



# PROJECT OASIS

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HUSSMAN SCHOOL OF JOURNALISM AND MEDIA  
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**LION**  
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## Research Report

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**AUTHOR:** Chloe Kizer, UNC

**EDITOR:** Michele McLellan

**GRAPHIC DESIGNER:** Michelle D. Wise

**COPYEDITOR:** David Zuckerman (GNI)

**REVIEWERS:** Anika Anand (LION),  
Chris Krewson (LION),  
Conor Crowley (GNI), Ben Monnie (GNI)

**SURVEY DESIGN:** Ryan Tuck (UNC),  
Nick Humphries (GNI), Susan Leath (UNC),  
Douglas K. Smith , Michele McLellan

**Thank you to all the news  
organizations who took the time to  
complete the survey.**

# Executive Summary

As traditional local news outlets face the challenge of transitioning from print to digital, a growing group of small, independent online news organizations are helping fill local news gaps.

These digital-native outlets now number in the hundreds in the United States and Canada alone, having seen explosive growth in the last decade. Many operate in communities that have been overlooked by established news organizations.

Like most digital startups, the new locals face significant financial headwinds. However, they have demonstrated resilience, and they are growing audience and revenue as they mature and reach financial stability.

This study, the most detailed look at the emerging digital news sector in the US and Canada in the last decade, seeks to deepen understanding of key characteristics, challenges and progress in the field. The study also includes benchmarks for key performance indicators for organizations that have weathered the startup phase.

Project Oasis identified 704 digital-native local news outlets in the United States and Canada during spring 2020. In all, 255 outlets responded to a survey about their operations and finances and 50 of them provided more in depth financial data.

The study produced these insights about the emerging field:

- **The field** is experiencing tremendous growth: 266 organizations started up in the past five years, an increase of nearly 50%, representing an average of more than 50 launches per year. The earliest **study** of the emerging field, in 2010, identified 120 new locals, indicating that the past decade has seen the number of local sites multiply six times over.
- **Publishers operate** in a challenging financial environment, but the field is making progress. One in five publishers believe their organization has reached sustainability and another two in five say they are heading in that direction.
- **Many of these outlets** are bootstrapped. More than half of all publications surveyed bring in less than \$100,000 a year. Only one in 10 has revenue of more than \$1 million.



*Project Oasis identified  
**704 digital-native  
local news outlets in  
the United States and  
Canada during spring  
2020.***

- **Many rely heavily** on a single source of significant revenue, most often local advertising. Six in 10 publishers said advertising sold locally is a major revenue source. Outlets in the study that had multiple sources were more likely to be profitable.
- **The founders** tend to be journalists who lack business and sales expertise, and publishers frequently do not have resources to hire staff dedicated to generating revenue. Among 50 outlets that supplied in-depth information, only half have personnel dedicated to the business side.
- **Founders often** turn to personal funds to get started. Two-thirds said they mostly used their savings or other personal funds to launch.
- **Many operate** with a mix of staff, part-timers, contractors and volunteers. Half of the organizations that supplied in-depth data use volunteers in some capacity; among these organizations, volunteers make up about a third of the personnel on average.
- **These outlets** rely heavily on social media for visibility. Seven in 10 rated social media as one of the top two drivers of traffic to their websites. At the same time, more direct reader relationships that drive more revenue, such as email newsletters, were often a low source of traffic.
- **Women are represented** at a higher rate than in the news industry as a whole. They account for 56% of full-time personnel among the 173 organizations that provided demographic data. Only one-fourth are employees of color, which is about the same as the news industry but well below the nearly 40% in the US workforce.
- **One in seven** of the new locals operates in a news desert, an area where a newspaper has closed or that has traditionally been overlooked. The median revenue of these publications is markedly lower than the field at large.
- **About three-fourths** operate as commercial businesses, most commonly as LLCs. The others are nonprofits, which tend to be larger in size and to have more funding.



*One in seven of the new locals operates in a news desert, an area where a newspaper has closed or that has traditionally been overlooked.*

*The median revenue of these publications is markedly lower than the field at large.*

# Full Report

## Introduction

Digital-native news organizations are gaining a foothold in communities throughout the United States and Canada. Their reach and impact increases every year, as new newsrooms launch, young local startups grow their audience, and legacy news organizations cut back or close.

The numbers attest to this growth. Among 704 outlets identified in this study, one-third launched in the past five years and two-thirds are 10 years old or less. Another indicator: LION Publishers' membership more than doubled in 2020 alone.

More than a decade after [local newspaper layoffs](#) began to send droves of displaced journalists into their communities to start their own news sites, financial sustainability remains a central challenge.

Among 255 local outlets surveyed last spring, only one in five publishers considered their operation sustainable. Two in five said they are on a path to sustainability but the rest say they are struggling.

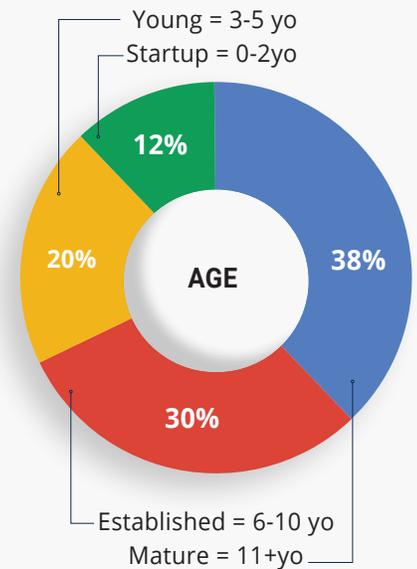
That's not surprising. Most founders launch their newsrooms because they are passionate about journalism and their communities. But few start with business expertise. Like their traditional counterparts, the new locals rely heavily on advertising revenue, although some have begun developing reader revenue.

The financial picture does improve as publications mature, according to the data. But this field on the whole is very young.

Given their relatively low revenue, it's easy to understand why many feel financially vulnerable. Financial data from 219 digital-native news organizations yielded a median annual revenue for 2019 of \$79,000. About one in 10 publishers (12%) said their revenue topped \$1 million.

The results of the study are presented in two parts:

- **The Landscape:** An overview of the characteristics, editorial practices, staffing and finances.
- **Benchmarks for Publishers:** A set of key benchmarks, based on the data, to guide new outlets through their early years.



*In just over 6 years we've become the **most-read news source** in southwest Wyoming. We have been able to **connect small communities** whose newspapers closed, or who did not have access to regional news prior.*

— SWEETWATERNOW

# The Landscape

## Organization Insights

### Newsroom size

Most of the new locals are tiny.

Nine in 10 (88%) of the newsrooms have 10 or fewer full-time employees. That includes more than one-fourth in which only one person is drawing a salary and one-fourth that have no full-time employees.

Instead, these organizations often deploy a mix of employees, contractors and volunteers. Some play multiple roles: It is not uncommon for a lone founder to divide her day between covering the news and selling ads.

Among 50 organizations that provided additional details, half use volunteers in some capacity to support their organization. As might be expected, organizations making less than \$100,000 a year were more likely to report at least one volunteer. (The 50 outlets are comparable to the field in terms of age and size.)

Nearly all of the organizations (92%) use contractors in some role and half have part-time staff.

Like revenue, the size of an organization's workforce often increases with time. Organizations that are 10 years or older had more than double the median rate of full-time employment in their workforce (43% vs. 19%).

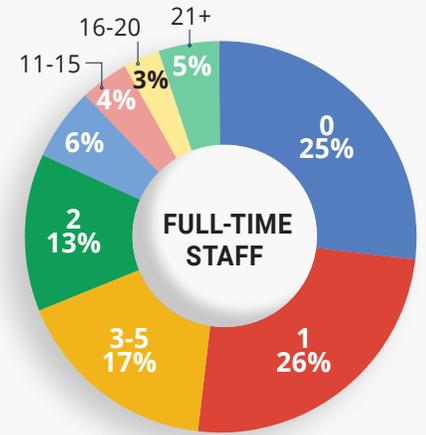
Importantly, half of the organizations have at least one person dedicated to revenue generation and fully three-fourths had at least one person working part of the time on revenue. Eight in 10 organizations reported that half or more of their employees were devoted to editorial.

In another encouraging sign of growing maturity and stability in the field, more than half of the publishers in the survey reported that the founder is no longer involved in day-to-day operations. However, time has shown that this transition is often highly charged when the community and staff strongly identify the organization's brand with the person who launched it.

### Employee Diversity

Recent years have brought a reckoning about the lack of racial, gender, cultural and ethnic diversity in white male-dominated American newsrooms.

Data submitted by 173 organizations and covering 899 full-time personnel



*Our newsroom  
doubles the number  
of **journalists of color**  
working in Madison.*

— MADISON365

showed that three-quarters of the employees were white. That means the share of employees of color (25%) is similar to what Pew found in a 2018 [survey](#) of the larger news sector. But it lags the nearly 40% share in the US workforce.

Women are better represented in these new local organizations than in traditional media. Well over half (56%) of the 954 individuals reported on were women. The News Leaders Association [found](#) in 2019 that only four in 10 staff members in traditional newsrooms were women.

Diversity matters to the bottom line: Studies have shown diversity increases profitability and innovation. In our survey, organizations that were racially and ethnically diverse had median revenue that was 1.5 times higher than the baseline.

## Financial Insights

### Revenue

Median annual revenue among publishers surveyed was \$79,000. Four in 10 outlets reported operating on \$50,000 or less annually while about one in 10 report revenue of more than \$1 million a year.

As might be expected, organizations with \$500,000 or more in annual revenue tend to operate in medium to large markets. No organization claiming a small market (under 100,000 population) generated more than \$1 million.

The 50 organizations that provided in-depth financial information showed additional signs of financial health. Eight in 10 had at least three months of reserve funds (3–6 months is recommended for small businesses).

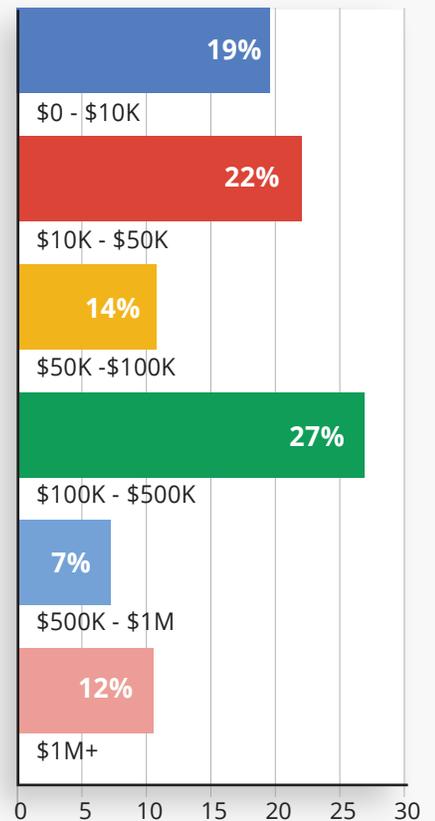
Among outlets that are not yet profitable, fewer than half (44%) had at least 12 months of runway, a measure of how long a business that is not yet profitable can operate if costs and revenue stay the same (12–18 months is recommended).

### Financial health

Nearly two-thirds (64%) said they were profitable in 2019, although many of these were not yet paying key staff and would not fit conventional definitions of profitable. For example, roughly four in 10 of the organizations reporting profitability relied to some extent on at least one volunteer.

Those with multiple revenue streams were somewhat more likely to say they cleared a profit than organizations with a single revenue stream. Age also made a difference. Organizations over 10 years old were twice as likely to say

**% OF ORGANIZATIONS THAT GENERATED \_\_\_\_ REVENUE**



they were profitable than those under three years old. Predictably, outlets operating in large markets were more likely to be profitable than their smaller-market counterparts.

Eight in 10 organizations with multiple revenue streams had at least one full-time employee.

In addition to improving profitability, having multiple revenue streams is desirable because it enhances the stability of the enterprise. A publication with three revenue streams is more likely to survive if one stream collapses than an organization that loses its sole revenue source.

A significant number of the new locals are vulnerable in this way. Four in 10 have only one source that is significant, which we define as accounting for 20% or more of total revenue. Another one-third of outlets have only two significant revenue streams.

Advertising that publishers sell locally is the most common stream, with six in 10 publishers citing it as a significant revenue source and half saying it is their largest source.

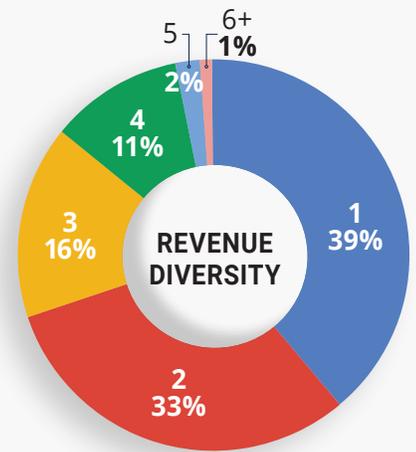
Organizations that sell advertising offer relatively few products, with about half offering only one or two products. The most common are display ads (84%), content sponsorship (67%), and branded content (41%).

Only one-third of organizations with a single revenue stream and one advertising product had more than \$100,000 in annual revenue. That increased to four in 10 for organizations with two products. We saw similar increases in profitability with each additional product.

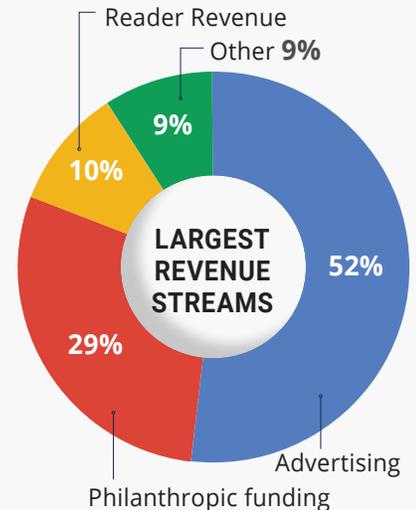
The second most common top revenue source was foundation funding. One-fourth reported they had some philanthropic funding, either foundation grants or major donations. However, only one outlet in 10 claimed it as their largest revenue source. Nonprofit news organizations, which make up about a quarter of the survey sample, largely account for this stream.

As they seek to diversify their revenue sources, publishers are eyeing reader revenue, whether from digital subscriptions or memberships, as a potential source. So far, only one in 10 outlets said reader revenue accounted for 20% or more of their overall revenue.

As publishers seek to improve their visibility in their communities, paywalls are rare; only one in 10 outlets have one in place, the most common type being a static meter, which allows a certain number of free articles per month before requiring a subscription.



\*Streams that account for 20% + of overall revenue



Other category includes Events, syndicated content, other marketing services, other corporate sponsorship and others

Relatively few publishers (20%), said their operation is sustainable, a clear indicator that the young field is fragile. Encouragingly, four in 10 publishers said they were on their way to sustainability.

However, we found that publishers had varying definitions of what “sustainable” means, with some high-performing outlets saying they were not yet sustainable while tiny shoe-string operations said they were.

Many organizations defined sustainability in financial and operational terms. Key themes were breaking even, expanding, hitting key financial and audience milestones, and subscribers, as well as the ability to continue operations if the founder left.

### Expenses

The financial data shows a significant amount of personal investment drives the new locals.

Among the 50 outlets that provided in-depth information, two-thirds (66%) said they mostly used personal funding such as their savings to launch their operations. The median amount of self-funded capital was \$5,000, consistent with the bootstrapped nature of these enterprises.

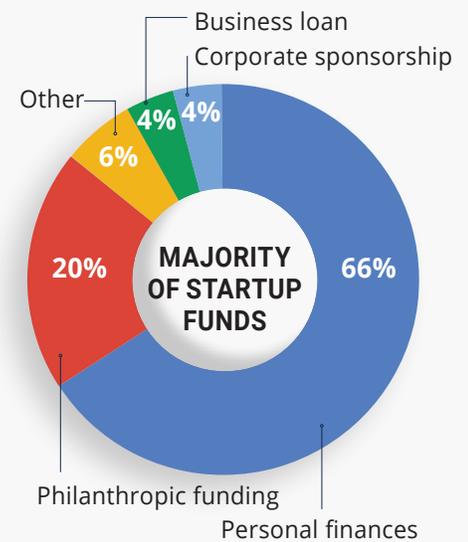
Organizations in markets with a population under 100,000 are the scrappiest of the bunch; their median startup capital is \$500.

Once they launch, the new locals reinvest nearly all their revenue (a median 89% of annual earnings) back into the business. It is not unusual for a founder to forgo a full salary in the early years.

One in five organizations got the majority of their startup capital from philanthropic funding, which makes sense considering one in four outlets in the survey is a nonprofit.

Once they launch, nearly half allocate the majority of their budgets to editorial. The share of spending on revenue generation is low, with four in 10 spending less than 10% of their budgets raising funds. With their lean operations, spending is also low for technology and administration. About half of the newsrooms allocate less than 10% of their budgets to those areas.

The median spending on audience development was only about 3%, a remarkably low number considering the importance of direct audience growth to the emerging business model. Notably, higher-revenue organizations tended to spend more on audience growth.



## Market Insights

### Geographic Scope

The new locals tend to focus on small or medium-sized markets. Nearly four in 10 say they operate in areas with a population of one million or more.

As they strive to forge community connections, four in 10 publishers say they aim to serve at least one underrepresented community. About one-third of those cite a focus on low-income communities and one-third say they are reaching people of color.

Three-quarters say they have a direct competitor in their market, but a significant number also operate in news deserts.

## Editorial Insights

### Editorial Strategy

Coverage of local comings and goings dominates these publications. Two-thirds said hyperlocal reporting is central to their editorial strategy. Among the others, well over half cited investigative reporting.

### Content, Distribution and Traffic

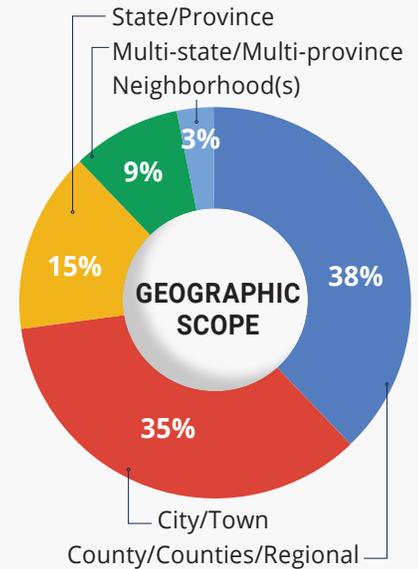
Nearly all of the publications we surveyed produce stories with original reporting. Other common types of content include mail newsletters, videos and events.

Website and social media are the top distribution methods. More than one-third allow their work to be published on third-party platforms, a common practice of nonprofit news organizations, and nearly one in five (17%) use syndicated feeds or content partnerships.

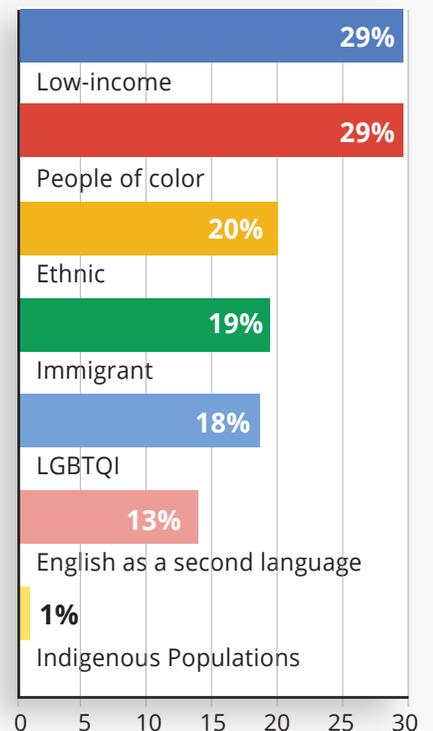
Nonprofit news organizations frequently turn first to third-party distribution, cementing distribution partnerships with established news organizations as they seek to demonstrate broad reach and impact to philanthropic funders. Increasingly, the nonprofits **are trying to expand their direct reach**, in part to engage a broader donor base. By contrast, relatively few commercial outlets share content freely with other publications, instead concentrating from the start on building a direct audience that will attract advertisers.

The data shows these publications are very dependent on social media to drive traffic, while other methods, including email newsletters, are less effective.

For most publications, social media was the top referrer of web traffic, followed by direct, then email, then search. The highest percentage of traffic any digital



### PERCENTAGE OF OUTLETS THAT SERVE \_\_\_ COMMUNITIES



news site gets from direct is 50%. However, the largest percentage of traffic a news site claimed to get from social media is 85%. In newsrooms over 10 years old, direct is, on average, the largest traffic source, surpassing social media. Organizations with more than \$1 million in revenue reported that half of their traffic came from a combination of direct and search.

Email newsletters, while popular for distribution and reader engagement, are not as effective in driving traffic. While two-thirds of newsrooms sent out newsletters, only one-fourth listed email as either their primary or secondary source of traffic. This could be because some news organizations have not designed their email newsletters to be a main driver of audience engagement.

### Publishing Frequency

On average, the organizations in the survey publish four or five days a week, usually Monday-Friday. One in five newsrooms publish on both weekend days, and two in five publish on at least one weekend day.

Staff size also played a role in how many days a week an organization publishes. News sites that publish fewer than five days a week averaged two editorial team members on staff, while news sites that publish five or more days a week averaged seven editorial team members.

Publishing frequency correlates to revenue. Digital news sites with over \$1 million in annual revenue publish six days a week, on average, compared to four or five days for organizations with revenue of \$1 million or less. Often, a publisher chose to publish more frequently as the organization reached profitability.

### News Deserts and Digital Oases

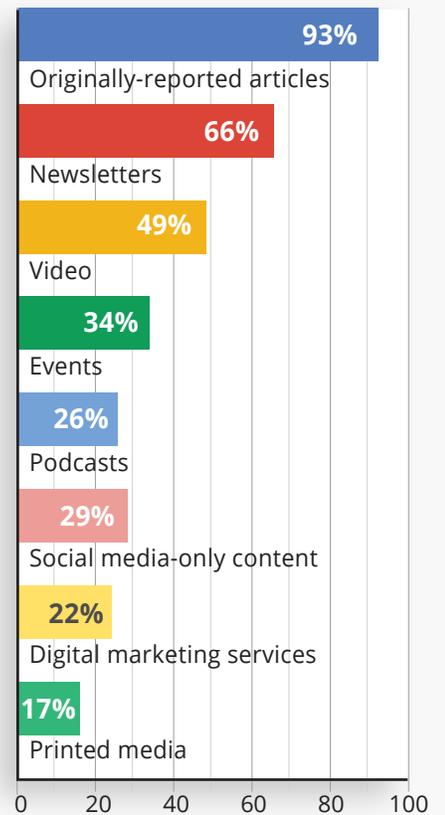
The spreading of **news deserts is well documented**. While the most prominent research focuses on the closing of print newspapers, there are also communities that have always been left out of coverage or lacked access to news.

When we label digital news startups “oases,” we are referring to organizations that:

- **Fill** a void left by a newspaper closing
- **Supplement** existing local news by broadening coverage
- **Reach** audiences that current or past coverage has ignored

Our analysis of Project Oasis data from 595 US news organizations and the US News Deserts Database, which defines news deserts as counties with one or no print newspapers, found that 84 outlets, or about one in seven of the new locals, operate in news deserts. Nearly half are in the American South.

PERCENTAGE OF OUTLETS THAT PRODUCE \_\_\_\_\_



*Our advocacy for Spanish-speaking resources has resulted in **changing practices** by municipal organizations. Local agencies have a channel they can use to reach the city’s **Latinx immigrants** with important information.*

— EL TÍMPANO

Organizations in news deserts are more likely to cover general news than than the field at large. Their top editorial strategies are hyperlocal community news, curation and commentary. They pay less attention to special topics, such as single-subject news or investigative reporting.

They also are less likely than their counterparts to cover or engage underserved communities. Only three in 10 cited a focus on underrepresented communities, compared to more than four in 10 of the larger field. These organizations are also more likely to be published in English. While their financial models were similar to the larger group, their median annual revenue was markedly lower—\$43,000 compared to \$79,000.

The data also showed that seven counties are “hypersaturated,” meaning each has more than nine oasis newsrooms. The total number of outlets is 109.

These counties are New York, NY; Union, NJ; Essex, NJ (New York metro area); King, WA (Seattle); Los Angeles, CA; Cook, IL (Chicago); and Washington, D.C.

## Benchmarks For Publishers

We used the data for outlets three years or older to create a set of benchmarks for different size markets.

They focus on areas that our data showed had the greatest correlation to financial health, including revenue, profitability, revenue diversity, expenses and reserves as well as staffing and audience and editorial metrics.

These benchmarks are designed to help new startup publishers develop their own practical goals for what their operation will look like three years out.

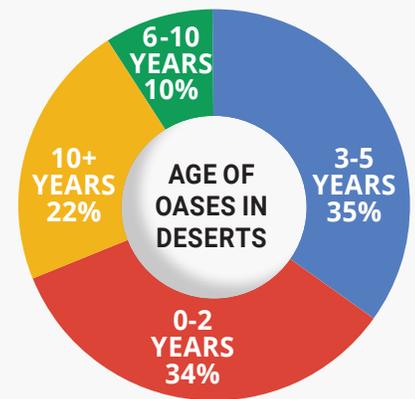
Across all market sizes and ages, most of these organizations were self funded and most allocated their startup capital to web development. In medium and large markets, most also had enough funds to hire staff or freelance help.

They allocated 60% of their personnel to editorial, 20% to revenue development and the rest to technology and other tasks.

Spending on audience development was consistently lower than might be expected for relatively young organizations. The practice of tracking readers through three stages of the engagement funnel—monthly, returning and habitual users—was most common among organizations taking in more than \$1 million annually.

### LOCATION OF OASIS ORGANIZATIONS IN NEWS DESERTS

Southeast	<b>46%</b>
(15% in VA alone)	
Northeast	<b>20%</b>
Midwest	<b>15%</b>
West	<b>0%</b>
Southwest	<b>9%</b>
(all but 1 in TX)	



### BENCHMARKS BY MARKET SIZE

	SMALL MARKET (>100,000)	MEDIUM MARKET (100K–1M)	LARGE MARKET (1M+)
<b>FINANCES</b>			
Annual Revenue	\$60,000—\$80,000	\$130,000—\$300,000	\$350,000—\$630,000
Expenses as % of Revenue	79%	90%	90%
Audience development expense as % of Revenue	3.04%	3.55%	4.23%
Runway*	6+ months	6+ months	3+ months
Reserves	3+ months	3+ months	3+ months
# of Revenue Streams	2	3	3
<b>MARKET AND FUNNEL</b>			
Average monthly Users	45,000	283,000	352,000
% of Returning users**	18%	29%	16%
% of Habitual users***	<i>insufficient data</i>	18%	3%
<b>EDITORIAL STRATEGY</b>			
# of Days of publication per week	5	5	5
<b>EMPLOYEES</b>			
Total headcount****	5	14-17	25

\* Runway: How long a not-yet profitable organization can continue at its current burn rate (current rate of expenditure)

\*\* Returning users: Visit website 2+ times in a month

\*\*\* Habitual users: Visit 15+ times in a month

\*\*\*\*Revenue Streams: Number of significant streams (each accounting for 20% or more of total revenue)

\*\*\*\*\* Total headcount includes full-time, part-time and unpaid personnel

## Conclusion

The explosive growth in the last decade of small, independent digital news outlets serving local communities holds great promise as traditional sources of credible journalism decline.

Also encouraging: The emerging field has demonstrated resilience. Two-thirds have emerged from the challenging startup phase of their first few years.

As the field moves forward, revenue growth remains a key challenge, and it will require publishers to grow their audiences and diversify their revenue sources.

The findings suggest publishers will improve their financial health and grow their impact by:

- **Working** aggressively to build and engage a direct audience, ideally with a staff person dedicated to audience growth. This may mean prioritizing email newsletters over social media. The more points of connection the news organization owns, the more stable and loyal their readership becomes. As more digital tools become available, experimentation is key.
- **Focusing** from the outset on building a stable paid workforce, starting with a budget and a timeline for paying salaries as revenue grows.
- **Developing** multiple revenue streams and building staff accordingly. This could mean hiring one person to take the lead on ad sales and another to take the lead on audience development and reader revenue.
- **Adopting** practices to build a diverse and inclusive newsroom. Not only will this strengthen community connections, but there is ample evidence linking staff diversity to greater profitability and innovation.

Support organizations also have a significant role to play and they should:

- **Expand** educational programs and resources to assist digital news founders on the path to sustainability. Elevating business and audience development expertise will lift the field.
- **Expand** programs that offer modest startup capital to outlets in key communities such as local news deserts.
- **Devote** resources to finding business models that work in small markets. With many of the new local outlets operating in news deserts and communities that do not have a strong traditional revenue base, support for innovation will be critical.
- **Develop** resources to guide local newsrooms through best practices for building a diverse, equitable and inclusive workforce.



*This is a core tenant of our coverage – to help underserved, “news desert” communities create a robust and nuanced narrative that didn’t exist before and to help shine a light on people and orgs who are moving our city forward in the hopes they’ll make connections to the resources they need to grow.*

– HIGH GROUND NEWS

## Methodology

Project Oasis gathered data via four main sources:

- **An initial survey**, sent to 704 newsrooms in April–June of 2020, completed by 255 of those newsrooms
- **A second survey**, sent to newsrooms in October–November 2020, completed by a group of 50 of those newsrooms that is comparable to the field in age and size
- **In depth** 60-90 minute interviews with leaders of 30 newsrooms between May and July 2020, all of whom had also completed the initial survey
- **Public data** in pre-existing databases

The project focused on publications who meet the following criteria:

- (1) site is devoted primarily to original, local news and information (a majority of coverage is through local, originally produced news);
- (2) site is located in the United States or Canada;
- (3) publisher is digital-native and/or dominant;
- (4) site is editorially independent (this means you are privately owned and not primarily or majority owned by a publicly traded company, newspaper chain, hedge fund or private equity firm and/or political or religious institution; this can include public media if the public media is merged with an independent publication and the two are independently run and funded); and
- (5) owners are attempting to develop revenue streams from their content.

The 704 news organizations located in the United States and Canada were identified through partnerships with LION Publishers, the [Institute for Nonprofit News](#), [Michele's List](#) database and additional research.

A survey was sent to eligible organizations, and representatives from those organizations submitted their information for inclusion in the database. For organizations that did not respond to the survey request, researchers at UNC-CH compiled basic profiles for those organizations out of publicly available information.

All financial data in this report is for the 2019 fiscal year.

## About Project Oasis

Project Oasis is a joint research initiative between **The Center for Innovation and Sustainability of Local Media at UNC Chapel Hill**, **LION Publishers**, **Google News Initiative** and **Douglas K. Smith** to map and showcase the growing number of locally focused, digital news publications in the United States and Canada and to share information about what they have learned on their journeys to sustainability.



## Benchmarks

We formulated an initial set of benchmarks based on detailed data from 50 organizations across a spread of editorial strategies, business models and ages, focusing on organizations that had been in business for at least three years. Those benchmarks were then cross referenced with the larger, less detailed dataset of revenue and user data for 255 digital newsrooms. We mapped the information we gathered concerning geographic scope to assign audience size.



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