

Lock in, Lock Out: A Double Lens Analysis of Local Media Paywall Strategies and User Response

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Abstract : Background and significance of the study: Newspapers are going through radical changes with increased competition, eroding readerships and declining advertising resulting in plummeting overall revenues. This has led to a quest for new business models, focusing on monetizing content. This research paper investigates both how local online newspapers have introduced user payment and how the audience has received these changes. Given the role of local media in keeping their communities informed and those in power accountable, their potential impact on civic engagement and cultural integration in local communities, the business model innovations of local media deserves far more research interest. Empirically, the findings are interesting for local journalists, local media managers as well as local advertisers. Basic methodologies: The study is based on interviews with commercial leaders in 20 Norwegian local newspapers in addition to a national survey data from 1600 respondents among local media users. The interviews were conducted in the second half of 2015, while the survey was conducted in September 2016. Theoretically, the study draws on the business model framework. Findings: The analysis indicates that paywalls aim more at reducing digital cannibalisation of print revenue than about creating new digital income. The newspapers are mostly concerned with retaining "old" print subscribers and transform them into digital subscribers. However, this strategy may come at a high price for newspapers if their defensive print strategy drives away younger digital readership and hamper their recruitment potential for new audiences as some previous studies have indicated. Analysis of young reader news habits indicates that attracting the younger audience to traditional local news providers is particularly challenging and that they are more prone to seek alternative news sources than the older audience is. Conclusion: The paywall strategy applied by the local newspapers may be well fitted to stabilise print subscription figures and facilitate more tailored and better services for already existing customers, but far less suited for attracting new ones. The paywall is a short-sighted strategy, which drives away younger readers and paves the road for substitute offerings, particularly Facebook.

Keywords : business model, newspapers, paywall, user payment

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