

## Journalism in America: The Economist

Digital resurrection

### Some moderately good news in the news industry

Mar 29th 2014 | From the print edition

IN FEBRUARY Vice, a media firm that caters to youngsters who like their news with a dollop of sass and hip-hop, toured the opulent residence of the ousted president of Ukraine, Viktor Yanukovich, and posted the video online. “It looks like a weird dictatorship theme park,” the sardonic reporter told the camera. A new report by the Pew Research Centre, a think-tank, finds that a third of Americans now watch news videos online, about as many as say they watch news on cable television. Among those aged 18-29, around half do.

In years past Pew’s “State of the News Media” reports have been sombre, chronicling the evisceration of jobs and the gutting of news budgets. This year, however, Pew sounded more optimistic, pointing to the slew of digital-news services, such as Vice’s online news channel, that have sprung up recently. Around 5,000 full-time jobs have been created at 468 digital-news firms, according to Pew. Many online-news firms have hired high-profile journalists away from big publications, such as the *New York Times* and *Washington Post*, and are launching bureaus around the world (although not nearly as many as have been shuttered by newspapers).

Digital news firms used to do little besides rehashing traditional newspapers’ stories. Now they are starting to feature more original articles. Last year Business Insider, a business-news site, ran a profile of Marissa Mayer, the boss of Yahoo. At 23,000 words, it was as long as a novella. “Online you can afford to do that. In a magazine you’d go broke,” says Henry Blodget, the boss of Business Insider. BuzzFeed, which used to be known for casting out “click bait” online, now claims around 170 full-time staff, including a Pulitzer-prize winner, Mark Schoofs, who has been hired to run a new investigative team.

Lower costs explain why so many digital news firms, like Silicon Valley start-ups, are launching today. Ken Doctor, a newspaper analyst, reckons it costs as little as \$5m to start a “credible” digital news offering. Financiers and philanthropists are investing in news: eBay founder Pierre Omidyar put \$250m into a new non-profit, First Look Media. All this has injected hope into a beleaguered industry. Last month Marc Andreessen, a venture capitalist, predicted that journalism may “be entering into a new golden age” and that the news industry would grow ten- or a hundredfold.

Journalism is at least becoming more participatory. Pew finds that around half of social-media users share news articles or videos, and comment on them. Around 7% of American adults have posted their own news video to a social network, or submitted one to an established news site. Interactive features are doing particularly well. Last year the *New York Times*'s most popular "article" was a quiz in which people could test whether they spoke more like a Los Angeleno or a Louisianan.



Some positive news is welcome, but newsrooms continue to bleed jobs (see chart). The rise of digital-media firms has done little to restore local news coverage, which has suffered with the closure of many local papers. Digital-news firms' long-form narratives and investigative journalism may grab attention, but they are unlikely to compensate for projects that will never take place again in old newsrooms because of budgetary woes.

Facebook users may be reading news, but they spend on average only a minute and a half on a news site each month if they come from Facebook, about a third of the time that visitors spend if they go to a newspaper's site directly. And digital video may be growing, but its advertising only accounts for around 10% of all digital ad revenues, and viewing growth has slowed. Even television news is not having an easy time. In 2013 the three big cable news channels—CNN, Fox and MSNBC—lost around 11% of their combined audience during prime-time. The news industry today resembles Newton's third law of motion, says Amy Mitchell, Pew's director of journalism research: for every action, there is an equally strong reaction. The momentum might have shifted online, but gravity is still pulling everyone down to earth.