

# Pay Walls, Premium Content and Subscribers

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# The Problem

- **Since newspapers began offering content on the internet, the vast majority of papers have not charged users for that content**
- **As our revenues have declined, many newspapers have would like to begin charging for content on the web, but struggle over how to implement a “fee-for-content” model**
  - Concern over jeopardizing current traffic-based revenues
  - Concern over alienating web user and customer base
  - Polls have indicated an overwhelming resistance to the concept of fee-for-content and have led to cries to keep the internet free
- **We still bear the significant cost of gathering content which makes it hard to justify giving it away for free online**
  - This is not a model for success in the face of declining readership



# The Challenge

- **Can we find a way to:**
  - Stop giving away content for free
  - Establish value for our content in the traditional and online marketplace
  - Avoid alienating our customers
  - Possibly stem or slow the decline of readership, a.k.a. “protect print”
- **While**
  - Providing an exciting, enticing source of information on the web that will attract new customers, increase page views and generate a modicum of incremental revenue



# Who uses our websites?

- **Casual users**
  - Those people who come to our sites by typing the URL or clicking on a story link presented by a search engine
  - These users have no long term relationship with our newspaper or site and infrequently come to the site
- **Registered users**
  - For those sites which require registration, these users provided basic information about themselves, such as their email address, ZIP code, age range, gender and possibly income range
- **Subscribers to our print and e-edition products**
  - Individuals with whom we have an on-going relationship, who pay us for our print or electronic editions and who range in loyalty from the new subscriber on a highly discounted rate to the loyal subscriber who has been paying full rate for many years



# What do we currently offer on our websites?

- Content, specific to our market, that we create and is unique to our products
- Content that is produced in our newsrooms but distributed via the AP and made available to other media outlets in our markets
- Content that we obtain via wire from other newsrooms around the country and world
- Specialized content, e.g., columns, prep sports coverage, that the newspaper produces and does not get distributed by the AP, but appears in our print and digital products
- User-generated content such as comments, uploaded images and, in some cases, blogs
- A user experience reminiscent of our printed products (a.k.a. newspaper.com or “shovel-ware”)



# WHAT IF...

- **We created a new website, casting aside *newspaper.com*, that:**
  - Aggregates content from a variety of sources including competitive media in the market
  - Presents breaking news and AP content for free
  - Has new mapping functionality that geo-displayed news stories, advertisers and events on the home page
  - Incorporates Twitter feeds so users could see what Tweets were being made about the market, local news stories or local events
  - Provides links to premium content that is exclusively available in our products
- **At MediaNews, we are creating “*news.com*” with these features in order to provide a new, exciting, user-captivating experience for free**



# What about paid premium content?

- **Paid content will live on news.com, behind a permeable, “hole-ly” pay wall**
  - Paid content is a subset, determined by the local market, of all content on news.com
  - Paid content is accessible to all users, in varying degrees
- **Paid content consists of**
  - Investigative journalism
  - Enterprise reporting
  - Features
  - Entertainment news except for breaking news
  - Lifestyle news except for breaking news
  - Opinion except where the opinion itself is newsworthy

**...subject to local newsroom judgment**



# What about access to that premium content?

- **MediaNews plans to implement a tiered access approach, based on the varying types of users of our websites**
  - Casual users will have access to a limited number of stories per 30-day period, e.g., 5 stories
  - Registrants, who provide basic information about themselves, will have access to a greater number of stories per 30-day period, e.g., 25 stories
    - With the basic information about these users, we have the opportunity to monetize this information through the user of behaviorally targeted advertising and newsletters with advertising
  - Subscribers, who currently pay for our print or e-editions, will have access to the premium content for free or for a modest fee
  - Website subscribers may also pay a modest monthly fee for unlimited access to the premium content without subscribing to the print or e-edition products



# Rewards of membership

- **In addition, to further induce users to subscribe at the registration, membership or subscriber levels, a list of membership rewards will be available**
  - Similar to the public radio model, greater rewards accompany higher levels of membership

Casual	Registrants	Members	Subscribers
5 articles/month	25 articles/month	Full access to site	Full access to site
Commenting	Commenting	Commenting	Commenting
	News alerts	News alerts	News alerts
	Newsletters	Premium coupons	Premium coupons
		Newsletters	Free classified ad
			Editorial roundtable



# Benefits of this “free-mium” model

- **A significant amount of content remains free, in front of the pay wall, AND access to premium content will also be free for 25-40% of our users (who fall into the ‘casual’ group)**
  - This allows us to maintain page view traffic and the associated advertising revenues
- **Loyal subscribers are rewarded with unlimited access to the entire website; typically these account for about 25% of all users of our sites**
  - Again, page view traffic and impression revenue is maintained and customer loyalty is strengthened through the reward
- **Non-subscribers who chose to use the site extensively can subscribe for a fee OR they may be enticed to subscribe to the print edition and gain full access**
  - The rewards of membership present a value proposition to the user



# What do users of our websites say?

- **Based on an ITZ/Belden study conducted in March 2010 in the Chico, CA market, we learned the following:**
  - 84% of the users reside in the local market and 90% of the respondents have been visiting the site for at least one year
  - 73% access the site from a bookmark or by typing the URL
  - 23% of respondents are current subscribers, 21% are former ones
  - 81% find the website valuable for local news content
  - Nearly half of the respondents think it would be difficult to replace the content on the Chico website
  - About 66% of site users are opposed to the concept of the pay wall, saying that the internet should be free and we have an obligation to provide the news to everyone, not just those who can afford it
  - 34% of users are open to the idea of paying a modest fee for content as they already recognize the value of the information and the cost associated with producing news



# What does the audience look like?

## How would they interact with the pay wall?

- **23% are casual users (one visit only)**
- **51% are Incidental Loyalists who visited at least once, but fewer than 4 times, in a month**
- **26% are Core Loyalists visiting 4 or more times per month**
  
- **42% of the respondents would be willing to pay for access to articles, if they had free access to the home page**
- **39% would be interested in acquiring a day pass that would provide full access to the site for 24 hours**
  
- **Prospective users would be willing to pay**
  - \$3.75 to \$6.50 range for a subscription
  - \$1.00 to \$2.00 for a day pass
  - \$2.00 to \$3.00 for a single session pass



# What will “free-mium” content do for MediaNews?

- With the implementation of news.com, we believe that page views to the websites will be maintained or increase slightly
- The tiered access model, allowing different types of users different levels of access, will help to maintain page views of content behind the pay wall
- With unique content behind the pay wall, we will begin to establish the concept that our content has value, not just because we are charging for it, but because it cannot be obtained elsewhere AND access through the pay wall is required to read it
- In markets with higher levels of media competition, the pay wall may not fare as well due to abandonment even though premium content will still be unique
- We need to market the concept and dissuade the public from believing that a pay wall is be an impenetrable barrier at the perimeter of our sites



# Discussion and questions

