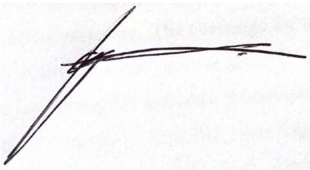
Declaration

I declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where I state otherwise by reference or acknowledgment, the work presented is entirely my own.



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2 May 2024

WITS MEDIA STUDIES

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AN INVESTIGATION INTO PAYWALLS IN THE SOUTH AFRICAN ONLINE NEWS SPACE

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ABSTRACT

Journalism should aspire to be a public good, meaning people should ideally have un-excluded and un-rivalrous access to the news. For news to be a public good, it must serve to educate and inform readers and be free from economic and political interference. However, journalism cannot be a public good if it is not financially viable. One way South African news organisations have sought to create financial viability and sustainability is through the implementation of paywalls. However, subscription services like paywalls pose a risk to journalism being a public good. South Africa's unequal society, along with the digital divide, are major inhibitors to people being able to access news online. Paywalls further exacerbate this issue of access. This research aims to investigate paywalls in the South African online news space, within the context of journalism serving as a public good. In doing so, the research considered the digital divide, digital disruption of the newsroom, sustainability of the newsroom, and the positive and negative contributions of paywalls to South African online news. This qualitative research was conducted through a series of structured interviews with two of South Africa's media houses, Media24 and Arena Holdings, which had both implemented paywalls for their online news sites. These case studies were then juxtaposed against Daily Maverick, which has kept its news free for all readers, but relies on a number of alternative funding models, including a membership model.

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ACKNOWLEDGEMENTS

I would like to acknowledge my supervisor, Glenda Daniels. I would not have completed this thesis without her. Not only did she provide motivation for a writer who is deadline driven, she was insightful, inspirational and generous with her input and time – Thank you Glenda, I could not have done this without your guidance.

I would then like thank my friends. Cara Bouwer, who got me on the path of writing, and I would never have been able to even consider embarking on writing a thesis without her constant input, guidance and mentorship in my career as a writer. Jolene Raison, who was so inspirational on my journey, as she was leading the way in her own Masters and was a shining light for me during this whole process. Elizabeth Diaz who was my technical help, as I am technically challenged. Finally, Deborah Fenton who is always shaking the pom-poms, spurring me on to greater things.

Then, I would like to say a special thank you to my boy, Alastair Mackenzie, who, as a little masters orphan, patiently let me use all my weekends and holidays, especially in the latter half of 2023, to work on this project. I am very grateful to him for his quiet stoicism – thank you my boy!

Finally, thank you to my family for providing me with the tools, which allowed me to grow as an independent person and thinker – this is a lonely journey…. You've got to be able to walk the path unwaveringly.

CHAPTER ONE

INTRODUCTION

Journalism plays a critical role within a well-functioning society and democracy (Wasserman 2020), and is considered a public good by organisations like UNESCO, the United Nations Educational, Scientific and Cultural Organization [sic] (Benequista, 2022). In recent years, the need for independent and reliable news sources has become increasingly important (Luo, 2020), as the world adjusts to the proliferation of technological advances that enable anyone with access to technology to disseminate news and opinions (Wasserman, 2020). This means that the sustainability of newsrooms, journalism, and good journalism practice is becoming an increasingly important imperative in the modern media environment (Grobler, 2020). It ensures the public remains educated and informed on critical issues, especially in times of crisis (Benequista, 2022).

Journalism as a public good, like other public goods including roads, power and sanitation, and public libraries, needs to be non-excludable and non-rivalrous. This means that everyone should have access to the news, and when one person gains access, it should not prevent another person from having simultaneous access (Benequista, 2022). It is also important that the news available to the public is verified, is of public interest and is free from political and economic interference (Benequista, 2022).

As those providing a public good, journalists and media houses must produce news of the highest calibre (Benequista, 2022). Merrill (1968) defined good journalism as:

1) Independence; financial stability; integrity; social concern; and good writing and editing.
2) Strong opinion and interpretive emphasis; world consciousness; and non-sensationalism in articles and makeup.
3) Emphasis on politics, international relations, economics, social welfare, cultural endeavours, education, and science.
4) Concern with getting, developing, and keeping a large, intelligent, well-educated, articulate and technically proficient staff.
5) Determination to serve and help expand a well-educated, intellectual readership at home and abroad; and the desire to appeal to, and influence, opinion leaders everywhere (Merrill, 1968)

However, producing news, as per the above definition, costs money (Daniels, 2014). Newsrooms argue that they need a sustained source of income to ensure that they can produce good and reliable news (Dugmore, 2018) while retaining their independence. Financial sustainability is a critical factor for news to be a public good (Benequista, 2022).

With the advent of the digital disruption of the newsroom, media houses have lost several key revenue streams (Dugmore, 2018; Daniels, 2014). Online advertising, for example, is not as lucrative as print advertising (Thompson, 2014). In addition, the fight to retain and grow audience numbers – essential for click-per-view advertising – is becoming more of a challenge (Pattabhiramaiah, Sriram & Machanda, 2019). In addition, as media houses work to attract audiences and advertising, they are coming under increased criticism and pressure to retain their independence (Wasserman, Gadzekpo & Paterson, 2019) as reporters and analysers of news (Chiou & Tucker, 2013). Advertisers and funders are accused of influencing news by encouraging news organisations to curry favour with governments or businesses to win lucrative advertising contracts, bribing underpaid journalists and interfering with editorial content (Wasserman & Benequista, 2017).

One way that newsrooms are looking to ensure economic sustainability is through the implementation of paywalls (Chiou & Tucker, 2013). Paywalls are digital subscription models that limit the public's access to some or all of a platform's digital news content unless a subscription fee is paid (Myllylahti, 2019). They are typically categorised into hard, metered, and freemium models, which all offer readers different options when accessing content. Paywalls offer media houses an independent source of income, allowing them to retain their independence without succumbing to the demands of investors, charitable organisations and governments[1].

However, paywalls threaten the ideal of journalism as a public good, as they increase barriers to access. This thesis examines the issue of media independence and sustainability through the lens of journalism as a public good, drawing on the media economy and the political economy theoretical frameworks.

[1] https://www.news24.com/news24/opinions/analysis/paying-to-read-news24-follows-global-trends-in-ensuring-quality-independent-reportage-20200713

The media economy framework seeks to understand the economics of running media businesses. This includes macroeconomic influences like operating in South Africa's free market or neo-liberal economy (Padayachee, 2013), and microeconomic influences on businesses, including advertising revenues, cost of news production, and, importantly, the impact of changing consumer dynamics. The political economy framework investigates the accountability of media houses within the context of greater societal issues (Wasko, 2014). It studies media hegemony (Albarran, 2019), the audience's ability to access good journalism (Merrill, 1968), media ownership, the relationship between politics and media, as well as the moral philosophy and how audiences consume news. In the South African context, this will also bring in the notion of the decolonisation of the newsroom (Wasserman, 2020; Schoon et al., 2020).

Given the neo-liberal economic views of South African businesses landscape (Padayachee, 2013) including many South African media houses (Radebe, 2022) , they are comfortable with the user-pay model (Bruce 2012; Basson 2023). Yet, audiences may not subscribe to the neo-liberal approach to these models (Twala, 2014). It has to be asked whether a typically capitalist business approach to running media businesses (Plessing, 2014) is suited to a country that, although neo-liberal in its economic slant, has a government that subscribes to Marxist principles (Twala, 2014). With over 46% of the country's population receiving some form of grant[2], this must surely be a consideration for media houses and their decision to implement paywalls.

In addition, this research considers the effect the digital divide has on access to journalism and journalism practice, given the diversity of South African audiences in terms of race, gender and economic status (Blignaut, 2009). This is critical when looking at paywalls in the context of journalism as a public good. The digital divide impacts how audiences respond to paywalls in several ways. The most obvious is the affordability of content due to the cost of the paywall, the cost of data and the cost of technology (Dugmore, 2018). Another issue includes audiences' inability or unwillingness to use technology (De Haan 2004). The digital divide can impact readers based on gender, age, cultural traditions, and history (Moyo & Mutsvairo, 2018).

[2] https://www.statssa.gov.za/publications/P0318/P03182019.pdf

Given the above discussion, the research asks: How can paywalls be defended in the context of journalism as a public good?

Underlying this question are sub-questions that impact the implementation of paywalls:

- Given South Africa's digital divide, in what ways are news organisations adjusting their models to ensure greater access to marginalised members of society?
- How are media houses adding value to readers to justify the use of paywalls in the eyes of audiences?
- What alternative funding options are available to news organisations that may ensure news remains accessible, and, therefore, encourages greater readership from a wider range of audiences?

RATIONALE AND AIMS

Paywalls have not always been well-received – even in the Global North, where people have greater disposable incoe (McCarthy, 2019) and greater access to digital technology and data. The implementation of paywalls in countries like the United States, England and Nordic countries have all seen readership numbers fall (Myllylahti, 2014). The reasons range from an unwillingness to pay for news (Media Update, 2017; Cook & Attari, 2012), affordability issues (Dugmore, 2018), and the digital divide (Dugmore, 2018). It is also argued that publications are not giving readers an attractive enough product to justify paying for their online news offering – people are looking for more value and additional content like crossword puzzles and recipes[3], as well as bespoke lifestyle content (Hanusch, 2019).

Publisher Condé Nast[4] opposed this view, saying that their readers are willing to pay for quality media as defined above. They even went as far as saying that putting a price tag on news shows audiences that publishers have confidence in their products (McCarthy, 2019).

Regardless, the result of the apparent aversion to paywalls is that many digital publications have seen a drop-off in reader numbers when paywalls have been erected. Chiou & Tucker (2013) noted that overall visits to United States websites fell by 51% with the introduction of

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[3] https://www.news24.com/news24/southafrica/news/future-of-news-summit-paywalls-wont-save-journalism-good-journalism-will-20200730

[4] All Condé Nast titles to go behind paywalls, "the ultimate measure of audience engagement" | by Team WNiP | What's New in Publishing | Medium

paywalls. Paywalls can be exclusionary to specific demographics, including young readers (Chiou & Tucker, 2013) and lower-income readers, who are more likely to fall away when paywalls are introduced (Chiou & Tucker, 2013). As more people move away from accessing credible news, as defined by Lloyd and Finlay (2016), and look to free news sites like social media or unreliable and unaccredited online news platforms, they risk an increase in fake news and misinformation (Langin, 2018). This research aims to delve into the justifications for paywalls by news organisations, given their impact on readership numbers and the ability for audiences to gain access to critical news as defined by Merrill (1968), and Lloyd and Friedland (2016).

Looking specifically at South Africa, in the context of the digital disruption (Shirky, 2009), news organisations have adopted varying paywall models that exclude readers from accessing critical news (Merrill, 1968). Media24 has chosen two different paywall models for its two online offerings. *News24* has adopted a freemium paywall at R75 per month across all of its English titles, and R119 per month for its *Netwerk24* hard paywall[5]. Whereas Arena Holdings has erected paywalls across most of its titles, and its two premium online offerings *TimesLive* and *BusinessLive* cost R89 and R129 respectively[6]. Both of these news organisations have seen a drop in the number of readers accessing their news. *Daily Maverick,* however, offers readers high-quality news (Merrill, 1968) for free because it has adopted alternative funding models to paywalls, which include donor funding and a membership model.

For media houses to be sustainable, they need reliable sources of revenue (Dugmore, 2018; Daniels, 2014). South Africa's shrinking economy, along with the impact of the pandemic on business confidence and profitability, saw print advertising in magazines and newspapers fall by 65.8% and 64%, respectively, according to the Scopa Africa Report[7] between 15 September and 12 October 2020.

In addition, media houses face increased competition due to digital disruption. In South Africa, many readers increasingly rely on social media as a source of news. When it comes to accessing online news, Afrobarometer's 2021 report[8] on South Africa found that 53.8% of urban and

[5] https://wan-ifra.org/2021/08/how-south-africas-news24-garnered-31k-paying-subscribers-in-9-months/
[6] https://www.timeslive.co.za/buy/ and https://www.businesslive.co.za/buy/
[7] https://www.dailymaverick.co.za/article/2021-03-09-scopen-africa-report-marketers-foresee-an-improved-sector-for-2021-or-maybe-2023/
[8] https://afrobarometer.org/sites/default/files/publications/Summary%20of%20results/saf_r8.sor_6oct21.pdf)

35.3% of rural populations get news from the internet every day, and 73% of urban and 54.4% of rural populations get news off the internet between less than once a month to every day. The survey further found that 75.3% of urban populations and 59.1% of rural people accessed news through social media sites like Facebook, Twitter, WhatsApp or others. Asked about print media, only 65% of urban and 50% of rural respondents said they access news through print media. This highlights that online news is a valuable resource for South African readers.

Furthermore, the issue of the digital divide is also impacting access to news, despite the fact that South Africans' use of mobile technology is becoming universal. At the beginning of 2021, Internet data platform Dataportal's statistics[9] show that South Africa's total population is 59.67 million people (of which 67.7% are urbanised), and there are 100.6 million mobile connections. Of these, 64% or 38.19 million have access to the internet, and 25 million or 41.9% are social media users. The report also states that the number of internet users between 2020 and 2021 increased by 1.7 million or 4.5%. The number of social media users jumped by three million or 14% in the same period (Kemp, 2021). This data indicates that, while South Africans have massive inequality, there is a universal uptake in technology and the use of social media platforms. Where the digital divide does come into consideration is the cost of data and the affordability of paywalls, which could, ultimately, prevent access to online news (Dugmore, 2018). South Africa is ranked the country with the highest inequality in the world, according to the World Bank[10]. As such, the issue of the digital divide becomes even more relevant in the discussion of paywalls because 55.% of South Africa's population lives under the poverty line[11], and lacks the disposable income to pay for data and technology, making paying for paywalls unrealistic (Dugmore, 2018). Data firm Statista noted that in 2021, 18.2 million South Africans live under the US$1.9 per day defined by the World Bank as the absolute poverty threshold[12]. In addition to affordability, the digital divide also considers willingness to adopt and use new technologies, as well as the skills to access technology.

This thesis will investigate these issues as a means to understand paywalls within the South African online news space.

[9] https://datareportal.com/reports/digital-2021-south-africa
[10] https://documents1.worldbank.org/curated/en/099125303072236903/pdf/P1649270c02a1f06b0a3ae02e57eadd7a82.pdf
[11] https://databankfiles.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_ZAF.pdf
[12] https://www.statista.com/statistics/1263290/number-of-people-living-in-extreme-poverty-in-south-africa/

CONCLUSION

The investigation into the issues discussed in the Introduction and Rationale and Aim will be conducted in this thesis. The research will be framed by the theoretical frameworks of the media economy and the political economy, in Chapter Two. Chapter Three will then outline why case study research and discourse analysis were chosen as the research methodologies.

The research will start in Chapter Four with a discussion on the state of the South African newsroom, looking at issues like revenue generation and falling circulation numbers, amongst others, as well as issues like political interference and the need for independence of the newsroom. With an understanding of the challenges newsrooms are facing, three case studies will be conducted with the three newsrooms mentioned above. Two have implemented paywall models, namely Arena Holdings (Chapter Five) and Media24 (Chapter Six), and then Daily Maverick (Chapter Seven), which has chosen to keep news free but still seeks audience support in the form of a membership model.

Chapter Eight will compare the findings from the three case studies. Finally, Chapter Nine, the Conclusion, will analyse the findings.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The chapter starts by briefly defining paywalls and outlines the various types currently being adopted. It then scrutinises the issues around paywalls in the context of journalism as a public good and the role of journalism within a democracy, before moving onto the theoretical frameworks underpinning the research. The first theoretical framework is the media economy and the second is the political economy. Finally, the chapter examines the idea of the decolonisation of the newsroom in the context of audiences' attitudes in Africa to online news.

Defining paywalls

Paywalls are subscription models which give readers access to content when a fee is paid (Myllylahti, 2019). Paywalls are a digital age phenomenon and serve as a way for media houses to diversify income streams away from solely relying on advertising and circulation revenues (Rashidian, 2017). There is no one-size-fits-all model, and when it comes to paywalls, different businesses have adopted different models for their paid-for content (Myllylahti, 2014).

Some of the more traditional paywall models are hard paywalls, which only allow readers to access content via subscription; metered models, which give the public access to read a certain number of articles for free before starting to charge; and, finally, freemium models, which give readers access to certain stories, but premium content, like analyses and editorials, are charged for (Myllylahti, 2019). Some company's models look at content consumed and charge accordingly. They may look at charging for editorial content and/or analyses, they may look at frequency of use or pay per article or based on access to specific apps (Chiou & Tucker, 2013). As businesses assess readership response to paywalls (Pattabhiramaiah et al., 2019) and with the evolution of technology (Shirky, 2009), the result is that paywalls are never static, they are in a constant state of experimentation to find the most appropriate model for their needs (Pattabhiramaiah et al., 2019).

The evolution of technology has been a key driver of the paywall models adopted (Shirky, 2009) and how current models are evolving. In addition to hard, metered and freemium (or hybrid) paywalls, businesses have also started to experiment with other models. These include section-specific paywalls where people pay for what they want, such as sports or puzzles.

Another way for people to access news is through gated paywalls, where people have to turn off their adblockers or fill out a survey to access content. Geo-location paywalls give access to, or block content, based on a computer's IP address. Multi-dimensional paywalls use a combination of hard, metered and freemium models (Radcliffe, 2022). With the proliferation of machine learning and artificial intelligence, media houses are also looking at dynamic paywalls where different users encounter different paywalls based on variables like reading preferences, geography, subject matter, or user behaviour (Radcliffe, 2022). These metrics can change from publication to publication (Radcliffe, 2022; Pattabhiramaiah et al., 2019).

By blocking essential content, paywalls can work against journalism being a public good by denying readers access to essential news (Wasserman & Benequista, 2019).

Journalism's role as a public good and in a democracy

This investigation into paywalls starts with the role of the media in a democracy and of journalism as a public good. The term public good means everyone has non-excludable access, thus, everyone has access to it, and non-rivalrous, meaning everyone can use it simultaneously (Benequista, 2022). Public goods include utilities like roads, sewage, and public libraries. Public goods should be produced and consumed at no additional cost to users and others cannot be excluded from using it (Holcombe, 1997).

As such, journalism as a public good means that all readers should have non-excludable and non-rivalrous access to journalism (Benequista, 2022), which is critical given the role of journalism in functioning democracies (Lloyd & Friedland, 2016). However, it can be argued that not all forms of journalism are a public good. News categories that should be considered a public good are those that contribute to the well-being of communities and the functioning of democracy, which include emergencies and risks, health and welfare, education, transportation, economic opportunities, the environment, civic information and political information (Lloyd & Friedland, 2016).

Benequista (2022) argues that journalism as a public good should be something societies and communities cannot do without. It must also be viewed as an essential service in times of war and national crises, like the recent global COVID-19 pandemic, where critical information needs to be reliably shared with citizens (Benequista, 2022). Journalism as a public good, however, also needs to be good journalism which is verified and serves the public interest.

As a public good, journalism should provide information that is verified and of public interest (Benequista, 2022). Journalism as a public good is there to inform and educate audiences (Vehkoo, 2010), and is an essential part of any democracy (Wasserman, 2019; Vehkoo, 2010). The South African Journalism Code of Ethics[13] says, "The media exist to serve society. Their freedom provides for independent scrutiny of the forces that shape society and is essential to realising the promise of democracy. It enables citizens to make informed judgments on the issues of the day, a role whose centrality is recognised in the South African Constitution." As a public good, journalism has to be protected from government and political interference, as well as from economic influences (Benequista, 2022).

The idea of journalism being a public good, however, extends beyond being accessible to everyone; it also has to be "good" journalism, which is of a high standard. Merrill (1968) defined "good" journalism as "free, courageous, reliable, independent, new-views-orientated journalism that is responsible to its readers" (Merril, 1968: 20). Merrill (1968) further breaks good journalism into five points looking at independence and financial stability; analysis of the news; social and political commentary; quality of journalists; and their ability to educate[14].

Good journalism requires aggressive, yet professional, reporting and robust investigation from newsrooms that are staffed with professional journalists (Abramson, 2010); journalists who are concerned with objective reporting, values and morals (Wasserman, 2020); and talented management who understand the industry (Abramson, 2010). Ultimately, newsrooms need to be able to fund the supply of objective information to help citizens make informed decisions (Fosu & Akpojivi, 2021). Good journalism is responsible for delivering news of public interest and not necessarily news of interest to the public (Benequista, 2022). It should encourage a reading public (Wasserman, 2020). Newsrooms should strive to produce news with gravity and depth, help readers distinguish between fact and fiction, understand the real versus the sensationalist, and what is information rather than entertainment (Wasserman, 2020).

[13] https://sanef.org.za/wp-content/uploads/2019/02/Press-Ombusman-Decoding-the-Code-January-2019.pdf pg 3
[14] Refer to page 4 for Merrill's (1968) full five-point outline of good journalism

But Fosu and Akpojivi (2021) argue that good journalism goes beyond the practice of journalism. There must be a strong moral aspect to how newsrooms and journalists approach the news. It has to extend beyond self-interest, be community-based and look at defending the rights of minorities and the marginalised sectors of society. In a country like South Africa that is diverse in its culture, race, language and economic status, these demographics have to considered by good journalists (Vehkoo, 2010).

But it can also be argued that for quality journalism to be a public good, it must be made accessible. Threats to journalism as a public good include the digital divide, which includes the cost and access to reliable data and internet, as well as a lack of access to technology (Benequista, 2022). When all people do not have access to journalism, for whatever reason, it risks becoming elitist (Benequista, 2022). In South Africa, a country with the highest inequality in the world, this is a very real threat as, according to the World Bank, 55.5%[15] of South Africans live below the poverty line and will not have access to digital media either due to a lack of access to technology, data or the disposable income for paywalls. This means that the media will become a luxury for the rich or middle class.

This is where the discussion around paywalls needs to be advanced. In their bid to produce quality news for the public good, newsrooms need to generate income, but by generating income, are the very audiences for whom news agencies are producing news, being denied access to content?

While Benequista argues that the media needs to be accessible to everyone, Benequista and Wasserman (2019) also state that journalism cannot further democracy if it is not sustainable. This is where media economic theory is relevant, as it discusses media business and funding models (Picard, 2016), which often contrasts with journalism being a public good (Benequista, 2022).

The digital divide in South Africa, the world's most economically unequal country

An investigation into paywalls requires an investigation into the digital divide, especially within the African context. The concept of a digital divide is a 'polysemous concept' and means

[15] https://databankfiles.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_ZAF.pdf

different things to different people (Bornman, 2016). Ultimately, the concept describes any inequality within the digital and technological space (Castells, 2002), as discussed further in this section.

The digital divide discusses access to technology and the internet – and whether people have the ability to use and enhance their knowledge, skills and lives through the adoption of technology. Those that do not are often subject to greater social and economic inequality, and marginalisation than their counterparts who do benefit from the advantages technology offers (Castells, 2002; Blignaut, 2009). People with access to technology and the information that comes with it often see the benefits of better education, employment opportunities and personal advancement. They also have better access to goods, services and networks (Blignaut, 2009; Norris, 2001)

Despite these numbers detailing the growth in internet and social media users, the digital divide in South Africa is closing more slowly than initially predicted (Dugmore, 2018). Data costs in South Africa are still prohibitively high, meaning that many South Africans are not able to access news content, social media, podcasts, or online videos on a regular basis (Dugmore 2018). The reason is that the majority of South Africans, around 55.5%, are still living with high levels of poverty and unemployment, according to a 2018 Africa Check report[16]. With little by way of disposable income, access to any form of digital platform is often impossible or infrequent. It would follow then that if people could not afford digital media data, they would automatically be excluded from accessing paid-for digital media.

It has been argued that digital inequality further reinforces overall inequality amongst South Africa's poor and rural populations (Dugmore, 2018). Impoverished South Africans would, therefore, rely heavily on state-sponsored media like the SABC (South African Broadcasting Corporation); free media sources including community radio; and news delivered through limited social media interaction (Dugmore, 2018). They would, however, not have access to digital platforms like South Africa's private news outlets, including News24 and the Arena Holdings stable of publications.

[16] https://africacheck.org/fact-checks/factsheets/factsheet-south-africas-official-poverty-numbers

In the context of paywalls, however, there is more to the digital divide than the inability to access online news. While Castells (2002) notes that the digital divide covers access to technology, rectifying the digital divide extends beyond personal access to tools that enable access to the internet and digital technologies like computers, smartphones, Wi-Fi and data (Blignaut, 2009). Overcoming the digital divide is also about how people use the internet (Blignaut, 2009).

This idea is taken a step further by Van Dijk and Hacker (2003), who classify the idea of the digital divide into four categories: a lack of interest or fear of digital technologies, material access to technologies, the skills necessary to access and use the technology; and, finally, use of that technology. Other factors that must be considered when looking at the digital divide include demographics like age, gender, education and socio-economic status, which all impact how people use the internet and the value they get from having access to technology (Blignaut, 2009). These aspects of the digital divide will be considered in this research.

Theoretical frameworks

This research is framed primarily by two framing theories, media economy theory and political economy.

Media economy theory

Media economics is a sub-field of the general economic theory, and applies economic theories, both macroeconomics and microeconomics, to the media industry (Albarran, Mierzejewska & Jung, 2018) The media economy is a broad theory and has only recently come of age (Lawson-Borders, 2012), but several interesting studies have emerged from the theory that are relevant to the funding strategies of media businesses, which underscores research around paywalls.

Media economics as a theoretical framework includes the dual product market (advertising and media circulation), media competition, and multiplatform distribution (Albarran, 2019), media ownership, mergers and acquisitions (Lawson-Borders, 2012). The media economy covers business models, including innovation, vertical and horizontal integration of companies, regulations, advertising and emerging technologies (Lawson-Borders, 2012). This research seeks to understand the change in funding from an old commercial model that focused on advertising revenues together with newspaper sales and subscriptions to a new paradigm that is required in the age of digital media (Lawson-Borders, 2012). Picard (2016) argues that as the 20th-century commercial model was so lucrative, media companies never had to consider how journalism should be funded. Advertising revenue was so profitable, that publications were selling their product well below the cost of producing content which included gathering, preparing, copying and distributing the news (Picard, 2016). Picard (2016) argues then that the primary "business" of media companies in the 20th century was advertising, not news.

Understanding the need for news sustainability and reader-funded models, like paywalls, is directly linked to the media economy. Dugmore (2018) argues that four key themes around the sustainability of South African newsrooms need to be considered. The first is the concentration of ownership and influence, and the influence this has on news organisations and society. The second theme, particularly relevant to South Africa, is media capture because it determines who influences and controls the flow of news. Thirdly, the nature and complexity of dual markets which is where revenue sources need to be derived from both paying audiences as well as advertisers who pay to access those audiences. Finally, contingent and precarious work, which studies the issues around the employment of journalists, freelancers, unpaid citizen journalists, academics and thought leaders (Dugmore, 2018). These factors explain how news production and consumption are changing in a digitally disrupted world and how newsrooms can sustain themselves in the future. Shirky (2009) posited that legacy media is battling to reimagine a business model in the age of digital disruption that replaces old models.

Dugmore (2018) notes that, in the digital age, South African news companies can no longer rely on advertising revenues due to the advertising monopoly of digital giants like Google and Facebook. Media economics has been challenged by the changing media landscape and the advent of these advertising giants that are monopolising the global digital advertising landscape by attracting more than 80% of total global online advertising (Dugmore, 2018). Advertisers are flocking to these platforms as they offer better returns on investments due to their ability to target narrowly defined audiences – age, race, gender, location, likes and preferences (Dugmore, 2018).

This forces companies to look at their funding models, how audiences respond to digital news, and what, and if, they will pay for digital news (Picard, 2016). Picard (2016) notes that media houses must distinguish between their business models and funding strategies. A media company's funding strategy is how it generates income, whereas the business model encompasses its philosophy, value proposition, relationships and engagement strategy (Picard, 2011). While the theory seeks to understand economics from a business perspective, it also scrutinises consumer behaviour, given the ideas of supply and demand, their needs and wants, along with production and distribution of news (Albarran, 2019).

In order to remain autonomous, media houses need to be able to support themselves (Dugmore, 2018). Paywalls are one source of funding. However, in the context of journalism as a public good, there needs to be research on alternative funding models. Plessing (2014), in her study of state support for independent print media, suggested several different forms of funding that could ensure the sustainability of media, including subsidy schemes, tax breaks, logistics support, and government advertising. However, that research was conducted to assist the government in promoting the sustainability of the South African media industry. Murschetz (2020), however, studied whether state aid could benefit journalism in the context of journalism being a public good and argues that it could be counterproductive. Nielsen, Gorwa and de Cock Buning (2019) also argue that the ability of governments to solve the current issues faced by media on a macro-economic level is limited. Lowrey and Gade (2012) argue that the challenge for government funding lies in ensuring economic viability while maintaining editorial diversity. When it comes to journalism as a public good, the traditional models that suggest that media needs state intervention are no longer valid because the digital age of media has changed the economic landscape. In addition, the state's agenda is to make news non-excludable and non-rivalrous while the digital landscape has further democratised the news (Wasserman, 2019; Murchetz, 2020). This means that there is no incentive for governments to get involved in the funding of media houses, making paywalls an economic reality of the modern digital newsroom (Daniels, 2014).

However, it is not only about media being supported by business advertising. The discussion should further examine the value proposition online media offers to their audiences and advertisers. Bigger audiences make an online platform more attractive to funders and advertisers (Mdlongwa, 2019).

Media economics examines the economics of the newsroom from the point of view of media sustainability, business models and funding models, but it also studies media sustainability from the point of view of the consumer. In a digitally disrupted world, newsrooms must reexamine their business and funding models to ensure they create a product that audiences want to view (Pattabhiramaiah et al., 2019). The digital landscape has democratised media and has given audiences unlimited access to information (Wasserman, 2020); regardless of whether newsrooms are deriving their funding through reader-funded models or through advertising, they need to attract readers (Dugmore, 2018). As such, they need to ensure they are developing new forms of journalism that reach audiences and draw them to their sites or, ultimately, face closure (Dugmore, 2018). It can be argued that not enough attention is being given to reader preferences, in other words the demand side (Rumney, 2022).

The research shows that consumer views with regard to news are changing. Chyi and Yang (2009) asked whether consumers consider online news to be an “inferior good” in the economic sense. When consumer income increases, the demand for inferior goods decreases. The notion of inferior goods is determined by the interplay between income and demand, not the quality of the good (Chyi & Yang, 2009). Research has shown that, all things being equal, as consumer income increases, the demand for online news decreases, however, when income decreases, online use increases (Chyi & Yang, 2009). While newsrooms talk about online news in the context of it being easily accessible and convenient, this research suggests that media businesses need to do more research on the economics driving consumer demand and the relationship readers have with online news.

The relationship that readers have with news is also changing in terms of content. Hanusch (2019) suggests that consumers are moving away from news that is political in nature and its function as a watchdog in democracy (Wasserman, 2020). While news organisations and academics within the political economy framework still refer to news journalism in this normative sense, media economic research suggests that news readers are looking for journalism beyond politics. The shift to individualisation, resulting from digital transformation, promotes journalism that helps audiences navigate lifestyle issues and “tells” them what to do (Hanusch, 2019). It is for this reason, that lifestyle journalism is not only becoming an important area of journalism, but it is also becoming a profitable avenue for newsrooms to pursue (Hanusch, 2019). This shift could potentially have important implications for the economic success of media houses by broadening their financial base and the impact they have on their readers’ lives (Hanusch, 2019). This notion was adopted by global news agency Reuters, which, in 2006, launched a wire service dedicated to lifestyle journalism[17]. Dugmore

[17] https://www.reuters.com/article/idUSL3N1C33YU/

(2018) argues that media houses need to start distinguishing between hard news, which includes political journalism, and soft news, such as sports, travel, theatre, fashion and food journalism.

Political Economy

While media economics focuses on the economic side of business, it is argued that it does not provide enough of an ethical critique or understanding of the power dynamics that play out in capitalist economies (Dugmore, 2018). This is where the political economy theoretical framework comes into play in this research.

With its origins in Marxism, the political economy theory takes a critical approach to media, and studies issues like media hegemony and technological determinism (Albarran, 2019). Political economy investigates societal relationships and issues of power, and takes a strong ethical critique of capitalist societies (Dugmore, 2018). The political economy also helps us understand how society produces, distributes and consumes media (Wasko, 2014).

Political economy can be broken into four key areas: social change and history, social totality, moral philosophy, and praxis or action, all of which impact the way audiences consume news (Mosco, 2009). While the political economy can unpack the relationship between politics, economics and media (Murdock & Golding, 2000), it overlaps with media economy theory as it also covers the issues around media ownership, funding strategies and policies that impact media and its content, all of which ultimately, impact access to and consumption of news (McChesney, 2000).

One of the complexities of South Africa's economy, which impacts how media and their business models are viewed, is that the private sector is driven by free market capitalist principles (Padayachee, 2013), while the state works on more socialist and Marxist principles (Twala, 2014).

As such, when we examine paywalls, we see that they are a function of capitalist or neo-liberal business models, and capitalist media models dominate the global media stage (Mosco, 1996). In the past, print media was primarily supported by sales and advertising, which generated a large part of their revenues (Daniels, 2014; Dugmore, 2018). Globally, in a digitally disrupted world, paywalls have, in part, been implemented to counter the loss of print advertising revenue and to make up the shortfall as digital advertising is not as lucrative (Rashidian, 2017).

Within this context, Holcombe (1997) argues that there is no space in the private sector for producing media for the public good. The theory suggests that public goods have to be produced by governments to allow unlimited and unfettered access. However, Wasserman and de Beer (2004) distinguish between journalism being a public good versus a national good. They argue that when it comes to journalism, the media is concerned about producing news for the public good, whereas the government is concerned with the national good. It is for the public good that media companies argue for media independence (Wasserman, 2020). However, when journalism falls prey to a capitalist agenda, the notion that journalism is a public service will no longer be adhered to. This could signal journalism's demise as a viable communication source as it will not remain objective and impartial (McChesney, 2000).

Wasko (2014) argues that academics are once again turning towards the Marxian political economy in the context of the study of media and refers readers to Terry Eagleton’s (2018) *Why Marx Was Right*. There is growing concern about how media resources are allocated within capitalist economies. Studies are starting to focus on issues of power, class systems and structural economies (Wasko, 2014), all of which can then potentially serve to exclude large segments of the population from accessing news.

Paywalls are a global phenomenon (Myllylahti, 2014). The need for paywalls in South Africa is aligned with the need for paywalls as a source of revenue in the rest of the world (Pattabhiramaiah et al., 2019). Media sustainability, in conjunction with media houses’ ability to produce quality, objective and unbiased news while remaining independent, remains a key objective of digital media platforms (Dugmore, 2018).

However, when journalism is held as a public good, the underlying economic and business models supporting news must also evolve. Wasko (2014) suggested that there is a growing concern around the capitalist agenda in media, and studies are now focusing on media in the context of power, class systems and structural economies. So, while media needs to generate sustainable income, it can be argued that their policies can potentially threaten their ability to produce truly impartial news. Furthermore, as their focus is on courting wealthy, influential audiences, they are neglecting and excluding a large segment of the reading public, making journalism elitist (Benequista, 2022). Benequista (2022) notes that 22 United Nation member states have adopted the notion of journalism as a public good as a matter of constitutional and statutory policy[18].

McChesney (2000) argues that the political economy of communication should become a priority for the study of media. He believes that communication cannot be objective and impartial if it is attached to capitalist ideas of using news to generate profits and shareholder value. He says, “Communication needs to make an explicit study of the relationship of communication to participatory democracy and both of them to class-divided capitalist societies, a defining feature for the field.” (McChesney, 2000:111). He argues that producing media for profit undermines the democratic duty of the media and suggests that the capitalist agenda is contrary to the media’s role as a fair and objective supplier and analyser of the news. He argues that the news should not serve a specific agenda and should leave audiences free to construct their own views and their own democratically determined needs (McChesney, 2000).

Dugmore argues, however, that the digital disruption of the newsroom has highlighted the weaknesses of both frameworks in understanding the true scope of the digital disruption and its impact on local media, in particular.

Decolonisation of the media

Within the context of the political economy, the decolonisation of the media must be considered. Paywalls are typically, Global North construct (Myllylahti, 2017), and are related to the microeconomic notion that goods have a monetary value (Friedman, 2017). However, academics are now trying to understand if Africa should have a different approach to business, media dissemination and access to information (Moyo & Mutsvairo, 2018). While revenue strategies of some of South Africa’s top news organisations stem from successful Global North models, these are not accurate predictors of how they will be received by local audiences (Fild, 2022).

Schoon et al. (2020) suggest that developments and ideas around media and journalism in Africa should not be based on developed market (Global North) ideas. “In summary, the propagation of ideas around developments in digital technologies, especially their

[18] https://unesdoc.unesco.org/ark:/48223/pf0000379826

appropriation in various social settings, should not be left to one region's monopoly or intellectual hegemony. In particular, we need to emancipate our thoughts from the "shackles of [Western] intellectual imperialism" (Alatas, 2000:23).

Africans are starting to find their news from other sources and will not be limited to traditional media (Wasserman, 2020). Schoon et al. (2020) noted that African audiences are turning to media platforms that not only give them up-to-date news in formats that suit their needs but also circumvent unreliable internet, bandwidth restrictions and high data costs. Platforms like WhatsApp are becoming increasingly popular amongst African audiences.

These social media platforms are becoming the preferred avenue of news dissemination (Dugmore, 2018), and Wasserman (2020) argues that social media has democratised the African political landscape. So, while people are engaging on digital platforms, they are engaging via social media platforms, rather than using traditional online news sites. However, for news to be a public good, it has to be reliable, sustainable and independent (Merrill, 1968). By news organisations excluding audiences as a result of paywalls, they are driving them to free news sites, which are arguably more likely to disseminate fake and misleading content (Smith, Silver, Johnson & Jiang, 2019). As such, online news platforms will have to consider their paywall strategies and how they remain relevant to this large audience.

Beyond news dissemination, Moyo and Mutsvairo (2018) also question whether Africans are being catered for in the media. Africans have a unique set of social and cultural needs of which media needs to be cognisant. They argue that media and content should consider issues including African identities, cultural institutions, cultural values and history. Media needs to understand that Africans have a strong tradition of oral storytelling and histories, and these need to be factored into how news is generated and how news agencies relate to African audiences. Western methods of news dissemination should not overpower and annihilate other forms of communication (Moyo & Mutsvairo, 2018). There is an argument that audiences are already excluded from Western news priorities, even without the implementation of economic constructs like paywalls (Moyo & Mutsvairo, 2018).

CONCLUSION

As the media industry's business models change to meet the disruptions brought on by the online news space, paywalls were introduced to generate income. However, paywalls are exclusionary and have resulted in many news readers not being able to access online news.

What the academic research finds, is that under the framework of the political economy, neo-liberal business models are argued to have a negative impact on the generation of news and the supply of news to the broader population as espoused by Wasko (2014) and Benequista (2022), as news becomes elitist and exclusionary. The political economy addresses why access to news is critical to the stability of democracies and the flow of news.

The political economy, however, does not address how news should be funded. So, while the framework argues that audiences are entitled to 'good' news as defined by Merrill (1968) and that it should be of the public interest and verified (Benequista, 2022), it does not address the issue of funding news of the highest standard. To deliver the quality of news that is required by the reading public, as espoused under the framework of the political economy, newsrooms have to remain independent and sustainable.

This is where the framework of media economics comes into the discussion. This framework addresses how news organisations generate income and how they view their readership bases through their business and funding models. In a neo-liberal market, media houses tend to be driven by revenue generation and even making profits. This, however, is often done to the exclusion of their role as a public good and of the best interests of their audiences.

The issue of funding, under the notion that journalism should strive to be a public good, is difficult to navigate, as Wasserman (2020) and Benequista (2022) argue that news organisations risk losing their independence by becoming beholden to their funders, be it advertisers, grant institutions or government. Dugmore (2018) argues that, in order to remain independent, news organisations need to fund themselves. In addition, academics like Murschetz (2020) found that government funding does not support the notion of journalism being a public good and may, in fact, be counterproductive.

In addition, when looking at the issue of paywalls, it is important to note that the research indicates that audience appetites for news have changed. Chyi and Yang (2009) argue that not only do audiences view online news as an "inferior" good and are unwilling to pay for it as their incomes increase, Hanusch (2009) argues that audiences are less interested in political news, and are now turning towards lifestyle content, which Lloyd and Friedland (2016) do not include in their list of what constitutes essential news. This, then, could mean that if audiences are excluded from non-essential news, it does not impact the notion of journalism as a public good.

Finally, the study of paywalls has to include an investigation into the idea of the digital divide. While the digital divide seeks to understand the exclusion of people from accessing and benefitting from technology, the concept also examines the issues around affordability and access to technology. When the digital divide is considered, the issues around the willingness and ability to use technology also need to be considered, which has a direct impact on the adoption of paywalls by higher-income audiences.

CHAPTER THREE

METHODOLOGY

This research will analyse paywalls within the South African journalism space, in the context of journalism being a public good, using a few chosen qualitative methodologies, which will be the focus of this chapter's discussion.

The chapter discusses and explains the reasons for adopting a qualitative research approach before moving on to a discussion on case study analysis and why it is the preferred qualitative approach for analysing the issue of paywalls. The chapter includes a discussion on case studies, case study analysis, as well as how the research was approached, including interview questions,

The chapter then looks at the reasons for structured research in terms of case study analysis, followed by a secondary research methodology of discourse analysis as part of the analysis process. It concludes with a discussion on research design and methodology, why News24, Arena Holdings, and Daily Maverick were chosen for the research, and why structured interviews using a set list of questions were used.

The final section of the chapter addresses the shortcomings of the research.

Qualitative research approach

To understand the motivation behind paywalls and their impact on journalism as a public good in South Africa, the research will focus on the business philosophy and models of three news organisations, Media24, Arena Holdings and Daily Maverick. It will further examine how this has impacted the adoption of their specific revenue models and the impact it is having on access to news. The research will investigate Media24's and Arena Holdings' paywall models and juxtapose these against Daily Maverick's subscription model.

In order to do this investigation, the dissertation uses a qualitative approach to the research, using a case study model underpinned by discourse analysis. This takes the form of discussions of what the interviews and quotes from news articles reveal. The analysis will also be comparative in nature, as the findings and discussion chapter will compare the choice of paywall. This will include analysing what the interviewees and the quotes from news articles say concerning paywalls. In the case of Arena, however, which did not grant interviews despite multiple attempts to get permission, the research will be in the form of desktop research. This entailed looking at articles quoting the members of the company who have been instrumental in its paywall strategy, what has been said about its model, and what press releases the company put out about its paywall. All of this information is in the public domain.

In addition, supporting evidence will be provided in the form of circulation numbers, demographics and, if available, financial reports.

Case study analysis

Qualitative research can be done using a variety of methods. Zucker (2016) lists some of the following as examples: grounded theory, phenomenology, discourse analysis and case study. While this list is far from exhaustive, given the subject matter and the research material, the researcher believes the case study method offers the best analysis capability for this thesis.

Case study analysis provides the researcher with the greatest level of description from the various qualitative research methods available (Zucker, 2016). The processes required for successful case studies, however, entails careful planning as it requires interviews, transcriptions, and analysis (Zucker, 2016). The case study design also comprises several additional elements (Yin, 1994). These include research questions, a viable proposition for the research, units of analysis, an understanding of how the data is linked to the proposition, and, finally, criteria to interpret the findings.

Different research outcomes require different case study inquiries. While an intrinsic or single case study model will give a deeper understanding of a case, a collective approach, using multiple case studies, can be used to understand a phenomenon. Other case studies that can be used are the teaching case study or the biography (Zucker, 2016; Stake, 1995). The researcher, however, must be careful when deciding on a choice of case study model, to ensure that the meaning of the research is not diluted by the use of multiple case studies (Zucker, 2016) Case studies are useful for "How" and "Why" research questions (Yin, 1994).

When conducting case study research, Zucker (2016) notes that the researcher must outline the purpose of the research and then decide on what type of research will be completed: factual, interpretive, or evaluative (Guba & Lincoln, 1981). Case study research requires recording, constructing, and presenting data and writing up findings thereof (Zucker, 2016).

Zucker (2016) lists seven elements that the researcher needs to be cognisant of when conducting case study research. The first is the purpose and rationale for the study (see Chapter One of this thesis). Here, the researcher needs to articulate the significance of the issue being researched and include research questions.

The next step is for the researcher to design their research based on a unit of analysis that matches the research purpose. Once this is done, the researcher can proceed with data collection through field methods, transcribed notes and interviews, the mapping of major concepts, the building of typologies, and member checking.

The following step is for the researcher to describe the case. Once this is complete, the researcher can start with the data analysis. The analysis of the data should be based on the purpose of the research, its rationale and the information that the research questions are hoping to elicit. The analysis can be done using individual case perspectives, disciplinary perspectives, or cross-case comparisons. It can also be done from an emic (insider) perspective, a biography, an autobiography, or a combination of these forms. This research will take the form of individual case perspectives as outlined in Chapters Five, Six and Seven. These three chapters will then be combined with a cross-case analysis of the three media houses, Media24, Arena Holdings, and Daily Maverick, in Chapter Eight, before the data is analysed in the concluding chapter, Chapter Nine.

Finally, the researcher needs to ensure that they establish rigor within their research. The research must be credible, transferable, dependable and able to be confirmed and verified (Zucker, 2016:5). All research for this thesis will be referenced and can be fact-checked through the cross-checking of references.

Case study information and data can be gleaned from many different sources, including documents, archive records, interviews, direct observations, participant observation and even physical artefacts (Yin, 1994; Stake, 1995). This research will be based on interviews, which will give the researcher a deeper understanding of the strategy behind the organisation's paywall or funding strategy. Interviews offer greater insights than pure desktop research, as participants provide a nuanced understanding of the model through speaking to the researcher. Supporting documentation such as online news articles, financial reports, newsroom rate cards, and archive records in the form of the Audit Bureau of Circulation's reports dating back to 2006 will give the interviews more depth and support evidence to the analysis. Also, as Arena Holdings did not grant the researcher permission to interview at the organisation, desktop research and online articles will be the source of information on the company's strategy.

Documents analysed include any written material that is relevant to the research, including newspaper articles, letters, administrative documentation, agendas, and memoranda, to list a few (Tellis, 1997). While documents are a valuable source of information, Tellis (1997) says documents are useful when triangulating information. They are useful tools to corroborate information, for making inferences about events, and are evidence of communication between people. However, Tellis (1997) cautions that documents may offer false leads and that researchers must remain vicarious observers when using documentation.

Of the sources of information for case studies, interviews are the most important. Interviews can take different forms including structured, unstructured, focused and open-ended (Tellis, 1997). Interviews allow interviewees to provide insight into events and corroborate evidence from other sources. However, Tellis (1995) warns that researchers should not become dependent on a single informant. Data must be obtained from other sources. The interview style that is relevant to this research is the focused interview, where a respondent is interviewed with a set list of questions with the aim of confirming data collected from another source. Structured interviews are similar to a survey, where respondents are asked the same set of questions to gather data on a subject.

While case study analysis can be both quantitative and qualitative, qualitative analysis offers the researcher more nuanced insights into their area of study through the interview process. This is useful when researching a topic like paywalls and journalism as a public good in the South African context, given that there are many complexities around the issues. Some key benefits of qualitative research include that the researcher can pick up meaning that people attach to issues and ideas. As qualitative research is an inductive process, researchers can pick up patterns in the data. Interviewing participants can also give the researcher a holistic view of the participant by looking at the setting and environment in which they operate. Interviewing people also offers up the opportunity for a diverse set of perspectives, including additional unexpected insights that may not have come through the use of other sources of research. Finally, the researcher is able to match documentation data with what people do and say because, with qualitative data, nothing is insignificant. (Taylor, Bogdan & DeVault, 2015).

This structured research

Research can be presented in several ways, including using matrix categories, flowcharts, data displays, tabulating frequency of events and using means, variances and cross-tabulations.

Yin (1994) suggested two strategies for data analysis. The first is to rely on the study's theoretical propositions and then analyse evidence according to those propositions. The second method was to develop a case description as a framework for the case study. Yin (1994) also suggested pattern matching, where a predicted pattern is matched with the empirical pattern before research commences. Stake (1995) suggested breaking the evidence into categories to analyse it.

Zucker (2016) outlines the iterative process of case study analysis, which starts with finding meaning by linking the research questions and methods to the philosophical framework, people and the macro-level. Following this, the process is to focus the analysis by selecting details that enhance the analysis to increase the clarity of reasoning. This requires an accurate statement of purpose, which can be found in Chapter One of this thesis. The aim of the research is also in Chapter One, which is to understand the use of paywalls in the South African context. The research questions have been designed to get answers that address the issues around paywalls and access to news. The research data has then been broken down into sub-sections that address the challenges raised in both the frameworks of the media economy, as well as the political economy. The analysis of the data then seeks to discuss the challenges the industry is facing in the context of these two theoretical frameworks, which often can present opposing philosophies.

The final result of the research is to comprehensively analyse the data. Regardless of the method of analysis used, to produce quality analysis from case studies, four principles need to be followed. Yin (1994) says that analysis needs to be linked to the evidence, include rival interpretations of the evidence and analysis, talk about the study's major findings, and use the researcher's experience and knowledge to give the analysis further depth. In this thesis, the final chapter, Chapter Nine, links the findings to the academic literature and theoretical frameworks in an attempt to understand the challenges faced by the media industry and how their philosophies link to what the academics are saying to the individual and comparative case studies presented in Chapters Five, Six, Seven and Eight. In order to complement the case study research method, this research will furthermore utilise discourse analysis.

Discourse analysis

Discourse analysis is one of the forms of qualitative analysis that examines texts for their broader discursive and social contexts (McKinnon, 2012). Discourse analysis looks at texts, or in this instance, case study research, to find patterns, common phrases, and ideas to give evidence of what is happening within a particular institution, organisation or society (McKinnon, 2012).

Discourse analysis is about understanding the language used within a specific context. It is about the way people use language to achieve a result, like building trust, casting doubt, or stirring up emotions.[19] It is the study of language as it is used (Gee, 2010). It is how people use language to communicate, co-operate, help others, and build reputations (Gee, 2010). Discourse analysis does not focus exclusively on text, but rather looks at bigger sections of text like entire conversations, news articles, or even a collection of texts.[20]

Daniels unpublished MA (2006) says that discourse analysis examines articulated, printed or published works. Through analysing these texts, philosophies and ideologies are revealed as a result of the repetitive use of words and phrases. Discourse analysis offers the tools to breakdown communication revealing what is actually being communicated either presently or over time[21].

Research design and methodology

The research will use case study analysis, looking at three of South Africa's top news publishers, Media24, Arena Holdings and Daily Maverick. Media24 and Arena Holdings both use paywall models, while Daily Maverick uses a crowdfunding model.

[19] https://www.scribbr.com/methodology/discourse-analysis/
[20] https://www.scribbr.com/methodology/discourse-analysis/
[21] Daniels, G. (2006). What is the role of race in Thabo Mbeki's discourse? (Unpublished master's thesis). University of the Witwatersrand, Johannesburg.

A combination of desktop research and interviews will be used to write up the case studies for Media24 and Daily Maverick, while only desktop research will form the basis of the case study for Arena Holdings, as they would not respond to the researcher's requests for interviews. Interviews reveal the discourse and, therefore, the ideology underlining the interview responses.

In this research, 11 research questions were asked to Media24 and Daily Maverick to understand their funding models[22].

In order to get accurate data, the people being interviewed had to have been involved in the implementation of paywalls and understand the business strategy behind paywalls. If the right people were not interviewed, this would negatively impact the research's legitimacy, reliability and validity. In order to ensure that the people interviewed understood paywalls, the concept of journalism as a public good and the strategy or business model behind the implementation of paywalls, the researcher made sure permission was granted by Human Resources personnel who could direct the researcher to the most appropriate interview participants.

For this research, Media24 gave the researcher access to four of their top paywall strategists. Editor-in-Chief, Adriaan Basson; Customer Success Manager, Madelein Venter; A senior technical expert, John Smith[23]; and General Manager for English and Afrikaans News, Justin Langeveld. By interviewing these four people, key insights were gained into the operational, technical and consumer side of the paywall strategy and why Media24 adopted their particular paywall models.

Daily Maverick granted the researcher a single interview with Fran Beighton, Maverick Insider Community Manager, who could share key insights into Daily Maverick's Maverick Insider membership programme.

Why Media24, Arena Holdings and Daily Maverick?

Media24 and Arena Holdings represent a diverse set of audiences, made up of different demographics, including race, income categories, genders and relationship statuses. They both

[22] Refer to Appendix 3 for a list of questions

[23] The respondent asked for a pseudonym has been used

have different target audiences and different paywall strategies. By understanding their models, the researcher gains insights into paywall strategies in South Africa and the considerations that were made when implementing them. This dissertation will investigate why they have chosen specific paywall criteria and provide an understanding of the different strategies companies are using, how they attract paying audiences, issues around affordability, ease of payment, incentives to subscribe, and the exclusionary concerns raised in the research.

While Arena Holdings is not being interviewed, the interviews with Media24 will offer adequate insights. While the research is not equitable, due to the lack of interviews with Arena Holdings, the use of desktop research, analysis of readership numbers, rate cards and demographics of the two companies should provide enough information for a comparative case study on the two companies and their rationales.

These case studies will then be juxtaposed against the Daily Maverick's funding model. Desktop research into the funding strategy by Daily Maverick, along with readership numbers, rate cards and demographics, will be supplemented with a single interview (the researcher was only granted one interview with the publisher), which will give greater insight into the Daily Maverick's business model. This interview also used the same 11 questions and serve as a foil to the two case studies from Media24 and Arena Holdings.

The use of interviews and desktop research will allow the researcher to use Zucker's (2016) iterative process of describing the process and then linking the research to the literature and theoretical framework outlined in Chapter Two of this thesis. The research includes criticism and praise for the paywall and funding models, as well as allowing the researcher to compare models and views on the different models and companies. Equally important in these case studies is what is not said about the paywalls, the silence on strategy and reasons.

The research aims to answer primary and secondary research questions for this thesis. The primary research question is:
How can paywalls be defended in the context of journalism being a public good?

The second research questions are:

- *Given South Africa's digital divide, in what ways are news organisations adjusting their models to ensure greater access to marginalised members of society?*

- *How are media house adding value to readers to justify the use of paywalls, from a business perspective, as well as in the eyes of audiences?*
- *What alternative funding options are available to news organisations that may ensure news remains accessible, and therefore encourages greater readership from a wider range of audiences?*

The desktop research was done using online articles on the three organisations' paywall and funding models. Each case study will then be broken down into sections that look at different aspects of the business's funding strategy, and the standardised sub-sections will allow the researcher to map and plot the different strategies against each other (Zucker, 2016).

The research is further supported by the interviews with Media24, where four structured interviews were done with four senior managers who were integral to the company's paywall strategy. By asking the same questions in a structured format, the researcher could accurately assess what influenced the media house in its decisions of whether or not to implement a paywall. The interviews also sought to address the main research questions by gaining a deeper understanding of the paywall strategy, the reasons for the strategy, alternative funding solutions, value-adds to the offering, and the issues of journalism as a public good, together with the digital divide.

Ethical considerations and ethics clearance

During the interview process, strict ethical considerations were adhered to according to Bell and Bryman's (2007) ten principles related to ethics around interviews.

These principles are relevant to this dissertation and the qualitative approach to the research:

1. Research participants had the right to withdraw from the research anytime.
2. All interviews were done with respect to the role and position the respondents hold within their organisations.
3. Full consent was obtained from the participants prior to the study.
4. The privacy of the participants was protected.
5. The researcher guaranteed an adequate level of confidentiality of the information given.
6. The aims of the research will not be exaggerated or be deceptive in any way.

7. All affiliations in any form to the respondents, sources of funding, as well as any conflicts of interest will be declared.
8. All communication will be conducted honestly and transparently.
9. Bias around data findings will be avoided and the research will not present findings in a misleading manner.

Before conducting this research, all ethical clearances were obtained from the University of the Witwatersrand Human Research Ethics Committee (non-medical). The application was completed online and all feedback on issues around the application were noted and corrected before the ethics clearance certificate was awarded. The Ethics Clearance Certificate can be found in Appendix 1.

Shortcomings of the research

The findings of this research have to be seen in light of some limitations. The research sample was small, with only three companies researched. Also, Arena Holdings did not grant the researcher access to interviews, and Daily Maverick only granted a single interview, which lessened the comparative analysis of the structured interview process. However, much desktop research was available that was used for this analysis. Desktop research around the state of the newsroom and other relevant issues was pulled together to create an arguably full analysis of paywalls in the context of journalism as a public good. As a small study, the research insights will also be limited. The research only focuses on the perspective of the media houses and does not consider consumer insights and how consumers view the issue of paywalls in South Africa and in the context of journalism being a public good. Despite these shortcomings, the researcher still hopes that the findings in the thesis will make a small contribution to the larger body of research, as the research could potentially offer up some interesting insights that may not have been previously noted in research around paywalls in South African online news space and may provide some insights around further areas of study that could be conducted in future.

CHAPTER FOUR

STATE OF THE NEWSROOM: DIGITAL DISRUPTION AND DECLINING REVENUES

This chapter examines the state of the newsroom over the past decade (2013 to 2023) to provide a background to the discussion of paywalls and journalism as a public good in this research. It relies on various data sources, including Wits Journalism[24] *State of the Newsroom* volumes 2013 to 2023, Audit Bureau of Circulation (ABC) data, and news articles.

The chapter aims to understand the challenges newsrooms face in the context of the issue of paywalls, how to pay for journalism and the idea of journalism as a public good. The state of the newsroom is discussed under the theoretical frameworks previously discussed. This includes the media economy, which encompasses revenue generation through advertising and circulation (Lawson-Borders, 2012; Dugmore, 2018), and changing consumer behaviour (Chyi & Yang, 2009; Hanusch, 2019; Dugmore, 2018). The second theoretical framework is the political economy, which looks at media ownership, media independence, media hegemony, and media philosophy (Mosco, 2009; McChesney, 2000; Dugmore, 2018).

To fully understand the issues that newsrooms are facing and their move towards paywall models in South Africa's online media space, we need to understand the state of the newsroom and what trends are impacting the generation of news and the present, short-, medium- and long-term sustainability of newsrooms. This chapter will give a brief overview of the issues driving the disruption of the newsroom. These include the advent of the World Wide Web, the move from print to digital news platforms, falling readership and circulation numbers (Dugmore, 2018), competition with free news and social media, the subsequent fall in advertising revenues, the closing down of publications (Daniels, 2014), newsrooms and job losses (Daniels, 2020; 2021), and, finally, scandals regarding ethics impacting South Africa's journalism reputation and a decline in trust in the news.

[24] In 2023 at the time of writing, Wits Journalism had a name change and is now The Wits Centre for Journalism (https://journalism.co.za/new/wp-content/uploads/2018/03/State-of-the-newsroom-2014.pdf, https://journalism.co.za/wp-content/uploads/2018/04/State-of-the-Newsroom-report_2015_2016.pdf, https://journalism.co.za/wp-content/uploads/2018/04/906-STATE-OF-THE-NEWSROOM-2018-REPRINT-V3.pdf, https://journalism.co.za/wp-content/uploads/2020/11/State-of-Newsroom_2019_2020_30112020.pdf, https://journalism.co.za/wp-content/uploads/2022/03/SON-2020-Final-23-Feb.pdf, https://journalism.co.za/wp-content/uploads/2022/11/SON_Final_for-circulation_November_2022.pdf

The digital disruption

The advent of a digital world resulted in massive disruption to the newsroom (Shirky, 2009). Since the turn of the century, newsrooms have had to pivot to meet the changing relationship readers have with their service offerings (Dugmore, 2018). With publishers no longer having the monopoly on news generation (Wasserman, 2020), news audiences, as well as advertisers, are looking for new avenues to find news and punt their wares (Finlay, 2016). As such, media houses need to find new ways of funding and, ultimately, sustain their operations (Dugmore, 2018, Daniels, 2014).

Franz Kruger wrote in the forward of the 2015/2016 *State of the Newsroom*, "The South African newsroom continues to face significant challenges, both political and economic. The business model that has underpinned journalism in much of the world for at least a century is under strain and is unlikely to recover." (Finlay, 2016:i)

The Mail & Guardian launched South Africa's first online news publication in 1994[25]. This was the start of the move to digital by South African news companies. In 1998, *News24* was launched as part of Naspers' new internet strategy[26], and, in 2012, *BDLive* was launched as the *Business Day* digital platform for Times Media[27]. By 2012, news producers were becoming increasingly aware that the way readers were getting their news was changing[28]. The move to digital was becoming ubiquitous across South Africa's news platforms and, by 2023, research shows that most of South Africa's news publications have an online presence in addition to their print offering.

As news agencies had to navigate massive disruption by being forced to take their content online (Balliah, 2015), they also faced increased competition from an array of online content producers, including social media sites like Facebook and Instagram, YouTube, bloggers and vloggers, and media influencers (Wasserman, 2020). Facebook and Twitter both arrived in South Africa in 2006[29] [30]. While LinkedIn was launched globally in 2003, it made its South

[25] https://mg.co.za/about/
[26] https://www.news24.com/news24/opinions/columnists/adriaanbasson/adriaan-basson-a-new-era-for-news-as-news24-prepares-to-launch-digital-subscriptions-20200712
[27] https://www.bizcommunity.com/Article/196/23/79492.html
[28] https://memeburn.com/2012/07/business-day-goes-digital-first-erects-paywall/
[29] https://www.myggsa.co.za/when-did-facebook-start-in-south-africa/
[30] https://www.britannica.com/topic/Twitter

African debut in 2011[31]. Instagram reached local shores in 2012,[32] and TikTok reached South Africa in 2018[33].

Kruger said about this trend, "Audiences are increasingly moving to new, largely free, media platforms to satisfy their information needs, leaving legacy media struggling to adapt." (Finlay, 2016:i). This competition is putting pressure on the sustainability of traditional news outlets (Daniels, 2014) for several reasons, including attracting advertising.

The extent of the disruption is highlighted in annual reports produced by the Reuters Institute for the Study of Journalism in conjunction with Oxford University. The 2019 report showed that 59% of people used Facebook for news, 49% used WhatsApp, 35% turned to YouTube, 20% used Twitter, and 14% used Instagram and Facebook Messenger. That year, 59% of respondents said that they shared the news via social media, messaging or email, and 39% said they commented on the news via social media or on digital news websites.

Three years later, the 2022 Reuters report showed that the number of South Africans using social media for news had increased. In 2022, 52% of South Africans use Facebook and 43% used WhatsApp as a news source. YouTube stood at 39% and Twitter at 28%. TikTok as a news source was in line with Instagram at 15% and 16%, respectively, as a conduit for news[34].

By 2023, the number of local readers using alternative news sources had again increased. The use of Facebook for news had increased to 56%, YouTube to 46%, WhatsApp was at 46%, Twitter (X) accounted for 25%, TikTok for 22% and Instagram was at 17%. The report also noted that 57% of people share news via social media, messaging or email.

This trend shows that an estimated half of South Africans were using social media to get access to news content in 2023. While the use of social media to access news does not mean they will not also use online news platforms to get news content, it does highlight that newsrooms are facing increasing competition from this free virtual world. This trend not only impacts the number of readers that online newsrooms can attract, but if over half of South Africans are not

[31] https://www.itweb.co.za/content/Gb3Bw7Waox1q2k6V
[32] https://www.meltwater.com/en/blog/instagram-for-business-in-south-africa
[33] https://www.citizen.co.za/lifestyle/technology/tiktok-takes-sa-by-storm/
[34] https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2022/south-africa#:~:text=Facebook%20(52%25)%20and%20WhatsApp,as%20a%20conduit%20for%20news.

logging onto news sites, this directly impacts the ability of news platforms to attract advertisers to their sites. In a digital world, websites rely heavily on their page views and click-through traffic for advertising.

Competition from free and global news platforms

The digital age has also given readers access to free and global news publications. They are no longer solely reliant on South African news outlets for their news. The BBC, which is global and free, is ranked as one of South Africa's most trusted news sites (Newman et al., 2023[35]). As a free publication, it is easy for readers to access via the web and its mobile app. Many global broadcasters offer free news through their mobile apps, including Aljazeera, eNCA, and CNN. News websites, such as the United Kingdom publication *The Guardian*, offer news to readers for free, as, like the *Daily Maverick,* it has a crowdfunding model. A Google search of news will bring up myriad international news sites that are free to view and will give readers news that is relevant to them, their families and their businesses. South African news outlets, thus, no longer have a monopoly on news.

Falling circulation numbers

As people increasingly gained access to the internet and social media platforms, newspaper circulation started declining. People could, arguably, more easily access news via their computers, tablets and smartphones. Around one third (20 million to 22 million) of all South Africans have access to a smartphone or own a smartphone[36].

The *State of the Newsroom* reports between 2013 and 2021 show a sharp decrease in print media circulation numbers. In 2013, according to the Audit Bureau of Circulation (ABC), there were 359 newspapers, 58 locals, 28 dailies and six hybrids (Daniels, 2014). Between 2008 and 2013, the circulation figure for daily publications in South Africa fell by 5.5% according to ABC (Daniels, 2014). There was also a decline in weekly and weekend publications. At the time, the only print publication to buck the trend was the isiZulu publication *Isolezwe,* which saw its circulation figures increase (Daniels, 2014).

[35] https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2023

[36] https://www.statista.com/statistics/488376/forecast-of-smartphone-users-in-south-africa/#:~:text=Today%20about%2020%20to%2022,and%20on%20the%20continent%20overall.

In 2017, circulation numbers continued to plummet. Weekend publications were down by 12.1%, and dailies were down 11.9%, while weekly papers declined by 6.5% (Finlay, 2017). In 2017, however, online news platforms of were gaining traction. For example, the year also saw *The Times*, sister paper to *The Sunday Times*, close its doors (Finlay, 2017). The CEO of Tiso Black Star said in a letter to staff that the paper had become unprofitable despite the increase in its vendor price, publishing a thinner edition, and cutting its circulation. This highlighted the struggle of print publications, and provided insight into the company's shift in focus towards its premium online offering, *Timeslive*. (Finlay, 2017).

In 2018, there was a 4% fall in newspaper circulation, and by 2019, a further 7% decline (Finlay, 2019). Despite the increase in online readership and a fall in printed newspaper circulation, in 2019 only 16% of people paid for online news.[37]

2020 and the pandemic that occurred that year had a devastating effect on newsrooms. The *State of the Newsroom 2021*, highlighted the plight of falling circulation numbers when it said,

> A year when nationwide lockdown restrictions gradually started to ease, overall newspaper circulation increased by 12%, boosted by a return to near normality in the circulation of free newspapers, and a marginal increase in weekend newspaper circulation. However, the circulation of weekend papers still showed a 42% drop off pre-pandemic levels. By the end of 2021, similar staggering losses in circulation since 2019 were recorded for dailies (45%) and weeklies (47%). (Finlay, 2021:15)[38].

The report highlighted the catastrophic impact the pandemic had on print publications, with many South African publications not surviving the loss of readership.

The 2021 *State of the Newsroom* report (Finlay, 2021) clearly showed how newspaper circulation had fallen in the three years between 2019 and 2021 (See Figure 1 below).

[37] https://reutersinstitute.politics.ox.ac.uk/sites/default/files/inline-files/DNR_2019_FINAL.pdf
[38] State of the Newsroom report 2021

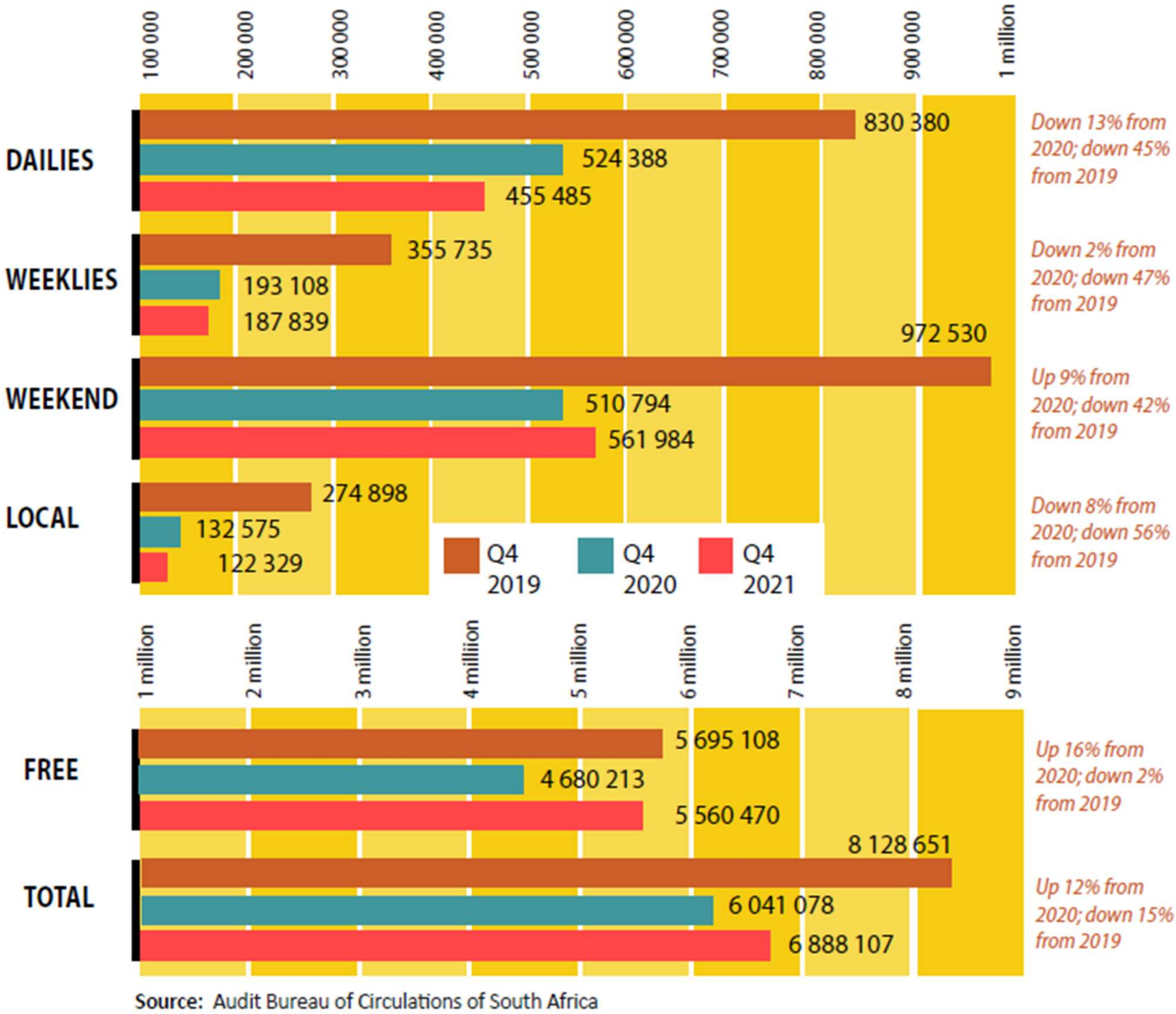


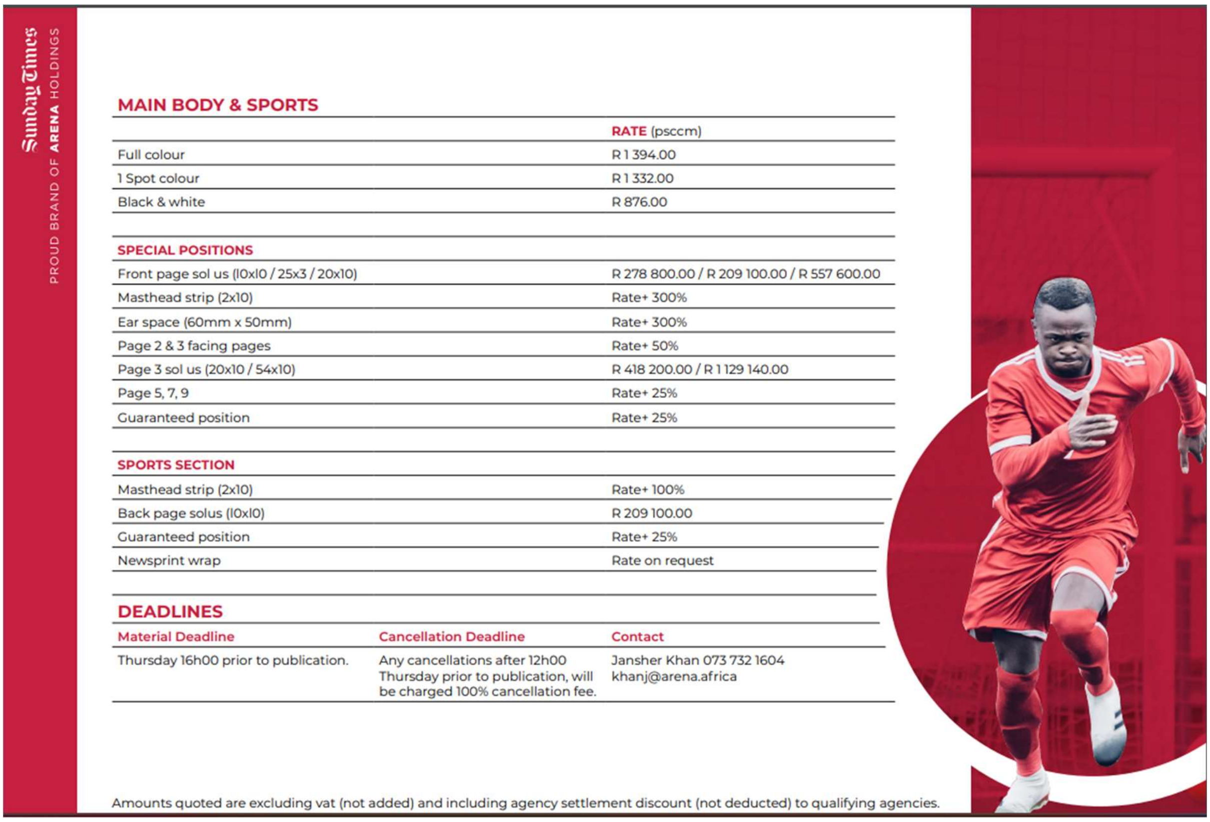
Figure 1: Print circulation 2019-2021 (Source: 2021 State of the Newsroom report)

Loss of revenue and Advertising

One of the biggest sources of income for all newsrooms, revenue from advertising, has probably been the biggest disruption in the digital age. With numerous factors affecting advertising, including the state of the economy, falling readership numbers, and even the implementation of paywalls – as it limits the number of people clicking through pages – the income derived from digital advertising is much less than that of print advertising. This means that there has been a massive impact on the ability of publishers to fund themselves using traditional advertising models.

Advertising revenues from digital advertising are not commensurate with those of print as pointed out by Picard (2016) and Dugmore (2018).

Below (Figure 2) is a copy of the *Sunday Times* rate card. Print advertising brings in a lot of revenue for news publishers. When the rate per square centimetre or the rate for full-page spreads is examined, it becomes apparent that the income generated for a single print run can easily run into the millions of rands.



MAIN BODY & SPORTS

	RATE (psccm)
Full colour	R 1 394.00
1 Spot colour	R 1 332.00
Black & white	R 876.00

SPECIAL POSITIONS

Front page sol us (10x10 / 25x3 / 20x10)	R 278 800.00 / R 209 100.00 / R 557 600.00
Masthead strip (2x10)	Rate+ 300%
Ear space (60mm x 50mm)	Rate+ 300%
Page 2 & 3 facing pages	Rate+ 50%
Page 3 sol us (20x10 / 54x10)	R 418 200.00 / R 1 129 140.00
Page 5, 7, 9	Rate+ 25%
Guaranteed position	Rate+ 25%

SPORTS SECTION

Masthead strip (2x10)	Rate+ 100%
Back page solus (10x10)	R 209 100.00
Guaranteed position	Rate+ 25%
Newsprint wrap	Rate on request

DEADLINES

Material Deadline	Cancellation Deadline	Contact
Thursday 16h00 prior to publication.	Any cancellations after 12h00 Thursday prior to publication, will be charged 100% cancellation fee.	Jansher Khan 073 732 1604 khanj@arena.africa

Amounts quoted are excluding vat (not added) and including agency settlement discount (not deducted) to qualifying agencies.

Figure 2: Rate card for the Sunday Times (Source: Arena Holdings website)

However, digital advertising relies heavily on the number of page views. An example of how digital advertising revenue works, as discussed by website, Playwire, is given in the image below (Figure 3). To generate meaningful advertising revenue, news platforms need substantial web traffic. Even if they have 20 million to 40 million views a month, they are still not generating enough income to sustain the newsroom.

Figure 3: Online advertising rates from Playwire (Source: Playwire[39])

An analysis of South African newsrooms showed that as early as 2013, newspapers were losing print advertising revenue to other avenues. A *Business Day* article titled 'Print media's share of advertising cash shows sharp drop,' quoted a report from the Print and Digital Media Transformation Task Team which said that print media's share of advertising revenue had dropped from 40% to 29% in a decade. The report said that the bulk of print advertising revenue had gone to television advertising, with digital media accounting for a growing proportion. The report added, "Together with the slowdown since 2008 and pressure on sales revenue, declining advertising has impacted heavily on the profitability of print media companies" (Transformation Task Team, 2013)

Another major blow to advertising in the print media publication came in 2013 when the JSE changed its rules and allowed listed companies to publish a shorter version of results. A *Mail & Guardian* report said that *Business Day* saw a 40% drop in advertising volume in the first quarter of 2013. Sake24's advertising volume dropped by as much as 75%. The article quoted Alban Atkinson, Managing Director of Integrated Communication Agency, who said, "Afrikaans newspapers have suffered immensely because of the new rules…. With the new rules allowing companies to publish in only one newspaper, few companies are publishing in Afrikaans newspapers. The impact is being felt at Sake24 and publications, for example Beeld,

[39] https://www.playwire.com/blog/how-much-ad-revenue-can-a-website-make#:~:text=In%20general%20websites%20earn%20ad,views%3A%20%242%2C500%20%2D%2025%2C000%20per%20month

in terms of retrenchments." [40] The value of JSE-listed company results was around R200 million for newspapers annually. Nielson data showed that, on average, 53 companies spent an average of around R27.5 million each on financial reporting advertising in the six month period from July 2012 to January 2013.[41]

Paying the Piper

The 2018 *Paying the Piper* report stated that while government spending on print media accounted for less than 10% of their advertising revenue, between 2012 to 2016, government spending with local newspapers had fallen, with *News24* being the most impacted (See Figure 4). The report stated that Gupta-run[42] news agencies were benefitting from government spending, and said:

> To provide ideological justification for the creation of a large-scale and corrupt network of rent-extraction and looting, this network established a 24-hour TV news channel , *ANN7,* and a daily newspaper, *The New Age,* with money improperly diverted from government departments, state-owned enterprises (SOEs), and the SABC. Operatives of this power elite have worked to undermine the independence of Independent Media (Dugmore, 2018:1).

[40] https://mg.co.za/article/2013-04-12-00-newspapers-hard-pressed-by-jse-rules/

[41] https://mg.co.za/article/2013-04-12-00-newspapers-hard-pressed-by-jse-rules/

[42] The Gupta family is an Indian family which owned a business empire in South Africa, which included mining, media and technology companies. The family became synonymous with state capture and corruption in South Africa.

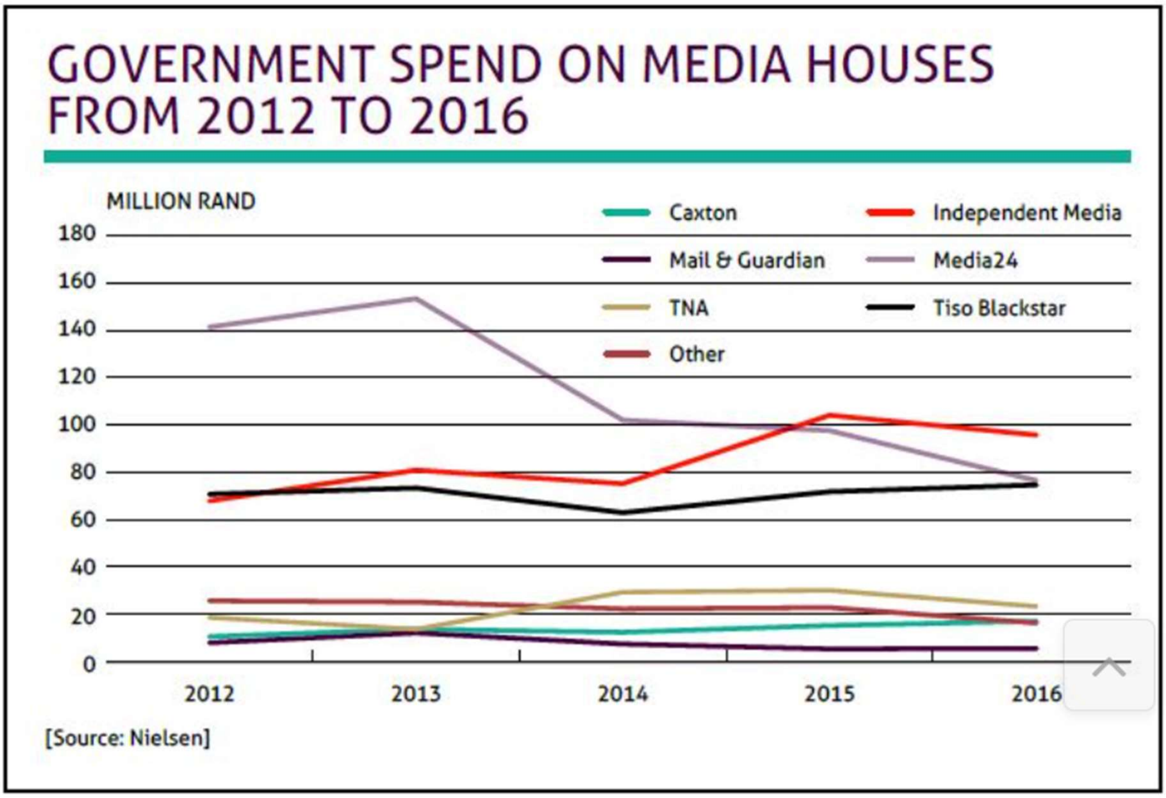


Figure 4: Government spend within print publications 2012-2016 (Source: Paying the Piper report)

In 2017, former *Weekly Mail* editor and former head of Wits Journalism, Anton Harber raised another issue impacting newsroom advertising in an article titled 'How Google and Facebook are the biggest threat to South African news media', in which he said,

> The phenomenal growth of Google and Facebook as conduits of information and entertainment has devastated traditional media, whose share of advertising revenue is projected to decline even further. But anxiety over the scale of their market domination, scattergun approach to advertising and lack of responsibility has led to calls for greater regulation of the tech behemoths.[43]

Media losing out on ad revenue, however, had nothing to do with a fall in advertising as South African companies were increasing their ad spend. In 2018, South Africa's advertising spend was growing, and while TV advertising grew by just 1.8% CAGR (compounded annual growth rate), internet advertising was up by 12.4% CAGR[44].

[43] https://www.businesslive.co.za/fm/features/cover-story/2017-11-16-how-google-and-facebook-are-the-biggest-threat-to-south-african-news-media/
[44] https://www.statista.com/statistics/386540/advertising-expenditures-by-medium-south-africa/

At the time which time, in 2017, CEO of Media24, Esmare Weideman, said that Google took about 70% of local online advertising, and social media - Facebook being the biggest - took about 12% of that. After classified sites and mobile operators take their share of advertising budgets, the major media groups are fighting for 8% of total online advertising spend. South Africa's internet advertising at the time stood at R4.4 billion.[45]

The 2022 *State of the Newsroom* report titled 'Outside the Mainstream: Green Shoots in Community Print Media' showed a significant drop in advertising revenue in the 2020 period, noting that advertising revenue had fallen anywhere from a 40% drop off to a complete absence of advertising during that period. Yet, advertisers were still spending. In a 2022 *Financial Mail* article titled, 'Where the advertising money goes', former journalist and presently media analyst Jeremy Maggs wrote that the advertising industry had seen a bounce-back from a calamitous 2020 but that print advertising continued to suffer. While advertising spending in the country was up 29% in 2021 from 2020, it was also up 16% from pre-pandemic levels. The average daily spend for South African advertisers is R140 million per day, with the top 30 spending R56 million per day[46]. Of advertising spending that is not targeted towards digital media, 68% goes to TV advertising, 16% to radio advertising and just 11% to print advertising (See Figure 5).

[45] https://www.businesslive.co.za/fm/features/cover-story/2017-11-16-how-google-and-facebook-are-the-biggest-threat-to-south-african-news-media/

[46] https://www.businesslive.co.za/redzone/news-insights/2022-03-03-where-the-advertising-money-goes/#:~:text=%22All%20advertising%20spend%20in%20SA,very%20handsome%2016%25%20ahead.%22

SA'S BIG AD SPENDERS

Rank	Advertiser	Net spend		Advertiser	Net spend
1	Unilever SA	2,039,148,264	16	Yum SA	459,289,012
2	Shoprite Holdings	1,579,902,419	17	Massmart	438,362,168
3	GlaxoSmithKline	1,333,083,759	18	Standard Bank	428,820,300
4	Outsurance Insurance	1,274,564,301	19	Government National	423,801,313
5	Clientele	1,130,563,482	20	Mondelez SA	395,356,301
6	Reckitt & Benckiser	854,856,427	21	Discovery Holdings	383,395,878
7	Vodacom Communication	805,942,445	22	Volkswagen	382,687,310
8	Tiger Brands	774,350,775	23	Telkom SA	378,990,160
9	Pepkor	687,664,496	24	Heineken International	376,432,513
10	Famous Brands	684,483,838	25	Toyota SA	363,803,379
11	Spar SA	671,617,645	26	Nedbank	360,666,689
12	First Rand Bank	663,464,469	27	McDonalds Restaurant	345,295,349
13	Pick n Pay	653,339,932	28	Samsung SA	340,932,983
14	Mobile Telephone Network	623,110,045	29	Fruit Veg City	340,284,680
15	Beiersdorf Consumer Products	601,134,495		TOTAL	19,795,344,827

Note: As measured by AC Nielsen's. Measured exposure at rate card level, not actual spend.
Unilever first SA advertiser to break the R2bn mark. Top 30 advertisers account for 40% of all ad spend.
The top 30 advertisers spend R56m per day on advertising.

Source: AC Nielsen

Figure 5: Summary of top advertising spenders in South Africa (Source: Financial Mail[47]

The companies Google and Facebook offer advertisers the highest return on investment of any paid channel,[48] they also don't pay tax and, thus, don't charge VAT on their advertising[49]. This means that news platforms become less attractive to businesses which are looking to get the most return on investment (ROI) on their advertising spend. However, what is interesting is that the 2023 *Digital Marketing Report South Africa* (Cape Chamber of Commerce and Industry, 2023) found that the participants in the survey trusted advertising in news articles above all other types of online advertising[50]. Typically, however, this type of content is non-income generating for news organisations.

The *Marketing Budget & ROI Report 2023* (Broad Media, 2023) showed that 81% of marketing budgets were allocated to digital marketing, and only 31% went towards print. That same report

[47] https://www.businesslive.co.za/redzone/news-insights/2022-03-03-where-the-advertising-money-goes/#:~:text=%22All%20advertising%20spend%20in%20SA,very%20handsome%2016%25%20ahead.%22
[48] https://www.wordstream.com/blog/ws/2022/04/19/digital-marketing-statistics
[49] https://www.taxconsulting.co.za/tech-giants-tax-avoidance-hurts-south-africas-media/
[50] file:///C:/Users/gayec/Downloads/2023-Digital-Marketing-Report.pdf

showed that 82% of respondents said that digital marketing gave the company the best ROI, while only 15% said that print advertising offered the best ROI[51].

Economics of the newsroom

The shift to digital, fall in readership numbers and the fall in advertising revenue, as demonstrated in the first half of this chapter, are putting newsrooms under pressure[52] (Finlay, 2017) and, vis-à-vis the discussion on paywalls, the economics of the newsroom is central to the discussion. Understanding that circulation sales and advertising are no longer sustaining newsrooms, we need to know why. The answer is that the cost of running a newsroom is exorbitant as previously discussed by Dugmore (2018).

To give an indication of the scale of newsrooms, in 2017, research done by media tech analysts, Alastair Otter and Laura Grant, revealed that Media24 employed over 1 000 editorial staff across its paid-for publications including 12 newspapers, 60 magazines, 50 free local and community newspapers, and its book publishing business (Finlay, 2017). The publisher employed 340 editorial staff dedicated to its 10 paid-for newspaper titles, as audited by the Audit Bureau of Circulation (ABC, Figure 6). The research found that 93% of these staff members were permanent employees, 2% were contract and 1% were interns. *The Daily Sun*, its largest paper by circulation, had the largest editorial staff, with a complement of 73 people.

[51] https://broadmedia.co.za/reports/2023-South-African-Marketing-Budget-and-ROI-Report.pdf
[52] Alastair Otter and Laura Grant

Publication name	No. of permanent staff	No. of contract staff	No. of interns	Total staff (excl. freelancers)
Daily				
Beeld	14			14
City Press	42	1	2	45
Daily Sun	69	3	1	73
Die Burger	38			38
Natal Witness	32	1		33
Rapport	29			29
Soccer Laduma	31	1		32
Son	48			48
Sunday Sun	12			12
Volksblad	16			16
Total	331	6	3	340

Media24's online titles employ 262 editorial staff, its local and community newspapers employ around 150, and more than 300 work on its magazines. A breakdown of the online staff is provided in Table 8. Ninety-five percent of the online staff are permanent employees.

Two in every five online staff are employed by Netwerk24[26] (42%) and another 20% (or one in five) are employed by News24.[27] Those two titles together employ 163 editorial staff, or two-thirds of Media24's online editorial staff[28]

Figure 6: : Number of staff working at Media24 news publications (Source: State of the Newsroom 2017 report)

In addition, the media house employed an additional 515 staff for its online titles. 42% of these were employed by *Netwerk24* and 20% were employed by *News24*. Together, this was 163 people just for its online news platforms (See Figure 7). This number excluded any freelance staff employed by the publication.

Title of publication	No. of permanent staff	No. of contract staff	No. of interns/learners	Total staff (excl. freelancers)
Netwerk24	108	1	1	110
News24	49	1	3	53
24.com	14	3		17
HuffPost SA	15			15
Media24 News	13			13
Fin24	11			11
Sport24	10			10
Health24	8			8
Channel24	4			4
W24	4			4
Izindaba24	4			4
Parent24	3			3
Traveller.com	3			3
Wheels24	3			3
The Juice	3			3
Food24	1			1
Total:	**253**	**5**	**8**	**262**

Figure 7: Number of editorial staff working at Media24 online publications (Source: State of the Newsroom 2017 report)

The Otter and Grant (2018) research[53] also found that 17% of the organisation's journalists were assumed to have 15 years or more of experience, and were, therefore, also likely to be over 35 years of age (See Figure 8). This number increased when looking at the staff for the Afrikaans publications, where 30% of the staff had been with the company for over 15 years (Finlay, 2017). It can be assumed that the more highly experienced journalists would earn more.

Title of publication	15 or more years of service	Less than 15 years' service	Total staff	% with more than 15 years' service
Beeld	9	5	14	64%
City Press	2	41	43	5%
Daily Sun	3	69	72	4%
Die Burger	10	28	38	26%
The Witness	5	28	33	15%
Rapport	13	16	29	45%
Soccer Laduma	1	31	32	3%
Son	7	41	48	15%
Sunday Sun		12	12	0%
Volksblad	7	9	16	44%
24.com	2	15	17	12%
Channel24		4	4	0%
Fin24	1	10	11	9%
Food24		1	1	0%
Health24		8	8	0%
HuffPost SA		15	15	0%
Izindaba24		4	4	0%
Media24 News	6	7	13	46%
Netwerk24	33	76	109	30%
News24	1	49	50	2%
Parent24		3	3	0%
Sport24		10	10	0%
Traveller.com		3	3	0%
W24		4	4	0%
Wheels24		3	3	0%
The Juice		3	3	0%
Total:	**100**	**495**	**595**	**17%**

Figure 8: Number of years of experience of Media24 staff (Source: State of the Newsroom 2017 report)

Daily Maverick, at the time, a much smaller organisation, had 20 permanent staff (by 2023 it rose to 120[54]), two part-time staff, six interns and four freelancers – 32 in total. Of those, 41% had more than 15 years of experience (See Figures 9 and 10).

No. of permanent staff	No. of contract/ part-time staff	No. of interns	Total staff	No of freelancers	Total staff including freelancers
20	2	6	28	4	32

Figure 9: Number of staff at the Daily Maverick (Source: State of the Newsroom 2017 report)

53 https://www.journalism.co.za/wp-content/uploads/2018/03/WITS-STATE-OF-THE-NEWSROOM_March_2018.pdf

54 https://www.dailymaverick.co.za/about/

Title of publication	15 or more years' experience	Less than 15 years' experience	Total staff	% staff with 15 or more years' experience
Daily Maverick	13	19	32	41%

Figure 10: Number of years' experience of Daily Maverick staff (Source: State of the Newsroom 2017 report)

Year	Number of employees	Salaries, wages and bonuses (R'000)	Total staff bill (R'000)
2009	7557	R1 755 291	R2 047 400
2010	6858	R1 678 966	R1 930 203
2017	4192	R1 455 103	R1 761 383
2018	3956	R1 547 702	R1 931 207
2019	3750	R1 512 617	R1 784 529
2020	3485	R1 472 402	R1 726 406

Figure 11: Total staff costs at Media24 (Source: Media24 Financial Reports)

Although not newsroom specific, Figure 11 and Figure 12 give an indication of the costs of running a newsroom along with the falling revenues newsrooms experienced over the course of ten years.

Media24's wage bill for the year-ending 2018 was over R1.5 billion rand and its total cost staff cost was R1,931,207,000. This cost was up from the previous year's R1,761,383,000.
Over the next two years, the newsroom cuts its costs down to R1.8 billion and R1.7 billion, respectively. This was a significant drop from the 2009 total staff bill of over R2 billion as Media24 started consolidating its newsrooms.

Media24s financial results also highlight the issue of falling revenue costs through circulation and advertising. By 2020, subscription revenue had increased to R201,137,000, but circulation revenue had fallen to R819,953,000, down from R1.13 billion in 2009, and advertising revenue was down to R1,645,012,000, down from R2.54 billion in 2009. These numbers indicate that revenue was falling faster than the wage bill, which highlights the need for newsrooms to be able to find alternative sources of income.

Year	Revenue (R'000)		
	Subscription	Circulation	Advertising
2009	R168 530	R1 133 286	R2 529 844
2010	R149 980	R1 229 502	R2 447 745
2017	R168 530	R1 133 286	R2 529 844
2018	R149 980	R1 229 502	R2 447 745
2019	R198 206	R901 346	R1 787 537
2020	R201 137	R819 953	R1 645 012

Figure 11: Revenue numbers in 2009, 2010, 2017, 2018, 2019 and 2020 (Source: Media24 Financial Reports)

In addition to the cost of employing experienced journalists, newsrooms are also facing the challenge of reskilling staff or replacing print staff with editorial staff who have the requisite digital skills (Finlay, 2017). The training costs on the Media24 2020 financial report stood at around R24 million.

Cost of pivot – cost of digital platforms

Newsrooms are finding themselves at an interesting crossroads: the cost of printing newspapers continues to soar, while the digital realm is also experiencing rapid changes and increased technology costs, but the latter still remains cheaper[55].

In recent years, the cost of print publishing has skyrocketed, with newsprint prices having increased by over 50%, if printers can even access print paper (Bale, 2023). Paper mills are transitioning from producing newspaper print to box paper, while printing presses are facing the challenge of maintaining old and capital-intensive printing infrastructure. Due to these challenges, printing costs will increase even further and, very soon, printed publications will become uneconomical (Bale, 2023)[56].

It would seem from the above data and discussion that these costs are forcing news publishers to move over to digital. This was cited as a reason that Daily Maverick's Branko Brkic closed down his Maverick print magazine and launched the online *Daily Maverick* site[57], but this requires a complete change in how they publish the news and the way in which they staff their newsrooms. Peter Bale, newsroom initiative lead of the International News Media Association,

[55] https://www.galloways.co.uk/resources/opinion/the-pros-and-cons-of-print-vs-digital-media/?cn-reloaded=1
[56] https://www.niemanlab.org/2022/12/rising-costs-force-more-digital-innovation/
[57] https://techcentral.co.za/a-maverick-publisher-is-back-for-another-go/180985/

noted that publishers that are not ahead of the digitisation curve risk disappointing readers and advertisers with "clunky sites, second-grade apps, and increasing thin newspapers that they will need to charge exorbitant costs for."[58]

The cost structures of newsrooms are also shifting dramatically. Over the last 10 to 20 years, publishing costs have shifted. In the days of print publications, 50% of a publisher's costs came from print production in the form of newsprint and distribution. As digital has taken over a bigger chunk of news production, this figure has fallen to 21.4%.[59]

The World Press Trends Outlook Survey breaks down how newsroom costs have evolved. In 2021, editorial and content production accounted for 33.5% of a newsroom's total costs. Print and distribution have fallen to 21.4%, sales and marketing account for 14.4%, the cost of administration is 13.8%, while technology and IT come in at around 10.2%. In the survey, 44% of respondents listed digital transformation as the primary strategy to move their businesses forward. The respondents listed their top three investment plans as, accelerating reader revenue plans, data analytics and tech investment. The report listed that their biggest threats were a drop in news publisher's share of the advertising market and their organisations inability to diversify revenue streams[60].

[58] https://www.niemanlab.org/2022/12/rising-costs-force-more-digital-innovation/
[59] https://wan-ifra.org/2021/04/publisher-spend-a-bigger-focus-on-the-newsroom/
[60] https://wan-ifra.org/2021/04/publisher-spend-a-bigger-focus-on-the-newsroom/

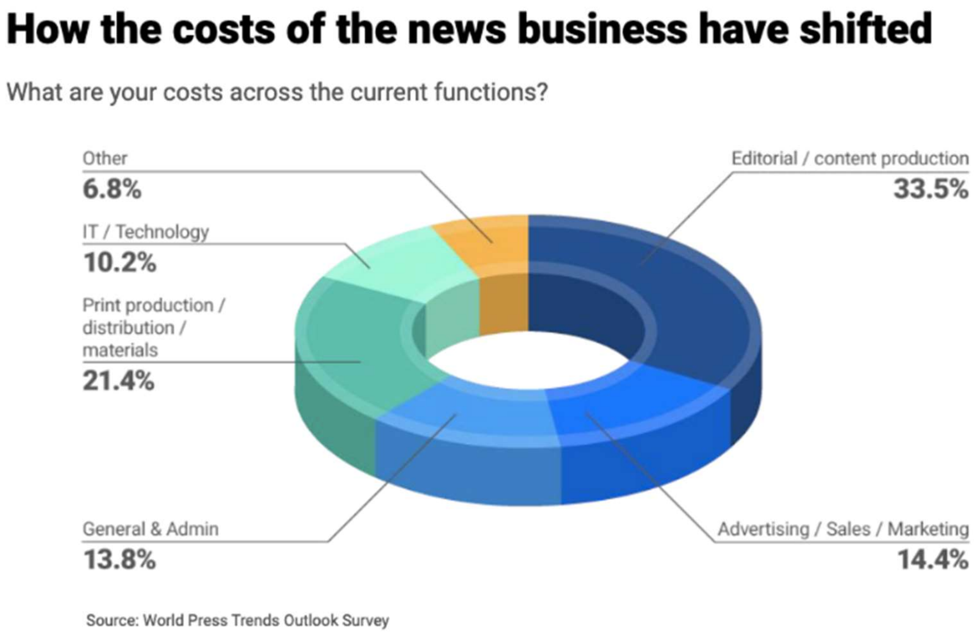


Figure 12: The cost of news (Source: World Press Trends Outlook Survey)

The cost of digital, however, is going to be a significant contributor or inhibitor for newsrooms. The 10.2% cost of digital technology could well become a bigger chunk of the cost to newsrooms in the future. A *Forbes.com* article by Peter Bendor-Samuel (2021) titled 'Understanding Digital Platform Costs' explains the issues newsrooms must contend with, as platforms need to be designed, built, maintained, engineered and have skilled personnel operating the system[61].

Any platform, including a newsroom's platform, is an assembly of many applications. In addition to the tech stack, a platform is assembled with different operating processes and procedures. As technology improves, these platforms need to be upgraded or replaced to keep up with the evolution of technology. Bendor-Samuel (2021) argues,

> For example, a company may spend $10 million to build/assemble a platform and spend a quarter of a million to maintain it the next year. But that next year also will require the cost of building a second iteration of the platform, and that will constantly continue. This is because platforms change the way a company competes in the marketplace and how it operates. A platform continually requires more investment because companies

[61] https://www.forbes.com/sites/peterbendorsamuel/2021/11/30/understanding-digital-platform-costs/?sh=7dba069041ae

seek to lean into those platforms, add to them, and evolve them. They need to move them forward because they are integral to how companies operate.

He says that platforms need an ever increasing spend on technology to upgrade the system as well as people to support the technology, meaning the cost of technical engineering talent increases[62]. As online media evolves, these costs will increase exponentially.

Cutting costs and job losses

In 2014, an article for the Pew Research Centre noted that the United States journalism industry was seeing an alarming number of journalists being laid off. Between 2003 and 2012, the American Society of News Editors lost 16,200 full-time newspaper newsroom jobs (Smith et al., 2019). In addition, Ad Age reported that 38,000 magazine journalists had lost their jobs[63]. These job losses left a massive dent in staffing numbers and sparked an interesting trend of seasoned journalists being employed by digital news sites. The article said,

> The accelerating shift of talent to digital news jobs has significant implications for the U.S. news consumer. Many digital outlets are working to fill reporting gaps created by the strain on resources at traditional outlets—from niche topic areas like education to international coverage to local community news to investigative journalism. One of the larger cohorts—the digital investigative outlets—ranges from the Pulitzer Prize winning ProPublica to the 73 digital news operations in the five-year-old nonprofit Investigative News Network.

This shift was also seeing journalism take on a new slant as these digital platforms were looking to connect with their audiences in a different way, including new story and data-visualisation techniques, new documentary techniques, and video crowdsourcing. The innovation in news generation, which was increasing competition for legacy news producers, saw companies hiring people with skills and voices suitable for online.

While South African newsrooms took a while to catch up, the trend in retrenchments did hit local shores. The fall in circulation numbers and the cost associated with an increasingly fraught economic climate saw journalists being laid off and publications closing (Dugmore,

[62] https://www.forbes.com/sites/peterbendorsamuel/2021/11/30/understanding-digital-platform-costs/?sh=7dba069041ae
[63] https://www.pewresearch.org/journalism/2014/03/26/the-growth-in-digital-reporting/

2018). South African newsrooms are also facing competition from ex-journalists starting up their own digital news offering, like Alec Hogg's BizNews.

Daniels (2014) noted that media houses were looking at ways to cut costs and were starting to pool news teams and consolidate newsrooms in an effort to save money. Media24 consolidated its photographic, sports and day-subbing across its Afrikaans newspapers in 2012, while BDFM's *Business Day* and *Financial Mail* newsrooms were merged (Daniels, 2014). These moves served as a precursor to staff retrenchments and companies like BDFM announced voluntary retrenchments, having said that the company was operating at a loss. From March 2012 to April 2013, BDFM shed 34 jobs across the editorial, sales and administration teams. At the same time, from March 2012 to April 2013, Times Media shed 18 senior members of its team through "mutual separation" and retrenchment (Daniels, 2014). In the middle of 2016, it was reported that Times Media were set to lose another 65 members of its newsroom staff, putting the number of job losses at over 100 (Finlay, 2016).

Media24 also battled to recover from the 2008 global financial crisis, and, in the five years from 2008 to 2013, the publisher cut jobs, consolidated newsrooms and rationalised operations. Media24 cut 44 positions from September 2012 to April 2013 from the newsrooms of *Die Burger*, *Beeld*, *Volksblad*, and *Rapport*, as well as *Sport24* and *Sake24*. The jobs were lost through forced and voluntary retrenchments, early retirement and attrition (Daniels, 2014). Media24's *Daily Sun, Sunday Sun*, and *City Press*, along with the Afrikaans publication *Sondag* shed 53 positions from January 2012 to March 2013. These losses occurred through retrenchments, freezing of posts and early retirement (Daniels, 2014). Nearly 600 journalists and newsroom staff lost their jobs across the industry in 2014 (Finlay, 2016).

In 2017, more journalists lost their jobs, with 70 journalists from Independent Media taking voluntary severance packages. At the same time, Tiso Black Star was pursuing its digital first strategy and CEO of the company, Andy Gill, told staff that, "Changing from print to fully digital would necessitate changes in editorial processes and newsroom structures." (Ngcamu, 2017). These changes would see the group retrench staff, but how many, at the time, was unclear. Eight people were retrenched in 2017 (Finlay, 2017).

In 2020, independent researcher Reg Rumney found that over 700 journalists were retrenched at the start of the pandemic, with community news being the most impacted as 80 community newspapers closed down. Later in 2020, Glenda Daniels, in her book *'Power and Loss in South African Journalism – News in the age of social media',* stated that up to 3 000 employees could lose their jobs in the media sector. She highlighted the plight of journalists again in 2021 in her book '12 Traumatic Transitions and Loss: how journalists in South Africa experience job loss.'

In a 2021 *News24* article, Daniels wrote that in 2020 Media24 announced that the company would retrench a further 510 employees. In her article titled 'Exposing the fault lines in SA media', she highlighted why the loss of journalism was having such a profound impact on newsrooms and news generation when she said, "We need facts and reliable information more than ever. But journalism is shedding an unprecedented number of jobs... These losses in the newsroom signify a diminishing diversity of voices and therefore democracy.[64]"

Scandals in the news

The result of newsroom disruption has resulted in journalists suffering from burnout, anxiety and retrenchments. Journalists are expected to deliver more with fewer resources. Adding to this, the juniorisation of newsrooms has led to a loss of credibility of those newsrooms (Daniels, 2021)[65]. Daniels said, "The halcyon days of bustling newsrooms in traditional media are gone, forever. Digital disruption is characterised by the 24-hour cycle of news, algorithms and social media often filled with the unverified information and disinformation characteristic of growing political populism." This trend was being felt across newsrooms in South African and impacted trust in local news generation.

Under the pressure of the newsroom, South African journalism has had a lot of bad press in the last decade, and a lot of criticism has been levelled against news publishers. It has also resulted in mudslinging within the industry as publications criticise each other for a lack of ethical journalism, which is decreasing trust in the news being published in South Africa.

In 2018, Bongani Siqoko, then editor of the *Sunday Times,* printed an apology in the newspaper announcing that its special investigative unit had been manipulated by its sources. Its reports on the SARS Rogue Unit and the Cato Manor Death Squad had contributed to the overthrow

[64] https://www.news24.com/news24/opinions/fridaybriefing/glenda-daniels-exposing-the-fault-lines-in-sa-media-20210121

[65] https://www.news24.com/news24/opinions/fridaybriefing/glenda-daniels-exposing-the-fault-lines-in-sa-media-20210121

of proper and accountable governance in the country.[66] This failure was attributed to the pressure journalists are under to keep producing scoops, and due to time pressures and a lack of resources, as there is no time for proper fact checking[67] (Garman, 2018).

In January 2021, the Independent Media published a scathing attack on South Africa's media, in a piece titled 'South African media is irreversibly corrupt'. In the piece, Siyabonga Hadebe called out Tiso Black Star journalist, Ranjeni Munusamy, who reportedly received payments that she used to pay off her car from a "slush fund", an arrangement between "spooks", CNBC Africa, and *Business Day* journalist Karima Brown in a surveillance scandal. He accused people like Pieter-Louis Myburgh, Adriaan Basson, Jacques Pauw and S'thembiso Msomi, *Daily Maverick, eNCA, Sunday Times, City Press*, and the *Mail & Guardian* of impartial reporting and lying to readers[68].

This attack on what are deemed some of South Africa's most credible news sources only served to muddy the waters. Years earlier, Franz Kruger said,

> It is the wild information frontier, where it becomes increasingly hard to distinguish what is reliable. Citizen journalists and eyewitness accounts can add value, but fake news sites deliberately set out to mislead. Meanwhile, are we really entering a post-truth world? In fact, we would argue, journalism becomes more, not less important, even though its future shape is very unclear. (Finlay, 2016:ii).

Just a year later, Iqbal Surve's Independent was involved in its own scandal that impacted the credibility of the South African news space. The Independent's *Pretoria News* reported on the birth of decuplets, which turned out to be unverifiable and fake. This story was picked up by international publications.

Following this scandal, academics warned that misinformation from newsrooms is a concerning trend and Anton Harber was quoted as saying, "The Tembisa 10 saga points to a

66 https://www.ru.ac.za/latestnews/archives/2018/southafricanjournalismsproblemsarebiggerthanethicstheyreaboutethos.html

67 https://www.ru.ac.za/latestnews/archives/2018/southafricanjournalismsproblemsarebiggerthanethicstheyreaboutethos.html

68 https://www.iol.co.za/dailynews/news/south-african-media-is-irreversibly-corrupt-7d4f5b82-d539-433b-9353-a21f96b89bc1

deeper problem - one where a media system has allowed essential institutions of transparency, accountability and democracy to fall into the hands of rogues and charlatans.'[69]

Fake news:

Another worrying trend that is surfacing in the online news space is the issue of "fake news." Typically, sensationalist news is peddled on sites with names very similar to genuine news organisations, resulting in confusion as to what is real and what is not. It provides false information under the guise of being in the public interest (Finlay, 2016).

The 2017 Report of the State of the Newsroom report highlights the issue of fake news. In his preface, Franz Kruger said,

> Under the impact of new technologies which are changing audiences in profound ways, traditional media business models are in decline and may not survive. Political pressures continue, and the increased use of targeted misinformation – often described as fake news – undermines trust in more formal journalism. And yet journalism continues to matter. The forms and institutions through which information circulates may – and probably will – change. (Finlay, 2017:ii).

In 2017, fallout from fake news and misinformation saw the editor of South Africa's *Huffington Post*, Verashni Pillay, resign[70] after a blog was posted without proper verification that called for the disenfranchisement of white men. The story of Bell Pottinger's propaganda campaign featured heavily in the news, as the organisation proliferated the narrative of 'white monopoly capital' which was designed to sow racial discord across the country[71].

The proliferation of fake news has forced media houses and organisations into a fact-checking role. Organisations like Africa Check have come about to counter false claims in the media. However, Finlay (2017) quotes Prof Bob Weseka, who notes: "Fact-checking journalism' as an idea of a new genre for journalism offers a useful counterpoint to the spread of fake news." In his article, Waseka stated, however, that as an independent and marketable genre, fact

[69] https://www.news24.com/news24/opinions/fridaybriefing/anton-harber-tembisa-10-a-chain-of-bad-journalism-20210617

[70] https://www.timeslive.co.za/news/south-africa/2017-04-22-huffpost-sa-editor-verashni-pillay-resigns-after-damning-ombud-ruling/

[71] https://www.timeslive.co.za/news/south-africa/2017-09-04-the-guptas-bell-pottinger-and-the-fake-news-propaganda-machine/

checking has not caught on in South African newsrooms like it has in other parts of the world (Finlay, 2017).

Harassment of journalists and political interference

With the rise of investigative journalism, newsrooms have invested heavily in their investigative journalism arms. Not only is this adding another dimension of costs to the newsrooms – although they are given a compelling reason for readers to log onto their online news sites – they have also opened journalists up to harassment and lawsuits. Both of which mean additional costs to newsrooms. Having said that, *The Paying the Piper* report of 2018 did state that some of the country's best investigative journalism is being funded by philanthropic grants and donations from international foundations. The report listed *amaBunghane*, *Daily Maverick* and *GroundUp* as beneficiaries of these grants[72].

In the 2015/2016 *State of the Newsroom* report, the issue of media independence was raised. The report noted that there was increased political pressure being put on newsrooms. "Shifts in political allegiance amongst news publishers, and a general pressure felt on the independence of the journalistic profession as a whole." (Finlay, 2016:1)

At the time, the Zuma-led government was also putting pressure on the media industry and trying to curtail media freedom (Finlay, 2016). In the same year, the Economic Freedom Fighters (EFF) were criticised for threatening journalists. Leader of the EFF, Julius Malema, was quoted as saying, "Sisters and brothers in Gupta firms (referring to ANN7) we love you and don't want you to be casualties. We cannot guarantee the safety of those printing New Age and ANN7" (Finlay, 2016).

2017 saw a number of cases where political players were putting pressure on journalists to curtail the spread of news. Jacques Pauw and Pieter-Louis Myburg were harassed by police, and Pauw and his publisher were issued with cease and desist orders after the publication of his book, *The President's Keepers*. Peter Bruce was threatened by the Gupta-linked Black Lives First (BLF) movement, who graffitied his garage door. *Business Day* editor Tim Cohen was manhandled by the group that same day as he supported Bruce. Political commentator

[72] https://themediaonline.co.za/2018/05/paying-the-piper-from-govt-adspend-and-native-to-funding-investigative-journalism/

Karima Brown was also harassed by the EFF, as they posted her mobile number on a twitter post[73]. South African National Editors' Forum (SANEF) approached the High Court with an urgent application to stop further harassment and had the names of 11 journalists and columnists in its application, including Ferial Haffajee, Eusebius McKaiser, Same Sole, Adriaan Basson, Stephen Grootes, Max du Preez, Katy Katopodis and Barry Batemen. Alex Hogg was targeted by Twitter bots. Journalist Godknows Nare was shot and killed, as was SABC journalist Suna Venter. Journalist Mike Maringa was harassed by police. All this harassment was political in nature, aiming to stop reporting on the government, the Guptas and State Capture (Finlay, 2017). This ongoing political interference also saw the harassment and denigration of journalists through the use of automated Twitter bots, in an effort to cast doubt on the reliability of their news output (Finlay, 2017)

In September 2023, the harassment of journalists continued, and journalists were again manhandled for doing their jobs. The first was *Daily Maverick* journalist, Lerato Musila, who was covering the Extinction Rebellion Protest when Standard Bank security guards assaulted her, deleted photos and videos from her phone, and then forcibly removed her from the bank's Johannesburg headquarters[74]. In another incident, eNCA reporter, Hloni Mtimkulu, was physically manhandled and forced out of a South African Post Office branch as she was interviewing grant beneficiaries on their experience over the non-payment of grants[75]. Another journalist, Anna Majavu, who was working on a *Grocott's Mail* story, was also harassed while reporting on a case at the local Magistrates' Court. SANEF condemned these actions saying that this threatened South Africa's press freedom as enshrined in the Constitution.[76]

Trust in the newsroom

According to a 2021 SANEF (South African National Editors' Forum) report[77], the South African reading public is at an all-time low. The report investigated the ethics and credibility of South African news media[78].

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[73] https://www.news24.com/news24/journalist-karima-brown-wins-case-against-eff-20190606
[74] https://www.dailymaverick.co.za/article/2023-09-21-standard-bank-staff-brutality-against-daily-maverick-journalist/
[75] https://sanef.org.za/sanef-denounces-incidents-of-aggression-and-intimidation-towards-journalists/
[76] https://sanef.org.za/sanef-denounces-incidents-of-aggression-and-intimidation-towards-journalists/
[77] https://sanef.org.za/sanef-denounces-incidents-of-aggression-and-intimidation-towards-journalists/
[78] https://theconversation.com/public-trust-in-the-media-is-at-a-new-low-a-radical-rethink-of-journalism-is-needed-155257

A Reuters 2019 report, however, found that *News24* was the most trusted news source with 85%, *TimesLive* came in seventh place with 77% and *Daily Maverick* ranked 12th with 69%. The *Sunday Times* print edition was ranked 13th with 73%. By 2023, trust in *News24* still ranked top but its trust rating had fallen to 83%, the *Sunday Times* print edition had jumped to 5th position with a 73% rating, while *TimesLive* was down to 8th position with 69%. *Daily Maverick's* trust ranking remained at 12th position with a score of 63%[79]. What these numbers show us is that trust in the news has fallen over the past five years, with none of the news agencies increasing their levels of trust with the reading public.

Table 1: Reuters' list of most trusted South African online news websites (Source: Reuters 2019 report)

	Publication 2020	**Trust Scores**	**Publication 2023**	**Trust Scores**
1	News24	85%	News24	83%
2	eNCA	84%	BBC News	81%
3	BBC News	83%	eNCA	80%
4	SABC News	80%	SABC News	79%
5	Sunday Times	78%	Sunday Times	73%
6	Mail & Guardian	77%	Mail & Guardian	70%
7	TimesLive	77%	Regional and local papers	70%
8	The Citizen	76%	TimesLive	69%
9	EWN	75%	EWN	68%
10	Regional or local papers	74%	The Citizen	68%
11	City Press	74%	City Press	67%
12	Daily Maverick	69%	Daily Maverick	63%
13	Sowetan	69%	Sowetan	62%
14	IOL	68%	IOL	60%
15	Daily Sun	57%	Daily Sun	53%

[79] https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2023-06/Digital_News_Report_2023.pdf

CONCLUSION

This chapter has found that newsrooms have had to pivot dramatically to adjust to the digital disruption (Shirky, 2009). The last decade has seen South African newsrooms experience enormous disruption to their businesses (Dugmore, 2018), along with changes to the way people consume news. Newsrooms need to be able to adapt and pivot to the changes being brought about by technology, including increased competition, a loss of advertising revenue, loss of jobs, political interference, fake news and a growing lack of trust in the media. If they do not, as Franz Kruger says, they may not survive.

To remain sustainable, newsrooms need to generate enough income to cover their operating costs, innovate appealing products, and in an increasingly politicised world, cover legal fees. However, operating a newsroom is labour intensive and expensive. In the past, newsrooms generated healthy revenues through circulation and advertising (Dugmore, 2018). In the new era of digital news, newsrooms have essentially lost a large chunk of this revenue through falling circulation numbers, and a loss of online advertising revenue due to increased competition from global giants like Google and Facebook (Bruce, 2023).

As such, publishers are caught in a catch-twenty-two position. In order to attract advertising, they need to attract readers to their platforms by having a compelling offering. This offering needs to be so good that it draws people away from free social media platforms onto their websites and apps. To do this, they need to produce a product that is highly sought after by news audiences – relevant, reliable and accurate news, respected analysis and opinion pieces, with an added value proposition like games, and a brand that resonates with the audience (Dugmore, 2018). In order to do this, they need funding. However, online news platforms are not generating enough income through traditional revenue streams like advertising to sustain these demands.

It is for this reason that understanding the state of the newsroom in South Africa is so important in the discussion around paywalls and media being a public good. For public goods to be of value, they need to be funded, maintained and upgraded (Benequista, 2022). This is also true for newsrooms - if journalism is considered a public good. Journalism can only have value if it is independent, objective, verified and fact-checked, and, ultimately, trusted by its readers. To do this, they need fully staffed newsrooms with experienced and ethical journalists. News needs to be fact checked. Journalists need to be paid well so that they are not corruptible by outside parties, they need rich investigative pieces, and good analysis and opinions. This means they need top-quality, seasoned journalists on the payroll. They need to rebuild trust in the media through impeccable journalism. This requires funding, and this is what this research aims to look at. Can paywalls be justified in South Africa, given the vast inequality within the country's news-reading public, while understanding the challenges that the newsrooms are facing?

CHAPTER FIVE

ARENA HOLDINGS LOSES READERS

This chapter scrutinises Arena Holdings and its paywall model,[80] notwithstanding the fact that editors and managers from this company declined to be interviewed throughout the research. Therefore, this chapter relies on desktop research. This chapter aims to examine Arena Holdings' paywall model and what has driven the company's funding strategy, using the frameworks of the media economy and the political economy.

Media economics includes issues around ownership, mergers and acquisitions, (Lawson-Borders, 2012), while the economic affiliations of the company form part of the political economy framework. McChesney (2000) discusses the partisan nature of publications, where editorial decisions and, arguably, paywall strategies reflect the perspective of the owner rather than those of the audience's democratic values, and whether journalism and content is a public good. Holcombe (1997) argued that the private sector cannot produce goods for the public good.

To understand the motivation behind the paywall strategy and why the company adopted this paywall model as a funding option, Benequista (2022) argues that to be a public good, journalism needs to be free of outside interference such as government, political and economic interference. As highlighted previously in discussions of the issues highlighted in the *State of the Newsroom* reports. In this chapter, we will examine why Arena Holdings felt the need to implement a paywall using the media economy as a foundation. Issues like business models, funding models and media sustainability will be raised. While paywalls are an economic decision, Fosu and Akpoijivi (2021) said that journalism and the production of news needs to extend beyond self-interest and to consider the needs of marginalised sectors of society.

The chapter also examines the features and value-adds that the company has included to make the paywall more attractive. Paywall models are evolving, and understanding how they are evolving to meet the needs of audiences is important as it speaks to the way in which news

[80] The researcher tried numerous times to get interviews with the relevant people in Arena Holdings, but all requests were ignored.

organisations are courting audiences to subscribe to their paywalls. It can be argued that if media houses create a product that people will pay for, they are helping to bridge the digital divide. Van Dijk and Hacker (2003) list a lack of interest or fear of digital technologies as a part of the digital divide, as well as a lack of resources and skills to use technology. We can take this aspect of the product offering further to include the political economy. As newsrooms evolve, their engagement with audiences will determine their success in terms of reader-funded models, like paywalls (PWC, 2023).

The chapter then scrutinises the business' circulation and subscription numbers, the sustainability of Arena Holdings' newsrooms, rate cards, demographics, and any challenges that the company has faced while developing this model. These considerations all impact how news is produced and fall under the political economy (Wasko, 2005; Dugmore, 2018).

Finally, the chapter will review criticism and praise that were levied against the company to gauge competitors' responses to the paywall and what industry leaders say. The final section includes conclusions and reflections on Arena's paywall strategy, its successes, and failures.

Throughout the chapter, the research analysis will be carried out in the context of the state of the newsroom as per Chapter Four and the literature review in Chapter Two. This chapter aims to understand the success, or lack thereof, of the Arena Holdings paywall model and strategy, and how it impacts the notion of journalism as a public good.

ARENA HOLDINGS: MULTIPLE OWNERSHIP CHANGES

Arena Holdings is one of South Africa's largest media companies, with print, digital, broadcast, radio and events offerings. Arena's publications cover a range of news and information genres including business, politics, sport, lifestyle, and analysis.

Its print news offering comprises newspapers and magazines, including *Sunday Times, Sunday Times: Business Times, Business Day, Financial Mail, The Herald, Sowetan,* and *Daily Dispatch*. It has five online news platforms: TimesLIVE, BusinessLIVE, SowetoLIVE, DispatchLIVE, and *HeraldLIVE*. The company broadcasts three channels on DSTV, Business Day TV, Ignition and The Home Channel. Its local radio stations are Vuma FM and Rise FM. The company also publishes a range of business-to-business and business-to-consumer magazines[81], including the *Financial Mail, Wanted* and *Homeowner*. This list is not exhaustive and may change as publications are bought, sold and closed. This diverse ownership of media suggests that Arena Holdings has multiple income streams and is not reliant on a single source of income or advertising as a company (Dugmore, 2018).

However, if we hone in on the newsrooms, the company's flagship news offerings are the *Sunday Times* and *Business Day*, both of which have an accompanying online offering in the form of *TimesLIVE* and *BusinessLIVE*, respectively. The *Sunday Times* is an iconic South African English language publication that was first launched in 1906 as a sister publication to the *Rand Daily Mail*[82]. *Business Day* was launched in 1985 as a daily paper with a business focus[83].

While the publications that fall under the Arena Holdings' banner are mainstays of the South African media landscape, ownership of the media group has changed a number of times over the last decade. Arena Holdings is the current owner of the portfolio, which was previously owned by Tiso Blackstar Group, Avusa, Johnnic Communication, and Times Media Group.[84] In 2007, Johnnic Communications was rebranded as Avusa. In 2012, the Mvelaphanda Group[85], renamed the Times Media Group, was relisted on the JSE. In 2013, Times Media Group, acquired the remaining 50% of BDFM (*Business Day* and *Financial Mail*) from UK publishing company, Pearson. Then, in 2017, it was taken over by Tiso Blackstar[86], before Tiso Black Star sold its print, broadcasting and content assets to the Lebashe Investment group in 2019, and a new company, Arena Holdings, was formed.

The history of the business is important, as it can be argued that the constant change in ownership structures would impact continuity within the business, especially with regards to its long-term business strategy as each owner would have a different agenda and different

[81] https://arena.africa/wp-content/uploads/2020/08/ARENA_profile_Aug_2020.pdf
[82] https://www.newsbank.com/libraries/colleges-universities/solutions/regional-resources/sunday-times-archive-1906-today
[83] https://arena.africa/project/business-day/#:~:text=Business%20Day%20is%20a%20national,economy%2C%20companies%20and%20financial%20markets.
[84] https://mg.co.za/article/2007-10-09-johncom-proposes-name-change-to-avusa/
[85] https://archive.ph/20130628203834/http:/www.businessweek.com/news/2012-08-16/avusa-investors-flout-pic-to-approve-mvelaphanda-takeover
[86] https://www.businesslive.co.za/bd/companies/2017-06-13-times-media-becomes-tiso-blackstar/.

economic strategies. Times Media Group was a South African-based company with strong connections to the United Kingdom, and the London-based Financial Times, as it was a 50:50 joint venture with international publishing group Pearson[87]. In 2013, Pearson sold its share of the business back to TMG, and *Business Day* fell under the banner of BDFM. Ownership of the business has always been corporately controlled. However, McChesney (2000) argued that the capitalist agenda is contrary to the media's role as an objective producer of news. Thus, corporate control cannot be for the public good. In addition, the ownership structure relied on media business models of the Global North, as South African companies are comfortable operating within the neoliberal economic space and, as such, adopt user-must-pay models (Friedman, 2017).

In 2015, Andrew Bonamour's Tiso-Black Star acquired 100% of TMG. This transaction saw Tiso Black Star become the largest national English publishing group, the second largest digital publisher in South Africa, and the owner of Africa's largest TV and independent film catalogue. The company also owned a leading integrated retail solutions provider, the Hirt & Carter Group. In a scathing article about the sale of the company, *News24's* Adriaan Basson said, "Tiso Blackstar CEO, Andrew Bonamour, who was never in it for the long haul, has been looking for a buyer for a while, after sucking the media company dry, closing titles, laying off staff and failing to deal with newsroom discontent."[88] This perhaps highlights the instability that the publisher faces. This quote speaks directly to McChesney's (2003) argument that media ownership must move away from corporate or state control and should rather embrace the principle of control for public interest and/or public control.

In 2019, Tiso Black Star was sold to the Labashe Investment Group, which is owned by Tshepo Mahloele. The company changed its name to Arena Holdings. Mahloele said in a press statement on the Arena Holdings website, "We are in it for the long haul. We want this new entity to focus solely on protecting and building our current media assets in South Africa, grow the media business across the African continent and, to help our businesses to effectively navigate industry changes that are brought to bear by digital disruption and other market forces."[89]

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[87] https://www.theguardian.com/media/greenslade/2013/apr/16/pearson-southafrica
[88] https://www.news24.com/news24/opinions/columnists/adriaanbasson/why-did-this-man-just-buy-the-sunday-times-20190701
[89] https://lebashe.com/lebashe-enters-the-media-arena-and-ushers-in-a-new-age/

This quote, again, highlights that Arena Holdings is about building business and generating profits. There is no mention of the company being a protector of the country's democracy and the need for professional journalism, objective reporting, values and morals (Wasserman, 2010). In addition, the newsroom discontent that Basson referred to was still very much apparent. Arena Holdings has seen a rapid turnover of some key staff. CEO Mzi Malunga exited the top job after just over a year in the position. His predecessor, Andy Gill, held the position for less than two years[90]. *Business Day* has had three editors since 2019[91], while the publisher lost acclaimed journalists like Carol Paton and Karyn Maughan, as well as several lessor known journalists like Lisa Steyn and Karl Gernetzky to competitor *News24*. *Sunday Times* has had four editors since 2010, Ray Hartley, Phylicia Oppelt, Bongani Siqoko, and S'thembiso Msomi - an average of three years per editor. This ongoing movement of people potentially impacts the quality of journalism coming out of Arena Holdings. Abramson (2010) argues that talented management who understand the industry are essential when defining good journalism. This would, ultimately, impact the trust that readers have in the brand and their willingness to subscribe.

PAYWALL STRATEGY – USER MUST PAY

Despite falling under the same publishing house, *BusinessLive* and *TimesLive* have different paywall histories.

BusinessLive – a Peter Bruce brainchild

In 2011, Times Media Group's BDFM (*Business Day* and *Financial Mail*) under the leadership of editor, Peter Bruce, announced that its strategy was to move from being a print-first to a digital-first publication[92]. The strategy was to continue with its free online news portal, but with a view to raising a paywall, in what was termed South Africa's first paywall move. In 2012, Bruce was quoted as saying,

[90] https://www.news24.com/fin24/companies/arena-holdings-ceo-mzi-malunga-to-exit-top-job-after-just-over-a-year-20230804
[91] https://www.businesslive.co.za/bd/opinion/columnists/2019-03-01-tim-cohen-a-trip-down-memory-lane-as-i-say-farewell/
[92] https://allafrica.com/stories/201107220810.html

> Business Day will, very soon now, become a “digital first” news brand. We will begin to publish what we know when we know it on our newly designed website first, and [and the news will] make the newspaper after that. Then, a few months after that we’ll wrap a mesh around the website and the applications (apps, they’re called) we have on iPhones and iPads and our stories — our product will be for sale as BDlive.[93]

When looking at this quote, we see that there is no hint that the move is to sustain the newsroom financially. The move was simply responding to the fact that digital was disrupting the newsroom and that the newsroom was looking to benefit from this change. This move was part of the company’s change in business model (Picard, 2016) to meet the needs of the digital disruption (Shirky, 2009). At the time, it appeared that Peter Bruce did not anticipate too much resistance to the move to digital and that users would happily continue to pay for news, albeit in a different form. However, Chyi & Yang (2009) argued that online news at that stage was considered to be an “inferior good” in the eyes of audiences and that they were not willing to pay for inferior goods. In addition, Wasserman (2020) noted that Africans do not subscribe to the notion of formalised media and that they are finding news sources through other means. This attitude was not factored into Bruce’s initial strategy.

The *Business Day* paywall strategy has had a number of iterations, and different models have been adopted. In May 2013, the *BDLive* website offered a metered paywall. Once users had registered, they were allowed access to 15 articles “for free” every thirty days before being asked to subscribe to content.[94] The initial subscription fees were R14.50 a day, which equated to about R5 292 for a year’s access. Many commentators criticised the publisher for making the cost excessive[95]. At the time, Times Media were looking at putting the *Sunday Times* behind a paywall, too[96]. This was the first iteration of the paywall, as media companies started experimenting with paywalls as a revenue stream (Dugmore, 2018).

Despite criticism, Bruce said, “*BDLive* will leak like crazy. There’ll be stories for free even before we ask you merely to register before we ask you to pay us anything”. Bruce believed this signalled a new era for the company with both their digital and print formats changing. It

[93] https://memeburn.com/2012/07/business-day-goes-digital-first-erects-paywall/
[94] https://businesstech.co.za/news/trending/71083/bdfm-paywall-no-longer-in-effect/
[95] https://businesstech.co.za/news/trending/71083/bdfm-paywall-no-longer-in-effect/
[96] https://businesstech.co.za/news/trending/71083/bdfm-paywall-no-longer-in-effect/

appeared that Bruce had an idealised notion of how digital and print should complement each other. At the time, Bruce was quoted as saying, "In print, we will change dramatically, but over time — after a day of reporting on the web there is no point repeating it all the next morning. So, expect not only a different and exciting newspaper in our digital future but a different kind of newspaper — reflective, forward-looking and planned."[97]

The idea was new in South Africa, and Bruce said, "Basically it means nothing is for free, that's all…that's my bottom line. I don't care how many people subscribe. It's gratifying that so many have, but as long as I am not giving away content for free, I'm a happy man." This comment is indicative of the neoliberal business model that Bruce and the publication subscribed to. *Business Day* and *BusinessLive* were aimed at the private sector businessperson, and Bruce reasonably expected businesspeople to pay for the online publication. Again, there was no mention of the media's role in democracy or how subscribers needed to help sustain newsrooms to ensure newsroom independence, financial stability, and the quality of journalism (Merrill, 1968). This reflects the relationship the business has with the readers, economics and business (Golding & Murdock, 2000). It suggests that journalism as a public good is not a key element of the company's paywall strategy. At a time when print still featured strongly in the publisher's business model, in an effort to court subscribers, the company went on a massive print subscription drive. This encompassed both digital and print content[98] because print subscribers got automatic access to the digital paywall.

Bruce believed the writing was on the wall, and this was backed up by the PWC Entertainment and Media Outlook 2014-2018 finding that revenues for digital newspapers in South Africa remained low and that a number of titles were implementing paywalls to maximise revenue from their digital content (PWC, 2014).

By 2014, the price for the digital-only plan had fallen to R175/month. However, by 2023, the cost of the paywall has fallen to R129/month. As the company revisited and finessed its strategy, it has changed the pricing on the subscription and has gone from nearly R5,000 per year to R1,548. This has been the evolution of the paywall strategy and with the advancement

[97] https://businesstech.co.za/news/trending/71083/bdfm-paywall-no-longer-in-effect/
[98] https://themediaonline.co.za/2015/06/bdlive-paywall-up-paywall-down-paywall-nearly-up-again/

of AI and machine learning, these strategies will continue to evolve (Radcliffe, 2022; Dugmore, 2018).

When writing about the reasons for the paywall, Bruce's neoliberal attitude to news generation was apparent. While he wrote about the sustainability of newsrooms, improved reporting and the best journalistic talent, which are all arguments covered by the media economy (Albaran, 2019; Lawson-Borders, 2012), he did not talk about the role media plays in a democracy or the need for everyone to access the news. Rather, he speaks in terms of newsroom sustainability in the face of disruption, increased competition and the cost of employing top talent. His reasoning will be discussed further in the discussion below.

Sustainability of newsrooms

When talk of the BDFM paywall first emerged in 2011, Bruce believed the sustainability of newsrooms was dependent on the implementation of paywalls. Bruce was quoted as saying, "No industry I know of has been hit on as many fronts as the newspaper industry in the past decade. The financial crisis has throttled advertising. The internet has changed the technology of news delivery beyond recognition"[99]. He added, "The paywall is necessary and may well be the only way to save *Business Day* "as a newspaper in the long term…Unless we do this SA can kiss goodbye to its own stand-alone daily business newspaper"[100]. This quote coincides with the view widely held in business and academic circles that newsrooms should retain their independence if they want to be regarded as legitimate providers of news (Daniels, 2014; Dugmore, 2018).

Improved reporting

As newsrooms continue to face increased competition from both free online news sources and advertising giants like Google and Facebook (Dugmore, 2018), Times Media knew that it had to do something to address this issue. In 2020, Bruce, in a column for *BusinessLive* wrote about changes in the media industry in an article titled 'The future is bright but different'[101]. He said, "For me, the big battle ahead is obviously online. In South Africa the Arena titles face a daunting array of competitors, all of them available for free, while the *Sunday Times, Business Day* and the others earn their money through subscriptions. It means they have to be much,

[99] https://memeburn.com/2012/07/business-day-goes-digital-first-erects-paywall/
[100] https://themediaonline.co.za/2012/08/business-days-courageous-leap-into-reality/
[101] https://themediaonline.co.za/2020/07/the-future-is-bright-but-different/

much better than the free competition". Here, Bruce acknowledged the need for subscribers to help fund the newsroom. This view, however, is not being translated in the media communications coming out of Arena Holdings. Bruce is the only person, other than Abdinor briefly, who commented on the Arena Holdings paywall strategy.

Best journalistic talent

Bruce also noted that good journalism was key to the success of any online publication,

> They are not there yet but they could be. I see regular figures showing an amazing growth in reader traffic to articles behind paywalls in Business Day or the Financial Mail. An example popped up in my mail as I was writing this article. In less than a week in mid-January almost 33 000 customers paid to read Carol Paton's take on opposition inside the ANC to President Cyril Ramaphosa. In the FM in the same period more than 10 000 paid to read FM deputy editor Natasha Marrian's column about the deputy president. The week before, nearly 50 000 subscribers read Karyn Maughan on the public protector's battle with Ramaphosa. So, the paywalls are working – provided people want to know what's behind them. The big battle to come is over the talent required to persuade more people to pay[102].

What must be noted about this point is that while Bruce said this in 2020, in 2023, Carol Paton and Karyn Maughan, along with other talent, as mentioned above, left Arena Holdings and are now employed by Media24.

A final quote from Bruce indicates that the paywall model, or at least reader-funded newsrooms, is the way of the future. Bruce said**,** "The survivor here is going to be the subscription model, I've no doubt. But it'll take a long time to settle."[103] This talks about the issues around the digital divide as well as online news being an inferior good (Chyi &Yang, 2009). Ultimately, if paywalls succeed, it is about the unwillingness of people to pay for online news and media houses competing in the world of global online competition in the industry (Wasserman, 2020).

[102] https://themediaonline.co.za/2020/07/the-future-is-bright-but-different/
[103] https://themediaonline.co.za/2020/07/the-future-is-bright-but-different/

What must be noted at this point is that all of the commentary that the researcher could find on the Arena Holdings *BusinessLive* paywall was from Peter Bruce. He was Editor-at-Large when the paywall strategy was first implemented in 2013 and, as a columnist for the publication after he retired, he again spoke about the need for paywalls and the strategy behind them. There is, however, no communication around paywalls from either Tiso Black Star or Arena Holdings management regarding the *BusinessLive* site. The PWC *South African Economic Outlook Report 2023* (PWC, 2023)[104] suggests that companies which want to attract customers need to forge authentic relationships. It says, "In a world of technology and digital transformation, success is about forging authentic connections and relationships with their customers." Arena Holdings is not reassuring its readers about the need for paywalls, and, unfortunately, this is reflected in their subscription numbers. This will be discussed further in the section below.

***TimesLive* – no room for negotiation**

At the same time that *Business Day* was being put behind a paywall, in 2012, the *Sunday Times* had also been placed behind a paywall. On 19 June 2012, Media Online reported that digital *Sunday Times* readers were greeted with a message that read: "Times have changed…. Quality journalism comes at a price."[105] There was no warning of this paywall, it was simply implemented. This suggests that given the success of the *Sunday Times* print publication, the TMG leadership believed that it would be an easy transition to digital as they believed it was a fair expectation that users must pay. This lack of communication suggests that the lack of consumer engagement (PWC, 2023) that the company was less concerned about journalism as a public good, and more concerned with the arguments of the media economy which include revenue generation and funding models (Picard, 2016; Lawson-Borders, 2012).

In 2012, *AvusaLive* general manager, Derek Abdinor, was quoted as saying, "A paywall is a block on content that you must pay in order to access the content. *The Sunday Times* content in web form is not available, so we are rather offering other ways to access it. We prefer to call it simply a content block." They also did not want to call it a paywall, so softened the term by calling it a content block. There was almost a denial that this was a paywall and rather a fair exchange of a service for payment due to the nature of neoliberal business models (Friedman, 2017).

[104] Reference PWC report 2023.
[105] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/

Regardless, the paywall was a hard paywall, where no content was available to readers who did not subscribe. There was, however, free content available in addition to the *Sunday Times* content, being published on the *TimesLive* website. Abdinor said, "*Sunday Times* content is behind a paywall. It has a certain amount (sic) of free stories in front of the wall," he told The Media Online, adding that "There is now less copy in front of the wall than before we launched the new site."[106]. He then said, "[TMG's digital strategy is a constantly evolving business and we are in the process of repositioning some of the products in our stable. We will make announcements on this when we are ready to do so".[107] So, while the Sund*ay Times* content was entirely behind a paywall, there was still free content being offered. As Abdinor mentioned, the strategy needed to evolve (Radcliffe, 2022) and would likely change to reflect readers' uptake of the subscription model.

The first iteration of the *Sunday Times* paywall came in different formats. One was the Sunday Times Editor's Choice, which was designed for the Apple iPad. It was described as the "coffee and croissant" version of the paper. It was a selection of then editor, Ray Hartley's pick of stories. Subscribers to the app would also get news updates from *Sunday Times* sister paper, *The Times*, during the week. The second, was the *Sunday Times* and *The Times* e-editions, which offered a digital version of the two papers. Subscribers were able to share articles through email, Twitter and Facebook.

Unlike the *Business Day*, there was much less publicity about the *Sunday Times* paywalls. Abdinor was quoted as saying, "We launched softly, without aggressive advertising. The best marketing is what we've done with the content block: you want the story then and there, then here are the options."[108]

At the time, Abdinor noted that readers' responses to the paywalls had been mixed, "We've had mixed responses – some readers were annoyed that they could not get free content, others wanted to know more about how to use their e-editions." The lack of transparency may not

[106] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/
[107] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/
[108] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/

have been well received by the *Sunday Times* audience, as subscription uptake was slow at the time and still remains only a fraction of what the print circulation numbers of the paper were (see circulation and subscription numbers below). As with *BusinessLive*, the language used by the publisher was about marketing and pay, or you don't get access; there was no mention of journalism protecting democracy, being a public good or that the company needed to ensure its sustainability. This was very much a business decision.

Abdinor stressed that the reason for the subscription option on e-editions was to produce a bespoke product with quality journalism. "We didn't want a glorified headline reader," he said (Nevill, 2012). The e-edition was launched on the newspaper platform Press Reader, which hosted 2240 newspapers from 97 countries in 54 languages. Abdinor also noted that the site hosted many top local publications.[109] This indicates that Abdinor and the *Sunday Times* publishers believed that it would be an easy transition to get online readers to subscribe to the *Sunday Times* because the product offering was identical, just in digital format. Given that they were forced to go online (Balliah, 2015) they may have felt that users must pay. Abdinor also did not consider the possibility that audiences would consider online news to be an inferior good (Chyi & Yang, 2009) and, as such, would not want to pay for online content. In addition, research shows that getting buy-in for digital subscriptions is also harder due to people having greater access to news across global and social media platforms (Wasserman, 2020).

The pricing in 2012 was $0.99 (R8.13 at the average 2012 Rand-Dollar exchange rate for 2012 of R8.21[110]) for the Editor's Choice app (only available on Apple) and R173 for three months for the Press Reader subscription (roughly R14.41 per week if a month has four weeks) which was available across all tablets and smartphones. This was considerably lower than the cost of the print publication of R19.00. Readers were also offered a two-week free trial for the online version.

On 1 August 2018, *Sunday Times* and *The Times* launched its own app called Times Select. This followed the closure of the print edition of *The Times*. The press release announcing the launch of the new app stated,

109 https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/

110 https://www.exchangerates.org.uk/USD-ZAR-spot-exchange-rates-history-2012.html#:~:text=This%20is%20the%20US%20Dollar,ZAR%20on%2001%20Mar%202012.

> Since our launch in February this year, Times Select's eclectic mix of stories, analysis and opinion in an easy-to-read format has attracted a loyal readership. Now we have taken the next step to ensure we can keep delivering your daily dose of essential journalism….. As we've promised since the closure of *The Times* newspaper last year, existing *Sunday Times* subscribers still have free access to Times Select.[111]

Again, the language used in this press release was about loyal readers. There was no imploring people to sign up to help sustain the newsroom. However, it did mention that the publication would deliver essential journalism, which is an aspect of good journalism (Abrahamson, 2010) but it was not linked to the notion that people were paying for a subscription. However, the press release did elucidate whether essential journalism is political in nature as per Lloyd and Friedland (2016) or whether it includes the notion of lifestyle journalism as per Hanusch (2019)

The cost in 2018 for unlimited access to Times Select, including the app, as well as the *Sunday Times* website, was R80/month. The first month was free and it equated to R2.70/day. If you also wanted to receive the print edition of the newspaper, that would cost you R89/month. The subscription also featured a "day pass", where you could pay R10 for 24 hours access to Times Select only.

In 2023, the subscription for *TimesLive,* including the *Sunday Times Daily*, *Sunday Times* print and digital editions, has gone up to R99 per month[112].

The *Sunday Times* and *Times* App have been marketed as an app, not a paywall. The company is using a freemium model: while the news and analysis is behind the paywall, *TimesLive* does offer free content.

Reasons for the *TimesLive* paywall

Like *BusinessLive*, the reasons *TimesLive* adopted a paywall are in line with media economics, where the focus is on revenue generation, as opposed to journalism being a public good.

[111] https://select.timeslive.co.za/news/2018-07-25-times-select-to-launch-paywall-and-app-on-august-1/

[112] https://www.timeslive.co.za/buy/?publication=times-live

Journalistic talent

In 2012, acting CEO of Avusa, Mike Robertson, was quoted as saying, "*The Sunday Times* and *The Times* play an important role in South Africa's news conversation, and we need to continue to deliver on this, regardless of the platform… We also know that quality journalism, which both papers are built on, comes at a price."[113] The press release also noted that readers were getting daily columns from their favourite writers, including Justice Malala, Tom Eaton, Tony Leon, Andile Ndlovu, Jonathan Jansen, Darrel Bristow-Bovey, Wendy Knowler and Ranjeni Munusamy. While this addressed the state of the newsroom (Daniels, 2014; Finlay, 2017; Finlay, 2018; Finlay 2019; Finlay 2020, Finlay, 2021, Finlay, 2022; Finlay 2023) it was again, more of a business decision. There was no mention of the importance of informative analysis or opinions. Also, the company has more of a focus on the importance of political and business columnists, and less of a focus on lifestyle journalism.

New sources of revenue

In the same press release, Mike Robertson was quoted as saying. "With the move to digital delivery we've been cognisant that we needed to develop new sources of revenue, but also provide an affordable pricing model for our loyal readers."[114] This quote was an acknowledgement that newsrooms needed alternative funding, which was in line with the arguments proffered by Daniels (2014), Finlay(2017), Finlay (2018), Finlay (2019), Finlay (2020), Finlay (2021), Finlay (2022), Finlay (2023) and Dugmore (2018).

ARENA HOLDINGS PAYWALL MODEL: CHEAPER AND MORE ON OFFER

Not all of Arena Holdings sites are behind a paywall. While the two premier sites, *TimesLIVE* and *BusinessLIVE* are the two subscription platforms, the *SowetanLive*, *DispatchLive* and *HeraldLive* are free, with the requirement that readers register to access them, which is free to do. Registering allows readers to comment on articles, as well as receive a range of newsletters[115]. What is worth noting here is that this free offering may be less about journalism being a public good and rather a data-driven strategy. Julia Harris, ex-digital subscriptions manager for Arena Holdings, told the World Association of News Publishers that data

[113] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/
[114] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/
[115] https://www.timeslive.co.za/pages/about-us/

underpins the company's ad-revenue strategy[116]. Thus, the more people registered for the Arena Holdings sites, the more information the company has on its readers for content generation and advertisers.

With regards to *TimesLive* and *BusinessLive*, both have adopted a freemium model, meaning some news is available for general consumption, but their premium offering in the form of the *Sunday Times*, *Financial Mai*l, and opinions and analysis are all behind the paywall. This seems to be the most popular approach globally for paywall models, and one of the easiest to run in terms of the technological requirement.

BusinessLive, aimed at the business community, is the most expensive paywall at R129/month[117]. For this cost, the subscriber gets access to a number of additional benefits, which include access to the digital versions of the *Financial Mail*, *Wanted* online, *Bloomberg*, *Sunday Times* and *Business Times*. It also includes podcasts and videos, a cost-benefit for subscribers who also subscribe to *wineclub.co.za*[118]. There is also a pensioner discount for subscribers over 60 and special offers, discounts on a range of events, and exclusive invitations to Arena Holdings conferences and workshops.

The *TimesLive* subscription is R80/month[119]; should subscribers want the print edition of the *Sunday times* included, the price is R99/month. This subscription cost includes *TimesLive*, and a pensioner discount for those over 60. Like *BusinessLive,* it also includes special offers, discounts on various events, and exclusive invitations to Arena Holdings conferences and workshops. The company has also introduced selected Hollywood movies, kids games and competitions to subscribers. When the *TimesLive* App was launched in 2018, the press release listed several benefits to subscribers. These included trusted, in-depth journalism produced by the *Sunday Times* editorial team, exclusive content from *The Daily Telegraph* in the UK, South Africa's first digital interactive crosswords, and the smart, new Times Select App[120]

In the marketing, the publisher used the following selling points in its marketing for the app:

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116 https://wan-ifra.org/2021/06/how-can-small-newsrooms-adopt-a-data-driven-approach-lessons-from-south-africas-arena-holdings/
117 https://www.businesslive.co.za/pages/subsfaqs/
118 https://thewineclub.co.za/purchase?issubscriptionrequest=1
119 https://www.timeslive.co.za/pages/subsfaqs/
120 https://select.timeslive.co.za/news/2018-07-25-times-select-to-launch-paywall-and-app-on-august-1/

Value: If you bought the *Sunday Times* every weekend and a daily newspaper, it would cost you roughly R200 per month. Subscribing to one of the monthly packages provides the same high-quality news and much more for half that price. Again, this shows that the company is assigning a value to its product. It is not focused on journalism being a public good but rather on the idea that journalism should be paid for, like any other marketable product.

Convenience: Whether the newspaper is delivered to the reader's door or they are reading the latest news and analysis on their mobile phone or desktop, the marketing states that the app makes it easy to keep up with what's important in South Africa and the world. While there is a mention of readers' desire for news, this is not a decision about producing news that will safeguard democracy; rather, it is about saying it will save time and effort and that the news will be available whenever and wherever a reader wants to access it.

Community benefits: Subscribers also qualify for special offers, discounts on various events, exclusive invitations to Arena Holdings conferences and workshops, and much more.

What is interesting to the researcher about this is that the company, unlike Daily Maverick and News24, is selling the benefits of the online offering in terms of convenience, value and added value benefits. It is not selling the subscription as a means to sustain the newsroom. It is a very different marketing approach. It speaks to the company's neoliberal business model of the user must pay (Padayachee & Fine, 2019). Thus, it appears that the company is giving the subscriber a number of benefits, but, like Peter Bruce said in 2020, readers must pay for good journalism.

DIGITAL NEWS WILL NEVER BE FREE

When looking at paywalls and access to the news as a public good, the digital divide is a key underlying theoretical framework. The digital divide is a broad theory examining why people can't access technology. It lists the reasons as a lack of interest or fear of digital technologies, material access to technologies, the skills necessary to access and use the technology and the ability to use that technology (Van Dijk & Hacker, 2003). When we study online news and paywalls in the context of journalism being a public good, we see that the digital divide plays an important role.

In order to access Arena Holdings' online platforms, whether they are free or behind a paywall, readers need access to a number of things, including computers, smartphones and/or tablets – in South Africa, this technology is expensive (Bendor-Samuel, 2021)[121]. In addition, readers need access to formal financial services in the form of credit cards or digital banking to pay for subscriptions as the company does not have a cash payment option. If subscribers do not use credit cards, they can pay via EFT (electronic funds transfer) or a debit order. They also need internet data and, in South Africa, the cost of data is still exorbitantly high (Dugmore, 2018). In order to access digital news, there has to be a high level of disposable income to afford technology, data, and subscriptions. In South Africa, the average South African does not have sufficient disposable income to afford access to digital news on a regular basis (Dugmore, 2018).

Additionally, in order to access the news, especially *TimesLive* and *BusinessLive*, readers need a high-level of literacy – digital and computer, information and visual literary - not only to understand the digital landscape in which these platforms operate, but also understand the content.

CIRCULATION AND SUBSCRIPTION NUMBERS PLUMMET

The state of the newsroom, as discussed in Chapter Four, has greatly impacted Arena Holding's *Business Day* and *Sunday Times* circulation figures since 2010. Both publications have experienced a significant drop in their circulation figures.

Business Day and *BusinessLive:*

In the first quarter of 2010, while Peter Bruce was still the editor of the *Business Day*, around the time the discussion on paywalls would've been starting, the publication's total circulation stood at 37,103 per day (Audit Bureau of Circulation)[122]. This was already significantly down from 2006, when its circulation figure stood at 83,246 (see Figure 14). These drops in circulation numbers were probably the driver of the initial TMG paywall strategy. In 2011, as mentioned above, Peter Bruce was quoted as saying, "No industry I know of has been hit on as many fronts as the newspaper industry in the past decade. The financial crisis has throttled

[121] https://www.forbes.com/sites/peterbendorsamuel/2021/11/30/understanding-digital-platform-costs/?sh=7dba069041ae
[122] https://abc.org.za/

advertising. The internet has changed the technology of news delivery beyond recognition"[123]. This was evident in the drastic fall in circulation seen over just five years.

Year	Total circulation	e-edition
2006	83,246	
2010	37,103	
2011	36,062	
2012	35,897	
2013	33,690	
2014	32,854	
2015	29,559	
2016	24,672	
2017	21,555	
2018	20,350	
2019	18,053	1,657
2020	17,025	2,025
2021	10,532	3,426
2022	12,165	3,841
2023	9,451	5,079
2023 Q4	11,835	5,178

Figure 13: Business Day/BusinessLive circulation figures (Source: Audit Bureau of Circulation) [124]

In 15 years, the circulation of print publications fell significantly, *Business Day* had 37,103 in 2010 to 20,350 in 2018. This was a fall of just over 45%. Strikingly, the drop in readership from 2006 was a fall of 75.6%. Over the next 13 years, figures continued to fall and, by the start of 2023, that number had fallen to 14,530, of which 1,746 were given away for free.

When ABC started recording the subscriptions to Business Day's paywalls in 2019, *Business Day's* print circulations had fallen further, and stood at 16,396 and the *BusinessLive* paywall subscriptions stood at 1,657. By 2020, paywall subscriptions were up to 2,025, but print had fallen further to 17,025, of which 2,140 were given away for free. Then, in 2021, paywall subscriptions increased to 3,426, while print had fallen to 10,532, with 2,049 copies given away for free. In 2022, paywall subscriptions had climbed to 3,841, while print had increased marginally to 12,165, with no free giveaways. However, in 2023, paywall subscriptions had increased to 5,079, but the print edition had lost ground once again to subscriptions of 9,451 – an 89% drop in print circulation in 15 years. Additionally, the paywall subscriptions only made up 6.1% of the 2006 circulation numbers.

[123] https://memeburn.com/2012/07/business-day-goes-digital-first-erects-paywall/
[124] https://abc.org.za/

In addition to individual subscription sales, Arena Holdings also offers bulk packages to corporates to encourage them to subscribe. Julia Harris, ex-digital subscriptions manager for Arena Holdings, told the World Association of News Publishers that data underpins the company's ad-revenue strategy[125],

> "For example, corporate clients typically buy a number of licenses and that gets their company emails whitelisted… Everyone with a certain email address gets access to our publications… These clients want to know if they are getting value for their money and if their employees are making use of this access. So, our dashboard shows them the core activity stats for their employees without giving information on individual users.

The fall in circulation numbers suggests that *Business Day* and *BusinessLive* are not even appealing to the corporate bulk market, which is a worrying sign for its subscription model. Despite people not subscribing, *Business Day* was still getting significant foot traffic to its website.

In 2020, Arena broke records with website traffic and single pass subscriptions. Bruce wrote in a 2020 opinion piece titled 'South Africa has quality media, but changes afoot', "In less than a week in mid-January almost 33,000 customers paid to read Carol Paton's take on opposition inside the ANC to President Cyril Ramaphosa. In the FM, in the same period, more than 10,000 people paid to read FM deputy editor Natasha Marrian's column about the deputy president. The week before, nearly 50,000 subscribers read Karyn Maughan [126]" So, while this was not bringing in regular subscription revenue, it would have boosted advertising revenue as digital advertising is based on browser traffic. Thus, the more visitors to the website, the more revenue can potentially be generated.

When looking at the uptake of digital subscriptions, *BusinessLive* has struggled significantly to get readers to pay for their offering. In the first quarter of 2023, *BusinessLive* only had 5,079 subscribers according to ABC. This lack of subscribers could be linked to a loss of talent and

[125] https://wan-ifra.org/2021/06/how-can-small-newsrooms-adopt-a-data-driven-approach-lessons-from-south-africas-arena-holdings/

[126] https://www.mediaupdate.co.za/media/148551/arena-holdings-sees-record-online-audiences-for-second-consecutive-month

increased competition from News24 and Daily Maverick, which both strengthened their business sections. This was done on the back of *Business Day* talent, who had moved to these publications. For example, the ex-editor of the *Business Day* is the Business Editor of *Daily Maverick* and the *News24* team features names like Carol Paton, Ahmed Areff, Karl Gernetzky, and Lisa Steyn. These two sites are also free or cheaper content than *BusinessLive*. It could also be due to the lack of communication around paywalls to readers, as mentioned previously.

Sunday Times* and *TimesLive:

Sunday Times has always been regarded as one of South Africa's best-selling weekend newspapers. In 2006, the circulation for the paper stood at 1,008,026. By 2010, this number more than halved to 461,433, of which only 264,948 were sold. By 2018, when the Select Live App was launched, *Sunday Times* circulation had fallen to 260,132, with only 159,131 of those being sold, down 44% from 2010 and 74% from 2006. This dramatic fall in circulation would most certainly have prompted the *Sunday Times* paywall discussion in 2011. Interestingly, this fall in circulation may have impacted its circulation revenue, but it may not have impacted its advertising revenue too badly as advertisers pay for space in the paper not for each paper sold.

Year	Total circulation	e-edition
2006		
2010	461,433	
2011	463,034	
2012	455,129	
2013	442,018	
2014	405,458	
2015	368,048	
2016	368,048	
2017	262,569	
2018	260,132	
2019	461,433	3,098
2020	206,182	4,350
2021	115,209	6,565
2022	81,482	8,428
2023	92,021	10,620
2023 Q4	58,593	11,223

Figure 14: Sunday Times and TimesLive circulation figures (Source: Audit Bureau of Circulation)

Once the app was launched and ABC started recording digital subscriptions, the print circulation was down even further: 240,180 in 2019, 150,972 in 2020, 91,424 in 2021, 81,482 in 2022, and 92,021 in 2023. Their digital subscriptions for that period increased from 3,098 to

4,350 to 6,565 to 8,428 to 10,620 over the same years. This rate of uptake of subscription was incredibly low and is just over 1% of the total circulation in 2006 and only 2% in 2010.

While subscriptions stats appear to be low, it does not mean that people are not visiting the websites. The online stats for the last five years for *TimesLive* are as follows:

TimesLIVE

In table 2 below, the TimesLive website saw a peak of 7,389,704 unique viewers click on the website; those viewers clicked on 38,340,392 pages. An average of 5.18 stories per viewer. The spike seen in 2020 can be attributed to the COVID lockdown.

Table 2: TimesLive website traffic from 2018 to 2024 (Source IABSA.net)

Date	Page views	Unique browsers	SA website ranking
March 2018[127]	24,870,293	4,435,492	3
March 2019[128]	29,430,066	3,652,242	4
March 2020[129]	38,340,392	7,389,704	2
March 2021[130]	33,192,394	6,889,475	2
March 2022[131]	25,047,074	5,581,430	3
January 2024	31,577, 902	9,952,978	10

The table below – with data is sourced from Narratiive, the analytics tool for the South African digital publishing industry[132] - summarises the records set in March and broken in April 2020.

[127] https://www.iabsa.net/assets/Usedebbieiabsanet/EM_stats,_May_2018.png

[128] https://www.iabsa.net/assets/Usedebbieiabsanet/EM_stats,_March_2019.png

[129] https://www.iabsa.net/assets/Usedebbieiabsanet/Narratiive_stats_&_insights,_March_2020.pdf

[130] https://www.iabsa.net/assets/Usedebbieiabsanet/Narratiive_stats,_insights,_March_2021.pdf

[131] https://www.iabsa.net/assets/Usedebbieiabsanet/Narratiive_stats,_insights,_March_2022.pdf

[132] https://www.mediaupdate.co.za/media/148551/arena-holdings-sees-record-online-audiences-for-second-consecutive-month

Table 3: Arena Holdings Holdings page views at the start of the COVID lockdowns (Source: Narratiive)

	March 2020		April 2020		
Digital Platform	Unique browsers in South Africa	Total UBs	Unique browsers in South Africa	Total UBs	Daily UB record
TimesLIVE	7.4 million	8.7 million	8.2 million	9.8 million	-
BusinessLIVE	2.1 million	2.5 million	3.4 million	4 million	447,685
Business Day	1.8 million	2.1 million	2.7 million	3.1 million	395,915
Financial Mail	-	-	1.1 million	1.3 million	154,246
HeraldLIVE	1.2 million	1.3 million	2.4 million	2.5 million	322,399
DispatchLIVE	2.1 million	2.3 million	3.7 million	3.9 million	561,886
Times Select	-	-	930,886	995,900	189,107
Vrye Weekblad	-	-	94,531	102,328	-
Wanted Online	-	-	62,993	75,143	-

By 2021 – Arena's online publications had 13 million unique browsers across its six media sites with paywalls[133], four national titles and two regional titles. All of them use freemium models. In 2022, *TimesLive* recorded a 5.5 million readership and *BusinessLive* had 1.3 million readers. Arena Holdings was South Africa's second-largest online news platform, with nine million browsers[134]. Across the Arena Holdings platforms, the company says it gets 50 million browsers a month on its sites. When it comes to advertising, this could generate healthy online revenue, but probably not enough to sustain the newsroom.

This illustrates that, while *TimesLive* and *BusinessLive* receive a large amount of website traffic, they have not been able to translate this into subscriptions. *BusinessLive* had 1.3 million readers in 2023, but only 5,079 subscribers. This is less than 0.4% of its readers willing to subscribe. *TimesLive* has nine million readers, but only 10,620 subscribers, which is only 0.12% of readers prepared to subscribe to the publication. At R129.00 per *BusinessLive* subscription, this equates to revenue of just R655,191 per month. With its 10,620 subscribers at R80 per month, *TimesLive* is bringing in R849,600 per month. Neither of these amounts are sufficient to run a newsroom.

ARENA HOLDINGS BEING SUSTAINED BY OTHER BUSINESS ARMS

Arena Holdings is one of Africa's largest media content providers.[135] The group, as a whole, has several revenue streams, including subscription paywalls, print subscriptions, online and print advertising revenues, radio advertising, business-to-business magazine publishing, TV advertising through its three television channels, and revenue from its entertainment arm –

[133] https://wan-ifra.org/2021/06/how-can-small-newsrooms-adopt-a-data-driven-approach-lessons-from-south-africas-arena-holdings/
[134] https://mybroadband.co.za/news/internet/432674-south-africas-top-20-online-publications.html
[135] https://arena.africa/wp-content/uploads/2023/07/Arena-Profile-1Edit.pdf

Arena Holdings is the sole distributor of Warner Bros Pictures International, 20th Century Fox, and MGM. It also represents independent studios, including Lionsgate and STX. Arena Holdings also receives revenue from its eventing arm.

Thus, while their newsrooms may be loss-making, the company could be making money on its other media branches, which aligns with media economics principles that include the structure of business models (Picard, 2016; Albaran, 2019; Lawson-Borders, 2012). The company's digital solutions page says that the company gets 10 million unique browsers in South Africa, 50 million page views, 30 million video views, and 40,000 podcast listens per month. It lists the Arena Holdings audience as business executives, entrepreneurs, progressive women and sporting fanatics. Looking at income, 19% of its audience does not work, 11% earns under R3,000 per month, and the rest of its audience earns above R3,000 per month. 6% earn above R70,000 per month. 83% of users access Arena Holdings digital offering through smartphones, 13% through computers, and 3% through tablets. The table below gives an indication of readership numbers per site.

Table 4: Arena Holdings publication pageviews (Source: Arena Holdings website)

ARENA PUBLICATIONS PAGEVIEWS

At ARENA Holdings, we are experts at creating content that reaches a wide audience and connects with people across South Africa in multiple formats. Place your brand on our network to reach this valuable audience.

TimesLIVE	Sunday Times	Times Select	Tshisa LIVE	TimesLIVE Motoring	BusinessLIVE	BusinessDay	financialmail
31 577 902	3 333 32	880 086	6 051 037	434 571	5 276 711	3 948 453	504 726
Business Times	**Sowetan LIVE**	**DispatchLIVE**	**Herald LIVE**	**Wanted**	**thehomechannel**	**HOME OWNER**	**VRYE**
134 605	18 729 334	1 805 803	3 006 612	56 076	38 031	47 168	214 231

Advertising, rate cards and readership demographics

Business Day and *BusinessLive:*

Business Day

The *Business Times* overview says that the site has 1,537,182 unique browsers and 4,870,703 page views[136]. Which contrasts their subscriber numbers which only stand at 5,079.

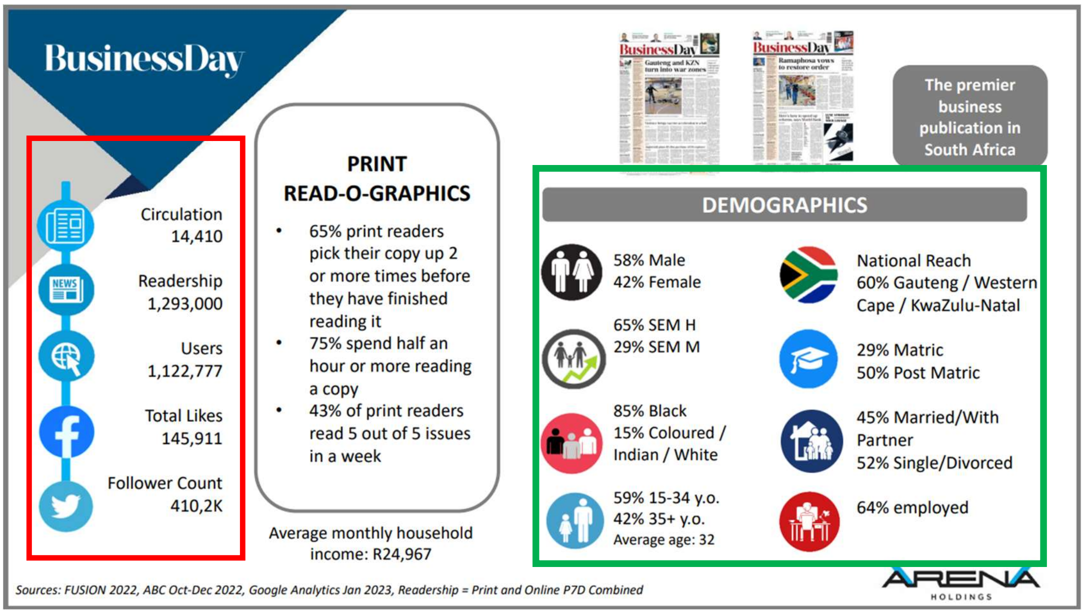

Figure 15: Business Day/BusinessLive rate card – readership stats (Source: Arena Holdings website)

Table 5: Summary of Business Day/BusinessLive demographics (Source: Arena Holdings website)

Gender	58% male 42% female
Income	65% SEM H 29% SEM M Average household income R24,967/month
Age	59% 15 to 34 42% 35+ Ave age 32
Education	29% Matric 50% Post Matric
Employment	64% employed

The demographics of the *Business Day/BusinessLive* readership shows that 29% of their readers are in the upper income bracket (SEM M), 64% of them are employed, 50% have a post-matric qualification, and their average age is 32 years. This shows that the sites readers are employed, have disposable income, are educated and are young enough to understand and use technology. This would suggest that the publisher does not consider news being a public

[136] http://adroom.arena.africa/advertise/readership/digital/business-live-readership-figures/

good as its readership base is well off enough to understand, use and pay for paywalls, meaning that they will likely not consider the digital divide in their business strategy.

The demographics also support Chyi and Yang's (2009) argument that as audiences income increases, they are less likely to spend money on products and services that they view to be inferior. The same can be said for the *TimesLive* demographic, illustrated below, and may be one of the reasons that Arena Holdings has not managed to build a successful paywall strategy.

TimesLive

When it comes to the *TimesLive* site, the demographic information states that the site has 4, 349,331 unique browsers and 18,691,094 page views. Like *BusinessLive* the unique page views greatly exceed its subscriber numbers of 10,620.

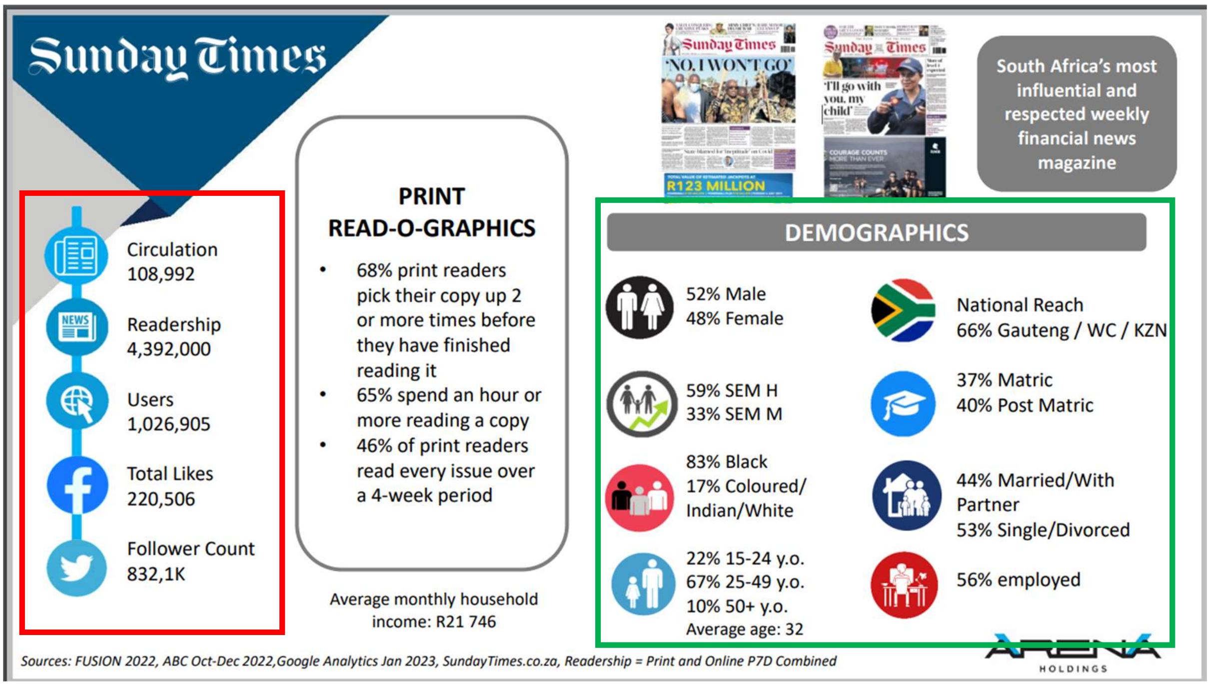

Figure 17: Sunday Times/TimesLive rate card – readership stats (Source: Arena Holdings website)

Table 5: Summary of Sunday Times/TimesLive demographics (Source: Arena Holdings website)

Gender	52% male 48% female
Income	59% SEM H 33% SEM M Ave household income R21 746/month
Age	22% 15 to 24 67% 25 to 49 10% 50+ Ave age 32
Education	37% Matric 40% Post Matric
Employment	56% employed

Like *BusinessLive,* the demographics suggest a readership base with disposable income: 53% of its readers earn over R12,000 per month, 53% are employed, 20% have a matric, 21% have a technical college qualification, 33% have an undergraduate degree, and 24% have a postgraduate degree. 72% of its readers are under the age of 50, meaning they would be very able to navigate technology[137].

CHALLENGES AND CONTROVERSIES

Paywalls rely on technology. As mentioned in Chapter Four, they are also very costly to design and build. TMG experienced the complexities of developing an online paywall platform. In 2014, there was a glitch in the system, that allowed users to gain unlimited access to the site. The problem came as the company tried to launch its Sunday Times Plus system – a paid-for online version of the *Sunday Times* - in its digital offering. The company was quoted in *Business Tech* as saying, "[The launch] impacted our entire User Management system we warned users of *BDLive* and our other sites that login functionality would be impacted over launch."[138]

This forced TMG to turn off its paywall while the issue was resolved. The company stated, "We have kept the paywalled version but allowed users to comment and have access while we synchronise the rest of our systems."

[137] http://adroom.arena.africa/advertise/readership/digital/timeslive-co-za/
[138] https://businesstech.co.za/news/trending/71083/bdfm-paywall-no-longer-in-effect/

In 2015, it was reported again, that the BDFM paywall was down and had been for a long time. At the time, the metered paywall had been reduced to six stories per month. The Media Online was not able to verify this as the then editor, Songezo Zibi, did not respond to its questions[139]. The reason for the paywall being down resulted in speculation that it was because the drivers of the publication's Digital First strategy, Steve Matthewson and Riaan Wolmarans, had left the company. Media Online noted in its article that overseas developers had built the site at great expense and that it was too complex for the publisher’s current staff to fix, so the paywall had to come down.

CEO of the Times Media Group, Andrew Bonamour, discounted this notion and said, “The BD paywall was temporarily taken down due to back-end system changes (changing from one system to another). This process took longer than we envisaged and had nothing to do with people leaving.”

These challenges to the paywall would have undoubtedly frustrated subscribers. The editor's lack of transparency would also have seen subscribers lose trust in the organisation and its systems. Given the demographics of the readers and subscribers, Bonamour’s vague comments would also have done little to reassure them.

Controversies result in loss of trust

On 14 October 2018, editor of Sunday Times, Bongani Siqoko, wrote an apology to its readers for the discredited reports on the Cato Manor “death squad”, the SARS “rogue unit”, and Zimbabwean extraditions, saying,

> We have spent the past few weeks reflecting on our reporting of allegations of police killings in Cato Manor in KwaZulu-Natal and the illegal deportation of Zimbabweans to face execution in their country – known as renditions. These stories are written by a team of senior journalists and published in this newspaper in 2011… As reporters and editors we have an ethical and journalistic duty to interrogate suspicions of abuse of power, accusations of wrongdoing and any other incidents that in the public interest.

139 https://themediaonline.co.za/2015/06/bdlive-paywall-up-paywall-down-paywall-nearly-up-again/

> We did just that in these stories, basing our decision on news value, professional judgement and the public's right to know.[140]

These stories caused huge embarrassment for then owner of the *Sunday Times*, Tiso Blackstar, which was heavily criticised. Civil society activist and private investigator, Paul O'Sullivan, was quoted as saying,

> Without the *Sunday Times*, state capture would not have been possible. Fake news stories with the threads 'SARS rogue unit' as well as 'Zimbabwe reeditions' and 'Cato Manor death squad', were 'planted' by Richard Mduli's accomplices, using two chequebook journalists, that are still on the payroll of Tiso Black Star, having been discreetly moved within the corporate mist.... *The Sunday Times* fake news stories were nothing more than a carefully orchestrated plot to capture the criminal justice system.... That one man could be actively engaged in State Capture, then seek to profit from it by writing a book titled 'Licence to Loot,' is just unbelievable.[141]

The book *Licence to loot* was written by journalist Stephen Hofstatter who was a member of the *Sunday Times* investigative team who wrote about the SARS rogue unit. Anton Harber went into detail about this incident in his book, *So, for the record: Behind the Headlines in an Era of State Capture* (Harber, 2020).

This story was a blow to the *Sunday Times* credibility and while the Reuters Digital Report on South Africa only started in 2019, we see that the *Sunday Times* trust score came in at sixth place, significantly lower than its biggest competitor, *News24,* and sister company, *BusinessLive*. This incident may have had an impact on subscription numbers, but that would need more research.

140 https://www.timeslive.co.za/sunday-times/news/2018-10-13-we-got-it-wrong-and-for-that-we-apologise/#:~:text=Sunday%20Times%20Editor%20Bongani%20Siqoko.&text=We%20have%20spent%20the%20past,their%20country%20%2D%20known%20as%20renditions.
141 https://www.iol.co.za/news/south-africa/gauteng/sunday-times-admits-to-being-manipulated-17470315

PRAISED FOR BEING AN INDUSTRY LEADER BUT SLATED FOR BEING A DINOSAUR

BusinessLive's initial subscription fees were R14.50 a day, which equated to about R5,292 for a year's access. Many commentators criticised the publisher for making the cost excessive[142]. Daily Maverick's Styli Charalambous, one of the most vocal critics of the BDFM paywall, said,

> Earlier this week, one of South Africa's leading publishing houses announced its online content would be going behind a paywall. But not just any paywall: one priced so high that the walls of Jericho would struggle to compete. Time will tell whether BDFM has overestimated the South African market and itself, but I reckon this will one day soon turn out to be another lesson in how the dinosaurs of publishing just don't get it.

This quote suggests that critics in the industry thought that the user-must-pay model would not work in a digital news offering. Charalambous's comment that Peter Bruce and the paywall strategy were dinosaurs, suggests that he did not believe that the BDFM strategy considered the extent of the digital disruption and how quickly and innovatively the news industry needed to pivot to fit into the new digital reality.

Despite Charalambous's criticism, Bruce was heralded as changing the 'mindset' of the South African newsroom. In 2012, Chris Moerdyk, a South African marketing leader and thought leader at the time, said,

> It is this change in mindset that is to be applauded. While many newspapers, the world over, remain in denial, *Business Day* has taken a cold, hard look at what is happening in the world today with regard to the dissemination of news and information and elected to meet the challenges head on instead of hoping for that mother-of-all-miracles that would require the entire internet to self-destruct and to allow the printed newspaper to become relevant again.[143]

In 2013, Times Media proved itself to be an industry leader in terms of paywalls and the need for paywalls. The company and, in particular, Peter Bruce understood that funding models needed to change. Although he may not have understood at the time how difficult the transition

[142] https://businesstech.co.za/news/trending/71083/bdfm-paywall-no-longer-in-effect/
[143] https://themediaonline.co.za/2012/08/business-days-courageous-leap-into-reality/

would be, by 2020, he understood the complexities of the new digital environment when he said, "The survivor here is going to be the subscription model, I've no doubt. But it'll take a long time to settle."[144]

CONCLUSION

Arena Holdings is home to the country's second-largest media platform after Media24. In the past decade, the company's ownership structure has changed three times, and now, under the banner of Arena Holdings, the company owns a cross-section of media brands, including newspapers, magazines, and television channels, as well as other digital media platforms like podcasts and programme streaming. The multiple ownership structures have had a neo-liberal corporate agenda with the purpose of generating profit, as per the framework of media economics. *News24* Basson's statement that "Tiso Blackstar CEO, Andrew Bonamour, .., has been looking for a buyer for a while, after sucking the media company dry, closing titles, laying off staff and failing to deal with newsroom discontent." shows that the Tiso Black Star ownership had no interest in journalism, but was looking to create a "sellable" product. Arena Holdings owner, Mahloele, also affirms the company's capitalist agenda by saying, "We want this new entity to focus solely on protecting and building our current media assets in South Africa, grow the media business across the African continent and, to help our businesses to effectively navigate industry changes that are brought to bear by digital disruption and other market forces."[145] It is clear that this is about building a media empire; it is not about building a company that is focused on the press codes and in journalism providing a service to the public and sustaining democracy (Wasserman, 2020). Holcombe (1997) argued that there was no space in the private sector for the production of goods for the public good, which is supported by Arena Holdings' communications.

This capitalist business agenda has filtered down to the paywall models the company has adopted for their two premier online news sites, *TimesLive* and *BusinessLive*. The model they appear to be using is that of the user must pay. Peter Bruce noted this back in 2013 when the TMG first implemented its paywall strategy by saying, "Basically it means nothing is for free, that's all…that's my bottom line." He goes on to say, "As long as I am not giving away content for free, I'm a happy man" (My Broadband, 2013). Bruce believed that the user must pay and

[144] https://themediaonline.co.za/2020/07/the-future-is-bright-but-different/
[145] https://lebashe.com/lebashe-enters-the-media-arena-and-ushers-in-a-new-age/

this suggests that Bruce believes that news is a commodity like anything else we pay for. While some news on the site was for free, he didn't envision it being a long-term proposal, "Then, a few months after that we'll wrap a mesh around the website and the applications (apps, they're called) we have on iPhones and iPads and our stories — our product will be for sale as *BDlive*."[146] In addition, the fact that the *BDLive* apps were for iPhones and iPads meant that the company believed it was catering for well-off readers. They were not catering for lower-income readers in their digital strategy.

The same applies to the *TimesLive* offering. When readers were given no warning of the *Sunday Times* digital paywall, and were greeted with "Times have changed…. Quality journalism comes at a price."[147] This indicates that the company felt users must pay for their content. There was a level of arrogance in this as they did not think that this would alienate readers. *AvusaLive's* general manager, Derek Abdinor, commented that "A paywall is a block on content that you must pay in order to access the content", confirms the company's capitalist ideology (Nevill, 2012).

Mosco (1996) argued that paywalls are a function of capitalist or neo-liberal business models which dominate the global media industry. Wasko (2014) spoke about a growing concern around the capitalist agenda in the media, and the growing influence of class systems and economic structures, and the media's ability to remain impartial. Adding to this, Benequista (2022) argued that as wealthier audiences are courted, news risks becoming elitist. Having said that, unless media can be sustainable, they cannot remain independent (Wasserman, 2020).

In all of Arena Holdings' communications, there is no mention of journalism acting in the public good. The company does not mention words like democracy, public good, or watchdog. McChesney (2000) argues that if journalism as a public service is no longer adhered to, it could signal journalism's demise as a viable communication source. In addition, the company does not engage with its audiences, even if audiences are assumed to share the capitalist ideology. As the 2023 PWC report notes, engagement is key to courting audiences. This lack of communication around paywalls suggests that the company is not even interested in courting its own readership and this is reflected in its poor uptake of subscriptions.

[146] https://memeburn.com/2012/07/business-day-goes-digital-first-erects-paywall/
[147] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/

This does not mean that Arena Holdings is not aware of the needs of its readership base. Over the years, Arena Holdings has changed its paywall offering to become more attractive to readers. It has increased its offering in terms of value-added extras and dropped its costs. In its public relations pieces to its readers, the company lists the benefits of having a subscription as things like quality journalism, convenience, and new sources of revenue. Again, it has never used the state of South Africa's democracy, the need for impartial journalism and access for readers as selling points for the subscription. It can be assumed that despite some of its regional publications being offered for free, and despite its paywall models using the freemium model, that journalism as a public good is not high on the company's agenda. Vekhoo (2010) believes that journalism should educate audiences, and is an essential part of democracy (Wasserman, 2019). The South African journalism code of ethics states that the media exists to serve society. The examination of Arena Holdings illustrates that it is not communicating how it serves society; its value-adds are rather about attracting customers to increase revenue. Having said that, Benequista (2022) says that for journalism to be a public good, it needs to be free from government, political and economic interference. A capitalist model focusing on generating income can be argued to achieve that independence and secure South Africa's media to keep producing news.

Also, the company boasts a fairly affluent readership base across its subscription sites. 80% have jobs, 70% earn above R3,000 per month and their readers have an average age of 32. This suggests that the issues raised by the digital divide are not factored into the company's paywall strategy. Castells (2002) argues that the digital divide is about having access to technology, but Blignaut (2009) refines this by saying it is also about accessing technology like smart devices, data and Wi-Fi connections. While this aspect of the digital divide may not impact audiences, we need to refer to Van Dijk and Hacker's (2003) argument that people also need the skills and desire to want to use that technology. This means that, while readers may have the resources to access technology, the question is whether they can, or more importantly, they are willing to adopt it. And this willingness to adopt technology may be the reason why Arena Holdings subscriptions are poor. Ultimately, the majority of its readers will have the financial wherewithal to use technology, will have the disposable income to pay for the technology and data, and also have the necessary education levels to read and understand the news that the platform is producing.

As mentioned previously, Arena Holdings' circulation and subscription numbers have plummeted in the last 15 years and are not necessarily at levels that can support the company's newsroom. The company, as a whole, boasts 50 million page views a month, but *TimesLive* and *BusinessLive* together have 31.5 million and 5.3 million page views, respectively. However, they only have 10,460 and 5,076 subscribers, respectively. This suggests that the company's premier news platforms are losing money and are not sustainable in the long-term. And for journalism to be a public good, journalism needs to be sustainable.

Finally, the finding for this dissertation could not help but consider that the lack of connection with its readers, and the lack of transparency, authenticity and communication have resulted in Arena Holdings readers being alienated from the brand. They do not have any impetus to "help" the brand. And, as such, are not mobilising to ensure that *TimesLive* and *BusinessLive* survive in the long term. In addition, Arena Holdings is competing in a crowded market, and these readers can pick up news from other sources.

This lack of transparency is further illustrated by the company not giving comments to researchers or journalists. The research on Arena Holdings has been carried out through desktop research, as mentioned in the introduction to this chapter, the company would not talk to Alastair Otter and Laura Grant (as mentioned in Chapter Four), and when the company's paywall went down, it was stated that then editor of Business Day, Songezo Zibi, would not talk to the press. This arguably suggests that the company displays a certain level of arrogance, as it is not willing to be scrutinised – which is what is needed in all democracies – to be open to examination, be reflective and self-reflective. To explain and be accountable.

CHAPTER SIX

MEDIA24 – PAYWALL SUCCESS IN RELATIVE TERMS

This chapter examines the Media24 paywall strategy in the context of journalism being a public good. Media24 is South Africa's largest media house with the most-read online news platform. The analysis for this chapter comes from a combination of interviews with four of Media24's senior personnel, who were all actively involved in implementing its paywall strategy. This method of analysis combines the discourse from the interviews with desktop research and the theoretical concepts that frame this dissertation.

The chapter is framed, firstly, by the political economy and the digital divide theories, as it examines Media24's paywall strategies in the context of South Africa's extreme inequality within the country's readership base and the idea that journalism should be considered a public good, supplying information that is verified and of public interest (Benequista, 2022).

The chapter starts with an introduction to the company, looking at its ownership and company structures. The aim is to understand how paywalls fit into the company's funding strategies and policies, and the impact this has on the way Media24 generates and disseminates news, which falls under the framework of the media economy theory, and how this fits with the concept of journalism as a public good.

The chapter examines the reasons the company chose to adopt a paywall strategy, as it seeks to address the challenges faced by the modern newsroom, such as falling advertising revenue, falling circulation numbers, journalists being laid off, and increased competition from the likes of Google, Facebook for advertisers and free online news websites for readership circulation (Dugmore, 2018; Daniels, 2014; Rashidian, 2017). The chapter will then examine the paywalls the company has adopted on its Afrikaans platform, *Netwerk24*, and its English platform, *News24*.

The chapter then moves on to access to the news, examining how the company aims to address digital divides, including how people can access digital news, the cost of news and data, readers willingness to use data, and their ability to use the internet (Castells, 2002; Blignaut, 2009; de Haan & Dijken, 2003).

In addition, the chapter examines the costs of running a Media24 newsroom, as well as the readership demographics. Within the context of the digital divide and the political economy, the wealth, education and age of the readership will greatly impact the strategy of Media24 when implementing its paywall (Dugmore, 2018).

PROTECTED BY THE GLOBAL NASPERS UMBRELLA

Media24 is South Africa's largest media company with a portfolio that includes digital media, print newspapers and magazines, e-commerce, book publishing, television, and logistics and distribution. The company falls under the Naspers umbrella, which is a multinational media and e-commerce company[148].

Naspers was founded in 1915 as an Afrikaans newspaper publisher, but in the late 1900s and early 2000s, the company moved into digital technology and has become South Africa's most valuable company by market capitalisation[149]. While Media24 has to generate its own revenue, being under the Naspers umbrella offers the company a lot of benefits. Besides the stability of being a newspaper brand with 108 years of publishing experience, it has the strategic know-how and backing of a global corporation. It is part of a well-diversified company with a great understanding of the digital environment, with platforms like Takealot and Tencent falling under the Naspers brand.

Media24 produces 31 print newspapers nationally, including: *City Press, The Witness*, *Daily Sun, Rapport, Beeld, Die Burger, Volksblad* and *Son op Sonday*. The publications range from national paid-for papers, local paid-for papers and local free papers.[150] It also has 17 magazines in its portfolio, including *Fairlady, Huisgenoot, You*, the Sarie collection, *True Love* and *Landbouweekblad*[151]. Its book publishing arm comprises Collegium, NB Publishers, Jonathan Ball Publishers, Van Schaik Publishers and Via Afrika. The company has three TV Channels, Honey, Pop and VIA, which are aired on DSTV. Its content marketing arm is New Media. Its logistics companies are On the Dot Supply Chain Management and M24 Logistics. Media24's online offering includes News24, Netwerk24, SNL24 and Careers24.

148 https://www.media24.com/investor-centre/
149 https://companiesmarketcap.com/south-africa/largest-companies-in-south-africa-by-market-cap/
150 https://www.media24.com/newspapers/
151 https://www.media24.com/magazines/

Media24 benefits from having multiple income streams as it is a well-diversified business. This means it does not rely on a single newsroom or publication to generate income. It also means that the company is a business and falls under the neo-liberal business model of generating profits. While it can be argued that a capitalist business cannot produce news for the public good (Holcombe, 1997), and that producing media for profit undermines the democratic duty of the media and journalism, it can also be argued that a strong business model and the generation of healthy revenue can ensure media sustainability and media independence (Wasserman, 2020)

Media24 has also had stability in terms of its leadership structures. Its CEO, Ishmet Davidson, has worked for Naspers and Media24 since 2012[152]; Adriaan Basson has been the Editor-in-Chief since 2016 and has been with Media24 since 2013[153]. Madelein Venter, the Customer Service Manager, started at Media24 in 2006[154]. John Smit[155], a senior technical specialist, joined the company in 2011,[156] and General Manager for English and Afrikaans News Justin Langeveld has been with the company since 2013[157]. This is indicative that the people leading the paywall strategy have a long history with the company and offer consistency of strategy.

NEWSROOM SUSTAINABILITY REQUIRES READER FUNDING

Media24 has two paywalled platforms. *News24* caters to its English audience, while *Netwerk24* is its Afrikaans offering. In an article by Riaan Grobler (30 July 2020) titled 'Future of News Summit: Paywalls Won't Save Journalism – Good Journalism Will', he said, "The move is in line with a growing international trend to charge for online news content as the industry faces increasing economic pressures." He then quoted Basson as saying, "We have invested in journalism and grew our newsroom at a dark time for media companies and journalists. With the very sad and unfortunate decline of print publications, we need to ensure that we build a sustainable future for digital publications like *News24* to keep power to account and strengthen democracy."[158] The state of the newsroom, as discussed in Chapter Four, is impacting media

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152 https://www.linkedin.com/in/ishmet-davidson-81294050/
153 https://www.linkedin.com/in/adriaan-basson-b2545599/
154 https://www.linkedin.com/in/madelein-venter-61575445/
155 Respondent asked to use a pseudonym
156 https://www.linkedin.com
157 https://www.linkedin.com/in/justin-langeveld-80349a244/
158 https://www.news24.com/news24/southafrica/news/future-of-news-summit-paywalls-wont-save-journalism-good-journalism-will-20200730

companies negatively. Grobler and Basson explain that newsrooms are struggling, and if they are to maintain their role as the Fourth Estate and a political watchdog (Wasserman, 2020), they need to be sustainable, which requires regular and consistent income.

> Print has been in decline for years now to the point that the print publications are getting [fewer]. And that's why now how do you generate enough revenue to actually make sure you can pay these journalists a decent salary for these investigative pieces of work that we need to do when all the other work that we need to do? Something's got to give and unfortunately, you need to pay the bills. We're not government funded. We manage our own cash flow. We're part of a bigger organisation, but we are fully responsible to pay our own bills. And we also know that digital advertising monetises to a tenth maybe of what traditional print advertising monetises. (Smith, 2023).

In his interview, Smith further reiterates the dire state of the newsroom (Daniels, 2014). While newsrooms operate within the political economy and need to consider journalism as a public good and the need for access to news, they also need to fund their newsrooms (Dugmore, 2018). Smith mentions that the newsroom is not funded by the government and that it has to sustain itself. Benequista (2022) stated that to be a public good, journalism needs to be protected from government and political interference, as well as economic interference. This notion that newsrooms need to be self-sustaining talks to this.

“[The paywall] was de-risking the business to a large extent. As long as you rely solely on advertising, for income, there will always be a large amount of risk in your business. Whereas, if you've got reader revenue, you've got more than one revenue stream. So, it's definitely that was sort of the tipping point.” (Venter, 2023).

Venter raises the issue of derisking the business. Sustainability is key to a successful newsroom, and Merrill (1968) lists financial independence and financial stability as two of the five requirements to produced “good” news. Daniels (2014), Dugmore (2018) and Wasserman (2020) among others, all note that advertising can no longer be relied on to support newsrooms and that other revenue streams are essential.

Riaan Grobler, in his article 'Future of News Summit: Paywalls Won't Save Journalism – Good Journalism Will'[159] continued to say, "Paywalls will not 'save' journalism – only good journalism that users are willing to pay for will ensure the future of the industry."

Grobler discusses journalism as the key to sustaining newsrooms. As Langeveld noted, Media24 needs to pay its journalists. As highlighted in Chapter Four, Media24's staff bill runs into billions of rands annually. This talks to the framework of media economics, and the fact that media business models need to adapt (Picard, 2016) and that to court readers, journalism has to be superlative to meet the changing needs of the ultimate consumer (Albaran, 2019).).

An article titled 'Did you know?' (FIPP, 2023) gives insight into the process behind News24's paywall. It quotes Tinashe Makwande, Subscriptions Business Expert, and Gareth Lloyd, Head of Research and Analytics at *News24*, who, at the D2C summit, gave insight into the strategy behind the Media24 paywall models used for *News24* and *Netwerk24*. "It has always been about building a sustainable media business," said Makwande.

> For Media24 it's very important that we are seen championing democracy within the country and to do that we know we need to deliver a news product that is valuable to our readers and has the best quality journalism that we can find.... That is what led us to conversations about a paywall and how we build a sustainable business that ensures we continue the legacy that we started and we can continue fostering democracy inside the country. (FIPP, 2021).

This discourse suggests that Media24 takes its role as the watchdog for democracy (Wasserman, 2019) and as the Fourth Estate seriously, all while sustaining its business in line with a political economy framework of running and sustaining a business through different funding strategies, content policies, and news access (McChesney, 2000).

[159] https://www.news24.com/news24/southafrica/news/future-of-news-summit-paywalls-wont-save-journalism-good-journalism-will-20200730

Choosing the right paywall

In his article, Grobler wrote, "The freemium model is the most popular paywall option among readers, where much of the content is free to access, while other features are charged for"[160]. According to Makwande, *News24* decided on a freemium subscription model because it allowed the company to continue its advertising business without harming the subscription business, and vice versa. This suggests that Media24's paywall strategy is about achieving a business win-win. It is being driven by the economics of the newsroom. With the highest traffic of any website in South Africa, the company wants to maintain this, as it directly affects its digital advertising revenue, while still building what is a very lucrative subscription business. While the decision to create a paywall is about sustaining the newsroom and maintaining its journalistic excellence to continue in its role as a defender of democracy, the implementation of the paywall is also a strategic business decision. This provides an interesting intersection between journalism being a public good (Benequista, 2020) and the notion that the capitalist agenda is contrary to the media's role as a fair and objective analyser of news (McChesney, 2000).

"We have been able to retain our advertising revenue throughout the process," Gareth Lloyd, Media24 Head of Research and Analytics said,

> We measured the risk of how much content we could reasonably lock and offer it to our paying subscribers. That research allowed us to make decisions that were very well informed by data that we had – historical data and how we projected our growth would take place. Our advertisers are as happy if not happier now than they were two years ago before we launched. We still perform very well when it comes to our ad campaigns, and we have no issues arising from the subscription business. It is working really well in unison. It's the perfect model.... We do know from other paywalls that every two and a half years there is a change, so we are not averse to that. We know there is quite a nice move to dynamic paywalls, which is as user centric as a freemium model and something we will be considering in the near future (FIPP, 2021).

The discourse here by Lloyd, at a business-to-business conference, shows that the messaging going out to business and advertisers is very different to that going out to readers. Media24 is

[160] https://www.news24.com/news24/southafrica/news/future-of-news-summit-paywalls-wont-save-journalism-good-journalism-will-20200730

very concerned about courting advertisers and growing its business. This is very much in tandem with neo-liberal business principles, which is the dichotomy discussed by Picard (2011), where he says funding and business models are two different ideas. The decision to implement paywalls is about generating profits, and the decision on the type of freemium model used is a data-driven decision to ensure it can succeed on two fronts: advertising and subscription revenue. It raises the question of just how concerned Media24 is about news as a public good and who is setting its agenda: advertisers, Naspers or readers?

Putting in the proper research

Before putting up a paywall, it could be argued that *News24* did its homework. "It took about two years of research that went into a final value proposition and go-to-market offer," said Lloyd. "It was a huge opportunity for the data team to really become imbedded in the company by giving the business key data from which we can make these decisions" (FIPP, 2021)

Lloyd and his team then went through a number of consumer surveys along with secondary research that focused on *News24's* most loyal users. "We came up with the super-user research programme," he said.

> What that was doing was shifting to analytics to look at our entire user base and try and figure out who our super-users were. The previous research was telling us these are the users that had the highest propensity to subscribe – who they were, what they were looking for….And then we went into real detail into what the value proposition should look like and that refinement was the last step where all of that stuff was informing what we effectively should start shaping (FIPP, 2021).

Media24 went to great lengths to research reader preferences and produce an offering that suited its readership base. They knew what the readers who were likely to subscribe were looking for. They then tailored the offering to the readers in question. This would be content, added-value features as well as price points. This is interesting because it speaks to the issue of the consumer-driven side of media economics as described by theorists like Hanusch (2019) and Chyi and Yang (2009). It also shows the level of engagement Media24 has with its readership. The business understands that engagement is critical to the success of paywall models. What this does highlight is that journalism, being a public good, may potentially take a backseat to paying subscribers and generating revenue and profits. Wasko (2014) spoke about journalism not being able to generate sustainable incomes while remaining truly impartial. Benequista (2022) adds to this by saying that if newsrooms exclude large portions of the reading public, they risk becoming elitist.

What the readers want

"What we found when we did the super-user research was that the super-users over-indexing on certain content. From a consumption point of view, it was investigative journalism, which included opinions, investigative journalism and company deep dives," said Lloyd (FIPP, 2021). He added, "It really gave us an indication as to what we should start really putting our editorial efforts towards and, post-launch, it's become something that's up weighted in our value propositions. And now we are up-weighting more because it is such a heavy acquisition driver and it retains our current base really well" (FIPP, 2021). In its strategy, Media24 is looking at what its "customers" want. This quote suggests that the news platform is producing journalism to suit its paying customers. While this may ensure current readership retention, it is potentially excluding readers who do not fit its profile. Wasserman (2020) stated that social media has democratised the African political landscape and that readers will not be limited to and by formal media. This then suggests that news is being created for an audience rather than as an impartial public good.

Investing in news journalism

The results of the paywall research have prompted *News24* to invest even more in journalism, in particular investigative reporting. "We knew we had to invest in highly experienced talent within investigations and we grew the team," said Makwande (FIPP, 2021). "All our journalists and editors have subscribers in mind and they put it at the centre of their work. Without that very rich content and the journalism that we are so very proud of we wouldn't have the solid value proposition we have today" (FIPP, 2021). The investment into top journalism has seen News24 recruit some of the most prominent names in South African journalism, including Carol Paton, Karyn Maughan, Qaanitah Hunter, Sipho Masondo, Sheldon Morais, Pieter du Toit, Melanie Verwoerd, and Adriaan Basson, to list a few.

The platform has also invested heavily in the technological space to ensure the user experience is good. As noted by Makwande,

> Tech is really expensive, and finding skilled and up-to-date engineers because they are very scarce. Having a sound engineering department, or even a freelance department in

> terms of engineers, is pivotal when implementing a paywall because you have to maintain it, you've got to make sure it's functioning, you got to make sure that all the messaging is going up. So, tech is one of the big difficulties because it's a scarce resource and it's expensive. (Langeveld, 2023).

As discussed in Chapter Four, technology is expensive, and the cost of running digital platforms will increase exponentially as the platforms evolve and new features are added. While readers are looking for free news and turning to other platforms (Dugmore, 2018; Wasserman, 2020), Smith argues that the cost of running a digital platform is exorbitant, and newsrooms need to generate income to maintain and upgrade these platforms to keep up with technological trends.

When it was launched in 2020, the News24 paywall offered its subscribers a number of benefits, including the "ability to post comments, listen to articles, share subscriber-only articles and choose from a bouquet of premium newsletters"[161]. The publisher's freemium model would give free access to breaking news, while subscription holders would get access to additional investigative and in-depth journalism, as well as a range of informed opinions, analyses and views on news, politics, sport, business and lifestyle content. At the time, subscribers also got access to content from *City Press*, *You*, *Drum*, and *True Love* magazines.

THE NICHE NETWERK 24 LOCKED BEHIND A HARD PAYWALL, WHILE NEWS24 IS FREEMIUM

Media24 has two premier online news sites, *Netwerk24*, its Afrikaans platform and *News24*, its English platform.

News24:

The *News24* platform uses a freemium paywall. The platform has breaking news and news of interest to the general public that is free on the site, such as political reporting. Premium content like analyses, opinions, and non-critical news is behind the paywall. The paywall costs R75 per month.

[161] https://www.news24.com/news24/southafrica/news/future-of-news-summit-paywalls-wont-save-journalism-good-journalism-will-20200730

> We are currently on a freemium model...Roughly about 25% of the content is locked in the rest is free. That is your that is the model. And I mean, that comes from the idea that there is still a lot of advertising revenue coming in. So, if you lock too much, you will see a drop off in pageviews, which will affect your advertising….The breaking news is still free … it is skewed towards the things that people need to know. And we're willing to give them that content for free. And I mean, the bulk of the people coming into News24 do it for one article. So, they come in, they read that breaking news story… and they drop off. So, the people who tend to spend more time …want to go into the opinion pieces, and they want to go into some of the more "big type" of content. And those are the ones who choose to subscribe. (Venter, 2023).

While Media24 argues for journalism as a public good, the structure and design of the News24 paywall is a very strategic one, with more of a business lens. This, ultimately, is about finding a balance between maximising subscription revenue and advertising revenue. Venter noted that roughly 75% of *News24* content is free to view, the remainder is behind the paywall, and admitted that the bulk of the readers are not able to access in-depth news and analyses. Thus, while they get access to reporting journalism, they are not entitled to the "meaty" journalism of opinions, analyses and "big type" of content. This is where the platform risks becoming elitist (Benequista, 2022), as readers do not get the reasons the news is important.

> I've long accepted that there are some South Africans who will never be able to pay for our subscription. It's not something that they [should] have to choose between; food and transport money, so I still want to be useful to them. And I believe that we have a public interest duty in giving those kinds of life and death news like the fire in Joburg or the plane that's crashed or the flood that's coming you know those stories, as long as I'm editor, I would love to think that that will be free, you know, the stories that really is life or death… You know, South Africa has changed. I mean this the mobile penetration is over 100% All adults in South Africa have at least one cell phone… and increasingly those phones are smartphones.. and those people can read *New24* on them. (Basson, 2023).

Basson uses words that suggest that *News24* is about adding value to South African readers. The discourse of "I want it to be useful to them", "Public Interest", and "Stories that are life and death" suggest to the reader that the news platform is offering a valuable service, that

Media24 has factored in journalism as a public good in their current model and that the bulk of their readers are coming for one article of importance. It also talks about people paying for a product that they believe offers them value, be it opinions, analyses or the "big type" of content.

However, *News24* has noted that its paywall model will evolve as AI comes online, and it will likely move to a dynamic model where the paywall is set to the preferences of a particular reader. Lloyd said at the B2D conference, "We know there is quite a nice move to dynamic paywalls, which is as user-centric as a freemium model and something we will be considering in the near future" (FIPP, 2021).

In October 2023, *News24* released a press statement titled, 'Letter from the Editor: Less red, more grit'[162] saying that the red flags notifying readers that an article is a premium article are being removed. This is an interesting move and could be linked to data collection and marketing. The marketing aspect could be for people to realise that the good articles are, in fact, behind paywalls, and the data collection aspect could be that the Media24 platform is looking to see just how many readers are interested in their premium offering. Without flags, people will not know which news is for subscribers and which is in front of the paywall. This will no doubt inform *News24's* paywall strategy going forward.

Netwerk24:

Netwerk24 uses a hard paywall model, meaning you cannot access any of Media24's Afrikaans content unless you subscribe. The cost of the subscription is R119 per month.

In 2014, the first iteration of the *Netwerk24* subscription was a metered paywall, and the subscription cost R99 per month. Registered viewers who weren't paying got 10 free stories a month, while unregistered viewers could view four stories a month[163]. Both digital and print subscribers had access to the site[164]. By 2023, Media24 had evolved its strategy and the entire site was behind a paywall, and the subscription cost per month had increased to R119 per month.

[162] https://www.news24.com/news24/opinions/reader_hub/letter-from-the-editor-less-red-more-grit-20231008
[163] https://www.adspace24.co.za/news-headlines/news/all-the-news-is-always-on-hand-in-afrikaans-with-netwerk24
[164] https://www.news24.com/fin24/media24-launches-afrikaans-news-website-20140821-2

> *Netwerk24* has been going now for almost nine years. It started off as more of more of a freemium type of model, and then it went to a metered model, so you could read a certain number of articles and then you were asked to pay. Currently, it's a hard paywall. So, what we've seen with paywalls around the world, the research shows that for niche content hard paywalls work the best and obviously *Netwerk24* being an Afrikaans site, it's considered niche because it's smaller. So, it is harder to generate a lot of page views and unique browsers, so you we need to monetise in some other manner. Obviously, the advertising income is also a lot smaller on that platform because [fewer] UPVs (unique page views} it being Afrikaans. That is why we settled on the current hard paywall model. (Venter, 2023).

Netwerk24 is one of the most successful paywall models in South Africa. With over 100,000 subscribers willing to pay to access a hard paywall, it indicates that Media24 understands that people will pay for a niche product, and it appears that there is no need to consider journalism as a public good if people are willing to pay. Also, the company needs to balance limited reader numbers against advertising revenue. As such, providing free copy has not been factored into the *Netwerk24* paywall strategy, and it suggests that the company is taking a business decision to forgo the notion of journalism as a public good and ensure newsroom sustainability.

In his article, Grobler (2020) wrote, "People are not only interested in news – value-added services such as crosswords, puzzles and the ability to interact are equally important when it comes to attracting and retaining readers."[165]

This narrative is in line with Hanusch (2019), who argued that people are moving away from hard news and are becoming more interested in lifestyle journalism which may become an important consideration when adopting paywall strategies in the future.

USERS MUST PAY BUT ARE OFFERED VALUE FOR MONEY

Media24's model is based on giving its subscribers value for money. This is part of its business model, which gives its paying subscribers good value for money, but it is still very much a capitalist model. The benefits of the model are described below.

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[165] https://www.news24.com/news24/southafrica/news/future-of-news-summit-paywalls-wont-save-journalism-good-journalism-will-20200730

News24

The *News24* website offers its subscribers the following benefits. Subscribers get access to customised newsletters, text-to-audio, comments, podcasts, audiobooks, the ability to save articles for reading later, and access to subscriber-only events and giveaways. In 2022, Media24 added a games section for subscribers, which includes daily crosswords, sudoku, and word games, as well as a weekly news quiz.

When asked about value, both Basson and Smith answer that the value readers are getting for subscribing is the in-depth reporting and analysis from top journalists.

"The additional value is the extras. That is the in-depth stuff that we do. That is a deep dive; that is what's actually going on… everything that is not just normal day-to-day news. That, for me, is what a premium product should offer." (Smith, 2023).

"We've learned from the start that you have to have some bells and whistles on top of just journalism**.** Look at the heart of our paywall, which is journalism; it's quality journalism. It's fantastic journalists like Carol Payton, Karen Maughan, Sipho Masondo and Jeff Wicks. It's being able to let them work at their own speed, to get those the investigative reports and analyses done." (Basson, 2023).

Basson (2023), however, says that journalism is not enough and adds:

> But secondary to that, we've also realised you have to have other functions and things. So, we added from the start, we had access to all our newsletters. Some of our newsletters are subscription-only, so you get it in your inbox. If you're a subscriber, for example, my column on a Monday gets emailed to subscribers, you don't have to get on the site. And that's a perk. We try and make it easy for you to access. And we also have other subscription newsletters in sport and business. Then secondly, we have personalised weather and traffic updates…Then we have we launched also with text to speech. So, we will actually be the first publication to have a unique South African real person voice of using a real South African reading articles to you. So, you can listen to our articles when you drive…. We also have exclusive events for subscribers. We have frontline, which is online events which only subscribers can attend. And when we have in real life events. We have we give subscribers like exclusive access or early access.

The fact that in-depth journalism is the first value-add mentioned, means that it is central to the Media24 paywall strategy. The organisation values, above all else, high-quality journalism. And this is the service it believes it is giving subscribers.

In addition to exclusive stories, subscribers have access to documentaries, *City Press*, magazines including *You, Go!,* and *Home*, 19 digital community newspapers, podcasts, games, newsletters, market news, bookmarking, sharing of articles, commenting, listening to articles, e-editions of *You*, *Fairlady, Home, Go!, Go! Drive & Camp*, weather and traffic news. *News24* also covers special projects including 100 Young Mandelas, Silenced, the Power Crisis and Fundhub. In addition, the publication partners with companies like Old Mutual, Apple, Nedbank with Ahead of the Curve, which covers futurist thinkers, as well as insights into the lives of *News24* journalists in the Beyond the Byline feature.

> [The content that] only Subscribers have access to we've got an “explainer” video series that we do, also a lot of podcasts, and then we've got access to the PDFs of all the magazines and newspapers, that's part of our company so I'm on *News24* You'll get access to that *You*, *City Press* and those type of publications. On *Netwerk24* [subscribers have access to] all the dailies, all the Afrikaans mags; there's a lot of extra value and if you go put those things together if you go work out what your *You* is going to cost you weekly and your *City Press* and all of those that's really good value for money if you get that [all] included in your bundle for your digital subscription. (Venter, 2023).

Netwerk24

News24's Afrikaans sister platform, *Netwerk24*, has been behind a paywall since June 2013. In 2014, Media24 announced that they were implementing a digital-first strategy for their publications *Beeld, Die Burger, Volksblad,* and *Rapport*. These publications would all fall under the *Netwerk24* hub. The publisher was transforming the way Afrikaans media was consumed. In an article on *Adspace24* titled ’All the news is always on hand in Afrikaans with Netwerk24’[166], the publisher said, “Time is the most important commodity for audiences these days. They want to stay informed and keep up with the news and they have proved that they are willing to pay for credible news in Afrikaans…. The editorial team uses the correct tone of

[166] https://www.adspace24.co.za/news-headlines/news/all-the-news-is-always-on-hand-in-afrikaans-with-netwerk24

voice for their audience and engages them in conversation rather than talking to them." At the time, the third-most viewed article on the site was a scoop behind Boer Soek 'n Vrou where one farmer met his wife at an event associated with the show. That article gained 160,000 page views by 110,000 unique browsers. Of those, 1,500 of them registered a new profile on the platform and 80 subscribed after reading the piece.

Netwerk24 subscribers have access to all of Media24's online digital Afrikaans publications including magazines and newspapers, podcasts and videos. Publications like *Die Burger, Die Burger Ooskaap, Beeld, Volksblad, Rapport, Huis Genoot, Sarie, Kuier, Tuis, Baba & Kleuter, Weg!, Weg! Ry & Sleep* are all included.

The site also offers the same benefits as *News24*, including those discussed by Basson, Langeveld and Venter, like digital community newspapers, podcasts, games, newsletters, market news, bookmarking, sharing of articles, commenting, listening to articles, e-editions weather and traffic news.

The site also covers special projects including 100 Young Mandelas, Silenced, the Power Crisis and Fundhub. In addition, the publication partners with companies like Old Mutual, Apple, Nedbank with the Ahead of the Curve, which covers futurist thinkers, as well as insights into the lives of *News24* journalists in the Beyond the Byline feature. In addition, Afrikaans subscribers also have access to Afrikaans audiobooks and Afrikaans streaming content produced by *Netwerk24*[167]. The is explained by Venter,

> So, on the *Netwerk24* side, it has similar features to News24, but there are also monthly audiobooks. So, there's literally one audiobook you can listen to every month. There is a lot of newer content, so we've got what we call Soapies, [which are] five-minute-per-episode soapies. [There are] whole series that subscribers can watch. They are literally the same quality as *Sevende Laan* or something on television, it's the same actors, it's the same quality production but it's only for subscribers. So, we do a lot of that content on *Netwerk24* (Venter, 2023).

[167] https://mybroadband.co.za/news/internet/423918-news24-and-netwerk24-grow-subscriptions-raking-in-r11-million-per-month.htmlmonth.html#:~:text=Netwerk24%20%E2%80%94%20the%20dominant%20Afrikaans%20news,unique%20Afrikaans%20podcasts%20and%20videos.

MEDIA24 USES TECH TO HELP BRIDGE DIGITAL DIVIDE

Vis-à-vis the digital divide, Basson suggests that the digital divide is not about access to technology because almost all South Africans own mobile technology that can connect to the internet, and that by using the right model, different audiences can be accessed. "I think we need to just get smarter in finding out how do we target different segments of the population on their phones, because they are connected; they are definitely connected. They have a cell phone and that cell phone very likely has some access to the internet" (Basson, 2023).

This understanding of how South Africans access the internet and news has seen Media24 use technology to ensure that the digital divide is, in fact, bridged. Its website notes several things that the company is doing to ensure that technology is used to enable users and give them a better user experience. The underlying technology used for all of Media24's platforms is the same and is adapted to meet each brand's audience needs. The paywall is set up to analyse reader data and enable the company to test different subscription models and marketing strategies to see what works best for its audiences. Finally, different payment modes have been adopted to ensure that subscribers feel comfortable subscribing, and the company is looking at ways to adapt to changing industry trends and provide audiences with a more preferable payment choice while staying updated with international best practices[168].

Again, Media24 is not trying to make its paywall model accessible to all. It is about getting more people to subscribe and, in doing so, ensuring that they have a good user experience across all aspects of the business. The tone of the engagement with users is that you have to pay, but we will make it worth your while. As such, Media24's strategy is focused on generating revenue and it will tailor its offering to draw in clients. This speaks to McChesney's (2000) assertion that when a capitalist agenda is prioritised, the media risks becoming elitist.

However, Media24 is cognisant of issues around the digital divide. In his interview, Justin Langeveld (2023) noted:

> Consideration was given, obviously, in terms of how do we make it as easy as possible for people to download stories and article views within the app at a cheaper rate. So, our refresh rate in our app is quite quick, meaning that you use a bit less data than you

[168] https://www.24.com/2023/07/19/did-you-know-facts-about-media24s-paywalls/

wouldn't on other apps, depending on what type of app they implemented. And we optimise as much as possible in order to reduce the refresh rates in order to use less data. When you're speaking about people actually being able to subscribe, so we have different payment methods. So, in other words, you can subscribe by your credit card or via EFT, or EFT, or via the app stores if you are an apple, or if you're on a Google or Android app, you can use Google Pay, or you can use Apple Pay as well. But we're going to probably be implementing a mobile billing solution as well. We have one for *Netwerk24*, but we will see we can have a mobile billing solution up and running for *News24* as well.

This shows us that Media24 is cognisant of the costs associated with accessing technology in South Africa, including data costs. South Africa ranks 149 out of 236 countries when it comes to mobile data costs for consumers, according to My Broadband[169]. The Media24 app is free, and they have ensured that the format of articles is such that they are not data-heavy when downloading. They have also addressed billing issues through the implementation of multiple billing solutions to ensure people can pay using a number of platforms because access to technology supports people to have access to better goods and services (Blignaut, 2009; Norris, 2011), in this case, journalism. They have also looked at helping people understand how to use the technology through videos and guides because the digital divide is not only about affordability, it also refers to the ability to understand and use technology (Blignaut, 2009).

Despite this, technology is never free and people need to still have access to hardware such as computers, smartphones and tablets. This also includes credit cards to pay for their subscriptions. However, there are other payment options available to subscribers who don’t want to, or don’t have credit cards, but it is still a digital facility. Other barriers to access include levels of literacy – digital and computer, information, and visual - not only to understand the digital landscape in which these platforms operate but also to understand the content and disposable income to afford technology, data, and subscriptions.

[169] https://mybroadband.co.za/news/cellular/509180-mobile-data-prices-in-south-africa-vs-236-countries.html#:~:text=With%20an%20average%20price%20of,overall%20%E2%80%94%20or%2089th%20most%20expensive.&text=South%20Africa%20was%20also%20the,50%20Sub%2DSaharan%20African%20countries.

HIGHEST SUBSCRIPTION RATE IN SA

When *News24* launched in 2020, the platform attracted 15,000 subscribers in the first month.[170] Nine months later, Media24 had garnered 31,000 paying customers. This followed 21 years of free online news for digital readers.[171] The paywall was launched at R75 per month and included access to *City Press,* and *You, Drum* and *True Love* magazines. Thirty months later, in 2022, the platform had grown to 70,000 subscribers.[172] By July 2023, *Netwerk24* had 90,000 paying subscribers, while *News24* had garnered 80,000 paying subscribers in its three years in existence.[173] By 2024, this number had jumped to 100,000[174].

In 2021, a My Broadband article noted that Media24 was "raking in R11 million per month" on its subscriptions. By 2023, with *Netwerk24* and *News24* boasting 90,000 and 80,000 subscriptions, respectively, the company was bringing in R8,910,000 and R6,000,000, respectively, for each of the platforms, meaning its monthly subscription revenue stands just under R15 million per month, or just under R180,000,000 per annum. Smith noted in his interview (2023) that subscriptions contribute greatly to the newsroom.

During WAN-IFRA's recent Digital Media Africa Conference, Adriaan Basson noted that "It's a marathon, not a sprint," echoing the digital-only company's subscription motto and their commitment to growing the number of paying users over time.[175] While Media24 has more subscribers than its competitors, it acknowledges that it is a long-term strategy to change people's mindsets around subscribing for a product that they want.

Media24 also acknowledges that visitors to the platform are accessing its free content rather than subscribing. In 2023, Media24 had 80,000 subscribers and nearly 10 million unique browsers. This means that only approximately 0.8% of people visiting the website are subscribing. While its subscription base may be covering the cost of its newsroom, the opinions, analyses and investigative content is not getting out to 99.2% of website readers. It

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[170] https://www.fipp.com/news/d2c-summit-lessons-from-the-paywall-success-of-news24-south-africas-biggest-news-website/#
[171] https://wan-ifra.org/2021/08/how-south-africas-news24-garnered-31k-paying-subscribers-in-9-months/
[172] https://www.frayintermedia.com/post/news24-is-expanding-digitally/
[173] https://www.24.com/2023/07/19/did-you-know-facts-about-media24s-paywalls/
[174] https://www.news24.com/news24/opinions/reader_hub/100-000-subscribers-not-out-news24-sets-record-for-news-publishers-in-africa-20240131#:~:text=More%20than%20100%20000%20people,selling%20title%20in%20the%20country.
[175] https://wan-ifra.org/2021/08/how-south-africas-news24-garnered-31k-paying-subscribers-in-9-months/

could be argued that the news that informs the most, not just the basic reporting but informative content, is not getting out to readers.

Table 6: : Netwerk24 page views (Source: IAB South Africa Online reports[176])

Date	Page views	Unique browsers	SA Website Ranking
March 2018	62,942,697	6,208,203	1
March 2019	58,822,541	6,457,780	1
March 2020	135,039,974	12,069,885	1
March 2021	105,691,044	13,152,346	1
March 2022	103,475,671	12,118,527	1
January 2024[177]	101,141,314	11,000,000	1

While Netwerk24 is doing well with its subscriptions, Venter notes that it has lost advertising revenue due to much lower readership numbers. Whereas *News24* is getting over 12 million unique browsers every month, *Netwerk24* will only have its subscriber base visiting the site, which, in 2023, stood at 90,000.

SUBSCRIPTIONS REVENUE CRITICAL FOR BUSINESS SUSTAINABILITY

A year before the *News24* and *Netwerk24* platforms announced the implementation of their paywall, Media24's online platform 24.com grew by 35% year-on-year, according to a Media24 Financial Report[178]. The report stated, "Monthly unique browsers across its platforms grew by 35% year on year to reach 17 million and pageviews increased by 41% to 388 million, driven by mobile web and apps."

[176] https://www.iabsa.net/assets/Usedebbieiabsanet/EM_stats,_May_2018.png
https://www.iabsa.net/assets/Usedebbieiabsanet/EM_stats,_March_2019.png
https://www.iabsa.net/assets/Usedebbieiabsanet/Narratiive_stats_&_insights,_March_2020.pdf
https://www.iabsa.net/assets/Usedebbieiabsanet/Narratiive_stats,_insights,_March_2021.pdf
https://www.iabsa.net/assets/Usedebbieiabsanet/Narratiive_stats,_insights,_March_2022.pdf

[177] https://www.adspace24.co.za/misc/publication?brand=netwerk24&key=5E33675F402BBEECE647DF3FF47C2C51#rates-table-04

[178] https://www.media24.com/wp-content/uploads/2022/06/2017-PDF-M24-WY-Eng_FINAL.pdf

The report added,

> *News24* continues to lead the pack in terms of news apps in South Africa, and Afrikaans paid-for news platform Netwerk24 recorded strong growth in subscriptions. On the operational front, 24.com went ahead with several new product releases for mobile, including News24 Edge, a personalised version of the *News24* app, and personalised aggregator news app *BounceNews* which has its own editorial, marketing and management team in Nigeria. In addition, lifestyle brand *Women24* was successfully repositioned as W24, coverage of the 2016 local election through the all-new Elections24 app bettered all previous records in terms of audience and engagement, and free news flash app *NetNuus* received a warm welcome in the market. *HuffPost South Afric*a was successfully launched in November 2016 and exceeded growth targets. (Media24, 2017).

For its print media division, the report said,

> Despite continued revenue declines the group's Print Media division, comprising News, Lifestyle and On the Dot, recorded pleasing results. Trading profit for the News division was in line with expectations, with lower revenues significantly offset by cost savings. We extended our advertising market leadership during the period. Media24 also retained its leading circulation market share among daily and Sunday newspapers and continued to gain ground in the local newspaper segment. *Daily Sun* once again delivered a solid performance, while *Soccer Laduma* recorded substantial profit growth thanks to a strong uplift in advertising income. Our portfolio of local newspapers grew profitability with a number of titles reaching record advertising and profit levels. In the Lifestyle division, standalones and other brand extensions produced healthy margins, while stringent cost control and higher cover prices helped offset the impact of declining circulations. We relinquished the publishing rights to *Grazia SA* and *Top Gear,* while closing *TopCar* and transferring the publishing rights for *Ideas*/*Idees* and *Lééf* to the former respective editors. We remain the market leader in print and digital advertising and circulation, and our titles expanded their total brand reach with double-digit growth in digital audiences.[179]

[179] https://www.media24.com/wp-content/uploads/2022/06/2017-PDF-M24-WY-Eng_FINAL.pdf

In 2020, Media24 closed five magazines, including *Drum*, and two newspapers, with *Die Burger Oos-Kaap* and *Volksblad* available online. Despite the COVID-19 pandemic resulting in a collapse of print circulation collapse, Media24's CEO was quoted in an article title 'Media24 CEO, Ishmet Davidson, confident of future of media, despite closure of publication', "[Media consumption] is at an all-time high and digital news audiences in particular have skyrocketed over the past few months. What we've seen is a more rapid transition to digital. The role of media is more important than ever before, particularly responsible journalism that can be trusted."[180]

This quote shows that the themes of trusted, responsible journalism, as part of Media24's paywall strategy, are ones that are a central pillar of the paywall and business strategy of the organisation. It is one theme that comes through strongly in all Media24 communications.

Davidson said that the move to keep the closed publications online "will continue to keep quality journalism alive in these regions." He added, "We will also continue to serve audience segments such as the active health segment on our digital content and other platforms."[181] The use of the words 'quality journalism' and 'serve' suggest that Media24 considers itself a provider of an essential service, which is quality journalism. Here, Davidson talks about servicing audiences and that Media24 is a provider of good journalism. What is interesting is that the closed publications will remain online, but by being so, they will fall behind the paywall, meaning that readers will have to pay for the news.[182]

In a June 2023 article titled 'News24 is SA's most trusted news brand for the fifth year in a row – Oxford's Reuters Institute', Adriaan Basson was quoted as saying, "Because of the support of our subscribers, we have managed to grow our newsroom by 20% in the past three years, meaning we can take on high-risk investigations like the assassination of whistleblower Babita Deokaran and defend Karyn Maughan with the best lawyers in town against Jacob Zuma's abuse of power." [183]

[180] https://www.news24.com/fin24/companies/media24-considers-closing-5-magazines-2-newspapers-as-covid-19-slashes-circulation-advertising-20200707
[181] https://www.news24.com/fin24/companies/media24-considers-closing-5-magazines-2-newspapers-as-covid-19-slashes-circulation-advertising-20200707
[182] https://www.news24.com/fin24/companies/media24-considers-closing-5-magazines-2-newspapers-as-covid-19-slashes-circulation-advertising-20200707
[183] https://www.news24.com/news24/opinions/reader_hub/news24-is-sas-most-trusted-news-source-for-5th-year-in-a-row-reuters-institute-study-finds-20230614

Media24's user-must-pay model is being justified by the company as it ensures ongoing sustainability of the newsroom as well as allows the organisation to run in-depth investigative pieces alongside supporting their journalists as they legally defend themselves for their reporting. Karyn Maughan was sued by former President Jacob Zuma, who alleged the journalist had leaked confidential medical records filed during his fraud and corruption trial[184]. "Because the more subscribers you get, the bigger you can grow your newsroom. And the better you can be at providing that journalistic outlet to the public. If you can't do that, you rely solely on advertising" (Langeveld, 2023).

NEWS24 SERVICES LOW- TO MIDDLE-INCOME READERS

News24's 2023 rate card[185] shows the digital reach of its readership. The screenshots below are from the *News24* website. These rate cards give a breakdown of readership, site visits and the demographic of readers, and are used as a sales tool for advertisers. Rate cards provide interesting insights because they are a sales tool for advertisers, and give an insight into how businesses court advertisers, which form part of the political economic environment that media companies operate in.

[184] https://mg.co.za/news/2022-09-22-journalist-karyn-maughan-files-urgent-bid-for-dismissal-of-charges-brought-by-zuma/

[185] https://www.adspace24.co.za/pdf/brand-pdf/news24-brand-sheet.pdf

Figure 168: News24 rate card – digital reach (Source: Media24 website)

Table 7: News24 rate card – Demographics (Source: Media24 website)[186]

***News24* Rate card demographics in summary**	
Gender	Female - 46% Male - 54%
Age	15 to 19 years – 5% 20 to 29 years - 33% 30 to 39 years – 23% 40 to 49 years – 17% 50 to 59 years – 14% 60+ years – 9%
Personal Income	R1 to R5999 – 31% R6000 to R19999 -28% R20000 to R49999 – 21% R50000 to R60000 – 5% R70000+ - 5%

[186] https://www.adspace24.co.za/pdf/brand-pdf/news24-brand-sheet.pdf

Employment	Not working – 6% Retired – 11% Student/Scholar – 6% Unemployed – 5% Work full-time/Self-employed – 60% Work part-time – 13%

When *News24* reader demographics are examined, nearly a third of readers earn under R5,999 per month. Almost 60% of their readers earn under R20,000 per month. This suggests that News24 is the go-to site for lower-to-middle-income readers. Only 10% of its readers earn above R50,000 per month. If one examines employment, 28% of its readers are retired or unemployed and 12% work part-time. Only 60% of its readership is employed. 73% of the site's readers are between the ages of 20 and 50, suggesting that the digital divide in terms of understanding and accessing technology would not have to be factored into Media24's strategy for the site.

When compared to the readership demographics of *Netwerk24,* which is behind a hard paywall, you see a slightly different demographic.

Netwerk24 digital information and demographics

In 2017, Media24 noted,

> There are 5.3 million Afrikaans people in South Africa and 2.7 million Afrikaans people access the internet up to seven days a week, amazingly, there are 2.4 million Afrikaans users on Media24's Afrikaans websites. Netwerk24 serves 1.2 million (web and app) users per month. Afrikaans people are 25% more likely to access the internet than the average adult South African and Afrikaans readers are big earners (averaging R20537 pm). Netwerk24's reach, considering the hard paywall, speaks to the quality of journalism that they are producing. The audience are 62% female and 38% male.[187]

[187] https://www.adspace24.co.za/news-headlines/news/all-the-news-is-always-on-hand-in-afrikaans-with-netwerk24

At the time, *Adspace24* (2017) showed that *Netwerk24* had a total of 1,181,178 unique browsers (1,155,139 on the web and 26,039 on their app) and 14,977,142 page views (8,143,632 on the web and 6,833,510 on the app).

This 2017 snapshot is interesting because the platform states that 2.4 million Afrikaans people access Media24's Afrikaans websites. With the *Netwerk24* hard paywall in place, these people lost access to Media24's Afrikaans news. So, while Media24's narrative revolves around good journalism and servicing the public, putting its Afrikaans content behind the paywall has effectively stopped 2.1 million people from accessing Media24's Afrikaans news. It is worth noting that the platform talks about its readership being "big earners", so while they have money to pay for subscriptions, they are choosing not to.

The reader stats offered to advertisers on *Netwerk24's* website in 2017 noted:

> Afrikaans speakers are technologically advanced, 59% of online users who speak Afrikaans at home consider themselves similar to people who are at home with computers and new technology and they are 86% more likely to own a laptop or PC. Ads24's Afrikaans readers enjoy online shopping and they are 1.3 times more likely to have groceries delivered to their homes. Online users who speak Afrikaans at home are twice as likely the average online user to buy travel tickets, holiday packages, make hotel reservations, and organise travel bookings online. [188]
>
> The Ads24 Afrikaans audience are mobile (this is not referring to their frequent use of a mobile phone), 59% of online users who speak Afrikaans at home have a car in the household. These readers are more likely to shop online: 20% of online users who speak Afrikaans at home have purchased goods/services online; 19% of online users who speak Afrikaans at home have purchased entertainment bookings (movies/shows) online; and 21% of online users who speak Afrikaans at home have purchased tickets for shows or sporting events via the Internet. Security is important to Ads24's readers, 33% of online users who speak Afrikaans at home

[188] https://www.adspace24.co.za/news-headlines/news/all-the-news-is-always-on-hand-in-afrikaans-with-netwerk24

have a home security service. All of stats are double the average for all online users in South Africa.[189]

While this information is over six years old, it may still be true for Afrikaans' readership. What it highlights is that Netwerk24 did not have to consider affordability and lack of access to technology when it came to the issue of the digital divide. Its readers are well-versed in technology and have the money to pay for subscriptions. What is interesting is that they are not willing to pay. Only 3.75% of these readers were willing to pay for a subscription.

The current rate card for *Netwerk24* can be found below in Figure 19. It indicates that user numbers have fallen, and, interestingly, there are more women than men. It would be interesting to research whether women are more willing to pay for subscriptions than men. Of the readership, almost 33% do not work, with a high number of retirees. When it comes to income, 20.21% of people earn under R6,000 per month. A further 32.99% earn under R20,000 a month. Thus, over half their readership earns less than R20,000 a month, meaning that half their readers are prioritising the news in their monthly expenses and suggests that people will pay for a product that is of value. Regarding access, 41.86% are using their mobile phones to access the app, and 29.03% are using a personal computer.

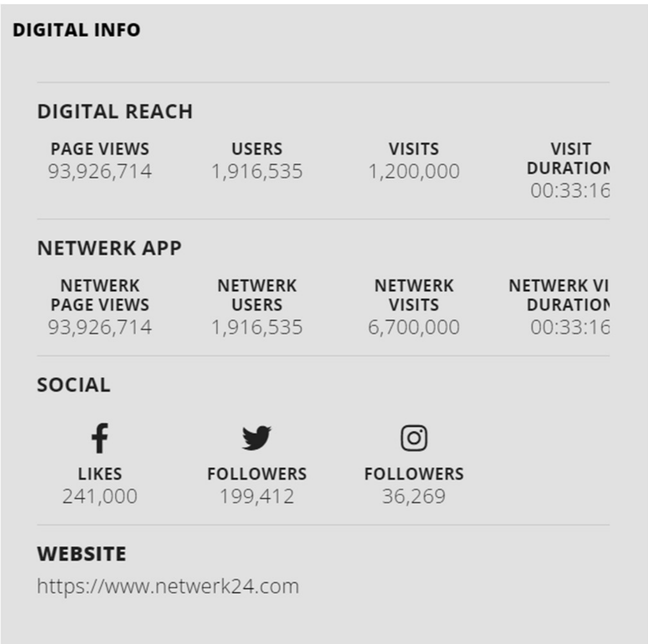

Figure 179: Netwerk24 rate card – Digital reach (Source: Media24 website)

[189] https://www.adspace24.co.za/news-headlines/news/all-the-news-is-always-on-hand-in-afrikaans-with-netwerk24

Table 7: Netwerk24 Rate card – Demographics (Source: Media24 website) [190]

Netwerk24 Rate card demographics in summary	
Gender	Female - 63% Male - 37%
Age	15 to 19 years – 2.2% 20 to 29 years - 14.6% 30 to 39 years – 16% 40 to 49 years – 23.11% 50 to 59 years – 28.41% 60+ years – 15.66%
Personal Income	R1 to R5999 – 20.21% R6000 to R19999 - 32.37% R20000 to R49999 – 29.79% R50000 to R60000 – 6.37% R70000+ - 6.58%
Employment	Not working – 10.2% Retired – 19.33% Student/Scholar – 1.31% Unemployed – 2.15% Work full-time/Self-employed – 60.24% Work part-time – 6.79%

THE CHALLENGE OF THE DIGITAL ECONOMY

In an interview with Madeleine Venter (2023), she opined:

> Not everyone agrees with it. They question, "Why do we have to pay for it?" and people don't understand that it's a business. They read their news on social [media] so why must they pay? They don't realise that the news disseminated there actually comes from us. They don't realise the value of having these checks and balances in place, not to have fake news and all of those kinds of things. So, they don't always understand why

[190] https://www.adspace24.co.za/pdf/brand-pdf/news24-brand-sheet.pdf

> they need to pay. It's always easier when you've got a physical paper, you are buying a newspaper, people tend to appreciate the value of holding something in their hands… the strategy that a lot of the publishers across the world do is having these very long extended almost trial periods where you pay a minimal fee and for your first year, and then they start increasing that just to get people into that habit of paying and getting them familiar so we really try and do that for news 24. Not to make money, but to educate people (Venter, 2023).

> I think it's a big thing because as a people we aren't used to paying for news digitally. It's a tough thing to do to change people's mindset. Oversees, the New York Times got that down early on. They started doing it in 1999. And also, they started implementing paywalls from earlier very early on. That's why they are leading the newsrooms with subscriptions. I think they said even 11 or 12 million subscribers. (Langeveld, 2023).

Venter and Langeveld raise possibly the biggest challenge online publishers have with implementing paywalls: an audience which is unwilling to pay. As stated in Chapter Four, newsrooms are facing massive competition from free news sites and social media platforms. "Making sure they don't churn so churn is this major issue in the business paywalls, where subscribers leave you for various reasons" (Basson, 2023).

Mkwande also raised the issue of churn at a B2D conference where she stated that Media24's model could only work if the platform maintains its readership base. She said,

> The churn journey doesn't start when the user cancels, it starts when there is a slowdown in engagement… When we see the decrease in the engagement score (e-score) we them find ways to re-engage with users…One of the ways we know someone is about to churn is when they reach out to our call centre and issue some sort of complaint that speaks to their experience as a reader…This is of real benefit because it gives us really clear indications of what you are unhappy about and gives us a chance to correct ourselves, solve their problem and try and prevent them from taking that last step[191] (FIPP, 2021)

[191] https://www.fipp.com/news/d2c-summit-lessons-from-the-paywall-success-of-news24-south-africas-biggest-news-website/#

As discussed in Chapter Four, online newsrooms face a huge amount of free competition in the digital world. This means that newsrooms must continually engage and entice subscribers to subscribe. It is an ongoing challenge for these platforms, as they base their budgets on the number of readers, and cannot afford to have subscription numbers fall. In addition, technical issues have posed a problem for Media24; Basson (2023) noted in his interview, “The largest by far is people who can't log into their accounts. It is at it's a tech challenge.” Smith (2023) goes into more depth about the cost and challenges associated with the move to digital platforms:

> On the tech side, you never know how tech-savvy your [subscriber] is. So, you must build a product that can work for the youngster, that can work for the student, that can work for the person in middle age, and for the grandpa and grandma. So, it's a very tough thing to get the design really, really great… sometimes the smallest thing is a massive amount of work on the engineering side. And then we need to weigh up where our effort is best spent… it was a tough call to say this is good enough to go, so let's go.
>
> There's a lot of South Africans who have very old devices, which means the app stores only really aligned to publish devices up to some of the latest version. So that means inherently cutting off a pool that you don’t want to and you need to explain to those customers that you can still access on mobile web. So definitely that that was also quite a learning curve for us in the beginning.
>
> Thirdly, I think just making the right selections from the different technologies that we use is quite tricky. We’ve seen what's happening to the rand at the moment, right? So, the bulk of our technologies that we use have lots of components that are from international providers. So, and that's tricky. So, when you make the decision, and if the rand weakens, it's going to have a direct impact [on costs] (Smith, 2023).

Smith highlights the challenges and costs associated with tech. Often the challenges are not from the news platforms side, but from the users side, like the use of outdated mobile technology. He does, suggest, however, that Media24 has made every effort to address those concerns, which are in line with bridging the digital divide, of not having access to technology (Castells, 2002).

MOST TRUSTED NEWS SOURCE IN SA

In July 2020, Peter Bruce wrote,

> Over at Naspers, Koos Bekker is happy to provide a really good News24 and Fin24 free to the public. It keeps the Arena group (the *Sunday Times* and *Business Day* in particular) in its place. But if you happen to be Afrikaans speaking you're toast and you have to pay to read pretty much the same stuff that's free in English [*News24* announced it would be introducing a readers subscription service in July 2020. Ed]. That's because there's no competition.[192]

Bruce criticised Media24 about its Afrikaans hard paywall, and referred to how punitive it was to Afrikaans readers. He suggested that Media24's monopoly on Afrikaans news made it easier for them to implement hard paywalls because people had no choice. This does speak to the company's narrative that it is serving the public, but, as mentioned above, Bruce's comments may have merit, given that Netwerk24 has locked out 2.1 million readers when it erected the paywall.

While the research found no praise for the Media24 paywall model, in June 2023, *News24* was ranked as South Africa's most trusted news brand for the fifth year running by Oxford's Reuters Institute[193]. The Reuter's survey showed 83% of respondents trusted the news source. *News24* editor-in-chief Adriaan Basson said, "This is undoubtedly the most important recognition in journalism today. Trust above all; if your readers don't trust you, they will go elsewhere" (Qukula, 2023). He then referred to the publication's 80,000 paying subscribers, saying the number was a sign of the reading public's trust in journalism. The article also stated, "In the online news category, 70% of the survey participants read *News24* on a weekly basis, while almost half accessed *News24* at least three days a week. Only 7% of respondents didn't trust *News24* - the lowest score of all the South African publications in the survey."[194](Qukula, 2023). This can be considered the best praise for the news site, as it is the readers, the people who will ultimately pay for news, that are giving the platform the proverbial "thumbs up".

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[192] https://themediaonline.co.za/2020/07/the-future-is-bright-but-different/

[193] https://www.news24.com/news24/opinions/reader_hub/news24-is-sas-most-trusted-news-source-for-5th-year-in-a-row-reuters-institute-study-finds-20230614

[194] https://www.news24.com/news24/opinions/reader_hub/news24-is-sas-most-trusted-news-source-for-5th-year-in-a-row-reuters-institute-study-finds-20230614

CONCLUSION

It could be argued that Media24 epitomises the capitalist agenda that McChesney (2000) talks to. As part of a multinational organisation, the company has a revenue-generating philosophy at the heart of its business strategy. Wasko (2014) speaks about the growing concern around the capitalist agenda in the media and the need for studies focusing on media in the context of power, class systems and structural economies. This is an interesting discussion, as this chapter highlights the balancing act media companies are doing as they strive to remain sustainable and deliver the highest quality journalism while still trying to include as many readers as possible.

In the discussion around the Media24 paywall strategies, this dissertation finds that the company espouses two distinct narratives. The first is that of being a champion of democracy. The golden thread that runs through all the communication from the company is that of service and good journalism. Discourse like "championing democracy", "best quality journalism", "service to readers", "value to readers", "useful to readers", and "Public interest", which are found throughout the organisation's communication, suggest that Media24 values the tenets of good journalism and the ethics laid out in the Press Code of Ethics, and it forms part of the corporate philosophy. This is backed up by a strong investigative arm in the business, with the investigation of Babita Deokoran's assassination and other high-risk investigative pieces. Basson says, "At the heart of our paywall is quality journalism." This, says Smith, is a massive expense to the business. Basson also notes that allowing journalists to have the space and time to investigate is essential to producing a high-quality product. This narrative aligns with Merrill (1968), who argues that good journalism must be courageous, reliable, independent and responsible to its readers. He also says good journalism should be free, but Media24 does not subscribe to this notion.

An interesting issue raised in the chapter is that news goes beyond good journalism. As stated in Chapter Four, transitioning to digital news platforms is expensive. Both Langeveld and Smith spoke about the cost of the technology, setting up the platform, the cost of engineers, and the cost of maintaining the infrastructure. In the past, the cost of printing and circulation of newspapers was covered in the price of the paper. Venter notes that people are unwilling to pay for digital news, which is one of the company's biggest challenges. As digital news is relatively intangible and people buy their own devices to access the news, there is perhaps little appreciation for the cost of producing digital news beyond the newsroom talent that needs to be paid for.

As such, the second part of Media24's narrative is that users must pay. Venter notes that the news organisation does not want to give content away for free. This contradicts Merril (1968), who says free journalism is a marker of good journalism. This confirms that while Media24 is very interested in producing news for the public good, it has an overriding objective to bring in revenue. This is another thread that runs through all of the company's communication. Langeveld notes that the more subscribers you have, the bigger you can grow your newsroom. The company's narrative talks about identifying super-users who have the highest propensity to subscribe; it talks about not alienating advertisers, stresses business sustainability, and sets up a hard paywall for Netwerk24. This has reduced unique page views on the sight from 2.4 million to 90,000 subscribers. While ensuring that *News24* maintains its solid ad revenue by adopting a freemium model. The company's strategy is about making money. It could be argued that while it means Media24 is producing some of the most trusted news in South Africa (see Chapter Four on trust in the media), it is also exclusionary and risks becoming elitist (Benequista, 2022).

However, Media24 is open and transparent about its business strategy. In all its engagement with readers, it talks about its reasons for the paywall, for the need to sustain the newsroom and its need to maintain the highest journalistic standards. It does not alienate its readership base. The language the company uses talks about valuing and servicing its subscribers and the public at large. This is in line with the suggestions by PWC (2023) that engagement with customers is crucial for business success in the digital era. The company is also not trying to "fleece" its readers. A third ongoing narrative is about offering value for money. When looking at what value readers get for their subscriptions, R75 for *News24* and R119 for *Netwerk24*, readers are getting access to in-depth investigative news pieces, analyses and opinions from some of the country's top journalists and access to all of the company's online offerings. Thus, a News24 subscription offers access to all of Media24's English print and digital titles and games, among other benefits. Additionally, *Netwerk24* subscribers have access to all of Media24's Afrikaans digital titles, audiobooks, soapies, and a host of other offerings. As Venter says, if readers totalled the cost of buying these products individually, they would pay a lot more for the bundles (Venter, 2023).

The company provides a very interesting, stand-alone case study for paywalls in South Africa. The aim of the company is to generate revenue, remain sustainable, and maintain its independence, which is critical for democracy (Wasserman, 2020). However, its subscriber base is tiny compared to its overall readership. *Netwerk24* only has a 3.5% uptake in subscriptions from its original 2.4 million readership base, while *News24* has 0.7% of its 12 million unique browsers paying for a subscription, which suggests that buying into the capitalist agenda of generating revenues and producing top-quality products for those who pay, has made its offering elite and is alienating the larger part of the reading population. Basson, however, says that paywall strategies are a long-term strategy (Basson, 2023), with the hope, reiterated by Peter Bruce, that paywalls will get a larger uptake as the digital landscape matures and people start seeing value for good journalism (Bruce, 2023).

And the strategy is working, to some degree. Media24 boasts the most successful paywall model in South Africa, with over 170,000 subscribers, and a large portion of those subscribers, over 20% of Netwerk24 subscribers, earn less than R6,000 per month. This suggests that people are willing to pay for a product that is of value to them.

Ultimately, Media24's model is about ensuring it maximises its revenue generation. For its niche site, Netwerk24, it has created a lucrative hard paywall, while for News24, it has ensured it maintains its website traffic. This directly affects its digital advertising revenue, while still building a very lucrative subscription business. It has balanced journalistic excellence and defending democracy with income generating paywall and advertising strategies. This provides an interesting intersection between journalism being a public good and the notion that the capitalist agenda is contrary to the media's role as a fair and objective analyser of news (McChesney 2000). This is the crux of this research.

CHAPTER SEVEN

DAILY MAVERICK – SOUTH AFRICAN JOURNALISM'S GOLDEN CHILD

This chapter examines and discusses the *Daily Maverick*'s funding model as an alternative to paywall models to ascertain whether this could be the alternative to paywalls that is more aligned with journalism being a public good, where journalism is accessible to everyone and provides information that is verified and of public interest. The research combines desktop research and an interview with the *Daily Maverick*'s Maverick Insider Community Manager, Fran Beighton, who is instrumental in conceptualisation of *Daily Maverick's* membership model, Maverick Insider. Like the previous two chapters, the research will be framed by the theories of media economics and the political economy, as well as an investigation into the digital divide.

In this chapter, the problem of the digital divide is further problematised. In a country like South Africa, which experiences massive inequality and poverty, this could limit people's access to technology due to financial inequality and the inability to access technology, including devices, data and Wi-Fi (Castells, 2001; Blignaut, 2009). The chapter seeks to understand the *Daily Maverick* ideologies around the political economy, given that the company produces news for free but is primarily an online offering, meaning that its funding model is based on giving access to readers for free, but readers need access to technology, data, in the face of this inequality and how it has impacted their funding model.

The chapter will examine company structure and ownership, how they fit into the political economy (McChesney, 2000), and how the owners consider the democratic values of the audience (McChesney, 2003). It will also understand whether Holcombe's (1997) notion that the private sector cannot produce goods for the public good is a valid assertion.

The chapter will then examine what spurred the need for a funding model and what model was used. Media sustainability is a key objective of newsrooms that wish to produce quality, objective and unbiased news (Plessing, 2014; Mdlongwa, 2019). The insights gained from this section will talk about the evolution of funding models (Plessing, 2014) and how this can ensure the public good in the face of growing concerns around the capitalist agenda in modern media (Wasko, 2014). It will also address the notion of decolonisation of the newsroom, where

Africans are not subscribing to the Global North's notion of formalised media (Wasserman, 2020) or the notion that everything has a monetary value (Padayachee & Fine, 2019).

The chapter will then investigate how the *Daily Maverick* is courting its members, making its offering more appealing and whether it is being cognisant of the digital divide, which not only includes affordability but also the ability to access technology (Blignaut, 2009), as well the concept of Africans moving towards platforms that circumvent unreliable internet and high data costs (Schoon et al., 2020). The chapter will also look at readership, membership numbers, and the readership demographic.

The sustainability of the newsroom is key for a product to be a public good. Newsrooms need financial stability (Merrill, 1968) in order to operate and employ good journalists. The chapter will look at how the *Daily Maverick* is sustaining the newsroom and the challenges it has faced in the implementation of its funding model.

Finally, the chapter will look at criticism and praise for the model, to get a sense of what industry thought-leaders' views on Daily Maverick's funding model and its value in the South African media landscape.

DAILY MAVERICK FOUNDED ON THE PRINCIPLES THAT JOURNALISM IS A PUBLIC GOOD

Daily Maverick was founded in 2009. The South African publication prides itself on being independently owned, with no affiliation to any other media companies, political parties or religious organisations[195]. This ethos is carried through all of its communication. Fran Beighton, *Daily Maverick's* Maverick Insider Community Manager, said in a Zoom Interview in 2023, "The Fourth Estate is taken very seriously. And it's something that everybody from junior reporters to people on the business side and people on the marketing side have drilled into them regularly. You are the Fourth Estate." Although some believe it is an outdated phrase[196], when referring to the Fourth Estate, the publication is referring to its role as a watchdog to government and the private sector. This requires that it should remain free and

[195] https://www.dailymaverick.co.za/about/
[196] https://www.thoughtco.com/what-is-the-fourth-estate-3368058

objective without influence from the government, the legislature, the judiciary and also the private sector (Benequista, 2022).

The organisation was founded by Branko Brkic, the editor-in-chief of the publication, and Styli Charalambous, its Chief Executive Officer. In both Johannesburg and Cape Town, the publication has become synonymous with quality journalism for the people. Dr Anya Schiffrin (2019) said in the *Columbia Journalism Review* that it is "one of the few premier investigative reporting sites in South Africa"[197]. This quote highlights that the Daily Maverick is internationally recognised as a good news publisher and fulfilling its role as a 'good' media company (Merrill, 1968; Wasserman, 2020; Abrahamson, 2010).

Local industry praise has also been heaped on the publication. In 2010, a year after *Daily Maverick's* launch, Tanya Pampalone (2010) wrote a piece titled 'The site your mom warned you about' for the *Mail & Guardian*. In it, she wrote, "'What *Maverick* offers is quick, consistent and intelligent analysis,' says *Eyewitness News* reporter Stephen Grootes, who is a regular *Daily Maverick* contributor. "One of the key points is its cynicism. It's a place where you really do know how the writers feel about what they are writing about."[198]

Before the launch of *Daily Maverick*, Brkic was the owner and founding editor of the *Empire* and *Maverick* magazines, *Brainstorm* magazine and *Timbila* Magazine for SANParks[199]. He closed *Maverick* and *Empire* down in 2008 due to the costs of running a print publication[200]. Charalambous qualified as a chartered accountant, before moving into the technology space[201]. This means that as a partnership, they bring both media and technological know-how to the business. *Daily Maverick* has had the same leadership team since its inception. This has resulted in the business model, mission and strategy remaining unchanged for over 14 years.

"I think that the *Daily Maverick* had a unique opportunity in just the stubborn belief of our founders that we are very close kind of relationship between the business and editorial side, which was that editorial comes first, that the news comes first and that revenue has to be second." (Beighton, 2023).

197 https://www.cjr.org/watchdog/south-africa-daily-maverick.php
198 https://mg.co.za/article/2010-09-10-the-site-your-mom-warned-you-about/
199 https://www.linkedin.com/in/branko-brkic-49320510/?originalSubdomain=za
200 https://techcentral.co.za/a-maverick-publisher-is-back-for-another-go/180985/
201 https://www.linkedin.com/in/stylicharalambous/?originalSubdomain=za

This discourse highlights the alignment within the organisation around its funding model and ethos; the issue of money is secondary to news production. This ethos is in line with Fosu and Akpojivi (2021), who argue that journalism has to go beyond the newsroom and that there needs to be a strong moral aspect to how newsrooms and journalists approach the news. It further supports Wasko's (2014) concern about the capitalist agenda of the modern newsroom. "We would dearly love to have [news] become zero [VAT] rated, and actually for all new sites to become zero-rated. All news sites who are part of the press code in South Africa, and who are members of the press code. And it is something that we're working on." (Beighton, 2023).

Beighton (2023) adds, "The way we look at it is that we're upholding our [Press Code of South Africa] Constitution by providing this free service to the public. And now we need the legislation to allow us to actually deliver this in its entirety." When we look at *Daily Maverick's* communication, we see that there is a strong theme of ensuring that South Africa's democracy is protected. The fact that the *Daily Maverick* talks about adhering to the Press Code's constitution to deliver free news speaks to this need to fulfil the mandate outlined in the Press Code, which holds journalists to the highest standard.

THE NEWS MAY BE FREE, BUT IT STILL NEEDS MONEY

Despite the site's core readership being economically well off and educated with 76% having tertiary education qualifications[202], the *Daily Maverick* still sees itself as strongly independent and egalitarian (Posetti et al., 2019). Despite its views on free content for readers, the publication cannot escape the reality of the media economy, where the digital disruption has disrupted revenue generation for media houses (Lawson-Borders, 2012; Picard, 2016).

> Digital media went through an enormous disruption, when Facebook and Google offered up a better offer to advertisers in terms of a much higher return on investment than what news providing sites had done previously. So, we saw our advertising, which had always been frankly, a little slow anyway, because in those days, we were more politically focused than anything else. In South Africa, a lot of advertisers didn't want to advertise because we were too political. And the problem was that in order for genuine growth, we had to diversify our revenue streams. (Beighton, 2023).

[202] https://www.dailymaverick.co.za/wp-content/uploads/2022/11/DM_SALES-DECK_OCTOBER_2022.pdf

This insight raises two issues for the publication, a loss of advertising revenue to the likes of Google and Facebook and the need to court advertisers. It also talks about the publication's ethos that journalism comes before money and the challenges media companies face when it comes to true independence. While Wasserman (2020) argues that public and community media provide a counterbalance to commercial media, which serve largely elite audiences and, therefore, produce news for those audiences, *Daily Maverick's* challenge highlights the issue raised by Picard (2016) when he stated that business models and funding models are two different strategies. "I believe to my core, it's 100%. what journalism is there for? It is journalism's core goal to inform people. We don't exist for clicks. We don't exist for revenue; we exist to serve the public. And it's our mandate by our (press code) constitution to do so." (Beighton, 2023).

Again, the theme that journalists must operate to the highest standards and serve the public comes through in the company's communication. This view was noted by the Oxford report, *What if Scale Breaks Community? Rebooting Audience Engagement When Journalism is Under Fire* (Posetti et al., 2019:17), which said, *"[Daily Maverick]* aims to practice accountability journalism that helps defend South African democracy and institutions in a time when both are increasingly under fire."

Brkic believed that for the *Daily Maverick* to survive, the publication needed its investigative reporting arm. He believes investigative reporting is the one great hope for South African democracy and is terrified of a world in which it doesn't survive[203]. He said to Schiffrin (2019), "It's all coming to a head in a country which may face a reckoning of the worst kind. The news media is on shaky ground anyway, and I worry that conditions may become even worse.[204]" This shows that the *Daily Maverick* is concerned about the state of South Africa's democracy, and that the media has a role to play in protecting democracy (Merrill, 1968; Vekhoo, 2010; Wasserman, 2019).

At its inception, the *Daily Maverick's* focus was on politics. In order to hold the then-Zuma-led government to account, the publication founded its investigative arm, Scorpio, which

[203] https://www.cjr.org/watchdog/south-africa-daily-maverick.php
[204] https://www.cjr.org/watchdog/south-africa-daily-maverick.php

worked closely with partner investigative journalism platform AmaBhungane. These two organisations were instrumental in unearthing a number of scandals, including The Gupta Leaks and the Bell Pottinger disinformation investigations (Posetti et al., 2019).

In 2020, in a letter to its readers, the *Daily Maverick* said,

> South Africa is a poor country, and without access to quality journalism, it will become irretrievably poorer. How could we keep our journalism behind a paywall in the face of such a historic challenge? … But there's also another, more visceral reason: It is there, in the very fibre of every story, that needs to be seen and read by as many souls as possible. Locking the stories behind a paywall, in our eyes, goes against their raison d'être. You simply can't go against the nature of your product, in any industry.[205].

The letter called Maverick Insider a social contract, which allows the publication total autonomy. "We owe nothing to anybody other than our readers. We can be as fearless as ever in our pursuit of the truth." The language used shows that the publication truly believes that journalism should be a public good and that the publisher is concerned not only about poor people having access but rather that as many people as possible get access to the news. Benequista 2022 argues that if all people do not have access to news, news risks becoming elitist.

Beighton (2023) went a step further when talking about the company's decision to keep news free. She said:

> South Africans in particular, understand that we are a poor country, and to force people to pay for the media and for the news is actually just shutting off the product completely. And you are denying people this public service, and you're forcing them to go on to Twitter or X or Facebook to get their news which as we know [those platforms are] the cesspool of dissent and misinformation.

The language used here confirms that getting the news out as widely as possible is of paramount interest to the *Daily Maverick*, and it sees itself as counter to the misinformation and fake news

[205] https://www.dailymaverick.co.za/article/2020-08-17-maverick-insider-how-one-counterintuitive-move-changed-the-future-of-daily-maverick/

that is so prolific on social media sites. This talks to the company's focus on the news rather than on generating profits.

In a *Daily Maverick* press release published on Media Online titled 'Daily Mavericks DM168 newspaper posts impressive circulation growth', it was stated that, "Daily Maverick remains committed to its mission, continuously striving to Defend Truth, hold power accountable, and shed light on critical issues facing South Africa and the world." This discourse does not mention money. The press release continues to say,

> By investing in its newsroom during times when others are downsizing, the editorial team now boasts an unprecedented collection of seasoned journalists and investigative reporters in a South African newsroom. This investment reflects daily online and weekly in DM168 with journalism that matters, providing readers with profound analysis, stimulating features, and insightful commentary. Even as DM168 celebrates its remarkable growth under extraordinarily difficult circumstances, the newspaper remains committed to engaging with its community and expanding its reach, offering the highest quality long-form journalism in a well-designed printed package to its audience.[206]

The discourse above suggests that the attempt is towards community and delivery of quality journalism. There is no mention of DM168 being an additional revenue stream or that it is about additional advertising revenue. Interestingly, though, DM-168 costs R30, so it remains out of reach of poorer audiences.

"We need to get into the reader revenue game. And the immediate response was, fine but there's no way in hell, we're doing a paywall" (Beighton, 2023). This quote, however, suggests that *Daily Maverick* is very aware that it needs its readers to help generate revenue and that the company does need money; it is just not prepared to lock content behind a paywall. While paywalls are an economic reality of the modern digital newsroom (Daniels, 2014), Mosco (1996) says paywalls are capitalist in their methodology, and *Daily Maverick* does not, in any of its communications, appear to subscribe to capitalist principles.

[206] https://themediaonline.co.za/2023/05/daily-mavericks-dm168-newspaper-posts-impressive-11-6-circulation-growth/

INCLUSIVE ATTITUDE TO READER-FUNDING

Daily Maverick uses a hybrid funding approach to fund its operations. This includes philanthropic grants, advertising, and reader support through its Maverick Insider membership programme. In 2019, *Daily Mavericks'* annual revenue stood between $1 million (R14,430,000 at the average exchange rate for 2019) and $1.5 million (R21,645,000). The business's annual costs were around $2 million (R28,860,000).

In an attempt to generate more income, the publication moved into documentaries and launched a membership platform called Maverick Insider. In 2019, the aim was for 10,000 to 15,000 people to join. If they could get each person to contribute between $4 (R57.72) and $25 (R360), the publication could then raise $100,000 (R1,443,000), which would equate to R17,316,000 per year, substantially adding to its income and covering the shortfall in its current income streams.

At the time, 60% to 70% of *Daily Maverick's* revenue came from foundations which included the Millennium Trust, Claude Leon Foundation, and Open Society Foundations. Advertising contributed 25% of the revenue, and a smaller amount came from events the publication hosted. This income did not cover costs and Brkic said it would never cover costs. But, when asked about a paywall, Brkic told Schiffrin that adding a paywall wouldn't work in a low-income country like South Africa, but that donations from readers to the site have increased (Schiffrin, 2019). In 2009, news was distributed through Twitter, Facebook and a morning email newsletter which had more than 100,000 subscribers.

Daily Mavericks' revenue model is different from that of other online publications. In 2018, Daily Maverick CEO, Styli Charalambous, admitted that the digital news model is fallible[207]. The publication, he said, was only able to cover three months of payroll, and he was going to ask his readers to help fund it[208].

[207] https://www.dailymaverick.co.za/article/2020-08-17-maverick-insider-how-one-counterintuitive-move-changed-the-future-of-daily-maverick/
[208] https://www.dailymaverick.co.za/article/2020-08-17-maverick-insider-how-one-counterintuitive-move-changed-the-future-of-daily-maverick/

In a 2020 letter to the readers explaining the rationale behind the Maverick Insider membership programme, the publication said,

> Ultimately, although not perfectly, the dream worked because our focus was on building a quality product. It turns out all we needed was You, our readers. You understood so well how crucial the role of the news media is in a society as troubled as South Africa. You saw the importance of Daily Maverick for our democracy. And You stepped up to the plate on that day when Maverick Insider, the Daily Maverick membership programme, was launched[209].

On its website, the organisation is transparent about its funding and lists its revenue sources as grant funding, advertising and reader subscriptions.

Grant funding declines

Daily Maverick's philanthropic funding is provided by grants. Its website explains that,

> grant funding institutions and individuals to the Public Benefit Organisation that houses our investigative reporting, climate crisis, internship training and civil society reporting teams. Some of these amounts are recurring for specific programmes, and some are once-off per project or focus areas. No individual donor contributes more than 5% of our total income[210].

It continues to say that,

> in the last 12 months, we have received grants greater than R150k from the foundations and trusts, including Donald Gordon Foundation, Vital Strategies, Roy McAlpine Charitable Foundation, Claude Leon Foundation, Open Society Foundation, Millennium Trust, Elaine & David Potter Foundation and ABSA. Other donations are also received from individuals in their personal capacity and no amounts greater than R150,000 have been received in the last 12 months and the majority number small amounts below R1,000[211].

[209] https://www.dailymaverick.co.za/article/2020-08-17-maverick-insider-how-one-counterintuitive-move-changed-the-future-of-daily-maverick/
[210] https://www.dailymaverick.co.za/about/
[211] https://www.dailymaverick.co.za/about/

By having this information on their website for everyone to view, it shows that the Daily Maverick is being transparent about where they get their funding. Having said that, they were not willing to share their financial statements with the researcher.

However, the *Daily Maverick* funding model is going to have to evolve. “We're no longer eligible for a lot of the grant funding that we had before. So, the majority of [our funding] comes from advertising, and, obviously, our membership.” (Beighton, 2023). As the company grows and generates more income, its grant funding is going to fall away. Its two more stable sources of income will be its commercial activities, which include advertising, other revenue streams, and reader contributions.

Advertisers don’t always like the truth

The website explains its commercial activities by saying,

> Commercial revenue is generated through the sale of advertising packages and sponsorships across our digital, print and events properties. Advertising clients range from large corporations to small and medium-sized businesses. We sell directly to clients, through media buying agencies and through programmatic channels.

However, *Daily Maverick* has battled with advertising, despite its reputation as a leading South African publication with thought leaders, academics and business singing its praises. This is evident through Schiffrin (2019), who wrote, “All the newfound love has not translated into enough subscriptions. Daily Maverick continues to lose money, and financial worries are front of mind for Brkic.”[212].

The company has battled with advertising as mentioned above. Beighton said, “So we saw our advertising, which had always been frankly, a little slow anyway, because in those days, we were more politically focused than anything else. In South Africa, a lot of advertisers didn't want to advertise because we were too political.” (Beighton, 2023). This comment shows that despite brands not wanting to be associated with a news publisher that was taking a stand against politicians, *Daily Maverick* did not change its news model. Instead, it found ways to adapt its funding strategy.

[212] https://www.cjr.org/watchdog/south-africa-daily-maverick.php

This is also another issue with the reliability of *Daily Maverick's* advertising revenue. Given its stance that journalism comes before revenue, the publication does not back away from reporting on news, even if it is about its advertisers.

> There's the other side of things, which is, when you are dependent on advertisers, and then particularly in our line of work, you may do an investigation, which has happened into said advertiser, they will pull their funding. If you only have advertising and you lose an advertiser who is spending a million rand advertising with you, you're in trouble. It's going to be a rare kind of crisis that would cause 26,000 members to cancel their membership (Beighton, 2023).

This quote highlights the issue that publications face when it comes to remaining impartial. It speaks to the economic hold advertisers have over newsrooms. This strategy is in line with what McChesney (2000) argued, that producing media for profit undermines the democratic duty of the media and is contrary to the media's role as a fair and objective supplier and analyser of the news.

As such, the *Daily Maverick* has been forced to diversify its revenue streams further. Its website states that "In recent years, the breadth of journalism that we pursue has grown to include book publishing and directing feature film documentaries."[213]

> So, we started a book division, because we felt that we could sell directly to our readers. And we wit that we started an e-commerce division. So we have a bookshop, which also sells games and you know, much like any other bookshop, we know, our readers can choose to buy from one of the big retailers or they can choose to buy their books with their little benefit of a 10% discount, as knowing that actually any profit that's made is going back into sort of journalism, and events and webinars is something that we've also, we that's still under reader revenue. Beighton, 2023.

This strategy highlights that while the *Daily Maverick* is producing journalism for the public good and will continue to allow readers to view its content for free, it is not immune to the need

[213] https://www.dailymaverick.co.za/about/

for funding and is susceptible to capitalist forces as they try to ensure they fund their newsroom (Dugmore, 2018), and understands that diversified incomes streams are essential. Interestingly, the organisation stresses again that this business is not about making money for shareholders, it is about the journalism, and that all funds get reinvested to build the business and the journalistic talent.

Readers asked to defend democracy

Daily Maverick, however, still needs reader support. Instead of going to a paywall model where readers cannot access certain content unless they pay (Myllylahti, 2019), the publisher has chosen a recurring membership model called Maverick Insider. While a paywall blocks content unless a fee is paid, Maverick Insider members are contributing to the sustainability of the newsroom and to ensure news remains free for all South African news audiences. “It was this amazing belief in our readers that then drove us to that point, which was they appreciate the work we do” (Beighton, 2023). This attitude from *Daily Maverick* shows that the publisher appreciates its readers and values their contribution.

This model gives the publisher peace of mind, knowing they have a consistent and predictable revenue stream, it would appear from the discourse in the interviews.

> It’s a recurring membership. So, from a strategic perspective, [we know] we've got 26,000 members. Supposing there was some sort of economic crisis, and we lost a couple of thousand members, we would still be able to know that in next month, and in six months’ time, we will have, say, 24,000. And so, you know, that allows us to decide, yes, we can hire another journalist or that’s a piece of tech that we can invest in. The reoccurring nature of the membership allows us a certain amount of security. Beighton, 2023.

Again, when we look at the language *Daily Maverick* uses, it is all about the journalism and sustaining the newsroom. With the security of reader contributions, the *Daily Maverick* has grown its staff count to 120 people. The website stated: “Reader support is driven primarily through our membership programme, Maverick Insider. As of May 2022, we have more than 17,500 members who are recurring annual or monthly contributors (who choose the amount of their contribution)."[214] What is interesting to note here, is that the membership does not stipulate a fee. This plays into the hand of a phenomenon called Voluntary Exchange Economics (Megger & Wysocki, 2022). The concept says that if individuals have the freedom to choose to enter into an agreement willingly with no external pressure and perceive the transaction as fair, they will pay more for a service or product. However, the researcher did not ask *Daily Maverick* to supply the revenue that it was receiving from its members.

Beighton talks about the emotional connection readers have with the *Daily Maverick*, which links directly to the PWC (2023) report that stated "Ultimately, in a world of technology and digital transformation, success is about forging authentic connections and relationships with their customers" (PWC, 2023).

> Membership is not transactional, paywalls are transactional, you get to read this article, if you pay for it simple as that. Membership is, is much more emotional. And we're inviting our readers to become part of something that's bigger than just passive reading. You know, our members are the people we turn to, for their opinions for their questions, for what they want us to cover, for what they feel is important, what the biggest issues in the country or we turn to them for even fairly mundane things like can you help us name our next book? And we survey them all the time, because it's wonderful to have this pool of people who are so invested. (Beighton, 2023).

This quote shows that *Daily Maverick* is heavily invested in its readership. While *Daily Maverick* cannot escape the need for funding, its approach is one of service as opposed to user-must-pay. "This year (2023) has been our biggest growth here ever. And we're only at the beginning of October, and we're already on a 40% growth from this year." (Beighton, 2023).
It appears that reader uptake of the membership model is increasing. But, it has not been an easy sell.

Criticism was levered at the organisation, with people asking, "who will pay for free content". The *Daily Maverick's* response in 2020, was, "There are nearly 13,000 South Africans out there who will pay for something that's free so that those who can't afford to pay for it can still

[214] https://www.dailymaverick.co.za/about/

read it. Faith in humanity restored."[215] This, they said, was an 85% growth rate year-on-year and allowed Maverick Insiders to cover 40% of the *Daily Maverick* payroll. "Knowing that we have recurring revenue has given us the ability and the courage to spend."[216] The letter stated that the goal of the publication was to increase its membership to 20,000 by the end of 2020.

Long-term sustainability through diversification

The website continues to say,

> Over the years, a robust and diversified revenue model has allowed us to build a resilient business model where no single source or even category of revenue is overly relied upon. This helps protect us from market shocks like Covid-19 and industry disruption. Since its inception, all growth has been re-invested into creating new jobs in an industry that has lost more than 50% of its permanently employed workforce in the last decade[217].

The publication's website says the diversified revenue model is by design, to protect against any unanticipated disruption to its revenue streams. "By design, we do not have an overreliance on any single revenue source to reduce the impact of any market."

The website, in its efforts to be fully transparent about funding, says that 67% of Maverick Insider contributions go towards funding the publisher's editorial efforts. The remaining 33% goes for operating expenses, which include travel, administration, finance, technical support and the "witty copywriters who write this stuff"[218]. "We're constantly experimenting. And we're constantly looking at what is what's the next disruption. You know, I think that globally, paywalls are beginning to see a decline." (Beighton, 2023).

The reader-support model, whether through paywalls, donations, or memberships, is going to evolve as newsrooms adjust to the disruption caused by the digital environment, which is in alignment with the findings by Daniels (2014) and Dugmore (2018).

[215] https://www.cjr.org/watchdog/south-africa-daily-maverick.php

[216] https://www.dailymaverick.co.za/article/2020-08-17-maverick-insider-how-one-counterintuitive-move-changed-the-future-of-daily-maverick/

[217] https://www.dailymaverick.co.za/about/

[218] https://www.dailymaverick.co.za/maverick-insider-faq/

We have to be constantly innovating, and looking, and seeing, and studying other newsrooms and not just newsrooms studying what other businesses around the world are doing. You know, what's the shift in tech? Where are other e-commerce companies looking in the future? And how could that possibly change the media? So, it's an ever-evolving model" (Beighton, 2023).

Beighton (2023) further stresses the Daily Maverick's commitment to keeping news free by noting, "What we will never do is force people to pay to read the news."

DAILY MAVERICK SWEETENS THE MEMBERSHIP DEAL

Daily Maverick is also courting its membership base and readership base. "For us, our number one benefit, and it's still true today, is keeping it free for other readers. If you really can't afford to pay, then, you know, that's the point of the membership, but that doesn't mean you're not part of *Daily Maverick*. That's why we don't have a paywall." (Beighton, 2023).

This notion that even readers benefit speaks to *Daily Maverick's* engagement with its readers. It speaks to the brand being inclusive and that all readers must feel part of the process of creating excellent journalism and defending South Africa's democracy.

Maverick Insiders benefits – a strategy

However, subscribers do get additional benefits that readers do not. There are several added value perks of being an Inside Maverick member. For example, they receive a bi-weekly Maverick Insider newsletter detailing what has been going on behind the scenes at *Daily Maverick*. This is essentially an insider's view of the newsroom, ad-free browsing, and the ability to comment on articles. More recently, all registered *Daily Maverick* readers are able to view comments as Fran Beighton states that this is to prevent creating an "echo chamber". There are also invitations and 50% discount tickets to *Daily Maverick* events, member-only webinars with journalists and editors, discounted tickets to *Daily Maverick's* annual conferences, such as The Gathering, partner benefits (e.g. monthly Uber promo codes for members who pay R200 or more per month), and discounts on DM 168 delivery[219].

[219] https://www.dailymaverick.co.za/maverick-insider-faq

While some Maverick Insider members may think there are tax benefits to being a Maverick Insider member, they are unfortunately considered members and not donors and cannot claim their memberships as a tax deduction. If readers want to benefit from tax-deductible donations, they can donate directly to *Daily Maverick's* investigative unit Scorpio, and donors can benefit from Sec 18A tax deductions – the website notes that Scorpio is housed in a separate Public Benefit Organisation. [220] This is an interesting distinction. Although *Daily Maverick* talks about members supporting democracy and the less fortunate to have access to news, their contributions are not considered philanthropic. Rather, the membership is motivated by what value the members get for the support they are providing. So, while Beighton says that the membership is not a transaction, legally, it is considered transactional, meaning they are paying for a product.[221]

Beighton says further, "We surveyed our members repeatedly to say which of these benefits do you value the most? And the first is that they're supporting independent media and keeping free and it comes out every single year as by far the most important reason why they support us" (Beighton, 2023). Again, this speaks to the *Daily Maverick* narrative that defending South Africa's democracy is the most important aspect of news generation. Not just for news agencies and journalists, but for South African news audiences. And, referring to the point above, there is a transaction here. Members expect Daily Maverick to retain its independence and to keep its content free.

DIGITAL NEWS IS NOT FREE

While *Daily Maverick* content is free to readers, they still need access to technology to access the news. Thus, while the publication is keeping news free to readers, by virtue of the fact that it is almost solely an online publication means that its readers are subject to the digital divide as described by Castells (2002), Blignaut (2009), and Haan and Rijken (2003). This includes access to technology, data, and Wi-Fi, as well as the ability to use the internet and technology.

This is because to access the *Daily Maverick*, readers need a device, be it a computer, smartphone and/or tablet. Readers need an email account, and although these are free, this

[220] https://www.dailymaverick.co.za/maverick-insider-faq
[221] https://schultzwilliams.com/member-or-donor-whats-in-a-name/#:~:text=Members%20join%20for%20the%20benefits,they%20support%20your%20organization's%20mission.

speaks to the digital divide. Readers need data and Wi-Fi, as well as the disposable income to afford technology and data if they want to access *Daily Maverick* news. Dugmore (2018) argues that with little disposable income, access to any form of digital platform is often impossible or infrequent for the poor.

What stands out most for the researcher when looking at the *Daily Maverick* model is that readers need a high level of literacy. *Daily Maverick's* news generation is aimed at well-educated, erudite readers. This bears out in its reader demographics, see the section below. So, while *Daily Maverick* speaks about being free for all users, the reality is that the majority of South Africans will not be able to access *Daily Maverick* content, purely based on their inability to understand the content. In 2023, the Department of Higher Education and Training put out a fact sheet that stated that in 2021 10.5% of South African adults were illiterate and noted that nearly four million were functionally illiterate, meaning they could not read and write sufficiently to perform their employment duties[222]. This aspect of journalism, the decolonisation of journalism and the democracy of journalism (Wasserman, 2020) needs further research.

READERSHIP SOARS TO 21.7 MILLION PAGE VIEWS BUT ITS MEMBERSHIP LAGS

Daily Maverick's readership has increased steadily since the platform's inception in 2009. In August 2016, the publication broke the 1.2 million unique browser number. Also, their subscriber numbers to the Frist Thing and Afternoon Thing newsletters topped 40,000, meaning that the company was distributing over 1.7 million newsletters per month[223]. *Daily Maverick* further grew its membership programme by 110% in 2020, and by November 2021, the publisher boasted 17,000 members.

By 2022, *Daily Maverick* had reached ninth spot in South Africa's top 10 websites with 12,025,314 page views from 2,425,175 unique browsers. This was the first year that it made

[222] https://www.dhet.gov.za/Planning%20Monitoring%20and%20Evaluation%20Coordination/Fact%20Sheet%20-%20Adult%20Illiteracy%20in%20South%20Africa%20-%20March%202023.pdf
[223] https://www.dailymaverick.co.za/announcement-event/daily-maverick-breaks-through-1m-unique-browsers/

the top 10 list of local websites.[224] By 2023, they publisher had jumped to seventh spot on the list, with 7.238 million unique browsers visiting 21.71 million pages[225].

> Our readership numbers have shot up. We've gone from, five years ago, before the membership launched, we were around one and a half to two million unique browsers a month, we're now between nine and a half to 11 million unique browsers a month. We've maintained ours. So, our newsletters have grown from 150,000 to 200,000, to over 500,000 newsletter subscribers. And obviously, we've grown from that first day when the membership launched when 200 people signed up, to 26,000 active members. (Beighton, 2023).

In addition to its online readership numbers, *Daily Maverick* is also growing its printed publication, DM-168. In May 2023, The Media Online reported that *Daily Maverick* was beating the odds in the print newspaper space by growing its print circulation numbers. From the first quarter of 2023, the paper had achieved an 11.6% growth rate in circulation which stood at 9,968 copies according to ABC[226].

This achievement was attributed to the "DM168 has consistently beaten the odds, capturing the interest and trust of a rapidly expanding readership keen on a quality weekly publication they can hold in their hands."[227] The language used here, from Media Online, an external source, states that "trust" is an important aspect of a publisher's appeal to its readership base, and if it wants to "sell" papers, paywalls or membership, readers need to trust it. DM-168 has a print run of 13,500 copies weekly.

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[224] https://www.iabsa.net/assets/Usedebbieiabsanet/Narratiive_stats,_insights,_March_2022.pdf

[225] https://pro.similarweb.com/#/digitalsuite/websiteanalysis/overview/website-performance/*/999/3m?webSource=Total&key=dailymaverick.co.za

[226] https://themediaonline.co.za/2023/05/daily-mavericks-dm168-newspaper-posts-impressive-11-6-circulation-growth/

[227] https://themediaonline.co.za/2023/05/daily-mavericks-dm168-newspaper-posts-impressive-11-6-circulation-growth/#:~:text=Despite%20a%20trend%20of%20decline,has%20consistently%20beaten%20the%20odds.&text=Daily%20Maverick's%20Saturday%20newspaper%2C%20DM168,the%20Audit%20Bureau%20of%20Circulation.

READERS ARE INFLUENTIAL, RICH AND EDUCATED – IT WOULD APPEAR

As the introductory slide on the *Daily Maverick* rate card – they use the tag line "*Defend Truth"*. This continues the narrative of the brand that defending the truth, defending democracy is what *Daily Maverick* prioritises. So, while *Daily Maverick* calls on its readers to support it because it is defending the truth, so too is it saying to advertisers, that if you support us, you are defending the truth. It appears to form part of the publisher's inclusive engagement strategy, where everyone involved with the Daily Maverick is part of something larger than themselves.

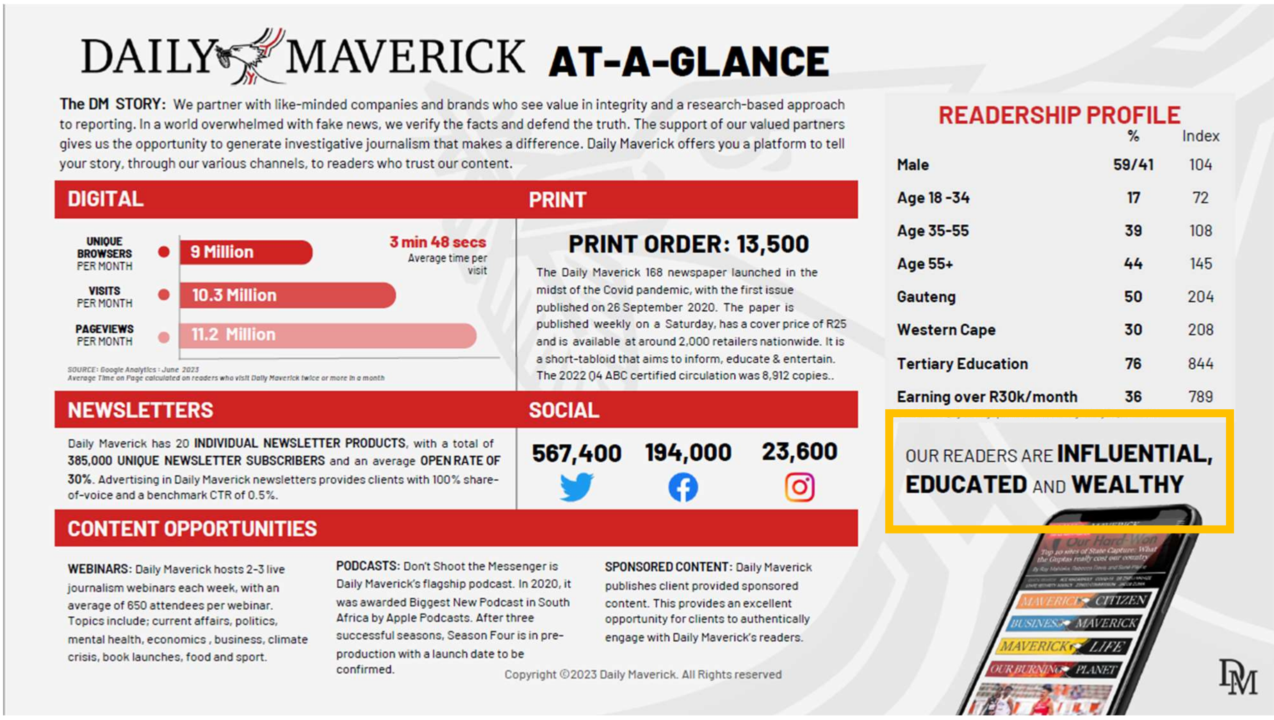

Figure 20: Daily Maverick rate card stating that readers are influential, educated and wealthy (Source Daily Maverick website)

While *Daily Maverick* has an inclusive policy regarding not making readers pay for the news, its readership base is "*Influential, Educated and Wealthy*" (See Figure 20). So, despite *Daily Maverick's* narrative that speaks to defending the truth, journalism before revenue, the company still courts advertisers through its audience. Mdlongwa (2019) says that big audience numbers, along with the wealth and influence of that audience, make a platform more attractive to advertisers. He further says that a business strategy that focuses on courting advertisers will influence how a platform influences the type of news content generated. This is an interesting paradox for *Daily Maverick*. While the business sees and promotes itself to its readers as egalitarian, it courts advertisers based on a demographic of readers that is wealthy and well-educated.

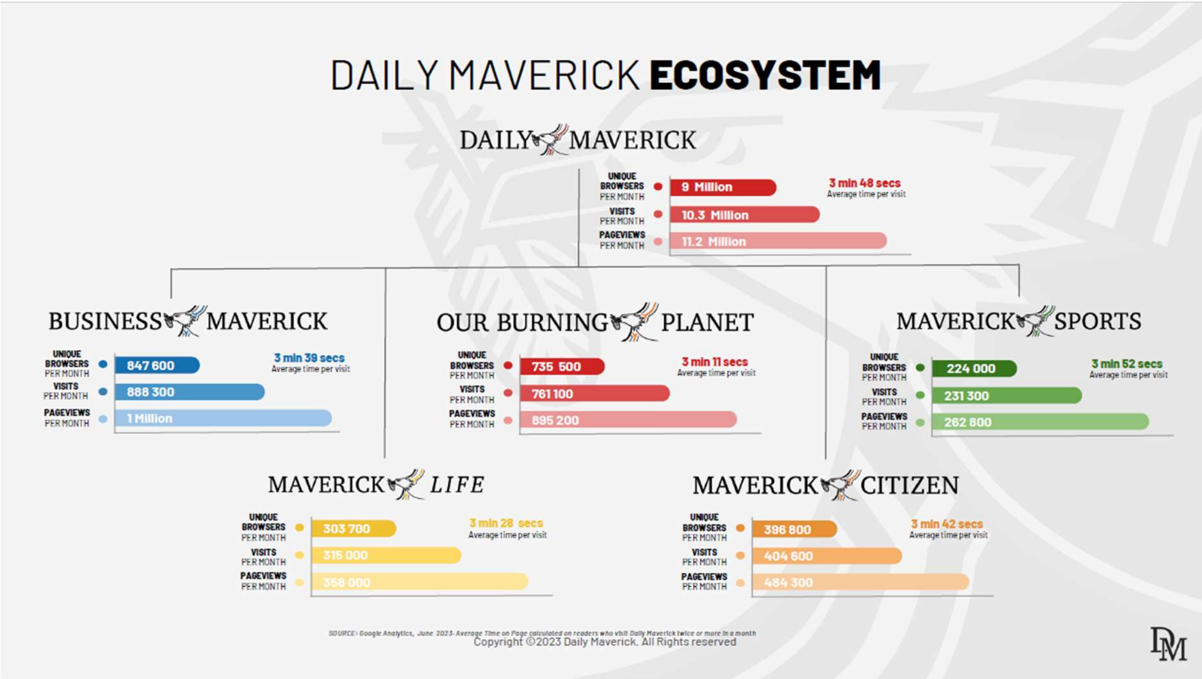

Figure 21: Daily Maverick rate card – Business ecosystem (Source Daily Maverick website)

While *Daily Maverick* started out with a political agenda, the organisation has since expanded its offering to include Business Maverick, Our Burning Planet, Maverick Sports, Maverick Citizen and Maverick Life which are business and lifestyle content offerings. This aligns with Hanush (2019), who argues that news audiences are looking for news beyond politics. And this may be another way of *Daily Maverick* expanding its membership base, as people are more willing to support (pay) for news they want to read.

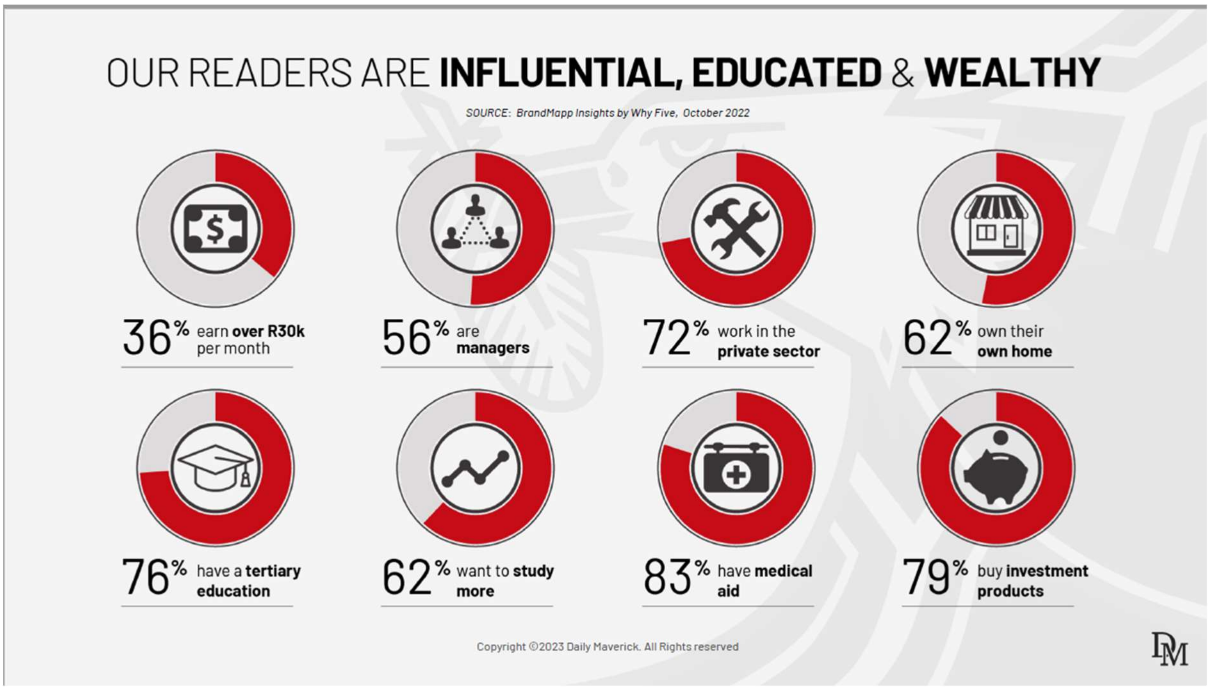

Figure 22: Daily Maverick rate card – Demographics (Source Daily Maverick website)

When you look at the *Daily Maverick* readership profile, you see that its readership is heavily skewed to wealthier members of society. When you look at this number and then look at the trust levels of *Daily Maverick*, as per the Reuters Digital report 2023, *Daily Maverick* comes in 12th position (refer to Chapter Four). This means that when looking at trust amongst South African news readers, *Daily Maverick's* trust scores for the whole of South Africa's online news readership fall well below those of its competitors.

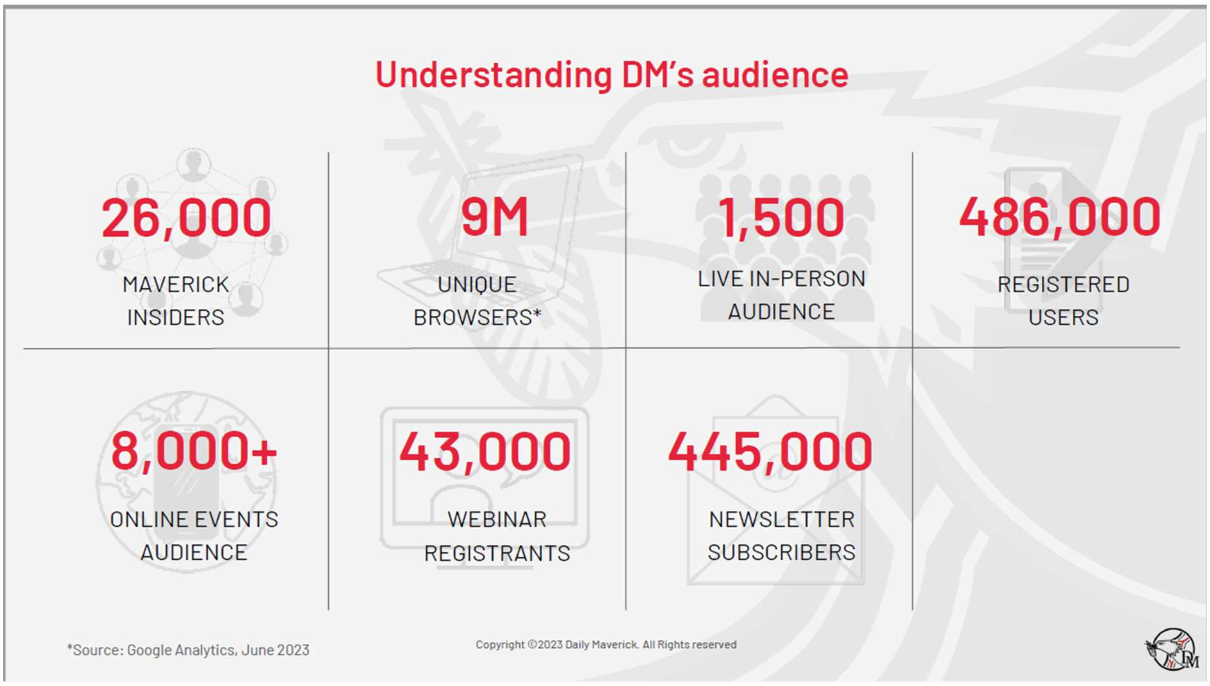

Figure 23: Daily Maverick rate card – Audience numbers (Source Daily Maverick website)

SUSTAINS THE NEWSROOM IN INNOVATIVE WAYS

In 2010, a year after *Daily Maverick's* launch, Tanya Pampalone wrote a piece titled 'The site your mom warned you about, for the *Mail & Guardian'*. "From the outset, it was completely insane. I, for one, who was an editor for Maverick Empire until they folded in September 2008, told Brkic it was impossible to run a daily website with a next-to-nothing staff and even pretend to cover the issues of the day. Never mind do it well." Another newsman, Kevin Bloom, was quoted in the piece as saying, "The *Daily Maverick* thought was destined for failure when he showed me the template….. and he fully deserves all the joy he's got from proving me wrong." From the onset, *Daily Maverick* bucked the capitalist corporate trend. This is in line with Wasko (2014), who says that academics are now turning towards the Marxian political economy as there is growing concern about how resources are being allocated to media within capitalist economies.

While the newsroom was functional and good news was being generated, Daily Maverick was battling advertising. Pampalone (2010) wrote, "Advertisers have been more difficult to convert. Neotel, Altech Autopage Cellular, MWeb, and even Discovery have jumped in. But it's not enough to keep it going forever." This quote suggests that businesses were looking to support Daily Maverick in its role of uncovering political maleficence.

For a while, this strategy worked, but only because *Daily Maverick* had no significant overheads. Pamplona (2010) quoted Brkic as saying, "We aren't at break-even yet… But we're not too far. Our advertising is pretty valuable, and our overheads are nothing." At the time, the publication was subletting a room from a recruitment agency. It had two trestle tables and a few seats. But Brkic said about advertising, "Our biggest job is to re-educate advertisers away from banner ads that nobody loves and nobody wants… In our research, we couldn't find a single person who liked or clicked on banner ads. The truth is banner ads don't work. They are classifieds."

Pamplona (2010) concluded her article by saying, "It is advertising that will make or break its model and will determine whether the next generation of South African Maverick readers will get its news with an attitude."[228] Thirteen years on and advertising is still not sustaining the newsroom. However, *Daily Maverick's* Maverick Insider membership programme is contributing significantly to the overall sustainability of the newsroom.

Turning data into Revenue

In an article by the Google News Initiative titled '*Daily Maverick* turns data into revenue', it was reported that the CEO of the *Daily Maverick* wanted to use data as a way to ensure the sustainability of their revenue[229]. Information such as how readers interact with the site, where they lived, what stories they clicked on and where they spent time online is important. Charalambous was quoted as saying, "We get a better understanding of our most engaged readers and better serve them by putting the right content in front of them, whether that's a news article, newsletter or membership information." The data has also helped *Daily Maverick* identify readers who are likely to subscribe to their array of newsletters or join Maverick Insider.

This data allowed *Daily Maverick* to grow its membership programme by 110% in 2020. By November 2021, the publisher boasted 17,000 members, firmly placing membership revenue into the publisher's revenue mix. Charalambous said, "That we're now able to get a third of our revenue from our readers has been life-changing for us…. It allows us to keep our content free to readers, without a paywall, so that anyone can access our reporting."

[228] https://mg.co.za/article/2010-09-10-the-site-your-mom-warned-you-about/

[229] https://newsinitiative.withgoogle.com/resources/stories/daily-maverick-case-study-2022/

> *Daily Maverick's* data is also available to editorial section heads who get information on the performance of articles, tags and newsletters, so they can make more informed decisions on content. For example, if there is renewed interest in an article, it can be "resurfaced on the home page. The publisher says that it gets more return on its reporting, while readers get more relevant journalism. This led to the doubling of the number of highly engaged readers – those who visit the site more than 15 times a month."[230]

This quote is interesting because although Daily Maverick is looking to service its readers better, and speaks to the notion of editorial being independent from the influence of outside influence, including government, business and advertisers. If *Daily Maverick* is giving readers the content they want, does it mean that Daily Maverick is producing news to suit its audience, and can it be argued that by doing so, the company is losing its editorial independence?

Daily Maverick employs 50 full-time staff and continues to add new sections to the publication, which is increasing its costs. Audience numbers continue to grow, and in 2019, Brkic said, "The last three years were good to us. Our audience grew by three times. We finally became a mainstream publication."[231] Another report, published in 2019, listed the *Daily Maverick* headcount of employees as 75,[232] and by 2023, the website states it employs 120 people, both permanent and part-time employees[233].

A frugal newsroom

Assisting the publication was the fact that over 200 of their contributors, who produce "really good stuff" in the form of columns and op-eds, did not charge for their content. In addition, Daily Maverick collaborates with community organisations such as *GroundUP*, the Institute for Security Studies, Health-e-News, EE Publishers and around 30 other organisations that also submit high-quality content to the publications. *Daily Maverick* also received a grant from the 2020 Google News Initiative (GNI) Innovation Challenge Grant. *Daily Maverick* created RevEngine, a software platform that combines analytics from a number of disparate systems,

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230 https://newsinitiative.withgoogle.com/resources/stories/daily-maverick-case-study-2022/
231 https://www.cjr.org/watchdog/south-africa-daily-maverick.php
232 Posetti, J., Simon, F., & Shabbir, N. (2019). *What if scale breaks community? Rebooting audience engagement when journalism is under fire*. Reuters Institute for the Study of Journalism.
233 https://www.dailymaverick.co.za/about/

and in doing so, saved $50,000 using RevEngine to analyse data rather than a third-party software company.[234]

Daily Maverick has also kept its news platform simple. It has not spent money developing multiple-user platforms. It has kept its website and uses newsletters to distribute the news. As such, the business has freed up money to grow its newsroom. "And we've been able to grow our actual newsroom by from 30 people to 120 employees covering so many more stories covering civil society, and we have the biggest climate crisis, reporting division in the continent, we have sports, we have business, all of these things that we never had the money to do before, we are now able to do it" (Beighton, 2023). As Beighton said, every new member adds to the business's ability to employ journalists.

CHALLENGES

In addition to the challenges faced through building up membership and advertising revenue, Beighton explained that the biggest challenge *Daily Maverick* faces is with credit cards. This includes credit cards expiring, being put on hold, and exceeding their limits, which all mean that *Daily Maverick* is not receiving money. Beighton said, "Credit cards going on hold. The life of the credit card is meant to be two years is actually about six months, when you consider people using them, and fraud on a card." (Beighton, 2023).

This seemingly inconsequential issue can have devastating effects on the continuity of the business's revenue streams. To address this, Daily Maverick is looking at alternative payment options, like debit orders, to ensure consistent membership contributions. At any one time, DM said that up to 2000 memberships can be on hold due to credit cards expiring or being cancelled due to fraudulent transactions.

CRITICISM AND PRAISE

Praise

In 2020, the publication made the decision to launch a weekly print edition of the publication. Media specialist, Chris Moerdyk, sang the publication's praises in his The Media Online article titled 'Maverick by name, maverick by nature: A case study of modern journalism', saying, "I

[234] https://newsinitiative.withgoogle.com/resources/stories/daily-maverick-case-study-2022/

think it was a brilliant step. And the first bit of brilliance was balancing the R20 cover price with an offer of free copies of Maverick 168 to Pick n Pay Smartshopper cardholders…. Secondly, contrary to the concept of using online to promote print, a strategy which newspapers still use, *Daily Maverick* is using print to promote its online offering… Smart." He goes on to say, "It's great journalism – something as rare as hen's teeth in South Africa today."[235]

The paper featured news and a lifestyle insert and comes out weekly. The paper makes use of QR codes to direct readers to video material and Moerdyk said, "It could well in future prove to be an attractive print/online package for advertisers."[236]

Criticism

Despite *News24* saying that the membership model is not sustainable, *Daily Maverick* has been praised for its commitment to journalism in South Africa and to delivering fair and unbiased news. Some members of the media fraternity have criticised *Daily Maverick* around how independent the publication truly is.

IOL's opinion piece by Sizwe Dlamini, published on 12 November 2021 titled 'Smoke and Mirrors', said, "On the question of this begging bowl that the *Daily Maverick* hands out at every given opportunity, while is it a perfectly respectable and acceptable business proposition to be a donor-funded news platform, asking for funds when the pockets are already deep, is reprehensible." It suggests that *Daily Maverick* is, in fact, buying into the Global North's capitalist agenda and that the publication is lying to its readers and subscribers.

"What Branko Brkic has not revealed to his subscribers and donors, is that he has not been running on fumes for the past 12 years, as he claims"[237]. Dlamini does the sums "The maths is simple. With 16,000 Insider members paying a subscription of R200 a month, the *Daily Maverick* generates R3.2 million in revenue from subscriptions. If he pays his staff, of about 40 people R50,000 per month, the *Daily Maverick* will be left with a cool R1.2m."[238]

[235] https://themediaonline.co.za/2020/09/maverick-by-name-maverick-by-nature-a-case-study-of-modern-journalism/
[236] https://themediaonline.co.za/2020/09/maverick-by-name-maverick-by-nature-a-case-study-of-modern-journalism/
[237] https://www.iol.co.za/news/opinion/smoke-and-mirrors-why-daily-mavericks-branko-brkic-is-a-liar-and-a-thief-799285c7-e54d-4b3b-9fa9-5a440978c45e
[238] https://www.iol.co.za/news/opinion/smoke-and-mirrors-why-daily-mavericks-branko-brkic-is-a-liar-and-a-thief-799285c7-e54d-4b3b-9fa9-5a440978c45e

Ayanda Mdluli, also from the *IOL*, wrote in 2019,

> The Oppenheimers have been directly responsible for the destruction of black families and black men in particular, benefiting extraordinarily from apartheid and they, too, have even owned media… Now they have emerged as funders of the *Daily Maverick* and CR17. Are we then surprised that the narrative of this publication is anti-black? Are we surprised that they are supporting a narrative that is anti-transformation and anti-liberation?

In 2020, IOL again raised this issue, this time by Iqbal Surve, who wrote, "Media outlets such as *Daily Maverick,* funded by the Oppenheimers and other well-placed businessmen and families; so-called media investigative units like amaBhungane, are funded primarily by overseas backers who themselves have certain political interests."

Despite Independent News not being a member of the Press Code[239] at the time, and therefore not necessarily a credible source, it does have a large number of readers. So, while the IOL news platform may be seeking to muddy the waters of the South African news space, the issue of independence and transparency can never be ignored. Daily Maverick is going to need to ensure that its conduct is beyond scrutiny, because it sells itself as an organisation fighting for journalism to be a public good and as a defender of South Africa's democracy.

THE POWER OF ENGAGEMENT

The key to Daily Maverick's model is based on the notion of engagement. The company understands that to win over members, it needs to engage with them. Beighton explained this,

> What we've found is that engagement to us is everything from as small as an email into our inbox, to as grand as a huge conference to surveying our readership base. Every time somebody uses one of their benefits, whether it's ad free browsing, or whatever it might be when they open their Behind the Scenes newsletter….Each of those engagement points are actually part of our retention strategy. We found is that the

[239] Independent Media rejoined the Press Code in February 2024

> engagement is so important and needs investing into, because it's one thing to get somebody to join your membership, or your paywall. It's a completely different story to get them to stay with you. Yes. And for us, you know, there's, I'm actually not sure what the name of the benchmarking survey was done. It was 200 newsrooms globally. We have the highest retention of any of them, or paywalls, or membership. So, it's fair to say we have one of the highest in the world. We have an 85% or 86% retention rate of members who joined us three years ago. (Beighton, 2023).

Thus, while only 0.25% of *Daily Maverick* members subscribe, the stats show that these readers are loyal to the publication and will likely continue supporting it. This is very important for the long-term sustainability of the newsroom.

CONCLUSION – NEWS BEFORE REVENUE

From its onset, the mandate of *Daily Maverick* has been to deliver politically relevant news. This has been the cornerstone of its business model, where news and journalism is more important than revenue. This theme has come through strongly throughout the communication from the media house. Phrases such as “serve the public”, “press code”, “defend the truth”, and “hold power accountable” are common to all communication, and there is never a deviation from this. It is clear that *Daily Maverick* is 100% committed to news being a public good. Beighton’s stance in her interview, where she said, “I am 100% committed to news being a public good”, also echoes the company’s view that news is there for the public and should serve to protect democracies (Wasserman, 2020).

However, *Daily Maverick* still operates within South Africa’s political economy. On the one hand, it deals with how news organisations operate in a climate of social and historical change, its moral philosophy to that change, its role within society and the action it takes to facilitate the consumption of news (Mosco, 2009). However, it also has to have policies which allow its newsroom to function, which include funding and how readers consume its news (McChesney, 2000). While *Daily Maverick* is firm in its stance that news has to be free, it still needs to fund its ever-growing newsroom and media offering.

The company started off with a political agenda aimed at uncovering maleficence within the government. As Fran Beighton (2023) stated, “We were more politically focused than anything else", but since then, it has expanded its activism to include business, climate change, sports and lifestyle content. In order to achieve this, the company needs reliable and predictable funding. To remain completely independent of all forms of potential interference, be it from government, politicians, business or advertisers, it has turned to its readers for support. While the organisation is firm in its stance that there will "never be a paywall", it decided to adopt an innovative crowd-funding model through a reader membership programme called Maverick Insider.

Traditionally, media has been supported by sales of newspapers and advertising (Daniels, 2014; Dugmore, 2018). However, with the advent of the digital disruption, media turned to paywalls (Dugmore, 2018). *Daily Maverick* has battled to support its newsroom with advertising, given its political focus and its agenda that news comes before media, which has in the past alienated advertisers. "In South Africa, a lot of advertisers didn't want to advertise because we were too political" (Beighton, 2023). To fill this funding gap, *Daily Maverick's* Maverick Insider is a call to readers to help fund the organisation through ongoing monthly contributions. Since the programme's launch in 2018, membership subscriptions have grown from 200 to 26,000. And, while this only equates to roughly 0.26% of its readers who contribute as members, membership contributions are sustaining the newsroom. Every addition of a member contributes to a new journalist being hired, "[Memberships} allow us to decide, yes, we can actually hire another journalist or that's a piece of tech that we can invest in" (Beighton, 2023)

The challenge, however, that *Daily Maverick* faces is to sustain this membership structure because, as critics say, why would anyone pay for free news? *Daily Maverick* argues that its membership structure allows it to remain impartial and, unlike advertisers that fall away at any hint of criticism, readers are committed to supporting the organisation. Even in economic downturns, the newsroom may lose some of its contributors, but it is not as significant a hit as losing a big advertiser would be. This means that *Daily Maverick* has to court its readers. And, while the media house is committed to remaining impartial to grow its numbers, it admits to using reader data to structure its offering, which has led to massive jumps in subscriptions. By doing this, the researcher asks whether the way it delivers news is indeed being swayed, not by politicians and advertisers, but by readers.

What must be noted in the discussion around *Daily Maverick* is that its readership base, according to its rate cards, is influential, wealthy and educated. Thus, while the newsroom keeps its offering free so that everyone can access it, its readership, in fact, does not necessarily require free news because it can well afford to pay for it. Wasko (2014) argued that when media caters to power and class, it can exclude large segments of the economy (often the poor) – the very people *Daily Maverick* wants to include. Benequista (2020) says that when wealthy, influential audiences are courted, the news becomes elitest. McChesney (2000) argues that news should not serve a specific agenda, and audiences should be free to construct their own views around the news and their own democratically determined needs. However, it has to be questioned whether this can be achieved, when *Daily Maverick* operates under the mandate of its readers, who are wealthy and educated?

While *Daily Maverick* asserts its independence, it cannot escape issues around the digital divide either, as most of its offering is digital. Dugmore (2018) asserted that the poor's ability to access technology and data is not progressing as fast as the media would have hoped, and with over 50% of South Africans living under the breadline, *Daily Maverick* is unfortunately not reaching them economically and also not in terms of the required levels of literacy needed to understand news produced by *Daily Maverick*.

In conclusion, although committed to the idea of journalism as a public good, Daily Maverick is still impacted by the strains imposed on the newsroom by digital disruption and the changing face of the newsroom. They cannot escape the realities of the media economy, which include funding strategies, courting stakeholders, and the cost of production and distribution of news (McChesney). As such, while it may never implement a paywall, it relies heavily on readership support to buoy its operations and ensure its future sustainability.

CHAPTER EIGHT

DAILY MAVERICK, MEDIA24 AND ARENA DIFFER VASTLY PHILOSOPHICALLY

This chapter compares the strategies of Arena Holdings, Media24 and Daily Maverick as per the previous three chapters on the paywall models with the main research question in mind: Can paywalls be defended in the context of journalism being a public good?

These three media houses have implemented distinctly different funding models, and this chapter gives a comparative overview of the three companies in terms of their reader revenue models and in terms of journalism being a public good. The chapter examines the narrative each company uses to defend their use of their funding models, i.e., paywalls for Arena Holdings and Media24, and a membership model for Daily Maverick. This will be informed by the business and media philosophy of each company.

The chapter will then compare the value-added benefits and how these companies are courting their readers to promote payment by looking at their added-value benefits. It will then discuss how they are seeking to overcome the digital divide. This will lead to a comparison of browser and subscription/membership numbers as well as the demographic of readers.

TWO CORPORATES AND A MAVERICK

Both Media24 and Arena Holdings are large corporations, and their business models are based on revenue generation. Media24 has always been owned by Naspers, and its first digital platform was launched in 1998. The company's leadership team has also had a long history with the firm and has remained unchanged for a number of years (see Chapter Six), showing that the company and its management structures are stable and that there is continuity of strategy, philosophy, and purpose.

Arena Holdings, on the other hand, has had numerous changes of ownership in the last decade, as well as a number of changes to the company CEO and editors (see Chapter Five). This can have impacted the company's business model and paywall strategies, as it started under the leadership of Peter Bruce and Derek Abdinor between 2011 and 2013. As previously discussed, business models would surely have changed as new owners took over. While Tiso Blackstar was about streamlining the business by "closing titles and laying off staff", Arena Holdings' strategy is about building "media assets in South African and [growing] the business across the African continent"[240].

The reason stability of the organisation is important in the discussion on paywalls, is that paywalls are a long-term game, as noted by Peter Bruce[241] and Adriaan Basson (Basson, 2023).. In order to get readers onboard with the idea of paying for digital news, media platforms need to have a long-term focus, where everyone involved in the strategy of the business is working to achieve the same goal. When you look at the success of Arena Holdings and Media24's paywall strategies, you can clearly see that Media24 has achieved greater success over a much shorter period of time. In 2023, Media24 has 170,000 subscribers, while Arena Holdings had fewer than 15,000 subscribers.

In stark contrast to Arena, Daily Maverick, which is a relatively new news organisation that was founded in 2009, has had the same leadership team since its inception. The company, which was founded with a largely political agenda, has evolved into a fully-fledged news organisation but with a very different business model and philosophy. Daily Maverick puts news dissemination above revenue collection. "…Editorial comes first… the news comes first and …revenue has to be second." (Beighton, 2023).

Daily Maverick can adopt this model because it is not a corporate entity and it is not answering to shareholders, unlike Arena Holdings and Media24. As such, the business model and strategy can focus far more on journalism as a public good. Although not adopting a paywall, the company has outperformed Arena Holdings in terms of building its membership model, and in a much shorter period of time. In 2023, Daily Maverick boasted 26,000 members.

[240] https://lebashe.com/lebashe-enters-the-media-arena-and-ushers-in-a-new-age/
[241] https://themediaonline.co.za/2020/07/the-future-is-bright-but-different/

MOTIVATED TO BE SUSTAINABLE

When it comes to their reasons for pursuing a reader-funded strategy, be it paywalls or Daily Maverick's membership model, all three newsrooms talk about the sustainability of the newsroom and outstanding journalism as the key drivers.

Media24's TinaShe Makwande (he has since left and works for Meta), was quoted as saying, "We knew we had to invest in highly experienced talent within investigations and we grew the team…All our journalists and editors have subscribers in mind, and they put it at the centre of their work. Without that very rich content and the journalism that we are so very proud of we wouldn't have the solid value proposition we have today."[242]

Makwande refers to talent, rich content and a value proposition. This wording shows that the business is about "selling" a product with a solid value proposition, which is experienced journalism that caters to the needs of its subscribers. Adriaan Basson was quoted as saying, "We have invested in journalism and grew our newsroom at a dark time for media companies and journalists. With the very sad and unfortunate decline of print publications, we need to ensure that we build a sustainable future for digital publications like News24 to keep power to account and strengthen democracy."[243]

Basson opines on the digital disruption and the need to sustain digital publications. He also refers to strengthening democracy, which is a constant thread that runs through all of Media24's communications around paywalls. In 2011, Peter Bruce was quoted as saying,

> The paywall is necessary and may well be the only way to save *Business Day* "as a newspaper" in the long term…Unless we do this SA can kiss goodbye to its own stand-alone daily business newspaper"[244]. In 2020, Bruce said, "For me, the big battle ahead is obviously online. In South Africa the Arena titles face a daunting array of competitors, all of them available for free, while the *Sunday Times, Business Day* and the others earn their money through subscriptions. It means they have to be much, much

[242] https://www.fipp.com/news/d2c-summit-lessons-from-the-paywall-success-of-news24-south-africas-biggest-news-website/

[243] https://www.news24.com/news24/southafrica/news/future-of-news-summit-paywalls-wont-save-journalism-good-journalism-will-20200730

[244] https://themediaonline.co.za/2012/08/business-days-courageous-leap-into-reality/

better than the free competition…. The big battle to come is over the talent required to persuade more people to pay[245]"

Daily Maverick articulated in a press release published on Media Online, "By investing in its newsroom during times when others are downsizing, the editorial team now boasts an unprecedented collection of seasoned journalists and investigative reporters in a South African newsroom."[246] This comment highlights that building a newsroom and employing seasoned journalists is important to Daily Maverick's strategy.

The discourse emanating from all three companies illustrates that they are all arguing that newsroom sustainability is key and use it as a justification to employ a strategy of reader funding to supplement advertising and other sources of funding. "The more subscribers you get, the bigger you can grow your newsroom. And the better you can be at providing that journalistic outlet to the public. If you can't do that, you rely solely on advertising." (Langeveld, 2023).

ARENA HOLDINGS DOES NOT COMPETE

It can be assumed that audiences want to see that they are getting value for their money. When you compare the subscription costs of Arena Holdings and Media24, Media24 is a cheaper offering with arguably more value.

Table 8: Subscription costs for Arena Holdings, Media 24 and Daily Maverick (Sources: Arena Holdings, Media24 and Daily Maverick)

Company	**Platform**	**Cost**
Arena Holdings	TimesLive	R89
Arena Holdings	BusinessLive	R129
Media24	News24	R75
Media24	Newerk24	R119
Daily Maverick	Daily Maverick	Free

245 https://themediaonline.co.za/2020/07/the-future-is-bright-but-different/

246 https://themediaonline.co.za/2023/05/daily-mavericks-dm168-newspaper-posts-impressive-11-6-circulation-growth/

When examining the justification of paywalls, the value the platforms offer readers needs to be examined. Peter Bruce spoke about ensuring the newsroom has a competitive advantage through the employment of the country's top journalism talent. However, since Peter Bruce wrote his 2020 article explaining the need for paywalls, Arena Holding has seen a mass exodus of some of its most prominent journalists, many of whom have moved to Media24, with a number also moving to Daily Maverick.

The company does offer value-added benefits, including access to other publications on the platform. For example, *BusinessLive* subscribers get access to the *Financial Mail, Wanted* magazine, and its regional publications. However, it is competing with the likes of Media24 which is home to a number of big names in the industry, along with a strong investigative arm. This is exactly what Peter Bruce meant when he said in his 2020 article, "The future is bright but different"[247]. He further said, "For me, the big battle ahead is obviously online. In South Africa the Arena titles face a daunting array of competitors, all of them available for free, while the *Sunday Times, Business Day* and the others earn their money through subscriptions. It means they have to be much, much better than the free competition." However, *News24* is no longer free, and has employed a number of the journalists that gave Arena Holdings a competitive advantage.

And when you look at competitive advantage, BusinessLive, which used to be South Africa's premier business offering, is now facing off with *News24's* and Daily Maverick's business offerings. Daily Maverick, for example, has ex-Business Day editor Tim Cohen heading up the section, while names like Carol Paton and Karyn Maughan are part of the *News24* business team. Given that these two organisations offer free or better value for money in the overall offering, Arena Holdings, it can be argued, is not offering a competitive advantage to two of its biggest competitors in the online news space.

NEWS – A PUBLIC GOOD OR A CONSUMABLE PRODUCT?

When investigating whether paywalls can be justified within the context of journalism being a public good, we need to consider how media companies view their products and their role as newsrooms. Arena Holdings does not speak about its role within the Fourth Estate or as a

[247] https://themediaonline.co.za/2020/07/the-future-is-bright-but-different/

protector of democracy. Peter Bruce did not mention the media's role in protecting democracy. He spoke, however, about employing the best journalists to gain a competitive advantage. *Sunday Times* also does not engage with readers around the paywall and did not even notify their readers of the initial paywall. "We launched softly, without aggressive advertising. The best marketing is what we've done with the content block: you want the story then and there, then here are the options."[248]

While Arena Holdings does send out newsletters about its product offerings, special events, and prize giveaways, there is no mention of the news organisation's role as a provider of quality news. Arena Holdings' communications suggest the business views its content as a fast-moving consumer good that needs to be purchased, much like a can of Coca-Cola. Its newsletter tends to advertise giveaways and streaming options. And the promotion of its platforms, which the researcher has seen, appears to be managed like fast-moving consumer goods or FMCG site.

In contrast, both Media24 and Daily Maverick are steadfast in their messaging about the roles the media plays in democracies. Both companies have based their offerings on in-depth investigative reporting. For example, Daily Maverick was heralded for breaking the Gupta Leaks and Bell Pottinger scandal, and Media24 investigated the murder of Babita Deokaran, even producing a documentary on it.

Both Media24 and Daily Maverick use their roles as the Fourth Estate, as key reasons for reader support. This can be seen in their narratives. "I think at the heart of journalism lies the public interest. And being the Fourth Estate that looks into the environment in which we operate and point out the wrongs and the abuse of power." (Basson, 2023). "We're the fourth estate, [and it] is taken very seriously. And it's something that everybody from junior reporters to people in the business side and people in the marketing side have drilled into them regularly, 'you the Fourth Estate". (Beighton, 2023).

> The stuff that matters, the investigative journalism, the reality of what's going on in our governments, etc. There is a place for it, and everybody deserves to know. Journalism, I think plays a critical role in a country's democracy, and even more so South Africa. If

[248] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/

> we really want to believe in a brighter future, then journalism must have its place to make sure whatever is not right can actually surface. (Smith, 2023).

As such, investigative journalism is central to both these companies' offering. However, they also talk about the cost involved with investigative journalism and this is brought through in their communications with their readers. "The premium content has all these investigative pieces that we spend a lot of time and money on creating, and investigating, and chasing leads and putting the stories together." (Venter, 2023).

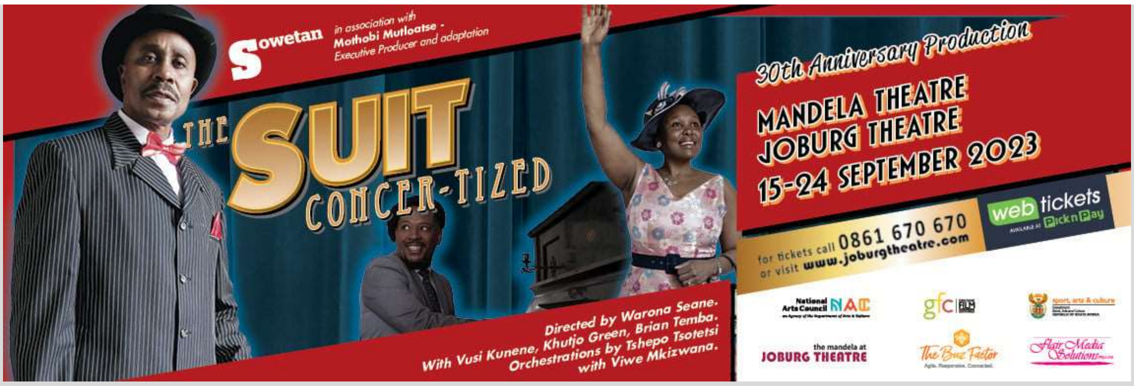
GOLDILOCKS ENGAGEMENT – TO LITTLE, TOO MUCH, JUST ENOUGH?

When it comes to the analysis of paywall models, a standout omission from Arena Holdings is its lack of communication with its readers. From the onset of the group's paywall strategies, it became apparent that the company did not appear to believe that engagement was necessary to nudge its readers towards its paywall strategy.

In Chapter Five, we see that *Sunday Times* did not even warn its online readers of the impending paywall. When they logged on to get their news, there was a notification stating, "Times have changed…. Quality journalism comes at a price."[249] While Peter Bruce was very open to talking about paywalls, the need for them and the future of online journalism, the communications found online were not news disseminated from the organisation; rather, it was third-party articles where Bruce discusses the need for users to start paying for news.

Arena Holdings' engagement comes in the form of marketing its product, again in the same way that a fast-moving goods company, like Coca-Cola, may market its beverages. An example of an Arena Holdings email can be seen below:

[249] https://themediaonline.co.za/2012/06/sunday-times-launches-content-block-and-apps-to-access-quality-content/



WIN DOUBLE TICKETS TO ***THE SUIT CONCER-TIZED*** SHOW IN SEPTEMBER

This Heritage Month, as a thank you to our **TimesLIVE** subscribers we are giving away double tickets to *The Suit Concer-tized* musical taking place at the Joburg Theatre's Mandela Theatre from September 15 to 24 2023.

Celebrating 60 years since the publication of Can Themba's acclaimed short story, *The Suit,* a star-studded musical version reimagines the Sophiatown-era story of a jilted husband's revenge on his cheating wife through a female-centric lens.

To enter the draw to win

Send us an email titled The Suit to **support@timeslive.co.za** with your **name, surname, subscriber number, email address and mobile number**. Limited tickets available: offer ends on September 14. Winners will be notified by Thursday, September 14.

Keep enjoying TimesLIVE premium news, movies, documentaries, podcasts, music videos, games, children's content and much more.

Terms and Conditions:

- The competition runs from September 12 to 14 2023.
- This competition is only open to persons living in Johannesburg, SA.
- Date of event is on September 16, 2023; show starts at 7.30pm at the Joburg Theatre – Mandela Theatre.
- The first lucky 20 subscribers to send through their details will be chosen as the winners.
- The judges' decision is final, and no correspondence will be entered into.

- Winners will be notified by end of September 14, 2023, via phone call and email.
- You must be a current active subscriber to TimesLIVE to enter.
- Prizes must be taken up as awarded and cannot be transferred to any other person, sold or converted to cash.

This lack of authentic engagement, where users are told the reasons that media needs to be supported, is arguably one of the most substantial reasons for Arena Holdings' lack of success with its online offering and uptake of its paywalls. When you contrast Arena Holdings' approach to the implementation and strategy around paywalls with what Media24 and Daily Maverick do, which are far more successful with their funding models, it is evident that these two newsrooms are far more invested in engaging their readers. They have explained the need for readers support when it comes to sustaining newsrooms and paying for quality journalism, and the media's role as a watchdog, not only for government, but also business.

For example, Daily Maverick sends regular newsletters about the need for membership subscriptions. An example of one of the newsletters can be seen below:

DAILY MAVERICK

Wednesday, 27 September 2023

The One-Quarter of One Percent

Journalism. It's a tough thing to sell. That's why so many publishers have erected paywalls. (You know, those frustrating little pop-up boxes commanding you to pay if you really, really want to read an article).

But we at *Daily Maverick* don't like paywalls. And not just because they're as frustrating as the Boks missing 11 points from the tee against Ireland (we still love you, Bokke!) but because, to us, they just don't make sense.

Or so we thought.

Here's our problem:

Technology, as it tends to, changed the way the journalism industry works. **We need to pay our journalists' salaries because in between all the investigations, reports and holding-the-bad-guys-to-account, they also have a right to have home and family with food on the table, even the odd cup of coffee.**

Journalism used to rely on advertisers just fine. Google and Facebook then came along and offered advertisers a much better direct return on investment.

That's the way with disruption – it disrupts everything in its path. After all, we didn't "own" this advertising. So we needed to find a better way to fund our journalism… fast.

Or else.

Here's our suggested solution:

At the time (five years ago to be precise) we could have forced our then comparatively small readership of about two million monthly browsers and 150,000 newsletter subscribers to pay via a paywall. And because *Daily Maverick* every day is truly a fireworks of South Africa's finest journalism, that would not have been a problem.

Presto – problem solved. And yet. And yet. Our conscience got in the way.

How could we do that? To start with, our journalism is a public service. Not a public service only to those who can afford to pay.

But there was another nagging thought: how could we consider having the impact that we always felt we must have if only a tiny percentage of the population knew about it?

So we decided to create a membership instead and ASK our readers to contribute what they could. (Madness, right? Believing in people's better angels…)

How did that go for us?

On the one hand, because we didn't erect a paywall, we've grown our readership to more than 10 million monthly browsers. Our collective conscience is greatly comforted by that. More than 10 million people every month are better informed because we chose the membership route. Kinda important to South Africa with a national election loading and a series of existential crises downloading straight from Hell.

Conversely… **Only roughly 0.25% of our readers (one-quarter of one percent) have chosen to support us by becoming Maverick Insiders**. That's despite our repeated efforts with mails like this pleading with you to support this ultimate journalism effort. (These mails do stop, by the way, when you join our membership). So, not exactly the golden bullet to our revenue needs but, frankly, we would have probably closed by now without the generosity of the one-quarter of one percent of our readership.

The plan… and the problem:

When we look at our impact over the past decade, our track record for positive change speaks for itself. Our work has been instrumental in weeding out corrupt politicians, exposing criminals and shining a light on those in power who'd rather stay in the dark.

Our plan at *Daily Maverick* is to keep growing. We need more journalists in every corner of the country so that we can expand our coverage, our investigations and ultimately this positive impact we have on our ailing society. We also have a complete set of plans for an entire education desk that will be focused on not just demanding better service but also providing much-needed resources to teachers, students and pupils.

We want to make South Africa the country that we believe it can be.

Problem is, we need much more of our readers' support. We know that not all of you can afford to contribute (the precise reason we don't have a paywall) but we also know that among the 9,974,000 of you who have not yet become a member, there's at least some who could contribute the cost of a cup of coffee a week to us.

It comes down to this: we're not asking you to pay for every article you read. We're asking you to support us so that we can keep doing what South Africa needs us to do. If you see value in that, then please join us. We've promised never to erect a paywall, but we can't keep going without you.

Put another way, if you appreciate the impact that we've had with the contributions of the one-quarter of one percent of our readers, then just imagine what we could do if more of you supported us.

JOIN MAVERICK INSIDER

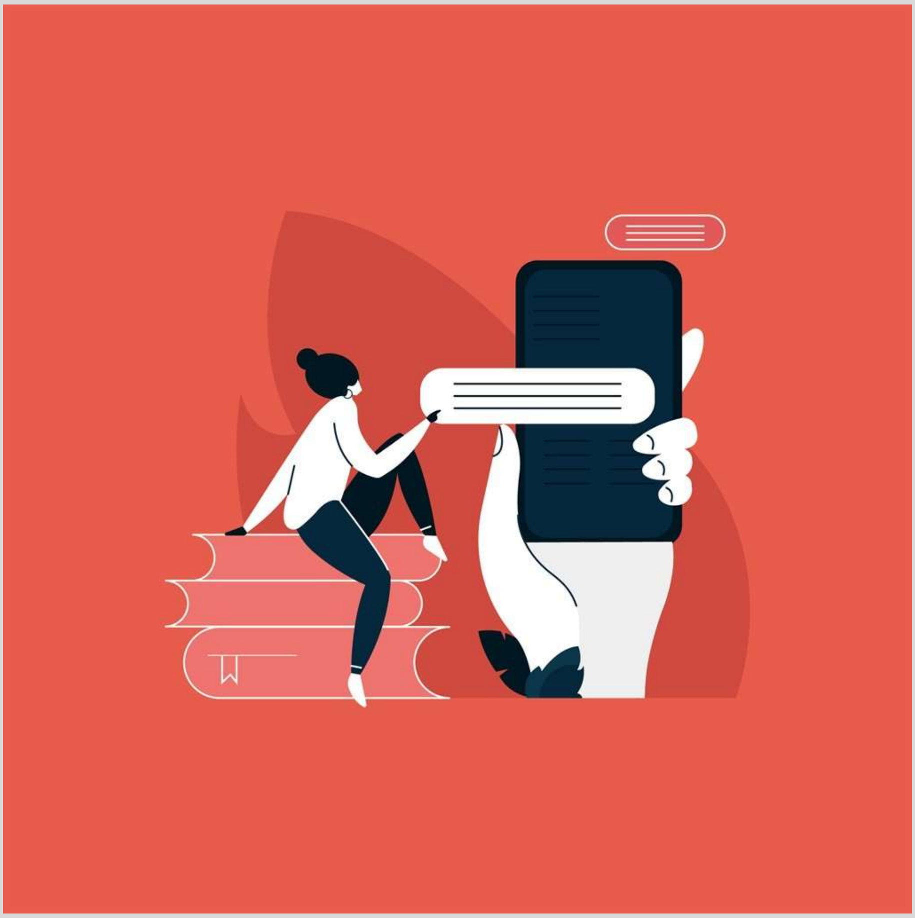
This newsletter summarises the plight of newsrooms for readers. It tells them exactly what is happening on the ground and why the organisation needs funding. The tone is kept light, but it is very clear that newsrooms are battling with the digital disruption, advertising is suffering because of platforms like Google and Facebook, and that journalists need to be paid. It also notes that only 0.25% of readers are supporting the organisation. This is a real plea for help.

Also, when you log onto a *Daily Maverick* story, it asks you to register. Readers are greeted with an array of notes asking them to support the publication by becoming a Maverick Insider, and it explains that it is trying to keep news, including analyses and investigative pieces, free to the public, yet people are not prepared to pay. Daily Maverick is prolific in its reader engagement and sends out emails almost daily asking for members to join.

Media24 also communicates regularly with its readers. It does so in the form of news releases in its news feed, as well as emails to readers. An example of a Media24 letter is below:

Unlock your learning potential - on us

Bookmark



Start your 14-day free trial to unlock unlimited perspectives.

News24's 14-day subscription trial allows readers to sample our premium news offering without committing to the subscription fee just yet.

Feed your curiosity and find out what's behind our paywall free of charge for the next two weeks.

The trial is a chance to sample News24's award-winning reportage, including exclusives, in-depth opinion and analyses, as well as access to premium content and newsletters.

You'll get to join the more than 75 000 subscribers who bank on us to bring them credible and compelling stories from journalists they can trust.

If you're new to our website and you'd like to find out more about the benefits of a News24 subscription, our trial is your best bet.

Your 14- day free trial gives you exclusive access to:

Investigations

Our dogged investigative reporters follow tip-offs, paper trails and politically explosive dealings to uncover the truth. From presidential scandals to organised crime networks at municipalities and top parastatals, nothing stays hidden for long.

Podcasts

Press play and let News24's multi-media team take you on an audio-visual journey with podcast packages that push the envelope and drive national dialogue.

News24 has an archive of gripping and highly acclaimed podcast features which put the spotlight on a range of topics – from weekly newsmakers to mental health and unsolved murder mysteries.

READ | Are you new to News24? Here are 9 ways to make the most of your subscription

eMagazines

Let loose and browse through a range of digital magazines published on News24.com as part of our subscription offering. Whether it's home decor, lifestyle, travel or financial news, we've got a variety of magazine titles for you to choose from.

Events and more

Get access to subscriber-exclusive events hosted by News24, including book launches, screenings and virtual discussions. Where paid events are open to the broader public, News24 subscribers often benefit from discounted ticket prices and other perks.

Click here to start your 14-day trial and experience the exclusive content that our existing subscribers can't go without.

Should you wish to cancel the free trial before it ends, you will not be billed. If you don't cancel, your subscription will continue at the normal price of just R75 per month.

This letter has an interesting heading which refers to readers “unlocking their learning potential.” This sells the Media24 product offering as an educator for readers. In addition, the platform sells its value-added benefits to readers.

When logging onto a story that is locked behind a paywall, Media24 says:

“*Read this for free*

South Africans need to be in the know if we want to create a prosperous future. News24 has kept the country informed for 25 years, and we’re about to enter a new chapter of fearless journalism. Join our free subscription trial to unlock this story and a world of news aimed to inform, empower, and inspire.

Try our free 14-day trial”

This narrative talks directly to Meda24’s role as the Fourth Estate. It conveys why Media24 thinks readers need to support news organisations. It also refers to the media’s role as an educator, to inform and empower readers.

The notable difference between Daily Maverick’s communication and Media24’s communication is that Daily Maverick espouses the view that news should be free and that people who can afford it should help ensure everyone has access to the news. However, Media24 notes that subscribers must pay for their news and that the company will ensure they are given a product that is of value to them. These two approaches highlight the different philosophies and business objectives of the two organisations and the tools they use to encourage readers to support them.

Both Media24 and Daily Maverick have had “relative” success with attracting subscribers and members. While Media24 boasts substantially more subscribers than Daily Maverick has members, the uptake from paying readers is equitable. In fact, *Daily Maverick* has one of the highest member retention rates in the world, standing between 85% and 86%, which Beighton (2023) attributes this to the engagement the company has with readers. She notes:

> And what we've found is that engagement to us is everything. From as small as an email into our inbox, to as grand as a huge conference to surveying every time somebody uses one of their benefits, whether it's ad-free browsing, or whatever it might be when they open their, their kind of behind-the-scenes newsletter, which is the only content that is just for insiders. Each of those engagement points is actually part of our retention strategy. We found is that the engagement is so important and needs investing into, because it's one thing to get somebody to join your membership, or your paywall. It's a completely different story to get them to stay with you. (Beighton, 2023).

However, Arena Holdings, without any meaningful engagement around the need for paywalls, has been unsuccessful with its paywall strategy.

Overarching Narrative

When analysing the narrative of the three companies, we can clearly see they have three different business models. While Arena Holdings has adopted a user-must-pay attitude and Daily Maverick has chosen journalism as a public good as its overarching narrative, Media24 has taken the middle ground, where journalism aspires to be a public good, but it must be paid for. *News24* prioritises revenue generation, but it also keeps its readers central to its philosophy. An examination of the language used has revealed that Media24's strategy is building a happy reader base. The company is looking to build its paywall strategy by growing its subscription base, and it does this by offering a value-for-money product that offers tangible value to its readers. This value comes from deep-diving investigative pieces, thoughtful analysis and strong opinion pieces. It also offers a full range of English or Afrikaans publications to its subscribers. Thus, for R75 or R119 per month, subscribers have access to news, magazines, games, events, podcasts, text-to-audio technology, and for Afrikaans subscribers, audiobooks and "soapies". However, its narrative is that we give you value for money, but we need your help to sustain our newsroom.

This differs to Arena Holdings, which also offers a range of value-added benefits including special offers, events, other Arena Holdings publications for R89 for *TimesLive* and R129 for *BusinessLive*. But what it does not do is promote its news offering as providing a public good or being a watchdog of government and business. In fact, it says nothing about the watchdog or fourth estate role of the media.

Media24's website is full of "marketing" for its paywalls and role as a world-class media company. In addition, Adriaan Basson can be seen speaking at different events, and the company seems to make its people and its name visible, while Arena Holdings is far less obvious in its marketing efforts. In fact, when the new editor for *Business Day* was announced, it went virtually unnoticed.

When you then juxtapose Media24 and Arena Holdings with Daily Maverick, you get an interesting intersection of ideals. Media24 straddles the ideals espoused by Arena Holdings – which is user-must-pay - with those of Daily Maverick, which is news is there for the public good.

What is evident is that both Media24 and Daily Maverick are very clear in their strategy, which is consistent throughout their organisations. This leaves the reading public with a very clear idea about what they stand for. It also leaves the reading public very clear about what they are paying for if they support these organisations. However, Arena Holdings has no clarity of vision, purpose, or values. The limited communication around paywalls is that users must pay. As mentioned in Chapter Five, the organisation does not even assist with research or speak to the press.

THE PAYWALL MODEL: ARENA GUESSES, MEDIA24's DEEP INVESTIGATION AND DAILY MAVERICK'S BEACON FOR THE MEMBERSHIP MODEL

When analysing the Arena Holdings model, Peter Bruce talks about using models like the New York Times, but there is no mention of what research and the extent of the research the company did around paywalls and how they reached the decision to adopt the model that Times Media did. At the time of its paywall launch, Times Media was a sister company to the London *Times* and may have sought inspiration from that publication, but nowhere in the discourse is there mention of research. What is interesting is that the company is criticised for launching the paywall at a ridiculously high cost. The impression given by the *BusinessLive* and *TimesLive* paywalls is that their model was following global industry practice (as discussed in Chapter Two), but, that the approach would be a like-for-like exchange. For example, if people are buying a daily paper for R30, then we will charge RX for the digital offering. It can be argued that there was a naiveite in their expectation of people's willingness to pay for digital news.

> The New York Times is the Northstar for all of us, just because they've been so enormously successful in building a massive digital subscription base. But we've also looked at the Telegraph, The Times of London, Scandinavia, Bg, Aftonbladet. And we saw that this, they were mainly three models when we started to explore this, subject…We've looked at many models… we did a massive amount of work. And the problem is, is it is never a like-for-like comparison. We do have a different market, we do have different realities, it's not the same. So, we decided to stick to freemium. (Basson, 2023).

This shows that this model was carefully researched and the realities of South Africa were considered. This highlights that Media24 considered the models from the US, where the user-must-pay principle dominated, to the more egalitarian approach of Nordic paywall models. It took the company over two years to decide on a model and implement it, and the company says that the model is still being adapted to meet global trends.

Daily Maverick also details the research that went into designing its model. But their model is being held up as an example of a successful membership model, which appears to be growing in popularity. What they do say is that they did not want to go the subscription route and that they needed a more sustainable model than the UK's *Guardian*, which is a donation model.

"Of course, we're always looking to see what else other people are doing. And, you know, it's really fascinating to see. The Guardian model is more of a donation model than a membership model. Although they do recurring payments, they don't invest terribly heavily in the engagement aspects with benefits." (Beighton, 2023). The company also appears to be working to ensure its retention statistics are maintained to prevent churn, which is a challenge that Media24 also faces. For reader-funded models to be of value and to form part of a media house's long-term strategy, they have to have to ensure that they maintain the revenue generated from readers.

In the discussion around journalism being a public good, Benequista (2022) argues that media needs to be sustainable. However, what model will ultimately be sustainable is debated between the media houses. When it comes to sustainability, Media24 believes that the membership model is not sustainable. "So, I think if you have a major benefactor or philanthropist behind you, and you can possibly pull off a membership model like the *Guardian* in the UK, but there's a reason there's only a very few of those publications who's going that way. Because, you know, I don't think it's sustainable." (Basson, 2023).

However, Daily Maverick, on the other hand, believes that the traditional paywall model is losing its appeal as a reader-funded model. "We're constantly experimenting. And we're constantly looking at what's the next disruption. You know, I think that globally, paywalls are beginning to see a decline" (Beighton, 2023).

ALTERNATIVE FUNDING AND INDEPENDENCE

Regardless of which model will ultimately prevail going forward, it is important to note that these media houses cannot currently rely on their readers to sustain them. They all need alternative funding models.

While Arena Holdings does not disclose its strategy or funding models to readers, journalists, or academics, it can be surmised that the paywall model is not sustaining its newsroom. Instead, the company is reliant on advertising and the income generated from the other arms of its business, which include magazines, events, radio, TV, and movie streaming.

Media24 is far more transparent about the need for paywalls and how it funds its operations. As a publicly listed company, its financial statements are available to view, but the company is also willing to share the issues around funding with the broader public. Makwande was quoted as saying, "It is being driven by the economics of the newsroom. With the highest website traffic of any website in South Africa. Media24 wants to maintain its traffic, as that directly affects its digital advertising revenue, while still building what is a very lucrative subscription business." [250] What this shows us is that Media24 balances the revenue brought in by its paywalls, that is, a hard paywall for *Netwerk24* and a freemium model for *News24*.

[250] https://www.fipp.com/news/d2c-summit-lessons-from-the-paywall-success-of-news24-south-africas-biggest-news-website/

Netwerk24 is behind a hard paywall because the advertising revenue generated from the smaller readership numbers does not justify a freemium model. However, with 12 million unique viewers and 123 million page views, *News24* makes healthy digital advertising revenue, and the company is not willing to sacrifice that by implementing hard paywalls. This means that the organisation has developed a strategy that maximises revenue and has de-risked the business by not relying on a single revenue stream. Being a large corporate entity, *Media24* also has the benefit of several different business arms to help fund the business, including book publishers, TV channels, logistics and advertising.

Daily Maverick is also transparent about how it generates income. In the past, it relied heavily on grand funding and advertising. This allowed the organisation to have a different approach to its business model, which prioritised news before revenue. The organisation is adamant that truth comes before advertising revenue. "A lot of advertisers didn't want to advertise because we were too political… when you are dependent on advertisers, and then particularly in our line of work, you may do an investigation, which has happened into said advertiser, they will pull their funding." This discourse shows that Daily Maverick will not amend its journalism ethics to court advertisers. However, it relies heavily on advertising as part of its model. The company admits that its membership programme is not at a high enough level to support the organisation fully. It also admits that its grant funding is falling away. As such, Daily Maverick has also started its own bookshop, events arm and e-commerce division to supplement funding.

MEDIA24 ADDRESSES THE DIGITAL DIVIDE BEST

The research also gives interesting insights into the digital divide within the context of paywalls. The digital divide speaks to affordability, ability to access technology, and willingness to use technology.

While Daily Maverick provides news for free, thus bridging the affordability gap and the access gap through its website, it is Media24 that appears to have put real thought into its platform to ensure that the news is easy to access.

> Consideration was given, obviously, in terms of how do we make it as easy as possible for people to download stories and article views within the app at a cheaper rate. So, our refresh rate in our app is quite quick, meaning that you use a bit less data than you

> wouldn't on other apps, depending on what type of app they implemented. And we optimise as much as possible to in order to reduce the refresh rates in order to use less data. When you're speaking about actually, people being able to subscribe, so we have different payment methods. So, in other words, you can subscribe by your credit card or via EFT, or EFT, or via the app store's either if you are an apple, or if you're on a Google or Android app, you can use Google Pay, or you can use Apple Pay as well. But we're going to be implementing is probably a mobile billing solution as well. We have one for network, but we will see we can have a mobile billing solution up and running for *News24* as well. (Langeveld, 2023).

This discourse, discussed in Chapter Six, highlights that Media24 has gone to great lengths to make the use of technology easy for users. It has put a lot of thought into how it presents its product. Whether this is to truly bridge the digital divide in an attempt to make news easily accessible to everyone or is motivated by ensuring its subscribers are happy is unclear. But, it shows that the organisation is aware of the financial and technical constraints on South African readers.

READER ENGAGEMENT IS TRANSLATING INTO NEWSROOM SUSTAINABILITY

When we look into how these organisations have made the transition to the digital world and courted subscribers, we see a very interesting picture emerge. Media24, which has a distinct user-must-pay model, had 170,000 subscribers in 2023: 90,000 for *Netwerk24* and 80,000 for *News24*[251]. This is the largest subscription audience in the country. This is compared to Arena Holdings, which has around 15,000 subscribers: 10,000 for its *TimesLive* platform and 5,000 for its *BusinessLive* platform. Daily Maverick, which started its membership model in 2018, has already amassed 26,000 members. Both Media24 and Daily Maverick have noted that their readers contribute massively to the sustainability of the newsroom.

[251] This increased to 100,000 in 2024.

Table 9: Summary of Reader numbers for Media24, Arena Holdings and Daily Maverick (Sources: Arena Holdings, Media24 and Daily Maverick websites)

	Netwerk24	News24	Daily Maverick	TimesLive	Business Live
Cost	R109	75	Free	R89	R129
Access	App/website	App/website	website	App/website	App/website
Unique Browe	90,000	80,000	26,000	10,620	5,079
Page views	14,977,142	103,475,671	21,710,000	31,577,902	5,276,711
Unique Browsers	1,181,178	12,118,527	7,238,000	7,400,000	1,122,777
Percentage of readers that are subscribers	7.6%	0.66%	0.35%	0.14%	0.45%

As mentioned in Chapter Six, Media24 presents an interesting case study on its own. It offers both a hard paywall and a metered paywall. And, both are successful, with the hard paywall being more successful when looking at reader percentages. What the table above highlights is that paywall models are difficult to implement and that readers do not want to pay. The publications, however, that have produced meaningful reader support numbers, namely Daily Maverick and Media24, are the ones who actively engage with their readers. Arena Holdings has not managed to boost its subscription numbers, and the organisation has lost a huge amount of its readers over the last decade through falling circulation and readership numbers. This can arguably be attributed to a number of factors, including a loss of top journalists, multiple changes in the company structure and, perhaps, the company's lack of engagement and transparency around its operations.

DAILY MAVERICK MAY BE ACCESSIBLE TO THE POOR, BUT ITS READERS ARE THE WEALTHIEST

The three companies' rate cards provide interesting insight into the demographics of the three newsrooms. Although the three rate cards share different demographic measures, Daily Maverick's demographics clearly point to an affluent, highly educated and employed readership. Their demographic ranks higher than *Business Day's* readership demographic in terms of education. It further appears that the readers are wealthier and more educated than any of the other sites. This is interesting because the narrative of the publication is that most of its readers cannot afford the news. This is clearly not the case. Which points to the fact that wealthy South Africans are not prepared to pay for the news.

Whereas *Netwerk24*, with its hard paywall, has 20% of its readership earning under R6,000 per month, yet they are paying for a hard paywall. What is interesting about the *Netwerk24* subscription is that 63% of their readers are women. The other sites have a higher proportion of male readers. *Business Day* has 58% male readers, *Sunday Times* 52% male readers, *News24* has 54% male readers, while Daily Maverick's male readership stands at 59%. This may suggest that women are more willing to pay for a product that they feel adds value. It could also mean that *Netwerk24's* offering, which includes audiobooks, "soapies", and its range of magazines appeal to a female audience. This speaks to the point that news organisations need to adapt their paywall models to encompass products other than news, as these may be what will entice readers.

What these demographics do show us is that either wealthier people do not want to pay for news or they are finding value elsewhere, whereas lower-income readers find great value in the news and are prepared to pay for products in their language which offers value and can be trusted. This is an area that needs to be researched further. While Daily Maverick's narrative is around its readership base not being able to afford news, its advertising demographic suggests that readers can, in fact, afford to pay but are choosing not to. This is the same for Arena Holdings and News24.

CONCLUSION – IDEALS VS SUSTAINABILITY

When comparing the three media houses, they all have different models. While the two corporate entities, Arena Holdings and Media24 have a corporate agenda and have adopted reader-must-pay models, they have two different approaches in terms of how they engage their readers. Arena Holdings appears to have taken the line that news is a consumable good and as such, readers need to pay. Whereas Media24 believes journalism is a service to readers and the company communicates how important the work it does is for South Africans and the country's democracy.

Daily Maverick, a smaller, owner-managed organisation, also believes that journalism is important for South Africa's democracy, and also uses this narrative in its engagement with readers. Yet, the company believes news must be free to everyone, and as such, does not charge for news but rather relies on a subscription model, where readers contribute voluntarily.

What sets Media24 and Daily Maverick apart from Arena Holdings is how they engage with their readers, which appears to have served them well. Both companies have large readership numbers, with Daily Maverick's readership having increased exponentially over the last three years. Both companies have also grown their reader support dramatically to a point where it sustains their newsrooms. Arena Holdings, however, has not only lost readers but has also not managed to turn its subscription model into anything sustainable.

This could be due to a number of reasons. It could be due to a lack of stability in ownership and leadership. It could be due to a lack of transparency and reader engagement, or it could be due to what appears to be a lack of interest in defending South Africa's democracy through top-tier journalism and investigation, as the Fourth Estate. What the research does bear out, however, is that South African readers do want good, reliable news, that can be trusted. Media24 ranks top in terms of reader trust. This is a huge accolade for the business, and perhaps talks to why the organisation has built a subscriber base of 170,000 readers (2023) across all economic strata. While Daily Maverick is succeeding in its model, what is noted is that while the company speaks to being egalitarian and producing news for the public good, and readers are visiting their site, wealthy, English-speaking people, appear to not be prepared to pay for news and are therefore not buying into the Daily Maverick's Maverick Insider membership model to the same extent that Media24's audience is prepared to pay for their subscription model.

CHAPTER NINE

CONCLUSION: AN INTERSECTION OF DIFFERENT IDEALS

In this final chapter, the research, together with the application of concepts from the theoretical frameworks, will be used to answer the research questions posed in the introduction of this thesis. The primary research question will be discussed and answered using the theoretical frameworks of media economics and political economy, along with the digital divide, within the context of journalism as a public good to understand paywalls in the South African online news space. The attempt to answer the question will be done by examining the tension between both the economic arguments for the sustainability of the newsroom and the need for South African audiences to have unfettered access to news that is relevant to them, their communities and the democracy as a whole, i.e., journalism as a public good.

The chapter will examine and interrogate all three companies and their different models to understand how their reader-funding models fit into the frameworks of the media and political economies. Additionally, it will aim to understand how they are managing the digital disruption of the newsroom while attempting to incorporate journalism as a public good.

PAYWALL MODELS MAY NEED ADJUSTING IN THE CONTEXT OF JOURNALISM AS A PUBLIC GOOD

It is important to return to the research questions posed in Chapter One. The primary research question asks: Can paywalls be defended in the context of journalism being a public good? Whether paywalls can be defended in the South African media landscape in the context of journalism being a public good is a complex question. As a public good, all South Africans should have non-excludable and non-rivalrous access to journalism (Benequista, 2022). However, public goods need to be funded, and this is the paradox of the matter for this dissertation.

How newsrooms are funded is framed by the theory of media economics and the theory of political economy. In South Africa, corporate businesses are traditionally aligned with capitalist principles that state that goods and services have a monetary value (Padayachee & Fine, 2019). This is applicable to the models that Media24 and Arena Holdings have taken. This, however, contrasts with the political economy, which has its origins in Marxism, is often critical of media models in capitalist societies (Dugmore, 2018), and expounds the notion that capitalism does not have a place in the idea of media being a public good. Wasko (2014) said there is a growing concern among media academics around the capitalist agenda and its links to power and class structures, suggesting that it is becoming increasingly elitist (Benequista, 2022). Holcombe (1997) argued that, when it comes to journalism as a public good, the private sector cannot produce public goods, and only governments have the interest and the ability to do so. This notion, however, is being dispelled by a company such as *Daily Maverick*, which prioritises being a public good, while still adhering to a capitalist, self-funding business model.

McChesney (2000) speaks to the tension and paradox of this analysis, arguing that media for profit undermines the democratic duty of the media and is contrary to the media's role as a fair, objective analyser of the news. It may be argued that a company like Arena Holdings appears to be more concerned with profit generation than fulfilling its role as a fourth estate in the South African online news space. However, Media24's messaging contradicts McChesney's view, as it holds its role as a defender of South Africa's democracy as central to its messaging. This is a consistent theme in the company's engagement as it seeks to garner support from readers in the form of subscriptions.

It is argued here that political economy theorists have a valid argument, especially given that both Media24 and Arena Holdings can be seen to be excluding large portions of their audiences from accessing content behind the paywalls. The research shows that both companies have well below 1% subscription rates. However, in the absence of government funding, these news companies need to be sustainable to remain relevant to audiences and South Africa's fourth estate – which is the function of the media according to these theorists. Both Media24 and Arena Holdings have adopted paywall models in line with global media trends to remain sustainable. Dugmore (2018) argues that newsrooms have had to pivot in a digitally disrupted world or face closure. Shirky (2009) also noted that newsrooms had to reimagine their business models if they wanted to survive.

In the absence of self-funding, media houses would need to turn to either grant funding, as originally the case for the *Daily Maverick*, or government funding. Government funding, however, is not necessarily good for the notion of journalism as a public good. Not only do media companies need to maintain their independence (Dugmore, 2018; Wasserman, 2020; Daniels, 2012; 2020), Murschetz (2020) and Nielson et al. (2019) argue that government funding will not benefit media houses or allow for independent or editorial diversity. Wasserman and De Beer (2006) also argue that governments are not necessarily interested in the public good but rather in the national good, meaning they are not supporting journalism in the interests of the people. Wasserman (2020) argues that media houses have to maintain their independence and the source of funding must be carefully assessed to ensure this.

In her work, Plessing (2014) suggested a number of ways that government could help media companies by alleviating some of their financial strain, including subsidy schemes, tax breaks, logistics support, and government advertising. None of these, however, have materialised for the three companies that have been studied in this research. In fact, *Daily Maverick* noted that it is pushing the government to make news a zero-VAT item as a way of making it more affordable and to alleviate financial pressure from newsrooms. Ultimately, for media companies to remain independent, ensure diversity of editorial views and remain relevant and sustainable, it can be argued that they need to fund themselves independently. Daily Maverick's Fran Beighton backs this up, saying that despite offering free news content, given the nature of its journalism, it cannot rely on government or advertising revenues. This is because it often alienates these potential sources of funding through its journalism which is unapologetic in uncovering public- and private-sector corruption and maleficence. Media24 and Arena Holdings, as corporate entities, would also not be able to access alternative forms of funding, due to the nature of their business structures, both of which are vertically integrated businesses with massive revenue potential. In addition, Media24 prides itself on hard-hitting journalism as argued in Chapter Six. Basson's interview (2023) shows that Media24 seeks to uncover corruption and fraud, amongst other things, which would alienate funders like government organisations.

This research also shows that the cost of running a newsroom is exorbitant (Finlay, 2017; Dugmore, 2018), as discussed in Chapter Four. Newsroom costs include the cost of employing quality journalists, the cost of pivoting from print to digital, which includes the platform development, maintenance and upgrades to technology, as well as the cost of housing strong investigative arms, to list a few of the key operational expenses. Media24's annual expenses, for example, exceed R2 billion per year. While the financial statement is for the business in its entirety, their news businesses make up a large proportion of this. Both Media24 and Arena Holdings have laid off journalists as recently as 2022 and 2023 (Daniels, 2023), and consolidated their newsrooms in the face of the digital disruption, falling advertising and declining circulation revenues. Both companies have also argued that their paywall strategies are an essential part of the funding of the newsroom to ensure they not only remain relevant but they can also compete in what can be argued is an over-crowded digital news space. Daily Maverick, as a newer organisation, has not had to contend with the digital disruption, as it was launched with an agenda to hold politicians to account and has maintained this business model while adapting its funding strategy around its core principles as a business. Media24 and Arena Holdings have massive legacy issues to contend with (Dugmore, 2018; Picard, 2016), and, as such, the pivot to a digital online space has been more complex.

Regarding funding, all three companies have turned to their readers to help them fund their operations. While Arena Holdings and Media24 have taken a neo-liberal capitalist approach with a focus on revenue generation through the "sale" of goods, Daily Maverick has taken a different approach, which is to give news away for free but ask readers who can afford to do so, to subscribe to its membership scheme. What is apparent is that Daily Maverick, despite its more left-wing leanings in terms of its business model, is still subject to the forces of the media economy and, as such, still needs to ensure that it generates revenue.

Picard (2016) noted that the way media houses operate has had to change dramatically. He argues that in the past, media houses were "sellers of advertising" and did not have to consider the cost of journalism. Now, however, with advertising revenues down dramatically, newsrooms have had to ensure that they cover the cost of producing the news. Lawson-Borders (2012) argued that there is a massive shift going on as legacy media houses need to move to a new business paradigm required in the age of digital advertising. All three companies battle with advertising but for different reasons. Daily Maverick noted that advertising is not a reliable source of income given its model to highlight any public and private maleficence. Media24 noted that they are losing substantial advertising revenue from the big digital advertising giants. Arena Holdings noted that the change in the face of the media landscape has massively disrupted business as usual, which would include advertising revenues.

While Media24 and Arena Holdings are big corporate entities with multiple revenue streams available to them, Daily Maverick needs to ensure it has a consistent revenue stream to fund its operations. As mentioned, however, it can no longer rely on its grant funding or advertising, which requires it to turn to its readers. Media24's newsrooms are also required to cover their own expenses, meaning that if its old business models are not working, namely a reliance on advertising revenues and print circulations, then they also need to ensure a steady stream of revenues.

News organisations are also facing a mass of online competition from free news sites like *BusinessTech*, *Creamer Media*, and *The South African*, to list just a few. In addition, in a digital world, readers are not limited to local news outlets, readers can now access news from hundreds of thousands of international publications. They can choose news in a specific location and in a specific language. There is no limit to where news can be sourced. Finally, given the easy access of free news, people do not want to be “forced” to pay for news. This means that newsrooms need to evaluate their strategies, because, as Picard (2016) argues, audiences respond differently to digital news. And, in the face of competition, they need to re-evaluate their philosophies, value propositions, relationships and engagement strategies (Picard, 2011).

The research has also found that the people who you would expect to pay for news, are not necessarily willing to pay. Picard (2016) questioned whether audiences will, in fact, ever be willing to pay for digital news. This research also hints at the fact that wealthy South African audiences do not appear willing to pay for news. One reason for this could be that thought leadership is available to the wealthy in droves. Again, there are myriad free thought leadership websites like The Centre for Development and Enterprise and the Institute for Race Relations that send out regular thought leadership articles. Large corporations, especially banks, financial services institutions and universities, host myriad webinars and thought leadership seminars that offer critical analysis of what is happening on the ground.

However, this could also be due to an interesting insight into consumer behaviour. Within the framework of the media economy is the notion that consumers view online news as an ‘inferior good’ in the economic sense. This may explain why wealthier readers are not willing to pay for their online news. Chyi and Yang (2009) found in a Chinese study that as readers’ incomes increase, their demand for online news decreases. This, again, requires more research within the South African context, but it may explain why subscription and membership numbers for all three companies, except *Netwerk24*, are falling below 1%. It may also explain why Media24 is more successful in its subscription model, given that its reader demographic is more diverse than those of Arena Holdings and Daily Maverick. And, that they are catering more to a low- to middle-income audience, meaning that their readers get more value from their offering and are, therefore, more willing to pay for the news. It also speaks to Hanusch’s (2019) argument that the complete offering from Media24, which includes a number of value-added extras, makes the offering more appealing to lower-income readers who do not, perhaps, have as much access to alternative media sources as wealthier audiences do.

This means that news organisations need to offer superlative content to compete. It also shows that the people who need the offering of newsrooms are those who do not have access to the private sector's myriad offerings. The research shows that these people are willing to pay for news because lower-income people are looking for reliable, accessible news content. We see this through the readership and subscriber demographics, specifically of *Netwerk24*, which caters to a large low- to middle-income audience but still has the largest subscription numbers of potential readers. *Netwerk24* is relatively successful because it is a unique global offering. It provides news in a local language, it provides news at a level that is easy for the readership to understand, and it provides honest, reliable news. Its subscriber uptake is 3.5%, higher than the English platforms. However, both *Daily Maverick* and *News24*, which are also sustaining their newsrooms with reader support, albeit just, have only garnered 0.35% and 0.66%, respectively. While *Daily Maverick* does not exclude readers, *News24* is potentially excluding 99.34% of its 14.1 million readers from viewing analyses, opinions and investigative journalism stories[252].

The fact that *Netwerk24* is so successful speaks to what Hanusch (2019) found. He suggested that consumers are more interested in lifestyle news, news that helps them navigate their personal lives, and that they are moving away from media only serving as the fourth estate or as a watchdog to ensure democracy. Lifestyle journalism, now more than in the past, offers several lucrative revenue streams for media houses. However, both Daily Maverick and Media24 punt their roles as society's watchdogs as the reason for their paywalls. Hanusch's findings, however, provide an interesting insight into the investigation of paywalls in the context of journalism being a public good, and perhaps needs further research in a South African context.

It can be argued that not all forms of journalism should be classified as public goods. Rather, this is news journalism that is key to the well-being of communities and the functioning of the country's democracy. This includes emergencies and risks, health and welfare, education,

[252] https://www.similarweb.com/website/iol.co.za/#overview

transportation, economic opportunities, the environment, civic information and political information (Lloyd & Friedland, 2016) that have been verified and are of public interest (Benequista, 2022). If this is the case, then it could be argued that media houses need to adapt their business models even further, where they put the now lucrative news appetites of readers - including lifestyle journalism, sport, and games, to list a few - behind a paywall. However, Lloyd and Friedland's (2016) news, which includes essential news for the public, like politics (arguably opinions and analyses), health and emergencies, is offered for the public good, but this again, would require more research.

Another challenge that paywalls pose for paying audiences is that they have moved quite far away from the original business model of selling newspapers (Picard, 2016). In the past, readers could access news when they wanted it. Today, paywall models, like those adopted by Media24 and Arena Holdings, require upfront payment for access. In the past, however, readers could simply buy that day's newspaper. They did not need to subscribe to the publication to access news. This meant they could dip in and out of a media house's offering when a story appealed to them. While *Sunday Times* digital does allow readers to pay for a day pass, this is often not the case as most paywalls are for monthly subscriptions.

What is worth noting about the digital disruption is that while news audiences do not want to pay for online news, the move to digital has been very expensive for newsrooms. Readers need to be educated about the fact that technology is expensive; thus, these platforms need to be funded. Where readers in the past were willing to pay for a tangible newspaper, they may now need to be informed that running an online digital platform is as expensive as printing newspapers. Having to enhance reader access, reduce download sizes and costs, increase content through high-quality, low-resolution videos, etc., comes at a cost. Also, to minimise the data cost associated with viewing advertising etc., readers need to understand that they need to pay. This, however, requires newsrooms to make the payment process as easy as possible. Both Media24 and Arena Holdings have spent millions on making their digital platforms efficient and easy to access. Both companies noted the expense around implementing a digital-first strategy. Daily Maverick is also feeling the impact of the cost of running a digital news offering. In the past, the company has benefitted from grant funding in this regard and has kept its online presence limited to a website. However, as the business grows, it will arguably have to adapt its offering, which will require substantial investment.

The political economy

While there is no doubt that media has to sustain itself and that South Africa needs good journalism, now more than ever, two questions are raised around this issue. The first is that, in the context of media being the fourth estate and a defender of democracy, does media play a role in educating readers? This is a subject that requires more research, especially in a Global South context. And, if it does play the role of educator, is the educational benefit of news, not the analyses and opinions, not the investigative stories, that do more than just report the news. Analysis and opinion pieces tell people why the news is important; they help their audiences think critically beyond the mere fact that something has happened. While Hanusch (2019) noted that audiences are looking to be "told" what to do, and while he was referring to lifestyle journalism, this could very well be applicable to political and economic news. While both organisations offer freemium paywall models, and in Media24's case it offers breaking news, they are not giving people access to the news that tells them why something is important, which is the "educational" side of news. However, McChesney (2000) argues that news should not serve any agenda and should leave audiences free to construct their own views around the news and their democratically determined needs. This, then, would suggest that the *News24* model that shares breaking news and news of importance without any analysis feeds into what McChesney says and may inadvertently support the *News24* paywall strategy.

The research, however, has shown that "selling" news in the face of low uptake in subscriber numbers has essentially excluded over 99% of Media24 and Arena Holdings audiences from accessing vital news in the form of analyses and opinions. The danger of this is highlighted by Daily Maverick's Fran Beighton (2023), who said, "If you're denying people this public service [journalism], and you're forcing them to go on to Twitter or X or Facebook to get their news which as we know is the is the cesspool of dissent and misinformation".

Dugmore (2018), Wasserman (2020) and Daniels (2023) highlight the issue of the capture of South African media as one of the challenges the local media sector faces. But, excluding readers from legitimate news sources means that these companies are inadvertently fuelling the proliferation and spread of misinformation. This brings into question what the moral obligation of media houses is in a country like South Africa, and whether Global North business models have a place in Global South democracies?

It also feeds into the issues that McChesney (2000), Wasserman (2020) and Benequista (2022) argue that the news is becoming elitist. And, when we look at the models of all three companies, we see that they all court advertisers. Daily Maverick and Arena Holdings both boast a wealthy, educated readership in the advertising rate cards, while Media24 talks consistently about the importance of advertising revenue as part of its revenue model. Dugmore (2018) notes that the dual markets, where advertising, as well as reader subscription of membership models, are required to sustain newsrooms. This dual nature of revenue streams has impacted how all three companies have imagined their funding models and access to news as a public good. Media24, for example, makes more money from subscribers on its *Netwerk24* site, so it has put all content behind a hard paywall, denying Afrikaans readers access to freemium content. Its *News24* site, however, with a larger readership base, benefits from a freemium model because it brings in large numbers of page views, meaning English readers still benefit from some free content. *Daily Maverick*, while saying its news is free, appears to be creating content for a wealthy and educated audience as that suits its advertising model. This may exclude readers who are less educated or who battle with English as a written language.

While it is accepted that reader funding is essential for the sustainability of newsrooms, South African newsrooms have a duty to ensure that as many readers as possible have access to the news that counts. This may require a decolonised re-evaluation of the paywall model, which means that while users must pay, a more suitable model is available to allow people access to critical analyses, opinions, and investigative reporting.

Daily Maverick does offer this, but it is this researcher's opinion that the news is not accessible to South Africa's readers. This is borne out by the fact that its readership is highly educated and wealthy; also, its 'trust score' is low, possibly because the bulk of South Africans do not know about the publication and/or do not/cannot read it.

When we look at whether paywalls can be justified in the South African context, what cannot be denied is that South Africa needs as much good journalism as possible. This is because it is riddled with myriad issues highlighted in Chapter Four, including digital disruption and the capture of newsrooms. Even Fran Beighton (2023) from Daily Maverick, which does not believe in paywalls, says, "In a South African context, we need more journalists, we need more journalism… I desperately want to see our so-called competitors succeed."

This discourse from Beighton was in response to the question of whether paywalls are justified. Her answer was “No”, but she said that South Africa needs as many sustainable newsrooms as possible. This suggests that as long as people are getting news, then paywalls can be justified. Arguably, this could work with a tweak from Global North models to models more relevant to the South African context and journalism being a public good.

SUB-QUESTIONS

In addition to the primary research question for this thesis, three sub-questions were posed in Chapter One, which offered further investigative analysis of the research. These three questions are considered below.

Given South Africa’s digital divide, in what ways are news organisations adjusting their models to ensure greater access to marginalised members of society?

The digital divide poses a threat to journalism as a public good (Benequista, 2022). This requires media houses to be cognisant of the implications of the digital divide. In South Africa, however, with ubiquitous access to technology, the digital divide is not an issue of access to technology but rather access to data, and the ability and a willingness to use technology. Benequista (2022) argued that any impediment to people accessing news is a risk to journalism being a public good. This means that, despite Daily Maverick, for example, offering free news, it still has to be accessible to the public. It can, therefore, be argued that for Daily Maverick to offer journalism as a public good, it needs to consider issues around the cost of data and the ability of readers to access news easily. This includes having the skills to use technology, affording and buying data, being able to search for content, and having access to register for email addresses (Blignaut, 2009; de Haan & Rijken, 2003). Thus, this research suggests that there is no such thing as free digital news because there are so many other barriers to accessing digital news that extend beyond the mere reading of content. Dugmore (2018) noted that, in South Africa, given its poor and rural communities, the digital divide is closing much slower than anticipated.

Van Dijk and Hacker (2003) further support the argument that the digital divide also includes fear or a lack of interest in using technology and not having the requisite skills to use technology. This is important because it means that the digital divide is not only about marginalised members of society. It includes all readers of digital media. Therefore, media houses need to consider everyone when it comes to adopting their funding models. Thus, despite Daily Maverick offering free news, if it does not make its offering easy to access, thus, it still risks excluding people from accessing news (Benequista, 2022). While Media24 does not appear to subscribe to the notion of journalism being a public good, it has designed its online platform to make access of the news as easy and as cheap as possible. It has minimised the amount of data required to download the news and made subscribing as easy as possible by ensuring downloads are quick and use as little data as possible. The company has also given readers multiple routes to access the news including the newly introduced WhatsApp option, a smartphone or tablet app, along with a website and newsletters.

How are media house adding value to readers to justify the use of paywalls, from a business perspective, as well as in the eyes of audiences?

Value-added benefits only become important when news is considered a consumable good. Media24 shows us that in order to make its offering attractive, it needs to make sure that readers are getting value for money beyond the news, because "news" can be accessed anywhere for free. However, access to some of South Africa's favourite magazines, namely, *You* and *Huisgenoot*, and access to publications like *Home/Tuis*, add value. Readers are also getting games and podcasts, to list a few add-ons. This makes the value proposition much more appealing. It also further justifies the use of a paywall. Radcliffe (2022) discussed how paywall models were evolving to specific audiences, where subscribers pay for content that they want. The advent of AI is also allowing newsrooms to hyper-personalise paywalls in the form of dynamic paywalls. Perhaps media houses need to redefine what users are paying for by offering products that they cannot get elsewhere. This is where the notion of AI-enhanced dynamic paywalls starts to become appealing. Readers are offered products that suit their specific needs; rather than paying for the news, they are paying for a bespoke media offering.

A more nuanced approach to paywalls could be important in the context of journalism as a public good. This is where news journalism is viewed as a public good and, as mentioned above, is accessible to everyone, but lifestyle journalism, games and added extras fall behind the paywall. Hanusch (2019) and Pickering (2016) suggested that lifestyle journalism could greatly contribute to revenue sources for media companies. This, however, would require new research and more contextual research in South Africa.

This, however, contrasts with Daily Maverick. Daily Maverick's model is about inclusion, making readers feel they are part of the Daily Maverick community. As such, members are not benefitting hugely from their membership. Rather, they are members to support Daily Maverick in remaining free and are doing a 'civic duty' by supporting free, yet superlative journalism. In this instance, value adds become less important. But, it is a risky call because how many readers feel a moral obligation to support free news for the masses? The answer is clear, as 99.65% of Daily Maverick readers do not feel obligated to support free news.

Are alternative funding options available to news organisations that may ensure news remains accessible, and, therefore, encourages greater readership from a wider range of audiences?

Although a sub-question in this research, alternative funding is a key issue in the discussion around paywalls. The research finds that newsrooms do not have access to alternative funding options, as raised by Plessing (2009), or that government funding would further the sustainability of newsrooms (Murschetz, 2020; Neilson et al., 2019). In an uncertain economic environment, government, philanthropic organisations and businesses are not willing or able to fund media.

Daily Maverick has conceded that as it grows as a newsroom and organisation, its grant funding is falling away. This means that the newsroom can no longer rely on its funders to sustain the publication. Which makes its membership model critical to its sustainability. This can be seen by the level of communication around readers becoming Maverick Insider members.

What the research shows, though, is that all the publications have adopted different funding models to supplement their newsrooms further. As large corporate structures, both Media24 and Arena Holdings have holistic media offerings to sustain their organisations. As a smaller organisation, Daily Maverick has launched an in-house bookshop and e-commerce platform to help sustain it. All three companies have events arms and use those platforms to disseminate thought leadership events, which bring in earnings through sponsorships, ticketing and advertising.

Finally, advertising remains crucial to all three companies' funding models. While some of the messaging might sell a more "public good" narrative, especially in the case of Daily Maverick and Media24, the rate cards and business side speak to courting advertisers aggressively. This highlights that all three companies operate within the political economy and media economy, and they all require the support of the greater economy to survive. What the research has shown is that the funding models of media houses need to be multi-layered because no single form of funding will sustain modern newsrooms operating in a digital world. Funding is crucial for media independence as well as the long-term survival of these businesses.

PAYWALL MODELS ARE EVOLVING BUT EXCLUSIONARY

The most significant finding in this research is that local paywall models are presenting a subscription uptake of under 1%. This means that over 99% of their readers are potentially being excluded from accessing critical journalism. There is no debate around the need for funding, with the research suggesting that media houses need to 'self-fund'. However, the number of people potentially being excluded from critical news needs to be reflected upon closely and media houses need to consider what their role in society is. And whether there are different business models available that could potentially create different sources of revenue without the need to exclude the reading public from accessing critical news, including analyses, opinions and thought leadership.

The research suggests that there are alternatives to funding newsrooms through paywalls that do not exclude readers from critical news. It can be argued that not all forms of journalism are for the public good and that certain forms of journalism can be excluded from that notion. Lloyd and Friedland (2016) suggested that news journalism is key to the well-being of communities and the functioning of the country's democracy and is of public interest, including politics, emergencies and health, while Hanusch (2019) suggested that lifestyle journalism offers incredibly lucrative revenue options for newsrooms. Maybe newsrooms need to examine the changing needs of the consumer and adjust their models accordingly. Moyo and Mutsvairo (2018) suggested that African audiences have a unique set of social and cultural needs, and when new funding models are designed, with monetisation of news content at their fore, the needs of African consumers may well be a good starting point.

Daniels (2014) wrote that paywall models were in an experimental phase and that no model being adopted was an international or local success story. Ten years later, it appears that paywall models, especially in an emerging economy and fragile democracy like South Africa, are still in an "experimental stage". Arguably, no clear model has emerged, and the issue of journalism as a public good still hangs in the balance. Media24's paywall model certainly sustains its newsroom, but it excludes the majority of South African news readers. Daily Maverick, on the other end of the spectrum, meets the journalism-as-a-public-good ideal, but there is no indication that this subscription model is viable for the long-term sustainability of journalism.

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APPENDIX ONE

ETHICS CLEARANCE CERTIFICATE

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Crossley

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: H23/05/04**
PROJECT TITLE	An investigation into paywalls in the South African online news space
INVESTIGATOR(S)	Ms G Crossley
SCHOOL/DEPARTMENT	School of Literature Language and Media/
DATE CONSIDERED	21 April 2023
DECISION OF THE COMMITTEE	Approved Risk Level: Low
EXPIRY DATE	20 September 2026

DATE 21 September 2023 **CHAIRPERSON** ______________________
(Professor J Watermeyer)

cc: Supervisor : Professor G Daniels

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **A SIGNED COPY** returned to the Secretary electronically. Unreported changes to the application may invalidate the clearance given by the HREC (Non-Medical)

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure be contemplated from the research procedure as approved I/we undertake to submit an amendment of the protocol to the Committee. **I/we agree to completion of a regular progress report. For Minimal and Low Risk studies, this is due annually on 31 December For Medium and High Risk studies, this is due twice annually on 30 June and 31 December.**

______________________ Signature

_____/_____/_____ Date

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES

APPENDIX TWO

PLAGIARISM REPORT

Turnitin Originality Report

Processed on: 06-Mar-2024 9:36 AM SAST
ID: 2313119759
Word Count: 67325
Submitted: 1

Final Thesis - For submission - Turnitin.docx By Gaye Crossley

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APPENDIX THREE

RESEARCH QUESTIONS

1. UNESCO recently published a report entitled 'Journalism as a public good: World trends in freedom of expression and media development global report 2021/2022'. To what extent do you believe journalism should be considered a public good and therefore accessible to everyone?

2. What prompted the implementation of a paywall in your business?

3. Please describe your paywall model? Where did you seek inspiration for your particular model?

4. What considerations did you give to the issue of public access and the digital divide when you implemented your paywall?

5. What other funding models/options did you consider, if any, before you implementing a paywall, and which, if any did you decide to use?

6. Paywall models could be described as neo-liberal business tools, do they have a place in Africa and how do the fit in with the notion of the decolonisation of the newsroom?

7. What value, and added value, does your model offer audiences to encourage/ justify their participation in your business's paywall strategy?

8. How has implementing a paywall impacted readership numbers?

9. How will paywalls ensure the ongoing sustainability of your newsroom?

10. What challenges has your organisation faced when implementing paywalls?

11. Finally, how do you justify paywalls in the context of journalism as a public good?