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# Crowdfunding of Journalism as a Way to Enhance Transparency

## *The case of the platform Rapport*

The news industry needs different business models. Over the course of the past few years, crowdfunding platforms have made significant gains in art and technology, and more recently in the field of journalism. This article provides an overview of Rapport, a Finnish crowdfunding platform designed to allow a new approach for journalists to fund their work.

Crowdfunding is based on the broader concept of crowdsourcing. The term “crowdsourcing” was first used by Jeff Howe and Mark Robinson in the June 2006 issue of *Wired Magazine*<sup>1</sup>, an American magazine that covers emerging technologies. As Howe puts it, “Crowdsourcing represents the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call.”<sup>2</sup>

Crowdfunding is a type of crowdsourcing in which a group of people gives small amounts of money to help make a project financially viable. In journalism, it often incorporates the idea of microfinancing an individual story project.

The first crowdfunding ventures came about in the early 2000s and the practice is now fairly well established. Indiegogo launched in 2008, followed by Kickstarter, perhaps the best-known crowdfunding service, in 2009, and GoFundMe in 2010. In Sweden, Blank Spot Project, started with a

crowdfunding campaign in 2015 and is still financed that way.

Crowdfunding in journalism usually follows a reward-based model or a donation-based model.<sup>3</sup> In reward-based crowdfunding individuals contribute small amounts of money to a project in return for a product or a story. In donation-based models individuals donate money to a cause or person without expecting anything in return.

In both cases, journalists pitch their stories and solicit donations from the community. As the Aitamurto,<sup>4</sup> without any sarcasm, remarks, the “community” is basically anyone who comes to the website. Kickstarter and Indiegogo are examples of reward-based models; GoFundMe’s model is donation-based. There are also platforms such as Patreon, in which people pledge monthly donations to specific journalists or other creative workers.

One benefit of crowdfunding is that it allows journalists to write or create other work outside of legacy media structures. Many journalists who use crowdfunding have been laid off or are underemployed by legacy media and are using crowdfunding to support their freelance work.<sup>5</sup>

In this article, the Finnish crowdfunding platform Rapport is discussed, along with the

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new challenges and requirements it introduces for journalists who participate, not at least in terms of transparency and a stronger audience relationship.

## Rapport

Rapport was first launched in 2014. The English term “rapport” means “a close and harmonious relationship in which the people or groups concerned understand each other’s feelings or ideas and communicate well.”<sup>6</sup> This resonates with Scandinavians and adds the tie-in to writing – “rapport” means a “report”. You may say, for example, that “she was able to establish a good rapport with the children”. A good rapport between journalists and funders was precisely the founder’s goal for this platform.

The original version of Rapport was very similar to other well-known platforms such as Spot.us, a community-funded, nonprofit platform in the United States. (Spot.us closed in 2015.) Journalists pitched their stories to the public and received donations from the crowd. This version of Rapport was viewed as overly complicated for journalists to use, and there were complaints that it often took months after a project was pitched for it to receive funding and eventually to be published. In fact most pitches were never funded, which was obviously discouraging to journalists who were new to the platform.

Despite these challenges, Rapport won the Media Innovation competition in 2015, a contest which is organized each year by the Finnish Ministry of Transport and Communications. In 2016, Rapport received funding from Tekes, the Finnish Funding Agency for Technology and Innovation, to further develop the service. Last year the platform was fully redesigned and the new Rapport was launched in 2017.

## How does it work?

The new service is based on a subscription model: the funder pays 4.99 Euros per month and chooses between one and five journal-

ists whose work he or she wants to support. Anyone can act as a funder. CEO Jari Järvenpää likens it to Spotify’s approach to subscriptions. Subscribers (the funders) can then enjoy all the content in Rapport. The service takes roughly 10% of subscription fees and the remainder goes to journalists. Journalists must publish on a regular basis to continue to receive a portion of the fees.

To register to work with Rapport, journalists must submit sample stories as part of an application process. Currently there are 46 professional journalists publishing in Rapport; each has a background page on the website, describing his or her work history and writing topics.

The model behind the new Rapport is a hybrid between a traditional crowdfunding platform and a mainstream publication. It’s a platform for journalists who want to publish content and earn money directly from their audiences. The journalists are fully responsible for what they write and publish; there is no editor-in-chief. Rapport is simply a platform for journalists to finance and publish their work. However, Rapport does require that published stories comply with Finnish law, guidelines from the Finnish Council for Mass Media, and Rapport’s own rules.

In addition to changing its payment method, the new model also broadens the set of content it hosts, including podcasts and videos as well as more traditional written content.

The new model has been in place for about six months, and it appears to be having real success. According to the CEO, more articles are being published than before and the community is more active. An average of one article, podcast, or other content item is published each day. While this pace is faster than with the old model, it’s not exactly a gold mine. Rapport still has fewer than 1000 subscribers, and a given journalist may have only a few funders while others may have 200 or more. Järvenpää plans to adapt their approach as needed: “So far the model works okay, but I’m sure we’ll need to readjust it in the near future. Our development process is quite lean so we are prepared to execute another experiment fairly easy.”

According to Järvenpää, the service is an option for readers and viewers who prioritize quality content over volume. He points to five reasons to subscribe to a crowdfunding service:

1. To support content creators of choice.
2. To enjoy quality content on a daily basis.
3. To avoid clickbait or “gossip” articles.
4. To give money straight to people who create high-quality content.
5. To give journalism a new chance.

Instead of hiding all content behind a paywall Rapport offers a bit more flexible and open option for its’ users. Most content is still behind a paywall but subscribers can share full articles for free through social media. In other words, if someone clicks on a link shared by a subscriber he or she will be able to read the full story. Free sharing makes the service more functional in today’s sharing economy, as well as makes the service more open.

The researcher Tanja Aitamurto states that the primary reasons that subscribers fund journalism in this way are more altruistic than instrumental. Subscribers also value a sense of community.<sup>7</sup> According to Aitamurto, who wrote a case study about Spot.us, the traditional role of journalism as a “storyteller around the campfire” remains the same, but other aspects are changing: “people no longer share merely the actual story, but also the story of participating in a story process”.<sup>8</sup>

### **New competencies for journalists**

How do journalists find the people who want to read quality content and “give journalism a new chance”? How do they find and build the community who might want to participate?

One significant challenge is that journalists don’t want to have to sell their work. The traditional newsroom model separates content production from marketing for a reason.

Andrea Hunter, who studied journalists who were crowdfunding projects on Kickstarter, notes that most journalists describe the process of crowdfunding as exhausting.

One journalist said the process was extremely time-consuming and stressful, and that it was like having an extra full-time job for a month. Several tasks are involved, including designing a campaign, writing a promotional pitch, producing an introductory video, developing a reward system, and creating a marketing plan. The campaign itself must also be nurtured. Successful campaigns require intensive social media outreach to build community and cultivate donors.<sup>9</sup>

In Rapport, while journalists do publish and promote their articles directly to customers, they don’t have to design campaigns or do other promotional tasks.

Rapport shares its content on Facebook, but the main responsibility for social media marketing falls to journalists. Järvenpää says that content creators with a strong social media presence tend to gather more sponsors in Rapport. Those less comfortable with marketing their work on social channels often struggle to get sponsors.

Social media is also an important platform for journalists to make their work more open and transparent. As there is no discussion area on the Rapport website, the conversation has to happen elsewhere and many journalists are active on Facebook.

Keeping the funders up to date, acknowledging those who share stories and responding to questions, comments and other feedback is crucial. Transparency builds trust that helps engaging with audience and to create a relationship with them. When the audience is heard and feel involved they are much more willing to continue funding.

Some in the industry express concern that with the rise of platforms like Rapport, journalism may become a popularity contest, where the journalists are increasingly influenced by their funders. As Hunter puts it, “It is a fine balance to maintain autonomy from funders while still maintaining a relationship with them.” The fear is that only popular stories will get funding while other worthwhile stories will go unfunded and unpublished.<sup>10</sup>

In countries like Finland, having a limited population that speaks the language presents

another challenge for journalists. There simply aren't that many people available to finance projects. However, crowdfunding may be a useful option for journalists who are focused in niche fields such as gaming, hyperlocal news, or underground music, if they can cultivate a small but loyal set of donors.

As Nicole Ladson and Angela M. Lee<sup>11</sup> write, a successful digital strategy should focus not on appealing “to the largest common denominator audience, but on offering a valuable service and direct incentives to a smaller group of people who are loyal and willing to pay for a product.”

## The future of crowdfunding

Crowdfunding is one of a few innovative approaches that have been advanced to save

journalism from the economic and symbolic crisis it faces today. As the Swedish Blank Spot Project writes on their homepage: “We also focus on how to gain trust for journalism again. We believe that the fight for journalism and free press should be carried out by the citizens.”<sup>12</sup>

Crowdfunding journalism has real advantages but is still insignificant in scale compared to traditional ways of financing of journalism. As Järvenpää puts it: “It certainly isn't the only way to finance journalism.”

Crowdfunding is certainly creative in its approach to reframing how journalists interact with and engage audiences. However, at least for now, it is not the turn-key solution to ensure the future of journalism – rather, it is one part of a larger strategy to continue the reinvention of journalism and journalistic practice.

## Notes

1. Howe (2006a).
2. Howe (2006b).
3. Aitamurto (2011).
4. Aitamurto (2011, 433).
5. Hunter (2017).
6. Oxford Dictionaries (2017).
7. Aitamurto (2011).
8. Aitamurto (2011).
9. Hunter (2016).
10. Hunter (2016).
11. Ladson & Lee (2017).
12. Blank Spot Project (2018).

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