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Research Papers

Christian-Mathias Wellbrock

›Spotify for journalism,‹ ›publishing house platform,‹ or ›digital press wholesaler‹

Three scenarios for a cross-publisher journalism platform

***Abstract:* Information technology is enabling the spread of digital platforms in numerous sectors of the economy – and the media sector is no exception. Key parts of content distribution in film, music and games is already happening in this way. Digital journalism, however, is yet to see this development. The explanation often given is various reservations towards such a platform on the part of publishing houses, usually based on the assumption that this platform would be operated by a third company and have the corresponding disadvantages. In addition, most believe that access to the content of the various providers would be via a central point, thus ripping the content out of the brand environment of the respective provider. This paper discusses three scenarios for a cross-publisher, subscription-based journalism platform. The scenarios differ in terms of platform operator (technology companies, a collaboration between German publishing houses, and a public service provider) and address the arguments described above. The paper argues that regional newspaper publishers have a strong incentive to collaborate to establish such a platform as an alternative to a platform controlled by a global technology company, since regional publishing houses – unlike many national media – are usually not in direct competition with one another. In terms of the social welfare, on the other hand, a public service platform that guarantees non-discriminatory access on the provider side (a kind of ›digital press wholesaler‹) appears preferable. This could halt the trend towards concentration at the distribution level, enable journalistic competition and diversity at the production level, helping to ensure a diversity of media and opinions and prevent ›news deserts‹.**

The economic theory behind the bundling of goods and services identifies substantial advantages of large bundles of digital goods. For example, as the size of the bundle increases, the dispersion in willingness to pay across consumers decreases – allowing providers both to achieve a relatively high price for the bundle and to cover a large portion of the demand. This principle of the »predictive value of bundling« (cf. Bakos/Brynjolfsson 1999: 1613) also applies to content in digital journalism and to a potential multi-provider platform.

Platforms like this, with flat rates for paid content, have become established forms of distribution with relevant market shares in many media markets – such as in music, film and gaming. But digital journalism is yet to see such ›platformization.‹ Although there have been some attempts – such as Readly and RiffReporter – these are yet to play a significant role in relation to the market as a whole.

Consumers themselves also appear to prefer a platform solution, as surveys suggest (cf. Buschow/Wellbrock 2019). So why exactly has a model like this still failed to become established on the market?

Certain groups of media practitioners in particular take a highly critical view of platforms like this. They quote numerous arguments based on the assumption that the content providers (in particular the established publishing houses) would have to become dependent on a third-party provider (usually large technology companies). This is a scenario that has already occurred in music (Spotify) and film (Netflix) and appears not unlikely for journalistic content, too.

However, this is of course not the only possible concept for a platform of this kind. A conceivable alternative would be a platform operated by established publishing houses, or a public service model that could also be called a ›digital press wholesaler.‹

After a brief explanation of the trends towards concentration on markets for digital media content, this paper will discuss these three options for a digital journalism platform (technology giants, publishing house platform, digital press wholesaler) and their effects on providers, consumers, and society.

The paper argues that regional newspaper publishers in particular have great incentives to collaborate at the distribution level of journalistic content and to establish a shared platform, in which the sale of the content remains in the respective market environment of the individual providers, but the registration and payment processes are centralized through single sign-on. From the perspective of both society as a whole and smaller journalistic production units, however, a multi-provider platform that guarantees non-discriminatory access for journalistic organizations holds the greatest potential. After all, this could also contribute to media diversity and counteract the emergence of news deserts (i.e. areas in which professional journalistic publications are no longer available).

The paper argues that there is an indisputable need for a systematic response to the market structures that have changed as a result of digitalization – be it from a private or a public source. This is the only way to prevent the probable scenario of quasi-monopolistic capitalist structures in the field of journalistic content distribution.

Time is of the essence – Trends towards concentration on information asset markets

The markets for music and video streaming are currently highly competitive. A whole series of large companies (Apple, Amazon, Disney) – many from the tech industry – are attempting to establish platforms that dominate the market. The USA even already have a service like this in the field of digital journalism, with Apple News+ (although it currently shows no sign of market dominance; cf. Sherman 2019). Facebook and Google are working on similar products.

It is relatively likely that media companies will have to deal with quasi-monopolistic market structures in future, because multi-sided markets with platforms are often markets in which demand is concentrated on a few ›winners.‹

Apart from advantages from economies of scale and scope, the most important aspects for such winner-takes-all dynamics are 1.) single homing among consumers, 2.) the strength of the positive network effects, and 3.) homogeneity of consumer preferences (cf. Eisenmann/Parker/Van Alstyne 2006).

(1.) Single homing means that consumers have strong incentives to concentrate on just one (platform) provider, rather than using several at the same time. This can be due to high costs of switching or because the services are easy to substitute.

(2.) Positive network effects mean, in one sense, that the users of a product or application benefit greatly from the size of the user group (direct networking effects), such as is the case for telephones and social networks. The more participants there are that use the telephone or a social network, the greater the benefit for each individual. In addition, the user groups connected via the platform, e.g. buyers and sellers on ebay, can also benefit from one another (indirect network effects). If this is the case, it becomes more probable that, once a critical mass has been achieved, other platforms have little opportunity to catch up.

This is also linked to the advantages from economies of scale and scope on the distribution side. The more users a platform has, the more data is available for the platform to better understand consumer preferences and improve the product accordingly. The corresponding costs for data analysis and the optimized user experience (speed, design, functionality, recommendation systems) are fixed costs that, as the reach and output quantity rise, lead to classic fixed cost degression effects and thus size benefits.

(3.) The final criterion named by Eisenmann et al. (2006), homogeneous consumer preferences, applies where large groups of consumers have similar needs from the service, i.e. it is difficult to distinguish consumer segments. The more this applies, the more difficult it is to soften the competition by differentiating one's product and therefore the less likely it is that multiple providers will be able to act profitably on the market.

If we apply these criteria to a multi-provider journalistic platform, we gain the following picture: The average consumer has only limited incentives to use multiple platforms in parallel – a process known as multi-homing. Even in the age of print, few people subscribed to more than one newspaper, and this trend appears to be continuing in the digital age. Only a small percentage of those consumers generally willing to pay currently pay for more than one digital journalistic service (cf. Reuters Institute 2019). This may in part be due to the relatively high prices, and to the high cost of switching: Someone who has got used to one platform is loath to switch to another. In relation to paid journalistic content, it thus appears highly likely that only a few platform providers will be able to succeed on the market – in an extreme case, perhaps only one.

The positive networking effects in relation to journalism providers funded (at least partially) through advertising are clear: The more consumers are active on the relevant website or app, the higher the value of the advertising space. But there are also positive direct networking effects for advertising-free services. The more consumers use a platform, the greater the quantity of data that can then be used to improve the product, for example. All in all, however, the key point is that both the provider and the consumer side of a digital journalism platform benefit from one another to a high degree, i.e. there are strong indirect networking effects: The more providers and therefore content are available on the platform, the more attractive the product becomes for the users. And the more users are active on the platform, the more attractive it is for providers to make their content available there. This makes it more likely that only few »winning platforms« will prevail.

The picture is not so clear when it comes to the homogeneity of consumer preferences. Newspapers that provide general interest content for their audience usually cater to a high level of preference homogeneity. The information itself in particular, e.g. on current events and up-to-the-minute reporting, is presumably of similar value to most consumers, regardless of the provider. At the same time, however, there are opportunities to distinguish a product outside the pure information, for example through the political and ideological orientation of the content. This aspect is less relevant for other media goods, such as music and film.

The discussion makes it evident that the markets for music, video, and journalism tend towards a high market concentration at the distribution level. This does not necessarily mean that there will be only one platform for each sub-market, as these market segments also offer options to differentiate products in order to prevent direct substitutability (as is being attempted by Amazon, Netflix, Apple, and Disney, for example). However, substantial competition is very unlikely on these markets in the long term.

Scenario 1: The tech giant

If the American tech giants were to occupy these markets, it is highly likely that content providers would be faced with quasi-monopolistic structures at the distribution level – a situation with which the established publishing houses are already familiar in the distribution of (often free) digital content via Google or Facebook and that has led to significant political, legal, and regulatory disputes with platform companies in recent years (as is seen in the debate regarding ancillary copyright for press publishers, cf. Buschow 2012).

There is no question that a platform for journalistic content operated by a third-party provider would have numerous disadvantages for publishing houses (cf. Peters-Kim 2019).

There is an understandable fear of 1.) *a loss of the direct customer relationship*. This is clearly the case for the content producers with Spotify, Netflix, and even Apple News+.

A multi-publisher solution would also bring with it 2.) *technological problems*, in particular the integration of various content management systems (CMS). Offering all content on a central technological platform that is also easy enough for consumers to use appears to present significant challenges in terms of information technology. This reservation is further advanced by the example of Apple News+. Following years of development, Apple chose to use a solution from Texture, acquiring the company for around half a billion US dollars in 2018 (Müller 2018) in order to use it as a basis for Apple News+.

A further disadvantage of a central platform like this would be that 3.) the content would be ripped out of the corresponding *brand environments*. Brands play a key role in consumer behavior. The reputation of a brand tells people about the quality they can expect – including awards (cf. Wolfram/Wellbrock 2019) and rankings (cf. Wellbrock 2011), which can in turn pay back into the brand. A brand serves consumers as a heuristic and creates trust. Classic media brands play an even greater role in journalism than in other segments of the media market, such as the film or music industry, where the publisher of the content (e.g. Warner Bros or Sony) is less important. The human brands (e.g. the artists and actors) are more relevant. In journalism, on the other hand, media brands can provide important information about the journalistic quality, the political orientation, the journalistic style, and the forms of presentation offered by the individual products.

There is also the disadvantage of 4.) *losing price sovereignty and control of the mechanism for revenue distribution*. Elementary strategic instruments of price policy and incentivization for content production would thus be subject to significant limitations for the providers of this content. In addition, if a third-party company with significant market power were to be in the position of content distributor, it would be able to organize revenue distribution to the disadvantage of the content producers – a phenomenon that has been talked about a great deal in relation to both Apple News+ and other media segments (music, film).

A ›Netflix or Spotify for journalism‹ also carries 5.) the risk for society that the press could lose its *function as a gatekeeper and curator*. There is a threat of phenomena such as filter bubbles and echo chambers, as the algorithms used would be focused more on the interests of the advertisers than on democratic interests (cf. Peters-Kim 2019).

As an alternative to a platform operated by tech giants, the idea of a collaborative platform by established publishing houses is examined below. In particular, the paper looks at the extent to which the core arguments presented against a journalism platform also apply to a platform operated by publishing houses.

Scenario 2: A platform by the publishing houses

The reservations are essentially based on two core assumptions regarding how the platform is organized: firstly, that it is operated by a third-party provider (e.g. a tech company) and, secondly, that it is centrally organized, meaning that all key functions (such as access to content, account management and payment) are processed via a central body. It is easy to forget that this idea is an extreme case – there is of course plenty of room to maneuver in terms of how a specific platform would actually be designed. Most of the disadvantages described for a ›Spotify of journalism‹ can namely be eliminated or at least strongly mitigated in the case of a solution by the publishing houses.

The disadvantages caused by 1.) the feared *loss of the direct customer relationship*, 2.) *technological problems* and 3.) the loss of one's own *brand environments* are partly, or indeed entirely, based on the assumption that a platform serves as a central one-stop shop for access to journalistic content online (cf. Buschow/Wellbrock 2019). But this does not have to be the case. Technological solutions that act as single sign-on solutions already exist: Contentpass and Laterpay, for example. This means that, although consumers log in and pay via a central point, they then access the pages of the individual media providers and the content within their brand worlds by being ›waved through‹ the various paywalls. Payment and access are thus separate: Payment processing and access rights management are central, access to content local.

In a setting like this, data can be collected both centrally and locally, while the customer relationship remains with the content producer. Products and services can thus be tailored to the consumer preferences gathered, while it would also be possible to address consumers directly. A broader data basis would also enable better recommendation systems.[1]

In addition, there would be no need to integrate different CMS, allowing consumers to remain within their relevant brand environments. Even if a single sign-on solution like this were chosen instead of a central one-stop shop for access to journalistic content, questions remain regarding 4.) *price sovereignty and revenue distribution*. In the case of a platform operated by publishing houses, solutions would have to be negotiated between the publishing houses and providers.

The example of RiffReporter shows that price sovereignty does not have to be relinquished entirely. RiffReporter is a platform that brings together science journalists and users. Each provider has the option of choosing between different pricing options. For example, they can offer individual articles, a subscription to their own product, or a flat rate across all providers. The revenue from the flat rate income is also distributed based on multiple parameters. One option would even be for consumers themselves to decide which providers should receive relevant portions of their flat rate payment.

Alongside classic distribution formulae based on duration or intensity of usage, it is therefore also possible to include the consumer in the decision. Other systems could also be conceivable. In local journalism, for example, it could make sense to distribute some of the revenue based on where the user lives, in order to account for the relevance of local journalism in keeping local democracy working.

As well as the familiar revenue distribution systems such as click rates and dwell times, there are also other, more flexible mechanisms that could counteract the feared »commodification trap« (Peters-Kim 2019). Despite the possible solutions described, however, some of the price sovereignty is still located centrally, and the way revenue distribution is organized will be more complex than it would if each provider had their own solution. Yet a collaborative platform solution does have the advantage that the publishing houses remain essentially in the driver's seat. Albeit in conjunction with others, they can at least decide for themselves what the solution should look like and do not run the risk in the near future of simply having to swallow whatever a third party puts in front of them.

A platform solution operated by publishing houses would also mitigate the risk of the press losing its 5.) *function as gatekeeper and curator*. This argument relies on the idea that the behavior of ›the press‹ is morally superior to that of the tech giants and that the publishing houses have more of a focus on goals that are desirable for society than technology companies, both now and in the future. Whether this is true or not, there is no question that, were the publishing houses

1 This intended »data sharing« would appear to comply with the GDPR under certain conditions.

to operate a platform like this and determine the algorithms themselves, they would be able to maintain their original gatekeeper function and continue to shape it independently.

In any case, the question appears to be not whether recommendation systems using algorithms are generally desirable, but how they are designed. The proportion of data traffic that accesses the publishing house pages via social media and search engines was around 50 percent even back in 2018 (within the Parse.ly network, cf. Radogna 2018). Consumers would also appreciate fully functional and useful recommendation systems from paid for services (cf. Buschow/Wellbrock 2019). The publishing houses would not be alone in developing these technologies – approaches to designing recommendation algorithms that promote democracy already exist, for example from the start-up MediaRecSys (cf. Schäfers 2019).

Ultimately, a fundamental question often asked is whether consumers actually want a platform like this. The counterargument is that there have already been several attempts to establish products and services like this, none of which were able to break through onto the mass market. Examples include Blendle, iKiosk, Readly, Inkl and Pocketstory. All these products are considered to have failed or are yet to succeed in achieving relevant market shares.

At the same time, the results of empirical studies (e.g. Buschow/Wellbrock 2019) suggest that consumers generally have a strong preference for a platform solution using flat rates. This would suggest that other factors are responsible for the lack of success of Blendle, Readly etc.

Firstly, comparisons between these existing products and a platform solution with a flat rate are unfair. The examples listed above, for example, covered only a few of the functions of a complete platform such as Spotify, Netflix, RiffReporter, or Apple News+. Blendle, for example, allows users only to purchase individual articles, not flat rates. Readly is the only provider on the German market to look anything like a ›Spotify for journalism,‹ bringing together a wide range of publications on its platform and offering the content at flat rate conditions. Titles from Axel Springer SE (BILD and WELT) were included in the bundle for a few months in summer 2019, but have since disappeared again. As a result, Readly currently has no daily news content.

However, the crucial factor seems to be another: Readly and the other providers simply do not have the customer base or the financial means to establish direct contact with the mass of potential customers. This applies both to Readly and to Blendle, as well as multi-provider payment systems such as Steady or Laterpay, all of which have trouble being noticed by consumers at all.

Unlike Spotify and Netflix, which have received significant sums from venture capital companies in recent years, German start-ups have found it difficult to grow quickly enough to become relevant for the mass market. This is not a problem faced by Apple, Facebook, or Google, of course – all of them have an enormous customer base in Germany, allowing them in principle to ›force‹ new products onto the market. Although this may not always be successful (such as in the case of Google+), existing reach or the ability to purchase it is still a key requirement for fast market growth.

However, in particular the regional newspaper publishers on the German market (still) have millions of direct customer contacts, which could be used to establish a new platform product. In 2019, they counted a total of 9.5 million subscribers to their print newspapers (cf. IVW 2020), in addition to a growing number of digital subscriptions – all in all more than a good basis for high-quality, direct customer contacts.

All these arguments suggest that many of the platforms mentioned have struggled primarily due to a lack of basic reach and not a lack of demand on the user side.

The reservations against a platform operated by publishing houses described here and often voiced by media practitioners can thus largely be addressed. However, there are further arguments that could prevent a platform solution like this and potentially go further towards explaining this than the arguments above.

One is that media companies – and publishing houses in particular – are often said to suffer from a *lack of organizational innovation capabilities*. Innovations push out existing technologies, products, and services, thus altering business models sometimes fundamentally (cf. Christensen 1997). There is no doubt that this applies particularly strongly to the media industry. Here, the key innovations of recent times – some of them disruptive – can be attributed to actors from outside the sector (cf. Christensen/Froomkin/Jones 2012). One of the effects has been to question large parts of the business model of funding through advertising.

At the same time, the established actors in the media economy appear to have trouble accepting these changes and being proactive in converting the new market conditions into their own innovations for products and business models (cf. Krumsvik/Storsul 2013; Wang 2016). This is particularly true of large media organizations with a more conservative corporate culture, such as publishing houses.

The fundamental phenomenon of a lack of innovative capabilities has been described in the relevant literature under a wide range of terms and concepts. These include (a lack of) dynamic capabilities (cf. Teece/Pisano/Shuen 1997), path dependencies, i.e. potential actions being limited by decisions made in the past (Sydow/Schreyögg/Koch 2009), and (a lack of) organizational ambidexterity, i.e. the ability of organizations to achieve a balance between exploration and exploitation within the organization (cf. O'Reilly/Tushman 2004).

At established media companies in particular, these dynamic capabilities have tended to be poor and path dependencies more pronounced (cf. Koch 2008;

Rothmann 2013), while a stronger focus has been placed on exploitation, at the expense of exploration. The result is a lack of innovation capabilities and thus difficulties in adapting to sometimes deep-seated changes in the market.

Personal animosity at management level between the organizations called upon to collaborate may also play a role here, and is even more likely in companies run on patriarchal structures. To put it bluntly, such media companies often display little inclination or ability to allow innovations from outside the organization (i.e. to engage in open innovation).

In addition, although the print sector is generally aware of how serious the situation is, it remains possible to generate *high margins with print products* (cf. Lobigs 2013; Edge et al. 2020). As long as this continues, there is of course little absolute need to break through old patterns and permit radical changes. On the other hand, this success does generate a certain cash flow, which could be usefully invested in business models for the future.

Scenario 2a: A platform operated by regional publishing houses

Another stumbling block to collaboration between publishing houses appears to be the ever stronger *cut-throat competition between the (national) publishing houses*. The content of the media outlets is highly substitutable, especially when it comes to the pure information it contains. Anyone who needs supra-regional information is likely to be able to find it free of charge somewhere.

The only way to break through the competition in markets like this is through product differentiation, be it in the form of political tone, journalistic standards, design, user friendliness etc. – an always difficult and often expensive thing to do. Although it eliminates perfect substitutes, there is still a substantial level of competition in the form of time allocation, budget restrictions, the fulfillment of similar needs, and the increasing number of domestic and international competitors. This indicates a cut-throat competition, at least for those organizations that can offer a full range, and – as a consequence – a high likelihood of a decrease in the number of large journalism brands on the market in the future. There will be a consolidation. *Der SPIEGEL*, for example, will therefore have no interest in pushing its valuable paying customers towards the products of its direct competitors on a shared distribution platform.

The situation is very different for regional newspaper publishers. These generally hold regional monopolies, with few or no direct competitors. ›One-newspaper districts‹ – districts in which only one daily newspaper is available – accounted for almost 60 percent of all districts in Germany in 2012 (cf. Schütz 2012).

The only way for these monopolists to gain collectively would be if they were to combine their products – for example if a EUR 25 subscription provided access to the digital content of not just one local newspaper, but all local newspapers in Germany. This would certainly not lead to lower overall demand, but probably to growth.

Consumers could benefit from this solution in a multitude of ways. Those commuting between two districts would no longer have to choose just one local newspaper (which most currently do), but would be able to access content about both where they live and where they work. People who have moved away from their home district for work or family reasons would presumably still gain some benefit from content from their old home – not to the extent that they would take out a second subscription, but they would be willing to pay more for the entire bundle. When regional issues of national interest arise (e.g. Hambach Forest, Stuttgart railway station, Berlin airport, Pegida etc.), editorial offices with local or regional roots could also be the best, quickest and most sustainable way to serve this national interest.

In terms of cost, the difference from the current fragmented situation would also be minimal. After all, the content already exists – it is merely hidden behind a series of different paywalls. Here the criticism is often raised that a scenario like this would be technically almost impossible to implement. However, single sign-on solutions such as Contentpass and Laterpay, in which only the registration and payment process is organized centrally while access to content remains local, could counteract this.

Last but not least, many at a management level simply have a problem with the sense of ›giving away‹ content that can be expensive to produce. Yet if giving it away does not cost anything, while also promising increased revenue, it would still be advisable to do so.

In conclusion, it is important to note that a cross-publisher journalism platform would promise enormous potential at relatively low cost and risk, especially for regional publishing houses. In the long term, combining the strength of the publishing houses could also lead to the establishment of competitive national content. All in all, – especially given the economic challenges they face – collaboration between regional newspaper publishers appears advisable.

Scenario 3: A public service platform – or a digital press wholesaler

It goes without saying that a publishing house's own platform would have potential disadvantages, particularly from the point of view of society. For example, profit-oriented publishing houses have an incentive to behave in a way that does not necessarily optimize social welfare or correspond to the interests of society as a whole. This could lead to the development of recommendation systems that are based on opaque algorithms, are designed (at least in part) to serve the interests of advertisers or political actors, or correspond to the human need for confirmation of one's own views (known as confirmation bias) (Wellbrock 2016). They would therefore be incompatible with the interests of a democratic society and, in some cases, of the audience (cf. Allcott et al. 2020).

In addition, the possibility of a platform operated by publishing houses discriminating against certain (especially smaller) providers for strategic reasons cannot be ruled out. This would not be desirable from the point of view of society, as it would prevent the potential for a great deal of diversity from being exploited. Developments in information technology mean that essentially any individual can today produce and publish high-quality journalistic content, independently of editorial offices and large organizations. This opens up enormous potential for diversity. However, the economic feasibility of these models is highly dependent on a certain basic reach, which is difficult for individual smaller providers to achieve. Instead, they run the risk of disappearing in the long tail of products.

One idea here would therefore be a digital journalism platform with non-discriminatory access for providers and a ›fair‹ recommendation algorithm that could create the potential reach needed for competent media professionals and their high-quality content.

A platform like this cannot be expected to exist permanently in the free economy. This is largely because of substantial size advantages and other aspects, such as a tendency towards single homing, indicating a high likelihood of monopolization at this level of value creation. Profit-oriented actors would then have an incentive to limit the quantity and diversity to less than the optimum level for public benefit, while raising prices to a sub-optimal level from a social welfare perspective.

An obvious alternative would be for this critical and tendentially monopolistic distribution level to be provided for and by society as a whole, as is the case in road and rail transport or the energy sector. At the same time, however, it is important for journalism to remain independent from political influence. This requires independent, monitored organizations with pluralistic staffing independent from political influence.

The vision of a pan-European platform for media and culture is nothing new, having been suggested among others by the Director of Bayerischer Rundfunk, Ulrich Wilhelm, in 2018 (cf. Hein 2018). It should therefore be possible to reconcile this project with the public service mandate, in particular when it comes to the mandate to guarantee universal distribution.

However, a platform like this would not necessarily have to be provided by public service broadcasters. What matters is that economic competition on the distribution side is eliminated, as this is shaped by enormous economies of scale and thus tends to give the respective actors greater market power – regardless of which form of organization ultimately acts as the provider. This uneven distribution of market power between content distributors and producers also makes it easier to discriminate against individual providers, promote particular content at the expense of diversity, or negotiate contractual conditions that disadvantage content producers. A ›sovereign platform‹ could prevent the concentration of market power at the distribution stage and help significantly to enable journalistic competition and both content-related and economic diversity at the stages before this. A scenario like this was recently described extensively and with great precision in the *Jahrbuch Qualität der Medien 2019* [Quality of the Media Annual] published by the Forschungszentrum Öffentlichkeit und Gesellschaft [Research Center for Society and Public Life] at the University of Zürich (Eisenegger 2019: 23).

This approach largely corresponds to the classic German press wholesaler system (cf. Brinkmann 2018). Large parts of the central objective of this system – to ensure diversity in the press – can be applied to a digital context, given that, in both market environments, the tendencies towards concentration and the opportunities for discrimination at the distribution stage, especially towards content producers with more limited funds, appear problematic in terms of journalistic and economic diversity. Protecting titles with low circulation, guaranteeing spatially inclusive and comprehensive distribution, and preventing discrimination against individual publications – all specific goals of the press wholesaler system – are also desirable for the digital sale of democracy-related content and could potentially be achieved with a distribution platform like this.

Conclusion

The direction in which markets for journalistic content are developing has long been well documented and conceptualized in theories. All in all, it has become very challenging to conduct economically successful journalism, especially in the regional segment. Society must therefore consider how to tackle the not-unlikely scenario that ›news deserts‹ – districts in which no professional journalistic publications are available – will emerge. As has been shown both in theory and in empirical studies, this would have negative consequences for democracy (cf. Adsera/Boix/Payne 2003, Snyder/Strömberg, 2010). News deserts are already a reality in the USA, while Germany also has some districts in which delivery of journalistic content is no longer profitable, with too few consumers willing to pay coupled with excessive distribution costs or insufficient internet penetration.

This development is not predominantly driven by ungrateful or penny-pinching consumers, changed consumer preferences, or unscrupulous publishing houses. Instead, the key driver is the changed market structures in the digital sector, in particular the cost structures.

Countering the threat of news deserts will take a systematic approach. There is a lot to suggest that large technology corporations will take (even more) control of the distribution of digital content, meeting consumer demand through multi-provider platforms.

At the same time, precisely here there is plenty of potential for other actors to promote and maintain media diversity. In the private economy, regional publishing houses in particular could work together to create a shared sales platform. This would allow them to save sales and marketing costs, determine prices, bundle content, and gain and maintain both the direct link to their readers and their data and sovereignty over advertising. There are also technological solutions that allow any publishing house to maintain its brand environment, its look and feel, and its CMS.

Imagine that subscribers could pay EUR 25 and gain access to the digital content not only of their own local newspaper, but of all local newspapers in Germany. This would undoubtedly lead not to fewer subscribers, but to more. It would cost not a cent more to produce, as the content already exists – it is just currently behind countless paywalls. A solution like this would almost certainly push more money into the system – money that would not have to be shared with technology companies that until recently had nothing to do with the sector. But it would require the local newspapers to work together. This is something they currently do only to an extremely limited extent, probably primarily due to conservative corporate cultures.

Regardless of whether publishing houses can or want to set up their own platform, a possible alternative would be the establishment of a kind of public service platform, offering non-discriminatory access for all providers of digital journalistic content – essentially a kind of digital press wholesaler. This would also significantly improve access opportunities for smaller – perhaps even non-profit – journalism providers and do a great deal to boost diversity and an ecosystem of freelance journalists and journalistic start-ups that is economically sustainable. However, unfortunately, neither policymakers nor public service broadcasters currently appear determined or able to implement a project like this.

If nothing systematic is undertaken, however, the fear remains that news deserts will emerge and tech giants like Apple, Google, and Amazon will take over large parts of the sale of journalistic content. This is the alternative that the media sector and society need to consider – not the healthy world of print media from twenty years ago.

About the author

Christian-Mathias Wellbrock, (*1981) is Professor of Media and Technology Management at the University of Cologne. Before this, his roles included Junior Professor at the University of Hamburg and Visiting Assistant Professor at Michigan State University. His research and teaching focus on digital journalism, media economics, technology acceptance, platform economics, and sports economics. He studied Economics in Hamburg and Paris. Contact: christian.wellbrock@uni-koeln.de

Translation: Sophie Costella

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