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Stakeholder Media and the Future of  
Watchdog Journalism Business Models**

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# **Disruptive News Technologies: Stakeholder Media and the Future of Watchdog Journalism Business Models**

by

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## **Abstract**

The decline of the news industry is rooted in a vicious circle of financial leveraging leading to capacity cuts, and then to declines in quality of content, credibility, audiences and revenue streams. Simultaneously, a competing sector of media, which we call stakeholder media (because they are driven by communities of practice or interest), is expanding. We argue that the future of watchdog journalism is directly linked to stakeholder media, which will furnish a growing share of the public and the revenues necessary for investigative reporting. We first analyse the decline of the news industry and identify capacity as the key vector. We then outline the chief characteristics of stakeholder media, and conclude that in key respects their values and operating principles are consistent with investigative reporting. We proceed to analysis of four successful enterprises that offer investigative news and services directly to stakeholder communities, from the standpoint of content, processes and value created. In our discussion, we identify emerging and potential revenue models for watchdog news enterprises, and the necessity for reform of processes and distribution. We also point to non-monetary sources of value for investigative reporters. We conclude that there is an urgent need for increased focus on business development, as opposed to investigative projects, for watchdog journalism to progress.

## Introduction

This article is aimed at practitioners of investigative or “watchdog” journalism.<sup>1</sup> Its goal is to help them conceive and execute sustainable futures for investigative reporting. It makes two key points:

1. The first is that revenue streams for watchdog media are splintering and diversifying. The news industry’s classic model (advertising plus circulation equals revenue) no longer suffices to ensure the industry’s growth. With very rare exceptions (such as *Le Canard enchaîné* in France, which thrives only on circulation revenue) it is not profitable. Other sources of revenue are necessary, and for them to be sustainable, they must be diversified.
2. Our second key point is that a key part of the future of watchdog journalism enterprises, in the short- and middle terms, lies outside the news industry. The news industry’s ownership structure, processes and capacity increasingly limit its ability to innovate in the production, distribution and valorisation of watchdog journalism. The industry retains significant resources for the distribution of news, and will remain a partner of choice for watchdog enterprises. However, the industry is no longer *essential* to the same degree for the future of watchdog news. Our belief is that investigative journalism will grow outside and in parallel with the industry, and build a new public, before it is widely reintegrated into the industry’s standard offerings as a central mission. (If we are wrong, and the news industry swiftly rebuilds its watchdog capacity, we will be delighted.)

We propose that *the relationship of journalists to their audience, and the value that is created for both, is undergoing a paradigm shift that will benefit watchdog journalism*. We put this forward as a hypothesis, and we test it through empirical evidence drawn from ongoing surveillance of watchdog news outlets. We acknowledge that this approach renders quantitative analysis impossible, but in any case, at present there is not a large enough sample of successful watchdog media to make any meaningful quantitative analysis, and those media are operating in different markets and contexts that make statistical comparison dubious.

Within those limits, we can still identify certain promising and potential practices, and certain underlying trends that are widening and deepening. The key features of the resultant paradigm shift include:

1. an evolution of professional ethics (and audience expectations) from objectivity to transparency;
2. the transformation of content from a product to a service;
3. a reorientation of market focus from “the public” to “the community.”

None of these features is entirely new:

- The emergence of the community of practice or interest as the essential audience has been visible in the growth of niche-specific magazine publishing since the 1970s, and was reinforced by the Internet beginning with the emergence of online bulletin boards and forums

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<sup>1</sup> We use these terms as synonyms, but they do imply differences in professional practice. Not all watchdog journalists are investigators, because investigators require skills (such as public records searching or intensive interviewing techniques) that watchdogs may not possess. However, all investigators are watchdogs, because a principal role of both is to protect public goods and values from those who would appropriate, corrupt or destroy them.

in the late 1980s and early 1990s. In 1997 it was estimated that 40% of all content on the Internet resided in forums. They remain a powerful and growing feature of the World Wide Web (Hunter and Soberman 2009). Likewise, niche magazine publishing has increasingly migrated to the Web. Recent research confirms the deep impact of demographics on audience structures: The markets for political and business news, and the markets for health and education news, are largely defined by gender (Hamilton 2003). We propose that besides demographics, practice and interest define audience segments, particularly in Internet communities.

- There is an ongoing revision of journalistic ethics toward greater transparency and less objectivity (symbolized in the recent abandonment of the term “objectivity” in the code of ethics of the US Society of Professional Journalists). This trend reflects a larger social movement, in which communities of practice and of attitude (toward issues or institutions) seek to coalesce and expand on the basis of explicitly stated objectives and values. It also recalls findings of classic research into the foundations of credibility, which identify honesty and expertise, rather than neutrality, as key components of trustworthiness (Hovland et al. 1953).
- Content, the traditional product of the news media, is progressively transmuting into a service – such as the defence of specific community interests, and the provision of solutions to their problems. In the era of objectivity, news media sought to offer information from which the viewer was expected to draw his or her own conclusions (Lewis 2006); more and more, viewers expect their preferred media to propose transformative action or experience and the means by which to accomplish it (as we will show in our examples below). Watchdog journalism can perform this service.
- The mutation of content into service also reflects the increasing difficulty of ensuring rents from content (which in more and more cases may be pirated), the fragmentation of web-based revenue streams, and free access to content via multiple channels (of which Google News is only one example). It parallels trends in the music industry, where live performance services which cannot be pirated to the same extent as recorded performances account for a growing share of artist revenues. It also parallels recent trends in the software industry, where the social benefits of participating in the open source movement far outweigh direct material benefits to participants. Payment for content is becoming harder to find, and payment for services based on content is becoming relatively easier to obtain.

What *is* new is the scope and scale of these trends, separately and in convergence, and the opportunities for watchdog journalism that they represent. Some – though not all – of the resulting value can be captured by the news industry. Much of it will be captured by other actors, at least in the short term. In the longer term, the news industry may re-absorb some of the innovations that are taking place outside it. This is speculation, of course. But it is based on the well-established principle that innovations within established enterprises tend to fail, because they are suffocated by existing structures and processes (Kotter 1995). It may not be coincidence that current innovations in journalism are happening more outside than inside the industry.

We begin with a brief analysis of the underlying causes of the news industry’s crisis. Then, we will outline distinctions between the emerging industry of stakeholder media and the news industry. We will show how the dynamics of the news industry are driving the growth and influence of stakeholder media. We will suggest throughout that stakeholder media

increasingly fit the model of a “disruptive technology” (Christensen 1997), which begins by answering the needs of market niches, then moves beyond these initial footholds to capture larger and larger shares of the overall market in a given industry. We will present evidence that already, stakeholder media represent a growing market for watchdog content. In the process we will consider specific examples of successful watchdog media. In each example, we focus on three possible levers that can move watchdog journalism forward from the crisis: content and services, processes and value creation. We will conclude with a discussion and strategic proposals.

## **I. The roots of the news industry’s crisis**

### **A. The vicious circle of capacity, content and credibility**

A consensus is taking shape on the causes of the crisis facing the news industry (see, for example, Gitlin 2009), focused on the following phenomena:

- **Leveraging and capacity reduction:** The transformation of the news media into financial vehicles, beginning in the 1990s, created new pressures on an industry whose economy was historically shaky. Shareholder demands for high profit margins, combined with high debt loads (the key factor in the recent bankruptcy of The Tribune Company), led to short-term management strategies that, as in other industries, required downsizing capacity. The two most evident results are a talent drain at the top of the industry (that is, experienced journalists who can sell their services elsewhere) and at the bottom, where there is increasingly less room for new hires. To take one example, with the exception of Norway, every European Union country is graduating approximately twice as many reporters from journalism schools as can be hired by the industry. In short, the industry is losing the competition for talent with other industries.
- **Devalued Content:** The decline of capacity feeds into a decline in value-added content – that is, content that can only be produced by skilled, motivated news workers. Increasingly, that content has been replaced by what Nick Davies (2008) calls “churnalism”, rewritten by decimated staffs from organisational press releases and dossiers. But the industry’s strategic choices may also play a role here. The apparent popularity of “people” journalism (beginning with the success of *People* magazine in the mid 1970s) is one such choice: As celebrity news multiplied, the overall industry first profited, then declined. There are at least two possible explanations here, which require further research beyond the scope of this paper. One explanation may be derived from media effects theory: If news consumers accept that what matters is what the news media consider worthy of attention, then the preponderance of celebrity journalism may indicate that the news industry’s other content matters less. A second explanation might be a loss of competitive differentiation between traditional news media and innovative content providers, such as free newspapers and Internet-based gossip and party sites, and celebrity-owned “official” websites. End users do not need to pay the news media any longer to tell them what celebrities are doing, and there is increasingly less other content to justify payment.
- **Declining Revenues:** The two historic revenue streams of the news industry are advertising and audience (in other words, access to eyeballs and payment for content). Both streams have declined for most news media in the OCDE countries, most spectacularly for network television and newspapers. This aspect of the crisis is less visible in Brazil, India and China, where the expansion of the middle class has been accompanied by intense competition

among news outlets for attractive content. It is nonetheless highly visible in economies where news is a mature industry. This trend began well before the current worldwide financial crisis, with the rise of competing content sources and advertising supports (notably through the Internet), but has greatly accelerated. As with leveraging, it has reinforced the downsizing of industry capacity, because the industry continues to reduce its talent base to protect margins. By the same token, the industry can no longer invest in innovative content to the same extent.

- **Lost credibility:** Even before the financial crisis began, the increased financial pressure on news media, their relatively weak share prices and their daily (declining but significant) cash flows made them choice targets for predators. By no coincidence the ownership base has largely changed character, from founder families to corporations whose roots are outside the news business. (An important exception is News Corp., which we'll return to in this article.) Not infrequently, these new owners used their properties to further their own social, political or commercial interests. That, in turn, has accentuated public suspicion of the impartiality and completeness of news coverage. At present in the United States, where these trends have advanced very quickly, 74 % of the public considers the news media as “influenced by powerful people and organisations compared with 20% who say they are pretty independent.” That represents a significant decline since 1985, when the respective numbers were 53% and 37%.<sup>2</sup> In France, 66% of the public currently believes that journalists are not “independent” of political or commercial powers in deciding what and how to report; as in the US, that percentage is increasing significantly.<sup>3</sup> If reliable information is the key value offered by the news industry, the industry has increasingly less value to offer, at least in the opinion of its end users. It is no coincidence that government or corporate subsidy is increasingly taking the place of consumer support at a growing number of news media<sup>4</sup>. But this will hardly resolve the fundamental problem of public rejection. On the contrary, it will further reinforce the growing impression that the news is created to fool its viewers.

This analysis of a vicious circle in which declining capacity, content, revenues and credibility drive each other leaves open the fundamental question: How can we break this cycle for the benefit of watchdog journalism? At first glance, content appears as the crucial lever: Better content, better presented and promoted, can recapture lost audience and help build a new one, while restoring the credibility of journalists. But that instinctive response on the part of most investigative reporters – who quite naturally see themselves as exemplary content creators – points ineluctably to the problem of capacity. Creating content, presenting and promoting it require capacity. And capacity is precisely what the news industry increasingly lacks. Before we consider how stakeholder media can help rebuild that capacity, let us briefly consider the rewards, monetary and otherwise, that watchdog journalism generates, and for whom it generates them.

## **B. The value and values of public service investigation**

The news industry was created to serve the immediate material interests of paying clients or paymasters. The first privately-owned news publications in the English language were

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<sup>2</sup> Pew Research Center for the People and the Press, “Press Accuracy Rating Hits Two Decade Low: Public Evaluations of the News Media: 1985-2009.” Via <http://people-press.org/report/543/>, accessed 13 Feb. 2010.

<sup>3</sup> TNS Sofres Logica, “Baromètre de confiance dans les medias”, 4-5 January 2010, p. 22. Via <http://www.la-croix.com/documents/doc.jsp?docId=2411474&rubId=47604>, accessed 13 Feb. 2010.

<sup>4</sup> In France, for example, government support of the media through advertising time and space purchases more than doubled in the past year to some 160 million euros.

“letters” offering information of commercial value to subscribers. In one form or another, such media still exist today, and their service is still to provide the end user with a competitive advantage.

In another sphere, the in-house media of labour unions or political parties sought (and still seek) to assure coherence of ideas and action among their members; the primary customer and beneficiary of their service is not the end viewer, but a given movement’s leadership. Likewise, the service provided by an official news outlet is to give the governing body’s justification of events, to reinforce the existing relationship of ruler to ruled.

Watchdog (or as it was initially known in the US, “crusading”) journalism proposed another service, value and target. Instead of targeting the welfare of a specific community – a party membership, a profession, a ruling elite – it aimed at the polity as a whole (Lewis 2006). Its value resided in creating a middle ground for debate in which certain facts must be taken into account so that the citizenry could arrive at a mutually acceptable vision of governance. To take a famous example, it is one thing to approve or disapprove of Richard Nixon’s policies, and another to acknowledge that the United States may be run by a felon. Certainly, the creation of this middle ground had commercial implications: The polity as a whole is a wider market than its separate partisan components (Schiller 1981), and media that visibly serve its interests may enjoy a better brand and user loyalty. But the primary user and beneficiary of the service thus performed, and of the value thus created, was the citizenry.

Let us note that the currency of watchdog media was never measured only in coins. It is also measured in influence and in privilege (starting with the astonishing privilege to ask any question one cares to ask, anytime, of anyone, and to publish the answers). Watchdog media, whether in the news industry or stakeholder media, create such value. The information they reveal redistributes power among their users, and makes them actors in that process.

Moreover, at different times and places watchdog journalism has also been financially profitable. For example, the weekly news magazine became a popular genre in the US in the early twentieth century thanks largely to investigative reports, and the most profitable television show in history was “60 Minutes”. The competition for survival that took place among competing American metropolitan dailies in the last decades of the twentieth century was decided partly by their capacity for watchdog reporting, which supported their brands. (Watergate greatly helped the Washington Post to bury the Washington Star.) Watchdog journalism can provide a winning competitive advantage in a given market if properly formatted and managed.

In the next section we argue that the best available means of increasing the capacity and resources available for watchdog journalism, and hence to capture more of its value, currently resides in stakeholder media. We will first define the principles by which they operate, and the implications of those values for investigative journalism. We will also argue that the news media are helping to grow this competitive sector, by using it, precisely, as a partial solution to the problem of shrinking capacity. In Section III we will look at examples of successful watchdog media and consider their business models from the standpoint of content, processes and revenues.

## **II. Stakeholder media and watchdog news**



## A. The nature of stakeholder media

Stakeholder media, as we use the term, reflect partisan or community interests concerned by a given subject. Their role is to serve, reflect and advance those interests, and in the process to defend and build their communities. They are hardly new. On the contrary, they are generally considered the more or less embarrassing legacy of the pre-history of journalism, when official or opposition powers used their captive media to sway or placate public opinion.

A realistic view of the history and present of journalism, however, suggests that a high proportion, if not a majority, of news media around the world are still directly or indirectly controlled by governments, corporations whose core business is not the news, or various opposition forces (such as political parties or trade unions). Their purpose is only indirectly to create a neutral ground for public debate. Their primary mission is to ensure that their communities of interest or practice are present (if not dominant) in the public space.

On and alongside this foundation, partisan and community media have steadily multiplied since the mass introduction of computer-assisted publishing in the early 1980s, followed by web publishing in the 1990s. At present stakeholder media may also include cause-driven activist print, radio or web-based media (Hunter 1997), financial analyst reports (Hunter et al. 2008) or specialised industry newsletters, online forums (Hunter and Soberman 2009, Chevalier and Mayzlin 2006), blogs and other formats.

It is important to note here that we do not include emerging “social” media like Twitter, LinkedIn or Facebook among stakeholder media, at least for the present. While these latter media are *used* by stakeholder groups, their main current function is to organise contacts and diffuse alerts. While they perform an increasingly valuable function in promoting watchdog news, their use as distributors of *detailed* watchdog information is less developed at the moment. Thus the much-remarked use of Twitter in youth protests in Iran was preceded and supported by the creation of stakeholder websites by opposition forces.

This paper is not the first time that we have discussed these trends and their possible impact on investigative reporting with colleagues and practitioners. Many find them upsetting. It can be argued that the rise of stakeholder media opens wide the doors to partisan abuse of the news, and closes doors to the creation of a “middle ground” for democratic discourse. The loss of that middle ground may also imply a loss of status for journalists, who have played a key role in defining and defending it.

The first answer to these concerns is that where the emergence of stakeholder media and the loss of credibility and publics for news media are concerned, we are not discussing abstract possibilities. The phenomena are visible, and real. A second answer is that there is no absolute or inevitable reason that the rise of stakeholder media will entail greater corruption and misuse of the news than is currently the case. Guido Palazzo (2010) and Palazzo and Scherer (2006) have argued the contrary. They suggest that the stupefying increase within the past decade of stakeholder media (notably through NGOs), and the concurrent, equally massive engagement of the business sector in public discourse have contributed to constructing a different kind of middle ground, based on shared values of legitimacy, verifiability and discourse.

It might also be suggested that stakeholder media can do no greater damage to the credibility of the news industry than its current ownership and management have done to themselves. Leading elements of the news industry are visibly migrating away from objectivity, or even neutrality in tone and content. Fox News is an obvious example, but there are others, like filmmaker Michael Moore and the Huffington Post (whose left-liberal take on the news attracts 9 million unique visitors per month, and is reported to have generated \$12-16 million in profit last year<sup>5</sup>), or Le Figaro, a major French daily whose owner is a weapons manufacturer and right-wing politician, and whose coverage of anything remotely Left has become increasingly shrill in recent years. On a content level, these providers have returned to the tradition of partisan media that defend and advance a given position. On a commercial level, they may represent more or less conscious attempts to capture a part of the public that no longer believes in the neutrality of the news industry.

In Fox's case, this strategy has been very profitable. The New York Times reports:

“At a time when the broadcast networks are struggling with diminishing audiences and profits in news... Fox News [is] the profit engine of the News Corporation. Fox News is believed to make more money than CNN, MSNBC and the evening newscasts of NBC, ABC and CBS combined. The division is on track to achieve \$700 million in operating profit this year, according to analyst estimates”.<sup>6</sup>

However, it is very possible that Fox's strategy will eventually erode its differentiation from stakeholder media, while legitimating their biases. That outcome may not be a long term advantage for Fox. Competition will shift to other grounds, and one of those grounds may be the richness and quality of the information provided. This is the precise area in which stakeholder media are building capacity, as we'll see later.

In short, rather than regard stakeholder media only as a threat, as the news industry has consistently done in the past decade, we may and must consider them as an opportunity. This is the jungle we are going to live in, and the jungle does not care whether we survive or not. *We do not have the option of deciding whether or not we will engage with this sector. We do have the option of deciding how, on what terms, and for what values, commercial and otherwise, we will be engaged.* To do so, we need to consider the values and processes by which they operate, and the extent to which they reflect our own. That is the next task of this paper.

## **B. Operating principles of stakeholder media: Community, transparency and action**

### 1. The community replaces “the public”

A key reason for the existence of stakeholder media resides in a given group's belief that its interests, perspectives and objectives are not sufficiently represented in news media or official media (including media created by organisations, such as advertising and “official” websites). Again, representing marginal or minority viewpoints was a traditional function of news media prior to the “objective” era, and remains evident in movements such as the Christian right in

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<sup>5</sup> See Mercedes Bunz, “Huffington Post and Politico set to make 2009 profit”. Via <http://www.guardian.co.uk/media/pda/2010/jan/04/huffington-post-politico-to-make-profit>

<sup>6</sup> See David Carr and Tim Arango, “A Fox Chief at the Pinnacle of Media and Politics,” New York Times, 10 Jan. 2010 (via nytimes.com).

the US (Diamond 1995) and in media like the Amsterdam News, a newspaper aimed at New York's African-American community. That tradition is expanding in new ways. France's extreme right party, the National Front, was the first political movement in the country to create its own website, and also launched a plethora of newspapers, newsletters and books, along with a radio station (Hunter 1997). Likewise, environmental news, typically covered by a single reporter within news organisations in the 1980s and 1990s, migrated to Web-based media operated mainly by activists. Communities of interest use Internet forums to provide support for product owners as well as agora for political, business or personal concerns. The goal here is not to create a "middle ground". The goal is to define issues of concern to the community, to address those concerns, and to offer solutions that can help current members and attract new ones.

## 2. Transparency supplants objectivity

The ethics of stakeholder media are not founded on objectivity or neutrality: Instead of "all the news that's fit to print", all the news and views that fit with their attitude or objectives, they print. Their key value is *transparency*: They expose their interests and motives. A second value is *expertise*. While there is indeed a lot of garbage on the Internet, as news industry spokespeople like to say, there is also a growing amount of information provided by experts who wish to be their own gatekeepers. A key feature of stakeholder media is content aimed at justifying that expertise, whether we are speaking of user forums where posters recount their careers and experience, or blogs whose owners promote themselves.

## 3. The past accompanies the present

Stakeholder media are typically interested in the past as well as the present, to a greater degree than most news reporters. A key function of stakeholder media in the Internet era is to archive documents and reports pertinent to the issues that interest them. (Similarly, investigative journalists explore the past in order to establish patterns of action and motivation that explain present events.) Daily news reporters are not indifferent to the past as a matter of principle, but they typically lack time and space to delve into the history of the events they cover.

## 4. Information leads to action

Most important, to a far greater degree than news media, the purpose of stakeholder media is to tell a given group of stakeholders not only what is worth thinking about, but also what they should or must *do*. These directives are not infrequently followed by action: Shareholders may buy, sell or hold a given stock in response to an analyst's report, or demonstrators may mass outside a government building because a union or an environmental movement has asked them to.

By the same token, users of stakeholder media are increasingly less interested in the sole denunciation of problems; in fact, these media exist precisely because their users are already aware that certain problems exist. (One does not search Google for greenpeace.org if one has no interest in environmental issues.) The information from which users derive the highest value points not only to problems, but to *solutions*. They may seek information to become wealthier, or more independent, or less alone, or to eat healthier food, or to take part in social or planetary change. Whatever the motive, they do not want *only* information. *They want to know its meaning – the story it tells – for their lives, and how they must act in consequence.*

Thus a major service function of watchdog media, and in particular stakeholder media, is to find and verify solutions of interest to the communities they serve.

On this and other grounds, stakeholder media more closely resemble watchdog journalism than does “objective” reporting. The core objective of watchdog journalism is to change the world, and that is not an objective enterprise; it proceeds from a subjective decision that the world needs to change (Hunter et al. 2009a). This is one of the reasons that investigative reporters within news media are often regarded with suspicion by superiors and colleagues. The news media seek to accurately represent the world, and to insightfully analyse it; however, changing the world is considered the viewer’s task. Investigative journalists, like stakeholder media, want the world to better reflect their values and objectives.

5. Summary: Differences between news and stakeholder media

The line between the news and stakeholder media is not absolute, and it is a moving line that can be muddied according to the commercial needs of an organisation (as in Fox News’ dubious claim that it offers “fair and balanced” journalism, instead of providing news tailored in tone and content to the American conservative Right). But we can distinguish some key characteristics that define each sector:

- News media, and especially news media *of record*, aspire to objectivity, fairness or balance; in contrast stakeholder media aspire to transparency concerning their goals and motives. The bias of the news media is toward neutrality, and the bias of stakeholder media is partisan.
- News media address the general public; stakeholder media address specific communities of interest.
- News media add value primarily through the provision of verified, exclusive information, preferably from primary sources. In contrast, while stakeholder media increasingly add value through aggregating primary source material and historic material, many add value primarily through the interpretation of other sources, including the news media.
- While news media seek to define what is worth knowing about in the present moment, stakeholder media seek to define appropriate future responses to events for their users.

These differences are summed up in Table 1 below. The more an organisation’s output resembles the right hand column of the table, the more it functions as a stakeholder media; the more its output coheres to the criteria in the center column, the more it can be considered an objective news media.

**Table 1: Comparison of news and stakeholder media characteristics**

<b>Media Type</b>	<b>News</b>	<b>Stakeholder</b>
<b>Professional attitude</b>	Objective/balanced	Transparent/advocacy
<b>Audience</b>	General public	Community of interest
<b>Value in content/tone</b>	Complete/neutral	Partial/partisan
<b>Function</b>	Tell what to think about	Tell what to do about it

<b>Information sourcing</b>	Mainly primary	Largely secondary
<b>Temporal focus</b>	Present	Past and future

### C. Why news media encourage the growth of stakeholder media

#### 1. Stakeholder media as prime sources of news and comment

Stakeholder media are dependent on the “gatekeepers” of news media neither to transmit their messages nor for those messages to be followed by effects (Hunter et al. 2008). However, news media are increasingly dependent on stakeholder media, as sources of information or opinion. In effect, news media are feeding the “disruptive technology” that is eating their audience.

The roots of this paradox are discernable. While objectivity is in decline, the ethical obligation for news media to provide “a fair and comprehensive account of events and issues” remains (Society of Professional Journalists 2009). Thus any event that is considered sufficiently newsworthy will lead professional reporters to seek comment and information from those who favour or denounce it. Of course, this does not mean that all voices will be given equal prominence. The articulateness of a source, the extent of his or her support among other stakeholders, his or her degree of expertise and legitimacy, and other factors may and do influence media choices of whom to quote and how much. Nonetheless, as a story grows in the news media, more and more actors will be cited.

Stakeholder media reinforce and profit from this mechanism in at least three ways:

- a. *Stakeholder media widen the number of sources available to overworked news reporters, and also make sources easier to find.* This trend confers more importance, and hence more prestige as actors, on specific stakeholders or groups of stakeholders. Their influence is augmented by their ability to discover stories in their communities that later become of general interest. For example, in one recent case, in which Yahoo! Inc. was attacked in France for allowing auctions of Nazi memorabilia on its US site, news media coverage of conflicts involving similar practices lagged coverage in stakeholder media (beginning with auction trade journals) by nine months (Le Menestrel et al., 2002).
- b. Stakeholder media typically increase the quantity of historical materials available to news reporters, as well as the ease with which these materials may be accessed (Hunter et al. 2009b). Thus news media more and more turn to stakeholder media in order to “background” their coverage.
- c. Though news media may in some – but hardly all – cases possess more expert and professional reporters and sources than stakeholder media, the latter currently possess more expertise and resources *within their base communities* than any given news organisation may separately muster to cover a pertinent situation. The decline of news industry capacity reinforces this trend: Stakeholder media within a given community can often respond in a more timely manner than the news media to any perturbation in the system that affects their interests, and may continue to respond after news media resources have been committed to another story (Hunter et al. 2008).

It can be objected that stakeholders who lie also have a good chance of being quoted, if they lie in a convincing or spectacular way. That is demonstrably true.<sup>7</sup> Just as obviously, this is not a viable long term strategy for watchdog journalists who take the facts seriously.

What *is* viable is to structure investigative enterprises as stakeholder media, or alternatively, as service providers to both news media *and* stakeholder media. These trends are underway, as we will now see.

## 2. Investigative outsourcing and the crisis of capacity in the news industry

Investigations that are properly promoted boost revenues. The Daily Telegraph affords a recent example: In 2009, its exposé of the abuse of Parliamentary expense reimbursements in the UK generated 1 million additional single-copy sales over a month. That example (and others we will present below) suggests strongly that to maximise return on watchdog investments, continuity is a key success factor. However, the news industry's crisis of capacity means that content which may be attractive to a significant portion of the public cannot be reliably and regularly produced within any given organisation. This issue has emerged even in major organisations, such as the Associated Press and Agence France Presse. It is also emerging within stakeholder groups such as Greenpeace, which is increasingly employing journalists to assist in its investigations and their narrativisation for its community and the general public. At present, this trend is supporting the emergence of non-profit investigative reporting foundations, whose development points to still-unrealised opportunities.

### a. Providing content to the news industry: Investigative NGOs

Independent organisations that provide investigative capacity to the news industry have become increasingly prominent in the past decade in the US and abroad. Though they refute the label “NGO”, precisely because they fear negative repercussions for their reputation as journalists, they do, in fact, resemble NGOs whose work is to extend and defend the public's “right to know.” Their key business model is the donor-driven non-profit foundation (Lewis 2006, Kaplan 2007, 2008). Besides publishing all or part of their content in their own websites, these organisations have developed various strategies for distributing their content to news media, using the industry as a customer, a collaborator, or a simple vehicle. Their strategies include:

#### i. Free provision of investigative reports to news organisations

The best example of this strategy may be the Center for Public Integrity (CPI), based in Washington. Its work focuses on major issues that have been neglected by the news industry (for example, the capture of water resources by multinational firms). Its reports are freely distributed to the news industry as well as online. Its success metrics include how many news media reprint or cite its reports, whether there is a legislative or regulatory response to its

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<sup>7</sup> One example is the “Swift boat veterans” whose unsubstantiated claims directly impacted the 2004 US presidential campaign. See [http://en.wikipedia.org/wiki/Swift\\_Vets\\_and\\_POWs\\_for\\_Truth](http://en.wikipedia.org/wiki/Swift_Vets_and_POWs_for_Truth) and the Columbia Journalism Review's close coverage of the phenomenon at <http://www.cjr.org/search.php?cx=002826800558238759205%3Aawmx8nk4zs1o&cof=FORID%3A11&ie=UTF-8&q=swift+boat&x=0&y=0#953>. Accessed 13 Feb. 2010.

charges, and professional recognition in the form of prizes. These outcomes demonstrate to donors the validity and excellence of the enterprise, enabling future grants.

ii. Free online distribution plus payment for services and content

The Center for Investigative Reporting (CIR) exemplifies a hybrid model that adds partner payments and production investments as revenue sources to public or private donations. Prominent partners include the Public Broadcasting System, whose “Frontline” news show pays CIR for contributions to programs, as do other media such as National Public Radio and newspapers such as the Los Angeles Times. It is worth noting that CIR has only one employee whose sole or principal responsibility is to expand this revenue stream, by selling content from CIR’s “California Watch” project (described more fully below) to newspapers and radio stations. Instead, its reporters and editors typically sell the CIR’s work through personal contacts in the news industry. In every case, the funds generated from staff members go straight to CIR. In the case of associates or those not on staff but under contract to CIR, they generally receive either all or a substantial portion of the fee.

The CIR currently estimates that about 20% of its operating funds come from such sales.<sup>8</sup> Content is distributed through ongoing partnerships with media outlets (listed on CIR’s website) or in the case of California Watch, on a story-by-story basis to individual news outlets. CIR does not sell its content directly to stakeholder media outlets. Services may also include speaking (or fees or expenses, training, and membership fees that provide access to databases or content (Kaplan 2007).

iii. Community funding

A different revenue model has appeared in Northern California and the UK, of which the most interesting examples include Spot.us. These enterprises function as clearinghouses that put journalists and end users together. They allow reporters to either undertake investigations for individual donors who propose a subject, or to propose a subject themselves and ask for donations. The sums involved are relatively small – from \$500 for individual reporters, to \$10,000 for larger inhouse projects, according to Spot.us founder David Cohn. However, these sums are sufficient in some cases to launch a project that may be sold to the news media for additional revenue, which Spot.us also does. Cohn remarks: “I never claim that this can replace old revenue streams. Sometimes what we raise is a drop in the bucket. But every drop helps.... This is something that must be done in conjunction with other models.”<sup>9</sup>

b. Content processes of investigative NGOS

Alongside these revenue models, investigative NGOs follow at least four distinct process models of content creation:

- **Aggregation:** Though aggregation of content has not yet been widely applied in watchdog journalism, an important exception is the Organised Crime and Corruption Reporting Project (OCCRP), a consortium of investigative journalism NGOs, independent reporters and non-profits like the Center for Public Integrity. Besides conducting its own investigations, the OCCRP aggregates news on organised crime from around the world. It is

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<sup>8</sup> My thanks to Mark Schapiro of CIR for guiding me to the organisation’s public disclosures and discussing their meaning.

<sup>9</sup> Private communication, 9 Feb. 2010.

thus among the best open sources for ongoing coverage of a major global issue.<sup>10</sup> The revenue model is grant-driven, mainly by the United Nations Democracy Fund and the US Agency for International Development. It would be interesting to see if a similar project could operate on a commercial basis, for example by monetising a global audience of true crime fans, law enforcement workers and criminologists.

- **Global or regional collaboration:** A strategy pioneered by the CPI and the International Consortium of Investigative Journalists -- a network of 100 leading investigative reporters in 50 countries -- centres on global collaborative projects on subjects of national or trans-national interest. (Such projects are currently beyond the internal capacity of any but the largest news industry organisations, and the record of collaboration *between* such organisations remains scanty.) Journalists who participate are paid a fee, and the CPI manages the project and finalises and releases the content for free distribution. Similar projects are emerging on a smaller scale. The Investigative Reporters Network Europe (IRENE) identifies trans-national themes, composes a basic story in one national language, then completes the story with local content, and sells the package to news media at competitive freelance rates. A third example, Journalismfund.eu, launched in 2008 as a project of the Pascal Decroos Fund and with grants from the Fritt Ord Foundation in Norway and the Open Society Institute's Media Program, gives research grants to small teams of journalists from various media. RRecently the first such team completed its project, a trans-national investigation of slave labour in Eastern Europe. Distribution of the story was done initially through the newspapers of the participating journalists, and was free online in English<sup>11</sup>. Since the publication of the initial research, Western European reporters have been picking up the story, in particular concerning clients (such as restaurants or supermarkets) of the products generated by slave workers on farms. We believe that for such projects to attain maximum impact and sustainability, such angles should be integrated into marketing plans for the finished content. We will say more about how such marketing could work in our discussion.

- **Localisation:** The decline of content and capacity in national-level news media is even more dramatic in local media, where low salaries and conflicts of interest that restrict coverage encourage talent to migrate. That raises the possibility that a substantial portion of the public might support better (or simply different) news if it were available. The most interesting current experiment along these lines may be CIR's "California Watch", which focuses on state-level news. California Watch's launch closely followed the implosion of the Los Angeles Times, whose parent Tribune Company declared bankruptcy at the peak of the financial crisis. The revenue model, again, is foundation-driven, at least in the start-up phase. However, California Watch also derives revenue by selling specific stories to a network of some two dozen news media within the state, who pay fees ranging from \$250 to \$50 per story. In other words, it is beginning to act as a news agency that provides value-added content beyond the capacity of existing agencies. A key remaining question is the size of the locality that is necessary to support such an initiative. Another is the extent to which this model can be applied in regions with structural obstacles, such as impoverished or corrupt dominant news media or language barriers.

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<sup>10</sup> David Kaplan notes that the Terrorism, Transnational Crime and Corruption Center (TRaCCC) at George Mason University is also an excellent source for this kind of content. See <http://policy-tracc.gmu.edu/>. The TraCCC has made no visible effort to monetise its work; it is an excellent example of a watchdog media outside the news business.

<sup>11</sup> See <http://www.balkaninsight.com/en/main/investigations/24725/>



- **From “blockbusters” to beats:** In all the enterprises described above, the overall strategy has been to identify major, long form stories. However, they have been less successful in generating continuing coverage of specific issues, in part because the underlying revenue model depends on grants for projects or payment for specific stories, and in part because it is difficult to maintain such coalitions of journalists in the absence of joint distribution outlets. Exceptions include Pro Publica, which at this writing regularly covers a half-dozen subjects alone or in partnership with news outlets (such as the Federal bailouts following the financial crisis, or police abuses in New Orleans during and after Katrina).

CIR, too, is moving steadily from a project-based approach centred on specific stories to ongoing coverage of major issues. For example, the organisation regularly reveals fresh information on unknown aspects of the war in Iraq, and maintains a “carbon watch” on issues related to climate change. In other words, CIR leverages its cumulative experience on particular issues to create expertise and resources for further work. Its process here is worth noting: As a given story moves across different media platforms (i.e., from print to radio or television) its content steadily expands. However, this innovation is largely due to the work of individual reporters with long experience in certain sectors. We will return to this subject in our discussion.

- c. The key strategic weakness: Low capacity for innovation in distribution

All of the above enterprises have innovated in investigative processes. *None of the above organisations has invested or innovated to the same extent in developing a network of outlets, end users or communities that will pay for their content.* The obvious reason is that they are mainly created by journalists who lack resources to reinvent the distribution of their work while they are doing it. They are thus reliant for critical resources on a news industry whose own capacity and diffusion are shrinking. We will also return to this point and possible alternative strategies in our discussion.

### III. Examples of innovative watchdog media

The growing number of organisations that produce their own media, and the growing competition for their viewers’ attention, create a demand for value-added content. That demand can be captured by either news media or stakeholder media, on the condition that their capacity and processes are adequate. In this section we consider stakeholder and news media that have surmounted this challenge in different ways.

#### A. Kaas og Mulvad<sup>12</sup>: Semi-finished content for stakeholder groups.

Stakeholder media often lack capacity even more cruelly than do the news media, and the function of Kaas og Mulvad, a for-profit Danish corporation, is to provide it. The firm originated in 2007 as a spinoff of the non-profit Danish Institute for Computer-Assisted Reporting (Dicar), which sold investigative reports to media and trained journalists in data analysis. Its founders, Tommy Kaas and Nils Mulvad, were previously reporters in the news industry. Their new firm offers what they call “data plus journalistic insight” to stakeholder media, which finalise the content and distribute it to news media, as well as through their own media. Direct clients include government institutions, PR firms, labour unions and NGOs such as EU Transparency and the World Wildlife Fund. The NGO work includes monitoring

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<sup>12</sup> Material on Kaas og Mulvad is based on an interview with the founders in Copenhagen, 7 Nov. 2009.

farm and fishery subsidies, and regular updates on EU lobbyist activities generated through “scraping” of pertinent websites. Indirect clients include foundations that fund NGO projects. The firm also works with the news industry: A tabloid newspaper purchased a celebrity monitoring service.

### 1. Processes: Innovative IT plus analysis

The firm undertakes about 100 projects per year, ranging in duration from a few hours to a few months. It also continuously invests in projects that expand its capacity and offerings. The celebrity monitoring service was one such experiment. Another involved scraping the Internet for news of home foreclosures and creating maps of the events. The partners say that their first criteria for projects is whether they enjoy the work and learn from it; markets are sought after a new service is defined. They make it clear that in the news industry, they found it difficult to develop new methods and new business. Comments Mulvad:

“We have no editors or bosses to decide which projects we can do, which software or hardware we can buy. We can buy the tools according to project needs – like the best solutions for text scraping and mining. Our goal is to be cutting edge in these areas. We try to get customers who are willing to pay, or if the project is fun we do it for a lower charge.”

### 2. Value created: Personal and firm brands and revenue

Turnover in 2009 was approximately 2.5 million Danish kroner, or € 336,000. The firm also sustains the partners’ reputations as cutting edge journalists, which maintains demand for their teaching and speaking services. Their public appearances, in turn, support the firm’s brand.

### 3. Key insights of this example

- The news industry’s crisis of declining capacity is also a crisis of *under-utilisation* of capacity. Kaas and Mulvad had to leave the news industry to do work they valued, and that pays. Nothing prevented a news organisation from capturing that value.
- In at least some markets, there exists a profitable market for semi-finished content that serves the interests of stakeholder groups.
- However, this opportunity raises the issue of how much control journalists can exercise over the presentation and use of their work by third parties. We recall that this issue already exists within the news industry (where editors can impose changes on a journalist’s product), and it has existed within other media industries (such as the film industry, where conflicts between directors and studios over “final cuts” are hardly rare). It is not a particular moral hazard of stakeholder media.
- From a revenue standpoint, a single product or service is not enough. Successful watchdog enterprises would do better to take a portfolio approach, in which consulting, teaching, speaking and other services bring in extra revenue, support the watchdog brand, and enrich the lifestyle of the operators.

## **B. Independence as a commercial asset: The case of Le Canard enchaîné**

Among the legacies of the Watergate era in the United States was the conviction that watchdog journalism is a cost, not an asset. Investigations are considered expensive, highly risky and uncertain projects. Part of this belief is based on the fact that journalistic production processes are generally inefficient. Another issue, less explicit and thus more difficult to refute, was the perception that “adversarial” journalism involved permanent conflict with other power centers and institutions, and thus higher risks for media businesses. Conversely, the *Canard enchaîné* demonstrates that well-run watchdog media can be profitable by building a brand based on independence. It is an independently owned (by its staff) and financed weekly newspaper. It is worth noting that the weekly format has played a major role in innovation in the news industry, in particular in the 1970s and 1980s, when “alternative” weeklies flourished to provide new communities of readers with content that matched their attitudes and lifestyle. The decline of the news industry may re-open space for such formats in different media, with a more or less stakeholder orientation.

Created in 1915 in protest against wartime censorship in France, the *Canard* was a satirical journal, and only in the mid-1970s did the paper begin focusing on investigative reporting. It is worth underlining that at the time, the phrase “French investigative journalism” was considered a contradiction in terms. By the early 1990s, the *Canard* was locked in competition with *Le Monde*, France’s newspaper of record, for leadership of the genre in France. *Le Monde*’s mishandling of the landmark Contaminated Blood Affair (Hunter 1997a) marked the beginning of the *Canard*’s uncontested superiority. Simultaneously, a change in *Le Monde*’s ownership and management structure coincided with the erosion of its image of independence (Péan and Cohen 2003).

#### 1. Content and services: Defending the powerless, embarrassing the powerful

The *Canard*, an eight-page weekly tabloid, places investigative reports literally at the core of its format. Pages three and four offer 300-1000 word investigative features based on original reporting. Interestingly, little of the paper’s other content is investigative. The front page consists mainly of barbed commentary supported by open source information that other media have neglected. The second page compiles short vignettes relying mainly on anonymous sources and chronicling unguarded moments of France’s political and business elites. Pages five and six consist of arts reviews (film, books, opera and theatre) and critiques of other news media. The latter feature is highly significant: The *Canard* regularly calls attention to high-quality journalism produced by other media, and also reveals the compromises of other media with the power elite. It thus performs the service of helping its readers to interpret the news, while underlining its status as the standard-setter of the industry in France. Page seven is dominated by a portrait of a member of the power elite, while page eight provides a mix of humorous and investigative briefs.

Throughout the format, two key communities are described: France’s power elites (in business, politics and media) and their opponents (rivals, activists, or victims). The paper can be read as an insider’s guide to power struggles, and as an outsider’s guide to insiders. In other words, its community of readers consists of those who want to know how power works in France. The journal renders two key services to those readers. For insiders, it offers information that can be used to embarrass or obstruct other insiders. For outsiders, it offers indirect and direct support in their conflicts with the elite. Besides exposés of corruption, a regular column details abuses of citizens by corporations and administrations; in many of

these anecdotes, the Canard reports that its intervention encouraged the administration to revise its position.

The Canard portrays a world in which possessing power requires its misuse. There is a counter-cyclical business strategy implicit in this stance. A watchdog media in permanent opposition to power cannot run out of subjects when its “friends” arrive in office. Le Monde found itself in precisely that trap in 1981, when the election of François Mitterrand as France’s president, long and strongly supported by the newspaper, resulted in a steep slide in circulation. It was reversed only when the daily undertook sustained and aggressive investigation of Mitterrand’s government. However, beginning in the early 1990s, Le Monde’s inability to sustain its investigative capacity and the visible corruption of certain features (notably the medical and culture pages) contributed to a renewed decline (Péan and Cohen 2003).

## 2. Processes: Investigative innovation plus stylistic outsourcing

Commentary and rumour, key elements of the Canard, are widely present in the French media. What distinguishes the Canard is the use of investigation to lend an aura of validity to the rest of the content. Its investigative reporting encourages readers to assume that material which might be corrupted by personal or firm-level agendas – for example, the use of “criticism” to promote one’s friends and oneself is a very widespread practice in France – are likewise independent and trustworthy.

To support this matrix, the Canard consistently innovates in reporting techniques, at least by French standards. Its competitors rely principally on reports that are released by officials or stakeholders and on interviews with newsmakers or experts to fill their formats. The Canard uses these materials, but reads them more closely and supplements them with background on official procedures that exposes the underlying strategies (for example, in showing how the opinion of an obscure prosecutor can be used to terminate judicial action against a corrupt official). The journal actively seeks information from cadaster offices (to document the property of officials), scientific journals, and other open but under-exploited sources. It has also used computer-assisted reporting methods, notably in order to document electoral fraud in Paris. Some of these techniques have been employed by its competitors, but none on a regular basis.

Besides a team of expert staff reporters, the Canard maintains a network of informers who are paid for bits of information that are used in the journal. It also employs a writer who restyles practically all the contents in the Canard’s satirical style. Both of these features reduce the workload on the journal’s reporters.

## 3. Value created: A profitable enterprise

The Canard is a highly profitable enterprise. In 2008, the last year for which it published accounts,<sup>13</sup> the weekly generated 7.88 M€ in net profit on 34 M€ in revenues, a net margin of 23 %. (The previous year’s net was 6.24 M€ on 31.64 M€ in sales. The journal says that these profits are kept in reserve to guarantee its independence.) All its revenues are derived from circulation (536,000 copies sold on newsstands or by subscription) and its occasional

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<sup>13</sup> Anon., “Les Comptes du Canard en 2008.” Le Canard enchaîné, 16 Sept. 2009.

special edition “dossiers” (which sell an average of 84,000 copies). None of the Canard’s contents are available on Internet.

#### 4. Insights into making investigation profitable from the Canard’s example

The Canard’s success and the contrast with Le Monde suggest that:

- News media can successfully use watchdog journalism to build a brand based on independence, and there is a market for independent media.
- Style is also information, and it can reinforce or subvert other information in a format. The Canard’s satirical tone underlines its lack of obedience toward its subjects.
- The “middle ground” sought by news media, to be consistently successful, cannot be a neutral ground. *Success in the middle ground depends on a highly critical attitude toward power. Outsiders are a larger market than insiders.*
- Investigative content alone is insufficient, if other features of the format do not reinforce the image of independence. *This suggests that the standard industry practice of creating investigative units, or “I-teams”, within editorial staffs is a less than optimal strategy. An I-team makes perfect sense from a project standpoint, where the goal is to produce blockbuster stories. It does not make as much sense if the goal is to upgrade capacity and enrich content across the format.*
- From a process standpoint, non-investigative critical features are also key, because they relieve the pressure on investigative production.

#### **C. Consumer watchdogs: an overview and the modest case of Radins.com**

The largest community in any given market is the consumer community, because almost everyone buys things. In a globalised world they buy many of the same things, regardless of where they live. Whereas electoral politics are inherently local, and bounded by history and geography, consumer issues are increasingly trans-national. The power of consumers is to decide how to spend their money, and consumer journalism can affect that. In the process it can perform a number of important services: Helping consumers to save money, to feel better about how what they buy is made and sold, etc.

From the outset of the genre, consumer journalism developed most powerfully among media *outside* the news industry. The first major work in the field was Upton Sinclair’s novel, “The Jungle” (1906), which denounced the US meat industry. Activist Ralph Nader’s exposé of irresponsible design and manufacturing processes among Detroit’s automakers, “Unsafe at Any Speed” (1965), launched a national scandal in the US. In France, the leading force in consumer journalism is a federation of NGOs, UFC-Que Choisir, whose investigations drive legislative responses. In any country we know of, the role of activist stakeholders remains central to the genre. NGOs are increasingly driving investigations into industries ranging from textiles to foodstuffs, by furnishing either raw information or finished reports to the news industry. A second major force is emerging from Internet forums, where product user reviews are playing a demonstrable role in purchase decisions for global consumers (Hunter and Soberman 2009).

Both of these forces are proliferating in part because news media (including magazines, newspapers or broadcast) do not provide sufficiently detailed critical information about a wide range of products, either because they lack the capacity or wish not to offend advertisers. In any case, an audience clearly exists; if it did not, neither would phenomena like user forums.

For all these reasons, media aimed at consumer communities represent a growing potential market for watchdog journalists. By no coincidence, a consumer focus is becoming a standard feature of investigative reports. The above-cited investigation of slave labour on Eastern European farms includes identification of supermarkets and restaurants in Western Europe that use the products. The independent Danish filmmaker Tom Heinemann<sup>14</sup> has built a reputation and client base in broadcast and cable TV by demonstrating the link between unfair labour practices in Asia and cheap products in Europe.

The example below outlines an independent media that uses service to consumers to build a community, and to monetise it. Some readers may question whether it is a watchdog enterprise, because it is not founded or operated by journalists. We suggest that journalists may benefit from considering how non-journalists are creating new opportunities.

#### 1. Content: Making life cheaper but better

Radins.com's owner<sup>15</sup> proclaims a simple mission: "to make you discover everything that's free on the web." The core material of the site consists of aggregated promotional offers. The value added, the owner and editor in chief tells his visitors, is that "I spend a lot of time testing all these offers – and you will only find on radins.com those that are of excellent quality." In short, the watchdog service resides in verifying commercial claims.

A second service is to aggregate user-generated content. At any given moment several thousand tips are available on the site, and a large percentage are provided by visitors. The owner refers to them as his "community," and urges them to contribute.

#### 2. Processes: The distributed newsroom

Radins.com's chief process innovation is a distributed newsroom. The six collaborators rarely occupy the same space; they work at home and communicate by email and telephone. This eliminates one of the major costs of most media enterprises. Reliance on user-generated content also reduces search costs for valuable tips. Promotion of the site has been almost entirely viral: Users recommend radins.com to other users.

#### 3. Value created: Salaries plus lifestyle

The site attracts about one million unique visitors each month. Revenues from advertising and sponsorship have grown from 47,000 euros in 2002 to some 360,000 euros last year. *The owner and employees also benefit directly from the free offers that they test and share with their visitors.*

#### 4. Points of general value to watchdog media

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<sup>14</sup> See <http://www.heinemann-media.dk/english/index.html>

<sup>15</sup> Material on radins.com is drawn from review of the site, from the company's legally-required annual disclosures to the official Tribunal de Commerce, and from an interview with the owner and founder.

- Stakeholder media may create communities, rather than simply targeting them.
- Humble goals are worthy if well achieved.
- For a community-building strategy to succeed, the creator of the enterprise must share the goals and activities of the community. Credibility and expertise depend on that identification with the audience.
- Through its community, a stakeholder media may derive value that is not directly monetised. We will return to this point in our discussion of value creation.

#### **D. Serving the cause: Greenpeace and environmentalist stakeholder media**

The growth of the environmental movement has paralleled and fuelled the growth of stakeholder media. By the late 1990s, the foundations of a *de facto* environmental news industry existed in a linked network of activist groups, online forums and websites that regularly exchanged information and reports. The chief functions of the network at that point were as much social as informational: Its members sought mainly to exist in the public space, and to build a community based on environmentalist values. Part of their content consisted of reporting their own activities and aggregating information from across the network. Another part consisted of proposing action to their viewers, such as donating to the cause or participating in campaigns through demonstrations and letters to legislators and regulators.

All of these features are still visible in the network, but certain actors have gone further, to become sources and drivers of investigative reports. In part this is a response to the news industry's lack of capacity; even major newspapers or broadcast outlets rarely employ more than one environmental reporter, and those reporters operate on budgets that make it very difficult to pursue stories over time and geographical distance. In contrast, major environmental groups are present in numerous regions of the globe. While they are dependent on volunteers for a large share of their workload, they also employ lawyers, lobbyists and scientists who can efficiently search for information in their fields. They are thus aware of at least some significant stories well before even major news media consider them newsworthy, and they possess sufficient capacity to develop at least some of them.

##### 1. Content: Greenpeace as an investigative news agency

Some environmental groups, and notably Greenpeace, are now extending their investigative and journalistic capacity. This is a step change in Greenpeace's previous (and ongoing) relationship to the news industry, in which the organisation functioned as a subject of news stories about its actions and as a source of opinion or data. Like the investigative NGOs described above, Greenpeace operates increasingly as an auxiliary of the news industry, which is effectively outsourcing coverage of global environmental issues. Like investigative NGOs, the success of this strategy depends on generating stories that meet professional standards of veracity (as opposed to providing opinions). It is being driven not only by the organisation's desire to become more newsworthy and influential, but also by the fact that the rising stakes of the environmental debate are making conflict among opposing interests more violent. In other words, Greenpeace has been forced to defend itself, and investigative reporting is a legal and powerful weapon.

A key series of events in Greenpeace's evolution into an investigative organisation began in 2003, when a NGO funded principally by ExxonMobil Public Interest Watch, asked the IRS to audit Greenpeace for alleged misdeeds including money-laundering.<sup>16</sup> Following the audit, Greenpeace created a special project which tracked ExxonMobil's funding of groups and individuals opposed to climate change action. In 2007, Greenpeace reported that Exxon Mobil was spending \$2.1 million annually to finance such organisations. The revelation generated significant news and stakeholder media coverage (not least by Greenpeace itself),<sup>17</sup> and it also led to a Congressional investigation of Exxon's anti-climate activism.<sup>18</sup> Nearly all the information in this report was drawn from ExxonMobil's public disclosures to shareholders and the Securities Exchange Commission. In short, it was a classic piece of watchdog reporting.

The first destination of Greenpeace's stories is the NGO's website, which features a section of "international news" on the homepage. Stories are presented as one-paragraph "teasers", followed by three services for viewers: "read more" (ie, additional information), "donate", or "take action" (in other words, participate in solutions).

Those who decide to read more are exposed to highly partisan framings of current events, coupled with self-promotion for Greenpeace, as in this example: "The French nuclear industry seems to think it's fair to ship nuclear waste to Russia and then forget about it. They think that keeping the waste away from the French public will protect their glossy image. Not as long as Greenpeace is around."<sup>19</sup> Let's stay with this example, which provides general insight into Greenpeace's formatting. Further down in the story, viewers are offered documentation of its claims and contradiction of its opponents' claims:

"The French nuclear companies AREVA and EDF claim there is nothing wrong with these transports, that the material is not waste but a resource that will be processed in Russia, and returned to France as fuel. Unfortunately that's just not the case. Since 2006, 33,000 tonnes of uranium have been exported to Russia (including 23,540 tonnes of depleted uranium), while only 3090 tonnes of uranium made the opposite trip. 30,000 tonnes of waste has been abandoned in Russia. This is in direct contradiction with both the French law and the European Union directive, which prohibits the export and import of hazardous wastes. If you read French there's a full report on this available [here](#)."

The report also refers to archival materials that establish a pattern of responsibility:

"If this behaviour sounds familiar, it should. AREVA is an expert in the business of running a dirty business and leaving the waste far away. Whether it's dumping uranium in Siberia or mining uranium in Niger they've made sure the problems of the nuclear industry are kept well away from France."

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<sup>16</sup> The incident is documented at [http://www.sourcewatch.org/index.php?title=Public\\_Interest\\_Watch#PIW\\_Campaign\\_Against\\_Greenpeace](http://www.sourcewatch.org/index.php?title=Public_Interest_Watch#PIW_Campaign_Against_Greenpeace), accessed 3 Nov. 2009.

<sup>17</sup> "Did a Group Financed by Exxon Prompt IRS to Audit Greenpeace?" The Wall Street Journal, 21 March 2006.

<sup>18</sup> Ian Talley, "Congress Panel Queries Exxon On Funds To Climate Skeptics". Dow Jones Commodities Service, 18 May 2007.

<sup>19</sup> Anon., "Russia is not Areva's trash can." At <http://www.greenpeace.org/international/news/russia-is-not-areva-s-nuclear>, accessed 27 Jan. 2010.



This tone would not be acceptable by news industry standards, except as a source quotation. It is perfectly acceptable by stakeholder media standards, because stakeholders exist precisely and transparently to further specific goals.

## 2. Processes: Inhouse investigation, outsourced narrativisation

Greenpeace maintains a research department at its headquarters in Amsterdam, whose functions are to undertake investigations pertinent to the NGO's campaigns, to coordinate information gathering among its national and regional bureaus, and to train managers and volunteers in investigative techniques. Increasingly, the organisation also employs journalists at competitive rates (by news industry standards, which according to the US Bureau of Labor Statistic are the lowest for any white collar profession). The role of the journalists is not only or mainly to uncover information, but to help Greenpeace frame it as a story.

## 3. Value created: Internal influence, external mobilisation

Greenpeace's first and primary competitors are other NGOs that appeal to the public for donations. To the extent that Greenpeace demonstrates its expertise and influence, it has a greater chance of attracting donor funds. Its influence as a lobbying organization is directly dependent on the quality of the information it brings to a debate, of its ability to embarrass opponents by exposing their claims as false, and on the extent of its public support. Internally, influence within the organization depends on the ability to organize and execute successful campaigns. Campaign managers need actionable information to sell their projects internally and externally.

We suggested above that a key value for viewers of stakeholder media resides in learning about solutions and how they can participate in them. It is worth reprinting the full list of actions that Greenpeace proposes under the heading "Get Involved". Note that of 11 options, two involve donations, seven involve participating more or less directly in Greenpeace campaigns, and two involve actions that can be taken *outside* Greenpeace.

- \* Make a donation
- \* Volunteer
- \* Join one of our ships
- \* Become an online activist
- \* Make your life a little greener
- \* Post our Take Action feed on your blog or website!
- \* Post our sign-up form on your blog or website!
- \* Warn India against GE rice
- \* Support Dimas against GMOs
- \* You don't have to join us to join us
- \* Leaving your legacy

The value created for viewers here begins with participation in a community that shares their concerns about the environment. That participation may include shared adventures – occupation of official or industrial sites, for example – that create strong bonds. For other viewers, participation may be financial, or expressed through lifestyle changes that Greenpeace suggests. From all these perspectives Greenpeace offers visitors the sense that they are helping to do something about grave issues. Very few news media can make that claim, and that may be one reason that many are losing their audience.

#### 4. Key lessons of Greenpeace's example

- A stakeholder stance does not necessarily negatively impact the quality of investigation in terms of the information that is collected. It *does* affect the style within which the information is contained. That style may exclude part of the wider audience, but it attracts another part.
- Volunteers are capable of assuming some investigative tasks currently carried out by professionals in the news industry.
- Communities will contribute materially to stakeholder media that defend their values and provide actionable solutions to issues that concern them.
- The decline of credibility in news media creates a need for information that viewers can trust, and transparency creates at least as much trust as the battered claim of objectivity at present. The argument that stakeholder media add to confusion by multiplying strident voices is no doubt at least partly true; however, at another level they may *reduce* viewer confusion, by making clear their objectives, sources and attitudes.
- Stakeholder media can be regarded as news makers, as content providers, and as markets for investigative services. It is worth noting that in some markets, notably those where democratic institutions are still being constructed, journalists are obliged to function as advocates for press freedom, as well as allies of NGOs and advocacy groups.<sup>20</sup> This might not make sense to journalists and media managers trained in the canons of objectivity. It does make sense when there is no middle ground in society where objective media can thrive.

### IV. Discussion: Strategies for the growth of watchdog media

#### A. Overview: Content, capacity and community

We suggested above that the future of investigative reporting depends above all on capacity, content and communities. Three points implicit in our examples must be emphasized:

- The content is not only information, but services. The key service is to empower viewers by offering them viable solutions for the issues that concern them. The emerging role of watchdog journalists is not only to denounce problems, but to explore and verify those solutions.
- The communities are not merely markets, but participants who contribute information and solutions, as well as ideas for product development, and in some cases material resources. They may already exist, or they can be attracted to media that address their needs. Their loyalty depends not only on the quality of the media, but on the perception that whoever operates it is also part of the community.
- The community also provides capacity – through user-generated content, most obviously, but also in ways that we are only beginning to explore, including promotion (viral and otherwise) and distribution. We will focus particularly on distribution below.

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<sup>20</sup> This is the case in Romania, according to Stefan Candea.

## **B. Processes: The Achilles' Heel of watchdog journalism**

### 1. The need for more efficient investigative processes

Stakeholder media that undertake watchdog services have no future if they cannot perform those services more efficiently, effectively and at lower cost than the news industry. That is true whether their market is other stakeholder groups or news media. If these customers can build or rebuild investigative capacity at less cost than is required to outsource it, they will do so. Anyone who has worked in the news industry knows that its processes are very inefficient, especially where investigation is concerned:

- Project approvals require advance research, and the time spent on that research is wasted if the project is not approved. More efficient project identification could save part of that key resource.
- Since most investigative reporters are relatively young and inexperienced, they spend more time than is necessary on a number of tasks. Some of those tasks could be performed by other personnel (for example, writing or some research tasks). This would require more senior personnel to coordinate and/or train others, and in particular to instruct them in how to frame issues and tell stories, so that research serves to both support and test an investigation's conclusions.<sup>21</sup> Such delegation is not uncommon in larger organisations, but it is going to be an increasingly essential aspect of any growth strategy that includes retaining talented personnel.
- Quality control suffers from errors of organisation committed early in investigations. Because most editors have little experience of investigation, they cannot resolve those problems, let alone streamline the overall process.
- The focus on blockbuster stories and the organisation of investigations by individuals or self-contained units that develop their own processes results in archives that are both rich and wasted, since no one ever consults them again.

This is only a partial list, but it gives the overall flavour. It also suggests that stakeholder media modelled closely on existing news media are predisposed to failure. We need more research into our processes, and the obvious place to get it done is university journalism departments and business schools. The value for scholars will be to generate case studies and papers that will advance their careers. The value for us will be to better understand what we are doing, and how to improve it. Stefan Candea of the Romanian Centre for Investigative Journalism suggests that such collaboration must go further than process analysis, particularly in developing economies:

“There is no R&D for the media industry (I am referring to Romania and to the region). Actually the university has no connection whatsoever with the industry, because the industry doesn't want that. Innovation on business models has to be done outside the media companies, or at least outside the decision structure of the media companies, because there are dual interests and hidden agenda at that level (going back to who pays

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<sup>21</sup> Our thanks to Mark Schapiro of CIR for underlining this point.

for the media services if not the reader – in most of the cases it is a local oligarch who pays, and he has his own agenda).”

It was only recently that investigative reporting was regarded as a skill that can be codified into a method and taught. The first purpose-built manual to meet this need was written by a team from the Global Investigative Journalism Network (including one of the co-authors of this article) and published by UNESCO in 2009.<sup>22</sup> One of the goals of the manual was to establish an intuitive common language for editors and reporters. Another was to indicate project milestones and checkpoints, as well as processes for organisation, composition and quality control. We do not pretend that this manual is the best or only method for investigative reporting processes that does or will exist. More such research is needed.

## 2. Reducing the costs of watchdog reporting

One of the insights of “Blue Ocean” strategic theory (Kim and Mauborgne 2005) is that the reshaping of processes to eliminate unnecessary costs is key to competitive advantage. (For example, one may have a successful circus without star performers or animals, if one imagines a different kind of show.) In the examples we cited in this article, Blue Ocean thinking includes asking whether a newsroom is really necessary in the age of distributed collaboration; or combining the talents of volunteers, a reporter and a stylist to produce unique content, rather than looking for star reporters who do it all; or devising cost-effective ways to aggregate, analyse and refine content.

We still have room for progress in all three of these areas, and in particular, where cost-effective ways of adding value to content are concerned. Scraping is one of those ways. Collecting and verifying user-generated content is another. Both extend the information base of a media far beyond what reporters can accomplish on their own. Neither has been deeply explored by either news or stakeholder media, with exceptions like Kaas og Mulvad. Nor has aggregation been coupled with critical analysis to anywhere near the extent that current tools make possible, with some exceptions that are mainly outside the news industry. These will hardly be the last innovations that can increase our capacity while lowering costs. To profit from them, however, we will need to take a step back from our focus on *stories*, and spend more time understanding our existing processes, with an eye to eliminating the parts that add little or no value.

## 3. Transforming distribution

The distribution of watchdog news is hardly optimal in terms of either building a brand or meeting audience expectations. The news industry’s current distribution strategy for investigations typically involves publishing or broadcasting a major exposé through the channels owned by a given enterprise, and then hoping that competing enterprises will pick up the story or quote it. This can be called the “sweep” strategy (because it is often used by broadcast outlets just before ratings sweeps), and it is rooted in the lasting brand impact that the Watergate story had on the Washington Post. That strategy makes sense when investigative reporting is a continuous feature of a news enterprise, because it builds an audience whose expectations are continually renewed and satisfied. It does not make sense when watchdog reporting is an occasional feature, because then the brand and the audience

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<sup>22</sup> Mark Lee Hunter et al., *Story-Based Inquiry: A Manual for Investigative Journalists*. Available as a free download from [http://portal.unesco.org/ci/ri/ev.php-URL\\_ID=29032&URL\\_DO=DO\\_TOPIC&URL\\_SECTION=201.html](http://portal.unesco.org/ci/ri/ev.php-URL_ID=29032&URL_DO=DO_TOPIC&URL_SECTION=201.html).

erode. *Every example we have been able to find suggests that watchdog reporting delivers value to an enterprise only when it is a regular feature, and that maximal value is delivered when investigative capability is diffused across a given format.*

The investigative NGOs cited above have posed the foundations of a different model: A network of mutually reinforcing non-profit outlets and enterprises who collaborate on, promote and distribute each others' work. Thus in July 2009, the creation of the "Investigative News Network" was announced by a consortium of non-profit investigative NGOs.<sup>23</sup> If the goal of the members' work is to maximize impact – and that is indeed the basis of their foundation-driven business models – their consortium strategy makes perfect sense. It does, however, create a potential entry barrier to watchdog enterprises that charge payment for their content. The further news that the nascent Network is negotiating an agreement to provide its output for free to the Associated Press raises the possibility that for-profit investigative enterprises or independent journalists who are engaged on the same subjects as the Network might someday regard it as engaging in unfair trade practices. At the moment, it can fairly be answered that if such for-profit businesses existed in greater numbers, there would be no need for the Network.

However, such businesses are beginning to appear in specific markets. In France, former *Le Monde* editor in chief Edwy Plenel, a historic national figure of investigative reporting, has launched *mediapart.fr*, self-defined as "a generalist journal addressed to a clientele that is satisfied by neither the existing paper or online news offers." The journal offers subscriptions for the price of 3 euros per month, and has no visible other sources of revenue. At this writing, Plenel has said that there are 20,000 subscribers, half what is needed for the journal to break even.<sup>24</sup> What this experiment suggests to date is that a high-quality news outlet can attract an online audience, but also that it will not prosper from online revenues for exclusive content alone. Further leveraging of the content and audience is required.

Free or paid distribution can also be widened by actively searching for stakeholder media that will post specific kinds of content, including Internet forums as well as websites. (The wider the presence of a given story across the Web, the higher the chances that it will rise in search engine rankings.) At present, hardly any watchdog enterprises are doing so. Such a strategy may have major impacts on revenue, as we'll discuss below under "Bundling communities to create critical mass in advertising".

We are aware that in specific market environments, the conditions of distribution may vary hugely; the website of the Forum for African Investigative Reporters ([www.fairreporters.org](http://www.fairreporters.org)) has published an ongoing debate that provides enormous detail on online and print revenues in Africa. One insight of this debate is that innovation is still possible. For example, one issue across Africa is bootlegging of investigative stories by street hawkers who photocopy a specific article and sell it for less than the price of a newspaper. We do not know of any African newspaper that has sought to capture this market by providing street vendors with such copies or excerpts on its own. The additional revenue may be marginal, or it may cannibalise full issue sales if the rest of the journal's content is not attractive enough. But we won't know until someone tries it.

### **C. Value creation for watchdog journalism**

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<sup>23</sup> See <http://watchdogsatpocantico.com/>, accessed 28 Jan. 2010.

<sup>24</sup> Aurélie Largesse, "Interview avec Edwy Plenel, le créateur de Médiapart." 9 Feb. 2010, aia <http://www.cfpj.com/cpj/actualites/a-la-une/interview-edwy-plenel-le-createur-de-mediapart>.

This issue poses two questions. The first is: How can watchdog journalists monetise their work? The second is: What value besides cash can make their work feasible?

## 1. Monetisation of watchdog journalism

### a. The necessary diversification of revenue streams

The most obvious point about monetisation that emerges from this study is that there is no silver bullet that will slay the wolf at our doors.<sup>25</sup> That lesson has already been integrated into the practice of independent journalists like Kaas og Mulvad, Nick Davies, Andrew Jenkins of [transparencyinsport.org](http://transparencyinsport.org), and others. Their revenues come from a portfolio of activities that include R&D into reporting techniques, creating content for paying clients and their own websites, teaching and consulting, books, etc. Some of these activities generate cash flow, some of them pay for benefits like travel (and with it the opportunity to promote their services to new markets), and all of them support their personal brands. The key principle here is *diversification*.

If we look outside the news industry and consider the music industry, which suffered first and tremendously from Internet piracy, we can see how diversification of revenue streams can transform cash flows. In the midst of a sharp decline for music industry revenues, Atlantic Records announced in 2008 that it had derived more than half of its \$1 billion revenues from digital media sales besides compact discs. The key was to exploit a wide range of niche revenue streams, including ring tones, ring backs, satellite radio, iTunes sales, and subscription services among others.<sup>26</sup> We know of no similar strategy that has been applied in the news industry, with one exception: CIR and other non-profit news organizations are learning to operate in multiple media platforms at the same time, which has the double effect of maximizing potential revenue sources, and increasing the impact of the story through multiple distribution channels. However, this strategy aims at leveraging stories, rather than their separate components (archival or tangential information, data, public responses, etc.). What distinguishes the “Atlantic strategy” is the use of particular components of content in different settings. We will address this point in the next section.

Whatever the specific features, we are going to have to diversify and multiply our revenue streams at the individual and organisational levels. We have only begun to do this, and a principal reason is that we have assumed that great content will solve our problems. It has not done so, and it will not do so, because the historic and primary market for that content, the news industry, is in decline. Specific examples of revenue diversification are discussed below.

### b. Not whether, but who will pay for content, and how much

It is not true that end users – donors, communities, organisations or individuals – will no longer pay for content. They will, but only if it delivers unique value *of immediate use to them*, and they cannot otherwise get it for free, as the Canard enchaîné demonstrates. Reasonably-priced content (the Canard sells for €1.20 on newsstands) remains viable as a product, if it meets the above criteria.

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<sup>25</sup> Our thanks to Algirdas Lipstas of the Open Society Institute for pointing out this conclusion to me.

<sup>26</sup> Tim Arango, “Atlantic Records hits milestone on digital music sales”. New York Times (via [nytimes.com](http://nytimes.com)), 25 Oct. 2008.

The question of whether Google or other search engines will pay for news content is hot at this moment. The underlying issue, however, is *a profound shift in revenue models, from the blockbuster to the long tail*. Photo agencies have already discovered that instead of selling a terrific image at a premium price to an exclusive client, they are now selling an image to a multitude of clients for a considerably reduced rate.<sup>27</sup> In other words, their market has dramatically fragmented, and the individual fragments spend less money for content.

If an “Atlantic Strategy” were applied to investigative reporting, it might include features like cutting watchdog content into bits that can be sold for moderate fees or retainers to stakeholder media (NGOs, corporations, newsletters, etc.) that are serving very different communities. One opportunity here is to automate the process of matching content to clients. Not all stakeholder or news media require entire stories; sometimes, a single paragraph meets their needs. These preferences can be entered into databases. Similar databases have been used to sell advertising time on broadcast media for decades.

The issues that arise here include whether the content is appropriate to and compelling for a given public or community, and whether that community has the ability and desire to pay for it. Another issue is whether or not the content will be restricted in use to those who will, in fact, pay for it. (This can be handled through contractual arrangements that recognise the differences between, say, a library and a multinational corporation.) A third issue is what content will be sold: Finished stories only? Raw data that can be used by a stakeholder group? Data plus analysis?

We do not yet know with any precision who is particularly interested in our services and information, what they need from producers of specific goods and services, and what they can pay for it. We do know, from researchers like James Hamilton (2003), that people who are interested in one kind of news may not be interested in another. However, we do not know if the community for a given piece of watchdog news consists of one million individuals around the globe, or of ten different communities with 100,000 people each who have similar but not identical interests.

In other words, we need to investigate our audiences: communities, websites that require better content, individuals who are interested in specific issues. Free survey tools (such as SurveyMonkey) can do part of this work for us. So can keyword searches performed in a rigorous way. This is an area where a foundation grant for a focused research project could be of tremendous value.

c. Identify and monetise communities of interest

i. Payment for content

The shift of the audience for watchdog reporting from the general public to the community of practice and interest reinforces such opportunities. It is well established that such communities will pay for information that affords their members competitive advantage, if it is of higher quality than free sources or reduces search costs. Trade journals exist for precisely that reason. Globalisation has created new communities – of labour unions, NGOs,

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<sup>27</sup> Our thanks to Jean-Pierre Pappis, founder of the World Press Award-winning agency Polaris Images, for his insights into these issues.

consumers, and others. A number of those communities do not possess media that speak effectively to common interests across individual members. Watchdog media that defend those interests may play a role, and if they combine it with value-added information that offers commercial, social or political advantage to such clients, they may charge for it. The issue here is pricing, matched to the target community's ability to pay. For example, the slave labour story described above could well be distributed to consumer, labour, law enforcement and other stakeholder media in original or modified form. In other words, we can leverage our content far more than we are currently doing.

A similar content leveraging strategy is already being successfully applied in various ways: using high value content to establish a brand that enables sale of other content and services to specific niche markets. The highly profitable Economist Group does so through its "CFO brand family", which offers value-added information to chief financial officers through print and online media, seminars, and other formats. Another community-based strategy is underway at The Development Executive Group, a for-profit organization whose proclaimed goal is to be "the Bloomberg of the development world".<sup>28</sup> It offers a free news service focused on events, personalities and issues pertinent to the global development community, though the watchdog value is at present quite low. (At this writing the news operation is mainly staffed by interns.) The site also offers high-value information, such as tender offers for enterprises in the development sector, where access is contingent on membership fees. That information is public, but searching for it has a cost that is higher than the membership fees. It remains to be seen whether Development Executive will use profits from its paid services to support higher-quality journalism for its community. The point is that nothing stops the company, or a watchdog competitor, from doing so.

The Canard enchaîné's media critiques and the popularity of various "media blogs" point to another current opportunity: Watchdog reporting aimed at disinformation from official sources or corrupt news organisations. The globalisation of advertising and marketing, in politics as in commerce, and the captation of major news organisations by firms whose only interests are private, create a growing need for investigative exposure of half-news, spin and outright lies. (Part of TV personality Jon Stewart's success was based on doing exactly that, in a package with cutting humour. As the Canard also shows, investigative content does not always need to be grim or gray.) At the present, there is more commentary than ongoing investigation of the corruption of the news industry. Nor is there much coverage that connects media actions and actors across language borders. Undertaking such investigation would be suicidal for any journalist whose career depends on the industry. For journalists working outside the industry in stakeholder media or investigative NGOs, the same work can support a reputation and build an audience. The Romanian Centre for Romanian Investigative Journalism's project on "The Media Dinosaurs [who] confiscated and parcelled the Romanian press"<sup>29</sup> is an example of such a project that led to continuous ongoing investigation and in effect created a local niche market. Stefan Candea, co-founder of the CRIJ, notes that in 2005, when the story was published:

"Criticism against big bosses in the media was a taboo topic and a suicide act. Financing this could come only from outside the media [foundations, in this case Scoop]. The publication of this story was negotiated for three months and refused for

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<sup>28</sup> See [www.devexe.com](http://www.devexe.com).

<sup>29</sup> See Stefan Candea and Sorin Ozon, "The Media Dinosaurs", at [http://oldwww.crji.org/e\\_index.htmnews.php?id=55&l=2](http://oldwww.crji.org/e_index.htmnews.php?id=55&l=2). See also "The muzzling of the Romanian Media" at <http://www.crji.org/news.php?id=121&l=2> and [www.mediaindex.ro](http://www.mediaindex.ro). Thanks to Stefan Candea for these links.



publication in the mainstream media. So we published it on the internet and on discussion groups. After that it was reprinted by one of the papers run by a ‘dinosaur’ – just to kill the debate. But slowly the criticism in the media about the media started to expand. The story was reprinted by a dozen of local newspapers. Blogs about the media industry appeared and so on. Now you find a lot of criticism about the industry itself, groups attacking each other etc.”

It is worth noting that the capture of the news industry by corrupt interests degrades our brand as ethical investigators. Helping our different publics to understand what we do, and why it is different from what *they* do, is not only a hot subject. It is a long-term branding and survival strategy. We pay for our ethics, in terms of opportunity costs (such as foregoing chances to sell out), and in terms of processes that are more onerous than for other operations. Ignoring underhanded competition does not help us to capture value from that investment.

## ii. Payment for services

As we were completing this article, we became aware of an organisation in the UK that strongly indicates one possible future for free-standing investigative enterprises: Ethical Consumer Research Publishing Association Ltd., a worker-owned cooperative founded in 1988. Besides publishing the magazine *Ethical Consumer* and the website [ethicalconsumer.org](http://ethicalconsumer.org) (which we strongly suggest that you visit), this company tracks consumer boycotts, rates firms in different industries for their ethical practices, collects news and company documents, and compiles its own investigative reports. Its services and solutions for consumers include advice on which products may be ethically purchased. For firms, it tracks company critics, and performs ethical due diligence and consulting services. It has compiled unique databases on boycott activities and other social action against brands, and offers access to those databases for a fee. In the company’s 20-year existence, these services have become increasingly important, in particular as revenue from its print magazine declined. In 2003, the last year for which we were able to find public data on short notice, the firm reported 217,000 GBP in revenues and employed ten full time workers and two “probationary” workers.

In principle, this model is not different from the Economist Group’s “Intelligencer” or CFO businesses: A publication or publications establish a brand which legitimises value-added services. In turn, news-gathering provides data that supports those services. One key to making this model work is transparency of processes. Potential clients want to know not only *what* information and analysis are being provided, but *how* they were collected and processed. If we are going to function as consultants to organisations or communities, we will be obliged to open our quality control processes to external view to an extent that currently only occurs in the course of libel lawsuits.

A second key, the creation of databases that enable consulting services, will be discussed under D. below.

## iii. Bundling communities to create critical mass in advertising

Bundling the separate audiences of a multitude of sites as a single entity to advertisers, which is already being done by “rings” of blogs websites on the Internet,<sup>30</sup> opens the possibility of a

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<sup>30</sup> See Claire Cain Miller, “Ad Shift Throws Blogs a Business Lifeline”. *New York Times*, 14 Sept. 2009.

significant revenue streams on the order of 30-50,000 euros per month in a market with a population of around 60 million, judging from radins.com. At present, the magic number for a significant advertising stream in France is 1 million unique visitors per month. Very few watchdog enterprises can achieve that with a single site; radins.com is a striking exception. But a portfolio of watchdog websites aimed at communities that are similar enough to have some common interests, and different enough to widen the overall user base, might find it easier. The creation of such an advertising base will be heavily IT-dependent. But the potential benefits are significant. Databases of advertisers and end users constitute assets, which may be rented or sold in the event that capital is needed for another enterprise. The same databases could be also used for outreach, branding and promotion.

A critical factor in making such a project work will be analytics – data on users and their web use, content and purchase preferences that is typically compiled by commercial websites. Free tools such as Google Analytics can compile some of this data. Commercial services provide more detailed reports at a price. Whether the cost is time or money or both, we need this data. At this writing we know of no watchdog news operation that is compiling it, beyond counting the number of hits for a given story. Precisely this strategy was announced by Capitol News Company LLC, publisher of the online and print media Politico, in Sept. 2008. The release is worth quoting at length:

*“POLITICO (www.politico.com), one of the top news websites covering national political, congressional and lobbying news, has partnered with Adify, the premier vertical ad network management company, to launch the POLITICO Network (www.politiconetwork.com)....Under the new network, media organizations selected by POLITICO’s editors will have access to POLITICO’s top stories for use both online and in their print newspapers. The POLITICO Network also brings a new revenue model to these media partners: POLITICO will sell national advertising to be placed on partners’ websites, and revenue from those ads will be shared between POLITICO and the media outlets.... Rather than having to pay for a wire service to get political news, these papers get the benefit of using POLITICO’s content while making money on ads they don’t have to sell.”<sup>31</sup>*

This strategy appears effective. Members of the Politico “network” currently include major newspapers, television stations and a few websites.<sup>32</sup> The company is reported to have earned \$20 million in profit last year.<sup>33</sup> Given that its distribution includes a free print edition of 32,000 copies – enough to be both visible and rare, thus driving web traffic – that is distributed three times weekly, the major part of that revenue must be advertising.

Why is Politico’s advertising revenue strategy effective? Whether or not watchdog media bundle their offers together, “the quality of the audience is what matters” to advertisers<sup>34</sup>. Politico’s strategy here is clear: Its subject is Beltway politics, and it defines its community as “influencers and opinion leaders with large circles of friends and colleagues that they persuade and motivate.” (This description could also apply to a significant part of the Canard enchaîné’s public.) Content is leveraged across “daily briefings”, newsletters and video and

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<sup>31</sup> See <http://www.adoperationonline.com/tag/capitol-news-company-llc/>.

<sup>32</sup> See [www.politiconetwork.com](http://www.politiconetwork.com).

<sup>33</sup> Op. cit., “Huffington Post and Politico set to make 2009 profit”.

<sup>34</sup> We gratefully acknowledge the critical insight of Roslyn Layton, Senior Director, Marketing analytics at Klean A/S in Aarhus, Denmark, in vetting passages of this article concerning audience analytics, bundling and related IT and marketing issues.

audio podcasts – in other words, the most convenient form for a particular slice of the political community at a given moment. The advertising base consists largely of lobbyists, supplemented by hotels, restaurants, education, transportation, and other services required by policymakers, those who try to influence them, and those who want to become like them.<sup>35</sup>

A critical factor in making such projects work is *analytics* – data on users and their web use, content and purchase preferences that is typically compiled by commercial websites. This data can include: who read a story, who commented on it, how much time readers or viewers spent with it, how many times a given story was opened for viewing, whether or not it was e-mailed to someone else, etc. It can be done with individual stories or an entire website. Its chief use is to create a feedback loop to measure relevance to viewers. For those who haven't seen analytics, we quote some of those provided by Politico's advertising department<sup>36</sup>: "In the last six months, our site has averaged on a monthly basis: 7:39 minutes average time spent per person, 3.23 million unique visitors per month, 18.77 million page views per month."

Free tools such as Google Analytics can compile some of this data. Commercial services provide more detailed reports at a price. Whether the cost is time or money or both, we need this data. At this writing we know of few watchdog news operations that are compiling it. We also need people in our organisations who can interpret the analytics, make decisions concerning the data, investigate the audience and what needs to be changed, improved or replaced in order to better serve it. This is a particular skill, and few journalists currently possess it. That does not mean that such people cannot be recruited or trained. It is also conceivable that such services could be shared among several watchdog media. In other words, these services could be outsourced to a dedicated enterprise.

Let us speculate for a moment: Suppose that watchdog enterprises were to offer free or moderately-priced investigative content to a wide range of online media. Suppose that part of the deal would be that the publishers of this content would agree to enable analysis of its viewership. The technical means to achieve this exist, as Google has demonstrated, though in some jurisdictions they are illegal, quasi-legal, or controversial on privacy grounds. Suppose, nonetheless, that we can legally arrive at reliable data demonstrating the global impact of specific content, and defining its user community with reasonable accuracy. If so, we could offer access to such global audiences to advertisers or sponsors.

## 2. Creating non-monetary value for watchdog journalism

Above all, watchdog journalists want the resources necessary to do their work. Communities can furnish some of those resources to their watchdog media. A current example is occurring through partnerships between investigative NGOs and universities, in which the latter provide office space, administrative support, library access and other benefits in partial exchange for teaching services. These arrangements are not new: They were very common in the Open Source software movement, where prestige within the movement translated into paid employment in research or commercial organisations.

Such partnerships can be extended into other in-kind exchanges, on a formal or informal basis. To give four examples:

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<sup>35</sup> Our thanks to David Kaplan for suggesting Politico as a worthwhile case study.

<sup>36</sup> See <http://www.politico.com/advertising/online.html>; on the site's advertising page, a "ledia kit" link provides detailed advertiser and rate information.

- Enterprises within a given community can serve as sponsors who provide in-kind donations (such as food, clothing, IT support, accommodations, etc.) to their watchdog media. Recall that similar arrangements already extend the resources of the staff at radins.com.
- Access to databases may be provided by enterprises in specific sectors.
- Responsible or ethical enterprises, or their trade associations, may be engaged as sponsors. (Such relationships could be terminated by either side in the event that the sponsor becomes an object of investigation by the sponsored.) Such relationships have already been practiced in German public television.<sup>37</sup> (They are also practiced, but non-transparently, in French public television, whose local bureaus are often housed in building owned by political institutions. In other words, of course there have to be limits to such practices.)
- Training or research services may be exchanged for legal services.

This list is hardly exhaustive. In principle, this is no more radical than exchanging advertising space for goods or services, which the news industry has done for longer than we have been alive. There is no reason that substantive ethical boundaries cannot be created for this process. The goal from a business model standpoint is threefold: to reduce cash outlays, increase resources, and reinforce solidarity within a given community of content creators and users. The obvious implication of the third point is that this strategy is most appropriate for stakeholder media. We repeat: There is no reason that stakeholder media cannot perform valid investigative work, and there is no obligation on journalists to join stakeholder media.

#### **D. From project focus to business development**

Implicit in all of these strategies is a shift in priorities from project focus to business development, whether inside or outside the news industry. Investigative reporters have an inbuilt project focus, based on the objective of producing a viable story. While processes here can be improved, they are far advanced compared to business development processes. Resource allocations for business development of watchdog enterprises must become far more important in their budgets. Likewise, better metrics for watchdog business development are needed. The current metrics focus on whether a story is published and generates results in public or official responses. That is hardly nothing, but it is demonstrably not enough to build a sustainable future. In other words, creating a good watchdog product is essential, but it is no longer enough.

One way to begin applying a business development focus is latent in projects like the OCCRP and California watch, as well as in stakeholder media such as ethicalconsumer.org: Establishing supremacy over a given sector of news. To make such a strategy work, databasing of information uncovered in the course of investigative projects must be developed far more than is currently the usual case. (It is interesting to note that current work in computer-assisted reporting, or CAR, is largely project-based, rather than focused on enterprise development. Exceptions include the story and “tipsheet” archives of Investigative Reporters and Editors Inc.; extending such archives to source materials would create a truly powerful asset.) Typically, a serious investigation uncovers mountains of information that is subsequently lost or discarded. That same information may be reused in numerous contexts:

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<sup>37</sup> Our thanks to Wilfried Ruetter, director of the European Journalism Centre, for this suggestion, as well as for his cogent reminder that not all the value generated by a career in watchdog journalism needs to be monetary.

For ongoing coverage of a major issue, for consulting, for legislative support, etc. All of these services carry a price, and watchdog enterprises may demand it. They may also decline the business if they do not approve of how their resources will be used.

## **Conclusion**

The problem facing watchdog journalism is not that we have no public, and that no public wants what we can deliver. Nor is it that there are no resources available to meet the material needs of practitioners. The problem is that watchdog journalism emerged from the news industry, and like the industry, it still has one big foot in the past. Our content, processes and value creation are designed for an industry that saw us as a luxury item, and the industry has largely decided that watchdog journalism is a luxury it cannot afford. So *our business model is moving from the sale of exclusive content to a single enterprise in a given market, to the monetisation of unique services and solutions across a more or less broad range of stakeholders.*

Part of us wishes that the days of steady employment in a big company that took care of us and our work will return. But those companies are disappearing. Part of us wishes that we could just do our work of telling stories that may change something for the better. But our work has changed, too, because our publics are no longer the same. Our urgent current task is to link our stories to communities that need them and will support them. We need to investigate new markets and new ways of serving them as intensely as we investigate our chosen subjects. The ethical challenges implicit in that task are no more dangerous or inherently corrupting than those posed by the decline of the news industry.

History suggests that investigative journalism thrives and declines according to cycles of some 10 to 15 years. Process innovations in reporting generate exciting new content that attracts a new public, the innovations are used in an increasing number of subject areas – and then, counter-attacks from the targets of investigators and public disaffection for the image of a frightening world combine to end the movement (Hunter 1997a). Three such cycles are visible in the Muckraker and Watergate eras in the US, and the investigative movement that erupted in France from 1982-1995. We believe that investigative journalism is poised for another upward cycle at the present, on a global scale. The Global Investigative Journalism Network and its member associations have laid the ground for broad diffusion of investigative reporting methods. Stakeholder media have created a large potential new market, as well as new publics that are eager for value-added information that they cannot currently obtain from either the news industry or official sources. We are standing in front of an open door.

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