

The YouGov and London Press Club 'Opinion Former Debate', March 18th 2014

"ARE PAID-FOR NEWS CONTENT AREAS THE RIGHT STRATEGY FOR COMMERCIAL SUCCESS?"

One of the key questions still facing news media owners in the digital world is which business model will ensure success in an environment where most consumers continue to access the majority of their digital content for free. Unsurprisingly, less than one in ten (8%) of UK consumers feel that paid-for environments are appealing to them when compared to over three quarters (76%) of UK consumers who prefer the appeal of the 'free' news content model (funded mostly by advertising). Despite this, the majority of opinion formers (56%) believe that paid for environments are actually the best strategy for future commercial success for news organisations. That said, only a third (34%) actually believe that paid-for environments will be profitable enough to succeed in current market conditions. Clearly opinion leaders believe that paid-for environments represent the current best sustainable option, even if they are not entirely sure that will be good enough to succeed in the current market where quality, free digital news content remains widely available.

For the study YouGov completed online interviews with 1043 members of the UK general public, and 739 opinion formers from its UK Opinion Formers Panel and from members and contacts of the London Press Club. Opinion Formers are leaders in their field from business, media, politics, NGOs, academia and beyond. Fieldwork was undertaken between 24th February and 10th March 2014.

WE BELIEVE

The majority (56%) of UK opinion formers believe that paid-for environments will be the most likely (of all popular current models) to become a viable and long-term commercially sustainable business model in the UK digital news market. This is well ahead of the third (33%) of opinion formers who believe the 'free' (mostly advertising funded) model will be most successful. Amongst those opinion formers who believe paid for environments will succeed, just under three quarters (74%) said that 'soft' or metered paywall would be the most successful model whilst around a quarter (26%) said that the 'hard' paywall would succeed.

BUT WILL IT WORK?

Just over a third (34%) of Opinion formers believe that paid-for news environments will be profitable enough to be commercially sustainable in current global market conditions (considering the widespread ability via digital methods to access both news content from public service broadcasters such as the BBC and global news brands such as The Guardian and The Mail Online who operate models that do not charge consumers for access to their digital version). Just over two fifths (42%) believe that these (paid-for) models are not sustainable with one quarter (24%) of opinion formers answering 'Don't Know' and not able to express an opinion. Just over one in six (16%) of UK consumers also believe that paid-for environments will succeed in the current environment.

Most interestingly, usage appears to drive belief in the power of paid-for models and amongst those who have paid for news in the last 12 months (across opinion formers and consumers) over four in ten (43%) believe that the paid-for model will deliver commercial success.

Figure 1 . Which of the three models is the most likely to become the most viable and long-term sustainable commercial model in the UK digital news market?

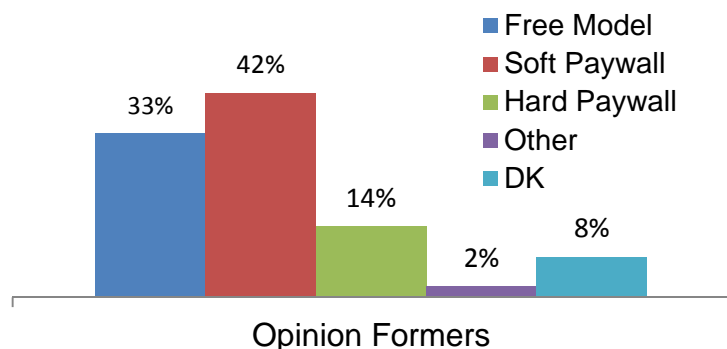
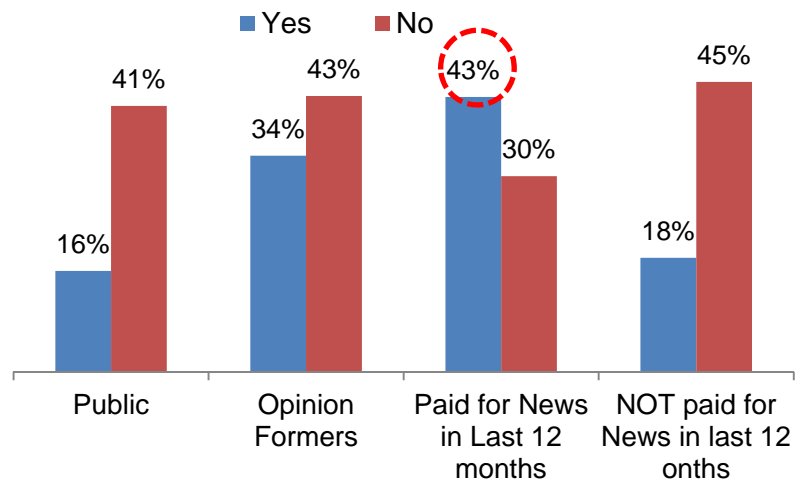


Figure 2 . Do you think that paid-for news environments will ever be profitable enough to succeed?

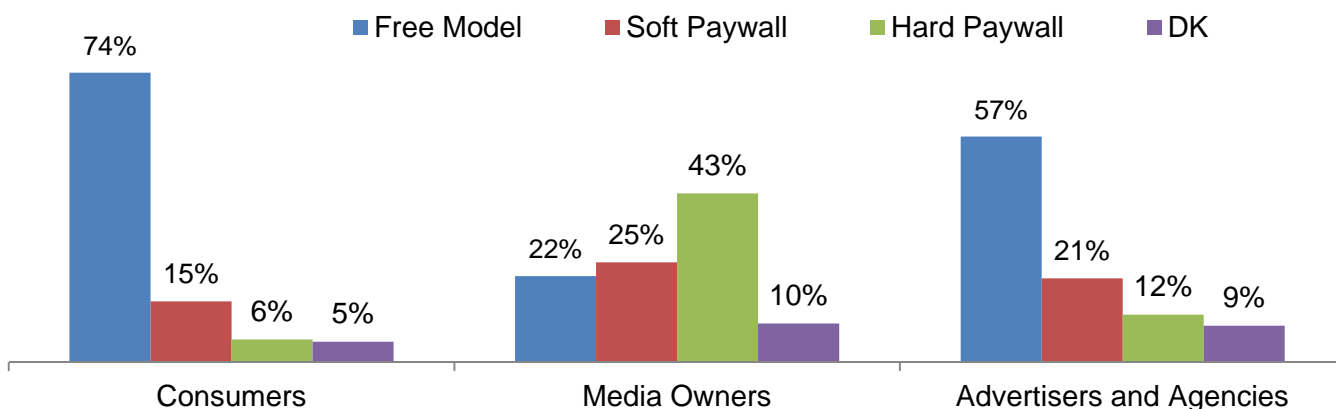


ARE PAYING CUSTOMERS MORE VALUABLE?

The idea that consumers within paid-for environments are more valuable is based on two concepts; one is that content owners can potentially digitally track (and hold more profile information on) consumers and so enable more effective behaviourally targeted advertising. The other is that consumers who have specifically paid for digital content may be more attentive, engaged or generally spend more time on a paid-for site than do casual visitors of free to access sites.

Nearly half (49%) of opinion formers agree that consumers behind paywalls are indeed more valuable and that media owners are in fact justified to charge premium advertising rates to access consumers who are exposed to their advertising whilst within a paid-for environment. Well over a third (37%) said they did not believe they were justified and 14% answered 'Don't Know' and were not able to give a response. A third (33%) of opinion formers also think that paid-for environments are the models most appealing to Advertisers and Media agencies.

Figure 3 . Which of the three models do you think is most appealing to...



• The 'Free' model where digital news content is free to access to consumers. Revenue is generated from advertising • The Metered or 'soft' paywall model where consumers can access a certain number of articles for free and then pay for any content above and beyond that limit. Revenue is generated through digital payments and advertising • The 'Hard' paywall model (or traditional subscription model) where consumers have to pay to access any content from that provider as part of a traditional subscription (they may also subscribe to the newsprint version as part of their overall package). Revenue is generated through subscription payments and advertising.

A QUESTION OF MORAL PHILOSOPHY OR ECONOMIC SURVIVAL?

Nearly three quarters (73%) of opinion formers agreed that in principle they would prefer to see news brands keep their digital content free for all. Interesting how that juxtaposes, considering how many of them (56%) believe that paywall models will be the most commercially successful model. A moral aspiration (based on the legacy supposition that everything delivered by the internet should be 'free') is one thing, the commercial reality of the situation is another. A third (32%) of the opinion formers actually believe not just that paywall models will succeed but agree with the statement that ***“In ten years from now, hardly any UK news brands will be offering free content online”***. Just under a quarter (23%) of consumers also agree with that statement.

THE END OF THE BEGINNING?

What is certain is that the future of these models is uncertain. Already the news industry has gone through a period of large scale disruption to traditional business models through the explosion of the consumption of digital news. However, the vast majority of opinion formers (89%) agree with the proposition that they expect to see further major changes to how news is consumed and sold in the next 20 years. The majority (59%) of UK consumers also agree that more major changes will happen across the industry.

MORE INFORMATION

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