



## [en] Digital news start-ups in Spain: symbolic and social capital as drivers of success<sup>1</sup>

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**Abstract.** Ongoing downsizing in the media sector has sparked a new start-up culture in the field of journalism. Over the past few years an increasing number of news organizations seeking to leverage social and symbolic rather than financial capital and cultivate employee as well as audience loyalty have entered the market (Wagemans, Witschge and Deuze, 2016). This paper examines *El Diario* (eldiario.es) and *El Confidencial* (elconfidencial.com). Qualitative methods involving the on-site observation in their newsrooms and semi-structured interviews with their journalists were employed. Findings indicate that both see themselves as alternative news providers whose emphasis *El Diario* draws heavily upon the symbolic capital of its founder Ignacio Escolar, *El Confidencial*, has banked primarily on its social capital.

**Keywords:** Start-up; digital journalism; innovation.

## Startups digitales en España: el capital simbólico y social como factor de éxito

**Resumen.** La crisis en el sector de los medios de comunicación ha propiciado la emergencia de nuevos modelos periodísticos. En los últimos años ha surgido en el sistema mediático un número cada vez mayor de proyectos que buscan aprovechar el capital social y simbólico, y cultivar la lealtad tanto de los empleados como de la audiencia (Wagemans, Witschge y Deuze, 2016). Este artículo analiza *El Diario* (eldiario.es) y *El Confidencial* (elconfidencial.com). Para la investigación se han empleado métodos cualitativos que implican la observación in situ en sus salas de redacción y entrevistas semiestructuradas con sus periodistas y editores. Los resultados indican que ambos se ven a sí mismos como proveedores de noticias alternativos, cuyo énfasis en la investigación está marcando la diferencia con otros medios. Sin embargo, mientras eldiario.es recurre en gran medida al capital simbólico de su fundador Ignacio Escolar, *El Confidencial*, ha invertido principalmente en su capital social.

**Palabras clave:** Startup; periodismo digital; innovación.

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**Summary.** 1. Introduction. 2. The emergence of journalist-founded news start-ups. 3. Objectives, methodology and objects of study. 4. Financial resources are not the only key to success. 5. Successful strategies in a challenging market: *elconfidencial.com* and *eldiario.es*; 5.1. The image each seeks to project; 5.2. Financing; 5.3. The role played by readers; 5.4. Achievements. 6. Discussion. 7. References.

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## 1. Introduction

Caro et al. (2017: 431) have observed that the impact of recent economic crisis has been “particularly hard” on the profession of journalism in Spain. The Asociación de la Prensa de Madrid (APM) reported in its *Informe de la Profesión Periodística* (Palacios, 2015) that 375 media companies (amongst them 214 magazines, 58 online news sites, 39 television stations, 38 newspapers, 11 free broadsheets, 11 radio stations and 3 news agencies) were forced to suspend operations between 2008 and 2015.

During this period, 12,200 professional journalism jobs were lost in Spain. Although the television industry, which saw a whopping 4,459 professional positions eliminated, was the most affected, the newspaper and magazine sectors also suffered cuts to the tune of 2,635 and 1,589 respectively. According to the APM (Palacios, 2016) a total of almost 8,000 journalists lost their jobs. Of these, 5,029 (64%) were women and 2,861 (36%) were men. It is therefore not surprising that the greatest preoccupations of Spanish journalists today are unemployment, job precarity and low sector wage scales (Caro et al., 2017: 431). The situation for young journalists entering the labour market is particularly drastic. On the one hand, it is taking them longer to secure their first sector job, and on the other, the number of students completing university journalism and audiovisual communication programmes has been increasing steadily since 2010. According to APM reports, 6,000 new graduates – two-thirds of them women – enter the job market each year.

The bleak prospects of finding a job in their sector have driven many professionals to become freelancers (Caro, 2014: 30). According to Casero Ripollés (2016: 203): “The economic crisis within the sector has led to the emergence of a vast pool of freelance talent that represents a mix of out-of-work professionals with prior experience and recent graduates who have never managed to find a job in their field”. This new career option, known as entrepreneurial journalism, supposes a new opportunity for generating employment and reinventing the profession. Berganza et al. (2016, 180) believe that the digital news outlets being created by journalists can help turn the current situation around: “A lowering of publishing start-up costs driven by digital technology has fostered the emergence of new digital native media outlets in Spain, most of which are staffed and led either by veteran sector professionals or young journalists unable to find a niche within a legacy news organization”. Of the 579 mostly digital start-ups launched by journalists between 2008 and 2015, 458 were still doing business in

2016. Half of these organizations generated somewhere between €1,000 and €50,000 in revenues in 2016. A lesser 17% reported revenues of over €100,000.

Spanish journalists have launched over five hundred enterprises, most of which have been news oriented, since the outbreak of the crisis: losing a sector job or not being able to find one has driven both seasoned professionals and recent graduates to become entrepreneurs – a role for which they had no preparation or experience [...]. The willingness of journalists to become entrepreneurs in the communication sector has begun to generate positive results: there has been a consolidation of projects in a diverse range of areas such as national and local news, sports and more specialized niches such as art and culture (Palacios, 2015).

Journalist-driven media start-ups in Spain that have focused on generalist and local news (131 or 28.9%), art and culture (44/9.5%) and sporting news (44/9.1%) have done particularly well. An analysis of how the overall group of 458 media organizations founded by journalists have been legally structured reveals that 40.8% are limited liability companies, 28.2% are staffed by *autónomos* (registered self-employed workers) and 7.8% function as cooperatives. According to Casero Ripollés, entrepreneurial journalism has fostered the emergence of new and innovative models for financing the delivery of news content. “[Organizations pursuing] co-op, associational and reader-membership models are prime examples. The small size of these enterprises, the majority of which rely on between one and three journalists, requires them to pursue a hands-on, multi-tasking form of news production” (Picard, 2014, cited in Casero Ripollés, 2016: 204). APM data indicates that most of the enterprises in this category are small-scale operations. According to this source, 38.8% of news start-ups founded by journalists in Spain have between one and three employees, 30.1% between 4 and 10, and only 10.7% over 10. Sector professionals engaged in entrepreneurial journalism also have an ownership stake in the media outlets they work for – a fusion of roles that have always been clearly divided within conventional news organizations.

These figures indicate a clear link between the recent proliferation of journalist-founded news start-ups in Spain and the economic turmoil the sector has been mired in since the outset of the 2008 financial crisis. Given the circumstances that spawned them, it is not surprising that the greatest challenge these fledging enterprises face is securing the financing they need to initiate operations and survive. Financial capital, however, is not the only factor that determines whether a news start-up has a good chance of succeeding. Scholars such as Deuze (2017) have underscored the ways in which social and symbolic capital also contributes to their sustainability and efforts to secure financial capital.

This paper provides a general overview of the genesis of entrepreneurial journalism followed by a comparative study of the goals and characteristics of the two most successful journalist-founded news start-ups in Spain: *El Confidencial* and *El Diario*.

## 2. The emergence of journalist-founded news start-ups

Bad times in the news industry and the difficulty of coming up with a viable strategy for adapting legacy journalism to realities of the digital communication (King, 2010; Curran, 2010) have forced sector professionals to consider alternative business and career models (Campos Freire, 2010). Some view entrepreneurship as a viable means of fostering job creation and self-employment in the sector (Briggs, 2012; Casero and Cullell, 2013). More and more journalists are accepting the possibility of furthering their careers in environments other than conventional newsrooms, either as employees or founders of a start-up news outlet (Picard, 2015).

A persistent trend toward downsizing in the media industry and a rising tide of professional dissatisfaction with what the media job market offers has fostered the emergence of a start-up culture in the field of journalism. Consensus as to how start-ups should be defined has been elusive. For many years they were simply viewed as smaller versions of larger companies. The most comprehensive definition offered to date is “an organization formed to search for a repeatable and scalable business model”, which according to Blank and Dorf (2012) can be either a new company or a department or unit of an existing one.

The concept has gained significant traction in the world of journalism. Since the turn of the twenty-first century hundreds of independent news enterprises (most of them small, strictly digital operations) have been created in Europe (Bruno and Kleis Nielsen, 2012) and the United States (Coates Nee, 2014). Researchers worldwide have weighed in on its importance in numerous studies on innovation in the field of communication that cite entrepreneurial spirit as a new and central facet of a journalist’s professional identity.

In an environment dominated by economic uncertainty a proactive attitude can be a big plus (Singer, 2014) and innovation becomes a key factor of success (Picard, 2000; Van der Haak et al, 2012; Pavlik, 2013; Campos Freire, 2015). For the increasing number of journalists who have come to regard news reporting as a business as well as a calling, founding or working for a start-up can be a means of maintaining a professional foothold in their sector (Coddington 2015). Small-scale start-ups launched by journalists now make up a viable force within the greater world of publishing. Although the majority have been the offspring of financial necessity, a certain number were created to fulfil other missions such as providing a public service (Defourny and Nyssens, 2010).

Given entrepreneurial journalism’s current expansion and potential, journalist-driven start-ups make interesting subjects for case studies (Casero Ripollés, 2016). As ventures that “identify with journalism as it has traditionally been practiced”, are “not affiliates of existing legacy media”, and have been “built primarily around their web presence” (Bruno and Nielsen, 2012), they offer excellent opportunities to study the new business models being developed and types of news content being produced in the sector today. The vast majority of the enterprises created by journalists in response to radical changes within their sector pursue native digital rather than legacy media models (Manfredi et al, 2015). Having been born digital,

they are more flexible, more dynamic and quicker to adapt to change than their traditional counterparts (Manfredi, 2015).

Entrepreneurial journalism is contributing to the development of new models for news production. As stakeholders in the enterprises they generate content for, entrepreneurial journalists are fusing roles that have long been clearly differentiated in the world of conventional journalism (Vos and Singer, 2016). Entrepreneurial news ventures have driven sector innovation by organizing themselves as coops and developing successful reader membership schemes (Casero Ripollés, 2016).

Start-ups cater to their readers by diversifying the content they offer and attempting to cover a wider range of topics than their competitors. Many place an emphasis on areas such as art and culture and business and finance that mainstream legacy news enterprises tend to address superficially. Those focusing heavily on local news close information gaps and provide a much-needed service to underserved communities (Casero Ripollés, 2016).

Although the future of journalism may theoretically involve moving beyond the traditional formats of news reporting and developing new forms of storytelling, as Wagemans, Witschge and Deuze (2016) conclude in their study of *Mediapart*, the majority of news start-ups have failed to make good on their initial intentions due to limited operating budgets, fierce market competition or cost barriers.

According to Küng (2016), the two things a start-up needs most to survive in this highly competitive arena are a jump on the competition and the capacity to innovate and respond to threats and opportunities in a timely manner. Media entrepreneurs must also know how to use innovation as a means of enhancing their enterprise's market position (Casero Ripollés, 2016). Pure play digital news ventures must make a strong commitment to data journalism, experiment with new narrative formats, offer a diverse range of content, embrace multiplatform technologies and, as previously mentioned, continue to develop new business models (Salaverría, 2015A)

### **3. Objectives, methodology and objects of study**

This study is part of a research project funded by the Spanish Ministry of Economy and Competitiveness under the title "Active audiences and Journalism. Analysis of the quality and regulation of the user generated contents". News start-ups launched in Spain in the wake of the economic crisis is a new focus incorporated into lines of research being pursued since 2012. Our mid-term objective is to identify emergent digital news outlets in Spain that conform to the following description of entrepreneurial journalistic enterprises offered by Manfredi:

Enterprises created by journalists in response to radical changes within their sector that pursue native digital rather than legacy media models [...] for many of which a total focus on digital journalism supposes a greater flexibility, dynamism and capability to adapt swiftly to change [...]. These ventures have five characteristics in common: all are journalist-owned, focused on digital and mobile technology, encourage their reporters to develop personal brands, have

formulated similar value propositions and employ new journalistic narratives. (Manfredi et al, 2015)

Start-ups covered by this project are being studied on a case-by-case basis to determine both the factors at play in their early development and ongoing operations and the functions and attitudes of the journalists that work for them. This approach affords insight into the impact these newly created ventures are having on the Spanish media system and facilitates the process of piecing together a clearer picture of the alternative forms of journalism and new business models they have been developing. The general analysis methodology employed has entailed contacting key individuals affiliated with the enterprises we wished to study and scheduling newsroom observation sessions and staff interviews at these sites. Data for the comparative analysis conducted was obtained by means of a standard questionnaire containing semi-structured questions concerning topics such as professional profiles, personnel organization, production processes, company values and the importance of revenues perceived by means of reader membership schemes. The first phase of the greater research project to which these two case studies pertain has involved compiling a comprehensive inventory of news start-ups founded by journalists in Spain. At the time of this writing, the majority of the outstanding organizations in this category have been identified.

This paper provides an initial glimpse of Spain's changing newscape focused on the country's two most consolidated digital news start-ups: *El Confidencial* (elconfidencial.com) and *El Diario* (eldiario.es)<sup>5</sup>. Analysis has been based on data obtained by means of in-depth research and site visits to both enterprises<sup>6</sup>. These digital newspapers, both of which constantly update news in all the sections they offer, stand out as two of a select group that has managed to develop sustainable business models.

Although the inclusion of *El Confidencial* (launched 16 years ago) in this study might appear to stretch the definition of start-up beyond its habitual limits<sup>7</sup>, it was included for having key characteristics attributed to enterprises in this category by Bruno and Nielsen (2012), Powers and Zambrano (2016) and defined by Deuze (2017) as "organizations built primarily around a web presence, that have no formal affiliation with legacy news media, and that seek to be recognized by their peers as journalistic". Its position as a leader Spain's digital news sector also made it a compelling object of study in the larger context of our research. Although the other enterprise analysed in this paper, *El Diario*, has a much shorter track record, it has consistently ranked as the second most read native digital newspaper in Spain since its debut<sup>8</sup>.

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<sup>5</sup> This research has focused on *El Diario*'s editorial production centre in Madrid although the newspaper has other regional production centres located throughout Spain legally registered as separate and independent companies.

<sup>6</sup> Researchers were able to maintain an in-depth interview with the sub-editor-in-chief and carry out newsroom observations during their site visit to the installations of *El Confidencial*. Their visit to the installations of *El Diario* entailed newsroom observations but not an in-depth interview, which will be scheduled at another point during in the future.

<sup>7</sup> Some scholars such as Manfredi et al (2015) apply the term entrepreneurial journalism only to start-ups launched since 2008.

<sup>8</sup> As of the release of a March 2017 Comscore report, *El Diario* had more than 6.5 million monthly readers. If monthly readership figures for affiliated media enterprises such as *Time Out*, *Yorokobu* and *Kiosco.net* are

Given the importance social and symbolic capital has played in the market entry of these enterprises and their subsequent growth, the following section of this paper focuses on defining these concepts.

#### 4. Financial resources are not the only key to success

To fully understand how these start-ups have managed to survive and flourish, one must consider the types of capital they leveraged during the launch and consolidation stages of their development. A close examination reveals that although financial capital played an essential role, it was far from being the sole determining factor of their success. Amongst the various aspects of the competitive strategies news start-ups employ, the emphasis they place on one type of capital or another is particularly worth examining. As the founders of *El Diario* and *El Confidencial* had both worked for major mainstream Spanish media outlets prior to creating their own companies, one may logically assume that during their tenures with these organizations they were able to build contact networks that made it easier for them to obtain the initial financial capital they needed to set up their own enterprises when they decided to do so further down the road.

Wagemans, Witschge and Deuze (2016) have identified three kinds of business capital: social, financial and symbolic. In the context of a news start-up, social capital refers to the journalists the founders of news outlets can tap for quality content and the ties they have previously established with sources, members of the business community and civil society organizations (Naldi and Picard, 2012). We can therefore assume that one of the factors a play in their eventual success or failure is their ability to develop and maintain networks of colleagues they can rely on for information and interact with. It is important to remember that although the start-up and distribution costs of digital publications may be lower than those of print publications, no new business can be created without some financial capital, even if the amount secured is not sufficient to ensure its sustainability and success.

The social capital and symbolic capital at a start-up's disposal play a crucial role in its efforts to attract financial capital. Much depends on a prospective entrepreneur's ability to build and maintain a strong contact network of former colleagues and other sector professionals. Personal charisma is another important form of symbolic capital (Bourdieu and Wacquant, 2013). As Wagemans, Witschge and Deuze (2016) point out, "intellectual capital (creative ideas) and cultural capital (particular knowledge and skills) play an important role as personal traits allowing one to build and maintain a personal network".

Social and symbolic capital have been of enormous importance in the development and survival of the enterprises examined for this study, both of which view themselves as independent, alternative news sources that practice a rigorous, value-added type of journalism. Of the two, *El Diario* banks more heavily on the symbolic capital of its staff and management, particularly that brought to the project by its editor-in-chief and CEO Ignacio Escolar, who prior to founding the

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also taken into account, *El Diario* ranks as the second most important digital pure play newspaper in Spain with a total of 7.6 million readers.

start-up worked for a number of other Spanish media companies including the prestigious Grupo Prisa<sup>9</sup>. The second object of this study, *El Confidencial*, which has notably less star-power, relies more on its social capital.

## 5. Successful strategies in a challenging market: *elconfidencial.com* and *eldiario.es*

Whilst social and symbolic capital can be leveraged to attract the financial capital start-ups need to cover set-up costs and guarantee their short- and mid-term survival, any attempt to do so needs to be part of well-thought-out, comprehensive business strategy. If exploited wisely, the sector experience and contacts (social capital) and the charisma (symbolic capital) that an entrepreneur brings to a start-up can contribute as much to its success as the rest of components that make it tick. The following section provides an analysis of the business strategies that have made *El Confidencial* and *El Diario* the two most successful digital news start-ups in Spain in terms of readership numbers.

### 5.1. The image each seeks to project

*El Confidencial* seeks to play a major role in the expression and formation of public opinion in Spain. In the eyes of its editors, this mission entails attempting to engage passive readers who consume content they stumble upon by chance while surfing the Internet or that has been recommended by others as well as more focused readers who actively seek out news and information without being prompted. Given that *El Confidencial* started out with an almost exclusively business, financial and investment focus when it was launched in 2001, most of its early readers were professionals in the business and financial sectors and investors. From that point on, the paper began to offer content of a more political nature as well. In stages that often overlapped, it added coverage of news about and of interest to the public sector, government and other centres of power. This strategy allowed the publication to build a targeted high-value readership<sup>10</sup>. It has since continued to broaden its audience by adding content of a more general interest to the mix. Although catering to a wider readership has produced positive results, *El Confidencial* has no plans to abandon its core focus on business, financial, investment and political news.

*El Diario* was founded in 2012 by a group of journalists who, according to a statement featured on the *El Diario* website, “don’t give up, in spite of the crisis, in spite of the pressure of powerful interests, in spite of news sector’s lack of credibility”. This start-up’s slogan “We believe in journalism in spite of

<sup>9</sup> Prisa is a Spanish media conglomerate involved in radio and television broadcasting and newspaper and magazine publishing with a presence in 22 European and Latin American countries and the United States. Ignacio Escolar, founder and editor-in-chief of *El Diario*, was a political commentator for Prisa-owned radio network Cadena Ser until April 2016, when he was eliminated from the programme in which he participated in apparent retaliation for an article run by *El Diario* linking Prisa’s CEO Juan Luis Cebrian to the Panama Papers scandal.

<sup>10</sup> Information obtained during an interview maintained with sub-editor-in-chief Carlos Hernanz during a site visit to the newsroom and offices of *El Confidencial*.



everything” becomes more comprehensible if one considers the context in which it was launched – a moment at which the global financial crisis was wreaking further havoc in a newspaper sector already caught its own harrowing tailspin. Everyone involved in this project believes that society needs independent, professional news coverage that takes social values into account and aspires to give voice to a public they perceive as drowning in a monotonous sea of undifferentiated reporting. This venture has, in the estimation of González-Esteban (2014) “become a news organization specializing in national politics” with a strong sense of social commitment and “a set of quality standards it is living up to”. At a moment when the Spanish press continues to lose credibility and the reputation of the country’s standing government has been marred by corruption, *El Diario* takes pains to demonstrate transparency. One example is its practice of making twice-yearly corporate financial statements available to the public via a blog maintained by its editor-in-chief Nacho Escolar<sup>11</sup>. The management and staff of this enterprise are convinced that journalism must take up the pending challenge of “reconnecting with society and aligning itself with society rather than the powerful interests it should be monitoring”. Beyond fulfilling his duties as editor-in-chief of *El Diario*, Nacho Escolar maintains an active schedule as a political analyst for other media outlets. On the basis of the assumption that charisma is a form of symbolic capital, Escolar can be said to function as the brand image of this news venture (Bourdieu and Wacquant, 2013). Both newspapers stress the importance of the editorial independence and freedom they enjoy. Although *El Confidencial* places a heavier emphasis on business and financial news, both papers offer ample coverage of current political affairs. As for these papers’ editorial viewpoints, according to González-Esteban (2014), “*eldiario.es* lies in the socio-political spectrum of the social and centre whereas *elconfidencial.com* is aligned with the centre-right.

## 5.2. Financing

*El Confidencial* is limited partnership founded in 2001 by a group of independent journalists unaffiliated with any particular media outlet. Now part owners of their own news enterprise, they form a part of what they describe as “a group of friends” made up of sector professionals and investors. The paper is not a satellite of a media conglomerate or financially dependent on or indebted to any other entity, circumstances that guarantee its editorial independence. Its gradually move up from the small apartment it operated out of as a start-up to its current 1,400 m<sup>2</sup> installations is an indicator of its growth. During its long initial stage of development, *El Confidencial* operated under a minimal and fairly horizontal corporate framework under which professional journalists represented the greater part of its workforce and overhead expenses. Thanks to its steady growth, the venture has since been able to create a more sophisticated organizational structure that includes other paid staff positions. As it does not offer subscription or membership schemes, its income comes mainly from advertising revenues and, to a lesser extent, events and branded content.

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<sup>11</sup> <http://www.eldiario.es/escolar/>

According to the paper's sub-editor-in-chief, digital advertising rates, which were until quite recently calculated on the basis of the CPM formula traditionally used in print media (impressions/1,000 x € rate), are currently in a state of flux due to the fact that most online advertising space is now brokered by big-data driven ad exchanges that auction off advertising display space in real time on an impression-by-impression basis. The industry shift to real-time auctioning has tended to drag prices lower and made it much harder for newspapers to forecast ad revenue.

*El Diario* is a limited partnership. As its editor-in-chief Nacho Escolar is its majority stakeholder and employees hold an additional 70% stake, the overwhelming majority of the joint owners of this start-up are the journalists that produce its content or members of its administrative staff. The paper's 2016 annual report states:

The rest are relatives and friends of staff members – the majority of whom are other journalists who have decided to support our adventure. There is no *éminence grise* pulling the strings here. [...] No one tells us what we must or must not publish<sup>12</sup>.

Operations are financed by means of advertising revenues and membership fees paid by a core group of the paper's most committed readers. This hybrid financing formula conceived to enable news enterprises to offset shortfalls in advertising revenues with contributions from a nucleus of hard-core supporters is also being used by other large media companies such as *The Guardian* (González-Esteban, 2014). *El Diario* receives additional, albeit less significant, revenue from a quarterly magazine it publishes called *Cuadernos* and various other projects. Reader contributions, which currently account for the lion's share of its revenue, constitute its fastest growing source of income. At the time of this study, *El Diario* had more than 20,000 paying members. According to the paper's editor-in-chief, member contributions allow *El Diario* to maintain its stance of editorial freedom. Its membership scheme provides interested individuals a means of financially supporting a type of journalism they can identify with. As the paper has not established a pay wall, the principal motivation driving readers to become paying members is a desire to ensure the endeavour's ongoing sustainability<sup>13</sup>.

### 5.3. The role played by readers

Both papers cater to the interests and media consumption habits of their respective target audiences with an eye to positioning themselves as these readers' newspapers of record. According to *El Confidencial's* sub-editor-in-chief Carlos Hernanz, one of the ongoing challenges his organization faces is consolidating its status as one of the papers active readers consider indispensable. The tagline under

<sup>12</sup> Information obtained from the 2016 financial statement released by *El Diario*, available at: [http://www.eldiario.es/escolar/medio-libre-solvente-cuentas-eldiarioes\\_6\\_645045495.html](http://www.eldiario.es/escolar/medio-libre-solvente-cuentas-eldiarioes_6_645045495.html)

<sup>13</sup> *El Diario* does offer members a number exclusive perks. According to González-Esteban (2014), these include "access to an advertisement-free version of *eldiario.es*, free print copies of the magazine *Cuaderno*, special treatment in terms of the visibility of reader comments they may post, eligibility for special discounts on cultural events and products announced via a blog published especially for paying members and advance evening access to online content not available to the general public until the following morning."

*El Confidencial's* masthead (The paper of influential readers) sums up the well-defined target audience the paper seeks to attract. It continues to maintain a steady focus on high-value individuals interested in financial and business news even as it broadens its readership by offering other types of content.

Figure 1. *El Confidencial* masthead. Source: [www.elconfidencial.com](http://www.elconfidencial.com).

# El Confidencial

EL DIARIO DE LOS LECTORES INFLUYENTES

*El Confidencial* divides news audiences into two distinct categories: one comprised of active readers who make a concerted effort to stay informed and another, more passive, group of individuals who tend to only read news stories if they happen to stumble upon something that interests them while doing something else or rely on second-hand reports provided by others. During an interview conducted for this study, *El Confidencial's* sub-editor-in-chief Carlos Hernanz, who defines active news consumers as individuals who really “lunge into” a newspaper, explained that:

We want to be “top of mind” for these people. Active news consumers find the time to check out one, two or three news sources on a regular basis. We want to be one of these sources. This is what ensures you attract a qualified, more influential audience and boosts both your brand’s position relative to competitors and your content distribution (Carlos Hernanz, *El Confidencial's* sub-editor-in-chief)

*El Confidencial* focuses on direct traffic (readers who voluntarily head straight to a news site and are considered the cream of the crop in the news business), but knows that it must also pay attention to indirect channels due to the opportunities they offer for reaching a wider audience. It therefore employs a strategy that places a strong priority on quality but also takes quantity into moderate account – a wise move considering the undeniable importance of audience statistics.

For *El Diario*, the importance of its most committed readers (registered, paying members that constitute its primary source of revenue) cannot be overstated. The paper expressed its gratitude for the ongoing support it has received from its reader members in its 2016 financial report, acknowledging that it has been thanks to them that it has managed to be independent and sustainable since the day it was launched:

"Because we've managed to be profitable, our freedom is not for sale. We are our own masters and no one in this newsroom is beholden to any interest other than journalism. We're independent because we rely on our members more than anyone else and the sum of their contributions adds up to much more than we perceive from any single advertiser. And we're independent because we owe

nothing to anyone other than our readers" (eldiario.es: Information obtained from the 2016 financial statement released by diario.es)<sup>14</sup>

*El Diario* is a clear example of a socially committed enterprise that perceives journalism as a public service. Proof of this commitment is its determination "to promote a form of journalism that helps readers gain a better understanding of the world around them and fosters the wellbeing and progress of society" (Rubio, 2014).

## 5.4. Achievements

In taking measure of the achievements of a news organization that has steadily moved from strength to strength since the day of its launch, one inevitably notes that a number of them are quantitative in nature. This was true in the case of both start-ups examined. Veterans at *El Confidencial* remember "with a certain hilarity" the first time their news site broke the barrier of 100,000 unique users, as well as the intermittent landmarks along the way to the one million mark and well beyond. Today *El Confidencial* has more than 10 million unique users and a staff of 150, eighty of whom are journalists.

Although neither organization openly considers audience share to be one of their greatest concerns (which they articulate more in terms of their capacity to provide top-notch content and influence public opinion), their ongoing need of financing nevertheless compels them to compete in this arena. Rising unique visitor numbers represent a means rather than an end to the enterprises examined for this study, both of which started out under other premises and focus their daily efforts on another goal, which is to set the news agenda and have an impact on the public agenda in Spain. An outstanding example of their success along these lines was the role they played in the coverage of the Panama papers scandal<sup>15</sup>. The proximity of this topic to its core news agenda (personal wealth, large corporations, tax fraud, etc.) made this a particularly important story for *El Confidencial*, which considers its contribution to public awareness on this issue to be a major achievement.

The branded news sections and supplements *El Confidencial* has developed to cover specific topics such as Cotizalia (financial markets and stock exchanges), Teknautas (technology) and Vanitatis (celebrity journalism) are doing well. In fact, Vanitatis is outperforming *¡Hola!* (Spain's leading celebrity magazine) in certain time slots. It has also established an innovation lab devoted to the development of apps and novel ways of structuring content that has been the subject of at least one academic study (Salaverría, 2015B).

*El Confidencial* and *El Diario* both place a strong emphasis on investigative reporting. Editors at *El Confidencial*, which has established protocols for reporting on topics that may require extensive research, retain autonomy over their respective

<sup>14</sup> Available at: [http://www.eldiario.es/escolar/medio-libre-solvente-cuentas-eldiarioes\\_6\\_645045495.html](http://www.eldiario.es/escolar/medio-libre-solvente-cuentas-eldiarioes_6_645045495.html).

<sup>15</sup> The consortium of news organizations that provided coverage and analysis of what is popularly referred to as the Panama papers, an enormous volume of documents that constituted the largest leak of information to reporters in the history of journalism, was awarded the Pulitzer Prize for Explanatory Reporting in 2017. The Pulitzer Prize Board granted this award in recognition of the investigative reporting on the subject carried out by approximately 400 journalists working for over 100 media organizations located in 80 countries. *El Confidencial* and the Spanish television network La Sexta TV contributed to this collaborative effort.

desks but are expected to work jointly with counterparts in other areas whenever the coverage of a given story requires a collaborative effort. Experience has proved that communication between editors in such situations makes the job of assessing and monitoring the progress of large investigative projects much easier. This paper has also developed mechanisms to protect the identities of public whistleblowers wishing to share information.

*El Diario*'s readership has grown steadily during the five years since its launch. Its website now has 6.5 million unique monthly visitors, a figure that rises to 7.7 million if unique user visits to affiliate sites are also taken into account. The management of this paper is very proud of its policy of investing the steadily rising revenue it perceives in "practicing journalism". Recent additions to its reporting staff (which now includes more than 70 journalists) and salary increases have meant that payroll costs currently account for the fastest growing part of its general overhead expenses.

One of *El Diario*'s most outstanding achievements to date has been its 2016 investigative reporting on "black" credit cards issued by Caja Madrid and Bankia to bank executives and board members<sup>16</sup>, more than sixty of whom have been consequently convicted of embezzlement. This is only one example of the paper's ongoing efforts to provide analytical coverage of political issues and promote good governance.

## 6. Discussion

*El Confidencial* was founded with a well-defined target readership in mind. By pursuing business and editorial strategies aligned with the interests of this audience segment whilst gradually reaching out to others and placing a steady focus on innovation, it has managed to become a newspaper of record for many members of Spain's politically influential business and financial communities. Success in the case of *El Diario* has had more to do with consolidating the loyalty of a readership that supports its editorial stance, which is markedly critical of establishment politics. *El Diario*'s paying members view the financial contributions they make as means of guaranteeing the independence of a newspaper that practices a kind of journalism they can identify with. The paper's editor-in-chief Nacho Escolar often appears in promotional videos in which he personally calls upon readers to become members. His frequent appearances on nationally broadcast radio and television programmes, which generate badly needed visibility for a paper that must compete with larger news organizations that have far deeper pockets, is a valuable form of symbolic capital. One of the pending aspects of the larger research project to which the two case studies reported here pertain is the qualitative and quantitative measurement of the symbolic capital editors-in-chief such as Escolar bring to their organizations in terms of website traffic generated by their activity on social networking platforms and other media.

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<sup>16</sup> Approximately 8,000 messages from an email account used by Miguel Blesa, a well-connected political insider in Spain and former chairman of Caja Madrid, were leaked to *El Diario* in December 2013. The paper's investigative reporting on the revelations they contained eventually led to the conviction of over sixty former bank executives and board members on charges of embezzlement.

However different they may be in other respects, both of these news enterprises offer value propositions focused on independent journalism immune to the influence of political parties and business interests. The strides they have made so far indicate that both must be on the right track.

In light of the fact that readers tend to interact with and use digital news sites in different ways, it would be valuable for future studies to examine facets of users' behaviour, preferences and relationships with the news publications they read online. Information regarding such things as readers' browsing habits, the devices they use to access news sites, the hours of the day and evening they are most likely to read online news and the formats they find most attractive would be helpful to journalists planning a news start-up as it would provide good indicators of the skills they need to develop, the way in which they should organize their operations and the kind of model that would work best for them.

Digital news start-ups with solid foundations, clear objectives and well-thought-out strategies have an excellent chance of carving out a niche in today's marketplace. They must nevertheless be prepared to take on the challenge of establishing themselves in a highly volatile environment. They are entering a market in which changes take place faster than enterprises can identify trends and adjust their structures and budgets sufficiently to ride the crest of each new wave. There are fresh challenges awaiting them at the turn of every corner. They must be clever enough, for example, to figure out how to make content accessed primarily via mobile phones profitable even though the banner ads considered to be the latest hot thing in the advertising world are not effective on these devices. The rapidly changing environment in which newsmaking now takes place makes a start-up an unparalleled exercise in flexibility and lifelong learning.

What is very clear is that the journalism being practiced in some quarters today is challenging conventional notions that newsmaking is a homogenous industry in which all the enterprises involved are rigidly structured organizations producing content for mass consumption.

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