



## Inside Classified

May 2006

# Online Newspaper Content

Should access be free or for a fee?

By Jennifer Streisand

With circulation numbers declining, the debate over charging for online access to newspapers continues. Is it more profitable from an advertising standpoint to charge for online access? Should users always be able to read online content for free?

The answers are found in understanding the difference between what is referred to as a “subscription-based” model versus an “advertising” model.

### “Huge value” in two models in Toronto

At The Globe and Mail in Toronto, Ontario, Canada, both models are used to obtain optimum revenue results, said Sandra Mason, general manager of digital media. Most of the newspaper’s Web site is free for users, but there are two subscription-based online products: *GlobeinvestorGold* and *Insider Edition*.

The free portion of the Web site falls into the “advertising model” category while *GlobeinvestorGold* and *Insider Edition* are in the “subscription-based” model classification.

In the advertising model, the number of users and page views generate revenue. Newspaper Web sites can charge for advertising based on the number; the more people who come to the Web site, the higher the ad rates.

“The advertising is sold on a traffic model,” said Mason. “By and large, the more page views you have, the better. The advertising is generally volume based.”

However, when it comes to very specific, niche content, it may be more profitable to charge a subscription because such content will not attract a mass audience. Therefore, there is more money to be made by charging a subscription rather than depending on page views, which probably won’t be there for such niche content, Mason explained.

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“For example, say The Globe and Mail had a medical site. The general public is interested in health and might use 10% of the content, but at some point that content is going to become so technical and complicated that only a physician can understand it,” she said. “Therefore, you are not giving up advertising at that point because you would not even have the traffic. Even if it were available for free, people would not be digging that deeply.” It then becomes more profitable to charge a subscription.

The Globe and Mail launched *GlobeinvestorGold*, which provides in-depth investing information, in 2001. *Insider Edition*, launched in 2004, provides users with features such as special access to the newspaper’s content and archives, including editorials and columns. *Insider Edition* also offers news from The Wall Street Journal in New York, N.Y.

Using the subscription-based model for these two niche products has been a success at The Globe and Mail, Mason said. *Insider Edition* has about 13,000 paying subscribers, while *GlobeinvestorGold* has about 25,000.

The mix of the models has worked for the newspaper. “The Globe and Mail has not taken an all-or-nothing approach,” Mason said. “It’s not just about advertising. It is not just about subscriptions. We believe there is a huge value in both depending upon the content areas and the depths of your expertise in those areas.”

### “An offering of exceptional value”

The New York (N.Y.) Times also employs a mix of both models on its Web site. In September 2005, *TimesSelect* — which is subscription-based access to Op-Ed pieces, news columnists and the archive — made its debut on *nytimes.com*.

Most of the Web site remains free for users, but newspaper executives believed that the subscription model would be profitable for The Times opinion pieces.

“For the two years leading up to the launch of *TimesSelect*, we did research and talked to readers,” said Diane McNulty, executive director of community affairs and media relations at The New York Times. “We discussed which sections of the newspaper would support a premium model. Clearly, there were many, but over and over, the distinctive voices of The Times seemed to hold particular resonance with our readers. When we enriched those voices with multimedia and greater interactivity, and added the vast archives of the newspaper, organizational tools and advance notice of stories, we felt confident we had an offering of exceptional value.”

*TimesSelect* is ahead of plan, noted McNulty, and the newspaper is pleased with the

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continued growth of subscribers.

The launch of *TimesSelect* also enables advertisers to place ads in the Op-Ed section of *nytimes.com*, she said. "This is the first time that advertisers have been able to run adjacent to some of the most talked about writing and discourse in America today."

### Circulation growth in Bloomington

The Herald-Times in Bloomington, Ind., started charging for its online editorial information in October 2003, said Todd Davidson, digital media director at the newspaper. Prior to that, it charged for access to the archives. Access to all of the advertising remains free on the Web site, and the classifieds are heavily used, he said.

Tim D. Smith, circulation director at The Herald-Times, said the newspaper has close to 1,100 paid online subscribers. He called the subscription-based model "wildly successful."

One benefit to the newspaper is that these subscribers can be counted through the Audit Bureau of Circulations, thus boosting the circulation of the newspaper.

"The beauty of this whole thing is that we are able to count it as paid circulation, and that is every newspaper's challenge right now: to consistently grow circulation," said Cory Bollinger, advertising director. "Our newspaper has shown circulation growth for the last three years. We are not talking about huge circulation growth, but circulation growth, where other newspapers have shown circulation declines."

### A dominant provider

The Spokesman-Review in Spokane, Wash., has charged for repurposed print content online since September 2004. "Anything that was in the printed newspaper that shows up online falls under the subscription requirement," said Ken Sands, online publisher of *spokesmanreview.com*. Much of the content on the Web site remains free including breaking news, obituaries and letters to the editor.

Advertising revenue is up, Sands said, and traffic to the employment classified ads has tripled with the establishment of the *Top Jobs* feature. Sands believes the subscription service is successful at The Spokesman-Review because the newspaper is in an isolated, regional market. "We are the dominant news provider with no real competition," he said.

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### Switching back

At least one newspaper has tried the subscription model and then made the switch back to the advertising model, or a “free site.” On Jan. 3, 2006, The Columbus (Ohio) Dispatch made the switch from the subscription model to the advertising model. Access to stories on *dispatch.com* is now free, said Phil Pikelny, vice president of corporate marketing and Dispatch Digital.

In October 2005, the Web site introduced a search engine that allowed users to access some stories that fell under the umbrella of the subscription fee. In other words, some users found the stories for free with the search engine, and others paid for access to the stories through the subscription. This created a lot of confusion for users, Pikelny noted, and served as the catalyst for the change.

Since the site became free, traffic has increased between 60-70%.

The newspaper Web site also offers a value-added feature called *Dispatch Extra*, which gives subscribers features such as a daily e-mail index to the newspaper and links to take the user to specific areas. The newspaper also plans to send e-mails to alert users to all of the new classifieds each day, Pikelny said.

### Experimentation

There is no single way to approach presenting content and generating advertising revenue, Sandra Mason concluded. “The difficulty on the Web — particularly for newspaper companies, but for everybody who is starting up or trying Internet businesses — is that the medium is only 10 years old,” she noted. “There is no proven business model. Therefore, there is a lot of experimentation to this day.”

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