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The Revenue Picture for American Journalism, and How It Is Changing

**FOR FURTHER INFORMATION
ON THIS REPORT:**

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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

In 2013, the business of journalism saw another twist in its digital evolution: An influx of new money – and interest – from the tech world.

At this point, professional newsgathering is still largely supported by advertising directed to such legacy platforms as print and television and, secondarily, by audience revenues (mostly subscriptions). But other ways of paying for news are becoming more visible. Much of the momentum is around this high-profile interest from the tech world, in the form of venture capital and individual and corporate investments, which bring with them different skill sets and approaches to journalism. Philanthropy is growing, too, particularly as a source of capital for regional and investigative journalism. These newer investments—many of which are ‘unearned revenue’—do not yet represent a sea change in the business model. But they do signify a pivot in the news world. More than the sum of dollars and cents, this funding patchwork serves as a series of signposts pointing toward the ways journalism may be paid for in the years to come.

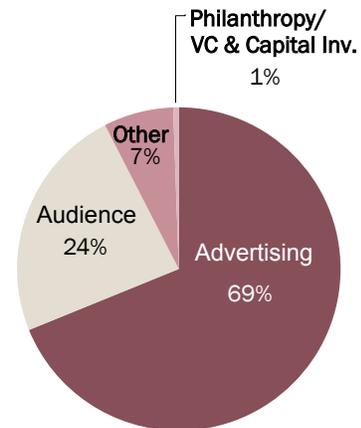
As an industry, news in the U.S. generates roughly \$63 billion to \$65 billion in annual revenue, according to Pew Research analysis of official filings, projections by financial firms and self-reported data.¹ While admittedly an estimate, the figure provides a sense of scale: The global [video game industry](#) takes in about \$93 billion a year. Starbucks [reported](#) \$15 billion in 2013 revenues and Google alone [generated](#) \$58 billion that year.

Much like the creative financing deals in post-recession commercial real estate, the financial support for journalism has become more complex and more varied. Just in the last year, the industry saw the viral content website BuzzFeed’s investment in original investigative and foreign reporting, Amazon founder Jeff Bezos’ purchase of The Washington Post with the promise of

¹ An estimate of profits—revenues minus expenses—would yield a number substantially smaller than that of total revenue for the news industry. While both figures are valuable, revenue estimates are much more widely available.

Financial Support for News

% of total news dollars generated by key sources



Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data.

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“runway” money to allow the newspaper to grow, Vox Media’s capital investment in Ezra Klein’s explanatory journalism project, and eBay founder Pierre Omidyar’s [projected](#) \$250 million investment in the creation of First Look Media.

Much of this new investment is from people and organizations native to digital. They understand technology innately and succeeded there first, before moving into news. Much of it also comes from deep pockets that can potentially allow for some failure and loss during experimentation.

It is far too early to know whether efficiencies created by digital tools, business practices and newsgathering sensibilities will be enough to make up for the gaps left by declines in legacy resources. But, this report attempts, as best as possible, to place a wide variety of revenue streams and investments in context, providing a broad picture of the mix of financial support for professional newsgathering in the United States. While some data remains unavailable for public scrutiny, this report represents the most holistic—and up-to-date—known accounting of revenue specifically for news.

Among the findings:

- **Advertising, at least for now, still accounts for the majority of known news revenue—a little over two-thirds, by this reckoning.** But the advertising-supported business model is in a state of churn. 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. Digital advertising is growing, though not nearly fast enough to keep pace with declines in legacy ad formats. And, while new forms of digital advertising gained momentum in 2013, the online advertising market seems to favor a scale achievable only by few.
- **Audience revenue is the next largest source of income for the industry, accounting for about a quarter of the total news pie** through subscriptions, cable fees and individual giving. It is growing—both as a dollar figure and as a share of the whole. But audience-driven revenue growth does not necessarily signify that more people are paying for news. Rather, the data suggest that, in aggregate, more revenue is being squeezed out of a shrinking—or at least flat—base of paying consumers.
- **Personal wealth, capital investment and philanthropy are all growing, but are still a small slice of that pie.** Venture capital from angel investor groups and the like has added at least \$300 million over the past year to digital operations that are investing in editorial content. That venture capital, along with revenue generated with other content,

allowed brands to build and expand original newsgathering operations. Foundation support for public radio, as well as scores of digital nonprofit outlets, added roughly \$150 million. While not earned revenue, these different streams account for approximately 1% of all known financial support for news.

- **Other earned revenue streams—such as event hosting, marketing services and web consulting, could become a critical component to the broader, long-term picture.** For now, these various streams remain small, accounting for about 7% of the whole.

The job of piecing together the dollars currently supporting U.S. journalism is a complicated one. The revenues analyzed here include earned revenue from advertising (both legacy and digital), audience payments, smaller streams like events, marketing services and content licensing or syndication, as well as financial support from philanthropic organizations, individuals and private capital. More difficult to account for are capital investments from companies, many of them technology firms, into original newsgathering under their own roof. Researchers collected solid revenue information where available and sought out estimates when necessary, although in some cases even estimates were not offered by these companies. For many segments, the latest available year-end data come from 2012. Where possible we have included year-end 2013 figures.

The sources of data include research firms, trade associations and news organizations themselves. Some media sectors, particularly legacy and institutional ones such as newspapers and cable TV, offer more detailed data going many years back. In other sectors, like print magazines and local TV, long-standing accounting practices make it difficult to separate out news revenues from broader corporate figures, but we have done our best to do so here. And the arena of news reporting native to the digital space—whose contours continue to evolve—offers little in the way of tidy economic data, especially within digital companies where journalism is but one part of a broader content portfolio. Data from these sources often came via publicly available third-party estimates and self-reported figures found in published news reports. Not included in this accounting are digital technology firms like Google and Facebook that have become deeply entwined in the distribution of news, but do not produce their own original, professional reporting. And given this report's focus on the general news audience, custom information platforms and the specialty subscription publications such as Bloomberg or Crain's were not studied here.

This is a report on the shifting balance of American news revenue. Past editions of the State of the News Media included deep analysis of how individual media sectors fund their operations. All of that data are still available in our Media and News Indicators Database. But as the convergence of

platforms accelerates, it has become increasingly clear that certain economic trends are not isolated to television, print or radio. And where there are differences, those differences are instructive.

Revenue Sources: A Heavy Dependence on Advertising

Even under duress, advertising remains by far the most critical revenue stream for the U.S. news media as a whole.

More than two-thirds (69%) of all domestic news revenue is derived from advertising. That amounts to roughly \$43 billion of the \$63 billion accounted for in this report, according to the most recent annual figures.²

Legacy media, which for much of the 20th century were the de facto way for advertisers to reach consumers, still command the majority of ad dollars.

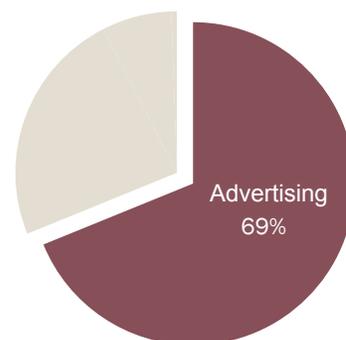
Daily newspaper advertising—print and digital combined—represents more than half (58%) of all the known advertising revenue tied to journalism, about \$25.2 billion according to the Newspaper Association of America (2012 figures).³ Still, the total is only about half of what it was in 2005, when advertising dollars peaked for the newspaper industry at \$49 billion (and 82% of total newspaper revenue).

Nearly a third of the total advertising revenue tied to journalism comes from television. Revenues generated by news programming on cable and broadcast, including national and local network affiliates, and their websites, now total roughly \$12.8 billion annually with more than two-thirds coming from local TV. That represents 30% of the total news-related ad revenue identified by Pew Research analysts, and includes estimates for digital revenue tied to the legacy product.

Local TV, buoyed by stabilizing audiences and big increases in the money spent on political ads, took in \$17 billion in advertising revenue alone in 2012, among the more than 800 news-producing stations that were identified for this analysis. Pew Research estimates that \$8.4 billion

Advertising Share

% of financial support for news



Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data.

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² While we estimate a range of total revenue, the \$63 billion figure represents the low end of the range in terms of the total revenue sums that were identified and gathered. Throughout the report, when percentages of the whole are given, the 'whole' is \$63 billion.

³ This figure includes the 'direct marketing' category, which amounts to \$2.9 billion.

of that sum is tied to news—a number that is closer to \$8.8 billion when digital advertising estimates are factored in.^{4 5}

About \$1.9 billion is generated from advertising on the three major broadcast network newscasts, according to custom data provided to Pew Research by Kantar Media, along with digital projections for broadcast networks by VSS.⁶

And among the dozen cable channels focused on general news that were studied by Pew Research, \$2.2 billion to \$2.5 billion came from advertising in 2013, according to the research firm SNL Kagan and Pew Research estimates.⁷ (Of these three television platforms, cable relies the least on advertising for its business model, which draws substantial sums from cable fees. See below for a sector-by-sector breakdown.)

Another broadcast medium—commercial news and talk radio, which airs the daily programming of hosts such as Rush Limbaugh and Ed Schultz—brought in \$1.6 billion in advertising revenue (its primary source of income) in 2012 from 971 such stations, according to BIA/Kelsey. That amounts to 4% of all known news-related ad revenue in the U.S. media landscape.

Noncommercial news media—which includes public radio (such as NPR) and nonprofit digital platforms (ProPublica, Texas Tribune) as well as The Associated Press—is a diverse cohort of journalistic organizations bound together, effectively,

Advertising Across News Sectors

Annual ad estimates based on publicly available data

Sector	Annual Ad Revenue	% of Industry-wide Ad Revenue
Daily newspapers	\$25.2 billion	58
Weekly newspapers	\$2.7 billion	6
News magazines	\$300 to \$800 million	1
Local TV news	\$8.8 billion	20
Network TV news	\$1.9 billion	4
Cable news	\$2.2 to \$2.5 billion	5
Radio news/talk	\$1.6 billion	4
Noncommercial news*	\$200 million	<1
For-profit digital native	\$500 to \$700 million	1
	\$43 to \$44 billion	
Total		100%

Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data

Note: Figures represent the most recently available data (2012-2013). Numbers may not equal 100% due to rounding.

* Sponsorship revenue included here.

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⁴ The local TV news revenue figure is estimated by taking the revenue sum of all stations with a news director, as listed by BIA/Kelsey, and applying the survey finding from the RTDNA/Hofstra University study of news directors, which found that 49% of all station revenue comes from news.

⁵ This number was derived from Pew Research analysis of BIA/Kelsey data—commercial, local TV stations listing a news director, running in an English-language format.

⁶ For more current network news ad revenue estimates, see Key Indicators in Media and News (2013 figures were not included in this chapter, which relied on more complete 2012 data).

⁷ The cable channels analyzed here are all national news outlets. But there are also some local cable outlets, not analyzed in this report, NY1 in New York and NECN in New England for example, that are heavily news-focused.

by a tax status. At this point, advertising and sponsorship amount to about \$200 million in a year, making it a small source of revenue for these outlets, and a tiny fraction of the wider news industry advertising.

How much advertising revenue is coming from the many digital news startups and entrepreneurial journalism initiatives that have emerged in recent years? This collection of sites—call them the “for-profit digital natives”—are not counted by trade associations as TV stations are, audited as newspapers are, or required to submit 990 government tax forms as public radio stations are. Given the range of operations and models—from high-traffic sites like The Huffington Post to local startups like The Batavian (Genesee County, N.Y.)—there is no simple way to arrange these digitally native news operations into an exhaustive category. The fact that many of these digital brands are private companies that do not typically release their finances publicly adds another layer of complexity. Nevertheless, the available data and deeper inquiry by Pew Research provide some clues.

A number of for-profit digital news operations, whose businesses are based largely on advertising, have released their own internal overall revenue figures—\$175 million at Vice Media, upwards of \$20 million at Business Insider, \$10 million to \$15 million at Mashable. For other digital news properties, market research firms and financial journalists have estimated annual intake—\$100 million at The Huffington Post, \$60 million at BuzzFeed, \$15 million to \$20 million at Gawker, and so on.⁸ Other attempts have been made to assess the revenues generated by the much longer tail of small, local and hyperlocal digital news outlets. The most in-depth attempt to date—a [survey](#) by journalist Michele McLellan—found that among 44 such sites (excluding nonprofits), 2013 revenues amounted to about a combined \$5 million.

All told, analysts identified roughly \$500 million in annual ad revenue for these for-profit digital news outlets.⁹ The actual intake is almost certainly higher than that, because there are many digital news businesses for which even estimates are unavailable. But even if that figure were doubled, revenue derived from this sector would not amount to any more than 1% to 2% of all news ad revenue accounted for in the U.S. media system. While advertising accounted for most of the revenue identified for this sector, some digital news operations are moving aggressively into other revenue opportunities, such as events and premium subscriptions, described in further

⁸ Pew Research staff attempted to contact a number of highly-trafficked news website publishers to obtain or confirm revenue figures; these requests either did not receive a response, or else a spokesperson declined to comment.

⁹ Kantar Media provides an estimate for news-related display advertising, which, for digital-native content, amounts to \$2 billion. This estimate almost certainly includes web properties that fall beyond a standard definition of news. The business news category, for instance, includes financial investment services.

detail below. And others have benefited from an influx of venture capital, subsidies from other products within the company and direct owner investment.

Ad revenues from legacy news magazines are also difficult to assess, as the standard estimates based on rate card data are known to be [heavily inflated](#). In past analyses, Pew Research has instead relied on number of ad pages to provide a more accurate sense of growth or decline year to year. But to get a sense of even the range of total revenue for this sector, the Center relied on publicly available estimates for specific publications and projected a possible range of about \$550 million to \$1.4 billion, with the upper limit being an estimate derived from rate card figures.¹⁰ And to get a sense of how much of that comes from advertising, we turned to market research firm VSS, which estimates that 59.5% of consumer magazine revenue—which includes news magazines—comes from print and digital advertising.¹¹ Using that estimate, the ad revenue generated from legacy news magazines most likely falls within the \$300 million-to-\$800 million range.

Another print sector—weekly newspapers—generates a majority of its revenue from advertising, according to estimates from research firm SNL Kagan. The firm projects that 76% of weekly newspaper revenue— \$2.7 billion—comes from ads.

There are three other news media sectors where revenue figures of any kind—let alone advertising estimates—were simply not obtainable: local cable news operations, city and regional magazines, and news organizations geared toward specific ethnic groups.

While local cable news outlets—such as NY1 in New York and NECN in New England —are a part of the local TV ecosystem, gathering concrete financial data on these types of stations is a challenge (not even a comprehensive list of such stations was available from the Radio Television Digital News Association, the industry group to which local cable outlets belong). City and regional magazines—such as Washingtonian Magazine or St. Louis Magazine—are also difficult to track. A representative of the City and Regional Magazine Association told Pew Research that these publications are “nonpublic in every sense of the word” and, as such, the association does not track revenue in any systematic fashion. And while some ethnic publications may be included in SNL Kagan’s accounting of weekly newspapers, there are no systematic financial data for this sector as a whole.

¹⁰ Time magazine was estimated to have generated \$497 million in 2012 (including advertising and circulation) and The Week was estimated to have generated \$50 million. While the number of ad pages for these and other news magazines (a proxy for financial health) are available, dollar figure estimates were not.

¹¹ Veronis Suhler Stevenson Industry Forecast 26th Edition, 2012-2016.

Audience Revenue

The second-biggest source of revenue for the industry comes from the paying public, accounting for 24% of total known news-related revenue, according to Pew Research estimates. This includes circulation revenue as well as license and retransmission fees, which also come out of consumers' pockets in the form of cable bills, along with individual giving, typically to noncommercial media outlets.

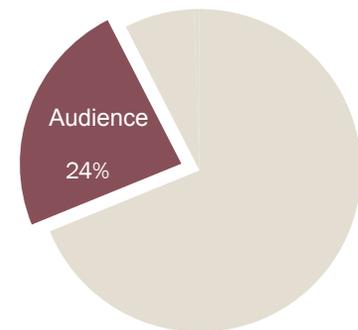
Most audience revenue comes from daily newspaper circulation. Print and digital revenue combined came to \$10.4 billion in 2012, according to Newspaper Association of America figures. (To date, the industry has not released digital subscription revenue figures as a category, although some individual newspapers, like The New York Times, do). That number amounts to 69% of audience revenue tied to American newsgathering. In total dollars, it is also a number that has begun to grow, after years of decline, as newspapers have experimented with new pricing strategies for print editions and implemented digital subscription plans. It is now estimated that around 500—and possibly more—U.S. dailies have implemented or are planning to implement such a plan.

Aside from newspapers, the biggest slice of audience revenue in the news industry comes from the monthly TV bills—cable, satellite and the like—paid by 100 million American households (a number that has tapered off recently).

All cable channels, including news channels, charge a fee each month to cable providers like Comcast in exchange for the provider's right to carry those channels in their packages. Providers, in turn, pass along those fees to consumers in the form of their monthly bills. Among the 12 news channels studied for this report—including CNN, Fox News Channel, MSNBC—license fee revenue amounted to an estimated \$2.8 billion in 2013, accounting for the majority of TV audience revenue as well as about half of cable news channels' total revenue.¹²

Audience Share

% of financial support for news



Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data.

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¹² Channels studied in this report were CNN, Fox, MSNBC, HLN, CNN International, CNBC World, Bloomberg TV, CNBC, Fox Business Network, BBC World News, C-SPAN and Al Jazeera America.

In recent years, local TV station groups and the major networks have negotiated similar agreements with cable providers whereby they receive a fee for service that is charged to cable customers. Known as retransmission fees, this new revenue stream is the first significant supplement to advertising that the broadcast TV sector has seen. VSS estimates that 3.6% of broadcast TV revenues derive from these fees.¹³ To provide an estimate of how much money this amounts to for news, Pew Research calculated an additional 3.6% on top of the 2012 ad revenue figure. This amounts to about \$327 million. Slightly less than half that amount is then paid to the parent networks, leaving about \$176 million in additional revenue to local station newsgathering efforts.

Aside from retransmission fees, which have been growing rapidly and are projected to continue growing in the coming years, at least [one local TV station—Cincinnati’s WCPO.TV](#)—has begun charging for access to its digital video stream, though the total dollars there at this point are negligible.

A number of for-profit digital native news operations have begun experimenting with digital subscriptions. Andrew Sullivan’s website, The Dish, does not host advertising, but through [\\$20 annual subscriptions](#), the site generated \$875,000 in 2013. The Honolulu Civil Beat, launched in 2010 by eBay founder Pierre Omidyar, charges [\\$10 per month](#) for access, and is supplemented by advertising revenue.

Some specialty sites, offering premium content to users willing to pay higher fees, charge more. (Revenue estimates for these are not included in this report, which focuses on news for a general audience.) Politico Pro, launched in 2011, offers policy analysis and news for packages that start at [\\$3,295 per year](#). Business Insider and Capital New York operate such higher-cost subscription

Audience Revenue Across News Sectors

Annual audience revenue estimates based on publicly available data

Sector	Annual Audience Revenue	% of industry-wide Audience Revenue
Daily newspapers	\$10.4 billion	69
Weekly newspapers	\$850 million	6
News magazines	\$200 million to \$600 million	1.5
Local TV News	\$300 million	2
Network TV News	\$150 million	1
Cable news	\$2.8 billion	18.5
Non-commercial news	\$400 million	3
For-profit digital native	\$4 million to 5 million	<1
Total	\$15 billion	100

Source: Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data

Note: Figures represent the most recently available data (2012-2013). Numbers may not equal 100% due to rounding.

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¹³ The 3.6% figure is a projection for 2012—used here to maintain a level of consistency with other 2012 TV revenue data. For more data on retransmission fees, including revised 2011 figures, visit Key Indicators in Media and News.

services that, even with a small subscriber base, could become a significant pillar of these web-based business models.

There is no complete accounting of the number of for-profit digital news outlets that have adopted subscription models, but total revenues are likely small at this stage. Even among the largest entities, the total dollar amounts are small relative to other revenue streams and a survey of hyperlocal news publishers suggests the smaller local outlets do not boost the total in any significant way. Only one out of 44 hyperlocal for-profit sites [surveyed](#) by McLellan said that subscriptions accounted for at least 50% of their site's total revenue.

In the noncommercial realm, which includes digital nonprofits as well as public broadcasting, much of the audience revenue comes from voluntary contributions, which, while amounting to just 3% of all audience revenue in the broader news industry (about \$418 million), makes up nearly a quarter of all revenue for noncommercial journalism. It is often a crucial part of the mix, and is considered by analysts to be fundamental to future sustainability. Within the noncommercial journalism sector, the vast majority of individual giving is directed to the 1,000-plus public radio stations around the country—an estimated \$405 million, according to the Public Media Futures Forum. Other recipients of charitable giving (\$15 million) include the roughly 100 digital nonprofit organizations, such as ProPublica and Texas Tribune that provided data to Pew Research.¹⁴

Legacy print magazines and some nondaily newspapers draw audience revenue, too. Among weekly newspapers (many of which do not charge for their papers), subscriptions bring in about 24% of overall revenue, a slight increase over past years. And VSS estimates that somewhat less than half of the revenue for consumer magazines—a category that includes a small cohort of legacy news publications—is derived from subscriptions, both print and digital.

¹⁴ NPR receives contributions as well, but in the financial data they shared, did not disaggregate grants and contributions.

Other Earned Revenue Streams

The continued pressures on audience and advertising revenue have led some news producers to begin to experiment with other forms of earned revenue, some of which are tied directly to the news product and some of which are not. These include events, digital marketing services, e-commerce, content licensing and even commercial printing and delivery. For now they account for a relatively small piece of the revenue pie: 7% of total estimated news revenues.

Events

Event-hosting has become a prominent part of the conversation about the future sustainability of journalism. Revenue potential here is two-fold, streaming in from corporate sponsorships and ticket sales. Once again, hard numbers are scarce, given that many news companies do not break out events in their earnings reports. The evidence on record suggests that this category remains small, but for some is an important part of the pie.

Tech sites have traditionally been leaders in the event arena.

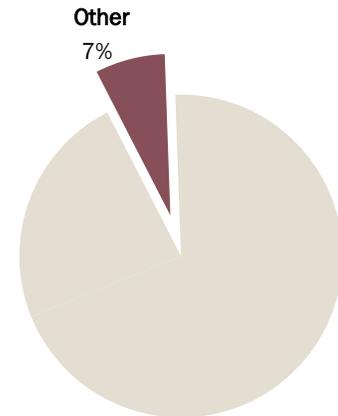
Before its rebranding, AllThingsD [charged \\$5,500](#) to attend its spring conference, and in May 2013 generated \$2.75 million from ticket sales alone (corporate sponsors are said to add more revenue to the event even than tickets do). And TechCrunch Disrupt events have [become an important part](#) of that company's revenue portfolio, with one "quite profitable" event in San Francisco charging \$2,000-\$3,000 per ticket.

Print publishers have been active in this space, too. The New York Times hosted 16 events in 2013, up from just one in 2011, and plans [to continue them](#) in 2014. The Chattanooga Free Press has built events into its business model and [now generates 14%](#) of its annual revenue from them, a figure "well into seven figures," according to industry analyst Ken Doctor. Atlantic Media puts on more than 200 events a year and [garners 20%](#) of the company's total revenue. And The New Yorker Festival has been a Manhattan mainstay for more than a dozen years.

Events have become a significant revenue stream for some nonprofit outlets. A recent [Pew Research survey](#) of nearly 100 digital nonprofits found that 28% generated at least some revenue from events in 2011, amounting to roughly \$1.3 million. (Here The Texas Tribune is a leader. In

Other Share

% of financial support for news



Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data.

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2013, the nonprofit brought in more than \$1 million in events.) A 2013 Knight Foundation [report](#) profiling 18 digital nonprofit news outlets, found that events accounted for just 4% of the total revenue pie in 2012, also about \$1.3 million. That number was up just slightly from \$1.1 million in 2011.

As with other financial details, most private media companies are reluctant to share information on revenue generated by events, and so it is hard to know how much of an impact they are having on the industry revenues. A report produced by the Newspaper Association of America in April 2013 found that seven of 15 newspaper companies that reported detailed data on different revenue categories said they generated revenue from events. However, event revenue dropped 9% year-over-year for those companies.

Such a drop serves as a reminder of the inherent fragility of the event business. As SNL Kagan senior analyst Derek Baine noted in an e-mail message to Pew Research Center, the event sector tends to be cyclical and is not recession-proof.¹⁵ While events may be a growing revenue generator, and an important supplement to other revenue streams, they do not come with guarantees.

Marketing Services and Ad Networks

A number of news organizations have brought online marketing services for local business into their revamped business model. Newspaper companies see themselves as well positioned to provide these services since they already have many local business clients and have had to do some of this work on their own in the past. The Santa Rosa (Calif.) Press Democrat launched its version of this in October 2011. In its first year, the effort accounted for 25% of the paper's digital revenue and was expected to grow revenue by about 60% in 2013. Other efforts, including those of The Dallas Morning News and the Gannett chain, have industry taking notice. A Newspaper Association of America study found that among nine companies that had developed digital marketing services, revenues in that sector rose 91% from 2011 to 2012. And on the television side, LIN Media, which operates 43 local stations, acquired Federated Media, a digital marketing company, in early 2014.

Several news organizations have created their own ad networks as an alternative revenue stream. Digital First Media is one of these, having launched AdTaxi, a private exchange advertising network, in 2012. The idea here is that a news publisher takes over the broker role in the advertising market, helping clients place ads themselves.

¹⁵ E-mail message from March 2, 2014.

Other newspapers, such as The Columbia (Tenn.) Herald, have created online ticket sales programs that allow customers to buy tickets to shows, concerts and sporting events, with the newspaper taking a commission on each transaction. The Herald started this in 2012.

At the community level, some small town and rural papers are trying to bring in more revenue by publishing things like real estate guides, phone directories or niche newspapers, says the Newspaper Association of America's Tonda Rush. One now circulates a Civil War newspaper throughout the country. Others have opened small stores in their towns. "Office supply stores are not uncommon," says Rush, and one community newspaper even opened a fudge shop in the front of its office.

Personal Wealth, Capital Investments and Philanthropy

As advertising has shrunk in recent years and audience revenue has not fully closed the gap, another patchwork of investments has grown considerably--suggesting, perhaps, new models for funding the journalism of the future. Wealthy individuals have purchased or created new journalism outlets with personal funds. Companies initially built as technology firms have used their earnings to bring original reporting into the mix of their offerings. And philanthropy from foundations and in the form of major gifts has grown the nonprofit journalism sector.

For now, the total known investments from these individuals and organizations amounts to a tiny fraction—about 1%—of the total identified financial support for news over the past year. But they have created significant interest and buzz for an industry looking for not only an infusion of cash, but for new ideas as well. With much of this investment flowing to digital news outlets without their own legacy baggage, new ideas about how to produce and distribute journalism are being given the chance to flourish. That represents a psychological development perhaps more profound than the dollar figures alone would suggest.

A New Kind of Owner

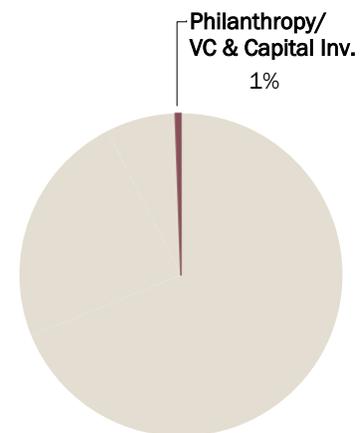
Media companies change hands all the time, but since 2012 a number of notable transactions have surfaced a different type of owner, one that invests in the newsroom out of his or her own pocket.

Some are doing so to revitalize existing brands.

In 2012, greeting card magnate Aaron Kushner and a partner purchased Freedom Communications, parent of The Orange County Register, for an unnamed sum (The Los Angeles Times [estimated that the price](#) was between \$50 million and \$60 million). The new owners proceeded to add 440 staff, including 180 in the newsroom, and expanded pages, though these numbers [began to contract](#) after a round of cost-cutting in early 2014.

Capital, VC & Philanthropy Share

% of financial support for news



Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data.

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In August 2013, Amazon CEO Jeff Bezos [purchased The Washington Post](#) for \$250 million. At this point, the extent of Bezos' personal investment has been the purchase itself. It [remains unclear](#) whether he will use personal dollars to support the newsroom, but Bezos [noted](#) that he is there to provide “runway,” or “financial support over a lengthy period in which the management can experiment to find a profitable formula for delivering the news.” Bezos [was also part](#) of an investor group that pooled \$12 million in funding for Business Insider, the fast-growing tech- and business-oriented digital news organization run by Henry Blodget.¹⁶

Other publishers are investing their wealth to build something from scratch.

On the nonprofit side, eBay founder Pierre Omidyar announced in October 2013 one of the biggest investments in noncommercial journalism in recent memory: \$250 million toward the launch of First Look Media, of which one division, a nonprofit newsroom, would receive a \$50 million in capital to launch operations. In a [press release](#), Omidyar was listed as both funder and publisher. That level of involvement in the organization, combined with the sizable sum, make Omidyar an outlier in the nonprofit journalism realm.

How much in total dollars do the investments on the scale of Bezos, Kushner and Omidyar add to American newsrooms? There is no way to account for all of this activity in the journalism space—and we do not do so here, in the numbers—especially given that much of it involves moving money around privately held companies. Furthermore, the heavily circulated purchase prices of news properties by new owners—add John Henry and Warren Buffet to that list—represent a change in hands, but not always additional investments by the owners in newsroom budgets. Even so, expenditures on journalism by new owners over the past year amount to a dollar figure closer to hundreds of millions rather than in the billions.

Corporate Investment and Venture Capital

There have always been unprofitable news products whose parent companies use other successful holding to subsidize losses. The Washington Post for many years fit into this category, with earnings from the Kaplan education division filling a gap by tens of millions of dollars each year. So it was with The New York Post, where the success of News Corp.'s entertainment division carried it along through years of losses.

Today, technology firms, digital publishers, angel investors and even some legacy media companies are putting more new money into journalism. What is different here is that much of

¹⁶ This round of funding followed an earlier \$5 million investment in Business Insider by Bezos.

this energy is not being extended in a palliative manner toward legacy news brands, but rather toward relatively younger digital brands and even startups.

Yahoo, under CEO Marissa Mayer's watch, has turned back to investing in content. In 2013 the search company [hired](#) such big names as New York Times tech columnist David Pogue and television personality Katie Couric.

BuzzFeed, a platform built largely around viral content, has also ventured into original news reporting – first hiring Politico's Ben Smith in 2012, adding scores of news staff, in the fall of 2013 introducing a foreign news division, putting some of its [estimated \\$60 million](#) in revenue and \$46 million in venture capital to work (sources at the company would not comment on specific financial details). Most of BuzzFeed's revenue is coming from native advertising; the site's in-house ad department [developed](#) 600 to 700 social advertising campaigns in 2013.

And Vox Media, a company whose DNA is as much technology as content, became the home to former Washington Post blogger Ezra Klein's new explanatory journalism project in early 2014. (Vox is also home to other content verticals, including sports site SB Nation and tech site The Verge.) Vox has not disclosed revenue figures, but has said that it is profitable and that revenues have [doubled](#) since 2012. The company raised \$40 million in venture capital in 2013, some of which would likely support Klein's project, which, in an earlier version, was reported to call for \$10 million per year in news investment.

More than just technology-oriented companies are investing in digital journalism; large, mature media companies are, too. In 2013, ESPN acquired Nate Silver and his 538 brand from The New York Times; NBC bought a stake in Re/code, the erstwhile AllThingsD that was part of the Dow Jones family; and Fox Entertainment bought a stake in the fast-rising Vice Media, a multiplatform news and entertainment company that targets young people.

There is hardly any public accounting for this kind of revenue. Representatives and publishers routinely declined to provide comment or did not respond to queries from the Pew Research Center, so it is hard to estimate exactly how much of the total pie these forms of journalism financing account for. But these capital investments may perhaps carry some of the greatest potential for long-term sustainability. These companies are digital natives. They understand technology and succeeded there first, offering other kinds of content before moving into news. In addition, they are free of the costly infrastructure of legacy platforms like print and broadcast television, and can potentially allow for some failure and loss during experimentation. What is not known yet is the style and quality of journalism this revenue will produce. Yahoo, at least, has been around this block more than once. And to the extent that it succeeds, it is likely to be on the

topical or national level. In 2013, one tech company, AOL, learned this as it ended its investment in the Patch network of hundreds of local sites, even as it reaped rewards with strong revenues from The Huffington Post.

Philanthropic Support

Philanthropy has for decades been a contributor to journalism, and it has played a larger role since the economic upheaval in legacy journalism during the recession of 2008 and 2009.

The noncommercial news sector (public radio, digital nonprofits, and others) generates a significant share of unearned revenue from foundation grants.

From 2005 to 2012, according to [estimates](#) by J-Lab, 279 foundations contributed to 308 journalism initiatives—both nonprofit and for-profit—in 25 states and the District of Columbia. Of those 279 foundations, fully 58% of the funding came from just 10 foundations—chief among them, the John S. & James L. Knight Foundation, the Sandler Family Supporting Foundation, the Ford Foundation and a few others.

In addition, a survey in late 2012 by the Pew Research Center of 93 nonprofit news organizations in the U.S. found that about three-quarters received foundation funding, which, in most cases accounts for more than half of that outlet's total revenue.

For-profit examples include the Ford Foundation's 2012 [\\$1 million grant](#) to The Los Angeles Times to expand its coverage of key beats such as immigration and border issues. And, more quietly, Google [has done so](#) by giving \$5 million in grants geared toward journalism innovation through other institutions.

(While not included in the current calculations, Texas-based venture capitalist John Thornton invested \$1 million of his personal wealth in 2009 toward the launch of The Texas Tribune, the digital nonprofit that covers Texas politics. Thornton is named as a founder of the news outlet and is on the board.)

Around the same time, Herb and Marion Sandler, through their family foundation, made a multi-year commitment to ProPublica for about \$10 million per year.¹⁷ Mr. Sandler is listed as the founding chairman of the organization.

¹⁷ The Pew Charitable Trusts, which fund the Pew Research Center, have also contributed to ProPublica.

In total, roughly \$150 million is generated through philanthropy for journalism annually, according to the most recent available data, most of it going to public radio stations, and some to digital nonprofits. And, this revenue stream continues to grow. In February 2014, Neil Barksy [announced](#) the launch of a nonprofit news organization focused on criminal justice that will operate with a \$4 million to \$5 million budget and employ more than 20 journalists, including Bill Keller, the former executive editor of The New York Times. The operation will be funded by contributions from Barksy, foundations and individuals. And as recently as March, the Jerome L. Greene Foundation [announced a \\$10 million grant](#) to New York Public Radio, most of which is earmarked to develop its digital operation.

Industry Breakdown: Newspapers Still Largest Revenue Segment

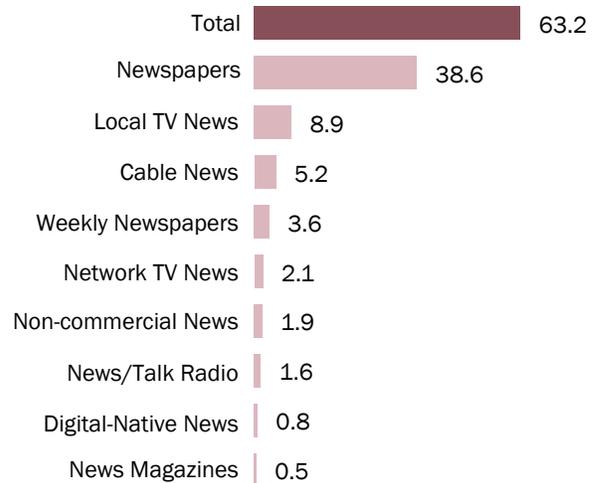
Platform convergence in journalism is beginning to make sector comparisons obsolete. Further, some companies are difficult to fit in a box: Is Atlantic Media Company a magazine, or a digital brand? Is Vice a web or television juggernaut? But it is still helpful to evaluate the revenue breakdown within media sectors because that is how most accounting is still done and, for most, the legacy product still defines the business model.

In 2012, the Newspaper Association of America reported total sector revenues of \$38.6 billion for the roughly 1,400 U.S. dailies—a figure that includes print and digital advertising as well as circulation and other ancillary revenues. No other single sector of the American media approaches even \$10 billion in annual news-related revenues, leaving the sector, however troubled, as the clear revenue leader. About two-thirds of that revenue—\$25.2 billion—comes from advertising, if direct marketing services are included. A quarter (\$10.4 billion) comes from print and digital circulation. The remaining newspaper revenue is generated from a variety of sources, including events, commercial printing, e-commerce and others.

Television-based news in total generates less than half the revenue of the U.S. newspaper sector. The combined annual revenue of 12 cable news channels, three major broadcast networks' news programs, and approximately 800 news-producing local TV stations, amounts to roughly \$16.4 billion.¹⁸

Annual News Revenue

In billions of dollars



Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data

Note: Data represent most current available figures (in most cases, 2012 or 2013) for each sector.

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¹⁸ Cable TV revenue estimates are provided by SNL Kagan (2013 projections). Local TV news revenues are estimated using data from BIA/Kelsey as well as survey data provided by Bob Papper of Hofstra University (2012 estimates). Network TV news division revenues are provided by Kantar Media (2012 estimates).

Of these, the local TV sector is the biggest operation by far. Largely driven by advertising, including a small portion derived from the web as well as a growing stream of retransmission fees, revenue derived from local TV news totaled \$8.9 billion in 2012, the last year for which complete data were available, according to Pew Research estimates.¹⁹

Cable news accounts for the next biggest TV sector. Of the 12 channels studied here,

which include the major news outlets CNN, Fox and MSNBC as well as Al Jazeera America and several financial news outlets among others, the total revenue projected for 2013 was \$5.2 billion. About half of that was due to license fees, which the channels charge to cable providers in exchange for the right to carry their programming. Most of the other revenue came from advertising, with an estimated 5% to 10% coming from digital.²⁰

The major broadcast networks' news programming—that of NBC, CBS and ABC—along with that of PBS' NewsHour—generated an estimated \$2.1 billion in total revenues in 2012. Those revenues derived primarily from advertising on the networks' morning and evening news programs, although, as with local affiliates, a small portion comes from retransmission fees and digital advertising.

Commercial news outlets native to the web, including those where original news is just one element of their digital offerings such as BuzzFeed, still amount to a small fraction of the revenue

Revenue Estimates for Selected Digital News Properties

Annual revenue estimates for select digital news outlets, in millions

Outlet	Annual revenue	Year	Source
Huffington Post Media Group	\$100	2013	Citigroup Research
The Blaze	\$35-\$45	2012	Fortune
BuzzFeed	\$60	2013	BuzzFeed
Drudge Report	\$15-\$20	2012	Business Insider
Gawker	\$15-\$20	2010	The New Yorker

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¹⁹ Local TV news revenues were calculated as follows: Market research firm BIA/Kelsey estimates that news-producing stations generated \$17.3 billion in ad revenue in 2012. That is not the only revenue stream for this sector: VSS estimates that 3.6% of total broadcast TV revenue comes from retransmission fees (split up between local affiliates and the networks). And Borrell Associates estimates that 4% of local TV revenues come from digital advertising. From these various sources, analysts projected a total sum. Then, using the RTDNA/Hofstra University/Bob Papper survey data showing that 48.6% of local TV revenues are attributable to news, estimated a total news-related local TV figure.

²⁰ In 2010, CNN [stated](#) that 10% of its total revenue comes from digital advertising. Given that both MSNBC and Fox have web properties that generate similar amounts of traffic as CNN, it is conceivable that these other networks generate similar amounts of revenue from their digital platforms. Given the limits of such a comparison, this report suggests a range of 5-10% for the amount of cable news outlet revenues coming from digital advertising.

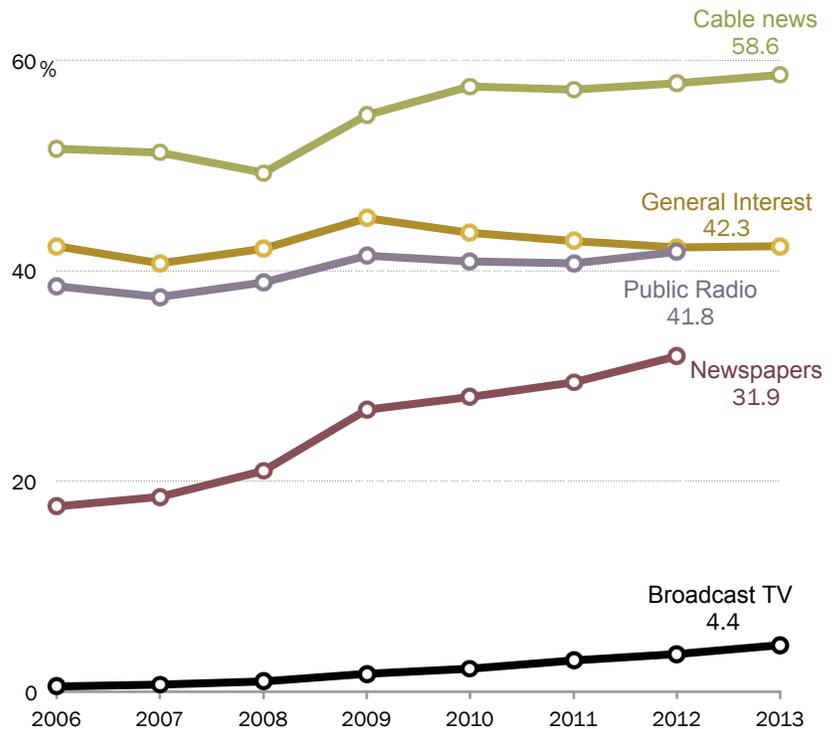
generated by legacy news platforms. One estimate (Kantar Media) suggests this category of news generated \$2 billion in 2012, although that includes web properties outside of this analysis

such as guides and computer sites. A tally of publicly available estimates of specific for-profit news revenues, from large to small, comes closer to \$500 million, with the vast majority of that derived from display advertising (smaller revenue streams include event-hosting and subscriptions). About \$300 million was identified in the form of venture capital and owner investment. Thus, the total amount in publicly available annual revenue and investment estimates for the for-profit digital news sector comes to about \$800 million. To indicate that this represents a minimum, this report suggests a range of \$800 million to \$1.2 billion.

The noncommercial news sector, while small, is strikingly revenue-diverse. Combined annual revenue from NPR and roughly 1,000 local public radio stations around the country, along with scores of digital nonprofit news outlets and one of the oldest nonprofit news organizations, the Associated Press, amounts to roughly \$1.9 billion.²¹ Large portions of that come from syndication and content-sharing arrangements, individual giving, ads/sponsorships, and philanthropy.

Audience Revenue Increasingly Fundamental to News

% of each sector's total revenue generated by audience-related revenue



Source: Pew Research analysis of data from the NAA, BIA/Kelsey, SNL Kagan, VSS, Kantar Media, Borrell Associates, RTDNA/Hofstra University, Public Media Futures Forum, and other publicly available data.

Note: Cable numbers include CNN, Fox and MSNBC. Broadcast TV numbers combine local and network sectors. Given the lack of complete longitudinal data, the newspaper figures compare only circulation as a share of total circulation plus advertising revenues.

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²¹ Public radio station revenue data is derived from analysis by Mark Fuerst for Public Media Futures Forum. NPR data are provided by the organization (complete PBS financial data were omitted given the limited amount of news featured in PBS' offerings and the difficulty of breaking out news revenue from revenue tied

Another element to consider is the total number of outlets within a sector and how the revenue spreads out among them in terms of reporting power. While the newspaper sector provides the most revenue over all, it is spread across roughly 1,400 daily papers around the country, amounting to an average of \$28 million in annual revenue per paper. Likewise, the local TV news revenue figures represent those generated by about 800 news-producing local TV stations—an average of \$11 million in news-related revenue per station.

The available financial data for digital news suggests that the sector is dominated by a handful of sites, with a long tail of outlets scooping up nickels and pennies in advertising rates. The Huffington Post, for example, a digital pioneer built largely on outside contributors and aggregation, was [forecast](#) by CitiGroup Research to generate \$100 million in 2013; The Blaze, which is run by conservative talk show host and media entrepreneur Glenn Beck, [generates](#) \$35 million to \$45 million in revenue per year, according to Fortune. And BuzzFeed, which has made a science out of viral content and is now expanding its long-form journalism, was estimated to generate \$60 million in advertising revenue in 2013. But just six out of 44 for-profit independent hyperlocal news websites [surveyed](#) by community news expert Michele McLellan in 2012 managed to generate more than \$250,000 each.

Cable news channels and the major network news divisions, on the other hand, emerge as heavily concentrated revenue drivers for the news business. For cable, that amounts to \$485 million, on average, per news channel in annual revenue. The three major broadcast news divisions produce an average of \$691 million.

to all program offerings). Digital nonprofit revenue figures derived from data in the 2013 Pew Research Center report, “Nonprofit Journalism: A Growing but Fragile Part of the U.S. News System.”

A Deeper Look at the Growth in Audience Revenue

After several years of hesitation, the newspaper industry in 2012 moved heavily into digital subscription plans, also known as paywalls. These paywalls helped the newspaper industry raise circulation revenue by 5% in 2012, the first gain in subscription revenue since 2003.

As 2013 ended, around 500 dailies—and possibly more—

had implemented or had plans to implement a digital pay plan, according to Pew Research estimates. Several larger news organizations, including The New York Times and the Gannett and Lee newspapers, were seeing some success this past year. In the second half of 2013, two long-standing holdouts, The Washington Post and Digital First Media, announced an all-access subscription model for all of its dailies. And in early 2014, Cincinnati station WCPO launched a digital pay plan on its website.

Still, these new digital dollars fall short of making up for the loss in print subscription revenues, leading many newspapers to also increase their subscription and single-copy prices. In 2012, The Los Angeles Times raised its single-copy price by 50% to \$1.50 from \$1.

Cable news channels were projected to see even greater growth in audience-based revenues, 5% in 2013, largely from increases in subscriber fees, which the channels themselves negotiate with cable providers every few years. The 2013 subscriber fee projections stand at more than half of all this sector's revenue and total \$2.8 billion.

Audience revenue growth in broadcast TV is striking, but largely because it is growing from a small base. Retransmission fees, similar to cable TV license fees, are a small but growing portion of both network and local TV station revenues, and ultimately will impact newsrooms if growth continues as projected.

Sample Newsstand Price Increases

Newspaper	Year of Increase	Weekday Increase	Sunday Increase
LA Times	2012	\$1 to \$1.50	Unchanged at \$2
LA Times	2011	75 cents to \$1	\$1.50 to \$2
Chicago Tribune	2013	\$1 to \$1.50	Unchanged at \$1.99
Chicago Tribune	2007	75 cents to \$1	\$1.79 to \$1.99 (change in 2008)
New York Times	2012	\$2 to \$2.50	Unchanged at \$5 (in NY area)
New York Times	2009	\$1.50 to \$2	Unchanged at \$5 (in NY area)
USA Today	2013	\$1 to \$2	n/a

Source: Pew Research analysis of public available data.

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Public radio data suggest that while individual giving to stations was down in 2012 by 3%, the roughly \$400 million estimated for that year was the second-highest in the last 16 years for which data are available.

One question that arises is whether the growth in audience-related news revenue comes more from a larger number of people paying for news, or from fewer people paying higher prices.

The data suggest that it is more of the latter. The number of pay-TV households in the U.S. is tapering off, and the number of newspaper subscriptions (both Sunday and weekday) are flat, as are paid subscriptions to weekly newspapers, according to SNL Kagan estimates comparing 2013 and 2008. And for the six major news magazines tracked closely by Pew Research, circulation numbers are flat over all, too.

Yet the cost per consumer for these media continues to rise. The average expanded cable bill is now \$61, according to FCC data, and has risen on average 6% per year since 1995, when the agency first began measuring. And, as noted above, single-copy prices have increased at many of the major dailies. The average amount of circulation revenue per subscription to a weekly newspaper is up slightly over the past five years.

In addition, these increases in audience revenues are coming at the same time as many sectors continue to witness declines in advertising revenues.

A Deeper Look at the Digital Advertising Landscape

As print advertising in particular has seen rapid declines, a burning question has been whether ad revenue on the digital side can provide enough revenue to cover at least a significant share of those losses. As laid out above, the vast majority of ad revenue supporting the news industry is still derived from legacy formats of print and television. New outlets built around ads in the digital space account for only a very small slice of total advertising. Where are there advertising opportunities for news in the digital space? How much promise do formats like mobile and video bring for the industry?

Digital advertising in the U.S. is a \$43 billion market. Most of those ad dollars, though, go to a handful of large technology firms, such as Facebook and Google. Pew Research estimates that news properties lay claim to, at minimum, roughly \$5 billion—or 12%—of the total digital display ad market, a number constructed from industry groups like the Newspaper Association of America, news outlets themselves and market research firms including VSS, SNL Kagan and Borrell.

Even the more lucrative digital ad formats, however, do not command the high prices, dollar for dollar, that legacy ad formats in print or on television do. But within the digital space, certain ones command a higher premium than others. Thus, while most news content on the web is supported by banner advertisements, digital news publishers are now becoming more aggressive about embracing formats such as native advertisements, which carry a higher earning potential.

News organizations get most of their digital ad revenue from two broad categories of ads: banner and video (both of which are considered “display” advertising), while also drawing a much smaller amount from “rich” or interactive media and sponsorships. While there are no news-specific figures available for the performance of these ad types, broader industry figures are provided by eMarketer, a leading market research firm. According to the firm, both the banner and video ad sectors experienced growth in 2013.

Banner advertising—typically seen as static graphics accompanying text—is the biggest single

The Digital Advertising Market

Revenue from key ad formats on U.S. content platforms (in billions)

Format	2013	2012	% change
Total digital ad revenue	\$42.6	\$36.8	16%
Search	19.8	17.3	14
Display	17.7	14.8	20
- Banners & other	9.61	8.56	12
- Video	4.15	2.89	44
- Rich media	2.06	1.79	15
- Sponsorships	1.90	1.54	23
Other (classifieds, email, etc.)	5.1	4.68	9

Source: eMarketer

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category within the display ad market. There, total revenue across all content, including news, grew 12% to \$9.61 billion in 2013.

Online video advertising (video ads embedded into other video content) saw even greater growth in 2013, both in terms of the range of outlets using them and in the revenue garnered, though from a smaller base. Revenue from these ads more than doubled in the last two years, according to eMarketer, from \$2 billion in 2011 to \$4.14 billion in 2013, thanks in part to the success of YouTube.

Native advertising, considered a type of display ad, still lacks a concise, agreed-upon definition in the industry but in the simplest terms is a publisher placing paid advertising content, written either in collaboration with the advertiser or directly by the advertiser, on its site in such a way that it mimics editorial content. eMarketer does not provide estimates for the native advertising market, but another firm, BIA/Kelsey, projected it to reach \$2.4 billion in 2013, up from \$1.6 billion in 2012. By 2017, BIA/Kelsey expects native advertising to account for \$4.6 billion in revenue.

The Growth of Mobile

Digital ad spending by platform

Platform	2013 (\$ billions)	2012 (\$ billions)
Desktop	\$33	\$32.4
Mobile	\$9.6	\$4.4

Source: eMarketer

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A number of digital news organizations have made native advertising a pillar in their financial strategy. BuzzFeed, The Atlantic, The Huffington Post and Mashable were early adopters of these ads and have seen strong revenue gains. BuzzFeed's Jonah Peretti announced profitability in September of 2013 based almost exclusively on native ads. The Atlantic saw digital revenue grow from less than 10% in 2006 to 60% in 2013, driven in part by native ads. Jay Lauf, publisher of one Atlantic property, Quartz, said that he [expected the site to be profitable](#) in 2015 and that Quartz has had success with native ads.²²

Aside from The Atlantic, the movement in this direction among more traditional news organizations has been slower, in part because native advertising has come with some controversy and in December of 2013 the FTC held hearings to weigh issues such as transparency to consumers. In January 2014, The New York Times released its first native ads, sponsored by Dell. And ultimately, the promise of revenue growth may well drive others to follow suit.

One way to consider the digital advertising landscape is not by ad format, but by the devices hosting those ads. Here, eMarketer breaks out the numbers by desktop and mobile screens. While

²² BuzzFeed has pushed these native ads even harder than others, buying ad space on social networking sites to drive more visitors to advertiser content on BuzzFeed.com. In 2013, BuzzFeed created an ad network, pitching stories to ad agencies to run sponsored posts on other websites' homepages.

digital advertising on desktops generates more than three times the revenue as mobile, it has flattened considerably. In 2013, desktop advertising accounted for \$33 billion, up just slightly from \$32.4 billion in 2012. Mobile, however, more than doubled from \$4.4 billion in 2012 to \$9.6 billion in 2013.

Beyond estimating the \$4 billion in total digital ad revenue attributable to news properties, the data are too murky to slice any further. Exactly what portion of the news figure comes from conventional banner ads? Most likely, a lot. How much from native advertising and branded content? Probably little, though that may change soon. And, beyond the display data, will targeted local ads—which command higher rates than generic banners—become a critical component going forward for digital publishers? Until news-specific digital ad revenue becomes available, the broader digital ad market provides the best signposts for what is happening in the microcosm of journalism on the web.

Conclusion

In the trajectory of economic disruption for the news system, we have reached a point where some newer forms are beginning to have an impact and may contain long-term potential. We have also seen the innovation and dollars for those coming more from individuals or organizations new to news. For now, though, it is still both the traditional sectors and the traditional forms that account for most of the revenue supporting news gathering in the United States.

A next part of the equation to explore is how revenues are being spent today as technology needs within an organization butt up against the costs of journalists on staff. Digital news startups are free of the legacy infrastructure that runs up expenses at print and broadcast outlets. They do not have plants, delivery trucks or broadcast towers and transmitters to consider, or aging real estate. The cost of newsgathering may even be cheaper, too, as non-institutional journalistic activity runs on a mix of professionals (without pensions), freelancers, amateurs, public data and aggregation/curation. Nonetheless, technology can be very expensive, both its purchase and upkeep, as each new iteration often means reprogramming, re-archiving and transitioning to new tools and equipment.

The cost of running a digital-native news organization, as compared to a legacy one, is a question for another report. But as long as journalism remains a profession, it will cost money to produce.