Monetization of News

Jody L. DeRidder | Feb. 3, 2017 | Reynolds Journalism Institute

Monetization of News

In the face of decreasing revenues and increasing costs, news agencies everywhere are exploring creative methods of extracting more funding from their products. Some methods are more suitable to larger organizations and others to smaller ones; each one has drawbacks, and for many, they are a gamble. However, some of these gambles have become viable revenue streams that can make the difference between closing down and staying afloat.

Market the Morgue

Most newspaper agencies have a long history of keeping morgues of older content, which may be leveraged to bring in new income. Unfortunately, new methods of monetization often require re-structuring the information, whether new or old, to provide access at different levels of granularity, a task which often requires the skills and expertise of tech-savvy librarians. PDFs may need to be subdivided into separate articles, for example, and described with external metadata that supports search and retrieval. Images may need to be described from different potential perspectives, to enable reuse in multiple venues. Audio and video may need to be reviewed and portioned out in clips with targeted descriptions and rights information. A growing wealth of digital content needs to be organized for retrieval, often into new systems as legacy ones prove incapable of meeting current needs.

Aggregator venues may assist in this work. Larger news organizations often contract with agencies such as LexisNexis, ProQuest and NewsBank to provide a variety of usage model subscriptions to libraries and researchers. ProQuest, for example, offers abstracting, indexing and metadata en-richment. Smaller publishers may seek the services of aggregators such as Newspapers.com, which includes services such as collecting metadata on pages to create an improved user experience. User browse and search options are free, but subscription services provide full access to the content (Yang, "Monetize Your Archive," Editor & Publisher, 11/12/2013. The downside to using this aggre-gator, at least, is that all rights to the content are perpetually granted to the vendor, which may ham-per monetization elsewhere (see Ancestry.com "Terms and Conditions"). Another form of aggrega-tion is exemplified by NewsCred, which provides content marketing to advertisers and others, who can then use licensed material to influence their customer base. News organizations retain the rights to their content and sales income returns to the source. Services depend on the package selected, and pricing starts at over 35K annually plus a one-time fee. What other downsides are there? Ag-gregators benefit twice as much as the news agency, said Arnon Mishkin, a partner with the Mitchell Madison Group, a media-consulting firm, when reporting on their traffic study for several aggrega-tion sites (Jennifer Saba, "Content and Its Discontents," Editor & Publisher, Oct. 2009).

Separating content by format can provide other options for monetization. For example, in exchange for the physical prints, Historic Images (which sells stock photography) offers a variety of services, including metadata tagging, captioning, digitization and transport, as well as a variety of revenue sharing opportunities. For audio content, the PopUp Archive seeks to build a fully searchable sound archive from journalists, media organization and oral historians. Their services will automatically transcribe and tag audio files, and provide an online interface that enables submitters to modify the

results. Prices range from free (for a single hour of processing per month) to enterprise level; like Newspapers.com, submission of content requires provision of non-exclusive rights to the material. Videos may be made salable via services such as BrightCove, which offers a suite of services designed for delivery and monetization across a wide variety of devices, with the price tag again including perpetual rights to the content.

Target Niche Audiences

Developing unique print content targeted to specific audiences can be a very productive approach. Existing content can be repurposed to create books, such as the New York Times cookbooks series, Harvard Business Review's Must Reads or local anniversary event volumes, to note centennials. Other forms of print can be lucrative as well. In 2008, the Wall Street Journal launched WSG Magazine, which reaches a global audience of 3.5 million (Nu Yang, "5 Top Revenue Strategies," Editor & Publisher, August 2013). Yang also described how Star Media increased their revenue in the fashion and beauty market four to five times, by re-launching The Kit magazine, inserting printed copies weekly in select newspapers. Community engagement can build loyal followers, and can take various forms. In the UK, The Guardian opened a London coffee shop that provides free WiFi and tablet access for browsing their latest news. The Arkansas Democrat-Gazette in Little Rock has been producing a bridal expo for 17 years, which builds their brand and provides advertisers and vendors new opportunities. Tabitha Cunningham says that in the past 6 years, revenue has grown by 200 percent (Yang, "5 Top Revenue Strategies," 2013).

Go Digital

Want to go digital, but can't manage the infrastructure in house? Zope claims to be the leading provider of turnkey, hosted content management for small to medium newspapers. Featured add-ons include federated search, classifieds, and citizen journalism options. In an example from their case studies, Zope tailored their feed architecture to transfer content from disparate feeds into Boston.com's content management system, normalizing the incoming content and adding rich metadata.

What about the costs of providing support for mobile apps and mobile devices? According to Yang ("5 Top Revenue Strategies," Editor & Publisher, Aug. 2013), in 2013 50% of newspapers were charging for content on Apple iPad and 42% on iPhone; but were at that point only charging for 15% of content on Android devices. As more and more consumers depend on hand-held browsers, charging extra to provide content formatted for those devices may prove fatal. Instead, advertising can be customized to the device, and the extended readership available via mobile apps could make all the difference. Dallas Morning News originally charged $1.99 for their app SportsDayHS, which focuses on high school games, weekly rankings, and more, but now it's free. According to Tim Sohn ("Making Money the Mobile Way," Editor & Publisher, Sept 2014) sponsors pay $700,000 annually. To reach more consumers – particularly the key younger demographic – these mobile apps may be critical. Scientific American, for example, offers apps for iPad, iPhone and Android. In 2013, La Presse launched a free iPad app, which has been installed on more than 400,000 iPads and boasts more than 300,000 users each week. According to Chris Powell ("Outside Outside the wall: Why one media company broke ranks," Marketing Magazine 119:1, Jan/Feb 2014), almost 70% of La La Presse+'s audience like the iPad-customized advertising experience. The average user session lasts more than 30 minutes on weekdays, and over an hour on weekends, and Powell says this outreach to the younger demographic has not impacted the publication's existing older readership on their primary site. Such mobile apps can then become a venue for other methods of monetization, known as mobile commerce, or mCommerce. For example, Amazon will pay publishers a commission on books and other products sold through their apps.

How widespread is mobile use? In September 2014, Nielson stated that in the US, 71% own a smartphone; for those in the 18-24 demographic, penetration topped 85% ("Mobile Millennials", 9/4/2014, Nielson.com.
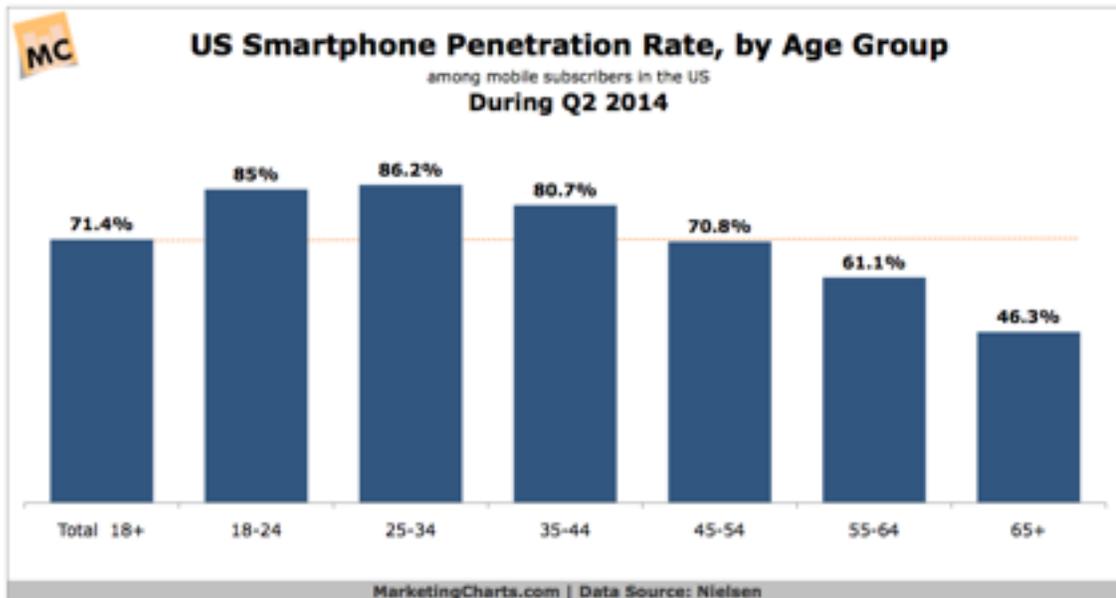
Figure 1 Smartphone Penetration by Age Group, from MarketingCharts.
http://www.marketingcharts.com/online/smartphone-penetration-rate-by-age-group-in-q2-45774/

Make It Visual

Images capture attention and communicate large quantities of information very quickly. Slideshow galleries have become common, particularly in real estate, images of disasters, and survey results, such as topical "top ten" type carousels, such as "America's Best Cities for Young Professionals" (Erin Carlyle, Forbes, 8/18/2014). User engagement may be maximized by increasing the emotional impact of the content and limiting the length of the slideshow. Infographics, which have captured attention for years, can be made interactive in the digital realm, increasing the amount of information communicated and increasing engagement. The power of this venue is dependent upon the quality of the content and careful development that targets the intended audience. For example, Clear Vision Information Systems developed an award-winning infographic on healthcare for older Americans that avoids technical jargon and uses visuals to convey complex information (BusinessWire, May 21, 2014). Companies such as Avalaunch Media and Info Graphic World (which top the list in "Best Infographic Design Agencies Ranked by topseos.com for July 2014," PRWeb Newswire, July 12, 2014) offer a variety of infographic services for both web and tablet use.

Of all the visual options, the hottest is video. The digital video audience in the U.S. is expected to grow from 70.8% today to 76.9% of all internet users by 2016, according to SendtoNews CEO Greg Bobolo ("6 Video Trends to Watch in 2014,"in Editor & Publisher, May 2014). In July, eMarketer reported that mobile video advertising is expected to quadruple from 1.44 billion in 2014 to 5.44 billion in 2018 (Will Richmond, July 1, 2014 in Video Nuze IQ). Mobile video ads, which now make up 25% of total online video ads, could take more than 44% of the market in 2018 (Tim Sohn, "Making Money the Mobile Way," Editor & Publisher, Sept. 2014).

Top Smartphone Activities, by Generation

% of smartphone owners who engage in activity during a typical week

July 2014

	Millennials (18-34)	Gen Xers (35-49)	Boomers (50-69)	Silents (70+)
Talk	92%	92%	92%	91%
Text	91%	92%	92%	94%
Mobile browsing	89%	90%	87%	84%
Email	82%	83%	80%	83%
Social networking	74%	69%	67%	58%
Download apps	63%	63%	60%	65%
Camera	54%	50%	50%	56%
Play games	52%	49%	50%	53%
Watch video	46%	39%	32%	33%
GPS	43%	40%	34%	35%
Listen to music	35%	30%	27%	31%
IM/chat	27%	26%	23%	19%
Read news	18%	17%	15%	13%

MARKETINGCHARTS.COM

Source: Experian Marketing Services

Figure 2 Top Smartphone Activities, by Generation, by Experian Marketing Services. http://www.marketingcharts.com/online/top-smart-phone-activities-by-generation-43690/

According to Experian Marketing Services, Top Smartphone Activities, by Generation (July 2014) shows that 18% or less used their smartphones to read news, but up to 46% were watching videos. And a study of 470 consumers for a month ending in January 2014 showed that 62% of smartphone users were getting news alerts on their devices (2014 Mobile Behavior Report, salesforce.com). Combining video with news is likely to be a winning combination.

How would one do that? Nu Yang shared a number of options in Editor & Publisher ("Lights, Camera, Action!" May 2014). Mobile video publishing platform Tout already enables journalists from hundreds of newspaper publishers to capture videos on tablets or smartphones, complemented by real-time analytics and social sharing capabilities. Want to share sports highlights? SendtoNews offers video content to papers from more than 70 sports organizations, offering 40% revenue to publishers. Not into sports? For a flat rate, Bluefin Media provides video content through four verticals: gossip, fashion, food and fitness, allowing publishers to fill in with their own advertisers.

And then there's just straight advertising. According to Tout CEO Michael Downing in Yang's article, pre-roll video ads sell for up to 20 times the cost per impression (CPM) of display ads, and local advertisers may pay even more. Tout advises that video can massively increase the effectiveness of real-estate ads and help wanted ads; for the latter, he's seen a 70-80% take-on rate. Advertisers will also pay for sponsorship placement of ads near related content. What if you only have print or online ads? In less than 48 hours, Digital Media Communications can transform those into 30- and 40 second ad videos featuring voiceovers and music, and will provide a widget that enables a paper's website to run up to 150 videos at a time.

Consider Paywalls

A variety of paywall strategies are already in use. A "hard" paywall provides no access without sub-

scription, and a soft or "metered" paywall provides access to a number of articles before requiring subscription. The ability to promote content socially is a very important part of visibility, thus hard (closed) paywalls are not feasible unless the newspaper already has a broad audience and well-respected brand. Yet even The New York Times has shifted in the past few months to a metered paywall, providing access to 10 free articles each calendar month, and then requiring subscription.

Several major news agencies are using a two-website model, with a freemium or "combination" pay wall (some articles are free, but access to premium content has a price). One example of this is Boston.com (focusing on breaking news and shorter information) and Bostonglobe.com for more in-depth, analytical reporting. Similarly, the Dallas Morning News has a free site with ads, and a premium site with more appealing design and no advertising. Other two-site papers include the Florida Times-Union, the San Francisco Chronicle and The Atlanta Journal-Constitution.

Despite the work involved to separate the content and host two sites, this approach seems to be very successful. Like most of these agencies, the Atlanta Journal-Constitution (MyAJC.com) provides subscriptions, a responsive-design Web portal including all articles from the free AJC.com plus investigative and in-depth stories. According to Dena Levitz in "How is the two-website paid model faring for newspapers?" Newspaper Association of America (Oct. 24, 2013), AJC's sell-through rate for advertising is almost 90%, making it one of the highest-grossing free sites in the country.

A weakness of the subscription model is that consumers normally gather content from a variety of sources depending on the content desired ("Next," Pew Research Center, 2010). If the news agency is not a source the consumer regularly uses, paying a subscription is not practical or desirable. One response to this problem is the "freemium" model, in which free access is provided at first, followed by pay per article (such as Blendle). Blendle, which launched in April 2014 on the Dutch market, already had 135,000 subscribers in the first six months, and in late October gained the support of the New York Times and Axel Springer (Paywall Watch, 10/27/2014). Consumers register and are provided with a certain amount of credit, which can be used to cherry-pick articles; purchases come with a full refund guarantee. This approach may be most useful in smaller markets where news content is unique, and cannot be found elsewhere (Filloux, Nov. 2, 2014 in Monday Note).

Paywall models that incentivize readers are showing promise, according to Hayes and Graybeal (in "Synergizing Traditional Media and the Social Web for Monetization: a modified media micropayment model," Journal of Media Business Studies 8(2): 19-44 (2011)). For example, a reader could earn points by looking at a number of ads or by sharing links to content via social media, and those points can be cashed in for access to more content for free. If referred users can access articles on a "freemium basis," or for a micropayment via a central banking mechanism such as PayPal, new audiences can be reached via social networking. The viability of an incentive approach has not yet been documented for news agencies. Social feedback may be incentive enough. Newspaper.com, for example, supports sharing of clippings. Thus far the only incentive seems to be that of users attracting followers.

Finally, news content can be provided freely, leaving the agency dependent on advertising for support. Advertising may result from banner advertising, affiliate advertising, cash flow from steering traffic to other websites, or from direct sales. Success in this method is dependent upon high volume consumer access to land premium ads, and hence is primarily only still in use by major television companies such as CBS News.

Be Strategic

Selecting the best strategies means understanding your audience, and the differences in the audience segments. What the customer values and is willing to pay should drive news agency choices. Digital has the benefit of allowing experimentation with topical areas, tiered subscriptions, and new formats As news agencies expand their capabilities to meet the needs of a variety of digital outlets, the challenges of keeping that content viable for the long term grows. A dizzying array of formats and media already are obsolete and inaccessible, due to constantly changing software and hardware, and new file types continue to evolve. To leverage older news for new uses, content needs to be managed for long term access: older file types and media may need to be migrated to newer forms. Morgue

content also needs to be protected, as digital content is inherently fragile and susceptible to bit rot, and inadvertent or intentional modification. To protect their investments and ensure the ability to continually access and sell their valuable products, news organizations are beginning to realize the necessity of digital preservation.

One pro-active approach is the Journalism Digital News Archive (JDNA), which seeks to establish a sustainable model for preservation of digital news content, including material from small and minority news sources. Their model uses IRE's DocumentCloud news research platform to ingest and process digital content in PDF form, and to identify entities and tag content for organizing, annotating, sharing and publishing. The content can be made available only to the uploading agency, to specific groups, or to anyone. According to Edward McCain in the Knights News Challenge for Libraries (Sept. 30, 2014, http://kng.ht/1rChwYG), JDNA plans to copy the content into a digital preservation environment for support of long term access. User experience research will guide development of a customized interface for access, and subscriptions will be offered at competitive rates. The revenue will cover the costs of operating the preservation, management and access systems, and participating news organizations will get a share of the profits. This novel approach ensures long term access and will use a market-based solutions employing long-tail business models coupled with sophisticated information technology.

Monetization methods chosen by news organizations need to be accompanied by strategic planning to enable monetization of the same – and new -- content in the future. With careful planning and preparation, digital news can last, and provide viable revenue streams for many years to come.