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14. The Economics of Journalism and News Provision

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Abstract: This chapter reveals how economic perspectives provide insights into journalism as a product, practice, and institution and how it is a factor in the changing environment of journalism. It reveals why the economics of journalism and news production are central to comprehending contemporary business and financial issues facing news organizations, developments of new forms of news provision, and what is happening to journalism in the twenty-first century. The chapter discusses how the characteristics of journalism and coverage choices affect economic value and consumer choice. It reveals how technologies and requirements for production and distribution are affected by economics and how these affect sustainability of journalism on different platforms. It explores how the business arrangements surrounding journalism are influenced by economic factors and how the development of new distribution methods alters competition and competitive positions of newspapers, news magazines, and television news. It shows how new economic factors in digital news operation make it challenging to construct economically feasible business arrangements. The chapter shows how insights from the economic perspective provide unique understanding of journalism, news enterprises, and the environment in which it takes place.

Keywords: choice, cost structures, demand, economics, value

Economic perspectives provide insights into journalism as a product, practice, and institution and into drivers of change to the ecology of journalism. Understanding the economics of journalism and news production is central to comprehending contemporary business and financial issues facing news organizations, developments of new forms of digital news provision, and what is happening to journalism in the twenty-first century.

At its core, economics is about how choices are made and the factors that influence those choices. The study of economics focuses on individual and collective motivations and choices, how decisions to organize and allocate available resources are made, and the distributions of power that influence choices and direct courses of action. Economic analysis considers factors such as markets, consumers and demand, institutional and regulatory factors such as capital and market structure, cost structures and economies and diseconomies of scale and scope, and government policy and regulation (Krugman and Wells 2012; McConnell, Brue, and Flynn 2014).

Economics has a 300-year history as a discipline of study, but has been integrated into media and journalism research for only the past four decades (Cunningham, Flew and Swift 2015). This focus has helped to develop understanding of the kinds of media available in society, the way media behave and operate, the kinds of content produced, the implications of these factors on culture, politics, and society as a whole, and the role of media in economic and social development (Picard 2003a, 2003b, 2005, 2006; Wirtz, Pistoia, and Mory 2013). It has also contributed to the understanding of economic fundamentals by media managers about their enterprises and how they can operate more effectively and connect better with the consumers that they serve. It has helped

policymakers better understand media industries, their organization, and the economic factors influencing the behaviour of media companies (Doyle 2013).

When considered by economists and others with significant understanding of economics, most of what journalists and journalism scholars think they know about the economics of journalism and news provision is warped or erroneous. This is partly because few on the journalism side have formally studied economics; their understanding of journalism economics is anecdotal and often framed by those with narrow perspectives based on their own self-interests. This leads to significant misconceptions through what John Kenneth Galbraith called innocent fraud – the lies we tell ourselves that create a gap between conventional wisdom and reality, a fraud that is "innocent" because we feel no sense of guilt about it (Galbraith 2004).

Innocent fraud has surrounded discussions of the conditions of journalism and news production for a number of years. Employment changes and turmoil in news organizations in recent years have been caused by the effects of long- and short-term media trends and economic conditions, but fear, self-interest, and a paucity of learned analysis have skewed perceptions of what is fundamentally occurring (Siles and Boczkowski 2012; Chyi, Lewis, and Zheng 2012). This chapter steps away from the myopic and panic-stricken rhetoric of many journalists and media scholars to take a more measured look at what is actually happening to journalism by employing economic perspectives.

Two notes of caution about dealing with economic issues: first, not all economic choices are rational and not all markets function efficiently; second, economic fundamentals should not be ignored when considering business challenges.

There is often misuse of the term "economics" when considering business and financial aspects of news. Economics influences business and financial aspects, but they are not synonymous. Part of the challenge is the etymology of the word, which derives from the ancient Greek *οἰκονομία* (oikonomía), a reference to the administration or management of a household. However, for more than three centuries, the term has been employed to specifically relate to factors underlying markets and choices therein.

Precision is also needed in discussing the topics of this chapter because the economics of journalism and the economics of news enterprises are not the same thing. Journalism is the particular practice of gathering and conveying news and information. The economics of journalism is associated with issues of its supply and consumption and with issues inherent to the organizations involved in its production and distribution. When considering the economics of news enterprises, the economics of journalism is a factor, but many other issues of business economics and sustainability come into play, so they need to be considered separately.

This chapter will introduce some of the major economic influences on journalism and news businesses to give readers a better understanding of how they influence journalism, news organizations, and the public.

1. The economics of journalism

The economics of journalism are influenced by its nature, news selection choices made by journalists and editors, and issues of its consumption.

Journalism does not produce a physical good, but is an activity by which information is gathered and shaped. This activity is based on an accepted, loose body of practices and techniques founded on values such as the pursuit of truth, accuracy, and fairness. Some autonomy exists in the practice. No accepted body of fundamental knowledge exists, nor do unambiguous

professional standards and professional discipline. Journalism thus falls somewhere between a trade and a profession.

In the contemporary digital environment, there are few barriers to individuals carrying out journalistic activities and calling themselves journalists. Individuals who post on social media networks and those who regularly write blogs now consider themselves journalists. This is significantly different from the situation during the twentieth century, when control over news production and distribution by news organizations created barriers based on employment (discussed later) that required evidence of journalistic skills, understanding, and education to be designated a journalist.

In economic terms, journalism is neither a primary industry activity, such as oil or coal extraction, nor a manufacturing industry in which physical goods are produced. It is closer to a service industry typified by tax preparation or consulting. It differs from most of the service sector, however, because much of its value is not produced primarily for individual consumers but for society as a whole, based on underlying norms and values about the roles of information in society.

The actual activity of journalism is to find or produce information and prepare it for presentation based on accepted practices. This produces a presentation of that information in a particular form, but it is nearly impossible to maintain exclusivity of the information because it is available to others at its original source. Once it has been distributed, it is also difficult to maintain exclusivity and to exclude others from receiving the information – a fundamental economic requirement if a market is to exist.

These challenges have kept journalism from ever being a commercially viable activity on its own. Financing journalism has always been a struggle, and the costs of undertaking the informational practices have been subsidized over the centuries by emperors, wealthy international merchants, and merchant classes and elites to serve their purposes (Picard 2013). In the recent past, advertising has been used to pay for journalism. Throughout modern history, journalism has been made possible because of patronage, subsidies, advertising, and contractual arrangements that provided funding and attempted to protect the economic value of news (Silberstein-Loeb 2014; John and Silberstein-Loeb 2015).

One of the fundamental economic challenges of journalism is that not everyone wants or needs the news and information produced, despite beliefs to the contrary by those engaged in journalism (Picard 2016b). Most people are not highly active in society and do not engage in the variety of activities that influence the structures and institutions of social, economic, and political life. The majority of people live their lives with minimal levels of engagement in politics and community life. They are content with a limited amount of news and information that has immediate impact on their lives, relying on others to provide leadership about what to do in terms of public affairs and community issues. Most of the public gets a quick general overview of major events or issues through limited exposure to news through free television, radio, and digital services. The consequence of this factor is that consumer desires for journalism is far lower than the total population size.

Journalists, of course, argue that their work has value to society as a whole by bearing witness to events and holding power to account, but these are externalities in economic terms that affect social well-being and are not factors that create a workable market.

1.1. Selection of news and its economic value

A fundamental economic choice in journalism takes place in the choice of what information, events, or issues will be addressed. A number of factors are involved. Decisions of whether to cover topics are made based on journalists' perceptions of the interests the audience, the cost involved in carrying out the journalistic practices required (personnel, travel, etc.), the perceived import of particular stories, the interests of advertisers, and whether it will produce professional rewards such as social impact and reputation enhancement (Hamilton 2004; Picard 2007).

When conceived as a service, the primary function of journalism is to search through all available information, package it into a story/report, and bring it to the attention of consumers. Consumers can theoretically do much of this on their own today because of the variety of sources they can access in the digital world. Thus, the primary economic contributions of journalism are to save consumers time, evaluate the import and veracity of information, and create an overview of what they perceive to be important and will be of interest to consumers.

This service is thus dependent upon matching information with consumers' needs and interests, and doing so in a way that is valuable to them. How this is done is crucial in economic terms because consumer perceptions of the value of a good or service determines its exchange value, that is, what they are willing to pay for it. News, unfortunately, presents a significant challenge in this regard because the value often cannot be established by individual consumers until after they have consumed the news or information, an economic arrangement called production of goods of uncertain quality. Thus consumers must buy a news magazine prior to determining if it was money well spent, or they must invest 30 minutes in watching a television newscast before being able to determine if their time was well spent. The value of journalism is also obscured because news is typically offered in bundles with multiple other news stories and information, thus further obscuring the value of individual journalistic pieces (Picard 2010). This bundling problem is why individual readers on average do not read 75 percent of the articles in a newspaper. They just don't find them valuable.

With most consumer goods, value is typically created by making a product better than others or by making it less expensive, or saving the consumer time. Journalists have traditionally relied upon increasing the amount of news and information provided, increasing the speed of news gathering and distribution, increasing the distance from which news is gathered, and providing exclusive and specialized news and information to create value. In recent years, there has been a focus on making news and information available across platforms and repurposing and reutilizing existing news and information. The value this produces, however, has been diminished by the loss of the near monopolies that news enterprises previously had on news and information and by the rise of heavy competition and the high-choice environment of the digital age (Picard 2010).

Unfortunately, most of the value-creating practices have tended to commoditize news and information, strip economic value from it, and decrease the willingness of consumers to pay for it. Unless the news and information presented is better than that provided by others and is unique, there is no reason for consumers to value it more than that available elsewhere. This challenge of demand is where the issues and interests of the economics of journalism and the economics of news enterprises converge.

2. The economics of news production

The economics of news production are dependent upon and highly influenced by the technologies employed, particularly the requirements for production and distribution, and how consumers obtain and use the journalism conveyed through media and communications systems.

News production in newspapers and news magazines, for example, produces physical copies of news products, which require the use of printing presses to create the copies and then their physical transport to locations where consumers may obtain them. Most newspapers invest in and operate their own presses and distribution systems. News magazines tend to use contract printing services and joint distribution systems with other magazines. Newspapers thus tend to have significant capital requirements and relatively highly fixed costs because of costs for presses and the buildings in which they are housed, and because of investments in bundling equipment, loading facilities, and vehicles.

The economics of printing is based in unit costs, that is, the expenses for producing individual copies. These expenses are highly influenced by economies of scale, because variable costs and thus marginal costs are not high and because there are rapidly declining average costs (Picard 2005, 2015a). This provides cost advantages to publishers that produce larger numbers of copies. This is a significant factor that contributes to keeping competition low and the newspaper industry relatively concentrated, because it makes production more expensive for smaller producers.

Distribution creates significant economic challenges for both newspaper and news magazine publishers because costs are affected by delivery distance, density of distribution, and time constraints on distribution (Picard 2011a). The farther a copy must be transported, the fewer copies that are delivered in an area and the need to deliver in a timely manner are all economic constraints that affect costs and pricing of news products and influence decisions of whether publishers will make their products available in some areas or to certain consumers.

Transaction costs created by dealing with intermediaries in the distribution chain can be significant, a critical factor for news magazines and newspapers that sell copies through retail outlets. These determine choices of how to set up distribution systems and the practices used within them. Transaction costs of dealing with individual consumers are also an issue, leading publishers to prefer subscribed to single-copy sales whenever possible.

The dependence of newspapers and news magazines on both circulation and advertising creates unique economic challenges because of the two-sided nature of the market in which circulation success influences advertising success. Both must be maximized for profitability and sustainability (Corden 1953; Reddaway 1963; Picard and Brody 1997). Advertising availability is also subject to economic forces, including the state of the general economy (Picard and Rimmer 1999; Picard 2001; van der Wurff, Bakker, and Picard 2008), the size of the market (Picard 1998), and advertising choices that place a disproportionate amount of advertising into the largest newspaper and news magazine in a market. Because of the latter factor, even if 40 to 45% of consumers prefer another paper or news magazine, it may not be able to obtain sufficient advertising income to survive (Gustafsson 1978; Engwall 1981).

The economics of radio, television, and digital/mobile news differs from that of print because they do not produce material objects that must be delivered by physical means. The economic effect of non-materiality is the historical impossibility of halting people from receiving a broadcast signal they do not pay for (excludability in economic terms), so no traditional market exists (Owen and Wildman 1992). Policy makers and broadcasters have pursued different methods for addressing this issue. In the US, advertising-funded broadcasting was created. In much of Europe, public service broadcasting funded by license fees was created. Both of these policies solved the issue of how to provide funding for broadcasters. The advertising-supported model is dependent upon maximizing audiences who do not pay and then concurrently maximizing revenue received

from advertisers that want to reach those audiences (Mangani 2003). However, some audiences are more valuable to audiences than the others. This market arrangement creates incentives for broadcasters and publishers to pay more attention to the interests of advertisers than those of audiences in content decisions. This was especially true during most of the second half of the twentieth century, when the number of broadcasters was limited by available spectrum and consumer choice was limited (Coase 1966; Koschat and Putsis Jr. 2000; Napoli 2003).

The market limitations surrounding the economics of terrestrial broadcasting were altered by the development of cable, satellite, and digital television services that use signal encryption that require consumers to acquire a decoder and pay for services. This technology created excludability of those who do not pay for the decoder and creates the possibility for a market with paying consumers (Cave and Nakamura 2006; Seabright and von Hagen 2007; Barwise and Picard 2012; Picard and Barwise 2015).

Although pay-television services create opportunities for a more effective market, they tend to skew market power toward a few providers because of economies of scale in content acquisition and distribution (Wu 2010; Savage and Wirth 2005). This makes it more difficult for news providers to gain access to distribution systems unless carrying them aligns with the interests of the system providers.

In economic terms, non-material production also strips away market rivalry. Because a finite number of copies of newspapers and news magazines are produced, the consumption of each reduces the abilities of others to get copies, driving prices toward their optimal level. This economic influence does not exist in broadcasting, digital, or mobile distribution because use by some consumers does not preclude use by others, thus creating scarcity and its price effects.

Digital and mobile distribution create opportunities for many more news providers of all sizes to operate and removes or reduces many of the economic issues encountered in print and broadcasting. Most digital and mobile news provision today is linked to legacy news providers, but a growing number of news enterprises have developed that are digital natives. Digital/mobile operations provide significant cost and regulatory advantages that reduce barriers to entry and equalize costs for the basic necessities for operation (Picard 2011b), force companies to alter their strategies (Evans and Wurster 2000; Küng, Picard and Towse 2008), and create significant network economic effects that make specialized and global operation possible (Shapiro and Varian 1999; Shy 2001). Digital/mobile operations support both free and paid services.

Nonetheless, the digital and mobile environment is not an efficient market, primarily because the gateways and infrastructures of Internet service and telephony, search, and social media networks are controlled by a few firms that are able to extract significant rent and abnormal profit from those who use them. Because of this systemic power, the Internet and its primary services are one of the most concentrated media and communications industries today (Noam 2015).

3. The contemporary economic and business environment of news provision

Many worry about the state of journalism in the contemporary media and communications environment, without identifying its fundamental economic cause: consumers now exist in a high-choice market in which it is difficult for journalists and news organizations to influence their consumption of news. The market has shifted from oligopoly and monopoly tendencies to high competition for consumers' time, attention, and expenditures. This is beneficial from an economic perspective because producers no longer have the primary influence in the market and must

respond to consumers, a fundamental requirement for an efficient market. In this highly competitive environment, audiences now choose to get news and information differently than in the past (Napoli 2010). They can get it from many sources, in different formats, on different platforms, at times convenient to them, focusing on topics about which they most need or want to know, and they can do it without the traditional news bundle offered as a newspaper, magazine, or radio or television newscast. While this is good for consumers, it presents significant business challenges for news enterprises.

The levels of competition are uneven, however, and dependent upon the number of creators and providers of news at different levels of news production and distribution (Figure 1). As one moves down the layers of news provision, competition diminishes because the number of providers declines. Those seeking international news can receive it from an enormous number of newspapers, broadcasters, and digital news sources worldwide. Those seeking national news can receive it from a large number of newspapers, broadcasters, and digital news providers in most countries. When one moves down to the regional/provincial or local levels however, the number of news producers and distributors drops significantly, and in many cases near monopolies on local news and information exist.

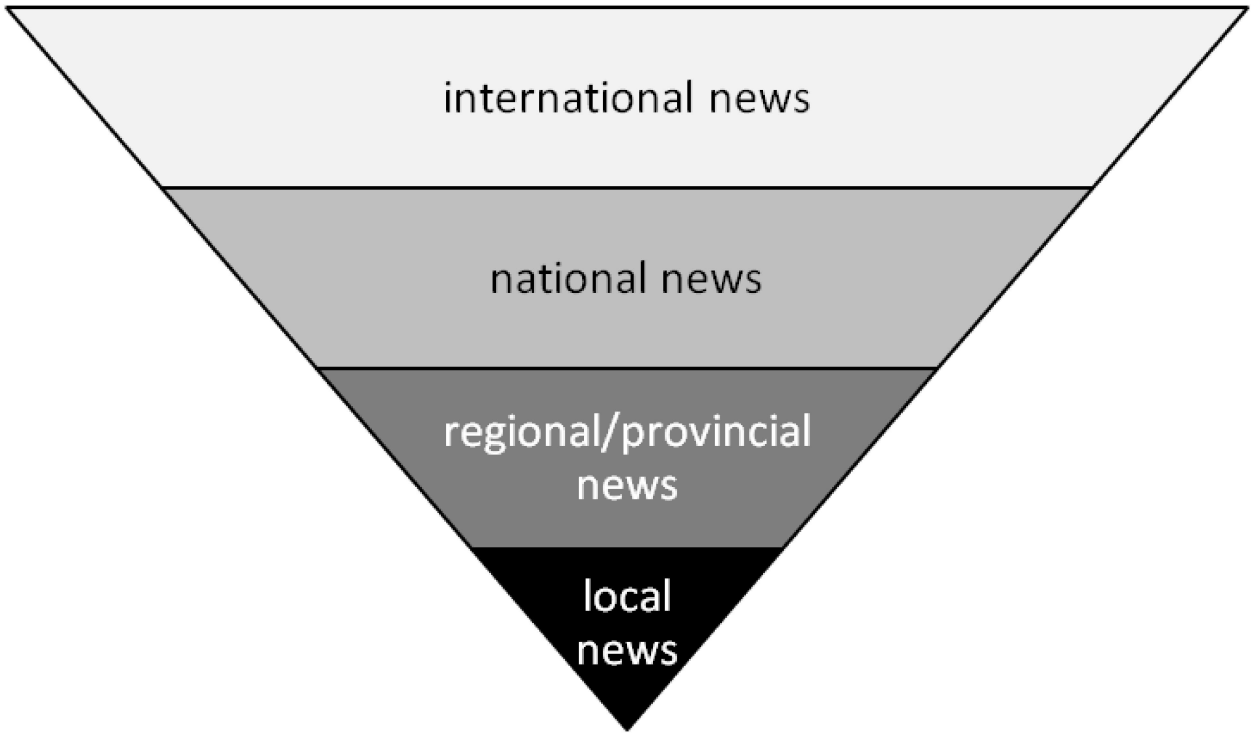


Figure 1: Competition diminishes at lower layers of news provision

This issue of news production location is not new to the digital age. In the past, metropolitan, satellite city, suburban, and local weekly newspapers co-existed under what has been described the umbrella model. In that structure, smaller more local papers operated under the umbrella of the larger and more geographically diverse coverage area papers above them (Rosse 1975). In recent years, however, the ability of metropolitan papers to prosper has been significantly challenged.

There is also a fundamental shift in communications underway that must be recognized. Screens are now becoming the primary technologies for consumption of media content and communication. Established media platforms (print, broadcasting) are being supplanted by Internet-based connections, in which mobile devices have become the dominant means for personal and media communication. Media consumption and use have become more individualized and active. In this environment, actual time spent with media is growing. People are using more devices and all media brands are vying for attention and more frequent contact. However, the ability of firms to profitably connect audiences with content is diminishing. This is not merely a challenge for journalism and news enterprises, but all media and communications firms.

One particularly significant aspect of the new environment is that the connected nature of communication permits advertisers, marketers, and systems providers to more clearly identify and monitor the media and communications behaviour of individual consumers. They do so by employing a variety of tracking mechanisms that monitor both what content is selected and the engagement of consumers with that content. In this process, consumer privacy is appropriated, and many consumers are objecting to this loss of something valuable without what they perceive as informed approval or adequate compensation. Consequently, digital and mobile ad blocking is growing. About 20 percent of digital users employ ad blocking on computers and tablets (40 percent in the US) and blocking is now beginning on mobile platforms. A second reason for the resistance is that current ad systems interfere with user experience by slowing content delivery because tracking materials load first. This endangers the future of ad-supported free content, and news publishers are now working to take control of the processes and improve the experience (Ryan 2016). Some content firms are now trying to make the trade-off between privacy and free content more explicit. They are seeking ways to exclude content from those who do not permit monitoring or to reduce some forms of monitoring in exchange for payments. In this market form, privacy is exchanged for content and the provision of future access to the consumer for publishers and advertisers.

3.1. Contemporary business, financial, and labour challenges

In recent years, a large amount of attention has been focused on the challenges facing the news business, particularly difficulties facing newspapers. Many assume that newspapers are disappearing because the popular press and even scholarly journals speak of widespread shutdown. *The Economist* magazine ran a cover story “Who killed the newspaper?” (Economist 2006), Paul Gilin began a widely read Newspaper Death Watch Blog the following year (newspaperdeathwatch.com), and Steve Ballmer, CEO of Microsoft, predicted in 2008 that newspapers would be gone by 2018 (Whoriskey 2008).

To date, however, there has been no widespread closure of newspapers. In 2014, more than 18,000 newspapers worldwide served 686 million print readers and 11.8 million digital readers. They generated $179 billion in circulation and advertising revenue. This includes $90 billion print circulation revenue, $77 billion print advertising revenue, $2.5 billion digital circulation revenue, and $9.5 billion digital advertising revenue (WAN-IFRA 2015). Newspapers in North America and Europe are indeed experiencing declining print revenues and slowly rising digital revenues, although there is growth in print in other parts of world, particularly Asia.

In the US, which has been the hardest hit by changing newspaper consumption and advertising revenue, the number of newspaper declined 8 percent between 2005 and 2014. Many assumed that this meant that 121 cities no longer had newspapers, but what was lost were primarily second (evening) editions of papers and secondary papers in joint operating agreements that

previously had to prove they were failing to obtain the JOA antitrust exemption. In reality, fewer than five US communities lost daily newspapers and most of those papers shifted to weekly or 3 to 4 days per week publication, with digital publication 7 days per week.

There is no doubt that reductions in the number of journalists employed by newspapers have occurred, declining from 56,400 in 2000 to 36,700 in 2014 in the US, a 35 percent reduction (Pew Research Center 2015). This has reduced the overall amount of news and information produced by the individual newspapers. It is important to view employment in the longer term, however. Today's employment is roughly at the level it was in newspapers four decades ago. What happened in the interim? Were the majority of the journalists hired after that time covering state houses, city halls, and schools? Hardly. Most of the additional journalists were hired because of the growth of revenue associated with the development and expansion of non-news sections, such as lifestyle, entertainment, food, and technology sections and the growth of Sunday papers with large amounts of non-news features during the 1980s and 1990s.

Journalists like to think that they spend their time investigating the intricacies of foreign policy, covering the inner workings of the economic system, and exposing abuses of political and economic power. Although many aspire to do so (and occasionally do with great effect), the reality is far from that imagined sense of self. Most journalists spend the majority of their time rewriting prepared statements or press releases, writing stories such as how parents can save money for university tuition, covering the release of the latest versions of popular electronic devices, or finding out if a sports figure's injury will affect performance in the next match. Most produce news in a fairly formulaic way, reformatting information released by others, resulting in standard stories that are merely aggregations of information supplied by others. This adds very little value and makes it difficult to convince consumers to pay for it. Arguments that the contemporary situation is creating gaps in coverage ignore the fact that there were large news deficits even during the financially rewarding 1990s and first half of the 2000s. High quality local news, neighbourhood news, specialty coverage, and careful analysis of government were the exception rather than the norm even in the best of financial times.

One thus needs to be careful not to equate the employment of journalists in news organizations with what is happening to the provision of journalism *per se*, because much of what has been lost in the reduction is general information and soft news that is available elsewhere. While it is understandable that journalists wanting continued employment or seeking employment tend to link their conditions to the fate of journalism, one must be careful in uncritically accepting that argument.

Despite perceptions otherwise, the general financial and business conditions of the news industry in the US are not dreadful. Newspapers produce combined revenues of $37.6 billion (Newspaper Association of America 2014). Most are still producing operating profits 3 to 4 times larger than that of the average business and, if their balance sheets aren't cluttered with huge debts or the company isn't owned by hedge funds or venture capitalists, net profits still provide reasonable returns on equity and assets. Most news organizations, however, are not achieving growth in revenue or audience. This presents longer-term challenges that require building new capabilities to operate in the emerging digital and mobile environment.

This situation and its challenges, however, do not mean that news organizations are unable to finance the practice of journalism. Journalism is inexpensive, in fact, when compared to other expenses of news enterprises. The costs of journalism accounts for only 10 to 15 percent of the total costs of most newspapers and about 5 to 10 percent of total costs of most broadcasters. This occurs

because journalists' salaries are relatively low, while the costs for production and distribution in newspapers are high, and the costs for original entertainment programming, motion pictures, and sports rights are high for broadcasters. Median compensation for journalists in the US is about $38,000 per year, for example, with new journalists and those in small markets making about $24,000 per year.

New forms of news provision on digital and mobile platforms are appearing, both as commercial and not-for-profit start-ups. Many of these employ journalists who previously worked for legacy news providers, but many are being operated by others with special interest in and knowledge of topics of public importance. Digital and mobile news providers are struggling to generate income, however, because few – primarily large news organizations – are benefiting from advertising and there is little willingness to pay for information and news. Only about 10 to 15 percent of news consumers in most countries are willing to pay news enterprises for digital/mobile news (Reuters Institute 2016), and the remainder perceive little value in the news provided or can obtain news of similar quality elsewhere at no cost.

Those who are willing to pay for digital news through websites and mobile services are beginning to provide regular income for news enterprises, although the revenue remains significantly lower than that from print and broadcast operation (Picard 2014, 2016a). Social media increasingly provide additional mechanisms for distribution of individual news stories, but this disaggregation from a bundled newspaper, newscast, or website makes it difficult to recover costs of production through payments and revenue streams that existed to support the traditional bundled products. Financial arrangements of social media – primary based on advertising revenue – favour the operators of the networks to the detriment of news producers (Küng, Newman, and Picard 2016). Nonetheless, social media provide some branding and news distribution benefits and publishers are working to use social media more effectively. News consumers are beginning to rely heavily on news distributed through social media and accessed via mobile service and appear to be moving away from digital access via personal computer and tablets and traditionally aggregated news (Reuters Institute 2016).

The digital environment is also producing significant changes in the work and labour arrangements surrounding journalism and news organizations. Journalistic work has been increasingly digitalized since the 1960s and 1970s, when equipment and production processes changed in both print and broadcasting. Many skills of the past have since been integrated into readily available software (photography editing, graphic design, recording and mixing, copy editing, layout and design), and the functions of content creators are now being taken up by large numbers of semi-professional amateurs who compete with professional production.

There is declining employment in newspapers, news magazines, and television news, all of which are increasingly relying on contingent employment involving outsourced workers, part-time workers, temporary employees, freelancers, and other contract employees. Although there is a rise in digital news, limited traditional employment is being produced and piecework payment making a return. Overall, there is a de-skilling, de-autonomizing, and de-professonalization of journalistic work (Witschge and Nygren 2009; Rottwilm 2014; Picard 2015b).

4. Concluding remarks

As shown in this chapter, economic perspectives provide great explanatory power for the changes occurring in journalism and news provision. They help explain journalistic choices, the economic value of news, and consumer perspectives on news and information. They clarify

fundamental differences among media and the implications of news provision through those media, elucidate changes in news enterprises and the news environment, and reveal how they affect journalists and journalistic labour.

Economic perspectives are thus vitally important in understanding journalism as a whole. They help analysis move past normative evaluation to examining causes of choices and changes that are affecting journalism and news provision. They provide perspectives not offered by sociology, psychology, political science, and other disciplines. They make it possible to consider whether strategies and policy suggestions regarding journalism and news provision will actually produce desired results. Economic perspectives are not the sole lens through which journalism and news industry developments should be viewed, and they are not inherently better than other perspectives when considering issues of journalism, but they are fundamentally important when considering the contemporary environment and what it means for the future of journalism.

Further readings

Excellent background about how news has historically been funded and organized is found in Richard John and Jonathan Silberstein-Loeb's Making News 2015). The importance of increasing the value of news and reducing commoditization is laid out in Robert G. Picard, Value Creation and the Future of News Organisations (2010). James Hamilton provides a fine exploration of the role of commerce and economics in news selection in *All the news that's fit to sell* (2004). Economics factors in news production and distribution are address in greater depth in The Eonomics of Print Media (Picard, 2015a) and The Economics of Television (Picard and Barwise, 2015).

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