METHODS FOR DETERMINATION OF INTERNET MEDIA FUNDING MODELS BY OBSERVING ITS CONTENT

1. Introduction

Ukrainian media critics, media lawyers, and professionals in media education frequently deal with two issues: either a certain information Internet source is independent or it distributes information which is comfortable and preferable to its owner. These issues are of special importance at the time of the ongoing informational war, when lots of various Internet media resources are involved in media attacks.

Our research indicates that upon examination of a certain media content we may be able to determine its funding model and, consequently, the degree to which this resource is prejudice.

This research is a ground-breaker in Ukraine, since there have not been any previous studies concentrating on the media funding models and their influence on the content.

Taking into account the complicated political conditions in Ukraine, the extent to which a whole cluster of mass media may be influenced is a very powerful tool to rethink or even reevaluate the trustworthiness of any given media resource.

Therefore, high importance the research lies in the fact that, nowadays, sources of media financing play an increasingly powerful role in content formation and its selection. As a consequence, it is worth considering the risks and advantages of the network media resource manipulation. Especially, taking into account the different sources of financing and funding of the media resources there is an acute need to evaluate the media as a powerful audience influence instrument.
The purpose of the research is to form a set of methods to reveal the financial model of the Internet media by means of content observing.

In order to achieve the mentioned purpose the authors aim to solve the following tasks:
1. Unify the Internet media types based on their sources of finance.
2. Determine the main characteristics being inherent to the content of the Ukrainian Internet media financed through different funding models.
3. Form a methodology to observe the domestic Internet media content.

Object of the research is the Ukrainian Internet media of various funding models. Subject of the research encompasses peculiarities of the interrelation between content and various funding models of the Internet media.

Researches in the field of information economy have begun more than 30 years ago. In 2001 the Nobel Prize for research in information economy was awarded to G.A. Akerlof, A.M. Sepnce, and J.E. Stiglitz1. Comprehension of information as a commodity is the basic concept of the media economy. The classic example is the A. Toffler’s wave theory, which presents the “third wave” as a modern information “wave”. According to the theory the main means of production is knowledge and content2.

A media commodity is considered to be the main category of research. M. Gläser3 defines it as the content producing, formation, and distributing a media company. R.G. Picard4 (who is referred to as a founder of the media economy) pays attention to the dialectics of the media market: the media market supplies both goods and services, namely, mass media sells the content. Thus, the content is a commodity. Simultaneously, organizing access to a target audience, mass media provides service to advertisers.

If media content is one highlight of the media market, there is a need to examine the peculiarities of content in the context of media funding structure. An issue of the interrelation between funding models and content formation models of Internet publications in Ukraine has not been researched.

The solution to the described tasks requires application of the comparative historical method, the expert survey, and the document analysis for detection of the main factors origin and development of the Ukrainian Internet media. The authors apply quantitative analysis to determine the peculiarities of the Internet media content financed on the basis of different funding models.

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2. The problems of the Internet media classification in Ukraine depending on their funding models

In order to examine the interrelation between the media funding model and media content the authors first of all aim to solve a problem of media classification in the contest of their funding models.

We use the concept “funding model” rather than concepts “financial model” or “business model”, since this concept is the most accurate and it unambiguously describes the research subject. O. Melnyk suggests such a definition5: “A funding model – is a structure, a type, and mechanisms of money attraction at each step of a project”. A funding model is “who and under what terms will finance a project”. In contrast to the concept “funding model”, the financial model “describes how a project earns and wastes money in determined input, current, and the future terms”.

A Ukrainian scientist B. Potiannyk highlights that apart from sponsors (state subsidies, grants, volunteer work, etc.) sources of funding include: a) money of advertisers; b) customer payments for content6.

The Internet audience in Ukraine as well as in the Western world is not willing to pay for content. This fact is considered7 in the world journalism congresses as well as in the Ukrainian ones. However, T. Regner points out that there are three models of content selling in the West (paywall): voluntary subscription; the service-oriented model, which consists in payment for additional amounts; the DRM-model, which consists in entirely paid access to the content8. Nevertheless, J. Herbert and N. Thurman, who surveyed Internet media, determine that revenues from payments for the access to content do not reimburse reduction of incomes from advertising9.

Using an example of Russia, Doctor of Philological Sciences B.N. Losovskyi proves10 existence of interdependence between development of an advertising market, a number of media in a country, and, respectively, ways of media funding, content quality. The scientist argues that under conditions of advertising market underdevelopment an exceeding amount of mass media results in deterioration of a segment market. The author supports instruments of public regulation of this issue (which are questioned by some authors).

O. Khabiuk considers the classification problem from another standpoint. The scientist advises to point towards fundamental goals of founders/managers, because content orientation is complicated to determine (in favor of public or political propaganda, a civil society, profit). Therefore, it is worth estimating factors influencing content production. The author indicates the following fundamental goals:\(^1\)

- **Public** (the state-owned media companies (and institutions) are mainly intended to serve public purposes. However, the world experience has shown that, with high probability, the public goals tend to achieve purposes of public propaganda);
- **Voluntary** (the voluntary companies can tend to produce content for a certain population strata (a minority) and try to present their point of view in blogs, etc.);
- **Commercial** (the commercial companies are aimed at gaining profit from production of qualitative content (in the case of direct sales) or such content attracting large audiences in order to create an area for advertising (in the case of advertising television));
- **Political** (the political goals are aimed at providing political influence and protection economic interests (lobbying);
- **Social** (the social companies attempt to create content for a certain strata as well as a society on the whole).

If we follow the logic of O. Khabiuk, such a type of funding mass media as crowdfunding should be referred to as voluntary one.

The next chapter contains information on principles, which help to determine what the category some of the Ukrainian media falls into.

### 3. Determination of a Ukrainian Internet media funding model

In order to examine the interrelation between content and a funding model we selected a sampling of Ukrainian Internet media. While selecting the media, we didn’t know exactly what category they fall into. Obviously, information on a financial activity of any media is a commercial secret. Thus, we needed to form the sampling on the basis of an expert survey. Moreover, we took into consideration that grant funding or incomes on the basis of crowdfunding are commonly reported and there is no need to verify them. Also, media, which provide service functions, and media, which are based on franchising, are commonly aimed at gaining profit.

The survey involved qualified specialists such as: D. Dutsyk, PhD. in Philological Sciences, a media expert, a deputy director of the Mohyla School of Journalism; D. Bezliudko, a media expert, a development director in Ukrainski novyny; O. Dovzhenko, a media critic, an editor, a journalist, a lecturer.

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of the Department of Journalism and the Department of Media Communications in Ukrainian Catholic University; A. Berezetksa, an external project manager in Ekonomika Communication Hub; V. Mostovyi, a media expert, a head of the Commission for Journalism Ethics; Yu. Mostova, an editor-in-chief of Dzerkalo Tyzhnia. Ukraina; M. Sydoorzhevskyi and U. Kondratenko, heads of a website ZN.UA; V. Tsurkan, an expert in KP media; editors of a publication Mediakritika, etc. Some experts asked not to make reference to their names in the article.

The experts drew upon some criteria, which are as follows: activity/passivity (and damping) of media in the advertising market; active/passive efforts aimed at money attraction; publication of sponsored articles; efforts of media in the process of competition.

The experts paid attention to an extremely low level of development of the media market, particularly online publications, in Ukraine at the time of the contemporary crisis in the economy and in the advertising market.

The experts highlight that on account of the advertising market underdevelopment there are no publications dedicated to political issues, which are entirely self-financed. On the other hand, there can be influential and un influential subsidies. The first case consists in total control of a sponsor over media content. In the second case, the subsidies are commercial investments or are gotten as an element of the underground economy, i.e. sponsored articles.

Nevertheless, the Ukrainian media (in contrast to the majority of resources in the Russian Federation) make it their aim to gain profit or at least be self-financed. This type of media is distinguished from, for example, television channels, since the latter ones are not self-financed.

Nowadays, the main source of income of the Internet media, which get less than 50,000 views per day, is a “sponsored publication”. If attendance rate is more, than advertising also becomes an income. However, even in this case sponsored articles usually don’t disappear from a publication. This brings up a question: can the mentioned publications be considered social institutions? Also, experts argue whether or not they should single out a separate category for this type of media. However, it is not a subject of our research.

There is no reason to expect from a publication to achieve payback in the first months, because any publication needs an investor (as, in general, for any startups and other business projects). Thus, not a fact of profitability or unprofitability, but an effort to gain profit is important for us.

Using our expert survey and O. Khabyuk’s criteria, we can divide the Ukrainian Internet media into the following types depending on sources of funding:

A) commercial media, which are considered by their owners as businesses; the main purpose is profit, which can be earned from advertising and other commercial operations (for instance: 44.ua, DT.ua);

B) subsidized media:

a) media operating at the sponsor’s expense – money is provided by politicians or large businessmen being interested in promotion of one’s own interests (for instance: Bagnet.org, Golos.ua);
b) media partially or entirely supported by various funds (for instance: Svidomo.org, Ostro.org);
c) media supported by crowdfunding (for instance: partially – Platfor.ma, Korydor.in.ua);
d) state-owned media, financed through the government budget or tax payments (“public media”) (for instance: Ukrinform.ua);

C) combined media — media, which lives of several types of funding sources (for instance: Segodnya.ua).

Below we provide the detailed information about these media.

Considering the media classification offered by the experts, we built the following research algorithm: two selected media of the subsidized and sponsored types (A) are compared with the media aimed at gaining profit (B). The media based on granted and crowdfunded sources (C) are also compared with those gaining profit (B).

Therefore, the comparison of A with B enables us to determine the peculiarities of content in both the subsidized and sponsored publications and the commercial ones. The comparison of C and B enables to determine differences between content of the granted and crowdfunded media and the commercial ones.

We succeeded to find an expert, who, for instance, had taken a part in money being supplied from the Russian Federation into the media market of Ukraine with the purpose to create an online publication, a newspaper, and radio. Finally, the money was put into the following projects: a website Vesti-ukr.com, a paper Vesti, and radio Vesti. The experts have agreed on this point — these projects are subsidized and are not dramatically aimed at gaining profit. Certainly, advertising is not banned as a source of funding. Nevertheless, Vesti-ukr.com doesn’t even publish sponsored articles. Thus, taking into account weakness of the domestic advertising market, “underground” revenues are widely popular among the media. In case of the subsidized funding model sponsored articles are articles being dictated by sponsors. Particularly, having done the content analysis of the mentioned newspaper Vesti, we proved that each issue of the newspaper contains 2–4 theses of the Russian propaganda. These news usually appear on the website12.

Also, the experts consider Holos.ua as an overtly subsidized media resource. Tellingly, there is no advertising (except the advertising mixer Google AdSense, which provides inconsiderable amounts of revenues) and the statistics of visitors is closed, although the resource is included in the top-10 rating of the Bigmir.net (the experts think that the resource simply buys this traffic numbers).

The experts consider LB.UA (a project of the Institute of Horshenin being the consulting establishment) as a resource aimed at gaining profit. Under such a funding model the website can be unprofitable, but it provides a promotional

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aid to an expert establishment or individuals that earn money in a different market segment. In this case, unprofitability of the resource is not a critical problem for our research. Hlavkom is also included in this category.

Therefore, in the process of research the authors compare contents of two pairs of Internet media dedicated to political issues, which are as follows: Vesti (Vesti-ukr.com) and Holos.UA (Ua.golos.ua); Livyi bereh (LB.UA) and Hlavkom (Glavcom.ua).

The authors also compared the subsidized Internet media with the grant funding model and media oriented at receiving money from crowdfunding platforms. Since the purposes of such funding sources are similar and the media founded based of similar demands of a grantor or a certain involved audience, these projects have been connected into one chapter of the research.

Thus, the authors examined two media: the one based on grant – Ostrov (Ostro.org) and one aimed at funding on the basis of crowdfunding and grants – the project Korydor. The website 62.ua is chosen to be an analogue for Ostrov. A cause of such a choice is some similarity of themes and formats and a comprehensible funding model. It was identified as commerce, because the website 62.ua is a franchise of the international network of city websites CitySites.

The website Kultprostir was chosen as an analogue for Korydor. Although the former is created due to financial support of Yu. Komelkov, the project is aimed at commercial success. One of its editors mentioned that they plan to start up the second part of the platform, which would be targeted at gaining profit. Moreover, in the nearest future the platform will actively involve advertisers.

The state-owned Internet media are not considered in the research, since this segment is insufficiently developed in Ukraine. Only the website Ukrinform.ua receives some numbers of visitors, but it is the website of an information agency. Thus, it doesn’t conform to the criteria of our sampling, which encompasses independent projects. Also, websites of state-owned (local) television channels and newspapers have an inconsiderable share of their own materials. Practically, these websites are by-products.

4. Comparison criteria of the media belonging to different models

The next step is to develop criteria, which will be used to compare the Internet media content. These criteria should enable to determine what distinctions emerge due to different funding models and which due to other factors, e.g. opinion of an editor-in-chief. Hence, we may not compare media in the context of genres prevailing on a website, an issue style of materials, etc.

Consequently, we indicated the following peculiarities:
1) frequency of information renewal (immediacy, topicality);
2) criticism against media owner/sponsor (objectivity);
3) a number of opinions presented in materials (objectivity);
4) binding article topics with names of owners/sponsors (intentional actualization);
5) typicalness/non-typicalness of themes (pluralism);
6) the extent of comprehension of a topic (analyticity).

The authors examined the content over a period of three months of 2015: January, February, and March. The authors analyzed Friday information materials over the mentioned period.

5. The main characteristics of the Ukrainian Internet media content financed on the basis of different funding models

Having summed up the data obtained by content observing, we indicated the following characteristics of the media content.

Firstly, the commercial media tend to reduce expenses on content and, at the same time, increase profits from services, which are simultaneously offered by websites. 62.UA, which publishes a minimal amount of own materials, is the best demonstration of this characteristic. It is worth mentioning the peculiarities of the commercial funding model: usage of genres, which do not require considerable funding (informative genres, reviews); attempts to present different opinions in materials with the purpose of affirmation of positive image (traffic development, popularization of a resource); choice of popular and “virus” topics and, simultaneously, inconsiderable comprehension of a theme in order not to burden customers with information (the main aim of such resources is clickability).

LB.UA and Hlavkom were also related to commercial media. Newsfeeds of these media resources contained advertising materials. Some materials of LB.UA also raised doubts, since they were frankly sponsored (for promotion). Some materials could also be considered paid-for “news” articles, i.e. elements of project commercialization. General description of these two media content is in conformity with the above-mentioned characteristics, although they encompass a greater share of analytical materials. The analytical articles thoroughly cover topics, because editors strive for gaining high-grade media status. Furthermore, these media considerably accentuate interviews with famous people aiming at gaining popularity and drawing celebrity’s attention.

Having analyzed the content of these two media, we can conclude that they are not financed on the basis of a strictly determined funding model. Taking into consideration the taken concept of the interdependence between content and funding sources, a large amount of own content, and absence of strictly determined elements of money attraction, it is worth mentioning that the media probably needs investing, which results in changing the main purpose of the projects.
Kultprostir was referred to as a commercial online publication. However, having considered collected data (comprehensive and multi-faceted content of the publication, a considerable range of themes, and frequent mentioning of an owner and owner’s enterprises), we understand that Kultprostir is a subsidized sponsored publication and its commercialization is in an incipient state. Nevertheless, Kultprostir should not be equated with the entirely subsidized and sponsored media. It is on the rim between the entirely subsidized and the subsidized and granted ones. This media doesn’t admire its sponsor and it the raised topics are thoroughly worked through. Taking this into account, we can indicate owner’s incentives, which are to gain an audience in order to commercialize the project in the future and, simultaneously, to influence certain aspects of the public opinion.

The grant and crowdfunded project Korydor is an example of a strict funding model: they don’t engage neither advertising and paid-for “news” materials nor an owner or a sponsor and are financed on the basis of generally known subsidies. The content is renewed dramatically rarely and non-systematically. At the same time, it contains overviews of very specific cultural items, which are considerably analytical and comprehensive (sometimes, authors give references). Along with the mentioned above facts this Internet media is not popular (it is proved by the statistical data). Subsidies and absence of a commercialization purpose enable an editor staff to develop unpopular themes (namely, thorough art critique), which are not aimed at mass audience.

The granted publication Ostrov, which is partially financed on the basis of advertising, also demonstrates elements of the interrelation between content and a funding model. Firstly, granted media are biased, because they don’t criticize their sponsors or editors-in-chief (Korydor is not an exception). Secondly, the main current amount of information of Ostrov is related to the war in the Eastern Ukraine. This top-theme actualizes the resource in the information area of Ukrainian readers. At the same time, this theme is the most considerably examined among all the other researched mass media. It is a distinctive characteristic of grant media, since they frequently neglect direct demands of an audience and orient towards purposes determined by a grantor. Such purposes are often aimed at solution of restricted tasks. This enables media to comprehensively consider the given problems.

Similarities between content of the subsidized and granted media Holos.UA and content of the Internet media Vesti consist of ranking materials, approaches to organizing project functioning, etc. Both of them diversified editorial classification of the content, but not services (as in 62.UA). Korydor and Ostrov also don’t have editorial classification being similar to Holos.UA and Vesti. There is a considerable share of own content on the websites of Holos.UA and Vesti. At the same time, depth of subject examination is inconsiderable. Probably, the owner/sponsor strives for forestallment of other actors of the information area. It is important for the owner to inform the society first and to influence a significant share of the public opinion. At the same time, presentation of substantiated and comprehensive opinions is not foreground for these
media. Their methods of content formation are similar: analytical materials are not really analytical (they rely on opinions of several experts with similar positions (ones being usually beneficial for sponsors); articles are commonly collections of quotes; articles are frankly provocative; topics are sensational, etc. It is interesting that we didn't find sponsored articles in news feeds (i.e., such a type of revenues is not compulsory for support of project functioning). Simultaneously, a considerable share of content is dedicated to sponsors of the mentioned media. The case of Holos.UA proves this assertion.

If we neglect possibility of combination of the Ukrainian Internet media funding sources, we can generalize the peculiarities of content of different funding models (as shown in Table 1).

Table 1. Peculiarities of content of the Ukrainian Internet media financed on the basis of different funding models

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Subsidized (sponsored)</th>
<th>Subsidized (granted)</th>
<th>Subsidized (crowdfunded)</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of information renewal</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Genre diversity</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Criticism against an owner/sponsor</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Presentation of two opinions in the case of a conflict of interests</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Binding article topics with names of owners/sponsors</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Non-typicalness of themes</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>The extent of comprehension of themes</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Advertising materials in news feeds</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

Footnote: 0 – a characteristic is absent, 1 – a characteristic is inconsiderable, 2 – a characteristic is enough marked, 3 – a characteristic is pronounced.

6. Methods for determination of a media funding model

Taking into account the described above regularities and the results of the content observing on the basis of characteristics shown in Table 1, we can to some extent determine an Internet media funding model.

A researcher should create the same table for an online publication to be examined. The researcher can use a criteria presented in Table 2. Having done the content observing of the chosen media and having determined the mentioned quantitative indices, the researcher should transform them into numerical points from 0 to 3 and compare the developed table of media monitoring with indices being inherent to one of the above-mentioned media types.
Obviously, under conditions of the Ukrainian unstable market and expansion of the combined models the received results can't be matched one-to-one with the presented criteria. However, your media may be a part of a funded model if:

- at least 5 of 8 figures coincide and differences for the other figures are not greater than 2 points;
- or at least 3 of 8 figures coincide and differences for the other 4 figures are not greater than 1 point.

### 7. Conclusions

Consequently, the presented research succeeded to illustrate the dependence of a given content from media funding models. Taking into consideration the theoretical basis of general media functioning in economical area and the collected statistical data, which is entirely presented in a Master's thesis of V. Malynka\(^\text{13}\), we come to the following conclusions.

\(^{13}\)V. Malynka, *The content specifics of Ukrainian internet-media with different models of financing: Scientific paper for obtaining a master degree*, National Taras Shevchenko University of Kyiv, Institute of Journalism 2015, 149 p.
The content characteristics of different funding models include: frequency of information renewal; criticism against an owner/sponsor of media; presenting several opinions in conflict of interests case; binding article topics with names of owners/sponsors; non-typical themes; broad theme comprehension; advertising materials in news feeds.

Media, which are financed at the expanse of grants and crowdfunding, cover a smaller amount of themes, but they thoroughly develop the themes. It can be explained by their minimal interest in influence on a significant share of the public opinion and commercialization. Actually, these media attention is being drawn towards demands of a grantor and is aimed at compliance with necessary standards in order to continue receiving financial support.

In contrast, media aimed at profit gaining have an inconsiderable amount of self-produced content and many service functions. Furthermore, the content presents different genres, it is rapidly and frequently renewed, and themes are thoroughly examined. In a majority of cases, there are different opinions regarding contradictive publicly important issues.

The subordination between content and a funding model first of all lies in the content volume and its orientation on getting financial profit. If media are not oriented on profit, there can be some dysfunction resulting in subsidization.

Content of the subsidized media, in turn, is characterized by one-sided opinions (however, there can be attempts to hide such a fact). This results in comprehension of a small amount of themes. There are also actualization of a person or institutions possessed by a media owner and absence of criticism against a sponsor, etc.

The mentioned peculiarities can be used in the process of media funding model determination on the basis of analysis of the content produced by a researched media.

Nevertheless, there is an extremely small amount of Internet projects functioning on the basis of a single strictly determined funding model in Ukraine. It is caused by political conditions in the country as well as problems of media and advertising markets. For instance, implementation of the 4G communication and Web 3.0 technology and targeting advertising result in gaining more and more profits even in the Southern Asia\textsuperscript{14}.

SUMMARY

Content of any media resource is closely related to goals the media aimed to reach as well as to its funding model. Nevertheless, peculiarities of this relationship had not been described in scientific literature before, especially in the context of Ukrainian informational share of the Internet. Our goal is to indicate and describe these peculiarities, and, on that basis, to form methods of determination of a funding model for a certain Ukrainian Internet media. We discovered that the interdependence between a funding model and its content primarily consists of its orientation towards financial attractiveness. If there is no such an aim, there can be dysfunction resulting in subsidization. Determination of these subsidies’ origin is usually quite easy, because the state-owned, grant based and crowdfunding media do not tend to hide their funding sources and only sponsor’s subsidies are usually kept secret.

KEY WORDS: Internet media, funding model, subsidized media, commercial media