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Abstract

This thesis examines the research landscape of online content in online news media. The motivation behind this undertaking is derived from the crisis within the news industry to effectively monetize online content and create sustainable business models for online news. We conduct a literature analysis to identify relevant articles within academic research and present (a) a quantitative perspective of research focusing on this area and (b) a qualitative examination of topics and insights presented in those articles. We find that while research is focusing on several areas, the highest number of identified articles examined content strategy for online news content. We collect findings and insights from research in the qualitative section of this thesis and present a summary of research development in this area.

Schlagwörter: Online News, Bezahlte Inhalte, News Medien

Abstrakt

Diese Arbeit untersucht die wissenschaftlichen Bemühungen welche sich mit online Inhalten im Rahmen von online Nachrichten befassen. Die Motivation hinter dieser Arbeit wird aus der gegenwärtigen Krise in der Nachrichtenindustrie abgeleitet, wo nach effektiven Methoden der Monetisierung von online Inhalten und der Etablierung von nachhaltigen Geschäftsmodellen gesucht wird. Wir führen eine Literaturanalyse durch um relevante Artikel zu identifizieren und präsentieren (a) eine quantitative Sicht auf die Forschung in diesem Bereich und (b) eine qualitative Untersuchung der Themen und Erkenntnisse welche in diesen Artikeln präsentiert werden. Wir sehen, dass obwohl die Forschung sich auf mehrere Bereiche fokussiert, die meisten Artikel die Strategie hinter online Inhalte untersuchen. Im qualitativen Bereich dieser Arbeit fassen wir die Ergebnisse und Erkenntnisse der Forschung und präsentieren eine Zusammenfassung der wissenschaftlichen Entwicklung in diesem Bereich.

Keywords: Online News, paid content, news media

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List of Abbreviations

AAM	Alliance for Audited Media
Ad	Advertisement
AFR	Australian Financial Review
CAD	Canadian Dollars
EUR	Euro
FT	Financial Times
IT	Information Technology
NYT	New York Times
U.S.	United States
UK	United Kingdom
USD	US-Dollars
WP	Washington Post
WSJ	Wall Street Journal
WSJ+	Wall Street Journal Plus
WTP	Willingness to pay

1. Introduction

Although scholars will agree on the importance of news media, its positive effects on community engagement and political participation, the academic discussion on how to manage, design and finance news media effectively is still subject to academic discussion (Chiou & Tucker, 2013). As general news consumption is declining (Wadbring & Bergström, 2017), companies are looking for sustainable business models in the digital market place. In a world of advertising giants such as Google, mass-audience advertising no longer the most promising option. These advertising firms are able to target the type of consumers their clients are seeking, by taking advantage of data collection and analysis tools. Advertising, as a traditional pillar of newspaper revenue, is increasingly losing in importance. It is therefore crucial for newspaper companies to understand how the traditional newspaper business model must adapt to new threats and possibilities in order to enable sustainable revenues. This task is not only crucial for businesses but also for the public in general who might otherwise lose a critical pillar of democracy, an informed public.

The focus of this thesis lies upon online paid content within news media, an industry experiencing threats and opportunities through the emergence of new digital media (Flavian & Gurrea, 2006). The goal is to gather and analyze academic research in the field of paid online news content. We will conduct a literature analysis of academic articles and provide (a) a quantified perspective on research and (b) an overview of researched topics. We will derive findings from research and present an overview of managerial implications.

2. Theoretical Background

In this chapter we present the theoretical framework of research on online paid content in news media. First, we provide a view on the news media publishing industry and its journey from a market defined by high returns, to a shifting environment caused by the advent of the digital era. We then examine the economic principles of digital goods and the digital economy to understand the challenges posed by the new environment. The motivation to survive in this environment leads to new forms of offering and monetizing content.

2.1. News Media

Until the mid-2000s, newspaper publishers enjoyed large and steady growth and were generally categorized as “cash cows” (Soloski, 2013). Some publishers were showing remarkable margins, with certain publicly traded newspaper organizations displaying margins of 30-50% (Edge, 2002).

Although electronic distribution channels, in the form television and radio, already existed before the advent of the internet, they did not pose significant competition to printed newspapers (Van der Beek et al., 2005). Some will however argue that while they did pose a threat, publishing companies were able to withstand the disruption by being innovative and adapting to shifting requirements (Saltzis, 2012).

2.1.1. The Digital Revolution

While it is obvious that the advent of the internet brought changes also to the news media industry, understanding why news media is struggling in the digital economy requires an examination of the established newspaper business model.

Generating revenues in the newspaper business model of the twentieth-century has been achieved by mass-producing news and selling the mass audiences to advertisers (Myllylahti, 2017). This strategy would however come under threat through the emergence of new business models. Online-advertising behemoths such as Google, offer a much more value-added service compared to news media companies as they offer innovative data solutions which enable them to target the right consumers at the right time. Faced with a lack of such possibilities, news media companies were forced to find seek out new ways to generate revenues (Myllylahti, 2017).

Most of the news content which was published online, was freely available in the first decade of the twentieth century (Bakker, 2012). Advertising, e-commerce and marketing were the core channels through which sufficient revenues should be generated (Bakker, 2012). The financial crisis of 2007/08, as well as, the emergence of new intermediary and alternative business models, contributed to a shift towards new payment options designed to enable news media companies to compensate decreasing advertising-based income (Bakker, 2012).

Digitization changes for one, how news is produced and distributed, but also the underlying costs of production and distribution (Picard, 2011). Suddenly there is no need to travel physically to locations where information is collected. Aggregation of information in the digital world can now be conducted from any given geographical point which leads to great cost-savings. Stories and photographs flow from one point of the world to the other and are easily inserted and processed by editing and layout systems. Distribution is no longer depended on physical delivery but can be offered on a global scale through telecommunications technology (Picard, 2011). This leads to increased savings which can then be invested in content creation, rather than distribution.

Examining how newspaper publishers initially reacted to the emergence of the digital medium, Rothmann & Koch (2014), found five common strategies among the market players. First, an expansion of free online news portals was observed in the market. Publishers offered their entire content for free and added various tools to their websites to enhance page impressions and clicks. One such example is to split articles across several pages and thereby increase potential advertising space. Some publishers, furthermore, merged online and print offices to decrease costs of production. Second, online classified markets were offered in combination with new products in the advertising market. Third, some newspaper focused on cross-media marketing by offering advertisers a single point of contact through which they could see their advertisements on both the printed and digital medium. Another observed strategy was to lobby for a stronger legal position against emerging business models such as search engines. Fifth and last, putting content behind paywalls began to emerge in discussions but could not establish itself in the early years as a viable option due to fears of losing online traffic. Alternative payment approaches encompassed offering customers to purchase digital version of the printed newspaper or offering access to digital archives.

2.1.2. Advertising and Sponsorship

Even though digital news can reach a greater audience relative to printed newspapers, advertising revenues account for merely a fraction of total advertising income, which remains predominately composed of print media advertising (Saltzis, 2012). A major

reason for this is that online advertisers can reach their target audiences more effectively with intermediaries such as Google (Saltzis, 2012), which is why news media providers began experimenting with other forms of generating revenues.

Another trend that has taken a toll on online news advertising revenues has been the emergence of so called ad-blockers, internet browser add-ons for instance, which block any form of advertising while browsing a webpage. It is estimated that globally around 24% of internet users have such an ad-blocker installed and therefore do not see advertisements (Newman et al., 2017). The highest ratio of ad-block users has been found in Greece where more than every third internet user has such an add-on installed. The lowest ratios were found in Japan and South Korea, where ratios are as low as 13% and 12%. While ad-blockers are predominately used on desktop devices, Smartphones have been mostly left out of the trend, where it is estimated that only 7% of smartphone users have some of form of ad-blocking feature installed.

Newspaper organizations have been aware of the threat and began experimenting with several methods to combat it. Various approaches, such as asking the users “nicely” to turn off the ad-blocker add-on or simply blocking all content until the add-on was turned off, have been implemented and it was found that the second approach has been the most effective (Newman et al., 2017). Users must not turn off their ad-blocker completely but can add the newspaper webpage to the exception list of the ad-blocker, also referred to as whitelisting. In a study conducted by the Reuters Institute, among those stating that they had whitelisted a newspaper webpage, 58% had done so because they were otherwise not able to see the content (Newman et al., 2017).

The decrease of advertising revenues was a key factor that affected the first business model experimentations in the industry. German newspapers for instance, were highly dependent on advertising revenues which covered around two thirds of overall revenues. As a result, publishers seeking to adapt to digital transformation tried to implement models which would benefit advertisers. Strategies such as keeping access to online content free of charge and offering cross-media marketing were viewed as innovative steps in the industry. The advertising-oriented approach in business model development would further increase the dependence on the advertising market which would even further increase as a result of the financial crisis of 2008 which led to a significant decline of print readership and consequently further pressure to compensate losses by increasing advertising revenues (Rothmann & Koch, 2014).

2.1.3. Digital Goods

At the core of the digital good economy lies the characteristic of intangibility. The shift away from a physically manifested product, to the creation and manipulation of dematerialized content which enables the economic value we see nowadays in many industries (Loebbecke, 2003). Likewise has the news media industry been affected by the emergence of digital news, a good, intangible in nature.

Contrary to electronic business areas which focus on trading physical goods, business focusing on pure digital goods require a re-imagining of products and processes to succeed (Loebbecke, 2003). It is therefore crucial for traditional newspapers to face the challenge of adapting to new requirements accompanying the provision of online news. Indeed, simply transferring the traditional newspaper business model into the digital space, has proven to not be a sufficient model for the online market.

Digital goods are generally characterized by high fixed costs, preliminary sunk costs, and low variable and marginal costs which in turn enables companies to take advantage of economies of scale. Great costs are therefore only required to produce the “first copy”, while further copies of the initial good can be created, and globally transmitted at almost no cost. This has proven a challenge for traditional economic models such as the neoclassical economic theory which emphasize the role of product quantity as a key factor of decision making. Economic students study the basic economic models which propose that prices are determined by the market, which in turn lead to a reaction from firms and consumers. Consumers base their purchasing decision on their income and prices, while firms base their production on the market prices and required input. Depending on the market price, income and input prices, a certain quantity is produced by firms and consumed by buyers. The supply and demand curves find each other in this point, which determines the available quantity of produced goods (Post, 2009). Given that prices are determined by markets, quantity is the only variable firms can adjust to maximize profits.

In the digital marketplace however, firms control price more directly than quantity. The digital good is produced and placed online from where consumers can download and consume the good. The quantity of copies is therefore determined by the consumers, whereas the firm produces only one copy and implements the required tools and processes to enable replication by users. As price is ultimately still a function of

consumer demand, observing the response of customers to proposed prices is what will determine the success of a firm in the digital market place.

Some academics argue that the future of online newspapers lies in specialization, niche-targeting and high-end quality journalism (Picard, 2011). While this can be the future for some news media companies, others lack the necessary requirements such as the audience, reputation, brand, staff or the financial resources for such as strategy (Bakker, 2012). The alternative - tackling wide audiences with general news economically - requires thorough organizational re-structuring, to enable companies to provide more content at lower costs (Bakker, 2012). A trend can be observed in the U.S. news industry in terms of increasing focus on the digital format, reducing delivery of printed news and cutting staff (Pickard & Williams, 2013). Between 2000 and 2011, the American Society of News Editors lost 28% of employed newsroom journalists. For those that remained employed, an increase of workload was the byproduct of cost cutting. With too much work to complete, journalists would have less time to focus on labor-intensive stories. This means for one, that some stories simply could not be covered, and for the other, stories could not be covered in detail (Pickard & Williams, 2013).

2.2. Paywalls

If a user cannot access certain online content without paying for it, then this content is behind a so-called paywall. A paywall is therefore a mechanism which separates paid content from free content (Myllylahti, 2013). A newspaper can for instance provide certain content, such as breaking news and blogs for free, while other information, such as articles written by popular columnists, are labeled as premium content and restricted from free access. (Chiou & Tucker, 2013).

Paywalls can also be based on the frequency of usage, which is for instance the case when users can access a certain number of articles freely and are then required to purchase a subscription if they wish to continue reading (Chiou & Tucker, 2013). The York Daily Record, a news organization based in York, Pennsylvania, introduced the frequency-based paywall in 2010, which offered users to read a maximum of 25 articles for free after which they would have to purchase a subscription if they wished to read more (Chiou & Tucker, 2013).

News media organization such as Time, People, Vogue and Sports Illustrated, have been experimenting with micropayments. Micropayments refer to transactions in which only small sums - between € 0.01 and € 5.00 - of capital are exchanged (Mladenow et al., 2015). These paywalls do not encompass the option to purchase a subscription but rather charge by article consumed. Certain articles are put behind the paywall and users must pay for each article they read separately (Chiou & Tucker, 2013).

Another approach has also come through the emergence of smartphones and applications. A paywall is erected which will not limit the access to the website of the news organization, but access to the application of the provider is limited to readers who purchase a subscription. Paying for content depends therefore on the channel customers wish to use to access the information (Chiou & Tucker, 2013).

Historically, newspaper companies derived their financial success from a combination of sales and advertising revenues. Soon, through the internet, emerged new competing businesses such as Google, which established themselves as the key players in online advertising (Saltzis, 2012). As Google would offer a value-added advertising service – superior in customer targeting and pricing – newspapers would struggle to attract online advertising revenues that could reach those of print revenues. Competition was further increased by other more cost-effective advertising channels such as search engines, classified website and social media. The struggle to generate advertising revenues to sustain significant investments in news production, would lead to the increase of paywall experimentation and implementation.

2.2.1. Hard Paywalls

A hard paywalled - used by The Times and The Sunday Times newspapers for example – hinders users to access to all or certain content without first paying for it (Myllylahti, 2014). After the introduction of the hard paywall, webpage views fell by 90% online readership declined by 62% for The Times (Myllylahti, 2014). Nowadays, the newspapers have softened their paywalls by offering two articles per week for free, if the user agrees to register on the website (The Times UK, 2018).

2.2.2. Metered Paywalls

The metered model has established itself as the most common paywall model in the United States (Myllylahti, 2013). Customers of the metered model can view a certain number of articles, after which they are required to pay by purchasing a subscription. A prominent example of a newspaper using the metered model is The New York Times, which adopted the model in March 2011 for its online website NYTimes.com (Brandstetter & Schmalhofer, 2014). Customers were able to access 20 articles freely per month. Reading more articles would require the purchase of a digital subscription. The number of free articles was lowered to 10 in April 2012 and while only five articles were available to read for free during the period when this thesis was written.

The metered model can also be found in other countries, such as Germany, where Die Welt introduced a metered paywall in 2012 (Brandstetter & Schmalhofer, 2014). Faced with decreasing revenues from advertising, a decision was made to limit the free consumption to 20 articles. A key obstacle Die Welt was facing was that not only could similar news articles be read on other newspaper websites, but they could be accessed for free. This was indeed a major problem for online newspapers in Germany, where households are by law charged a fee for public service broadcast companies ARD and ZDF, which in turn enables them to access apps, online news, TV and radio broadcast of the two companies. Merely erecting a paywall to monetize content which is offered by several sources and for which customers are already paying or getting for free, would therefore not be successful. The logical solution would therefore be to create content which adds value and compensates for the additional monetary burden carried by the customer. Brandstetter & Schmalhofer (2014) found that Die Welt did not change the content they offered in a way that would add value to the customer. Half of the content offered was based on articles published by news agencies, which offered their content also to other free accessible online newspapers and search engines. Only a fraction of content was published that could not be read anywhere else, and hence, only little value was added to the customer.

2.2.3. Freemium Paywalls

A “softer” version of the paywall is the premium paywall, which requires users to pay only for certain articles, which offer premium value (Carson, 2015). Content which creates value in the news media industry goes beyond general or standard news and can for instance come from popular columnists or from popular newspaper sections such as sports, IT or business (Carson, 2015).

The Australian Financial Review (AFR) is one example of a newspaper reaching success by shifting from a hard paywall, to a freemium model. The AFR delivered value-added business reporting to its users but struggled to attract paying subscribers. One factor causing the struggle was that their subscription was the most expensive offering in the global news industry (Carson, 2015). A combination of lowering the prices by 30 per-cent and introducing the freemium model tripled their subscriber base.

Beier et al. (2018) conducted an online questionnaire to examine various aspects proposed by the scientific community that would attract visitors to online news websites. Based on their findings, charging customers periodically is suggested as a better payment model than a usage-based model. Examining the preferences of participants regarding the paywall option, the freemium model was more widely accepted than the metered model. This hence suggests that participants are more willing to pay for certain high-quality articles, rather than pay solely based on the quantity of consumption (Beier et al., 2018).

2.3. Providing Digital News

Offering digital news to readers is a challenge for many newspaper organization who are faced with several decisions regarding the future strategy of their printed news provision – if the organization is not digital-only. They are, furthermore, faced with an audience that has been used to consume online news free of charge and new competitive business models that operate on lower cost.

2.3.1. Multiplatform Delivery

Seeking to adapt to the changes, many newspapers began offering content through online and mobile channels while also running their traditional print business (Doyle,

2015). One key aspect of adapting to shifting requirements is resource allocation. Resource being a source of potential competitive advantage means the appropriate allocation can lead to sustainable success in the market place. Firms can for instance implement tangible and intangible assets to achieve quicker processes in a shifting market which requires quick reactions, a requirement usually associated with the digital economy. Newspaper firms must therefore allocate their sources among at least two platforms effectively – printed and digital news – as to achieve success across both channels. The appropriate allocation is however subject to discussion as some newspapers combine and integrate production over their platforms, while others employ separation between the businesses (Doyle, 2015).

As the proportion of digital subscribers grows, so does the need for digital content. Newspapers are realizing that allocation is turning towards digital news. The publisher of the Financial Times, the FT Group, for instance kept their employee count rather steady during the rise of its digital news offering. Although the human resource did not change in quantity, it did however change in skill and know-how. The FT Group increased the number of employees specialized in IT, graphics and data analysis, while also providing in-house training for journalists, effectively enabling them to transfer into the online world. By the end of 2012, 50% of the employed staff were already devoted to online news provision, with the percentage expecting the further increase (Doyle, 2015).

Users on different platforms tend to have varied consumption behavior, as studies show that online news reading in the U.S. and the UK tends to reach its peaks in the morning and at lunchtime. The Financial Times, however, tends to publish new stories predominately around early evening when the printed newspaper reaches its production deadline (Doyle, 2015). This gap between production and consumption conflicts with the goal of an online website which is to maximize advertising revenues by attracting and keeping users engaged on the website. This can however only be achieved by frequently updating the content. The performance of the digital platform is therefore dampened by the processes required by the print platform.

2.3.2. Willingness to Pay

While many studies find that consumers tend to generally lack the willingness to pay for online content, successful examples such as iTunes show a different picture (Herbet & Thurman, 2007). Understanding if, why and when customers will pay for digital content is a key question in research and practice. Studies found that online news was generally perceived to be an inferior offering, compared to printed news in terms of quality (Chyi & Yang, 2009). The question therefore is whether qualitative shortcomings can be compensated by benefits offered by digital news and if there is a price that can justify the perceived inferiority in quality (Kammer et al., 2015).

The percentage of the population paying for digital news is still in the range of single digits and far more people are willing to pay for printed news than online news (Fletcher & Nielsen, 2017). One explanation for this trend is that the reference price for digital news can be zero. As users became used of accessing content for free, their reference price for this service was zero. A price charged for the same content would therefore be compared to the reference price of zero. Customers therefore do not simply compare what they get for what they pay, but that they also compare the price of offered goods and services to prices of comparable goods and services (Fletcher & Nielsen, 2017). This is a serious obstacle for news media companies who face consumers who are not only used to reading news for free but are aware that there are many online newspapers who offer – at least when it comes to standard news – the same content and without any charge. Overcoming this obstacle is something which can be observed in the online video and music industry, where studies for instance find that one in five people between 17 and 30 years, pays for monthly video-on-demand and music streaming services (Fletcher & Nielsen, 2017).

Research found that a key variable in determining whether a user would pay for online news was age, although no consensus regarding the actual age could not be reached (Kammer et al., 2015). Another interesting variable is that of assessing what one will have to invest to consume the information – such as Intellectual power, time, money etc. – and what they will receive in return – knowledge, social recognition, pastime (Kammer et. al., 2015).

Questionnaires conducted in 36 national markets, as part of the Reuters Digital News Report 2017 (Newman et al., 2017), found that people were most willing to pay for

breaking news (41%) and reporting on recent news (38%). These categories were followed by providing in-depth analysis (34%) and commentary (29%). An interesting point here is that although breaking news was the leading reason people were willing to pay for, in most of the analyzed countries, people had access to breaking news through several other free sources. This is particularly interesting as The Times, for instance, discontinued providing breaking news only to paying customers due to there being several free alternatives. It could therefore be the case that people are willing to pay for breaking news coming from a trusted source, multiplatform breaking news or breaking news on certain topics.

2.3.3. Product Substitution

The crucial characteristic of disruptive technologies is that they challenge existing business models. The internet has enabled the offering of online news, a substitute product to printed news. A disruptive technology which enables the production of products like those produced with the old technology, but at a significantly lower price, would eventually lower the entrance barrier as high investments are no longer required. New competitors with lower cost business models would appear and put the incumbent market players at a disadvantage (Ahlers, 2006). The older technology and high-cost structures would force them to offer their online content with significantly lower operating cost (Ahlers, 2006). Over time consumers would begin using the new product and ultimately abandon the old product. In the context of news media, consumers might therefore switch completely to online news in the future. The potential of this idea can further be understood by examining substitution theory.

A key factor of deciding wheatear to switch to the new product is the relative price performance compared to the old product (Ahlers, 2006). Many if not most newspaper used to offer their online content for free which in turn meant that substitution towards digital content was quite effortless in monetary terms. Although many newspapers are still offering their online content for free, others either have, or are planning to implement paywalls. The price hence leads to consumers expecting more in return than they used to expect in the free model. Switching from printed to online news has hence become more difficult from the perspective of publishers. It can be the case for example that consumers of traditional newspapers, especially the older generations

which are not yet fully immersed in the internet, will expect a certain performance of the new product. This expectation would grow with the required price of consumption.

Theory suggests two effects that assist consumers in overcoming the cost of switching. For one, if consumers can immediately gain an advantage by using the new technology, then the cost is compensated. Second, increasing adoption of the new technology can increase the value received by the customer. The increased value through increasing adoption can be observed on social media platforms. The more users are on the platform the more content can be produced by the users and in turn consumed – this effect is referred to as a network effect. The more content there is, the more content can be consumed by the individual user, and hence a greater consumer value is achieved.

The second effect is however not the case in the newspaper business, as no network effects exist between consumers of the good. Cost of switching must therefore be compensated by an increased benefit from online news (Ahlers, 2006). Although network effects do not exist in a similar form as in social media where users benefit from a wider user base which creates more content, traditionally there was a strong network effect in the newspaper industry visible in price subsidization (Rothmann & Koch, 2014). Production costs of newspapers could not be covered by sales revenues which is why advertising revenues were key to subsidize newspaper prices. As every new customer would increase the reach of the newspaper, consequently the newspaper would gain more value as a marketing channel for advertisers. This in turn meant that newspapers could charge more for advertising space and hence subsidize newspapers further. Every new customer would therefore benefit other customers by decreasing the prices of news. This however does not apply in the case of news offered for free online as there is no price for content which can decrease through network effects.

The third aspect supporting substitution is the level of propensity of buyers towards switching (Ahlers, 2006). News used to be consumed by reading the printed newspapers. The introduction of radio news was then followed by television news broadcast. Older generations were used to consume a single media source at once, a behavior which is increasingly changing. Consumers are employing multi-tasking when they consume media (Ahlers, 2006), a trend further supported by the emergence of

smartphones and smartphone-based news consumption. The shifting consumer behavior supports the idea to increase and enhance online presence.

2.3.4. Emerging competition

A study conducted by the Pew Research Center found that in 2006, the most visited websites which offered news were MSNBC (31%), Yahoo (23%), CNN.com (23%), Google (9%), AOL (8%) and FoxNews.com (8%). Interestingly, none of the websites were traditional newspapers (Chyi & Tenenboim, 2017).

Reasons why news media organization are nowadays experimenting extensively with new ways to generate revenues are for one decreasing returns on printed news and news-channel based advertising, but for the other, emerging business models that take the position of intermediaries, between both, upstream and downstream market participants (Chiou & Tucker, 2013). Among them we find for instance, so called news aggregators, websites which collect and combine online news content from several news sources. The Watertown Daily Times, a news organization based in New York, abolished its paywall after an 8-year usage period, because a news aggregation website, called Newzjunky.com, began aggregating local news headlines in New York (Chiou & Tucker, 2013).

Users can access the website and scroll through news headlines from several newspapers. Clicking on a headline leads them to the website of the newspaper providing the content. But as users are enabled to go over content of many providers on a single website, more time could be spent on the news aggregator website instead of the newspaper website. The benefits of this service manifested in much greater website traffic compared to the Watertown Daily Times, who were forced to turn back to a free online content model to ensure sufficient website traffic (Chiou & Tucker, 2013).

News media organizations must be aware of how competition today is much different than it used to be. News aggregators repackage news of the actual providers, consequently avoiding associated costs of newsgathering. This enables them to run their operations at lower costs, hence proving that new more cost-efficient competitors are entering the market. This is certainly the case here as the news market is shifting

from a market traditionally associated with high entry costs, to a market with low entry barriers and high uncertainty (Saltzis, 2012).

2.4. Paying for content

We examine in this chapter the main payment options observed in online content revenue models. Chiou & Tucker (2013) conducted one of the first empirical studies to understand whether paywalls lead to an improved situation for online-provided news, finding that charging users for content which used to be free, would lead to decline in readership. The industry has nevertheless experimented with different forms of charging for content and some publishers have achieved success.

2.4.1. Subscription

Here we present subscription as one option for charging customers, an option which has established itself as the most common payment model. The customers are generally required to pay a fee on a continuing basis, which in turn grants them access to the content offered by the provider. We will look at the subscription options offered by newspapers in the United States and Austria to see differences in product design and pricing.

2.4.1.1. United States

The Wall Street Journal was the first major newspaper to introduce a subscription-based model in 1997 (Kammer et al., 2015). The newspaper currently offers a digital subscription for 18,49 USD per month for the first 12 months, which is then increased to 36,99 USD excluding tax per month (Wall Street Journal Shop, 2018). This subscription encompasses unlimited access to website content, mobile and tablet applications and membership to the WSJ+, an additional feature which includes invitations to events (Wall Street Journal Plus, 2018). The combination of the printed newspaper and digital access is priced with 19,55 USD per month for the first 12 months followed by an increase to 38,99 USD per month. The printed option includes not only a 6-day home delivery of the newspaper but also access to the website content, as well as, the mobile application, and is priced with 19 USD per month in the

first 12 months and 37,99 USD excluding tax per month. In summary, we see that the newspaper offers three different subscription options, the option with printed newspaper delivery with website and mobile application access, an option with access to website, mobile and tablet application access, and finally, the combination of printed newspaper delivery and access to website content and all applications. With prices varying marginally, the main difference in terms of digital access between the digital all access option and the print delivery option is merely the restriction to the tablet application for the latter.

The New York Times currently offers three different subscription packages, Basic, All Access and Home Delivery with All Access (The New York Times Subscriptions, 2018). The Basic subscription is priced with 14,99 USD excluding tax per month and offers unlimited access to articles on the website and the application. The newspaper charges 22,99 USD excluding tax per month for the All Access option. Customers are granted the same access as in the Basic version and are additionally able to access the Times Insider feature which offers premium content such as behind-the-scenes stories, photos and videos from journalist directly from the field, access to live panel discussions, podcasts, events and the NYT e-book library, as well as, the ability to grant a second All Access subscription to an individual for no additional charge. (The New York Times Insider, 2018). The third option, Home Delivery plus All Access, adds the above explained features of All Access also the print edition which is delivered to the customers residence. Customers can, furthermore, grant not one but two other individuals an All Access subscription without additional costs and have access to additional features such as the Times Experience. This cheapest option is priced at 9,25 USD per week – with the printed newspaper being delivered only on Sundays - and increases depending on the chosen frequency of the delivery of the printed version (The News York Times Subscriptions, 2018).

The NYT for instance does not offer a single digital subscription but distinguishes between a basic and premium digital subscription package. Depending on whether the customer wishes to gain access only to some articles or the additional premium offering. Same as with WSJ we see that the most expensive option offered by the NYT is the printed and digital option.

The Washington Post currently offers two subscription options, the Basic Digital and the Premium Digital Option (The Washington Post Subscription, 2018). The basic

option includes unlimited access to the webpage, as well as, all applications and is priced with 10 USD excluding tax per month. The premium option adds to the basic subscription access, also the ability to grant a basic subscription to another individual and access to the Washington Post e-book library. The price of the premium option is currently 15 USD excluding tax per month. Readers in the D.C. metro area can, furthermore, choose the combination of printed and digital newspaper subscription. Besides the premium digital access, readers receive the printed newspaper version through home delivery, either on weekly or daily basis, with prices varying between 2,65 USD per week for the weekly version and 12,25 USD for the daily version. We see the most expensive option is the combination of printed delivery and access to all digital platform as with the NYT and the WSJ. For the other we see that the WP also distinguishes between a simple digital access and premium digital access as the NYT. Compared to the NYT however additional content, and hence added value, offered to the customer is rather sporadic. NYT has taken more effort in widening the value proposition by creating for instance archives of cooking recipes to which premium users have access to.

Overall, we find that all three newspapers offer a neatly designed set of subscriptions. While both the NYT and the WP offer two types of digital subscriptions, which they differentiate through access to premium digital content, the WSJ grants access to its premium content through each of the three subscription options, print, digital and the combination of the two. Similar differentiation is visible when looking at the additional feature of granting access to another user without any further cost, which again is something the WSJ, as compared to the other two, does not offer. This is quite an interesting feature of the package as it does not only grant value to the initial customer offering, but further increases the reader base.

2.4.1.2. Austria

Among the most popular Online News providers in Austria - based on the Digital News Report of 2017 – who offer digital subscriptions we find Krone Zeitung, Der Standard, Die Presse, Kurier, OE24, Kleine Zeitung, Oberösterreichische Nachrichten and News.at. All of the above newspapers offer their content for free on their websites but differentiate their offering through application access and premium content.

The Krone Zeitung for instance does not offer any premium content but rather compensates the price for its digital subscription through access to mobile and table applications, digital versions of the printed newspaper and magazines, as well as, entry to their archives. They further offer combinations of subscription and devices such as tablets to be purchased and payed on monthly basis (Krone Zeitung Abo, 2018).

OE24 offers a similar digital subscription as the Krone Zeitung. Customers receive the printed version of the newspaper and magazines in digital format and can choose to add to the subscription, an electronic device such as a tablet, for which they are charged additionally each month. Like Krone Zeitung, no additional premium features are offered by the newspaper.

Kleine Zeitung offers three possible subscriptions similar to the options offered by The Wall Street Journal. Customers can choose between a printed subscription, which however does not encompass complementary access to digital content, the digital option, which grants unlimited access the website content and the application, as well as, the printed version in digital format and the combination of the printed and digital options. All three options include the membership with which customers can for example get cheaper deals on travel tours or can take part in raffle games. Same as with the newspapers above, no additional journalistic content is granted to paying customers (Kleine Zeitung Abo, 2018).

Kurier has several subscription packages from which customers can choose from. Although they offer either only the printed version, the digital version or the combination of the two. They differ more in the length of the subscription and the additionally granted benefits such as free coffee machines. Interesting is further the design of the subscription shop which is, especially compared to the above mentioned online shops of the U.S. newspapers - which offer a simplistic design, as well as, a clear and small number of options - rather complex. Various combinations such a digital newspaper access and additional Amazon gift cards, or several gift options which can be taken in addition to print and digital newspaper subscription. In total however, three main options can be purchased. The home delivery of the printed newspaper, access to the digital version of the printed paper and a combination of the first two. All options further entail membership to the Kurier club, which grants access to lotteries and exclusive deals on various items and travel trips (Kurier Mein Abo, 2018).

News.at has three options in its online shop, which are designed similarly to the U.S. counterparts, namely in a simplistic fashion. Three subscription options are available, the printed, the digital and the combination of the two. Again, we see that there is no additional digital content provided for those that purchase the digital or combined subscription. While there is no premium content there is access to the digital version of the printed newspaper, which can be accessed on desktop pc as well as, smartphone and tablet (News.at Abo, 2018).

With Oberösterreichische Nachrichten we see the same picture as with News.at. The online shop as well as, the product options, are designed similarly simplistic and user-friendly. Readers can purchase again the printed, the digital or the combination package. A fourth option is also available for children and entails newspapers which are written and designed for younger audiences. Interestingly, no such children-friendly option is available in a digital format. Furthermore, no premium content offered to the customers and digital access merely enables them to read the printed newspaper in digital format (OE Nachrichten Abo, 2018).

The offer of Der Standard includes two different types of digital subscriptions. One option enables customers to read the digital version of the printed newspaper, while the other offers access to the webpage and application-based content without advertising and tracking. The second digital option is quite interesting as we have not seen this kind of option in other Newspapers we analyzed above. This can further be taken as a proof of effort to find new innovative ways of designing access to digital content (Der Standard Abo, 2018).

Die Presse has taken another approach which is to also include premium digital content. The content can be accessed through either the digital-only package, which also includes the digital version of the printed paper, or the printed and digital package. Customers with access to the premium content can read exclusive reports, comments, dossiers and analysis (Die Presse Abo, 2018).

All in all, we see that most of the examined newspapers in Austria are offering both printed versions and digital versions of the newspaper, or a combination of the two. No additional premium news content, except for Die Presse, is to date being offered to digital subscribers. Digital subscription is mostly designed to offer access to the digital version of the printed newspaper. Several of the newspapers further offer

memberships to clubs through which customers have access to lotteries and special offer deals. It is therefore visible that some of these newspapers are seeking to combine their online platforms with online shops in order to generate additional revenues. This trend is especially interesting as it moves away from the traditional newspaper business model.

2.4.2. Pay-per-use

Per-per-use describes a model in which the customer pays for each article he views. Although pay-per-use is not common in the industry, it might become more popular, given the successful implementation in the music and gaming industry (Herbert & Thurman, 2007).

An often-found example of a newspapers experimenting with micropayments is the Canadian based newspapers, Winnipeg Free Press. The newspaper offers similarly to other online newspapers digital and print subscriptions, but additionally adds the option to pay for each read article separately. This offer was at the time of writing this thesis, priced at 0,27 CAD per article (Winnipeg Free Press Shop, 2018). The micropayment option went live in the fourth quarter of 2015 and around eight months later it had about 4.300 customers who had purchased at least on article, a number that might seem small but is quite a positive achievement, given that 4.000 customers were in total paying for the digital subscription during the same period.

An online newspaper which does not charge for each article but for short time periods of access is the City A.M., a newspaper based in London, England. The newspaper offers readers daily access for a fee of 50p. This strategy came into account as a reaction to the go-live of Google's ad-blocker which prevented certain advertisements to be shown if users were accessing the web through Google's web browser, Chrome. A fall in advertisement revenue lead the newspaper to implement a hard paywall, restricting all access on its website from being viewed for free and implemented the option to view articles in short periods in exchange for a fee (Scott, 2018).

News aggregator Blendle, a start-up based in the Netherlands, is offering news articles from different newspapers, which can be purchased per story (Renner, 2015). Prices

ranged from 0,75 EUR for a page of the *Süddeutsche Zeitung*, 0,35 EUR for the cover story of magazine *Cicero* to 1,99 EUR for the cover story the *Spiegel*. Each article can be returned and refunded during a 10 second period after which the article has been opened.

The use of micropayment strategies in online newspapers has however also been found to affect what customers will choose to read. Geidner & D'Arcy (2013) examined in an experimental study how charging for each article separately would lower the chance of people purchasing and reading articles which are contrary to their belief. This finding presents a conflict to the very essence of news, which is to inform readers. Instead of having readers take different perspectives on issues of interest, they would tend to stay among stories and views which further support a given belief.

Paying for each article separately has also found other innovative ways to function. Some newspapers offer other forms of compensation for each article which is not of monetary nature but can for instance have the character of time or information (Geidner & D'Arcy, 2013). The *Boston Globe* offered users of its photography feature the first six pictures of a photo set for free, after which customers would be asked to answer a survey which was conducted in collaboration with the consumer survey from Google (Geidner & D'Arcy, 2013). Examinations conducted during the writing of this theses could however not find any content restriction on the photography feature, and therefore also no indication, that the described non-monetary micropayment model was still in place (The Big Picture, 2018).

2.5. Market Development

A survey conducted in 1999, found that of 64 newspapers offering an online service, 80% managed their income over online advertising, while fewer than 20% used pay-per-use and ecommerce models, and only 3% employed a subscription-based business model (Chyi, 2005). As advertising revenues would fall in the upcoming years, paywalls would soon become the seemingly sole option to generate sustainable revenues. Business model experimentation would lead to several new ways to charge customers as presented above. The success of these models is however a debated topic in practice and research.

An interesting notion regarding the actual success of implemented paywalls is presented by Myllylahti (2013) who was seeking to understand why news media companies are hiding the financial figures of their online business models, despite them suggesting success with the models. The study from 2013 found that revenues generated by digital-only subscriptions represented around 10 per-cent of the overall news company's revenues. Considerable growth can however be observed as revenues from digital circulation keep growing by two-digit percentages year to year (World Press Trends, 2017).

Although newspaper companies are experimenting with different approaches to reach success in the digital marketplace, it can be observed that most of them have not only adopted the digital medium, but that they have also understood that the transition from a physical to a digital market requires adjusting to new organizational and strategical demands (Saltzis, 2012). The Financial Times for instance, is redefining its organization away from a financial newspaper and closer to an organization offering financial analysis and interpretation (Saltzis, 2012).

2.5.1. Europe

Recent studies conducted in Europe find that most newspapers have implemented a paywall model. Cornia et al. (2017) examined major newspapers in six European Countries (Germany, France, Italy, Finland, United Kingdom and Poland).

The study included 171 of the key news organization in the above-mentioned countries and found that 66% of newspapers had already implemented a pay model. Among the most prominent model was the freemium model, which offers some content for free and in addition, premium content for which readers would have to pay. Among weekly newspapers and news magazines, the share of pay models was even higher with 71%, with freemium models being again the most widely implemented option. On the other hand, news media which originated on the internet, operated predominantly (97%) on free access models.

Interesting insights are further presented in the country-by-country comparison, which for instance, shows that an increasing share of newspapers operating a payment model are found in newspaper markets which are either undergoing sharp declines in advertising revenues, such as Poland, or have markets composed of only small

number of market players, such as Finland. On the contrary we find for instance in Germany that only 48% of newspaper publishers have implemented payment models. One explanation is that this market contains many players and strong private and public competition. Tension on the seller side means that newspapers fear implementing a paywall as customers could substitute them for another newspaper which offers the content for free.

2.5.2. United States

We presented above that news websites enjoying the highest online traffic were neither newspaper publishers, nor in relation to them (Chyi & Tenenboim, 2017). According to the Reuters Digital News Report from 2017 (Newman et al., 2017), among the top five mostly used online sources for news, the New York Times is the only newspaper company and takes the fifth place. The other places are taken by Yahoo!News, Huffington Post, CNN.com and Fox News online.

Although digital newspaper revenues are increasing, they do not yet compensate the overwhelming loss of revenue from printed news. Between 2010 and 2014, advertising revenues from printed US newspapers dropped from 22,8 billion USD to 16,4 billion USD, while advertising revenues from digital news increased only from 3 billion USD to 3,5 billion USD (Pew Research Center, 2015). Analysts estimate that for each lost printed news customer, several dozen or even more online customers must be attracted to compensate the decline (Chyi & Tenenboim, 2017).

One of the most successful newspaper in the U.S. market is The News York Times which implemented its metered model in 2011 and reported 2,6 million digital-only subscribers at the end of the fourth quarter of 2017 – a 41,8 percent increase compared to the fourth quarter of 2016 (The New York Times Company Reports 2017). Although subscriptions to online news are increasing among the top newspapers in the U.S. market, overall market circulation is continuing its downwards trend (Barthel, 2017). As advertising revenues are declining by double-digit numbers, circulation revenues are

displaying small but steady growth. The focus on subscription-based models presents hope for the industry.

Further trends observed in the industry encompass for example the convergence of online news and TV news consumption (Gottfried & Shearer, 2017). In August of 2017, 43% percent U.S. reported to consume news online, while 50% were getting news on television, a gap which was double in the prior year 2016. Not only was the youngest age group substantially more likely to read news online, but a decline of TV news consumption was also observed among 50 to 64-year-olds, as well as, 30 to 49-year-olds (Gottfried & Shearer, 2017).

2.5.3. Asia

The percentage of people paying for online news in Asia is similar as in the U.S. and even higher than in the United Kingdom (The 2017 Asia-Pacific Supplementary Digital News Report, 2017). The only major reason to pay for online news given by respondents in Asia was that they would gain access to news over tablets and smartphones. Multi-platform access is a major factor in the Asian markets. As across all examined Asian countries, news was accessed through several platforms.

3. Methodology

3.1. Keyword Selection

The right choice of keywords is a critical factor of the literature analysis as we seek to gather related academic articles to find insights on the status quo. Our first approach is to gather synonyms for each word of the topic.

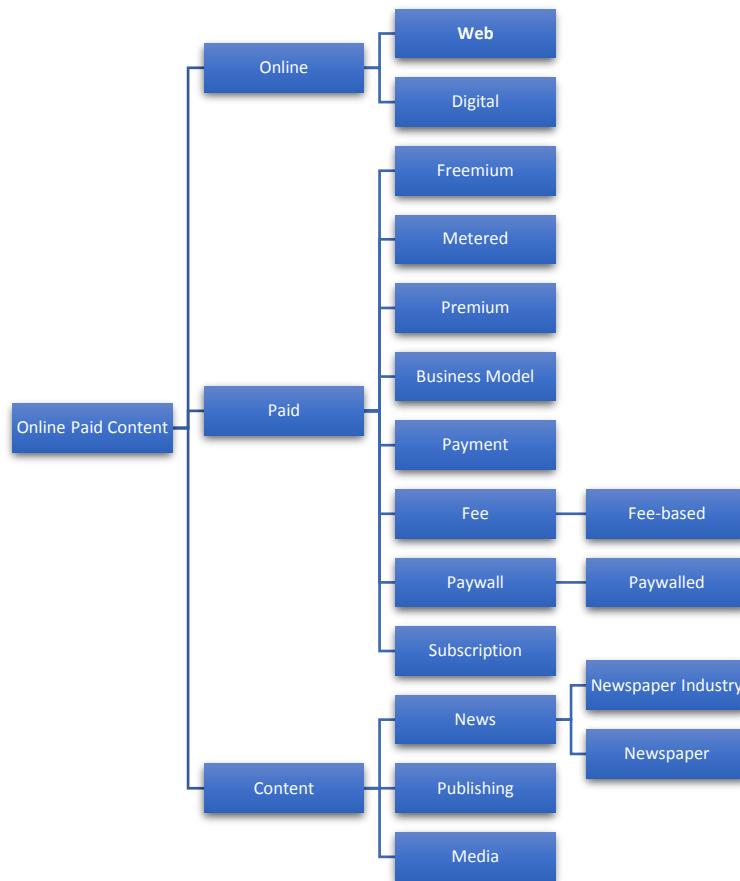


Figure 1: Synonyms of the keywords online, paid and content

The synonyms are then put in combinations that reflect the initial three words.

Online Paid Content	Online	Web	Digital
Content	Online Content	Web Content	Digital Content
News	Online News	Web News	Digital News
Newspaper	Online Newspaper	Web Newspaper	Digital Newspaper

Table 1: Two-word keyword combinations

By further including synonyms that represent the monetary aspect of the topic, we create three-word combinations. Not all possible combinations were considered. Some of the combinations were disregarded as they were not effective at finding articles any articles. A list of 41 keywords was drawn that would cover the research landscape of digital news content from a business perspective.

"Paid Online Content" "news"	Subscription "Online Content"
"Paywall" "Online News"	Freemium "online news"
"Digital News" "Business Model"	Metered "online content"
"Online News" "Business Model"	Paid "online news"
Paywall "Digital Newspaper"	Metered "online news"
"Digital Newspaper" "Business Model"	Payment "online news"
Fee "Digital News"	paywalled "online news"
Metered "digital news"	subscription "online news"
Paywall Web Newspaper	paid "online newspaper"
Freemium Online Newspaper	metered "online newspaper"
payment "online newspaper"	paid "digital newspaper"
fee "online newspaper"	freemium "digital newspaper"
paywall "online newspaper"	payment "digital newspaper"
subscription "online newspaper"	fee "digital newspaper"
paid "digital news"	subscription "digital newspaper"
freemium "digital news"	"online content" "business model"
metered "digital news"	"online newspaper" "business model"
payment "digital news"	"web news" "business model"
paywall "digital news"	"web newspaper" "business model"
subscription "digital news"	"digital content" "business model"
	"digital newspaper" "business model"

Table 2: Final selection of three-word combinations

3.2. Databases

The chosen scientific databases for this study encompass Springer Link, Science Direct, Wiley Online Library, ACM Digital Library, EBSCO and Taylor and Francis Online.

3.3. Timeline

The scope was limited to the beginning of 2015 until the 30th of June 2018. Some articles are published at earlier dates than the date they were published officially in a journal. In this case we would include the article in our collection if the date when it as published in the journal would be in 2015 or later.

3.4. Criteria to include an article

Scientific articles were chosen depending on certain criteria that should enable us to focus only on relevant research. Following criteria helped us to gather an appropriate database:

- Publisher: Scientific Papers must either be published in scientific journals or conference proceedings
- Subject Relevance: The focus of the papers must be in accordance with the topic of this thesis.
 - Articles only mentioning the subject on the side and articles examining online content in general, without a focus on news media, will be excluded from the selection.
 - Articles focusing on journalism in general without any managerial or business-related implications will be excluded.
 - Articles which cover printed news as a main topic, while online news is covered only to a marginal extent will be excluded
- Language: Only articles written in English will be included in this study.

3.5. Categorization

The collected articles were then distributed among defined categories. The categories consist of Business Model Development, Willingness to pay, User Behavior, Content Strategy and Multi-Platform Delivery.

4. Literature analysis

Gathering of articles was started by entering a scientific database and first choosing the parameters of the keyword search on the website. We defined the following two parameters:

- The years were defined as 2015 until 2018
- The literature type was reduced to scientific articles, published in journals, and scientific proceedings, depending on the available options the database provided

A keyword was then written in the search bar and the retrieval process began. After each retrieval, the number of retrieved articles would be documented without any further examination of the presented content. The first examination of the retrieved articles was then conducted by analyzing the header of the article and the abstract itself. An article not fitting the above presented criteria such as period or scientific

background would be immediately disregarded as not being relevant. If the header was sufficiently reflecting the examined topic, then a short examination of the abstract would be undertaken. An article could for example display already in the header a relevance to the subject of this thesis and display that the article was about paywall models of newspaper, which would signal relevance and the article would be documented as a potential finding. Another article could on the other hand present in the header that the topic was about online news, but it would not reflect any relevance to business or economy, from which managerial implication could be drawn. The following three content-related criteria were therefore selected:

- The article would need to emphasize news as the underlying research topic
- The research would need to enable managerial implications by providing findings that could be beneficial from a business perspective

Every article that would indicate that these criteria were fulfilled, would be extracted and documented as a potential article found, and with the respective keyword. It should be noted that this search was conducted without a detailed view of the actual content. Header and abstract were the main focus of this first search, which explains why we later excluded further articles from our short list, as these did not fulfill the above presented criteria.

The first round presented us with 18.954 total retrieved articles based on our input of 41 keywords in seven scientific databases. 540 articles were identified as being potentially relevant for the scope of this thesis. The table below presents retrieved and potential articles found for each of the defined keywords. We see for one, as we look on the absolute figures, that Taylor and Francis Online offered the highest number of potential articles. Comparing additionally also the ratios of retrieved articles to potential articles, we see that with 5,4%, Taylor and Francis Online presented us with the best ratio between retrieved and potential articles, which means that it proved to be the most efficient database during this literature analysis.

The potential articles were then tested on duplications. For this we simply connected the raw data of our first search into a pivot table using Microsoft excel. A list was created and corrected that would then present each article only once. Of the 522 articles found in the first search, 335 were duplicates, which left 205 articles to be examined in more detail.

In the next phase, we conducted a more detailed analysis of the content itself by taking the above-mentioned criteria and analyzing the articles in-depth. These factors shortened the potential article list to 33 articles from which we extracted information which we will discuss in the upcoming chapters.

First Round: Retrieved Articles and Potential Articles												
Searched keywords	ACM		Science Direct		Springer Link		Wiley Online Library		EBSCO		Taylor and Francis Online	
	Retrieved	Potential	Retrieved	Potential	Retrieved	Potential	Retrieved	Potential	Retrieved	Potential	Retrieved	Potential
"Paid Online Content" "news"	0	0	3	1	0	0	1	0	33	8	2	0
"Paywall" "Online News"	2	1	7	1	1	0	7	1	17	7	36	11
"Digital News" "Business Model"	16	1	8	1	6	0	9	1	484	13	63	14
"Online News" "Business Model"	93	3	44	2	22	1	50	2	332	8	118	7
Paywall "Digital Newspaper"	2	1	0	0	0	0	0	0	15	1	8	6
"Digital Newspaper" "Business Model"	167	1	2	0	3	0	0	0	42	3	8	8
Fee "Digital News"	124	0	3	0	4	0	11	0	122	1	6	1
Metered "digital news"	394	0	1	0	0	0	16	1	0	0	1	1
Paywall Web Newspaper	1	1	25	1	4	0	7	0	9	6	44	13
Freemium Online Newspaper	0	0	15	0	12	1	17	0	0	0	26	4
Subscription "Online Content"	96	0	215	1	42	2	221	0	55	3	150	4
Freemium "online news"	100	6	3	0	2	0	6	0	58	0	22	8
Metered "online content"	467	0	28	0	13	0	163	0	1	0	391	5
Paid "online news"	431	2	166	0	157	1	0	0	36	1	1851	13
Metered "online news"	487	2	28	0	13	0	120	1	8	0	363	19
Payment "online news"	352	2	69	0	35	0	81	1	82	1	852	7
paywalled "online news"	217	5	55	0	31	2	187	0	16	1	457	13
subscription "online news"	189	0	56	1	21	3	97	3	53	8	48	1
paid "online newspaper"	353	0	83	3	59	0	65	0	38	4	11	9
metered "online newspaper"	400	0	13	1	2	0	55	1	1	1	25	0
payment "online newspaper"	266	1	38	1	15	0	50	0	30	3	77	13
fee "online newspaper"	131	0	41	2	10	0	33	0	22	3	49	3
paywall "online newspaper"	9	0	5	0	0	0	3	1	21	0	2	2
subscription "online newspaper"	103	0	32	4	15	1	66	9	82	8	15	3
paid "digital news"	362	2	14	0	18	0	91	3	99	1	78	14
freemium "digital news"	25	0	0	0	1	0	1	0	10	2	1	0
metered "digital news"	394	0	1	0	0	0	16	1	0	0	1	1
payment "digital news"	275	2	5	0	2	0	49	1	7	0	23	12
paywall "digital news"	18	5	3	0	1	0	0	0	15	4	26	13
subscription "digital news"	112	3	9	1	6	2	20	2	243	2	51	20
paid "digital newspaper"	348	0	7	2	10	2	11	0	22	1	27	5
freemium "digital newspaper"	11	0	0	0	0	0	0	0	0	0	4	4
payment "digital newspaper"	261	0	4	0	2	0	11	0	13	4	4	2
fee "digital newspaper"	126	0	3	0	3	2	7	0	11	1	21	0
subscription "digital newspaper"	98	0	6	2	3	1	4	0	91	5	16	7
"online content" "business model"	244	3	98	1	54	1	67	1	258	4	95	9
"online newspaper" "business model"	174	2	23	1	7	0	7	1	44	7	17	8
"web news" "business model"	167	1	5	0	4	0	6	0	118	1	20	1
"web newspaper" "business model"	167	1	0	0	0	0	0	0	37	8	0	0
"digital content" "business model"	167	1	167	0	111	0	76	1	143	2	101	5
"digital newspaper" "business model"	167	1	2	0	3	0	0	0	42	3	8	8
Total	7516	47	1287	26	692	19	1631	31	2710	125	5118	274
Sum of retrieved articles	18954											
Sum of potential articles	522											

Table 3: Retrieved articles and potential articles from the first round

5. Quantitative Findings

We present our findings by giving an overview in numbers, similar as Jabbour et al. (2010). Tables showcase how articles are distributed by category, country of origin, publishing journal, research method and publishing year. This will give us a first understanding of trends in research.

5.1. Articles by database

Comparing how many articles from our final selection we found on each of the chosen databases. We see that the majority was found on Taylor and Francis Online and EBSCO. The summed-up figures presented on the graph are higher than the number of articles presented in our final list, as some of the articles were found on two or more databases.

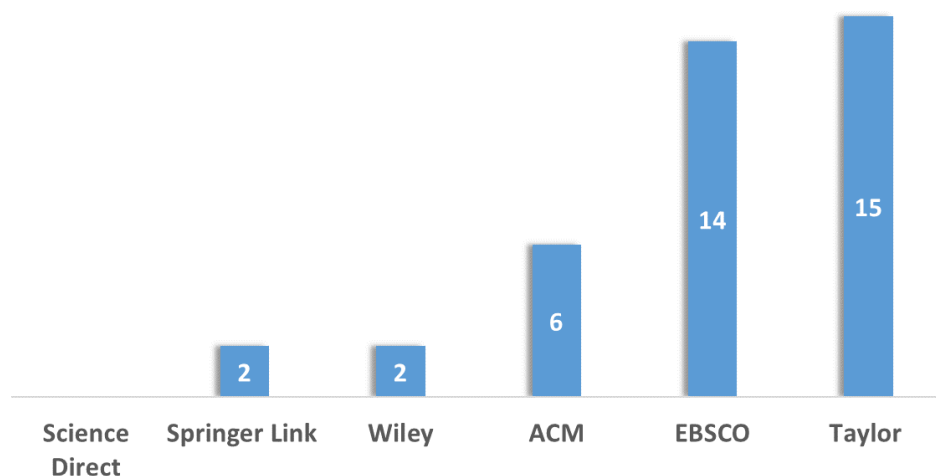


Figure 2: Articles found in each database

5.2. Articles by year published

According to our analysis, the number of published scientific articles in journals and scientific proceedings, has decreased between 2016 and half-year 2018. As we could not find any scientific article that was presenting insights on this development, we will not add any interpretation to this trend.

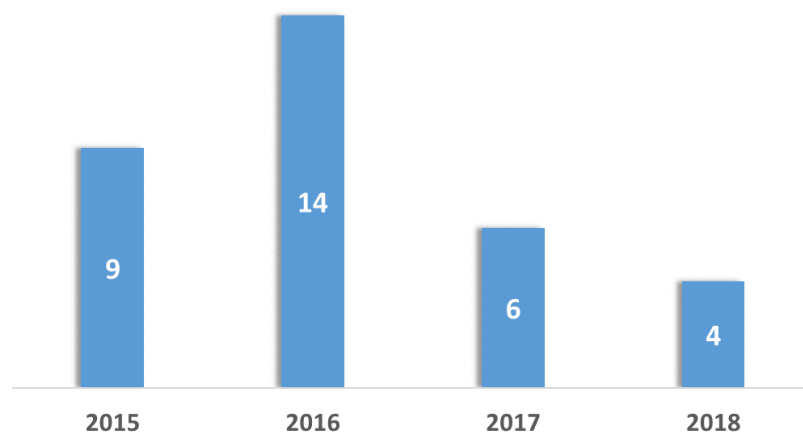


Figure 3: Articles found in databases by year of publishing

5.3. Articles by topic

Based on the categories we defined, the graph below represents the number of articles we found in each of the categories. While some articles presented insights on two categories, we focused on the key topic to place the article in one of the categories. It is visible that while content strategy displays the highest number articles, no category is particularly dominant. Based on this we could say that research is focusing on several areas of the research landscape equally.

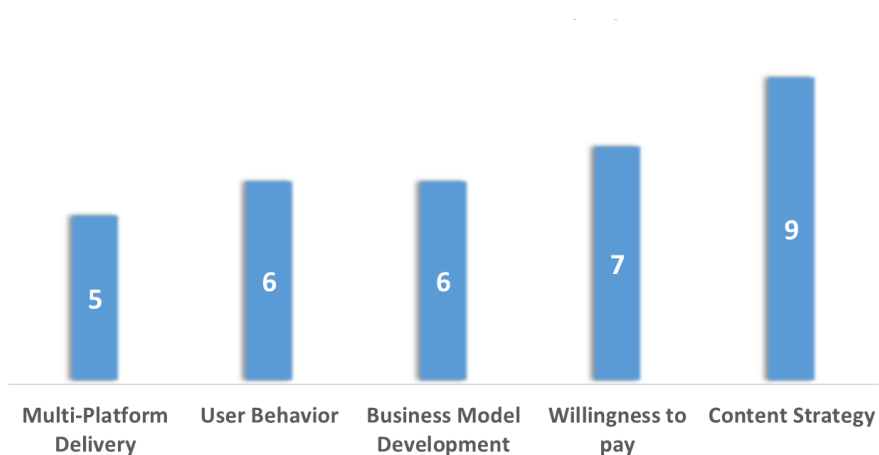


Figure 4: Articles found in databases by topic

5.4. Articles by research methods

Here we present which methods have been used in the articles we presented in the final list and see that the majority of studies were conducted on the basis of quantitative methods.

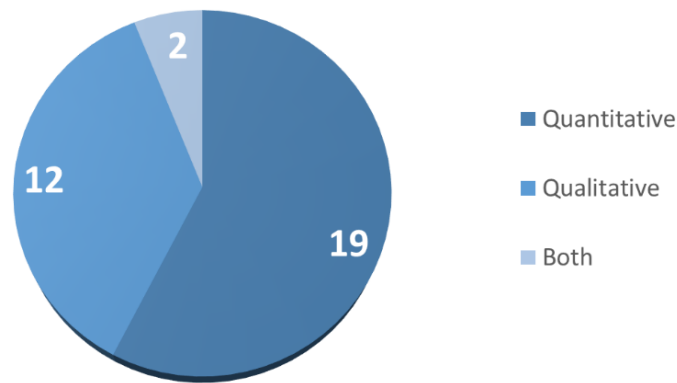


Figure 5: Methods used in selected articles

5.5. Articles by country of origin

At last we examined in which countries the research has been conducted. We found that of those 33 articles we found to be relevant for this topic, most articles were produced in the United States, followed by Germany and Spain. Here we will only suggest that while these numbers would indicate a stronger focus within the academic community in the United States, examining the figures in relation to other figures such as the market-value of the national newspaper industry or the GDP, would lead to a significantly different picture. Interestingly all four Scandinavian states find themselves on the list. Summed up, they would have 8 articles, which would be equal to the amount of article found to originate from the United States.

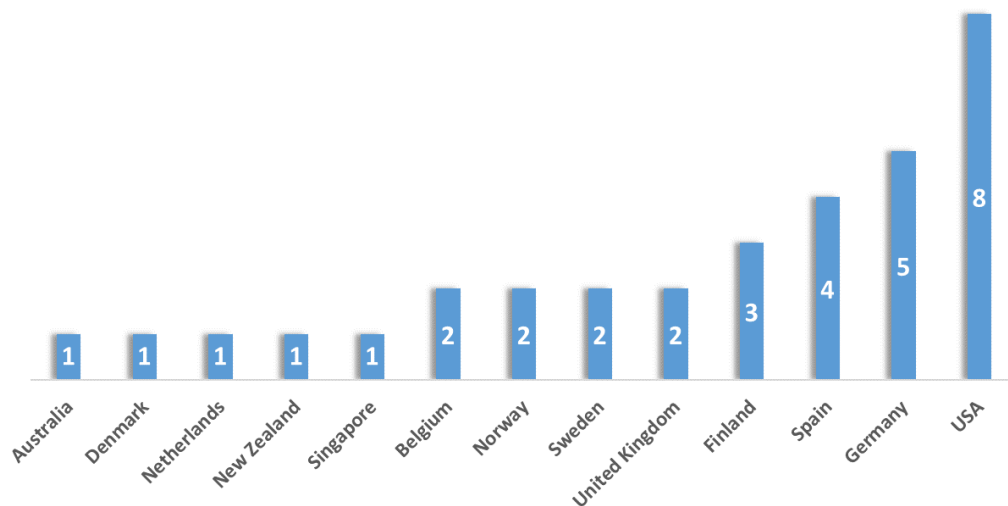


Figure 6: Articles by country of origin

6. Qualitative Findings

The quantitative analysis of the collected articles in the previous chapter is now followed by a qualitative examination of the content itself. For this, we examined the focus of each article on which basis, we distributed them among five categories. First, Business Model Development captures research that focuses on the development of the revenue capturing mechanisms, followed by this category is research focusing on willingness to pay for online news content. Here we see how various studies seek to capture insights, which can support managerial decision-making and offer further research questions, which could receive follow-up examinations. We continue then with articles focusing on user behavior and present studies examining how users engage with content to derive insights from which theory and practice can benefit. Content strategy is the fourth main topic and includes articles, which examine how online news providers design content strategies in the light of a paywall implementation and how innovative and new journalistic products could be created. The last category, Multi-Platform Content, encompasses studies examining differences and synergies between available mediums.

6.1. Business Model Development

Within this category, we summarize the insights presented on various aspects of the online news business model. We see a historical development of the online news business model, comparisons between paywall models in practice, insights that to increase the value of paywall models and suggested steps that can be taken to successfully plan and implement a paywall model.

6.1.1. Historical development of the paywall

Arrese (2016) presents the historical development of online news business models. We see how newspapers have experimented with various models such as, monthly subscriptions, free models, and premium models. The author presents four stages through which newspaper publishers went since the emergence of the internet. Between 1994 and 2000, many publishers began experimenting with different which would generally entail a monthly subscription fee. Lacking financial success would however soon force the publishers to change their offering to free online access as to capture advertising revenues.

After the dot.com bubble in 2001, a strong urge appeared among industry practitioners as well as academics to revise the underlying assumptions behind the free access business model and to rethink the payment-based business models for online news (Arrese, 2016). An experimental phase was then observed within the industry between 2001 and 2003, during which several charging strategies were tested. One practice that became popular among many major newspapers and particularly in Central Europe, was the establishment of micropayment-based business models (Arrese, 2016). The product here was not the daily news, but rather archived articles that were sold per view or use.

Another trend was to create electronic papers, or digital versions of the printed newspaper. This practice was popular among major newspaper in Latin America between 2002 and 2003. *El Mundo* in Spain began offering digital versions of its newspaper already in 2001 and by 2004, between 30 to 40 Germany-based

newspapers began offering newspapers in e-paper format against a monthly subscription (Arrese, 2016).

Among the pioneers of the premium business model was *Reforma*, a Mexican newspaper who adopted the model already in 2002, *El Mundo* from Spain in 2003 and later *Globe and Mail* from Canada who adopted the strategy in 2005. Several economic journals such as *Ambito Financiero* from Argentina, *Financial Review* from Australia, *Handelsblatt* from Germany and the *Financial Times* from the United States acquired the model but were more restrictive in their content strategies. Free content was significantly lower in the free to paid ratio. The *Financial Times* for example put most of their website behind the paywall and offered access to the entire content for an annual subscription fee of 140 USD in 2002. The annual subscription fee for the standard access to the website was 306 USD in 2018, when this thesis was written, and over 500 USD for the unlimited option that included further additional features (*Financial Times Shop*, 2018).

Examining literature from academic and business sources Carson (2015) presents the preferences among practitioners for paywall options. An AAM report from 2012 found for example that of those newspapers choosing to implement a paywall, 40% decided on the metered model, 17% chose the hard paywall and 33% preferred the premium paywall (Carson, 2015). Another report published by the Reuters Institute found that website traffic was affected the hardest by the hard paywall which could reduce website traffic by 85%-95% (Newman & Levy, 2013). A noble paywall could reduce traffic by a third, while the metered model would lead to a loss of traffic of only 5% to 15%. This is particularly important as some websites depend more on website traffic than others do, which is due to various factors such as quality of news, loyalty of users and market structure.

While the three above mentioned models were the most widely accepted ones, other forms of revenue generation found attention as well. Some newspapers charged for example for specific content, such as *The New York Times* charging for crosswords and the *Milwaukee Journal Sentinel* charging for the coverage of the *Green Bay Packers* football team (Arrese, 2016). Other strategies included charging only to readers outside the country where the newspaper was based. Others became part of big electronic aggregation platforms where newspapers were paid for offering their content collectively (Arrese, 2016).

Next to the above-mentioned strategies, some newspapers decided to take more radical changes. El Pais, a leading Spanish newspaper with a focus on quality journalism, restricted the access to its online content to all users not having a subscription to its printed newspaper or having a digital-only subscription. Free access was hence completely closed in late 2002. Although, the newspaper managed to achieve a subscriber base of 45.000 people in a span of two and a half years following the introduction of the model, management of the newspaper deemed this not a success and decided on changing the strategy in 2005.

Witnessing the speed of subscriber attracting by El Pais, Times launched a subscription-based service, which charged readers for access to popular and influential opinion columns. Albeit attracting 300.000 paying customers in a span of two years, the service was ultimately canceled already in 2007. A key reason for management to shift the approach was the idea that subscriptions were not generating enough revenues to compensate the loss from advertising revenues of non-subscribers (Arrese, 2016). In both cases we see that despite attracting subscribers, the loss of advertising revenues due to the paywall, cannot be compensated, consequently leading to a cancelation of the paywall.

Following this era of innovation and experimentation, most of the newspapers decided that offering their content for free and harvesting the advertising revenues was still the best solution to generate revenues (Arrese, 2016). Some publishers, such as The Wall Street Journal or the Financial Times, kept their subscription-based models. While offering content for free would become again the leading strategy in the industry of online news. What would remain of this era, would be the concept of a paywall, a concept which would receive further consideration in the following years.

In 2007, following the assumptions from industry analysts that free access would be the way to go in the online newspaper business, a key personality in the industry and the owner of the company News Corporation, Rupert Murdoch, shifted his opinion from a free content model to focus on the freemium strategy (Arrese, 2016). Some content would hence remain freely accessible while other content would be put behind a paywall and charged with even higher prices than before. Soon a new innovative model was introduced by the Financial Times, which offered readers to consume a maximum number of articles within a period after which they would be required to purchase a

subscription. This was the birth of the already discussed metered-model, which premiered in October 2007.

During the period from 2007 and 2008, the profits of the industry was tremendously affected by the global financial crisis. While some industry leaders agreed with Murdoch's approach, others were yet in favor of the free access model. A key shift came in 2011 when a major US newspaper, The New York Times, decided after a year of speculation to introduce a paywall to its customers. The model would be based on metered access and would let readers read 20 articles for free, after which a subscription fee between 15 and 35 USD would need to be paid by the customer (Arrese, 2016). The newspaper was already back then a leader in the newspaper industry and was the reference point for many other newspapers, media experts and business experts to see what was working and what not (Arrese, 2016). The adoption of the payment model by The New York Times would soon lead others to consider the subscription model. It was however not only the brand of the newspaper that influenced others to re-think paywall models, but also the success it had with its implementation. In the first three months following the introduction, 100.000 paying subscribers were attracted. This tremendous success motivated other major US-based newspapers such as The Baltimore Sun or the Chicago Tribune to adopt the metered model themselves (Arrese, 2016).

The expansion of the metered model among major newspapers took place all around the globe, between 2012 and 2013, and established itself as the standard business model among newspapers online (Arrese, 2016). Major newspapers were however not the only ones increasingly adopting paywall models to generate revenues, but also small and mid-sized newspapers. Press+, a company specialized in providing payment models to newspapers was established in 2009 and by the end of 2011, no contracts were yet in place between them and publications. By the end of 2012, the company provided its services to almost 350 newspapers and by the end of 2013, 447 newspapers were customers of the company, with a growing demand in Europe and especially in the United Kingdom.

It can be said that the market is currently in the early adoption phase during which trial and error is dominating the landscape (Arrese, 2016). While the article concludes that it is difficult to capture and analyze the adoption of paywall models globally and in its

entirety, it can be said that while the adoption keeps moving forward, there is still a long way to go until the market is fully penetrated by paywalls (Arrese, 2016).

6.1.2. Success and failures with paywall models

As many failures in implementing and maintaining paywall business models were observed by research, some might be led to the conclusion that charging for online news content cannot yet reach success in practice (Arrese, 2016). The Daily, a global and subscription-based newspaper for the iPad, was a project launched by Rupert Murdoch. Two years following its release, the project was ended with occurred losses of 30 million USD. Other newspapers such as the Francisco Chronicle and The Dallas Morning News concluded that payment models did not work for them and discontinued the projects. Other publishing houses, such as The New York Times and the Financial Times, however, remain key examples of success. Seeking to lower their dependency to advertising revenues, both newspapers managed to reach a state in which half of the income was coming from advertisements, while half was coming from subscribers (Arrese, 2016). The Financial Times went even further by reaching a higher number of customers paying for the digital subscription than for the printed newspaper (Arrese, 2016). Other online-only newspapers such as Mediapart in France and De Correspondent in the Netherlands have also implemented paywall models and have achieved success. The paywall model, although yet in its early adoption phase, seems to be able in attracting and maintaining paying customers.

The successful implementation of a subscription-based online news business model can be achieved through various strategies as research finds. Wagemans et al. (2016) examined how ideology has been used as a resource Mediapart. The online newspaper already began as an exception in terms of business model design in the news industry, due to the refusal to generate any revenue through advertising. Despite skepticism from the side of those educated on the success parameters of the industry. Mediapart enjoyed steady subscription growth over the years following its introduction. A key factor which affected the growth of the online newspaper was a political scandal in 2010. The scandal involved the former UMP treasurer and then Minister of Employment, Eric Woerth, receiving a payment from L'Oreal billionaire Liliane Bettencourt. Some major French news organization such as Le Monde refused to

cover the story although they possessed tapes covering the conversations. Mediapart decided to cover the story - a move, which would double their subscription base in the same year the story was published and furthermore, position them as a trustworthy news platform. The decision to publish a story covering political networks as well as the refusal to work with advertisers were both in line with Mediapart's strategy of being an independent and ideologist news organization. With 26.000 subscriber before the scandal in 2010, 42.000 at the end of 2010 and 100.000 in 2013, it can be said, that the company was successful in adapting the paid-content business model (Wagemans et al. 2016).

The New York Times failed in its initial attempt in 2005 to maintain a paywall, as they believed that the revenues lost due to lower website traffic could not be compensated by the revenues earned through subscriptions (Carson, 2015). Attracting subscribers alone might not be sufficient in sustaining revenues as witnessed in the case of The New York Times. A second attempt was conducted with the introduction of a metered paywall which attracted 779.000 paying subscribers in 2014, a 11% increase compared to the year before. Despite this success, overall revenues were still declining with a 1,1% decrease in 2013, compared to 2012.

Despite growing digital subscriptions, overall revenues were still in decline during the observed period (Carson, 2015). The inability to generate desired profits through offered price levels must therefore lead consequently to cost reductions, which can affect newsrooms and hence also the quality of the product itself. Losing the ability to offer products of demanded quality and the following loss of paying customers which re-enforces the pressure to generate sustaining profits represents a critical situation newspaper face.

The question appears whether more revenues could have been generated by regaining lost website traffic through a drop of the paywall (Carson, 2015). It should however also be mentioned that while website-traffic could suffer due to the introduction of a paywall, it does not necessarily mean that a big audience cannot be attracted. The New York Times is one example of a major newspaper that implemented a paywall that did not hinder it from attracting a large audience willing to pay for online news content. The same goes also for the Wall Street Journal that maintains a large number of subscribers despite a hard paywall. What however, does seem to affect viewership is the actual content itself, according to Carson (2015). This does not mean

that high-quality journalism is required, but rather differentiation. On the one hand it could be the focus on quality that attracts paying readers, but it can for instance also be the emphasis on a niche section of news.

Newspapers are not only deciding on how to balance out their digital revenue-generating channels, but furthermore consider also the effect digital news has on their print revenues. Carson (2015) suggests that of the overall revenues of newspapers in the middle and elite audience markets, around 30% to 40% is generated by digital-only subscriptions. Digital subscription has therefore already established itself as a critical financial pillar. While this for one suggests that digital news is growing in importance, it likewise means that print subscriptions are being affected. As Carson (2015) finds, printed subscriptions are being cannibalized by digital subscriptions, at least for some of the newspaper examined in the study. This is especially due to the case of digital subscriptions being cheaper than subscription to printed newspapers. Age, an Australian newspaper for example, offers its printed subscription for 51 USD per month. The bundled option which included both the printed newspaper and access to digital content, is sold for 44 USD per month. The digital-only subscription is priced the lowest with 25 USD per month. On their mission to achieve revenues from digital content through digital subscription, publishers are affected by the decreasing revenues from lower printed subscriptions, which is still a strong channel for advertising. The Newspaper Association of America observed that for each 25 USD lost in decreasing print advertising revenues, only 1 USD in digital ad revenues is gained (Carson, 2015). A rather unsatisfying trade that would need to be compensated by other sources of income.

6.1.3. Implementation of paywalls

Two major U.S.-based newspapers, The Wall Street Journal and the Financial Times, were early adopters of the paywall model. Implementing a paywall contributed to the accumulation of user data, which in turn helped the newspapers to enhance their value offering to advertisers, as well as, customers. By offering user specific or segmented targeting, advertisers could design more effective campaigns and hence, increase the value of advertising space of the newspaper (Carson, 2015). The value proposition to customers was furthermore not solely based on quality products designed for a niche

audience willing to pay but was enhanced additionally through features such as interactive tools. Stock trackers, research reports, calculators and investment analysis are some of the tools these newspapers offered to add value their offering and increase willingness to pay for the products.

Data has been the focus of other studies presenting data-driven benefits for paywall implementation and product design. Cotnoir (2016) presented the case of Foreign Policy, a U.S. based news organization with a focus on international news. Seeking to establish a sustainable online business model Foreign Policy decided on a data-driven approach to gather information of the customer-base before a paywall strategy could be implemented.

The publisher was displaying great achievements in terms of performance with strong page-view and time-spend metrics. Over three million unique visitors per month, a strong reader base (40% of all readers) outside the United States and a strong following among Fortune 500 companies, public institutions and universities were all together representing the success story of Foreign Policy in the digital news market. Before an online subscription model could be designed and implemented, Foreign Policy would first try to understand individual customers. This was rather difficult as there was only a voluntary registration process which did not offer any other benefits if it was conducted by the reader. A new method would therefore need to be implemented that would enable them to gather customer data.

A new registration model was introduced by the end of 2012. Readers would be able to see the front page and landing pages of the website, but as soon as they would click on an article, they would need to register by providing their name, e-mail address, job title and industry. Additionally, an option offered the reader to subscribe either, to a specific newsletter, or to all newsletters offered by Foreign Policy. The entire process would take the customer only around 30 seconds, after which they could read all the content provided on the website. Foreign Policy on the other hand gathered valuable information that would support them on several fronts. The newspaper could for one gather valuable audience statistics that would help them shape future products and personalization features. Second, gathering industry and job title information would enable them offer target specific advertising. Third, the information would support marketing in the design and introduction of a subscription service (Cotnoir, 2016).

Foreign Policy finally decided on implementing a metered model. Deciding on how many articles to provide for free before a fee would need to be charged, user information was examined to see which customers would be the most willing to pay for a subscription, to identify potential segments willing to pay. Several interesting insights were derived by Foreign Policy during the analysis. For one, it was found that although users who visited the website the most during a month, and would read several articles during each visit, would be assumed to be the most willing to pay, behavior could change over time. A user could be one month in a high consumption segment and in the next month, in a lower use segment. It was therefore crucial to examine segments frequently, rather than assuming they were static. Second, while the above-mentioned group of high-consumption users were assumed to be most likely to purchase a subscription, subscriptions were purchased by users from all usage groups. High usage of free content was therefore not a perfect indicator for actual willingness to pay. The approach of analyzing user data and categorizing users, was furthermore found to be effective in determining the potential number of paying customers.

Since the launch of the online subscription model, Foreign Policy managed to double its subscriber base. In 2015, an additional premium service was introduced that allowed users not only to access the provided content but to furthermore gain access to an archive covering 46 years of electronic magazine print content, as well as, access to an analytics tool that enables users to visualize news content from thousands of sources around the world. The article states that during the period when the article was written, 40% of subscribers were paying for the premium service. The approach of Foreign Policy presents as a successful example of a publisher shifting from a free model to a payment-based model. The success of the transition was led by data driven decisions, advanced planning, effective communication and was conducted over a span of eight months (Cotnoir, 2016).

Other studies have examined collaboration to be a significant factor in implementing and maintaining a paywall-based business model. Swedish Newspaper, vk.se, introduced its paywall in October 2013, following a redesign process of their website, which used to provide the most important news presented in the printed version at no charge (Mejtoft et al., 2015). The model that should secure profits was the freemium model. The initial introduction of the paywall was met by harsh criticism from the user side, as suddenly they would have to pay for something which they were used to

consume without charge. Following a failed attempt to establish collaboration with the user base – as none of those invited from the community to participate in an open dialogue would show up – the project-leading student team began close collaboration with the involved journalists to get them to participate and influence the final design the new website.

During this phase, a publishing strategy was designed that would put digital publishing first and print second, and hence enable the publisher to create digital news content of high quality. While the paywall was not in line with those already not willing to purchase a subscription, paying customers were overall satisfied with the decision. The newspaper could however not focus only on directly paying customers but would also require non-subscriber in order to gain website traffic and hence, much needed advertising revenues (Mejtoft et al., 2015).

The success of the implementation was significantly supported by an open approach taken by the project leaders which were composed not of professional consultants but rather of students from a university design program. The team included feedback from the user community as well as the editorial team in terms of designing the website and the publishing strategy. This approach of having young project leaders collaborate with creators and consumers in re-designing the newspaper creation and offering in a digital space, can be taken as promising example of business model innovation.

6.1.4. Experimentation within the industry

Several innovative approaches to increase the value offering of online news content were found within research. In this chapter, we will first see an example of collaboration within the Spanish news market to increase value through a collective offering. Second, we will present an innovative design method for comment sections on news website, and third, a study presenting a potential future scenario of the online news media environment.

6.1.4.1. Collaborative Approach

A study presenting a strategy, which encompasses the creation of an online newsstand, a platform on which users have a single access point to several online

newspapers. Castillo & Ripolles (2015) examined how major newspaper in Spain, challenged by decreasing revenues, were struggling with digital conversions as significant financial gains were not visible despite increasing online news consumption. The Spanish news industry has been seeing a constant fall of circulation revenues with overall market revenues decreasing by 14,2% from 2007 to 2010, a loss especially attributed to advertising sales (Castillo & Ripolles, 2015).

Major newspaper reacted by focusing on the digital medium and aligning their strategies with the goal of acquiring new digital revenues. Unedisa, a key market player besides Prisa and Vocento, opened a digital newsstand on which customers could read several newspapers by either paying for a daily or monthly subscription. A similar collective approach has also been observed and presented by Evens & Van Damme (2016), who examined willingness to pay for a subscription that would include access to the entire media landscape in Flanders, Belgium. A collaborate approach within the newspaper industry in some countries is visible and it might be an approach that could lead towards a stronger market position for online news publishers.

Unedisa, following the introduction of the online newsstand, offered mostly its own content on the platform initially but soon, other newspapers joined and began offering their newspapers on the platform. Readers were able to read the digitalized printed version of the newspaper without any multimedia or interactive features. The offering was therefore still rather limited in terms of product innovation. Vocento and Prisa, two of the major competitors of Unedisa, launched a second digital newsstand platform named Kiosco y mas, one year after Unedisa's platform Orbyt went live. Similarly, customers could choose which newspaper they wanted to subscribe to and in which interval to pay the fees. Newspapers and magazines were available on Kiosco y mas which were not represented on Orbyt, but interestingly there were no exclusivity restrictions in place on either on the platforms which meant that some publishing organizations offered their content on both platforms.

The newspapers could however not secure appropriate funds by simply selling their content on the newsstands due to additional fees required by the platform. A new trend in the industry emerged which would see an increase in freemium models. The established newsstand in the country represents for one an increased concentration of the market and for the other a step towards a collaborative approach, which is required as there are no agreements between market players in place that would enable them

to design and implement industry wide paying mechanisms to thereby increase seller's power. While collaboration in this case did not reach desired financial results, we will see in further examples below, that some customers demand such a collective offering and that a similar approach is also being considered in other countries, which suggests that we could see further collaborative approaches in the future.

6.1.4.2. Innovative Approach

Interactivity between readers and online news websites was examined in a study led by Pröll (2017), who presented a tool to increase user engagement. The presented issue was that comment sections were not being used to a significant extent by readers. Newsrooms need to uphold the comment sections through financial input. Given the low usage of the comment section and the financial burden on the other hand, a loss of a crucial online news website feature could disappear consequently. Pröll (2017) therefore suggests a new engagement tools created by the German start-up company, Opinary, that could increase interaction and hence, user experience.

The key idea behind the two examined interaction tools, Speedometer and Pressekompass, is to go beyond the traditional concept of the comment section in terms of design and instead create an interactive and dynamic comment section. A user would for example not simply add his comment in the comment section, which would be displayed, based on timing. Instead, several opinions would be displayed as options, among which the reader can choose one. After the opinion has been chosen, a meter would appear and present aggregated opinions among the user base of the website. Following this, the reader could then add a comment to support his decision. Interaction and design would enhance the engagement of the user with the community as it is usually done in comment sections.

The Speedometer considers the data described above and presents the reader with a 180-degree meter with two sides. One side for each side of the argument. Based on the aggregated data from several news websites, a newspaper is placed somewhere between the two sides depending on how strong the audience is either in favor or opposed to an opinion. A reader could then, depending on which side of the argument he would like to examine further, look for the newspapers offering the desired point of view. Presskompass is similar in design and a previous version of the Speedometer.

Here, a graph looking similarly to a compass, is presented with four axes. Each axis represents a view on a topic. Dots representing the opinions of people are placed around the compass depending on the stated view. Bigger and branded dots displaying the view of newspapers are additionally added depending on stated view. This compass allows the viewers to see how readers and newspapers are positioned among various discussions and arguments.

While the study did not present any quantitative examinations of the tools in terms of financial benefits or usage, we could imagine such tools to be beneficial to readers, thereby increasing the value of the website.

6.1.4.3. Future Perspectives

Some research tried to go further in terms of business model development in the news industry by not examining the status quo, but by envisioning the potential future of online news media. Eriksson et al. (2016) build a study based upon a two-year collaboration with several newspapers from the Swedish newspaper industry. The vision of the project was a ubiquitous media environment in which information is provided and consumed in a constant and continuous manner. Managers were interviewed to develop concepts that could create value in such a landscape for both, reader and advertisers. Five services were developed during the study and evaluated to derive managerial implications.

News-check was imagined as a service that provides personalized news content to the user with additional features that act complementary to the content. Customized soccer news could for instance be provided together with a ticket service. Another service focuses on pleasure and leisure content. This service sorts, categorizes and offers information to the reader based on personal preferences. Unlike the news-check, this service focuses on delivering pleasure and leisure content such as music events and restaurants. Suggestions would go beyond the sole examination of previous behavior and preferences but further also be enhanced through location-based and peer-based data. A health-focused service was another service imagined by participants. This service would act for one as a personalized health coach that can assist them in preparing menus, planning trainings and documenting achievements. It would offer the ability to input for instance the ingredients available at home to plan possible recipes

based on available resources. Additionally, users could also use the service to order food from a restaurant. A travel service was also developed that would for one support travel arrangement and additionally encompass complementary features such as exchange rate analysis tools, translations, maps, suggestions for activities and others. The last service was family centered service that would help user organize their everyday lives with the family.

The study went further by brainstorming ideas that would enable these services to become a realistic scenario. Given the nature of a ubiquitous service, readers would need to have access to the service through all possible platforms such desktop pc's, smartphones tablets and so on. Participants of the study envisioned a futuristic bracelet that would become the first point of contact between users and content providers. An easy-to-wear bracelet would enable the user to receive content during most everyday activities and hence, enable them to perceive and engage with the content throughout the day. The bracelet would furthermore entail streaming features, so users can simply connect the bracelet to TV on and project the content on the bigger screen.

Another critical prerequisite of a ubiquitous media environment is the implementation of an infrastructure that would enable real-time dynamic personalized services. Information gathered through user-behavior tracking, and combined with the set preferences of the user, would be combined to derive dynamic and continuous suggestions to satisfy the demand of the individual reader. This would benefit the readers who have access to a wide range of information that is being filtered specifically based on their demand. Advertisers on the other hand would benefit in such a system by being able to dynamically target specific users.

6.2. Willingness to pay

We present articles about the willingness to pay for online news content in this chapter. Studies we present here examine various factors that influence willingness to pay, methods to predict WTP, content readers are willing to pay for, the role of format on WTP and how data could be used by publishers to understand the WTP of their customer base. Some studies furthermore examine the role of website usability and its effect on WTP. The usability of a website is one of the most critical factors determining the quality of the online presence (Mladenow & Strauss, 2017),

6.2.1. Demographic factors and WTP

Some research found age to be positively correlated with paying intent for online news (Goyanes, 2015). The older the reader was, the higher the chance was that the person would be willing to pay. The study by Goyanes (2015) did however focus on online content provided by local newspapers. It is said in the article that older people are generally more interested in local news, which is why they observe higher paying intent among those segments. Other studies suggest the contrary, as they find a negative correlation between age and WTP (Nielsen & Fletcher, 2017).

Kammer et al. (2015) examined this question in a study focusing on willingness to pay for online content offered by Politiken.dk, a newspaper based in Denmark. Regarding differences in age, the quantitative part of the study found that while the majority of respondents (90,7%) read Politiken.dk to get an overview of general news, in the qualitative feedback rounds, it was customization and the need to read only specific topics that was found to be interesting, predominately by younger participants. Younger people were therefore more interested in reading topics and articles that are in line with their own interests and beliefs, while older groups were interested in a wide spectrum of content.

From the above we could derive the notion that there is no specific difference between willingness to pay among older and younger groups of people in terms of general news consumption. Where differences could however exist, is in content and the way, content is offered.

6.2.2. Pricing and WTP

Regarding how high the subscription fee is, the study by Kammer et al. (2015) found for one that if a participant was already willing to pay for news content, the actual amount was not seen as an important factor by participants. This finding is further supported by the result that among those not showing interest in paying for a subscription, only 16,3% stated that this was due to them not being able to afford the price (Kammer et al., 2015). Gundlach & Hofmann (2017) examined whether customers are willing to pay for tablet news. Looking at the overall results of the group of consumers they studied, it was visible that the most critical variable in determining

whether to pay for online news content was the price. Most of respondents preferred a price of zero and would accept advertisements as a means to “pay” for their subscription.

Gundlach & Hofmann (2017) find that most of the readers from the group willing to pay, believe they would achieve the greatest utility in the case of paying 10-15 USD per month for a subscription. Although they are not averse to the idea of viewing advertisements in exchange for consumption, greater value seemed to be perceived by them through a subscription. However, in the case of a subscription fee that was too high (higher than 20 USD), this group would as well not be willing to pay for the content. Readers, who did not display willingness to pay on the other hand, preferred the advertisement-per-article model for their consumption rather than paying for a subscription.

We see that some studies find price not to be a critical factor determining willingness to pay, while others find it to be the key factor. As in the case with demographic variables, we can say that the background of the study is crucial to understand the findings. It might be the case that those who are strongly opposed to paying for online news content are perhaps living in a region where the “culture of free” is more present. Studies went also beyond demographic and financial variables to find other variables that could support the concept of willingness to pay for online news content.

6.2.3. Determining WTP

Research moved beyond testing only demographic variables and their correlation with willingness to pay, but also analyzed others such as the supply of free public media by the state or consumption of printed newspapers.

A national survey was conducted in 2015 among 1650 U.S. adults to test which variables could signal paying intent for online local news. Goyanes (2015) examined for one demographic variables such as age and gender but analyzed additionally media use of printed and online newspapers, news interest and traditional newspaper subscription and if they would be correlated with paying intent. The collected data was analyzed with a binomial logistic regression (Goyanes, 2015).

While both the consumption of printed and digital newspapers was significantly positive correlated with the intent to pay, watching TV was not. Unsurprising was the finding that interest in news was as well positively correlated with willingness to pay. Based on their findings, the authors suggest that local online news publishers should indeed put emphasis on exploring and developing business models that inhibit paying for online news.

The study furthermore found, that the use of mobile devices such as tablets and smartphones was not a significant predictor for willingness to pay. This however, could also be explained by the financial burdens connected to the development of online applications by local news publishers who tend to lack such funds to create and provide such applications. It can therefore be the case, that consumers simply did not yet experience applications from local publishers and therefore have no point of reference. Another reason might be the failure to adapt existing application to the elderly, who have been found to show an exceptional demand towards local news but can lack the knowledge to acquire and use the application. (Goyanes, 2015).

Looking at the struggle of online news publishers to build sustaining business models, Fletcher & Nielsen (2017) examined the correlation between willingness to pay for online news and several variables. The study hypothesized that in light of the “culture of free”, there was for one a negative association between the willingness to pay and the availability of publicly offered media services. Second, a positive correlation would be found between paying for printed newspaper and willingness to pay for online news. Third, a negative association would be found between the age of the reader and the willingness to pay. To test these claims, the study includes six countries which are all high-income democracies but display differences in technological development. Examined countries include France, Germany, Japan, Spain, the United Kingdom and the United States. Data was taken from a survey conducted in 2015, which consisted of 30.000 respondents from 18 countries. Each of the examined countries was represented by a group of around 2000 participants.

The analysis of the gathered data shows for one that a negative association between the consumption of publicly available media services and the willingness to pay for online news content could not be found in any of the analyzed countries. Results display quite the contrary picture which is that there seems to be a positive association between the two variables, which was however true for all countries except Germany

(Fletcher & Nielsen, 2017). News being offered for free by public media organization therefore does not affect the potential of other news organizations to find paying customers. While the study accepts that this issue is a complex problem which can be viewed from several angles, it postulates that their findings simply suggest that the mere existence of freely available public news does not by itself lead to a reference price of zero for online news content (Fletcher & Nielsen, 2017).

The second hypothesis which was that a positive association would exist between paying for printed news and willingness to pay for online news was found to be true in the study. Readers who purchased a newspaper in printed form, were more likely to have paid for online news content in the past year before the study was conducted (Fletcher & Nielsen, 2017). Those who purchased the printed version but did not pay for online content expressed however that they were willing to pay for online news in the future. This suggests that a reference price above zero for offline news increases the reference price for online news (Fletcher & Nielsen, 2017).

While the finding that those who display a willingness to pay for offline news are also willing to pay for online, corresponds with previous research, the other finding that suggests that there is no negative association between publicly available access and willingness to pay for a similar product, does not. Other research suggests that contrary to the finding of this study, people having access to a free option are less likely to pay for a more expensive alternative if both offer similar utility. They however support their finding by looking at the historical development of media (Fletcher & Nielsen, 2017). Printed newspapers were also affected by the emergence of television which also supported its content through advertisements. This media option which required no payment of fees led to a decline in newspaper consumption which was however, only of small extent. Most people continued buying and reading newspapers, despite their being a free alternative. Therefore, the authors suggest, that people must have seen a significant difference between what they were offered through television and newspapers.

This can then be taken to also support the potential of a payment-based business model for online news. While free alternatives, such public news publishers, might be used by customers for breaking news and up-to-date coverage of important events, private publishers could focus on comments and analysis to differentiate their content from the freely available one (Fletcher & Nielsen, 2017). Willingness to pay is therefore

the manifestation of the perception users have towards the product. A lack of a value-added perception would therefore signal a lack of people willingness to pay for the product. Some research has examined this topic in more detail to understand for which news content readers would be willing to pay for.

6.2.4. General and niche news

Analyzing how Spanish Newspaper are adapting to the digital business model, Castillo & Ripolles (2015), present an interesting case from the domestic market in terms of willingness to pay. El Pais.com introduced a paywall for its online content in November 2002, which charged customers for any content other than the cover page and opinion articles. This led to fall in readership, consequently triggering a decline of advertising revenue. Customers who rejected the paywall model furthermore switched to newspapers still offering content for free which meant that competitors of El Pais.com gained further readership. This case affected the thinking of Spanish newspapers in terms of the resilience from Spanish readers towards paying for online content (Castillo & Ripolles, 2015).

Gundlach & Hofmann (2017) found that although the price was the key variable which determined willingness to pay, Journalistic content was found to be an important factor yet less important than the price. In this regard, the study found that participants demanded a product which would give them access to the entire content of the printed version of the newspapers, as well as, a breaking news feature (Gundlach & Hofmann, 2017). Such studies however do not always lead to the same conclusions. Some studies for example find that that news in general and general news are not products people are willing to pay for.

Kammer et al., (2015) examined the introduction of a paywall for online news content to see how the transition from a free to a paid form of consumption would affect user's perception of online news content. Given that other studies found that online news was an inferior product compared to printed news in terms of qualitative perception, putting a price tag on online news would lower the threshold of accepting lower quality content for the exchange of money (Chyi & Yang, 2009).

The website chosen in this study was the Danish newspaper Politiken, a dominant newspaper in Denmark in both, circulation as well as prominence within the media

sector (Kammer et al., 2015). Among the readers of the newspaper were primarily well educated, culturally engaged and left-leaning people, living mostly around the capital of Denmark (Kammer et al., 2015). The website hosted by the newspaper, Politiken.dk, enjoys the number one position in terms of news websites visits in Denmark. The newspaper implemented its paywall in May 2013, which was based on a metered model, allowing users to read 25 articles for free per month after which they would need to pay 5,90 EUR per month. A price increase was introduced in spring of 2014, when the price was raised to 8,87 EUR, while the number of freely available articles was lowered to 15 per month.

The survey was conducted right before the introduction of the new subscription-based model and should thereby capture the view of consumers facing the transition. From a total of 1.054 participants, only 6,8% considered paying for a subscription to Politiken.dk, 77,9% rejected this offer and 11,2% would “perhaps” purchase one (Kammer et al., 2015). Interestingly, the study found that participants rejecting to pay for an online news offering, stated that they simply resisted the idea to pay for online news. It was therefore not the actual content that was being deemed unworthy of paying for, but rather the idea of paying for something that users were used to consume at no charge in the past. The same trend was also observed when looking at demographic variables. Here the study found, that among people aged 18 to 39, 40,9% were not willing to pay for online news, while further 44% rejected the idea of paying for news at all.

The overwhelming rejection towards paid news consumption is to a certain extent explained by the nature of news consumption on Politiken.dk. An optional question in the survey asked whether the website was distinguishing itself from other online news providers, to which 31% of those 85 respondents who answered it, responded with a “no”. Looking at what readers of the website were looking for when they would visit the website, most of the consumption was focused on general news reading. Given that general news was the main focus of users, while the unique content of the website was rather supportive, a low willingness to pay for using the website could be to an extent explained by this finding, as many other providers of online news also offer general news and without charge (Kammer et al., 2015).

A similar observation regarding the difficulty to sell general news to readers was also observed by a study focusing on the newspaper market in Spain. Examining the

perspectives of professionals such as, journalists, directors of media companies and marketing experts through interviews, Lazo et al. (2017) set to find variables that could affect customers willingness to pay for online content. The common view among participants was that getting people to pay for online news was a difficult task as they were already used to getting it for free. The difficulty to monetize content was furthermore enhanced by the nature of news production and distribution within Spain, the country where the study was conducted. Most news provided by news media is obtained from press releases and news agencies which offer their content to all media (Lazo et al., 2017), and customers can therefore consume the same information through many different providers. Building financial income streams through exclusive stories is however also difficult as online news requires increased update intervals while each exclusive story is produced through increased capital investment.

The participants did see the possibility for online news providers to reach a scenario in which customers would be willing to pay for online content. In this scenario, online news content would be exclusive, produce high quality content, could be accessed easily through a single platform and most importantly, be highly specialized (Lazo et al, 2017). Specialization was viewed as the key factor in getting customers to pay for content. News media providers would need to focus on niche markets and provide content based on themes, geography, social proximity, ideological proximity and the feeling of group belonging. Delivering content to a niche market through quality and credibility could pose a realistic scenario for a payment-based online content model to attract and retain customers (Lazo et al., 2017).

Participants in the study conducted by Kammer et. al. (2015) answering with a “yes” or ‘perhaps”, to the question whether they would pay for online news, furthermore also answered to a multiple-choice question to add the reasons for their willingness to pay. The two main reasons presented are that the website covers certain fields they are particularly interested in (36,8%) and that they are aware of the fact that quality journalism requires financial support which they are willing to give (35,8%). Twenty percent of this group stated that they would pay for the content because the website offers unique content that is not offered anywhere else and a smaller group of 11,6% stated that they would pay for a subscription because of the usability and navigation of the website. The open questions which were also answered by participants presented further insight to the motives of the participants. Among those willing to pay for the

offering some stated for instance that they appreciated that the newspaper had offered its online content for free for many years which is why they would contribute financially. Statements were also found of people seeing online news as product which is being produced and should therefore also be paid for (Kammer et al., 2015).

Interesting insights can be derived from the findings by Kammer et al. (2015) as they signal an important ingredient towards the attraction of paying readers. The perception the reader has towards the publisher was among those willing to pay a key reason. A similar view has also been presented in the case of Mediapart, which attracted paying customers through an approach that focused on presenting themselves as a bastion of trustworthy journalism. Some observations suggest that general news is not a product, customers are willing to pay for, while others found potential in serving niche segments.

Niche content indeed seems to be the key to success according to Carson (2015). An example of a newspaper employing a successful diversification strategy is the Financial Times. The newspaper implemented a metered paywall. Focusing on a niche product, the Financial Times managed to attract a wide audience which in 2012, surpassed its print newspaper audience measured by subscription numbers (Carson, 2015). It must however also be noted that products focusing on niche segments are not the only way, as we also see newspapers who find success despite not focusing on a niche segment, but rather on producing general news, but through high quality journalism. The Wall Street Journal was for example more successful in attracting reader compared to other newspapers despite a hard paywall while also providing general news. Another publisher that offers general news behind a hard paywall and attracts sufficient numbers of paying customers is the Times.

6.2.5. Customization and personalization

The study from Kammer et al. (2015) found for one that a majority of respondents simply did not want to pay for the offering of Danish news website Politiken.dk, which is why the researchers also asked the under which circumstances would the participants accept to consume online news for the exchange of money. Respondents for instance answered that they would pay for online news, but that they did not want to pay for the entire offering. If however, they would be able to only pay for the content they actually

consume, then a subscription would be more realistic. This suggests that some consumers prefer customized subscriptions which fit their actual consumption patterns. During the focus groups, participants were asked to actively engage in open discussion on how a subscription model would look like that would fit their needs.

Kammer et al. (2015) found that some participants were demanding not only customization within the offering of one content provider, but further the customization between the offerings of two or more providers. One respondent for example, preferred the sport news content from one provider, while cultural journalism was something he would read from another. If he would be able to purchase one subscription but consume selected offerings from both newspapers, then he would be more willing to pay.

Other studies however find that customization and personalization seem to be of no great interest to customers regarding the perceived value, which suggests that this trend might not be relevant to every provider (Gundlach & Hofmann, 2017).

6.2.6. Formats and WTP

Berger et al. (2015) examined how willingness to pay can vary among different news formats such as, print, desktop website, mobile website, e-paper, smartphone application and tablet application. The study was conducted based on a questionnaire which included 500 participants and presented further knowledge on what customers were willing to pay for. Results show that among respondents, the printed version of the newspaper is perceived to be the highest in terms of utility. Interestingly, the preference for the printed format decreases if the respondent owns a mobile device. This could indicate that readers who are more tech-savvy are used to reading news in digital formats which is way they do not perceive printed newspapers to be the dominant form to consume news (Berger et. al, 2015).

Desktop websites reached second place in terms of preference and were followed by e-papers and mobile websites which were perceived equally. The last place was taken by applications for smartphones and tablets. While both smartphone and tablet users prefer the applications for their device, even among these groups there was a limited preference to consume news through applications. This shows that readers are not satisfied with the products they are being offered and hence, charging them a price for

these applications should not leave publishers confused when subscriptions sales do not meet expectations (Berger et. al, 2015).

The study derives several insights which can assist newspapers in designing their business models. First, the study found that there is a difference between the used format the perceived value. As different value is attributed to each format, so should also the price be aligned with the perceived value. Second, the authors suggest to newspaper who wish to design and implement paid content revenue models, to focus on desktop websites, as this format is perceived to be the most value-added format among online news consumption options. Furthermore, if users are not charged for this format, then it is rather unrealistic that they would pay for other formats offered by the publisher, given that they do not have to pay for the most valued product. Having free access to the website content would therefore limit the willingness to pay for an application of the same newspaper according to the study. Third, the research suggests for newspapers understand their customers as well the contexts in which their products are being consumed (Berger et al., 2015). For one, they must offer the formats which best suite customers' needs and for the other, they must accept limitations in pricing, as according to the results of the study, not many consumers are willing to pay for a newspaper application (Berger et. al, 2015).

Other studies suggest the contrary and find a substantial number of readers who are willing to pay for online news on tablets (41% of participants) (Gundlach & Hofmann, 2017). These customers signal that they would be willing to pay for a monthly subscription of 10-15 USD per month for a package that offers the same content that can be found in the printed version of the newspaper with an additional feature which covers breaking news, and without any advertisement. On the other hand, the same study suggests that online news providers should nevertheless not neglect the majority of readers who still prefer to read news for free and to rather see advertisements. This segment could for instance be able to only see general news content which is offered for free, while a subscription is offered that enables access to additional content. Another option presented in the study is to offer additional features to paying customers of the news application. Subscribers would for example be able to use the application also offline (Gundlach & Hofmann, 2017).

6.2.7. Willingness to share data and WTP

Online news readers and their willingness to share data was analyzed in a study conducted by Evens & Van Damme (2016) in Flanders, Belgium. Their findings are based on a quantitative online questionnaire among 981 internet users from Flanders. The study was conducted in the light of the industry-drive project called Media ID (Evens & Van Damme, 2016). This project seeks to support news publishers in implementing a collective data wall by introducing an industry-wide solution that would encompass a single log-in for all participating online newspapers. By developing a user friendly and secured log-in and payment tool, a user could access with one account all websites, applications and services in the Flemish media landscape (Evens & Van Damme, 2016).

This study was conducted by applying the PSAP segmentation model. This model segments subjects in groups based on answers they give to questions regarding their adoption-speed of innovations. Some might for instance be “innovators” who try out the innovation as soon as possible. Others could part of the “late majority” which adopts the innovation when it is already to an extent know, tested and adopted by those in the early stages. Together with the questions regarding the actual interest in the Media ID project, the researchers could see which segments would be willing to adopt the innovation. The development of the introduction of the project was then mapped to approximate how adoption would occur if the project would be implemented (Evens & Van Damme, 2016).

The results indicate for one that around 38% of the participants were interested in registering with media websites in general and were also willing to create a Media ID account that would grant them a single access key to all media websites in Flanders (Evens & Van Damme, 2016). Willingness to adopt the innovation was then examined based on the presented categories. The percentage of those interested in adaption were benchmarked with ratios which are usually observed in PSAP studies examining adoption rates. The ratios of the innovator and early adopter groups willing to create a Media ID account were exceeding ratios usually observed in these segments by other studies in the field of innovation. The early majority group which follows the signals of the first two described groups however, displayed a lower interest in adopting Media ID (Evens & Van Damme, 2016). This observation, as well all, the relative lower ratios found in the following groups, late majority and last, laggards, presents a managerial

implication to focus on the middle group. Introduction of the Media ID service would be accepted by the fast adapting groups, while the group of the early majority readers and their low interest would lead to a decrease of interest in the following groups who depend on influence of the early majority to test and adapt the innovation (Evens & Van Damme, 2016). Managers would therefore be advised to focus on the early majority of users to identify how their interest could be increased.

The study suggests that overall, a successful implementation of the Media ID is possible with an appropriate strategy, given the high acceptance rates among participants. Looking at the project Media ID itself, offers an important innovative approach within the news media industry. Having a single account that leads the reader across several news websites, enables the gathering of data not only of individual user behavior on a single website, but furthermore, across several websites. This leads to an increase in behavioral understanding on individual level, which in turn, provides a foundation for more detailed personalization initiatives (Evens & Van Damme, 2016).

As presented above with the case of Foreign Policy, gathering user data can be viewed as a crucial first step towards the successful implementation of a paywall. Given the success Foreign Policy experienced through its approach, Media ID can be viewed as an important step for the news industry in Flanders, away from free content models and towards subscription-based ones. The derived business strategy of the study suggests the creation of a data wall as a prerequisite of the successful introduction of a paywall.

The study additionally examined the willingness of readers to give away their data, to obtain access to offered content. Among the answers given by respondents, the study found, that there was indeed a concern about how the data would be used by the news organizations (Evens & Van Damme, 2016). The study therefore suggests, that news publishers should display transparency in the context of data usage (Evens & Van Damme, 2016). Trust would increase the willingness of users to give up data in order to receive content. The offering of individual data would benefit publishers to understand their customers to personalize their offering and implement new business models. Customers would benefit by receiving more personalized content offerings which in turn would increase their willingness to pay for the product in the future. A data wall based on transparency could hence help the newspaper increase the likelihood of a successful implementation of a paywall in the future.

6.3. User behavior

Closely related to research focusing willingness to pay for online news content, we also find a handful of research examining user behavior in the context of online news reading. Research goes beyond understanding merely what news people read but seeks to also examine for instance if a correlation exists between personality traits and news consumption behavior.

6.3.1. Personality traits and engagement

A study reported by Constantinides et al. (2018) examined how personality traits are correlated with news reading behavior such as reading intervals of online news. The study included 241 participants, who were asked questions based on news reading behavior, as well as, questions encompassing BFI personality determination.

Three variables were formed to study a possible correlation. First off, the Newsreader factor described news reading habits such as the time of day when news was read, the frequency of reading, the duration of reading, the location of reading, the style of reading and the way the user browsed through headlines. The Newsreader factor was then compared to the other two variables, representing individual psychological traits. To capture primary personality traits, the BFI, or BIG Five Inventory, was incorporated. The BFI questionnaire lets researchers analyze participants on traits such as extroversion and openness-to-experience. The second psychology-based variable is the need-for-cognition (NFC) which measures how an individual understands and rationalizes the experiential world (Constantinides et al., 2018).

Looking at the results of the conducted study we see several correlations. Correlations were for instance found between Newsreader factors such as, a high daily reading frequency, and personality traits such as Openness-to experience. Determined relationships between personality traits and Newsreader factors offer practitioners insights that can support them in designing their websites in a way that fits their customer's demands. The study for instance found that women tend to read online news more frequently over the day than men (Constantinides et al., 2018). An online news provider who wishes to focus their offering on women could therefore for instance update the website more frequently over the day. While the insights provided by the article are to a certain extent only the starting point of research focusing on the area of

personality and news-reading behavior, as the article points out, future research can lead to behavioral models that can support a more precise categorization of users and help design online news offerings for specific personality types.

6.3.2. Engagement and news websites

A common metric, used to evaluate the engagement of users with news sites, has been dwell time. While this engagement metric can offer the news provider with insights regarding time spent on an article, it does not offer further detailed understanding of engagement such as, engagement on a sub-document level or how much of the article is actually being read by the user (Lagun & Lalmas, 2016).

Lagun & Lalmas (2016), studied data from 267.210-page views distributed among 1.917 news articles, from major online news websites. Based on their analysis, four new metrics were proposed to understand user engagement in more detail and derive strategies on how online news articles should be designed. To understand how users, engage with the article, viewport time data was chosen because it shows how much time was spent by users on a certain position of the article. First examinations offered the insight, that a large share of time is spent on the upper part of the article, while the lower part, as well as the comment section is viewed by a smaller number of users. Analyzing the data in more detail and establishing models, four levels were proposed to categorize user engagement.

Bounce refers to articles being skipped rather quickly and without any actual engagement. If a user stays on the page with an article but reads only 50% of the article, then this engagement is described as shallow engagement. If more than 50% of the article is read, then the engagement is defined as deep engagement. Finally, if the entire article is read, then the engagement is referred to as complete engagement, as the user has fully interacted with the article and has read the content from the top to the bottom and has furthermore also viewed the comment section of the news article. Based on these four categories of user engagement, the authors proposed a model to test how different factors such as article length and media elements affect user engagement. This approach should then provide insights that can support article and story modeling to enhance user experience in online news.

Media elements such as videos and pictures are often encountered while reading online news articles and should keep users engaged with the website (Lagun & Lalmas, 2016). The study could, however, not support this hypothesis, as media elements did not present a significant effect on the bounce category, users who would barely look at the article. The same was furthermore true for article length which also did not show any effect on the bounce category. What however seemed to matter in respect to how users engaged with the article was only the actual quality of the article. While this finding could be viewed as obvious, the study provides actual quantitative evidence to support it and to signal to online news publishers the insight that to keep readers on their websites, they should strive to produce content that captivates the readers through quality stories and writing. The study was conducted based on data from news consumption on desktop computers. The next step, as the article proposes, would be to test the same variables on mobile devices such as tablets and smartphones.

Analyzing online websites from magazines, Ellonen et al. (2015) wanted to examine how users on those websites engage and found for example, that 86% of all visits on the websites were focused on the blogs hosted by the magazine. This is a crucial finding, as it shows that most of the editorial content, which should in theory one day be the product purchased by the customer, was only viewed by the minority of webpage visitors.

Not only does a magazine website create the potential for future revenue streams, but it should furthermore support the generation of both, offline and online, revenue streams for the magazine. It should expand the offering of the magazine, hence widening the value proposition, and furthermore generate brand exposure (Ellonen et al., 2015). Both effects could increase the willingness to pay for a subscription. To support brand loyalty, customers need to be presented with content with which they can engage and connect, in order for the magazine to build a loyal customer base. A common feature found on magazine websites is the incorporation of blogs which can be hosted by local and major celebrities. These blogs are designed in a way to be in line with the brand personality of the magazine, so as to support the magazines brand. If the magazine and the hosted blogs are in line with the values and interests of the users, then the blog could create a beneficiary and complementary effect to the magazines online content. This spill-over effect, which can be created either directly

through clicks and advertisements, or indirectly through the support of the brand, is an effect studied by research. How consumers are affected by this effect is examined by the study of Ellonen et al. (2015).

Consumers of online content can be divided into two categories, exploratory and goal-oriented behavior. Goal-oriented behavior describes content engagement in which the user is driven by extrinsic motives, such as finding the cheapest option, and the use of media can be described by an intentional, selective and purposive exposure to specific content that will lead to the fulfillment of the goal (Rubin & Perse, 1987).

Exploratory behavior on the other hand, describes a user engagement in which consumption is based on intrinsic motives such as the search for inspiration or the need to relax which manifests in decisions made by navigational and affective nature (Novak et al., 2003). This further leads to the insight that users who consume information exploratory are more focused on the medium used to conduct their consumption, rather than the content itself. Other studies found that female consumers use women's magazines and associated websites in a similar manner.

Among the top reasons found for the consumption of the content were, relaxing, entertainment and inspiration, which all three indicate exploratory consumption. This finding leads the Ellonen et al., (2015) to the assumption that users following exploratory consumption are much more likely to be exposed to multiple elements of the website. Whereas goal-oriented consumers would look only at articles which they would perceive to be of interest to fulfilling their goal, exploratory consumers would be open to a wider range of content and should therefore be more likely to support the publisher either directly through subscriptions and ad sales, or indirectly through brand identification and loyalty.

To test how actual individuals engaged with the website to find and provide managerial implications, Ellonen et al., (2015) focused on readers of a Scandinavian women's magazine, which consisted of well educated women in their thirties and of which 50% had a university degree and 50% of the overall group had children. The collection of data was supported by the magazine publisher who agreed to install a web analytics program on the website in order to gather data and enable access to the clickstreams of individual users. Of all 9975 visitors of the website on a single day, 295 were chosen randomly and their clickstream behavior was collected during a period of 16 days. To

analyze the behavior on the webpage, a period of consumption was defined and referred to as a session. A session would start when the users visited the page and would end if no other page would be selected for a period of one hour. If a request would then come, it would be defined as the start of a new session. 3830 individual sessions were collected during the data gathering phase, and they ranged from 1 to 71-page requests during one session.

The results indicate a severe lack of users who engage with the editorial content of the magazine. From all collected session, only 30 sessions, or 0,78% of all sessions, involved engagement with the editorial content such as articles, videos, recipes and so on. The hosted blogs on the other hand, were the main goal of 3282 sessions, or 86% of all sessions. Not only was the editorial content of no interest to most of the users examined in the dataset, but they furthermore skipped the entire front page of the website in order to see their favorite blog and then leave the website. This finding is also in line with findings from the World Media Trends (2015), which reported that typically only 10% of online magazine traffic comes through the front page of the website. Most of the users enter the content through bookmarks they set on the page of interest, by using search engines that find an article of interest, or by following links found on social media platforms.

The study furthermore found, contrary to the hypothesis that a women's magazine was consumed in an exploratory manner, they were actually consuming the magazine in a goal-oriented fashion. Instead of exploring the content provided on the website, users would rather consume in an intentional, selective and purposive manner (Ellonen et al., 2015). One explanation for this behavior is explained through the availability of search engines, which have been established as the predominant medium of online content consumption. Exploration is hence conducted rather on the website of the search engine, than on the webpage of the publisher. The authors of the article therefore suggest that publishers should make sure that all their content can be easily found through search engines. Optimizing the webpage is found to be an important factor contributing to an increased number of visitors as studies find (Hartjes et al., 2010). Design is therefore not only crucial in increasing the chance of being found by search engines, but furthermore enhances usability and accessibility, hence increasing the user experience.

Third, the study found that a great majority of the consumption was limited to the hosted blogs, whereas editorial content was left unseen by most of the examined user sessions. This finding is contrary to the strategy of the publisher whose long-term strategy is to attract further readers and hence, paying subscribers, and increase revenues of the print edition (Ellonen et al., 2015).

The lack of interest for content created by the publisher suggests that consumers will not be engaging with the product and therefore also not the brand. It can however, also be the case that traditional readers of magazines prefer to consume magazines in the printed form. The possible spill-over effect discussed above is considered by the study to be rather limited. The brands in the blogs are generally branded by the blogger leading the blog, rather than by the magazine. In order for the magazine to receive a benefit from the blogs, a strong collaboration between blog and magazine would have to be established, which could however also have negative effects. If the magazine forces its brand to an extensive degree on the blogs, credibility, trust and originality could suffer and blogs would as a result become less interesting to the user. Given that spill-over effects of the blogs are rather limited in the current form, the only benefits are given through the advertising revenues collected through blog visits. As these revenues are smaller than revenues collected through the printed version of the magazine, the overall benefits of the website may very well be negative for the publisher, given that financial funds are required to design, implement and maintain the website. A key finding of this article is that publishers of online content must constantly seek out to understand the fast shifting behavior of current and potential customers. Only by constantly re-evaluating and understanding the behavior and needs of their customers can they build products that can satisfy the users. They must furthermore not hold on to a single model but must rather frequently adapt and change their model to cover the shifting needs of the consumers.

To understand how readers, perceive online news websites, Aranyi & Schaik (2015) tested a user experience model which encompassed the most important aspects of interaction between humans and technology, user experience and system appraisal (Aranyi & Schaik, 2015). The study wanted to test this model of user experience and furthermore added the variable satisfaction, so as to not only understand the “how”, but also the “why” of the observed experience. The experiment was conducted by first showing participants a screenshot of the news website after which they would fill out a

questionnaire. Following this was the actual interaction with the website during which participants were asked to examine the website and offered content.

Examining the results of the experiment the study discovered several correlations between the tested variables and user experience. For one, users who experience disorientation during their interactions perceive the website to be low in usability and consequently also low in terms of quality. Orientation and usability was found to be the most critical factor explaining the variability among users towards perceived quality of the website. On the other hand, looking at positive correlations, the study found that perceived aesthetics of the website was found to be crucial in explaining the difference in perceived quality. The more “beautiful” the website was found to be by the reader, the more likely they were to perceive the website in a positive manner. Overall the study found that its observations are in line with studies conducted in the context of user experience and tested variables regarding perceived quality.

Adding to the above tested variables, the researchers presented insights regarding trust, users feel towards the online news website. Interestingly the study found that although trust was significantly correlated with the adequacy of information and the perceived usefulness of the content, it was also found that trust was an independent determinant to explain the intention to use the service and also an indicator for satisfaction with the service (Aranyi & Schaik, 2015). The study derives from this finding the theory that trust, or the perception of credibility and competence, might therefore not be solely the outcome of perceived quality of information. Design aesthetics were for example found to be positive predictors of trust. A well-designed website which is also perceived by readers to be well designed, would lead to a higher perception of trust. Design was observed to be a key component in the context of user experience. News websites, which can be complex, interconnected structures containing hundreds or thousands of hyperlinks and pages, can be quite difficult to navigate. A publisher designing and implementing an information infrastructure that assists readers with navigation support could therefore also increase their perception of quality and trust (Aranyi & Schaik, 2015).

6.3.3. Predicting engagement

Analyzing user behavior, Nelissen et al. (2018), took on an approach that focuses on explicit feedback from users while they are engaging with the content. The goal was however, not to understand why the user is engaged with a specific article, but rather to identify variables that would be likely to predict user engagement with an article. To study this, the researches created a feedback mechanism that was embed into two online news applications. From the paying subscribers of the two news publishers, 198 and 209 subscribers were selected after qualitative interviews to identify a representative group and gathered in-app feedback during a period of one month.

Developing a feedback-mechanism that was user-friendly was a key factor for the research, as only minor distractions can affect user behavior and hence, lead to distorted observations (Nelissen et al., 2018). One way to increase user-friendliness of the mechanism was to position simple evaluation buttons in several positions on the article. Having a button only at the beginning of the article would mean that readers who read until the end, would have to scroll back up to conduct the evaluation. User experience would hence be affected, and likely, in a negative way. A mechanism was designed and implemented together with the company providing the applications that would minimize the influence of the evaluation process. On several places of the article and pictures, small blue dots were placed which users could press. A pop-up window would appear on which readers could either press a thumb down or a thumb up. After selecting one of the two options, several possible options would be presented of which the reader can choose one as to provide more insight to his disliking or liking of the article.

Examining the results, the study found several interesting insights on how various variable are correlated with user engagemen. For one, it was found that the positioning of the article, which already is to an extant a crucial decision made by news providers, was an important predictor that user engagement would occur. A surprising observation was made by looking at the pictures embed into an article. If the picture was clicked by the user to open it and make it bigger, the odds of users being engaged with that article would rise dramatically. Such and other variables were tested in the study and it was found that variables that incorporated both time-based and implicit features were best at predicting engagement.

6.3.4. Story-focused reading

A user behavior called story-focused reading was examined by Lehmann et al. (2016) and it describes a behavior in which users read several articles focusing on the same story or topic. The goal of the study was to examine the effects story-focused reading can have on user engagement and to provide insights to newspapers on how they can support this phenomenon (Lehmann et al., 2016). To study this kind of user behavior, the research examined behavioral data from 800 hundred thousand users on 65 highly visited news websites, which totaled in around 325 million-page views during a one-month period.

A key variable in determining story-focused reading is the time spent during an online news reading session. A session during which only one article is read can, by definition, not be story-focused session. As time spent during the session increases, so does the change of it displaying a story-focused behavior. The observations for example indicate that 41% of sessions consisting of 4 articles, show story-focused behavior (Lehmann et al., 2016). We further see that users who focus on a specific story spend more time on the website than those reading the same number of articles, but each covering a different story. Story-focused sessions were found to be at least 15% longer. A difference is further also observed when looking at how users access content from different providers. On average, story-focused readers consume content from 1,67 providers during one session, while non-focused readers read content from 1,52 publishers (Lehmann et al., 2016).

Overserving how online news providers support story-focused reading, the study examines inline links on news websites and distinguishes between internal links, which lead to content from the same publisher, and external links, which lead users to websites of other publishers. Internally story-focused sessions tend to display on average longer dwell times than non-story reading session with internal articles. Spending a story-focused session within internal links, furthermore, increases the chance that the user will visit the website again within 12 hours by 68% (Lehmann et al., 2016).

While not all online news publishers offer inline links leading to external content, those which do, might actually be contributing to a better outlook on user engagement as the study finds. We see that users who engage with story-focused reading through external

links, display a probability of 70% that they will return back to the webpage within 12 hours after the session. Offering links to other publishers might therefore not be damaging to user engagement, but rather enhancing. The study furthermore, explored what types of internal links were offered by news publishers and their performance and hypothesized that overall, links were either not presented well enough to capture the interest of users or were simply not covering the topic well enough. Based on this, they postulate that there is still potential within the designing and implementing of internal story related links to be exploited. On the other hand, the study found that among the external links offered, the most found were links to other popular news sites. While links to other popular websites were most commonly provided by those publishers incorporating external links, looking at the actual performance of the links, users actually preferred link to less-know newspapers. This might be explained by readers wanting to find additional information from sources that are not among the popular websites (Lehmann et. al., 2016).

The study suggests that story-focused reading is not simply the coincidence of certain stories being covered by several publishers or that they are more popular among publishers or readers. It is rather the consequence of the user's interest and his will and possibility to engage in-depth with a story. Consuming news by reading several articles and stories is seen as a general need of the reader to gain a detailed picture of current events. Story-focused reading however is explained by the specific interests of the reader who, based on his personal demand for information, engages with a certain story and is willing to read through several different articles covering the same topic to increase the information he can gather and satisfy the demand he has for this information (Lehmann et. al., 2016).

One managerial implication derived from these insights is that news providers should support story-focused reading to increase engagement. Links should be presented in a way to attract users and links to external content can be beneficial to the user experience. Customization is another way to support this phenomenon. Websites could for instance see if a user begins to engage or is already engaging with story-focused reading and they could then present related upcoming stories on the homepage of the website and have users engage more easily with their topics of interest. While linking related stories, either between internal or externally provided content is seen as a means to increase user engagement as well as re-engagement,

the study also provides managerial implications regarding the actual presentation of the links.

Regarding the number of presented links within an article, the study suggests that with higher numbers comes greater confusion from the side of the reader. Readers in general chose the link which is presented at the end of the article. While many, if not most, online news providers chose the strategy of linking only internal content with internal articles to keep users longer engaged on their website, the study presents observations that suggest a different approach. Rather than trying to keep users engaged only within internally created content, links should be presented that lead to websites from other news providers. Readers could begin viewing the website as a platform where they can be led to stories created by several different sources. This in turn presents the customer with a higher value proposition. Not only might the customers, in the context of this thesis, be more willing to pay for such an offering, but news providers can open new forms of generating revenues through linking external sources. Examples of practitioners who are already incorporating such mechanisms are CNN and Times, both of which employ cost-per-click pricing models (Lehmann et al., 2016). Links to external content are presented on their websites and each time a reader clicks the link, the external client pays a fee. Interlinking the website with external content can therefore for one, generate additional revenue streams, and two, increase user engagement.

Overall, we see that research is examining different aspects of user behavior in the context of online news reading, which could benefit practitioners in understanding their customers. We did however not encounter similar approaches led by online news providers during the writing of this thesis. To focus on the customers' needs and include them in the process of business model design could be of great benefit. Given the difficulty of traditional newspaper business models to fully transition into the digital space, innovation and especially, customer-driven innovation might lead to new perspectives. Customer-driven business model innovation encompasses the recognition of customers as valuable participants in the innovation process and enables firms to not only understand what they want in a given moment of time, but to follow the changing and evolving needs of customers to continuously meet their needs (Brasseur et al., 2017).

6.4. Content Strategy

Deciding what content to charge for is a crucial part of designing the business model. Research for one offers macro-economic perspectives on online content provision. Content providers should for instance charge their customers more in times when demand is low and vice versa when demand is high (Lambrecht and Misra, 2016).

Examining how Norwegian newspaper were implementing paywalls on their websites, Olsen & Solvoll (2018), found that either of two core strategies were followed in regards of the digital offering. The first strategy is the “break strategy” which represents those news publishers seeking to secure customers which are already paying for the printed newspaper. The second strategy is the “acceleration strategy”. The goal here is to focus resources on online advertising by getting readers to interact as much as possible with online platforms in order to harvest reader data and create potential for customized advertising.

Some newspapers for instance focus mainly on maintaining their established print customer-base by encouraging them to perceive the additional value presented by the digital medium. Others, who followed soft versions of the paywall such as the freemium model, are determined for one to get subscribers to pay for the service, and two, to also maintain website traffic by attracting non-subscribers as well. Those who favored hard paywalls were on the other hand determined to deliver the best service to subscribers, while non-subscribers were not deemed to be a lucrative revenue source (Olsen & Solvoll, 2018).

Another interesting observation was the increasing awareness of the need to harvest detailed customer data on which foundation targeted advertising could be achieved (Olsen & Solvoll, 2018). Prior to the introduction of paywalls, most newspaper would not demand any account creation and traffic would stay anonymous. This lack of information on who was reading meant that advertising on the websites would be based rather on mass targeting then on segmentation targeting. By asking customers to create accounts on the websites – with print or offline customer support also encouraging customers to solve issues by using their online accounts – could more customer information be harvested. User data can increase the value proposition of online newspapers as an advertising platform and hence, enables the newspaper to regain lost advertising revenues. The value proposition was further altered not only for

advertisers but also to customers. Differentiation was for one conducted in terms of content and for the other, regarding bundles of products. Some newspapers offer content which requires in-depth journalistic articles only to paying subscribers, while non-subscribers only have access to content such as breaking and standard news, as this type of news product was perceived to be substitutable content. Other newspapers chose on the other hand to deem all their content premium and lock everything they offered behind a hard paywall (Olsen & Solvoll, 2018).

Some studies presented us with valuable insights regarding the use of data in creating business models and content strategies. Web-analytics have found major importance within editorial newsrooms, as webpage click statistics are used to measure how well an article is received by the audience (Krogh & Andersson, 2016). Prior studies have shown web analytics tools were not having a significant effect on content selection. More recent studies however, suggest that indeed website traffic affects online news provision. It can affect which articles are presented on the website, which articles are given follow-up priority and how headlines are designed to attract more visitors (Krogh & Andersson, 2016).

It should also be noted that while some research suggests to newspapers to initiate trial and error experimentation to determine which strategy works for them, too much testing can lead to a lack of representation towards customers. Experimenting with what content to offer only to paying customers and what to all readers could also create confusion among readers as in the case with Norwegian newspaper Gudbrandsdolen Dagningen. Changing day-by-day what content was for free would give insights to customer behavior but would further confuse those paying for the service as no longer would it be clear what they were truly paying for (Olsen & Solvoll, 2018). While formulating strategies can be easier with more information, we see that some approaches can also have a negative effect. To support practitioners, research has developed models that can assist managers in determining which articles to offer.

Seeking to support smaller, editorial-focused news websites focusing on the creation of long-term brand value, Sarkar & McGarry (2016) analyzed various variables that would help these publishers predict the time readers would spend with their articles. A regression analysis was conducted based on data collected from 279 online articles, as well as, access to the web metrics. Regressing the model displayed high correlations between dependent variable, time spent with an article, and visitors finding

the article through search engines, number of images within an article and the number of views on one article. Search engine usage and its correlation with time spend is explained in the study as being possibly the outcome of a search during which an article was found that met the specific requirements that were defined to satisfy the desired information. An article found on this basis could therefore enhance user engagement with the article. Negative statistical correlation was found between time spend and bounce rates, or single page views, and outbound link clicks, or clicks leading to external sources.

Adding these variables in an equation based on their negative or positive correlation and weighing them by their observed coefficients, a model was built to enable statistical rankings of news articles. This model could assist publishers in identifying which articles to update or present a follow-up, and which articles to delete or move to an archive. Despite its simplicity, the model could give managers more perspective and support them in decision making. Further development of the model, and the corresponding gathering of data, could assist managers in their content strategy management.

6.4.1. Premium models and content decisions

As to keep a balance between paying and non-paying customers, a ratio between paywalled and non-paywalled content would need to be found. The initial ratio introduced during the first version of the freemium website vk.se, in Sweden, offered only 30% of total content for free, while the rest was only accessible with a digital subscription (Mejtoft et al., 2015). This was later adjusted to a 50:50 ratio in order to keep non-subscribers on the website. From the total readers, of which there were around 19.000 in 2014, 62% activated a digital subscription, which was followed by an additional 1.000 digital subscribers in the same year and an increase of website traffic (Mejtoft et al., 2015).

Myllylahti (2017) analyzed articles published by leading financial newspapers in Australia in order to understand what content they restricted from free access. For this, a quantitative study was conducted based on articles collected from the Australian Financial Review and the National Business Review, two of the leading financial newspaper in Australia. Both newspaper implemented a freemium paywall, which

meant that some content was freely available to all customers, while some articles were only available to subscribers. Comparing both paywalls, it was found that the Australian Financial Review had a paywall that was much more restrictive. Around 86% of all content was put behind the paywall, while the competitor locked only 41% of content. A significant difference was also found looking at the transparency of paywalled content. The National Business Review marked every article that was restricted to free access by displaying a lock symbol on content dedicated to subscribers. The Australian Financial Review did not have any such feature on their website, which meant that a user would only find out if an article was freely available by clicking and opening it.

Examining the content, which was behind the paywalls, the study found that in both cases, general news was the main category of content put behind the paywall. While 71% of the locked content of the Australian Financial Review was general news, the National Business Review reached a percentage of 83%. The majority of the locked content of the Australian Financial Review encompassed business related articles, which given the nature of the newspaper would not be a surprise. This newspaper locked the categories of business, economy, politics, markets and opinions completely, while free articles were found only in the tech and features categories. The National Business Review on the other hand, did not display a single news category that was completely locked behind the paywall. The majority of news articles within all categories was still freely available to all customers, except in the opinion category which had more locked content. Both newspapers offered most of their tech-related content for free. One reason for this could be that news covering innovations and technology developments was offered by many other sources, and given their focus on financial news, their customers would not be willing to pay for this content.

Sjovaag (2016) analyzed online newspapers in Norway and compared how the metered and premium models compare in terms of which content is charged for and which content remains free. Based on a 20-month experiment which followed and examined front pages of three of the largest regional newspapers in Norway, the goal of the study was to understand if content provision shifts in the wake of the paywall implementation.

One of the three examined newspapers, *Afterposten*, introduced its paywall based on a metered model, in May 2013. Users could read eight articles per week before they

would need to purchase a subscription to continue. As any article could be read by the customer, the study could not examine which articles were designed for paying or non-paying customer as intended. They could however study how the introduction of the paywall affected the design offering of the newspaper. Here the study found that in terms of content quality, no changes were implemented. While the content offered was neither better nor worse than before the paywall, no value was added to the everyday news consumption of the customers.

Bergen Tidende, one of the newspapers which implemented a premium model, ran a liberal version of the model as only 18% of the offered content was put behind a paywall, while 82% remained free. Examining the historical development of the paywall content strategy, the study found that while categories such as culture, economy, crime and social issues remained stable in terms of news production, other categories displayed great fluctuations. Among the fluctuating categories are primarily politics, followed by sports, everyday life or lifestyle content and accidents (Sjovaag, 2016). Especially politics have been increasing in number of articles produced when comparing before and after the introduction of the paywall. The sport section which was crucial in generating revenues in the metered model of Afterpost, was exhibiting decreasing numbers of produced articles. Given the success Afterpost was having with the metered model and the sports category, opens questions towards the content strategy of Bergen Tidende.

One explanation the study offers is that all three newspapers belong to the same news media group which over time, consolidated some of their units. One of these units is sports, which was centralized to focus solely on sports related content and distribute stories among the newspapers. The resources of Bergen Tidende were as a result refocused on other topics. While this would explain why not many articles were provided by the publisher, it would not explain why existing sports related articles were not put behind the paywall by Bergen Tidende. The article suggests that this was due to competition within the market. Sports was for one offered also by local competitors which did not erect paywalls. If sports content would be put behind a paywall, readers might switch to one of the competitors. This is especially true for readers of sports content, as they have been found to perceive switching costs in changing the provider to be rather low (Sjovaag, 2016).

The third Norwegian newspaper presented in the article is Stavanger Aftenblad, which introduced its premium model in 2013. Contrary to the strategy of Bergens Tidende, Stavanger Aftenblad implemented a stricter model in which 34% of content was put behind the paywall (Sjovaag, 2016). This was twice as much paywalled content than Bergens Tidende was restricting to non-paying customers. Similarly, as in the case of Bergens Tidende, a drop of sports content and an increase of political content was observed. The focus on political content can be explained for one by the mission of the newspaper to stay loyal to its social contract to provide crucial information to citizens, and second, through the perception of political content being a value-added product. This is due to the nature of political stories, as political journalism requires substantial resources and analysis before it is published (Sjovaag, 2016).

Comparing the content strategies between all three newspapers, we see that the two newspapers operating the premium model exhibit the same preference for content categories that should be put behind the paywall. In both cases, politics, social issues, economy and culture were the dominant categories found behind the paywall. The study suggests that content found within these categories is either, part of the traditional hard news category such as politics, or requires high resources such as social issues, or is highly regular and organized in nature, such as culture (Sjovaag, 2016). As all these categories fall under traditional newsroom production, it is visible that newspaper still deem their traditional products to be something people should pay for, which shows that some newsrooms are still following the traditional newsroom model in terms of content creation and offering.

6.4.2. Alternative content strategies

Other articles offer views on quality and differentiation in the online news business. Understanding that quality content will draw paying and loyal customers has been observed among several “Slow Journalism” publishers (Dowling, 2016). These companies seek to draw customers with trust and quality, which contrasts with many online news businesses who tend to produce standardized mass-produced news which is delivered and updated frequently (Dowling, 2016). Focusing on quality alone may, however, not guarantee success in the digital news marketplace. Publishers must

assess service design and examine various aspects of online news provision such as selection design on webpages and increase customer visits (Ahn et al., 2016).

French news start-up Mediapart, chose a content delivery strategy quite different than what other newspapers were offering (Wagemans et al., 2016). Instead of updating their content regularly, Mediapart decided on publishing three daily editions. While each edition comes with new articles, some articles, depending on the relevance, can appear in multiple editions. This content delivery strategy is supported by video content and comes in various forms such as documentaries, talk shows and columns made by individuals who are not journalists themselves. Mediapart, furthermore, offers its subscriber access to the newspaper club, Le Club, a platform where comments and discussions can be posted by readers and journalists.

Studying how long-forms in journalism are received by readers and how payment models can be designed to sell these types of stories, Wolf & Godulla (2016) examined in face-to-face quantitative interviews 248 mobile Internet users in Germany. The long-form format is a relatively new online format and describes a way to incorporate various features to offer not only a written article, but an article that can take advantage of internet-specific qualities or provide different narrative focuses (Wolf & Godulla, 2016).

One example of such a format is “Scrollytelling”. The article is enriched by multi-media elements that are aligned with the scrolling behavior of the reader. Scrolling to a certain position can for example trigger a multi-media element to appear. The story could be an in-depth journalistic report, which is presented in a way that makes reading the article entertaining. This is done by combining novelistic techniques from printed long-form pieces with cinematic data visualization (Wolf & Godulla, 2016). Another example of long-form articles are selective multimedia stories, which combine several formats in a single user-friendly designed format to increase orientation and user experience. Instead of scrolling, the reader clicks on suggested articles, corresponding videos and pictures, audio files and so on. Multi-format interaction designed in a user-friendly way can enable the reader to engage with the news topic through several media formats. The third example is the web documentary which is mainly video-based content.

Studying the presented results in the study we find for one that mobile devices have become integrated in the usual device repertoire used to access background information (Wolf & Godulla, 2016). Second, we see that long-form formats are not well

known. Participants mostly knew about scrolltelling while the other two products were relatively unknown. Studying the expectations readers had towards long-form stories, the study found that while multimedia elements and options to navigate through the story were perceived to be key to user satisfaction, interactivity and participation were not. Focus on key features could find a customer's base willing to pay for the product, according to the study. The figures display a high number of users already willing to pay for long-form journalism. Looking at customer segments, we find that the group of heavy users, or those who use news media most frequently, should be the prime target for finding a paying audience.

6.4.3. Dropping a paywall

Other research examined how newspapers sometimes drop their paywalls to offer content to all readers (Ananny & Bighash, 2016). Such events occurred for instance during crisis, when the monetary loss would be outweighed by the need for informing the public. The method behind the study was based upon an online search for sources who either themselves dropped their paywalls or sources reporting on others dropping their paywalls. Starting with search engines, the study then added more and more articles through the hyperlinks presented in the articles they found.

The focus of the method was not only find paywall drops that were part of an overall business model re-arrangement, but rather to also identify paywall drops that were only of temporary nature, and hence, an exception in the implemented business strategy of the newspaper. Six categories were defined that should capture the reasons the paywall was temporarily dropped.

First, public emergencies were found to be a reason some newspapers would drop the paywall. In case of the Boston Marathon Shooting for instance, The New York Times, The Boston Globe and The Wall Street Journal dropped their paywalls either completely or to an extent that would guarantee sufficient coverage of the tragedy to all viewers (Ananny & Bighash, 2016). Second, some paywalls were also dropped in the case of planned special events. Observed events included elections, sport events and entertainment events. It can be suggested that such events draw large amounts of potential viewers to search for relevant information. As it would be unlikely that viewers who display only a temporary demand for certain information would be willing

to purchase an ongoing subscription, newspaper dropping their paywalls in such cases are able to at least harvest advertising revenues from opening their content temporary.

Third, paywall drops were also found to occur as a means to widen the audience. This could either be the result of the newspapers goal to inform people on certain topics it deems more important than the lost revenues due to the drop of the paywall. It can however also be in support of the general idea that people should engage with news. By lowering the paywalls temporarily, some readers could be drawn that otherwise would not consume news content. The experience from the temporary consumption during free access period could then support the increase of a total potential audience of online news readers.

Fourth, advertising and promotion were also reasons paywalls were dropped in the past. In this case, newspapers could be working together with advertising companies or other business partners. During these collaborations, paywalls could be lowered temporarily as part of the collaborative strategy. The Atlantic once dropped its paywall as part of a collaboration with Goldman Sachs and granted the bank exclusive rights to its advertising during this period. The Los Angeles Times granted free access to all readers during a three-day period and displayed only Etihad Airways advertisements as part of an advertising collaboration with the airline.

Fifth, audience development is another reason some newspaper dropped the paywall. The New York Times for example dropped the paywall in 2007 when projections indicated that revenue growth would be low compared to advertising revenue. Others such as Salon, an online magazine, decided to drop the paywall after they concluded that some readers would never again consume their content after perceiving he content to be “closed” to them. The managing editor of the magazine stated in this context that once a user would visit the website and see that content was only consumable in exchange for money, this user would likely never again visit the website. In the case of an overall drop of the paywall, it would be difficult if not impossible to again contact and tell the same user that the content is not “closed” anymore. As spreading this information could be rather difficult, the editor suggests that newspapers should be careful in determining the timing of the paywall implementation.

The sixth and last category of paywall-dropping identified by the study is experimentation. The main experimentation was conducted around paywall

themselves. The Dallas Morning News for example dropped their paywall on several occasions. Each time, a paywall strategy was dropped while another was implemented. In 2011, the newspaper implemented a hard paywall without any free content. In 2013, the website offered free access to all users, while an additional premium website offered better navigation, customization, less advertisements and other features. The premium website was finally closed in 2014. Several other newspapers have also dropped their paywalls due to a lack of paying subscribers.

Overall the study presented some common reasons why some newspapers drop their paywalls at times. Although the study did not draw any conclusions for business practitioners per se, some managerial implications can be drawn from their findings. Newspapers could design strategies for dropping their paywalls. One example could be the directive, that certain major events could trigger the temporal drop of the paywall. Customers who do not subscribe to the newspaper could hence gain access to the content and test a product they would normally have to pay for. Additional readers could as a result be motivated to pay for a subscription. Advertising revenues could also be boosted through temporary free access to the content. In case of a larger event, more people would likely search for information online. By temporary opening access to this audience, a short increase of traffic could be achieved which would otherwise be lost. Newspapers could, in addition, sell special packages to other companies. Such collaborations could drop the paywall for a short period depending on the terms. This would attract an additional audience which the company could then target with specific advertisements.

6.5. Multi-platform delivery

Bundling the products to create new value propositions became a popular trend following the implementation of paywalls. Printed subscriptions were bundled with digital access and offered as a single product. Some newspapers, furthermore, added e-paper versions of the printed newspaper to the package to combine the mobility of digital content with the benefits of printed newspapers. Delivery of printed newspapers, online access and digital versions of the printed newspaper were bundled by some newspapers in all-access packages and offered an interesting value proposition to

customers particularly observed in studies focusing on local news (Olsen & Solvoll, 2018).

Customers can choose between different platforms when consuming news, and although news is still being primarily consumed through print (Berger et al., 2015), this trend is decreasing, which in turn will lead to more evenly distributed news consumption across platforms (Thurman, 2017). Chyi et al. (2016) examined the role of different news channels and its implications on customers willingness to pay. Customers view printed, web-based and application-based news unequally which is why willingness to pay can vary among the options.

As companies are facing heterogeneous markets with varying consumption of media content, they must develop strategies to align their products with the preferences of customers. Kanuri et al. (2017) proposes a theoretically-driven model to aid companies in forming bundles to satisfy different segments. Offering multi-platform content is not only suggested as a means to survive, but also as a way to increase customer loyalty.

Winter & Alpar (2017) examined subscription data and found that mobile apps had a complementary effect on the print version, increasing the life-time value of print customers. The study however also agrees that this finding does not suggest for the immediate funding, creation and implementation of an application, given the costs of such an undertaking. The study is limited due to the nature of the examined data which consists of subscription cancelation behavior. While offering an application did have negative effects on cancelations, the study suggests that there are more effects to be studied in the light of the introduction of a complementary mobile application and its influence on printed newspaper sales. Customer life-time value was calculated in this study by taking into account prices and margins. This is another limitation of the study as suggested by the authors. Newspapers would benefit from additional effects other than increased subscription rates of the printed newspaper. Advertising could generate additional revenues and product referrals could contribute to a growing number of readers. As these effects would increase the life-time value of the customer, they present further support for a mobile application (Winter & Alpar, 2017).

The study, furthermore, presents insights for practitioners on how they could implement a mobile application. Given that the study found that the only demographic factor that was highly correlated with subscription cancelation was income, the study

suggests that providers do not have to target certain age groups for instance. Segmentation should instead be done for example by focusing the mobile application on customers from richer regions (Winter & Alpar, 2017). This is due to the finding that suggests that people in more wealthy regions are more likely to cancel subscriptions than people in poorer regions. A publisher trying to increase the value proposition and retain paying customers, should therefore focus on the rich regions. People there are more likely to cancel a subscription and widening the offering they receive would therefore increase the likelihood of them keeping their subscription (Winter & Alpar, 2017).

While some in the newspaper industry argue that distinctions must be made between the value of the channels, as still printed news is the key revenue stream for publishers not born on the internet, others argue that no such distinction should be made when it comes to offering content (Olsen & Solvoll, 2018). Instead of focusing on publishing content first in a printed format and second in the digital, newspapers should rather push to increase their overall customer base. Paywalls are designed to capture revenues from digital subscribers, but they tend to fail if they are protecting content not deemed interesting by customers. Although fear of losing website traffic due to the paywall is an often-read argument against its implementation, it is found that although traffic does go down after the paywall introduction, following a period of only a year can already show that pre-paywall traffic can return (Olsen & Solvoll, 2018).

User experience with mobile news reading was studied by Pesonen et al. (2015), who conducted two studies on this subject. The first study examined how users experienced different forms of tablet-based newspapers. Three tablet browser optimized versions of newspapers were examined first by usability experts, and then by participants who tested both versions, each for one week. Each version was different in the way users interacted with the newspaper, the way it was designed and how it was implemented. Among the three versions, users experienced the highest satisfaction with the version looking the closest to a conventional printed newspaper. The second study aimed to understand how an authentication method can affect user experience.

Pyykkö et al. (2016) organized a two-part study to examine affective user experience with digital news reading. The first part of the study tested how users experience different types of browser-optimized digital news on tablets. Three versions from a local newspaper were designed specifically for tablet browsing and presented to participants

who tested the version for one week. The goal of this study was not to examine different elements between the versions to see what users liked and what they disliked, but rather to see how user experience changes over the course of usage (Pyykkö et al., 2016). Before the testing period started, users first conducted a demographic questionnaire and during the test phase, daily dairies were written, and questionnaires were answered by participants to collect insights on how the positive and negative perceptions of various elements evolve over time.

Results of the study indicated that while the overall positive affect stays relatively stable over the course of usage, negative affect decreases slightly over time (Pyykkö et al., 2016). Interestingly the study also shows that both positive and negative affect appears to be the highest on the first day. Positive affect is much higher on the first day of usage than on the following days where it remains stable. Negative affect is however as well much higher on the first day of usage, while it also decreases on the following day, but keeps further decreasing over time. Users tend to therefore be very sensitive to their perception during the first engagement with the website. Positive and negative emotions are experienced more intense.

The second part of the study tested again the temporal development of user affect, but this time not on digital news on tablets, but on digital replicas of newspapers. Same as in the first part, users tested the replicas during a one-week test phase during which the researchers collected insights from daily dairies written by the participants and conducted questionnaires. Looking at both studies, the article concludes that differences can be observed between negative and positive affect and how they behaved and changed over time. A major change in effectiveness in both, negative and positive terms, was observed on the first day of the tests. From there the study derives the question if the examination was not affected by the nature of how people perceive new things. People can for instance have expectations for something new which then affects how they perceive it. They can also go through a learning process in the beginning through which they develop either a liking or disliking of something. These and other effects can distort the actual perception that is measured, the second being particularly present if the test phase is conducted during a short period. User experience furthermore goes through various phases as previous work suggests (Pyykkö et al., 2016). Beginning with an initial orientation, followed by incorporation and finally reaching identification, users undergo phases and the study suggests for

further research to examine and understand emotional patterns which are observable during the adoption of new products as to better understand how people perceive online news other than getting used to it as a new product.

The importance of looking at two distinct user segments when viewing desktop and mobile readers of online news was examined by Nelson & Lei (2018). In their study the researchers analyzed online behavior data to test for one if the mobile audience had outgrown the desktop audience, and two, if more time was spent reading digital news through mobile apps than any other form of online news consumption. The data was taken from comScore, a company offering web analytic products such as estimations of various online audiences. ComScore collects data from users who download either desktop applications or mobile applications on their preferred devices and let the company track their online behavior. The study finds that during the period the data was collected, 232 million people visited a website by using their desktop pc during an average month. 160 million of these desktop users visited an online news website. During the same period, 191 million people visited an online website and from these, 180 million visited news sites through a mobile device (Nelson & Lei, 2018). Not only were therefore more people engaging with online news through mobile devices, but the greater absolute number of online news visitors was found in the mobile device landscape.

Taking a deeper look in the behavior the study found that users of desktops where on average 12 minutes per month on online news websites, while mobile device users only spend on average 7 min per month on online news content. The vast majority of the mobile device group was composed of users browsing through actual websites on their device, while only a smaller group engaged with news applications on their devices. This small group interestingly spend on average 138 minutes per month and per website.

A key finding of the study is that mobile devices have become the primary tool of online news consumption. Looking at mobile news consumers, the study further found that this group was composed of two distinct groups. One group accessed online news websites through websites where they spent only small amounts of time, while the other group engaged through news application, where they spend on average 20 times more time with the content than the first group. This suggests that online news providers should for one be encouraged to re-evaluate their content strategy for mobile

platforms. They should be aware of the growing numbers of users who consume online news either through smartphones or tablets and should seek to understand if they provide their content in a way that suits the needs of the mobile consumer. Most of the mobile online news consumption is still done primarily through browsers, as presented by the observations of the study. A smaller group of mobile users, however, consumes online news content through mobile applications, on which they spend significantly larger amounts of time.

This finding is especially interesting in combination with findings and ideas presented above. In light of business model experimentation and the search for a sustainable business model, subscription models are implemented and tested in order to get customers to pay for online news content. The focus on customers must however not be of quantitative, but rather qualitative nature. Loyalty, trust and quality, rather than mass-production could attract paying customers. We see here that within mobile device users there is a group of users who engage thoroughly with online news content through mobile applications. Practitioners could see here that there exists a customer segment which engages with online content on a deeper level. This segment could be a target for a business model that could offer high quality journalism, build a paywall and attract paying customers.

7. Conclusion

Based on defined keywords and databases, we conducted a literature search to identify articles that cover the landscape of research examining online paid content and online news. We identified 33 articles that we found to be within the research scope of this thesis. The final selection was analyzed in detail in order to determine present quantitative and qualitative perspectives of the research in this area.

We began our literature analysis by providing a quantitative overview of different aspects of the chosen articles. For one, we could see that EBSCO and Taylor and Francis Online offered the highest number of relevant articles. Within our defined research period, most articles were published in 2016, followed by 2015, 2017 and last 2018. Given that our search for articles ended in June 2018, more articles could still be published in the second half of 2018, which could lead to a higher number of articles in 2018 compared to 2017. Looking at articles by country of origin, we could see that

most of the articles found, were published through institutions based in the United States. Interestingly, all four Scandinavian countries were represented in our list, which indicates an existing interest in online news content in this particular region. Finally, we examined the research methods used in our article collection. The results show that most studies were conducted on the basis of quantitative research methods.

In the qualitative section we concentrate on the research topics and the insights that could be derived from them. Several studies indicate that paywalls can indeed be implemented successfully. While some achieve this by focusing on products that are either of high quality or customized for a niche market, others go beyond the product itself to be successful. Online news providers such as Mediapart remain profitable by centering on journalistic values to create loyal customers, willing to pay for the product. The effect of positive perception on newspapers and its product is, furthermore, supported by studies on willingness to pay, as presented in this thesis.

Others, as in the case with the Spanish news industry, have implemented collaborative approaches between market players by creating collective newsstands. A similar approach has also been presented through the Media ID project in Belgium. Gathering and analyzing the data of readers has, furthermore, been pointed out as a key step towards a successful implementation and maintenance of a paywall. It will enable a better understanding of customer demands and revenue expectations before a paywall is designed. Second, it will support the production of personalized content to create value-added products and hence, increase willingness to pay. We also present insights from behavioral research, which found for example that providing links to external sources did not lead to customers being lost. Contrary to this assumption, they discovered, that readers were more likely to return to the initial website if they accessed a link to an external source of information. Collaboration between newspapers can hence lead to a higher value perception by the reader who can access many other sources of news from one newspaper and adds to the already presented examples of the collective newsstand and the Media ID project.

The willingness to pay for online news digital content was the second major category we identified within the collected articles. Regarding age, we could see that correlation with willingness to pay can vary among studies. The same phenomenon was also observed regarding the price. Some found prices to be the key component of customer's willingness to pay, while others concluded that they were only of small

importance compared to the actual content and the general view towards paying for online news content. We, furthermore, also looked at a study which points out that the mere existence of publicly available news was not a precursor of a low willingness to pay. This supports the overall finding that the key variable determining willingness to pay, was that offering would meet customers' demands. It was either high-quality content or the focus on a niche product that we found in several successful cases of successful paywall implementations to be crucial.

Regarding user behavior we present studies which focused on the examination of how and why users engage with online news content. Even though the research in this area is still in its beginnings, given the many simplifications in the methods and lack of preceded research, some managerial implications could still be derived.

For one, research shows that an increasing number of viewership is accessing articles not through the front page of the news website, but rather through search engines and book-markings. A core focus on the front page would therefore not be in line with actual user behavior. Overall, we found several insights offered by research regarding user behavior, and we see that this topic of research shows potential to increase the understanding of readers in the digital news market to support practitioners.

Studies on content strategy observed several content strategies in various countries, but did not go beyond a comparison, in order to propose an optimal model. We found however that successful content is not always locked behind the paywall, as in the case, when the market situation does not allow for this. We also found that newspapers still formulate decisions based on traditional newsroom thinking, and lock content which is traditionally viewed as value-added due to high production costs. One example is news regarding politics, as it usually requires profound analysis before it can be presented to readers. The findings from other studies find implications that readers are not willing to pay for general news, might explain some of the difficulty those who focus on certain news topics can experience when attracting paying customers.

Multi-platform delivery research presented us with insights supporting the exploration of potential offered by multi-platform offering. Offering digital news was found to not be correlated with the loss of print customers, although we already discussed studies which argued the opposite to be true. While several studies proposed a strategical

focus on the desktop pc channel, others have come to the conclusion that mobile applications should become the key focus of newspapers. This was for one presented in a study examining desktop and mobile news readers, finding that mobile readership was already surpassing desktop readership, in terms of both, absolute figures and growth. While mobile readers spend less time reading news than desktop readers, mobile application readers are potentially the most promising target for newspapers, given that this group engaged much longer and more often with online news than desktop readers and mobile browsing readers.

Many of the insights we extracted from the articles can benefit practitioners. We find that what seems to be a key variable in determining the success of an online news business model, is the content itself. Some focus on high quality content, while others reach success by target a specific segment. Niche products can be especially interesting to online news providers who otherwise lack the resources to finance large scale and high-quality journalism. The importance of data gathering and analyzing has also stood out as a key factor in implementing paywalls and designing products that in turn increase the willingness to pay. Collaboration between newspapers has been presented as a possible way to attract customers. Collective offerings on newsstands, interlinked websites and collective log-in mechanisms are some of the collaborative approaches we have presented which can increase the perceived value of customers. While we could find many valuable insights, research lacked innovative and future-oriented studies. Most of the articles we examined have put emphasis on examining the status-quo within the industry. A small portion of articles has focused on finding potential future scenarios for newspaper to focus on. Given the view that despite of the success some newspapers, an ideal business model is yet to be discovered, research should put more focus on designing innovative approaches, newspapers could test and use to build sustainable business models.

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