INFLECTION POINT

IMPACT, THREATS, AND SUSTAINABILITY
A STUDY OF LATIN AMERICAN DIGITAL MEDIA ENTREPRENEURS

By SembraMedia
with support from Omidyar Network
ACKNOWLEDGMENTS

Our goal in producing this study is to foster and strengthen the growing digital media ecosystem in Latin America and help bring journalism entrepreneurs the attention and credit they deserve.

This report is dedicated to the extraordinary people who gave generously of their time to participate in this study. We appreciate your trust and willingness to share your work, your private information, and your stories.

Your work and your dedication inspire us.
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Interactive website in English, Spanish, and Portuguese

As part of this project, we developed microsites to share our key findings more broadly. The site is available at: data.sembramedia.org in three languages: English, Spanish, and Portuguese. This interactive graphic was designed for the website and the online version makes it possible to quickly visualize the top data, across the region, as well as by country.

*Researchers interviewed 100 digital media entrepreneurs — 25 each from Argentina, Brazil, Colombia, and Mexico.

Source: data.sembramedia.org
Digital natives growing in a vibrant ecosystem

Digital media entrepreneurs are serving an increasingly important role in Latin America. Since the first venture in this study was launched in 1998, hundreds of digital natives have appeared in the region and grown to serve millions of readers.

This study is the first comprehensive examination of the impact these entrepreneurs are having, the risks they face, and whether a viable business model has emerged for quality, independent, digital journalism. To conduct this research, SembraMedia, with the support of Omidyar Network, commissioned a team to study 100 digital news startups, 25 each in Argentina, Brazil, Colombia and Mexico.

Many of the researchers were entrepreneurial journalists themselves, and they brought personal connections and a deep understanding of the media in their countries. In 2-hour interviews with founders or directors, they asked more than 130 questions about management and innovation, challenges and opportunities, audience size and engagement, income and expenses.

This report is aimed at helping the founders of digital media startups better understand the trends, threats, and best practices that affect them. It is also designed to help investors, foundations, and journalism organizations to appreciate the value, vulnerability, and impact of this fast-growing media ecosystem. Although we cannot share their proprietary data, we’ve included our top-level findings in this report.

Entrepreneurial journalists pay a high price for publishing independent news

The main finding of this study is that digital media entrepreneurs are deeply transforming the way that journalism is conducted and consumed in Latin America.

They are not just producing news — they are generators of change, promoting better laws, defending human rights, exposing corruption, and fighting abuses of power.

They are driven to produce independent news in countries that are highly politically polarized — and some of them are paying a high price for it.
Luis Cardona of *Pie de Página* in Mexico spent months covering the disappearances of 15 low-level workers in the drug trade only to be kidnapped and tortured himself.

Cardona, and the artist Rapé, dramatized the story in an animated video published on YouTube. Both have had to flee their hometowns because of death threats.

Nearly half the journalists interviewed for this study reported threats and physical attacks in response to their coverage. More than 20% of the founders and directors we interviewed admitted that they avoided covering certain topics, people, and institutions because of threats and intimidation.

Others face punitive lawsuits, cyber-attacks, never-ending audits, and the loss of advertising revenues in retaliation for their coverage.

Digital natives in Latin America have an even more important role to play than their counterparts in the over-saturated media markets of the developed world.

News ownership is highly concentrated in these countries, and government advertising is frequently used to reward compliant media outlets.

**Digital natives are building sustainable (and even profitable) businesses**

Even in the face of these legal, financial, and physical threats, entrepreneurial journalists are building sustainable businesses around quality journalism.

The advent of social media and easy-to-use web design tools has made it possible to launch a digital media venture almost entirely on sweat equity.
More than 70% of the ventures in this study started with less than $10,000, and more than 10% of those now bring in at least a half million dollars a year in revenues.

After analyzing data on traffic, finances, revenue sources, staffing, and years in business, we identified four distinct tiers of business development.

**Diversified revenue is key to success**

Diversified revenue was key to success, especially in the mid tiers, and we found more than 15 distinct revenue sources, including events, training, membership, crowdfunding, and native advertising.

More than 65% reported they were earning revenue in at least three ways.

In the top tier, where audiences reach more than 20 million visits per month, advertising is the top revenue source, but not the only one. In the mid ranges, there is no dominant business model and diversified revenue sources that combine advertising with audience-driven sources, such as events and crowdfunding, are crucial for sustainability.

When we analyzed the lower tiers, we found lots of opportunities for improvement. Despite their dedication to quality journalism, more than 30% brought in less than $10,000 in total revenues in 2016.

Broadly speaking, we found two paths to growing these businesses: building audience to drive traffic and advertising, or leveraging the loyalty of the audience to inspire micro-donations and the 15 other ways they are making money.

These paths are not mutually exclusive.

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**Four distinct tiers of business maturity among Latin American digital natives**

<table>
<thead>
<tr>
<th>Tiers (Based on 2016 revenues)</th>
<th>Percentage*</th>
<th>Median annual revenues</th>
<th>Median monthly traffic</th>
<th>Median years in business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stars &amp; Standouts $500,000 or more</td>
<td>12%</td>
<td>$512,821</td>
<td>3,750,000</td>
<td>7</td>
</tr>
<tr>
<td>Steadfast &amp; Striving $100,000 - $499,999</td>
<td>17%</td>
<td>$205,128</td>
<td>182,800</td>
<td>4.5</td>
</tr>
<tr>
<td>Struggling &amp; Steady $20,000 - $99,999</td>
<td>23%</td>
<td>$40,513</td>
<td>45,500</td>
<td>5</td>
</tr>
<tr>
<td>Startups &amp; Stagnants $100 - $19,999</td>
<td>32%</td>
<td>$7,383</td>
<td>10,300</td>
<td>3</td>
</tr>
<tr>
<td>Reported $0 in revenue</td>
<td>17%</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

*Percentage in each tier based on 84 responses; 10 declined to provide private financial data, 6 were removed because they were extreme outliers.

Source: data.SembraMedia.org
Journalism-focused entrepreneurs under-invest in business

For many of these journalists-turned-entrepreneurs their greatest strength – their drive to produce great journalism – is also their greatest weakness, blinding them to the bottom line.

The majority underinvest in sales and marketing, even when they have high enough traffic to drive significant ad revenue.

Many complain they don’t have the money to hire sales staff, but the ones who do, are reaping the benefits.

When we compared the median revenues of those who do have sales staff with those that don’t, the difference was dramatic. Those with at least one sales person reported more than $117,000 in annual revenues; those with no sales staff reported less than $3,900.

Record numbers of women are going around the glass ceiling

Of the 100 digital natives we studied, 62% had at least one woman among the founders. Women also play a significant role in the executive and management teams.

In the context of Latin America, where traditional media is dominated by men, this finding is even more significant.

Audience-driven innovation

From training citizen journalists, to crowd-voicing, digital media entrepreneurs are extending the way we produce and consume news.

Many of the innovative ideas in this study were fueled by the closeness of these journalists to the audiences they serve.

Economía Femini(s)ta applies economic analysis to women’s issues

“We have seen great progress in women’s participation in the field of economics, but there is still a long way to go.

At the current rate, the persistent wage gap, will not be closed until the year 2186!

The glass ceilings and walls (which are barriers for women), and the unequal distribution of unpaid household work among women and men, are just some of the issues we cover on the site.

We understand that information is key to empowering society… in everyday life, we share information, stories, and statistics, and we exchange ideas on social networks.”

— From “About us”
Economía Femini(s)ta
Argentina
Social media extends news audience

In Brazil, *Papo de Homem* leveraged their relationship with more than 500,000 followers on social media to collect 20,000 responses to a survey on gender.

The result was a series of articles on under-reported topics, including wage disparity, domestic violence, and voting patterns.

Building on their relationships with academics and intellectuals in Colombia, *La Silla Vacía* created a special section where professors can share their research with the site’s audience of more than a million regular visitors.

In addition, journalists at *La Silla* are developing news stories and infographics that make academic research more accessible to the public.

Plus, they turned it into a new revenue opportunity and they are getting the universities to sponsor it.

**Recommendations**

We share the insights and suggestions in this report with the goal of helping this vibrant community of digital media startups evolve into an even more robust ecosystem.

**Insights and ideas include:**

- Connect digital natives with organizations that protect and defend journalists with legal and technical support.
- Foster sustainability with grants, investment, and an accelerator focused on strengthening management teams, growing audience, and diversifying revenues.
- Provide business training that includes best practices and real-world examples of diversified revenue models and the latest advertising models.
- Build bridges and alliances to extend their audiences and share resources.

*Papo de Homem* (Man Talk) started as an email group about masculinity. Today, it gets more than three million visits per month and encourages discussion, debate, and conversation among men and women about gender issues, such as pay inequality, social roles, and sexual violence.
“We set out to explore the growing ecosystem of digital natives in Latin America to better understand their work as journalists and entrepreneurs.

We are pleased to report that they are having a significant impact — and despite the challenges they face, many of them have found a way to make a living at it, too.”

— Janine Warner
Co-founder and Executive Director, SembraMedia
Knight Fellow, International Center for Journalists
Latin American digital natives: a vibrant ecosystem

From Bogota to Buenos Aires, from Tijuana to Rio de Janeiro, entrepreneurial journalists are exposing corruption, harnessing social media to increase citizen participation, and designing investigative news sites that are motivating governments and big businesses to be more transparent.

With the advent of social media and easy-to-use blogging tools, the traditional barriers to entry have come crashing down. As media disruption creates both opportunities and challenges, a growing number of digital natives are building audiences and bringing in revenue.

They range from small, volunteer-fueled projects serving niche audiences, to significant news organizations reaching tens of millions through websites, podcasts, and social media.

Most of the journalism projects featured in this study are still relatively small businesses, but they are not all young. Nearly 50 percent have been in business for more than four years, and 12 have been publishing for more than a decade.

Their founders are often veteran journalists and nearly all of those interviewed said they were motivated by the desire for editorial independence.

Some of the projects featured in this study are well-known to journalism organizations, foundations, and media investors. Award-winning news sites, such as Chequeado in Argentina, Animal Político in Mexico, and La Silla Vacía in Colombia have been in operation for years and serve as models for other journalism entrepreneurs in the region.

You will also find a growing list of newer entrants in this report, some launched as recently as 2016, including Economia Feminista in Argentina and Meio in Brazil that are fast becoming credible sources of information for their communities.

Latin American context: journalism entrepreneurs driven to create independent news sources

Media in Latin America are being forced to evolve. The same technological, financial, and social forces that have caused a seismic shift in audience and content dissemination for traditional media in the U.S. and Europe are now hitting established television, radio, and newspapers in the region.

As legacy media lose market share, entirely new types of news and information sources are emerging, from general news sites to social media influencers and niche newsletters.
Through the region, media startups are becoming increasingly important and credible news sources, and they are transforming the complex media landscape in myriad ways.

These digital natives may have an even more important role to play in Latin America than their counterparts did in the over-saturated media markets of the developed world. News ownership is highly concentrated in Latin America.

In Colombia, three media conglomerates control 57% of the news audience in radio, internet, and print media.

In Brazil, Globo is one of the top 30 biggest media owners in the world.

In Mexico, Televisa dominates television viewership, is one of the largest magazine publishers, and distributes content to more than 50 countries worldwide.

“What from the beginning, we saw our principal value as the place where you could publish things that would be difficult to publish in the dominant traditional media.

We’re not fighting for scoops. We’re interested in going deeper, even if it means that we come out after everyone else.

One of our mottos is, ‘We don’t tell it first, we tell it better’.”

— Daniela Pastrana
General Director
Pie de Página, Mexico

Throughout Latin America, independent digital natives are covering underserved communities, producing original content, and writing stories about subjects that were formerly taboo.

The insurgent nature of many of these journalist-led news organizations gives them a “street cred” that over the long term, may dovetail well with the desire of the next generation of news consumers for information free of the influence of business and governmental elites.

Shared language creates regional opportunities

The shared language across the vast Spanish-language media market makes it easier to collaborate across borders and develop regional business strategies.

What to call them? Digital natives, media startups, or ... ?

There is no clear term of art to distinguish digital media that were born online from websites created by newspapers, magazines, radio, or television stations.

Throughout this report, we use a few phrases interchangeably to refer to these journalism projects and their founders, including: digital natives, digital media projects, digital media entrepreneurs, and entrepreneurial journalists.

For brevity and variety, we also use the more general terms: digital media, digital players, ventures, sites, organizations, and projects. This variety of terms also reflects the fact that not all of the subjects of this study run websites—some are mobile applications, others exist only on social media platforms.

Similarly, we use the terms traditional media and legacy media, to refer to print publications, television, and radio stations.
Throughout Latin America, many of the journalists we interviewed are finding common ground and working together to investigate corruption, cover drug trafficking, and resist the influence of powerful interests.

Even in Brazil where the primary language is Portuguese, the exchange of experiences is fueled by the common cultural, social, religious, and economic ties that bind Brazil to the rest of Latin America.

News spreads quickly in the digital age, and news intelligence services focused on the business and practice of journalism are fueling collaboration and shared best practices. Many of the journalism entrepreneurs we interviewed reported benefiting from regularly reading the work of media organizations, including the Nieman Lab, CIMA, IJNet, The Knight Center for Journalism in the Americas, and The Gabriel García Márquez Foundation.

Journalism blogs also contribute to the sharing of best practices in the region. Mostly notably Clases de Periodismo by Esther Vargas in Peru, Hangouts de Periodismo by Mauricio Jaramillo in Colombia, Miquel Pellicer in Spain, News Entrepreneurs by James Breiner, and the Digital Media Entrepreneurs blog and case studies at SembraMedia.

Traditional media lack credibility because of perceived ties to government and wealthy elites

Latinobarómetro has been doing surveys on press credibility in 18 Latin American countries since 2004.

Consistently over the last dozen years, two-thirds of those surveyed agreed with the statement that the news media “are frequently influenced by institutions or powerful people.”

In the same survey, people were asked if they agreed with the statement that “the news media are sufficiently independent,” and the results were equally grim.

Only a quarter of survey respondents thought that journalists were independent.

Media in Argentina, Brazil, Colombia, and Mexico all ranked below average in credibility.

Source: Latinobarómetro, 2016
Digital natives in Latin America are not just producing news — they are generators of change, promoting better laws, defending human rights, exposing corruption, and fighting abuses of power. They are driven to produce independent news in highly politically polarized countries — and some of them are paying a high price for it.

Two of the publications in this study, Connectas of Colombia and Aristegui Noticias of Mexico, were part of the original reporting team on the Panama Papers investigation that won the Pulitzer Prize.
Throughout Latin America digital natives are breaking important stories, connecting with their audiences through social media, and inspiring citizens to take action.

Many of the digital natives in this study have produced stories that had significant real-world repercussions, from protecting endangered species, to leading universities to develop new policies, to forcing corrupt government officials to resign in disgrace.

Entrepreneurial journalists are breaking stories that other media in their countries often can’t (or won’t) cover because of government control, threats, or the influence of financial interests.

Once they break stories, however, national and international media are picking them up and sharing them with even broader audiences. (A few of these stories are included later in this section.)

Stories get picked up by national and international media

Getting republished in the international press is worth more than just increased credibility.

There are precedents in Latin America that suggest pressure from the international community has led (or shamed) governments to take action.

International media attention also helps digital natives build credibility, strengthens their position among colleagues and peers, and validates their work and the quality of their reporting.

Of the sites surveyed, 72% said their original journalistic work led to coverage in the national news media in their countries. More than two-thirds can trace their reporting and investigative stories to show they were picked up by international publications, most notably in the New York Times, BBC, Al Jazeera, Univision, and The Guardian.

In many cases, the digital natives allege that larger media organizations simply appropriate and republish their images, videos, and other information without giving them credit.

However, we did find some cases where digital news entrepreneurs have developed relationships and regularly submit stories to national media, gaining readers or much-needed income from the relationships.

As traditional media cut staff, digital players may find growing opportunity to sell their content through syndication deals.

They could also leverage backlinks to their sites to drive more traffic and draw in audiences from all over the world.

“We want the public debate to be based on data and facts, not on ideological preferences, prejudices, partisan interests, or mere negligence or superficiality.

With the data and verification that we share, we contribute to improving the level of knowledge and understanding of public events and increase the transparency and depth of the debate.”

— Laura Zommer
Executive Director and Editor in Chief
Chequeado, Argentina

Source: data.SembraMedia.org
Stories with impact

Universities draft new policies after sexual harassment exposé

(México) Distintas Latitudes: In 2016, Distintas Latitudes conducted two investigations of sexual harassment at universities.

The first revealed that only four of 32 Mexican universities studied had a protocol for handling student complaints about sexual harassment. The second expanded the investigation to 63 universities in 11 countries in Latin America.

Their stories about how universities were responding to complaints of sexual harassment were republished in local media, as well as Univision, PorCausa, and Animal Político.

As a result, PAN, a major political party in Mexico, called on universities to take action. In August 2016, UNAM, the country’s largest university, made public its protocol for handling cases of sexual harassment and violence.

The Universidad Iberoamericana in Mexico, which had been much criticized for its handling of such cases, also published its protocol.

Vice News followed up on the Distintas Latitudes report by expanding the focus to include other countries in the region.

Supreme Court candidate loses support after sexist attitudes revealed

(Brazil) Justificando: After Justificando revealed the anti-feminist and homophobic comments made by a judge who was a candidate for the Supreme Court, the Brazilian Institute of Family Law (IBDFAM) denounced him. Brazil’s President rescinded his support, and the coverage effectively ended his candidacy.

Presidental plan derailed after electronic voting problem exposed

(Argentina) El Gato y la Caja: Ex-President Cristina Fernández de Kirchner re-tweeted an article published by El Gato y la Caja in Argentina on the possibility that electronic voting could be manipulated.

The article and the resulting public uproar may have played a role in derailing President Mauricio Macri’s push to implement the system.

The article and Kirchner’s response were highlighted in major media outlets such as Infobae and Diario Registrado.
Phony business investigation leads to governor’s arrest

(Mexico) *Animal Político*: The former governor of the state of Veracruz in Mexico went on the run after coming under investigation for corruption as a result of reporting by *Animal Político*.

Their story, *The Phony Businesses of Veracruz*, was picked up in the international press, including by *AP* and *The Guardian*.

The coverage led to an investigation by the Mexican government, which found millions of dollars and more than a hundred bank accounts linked to the former governor, Javier Duarte, who was ultimately arrested in Guatemala.

Mexican news site inspires audience to protest Internet reforms

(Mexico) *Sopitas*: In 2014, when the Mexican Senate passed a constitutional reform that affected control of the internet and access to radio and television bandwidth, *Sopitas*, a website focused on general news, entertainment, and sports, played an important role in informing the community about potential problems with the proposed legislation.

As part of their coverage, they published an article with eight critiques of the reforms from community leaders.

One noted that the national government’s $150 million advertising budget was distributed to reward friendly media and cut off opponents, and another pointed out that the reforms did not endorse free universal access to the internet.

Sopitas, which has a strong social media following with more than 3 million Twitter and Facebook followers, urged its community to take to the streets in protest and then covered those demonstrations with photos and videos.

The hashtag #EPNvsInternet (EPN, the president’s three initials) became a trending topic.

Disaster victims compensated after secret agreements exposed

(Brazil) *Agência Pública*: After the Mariana dam burst in Brazil, releasing toxic waste from iron-mining operations, the federal government and mining companies reached a secret agreement that spelled out which victims would be compensated and for how much.

When *Agência Pública* broke the story and pointed out that the victims would be excluded from any discussions on financial compensation, President Dilma Rousseff intervened and requested that representatives of the victims be part of the council in charge of these decisions.
Awards and honors boost credibility, connections, and confidence in editorial quality and independence

When trust is at stake, journalism awards are an even more important signal of credibility and quality.

Outside recognition can boost loyalty and respect from readers, and awards events help build connections among journalists, and strengthen their networks with foundations, philanthropic investors, and other allies who support them.

Two-thirds of the media organizations we interviewed for this study had won national or international awards from journalism or humanitarian groups, evidence of the quality of their reporting and the recognition they are receiving.

The Panama Papers wins Pulitzer Prize

Two of the publications in this study, Connectas of Colombia and Aristegui Noticias of Mexico, were among the team of original reporting partners on the Panama Papers investigation that won the Pulitzer Prize.

The Pulitzer Prize Board lauded the year-long investigation for “using a collaboration of more than 300 reporters on six continents to expose the hidden infrastructure and global scale of offshore tax havens.”

The award is the latest in a series of accolades for the globe-spanning reporting effort by the International Consortium of Investigative Journalists, McClatchy, the Miami Herald, Süddeutsche Zeitung and other media partners.

(Read the full article at icij.org.)

Digital Natives sweep 2016 Gabo Awards

2016 marked a turning point for digital natives. For the first time, digital natives swept the Gabriel García Márquez Awards – winning a prestigious honor usually dominated by major newspapers.

In 2016, three of the media studied in the report took home prestigious prizes during the Gabo Festival in Medellin, Colombia.

Agência Pública won for its investigative report “São Gabriel y sus demonios,” on the abnormally high rate of suicides in Sao Gabriel, which has the largest indigenous population in Brazil. In addition, Agência Pública’s won the Vladmir Herzog Award in the Internet category in 2016 for it’s special report about how the homes of 100 families were destroyed to make way for construction for the Olympic Games.
*La Silla Vacía* won the Gabo Award in 2016 for its articles on the peace negotiations between the government and the FARC guerillas. In 2014, *La Silla* won a Gabo for Proyecto Rosa, its in-depth study of a human rights activist who was tortured by right-wing paramilitaries. Proyecto Rosa was also honored by the German Ministry for Cooperation and Development. In 2016, *La Silla Vacía* was also honored with the Prince Claus Prize from Holland for its contribution to democracy.

A team from Reportér Brasil captured a Gabo in 2016 for their video and photo coverage over four years of how construction of a factory affected a nearby fishing village and its people.

**Early recognition fosters credibility**

The Argentinean fact-checking site Chequeado, was honored with a Gabo award for innovation in 2015 and was a finalist in 2013.

This early recognition boosted Chequeado’s reputation, and helped them become a leader in the region providing training, inspiration, and support to other journalists. More than a half dozen other fact-checking sites credit the team at Chequeado with helping them launch their own projects.

**Aristegui Noticias honored for reporting**

The investigative reporting team at *Aristegui Noticias* won a share in the glory of the National Journalism Prize in 2016, for their role in investigating the killing of 16 unarmed civilians by federal police in Apatzingán. Freelance writer Laura Castellanos wrote the story for the daily *El Universal*, but after they decided not to publish it because of its explosive nature, *Aristegui Noticias*, Univisión, and Proceso, joined forces to publish her work.

*Aristegui Noticias* also won the Gabo for its 2015 investigation that revealed President Enrique Peña Nieto’s wife had bought a $7 million home in Mexico City with a loan from a company whose owner had received millions in contracts from Peña Nieto during his time as governor of the state of Mexico. As a result of their coverage, the government canceled a multi-million-dollar contract with that company to build a high-speed rail line. The president’s wife paid back the loan, and the president himself apologized publicly to the Mexican people.

**Other award-winners include**

*Kaja Negra* of Mexico won the National Journalism Award from the National Council for the Prevention of Discrimination, plus many other awards for reporting on race and gender.

*Caja Rosa*, of Argentina, was nominated for an award from the Online News Association (ONA) in 2016. In 2015, Agência Pública was part of a group of 20 media outlets from around the world, coordinated by ICIJ, that won an ONA award for their work on an investigation of the World Bank.

*Sin Embargo* of Mexico received the PEN Freedom of Expression Award and the National Journalism Prize several times.

*El Gato y la Caja* of Argentina won a UNESCO award for scientific coverage.

*Linguoo* of Argentina, which won the LatAm UNESCO and MIT Under 35 awards, as well as a Google-Knight Fellowship.
Case study: Fact-checkers love the truth

Many of the media in this study define themselves as dedicated to presenting information that is fact-based, verifiable, and not associated with party politics.

Eleven of them devote at least some of their staff and resources to fact-checking. The largest and most successful of these is Argentina’s award-winning Chequeado.

In 2013, Chequeado, a non-partisan, nonprofit, became the first media organization in the world to offer live fact-checking during a political debate. With a team of trusted experts on hand, and reams of research on each candidate’s platform, the small team at Chequeado verified all the candidates’ statements in real time.

The live fact-checking was a hit, and it was replicated soon after at The Guardian and PolitiFact, said Executive Director Laura Zommer, a well-respected leader in Poynter’s global network of fact-checking sites.

Chequeado also broke the story about President Macri’s failure to report assets from eight of his businesses on required financial disclosure documents. That story was picked up by La Nación, Clarín, and many other media.

Chequeado was founded in 2010 by a chemist, a physicist, and an economist.

Operated by La Voz Pública Foundation it is considered the first fact-checking site in Latin America. Chequeado has generously shared its research methods and tools in training sessions and seminars that have helped to launch or strengthen the work of more than a dozen other fact checking sites throughout the region.

Chequeado also uses comics, humorous animations created in alliance with the millennial mobile site Uno, and public art installations to expose and share the truth.

For example, they set up two boxes in front of a public building in Buenos Aires with signs that prompted passersby to place a ball in either a box that read “I love the truth” or a box that read “the truth doesn’t matter to me.” Video of their experiment is on YouTube.

Watch video on YouTube.
VULNERABILITY

THREATENED, ATTACKED, SUED, AND SMEARED

Independent and investigative journalism has its price. Almost half of the publishers in this survey said members of their staff had suffered blackmail, threats, or violence because of their journalistic work.
Digital natives pay a price for pursuing the truth

Kidnapping, physical threats, lawsuits, hacking, and audits are among the challenges reported by the digital natives in this study.

More than 45% have been subject to threats or violence because of their reporting, and many respondents said intimidation and physical threats had led to self-censorship.

More than 20% of the organizations admitted that they avoided covering certain topics, people, and institutions because of threats and intimidation.

Lawsuits are also used to try to censor journalists. After Congresso em foco in Brazil published a story about the “super salaries” of government officials exceeding the legal limit, they were hit with an orchestrated attack of 50 lawsuits.

To date, they’ve won 48. The last two are pending, but the cost of attending hearings around the country had a big impact on their finances.

In Mexico and Argentina, a favorite government tactic has been to initiate a seemingly unending tax audit of a publication.

Digital attacks are an increasingly common form of censorship and retaliation.

Half of the organizations had suffered cyberattacks because of their news coverage, ranging from hacked email and social media accounts, to distributed denial-of-service (DDoS) attacks, to digital smear campaigns.

In a DDoS attack, a hacker uses thousands of compromised computers to overload a website, making it impossible for anyone else to visit.

Anyone can pay to launch a DDoS attack against a
competitor, political rival, or a journalist’s website for as little as $5, using services readily available on the dark web.

This digital form of censorship is on the rise in Latin America (and around the world) and has become such a common problem that Google developed Project Shield, a free service designed to protect the websites of journalists, human rights organizations, and election monitors.

The nonprofit eQualit.ie in Canada offers DDoS protection with its Deflect service, as well as hosting and technical support.

Yet many digital natives are still not protected because they are not aware of these services or lack the time and skills to get them set up.

Hacking journalists’ email accounts also appears to be on the rise. A New York Times article published June, 2017 noted...
2017, notes, “Carmen Aristegui, one of Mexico’s most famous journalists, was targeted by a spyware operator posing as the United States Embassy in Mexico, instructing her to click on a link to resolve an issue with her visa.”

Although the article noted that there was no ironclad proof the government was responsible, “The Mexican government’s deployment of spyware has come under suspicion before, including hacking attempts on political opponents and activists fighting corporate interests in Mexico.”

Seeking editorial independence, and suffering for it

In their mission statements, nearly all the sites we studied in Argentina, Brazil, Colombia, and Mexico emphasized their desire to differentiate their work by being editorially independent.

They expressed dissatisfaction with traditional media in their countries for colluding with vested interests, failing to report on sensitive topics, and ignoring provincial and rural areas.

Their manifestos declared that their communication was more horizontal, conversational, explanatory, accessible, and more user friendly than traditional top-down journalism.

Driven by a mission of public service, journalist-led news organizations routinely put readers, and even personal safety, ahead of profitability.

More than 25% of the organizations said that their coverage of government and business had caused them to lose advertising or otherwise suffer economic hardship.

This supports our anecdotal findings in the region that many journalists are inspired to develop new media ventures because they are frustrated by the polarization in their countries.

“We have suffered many cyberattacks. Once they replaced all the images on our site with pornography. We lost a lot of content and it took us a week to replace all of our images.

We were hit several times by a system that uses its server to redirect traffic from online stores.

This makes our website very slow and makes it impossible to update. After it happened a few dozen times, we had to migrate to a more robust infrastructure.”

— Dal Marcondes, Editor of Envolverde, Brazil
A growing number of digital natives in Latin America have developed sustainable—and even profitable—business models; and it doesn’t cost much to launch them. More than 70% started with less than $10,000, and more than 10% of those are now bringing in more than a half million dollars a year in revenues.
Diverse business models bring success

The number of digital natives in Latin America who are building sustainable businesses around quality journalism has grown dramatically since the first ventures in this study launched in 1998.

Despite the diversity in audience size, revenues, years in business, and the type of content they produce, across the board these entrepreneurs are optimistic about the future, and our research suggests they have reason to be.

Comparing reported revenues and expenses for 2016, nearly half of the digital natives in this study appear to be breaking even or showing at least a slight profit.

Overall, business expenses were roughly equivalent with revenues in most cases, although a few appear to be burning through startup capital as they attempt to build a sustainable business.

Among the 90 subjects that answered all our financial questions, 43 showed at least some profit; 47 showed some losses. Although confidentiality prevents us from revealing the propriety financial data of each venture studied, their total profits were $4 million, and their total losses were $1.4 million.

At the high end, advertising is the top revenue driver, and large audiences are key to their success.

In the mid ranges, diversified revenue sources, including consulting, training, and grants, make the difference when it comes to sustainability.

Broadly speaking, we found two paths to growing revenue: building audience to drive traffic and advertising, or leveraging the loyalty of your audience to earn revenue with crowdfunding, training, events, and other sources. These paths are not mutually exclusive.

10% of publishers declined to disclose private financial data

In all the other sections of this report, percentages were based on the 100 digital media natives interviewed. In this section on business, percentages were based on 90 responses because 10 of the publishers interviewed declined to share private financial data; 6 from Brazil, 3 from Colombia, 1 from Mexico.

Again, we found that the median was a better way to represent these findings, than the average.

Startup capital: Small investment can lead to big returns

One of the revelations of this study is that startup capital does not necessarily determine commercial success—71% of these ventures started with less than $10,000 in initial investment, usually from the founders themselves.

Of these, 9% had already gone on to bring in revenues of more than $500,000 in 2016.

While there is no statistical correlation between initial investment and revenues across all the ventures we studied, the median investment in the top tier was 80% higher than the lower tiers.

Still, the median, even at the top tier of revenues, was only $38,000 in initial investment, and the top revenue generators have reached well into the millions now.

This suggests that modest investment in a good idea with the right team can lead to profitable businesses for digital media in Latin America.
Categorizing digital natives into tiers reveals how revenue differs based on traffic and income sources

To better understand the emerging business models among the diverse digital natives in this study, we divided them into four distinct tiers and then analyzed the best sources of revenue at each tier, factoring in revenue sources, traffic levels, content mix, and the size of their sales team.

The decision to base the tiers on total revenues resulted from the strong mathematical correlation (.73) between size and revenue.

Despite the broad range of organizations in this study, when we divided them into four categories, common characteristics emerged.

Some of the most interesting insights were found in the middle tiers, where relatively minor investment could have the greatest impact.

At all four revenue tiers, these digital media publishers were optimistic about their future potential. The majority projected revenue growth of at least 30% in 2017. The most successful revenue generators were also the most optimistic. Many of them predicted 50% to 70% growth.

**Top tier: Stars & Standouts**

Diversification of revenues is widespread and key to sustainability, but for the top performers advertising is still king.

### Four distinct tiers of business maturity among Latin American digital natives

<table>
<thead>
<tr>
<th>Tiers</th>
<th>Percentage</th>
<th>Median annual revenues</th>
<th>Median monthly traffic</th>
<th>Median years in business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stars &amp; Standouts</td>
<td>12%</td>
<td>$512,821</td>
<td>3,750,000</td>
<td>7</td>
</tr>
<tr>
<td>$500,000 or more</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steadfast &amp; Striving</td>
<td>17%</td>
<td>$205,128</td>
<td>182,800</td>
<td>4.5</td>
</tr>
<tr>
<td>$100,000 - $499,999</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Struggling &amp; Steady</td>
<td>23%</td>
<td>$40,513</td>
<td>45,500</td>
<td>5</td>
</tr>
<tr>
<td>$20,000 - $99,999</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Startups &amp; Stagnants</td>
<td>32%</td>
<td>$7,383</td>
<td>10,300</td>
<td>3</td>
</tr>
<tr>
<td>$100 - $19,999</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported $0 in revenue</td>
<td>17%</td>
<td>[Blank]</td>
<td>[Blank]</td>
<td>[Blank]</td>
</tr>
</tbody>
</table>

*Percentage in each tier based on 84 responses; 10 declined to provide private financial data, 6 were removed because they were extreme outliers.

Source: data.SembraMedia.org
Most of the highest revenue generators, those who are bringing in $500,000 or more per year, are blending entertainment and political coverage to drive millions of visitors (the median was 3.7 million sessions per month).

Their main sources of revenue are advertising related and they demonstrate a sophisticated use of traffic monetization technologies, participating in programmatic display and native ad exchanges, and making use of revenue optimization and analytics platforms.

Bootstrapping is as important at the top of these tiers as the bottom. Four of the top earners in this category started with $5,000 or less in initial investment, three started with more than $70,000. Although there was one exception, these top earners had also been in business the longest, with a median age of 7 (nine of the 10 were more than 4 years old).

**Second tier: Steadfast & Striving**

In the second tier, where revenues range from $100,000 to $499,999, a more diversified revenue model emerges that combines banner ads with consulting, training, and grants.

The types of journalism being produced in this category varied widely, but general news and political coverage were the most common, with a smattering of culture, science, environmental, and human rights coverage.

Traffic numbers also varied, with some attracting millions of visitors, others hundreds of thousands, and a few less than 10,000 per month. Of note, the three ventures with the lowest traffic in this category were also the only ones to report grants as their top revenue source. All three were focused on covering underserved communities, reporting on corruption, and environmental issues.

Two of the digital natives in this second tier launched with no investment, one reported $8 in initial capital, which we assume was the cost of their domain name. Two launched with more than $150,000. All were financed out of the founders’ own pockets or with funds from family and friends.

**Third tier: Struggling & Steady**

In the third tier, where revenue ranges from $20,000 to $99,999, advertising revenue drops off significantly, and the mix changes to rely even more heavily on non-advertising related revenues, including consulting, training, grants, crowdfunding, and events.

Traffic to the sites in the third tier also drops off significantly with a median of only 45,000 sessions per month. This again supports the finding that traffic and revenues are strongly related.

There is no clear content focus in the third tier, but there were more journalists focused on human rights, environmental issues, indigenous populations, gender, and the LGBTQIA community.

Twelve started with less than $10,000 in initial investment; four started with more than $100,000, suggesting again that startup capital is not a determining factor in building revenues.

In this category, sources of revenue vary widely, but there are a few things that stand out. Among the top three revenue sources, 11 reported income from banners or native advertising, 12 reported consulting, nine were doing training, eight reported grants, four relied on government funding, four were making money on events, and three were burning through loans or investment.

Of the 22 ventures in this category, 18 report at least three different sources of revenue.

**Six outliers removed**

After reviewing these categories extensively, we decided to remove six outliers from the mix because they distorted the findings.

Three were removed because they only publish on social media platforms, which made their traffic numbers not comparable with those that publish on their own websites.

Three others were removed because they had a single revenue source or business model not comparable with the others.

Thus, these four tiers are based on only 84 respondents.
Four rely almost exclusively on grants. Again, these three had the lowest audience size and were focused on covering human rights, corruption, and underserved communities.

A striking finding in this third revenue tier, as well as the fourth, was that based on the median team size and structure, these ventures had no one focused on sales.

### Fourth tier: Startups & Stagnants

One of the greatest strengths of the new media players in this study is that they were founded by entrepreneurs who are dedicated to producing quality journalism.

Yet the relentless focus on content often comes at the expense of business, and it’s especially evident in this bottom tier.

Most of these are very small organizations with a median size of six team members, dedicating 82% of their expenses to content production.

Revenue in the fourth tier was below $20,000 in 2016, but it’s important to note that some of the digital media in this tier were less than a year old at the time of this study, and a couple were already showing signs of growth in revenues and traffic by early 2017.

A few of the projects in this category were more than a decade old, and with reported revenues of less than $10,000, it’s clear their focus is content not profits.

The median age in this group is 2 years old, and the median income in 2016 was $7,400. Traffic numbers were also the lowest in this category and most had less than 10,000 sessions per month.

However, five had more than 100,000 sessions per month, which suggests some may be serving their audiences well, but have not figured out how to monetize them. All five would likely benefit quickly from even a modest investment and increased efforts in business development.

Revenue sources were all over the map, with a smattering of Google banner ads and local sponsors, combined with crowdfunding, products, and content syndication. Four rely almost exclusively on grants.

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**Top revenue sources among Latin American digital natives***

<table>
<thead>
<tr>
<th>Tiers (Based on 2016 revenues)</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>5th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stars &amp; Standouts $500,000 or more</td>
<td>Programmatic banners 21%</td>
<td>Native Ads 21%</td>
<td>Consulting 7%</td>
<td>Crowdfunding 7%</td>
<td>Google Ads 7%</td>
</tr>
<tr>
<td>Steadfast &amp; Striving $100,000 - $499,999</td>
<td>Banners 17%</td>
<td>Consulting 17%</td>
<td>Grants 12%</td>
<td>Native Ads 10%</td>
<td>Training 10%</td>
</tr>
<tr>
<td>Struggling &amp; Steady $20,000 - $99,999</td>
<td>Consulting 17%</td>
<td>Banners 9%</td>
<td>Native Ads 8%</td>
<td>Training 8%</td>
<td>Grants 6%</td>
</tr>
<tr>
<td>Startups &amp; Stagnants $100 - $19,999</td>
<td>Banners 9%</td>
<td>Native Ads 7%</td>
<td>Consulting 7%</td>
<td>Training 7%</td>
<td>Products 6%</td>
</tr>
</tbody>
</table>

*Percentages are based on the revenue source that was most frequently cited, not percent of total income per tier; 15 distinct revenue sources were reported.*

Source: data:SembraMedia.org
Diversifying revenue supports sustainability

Although advertising is the number one source of revenue for digital media natives, a growing list of more than 15 revenue opportunities is emerging, including training, consulting, grants, events, and crowdfunding.

More than 65 reported they had at least three sources of revenue. Only nine rely solely on one revenue category, a dozen reported only two sources of revenue.

Advertising is key, and it’s evolving rapidly

Across the study, there is a clear statistical correlation (.73) between traffic and revenues that seems to be driven by advertising.

Banner ads represent the number one source of revenue in the top two tiers of the digital natives we studied, but the types of ads vary wildly depending on the size of their audience.

In the top tier, 56% percent of revenue comes from advertising. The top three revenue generators all had traffic of more than 5 million sessions per month and were taking advantage of the latest trends in advertising, participating in programmatic ad exchanges and native advertising.

Primary sources of revenue

Banner ads 31%
Native ads or branded content 28%
Consulting services 28%
Programmatic Banners 21%
Training services 19%
Grants 16%
Content syndication 16%
Crowdfunding and donations 15%
Google AdSense 15%
Government ads or funding 12%
Events 9%
Product sales 8%
Programmatic advertising 7%
Subscriptions or memberships 5%
Influencer sponsorship 5%
Percent of media studied that use each revenue type

Number of digital natives in Latin America that report multiple sources of revenue

66% 13% 8% 13%
3 or more sources of revenue 2 sources of revenue Only 1 source of revenue Reported no revenue
Source: data.SembraMedia.org
Reviewing the sites in the top revenue tier with the Ghostery service, revealed that most are using programmatic ad tags, and they are participating in as many as 23 different ad exchanges.

This finding is especially significant because it appears that the sites participating in ad exchanges are earning revenue from their U.S. traffic being sold to advertisers.

Traffic analysis of all of the sites in this study showed that they get the most of their traffic from their own countries, but the second highest source of traffic was from the U.S.

The programmatic ad exchanges (also called DSPs) most frequently detected with Ghostery, were: The Trade Desk, Oracle BlueKai, Turn Inc., MediaMath, OpenX, and AOL’s Advertising.com for Publishers.

When Ghostery was used to detect all of the ad-related tags (not just programmatic exchanges), the record was 89 ad tags being used by one of the top revenue-generating sites in this study.

Across the entire top tier, the median was 21 ad-related tags. In the second tier, four ad-related tags, and in the third, just two. This suggests that participating in more ad exchanges, optimizing pages for ad placement, and driving audience acquisition, could add up to significant revenue gains.

Two outliers in the top revenue tier that were not participating in ad exchanges seemed to make up for it with grants, crowdfunding, or donations.

In the second tier, 32% get revenue from native advertising and traditional banners, but five also had programmatic ad tags.

Even in the lowest tier, the sites that had more than 100,000 sessions per month would likely benefit from participation in ad exchanges.

Native advertising brings opportunity and editorial challenges

Native advertising stands out as a significant source of revenue across all four levels of maturity.

Native advertising growth is being driven by a host of problems with banner ads — from click fraud to banner blindness to ad blockers. This new form of sponsored content is gaining popularity around the world and may provide one of the best opportunities for revenue growth in small and large sites.

Overall, 28% of the ventures studied reported native advertising as one of their top three sources of revenue.

Government advertising distorts the market, but among these digital natives it is not a top source of revenue

The enormous amount of money spent by governments on advertising distorts the ad markets in the countries we studied, especially in Mexico and Argentina.

The business and political interests that control public discourse use advertising to reward favorable coverage and withdraw support when criticized.

In this context, many independent media publishers find themselves at a significant disadvantage.

Some readers might be surprised by the seemingly low influence of government funding reported in this study, but that is almost undoubtedly due to the way the original sample was selected because media sites that were exclusively dependent on government advertising or other support were not included in this investigation.
Unlike other sources of revenue, native advertising appeared as a key source of revenue in all four tiers. The most popular native ad exchange network detected with Ghostery was Taboola.

However, journalists are understandably cautious about sponsored content and many digital natives have refused to accept anything that even hints at advertorials.

After studying best practices in Latin America, as well as media in other parts of the world, our conclusion is that native advertising is increasingly important for financial success, but to preserve editorial integrity it must be governed by a carefully worded, and well-enforced policy that sets clear guidelines and puts limits on the type of advertising media accept.

One publication we interviewed that positions itself as a specialist in creating content tailored to individual brands is Enter.co of Colombia.

Enter.co focused on the “digital culture” of technology, entrepreneurship, and entertainment. In their well-designed media kit, they report more than 1 million users a month who spend 3 million minutes a month consuming the site’s content. (Citation: Enter.co media kit)

Alternatives to advertising

It is clear that developing a diversified revenue model is key to building a sustainable business while maintaining editorial independence. In this section, we explore in more detail some of the alternatives to advertising that are emerging as popular revenue sources among digital natives.

Donations offer promising revenue potential for mission-driven ventures

A small group of loyal, engaged users can produce a significant amount of revenue. And small donations from many people are proving one of the most robust income sources for journalists who seek independence.

When media organizations move from requiring subscriptions to offering membership, they change the dynamic from a contractual, economic relationship to an invitation for reader support. Despite the abundance of free news available online, readers around the world are paying for content, especially investigative journalism and other unique information that adds value to their daily lives and communities.

Because crowdfunding and audience donations only represented 15% of the top revenue sources reported, this category stands out as an area of potential growth for most of the ventures in this study. Although nascent in Latin America, this trend warrants attention because of the success we’ve seen at other media companies around the world.

National Public Radio in the United States was one of the first to demonstrate that small, regular donations provide a more reliable income source than annual fundraising campaigns.

One of the best examples of donor support in the Spanish-speaking world can be found in ElDiario.es in Spain. Although not included in our investigation, the success of this five-year-old digital news site warrants attention.
In the highly competitive media market of Madrid, ElDiario.es has distinguished itself by publishing daily news and conducting a series of hard-hitting investigative reports on corruption, and their readers have rewarded them handsomely for their efforts.

In 2016, the company generated €3.6 million euros in revenue, with nearly €1.2 million from “partners,” who donate at least €5 per month (many pay more).

It’s not a subscription model, the site is free, but donors receive two benefits: they can view the site without advertising, and instead of receiving the daily newsletter in the morning, they get it the night before.

Also of note, only a small segment of their audience are making regular contributions. Of the millions of visitors to their site, only 1% (about 20,000 people) are regular contributors, and 80 percent of them renew their memberships every year.

Many sites run annual crowdfunding campaigns to attract support from readers.

The Super Amigos program by La Silla Vacía has attracted $100,000 in support over the last several years, but even they report that the effort required may not be worth the return when done as an annual event.

Instead, more consistent income from recurring donations is proving a more reliable and sustainable model. After running multiple annual crowdfunding campaigns, Animal Político of Mexico started asking for monthly, ongoing donations, instead of one-time payments, during their 2017 campaign on the Mexican crowdfunding site Fundeadora.

Training brings more than just revenue

Training is not only a good long-term source of revenue, it builds credibility, attracts new audiences, deepens relationships, and makes readers more likely to become entry point into users’ daily digital habits. Newsletters are also great traffic drivers, which fuel advertising opportunities.

While this type of touchpoint with current and future readers can be time consuming to develop, email newsletters offer valuable marketing channels that can also open up and strengthen other revenue sources, such as events and training.

This problem could be relatively cheap and easy to fix with training thanks to off-the-shelf newsletter services, such as MailChimp.

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**Newsletters fuel donations**

Media sites with successful donor programs report that a strong and well-managed email newsletter is the key to success.

Yet, 40% of those interviewed in our study said they don’t have a database of users, and most that did had less than 5,000 contacts. Even worse, when asked how many people they were sending newsletters to, the response rate dropped off drastically.

Email newsletters are a powerful tool for media trying to deepen a relationship with their communities because they give organizations a direct
donors. As journalists train their audience members (and other journalists) they are also creating a starting point for recruitment, and participants often go on to become team members.

Across the entire study, 19% of the news organizations generate revenue by turning their skills into training, usually in the areas of journalism or technology skills.

For a website in Brazil, training is their business. Brio Hunter has developed a platform to provide a variety of online and in-person training and coaching for journalists. Brio Hunter demonstrates that a paid training model can work in Latin America, providing one of the most important sources of revenue journalists are using to support their projects.

In Argentina, Tiempo Patagónico provides training in meteorology and how to understand the wild swings in weather, which in the most southern tip of Argentina can mean life or death.

Events deepen relationships, create loyalty and revenue

Getting face-to-face with users deepens trust and helps builds long-term relationships. While 24% of the organizations have hosted an event, only 9% listed events as one of their top three revenue sources.

Expanding media businesses to include events is a global trend. In the U.S., media as diverse as the New York Times and MinnPost are discovering that events offer a solid source of new revenue because they provide an opportunity to increase donations and sponsorships.

Case study: Costume party proves a playful fundraiser

Nómada of Guatemala provides a delightful example of how events can be both a source of revenue — and fun.

In the fall of 2016, the Guatemalan news startup hosted a Halloween party and encouraged their millennial audience to attend in costume.

To promote the event, they created an engaging video, shot guerilla style with cast members wearing costumes in an industrial landscape, and even on a train.

The event was not only a playful way to engage their audience, it was an excellent way to bring fresh exposure to one of their biggest sponsors: Huawei Technologies, a Chinese multinational telecommunications equipment and services company. Watch the video on YouTube.

Although not included in this study, Nómada is one of the leading sites in Central America and also provides a great example of how to tell the story of a small site in a media kit.
This trend extends to Latin America where events hosted by the digital natives in the region range from political debates to Halloween parties.

Clearly, this is another promising revenue growth area, one that may be even more crucial to the digital natives who serve niche audiences.

Events can help even small ventures to deepen the relationships they have with their audience, and provide face-to-face opportunities to seek donations.

**Consulting brings much-needed revenue to smaller digital media sites**

As we found with events and training, many journalists offer consulting services and use the funds to support their journalism projects.

Across the study, 28% listed consulting as one of their top three revenue sources, usually in the form of website design, social media management, or content creation.

Consulting was especially important in the two middle tiers, and seems to help make up for the lack of traffic needed for serious advertising revenue. In many cases, the journalistic website serves as a kind of promotional device, attracting an audience of potential clients.

**Grants provide revenue to a relatively small segment of these digital natives**

Only 14 of the digital natives studied reported receiving grants as one of their top sources of revenue between January 1 and December 31, 2016.

In the top revenue tier, only one reported receiving grant funding.

In the second tier, four reported grants as their top revenue source, in the third tier, five rely primarily on grant funding, and in the fourth tier, four received grants.

Ten of those 14 also reported receiving grants in previous years.

The most commonly cited grant and philanthropic investment sources were the Open Society Foundations and the Ford Foundation.


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**Fact-checking news service**

*Agência Lupa* of Brazil may have invented a new kind of news service, a fact-checking news wire.

It has done work for some of the biggest media outlets in the country, including this fact-check of President Michel Temer’s government done with Folha de S. Paulo.

It counts among its other clients the CBN radio network, *GloboNews*, and *Época Magazine*.

They also collaborated with Univision on the presidential debates of Hillary Clinton and Donald Trump.
Comparing digital natives in four media markets

Although the economic conditions of each of the four countries in this study vary significantly, the trends we found when we compared staffing levels, traffic, and revenue sources, were remarkably consistent across all four.

All four revenue tiers included media from all four countries.

The importance of revenue diversity was consistent in all four, and we identified media in Mexico, Argentina, and Brazil using programmatic advertising exchanges.

Among country-specific findings, Mexico stands out as the clear leader when it comes to making money with 53% of the total revenues reported. Mexico was also the market where we found the highest use of programmatic ad exchanges and native advertising.

In keeping with the relative size of their markets, Brazil and Mexico had the highest levels of initial investment.

Mexico and Argentina reported the highest amount of traffic coming from mobile devices.

Colombia had the oldest digital media sites in the study; 76% had been publishing for more than four years.

For more information specific to each country, as well as links to descriptions of all of the 100 media projects featured in this study, visit data.sembramedia.org.

Combined total revenues by country of all of the digital natives in the study*

- 53% Mexico $7,971,282
- 18% Argentina $2,703,287
- 14% Colombia $2,130,321
- 15% Brazil $2,279,650

* 10 of the media studied declined to share revenues; 6 from Brazil, 3 from Colombia, and 1 from Mexico.

Source: data.SembraMedia.org
Digital natives are heavily focused on content, and the majority of their team members are journalists. Yet there is clear evidence that adding even one person focused on driving revenue can make a significant difference on the bottom line.
Content-driven teams miss business opportunities

With few exceptions, the journalist-led digital natives in this study under-invest in sales and marketing, even when they have high enough traffic to suggest an advertising initiative could drive significant revenue.

Many complain they don’t have the money to hire sales staff, but the ones who do are reaping the benefits.

One of our most dramatic findings was the impact of hiring at least one sales person. When we compared the median revenues of those who reported having a paid sales person with those that don’t, the numbers speak for themselves:

The median revenues of ventures with at least one paid sales person: $117,000 per year.

The median revenues of those with no one dedicated to sales: $3,900 per year.

This finding was confirmed when we compared the overall structure of the teams at each of the four tiers identified in this study. The top two revenue tiers had a median of two people in sales, the bottom two had none.

Sweat equity supplements small budgets

Most of the media in this study can only afford a small staff, although some benefit from volunteers and alliances. The median number of employees across the study was 13, but their teams range from one to 172, although not all are full-time employees.

Again, there were a couple of outliers, including Lingoo, which because their crowd-voicing model draws on more than 160 people who read information for their audio news service.

Because most of the digital natives in this study were launched with little or no initial investment, it is fair to assume most have relied on the sweat equity of their founders, at least in their first few years.

Some of these journalists turned digital media entrepreneurs seem willing to work for little or no financial compensation for years at a stretch. The problem is that means they also have no working capital, and they are more vulnerable to closure because of financial pressure.

### Team structure among Latin American digital natives based on revenue tiers

<table>
<thead>
<tr>
<th>Tiers</th>
<th>Median size of total team</th>
<th>Median size of content team</th>
<th>Median size of sales team</th>
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<tr>
<td>$100 - $19,999</td>
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Source: data.SembraMedia.org
Founders have little experience in business, yet they are often the only one driving revenue

Most of the founders interviewed for this study have backgrounds in journalism or other social sciences, and 44% of them are the only member of the team working on building the business.

The following represents the professional experience reported by founders:

- 53% Journalism, communication, content production
- 20% Business, marketing, or administration
- 12% Humanities, literature, social sciences (political science, sociology, etc.)
- 11% Web technology
- 4% Audio visual production, design

These findings strongly suggest that you could improve the odds of success for a large percentage of the digital entrepreneurs in the region by providing training in business, sales, marketing, and management.
Record numbers of women founders and leaders

Going around the glass ceiling

One of the most dramatic findings of our study was that women were involved in starting 62% of the 100 sites surveyed in Argentina, Brazil, Colombia, and Mexico. Many of these ventures had mixed teams of founders.

When you add up all of the founders, 38% of the total were women. This finding is consistent with the number of women founders represented in the SembraMedia directory.

When we analyzed the entire directory of more than 600 digital natives from throughout the Spanish-speaking world, we again found that about 40% of the founders were women.

This finding suggests that women are taking advantage of the low barriers to entry in digital media startups to go around the glass ceilings of traditional media and build their own publishing companies.

The significance of this is hard to overstate, given the highly patriarchal culture of Latin America and the dismal numbers of women owners in traditional media.

In a 2014 study of Mexican media ownership, Aimée Vega Montiel of the Universidad Autónoma found that less than 1% of television station owners were women and none of the country’s newspapers included a woman owner. (Read full study in PDF)

Women are also playing a significant role in the executive and management teams of these digital natives.

Although the titles used vary among the 100 ventures we studied, our researchers identified women in management positions in 57 of them.

After working with hundreds of digital media entrepreneurs, there is considerable anecdotal evidence that women-led media organizations are more cooperative, more likely to form partnerships and share resources, and they are producing some of the more important coverage of underserved communities.

![Gender diversity of management teams at Latin American digital natives](chart.png)
Also of note, women seem more likely to work as co-founders when they start media ventures.

We did not set out to study women-led organizations, and we do not have the data yet to measure their influence, to determine how women founders shape the kinds of stories they produce, or whether their involvement impacts business and sustainability.

We believe this finding about the relatively high number of women in leadership roles in digital media in Latin America is significant and warrants further study.

Case Study: Economía Femini(s)ta

The founders of the website Economía Femini(s)ta, Mercedes D’Alessandro and Magalí Brosio, are both economists, a profession that has historically attracted few women.

Since they launched in 2015, their studies of women in the Argentine economy have attracted national and international attention, including from The Guardian and Monocle.

In our interview, they said they wanted their site to start conversations with women about economics, and that their work began to attract serious attention when they published an article with the title: “Women earn less than men around the planet, and your mom, too.”

That story was picked up by several other media companies, including Página 12, The Bubble, and UNO. In addition, Argentina’s National Budget cites several reports from Economía Femini(s)ta.

The Ministry of Economy, in its social networks and its website, also quoted their articles on the salary gap and the glass ceiling.

After selling two editions of their book, Economía Femini(s)ta, they began to monetize their young startup with webinars. They have since collaborated with other media, such as Media Chicas and Chequeado, to produce training events.

The founders say their goal is to raise awareness of economic issues, educate people, and connect with people who can change things.

In that spirit, they conducted a study of teen pregnancy in Argentina, with a statistical analysis that showed most teenage mothers dropped out of school in part because there are practically no secondary schools that have day-care centers.

The report helped bring attention to the fact that adolescent mothers’ lack of education is a major obstacle to their success in the labor market in Argentina.
The digital media publishers in this study are remarkably optimistic about growing their audiences, and they should be. There is much to suggest that even the smallest ones could grow significantly in coming years, but only if they dedicate resources to outreach and marketing.
Many of the digital media publishers in this study seem to be neglecting the core need of any business: to attract and retain as many “customers” as possible.

More than 30% attract less than 10,000 sessions per month, and it’s not because they’re just getting started, or because attracting a large audience isn’t possible. At the high end, the largest sites deliver more than 20 million sessions per month.

Their “customers” range from readers, to podcast listeners, to YouTube subscribers. Most have followers and fans on social media (some have a lot of fans). A few only publish on social media and are attracting more than 7 million followers.

Age is not the controlling factor when it comes to audience aggregation. A few of the ventures that are more than 5 years old seem to have stagnated, and some of the younger ones are just getting started.

In the mid-revenue ranges, traffic varies from less than 5,000 sessions per month to more than a million, indicating that even those who are growing may be destined to stagnate if they don’t change their ways.

The smaller sites have much to learn from their colleagues at the high end of the spectrum. The solution seems to lie in finding the right mix of content, social media outreach, mobile accessibility, and analytics.

### Huge social followings extend the reach of digital natives

The media in this study are heavy users of social media for the distribution of their content, and many have substantial followings.

All of the sites surveyed use Facebook, all but one use Twitter, 70% use YouTube, and 62% use Instagram. LinkedIn, Snapchat, and WhatsApp, are used by less than 12%. Of note, use of the Telegram app seems to be growing, likely because it offers a higher level of encryption for security-conscious journalists.
The leading sites have millions of followers and adeptly use them to spread news and information, survey readers, and cement the loyalty of their followers. But again, the range varies dramatically. Although the average number of Facebook likes reported by media in the survey was 456,000, the median was 16,800.

The average number of Twitter followers was 174,000 for all the media, while the median was just 10,000. Again, numbers were skewed high by a few publications that have developed highly successful Twitter strategies and boast more than 7 million followers.

Other data in the survey helps explain the disparity between the average and the mean for each network. Only 28% of the outlets mentioned specifically that they had one or more staff members designated as a community manager or responsible for interacting with their communities. These outlets tended to have the largest social media audiences.

The success of those with social media team members strongly suggests that hiring staff to help drive audience acquisition has a significant impact.

A few examples of ventures with large social media followings:

(Brazil) *Quebrando o Tabu* publishes news exclusively on Facebook and has attracted more than 7 million likes.

(Mexico) *Aristegui Noticias* consistently scores higher than traditional media competitors when it comes to engagement across its nearly 15 million followers across Twitter and Facebook.

(Brazil) *Papo de Homem* used social media to help collect 20,000 responses to a survey on gender, which resulted in articles about wage disparities, domestic violence, and voting patterns.

(Mexico) *Animal Político* launched in 2009 as a Twitter account with the name @pajaropolitico. A year later, they changed the name to *Animal Político* and launched a news site aimed at millennials. Their evolution from a pure social media play to their own news site should serve as a model for other social media publishers.

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**Use of social networks by digital natives in Latin America**

<table>
<thead>
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<th>Social Media Platform</th>
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<tr>
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<td>YouTube</td>
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<td>Snapchat</td>
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*Source: data.SembraMedia.org*
Large social media audiences may lead to new revenue opportunities

Inspired by YouTube’s lucrative business model, which incentivizes content producers by sharing ad revenue, other social media platforms are starting to offer compensation to their biggest stars. In 2017, Facebook began paying some content producers to create video, in addition to sharing ad revenues with partners. If this trend continues, it could prove a hot new revenue source for digital natives that can attract large audiences on social media.

Already a few of the sites in this study are leveraging their social media presences to drive revenue in the form of influencer sponsorship deals and branded content services.

For example, in Argentina El Meme diversified their revenues by acting as a media agency for clients. The team at El Meme creates branded content for clients and shares it across their website and social media profiles. They’ve even found a way to extend their audience by developing contracts with other social influencers who also share their client’s branded content.

One of the ways El Meme developed such a vast network of influencers was by creating a special section on their website, designed to recruit and train content creators for their own website.

They required visitors to that special training section to log in using their social media profiles, a tactic that helped them identify influencers, broaden their content offerings, and ultimately extend their business.

Mobile internet driving growth, creating a “flourishing start-up environment”

Growing adoption of mobile technology has enabled small, journalist-led news organizations to collect and share news in innovative ways that are gaining audience and influence. Two-thirds of the sites reviewed in our study reported that more than half of their traffic comes from mobile devices and that mobile has been a key factor in growing audience.

With estimates that there will be 150 million new mobile Internet subscribers by 2020, up 50% from 2015, the Latin America and Caribbean mobile ecosystem is creating new opportunities for growth and innovation, and a flourishing start-up environment.
Smartphone growth rates are also head-spinning, rising from less than 10% in 2012 to more than 50% by July 2016. Improvements in mobile internet services are also helping audiences with limited connections gain more consistent, high-speed access.

By 2020, analysts predict that more than 450 million Latin Americans will own a smartphone, making it a larger market than the U.S. (Source of the statistics in this section: The Mobile Economy Latin America and the Caribbean 2016 GSMA.)

Mobile friendly design is essential: Apps no – podcasts yes

With mobile internet growth offering the best opportunity for growing audience, a strong mobile strategy is key.

Mobile and responsive web design seems a far better way to reach their respective audiences than native mobile applications, but three of the ventures we studied showed promise with apps—Linguno with 50,000 downloads, Aristegui Noticias with 100,000, and Taringa with 156,000.

Overall, only 11 of the publications we interviewed have built a mobile application, and several of those reported problems. Public response to app-based news consumption has been weak. Six of the 11 reported less than 100 downloads of their app.

One publisher created apps for Apple and Google Play, but has since abandoned them, saying, “The only benefit was for notifications, but that didn’t justify the maintenance.” Another publisher said their traffic was very low. A third said their app “was basically worthless.”

In contrast, podcasting, although still a small segment, shows promise. There is evidence to suggest that the Latin American podcasting market is poised to grow quickly in the coming years, as it has in the U.S. and other countries.

Although not included in this study, one of the leading Spanish-language podcasts, Radio Ambulante, offers a regional model for others to follow. In addition to attracting a broad Latin American audience, they have a growing audience in the U.S. thanks in part to a partnership with National Public Radio.

Multiple market conditions suggest the audience for podcasts in Latin America is likely to grow in coming years. Because podcasts can be downloaded when a user has good access to the internet and then played when and where the consumer wants, this content category is especially valuable when internet access is spotty.

Similarly, the worsening problem of traffic congestion in the region means consumers spend significant hours driving or riding in public transportation, a key factor in the growth of podcasting in other countries.

Understanding Google Analytics is key

Although 91 of the 100 digital natives we studied were using Google Analytics, when publishers were asked to specify the number of monthly users and total monthly visits, more than a dozen of those interviewed declined to answer the question.
Similarly, two-thirds of the respondents skipped questions about the number of visits that lasted more than 10-15 seconds (a measure of engagement), as well as the number of users who visit at least 10-15 times a month (a measure of loyalty). This lack of response led us to use traffic reports from SimilarWeb in this study.

Because there is such a strong correlation between audience size and revenues, and understanding analytics is key to driving traffic, this is a clear area of opportunity.

Across the global publishing industry, content producers that know and understand their audiences are not only better able to gauge the type of content readers want, they are able to spot holes in their coverage that can attract new audiences.

**Hyperlocal sites informing underserved communities**

Hyperlocal news organizations provide information unavailable anywhere else, so their contribution to the media ecosystem is especially valuable.

Because they are so physically close to their users, they often find stories others overlook, and they are the first line of defense against local despots.

Many communities in Latin America have never had a local newspaper, and even fewer have benefited from quality journalism coverage, making these journalism pioneers some of the most important new forces in the region.

But they are also the most vulnerable. Hyperlocal sites are attracting precious little advertising revenue, and their precarious financial position makes them more susceptible to attacks by political and business powers.

When local media cover corruption and unfair business practices, they often face retaliation, the loss of advertising revenue, or worse. As a result, most struggle to provide much-needed local news coverage with little if any income.

Although it is especially challenging to develop a solid business model for hyperlocal news sites, they don’t need a lot of revenue to become sustainable because they can be run by a small team and often benefit from community support and volunteer contributors.

“Our journalism is produced with sensitivity by professionals in search of great stories about the Amazon and its populations, especially those that have little visibility in the so-called major media.

Our mission is to produce ethical, investigative journalism, based on the issues of the Amazon and its people.”

— From mission statement, *Amazônia Real*, Brazil
From training citizen journalists, to helping universities share research beyond their ivory towers, digital media entrepreneurs are exploring new ways to engage audiences and create new revenue models.
Limited resources make innovation essential

Many of the innovative ideas that we discovered in this study were fueled by a combination of the need to solve problems creatively, a desire to develop new revenue streams, and the closeness of these journalists to the audiences they serve.

A few examples of innovative projects

(Colombia) La Silla Vacía created both a new type of sponsorship opportunity and a space for public debate when they launched a collection of online forums and invited 50 experts to post about popular topics, including leadership, education, innovation, and women’s rights.

Branded with a variation on their name, La Silla Llena features carefully moderated forums, each offering a unique sponsorship opportunity and a place for informed discussion and debate.

Building on their reputation for being intellectual leaders in their country, founder Juanita León and her team have also had success with a section of the site where

Entrepreneur uses crowd-voicing to replace computer audio

Linguoo of Argentina is an audio news service that uses crowd-voicing to produce news and other information that is read by humans instead of robots.

Emanuel Vilte started the service when his mother lost her eyesight, and the online community now features more than 150,000 articles and blog posts read in Spanish and English by a global network of volunteers, many of whom read their own blogs.

The mobile application makes it easy to listen to audio files offline and it offers recommendations based on listening habits.

With more than 100,000 users, Linguoo’s business model includes subscriptions and advertising, as well as partnerships with telecom companies.

This innovative approach has helped Vilte receive numerous awards, including the LatAm Unesco and MIT Under 35 awards.
they sell academic papers, sponsored research studies, books, and serialized publications. Branded as The IQ, this section is sponsored by universities and NGOs.

(Brazil) Volt Data Lab specializes in making government databases more accessible to general audiences in user-friendly formats that increase public awareness and community participation.

(Mexico) Así Como Suena produces audio documentaries on business and politics. They had just launched as we started this study at the end of 2016, but had already developed a syndication deal for one-time use of its podcasts with other media outlets around the country.

(Argentina) El Meme created an alliance with Chicas Poderosas Argentina and Ñoño Productions to create the first VR election coverage in 2015, including real time social media broadcasts with 360 video.

(Colombia) Revista Mprende is more than just a website, it has become a laboratory of entrepreneurship and innovation, and an important part of the entrepreneurial ecosystem in Colombia.

Mprende has developed a collaborative model and created alliances with 50 universities to publicize courses and events. It also works closely with accelerators Wayra and INNpulsa and a variety of chambers of commerce in the country.

(Argentina) Cosecha Roja runs a journalism training program for citizens, funded by a grant from the Open Society Foundations.

They focus on underserved communities, producing stories about human rights, women, and LGBTQIA communities. Articles produced in their seminars are published on their own site, as well as in the publications of the participants.
Stolen Memories: A cross-border collaboration to recover cultural treasures and thwart money-launderers

For centuries, cultural artifacts have been looted from Latin America and sold to museums and galleries, mostly in Europe and the U.S. In more recent years, buying and selling artifacts has become a popular way to launder money.

Determined to help stop illicit art trafficking, investigative journalists from Ojo Público, an award-winning digital media native in Peru, developed Memoria Robada (Stolen Memories) in 2016.

Reaching out to friends and colleagues at other digital media in the region, Ojo Público formed partnerships with reporters from Plaza Pública, a digital native in Guatemala, La Nación, a daily newspaper in Costa Rica, and two of the sites reviewed in this study: Chequeado of Argentina and Animal Político of Mexico.

The project began with a series of public records requests and a focus on artifacts from Peru, but it soon became clear that tracking stolen artwork effectively would require an international team, said Fabiola Torres, a co-founder and editor at Ojo Público.

To develop the massive database that forms the core of Ojo Público’s Stolen Memories website, the team filed hundreds of public records requests and spent months combing through data, images, videos, and interviews.

The stories featured on the Stolen Memories site include the art trafficking activities of politicians from Buenos Aires, drug traffickers in Guatemala, and diplomats in Costa Rica and Peru. Working with partners across five countries helped these journalists piece these complicated stories together and reveal how the international art market facilitates the sale of stolen art from temples, museums, and private collections.

“Stolen Memories is the first international database of stolen cultural artifacts in the world that is updated and accessible to the public,” Torres said. Unlike the commercial database services used by private art dealers, the Stolen Memories project is free.

Users of the site can search information from a variety of sources, including Interpol’s files on 39,000 stolen works of art from more than 132 countries, and reports from cultural ministries in Peru, Guatemala, Costa Rica, Mexico, and Argentina.

The Stolen Memories project by Ojo Público was made possible, in part, by the financial support of the International Women’s Media Fund and the Fund for Investigative Journalism.

“Ojo Público is an innovation lab, but that doesn’t mean we’ve abandoned the best practices of traditional journalism,” Torres said. “Using technology raises the bar and helps us set even more rigorous standards for our work. Our team includes experienced investigative reporters, as well as programmers. The young journalists who are starting their careers with us are finding it natural to combine technology and reporting. Our goal is to develop a 21st-century model, one that transcends traditional print reporting to provide a more interactive and responsive way of providing news for our audience.”
Digital natives in Latin America are having an impact, but they are also vulnerable to physical, legal, financial, and cyber attacks, which threaten their lives and livelihoods.
Our recommendations

One of the things that jumped out as we conducted this study was the lengths that some of these journalists are willing to go to in pursuit of the truth—even at enormous personal cost. Journalists in Latin America, particularly investigative reporters chasing down corruption and criminal enterprises, face increasing risk.

We believe that helping them to strengthen their businesses, helps them to have more independence and better resources to defend themselves. Yet while they are growing and developing these ventures, they need more support and protection from the threats.

Our analysis on the proprietary data we gathered for this study reveals that there are steps that can be taken to help these entrepreneurial journalists build stronger businesses while maintaining editorial independence.

Some of the ventures in this study have already found their way to sustainability – and even profitability, and the diversity of models presented in this study offers a range of options for those still developing.

We believe that if investors and foundations act in the following specific, measurable (and relatively low-cost) ways we suggest, many of these digital natives will quickly grow into impactful, sustainable (and even profitable) properties.

Here are our recommendations.

Vulnerability

Connect them with organizations that protect and defend journalists

The desire to produce independent journalism drives their need to be fiercely self-sufficient. Their independence is what enables them to do reporting others won’t (or can’t) do, but it also leaves them isolated and vulnerable.

Although there are some support organizations in place for journalists, such as TrustLaw (Thomson Reuters Foundation), too often entrepreneurs are unaware they exist, or these startups are so small that they are unable to meet all the requirements on their own.

Part of the problem is that there are so many new media organizations that it’s hard to identify which ones need (and are worthy of) the support that is available.

Similarly, when digital natives need help, they lack a professional association to help them find support and denounce threats.

Recommendation: Fund the creation of a matchmaking program or umbrella organization to better connect digital natives with legal, technical, and business support services, including those that protect websites from hackers and DDoS attacks, such as Deflect and Project Shield.

Recommendation: Create a protocol for these journalists that they can follow when they are covering high-risk topics and are most vulnerable to physical, legal, and cyberattacks, and distribute it via the umbrella organization, or via a series of trainings and workshops throughout the region.

Business Models

They don’t have to ‘suck’ at business

Journalists make great entrepreneurs when it comes to working independently, finding a problem to solve, connecting with an audience, and producing great content, but many of them suck at business.

We use the word “suck” as a technical term here, because we know that humor helps break down the barriers to learning.

After working with thousands of digital entrepreneurs over the last decade, we know they can get better at business, and it doesn’t require sending them to get an MBA.

What these journalist-turned-entrepreneurs need are classes that don’t suck and don’t waste their time.

The founders and directors of these digital natives need practical training based on real-world best practices, and they need it fast. They need to learn what’s working now and they need to start preparing for the next big disruption.

Recommendation: Create a mix of online courses designed to teach key skills quickly and flexibly, combined with local and regional seminars and events. Training should also be supplemented by mentors, consultants, and coaches.
The training needs to emphasize core business concepts that meet the unique challenges of digital media, and include case studies and courses based on the latest trends and technologies.

For example, native advertising is a growing revenue driver; but courses in how to manage sponsored content need to be developed with sensitivity to journalists who are naturally concerned about protecting their integrity and independence.

Similarly, they need help keeping up with technology trends, from new multimedia formats, to best practices in social media. For these kinds of ongoing updates, we recommend case studies and short online courses.

**Provide training in ad placement, optimization, exchanges, and analytics**

The use of ad exchanges among the top revenue earners in this study indicates that better use of the latest advertising exchanges, as well as ad technology and optimization, could significantly increase advertising income.

The growing use of ad exchanges stands out as an increasingly important revenue source, especially because it seems to be helping them monetize their U.S. audiences. Even at the lower tiers, helping them learn to use ad serving and tracking technologies could increase revenues relatively quickly.

**Recommendation:** Create a series of courses and seminars to teach digital natives how to measure and track advertising response rates, and to use revenue optimization tools, such as AdNexus, to better optimize ad formats and placement. We identified more than 20 ad exchanges in use by those with the highest revenues.

**Recommendation:** Fund a regular series of research reports that explains which ad networks drive the most revenues for the news organizations in Latin America.

**Foster sustainability with grants for business development**

While we would never suggest cutting back on funding for great journalism, there is also a clear need for funding that supports business development. Many of the organizations we studied report that they are “stuck” because they lack the funds to hire qualified business staff, but the lack of such valuable revenue-generating staff is also what contributes to their chronic lack of funds.

**Recommendation:** Foundations should provide grants to organizations that show promise, but that are trapped in this classic “chicken and egg” situation. We recommend grants that help entrepreneurial journalists hire, manage, and develop professional sales, accounting, and business teams, as well as dedicate resources to audience growth, product development, and business strategy.

**Prepare entrepreneurs for investment**

Although only a handful of the media in this study are attractive investment opportunities for traditional investors today, many show promise. However, entrepreneurial journalists generally lack the skills to effectively present and pitch their organizations to experienced investors.

**Recommendation:** Train digital natives how to get their books in order, how to create a “pitch deck,” how to identify the most attractive facets of their business, and how to give a business-focused presentation to investors.

This may require establishing a long-term mentor-type relationship between the journalists and experienced entrepreneurs, but with the right support (in some cases combined with micro-investments), many of these sites could take the leap from just scraping by to profitability relatively quickly.

**Teams**

**Help develop interdisciplinary teams**

Most digital natives are led by one or more journalists with little or no business experience. In many cases, their teams are composed primarily (and sometimes entirely) of journalists.

To help them diversify their teams, they need more than just investment, they need help identifying and recruiting talent, especially in sales, where their lack of experience can hinder their ability to make good hires.

**Recommendation:** Create a regional recruiting service or job listing board focused on business people interest-
ed in social entrepreneurship and media. This kind of service would not only help entrepreneurial journalists, but other social entrepreneurs in the region.

**Connect women journalists with international programs and mentors**

There are a growing number of organizations and investors interested in supporting women entrepreneurs, and most would likely be surprised by the number of women launching digital media businesses in Latin America.

More coverage of this trend could help bring women entrepreneurs greater visibility and support and inspire more women to launch their own media companies.

**Recommendation:** Fund more extensive and in-depth research into this unprecedented phenomenon. Obviously, there are social, economic, and personal reasons that have led women to becoming entrepreneurial journalists.

Further research will help uncover whether women are becoming digital entrepreneurs because they have to — or if there is some characteristic unique to women journalists that is making them more successful at building high-impact organizations.

**Recommendation:** Create a travel fund so that women who run digital natives can attend conferences by and for women entrepreneurs. Such conferences are key opportunities for women to share experiences and knowledge about much-needed revenue streams, mentors, and training opportunities.

**Innovation**

**Provide tools and training to better serve and grow audiences**

It all comes down to audience. Whether you’re trying to increase page views to deliver more ads, or you’re working to strengthen loyalty and encourage readers to become members, the key is understanding your audience.

Many of these organizations could increase audience loyalty through email lists, events, and targeted marketing efforts — all of which have been shown to help convert users into customers, members, and donors.

**Recommendation:** Create classes and seminars to train digital natives how to read analytics, how to measure audience engagement, search engine optimization, and better use social media to build loyal audiences.

**Negotiate group discounts for tech services and web hosting**

Many digital natives can’t afford the high cost of the latest tech, and even those who can are often paying the highest prices because they are too small to qualify for bulk discounts. This is another barrier to growth.

**Recommendation:** Create a membership organization that negotiates on their behalf to help them save money and gain access to better technology. This organization will leverage economies of scale to get better pricing, and will also help entrepreneurial journalists choose which technologies are most appropriate for their level of development, rather than just blowing money on the latest “bright shiny toy.”

**Recommendation:** Create a technology resource directory with recommendations for the best tech options based on their size, needs, and expertise.

**Alliances**

**Create more opportunities to encourage collaboration**

Some of the best projects produced by the organizations in this study were the result of cross-border collaborations by teams working both jointly and independently. These collaborations often arise through personal connections forged at journalism conferences and seminars that attract the best and brightest talent.

**Recommendation:** Organize a series of events around the region, with a special emphasis on sessions that explore innovative ways that journalists can work together to crack complex (and often dangerous) stories.

**Recommendation:** Funders could sponsor travel grants for entrepreneurs to participate in existing journalism conferences and events.

**Recommendation:** Fund research and case studies about how journalists collaborate and use the latest high-tech tools to produce award-winning stories and investigations.
Build bridges between traditional media and digital natives

From syndication deals to joint marketing efforts to transnational reporting projects, partnerships with traditional media help digital natives grow faster, make more money, and have greater impact.

When stories are picked up in national and international media, they reach a wider audience and put greater pressure on governments and other organizations to be more accountable.

When traditional media jumps in and covers stories broken by digital natives, it helps takes some of the pressure off, because more people become aware of the attacks that all-too-often follow in the wake of great, high-impact journalism.

There are precedents in Latin America that suggest pressure from the international community can help protect journalists, and even get them released from prison. International media attention also helps digital natives build credibility, strengthens their position among colleagues and peers, and validates their work and the quality of their reporting.

But it is not just the digital natives that benefit from working together; legacy media gain access to high-quality content that covers geographic areas, investigative stories, and topics that require specialized reporting, including health, the environment, and underserved communities.

**Recommendation:** Partner with organizations, such as the Inter American Press Association, the International Center for Journalists, among others, who are already working to protect journalists, but do not always include these new digital media players.

**Recommendation:** Sponsor conferences and meetups that bring together digital entrepreneurs and traditional media, where they can explore ways to collaborate on complex projects. Funders could sponsor travel grants for entrepreneurs to participate in traditional journalism conferences and events.

**Recommendation:** Fund the creation of a regional organization that matches startups and established media on projects of mutual interest, so they can share the cost of content creation, while also working together to build audiences (and thus revenue opportunities) for their reporting projects.

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**Digital natives that report their work was republished in other media**

- **National media have picked up their stories:** 72%
- **International media have picked up their stories:** 66%

Source: data.SembraMedia.org
“W
We believe that studying the business models being used by Latin American digital natives can help us identify ways to strengthen the ecosystem. We are developing training and events because we believe getting entrepreneurial journalists talking about money with transparency is key to getting them ready to take advantage of the opportunities.”

— Mijal Iastrebner
Co-founder and Managing Director
SembraMedia
About this report

This report was produced by SembraMedia with support from Omidyar Network.

From December 2016 to April 2017, SembraMedia’s team of researchers conducted two-hour interviews with the founders or directors of 100 digital media startups, 25 each from four countries—Argentina, Brazil, Colombia, and Mexico.

Seven researchers (four men and three women) worked on this extensive research project (their biographies are included at the end of this section).

They were recruited because of their experience as researchers, digital journalists, and entrepreneurs. Their personal connections with digital media founders in their countries were crucial to gaining the trust of the entrepreneurs they interviewed.

In confidential interview sessions, participants were assured that financial and other data would be kept private and only top-level findings would be shared publicly. Most interviews were conducted in person.

All the interviews were conducted in the native language of the subjects (Spanish or Portuguese) and then translated into English to be included in this report.

In each interview, researchers asked the same 130 questions, designed to reveal the inner workings of these outwardly impressive journalism organizations. The questions were divided into sections and covered: impact, challenges, business models, teams and management, audience, and innovation.

The in-person interviews, the consistency and scope of the questions, and the personal connections of our researchers enabled us to delve deeply into impact, challenges, and audience, as well as expenses and revenues, and develop the insights in this report, which goes far beyond any previous study of Latin American digital media entrepreneurs.
Methodology

Of the 100 organizations surveyed, 90 answered every question, 10 declined to provide confidential financial information. After analyzing this rich data set, we were able to identify opportunities, trends, and emerging business models.

We supplemented some of the data with third-party sources to provide context and consistency. We used traffic reports from SimilarWeb to ensure more consistent numbers for detailed comparisons on analytics. We also used Ghostery to help identify the use of advertising tags to identify participation in ad exchanges.

How digital natives were selected

The entrepreneurial journalism projects studied were selected because they provided a representative sample in terms of size, influence, technological sophistication, innovation, and/or dedication to quality journalism in Latin America in 2016.

Research also selected a mix of geographic coverage areas: 44% consider themselves international, 63% national, 23% hyperlocal or provincial (some media identify themselves in more than one category).

SembraMedia directory provided headstart

The preliminary research for this study was done by SembraMedia, a nonprofit organization dedicated to supporting digital media entrepreneurs, which was launched in October 2015.

SembraMedia spent 14 months developing a searchable directory with more than 600 digital natives in 19 countries before this study was conducted.

The selection criteria used to choose the 100 projects for this study were based on SembraMedia’s criteria for inclusion in its directory, which was developed over several months by an international team of journalists. (The criteria for inclusion is published in English and Spanish at SembraMedia.org).

The digital natives studied in Brazil were selected by the lead investigator for Brazil, who has been studying digital natives there for the last five years. We also drew on the work of Agência Pública and their map of independent journalism in Brazil.

How data was collected and analyzed

After each interview was conducted, the results were entered into SurveyMonkey, which was used as a central repository for the data collected by our researchers. A team of four analysts then reviewed the data and developed the findings and insights included in this report. Their biographies are at the end of this document. The analysts spent several days normalizing and translating the data from Spanish and Portuguese into English, and then imported key segments into Excel for deeper analysis, calculations, and comparisons.

Converting four currencies into dollars

The researchers collected 2016 revenue and expense numbers in the currency of the country where they conducted their research. The analysts then converted that financial data based on the average exchange rate for 2016, using rates provided by the World Bank. The one exception was the category of initial investment, where the currency exchange rate used was based on the year the project was founded.

Subjects were organized into four tiers

The age, audience size, and revenues of the digital natives studied varied significantly. Some launched in 2016, others were more than a decade old. Some reported more than a million dollars in revenue while others reported no revenues at all.

To best manage these differences, most of the numbers used in this report were calculated as medians not averages. After analyzing the data from the 90 organizations that answered all the financial questions, four distinct levels emerged that cut across all four countries. Because we found a strong correlation between traffic and revenue, we determined the best way to categorize them was to start with total revenue, and then factor in the audience size, the top three revenue sources, content focus, and age. We also studied the size and structure of their teams.

To avoid distorting these categories, we removed six outliers from this part of the analysis, including Linguoo, which is primarily a mobile application, two that had unique and significant revenue sources, and three that only publish information on social media sites. They are included in other sections of this report.
Although we believe this report represents the most comprehensive investigation of digital natives in Latin America, we want to acknowledge the work of some of the other researchers and organizations that have studied this evolving market in the past.

Here are a few of the studies, reports, and books that we consulted as we developed our research and produced this report.


About Omidyar Network

This study was made possible thanks to the support of Omidyar Network, the philanthropic investment firm established in 2004 by eBay founder Pierre Omidyar and his wife Pam.

The firm is dedicated to harnessing the power of markets to create opportunity for people to improve their lives.

To do this it invests in and helps scale innovative organizations across multiple initiatives, including Education, Emerging Tech, Financial Inclusion, Governance & Citizen Engagement, and Property Rights.

In April 2017, Omidyar Network expanded its decade-long commitment to independent media with the addition of $100m of funding over three years to strengthen independent media and investigative journalism, tackle misinformation and hate speech, and enable citizens to better engage with government on critical issues.

To date Omidyar Network has committed more than $1 billion to for-profit companies and nonprofit organizations that foster economic advancement and encourage individual participation.

To learn more, visit omidyar.com, and follow on Twitter @omidyarnetwork #PositiveReturns.

About SembraMedia

This study was conducted by SembraMedia, a nonprofit organization dedicated to increasing the diversity of voices and quality content in Spanish by helping digital media entrepreneurs become more sustainable and successful.

SembraMedia’s larger mission is to help digital publishers better serve their audiences by helping them create high-quality content while balancing journalistic integrity with financial sustainability.

SembraMedia manages a directory of digital natives, provides training, and is fostering a growing community where journalism entrepreneurs can network, share resources, learn new skills, and draw on the expertise of others who are facing similar challenges.

With a virtual team of more than 20 contractors in 16 countries, they focus on supporting digital natives in Spanish in the U.S, Latin America, and Spain — and they are always delighted when their work encourages and supports journalists elsewhere in the world.
The team

Janine Warner
Project Director and Analyst

Janine is the co-founder and executive director of SembraMedia, and an ICFJ Knight Fellow.

Janine has worked with thousands of entrepreneurial journalists throughout Latin America. Over the last decade, she has traveled extensively teaching workshops and seminars at media companies, universities, and events in nearly every country in the Spanish-speaking world.

She has taught three online courses in entrepreneurial journalism for the Knight Center for Journalism in the Americas at the University of Texas, attended by nearly 9,000 online students.

She has been an adjunct faculty member at the University of Miami and USC, and a guest lecturer at more than 30 universities. She has written or coauthored more than a dozen books, including *Web Sites For Dummies*.

She has served as a judge in the Interactive Emmy Awards, the Knight News Challenge, the Arroba de Oro Internet Awards, and the WSA Mobile & Content awards.

Mijal Iastrebner
Project Manager and Team Leader

Mijal is co-founder and managing director of SembraMedia.

She conducted all of the interviews in Argentina, managed the researcher team, and helped to normalize and analyze the data.

In addition to managing the team at SembraMedia, she is a teacher in the Master's program at La Nación Journalism School at the University Torcuato Di Tella.

She has also taught entrepreneurial journalism online for the Knight Center for Journalism in the Americas at the University of Texas.

In 2010, at age 22, Mijal won first prize for her magazine's business plan at the Desafío Joven Entrepreneurship Program, organized by Shell and ACDE.

In 2013, Mijal developed the Journalistic Entrepreneurship course for The TEA School of Journalism. In 2014, the Education Ministry of Buenos Aires selected the course to be included in every journalism program in the city.
James Breiner
Editor
Bilingual digital media consultant, specializing in journalism innovation, entrepreneurship, and multimedia.

He is currently a visiting professor of communication at the University of Navarra in Pamplona, Spain.

He has consulted and taught in more than a dozen countries in Europe, Asia, and the Americas. For two years he was director of the master’s program in Global Business Journalism at Tsinghua University in Beijing.

He was founding director of the Center for Digital Journalism at the University of Guadalajara in Mexico.

It was the second time he received a Knight International Journalism Fellowship to work in Latin America.

David LaFontaine
Editor
David began his career as a journalist and has extensive experience in research, digital design, multimedia, and analytics.

David has taught Digital Immersion, Online Multimedia, and Digital Publishing, at the Annenberg School for Journalism at the University of Southern California.

He has also lectured at universities around the world, including at the Institute for the Digital Future of Journalism at Mohyla University in Kiev, Ukraine, and the Universidad Mayor in Chile.

He has twice been selected as a Fulbright specialist to teach digital media skills to journalists, NGOs, and pro-democracy groups. In 2012, he worked in Ethiopia, and in 2017, in Myanmar.

He has written case studies for the News Media Alliance (newsmediaalliance.org), the World Association of Newspapers (WAN), Innovation International Consulting Group.

Adriana Peña Johansson
Strategic Advisor
Adriana is an award-winning marketing and business strategist. A pioneer in Spanish-language digital media, she has more than 20 years of leadership experience in digital marketing in Latin America and the United States.

She is the founder of Advernativa, a digital advertising revenue consultancy based in Los Angeles, that helps content startups and publishers to accelerate the growth of their advertising revenue.

While in executive leadership positions at Televisa, Cnet, Havas Media, and Entravision she opened up profitable new digital media revenue streams, and created innovative integrated branding campaigns for top global brands.

Adriana has a long history in the Digital Advertising Industry in Latin America, as a founding member of the Mexican Internet Association, she served as Vice President of Market Research for more than 4 years.
Dulce Ramos
Mexican lead investigator

Mexican journalist dedicated to creating innovative digital projects and audience development.

Currently, she is the Newsroom Coordinator at the non-profit organization Mexicanos Contra la Corrupción.

She was a member of the founding team of The New York Times en Español. As Growth Editor, she developed strategies for building audience.

She was the Executive Editor of Animal Político and led the team behind NarcoData, which uses big data to explain and track the growth of drug cartels. In 2015, she started the first fact-checking project in Mexico.

She was awarded the ICFJ-Newscorp Fellowship in 2014 and the Faces of Discrimination Journalism Award in 2013. She has a master’s degree in Journalism from the Autonomous University in Madrid.

Jordy Meléndez
Mexican investigator

Founder and Director of Distintas Latitudes, a Latin America digital platform that covers a diverse range of topics, including politics, corruption, gender issues, migration, open data, entrepreneurship, LGTBI, and sustainability, with a team of 200 collaborators from 17 countries.

He also coordinates la Red Latinoamericana de Jóvenes Periodistas (the Latin American Network of Young Journalists), an initiative to identify, train and promote new journalistic talent in the region.

He is also co-founder of Factual, which provides technical support to media and journalists; and Fáctico, a mobile technology laboratory. He is the author of a 2015 Study of Digital Media and Journalism in Latin America and Coordinator of Case Studies for SembraMedia. Since 2012, he has hosted the annual Latin American Forum of Digital Media and Journalism in Mexico.

Ernesto Aroche
Mexican investigator

Founder and co-director of Lado B, a digital media site in Puebla, Mexico.

Aroche is also SembraMedia’s Mexican ambassador and he has conducted extensive interviews with digital media entrepreneurs throughout the country.

He now works at Animal Político.

He has covered breaking news stories, conducted investigations, and collaborated with other Mexican media, including Revista Obras y MVS Noticias.
Sérgio Lüdtke
Brazilian Researcher

Journalist, researcher, professor and the director of Interatores, a digital communications consulting firm.

He is the former executive editor at Grupo RBS and Grupo Globo and former publisher of Artes e Ofícios Editora.

He is a professor and the coordinator of the Masters in Digital Journalism program at IICS, one of the most respected communications training programs in Brazil.

He developed a course in Portuguese called ‘Modelos de Negócios e Financiamento do Jornalismo Digital’ based on his research on digital media business models.

Mauricio Jaramillo
Colombian Researcher

Journalist and consultant who specializes in digital journalism.

Mauricio is the founder and director of Impacto TIC and +Hangouts de Periodismo.

He also serves as the Sembra-Media ambassador for Colombia where he has identified and categorized more than 60 digital media projects for the Sembra-Media directory.

He has worked as an editor for the technology website, ENTER.CO, and as a technology reporter for El Tiempo.

María Eugenia Álvarez
Research Assistant

Assistant director at Sembra-Media.

She has worked as a communication consultant, journalist and assistant producer in radio and television.

Álvarez has been a guest lecturer at the Radio Workshop at the TEA School of Journalism in Buenos Aires.

She has a degree in Digital Journalism from TEA and the University of San Andrés.
Digital natives studied in Argentina

ADNSur
Argenieros
Buena Vibra
Caja Roja
Chequeado
Confluencia Digital
Cosecha Roja
Crímen y Razón
Crónicas de moda
Eameo
Economía Femini(s)ta
El gato y la caja
Eliminando Variables
El Meme
El Mirador
Escrutura crónica
Linguoo
Maleva
Porven
Posta
Puchero News
Radio Colmena
Solo local
Tiempo Patagónico
Taringa

Digital natives studied in Brazil

A Escotilha
Agência Lupa
Agência Mural
Agência Pública
Amazônia Real
Aos Fatos
AzMina
Brio Hunter
Calle 2
Congreso em Foco
Envolverde
Fluxo
Gênero e número
InfoAmazonia
Jota
Justificando
Meio
Nexo
Papo de Homem
Pontes Jornalismo
Quebrando o Tabu
Repórter Brasil
Street Music Map
Volt Data Lab
Voz das Comunidades
### Digital natives studied in Colombia

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Special thanks to Omidyar Network for making this research project possible.