



August 17, 2011

## What is journalism worth?

Written by [Robert Niles](#)

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What is journalism worth? That's the question journalism managers and entrepreneurs have been trying to figure out ever since it became clear, years ago, that the Internet was disrupting local publishing monopolies.

And so we've endured years of conference panels, email exchanges, and blog posts about paywalls and paid content strategies, as publishers try to figure out exactly how much people are now willing to pay for news content.

Lost in this is the realization that people have been telling us - for generations - how much they're willing to pay for news.

Start with newspapers. For most of my life, newspapers cost 25 or 50 cents per daily copy. Think how many stories appeared in each of those papers - perhaps a dozen or so staff-written stories at smaller papers, up to several dozen or more at a major metro. Add in the wire stories and syndicated features, too, and we're talking about hundreds of items of content in each daily paper.

Now consider that the cost of the daily paper included home delivery of a physical copy and usually included a fair number of coupons, too. Subtract the value of the delivery, the copy on paper and the coupons. How much of that 25 or 50 cents is left? Not much. Divide that paltry remainder by the number of items of content in that paper. It ought to be clear that the marginal value to a consumer of each newspaper story is pretty much zero.

Let's think about magazine stories. Magazines cost more, from a couple bucks to several dollars a copy. And they include fewer, though often longer and more in-depth, stories. Again, you've got the benefits of home delivery and a copy on paper (but typically not so many coupons as a newspaper, if any). Once you subtract the value of that delivery and the paper copy, you're left with a much more than you had after you subtracted the same from the cost of a single issue of the newspaper. Divide that remainder by the number of stories in the magazine and you will probably find that each magazine article has some value - though it is small, ranging from a few cents to closer to a dollar for exceptional examples.

Still, it's better than the newspaper articles' value.

Now let's consider books. A typical non-fiction book retails between \$10 and \$30 and usually has just one item of content within - the narrative of the book itself. (Anthologies are different, of course.) Again, you have the value of the printed copy, but there's no home delivery (if there were, you paid extra for it) and almost always no coupons. Therefore, the marginal value of the content in a book is substantial - several dollars per work.

That's the way it's been in the past, and if you're willing to face facts, that's the way it remains today.

Consumers have told us what they believe the value of journalism to be. And in a market economy, consumers' word is law. Incremental, commodity daily news reports have close to no cash value to the consumer. Longer, more in-depth magazine-style pieces have small but significant value, but almost always under a dollar and usually just a few cents.

Only book-length journalism has substantial per-unit value, in excess of \$1 and often much more.

*That is why I've been writing so much about eBooks lately.* Incremental daily journalism traditionally has had no financial value to a publisher beyond its value as a vehicle for advertising. Magazine-length journalism has had some income value, but typically has relied upon a healthy amount of advertising income as well. Only book-length journalism has been able to rely consistently upon the income from its consumer value.

As Internet competition has cut the price of advertising, it has cut the income of publications - such as newspapers and many magazines - that are dependent upon the value of that advertising. But what the Internet took away from journalism in newspapers and magazines, it is giving back in books. Journalists who can produce book-length-and-quality work now have unprecedented ability to publish directly to a global marketplace. And the collapse in advertising revenue is not affecting them one bit.

Yes, there's more competition in the book publishing space, too. But 1,000 eBook readers deliver a heck of a lot more income to a writer than 1,000 blog or newspaper website readers. If the journalism industry is going to keep professional reporters employed, books and eBooks are going to have to play a much larger role in this industry than they have in the past.

More about: [ebooks](#), [newsroom convergence](#), [revenue](#)

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### COMMENTS:

From 145.226.30.45 on August 18, 2011 at 5:46 AM

You should include the number of copies and the frequency of consumption in your computation. It might change the result of your demonstration ...

ML

**From 63.143.179.175 on August 18, 2011 at 8:05 AM**

Solid logic. And it is a warning for local news publishers to find a more robust model than display advertising because prices for ads on the web will continue to drop as the global inventory swells.

**From 203.5.59.1 on August 18, 2011 at 4:56 PM**

The paradox is, that if newspapers die, because advertisers try to minimise their spend by going the on-line route, then where will the online services get their news from, as no on-line model alone is robust enough to support the massive investment that is required to support daily journalism and its associated costs paid for by print.

**From Robert Niles on August 19, 2011 at 8:38 AM**

To 203.5.59.1:

They'll get it through reporting, just like the print newsrooms do. Haven't we put to rest the false accusation that online-only publications do no original reporting?

Ebook publication simply allows news publishers an additional revenue stream to support newsgathering, in addition to advertising revenue.

**From 71.90.232.76 on August 21, 2011 at 8:42 AM**

Your direct comparison of income from blog posts versus books/ebooks ignores the intangible value of blogging. Blogging is not necessarily a product in itself; it is simply software a writer or journalist uses to build an audience who might then buy a published book or ebook. - DeLene B.

**From 195.16.247.106 on August 21, 2011 at 8:56 AM**

Rather silly math -- what about the circulation of a newspaper or a magazine? They might sell one million copies...

**From 71.235.82.15 on August 22, 2011 at 8:37 PM**

I want to learn more about e-books. I am pitching two non-fiction ideas in the coming months. The past three years especially have been a drain on my freelance income, struggling to keep afloat while content providers exploit journalists.

I dearly hope newsrooms remain open, and I agree with the commenter who said on-line publications also do original reporting. That said, without a New York Times or Washington Post, what's the bar? Slate? Huffington Post?

As we journalists struggle to make a (better) living, I would also urge us to continue fighting for literacy here in the US. I am seeing a huge dumbing down, especially among the teen-twenty-something set and their texting obsession. I'm not seeing anyone reading books on the subway anymore, and even finding a businessman with his head in a New York Times is a thrill.

Mainly, everyone's attached to a Netbook, a Blackberry or mobile phone. And the dumber the people get, the less need there will be for any kind of intelligent news.

**From Robert Niles on August 23, 2011 at 7:11 PM**

Again, to clarify, I'm looking at the marginal revenue from each news consumer. A million times nothing is still nothing, so daily commodity news works simply as an advertising vehicle (where large circulation does create value, but I'm not looking at that in this piece).

Magazine-length work begins to get interesting as paid content revenue as a market scales, but eBooks need to be part of your revenue equation, unless you're happy being dependent upon ad income.

**From 173.79.25.4 on August 28, 2011 at 11:38 AM**

Books publishers seem less sanguine about it than does your take...

<http://www.guardian.co.uk/books/2011/aug/22/are-books-dead-ewan-morrison/print>

This article has been archived and is no longer accepting comments.

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