempted to create online systems that protect their content from aggregators. Radio and television news organizations tend to work under an advertising based model with online content available for free. And while online subscriptions and paywalls have been attempted, abandoned, and more recently re-instituted they have mainly found traction for online versions of traditional newspapers, and magazines. According to the national industry group, Newspapers Canada, there are 33 daily newspapers in Canada that use paywalls or have metered access on their websites. That group includes both of Canada's national papers, *The Globe and Mail* and *The National Post* (Circulation Data). In the traditional print model a subscription meant a copy of the newspaper was delivered directly to each subscriber's home, which meant those that paid for a copy every day got the information earlier and more conveniently than those that did not subscribe. However, a subscription did not restrict others from buying that day's edition of the newspaper at the store. Online subscriptions may mean that those who pay have access to exclusive content that exists only behind a paywall. Metered paywalls, which allow casual readers to access a limited number of articles each month, have become popular but still promise exclusive content that is available only to those paying a monthly fee.

This model may prove problematic as newspapers will have to compete with public broadcasters which now provide alternative versions of their stories on the Web. In Canada the CBC (Canadian Broadcasting Corporation) is publically funded and provides dedicated news webpages for each province and the majority of cities in the country. As a

crown-corporation it would be unlikely that the CBC would chose to institute a paywall to access its web content. Because its mandate requires that CBC provide information to national and regional audiences equally through the best means available its web offerings will likely remain free, however the Corporation's 24 hour news channel is subscription based and therefore only available to those who have paid for it so an online payment system is not out of the question. Either way, traditional news sources need to replace lost advertising revenue, which means paywalls will be an option for some if not all. For many audience members, restricted access to one website simply means finding alternative free information elsewhere. For organizations that do move behind a paywall the content provided must be unique and valuable enough to entice audience members to pay.

When *The Globe and Mail* launched its metered paywall in the fall of 2012 it explained that the online subscription model was needed to “boost revenue as the advertising market fluctuates” (Ladurantaye, “Globe to Roll”). The meter allows those who do not subscribe to read ten articles a month while providing exclusive content behind the paywall in an attempt to entice readers to pay for access. The *Globe's* paywall came about after papers like *The New York Times*, the *Financial Times* and *The Wall Street Journal* had some success with similar models (Ladurantaye, “Globe to Roll”). Other Canadian papers including the *Ottawa Citizen*, *Vancouver Province* and the *National Post* (all owned by the Postmedia ownership group) have set up paywalls in the last three years. Postmedia's chief executive officer, Paul Godfrey, said at the time, “[y]ou can't spend millions of dollars on content and just give it away” (Ladurantaye, “Postmedia”). Godfrey's comments reflect the underlying issue of online news – when

content is distributed freely through a system that has few restrictions, the producers of content have limited control over the end use of their product.

The most often referenced example of a successful paywall is *The New York Times* which switched to a metered payment system in 2011, leading the charge to monetise news content online. As of 2013 the paper's experiment appeared to be paying off with "56 percent of its revenue coming from readers" and "\$150 million in new digital reader revenue annually" (Doctor). At the same time the *Times*' advertising revenue has continued to fall and the organization has introduced new paywall options which give subscribers who pay more, access to additional restricted content (Doctor). While, increased reader revenue is a good sign for traditional organizations, it will only go so far if advertising revenue continues to fall. While these examples show there may be a chance at success with paywalls, general news outlets will likely continue providing some content for free, to attract new and casual readers and in an effort to maintain their status as a public institution, built to serve the largest population possible.

Those without paywalls must also offer unique content if they are interested in maintaining a loyal readership. When Grueskin, Seave and Graves looked at the changing models of journalism they found that the *Dallas Morning News* had found a new way to get and keep readers engaged. The sports section had the highest level of return readers to their webpage and so a special online High School Sports section was created. The researchers explain:

The site has a small but intense crew. The News' four full-time high school sports reporters file frequently, and editors also rely on clerks who take scores and statistics over the phone from stringers around Dallas. On Friday nights,

scores are updated during games, not just reported when the games are over. (Grueskin, Seave and Graves, 29)

More so than with other subjects, sports fans are heavily engaged, therefore a feature like this, providing up to the minute content makes perfect sense. When it comes to the new media environment, Grueskin, Seave and Graves conclude that the key is “focusing on something that readers care about deeply and that no other news provider does as well” (30). With information and entertainment widely available, the scarce supply system media institutions built their power on in the past is gone. By providing access to unlikely or less available information organizations like the *Dallas Morning News* can maintain their position as an important feature of their community.

Online platforms allow a traditional organization like the *Morning News* to develop a unique service like the High School Game Time reports and in doing so makes itself more valuable than other news sources. As with other technologies, the Internet threatens the status quo that mainstream news organizations have operated under, but with some innovation and inspiration, new ways of doing things could prevent further collapse of the business model. As Hirst writes in *News 2.0* the decline of newspapers has been ongoing for decades but “newspapers have survived the arrival of both radio and television” (56). In the Internet age, rumours of the imminent death of newspapers may still be greatly exaggerated.

Digital-Only News Sources

Some of those innovative sources of news and new ways of presenting information are already available. As discussed in Chapter 2, blogs and news aggregation websites were early additions to the digital media landscape. Most are free and in one

way or another connected to traditional news systems. For example, often daily newspapers require reporters to write blog posts as well as a straight news story. Alternatively, many blogs are comments on daily events, information that is only available because of traditional media organizations. Or in the case of aggregators, most of the content in some way incorporates material from traditional news organizations. However, what they have done is create a system that captures enough audience members to generate ad revenue. In 2005, the Huffington Post launched and commercialized this method further. The successful news and entertainment website has since expanded to include 10 international sites and was bought by the mass media corporation AOL in 2011(Coddington, “The Huffington Post”). Though the Huffington Post could be described as mainstream by most current definitions, it represents a new, digital only, type of news publication. Others that fall into a similar vein include Gawker and BuzzFeed, both popular websites that host original content, aggregated articles from news sources and blogs, as well as lists and quizzes that draw in hundreds of thousands of social media hits for the most popular items.

The potential weaknesses with platforms like the Huffington Post are their lack of original or professional content. Surviving mostly on unpaid or underpaid bloggers the content that legitimises the site is often provided by a small number of staff writers and aggregated content and blog posts making up the difference (Isbell, 5). Profit-based online media has to focus on amassing enough audience members to be of value to advertisers, a difficult task in the dispersed environment of the World Wide Web. These free, yet for-profit, websites are often accused of dumbing down the news, creating top ten lists, quizzes or photo slideshows to draw in more readers while providing little

worthwhile content. Though limited in the professional content they provide, these online news sites are important in understanding the evolution of news organizations online. Grueskin and his co-authors find that “[d]igital journalism requires an entirely different mind-set, one that recognizes the plethora of new options available to consumers” (11). While news aggregators are not the high water mark of what digital news can produce, they are part of the landscape within which other journalistic organizations have to compete for audience attention.

On the opposite side of the digital-only platform spectrum are two examples that come out of the political environments of Washington D.C and Ottawa, Ontario; each a national capital in its own right. The website Talking Points Memo was started by Josh Marshall in 2000 and reports on the daily events of the federal government in the United States. It has become successful by “combining traditional news reporting with an openly ideological agenda to create an influential and profitable national news Web site” (Downie and Schudson, 40). It relies on donations, subscriptions and advertising revenue for income, and has successfully engaged enough readers to be influential in an environment where political reporting is less in-depth than in the past (Talking Points Memo).

The second example is the Canadian news service iPolitics.ca which launched in 2010 and provides detailed coverage of the political scene in Ottawa (Obar, et al, 55). The website provides in-depth political coverage for those tuned into the federal and provincial governments. Though limited content is available to those that do not pay, subscribers get earlier access and are also sent emails daily which can be customized to provide only the specific content a reader is interested in receiving (Devellis). The

organization strives to provide “non-partisan, independent and innovation journalism” (About, iPolitics), filling a gap in political coverage left by mainstream organizations whose reporters are stretched thin by newsroom layoffs and the resulting increased in workloads.

While both iPolitics and Talking Points Memo are examples of new profit based organizations covering an important sector of the news, the number of news platforms producing hard hitting investigative work has diminished. With round the clock news updates and competition across platforms, very few organizations have the resources to allow reporters the time needed for long-form, in-depth research on a single story. That leads to alternative news sites whose mission is to inform whether profitable or not. These organizations are perhaps founded on the ideas that come from community and government sponsored broadcasters like NPR, PBS, CBC and BBC among others around the world. In his book on the future of news, Hirst argues that this could mean that “the non-profit, publicly funded or endowed business model could be the future of investigative media” (Hirst, 177). And while there have been non-profit news organizations in the past, the developing model is supported by the private sector not public or government funding like so many national broadcasters that were founded in the 20th century. Even most public service broadcasters were never fully public as Hirst explains they are “really mixed models that also rely on commodified income streams, if not direct advertising” (Hirst, 190). Still, public broadcasters are set up to inform first-and-foremost, and while they bring in money through different funding schemes they are not intended to make a profit.

One example of a private non-profit is the Canadian news website rabble.ca, one of the larger news and opinion websites with “a reported 2 million page views and 350,000 unique visitors per month” (Obar, et al 55). Its content is created by a mix of staff, freelance reporters, and unpaid bloggers. Though transparent with its financial records, and arguably editorially independent, the web service is “funded primarily by Canadian unions and left-leaning think-tanks” (Obar, et al 55). While the organization has managed to find financial support for almost 15 years, it produces a very specific type of news for an audience looking for a certain point of view. Though supported through donations rabble, and organizations like it, are not charitable institutions and as such cannot use tax deductible receipts as an incentive for donors. This may limit the extent to which philanthropic giving can develop to support journalism.

Canadian charities fall under tax laws that prevent them from political activity or advocacy. Any organization could become a registered charity under the Canadian Charities Act, if they meet certain requirements. And once designated, “a charity pays no income tax and is able to issue tax receipts to donors that are then used for non-refundable tax credits or deductions” (Political Activities). If newspapers or other kinds of news organization were allowed to fall under this rule it could provide a system that protects journalistic institutions from market conditions. Being registered as a charity often encourages donors to contribute, as organizations do have to comply with specific rules and therefore are perceived as being more accountable for how donated funds are used.

The problem lies in the law’s requirement that any registered charity “devote all of its resources to charitable purposes and activities” (Political Activities). This rule

allows for a small amount of revenue to go towards political activity but not more than 10 percent of the group's resources each year. If the Canadian Revenue Agency (CRA) finds that a charity is using more than the allowed amount for political activity, that group could lose its charitable status. The government defines political activity as any actions that:

- further the interests of a particular political party; or support a political party or candidate for public office; or
- [advocate to] retain, oppose, or change the law, policy, or decision of any level of government in Canada or a foreign country. (Political Activities)

It is not difficult to imagine a case where a news organization could run afoul of these rules. Even without directly endorsing a political party or candidate, which newspapers often do during election campaigns, other editorial content often advocates for a specific position. Even certain news coverage could be seen as advocacy if the argument was made that highlighting a certain side of an issue helps promote that view point. In a policy paper on this element of Canada's Charities Act, the political activity restriction is explained this way:

The main reason why the courts rule out political purposes for charities is a result of the requirement that a purpose is only charitable if it generates a public benefit. A political purpose, such as seeking a ban on deer hunting, requires a charity to enter into a debate about whether such a ban is good, rather than providing or working towards an accepted public benefit. (Political Activities)

It would be difficult for journalistic organizations to function as a charity and also maintain their editorial independence. As such, journalistic organizations cannot offer tax

receipts to their donors and may therefore miss out on potential income from individuals hoping to receive a tax incentive for their gift.

Philanthropic Journalism

The digital news environment is not as rigid as the old mainstream media system. In the past it was much clearer which organizations were businesses and which were community supported. Today, traditional newspapers have a digital presence; non-profits have advertising as a form of revenue and for-profits are moving into the realm of charities as they reach out to their communities for support. This shift can be seen in partnerships like the one between The American News Project and the Huffington Post to produce hard-hitting, investigative work. Created in 2009 the Huffington Post Investigative Fund was a “legally separate non-profit based in Washington with about a dozen investigative journalists and initial funding of \$1.75 million, including \$500,000 from The Huffington Post” (Downie and Schudson, 41). This fund ultimately merged with the Center for Public Integrity (one of the largest and oldest non-profit investigative news organizations in the United States) in 2010. The *New York Times* reported that the merger deal included \$2 million dollars in grants and financing from The Huffington Post and the website “agreed to post three articles a day and a handful of headlines on its Web site in a new section dedicated to promoting investigative journalism” (Vega). In this case a private digital business along with philanthropic organizations came together to produce the kind of investigative journalism which once would have been created by mainstream organizations on their own. Though the Huffington Post did not maintain its control over the project it is an example of the different forms non-profit journalism may take in the future.

As traditional media systems continue to change, no matter the source, philanthropic funding for journalism is on the rise. As other sources of revenue have dried up, foundations in the United States and, in a limited way, in Canada have begun providing funding for long-form investigative journalism. The Knight Foundation and ProPublica in the United States are both philanthropic organizations that support journalistic work. Although this is an alternative way of funding journalism, for the most part, these organizations still function in the traditional realms of journalism, working with newspapers and other mainstream organizations.

ProPublica was set up as “an independent, non-profit newsroom that produces investigative journalism in the public interest” (About, ProPublica). Seeing a trend in news organizations throughout the US cutting back on investigative reporting Paul Steiger, the former managing editor of *The Wall Street Journal*, founded ProPublica to create an organization that could fill that gap (About, ProPublica). The organization launched its operations in 2008 citing the growing need for help financing investigative work:

Today’s investigative reporters lack resources: Time and budget constraints are curbing the ability of journalists not specifically designated “investigative” to do this kind of reporting in addition to their regular beats. New models are, therefore, necessary to carry forward some of the great work of journalism in the public interest that is such an integral part of self-government, and thus an important bulwark of our democracy. (About, ProPublica)

The organization asserts it is a completely independent newsroom which operates in “an entirely non-partisan and non-ideological manner, adhering to the strictest standards of journalistic impartiality” (About, ProPublica). It functions under a Creative Commons

license and its work is published by traditional news organizations, often free of charge to the publishing news organization. Funding for the organization originally came from The Sandler Foundation, a foundation that focuses on providing funds to investigate and research issues not covered by other institutions. ProPublica continues to operate off donations including one-time donations from individuals (About, ProPublica).

Through its independent work and in partnership with other media organizations, ProPublica has won numerous awards since its inception. That includes a Peabody Award for the “‘What Happened at Dos Erres’ and ‘Finding Oscar’ project” which was produced in partnership with NPR’s This American Life, and a Pulitzer Prize for both national reporting and investigative reporting (About, ProPublica). The success of the work produced by the organization suggests this model could be effective to protect investigative reporting in the future.

The Knight Foundation is another example of a philanthropic organization which has supported important new journalistic endeavors. According to its mission statement the foundation “supports transformational ideas that promote quality journalism, advance media innovation, engage communities and foster the arts” (About the Foundation). The money it gives is used to promote “Journalistic Excellence, Entrepreneurs and Innovators, and Open Information Systems”, including “The Texas Tribune, the Free to Tweet campaign and News21” (About the Foundation) as well as Spot.us – the American community-funded web platform that brought the idea of crowdfunded journalism to the forefront.

Canada's attempt at charitable journalism can be found in the short-lived Canadian Centre for Investigative Reporting or CCIR. Although it shut its doors in 2013, after five years of attempting to find stable funding, the CCIR reflects this country's interest in new sources of investigative work. According to an article reviewing the closure of the organization, "outside of organizational grants, CCIR had few donors and according to its last tax filing in 2010, it received less than \$3,000 from individual donors" (Tubb). The CCIR had official charitable status from the Canadian Revenue Agency, however it lost that designation after failing to file taxes in 2011 (Tubb). Though this specific organization was not able to thrive in Canada, there are other examples of community supported investigative organizations attempting to succeed.

The Tyee, a left-leaning digital news source based in British Columbia, relies on donations from its supporters and runs a charitable arm separate from the news organization. It runs on both invested and donated funds and more than half its funding comes from:

Working Enterprises, a Vancouver-based labour-affiliated investment group that has as part of its mission funding socially-responsible organizations, and Eric Peterson and Christina Munck, whose B.C.-based Tula Foundation funds a wide range of progressive programs. (About The Tyee)

Though not yet profitable, The Tyee plans to reinvest any profits into the news arm of the organization (About the Tyee). Other revenue comes from advertising and sponsorship as well as reader contributions through the "Tyee Builder" program which all "go directly and in full to our reporting budget" (About The Tyee). In 2013 The Tyee undertook a major online funding drive and was able to raise over \$100,000 to support a plan to

expand its service to cover issues of national importance in the lead up to a federal election in 2015 (Join Us).

The Tyee is a hybrid publication/community organization. In addition to the works of journalism produced, it also runs Master Classes on numerous topics and has a publishing partnership with the Tyee Solutions Society (TSS). The TSS is a non-profit organization that is tasked with producing “solutions-oriented journalism” focused on social, economic and environmental issues (Tyee Solutions Society). Set up at arm’s length from The Tyee itself, donations made to the TSS are eligible for tax receipts which are issued by the Tides Canada Foundation which manages the funds donated to the TSS. The works of journalism funded through donations to the TSS are indirectly funded by groups and individuals. This is done to avoid influencing the journalists involved. Individuals and organizations that donate, “sign releases guaranteeing full editorial autonomy. Likewise, funders do not formally endorse any of the particular findings of the work” (Tyee Solutions Society). Work produced by the TSS is distributed through a variety of publications and broadcast partners including its guaranteed media partner, The Tyee.

As The Tyee continues to branch out and attempts to gain more influence beyond Western Canada, both the publication and the TSS could fill a philanthropic role nationally for Canadian journalists. The growth of this kind of institutional community journalism over the last two decades versus the business, profit based, model of the past may reflect a key shift for the field of journalism itself. Leonard Downie Jr. and Michael Schudson argue that philanthropy has been essential for many sectors including “educational, research, cultural, and religious institutions, health and social services,

parks and the preservation of nature, and much more” (46). However, when it comes to journalism, besides “public radio and television, philanthropy has played a very small role in supporting news reporting, because most of it had been subsidized by advertising” (Downie and Schudson, 46). As systems continue to change, philanthropy may become a larger part of the journalistic model. One difficulty with charitable journalism is that it tends to be national in scope and often only funds “reporting on subjects of particular interest to their donors or managers – such as health, religion, or government accountability” (Downie and Schudson, 42). All of the topics Downie and Schudson list are important, however it is predominately the local, community based, news sources that have been damaged most by the hyper-speed of online news. While organizations that support investigative journalism are important, too much support there could mean too little support directed towards other sources of information, including local, community news.

Community-Funded Journalism

The preceding examples were mainly large organizations that function under a top down style of investment and philanthropy; some of these are privately supported by multi-million dollar organizations that have enough money to support expensive works of journalism like investigative reports. However many of those same organizations are beginning to experiment with community-based and online funding models. The Knight Foundation, for example, provided funding to David Cohn in 2008 to launch Spot.us, a digital platform for freelance journalists to get funding from the community for their work. The American project is an important, foundational, example of crowdfunding the

news and is itself a kind of philanthropic journalism since it facilitates numerous-micro donations from individual supporters.

Spot.us is a hybrid of many of the new trends in online journalism. It is non-profit, digital, and crowd-supported and was touted as a new way to produce and fund the news. In interviews David Cohn has said the website is informed by the ideals of the citizen journalism movement and is “an attempt to ensure that journalism remains a strong and vital part of local democracies as a participatory process, not just a product” (Kaye and Quinn, 67). The website is a platform where freelance reporters can pitch their ideas, hope to get support from a newspaper or new organization interested in their work and raise a portion of the money needed to produce the story that was pitched. It had been a successful experiment and organizations around North America have attempted to imitate it. In the last few years the web portal was bought by the Public Insight Network, a division of American Public Media (the organization behind the Center for Innovation in Journalism) and Cohn left the organization in 2012 (Coddington, “Spot.U.s”). In the spring of 2014 the website suspended operations until further notice. In an online statement it was explained that they were working on solving technical issues with:

...the tools available to journalists to manage their pitches as well as the administrative tools APM staff need to manage pitches, handle donations and communicate with the Spot.us community. We also are taking some time to evaluate the Spot.us business model. (Learn More)

Spot.us may have hit roadblocks but crowdfunding for journalism has continued. As large generalist crowdfunding platforms have developed, different journalists and news organizations have taken advantage.

At least one charitable organization has turned to crowdfunding to support a specific journalistic project. In the summer of 2013 ProPublica ran a crowdfunding campaign in order to hire a summer intern who was tasked with reporting on the issues facing unpaid interns in the United States (Hickman “Kickstarter Lessons”). The campaign managed to reach its \$22,000 goal after a month of fundraising (Hickman “Kickstarter Lessons”). Though familiar with the crowdfunding platform for years before the 2013 campaign, ProPublica only took advantage of the model in this case because it was a concrete and well defined program, an important element of reaching out to the crowd for support (Hickman “Kickstarter Lessons”).

Another high-profile example of journalistic crowdfunding was the 2013 campaign run by Gawker, the media news and gossip blog, to raise enough money to purchase a video they believed showed Toronto Mayor Rob Ford smoking crack. In ten days the campaign succeeded in raising over \$200,000 and had more than 8,000 individuals donate to the cause (Cook “Rob Ford”). Though in the end the individuals Gawker expected to buy the video from did not follow through on the deal it was interesting to see the community willing to support this kind of campaign. Gawker was unable to procure the video in the end and had promised on Indiegogo that if the money was not used for its intended purpose they would “donate 100% of the proceeds to a Canadian non-profit institution that helps people suffering from drug addiction and its various consequences” (Cook “Rob Ford”). In July 2013 when all attempts at purchasing the video failed, Gawker did donate the money raised to four Toronto area charities (Cook “Crackstarter Money”). It was likely important to donors that the money be used for something beyond operating costs for Gawker should the deal fall through, though

there would have been little individual donors could have done if the organization had not upheld the promise to donate the money.

Though both of these examples were organized by a publication, individual reporters are also turning to the crowd for financial support. There are many examples of reporters successfully financing a project that leads to a piece of original journalism. At the same time, for every engaging thoughtful pitch there are numerous campaigns like one Kickstarter project where a young reporter wanted crowd support to finance her work covering the best spas in the United Kingdom (Sophie). By pitching their ideas directly to the audience reporters have to get community input first, working with the community to cover the issues that matter to them enough to financially support the work, rather than producing a story simply because the journalist or news organization think it has value.

More recently still, new online news organizations are raising large amounts of start-up capital through crowdfunding. One of the most successful campaigns was run by the Dutch-language journalism platform “De Correspondent”. The website launched in September of 2013 after raising more than 1 million Euro from 15,000 donors. The organization intends to “contribute, through experiment and experience, to journalism’s transition into the 21st Century ecology of news” (Our Story). The funding has been used to build a website that “adjusts itself to every reading device” and supports a staff of almost 30 editors and writers. The service is a subscription based publication which costs 60 euros (80 dollars) for a year-long membership and currently has 30,000 subscribers (Pfauth).

A similar service has been set up in Canada after an Indiegogo campaign in the spring of 2014. Based in Montreal, and set up in both French and English, Ricochet was able to raise almost \$83,000 which was \$8,000 more than the \$75,000 funding request. Over 1,500 people donated to the news and opinion web platform. Organized to be an alternative news source, the bilingual service will produce unique editions in French and English. In a press release promoting the Indiegogo campaign editors explained:

Ricochet will provide a space dedicated to investigative journalism and high-profile opinion. Published in two distinct editions ... Ricochet will illuminate the cultural and political diversity of this country. (Ricochet)

Officially set to launch in August of 2014, the editors of the new web news service posted preview articles, editorials and columns as well as continuing to encourage supporters to sign up for a membership over the summer (Ricochet). Ricochet will function on a subscription basis similar to that of De Correspondent.

For now these crowdfunded organizations represent one more attempt at a sustainable business model and a new option for funding in the trial and error environment of digital news. Whether or not they succeed has yet to be seen. As they develop they may continue crowdfunding for operating funds, they may fail outright, or they may have to move behind some sort of paywall or permanently require a subscription for full access. Until the digital marketplace solidifies, these organizations are attempting to find ways to organize financial support for journalistic content beyond the scope of Twitter or BuzzFeed.

The digital revolution has disrupted traditional business models of cultural industries over the last two decades. Under the old models entertainment and news

content was controlled and sold. Now the Internet allows amateurs to make their own content and share professional products far and wide without permission or payment. For journalists this also means audience members can bypass reporters all together when looking for information, as government and scientific reports are often widely available online. Alternatively, most information can be found in the almost infinite databases now available through the World Wide Web. However, there are models which have begun to develop and could potentially move the business of journalism towards a more solid future.

For some industries, online alternatives have helped re-establish a viable business model. Music has digital platforms such as iTunes that helped turn the tide against pirated music. And artists now use platforms like YouTube to engage fans with their songs and then make money off concerts and merchandise instead of focusing mostly on the sale of music recordings. As television has moved online, video-streaming services like Hulu, AppleTV and Netflix have opened up new avenues to reach a paying audience. While the potential solutions for journalism may not seem as obvious or successful, the individuals and organizations making attempts to do so continue to experiment, and in some cases, are starting to thrive. The following two chapters of this thesis will explore and review six Canadian examples of crowdfunding campaigns and platforms that are working towards potential solutions to the current problems facing the industry.

Chapter 4: The case for independent or freelance reporters

The relationship between news organizations and their employees has changed in the last few decades. Jobs are harder to come by for journalists starting out. For those that get work there is little guarantee it will be long term. As layoffs and restructuring continue to be a reality in most news organizations, shrinking newsrooms could have meant more work for independent or contract reporters. Instead, cost-cutting has extended beyond full-time staff, and with diminishing advertising revenue, most newspapers have also reduced their freelance budgets. For those interested in continuing to make a living reporting on interesting and important events this means branching out and finding new avenues of financial support. Among the most entrepreneurial and independent reporters crowdfunding has become a tantalizing possibility for financing their work.

While there are numerous platforms and systems that can be used to collect donations, the two largest crowdfunding platforms are Indiegogo and Kickstarter. Both are generalist crowdfunding sites and support campaigns for any kind of project, large or small, professional or community-based. Indiegogo has twenty-four categories and although journalism is not specifically listed, journalistic projects can be found grouped under Transmedia, Education, Video/Web, Writing and Community among others. Some are skeptical of Indiegogo, since its flexible funding model means the creator of a campaign will receive any money raised even if the goal is not reached. At the same time, if the goal is not met it may be difficult to complete the project without the total amount of funds requested. There are currently no safeguards in place to prevent someone from profiting from a failed campaign. However the power of the crowd should mean that if a

fundraiser turned out to be a scam, that person is unlikely to get the type of widespread support that is normally required for a campaign to become successful. Kickstarter, on the other hand, recently acknowledged journalism as a specific category, a nod to the over 1,000 journalistic projects that have attempted to find financial support on the platform. The Guardian newspaper has also recently partnered with Kickstarter, lending its credentials to journalistic fundraising campaigns the paper believes are of interest and worthy of funding (The Guardian on Kickstarter).

This thesis is interested in those reporters who have chosen crowdfunding as an alternative way of financing their work: why they chose it, and how well it worked. The following three reporters have attempted crowdfunding when facing different levels of need for diverse types of work. The fact that they all independently received some support for their work shows the public's interest in funding something akin to traditional journalism, if not mainstream media organizations themselves. By reviewing the crowdfunding campaigns and the work produced, this thesis will attempt to better understand how this online form of fundraising could be successful. The three case studies were chosen for their early uptake of the format, the number of times other publications mention them and the fact that the projects were either complete or well underway at the time of inquiry. All three used the Indiegogo platform. Available earlier than Kickstarter in Canada, the platform also gives those interested more options for how the campaign is structured and a guarantee at some funding even if they fail to raise the full amount requested. All three were interviewed in person in their work environments. The interviews focused on how they came to the decision to use crowdfunding, their experience with running a campaign and the lessons learned from the attempt to use

community financing for their work. Questions followed a similar pattern with diversions depending on responses.

Sarah Petz ran a crowdfunding campaign while a Master of Journalism student at Carleton University. She was attempting to raise money to support a trip to Africa where she would produce a documentary about resettlement issues in Uganda. She is an example of a young, forward-looking, journalist attempting to use crowdfunding to underwrite a large project that could help launch her career. Naheed Mustafa is a veteran journalist who raised money in 2013 to help fund a reporting trip to Afghanistan and Pakistan. She represents a seasoned professional freelance journalist using the crowdfunding model as a new way to continue her work. Joey Coleman falls somewhere in the middle. An established reporter in his community with almost a decade of reporting experience, he raised and is still raising money for his local news experiment [JoeyColeman.ca](#). He represents journalists looking for new opportunities but has been around long enough to have a reputation as a professional reporter.

Sarah Petz: Journalism Student

At the time of her campaign, Sarah Petz was a Master of Journalism student at Carleton University. As part of her degree requirements she had to complete a major research project (MRP), normally a piece of long form journalism, in her case a radio documentary (Petz, Interview). Her documentary would explore the issues of land claims in Northern Uganda, a country torn apart by conflict. In her crowdfunding campaign pitch, Petz explained that her goal was to become an international correspondent, focusing on issues in developing countries. The crowdfunding campaign was one step

towards that goal: “I hope this project will be a launching pad for that dream” (Petz, Indiegogo). Petz is originally from Manitoba. During her undergraduate studies at the University of Manitoba she worked as a news reporter and editor for *The Manitoban*, the campus newspaper at U of M (Petz, Indiegogo). Though her campaign was listed as an educational endeavor, Petz was not a complete novice to journalism, working as a freelancer for the Winnipeg Free Press and interning at the National Post before beginning the Master of Journalism program at Carleton.

The Campaign

Specifically, the Indiegogo campaign was intended to raise \$5,000 to help cover a large part of the costs for Petz’s trip to Uganda. The trip was already planned and whether successful or not Petz would still travel to Uganda to investigate the situation in a country recovering from war. She explained:

During the armed civil conflict between the Lord’s Resistance Army and the Ugandan government, close to two million people in northern Uganda were displaced from their home communities. That legacy of displacement has been devastating to the way of life in the region, and left a myriad of complications related to access to land. (Petz, Indiegogo)

As well as exploring the past, Petz explained that “by exploring the issue of land conflicts my documentary will paint [a] portrait of the region’s journey to rebuild after decades of civil war” (Petz, Indiegogo).

When it came to funding her trip finding conventional methods of financing were unsuccessful. She explained “I was in the position where I didn’t get the grants that I had

applied for but I was still very committed to my MRP ... [and] I really wanted to still go abroad, specifically to Uganda to do research there” (Petz, Interview). Through personal connections and a general awareness of crowdfunding Petz felt that the online fundraising model could work for her. While still planning to fund her trip herself if the Indiegogo campaign was unsuccessful, she said “I figured ... it couldn’t hurt to do something like this and it might also be good exposure for my own research” (Petz, Interview).

The process of actually setting up the campaign was a bit more difficult. Almost all Indiegogo and Kickstarter campaigns include a video explaining the project. Petz said her first attempt at a video was not engaging enough because it was just her speaking directly to the camera.

So I enlisted the help of my friend Marc Ellison who had also done his MRP in northern Uganda and is a brilliant photographer and he lent me some photos to make sort of an audio slide show of me talking about the project. (Petz, Interview)

Creating the campaign using the Indiegogo platform also involves providing rewards or ‘perks’ for those who contribute a certain level of funding. Petz decided first that she would offer a copy of her completed documentary to anyone who donated for personal use. Other incentives to donate ranged from a thank you message for a one dollar contribution – “via text, email, twitter, Facebook, hug... whichever way you prefer” – to more tangible items.

- \$5CAD : I will send you a copy of my radio doc once it's completed
- \$15CAD: All of the above PLUS I will send you a post card from Uganda (funds used for purchase will not come from

Indiegogo campaign)

- \$25CAD 25 photos: All of the above plus 25 of the best photos I take while in Uganda
- \$50CAD 50 photos: Copy of the radio doc, plus copies of 50 of the best photos I take while in Africa.
- \$100CAD: Campaign video photos - Copies of 100 of the best photos I take while in Africa, plus a copy of my radio doc.
- \$200CAD: All of my photos! Copies of ALL the best photos I take while in Africa, plus copies of Marc Ellison's gorgeous photos from the slideshow and a copy of the radio doc. You won't find these photos anywhere else!
- \$1,000CAD: Original local art - A piece of original local art I find while in Africa, PLUS the \$200 photo package, a postcard, handwritten thank-you note and copy of the radio doc. (Petz, Indiegogo)

Of the sixteen people who donated funds, nine claimed a reward. And although Petz had not yet sent out rewards at the time of our interview she still intended to. She found the work associated with organizing the rewards once her trip was complete to be more time consuming than expected, especially at the same time as a full course load at Carleton University. Additionally after a few months had passed she felt it would be more efficient to complete the documentary and send out all the claimed perks at the same time (Petz, Interview). Though the reward system created work, it had the unintended consequence of motivating Petz to produce quality photographs, she explained that the incentive to get people to donate, “was also incentive for me to take a lot of photos when I was in Uganda which I did do, so I still have to edit those and I’m planning to send those out as well” (Petz, Interview).

Along with setting out rewards for those who donated, as part of her campaign

pitch Petz provided a detailed list of why she needed the money, what she wanted to do while in Uganda and what the funds would be used for. She explained that the plan was to “profile a rural community in the north struggling to deal with land conflicts, where households rely on agriculture for their livelihood to explore how they have dealt with this issue” (Petz, Indiegogo). Specifically the \$5000 would help her ...

- purchase recording equipment
- pay for food and rent for when I’m staying in Uganda
- with the costs of immunization shots
- with paying for a work visa
- the costs of hiring interpreters.
- pay for the costs of travel to rural communities within Uganda (Petz, Indiegogo)

While working as an independent reporter on her documentary Petz was not completely on her own – her trip also included short-term work with a local media organization. As she explained in the campaign, she would be “based in Gulu through an internship with the Centre for Media and Transitional Societies. I hope this will help me connect with community members in the region” (Petz, Indiegogo).

With a campaign website up and running Petz explained that the real challenge was getting people informed about her work and why she was looking for donations.

I was tweeting about it almost every day and then after a while I felt a little bit insecure about doing that. So, most of my work was through social media and trying to put it out there as much as possible. (Petz, Interview)

Additionally she had help from inside Carleton University where her research supervisor,

Alan Thompson, was able to spread the news among faculty through the School of Journalism and Communication Newsletter.

He put it in that newsletter and then it kind of got traction that way because then Graduate Studies picked up on it and then Carleton picked up on it and then ... a couple other publications wanted to write about it. (Petz, Interview)

This led to a number of articles being written that gave Petz wider exposure.

Through social media and personal requests for donations Petz was able to raise \$1,530. In total the campaign ran for five and a half weeks, starting on April 24, 2013 and closing on June 3, 2013. Over that time 16 people made donations totalling just over \$1,500 or 31 percent of the \$5000 Petz had hoped to raise (Petz, Indiegogo). The money did cover the cost of her professional recording equipment, which she used to collect the audio content for her radio documentary, and the cost of a driver (Petz, Interview). In the end she said the majority of people who contributed were family, friends and acquaintances (Petz, Interview). Though the money raised did not cover the costs Petz had hoped it would, in her mind, the attempt at crowdfunding journalism was a good experience.

Lessons Learned

With not even 50 percent of the money she had hoped to raise collected Petz still calls the campaign a success, explaining that the experience of selling her story to the public at large forced her to be sure of the subject and how she was going to cover it. As well, the campaign provided exposure for her project and her own brand.

I think as a young journalist it was a good experience to have that kind of exposure, because most of the time ... those people wouldn't even know who I was if I didn't have the crowdfunding campaign. (Petz, Interview)

Her crowdfunding efforts also drew the attention of J-source, the English website of the Canadian Journalism Project, a collaborative organization run by post-secondary journalism schools that writes about and helps promote a national discussion of journalism and developments in the industry. Petz was featured in J-source's article on the trend of journalists using crowdfunding as well as in the *Ryerson Review of Journalism*, a glossy magazine produced by students in the Ryerson University School of Journalism (Do, "Crowd-funding Journalism"; Gairola). Petz said these interviews helped her focus her research and keep her project on track:

It felt like it put a lot of pressure on me to make it good and do a lot of research. So I ended up getting over 100 interviews while I was there because I always felt like this little bird on my shoulder was telling me to keep going. (Petz, Interview)

She sees this as a possible benefit for independent reporters who may question the public good of their work. If a reporter is able to crowdfund enough money from interested parties than the merit of the project may be more evident. Petz explained in our interview that her concern around taking money from donors was not about the ethics of doing so but rather about whether the work was worthwhile in the first place.

When you're applying for grants or applying for even funding ... from a publication or something like that, there is a more linear process in terms of vetting the project ... or maybe even giving value to why a project like that should be undertaken. (Petz, Interview)

Without the formal approval of an editor or funding committee, Petz was unsure of whether her work was worthy of public financing. She said her “biggest concern was that with crowdfunding, that I would just be doing the project for myself but not necessarily creating something of public interest” (Petz, Interview). Seeing people willing to help her finance her project alleviated those concerns.

When it comes to the campaign itself, Petz said the two most important things she learned were that the campaign should have been longer, allowing for more exposure and the possibility of more donations, and that when it comes to publicizing the campaign she should have been more confident and targeted about promoting it and encouraging friends, family and strangers to donate.

I really wish I had approached it in a much more targeted way. Like maybe engage people who were more involved with what’s going on in Northern Uganda or [who are] more interested in those issues. So maybe approach different NGOs to possibly promote it or give funding. (Petz, Interview)

By targeting groups interested in the issue her report would cover she may have found support outside of her own personal network. If she were to launch another crowdfunding campaign in the future Petz said that is the most important thing she would do differently. However she said she is not looking for a new project just yet:

I already feel like I’m becoming known for this project. I don’t want to be the girl that’s always like ‘hey fund my other project that I need to do’. (Petz, Interview)

While she is happy with the results of her own project, crowdfunding is not the sole answer to her future as a reporter. Though she was able to complete the documentary and

finish her degree at Carleton she has had trouble selling the work that came out of her trip. She said that is because “most programs don’t want to buy ‘ready-made’ [documentaries], they want to have a hand in it as it’s being produced” (Petz, “Re: Thesis”). Additionally she has concerns about raising more money than is needed to fund the upfront costs of the trip.

I don’t think I would ask for enough money that I would generate income on it because I don’t think that’s ethical. But enough money so that I can make a project that’s good enough to sell and be published ... obviously there’s value in that. (Petz, Interview)

For Petz, the future of crowdfunding lies in public interest reporting and stories that are not being covered by mainstream media organizations, which in the current industry reality are limited by resources and revenue. For something to succeed as a crowdfunding campaign she thinks there must be a public service focus:

I think where crowdfunding comes in, it tends to be for types of journalism that don’t do as well in the free market but there’s still the need for those stories to be told and there’s still public interest value to them. (Petz, Interview)

In the case of a student reaching out to the crowd for funding Petz’s limited success may show that this method requires a certain level of reputation in the industry before public funding can follow.

Joey Coleman: Blogger and Independent Journalist

A born-and-raised citizen of Hamilton, Ontario Joey Coleman is a local blogger and reporter who over the last two years has had a good deal of success using crowdfunding. With friends, family and contacts throughout Hamilton, and the

personality of a politician, Coleman has the network, ambition and knowledge that led him to the self-titled position as “Canada’s first crowdfunded journalist”. In a traditional capacity Coleman worked at *Maclean’s* Magazine, covering post-secondary education issues, the *Globe and Mail* and the *Hamilton Spectator*. Starting in 2010 Coleman independently reported on news and events in Hamilton through his blog and on Twitter as @JoeyColemn (Coleman, “24-7 Live”). Coleman’s coverage included live-streaming council and school board meetings, live coverage on Twitter of breaking news in the community and a workshop for the community on how to “use web tools and open data to inform our community” (Coleman, “24-7 Live”).

The Campaign

Between November 2012 and June 2014 Coleman ran four Indiegogo campaigns which raised almost \$37,500. That money has provided enough funding to purchase equipment, finance a webpage that allows Coleman to stream video of City Council and other Hamilton city committee meetings, and enough income to devote all of his time to reporting on the Hamilton community through his website JoeyColeman.ca.

If you want to know what’s happening at City Hall, at the school board, the police board that’s your site. And then if it’s happening in your neighbourhood and it’s a big deal, take a look, let me know, I’ll get the information.
(Coleman, Interview)

Coleman’s continuing work includes covering breaking news on Twitter and the live-streaming feeds on his website, as well as “analysis on the website or more a summary of the [city council] agenda ... and the trends” (Coleman, Interview). Seeing a gap in coverage from mainstream media organizations at a community level, Coleman thought it

was a worthwhile experiment to see if he could raise enough money through crowdfunding to work as a completely independent reporter.

Coleman said that in 2012 work was scarce and unlikely to pick up soon. It was at this point he started looking for his next project.

I love being in my city ... and plus I'm the type of guy to not complain about the failing of journalism business models but to actually figure out, can I make it work. What I do in terms of crowdfunding is getting people used to the idea of paying for news. (Coleman, Interview)

Coleman had a good understanding of crowdfunding from friends who work in technology fields but said making it work for journalism is different because “journalism is a cause - you really have to have a relationship with the potential donors” (Coleman, Interview). Believing he had that relationship with the community and could turn it into a new business model Coleman saw an online fundraising campaign as an opportunity to test out his theories. He explained:

It's really not that different than what's traditionally been done, in terms of people paid a subscription fee [before]. What's different is that the subscription fee was nominal and it wasn't important to the newspaper's revenue, whereas now that is the revenue. (Coleman, Interview)

In using crowdfunding he hopes that his journalistic work can be more community focused than mainstream organizations – with the goal of “providing the information for us to effectively engage in our civic affairs” (Coleman, “Growing Local Journalism”).

Coleman's first campaign was a request for \$10,000. The money would be used to buy equipment and pay web hosting fees for his website. That campaign included a detailed list of expenses, such as:

1. **Purchase of gear for livestreaming(\$8250)**
 - Camera (\$3500)
 - Sound Equipment (\$2000)
 - Livestreaming Gear (\$750)
 - Mobile Data Devices (\$750)
 - Batteries, Cases, Tripod, Lenses (\$1250)
2. **Launching a new Hamilton news website and data portal**
 - My current shared hosting is inadequate for posting all these documents and organizing them. I need to pay for better hosting and server space to better share all this information.
 - Think of it as **hamilton.ca**, but where you can actually find documents.
3. **Funding of operating expenses until January 2013**
 - Costs of audio and video streaming - approx \$350/mth
 - Transportation costs to get to stories in the middle of night - approx \$40 per story
 - Freedom of Information Requests
 - A simple request for the Mayor's expense spending costs \$200, each Councillor will run about \$100. The total cost to find out what elected officials and senior staff expense is easily in the thousands of dollars.
 - Office, Equipment, Rent, and other expenses - approx \$1000/mth (Coleman, "24-7 Live")

Additional money was used to experiment with audio-only streaming or technology that would eventually allow for picture-in-picture video. The remainder of the funds raised, he wrote, would cover "operating expenses of the journalism I produce. No other outlet provides more coverage of City Hall" (Coleman, "Live Unfiltered News"). That first campaign was meant to build a news outlet and encourage local engagement in civic events including building "the foundation towards improvements and a business plan supporting the growth of local journalism in 2014" (Coleman, "Hamilton's Journalist"). The goal of becoming sustainable converges with 2014 because that was the next municipal election; an event Coleman felt needed more dedicated coverage than was provided by local news outlets.

The first campaign was followed by three more and Coleman's efforts are now focused on converting donors into monthly subscribers. Subsequent campaigns were less specific about what the money would be used for, though still detailed the types of services Coleman would provide with the funds. The crowdfunding and monthly donations mean the service remains free to the audience but can only remain so as long as Coleman receives financial support from those who can afford it. He encourages these donations by asserting his coverage enables everyone to:

- Benefit from a more informed community conversation;
- Accurate, Responsible real-time reporting;
- Access to public information that no other media outlet releases (Coleman, "Hamilton's Journalist")

Coleman's motives for building a news outlet were not financial. He does not appear to be looking to build a company that generates profit for himself but instead has built a community focused news service. Coleman explained that the challenge in attempting to create sustainable local journalism is finding the money to pay the journalist. He argues that the "...solution is not a paywall. The solution is creating high-quality journalism that people value and are willing to voluntarily support" (Coleman, "Hamilton's Journalist").

The first campaign came about at a time when the *Hamilton Spectator* was not hiring and though CBC opened a bureau in Hamilton Coleman said their hiring done for that office did not include drawing on Hamilton based reporters. At the time he had a part-time job but reported on the side and with *The Hamilton Spectator* cutting back on their freelance budget and CBC moving into the city as another source of news he thought that might be the end of his work as a local reporter (Coleman, Interview). He said people in the community started asking if there was a way they could support him.

“People came up and said ‘well what if I gave you money, you know let’s give you some money and let’s see if you can keep doing this’” (Coleman, Interview). He said that was the building blocks of setting up JoeyColeman.ca and with his exposure to crowdfunding in the tech world he decided it was worth attempting. Since then, he has run additional campaigns as needed to collect enough money for new equipment or better streaming services. He continues to encourage individuals to move over to a monthly subscription fee, building to the point where:

Eventually my monthly contributions would cover all my operating expenses and my general capital expenses and the crowdfunding would focus on specific projects and specific equipment. (Coleman, Interview)

His fourth campaign ended in June 2014 and he remains committed to the model and his work reporting on the community, “producing high quality journalism and [providing] the most comprehensive coverage of the 2014 municipal election” (Coleman, “Live Unfiltered”). Coleman has had varying levels of success with his crowdfunding efforts. Through four separate campaigns he has raised \$37,482, not including monthly donations which would have brought in revenue during the last two campaigns, and possibly removed donors from the crowdfunding pool.

In Coleman’s first campaign he raised \$10,536 over two months. The campaign ran from September 12, 2012 to November 11, 2012. The money came from 144 individual donors and reached 105% of the goal. Out of all the donors, 118 of them took advantage of the perks offered (Coleman, “24-7 Live”). The only physical perk offered was a free Joey Coleman button and a hug, though only if the donor was interested. These options were available at the first level, which in the original campaign was eight dollars.

Going up from there perks included discounts on entry to community events and workshops Coleman planned to run (Coleman, “24-7 Live”). His second crowdfunding effort was a month-long campaign in March of 2013. He asked for \$9,000 and received \$9,740 from 167 individual donors totaling 108% of his goal (Coleman, “Live Unfiltered”). In this case 116 donors took advantage of the reward options. Again the options included buttons, voluntary hugs, and discounts, or guaranteed access to workshops and events Coleman planned to host in 2013/2014. The third campaign ran from December 8, 2013 to January 10, 2014. This campaign was a request for \$9,000 and raised \$11,001 from 207 individual donors or 122% of the goal. With similar incentive options as his first two campaigns 153 of the 207 donors claimed a reward (Coleman, “Hamilton’s Journalist”). The fourth campaign ran from May 6, 2014 to June 14, 2014. Again Coleman requested \$9,000 but for the first time the total raised fell short of Coleman’s goal. Only \$6,205 was donated by 97 individual donors or 69% of the requested amount. Of the people who donated 75 contributors claimed their incentive which again included a button, an optional hug and discounts on panel events expected to take place in the lead up to the 2014 municipal election, as well as on-screen credit from a new system that allows Coleman to use graphics during live-streaming (Coleman, “Growing Local Journalism”). This means if a donor selected that incentive their name would be displayed during the broadcast as a sign they had financially supported the service.

The fourth campaign was run in close proximity to the third campaign. There was only a four month break in between the third and fourth campaigns which may have led to funder fatigue. Coleman also suspects that the 2014 Ontario provincial election may

have had an effect on his supporters' ability to donate, as some of them may have already used a certain level of their disposable income to donations to political candidates.

Coleman said his unsuccessful campaign experience is "an opportunity for me to refresh my process, and remind people of why my journalism is worth supporting" (Coleman, "Re: Checking in").

Overall the process has been a beneficial one in which Coleman translated his relationship with residents of the city of Hamilton into a service provided in their interest. The levels of incentives or perks he sets are symbolic but popular nonetheless. He has not had the time or resources to run the events promised in some of the campaigns, therefore those who expected a discount in return for their support have not had the opportunity to collect. However, Coleman said no one has complained about the lack of these events (Coleman, Interview). He has debated going with just the buttons or foregoing incentives all together, but "the perks are part of the feel of crowdfunding. And it also gives people sort of a bar to know how much to contribute" (Coleman, Interview). In the end he thinks donors see the perks as a bonus. Coleman said the benefit of donating is that those who do contribute know the information and service that donation supports is available for everyone in the community to access. He explained:

They value the service, they love the fact that I open source everything ... I could try a pay wall and maybe get seven percent of the people that I have right now but I'd only get them at 20 dollars a month at most and that'd be pushing it. But with this model of openness ... that one tenth of a percent that can afford to give more, your traditional philanthropist, is willing to give and I end up with more revenue than what I would under a paywall. (Coleman, Interview)

It is that connection to community that has continued to drive Coleman and contributes to the large amount of money he is able to raise. Coleman had a large following on Twitter and a network of contacts throughout the community. It was through these contacts that he was able to spread word of his campaigns as well as in person, often talking directly with leaders in the community, including business owners and neighbourhood association executives (Coleman, Interview). Between personal appeals and social media Coleman is able to convince the community he serves to fund his work.

Lessons Learned

Coleman has been very successful with the crowdfunding model. It helps that his interest is in providing a public service over making a profit and that he is dedicated to the work, even if that means leaving a friend's birthday party to cover a story (Coleman, Interview) and living on the little he collects through his campaigns rather than worrying about getting rich. As 'Canada's first crowdfunded journalist', a title he has arguably earned through his repeated successful campaigns, he has shown that at least in the right environment, with the right individual, some form of journalism *can* be supported by the community. However the results of his fourth campaign could mean there is a limit on the generosity of the people of Hamilton for this experiment.

Coleman said he does worry about funder fatigue but said he had to keep going back to Indiegogo until he has enough subscribers to pay the bills: "I've got to do this because I've got to become sustainable. If I can't become sustainable then it's time to move on and I actually accept that there's a good chance that I may not succeed yet" (Coleman, Interview). He said the project is an attempt to convince his audience that it is

worthwhile to pay for community based journalism, and that individuals may have to pay more than they have through newspaper subscriptions or cable bills in the past. For now he believes people value the service he provides and the level of reporting he delivers: “They trust the journalism, they like the fact they can verify it themselves because I put the videos up and they like the reassurance that knowing somebody’s out there watching out but it really comes down to the trust” (Coleman, Interview). Coleman worries that people will eventually tire of paying for just the service and explained that “there is an element of people who are not willing to pay for the human service but are willing to pay for the technology” (Coleman, Interview). Because of this he tries to always grow and build onto the types of services his website provides, “there’s got to be that element of not just that it’s continuing at this level but that it’s improving which is why every campaign says help make me better” (Coleman, Interview).

When it comes to running the campaign, Coleman has found there tends to be a trend in how people give, with donations coming in first from those who showed the most interest. For him that was normally the first 25 percent of the money raised. The middle requires more work and “the easiest is the final 10 per cent, people want to be the one to put you over” (Coleman, Interview). He explained that this seemed to hold true during all of his campaigns more or less but gave a specific example from the first campaign. With only three days left in the campaign Coleman had received about \$8,600 from his supporters but that meant he was still \$1,400 short of what he needed. At that point an anonymous donation of about \$450 came from British Columbia from a man who had been inspired to join his university’s student union by Coleman’s coverage of higher education. From there he moved onto law school and a successful career (Coleman,

Interview). That donation pushed Coleman into the final 10 percent range where he said people are more likely to give in an effort to help reach the final goal. He said it was not uncommon to have donors from outside of Hamilton, especially on the first campaign.

Those were people that I built a relationship with when I was covering higher [education] and blogging. I would say probably 25 per cent of the money came from outside of Hamilton, people who had a respect for what I'd done over the years. (Coleman, Interview)

Coleman is unsure of how sustainable the future of crowdfunding might be but he is willing to continue trying, and certainly in Hamilton his efforts have been encouraging, something he said is very location specific.

What I do here, I couldn't do in London, Ontario. I think that I was in a unique position that people were disappointed in a lack of coverage from the metro newspaper [and] that I had a reputation that has grown...it was a perfect storm. You need the perfect setting to start and when people can see it, in other cities and go 'we want that too', the possibilities will open. (Coleman, Interview)

Though he thinks any individual could tap into the crowd in the right circumstances they would have been reporting on issues the public is willing to say they donated towards.

Tabloid journalism wouldn't be able to be supported. The type of stuff people view as a guilty pleasure can't be supported. Any journalism that has that aspect that if you publicly associate yourself with it you could damage how people see you is not going to get funded through crowdfunding. (Coleman, Interview)

However any individual with a relationship strong enough to stimulate support could utilize that relationship and turn it into a successful crowdfunding campaign for an individual or an organization. Coleman gave the example of the Tyee which recently

raised over \$100,000. Coleman believes the progressive West Coast publication was able to raise that kind of money because its readership sees it as a trusted source, different from the mainstream organizations they perhaps no longer connect with. He explained, “it was easy to use that relationship because people said, ‘yeah I care about what’s happening in Ottawa, I trust the Tyee and I don’t really have somebody I trust in Ottawa’” (Coleman, Interview). Similar to Petz, Coleman sees a necessary bond between crowdfunded journalism and public interest reporting.

Naheed Mustafa: Freelance Reporter and Documentarian

A freelance reporter and film maker for the majority of her career, Naheed Mustafa started out in journalism when it was still common for reporters to leave university or college and be offered full-time employment with just a degree to their name. Mustafa however choose a career that gave her the freedom to work internationally and focus on projects she felt were especially important. She has worked in print, broadcast, film, television and radio and worked for organizations including CBC Radio, Radio Netherlands, and the BBC along with *The Walrus*, the *Toronto Star*, and *Outpost Magazine*. Over the years she worked as a reporter in both Pakistan and Afghanistan where she planned to return in 2013 to report on a number of issues in the region. Her crowdfunding campaign was created to fund a trip to Afghanistan, similar to work trips she had taken in 2008, 2009 and 2010 (Mustafa, Indiegogo).

The Campaign

Mustafa ran her 2013 crowdfunding campaign on Indiegogo and did so in order to finance her trip to Pakistan and Afghanistan and complete a series of stories about the

region. In the past she has been able to get financial support upfront, “whether you fund that yourself or you have something saved up, you go and essentially you pay off your expenses as you sell your work. And in the years past it’s always worked out” (Mustafa, Interview). However, in 2013 she had difficulty guaranteeing she would be able to sell her work. Many of the radio programs she had sold documentaries to in the past had been cancelled, those that were still on the air had limited resources for freelance work and none had funds available to commission something outright (Mustafa). Still Mustafa was personally committed to the stories she wanted to tell about these two countries. In her Indiegogo campaign she asked, “as the war winds down and, with it, media coverage, how will we understand the legacy of this war for the people in the region?” (Mustafa, Indiegogo). In the aftermath of war and conflict in the region she proposed a number of stories that she felt other media organizations were not covering, specifically issues of security and national identity after the main conflict years.

Though originally skeptical of the idea, crowdfunding became the most viable option for finding funding for her trip, after normal methods of financing did not present themselves. On top of the issues around selling documentaries to public broadcasters she had typically worked with, the magazine industry had changed as well. Between 2010 and 2013 online content became even more important. That meant publications were often willing to buy content for their website but at a lower fee and with less space for in-depth coverage than in the print editions (Mustafa, Interview). Mustafa said that would mean cranking out more work, and in her opinion, of lesser quality just to make the same amount of money as she had made on similar trips in the past. She explained that:

...on average when I was doing this before, typically what would happen is 70 percent of my work would actually go towards paying my costs and only 30 percent of the work, that money is what would end up in my pocket, which ... in terms of the value, it seemed reasonable. This time it didn't matter, it was just a ludicrous amount of work I would have had to do to cover off the cost. (Mustafa, Interview)

It was at the suggestion of a friend who was involved in running a number of online fundraising campaigns that Mustafa decided crowdfunding could offset the cost of her trip and give her the financial support needed to undertake the work she wanted to complete (Mustafa, Interview). She was familiar with other creative endeavors being covered by community fundraising and had even supported other journalists who attempted crowdfunding for their personal projects. Still, she was uncomfortable with the idea of asking for money or at the very least unsure that it would work.

We've always sort of had this idea that journalism needs to maintain a certain kind of distance from the money. And so it was a little bit hard to get my head around. It's not that I was unfamiliar with it; I knew that people had done this before and it'd been going on for quite a few years but I was uncomfortable with it for myself. (Mustafa, Interview)

In the end she decided to attempt the campaign and with a flexible funding set up, would take whatever money she did raise to do the work. If it did not work out then it would just have been an experiment at a new way of doing things.

Mustafa asked for \$15,000 through her Indiegogo campaign which would cover all of her transportation costs and the cost of working in Afghanistan and Pakistan for seven weeks. The idea was to raise enough money through the campaign to cover the cost of the trip and a small amount of income to cover the time needed to organize her stories when she returned to Canada. She had always paid her own way for similar projects in

the past, and was still somewhat uncomfortable with the idea of asking people for money simply for her benefit. With that in mind she made a very detailed budget which set out why she needed the money and what it would be used for. As she explained on Indiegogo, although \$15,000 sounds like a lot of money, there were many costs to a trip like this one, not to mention unforeseen costs (Mustafa, Indiegogo). The expected budget appeared online as follows:

Breakdown:

- *return ticket, economy, Toronto – Islamabad – Kabul – Islamabad – Karachi - Toronto = \$2400

Pakistan 4 weeks:

- *room rate \$35 - \$50/d (depending on where I am) = \$980 - \$1400

- *fixer-translator/driver/car \$150/d * 22 days in the field = \$3300

- *miscellaneous costs \$20/d = \$560

Afghanistan 3 weeks:

- *room rate = \$55/d = \$1155

- *fixer/translator/driver/car \$150/d * 16 days in the field = \$2400

- *miscellaneous costs = \$15/d = \$315

- *domestic flights (Pakistan and Afghanistan) \$400

- *Indiegogo 4% fee (9% if I don't meet my campaign goal): \$1050

I will spend the four weeks after I get back writing, editing, logging tape, and working on scripts. I will use the remaining \$2020 during this time since I won't be working on anything else.
(Mustafa, Indiegogo)

The trip would last almost two months, and during that time Mustafa planned to write several magazine stories, produce two long-form radio documentaries and blog about her experiences in both countries. The stories she planned to work on would cover issues around “America’s drone campaign in Pakistan’s north as well as sectarian violence that has taken the lives of hundreds of Hazara Shias in Balochistan province. In Afghanistan, [she was] planning to look at the challenges Afghans face in shaping a national identity” (Mustafa, Indiegogo).

As with the other campaigns reviewed in this thesis Mustafa also created a number of rewards or incentives for donors who contributed a specified level of funding. The perks started at the \$25 level and went as high as \$1000, though the reward at the highest level was restricted to a maximum of five donors. The perks were listed as follows:

- *\$25CAD*: Weekly Photo - All \$25 contributors will receive a weekly photo with a description of where and when it was taken and what's going on.
- *\$50CAD*: Weekly exclusive updates - I will be blogging during my trip but for all \$50 contributors I will send out exclusive weekly content about what I'm seeing and hearing.
- *\$100CAD*: Postcard from Pakistan - I'll give you an update from Pakistan written on an honest-to-goodness postcard, mailed the old-fashioned way.
- *\$250CAD*: Jingle Truck or Bus For \$250 get your very own jingle truck or bus! (miniature, of course).
- *\$500CAD*: silver ring - Pakistani and Afghan artisans make a variety of stunning jewelry. For a contribution of \$500 you will receive a handmade silver ring from the region.
- *\$1,000CAD*: Embroidered bedspread - Pakistani artisans are known for their gorgeous embroidery work, often depicting traditional designs and scenes. For your contribution you will receive a hand-embroidered queen-sized bedspread. (Mustafa, Indiegogo)

Mustafa found people were curious about why she offered certain perks, but for the most part she had simply created them because it was part of how the Indiegogo platform worked. At the same time, she said it was a good way to acknowledge people who were willing to help; “you want to give people some reward for what they’re doing and some way to say thank you” (Mustafa, Interview). She expected most donations would be \$25 or lower however, the average contribution was \$50.

As an established reporter Mustafa relied mainly on Twitter to promote the campaign and spread the word that she was looking for donations. She also had many friends who helped market the campaign through their own social media and personal networks: "... whether they were affiliated regionally or academic networks or geographical networks. So I had people do that on my behalf just because they felt that, that was something they wanted to do" (Mustafa, Interview). With just her personal and professional contacts working online, the campaign gained enough momentum to eventually raise the total amount she had requested.

Mustafa's campaign ran eight weeks, from February 13 to April 9, 2013, and in that time she was able to raise \$15,036 from 138 donors or just over 100% of her goal. Of the 138 people who contributed 84 people collected their rewards (Mustafa, Indiegogo). The majority of contributors were people Mustafa did not know or only knew professionally, that included one individual who donated \$5,000. She explained that he "had been following my work for a long time and ... then it turned out I had actually met him once or twice but he wasn't a friend or anything" (Mustafa, Interview). Though that donation was surprising it was also very important in creating momentum as it pushed Mustafa over the 50 percent mark. The rest of the donors were colleagues, family and friends. Of those groups Mustafa said some were strategic in their donations, either giving at the beginning to get donations rolling or at the end to make sure she made it over her goal (Mustafa, Interview). Though the campaign was set up in the flexible funding model there is a penalty if a campaign does not meet its stated goal. Indiegogo takes a percentage of the money raised as its fee. If a campaign meets the set goal that fee is only four percent, if the goal is not met then the fee is more than double at nine percent

(Mustafa, Interview; “How it Works”). This acts as an incentive for flexible campaigns to reach their goal.

Lessons Learned

The campaign itself was a success both in raising enough money for Mustafa to go on her trip and in showing a skeptical journalist that the public was willing to help fund journalistic work. One lesson that came out of the campaign was the nature of her rewards. While there were specific rewards attached to levels of funding, once she was in Pakistan and Afghanistan those who had signed up for either photos or weekly reports each wanted access to the other’s reward. Mustafa said she reached out to the two email groups and no one seemed to mind sharing so in the end both those who donated \$25 and \$50 received weekly photos and exclusive blog content (Mustafa, Interview). It is often common that donors who give a larger amount receive the reward at the level of their donation and any reward for a lower donation. Had Mustafa used that system it would have been more clear as to which perk was more valuable.

Another unexpected element in Mustafa’s campaign experience came in the form of unintended marketing. In March 2013 Nate Thayer, an American freelance writer with a significant career behind him, was asked if he would re-purpose a story he had written for NKNews.org and provide it for free to *The Atlantic* magazine’s online platform (Thayer). The email exchange between the editor of *The Atlantic* and Thayer was made public and highlighted the difficulties freelance writers face in the digital era. Mustafa said having the controversy happen serendipitously in the middle of her campaign brought to light the issues of why a freelance writer like herself might need crowdfunded

support and “created quite a firestorm of debate, and to me it really was an important piece because I think people don’t understand how hard it is to make a living at this” (Mustafa, Interview). So, while organizing a campaign and promoting it is important, outside factors beyond the journalist’s control can play a role as well.

From a journalistic perspective Mustafa never fully got over her discomfort with crowdfunding. She explained that part of the issue was that in taking money from individuals “the funding thing creates a different level of intimacy and you start to worry that people will be disappointed ... you want people to be satisfied with what you’ve turned out for the money they’ve given you” (Mustafa, Interview). She had concerns over being completely independent and said “it wasn’t so much that I felt like there would be influence ... [but] there are a lot of people who are very comfortable with throwing up unedited forms of their writing into public forums – I’m not one of them” (Mustafa, Interview). So, just as Petz had concerns about by-passing a traditional pitching process Mustafa had concerns about working independently, producing blogs and other content that would not go through an editor first. She also felt awkward taking money for a project that would take months before reaching an audience (Mustafa, Interview).

Though this campaign was successful Mustafa said she would not likely use crowdfunding again for a journalistic project. She has concerns that people will get tired of funding similar projects over and over, “I think people are going to get suspicious if you keep turning to them” (Mustafa, Interview). She could see going back to the crowd for a different project, something other than a research trip, or as a way to raise funds for

a specific part of a larger undertaking, “but to go back to ask for funding for the same thing I don’t know that that would be well received. (Mustafa, Interview)

As far as the future of crowdfunding is concerned, Mustafa can see a system in which supporters fund journalists whom they like and want to see more from, but she has concerns about whether that would be a beneficial system for the journalists involved.

It’s not that it’s not successful if you look at success in terms of it gets you the money you need to do the work. But what are its broader implications for the responsibility that media outlets have? Does it absolve them of the responsibility they have to actually cover issues in an in-depth way and make sure that [the journalists] who are contributing...that they’re well covered and that they’re insured and that they’re taken care of? (Mustafa, Interview)

Additionally she sees a journalist’s reputation and professional connections as being crucial to whether a crowdfunding campaign is successful. In that sense she is concerned about what young journalists might be willing to do in an effort to get noticed.

I see a lot of young men take a lot of risks to build a reputation ... I have met them in Afghanistan, I’ve met them in Pakistan but you can see them everywhere. They’ve decided to schlep on out to Syria, they’ve decided to go on out to the Central African Republic, they’ve decided to go out to Egypt, without really knowing the landscape and they go out there and they take their chances and hope to build a solid reputation for themselves. (Mustafa, Interview)

And while it may translate into more stable work for some reporters for others it means being underpaid while taking serious risks for themselves and the communities on which

they report. During her own campaign people were willing to support her in a way similar to how a patron might support an artist.

I actually had people give to me twice ... they gave me 25 dollars in the first month and then when they got their pay cheque for their job, they gave me 25 dollars in the next month. And I had a lot of people who said 'I simply gave you my magazine subscription budget for the month, I'm not buying magazines this month I gave you the money'.
(Mustafa, Interview)

Considering that both Coleman and Mustafa reached their goal while Petz did not, reputation may indeed be a key element of whether or not a crowdfunded journalist succeeds in their fundraising efforts.

These three case studies show that the potential exists for crowdfunding to support individual reporters and their work. While both Joey Coleman and Sarah Petz faced difficulties reaching their fundraising goals at one time or another both managed to gain something from the experience. All three journalists reported benefiting from community support even if it was just as a way to validate their work. However, both Petz and Mustafa have concerns about tapping into the crowd again due to their belief that individuals may fatigue if asked for donations too often. Coleman's fourth campaign shows there may be some truth to that argument. And while Coleman, for the moment, seems to have continued support in Hamilton even he is not sure how stable his model will remain.

While these reporters had some success, a quick search of either Indiegogo or Kickstarter shows other campaigns that received zero funding. Though similar in many ways each of these campaigns had a different level of need. Petz was able to personally

fund the difference in the \$5,000 she had hoped to raise. Mustafa either could have cancelled her trip if her funding goal had not been reached or accepted assignments to write online content which would have taken up more time and not paid as well. Coleman is the most dependent on crowdfunding revenue but if the funding goes away he is prepared to move on. Though the need for funding varies between these three reporters all of them expressed a change or lack of funding for the work they wanted to do, funding that most likely would have been available in the past. And all three expressed a personal commitment to the work and a desire to see the story told. Freelance and entrepreneurial reporters are not the only group attempting to use crowdfunding to finance their work. Chapter 5 will review three case studies which explore how journalistic organizations have attempted to use crowdfunding to access financing.

Chapter 5: The Case for Journalistic Organizations

An individual reaching out to the crowd for funding to support a special project is one thing, but what about when journalistic organizations are in need of cash? Could they too reach out to the community, appealing to audience members and supporters directly for financial help? There have always been different structures and business models that govern journalistic organizations. There are organizations that charge the audience small subscription fees but are dependent on advertising revenue or corporate support from the company which owns the news outlet. Others are free to their readers, listeners or viewers and pay the bills solely with corporate support and advertising revenue. There are organizations that function as non-profits with donation based budgets and semi-volunteer staffs, or still others which are run through large institutions like a university. This chapter explores how different organizations are tapping into the idea of crowdfunding and why they are doing so. The three organizations examined represent different models of journalistic organizations. Each has a different relationship with crowdfunding and specific reasons for why they have turned to public support. However they all represent a more institutional use of crowdfunding than the three individual reporters and campaigns documented in Chapter 4.

These case studies were chosen due to their early attempts at crowdfunding or because of the change in type of fundraising used and the fact that the projects were either complete or well underway at the time of inquiry. Two of the organizations used Indiegogo, while the third is itself a crowdfunding platform. When possible, interviews were conducted in person with one taking place via Skype; all took place in the subject's

work environment. The interviews focused on how they came to the decision to use crowdfunding, their experience with running a campaign and the lessons learned from the attempt to use community financing as an institution versus as an individual. Questions followed a similar pattern with diversions depending on responses.

After years of falling membership revenue, the Canadian University Press (CUP) attempted to stabilize the organization's finances with an Indiegogo campaign in the spring of 2014. Their fundraising efforts represent a traditional news organization with a long history attempting to utilize this online funding method to overcome financial difficulties. rabble.ca is an independent online publication which has existed as a private non-profit news source since 2001. It is funded by different kinds of donations from large organizations and readers alike. In the winter of 2013 the progressive news site attempted an Indiegogo campaign to raise funds to support their parliamentary reporter Karl Nerenberg. While rabble.ca often asks readers for financial donations, this campaign was the organization's first attempt at crowdfunding through a mainstream platform. rabble.ca represents a digital organization expanding outside of its readership for support. GoJournalism.ca is an Ottawa based crowdfunding platform. It was created through the Journalism program at Algonquin College to help its students and other freelance reporters find financial support for their work. This organization represents the other side of crowdfunded journalism. As a platform dedicated to journalists looking to finance their work, GoJournalism.ca provides a venue where reporters can test the crowdfunding waters. These cases represent different ways journalistic organizations have engaged with crowdfunding in an attempt to develop communities and raise funds. While all three are

attempting something new they are all connected to traditional journalism through their organizational structures or goals.

Canadian University Press

The Canadian University Press or CUP was created 76 years ago “with a mission to unite, strengthen and support student press” (CUP, Indiegogo). When it started in 1938 “the student press was little more than the production of newsletter-style publications, often funded by the same student governments they covered” (Willms). Today that network has grown into a mostly independent group of newspapers that function like any other niche news publications: “[t]hey chase and file stories, shoot and edit photos, design web pages and stunning A1 covers – all while balancing the demands of university life” (Willms). With 54 of the country’s almost 200 student newspapers and journals as members, the Canadian University Press claims to speak on behalf of student publications and “enables them to better fulfill their mandates through professional development, content-sharing agreements and facilitating a national community based on support and innovation” (CUP, Indiegogo). CUP runs an annual conference for its members which acts as the organization’s annual general meeting and provides opportunities for professional development. Additionally the organization advocates for any campus paper that faces difficulties. Erin Hudson was the president of CUP at the time of the crowdfunding campaign. She explained that “if the situation warrants it, we’ll take action so we’ll start a letter writing campaign, release a public statement; basically we’re the organization that stands up for student newspapers and gives them a national voice if they need it” (Hudson, Interview). CUP also runs a national news wire service

that allows member papers to share content as well as provides national and regional stories which are written by CUP staff.

The Campaign

Like so many traditional news organizations CUP recently ran into financial difficulties. With the nature of news becoming more immediate and global, and advertisers abandoning newspapers, university publications have been forced to adapt. As individual campus papers across the country have moved online and created a digital presence their traditional weekly resources are stretched thin in an effort to produce daily coverage which is published online. At the same time, they have gained ways to collect information from across the country without needing a national organization like CUP to facilitate that access. As such the cost of a CUP membership has become less attractive. At the 2014 annual general meeting CUP's membership voted to lower membership fees which resulted in the organization heading towards a deficit position (Hudson, Interview). Before the vote, member publications paid a set fee ranging anywhere from \$40 to \$5,000. Afterwards, any newspaper with an operating budget of less than \$40,000 will pay 2.5% of its budget as a membership fee. For those with a budget of over \$40,000 the fee is 3% of their budget (Hudson, "Re: Crowdfunding"). Hudson said the change came because member organizations were no longer satisfied with the old structure. She explained,

The same way that all major media are feeling crunched; a lot of our members are [as well] in terms of their advertising dollars. So it's really their student levies that they're living off of and after just having a period where advertising was really lucrative, things are contracting and

we're finding that a lot of people are saying 'okay, when we're contracting the CUP membership is one of the things that we have to let go'. (Hudson, Interview)

Ten years ago CUP had 90 member papers, in 2014 that number hovered just over 50 and a rival newswire, the National Wire Service, was created by former CUP papers which "allows student newspapers from across the country to share their content and keep track of campus news" (Basien Cobeil).

In February 2014 CUP sent out a memo to its members which was made public through J-source. In it Hudson explained that effective March 1, 2014 the organization was laying off its 12 part-time staff members as a result of the organization's financial situation which then led to the crowdfunding campaign. With only a couple of thousand dollars in the bank when they started fundraising through Indiegogo, the ability of the organization to continue to function hung in the balance (Hudson, Interview). Hudson explained that they had discussed holding a fundraiser or developing a plan for an annual pledge drive before the annual general meeting but when the organization's financial problems became urgent, crowdfunding through an established platform became the easiest course of action.

We basically just decided okay we're doing a funding campaign right now and ... Indiegogo [does] make that process pretty streamlined. Once you get your varies elements up there then you know we're just using word-of-mouth, social media platforms, emailing people, [and] calling people. (Hudson, Interview)

The campaign was an attempt to raise as much money as possible while at the same time knowing that any money provided could at least keep CUP running in the short-term. The decision was made to set the goal at \$50,000 because it would cover operating

costs of the organization at the level of service they normally provide plus allow CUP to put \$20,000 in a savings account. Hudson claimed that, “in a situation like this \$20,000 would make a huge difference, so we’d put some in savings and have the rest as kind of a cushion as we go through the year” (Hudson, Interview). The Indiegogo campaign laid out the main services the funds raise would support. They included,

- **Professional development:** CUP subsidizes six conferences in every region of Canada, twice every academic year. Once a year, CUP runs its national conference, or “NASH.” Each conference is an opportunity to attend sessions and workshops to learn about the industry and lay the foundation for a professional career.
- **Employment:** on an annual basis CUP employs 18 youth to administer the organization and its online publication, cupwire.ca.
- **Advocacy:** CUP stands with its members, and any student publication, under attack or criticism for simply doing their jobs — reporting and documenting campus and youth issues.
- **Mentorship:** through CUP’s partner CWA [Communications Workers of American] Canada, students are able to meet with a seasoned journalist and get feedback on their work and their potential career path.
- **Legal services:** every CUP member has access to a lawyer from one of the top media law firms in Canada.
- **National syndication:** CUP publishes original content from six regional bureaus on a weekly basis and republishes important, compelling stories from its members in every province of Canada on a daily basis online at cupwire.ca.
- **Recognition of achievement:** for 10 years, CUP has administered an awards series called the John H. McDonald Awards, or “the Johnnies.” This [year] 21 students were recognized out of 500 applicants for outstanding work in a variety of categories from graphics and multimedia to diversity writing and investigative reporting. (CUP, Indiegogo)

Though the goal was to continue providing all the services CUP had in the past, Hudson said the changing financial situation meant that might not be possible. The Indiegogo campaign emphasized the importance of the CUP conference and making sure that event would still take place. Hudson said those decisions were made based on what they heard from their membership.

Members have shown us that they aren't willing to pay large membership fees which sort of signals to us they're no longer willing for CUP to run off of membership fees. And so what we've emphasised in the campaign are things we're going to try very hard to ensure are still there next year and the things we've deemphasised are the things that will be the first to go basically even if we do want to bring it back later. (Hudson, Interview)

Unlike other organizational campaigns the money was going to an established organization which had not had to rely on donations in the past.

Similar to the other crowdfunding campaigns reviewed, CUP offered incentives for those who donated. The incentives started at \$10 for which a donor would receive a thank you note from CUP president Erin Hudson and went up to the privilege of hosting CUP's annual awards gala, the Johnnies, in return for a \$10,000 donation. No donor took advantage of the \$10,000 option and in fact none of the incentives over the \$150 donation level were claimed (CUP, Indiegogo). Of the 105 individuals who donated only 43 collected rewards. The majority of perks were thank you notes and the only tangible reward was a copy of CUP's 75th anniversary book, which 13 donors at the \$150 level collected.

The campaign ran for six weeks from February 28 to April 13, 2014. It raised \$9,206 dollars from 105 donors, only 18 percent of the intended goal (CUP, Indiegogo).

However, once the crowdfunding campaign was launched a number of in-person fundraising events took place including pub nights in both Toronto and Ottawa. Taking the money raised at those events into account CUP managed to raise just over \$12,000. That money will allow the organization to hire a single full-time staff member (one less than in the past) and “continue to provide its members guaranteed services such as legal aid, a national office to provide real-time support and resources, regional and national conferences, a student press awards series and continued relationships with our partners” (CUP, Indiegogo). The campaign process also led to past members getting re-engaged with the organization. For example *Maclean’s* writer and CUP alumnus Nick Taylor-Vaisey intends to create an alumni association for former student journalists which could contribute to more sustainable fundraising efforts in the future (CUP, Indiegogo).

Lessons Learned

Though the \$12,000 raised means CUP can continue to function with only minimal changes, at first glance the campaign does not seem like it was a success. The \$9,200 raised online only equates to 18 percent of the listed goal. Hudson said in retrospect perhaps it would have been helpful to set a goal that could have been easier to reach and therefore have created more momentum throughout the campaign. She said that “it is daunting to see that [it is so far from the goal] whereas if you have a \$10,000 goal and you’re 20 percent of the way that’s a big thing ... so yeah I didn’t think of the optics” (Hudson, Interview). Additionally when it came to setting up the campaign, Hudson said they perhaps would have been better off with a shorter campaign period. She was happy with the campaign website itself which Hudson and another staff member created over the span of a week, but she said keeping engagement up over the duration of the

campaign was more difficult than expected. After the first group of donors (individuals Hudson said were prepared to donate as soon as the campaign launched) it was more difficult to get people engaged, including having to remind donors to contribute before the campaign period closed (Hudson, Interview).

Convincing possible donors that CUP's cause was worthy of funding became difficult for Hudson. She said unlike other fundraising efforts where perhaps those contributing have an emotional connection to the cause being supported, she said journalism did not have the same draw.

For a lot of people, I don't think you get that same kind of heart throb reaction. I think [journalism] was privately funded for so long people kind of wonder ... do you actually deserve this funding. (Hudson, Interview)

While this might be true for any organization asking for public funding, Hudson found that many of the individuals she spoke with were concerned about how the money would be managed, considering the financial troubles that lead to the funding campaign. In attempting to find additional funding sources Hudson found this attitude was prevalent with potential partner organizations as well as with individuals.

One comment I keep running into is: it's not our job to finance media. [They would say] 'we finance communities, we finance projects and initiatives'. And it's a little bit discouraging to hear something like that because I think ... people think media is not part of the community [that] media is something different. (Hudson, Interview)

The current financial environment journalists and news organizations are facing has created a situation where non-traditional funding may be necessary. Hudson worries that the attitude she discovered when it comes to finding donors will make it less likely that

journalistic work gets financial support. She said it will be important in the future that individuals understand that reasons to pay for news.

You are contributing a lot to society when you're funding journalism and especially when we're kind of in a moment where a lot of private funding is pulling out [and] government funding is pulling out. Is it important to know what's happening in your own community? You tell me. And if so you should look at how we're going to pay for this because if you don't have it it's all going to be outsourced news from really big places where there isn't that same connection with the community. (Hudson, Interview)

While it is likely alternative, sustainable, funding models for journalism will be found, Hudson's concern is whether or not individuals understand the importance of funding local and niche organizations. At the same time she is unsure of how often an organization like CUP would be able to conduct a crowdfunding campaign and get favourable results. Alternatively she sees an annual fundraising drive as an option, though it is less likely that it would take the form of an Indiegogo style crowdfunding campaign.

When it comes to fundraising for journalistic organizations Hudson was not worried about being influenced by donors: "I think that the way that Indiegogo is set up is that it's really clear that once you give that money, this organization is going to do with it what it wants" (Hudson, Interview). However, if CUP were to get financial help from a strategic partner Hudson believes there is more likelihood of conflict developing.

In CUP's history we've tried a lot of different partners ... and I think those are more the places where it's tricky to navigate because I think you can get a lot of different factors at play. You know the national office in particular those personalities if they're really hoping for a job opportunity from that partner that will affect the relationship and it's not always for the betterment of CUP

as an organization or the partnership in general. (Hudson, Interview)

In that sense crowdfunding is a more ethical arrangement because the anonymous crowd is less likely to expect to have influence over the organization in return for their donation.

Hudson said the organization learned important lessons about running a funding campaign, though due to the urgent need to raise money those lessons were through trial and error. They found that both the media attention the campaign received and alumni support spreading word about the campaign were crucial in connecting with donors. Additionally “planning events to help bring the campaign off-line ... played a huge role in generating support” (Hudson, “Re: Crowdfunding”). CUP’s alumni events during the crowdfunding campaign brought in an additional \$3,000 – a fourth of the total amount raised. In the end Hudson said the campaign was successful, “though we fell significantly short of our \$50K goal, because the organization was saved – for how long is a different question” (Hudson, “Re: Crowdfunding”). CUP will continue to look at alternative funding options, though for the moment another crowdfunding campaign is not in the picture.

For now, we’re working to raise sponsorship through corporate donors and through applications to grant programs. The fundraising campaign’s success gave us the breathing room to pursue these more time-consuming approaches to raising money. We feel that they will pay off in the longer term. We’re discussing and reflecting on how to conduct fundraising in the future and are investigating a monthly donation system. (Hudson, “Re: Crowdfunding”)

Although CUP collected less money than it had requested, this organization’s attempt at crowdfunding was successful in reconnecting a community spread across the country and in raising enough funds to keep the organization afloat.

rabble.ca

Rabble.ca, or rabble as it is referred to by those who run the news site, is a non-profit, community supported news and opinion website which started in 2001 (Rabble.ca). It was started by a group of progressive individuals, interested in using the internet to connect readers who were looking for an alternative news experience. The mission of rabble.ca is:

... to present a range of opinion from people who are engaged in struggles for social justice, peace, and inclusive society. *rabble.ca* is committed reflecting current events accurately from a progressive point of view. *rabble.ca's* role is to report on stories and viewpoints underreported, not reported, or mis-reported in mainstream media. (Perry)

The organization is financially supported by different kinds of donations including monthly pledges, one-time individual contributions and larger donations from organizations that support the organization's mission, as well as a small amount of advertising revenue. The online news site also encourages readers to donate numerous times throughout the year. These semi-annual campaigns are similar to pledge drives like those run by PBS in the United States or TVO in Ontario. Mark Adams is an editor with rabble.ca and facilitated the organization's 2013 Indiegogo campaign. He explained that,

...all of our money comes from the community, and that is both from individuals ... and from large NGOs and unions. So twice a year we do fundraising drives on the site, either asking people to give [a] single donations or asking people to give monthly donations and that's been going on for a long, long time. (Adams, Interview)

The larger organizations Adams referred to tend to become sustaining or supporting partners that "support rabble.ca's mission and vision through cash and in-kind support and receive support from rabble.ca in advertising and other forms of promotion"

(Rabble.ca). This could mean an organization might receive \$15,000 worth of advertising for a \$20,000 donation (Adams, Interview). One final partnership available to donors is to become an “in cahoots” member, as part of the donation structure rabble.ca will feature news stories suggested by the organization on a special section of its website. Like other partnerships, in cahoots is still donation based and therefore “membership is charged on a sliding scale, designed to match an organization's ability to pay, and includes an advertising bonus” (rabble.ca). In cahoots partners include organizations such as the Canadian Center for Policy Alternatives, Canadians for Tax Fairness, CUPE, Mining Watch Canada and many others (rabble.ca).

The Campaign

In the winter of 2013 rabble.ca branched out from its own site in an attempt to find new donors. Adams created and helped run an Indiegogo campaign as part of his role at rabble.ca. The money was needed to support the website’s Parliamentary reporter Karl Nerenberg who began covering national politics from the Ottawa press gallery for rabble.ca in 2011.

Karl writes dozens and dozens and dozens of stories that matter. He goes to Parliament hearings that others miss (even the super boring ones), he digs through the bills to find what is really going on, he looks at the long-view. In other words, he brings you real news. He tells stories about the environment, stories about immigration, stories about health care, stories about working people, stories about politics. (Rabble.ca, Indiegogo)

The money needed to pay Nerenberg and finance his work has always been raised through a dedicated campaign, though it had previously been run solely through the rabble.ca website. The Indiegogo campaign was an attempt to reach a new audience and

perhaps get funding from individuals who were not yet aware of the organization. Adams explained that the idea came about after rabble's publishers, Kim Elliot, returned from a conference of independent reporters in the United States. Though rabble was concerned they would run into donor fatigue if they started asking for money too often, Elliot explained that was not something American reporters seemed to worry about.

A lot of people down there, they just never quit – it's just 365 asking for money every day. So we said alright ... [and] it seems to have been okay. We got zero complaints, we got some more money and we saw a bit of a bump on our own site. (Adams, Interview)

In the end there was an overlap between rabble's semi-annual campaign and the Indiegogo campaign. By using Indiegogo Adams explained the organization was hoping to reach beyond their traditional donors: "we thought that going to a pre-existing platform that was outside of our own; [the platform] might give us exposure to new audiences and allow us to experiment with different incentives such as perks" (Adams, Interview). The Indiegogo campaign was set up to raise \$5,000 – a fifth of what rabble raises annually to finance Nerenberg.

The Indiegogo campaign gave rabble the opportunity to create a video explaining Nerenberg's role. As well they came up with a number of incentives they hoped would encourage donations. The options included:

- *\$5CAD*: Our virtual high-five thanks! Every dollar counts here and we cheer for them all. Thanks!
- *\$10CAD*: "Follow-Friday" you on Twitter – We have over 20,000 Twitter followers (and growing fast) and will FF thank you! Of course we need your twitter handle.
- *\$25CAD*: Audio interview w/ Karl – Exclusive! Karl has a lot of insight on the goings-on on Parliament. Karl will do a special audio

interview on the politics of the Parliament available only through this campaign. Email required. Plus you get the above perks.

- \$40CAD: The Karl on Parl fridge magnet – What better way to keep those political comics on the fridge looking great than with your own Karl on Parl fridge magnet. And of course the above perks.
- \$75CAD: Google Hang-out with Karl - Join an hour-long hangout with Karl to talk about the politics of the parliament and the issues of the day. And of course the above perks.
- \$100CAD: "Best of Karl on Parl" book! This paperback book features Karl's favorite [rabble.ca] pieces in one handy collection. Plus the above perks!
- \$500CAD: Parliamentary Correspondent - Be our Parliamentary Correspondent! Get your issue address[ed] and your question asked. You will meet with Karl and rabble editorial staff via phone/video to plan coverage and strategy on getting a newsworthy question to a member of government. Karl will ask the questions that need to be asked on Parliament and write a piece on your issue. (rabble reserves the right to refuse questions.) Plus all the above perks!
- \$1,000CAD: My dinner with Karl – Karl loves to talk and what better way to chat politics (and maybe jazz) than over dinner? You find your way to Ottawa and dinner with Karl is on us. Plus the other perks! (Rabble.ca, Indiegogo)

While more inventive than many of the crowdfunding campaigns reviewed so far, very few donors took advantage of the rewards offered. Of the 39 individuals who donated to the campaign only 16 collected a reward and the highest level of uptake was at the ten dollar range. The campaign ran for just over six weeks from October 23 to December 7, 2013 and raised \$2,250 or 45% of rabble's goal. As a flexible funding campaign they did receive all the funds that were donated and combined with money raised on rabble.ca they reached their full goal of \$25,000 to fund Nerenberg for another year (Adams, Interview).

We did bring in some money and we like the video quite a bit and we can use it in other contexts. I think we did get some new folks in that weren't contributing to our other [campaigns] so in that sense it was a success. (Adams, Interview)

Adams was content with the results considering rabble had raised money on their own site which most likely took traditional donors out of the mix to support the Indiegogo campaign.

Lessons Learned

Though rabble's Indiegogo campaign received less than 50% of the money they had hoped to raise, Adams said it was a successful experiment. Although rabble has been raising money on their own site for a long time he can see the benefit of using a platform like Indiegogo or Kickstarter.

I think crowdfunding in the more sort of narrow sense through these companies and organizations allow us to reach out to new networks and so people that might care about independent journalism or progressive media that might not know about rabble might find it through that way and I think that's an advantage that those sites can offer us.
(Adams, Interview)

Because both sites have their own following, Indiegogo allowed an organization like rabble.ca to tap into a new group of supporters. In that sense Adams said it is a form of advertising and, "we were as interested in the number of people that viewed Karl's video and went to our page as we were in the amount of money they gave us" (Adams, Interview). Similar to other fundraising organizations, Indiegogo and Kickstarter have the benefit of clearly being venues for raising money. Adams said unlike visitors to rabble's website anyone viewing a campaign on Indiegogo is aware that those involved are interested in raising money. Rabble on the other hand is firstly a news site which Adams said can be a disadvantage.

[Readers] are there for news and information and opinion and to contribute and donating money is something they do not because they want to but they might do it because they think it's important and they support the cause but that's not the purpose of their visit. (Adams, Interview)

When it came to the incentives or 'perks' offered as part of rabble's campaign Adams said he is unsure what would work and is curious about why so few people took advantage. At the same time since the perks were mostly experience-based or items that did not cost rabble much money Adams was not overly concerned by the lack of interest.

We were wise enough not to put anything in there that would cost oodles of time or money [or] that we wouldn't want otherwise. So for example, we said we'd make a "best of Karl" book. We figured even if that wasn't taken up, and it wasn't much, we'd still use that as sort of a marketing device for other campaigns in the future, give them to some of our major donors. (Adams, Interview)

In general Adams believes people donate to journalistic organizations to support the work being produced. Unlike a crowdfunding campaign to support a music or technology business, where people may see an advantage to getting in on the ground floor, Adams said those who donate to news organizations appear to be motivated more by the work they are supporting than the reward they might receive for donating. He explained that,

we've done surveys of our readers and asked them how important are prizes or draws to donate money to us and it's usually fairly low on a scale of reasons why they donate. So I think that also panned out for us with perks. ... I think if we kept doing it we could find something but I don't think it's the kind of thing that would put people over the top. (Adams, Interview)

As an organization, rabble has taken money from the community to support their work since the beginning. Adams is not concerned by the idea that community money could influence the organization since he said it is up to the journalist or organization to create

content that benefits their readers not their donors. Rabble's main donors include some of Canada's largest unions. The content rabble produces is more progressive than what a reader might find in Canada's mainstream newspapers but that was the goal in setting up the organization not a reflection on where the funding comes from. Adams said rabble's goal has always been to provide an alternative source of information, and like any news outlet they respond to the interests of their audience. He believes,

... all organizations and people are influenced, either consciously or not consciously. If we are publishing 20 articles and three of them on the environment have done 500 percent better than the other ones then it's telling us something about what people are interested in. Or if we're doing a donation drive and one week we mention the environment and one week we mention another issue and that one's getting a bigger response then we might have a sense of these are the sorts of issues people want. (Adams, Interview)

However, he said the organization ethically would cover a story whether or not it exposed something about one of their donors.

We'll never pull a story, we'll never change a story if it's true and accurate because a donor, or funder asked us to. We will though, if we run a story that is critical of someone, we'll let them know it's up [on the website]. (Adams, Interview)

Much like the independent reporters referenced in Chapter 4, Adams and rabble.ca believe funding from donors is no less ethical than corporate support or advertising revenue.

While the Indiegogo campaign raised some money and perhaps exposed a new audience to what rabble provides Adams said it is no substitute for the fundraising rabble does through its own website.

I don't think we'll ever leave our own model. We have sort of a built in audience and history and pattern of people that sort of expect to be asked to support something just like you do with the radio or community TV. (Adams, Interview)

As well, donations made through Indiegogo cost more than if rabble collects the money itself. With credit card fees and the percentage Indiegogo takes, Adams said in the end more of the money collected stays with rabble if they run the campaign on their own. The other problem with the Indiegogo method is that Adams believes people prefer to fund something new, or a program that is attempting to get off the ground, not a service like rabble where every year they need to run campaigns and raise money to fund employees like Nerenberg. Adams explained, "the reality is people like bright shiny things to fundraise and I think that's a challenge for all organizations" (Adams, Interview). Like any not-for-profit Adams said rabble will provide its services until the money runs out. If the community is unwilling to support it, rabble.ca would have to re-evaluate if it can financially support a full-time reporter in Ottawa.

Adams said organizations like rabble which rely on the public for financial support should be aware of the need for transparency: "you can't be a community supported media and then ask the community to blindly trust you" (Adams, Interview). Though they are a private organization rabble produces detailed annual reports which are available on their website. Heading into the future Adams can see more community support for organizations like rabble and individual reporters looking to go it on their own.

I think you're going to see more of that kind of thing where people are going to sponsor it. I think the downside is that, there's something to be said about journalistic integrate and

editing processes and actual editors and fact checkers and where is that line going to be? (Adams, Interview)

A number of examples in the United States, including the recent case of journalist and author Glenn Greenwald and First Look Media, show that there may be room for philanthropic organizations and individuals to support some elements of the news industry.

First Look Media is a website and news organization created by Pierre Omidyar, the founder of the online auction website, eBay. Omidyar teamed up with Greenwald, the former *Guardian* columnist who broke the Edward Snowden/NSA story in 2013, to develop First Look Media including investing \$250 million dollars into the organization (Rosen). The non-profit organization is set-up to reinvest any profit back into the journalism being produced and “seeks to reimagine journalism for the digital age, combining the promise of technological innovation with the power of fearless reporting” (Home - First Look Media). Omidyar spoke with media scholar Jay Rosen after news of his partnership with Greenwald became public. He told Rosen that, “if independent, ferocious, investigative journalism isn’t brought to the attention of general audiences it can never have the effect that actually creates a check on power” (Rosen). The new organization fits a model Rosen calls “the personal franchise model”. In this model, he explained, the organization starts “with individual journalists who have their own reputations, deep subject matter expertise, clear points of view, an independent and outsider spirit, a dedicated online following, and their own way of working” (Rosen). While this example shows there are people with the resources and the interest in producing quality in-depth journalism, Adams is not convinced the same level of wealth or interest exists in Canada.

He explained the situation in Canada does not currently reflect an interest from major charitable organizations to support journalism, or in creating journalistic organizations as Greenwald and Omidyar have done.

The major foundations don't support journalism. The [J.W. McConnel Family Foundation] is one of the largest foundations in Canada. They explicitly state they don't support journalism. Which is fine, it's just that money's not there so I think working from necessity we're going to see [more crowdfunding] but then it's going to get very crowded ... if there's 500 people trying to get investigative journalist money then what's that going to mean? (Adams, Interview)

In addition to the fact that there is only so much money to go around, Adams acknowledges that in some cases traditional media organization still do a better job at certain kinds of expensive journalism, like foreign or disaster reporting.

Funding challenges in the future could mean organizations will have to work together in order to find enough money to fund specific projects. Adams said,

I think we might see more coalition work where maybe three or four independents get together and you know we've had some talks with people about that maybe we all fundraise together on a particular piece of research and maybe it goes up simultaneously across a number of sites and that way you can raise more money and produce more intensive work. (Adams, Interview)

In the future, systems similar to those used by the Tyee, rabble and even Joey Coleman may become an alternative. In those cases funds may be monthly donations outside of mainstream platforms like Indiegogo or Kickstarter. Fundraising will still exist but the campaigns would look more like the type of organizational fundraising the public are more familiar with, similar to what PBS or TVO have done in the past.

Algonquin College and GoJournalism

GoJournalism or GoJo is a non-profit project run through Algonquin College's journalism program in Ottawa, Ontario. It was designed and developed by staff and students at the college using the template from the American journalism crowdfunding website, Spot.U.S. Joe Banks is the program coordinator for Algonquin's two year journalism diploma program and the director of GoJournalism.ca. He heard about the Spot.U.S model at a conference around the time the American community journalism project began. Banks said after that he had to find support for the idea at Algonquin.

We have a department here called Applied Research which provides funding for faculty and students who can come up with an applied research project that works with private industry aimed at getting solutions in the hands of private ventures. (Banks, Interview)

In partnership with Algonquin's School of Media and Design the applied research department agreed to give Banks \$25,000 in seed funding, enough for a manager and two summer students to get the website up and running. With help from Spot.U.S, GoJournalism 1.0 was launched in 2010 (Banks, Interview).

The college's and Banks' goal was to create an "open source project to pioneer Ottawa and greater Ontario-based community powered reporting" (GoJo). Rather than running a website that publishes stories like rabble, which pays reporters directly and provides news content on their website, GoJo is a "free brokerage, or a conduit to news organizations and the general public, bringing the community and mainstream media together to co-fund stories" (GoJo). Essentially the website is a platform (like Indiegogo but dedicated to journalism projects) for interested reporters to pitch their stories and hopefully gain enough community and industry support to fund the work. Banks

explained that in an ideal situation students would pitch, get funding and find a publishing partner all through GoJournalism.ca.

The idea was that a media organization would fund a minimum of 51 percent or more of the story and in return get exclusive rights for that story for publication. ... We're trying to save them freelancing fees by them only having to pay half of what they normally would. And then the other half would come from a variety of sources, ordinary citizens, maybe the mom and dad of the journalism student ... anybody and anyone interested in seeing that story [move] forward. (Banks, Interview)

Algonquin College paid to set up the site and the money raised is managed and released directly to the reporter by administrative staff. Therefore, “[n]o raised funds go toward overhead such as salaries, utilities or space” (GoJo). Operated by a post-secondary institution GoJo has the status of a non-profit which is a key difference from other platforms like Kickstarter or Indiegogo. Without needing to collect fees to continue operating GoJournalism provides a platform to connect with potential funders and news outlets without taking a percentage of the money raised to cover operating costs. At the same time this means there is no dedicated staff working to make GoJo competitive.

The Campaign

Since it launched in 2010 the site has attempted a number of different partnerships in an effort to sustain this kind of community funded journalism. It successfully raised funds for at least nine stories, which were then published either by the *Ottawa Citizen* or the now defunct Openfile.ca, which itself was an experiment in digital community journalism. In the last four years two stories were published in cooperation with the *Ottawa Citizen*, one written by Greg Markey about an “Ottawa optical firm’s stalled

relief project to send thousands of used eyeglasses to Haiti” (Banks, “Completed Stories”). The other was by Dee Wright and written in December of 2011 which took a look back at that year’s near disaster when the stage at the Ottawa Bluesfest collapsed (Banks, “Completed Stories”). Those campaigns raised \$500 and \$400 respectively for the reporter involved, with the Citizen paying half and community members donating the rest. Additionally two other stories were successfully funded and published in partnership with OpenFile. Both of those reporters were paid \$200 for their stories.

In 2012 the Media Club of Ottawa pledged \$1,000 towards work done through GoJournalism. Two stand-alone stories were funded with that money; the remainder went to select Algonquin students, giving them the opportunity to be paid for work they completed as part of their studies. Banks acknowledges the Media Club donation is not exactly the system they had hoped to build, “but ... the vision is to pay for journalism, right? Pay for stories that aren’t being done by mainstream media. That’s what we wanted to do” (Banks, Interview). Though the GoJournalism website is still online and able to take on new projects, the most recent campaigns are over a year old. For now the site is dormant but could be brought back to life at any time.

Lessons Learned

In 2011 Banks told the *Globe and Mail* that the college saw this platform as “a valid way for mainstream media to fund important stories when they have fewer staff with less time for this type of reporting” (The Globe and Mail). Since then those partnerships have become difficult to maintain. Freelance budgets at the two main newspapers in Ottawa, the *Ottawa Citizen* and *The Ottawa Sun* have diminished and

Banks said it was difficult to convince broadcast partners to get involved. Since the majority of those who have taken advantage of GoJournalism's platform are students at Algonquin, Banks said it has been an important teaching tool. Along with the skills involved with working as a reporter Banks said the college is also,

... teaching the students about freelance journalism and the importance of not just pitching your story once to one client but pitching to potentially dozens of clients ... so GoJournalism and the program is just one more client to the students. (Banks, Interview)

One of the difficulties with targeting students is the yearly turnover. As students continually enroll and graduate from the journalism program at Algonquin a new group of individuals has to be convinced of GoJo's merits. Banks said the students' concerns have reflected worries he has heard from mainstream reporters, including that,

if they have a really good idea they're very reluctant to share it with the world and it's really the same with our students. If they've done some really good work and they think there's an opportunity to sell it for more money then what we're willing to offer through GoJournalism then of course I want them to do well. (Banks, Interview)

The students' fear of exposing their idea to the public before the story is written reflects concerns raised by those interviewed by Gerber and Hui in their research on crowdfunding in general. Additionally, as new reporters Banks' students may worry a more experienced reporter could produce a similar story and sell that piece to an organization they already have relationships with faster than a new, unproven student journalist.

Along with the students' concerns about how the stories would be produced, GoJournalism also faced technical difficulties from the beginning. Banks explained that

the system given to them by Spot.Us back in 2010 was run using Ruby on Rails, an open source programming language used to create the web platform. However, very few people are familiar with that system and therefore:

We had to find a team that could work with Ruby on Rails and we found that team [but] it was expensive to set it up so all our funding went into building the site, having a manager and then when we opened the site we had no funding at all. (Banks, Interview)

That has meant that since the beginning the site has been more expensive than anticipated. Since April of 2013 that problem has been solved with GoJo 2.0 which is run through WordPress, a commonly used web platform, used to support blogs and independent websites. However the timing of that upgrade meant the students who were engaged with the process graduated just as the new site was launched. Since then there has been little activity on the site, something Banks found disappointing.

We came back to school in the fall, concentrated on the students; students weren't motivated to upload pitches at that time and in the meantime I'd done some public appearances with the CAJ chapter in Ottawa, tried to stir up some interest, [talked to the] Media Club again ... and it just had very limited luck. (Banks, Interview)

At this point Banks sees the future of GoJournalism as something that will have to move at its own pace. The website is functional but with little time or resources to promote it Banks said the platform "can be like a balloon that expands when it's needed and contracts when it's not" (Banks, Interview).

When it comes to crowdfunding for journalism itself Banks thinks there is still room for the community funded model to succeed, especially for stories that require more time or attention than traditional outlets have to devote in the current environment.

Stories that Banks calls, “fishing expeditions, the kind of stories that require some tunneling, going down to the court house, looking through a big box of law suits” (Banks, Interview). Alternatively, he said there are still kinds of journalism mainstream outlets do well and would have trouble finding support from the crowd, “the immediate stories that are current, not necessarily stories that can run anytime but daily reflecting what the community does in the life of a day” (Banks, Interview).

The future of GoJournalism.ca is less clear. While it can remain operational Banks felt there would be little interest without marketing and encouragement to get journalists to use the platform. He said “it really needs some people who are willing to volunteer to get it to where I think it should go” (Banks, Interview). Banks could see a partnership with an organization like the Canadian Association of Journalists as one way to re-invent the platform. Banks hopes that could be the case at least because,

... there are so many projects that are started up and they just dissolve but I still feel that there's validity to this project ... but what I need is some people power, I need people, I need maybe the CAJ or an association of some kind to take it over. (Banks, Interview)

Without a new partner it seems for now Algonquin College is not in a position to expand or re-develop GoJo and with the rise in popularity of platforms like Indiegogo and Kickstarter it may be that the days of dedicated platforms for journalism are past.

These three organizations are very different and yet each has attempted to utilize the developing trend of crowdfunded journalism. When looking specifically at the campaigns referenced each failed to meet their goals in one way or another. However, they all succeeded in raising some funds for their journalistic enterprises and created a conversation among their members, clients and audience about how journalism and the

organizations that support it might be funded in the future. Reputation is clearly important when it comes to an organization reaching out to the crowd, perhaps more so than with individual reporters. Also, it seems organizations may need to directly solicit their current supporters more directly than individual journalists in order to get enough support and momentum to run a successful campaign.

Where individual campaigns have the benefit of being unique or inspiring, organizations appear to be too stable to need crowdfunding. Traditional systems still exist for organizations to get funding and as such the public seems less willing to support them. As was reviewed in Chapter 3 the types of organizations seemingly benefiting from crowdfunding are those like *De Correspondent* and *Ricochet*, which have successfully raised funds to start a new organization. Whether or not they will be able to successfully go back to crowdfunding should they need operational funding is yet to be seen. The final section of this thesis will review the last five chapters and reflect on how these case studies have helped to develop a better understanding of the current crowdfunding environment for journalists.

Conclusion

The beginning of the 21st century will be remembered as a time of great change, when systems of communication, business, and entertainment were altered by new ways of interacting through the Internet. These new systems mean that any individuals with access to the Internet can connect no matter their physical location. This has led to an unprecedented amount of shared knowledge and content. This thesis has reflected on how these new systems have impacted the institution and industry of journalism. Where once news organizations and businesses had restricted access to certain kinds of information, the digital revolution has created an environment that allows interested parties to seek out and find information on their own. This means organizational structures, methods of production, and types of funding for news organizations will continue to be forced to change, if they want to remain relevant organizations to their audiences.

The objective of this thesis was to investigate a specific alternative method of funding for journalism, namely crowdfunding. By reviewing current and developing models of journalistic institutions this research has attempted to place crowdfunding in the context of the changing news business model. As shown in Chapters Three, Four and Five, the majority of those using this model are independent or freelance journalists working as individuals, or alternative news entities. In a changing economic system they have attempting crowdfunding as an alternative to traditional funding options such as advertising or corporate support. However, it is important to note that some of the more successful cases detailed in Chapter Three continue to have ties to traditional models. ProPublica and its publishing partnerships and mainstream staff, or the Huffington Post

and its advertising revenue, show that the most successful digital models may be the ones able to change while still utilizing parts of the current structure.

Each of the six case study subjects expressed a change in the traditional models of funding they would have normally accessed. For Mustafa and GoJournalism, each saw a lack of freelance funding from traditional media organizations and turned to crowdfunding as an alternative. Coleman expressed the fear that traditional journalistic employment was no longer an option in the community he wished to cover. Both Petz and the Canadian University Press saw normal systems of funding (grants and membership fees) fail to cover the full costs of their work. Finally, rabble.ca viewed its crowdfunding campaign as an opportunity to test the possibility that a wider audience could also be a source of revenue beyond its core readership, since its funding model requires continuous reader support.

Through the exploration of these case studies, this thesis attempted to find which conditions or circumstances can lead to a successful crowdfunding campaign and why other journalistic crowdfunding campaigns fail. The purpose and novelty of the campaign itself is vital. Of the campaigns reviewed, those with detailed budgets and a clear need for support had more success. The Canadian University Press was in desperate need of resources but was unable to raise even a fifth of its target from online donations. While many donors did give, the lack of a clear plan for the money was enough of a concern that Hudson reported being directly asked about it by individuals she reached out to for financial support. Similarly, both the campaigns run by GoJournalism and rabble's project on Indiegogo lacked a defined budget of how the money raised would be used and only had limited success collecting funds. Coleman, on the other hand, in his first

campaign not only had a budget of how the money raised would be used but updated supporters throughout the campaign and beyond about new technology or services that were supported by their donations. The crowd is prepared to part with its hard earned money, but it is more likely to do so when there is a clear explanation of how money will be spent.

Having a story or project a community can feel engaged with is also a must. Had Petz reached out to individuals directly connected with issues in Uganda she believes she may have been able to access a community more willing to donate to her work. Similarly, rabble.ca had already engaged its core community with its own campaign to fund Nerenberg. While mainstream crowdfunding allowed them to raise an additional \$2,250 they missed their \$5,000 goal by more than 50 percent. Adams believes the Indiegogo campaign would have been more successful if the organization's dedicated readership had not so recently been asked to donate through rabble.ca and therefore would have been more available to promote the Indiegogo campaign or contribute to it financially. In Coleman's case his streaming of City Council meetings provides a service to the geographic community of Hamilton, guaranteeing him a united group from which to draw support. Targeted marketing and a community capable of responding appear to be as important to crowdfunding as the idea itself.

Timing of the campaign was also a factor in all of the campaigns reviewed, though for different reasons. Petz found she could have run a longer campaign and allowed more time for momentum to build. CUP, on the other hand, found its campaign to be too long. Without a sense of urgency many supporters never got around to donating. GoJournalism's connection to a post-secondary institution and its students meant interest

in the model often waned in the summer and lost momentum re-engaging students in the fall. Though Coleman has been generally successful, his fourth campaign was unable to meet its goal. This may have been partly due to the provincial election in Ontario taking place at the same time. Similarly, rabble's campaign was organized too close to other fundraising efforts by the publication. Mustafa's timing was unintentional, but the widespread and industry-specific attention created by Nate Thayer's battle with *The Atlantic* helped fuel the interest of the community in seeing freelance reporters get paid for their work. Timing the campaign to current events is important and could be helpful to marketing the campaign but it is not as easy a factor to control as the other elements of a campaign.

While perks are touted as an important part of crowdfunding campaigns on Indiegogo and Kickstarter, the specific cases reviewed in this thesis found that does not seem to be as true for journalistic works. Most of the campaigns saw only limited uptake of the rewards offered. And for those that did see supporters request their reward there were no repercussions for those like Petz and Coleman who did not follow through on all incentives promised. In Mustafa's case she gave out more than was initially offered but those who had paid the higher amount were unconcerned about sharing the emails and photos with individuals who had donated less. When crowdfunding is used to support the creation of a gadget or artistic work donors who contribute expect a reward or early access to the product because the end result of the campaign is more tangible. By comparison, those who give to journalistic crowdfunding campaigns may be more motivated by the chance to help make a story happen or support a specific reporter, rather than by the incentive they might receive in return.

Another important factor for crowdfunding's success in journalism appears to be the reputation of the individual or organization involved. In the cases of Coleman and Mustafa, both were very successful and saw their professional networks and track record as mainstream reporters as key to their success. Both received large donations (Coleman's on his first campaign) from individuals whose main connection was as consumers of the reporters' work. In both cases the donations were important to the momentum and success of each campaign. By comparison, Petz and the students involved with GoJournalism had only limited professional networks and their status as new reporters may have limited their ability to garner support for journalistic works. And while rabble.ca has a large readership, its reputation as an alternative, point-of-view news source may have limited its ability to attract a wider, less partisan audience from contributing on Indiegogo. Similarly, both ProPublica and Gawker were able to successfully and quickly raise the money they requested. The fact that both are established media organizations with a community of supporters already in place would have contributed to that success.

This research also considered how different forms of financing journalism produce different types of journalistic content. Mark Adams of rabble.ca was the most direct in this regard, saying that when there is clear interest in a topic based on the levels of donation then the organizations would have a better sense of the type of content audiences want to consume. However, this is not really a new issue as newspapers and other news organizations can track the types of content most likely to generate revenue based on peaks in sales around certain kinds of stories. The main difference is that where business forces influenced the types of journalism done in order to encourage the support

of advertisers, with crowdfunding it is the community's interest that must be captured in order to raise funds. This means genres like hyper-local journalism will likely continue to be successful under this model as well as human interest stories which tend to get viral attention online through social media. In a crowdfunded model the community has the first say instead of having to first accept and then potentially react to content produced by traditional media companies. Here, if the public does not see value in the content it is unlikely the work will be produced.

While a sense of indebtedness may exist in a commercial product with news organizations massaging content to avoid upsetting the companies they rely on for support, the individuals interviewed for this thesis expressed a commitment to independence no matter where their funding was coming from. Those interviewed felt that because their funding came from such a large group of individual donors that should they lose certain supporters based on an editorial decision, there are likely others who would take their place. Just as the audience now has more control over the types of stories that get produced so too do the journalists have more control than in traditional models. Now if they are able to convince sufficient like-minded individuals of the value of the project it can be produced instead of relying on a hierarchical system to accept their ideas or content. In this sense, crowdfunding is less likely to influence journalists because the anonymous crowd is unable to expect control over the content of the story in return for their donation. Those interviewed were not concerned about the influence of the crowd, since Indiegogo does not create strong enough connections to create a system of influence. Should donation based systems continue to develop, the TSS's system of

donor releases “guaranteeing full editorial autonomy” (Tyee Solutions Society) may be a model other groups could adapt to their needs.

However, since media organizations that rely on donations have to find support from a community of (most likely) like-minded individuals, journalistic content is becoming more personalized and point-of-view. Organizations such as rabble and The Tyee have found support from a certain kind of audience member who sees traditional news sources as too conservative or corporate, a view point reflected in the types of stories produced by both outlets. This speaks to concerns raised by both Petz and Mustafa, who worried that crowdfunding could lead to more advocacy journalism where reporters are able to gain support from a specific community which could then lead to one-sided reporting. This may be an unavoidable reality at this point as the Internet allows individuals to group together and avoid content that challenges their viewpoint. Additionally, because only a certain segment of the global population has regular access to the Internet and the disposable income to donate to a crowdfunding campaign, this too will likely influence the types of stories produced.

Accessing crowd resources to finance works of journalism has been successful in some cases. Spot.us supported numerous writers and stories and both Ricochet and De Correspondent are examples of campaigns that have succeeded in raising enough funds to launch new news organizations. However, whether the fundraising capabilities of such ventures are sustainable is yet to be seen. One-off projects like Mustafa’s, or the student-reporters who were successful on GoJournalism, are probably where the future of crowdfunding lie: campaigns where an individual in special circumstances is able to utilize the model to find enough financial support for a specific story. The recent

shutdown of Spot.us, the lack of support for Coleman's most recent campaign, and even OpenFile's and the CCIR's inability to find long term financial support show a trend that audiences tend to support new and novel projects but lose interest over time. Certainly crowdfunding and any donation-based online organization are still very experimental, to the point that none of the individuals interviewed were convinced of the future promise of the model. Groups like rabble, The Tyee, Talking Points Memo and others all have multiple sources of funding. By combining donations, advertising and organizational support (investors or large organizational donations) these groups are both community supported and seemingly financially stable. Similarly, philanthropic groups that continue to succeed in the United States, ProPublica and the Knight Foundation for example, have wealthy foundations propping them up should community support wane.

The Internet allows for mass competition across normal community and audience divisions. As mainstream organizations compete with each other across mediums and alternative new sites like aggregators and blogs split the focus, journalistic organizations will only have more competition for their audience's attention. What this means for the quality of journalism produced is difficult to predict as some individuals will gladly subsidize high level reporting like Glenn Greenwald's latest endeavor. At the same time, as these organizations develop, paywalls, subscriptions or at least monthly donation systems like Coleman's will likely become necessary. Journalists in this current system will have to become more business oriented, dealing with the marketing of their work, and organizing financial backers. Freelance reporters, including those raising money on Indiegogo and Kickstarter, are required to declare all income (that includes donations) with the Canadian Revenue Agency and will need to take a more hands-on approach

about how they support their work. As mainstream organizations scale back on full-time staff this will be a reality for more and more reporters.

This area of research is rich in unanswered questions. It will be interesting to see how Creative Commons licenses continue to develop. While paywalls are one reaction to online illegal distribution of content, the opposite reaction is to widely allow individuals to access and use the content produced. Both Coleman and ProPublica use Creative Commons which means anyone can republish their work as long as they comply with general rules about crediting the writer and not directly selling the work. In the future, journalism and the news industry will have to become more flexible and adaptive, reacting to the needs of the audience and systems of production more quickly. How that flexibility develops will affect employment options and types of content available to the audience. These changes will continue to provide numerous topics for exploration and research.

ProPublica and even rabble's use of Indiegogo raises questions as to the ability of mainstream media organizations to use crowdfunding. Whether or not the audience will be willing to continue to fund organizations to which they normally only pay a nominal fee will likely depend on the types of projects an organization is trying to support. Continued research into the future of organizations which raised start-up capital through crowdfunding will be an important endeavor as their early success has created a great deal of interest in the crowdfunding world. And finally, it could be interesting to conduct more in-depth research into the types of people willing to donate to a crowdfunding campaign or ultimately become monthly supporters of a news organization like JoeyColeman.ca. As with so many models in the changing world of Web 2.0,

crowdfunding and online journalism will continue to evolve. Whether it will grow into a mainstream option for start-up capital and special project funding is yet to be seen.

Crowdfunding will likely remain one of a number of alternative funding models that individual journalists can utilize in an attempt to finance their work, but will only be successful under specific conditions. In the long term, news organizations will be able to incorporate crowdfunding as one of a number of revenue streams, which in combination allow them to remain financially viable.

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