



MONEY FOR NOTHING AND CONTENT FOR FREE? WILLINGNESS TO PAY FOR DIGITAL JOURNALISM

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FOREWORD

True to the motto “Money for nothing and content for free”, both up-to-date information and thoroughly researched reporting are principally used free of charge in their digital forms. Considering this, how can journalism be funded sustainably? This remains the key issue for media companies and news start-ups when developing and establishing digital business models. Journalism has not been a stable business for some time and in particular the financing of digital journalism has become a challenge – while at the same time it is extensively being consumed. Therefore, this study focuses on users and investigates the reasons for their lack of willingness to pay for content, as well as what they do pay for, and why. Although the underlying trends are unsurprising and earlier sobering data is confirmed, it is necessary to differentiate the results. Alongside their very pronounced mindset that digital journalistic content should be free of charge, users still want a service like Netflix or Spotify for journalism – with comparable pricing and contract terms. Incidentally, the fundamental value of journalism is not being questioned. It is also encouraging that in contrast to earlier research, nearly one-quarter of respondents indicated having paid for digital journalism at least once over the past year. The finding that younger respondents are more willing to pay for content also sparks cautious optimism.

Nevertheless, the lack of intrinsic motivation to pay for content is demanding for media companies, whether they are already established on the market or start-ups. This white paper provides a whole host of approaches for this purpose. The content offered and its presentation should not just win potential paying customers over, it should also give customers a direct utility. In addition, it is relevant that the terms of payment should be convenient and correspond to common standards, to name just two of our recommendations. Obviously, there is not one single response or solution for the challenges described above. Thus, media companies need to invest in their futures, and experiments should remain the order of the day. The Media Authority of North Rhine-Westphalia provides an arena for this in its Journalism Lab and supports media professionals in making journalism more innovative, user-centric, and competitive.

„WILLINGNESS TO PAY FOR DIGITAL JOURNALISM“ – WHITE PAPER

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0. EXECUTIVE SUMMARY

This study analyses how established media companies and journalistic start-ups in Germany can better identify, promote, and utilise their users' willingness to pay for digital journalism.

On the basis of a representative survey of Germany's online population with approximately 6,000 participants and eight in-depth focus groups, the study has come to the following key results:

I. Users are most willing to pay for "hard" journalism.

Those consumers who are willing to pay are more likely to support "hard news", which means content either of personal relevance and practical added value ("service journalism") or of social significance ("I want to form an opinion on important topics").

With regard to the format, there is a greater paying intent for features and news reports than for opinion pieces, satirical articles, or interviews, for example. Readers are more willing to pay for business, politics and science journalism than for sports and cultural pieces. Personally relevant and useful topics lead to a particularly high willingness to spend money on content.

II. Users want help navigating the content jungle.

Users are drawn towards one-stop shops covering a variety of topics and a wide array of significant content. However, at the same time, they are wary of being overwhelmed by the diversity of the content jungle.

Media companies can create added value for consumers by making it easier for users to navigate through sites without too much searching, e.g. by curating or customising content thematically diverse and comprehensive.

III. Digital journalism is (still) frequently perceived as a shot in the dark.

Too often, users do not know what to expect. The media should signal quality and provide transparency. In the past, this was primarily achieved by means of a media brand, but in the digital world it has to be communicated using a variety of measures. Media companies should make more of an effort to reduce risks perceived by consumers in choosing the wrong source, wasting time, or buying a pig in a poke.

For example, this can be attained by offering trial subscriptions which are easy to sign up for, offering reading samples/abstracts, shorter cancellation periods, a more transparent pricing structure, simple payment systems and/or clear communication relating to journalistic methods. Additional print products (e.g. in the form of "best of" magazines) can stir a feeling of identification and exude a sense of high quality.

In other words, being more visible and exhibiting more confidence could potentially lead to the creation of "love brands" with strong customer appeal, like those established by *The Guardian*, *The New York Times*, *Netflix*, and *Spotify*.

IV. Users feel digital journalism is too expensive.

Based on the data collected, the upper end of the recommended price range for digital subscriptions is at around €10/month.

With regard to the terms of payment, the established flat rates offered on adjacent media markets – like *Netflix* and *Spotify* – have apparently set the standard and dropped the anchor which is also expected by many users for journalism, not only in terms of the price of approximately €10 per month, but also with regard to the contractual terms (a broad range of content, transparent and easy-to-understand pricing, free trial months, shorter contract and cancellation periods).

V. Users should be able to recognise trustworthy journalism with democratic value.

Although those surveyed generally report a fundamental appreciation for digital journalism, large swaths of the online population indicate a pronounced reluctance to pay for digital content. In addition, there is uncertainty in trusting the mass media.

It is essential to put users in a position to be able to differentiate between trustworthy and less trustworthy content and to raise awareness for how journalism works, is financed and how journalistic products are created.

This can be achieved by strengthening media literacy among the population and providing the information necessary to identify high-quality content.

This primarily requires government and public institutions and non-profit organisations to play an informative and educational role. Private companies can also support these processes and provide key information.

As a whole, there are many indications that in the future content platforms – like the current offers on the market from *Apple News+*, *Readly*, and *RiffReporter* – will prove promising for digital journalism. These extensive offers with orientation functionality exhibit a high level of price and quality transparency without exceeding the price threshold of approximately €10 per month.

Although the scenario of a *Netflix* or *Spotify* for journalism is nearly inconceivable for many established media companies which still sell their expensive print and digital subscriptions in sufficient volumes, it does represent great opportunities in particular for smaller media organizations and start-ups. Specifically, this is the case when fair access to this kind of platform is also ensured for smaller media organizations.

1. BASELINE SITUATION

Consumers' paying intent and willingness to pay for media are key determinants for earnings opportunities and economic success of a product. In this context, "paying intent" describes the fundamental willingness to pay for a commodity and represents the decisive psychological hurdle which must be overcome in order for non-paying customers to become paying customers. "Willingness to pay" expresses the specific amount which these users are willing to spend on a product. There is no revenue potential without paying intent – and at the same time, the higher the willingness to pay is, the higher the revenue potential is.

The sustainability of digital journalism will largely depend on whether users are willing to pay for content and how much of this willingness to pay can be skimmed off by the media. This question has serious implications not just for the media industry, but also for the functionality of democracy due to the social relevance of journalistic media.

In contrast to the “golden age” of journalism, in which publishing a newspaper was considered a licence to print money and the publishing business was seen as a gold mine, today journalism is no longer a stable business in which sources of revenue are constant and business success is virtually predestined. At present, it is particularly challenging to fund digital journalism, which is playing an ever increasing role in consumption.

The erosion of the traditional press business model based on advertising and reader payments is a main source of this new uncertainty and instability. This is indicated by the greater intensity of competition for the attention of consumers in the digital realm, as well in the explosive expansion of advertising space and time and the resulting stark drop in advertising prices. A considerable portion of advertising spending for digital media has been displaced to Google and Facebook and therefore to providers outside the media industry. American tech companies widely control consumer access, and they manage to organise attention for promotional content with more precision and at lower cost – even without the costly production of journalistic content. At the same time, classified advertisements (like job and real estate ads) are increasingly being decoupled from editorial content and therefore can less frequently serve as indirect cross-subsidisation for journalism.

Today it is nearly impossible to rely on advertising companies as financial trailblazers for functional digital journalism. Therefore, it is increasingly important for media companies to (regularly) acquire paying readers and skim off portions of their willingness to pay.

According to calculations from *pvdigest*¹, paid content revenue from German consumer media did rise over the past five years from approximately €150 million in 2013 to nearly €400 million in 2018. However, multinational studies have shown that the willingness to pay for journalistic content is underdeveloped in Germany compared to other European countries.

Worldwide, high hopes are associated with those companies which are increasingly founding their journalistic endeavours on user payments. Examples include the three large English-language daily newspapers *The Washington Post*, *The New York Times* and *The Guardian*, which have recently attracted a substantial number of paying readers for their digital services, as well as start-ups like *Mediapart* in France, *De Correspondent* in the Netherlands, and *The Information* in the USA, which have built up a loyal readership and each generate their main revenue from user payments. In Germany, paid content (particularly behind paywalls) and other payment models are being tested. Some of these tests have been underway for quite a while (e.g. *Hamburger Abendblatt, taz*), and some have just begun in the recent past (e.g. *F+*)

Against the backdrop of this problematic baseline situation, this study draws on paying intent and willingness to pay for digital journalism. The central question is how established media companies and journalistic start-ups in Germany can better identify, promote, and utilise their users' willingness to pay for digital journalism.

This study addresses two main questions: who is willing to pay for what content and why is the majority of the population still not displaying any willingness to pay at all. The great importance of this question for the media economy and for society as a whole stand in contrast with a research situation which has been underdeveloped to date.

Two empirical studies geared towards allowing differentiated and in-depth findings were conducted in response to this issue. A quantitative representative survey of German online users with around 6,000 respondents were meant to provide information regarding the underlying demand for digital journalism. In-depth focus groups with 55 participants conducted in Erfurt (East Germany) and Cologne (West Germany) supplemented the standardised results with practical everyday experiences relating to the use of and payment for digital journalism (see Section 4).

¹ <https://pv-digest.de/kurzanalysen-2-2/>

2. KEY RESULTS OF THE STUDY: USERS, CONTENT, AND PAYMENT FORMATS

For one thing, the specific needs, motives, attitudes, and abilities of each consumer are decisive for their paying intent and willingness to pay (Section 2.1). In addition, the content itself is also pivotal (e.g. its topics, genres, and formats, see Section 2.2). The payment process with which digital journalism can be purchased is ultimately of particular importance (Section 2.3). This pertains to whether and (if so) how content is bundled and the payment methods that are in place.

2.1 Users

Users are key to paid content models as they are the ones to be convinced to pay for a journalistic media product.

In general, those who are already paying for digital journalism now intend to pay for it much more frequently in the future – compared to those who do not pay for content now. This is not particularly surprising considering that past behaviour is normally a good predictor of future behaviour. Nevertheless, it does underline that the services offered generally seem to meet consumer needs.

This is also substantiated by the data regarding service cancellations. While it is true that 7.5% of respondents in the representative survey have **cancelled** a digital journalistic service within the last twelve months, the average future paying intent of those former subscribers is much higher than the paying intent of those who have not cancelled. This indicates a certain level of experimentation among the user segment which is willing to pay and that is still seeking out the right service. In doing so, this user segment tries out various suppliers and draws on (free) trial subscriptions.

In contrast to earlier analyses of the German media market in which lower figures were reported, nearly one-quarter of the respondents to the online representative survey report **having paid for digital journalism at least once** in the last twelve months – be it for a subscription, the purchase of individual articles, or an e-paper.

In line with current studies, this research also indicates a **relationship between age and the intent to pay for content**. The younger the respondent, the higher his or her intent is to pay for digital journalism. In that respect, observing the next generation does provide hope since it may be easier to motivate young people to initiate a subscription or purchase.

As a whole, the data indicates that the more positive the general attitude towards digital journalism is, the more likely respondents are to pay for content. During the in-depth focus group discussions, in particular the following reasons were identified which Media companies seeking to attract paying customers should heed as determining factors for success – regardless of the specific content which is being offered.

1. The advantages of a **curated, self-contained digital service** (similar to a print daily newspaper) compared to the perceived information overload, news oversaturation, and laborious searching associated with freely available offers: *“... if some news isn't [in the app]... Fine, then it's not there.” (m, 47 years old, Cologne, subscriber of regional content)*
2. The perception that, compared to free (often ad-supported, ad-optimised) content, paid content **has a higher level of quality and integrity** (e.g. greater depth of article content, background information, fewer negative headlines, no reliance on sensational headlines or teasers): *“Unfortunately these days, if you want quality, you have to pay a little more – or in this case pay for it at all.” (m, 23 years old, Cologne, subscriber)*
3. A sense of **greater convenience** (e.g. better content navigation, archiving function, offline use while travelling, individualisation and customisation options).

4. An environment **without advertising** or with much fewer, much less obtrusive advertisements of higher quality: *"... everything that is available for free usually also has more frequent or more annoying ads which are difficult to get rid of."* (f, 51 years old, Cologne, subscriber of regional content)
5. Users want **more extensive content curation** for paid services to prevent them from being swamped by user opinions, which they often perceive as being unqualified.
6. The option of sharing the service **among several users** (e.g. within a household/family).
7. **Direct user value** from exclusive journalistic services which provide their buyers with tangible monetary value from information advantages (e.g. business reporting), decision-making tools (e.g. test reports), or timesavers (e.g. local information regarding road closures).
8. The idea that journalism is generally **worth supporting**.

When considering the entire repertoire of media which users pay for, it becomes apparent that based on average monthly spending, greater importance is attached to non-journalistic media. More is spent on pay television, print daily newspapers and magazines, video and music streaming services, and even computer games than on digital journalism – users allocate a higher average budget to all of these other media.

Although there is a trend towards a higher willingness to pay and users evidently see advantages for themselves from using paid content, overall the findings verify the rather sobering results of earlier analyses of the German market.

Far more than half of the German online users who took part in the representative survey consider it **unlikely or extremely unlikely that they will pay for digital journalistic content**. The majority of those respondents also have no intention to change that. When asked if they will purchase digital journalistic content *in the future*, approximately 60 percent of respondents said that this is unlikely or extremely unlikely.

Posing questions regarding their trust in media content and providers underlines a profound uncertainty among the respondents. The representative survey made it apparent that respondents clearly tend not to commit themselves either way when answering the question regarding trust. The fact that the largest segment of respondents (28.5 percent) chose the central scale point between "no credibility at all" and "full credibility" for this question apparently expresses this great uncertainty. However, findings also indicate that the higher the credibility and trust in the media, the greater the willingness to pay or continue to pay for journalism is.

A **relatively high frequency of use** was specified overall in the sample. Nearly 47 percent of all respondents report that they use digital journalistic content at least "several times a week". However, 65 percent of respondents even from this group of frequent users report not having paid anything for it in the previous twelve months.

The findings of the focus groups illuminate this result with insights into everyday practice. According to these findings, key reasons why **even frequent users do not pay for digital journalism** include:

1. The widespread availability of **free, easily accessible alternatives**, including foreign media: *"Why would you buy something you can get for free?"* (f, 38 years old, Cologne, not a subscriber)
2. The perception of a comparatively **low informational value/exclusive added value** of the paid content at a **price which is considered relatively high**.
3. The apprehension that a subscription could be **overwhelming in terms of volume** or mainly contain **irrelevant news content**.
4. The preference not to commit to one primary source and instead independently compile their **media consumption themselves from various sources**.
5. The **ability** (media literacy) and **time** to circumvent technical paywalls (e.g. using access via a Google search or Facebook) or to research alternative free sources. *"Whenever I encounter a paywall, I google the headline and read it in another newspaper."* (m, 32 years old, Erfurt, not a subscriber).
6. The conviction that **important news** would already reach them **via free media services**, breaking news push notifications, numerous social media and messenger channels (like Facebook and WhatsApp), or through personal conversations with friends and family (so called „News-Finds-Me Perception“).
7. The opinion that one basically has already paid for journalism by **viewing ads**.

If the media wants to motivate non-paying subscribers to start paying, counteracting these barriers and obstacles is essential – both in terms of content and technology, as well as using communication measures like media marketing.

Closer examination of those who have cancelled their digital journalistic subscriptions and the qualitative insight into their everyday practices have shown that **the following driving forces were behind their cancellations:**

1. The cost-benefit decision that a paid service **does not offer any exclusivity or substantial advantages** over its free alternatives:
"... the texts were available word-for-word elsewhere [...], it started to feel a little like a scam." (f, 29 years old, Erfurt, former subscriber)
2. The conclusion that the subscriber's **own expectations** of the service (e.g. content depth or quality) **were not being fulfilled.**
3. **Feeling overwhelmed** by the volume and wealth of information which were not adapted to the subscriber's own interests or were too time-consuming:
"Everything I could have read was just too comprehensive – you just don't have the time." (m, 45 years old, Erfurt, former subscriber)
4. The realisation that **certain attributes of a media product** (e.g. certain features in an app which constitute its main attraction) had been **copied by free services** and were accessible for free:
"[In the app I subscribed to] you could enter your interests so that you got push notifications. I managed that pretty well in another app for free though. That's why that subscription wasn't necessary anymore." (m, 21 years old, Erfurt, former subscriber)
5. A **gradual loss of interest** in the service which was used relatively frequently at the beginning but then was nearly forgotten and only remembered when subscribers saw the debits from their bank accounts.
"At some point I asked myself how often I even used it" (m, 38 years, Cologne, former subscriber)
6. The insight that they just were not able to **integrate** their subscriptions **into their everyday lives**, e.g they did not have enough time to read the e-paper in the morning and its news and content were irrelevant or outdated by the evening.

The findings suggest that the majority of consumers in Germany have a **neutral attitude** towards digital journalism. This applies to the largest group of respondents (45 percent). They are not avid fans of digital journalism, but they do not have a particularly negative attitude about it, either. Love brands – meaning brands which are extremely attractive to consumers such as those established by the global media companies *Netflix, Spotify, The Guardian*, and *The New York Times* – have not been established in German journalism yet.

On the contrary, many aspects of digital journalism are perceived as interchangeable, identical, or even dispensable by the participants in the focus groups. Many subscribers are "forced" into subscribing after trying to access exclusive content and hitting a paywall they cannot circumvent. "Happily" paying for content is an exception. In addition, the available services at times tend to split the readership. The digital *BILD* newspaper, Germany's biggest tabloid, for instance was consistently the subject of controversial discussions in the focus groups, for example regarding its quality.

However, at the same time there is a remarkable **fundamental appreciation for digital journalism** in general. Over 50 percent of respondents agree at least in part with the statement "I appreciate digital journalism." This approval can be interpreted as untapped potential to be exploited by media organizations. While there is obviously a fundamental appreciation for journalism as an institution, the less convincing values on the aforementioned positive-negative scale express dissatisfaction with the current state of digital journalism in Germany.

However, this fundamental appreciation for digital journalism is up against scepticism in connection with a **"free mentality" or "freebie culture" which leads to reluctance against paying for online content.** It is nearly impossible for individual providers of journalistic content to influence this stance. 28 percent of respondents to the representative survey are "completely" of the opinion that "digital content on the Internet should be free of charge".

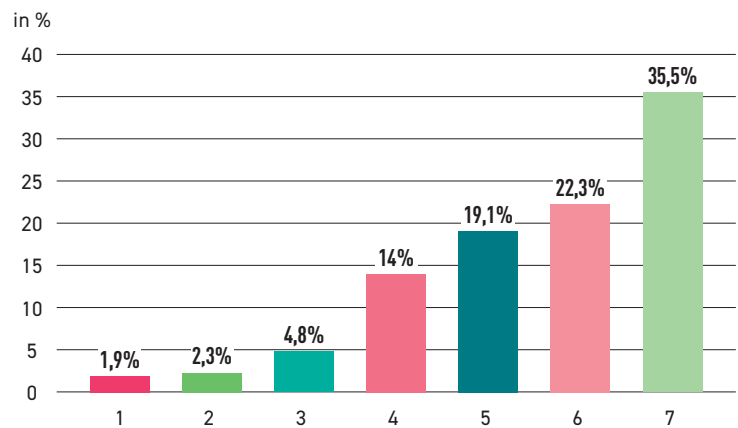
Accordingly, there is a strong negative correlation between agreement with this statement and the willingness to pay for digital journalism. Non-subscribers also argued in the focus groups that one already pays for Internet access and therefore online content should be free. Incidentally, there is a similar correlation for payment behaviour for music and video streaming, although it appears to be weaker.

The opinion that it is the basic premise of the Internet to spread information free of charge was particularly widespread (over 75 percent). The statements that advertising companies should “pay for” online content rather than users and that digital journalism is already adequately funded by means of the public licence fee also have high approval rates (each more than 50 percent). One focus group participant summed up this position as follows:

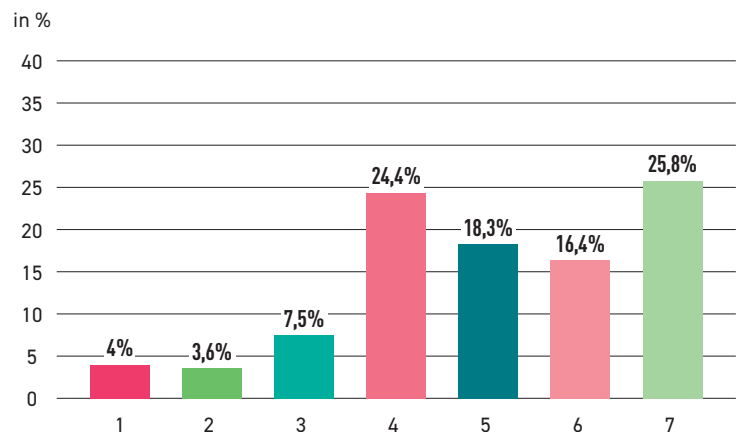
“I’m now paying fees to Kabel Deutschland for the cable in my rented flat. Then, I have to pay TV and radio licence fees although I don’t want to. In addition, other channels are financed with advertising, including the public programme ZDF although it also receives fees. It’s quite a lot when you add it all up.” (m, 32 years old, Erfurt, not a subscriber)

Figure 1 illustrates the results relating to the “free mentality” in more detail.

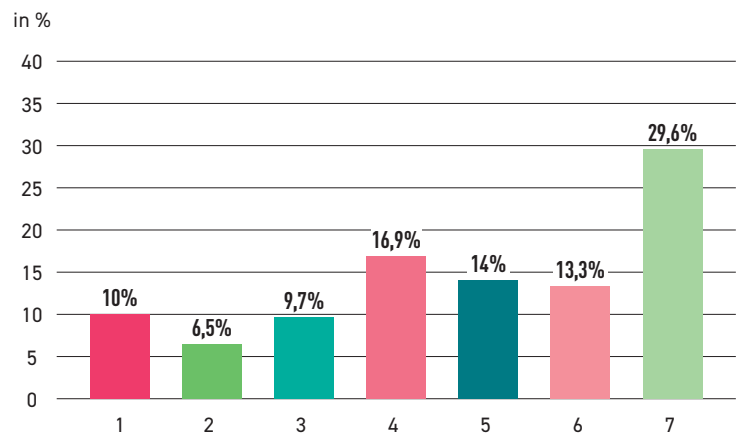
»Providing free content is part of the original purpose of the Internet of spreading information.«



»Advertising companies should pay for online content rather than users.«



»I already pay for public service media, which is why I would never pay for digital journalistic content.«



1 = does not apply at all

7 = completely applies

n = 6.017

2.2 CONTENT: TOPICS, GENRES, AND FORMATS

Matching the needs and usage motives of users with the content provided is a crucial prerequisite for the feasibility of paid content models. Therefore, the various features of digital journalistic content and its influence on the paying intent and willingness to pay of users are examined below.

An analysis of the motive structures revealed specific **needs and/or features** which the respondents to the representative survey associate with the use of digital journalistic services. According to this analysis, digital journalism is primarily used for informational purposes ("staying up-to-date on news") and shaping opinions ("forming an opinion on important topics"). In contrast, escapist functions ("distracting yourself from everyday concerns" and "not having anything better to do") do not seem to have any significant effect. However, this only applies to use and future intention to use. The paying intent cannot be explained to a noteworthy degree through these motives.

Digital journalism is also used and paid for due to its **practical added value**. The firmer the agreement with the statement "I think that digital journalistic content is useful in my everyday life" is, the more likely payment is. In the qualitative focus groups, this functional use was emphasised by various participants. Among other things, they stressed business journalism, which they thought promised tangible advantages due to exclusive information.

"I used to subscribe to the online version of [a stock exchange magazine]. Subscribers get daily WhatsApp messages on their mobiles with forecasts for certain stocks. [...] To subscribe to a service like this, I would have to get exclusive information..." (m, 45 years old, Erfurt, former subscriber)

One participant also underlined that the utility does not have to be of a financial nature.

"It helps me often, too. ... things are announced there really frequently like construction projects and information on the marathon. I think when I add it all up, this newspaper has also saved me a lot of time..." (f, 60 years old, Cologne, subscriber of regional content)

Therefore, both established media companies and journalistic start-ups should review how to integrate this kind of **service journalism** (e.g. as a guide or consultation for making purchasing and life decisions in everyday or professional life) as a component of the overall package they offer.

All things considered, the strongest paying intent was expressed for the business, science, and politics sections. In contrast, the intent to pay is significantly weaker for culture and sports sections. This means that the willingness to pay is primarily seen for traditional **"hard news" topics**. Whether these news have a local/regional focus or a national focus is irrelevant for this willingness. The respondents judge both in the same way, which means that a service's thematic-geographical focus does not have a significant influence of the users' likelihood to pay.

Infobox: Paying for local and regional journalism

The representative survey of German online users has indicated that neither more nor less is paid for regional and local journalism than for national news. As such, this study has not determined a specific significance of the local content on the paying intent or willingness to pay. However, the focus group discussions with subscribers of local and regional journalism have illuminated why payments are made specifically for regional and local news – alongside the general reasons stated (see Section 2.1).

1. The majority of regional subscribers consistently reported that there was simply a **lack of alternatives** for serious, reliable, and in-depth reporting in their regions. Those who are interested in local news just have no other option than to pay for it. One participant summed it up:
“For example, in the Focus app [German weekly news magazine] they also have a section where you can enter your postal code and call up local news. But even that news is too far away [...] That is an issue I don’t have with my current subscription, which is more local.” (m, 29 years old, Erfurt, subscriber of regional content)
2. A specific interest in **local events** was reported often. Participants considered announcements and follow-up reports on these events to be important points of reference.
“You do want to know what is going on around here [...] where there’s a street fair or concert or something. You want to stay informed.” (f, 60 years old, Cologne, subscriber of regional content)
3. There is also a demand for information regarding the **development of one’s own neighbourhood**. The development of new shopping options, stores, and other services in an urban environment (“What is going to happen with a certain building?”) or reports about previously undiscovered places (“Strolls through Erfurt”, stories about daily life) were mentioned as particularly relevant in the discussion panels.
4. Individual participants reported that their families had a relationship across generations to the local newspaper that their parents and grandparents had also read. One participant summarised this **continuity across generations** as follows:
“My parents subscribed to the print version [of a local Cologne newspaper] back in the 80s and 90s, and I am carrying on that tradition digitally.” (m, 36 years old, Cologne, subscriber of regional content)

However, the panels have also shown that local and regional journalism are by no means unrivalled for all participants. A quick overview in the morning as promised by local radio is enough for some people:

“When I am driving to work, I usually listen to the regional Cologne station to get local information.” (f, 45 years old, Cologne, former subscriber)

Official gazettes, local Facebook groups, and even private WhatsApp chats are also considered alternatives. In fact, a participant in one focus group discussion in Erfurt reported that her own friend networks were superior to traditional local journalism both in terms of speed and depth of content:

“... regional news is all well and good. But you hear about what’s happening from friends and that is usually more accurate than some report is ... [Some topics are] passed so quickly through the family [by means of WhatsApp groups] to us – really with videos proving them and everything –, before even being noticed by the media.” (w, 29 years old, Erfurt, former subscriber)

Features on one hand and **traditional news reports** on the other (i.e. *“information, short and sweet”*, m, 57 years old, Erfurt, subscriber of regional content) are the genres for which the respondents were most likely to signal paying intent. Biographies, commentaries, opinion pieces, and satirical pieces are rather unpopular as far as payment is concerned. This demand for typical journalistic genres is likely associated with paying intent for “hard news”. Inasmuch as users are fundamentally willing to pay for journalism, they are most likely to pay for traditional formats such as current news and background reporting on predominantly economic and political topics.

Although niche and special interest content saw a higher paying intent than generalised content, **media products with miscellaneous content** – basically the “grab bag of the newspaper” – continued to be popular. In the representative survey, participants displayed a preference of being significantly more likely to want to pay for a product that pools various topics than for content from just one specific section.

Although there were individual requests expressed during our group discussions for customisation and the option of a modular subscription only to certain parts of a media product, participants at large did find it difficult to limit themselves in terms of content – a **diversified overview** was extremely important to them in a journalistic service:

“... the total package is key.” (f, 60 years old, Cologne, subscriber of regional content)

The results indicate a preference for **pooling a great deal of specific niche content** to create a comprehensive service. For niche content providers or start-ups beginning with specific target groups, it could be an expedient strategy to consider entering into collaborations and pooling a variety of special interest content into aggregates.

With regard to the **possible formats** which journalism can use to reach its users, in the representative survey the lowest willingness to pay was reported for audio content. This is not surprising as generally speaking both traditional radio stations and contemporary podcasts are available free of charge. Paid formats have not taken hold here. However, it should be pointed out that podcasts generate high advertising prices and could be highly effective in boosting customer loyalty.

Multimedia content, which combines various forms of media, enjoys the highest level of paying intent overall, closely followed by the **traditional text-image** format of journalism. Both of these formats exhibit significantly higher paying intent than isolated video or audio formats. The most obvious explanation for this finding from the focus groups is the limited usability of audio and video in everyday life. Mobile use of these formats requires headphones, and much higher data volumes are used. Furthermore, using these formats is “more conspicuous” (e.g. at work).

The paying intent for **print media** was surveyed for comparison purposes. As seen in earlier studies, print media received higher approval ratings than all digital journalism services which were prompted. Print media also performed much better in terms of the amount readers are willing to pay. That means that even among the online users surveyed here, a significantly higher willingness to pay was reported for print newspapers and magazines than for the use of digital journalism in an app, browser, or e-paper.

These findings correspond to a series of available studies – both with regard to media products in general and specifically referring to journalistic content. The “mere ownership effect” is often specified as the underlying explanation for this trend. In essence, this effect says that people evaluate objects more positively when they have physical power of disposal over them. In line with this effect, physical items (compared to virtual or digital goods) play a key role because it is easier to establish an emotional relationship to material goods. Furthermore, physical goods can act as status symbols and thus fulfil a social identity function.

During the focus group discussions, the debate repeatedly looped back to the **advantages and disadvantages of print media vs. digital media**. Among other things, arguments were made that traditional newspapers allow for better navigation and orientation, their physical presence reminds you to read them, they have their own special feel, and readers are more likely to bump into unexpected topics they had not been consciously looking for. In contrast, something often comes up and prevents users from using digital services:

“You see it every day on your phone screen or on the iPad, but my goodness, most of the time you have something else, you want to write an email or something – oh, you’ll just check it out later when you’re at home on the couch. Yeah, and then something else comes up.” (f, 45 years old, Cologne, former subscriber).

The findings of the studies emphasise that some aspects of the world of journalism are not yet as digital as expected based on industry discussions.

In practice, though, digital and physical media are not exclusive. For example, this can mean that **extracting certain pieces of content** and offering it in a print version could represent a lucrative earnings model for the providers of

originally digital journalistic content. Printed products could also assume a distinctive role here, for example as coffee table magazines or in public:

"When I am sitting on the train and reading [the printed] ,Die Zeit' newspaper, it's definitely something different [than the tabloid ,Express'..." (m, 54 years old, Cologne, former subscriber)

Print issues could also constitute an exclusive service for paying subscribers for which non-subscribers would have to pay.

2.3 Payment

The representative survey indicates a clear preference for the **payment model of platforms** which compile content from various digital journalism publishers and offer it at a fixed monthly rate. The respondents report the highest likelihood of payment for this model. They are probably familiar with this model from other media markets, primarily from the music (*Spotify, Apple Music*) or film industry (*Netflix, Amazon Prime Video*). 28 percent of participants in the representative survey report subscribing to a music streaming service, while 45 percent pay for video streaming.

This finding is substantiated by the fact that the journalism platform *Steady*, which was prompted as an example for a **payment method**, receives an above-average rating from those respondents who had heard of it. *Steady* allows media providers to sell subscriptions (memberships) for their services via a central billing system. This means that users have the option of paying for numerous different media services on just one platform. The popularity of *Steady* underlines the appeal of the platform model among users, as well as of the simple payment method with low transaction costs. *PayPal* was in second place behind *Steady*, followed at some distance by credit card and bank transfer.

At the same time, though, platforms like *Netflix* and *Spotify* apparently set standards and establish certain expectations from users regarding content, ease of use, pricing, and contract terms. It is plausible that the respondents are hoping for a "*Netflix* for journalism" at a price comparable to the music and film services which they are familiar with.

Although the in-depth focus group discussions indicated that €10 per month for unlimited access to a platform for journalism was generally seen as appropriate or acceptable, reservations were still voiced. One participant summarised the standards applied by users when they rate journalism platforms:

"€10 does seem excessive when you compare it to Netflix and Spotify. For example, with Netflix, more work goes into making a film than writing an article. That's why I think it is pretty expensive when you compare it. [...] €10 for all kinds of music, €10 for quite a lot of films, and €10 for a limited number of articles... somehow that seems excessive." (m, 27 years old, Cologne, subscriber of regional content)

Even beyond the price, the participants of the focus groups unanimously expected the same **contract terms** as from the major platforms. These include introductory or trial offers (e.g. a free trial month), cancellation periods of one month or less, the option of sharing the account with several users or within a family and payment suspension during holidays if necessary.

In particular in light of the cancellation periods, participants of the focus groups would appreciate greater self-confidence from publishers:

"You automatically subscribe for twelve months, which is a horrible business practice since it shows that the publisher isn't confident enough to say: "Hey, what we provide is good and our customers will remain loyal." Instead, it's "I'll force them to stay." That isn't very reassuring." (m, 26 years old, Cologne, former subscriber)

When establishing platform and subscription models in journalism, it is particularly important for media companies to consider these viewpoints.

In addition, to measure the **willingness to pay and price sensitivity** among users, price expectations were determined for existing digital journalistic services. Based on the calculation of acceptable price ranges (within the framework of the Van Wesentdorp price analysis, see the methodology section for a more detailed explanation), in the survey

situation for real media products, price ranges range from approximately €3 to a maximum of €14, and they nearly always remain below €10. These monthly flat fees could motivate the majority of those who are at all willing to pay for journalism to subscribe. Nevertheless, they are considerably cheaper than the real, non-discounted prices charged for example for the digital subscriptions to *SPIEGEL* (€19.99) or the *Süddeutsche Zeitung* (€36.99)

These findings are a marked contrast to the American market, where even the monthly fees for prominent media brands like *The New York Times* or *The Washington Post* translate to around €15. The fact that most of the determined price ranges fall below €10 for the platform model with a flat rate fee is not surprising in light of the above.

The **purchase of individual articles** is the least attractive purchase form on average for the respondents. The (technical) effort and unwieldiness when doing so were emphasised as reasons in the group discussions. However, the purchase of individual articles remains common, especially for consumer guidance. During the discussions, some participants reported buying individual articles as warranted from *Stiftung Warentest* (a consumer organisation) or medical journals.

Although digital **subscriptions**, which a majority of media companies rely on today, did score better than the sale of individual articles, it came in behind the platform model and the voluntary contribution model for digital journalism, which is likely popular mainly due to its voluntary nature. At the same time, this latter payment method can also be promising for certain services, since it addresses a sense of social responsibility. For example, these represent relevant revenue streams for *The Guardian* and the German *taz*.

How do respondents end up with subscriptions anyway? The findings of the representative study and qualitative focus groups suggest that various factors are decisive for the **subscription process**:

1. Rather than just giving rise to frustrating experiences, **paywalls** are actually effective in converting users into subscribers. The focus groups showed that many paying subscribers only came to subscribe because of articles being shortened to a few lines or a teaser.
2. Concrete **incentives** such as limited-time discounts, the participation in quizzes/lotteries/puzzles, or presale options for concert or sporting event tickets help acquire subscribers.
3. The higher the **quality awareness** reported by respondents in the representative survey was for a journalistic service, the more willing respondents were to pay for content. Agreement with the statement "I am able to evaluate the quality of digital journalistic content well before using it" is in clear correlation with the willingness to pay. Those respondents who are confident in their ability to assess quality in advance are more willing to pay for content than those who are not. This finding underlines the importance of trials, introductory subscriptions, and article abstracts.

The respondents were strongly dismissive in their **attitude towards online advertising**. They predominantly considered it to be "annoying", with 28 percent (which was the largest group) even "completely" agreeing with this assessment. This opinion was substantiated during the focus group discussions. "Annoying" aspects of advertising included its obtrusiveness, the valuable space it takes up on the smartphone screen, the fact that it reminds you of things you have already handled because of retargeting (repeatedly addressing consumers with the same advertising), and – in the view of some respondents – its risk of fundamentally damaging the integrity of a medium:

"It ends up looking like an online gambling site." (m, 29 years old, Erfurt, regional subscriber)

Nevertheless, advertising is accepted by the majority of non-subscribers "for better or worse":

"I put up with it. It's obvious that people have to be paid. Clearly that is covered by advertising if I am not willing to pay for it myself." (m, 32 years old, Cologne, not a subscriber)

On the contrary, a noticeable reduction in ads or an environment completely free of advertising is expected for paid content. One participant sharply pointed out:

"We're talking about serious journalism. But as we all know: Advertising lies. That doesn't sync up for me." (m, 47 years old, Cologne, subscriber)

The participants of the focus groups saw an opportunity in offering special subscription versions with advertising at discounted prices. The quality of the advertising content – with regard to both the disruption and the relevance of the content – plays an important role in determining reactance to advertising.

3. PAID CONTENT STRATEGIES: RECOMMENDATIONS FOR MEDIA COMPANIES AND START-UPS

On the basis of the reported key results, some practical implications and specific approaches for the development of paid content strategies by media companies and start-ups are examined in the following. Furthermore, recommendations and proposals for innovation are presented.

Implication 1: Platforms as a future model? – Pooling resources and joining forces

Findings	<ul style="list-style-type: none"> • Platforms are the most popular payment model • Consumers want a media menu of various services and mixed content (→ positive evaluation of the platform <i>Steady</i> if the respondent was aware of it) • Familiarisation with flat rate models from other industries • Current prices for digital journalism are too high
Recommendations	<ul style="list-style-type: none"> • Create “one-stop shops” such as <i>Steady</i>, <i>Readly</i>, as well as the pooling of niche content like <i>RiffReporter</i> • Collaborate to create platforms from and for the media industry to prevent dominant market positions by companies from outside the industry • Lower prices to approximately €10 per month (like <i>F+</i>)
Need for innovation	<ul style="list-style-type: none"> • Facilitate open innovation and collaboration with competitors relating to distribution platforms

Implication 2: Improve curation, customisation, and quality assessment – make the customer’s life (and purchase) easier

Findings	<ul style="list-style-type: none"> • Users evidently feel overwhelmed by the diversity of digital content and are looking for orientation • Professional curation is appreciated, reduces searching effort, lets readers bump into unfamiliar yet interesting content, and guarantees the most important news is provided • Commenting functions are perceived as arduous and distracting by many readers • Strong positive correlation between quality assessment options before consumption and paying intent • Paying for digital subscriptions is often seen as risk or “buying a pig in a poke”
Recommendations	<ul style="list-style-type: none"> • Invest in curation and (algorithmic) customisation • If a commenting function is offered, ensure it is moderated and structured • Create possibilities to evaluate quality and build confidence such as trial subscriptions, short cancellation periods, abstracts, teasers, communication of journalistic methods
Need for innovation	<ul style="list-style-type: none"> • Anchor greater candour and transparency towards users in the media organisation’s culture

Implication 3: Uniqueness due to a dead in knowledge – Strengthen service journalism

Findings	<ul style="list-style-type: none">• High significance of service or consumer guidance journalism for paying intent• Relatively high level of perceived interchangeability of digital journalistic services
Recommendations	<ul style="list-style-type: none">• Establish consumer guidance and help functions for specific niches (business, financial management, stock market, consumer issues, orientation in everyday life, etc.)• Pool service journalism with other content to create more valuable packages (recipients also like to use other content but are particularly willing to pay for utility information)• Prevent interchangeability and create unique attributes which are difficult to copy
Need for innovation	<ul style="list-style-type: none">• Collaborations and partnerships of established media, start-ups, and individual journalists (“piggyback” strategy) to create attractive offers

Implication 4: Enhancing advertising quality and offering a product version without advertisements

Findings	<ul style="list-style-type: none">• Many see advertising as an annoyance• Relevant advertising content is considered valuable
Recommendations	<ul style="list-style-type: none">• Offer a product version without advertisements (consideration: value of a contact for the advertising market vs. willingness to pay for an ad free version)• Increase advertising quality with less obtrusive advertisements, better customisation, and more informative/entertaining editing (e.g. advertorials), use “more intelligent” advertising
Subsequent research	<ul style="list-style-type: none">• Empirically estimate the value of a contact for the advertising market vs. willingness to pay for a version without advertisements• Systematically explore consumer reactions to various forms of digital advertising (including sponsorships)
Need for innovation	<ul style="list-style-type: none">• Practical experiments with various forms of advertising, e.g. A/B testing, also measuring effects on credibility

Implication 5: Highlighting the social relevance of journalism

Findings	<ul style="list-style-type: none">• The majority of people is fundamentally (very) appreciative of journalism• Paying intent and willingness to pay do not have to arise just from the content itself, they can also come from the satisfaction of other needs and motivations, e.g. social responsibility or philanthropy
Recommendations	<ul style="list-style-type: none">• Emphasise the social relevance of digital journalism more strongly• Review the feasibility of voluntary payments (contributions)• Invest in marketing
Need for innovation	<ul style="list-style-type: none">• Derivation and development of specific products and services which can fulfil customer needs and payment motives beyond simple media usage motives

Implication 6: Print journalism as a tool to open doors and build identities

Findings	<ul style="list-style-type: none">• Higher paying intent and willingness to pay for print products compared to all digital alternatives• Focus groups report on numerous advantages of print services over digital services• Significantly lower manifestation of the “freebie culture” and habit of paying• Preference of self-contained products over “news oversaturation”
Recommendations	<ul style="list-style-type: none">• Enter the market by means of print by launching print products at the same time/first (cf. <i>BILD</i> Politik, <i>F.A.Z. Quarterly</i>, <i>SZ Langstrecke</i>, etc).• Extract “best of” content in the form of coffee table formats: these stir identification, ensure higher appreciation of the brand among customers (mere ownership effect) and fulfil a distinctive social role, which digital products cannot do in this way
Need for innovation	<ul style="list-style-type: none">• Experiment with print issues potentially as a service offered across various providers (e.g. joint quarterly print product from several providers)

4. RESEARCH DESIGN

In order to answer the research question, two interlocking studies were conducted: one representative, quantitative online survey of German online users and qualitative group interviews with representatives of particularly interesting sub-populations. The methodology for data collection and analysis is described in the following.

Methodical approach of the quantitative study

The objective of the quantitative survey was to draw a picture of consumer attitudes on digital journalism which is as comprehensive as possible and representative for German online users, as well as of the current media usage and purchase behaviour of this target group.

For this purpose, *respondi* – a professional panel provider – was hired to conduct a large (n = 6,017) standardised online survey.

The questionnaire which was developed for the study has a total of three sections.

In Section A, all of the participants were posed the same questions relating to their social demographics (age, gender, income, education, size of their city of residence, state), underlying attitudes (about digital journalism, mass media, technology acceptance), content-related interests, personality characteristics, media use, and media budget.

In Section B, 1,000 subjects were each asked about one of six central variables relating to economic success. These comprised paying intent, use behaviour, purchase intention, usage, intention to use, and attitude. In this context, various aspects of media services were prompted one after the other individually in a random order: Section (Politics, Business, Culture, Science, Sports, Miscellaneous), specificity (“General Interest”, “Special Interest”), genre (features, news reports, commentary/opinion pieces, interviews, biographies, satire), locality (local/regional, national), medium (text and images, audio, video, multimedia), interactivity (with/without community), digitality (print, browser, app, e-paper), payment models (individual article, subscription, platform, donation), means of payment (PayPal, bank transfer, credit card, *Steady*), advertising (with/without), and investigative journalism.

In experimental Section C, the subjects were asked to imagine one of a total of 111 systematically varied – mostly fictional– journalistic products and in turn answer questions about the dependent variables described above. Accordingly, each group size was between 49 and 62 people. In addition, the willingness to pay was determined using the Van Westendorp method. In doing so, a total of four price points were prompted to yield recommended price ranges with the intention of approaching the real willingness to pay for various digital journalistic products.

Sections A and B are representative of the German online population with regards to age, gender, income, education, and state. Distribution into groups was random for Section C.

Methodical approach of the qualitative study

Qualitative group discussions supplemented the representative survey with detailed insight into the identified user segments and their lives. In contrast to the standardised study, the focus groups had the objective of revealing and understanding ingrained and sometimes unconscious attitudes, opinions, and motives for paying or not paying for digital journalism. Interaction effects were intentionally initiated within the groups to encourage various types of argumentation and a creative and constructive brainstorming among the participants.

One of the targets of the group discussions was to delve into particularly interesting results from the representative survey using everyday examples and visualisations of the participants (“zoom function”). Another target was obtaining user tips for the optimisation of paid content strategies in journalism. In the interview situation, expectations and requirements were specifically elicited together with the participants to increase the willingness to pay for media products or trigger this willingness in the first place.

For this purpose, eight interview groups were compiled, each with between five and eight participants. Each of these approximately 90-minute discussions took place in April 2019 in Erfurt (Thuringia, Germany) and Cologne (North Rhine-Westphalia, Germany). All participants used digital journalism at least “several times a week”.

The participants were selected to ensure that they as a group represent a specific segment of users. Four different groups were set up and filled with men and women as equally as possible to achieve an appropriate degree of saturation – reflected once at the Erfurt location and once in Cologne: 1. subscribers, 2. subscribers, specifically of regional and local journalism, 3. non-subscribers, 4. former subscribers.

A total of 55 people took part in the focus groups, and they received compensation for participating. The interviews were conducted in a studio suitable for focus groups at each of the two locations. The participants were recruited by two professional market research companies.

The results were based on around twelve hours of audio and video recordings which were transcribed, completely anonymised, and analysed using software.

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