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The full report can be viewed on the Columbia Journalism Review website at:
http://cjr.org/the_business_of_digital_journalism/

Columbia's Tow Center for Digital Journalism
Releases Report
"The Story So Far: What We Know About
the Business of Digital Journalism"

New York, NY (May 10, 2011) — Can digital journalism be profitable? What's making money, what isn't, and why? A new report from Columbia University faculty members Bill Grueskin, academic dean of the Columbia Graduate School of Journalism, and Ava Seave, principal at Quantum Media and adjunct professor at the Columbia Business School, addresses these questions about the financial state of digital journalism. The report provides the most comprehensive analysis to date of the business challenges that for-profit news organizations face with their digital ventures. The report is being issued by the school's Tow Center for Digital Journalism, which is committed to the research and advancement of journalism on digital platforms.

"Our previous report of this dimension—'The Reconstruction of American Journalism,' by Leonard Downie and Michael Schudson, which we published in the fall of 2009—generated enormous interest all over the world," said Nicholas Lemann, dean of the Columbia Journalism School. "That told us there is a real hunger for comprehensive, trustworthy, thoughtful research and analysis that makes sense of the dizzying pace of change in our profession. The Downie Schudson report did not address the economics of digital journalism, which left that as the next big question for us. Bill Grueskin and Ava Seave have done a superb job of pushing forward the frontier of what we know about what is and isn't working in the digital news business."

Grueskin, Seave, and Ph.D. candidate Lucas Graves spent several months reporting on-site at news organizations—some founded over a century ago and others created in the

past year or two. Based on the resulting body of data, they examine how news organizations allocate resources, explore what patterns are emerging in revenue streams, and draw conclusions about how companies might generate revenue more effectively. The report is divided into nine chapters covering advertising models at a diverse array of news organizations, alternative platforms, new revenue streams, audience engagement and more.

The report will be presented at a panel discussion this evening moderated by Ken Auletta, author and contributor to *The New Yorker*. University President Lee C. Bollinger will introduce the event. Dean Nicholas Lemann, who commissioned the report, and Emily Bell, director of the Journalism School's Tow Center for Digital Journalism, will introduce the panelists. The panel will take place at 7:00 p.m. in the School's Lecture Hall.

"We approach this report with a bias," said Grueskin. "We think the world needs good journalism and highly skilled journalists who seek out facts, explain complex issues and present their work in compelling ways. While the difficult financial state of the U.S. news industry is not news, we hope this report will provide useful information for news organizations as they evolve with emerging technologies."

"We found that metrics such as page views and time spent on a site, previously a concern of the business side of media companies, are now a central factor in day-to-day activities of editorial writers and producers," said Seave, co-author of the 2009 book *The Curse of the Moguls: What's Wrong with the World's Leading Media Companies*. "Understanding the numbers will eventually empower journalists. But there is still great disagreement and confusion about how to improve these metrics, and what they can do for profitability."

The report argues that news organizations must do more to embrace the unique attributes of the Internet rather than trying to adapt Web offerings to legacy business models. The authors suggest that news organizations and their audiences "regard digital platforms as being in a constant state of transformation, one that demands a faster and more consistent pace of innovation and investment."

Among their recommendations:

• Digital platforms should not simply repurpose existing news content. They should feature unique, high-value content designed specifically for digital media.

• Media companies should redefine the relationship between audience and advertising. Journalists must better understand their existing and potential audiences, and strive to ensure deeper loyalties.

• Media companies ought to rethink their relationships with advertisers and gain a fuller appreciation for how advertisers now reach their customers via social media, new-media ads and search engine optimization.

• News and marketing companies should move beyond the impression-based pricing systems

that dominate online advertising, and forge new models that integrate digital ads and social-media outreach.

• Media companies must restore content value to digital advertising and move beyond the decades-old relics that convey little information or appeal to consumers.

• News organizations must balance vigilance about content theft with the realization that most aggregators operate within the bounds of copyright law. They should accept the fact that this generates value for readers, and develop thoughtful approaches to understanding what topics best lend themselves to aggregation.

• Integration of a legacy division—news content or ad sales—with new media is not for everyone. Larger enterprises should consider creating separate digital staffs, particularly on the business side.

• Any news site that adopts a pay scheme now should have very limited expectations for its success—at least on the Web. Requiring digital readers to pay may help to slow circulation losses, but that is hardly a long-term solution. A pay plan merged with an ambitious strategy to improve users' experience on mobile platforms has a much better chance to succeed.

The authors conclude the report with this: "We also believe that while philanthropic or government support can help, it is ultimately up to the commercial market to provide the economic basis for journalism. The industry has realized many of the losses from the digital era. It is time to start reaping some of the benefits."

The report will be published in its entirely on CJR.org, the website of Columbia Journalism Review. In addition, Columbia University Press will soon publish a paperback edition and e-book version of the report, which will be available on the Kindle, the iPad, the Nook, and other devices.

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About the Columbia University Graduate School of Journalism
For almost a century, the Columbia University Graduate School of Journalism has been preparing journalists with instruction and training that stresses academic rigor, ethics, journalistic inquiry, and professional practice. Founded with a gift from Joseph Pulitzer, the School opened its doors in 1912 and offers master of science, master of arts, and doctor of philosophy degrees. Learn more at www.journalism.columbia.edu.

About the Tow Center for Digital Journalism
The mission of Columbia Journalism School's Tow Center for Digital Journalism is to educate journalists with the skills and knowledge to lead the future of digital journalism and to serve as a research and development center for the profession. The Center explores interactions between journalists and citizens, particularly as readers seek ways to judge the reliability, standards and credibility in media. The Center also devises and advances innovative methods of digital reporting and presentation, to serve both established and new media companies.

About Columbia University
A leading academic and research university, Columbia continually seeks to advance the frontiers of knowledge and to foster a campus community deeply engaged in understanding and addressing the complex issues of our time. Columbia's extensive cultural collaborations and community partnerships help define the University's underlying values and mission to educate students to be both leading scholars and informed, engaged citizens. Founded in 1754 as King's College, Columbia University in the City of New York is the fifth oldest institution of higher learning in the United States. Learn more at www.columbia.edu.