



The New, New Value Proposition in Journalism

Gretchen Macchiarella
California State University, Northridge

Even from journalism's bleacher seats of academia, the attempts to fix the business model appear flailing. So many smart, dedicated people are trying to find a way to get the audience back, reinvigorate the advertising base, build new apps, find the right funding mix, and generally blaze a path forward for an industry others in the community are willing to leave behind.

In our classrooms, we discuss how to bolster trust in journalists, pore over audience metrics, and write social media strategies for a younger generation. But the value proposition has changed while the fundamentals of our conversations stay the same. Simply having the facts of the day isn't a value generator in an era of information saturation. Perhaps, information was never the value that journalists provided. Until we move past that idea, in the media industry and its academic training grounds, it may be impossible to uncover the true future of creating value by reporting the news.

In 2018 Olsen and Solvoll showed that there was a fundamental mismatch between what audiences believed was valuable and what newspaper website paywall creators thought would motivate digital subscriptions. Despite paywalling what the organization considered high-value and exclusive content, audience members simply looked elsewhere. Our assumptions about what underpinned the relationship in a mythical past, and might motivate a continuation in the envisioned future, seem fundamentally flawed. While news organizations continue to believe that they provide value through specific types of content, the audience isn't buying it – literally. Osterwalder

(2010) showed in the Business Model Canvas that successful innovation requires a strong value proposition. A value proposition is what a business provides that isn't available elsewhere in the marketplace. That value proposition serves various customer segments through key activities, which in the case of news might be collecting information, delivering it in a convenient way, providing insight, or building social capital. In this model, it is the value proposition that leads to revenue streams.

If the value came from the package, news organizations may not have been selling what they thought they were selling. If a newspaper was more about the physical paper and less about the information-laden news printed on it, what does that mean for media in this disaggregated system? Audience needs are shifting away from information toward guidance and synthesis.

It might seem that serving the information needs of a community is providing value. Reuters Institute fellow Yuen-C Tham (2023) recently dove into the question of how newsrooms know if technology innovations are working, and Tham measured this through the traditional question of customer needs (along with the needs of the organization). But, needs don't always address value, especially in the context of information. Value proposition requires that the customer segment is willing to spend time or money because what is offered is perceived as better than what could be gained elsewhere. It is frequently less than obvious (Osterwalder, 2010) and takes a careful ear to listen for the need that might be missed in a spurned

Keywords: Value Proposition, Business Model, Revenue Model, Advertising, Audience Needs, Commodity Information, Agenda Setting

offering. It is easy for the offerings that Tham (2023) discussed to serve a need in a way that does provide sufficient value.

Information, although a need, is a not value proposition and arguably never was. What newspapers and news broadcasts sell is a package. We can call news “information with an expiration date.” That needed information, whether it was events in the community or a sale at Sears, was valuable because of the easy access to these facts. The audience paid for this bundle as it related, generally, to their close community. Advertisers paid for access to the people. The news organization worked as an intermediary, a package with a lot of value for all parties. Now, the facts of the day are readily available, free, and often directly from the source, which includes businesses that once might have been advertisers who connect directly with customers via email or social media.

Digital transformations aren’t exclusive to media, and even in the construction business there are discussions about the “commodification of information” (Çıdık & Boyd, 2022). Recipes, though, have a strongly analogous trajectory: something that was passed around and became a commodity by being packaged in books (or even shared along with news). In the current online environment, recipes are developed, shared, and evaluated in public spaces without the need for publishers or studio kitchens. The recipe itself was not valuable, but the delivery of organized and detailed directions was. That package is generally happening in blogs and doesn’t cost the audience anything. The *New York Times* food section may be the outlier just as their subscription model defies many national trends.

Despite the shifts throughout the media landscape, the news industry continues to try to position a newspaper or nightly news broadcast’s value to consumers as helping the audience get information, when the audience is instead overwhelmed by information (Matthes *et al.*, 2020). At the same time news organizations tell advertisers they need help accessing customers. But most consumers interact with information and brands directly all day (Sorensen & Drennan, 2017) through social media, emails, online searches, or consumer-to-consumer recommendations in a variety of platforms (Chahal *et al.*, 2020). Much of the academic research on business models for news focuses on newspapers, as they are farther along in the digital change cycle, but broadcast stations are showing advertising revenue declines that indicate the shift is

coming for them as well (Lahiri, 2023).

This model of information delivery to consumers and advertisers’ access to an audience doesn’t hold up in the current media environment. If information isn’t a value proposition for news, what is?

“News was never meant to be merely a commodity, and publishers’ fealty to the market has always caused social harms,” wrote Victor Pickard, in his Nieman Lab 2020 prediction. He suggested that the collapse of the financial system backing our current journalism infrastructure will lead to a host of altruistic reorganizations that put journalism as a social good instead of a vehicle for generating revenue. Pickard hoped that 2021 was the year that journalists stopped waiting for the market to deliver revenue for news and instead fund the practice as part of a functioning democracy.

The Nieman Lab’s annual predictions have continued since then to shift away from the excitement of new technology or nagging about the importance of reader revenue to a different pitch: Perhaps we need to consider what we do through a totally new lens. In 2023, Christina Shih talked about removing barriers between the editorial and business side to coalesce around shared values. She suggested that connecting the two parts of the business into a singular focus on the audience’s needs could improve the potential to create a product with a viable value proposition.

Some academic discussions suggest that journalism will need to abandon a business model altogether to be something more artistic. Willemsen *et al.* (2021) toss the business model and use an innovation focus meant to serve the community. This experiment, funded by a grant, ended with an installation that encouraged community storytelling, rather than a mediated journalism product.

Others believe they can operationalize these more altruistic models focusing on community with a working business model. Bakke and Barland (2022) argue a fundamental shift in the business from advertiser first to reader first will move the industry that way. In the industry, this discussion is happening through organizations like the News Product Alliance and explosive growth in jobs around news delivery.

Organizations that focus on needs beyond the commodity of news are making progress. Email newsletters have shown a lot of promise by providing a new form of packaging. Partisan commentators and influencers on social media reduce the emotional labor of deciding how to feel about the facts of the day. Experiments with more direct interaction with journalists,

such as texting platforms, have shown promise. As has community building through news aggregation, such as Queerancy, which collects and comments on business and economic news for the LGBTQI+ community. Experiments are turning into centerpieces in the area of explicit audience engagement and answering questions, such as How to LA from LAist/KPCC in Los Angeles (Muller, 2021).

How we talk about this in the classroom, research and the academy is part of setting the agenda. As educators and researchers, we cannot spend time seeking a way back to the audience connection that once drove the economics of the industry. Research outside of media for revenue models. Press students to consider if they are generating simply more information into a supersaturated system or something they think serves the deeper needs of the audience. Let student media produce experiments far outside the traditional offerings. We need to ask every one of our students to consider what value journalists can bring to build a sustainable future.

References

- Bakke, N. A., & Barland, J. (2022). Disruptive innovations and paradigm shifts in journalism as a business: From advertisers first to readers first and traditional operational models to the AI factory. *SAGE Open*, 12(2). <https://doi.org/10.1177/21582440221094819>
- Chahal, H., Wirtz, J., & Verma, A. (2020). Social media brand engagement: dimensions, drivers and consequences. *The Journal of Consumer Marketing*, 37(2), 191–204. <https://doi.org/10.1108/JCM-11-2018-2937>
- Çıdık, M. S., & Boyd, D. (2022). Value implication of digital transformation: The impact of the commodification of information. *Construction Management and Economics*, 40(11-12), 903–917. <https://doi.org/10.1080/01446193.2022.2033287>
- Lahiri, A. (2023). Sinclair Broadcast posts 35% revenue decline in Q4, hit by deconsolidation of DSG. In Benzinga *News*wires. Accretive Capital LLC d/b/a Benzinga.
- Matthes, J., Karsay, K., Schmuck, D., & Stevic, A. (2020). “Too much to handle”: Impact of mobile social networking sites on information overload, depressive symptoms, and well-being. *Computers in Human Behavior*, 105, 106217-. <https://doi.org/10.1016/j.chb.2019.106217>
- Muller, K. (2021). Engaged journalism is a revenue strategy. Here’s why. LAist.com. <https://laist.com/news/essays/engaged-journalism-is-a-revenue-strategy-heres-why>
- Olsen, R. K., & Solvoll, M. K. (2018). Bouncing off the paywall - Understanding misalignments between local newspaper value propositions and audience responses. *International Journal on Media Management* (Saint Gall, Switzerland), 20(3), 174–192. <https://doi.org/10.1080/14241277.2018.1529672>
- Osterwalder, A., Pigneur, Y., & Pijl, P. van der. (2010). *Business model generation: A handbook for visionaries, game changers, and challengers* (T. Clark, Ed.). John Wiley & Sons, Inc.
- Pickard, V. (2019) Nieman Journalism Lab: We reclaim a public good. In Newstex Trade & Industry Blogs. Newstex.
- Shih, C. (2022). Nieman Journalism Lab: Shared values move from nice-to-haves to essentials. In Newstex Trade & Industry Blogs. Newstex.
- Sorensen, A., & Drennan, J. (2017). Understanding value-creating practices in social media-based brand communities. *The Service Industries Journal*, 37(15-16), 986–1007. <https://doi.org/10.1080/002642069.2017.1373098>
- Tham, Yuen-C (2023). Pivot! A 5-step plan for evaluating newsroom technology experiments. Reuters Institute for the Study of Journalism.
- Willemsen, S., Witschge, T., & Sauer, S. (2021). Improvisation and Entrepreneurial Journalism: Reimagining Innovation. *Journalism Studies* 22(11), 1487–1503. <https://doi.org/10.1080/1461670X.2021.1951618>

Gretchen Macchiarella is an assistant professor of Digital Media and Emerging Journalistic Practices at California State University, Northridge. She worked her industry career in newspapers where she was a serial intrapreneur and digital media enthusiast. She is a student media supporter who started at the university as the advisor of the student paper. Her research interests center on media innovation in business and multimedia storytelling. She earned a master's degree in Digital Journalism and Design from the University of South Florida, St. Petersburg.

©Gretchen Macchiarella, 2023. Licensed under a Creative Commons Attribution-Non Commercial-Share-Alike 3.0 Unported License.