

Pay Models in European News

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Pay Models: A General Overview

Pay models are becoming an important part of the business of digital news, as legacy revenues continue to erode, and digital advertising revenues increasingly go to large technology companies like Google and Facebook who are able to offer advertisers unduplicated reach, targeted advertising, and low rates. In most countries, it is still only a minority of news lovers who pay for online news (Newman et al 2016). But more and more news organisations are implementing pay models and some, including both newspapers and digital-born news media, have built impressive subscriber bases (Mediabriefing 2017).

The purpose of this RISJ factsheet is to present an overview of the diffusion of different forms of pay models (freemium, metered paywalls, hard paywalls) across a sample of various kinds of news organisations (broadcasters, digital-born, news magazines, and newspapers) in six different European markets (Finland, France, Germany, Italy, Poland, and the United Kingdom).

Based on a sample of 171 of the most important news organisations in these six countries, we find that:

- 66% percent of the newspapers operate a pay model. Freemium models, where some content is freely available, but premium material only available for paying users, are the most widely used, followed by metered paywalls that allow free access to a limited number of articles each month before requiring payment.

- 71% of weekly newspapers and news magazines operate a pay model. Again, freemium models are the most widely used, followed by metered paywalls.
- All broadcasters offer free access to their digital news. This includes both private sector broadcasters like RTL in Germany or TF1 in France and public service media like the BBC in the UK or RAI in Italy.
- Almost all (97%) the digital-born news media offer free access to their news. This includes both domestic digital-born sites like t-online.de in Germany or Fanpage in Italy and US-based international players like BuzzFeed and the Huffington Post. Mediapart in France is the only digital-born organisation in our sample that operates a pay model.
- Looking only at those news organisations who operate a pay model, the average price for the cheapest available monthly subscription (without discounts) is €13.64 (£11.56). Prices range from €2.10 (£1.78) to €54.27 (£46) a month.

We thus find that most newspapers and news magazines across Europe are moving away from digital news offered for free and supported primarily by display advertising, and are cultivating a wider range of sources of revenue, including various pay models in addition to native advertising, ecommerce, events etc. (Cornia et al., 2016). Some digital-born news media, like Mediapart, or beyond our case countries other organisations like DeCorrespondent in the Netherlands, El Diario in Spain, and Zetland in Denmark, are also

building their business at least in part around paying members/subscribers (Nicholls et al. 2016).

However, a multitude of other news organisations in our sample, including digital-born news media (97%), most mid-market and tabloid newspapers (75%), and both private sector broadcasters (100%) and public service media (100%) continue to offer free access to digital news. Across our sample of 171 major news organisations in six countries, 54% offer free access to their digital news content, and continue to draw their revenues primarily from either advertising, legacy operations, or public funding. (See Figure 1 and Table 1 for details.)

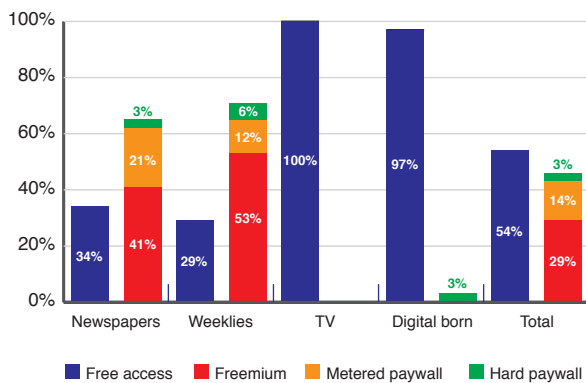


Figure 1. Free and pay models by media type

Country Differences

The six countries we cover represent a wide range of different European media systems, including countries with a long history of strong private sector and public service media as well as countries with historically weaker private sector media and less well-funded and widely used public service media, countries with different levels of advertising expenditure, different market sizes, and different degrees of direct competition from international content.

Comparing results across Finland, France, Germany, Italy, Poland, and the United Kingdom, we find interesting differences (see Figure 2 and Table 2 for details):

- A much larger share of newspapers and news weeklies in Finland (87%), France (95%), and Poland (90%) have adopted pay models. These are markets that are either dominated by a limited number of very strong incumbents (like Finland) or markets where the digital display advertising market is very small (like Poland).

- By contrast, in both Italy and the United Kingdom, the majority of newspapers and weeklies in our sample continue to offer free access to their digital news. In Germany, almost half (48%) of newspapers and weeklies in our sample offer free access to news. These are very competitive markets where even leading titles are worried about losing market share if they implement pay models.
- Monthly prices vary across titles and countries (see Figure 2). Looking specifically at newspapers and weeklies, Poland has the lowest average monthly price at €7.21 (£6.11), ranging from €2.10 (£1.78) to €28.14 (£23.85). The UK has the lowest percentage of newspapers and weeklies with pay models, but the highest average monthly price at €22.26 (£18.87), ranging from €9.44 (£8) to €54.27 (£46).
- Prices vary by model. Metered models average €15.80 (£13.39) and range from €4.71 (£3.99) to €34.99 (£29.66). Freemium models are on average cheaper at €11.69 (£9.91), ranging from €2.10 (£1.78) to €44.90 (£38.06). The prices for content on websites with hard paywalls vary the most, with prices between €3.94 (£3.34) and €54.27 (£46) per month.
- Prices vary by content (business, up-market, mid-market, tabloid papers). Business newspapers are unsurprisingly clearly more expensive than others, with an average monthly price of €25.67 (£21.76) across the six countries (varying from €6.71 (£5.69) to €54.27 (£46)).
- The content and services offered varies as much as the pay models and prices themselves. Some news organisations include in their minimum price offer only access to their news on the websites, whereas others opt to charge more and also offer other services (e.g. the digital version of the printed newspaper, mobile apps dedicated to subscribers, archive).

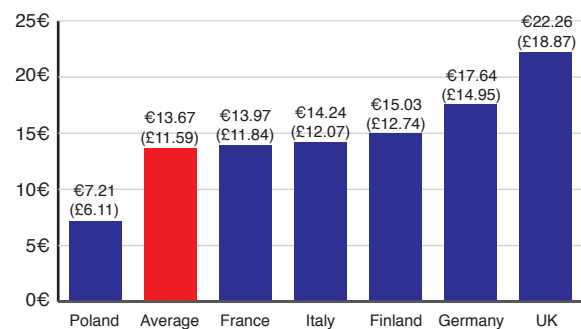


Figure 2. Average monthly price across countries (newspapers and weeklies with pay model only)

It also has to be noted that news organisations that offer free access might, in a few cases, ask for other forms of compensation. For example, the Finish regional newspaper *Huvudstadsbladet* only allows users to read articles for free when they have registered with an account (or also possible through Facebook or Google+). Another strategy is followed by the German regional newspaper *Rheinische Post*. The access is free; however, if users prefer not to see advertisements, they need to subscribe and to pay at least €4.99 (£4.23) per month.

Our sample thus includes a total of 171 of the most important news organisations across the six countries covered, but leaves out a number of smaller news organisations, including many local and regional ones. In each country, we have coded between 22 and 31 of the most important news organisations. The data was collected between 14 and 21 April 2017 and represents a snapshot of rapidly evolving markets. Exchange rates for currency conversation are from 15 April 2017. Please see the separate Appendix for the full list of organisations included in our sample and more detail on each title.

The Sample

The 171 news organisations included were sampled as follows. For each country, we selected:

- 15 national and regional newspapers with the highest print circulation according to national official sources.¹
- Up to 3 weekly newspapers or news magazines per country based on their print circulation or reach according to national sources or the Reuters Institute *Digital News Report 2016 (DNR 2016)*.²
- Up to 5 broadcasters – public service and commercial – based on their reach for TV news according to national official sources or the *Digital News Report 2016*.³
- The 5 digital born news websites (domestic and/or international) in a broad sense with the highest reach in each of the countries based on comScore data for reach within the countries in January 2017.

Because national media markets differ significantly from country to country, the sample is not entirely symmetrical. To avoid leaving out individually important sites not captured by the overall sampling, we have strategically added up to four additional news organisations in each country – ranging from digital-born news media like *Mediapart* in France to national newspapers like *Die Welt* or *die tageszeitung (taz)* in Germany – that we knew in advance are important parts of the overall media landscape and represent important examples of digital journalism, even if they would not have been selected according to reach alone.

Summary

It is clear that growth in the number of people paying for news is in most cases incremental and that reader revenues, though growing, are rarely making up for declining legacy revenues and a difficult digital advertising market. But a growing number of news organisations across Europe have challenged the assumption that people will not pay for digital news and are developing pay models. And, encouragingly, research suggests that some people across all age groups, including younger media users, are willing to pay for quality content and services online that they find valuable and useful (Fletcher and Nielsen 2016). The challenge for news organisations now is to deliver such quality content and services, to develop products that provide the kind of user experience and convenience that people have come to expect from digital media, and to market their offers to the many who are currently not paying for journalism, but might do so in the future.

¹ FIN: Media Audit Finland 2014; FR: Alliance pour les chiffres de la presse et des medias 2016; GER: IWW Q4/2016 (plus overview of largest regional newspapers/publishing groups on Meedia (2017)); IT: Accertamenti Diffusione Stampa, December 2016; POL: ZKDP - ABC Poland 2015; UK: ABC, January 2017. In a few cases in Germany, where publishing houses do not publish the circulation of individual newspapers, but only the aggregated circulation of several newspapers of the group, we selected the publishing group according to the circulation and only then one of their newspapers.

² FR, GER, IT, POL: *DNR 2016*; UK: ABC, second half of 2016. In Finland, due to the limited significance of weeklies, they were not included in the sample.

³ FIN, FR, POL, UK: *DNR 2016*; GER: AGF in collaboration with GfK, TV Scope, Fernsehpanel (D+EU), In Zubayr & Gerhard (2016, p. 148), p. 148; Italy: AGCOM 2016.

Tables

Table 1. Pay models across media types

| | Free access | Freemium | Metered paywall | Hard paywall | N |
|--------------|-------------|------------|-----------------|--------------|------------|
| Newspapers | 34% | 41% | 21% | 3% | 99 |
| Weeklies | 29% | 53% | 12% | 6% | 17 |
| TV | 100% | 0% | 0% | 0% | 23 |
| Digital Born | 97% | 0% | 0% | 3% | 32 |
| Total | 54% | 29% | 14% | 3% | 171 |

Note: In the case of a combination of a metered model and premium content, we coded the offer as "metered paywall". Differences to 100% for the media types are due to rounding.

Table 2. Pay models across countries (newspapers and weeklies only)

| | Free access | Freemium | Metered paywall | Hard paywall | Average monthly price (pay models only) | N |
|--------------|-------------|------------|-----------------|--------------|---|------------|
| Finland | 13% | 47% | 40% | 0% | €15.03 (£12.74) | 15 |
| France | 5% | 67% | 29% | 0% | €13.97 (£11.84) | 21 |
| Germany | 48% | 38% | 14% | 0% | €17.64 (£14.95) | 21 |
| Italy | 60% | 25% | 15% | 0% | €14.24 (£12.07) | 20 |
| Poland | 10% | 71% | 10% | 10% | €7.21 (£6.11) | 21 |
| UK | 67% | 6% | 17% | 11% | €22.26 (£18.87) | 18 |
| Total | 35% | 43% | 19% | 3% | €13.67 (£11.59) | 116 |

Note: In the case of a combination of a metered model and premium content, we coded the offer as "metered paywall". Total may differ from 100% due to rounding. Exchange rate at 15 April 2017.

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