

Case 7-C

Outsourcing the news

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It's not news to anyone that newspaper budgets, and hence newspaper staffing, have been slashed in the past decade. It's also not news to anyone that one response to the contraction of the newspaper industry has been an emphasis on hyper-local coverage. Hyper-local coverage attempts to compete with web-based news by supplying the sort of information the GoogleNews or the *Huffington Post* simply would be unable to collect.

Hyper-local coverage—reports from the police blotter, box scores of high school sports, filing of permits for businesses, construction, bankruptcy and the like, were once the work of traditional reporters. As one editor told the staff of the Boulder Daily Camera, “if there’s a traffic jam, I want people to be able to look in the paper and know what caused it and how long it lasted.”

Hyper-local news clashes with the staffing economics of the contemporary newspaper newsroom.

Enter Journatic, a service that began in Chicago in 2006. CEO Brian Timpone told news organizations that his firm would collect such hyper-local information, much of it available electronically in the form of government records, and package it for publication. The fee structure for this work—that is, what was paid by the newspapers for this sort of information—has never been made public, nor—with certain exceptions—have the newspapers that subscribed to the service. The longstanding exception is the real estate section of the *San Francisco Chronicle*.

Timpone said that he got the idea for Journatic when, as a 24-year-old television reporter, he found himself in Duluth, a community he knew nothing about. Timpone’s insight was hardly novel; indeed, much of the criticism of television journalism has focused on the fact that most young reporters spend from 18 months to three years in a market before they move on. Newspapers, particularly as they became financially squeezed, often downsized by letting older, more experienced journalists “go” in favor of newer, less expensive replacements. Those young journalists seldom knew their communities as well as the more experienced reporters.

So, what Journatic did was to take over the “scut work” of covering these routine but very localized events and business and legal transactions. Timpone maintained that it was not important to have reporters stationed in the communities they were writing about to get this sort of coverage. “Being based in the community is not beneficial,” in told the Poynter Institute in April 2012.

What Timpone had not counted on was the qualms of a new hire, Ryan Smith, who began working for Journatic in January of 2011 for \$10 per hour with no benefits. Initially, when Smith worked primarily for Journatic’s sister organization BlockShopper.com, he noticed that information was often taken entirely from LinkedIn, that story writing was done by people outside the US, including the Philippines, and that bylines were sometimes falsified. When Smith moved formally to Journatic, he said he noticed that the bylines of Journatic-produced pieces included news organizations such as the *Houston Chronicle* and *Newsday*. “I felt like the company I was working for was accelerating the death of the newspaper, luring many members

of the industry into their own demise with the promise of short-term savings, “Smith told the Poynter Institute. Ultimately Smith decided to contact Michael Miner, the Chicago Reader’s media reporter, to discuss his concerns. Miner wrote a story, which circulated on some blogs, but Smith remained unsatisfied. In the spring of 2012, he contacted Ira Glass at Public Media International’s *This American Life*, which reported and broadcast the Journatic story in June of that year under the headline “Switcheroo.”

“People didn’t think much about the beef they were eating until someone exposed the practice of putting so-called ‘pink slime’ into ground beef....I feel like companies like Journatic are providing the public ‘pink slime’ journalism” Smith told the Poynter Institute after the *This American Life* episode aired.

National Public Radio is a big platform, and journalists, including those who manage the newspapers that worked with Journatic heard the story. One of those was the *Chicago Tribune*, which not only worked with Journatic but was in the midst of negotiating a deal of purchase the privately held company. Brad Moor, vice president of Targeted Media for the Tribune Company, spoke on the record to *This American Life* and noted a team of 40 Tribune staff members had been unable to generate enough content to drive the web traffic the Tribune sought. So the paper hired Journatic, laid off 20 staffers, and had three times the amount of content than had been produced before.

But, after the story ran nationally, the *Tribune* took a deeper look at some of the Journatic content. It discovered that a local sports story had been fabricated, and there were other problems as well. On July 13, 2012, The *Tribune* suspended indefinitely its relationship with the organization. As part of the investigation of Journatic’s practices, the Tribune learned that some copy was being written by workers in the Philippines who were paid the equivalent of 35 cents for every story they produced.

Journatic, in turn, fired its head of editing, Mike Fourcher.

And, the grassroots media advocacy group Free Press has posted a petition on its web site that allows signers to contact news organizations so they can weigh in on how they feel about local news being reported from remote locations—some of them out of the country.

Micro Issues

1. Using ethical theory as well as the concept of hypercompetition, explain why you believe news organizations were willing to work with Journatic. Is this justifiable?
2. Was Ryan Smith right to go public with his concerns? How would you evaluate his role?
3. The “scut work” of journalism is routine. Is there an ethical justification for leaving it in the hands of regular staffers, even though that means news organizations may not make as much money?

Mid-range Issues

1. Contrast the ethical implications of the approach of Journatic with that of “Patch”, Jezebel or other, similar models? Are there ethical distinctions?
2. Examine your own thinking regarding Journatic’s wage and salary structure.
3. How should news organizations that subscribe to services like Journatic insure quality content? Should they make this effort, even though it might be costly?

Macro Issues

1. Would you go to work for Journatic or a similar organization?
2. How is the work of Journatic like and unlike citizen's journalists or other forms of user generated content?