REUTERS

ATTITUDES TO PAYING FOR ONLINE NEWS

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KANTAR MEDIA

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Contents

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1 Executive summary

1.1 The news funding problem

The funding of journalism has been an intractable issue for the news industry this past decade, and the pressure has only intensified in the face of precipitous declines in advertising revenues, driven by the migration of audiences online. Aggregators and social media have been gaining traction as providers of news and attracting the majority of the advertising revenue along the way. However, these technology platforms are curators of content, rather than creators, and so the diversion of funding is placing the professional production of news in jeopardy.

There is also a predicament in news itself. The abundance of information online obscures the value of professional journalism in the eyes of many consumers, rendering some news undifferentiated from the morass of information available online. At the same time, news organisations face a considerable challenge in explaining why their news coverage is different to that of others, making it difficult for consumers to judge its value. Nevertheless, free sources of online news are likely to persist. Paid-for news organisations therefore need to be able to articulate effectively how their product is different and, ultimately, why it is worth paying for their news.

Although trust in news is declining in many countries, news brands continue to be valued by consumers. They provide an assurance of quality information as well familiar tone and personality. Yet, in an accelerated era of social media – when free news is ubiquitous, apps fuel information overload, and news appears commoditised – many see little point in paying for online news. News organisations face the problem of plenty.

Moreover, ad blockers are hindering the monetisation of content online, while fake news represents a potentially destabilising force. With little consumer awareness of the existential crisis facing the news industry, there is little appetite to pay for online news. This maelstrom is making the business model conundrum increasingly urgent.

1.2 Value in online news

This qualitative study of consumer value, and how to unlock it, has identified pockets of value in online news. Consumers are more likely to pay for:

- Specialist and exclusive content – because scarcity increases value
- Evergreen content – because longevity suggests deeper analysis, which is of value
- Plurality of views and perspectives – because social media, online search and aggregators have heightened sensitivity to the existence of biases in different news sources and the value of impartiality

The prospects of realising this potential would be enhanced by reframing the context:

- The value of news production by professional journalists should be emphasised – because this would differentiate the accuracy and reliability of quality news production from raw social media content
- More flexible subscriptions (duration and content mix) and free or low cost trials should be offered – because they reduce the risk of commitment
- Appreciation of the news industry's funding crisis needs to be addressed – because consumers are not aware of what is at stake

1.3 Paying for online news

Consumers would favour a subscription aggregator over other payment propositions because it combines content plurality with simplicity in decision making, and it puts news on the trajectory of evolving technology.

Yet, in an environment of abundant free online news, commercial revenue is bound to continue to be crucial. Monetisation of the frictionless but blurred boundary between editorial and commercial content will need to be approached carefully to win consumer acceptance.

1.4 Commercial support of online news

Funding through advertising and sponsorship needs to strike a balance in the degree of friction imposed by advertising formats and the degree of blurring of editorial-commercial boundaries that characterises sponsorship ideas. This study suggests consumers would be more accepting of formats that allow them to navigate editorial and commercial space without confusion.

Further, the study suggests consumers would welcome commercial content that delivers value to them, such as relevant e-commerce offers, and carefully developed high quality sponsored content and links.

2 Background and objectives

2.1 Background

The Reuters Institute for the Study of Journalism, at the University of Oxford, commissioned Kantar Media to conduct exploratory qualitative research into consumer attitudes towards paying for news in online environments. The research was required to inform the Digital News Report 2017 and to deliver rich illustrative material to bring findings to life.

The shift to digital access is having a big impact on the news industry around the world, with the business model of many news organisations coming under increasing strain. The qualitative research explored different future funding propositions for the news industry, as well as consumer awareness of the news industry's funding challenges.

2.2 Research objectives

The aim of the research was to provide a qualitative exploration of the issue of paying for online news. More specifically, the main objectives were to:

- Determine the drivers and barriers of online news, including perceptions of so-called fake news and lessons from other paid media
- Explore awareness and appreciation of the business model challenge facing the news industry
- Explore future funding models for the news industry in terms of paid news value propositions and advertiser funded free news propositions

2.3 Research design

The project covered four countries – Finland, Spain, the United Kingdom and the United States – with a series of pre-tasked discussion groups, allowing detailed investigation of news consumers' behaviours and attitudes. In addition, two participants per group were interviewed in a filmed mini-depth. The countries were selected to cover a range of different models: counties with a strong or weak subscription history; those that offer diverse options for online news payment; as well as a mix of English- and non-English-speaking, and large, medium-sized and small countries.

Fieldwork within each country was split between groups of younger and older news consumers who between them use a variety of brands and platforms to consume news. The sample included some people who pay for online news as well as some who pay for other digital media content such as video on demand (VoD) and audio streaming services. The fieldwork was conducted in February and March 2017. Full details of the sample and methodology are appended.

3 Paying for online news

3.1 Reasons for paying for online news

Why do some people pay for online news? The research sample included some people who pay for online news and they had a variety of reasons for doing so, relating to the news content itself as well as platform and brand benefits.

3.1.1 Content related motivations

Quality is an important driver of paying for online news, although it can refer to different things such as accuracy and impartiality of reporting, breadth and depth of coverage, or an engaging and familiar writing style.

> *"Some people are more engaging, I find. Personally, that's why I pay for the New York Times" (20-34, US)*

> *"I enjoy the way articles are written and certain journalists" (20-34, UK)*

Some people appreciate the expert analysis offered by paid online news and contrast it with the hollowness of free online news (although this view was stronger in Finland and Spain than the UK and US, where many free sites put interesting content behind a paywall). Some are also drawn to what they perceive as valuable extras such as crosswords and archive access. Paying raises expectations.

> *"The free sources don't give you very extensive stories. You need to log in for the whole story. You don't know what's going on unless you pay, and the free ones are usually just one paragraph" (35-54, FN)*

> *"When you pay, you expect quality. I'd pay for a fashion magazine before a newspaper which I can find anywhere... I'd pay for things of interest" (20-34, ES)*

> *"It should feel useful, news that I can't get anywhere else, a thought out and well written piece, not just something that's thrown together and put on the internet" (20-34, FN)*

> *"I like long reads, like the Kuukausiliite [monthly magazine for Helsingin Sanomat subscribers]. The journalists really do their research. It even has a literary style" (20-34, FN)*

Quality also relates to the veracity of news, although this issue appears to be more salient in the US and UK. Some people believe paying for online news gives them protection from so-called fake news[1] – a term interpreted variously as referring to distortion and misrepresentation

[1] 'Fake news' was very topical in the UK and US media at the time of fieldwork, in the wake of the election of Donald Trump as President of the US

through to outright fabrication – and allows them to feel confident about the news stories they consume.

> *"You know that it's real as you're paying for it. You know that someone hasn't made it up" (20-34, UK)*

While some people appreciate the breadth of coverage in paid online news, conversely others are drawn to a niche specialism and the publication's ability to provide greater depth and exclusive content. This can be helpful for work or studies as well as serving personal interests.

Paying for online news can also be motivated by avoiding advertising, although this point was less of an issue than others.

> *"The only thing is that I don't see the ads. We all know that ads are the bane of our lives" (35-54, UK)*

3.1.2 Platform related motivations

Those who pay for online news also enjoy the convenience of a superior online experience. They appreciate providers that allow them to customise the interface, prioritise content of interest, and consume across devices. Apps, in particular, increasingly set this expectation and fit conveniently into the rhythm of commuting.

> *"You enjoy the format in which they present their news and you want to pay for that" (35-54, US)*

3.1.3 Brand related motivations

The news brand can also be a driver of paying for online news. Although entwined with the news content itself and the functional benefits, a news brand is something more than these aspects: it carries with it a promise of trustworthiness and quality assurance. It was notable in the US, in particular, that some people pay for a reputable news brand in order to avoid the pitfalls of click-bait and fake news.

Regardless of market, though, some people pay for online news because they enjoy the familiarity of the brand; it is a habitual part of their life. This may have been a passive decision, where a print subscription transitioned to online access, either as an extension to print or as a replacement of it.

Supporting a news organisation – likely to be one with an alternative editorial stance to the mainstream media – is another motivation of paying for online news. One participant in the US explained that he pays in order to support a particular perspective.

> *"It's a good thing for society… There are sources that are very important – the market doesn't endow them with huge readership, even though what they're reporting is essential… they need the money" (20-34, US)*

> *"Some news will not be reported if people don't pay for it… investigative journalism, whistle blowing and that type of stuff" (20-34, US)*

3.2 Barriers to paying for online news

The barriers to paying for online news are not insignificant. The main reason is the plentiful availability of online news free of charge. In an era when news is pushed through social media and seems ubiquitous, many of the research participants wondered why anyone would pay for online news. There are also barriers related to content and functional restrictions.

> *"News is everywhere and a lot of it's free. Why would I want to pay for it?" (35-54, UK)*

3.2.1 Cost related barriers

The news industry has set the expectation of news being available free of charge and continues to feed consumers. Many feel there is simply no need to pay.

> *"There is so much accessible for free that if you don't find it on one site you find it on another" (20-34, ES)*

> *"Someone will share it a minute later for free" (35-54, UK)*

> *"For me, with news, I don't feel like I'm missing anything by not paying for it" (20-34, UK)*

Moreover, when many people are committed to other discretionary spend on media (e.g. cable and VoD subscriptions), paying for news is generally perceived as an avoidable expense.

> *"It's like, god, I've spent a thousand dollars on electronic devices: can you please give me something for free?" (35-54, US)*

Some participants had never even considered paying for online news. They believe advertising funds the production of news and feel happy with the status quo. Others do in fact consume paid online news, but get it free through work or special offers.

3.2.2 Content related barriers

Social media, broadcast channels and other platforms are considered to be awash with information. News is readily available. Those who do not pay for online news do not feel they are missing out. News has been commoditised and devalued.

> *"Even if the full story isn't there and it's a summary, it's enough" (20-34, ES)*

> *"On almost all websites you'd find it posted straightaway if something big happened... If you paid they'd explain it better, maybe, but you're going to find out about the concept" (20-34, ES)*

In the course of the discussions some people acknowledged the benefits of breadth and depth of content in paid online news, but argued that sometimes the brevity of headlines and bulletins is all that is wanted. Basic information – the building blocks of news – is considered easy to find and social media provides a convenient filtering channel to news of relevance.

> *"I also find that most of the content would be wasted because it doesn't interest me" (35-54, FN)*

3.2.3 Restriction related barriers

Not only is there much news freely available online, but some people consider the plurality of sources to be a positive benefit and therefore a good reason not to limit themselves to paying for news from a single brand.

Many participants (especially in the US and among younger groups elsewhere) claimed they had become accustomed to using multiple online sources. They prefer the sense of freedom offered by the internet. Search engines allow them to seek different voices and triangulate the facts in a story of interest, while aggregators can provide a sense of serendipity in the range of stories encountered. This does, of course, require high motivation in the news consumer, which does not apply at all times. Indeed, for some, the desire is simply not to feel tied down to a particular source.

> *"I feel like you can get a lot of the information free… I can Google and find a reliable source of information" (20-34, UK)*

On the other hand, some news consumers (who tended to be older) said they eschew paid online news in favour of traditional printed newspapers and use free online news simply as a supplement. This applies in particular to specialist journal subscriptions and weekend newspapers.

A further barrier is the sense of being tied to a long-term subscription, or the hassle of paying more frequently for ad hoc consumption.

3.3 Learning from other paid media

In the course of the group discussions, participants were asked to compare online news with other types of digital content services in order to explore what might be learnt about funding the production of online news. The exercise also helped frame subsequent deliberation of funding models for online news.

VoD and audio-streaming services (such as Netflix and Spotify) have been growing in popularity around the world, in stark contrast to the fortunes of traditional news organisations. As with digital businesses in other sectors, their consumer value proposition and business model have challenged long-established practices and disrupted incumbents in the market. They have succeeded in developing large numbers of subscribers that provide strong revenue streams.

Traditionally, aside from some public service broadcasters, many news media businesses have relied upon combinations of advertiser funding, subscription income and print cover-price revenues. However, this business model is faltering. Over recent years, social media brands have attracted huge audiences together with the attendant advertising revenues – monies that once flowed to news media owners and funded the professional production of news.

What, then, can be learnt by news media from the success of other digital media businesses? While it might seem that there should be similarities between different types of online media, participants more readily observed significant differences. The first is that Netflix and its peers are challenger brands that represent innovation, whereas traditional news organisations – especially those with a print heritage – are perceived as the incumbents that are being disrupted and surpassed. Expectations of these different types of business vary.

There is also a contrast in the nature of the content. Services such as Netflix and Spotify offer an appreciably different experience from online news: participants commented that these services provide entertainment, which is about enjoyment, relaxation and pleasure. The comparison of entertainment services with online news positioned the latter as hard work in participants' minds.

> *"The difference is that Netflix and music are entertainment media, which you're happy to pay for because it's going to make you feel better" (35-54, UK)*

> *"In news, you do have free content… In news and TV you can get them for free, but you have to make an effort" (35-54, FN)*

Furthermore, being engrossed in deeply engaging entertainment contrasts with skimming news headlines.

> *"News – you can read a small part, but no one wants 15 minutes of a movie or just one episode of a series" (35-54, FN)*

There seems to be a greater willingness to lavish money on entertainment because there is a greater perception of reward and value for money. In the discussions, some people felt that a poorly used online news subscription would represent a waste of money whereas expenditure on entertainment subscriptions would not. This is due in part to the perception of Netflix et al as offering something differentiated: unique content, vast libraries, bountiful choice and innovative functionality. It is also due to value being framed by higher cost alternatives and little that is comparable being available free of charge.

> *"It's not available free, unless you do it illegally. It's not available. Like [compare] Netflix: you go to the cinema and you pay a lot more than you would to watch a film [on Netflix]" (20-34, UK)*

> *"Well you can't find music for free. Maybe YouTube, but… no legal alternatives" (20-34, FN)*

Generally, entertainment content is of greater consumer value because it can be consumed repeatedly and has a much longer shelf-life.

> *"I don't read the same story in the same way that I re-watch the same movie or the same album" (35-54, UK)*

News quickly dates and loses value, although there is longevity – and value – in some news content beyond the ever-rotating daily news cycle. Nevertheless, news content holds greater quality risks – in its accuracy, impartiality and tonality – while also operating in an environment of abundance, where citizen journalism and social media mean the news industry no longer holds a monopoly on the production and dissemination of news.

There are also different ways to respond to advertising.

> *"In Spotify, if you pay you don't have to listen to the ads. With news, you can just use an ad blocker" (20-34, FN)*

Although entertainment services such as Netflix and Spotify work differently from news, there are lessons to draw about where value lies in the news industry. Much news has become commoditised, but there are six areas that may be leveraged:

- Unique content
- The consumer experience of news content
- The value of a brand
- The functional experience
- Easy availability
- Plurality

3.3.1 Unique content

There is value in news about specialist topics and coverage of niche interests, as well as content from writers of repute. There is also value in variety, which allows serendipitous content discovery, as well as evergreen content that remains relevant beyond the daily news cycle.

3.3.2 The consumer experience of news content

There may be value in providing a superior consumer experience: online news that is incisive and offers deeper analysis of macro issues, while being digestible and compellingly written.

3.3.3 The value of a brand

A reputable brand signals trustworthiness and stands for something. It suggests high quality journalism, superior writers with refined storytelling skills, a distinctive tone and style, and an authoritative voice.

3.3.4 The functional experience

The functional experience of online news should be smooth and capitalise on technology. Apps provide convenience and should be customisable for a frictionless experience. Superior functionality suggests the potential for providing premium options that offer added value to consumers.

3.3.5 Easy availability

Technology should also allow an online news brand to be used seamlessly across any platform and device. Payment or other funding options may be structured for different degrees of access and use. Reach could be extended through inclusion of news in bundles with other services, as long as risks to the brand's impartiality and integrity are assessed.

3.3.6 Plurality

Plurality of sources and brands, which online news facilitates, is one further way in which consumer value might be realised. Aggregators greatly facilitate this.

> *"The thing is that they're blaming aggregators, but I'm saying that aggregators are a great thing. But it doesn't mean they all have to be aggregated from different news sources. It could be aggregated from different journalists from the same umbrella. As long as I can pick up and choose the stories or the journalists that I want to hear I don't care if they do all work for News International or the Mirror Group" (35-54, UK)*

Combinations of these criteria are likely to provide value to consumers of online news, allowing differentiation from commoditised news. The opportunity for news businesses lies in these areas of higher consumer value.

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4 The news industry funding challenge

This research study set out to explore potential new ways of funding the professional production of news online. However, as so much is freely available, the funding challenge needed to be presented to the research participants in order to provide a reason as to why a change to the status quo should be given serious consideration. The topic was introduced with the following information.

The shift to digital access is having a big impact on the news industry around the world:

- Some news organisations provide free access to their news content on their websites, which helps them grow their audience (that is, the number of people consuming their news), and this helps them attract advertising, which funds their journalism. However, they don't get as much money from digital advertising, which is leading to a decline in the number of journalists.
- Increasingly, news is available free of charge to the consumer through aggregators and social media, which is another way of news organisations reaching a larger audience. However, in this model, the advertising revenue mostly goes to the technology companies who own the aggregators and social media. This means the traditional news organisations are losing their funding.
- There has also been some discussion recently of fake news and questions about what can be trusted online.

Figure 1: The news industry funding challenge

4.1 Poor awareness of the funding challenge

Most of the people in this research were not aware of the funding challenge facing the news industry. The information therefore came as a surprise. Indeed, with the abundance of online news and digital advertising, few recognised the problem and instead felt the industry appeared to be healthy. They wondered why digital advertising revenues were not adequate.

> *"I think it's a pity. I thought they earned a lot from advertising" (20-34, ES)*

> *"I never really thought they were losing funding… I thought so many were accessing the news online that they make so much money from advertising" (20-34, UK)*

> *"I thought they lived off advertising – what are you going to do?" (35-54, ES)*

There was, however, some awareness in the US of industry consolidation and reducing numbers of journalists, and some sympathy for job losses. There was also some awareness among participants in Finland.

"They are under threat and they are consolidating and their whole revenue model is all screwed up, and so they don't have enough money, basically" (20-34, US)

"I've heard about this all my life, but I feel the change hasn't been as drastic as everybody says. Media has become more entertainment centred, but quality media hasn't disappeared. Of course, there are some changes, but they're not as drastic" (20-34, FN)

4.2 A problem for the industry

For most of the research participants, the survival of the news industry does matter. They would miss good journalism, especially investigative reporting and high quality writing. However, while there was some sympathy for the news industry, many felt it was up to the industry to adapt in order to survive. Few recognised that they might be left worse off by the news industry's demise, and they struggled to think about the consequences for society. The funding problem is for the news industry – rather than the consumer – to solve, by altering its business model.

"I don't feel personally responsible for the field or the people there. I assume if the industry wants to find a way of financing they just have to do it… Having people click on ads is not the way to do it, you have to have something better" (20-34, FN)

"News is now a bombardment and I have the feeling that information is something cheap that keeps on coming" (35-54, ES)

"Things are moving forward and they are going to have to adapt to their consumer behaviour… It's a bit like survival of the fittest" (20-34, UK)

"The number of journalists is going down. The organisation of works needs to be rethought. It's not the number of journalists that's important – utilisation of robotics, even in news, maybe?" (35-54, FN)

Indeed, some felt less emollient towards an industry about which they had misgivings, revealing a sense of *schadenfreude*.

Do you want them to survive? "Some of them, yes. Some of them not" (35-54, UK)

"There are so many hacks out there as opposed to real journalists" (35-54, US)

"They're a train wreck… the bickering, the fighting, the name calling… they're just so biased on both sides, it just gets annoying" (35-54, US)

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5 Consumer funding propositions for online news

Several funding propositions[2] were presented to gauge consumer appeal. Reactions were explored to understand the value trade-offs consumers might make for access to content and, thus, determine what might be effective in encouraging people to pay for online news.

Each proposition was presented as a brief written summary of an idea together with an illustrative example, drawn where possible from the local market. The propositions were presented in the same order across all the group discussions because they clustered into a few themes and the sequential approach illuminated potential tipping points between rejection and acceptance.

The propositions fell into the following themes:

- Propositions that permit or bypass advertising
  - *Give your email address to allow tailored advertising*
  - *Turn off your ad blocker*
  - *Pay for an ad-free experience*
- Fundraising propositions
  - *Fundraising to support the brand/business*
  - *Pay for membership with benefits*
- Paywall access and subscription propositions
  - *Pay for unrestricted access (soft paywall)*
  - *Brand subscription (hard paywall)*
  - *Pay-per-use (micropayments) of a bundle of providers (aggregation)*

5.1 Proposition: *Give your email address to allow tailored advertising*

This proposition was widely disliked. Most participants felt wary about giving away their email address, wondering how it might be used. Might it be sold? Surely this would run the risk of being bombarded with spam emails and pop-up advertisements?

> *"I think everybody is reluctant to give out their email because the next morning you wake up and you've got 85 emails" (35-54, US)*

> *"I hate spam emails and that is what I'd consider this" (35-54, US)*

[2] See appendix

To some people (especially in Spain and the US), the idea felt intrusive. It represented an invasion of privacy. Giving away an email address could not easily be undone.

> *"When giving your email, you're giving them your personal information. They'll know when you connect, what news you see, and it's a bit of an invasion of privacy" (35-54, ES)*

> *"They say third party suppliers. Ideally you want to know them before you put in your email address. Once you put it out there you can't get it back" (35-54, UK)*

However, others suggested strategies to mitigate these concerns, such as setting up a separate email address for access. Furthermore, emails can easily be ignored.

> *"I'd give an address dedicated only for this purpose" (20-34, FN)*

> *"I already have one [fake email address] precisely for this kind of thing and I don't care if there are 2000 unread messages" (35-54, ES)*

> *"I get so many emails a day that are irrelevant to me, I delete it easy enough" (20-34, UK)*

Some people were more sanguine (especially in Finland and the UK). They felt they might give their email address to a trusted and respected brand, but would expect transparency about how it could be used and disclosure of any third party use.

> *"For a well-known reliable brand, HS [Helsingin Sanomat], I might give them my proper email address, if I gain access to the content" (35-54, FN)*

> *"If it's just from the newspaper or from this, you know, your trusted news, then I could give my email address as long as they don't pass it on to any third party" (20-34, UK)*

> *"If I wanted to read their paper I'd happily give them my email but I'd also be expecting a load of other emails arriving as well" (35-54, UK)*

There could even be a benefit in receiving tailored, relevant advertising.

> *"I don't have a problem with giving them my email address in principle like if they want to tailor the advertising I see on the site to me" (20-34, US)*

5.2 Proposition: *Turn off your ad blocker*

Some participants were unfamiliar with ad blockers and the proposition was therefore of limited relevance to them.

> *"I am aware of it but it is all quite weird and mysterious and I don't want to get involved with it" (20-34, UK)*

Among those using an ad blocker there was some reluctance to consider turning it off. They wanted to avoid disruptive advertising such as pop-ups and video ads.

> *"If you turn your ad blocker off then you will get bombarded" (20-34, UK)*

> *"There are some websites that you can't use unless you white list them… and I always turn away from them" (20-34, US)*

> *"When you click on a link and they open 15 pages and you have to close them all one by one in the end you close the website and don't even read it... So the pop-up blocker avoids that, you click on a link and you go straight to the link, you skip all that part and get the advantages, and some media outlets don't let you do it... El Mundo for example" (20-34, ES)*

There were also some people who were unsure how to turn off their ad blocker, or how to disable it for favoured brands.

> *"I could respect that and then it turns on (automatically) because it is more convenient for me. But if I have to go through all my settings just to look at this news, I will go somewhere else" (35-54, US)*

Others, though, already judiciously suspend their ad blocker temporarily, when requested by a favoured brand, in order to enable access to sites that would otherwise be denied. There was some recognition of the financial impact on news sites of ad blockers and sympathy for small players.

> *"On some websites I don't use it if I think the website deserves the ad income… I use them on special interest pages where I know they need the money" (35-54, FN)*

> *"If it's a high-quality website I might do what they want, if not, I'd block" (35-54, FN)*

> *"I can understand it, it's business, they're honest" (20-34, FN)*

> *"I'd have to suffer a few ads – I could deal with that" (35-54, UK)*

> *"I can be convinced to white list certain sites if I trust them and I want them to have the revenue" (20-34, US)*

> *"It depends on the source I'm looking into. If it's a reliable source I usually remove it and take the advertising, and then I put it back on, it's like a wall that doesn't let that mass advertising in" (35-54, ES)*

They felt they would be more likely to accede to a request if a reason were given. Moreover, some were interested in receiving relevant advertising.

> *"I used to [use an ad blocker] but then I missed something I wanted to see… I missed some relevant ads… some good special offer" (35-54, FN)*

"Sometimes I even like ads, by the way. Every once in a while I'll see something that interests me… Not every ad is bad" (35-54, US)

"Sometimes you might find an ad appeals to you… You know you can block it and sometimes might miss out on things" (20-34, UK)

Generally, there was slightly less resistance in Finland and Spain, as well as among older people.

5.3 Proposition: *Pay for an ad-free experience*

The proposition of paying for online news in order to be free of advertising garnered mixed reactions. In Finland and Spain, in particular, there was resistance to paying to avoid advertising, especially when an ad blocker would provide the same consumer experience. Some claimed they would rather receive advertising than pay for online news; they felt the proposition lacked a consumer benefit.

"Ads really don't disturb me, not so much that I would pay, if it's just something that you have to click to get rid of it's not that disturbing" (35-54, FN)

"If the ads bother someone they can pay for it, it doesn't bother me so I don't pay" (20-34, FN)

Tonally, also, the proposition was a little off-putting to some.

"It sounds like it is giving you an ultimatum" (20-34, UK)

Others, though (particularly in the UK and US), were a little more pragmatically minded in light of the news industry's funding challenge. They might consider paying for online news for a favoured brand if it were easy to do and the cost were modest. They would be paying for content of interest and an improved consumer experience.

For less tech savvy people, paying was expected to be more straightforward than dealing with the unfamiliarity and anxiety of ad blockers.

"That is not bad in my opinion. I mean, I pay for news but if I wanted to see Wired online with no ads for $1 a week…" (20-34, US)

5.4 Proposition: *Fundraising to support the brand/business*

This was an unexpected and surprising idea. Most participants considered it inappropriate for a commercial company.

"I don't see myself saving companies" (35-54, ES)

"It feels like it should be a charity for my cats or something like that. It doesn't sit right with me – fundraising" (35-54, UK)

"They are crying dollar signs but it doesn't make sense to me. Have a big gala and invite your top investors or people who you know will donate big bucks. Don't come to me" (20-34, US)

"I don't really have a bleeding heart for these kinds of websites. I am more of a home town girl trying to give my money towards people I know" (20-34, US)

Most associated fundraising with charities and non-profit organisations, and by extension with social and personally relevant issues. Raising money for a good cause or a local need did not fit with their image of news companies and media mogul owners. This opened up further concerns about the potential for political interference if financial support were given with strings attached. There was also a question in Spain about how any funds raised would be managed, as well as a concern that the need to raise funds might hint at financial mismanagement. Thus, fundraising might send a worrying signal of desperation that could tarnish a news brand.

Participants were given the example of Wikipedia, which uses fundraising requests, to help envisage the proposition. However, Wikipedia was considered illustrative of a non-commercial enterprise, which for many reinforced their reactions towards the proposition of news organisations resorting to fundraising.

"Wikipedia is very different than news media. With Wikipedia, it's fine, it's made by a joint effort, but not with HS… Well, it's a business, not a joint contribution voluntary effort, as there is with Wikipedia's content" (20-34, FN)

"In principle, it's a good idea. Wikipedia is understandable, but can't business companies make money doing business, rather that asking for money?" (35-54, FN)

On further consideration, some people conceded that the fundraising approach might work for small, independent organisations, especially those with niche specialisms that are distinctive and poorly covered by mainstream media, or those with a differentiated proposition and distinctive voice (such as the Guardian[3], which was presented as an example in the UK and US). This would be more akin to supporting a good cause and would fit, for example, with those of an activist mind-set. Indeed, one participant in the US explained that he supports The Young Turks[4] for this reason.

"One of the things that I subscribe to has a very distinct left of centre progressive ideological viewpoint, which is not hidden at all, and I am totally willing to pay for that" (20-34, US)

"I could participate if the quality were high enough" (35-54, FN)

[3] See appendix

[4] The Young Turks is a progressive American news and commentary programme on YouTube and elsewhere

5.5 Proposition: *Pay for membership with benefits*

Paying for membership seemed like a more regular way than fundraising for consumers to relate to a commercial organisation, albeit still a little unusual. It seemed more credible, although left some people wondering how it differs from a straightforward subscription. Does it imply some kind of kudos (a question raised in Finland) in a dressed up variation on subscription? Does it refer to becoming a shareholder (a question raised in Spain)? Neither held strong appeal.

> *"They call you a member, but you're a subscriber" (20-34, ES)*

> *"It's a kind of subscription... more about supporting the media" (35-54, FN)*

> *"I've never been interested in these add-ons and tag-ons, I subscribe to what I want, nothing else" (35-54, FN)*

> *"It can be a nice bonus but I don't subscribe to get extras. Magazines sometimes have this approximately once a year – if it's a big publisher you might find something nice but it's not a crucial thing" (35-54, FN)*

> *"If I'm a member I want some of that company's shares in return… They call you a member but you're a subscriber" (35-54, ES)*

Those who did not share these reservations (more so in the UK and the US) could see some potential. Membership represents a more recognisable arrangement than fundraising and would therefore be better positioned to achieve the desired result, especially for a favoured brand. They found the idea of privileges and extras interesting, although would prefer them to relate to news content rather than, say, merchandise.

> *"I may be ok with that depending upon the publication" (35-54, US)*

> *"You get something in return appeals more to me" (20-34, UK)*

Warming to this idea, some participants in Spain envisaged benefits being extended into other areas such as theatre, travel and other lifestyle benefits.

5.6 Proposition: *Pay for unrestricted access (soft paywall)*

After the fundraising and membership ideas, this proposition represented a return to more familiar territory. Participants recognised the need of commercial organisations to attract paying customers.

> *"I don't think that's bad to pay to continue reading. You get an idea of the news with the headlines. If you want to go deeper, you pay" (35-54, ES)*

When compared with the preceding ideas, the proposition resonated with some participants, who were familiar with the restrictions of paywalls and attracted by the straightforward equation of money providing access. Soft paywalls that deny or limit access can be irritating and this proposition represented a solution.

> *"It feels more like a carrot than a whip" (35-54, FN)*

> *"It's an ok model. You often find it annoying when you cannot read an interesting article" (35-54, FN)*

There was also recognition that the degree of access to content allowed by soft paywalls – be that partial reads or limited numbers of reads – can serve as a taster, allowing a 'try before you buy' approach, which would be appealing for unique content. However, on the other hand, this approach can also prove frustrating, especially to younger people who may take umbrage and quickly move on to another news source.

> *"I've always found this one a little frustrating to encounter… and I have never actually immediately paid for something" (20-34, US)*

> *"This happened to me this morning and I clicked off and moved along" (35-54, US)*

> *"You have to give it for free, to begin with anyway. The stuff that is free is the stuff you can get anywhere" (35-54, UK)*

In an environment of plentifully available free content, the entrenched mind-set of not paying for online news means soft paywalls are not axiomatically a guarantee of funding success. Participants felt that for every news article partially or completely hidden behind a paywall there is another accessible without restriction. There was therefore some preference for soft paywalls to work on a pay-per-use basis rather than a full subscription model – an idea that anticipated another proposition, covered later.

There were also discussions about the level of expense that would be acceptable, which shifted the emphasis from value to cost.

> *"[If] they were going to charge me a buck ninety-five to read that article and I desperately wanted to read it, then fine I'd read it" (35-54, US)*

> *"I don't know how much the digital HS is but if it's more than a couple of euros then you feel obliged to read it to get your money's worth, it would be better with a couple of cents per article" (20-34, FN)*

It would be appealing to have the flexibility of ad hoc access to content, particularly for one-off use where the commitment of a subscription would not be of interest. Some people suggested extending ad hoc access from per article to per day or longer. Nevertheless, the proposition seemed unlikely to break consumers' free news habit.

> *"They bombard you with so much news that I don't have the feeling that I'm missing exclusive news" (20-34, ES)*

5.7 Proposition: *Brand subscription (hard paywall)*

An idea familiar from the worlds of print and broadcast, this proposition was considered straightforward and describes the direction of travel of print news publishers – although some people prefer to pay for a printed newspaper when committing to a subscription.

> *"It's just quite straightforward and I think you know what you are getting" (35-54, UK)*

> *"When I started subscribing to the New York Times this is what they used to do. It's because I want to read the articles; it's the reason why I subscribe" (20-34, US)*

> *"I'm interested – but in the paper version you sort of have to skim through it. It's not the same online where you have to actually go there" (20-34, UK)*

> *"In Kauppalehti [business magazine] I only have the online version. I don't have time to read it [all in print] and I don't want to waste paper" (35-54, FN)*

Subscription is also familiar from entertainment media brands that provide cable TV, VoD and audio streaming services. Their different tiers of subscription, free trials, and options to receive with or without advertising provide choice that allow different levels of access. The choice architecture also permits decoy positioning that encourages higher value subscription.

The example of online news subscription presented in Spain included several price points (annual, monthly and daily subscriptions). The low cost of daily access appealed because the price of €1 per day was felt to represent good value. This also seemed a modest cost when compared with the more alarming proposition of trading an email address for free access. Other people, though, still wanted a free trial before committing.

> *"I'd pay €1 before giving my address, I think it's more appealing" (20-34, ES)*

> *"I think a trial is a good thing, you can see for a much smaller price what you are getting" (20-34, UK)*

The proposition could be sweetened further if rolled into a package with other content: for example, The New York Times plus Netflix in the US. This elaboration of the subscription idea touched on the intractable problem of online news subscriptions and how to encourage people to pay, in that the walled garden approach of online subscription has not proven to be an infallible winning formula.

> *"Haven't a lot of them tried subscription and that's failed?" (35-54, UK)*

Resistance would be reduced if all news brands adopted a uniform approach and cut off the supply of quality professional journalism. This, though, would limit content discovery, to which soft paywalls are more suitable. More significantly, it would also go against the grain of plurality of sources, which is considered an important benefit of freely seeking and consuming news online, assisted by search engines and aggregators.

"The disadvantage is it is only one media outlet" (35-54, ES)

"To only one media outlet? No!" (20-34, ES)

5.8 Proposition: *Pay-per-use (micropayments) of a bundle of providers (aggregation)*

This proved the most interesting and appealing proposition for paying for online news, and had been anticipated to some extent in the consideration of the other propositions. It actually combines two ideas – micropayments and aggregation – both of which resonated to some extent, although the aggregation element drew stronger support.

The idea of aggregation taps into current popular behaviour and provides a strong benefit that most believe cannot be provided by any known existing approach to paying for online news. All the other propositions imply paying for online content from a single provider, whereas this proposition implies opening up to multiple sources.

"I like the range and per article. I think that is an amazing idea" (20-34, US)

"I quite like this, but you really need to be able to choose yourself" (20-34, FN)

"If you make your bundle yourself, and you get it for €5 a month and you've made your customised bundle, then maybe" (20-34, ES)

"I like the idea of the aggregator but [with a] one off entry price" (35-54, UK)

As well as delivering a plurality of sources, aggregators allow customisation and provide the combination of news that is important and content that is of interest. Aggregators are also considered useful for content discovery by those who are familiar with them. However, they are not universally understood and admired and some people (who tend to be older) prefer the intervention of an editor.

"I'm against this. I want the general, holistic picture" (35-54, FN)

"Who says that they [the articles] interest me? Who chooses them [the articles]? Maybe if they [the media] ask me what I'm interested in, and I could get the article based on that" (35-54, FN)

The micropayment element of the proposition attracted a more mixed reaction. While the freedom and flexibility of paying per use had already been suggested in response to some of the other propositions, when examined more carefully it surfaced some questions and concerns. It could work well for those who fear being overloaded with content and therefore unwilling to commit to a subscription. But, conversely, it was feared that anyone gorging on content might quickly run up expenditure greater than the cost of a subscription.

"Every time I am deciding to read an article, even though it is cents, I am going to think do I really want to read this article?" (35-54, US)

"That's going to add up fast" (35-54, US)

Thus, the proposition's focus on money was widely off-putting (especially in the UK and the US). Moreover, the pay-per-article approach would entail the effort of constant decision-making and pressure to get value.

Unfamiliarity and lack of experience with micropayments provoked lots of questions. What if I don't like the article? How would credit card auto top-up work? What if I'm charged incorrectly? These questions were posed within a context of news aggregators being available free of charge.

Yet, others (notably younger people) were able to see through these worries to the benefits of easy access to a wide range of content of interest. In Finland it was envisaged working like an online payment wallet.

"This could actually, could work with the wallet concept and you could choose the different sources, and you have your ten euros in your wallet and then it's 10c per article, it depends on how it's executed" (20-34, FN)

Some people pushed the proposition further and suggested aggregating subscriptions rather than pay-per-use, thus removing any anxiety about unlimited expenditure whilst mitigating the perceived disadvantage of restrictive traditional subscriptions.

5.9 Comparing the funding propositions

Comparisons were made between propositions both in the course of examining them individually and after they had all been presented. Some ideas clearly held greater appeal than others.

Reactions were informed by the familiarity of the ideas in the context of news. Fundraising in particular, and micropayments to an extent, are less familiar in the context of news and therefore proved more difficult for some people to envisage. On the other hand, behaviour that has been nurtured online in the context of abundant news content led some to champion paying for aggregated content, and even to suggest adapting this to a subscription model.

For those that expect online news to be free, all payment propositions are likely to struggle. Nevertheless, some of the propositions examined hold some potential. Figure 2 summarises which are more acceptable to consumers. The idea of a subscriptions aggregator (a bundle of subscriptions akin to a cable TV package) – which was born from the pay-per-use aggregator proposition – is the model of most interest to online news consumers.

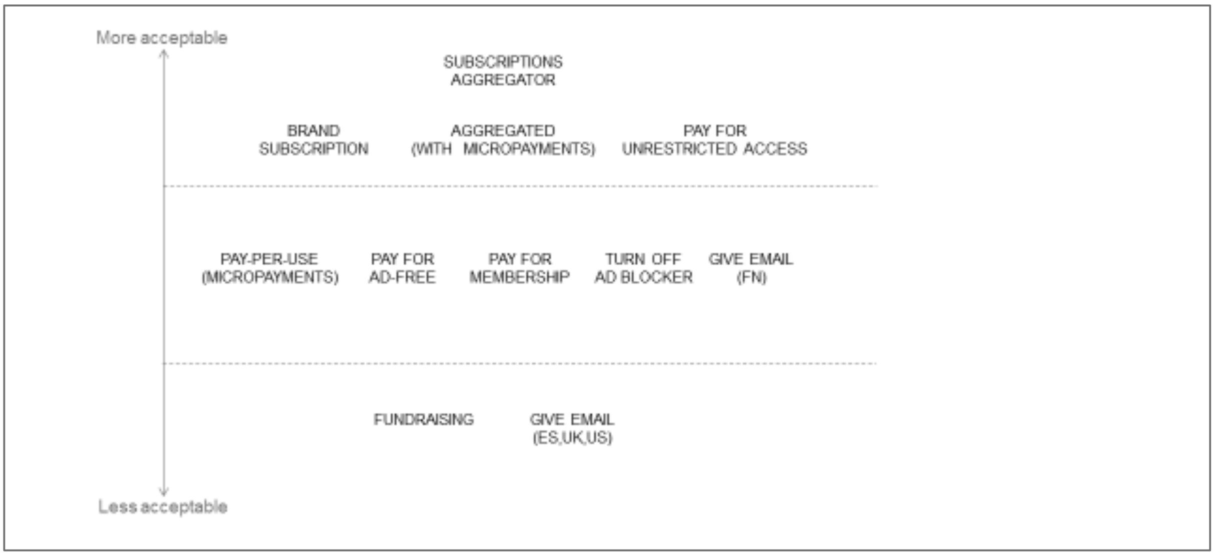


Figure 2: Comparing the funding propositions

As explained above, there is also appeal in subscription and other familiar models that circumvent restrictions and barriers. On the other hand, where the proposition appears geared towards the news organisation's commercial benefit and lacks a strong consumer benefit, the model is less acceptable. Suspicions are raised by the fundraising proposition, which is a less familiar model for a business to adopt, while, for many, giving an email address appears fraught with risk and stacked against the consumer's interests.

6 Commercial propositions to fund online news

Having reviewed a variety of consumer funding propositions[5], different commercial propositions were presented sequentially in order to explore third party commercial (advertiser and sponsor) funding trade-offs for consumer access to content. Again, each proposition was presented as a brief written summary of an idea together with an illustrative example, drawn where possible from the local market.

The commercial propositions fell into two broad themes:

- Advertising propositions
    - *Display advertising*
    - *Video pre-roll advertising*
    - *Watch some video ads to access content (paywall alternative)*
- Sponsorship propositions
    - *Sponsored content ('brought to you by')*
    - *Branded content (advertorial)*
    - *Sponsored content links (around the web)*
    - *E-commerce*

6.1 Proposition: *Display advertising*

This is a very familiar form of print advertising. It is widely accepted, even if not universally loved. Being well established, it feels legitimate.

> *"That is what I'm used to seeing" (35-54, US)*

There is comfort in the clear and familiar separation of editorial and commercial content, which fosters trust through transparency and allows a positive consumer experience.

> *"I'm ok with this. My eye can separate it. It's not very aggressive. The article itself is a whole, it's not chopped up, and it's easy to concentrate" (35-54, FN)*

> *"Much better [static] than popping up" (20-34, UK)*

The differentiation makes the advertising seem less intrusive but also relatively easy to ignore.

> *"The classic ads on a news website don't bother you" (20-34, ES)*

[5] See appendix

"I don't even see the ads, this is familiar" (35-54, FN)

"I can filter these out in my head" (20-34, FN)

"It's inoffensive because it's just the advert at the top. It's not getting in the way of the page" (35-54, UK)

Although some people would prefer not to have advertising, this form was considered a good compromise for free access.

6.2 Proposition: *Video pre-roll advertising*

Video advertising is considered more disruptive and there was more resistance among participants to this form of funding. It can be more intrusive than static banners, inhibiting browsing and disrupting the consumer flow online.

Many participants expressed irritation at being forced to play video ads, which they considered an obstacle to reaching the content of interest. They disliked the loss of control and several recounted occasions when this had been a problem. Some in Finland, for example, had been embarrassed by videos unexpectedly playing while on public transport. Others, in the US, described trying to close video ads and accidentally clicking onto other sites. News stories deemed to be high value, though, would warrant greater perseverance.

"Sometimes they start automatically and you get surprised. That is the worst. I close it then" (20-34, FN)

"I think I would give up. It would alienate people" (35-54, UK)

Formats that allow a little more consumer control, however, would be more tolerable. A video ad that can be skipped after a few seconds would be more acceptable. Watching a very short ad before an engaging long read could be a reasonable trade-off.

"There's no problem with this as long as you can skip the ad. If it lasts 30 seconds and you can't skip it, you go" (20-34, ES)

"The YouTube version is better where you can skip it after 5 secs, but these 30-40 second videos are too much" (35-54, FN)

"I mean if it was like 30 seconds for maybe a few articles and then another few articles then yeah I think I would do it" (20-34, UK)

"If I have thirty seconds to get actual news I don't want to spend that thirty seconds on going through an advertising video" (20-34, US)

It is better to work with people's tolerance. Otherwise, some people have avoidance strategies to work around the disruption.

"I would click on it and then I would be like okay I am going to go and heat up my lunch" (20-34, US)

"Well if I want to watch a video, which I don't often, I'll just turn off the sound and open a new tab" (20-34, FN)

6.3 Proposition: *Watch some video ads to access content (paywall alternative)*

This proposition initially magnified some people's concerns about the format. It seemed an extreme version of pre-rolls, forcing people to watch more advertisements and suffer greater disruption if wanting a quick read while out and about.

"One video, yes, but several, no, because of the time... I know that seven seconds isn't going to bother me. If it's longer it does bother me" (35-54, ES)

"I think the difference is here you are forced to watch it" (20-34, UK)

"The most annoying ones are the videos because they make you waste more time, if they're images like that [example] they don't annoy you so much" (20-34, ES)

"That wouldn't work. It works for games because you get to play the game for free" (35-54, US)

On further consideration, though, some participants decided the proposition could represent a good trade-off: some initial disruption before frictionless, unlimited access to content. Moreover, the system could be subverted by doing something else while running through the ads.

"If it's just a five-minute sequence of videos I can just put it on, go away and then come back" (20-34, FN)

"I start reading the text, I go on another website while this is on, I don't sit there watching" (35-54, FN)

"This would be the time to go to the toilet" (35-54, FN)

6.4 Proposition: *Sponsored content ('brought to you by')*

This proposition shifted the effect away from disruption towards editorial-commercial blurring. Replacing the friction of video ads with the softer presence of a sponsor could work for the advertiser through association and constant presence, and for the consumer by being more like the presence of static advertising.

"Only the logo comes up, it's not annoying" (20-34, ES)

"I focus on the news, not on the fact that Vodafone is there" (35-54, ES)

It was welcomed more by younger people (except in the US). Some people (particularly in Spain) appreciated that this approach could allow more content to be created, which could be helpful for specialist areas of interest such as culture, arts, science and technology.

Those who were more cautious foresaw some potential problems in the blurring and felt transparency would be important.

> *"It's good that they say it [is sponsored content], that they mention it. If not, it would not seem as honest" (20-34, FN)*

What would happen if there were a conflict of interests between the sponsor and the news organisation? What influence might a sponsor have on the editorial content? Might contentious topics that do not attract a sponsor wither away? Might sponsorship kindle content masquerading as news, to the long term detriment of the news industry (a strong concern in Finland)?

> *"You would have to be mindful of who is sponsoring it" (20-34, UK)*

> *"Isn't it just like that 'improve your summer cottage' TV programme? The content and the programme are mixed. Done with news it loses its credibility" (35-54, FN)*

> *"This is a way for the media to dig their own graves" (35-54, FN)*

These risks might not seem as worrying, though, with a trusted brand.

6.5 Proposition: *Branded content (advertorial)*

Some people felt the editorial-commercial blurring to be too great in this proposition, especially when dealing with 'hard news' stories. The examples presented seemed misleading, exacerbating concerns about lack of transparency – leading people in Finland to denounce this as dangerous.

> *"News is news and ads are ads. If you mix them you enter dangerous water, especially the ones that look like articles" (35-54, FN)*

> *"This is fake media" (35-54, FN)*

> *"I read some of the Swedish tabloids and they do it a lot over there and I always fall for it" (35-54, FN)*

> *"I don't like that. I think it's very oriented to the brand, as if they were constantly putting subliminal advertising in my head" (20-34, ES)*

Generally, participants in the UK and US were more accepting of the proposition when considered in terms of 'soft news' stories, where the content might be entertainment focused and perceived as low risk. Many felt they could distinguish between promotional pieces and 'real' news.

> *"There shouldn't be a lot of energy associated with discerning whether something is a real article or an advertisement. That should be crystal clear" (20-34, US)*

> *"The line between what is an advertisement and what is journalism is very much in play" (20-34, US)*

Nevertheless, they shared the concerns about the risks.

> *"So there is a NASA article sponsored by Russia, you know, there could be some issues" (20-34, UK)*

> *"I don't approve of it. I don't like it. I think it hurts their brand" (35-54, UK)*

6.6 Proposition: *Sponsored content links ('around the web')*

This proposition referred to links to content from other websites that is often promoted on a news homepage under a label such as 'from around the web' or 'promoted content'. Some people interpreted it as 'click-bait' and were scathing (especially in the US and among older people in Finland). They described feeling tricked by exaggerated headlines and nonsense stories, which they felt risked compromising the news brand's reputation.

> *"These are the ones that eat into credibility the most… Do they have anything to do with each other really? A British quality magazine and then an article that's below Seiska's [tabloid] quality?" (35-54, FN)*

> *"I think it does devalue the page" (20-34, UK)*

> *"I have a different experience, I really dislike them, they are not usually linked to the content, and they are kind of scam-like, you get sucked into going from one website to the next" (20-34, FN)*

Others were accepting and pragmatically suggested these links could be ignored, or assessed by noting the source, or even used for amusement.

> *"I don't think it's bad because they have to make a profit from something" (20-34, ES)*

> *"The headlines are often very crazy, you might just click to find out what it's about, but the content is rarely related" (20-34, FN)*

Furthermore, external links might lead to high quality content and stories of interest (such as local media links on the BBC website in the UK).

6.7 Proposition: *e-commerce*

This final proposition – links to online retail sites where the news brand sells goods direct or via affiliate deals – was considered the most acceptable, being low intrusion (unlike some of the ad formats) while also avoiding some of the boundary-blurring problems associated with sponsorship. The key to this response is that there is an obvious consumer benefit in e-commerce.

> *"It isn't aggressive advertising that's going to bother you. It's there. If you're interested you click and if not you ignore it" (20-34, ES)*

> *"If you're interested, you'll go in, if not, no. I think it's OK" (20-34, ES)*

> *"It's fine, again, if you are interested you can click on it directly" (20-34, FN)*

> *"It's not intrusive" (35-54, UK)*

> *"I do buy a lot of stuff online" (35-54, US)*

Some participants claimed they would be happy to purchase online from their trusted news brand if the goods were well priced and of high quality, and especially if they were not available elsewhere. They would also welcome tailored recommendations.

> *"I'd rather they tailor the merchandise based upon what they know I'm interested in" (35-54, US)*

There were some notes of caution. Gambling should be avoided (a comment in Spain). There could also be a risk of appearing to be click-bait, which could be pernicious to the news brand if done in the editorial house style, especially if product reviews were included.

> *"This is difficult also when IT magazines do these things about new products. If it is sponsored you might wonder if it really is truthful" (35-54, FN)*

> *"If it [a link] takes you to only one shop when the article is supposed to be more generally about a subject, it's not very honest" (20-34, FN)*

6.8 Comparing the advertising propositions

Reactions to some of these propositions varied a little by market, depending on the experience of local examples. Generally, less intrusive advertising formats were preferred to those considered disruptive, while sponsorship ideas that appeared less likely to compromise editorial integrity were favoured over those perceived to pose a risk.

The propositions deemed most acceptable were sponsored links (as long as they do not resemble click-bait), display advertising and e-commerce, as indicated in Figure 3.

Given the choice of paying for online news or accepting some kind of commercial funding, many would opt to maintain free access.

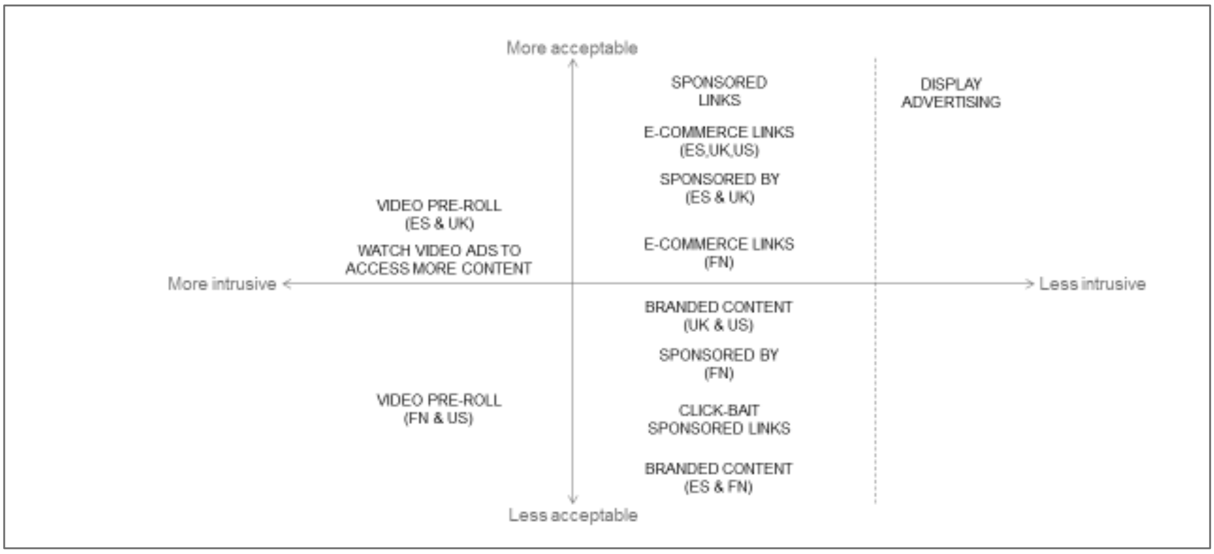


Figure 3: Comparing the advertising propositions

7 Conclusions and implications

Many news organisations have been providing news online free of charge for many years, but the environment has been changing. Mobile websites and apps now put information at people's fingertips throughout the day. Aggregators conveniently serve up a range of content. Breaking stories spread quickly through social media. Consumers have grown accustomed to this and many now expect to be able to consume news online across a range of sources without paying for it. News has been commoditised.

Added to this, news is not always easily differentiated from the wider universe of information available online, and the quality of online news offered by different providers can be difficult to assess without consuming it. This conspires against getting consumers to pay for online news.

7.1 Consumers value news brands

Yet, news brands are valued. They would be missed if they ceased to exist. When asked to imagine such a future and write an obituary to convey their views, participants expressed alarm at the prospect of losing quality information (especially in the US). They would also miss the tone and personality of favoured news brands and their role in day-to-day routines.

However, there is little recognition of the financial difficulties facing the news industry and, when this is explained, little appetite to address a problem considered an issue for the news industry to resolve rather than the consumer.

Free sources of online news are likely to persist. Paid-for news organisations therefore need to be able to articulate effectively how their product is different and, ultimately, why it is worth paying for their news.

7.2 Paying for news

There is value is various aspects of news – both the content and the delivery format – but this is tempered by the context of abundant free content. The problem is exacerbated by the fleeting nature of much news, which quickly dates and becomes worthless.

People are more likely to pay for:

- Specialist and exclusive content – because scarcity increases value
- Evergreen content – because longevity suggests deeper analysis, which is of value
- Plurality of views and perspectives – because social media, online search and aggregators have heightened sensitivity to the value of impartiality

This would be supported by:

- Emphasising the value of news production by professional journalists – because this would differentiate the accuracy and reliability of quality news production from raw social media content
- Offering free or low cost trials and more flexible subscriptions – because they reduce the risk of commitment
- Public education about the news industry's funding crisis – because there is little appreciation of what is at stake for consumers

This study suggests subscriptions and aggregators are the most popular approaches because they allow unlimited access and simplify decision making. Familiarity helps: if micropayment were more commonly used it could become a credible approach. However, participants' suggestion of a subscriptions aggregator (a bundle of subscriptions) – tapping into the aggregation mind-set without an incessant focus on payment decisions – points to the influence of evolving online habits and the direction of travel in the evolution of news consumption.

7.3 Commercial funding of news

Nevertheless, it will not be an easy task to persuade people to pay in the context of abundant free content. Commercial revenue will continue to be crucial. Funding through advertising and sponsorship needs to strike a balance in the degree of friction imposed by advertising formats and the degree of blurring of editorial-commercial boundaries that characterises sponsorship ideas.

This study suggests consumers would be more accepting of formats that allow consumers to navigate editorial and commercial space without confusion. Further, the study suggests consumers would welcome commercial content that delivers value to them, such as relevant e-commerce offers, and carefully developed high quality sponsored content and links.

8 Appendices

8.1 Methodology and sample

Two group discussions per country with consumers of news, plus two respondents per group interviewed in a filmed mini-depth of about 10-15 minutes

GROUP	COUNTRY	CITY	AGE
1	Finland	Helsinki	20-34
2	Finland	Helsinki	35-54
3	Spain	Madrid	20-34
4	Spain	Madrid	35-54
5	United Kingdom	London	20-34
6	United Kingdom	London	35-54
7	United States	New York	20-34
8	United States	New York	35-54

Additional sample specifications:

- Mix of male & female, spread of ages and social grade, and mix of political attitudes/affiliation
- All have high/mid-level interest in news, follow news at least several times a week, and use digital news sources
- All use a range of news brands and platforms including aggregators and social media
- Mix of news categories of interest
- 3-4 per group pay for some kind of media (e.g. Netflix, Spotify – tailored to each market)
- 1-4 per group pay for online news and all open to paying for online news in future
- 1-4 per group use an ad blocker

Logistics

- Fieldwork was conducted by Kantar Media (in UK and US) and Kantar TNS (in Finland and Spain) in local language

- All participants were free-find recruited and given a monetary incentive for their participation
- All were pre-tasked: a news consumption diary for a day, and deprivation and restriction tasks – living without online news sources for a day, and a separate day with only free online news
- The group discussions lasted about 2 hours each and comprised 5-7 participants
- Two participants per group were interviewed on camera after each group discussion, and gave permission for use of the footage
- Client viewing of the groups was provided, with simultaneous translation into English in Finland and Spain
- Fieldwork was conducted 21 February to 2 March 2017
- The research was led by Jason Vir (Director) and Kathryn Hall (Associate Director) of Kantar Media, UK

8.2 Recruitment questionnaire flow

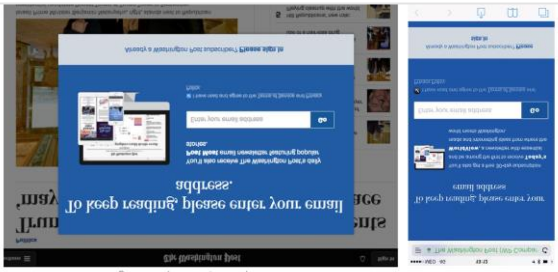
- Screening out industry connections and recent research participation; news interest and consumption frequency; types of news content; news platforms and brands (tailored to market); recent use of news apps and aggregation services; recent use of social media services for news (tailored to market); whether use an ad blocker; whether pay for online news; political leaning; demographics

8.3 Discussion flow

- Introduction and warm up; exploring news consumption and attitudes; defining news and perceptions of fake news
- Exploring attitudes to paying for online news; exploring usage of and attitudes towards ad blockers; awareness of and reactions to the funding issues facing the news industry
- Reactions to online news value propositions and advertising propositions; lessons for the future (obituary exercise)

8.4 Research stimuli – consumer funding propositions for online news

8.4.1 Finland



Esimerkki: The Washington Post (nettisivu, mobiili)

A1: Anna sähköpostiosoitteesi, mikä mahdollistaa räätälöidyn mainonnan

A2: Sulje ad blocker sisältöä rahoittavien mainosten näyttämiseksi

Esimerkki: Helsingin Sanomat

A4: Maksa mainosvapaasta elämyksestä

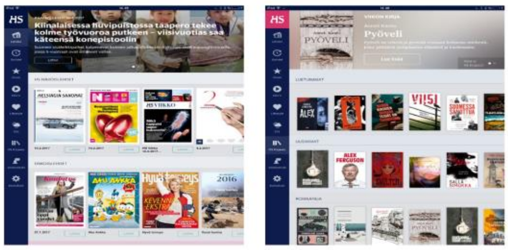
Esimerkki: Helsingin Sanomat - Tilaajat eivät näe koko sivun mainosta tullessaan sivulle.

M8: Rahankeräys

Esimerkki: Wikipedian vuotuinen rahankeräys

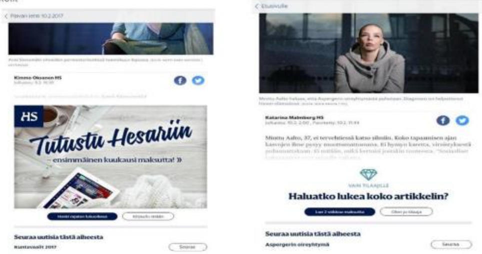
M5: Jäsenmaksu

Esimerkki: Ilmainen digi-kirja joka viikko, muuta ekstrasisältöä



S9: Premium tilaus – pääsy rajoitettuihin sisältöihin

Esimerkki: Helsingin Sanomat - Jotain sisältöä vapaasti saatavilla, mutta suurin osa vain tilaajille, esim. Timantti-artikkelit

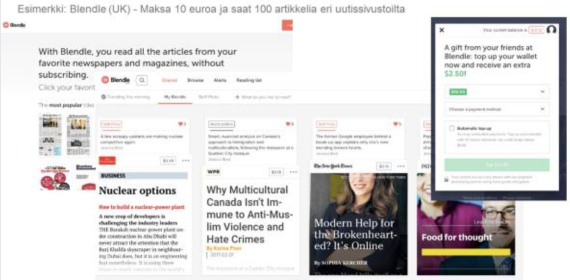


S10: Bränditilaus

Esimerkki: Digitaalinen ja mobiiliversio päivän painetusta lehdestä

B14: Maksu käytön mukaan – niputettu määrä artikkeleita

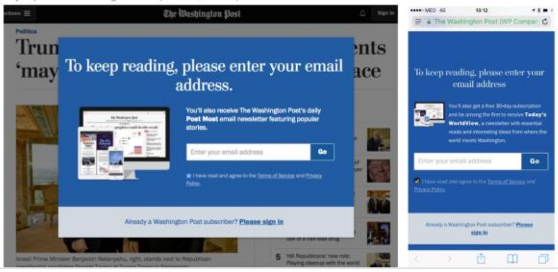
Esimerkki: Blendle (UK) - Maksa 10 euroa ja saat 100 artikkelia eri uutissivustoilta



8.4.2 Spain

A1: Dar tu dirección de correo electrónico para seguir leyendo la noticia

Ejemplo: The Washington Post (website, mobile)



A2: Desactivar el bloqueador de anuncios para seguir viendo la noticia (con anuncios que financian el contenido)

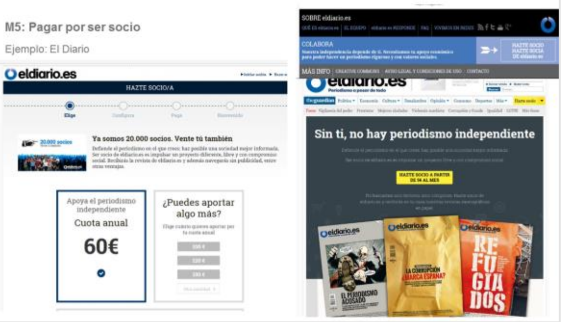
Ejemplo: El Correo

A4: Pagar por una experiencia sin anuncios

Ejemplo: El Diario

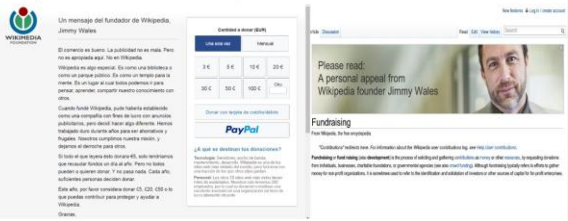
M5: Pagar por ser socio

Ejemplo: El Diario



M8: Recaudación de fondos

Ejemplo: Recaudación anual de fondos de Wikipedia



S9: Pagar por premium, contenidos exclusivos

Ejemplo: InfoLibre - Algunos contenidos gratuitos, pero la mayoría sólo están disponibles para suscriptores

S10: Pagar por suscripción a una marca

Ejemplo: El Español, con pruebas a bajo precio

B14: Pago por uso de un paquete de proveedores

Ejemplo: ... – Cada proveedor tiene un coste (en oferta) y puedes comprar los que quieras

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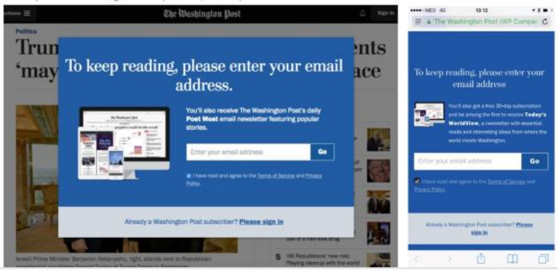
8.4.3 UK

A1: Give your email address, to allow tailored advertising

Example: The Washington Post (website, mobile)



A2: Turn off your ad blocker to allow ads, which fund the content

Example: The Telegraph

A4: Pay for an ad-free experience

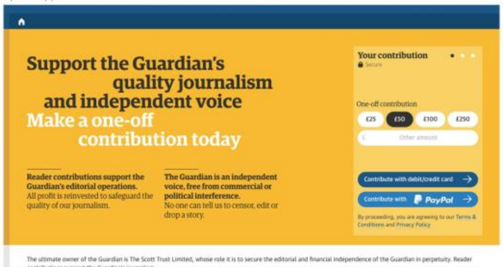
Example: Wired for $1/week

M8: Fundraising

Example: Wikipedia annual funding drive

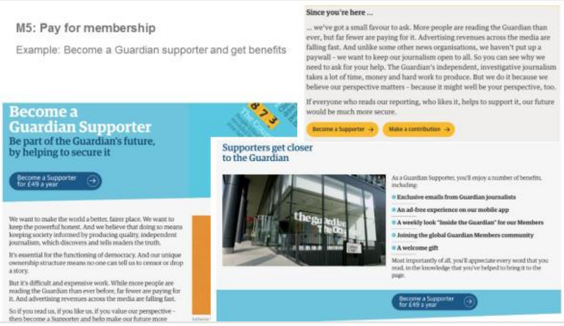
M6: Fundraising

Example: Support the Guardian



M5: Pay for membership

Example: Become a Guardian supporter and get benefits



S9: Pay for premium, exclusive content

Example: Telegraph article – some free content but most available to subscribers only

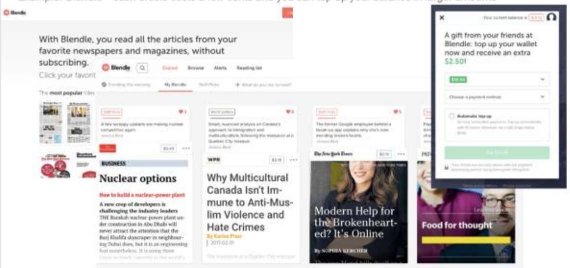
http://www.telegraph.co.uk/cycling/2017/01/12/cannot-expect-sir-dave-brailsford-act-like-saint-go-doe-eyed/

S10: Brand subscription

Example: The Times and The Sunday Times, with low cost trials

B14: Pay-per-use of a bundle of providers

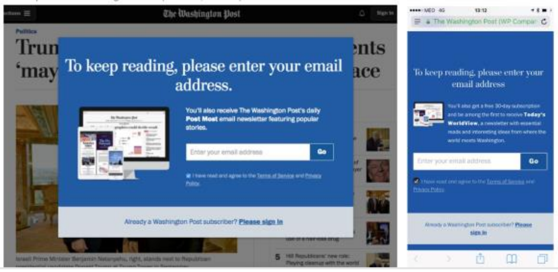
Example: Blendle – each article costs a few cents and you can top up your balance in larger amounts



8.4.4 US

E9: Give your email address, to allow tailored advertising

Example: The Washington Post (website, mobile)



A2: Turn off your ad blocker to allow ads, which fund the content

Example: Evening Times

A1: Pay for an ad-free experience

Example: Wired for $1/week

M5: Fundraising

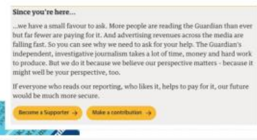
Example: Wikipedia annual funding drive

M5: Fundraising

Example: Support the Guardian

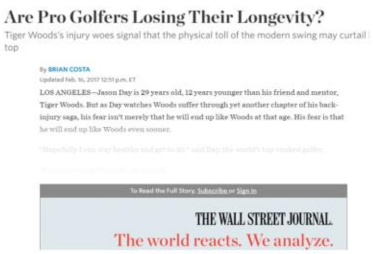
M5: Pay for membership

Example: Become a Guardian supporter and get benefits



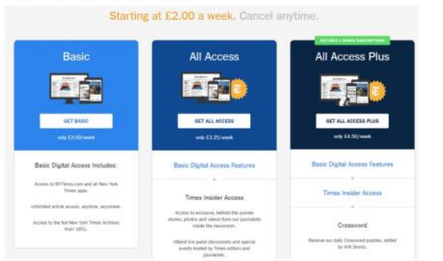
P7: Pay for premium, exclusive content

Example: Wall Street Journal article – some free content but most available to subscribers only



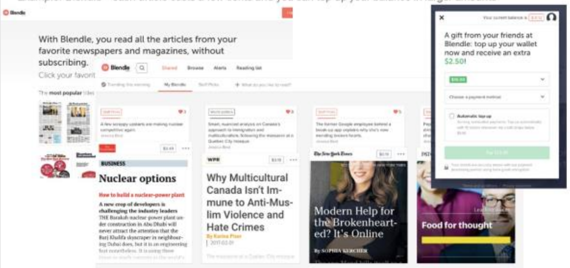
S8: Brand subscription

Example: The New York Times with a low cost trial



B6: Pay-per-use of a bundle of providers

Example: Blendle – each article costs a few cents and you can top up your balance in larger amounts



8.5 Research stimuli – advertising propositions to fund online news

8.5.1 Finland

J1: Mainonta

Esimerkki: Helsingin sanomat – mainokset artikkelien vieressä

V2: Sisältöä edeltävä video

Esimerkki: Helsingin sanomat – Katso koko mainosvideo ennen kun pääset katsomaan varsinaista sisältöä

V6: Katso mainosvideoita päästäksesi artikkeleihin

Esimerkki: Lukijan tulee katsoa tietty määrä mainoksia päästäkseen käsiksi tiettyyn määrään artikkeleita

R3: Sponsoroitu sisältö

Esimerkki: Video Tampereen Messuista Aamulehden sivuilla

R4: Sponsoroitu sisältö

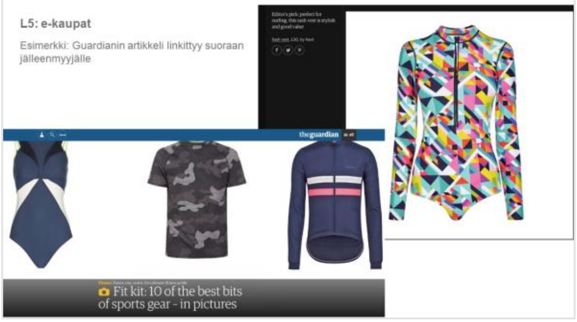
Esimerkki: Aamulehti mainostaa Tallink Shuttle -risteilylaivaa artikkelin muodossa

R5: Sponsoroitu sisältö

Esimerkki: Linkit ulkoiseen sisältöön löytyvät uutisartikkelin perässä, Outbrainin suosittelemana

L5: e-kaupat

Esimerkki: Guardianin artikkeli linkittyy suoraan jälleenmyyjälle



8.5.2 Spain

J1: Publicidad

Ejemplo: Anuncios en El Mundo

V2: Video antes de la video-noticia

Ejemplo: El País – Mira un video-anuncio antes de poder ver contenido de una video-noticia

http://epv.elpais.com/

V6: Ver video de anuncios para acceder a más noticias

Ejemplo: Ver una cierta cantidad de anuncios para acceder a un cierto número de artículos

R3: Noticias patrocinadas por marcas

Ejemplo: Contenidos en El País patrocinados por Estrella Galicia

R4: Noticias patrocinadas por marcas

Ejemplo: Noticas sobre tecnología en El País patrocinadas por Vodafone

R5: Contenidos patrocinados

Ejemplo: Enlaces a contenidos externos encontrados en la parte inferior de una noticia de La Vanguardia, recomendada por Outbrain

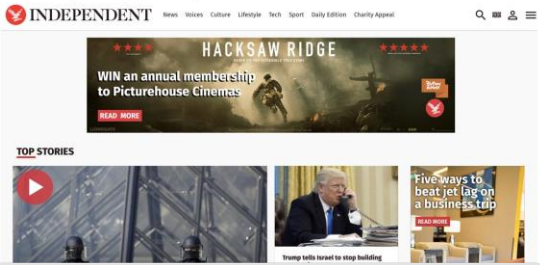
L5: Comercio electrónico, comprar online (e-commerce)

Ejemplo: Enlaces a compras en Marca

8.5.3 UK

J1: Advertising

Example: Independent display advertising



V2: Video pre-roll

Example: Telegraph article – click a video and get 29 sec video before you can watch a clip lasting 1 minute

http://www.telegraph.co.uk/video/

http://www.standard.co.uk/video/

V6: Watch video ads to access more content

Example: Watch a certain number of ads to access a certain number of articles

R3: Sponsored content

Example: Video about art in the New York Times sponsored by Tiffany & Co

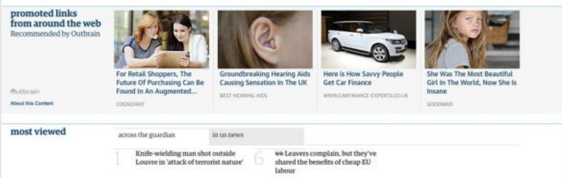
http://paidpost.nytimes.com/tiffany/new-ways-of-seeing.html

R4: Sponsored content

Example: Buzzfeed promoted content about Cadbury Creme Egg

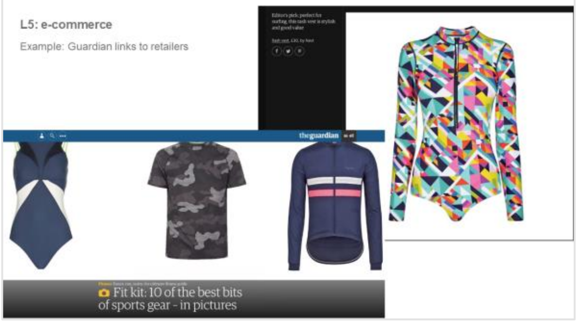
R5: Sponsored content

Example: Links to external content found at the bottom of a Guardian news story, recommended by Outbrain



L5: e-commerce

Example: Guardian links to retailers



8.5.4 US

J1: Advertising

Example: USA Today display advertising

V2: Video pre-roll

Example: New York Times article – click a video and get 30 sec advert video before you can watch a clip

https://www.nytimes.com/video/

V6: Watch video ads to access more content

Example: Watch a certain number of ads to access a certain number of articles

R3: Sponsored content

Example: Tiffany video in the New York Times

http://paidpost.nytimes.com/tiffany/new-ways-of-seeing.html

R3: Sponsored content

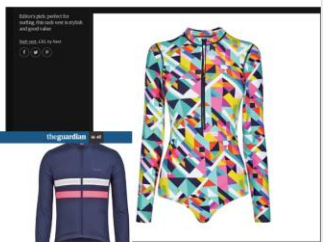
Example: Buzzfeed

O4: Around the web

Example: Guardian – links to external content, found at the bottom of news stories, recommended by Outbrain

L5: e-commerce

Example: Guardian links to retailers



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