

Journalistic activity and the challenges of its management in the United States of America and European Union

La actividad periodística y los desafíos de su gestión en los Estados Unidos de América y Europa

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Abstract

The digital age has opened the doors to many opportunities for publishing organizations and journalists and has increased the number of challenges, especially those related to the sustainability of the business model. This paper aims to understand the sustainability and challenges of media business models and how managers are reacting and adapting their practices in this industry in the field of digital transformation, and in an increasingly competitive market. Thus, the main research questions of this work are: RQ1. What are the main strategies and management practices applied by journalistic companies to achieve the sustainability of their business model and funding? RQ2. To what extent are the revenue streams of digital newspapers growing and how has the funding model of US newspapers differed from that of European ones? This article is based on 4 interviews with executives from 2 North American and 2 European (EU) newspaper companies. The research revealed that regardless of type, size or location, all media companies face similar challenges in maintaining a business model, such as product creation, revenue diversification and cost reduction. In turn, US companies seem more adapted to market changes compared to those in the European Union, but all media organizations face experienced challenges in the quest for sustainability and diversity in the information market.

Keywords

Business, management, newspapers, digital, sustainability, and income.

Resumen

La era digital abrió las puertas a numerosas oportunidades para las organizaciones editoriales y los periodistas, y ha aumentado el número de retos, en particular los relacionados con la sostenibilidad del modelo de negocio. Partiendo de esa realidad, este trabajo pretende entender la sostenibilidad y los retos de los modelos de negocio de los medios de comunicación y cómo los gerentes están reaccionando y adaptando sus prácticas en esta industria en el ámbito de la transformación digital, y en un mercado cada vez más competitivo. Así, las preguntas centrales de investigación de este trabajo son: *RQ1*. ¿Cuáles son las principales estrategias y prácticas de gestión que aplican las empresas periodísticas para lograr la sostenibilidad de su modelo de negocio y financiación? *RQ2*. ¿En qué medida están creciendo las fuentes de ingresos de los periódicos digitales y cómo ha diferido el modelo de financiación de los periódicos estadounidenses del de los europeos? Este artículo está basado en cuatro entrevistas con los directivos de dos empresas periodísticas norteamericanas y dos europeas. La investigación reveló que, independientemente de su tipo, tamaño o ubicación, todas las empresas de medios de comunicación se enfrentan a retos similares a la hora de mantener un modelo de negocio, como la creación de productos, la diversificación de ingresos y la reducción de costes. A su vez, las empresas estadounidenses parecen más adaptadas a los cambios del mercado en comparación con las de la Unión Europea, pero todas las organizaciones informativas se enfrentan a retos experimentados en la búsqueda de la sostenibilidad y la diversidad en el mercado de la información.

Palabras clave

Negocios, gestión, periódicos, digital, sostenibilidad, ingresos.

Introduction

The business of newspaper publishers has become more complex and is pressured by several competitive factors, especially at the level of technology, sustainability of business models and training of human resources, among others. Digital platforms have also brought a great possibility to measure audiences in real time, representing a profound change in the way they manage, produce, distribute and create advertising. The sustainability of the business model and financing are at the forefront of concerns about the future and economic livelihood of the media industries, especially in newspaper publishing companies. As for the main media industries, specifically newspaper publishers, the only certainty as we move forward is precisely their uncertainty at

the level of (i) business models (ii) distribution models and (iii) journalistic models, among many other disruptive elements based on the Internet and on the transformation of consumer behavior.

However, in the midst of so much insecurity there are some certainties about the trend in newspaper consumption, for example: we know that the number of users will continue to grow and that it will be driven by several factors, namely: (i) broadband access, the growth of the generation of the “digital natives” and the increasing “usability” of web applications that will support the growth of the population with access to the network through multiple platforms (web, mobile devices, consoles, netbooks, tablets, PCs, etc.) and (ii) the increase in the average time of online content and services. These transformations, in many cases drastic, have surprised many companies, media professionals and entrepreneurs, undercapitalized and without resources (human or financial) to invest in innovation and adaptation and thus respond to these transformations and challenges of the journalism industry.

Over the past 20 years, there has been much discussion about the transformation of the media industry and its relationship with telecommunications, bringing the two industries closer and making them more convergent, especially in terms of content management and distribution. Convergence (driven by digitalization and deregulation, among other factors) can be considered a media movement that took place during the 20th century and prevailed in the early years of the 21st century, allowing a confluence between platforms of information transmission that normally competed with each other.

One of the big challenges—from the business point of view—is how to monetize journalistic activity, i.e., how to monetize and generate revenue that contributes to the sustainability of social media companies. Economic sectors leading the convergence include computing (both hardware and software), communications, and content. With the Internet, the proliferation of computers and globalization, the communications sector has faced the challenge of solving infrastructure problems and has proposed new solutions. Changes to devices allow to access content, but also create, publish, and share it, whether through computers, netbooks, or mobile phones.

In the past, different types of social media were unrelated to each other and operated in visibly identified and separate markets. With the advent of the Internet and the globalization, social media, and in particular the journalistic industry (interpreted here in general terms), have faced the challen-

ge of solving complex problems related to infrastructure changes. Solutions have increasingly focused on the need to dematerialize content. The physical book, newspaper and music CD are becoming less viable, as a growing variety of readers offer online all kinds of content and services in digital format.

Therefore, this work, which integrates a general project entitled *Global Perspective of Media Business Transformation and Strategies Responses: Theory and Empirical Evidences Across the World*, is divided into two main sections (literature review and empirical research) and aims, with this complementarity of approaches (theoretical and practical), to observe the main transformations and challenges faced by social media companies, as well as the strategic responses given by the professionals of these companies, with special attention to sustainability and management of business models.

In this sense, it can be assumed that empirical research—carried out through semi-structured interviews—is an important source of information for this study.

Literature review: sustainability and management of business models

Convergence has a major impact on the structure of the media and press industry, offering opportunities for consolidating in multinational companies, as well as opening up spaces for new types of dynamic and production companies. As Noam (2018) suggests, advances in digital technology, combined with lower prices, make it cheaper to produce music, video and text articles (*ceteris paribus*), allowing many small producers to enter. On the other hand, technology also increases economies of scale, range and distance in terms of sensitivity. In this context, Anderson (2006) identified the “long tail” model: which enables and empowers content to be produced and distributed profitably to millions of market niches, rather than a single product in high demand. The “long tail” phenomenon contrasts with the concept of economies of scale. These opposing trends create new pressures and readjustments in the media and telecommunications industry.

According to Doyle (2013), the overall performance of the economy has a huge impact on the output of all sectors, including social media. The reason is obvious: newspapers rely on advertising as one of their two main sou-

reces of revenue, or double-funding model: the sale of editorial content and the sale of advertising content. As a result, many newspaper jobs have been cut without improving current performance and generating cash flow to pay for operations and financial commitments; many newspaper publishers go bankrupt, others increase their debts, and few are thriving robustly after the turn of the millennium.

In the 1970s, integration between sectors of the technology industry initially occurred with increasing technical overlap of computing and telecommunications devices and components. During the 1980s, the increasing integration of technology extended – and overtook – to consumer electronics and office equipment. In the 1990's, integration affected almost all sectors of industrial technology: for example, *smartphones* combine telecommunications technologies, computers, information providers, consumer electronics, television, video games, calculators, cameras, music players and recorders, navigation devices, and many more. The implications of these transformations are evident to the extent that industries and companies, which used to comfortably occupy their niches separately, now face increasing competition from each other. As Noam (2018) suggests, this also means that companies are expanding more rapidly to other markets.

By offering interactive e-commerce and Web 2.0 applications and services, and thus actively engaging consumers in communication and transaction processes, media publishers need to place increasing emphasis on strong and sustainable relationships that can help them achieve greater economic viability as well as a sustainable competitive advantage in the digital market (Murschetz and Friedrichsen, 2017). Social media platforms and online consumer access have become challenges for the publishing industry. Old advertising and subscription methods in the publishing industry seem to be failing in the age of digital transformation. The online advertising sector has faced serious challenges and has increased the number of people who install ad blockers on their mobile devices. Meanwhile, the share of newspaper advertising revenue from the digital sector is growing (Table 1), but overall advertising revenue is declining.

Table 1
*US-Percentage of Newspaper Advertising Revenue
from Digital Advertising*

Year	Proportion of newspaper advertising from digital advertising (%)
2011	17.00 %
2012	19.00 %
2013	20.00 %
2014	21.00 %
2015	25.00 %
2016	29.00 %
2017	31.00 %
2018	35.00 %
2019	35.00 %
2020	39.00 %

Note. Pew Research Center, Newspapers Fact Sheet, 29 June 2021.

Digital advertising accounted for 39% of newspaper advertising revenue in 2020, according to this analysis by publicly traded newspaper companies. The share stood at 35% in 2019, but 17% in 2011, the first year this analysis was possible.

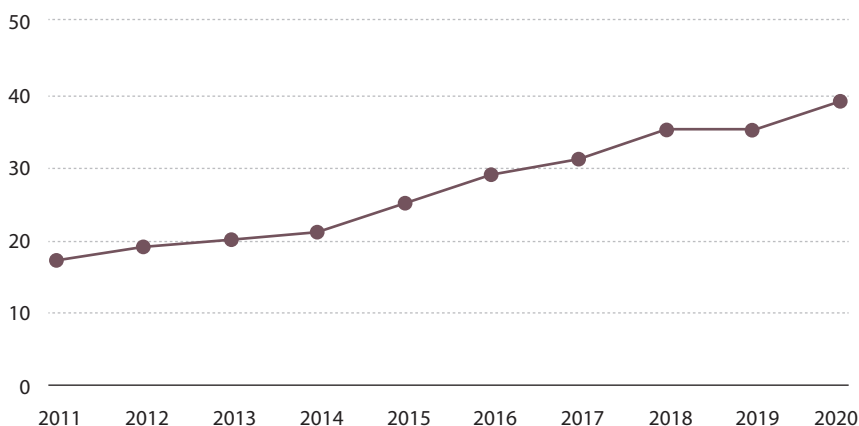
This type of advertising continues to grow proportionally to total advertising revenue; a trend mostly driven by the growth of advertising on mobile devices and, therefore, an indicator of the overall trend of economic health in the digital sphere, specifically in the digital news sector.

The online advertising industry is divided into four segments: (1) “search advertising” that appears on search result pages, (2) “graphic advertising” that appears on non-search web pages, (3) “classified ads” that appear on websites, (4) “ads located in emails” on the Internet (Wallez, 2017). According to Evans (2008), the first type of advertising, the one used in search engines, completely changed the services that the advertiser received and now the Internet provides a very powerful mechanism, both to send ads to specific people and to gather data whose purpose is to direct those ads to the same

individual users. The second type, graphic advertising, changed the process of buying and selling advertising and classified spaces; the Internet led to the development of more effective intermediation markets for advertising: keyword search systems, as well as so-called contextual advertising, are a good example of their maturity. The third and fourth types are online ads and classifieds, which foster economies of specialization; while traditional publishers use content to attract their audience's attention and charge advertisers for advertising space, online publishers increasingly outsource space sales to specialized advertising platforms, such as *Google* or *advertising.com*.

Figure 1

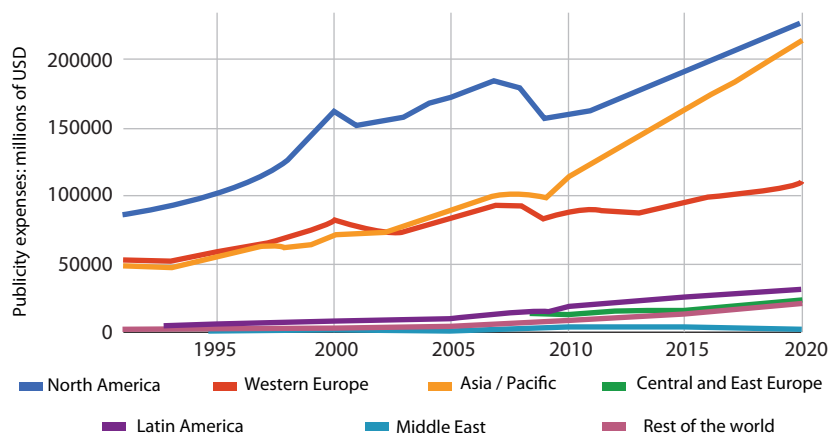
Proportion of newspaper advertising from digital advertising (%)



Note. Pew Research Center, Newspapers Fact Sheet, 29 June 2021.

It is crucial that publishers change their business models to respond to the challenges and opportunities associated with digital transformation. Thus, figure 2 shows the growth of advertising, specifically influenced by digital advertising, in several continents, being more relevant in Asia and North America compared to Europe.

Figure 2
Overall advertising expenditure by continent



Note. Zenith, 2018, projected for 2020.

In the new context, the attitude towards innovation and the reorganization of the publishing industry has been supported by the development of business models based on cost reduction strategies and generation of new sources of income, including the provision of services adjacent to the journalistic activity, such as: organization of seminars, conferences, events, sale of content to other organizations — *costumer publishing* and content marketing— among other services and associated products. It is thus observed that the media and the journalistic industry are largely influenced by the convergence of the digital age and new technologies. In this context, the following question: To what extent will the convergence or reconciliation of new and old trends – and business models – of journalistic activity promote a new and prosperous period or suffer a catastrophic decline?

It should also be noted that the relationship between the different media is now characterized by increasing cooperation, compatibility and connectivity, although questions arise as to whether traditional media will adapt to the new digital environment or even survive (Saltzis and Dickinson, 2008).

On the one hand, journalistic companies go through one of the times when they most need to invest to adapt and, on the other hand, they go through the most critical moment at the level of income generation, leaving the most vul-

nerable and “cheap” companies susceptible to be easily acquired by companies or investors from other sectors. To take an iconic and well-known example, this is what happened to the *Washington Post*, when it was acquired by Jeff Bezos, CEO of *Amazon*; and there are similar movements around the world, according to the scale of each market and geography.

According to Wallez (2017):

... the decapitalization of the *French Legacy Group* may be an obstacle to managing the print/web transition in the coming years. Legacy companies, sometimes criticized for their conservatism, invest heavily in being part of the digital age. Funding is one of their main concerns, and most of them need to take out expensive bank loans. But they have *no other alternatives, as they do not have human resources in the company adapted to the new technological skills*. So, they hire experts and engineers and form *joint ventures*. (p. 348)

News media organizations and journalism in general are required to be more innovative in engaging the public in a more valuable and cost-effective way (Achtenhagen, 2017; Vos and Singer, 2016; Will *et al.*, 2016). It is fundamental because the increasing difficulties in making the revenues and sustainability of traditional media business models, mediated or controlled by large technological and digital actors imply a greater need to collaborate with potential competitors (Westlund, 2012). In turn, new ways of working and producing content – facilitated by digitalization (Olleross and Zhegu, 2016) – pose a challenge to their operations (Pallas and Fredriksson, 2013; Sylvie and Gade, 2009; van den Bulck and Tambuyzer, 2013; Virta and Malmelin, 2017).

Many of the general principles of management and business strategy that are applied in other industries, are also applied in media organizations, regardless of the platform, the type of company or the media product. However, we must consider that a company with activities in various types of media requires a greater effort in managing its financial investments, especially in its attempt to maximize the possible synergies between its operations in the different companies. However, it is necessary to clearly distinguish the distribution forms of content according to the specific characteristics of the platform.

According to Wallez (2017):

... in the real life of the newspaper business, the advertiser has sometimes been frustrated due to the lack of tangible data on how many readers were exposed to the ad. The rate has been calculated based on total turnaround, but the number of people watching an ad for a few seconds is unknown forever. (p. 172)

The same author also mentions that:

... many publishers consider their product to be just a business, forgetting the other dimensions that have shaped the press in previous centuries. A new management system has emerged, based on differentiated units and each with a specialized role and function: (1) newsroom, compilation and editing, (2) production (typesetting, printing, folding), (3) distribution and circulation, (4) advertising, (5) accounting. (p. 105)

A larger, more resourceful company can thus be expected to have more sophisticated policies in the areas of human talent management, business organization, marketing management, and other operational areas. It is equally clear that smaller companies tend to have more fluid business structures and organizational models, not only because they favor functional versatility, but also because they rely more on outsourced work and have fewer pieces (journalistic). Although small media companies do not necessarily lack more sophisticated business strategies or knowledge, they always have more limitations in accessing resources, so the opportunity risks may end up being higher; in this way, journalistic activity can be considered a *clock speed* industry, with an increasingly volatile and uncertain activity, and also with significantly shorter “windows of opportunity”.

As a result, the management practices adopted by social media companies are becoming more and more similar to those of other industries. For its part, the technology has contributed to the standardization of management processes and operations through the creation of software and other business management support models of general application.

The combination of the increasing convergence, automation and standardization of business and creative processes and the alteration of the consumption and business model, market fragmentation and the entry of new companies from other sectors (technology and telecommunications, for example), have contributed to the adoption of management methods and practices more oriented to the market demand outlook. However, none of these market approaches is easy or guarantees economic and financial success; these practices challenge the conventional cultures of social media companies and pose significant challenges to the sustainability of the journalism industry. Table 2 shows some aspects that reflect characteristics associated with the traditional management of the media against a contemporary approach to the management of these media.

Table 2

Aspects associated with traditional and modern media management

Traditional management approach	Contemporary management approach
Cultural products	Economic products
Single-media products	Multimedia products
Low-tech products	High-tech products
Products with a limited investment portfolio	Products with large investment portfolios
Products with clear barriers or limits	Products without clear barriers or limits
Single-use products	Reusable products
Journalistic products	Journalistic and marketing products
Monomedia Management	Multimedia management
Limited areas of necessary knowledge	Broad areas of necessary knowledge

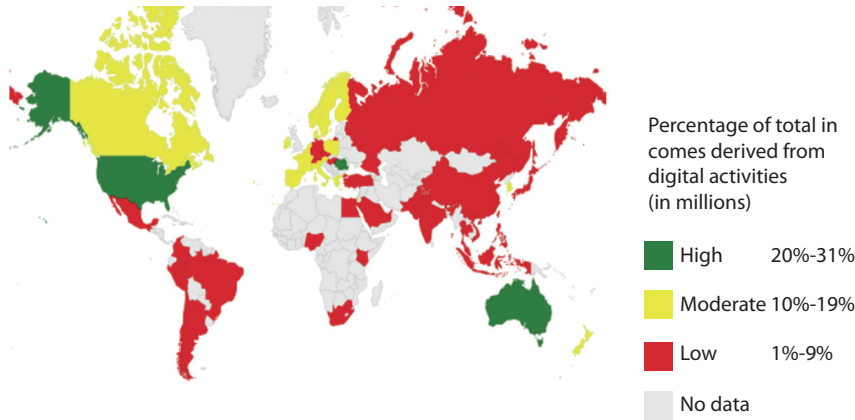
Note. Faustino and Ribeiro., 2016.

Convergence in the technology, media and telecommunications (TMT) sectors has contributed to some degree to a standardization of management practices and business strategies. Regardless of the type, size or geographical location of the company or production network, these organizations face, to a greater or lesser extent, similar challenges in terms of management strategies and practices in the following areas: new product creation, production innovation, promotion and publication practices, income diversification, work reorganization, brand management, technology investment, cooperation with companies, cost reduction, project management, investment portfolio management, skilled personnel management, cross-platform content, continuous training, audience participation and productive synergies (such as *branded content* and native advertising).

To become *digital-first*, a company—built on a print-based model—must accept many adjustments and experiments regarding equipment, editing, and marketing practices. The success or failure of the print/web transition largely depends on the ability in terms of the magnitude and scope of the corporate culture to integrate and reinforce an innovative mindset (Stock *et al.*, 2013).

According to Kolo (2017, p. 13), the larger this difference, the more likely it is that newspapers' digital businesses will be overtaken by pure digital operators and/or new digital *players* who target these growth opportunities. As seen in figure 3, the income percentages are different in each continent, being more moderate in European countries, higher in the North American and Asian continents, and lower in African countries, for example.

Figure 3
Percentage of overall revenues from digital activities



Note. WPT analysis proposed by Castulus Kolo, with data provided by PwC (Global Entertainment and Media Outlook, 2018-2022).

The above approaches show, on the one hand, a growing adoption of business management practices and more market-oriented business approaches and, on the other hand, that the dependence on technology and the migration of production, distribution, communication and digital sales models have become fundamental success factors for journalistic activity. However, the orientation and adoption of strategies supported in the digital environment by journalistic companies do not necessarily occur at the same level, when the characteristics of each economy and journalistic industry are observed.

In this sense, and in order to reconcile the academic perspective with the practical perspective, in the next part we can observe the perceptions and representations that executives of social media companies (in the North Ame-

rican market: United States of America) have about the transformations that are taking place in this sector and also in terms of the possible responses that are being given to maintain business models based on approaches of digital, sustainable and competitive environments.

Contrary to what happens in the United States, for example, in the European Union, the debate about the sustainability of social media—in particular newspapers—has returned to the political agenda. There are many types of support for European newspapers, with France and the Nordic countries having the most generous models (Faustino, 2006). These supports are numerous in the Nordic countries, the Netherlands, Central and Southern Europe, including France (Lardeau and Le Floch, 2014).

Looking at the positive side of the aforementioned facts, such a policy should underpin pluralism of opinion as an indispensable pillar of democracy (Wallez, 2017). But the possible dark side of this reliance on support may be leading to the “temptation” of control by the powers—governments of the day—and keeping journalistic companies from thriving as normal, based on their legitimate existence as an economic entity. As Trappel (2016) suggests, media funding is very contradictory, aid can become fat or sand for gears, so it divides the opinions of professionals and academics, beyond nations and borders.

The field of opponents—to the allocation of subsidies—argues that these “sustain declining industries at the expense of innovators and new entrants” (Nielsen and Linnebank, 2011, p. 12). Picard (2006), stressed that this thinking rejects state subsidies, since they tend to eliminate incentives in a competitive market. There are numerous advocates of the sector—*they* reject subsidies – *and they* are particularly influential in the United States, the United Kingdom, and Germany.

Therefore, the economic and financial sustainability of journalistic companies and organizations has become, more than ever, an imperative for debate due to the importance of this activity to promote pluralism of information and opinion as a structural pillar of democratic systems. In this sense, it is also important to understand how managers of journalistic companies are responding to new competitive challenges, especially those arising from the impact of digital technologies and systems, on the economy and society, in order to ensure the sustainability of the business models of journalistic companies. To this end, the following part presents some guidelines, including some differences between the managers of journalistic companies from two major economic regions: the United States of America and the European Union.

Empirical research: executive perceptions of the sustainability of the media business model

As a complement to the literature review and in order to find more solid answers—that integrate both a practical and theoretical perspective—two main research questions were raised, namely, RQ1 and RQ2. With this same objective, as mentioned in Table 3, two interviews/companies (out of 90) were selected with directors of journalistic companies from the European Union and two from the United States of America on the occasion of the WAN-IFRA international conference, which took place in May 2018 in Estoril (Lisbon, Portugal).

In fact, we can identify the following main revenues associated with traditional editions—which use paper—with the sale of newspapers in physical locations, subscriptions, advertising, events, and *merchandising*; and the main revenues associated with digital editions—which use the digital environment—are online subscriptions, individual online sales, e-commerce, online advertising, and other dematerialized and commercialized services or products associated with digital publishing.

According to Evans (2008), all online revenue segments will grow significantly in the coming years, and the big challenge for newspapers is to be able to adapt to this new reality and opportunity. In many respects, online advertising is similar to traditional advertising. Publishers use the content to attract viewers and then sell advertisers access to those audiences. Advertisers may display text (such as classified), graphics (such as magazines), and video (such as television) ads in the space provided by publishers.

Table 3
US and European Journalist Companies Interviewed

Country	Journalistic company
US	<i>McClatchy</i>
US	<i>The New York Times</i>
EU - Ireland	<i>Independent</i>
EU-France	<i>Le Parisien</i>

It is important to mention that the main objective of this analysis is not to make a comparison *per se*, but to identify possible general trends especia-

lly extended to the journalistic industry in the different geographies, through interviews with executives of the identified companies, following a random method, although with some previously defined criteria that are identified in the following paragraph.

Despite the randomness in the choice of managers of the journalistic companies interviewed from the point of view of the titles they represent, the organizations were selected based on two criteria: (i) representing a social communication group or company that also has activity in the area of print newspaper publishing; and (ii) representing two social communication groups or companies with activity in the United States of America and two in the European Union. As mentioned, this work is part of the PIMENED project (*Project Innovation in Mentorship, News Entrepreneurship and Digital*), carried out at the Faculty of Letters of the University of Porto, with the collaboration of the Columbia Institute for Tele-Information of the Columbia University Business School. In the overall project, the interview model—in annex—included 15 semi-structured questions from 15 to 25 minutes of duration, but this study is based only on four questions (1, 2, 9 and 13) related to the sustainability of the business model and the growing importance of the journalistic business approach in a digital environment. However, these four questions were condensed into only two, already identified as: RQ1 and RQ2.

To keep confidentiality, the names of the interviewees are not mentioned; it was also a requirement for selecting the interviewees to have (i) more than five years of experience in the sector and (ii) hold managerial positions, including those of CEO. The four respondents (two EU executives and two US executives) set out the key insights in the four responses below. For methodological reasons, the answers to each question are grouped together to provide the perspective of all respondents to the same question.

U.S. and European perspectives on sustainability financing and the business model

The four journalistic companies were asked about the source of their revenue (questions 1 and 2), and whether the main sources of revenue of the company came from a traditional, digital or combined model; and also what other sources of revenue they were investing more in in the medium and long term. As a preliminary analysis, the information collected allows us to infer

that, at the level of sources of income of American journalistic companies, the digital model is as important as the traditional one, and the tendency is to bet on a combined model between online and offline.

For their part, in the European Union, the traditional model remains being the main source of revenue for journalistic companies and, as they consider it important to retain consumers associated with the traditional model, this is where they have decided to invest more. In the United States of America, digital presence tends to be increasingly important; for *The New York Times* and *The McClatchy Company* both digital and traditional go hand in hand and have invested in a combined model. However, in the European case, the process of digital migration, judging from the interviews conducted and some literature review on the subject, seems to be slower, as the interviews conducted with European journalistic companies: *Independent* and *Le Parisien* suggest.

In this environment of great transformations, also very present in the activity of the media—and to some extent with some trends anticipated, more recently, by the impact of COVID-19 on the most frequent forms of consumption in digital media—the transformations move towards a greater centrality of the digital component in the business model of journalistic companies (Faustino, 2020). According to Gershon (2022), “The COVID-19 pandemic disrupted the global economy and forced a major change in terms of how commercial companies engage in meetings and organizational communication” (p. 78).

Considering the changes that have been observed more intensively in the last five years, with an impact on economic and financial sustainability, we interviewed some managers of newspaper publishing companies about the changes observed, regarding their financing and sources of income (question 9, within other questions and broader topics). Thus, in North America, revenue streams come predominantly from their commercial activity and other equity – as is the case with *The McClatchy Company* and the *New York Times*, including revenue from digital products and services – in other words, market transformations in these journalistic companies have not had a negative impact on their business model. However, journalistic companies in the European Union seem to face more significant problems at the level of their funding model, as their main and traditional source of revenue, i.e., advertising and sales of printed content have decreased considerably, and they have not been able to compensate with the revenues from digital versions.

Therefore, they were also asked whether the business model they were aiming to develop required funding and where they would get it from (ques-

tion 13). American companies generally do not need state funding, as they have their own private funds –for example, *The McClatchy Company* and *The New York Times*. As for European companies, state and more traditional funding seem to be an important basis, unless they already have sustainable business models that allow them to dispense with external, mainly state, funding.

To complement and cross-reference information with the analysis of these four interviews, it was important to gather more information about the journalistic companies to which these interviewed managers belong. With this triangulation of information, it was possible to (i) strengthen and complete the methodological component in the field of the study of these four cases, thus conferring greater solidity to the analysis and the results obtained, and (ii) this collection of information also allowed to better understand the surrounding context of the interviewees and, therefore, analyze and relate certain information and indicators that complement some of the conclusions. For example, it was observed, through the analysis of information about companies, i.e., through their balance sheets and sources of income, that American companies also generate more income derived from digital activity than European ones.

Table 4
Overview of US Journalism Companies

Company	<i>McClatchy</i>	<i>The New York Times</i>
Description	What began in 1857 as a four-page newspaper on the dusty streets of Sacramento, California, has become a digital network stretching from local markets from California to Florida, from Washington state to Washington D.C. The Bee family expanded with the founding of <i>The Fresno Bee</i> in 1922 and the purchase of <i>The Modesto Bee</i> in 1927.	Since 1851, The New York Times has been on the ground, reporting stories from around the world that no one else has told. The way we tell those stories has changed, but our mission to seek the truth and help people understand the world has remained constant. We create our journalism looking for the truth, without fear or favoritism.
	What followed was more than a century of growth, driven by the acquisition of quality media companies in expanding markets across the country, including the 2006 purchase of <i>Knight Ridder</i> , which made <i>McClatchy</i> at the time the second-largest newspaper publisher in the United States. <i>McClatchy</i> operates a leading local media company in 30 U.S. markets, connecting with our communities through print, digital, mobile apps and more.	Having had the honor of being recognized by our colleagues, they cover a wide range of topics – from powerful research papers to our innovative way of telling stories – that speak to the world.

Company	McClatchy	The New York Times
Mission	Dedication to quality journalism, service to the community and freedom of expression will never change.	We seek the truth and help people understand the world. This mission is based on our belief that good journalism has the power to enrich the lives of every reader, and to make society as a whole stronger and fairer.
Primary Activity	Editor of such respected brands as Miami Herald, Kansas City Star, <i>Sacramento Bee</i> , <i>Charlotte Observer</i> , <i>Raleigh News and Observer</i> and <i>Fort Worth Star-Telegram</i> .	<i>The New York Times Journal</i> ("The Times")
Related Activities	Printing of selected local specialized publications and newspapers, as well as offering other direct print and digital marketing services.	Businesses that include websites, such as NYTimes.com; mobile apps, such as <i>The Times</i> 's flagship news apps, as well as specific apps of interest, including crossword puzzles and culinary items; and associated businesses, such as the licensing division; digital marketing agencies; product review and recommendation websites, <i>Wirecutter</i> ; commercial printing operations; <i>NYT Live</i> (live event business); and other products and services under the <i>The Times</i> brand.
Source	https://www.mcclatchy.com/	https://www.nytimes.com/company/

Note. Own elaboration from data of the website of the company.

Table 5
General characterization of European journalism companies

Company	Independent	Le Parisien
Description	The <i>INM</i> is Ireland's first newspaper and online editor. It is vertically integrated with printing and distribution assets and is the largest wholesale distributor of newspapers and magazines on the island. The company is a 100% subsidiary of <i>Mediahuis N.V.</i> , a private European social media group based in Antwerp (Belgium).	Following the liberation of Paris in August 1944, Emilien Amaury and other members of the resistance movement founded <i>Le Parisien Libéré</i> , which became <i>Le Parisien</i> in 1986. Initially a regional daily, it became a national publication in 1994 with the creation of <i>Aujourd'hui in France</i> . <i>Le Parisien</i> has progressively expanded its presence in all communication channels. <i>Le Parisien</i> is a publication of general interest with wide appeal. It offers readers daily information, reviews, entertainment and services.

Company	Independent	Le Parisien
Business Model	INM's portfolio of print and digital publications includes two of Ireland's most widely read paid newspapers, <i>the Irish Independent</i> and the <i>Sunday Independent</i> , and Ireland's most visited desktop and mobile news website, independent.ie. Revenue comes from advertising and circulation, with additional revenue generated by digital activities.	In addition to a special economy and business supplement every Monday, <i>Le Parisien</i> publishes a weekend section on Fridays, as well as a monthly women's magazine, <i>La Parisienne</i> . The website and mobile apps allow readers to access comprehensive news and a wide range of services anytime, anywhere.
Source	https://www.inmplc.com/ https://www.independent.ie/	http://www.leparisien.fr/ https://www.lvmh.com/houses/other-activities/parisien/

Note. Own elaboration from data of the website of the company.

The source of online versus offline revenue is defined based on the amount collected by journalistic companies. In the case of digital revenues, these come from online advertising, online subscriptions/sales and other e-commerce revenues; in the case of offline revenues, these relate to sales and subscriptions of printed newspapers, print newspaper advertising and other services provided. In this area, and in order to cross-reference information (from interviews, literature reviews and company reports), we can analyze how U.S. companies have managed to obtain more revenue from the digital, as a percentage of the total revenue of newspapers studied in the reports of some journalistic companies. Thus, the accounting results of the U.S. companies "The New York Times" and "The McClatchy" show significant amounts of digital revenue, such as the digital-only subscription in 2018, which reached a total of \$400.62 billion, and the audience in 2018, which reached a total of \$336.506 billion.

Out of the European companies it was only possible to verify information on the results of the accounting of the "Independent", which shows an amount of 14.8 million euros in online revenue in 2018.

Indeed, while the digital revenue sample is not enough to ensure that US firms have higher revenues than European firms, the data collected continue to point in that direction. Table 6 summarizes and systematizes some fundamental aspects of the sustainability of the business models of newspaper pu-

blishers in the European Union and the United States of America, according to the reality that the interviewees have evidenced.

Table 6
Summary and sustainability of the business model in the European Union and United States of America

Questions/ Content	United States of America		European Union (Ireland, France)		Perspectives
	Keyword	Key-idea	Keyword	Key-idea	General idea Similarities/ Differences
Do the company's main sources of revenue come from a traditional, digital or combined model? And which of these models do they invest the most in?	Digital and combined	As digital allows for higher revenues, there is more investment in this area. But the traditional is still present.	Traditional	Paper remains being the main source of revenue, but digital technology is recognized as a viable source.	North America is investing more in the digital model than Europe, where investment is directed more toward a traditional model.
What are its sources of income? And has the digital model changed its business model?	Advertising; digital sales	Investing in a variety of digital sources brings new revenue.	Advertising	Advertising is a crucial source of revenue, be it print or digital. Digital has brought changes to the business model.	As in North America, digital allows for diverse revenue streams, in Europe, revenue comes mainly from advertising, regardless of whether it is print or digital.
Have they experienced any change in their sources of funding and income over the last two years and are they in market equilibrium?	Background	There is little change, but financial stability needs strong support.	Transformation	Digital sources are expected to make up for losses in the written press.	While in North America there is some stability due to the financial history of companies, so no changes are necessary, in Europe they depend much more on the income from their work. Therefore, there are always adjustments.

Questions/ Content	United States of America		European Union (Ireland, France)		Perspectives
	Keyword	Key-idea	Keyword	Key-idea	General idea Similarities/ Differences
Does the business model to be developed require funding? If so, where to get it from: private investment funds, non-profit organizations, or the state?	Own funds	Proprietary companies often finance the means they own and do not need others to finance them. Otherwise, they use other types of funding.	External sources	Business models tend to be based on raising primarily public funds.	In North America, news companies do not need external financial interference because of their greater stability. In Europe, companies almost always depend on foreign investment for their development.

In conclusion, as seen in Table 6, the impact is less in the American journalistic companies, since they tend to accept both models equally, recognizing, however, the effective entry of the digital in the business model and being more advanced than in the European Union.

Discussion and conclusions

As noted above, the primary objective of this study was to gather information to answer the following research questions: RQ1 and RQ2. Throughout this research it has been possible to observe many changes in the media industries and it has been inferred from the literature review—academic perspective—and also from the market perception of the media executives interviewed (practical perspective), that media companies are today facing a change that challenges their management, the sustainability of the business model, marketing and distribution strategies, and the growing presence of the consumer in the digital world. For some companies, the printing of printed newspapers will not end, at least in the near future, but digital will end up taking its place, although they continue in parallel with the printing of newspapers. This is mainly due to two reasons: print revenues are not up to digital trends and consumer preferences. In the digital news business, entry costs are not as high compared to the competition observed in the analog

(printed) production model. But advertising revenue is also lower, and the breaking point is quite uncertain.

But the big question is: how do we capitalize or finance these companies in an era like this? Ways to finance a media company vary from cryptocurrencies to subscriptions. Social media, in particular journalistic companies, are increasingly developed with the information and communication technology sector. The convergence of technology, media and telecommunications are contributing to the standardization of management practices and business strategies. In many social media companies there is a convergence of business models, distribution platforms, production media, marketing tools and interactivity with the consumer.

Regarding the question RQ1, it can be said that regardless of the type, size or geographical location of the newspaper or communication company, it faces, to a greater or lesser extent, similar challenges in terms of management strategies and practices to find a sustainable business model, with direct incidences in the following areas: creation of new products, income diversification, work reorganization, brand management, technology investment, cooperation with companies, cost reduction, project management, investment management, talent management, cross-platform content, continuous training, audience engagement and production synergies.

Social media and newspaper companies will require managers to have experience in multiple types of social media product segments and that manufacturers from a wide range of backgrounds can (and are motivated to) collaborate and co-create. In practice, this challenge is more complex to realize, as the media ecosystem continues to undergo profound technological, business, financial and global changes.

In relation to question RQ2, as seen in table 6, in the form of a schematic summary of the main ideas about the perception of executives regarding the sustainability of the business model, it can be said that the United States of America seems to react and adapt better to market changes compared to the European Union. However, regardless of whether there is, as the results of interviews with *executives of the four journalistic companies suggest, a better adaptation to the digital transformation by American companies*—compared to European ones—all journalistic companies continue to face important challenges in finding ways to allow the sustainability of their business models, not only to motivate their partners, shareholders and employees, but also to contribute to greater diversity in the information market.

Therefore, it is important to note that, although the findings of this study only refer to the reality of the four companies analyzed, the overall findings and comparisons — European Union *versus* United States of America— are not the primary objective of this study. However, by triangulating various sources of information (literature review and analysis of the accounts reports of journalistic companies, sector studies, interviews with executives and statistics on advertising investment), it can be concluded that it is very likely that in the future the thesis that American newspapers obtain higher income from digital media than Europeans, since all newspaper publishers are “refining” their business model by creating new products and service offers, in order to obtain income through more diversified activities and sources, will be confirmed.

Limitations and future lines of research

This investigation may present some minor limitations stemming from the analysis of only four companies: two companies from the European Union and two from the United States of America. However, it should also be stressed that —although this is not a comparative study between the two continents—the reality of each country will naturally influence the results obtained in each of the two journalistic companies in which the interviews were conducted and on which the analyzes were carried out. Thus, these conclusions reflect the reality of the companies studied and are able to show us different trends and dynamics in the information market in the United States of America and in the European Union. However, the aforementioned limitations can be overcome in future works of the authors, which will include more journalistic companies, countries and regions of both continents, thus expanding the sample of the study to give greater scientific strength.

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