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THE RISE OF MEMBERSHIP MODEL IN THE UKRAINIAN MEDIA

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The shift from an advertiser revenue model to a reader revenue model has begun to occur in the media in recent decades [7]. However, despite the strong impact of this trend on the media market, it is insufficiently studied by researchers. «There has been very little detailed, empirical work into subscription or membership models of funding journalism», points out researcher John Price, who studied monetization models for the public interest media [8, p. 1320]. At the same time, in Ukraine this phenomenon is relatively new and has started to develop actively only in the last few years.

The main argument in favor of such a revenue model is that it is more stable and predictable [6]. Another reason for this is the shift of advertising revenue to tech giants like Google and Facebook [10]. As the trend was growing stronger and more noticeable, Google News Initiative started looking into reader revenue models and created a highly detailed handbook [2] aimed at helping media to deep dive into those new models and implement them into their workflow. It is also useful for its classification of the models.

«A reader revenue model is a business model in which some or all revenue comes from the direct financial support of readers,» explained in the handbook [see *ibid*]. Among the models based on the reader revenue approach, there are several types: Contributions, Subscriptions, Membership. There are also a few less common types of monetization, which are a mix of the above. Some of them involve complete or partial closure of access to content.

The peculiarities of the Ukrainian market are that the audience does not have an established tradition and habit of paying for content. This makes the paywall model (refers to the subscription model) less attractive to Ukrainian publishers. Paywall implies that all or part of the content is inaccessible to those readers who do not pay for it. Thus, the Ukrainian media turned their

attention to other reader revenue models, such as the membership and donations.

Arguably, the most noticeable cases among the Ukrainian media, which introduced reader revenue models, are Ukrayinska pravda, Liga.net, hromadske (here and further used the original spelling of the media's title – in lower case), The Ukrainians, Tvoje misto, Ukrainian. And a relatively small number of media outlets, such as KyivPost and NV, have chosen paywall as a model for monetization.

Taras Prokopyshyn, CEO of The Ukrainians media outlet, points out that according to his observations donations are more of an emotional doing and are often one-time action, while the subscription is more about the product. In this context, it puts the membership model somewhere in the middle [1].

Media outlet The Ukrainians has launched a membership model in May 2020. In the beginning, the media managed to attract 550 permanent members who financially support the media. However, by the end of the first year of working with this model, the media aims to increase this figure to 3,000 [see *ibid*].

Another impetus for intensifying work with reader revenue models was the crisis caused by the pandemic and lockdown due to the Covid-19. Media advertising revenues began to decline or be delayed, leading to formation of a gap in funding and the need to optimize resources. In search of a solution to these challenges, the media began to turn to their audiences for support. These are the events that motivated the large Ukrainian national-level media Liga.net to offer readers to become "Liga.net's friends" and to support quality journalism financially [4].

«We faced a dramatic drop in income at the beginning of quarantine,» said Borys Davydenko, Editor-in-Chief of LIGA.net [see *ibid*]. The media was faced with the choice of either cutting employees or looking for a new source of income. With the launch of the reader revenue model at LIGA.net, more than 4,000 people decided to support the media, and almost 40% signed up for regular payments.

Ukrayinska Pravda also chose the membership model because the media believes that access to information should be unrestrained. Their membership is divided into three levels: from basic club for media readers to closed club for editors and media managers [5]. The membership system was launched in June 2020 and the media organization aims to cover 30% of costs at its expense.

The example of the Ukrainian media hromadske is even more interesting because the media was founded from the very beginning at the expense of readers, when during the 2014 Ukrainian revolution people lacked prompt

and unbiased information about ongoing events. Thus, the media has had «close ties with its community since its founding in 2013» [1].

The full fledged launch of the membership model by hromadske took place in October 2020. To attract new members of the community, the media uses the message regarding the development of independent quality journalism through joint efforts [4]. Interestingly, a study of public interest media conducted by the researcher John Price also showed the effectiveness of this approach [8]. The researcher analyzed the case of the investigative media The Ferret and the lion's share of its subscribers indicated that they do not support it for the sake of access to exclusive content or other benefits that community members receive. They provide financial support to the media because they believe in its mission and want to invest in the development of investigative journalism.

Hence, what's next for the reader revenue models? As the number of players in this field increases, so will the competition for a reader who is willing to support the media financially. And there are not many readers who are ready to support more than one media outlet [4]. This is compounded by a kind of competition of narratives – whose values and views will appeal more to a potential member and persuade him or her to move from the category of simply a loyal reader to a reader who donates money.

The latest report of Reuters Institute for the Study of Journalism showed that the total number of people willing to pay for content is growing. However, this growth is not uniform. Leading the way are countries from Northern Europe, which have shown the same trend in previous years [9].

In the struggle for the reader's attention the media, including the Ukrainian ones, will have to challenge such a phenomenon, which researchers defined as «a perceived lack of value in online news» [3]. However, Ukrainian media are showing the first successes in changing this paradigm: they create value not so much in online content, but in the additional values provided for their readers. Those values may be described as involvement in certain ideas, principles, constructing one self's identity through the brands and communities to which people feel belonging. The success of this approach can only be tracked by how these memberships continue to evolve and grow, which is the basis for further observation and analysis.

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