

Looking for the secret formula: how branded content shapes digital-native media's revenue streams

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Abstract

In search of profitability, digital media have for years been exploring innovative strategies to produce and finance their content. Specifically, digital-native media, those news organisations that operate solely in digital networks, have generally evolved from an ad-based free content model to multi-revenue stream business models in which formulas like branded content have gained relevance. Drawing upon three cases —BuzzFeed, Vice and Vox—, this article analyses the evolution of the business strategies of global digital-native organisations towards multi-revenue streams paying attention to the role of the new forms the commercial content is adopting in this competitive scenario. This article uses a multiple case study approach that examines both relevant news stories (n=1,000) and in-depth interviews with managers and editors (n=7) to understand how the emphasis of these three leading digital-native media brands on branded content formats as a revenue source have impacted their business models. These brands have evolved towards a combination of news and branded editorial content, which is constantly adapted to user behaviour while looking for innovative ways to engage with the audience. Results show that although branded content and other alternative means of revenue have become essential for these digital-native media organisations, they do not provide an ultimate and long-term model. On the contrary, this study demonstrates that global digital-native media's business model is characterised by a state of flux in which revenue streams are constantly re-assessed in order to adapt to fast changes in the audience and the news market.

Keywords: digital-native media, branded content, business models, multi-revenue streams

Introduction

Historically, the most common business model implemented by legacy news media was based on a pre-fixed revenue stream in which the profit came from quite a predictable combination of advertising and sales and subscriptions. Digital-native media, characterised by their 'digital nature and recent origin' (Salaverría 2020, 1), have been exploring over the last few years their own approach to profitability, developing business models that are progressively distant from those of legacy media. In their quest for profitability, global pure digital players (Cook and Sirkkunen 2013), such as Buzzfeed, Vice and Vox, have explored over the last decade distinct ways of both financing and producing content. This 'unique case in media economics' (Chyi 2005, 132) demonstrates how experimentation in revenue models has become usual for online newspapers.

This article aims to analyse the evolution of BuzzFeed, Vice and Vox's business models regarding branded content as a source of income. Despite the global recognition of their brands, they are sources of public good with free content 'underwritten by deals with commercial partners that range from branded channels to branded content' (Küng 2015, 85). This study also seeks to understand the role that branded content has played in their quest for sustainable revenue sources and how these digital-native media are moving forward—not only from a financial perspective but also with regards to their news supply and professional standards, as the value chain perspective is also relevant (Palacio, 2018). Existing research on media business models, particularly on diversification of income sources in the case of digital native media, has been reviewed for the theoretical foundation. On that basis, this article presents empirical research through the case analysis of the three publications over the last decade (2010–2019), complemented with semi-structured, in-depth interviews (n=7) with professionals working at these news organisations, as well as other important figures of the media industry who have a more critical vision regarding these pure players' businesses. The combination of these research methods allows us to portray the increasingly important role gained by the sponsored editorial content in the deployment of these three digital-native publications, as well as how the organisations have formulated new ways to engage with the audience during their evolution. The article concludes with an agenda for perspectives in the journalism industry.

Theoretical background

Digital-native news media: born to innovate?

Digital-native media organisations are a 'blooming phenomenon' (Salaverría 2020, 20) that is taking the lead in fostering innovation in the news industry. By the end of the 1990s, the first online-born publications appeared, but the boom happened during the 2010s when these media outlets expanded to many countries despite difficult economic circumstances and against all odds (Negredo et al. 2020). Over these years, many of the digital-born media failed, particularly in their start-up stage (Buschow 2020), but those that survived stood out for their openness to new forms of production, moving away from the professional standards consolidated in non-native media (Harlow 2021). On the contrary, many legacy media followed a more conservative strategy, guided by mimicry and contingency plans, although there have been several cases of successful digital transformation, such as The New York Times and The Guardian (Paulussen 2016).

Legacy media, a name given 'to the large and previously highly successful news media organizations' (Franklin and Canter 2019, 163), began to struggle with the advent of the Internet due to 'the financial disruptions and consequences of the arrival of new digital and online media' (163). The lack of a well-established and clear revenue model (Casero-Ripollés and Izquierdo-Castillo 2013; Teece 2010) forced legacy media to rely for years on the revenue of their traditional outlets. Digital-native media are also distinguished by other features, such as their tendency to be early adopters of new technologies (Nee 2013). On the business side, the increasing diversification of their revenue streams (Nicholls et al. 2016; Tejedor et al. 2020) has allowed them to 'partially insulat[e] online newspapers against market fluctuations' (Herbert and Thurman 2007, 211).

This profound reconfiguration in the media industry is changing not only the product itself but also organisational structures, work practices and representation of the audience. Therefore, these new entrants

are rethinking the media industry by presenting new multiskilled capabilities that are becoming more widely accepted, although traces of traditional media still exist (Paulussen 2016). Digital-native media perceive their audiences as tech-savvy, multimedia-minded and primarily youth, allowing these media to use innovation to adapt to their public's context, which has resulted in their aggressive expansion in the last decade. Vice, Vox and BuzzFeed, among other companies, seized the opportunity that once heralded the dawn of a new media age and carved out significant media companies that, upon their launch over the first and second decade of the 21st century, spread hope and optimism in the industry. For some, these publishers were perceived as taking the lead in the journalism industry toward a brave new future (Tandoc and Foo 2018; Tandoc and Jenkins 2017). For others, clickbait strategies were aggravating the public's 'dwindling confidence' in news (Funt et al. 2016).

Using entertainment alongside news, these organisations have earned major financial backing from big investing groups (Usher 2017), becoming a model to be replicated. However, in the beginning of the 2020s, these organisations are facing the so-called 'correction period', leading to mass layoffs and shutdowns worldwide (Lee 2019). Their audiences grew thanks to the traffic supplied by the platforms, mainly Facebook and Google. As a result of the recent changes in algorithms of these platforms, the native media outlets don't seem as effective anymore in building audiences (Lee 2019).

Business models and new sources of income

Prior to the 2008 financial crisis and the rise of platforms such as Google or Facebook, Western media markets 'were profiting greatly from the attention of their readers' (Myllylahti 2020, 3), a commodity that they were able to sell to advertisers. However, the business model of media companies, in this case, does not only rely on financial terms, but also on the combination of resources and transactions that generate value for both customers and the company (DaSilva and Tkrman 2013). Although recent literature mainly focuses on strategic approaches, the truth is that business model research has a much older tradition, usually addressed by other scientific disciplines such as cybernetics, economic modeling or information systems (Peters et al. 2013).

Nonetheless, we should consider the business model as a new unit of analysis that encompasses 'boundary-spanning activities' (Zott et al. 2011, 1038) that might be performed by the local firm, or others. For example, traditional advertising formats have never had to deal with user engagement, a key indicator that has emerged nowadays and relates to the potential attraction of content (Ashley and Tuten 2014). In an environment characterised by a continuous flow of free information, both media and brands are desperately seeking the public's attention, a 'scarce and fluid commodity' (Myllylahti 2020, 2) full of monetary profits. User data, on the other hand, has acquired an increasing value that separates traditional advertising formats in new media from the strategies used by social media platforms.

In this sense, the so-called FAANGs—Facebook, Amazon, Apple, Netflix, Google—are dominating a market that was previously the kingdom of other large legacy media players. Although news companies have obtained both engagement and traffic from social media platforms, 'monetary benefits have not been significant', which makes this distribution 'questionable' (Myllylahti 2020, 6). The shift of 'power dependencies between the news media and platform companies' has disrupted the 'established order

surrounding news' (Ekström and Westlund 2019, 259), resulting in the failure of news companies to earn enough revenue from online audiences.

The disruption of new platforms has shifted the direction of the audience's attention. As long as news is still consumed on social media platforms, news reading veers 'within news and platform ecosystems', which makes attention 'increasingly hard to harvest and monetise' (Myllylahti 2020, 4). Positive feedback is usually understood in the online world as fast growth; success, however, tends to feed on itself, creating a virtuous cycle. In this way, the company that has favourable results will maintain a dominant position with popularity, capable of attracting more users. In an extreme case, positive feedback can lead to a winner-takes-all situation, in which one company eliminates the others by mergers or acquisitions (Goldenberg et al. 2010; Starik and Kanashiro 2013).

The growth of Facebook, Twitter or even Google AdWords has created this 'industrial momentum' of audiences consuming information in formats that blurred boundaries which had separately and distinctively designated advertising' (Serazio 2020, 7). While seeking out new ways to 'connect with the audience', these actors have found in branded content an 'excellent strategy' to face the continuous decline of investment in traditional commercials (Miotto and Payne 2019, 24). As the tendency towards off-site consumption of content rises (Vara-Miguel et al. 2021), the monetization options fluctuate from media companies to digital intermediaries (González-Tosat and Sádaba-Chalezquer 2021). This emerging path to gain revenues has been explored both by legacy and digital-native media (Palau-Sampio 2021; Carvajal and Barinagarrementeria 2021).

Sponsored content vs Branded content vs Native advertising

In this scenario, an old genre well-known as advertorial evolved to more sophisticated terms such as sponsored content (Palau-Sampio 2021), native advertising or branded content (Couldry and Turow 2014). The differences between those terms, however, are not always clear. Ikonen, Luoma-aho and Bowen (2017) explained how sponsored content is understood by the media industry as a strategy that integrates 'paid-by-the-brand and owned-by-the-brand messaging in journalistic media outlets' in order to achieve 'strategic goals' and also create a positive consumer experience'. This practice, currently deployed for income in many news outlets, has created some concerns from an academic perspective (Bivins 2009; Campbell et al. 2014; Ikonen et al. 2017; Lopezosa et al. 2019; Serazio 2020).

The presence of the brand John Deere in *The Furrow*, an editorially oriented 1895 magazine, is usually cited as 'the earliest forbearer of form' (Serazio 2020, 4) of native advertising. In 1915, the Thursday Evening Post already advertised Cadillacs on behalf of General Motors in an article titled 'The penalty of leadership' (Fox 1984, as cited in Bachmann et al. 2019), thus creating the beginning of a new era of confluence between journalism and advertising. Nowadays, native advertising is described as 'various forms of integration of advertising and content, especially in online, mobile and social media, where advertisements follow the form and user experience associated with the context in which they are placed' (Hardy 2018). However, the blurred lines between editorial and advertising have already raised questions related to autonomy and ethics in the journalism industry (Carlson 2015; Li 2019; Palau-Sampio 2021), the quality and non-transparency of the content (Lopezosa et al. 2019), and the cannibalisation of communication genres (Serazio 2020).

Brand journalism, on the other hand, appears as 'the most efficient categorization' (Serazio 2019, 5) of the terms native advertising and content marketing, therefore representing 'one such organizational innovation' (1). Vice, Vox and other digital-native companies with business models mainly based on branded content and programmatic ads have become more successful than legacy organisations (Tejedor et al. 2020) in implementing this trend. Their continuous innovation cycles are associated with experimentation with new ideas while 'delivering informational value and enjoyable storytelling' (Serazio 2019, 1) instead of traditional product placement techniques. Furthermore, 'Pew [Research Center] estimates that new online start-ups like Vox, BuzzFeed, The Huffington Post, Business Insider, and others were responsible for the majority of the new jobs created in the news industry over the past six years—almost 5,000 of them' (Jurkowitz 2014). According to Ferrer-Coniell (2016, 905), native advertising is 'a form of paid content marketing, where the commercial content is delivered adopting the form and function of editorial content with the attempt to recreate the user experience of reading news instead of advertising content'. Again, the idea of the importance of user experience emerges, which means that the users should feel like they are consuming regular editorial content instead of a commercial sort. Branded content, on the other hand, is 'designed to blend into the mainstream journalistic content in terms of quality, style, tone, and presentation, but is clearly labeled as such' (Küng 2015, 53). Instead of pitching the product directly to the audience, it inaugurates 'the customer journey by establishing a corporate relationship and vaguely warm feelings about the benefactor' (Serazio 2020, 11).

The 'hybrid nature' (Ikonen, Luoma-aho and Bowen 2017) of these practices implies close cooperation between media and brand teams in order to assure the right feeling for the content: sometimes the main editorial team is in charge of the branded content production, while in other newsrooms, there is a specific team with journalistic writing skills which is devoted to it (Carvajal and Barinagarrementeria 2021). Needless to say, this type of content, paid and owned by a brand, must be clearly identified. However, sometimes concepts are blurred and they somehow overlap, resulting in content produced by publishers to match brand strategic interests that maintains the form and tone of editorial content in order to catch users' attention.

Despite the aggressive investment in strategies, such as branded content, in order to ensure multi-revenue streams, later events have raised concern about digital natives regarding the layoffs that have happened in the digital media industry since 2019. For example, despite its 'massive reach, creative entertainment, and world-class journalism', BuzzFeed has been unable to overcome 'the harsh realities of an advertising business controlled by Google, Facebook, and, increasingly, Amazon' (Uberti 2019). The digital news marketplace keeps changing its reading patterns, which provokes 'radical business models' that force their competitors to 'abandon the dominant logic and transform the dynamics of value creation' (Evens et al. 2017, 168).

In this complex media environment, where engaging with the audience is getting harder every day, digital native publications such as BuzzFeed, Vice and Vox have tried to use branded content as a regular source of income to sustain its business model. In order to better understand this phenomenon, we have established two Research Questions that will lead our analysis of this article. The first RQ aims to understand what are the characteristics of the branded content and how is it integrated in the workflow of the digital native publications analysed. The second RQ investigates to what extent does the branded content activity suppose a recurring income for their business model.

Methodology

To address the evolution of branded content to multi-revenue channels in digital-native outlets, we selected three pioneer companies: BuzzFeed, Vice and Vox. These outlets were marked by rapid growth that suggested that they could be the future of journalism (Lee 2019).

Cases

BuzzFeed is led by the M.I.T. trained chief executive officer, Jonah Peretti, who brought his experience from HuffPost to use social media to spawn an audience. John S. Johnson III, a researcher, joined Peretti in his journey to create a platform for social media news in 2006 (Voigt, Buliga and Michl 2017). Inspired by HuffPost, BuzzFeed gained its audience as a producer of viral and entertainment content, generating engagement through social media. The original main content of the platform was listicles (aka list articles) that later became famous for content like 'overly adorable cats' lists and was considered by many as a meme culture platform (Tandoc 2018). Thus, BuzzFeed was first described as a clickbait platform which had as its main goal to get users to click on links with attractive or easy to understand meme content and appealing headlines (De-Lima-Santos and Zhou 2018). More 'serious' journalism began there in 2011 after established reporter Ben Smith, who covered the presidential election in 2012 (Küng 2015), was hired.

Founded as a free youth magazine in 1994, Vice Media rapidly spread from Canada to the world. Created by Suroosh Alvi, Gavin McInnes and Shane Smith (its CEO, as of 2020), the magazine built off the idea that information is a public good and, therefore, should be freely available in cafes and stores. This remains a core value in the organisation, which has no paywall. As happened in BuzzFeed, the news side became an independent entity only in 2013 and has become recognised for its coverage of international matters (Bødker 2017).

'Vice Media is hard to define –even for itself (it describes itself as “an ever-expanding nebula of immersive investigative journalism, uncomfortable sociological examination, uncouth activities, making fun of people”)' (Küng 2015, 75). Its main focus is to produce content for primarily youth audiences, of which an increasingly important element is news and video. As a producer of audio-visual content for millennials, the company expanded its business to distribute its content on online platforms (OTT and YouTube), as well as increasingly via an international array of legacy terrestrial and cable TV channels and through its own channel, Viceland. As in the case of BuzzFeed, the portal's content is free, underwritten by deals with commercial partners that include branded channels and branded content.

Another promising digital company is Vox Media, founded in 2005 as SportsBlogs Inc. by Jerome Armstrong, Tyler Bleszinski and Markos Moulitsas, and rebranded in 2011 (Matthews 2016). The American company is led by the former AOL executive Jim Bankoff, who joined the company in 2008. He was responsible for the brand repositioning, resulting in the launch of eight brands that are part of the portfolio today: Vox (news), The Verge (technology and culture), SB Nation (sports), Polygon (gaming), Eater (food network), Racked (fashion), Curbed (real estate) and Recode (technology business). The company is also known for its proprietary content management system (CMS), Chorus, and the published-led marketplace, Concert, which form part of the revenue stream (Willens 2019).

These three digital outlets—Buzzfeed, Vice and Vox—represent distinctive news providers that stand out in the industry by steering clear of subscription-based models while being capable of reaching a broad audience. Toward the beginning, the companies relied on native advertising to sustain their business models,

which worked for many years as they had a history of large revenue reports and of hiring talent across the industry (Garrahan and Bond 2019).

Methods

This article embraces a multiple case study approach, which allows us to analyse the changes in the business models of these companies from a mainly single form of native advertising to the multi-revenue approach of today. As sources of public good with free content that goes against the current trend of paywalls, these publishers are underwriting deals with commercial partners that allow them to cover their costs (Küng 2015). These cases remain under-researched from a branded content perspective. In order to study how this source of revenue has evolved within the companies, we conducted in-depth empirical research through a qualitative and quantitative analysis of news reporting, interviews, articles and reports that appear on the companies' own websites and by the use of search engines using the names of the publishers with specific keywords, such as 'business model', 'branded content' and 'sponsored content'. Searches were performed first through Google and later on through LexisNexis at the end of 2019, before the COVID-19 pandemic. We found about 1,000 results that were mapped in relation to these nine searches and were in addition to the articles in publishers' portals. Through a devised content analysis of documents which was later triangulated with the interviews, we collected data that provided information to understand the evolution of these business models.

We also gathered branded content stories that served as ancillary data. Due to the commitment of transparency in journalism, the native advertising editorial content is mostly flagged, such as 'PAID CONTENT', 'FROM OUR SPONSOR' or 'CONTENT WAS PRODUCED IN COLLABORATION'. Therefore, we could map a number of articles that were tagged as such in these portals. However, while BuzzFeed has a standard way to tag their branded content ('PAID CONTENT') Vice and Vox use different ways to name it. Although it was not possible to map all the articles, this issue gave us a great hint about a common problem in labelling such content. In this study, we used a script written in R to automate the collection of dates, links and companies that were paying for the articles. The data was carefully analysed in Tableau, which allows us to understand the growth of branded content over time and the relationship among these companies in terms of transparency and consistency.

Finally, we conducted seven (n=7) semi-structured, in-depth interviews with actors who work or have worked at these news organisations, as well as with other figures of the media industry who have a more critical vision regarding these pure players' businesses, in order to understand how their decisions and actions reflect their companies' visions and goals. These interviews helped us explain the evolution of their business models to multi-revenue approaches that embrace branded content. In total, 30 professionals were contacted among current and former employees of the three organisations—all in leading positions in editorial or management teams—and specialists in the media industry. Only seven accepted to be part of this study, one in each organisation and four specialists. The interviews lasted an average of 45 minutes. Six interviews were conducted via video conference. One respondent asked to have questions sent via email. For the purpose of standardisation, the data was made anonymous as some respondents were not comfortable in providing their names.

Findings

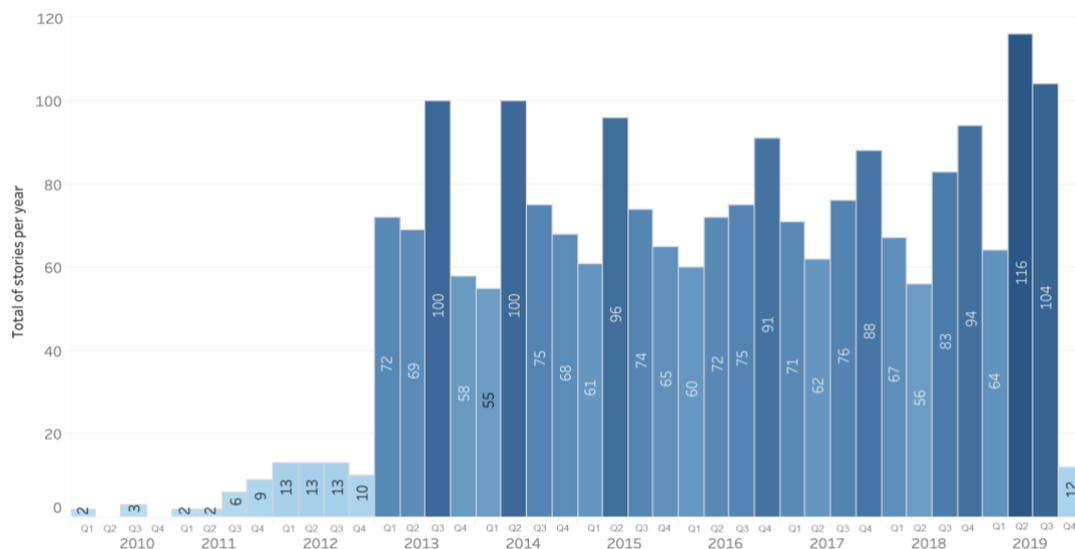
Branded content

Our study sought out branded content stories produced during the last few years, and our findings pointed out that not all of these digital players tend to disclose native advertising content. This is because each digital outlet has a very different approach to tag this content.

In BuzzFeed, our informant pointed out that in 90% of the cases, companies contacted the organisation to produce brand content; meaning that the company is recognised for its unique way of producing content in the industry, mirroring findings in the literature (Tandoc 2018; Küng 2015). 'Native content should look and feel like standard BuzzFeed content and be capable of going viral in the same way. [...] [It is produced by] a sales team, a creative services team, a social discovery team, and an ad ops team. The standard BuzzFeed CMS is used to distribute and publish content' (Küng 2015, 69).

BuzzFeed's recognition, according to our interviewees, has to do with identity and authenticity. One respondent mentioned that in its own way, BuzzFeed generates traffic organically and this relates to the value proposition that they decided to apply to its content. For BuzzFeed's general manager, the stories have to go through a 3-step phase: 1) people will consume it; 2) people will share it; and 3) people will understand that the brand wants to genuinely be part of this conversation. This reflects itself in the amount of branded content that BuzzFeed has published in the last few years. The company has also risen steadily at the beginning of the first decade and has maintained its growth (Figure 1).

Figure 1. Number of written branded content pieces of BuzzFeed

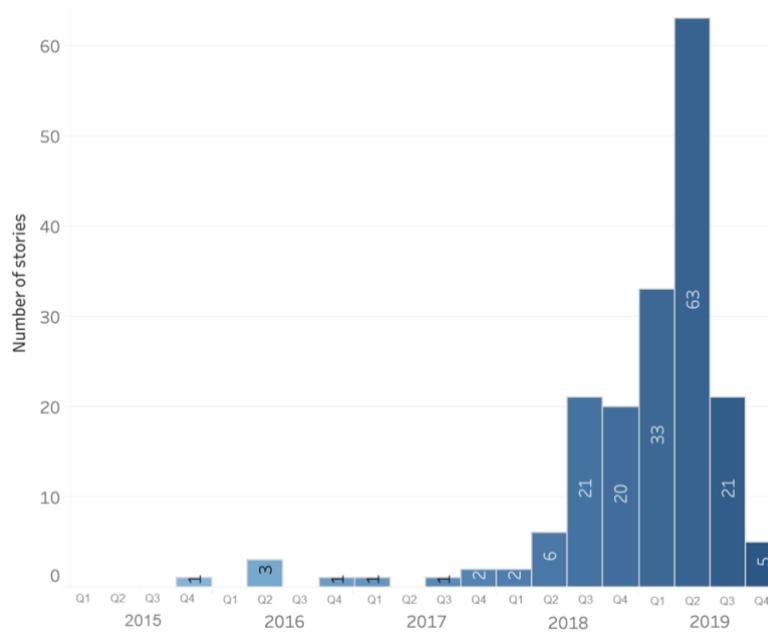


Source: Compiled by authors

On the other hand, Vice shows a variety of tags to label the branded content, which makes it impossible to accurately determine the precise number of these types of stories. However, we still managed to identify a steady growth since 2018 (Figure 2). We argue that the lack of stories in the previous year might have been related to the use of branded content in other forms to present stories, such as videos. This is in line with

our interview responses that highlighted Vice's ability to have branded content on a longer-term scale in different formats of content and platforms.

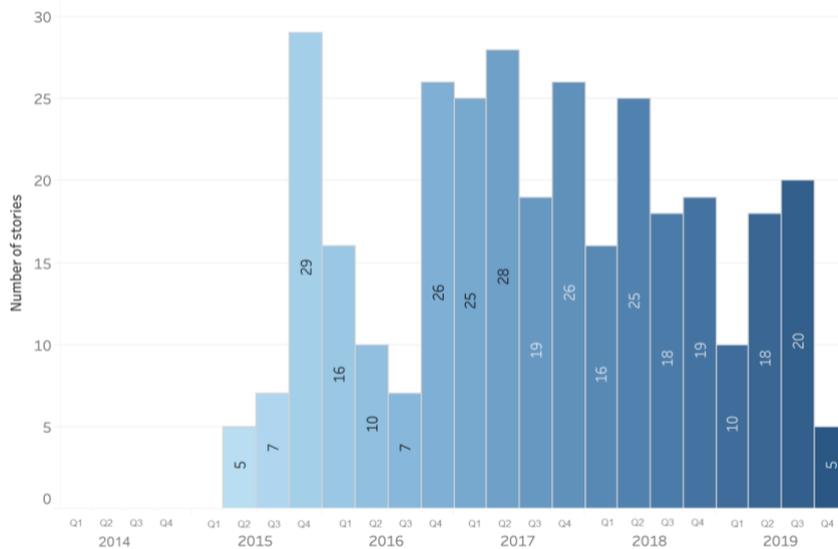
Figure 2. Number of written branded content pieces of Vice



Source: Compiled by authors

In Vox, the situation is similar. There is no standard way to identify branded-content stories. We could, however, spot that textual content tagged to brands guaranteed a particularly stable growth until 2018 (Figure 3). Since then, the number of stories has shown some valleys in growth. This might also be related to a lack of transparency and consistency in informing the audience that content has been produced for a company. Recent interviews with Vox Media's board have shown that the focus of the company has been to create deep engagement at the top of the funnel, and also to explore new forms of content, mainly video (Contently 2017; CNBC Television 2019); this was later confirmed by our Vox interviewee.

Figure 3. Number of written branded content pieces of Vox



Source: Compiled by authors

Agency

As creators of branded content, these organisations had different views in the conception of the teams. While some organisations created agencies that became responsible for this area, others decided to overcome the editorial capacity constraints and delegate to the editorial team.

The agency Virtue—launched in 2006—has run branded content campaigns for Vice. It conceived content strategies and campaigns for brand partners, while Vice distributed them on its media platforms (Küng 2015). In 2017, the company decided to split the Virtue team from Vice Media, claiming that ‘separation will help Virtue grow its business with clients that might not typically opt for distribution on Vice channels’ (Southern 2017).

In 2014, Vox Media decided to set up its own in-house creative studio, Vox Creative. This branch is responsible for building custom native advertising experiences for clients. The agency leverages the same data, insights and tools through the eight editorial brands (Matthews 2016). Vox Creative is in the same building as the editorial staff; although they aren’t in the same space, our respondent told us that professionals are shared when it is necessary.

While both Vice and Vox Media had created their own agencies, BuzzFeed chose a different approach and decided to join its forces in 2018, as our informant explained. BuzzFeed had previously been divided into Editorial, Creative, Distributed and Motion Picture, showing a clear division of tasks (Küng 2015). Until 2019, the company was divided into five main areas: BuzzFeed Originals, BuzzFeed Media Brands, BuzzFeed Studios, BuzzFeed News and BuzzFeed Commerce. Although BuzzFeed News and BuzzFeed Originals were two separate areas, the team shrank to one team that serves both. As the general manager of BuzzFeed stated, ‘changing is not easy, mainly for humans’. In the beginning, journalists were not happy to produce content for brands because of the fusion into a single area without a clear demarcation between editorial content and advertising.

Data-driven audience insights

These three companies rely on data to converge their capabilities and create content that is deeply engaging and drives audience attention. Therefore, the companies started producing entertainment or lifestyle media; later, journalism was brought to their businesses to add economic capital. The soft content is easy to disseminate on social media and is easily embraced by the audience. Digital media companies trust technology to understand audience needs and interests.

For instance, as a born tech company, BuzzFeed has eight in-house solutions focused on understanding their public. Data is responsible, according to our informant, for producing 'more relevant information'. 'We talk here at BuzzFeed that we are a feedback machine because we are always hearing people' (General Manager, BuzzFeed). Vox and Vice are also using data to understand their audiences and amplify the voices of brands in an interesting and engaging way. Vox's SVP of Content & Commerce mentioned in an interview that the benchmark of time spent watching video is three seconds, but Vox's goal is for a much higher standard, which shows how important analytics and data are to them (Contently 2017). At Vice, the respondent made clear how important data is from the company's long-term perspective. 'Algorithms have effectively allowed us to go further' (Head of Sales, Vice).

Pivot to video

As branded content evolved into one of the multiple forms of native advertising, video formats have acquired an intense protagonism among media companies. More people are willing to pay for content in streaming services than in publishing, and there has been an increasing demand 'for documentary storytelling' (Sabin 2019). Pivot to video turned into a trend in 2015, when many media companies relocated economic and human resources in favour of short-form video content for third-party platforms, such as Facebook (Weissman 2018).

Vox, for instance, has built 'a profitable entertainment business' through this 'pivot to television' strategy (Sabin 2019). Although reports state that the company recently made this move, our respondent affirmed that 'video was at the core of Vox since its inception' and then added, 'the video was one of the main traffic drivers and was one of the main revenue generators from the start of the business of the company' (Editor, Vox).

After publishing eight shows since 2015, the outlet launched its own YouTube channel through Vox Media's Verge Science, which holds 'more than 638,000 subscribers, 30 million video views and 150 million minutes of watch time' (Peterson 2019). Competing with more than 75% of channels 'with at least 1 million subscribers' in 2016, Vox's 'YouTube-centric' strategy has been very successful without losing its journalistic narrative (Patel 2017).

BuzzFeed's strategy is also focused on this format. The company's informant stated that around 80% of the content they produce nowadays are videos. Furthermore, this decision is based on their experience in the US market:

When we started producing more videos in the US, we realised that the audience grew so dramatically because people wanted it. This is something that is happening all over the world because video content is becoming increasingly relevant because YouTube today has a major role

to play. People are lazy, they want to read less and you see by the amount of series [being produced]. (General Manager, *BuzzFeed*)

Vice has invested not only in streaming platforms but also in television; for the 'past three years', it has had 'a news program on HBO in the United States called "Vice News Tonight"' (Head of Sales, Vice). On the other hand, the documentary *FYRE: The Greatest Party That Never Happened* 'scored the highest number of visualisations on the history of documentaries on Netflix' (Head of Sales, Vice), and their range of topics—pharmacology, crimes and education, to name a few—broadens every day to become a real player in the video industry (Bødker 2017; Vice 2019).

What the future holds for this type of content is still undecided, but it is clear that these companies will continue to invest in video as a part of their business strategy:

This is a universe that is changing dramatically, where nobody knows exactly in what direction is this going, what the business model of the future will be[...] We have found one [model] and have been working for several years with branded content as a cornerstone[...] and beyond that what is consumption display and video display. (Head of Sales, *Vice*)

Social media: From growth driver to change driver

The soaring of attitudes about social media platforms has affected how these digital media companies use them to spread content and generate traffic, especially after having to deal with the threads posted by Facebook, Google and Amazon and their control of online-ad spending (Barnes 2019). These companies went where the audience was: Facebook and Twitter, then Instagram, YouTube and Snapchat. However, these changes soon became a challenge. Our respondents mentioned that the decision of Facebook to prioritise friends and family over media content had a great amplitude in the audience reach. This high reliance on the digital giants to distribute its articles devalued its content, while these big tech companies turned around and decided that they didn't need these digital publishers. Thus, there was a call for change in the way content was created and shared online.

All informants agreed that finding new channels to disseminate content is important in this evolving and changing Internet environment. At Vox, our interviewee explained that their intention was much more to generate traffic than revenue. 'We relied on social media because it was important to connect with our audience and to be part of the ecosystem, but not so much in terms of revenue' (Editor, Vox). In 2020, Vox decided to engage with audiences through its own webpage, managing to integrate all brands under the same portal; this recently happened with Recode, as mentioned by one of the media specialist informants. On the other hand, BuzzFeed is very confident about future work with these digital giants: the company signed a content partnership with the recently launched Facebook News where BuzzFeed News will be paid to be published.

Time to reinvent: The multi-revenue stream to support news business

At the same time as some digital publishers collapsed in the news industry, others were acquired or merged by these early-adopter digital publishers in order to survive in this competitive market. Vox announced the acquisition of Recode in May 2015 and fully integrated the site into Vox's portal (Moses 2018). In 2019, the

merger with the quinquagenarian New York Magazine was also announced by Vox Media in a \$105 million all-stock deal, according to The Wall Street Journal (Mullin and Rizzo 2019). Also in 2019, Vice Media acquired the American digital media Refinery29 for \$400 million (Mullin and Ramachandran 2019).

As our BuzzFeed respondent stated in the interview, CEO Peretti once pictured a future in which digital publishers like BuzzFeed, Vice, Vox and others would merge in order to turn around their financial issues and have enough power to wrestle ad money away from Google and Facebook. While this future has not come to fruition, the companies are searching for a solution in the long run, starting with a revision of their business models and bringing in new income sources based on a multi-revenue stream. Our interviewees agreed that the digital news industry is under an 'evolving scenario'. As news reports tell us, most of these digital news organisations still rely on the old-school business model: reliance on banners and video pre-roll ads, which has led to layoffs—a trend that has been described in the news industry in the last decade (Lee 2019).

While programmatic ads are being used to generate income—or, in the case of BuzzFeed, were added only in 2018—native advertising remains an essential part of revenue streams. The company respondents said that it does not hold a major stake in the organization's revenue, as they did a couple of years ago, but it still represents an important source of income. The informants mentioned that they are 'implementing new streams of income' (Editor, Vox) which go from 'licensing' (General Manager, BuzzFeed) its 'brands to producing content for commercial networks' (Head of Sales, Vice).

The very traits of the brands that these digital-native organisations attempted to disrupt are now more present than ever in their own businesses. While native advertising—although based on data—still talks to the mass audience, programmatic ads deliver customised content based on user data. Thus, the recent adoption by BuzzFeed of programmatic ads is not a decision to go back to an established practice but rather an effective way of capturing the attention of customers in today's digital ecosystem and of pleasing advertisers that are not interested in branded content.

Additionally, as part of a broader push to diversify its revenue sources, BuzzFeed and Walmart are selling their own line of kitchen tools under their most successful brand Tasty (Kafka 2018). These are only a couple of examples of the 9-boxes business model (Figure 4) adopted in 2018 that divided the organisation under a new structure composed of three areas (Studio, Commerce and Advertising) and three brands, BuzzFeed, News and Media Brands (for instance, Tasty and Nifty) built on a strategy of combining strong brands with multiple revenue sources (Peretti 2017), which, unfortunately, was not successful; at the beginning of 2019, the company cut its staff by 15% (Hatmaker 2019).

Figure 4. 9 boxes scheme

	BuzzFeed	BuzzFeed Media Brands <small>Tasty, Nifty, Goodful, etc.</small>	BuzzFeedNEWS
ADVERTISING	BAE Turnkey Ad Products Programmatic Platform Rev Share	Product Placement Programmatic Platform Rev Share	BAE Programmatic Platform Rev Share
COMMERCE	Social Sabotage Show Merchandise Market Team	Tasty Books & Housewares Tasty One Top Integrated Affiliate	Book Club (Coming Soon!) Paid Events Content Licensing
STUDIO	Unfortunately Ashly Quinta vs. Everything RelationShipped Unsolved	Worth It: Cities Mom vs. Chef Night In, Night Out	AM to DM NBCU/Oxygen UK News Russian Assassination Movie

Source: Peretti 2017

As shown in our interview, branded content is not the only revenue source for Vice Media. The company has propelled its focus on video through its Vice Studios and the channel Viceland. Vice also retains the intellectual property rights in most of the content it produces and generates additional revenues by licencing material for mobile, film and television. In addition to Vice Studios and Viceland, Vice Media also counts with Virtue and Vice.

Vox sells access to its advertising marketplace, Concert, created in 2016, which produces custom creative for each client, including layouts that accommodate mobile video and branded content. The company has claimed that Concert has been able to attract 12 times more engagement with its ads than for standard advertisements. The company also profits with Chorus, the publishing platform that Vox Media launched in 2018.

The mindset that the business model must drive from different revenue streams seems to be established in these organisations, as explained by one of the informants:

We are very revenue agnostics at *Vox*. We don't think about a particular business model, but in different revenue flows to explore what the company can contribute and how we can get into different markets. *Vox* never had one main plan, but we were trying diverse ideas—some of them have worked, some have not. We were good at examining in an honest way what was working and what was not, and how we could adapt and bring the explanatory journalistic content to whatever new forms of platforms (Editor, *Vox*).

Even with all of these implemented measures, these digital publishers don't yet seem to be on the track to profit. One report states that LinkedIn's data has shown that all three new media giants have slowed down their hiring activities, although their number of employees hasn't fallen aggressively (Fruhlinger 2018).

Nevertheless, all the informants believe that success for their companies will be driven by continuous change and evolution.

Conclusion and Future Research

Journalism has been paid for since its early days; however, the Internet changed this mindset when news media executives gave their content away for free on the web. While the three pioneering digital companies, BuzzFeed, Vice, and Vox, have remained anti-paywall—except Vox Media, which has found a middle path with the New York Magazine merger—legacy media is still tied to paywalls through sponsorship or subscription models. The debate over journalism's future hinges on which business model works better, or if there is one that works at all.

Our study has mapped most of the branded content stories during the last decade. As we have seen in our analysis, branded content has been fully integrated into the workflow of the analysed publications (RQ1). However, each digital media seems to have a very different relationship with it: while BuzzFeed makes clear with a unique tag, the other companies don't usually differentiate branded content articles from editorial ones. Regarding this activity being a recurring income for their business model (RQ2), we can conclude that branded content has taken some place into these companies' revenue streams, but it has also been accompanied by other strategies, such as the development of a 9-boxes business model in BuzzFeed that aimed to overcome difficulties and stay competitive in an established industry.

However, latest news has shown that the company has made some cutbacks. BuzzFeed announced an immediate search for business partners to take over brands and news operations in Brazil and Germany. The COVID-19 pandemic, on the other hand, has had substantial effects on the media industry, and BuzzFeed ceased the news operations in Brazil as of September 2020. Moreover, the company axed news operations in the United Kingdom and Australia. As we argue, finding a solution to sustaining their business is a never-ending quest where companies keep proving themselves as digital-savvy, therefore implementing new strategies such as branded content as a key element into their business structure. Despite the issues with credibility, the truth is that while clickbait and branded content provided hopeful and joyful content, it was also responsible for drawing the audience's attention to these digital-native organisations.

Overall, digital media suffered in the wave of branded content for years and realised that news is an expensive business. In a time of reckoning, digital companies are testing new forms of income. Bringing new revenue streams seems to be the right direction to consolidate business models for a future with no roadmap. By creating novel products and alternative revenue streams, digital-native media organisations have developed business models for journalism aside from the current industry pathways, thereby allowing them to innovate and remain competitive in a challenging market environment. Certainly in the future, these organisations will be pursuing multiple revenue sources that reduce reliance on advertising income, but it is still not clear which business model will succeed.

It is worth mentioning that this study presents some limitations. The narrow number of interviews has created a challenge in understanding further implications of the data we obtained from an organisational perspective, due to the low interest rate of the companies in becoming an active part of this study. Furthermore, the collected branded content stories were limited to the capability of the search engine. In the case of BuzzFeed, we realised that the limit was a total of 300 results per search. To overcome this, we

used yearly timeframes to get the most results per year, although we are aware that we might have some stories missing from our database. Our study doesn't propose to compare the number of branded content stories produced by these organisations, but to shed light on their transparency in showing that that content was funded or outright produced by an advertiser. Furthermore, the data served to give us a hint about the production growth of branded content.

We also believe that the data obtained has great potential for future research, such as the differences between the brands that engage in branded content practices within these media outlets, the timeframe in which stories are published or the process behind the decision of choosing one specific company (BuzzFeed, Vice or Vox). All the results obtained were based on the abovementioned labels, but we did not go in-depth as to how many other stories lack branded content tags. Despite these limitations, this study hopes to contribute to a better understanding of how branded content has been implemented as a revenue strategy for new media players. Despite this type of content being unable to provide an ultimate and long-term model, it does open the door for more sustainable opportunities for digital media, which will result in a clearer path for profitability.

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Appendix I. Interview Guide

Questions for the companies:

- How is the process of creation of sponsored content at your company?
- About the branded content, is it a sustainable revenue source?
- How does your advertising agency start? How does it become a branch of the main company?
- Does your organization rely on a multi-revenue stream?
- Impacts on the industry of Sponsored Content in the news -> Do you believe your company has impacted other organizations to also rely on sponsored content?
- Is there any resistance by the editorial staff in publishing sponsored articles?

- Why does your company emphasize that this article was sponsored by x organization? Does the audience require that?
- Does your company have any kind of ethical commitment in this regard? Is there any formal document?

Question for experts:

- What do you understand by branded content? Are there any other ways to refer to these kinds of contents?
- How important is branded content to develop funding strategies and sustainable revenue streams nowadays?
- Do you believe this multi-revenue model is a trend in the sector?
- Which brands come to your mind when you think about branded content?
- What do you think BuzzFeed, Vice Media and Vox in this context? How important are they in the media industry?
- Do you believe publishers can build sustainable revenue streams with branded content?
- In January 2019, BuzzFeed ended its operation in Spain. Vox and Vice Media also had some layoffs recently. How do you link these events to the previous question?
- What challenges do you believe branded content brings to news organizations?

Some specific questions for *Vice*:

- Vice sells high-quality television content to broadcasters and distributes the latter in several European countries. How important is that in the revenue stream?
- It has been a pioneer in 'branded content;' its advertiser-customers, such as the microchip giant Intel, pay Vice to create and publish content that promotes their brands to its young target audience on its own media channel. Do you believe Vice was a pioneer in the branded content industry?
- Content is free-of-charge and cross-subsidized by the revenues collected from advertisers. Do you believe that information is a public good?
- For this reason, doesn't Vice have a paywall?
- Vice's advertising algorithms. Do you consider Vice a data-driven news organization? How important are the advertising algorithms to the organizations?
- Why does your company emphasize that this article was 'Supported by' x 'Created with' x 'Partner Content' x 'From our Advertiser / Advertisement'? Do you believe your audience understands that? Does the audience require that?
- In 2013, Vice gained great popularity through the Vice news show on HBO. How important is the traditional media, TV, for Vice's brand nowadays?
- Three customer groups: broadcasters, end-viewers - typically part of the Millennial generational cohort, and advertiser-customer group. Who are your customer groups?
- What do you believe is the main value that Vice added/adds to the news industry?
- Has Vice ever gotten inspiration from other companies in order to develop the business or product strategies?

- How important are Social Media platforms to Vice? Is it a tool to reach wider audiences (to get viral)?
- BuzzFeed Inc.'s and Verizon Media Group's layoffs this year, the digital media industry is being forced to reinvent itself again as it becomes clear that its once-promising "pivot to video" and native advertising-driven business model has stark shortcomings. Do you believe these layoffs are a signal that there is a need to create new revenue streams?

Some specific questions for *BuzzFeed*:

- BuzzFeed sells high-quality television content to broadcasters and distributes the latter in the US. How important is that in the revenue stream?
- It has been one of the pioneers in 'branded content;' its advertiser-customers pay BuzzFeed to create and publish content that promotes their brands to its young target audience on its own media channel. Do you believe BuzzFeed was a pioneer in the branded content industry?
- Content is free-of-charge and cross-subsidized by the revenues collected from advertisers. Do you believe that information is a public good?
- For this reason, doesn't BuzzFeed have a paywall?
- BuzzFeed's advertising algorithms. Do you consider BuzzFeed a data-driven news organization? How important are the advertising algorithms to the organizations?
- Why does your company emphasize that this article was 'Supported by' x 'Created with' x 'Partner Content' x 'From our Advertiser / Advertisement'? Do you believe your audience understands that? Does the audience require that?
- BuzzFeed Studios unit, which produces shows for external platforms and buyers ranging from Facebook to cable TV. How important is the traditional media, TV, for BuzzFeed's brand nowadays?
- Three customer groups: broadcasters, end-viewers - typically part of the Millennial generational cohort, and advertiser-customer group. Who are your customer groups?
- What do you believe is the main value that BuzzFeed added/adds to the news industry?
- Has BuzzFeed ever gotten inspiration from other companies in order to develop business or product strategies?
- How important are Social Media platforms to BuzzFeed? Is it a tool to reach wider audiences (to get viral)? Even after Facebook's changes in the algorithm
- BuzzFeed Inc.'s and Vice Media Group's layoffs this year, the digital media industry is being forced to reinvent itself again as it becomes clear that its once-promising "pivot to video" and native advertising-driven business model has stark shortcomings. Do you believe these layoffs are a signal that there is a need to create new revenue streams?