JOURNALISM THAT FACILITATES PUBLIC DISCOURSE AND ENGAGEMENT:
AN EXAMINATION OF CROWDFUNDED REPORTING

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DEDICATION

This work is dedicated to three people who have had a profound influence on my life:

My husband, whose unflinching support made this thesis possible;

My father, who saw education as the key to success; and

My mother, who taught me that it is never too late to learn.
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ABSTRACT

JOURNALISM THAT FACILITATES PUBLIC DISCOURSE AND ENGAGEMENT:
AN EXAMINATION OF CASE STUDIES ON CROWDFUNDED REPORTING

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Master of Arts in Mass Communication

The purpose of this study is to determine whether crowdfunding, a method of financing reporting, provides a forum that promotes public discussion and social action. This study also looked at how crowdfunding fits into the current business models for financing journalism and supporting investigative reporting. Current literature reviews how crowdfunding affects the work of a journalist, how it invigorates business with an influx of cash, and why people are motivated to give, but it does not explore crowdfunding’s potential as a new medium for facilitating public discourse. The ability for civil society to communicate openly and freely is what ensures democracy and creates the conditions for social action. Using Habermas’s public sphere theory as a framework, this study examines several crowdfunding case studies. Interviews conducted with news producers and those who donated to their projects explore the contribution of crowdfunding as a means of facilitating participation and enabling individuals to contribute to the public debate.
CHAPTER 1: INTRODUCTION

This chapter introduces the topics of study in this thesis. It first explains the purpose of the study. Next, it elaborates on why this is significant. Finally it presents a roadmap to the thesis.

Purpose of Study

Journalism in America is in a state of fluctuation. The accessibility of free news on the Internet and via social media is drawing advertising revenues away from traditional forms of media (Houston, 2010; Rosenstiel & Mitchell, 2011). As advertising revenues shrink, so do newsroom staffs and ultimately news coverage (Abramson, 2010; Houston, 2010, McChesney & Nichols, 2010). This is especially applicable for investigative journalism, which is experiencing the deepest cuts (Abramson, 2010; Houston, 2010, McChesney & Nichols, 2010). As the quality of journalism declines, readers and viewers look elsewhere, resulting in a further decline of advertising revenues (McChesney & Nichols, 2010). Some scholars argue that all this makes journalism “a public good that is no longer commercially viable” (McChesney & Nichols, 2010, p. 2).

Developments in technology are also impacting journalism. As journalism jobs disappear at traditional media outlets, a new industry of freelancers and media enterprises (Houston, 2010) are providing content (Giles, 2010). Additionally, the emergence of Web 2.0 tools and the rise of social networking are reducing the cost of production (McChesney & Nichols, 2010) and resulting in greater participation (Abramson, 2010; Tapscott & Williams, 2006) from “the people formerly known as the audience” (Rosen, 2006). A recent Pew Research study found that 37% of Internet users have contributed to the creation of news, either by commenting about it or re-posting it on social media.
(Purcell, et al., 2010). However, McChesney & Nichols (2010) posit that new media is dependent on old media, and as old media continue to decline, the amount of journalism on the Web will also dry up, making this an eventual crisis for new media as well. Whether these new media ventures can survive based on existing revenue models is yet to be determined, but one thing is certain—all news organizations will have to look beyond traditional advertising and subscription revenue models to ensure their survivability (Abramson, 2008; Giles, 2010; Houston, 2010; Rosen, 2008), if they are not already.

One alternative is the financing of reporting through donations from the public called crowdfunding. The purpose of crowdfunding is to obtain donations for independently produced projects. It can be accomplished individually through social networking or via a structured platform such as Spot.Us, Kickstarter and IndieGoGo.com (Carvajal, García-Avilés, & González, 2012). The past decade has seen a rise in online forums that help finance everything from musical recordings and film projects to the development of iPhone apps and even micro-brewed beer. In the last five years, the funding of reporting has been included in the mix. In crowdfunding for journalistic projects, members of an online community contribute to the initiation and financing of reporting news topics. Once a fundraising goal is reached, the project is shared within the community. In many cases, stories are also disseminated by an external media outlet, enabling the reporting to reach outside the crowdfunding community.

The ability for civil society to communicate via the public sphere (a network for communicating information and points of view) is what ensures democracy and creates the conditions for social action (Castells, 2009). Yet, the top-down, vertical nature of traditional news organizations limits the role the audience can play in contributing to the
discussion. They fall short of meeting the criteria for a true public sphere because (1) they operate in a vertical format structured to direct messages at a public rather than provide a space for public discourse, and (2) they have been corrupted by commercial and political interests (McChesney, 2003; Herman & Chomsky, 2002) and the culture of the newsroom (Breed, 1955; Gans, 1979). Crowdfunding, like other forms of participatory journalism\(^1\), alters that format, making it more horizontal and allowing all players to contribute to the conversation on a peer-to-peer basis.

The purpose of this study is to determine whether crowdfunding creates a forum that promotes public discussion and social action. The notion of the public sphere will help guide this research in determining if journalism produced by crowdfunding might provide a means for activating citizen participation and ultimately strengthening democracy, which this paper will show is lacking in the current traditional news environment. More specifically, this study addresses the following research questions:

1. How does crowdfunding impact the financing of reporting?
2. Does crowdfunding provide a tool for its members to participate in public discourse?
3. Does crowdfunded reporting lead members or others to take action?

Using Habermas’s public sphere theory as a framework, this research examines four crowdfunding case studies to explore the notion of crowdfunding as a means of reinvigorating the public sphere by providing a forum that facilitates participation and enables individuals to contribute to the public debate.

\(^1\) There are a number of terms used to describe the ability of citizens to contribute to the practice of journalism, such as user-generated content or citizen journalism. This paper makes use of the term participatory journalism (Bowman & Willis, 2003; Deuze, 2009; Gillmor, 2004, and others) to describe the process through which journalists and audiences are participating in the gathering, selecting, publishing, disseminating and interpretations of the news.
Significance

Although other studies have examined how crowdfunding affects the work of a journalist (Aitamurto, 2011) and how it invigorates the business with an influx of cash (Kappel, 2009; Lambert & Schwienbacher, 2010), none has explored its potential as a new medium for facilitating public discourse. While many scholars agree that journalism is in crisis, they do not all agree as to whether it is one of economies or quality. Abramson (2010), Houston (2010), Isaacson (2009) and others believe old revenue sources for journalism are drying up. McChesney (2003) and others point to commercialization itself as destroying the democratic foundations of journalism. This study will provide a closer look at one new form of journalism to determine if it shows signs of reinvigorating journalism both economically and structurally.

If we have a [sic] tremendous journalism that informs and engages people, it will lead to a more efficient and effective governance, a healthier economy and a vibrant culture. All of our lives will be fuller and richer. It will benefit everyone, even people who elect not to consume journalism directly. Likewise, if the market downgrades and corrupts the production of journalism, it will lead to an ignorant citizenry with resultant corruption and misery. We will all suffer as a result. This is the scenario unfolding at present (McChesney & Nichols, 2010, p. 104).

Roadmap

The literature review in Chapter 2 is divided into four sections. The first section explores the theoretical framework of this thesis through an analysis of the concepts of the public sphere and the political economy of the media. The second section examines the changing ecology of news production. The third section presents current business models for journalism and how they are affected by the changing media ecology. The final section provides an examination of crowdfunding as a new revenue model for journalism and a potential means of reinvigorating the public sphere.
Chapter 3 details the research methods, sampling strategies, and data analysis. It describes the research strategy of producing several crowdfunding case studies to examine the reporting process from the viewpoints of the participants: news producers and donors.

Chapter 4 presents the descriptions of each crowdfunding case study and the findings of the research. In this chapter, the findings are analyzed to determine which business model is complemented through crowdfunding, how connections influence story development, if the reporting facilitated public engagement, and what social action or impact the reporting generated as a result of the reporting.

Chapter 5 provides a summary of the major findings, discusses how this impacts journalism in the broader sense, and includes a reflection on the strengths and weaknesses of the study, and what future research might provide more insight to the topics of this study.
CHAPTER 2: LITERATURE REVIEW

The first section of this literature review sets the theoretical framework for the study through a discussion of Habermas’s public sphere theory, its disintegration in capitalist society, as well as a discussion of political economy theories to describe how political and economic influences on the media have aided in the disintegration. The second section appraises the changing media ecology. Defining this transition needs to be understood within the social, economic and technological contexts in which journalism now operates. Next, the advantages and limitations of current business models for news media enterprises are presented. The final part of this section includes an analysis of crowdfunding as a new revenue model for journalism: It examines relevant crowdfunding literature, explores the theoretical potential of crowdfunding to provide a public forum that engages citizens, and describes the Spot.Us crowdfunding model. The final section concludes the major points of the review of relevant literature and introduces the research questions.

Key Concepts and Theoretical Framework

This study is guided by the concept of the public sphere to help define the role of journalism. It also makes use of political economy theories to help frame communication within the broader social context and demonstrate some of the limitations of journalism today.

The public sphere. A crucial factor to modern democratic revolution and social movements has been the existence of an independent realm (a “public sphere”) where citizens can discuss and debate political and social issues as equals, free of scrutiny or

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Ecology is purposefully applied in this context to incorporate the relationship of the public (i.e. audience, consumer, readers, viewers, etc.) to the news media environment.
government interference (McChesney & Nichols, 2010). “The public sphere deals with how mass media (especially journalism) can help citizens learn about the world, debate issues and reach informed decisions” (Dahlgren, 1991, p. 1). “In the process of their deliberations, participants are transformed from a collection of self-seeking, private individuals into a public-spirited collectivity, capable of acting together in the common interest” (Fraser, 1990, p. 72).

Habermas posits the development of democracy coincided with the emergence of mass media because it enabled the development of the public sphere (Dahlgren, 1991). In his study of eighteenth century bourgeois society, Habermas (1989/2001) notes that a public sphere had emerged that promoted political discussion and debate, and through this discourse, social action was organized. He describes the public sphere as “a realm of our social life in which something approaching public opinion can be formed” (1989/2001). The expression public opinion refers to the criticism and formal (i.e., voting) and informal (i.e., social action) control that a public body of citizens use to hold a structure of power, such as the state, accountable to society (Curran, 1991; Habermas, 1989/2001). Curran (1991) argues that the basic elements of a democratic media system are that it be representative of all significant interests in society, facilitate participation, and allow contributions to the debate of policy and issues. It should enable initiatives and ideas to “emerge from the grass roots and be the subject of collective debate” (Curran, 1991, p. 31). In order to form a public sphere, there needs to be a means for transmitting information between citizens. For the bourgeois society, an increasingly independent press “provided the main medium through which private opinions were transformed into
public opinion and the principal means by which government was subject to informal supervision” (Curran, 1991, p. 38).

Habermas’s theory has been the subject of much debate among journalism scholars and academics. Many consider it a flawed ideology in that it does not account for a lack of universalism, an essential element of democracy (Curran, 1991; Dahlgren, 1991; Fraser, 1990); it does not explain informal or oppositional public spheres; (Fraser, 1990), and it does not explain the complexities involved in the production or meaning (Dahlgren, 1991). In her seminal paper, Fraser (2009) points to the fact that in reality the bourgeois public sphere as defined by Habermas excluded women, workers, immigrants, and other marginalized populations. She breaks down Habermas’s idealization of the public sphere, exposing four major faults:

- The marginalization of contributions by subordinate groups, which mask the subtle form of control the public sphere gains over the masses under the guise of public opinion.
- Its claim to be “the” public arena in the singular, when in actuality the multiplicity of publics represents a more democratic society.
- Discourse that restricts private interests does not allow for the participants to decide what is and what is not of common concern to them.
- Capitalism does not foster socio-economic equality.

Fraser reconsiders the public sphere by proposing multiple public spheres, each representative of a particular social, cultural, or class value. She defines these as “subaltern counterpublics” in which members engage in “parallel discursive arenas” in order to “invent and circulate counter discourses to formulate oppositional interpretations
of their identities, interests and needs” (1990, p. 67). A plurality of competing publics promotes the idea of participatory parity more than does a single, overarching public (Fraser, 1990). Only when there are multiple and diverse discursive spaces are members provided with the ability to produce their own discourses, rather than to have them constructed on their behalf (Fraser, 1990).

Given the criticism of his seminal 1989 work, *Structural Transformation of the Public Sphere*, Habermas has since recognized the existence of alternative public spheres as well as their capacity for challenging domination (Downey & Fenton, 2003). These publics are “able to resist mass-mediated representations of society and create [their] own political interventions” (Downey & Fenton, 2003, p. 187).

**Political economy of the mass media.** Today’s newspapers, magazines, radio, and television broadcasts—the media of the public sphere—fall short of achieving the ideals of the bourgeois public sphere (Dahlgren, 1991; Habermas, 1989/2001) and not just for the reasons Fraser identifies. Habermas argues that the increasing complexity and rationalization of society, compounded with the development of mass media, transformed the public sphere. The advent of modern capitalism, industrialization, urbanization, the growth of literacy, the blurring of public versus private interests, and the birth of the popular press all contributed to its decline (Dahlgren, 1991). As literary journalism transformed into mass media, the public sphere was also transformed, heavily influenced by the “influx of private interests” (Habermas, 1989/2001, p. 105).

With the emergence of what Habermas called the ‘welfare state mass democracy,’ society and the state became mutually intertwined: publicity in the sense of critical scrutiny of the state gave way to public relations, mass-mediated staged displays, and the manufacture and manipulation of public opinion (Fraser, 1990, p. 59).
“Public opinion becomes a result of publicity and social engineering” (Dalgren, 1991, p.4). In other words, horizontal communications between citizens has been replaced by vertical communication from mass media, a communication that is heavily influenced by the state and capitalistic interests (Downey & Fenton, 2003).

This decline of the public sphere can best be explained through the two media-related concepts of political economy: (1) how media and communications systems influence existing class and social relationships, and (2) how ownership and government policies influence media behavior and content (McChesney, 2000). A political-economy analysis stresses that “lousy journalism” is a result of “a structure that makes such journalism the rational result of its operations” (McChesney, 2003, p. 324). Although commercially supported journalism provides independence and freedom, it creates monopolies, supports privilege, and puts commercial interests ahead of public interests (McChesney & Nichols, 2010). In their overview of the political economy of the mass media, Herman and Chomsky (2002) posit that news media must pass through five filters: corporate, advertiser, sources, flak and anticommunism (i.e., altering the message so that it supports the Western ideology and capitalism). Each of these filters works together to create “system for communicating messages and symbols to the general populace” (Herman & Chomsky, 2002, p.1). They are briefly described below.

**Corporate ownership.** The consolidation of corporate media firms in the past several decades has led to an oligopolistic environment, where media ownership is increasingly concentrated into fewer hands (Bagdikian, 2000; Castells, 2009). This drastically reduces diversity of the messages as fewer people decide the news agenda (Herman & Chomsky, 2002). Additionally, the news product tends to be influenced by
the commercial aims of the relatively few owners (Bagdikian, 2000), who are often closely tied to other powerful commercial interests (Herman & Chomsky, 2002). “Corporate ownership didn’t foster greater media independence; it just created greater conflicts of interest” (McChesney & Nichols, 2010, p. 40).

**Commercial sponsors.** McChesney & Nichols (2010) contend commercial businesses have too much influence in media. “Advertisers can try to bring pressure to bear on story selectors by demanding that stories which they perceive to hurt them be killed or altered; alternatively, they can withdraw their advertising” (Gans, 1979). Not only is there the potential for conflicting interests, there is a tendency for media organizations to gear content toward more affluent customers to attract commercial sponsors (McChesney & Nichols, 2010). This has made the news product less representative of low income populations (Herman & Chomsky, 2002). Additionally, relying on this source of funding puts too much control in the hands of advertisers (McChesney, 2003; Herman & Chomsky, 2002), as they support those organizations whose content suits their business.

**Reliance on official sources.** There is a tendency for professional journalism to rely on official sources as a way to reduce costs (Herman & Chomsky, 2002). “In view of the fact that legitimate sources tend to be restricted to political and economic elites, this bias sometimes makes journalists appear to be stenographers to those in power” (McChesney, 2003). While McChesney recognizes the component of journalism that is necessary to hold those in power accountable, he likewise recognizes that this tends to limit the criticism that can be exercised by the citizenry (McChesney, 2003), especially when their voices are marginalized.
**Flak.** While Herman & Chomsky (2002) acknowledge that readers and viewers have some opportunity to respond to media, the majority of messages come from power structures, either ownership or commercial sponsors, and that these are the comments to which reporters pay attention. McChesney (2003) acknowledges that while public relations is a welcome subsidy that provides anywhere from 40% to 70% of what appears as news, he warns that “the prominence of spin produces a grand yet distressing paradox: journalism, which, in theory, should inspire political involvement, tends to strip politics of meaning and promote a broad depoliticization” (p. 304).

**Anticommunism.** While this was a strong influence on press coverage during the Cold War, it is meant to signify the “enemy of the state” (Herman & Chomsky, 2002) and can be replaced with anti-terrorism in today’s society. This mechanism can have a strong influence on the mass media, to the point of determining the worth of a life based on one’s political associations (Herman & Chomsky, 2002). For example, Chomsky reveals the inequity of coverage of the victims of our allies (unworthy victims) versus those of our enemies (worthy victims). Victims of our friends and allies are unworthy of coverage because to reveal any negative information about an ally would contradict political and economic policies. By focusing instead on victims of our enemies, the press reinforces the image of evil-doer.

These political and economic influences on mass media are not conducive to the ideal of the public sphere. They are precisely what Habermas refers to by the corruption of the “welfare state of democracy” (1989/2001, p. 105). “A public sphere, where it exists and works successfully as a democratic institution, represents the potential for people
organized in civil society to alter their own conditions of existence by means of rational-critical discourse” (Calhoun, 1993, p. 279).

**Public sphere in the new media ecology.** Several scholars draw from the work of Walter Lippmann and John Dewey to explore journalism’s participatory shift in incorporating “new voices” in “what might be considered a more democratic and representative media space” (Hermida, et al., 2011, p. 1). Their discussion is relevant to the concept of the public sphere, particularly in light of the new media ecology, which is explored in the next section. While Lippmann thought that modern society was too complex for the general public and journalism was needed to filter and interpret events and issues, Dewey perceived it differently. He saw the public as capable of rational thought and decision-making, and the journalist’s role was to inform and educate and “enable them to participate in the democratic discourse” (Hermida et. al., 2011, p. 3).

Taking a Deweyan approach, proponents of participatory journalism such as Dan Gillmor (2004) argue that the democratic role of journalism needs to be redefined from the role of the professional journalist as sole gatekeeper to one that engages citizens and encourages them to take an active role in news processes. When vertical media coincides with horizontal channels of communication, social action is promoted through collective organizations such as political parties, pressure groups, and coalitions (Curran, 1991).

While most scholars agree that participatory forms of journalism represent more democratic public spheres, Fuchs (2009) cautions this can result in the illusionary impression that citizens today can make a difference, whereas in reality, they cannot influence policies and live in a world that is dominated by corporate interests and corporate control.
This renewed deterministic techno-optimism argues that the availability of more tools with which more people can now publish and communicate information in easier ways on the Internet implies a democratization of the media. But the degree of participation in the media not only concerns the availability of production and circulation technologies, but also how visible information is, how much attention it gains, how much difference it makes, how much control of actual decision processes is enabled and the degree to which the structures of ownership, power and discourse are shaped in participatory and cooperative ways.

If democracy is understood as the production of information by all that has no significant political effects and leaves dominant power structures untouched, then an ideological way of legitimating existing modes of domination is present. Everybody can then voice her or his opinion on the Web, but nobody will care about it because the real decisions are still taken by the elite groups. The information produced then constitutes an endless flood of data, but not significant political voices. Web 2.0 can be and is appropriated by politicians, parties, corporations and the representative political system to give voice to the people without listening and to give people a say in political decisions. Citizens can communicate political ideas, but in their everyday life they hardly have transformative institutionalized power (Fuchs, 2009, p. 83).

Additionally, new communication technologies may contribute to the fragmentation of civil society. Downey and Fenton (2003) warn that people can easily focus on one-sided views, bypassing “more moderate and balanced expression of opinions” (p. 189). The danger of this is twofold: (1) it eliminates “reconsideration of the issues” presented by alternative viewpoints and any “recognition of the partial validity of opposing viewpoints”; and (2) it reduces the range of “common experiences” that help generate an understanding of particular issues (Downey & Fenton, 2003, p. 189).

In sum, Habermas’s intention in *Structural Transformations of the Public Sphere* was to show the rise and fall of the public sphere (Downey & Fenton, 2003). If this ideological concept can be separated from the actual male-dominated public sphere of the bourgeois society, it can be applied to the role of journalism in the new, more participatory, media ecology—one that is not subject to powerful political and economic influences. Habermas’s concept of the public sphere is still valuable for exploring the role
of journalism and the role of citizen participation. As Fraser states, “some form of public
sphere is required to salvage that arena’s critical function and institutionalize democracy”
(1990, p. 58).

A Changing Media Ecology that Fosters Participation

**Technological.** Technology has made production faster, cheaper, smarter, and
easier—and this movement has never manifested itself more than with media products
(Howe, 2008). Access to inexpensive equipment, user-friendly software, and free
distribution channels has leveled the playing field and facilitated an “outpouring of
creativity from the people formerly known as consumers” (Howe, 2008, p. 75). Similar to
the desktop publishing revolution, tools such as digital cameras and recording equipment,
which were once out of reach for the typical consumers, are now cheaper and easier to
use (Howe, 2008). But revolutions are rarely bloodless. Take for example,
iStockphoto.com, a Web-based company that sells royalty-free stock photography,
animations and video clips. Its community is composed of both amateurs and working
professionals in the field, yet iStockphoto negatively affects traditional stock
photographers, whose historically higher prices are necessary to cover the cost of their
equipment, travel, and processing (Brabham, 2008). Now, anyone with a high-resolution
digital camera can sell their stock images. Companies such as these might be destroying
some careers, but on the macro-level, they are also creating opportunities for others and
“reconnecting workers with their work and taming the giants of big business by reviving
the importance of the consumer in the design process” (Brabham, 2008, p. 84).

**Social.** In its report “Online Communities: Networks that nurture long-distance
relationships and local ties,” the Pew Internet & American Life Project (2001) found that
not only are people becoming more social online, they are forming vibrant communities and integrating them into their lives. Some of their findings include the following:

- 90 million Americans have participated in online groups.
- Use of the Internet often prompts them to join groups.
- Online communities bring about greater contact with different people.
- Online communities foster lively chatter and connection.
- Online communities draw civic involvement from the young, a segment of the population not typically drawn to civic activities.

Citizens are also becoming more aware of events around them through “ambient journalism,” a term Hermida uses to define the combined effort of computer-mediated communication systems that help people “maintain awareness of each other’s activities even when the participants are not co-located” (2010, p. 5).

**Structural.** “The old Web was about websites, clicks and eyeballs...the new Web is about community, participation and peering” (Tapscott & Williams, 2006, p. 19). In a nutshell, Web 2.0 facilitates interaction between users. Before the Internet, newspapers spoke at their audiences. Now audiences can speak back (Howe, 2008; Tapscott & Williams, 2006). According to Jenkins (2006), this is not a one-way-or-the-other proposition, but rather a convergence of old and new media, represented by more inclusive media production processes that foster a participatory culture, giving average citizens the tools to store, edit, and redistribute content. Bowman and Willis define participatory journalism as the practice “of citizens playing an active role in the process of collecting, reporting, analyzing and disseminating news and information” (2003, p. 9). In this new, participatory relationship, Deuze (2005) acknowledges how journalistic
values have changed in the context of current cultural and technological developments: (1) more influence from the bottom up, (2) more perspectives than “both sides of the story,” (3) more collaborative, transparent news ecology, (4) more community reporting, and (5) more opportunities to update stories, including comments from the public. These new forms of journalism are engaging the individualized and networked society, which, in turn, is changing professional journalism’s position as the “primary gatekeeper and information provider in society” (Deuze, 2008, p. 857).

New media technologies challenge one of the most fundamental truths in journalism: the “professional” journalist is the one who determines what publics will see, hear, and read about their world. Journalism is tightly linked with the concept of democracy, yet historically news production rested in the hands of “professional” journalists, and the audience was viewed strictly as a consumer. “The cultural patterns of the newsroom produce results insufficient for wider democratic needs” (Breed, 1955, p. 335). In today’s media ecology, people are empowered by cheaper, more user-friendly technologies to actively participate in their own news-making (Deuze, 2008). News media is changing from one that traditionally operated in top-down mode to one that now includes bottom-up influences. In this new environment, the citizen is emerging as a more engaged partner, more demanding, and more critical (Deuze, 2008). Contrast these ideals with the traditional newsroom culture where executives set the policy of what gets covered and how (Gans, 1979).

Traditionally, the audience was considered only as a number that increases advertising revenue (Gans, 1979). As such, journalism has “lost touch with the lived realities of today’s citizen-consumers” (Deuze, 2008, p. 855). Challenging the extent to
which journalism holds exclusive claim to the production and dissemination of news information, the shift from “top-down” journalism to team-based, “participatory” multimedia journalism (Deuze, 2005) creates particular tensions in the industry and potentially challenges the typical news values in journalism’s ideology (Bowman and Willis, 2003). Consumers, audiences, communities, users, citizens, or “the crowd,” however they are defined, are taking on the role of co-producers, and in some cases even producers (Tapscott & Williams, 2006). As this model of news production and consumption changes, so does the business model behind news production.

**Economical.** In a post-scarcity economy, consumable goods become so abundant that their values decline (Howe, 2008). Technological innovations have essentially rendered the traditional journalism business model obsolete and as a result news organizations are folding, declaring bankruptcy, eliminating sections, reducing coverage, and eliminating jobs (Kaye & Quinn, 2010). But at the same time, new opportunities emerge.

Growing accessibility of information technologies puts the tools required to collaborate, create value, and compete at everybody’s fingertips. This liberates people to participate in innovation and wealth creation within every sector of the economy (Tapscott & Williams, 2006, p. 10-11).

A new model of economic production, “social production,” has occurred in which individuals are collaborating on their own without the aid of big business (Benkler, 2006). Tapscott and Williams call this phenomenon “wikinomics—in which the perfect storm of technology, demographics, and global economics is an unrelenting force for change and innovation” (2006, p. 64).

Emerging technology and social trends are disrupting established journalism business practices. Scholars agree that journalism has become more participatory and
collaborative (Abramson, 2010; Bowman & Willis, 2003; Deuze, 2005; Tapscott & Williams, 2006). Yet, as the industry shifts toward digital platforms, the traditional advertising and subscription revenue models do not transition. As readership declines, so does ad revenue (Kaye & Quinn, 2010). “The realization that traditional business models and strategies to support journalism will no longer be sufficient in the digital age has resulted in new, increasingly desperate attempts to find extra revenue (Kaye & Quinn, 2010, p. 35).

**Journalism Business Models in Transition**

In light of the changing media ecology, news organizations are losing their ability to collect enough revenue to support the quality and quantity of journalism on which readers rely and which helps maintain a healthy democracy” (Kaye & Quinn, 2010, p. 18). If the news media are to continue to function as a crucial part of democracy, they need to find a way to maintain staff and resources. Economically, journalism faces a two-part challenge: (1) competing with the proliferation of do-it-yourselfers who offer content for free (Lewis, 2011) and (2) finding a sustainable revenue model that provides for quality journalism. Advertising cuts prompted by the economic downturn have dried up traditional revenue sources, but quality journalism is not cheap (Abramson, 2010; Houston, 2010). Most scholars and journalists agree that new sources of revenue are needed “to sustain quality journalism.” Some have called for the implementation of some form of pay wall (i.e., pay for digital content, pay for mobile applications, and pay for specialized content) that shifts some of the burden to the consumers. (Abramson, 2010; Isaacson, 2009). Others see collaborative efforts with universities and non-profits as key. Many agree it will take a combination of efforts (Abramson, 2010; Giles, 2010, Houston,
This may not be a model that seeks profits (McChesney & Nichols, 2010). “In a media world where consumers decide what news they want to get and how they want to get it, the future will belong to those who understand the public’s changing behavior and can target content and advertising to snugly fit the interests of each user” (Rosenstiel & Mitchell, 2011).

**Advertising revenue model.** Traditionally the juggernaut for radio, television, and print, the advertisement model is also used by some news providers on the Internet. Many advertising dollars have shifted from print to Web as traffic has also shifted (Kaye & Quinn, 2010). In 2010, online advertising revenue surpassed print newspaper ad revenue for the first time (Rosenstiel & Mitchell, 2011). Close to 80% of the online newspapers generate revenues from advertising (Chyi, 2005), but advertising is cyclical and impacted by business cycles and economic swings (Kaye & Quinn, 2010), and this affects online media as well.

Some industry observers posit that media outlets can harness the power of digital content to subsidize the rest of the business. For instance, the *Bakersfield Californian* attracted new ad dollars by launching a website that allows people to create their own digital magazines (Kaye & Quinn, 2010). Others believe ad revenue will be inadequate to finance online journalism (Pew Research, 2009). With a plethora of media, especially on the Web, advertisers do not need to rely on news outlets anymore to get their message across (McChesney & Nichols, 2010). Additionally, some posit that advertising does not hold the same power it used to, as the Net Generation “[does not] trust advertising as much as peer opinions, reputation, and word-of-mouth” (Tapscott & Williams, 2006, p. 52). “The naked and uncomfortable truth is that the business model that sustained
commercial news media for the past century is dying and cannot be recreated”
(McChesney & Nichols, 2010, p. 74).

The obvious upside to an advertising revenue model is that it shoulders the burden
for the bulk of production and distribution costs so that they do not fall on the consumer.
Critics have argued for decades that news organizations which rely on advertising
subsidies can become beholden to commercial interests. “In an advertising-only revenue
model, the incentive is perverse. It is also self-defeating, because eventually you will
weaken your bond with your readers if you do not feel directly dependent on them for
your revenue” (Isaacson, 2009). Additionally, Herman and Chomsky (2002) argue that
advertisers hold too much control over a medium’s prosperity, and even survival, simply
through their selection of which media companies to use and which ones not to use.

**Subscription model.** The subscription model is the second most popular source
of income for news organizations (Mensing, 2007). Subscriptions and newsstand sales
contribute approximately 20% of a newspaper’s revenue (Farhi, 2009). The subscription
model has been much harder to implement online, however (McChesney & Nichols,
2010). Some of the first forays into paid online content were made by *USA Today* and
*The New York Times*. These papers initially charged for content, but then dropped their
fees and turned to advertising (Kaye & Quinn, 2010; Mensing, 2007). “When news media
charge, their online traffic falls sharply” (McChesney & Nichols, 2010, p. 74). By 2010,
less than 40 papers were offering paid content on their websites (Mensing, 2007;
Rosenstiel & Mitchell, 2011). Advertisers might be willing “to pay per click, but
consumers don’t want to pay at all” (Rosen, 2008, para. 3). Even if their local papers
were to disappear, a Pew Research study found that only 23% of Americans would
subscribe to an online paper (Rosenstiel & Mitchell, 2011). Additionally, it is problematic to expect paid content to compete with publicly funded media (McChesney & Nichols, 2010).

Some news organizations are experiencing success with online subscriptions, however. *Journalism Online, Newsday, Consumer Reports,* and the *Wall Street Journal* all charge for online editions with a monthly subscription (Giles, 2010; Kaye & Quinn, 2010; Mensing 2007). Their success has been attributed to “a proven brand name in a specific niche market” (Mensing, 2007, p. 24). Charging for news online can work, “[if] readers don’t have another place they can go to get the same content and service” (Friedman, 2003, para. 17). Additionally, audiences seem willing to pay for content that in some way helps them make or save money, improve their profession, or develop their personal hobbies (Kaye & Quinn, 2010). For the rest of the news, the problem becomes how to convince readers to pay for something they are used to getting for free.

**Micro-payments.** Another form of a pay wall, micro-payments, allows users to purchase the specific content they are interested in (e.g., an individual story or a video) without having to commit to a monthly or annual subscription. Individuals pay a small sum for each article or program they receive similar to the iTunes model. A 1999 survey of 64 online newspapers in major U.S. cities found that fewer than 20% had adopted e-commerce and pay-per-use models (Chyi, 2005). Hindered by a lack-luster payment system, the micro-payment model struggles to find a simple way for people to pay small amounts without having to pull out credit cards. “Micro-payments have been a failure in most cases since processing fees eat up potential profits on small charges” (Friedman, 2003). “The Internet is littered with failed micro-payment companies” (Isaacson, 2009,
CyberCash, Bitpass, and DigiCash struggled with bad technology and high transaction costs, but iTunes and Kindle demonstrated that consumers would buy digital editions of music and books (Isaacson, 2009).

Admittedly, since much news is provided for free, one of the problems with the micro-payment model is changing the culture of how the public obtains its news (Kaye & Quinn, 2010). Another perceived problem is that pay walls tend to reduce traffic (Farhi, 2009). And finally, “asking readers to pay a few cents for a story they haven't read sounds like a massive info-gambling scheme; why would anyone spend even a few cents on something that might turn out to be disappointing, infuriating or just plain unsatisfying?” (Farhi, 2009, p.25).

**Niche market model.** Narrowly focused content directed at a highly targeted market has value for the consumer because it is difficult to find (Kaye & Quinn, 2010). Consequently, readers and viewers are likely to pay for specialized content, and advertisers like the highly targeted audience (Kaye & Quinn, 2010). While specialized media has a long history as a business model in the United States (Giles, 2010; Kaye & Quinn, 2010), the changing digital media ecology offers greater opportunity through a global reach, more immediate delivery, and low barriers to entry (Kaye & Quinn, 2010). One burgeoning niche strategy that shows promise in securing new advertising revenues is community or hyper-local journalism (Rosenstiel & Mitchell, 2011). According to Pew Research’s 2011 annual report of American journalism, the local news sector shows promise for growth (Rosenstiel & Mitchell). Hyper-local news, reporting that reflects the everyday lives of residents in a particular community, can attract new advertising sources (Kaye & Quinn, 2010). AOL’s *Patch* is a good example of an organization capitalizing
on an underserved market. Patch is a “community-specific news and information platform dedicated to providing comprehensive and trusted local coverage for individual towns and communities” (Patch, 2012). Other niche models target local subcultures such as ethnic, racial or religious groups. Although these news organizations show promise, they still compete for advertising revenue and are therefore subject to the same criticisms and pitfalls of that business model.

**Volunteer labor.** Most of the blogosphere lives here, providing content online for free or for little compensation. This atypical media work is manifested in the worldwide trend towards outsourcing free labor in the creative industries to the consumer, under the banner of citizen journalism (Deuze & Marjoribanks, 2009).

An ongoing casualization and individualization of labor inspires journalists to act as individuals, taking individual responsibility for each story or item. Although, such a perspective can slip quickly into neo-liberal territory where structures do not exist and every person is left to fend for herself (Deuze & Marjoribanks, 2009, p. 558).

Most observers agree that this type of journalism, however valuable to democratic fundamentals, is not sustainable for the long haul. “Unless journalism can provide adequate compensation, it will be limited to a small number of self-selected people, either desperate for fame or independently wealthy, with all the complications each scenario presents” (McChesney & Nichols, 2010, p. 85).

**Collaborative model.** The Newspaper Preservation Act of 1970 enabled newspapers in the same locale to combine business operations, such as sharing printing or distribution operations (Bagdikian, 2000). Increasingly, media organizations are sharing content and collaborating with partners. In the past, media professionals have been reluctant to collaborate because media competition encouraged exclusivities (Houston,
More recently, however, organizations are finding they are comfortable working with a nonprofit partner such as ProPublica, Center for Public Integrity, and the Pulitzer Center on Crisis Reporting (Kaye & Quinn, 2010). One example of a successful partnership is the GlobalPost and CBS. Initially funded with $8.5 million private investment, the GlobalPost offers foreign news to media companies looking for different content. In 2009, CBS signed a deal with GlobalPost to access GlobalPost’s content and correspondents (Kaye & Quinn, 2010). Additionally, the Los Angeles Times and the Chicago Tribune, both owned by the Tribune Company, share foreign reportage (Kaye & Quinn, 2010). As part of the Ohio News Organization (OHNO), eight of the largest papers in Ohio share content, essentially creating a state-wide wire service (Kaye & Quinn, 2010). However, this type of collaboration limits the number of gatekeepers deciding the news and moves toward a “single source, one-size-fits-all model rather than healthy competition between newsrooms with different perspectives” (McChesney & Nichols, 2010, p. 97).

As in the collaboration of PBS’ Frontline and Berkeley Graduate School of Journalism, universities have also proven to be ideally suited to contributing to investigative reporting, which often involves labor intensive research (Houston, 2010). Partnering with a university provides a source for inexpensive or free labor (Kaye & Quinn, 2010), key to producing quality investigative reporting. In this case both parties receive benefits. “The university media group relationship works because students supply cheap labor, but they get to work for a prestigious media company and put it on their resumes” (Kaye & Quinn, 2010).
In another type of collaborative model, the pro-am model, media companies mix their content (professional journalism) with amateur content (citizen journalism). Where amateurs contribute content for little or no cost, professional journalists apply legalities, ethics and editing (Kaye & Quinn, 2010; Rosen, 2008). While many small newspapers could never fill pages without this content (Howe, 2008), it cannot replace in-depth reporting. Even Howe (2008) admits that a citizen might provide a 500-word story (typical press release length), but a longer piece likely would be outside the realm of the amateur.

**State-funded model.** There are two types of state-funded media, (1) state owned and managed and (2) public owned (e.g., BBC and PBS). While the first represents a non-democratic form and would be constitutionally challenged in the United States, the latter provides support to media organizations through public taxes and government subsidies. A strong proponent of the state-funded model, Robert McChesney argues traditional media “can become a barrier to democracy and significant conduits of propaganda” (2010, p. 25) and that journalism should be viewed as a “public good” and therefore subsidized by the government to ensure everyone has access to it (McChesney & Nichols, 2010). McChesney posits that there is a “rich history of massive direct and indirect government subsidies of U.S. journalism dating back to the nation’s founding, and these subsidies have only rarely involved censorship over content” (2010, p. 24).

When it works as it should, public broadcasting is accountable to the citizenry, has strict independence from the dominant political powers and does not rely on the market to determine its programming. Such a setup presents a difficult problem, although not an insurmountable one, for a free society, because it allows the state possibly to control the media content far more that classical liberal theory would countenance (McChesney & Nichols, 2010, p.191).
Similarly, Gans (1979) proposes that the government establish an “endowment for news” which would provide grants to news enterprises similar to government subsidies for the arts. Yet he admits that “when the government provides money, it claims the right of review; and once it gains a foothold, it soon begins to regulate” (Gans, 1979, p.330).

The BBC is one example of state-subsidized news. It is the largest broadcasting corporation in the world, with a mission to “enrich people’s lives with programs that inform, educate and entertain” (BBC, 2012). The BBC is funded by a license fee, constitutionally established and paid by U.K. households (Kaye & Quinn, 2010). In the United States, PBS and NPR were established to provide public-service programming “that commercial stations were not delivering” (McChesney & Nichols, 2010, p. 193), but they fall short of the full-range of programming provided by the BBC. Even McChesney & Nichols agree that public media in America today “is not a news medium of relevance to poor people, minorities, the working class and the young” (2010, p. 198).

While subsidized media can insulate the organization from market pressures, such as shifts in advertising and economic downturns, they distort the media market by creating unfair competition (Kaye & Quinn, 2010), “especially undermining the paywall system” (McChesney & Nichols, 2010, p. 73). When news is being given away for free because it is financed by the state, it puts competing news organizations at a disadvantage.

Journalism has a long-standing first amendment presumption that for journalism to work best it requires hands-off by government. So many scholars and industry observers do not agree with McChesney & Nichols (2010) that it is possible for news media to remain independent if it is subsidized by government. Kaye & Quinn posit that
subsidized media depends too much on the government to decide how much public money it receives (2010) and therefore what it is able to provide viewers.

**Nonprofit model.** “Across the country, nonprofit journalism enterprises are being launched, in part to offset declining coverage in local daily newspapers” (Giles, 2010, p. 28). The Global Investigative Journalism Network is composed of 40 nonprofits from 30 countries (Houston, 2010). Investigative News Network shares administrative and journalistic resources with other nonprofits news organizations (Houston, 2010). ProPublica, an independent, nonprofit newsroom, provides stories, at no cost, to established news organization (Giles, 2010; Kaye & Quinn, 2010; Rosen, 2008). It has a staff of 20 and a budget of $10 million per year (Houston, 2010). “These initiatives are emerging in response to the widely held fear that investigative journalism is at risk because more and more local newsrooms lack the resources to commit the amount of reporter time and money it takes to dig deeply into topics of interest to their communities” (Giles, 2010, p. 28). Brant Houston (2010) equates the rise of nonprofits and the rise of technology to mean more citizen involvement in shaping stories, more collaboration rather than competition. Nonprofit intervention can be seen as not only a way of addressing the market failure of journalism-as-an-industry, but also as a way of attempting to resolve the crisis of journalism-as-a-profession as newsmakers navigate the participatory media space online (Lewis 2011). Journalists supported by third party funders say they maintain editorial control over what they do (Houston, 2010). Additionally, nonprofit news organizations such as these benefit from tax exemption and their editorial staff is insulated from advertisers and stockholders (Kaye & Quinn, 2010).
On the downside, nonprofits are prohibited from trying to influence legislation or participate in any campaign activity that promotes a political candidate, which makes them ineffective as a forum for debate of many important political processes. Additionally, many scholars believe nonprofits will fail without additional (i.e. government) subsidies (McChesney & Nichols, 2010), but such a transition would entail a drawn-out political battle, as there is a perception that non-profits tend to represent liberal views (Kaye & Quinn, 2010). Typically the endowments that support nonprofits are insufficient to sustain long-term operations and nonprofits are constantly scrambling for funding and can be affected by similar economic swings as the advertising model (Giles, 2010).

**Grants and family trusts.** Launched in 1950, the Knight Foundation is widely considered the leading nonprofit supporter of journalism in the United States with substantial influence in press-related issues around the globe (Lewis 2011). Since 2006, it has provided $25 million to support digital innovations (Giles, 2010; Lewis, 2011) that “transform community news, conversations and information distribution” (Knight Foundation, 2012). These projects are experimental initiatives intended to stimulate innovation in journalism. Many of the Knight News Challenge awards focus on citizen participatory forms of journalism and other projects outside the mainstream (Lewis, 2011). Grants such as the Knight News Challenge can bolster existing news structures, but a sponsored organization also risks becoming dependent on these subsidies, rather than finding more sustainable forms of income (Kaye & Quinn, 2010). This model has been criticized for giving foundations too much power (McChesney & Nichols, 2010), and ethical concerns are raised if funders are perceived to have agendas (Giles, 2010). “A
serious television program or newspaper’s power and value are derived from trust, credibility, and authority. Thus, it becomes important to consider whether funding sources could dilute this authority” (Kaye & Quinn, 2010, p. 58).

The New York Times, “the bastion of quality journalism,” (Kaye & Quinn, 2010) is aided by family ownership and has won more Pulitzer prizes than any other publication. Another family-owned paper, The Guardian, provides independent reporting, but consistently loses money (Kaye & Quinn, 2010). Those losses are underwritten by its parent company, The Guardian Trust, and do not represent a model that could sustain journalistic efforts elsewhere. “Under family ownership, journalism has more security than at media houses owned by big corporations” because the management is more amenable to lower profits (Kaye & Quinn, 2010, p. 91). This frees the organization to focus on the business of reporting the news, rather than scrambling for funding. But family ownership is declining (Bagdikian, 2000), and it seems unlikely that it will increase unless conglomerates are broken up into smaller media companies and sold off at prices that are attractive to individual owners.

Nonprofits and journalists alike do not see foundation grants and endowments as sustainable or reasonable (Giles, 2010; Houston, 2010; McChesney & Nichols, 2010). Endowments would require huge outlays of capital, potentially billions of dollars (Kaye & Quinn, 2010), to sustain media organizations over the long haul. Others question how dependable are foundation grants, year after year (Giles, 2010). Foundations, whose assets are often heavily invested in the stock market, are also affected by economic downturns.
Crowdfunding model. Also known as micro-funding (Kaye & Quinn, 2010), crowdfunding seeks to obtain community donations for independently produced creative projects (McCarthy, 2012). It involves “an open call for the provision of financial resources either in the form of donation or in exchange for some form of reward or voting rights” (Lambert & Schwienbacher, 2010, p.6). The goal is to obtain financing from a large audience (or crowd), where each individual will provide a very small amount. One of the most notable cases of crowdfunding was Barack Obama’s online presidential campaign, which raised millions of dollars from small donations made over the Internet (Howe, 2008; Kappel, 2009). The past decade has seen a rise in crowdfunding platforms, such as RocketHub, Kickstarter, and IndieGoGo. These online portals help raise funds for everything from musical recordings and film projects to the development of iPhone apps and even micro-brewed beer. In the case of crowdfunded journalism, members of an online community contribute to the financing of news reporting.

The procedure for crowdfunded reporting begins with a pitch detailing the topic and the amount of funds required to report the story. Sometimes the pitch includes incentives that can be in the form of signed copies of publications, acknowledgements, or gifts. After the news pitch is evaluated for its subject matter and potential, members of the crowdfunding community contribute dollars until the fundraising goal is reached. Fees charged by the crowdfunding site occur either at the time of donation or once the funds are released to the reporter, and are used to cover the costs of the service. Typically, community members have an opportunity to respond during the fundraising period through online posts and comments. With money in pocket, the reporter completes
the project and shares it with the community. In many cases, these stories are also disseminated by other media outlets (McCarthy, 2012).

Pew Research’s State of the Media study determined that “there are some signs of willingness to pay for news” (Rosenstiel & Mitchell, 2011, para. 17). While the study made this reference mainly regarding subscriptions, it could potentially translate to crowdfunding. However, Kaye & Quinn (2010) argue that crowdfunded content needs to be both unique and compelling. Unique because if someone else is providing the same story for free, no one would want to contribute, and compelling because it needs to attract interest in order to warrant donations.

The main benefit of crowdfunding is that it provides a funding tool for a wide variety of journalism projects, from a one-shot story idea from a concerned citizen to a weekly report to a new media startup. “Crowdfunding platforms provide opportunities for anyone with Internet access to pitch an idea to their social network and beyond to gather funds to realize their work” (Gerber, Hui & Kuo, n.d.). Crowdfunding is not an all-or-nothing strategy. It can be integrated with conventional methods of funding (Lawton & Marom, 2010). Additionally, crowdfunded reporting tends to serve the needs of small, independent and publicly funded media companies, who operate on limited budgets (McCarthy, 2012). The fact that the House of Representatives passed the Entrepreneur Access to Capital Act in November 2011 (Gerber, et al., n.d.) demonstrates that it finds crowdfunding significant to stimulating economic growth because it allows more individuals to engage as producers without having to rely on the backing of banks and venture capitalists (Gerber, et al, n.d.).
The limitations which apply to other business models that involve donations pertain to crowdfunding as well. For example, this form of financing might lend itself to the interests of the middle and upper classes who are more likely to provide donations (McChesney & Nichols, 2010), leaving out marginalized publics. In addition, while McChesney and Nichols (2010) agree that people will give individual donations to support news, they do not believe the donations will be enough to support the need, and this form of financing is only useful as a supplement to other forms of income. Lambert and Schwienbacher (2010) note that there are important legal limitations to crowdfunding initiatives because the input of the crowd is capital and not an idea or time. However, since it attracts mainly small donations (Aitamurto, 2011; McCarthy, 2012), crowdfunded journalism operates outside the legal limit of $10,000 maximum donations.

“Some critics suggest that using crowdfunding to finance journalism raises prickly questions” (Kaye & Quinn, 2010, p. 67) such as if public relations agencies or special interest groups fund reporting to promote their interests and portray it as neutral journalism. One way the crowdfunding website Spot.Us combats this is by limiting the percentage any one donor can give and providing total transparency regarding the source of donations (McCarthy, 2012). Yet, there is still an issue of trust. Lawton and Marom (2010) advise that it is best “to come to the table with an anchor audience.” While the initial investors typically represent friends, family, and “fans” (Agrawal, Catalini, & Goldfarb, 2010, p.3), 70% to 80% of the contributions must come from strangers (Lawton & Marom, 2010). Once secondary funders see that a project has attracted initial investments, they feel more comfortable contributing (Lawton & Marom, 2010).
Since it is such a new phenomenon, “crowdfunding platforms are relatively primitive” (Lawton & Marom, 2010, p. 95). They could be improved by matching donors with creators (Lawton & Marom, 2010). For crowdfunding to take off, the industry would need to make some kind of change in the mindset of its audience to “get people accustomed to contributing to a service like the news” (Kaye & Quinn, 2010, p. 67).

Crowdfunding Background and Relevant Studies

Background. As the increase in education and the availability of tools via the Web fuels entrepreneurship (Tapscott & Williams, 2006), it creates a wide variety of ventures that require capital. Yet, with a lack of capital flowing from traditional sources of lending, such as banks and venture capital firms, many businesses are looking for alternative avenues for funding (Lawton & Marom, 2010). Currently there are more than 50 crowdfunding websites in the United States (Gerber, et al, n.d.). Virtually all use the Internet as the mode of communication with the “crowd,” demonstrating the reliance on Web 2.0. (Brabham, 2008; Lambert & Schwienbacher, 2010). Crowdfunding employs Web 2.0 technologies and existing online payment systems to facilitate transactions between creators and funders (Gerber, et al, n.d.). The Internet also enables broad access to a community that may share similar goals and views (Howe, 2008; Pew Internet, 2001; Wang & Chen 2012).

Carvajal, et al., (2012) recently identified 13 crowdfunding platforms specifically designed for journalists and 56 platforms that support journalism projects as well as other ventures. David Cohn, who started Spot.Us, one of the first crowdfunding platforms specifically for journalism, had previously been involved in crowdsourced journalism projects such as NewAssignment and OffTheBus (Cohn, 2012). The impetus for Spot.Us
was derived from early Web-based funding platforms for philanthropy such as Kiva.org (Kaye & Quinn, 2010), which allows people to easily support worthy causes they believe in (Howe, 2008). A study by Lambert and Schwienbacher (2010) found that crowdfunding initiatives structured as nonprofits were significantly more successful than other organizational forms. This is consistent with contract failure theory (Glaeser & Shleifer, 2001), which stipulates that nonprofits are better at attracting funds because their focus is on the outcome of their product, not monetary gains.

**Crowd theories.** While the word “crowd” may conjure up images of a raging mob, in today’s Web 2.0-infused world, the term crowd signifies a type of community and instead connotes participatory culture and increased democratic processes. Looking outside the negative view of the “crowd mentality” as a group of followers without independent thought, recent academic theory points instead to the assets of the crowd using concepts such as “collective intelligence” (Lévy, 1997), “crowd wisdom” (Surowiecki, 2005), and “crowdsourcing” (Howe, 2008). These concepts focus on aggregating talent and leveraging individuals’ skills to solve problems and make decisions. Inherent in the discussion is the proportion of “good” that can come from harnessing the collective wisdom of the crowd.

Emphasizing the quality of an aggregate solution over an individual’s identity becomes democratic and liberating. In Lévy’s concept of *collective intelligence* (“a universally distributed intelligence, constantly enhanced, coordinated in real time”), the goal is the “mutual recognition and enrichment of individuals rather than the cult fetishized or hypostatized communities” (1997, p. 13). In the case of crowdfunding, aggregated judgments in the form of donations are “an articulation of collective
intelligence concerning the topics journalism needs to report” (Aitamurto, 2011, p. 429).
Tapscott and Williams (2006) warn that collective intelligence is not the same as
*collectivism*, which is criticized for “suffocating authentic voice in a mass of mediocrity”
(p. 16). “Collectivism involves coercion and centralized control; *collective action*³
involves freely chosen self-selection and distributed coordination” (Tapscott & Williams,
2006, p. 17).

Crowdfunding can also be examined through the theory of *crowd wisdom*, a
model that aggregates talent and leverages diverse cognitive intelligence (Surowiecki,
2005). Crowd wisdom says that when imperfect judgments are aggregated, the resulting
collective intelligence is often superior (Surowiecki, 2005, p. xiv). Crowd wisdom works
when each contributor brings some unique information (diversity of opinion), which is
not influenced by opinion (independence) and includes localized knowledge
(decentralization). This information is then combined into a collective decision
(aggregation). It is not the same as collaboration. Rather than executives making
decisions around a board room table, crowd wisdom is exemplified in processing such as
voting, setting gambling odds and stock market prices. It is also not to be confused with
*conventional* wisdom, which is “the generally accepted belief, opinion, judgment, or
prediction about a particular matter”⁴ and does not reflect diversity, independence, or
decentralization.

It cannot be assumed that ideas emerging from a solely “digital” crowd represent
an ascendance of the superior idea through democratic process. Brabham (2008) makes
note of the “faces not in the crowd” and questions how much democracy there can be in a

³ Emphasis is added.
⁴ As defined in Merriam-Webster’s online dictionary: http://www.merriam-webster.com/dictionary
community that lives only on the Internet. Studies indicate the typical Web user is likely to be white, middle- or upper-class, English speaking, and higher educated (Zickuhr, 2010). The same study finds most productive individuals in the crowd are likely to be young in age, under 30 and probably under 25 years of age, as this age group is most active in the so-called Web 2.0 environment of massive content creation, such as through blogging (Zickuhr, 2010). According to the 1-9-90 rule, 1% of those online are “super-users,” creating the bulk of content and “chatter,” 9% interact on a regular basis, and 90% are passive Internet consumers (Howe, 2008, p. 227). With such a lack of diversity of opinion in the crowd, particularly a lack of diverse identity, crowdsourcing and crowdfunding applications are possibly destined to fail, based on wise crowd theory. The “crowd wisdom” needs diversity to succeed (Surowiecki, 2005). More significant, however, is that journalistic applications that function via a homogenous crowd are only reproducing the aesthetic and values of white, straight, middle-class men (Brabham, 2008, p. 86).

**Derived from crowdsourcing.** Scholars point to the crowdsourcing movement as the origins of crowdfunding (Aitamurto, 2012; Belleflamme, Lambert, & Schwienbacher, 2011; Gerber, et al., n.d.; Howe, 2008; Lawton & Marom, 2010). *Crowdsourcing* is defined as the open call for individuals, often amateurs, to contribute their knowledge and creativity to the creation of a product or the solving of a problem (Brabham, 2008; Howe, 2008). The theory behind crowdsourcing is that “labor can be organized more efficiently in the context of a community, than in the context of a corporation” (Howe, 2008, p.8). Crowdsourcing attracts an interested, motivated crowd of individuals capable of providing solutions superior in quality and quantity to those of traditional forms of
business. The Web provides the means for individuals around the globe to commune in a single environment, facilitating the exchange of diverse opinions, independent of each other, in a decentralized way (Brabham, 2008). Something as simple and un-technological as a suggestion box and voting by ballot can be considered crowdsourcing. So crowdsourcing is not a new concept, but rather one that has mushroomed as a result of Web 2.0 technologies that facilitate access to the “crowd” and allow users to easily contribute content and interact with each other (Brabham 2008; Howe, 2008; Tapscott & Williams, 2006). The open source software movement and websites such as InnoCentive and Wikipedia represent popular examples of crowdsourcing, where people contribute knowledge for little or no monetary reward. The Huffington Post, Current TV’s VC², NowPublic.com and Public Insight Network exemplify journalism-related crowdsourcing applications, where citizens and reporters collaborate to provide information that is used in the development of news stories, photographs and blogs.

Crowdsourcing is the transition from professional production to community production (Howe, 2008). Some scholars have also described this online collaborative effort as co-production or “peer production” (Benkler, 2006; Tapscott & Williams, 2006). According to Tapscott & Williams, peer production works best when (1) the production is a culture product, (2) tasks can be broken down into smaller tasks that can be accomplished during one’s spare time, and (3) the cost to aggregate the pieces is minimal (Howe, 2008; Tapscott & Williams, 2006). Crowdsourcing represents one way the production of media is shifting. A 2006 labor market assessment by the International Federation of Journalists (IFJ, 2006) reported the rapid rise of “atypical” newswork, defined as casual employment and contract work. While some might equate work
performed for free or below normal wage levels as “commodification of human creativity” (Fuchs, 2009, p. 82), Brabham (2008) and others highlight the opportunity for the crowd, “the self-help ethic rearing its head at a capitalist, global economy” (p. 84).

In fact, crowdsourcing is seen by some as the “manifestation of a larger trend toward greater democratization in commerce” (Howe, 2008, p.14). It provides a platform from which work is judged on the basis of “meritocracy” (Howe, 2008). Performance is based on merit alone. “Gone are race, gender, age and pedigree” (Howe, 2008, p. 13). This contributes to the crowd diversity that Surowiecki says is essential because “homogeneous groups are less able to investigate alternatives” (2005, p. 31).

While crowdfunding derives from the broader concept of crowdsourcing, Gerber et al. (n.d.) acknowledge that the goal is to harness the power of a crowd to fund a project rather than cognitive resources to complete a task. Instead of people contributing to journalistic projects in their spare time (crowdsourcing), crowdfunding harnesses “spare capital” by allowing people to financially back the projects they believe in (Howe, 2008).

Participants. Crowdsourcing studies indicate that people are motivated to contribute their knowledge to a project because of (1) the joy of doing what they excel at, (2) the desire to create something that can benefit society, and (3) to gain experience, exposure and connections (Surowiecki, 2005; Tapscott & Williams, 2006). Benkler (2006) puts these into two categories: extrinsic motivations (rewards) and intrinsic motivations (fulfillments). Likewise, crowdfunding can offer an enhanced experience to the donor participants as well.

Donors. In their study of the buying and giving behavior within crowdfunding, Gerber, et al (n.d.) found that funders are motivated to participate in order to seek
rewards, support creators and causes, and strengthen connections with people in their social networks. Aitamurto (2011) found that donors identified with the story topic, either that it was relevant to their lives directly or that of friends and relatives, but she concluded that “the primary reason for donors to give is more altruistic than instrumental. The donors see journalism, especially investigative reporting, as essential to the democratic health of a society” (Aitamurto, 2011, p. 439). However, she also characterized many donors as “passive” in that they lacked knowledge about the story topics and they did not participate in online discussions.

In their study, Belleflamme et. al. (2011) highlight the importance of community-based experience for crowdfunding to be a viable alternative to traditional funding. Aitamurto (2011) also noted a strong connection between reporters and the community supporting him/her. “This connectedness creates a strong sense of responsibility for the reporters” (Aitamurto, 2011, p. 441). The benefit of the crowdfunding community is that it need not be local. Agrawal et al. (2010) have determined that economic activities conducted over the Internet have become much less geographically dependent. However, they found distance still plays a role in that local investors are more likely than distant ones to invest in the very early stages of a single round of financing and appear less responsive to decisions by other investors.

**Creators.** While raising money was a strong motivation for project initiators, getting public attention was relevant (or highly relevant) for over 85%, and obtaining feedback for the product/service offered was still relevant (or highly relevant) for about 60% of the respondents. (Lambert & Schwienbacher, 2010, p. 9). Many of them combine crowdfunding with other sources of finance, notably with their own money, money from
friends and family, and grants (Lambert & Schwienbacher, 2010). “Creators are motivated to participate to raise funds, receive validation, connect with others, replicate successful experiences of others, and expand awareness of work through social media” (Gerber, et al, n.d.). This suggests that crowdfunders care about social reputation and/or enjoy private benefits from participating in the success of the initiative (Glaeser & Shleifer, 2001).

A possible downside to crowdfunding is that it expands the role of the reporters, who must also take on a role of a project’s marketing. “Reporters do not feel comfortable with this new public element” (Aitamurto, 2009, p. 435), although this was not as strong a hindrance with younger reporters. “Success in a crowdfunding project is built over longer periods of time and is the subject of continuous hard work and genuine engagement with the fan base” (Lawton & Marom, 2010). The crowdfunded entrepreneur needs to invest time in networking with the community and promoting the business plan or project to encourage interest and donations (Belleflamme, et al., 2011). Aitamurto (2011), who examined crowdfunding for news reporting, reported similar findings: most of the reporters seeking funding were trained journalists who had to adjust to a new role of marketing themselves and their story idea.

Citizens as gatekeepers. Crowdfunding has the potential to create a more citizen-involved alternative to the standard model of news making as described by Gans (1979) in which stories are selected and deemed suitable based on the values of the news organization. As donors contribute funds, they articulate their collective intelligence on which topics need to be covered, essentially adding to the role of community as gatekeeper (Aitamurto, 2011). “At its core, crowdfunding is a new form of capital
allocation, where capital is allocated according to the collective will of the participants” (Lawton & Marom, 2010, p. 172). By voting with their dollars, the public becomes involved in the process of ensuring coverage of issues and topics that matter to them.

Kappel (2009), who looked at crowdfunding for the entertainment industry, noted that it has become popular because it allows participants to “bypass keepers of the purse” (p. 376). Crowdfunding initiatives, such as Spot.Us, allow independent journalists and amateurs to set up their own shop and act as their own boss (Lawton & Marom, 2010).

Rather than be filtered by the inevitable biases of committees and other bureaucratic forms, resources can be allocated according to the expression of the collective will, in the democratic spirit on which many modern societies were founded (Howe, 2008, p. 172).

Crowdfunding shifts the organization of news from the top to the “crowd,” flattening hierarchies and making news production more democratic (Howe, 2008). “Rather than be filtered by the inevitable biases of committees and other bureaucratic forms, resources can be allocated according to the expression of the collective will, in the democratic spirit on which many modern societies were founded” (Lawton & Marom, 2010, p. 172).

Aitamurto (2011), who studied users of the crowdfunding website Spot.Us, found that the community assumed the role of gatekeeper—the role that previously belonged to editors in established news organizations. While traditional editorial power still has a role in the Spot.Us model, reporters felt that they were not writing for the editor but for the community (Aitamurto, 2011). A recent study of more than 100 crowdfunded articles indicated that a typical story was an investigative report on either a social or environmental issue, stories that are not extensively covered by mainstream media (McCarthy, 2012), suggesting that the crowd’s editorial judgment concerning the topics they want to see covered differs from what is offered by the mainstream.
The Spot.Us Crowdfunding Model

Spot.Us is a popular crowdfunding website for journalism projects. The primary mission of Spot.Us is to support local investigative (civic) journalism that is participatory (Whitney, 2008). The organization was founded in 2008 through a $340,000 grant from the Knight News Challenge (“Center for Media Change Inc.,” n.d). The Knight Foundation funds journalism initiatives that have the potential to stimulate participation, particularly that which engages local communities (Lewis, 2011). An example of civic reporting funded through Spot.Us is the coverage of the 2009 shooting of Oscar Grant in Oakland, CA where a Bay Area Rapid Transit (BART) officer shot and killed a young black man. Many who witnessed the event later published images online that spawned local outrage and protesting. Within 11 days, Spot.Us had funded a short documentary on the shooting (Kaye & Quinn, 2010). Months later, when the police officer’s trial was relocated, Spot.Us contributions helped support the reporting of the trial in Los Angeles (Spot.Us, 2010) when local papers could not afford to send a reporter.

Since it operates as a nonprofit, all contributions made to Spot.Us stories are tax-deductible. A 10% fee is deducted at the time of the donation to cover the service. For example, if a donor contributes $10, $9 will go to the story and $1 will go to Spot.Us. If a story is not funded, donations are returned in the form of credits. A review of the composition of donations on Spot.Us can help determine the amount of community participation in the support of a story idea. If there are only a few large donations, it can be said that the story was less community-driven than a story which received a greater number of donations.

In Nov. 2011, Spot.Us was acquired by American Public Media’s pioneering crowdsourcing project, Public Insight Network.
As of the writing of this report, Spot.Us had more than 17,000 community members (Spot.Us, 2012a). Spot.Us differentiates itself from other crowdfunding sites by (1) offering paths to publication through partnerships with more than 110 publishing affiliates; (2) limiting the amount any one donor can contribute to no more than 20% of the fundraising total\(^6\); (3) offering additional funds through occasional community-centered advertising (CSA), which allows users to earn dollar credits by participating in surveys and other activities provided by advertisers and then spend these credits on the story of their choosing; (4) using peer-review editing to ensure fair and accurate reporting; and (5) providing complete transparency regarding the source of funds, whether by an individual donor or another sponsoring organization such as California Watch, which raises money for investigative journalism projects. Through these policies, Spot.Us supports the culture and practices of journalism.

**Conclusion to the Literature Review**

Guided by the framework of the public sphere, including the concepts of the counter-public sphere, this literature review has demonstrated how the ideals of public discourse, especially that which leads to social action, is an ideal that can be reinvigorated by participatory forms of journalism. Changes in technology and social networking are transforming journalism both structurally and economically. The top-down, vertical structures of old media are giving way to bottom-up, horizontal influences. Once-viable business models can no longer sustain the production and dissemination of quality journalism. No one alternative method for financing journalism appears to be the solution. In fact, most scholars and newsmakers agree that it will take a combination of

\(^6\) Spot.Us allows publishers and news affiliates to contribute more than 20%, essentially buying publishing rights.
efforts to subsidize quality news reporting. Additionally, the industry needs a model that will better help it create multiple public spheres which help people learn about the world and effect change.

If we are going to address the crisis in journalism, we have to come up with solutions that have a better chance of providing us with hard-hitting journalism that monitors people in power and who seek power; that engages all of our citizens, not just the middle and upper classes attractive to advertisers; and that seeks to draw all Americans into public life (McChesney & Nichols, 2010, p.53).

Spot.Us has recently emerged as a crowdfunding platform that specifically addresses the culture and practices of journalism. In theory, crowdfunding creates a participatory element to journalism, one in which the traditionally passive audience has an active role in deciding what gets reported. While it may not be the key to drawing “all Americans into public life,” as McChesney desires, it does build on the aggregate intelligence of the crowd. By voting with their dollars, they participate in a process of ensuring that the issues they care about are covered in the news. In a media ecology that is dominated by power elites, it allows citizens to bypass the keepers of the purse (Lawton & Marom, 2010) and helps democratize journalism.

Research Questions

This study seeks to determine whether crowdfunding provides a forum that promotes public discussion and social action. More specifically, I address the following research questions:

1. How does crowdfunding impact the financing of reporting?
2. Does crowdfunding provide a tool for its members to participate in public discourse?
3. Does crowdfunded reporting lead members or others to take action?
CHAPTER 3: METHODOLOGY

The purpose of this study is to determine if crowdfunding can provide a forum that promotes public discussion and social action. Understanding how crowdfunding might involve its participants in the realm of the public sphere can offer insight into fostering citizen participation in democratic processes as well as a better understanding of the role of journalism. To address this topic, this study combines qualitative interviews with the analysis of key documents to develop in-depth case studies of four crowdfunded reporting projects. I chose this type of research methodology and presentation to aid in the analysis of the crowdfunding phenomenon by providing rich data that explores the reporting produced via crowdfunding, its level of public engagement, and its impact. This chapter first poses the rationale for case study methodology, as well as the use of qualitative interviewing and document analysis. The final section describes the specific research protocols used for this study, including sampling, interview procedures, data analysis, and limitations.

Rationale for Using Case Studies

Most scholars agree that a case study is an in-depth study of a complex phenomenon, and because of its explanatory nature, is a natural fit for journalism research (Haas, 2004). A case study represents “a series of actors involved in a sequence of events…that demonstrates a process in operation” (Lindlof & Taylor, 2011, p. 269). Case studies are a common means of qualitative inquiry that concentrates on “experiential knowledge of the case and close attention to the influence of its social, political, and other contexts” (Stake, 2008, p. 120). A leading authority on the subject, Stake defines a case study as “both a process of inquiry about the case and the product of
that inquiry” (2008, p. 121) and poses that a case study is not so much a methodological choice as it is a choice of what is to be studied. Stake (2008) identifies three types of case studies, categorizing them by purpose: (1) An intrinsic case study is undertaken because of an intrinsic interest in the particular case. (2) An instrumental case study is examined to provide insight into an issue. In this scenario, the case is secondary to learning or understanding something else. (3) The collective case study helps investigate a phenomenon or general condition. This study employs the collective approach because learning about and understanding several cases of crowdfunded reporting will lead to better understanding, and perhaps theorizing about an even larger collection of cases (Lindlof & Taylor, 2011; Stake, 2008). Case studies can, therefore, be understood as the work of investigating a limited series of events, individuals, or institutions to gain deep understanding, both of the case and its broader context (Haas, 2004). While the survey researcher gathers relatively small amounts of data on many cases, the case-study researcher collects more detailed information on only a few cases. Thus, cases are about more about depth and context than quantity (Lewis, 2011).

The methods for case work are to learn enough about the case to encapsulate complex meanings into a finite report but to describe the case in sufficient descriptive narrative so that readers can experience those happenings vicariously and draw their own conclusions (Stake, 2008, p. 129).

The selection of cases is expected to be representative of the population of cases. While Stake (2008) suggests that formal sampling is needed for determining the representation of cases, he acknowledges that a purposive sample can help provide more variety. Since the sample size of cases is often too small for random selection to be useful, even with collective case studies, there is often more to be learned with a balanced
and varied pool of cases (Stake, 2008). “The case or cases chosen should provide the greatest opportunity to learn about the topic of interest” (Singer, 2009, p. 195).

Case studies typically engage a set of multiple qualitative research tools, such as interviews and observations (Haas, 2004; Stake, 2008). The researcher observes what he or she can, then learns from others’ observations. The likelihood of misinterpretation by any single source is reduced through triangulation, multiple perceptions that clarify meaning by identifying different ways in which the case is seen, which can be accomplished by examining multiple sources all connected within a single case (Lindlof & Taylor, 2011; Stake, 2008). Illustrations of how a phenomenon occurs in the “circumstances of several examples” (i.e. multiple case studies) can provide “valued and trustworthy knowledge” (Stake, 2008, p. 139).

Scholars disagree on whether the researcher should decide how to tell the story or let the case actors convey it (Stake, 2008). Although sometimes influenced by outside forces, such as sponsors or other stakeholders, it is often the researcher who decides what the story will be, “or at least what will be included in the report” (Stake, 2008, p. 137). While the researcher’s goal is often to find the story that best represents the case, it is important to remember that the representation with be “a researcher’s dressing of the case’s own story” (Stake, 2008, p. 137).

Case studies are often criticized for their lack of ability to make generalizations (Haas, 2004). “The purpose of a case report is not to represent the world, but to represent that case” (Stake, 2008, p. 142). “Researchers should be very cautious with claims that what was encountered in one environment conveys more than the merest suggestion of what might be encountered in other environments” (Singer, 2009, p. 195). “Case studies
are of value in refining theory, suggesting complexities for further investigation” (Stake, 2008, p. 141). Additionally, Haas warns that the case study can be challenging for journalism researchers in that it is counter-intuitive to the practice of journalism:

\[
\text{[by] remaining open to alternative story formats emanating from the data collected itself, sharing the research findings with colleagues and study participants prior to publication, and using research findings to test preexisting theories or generate new ones (2004, p. 72)}
\]

**Interviewing for Qualitative Data Analysis**

Interviews are used in social inquiry to discover information about past activities, attitudes, motivations, thoughts and opinions (Berger, 2011). “Interviews are particularly well suited to understanding the social actor’s experience, knowledge and worldviews” (Lindlof & Taylor, 2011, p. 173). By selecting persons whose experience is central to the research problem, interviews can help understand people’s perspective, to retrieve their experiences, to gain their expert insight, to understand their relationships and to obtain descriptions of events that cannot be observed by the researcher (Lindlof & Taylor, 2011).

There is a rich history for use of qualitative interviewing in journalism research (Berger, 2001; Lewis, 2011; Lindlof & Taylor, 2011). While face-to-face interviews may be the preferences of the researcher in terms of building rapport and proving visual cues such as gestures and facial expressions, there are often issues of timing and location (Lindlof & Taylor, 2011). Media studies have frequently employed alternatives to face-to-face interviews (Lewis, 2010), and there is a growing precedent for conducting valid interviews via telephone, email and Skype (Lindlof & Taylor, 2011) as these technologies enable researchers and interviewers to connect despite geography and schedule limitations. According to Lindlof & Taylor, it is important for the researcher to defer to
the participant’s preference regarding a “protected time” and “protected place” for the interview (2011, p. 188).

Berger classifies interviews into two categories: (1) Semi-structured interviews, such as focus groups, utilize a list of questions, but maintain a casual quality; and (2) Structured interviews “use an interview schedule (a specific set of instructions that guide respondents for answers to questions) which includes what follow-up questions to ask” (2011, p. 137). Lindlof & Taylor (2011) make a distinction between the interview schedule (a more formal structure that focuses on consistent delivery) and the interview guide (which is more tailored to each individual participant). “An interview guide allows multiple means to achieve a study’s goals, whereas an interview schedule stresses standardization of both the instrument and the protocol for administering it” (Lindlof & Taylor, 2011, p. 202).

Once data is collected and transcribed into text, the researcher must establish a framework for data analysis and interpretation in order to make sense of the qualitative evidence (Lindlof & Taylor, 2011). “The systematic start to a qualitative data analysis usually comes with the creation of categories and a coding scheme” (Lindlof & Taylor, 2011, p. 246). Concepts and themes are sorted (or categorized) with respect to properties they have in common; codes serve as the means of labeling or characterizing elements (Lindlof & Taylor, 2011). For example, in this study, the category of “Motive for Funding” might have the following codes included in that category: connection to reporter, interest in issue, connection to community, desire for better journalism. “Through coding and interpretation, researchers become familiar with the data at the micro level” (Lindlof & Taylor, 2011, p. 266). Transitioning this analysis into an
interpretation (macro level) involves applying meaning, often in the form of theoretical propositions, which helps validate claims (Lindlof & Taylor, 2011).

**Qualitative Document Analysis**

According to Lindlof & Taylor (2011), the study of documents can be very useful in qualitative research because symbolic texts are rich sources of information, are readily available, and possess truth value.

Material culture artifacts and documents are very important resources in establishing contexts for communication, orienting communicative action, creating emblems or expressions of ideas, distinguishing symbolic sites of value and power, and forging linkages to the past and future (Lindlof & Taylor, 2011, p. 239)

Specifically, this study reviews the archived journalism projects that are the subject of these case studies, reporter biographies, reporter and reader comments, and other background materials to help inform the researcher prior to interviews and aid in the construction of rich case studies.

**Qualitative Data Collection and Analysis**

This study presents the qualitative analysis of multiple crowdfunded journalism Spot.Us crowdfunding case studies developed mainly from interviews with various participants (i.e. reporters, editors and donors). I made use of interview guides to examine each participant’s experiences, perspectives and opinions of the crowdfunding process, as well as any resulting action that occurred as a result of the reporting. In an effort to cater to the recipients’ communication preferences and schedule limitations, interviews were conducted in a variety of scenarios: in person, over the phone, via Skype or via email.

Details of the research process are provided below. They include the rationale for choosing case studies on Spot.Us, the sampling strategy, the research protocol, the
research logistics, and data analysis. The Chapter ends with a brief discussion of the limitations of the research methodology.

**Rationale for focusing on Spot.Us.** As described in Chapter 2, the Spot.Us crowdfunding platform caters to the journalism industry by addressing issues such as donor transparency and reporting accuracy. According to Carvajal, et al., “Spot.Us is the first and most famous crowdfunding platform for journalism” (2012, p.6). Given this popularity, it was assumed that Spot.Us would provide a rich data set than other crowdfunding platforms. Additionally, since it focuses solely on journalism, projects were assumed to be easier to analyze given that there would be less diversity in the type of projects. For example, all projects posted to Spot.Us are specific news reports, albeit involving a range of topics and mediums. Whereas, those posted to platforms such as Kickstarter and IndieGoGo include seed funding and other forms of general support.

**Sampling.** Each project, or case, was chosen using the purposive sampling technique described by Lindlof & Taylor (2011) as convenience sampling. Each case study met the following criterion: (1) the project was journalistic in nature, (2) the project was posted on the crowdfunding website Spot.Us in 2011 or 2012, and (3) participants were willing to be interviewed within the researcher’s timeframe. In order to achieve balance and variety in the sample, as described by Stake (2008), care was taken to identify projects covering a variety of issues (social movements, politics, the environment, and social welfare) as well as projects representing different geographic communities (Oakland, CA; Saguache County, CO; Boyle Heights, CA; and San Francisco, CA).
Snowball sampling, which yields “referrals made among people who share or know of others who possess some characteristics that are of research interest” (Lindlof & Taylor, 2011, p. 114) was also used to aid in the contact of participants in each project. According to Lindlof & Taylor (2011), snowball sampling is “well-suited to studying social networks, subcultures, or people who have certain attributes in common” (Lindlof & Taylor, 2011, p. 114). Both of these approaches can derive samples that, although purposeful, come closer to representing the whole population (Lindlof & Taylor, 2011).

As a result of the sampling strategies described above, I identified the following four cases of crowdfunded reporting initiated on Spot.Us:

1) The month-long coverage of Occupy Oakland by *Oakland Local*
2) Stories on Colorado election irregularities by an independent reporter
3) Reporting on air quality issues in Los Angeles by a freelance journalist
4) A series on homelessness produced by the *San Francisco Public Press*

**Research protocol.** I received approval from the Institutional Review Board at California State University, Northridge. IRB materials are included in Appendix A and briefly described here.

Participants of each case were asked to participate via an emailed letter of invitation that described the project and its objectives. Reporters and publishers were initially contacted by a letter of invitation from me. Donors received an initial letter from the administrator of Spot.Us and given information on how to contact the researcher; however, very few connections were accomplished this way. However, I was often successful obtaining donor contact information through the Spot.Us website, the phone book, or referrals from other participants. Often, reporters contacted donors they knew
through an additional letter of introduction supplied by me. The breakdown of participants is as follows:

1) *Oakland Local* publisher, reporter and five donors (7)
2) Colorado-based reporter and four donors (5)
3) Los Angeles-based journalist, *NewsDesk.org* editor and five donors (7)
4) *San Francisco Public Press* publisher, editor and four donors (6)

Once contact was made and the informant agreed to be interviewed, he/she was asked to sign the consent form and the Bill of Rights (see Appendix A). All interviews were conducted “on the record” and digitally recorded. However, specific identifying information was omitted for donors, and all participants were given the option to opt-out or speak “off-record” at any time during the interview to further protect their right to privacy. When travel and scheduling could be accommodated, interviews were conducted in-person. This was the preferred protocol, especially for reporters, as it tended to yield richer data. In catering to the respondents’ preference, however, many interviews were conducted over the phone, Internet, or email. The following chart provides a breakdown of interview formats.

Figure 3-1: Breakdown of interviews by participant type and interview style

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<tr>
<th></th>
<th>Reporters</th>
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<td>In-person</td>
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<td>0</td>
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<tr>
<td>Phone</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Skype</td>
<td>1</td>
<td>0</td>
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<tr>
<td>Email</td>
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<td>9</td>
</tr>
</tbody>
</table>
Interviews were semi-structured to allow interviewees the opportunity to express themselves as openly as possible. I used interview guides but tailored the questions to address each individual case and the specific role of the informant. For instance, the question, “How did you get involved in this project?” was tailored to the donor of the Occupy Oakland coverage to “How did you get involved in the funding of Occupy Oakland?” For the reporter or other initiator of the Occupy Oakland pitch on Spot.Us, it was adjusted to “Why did you decide to use crowdfunding to support the costs of reporting on Occupy Oakland?” This specificity not only aided in the flow of questioning, but also the rapport between the interviewer and interviewee as it provided the impression of an informed researcher. Interview guides for reporters (12-15 questions) were more extensive than donors (5-6 questions), and therefore the interviews were longer in length. Sample interview guides are provided in Appendix B.

**Logistics.** In many cases, I traveled to the site of the editor or reporter of each case. I traveled was made to Oakland in July 2012 to interview the founder of *Oakland Local* and one of the reporters involved in the coverage supported by crowdfunding. I interviewed the independent reporter who covered the Colorado election irregularities in Boulder, CO in August 2012, and I traveled to San Francisco in October 2012 to interview the publisher and editor of *San Francisco Public Press*. These in-person interviews were invaluable to establishing rapport and to learning more about the informant’s place of business or role as a journalist. However, an in-person interview could not be arranged with the freelance reporter of the Los Angeles air quality stories due to scheduling complications, so a live Skype interview was conducted instead.
Donors were contacted and interviewed after I had interviewed the news producer. Donors were given the choice to be interviewed via phone or email. While phone interviews tended to provide richer data, as participants could elaborate and I could ask follow-up questions, many donors would not have participated if not allowed to respond via email.

In-person and other “live” interviews were recorded with a digital recorder and transcribed onto a password-protected computer using word processing software, data voice editing software, and a transcription foot pedal. The transcription files were backed up on Google Drive, also password-protected.

**Data analysis.** In the analysis of texts created from transcriptions, I looked for themes and categories that addressed the research questions. Texts were coded for consistency in categorizing other texts. For example, it was noted that being connected to the reporter was a key determinant in the decision to fund a particular story. A code was developed for this, and thus it became something to look for in the analysis of subsequent texts. Additionally, texts were coded according to themes, phrases, and key words that related to larger contexts of meaning, such civic engagement, citizen participation in journalism, and the role of journalism in society.

Archived texts were used to supply supplemental information regarding the background of reporters, media outlets, and Spot.Us. Texts from the actual reporting projects funded by Spot.Us were explored for subject matter of the reporting. Various materials were also reviewed to check the validity of claims made by the informants, such as if they participated in any online discussion, etc. The results of the data analysis
and interpretation are presented in Chapter 4, where a narrative is provided for each case, followed by a discussion of common themes, issues and findings.

**Limitations**

This study is limited by several factors. While qualitative studies can provide rich details, they are limited “to understanding the human world from within a specific condition” (Lindlof & Taylor, 2011, p. 69). Interviewees must be recognized as a definitive source (Lindlof & Taylor, 2011), but “they are inherently biased in favor of their own values and interests” (Lindlof & Taylor, 2011, p. 173). It must also be recognized that the researcher has minimal experience conducting research.

Additionally, this study is limited by both scope and size. It focused on a small number of cases posted to only one crowdfunding site, Spot.Us. The geographic area focuses on English-language only subjects and the nature of the case study methodology and limited sample size prohibits the ability to make generalizations about the findings. The research is also limited by the interpretations of a single coder (myself) analyzing the data.
CHAPTER 4: FINDINGS/DISCUSSION

In this chapter, the results of the original research are presented. It is divided into two parts. In the first, I present descriptive summaries of each of the four crowdfunded reporting case studies that I explored: (1) coverage of Occupy Oakland by Oakland Local; (2) an investigation of Colorado election irregularities by an independent reporter; (3) reports on air quality issues in Los Angeles by a freelance journalist; and (4) a series of stories on homelessness produced by the San Francisco Public Press. Each summary describes the media outlet, the fundraising efforts and outcome, donor motivations, the deliverables, public engagement, and the impact of the reporting. In the second section, the findings are analyzed and discussed within the following four themes: (1) crowdfunding’s correlation to journalism business models; (2) the connections between the reporters, donors, and issues; (3) public engagement on story conceptualization, fundraising, and response; and (4) the impact of the reporting on the community.

Case One: Extensive coverage of Occupy Oakland Coverage

In the fall of 2011, the Occupy movement was becoming a bigger story than the resources of Oakland Local could manage. Banking off past successes with crowdfunding, the organization once again decided to use Spot.Us to support what ultimately amounted to nationally recognized coverage of Occupy Oakland.

**Business background.** Oakland Local describes itself as “a nonpartisan, nonprofit media…that promotes civic engagement and discourse on local issues that matter” (Oakland Local, n.d.). Founded in 2009, the online news site provides the original reporting of professional journalists as well as commentary from community members. One of approximately six news organizations that focus on the city of Oakland,
*Oakland Local* provides daily news and information on its webpage, *OaklandLocal.com*, as well as its Facebook and Twitter sites. A team of eight part-time staffers and 22 contributors work on a project basis which the publisher characterizes as “movie crew that keeps coming together.” The publisher, Susan Mernit, claims to have more than 5,000 active Facebook followers and 300-500 daily readers at the time. To support its business, *Oakland Local* employs a combination of financial strategies. Its main support comes from program revenue resulting from workshops and training programs for community organizations. This is augmented by advertising revenue, event fundraisers, individual donations, and occasional crowdfunding.

**Fundraising process.** When *Oakland Local* posted its Occupy Oakland pitch in October of 2011, it was not the first time it used Spot.Us for financial support, but it was the first time it used crowdfunding to support coverage of an entire beat. In the past, the paper had used Spot.Us to support reporting of Oakland mayoral races and the Oscar Grant trials, but this time it was looking to fund extensive coverage of the Occupy Oakland movement—reporters to cover the police, the demonstrations, and the reaction from the community. According to Mernit, “if we tried to get some grants or even appeal to individual donors to make small contributions, we might still be looking for money by the time everything had already happened.”

In its pitch, *Oakland Local* was seeking funding for “ongoing daily coverage/original reporting of the Occupy Oakland movement” with the following deliverables: five blog posts, five reported stories, a page on the paper’s website

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7 *Oakland Local* joined with New America Media and other media companies, and used the funds from Spot.Us to hire an LA-based journalist to cover the trial.
dedicated to Occupy Oakland coverage, and the development of new Tumblr page\(^8\) (Spot.Us, 2012b). It raised a total of $1,078.50 in donations. Although this amount fell short\(^9\) of the initial goal of $2,000, the pitch attracted 35 donors, five of whom responded to requests to be interviewed for this study\(^{10}\). Figure 4-1 above depicts a story posted to Spot.Us and some incentives that were used by *Oakland Local* to encourage donations.

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\(^8\) The Tumblr page [occupyoaklandlocal.tumblr.com](http://occupyoaklandlocal.tumblr.com) includes community media and curated content from the Occupy Oakland protests.

\(^9\) If projects fell short of their goals, Spot.Us allowed reporters to keep the funds and downsize the project.

\(^{10}\) It should be noted that four of these donors participated in this study as a result of a request by *Oakland Local*. One donor reached out independently, as a result of the original request initiated by Spot.Us.
**Donors.** All five of the donors participating in this study gave more than one reason for their donation to *Oakland Local*. Overwhelmingly, they were motivated to contribute because they felt a connection to the organization or a member of its staff. While this result could be attributed to the snowball sampling, respondents also indicated that they were motivated by their connection to the Oakland community, a connection to the journalism industry or for philanthropic reasons, such as “they [*Oakland Local*] needed funding.” Two respondents indicated that other media outlets were “doing a poor job” of reporting on the movement or that the story was under-reported. Three of the donors interviewed had previously participated in a crowdfunding project.

**Deliverables.** *Oakland Local* chose to proceed with its reporting while funds were continuing to be collected. The pitch, however, grossly underestimated the life of the story, and in total, *Oakland Local* posted more than 16 updates and 39 links\(^{11}\) on the Spot.Us site from October 27 to November 22, 2011. However, a search of the paper’s website found 108 stories regarding the Occupy movement for the same time period, including three opinion pieces written by Spot.Us donors. Additionally, *Oakland Local* provided innumerable postings to its Facebook, Twitter and Tumblr sites. The organization continues to report on the topic as of November 2012.

During the Spot.Us-funded coverage, *Oakland Local* produced an average of four stories per day, and many of the pieces included photography and video. They ranged from blog postings with hourly updates to in-depth pieces on the rising costs incurred by the city as a result of the protests. Of particular interest are approximately 30 “Community Voices” opinion pieces written by non-staff. These were often the most commented-on articles.

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\(^{11}\) Duplicates and inactive links not included.
**Public engagement.** Although all five donor respondents followed *Oakland Local*’s coverage of Occupy Oakland, only three admitted to having commented on the stories or shared them within their own personal network by re-tweeting or re-posting the content. Yet, multiple community members who were non-donors participated in online discussions and the sharing of content. There are approximately 120 comments to the articles posted on the *Oakland Local* site, not to mention Facebook likes and re-posts, many of which are significant. For example, a November 14 opinion piece, titled “My viewpoint of Occupy Oakland,” received six comments on the website but more than 137 Facebook likes (Jacobs, 2011). While a “like” does not constitute a public sphere moment, it could be considered comparable to a vote or opinion about the coverage, much as a vote of aye in a town hall meeting.

The comments posted to the stories represented multiple viewpoints: some offered a negative opinion of the movement, such as “the occupiers are destroying local businesses” while others took a more positive spin, like “made me rethink some things.” Mernit says this is because *Oakland Local* seeks to provide a forum representing a diversity of perspectives. In accordance with Habermas’s concept of the public sphere, it is precisely this type of open forum for public debate, where free expression is guaranteed, that people are more willing to express their opinions and beliefs (McQuail, 2000).

**Impact.** All of the respondents agreed that *Oakland Local*’s coverage had impact. Respondents commented that “it provided a trusted source of information for the movement,” and it “led to an investigation” of police force. According to Mernit, these investigations stemmed from reports of police brutality conducted by the paper:
People were injured using weapons that the police were not supposed to use unless they felt their lives were personally in danger. But the people they attacked were non-violent and didn’t have any weapons, so how did they end up with like a head injury or like rubber bullet wounds?

Two separate investigations each concluded that there was police misconduct (Mernit, 2012). According to Mernit, this led to resolutions to change police operations, the processes for mutual aid, and even police training.

In an environment flooded with messages, *Oakland Local* played a key role in “separating fact from rumor.” One donor stated “there’s a strong correlation between people reading that story and showing up in solidarity with *Occupy Oakland*, because it [Oakland Local] became a trusted source for information about the whereabouts of the movement.” Two respondents commented that the coverage helped change people’s perception of the movement. However these perceptions represented divergent viewpoints, from viewing the movement as obstructive to business (Acosta, 2011) to it being a “From what I saw tonight, the event was very peaceful, and people were much more organized and committed than I had thought” (Werner, 2011) If nothing else, *Oakland Local’s* coverage of the movement helped foster civic engagement as evidenced from the numerous comments and submissions.

Movements depend on the media to communicate with its constituents, validate its cause and enlarge its scope (Gamson, 1993). According to many informants in this research, traditional media was focusing on events rather than telling the story of the movement. In this instance, *Oakland Local* was playing an alternative role than its traditional media counterparts: (1) with its depth of reporting, and (2) by including a range of conflicting viewpoints. Downey & Fenton (2003) tell us that alternative media and new media can help create a “counter-public sphere” by perpetuating public
communication. Thus, this encourages citizens to “analyze how shared democratic values and identification as democratic citizens are achieved and maintained” (Downey & Fenton, 2003, p. 191) and facilitates the challenge of current dominant principles conferred by mass media.

**Case Two: Election Challenges in Saguache County, CO**

When the county clerk of rural Saguache County, CO reversed her own 2010 election result, which originally unseated her, it caused many to question the accuracy of the election. One of those was a fellow Coloradan and fair-elections advocate, who discussed the issue with Troy Hooper, an independent reporter she had known for some time. When funding for the story became problematic, the reporter turned to Spot.Us.

**Business model.** Hooper was freelancing for the *Colorado Independent*, part of the American Independent News Network (AINN), a nonprofit corporation that “investigates and disseminates news that impacts public debate and advances the common good” (American Independent News Network, 2012). Formerly known as the Center for Independent Media, AINN is supported by individual donors and foundations, but the AINN and *Colorado Independent* websites also host advertisements via Google Ad dollars. The Google Ad money is used to reimburse reporters for driving expenses. The *Independent* maintains a minimal staff of two reporters and one editor to provide its online news content.

**Fundraising process.** Once Hooper learned of the Saguache county clerk reversing her election results and those of her party’s incumbent county commissioner, he wrote a piece for the *Independent*. However, continued funding for a follow-up to his original story became uncertain. “My interest was piqued…but there was kind of a news
urgency to the story,” Hooper told me. One of his sources for the story, the elections advocate who was also a significant donor, suggested using crowdfunding to cover the costs of reporting. Hooper’s pitch appeared on Spot.Us on Jan. 24, and in less than a week he raised $540 from 16 donors. This was an unusually quick process, as most Spot.Us projects take several weeks, even months, to complete their fundraising process.

**Donors.** Four of the 16 donors were interviewed for this study. They represented some of the largest donations, collectively totaling $305. Yet, none of them lived in, or had a strong connection to, Saguache County. Instead, all four donors expressed a strong interest in the topic of election irregularities after receiving an email about the project from the election activist. The activist’s email suggested they donate to “help expose some of the problems which plague our most fundamental democratic process” and pass the information along “to your friends who are also passionate about fair elections.” In this case, the combination of strong connection to the issue and a strong connection to each other played an important role in the motivation to donate and possibly in speed with which funds were raised.

**Deliverables.** Using the Spot.Us monies, Hooper wrote a two-part series on the election. Both stories appeared on Spot.Us and the *Independent*. His first story was posted on February 27, 2012 and details the growing debate between citizens and government officials over the integrity of the election results. The report includes video of the controversial recount of ballots that took place in the clerk’s office (Hooper, 2011a). A second story on March 1, 2011 looked at how the issue had progressed to a grand jury review to determine if any criminal action had been committed (Hooper,

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12 Three of the donors were contacted with the help of the reporter. One donor provided contact information for another, and one was contacted independently using information provided on Spot.Us.
2011b). While neither story directly quoted the advocate who originally tipped off the reporter, the second article does make mention of “election transparency advocates around the state,” and it is assumed that this refers to the same person, as Hooper acknowledged that he used the advocate as a source for his article. Figure 4-2 below depicts the article as published by the *Colorado Independent*.

**Figure 4-2: Troy Hopper’s coverage of the Saguache County election debacle**

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Figure 4-2: Troy Hopper’s coverage of the Saguache County election debacle

Public engagement. In this case, the fair-elections advocate played a vital role in (1) providing information about this issue to Troy Hooper, (2) suggesting crowdfunding as a means to finance the reporting, (3) spreading the word to her network to ensure the pitch was funded, and (4) sharing the final product with her network. This demonstrates how crowdfunding can help citizens directly influence news production at the grassroots. The advocate drew from her knowledge and connections to make this story happen.
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Two of the four donors in this study followed Hooper’s coverage and remained actively engaged in the process, with one even traveling to Saguache County to attend two town hall meetings. Hooper also received several calls from citizens wanting to provide additional information. While no comments were posted on the Spot.Us site, some comments\textsuperscript{13} were made on each of the articles appearing on the Independent’s site. It could not be determined if any of the comments were made by donors as several were posted anonymously. All posted comments expressed opinions on the issue, such as suggesting a hand count to verify results, encouraging a grand jury investigation and criticism over the botched results.

Despite the limited comments online, Hooper’s reports suggest this was an issue in which the public was already engaged. Hooper writes of an “escalating controversy” and indicates that “citizens are circulating a petition.” Consequently, the reporting itself cannot be credited with engaging the public as it was already engaged. However, the reporting was instrumental in generating greater awareness of the issue. Saguache County is a poor, rural community, and this issue was known only to the local community and a few election watchers prior to Hooper’s coverage. According to several interviewees, it was after his articles appeared in the Independent that the Denver Post and several other papers in Colorado began covering the issue, creating a greater public awareness.

\textbf{Impact.} According to Hooper, his coverage provided greater visibility of the issue, garnering a “state-wide audience” and “a larger discussion.” This, in turn led to state investigations and several ballot recounts. A year later, the clerk was recalled in a public election. By this time, others media outlets were reporting the story, including the Denver Post. Yet it was the escalation from a local to a state level (i.e., making other

\textsuperscript{13} A total of 8 comments were posted to 6 stories in the Independent between January and June of 2011.
communities aware of what was happening in one small community) that made Troy’s reporting impactful. In the fall of 2012, election processes continue to be an issue of controversy throughout the state of Colorado, and even nationwide. In sum, the crowdfunded reporting of the Saguache County election debacle “led to more stories being written, more questions being asked, and that person [the elected clerk] being legally challenged,” as one of the donors stated.

**Case Three: Air Quality Concerns in Los Angeles (Boyle Heights)**

Having won an award from the Society of Professional Journalists for its first “Toxic Tour” piece, NewsDesk.org circulated a request for journalists to cover other under-reported public health issues relating to toxins in their community. As NewsDesk Publishing Coordinator Josh Wilson indicated, the idea was to create a series of local examples that could resonate nationally as “these kinds of struggles happen elsewhere in the country.” The nonprofit news organization was asking reporters to use crowdfunding to help finance their efforts. Jasmin López, a freelance journalist from the Los Angeles area, was one of the reporters assigned to cover a two-part series on air quality issues in the Los Angeles neighborhood of Boyle Heights.

**Business background.** A small operation, NewsDesk maintained a two-person staff augmented by freelancers to provide weekly online investigative reporting from 2000 to 2011. A trained environmental journalist himself, Wilson established NewsDesk as a place to create public-interest reporting that was often overlooked by news media. Much of its operational budget hinged on foundation grants. So when funding dried up in 2011, NewsDesk temporarily suspended its operations. Even though they maintained a network of 2,500 subscribers and produced award-winning journalism, “grants go to
larger players with more star power,” Wilson stated. As noted in Chapter 2, under the nonprofit section, reliance on foundations presents an issue of sustainability.

While grants provided the major source of funding for the organization, crowdfunding offered a way to raise additional funds by attracting donors to a particular story line. *NewsDesk* has used Spot.Us to help fund five projects since 2008.

**Fundraising process.** For López, this was her first experience with crowdfunding. *NewsDesk* provided an initial $250 towards the project, and a grant from California Endowment\(^\text{14}\) added another $875, but it was up to López to post a pitch on Spot.Us and raise the remainder of the funds.

In her pitch titled “All Roads Lead to Boyle Heights,” López described the Los Angeles area as “home to a growing concentration of Latino immigrants, many who lived in and strengthened this community” which is “often passed off as just another crime-ridden neighborhood.” Given their proximity to five freeways and several industries, “Boyle Heights residents face significant amounts of noise, air, industrial, and traffic pollutants every day.” *NewsDesk* assisted in promoting the “Toxic Tour” pitch to its subscription base, as did the *Mis Neighbors* blog which covers the Boyle Heights community. But Wilson said that López “was very well connected in her community” and “was able to activate a lot of support and enthusiasm and interest through her own personal networks.”

It took about a month for the story to raise close to $1,600 from a total of 39 supporters\(^\text{15}\). López said she used social media “quite a bit” to share the pitch. During the

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\(^\text{14}\) California Endowment, and organization that [give information] provided an open grant to Spot.Us allowing them to fund projects that fit within the foundations mission and guidelines.

\(^\text{15}\) Including *NewsDesk* and California Endowment.
fundraising period, López recalled there was some degree of uncertainty if they would raise enough funds in time. The process took longer than expected, and some of the reporters dropped out, which ultimately meant more work for López.

**Donors.** Five donors participated in this study. The vast majority of respondents were connected to the journalism industry in some way: a journalism advisor at the local high school, a photojournalist, a reporter, and a talk radio producer; and three had previously participated in crowdfunding. Additionally, three informants identified with the issue of air pollution or community health topics in general. One stated, “I don’t think the community has a lot of awareness about the issue.” Prior to 2011, the *Los Angeles Times* published 15 articles that specifically addressed air pollution in Boyle Heights since 1986, less than one article per year. In addition, two of the five respondents said they were motivated to donate because of their connection to the community of Boyle Heights or Los Angeles, and three cited more philanthropic motivations, stating “happy to help a writer get something out there” and “stories like that… there aren’t many sources of funding for them.”

**Deliverables.** With the assistance of another reporter and a photographer, López and her crew produced a three-piece series that included audio, photography, and writing. Part one of the series is depicted in Figure 4-3 below. The first article states that “despite generations of environmental inequality,” local “residents and organizations are determined to change this” (López, 2011a, para. 1 & 7). Her second piece explores the local youths involved in improving their neighborhoods and included audio files of an

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16 All donors were contacted independently using information provided on Spot.Us or the Internet.

17 According to a search of the Proquest Newspaper database.
interview with a community leader (López, 2011b). In the third and final story, she writes of the steps residents and activists are taking to “reduce the adverse health effects caused by air pollution” (López, 2011c, para. 3). Many of the stories quote individuals and mention organizations involved concerned with the community’s health or involved in managing pollutants.

Figure 4-3: Jasmin López’s reporting as posted on Spot.Us

Public engagement. López’s work spread over the Internet. The articles were disseminated on NewsDesk.org and López’s own blog. The series was also picked up by numerous other blogs as well, including Mis Neighbors and Streetsblog Los Angeles. This study found more than a dozen instances where one of López’s Toxic Tour stories was posted to a blog, Google+ page, or other webpage. Additionally, López recalled that
many people in the community provided information, but “whether or not they were included in the articles, they were sharing it with their networks online.”

Only four of the donors said they followed or commented on López’s coverage. However, Wilson commented that of all the Toxic Tour stories published by NewsDesk, López’s pulled in the most comments. Six comments to her second article, the one empowering Boyle Heights youth, were supportive of her reporting, with two adding further information about community activities addressing this issue. According to Wilson, “the public engagement was through the people who knew the place and knew [the reporter]…It’s all about your own network…your ability to activate a network and support your own community.”

**Impact.** From the details provided in her articles, some level of social activity was already occurring regarding this issue, and López herself could not say if any specific policy had changed because of her articles. “I was just reporting what was going on.” Gamson & Wolfsfeld (1993) explains that movements need the media for mobilization, validation, and scope enlargement. Media are major information resources and therefore play accelerating rather than initiating roles in social change (Olien, Tichenor & Donohue, 1989).

**Case Four: Covering Homelessness in San Francisco**

Crowdfunding became a common practice for the *Public Press*, which used Spot.Us to fund or augment support for four reporting assignments per year during 2010 and 2011. So naturally, the organization turned to crowdfunding when it wanted to capitalize on the reporting experience of two freelancers and provide extensive coverage of an otherwise underreported beat—homelessness.
Business background. Of all the organizations included in this study, the San Francisco Public Press has had the most experience with crowdfunding. A participant in one of the pilot projects on Spot.Us, the Public Press has since taken full advantage of this revenue source, raising close to $25,000 for a dozen projects. According to Publisher Lila LaHood, “that money allowed us to hire journalists and do work that we wouldn’t have been able to do otherwise.”

The San Francisco Public Press believes that one of the reasons topics such as the homeless do not receive the media attention they deserve is because advertisers are not interested in supporting them. According to Donohue, Tichenor & Olien (1995), a true “watchdog” can only result from genuine independence from advertising and government power. By looking to alternative revenue sources, the Public Press seeks to fill the gaps that have emerged in commercial and traditional press, which have been reduced over the past several years. Its mission “is to enrich civic life in San Francisco by delivering public-interest journalism to broad and diverse audiences through print and interactive media not supported by advertising” (San Francisco Public Press, 2012). Basing its business model on that of public radio, the nonprofit news organization relies on a combination of grants, membership dues, and individual donations (including crowdfunding) to provide the bulk of its $75,000 annual budget. The quarterly print edition and daily online news updates are accomplished without any full-time staff and instead relies on freelance contractors supplemented by volunteers and interns—including the editor and publisher!

18 The San Francisco Public Press received its 501(c)3 in October 2012, 32 months after it applied. Prior to that, the organization had been operating under the fiscal sponsorship of Independent Arts & Media.
Fundraising process. The pitch, titled “Urban outcasts: San Francisco’s ongoing housing and homelessness crisis,” was created on March 18, 2011. The purpose was to investigate the tensions between policies that serve the homeless community and those of economic expansion. The first story appeared three days later, well before the Public Press had reached its funding goal. Since this pitch promised on-going reporting of at least three months, the technique of rolling out individual pieces prior to reaching the funding goal served to stimulate donor interest and preserve the exclusivity of its reporting, which was being made public via Spot.Us.

The project raised a total of $529 from 48 supporters, four of whom participated in interviews. While the average donation for the other three case studies examined by this study was $30-$40 per person, in this case, the average donation was $11 per person which can be attributed to a wide usage of the CSA program on Spot.Us. This study found that CSA survey opportunities were promoted on the Public Press’s social media, and many of the donors confirmed having “earned credits” which were then applied to this story. One donor indicated this was the only way she was able to contribute.

Donors. In this case, donors were overwhelmingly motivated by their connection to the Public Press, indicating, “They are my friends,” and “I'm a big supporter of the Public Press. They asked me to donate, so I did.” Additionally, all of the interviewees were connected to the field of journalism: a publisher, a writer, a journalism educator, and a volunteer for the Public Press. However, two did express that they were also motivated by their interest in the topic of homelessness or social justice issues in general.

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19 Two of the donors were contacted via assistance of the publisher; three were approached independently.

20 See page 54 for a description of CSA.
As with the Occupy Oakland case (also a beat reporting project), the funding fell short of its goal. Even so, the Public Press was able to add to the donations to produce eight articles between March and June of 2011. An overview of the reporting, as depicted on the Public Press website and presented in Figure 4-4, indicates the story was financed through Spot.Us. The stories produced using the Spot.Us funds covered such topics as (1) a computer malfunction that crippled the shelters’ reservation system, (2) policies affecting the closure of public restrooms, (3) conditions of public restrooms, (4) human waste on streets and sidewalks, (5) the effect of policies that restrict loitering, (6) a ballot item for providing “care over cash” to the city’s poor, (7) and two articles about a potential fallout to social services as a result of the “Twitter tax,” an employee payroll tax exemption being offered to Twitter to keep jobs in San Francisco.

![Figure 4-4: One of the articles on homelessness produced by the Public Press](image-url)
Public engagement. Several of the articles stimulated comments from readers, although all of these comments were posted to either the Public Press website or Facebook page and not the Spot.Us site. The surge in comments can be attributed to the controversy of the issue, as the publisher indicated that there are pluralistic viewpoints on homelessness ranging from those who feel compassionate to those who see the homeless as a nuisance. Additionally, some of the reporting (e.g., the stories detailing the conditions of public restrooms) possessed shock value. While a match was found between three donors and their comments, none of the donors interviewed as part of this study posted a message other than sharing the content of the original pitch. In fact, most of the donors interviewed did not follow up on the reporting. One who did commented:

The coverage brought more attention to policies that weren’t receiving much attention…it also helped to restore some measure of dignity to the subjects of the story by sharing their stories in a way that emphasized their plight and their humanity rather than just negative stereotypes (Donor 4).

Impact. Although much of the coverage dealt with flawed policy, none of these policies have changed to date. Despite that, the articles did impact the public discourse as indicated by the number of comments and responses.

Our job is to get people talking and to have that kind of conversation, whatever their perspective is. Because if they are talking about it, it means that there is attention being paid and perhaps something will be done. And it’s not our job to say what should be done, but to get the conversation going (Publisher, San Francisco Public Press).

It is enormously difficult for a small organization to get political and bureaucratic traction…So we’re influencing the debate. We feel like we’re exposing real problems in the management of public agencies and getting specific enough that we can effect change as an independent watchdog (Editor, San Francisco Public Press).

21 On the Public Press website, a total of 44 comments were posted to the eight Urban Outcast stories documented by the study. A total of 6 Facebook comments were also posted. Three of these comments were made by donors, and one was a response from the reporter.
As Dahlgren (1991) and others point out, the media plays a crucial role in helping citizens learn about their world, debate their responses to it and reach informed decisions about what courses of action to adopt. In effect, without the discourse, there can be no social change. In this case, the reporting served as the catalyst to public discourse and a potential precursor to social change.

Findings

Through analysis of the case studies presented above, the following commonalities come to light: (1) crowdfunding complements the news nonprofit model; (2) connections are important motivators to donate; (3) public engagement occurs at three levels (story influence, donation, or response); and (4) social change relies on the degree of public engagement.

Business model. In all the cases studied by this research, the news organizations in question were structured as small nonprofits with limited staff and operating budgets. This finding echoes earlier research that also found a high correlation between crowdfunding use and non-traditional news organizations (Carvajal, et al., 2012; McCarthy, 2012). Crowdfunding complements the nonprofit business model for several reasons: (1) these organizations are constantly seeking “public” sources of revenue; (2) donors tend to be more willing to give to a nonprofit enterprise because those that are profit-driven tend to focus more on profits than product quality (Glaeser & Shleifer, 2001); and (3) there is a strong history of donating to journalism exemplified by National Public Radio and public television stations. As per Giles (2010), nonprofits initiatives are emerging as a response to the downsizing of traditional news media and the loss of investigative journalism. Nonprofit organizations tend to focus on public-interest
journalism. Because of this, there may exist a strong connection between a community and the news organization that serves that community.

Figure 4-5 below depicts some of the findings regarding the organizations that use Spot.Us to fundraise for stories or organizations, such as the Colorado Independent, which published crowdfunded reporting.

While crowdfunding may prove useful to raising revenues, especially for nonprofit media organizations, one downside to relying on crowdfunding as a key revenue source is donor fatigue. As one editor stated,

[Crowdfunding is] all about your own network. That’s a good thing in your ability to activate a network and support your own community, but how many times can you go back to your community? (Editor, NewsDesk.org).

Another editor expressed concerned that stories will be created just because the organization believes it can get funding for them:

The thing that we have not done is…picked stories that pander to the ability to raise money. It’s very tempting to say, ‘Well what do you think I could get $6,000 for, and then write about that.’ …The flipside of that is that you can have an incredibly valuable story that nobody wants to pay for (Editor, Oakland Local).

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^{22} AINN does not publish separate circulation raise for Colorado Independent.

^{23} The Public Press has approximately 10,000 unique visits per month on sfpublicpress.org, and a quarterly circulation of 7,000. Unique visits are displayed to remain consistent with the other organizations, which do not distribute hard copy issues.
Crowdfunding also creates more work for the journalist, as indicated by Aitamurto (2011) and echoed by several participants of this study, in that the reporter or editor must also market his or her pitch in order to generate donations.

[Crowdfunding] needs visibility and marketing. And the average journalist is a journalist. They’re not a fundraiser. They might not even be a publisher. They write and edit stories, and they don’t have the marketing skills. And if they have to go out and learn the marketing skills, that saps their ability to be productive as journalists (Editor, NewsDesk.org).

Connections. Relationships are important determinants to defining who constitutes a public or a community of citizens. This study found evidence of several types of connections that motivated people to donate: connections to community, connections to friends, connections to issues, and connections to the journalism industry.

Aaker & Akutsu (2009) found that participants donate because their identity with the community, their friends and family, and their “personal identity” (p. 268). Connections to the community were important determinants in the Oakland Local case, in which donors overwhelmingly felt compelled to participate because of their connection, or close ties, to the city of Oakland. However, connections are not just geographical; they can be virtual as well. In the case of the Saguache County election coverage, the community was not geographically local but already gathered as a virtual community around the issue of election fairness.

In several cases, donors gave because of their connections to the news organization or reporter. As suggested in the findings of Gerber, et al. (n.d.), one of the reasons people donate to crowdfunding is to support the project’s creators and their causes. Particularly in the cases of NewsDesk.org, and the San Francisco Public Press,
many of these donors commented that they gave to the story “because they are my friends.” Another stated, “I am a big supporter…They asked me to donate so I did.”

Three of the Occupy Oakland donors also admitted to knowing the editors of *Oakland Local*. This result may be due to the fact that Jasmin López, *NewsDesk.org*, *Oakland Local* and the *San Francisco Public Press* all stated that they contacted their existing network regarding the story—people with whom they had an existing relationship. The “community” builds as those connections then expanded the reach, spreading the word throughout their networks.

Additionally, this study noted a strong donor connection to the journalism industry. Thirteen of the 18 donors interviewed said they had a connection to the industry in one form or another: as an educator, reporter, publisher, advisor, etc. Those whose identities correlate with journalism are more likely to understand the issues of a shrinking press and the need for funding of investigative reporting, especially funding for public-interest and under-reported stories. As one donor stated, “I do see this crowdfunding thing as being a new avenue for reporting, especially as the more traditional papers out here downsize.” Another stated, “In today’s world, newsrooms are being under-funded, staffs are being cut so in response I feel people have been stepping in taking up the slack.”

While this study did not analyze an unsuccessful crowdfunding project, it did determine that connections are valuable to the process. This is consistent with the findings of others (Kaye & Quinn, 2010; Lawton & Marom, 2010; Lambert & Schwienbacher, 2010). Understanding connections, and how they relate to raising funds,
can help a project obtain successful funding. They can also explain how communities, or publics, come together in support of a program or project.

**Engagement.** This report found three ways in which citizens participated in a crowdfunded story: (1) by influencing the conceptualization of the story, (2) by donating or casting their monetary vote for a story idea, and (3) by responding to a news report through comments, sharing story content, and civic engagement. In some cases, citizens participated at each level. However, most participated in only one—as a story influencer, donor, or responder.

**Story influencers.** In most cases examined by this study, stories are still conceptualized by the media outlet or the reporter, meaning citizens have made little leeway in influencing story ideas on crowdfunding. In only one of the four cases of this study did a citizen have a direct influence on the conceptualization of a news report, and that was the instance of the Colorado elections advocate both tipping off reporter Troy Hooper and suggesting that he use crowdfunding when funding became problematic. The reasons for the lack of citizen influence on story origination are two-fold:

1) Citizens may not feel confident enough to post a story directly on Spot.Us, or may lack the status or power to influence a reporter to cover a specific topic.

2) The Spot.Us practice is more focused on courting media organizations than drawing citizens into the role of gatekeeper. The Spot.Us platform itself has no direct means of encouraging pitches from ordinary citizens.

To be a true public sphere, crowdfunding needs to reach out to citizens to procure their involvement as gatekeepers by pitching story ideas. Additionally, crowdfunding can foster participation by generating requests for information from citizens, in effect adding
a layer of crowdsourcing. Spot.Us is well-poised for this having been recently acquired by Public Information Network, a company that strives to build a network of sources for journalists.

**Donors.** Many donors expressed that the act of donating was their way of participating in a process that mattered to them. They saw their contribution as the equivalent of a vote. Many expressed that this was important because they tend to stray from speaking out on issues because of their jobs or positions in the community. For instance, a donor to the Colorado elections story stated that because of his role in public education, he feels a “chilling effect” to putting his opinion out there. “I can’t risk diminishing my ability to deal with my issue…So I have to be very strategic about how I do it [participate].” Another donor stated, “I don’t tend to be an active commenter… because of my professional role.”

For some, donating was the only way they could participate. For example, one donor who was following the Occupy Oakland fundraising on Spot.Us said, “I was actually out of town, so it’s the easiest way for me to help.”

The publisher of the *San Francisco Public Press* provided an explanation for this phenomenon:

People [who] interact, participate in media and in news, are civically engaged in a lot of different ways. For some people it means voting. For some people it means giving money. For some people it means getting out there and opening their mouth and saying something or commenting on a site. And I don’t think that these things always overlap. I know a lot of people who will comment all over the place, and will never give a dime. I know people who will give all kinds of money, but won’t comment in public because they don’t want to be on the record taking a particular stance. It doesn’t mean they don’t care; they’re just participating in a different way.
Responders. Several donors were also responders, amplifying the public discourse either through written comments and opinion pieces, or through face-to-face interaction at town hall meetings for example. Most donors, however, elected to maintain quieter voices by sharing the reporting within their social network. For the majority of donors participating in this study, sharing content on Facebook or Twitter was the most popular response to the reporting that they supported on Spot.Us. Several commented on the stories, although most of these comments appeared directly on the media outlet’s website, and not on the Spot.Us site. Two of the donors actually participated in face-to-face dialog: one donor attended a town hall meeting in Saguache County and another ventured out to visit the Occupy Oakland site to speak with the demonstrators.

Impact. It is difficult to gage the impact of a single story or even a series of stories. For some of the cases in this study, the reporting appears to have produced a greater impact than in other cases. For instance, the Occupy Oakland coverage, for which there was high level of public engagement at the outset, had some influence in leading to an investigation of police actions and resolutions to change police response procedures. Additionally, many of the participants in this study credit Oakland Local with being a credible source for valid and pertinent information, which may have helped the movement become more organized and gain momentum. In Saguache, there was an investigation into the election process that produced no change, but a subsequent recall vote did. Both these cases have one thing in common: a highly engaged public.

The Occupy Oakland case and the Saguache elections tend to suggest the greater the public engagement, the greater the impact will be. Those stories were the ones that solicited more comments and public discourse and they were also the issues that resulted
in more impact in the form of social change. For other cases, the impact was not ascertainable. The Public Press and NewsDesk stories provided information regarding pertinent social issues, informing the reader of current groups and individuals involved in effecting change, and why that change was necessary. Knowledge and awareness are the precursors to social change (Gamson, 1993). So if at the very least these stories accomplish that, they are one the track to effecting change.

In sum, the reporting produced through crowdfunding was instrumental in telling the story and promoting the issues. Because these stories focused on topics of interest to the public, they became engaged in the process. Social change was more apt to occur when the public was highly engaged in the issues, but this does not indicate that reporting that did not result in social change was ineffective. As a donor to the Saguache County elections story stated, “Change starts with facts and shared understanding that comes from professional journalists investigating and reporting on the issues.” In these cases, that reporting could not have been accomplished without the aid of crowdfunding.
CHAPTER 5: CONCLUSION

This thesis has a dual purpose: (1) to examine crowdfunding as a revenue source for journalism, and (2) to explore if and how crowdfunding reinvigorates the liberal ideal of the public sphere as defined by Habermas (1989/2001). Crowdfunding’s fiscal contribution to journalism is particularly relevant because media outlets are evaluating new revenue models as traditional sources become more problematic. The public sphere matters because the ability for civil society to communicate information and points of view is what ensures democracy and creates the conditions for social action (Castells, 2009). More broadly however, this research matters for what it suggests about the practice of journalism and its relationship with the audience. If, as in theory, the ideals of the public sphere (i.e., public discourse and social action) can be reinvigorated by participatory forms of journalism, then one of the ways journalism producers can bring change to their practice is by employing participatory devices such as crowdfunding.

This chapter consists of three parts: (1) a summary of the major findings, (2) a discussion of what these findings suggest about the future of journalism, particularly with respect to financing and audience participation, and (3) a reflection of the strengths and weaknesses of this study and how they point to future research.

**Summary of Major Findings**

This thesis examined crowdfunding and its effect on the public sphere. Facilitating the public sphere was thought to be the traditional role of the media (Habermas, 1989/2001), yet journalism is suffering both economically and structurally. The lack of revenues means a loss of journalism jobs and products. Additionally,
journalism today is more influenced by special interests and propaganda than the interests of the public. As such it serves to maintain the status quo rather than create social change.

This study examined whether crowdfunding is a participatory form of journalism that contributes to the public sphere by facilitating public discourse and civic engagement. Through the analysis of four case studies on Spot.Us, I determined that it is the journalism produced through crowdfunding that creates a public forum and facilitates discourse, not the crowdfunding forum itself. This was evidenced by the finding that donors overwhelmingly tended to follow the coverage and engage directly through the news outlet instead of through Spot.Us.

Additionally, crowdfunding serves more as a mechanism for collecting donations than a means of bringing unknowns together and building a new community or public forum. This study showed that successful crowdfunding depends on existing relationships: connections to the reporter, the organization, the field of journalism and the community. That is not to say that new connections are not formed, but it is the media’s current network that derives the project’s success.

Crowdfunding does, however, provide essential components that contribute to journalism, especially journalism that draws the public into civic issues: (1) by financing the cost to produce public-interest journalism that would not be otherwise possible, and (2) by providing a channel for participation in the process of what gets reported. This channel, however, does not have a mechanism to encourage citizen participation in conceptualizing story ideas. Yet I believe the potential is there. In the Saguache County elections case, this study showed that citizens can play a role in generating news stories that are important to them. In this case, activists and election advocates around the
country appeared to band together to make sure the reporter could develop this important story. Yet, this was an exception to the norm, and crowdfunding has a long way to go before achieving this ideal. If it succeeds, crowdfunding can put more influence into the hands of citizens by giving them a more active role in news production.

This study also determined that crowdfunding is well-suited to meet the needs and business model of nonprofit news organizations. These organizations are likely to focus on public-interest journalism, which this study found to be a strong stimulator of public discourse. While crowdfunding is not significant enough to sustain a news organization, or a freelance journalist, this study showed that it was a crucial element to accomplishing large scale projects that deal with important civic issues.

For the most part, the journalism in this study engaged people, whether through a monetary contribution, the sharing of content or participation in an online public forum. However, with the exception of the donation, the bulk of this engagement did not occur on Spot.Us but rather more directly with the media outlet itself. This is evidenced by the rate of audience feedback on the news media websites and social media sites than on Spot.Us. Crowdfunding, therefore, serves more as a platform for donation than a means of creating a public forum.

What does appear to engage the public is the journalism produced through crowdfunding, not the platform itself. An essential component, which should not be overlooked, is that the nonprofits in this study tend to focus on public-interest journalism and provide an open forum for comments. According to scholars, this environment is more valuable in promoting discussion and debate. When vertical media coincides with
horizontal channels of communication, social action is promoted through collective organizations such as political parties, pressure groups and coalitions (Curran, 1991).

While much of the reporting in this study showed an engaged public, donors typically did not engage in these forums. As one editor noted, the donation is their way to participate. Additionally, donors indicated they did not participate in online forums as a rule because they did not want to be publicly connected to opinions or positions. As Aitamurto (2011) found, “The reasons for contributing to a pitch are more altruistic than instrumental…rather than getting a good story to read, the donor donates for a common societal goal which is a democratically healthy society.”

This study found that social change was more apt to occur when the public was highly engaged in the issues through online discourse as well as face-to-face engagement. This was the situation for two of the cases analyzed by this study, i.e., in Oakland and Saguache County. The other two projects serve as more informative pieces, representing factions that are working toward change. This could be viewed as merely different levels of engagement, or debate that is at different stages. Harbermas’s ideal of the public sphere operate on an elevating scale where first there must be the forum that allows for the open sharing of ideals. It is through this forum that social action is then organized.

Discussion

While these are troubled economic times for the journalism industry, crowdfunding represents news the audience is willing to pay for—in the case of this study, that news is public-interest journalism and civic reporting. Crowdfunding is not going to solve the problem of funding reporting, especially costly investigative reporting, but it does provide a new source of funds, especially for nonprofit media that are
constantly seeking sources of revenue. Many of these organizations depend on foundation grants, which tend to be unsustainable over the long term. Therefore, crowdfunding can serve a vital role in developing a new outlet for funding. While crowdfunding does not promise to provide financial security for the media enterprise, it has proven capable of providing substantive funding. For example, the crowdfunding site, Kickstarter, has outpaced the National Endowment for the Arts in funding during 2012 (Maqubela, 2012), providing more than $150 million in funds to art-related projects (Emami, 2012). It appears as if crowdfunding is dramatically changing the arts. So while the amounts any single project or organization receives may be relatively small, crowdfunding has the potential to impact the industry of journalism and the future of investigative reporting, as it has done for the arts.

What is troubling, however, is the reliance on donations from “friends” and other journalists. The concern is two-fold. First, and foremost, how much citizen participation in the democratic process of voting for and influencing story ideas is society achieving if journalists are the majority of supporters? Secondly, how sustainable is crowdfunding if it means the same the industry is, in essence, supporting itself? For example, could banks survive if the bankers and their employees comprised the majority of customers? For crowdfunding to be successful, it will need to truly extend its reach beyond its own house. Then, not only will more “true citizens” be involved in the process, but they will have more influence in news production.

Changes in technology and social network are already transforming journalism. The digitization of media created an expectation for a “dialogical conversation rather than a one-way lecture” (Lewis, 2011, p. 187). Ordinary citizens, armed with the power of
Web 2.0 tools can contribute to the public sphere. Crowdfunding demonstrates that these same citizens are increasingly becoming stakeholders in the news process. Rather than passively accepting the news as dished out by a handful of editors, they fire off emails, post their opinions, and even support journalism financially.

The problems of journalism had been mounting for decades, long before the Web’s arrival. But the diffusion of digital technologies, because they facilitated widespread and easy participation in media, served to highlight what had gone wrong: professionalized journalism had lost touch with its community, and it featured little citizen participation in the important work of shaping public agendas and discourse (Lewis, 2011, p. 188).

Traditional media is profit driven and reliant on advertising, which is both the reason for the economic downturn and the lack of journalistic integrity. These organizations value profits and are beholden to advertisers. Nonprofit and non-commercial media and alternative news platforms have arisen to address journalism’s funding crisis. These organizations “value conversation, collaboration, and egalitarianism over profitability” (Bowman & Willis, 2003, p. 12) and are best poised to capitalize on crowdfunding as a new means of obtaining resources and engaging citizens in the process. These outlets that provide quality public-interest journalism are demonstrating that they can provide investigative journalism that engages citizens, something traditional media is failing to do.

**Reflection**

The primary strength of this study is that it takes an in-depth look at a relatively new phenomenon, crowdfunding, which can help both revive funding and civic engagement. To date, few academic studies have explored crowdfunding’s impact on the field of journalism. The in-depth approach yielded rich qualitative data.
Yet, because this study focused on relatively few cases taking place within one crowdfunding platform, Spot.Us, it is difficult to generalize the findings. Other crowdfunding platforms, such as Kickstarter and IndieGoGo, need to be explored for their suitability to journalism projects. These sites have supported journalism projects in the past. While these pitches tend to be more for seed funding for media startups rather than individual reporting projects, they are worthy of further investigation. Determining the focus of these entrepreneurial ventures and how they might facilitate audience participation could be useful to further evaluating crowdfunding’s impact on journalism.

Unfortunately, Spot.Us traffic has declined significantly since it was acquired by the Public Information Network in November 2011. No stories have been published since March 2012, and the last pitch was posted in September. Compare this to more than 112 projects during 2011 (McCarthy, 2012). Several of the news producers who participated in this study indicated that they have stopped posting pitches on Spot.Us, saying “the site is defunct” and there is a “lack of support.” Some mentioned they are considering other crowdfunding sites, but they need to be explored for their suitability to journalism projects. However, as this paper was being finalized, I noticed that many changes have occurred on the website, particularly in the “About” section and the online instruction. It appears as though Spot.Us is slowly transitioning under the new ownership.

In addition to the limitations of the research methodology addressed in Chapter 3, there are other weaknesses in this study. First, within a pool of more than 100 reports occurring on Spot.Us in 2011, I choose to focus my study on those that best represented a diversity of geographically convenient, yet diverse locations and those which covered a variety of topics. Others may have chosen different case studies and reaped completely
different conclusions. Second, reaching out to donors independently proved problematic. Initial tries to contact many were unsuccessful and therefore, I was had to ask those who had agreed to participate to assist in the contact of others. This snowball effect to sampling could have influenced the findings regarding the importance of connections. Third, social impact is difficult to measure, especially when focusing solely on news reporting. In gauging social change, the research might have gained more insight from an ethnographic study where other forms of discourse within the community were examined. All of these weaknesses point to the need for additional research. For example, we know that crowdfunding relies on existing connections, but to what extent does crowdfunding extend its reach beyond these networks?

Crowdfunding is a relatively new phenomenon to journalism. As such, it can benefit from continued examination of its practices and outcomes to assess how its performance might contribute to the field of journalism in the long-term. Assuming it will survive in one form or another, given its proven track record to provide a source of revenue that the industry desperately needs, it will be essential for media organizations to grasp the benefits and limitations of crowdfunding, as well as how best to incorporate crowdfunding into its business model. Research that examines how media organization can successfully incorporate crowdfunding into their mix will be an important tool to expanding the use of crowdfunding for journalism.
REFERENCES


Section 1 Background and Purpose of the Study

Crowdfunding is a method of financing of reporting through donations from the public. Members of an online community contribute to the initiation and financing of reporting news topics. Once a fundraising goal is reached, the project is shared within the community as well as through other media outlets.

The purpose of this study is to determine whether crowdfunding provides a forum which promotes public discussion and social action or if it is simply a means to fund journalism. Using Habermas’s public sphere theory as a framework, the proposed research will examine several crowdfunding case studies to explore the notion of crowdfunding as a means of reinvigorating the public sphere by providing a forum that facilitates participation and enables individuals to contribute to the public debate.

The rationale for the study is to determine if journalism produced by crowdfunding might provide a means for activating citizen participation and ultimately strengthening democracy, by addressing the following research questions:

1. Does crowdfunding provide a tool for its members to participate in public discourse?
2. Does crowdfunded reporting lead members or others to take action?

The current literature examines the how crowdfunding affects the work of a journalist (Aitamurto, 2011) and how it invigorates the business with an influx of cash (Kappel, 2009; Lambert & Schwienbacher, 2010), but doesn’t look at its potential as a new medium for facilitating public discourse. The ability for civil society to communicate via the public sphere (a network for communicating information and points of view) is what ensures democracy and creates the conditions for social action (Castells, 2009; Dalgren, 1991; Fraser, 1990; Habermas, 1989). Yet, the top-down, vertical nature of traditional news organizations limits the role the audience can play in contributing to the discussion. They fall short of meeting the criteria for a true public sphere because (1) they operate in a vertical format structured to direct messages at a public rather than provide a space for public discourse, and (2) they have been corrupted by commercial and political interests (McChesney, 2003; Herman & Chomsky, 2002) and the culture of the newsroom (Breed, 1955; Gans, 1979). Crowdfunding, like other forms of participatory journalism, alters that format making it more horizontal, allowing all players to contribute to the conversation on a peer-to-peer basis.
Section 2 Subject Information and Recruitment Procedures.

This study will examine selected reporters and donors who participated in crowdfunding journalism via the crowdfunding website Spot.Us. All subjects are over 18 in age, of mixed genders and ethnicity. Using a stratified random sample, with subjects classified by geographic areas. Then, a random number generated will identify 3-4 cases.

Participants of each case will then be asked to participate via an emailed letter of invitation(s) that describes the project and its objectives. An initial letter was sent from the administrator of Spot.Us (Andrew Haeg) and a copy is included in this packet. When applicable, reporters will be asked to contact and donors they know through an additional letter of introduction. A sample is provided (see email from Susan Mernit of Oakland Local) as an example. A third form of recruitment will occur when the researcher has obtained contact information from other participants (such as email addresses and phone numbers). This information is obtained through one of the following means: (1) the Spot.Us website (donors have the option of including their contact information), (2) the phone book, or (3) as provided by the reporter or editor of the story.

Once contact is made and the subject has agreed to be interviewed, he/she is asked to sign the consent form and the Bill of Rights. When the interview takes place in-person, this will happen at the same time, just prior to the interview. When the interview takes place over the phone or via Skype or email, this will take place prior to any questioning, and occur via email or fax, whichever is more convenient for the subject.

Section 3 Research Methodology and Study Procedures.

Reporter and donor subjects will be initially contacted by the administrator of Spot.Us. If they do not respond and they have made their contact information public, they will be contacted by the researcher. Donors may also be initially recruited via contact by the reporter or the researcher (if contact information is available). Once subjects have agreed to participate, a date and mode on interviewing will be determined. Subjects will be offered (in order of preference) to interview in person, via phone, via Skype, or via email. All conversations will be recorded using a digital recorder and subjects will be required to sign a consent form. No compensation is offered. Interviews of reporters are estimated to take 40 to 60 minutes. Interviews of donors are expected to take 15 to 20 minutes.

A list of data collection instruments is included in this packet. Open-ended questions are used to allow the respondents to answer using the vocabulary of their choosing. Interview guides prepared in advance will help guide the process and are structured with a main question and sub-questions that will encourage the respondent to elaborate. For example, the question “How did you get involved in the project” has the following sub-questions:

1) Is the donor connected to the reporter or media outlet?
2) Did the donor have a prior interest in the subject of the reporting?
3) Did the donor contribute to the story idea of development?
Section 4 Anticipated Risks and Minimization of Risks

Other than mild inconveniences, there are no perceived risks to the subjects.

Section 5 Potential Benefits

The purpose of this study is to determine if crowdfunding can provide a forum that promotes public discussion and social action. Understanding how crowdfunding might involve its participants in the realm of the public sphere can provide insight into fostering citizen participation in democratic processes as well as a better understanding the role of journalism.

The project has no direct benefit to the subjects.

Section 6 Confidentiality of Research Information/Data

The researcher will ensure that all subject information remain confidential. Data collected will be initially stored on the researcher’s laptop computer which is secured with a password known only to the researcher. All files will also be stored on a password-protected external drive located at the researcher’s residence, as a back-up.

Data collection will include the person’s title, i.e. reporter, editor, as well as the donor’s occupation if relevant to the study (for instance, is the donor also a journalist?). In general, subjects will be identified as Donor 1, Case 1 and Reporter, Case 1. The individual’s name will be known only to the researcher and will be omitted from the thesis and destroyed at the end of the project.

Once the research has been completed, and the thesis approved, the audio files and transcriptions will be destroyed.

Section 7 Potential Outcomes of Study

Although other studies have examined the how crowdfunding affects the work of a journalist or how it invigorates the business with an influx of cash, none have examined its potential as a new medium for facilitating public discourse. While many scholars agree that journalism is in crisis, they don’t all agree as to whether it is one of economies or quality. This study will provide a closer look at one new form of journalism, crowdfunding, to determine if it shows signs of reinvigorating journalism both economically and structurally.

Since this type of research has not been conducted because crowdfunding is a relatively new phenomenon to journalism, this study will help inform CSUN’s journalism department on new enterprises for journalism, as well as make a contribution to the field as a whole.
Section 8 Researcher Qualifications and Expertise

As part of my graduate studies curriculum, I was schooled in quantitative and qualitative research methods. My previous research included a brief survey of Armenian media habits, and a descriptive analysis of crowdfunded reporting frequency and content. Part of the curriculum included interview techniques and human studies research protocols.
APPENDIX B--INTERVIEW GUIDES

Interview Questions: Reporter

Can you give me a brief summary of your experience as a reporter?

Is this his/her first story?

Career journalist? Freelancer? Or not a journalist?

Where has prior work appeared?

Did you construct the initial story pitch? How? Why?

Did you need to pitch your idea to the crowdfunding platform?

Did the editor, or anyone else, have a role in the construction of your pitch?

Can you give me a brief overview of the project?

Description of project in the reporter’s own words.

What was the end product and how was it disseminated?

Determine if the reporter had a relationship/agreement with the media outlet?

What type of feedback, if any, did you receive the project’s donors?

How much feedback was received?

What was the nature of the comments, for example, supportive?

Was anyone pushing the reporter to examine a particular angle?

What type of updates, if any, did you provide to the forum?

Did reporter stay engage with forum?

What were the results of the reporting?

Did policy change or are steps being taken to produce change?

Did the reporting spark a movement or other type of organization?

In what ways is the crowdfunding process different from other experiences?
Interview Questions: Editor

Can you give me a brief summary of business and your mission?

Media format? Genre (focus)? Public, independent, commercial?

How did you get involved in [Project of Study]?

Did reporter pitch editor? Did editor pitch project?

Did editor scan crowdfunding to find interesting stories?

How did you determine that this was a viable story for your organization?

Who made this determination?

What was the most important criteria in the decision to produce the story?

Can you give me a brief overview of the project?

Description of project in the editor’s own words.

What role, if any, has the public had in shaping the story?

What was the end product and how was it disseminated?

Determine if the reporter had a relationship/agreement with the media outlet?

What type of feedback, if any, did you receive?

How much feedback was received?

What was the nature of the comments, for example, were they supportive?

What were the results of the reporting?

Did policy change or are steps being taken to produce change?

Did the reporting spark a movement or other type of organization?

Did the reporting create a discussion group or start a new party?

Would you use crowdfunding material in the future? Why or why not?
How do you keep your public engaged after this project?

Do you let them know about other or similar stories?

Do you ask them for new ideas to report on?

How is crowdfunding different than other forms of reporting?

What are the benefits/limitations of crowdfunded reporting as you see them?

Interview Questions: Donor

How did you get involved in [Project of Study]?

Is donor connected to reporter/media outlet or special interest?

Did the donor have a prior interest on the subject?

Did you contribute to the story idea or story development?

Why did you decide to donate?

Have you been involved in helping fund journalism before?

Either through crowdfunding or not.

Can you give me a brief overview of the project?

Description of project in the donor’s own words.

How closely does it coincide with reporter/editor’s version?

Did you follow the project as it progressed?

How? Did the donor check progress or receive updates?

Did the donor offer input?

Did you see the final news product that was produced?

Any thoughts about it?

What were the results of the reporting, if any?
Did policy change or are steps being taken to produce change?

Did the reporting spark a movement or other type of organization?

Have you connected with other people supporting this project or cause?

Would you support crowdfunded reporting in the future?

Why or why not?

What are the benefits/limitations of crowdfunded reporting as you see them?