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A comparative study of crowd-funding journalism
in China, Taiwan and the UK

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Chapter 1. The rise of crowd-funding journalism and its localization

The media industry has seen dramatic changes in the last few years. Audience fragmentation and online advertising atomization have transformed existing business models. Media companies are struggling to find a suitable business model for funding their media, with some relying on digital revenues. However, they are still unable to compensate the lower print revenues. Various costs are cut in order to reach profit margins. This has led to the downsizing of newsroom staff worldwide and fewer stories are produced as a result. In this changing scenario, new funding sources for journalism are being sought. Among them, crowd-funding journalism, in which reporting is funded by donations from ordinary people, has been gaining attention worldwide.

Crowd-funding journalism is defined as a way to finance reporting by micropayments from ordinary people. It is part of a general phenomenon called crowdsourcing, a term coined by Jeff Howe in an article from Wired magazine in 2006. In this article, Howe distinguishes four basic categories of crowdsourcing applications: crowd wisdom (collective intelligence), crowd creation (user-generated content), crowd voting (participation) and crowd funding¹.

Compared with other crowdsourcing applications, crowd funding differs in one key aspect: in other crowdsourcing applications, the crowd contributes its time and efforts, but in crowd-funding journalism, or crowd funding in general, the crowd makes financial contributions. The idea of crowd-funding journalism is that through small donations from the crowd, large projects that no ordinary individual could fund on his or her own can be started. Besides, local projects that are only germane to certain groups of people especially vulnerable to cutbacks to the local newsroom can be started. Thus crowd-funding journalism is sprouting as a way to supplement the news ecosystem.

¹ Jeff Howe, "The Rise of Crowdsourcing", Wired magazine, June, 2006

If we look at crowd-funding journalism in a broader perspective, we can see that two principal factors can be credited to the evolution of crowd-funding journalism. Firstly, people tend to get access to news online, especially on social media, and people tend to express themselves online. In other words, social media and the Internet are at the heart of crowd-funding journalism. The large number of cyber users and the forging of cyber society make crowd-funding journalism possible. Secondly, the increased accessibility of online payment methods has broadened options for fundraising. Virtually everybody who uses the Internet can be a substantial donor or backer. This has given crowd-funding journalism a more enhanced economic foundation.

In a globalized world, crowd-funding journalism like many other new business models is not confined to one country. In recent years, it is increasingly adopted on online platforms around the world. One of the earliest experiments of crowd-funding journalism was Spot.us, an online platform that was pioneering community-supported journalism. Spot.us was launched in November 2008, and by April 2010, the donations on Spot.us aggregated to \$100,000. It came to an end in February 2015. Its demise cannot be seen as a sign that crowd-funding journalism is declining. On the contrary, more crowd-funding platforms entered the world.

In the UK, Publish.org, a project in the making, is developing a new version of the original experiment they tried with The Guardian's Contributoria. The idea is to get readers to pay a membership fee that will enable them to vote for the best stories, write their own and edit others.

In Taiwan, WeReport has been operating since 2011 and by the end of May 2016 it had supported more than 1,200 Taiwanese Journalists.

In China, Zhongchou.com is one of the major players in China's crowd-funding market in terms of its numbers of projects and backers. The platform covers many different industries such as technology, design, film and publication.

As the practice of crowd-funding journalism becomes an increasing global phenomenon, there are issues of localization. What local political context should be taken into consideration once crowd-funding journalism transcends national

boundaries? What similarities and differences do crowd-funding platforms from different countries bear?

In this study, I try to answer the following questions. In China, a country where media censorship is prevalent, can crowd-funding journalism in a way avoid censorship and enjoy a certain freedom compared with those party-controlled traditional media outlets? What are the unique challenges crowd-funding journalism is facing in China? What will be the future scenario of crowd-funding journalism in China? These issues are all covered to a lesser or greater extent in this paper.

Chapter 2 gives the essential media context in China and an overview of the development of crowd-funding journalism in China. Any analysis has to be placed within the context of China's party-centered political scenario and its endeavor to promote new business models in the hope of balancing China's economy, which gives crowd-funding platform a relatively free environment.

Chapter 3 draws some parallels with the practice of crowd-funding journalism in different parts of the world. I conduct a comparative study on Contributoria (UK), WeReport (Taiwan) and Zhongchou.com (China). What similarities and differences do these platforms bear? What causes these differences? What political, economic and social norms are at play with crowd-funding campaigns in each country?

Chapter 4 tries to depict the possible future of crowd-funding journalism in China with conclusions drawn from chapter 3. This chapter also attempts to give some practical suggestions to the practice of crowd-funding journalism in China.

Chapter 2. Crowd-funding journalism in China

2.1 Crowd-funding platforms

It is not a hyperbole to say that 28 December 2013 is a significant date for the practice of crowd-funding journalism in China. On that day, Zhongchou.com (“Zhongchou” meaning “crowd-funding”), one of the leading crowd-funding platforms in China announced the launch of a crowd-funding news channel on its platform. This makes Zhongchou.com the first crowd-funding platform to set up an independent channel for crowd-funding journalism. The aim of the channel is to provide a crowd-funding service for news content that is difficult to be published in the traditional media.

At the grand launch event, Mr. Jia Sheng, the founder and CEO of Zhongchou.com spoke of the ambition he had for the news channel. His speech was generally considered as the opening statement of China’s crowd-funding journalism: “Report what others have not reported; find a new way to convey your opinion to the public. These are the common goals of many ambitious journalists. However, not all the good stories can be pursued or published in the traditional media. Through crowd-funding, your good stories might have an opportunity to come true. Crowd-funding journalism, in a sense, can provide a new alternative for those ambitious journalists.”²

The launch attracted a fair amount of attention from Chinese journalists and bloggers. Ziqian Wu, a journalist from The Beijing News initiated an investigative project on China’s fashion industry. Jiyong Hou, a journalist from 21st Century Business Herald launched his project “The investigative report on the social environment for entrepreneurs in Chengdu”. A journalist from 21st Century Business Review, Dongfa Luo, initiated an investigative project on the status quo of China’s animation industry. Haiguang Xin, a blogger, launched a project on China’s mobile game industry, which would involve many interviews around the country.

For these journalists, the reason to crowd-fund their projects was more or less the same. As Jiyong Hou said, he was very interested in the project and thought it would

² 《“新闻众筹”的中国实验》, Southern Weekly, <http://www.infzm.com/content/96452>

be meaningful, but it was difficult to get financial support from the media he was working for, because the editor thought that the project was not timeless. Through crowd-funding, Jiyong Hou got financial support from 96 individuals and raised enough money to carry out his project.

Within the first month, there were 14 stories posted on the crowd-funding journalism channel on Zhongchou.com, attracting 733 financial supporters altogether. The total number of money raised was 34,150 yuan (US\$5,253). All the 14 projects reached or exceeded the funding target.

Examining the 14 projects, we can see that investigative reports counted for a large portion, although none of them was hard news or politically sensitive. However, it is fair to say that crowd-funding journalism had completed its first show successfully in China and more crowd-funding platforms launched crowd-funding journalism channels on their sites. Crowd-funding journalism became an eye-catching phenomenon in public.

As crowd-funding journalism in China was in its promising infancy, relevant departments of the Chinese government gave a verbal warning to Zhongchou.com and other crowd-funding platforms, saying that crowd-funding journalism on their sites were in danger of violating the government's rules on media.

To avoid political risks, Zhongchou.com discreetly downgraded the crowd-funding journalism channel to an "others" channel. Users could not see the news projects any more from the homepage but had to search for them manually. Later, all the previous crowd-funding journalism projects were taken off completely from the website. New projects, if they have journalistic attributes or are initiated by journalists, are loosely catalogued under the publication channel. The crowd-funding journalism channel does not exist any more.

2.2 Independent journalism

Compared with a crowd-funding platform, independent journalism using crowd-funding methods has obvious advantages and disadvantages. Thanks to the thriving

social media, independent journalists can launch a crowd-funding campaign relatively easily and get financial support conveniently through online payments. One of the biggest advantages is that independent journalists are generally not under as much surveillance as crowd-funding platforms are. From the practice of independent journalism using crowd-funding methods, we can see that some quite sensitive investigative news could be pursued successfully.

Independent journalist Jianfeng Liu is usually considered as the first person that conducted crowd-funding journalism with a concrete crowd-funding plan in China. On 2 July 2013, Jianfeng Liu published an article "Independent journalist calling on back-up" on his Sina blog³. The article was divided into six parts as "My attitude towards investigative news", "What am I going to do", "How am I going to do", "Funding and rewards", "Obligations to supporters", "The crowd-funding target". In the article Jianfeng Liu described his thoughts and plan in detail, vowing to be absolutely independent, "not to be in thrall to any political groups or commercial interests". He promised to produce four to six independent, investigative stories in the coming year, and to fund his costs by crowd-funding. His financial target was 250,000 yuan (US\$38,000).

"I didn't want to work with my hands tied any more," he said. "I realized I could work individually and independently, without having to affiliate with any publication."

In order to be absolutely independent, Jianfeng Liu declined financial support from several enterprises. Instead, he set up a store on Taobao, an eBay-like platform, where he offered customers "reading access" to his work for US\$15. Those who pay get exclusive email access to his stories several days before Liu publishes them on his blog, which is fully accessible in China.

"US\$15 is equivalent to a film ticket," Liu said. He also decided not to make public his investigative topics in advance. "What I'm going to investigate could be quite sensitive." he said, "if I made public the topic in advance, it could cause me trouble

³ 去 V 的刘建锋, <http://blog.sina.com.cn/u/1407219330>

and affect the investigation.” This means that when supporters decide to donate, they don’t actually know what reports they are going to read in the future.

In November 2013, Liu's supporters got access to his first new investigative work: a 30,000-word story on the confrontation between villagers and local government in eastern China's Shandong Province. A central character in the seven-year-old dispute was Chen Baocheng, a villager and journalist for Caixin magazine, who represented many other villagers opposing the government's plans to seize their land. Chen was detained after he tried to stop the government from bulldozing his house; he remains imprisoned, though the government backed down from destroying his home.

In September 2014, Jianfeng Liu published another article about the decline of village committees in rural China. Both articles might be very hard to get published in traditional media, but thanks to crowd-funding, they were able to find their readers.

Jianfeng Liu indicated that things he worried most about were the political factors. He had to take them into account when he decided to engage in crowd-funding journalism. At the beginning, he had also considered using a crowd-funding platform to get financial support but soon found it not very practical.

“On a crowd-funding platform, you have to tell your supporters your topic beforehand. But my topics are sensitive sometimes, if I publish them online beforehand, it would attract attention from the government.” This was why he chose to use the Taobao shop to sell reading access. “I’m not sure it will work for anyone,” he said, “People have to have absolute trust in you and you must have credibility. I think that my background as a former journalist helps me in terms of credibility.”⁴

As Jianfeng Liu said, credibility and trust are crucial factors for independent journalism. Without the endorsement and supervision of crowd-funding platforms, how can independent journalists earn the trust of ordinary people? How can they regulate the crowd-funding procedures? These are indeed very challenging questions. Probably because of this, independent crowd-funding journalism has been mostly confined within the small circle of former journalists or people in media business.

⁴ Jianfeng Liu’s weibo

On August 2014 and May 2015, weibo and wechat's official accounts launched the 'tip' function in succession. The tip function is similar to a paywall, but the core concept is free will. You could tip the author voluntarily after reading the article. You could tip as much as you want or you could choose not to tip at all. Generally, people would tip the author a small amount of money through online payment based on their own personal judgment and degree of recognition of the article.

As the tip function becomes more common, it has been fostering the growth of independent journalism on social media. In a way, the post payment mode also solves the trust and credibility issue confronting independent journalism before. Due to the tip function, the importance and power of the audience has been pushed to an unprecedented height. On the one hand, the audience has become an important judge on the article. On the other hand, not only could they tip the author financially, but also could forward the article to their followers, like rolling the snowball. It has become very common for some articles to get as many as thousands of tips and have one hundred thousand plus clicks. Weibo and wechat's official accounts are not only social media where people share news. They have also become platforms where people could create and consume news content.

There are many similarities between the tip function and crowd-funding journalism. Except that the former is post payment and the latter is pre payment, their essence is quite the same. For example, the audience has become a decisive factor. Their support, both financially and through the act of forwarding, determines journalism on a large scale.

However, the tip function does not solve the start-up problem as crowd-funding journalism does. It would probably be better to combine the two methods together in practice.

2.3 Crowd-funding in traditional media

On October 2015, Southern Metropolitan Daily, one of the most prominent newspapers in China announced its brand new revision. Among all the reportages

given to the revision, its new column “Crowd-funding journalism” received the most attention.

“Crowd-funding journalism” is a weekly column in which editors pick out one news story every week and ask readers to crowd-fund. The newspaper sets up a crowd-funding target. Once the target is achieved, the newspaper would send its professional journalists to pursue the story and publish it in next week’s column.

Different from crowd-funding platforms, the news stories presented in the “Crowd-funding journalism” column are chosen by editors of the newspaper, and therefore can represent the values of the newsroom. Through professional reporting, the quality of the news can also be guaranteed.

Up to May 2016, more than 30 stories have been published in the “Crowd-funding journalism” column. All of them can be broadly tagged as ‘civil news’. All of them have achieved or exceeded the crowd-funding target.

Achieving the crowd-funding target is not the only goal of this column. Besides contributing high quality news, Southern Metropolitan Daily is trying to explore a possible revenue model: through crowd-funding, connecting traditional media with readers, online payment, telecom company and advertisers altogether.

How can crowd-funding achieve it? In the column of 4 December 2015⁵, the newsroom chose city dust pollution as the topic. The newspaper was planning to send out reporters to investigate the sources of dust pollution in Zhuhai, where the newspaper is published.

The target of funding was divided into 4 categories: US\$0.8, US\$1.6, US\$2.4 and US\$8, with different QR codes under each category. So readers can use wechat to scan the QR code and complete a donation through wechat’s online payment. The money will go directly into the newspaper’s official account which links to its bank account.

There are extra benefits if you donate:

If you donate US\$0.8, the newspaper will choose 4 donors from this category

⁵ 众筹新闻周五见, <http://news.oeeee.com/html/201511/27/328389.html>

randomly and reward each one with:

- a. Three mobile top-up coupons (US\$1.6 each)
- b. One Innisfree shampoo and conditioner 30ml (Market value: US\$4.8)

If you donate US\$1.6, the newspaper will choose 4 donors randomly from this category and reward each one with:

- a. Two mobile top-up coupons (US\$2.4 each)
- b. One L'Occitane lait parfume body milk 75ml (Market value: US\$8)
- c. One Fresh skincare sampler (Market value: US\$8)
- d. All the donors from this category will have 10% cash shares of the total crowd-funding money (For example, if the sum of crowd-funding is US\$153, donors in this category will evenly split US\$15.3)

If you donate US\$2.4, the newspaper will choose 3 donors randomly from this category and reward each one with:

- a. Two mobile top-up coupons (US\$3.2 each)
- b. One Glamourflage hand cream 140ml (Market value: US\$10.7)
- c. All the donors from this category will have 20% cash shares of the total crowd-funding money (For example, if the sum of crowd-funding is US\$153, donors in this category will evenly split US\$30.6)

If you donate US\$8, the newspaper will choose a donor randomly from this category and reward you with:

- a. L'Occitane body cream 200ml (Market value: US\$48)
- b. All the donors from this category will have 40% cash shares of the total crowd-funding money (For example, if the sum of crowd-funding is US\$153, donors in this category will evenly split US\$61.2)

The rules were well established and workable with a decent incentive to attract supporters. At the same time, it also helped to connect readers with advertisers in a

more direct way. As for the news itself, it was a news story worth investigating and it was in accordance with Southern Metropolitan Daily's values.

After Southern Metropolitan Daily's experiment on crowd-funding, many daily newspapers across China imitated the idea and launched their own version of crowd-funding columns. As the traditional revenue model has been eroding, to what extent crowd-funding as a revenue model can play a significant role in the future of newspapers remains to be seen, but it is a good attempt to experiment with this possibility.

Chapter 3. Case Description: crowd-funding journalism platforms in three different countries and regions: Contributoria (UK), WeReport (Taiwan) and Zhongchou.com (China)

3.1 Contributoria (UK): People supporting journalism

Origin

Contributoria was a crowd-funding journalism platform in the UK founded by Matt McAlister, Sarah Hartley and Dan Catt, all of whom used to work in the Guardian Media Group, the company that owns the British daily national newspaper The Guardian.

The site began in 2012 as a proposal submitted to a news-innovation competition that Google sponsored in co-operation with the International Press Institute. The idea took shape as McAlister and Hartley talked about how they could expand on some of the “open journalism” efforts the Guardian had already experimented with, and combine some crowd-funding features from platforms like Kickstarter.

Contributoria was a part of the Guardian Media Group. The aim was to explore a sustainable way of funding journalism and generating revenue for the platform as well.

Function

Contributoria allowed its community of journalists and readers to decide what articles they would like to see written and support each one accordingly. The community was involved in all stages of an article’s development.

The platform operated with a three-month production cycle – journalists could pitch stories for funding in the first month, and if their idea got funded they could work together with the community to write and edit the piece, seeing the story published in

the third month.

During the crowd-funding stage, journalists propose their stories and answer any questions members might have. Members on the site then choose which stories they'd like to support. Members back stories collectively using points allocated to them from their membership fees.

		
Starter	Supporter	Patron
FREE	\$3.29/£1.99 a month	\$9.99/£5.99 a month
CHOOSE	CHOOSE	CHOOSE
<ul style="list-style-type: none">• 50 points each month for backing articles• Read drafts and collaborate with writers• Write and get paid for successful proposals	<ul style="list-style-type: none">• 150 points each month for backing articles• Read drafts and collaborate with writers• Write and get paid for successful proposals	<ul style="list-style-type: none">• Printed edition of Contributoria each month• Contributoria sent to your E-reader each month• 250 points each month for backing articles• Read drafts and collaborate with writers• Write and get paid for successful proposals

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For \$3.29 a month, subscribers got three times as many points, and for \$9.99 they got the print edition, an e-reader edition and five times as many points. Points were a virtual currency whose value was set every month. Contributoria used points so that it could bring in other sources of funding to create a funding pool to spread around. It spent the full pool every month.

The site also allowed readers to suggest story ideas they'd like to see written by journalists using the platform.

During the production stage, articles were drafted and worked on by the journalist together with members of the community. This stage was only available to members and was not visible to the wider public. Contributoria partnered with Poeti.ca to enable live co-editing with other community members.

Finally, the completed article was published on Contributoria's website where they would remain free to the public and available for re-use with a Creative Commons license. Journalists whose works got published were paid between \$100 and \$1,000 per

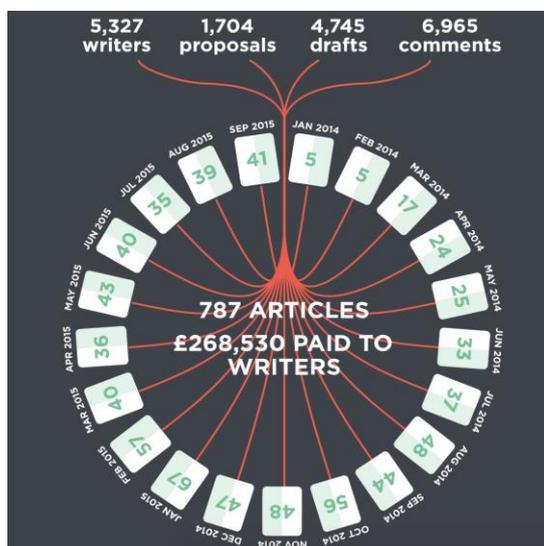
⁶ <http://www.contributoria.com/>

article. They set their own fees, and the community decided which articles should be commissioned.

Contributoria launched on 6th January 2014 and published its final issue on 1st September 2015 after running for 21 issues in print and online. The site is still functioning as an archive of all the articles funded and co-created here.

The chart below shows the statistical data of Contributoria from January 2014 to September 2015:

Chart: The statistical data of Contributoria from January 2014 to September 2015⁷



An analysis of statistical data based on the chart shows the following:

1. Contributoria published average of 37 articles per month during its 19 months operation. The first six months can be seen as its growing period, with articles published below the average level, but it is gradually gaining momentum. From July 2014, the numbers of articles being published every month exceeded the average level with only August 2015 as an exception.

⁷ <http://www.contributoria.com/>

2. 46% of the proposals were accomplished, which were less than half.
- 3 The average budget per article was £341.

Funding Model

The funding method of Contributoria is Donation-based, All-Or-Nothing crowd-funding. The project creator can only receive the money if the fund reaches the goal. If the project doesn't reach the target number, all of the fund will be returned to the funders.

Articles that were over-backed were paid what the writer asked for, but when the community over-backed something it was a strong indicator that the story resonated with people. That helped Contributoria understand what readers wanted out of the editorial process each month.

The advantage of All-Or-Nothing is that project creators can test their project, and see if they find the right supporter. However, project creators have to make a good funding strategy to attract funds. Also, once the funding fails, they cannot take a penny away. The opportunity cost will be higher.

3.2 WeReport (Taiwan): You support, we report

Origin

In 1987, the social liberalization and political democratization allowed for the dramatic transformation of Taiwan's media environment. The Taiwan media, once tightly controlled, is now considered the freest in the region. In the 2015 World Press Freedom Index, Taiwan ranks number 51, slightly behind the United States at 49, but ahead of all other Asian nations including South Korea at 60, Japan at 61, and China at 176⁸.

The most noticeable change since political democratization was the rapid proliferation of media. Before the martial law regime ended in 1987, only 31 newspapers were licensed. Now there are more than 2,000 newspapers and around

⁸ <https://index.rsf.org/>

7,000 magazines⁹.

However, despite the free media environment, there are two major concerns about the Taiwanese media. One is that many media outlets lean heavily towards either the relatively pro-China Kuomintang or the more independence-minded Democratic Progressive Party, creating politically biased reporting and overall presenting a more polarized picture of Taiwanese society than is actually warranted. For example, the Liberty Times is widely seen as blatantly leaning towards the pro-independence camp, and over the years there have been many complaints about the China Times for touting a pro-Beijing line. There are worries that the Taiwanese media has become political tools of different political parties rather than the watchdog of civil society.

Second, much criticism is directed at the quality of the content. The local media places too much stress on entertainment-oriented, tabloid news as a result of the intense competition for profits. This phenomenon can even be seen as another form of censorship, and appears to be a marked change from a few decades ago when international news and investigative in-depth reports were more common in Taiwan. One of the typical tabloid newspapers is Apple Daily, boasting of the largest circulation in Taiwan.

The full name of WeReport is “WeReport Public Investigation Journalism Platform”. It was founded by the Association for High-Quality News Development, and is the first non-profit platform to combine and generate journalism and investigation in Taiwan. Its mission is: through the funding and participation of crowds, to establish roots for investigative journalism in Taiwan and rebuild the press and journalism industry there.

The committee of WeReport is set up for managing the platform. The committee members are a group of professors from different universities’ journalism departments in Taiwan. The committee members are responsible for examining the project proposals, and the operation and management of the platform.

WeReport believes investigative journalism is the weapon to prevent political

⁹ <https://zh.wikipedia.org/wiki/中华民国媒体>

corruption, and also an important tool for citizens to participate in public affairs. As the recession causes the weakening of journalism in Taiwan, it might cause a serious impact on the integrity of the democratic system. WeReport also believes that journalism cannot be monopolized by profit-driven media companies. Only if the public participates in the process of journalism and supports good journalism financially, can journalism really become the good friend of civic participation.

Function

WeReport is a non-profit platform. There are three ways for users to support the progress of investigative journalism:

1. Create a project: if users find that some issue is worthy of public notice and they are willing to report it, they can create a project and follow the rule of the platform to fund and finish their investigation. Project creators are responsible for listing the detail content, sponsors, and the reason and motivation behind the project. Thus, they need to update the progress of their investigation and make a clear list about every single item of funding when posting their project.
2. Discuss issues: if users have some comments about some issue, or they have information to offer about certain issues, they can join the forum on the platform, submit their information and participate in public discussion.
3. Support: if users find that some project on the platform is important and should be investigated, they can choose to support the project. Or they can just donate money to the WeReport platform, with their preferable way and amount.

Up until 24 May 2016, there were 69 projects on the platform in which 57 projects successfully raised the money, 9 projects failed, and 3 projects were still in the process of funding. The total number of funders is 1,243.

Funding Model

The funding method of WeReport is Donation-based, All-Or-Nothing crowd-funding. Project creator can receive the money if the fund reaches the goal. If the project doesn't reach the target number, all of the fund will be returned to the WeReport platform

rather than the funders.

However, on the WeReport platform, there were some projects that didn't reach the funding goal but were still executed. This is because WeReport's policy: as long as the project has raised a certain amount of money from the public, WeReport can decide whether to fund the rest of the money directly from the platform on the basis of the public value of the project.

In order to encourage the public to be part of the crowd-funding and support projects with a small amount of money, WeReport also sets the upper limit of single funding at no more than 49% of the whole funding goal. If any media wants to publish the story exclusively, it must fund more than half of the funding goal.

WeReport subtracts a 10% managing fee from the money raised from each project.

3.3 Zhongchou.com (China): An all-around online crowd-funding platform

Origin

China has been transformed into the world's second largest economy since its economic reform was implemented in the late 1970s. However, China's growth comes with serious social and environmental concerns.

The Chinese government is trying to rebalance its economy. One of the tools is to encourage the development of Small and Growing Businesses (SGBs) in China.

According to a Small Enterprise Assistance Funds study, investment in SGBs can result in significant economic development and poverty alleviation. Yet Chinese SGBs face severe financing constraints that limit their capacity. Banks are reluctant to lend to SGBs due to perceived high risk. Government funding to SGBs is limited because of strict eligibility requirements and favoritism towards large state-owned enterprises. Therefore, access to finance is important not only for SGBs but the economic, social, and environmental benefits provided to a nation.

That is the reason why the current crowd-funding market in China is sizable despite its relatively new presence. Seen by the Chinese government as a new trend of

financing especially helpful to SGBs, the rapid growth of crowd-funding platforms in China takes place with the tacit support of the government.

Crowd-funding provides a new viable option for SGBs as an alternative source of financing through small internet-based funding. The country's rapid development of Internet finance coupled with the largest number of Internet users in the world makes crowd-funding accessible to SGBs.

In China, the majority of crowd-funding platforms in China are rewards-based. These platforms offer material perks, such as products, publications, etc. in exchange for funding. One of the largest and best-known platforms is Zhongchou.com.

Founded by former Tencent execs and launched in February 2013, Zhongchou.com is one of the major players in China's crowd-funding market in terms of its numbers of projects and backers. The platform covers many different industries such as technology, design, film and publications.

As mentioned in section 2.1, Zhongchou.com once briefly embraced journalism, but soon decided to dissolve journalism projects into other channels. Today, the number of journalism projects on Zhongchou.com is very low compared with projects in other areas. And journalism projects are generally catalogued in the publication channel.

Function

After becoming a registered user of Zhongchou.com, a user has to click "Launch Crowd-funding" at the top of the page, and complete "Basic Information", "Project Information", "Project Details" and "Setting of Returns" according to the prompts before submitting for review.

Under "Project Details", writers must present "About Me", "What do I Want to Do", "Why Do I Need Your Support and Use of Funds" and other important sections by the combination of pictures and texts. Writers must do their best to make it creative and attractive. The lack of text or pictures may cause the project to be rejected.

The amount to be raised should not be lower than 500 yuan. Writers are encouraged to set the amount based on project fund requirement and not to make the number too high or too low randomly.

The returns are recommended to be the derivatives of the project, and returns related to project content are easier to attract support. Writers are encouraged to set more than three gradients of return, such as a few dozen, a few hundred and a few thousand. More options can enhance the support rate of the project and enable the project to get faster success. Project content and return should not involve cash, profit sharing, equity, financial products or other related content.

After the project is submitted for review, professional reviewers of Zhongchou.com would assess the project. The content to be reviewed include: integrity of the project, qualification required, project reasonableness and feasibility, etc. The review cycle is 3 working days. For every successful project, Zhongchou.com will charge 3% of the funds to pay the channel fee.

If you apply for the first fund upon closing of the project, Zhongchou.com will transfer 70% of the amount raised (after deducting the platform service fee and channel fee) from the project creator's account.

The user has to provide returns within the period promised after the project ends. After receiving returns, the supporter should log in at Zhongchou.com, and click "Confirm Return" in "Project Supported", and update the status of orders to "Return Received", and click "Apply Balance Payment".

If the project fails, Zhongchou.com handles refunding for supporters, and the fund would be returned to the supporter's payment account. The supporters receive the refund within 7-15 working days.

Zhongchou.com has detailed instructions to help project creators to build their project content. Until May 2016, there were 16,251 projects and 849,842 backers on the site.

Funding Model

The funding model of Zhongchou.com is Reward-based, All-Or-Nothing crowd-funding. Funding is done via a reward system where funders are promised certain rewards for their contributions. According to the amount of money they fund, rewards can range from signed copies of the particular book, incidental products to other types

of reward, such as private lunches with the author or travelling with the author etc.

The reward system can also serve as a pre-order before the publication is available to the market and a way to test potential market response and reception.

Because of crowd-funding's close ties with social media in China, projects can often create "buzz" and go viral overnight. This means that crowd-funding isn't only a tool for generating funds but also as a form of advertisement and promotion. In some projects, promotion can often be more important than the money.

3.4 Discussion

Table 1 shows the comparison of the three crowd-funding platforms, and discusses the similarities and differences between them.

Platform	Contributoria	WeReport	Zhongchou.com
Established time	January 2014 to September 2015	December 2011	February 2013
Funding type	Donation-based, All-Or-Nothing	Donation-based, All-Or-Nothing+ Direct funding from the platform	Rewards-based, All-Or-Nothing
Platform charge	Membership fee	Successful project: 10% management fee	Successful project: 3% channel fee
Minimum of each fund	No minimum	No minimum	US\$0.15
Way to fund	Credit card, debit card, paypal	Credit card, ATM transfers, convenient store payment	Credit card, debit card, wechat pay

Information of funders	Show the profile and the amount of fund for each funder	Show the profile and the amount of fund for each funder	Do not show any information of funder, only the amount of fund and amount of funders
Funding period	1 month	Maximum 2 months (60 days)	10-90 days
Orientation	Profit-driven, Exclusive journalism	Non-profit, Exclusive journalism	Profit-driven, Non- Exclusive journalism
Other sources of revenue	Potential licensing fees for finished pieces	No	Advertisement
Type of projects	Individual articles	Individual articles and videos	Publications that have entered the publishing process
Type of contents	All-around	Civic journalism	Culture, art and humanity, without being politically sensitive
Measures of keeping good quality	Co-editing and platform policy	No special measures taken	No special measures taken
Censorship	No	No	Professional reviewers would review the project

Orientation

With the aim of promoting its platform, Zhongchou.com hopes to seek business opportunities in this form. Therefore, crowd-funding journalism does not serve as the main stream of this website. When confronted with pressures from censorship, Zhongchou.com actively cooperates with it in order to prevent political factors from affecting commercial activities. In China, the innovation of news production modes still fails to get rid of censorship. Without freedom of the press, no news production innovation can rescue journalism.

In a broader sense, the Chinese government will play a pivotal role in determining the future of crowd-funding in China. From a perspective of economic transition, the Chinese government supports innovation and entrepreneurship; hence, the development environment for crowd-funding websites is freer in China than in other regions.

The origin of WeReport is very different to the other two websites. It is a website set up to help rebuild journalism in Taiwan. Profit is not its concern, and WeReport often supports good stories even if they don't meet their funding targets.

The aim of Contributoria was to explore a sustainable way of funding journalism and generating revenue for the platform as well.

Set of categories

The crowd-funding journalism emerges on Zhongchou.com as one category among multiple categories at the early stage. However, at present, fragmented projects are all classified into the publication channel and it is difficult for them to attract target attentions from sponsors.

As exclusive crowd-funding journalism platforms, WeReport and Contributoria are intended to attract groups who are interested in and enthusiastic about news to these websites. WeReport puts the projects into different categories like politics, environment, human rights, agriculture, etc. This categorisation makes users find issues they care about easily and efficiently. The projects posted on the platform are the most distinctive and clear in the three platforms.

Transparency

Compared with other platforms, WeReport has the best transparency about the use of funds, the profile of funders, and the operation of the platform. They provide another way for people to participate in public affairs, by gathering them together; the platform also helps people in the journalism industry to know more people in the same area. If funders don't want to show their information, they can also donate anonymously.

Form vs. Content

All the journalism proposals on Zhongchou.com are in the form of books. There are no individual articles on Zhongchou.com. Most proposals are books that have signed contracts with publishing houses. As these books have already been written, the purpose of their crowd funding is marketing in most cases, instead of project startup. For WeReport, it primarily includes individual reports and video coverage; while Contributoria was dominated by individual articles.

In terms of content, most proposals on Zhongchou.com belong to categories of culture, art and humanity, without being politically sensitive. In comparison, on WeReport, subjects mainly focus on human rights, environmental protection, politics and people's livelihoods, which belong to typical citizen journalism; On Contributoria, the content that include both investigative reports and essays is broader.

Quality of journalism

Out of the three crowd-funding journalism platforms, only Contributoria took actual measures to try to keep its articles at a high standard.

The community was good at managing this itself. The experienced writers helped new writers to improve their work, and the community supported the best stories from the best writers with their votes.

The managing team also had some methods to help raise quality, as well. As the community grew, Contributoria increased the points' conversion rate. This meant that

more influential writers with stronger ideas and reasonable fees found it easy to get backed while other writers with weaker proposals struggled. Sometimes weaker material got through. And sometimes expensive stories were backed that maybe didn't deserve their fee.

“That is the cost of openness and a democratic process, and we were ok with that. It's a challenge for any open system.” as Matt McAlister, the founder of Contributoria said, “Open systems must constantly evolve and work hard to maintain a healthy balance of opportunity and quality.”¹⁰

Community

Both Contributoria and WeReport connect with users in the form of community. Not only are users able to fund projects, but they can also discuss projects that have been launched and are underway in the corresponding community so as to offer opinions and suggestions. As a result, Contributoria and WeReport are transformed from a pure crowd-funding website to a website combining crowd-funding with social activities.

Although messages can be left under the corresponding project on Zhongchou.com, most of them are advertisements irrelevant to the project.

Sources of revenue

Both Contributoria and Zhongchou.com had to stand on their own as an operating business. So generating revenue was a question they had to face.

For Contributoria, in addition to the funds contributed by members, potential sources of revenue included allowing advertisers or media companies to sponsor a piece of journalism, or to contribute money towards the pool of financing — as well as potential licensing fees for finished pieces. The one thing Contributoria planned to avoid was advertising, since that would make the site less appealing to members.

For Zhongchou.com, in addition to the 3% channel fee charged for successful

¹⁰ Interview with Matt McAlister on 8th June 2016

projects, it also welcomes advertisements. It helps to promote a certain project or commodity on its platform and charges an advertisement fee.

When reflecting on *Contributoria*, Matt McAlister said he would improve the varieties of sources of revenue at *Publish.org*, because it is difficult for crowd-funding journalism to make a profit within a short time or maintain the platform operation if it is funded only by the audience. According to McAlister, people value journalism. But the costs of doing quality journalism are not going to be covered by micropayment style transactions alone, whether crowd-funded individually, collectively or through paywalls¹¹.

¹¹ Interview with Matt McAlister on 8th June 2016

Chapter 4. The possible future of crowd-funding journalism in China

For the better development of crowd-funding journalism in China, aside from expecting more relaxed state policies, the first step is to find a suitable business model and second to perfect the relevant rules of crowd-funding journalism and improve the quality of crowd-funded journalism projects.

4.1 Find a suitable business model

Crowd-funding journalism may be combined with publishing and advertising to change the current difficulties caused by its single business model.

Crowd-funding combined with Publishing

After news reports are funded and submitted, the right of first publication is sold or the revenue from publication is distributed via various channels such as news apps and video websites. After news reports are sold successfully, the website returns the original donations and sets aside a portion as the operating cost. For the news reports sold to video websites, the income from video watching may be distributed with the video website.

Crowd-funding combined with Limited Free Reading

When a writer publishes his work after successful crowd-funding, he/she may set a certain amount of free reading. Readers need to pay a certain fee for reading more.

Crowd-funding combined with Advertising

Judging from the development of Chinese crowd-funding websites, the revenue from advertising still cannot be ignored. Apart from the traditional advertising revenue distribution model, the website can also pay users to fill out questionnaires

for advertisers. After finishing questionnaires, users will receive revenue from advertisers, which can be used to support the interview projects on the platforms that require financial assistance. By filling out questionnaires, users can know more about advertisers and express their opinions. More importantly, users can support the journalism project they like without paying for it out of their own pocket.

4.2 Perfect the relevant rules of crowd-funding journalism and improve the quality of crowd-funded journalism projects.

Focus on Project Review

With the increasing number of crowd-funding projects, it is unrealistic to expect donors to supervise them. The experience of Zhongchou.com can be borrowed to invite professionals to form a review group which is supposed to review the quality and the final implementation of the project. This can improve the quality of projects and at the same time enhance the confidence of the public in providing funds.

Establish a Recommendation Mechanism

Some kind of information recommendation mechanism can be established between new and old initiators so as to create better fundraising opportunities for newcomers. Such a virtuous cycle can ultimately prevent crowd-funding journalism from being limited to the small circle exclusive to opinion leaders.

Invite Traditional Media to Participate in Crowd-funding Journalism

Traditional media are undoubtedly better at news gathering and writing, so it is advisable to invite traditional media to join crowd-funding platforms. The topics proposed by traditional media according to their own value judgment can be reported by professional journalists after the interview funds are raised through crowd-funding. This not only addresses the plight of insufficient funds of traditional media, but also improves the quality of crowd-funding journalism.

4.3 Conclusion

Many journalists are pondering the survival and development of crowd-funding journalism. To take root and sprout around the globe, crowd-funding journalism also has to tackle various local issues. For this reason, the analysis in this paper is very limited. In China, the increasingly improved quality of nationals, the perfection and maturity of online payment platforms and the society's greater tolerance of innovative contents jointly create a favorable macro environment for the development of crowd-funding journalism. Of course, for crowd-funding journalism to achieve better development in China, the government needs to relax policies to a greater extent. Only with the encouragement and support from national policies can crowd-funding journalism gain a firm foothold and be likely to gain better development.

In the long term, crowd-funding journalism can be more sustainable if it focuses more on the communities and people served by the journalism rather than trying to help publishers monetize them from their own perspective. The average reader probably isn't interested in helping to revolutionize journalism. What readers want and always want is to be informed and entertained. So if crowd-funding journalism can become a solution for the problem at the consumer-level, it can be more sustainable not only in China but also in other parts of the world.

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