

Common Factors Driving the Most Innovative Digital News Businesses

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Reuters Institute
for the Study of Journalism

Digital Innovators' Summit
Berlin, 20-22 March 2016



Innovators in Digital News

By Lucy Küng

“Everyone in the news business should read it.”
**Tom Standage, Digital Editor and Deputy Editor,
The Economist**

Underlying research questions

- **Plan A:**
 - Why are some legacy news organisations more successful with digital than others? How are they innovating?
- **Pivot:**
 - “I’m not really interested in legacy players – what interests me are the new ones”
- **Plan B:**
 - Why are some digital news organisations more successful than others?

➤ Are there common elements behind their success?

Case studies

	GMU's	Bus Mod	Finances/Funding	c. Journ/Tech
The Guardian	c. 100m	Free + ads (inc. native)	Owned by Scott Trust	585: 150
New York Times	c. 70m c. 1m paid subs	Paywall + ads (inc. native)	Public (Sulzberger family holds controlling stake)	1230: 635
Quartz	c.190m	Free + ads (inc. native)	Owned by Atlantic Media	50: 15
Buzzfeed	c.100m	Free + native	Privately owned (funding \$96.3m)	250: 'a lot (125 news)
Vice	n/a	Free + native + IP licensing	Privately owned (funding \$580m)	?

(Private questions on the side)

1. BuzzFeed and Vice

1. Why so highly valued?
2. Why included in news sector?
3. Why are 'pedigreed' journalists joining them?

1. Why haven't leading legacy players like The Guardian and The New York Times been even more successful?

Findings

BuzzFeed



Social Rank

Measures the "social reproduction rate" of media and is a measurement metric that exists in real time

$$R = \beta Z$$

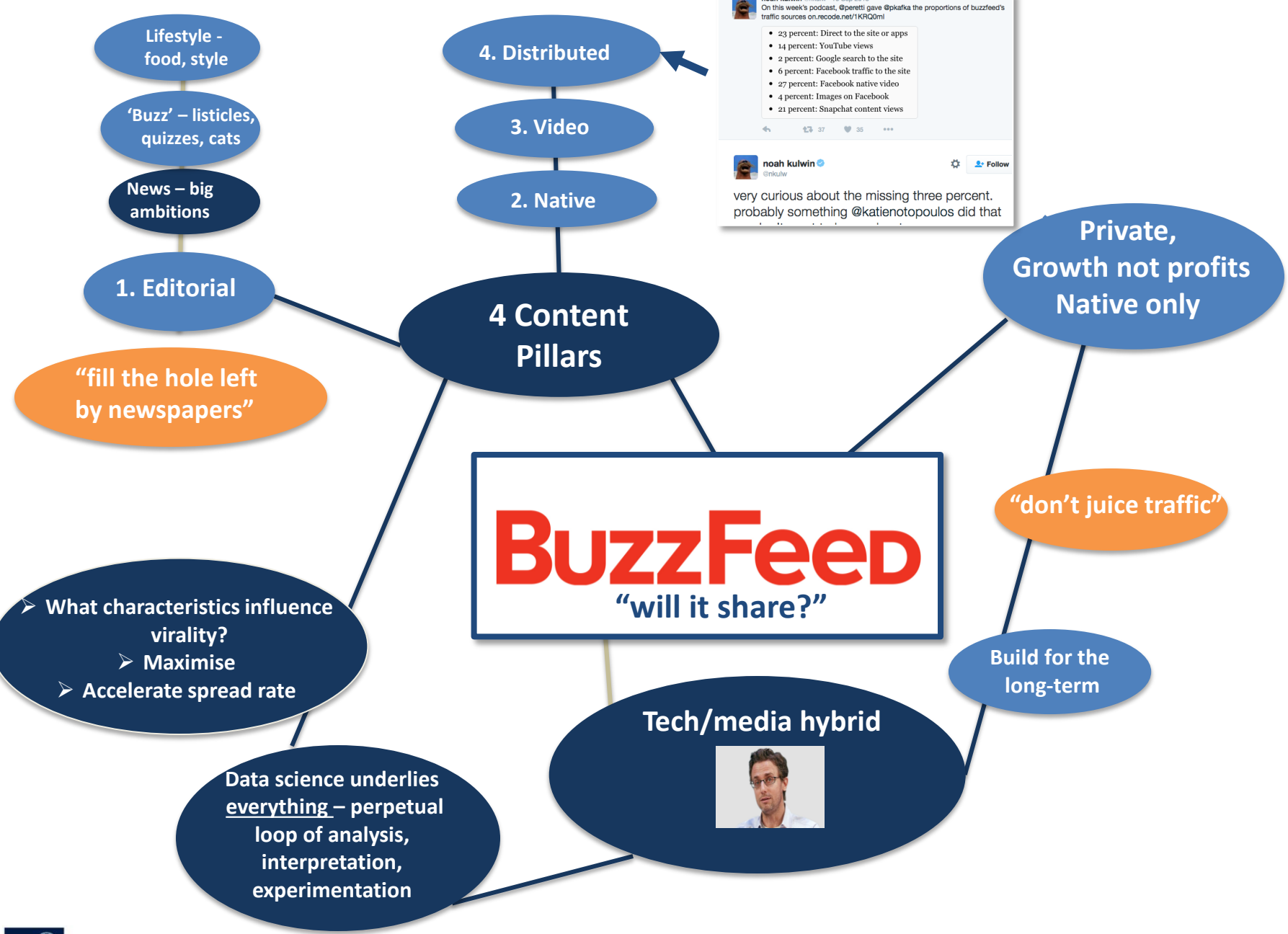
Maximization of Content Spread: we accelerate the promotion of content that is taking off.

BuzzFeed

- **Founded 2006**
- **CEO/Founder Jonah Peretti (co-founder HuffPo)**
- **\$96.3m funding in 5 rounds from 13 Investors**
 - 2014 \$50m from Andreessen Horowitz (= valuation \$850m)
- **2014 revenues \$100m**
- **700 people**
 - 250 editorial (120 in news)
 - ‘a lot’ in tech
 - 70 digital advertising creatives
- **“We don't spend a lot of time thinking about competitors”**
- **Aug 2015 – additional \$200m investment from NBCU**
 - = valuation \$1.5bn.
 - LA expansion (additional 250,000 sq ft)



“we built a locomotive and a few days later the train tracks got built”



BuzzFeed, in summary

- **started off as lab to test viral content and is still testing**
- **2 big pivots - news (2012), video (2013)**
- **data science underlies content creation, tech industry influences how organisation is run**
- **classic disrupter - started downmarket and progressed resolutely up**

Vice



Vice

- **Founded 1994, Viceland.com launched 1996**
- **CEO Shane Smith**
- **\$580m in 4 rounds from 3 Investors**
 - **21st Century Fox bought 5% for \$70 m (2013)**
 - **A&E Networks acquired 10% for \$250 m (2014)**
- **Revenue**
 - **2012 revenue \$175 m**
 - **2014(e) revenue \$500 m**
 - **2016(e) revenue of \$1 bn (?)**
- **800 worldwide employees (Wikipedia)**



“I said to Rupert, ‘I have Gen Y, I have social, I have online video. You have none of that. I have the future, you have the past’”



YouTube channels
Vice.com (60+ channels)
24-hour terres.channels in 18 countries

HBO Deal/Emmy



video – ‘bad boy’ content

media conglomerate for Gen Y

Immersive journalism, gonzo scoops

“we like our stories to punch you in the face”

Native only – “the joy of not being sold to”

Shane
1. “what’s driving me is news”
2. “everything has to make money”

“global platform – we retain control”

Owns IP and licences in 50+ countries

Private funding to increase sales and market



20 million views by June 2015



Vice, in summary

- **Intriguing old/new media hybrid**
 - Reversing back into broadcasting
- **‘Counter-culture’ approach to news**
 - gory, dangerous, ‘foreign’, ‘street’
 - natural extension of Vice culture and beginnings
- **Relationships with commercial partners stepping stones to growth (etc. YouTube, Intel)**
- **Excellent positioned for growth**
 - will lift naturally with market (as with BuzzFeed, CNN)
 - unique voice, v. hard to duplicate
 - multiple revenue streams (old and new both growing)

Conclusions

So are there common elements behind their success?





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Thank You

Free download of Chapter 1 and Executive Summary:

<http://reutersinstitute.politics.ox.ac.uk/publication/innovators-digital-news>

