

Advantages and disadvantages of internet and newspaper advertising



Last July, all of News Corporations' UK - News of the World, The Times and The Sun - have been put behind paywalls. Putting up a paywall means that in order to access a paper's content online, one will have to subscribe to it for a fee. The Wall Street Journal conducted such initiative about more than 10 years ago and the New York Times established its new paywall since this year. Apart from online newspapers, a number of magazines such as the Economist and Harper's have been doing this for a long time.

Given the fact that one basic rule in the times of world wide web is to encourage to provide users with free information, it seems to be strange for those media conglomerates to disobey such rule and to put their online information behind the paywall. So the question is what are the advantages and disadvantages of such practice? In other words, this essay would examine what economic and social impacts the change would give rise to on the traditional way and whether these impacts are beneficial, harmful or still uncertain to judge.

In the first part of the essay, the industry background would be introduced to show how newspaper industry were suffering from in the last few years and how internet affects the traditional way of reading news. Then, in the second part, some advantages and disadvantages concerning revenue issues, moral debate of journalism and isolation of the websites behind paywall would be examined. The last couple of years have been difficult for the newspaper industry, at least for most of the western countries.

Print newspaper circulation figures have been falling steadily for more than a few years, and so has newspaper ad revenue, as a direct result of this.

According to the statistics, between 2005 and 2009 the average circulation <https://assignbuster.com/advantages-and-disadvantages-of-internet-and-newspaper-advertising/>

in North America fell by 11% and in Europe by 8%. Between 2007 and 2009 newspaper revenues in France fell by 4%, in Germany by 10%, in Britain by 21% and in America by 30%. Some people would blame the loss simply on economic recession or the emergence of websites such as Craigslist, a network of classified-advertising websites that is mostly free to use.

But the problem lies much deeper than that and the issues is with journalism itself, and how it fits into the world today, with information being so freely available on the Internet. Just as Isaacson, a former managing editor of TIME, rightly points out that there is a striking and somewhat odd fact about this crisis, with newspapers having more readers than ever but fewer of these consumers are paying. According to a Pew Research Center study in 2010, more people in the U.

S. got their news online for free than paid for it. However, the rationale underlying the situation is simple: For consumers, why buy a hard copy of newspaper when you can read it online for free? Newspapers have realised that this is an issue, and so one straightforward solution is to charge for access to newspapers online too, that is to establish a paywall, where you would pay for a digital copy of a newspaper, just as you'll pay for a hard copy.

Newspapers adopting the initiatives range from world high profile ones such as The Times of London, The New York Times, The Wall Street Journal and the Financial Times to local ones such as the Boston Globe, The Newsday, the Valley Morning Star and etc. However news organizations have implemented such paywall systems in different gradation.

For instance, the Times of London, a UK newspaper owned by News Corporation adopt a ‘hard’ paywall that visitors are not allowed to have access to any of the content without first paying; another way, which is adopted by the Wall Street Journal is to show some of the site for free and put more valuable contents behind a paywall; and the method adopted by the Financial Times and the New York Times is to introduce a metered system, which gives you a certain number of free stories in a given period of time, but after that you need to become a paid subscriber.

Adopting such changes, it can be argued that the news organizations would create a new source of revenue in order to offset the loss in world surrounded by free information today. Traditionally, newspapers and magazines have had three revenue sources: newsstand sales, subscriptions for printed copies and advertising (both from printed and online). Establishing the paywall system, thus give rise to a new source of revenue from subscriptions for online version.

Take the Wall Street Journal as an example, as the one of the first news organizations to implement the ‘new’ business model, it is recognized as a success. Starting from 1997, when introduced a paywall charging \$50 a year for unlimited access to WSJ. com (although some of the contents are still free to the casual visitors), the site had attracted more than 1 million subscribers. However, on the other side of the coin, the paywall system does not always have the positive impact on the revenue.

The WSJ’s success is partly owed to its strong brand and its “niche” elements that offer high value-added news, especially business information for limited audiences. Therefore, for other general news provider, the <https://assignbuster.com/advantages-and-disadvantages-of-internet-and-newspaper-advertising/>

problem is that there are plenty of alternative news sources online with free access, such as Yahoo. If some newspapers charge for access to content while others don't, for example, it is not difficult to realise that the newspapers which do introduce paywalls potentially would lose a lot of readers.

A typical instance is that the Times of London lost its 90 per cent of Traffic within less than three weeks after adopting the paywall. Similarly, when the Valley Morning Star, a small local newspaper in Harlingen, Texas, U. S. set up the paywall system, a 40% decline in traffic has been observed. Moreover, the new subscribers that came in cannot offset the loss of advertising income as a result of huge decline of the traffic.

Even in the case of the Wall Street Journal, according to the data, there had been decline in traffic, but with the support of increasing number of digital subscribers the practice still has a positive impact. In this sense, the questions arise as to whether the money received from payment for access to content by a smaller group of people (inevitably readership will be slashed if paywalls are introduced) will be more than the ad revenue newspapers receive now, which is dependent upon its current and larger readership.

In other words, the uncertainty underlying the ad revenue and money from payment exists, and thus it is unreasonable to make a radical argument whether introducing paywall system would bring about advantages or disadvantages to the organization's future. But it can be argued that change is inevitable in the contemporary diversified world. In order to attract or win the audiences, the individual news organization should firstly find its own

competence and let the audience to recognize and be willing to pay for the value of the news.

In other words, in a news world saturated with social media platforms, news, flashes, reports and updates seem to have become a free commodity. Thus, it is the unique feature stories, expert analysis or opinion, exclusives and Media-Rich storytelling that have the possibility for consumers to pay for. Whereas the economic aspect of introducing paywall, as argued at the beginning, is crucial, it is not all about ' money'. Another advantage of paid-for-news sites is that the news organization could get rid of the current business model that relies too much on the advertisements.

Although free flow of information, which is mostly sponsored by advertisements, is the essence of the web, it seems that it is not an authentic path for the development of online journalism. As Henry Luce, a co-founder of TIME, argues that the current business formula is a " morally abhorrent" one because he believed that good journalism required that a publication's primary duty be to its readers, not to its advertisers. In other words, it can be argued that in an advertising-only revenue model, the incentive is perverse.

Isaacson, who shares a similar view, argues that if the content were charged, journalist would be encouraged to produce things that people actually value. Therefore, the need to be valued by readers - serving them first rather than relying solely on advertising revenue - will allow the media once again to set their compass true to what journalism should always be about. However, in terms of the social aspect, another issue is worth to be examined as well.

It appears that the paywall would not only block the free flow of information, but also would, to some extent, isolate the online newspaper from the web of information. As Alan Rusbridger, the editor of The Guardian puts it, “ This whole world wide web of information, which every university, scientist, writer, museum, art institution is embracing... it would be very odd and dangerous for newspapers to decide to cut themselves off from that universally. ”

It means that newspapers would cease to be part of an online dialogue, as blogs and other websites wouldn't be able to link to them. In fact, the problem exists in the paywall system such as what the Times of London has utilized. Preventing all the contents from non-subscribers, the Times is described by Jimmy Wales, the founder Wikipedia as a website that had made itself irrelevant because it could not be tweeted and could be picked up by the blogs. But not all the methods would lead to the similar problem.

The newly launched paywall system by the New York Times displays its wiliness to be more friendly to the social media because for non-subscribers they still have access to articles found through search engine, blogs and social networks like Facebook and Twitter. In this sense, it appears that whether the potential disadvantage the paywall would give rise to can be offset depends on in which way you are going to implement it given the availability of modern information technology. In conclusion, in recent years the practice of putting news content behind paywall has become a feature of some major or even small local news organizations.

As the circulation and revenue have been declining for the last couple years, which seems to be the result of combined factors including economic

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recession, prevalence of new advertisement websites and threats from free online news, setting up paywall appears to be a straightforward solution to create a new source of revenue. However, the supposed advantage of increasing the revenue by the paywall, in some cases, could give rise to the negative impact on the income because the site traffic would be too low for media buyers to pay for the great amount of money for the advertisement.

In short, whether the paywall would generate additional revenue not only stems from the way the organization intends to balance the cost and gains, but also from how much value the news organization can retain to attract consumers to pay for the content. In addition to the economic aspect of the issue, the moral aspect of the online journalism could be reemphasized or consolidated if the paywall system could help current business model to get rid of the deep dependence on advertisements.

The need to be valued by readers will allow the media once again to set their compass true to what journalism should always be about. The last point the essay has examined is the block of the share of information by paywall, which at first glance appears to lead to the isolation from the information world. However, the recent model adopted by the NewYork Times shows that it would not be a disadvantage unless the news organization intends to do in a traditional way.