



NEW APPROACHES TO PAID DIGITAL CONTENT

Professor Robert G. Picard

Director of Research, Reuters Institute

There is a growing impetus toward paid digital content in print news providers. Many newspapers are now starting to follow early movers into paid services, with the *Sun* and *Telegraph* in UK following the path of the *Financial Times* and *Times*. In Germany, *Bild* became the first large-scale tabloid to require payment, and the majority of large dailies in Canada and Australia now require payments for digital access. News and public affairs magazines are taking a mixed approach, with some pursuing paid strategies and others trying more open ones. News organisations that employ collaborative, networked strategies relying on significant contributions from experts and the public are tending to pursue open or mixed-access approaches.

These differing approaches are representative of distinctive shifts in thinking about digital strategies and a growing sophistication of strategy involving news content.

New strategies for paid content

Four major strategic approaches to the question whether or not consumers should pay have emerged: (1) open sites for which consumers do not pay for access (although many sites have been free for the past two decades, the movement towards paid content is changing this from a default strategy to a deliberate choice designed to serve specific strategic functions), (2) a mixed approach, with some content available without payment and some paid, (3) a soft paywall requiring paid access, but with ability to share stories and limited access for search engines and links, and (4) a hard paywall necessitating paid access but without the ability to share and denial of access for search engines and linkages.

The questions of which approach to use are multifaceted and differential access pricing models are proliferating. Underlying this trend is increasing acceptance of view that the digital platforms provide different value and need to be conceived as different products. Differences in visual and presentational

styles, storytelling, and experience are producing varying pay approaches as consumers show a greater willingness to pay for tablet and smartphone news content.

BILDplus, for example, offers three different price packages providing access via web, smartphone, and tablet apps for €4.99 monthly, web, smartphone, tablet apps, and epaper editions for €9.99 monthly, and BILDplus Komplett for €14.99 monthly that includes web, smartphone, tablet apps, epaper editions, and the printed paper.

Elsewhere, digital channels are also being used to offer special content apps and editions. In Spain, *El Mundo* has introduced an evening app edition and a daily gossip app. *O Globo* and *O Estado de S. Paulo* in Brazil have also created special new evening products for tablets and mobiles.

A major emerging strategy is the acquisition of video rights to help drive acceptance of paid tablet and smartphone services. The general press are producing more distinctive video content using their own journalists as well as offering news clips, while tabloids have focused their attention on sports and soap opera highlights.

The *Sun* in the UK reportedly paid £20 million for Premier League football highlights, and recently completed deals for Scottish Premier League highlights and Champions League and Europa League highlights beginning in 2015 for its Sun+ bundle. BILDplus in Germany offers a 'BUNDESLIGA bei BILD' subscription in addition to its basic digital bundles that attracted 150,000 subscribers in 2013. The emphasis on sports rights at the Sun+ has now skewed subscribers' gender so that 60% of digital subscribers are male; it may be necessary to obtain video equally attractive to female users in the future.

It is not unusual for publishers to offer some free digital content, basic paid news access to additional material by single access or subscription payment, and premium paid access to specialised news, tools, and personalised news and analysis services. In Italy, *Repubblica.it* and *Corriere.it* remain

free on the desktop/laptop version, but charge a fee for access through mobile devices. *La Stampa* is experimenting with premium models and the *Il Sole 24 Ore* business newspaper has introduced a metered paywall.

Membership and community

A related alternative to subscription is the membership model, which is being pursued by news providers whose users have strong psychological links to the organisation. Readers of the *Guardian* in the UK, for example, are less interested in subscriptions for general web access, but more interested in memberships because of their connotations of community and association. Consequently it is exploring revenue streams based on membership and live experiences, and close engagement with readers on all platforms. *Il Fatto Quotidiano* in Italy is also experimenting with a membership model.

An emerging phenomenon is bundling news access with other products, including digital news access with subscriptions to internet service providers and companies providing broadband phone, internet, and pay television services and as a benefit for acquiring premium credit cards.

Push for digital revenues

Perhaps the most significant strategic change involving payment has been rejection of the view that digital media are just more platforms on which to move print content. Today, they are being seen as separate business opportunities, requiring independent business strategies, and separate content strategies.

Companies seeking to focus their strategies are increasingly turning to big data. They are no longer satisfied with basic data on paid users, unique visitors, and what stories are read or shared most, but are seeking better metrics and understanding of individual users' engagement and use patterns across digital platforms. The strategic impetus for this is to improve content provided to users at different times on multiple platforms as well as to drive engagement and loyalty at a time of increased competition.

Driving this interest is the recognition that a significant group of people are now regularly paying for news in all countries – as evidenced by the data in this report.

PAYING FOR NEWS AND FUTURE WILLINGNESS TO PAY – BY COUNTRY

	US	UK	GER	FRA	DEN	FIN	SPA	ITA	BRA	JAP
PAYMENT 2014	11%	7%	8%	12%	10%	14%	8%	13%	22%	8%
LIKELY TO PAY IN THE FUTURE	11%	7%	15%	10%	11%	11%	21%	23%	61%	8%

Q7. Have you paid for ONLINE news content in the last year/ Q7aii. You said you have not paid for online digital content in the last year. How likely would you be to pay IN THE FUTURE for online news from particular sources that you like?

Base: All/all who don't pay – UK=2082/1925, Germany=2063/1855, Spain=2017/1814, Italy=2010/1697, France=1946/1872, Denmark=2036/1796, Finland=1520/1272, USA=2197/1904, Urban Brazil=1015/757, Japan=1973/1774

METHODS OF PAYMENT FOR ONLINE NEWS – BY COUNTRY

	US	UK	GER	FRA	DEN	FIN	SPA	ITA	BRA	JAP
ONE OFF PAYMENT PDF DAY PASS ETC	19%	22%	27%	31%	14%	24%	41%	34%	23%	33%
ONE OFF PAYMENT APP/NEWSSTAND	10%	15%	24%	28%	6%	16%	26%	30%	20%	29%
DIGITAL SUBSCRIPTION	40%	47%	33%	31%	42%	26%	27%	35%	31%	43%
PRINT AND DIGITAL BUNDLE	23%	16%	12%	12%	31%	29%	17%	13%	15%	18%

Q7ai. You said you have accessed paid for ONLINE news content in the last year. Which, if any, of the following types of payment have you used to pay for ONLINE news content in the last year? (Please tick all that apply)

Base: All who have paid to access online news in the past year – UK=139, Germany=173, US=238, Japan=153, Urban Brazil=233, Italy=267, Denmark=206, Spain=173, Finland=220

The subscription model is proving highly attractive to consumers because one-time payments make future access simpler. The majority now make ongoing payments in the form of digital subscriptions. There are two exceptions to this: Spain where more people are making one-off payments and Finland where there are more people paying for print and

digital bundles. The Spain pattern may be due to the fact that digital newsstands have created the opportunity to download electronic versions of the paper at around 11pm the night before and some paid web-only news organisations have now started to make content available even earlier.

It is becoming clear that several factors provide important reasons for users to subscribe and remain subscribers. The most important for getting initial subscriptions seems to be a combination of being able to get access any time on any platform and the fear of not being able to access content that they like. Keeping subscribers is more about the actual experience of the content, the writers, and the range of content that they receive.

All of this suggests that it is a core group of users who want to use and are willing to pay for a variety of news services on digital platforms. This is good news for news providers, but they will have to spend greater effort understanding and serving their individual needs than they ever had to in print.

The growing range of business models in digital news provision suggests the industry will be much more segmented than in the past. It is likely there will be a mass-market tier of providers based on free and premium content, as well as a more niche group creating high value for smaller groups of well-paying subscribers. Other providers will position themselves between the two, offering multiple bundles of content at various price points to serve different user groups. This process, of course, is providing users with greater choice in the type and range of content they receive and inducing news providers to provide more focused products rather than the 'something for everyone' model that was required by print.