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FREE NEWS GETS SCARCER AS ONLINE PAYWALLS TIGHTEN

WASHINGTON—For those looking for free news online, the search is becoming harder.

Tougher restrictions on online content have boosted digital paid subscriptions at many news organizations, amid a growing trend keeping content behind a paywall.

Free news has by no means disappeared, but recent moves by media groups, Facebook and Google supporting paid subscriptions are forcing free riders to scramble.

For some analysts, the trend reflects a normalization of a situation that has existed since the early internet days that enabled consumers to get accustomed to the notion of free online content.

"I think there is a definite trend for people to start paying for at least one news source," said Rebecca Lieb, an analyst who follows digital media for Kaleido Insights.

Lieb said consumers had become more amenable to paying for digital services.

Investigative reporting on politics in Washington and elsewhere had also made consumers aware of the value of journalism, she added.

Paying for content

A study last year by the Media Insight Project found 53 percent of Americans had paid for at least one news subscription.

A separate report by Oxford University's Reuters Institute found two-thirds of European newspapers used a pay model.

"Services like Netflix and Spotify have helped people get into the habit of paying for digital content they used to get for free," said Damian Radcliffe, a journalism professor at the University of Oregon and a fellow at the Tow Center for Digital Journalism.

"People recognize that if you value journalism, especially in the current political climate, you need to pay for it," Radcliffe added.

Making the transition

Newspapers seeking to make a transition from print to

digital have found it difficult to replace the advertising revenue that had long been the staple of publications.

News organizations are unable to compete against giants like Google and Facebook for digital advertising, and they are turning increasingly to readers to sustain their journalism.

"For large-scale news organizations whether they are national or regional, that want to have a large reporting staff, reader revenue needs to be the No. 1 source," said Ken Doctor, a media analyst and consultant who writes the Newsonomics blog.

Doctor said close to half of the revenue of some news organizations was now coming from subscriptions, and he projected that figure rising to as much as 70 percent.

The New York Times reported that the number of its paid subscribers grew to 2.6 million and that subscriptions accounted for 60 percent of 2017 revenues.

The Washington Post last year said it had more than 1

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million paid digital readers.

Limiting free content

Not surprisingly, the Times and Post have both tightened their online paywalls by limiting the number of free articles available.

Similar moves have been made at The Boston Globe, The Los Angeles Times and elsewhere.

Magazines such as Conde Nast's Wired and The New Yorker also introduced new online pay models that limit free content.

The Atlantic, a media group bolstered by an investment from Laurene Powell Jobs, said it was experimenting with various subscription models as it expanded its operations.

Deeper revenue woes

Ad blockers used by some consumers have caused deeper revenue woes for online news.

One site, Salon.com, told its readers that if they used ad blockers, their computers would

be used to mine cryptocurrency to offset the lost ad revenue.

While well-known national publications may be able to navigate digital pay models, it will be harder for smaller, regional and local news organizations on slimmer budgets, according to Radcliffe.

Smaller pool of customers

"Smaller local organizations might find it harder to make their case to readers (to pay), and they have a smaller pool of customers," he said.

Facebook and Google recently agreed to help support paywalls for news organizations on their platforms, and Apple agreed to waive its commission for subscription sign-ups from the big social network on its devices, according to Facebook's Campbell Brown.

Lieb said these moves could be positive for news organizations after years of tensions with online platforms.

"This means (online platforms) are trying to work for

instead of passively against publishers. This is important because search and social are the way people discover news in the digital age," she added.

Walls keep people out

According to a study by Digital Content Next—formerly known as the Online Publishers Association—news organizations only got around 5 percent of their digital revenue from the dominant online platforms but accounted for close to 30 percent of the content viewed.

The paywall trend may have some other consequences by limiting national "conversations" based on shared news.

"Content that is behind a paywall does not go viral," Lieb said, but she noted that important news scoops could still spark national discussion.

Strict paywalls may also lead to a greater "digital divide" with a segment of the population having access to high-quality news, according to analysts. —AFP

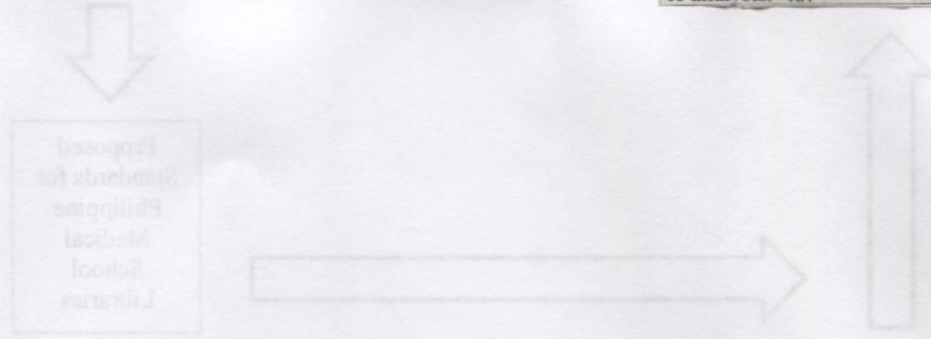


Figure 1. Schematic diagram of the conceptual framework which guided the study