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The Free-to-Fee Transition: Audiences' attitudes to paying for online news

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After more than a decade of giving online news away for free, legacy newspaper organizations in many Western countries have recently begun charging audiences for access to online journalistic content. Focusing empirically on a Danish case, this article uses one survey (n = 1,054) and two focus groups to examine audiences' attitudes towards paying for online news. The analysis suggests that audiences' general principles regarding paying for online news influence their willingness to pay more than the size of the subscription fee. Furthermore, the analysis shows that younger audiences' willingness to pay increase if they can combine content from different news providers and thereby individualize their news products. The latter in particular can have practical implications as it presents a way forward for economically challenged legacy newspaper organizations, but it might also compromise the democratic ideals of journalism.

KEY WORDS: Business model; Denmark; digital subscription; legacy newspaper organizations; online news; willingness to pay

After years of economic crisis in the news industry (McChesney, 2011), charging for online news has become an important, strategic component of many legacy newspaper organizations' online business models. Journalism has, traditionally, been funded through the two-sided revenue model of advertising in combination with sales to audiences (Picard, 1989). Advertisements on news websites, however, typically do not generate sufficient revenues in themselves, and as audiences have had access to the content of most news websites free of charge for several years, this two-sided model has not been commercially viable in the online context (see also van der Wurff, 2012). Because of a general transition in news consumption from print to digital, revenues from print newspapers can no longer undertake free online news. So, the implementation of digital subscription and of charging online audiences has become a widespread strategic initiative for legacy newspaper organizations in the second decade of the new millennium. According to the World Association of Newspapers and News Publishers, more than 600 publishers worldwide charged for access to their online news in 2013 (WAN-IFRA, 2013). This figure illustrates that a remarkable proliferation of payment models has taken place across news websites since The Wall Street Journal as the first major newspaper introduced digital subscription in January, 1997.

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Even though the introduction of digital subscription constitutes an international trend in the news industry, this study focuses on the Danish case specifically. Denmark is not internationally representative in terms of its media market, where the privately owned (yet state-subsidized; cf. Authors 2015) press co-exist and compete with freely available media with some news content (suburban weeklies, commuter newspapers, and commercial radio stations) and strong public service broadcasters. However, in spite of these free or perceived free alternatives to news from the press, research into audiences' willingness to pay for online news in this particular country should be of international interest. Because Denmark (alongside the other Nordic countries) is a country with very high internet penetration (Leckner & Facht, 2010) and with high levels of both news consumption and income per capita (Newman & Levy, 2013; OECD, 2013), audience payment might be expected to have comparably good conditions for actually succeeding in this country. So, even though the results do not automatically apply to the situation in other countries or media markets, the Danish case represents a "most likely case" for successful implementation of digital subscription.

Compared to most other countries, the Danish news industry introduced digital subscription late. Here, after some initiatives on regional news websites, the industry-level transition from free to fee-based online news occurred in the first half of 2013, where the three national broadsheet newspapers (Berlingske, Jyllands-Posten, and Politiken) and the two national tabloids (B.T. and Ekstra Bladet) launched different types of payment schemes online and ended the giveaway policy that had existed since the first Danish news websites launched in 1995.¹

The data collection for this study was conducted in the period where this implementation of subscriptions on news websites was in process, and that timing allows for us to measure audiences' attitudes to digital subscription at a point in time where it is imminent. So, we ask (RQ1) *what are audiences' attitudes to paying for online news in a national market where such payment is a new phenomenon?* International comparative analysis (Newman & Levy, 2013) shows that 10% of Danish news audiences had paid for digital news content in the last year and that 7% of those who had not paid expect to do so in the future. That analysis, however, does not qualify audiences' motives and incentives.

In accordance with everyday Danish language use, we use the term 'news' as an umbrella term for the content that is in the news media throughout this reporting of the study as well as in the data collection process. In doing so, our research framework is not set up to capture finer differences related to different types of journalism and editorial content, but this study being the first of its kind in Denmark, we have given priority to using a vocabulary close to the everyday media user.

Asking about audiences' attitudes, we want to know what audiences think of digital subscription, and which reasons they give for (not) accepting being charged

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for access to online news. Chyi (2005), similarly, research media users' intentions. It should be emphasized, however, that we focus on attitudes, and that such attitudes do not necessarily translate into audience behavior. On the contrary, as Jensen (2012) also notes, discrepancies often exist between people's expressions and actions, and so, audiences' attitudes alone should not steer managerial decisions even though knowledge about them can be useful for media managers in terms of making informed decisions. This note of caution is not to dismiss our analysis below, but rather to stress that it should be read with due reservation when it comes to predicting behavior.

Willingness to pay and the worthwhileness of online news

The reason why researching audiences' attitudes to subscription on online news is interesting is that for the news industry, "The crucial uncertainty for the future is audiences' willingness to pay for [online] news" (van der Wurff, 2012, p. 248). The future financing of journalism in the digital era is under pressure, and the legacy newspaper organizations struggle to find viable business models for the years to come.

According to most empirical studies, the willingness to pay for online news is limited. A 2002 survey, for example, reported that only 2.5% of the Hong Kong population paid for online news whereas 78% found it unlikely that they would do so (Chyi, 2005), while an American study reported similar figures (Chyi, 2012), and the abovementioned study by Newman & Levy (2013) says that 5% of international audiences had paid for online news in "the last week". Focusing on attitudes rather than behavior, the 2012 State of the News Media report found that 82% of US readers would go somewhere else for news, should their preferred news website start charging them (The Pew Research Center's Project for Excellence in Journalism, 2012).

Addressing the underlying dynamics, different studies have identified a number of (sometimes conflicting) factors that influence audiences' willingness to pay for online news. Chyi & Lee (2013), for example, show how younger audiences and people with an interest in news are more inclined to pay for online news. Another study (Chyi, 2005) finds that time spent on reading printed newspapers as well as youth statistically increases the likelihood of paying for online news. Broadening the scope, Goyanes (2014) shows how earlier purchase of digital products online, young age, high income, and occasional or sporadic use of the social media Twitter all influence willingness to pay positively. Other studies, however, reach different conclusions concerning the implication of age: findings by Chiou & Tucker (2013) show that especially the young part of an audience vanishes with the implementation of digital subscription. Both Herbert & Thurman (2007) and Brandstetter & Schmalhofer (2014) assert that content of a unique character (i.e., content of a high quality or about a subject matters that do not exist on competing news outlets) is considered a most important parameter when attracting paying audiences online. And in a related, experimental study, Cook & Attari (2012) find that the justification provided by the legacy newspaper

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organization for launching digital subscription plays a decisive role in forming audiences' willingness to pay.

A common denominator in many of these earlier empirical studies is that age constitutes a key demographic variable in connection with determining paying intent, even if there is not total agreement about the actual consequence of age. The heterogeneity in factors identified as influencing willingness to pay indicates, however that it is a highly complex phenomenon, which is largely dependent on individuals' preferences (a point Chyi, 2005, also brings up).

One particularly useful concept in connection with identifying factors that influence media use – which the discussion of willingness to pay is obviously closely related to – is that of 'worthwhileness'. It is a concept introduced by Schröder (2007; see also Schröder & Kobbernagel, 2012) with reference to the individual media user's everyday judgment of whether any given medium is worth one's while in terms of the resources demanded to use that particular medium (time, money, intellectual energy, etc.) compared to the outcome from that use (knowledge, pastime, social recognition, etc.). The more favorable that ratio is for the individual media user, the more likely use of that medium is in the individual's navigation in the media environment.

Price constitutes an important dimension of worthwhileness. The economic resources needed for accessing the content of the medium obviously has a role to play in the judgment of which media to use and which not to, and a rational choice inspired approach will have it that all other dimensions being equal, people will be more likely to choose the cheaper of two options.

Since the mid-1990s, news websites have proved themselves highly worthwhile, and they are among the most popular sources for getting the news in Western societies (Newman & Levy, 2013; Schröder & Kobbernagel, 2012). There are several characteristics of news websites that contribute to this worthwhileness: they are easy to access for audiences with ubiquitous connection to the internet, they can be accessed whenever and wherever it suits the audiences, they are continuously updated, and they do, so, offer a timelier product than most other news media. And, which is more important within the context of this study, they are in general cheaper than broadcast and printed news or even free to access, even after the implementation of digital subscription on many news websites; politiken.dk, for example, initially launched digital subscription at a 70.75 Euro fee per year compared to 609.57 for the printed newspaper. Furthermore, being a 'pull medium' rather than a 'push medium', news websites offer the possibility of choosing individually what news to access; Negroponte (1995) famously coined the phrase "the Daily Me" to capture this potential for composing individual news on the basis of personal interests and preferences.

On the other hand, however, audiences tend to consider online news a qualitatively inferior news product compared to printed newspapers (Chyi & Yang, 2009). But the question, then, is whether it is considered so inferior that the qualitative

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shortcomings outweigh the benefits mentioned above, or if audiences can accept that as long as the price is right.

However, when news organizations start charging for news, the factors influencing worthwhileness change. When online news are no longer free of charge, the threshold for accepting qualitative shortcomings will likely be lowered, and so, the implementation of digital subscription potentially challenges the attraction of news websites as a central news medium. For this reason, our examination of audiences' attitudes towards digital subscription and their willingness to pay concerns the worthwhileness of news websites and maps how (if) changes in pricing influence the assessment of worthwhileness. Such research has not earlier been conducted in a Danish or Scandinavian context where, as indicated above, the conditions for successful implementation of digital subscription could be expected to exist. Accommodating this white spot of current media business studies, we ask (RQ2) *which factors do audiences report influence their willingness to pay for online news?* Furthermore, in order to research the importance of age, which earlier studies find to play a major role, we ask (RQ3) *are there any differences in audiences' attitudes to paying for online news and willingness to pay on account of respondents' age?*

Methodology²

Concretizing the somewhat abstract concept of 'digital subscription' for analytical purposes (for ourselves as well as for our respondents), we focus on one particular case, namely the Danish newspaper Politiken's news website politiken.dk. The website contains the continuous news flow and multimodal, interactive content made directly for it (video, animated images, slide shows, comment options, etc.) and – often a couple of days after the original publication – some of the longer articles and most of the opinion pieces from the printed newspaper. A digital version of the printed newspaper entire is also available on the website as well but access to it requires a higher subscription fee. Digital subscription on this news website launched concurrent with the research process and, so, allows for synchronous examination of audiences' attitudes to this change.

Politiken is one of the dominant newspapers in Denmark in terms of both circulation (88,597 daily copies in 2013 according to The Danish Audit Bureau of Circulation) and prominence in the media sector, and it has an audience consisting of primarily well-educated, culturally engaged, and left-leaning people centered around the capital³. With this target audience, Politiken is in closest competition with elite newspaper Information (whose news website requires no subscription but is also less focus on news). It is part of legacy newspaper organization JP/Politikens Hus, which also publishes local newspapers in Denmark and Southern Sweden as well as national broadsheet Jyllands-Posten and national tabloid Ekstra Bladet.

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Politiken.dk is one of the most visited news websites in Denmark (Danske Medier Research, 2014). It launched digital subscription on May 22, 2013, implementing a metered model where audiences could read 25 articles monthly for free before being charged 5.9 Euros⁴. In the spring of 2014, Politiken calibrated the subscription's design so that the number of free articles was lowered to 15 per month, the price raised to 8.87 Euros.

One survey and two focus groups

Empirically, the study draws upon data from one survey and two focus-group interviews, thereby increasing validity through the integration of quantitative and qualitative methods. With this combination, the research design compensates for the inherent shortcomings in each of them individually; statements from the interviews qualify the numerical results of the surveys, and the survey contextualizes and indicates representativeness of the qualitative statements (cf. Jensen, 2012).

In the data collection process, the survey constituted the first step and was conducted online in order to reach a large number of respondents most cost-efficiently (Kaplowitz, Hadlock & Levine, 2004). Doing survey studies online poses a methodological challenge because you only get responses from people who are actually online (Hansen, Marckmann & Nørregård-Nielsen, 2008). However, since this study concerns the consumption of and attitudes towards *online* news specifically, this reservation is of little practical importance here; people not online would be unlikely to have an opinion on the pricing of online news – and should they have one anyway, it would not be very relevant since they would not be able to actually make the purchase. So, we were only interested in getting responses from people who could potentially purchase digital subscription.

The survey builds upon nominal response categories primarily, which means that the possible responses are mutually excluding. In a few instances, the respondents had nominal response categories where they could select multiple responses (for example in connection with what they use politiken.dk for; see Figure 1 below)⁵; this method of measurement distinguishes itself by allowing respondents to give more complex responses. Furthermore, we included the option of adding responses in optional comments fields in case our list of possible responses was inadequate.

The survey was conducted in May, 2013. It was finalized before the launch of subscription on politiken.dk because we wanted to measure audiences' attitudes to the transition from free to fee-based at a point in time where they faced that transition in the near future. 1,054 persons from the panel of Danish polling institute Kompas Kommunikation responded to the questionnaire. We normalized their representativeness by weighting their demographic composition against the general Danish population (5.6m people) and, so, balance the overrepresentation among our respondents of, for example, people living in the capital. Such data correction cannot

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replace the representativeness achieved through simple random selection, but it does reduce statistical uncertainty and ensure more robust results.

Before sending out the questionnaire, we tested it on a pilot sample of six persons in order to identify potential problems with divergent understandings and interpretations of the instructions and questions in it. This pilot-testing informed the final wording of the questionnaire and, so, raises the validity of the study.

The qualitative part of the study consists of two focus-group interviews, which were conducted in June, 2013. In the end of the survey, we invited the respondents to participate in follow-up focus group interviews. 300 respondents expressed an interest in participating in the focus groups, and all these interested respondents – independent of their responses in the questionnaire – received a formal invitation through email and among those who confirmed their interest, our sole criterion for subsequent recruiting to the final groups was age. Our ambition was to have one group with a younger age profile and one with an older one since such a distribution would enable separating attitudes on the grounds of age. Age is, as noted above, a variable found to play a most important role in connection with willingness to pay for online news, and as such we research it through RQ3.

So, the first focus group consisted of six respondents with an average age of 39 years (the respondents' age spanned from 28 to 50 years), the second of seven respondents with an average age of 50 years (these respondents were 23-75 years old).

The respondents participating in the focus groups obviously had opinions and prior knowledge to payment on online news, but the condition for participation was inspired by an ambition of taking part in a debate rather than promote certain opinions on the subject matter. The respondents had different habits of media use, had different political beliefs, and represented very different attitudes to paying for online news. The large interest in participating in the focus groups (the 300 interested respondents constitute 29% of our total number of respondents) illustrates not only widespread interest in the subject matter but also the high degree of importance and topicality of it.

From a semi-structured interview guide, the respondents and the moderators discussed a number of issues concerning payment for online news as well as a number of existing payment models. The course of the interview guide was influenced by the responses in the survey, and the focus group sessions should, accordingly, be understood as following-up on the results and insights that emerged from the quantitative part of the study. In addition, we also discussed more improvised subscription models, where we asked the respondents to “think aloud” while they as a group contemplated different ways of configuring online news subscription in ways that would better suit their needs and preferences. This last part of the study echoes Chyi's (2005) methodology of asking respondents hypothetical questions about possible future paying intent.

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Analysis

Of our 1,054 respondents, 6.8% (n = 72) would consider purchasing a subscription for the news website politiken.dk while 77.9% (n = 821) would reject that possibility and 11.2 (n = 118) might 'Perhaps' consider it. 3.9% (n = 41) already have access to the online news through their subscription to the print version of the newspaper. That 6.8% of the respondents accept being charged for online news corresponds with international findings (Newman & Levy, 2013). 36.9% of our respondents (n = 389) use politiken.dk on a weekly basis.

Among the 821 respondents who are not willing to pay for the news on politiken.dk, the main reason for the rejecting standpoint is not connected to politiken.dk per se. Instead, the disinclination reflects a general resistance to the very idea of paying for news: 25.1% (n = 265) of the respondents will not pay for online news in the first place (be that on politiken.dk or on any other news websites), and 36.4% (n = 278) will not pay for news at all in any medium. This way, more than half of the respondents (51.5%; n = 543) were, so to speak, unattainable for the legacy newspaper organization to begin with.

A pattern, furthermore, exists in relation to the demographic variable of age in all respondents' attitudes towards paying for news (see Table 1)⁶: among people 18-39 years old (n = 232), 40.9% (n = 95) will not pay for online news and 44% (n = 102) for news in the first place; among people over 60 years of age, the equivalent values are, respectively, 27% (n = 76) and 21% (n = 59). This pattern of young people having more reservations when it comes to paying for news echoes the findings of, for example, Chiou & Tucker (2013).

Age	Will not pay for online news	Will not pay for news at all
18-39 (n = 232)	40.9% (n = 95)	44% (n = 102)
40-49 (n = 161)	39.8% (n = 64)	42.9% (n = 69)
50-59 (n = 147)	21.1% (n = 31)	32% (n = 47)
60+ (n = 281)	27% (n = 76)	21% (n = 59)
All (n = 821)	32.3% (n = 265)	33.9% (n = 278)

Table 1: Rejection of paying for news in different age groups. n = 1,054.

With specific reference to politiken.dk, 26 of the 85 respondents (31%) who filled out an optional comment box in the survey do not think that politiken.dk distinguishes itself sufficiently from other news websites to motivate audiences from getting news for free elsewhere online.

The possibility of substituting politiken.dk with other online news offerings probably has to do with the purposes audiences have for visiting the news website. As Figure 1 shows, getting a general overview of the news is the most

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commonly reported activity on politiken.dk as 90.7% (n = 353) of the 389 respondents who use politiken.dk state this reason. It figures much more prominently than reading background information or analyses of current events (36.2% and 27.5%, n = 141 and n = 107, respectively).

Type of content/activity	Respondents
News overview	90.7% (n = 353)
Background	36.2% (n = 141)
Analysis	27.5% (n = 107)
Entertainment	26.7% (n = 104)
Guides	26.7% (n = 104)
Killing time	23.7% (n = 92)
Debate	21.9% (n = 85)
Sports	13.6% (n = 53)
Service content	7.5% (n = 29)
Other	3.6% (n = 14)
Do not know	0.8% (n = 3)

Table 2: What politiken.dk's audiences use the news website for. n = 389.

The one thing that characterizes the general news overview is that it is not unique for politiken.dk but can, on the contrary, be found on numerous free news websites where it might even be penned by the same wire agencies. So, the unique content (e.g., background articles, analyses, and opinionated content) of politiken.dk does not seem to be central to audiences' use, and that might also explain why so few of the respondents are willing to pay for the news: if the primary use of a website is content that can also be found on other websites, that content is more worthwhile elsewhere, and audiences will only in rare instances be inclined to choose the fee-based version over the free one. "There are so many other places I can find the same information for free",⁷ one anonymous survey respondent wrote in the optional comment-box of the survey, answering why s/he would not pay for full access to politken.dk.

There are, however, also audiences who are willing to pay for online news at politiken.dk. The 190 respondents (18%) who answered either 'Yes' or 'Perhaps' to the question about whether they would accept being charged for news on politiken.dk first and foremost state the reasons that politiken.dk covers some particular fields that interest them (36.8%; n = 70), that they are aware that quality journalism is a costly activity and want to support it (35.8%; n = 68), that politiken.dk has unique content they are interested in and cannot get elsewhere (20.5%; n = 39), and that the news website is the best one in terms of usability and navigation (11.6%; n = 22). Respondents could choose more than one answer to this question.

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The qualitative responses from the comment-boxes in the survey as well as the focus groups reflect similar arguments both in favor of and against digital subscription. Among the respondents who held positive attitudes towards legacy newspaper organizations charging for online news, the argument that quality costs is put forward several times:

“For five years, I’ve gotten free news from Denmark’s best newspaper. For that reason, I can and should support the initiative [of digital subscription].” (Anonymous survey respondent)

“I think it’s fair to pay for it [online news], because if you want a proper product you’ve got to give something, right? And I presume we all agree that you can’t travel by train for free...” (Annette, age 54)

Answers such as these suggest that people’s general principles regarding this subject matter (i.e., what they think and feel on the basis of their values, morals, and approaches) are decisive in the acceptance of paying for subscription on news websites. And some statements from the focus group with the older respondents, furthermore, indicate that once audiences accepted digital subscription, the subscription fee was not considered very important:

Interviewer: “Let’s return to the subscription rate. 5.9 Euros [for one month subscription], what do you think of that amount of money?”

Annette (age 54): “That’s ok.”

Charlotte (age 26): “I think so too.”

Elsebeth (age 66): “But that’s cheap. It’s really not a fortune.”

Charlotte (age 26): “To be honest, I think I’d be willing to pay 13.44 Euros per month.”

Among the 828 respondents who did not want to pay for access, 16.3% (n = 134) state the reason that they could not afford it. This low percentage supports the interpretation that the size of the fee does not matter much.⁸

However, the opposite attitude also exists in the data. And, as noted above, the most widespread reason given by respondents for not wanting to pay for news on politiken.dk is that they do not want to pay for news at all (33.9%; n = 278). As other studies (e.g., Chyi, 2005; Goyanes, 2014; Krumsvik, 2012) have also showed before, audiences are largely disinclined to pay for online news, and many of our respondents (32.3%; n = 265) specify that they do not approve of user-financed news websites while they do not reject paying for news per se. This attitude towards news websites is grounded in the perception that they lack in-depth journalism and are primarily useful

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for getting 'quick-and-dirty' news updates. And, as the following statements illustrate, the paying intent for that kind of news content is low:

Interviewer: "Politiken has put up a paywall where subscription costs 5.9 Euros, and then you can read all you want. What's your general attitude towards this?"

Henrik (age 29): "My immediate attitude is negative."

Lene (age 54): "I agree."

Henrik (age 29): "But the reason is that if this was something I had to pay for, I would rather buy a printed newspaper. The reason I read news on the web is because it's meant to be fast (...). If you were to get something more in-depth and had to spend money, I would prefer to be at home with the printed newspaper."

What is, however, interesting is how the qualitative parts of the study indicate that audiences' principles regarding paying for news influence their willingness to pay more than the actual price does. Audiences, who are to begin with positive about the prospects of paying, seem not to worry much about the actual price, and audiences negative towards the idea of paying are so regardless of the pricing.

Alternative subscription models

While the study suggests that price matters less than principle, the survey still shows that the vast majority of news audiences are not willing to pay for online news in general or access to politiken.dk's news specifically. In order to qualify this disinclination to accepting a price tag on news websites, we asked the focus groups participants what circumstances *must* be fulfilled in order to make payment for online news acceptable. This question also referred to the concrete configuration of the subscription model. One of the survey respondents had written the following statement, and we decided to follow-up on this line of thinking about radically reconfiguring the framework for digital subscription:

"I would especially be happy if there was an option to select and opt out of sections of the news and regulate the payment this way, so that you should only pay for – and have access to – your fields of interest." (Anonymous survey respondent)

Researching audiences' attitudes towards this kind of more individualized subscription, we presented the focus groups participants with a number of different constellations for subscription models. Furthermore, we had them move around cards with different types

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of journalistic content in order to configure their own preferred models of subscription and “think aloud” in the process, thereby allowing us insight into their reasoning.

In the focus group with the younger respondents, widespread agreement crystallized that a model where audiences subscribe to individually selected sections and pay a fee according to that selection would be the preferred one. One of the respondents explains his preference for this type of subscription in a way that resonates with the anonymous respondent above:

“I think you would make it [the subscription model] more appealing if you could make your own selection of the news you'd like to have [...]. Politiken and Ekstra Bladet aren't the same, but they have the same owner, and if you could make it so that you could get sports from the one and arts and cultural journalism from the other, so that you played an active part of what you'd want to get...” (Henrik, age 29)

This statement illustrates how the respondents are attentive of the different news websites' topical strengths, and for the respondents in the younger focus group a personalized composition of that content would increase the willingness to pay. This way, the younger respondents prefer a news product tailored to suit their individual needs through their individual and personalized selection from the general flow of news. (Such a subscription, which resembles Negroponte's (1995) idea of the “Daily Me”, did not exist in a Danish context at the time of our data collection, but has later been implemented by regional legacy newspaper organization Fynske Medier.)

On this subject, a noteworthy tension between the quantitative and the qualitative parts of our study exist. On the one hand, the survey reveals that the majority (90.7%; n = 353) of politiken.dk's audiences use it for getting a news overview – but on the other hand, the comments to the survey and statements from the younger of the two focus groups indicate a widespread interest in compositing one's own selection of news. Such personalized news selection will, however, not necessarily provide a broad overview of the news but primarily expose audiences to the news that has to do with their own interests. This way, a conflict appears between what people report they use the news website for and what they express a want to be able to use it for.

In the other focus group, where the average age was higher, the respondents preferred subscription with a broad selection that reflects editorial decisions in a more traditional manner. This way, the finding concerning the aspect of personalization exposes a difference between age groups in preferences and in the attitude towards what online news should be in the first place.

Discussion

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Kammer, A., Boeck, M., Hansen, J. V., & Hauschildt, L. J. H. (2015). The free-to-fee transition: audiences' attitudes toward paying for online news. *Journal of Media Business Studies*, 12(2), 107-120. doi:10.1080/16522354.2015.1053345

Both the quantitative and the qualitative data of our study support the age bias in relation to attitudes to digital subscription that Chiou & Tucker (2013) and Chyi & Lee (2013) report: younger audiences seem less willing to pay for online news than older ones.

What is more important, however, is that our study also reports that the younger audiences are also more reluctant to pay for news (in any medium) in the first place. When, as reported in Table 1, 44% (n = 102) of people between 18 and 39 years old say they are not willing to pay for news at all, that poses a serious challenge for news organizations onwards, because their future customers are opting out of not only the printed newspapers (which is not a new discovery; cf. Lauf, 2001) but of fee-based news media altogether. When almost half of the media users of the future (compared to 33.9%, n = 278, of the general population) are disinclined to pay for news, probably because they perceive of news as a free goods, legacy newspaper organizations can look forward to even harder times than the current one, which is already marked by crisis.

While the study does, this way, identify a major challenge for the news industry now and in years to come, it also suggest one approach for getting the young audiences to pay for news: the “Daily Me” model where audiences can compose individual portfolios of the news they are interested in and pay accordingly. Instead of paying full price for all content, the study suggests, the younger audiences are more interested in paying, for example, one fourth of the price for that fifth of the content which they actually have an interest in. One US study supports the claim that such unbundling of content increases willingness to pay, even if it focuses on local rather than national news (Chiou & Tucker, 2013).

Implementing portfolio-based approaches to selling online news might cause a tension concerning the democratic role of the news media. On the one hand, a commercially viable press is a necessity for journalism to be conducted in a way that ties together the public, the public sphere, and the other societal institutions (Schudson, 2008). So, one can understand why legacy newspaper organizations might be tempted to split up their journalistic product and sell it piecemeal in order to generate revenues that can undertake their democratically important function. On the other hand, unbundling challenges one of the added values of bundling journalism, namely that audiences get an overview of events and developments in general – not only of what their more or less narrow interests concern. Getting only the segments of the news that they have chosen beforehand, audiences will not be exposed to all the news that is fit to print but only to the news they think they want to get. And such highly selective exposure might lead to increased segmentation of the public sphere as citizens enter echo chambers or “filter bubbles” (Pariser, 2012).

Conclusions

This study asked three research questions.

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First, it asked what attitudes audiences have on paying for online news that used to be available for free (RQ1). In line with earlier, international studies, we found that only a small fragment of audiences (6.8%; n = 72) are interested in paying for online news while large portions of the audience do not want to pay for news at all, neither online nor offline.

Second, it asked which factors influence audiences' willingness to pay for online news in a Danish context (RQ2). From especially the qualitative focus-group interviews, we identify a number of such circumstances, namely *principles*, *journalistic quality*, and *subscription models*.

The analysis shows that the principled position to paying for online news plays a most important role. Whether audiences' accept the very premise of news organizations charging for online news appeared to have more to say that the size of the fee. Even though the results indicate that the older audiences are more willing to pay for online news than the younger ones, principles seem to constitute the most important factor in willingness to pay. If the audiences acknowledge that journalism is a costly activity and experience that the fee supports quality journalism (e.g., investigative journalism, more societally important news, and more correct grammar and spelling), they say they will be more likely to pay.

Audiences' perception of the quality of journalism constitutes an important factor in this connection. The study suggests that audiences distinguish between online and print news from a qualitative perspective, and that online news (politiken.dk) is perceived of as inferior to the printed version (Politiken); this finding corresponds with an earlier US study (Chyi & Yang, 2009). Lower quality entails a lower willingness to pay when free alternatives are considered qualitatively equals to politiken.dk, the worthwhileness of news websites decreases.

The very configuration of the subscription model is the last circumstance that influences (particularly the young respondents') willingness to pay for politiken.dk. The younger respondents are far more interested in how exactly the digital subscription is put together, and this interest is expressed in their demand for the option of selecting and personalizing the composition of news. Willingness to pay in the younger group increases when the subscription model offers a personalized dimension that distinguishes it from all the other general news input.

Third, the article asked whether age accounts for any differences in attitudes to paying for online news and to the willingness to pay (RQ3). As the answers to the two first research questions shows, there are important differences between younger and older respondents: the latter are both more accepting of paying for online news in the first place and less interested in the "Daily Me" type of subscription, which the younger respondents prefer.

While these conclusions add to the current knowledge about the challenge of converting free news consumption to paid, they also propose new directions for the

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future research into payment for online news. Most importantly, the importance of audiences' principles in their decisions regarding purchasing online news or staying "fare dodgers" should be subject to further scrutiny. This dimension of audience attitudes is not something legacy newspaper organizations can transform in the short run, but in the longer perspective people can and often do adjust their principles. Furthermore, the economic potentials as well as democratic ramifications of segmented subscriptions like the one requested by the younger group of respondents should be researched in greater detail.

Limitations to the study

One important limitation to this study exists in its focus on attitudes towards a phenomenon that the respondents had not yet experienced in real-life. The respondents had yet to encounter being charged for accessing the news on politiken.dk and could, therefore, have difficulties with relating to the assumptions of digital subscription in the first place. The subscription fee might have played a more important role if all national news websites had implemented digital subscription before the start of the research since the respondents would then have had the opportunity to compare prices and content on different news websites.

Furthermore, as noted above, the study examines attitudes and not behavior. For this reason, media managers and other practitioners involved in the planning and execution of payment schemes on online news should be careful if grounding strategic decisions on this study. It can inform the research community as well as the news industry about what audiences think about paying for online news, but their actual behavior is a question to be answered in future research.

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Notes

- 1: For a full overview of subscription on Danish news websites, see the Paywall Watch website on <http://paywallwatch.net/>.
- 2: For a more elaborate methodology presentation, see Authors (2013).
- 3: According to the newspaper's own presentation on its corporate website, <http://jppol.dk/da/artikler/dagblade/politiken.aspx> (accessed November 25, 2014).
- 4: All amounts are converted from Danish *kroner* (currency exchange rate: 1 DKK = 0.134 Euros).
- 5: The questionnaire is available upon request to the authors.
- 6: It is worth mentioning that the study not only highlights differences in terms of willingness to pay, it also confirms findings concerning age and media use from other studies (e.g., Schrøder & Kobbernagel, 2012). So, the survey indicates that when it comes to habits of news consumption, the respondents aged 50 and above first and foremost use news websites for getting a general overview and as supplements to the

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more traditional news sources (radio, television, and newspapers). News consumption among the younger respondents, on the other hand, is centered around news websites and other forms of online journalistic content.

7: All quotes from the survey and the focus groups are translated by the authors.

8: This does not mean that price does not matter. With an optional comment field in the questionnaire, we asked the respondents what would be the appropriate subscription rate for politiken.dk. Among the 190 respondents (18%) who filled out that field, the average rate considered appropriate for the metered subscription model (with, initially, 25 free articles per month) was 6.57 Euros; that is 0.67 Euros more than the actual subscription rate of 5.9 Euros.