The future of the news industry

The news industry – media operations that create and disseminate the news and information and have facilitated social cohesion and democratic governance for nearly three centuries – is in rapid transformation. The company structures and operations that made those contributions from news organizations possible are being severely tested. In both Europe and North America challenges to the news industry have been created by changes in communications – improvements in telephony and information technologies and the expansion of media available – and a variety of domestic and global social changes and trends (Picard, 2004). These challenges are altering the institutional arrangements of news organizations that emerged in the twentieth century and are forcing companies to restructure and reduce their operations, making journalists and other employees redundant, and reducing the scale and scope of many news-gathering and dissemination activities (Reilly Center, 2008; Currah, 2009; Pickard, Stearns and Aaron, 2009).

The underlying difficulty is that economic value produced by – and supporting – the industry has diminished. Commercial media business models are being stressed and the revenues they produce reduced, and non-commercial news providers such as public-service broadcasters are struggling to maintain public support for collective financing that supported them in the twentieth century (Nissen, 2006; Almqvist and Thomas, 2008).

The effects of such challenges on news differ depending upon media structures of countries. In some countries broadcast news is more affected than newspapers; in other countries radio news and news agencies are more affected; in some countries national and metropolitan news outlets are experiencing the strongest effects, whereas it is regional and local news in others. The overall result of the changes in most developed nations is that audience time given to traditional news sources is declining. Overall, the media from which the public traditionally received news and information, in which public debates were moderated, and in which collective public experiences were generated, are receiving less attention.
This is not to say that the need for news is diminishing. There will always remain a need for news organizations to carry out organized, day-to-day surveillance of society and in-depth exploration and analysis of issues and events. What are changing, however, are the ways that news is financed, the means by which news and information are distributed, how news is consumed and the sustainability of existing news organizations.

Some observers confuse the difficult situation of the news media with that of journalism. But they are not synonymous. Journalism is not a form of media; it is not a distribution platform; it is not an industry; it is not a company; it is not a business model; it is not a job. Journalism is an activity, a body of practices by which information and knowledge is gathered, processed and conveyed. These practices are influenced by the form of media and distribution platform, of course, as well as by financial arrangements that support the journalism, but one should not equate the two. This point is important because journalism will adapt because its functions remain significant for society. The question facing us today is not whether journalism is at its end, but what organizational and financial arrangements will create effective news gathering and the platforms and distribution mechanisms through which that news and information can be conveyed in the future.

Business and economic perspectives are important to answering questions about the current state and future of the news industry because its fundamental challenges involve financing, costs and public policy. These approaches were generally ignored for the first half-century of communication scholarship because the initial researchers were concerned with social, cultural and individual effects of media. Today, however, structural and operational concerns have grown more salient and in the past three decades a rich and mature body of literature now illuminates how economic, regulatory, managerial and financial pressures direct and constrain activities, influence the kinds of media that exist and direct their behaviour (Albarran, 2005; Picard, 2005a,b).

These perspectives are concerned not only with market-based activities, but with the range of resource utilization at the individual, firm, industry and society levels and with how the benefits of those choices can be maximized. The perspectives from that literature help us understand the import of the changes in the news industry and can be beneficial in deciding how to respond to them because solutions must be found for issues involving consumers, enterprises, the industry and society as a whole.

**Five decisive media trends**

The changing environment and infrastructure of media are being driven by five decisive media trends: abundance, fragmentation and polarization, portfolio development, eroding strength of media firms, and a power shift in communications.

Abundance is the result of a dramatic rise in types and units of media in the latter part of the twentieth century. The growth of media supply has far exceeded growth of consumption in both temporal and monetary terms. The development of television,
cable, satellite and the internet created new forms of mediated communication that supplemented print and radio news activities. Technological changes combined with an ideological shift about the role of the state in markets have led regulators to dramatically increase competition in broadcasting (Murdoch and Golding, 2001; Losifidis, Steemers and Wheeler, 2005) and shifted the focus of policy discussions to issues of consumption and individual needs rather than collective concerns. Public-service broadcasters no longer play the clear and protected roles they did in the past and must compete with the new players.

The abundance results because the average number of pages in newspapers tripled in the twentieth century (Barnhurst and Nerone, 2001) and the number of television channels in Europe tripled in the last fifteen years (European Audiovisual Observatory, 2009). There are four times as many magazines available as twenty-five years ago, 1,000 new books are published in Europe daily, 320 million hours of radio and 123 million hours of TV are broadcast worldwide annually, 1.5 million new web pages are created every day, and new information grows at a rate of 30 per cent per year (University of California, 2004).

The effect of this abundance is to drown audiences in a flood of news, information and entertainment. As a consequence, media audiences are fragmenting and polarizing their use of media (Becker and Schönbach, 1999; Picard, 2002; Napoli, 2003). Audiences are spreading their media use across more channels and titles and this fragmentation is producing extremes of use and non-use (polarization). There is a tendency in Europe and North America for individuals to focus their use on one newspaper, two to three magazines, one to two radio stations and three to four TV channels. Research on household viewing of multichannel television, for example, shows that if twenty channels are received, the average viewed in a household are five; if fifty channels are received then 12 channels are viewed on average; and if 100 channels are received only an average of sixteen are viewed in a household (Nielsen, 2003).

Advertisers, who fund commercial media, are responding by spreading their expenditures across the media and paying less for the smaller audiences that each channel or title generates. Today, television receives the greatest portion of advertising expenditure in this mix, followed by print, radio, internet, outdoor and cinema (see Fig. 20.1).

A particularly disturbing development for advertisers and media companies has been increasing advertising avoidance by audiences (SIFO, 2008; Stuart, 2008). The growing and overwhelming number of content choices has inundated the public with commercial messages and there is increasing public fatigue with advertising and marketing messages. This has become one of the primary incentives to acquire ad avoid ance hardware and software for television and internet. In the US, for example, 54 per cent of internet users have spam blockers, 60 per cent of those with digital video recorders use them to skip or remove ads, and about 60 million households are on the 'Do not call' list for telemarketers. Avoidance declines with audience age and the strongest avoidance appears in the fifteen to twenty-four years age group, a prime audience for advertised goods and services. Avoidance is lowest for advertising on personal media because, with the exception of spam, it tends to be personal marketing/
advertising and customer relationship marketing. The overall effect of avoidance, however, is to make traditional advertising less desirable to advertisers and to increasingly seek other opportunities to reach their customers and potential customers.

![Bar chart showing worldwide advertising expenditures by medium](image)

*Figure 20.1* Worldwide advertising expenditures by medium

Media companies have responded to this situation with portfolio development strategies because the declining average return per title or channel makes owning a single media product problematic. Most media companies now produce multiple media products in an effort to reduce risk and obtain economies of scale and scope (Picard, 2005a,b). They do so because portfolios can increase return through greater economic efficiency in operations and produce joint cost savings. The development of these portfolios is illustrated by the French magazine publisher Lagardère (Hachette Filipachi), which publishes more than forty titles including *Elle*, *Paris Match*, *Car & Driver*, *Women's Day* and *Road and Track*, and the UK publisher EMAP, which publishes nearly six dozen professional magazines including *Broadcast*, *Nursing Times*, *Architectural Review* and *New Civil Engineer*.

Despite the portfolios and the importance of communications in the modern world, the strength of media companies is eroding. No content-producing media companies are in the top 100 companies in the US or large European nations for the first time in half a century. This is occurring because the reach of media companies is declining even though they have grown bigger overall. The Disney Co., for example, is often used as a prime example for concentration in media in the United States and globally. In the 1970s, ABC television (which then had a financial relationship with Disney but was not fully owned by it) served an average of 25 to 30 per cent of the US television audience daily. Today all its television and cable channels combined – ABC, Disney Channel, ABC Family, ESPN, Soap Net, plus the channels in which it holds equity (A&E, Lifetime, E!) – reach an average of less than 20 per cent of the US audience. Thus, while it has more channels and the company has grown larger, its hold on the audience has actually diminished.
Although the biggest media companies generate $25–50 billion in revenue annually, they are relatively mid-sized by large-firm standards (Fig. 20.2). Time Warner, the largest media firm included in the Fortune 500 global company list, ranks 150th in terms of company revenues. Royal Dutch Shell is ten times larger than Time Warner, and Wal-Mart is sixteen times larger than the German media giant Bertelsmann.

Figure 20.2 Comparison of largest companies and media firms in terms of revenue, $ billion
Data Source: Fortune Global 500 (2003), Fortune, European edn

The size of large media companies in terms of personnel, assets and revenues leads some observers to conclude that they are increasing their scale and scope to reap huge synergies and financial benefits. Research has shown, however, that such synergies and benefits are difficult to achieve and that about three-quarters of all acquisitions fail to produce benefits for companies. In the past decade in the US, for example, leading media companies divested nearly five times more business units than they acquired because so many of the acquisitions made in the 1990s were actually harmful to company value and performance.

Because of their weaker conditions, all the major global media companies are concerned that they may be takeover targets and are trying to put protective mechanisms into place. Many media companies are struggling with major investors over strategy and performance.

Underlying all of these changes is a power shift in communications. In the past, the media space was controlled by media companies, but today it is increasingly controlled by the consumer. It has changed from a supply-driven to a demand-driven market. We see this in the financing of new initiatives in cable and satellite TV and satellite radio, audio and video downloading, digital television in most nations, and mobile media, which are based on consumer payment models. Worldwide for every Euro spent on media by advertisers, consumers now spend €3. The corresponding
figure in the US is about £7 and in the UK about £5 (PriceWaterhouseCoopers, 2005). Major advertisers are now constraining their advertising expenditures because they find it less effective at producing sales than in the past. Today, media advertising makes up only about one-third of total marketing expenditures of major companies, and they are shifting their expenditures to personal marketing, direct marketing, sponsorships, cross promotion, etc.

The power shift in communications is also evident in the production of content, where technologies are facilitating the easy creation of consumer-created content. Developments in information and communications technologies have been accompanied by the creation of software for creating audio, video, web pages, personal sites and blogging (Küng, Picard and Towse, 2008). In the past, creating such materials required significant professional skills, but software now incorporates those skills and makes it possible for a greater array of people to produce and disseminate content. That creation is being supported by technologies that promote peer-to-peer sharing, social networking, and collaborative games and related communal activities. All of these newer media and communication activities, which were originally created for use on computers in fixed locations, are shifting more and more to mobile uses through mobile telephony, and are increasingly allowing users to interact at will during the course of their days.

**Individual and social effects**

The roles of media in society and traditional social relations are changing (Castells, 2001; Bakardjieva, 2005; Van Dijk, 2005; Fuchs, 2007) because of the ways that media are used by audiences, users, consumers and citizens. These conceptualizations of individuals in the media environment are significant because they indicate relations in which individuals' contact with media content take place. The relationships are not mutually exclusive, of course, and individuals play all the roles at various times depending on when, where and how they use media.

The concept of audience derives from a simpler age of one-way communications flow in which the public played a passive, receptive role. Audience has always been an imperfect and abstract concept based in the aggregation of those who listen, view or read media, and it typically depicts audiences as having the average characteristics of their totality and existing without choice, preferences or effectuality. The concept of users emanates from individuals more actively employing media and technology to meet their wants and needs. In this relational concept, individuals choose the media and content they want, interacting with it and controlling it in the ways they prefer. The consumer conceptualization recognizes the market-based relationship, in which individuals exchange money for media goods and services, and it emphasizes the influence of individuals in the exchange relationship. Finally, the citizen conceptualization emphasizes the social role of individuals in society and their use of media to effectuate those roles.

Many of the difficulties faced by news media today occur because of the shift of individuals from the audience relationship to the user and consumer relationships.
This is making it difficult to finance news activities because public attention to news and informational content is limited by comparison to that for entertainment. News activities have traditionally been seen as cost centres whose expenses are absorbed in the overall revenue generated by commercial enterprises. The citizen relationship is not as strong as the audience, user and consumer relationships, and this primarily concerns social observers and political activists because it has significant implications for how individuals carry out their roles as citizens in society.

Because of the available choices of media and content, individuals are now shifting significant time to alternative interactive media uses. In the United Kingdom, for example, 12 per cent of residents used a computer at home in 2000, but that number rose to 16 per cent in 2005. The amount of time spent on the internet rose from 96 minutes daily to 120 minutes daily in the same period (Office of National Statistics, 2006), and interim unofficial indicators indicate that both figures are still increasing.

The various media-use trends are creating huge challenges for established news and entertainment organizations because they reveal product limitations and flaws, and weaknesses in the user and consumer orientation of news organizations. The introduction of novel news and information products that are produced and/or distributed by newer firms are destroying the economies of scale that previously existed and are making the organizational inefficiencies and cost structures of large, well-established news firms untenable.

In this environment change is no longer a choice for news media managers; it is a requirement. The tempo and nature of change are affecting various news media differently. Broadcast audiences are more affected than print audiences, but the financial conditions of newspapers are most affected because they have the highest percentage of non-content operating costs. In nations with a regional or local media structure – the United States and France, for example – media operating at the national level and in large metropolitan areas are more affected than smaller, local media because more competitors provide metropolitan, national and international news and information. In countries where the dominant media operate at the national level – the United Kingdom, for example – regional and local media are showing greater weaknesses.

The independent personal choices made by individuals as audience members, users and consumers are having collective effects (Picard, 2002). One can see these effects in groupings of how people use media. Some are high users of the print media; others favour audiovisual media; still others prefer audio; and some put greater emphasis on internet and mobile communications. Some are more passive in their uses, whereas others are more active.

Passive audiences and consumers prefer reading newspapers, magazines and books, and viewing streamed television. Video-oriented individuals have a preference for television, cable, satellite, DVD and downloaded content, and are increasingly moving away from streamed television. Audio-oriented persons prefer listening to radio, recordings and MP3s, and viewing music videos. All passive audiences play the receptive role in the communications and have little interaction with the medium or with other persons through the medium selected.
Those who actively use media content can be conceptualized as talkers (those who primarily use voice, SMS and e-mail to carry on conversations), creators (those who use text, audio and video to create materials for larger groups of people) and engrossers (those who spend significant time seeking out information, playing games, etc.). Most people mix passive and active consumption, but the greatest media time uses tend to be for passive uses (see Fig. 20.3).

![Diagram showing media use]

Figure 20.3  Average annual hours spend using media in the US
Source: US Census Bureau

Individuals differ widely in terms of news and information consumption as well. Heavy users tend to be socially, politically or economically active individuals who seek breadth and depth of news and information from multiple sources and platforms. These tend to represent only about 15–20 per cent of the population in most nations. Average news and information users want general news and information on topics that immediately and directly affect their lives and interests. They tend to be satisfied with quick and simple, general overview content provided by average newspapers, basic newscasts, and headlines and main stories on internet portals. This group tends to be about 60–70 per cent of the population. Another 15–20 per cent of the population are low news and information users who tend to be marginally connected to society and have poorer education and income levels. They tend to avoid news content by choice and focus their media uses on passive entertainment.

Because most of the public are not heavy information seekers – unlike journalists and the smaller portion of the population that acts upon news – most commercial news and information providers have traditionally sought to serve the largest group, and fewer media were provided for high users. Newspapers and newscasts have been filled with things other than news to attract the larger audience. Enormous amounts of space and time are devoted to entertainment, sports and lifestyle content in order to get them to read or watch. In most newspapers today, content that can truly be considered news accounts for less than 20 per cent of the total, and this strategy is no longer working because much of that lighter information is available in easier-to-acquire, easier-to-use and cheaper forms elsewhere.
Today, quality print media that were intended for high users are being heavily affected by diminishing financial resources. Consumption of news and information by the average users is declining, thus diminishing the mass market for print and broadcast news and information that was created in the nineteenth and twentieth centuries, and depriving organizations of the revenue it produced.

In the UK, for example, daily newspaper circulation was 15.8 million in 1960 and 17.5 million in 2008. Although the figure has moved upward, the growth rate was about half that for population growth during the same period, and thus reach in the population has declined. In the US, network evening television drew an average of 52 million viewers in 1980, but that number declined steadily to just 29 million viewers in 2008. Daily newspaper circulation was 53.8 million in 1950 and 48.6 million in 2008. Factoring in population growth, the number of copies per capita declined 50 per cent.

These trends are forcing news organizations to try to increase payments from heavy users to cover costs and to provide inexpensive or free news and information to average users by making news a commodity on a variety of platforms. Both of these strategies create financial challenges because there are limited revenue models available to fund media operations.

In the consumer payment model, consumers pay for either single use or a subscription to media content. Some media price their service to have a low cost for basic use but with higher price for extended use—a form of upselling. Advertiser payment involves advertisers buying audience access through payment for media space or time, and in the internet world for interactions with potential customers. In these newer forms of payment, advertisers pay significantly for interaction in the forms of clickthroughs and business leads generated, but are not willing to pay much for mere audience exposure to the message as in traditional media.

A third form of revenue is sponsorship, in which companies pay for association with media products and services. These business-to-business payments often fund a short tagline ‘Brought to you by...’ or a trademarked visual. A fourth form of revenue comes from licensing content for use by other firms in exchange for payment. Finally there is state funding or state-enforced funding (as in the case of licence fees for public-service broadcasting). Recently, interest in not-for-profit news operations has emerged, but these are not a panacea for the challenges facing journalism because they still require capital and revenue, and because many existing not-for-profit news operations are relatively undistinguished. Even public-service broadcasters have not been immune to contemporary economic challenges.

How to create value and provide unique news content not available elsewhere has become a critical element in sustainability of news organizations (Picard, 2006). Although much journalism produces social value, it isn’t enough to pay journalists’ salaries and keep news organizations solvent. Today journalists and news organizations are being forced to confront issues of how to create economic value and revenue streams.

Organizational managers haven’t worried much about this for several generations because social, technical, and economic arrangements protected news organizations.
The trends that are driving change in the news business have pushed the industry past a unique, financially golden period in its history. Managers and workers in news organizations today have largely experienced a period in which limited competition, generous licence fees and huge growth of advertising revenue provided abundant resources that allowed extraordinary growth in the size of news enterprises, particularly from the 1970s to the 1990s. Today, the wealth that produced that enlargement is being stripped from the news business. This is evident in the fact that the US and UK newspaper advertising expenditures had average annual growth rates of about –2 per cent and –0.5 per cent respectively from 2000 to 2008 (World Press Trends, annual).

So what must news enterprises do? To survive and prosper, news and information media must provide better and different news and information than that provided by competitors, and news and information for users who value it. To do so, news organizations will have to change the ways they use personnel and allocate financial resources, and they will have to alter their current revenue streams. To accomplish the latter, over time they must shift costs to users of quality news products, thus increasing the price for acquisition. They will only be able to do so if they focus on the content-improving strategies.

News media – whether serving the heavy or average user segments – must produce multiple products for different platforms. Heavy users want these products so that they can keep up with developments and acquire information anytime, anywhere. Media serving average users need to reuse material and to create multiple contact points at which to feed advertising messages to their users.

In the new environment there are clearly roles for the use of blogs and social media for news and information gathering and dissemination, as well as public discussion forums. Contemporary communications technologies are supporting these means of collective contemplation. While not producing face-to-face discussion, blogs and technology-assisted social networking have increased opportunities for individuals to convey their opinions and ideas, to inform each other, and to respond to and engage in conversation in ways that were limited by traditional mass media. Concurrently, technologies are beginning to allow effective meta analyses of buzz, blogs and social networking that gather topics and some overall sense of the opinions being expressed. These information technologies thus allow aggregating the views of millions in ways not previously possible.

Where such technologies will take us is unclear, but the contemporary engagement and contemplation by millions of people online is far better for society than the disenfranchisement that mass society previously encouraged. Media organizations will have to wrestle with how this collective contemplation is altering the roles and functions of editorial writers, op-ed authors and columnists. They will have to increasingly engage with the public and see their roles as provoking conversation, not merely telling people what to think or think about.

The opportunities provided by contemporary technologies are proving highly useful in news gathering, particularly for breaking news and in getting information from the public when journalists are not present to observe events. The significance of this
was starkly illustrated by photos, videos and information emanating from Iran in the spring and summer of 2009 during protests over the disputed presidential election. User-generated content also makes it possible to provide coverage of some topics or events of interest when the organizational constraints of news enterprises do not permit professional coverage. Thus, the public is increasingly providing information about community clubs and organizations, amateur sporting events, and other local topics not well covered by journalists.

One of the greatest effects of search and social media has been as redistribution platforms for professionally produced news and features. This redistribution can both benefit and harm news organizations, depending upon whether it drives readers, listeners and viewers to the original source of the material or conveys it without taking individuals to the original source that benefits from advertising based on the number of users who view material there.

News organizations are still trying to find the most effective value creation uses of the blogs, podcasts, SMS and MMS updates, tweets and other social media. In an age when revenue and staffs are diminishing, however, serious questions must be asked about the benefits of the new technologies for journalism and the business of journalism. Is each one equally useful? What are the real costs in staff time and operating on the various platforms? What is actually achieved in being there for the news organization? Does every news organization need to be active on all the platforms? How can a news organization achieve optimal benefit across platforms? How will it generate or promote revenue generation by other means? The answers and the decisions reached will vary for different news enterprises based on their individual circumstances and opportunities.

Millions of people use new technologies, yet even in this time of exploration and experimentation with them, it is clear that the users of these digital tools react to them in different ways. Some find them highly useful and satisfying; others find them worthless and disappointing. Not everyone wants to be or will be equally wired, communicating or sharing their opinions and the details of their lives. Some people find the communications technologies more rewarding in business; others emphasize the personal benefits. Consequently, many of these technologies serve only a fraction of the entire digital audience, in most cases 5–20 per cent. This, too, must be factored in as media enterprises realistically assess the potential opportunities they seek to create.

It is still early when it comes to the use of these technologies by news organizations. Already, however, we can find some indications of the effectiveness of these interactive, social and instant messaging technologies. They tend to be more beneficial for national and large metropolitan news organizations than they are for smaller local ones. This is because they offer the competitive advantages of making the brand omnipresent in the face of the myriad of competing alternative sources of news and information. When their use is more targeted on building effective personal relationships with readers, listeners and viewers, they appear to be more useful for smaller local news organizations. There, the contacts can be more individual and intimate and the volume of contact is generally not as overwhelming as for large organizations.
The challenges of capital and revenue

The most critical managerial challenges facing news organizations today involve capital and revenues. Capital is the foundational money on which enterprises are established and continue operations, and the revenues that are produced are dependent upon the business model of the enterprise.

Acquiring capital through stock markets – a highly popular choice among media companies from the 1970s to the millennium – is increasingly less viable because it is now proving a highly risky choice for investors, especially where news organizations are involved. Publicly traded firms primarily engaged in news now often show significant weakness in comparison to industries such as entertainment media, drug manufacturers, telecommunications services, and aerospace and defense contractors. This creates an environment in which investors pressure news firms for short-term returns because they do not expect future growth in asset value.

In 2008 and 2009, a number of well-known newspaper companies in the United States, for example, suffered significantly from capital issues. The companies – including McClatchy Newspapers, Gannett Co. and New York Times Co. – had made significant purchases of media assets borrowing capital against the equity of the firms. When the stock value of firms plunged, that equity was diminished, pushing up the costs of borrowed capital and creating financial crises for the companies. Several companies – notably the Tribune Co. and the Journal Register Co. – were driven into bankruptcy because they had amassed huge debt by borrowing capital that they could not repay.

Capital is also a significant issue for online start-ups and small local broadcast and print enterprises that are trying to replace the functions and coverage lost by the diminishing resources in established organizations. Few are able to gain capital from traditional funding sources to pay for services, equipment, offices and salaries needed to facilitate effective operations. Many are struggling financially and relying upon uncertain funds provided by foundations and benefactors. Experience has shown, however, that such funding tends to be limited and offered only for a short period of time, so these start-up news operations face significant pressure to produce revenues by other means (Picard and van Weezel, 2008).

Since the internet emerged as a viable medium a decade-and-a-half ago, and the decade since mobile communications became practicable, questions of how news providers can effectively earn money have remained prominent because effective revenue models to support the gathering and distribution of news reporting remain lacking. Online advertising has so far failed to produce sufficient revenue to support the news-gathering function and users have been generally unwilling to pay for online news. Some proprietors, led by Rupert Murdoch, are planning to begin charging for online news at their newspaper properties, but the consumer demand remains uncertain. If required payments reduce online readership significantly, they will concurrently harm income that is being generated by online advertising so there is risk in the strategy.

Motivating the public to pay for online news is not as simple as moving content to a server that requires a paid subscription or a micropayment for single use. Getting
payments for simple news stories that are also covered by fifty other journalists and available from their organizations at no cost will dampen demand. The only way payment for news will work is if it provides something valuable that can’t be found elsewhere. Consequently news enterprises will have to put greater emphasis on creating consumer value.

Finding ways to provide adequate capital to news organizations and for them to generate revenue are thus essential to finding ways for news organizations to cope with the effects of the changing media environment.

**Rethinking and recreating news organizations**

The changes in the news environment force us to confront fundamental questions about the importance of news organizations to society. This requires contemplation about what functions are necessary to inform the public, to bind society together, and to support democratic participation and the extent to which new forms of media and communication systems serve the functions and alter or replace some of the functions of traditional news providers. We must also reflect on whether the large media operations that developed to serve the needs of mass society in the nineteenth and twentieth centuries are the best way to serve society in the twenty-first century. Those questions are disquieting if one owns, works for or wants to work for one of the established firms; however, social observers and scholars need to address such issues if we are to find solutions to the contemporary challenges.

The fact that the financing and organization of news enterprises and journalism have become the subjects of great public attention is a highly positive development for society and the news industry. The scale and scope of interest being given to these issues today far exceeds that experienced for several generations. Efforts to create and fund new types of specialized and local news-gathering and news-disseminating organizations grounded in contemporary technologies are proliferating – often the creations of unemployed journalists – and despite financial challenges some are beginning to have significant influence on public life.

There are no clear and simple solutions to the challenges facing established news organizations, however. It is certain that transformation will continue. These legacy enterprises will need to find more effective ways to use their existing resources and to exploit the opportunities presented by other ways of operating and structuring journalism. This means that journalists and news organizations must become more flexible, willing to evolve, disposed towards exploring emerging opportunities, and must embrace a more entrepreneurial outlook. These will require significant cultural changes in organizations and the people who work in them.

It is likely that the future of journalism and news organizations will produce a greater variety of enterprises than are now present and with a wider array of financial support structures. A few large public-service and commercial providers will play a role in the news environment, augmented by a variety of smaller commercial firms and not-for-profit enterprises owned by trusts or supported by foundations. Online local news and information sites are likely to emerge as significant local players
where economic conditions do not permit publication of papers or local news broadcasts. A variety of special topic news organizations and news-exchange cooperatives are likely to develop.

The processes of rethinking and recreating news organizations will at times be frustrating, disorienting and ridden with angst. But they should not be seen as ruinous for journalism and the needs of society. If the processes are infused with the desires to create effective and improved means for gathering and disseminating news and information, facilitating public discussion, and engaging the public in democratic participation, we will see novel and beneficial organizational structures and processes emerge in the twenty-first century that improve and support existing organizations, facilitate the creation of new organizations, and improve the public’s access to, use of and interaction with news and information.

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Media and society

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