Valuing Newspaper Website Content:
What People are Willing to Pay For and Why

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Abstract

MARY ELIZA HUSSMAN: Valuing Newspaper Website Content: What People are Willing to Pay For and Why (Under the direction of Penelope Muse Abernathy)

This paper investigates whether people are willing to pay to access a newspaper website that charges for content, and what news they’ll pay for. This is important as it directly relates to the economic vitality of the newspaper industry, which hasn’t crafted sustainable business models for digital editions.

A survey of online readers of a mid-sized newspaper indicates a willingness to pay for exclusive digital content, especially local news. A majority of subscribers felt the price for online access (less than $20 per month) was “a fair price” and indicated they’d become online-only subscribers if a print edition wasn’t available. Nonsubscribers were more likely to feel the price was “too high” and seek substitute sources for local news. Roughly half of nonsubscribers said they’d consider subscribing if the price decreased.

The results raise questions about pricing elasticity of subscriber models and the consumer’s evolving attitude toward paying for digital information.
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CHAPTER ONE

Introduction

The free versus fee debate—whether newspapers’ websites should charge readers—has been going on ever since newspapers moved their content online, and this argument has intensified the past few years as more newspapers have started asking readers to pay a fee to access their website.

The purpose of this thesis is to investigate whether people are willing to pay to access newspaper websites and to better understand the nature of newspapers’ online versions. This subject is important in terms of the economic vitality and survival of newspapers, as there are few business models within the newspaper industry that have been able to generate reliable revenue streams from providing online access for a fee. LaFontaine (2009) makes the point that an entire generation has grown up with free online content, and putting content behind a paywall can stunt audience growth, because those that can’t or don’t want to pay to access a newspaper’s content will go somewhere else for news and information.

The thesis project consists of two sections. The first section addresses the results of a survey of paying online subscribers and nonpaying subscribers of a newspaper website that has a paywall. This main purpose of the survey is to examine what content subscribers and non-subscribers consider most valuable, and what they think about paywalls. The Oxford English dictionary defines a “paywall” as “an arrangement whereby access is restricted to users who have paid to subscribe to the site.”
The second section explores the advantages and disadvantages of having and not having a paywall on a newspaper’s website. It looks at a newspaper website that has a paywall that has been in place for 10 years, the *Arkansas Democrat-Gazette*, or *ADG*. For the *ADG*, the paper will use data and the publisher of the newspaper to evaluate the changes. The results from the survey will be discussed in context with the interview.

Literature that will be helpful in building a foundation for this study includes the history of newspaper websites, different business models of paid website access, background information on the *ADG* website, and who is willing or not to pay for online newspapers and why.
CHAPTER TWO

Review of the Literature

History of newspaper websites

Newspaper websites reach about 75 million readers a month, more than a third of all U.S. Internet users, according to the Newspaper Association of America. Much of the literature on the topic of how to obtain significant revenues from online content comes to the conclusion that there isn’t a paid or free model that has been recognized as the “best.” Meyer (2004) argues that “[newspaper owners] know they have to adjust to the reduced expectations that technology-driven change has brought them. They just don’t know how” (p. 40). Meyer implies that the Internet gives people abundant options for finding news elsewhere, and newspaper owners have not quite figured out how to monetize newspapers’ distribution of news online.

In the mid-1990s when the Internet was gaining popularity, many news sites started charging users a subscription fee for online access. One reason for implementing a fee was the belief that the content that the newspaper was paying its employees to gather and produce shouldn’t be given away for free. CEO of News Corp. Europe and Asia James Murdoch stated at the Monaco Media Forum in November 2010, “If you’re going to monetize something, you should probably not give it away for free.”

Some in upper management of newspapers believe not charging for access will decrease the perceived value of the content of the newspaper. In an article written for the
Newspaper Association of America, David LaFontaine (2009) notes, “Many senior U.S. newspaper executives have long complained that by effectively giving away the news for free online, the industry has trained readers to regard our content as having limited value” (p. 6).

Another reason some newspapers decided to put their content behind a paywall was that bloggers were increasingly taking free content from newspaper websites and repackaging it on their sites without linking or giving credit to the newspaper, which in some cases can be considered copyright infringement, depending on the amount of content taken from the newspaper. Also, some publishers were worried that having the same content that was in the print product free online would cause some customers to stop subscribing.

Despite these concerns, many of the sites that implemented paywalls in the beginning soon took them down, as they realized the loss of page views was not worth these risks. Page views are important because they give online advertisers an idea of how many eyes are seeing their ads per day, week or month. If advertisers see a loss of page views, they might take their business elsewhere.

Many newspapers that provided free online access didn’t want to stunt their online audience growth and were afraid that readers might go elsewhere for information if they put a fee-based system on their website. Some newspaper executives believed that the increase in page views a website would have from not having a paywall would lead to more money coming in from online advertising, which would make up for the cost of lost subscriptions. However, they were proved wrong, as online advertising was not as profitable as newspapers had originally thought it would be (Chyi, 2005). One reason is because online advertising does not command nearly the rates of print ads.
A 2009 Newspaper Association of America report found that once a newspaper put all its content behind a paywall, online readership dropped dramatically, and the paywall subscriptions did not come close to making up for the lost advertising revenue. Levine (2011), using statistics from the NAA, found that, “a print reader is worth an average of about $539 in advertising alone, while an average online reader is worth $26” (p.113).

Farhi (2009) makes a similar argument, noting that even the most optimistic pay-to-read scenario wouldn’t come close to generating enough revenue to recover what’s being lost from advertising, as newspapers haven’t supported themselves on subscription revenue in many years. Historically, subscriptions typically only contribute around 20% to newspapers revenue, with most of the rest coming from advertisements.

Chyi (2005) says that, “By implementing the fee-based model, the online news industry runs the risk of losing the user base that they have tried so hard to build (by giving content away for free). As a result of this, advertisers will turn away” (p. 132).

Journalist Robert Levine (2011) makes the following argument:

As readers and advertisers move online, newspapers need to either increase revenue or cut costs. So far, almost all of them have chosen to do the latter, which usually means laying off reporters, since it’s hard to make incremental cuts in printing or distribution. But this makes it even harder to compete with the online journalism start-ups courting their readers. If newspapers want to keep putting out the kind of journalism they do now, they’re going to have to find a way to get into the business of selling news. (p. 117)

In addition, Chyi & Yang (2009) make the point that the concern that free online offerings would erode the print readership turned out to be unjustified for most newspapers.
In fact, readers of a particular newspaper’s online edition are more likely read the same newspaper’s print edition. So, despite most newspapers having the same content on their website for free, it has not become an effective alternative to the print product (Chyi & Yang, 2009).

Models of pricing for newspaper website access

Mutter (2010) argues that with so many sources of free information available online, newspapers simply can’t hope to charge for international, national, state, and entertainment news, or sports scores and stock quotes. He says that the only way most publishers can charge for online content is by investing in the creation of premium products and services that readers can’t find anywhere else.

Some major newspapers that recently converted to paid online subscriptions include the New York Times, The Minneapolis Star Tribune, The Dallas Morning News, The Tallahassee Democrat, Greenville News in South Carolina, The Spectrum in St. George, Utah, and The Baltimore Sun. Lee Enterprises recently implemented its first digital subscriber system—a metered model—at its newspapers in the Mountain West. MediaNewsGroup put metered models in place at its smaller newspapers in New Mexico, California, Pennsylvania, Vermont, and Massachusetts. A metered system gives visitors a predefined number of free page views a month after which the paywall kicks in. As of March 5, 2012, the Los Angeles Times is charging for full online access. The Los Angeles Times’ publisher, Tribune Co., the nation’s largest newspaper publisher, announced in February 2012 that it’s planning to convert all of its 80 community newspapers to a paid model by the end of the year. Britain’s The Independent launched a metered paywall for readers outside of the U.K.
A 2011 Harris Poll found that despite the fact that the number of online paywalls is increasing, a large majority (80%) said they would be willing to pay “nothing” per month to read a daily newspaper’s content online. Fourteen percent said they would pay between $1 and $10 per month, while very few (4%) said they would be willing to pay between $11 and $20 per month. Only 2% would be willing to pay more than $20 per month.

Chyi and Yang (2009) point out that the New York Times dropped its fee-based website TimesSelect, a service implemented in 2007 that charged for a handful of items and offered the rest for free, only two years after it was implemented. After the paywall came down, the site traffic jumped by more than 40%. Media critics interpreted this as a final verdict stating that online content must be free. The Times, “calculated that it could more than make up for the $10 million in lost revenue with the advertising generated by all the many new visitors to its site” (Shapiro, 2009, p. 30). However, the Times successfully implemented a metered system in March 2011. Since then, the newspaper has signed 380,000 paid digital subscribers, about half of its daily print circulation.

A basic digital package for access to NYTimes.com costs $195 a year. The website has a metered system that gives visitors 20 free page views a month after which the paywall kicks in. Despite charging for online access, NYTimes.com remains the most-visited newspaper website in the world (Peters, 2011).

The newspaper that paved the way for the pay-for-content business model is the Wall Street Journal, which launched its paywall in 1997 and currently charges its subscribers $207 annually. As of September 2011, the WSJ had 537,469 paid digital subscriptions (Audit Bureau of Circulations.)
Mutter (2010) lists a number of possible pay schemes that newspapers have implemented and that other newspapers could consider. One is the *Newsday*-style paywall, which requires site visitors to pay to read anything more than the first few lines of an article. Another is asking readers for voluntary donations to defray the costs of gathering news, also known as “tip jars.” The *Miami Herald* implemented this type of tip jar, but this idea failed after only two months of being in place. As previously mentioned, the *New York Times*, along with the *Financial Times*, uses a metering system that allows visitors a certain number of free views of a site before they are confronted with a demand to subscribe.

LaFontaine (2009) points out that some newspapers charge for niche content, or content narrowly defined and is marketed to groups that are intensely attracted and thus willing to pay for it. Both the *Milwaukee Journal Sentinel* and *Pittsburgh Post-Gazette* charge for access to their premium sites devoted to popular NFL teams, the Green Bay Packers and Steelers, respectively. Gannett’s newspaper in Greenville, S.C., has started charging readers $7.95 a year to access content devoted to Clemson University sports. As previously mentioned, the *WSJ*, which focuses on financial news and can be considered a niche product, has more than one million subscribers.

*Are people willing to pay?*

Most literature on subscription models suggests that consumers of online news are unwilling to pay for content. In a random-sample telephone survey of 853 Hong Kong residents, Chyi (2005) found that most had no desire to pay for online news and few responded to paid content. The results correspond with the trend identified in the U.S.-based market research that the lack of paying intent characterizes online news consumption. According to Chyi (2005), 78% of online news readers who were not subscribing to any paid...
news services indicated it was either unlikely or very unlikely that they would pay for online news in the future, the primary reason being that free alternatives existed both online and offline. Eighty-three percent of online news users would prefer the print version.

Chyi (2005) reported that only 10 respondents (2.5% of online news users) subscribed to any of the six online news providers in Hong Kong, which had the highest newspaper penetration in the region. Out of those 10, two said they paid because the subscription fee was reasonably low; two said the fee was paid by an employer or family member; one said that it was convenient to use such news services; and one said it was a useful tool for homework.

However, research has shown that certain groups of people are more likely to read and pay for online newspaper content than others. A 2011 Harris Poll found that 28% of college graduates said they would pay for online newspaper access, and Chyi (2005) found that younger users were more likely to pay for online news access. Another factor that was a predictor of paying intent was more time spent reading newspapers. Surprisingly, people with higher income were actually less, not more, willing to pay for online news.

Chyi and Yang (2009) suggest that the competitive advantage of online news is accessibility and convenience, not things such as interactive features or multimedia content. They support the idea that online news is an inferior good, meaning as income increases, consumption of online news decreases. Chyi and Yang make the observation that print revenue still accounts for more than 90% of total newspaper revenue, despite a drop in circulation and revenue, and that users’ response to online news has fallen short of expectations. The bottom line, they say, is that online and print news are two different products, used by different people or by the same people under different circumstances.
Chyi and Yang (2009) argue that, “This may help explain why cannibalization has been negligible, why paying intent for online news has been so low, and why users perceive online news as less favorable—because news, when presented online, becomes an inferior good” (p. 603).

A 2011 survey of 2,251 people conducted by the Pew Research Center’s Internet & American Life Project and Project for Excellence in Journalism, in partnership with the Knight Foundation, found that 23% of adults would be willing to pay $5 per month and 18% of adults would be willing to pay $10 per month if this was the only way to get full access to their local newspaper was online (Rosenstiel, Mitchell, Purcell, and Rainie, 2011). The same survey found that 33% of adults paid for a local newspaper subscription.

Milstead (2010) cites Fitch Ratings media analysts Mike Simonton, who says: “If [local newspapers] do not invest in the developing, aggregating, and delivering unique local content to the next generation of information consumers, the local newspaper is unlikely to compete effectively with more nimble players that have lower cost structures and lighter debt loads.” (p. 31)

However, Spivak (2011) notes that because most metropolitan and regional papers have cut back on their offerings due to financial issues. They simply don’t have enough exclusive or valuable content that people will pay for, and people have plenty of other options to get their local news for free, such as aggregators, blogs, and local websites.

Chyi and Yang (2009) found that an increase in education and news interest in readers, as well as the diversity of site features, had a positive influence on online newspaper use. A 2011 Harris Poll found that the more education a person has, the more likely they are to be willing to pay to read a daily newspaper’s content online.
A 2010 study by Chyi, Yang, Lewis and Zheng found that “hybrid” readers—those who read both the print and online versions of newspaper—outnumber online-only users by 2-to-1 and use their local newspaper sites more actively. This suggests that most local users of the newspaper site are already paying customers in that they are paying for the print edition, so when publishers implement online subscriptions or micropayment models, they are pursuing a minority of online-only users. Hybrid readers counter conventional wisdom that most online readers are avoiding the paid print newspaper because they can get the same information online and for free.

Michael Shapiro, a contributing editor to the Columbia Journalism Review, makes the following argument:

“People will pay for news they deem essential, and depending on the depth and urgency of their need, they will pay a lot. Their subscriptions, in turn, might well help to underwrite the cost of producing original work that might remain free and be of interest to more than a select few. Those subscriptions will not save newspapers. They alone will not pay for the cost of reporting. No one revenue stream will—not online or print advertising, or alerts on handheld devices, or new electronic readers that display stories handsomely. The hope is that they all will.” (p. 35)

Meyer (2004) adds that, “The best way to ensure the future of newspapers would be to conserve [newspapers’] influence and pay the costs of the radical experimentation needed to learn what new media forms will be viable” (p. 14). However, in an article for the Newspaper Association of America (2009), Paul Berger argues that newspapers have been giving away content for so long that they may have a hard time convincing readers to pay for it.
The Arkansas Democrat-Gazette

In January 2002, the Arkansas Democrat-Gazette, or ADG, was one of the first metropolitan newspapers in the nation to erect a paywall. The ADG, headquartered in Little Rock, Arkansas, has actually increased circulation during the past decade by giving free access to its website only to its print customers. The reason for this, said ADG publisher Walter Hussman, was to discourage print readers from discontinuing their subscription. As of September 30, 2011, the ADG had 180,530 daily subscribers and 266,798 Sunday subscribers (Audit Bureau of Circulations FAS-FAX Report). ArkansasOnline, the ADG website, has seen traffic steadily increase since 2006. ArkansasOnline had nearly 80 million page views in 2011, up from 32 million page views in 2001, when the website first had its paywall.

Breaking news, stories concerning public safety, Associated Press stories, photographs, videos, blogs, podcasts, transcripts, classifieds, polls, death notices, calendars, special sections, directories, and letters to the editor all remain free, so non-subscribers can access that content without paying.

The content requiring a subscription is the main news product that comes out of the newsroom — local news, sports, feature stories, and local commentary. Many stories are free and available every day to everyone, but the core of what is produced falls behind the subscription feature. Subscribers may consume their news in a variety of ways. They may read the printed newspaper, they may go online or they may read the e-edition—a downloadable, digital image of the print newspaper—all for the price of a print subscription. An online-only subscription is also available. An online-only subscription costs $16 per month, as does a print subscription. Print subscribers are able to access all online content for free. Currently, the ADG has around 3,400 online-only subscribers. The ADG likes to keep
circulation prices low since most revenue comes from advertising, said publisher Hussman.

Mutter (2010) argues that the ADG site works well because it operates in a comparatively isolated market with limited competition where the publisher had the foresight to set the right expectation with readers. However, he notes that this pay scheme would be hard to execute with newspapers whose readers have enjoyed 15 years of free content and papers in competitive markets.

There have been few evaluations of the advantages and disadvantages of paywalls that have been in place for a decade, such as at the ADG. Also, extensive research has not been done on why people are willing to pay for certain content and others are not. This paper will attempt to fill those gaps.

Research questions

RQ1: Why are people willing or not willing to pay for online content at a newspaper with a paywall?

RQ2: What content are subscribers and nonsubscribers most willing to pay for?

RQ3: What might be some of the advantages and disadvantages of a newspaper website with a paywall?
CHAPTER THREE

Methods

This paper used two different methods to answer the research questions. The first study was an analysis of results from an opinion survey taken by readers of a newspaper website with a paywall. The second method was an in-depth interview with a newspaper publisher whose newspaper website has a paywall, specifically focusing on the advantages and disadvantages of the pay strategy. Relevant survey results were discussed in context with the interview.

Research questions 1 and 2

The first study analyzed the results from a survey done by a Southern newspaper to get the opinion of its readers—both subscribers and nonsubscribers—about its newspapers’ website, which has a paywall. The survey results are presented and the researcher performs a secondary analysis of the newspaper’s proprietary data.

The participants were subscribers—those who have a print subscription and therefore get the online version for free, along with online-only subscribers—and non-paying readers, those who visit the newspapers’ website but cannot access the content that is behind the paywall. The survey aided in analyzing opinions and views from actual readers.

The survey was on the website for six days in late February and early March 2012. The website featured a recruitment advertisement that asked readers to take an opinion survey about the website. The incentive was that survey participants would be entered in a
random drawing to win a free iPad. The full survey can be found at the end of this paper (Appendix A). Results for multiple-choice questions can be found at the end of the paper as well (Appendix B).

Because the answers to open-ended survey questions are too lengthy to include in an appendix, they have been coded by the researcher and put into specific categories. The researcher was the only coder involved in the study.

All survey participants were asked questions regarding their demographics, general media use, specific use of the newspaper and its website, and what sections they visit the most or find most valuable. After participants answered these questions, they were asked whether or not they were subscribers (either to the newspaper and therefore accessed the website for free, or online-only), or nonsubscribers. Based on their answer, they were taken to one of two subsequent surveys. One survey specifically targeted subscribers and the other specifically targeted non-subscribers.

The survey targeted toward subscribers was a mix of multiple choice, open-ended, and yes/no questions. First, subscribers were asked why they were willing to pay for a subscription and what they thought of the subscription price. Other questions addressed what content they read most in print and if they would become online-only subscribers if the print version were to go away (if they weren’t online-only subscribers already).

The survey targeted toward non-subscribers was also a mix of multiple choice, open-ended, and yes/no questions. The first question asked why they chose not to subscribe. Other questions asked what they thought of the subscription price, what content they would most like to access without a subscription, and if they thought they could get the same quality of news for free somewhere else other than the newspaper’s website.
Research question 3

The second section explores the effects of a newspaper website that has a paywall that has been in place for 10 years, the *Arkansas Democrat-Gazette*. An in-depth interview with the publisher of the newspaper, Walter Hussman, along with data such as circulation and page view statistics, was used to examine the advantages and disadvantages of having a paywall. The interview addresses Hussman’s view of paywalls in general, his decision to charge for online content, why he thinks some newspapers don’t have paywalls, and what he thinks about the future of newspapers. Circulation statistics were gathered from the Audit Bureau of Circulation and page view statistics were gathered from the program Adobe Omniture SiteCatalyst.

Some sections of the interview will be discussed in context with the survey results from the previous chapter.
CHAPTER FOUR

Results

Profile of newspaper

The newspaper that surveyed its online readers is unidentified for confidentiality reasons, but there are several pieces of information helpful in understanding the survey results.

The mid-size Southern daily newspaper offers a choice of a print newspaper subscription or online-only subscription for the same price, and charges for certain online content, such as local news, sports, feature stories, and editorial/opinion sections. It is the only statewide paper in the state, The paywall has been in place for more than five years. The newspaper has a total average paid circulation of more than 150,000, and there are around 3,600 online-only subscribers. Print newspaper subscribers automatically have the privilege of accessing all online content for free.

According to this survey, a majority of subscribers—both print and online-only—were more than 50 years old (69%). Forty-one percent were aged 50-65, and 28% were aged 65 or older. Twenty-three percent were aged 35-50, and only 8% were aged 18-34.

In terms of education, a majority of paying subscribers had completed college (53%). Thirty-three percent had a college degree and 20% had a post-graduate degree. Twenty-nine percent of subscribers had completed at least “some college,” and only 16% of subscribers
marked “High school graduate/GED” as their highest level of completed education. One percent of survey-takers reported that they did not complete high school.

The census shows that 19% of the state population has a bachelor’s degree or higher, and that 26% of the population is 55 or older. This leads to the conclusion that the subscribers are older and better educated compared to the market in which they live.

Survey results for all participants

There were 294 respondents in the survey of readers of this newspaper and its website. Out of the 294 respondents, 207 (70%) subscribed to either the newspaper or its website, and 87 (30%) didn’t subscribe to either.

The first part of the survey was designed to get an overall view of all of the website’s readers, including general media use and opinion of the newspaper and its website.

As for the general media use of the participants, the survey results gave way to several conclusions. The main way the participants got their news was from a television news station (58%), followed by local newspaper websites (54%), and newspapers (51%). The remaining results showed that readers got their news from national news websites like CNN.com (36%), online news aggregators (31%), local television news station websites (24%), radio (23%), social media like Facebook and Twitter (14%), late night TV shows such as Conan and The Daily Show (3%), and blogs (3%).

When asked how often readers visited the website, 60% said daily, 25% said at least once a week, 7% said at least once a month, 3% said less than once a month, and 5% said almost never.

As for the preferred way to read newspapers, 52% said “in print,” 50% said “on my desktop/laptop,” 11% said “on my tablet device,” 4% said “on my phone,” and 1% said “I
never read newspapers.” Fifty-three percent of respondents said they read the specific newspaper in question online and 25% said in print, while 21% said they read both equally. One percent said they never read newspapers in any form.

When the subjects were asked what sections of the newspaper website they visit most often, the results were as follows: local news (75%), national news (41%), sports (32%), business (30%), world news (26%), classifieds (25%), editorial/opinion (24%), entertainment (18%), living/features (18%), and politics (15%).

The sections that readers found most valuable were local news (22%), state news (15%), and classifieds (12%). Seven percent responded, “all sections.” Only 2% considered national news the most valuable section.

*Subscriber results*

As for those who subscribe to either the print newspaper (and therefore get the online version for free), and those who subscribe to online-only, 34% said that the price for the online subscription (less than $20 per month) was too high, while 66% considered it a fair price.

When subscribers were asked why they were willing to pay for an online or print subscription, the majority fell into the category that it fulfilled their news needs (34%). The other responses fell into the categories of quality (12%), convenience (10%), habit (6%), prefer online to print (6%), print version is not in delivery zone (5%), and reasonable price (4%).

Seventy-eight percent of subscribers said that the content they most read in print was local/state news. This was followed by obituaries (44%), sports (34%), store coupons and
circulars (34%), business (34%), national/international news (33%), features (30%), comics (24%), classifieds (17%), and TV book (9%).

When asked, “If you could not receive the newspaper in print, would you become an online-only subscriber (assuming you aren't already)?” 78% responded “yes” and 22% responded “no.”

Nonsubscriber results

When nonsubscribers were asked why they don’t subscribe to the newspaper or its website, 38% responded “other ways to get the same news,” and 36% responded “cost.” Twenty-nine percent of nonsubscribers replied, “other,” with reasons such as reading the newspaper for free because a family member or business subscribes, they prefer print, or don’t live in the area. One percent responded, “The content doesn’t relate to me.”

Regarding price, 47% on nonsubscribers said that the price for an online-only subscription (less than $20 per month) was “too high,” while 38% thought that it was a fair price. Fifteen percent said that the price doesn’t matter and that they wouldn’t subscribe at any price. When asked, “If the price of an online subscription were lower, would you subscribe?” 51% responded no and 49% responded yes.

As certain news on the website is behind the paywall and therefore requires a subscription, nonsubscribers were asked what content they would most like to have without a subscription. The majority answered local news (54%), while others responded sports (10%); feature stories (8%); obituaries (7%); and classifieds (7%).

When nonsubscribers were asked, “Do you believe you can get the same quality of news for free somewhere other than this website?” 54% said no.
CHAPTER FIVE

Research findings and implications

The survey results were used to evaluate the question of whether people are willing to pay for online content for a specific newspaper’s website, and the answers from respondents gave way to rather straightforward conclusions.

As for why people are willing to pay to access content, the driving reason was that it was the main source that readers chose to get their news, especially local news, even though they consumed other media. The results indicate that subscribers were willing to pay for digital content they can’t get anywhere else, especially local news. Local news is behind the paywall at this newspaper, and was regarded as the most-read and valuable news by all readers, so it can be assumed that local news is what most subscribers pay to access. In fact, survey results suggest that local news is the content that most nonsubscribers would like to be able to access without a subscription. The results seem to suggest that as long as this newspaper keeps supplying local news and unique content, it should be able to retain its subscribers.

The survey results indicate that price is important when deciding whether to pay for access to this website. It is clear that many people are willing to pay simply because they have disposable income. Most subscribers felt the price that the newspaper charged for online access was “a fair price” and indicated they’d become online-only subscribers if they
couldn’t receive a print edition. Even though 34% of the subscribers said that the price for the online subscription was too high, they were still willing to pay for the content.

It is also apparent that age and education level are a factor in terms of the demographics of the subscribers to this website. The survey results clearly show that the older or more educated the person is, the more likely they are to subscribe. This could be because a higher level of education is linked to more disposable income, and newspaper readership correlates with higher income and higher education levels, according to Scarborough Research survey data. Also, young adults have maintained the lower newspaper readership levels of any age group for decades, which may explain the age discrepancy between subscribers.

A majority of nonsubscribers felt the price was “too high” and choose alternate sources for local news, but almost half of the nonsubscribers said that they would be willing to pay if the price were lowered. Even though the nonsubscribers are limited in what content they can access on the website, when they were asked whether they thought they could get the same quality of news for free somewhere other than the website, more than half responded, “no.” This brings up the issue of price elasticity and how much the price of an online subscription would have to be lowered in order for those nonsubscribers to subscribe.

As for the main reason why people aren’t willing to pay for online content on this newspaper’s website, the survey reveals that people can find the information elsewhere, supporting the argument that unique content is important, especially if newspapers are trying to figure out what will persuade nonsubscribers to subscribe.
These survey results seem to suggest that the way for newspapers to monetize their digital content may be to focus on providing local content, along with other unique content, and charge for that content while taking price elasticity into consideration.
CHAPTER SIX

Interview with Walter Hussman, publisher of the Arkansas-Democrat-Gazette

In 2001, Walter Hussman, publisher of the Arkansas-Democrat-Gazette, made the decision to restrict access to areas of the newspaper’s website so that people would have to pay for certain content. The purpose of this interview was to better understand the nature of newspapers’ online versions, and the advantages and disadvantages of having a paywall.

In this interview, Hussman described his experience of having a paywall on the newspaper’s website for over a decade. The questions that the researcher asked Hussman can be found at the end of this paper (Appendix C). In this chapter, certain pertinent results from the survey from in the previous chapter are discussed in context with the interview.

Hussman explains the excitement and promise that the Internet brought to newspapers in the early 2000s:

\textit{WH: It was 2001, and the Internet had really just got going for several years, and we were like most every newspaper in the country. We thought this was a new way to realize the sale of advertising and stay relevant to our readers. So we put all of our content up for free, just like most other papers did. And it was real exhilarating because we were seeing tremendous growth. Lots of people were coming to the website, and it was something new for us.}

However, several months after the website was introduced, Hussman began to realize that people were starting to give up their paper subscriptions in favor of the new free website.
WH: I would go to civic club meetings or go to dinners at peoples’ homes or things like that, and a lot of times people would say, “I really appreciate you putting that stuff up on the Internet from the newspaper because I used to subscribe and now I can get it online for free, and I really appreciate you doing that.”

Hussman began to question whether or not he had made the right decision in putting all of the newspaper’s content online for free. Hussman, whose family company purchased the Arkansas Democrat newspaper in 1974, had competed with a rival newspaper in Little Rock, the Arkansas Gazette, in a years-long battle. Ultimately, the Democrat was able to buy out the Gazette in 1991, but Hussman reflects on how hard the company fought for subscribers during that time and how he was losing them.

WH: I started thinking, “Wow, does this make sense?” We worked as hard as we possibly could to get every print subscriber we could back during the newspaper competition. We were fighting tooth and nail to get every subscriber we could and service them as well as we could.

Hussman started to reconsider how profitable the online version of the newspaper could be if people were dropping print subscriptions. Hussman remembers asking the advertising department how much advertising the company was bringing in with the website, and was told it wasn’t much. When Hussman asked why the newspaper didn’t raise its online advertising rates, the advertising department responded by saying that there were so many other places people could advertise, if the ADG raised rates, advertisers wouldn’t run with them. This was the final straw for Hussman and spurred the decision to put a paywall in place on the newspaper’s website.
**WH:** I thought, “This just doesn’t make sense to be losing subscribers, and we’re not getting all this great advertising growth we thought we might get by building up a good audience online.” So that’s when we made the decision: Why don’t we just provide this as a value added to our subscribers? If somebody subscribes to the newspaper, then they can get our online content, and that’s an extra value for them and somebody that doesn’t subscribe to the newspaper can’t get it, so that’s another reason to subscribe to the newspaper. Give more value to your subscribers and plus it will avoid losing people to our online edition and giving up their print subscription, especially since that’s where 90 plus percent of all of our revenue is coming from.

In January of 2002, a paywall was erected on the *Arkansas Democrat-Gazette*’s website, ArkansasOnline, and Hussman says that the response from most website readers was not encouraging.

**WH:** The initial reaction was negative. People didn’t like it, all of these people who had been getting our content for free. Google and others in the Internet world had coined this phrase “Information wants to be free.” And that was a really an interesting comment because information is an inanimate object, and an inanimate object does not have wants or needs.

After receiving phone calls from complaining customers, Hussman and his team strategized on how to cope with those unhappy with the decision to erect a paywall.

**WH:** We said, “Let’s just be honest with them, but let’s give them one message...Let’s give them the most important message.” That message was: “We spend about $10 million a year in our newsroom on reporters, editors, and sending people to sporting events and covering political events and conventions, and the state house...and we just can’t figure out how we can make ends meet if we give all of our content away for free. How can we continue to pay
$10 million a year to gather and edit all of this news?” So that’s what we told everyone. That was our standard response. And it was amazing when you’d tell people that. Their response was, “Oh, I hadn’t thought of that.” And so people became very accepting of our decision, and the complaints really kind of died off.

When the paywall first went up, readers could choose to be an online-only subscriber at $4.90 a month, while the home delivery price was around $10 a month and print subscribers could access the website for free. Hussman says that initially, there was a jump in online-only subscribers to about 2,000 people. Then, there was a plateau, but numbers slowly started increasing. Now, ArkansasOnline has around 3,600 online-only subscribers. In 2011, about 80% of the website traffic was for free content, and 20% was for paid content.

Hussman says that he can’t see the ArkansasOnline paywall going down any time soon, as print circulation provides most of the revenue for the company, and the revenues from online advertising are small.

**WH:** I think right now, the print circulation provides the vast majority of the revenues, and until that changes I don’t see any reason why you’d want to erode your print circulation. The current trends are that there’s an imbalance between supply and demand for advertising online. There’s a limited given amount of demand for advertising, but the supply of people having different websites or Facebook pages and all these things to sell advertising just keeps going up far faster than the demand for advertising, which just keeps bringing the price of online advertising down. Until the economics of that changes I don’t see any reason to take down our paywall.

Despite this being the age of technology and the fact that print circulation has been on the decline for decades, Hussman says he can’t see newspapers ever going completely online.
WH: People still really like the printed page. There’s an age situation where younger people are more comfortable online and a lot of them don’t read newspapers. So conceivably, 20 or 30 years from now, maybe the majority of a newspaper’s paid circulation might be online as opposed to in print. But I think there will probably always be a print edition. It may be much less dominant than it is today.

Comparing this statement to a question asked in the survey of subscribers to a southern newspapers, the results indicate that if that specific newspaper were to stop printing altogether, a majority of subscribers (78%) would become online-only subscribers to continue getting the same news product. Also, the survey revealed that participants’ preferred way to read newspapers was in print, but reading online followed closely.

Hussman has an explanation of why he thinks ArkansasOnline’s paywall has been successful.

WH: I think it was something we learned in the newspaper competition back when we competed with the Gazette and that is that you have to have a strategy and you have to stay with your strategy and be consistent and not continue to switch strategies. So, we felt like it was a good strategy. You have a few setbacks along the way, but we just tried to be real consistent and continue to follow what our strategy is. I think some papers, they put [a paywall] up for a while and their web traffic drops, but the revenue may not drop off significantly. That’s what most newspapers are seeing that are putting up paywalls. They’ll put up a paywall and their web traffic might go down a good bit, but their revenue doesn’t go down very much on their online revenue.

Hussman says he has gotten calls from other publishers and those in the newspaper industry wanting to try a pay model for their newspaper’s website but are hesitant.
WH: We’ve had a lot of people contact us about wanting to go with a paywall, and as we’ve talked to them, they would say, “Well, we really want to do this, but we have to get permission from our corporate office to do it.” And a lot of times they don’t end up doing it because they can’t get permission from their corporate office. So I feel kind of sorry for them because they seem like they know their local market the best and could maybe make a good decision there.

Hussman makes the argument that it might be easier to put a paywall up now, when it is more common for newspapers to do so.

WH: I’ve thought recently that it would be easier to [put up a paywall] now than 10 years ago because when we did it, very few people were putting up paywalls. But now a lot of newspapers are doing it and there’s a new phenomenon that’s happened...and that is that newspapers are really falling on hard times economically and people read about all these newspapers that have gone bankrupt...and it’s really alarmed a lot of people who love to read their newspaper every day. And they’re really worried about what’s going to happen to newspapers. I know that I get comments and other publishers get comments too, like “Boy, do whatever you need to do to keep publishing the paper because we love the newspaper.” So, people are more worried. The general public and subscribers are more worried about us then they were five years ago. So if you put up a paywall because it’s a part of your business strategy and economic plan, I think people will be more accepting of it today than they were 10 years ago.

Even if people are more accepting of paywalls nowadays, Hussman emphasizes the importance of how newspapers introduce their paywall to prevent a negative reaction from customers.
**WH:** I think the way the launch it is important. I think they need to be prepared for the negative comments they’re going to get from people. They need to have a plan to try to convert people to paid subscribers, either online-only or print and online. I think it’s helpful if you don’t charge extra for the online edition. Just make it as a value-added proposition for the print subscribers. I think that makes it more palatable to people.

Hussman argues that newspapers not only need to get their customers on board with a paywall, but also the employees within the company.

**WH:** I think that there’s a natural tension in the newspaper between the online people who want everything to be free because they like to see their traffic go up, and the rest of the newspaper, people who realize that their payroll check depends on the print edition, not the online edition. So I think its important to try to get everybody on the same page and fully support the decision to pay for your online content.

Hussman says an important thing to remember when considering a pay system is that people are willing to pay for good content.

**WH:** I’ve heard and read “You know, it’ll work for the Wall Street Journal because they’re really a unique publication, but it really won’t work for other people,” and I think that’s wrong. As long as you have unique content that people really want, I think it’ll work. If you’re a local newspaper and you’re the only people that cover the school board meetings and city council meeting and zoning hearings and things like that, I think it’ll work. One place where it is difficult to make it work is in a market where there are two newspapers where one newspaper is giving it all away free and the other is not.

In the survey discussed in the previous chapter, one of the main reasons that nonsubscribers did not subscribe to the website was because they said they had other ways to
get the same news (38%). This reinforces Hussman’s point of the importance of providing news that people cannot get elsewhere.

Hussman’s argument that local news is important is also emphasized in the survey. Local news is the most read content by all readers and is regarded as the most valuable content by all readers, and since local news is behind the paywall, it can be assumed that local news is what most subscribers pay to access. Also, the survey results indicate that local news is the content that most nonsubscribers would like to be able to access without a subscription.

Hussman also emphasizes the importance of providing valuable news to readers.

WH: You’ve got to have really good content in your newspaper. You’ve got to have content that is relevant and interesting and it’s the only place people can find it. And that’s not too hard to do today. I think as newspapers have continued to cut back and cut back on their news staffs, it hurts the quality of their product and it makes the whole pay proposition more difficult, not only for online, but for print.

While the ArkansasOnline website has been relatively successful, Hussman does recognize disadvantages of a paywall.

WH: You get less web traffic. Also, I think it actually helped us to have a free site for maybe a year before we went to a paid site because it just exposed a lot of people to our online experience. So if you started out as a paid site, there would be a lot of people who hadn’t seen your site. I don’t think there are a lot of disadvantages. I think the advantages clearly outweigh the disadvantages.

Hussman reiterates that the main reason for putting up the paywall was to discourage readers from dropping their subscription. With that in mind, take into consideration some
circulation and website traffic statistics from the *Arkansas Democrat-Gazette* and its website ArkansasOnline.com compared to the (Raleigh) *News & Observer* and its website newsobserver.com, as well as some national statistics.

In 2007, both newspapers had similar combined average print circulations—178,000 for the *ADG* and 164,000 for the *N&O*. Even though the *N&O* now has triple the amount of average page views for their website than the *ADG*, in the last four years, the *ADG*’s print circulation has increased 0.5%, while the *N&O*’s has dropped 23% (Audit Bureau of Circulations). This can be compared to the national newspaper weekday circulation rate, which dropped 18% in the past four years, from 50.7 million in 2007 to 41.7 million in 2011, according to the Poynter Institute’s State of the News Media report for 2012. Since 2000, there has been a 25% decrease in national circulation.

The McClatchy Company, the *N&O*’s parent company, has seen a decrease in circulation as well as circulation revenue in the past few years. From 2007 to 2011, McClatchy’s revenue decreased 4.8%. The *N&O*’s drop in circulation, as well as in circulation revenue, reflects a larger trend in the newspaper industry. National circulation revenues declined about 10% between 2003 and 2009, according to The Poynter Institute’s State of the News Media report for 2012.

As for how the *ADG* has fared in the past decade, the newspaper had a daily circulation of 172,206 in 2000, and that number jumped to 179,134 in 2011, a 4% increase. From 2000 to 2011, there was a 23% decrease in market penetration (the number of papers sold in the market as a percentage of households), according to Scarborough Research.
CHAPTER SEVEN

Limitations and suggestions for future research

Limitations

There are several limitations to this study. One limitation is the generalization of the results from the survey and interview. One single survey of subscribers and nonsubscribers who read a newspaper website with a paywall cannot reveal definite answers to whether people are willing to pay for certain content. However, it does give a general idea of what people find most valuable and why they are inclined to pay or not pay. Likewise, one interview with a publisher of a newspaper with a paywall cannot account for all of the advantages and disadvantages of paid content.

Another limitation is that this paper was dependent on the survey results that a Southern newspaper company chose to share with me. Also, the Arkansas-Democrat Gazette is owned by the company of which my father, Walter Hussman, is president and CEO, so I had an advantage in terms of the ease in which I was able to access him for an interview. I was unable to get similar access to another publisher of a paper with similar circulation, which could have added some comparison to Hussman’s thoughts on newspapers and pay strategies.

In terms of the survey, one limitation was that some of the text responses from the open-ended questions were difficult to interpret. The limitation of this web-based survey was
that there could be no follow-up by the researcher if there was a question or if the researcher wanted a participant to expand on a response to an open-ended question.

Another limitation for the survey was that there were not an equal number of subscribers and non-subscribers. Therefore, the survey responses from “all readers” were skewed toward the subscribers and the makeup of respondents wasn’t evenly split. Also, while the survey results revealed that local news was the most important and valuable news to subscribers, the type of local news (crime, sports, politics, etc.) wasn’t differentiated.

In terms of the in-depth interview, the fact that the financial data for the ADG could not be shared in this paper (because the company is private) is a limitation, as it would have been helpful in understand how the pay strategy the newspaper has implemented has affected the financials of the company.

Another limitation for the evaluation of the ADG is that there are few newspapers that have had a paywall as long as that newspaper, so there couldn’t be an evaluation of other newspapers that the ADG could be compared with.

Suggestions for future research

There is great potential for future research on this topic, especially since there has been an increase of newspapers that have decided to charge for online content, even in the past year. It would be interesting in several years to see how many newspapers have made this choice and if they are succeeding.

It could also be interesting to ask similar survey questions to subscribers and nonsubscribers of a newspaper’s website that has another pay strategy, such as metering, and see how they compare and if the metering system has more favorable results. One idea would be to do a conjoint analysis involving different pay, content, pricing options.
One suggestion for future research is a study that could compare the survey results presented in this paper to a newspaper that has had a pay strategy up for less amount of time, say one year. The responses could be analyzed to see how and if the amount of time a paywall has been up changes the readers’ opinion of the paywall and if people are more willing to pay. Two good options would be the L.A. Times’ website, latimes.com, which launched a metering system in March 2012, and the Boston Globe’s website, bostonglobe.com, which launched a pay site in October 2011.

Future studies could also focus on interviews with multiple newspaper publishers—some that have decided to charge for content and some that have not—and measure how successful those strategies have been. Also, it could be valuable to look at the financial statements of companies who have paid content models to see if and how this affected their company revenue. It could be evaluated whether the companies that have had paywalls up for a longer term have had a good ROI and whether the pay strategy has made up a percentage of lost advertisements.

As previously mentioned, it could be useful to explore price elasticity to see what the threshold point is for people in terms of how much they are willing to pay for online content. However, this could vary from market to market. The publisher and CEO of the Dallas Morning News, Jim Moroney, studied price elasticity in his market across several years and then determined the amount the newspaper could raise the price of its print edition without losing too much circulation. The newspaper was able to successfully raise their rates, as well as gain significant revenue. One way to explore this, but for newspapers’ websites, could be to conduct surveys regarding pricing on several free websites, and ask visitors what they think a reasonable price would be to access the site. The survey would need to include single
story, daily, monthly, and yearly access rates to see how they compare and if they are proportional.

This study has made clear that local news is what’s driving people subscribe, so for a website looking to start charging for content, one suggestion would be to poll newspaper website readers to see what kind of local news they find most valuable (sports, crime, politics, etc.). “Local” news means different things in different areas, so publishers should recognize what their readers consider to be local news.

Future surveys and studies regarding paid content should take customer loyalty into consideration. A recommended question to measure customer loyalty is to ask participants to rate the question “Would you recommend this product to a friend or family member?” on a scale of “not likely” (0) to “likely” (10). Then, it can be evaluated who is a detractor, who is a “fence-sitter,” and who is a loyal customer. If the heaviest users of the free site can be identified in a survey, it could be valuable to see what content they are most interested in, since they will most likely be the core audience once a pay system is implemented.
CHAPTER EIGHT

Conclusion

The newspaper industry once enjoyed financial success and steady cash flows, and a newspaper could raise prices without much resistance from readers. However, now, free online newspaper websites and other media outlets are replacing traditional print newspapers, and some newspapers have even moved completely online.

The newspaper industry has made incremental changes during the past decade or so in terms of digital innovations, but few have made a transformational change. Many newspapers have been slow to move in the Internet age and have had difficulty finding a way to monetize their digital content.

The survey results of the mid-size newspaper suggest a growing acceptance for the need to pay for online content, and that there may be an eventual acceptance of this idea. It seems that it’s just a matter of what is put behind the paywall. The survey results seem to indicate that if newspapers charge digital readers for news they can find somewhere else, they will not be willing to pay for that news. The news people are willing to pay for is the news they can’t find anywhere else and that is unique to that source. Two examples of this are the Financial Times and Wall Street Journal, which are both niche publications. Also, certain newspapers have a free website, but charge readers for “premium content” such as sports coverage and commentary. This suggests that publishers should make it so that reading
the newspaper is considered “essential” to their readers in order to succeed with some sort of pay system on their website.

Also, the results point to the idea that newspapers should take into consideration the income of their market and price elasticity. It seems that many nonsubscribers were on the verge of being willing to pay for content, and it’s just a matter of newspapers figuring out the limit of what people in their market are willing to pay.

Hussman’s interview also gave some insight to how newspapers can acquire subscribers to a newspaper with a paywall on its website. Because not many newspapers have had paywalls up as long as the ADG, Hussman has been able to identify trends and has a good idea of the advantages and disadvantages of a paywall and the nature of a newspaper. Hussman emphasizes that for a pay system to work, newspapers must provide unique content that can’t be found anywhere else, especially local news, supporting the survey’s conclusions. Hussman also makes the argument for an online pay system to discourage print subscribers from unsubscribing, and making full access to the website an added value for subscribers, instead of charging extra for it.

The survey results and Hussman’s personal experience with a paywall on his newspaper’s website for more than a decade suggest that perhaps the best possible method for newspapers to monetize their digital content is to provide local content, along with other unique content, while taking price elasticity into consideration.

For an industry that hasn’t seen good news in some time, maybe some in the newspaper business can take comfort in the fact that more websites are not only implementing pay strategies but are having success with them, and it seems that more people are coming to terms with having to pay for digital content.
Appendix A: Website survey
*For confidentiality reasons, the name of the newspaper and its website are not disclosed.

QUESTIONS FOR ALL SURVEY PARTICIPANTS

1. Please select your age group
   o Under 18
   o 18-34
   o 35-50
   o 50-65
   o Over 65

2. Sex
   o Female
   o Male

3. What formal education have you completed or are in the process of completing?
   o Post-graduate degree (Masters, Doctorate)
   o College degree
   o Some college
   o High school graduate/GED
   o Did not finish high school

4. Which of the following do you use most often to get news? (Multiple answers)
   o Blogs
   o Late night TV shows (Conan, The Daily Show)
   o National news websites (CNN.com, NYTimes.com, FoxNews.com)
   o Newspaper
   o Newspaper websites (local)
   o Online news aggregators (Google news, Yahoo news)
   o Radio
   o Radio websites (local)
   o Social media (Facebook, Twitter)
   o Television news station
   o Television news station website (local)
   o Other, please specify

5. How often do you visit this website?
   o Daily
   o At least once a week
   o At least once a month
   o Less than once a month
   o Almost never

6. What is your preferred way to read newspapers? (Multiple answers)
   o In print
   o On my desktop/laptop
   o On my phone
   o On my tablet device
   o I never read newspapers

7. Which do you read more often, the online or printed newspaper?
   o Online
   o Print
   o Both equally
   o I rarely read newspapers in any form
8. What sections of this website do you visit most often? (Multiple answers)
   - Business
   - Classifieds
   - Editorial/Opinion
   - Entertainment
   - Living/Features
   - Local News
   - National News
   - Politics
   - Sports
   - World News
   - Other, please specify

9. What section of this website do you find most valuable? (Open-ended)

10. Do you subscribe to the newspaper associated with this website or the website?
    - Yes [Skip to 2]
    - No [Skip to 3]
2: QUESTIONS FOR SUBSCRIBERS

11. Why are you willing to pay for your subscription to the newspaper or it’s website?

12. What do you think of the subscription price to the website at $16-18?
   o Too high. I would not pay that much
   o It’s a fair price
   o Too low. I’d pay more if asked.
   o Please Explain

13. If you read the newspaper in print, what content do you read most often? (Multiple answers)
   o Local/State news
   o National International news
   o Sports
   o Business
   o Features/Entertainment/High Profile
   o Classifieds (Jobs, Cars, Real Estate, Merchandise)
   o Obituaries
   o Comics
   o TV Book
   o Store coupons and circulars
   o I don’t read the newspaper

14. If you could not receive the newspaper in print, would you become an online-only subscriber (assuming you aren't already)?
   o Yes
   o No
   Please explain

END SUBSCRIBER SURVEY
3: QUESTIONS FOR NON-SUBSCRIBERS

11. Why do you not subscribe to this website? (Multiple answer)
   o Cost
   o Content doesn't relate to me
   o There are other ways to get the same news
   o Other, please specify

12. What content would you most like to have available without a subscription?
   o Local news
   o Sports
   o Feature stories
   o Editorial/Opinion
   o Other, please specify

13. What do you think of the price of a subscription to the website at $16-18?
   o Too high
   o Fair price
   o Doesn't matter. I won't subscribe at any price.

14. If the price of an online subscription were lower, would you subscribe?
   o No
   o Yes
   Please explain

15. Do you believe you can get the same quality of news for free somewhere other than this website?
   o No
   o Yes
   Where?

END NON-SUBSCRIBER SURVEY
Appendix B: Survey results for multiple-choice questions
*For confidentiality reasons, the name of the newspaper and its website are not disclosed.

**Question for all survey-takers:** Please select your age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 18</td>
<td>0 (0 %)</td>
</tr>
<tr>
<td>18-34</td>
<td>23 (8 %)</td>
</tr>
<tr>
<td>35-50</td>
<td>67 (23 %)</td>
</tr>
<tr>
<td>50-65</td>
<td>120 (41 %)</td>
</tr>
<tr>
<td>Over 65</td>
<td>82 (28 %)</td>
</tr>
</tbody>
</table>
Question for all survey-takers: Sex

<table>
<thead>
<tr>
<th>Sex</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>195 (53%)</td>
</tr>
<tr>
<td>Male</td>
<td>138 (47%)</td>
</tr>
</tbody>
</table>
**Question for all survey-takers:** What formal education have you completed or are in the process of completing?

<table>
<thead>
<tr>
<th>What formal education have you completed or are in the process of completing?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-graduate degree (Masters, Doctorate)</td>
<td>59 (20 %)</td>
</tr>
<tr>
<td>College degree</td>
<td>68 (33 %)</td>
</tr>
<tr>
<td>Some college</td>
<td>66 (29 %)</td>
</tr>
<tr>
<td>High school graduate/GED</td>
<td>48 (16 %)</td>
</tr>
<tr>
<td>Did not finish high school</td>
<td>2 (1 %)</td>
</tr>
</tbody>
</table>
**Question for all survey-takers:** Which of the following do you use most often to get news?

<table>
<thead>
<tr>
<th>Source of News</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blogs</td>
<td>10 (3%)</td>
</tr>
<tr>
<td>Late night TV shows (Conan, The Daily Show)</td>
<td>10 (3%)</td>
</tr>
<tr>
<td>National news websites (CNN.com, NYTimes.com, FoxNews.com)</td>
<td>100 (38%)</td>
</tr>
<tr>
<td>Newspaper</td>
<td>148 (51%)</td>
</tr>
<tr>
<td>Newspaper websites (local)</td>
<td>156 (54%)</td>
</tr>
<tr>
<td>Online news aggregators (Google news, Yahoo news)</td>
<td>90 (31%)</td>
</tr>
<tr>
<td>Radio</td>
<td>67 (23%)</td>
</tr>
<tr>
<td>Radio websites (local)</td>
<td>7 (2%)</td>
</tr>
<tr>
<td>Social media (Facebook, Twitter)</td>
<td>41 (14%)</td>
</tr>
<tr>
<td>Television news station</td>
<td>170 (58%)</td>
</tr>
<tr>
<td>Television news station website (local)</td>
<td>69 (24%)</td>
</tr>
<tr>
<td>Other, please specify</td>
<td>17 (5%)</td>
</tr>
</tbody>
</table>
**Question for all survey-takers:** How often do you visit this website?

<table>
<thead>
<tr>
<th>How often do you visit this website?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>176 (60 %)</td>
</tr>
<tr>
<td>At least once a week</td>
<td>72 (25 %)</td>
</tr>
<tr>
<td>At least once a month</td>
<td>21 (7 %)</td>
</tr>
<tr>
<td>Less than once a month</td>
<td>8 (3 %)</td>
</tr>
<tr>
<td>Almost never</td>
<td>15 (5 %)</td>
</tr>
</tbody>
</table>
**Question for all survey-takers:** What is your preferred way to read newspapers?

<table>
<thead>
<tr>
<th>Preferred Way</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>In print</td>
<td>62</td>
</tr>
<tr>
<td>On my desktop/laptop</td>
<td>50</td>
</tr>
<tr>
<td>On my tablet device</td>
<td>11</td>
</tr>
<tr>
<td>On my phone</td>
<td>4</td>
</tr>
<tr>
<td>I never read newspapers</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preferred Way</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>In print</td>
<td>153 (52 %)</td>
</tr>
<tr>
<td>On my desktop/laptop</td>
<td>147 (50 %)</td>
</tr>
<tr>
<td>On my phone</td>
<td>12 (4 %)</td>
</tr>
<tr>
<td>On my tablet device</td>
<td>32 (11 %)</td>
</tr>
<tr>
<td>I never read newspapers</td>
<td>3 (1 %)</td>
</tr>
</tbody>
</table>
Question for all survey-takers: Which do you read more often, the online or printed newspaper?

<table>
<thead>
<tr>
<th>Which do you read more often, the online or printed newspaper?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Online</td>
<td>155 (53 %)</td>
</tr>
<tr>
<td>Print</td>
<td>73 (25 %)</td>
</tr>
<tr>
<td>Both equally</td>
<td>62 (21 %)</td>
</tr>
<tr>
<td>I rarely read newspapers in any form</td>
<td>2 (1 %)</td>
</tr>
</tbody>
</table>
**Question for all survey-takers: What sections of this website do you visit most often?**

<table>
<thead>
<tr>
<th>What sections of this website do you visit most often?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>89 (33 %)</td>
</tr>
<tr>
<td>Classifieds</td>
<td>73 (25 %)</td>
</tr>
<tr>
<td>Editorial/Opinion</td>
<td>69 (24 %)</td>
</tr>
<tr>
<td>Entertainment</td>
<td>54 (19 %)</td>
</tr>
<tr>
<td>Living/Features</td>
<td>54 (18 %)</td>
</tr>
<tr>
<td>Local News</td>
<td>219 (75 %)</td>
</tr>
<tr>
<td>National News</td>
<td>119 (41 %)</td>
</tr>
<tr>
<td>Politics</td>
<td>45 (15 %)</td>
</tr>
<tr>
<td>Sports</td>
<td>95 (32 %)</td>
</tr>
<tr>
<td>World News</td>
<td>76 (28 %)</td>
</tr>
<tr>
<td>Other, please specify</td>
<td>42 (14 %)</td>
</tr>
</tbody>
</table>
**Question for all survey-takers:** Do you subscribe to this newspaper or website?

<table>
<thead>
<tr>
<th>Do you subscribe to this newspaper or website?</th>
<th>205 (70 %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>87 (30 %)</td>
</tr>
</tbody>
</table>
**Question for subscribers:** What do you think of the subscription price for this website at $16-18?

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too high, I would not pay that much</td>
<td>70 (34 %)</td>
</tr>
<tr>
<td>It's a fair price</td>
<td>135 (66 %)</td>
</tr>
<tr>
<td>Too low, I'd pay more if asked</td>
<td>1 (0 %)</td>
</tr>
</tbody>
</table>
**Question for subscribers:** If you read the newspaper in print, which do you read most often?

<table>
<thead>
<tr>
<th>If you read the newspaper in print, which do you read most often?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local/State news</td>
<td>181 (78 %)</td>
</tr>
<tr>
<td>National international news</td>
<td>66 (33 %)</td>
</tr>
<tr>
<td>Sports</td>
<td>71 (34 %)</td>
</tr>
<tr>
<td>Business</td>
<td>70 (34 %)</td>
</tr>
<tr>
<td>Features/Entertainment/High Profile</td>
<td>62 (30 %)</td>
</tr>
<tr>
<td>Classifieds (Jobs, Cars, Real Estate, Merchandise)</td>
<td>44 (17 %)</td>
</tr>
<tr>
<td>Obituaries</td>
<td>91 (44 %)</td>
</tr>
<tr>
<td>Comics</td>
<td>46 (24 %)</td>
</tr>
<tr>
<td>TV Book</td>
<td>19 (9 %)</td>
</tr>
<tr>
<td>Store coupons and circulars</td>
<td>71 (34 %)</td>
</tr>
<tr>
<td>I don't read the newspaper</td>
<td>14 (7 %)</td>
</tr>
</tbody>
</table>
**Question for subscribers:** If you could not receive the newspaper in print, would you become an online-only subscriber (assuming you aren’t already)?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
<td>181 (78 %)</td>
</tr>
<tr>
<td><strong>No</strong></td>
<td>45 (22 %)</td>
</tr>
</tbody>
</table>
**Question for nonsubscribers:** Why do you not subscribe to this website?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Count (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>31 (36 %)</td>
</tr>
<tr>
<td>Content doesn’t relate to me</td>
<td>1 (1 %)</td>
</tr>
<tr>
<td>There are other ways to get the same news</td>
<td>33 (38 %)</td>
</tr>
<tr>
<td>Other, please specify</td>
<td>25 (29 %)</td>
</tr>
</tbody>
</table>
**Question for nonsubscribers: What do you think of the price of a subscription to this website at $16-18?**

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too high</td>
<td>41</td>
<td>47%</td>
</tr>
<tr>
<td>Fair price</td>
<td>33</td>
<td>36%</td>
</tr>
<tr>
<td>Doesn’t matter; I won’t subscribe at any price.</td>
<td>13</td>
<td>15%</td>
</tr>
</tbody>
</table>
**Question for nonsubscribers:** If the price of an online subscription were lower, would you subscribe?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No</strong></td>
<td>44 (51%)</td>
</tr>
<tr>
<td><strong>Yes</strong></td>
<td>43 (49%)</td>
</tr>
</tbody>
</table>
Appendix C: In-depth interview questions for Walter Hussman

1. Can you explain why you decided to put a paywall up?
2. What was the initial reaction to the paywall?
3. Would you do anything differently in putting the paywall up?
4. Do you think newspapers will ever go completely online?
5. Why do you think that the Democrat-Gazette’s paywall has been successful while others have failed?
6. What do you think newspapers can do to have a successful paywall?
7. Do you think more newspapers will go to paywalls?
8. What would you say the major disadvantages of a paywall are?
References


Mutter, M. (2010). Before you erect that pay wall…Editor & Publisher, 143(4), 16.


Scarborough USA. Scarborough Research, Release 2.


