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## The Growth in Digital Reporting

# What it Means for Journalism and News Consumers

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## **About This Report**

This report is a component of the State of the News Media 2014, the eleventh edition of the annual report by the Pew Research Center examining the landscape of American journalism. This year's study includes special reports about the revenue picture for news, the growth in digital reporting, the role of acquisitions and content sharing in local news and how digital video affects the news landscape. In addition, it provides the latest data on audience, economic, news investment and ownership trends for key sectors of news media. The full study is available online and includes a database with news industry trend data and a slideshow about how news functions on social media. This report is a collaborative effort based on the input and analysis of the following individuals. Find related reports about trends in journalism at pewresearch.org/journalism.

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## **Overview**

At a time when print newsrooms continue to shed jobs, thousands of journalists are now working in the growing world of native digital news—at small non-profits like Charlottesville Tomorrow, big commercial sites like The Huffington Post and other content outlets, like BuzzFeed, that have moved into original news reporting. In a significant shift in the editorial ecosystem, most of these jobs have been created in the past half dozen years, and many have materialized within the last year alone, according to this new report on shifts in reporting power.

Since the fall of 2013, there has been a dramatic and conspicuous migration of high-profile journalists to digital news ventures. In October, Yahoo hired high-profile New York Times tech

columnist David Pogue, who was followed a month later by Times political writer Matt Bai. In late October, former Times assistant managing editor Jim Roberts became chief content officer at Mashable's growing news operation.

Also in October eBay founder Pierre Omidyar announced that his digital startup, First Look Media, would be spearheaded by the Guardian's Glenn Greenwald, famed for publishing Edward Snowden's leaked NSA documents. And BuzzFeed brought on Pulitzer Prize-winner Mark Schoofs (previously at ProPublica, The Wall Street Journal and The Village Voice) to run a new investigative team. The pace picked up again in January 2014, when the Washington Post's Ezra Klein took his Project X journalism concept (now known as Vox.com) to Vox Media. And in February, former New York Times executive editor Bill Keller announced that he would become editor of The Marshall Project, a new nonprofit focusing on criminal justice issues.

All this movement is merely the tip of the iceberg for a digital

native news universe that includes not only dozens of highly publicized national and international organizations, but also hundreds of smaller digital news entities, mainly filling targeted news niches. And it is occurring at a time when print newsrooms continue to shed jobs and when local television news jobs, while holding steady, often are being stretched thinner to produce more content than in the past.

The Pew Research Center made a first effort to put a number on the shifting journalism landscape by using interviews and multiple data bases to account for editorial staffing at 30 major digital

#### Native Digital News Organizations Grow Their Staff

Digital News Organization	Number of Staff	
Vice	1,100	
Huffington Post	575	
Politico	186	
BuzzFeed	170	
Bleacher Report	140	
Gawker	132	
Mashable	70	
Business Insider	70	

\*All numbers represent full-time editorial staff, except for Vice number which includes all full-time staff.

Source: Interviews

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news organizations and 438 smaller ones. Those 468 outlets—the vast majority of which started in the past decade—have produced almost 5,000 full-time editorial jobs. <sup>1</sup> While that does not represent a complete census of a digital news world, it is a robust a sample as may be possible from a variety of credible sources.

Still, purely in terms of bodies, the growth in new digital full-time journalism jobs seems to have compensated for only a modest percentage of the lost legacy jobs in newspaper newsrooms alone in the past decade. From 2003 to 2012, the American Society of News Editors documented a loss of 16,200 full-time newspaper newsroom jobs while Ad Age recorded a decline of 38,000 magazine jobs, which includes all jobs for the entire consumer magazine sector. Such job cuts continued in 2013 and early 2014—at such big organizations as the Tribune Co. and Time Inc.

The accelerating shift of talent to digital news jobs has significant implications for the U.S. news consumer. Many digital outlets are working to fill reporting gaps created by the strain on resources at traditional outlets—from niche topic areas like education to international coverage to local community news to investigative journalism. One of the larger cohorts—the digital investigative outlets—ranges from the Pulitzer Prize winning ProPublica to the 73 digital news operations in the five-year-old nonprofit Investigative News Network.

Other digital news producers, especially those that have emerged most recently at the national level, are aimed at cultivating new forms of storytelling—from video to crowdsourcing to new documentary styles—and new ways to connect with audiences, often younger ones. A number of legacy outlets are also experimenting with new storytelling and data visualization techniques. But much of the innovation is coming from the digital native sector, with many outlets focused on hiring people with skills and voices "being nurtured online," as one editor put it.

Some of this coverage, particularly at the local level, can be inexpensive to produce and can require only modest resources. But the question of whether digital news outlets can ultimately replenish the loss of legacy jobs and reporting resources hinges on creating the kind of successful business model or models that have proved elusive. Many native digital outlets are still unprofitable and there is a finite supply of billionaires willing to spend \$250 million on a startup. Most analysts say this growing investment in digital news does not mean the industry has figured out a consistent formula for monetizing that news.

Yet even with concerns about the bottom line, many see the rise of digital newsrooms as a significant moment in a transforming media landscape. Not long ago, BuzzFeed content was

<sup>&</sup>lt;sup>1</sup> That 5,000 figure reflects editorial employees with one exception. Vice Media's list of 1,100 full-time staffers includes both editorial and non-editorial employees.

viewed by some as frivolous click bait. But in a recent speech to Kansas University journalism students, former Wall Street managing editor Paul Steiger mentioned BuzzFeed as "the kind of team I'd want to join," if he were embarking on a journalism career. Many mainstream journalists may not have even heard of Vox Media before Klein's Project X alighted there. But when news surfaced last month about 500 across-the-board job cuts at the Time Inc. magazine empire, Slate's Dave Weigel tweeted, perhaps only half-jokingly: "500 more applications for Vox."

"This represents something completely new in the journalism ecosystem," says First Look Media executive editor Eric Bates, who went there in November after a decade at Rolling Stone magazine. "It's a shifting not only of editorial resources, but a shifting of editorial expertise."

The data Pew Research used to track the shifting job market in news came from several sources. The staffing data for the 30 larger native digital organizations came primarily from interviews conducted both via phone and email—with representatives of 28 of the 30 organizations. The staffing information for the remaining two outlets came from media accounts. The staffing data from the universe of smaller sites was derived by merging five lists totaling more than 500 digital news organizations. That figure that was whittled down to 438 when duplicate outlets and sites that were not applicable or about which little data could be found were discarded. The staff numbers for the individual sites came from survey results, information collected by those compiling the lists and staffing levels listed on outlet websites. The job numbers from legacy media outlets came from data compiled by the American Society of Newspaper Editors, Ad Age, the Radio Television Digital News Association and Hofstra University and Pew Research data.

Among the findings in the study:

- At some of the digital natives, the rate of hiring has been explosive. Two years ago, BuzzFeed had about a half dozen editorial employees. Now it has at least 170.<sup>2</sup> Three years ago, Bleacher Report had no paid writers; now there are about 50. The rapidly expanding global Vice Media operation has already hired 48 more staffers in the U.S. this year alone. Henry Blodget has plans to increase the Business Insider editorial staff of 70 by 33% this year. And startups like First Look Media, Project X and the new FiveThirtyEight blog have thus far hired a total of about 60 editorial staffers in the last few months.
- Many of the native digital news organizations are small, nonprofit and young. Of the 438 smaller sites examined, more than half (241) have three full-time staffers or less. It is also clear that the nonprofit business model is an attractive option for many of these outlets. In

<sup>&</sup>lt;sup>2</sup> The large majority of staffing data from the 30 larger companies came from direct phone interviews or email exchanges with executives at those outlets. In the cases when staffing data come from other sources, such as media accounts, that source will be noted in the report.

our sample, slightly more than half of the 402 organizations where we could identify a business status were nonprofits (204.) And many of them are very new. Nearly 30% (120) of the smaller outlets for which we have starting dates have come into existence since 2010. Fully 85% were started since 2005.

- Many of the smaller digital organizations focus on filling reporting gaps in local news and investigative journalism. Among the smaller organizations studied, more than half (231) identify themselves as primarily local or hyperlocal outlets—often covering events at the neighborhood level. Nearly four dozen (45) identify themselves as investigative in nature. In addition, several of the largest nonprofits—ProPublica, the Center for Public Integrity and the Center for Investigative Reporting—produce investigative journalism, often in collaboration with legacy news organizations.
- Among the larger digital outlets, a number are investing substantially in global coverage. The editorial focus of the 30 larger sites ranges from sports (Bleacher Report) to tech (Re/Code) to investigative (ProPublica.) But some of the general interest outlets are expanding overseas in a significant way: The Huffington Post wants to grow its reach to 15 countries from 11 this year; Vice has 35 overseas bureaus; BuzzFeed hired a foreign editor to oversee its expansion into such places as Mumbai, Mexico City, Berlin and Tokyo. The two-year old business-oriented Quartz has reporters in London, Bangkok and Hong Kong and its editorial staff speaks 19 languages.
- **Digital news organizations are hiring a mix of legacy and non-legacy journalists, with a clear emphasis on new storytelling skills.** One area where legacy skills are in demand is investigative work. The Investigative News Network estimates that at least 80% of the journalists working at its 92 outlets are from legacy jobs. At ProPublica, 25 of its 41 staffers are legacy transfers. But increasingly, editors of digital natives say they are hiring younger staffers with better digital instincts and skills. "The training of traditional journalism is not perfectly suited to what digital audiences are looking to read," says Quartz editor-in-chief Kevin Delaney.
- The loss of legacy media jobs in recent years has been concentrated in the print sector. The American Society of Newspaper Editors counted 38,000 full-time newsroom jobs in 2012, down from more than 54,000 a decade earlier. And in 2013, there were hundreds of new layoffs at such companies as Gannett and Tribune. The Ad Age Data Bank, which tracks all magazine industry jobs, said 26% of magazine jobs were lost in the past decade. That does not include more recent layoffs such as the 500 overall Time Inc. cuts recently announced as part of a corporate restructuring.
- For all the expansion, it is far from clear there is a digital news business model to sustain these outlets. First Look Media founder and funder Pierre Omidyar has acknowledged that solvency is at least five years away. The Huffington Post has 575 editorial employees, but is still only "flirting with profitability" according to analyst Ken Doctor. Global

Post, which recently signed NBC as a content partner, has never operated in the black. Asked if the explosion of hiring suggests that digital news has figured out a successful business model to sustain those jobs, one veteran industry observer responded simply: "No. That's the irony."

## **The Digital Migration Becomes a Stampede**

In recent years, a number of legacy journalists—some victims of layoffs or facing the prospect of job loss—have moved to the digital news realm, often at small or medium sized startups.

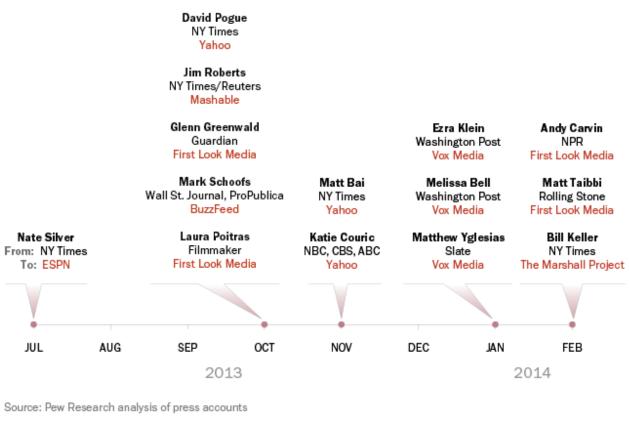
But the breadth and scope of this migration seemed to change in 2013—and one event in particular emerged as a milestone. That was the July announcement that data wunderkind Nate Silver was taking his FiveThirtyEight blog, a 2012 presidential campaign phenomenon, from The New York Times to ESPN. While the sports network is itself a legacy organization, Silver's decision to move his popular political blog away from one of the most prestigious print legacy news outlets generated major attention. Then last fall, things really accelerated.

In September 2013, Megan Liberman left the New York Times to take over as editor of an expanding Yahoo News operation. She soon brought with her several other high-profile Times employees, Matt Bai and David Pogue, hired former Newsweek and Daily Beast staffer Daniel Klaidman and signed former CBS News anchor Katie Couric for a reported \$6 million a year.

Perhaps the biggest news of October 2013 was the announcement that Glenn Greenwald would join First Look Media, a digital news venture being bankrolled by eBay founder Pierre Omidyar. A number of other journalists, among them former Rolling Stone executive editor Eric Bates, came aboard First Look Media quickly. In February, Matt Taibbi, whose work at Rolling Stone has focused on the misdeeds of Wall Street, was added to the roster along with Andy Carvin, a former NPR staffer known for his prodigious tweeting about the Arab Spring.

BuzzFeed, a site that began branching into more serious news coverage when it hired Ben Smith from Politico in 2012, had already made one significant move in June 2013 when it announced the hiring of the Guardian's Miriam Elder to oversee an expansion of foreign coverage. Then in October it expanded news operations again, hiring Mark Schoofs—who came from ProPublica after a stint at The Wall Street Journal—to head its new investigative news unit that will include about 10 reporters.

Also in October came the news that Jim Roberts, a former assistant managing editor at The New York Times, was hired as chief content officer at Mashable to oversee a significant editorial expansion there. Roberts said that he doesn't think the uptick in digital hiring represents the beginning of a legacy media apocalypse, but that it is meaningful. "I still see quality journalists working for legacy journalism," he said. But "legacy media does need to pay attention" to the shifting bodies, he added. "You've got to take this seriously."



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**Big Names Changing Jobs** 

In January 2014, after The Washington Post rejected his proposal for a new journalistic venture at a reported cost of eight figures, 29-year-old Ezra Klein took his Project X concept to Vox Media, a digital native company that also publishes SB Nation and Verve. Among those who quickly followed Klein to his new home were fellow Post staffers Melissa Bell, Dylan Matthews, Max Fisher, Brad Plumer and Sarah Kliff as well as Slate economics blogger Matthew Yglesias.

Then in February, 65-year-old Bill Keller—the former executive editor of The New York Times who still wrote a column there—departed to become editor-in-chief of a digital nonprofit news organization focused on the criminal justice system. A Times article reported that the new operation, called The Marshall Project, would have about a \$5 million budget to support a staff of about 30.

And sometimes the competition for talent is between the digital natives themselves as in early March, when the fledgling First Look Media hired away editor John Cook from Gawker, one of the established digital outlets at 12 years old.

If one needed further evidence that digital news is a hot employment market, the flow of job applicants is Exhibit A. A New York magazine story quoted Klein as saying he received more than 600 résumés within three days after announcing Project X. Bates, the executive editor at First Look Media, said that he was so "inundated" with résumés that "I haven't bothered to count them."

Jimmy Soni, the managing editor of The Huffington Post Media Group, conducts two or three job interviews a day. He also says The Huffington Post Editorial Fellowship Program—designed to recruit new digital journalists—has already attracted more than 10,000 applicants.

Ben Smith of BuzzFeed is bullish on the appeal of the digital news sector for job seekers. "I think it's an incredibly competitive landscape and [BuzzFeed] is investing on a scale that's very ambitious," he says. "It's increasingly difficult [for legacy organizations] to compete for talent."

Jane McDonnell, the executive director of the 2,100-member Online News Association, said that she sees the shift of bodies from legacy to digital news as "a kind of slow earthquake" and that "legacy media is providing a lot of the talent moving out." For his part, NYU professor Jay Rosen says newsroom stars "have always left [legacy organizations], but they only went in one direction"—toward big magazine jobs or book writing. Now, he says, the ripening world of digital news beckons.

## How Big Is the Digital News World?

In calculating the number of editorial jobs in the expanding digital native news world, Pew Research divided that universe into two main categories. One category encompassed hundreds of outlets with mostly small staffs while the other focused on bigger and more prominent digital news operations with considerably greater job growth, financial resources and reporting capacity.

Combining those two groups, Pew Research was about able to account for a total of about 5,000 jobs in the digital news sector.

## The Big 30

To get a handle on the growth of jobs in the digital news sector, Pew Research reached out to several dozen of the more prominent and larger digital news organizations to ask about staff size and plans for additional hiring and any expansion of the editorial mission. Almost all of these organizations provided information, either via email or a phone interview. In the cases where they did not, information was gleaned from outside sources, including media accounts.

## Jobs in Digital Media

Thirty big outlets supply 3,000+ jobs.



Source: Pew Research interviews and additional sources, such as media accounts.

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This "Big 30" list of major digital outlets

includes a mix of non-profits (seven) and commercial organizations (23), but it tilts far more to the commercial model than does the group of smaller digital sites. Many of these organizations are also young, having sprung up during the economic and media industry recessions. Nearly than half of them—13 of the 30—are six years old or younger. And 23 of them have come into existence since 2005.

Together, they account for a little more than 3,000 jobs, which exceed the combined total for the more than 400 smaller sites by more than 1,000 jobs. Several of them employ hundreds of editorial staffers and many of them employ scores. Perhaps the fastest growing operation is Vice Media, which began 20 years ago as a punk magazine in Montreal and has now expanded into a global news organization. Vice officials estimate their total full-time staff at more than 1,100 full-time employees, although they were not able to separate out the editorial staffers from that overall

number. "We have grown exponentially in the last year," the company told Pew Research. One indication is the 48 new U.S. staffers hired just in the early part of 2014.

The Huffington Post, a digital native veteran that began largely as a content aggregation site in 2005, has expanded its content creation and reports having a total 575 domestic and international editorial jobs. Jimmy Soni, the managing editor of The Huffington Post Media Group, expects the company's 11 international editions to expand to as many as 15 by the end of 2014. Another one of the larger outlets is Politico. The seven-year-old organization has a number of products, the best known being its 24/7 politics digital outlet. It reports having 186 full-time editorial staffers.

BuzzFeed, which was founded in 2006, says it now has "170 plus" full-time editorial staffers, the vast majority of which were hired in the last year. To provide a sense of this buildup, when Ben Smith arrived at BuzzFeed in January 2012, he was greeted by a managing editor and a half-dozen writers. Now he heads an editorial staff that is about 25 times larger. "Our business side vastly over-performed," he said, in discussing the rapid build-up of staff.

Another digital organization that has seen substantial growth is 12-year-old Gawker, the irreverent gossipy site that has spawned other brands, such as the sports site Deadspin, the women'soriented Jezebel and the tech-focused Gizmodo. In the most recent count, Gawker had 132 fulltime editorial employees, nearly triple the 49 it had seven years earlier.

A few years ago, the sports site Bleacher Report was true to its name, relying on fan content with no paid writers. In 2012 it was purchased by the Turner Broadcasting System and now, according to a company official, there are about 50 full-time writers, 45 full-time editors, 20 producers and 16 video editors.

Founded in 2005, Mashable increased its commitment to news with the hiring of Jim Roberts, who has added five more staffers to a news roster that now numbers about 70. One of those hires was a senior science writer from the nonprofit Climate Central to cover environmental issues and Roberts says other big name hires are in the offing to help bolster, among other things, an expansion into entertainment reporting.

A number of the new digital organizations focus on business and technology reporting. Henry Blodget's Business Insider has grown to 70 news jobs and there are plans to hire as many as 25 more this year. Earlier this year, Blodget, citing digital readership numbers, declared that "Business Insider is now larger than the Wall Street Journal," although that does not refer to the number of journalists working there. Re/Code, the new incarnation (launched in January) of Walt Mossberg's AllThingsD operation at Dow Jones, has 22 editorial staffers. Editor-in-chief Kevin Delaney was the first employee at Quartz in February 2012. The two-year-old outlet from Atlantic Media now employs an editorial staff of about 25. Some 27 editorial staffers work at Tech Crunch. And there are 17 full-timers in editorial at Gigaom.

Some of the better known nonprofit news outlets that focus on investigative journalism have sizable staffs as well. (Some of these organizations pre-date the online journalism world, but they are not part of any legacy news organization and they rely on digital platforms to disseminate their work.) There are 41 fulltime news staffers at the youngest of them, ProPublica, the seven-year old investigative outlet founded by former Wall Street Journal managing editor Paul Steiger. The Center for Public Integrity, one of the digital graybeards at 25 years old, employs 38 full-time editorial staffers. And there are 50 editorial employees at the California-based Center for Investigative Reporting, which dates back to 1977.

One nonprofit that has built a reputation for its coverage of state politics, The Texas Tribune, has 23 full-time editorial staffers.

Several of the oldest digital native outlets have traditionally been known for a strong focus on politics and current affairs. Slate, which started in 1996 and was once owned by Microsoft, currently has 50 full-time editorial staffers. Salon, which began a year earlier, is

#### Staffing Levels for 30 Large Digital Outlets

Digital News Organization	Founding Year	Number of Staff
Center for Investigative Reporting	1977	50
Center for Public Integrity	1989	38
Vice	1994	1,100*
Salon	1995	25
Slate	1996	50
Talking Points Memo	2000	15
Gawker	2002	132
Huffington Post	2005	575
Mashable	2005	70
Tech Crunch	2005	27
BuzzFeed	2006	170
Gigaom	2006	17
Politico	2007	186
Bleacher Report	2007	140
MinnPost	2007	11
ProPublica	2007	41
Business Insider	2007	70
Daily Beast	2008	50
Global Post	2009	28
Texas Tribune	2009	23
Daily Caller	2010	31
Grantland	2011	20
Policy Mic	2011	13
Yahoo News	2010	50
Quartz	2012	25
The Marshall Project	2014	30**
Re/Code	2014	22
Nate Silver's FiveThirtyEight	2014	19
Project X (Vox.com)	2014	18
First Look Media	2014	20

\*Vice staffing number includes all full-time staff and not just editorial.

\*\*The Marshall Project staffing is a projected number.

Source: interviews and additional sources, such as staff listings, media accounts

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home to 25. TPM (Talking Points Memo), which began in 2000 as a one-person operation, now

employs 15 editorial staffers. A newer political site, the four-year-old Daily Caller, has 31 news employees on staff.

One digital news organization created to compensate for the diminishing international reporting in the mainstream media is the five-year-old Boston-based Global Post, which was co-founded by former Boston Globe foreign correspondent Charles Sennott and Phil Balboni, formerly a Boston television news executive. It has 28 full-time editorial staffers, including 13 senior correspondents in various capitals.

Several journalists who operate largely in the digital space represent what New York University journalism professor Jay Rosen calls "the personal franchise model" in journalism. One is Nate Silver, who is building the staff for his new FiveThirtyEight Blog enterprise, which now includes about 19 editorial staffers. The mega-sports channel is also home to another notable digital vertical, Bill Simmons's' three-year-old Grantland, which employs 20.

The ultimate personal digital franchise may be Ezra Klein's eagerly anticipated Project X, designed to produce deep explanatory journalism. Since arriving at Vox Media in January, Klein has been aggressively hiring to fill out a staff that currently numbers about 18 people, according to media reports. First Look Media's hire of Glenn Greenwald, which created a major buzz around the Omidyar enterprise, represents another extension of the personal franchise model. The initial rollout from First Look occurred with the Feb. 10 introduction of a digital magazine, The Intercept, which debuted with coverage of Edward Snowden's NSA leaks. First Look executive editor Eric Bates says there are about 20 editorial hires on board already with "very large and robust" hiring planned.

## The Smaller Outlets

In terms of the numbers of outlets, the largest component of the growing digital news world is the smaller news site. A large majority of them are less than a decade old, about half are nonprofits, most have staffs of five or fewer and many also rely on volunteer and citizen contributors. Their greatest area of focus is local news coverage.

They can be economically shaky, as exemplified by what happened at Patch, the ambitious sevenyear-old local digital journalism experiment. In the last year, two major rounds of cutbacks—that

## Jobs in Digital Media

Small digital outlets supply 1,900+ jobs.



Source: Pew Research analysis based on data from five separate listings of digital news outlets.

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by some accounts have reduced the workforce by three-quarters or more—have meant the loss of hundreds of local digital news jobs across the country.

While the small and local nature of these sites makes it impossible to get an absolute tally, many either belong to journalistic organizations or have taken part in surveys. Pew Research used five of the largest compiled lists of these outlets.

One source was the Columbia Journalism Review's <u>Guide to Online News Startups</u>, which compiled a list of 277 outlets. Another was the membership of the nonprofit Investigative News Network, which includes 73 digital native outlets. In addition, Pew Research compiled data on 172 nonprofit news organizations that were part of its 2013 report on the nonprofit news landscape. We also looked at 117 organizations that are part of the Local Independent Online News Association. Another source was Michele's list, a collection of 205 digital news organizations amassed by Michele McLellan, a journalist and consultant who has concentrated on the local news environment.

Combining all five sources and eliminating overlapping outlets, defunct and legacy organizations and those outlets for which there were little data available, Pew Research identified a total of 438 digital news organizations that produce original reporting on a regular basis. Of those, Pew Research found staffing data for 329 of them—which combined to produce a total of 1,432 fulltime jobs, the vast majority of which are editorial. That comes to an average of 4.4 jobs per outlet. Using that average figure, we then multiplied the other 109 outlets for which there were not staffing data by 4.4 workers. Based on this analysis, Pew Research estimates a total of about 1,900 editorial jobs at the 438 outlets.

The data also indicate that many of these jobs are quite new. Indeed, 29% (120) of the 414 outlets for which there was founding year information have started since 2010. And 56% (230) began in the period between 2005 and 2010. The biggest single year for expansion was at the height of the recession. There were 103 digital native startups in 2009, the same year that the American Society of Newspaper Editors recorded the loss of 5,200 newspaper newsroom jobs. That suggests many small digital organizations were formed to try to fill perceived reporting gaps created by legacy layoffs exacerbated by a bad economy.

This universe of smaller digital news organizations also reflects the growth of the nonprofit business model in news. Of those 402 outlets for which we could ascertain corporate status, about half (204 outlets) were registered as nonprofits, meaning, among other things, that they are eligible to accept tax-exempt contributions and obligated to plow any surplus revenue back into business operations rather than paying shareholders or investors. Slightly less than half the outlets were operated as commercial businesses.

Pew Research's accounting of full-time jobs also reveals the modest staffs at many of these startups. While the overall average came out to about four full-time staffers per outlet, a large majority of sites (241) had three or fewer employees.

One reality of that environment is that many of these organizations rely on part-time workers and volunteers to help produce content. Of the 93 nonprofit outlets that responded to the 2013 Pew Research survey, more than half reported having part-time paid employees while almost three quarters said they relied, at least in part, on unpaid volunteers, interns or contributors.

On one level this reliance on non-paid workers reflects the lean budgets of many of these outlets. But it also reflects some of the genre's editorial ethos—that covering local communities or neighborhoods at a grassroots level is best accomplished with contributions from regular citizens.

## What the Digital News Boom Means for Consumers

## Is Digital News Filling Key Reporting Gaps?

In response to a Pew Research survey question last year, one official at a digital nonprofit described his editorial mission as "filling the holes that chain media outlets swerve around." That description gets to the heart of a major question. As cuts in legacy organizations have forced editors to make harder choices about coverage priorities, to what extent are digital news organizations moving to fill those holes in the news ecosystem?

An analysis of the digital native landscape indicates that a number of these organizations are focused on three content areas adversely affected by the economic turmoil in the news industry—local news, international coverage and investigative journalism.

Local news is the focus of a majority of the smaller digital news organizations, many of which were created to cover community and neighborhood events. The uptick in international coverage is coming from the bigger organizations with considerably more financial and human resources, that are rapidly building up overseas bureaus. And the investigative journalism is being produced at both the smaller, more localized organizations—such as the Wisconsin Center for Investigative Journalism—and the larger national outlets, like the Center for Public Integrity in Washington, D.C.

While this report does not include a content analysis of the quality and depth of that local reporting, it is clear that many organizations see these as important editorial niches.

## **Local News**

Alarm bells about the decline in local reporting have been ringing for some time. The John S. and James L. Knight Foundation, in a report "Informing Communities: Sustaining Democracy in the Digital Age, warned "the local journalistic institutions that have traditionally served democracy by promoting values of openness, accountability, and public engagement are themselves in crisis from financial, technological, and behavioral changes taking place in our society." Three years ago, the Federal Communications Commission concluded that "in many communities, we now face a shortage of local, professional, accountability reporting." <u>In a 2010 study of the news ecosystem</u> in Baltimore, Pew Research found that the overall number of articles published by The Baltimore Sun in 2009 had dropped 32% from the output of a decade earlier, in 1999.

Virtually all of the country's nearly 1,400 daily newspapers are, first and foremost, local news outlets and have traditionally been viewed as a crucial source for that information. In 2011, a Pew Research <u>survey on how news consumers get local news</u> found that of the 16 topic areas studied, newspapers were the most relied upon source (or tied for that designation) in 11 categories—from crime to local politics to schools. While the initial wave of newsroom cuts—often in foreign bureaus or arts reporting—were aimed at protecting the local news franchise, the FCC report noted that at many papers, the cuts ultimately went deeper until "local accountability journalism [was] down."

While the local television news industry has avoided the kind of severe belt-tightening forced upon newspapers, there is some evidence of a narrowing local TV news agenda now focused on three favorite topics. A Pew Research <u>analysis of local TV news content</u> in 2005, compared with a snapshot sample in late 2012 and early 2013, found the airtime devoted to weather, traffic and sports had risen from 32% of the local newscast studied to 40% —a 25% increase. Indeed, Pew Research's examination of 48 evening and morning newscasts in late 2012 and early 2013 found that 20 of them led with a weather report or story.

There are also data to suggest that deeper reporting may be less prominent on local television. According to a Pew Research study from 1998 through 2002, some 31% of all the stories on local television news excluding traffic, sports and weather were more than a minute long while 42% were under 30 seconds in length. In 2012, the percentage of stories over a minute long shrank to 20% while the percentage of those that lasted less than half a minute grew to 50%. At the same time, the increasing consolidation of station ownership and the economic advantages of shared resources mean that nearly one-quarter of the almost 1,000 local television stations in the U.S. do not produce local news themselves, but rely on another station.

The primary focus of a majority of smaller digital native news outlets in this report is local, or even hyperlocal coverage—often the most realistic and effective use of their limited resources. More than half of them that we analyzed—231 outlets in all—indicated a focus on local news, either through a narrower or more general topic menu. (That excludes organizations that primarily identified themselves as investigative.) In larger cities, some focused entirely on an individual

neighborhood, such as the <u>Leimert Park Beat</u> in Los Angeles and the <u>Park Slope Stoop</u> in Brooklyn In addition, 28 digital news organizations said they concentrated on either state or state government issues.

Dylan Smith, the chairman Local Independent Online News Publishers, said it is a requirement that his nearly 120 members focus primarily on local news, described as a "defined geographic area for that community." Most of those sites, he said, "focus on general news, with some giving more weight to topics [such as] public safety, education, investigative reporting."

One example of a digital nonprofit helping fill local reporting gaps is the relationship between



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Charlottesville Tomorrow in Virginia—with a full-time staff of three and an annual budget of around \$400,000—and the local paper, The Daily Progress. In the past few years, more than 1,100 Charlottesville Tomorrow stories have been published in The Progress, to the point where the digital outlet says "it produces more than 50 percent of the newspaper's content related to growth, development, and local politics."

## **International News**

Another area that has seen significant cutbacks in legacy coverage is international reporting, a trend some analysts trace back to the dissolution of the Soviet Union and the end of the Cold War more than two decades ago. Staff cutbacks at daily newspapers and broadcast television outlets have helped exacerbate that trend.

Andrew Tyndall, who tracks the evening newscasts at ABC, NBC and CBS, counted 1,671 minutes of total coverage with overseas datelines in 2013. That is less than half of what it was in the late 1980's and is part of a long downward trajectory of overseas coverage on national broadcast news that Tyndall charted.

In 2010, the American Journalism Review conducted a survey that found 234 international correspondents working at U.S. newspapers, down from 307 seven years earlier. That story also reported that 20 papers and newspaper companies had completely eliminated their foreign bureaus since 1998. In 2008, a <u>Pew Research survey</u> of executives at more than 250 newspapers found that nearly two-thirds—64% of them—said international news was getting less space in the paper than it had three years earlier.

From 2007 through 2011, Pew Research examined and coded about 50,000 mainstream media news stories a year. In four of those five years, the percentage of the newshole devoted to overseas events not directly connected to the U.S. ranged only between 10% and 11%. Only in 2011, a year marked by such international mega-stories as the Arab Spring and the Japanese tsunami, did the coverage spike – to 17%.

Although a few of the smaller outlets are focused on overseas events, it is the larger organizations that are behind the growth in foreign coverage in the native digital world. In its mission statement, Global Post says quality journalism has been "profoundly" imperiled by "an unprecedented combination of forces [including] the transformational power of technology and the internet [and] the dramatic erosion in the economic underpinnings of the traditional media." Along with its 28 full-time staff, the internationally focused digital outlet has eight part-timers and a stable of about 50 freelancers. Last summer, NBC News struck a deal to use Global Post correspondents and air stories produced by the digital outlet.

Relatively few digital organizations are focused exclusively on international coverage the way Global Post is, but a number of the more prominent digital organizations have recently been expanding and investing overseas at a brisk pace Business Insider launched a site in Australia in 2013 and plans to open a newsroom in London this year. The two-year-old Quartz operation now has two reporters in London, one in Bangkok and two in Hong Kong. Its editorial staff speaks a combined 19 languages.

The Huffington Post, with 11 international editions, is launching soon in India and may expand to four other countries this year, according to Jimmy Soni. In early March, Vice Media—which was already getting attention for its reporting on the Ukrainian crisis—announced a new global news channel "for a youth audience" backed by the reporting resources of 35 overseas bureaus.

BuzzFeed made a major commitment to international news by bringing on a foreign editor in 2013. And in a memo to staffers, CEO Jonah Peretti said that following the company's expansion into London, Sydney, São Paulo and Paris, there would soon be new BuzzFeed offices in "Berlin, Tokyo, Mumbai, Mexico City and many more."



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## **Investigative Journalism**

Investigative journalism tends to be expensive because of the time—and staff power—it often takes to unearth, report and vet an investigative exposé before publishing (not to mention the potential cost of lawyers). And it too has felt the effect of legacy newsroom cuts, although there is data to indicate the loss of investigative jobs in mainstream media has been occurring for a while.

In 2005, a survey of the largest U.S. dailies conducted by Arizona State University journalism students found that 37% percent of those newspapers had no full-time investigative or projects reporters on their staffs. The report said that most had two or fewer, and only 10 newspapers had four or more investigative or projects reporters. Nearly two-thirds, 62% percent of the newspapers, did not have an editor tasked with working on investigations and 16% of the dailies reported disbanding a projects or investigative team.

Several years ago, the American Journalism Review reported that membership in the Investigative Reporters and Editors organization had fallen from almost 5,400 in 2003, to about 4,000 in 2010. In explaining its mission on its website, the seven-year-old investigative nonprofit ProPublica states flatly: "Investigative journalism is at risk. Many news organizations have increasingly come to see it as a luxury."

In this environment, a number of outlets in the digital news landscape are trying to take on the task of investigative journalism. "I like to say this is the fastest growing sector in journalism," says Kevin Davis, CEO and executive director of the Investigative News Network. Formed in 2009, the organization's membership has grown to 92—the large majority of which (73) are digital native outlets.

There are a number of modest-sized organizations that have moved into the investigative journalism realm. In our sample of smaller digital news outlets, nearly four dozen (45) identified themselves as investigative news outlets—with many focused on the local or state level. They include such organizations as the <u>Carolina Public Press</u> and <u>New Mexico in Depth.</u>

The <u>New England Center for Investigative Reporting</u>, housed at Boston University, recently hired two Boston Globe reporters for its staff. The center sells its stories to legacy outlets, such as an exposé of the deaths of young children under state protection that ran in The Globe and a look at the unregulated world of smartphone apps offering medical advice that was picked up by The Washington Post.

#### 22 PEW RESEARCH CENTER

But much of the investigative muscle in the digital news world comes from some of the larger nonprofit organizations—such as ProPublica, the Center for Investigative Reporting and the Center for Public Integrity, which combined employ almost 130 editorial staffers.

In another sign of the role being played by these investigative outlets, some have been aggressively partnering to produce indepth exposes with legacy news organizations. That is part of the operating model for ProPublica-a two-time Pulitzer Prize winner-which in 2012 published about 80 stories in conjunction with more than 25 media partners and has worked with such legacy outlets as The New York Times, The Los Angeles Times and PBS's Frontline. In 2013, the Center for Investigative Reporting teamed up with The Tampa Bay Times to publish an investigation of America's 50 worst charities.

#### ProPublica Investigative Unit



## **Our Investigations**



Temp Land Working in the New Economy

8 Stories in the Series. Latest:

Temp employment is climbing to record levels following the Great Recession. The system benefits brand-name companies but harms American workers through lost wages, high injury rates, few if any benefits, and little opportunity for advancement.



The Prescribers Inside the Government's Drug Data

Never-before-released government prescription records shows that some doctors and other health professionals across the country prescribe large quantities of drugs known to be potentially harmful, disorienting or addictive for their patients. And officials have done little to detect or deter these hazardous prescribing patterns.



ldictive for their patients. And officials have done little to detect or lese hazardous prescribing patterns. 27 Stories in the Series. Latest: The Perils of Problematic Prescribing: A Double Dose of Warnings

by Charles Ornstein ProPublica, March 7, 4:52 p.m.



#### Fracking Gas Drilling's Environmental Threat

Vast deposits of natural gas have brought a drilling boom across much of the country, but the technique being used, called hydraulic fracturing, is suspected of causing hundreds of cases of water contamination. Now

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More recently, The Center for Public Integrity won the Goldsmith Prize for Investigative Reporting—awarded by Harvard University's Shorenstein Center—for collaboration with ABC News that exposed efforts by doctors and lawyers to deny black lung benefits to sick coal miners. Another of the Center for Public Integrity's Goldsmith finalists this year—entitled "<u>Secrecy for</u> <u>Sale: Inside the Global Offshore Money Maze</u>"—has run in hundreds of publications around the world, including LeMonde and The New York Times.

### New Skills and New Storytelling

One way to gauge how the growth in digital native news is impacting consumers is to look at the coverage areas. Another way—one that often goes hand-in-hand with editorial focus—is how that information is reported and packaged. One thing clearly emerges in conversations with editors at these digital natives moving into more substantial content creation. They talk about hiring younger journalists who are more adept at creating that content for a younger audience.

The eclectic BuzzFeed—where stories about the crisis in Crimea sit side-by-side with videos of contented pet dogs—will never be mistaken for The New York Times. On some level, Vice Media is in the same business as television news, but its six-minute video tour of the opulent mansion of ousted Ukrainian President Viktor Yanukovych—complete with hip hop beats and a wisecracking correspondent—will not remind anyone of a NBC Nightly News segment. And Quartz's big preview story on the February jobs report—delivered via six charts and minimal text—reflects a different method of economic storytelling.

Quartz editor-in-chief Kevin Delaney, himself a veteran of The Wall Street Journal, says that journalists at new digital organizations need new skill sets. Traditional journalists can "struggle with pace and format," online, he explained, noting that the classic 800-word newspaper article does not necessarily work in the digital space.

Mashable's Jim Roberts says that while outlets like The New York Times have traditionally hired people with "very specific, specialized skills...we look for people with a broader range of skills [in the digital world]. I do want to hire people who really understand visual journalism...and have an affinity for social media and have a presence on social media." Nate Silver, in a February memo outlining his hiring needs at his reinvented FiveThirtyEight Operation, advertised for a <u>database</u> journalist, a politics/visual journalist and a computational journalist.

Pew Research also tried to analyze the shifts in storytelling by looking at the hiring patterns at digital outlets and trying to determine what percentage of their editorial employees came from legacy news outlets. Not every outlet was able to provide that information, but a few basic patterns emerged.

Former legacy outlet journalists are well represented in the world of small to medium-sized startups, many of them nonprofits. Dylan Smith says most of the staffers at the Local Independent

Online News Publishers are "in one way or another, a refugee from chain media, somebody who got laid off and wanted to keep being a journalist or keep covering a place they know or love." Kevin Davis estimates that of the nearly 600 full-time staffers at the 92 outlets in the Investigative News Network, about 80% came from legacy organizations.

Investigative journalism, he says, "is the pinnacle of the newspaper hierarchy."

Legacy journalists work in significant numbers at some digital investigative outlets. ProPublica has 25 legacy journalists on its staff of 41. Bill Buzenberg, executive director of the Center of Public Integrity, rattles off 10 legacy news organizations that have contributed talent to his 38-person news staff.

"There are clearly many refugees from legacy news organizations, newspapers and magazines that are getting smaller," Buzenberg said. "But I think the digital world is also generating up lots of interesting young people who are simply multi-platform journalists and see their work that way."

A numbers of editors at the digital native organizations say that increasingly, they are looking at younger journalists with a more intuitive sense of the online world.

Slate editor David Plotz said "I feel like every young person I talk to [about jobs] all have this crazy metabolism. That is what journalism is selecting for right now." Salon editor-in-chief David Daley says fewer of his recent hires came from legacy institutions: "The voices we're looking for increasingly are being nurtured online."

"We're hiring young producers who are capturing and covering news stories in an immersive documentary style that resonates with our audience," said a Vice Media representative when asked about the skill sets the organization was looking for.

BuzzFeed editorial director Jack Shepherd said that "a lot of our new editors come through our fellows program, which is an incredibly competitive three-month fellowship that trains talented young people to make things that people want to share using BuzzFeed's platform."

At Business Insider, Henry Blodget estimates that only about 10% to 15% of the staff came from legacy newsrooms. "Digital is as different from print and TV as they are from each other," says Blodget. "In addition to being a good journalist, you have to be a good digital storyteller. And that's very different than being a good print or broadcast storyteller." Josh Marshall at TPM said about half his 15-person editorial staff are legacy refugees, but adds that he tends to "hire young staff"

#### 25 PEW RESEARCH CENTER

that haven't had long careers elsewhere. BuzzFeed's Ben Smith estimates that 20% to 30% of his editorial staffers are working at their first job.

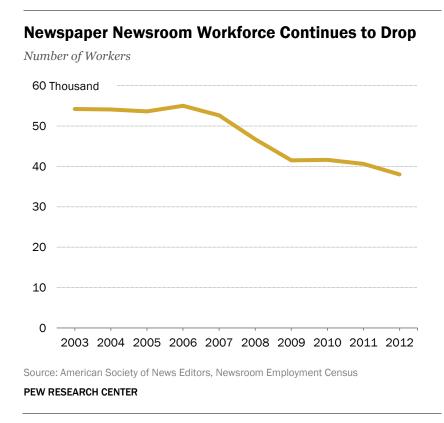
When asked where he looks to hire staff, The Huffington Post's Jimmy Soni said, "The most important thing you can do as a modern journalist is be adaptable. We're bringing people in journalism who never would have thought of themselves as journalists."

## **The Losses in Legacy**

Overall, the decade-long trend in newspaper job losses continues. According to the annual American Society of Newspaper Editors survey, the number of full-time newsroom jobs in 2012 (the last year for which complete data are available) slipped to 38,000. That is the lowest number since the society began counting in 1978. In the decade from 2003 through 2012, a total of 16,200 jobs were lost according to the editors group. The recession years of 2008 and 2009 took a toll from which the industry never recovered. In 2007, there were 52,600 full-time newsroom employees. Two years later, that workforce had been pruned by about 20%.

Although the editors association's numbers for 2013 have not been released, the drumbeat of

layoffs continued last year. According to various sources, including media accounts, several major companies eliminated hundreds of newspaper jobs in 2013, including two-Gannett and Tribune Co.-that invested more heavily in local television stations. At Gannett newspaper properties, estimates reached about 400 layoffs from all departments while the Tribune Co. announced about 700 cuts-not all of them in the newsroom either. Media reports put newsroom layoffs at The Cleveland Plain Dealer and the Oregonian in Portland at about 50 apiece in 2013.



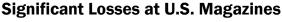
In one noteworthy cutback, The Chicago Sun-Times laid off its entire 28-person photography department in 2013. (Four were hired back in March 2014). In California, publisher Aaron Kushner, who attracted considerable industry attention and praise for hiring scores of new journalists and investing heavily in print journalism, ended up cutting about 70 jobs at The Orange County Register and The Riverside Press-Enterprise in early 2014, some outside the newsroom. Four top editors were among those who departed The Register.

This overall trajectory has not kept some newspapers from aggressively replacing those lost to new digital venues, in some cases hiring people from the digital news sector. To replace tech columnist David Pogue, who left for Yahoo News, The New York Times hired Farhad Manjoo from The Wall Street Journal. Manjoo had come to The Journal from Slate, one of the earliest digital news outlets. The Times will have a 15-person staff producing "The Upshot," the new politics and policy site that will, in part, fill the gap left by Silver's departure. And The Washington Post moved quickly to replace Ezra Klein's departed Wonkblog team, hiring such journalists as Emily Badger

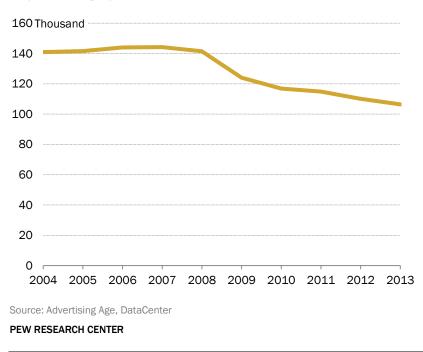
from the Atlantic Media Group and Jason Millman from Politico.

As with newspapers, the magazine sector has also been shedding jobs at a significant pace. Ad Age's Data Bank, which tracks all magazine jobs (not simply newsroom jobs) for the entire consumer magazine business, found that the number of magazine jobs had shrunk by 35,000 in the last five years.

The employment picture has not been much brighter in the smaller subset of news magazines. Of the three big newsweeklies that once



Magazines' Employment



dominated the market, U.S. News & World Report shuttered its print edition in December 2010 and Newsweek followed suit two years later, although it re-launched a print product in March. And as Time magazine's parent company, Time Inc., prepares to spin off from its corporate parent, Time Warner, a reported 500 jobs will be lost there.

The legacy broadcast news world has fared better in terms of jobs than the print newsroom, although meaningful data at the national level are hard to come by since the outlets themselves do

not regularly report those numbers. At the local level, however, the numbers indicate a stable workforce. According to an annual survey produced by Hofstra University Professor Bob Papper, the total staffing level in local television newsrooms in 2012 was 27,605, the third-highest total recorded—behind only 2011 and 2000. But some of those journalists have been stretched thinner. In recent years, local television stations have been busy adding newscasts, particularly in the early-morning hours. More than 40% of the stations responding to Papper's most recent survey said they increased news in 2012.

At the national cable news level, the three main competitors cite the same overall staffing numbers they have used for years. CNN and its sister network HLN laid off more than 40 senior journalists late last year, but CNN uses its longstanding staff number of 4,000. MSNBC and the Fox News Channel have both declined to provide staffing numbers in recent years, saying it is too difficult to come up with an accurate count.

In a study of cable news content in the 2013 State of the News Media Report, Pew Research did find that between 2007 and 2012, the percentage of time devoted to interviews during the daytime increased to 51% from 39% while the time devoted to breaking news events and live staff reports dropped to 23% from 33%. Covering live events with correspondents is considerably more laborintensive and costly than airing interviews.

Tracking staffing numbers from the three broadcast networks that provide news is difficult, but all have implemented cutbacks in recent years. According to media accounts, about one-quarter of the ABC News staff departed in 2010. That same year, dozens of CBS News staffers reportedly lost their jobs in financial belt-tightening at the network. Hundreds of jobs were lost at NBCUniversal in 2008 as part of an effort to reduce the budget by \$500 million.

There has been a long downward trend in the size of network news staffs. In its <u>2008 State of the</u> <u>News Media Report</u>, Pew Research cited journalism professor Joe Foote's finding that there had been a 35% drop in the number of reporters appearing on the evening network newscasts from 1985 to 2002. Using a different methodology—relying on how the networks reported their own staff numbers to the New Media Yellow Book—Pew Research estimated that overall network news staffing had dropped 10% more between 2002 and 2006.

## Is There a Business Model to Sustain Digital Native News?

A look at the flow of investment dollars suggests a bull market in the new digital news arena.

Last year, Rupert Murdoch took a \$70 million share in Vice Media, a company that is profitable and projecting that it will double topline revenue from 2013 to 2014. Mashable recently raised \$14 million to bolster its newsgathering, including a \$700,000 investment from a major legacy media operation—the Tribune Co. NBC Universal bought a minority share in the Re/Code operation launched in January by Walt Mossberg and Kara Swisher. And earlier this month, Henry Blodget's Business Insider reported raising \$12 million from a group of investors that includes Amazon.com founder and new Washington Post owner Jeff Bezos.

And that pales in comparison with the \$250 million eBay founder Pierre Omidyar has committed to his new First Look Media operation.

But beneath this flow of cash and optimism, some hard questions lurk. A central reason for the economic crunch afflicting many legacy news organizations is that their digital product—while attracting eyeballs—has not produced enough revenue, particularly advertising dollars. (In 2012, the last year for which data are available, digital ad revenue at <u>newspapers grew at a disappointing 3.7%</u>). That leads many observers to wonder if digital native outlets will succeed where legacy digital platforms have had so much trouble.

Even enthusiastic supporters of the explosion of digital news content don't have an easy answer to that question. Some of them voice doubts, both privately and publicly.

"Well there certainly won't be one [business model]," says Eric Bates of First Look." It's a 'by-anymeans-necessary' situation." Those sentiments are seconded by Jay Rosen: "There isn't going to be one business model to replace the one the internet broke. The problem keeps changing."

For all of the proliferation of smaller digital news operations in recent years, the financial underpinnings of many of them are fragile. Of the outlets surveyed by Pew Research for its nonprofit report, nearly half reported annual revenues of \$250,000 or less. Nonprofit news organizations are working to diversify their revenue streams and reduce their reliance on big grants, with 61% of the survey respondents having started with a seed grant that accounted for at least one-third of their budget. But that is not an easy task and Pew Research identified about two dozen such outlets that had shut down or gone dormant in the period between 2008 and 2012.

Some of the smallest organizations—which support only one full-time salary or even less—may be labor-of-love enterprises that could disappear if and when the enthusiasm and energy of the founder/operator diminishes.

One conspicuous failure in local digital newsgathering is Patch, a group of community sites founded in 2007 and later purchased by AOL as part of an ambitious local news enterprise that at one point reached nearly 1,000 in number. The recent rounds of cuts, the latest implemented after AOL sold Patch in January, have reduced the workforce there by a reported three-quarters or more.

Many of the more prominent digital news organizations interviewed by Pew Research declined to talk in any detail about their financial health. Some, including Gawker and the Center for Public Integrity, have reduced staff at various points in their history. And for a number of them, profitability remains elusive.

Media analyst Ken Doctor has reported that at \$100 million in revenues, The Huffington Post is doing no better than <u>"flirting with profitability."</u> At his First Look Media enterprise, Pierre Omidyar has indicated that the break-even point may be at least five years away and may require more than his announced \$250 million investment. At Quartz, the goal is to break even, or perhaps turn a small profit, in the next calendar year. According to press accounts, Global Post is not yet profitable. Henry Blodget's Business Insider turned a profit in the fourth quarter of 2013, but he says it is more focused now on investing than return.

"Can you create a viable business model to support these ventures?" asks Quartz's Kevin Delaney. "My experience says 'yes."

And while many of these organizations talk about hiring young people with more digital acuity, Slate's David Plotz wonders if there is a business model to support them when they age, have families and require a larger salary.

"The thing we haven't seen in this huge surge of growth [is] can these sustain middle-aged people," he said. "Can these models work? I don't know that any of these new models have thought this out."