

# Charging Content Online: Is It a Strategic Move for News Publishers?!

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**Abstract.** While charging online content is an unavoidable thing for many (if not all) news publishers, there is a lack of common views and clear strategies for such implementation. This paper aims to address the gap via exploring some thoughts and reasons for pro-and-against charging digital content on news sites and through presenting some of our recommendations for dealing with concerns associated with this issue. Our recommendations could provide practical suggestions or/and serve as guidelines to news organizations which are embarking on the Internet or/and looking at monetizing content on their news sites.

**Keywords:** online content, revenue, news publishers

## 1. Introduction

Following on News Corporation's decision to charge readers content online to in 2009, many news publishers have followed and started charging online content. However the heated debate over charging online content shows no sign of stopping. Many people have taken the view that online news should be free. Some reasons behind this line of argument could include: (1) online readers used to access information online for free so far (i.e., using Google for search information, searching Wikipedia for general and specific knowledge, reading news from various sources including newspaper sites, blogs, wikis, social networks & online communities, search engines, online portals); (2) they have not been charged for reading news online by news publishers before (from free of charge to charging fees is much more difficult than from charging fees to free of charge); (3) they perceive they can get the same quality and quantity of news/content from many other online sources mentioned in the first point; (4) the proposed fee-for-reading (or pay-as-per-use) could dramatically reduce the online traffic, which in turn will have big negative impact on the advertising revenue and could have an adverse flow-on effect on paper based media. The required critical mass and e-culture of paying news/content online are not yet in existence; (5) while in the past, news publishers have heavily finance their offline publications via advertising. They should actively work on attracting advertisements online. The free online content will draw online traffic to news sites, which in turn should bring in online advertising businesses for them; and (6) the case of Wall Street Journal, Financial Times, and other more specialist-oriented publications charging online content successfully without losing readership, can't be applied to traditional online news services. The target market for the former is professionals while the latter is the general public. And in many cases, employers pay for the subscription for the access to this kind of publications.

On the other hand, people like Murdoch Rupert who believe in charging digital content could also argue their stance from many perspectives. Some possible explanations include: (1) the Internet has greatly damaged the revenue from traditional media (such as printed materials, television, cable television/satellite television, radio), which has been heavily relying on revenue from advertisements in the printed publications, as readers are increasingly moving online. Thus news publishers are looking at multi-channels to deliver news and information to users and examining various ways to generate revenue, particularly the online channel; (2) why news readers are willing to pay for news on the paper but not on the Internet? Both of them are news requiring substantial costs to produce. Quality journalism is not cheap, and ultimately there is no

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such thing a free lunch; (3) there exist success stories of charging content online. For example News Corporation has succeeded in generating revenue from online content of Wall Street Journal and Financial Times even though the targeted market is professionals who seek more specified, more technical and more comprehensive information. Meanwhile many news publishers believe that regardless of the target markets, one thing for sure is some readers will be happy to pay for good quality information; (4) it is commonly agreed that there are pros and cons of charging news/content online. But we need to start from somewhere and some people have to take the lead before the critical mass of adopting charging/paying digital content is achieved, which many news publishers (as well as users) have been waiting for (or watching for). In this case, the person who has been taking the first step is Murdoch Rupert. He had success in pay television in an environment where most of television networks were free to the viewers. Why did he take risks by charging television viewers? He believes that there are some users who are willing to pay for better quality and value added products and services (whether those products and services are digital or traditional); (5) many people reckon that the Internet has enabled firms to do a much better job in understating market segments and thus more target marketing. Therefore, firms should focus on promoting their products and services (i.e., digital content) to users who are interested in them, among those interested, it is for sure that some of them will be willing to pay for the use (i.e., via purchases, subscriptions); (6) while nowadays everyone can be a news reporter, writer, and publisher, as a result of the wide availability of Internet access, there is some true differences in quality between amateur bloggers/self-publishers and professional journalists/writers who have gone through formal training and are paid to their job properly. The Chinese saying of “Difference in profession makes one feel worlds apart” perfectly coins the statement; and (7) there is an emerging culture of good quality of information should be expensive instead of being free [1].

## **2. Our Recommendations**

So is charging content online a strategic move for news publishers? In our opinion, Yes, it is. Even though we are sure news publishers, especially people like Murdoch Rupert who are smart business persona and has more than 40 years of running news and publication across the globe, have their own strategies and action plans for monetizing online contents on their news sites, we present some of our suggestions regarding implementation of their strategies for charging digital/online content in the following text.

### **2.1. Working on a Click-And-Mortar E-Business Including both Online and Offline Channels**

Some major benefits of e-business include: price (i.e., cheaper prices, easier price comparisons), selection (greater varieties of products and services), convenience (i.e., access anywhere and anytime), availability (365/24/7 available), timeliness (much easier to update the content regularly), and better understanding of customers/users. While many products and services could be provided online, information products and services (such as news and other digital content) are one of the best candidates as they can be provided completely online. However, in the foreseeable future, a click-and-mortar approach having both online and offline elements should be followed. The market and the users are not ready for pure online delivery of news and other content from news publishers yet. The Internet diffusion rates in many countries are still quite low [2]. And the required critical mass and culture for pure online/e-news are not developed yet. At the moment for many businesses embarking on the Internet, the click-and-mortar approach is still the most dominate model for them, and it will be keep this way for some time and for many businesses whose core businesses are not Internet-related. Furthermore it could be argued that for any “E-Business” (including news sites) the emphasis should on “Business” but less on “E” [3].

### **2.2. Dealing with Channel Conflicts Effectively**

Internal channel conflicts need to be avoided and in order to do this a good balance of online and offline operations, has to be achieved. Thus, news publishers should supply sufficient resources and support for both channels and a paradigm shift in business structure to a collaborative partnership, where the gain in one entity (i.e., online media) is not at the expense of another entity (i.e., paper media), is required. Through proper management of both online deliveries and traditional media, success can be achieved. Positive online experiences will induce offline subscriptions and quality content in the traditional media will assist in

establishing trust of online content. In addition, online content could dramatically boost attention towards and reputation of news publishers [4]. Both online and offline channels have strengths and weaknesses. They can, however, coexist and be utilised to complement and enhance each other. They work on different segments and fulfil the different needs of users. For older generations, paper media is an important aspect of their lives and provides a necessary sense of continuum. Furthermore, the tangible feeling of the printed pages (i.e., the ability to flip through back and forth without any delay) and the mobility of newspapers are familiar. However newspapers are heavier (in fact, today’s newspaper could be bulky and have too many pages), take up far more space than online news, and are normally more expensive than online counterparts.

On the other hand, generations X and Y may have little interest in reading the newspaper. For them, the online world is the place where they belong to and from which they derive entertainment due to the high level interaction and the great opportunity of publishing themselves on the Internet. They are computer-based generations. Computing gears (including PCs, Laptops, Mobile Phones, I-pods, MP3/4/5, Palm, and Blackberries) and the Internet are an integral part of their life. Reading newspapers may seem as confined to the older generations. They prefer to get to know what is going on and seek information via applications such as MySpace, Facebook, Twitter, Youtube, Linkedin, Google, and other online applications. Moreover, busy professionals may buy in the idea of online delivery of news more readily than others of their generation since they don’t have time go through all the pieces in the papers. They normally scan through the papers and only read something that interests them (either for leisure or for information). They may not be interested in carrying and throwing so many irrelevant pages every day. It is a waste of time and money. On the contrary, they can search for interested news and required information easily via search function built in the news sites (even with the back issues since many news sites have digitized past issues). They also can see feedback, reviews and comments online, and they greatly enjoy the interactivity of online communities. Those functions are not possible with newspapers.

### 2.3. Designing and Implementing a Multi-Channel/Perspective Service Approach/Model

In line with different needs of various segments and pros/cons of digital/traditional media, a multi-channel/perspective service model (see following Table-1) is required for news publishers.

Table 1. A Multi-channel/perspective service model for news publishers

Target segment	Required/Provided Products & Services	Revenue Sources
User who are currently only interested in newspapers	<ul style="list-style-type: none"> <li>Provide them with both papers and online access</li> <li>Promote advantages of online delivery, such as online communities, readers’ comments, archive of past issues, individual accounts (ideally one account for all digital content), personalized &amp; customized content (such content could be in various formats and could from within and outside news publishers), the opportunity to create or/and co-create content, to them.</li> <li>The purpose is to education them and make them buy into the trend of digital content</li> </ul>	<ul style="list-style-type: none"> <li>Normal charges for papers with free access to online news</li> <li>Create additional revenue by viewing past issues (single articles or whole issues) and other personalized, customized and value added services</li> <li>In relation to the immediately preceding point, a micropayment system should be in place, which could be able to handle micropayments in the range of 1 cent to 99 cents-Ideally news publishers could charge a few cents per past article.</li> </ul>
Users who are currently only interested in online delivery	<ul style="list-style-type: none"> <li>Provide them with both papers (some sample issues for promotion) and online content</li> <li>Promote papers to them, such as via the above mentioned sample issues and a compact edition of selected past papers.</li> </ul>	<ul style="list-style-type: none"> <li>Normal charges for online delivery (cheaper than subscription of papers)</li> <li>Create additional revenue by subscribing papers (the total costs should be no more than papers subscription)</li> <li>Generate additional revenue by viewing past issues (single articles or whole issues) and other personalized, customized and value added services.</li> </ul>
Users who are currently interested in both online and offline contents	<ul style="list-style-type: none"> <li>Provide them with both papers and online delivery</li> </ul>	<ul style="list-style-type: none"> <li>A standard package (no more than papers subscriptions)</li> <li>Generate additional by viewing past issues (single articles or whole issues) and other personalized, customized and value added services.</li> </ul>
Users currently have no interest and Ad hoc visitors/users	<ul style="list-style-type: none"> <li>Provide them with sample papers and guest access to online content</li> <li>Provide benefits of both papers and online content</li> </ul>	<ul style="list-style-type: none"> <li>Generate revenue by papers and online subscriptions</li> <li>Generate additional revenue by viewing past issues (single articles or whole issues) and other personalized, customized and value added services.</li> </ul>

		<ul style="list-style-type: none"> <li>• Customers/Visitors/Users should be allowed to read a part of the story before they decide to purchase</li> <li>• Some contents should be made free to public, i.e., national and international news, weather forecast, financial news.</li> <li>• Free access to certain amount of digital content within certain period should be offered to potential users of news sites to let them have some feeling about digital content.</li> </ul>
<p>People who have firmly refused to pay for digital content-they are either believers of free-lunch or/and those who reckon they have paid their fees for digital content via their Broadband (Internet) access fees and their spending on Internet-related expenditures</p>	<ul style="list-style-type: none"> <li>• Provide them with guest account to digital content</li> </ul>	<ul style="list-style-type: none"> <li>• Generate revenue online subscriptions</li> <li>• Generate additional revenue by viewing past issues (single articles or whole issues) and other personalized, customized and value added services.</li> <li>• Customers/Visitors/Users should be allowed to read a part of the story before they decide to purchase</li> <li>• Some contents should be made free to public, i.e., national and international news, weather forecast, financial news.</li> <li>• Free access to certain amount of digital content within certain period should be offered to potential users of news sites to let them have some feeling about digital content.</li> <li>• Provide the option of charging digital content charges as a part of Broadband connection bill or Mobile phone bill or Television bill.</li> </ul>

## 2.4. Emphasizing on Quality Content

Quality of content (either digital or paper) is the most critical thing for news publishers. For example, we described benefits of e-business early on, namely better prices & easier price comparisons, greater varieties, convenience, 365/24/7 availability, timeliness, and better understanding of customers. But for the long term success of news publishers, the only sustainable competitive advantage is the quality of news, reports and analyses. Truth and accuracy are their minimum standards. Those professional content contributors and developers (including news reporters, editors and others) are most valuable assets to news publishers. While it is true that news businesses can't ignore the popularity of crowd-intelligence (i.e., information in the Wikipedia is contributed by many volunteers) and they should find ways to take advantage of it (i.e., soliciting public views on certain issues and external contributions on some topics), in the meanwhile, information from web 2.0 applications (i.e., search engines, Wikis, Blogs, Social Networks) in many occasions are not rigorous and accurate as that produced by professionals working in the news industry. In fact, many users have used information from various web 2.0 applications for general uses purpose, and then seek more technical/professional, accurate and comprehensive information from traditional publishing houses. News publishers have to look after those content developers. They are the most important factor to the success and sustainable growth of content delivery either via electronic or traditional means.

## 2.5. Creating Win-Win Solutions with Readers, Advertising Customers and Business Partners/Alliances/Collaborators

Besides establishing balanced portfolio of online and offline products and services, effectively addressing readers' needs as discussed previously, it is essential to create win-win solutions with readers, advertising customers and business partners/alliances/collaborators. The key is working on "the accelerating growth of relationship based not on ownership but on partnership" suggested by Drucker [5]. Given the emerging mobile-commerce/business (which could be viewed as either an extension or a variation of e-commerce/business) opportunities, news publishers should actively engage with leading Internet firms, Telecom operators, Internet services providers, and television networks. In this regard, some news publishers have started exploring this direction (i.e., using Google and Apple applications to deliver news on mobile devices). Other initiatives they could pursue include: presenting the digital content charges as a part of Broadband connection bill or Mobile phone bill or Television bill.

News publishers should provide readers a total brand experience. Readers should feel confident, comfortable, and privileged when they are reading and using the digital content from the news publishers. In addition, readers should have the feeling of being a part of the news organizations, i.e., getting them involved

in developing content, having a say in the future of news organizations, rewarding them for what they have done for news organizations (not necessarily financial incentives), among many others. Two successful examples of engaging users in developing content are Mozilla and Wikipedia. If readers view themselves as a part of the news organization, long-lasting relationship and the willing to pay for the content which they co-created will be much more likely to happen. On a related perspective, even though some of those co-creator/contributors won't be subscribers of online news, it still creates a win-win situation for them (i.e., the fulfilment of disseminating information) and the news publisher (gaining external contributions). In addition, news publishers should generate maximized revenue from their available resources through better, more innovative, and more target products and services. Information is such an asset which has no fixed shape and won't lose its value in consumption. A good example is that there are limited frequently used English words, and most of us know most of them. But not many of us are able to produce a good novel or a good speech from these words, and those who are able to do so are good at innovatively arranging them in different partners and ways. Repackaging, bundling and unbundling available information resources along with up-selling and cross-selling strategies are some good suggestions [6].

News publishers should also establish strong and long-lasting partnership with advertising customers. They could work together (even with relevant third parties such as advertising networks that work with and have access to many businesses at the same time) to create more cost-effective and better targeted advertising strategies and tools. Advertising customers could better spend their advertising money, and news publishers could find ways of improving internal operating efficiency. Likewise, the same win-win approach could apply to build up strong and long-lasting relations with news publishers' business partners, alliances and collaborators (individuals or organizations). A win for all the stakeholders (i.e., discussed in this section) can be achieved if each party is looking at the big picture (i.e., treating the products and services they collaboratively work on as common assets) and working hard on bringing benefits to not only itself and but also its partners (some time it is important to bring benefits to your partners before they can help you-for example, if you want to have lower supply costs, then helping your suppliers reduce their operating costs could make more it likely to happen instead of simply working on price). Furthermore, risks and challenges also should be shared among them, and dealt with collaboratively.

### **3. Conclusion**

While news organizations could tackle the issue of charging online content from various perspectives, we have provided some of our thoughts on strategies and approaches news publishers could utilize to deal with such issue. Our suggestions work on five perspectives of a combined offline and online approach, effectively dealing potential conflicts between online and offline channels, adopting a multi-channel/perspective service model, focusing on quality of content, and creating effective strategic alliances and partnerships. In addition, news publishers need to take actions collectively, if companies like News Corporation, have been left alone to fight the war (for charging digital content to pay for quality journalism) for too long, then chance of winning for each one in the news industry will be dramatically reduced.

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