

Revenue models for an online news site

By Ron Buel/10.2009

The debate continues to rage about how to fund an Internet news site.

At MinnPost, perhaps the quintessential local Internet news site, (for Minneapolis), the argument is that news just wants to be free. In the second year of its operation, MinnPost will spend \$1.1 million, 35% of that coming from individual subscribers and community events, 40% coming from foundations and 25% from online advertising and sponsorships. Executive Director Joel Kramer says he will never experiment with a paywall or micropayments. His budget supports a staff of 12 FTE, with nine of them occupied by news functions.

Others want to experiment and to innovate with new revenue models that range from paywalls like that of the Wall Street Journal, to a multitude of additional ideas that go beyond grants, subscriptions and online advertising. Here are three of the ideas that seem more promising to us.

Small payments by article: Owned and managed by our community non-profit, the idea is to build a customer-supported software system allowing providers of content – citizen journalists, freelancers and staff of news sites – to provide an abstract of an article, and then to offer a price for a) reading the article in whole, b) printing the article and c) sending the article to others via e-mail. Prices might range from one cent to fifty cents. The software would be designed to be scalable, to be used by all journalism providers, and to offer a retail method of exchange that would enable users to spend less than \$1.00, (which is Pay-Pal's limit per transaction, for example).

The fundamental idea is to make the software available to all Internet content providers who want to use it, creating a value-based and consumer-driven marketplace for journalism, giving consumers real choices in what they support, and not requiring them to pay for what they don't want. If an article gets hot, the price might go up. If it is not sought out, the price might drop. The idea is to recognize that new reporting carries a cost and deserves payment.

The plan must look more like a retail store, and less like a bank with all of its financial regulations. A customer might agree to pay for a certain amount of content, from his Pay-Pal account or from a credit card, and the scalable software system would keep track of all purchases and present a bill when the agreed amount had been purchased in full, requesting the customer to make a new commitment. This software system could keep track of which vendors are due cash from each consumer and make the payments on an agreed-upon timeline in increments of \$1.00 or more. The retail site would use its own "currency" to deliver a bill and then make the payments to content providers in real dollars. The consumer would have the float on his or her own money – it would not be held in an account, but merely pledged to be paid later. Such a retail site might charge a transaction fee to vendors, and a membership fee to consumers.

Custom Bundled e-mail Package by subject matter. An Internet news site with investigative reporting, topic site modules, a cable TV local news channel, and the expansion of Oregon Public Broadcasting all provide information on various topics, from education to health care, from politics to science, from business to the environment. Offering to send a weekly custom, bundled package of everything on that topic from that week, via e-mail for a fixed price, can produce additional consumer revenue. The target consumer is one who wants to keep up to speed, who doesn't want to miss an important story in his or her chosen professional field.

Syndication is another potential source of revenue for our over-arching non-profit. This may mean doing an exclusive deal with an existing local news organization, from OPB to The Oregonian, to Willamette Week, to let them jointly break our investigative pieces with us, or to use breaking news that our staff has developed in the same timing as our own efforts.