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Business Models of Local and Hyperlocal Media During Local Mass Media Reforms in Ukraine

Abstract: The research relies on the world trends in the development of local and hyperlocal media and their business models to analyse the experience of Ukrainian local mass media in their search for sustainable funding. The financial sustainability of local and hyperlocal media projects is the key to expanding citizens' access to high-quality news and information. The choice of a business model determines the media's financial sustainability and efficiency, its philosophy, content and ways of content delivery. Crowdfunding and its types (membership model, club model, gift-crowdfunding) is considered one of the most effective business models for hyperlocal media. These models presuppose engaging audiences (communities) in media financing. The research into the key services, resources, information processes and flows, expenditure structure and revenue sources reveal that an effective business model for Ukrainian media aims to combine business values with consumers' values and needs. The combination of these factors ensures sustainable development and independence of the editorial policy.

Key words: local media, hyperlocal media, community news, funding models, Ukraine, business models

Introduction

Many factors attract attention to the development of local media. First, their participation is important to establish communication between a local community and local authorities and satisfy the information needs of local citizens. Local mass media is an exceptionally effective tool to inform and relate with a local community. They do influence, and their social impact is exceptionally strong. Consequently, they are viewed as an integration tool that enhances

the social trust necessary to construct and maintain cultural identity (Wróblewski, 2021). Secondly, according to USAID-Internews Media Consumption Survey in Kyiv on October 16, 2020, Ukrainians tend to trust local rather than national media. 67% of the survey respondents receive information from local Ukrainian press, while 45% obtain their news from national periodicals. Within a year, trust in regional online media increased from 44% to 48%, and the data for the local radio are from 19% to 22% (Закусило, 2020).

Thirdly, local Ukrainian media have been denationalised since 2016, when the law on the reform of state-funded and communal print media was adopted (Закон України). Finally, the administrative-territorial reform that implemented the European Charter of Local Self-Government and legitimated effective grass-root self-governance bodies – local authorities (LAs) – has become a new challenge for reformed (denationalised) local media. Replacing the old division into districts, the new LAs have turned out to be unprepared to support local media amidst the decentralisation process. When municipal councils and administrations were dismantled, local media lost the limited yet stable funding used to receive for the coverage of these institutions' projects.

Another negative factor impacting the stability of the local media market is quarantine restrictions enforced to curb the spread of COVID-19 (Radcliffe, 2021). Thus, local media faced the urgent need to find effective transformation and funding models to survive. A noticeable tendency in the transformation of local media is their attempt to get closer to their audience (Karlsson, Rowe, 2019).

The research objective consists of studying and generalising the experience of Ukrainian and foreign hyperlocal projects to identify effective business models appropriate for Ukrainian hyperlocal media. It is necessary to carry out the following tasks to achieve the objective:

– to analyse scientific research relevant to the problem and to explore the context where hyperlocal media emerge;
– to generalise the definitions 'hyperlocal media' and 'business models of hyperlocal media';
– to analyse the efficiency of the existing business models adopted by Ukrainian hyperlocal projects.

It is important to note that it is hyperlocal media that the research focuses on. Regional media fall out of the scope of the study since, according to Ukrainian legislation, their outreach covers two or more of Ukraine's regions (*Про державну*).

The emergence and development of hyperlocal media is one of the main trends in the modern world, especially in the European media market. Among those that have made the first attempt to define 'hyperlocal mass media', there is the non-profit NESTA fund that suggested in its 2012 study into the British market that hyperlocal media are "online news or content services pertaining to a town, village, single postcode or other small, geographically defined community" (Radcliffe, 2012, p. 9).

Changes in information space caused by geopolitical and economic transformations and the spread and introduction of information and communication technologies initiated the emergence and development of hyperlocal media. These changes are, for example, an increase in information flows and sources, a modified structure of information and advertising consumption, fragmented audiences, a dramatic decline in print media circulation, and shrinking proceeds from advertising. For media and local media, in particular, all this has brought about financial problems and shutdowns. The restrictions imposed to cope with the coronavirus pandemic have added to these factors. Media consultant Jim Chisholm argues that the new capacities of local and hyperlocal media should be related to the overall dramatic decline in traditional print media popularity among consumers and advertisers. So, the crisis where local media have found themselves may be overcome by their further development on digital platforms with their further transformation into hyperlocal mass media (Greenslade, 2013).

The researchers from Cardiff University (the UK) argue that hyperlocal journalism (*community journalism*) is journalism that produces local news (i.e., news from a small geographical space such as a city, countryside, a village, a street, etc.) and targets an audience with shared interests (i.e., a shared place of residence, a hobby, a profession, an interest, etc.) (*What*). It is noteworthy that hyperlocal media often have both an online and a print format, determined by their target audience's needs and interests. In addition, establishing these media usually involves engaging people from communities that are regarded as potential consumers of the information product (Radcliffe, 2018).

The participants of the *Media of the Future* conference organised by the RAR news agency are unanimous in their opinion that local media will largely develop as internet portals which employ multifunctional (universal) journalists rather than those that specialise in a certain field (*Przyszłość*).

The financial sustainability of local media secures their editorial independence and allows them to perform a watchdog function properly, which ensures the democratic development of local communities.

According to Media Development Investment Fund (MDIF), financial sustainability produces impact journalism and helps media outlets perform their watchdog function effectively. Sustainable media companies can resist economic pressures such as boycotts or lawsuits; they have more chances to set apart news production and their business operations (*Impact*).

In the report titled *Financial Sustainability of Media Outlets in Ukraine* and issued as a part of the *USAID Media Program in Ukraine* project carried out by Internews, Christi Evanson states that there is no uniform agreement on business models, funding or diversification models that enable independent media to achieve a certain level of financial sustainability either in developed, 'mature' media markets or in similar markets of countries with less developed media. In a sense, the new epoch has levelled all players since media all over the world are facing problems with the development of funding models that would be efficient in their countries (Евенсон, 2020).

When discussing the financial sustainability of media companies, it is important to differentiate between the notions of *sustainable* and *resilient* that are often used as interchangeable. According to many experts, media outlets should first strive for certain *viability*, then *sustainability*, while *resilience* comes last (Cook, Bakker, 2013, p. 36).

The World Association of News Publishers (WAN-IFRA) interprets *viability* as the ability to survive (*survivability*). In contrast, *sustainability* is defined as an outlet's ability to function for a certain time and to preserve a certain business model as the key component. In turn, *resilience* means everything mentioned combined with adaptability necessary for an outlet's further performance under changing circumstances (*Unlocking*).

As for hyperlocal media, *viability* is a feature of "sites fulfilling a demand or perceived need for content by the audience". *Sustainability* is typical of the media "able to sustain a flow of content to meet that need over time, and likely to draw some "money" as a wage, cover expenses of contributors and/or cover costs of equipment, web hosting, printing, etc.". *Resilient* media "can sustain a flow of content and make a profit, or grow/scale the operation by investing the earned revenues" (Cook, Bakker, 2013, p. 36).

The current conditions within media systems put forward new require-
ments to mass media. Mass media must create, elaborate and implement
new business models adjusted to the media's circumstances to compete.
It is a supertask for Ukrainian mass media because the long period of the
Soviet (totalitarian) press solidified the assumption that mass media could
not be an independent business but rather an ideological (informational at
best) component of social life.

The research analyses the experience of local Ukrainian media in their
search for stable financing sources based on combining media business
models elaborated by media outlets worldwide.

Methodology

The study employs general methods of scientific research. Among
them are the structural-functional method and the comparative method
that helped to analyse and systematise business models of hyperlocal
media, to uncover factors that influenced their development and funding
models, explore general peculiarities, and reveal the peculiar function-
ing of these media and their editorial offices. In addition, the study used
several methods aimed at data collection, namely scientific observation,
monitoring and expert questioning. It enabled to formalise the observa-
tion of media objects along such criteria as funding sources, outreach,
number of employees, etc. The study's empirical data consist of Ukrainian
hyperlocal projects involved in the Local Media Innovations programme
launched by the Lviv Media Forum from 2019 to 2021. The study's theo-
retical framework is scientific articles, expert interviews, statistics and
Ukrainian legislation.

Literature Review

There are two processes in local journalism: traditional journalism is
leaving communities, and new forms of journalism are taking its place.
Researchers refer to these forms as *citizen journalism*, *hyperlocal jour-
nalism* or *community journalism* due to their numerous similarities, i.e.,
they are an alternative to traditional mass media and presuppose citizens'
direct involvement in the process of content creation (Nip, 2006). The
scientific discourse also offers terms such as *participatory journalism*,

citizen journalism, *hyperlocal journalism* and *ultra-local journalism*, all different types of community journalism (Jangdal, 2019). Exploring the new tendencies in the development of local media started at the end of the 20th century and narrowed their coverage to a certain community's interests and engaged community members in news production.

Kurpius (1999) describes a new concept in the development of traditional mass media and argues that this concept evolves in two ways: within the framework of existing local media (in the form of hyperlocal webpages) or as independent projects. The researcher studies how hyperlocal elements are introduced in practices of traditional media (e.g., meetings in small groups, encouragement to participate by phone or email, personal meetings, etc.) and gives a list of ongoing hyperlocal projects.

Issues related to local media development, namely prospects of their online activities, are discussed by Jarvis (2011). Modern American studies into community journalism focus on the ways to preserve this type of journalism and provide it with secure and long-term revenues. In other words, experts are looking for efficient business models (*Muse*, 2014).

It is important to specify the space that hyperlocal media may fill in. It will help identify their audience and evolutionary tendencies (Kurpius et al., 2010). Karlsson and Rowe (2019) believe that the main factor contributing to the growing popularity of hyperlocal media is a reporter's physical presence on the scene. Here, 'presence' does not mean visiting the scene from time to time when there are some dramatic events, but rather it means long-term presence when a journalist gets to know people, the entire community and their problems. The more distant the audience is from the scene, the more topicality of a news item drops and the more the information is devalued (Kent et al., 2006). The correlation between geography and news production was explored many years ago as a criterion for news assessment (Galtung, Holmboe Ruge, 1965). A hyperlocal media operator can work on several platforms and have several hyperlocal products to get closer to its reader. Professional journalists, social activists, and concerned citizens may create a media product. The last two categories may include people without any prior media experience. This approach considerably stimulates hyperlocal content production (Radcliffe, 2015). Hyperlocal media are independent editorial boards based on the environment where they operate. They differ from traditional mass media in that their printed or online resources contain sections that feature certain local communities and events that occur in these communities (Jangdal, 2019).

Radcliffe (2012) concludes that hyperlocal media face many structural problems, including funding, sustainability and visibility, whereas new media have become a significant factor in the diffusion of innovations. Hyperlocal activity is quite distinct regarding funding type and reliability, expertise and number of staff, as well as methods of information search and presentation (Kerkhoven, Bakker, 2014; Nielsen, 2015). In theory, this activity may fill in the void in news flows. In practice, however, it is difficult to achieve due to low productivity and lack of sustainability. According to Thurman, Pascal and Bradshaw (2012), there is a demand for content designed for small local communities, but the researchers doubt whether local mass media can succeed and become similar to local social networks.

The traditional news business model consists of two main revenue sources: product sales to a consumer (subscription, articles, etc.) and space sales to an advertiser (Picard, 2011). Studies into hyperlocal media have revealed that advertising is the dominant form in their revenue and financing model (Thurman, Pascal, Bradshaw, 2012). Local newspapers try to secure revenues and funding for journalist production, but audience erosion, the decline in profit from advertising and increasing competition in the digital sphere threaten local journalism (Nielsen, 2015). This change of revenue sources and the transition towards a mixed model, where the revenue consists of advertising revenue and consumers' payment, are complicated. The development of hyperlocal media displays two main aspects of the problem: printed format vs web resources and advertising vs subscribers' interests (Olsen, Solvoll, 2018).

The search for sustainable hyperlocal business models has become one of the main tasks of media management (Berkey-Gerard, 2013). There is a wide range of financial strategies for a hyperlocal news start-up: investment of considerable start-up capital, partnership with an inventive advertising agency, involvement of local authorities that grant the start-up a specific status, or use of social media as a supporting business (Tenor, 2019). Still, research into the funding model based on paid access to hyperlocal media has revealed the consumer's relatively low readiness to pay (Newman et al., 2017), peculiar to the young generation (Chiou, Tucker, 2013). Kerkhoven and Bakker (2014) consider them promising yet vulnerable by analysing hyperlocal news websites. The development is slow due to a small number of staff. Permanent content updating becomes challenging, and modifying the current model requires considerable investment. Launching a local site often is easier

than ensuring its continuous updating (Naldi, Picard, 2012). Kurpius (2010) states that since the market news business model presupposes an audience interesting for advertisers, news content tends to value sensational and superficial topics and neglect the deeper analysis of social issues. Another important factor of success is a localised design and localised content delivery. It is one of the main components that make hyperlocal media successful. A brand succeeds only if there is a trust relationship with the audience. Success is also easier to achieve in the case of small-size audiences. For local people, a chance to tell their own story in person is a way to establish a trust relationship within a certain locality (Seed, 2017).

The Analysis

The necessity to elaborate and use effective business models has been a response to the reform launched in 2016 with the Bill on Reforming State and Communal Mass Media (*Закон*) adopted on December 24, 2015. The need for new models has been further exacerbated by the COVID-related quarantine restrictions that have changed media consumption patterns and audiences' behaviour.

The law aims to 'privatise' Ukrainian state and communal print media, the number of which exceeds 600. Until the law was adopted, numerous Ukrainian and international experts had pointed out that these mass media tended to be controlled by state and local authorities, which to a certain extent threatened the freedom of speech. Under these conditions, reforming the print media and adapting their work to the European standards of freedom of speech became a burning issue. Introducing the reform was included in Ukraine's international obligations to the European Council. According to the law, state and communal media outlets were to exclude authorities from their founders. The denationalisation should entail reformed mass media's independence from authorities and self-governance bodies. These institutions would, as a result, lose any opportunity to influence newspapers' editorial policies. Besides, the denationalisation was meant to enhance the quality of printed media through re-formatting their work under the demands and peculiarities of the market and competitive environment. In the meantime, media outlets were expected to diversify funding sources and build a stable financing scheme by elaborating an effective business model.

Generally, a business model is defined as a conceptual structure that keeps a business going, particularly its objectives and plans to achieve them (Wigmore, 2013).

Considering the peculiarities of the development of modern media systems, mass media undoubtedly need new business models to help them survive in the present-day market.

Changes in technologies, competition, modifications in the mass media business, and audiences' new habits emerging during the COVID-19 pandemic have turned the old business model ineffective based on funding flows provided by pre-pandemic audiences and advertisers. Reuters Institute Digital News Report (2022) shows that media should "reengage, as well as build deeper relationships with regular news consumers" to remain efficient (Newman, 2022). Modern innovations in media business modelling are designed to create and develop value relations with media audiences, advertisers, partners and mediators. When these relations are effective, they become the basis for the activity that brings revenues.

Still, the fundamental problem of modern media outlets is not so much the low efficacy of their revenue component in business models but rather their products, which would be appropriate in the 19th and 20th centuries and sold in the 21st century.

New business models adopted by media should provide citizens with a wide range of news, opinions and information in various formats, including paid products, new advertising techniques via websites, smartphones, tablets, etc.

Part and parcel of any business model is sufficient financing. It makes mass media look for innovative ways to remain lucrative.

The media industry is still trying to find a sustainable business model during drastic changes. It is worthwhile to expand on crowdfunding. In 2008–2009, Kickstarter and IndieGoGo became the first crowdfunding platforms. According to the World Bank estimates, annual investment in crowdfunding will be $90 bln by 2025. Only a third of all crowdfunding projects is social or entertaining, whereas the rest are commercial (*Краудфандинг*; Будівська, 2016).

Recently, experts pointed out that there is a type of crowdfunding typical of Ukraine, namely community-enhancing crowdfunding that fully engages benefactors in positive changes in a community and society (Рибачок, 2017).

To launch their national platforms, Ukrainians used international crowdfunding platforms such as Kickstarter, IndieGoGo and GoFundMe, which have been used ever since.

Created in 2021 and based on the Big Idea platform for social innovations, the first collective funding platform in Ukraine is *Spilnokosht*. Within two years, it raised 3.8 mln hryvnias.

In February 2012, another Ukrainian crowdfunding platform was launched, *Na-starte*. It is not specialised in any particular sphere and covers a wide range of fields: IT innovations, arts, music, fashion, etc. (Сардалова, 2018).

Fundraising may be based on rewards to benefactors, so-called *gift-crowdfunding*, which means that benefactors obtain a product or a service that authors plan to manufacture and sell later in exchange for their donation. 25% of the platform projects, i.e., every fourth, raise money to be implemented. To compare, the data for Poland and Belarus show a 17–18% success rate (Сардалова, 2018).

Ianitskiy, the director of the Center for Excellence in Economic Journalism at Kyiv School of Economics, has distinguished three fundraising models used by media in its relations with the audience (Яніцький, 2020):
– subscription,
– donations,
– club model.

According to Ianitskiy (2020), "attracting readers' money is a good move" because it enhances trust between media and consumers.

In the current circumstances, a promising way to keep local media sustainable lies in their shifting towards hyper-locality, which entails narrowing their target audience, attending to their interests, satisfying their information needs and engaging target consumers in communication, for example, by bringing them into content production, by making them participants to events, etc. (*Медіа*).

In late 2013, the city of Vinnytsia hosted a presentation of the first hyperlocal social network *Your city* (*Твоє місто*) in Ukraine, created as a platform for communication, interaction and implementation of Vinnytsia's citizens. The project's objective was to create an information and communication platform that would facilitate interaction between neighbours, involve active social media users in the city's everyday life, give voice to local opinion leaders, and stimulate and implement local initiatives. Overall, the intention was to help neighbours get to know each other since, as it often happens, people might have been living next door without actually knowing each other (*У Вінниці*).

"At present, many cities are developing instruments to enhance communication between local authorities and community, i.e., online recep-

tion rooms, interactive maps, online application forms, etc. Vinnytsia has been using these tools for a long time. We have realised that there is still an unsolved problem of communication between citizens that live in the same house, district, city" (*У Вінниці*). The new resource is designed to become not only a platform for interaction and information but also a platform that enables city dwellers to put forward their initiatives and to use virtual communication to improve a certain building, district and, in the long run, the city. The site organisers see the future of the project in adding some extra tools interesting for citizens: a notice board, an exchange of ideas, a museum of visual history of a building/district/city, a museum of oral history of a building/district/city, a family history, a genealogical tree, etc.

For mass media, choosing a business model is the key issue that determines not only its financial stability and success but also its philosophy, content and even content delivery (Павлушенко, 2017).

For example, one of the most popular business models in digital journalism today is *click for cash economy*, where profits depend on the number of readers or viewers who have visited the media site. Attempts to gather a large audience and secure millions and millions of clicks turn media 'yellowish', deteriorate standards, and lead to low-quality journalism (Павлушенко, 2017).

The media development agency Abo (*Або*) supports local media. It helps to create business models for their successful operation in Ukraine. The agency's ultimate objective is to re-start local media markets by generating high-quality media products in various regions. To achieve this, the agency has begun using its own platform (*The City*) to develop a network of sites. The sites function in many towns all over Ukraine. By June 2021, the *Abo* agency had assisted in launching 50 hyperlocal sites and planned to start up 50 more within the following six months (Коротенко, 2021).

Abo is not the only agency that helps develop local media. Nongovernmental the Media Development Foundation organised a Media Manager Academy course for regional media that drew on the MBA principles. Media managers studied basic business skills necessary to elaborate a business model, achieve financial stability, and manage staff (Матевощук, 2019a).

Local media development is the objective of the Local Media Innovation programme proposed by the Lviv Media Forum. Within the framework of the project, media outlets' management benefits from mentoring

and expert support as well as from 100 thousand hryvnias granted to introduce innovative solutions aimed at enhancing interaction with audiences, adapting content to their needs, and attracting more consumers (*Курс*).

Several monetisation models help local mass media cover their expenses. The first model is membership, i.e., the model of membership fees. Mass media makes it its mission to provide objective coverage of events, and its audience donates money to support this mission. This model works well in cities where the community is responsible and aspires to develop their city. For example, this model is used by Lviv media called *Your city* (*Твоє місто*). The site was originally designed as a local business directory but has evolved into a multimedia outlet, online TV and subsidiary video production. The outlet used to focus on entertainment and lifestyle but has diversified its topics to cover various aspects of city life, including social and political issues.

Another model, namely the standard paywall, has been practised for several years but is only now that it is becoming efficient. French *Nice Matin* with its classical payment for an article or Belgian *La Meuse* with its network subscription may be examples of the model. Yet, it is not suitable for a small town: even if every citizen contributes, it will not suffice to cover all the expenses.

A more complicated business model is operative in online media of Polish Gdańsk, Trojmiastro.pl. It earns money from banners and native advertising and by organising events in the city. The media site provides the audience with information on local events, tickets and real estate proposals.

The native advertising model works best in a large market where mass media do not depend on any advertisers, yet the model is risky for small towns. In the latter case, media function as event agencies. As a rule, there is no competition, so media obtain a large market share: they organise business conferences and cultural events and offer paid online broadcasting. It helps run a media outlet (Матевощук, 2019b).

A promising element in a local and hyperlocal media business model is engaging audiences in media projects.

For example, investigative periodicals such as *The Bureau Local* (UK) and *The Ferret* (Scotland) engage readers in journalist activity. By publishing their material, journalists get activists involved, and the latter brings about real changes, i.e., they push through appropriate resolutions at the local level. As for non-investigative media, we cannot but agree with Jakub Parusinki, a co-founder and the Chair of the non-profit Media

Development Foundation, when he points out that non-investigative media underestimate interaction with their audience. It is necessary to find common interests with readers, use them, and tackle local problems and debates over the city development strategy. Local communities are eager to feel involved in positive changes to their environment (Матевощук, 2019b). Readers' involvement in media content production enhances their trust in the media and motivates them to support it.

The model of high-quality journalism may also be appropriate for local media. Since traditions of modern local media have largely been formed by their predecessors (district and communal newspapers that cultivated officially acknowledged viewpoints and focused on featuring successful projects of local authorities and local amateur groups), the audience is extremely interested in high-quality content that covers local life and provides appropriate information support of decision-making processes.

The niche of city guides is the most promising: these are media that inform of events in a city and ways to spend leisure time. Transcarpathian *Varosh* is one of them. It earns from local advertising (native in particular), sponsorship projects and offline activity. The topics covered by the media are mostly fashion, culture and entertainment (*Регіональні*).

Another successful example of local development is a network of hyperlocal media Rayon.in.ua. Initially, the network united media of the Volyn region, while at present, it includes media from Rivne, Lviv and Transcarpathian regions. In all, the network contains 25 media.

Journalists from Rayon.in.ua often offer their audiences an insight into the media's professional life. To achieve this, they have created a Facebook group Друзі. Району, where they communicate with the most loyal readers, experts and colleagues and tell media news and journalist routine.

Among these examples, there is also *Volyn Expedition* (*Волинська Експедиція*). Journalists and members of this group go on excursions to various places in the Volyn region. A local tour operator provides the journalists and readers with a tour bus. This activity helps create an audience loyal to the media and motivates readers to support it (Лаущенко). In 2020, the network sites gathered a community of 5.7 mln people from all parts of the world (*Про нас*).

Rayon.in.ua employs a differentiated approach that minimises losses during the ongoing crisis. Revenues are partially obtained from franchise sites. Some proceeds come from advertising: banners, texts, and sales of open links. On top of that, the network participates in grant programmes.

In the city of Sumy, local media – *TSUKR* (*ЦУКР*) – publishes materi-

als on the history of the city as well as its citizens and positions itself as *slow media* since their content rarely delivers the news. The media team sees its mission in introducing city dwellers to each other, acknowledging achievements and problems of the city, looking for solutions to the problems and discussing hopes for the future (Гоюк). *TSUKR* (*ЦУКР*) was funded by a grant. 80% of its revenue was from grant support, and 10–20% came from the Patreon platform and advertising. At present, according to the founders, the media is financed by its readers, international organisations and local businesses that order advertisements (*Про проект*).

Readers' financial support may be either a regular or one-time donation. In addition, the media management urges the audience to participate in organising events and writing media texts.

Local media *Kufer* (*Куфер*) from the city of Ivano-Frankivsk has no news feed yet creates long texts. The media policy is based on service philosophy: focusing on the readers and their needs, so media content should be practice-oriented. So far, they are the only media leaving banners in favour of native advertising.

Until the quarantine, the media had two main revenue sources: native advertising and microgrants. The grants helped produce content unattractive to sponsors. After the quarantine, the format changed, and the management worked hard to diversify revenue sources. These donations and native advertising have started reviving after the quarantine restrictions. The media management also participates in grant projects (Гоюк).

Founded in the town of Konotop, local media *Конотоп.City* does not write about politics or crime. The outlet is special because 90% of its revenue comes from advertising local businesses. Besides, the media makes native advertising and organises events for citizens. The quarantine brought about a 40% decline in revenue because it became difficult to motivate companies to spend money on advertising (ibid.).

The crisis made the media management turn for support to the audience. That is why the media has used the Patreon platform where *Конотоп.City* invited its subscribers to participate in games, win various prizes, and obtain cups, T-shirts and sticker packs with the media's logo.

Kufer's team has increased their communication with their readers: they follow up on the audience's reactions and donations, analyse them and decide whether to build a community or to employ a different approach to work with the readers who support the media.

Конотоп.City team runs a chat with their patrons on Telegram, where the patrons suggest topics for media texts. If a reader suggests highlighting a topic in comments on social media, the journalists reply that they are ready to follow it up if the reader becomes their patron. Many patrons are Sumy citizens who have left for other countries such as Sweden, Portugal, and the USA. They want their city to develop and regard the media as a component of this development (ibid.).

Conclusion

In the context of the media and administrative-territorial reform in Ukraine, local and hyperlocal media provide communication between authorities and communities, simultaneously satisfying citizens' information needs and increasing their engagement in community governance. At the same time, the development of local mass media is transforming local advertising markets and advertising formats (i.e., it entails an increase in native advertising) by raising funds to build independent media.

The financial sustainability of local and hyperlocal media projects expands citizens' access to high-quality news and information. The choice of a business model is the key problem for media since it determines financial sustainability and success and the philosophy of media, content and even ways to deliver the content.

Considering peculiarities of local and hyperlocal media and their experience in Ukraine, it is arguable that their most appropriate model is crowdfunding, with the membership model and gift-crowdfunding being its types since they are based on engaging audiences (community) in media financing. The research into local media performance has confirmed that a special crowdfunding model typical of Ukrainian media is community-enhancing crowdfunding, which engages a benefactor in positive changes within a community and society. Fundraising in interaction with audiences takes place in the case of subscriptions and donations. The analysis of local Ukrainian media has displayed the tendency to switch from the subscription model to the membership model, which facilitates two-way communication between a media company and its audience.

Interaction with the audience reveals an untapped potential for development. For example, local and hyperlocal media projects should intensify their attempts to engage consumers in content production, local problem-solving, and the generation of new ideas to improve the community's

life. Creating a community around local media may also result from the event-organising activities of media companies. Consumers' involvement in media content production and other activities boosts trust in the media and motivates audiences' support.

The high-quality journalism model also enhances trust in local media. Local audiences are extremely interested in high-quality content that depicts local life and provides information sufficient for decision-making.

Grant and microgrant support remains important for the revenue structure of Ukrainian local mass media; citizens' financial contributions received from such platforms as Patreon prove to be no less helpful.

Hyperlocal media networks functioning under one brand confirm that collective consumption with its formal and informal partnership development has not lost its significance (Cook, Bakker, 2013, pp. 41–42).

Thus, the objective of an effective business model for Ukrainian media is to merge business values with consumers' values and needs by taking into account key services and products along with resources, vital processes, information flows, expense structure, and revenue sources that can secure development and independence of a media company's policy.

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Modele biznesowe mediów lokalnych i ponadlokalnych podczas reform lokalnych środków masowego przekazu na Ukrainie

Streszczenie

Na podstawie uogólnienia światowych i europejskich tendencji rozwoju mediów lokalnych i hiperlokalnych, ich modeli biznesowych, artykuł analizuje doświadczenia

miejscowych mass mediów Ukrainy w poszukiwaniu stabilnych dróg finansowania. Stabilność finansowania lokalnych, w tym również hiper lokalnych projektów medialnych – to rękojmia rozszerzenia dostępu obywateli do wysokiej jakości informacji. Wybór modelu biznesowego dla mass mediów to zasadniczy problem, od którego zależy nie tylko stabilność finansowa i sukces, ale również filozofia, zawartość, sposoby przekazu treści. Kraudfanding rozpatrywany jest jako jeden z najbardziej efektywnych modeli biznesowych dla mediów hiperlokalnych, którego zróżnicowanie stanowi model członkostwa, model klubowy, gift-kraudfanding. Modele te przewidują zaangażowanie audytorium (wspólnoty) w finansowanie mediów. Badanie pokazuje, że celem efektywnego modelu biznesowego dla mass mediów Ukrainy jest zjednoczenie wartości biznesowych z wartościami konsumentów z ich potrzebami. W tym celu rozpatrywane są kluczowe serwisy, zasoby, procesy informacyjne i ścieżki, struktury wydatków i źródła dochodów, zdolnych do zapewnienia stabilnego rozwoju i niezależności polityki redakcyjnej.

Słowa kluczowe: Media lokalne, media hiperlokalne, wiadomości społecznościowe, modele finansowania, Ukraina, modele biznesowe