

FREE OR FEE? SUBSCRIPTION OR PAY-PER-VIEW?

HOW WESTERN EUROPEAN NEWSPAPERS
MONETISE THEIR ONLINE CONTENT

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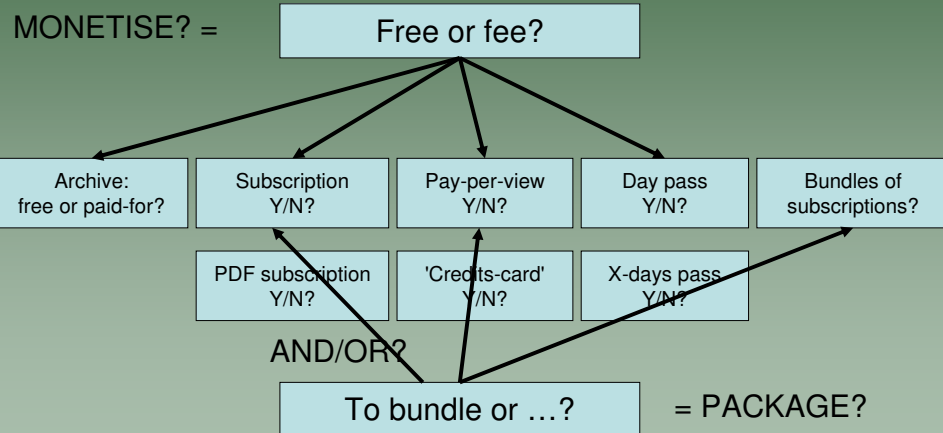
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OUR RESEARCH

- NOT ABOUT UGC
- RATHER: ONLINE REVENUE MODELS FOR 'TRADITIONAL' CONTENT
- RELEVANCE? PICTURE OF THE PLAYING FIELD
- 2 MAIN RESEARCH QUESTIONS (RELATED)
 - FREE OR FEE?
 - TO BUNDLE OR NOT TO BUNDLE?

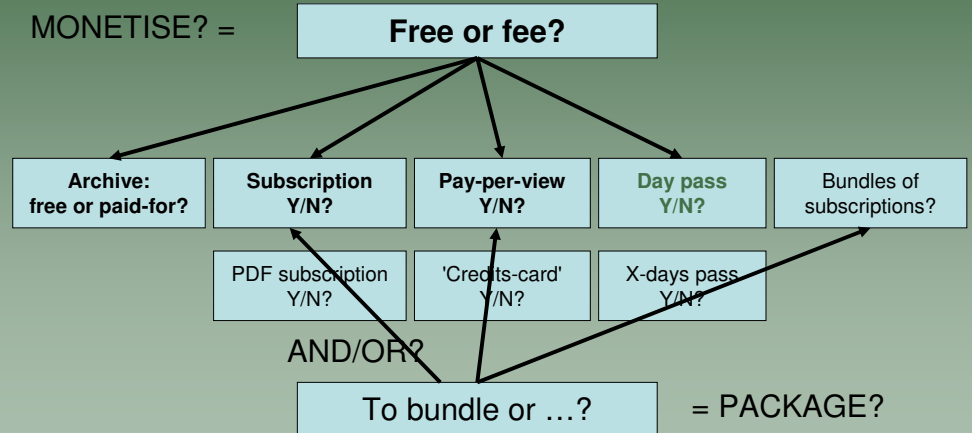
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OUR RESEARCH QUESTIONS



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OUR RESEARCH QUESTIONS



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OUR SCOPE: NATIONAL NPS^S - WE



- Period June-July 2006
- 82 newspapers > 8 countries
- All national, daily paid-for newspapers

Belgium (9) - the Netherlands (8) - Luxembourg (6) - France (11) - Germany (10) - Italy (20) - Spain (8) - the United Kingdom (10)

- Listing conform WAN-report (2006) & national coordinating organisations
- Not:
 - regional and local newspapers
 - freely distributed newspapers
 - overly specific target audience

DATA COLLECTION = SELECTIVE BUT EXHAUSTIVE

STRUCTURE

I. DEFINITIONS & DESCRIPTIVE RESULTS

1. FREE/FEE
2. ARCHIVE
3. SUBSCRIPTION TO THE SITE
4. PPV
5. DAY PASS

II. REGRESSION RESULTS

III. CONCLUSIONS

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I.1. THE 'FREE OR FEE'-DILEMMA

The philosophy behind our approach is based on the nature of the revenue model:

"DO NEWSPAPERS TRY TO MONETISE THEIR ONLINE CONTENT:

- *DIRECTLY* (by charging for content)
- *INDIRECTLY* (through advertising revenues)?"



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I.1. THE 'FREE OR FEE'-DILEMMA

FREE

FEE

= Completely free website

= *Something* is charged for on the website

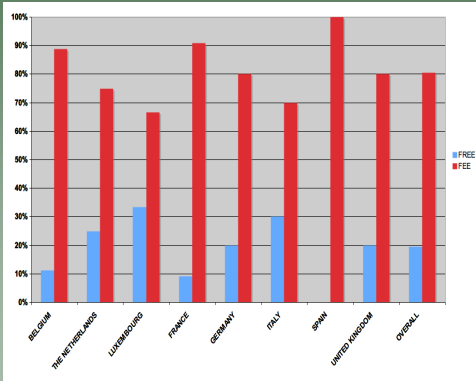
= On the site, all the news, columns and archived articles (if available) can be consulted free of charge

= This may include subscription formulas, a charged-for archive, columns, a PDF-version...

<http://www>

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I.1. THE 'FREE OR FEE'-DILEMMA



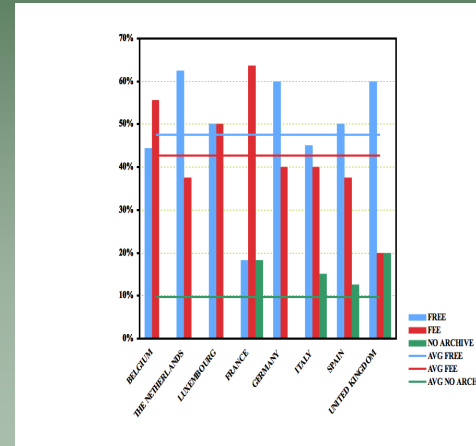
OVERALL: **19.5% FREE**
80.5% FEE

PER COUNTRY:

- LUXEMBOURG (33%) AND ITALY (30%) MOST FREE WEBSITES
- SPAIN (0%), FRANCE (9%) AND BELGIUM (11%) MOST 'WALLED-GARDEN' APPROACH

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I.2. THE ARCHIVE

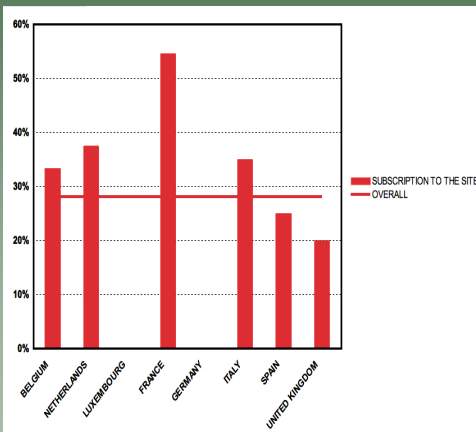


OVERALL: **47.6% FREE**
42.7% FEE
9.8% NO ARCHIVE

PER COUNTRY:

FRANCE: 63.6% FEE ARCHIVE
THE NETHERLANDS: 37.5% FEE ARCHIVE

I.3. SUBSCRIPTION TO THE SITE



OVERALL: **28% ONL SUBSCR**
(\Leftrightarrow 43.9% PDF-SUBSCR)

PER COUNTRY:

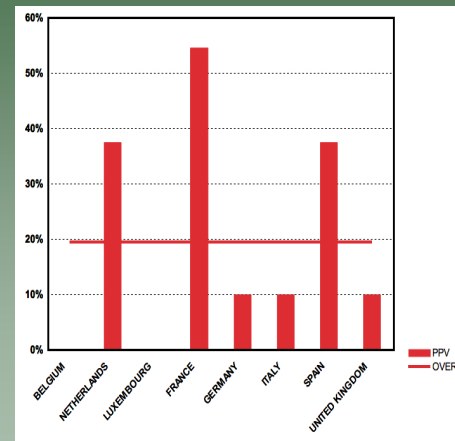
FRANCE: MORE THAN 50% OFFERS ONLINE SUBSCRIPTION

NO ONLINE SUBSCRIPTIONS IN LUXEMBOURG AND GERMANY

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I.4. PAY-PER-VIEW

= to purchase and pay for articles on an individual basis



OVERALL: **1 OUT OF 5 NPS**

PER COUNTRY:

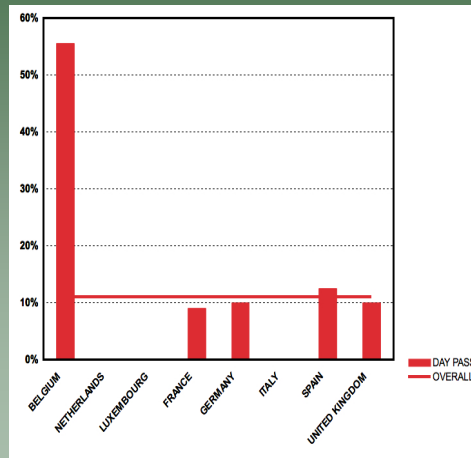
POPULAR IN FRANCE, THE NETHERLANDS AND SPAIN

NOT PRESENT IN BELGIUM AND LUXEMBOURG

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I.5. DAY PASS

= gives complete access to the website for 24 hours



OVERALL: **11% DAY PASS**

PER COUNTRY:

STRONG PRESENCE IN BELGIUM (55.6%)

NOT OFFERED IN THE NETHERLANDS, LUXEMBOURG AND ITALY

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... TO SUMMARISE

- PPV most strongly represented in France
- Day pass most popular in Belgium
- In the U.K. (70%), Luxembourg (66.7%) and Italy (65%) in many cases no un-bundled access options at all

IN SHORT: THERE ARE DRAMATIC INTER-COUNTRY DIFFERENCES... HOW COME?

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STRUCTURE

I. DEFINITIONS AND DESCRIPTIVE RESULTS

II. REGRESSION RESULTS

1. SET-UP OF THE ANALYSES

2. MAIN FINDINGS

III. CONCLUSIONS

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II.1. SET-UP OF THE ANALYSES

1. Construction of a database comprising a range of explanatory variables, regrouped into 3 broad categories:

| Newspaper-specific | Country-specific | Market-specific |
|--|--------------------------------|-----------------------|
| Circulation | Population | Concentration Indexes |
| Readership | GDP | Competitive behaviour |
| Number of web subscriptions | Internet usage and penetration | ... |
| Number of online visitors | Advertising expenditure | |
| Genre (gen - sports - rel - fin - pol) | Newspaper consumption | |
| Type (quality - midmarket - popular) | Newsprint costs | |
| ... | ... | |

2. Binary logistic regression analyses using SPSS 15.0

II.2.1. THE 'FREE OR FEE'-DILEMMA

NEWSPAPER-LEVEL:

- PRICE (PRINT CONTENT) +
- QUALITY NPS +
→ HIGHER FEAR OF CANNIBALISATION OF THEIR PRINT VERSION

COUNTRY-LEVEL:

- INTERNET PENETRATION -

MARKET-LEVEL:

- NO MIMICKING BEHAVIOUR

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II.2.2. THE ARCHIVE

NEWSPAPER-LEVEL:

- PRICE (PRINT CONTENT) +
- FINANCIAL NPS +

COUNTRY-LEVEL:

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MARKET-LEVEL:

- MIMICKING BEHAVIOUR
- % OF THE MARKET +
- % OF NPS WITHIN SAME SEGMENT (Q/P) +

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II.2.3. SUBSCRIPTION TO THE SITE

NEWSPAPER-LEVEL:

- PRICE (PRINT CONTENT) +

COUNTRY-LEVEL:

- CONTRIBUTION OF ADVERTISING TO DAILY NPS REVENUES -
- SHARE OF ADVERTISING EXPENDITURE ON NEWSPAPERS -
→ HIGHER RELIANCE ON ADVERTISING REVENUES IMPLIES LOWER NEED TO MONETISE DIRECTLY

MARKET-LEVEL:

- NO MIMICKING BEHAVIOUR

II.2.4. PAY-PER-VIEW

NEWSPAPER-LEVEL:

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COUNTRY-LEVEL:

- CONTRIBUTION OF ADVERTISING TO DAILY NPS REVENUES -
→ HIGHER RELIANCE ON ADVERTISING REVENUES IMPLIES LOWER NEED TO MONETISE DIRECTLY
- MEAN WEEKLY HOURS SPENT ON INTERNET +

MARKET-LEVEL:

- MIMICKING BEHAVIOUR
- % OF THE MARKET / COMPETITORS / 'FEE' COMPETITORS +

II.2.5. POSITIONING OF ACCESS OPTIONS

| COMPLEMENTS | SUBSTITUTES |
|--|---------------------------|
| PPV & SITE SUBSCRIPTIONS | SITE OR PDF-SUBSCRIPTIONS |
| CHARGED-FOR ARCHIVE & PPV / SITE SUBSCRIPTIONS | |

⇒ COMPLEMENTARY RELATIONSHIP SUGGESTS DIVERSIFICATION APPROACH: AIM BOTH AT LOYAL SUBSCRIBERS AND OCCASIONAL VISITORS

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III. CONCLUSIONS

| | P(PRINT CONTENT) | QUALITY | FINANCIAL | INTERNET | ADVERTISING | MIMICKING |
|---------------------|------------------|---------|-----------|----------|-------------|-----------|
| FEE WEBSITE | + | + | 0 | - | 0 | NO |
| CHARGED-FOR ARCHIVE | + | 0 | + | 0 | 0 | YES |
| SITE SUBSCRIPTION | + | 0 | 0 | 0 | - | NO |
| PPV | 0 | 0 | 0 | + | - | YES |

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III. SEVERAL INTERESTING RESULTS

- DRAMATIC INTER-COUNTRY DIFFERENCES DUE TO
 - THE RELATIVE IMPORTANCE OF ADVERTISING REVENUES
 - MIMICKING BEHAVIOUR (FOR SOME ACCESS OPTIONS)
 - INTERNET
- ON AN INDIVIDUAL LEVEL: QUALITY/FINANCIAL/EXPENSIVE NEWSPAPERS HAVE A DIFFERENT STRATEGIC BEHAVIOUR
- INFORMATION ON TO WHAT EXTENT SPECIFIC ACCESS OPTIONS ARE SEEN BY WE NEWSPAPERS AS COMPLEMENTS OR SUBSTITUTES

⇒ FUTURE RESEARCH: PRICE ANALYSES TO EXPLAIN NP^S FEAR OF CANNIBALISATION

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- Q & A -



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