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# The Newspaper Market in Flanders: Willingness to Pay and Price Sensitivity of Multichannel Readers

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## **Annexes**

- Survey transcript
- Matrix age/gender
- SPSS outcomes

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## **Abstract**

This study explores the newspaper market of the Belgian region of Flanders. The relevance of this study lies in the need for updated data on the region insofar as willingness to pay for newspapers is concerned. Based on relevant literature, our research questions ask whether significant interrelations exist between the willingness to pay for news content on the one hand and demographics, news consumption habits and newspaper reading behaviour of news readers on the other. By means of an online survey to more than a thousand respondents, this study focuses on 265 participants categorised as “multichannel news readers” (regular news users on at least three different platforms, offline and online). Our results show high rates of unwillingness to pay for online and mobile news across multiplatform readers. No significant interdependence was found for the demographic characteristics of respondents and their willingness to pay for such content. However, significant positive correlations were found between the frequent use of print newspapers (as well as news consumption through news apps, social media and news fora) and the propensity to pay for digital newspapers. We also inquire about the price sensitivity and the potential adoption of respondents of two newspaper bundles (a premium and a digital subscription). The “Price Sensitivity Meter” and the “Product Specific Adoption Potential” allowed us to conclude that in Flanders there is not a mass market potential for such bundles. Furthermore, the current study has a purposive objective as some predictions and recommendations are made to Flemish managerial publishers.

**Keywords:** paying intent, multichannel readers, willingness to pay, price, digital news.

# 1. Introduction

This empirical study will explore the current newspaper market in Flanders (Belgium) by means of a survey. The research problem of this empirical study has a twofold focus: the willingness to pay (WTP) for news content and the price sensitivity of multichannel news readers. The social and scientific relevance of this study lies in the need for updated insights on these research problems in the Belgian region of Flanders.

This research is grounded on relevant literature (Chyi, Herbert & Thurman, Myllylahti, among others) and the most recent figures (Pew Research Center, PwC, Reuters Institute for the Study of Journalism, World Newsmedia Network, etc.) at a global and European level. The digital revolution and the recent financial crisis have impacted the publishing industries that are striving to survive in this challenging context. Significant decreasing numbers in the circulation and readership of traditional newspapers have come together with dramatic losses in their advertising revenues. Publishers have to find a balance between their print business (that despite its decline still provides the bulk of their revenues) and the new digital medium that offers many opportunities. But the promising digital revenues are not materializing and publishers are doing their best to overcome users' unwillingness to pay for digital news content.

The principal purpose of this study is to determine if multichannel news users are intending to pay for digital news in the future. Several sub-questions will arise about the influence of some determinant factors (demographics, news consumption and newspaper reading behaviour) on the paying intentions for digital news. Also, we will research the price sensitivity of respondents towards two news packages (a "premium" subscription and a "digital" subscription). The current study has a purposive objective as it will make predictions and recommendations to managerial publishers based on the findings of this research and relevant literature on the topic.

Descriptive and bivariate analysis of a survey conducted in February 2014 is the main methodology of this research. The data analysis will be done in SPSS<sup>1</sup>. Among the total

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<sup>1</sup> SPSS stands out for Statistical Package for the Social Sciences and is a widespread software used for statistical analysis.

respondents of the aforesaid survey (up to 1,255), this study focuses on 265 respondents who were categorized as “multichannel” news readers. Considered as the heaviest consumers of news (they catch up with the news regularly on at least three different channels) multichannel readers could be an important target to many publishing companies in Flanders in order to monetise and maintain their businesses afloat.

This paper is structured in several sections. So far in this introduction we have briefly presented the main points of the research. At the same time, this introductory part comprises two subsections (below) that aim at exploring the state-of-the-art of the industry worldwide and the state-of-the-art of the Flemish newspaper industry. Following the introduction, the purpose of the research and the social and scientific relevance of this paper will be covered. Subsequently, the research questions and hypothesis will be presented. Next, the methodological section will comprise two blocks: the review of the literature and the empirical study. The latter will cover the methodology used and the processes of data collection, processing and analysis with SPSS. Finally, the most relevant results will be presented, after which there will be a discussion and conclusion of the study. The bibliography will be included at the end of this paper and the annexes will be on a separate CD.

### **1.1. State-of-the-art of the media and newspapers worldwide**

The newspaper publishing industry is struggling to survive in the current digital era. The extensive use of the Internet, the fast growth of free papers and competitors such as broadcasters, online-only players and bloggers (Leurdijk, Slot & Nieuwenhuis, 2012) among other factors, are creating tremendous challenges to publishers. Apart from digitalisation and the rapid advances in ICTs, newspapers and other legacy media have also been hit by the recent worldwide economic recession. As a consequence, some companies have been forced to cut costs and many journalists have lost their jobs in many newsrooms around the world.

A priori, this evolving context could be seen as an enormous threat to the industry. However, it could also mean a huge opportunity for publishers. The emergence of the Internet and new electronic devices allow people to follow the news in different ways besides the traditional media. Nowadays people own more digital devices (especially

smartphones and tablets) and they use them to access the news more often than a few years ago (Pew Research Center, 2013; Reuters Institute for the Study of Journalism). This means that there are more multiplatform news consumers: 39% follow the news in at least two devices and 12% in three or more (Reuters Institute for the Study of Journalism, p. 9). Computers prevail as the dominant digital way to get the news but its usage and popularity is slowly decreasing in favour of smartphones and tablets<sup>2</sup>. Mobile devices now represent 33% of the total digital circulation, but experts predict that there will be an important surge in mobile traffic in about three years (Levitz, 2013a).

Nevertheless, print newspapers continue to be the chosen format for the majority of the readers over digital formats (Chyi, 2011; Chyi, 2012; Chyi, 2013; De Waal, Schönbach & Lauf, 2005; Filloux, 2012a; Reuters Institute for the Study of Journalism).

When it comes to other legacy media, television remains overall the main source to access the news (especially for the senior population). Radio, although to a lower extent, is also considerably present in some countries like Germany and France (Reuters Institute for the Study of Journalism).

The web has enlarged the possibilities to get the news. Besides watching the television, listening to the radio and reading a newspaper, now media users can also watch, listen and read content online at any time and any place if they have the necessary media skills and a device with connection to the Internet. People can even create and publish their own content (bloggers) and very easily comment and share information with others (via social media).

Moreover, search engines and news aggregators are also important players of the digital revolution. They, together with social networks and other popular platforms, have become powerful threats for the newspaper industry. Publishers are immersed in a constant “war” with sites like Google, Yahoo, MSN, YouTube, Facebook and Twitter, all fighting for the attention of the users, and thus, more traffic generation and profit maximisation. In fact, not one of the top ten websites in the US was a newspaper site. While people spent roughly 27 hours per month of their time online, only an hour and a

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<sup>2</sup> Tablets are growing in ownership and usage year by year (Reuters Institute for the Study of Journalism).



half was spent on news sites (Nielsen, 2013). This suggests that Internet users in the US are more interested in entertainment and other content than in the news.

Despite the rapid changes in the media landscape, most publishers have been able to adapt to the new environment creating more digital content for the audiences. Publishing organisations have been obliged to shape and modify their business strategies and create new digital portfolios, without forgetting about their traditional products. Other publishers have not been able to keep up with the fast advances in technology and have failed in responding to the new demands of news readers and against other newspaper and media competitors.

The media and, as part of it, the newspaper sector, play a key role in the development and preservation of information and opinion in our society and aim to protect democracy (Digital Agenda for Europe, s.d.). In line with this idea, Mr. Kilman, who holds the position of Secretary General of the World Association of Newspapers and News Publishers (WAN-IFRA), proclaimed recently:

*“Unless we crack the revenue issue, and provide sufficient funds so that newspapers can fulfill their societal role, democracy will inevitably be weakened”* (Kilman, 2014, p. 1).

One of the major issues of the current global newspaper industry is its problem to monetise. Historically, the main source of revenue for the publishing companies has been the income generated through advertising. A few years ago, this could even represent 90% or more of the total revenue share<sup>3</sup> (Herbert & Thurman, 2007, p. 212).

The most recent data provided by the NAA (Newspaper Association of America, 2014) shows that advertising is still the main source of revenue for publishers, representing 63% of the total revenue in 2013. However, newspaper advertising income has alarmingly dropped, particularly in the period from 2003 to 2012 when it decreased by 52% (Pew Research Center, 2014, p. 3)<sup>4</sup>. This loss has been mainly attributed to the decline of the traditional newspapers. The drop in sales and readership of the printed

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<sup>3</sup> This was reported by some British senior managers in 2006 during the interviews carried out to study several UK newspapers.

<sup>4</sup> Even though these figures refer to the US market, they could serve as an illustration of the situation in the developed world.

paper is undeniable. In this sense, the 2013 Global Media Digital Trendbook talked about stagnation of print advertising and circulation (World Newsmedia Network).

In its favour, the revenue made out of digital ads has increased little by little in the recent years and represents 15% of the whole advertising revenue of newspapers (Pew Research Center, 2013, p. 1). But these small rises in digital advertising revenue have not yet made up for the losses on the print side. Media experts think this trend shows little hope of being reversed in the short term (World Newsmedia Network).

Mobile telephones have had a significant rise among the audiences. People own more and more multifunctional smartphones and electronic tablets and readers. But it seems they are struggling to monetise from advertising as happened with computers earlier. So far, their advertising revenues have been negligible. What is problematic to publishers and analysts is the enormous amount of advertising players in the digital sphere that are shaping an extremely intermediated map. However, in the long run publishers could benefit from more advertising shares due to the implementation on mobile devices of more efficient advertising strategies based on strong personalisation (Filloux, 2012c).

Dominant sites (Google, Facebook, etc.) have recently gained competitive advantage over newspapers due to their popularity among the audience. Given that they are free, people use them very frequently sometimes disclosing personal information. Therefore, these fierce competitors have specialised in ad targeting and are maximising their advertising incomes. Moreover the prices of digital advertisements have severely plummeted in the last years due to the immense quantity of available content online. These are some of the fundamental problems that affect web-based newspapers and prevent them from obtaining considerable revenues from their digital businesses (Pew Research Center, 2013).

Hence, despite digitalisation and the huge explosion of digital devices and content on electronic platforms, it seems that for now, the traditional businesses of newspapers will earn the most money. Nevertheless, it is forecasted that by 2018 circulation revenue will approach advertising revenue and so, the newspaper business will be almost equally supported by users (direct monetisation) and advertising (indirect monetisation) (PwC, 2014-2018).

Difficulties to monetise are not only due to the drops in print advertising and circulation incomes. Many studies have concluded that people seem unwilling to pay for online news or have a low intention to pay for this content (Chyi, 2005; Chyi 2012; Cook & Attari, 2012; Ye, Zhang, Nguyen & Chiu, 2004). In a survey conducted in fifty-two countries worldwide, more than 27,000 participants were asked if they would pay for online content, particularly news and entertainment. The vast majority (85%) said they would “*prefer that free content remains free*” (Covey, 2010, p. 1). Therefore, if advertising is not enough to sustain the business and people are not ready to purchase for news content, the survival of the industry is at stake.

But the picture is not the same everywhere in the world. On one hand, we can find markets that are in a phase of maturity, such as North America and Europe. The newspaper industries in these developed regions are foreseen to have low growths in the coming years. On the other hand, The Asian Pacific and most countries in Latin America (among other regions) are expected to boost their newspaper industries in a model based fundamentally on advertising. All in all, the worldwide newspaper industry is forecasted to move from negative to positive growth next year. Analysts estimate the profits of emerging countries will offset the losses of developed countries (PwC, 2014-2018).

## **1.2. State-of-the-art of the newspaper market in Flanders**

In Flanders (Belgium) there are seven daily paid newspapers, each with a digital version. The “popular newspapers” are *Het Laatste Nieuws* and *Het Nieuwsblad* due to the fact that they hold the highest readership and circulation rates in the region. *De Standaard* and *De Morgen* are the “quality newspapers”. *De Tijd* is a daily specialising in economic and financial news and is also considered a “quality newspaper”. Finally, there are two regional papers: *Gazet van Antwerpen* and *Het Belang van Limburg* (Vlaamse Regulator voor de Media, s.d.).

In the Flemish region there are two main publishers issuing the seven dailies: *De Persgroep* and *Corelio/Concentra*. In June 2013, *Corelio* and *Concentra* unified their print and digital productions forming a joined-venture called *Het Mediahuis*. *Corelio* is

going to take 62% of the participation share of the venture and *Concentra*, 38% (Vlaamse Regulator voor de Media, s.d.). There are two smaller publishers (*De Vlijt* and *Mediafin*) that are partially owned by the major publishers. Therefore, the Flemish newspaper market is highly concentrated (Vlaamse Regulator voor de Media, s.d.). We can observe the main publishing houses and their offers in the table below:

Publishers	Newspapers
Concentra Media NV	<i>Het Belang van Limburg</i>
Corelio Publishing NV	<i>De Standaard</i> <i>Het Nieuwsblad / De Gentenaar</i> <sup>5</sup>
De Persgroep Publishing	<i>De Morgen</i> <i>Het Laatste Nieuws / De Nieuwe Gazet</i>
De Vlijt	<i>Gazet van Antwerpen</i>
Mediafin	<i>De Tijd</i>

Table 1: Publishing companies in Flanders and their paid newspapers

Source: website of the Vlaamse Regulator voor de Media (VRM). “Media Concentration in Flanders report 2013”.

Concerning the move to digital, *De Standaard* was the first Flemish newspaper to implement a digital paywall in 2004 followed by *De Tijd* in 2008, the two regional papers in 2010 and *De Morgen*, *Het Laatste Nieuws* and *Het Nieuwsblad* joining the trend in 2011 (Studiedienst van de Vlaamse Regering, s.d.).

Now, we will have a look at the market shares and revenue models of the main newspapers (data of 2012, extracted from the report “Media Concentration in Flanders 2013”, VRM). *De Tijd* has a digital share of 43%, which suggests that Flemish people seem to be willing to pay for specialised content (Vlaamse Regulator voor de Media, s.d., figure 59). This financial daily has a metered paywall (up to seven articles per month and news by email are gratis after a free registration). The quality paper *De Standaard* has a digital share of 29% (Vlaamse Regulator voor de Media, s.d., figure 59). Its archive and evening edition are fee-based. The other newspapers have lower market shares (Vlaamse Regulator voor de Media, s.d.). Flemish newspapers provide a

<sup>5</sup> The Center for Information on the Media (CIM) does not differentiate these “sister newspapers”: *Het Nieuwsblad / De Gentenaar* on the one hand and *Het Laatste Nieuws / De Nieuwe Gazet* on the other (Vlaamse Regulator voor de Media, s.d.).

wide range of online and offline offers. Besides the print subscription, they offer various types of digital formulas, print and digital together as a bundle, pay-per-view formulas via iTunes, etc.

## **2. Purpose and social and scientific relevance of this research**

Today, any study about media and digital issues is very relevant not only for the academic and scientific field but also for society as a whole. It seems there is a current need for updated information on the willingness to pay for newspapers and price sensitivity of news readers in the region of Flanders. In fact, as far as we are concerned these specific topics have never been studied in this region. Therefore, the objective of this research is to fill this gap by providing current insights based on the opinions of respondents towards fee-based newspapers, whether we are talking about the Flemish traditional newspapers or their digital editions (both in online and mobile platforms). To achieve this, a survey was considered the most appropriate method. In addition, we aim to know more about the news usage and news reading habits of the current Flemish population. The results of the survey conducted and the findings of this research could be essential for newspaper executives who might be struggling to obtain enough revenues due to the newspaper decline and an unfavourable economic situation after the recent worldwide recession. Thus, the main objective to attain with this research is to make clear predictions on the paying intent for newspapers (especially digital news services) and to forecast the possible adoption segments of news digital packages. As a consequence, the Flemish publishing companies could be proactive and adapt their business strategies to consumers' expectations that need to be fulfilled if the newspaper industry wants to remain viable in the long term.

### 3. Research questions and hypothesis

After reviewing global literature<sup>6</sup> (mostly from the US and Europe) the following research questions have arisen. The main research question of this study is about the paying intentions for digital news:

**RQ1:** Do multichannel news readers intend to pay for digital news?

*H1:* Low rates of WTP for digital news are expected to be found<sup>7</sup>.

In order to further explain the main question, sub questions RQ2, RQ3 and RQ4 ask about the determinant factors of the WTP:

**RQ2:** Do demographic characteristics of multichannel news readers (gender, age, education and income) influence their WTP for digital news?

*H2:* The hypothesis is to find that males (based on Chyi, 2012), rather young (based on Chyi, 2005; Chyi, 2012; Chyi, 2013; Goyanes, 2014), with a high income (based on Goyanes, 2014) and highly educated (based on Chyi & Chadha, 2011; Reuters Institute for the Study of Journalism) are more willing to pay.

**RQ3:** Does news consumption of multichannel readers influence their WTP for digital news?<sup>8</sup>

**RQ4:** To what extent does the newspaper reading behaviour of multichannel readers influence their paying intent for digital news?

*H4:* People who read the print newspaper more frequently or spend more time reading the print newspaper are more willing to pay for online/digital news (based on Chyi, 2005; Graybeal, Sindik & Qing, 2012; The Boston Consulting Group, 2009, p. 5; Ye *et al.*, 2004).

Our final research question is related to the price sensitivity and the “Product Specific Adoption Potential” (PSAP) scale:

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<sup>6</sup> The literature review will be covered in the next section of this study (“Methodology”).

<sup>7</sup> This hypothesis is based on the following literature: Chyi, 2005; Chyi, 2012; Cook & Attari, 2012; Ye, Zhang, Nguyen & Chiu, 2004.

<sup>8</sup> A priori we have no hypothesis for RQ3 and RQ5.

**RQ5:** What is the average price multichannel news readers are willing to pay for a premium/digital subscription? Are they innovators, early adopters, early majority, late majority or laggards as regards of adoption intentions of these bundles? In other words, we plan on studying how quickly they intend to adopt these subscriptions.

## **4. Methodology**

In this section, we will first cover the most relevant literature on the willingness to pay and the price sensitivity. Secondly, we will explore the empirical study of this research.

### **4.1. Literature review on the willingness to pay and the price sensitivity**

#### **4.1.1. Introduction**

First of all, it is necessary to recall what we mean by "willingness to pay" (WTP). McDowell's definition is the one of the most widely accepted in the field. An *"inevitable outcome (and ultimate measure of competition) is how much a customer is willing to pay"* (McDowell, 2011, p. 45). In other words, pricing drives competition being the WTP the maximum quantity that a user intends to pay for a good or service, in this case, for the news.

The WTP has attracted a great deal of interest in recent years. One of the consequences of digitalisation for publishers and news consumers has been the move to digital. Thus, many researchers have focused on examining the online news environment and the disposition of consumers to pay for getting the news through the web and other new channels.

As mentioned before, quite a few authors found that people are, in general, very reluctant to spend money on online news. A survey launched in 2009 across 5,000

participants of nine countries (US, Germany, France, UK, Italy, Spain, Australia, Norway and Finland) contradicted this lack of paying intent. Surprisingly, at least 48% of the respondents in all countries studied said they would be willing to pay for online news. Therefore, analysts were positive as they could see high rates on the propensity to pay. However, the average amount spent would be small<sup>9</sup>. For this to happen, the content had to be a “*unique, timely and conveniently accessible*” (The Boston Consulting Group, 2009, p. 1). The same survey found in the case of the US that if the news were available at no cost on other sites such as Google, Yahoo, etc., then people would not be willing to pay for the service anymore.

In fact, the availability of free online sources has been one of the main reasons why consumers do not want to pay online (American Press Institute, 2009; Cook & Attari, 2012; Covey, 2010). In their study, Ye *et al.* (2004) found the same reasoning for more than 200 college students. The majority had the belief that online content had always been free and should continue that way, as in respondents’ view advertisement revenue was enough to make the newspaper business viable. Dou (2004, p. 1) found a negative impact of the “*free mentality*” on the likelihood to pay for online content. People were accustomed to reading content at no cost on news aggregators and the websites of newspapers (before they started charging) and therefore, to start paying for what they have been receiving for free was difficult to assimilate.

#### **4.1.2. Determinant factors of the willingness to pay for newspapers**

As we have seen, fee-based online news gained momentum in the last couple of years. But years and decades earlier, many scholars wanted to study not only if users were ready to pay for news services, but also the factors that could have an influence in their purchase decisions. In numerous surveys, as we have seen before, the majority of the people surveyed had expressed their reluctance to be charged for these services.

In their studies, researchers have found that several variables have some kind of relation with the paying intent of respondents. Some of these are: several demographic variables, the usage of social media, the behaviour of purchasing online, the amount of

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<sup>9</sup> \$5/month (The Boston Consulting Group, 2009, p. 1) that according to today’s exchange rate is equivalent to approximately 3.7€



time spent reading the news (and thus the usage of news), the characteristics and type of content, the interest towards the news and the payment method to purchase the news.

#### A) *Demographics*

First, the demographic characteristics of the participants of the successive questionnaires were considered essential factors that could influence their answers about the WTP for online news. The age of participants, their gender, their education level and their income were part of this group.

##### ➤ Age

Concerning the age of participants, several researchers concluded that young people were more prone to purchasing online news (Chyi, 2005; Chyi, 2012; Chyi, 2013; Goyanes, 2014).

In 2010 Chyi carried out a study of 767 American web-users to determine the factors that could predict paying intent among online news users and in three different platforms: print, web and apps. Although respondents gave more value to the print format than to the digital ones, Chyi found that young male participants were more likely to pay for the news through the digital formats (Chyi, 2012). Using the same sample but focusing on ownership and consumption of news in digital devices, it was found that younger participants consumed more digital news and possessed more electronic devices than older groups (Chyi & Chadha, 2011).

The most recent global survey conducted by the Reuters Institute counted on the participation of nearly 19,000 people from France, Germany, Denmark, Finland, Spain, Italy, Japan, Brazil, the UK and the US. The results showed that young people (except in Japan) preferred getting the news online. Conversely, older generations opted for traditional media to keep up with the news, especially TV. In the UK, for example, young people showed higher rates of paying intent for digital news. Leaving aside the age of participants, the country with the highest future WTP for online news content was Brazil with 61%, followed by Italy with 23% and Spain with 21% (Reuters Institute for the Study of Journalism).

Against the former results that pointed young people as the most willing to pay for online news, other authors got opposite findings. In an explorative study of more than two hundred university students (although partly working), the research results insinuated that older segments may tend to purchase more online news than younger segments. However, the authors recognised that generalisations of these results could not be possible due to the limitations of the sample (Ye *et al.*, 2004).

#### ➤ Gender

As seen earlier when explaining the age factor, men were found to have higher rates of paying intent for online news, particularly on the web and app platforms (Chyi, 2012).

In addition, six out of ten “news lovers” were men, according to the aforementioned Reuters report. “News lovers” are very interested in the news and consume them several times a day (Reuters Institute for the Study of Journalism, p. 45). Furthermore, most “multiplatform” users or people who access the news through at least two digital devices were males younger than 45 years. The frequency of getting the news per day is also higher in men: 72% followed the news several times whereas 59% of women did (Reuters Institute for the Study of Journalism). Given that the segment studied in this dissertation is multichannel readers (people who access the news in at least three platforms on a daily or weekly basis) we could state that they have a lot of things in common with those “news lovers” and “multiplatform” users.

#### ➤ Education

Concerning the education level of the respondents of some studies and its relation to the WTP for news content, the following was found for highly educated people: they consume more news on multiple devices and own more electronic devices than less educated people (Chyi & Chadha, 2011). They are also willing to pay more for online news and are more engaged in mobile news habits in comparison with lower educated segments of the population (Reuters Institute for the Study of Journalism).

## ➤ Income

Some authors found a positive statistical significance between income and the propensity to pay for news content. Therefore, people with higher income levels were linked to higher rates of paying intent for online news (Goyanes, 2014) and digital news (Reuters Institute for the Study of Journalism). On the other hand, others observed a negative relationship between both concepts: as income increases the consumption of online news decreases (Chyi, 2005; Chyi & Yang, 2009). In the section “Inferiority of online”, we will discuss Chyi’s rationale to define online news as inferior goods. On its side, print or traditional newspapers did follow the rule of normal goods: the more income, the more use and consumption of printed news (Chyi & Yang, 2009).

### *B) Use of social media*

In several studies the use of social networks has been related to the WTP for online news. As suggested in an empirical study conducted in 2010, US adults who used Twitter on a regular but moderate basis (and not heavily) were found more prone to purchasing online news (Goyanes, 2014).

Even though they are free, social networks usage was explored in several studies to see if people used them for the news and to what extent. It is interesting to note that Twitter obtained higher rates of news usage (by reading, sharing, recommending and interacting with the news) than Facebook, especially among British users (Reuters Institute for the Study of Journalism). Furthermore, one out of two users of these websites in the US shared news content through their social media (Pew Research Center, 2014).

### *C) Online purchase behaviour*

It has been found that people who purchase goods or services on the Internet have more probability to pay online as well for news content. For instance, people who bought digital goods such as software, online movies, TV content, applications and e-book files, were more likely to pay for online news than people who had not

bought yet those goods (Goyanes, 2014). In another study, a positive significant predictor of the WTP was the online purchase experience in using credit cards. The more people bought online making use of their credit cards, the more likely they would also pay for online content (Dou, 2004).

#### *D) The time spent on the news and the interest towards the news*

Recent research has shown that people who spent a lot of time reading a print newspaper (also called “heavy print readers”) were more likely to purchase online news (Chyi, 2005; The Boston Consulting Group, 2009, p. 5; Ye *et al.*, 2004).

Furthermore, news interest was found as a solid significant predictor of both the time spent following the news on the Internet and the paying intent for online news (Chyi & Yang, 2009). Also, it was found that news interest positively predicted the likelihood to pay for news on print and online channels (Chyi, 2012). Moreover, the more interest people have in the news, the more they purchase and own computers, smartphones and other digital devices on which they can get the news (Chyi & Chadha, 2011). In the previous study, the authors talked about “*newsful*” to designate a device that is used to catch-up with the news (Chyi & Chadha, 2011, p. 434). According to the findings of Chyi and Lee (2013), news interest plays a part in determining both the usage of print newspapers and the WTP for online news.

#### *E) The content*

People seem to value quality journalism and specialised content. We have mentioned before the survey developed by the BCG in which people expressed their likelihood to pay for information with the three following characteristics: “*unique, timely and conveniently accessible*” (The Boston Consulting Group, 2009, p. 1). Uniqueness comprised kinds of content like local news, breaking news and specific and detailed news on a certain topic. Timely made reference to news alerts and convenience referred to news readily available such as customised news services and easily accessible on a device (The Boston Consulting Group, 2009, p. 1). Other studies (American Press Institute, 2009; Covey, 2010; Filloux, 2012b;

Levitz, 2013b; Ye *et al.*, 2004) also concluded the importance of unique and quality content to pay for online news and information services.

Similarly, Herbert and Thurman (2007) discovered that some British people were ready to pay for valuable digital content taking into account that the content was not somewhere else for free. For people this valuable content they referred to was related, to a newspaper brand such as *The Financial Times* and *The Independent*. *The Financial Times* has been making profits since 2005 and in July 2012 its digital subscriptions outperformed the print ones (Myllylahti, 2013). The financial and business news of the *FT.com* and the popular columns of Robert Fisk in *The Independent* are just a few examples of successful newspapers for which readers are paying due to its high valuable and distinctive content (Herbert and Thurman, 2007).

The success of these and many other quality newspapers confirms indeed the intentions of people to purchase newspapers that offer a qualitatively superior content than the available free options.

#### *F) The payment method*

To finalise the exploration of recent literature on the determinant factors that influence the paying intent for online news, the method of payment and its relationship with this paying intent will be briefly discussed. For example, in a survey with more than 27,000 participants, 43% would be more willing to pay for online content (including the news) if the method of payment for this was user-friendly (Covey, 2010). As revealed by more than a hundred American students, their WTP for online news would be higher if they could purchase via micropayments (for one article or page for instance) rather than a flat rate for a longer content (Graybeal *et al.*, 2012). One of the managing editors interviewed by Westlund in his work about mobile services stated that the WTP (in this case for mobile content) “*has to do with having simple payment models*” (Westlund, 2011, p. 233). As it has been seen, publishers should develop easy methods of payment in order to satisfy the needs of the consumers of digital news and other digital content to facilitate the online purchases.

#### **4.1.3. Print preferred but declining**

Much of the existing research suggests that users prefer reading a print or traditional newspaper than a digital one. In an empirical study carried out in the US in 2010, Chyi pointed out that “*print outperformed the other formats (web and apps) on usage, preference and paying intent*” (Chyi, 2012, p. 240). Traditional news channels (including print newspapers and TV) were asserted more “*enjoyable*” than the new modern channels (Chyi & Chadha, 2011, p. 441). In earlier and subsequent studies, the aforementioned author came to the same results: preference of the print edition (Chyi & Lasorsa, 2002; Chyi & Lee, 2013) with superior penetration and usage rates over the digital counterparts (Chyi & Huang, 2011).

The problem came when, due to digitalisation, newspapers had to move online and start charging for part or all of their online content. As advertising revenue of traditional newspapers is dropping, some analysts have recommended publishers to concentrate on making money out of circulation (Weber & Poyar, 2012). However, as mentioned earlier, the circulation of both single copies and print subscriptions has decreased worldwide (Kilman, 2014). At the same time, the “free mentality” (Dou, 2004) attributed to online content and services has made publishers reconfigure their business models.

#### **4.1.4. Inferiority of online**

In a telephone survey conducted in 2002 in Hong Kong (China) Chyi and Yang (2009) observed a negative correlation between respondents’ income and the consumption of fee-based online news, *ceteris paribus*. This meant that people were more willing to pay to consume online news the lower their income, and vice versa, the more income, the less likely a person would be prone to purchasing it. These authors’ previous assumptions and the fact of finding very low paying intent rates for news on the web brought about another study on the issue. Regression analysis of the responses of more than 600 American Internet news users provided the same results as in China. Their consistent findings in different geographic areas led them to conclude that online news

was indeed an inferior good. The print counterpart was found to be a normal good, that is to say, the more income the more consumption of print newspapers and vice versa (Chyi & Yang, 2009). The latter could be seen as a paradox, since the huge possibilities of the online medium cannot be ignored.

The claimed inferiority of online news could be partly explained by economy. Price elasticity of demand measures the effect of a price change on the demand for a good or service. Several scholars have related this economic concept to the case of newspapers. The demand for traditional papers is inelastic and the demand for the online counterparts is elastic. This means that alterations of the price do not modify the demand for print newspapers (which is very insensitive to price changes) but they do in the case of online newspapers (Chyi, 2012).

Therefore, in existing literature, readers of print newspapers have been categorised as loyal consumers (Filloux, 2012a; Graybeal *et al.*, 2012; Weber & Poyar, 2012). As a consequence, publishers try to promote loyalty among their audiences and encourage current print loyal readers to consume their digital content as well (Beller, 2013; Levitz, 2013a).

Two analysts of the consultancy Simon Kuchner & Partners (Weber & Poyar, 2012) found that the mean price elasticity of demand of traditional US newspapers was -0.7 (inelastic). Based on this and the high loyalty of print readers, they recommend publishers to stop price wars and raise their prices so that print circulation levels and profit will grow (Taylor, 2014; Weber & Poyar, 2012). Increases in circulation revenues after price hikes were consistently found for both the largest American papers (*The New York Times*, *The Washington Post*, etc.) and for the British papers (*The Times*, *The Guardian*, etc.) during the period 2007-2010 (Filloux, 2012a). Filloux suggested that this strategy of raising the prices of print newspapers to boost revenues would probably not work for smaller brands and sensationalist newspapers (Filloux, 2012a). It is common sense that people would be reluctant to pay for general interest content that is free in other media or platforms and that the propensity to pay for poor quality content would be low in comparison with specialised or high quality content.

In 2012, the success of price hikes of the print edition was such that the revenue circulation share of *The New York Times* exceeded the share obtained from (print)

advertising (Pew Research Center, 2013; Weber & Poyar, 2012). We will explore in more detail the literature on successful newspapers in the next sections.

#### **4.1.5. Relation between print and online editions**

In this respect, we can find two perspectives: print and online newspapers as complementary goods and as substitutes. Cross-price elasticity is the economic concept involved in this case and refers to the demand sensitivity for one good if price changes in a related good. Two goods are considered substitutes if their cross-price elasticity is positive and they are considered to complement each other if the measure is negative (Hoskins, McFadyen & Finn, 2004).

There has been a lot of controversy in qualifying print and online newspapers whether as substitutes or complementary. If newspaper websites were free, then people would read the news on the Internet at no cost instead of buying a print copy. This was the main concern of publishers with the free online content trend in which the bulk of the revenues came from advertising (Herbert and Thurman, 2007). Therefore, at a first stage newspaper companies saw their free online sites as a dangerous threat to their traditional business. Additionally, it was noted that most content offered in the web of a newspaper had its origin in the print counterpart being it often the same or almost the same content (Chyi & Sylvie, 2000). Originality in the digital editions was therefore lacking because no repackaging was taking place (this effect is called “shovelware”). Publishers worried about the fact that their online editions (at no cost and reproducing the print content found in their physical papers) could replace their print newspapers and with it, the bulk of their revenues (Chyi & Lasorsa, 2002). It was logical to think that having both related goods containing almost the same content, people would choose the free option, that is to say, the online newspaper. This would trigger the print edition to be cannibalised by its digital counterpart and the possibility of such a cannibalisation effect reflected the fears of publishers.

Going back to the print-online relationship, the scientific community seemed to be divided. However, most scholars found in their research that print and online newspapers were in fact complementary (Chyi, 2006; Chyi & Huang, 2011; Chyi &



Lasorsa, 2002; De Waal *et al.*, 2005; Flavián & Gurrea, 2009). In the case of Chyi and her research contributors, given that the same findings were obtained in three local markets, two in Asia and one in America (Austin, Hong Kong and Taiwan), she defined the results as a “*universal pattern*” (Chyi & Huang, 2011 p. 243).

In Austin (Texas, US), Chyi found that more than eight out of ten readers of the online version of the local paper read the print daily as well (Chyi & Lasorsa, 2002). Therefore, no cannibalisation was happening between the two formats due to the fact that their readerships overlapped and Chyi suggested both editions complemented each other. Likewise, more than half of the online audience of Hong Kong’s major papers read the print edition too. As a consequence, when she found another substantial overlap between the print and online readers of Taiwan’s top local daily, Chyi concluded that print was not being cannibalised by online news and that the two formats could coexist, at least referring to the major local papers of those places and at those moments in time. She named these heavy news readers “*hybrid users*” (Chyi & Huang, 2011, p. 248).

In another of her works, Chyi compared the readerships of “hybrid” and “online-only” consumers. More than two thirds out of a total sample of 18,484 news readers of almost thirty US newspapers websites were found to be part of the “hybrid” readers. In other words, the majority of online news readers of the studied papers were print readers of the same newspapers. Apart from suggesting again the complementarity between print and online, the author underlined the emergence of “multiplatform” users. Satisfaction with the newspapers websites and an active use of them were attributes found for the hybrid users as opposed to the named “online-only” readers (Chyi, Yang, Lewis & Zheng, 2010).

In The Netherlands, an overlap of the readerships of a print and online newspaper was found. Out of nearly a thousand participants, 88% read the print paper after getting the news on the online edition of the same newspaper (De Waal *et al.*, 2005)

On the contrary, Gentzkow found that print and online were substitutes for the case of *The Washington Post* and its digital edition. In an empirical study of more than 16,000 Washington D.C. residents and using partial correlation analysis, he showed there was a small (but still existing) reduction effect of the demand for the printed gazette due to the online edition (Gentzkow, 2007). He contradicted the previous studies that said print

and online had a complementary relation, but his findings could not be easily generalised given that he only studied one newspaper (Chyi & Huang, 2011).

#### **4.1.6. Bundling**

Commodity bundling is the “*practice of selling two or more goods as a package for a single price*” (Adams & Yellen, 1976, p. 475; Varian, 1995, p. 5). Due to the economic nature of information as a good, with high production costs and very low or marginal reproduction costs, bundling is a very profitable way of selling information goods like newspapers (Varian, Farrell & Shapiro, 2004). There are several types of bundling. According to Adams and Yellen (1976), a strategy in which a company sells its products solely bundled or as a package of several products is called “pure bundling” and if the same products are sold both in a package and individually this is called “mixed bundling”. Another possibility is to develop an “unbundling” strategy, that is to say, products are for sale but only individually and not in the form of bundles. An example of unbundling in the publishing industry could be online newspapers that only offer their content on a “pay-per-view” basis (Bleyen & Van Hove, 2010).

Bundling plans (for example a bundled print-online subscription) seem to be working well for newspaper companies. Selling at a discount print-online bundles is becoming popular (Bleyen & Van Hove, 2011). According to Shapiro and Varian (and related to the main topic of this dissertation, the WTP), “*bundling will generally reduce the dispersion in WTP, thereby enhancing revenue*” (Shapiro & Varian, 1998, p. 75).

In a study conducted by the Alliance for Audited Media, 70% of the newspaper publishers surveyed offered their content in the form of bundled subscriptions (all content of a publisher accessible in all channels for one single cost) and almost half adopted separate subscriptions (Alliance for Audited Media, 2012).

Using conjoint analysis, Chyi found that a package consisting of a print newspaper and its web counterpart were the most popular format for the respondents of her study (Chyi, 2012).

In his essay published in the last report of the Reuters Institute, Picard (2014) observed that bundling news services is becoming increasingly important and the news are starting to be sold together with technological services like contracts with Internet and TV providers. In terms of the most predominant revenue models there are big differences among the ten countries studied in the 2014 Reuters report. Most of the people who paid for digital news access in 2013 chose a subscription (with the higher rates in UK, Japan and Denmark). However, in Finland the print-digital bundle was more successful than the digital formula and in Spain most people opted for one-off payments or unbundled offers (Picard, 2014).

In a study of eight European nations and their online newspapers Bleyen and Van Hove (2011) found out that the financial papers of the countries were more prone to be offered as mixed bundles than newspapers with other type of content. Furthermore, they suggested that publishers that put part or all of the content of their print editions in the online counterparts are more worried about a possible cannibalisation of the print edition and therefore, offer higher discounts in their print-online bundles. Therefore, product differentiation in the different channels was emphasised (Bleyen & Van Hove, 2011). The aforementioned authors found mimicking behaviour of newspapers in regard to bundling, however they also found big national differences regarding the popularity of the different types of bundling (Bleyen & Van Hove, 2011).

Varian underlined that differentiating the products is vital to apply price discrimination (a method of charging different prices to different segments). From his point of view, “*bundling is a type of price discrimination*” (Varian, 1995, p. 5). Price sensitivity (that is also a main topic in this dissertation and will be explored in the next sections) is very much related to price discrimination. Thus, the higher the price sensitivity of a client, the lower price he should be offered if a firm follows a strategy of profit maximising (Shapiro & Varian, 1998).

#### **4.1.7. Paywalls, other revenue models and successful newspapers**

In his study, Goyanes (2014) makes a differentiation of the various revenue or business models that have been applied on the Internet. For instance, we find the “free business model” if a newspaper offers all its content at no cost, “paywalls” if users have to pay if

they want to access the content, “freemium models” if users can access some content for free but have to pay for premium content and “metered models” when consumers can read at no cost a limited number of articles (in one month normally) but once this threshold is reached they are asked to pay a subscription (Goyanes, 2014, p. 4). There are also micropayments or “unbundled options” such as “pay-per-view”, “day-pass” and “x-day-pass” (Bleyen & Van Hove, 2007).

But apart from the conventional revenue models, publishers are experimenting and looking for new sources of income. For example, event marketing and hosting, sponsorships and digital services to local companies can provide publishers with some extra revenue (Levitz, 2013b; Pew Research Center, 2013).

There has been a big surge in the number of paywalls implemented since 2012 (Myllylahti, 2013) and 2012 has been considered by many to be the year of the big move to digital paywalls (Pew Research Center, 2013). In the US, for instance, the vast majority (87%) of newspapers who implemented paywalls opted for metered models (Hazard Owen, 2012).

Cook and Attari published an interesting longitudinal study of the paywall implementation by the American *The New York Times* in 2011. *The New York Times* was putting a metered paywall (the initial twenty free articles per month were lowered to ten a year later). The researchers launched one survey before the paywall and another one after. Even though it was a well valued newspaper, 65% said they would not pay for the content once the meter implemented. In fact, most did not pay and initially its visits dropped due to the paywall. The authors suggested it was essential for publishers implementing paywalls to justify to the audience why they were charging (partially or totally) for content that was previously free. What they found is that people were more willing to support and pay for the paywall if the cause was justified (e.g. if the newspaper was forced to charge because of “*financial necessity*”) and less if no justification was transmitted (Cook & Attari, 2012, p. 683).

Despite its initial losses when the paywall was implemented, *The New York Times* is considered one of the most solvent brands in the newspaper industry, with high rates of readership worldwide. *The Financial Times*, *The Wall Street Journal* and *The*

*Economist* are likewise successful global papers as people seem to be paying for their content (World Newsmedia Network). Their competitive advantage lies on unique and quality content and on their loyal and business-based customers (Filloux, 2012b; Herbert & Thurman, 2007; Myllylahti, 2013) who receive great utility from these and/or other renowned publications and are willing to pay for accessing their content.

As noted earlier, some quality newspapers like the American *The New York Times* and the British *The Financial Times* have increased the prices of their print weekday and weekend editions obtaining great results in their circulation revenues. These profits are being invested in the digital businesses of publishers like digital advertising and applications for mobile devices (Filloux, 2012a; Filloux, 2012b; Weber & Poyar, 2012).

At the same time, and while increasing the prices of their main source of revenue, *The New York Times* and *The Financial Times* have lowered the prices of their digital subscriptions in comparison with the print formulas (both home-delivered and newsstand) which are a lot more expensive. Both implemented metered paywalls and diminished the amount of free digital articles per month (now we can read ten articles for free in *The New York Times* and eight in *The Financial Times*). Therefore, these brands are charging for most of their content.

According to Filloux (2012b), what these two quality newspapers are striving for is a fast shift from print to digital fee-based formulas. Both firms are trying to keep their elite client base and especially their more frequent users to maintain their dominant position in the market. They are implementing as well discriminatory prices for the same content to target different segments according to their budgets. Another strategy adopted by these leader firms consists of signing contracts and partnerships with mobile players to reinforce and improve their mobile offers to make sure their audiences will also access them (Filloux, 2012b).

However, there are important differences between large newspapers like the ones explored before and small newspapers that operate at a more regional or local level. According to US data, larger publishers are more likely to implement paywalls than newspapers with lower circulation numbers (Beller, 2012). Small newspapers are strongly reliant on local advertising revenues whereas larger newspapers struggle more

to obtain enough income from the weak national advertising they work with. Therefore, large publishers have been under the obligation to put into practice paywall strategies to sustain their businesses (Beller; 2012; Pew Research Center, 2013).

In another important work, Myllylahti (2013) explored the revenue models and the circulation of a selection of newspapers from eight countries: the US, the UK, Australia, New Zealand, Finland, Slovakia, Slovenia and Poland. The newspapers analysed in the study put their content behind different types of paywalls: metered paywalls (*The New York Times*, *The Financial Times* and the two Finnish gazettes *Helsingin Sanomat* and *Kauppalehti*), hard or fully fee-based paywalls<sup>10</sup> (such as the British *The Times* and its Sunday edition), freemium paywalls<sup>11</sup> (*The Australian* and *Australian Financial Review*), a soft paywall<sup>12</sup> (*National Business Review*, from New Zealand) and a nationwide paywall<sup>13</sup> (*Piano Media* for the three aforementioned Eastern countries).

Among her most relevant findings, we could highlight that the reason why some of these newspapers (like the *Australian Financial Review*) had to decrease the prices of their electronic subscriptions is to sustain their businesses and attract customers with cheaper digital offers. She also asserted an important handicap of the nationwide model: the need of a large loyal clientele in order to distribute enough revenues for the growing number of publishing participants and *Piano Media*, which implemented the model. According to her findings, she claimed that the recently implemented paywalls, although different, have not shown thus far to be viable to make enough money for publishers. That is the reason why some of them are applying less severe prices to offset the bad financial results obtained and to encourage audiences to pay for their content. Alternatively, she also recognises the success of newspapers like the Finnish *Helsingin Sanomat*, for which its bundled and upselling formulas have so far given good results (Myllylahti, 2013).

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<sup>10</sup> A hard or full paywall is a paywall not accessible without subscription (Myllylahti, 2013, p. 4).

<sup>11</sup> Freemium and metered paywalls were already defined in pages 26 and 27 of this research according to Goyanes' work (2014, p. 4).

<sup>12</sup> Soft paywalls offer "some free content" (Myllylahti, 2013, p. 4).

<sup>13</sup> *Piano Media* is a company launched in 2011 that has implemented nationwide paywalls for national publishing houses in Slovakia, Slovenia and Poland. Besides, *Piano* provides digital paid content strategies to up to 80 websites (Piano Media, s.d.).

#### **4.1.8. The “Price Sensitivity Meter”**

The Price Sensitivity Meter (PSM) is a market technique introduced in the 70’s by the Dutch economist Peter Van Westendorp. Since then, it has been utilised frequently in market research. The PSM functions as a direct method, that is to say, respondents are asked directly to provide the prices at which they value a good. Therefore, it assesses the price perceptions of consumers. Furthermore, it is known for its simplicity and for being relatively inexpensive and low time consuming compared to other more sophisticated techniques (Pritchard, s.d.).

This technique relies on the assumption that people have a general idea of the price/value landscape and that they are therefore capable of assigning prices according to their intrinsic value perceptions towards a product. It consists of four open-ended questions. First participants give a price at which they think a product is “too expensive” to consider purchasing it. Next they give a price that is “too cheap or too inexpensive” to consider buying the product because at that price they would doubt its quality. Then respondents assign a price that is “expensive or getting expensive”, one they would have to think twice about before purchasing the product. Finally, participants are asked to give a price that is “cheap or a bargain”, one they would consider a great value (Pritchard, s.d.).

Participants’ responses are represented graphically in a price map that shows the thresholds they assigned and delimitate an area called the “range of acceptable prices”. It also shows an optimal price point that is the intersection between the prices “too cheap” and “too expensive”. The PSM, however, does not offer any insights on the willingness to pay of respondents (Pritchard, s.d.).

#### **4.1.9. The “Product Specific Adoption Potential”**

The “Product Specific Adoption Potential” (PSAP) was recently developed by De Marez and Verleye (2004). PSAP is a precise segmentation technique that aims at forecasting the adoption potential of a product before it is launched. Thus, it is a suitable tool to predict the various adopter segments and the possible success or failure of a

product or innovation. The PSAP scale consists of three Likert-scale questions. These may be asked as part of a survey or face-to-face during a personal interview. At a first stage, respondents are provided a general description of the product. Then, they are inquired about their initial intentions of adopting it (this is the first Likert-scale question of the method). Subsequently, participants receive more detailed information about the good. After this, they are asked about the likelihood they would adopt the product in an optimal offer<sup>14</sup> (this is the second question) and the likelihood they would adopt a suboptimal offer<sup>15</sup> (this is the third question) (De Marez & Verleye, 2004, p. 37).

Using these answers researchers determine five segments of adopters and represent them graphically in the adoption curve. For instance, if a respondent replies positively to the three questions, he/she would automatically be part of the “innovators” segment. The other four segments are “early adopters” (also in the front of the adoption curve), “early majority”, “late majority” and “laggards” (the latter segments are at the back of the curve) (De Marez & Verleye, 2004).

De Marez and Verleye (2004, p. 46) also found the adoption determinants of a product, which are: innovativeness, complexity, image sensitivity, social influence and price sensitivity. Therefore, one of the focuses of this dissertation, the price sensitivity, functions as a fundamental variable when making decisions about purchasing a product.

In the survey of this dissertation, we only included the first Likert-scale question of the PSAP method to ask respondents about their potential adoption of a “premium” or “digital” subscription to a newspaper. We will explain this in detail in the methodology part of this study.

#### **4.1.10. Preliminary conclusion**

The previous section has set the theoretical framework this study is grounded on by showing an overview of the most relevant literature on the topics of the WTP and price sensitivity of newspapers. The overall findings assert low paying intentions for

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<sup>14</sup> This refers to an offer that matches respondents’ needs and desires: availability, good price, etc. (De Marez & Verleye, 2004, p. 37).

<sup>15</sup> A suboptimal offer is more expensive than what respondents estimated and an offer containing unnecessary content for them (De Marez & Verleye, 2004, p. 37).



newspapers (especially for the digital editions). Yet, some authors have pointed out that young males with a high education and high income are more prone to purchasing news services than other segments. However, we have seen some discrepancies on the latter<sup>16</sup>. Besides demographics, we have highlighted other determinants of the WTP found by some authors (news interest, social media, online purchasing habits, etc.). Among them, high quality and specialised content can be concluded as vital for publishers to make users pay for their offers, as it has been illustrated with successful brands such as *The New York Times* and the *Financial Times*.

In the empirical part of this research we will check if the profiles of Flemish multichannel readers and their paying intentions correspond to what we found in the literature. Furthermore, we aim to fill the gap due to the current lack of updated insights on paying intentions for newspapers in the regional market of Flanders by providing current data on the topics stated for the region.

We have also reviewed the differences between the print and the online newspaper formats, as well as the economic concepts of price elasticity and cross-price elasticity found in previous literature. Concerning the debate of whether print and online newspapers complement or substitute each other, we can conclude that they are complementary as most studies have noted that print newspapers have not been cannibalised by their online counterparts and print readers are also online readers of the same newspapers (see section 4.1.5.). Recent literature has also covered bundling and new revenue models<sup>17</sup> and their implications to the paying intentions of readers. Finally, we reviewed the PSM (section 4.1.8.) and the PSAP (section 4.1.9.) as we will use these methods to measure the price sensitivity and make predictions of the potential adopters of two bundles in our empirical study.

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<sup>16</sup> For instance, Ye *et al.* (2004) noted that old segments tend to purchase more online news than young people (see page 17). We also saw Chyi's argument to define online news as inferior goods, as thus she contradicted that income and paying intentions for online news are positively interrelated (see page 18 and section 4.1.4.).

<sup>17</sup> The metered paywall can be concluded to be one of the most implemented by newspapers (see section 4.1.7., pp. 26-29).

## **4.2. Empirical study**

### **4.2.1. Choice of methodology and rationale**

The objective of this study is to capture the news consumption patterns and the willingness to pay for digital news by the Flemish population. Therefore, this research is based on the demand side of the news market, which is why the most appropriate method of attaining information is a survey questionnaire. A quantitative methodological approach was taken so that it would be possible to make statistical calculations with the data, both in a descriptive and bivariate way in order to find significant correlations among the variables.

1,255 Flemish people participated in the study by responding to the survey launched online<sup>18</sup>. Respondents were Web users with Internet access. With other methodologies we would have not been able to reach such a large population in a short period of time. Apart from the fast delivery, surveys are relatively low-cost methods and the use of formatted questions normally facilitates to process the data collected (Treadwell, 2013).

### **4.2.2. Sampling, data collection and data processing**

Together with four other students and our mentor, we had a brainstorm meeting to construct the final survey in January 2014. In our survey, participants were identified in a non-probable way. A so-called purposive sampling with snowball method was used to find the respondents. We considered a purposive sampling the most convenient because it allowed us to ensure that respondents would meet our research needs and provide valuable outputs for our research. Thus, we only looked for Flemish people who were both Internet users and newspaper readers. The questionnaire was mailed out to a subset

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<sup>18</sup> By the time our survey ran and aiming at reaching at least 1,000 respondents, our supervisors determined a matrix (in annexes) based on a representative online sample of 250 and 1,000 respondents according to gender and age that we tried to meet. We can note also that 1,899 people started to fill in the questionnaire but 644 did not fill it out completely. Therefore, we only take the 1,255 questionnaires fully completed.

of participants of the *Digimeter*<sup>19</sup> panel and publicised online in the beginning of February 2014. Weekly reminders were sent out to fill out the survey. Thus, Flemish people interested in the media (and who had participated in other media studies through *Digimeter*) were encouraged to participate. We also used a snowball method by posting the survey on Facebook and Twitter, so that more volunteers could make part of the study. Moreover, people were randomly asked to complete the survey at libraries, bars, cafés, parks, public transport, etc. They were provided flyers with a short explanation of the research and the link of the survey so that they could complete it at a convenient moment for them.

Despite the convenience of using a non-probability sampling, we are aware of the fact that it does not allow us to make generalisations for the whole Flemish population (Treadwell, 2013, p. 133-150).

From the moment the survey was sent out online, respondents had roughly a month to fill in the survey (until beginning of March 2014). Hence, all data was collected online. The questionnaire was designed to take respondents around 10-15 minutes to complete. Some days after the survey closure, we received the first results and later on the final outcomes integrated in SPSS<sup>20</sup>.

Based on a 5-point Likert-scale question of our survey<sup>21</sup>, we identified four subsamples or segments of news readers. The first subsample is formed by both non-readers and only print readers. The second is formed by only-digital readers. The third subsample was called “combi digiprint” because it is composed of people who read both the print and digital newspapers. The fourth subsample is made up of multichannel readers.

#### ➤ *The multichannel subsample*

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<sup>19</sup> *Digimeter* is a research project that annually provides data on the possession and use of ICT and media in Flanders. It detects and brings the main trends on media technologies. *Digimeter* is part of *iMinds*, a Flemish research institute on digital innovation established since 2004 (iMinds, s.d.).

<sup>20</sup> The data set was translated (from Flemish to English) and cleaned by the promoter of this research, who also inserted and encoded the data in SPSS before the data analysis.

<sup>21</sup> The segmentation question we used to determine the four segments of readers is: “How often do you read the newspaper via print, online and/or mobile channels?” -Never - Rarely - Monthly - Weekly - Daily. (This question and the whole questionnaire can be found in annexes).

This study focuses on the multichannel segment that consists of 265 respondents (representing 21.1% of the total sample). Other students will research the other three subsamples.

The multichannel subsample comprises of people who read the newspaper on a daily and/or weekly basis via the three following formats: “print”, “online” and “mobile” (PDF versions of a print newspaper and newspapers’ websites are included in the categories “online” and “mobile”). In other words, the definition of multichannel entails that at least three access channels in different formats are used to consume news. Consequently, different combinations are possible: print, online site and mobile PDF; print, online PDF and mobile site; print, online site (and PDF) and mobile site (and PDF), etc. Hence, multichannel readers are considered to be the heaviest news consumers as they frequently catch-up with the news on multiple channels.

➤ *Representativeness of the subsample*

Due to the small size of the multichannel sample ( $N_{\text{multichannel}} = 265$ ) we cannot consider it representative. However, this is not an issue as the aim of this subsample (together with the other three subsamples) is to look at the differences among the various types of readers to form a holistic assessment of the current situation of the Flemish market with respect to reading behaviour and WTP for newspapers.

#### **4.2.4. Data analysis**

This section shows the descriptive (A) and bivariate (B) analysis of the data extracted from the results of the survey<sup>22</sup>.

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<sup>22</sup>In order to become familiarised with SPSS we used the book of Baarda, De Goede and van Dijkum (2004).

## A) Descriptive analysis

The survey is structured in various sections: demographics, media use, newspaper reading behaviour, WTP for news, price sensitivity, respondents' interest in Media-ID<sup>23</sup>, online buying behaviour, social media usage and preferred revenue models and payment methods. A descriptive analysis of the data is essential to understand the nature of the multichannel segment and includes key information with respect to the former aspects.

### 1. DEMOGRAPHICS

The following demographic parameters will be chronologically described and analysed: gender, age, profession, level of employment, level of education, family situation and income.

#### 1.1. Gender

Concerning the gender of participants, it is interesting to note that nearly two thirds of the multichannel readers are men (91 women, 174 men).

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<sup>23</sup>Media-ID is a project brought off by *iMinds* that consists of a unique secure identification to access to the online content of the participating Belgian media groups. The project puts an end to the numerous IDs and passwords users constantly face to access every media site/app. Media-ID will officially start in 2014, after the summer (De Morgen, 2014; iMinds, s.d.). More information on the project can be found on <http://www.media-id.be/nl> and <http://smit.vub.ac.be/project/177>

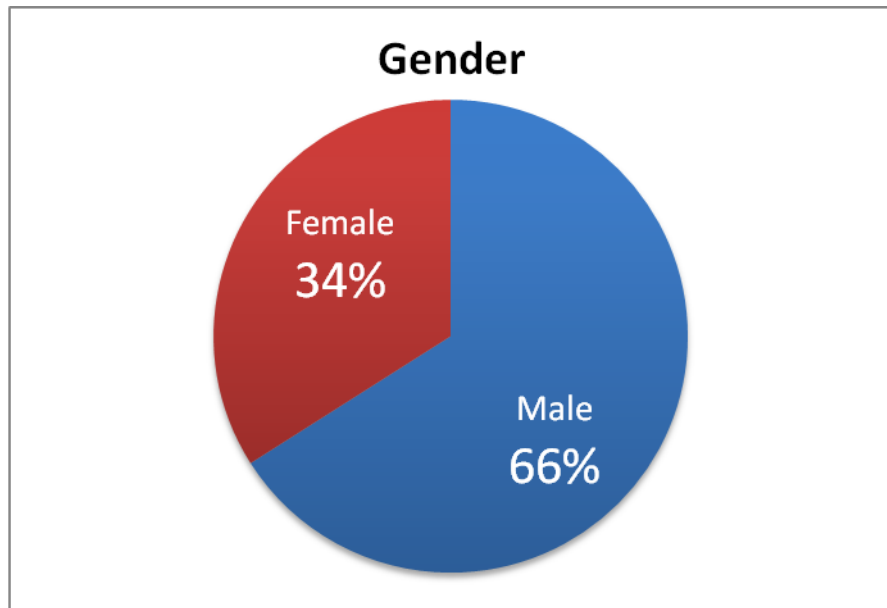


Figure 1: Sample demographics: Gender (%), N=265.

## 1.2. Age<sup>24</sup>

It can be stated that the heaviest news consumers are young people: 32% of the sample is in the age range of 20-29 years old. Then, we can find the age categories 15-19, 30-39, 40-49 and 50-59.

People from 60 years old onwards are underrepresented in the sample. This suggests that the senior population may not be as heavy of news consumers as the younger categories. Moreover, the survey was only launched online and we encountered difficulties to find senior Flemish-speaking participants. We especially struggled to come across 80 year olds and above female volunteers with the necessary computer skills to be able to fill out our online survey.

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<sup>24</sup>When filling in the survey participants entered their year of birth. This was recoded in SPSS into age intervals to facilitate the analysis.

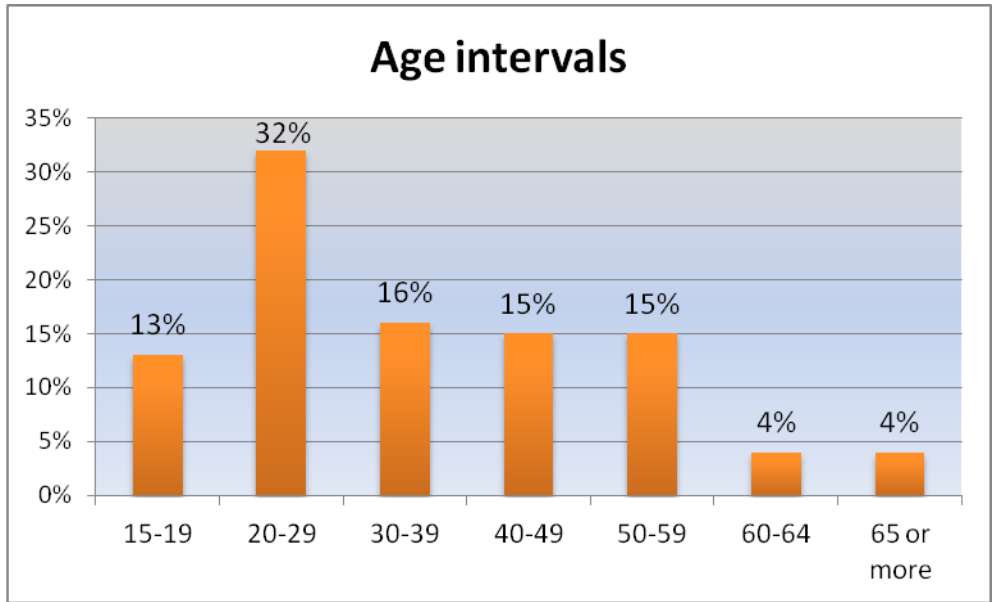


Figure 2: Sample demographics: Age (in intervals, %), N=265.

### 1.3. Profession

The vast majority of respondents are white-collar workers (31%) and students (30%). After this, we can find public servants, self-employed and retired. Blue-collar, unemployed, housemen/housewives, C-level and other professions are underrepresented, as showed in figure 3.

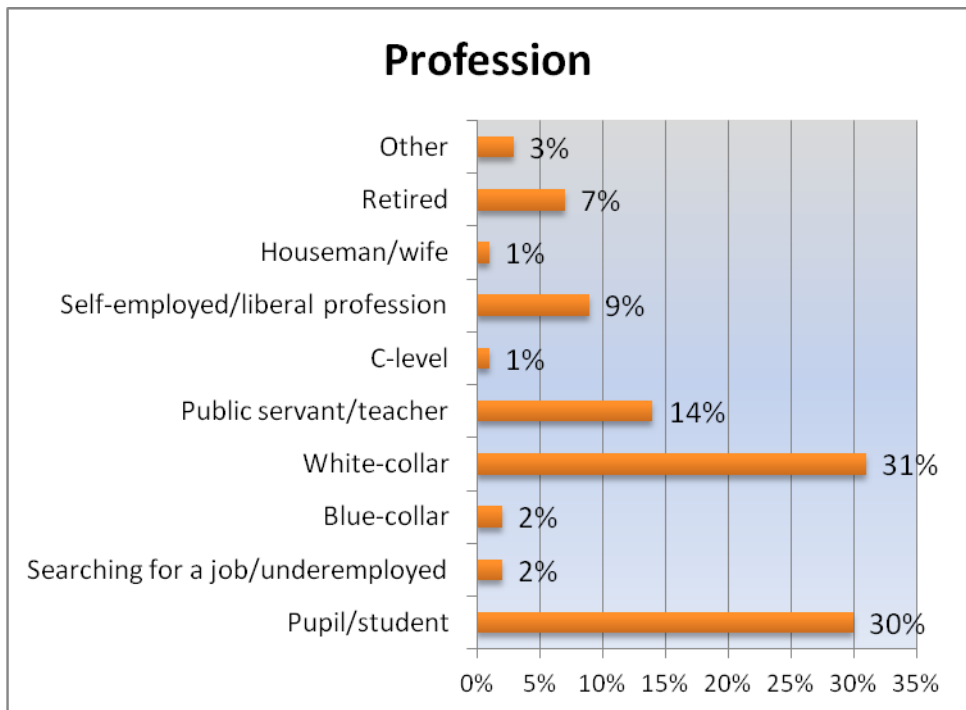


Figure 3: Sample demographics: Profession (%), N=265.

#### 1.4. *Level of employment*<sup>25</sup>

Among the 157 participants of the sample who responded to their level of employment, the vast majority (87%) work full-time. Only 8% are employed part-time (4/5<sup>th</sup>) and 3% work on a half-time basis.

#### 1.5. *Level of education*<sup>26</sup>

More than two thirds of the sample is highly educated, as 68% have at least a high school diploma and Bachelor's degree.

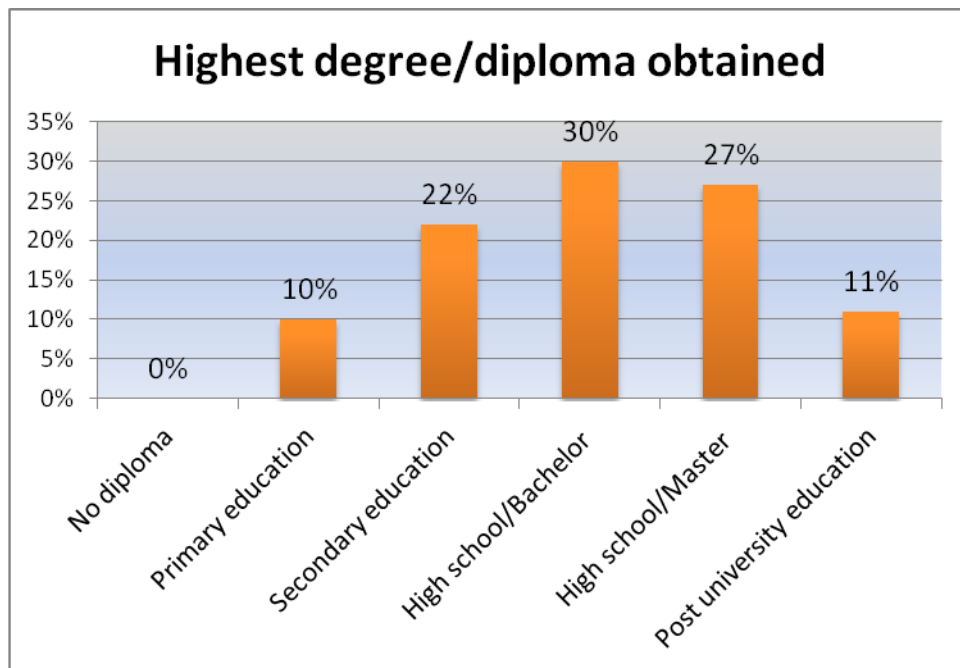


Figure 4: Sample demographics: Highest degree/diploma obtained (%), N=265.

#### 1.6. *Family situation*

Family situation is a rather heterogeneous variable. The two biggest categories are married people who live with one or more children (30%) and people who live with their parents (26%). The latter probably represents the younger segments of the sample, mainly teenagers and young adults (45% of the sample is formed by respondents from 15 to 29 years old).

<sup>25</sup> In this question on the level of employment there are 108 missing values. This may correspond to students, unemployed and retired who were automatically redirected in the survey.

<sup>26</sup> Concerning the level of education participants were asked about their highest degree obtained.



In view of the above, we found that 70% of the sample consists of households formed by two up to four family members.

### 1.7. Income

Income is an important variable for this study as it could have an effect on the WTP for newspapers. Due to the heterogeneity of the multichannel segment, different predominant income levels among the respondents can be discerned. 23% have no income (which may correspond to the big number of students represented), 23% earn between 1,501€ and 2,000€ a month, 20% receive a monthly income between 2,001€ and 3,000€ and 11% earn more than 3,000€ on a monthly basis.

This data represented in figure 5 shows that even though people with no income are quite prevalent, the majority of the sample is formed by people who receive a monthly salary ranging from less than 1,000€ to more than 3,000€. Hence, it can be stated that respondents have, in general terms, a moderate to high purchasing power.

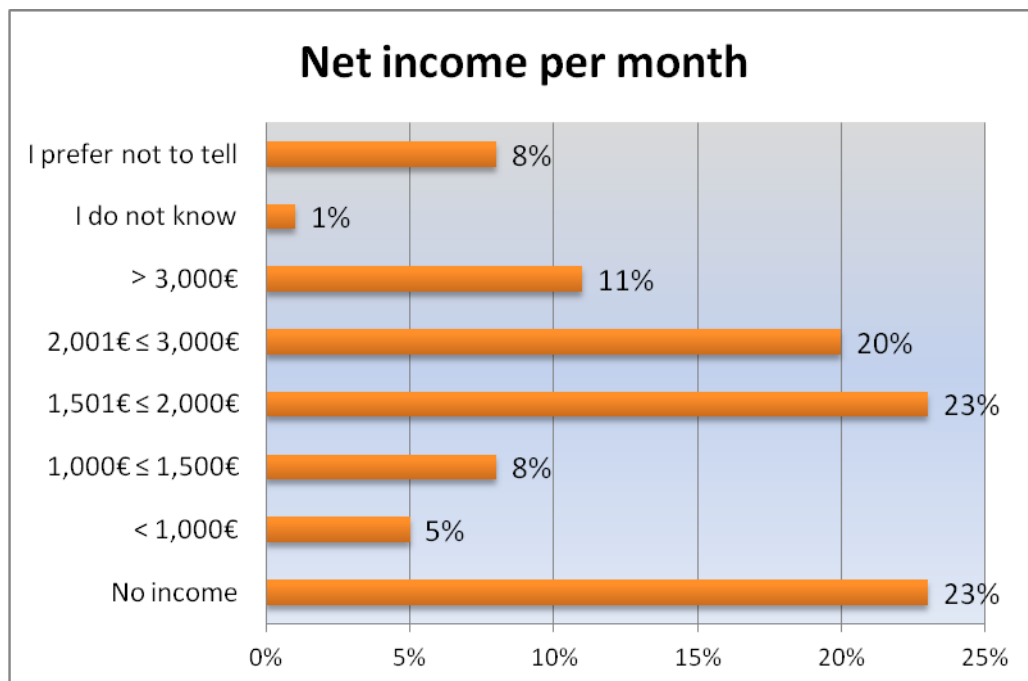


Figure 5: Sample demographics: Net income per month (%), N=265.

## 2. MEDIA USE

Regarding the media devices at the respondents' disposal both at home and at work (if applicable), it can be seen that most multichannel news readers are quite well-equipped owning several technological devices. In particular, almost the entire sample has a TV, a smartphone and a computer.

On one hand, 32% of the sample still owns a GSM without the possibility to connect to the Internet. In other words, almost a third of the sample cannot connect online in their mobile phones and therefore do not consume mobile news services. On the other hand, 91% has a smartphone or mobile phone with access to the Internet<sup>27</sup>.

Moreover, almost the entire sample possess a computer (laptop, desktop PC and/or mini-PC) at home or/and work place and three out of four have at their disposal a tablet or e-reader. The high rates observed reflect that multichannel readers are quite technology-savvy because the latest devices in the market are available to them to consume the news (smartphones, computers, tablets, etc.).

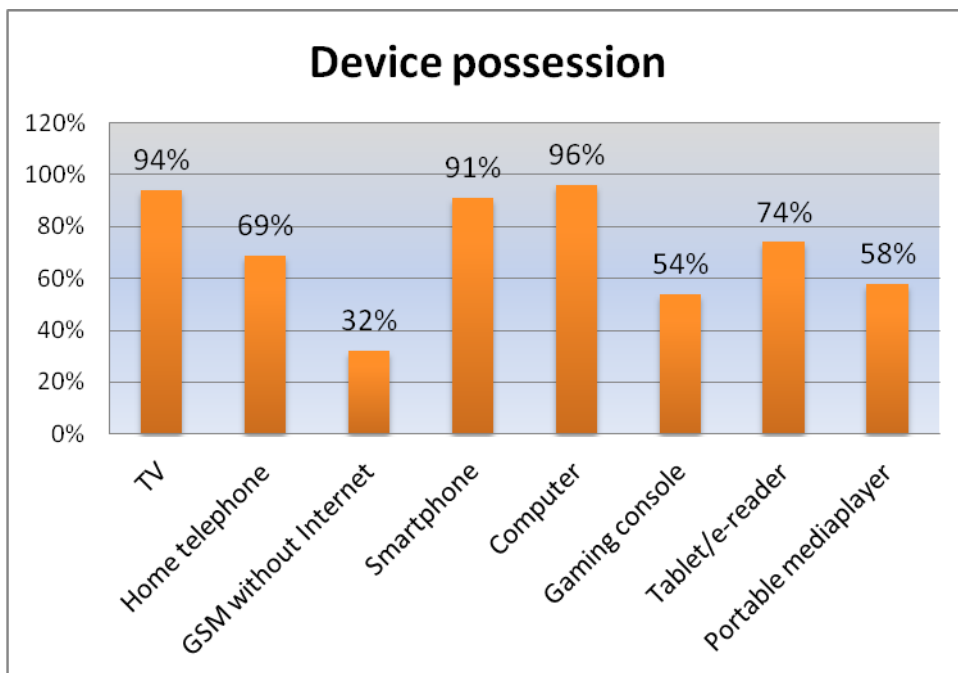


Figure 6: Media use: device possession (%), N=265.

<sup>27</sup> This means that some respondents have at their disposal both a mobile phone without Internet and a smartphone.

In order to gain more insight on participants' media use, they were inquired about the frequency of news consumption in different platforms. This information can be observed in table 2.

Radio continues to be the most predominant traditional media in Flanders. As the results of the survey show, two out of three respondents listen to the news on the radio on a daily basis.

Furthermore, more than half of the participants (53%) watches news programs everyday on TV, for instance *Journal*, *Reyers Laat* and *Terzake*. Important information for our study is that 45% of the respondents read the print newspaper on a daily basis and 50% on a weekly basis. The findings of the survey reflect that radio and television prove to be more popular in regards to news consumption than print newspapers in Flanders. The least preferred options for consuming the news are participating in news programs and reading the news on teletext.

Concerning the channels to catch-up with the news, the majority of the respondents (78%) access the news everyday through their computers and mobile devices (smartphones or tablets).

In addition, more than half of the sample (55%) usually gets news updates through their Facebook and/or Twitter accounts. This data indicates that social media is becoming an important way to be up-to-date with the latest news allowing interaction among online users and bloggers through making comments and enhancing public debate about topical issues.

The high rates obtained on new media channels (computers, smartphones, tablets) as ways to catch-up with the news could be an indicator of the current shift towards new media that is taking place in most Western countries. On the other hand, despite digitalisation and the ICT revolution, traditional media (radio, TV, print newspapers) has not been totally replaced by new media and continues to be present in most developed countries.

Interestingly, personalisable news applications like *Flipboard* (a social network aggregator) and *Zite* (a news aggregator according to personal interests) have never been used by 40% of the sample and 22% are not familiar with these applications.

Finally, more than half of the respondents (52%) never react or post on fora and news sites.

	Frequency	Daily	Weekly	Monthly	Rarely	Never	I do not know this channel
Ways of consuming the news	Watch TV	53%	34%	6%	5%	2%	0%
	Listen to the radio	66%	22%	2%	8%	2%	0%
	Participate/vote in a programme	16%	31%	13%	29%	9%	2%
	Read teletext	9%	5%	6%	29%	48%	2%
	Read a print newspaper	45%	50%	4%	1%	0%	0%
Ways of catching-up with the news	On my computer	78%	15%	0%	2%	0%	0%
	On my smartphone/tablet	78%	16%	1%	2%	1%	0%
	Via Facebook/Twitter	55%	13%	5%	13%	14%	1%
	Via personalisable news apps	7%	9%	6%	15%	40%	22%
	React on fora <sup>28</sup> , news sites	3%	9%	5%	31%	52%	1%

Table 2: Media use: ways of consuming and catching-up with the news (%), N=265.

### 3. NEWSPAPER READING BEHAVIOUR

In the survey section about newspaper reading behaviour, important outcomes can be extracted from the data. Participants were asked to indicate when and where they usually read the newspaper and on what platform (print, online and mobile)<sup>29</sup>. A

<sup>28</sup> Fora or forum is a site where people can react and discuss about the news.

<sup>29</sup> Respondents only got questions on reading behaviour (weekdays, weekend and location) dependent upon their answers on the segmentation question. For instance, people who indicated they read the news in the print, online site and online PDF formats only had to respond to the assigned questions on reading time and location for these three access channels.

distinction was made between weekdays (Monday-Friday) and weekend (Saturday and Sunday).

From the data collected, it is interesting to highlight that digital devices (mainly PCs, smartphones and tablets) allow multichannel news readers to catch-up with the news several times a day, both during weekdays and weekends.

### 3.1. Weekdays

	Before noon	In the afternoon	In the evening	Several times per day	Not on a weekday
Print newspaper	11%	8%	12%	9%	26%
Online newspaper site	8%	10%	16%	52%	5%
Online PDF-version	14%	6%	14%	8%	47%
Mobile newspaper site/app	10%	2%	17%	46%	8%
Mobile PDF-version	13%	2%	17%	12%	39%

Table 3: Newspaper reading behaviour: moment of the day (from Monday to Friday) when people usually read the news (%), N=265.

On weekdays, respondents follow the news several times a day to a great extent via online (52%) and mobile (46%) news sites/apps. Also, it can be highlighted that one out of four participants does not read the print paper from Monday to Friday. This may be related to the lack of free time during the week of the working population.

On average, Flemish people read the news the most in the evening and in the morning. On the other hand, the quietest time of news reading is in the afternoon.

Finally, the digital PDF-versions of a newspaper are not very popular and a considerable proportion of the sample does not consume news via these formats on a weekday. All this is illustrated below in figure 7:

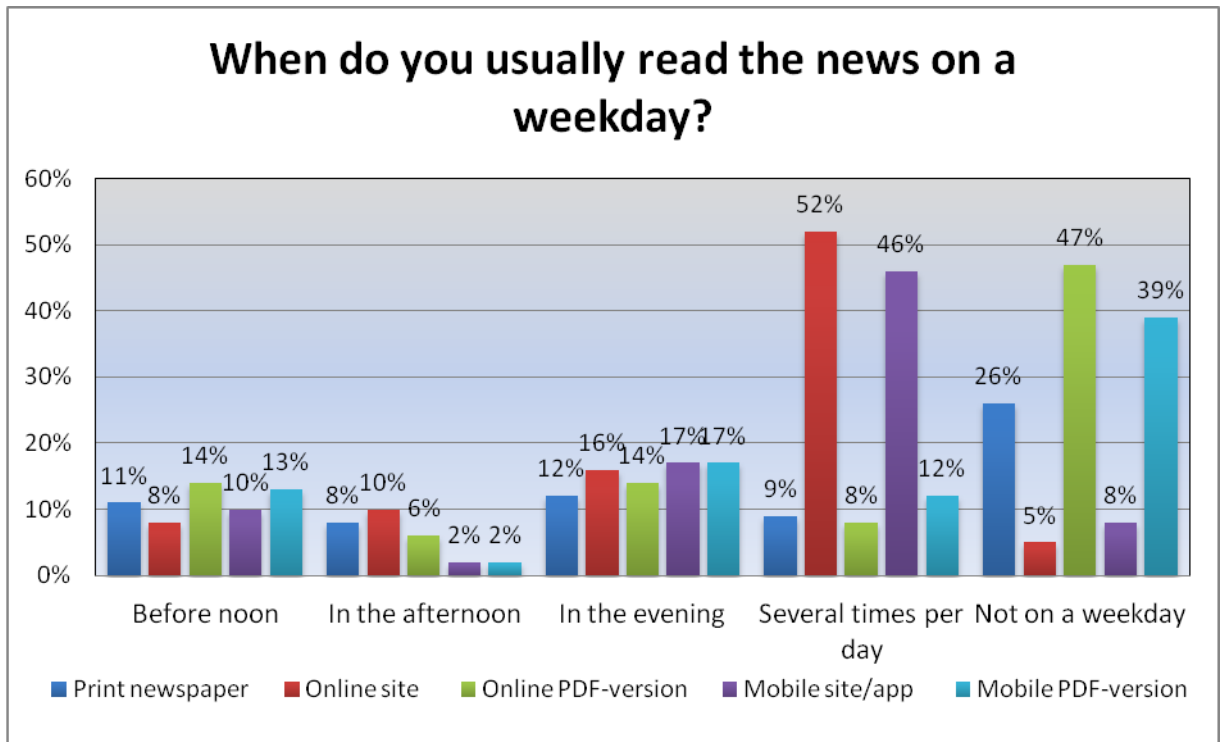


Figure 7: Newspaper reading behaviour: moment of the day (from Monday to Friday) when people usually read the news (%), N=265.

### 3.2. Weekends

	Before noon	In the afternoon	In the evening	Several times per day	Not on the weekend
Print newspaper	21%	12%	2%	23%	12%
Online newspaper site	11%	7%	9%	41%	24%
Online PDF-version	14%	4%	8%	12%	54%
Mobile newspaper site/app	10%	6%	8%	47%	19%
Mobile PDF-version	12%	6%	8%	17%	43%

Table 4: Newspaper reading behaviour: moment of the day (Saturday and Sunday) when people usually read the news (%), N=265.

In the same way as on weekdays, online (41%) and mobile (47%) sites are used by news readers several times a day during the weekends to consume news. Besides the website

formats, a considerable proportion of the sample (23%) usually read the print newspaper at different times during the day.

The most popular moment of the weekend for people to consume news is in the morning. In this sense, the traditional print paper prevails as the preferred format (21%). On the contrary, the afternoon and the evening are, on average, less busy moments to consume news on weekends. Fridays and Saturdays are not the most ideal days for news readers to consume digital PDF format news.

In summary, online and mobile newspaper sites are overall the most predominant ways through which the multichannel sample reads the newspaper from Monday to Friday. Conversely, the print newspaper is read by a lower proportion of people but it remains an essential format of news consumption, especially during the weekends, when people usually have more spare time to read the traditional paper. More information is displayed in figure 8:

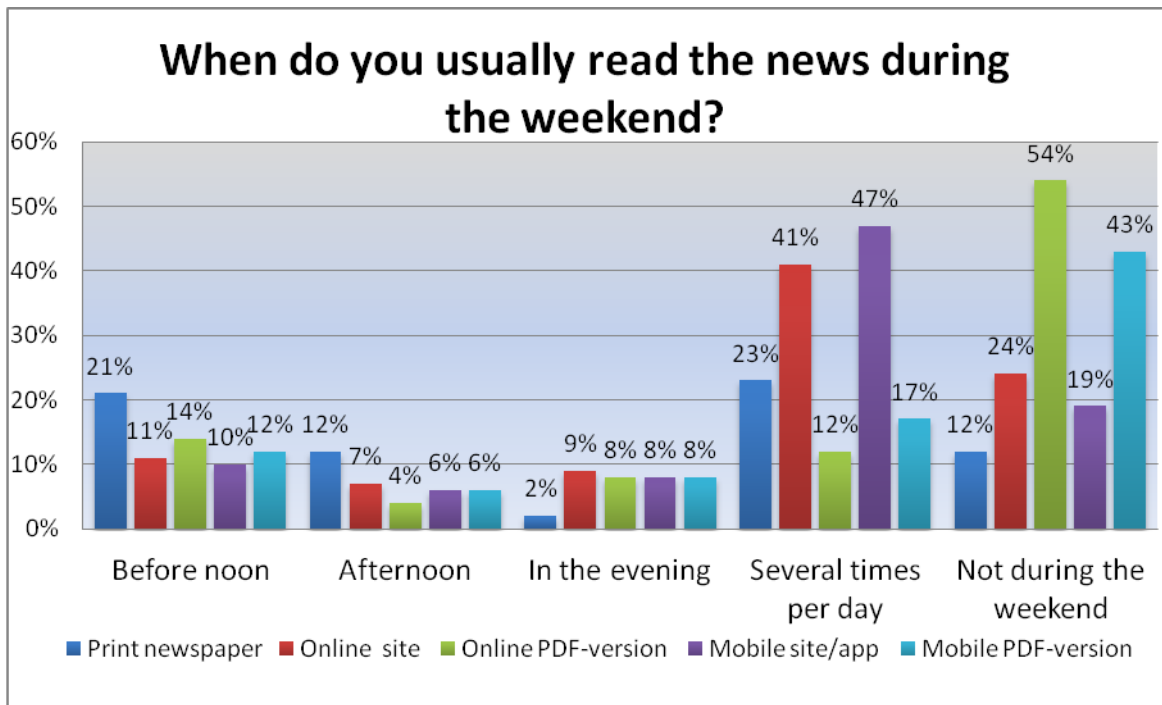


Figure 8: Newspaper reading behaviour: moment of the day (Saturday and Sunday) when people usually read the news (%), N=265.

### 3.3. Location

Overall, the preferred places to read the newspaper are at work or school (high school or university) and going to/from work or school. Other locations indicated by respondents to consume print, online and mobile news are bars/restaurants, while being on holiday, at parents' house, and in waiting rooms and water closets. Concerning the online channel, 37% consume news at the workplace via laptop or PC. As of mobile devices, 17% consume news while commuting and 15% are at work at the moment of news consumption. It can also be highlighted that mobile devices are becoming an important platform of news consumption mostly when travelling. Locations can be seen in the table below:

	At work	Commuting to/from work	In a bar/restaurant	Somewhere else	At (high) school/university	Commuting to/from (high)school/university
Print newspaper	10%	7%	2%	3%	3%	3%
Online newspaper site	37%	3%	0%	2%	6%	3%
Online PDF-version	8%	2%	1%	6%	3%	2%
Mobile newspaper site/app	15%	17%	2%	6%	7%	8%
Mobile PDF-version	4%	6%	1%	5%	3%	3%

Table 5: Newspaper reading behaviour: place where people usually read the news (%), N=265.

After the variables “when” and “where”, respondents were asked to indicate the amount of time spent on average reading the newspaper.

38% read between 30 and 60 minutes per day, 36% between 10 and 30 minutes and 17% spend more than an hour reading it. So, the vast majority, almost 3 out of 4 respondents, read the print or digital newspaper from 10 to 60 minutes. Only 3% do not read the paper every day, which indicates that our sample is composed by very heavy news readers who consume the news daily and even several times a day.



#### 4. WILLINGNESS TO PAY FOR NEWS

Respondents were inquired about their present paying behaviour for newspapers. Nearly 4 out of 10 participants currently pay for a print subscription, which is quite a high rate. Also, 18% usually buy single copies of the traditional newspaper. Therefore, more than half of the sample (57%) is currently purchasing print newspapers in the form of a monthly subscription or as individual copies. Alternatively, 24% purchase digital subscriptions (online and/or mobile). However, still 19% of the respondents do not currently pay for any newspapers either traditional or digital.

So, it seems Flemish users prefer to use and pay for the print editions than for the digital editions as Chyi found in the US (2012, p. 240).

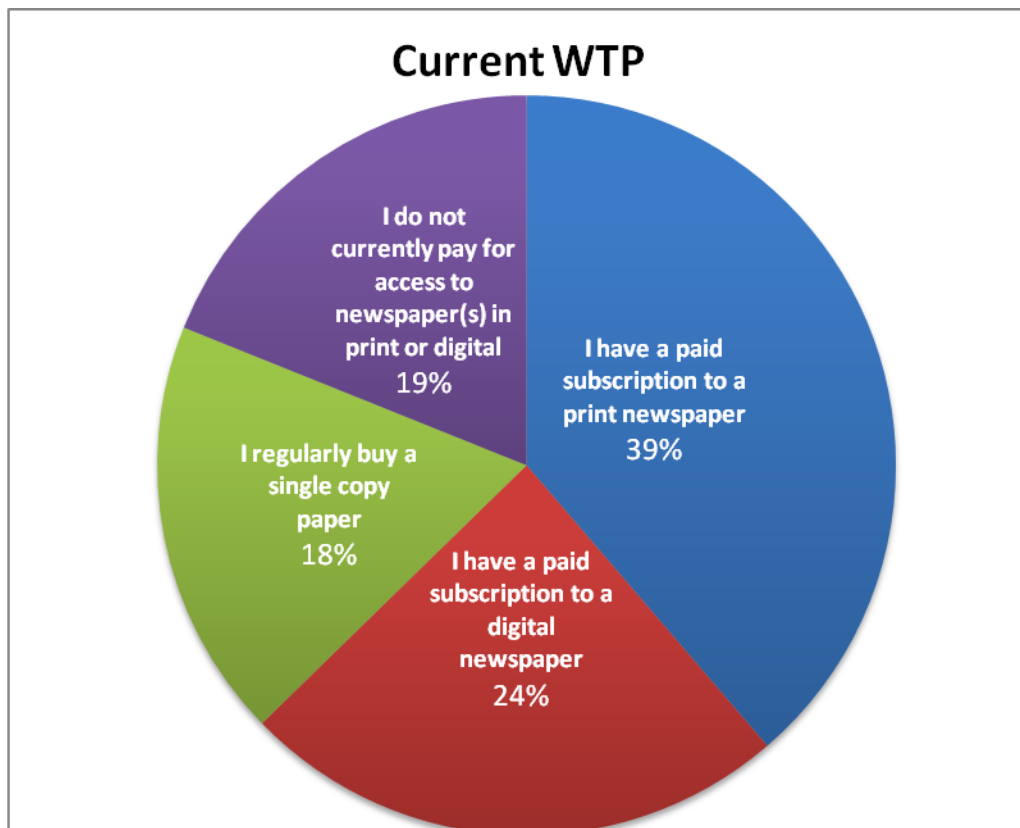


Figure 9: Willingness to pay for news: current willingness to pay for print and digital newspapers (%), N=265.

Respondents were asked about the subscription formula and newspaper for which they currently pay. The most popular papers were *De Standaard* (65% read it) and *De Morgen* (read by 58% of the sample) and its most successful formulas are singles

editions and print subscription. The least read were *Gazet van Antwerpen* and *Het Belang Van Limburg*.

Newspaper	I don't read it	Single editions	Print subscription	Digital subscription	Print subscription weekend	Print, online & mobile weekend	App subscription	Day-pass digital	Other formulas
<i>De Morgen</i>	42%	15%	9%	4%	1%	2%	1%	1%	4%
<i>De Standaard</i>	35%	15%	14%	5%	2%	3%	2%	1%	5%
<i>De Tijd</i>	58%	8%	1%	1%	1%	1%	0%	0%	4%
<i>Het Laatste Nieuws</i>	54%	9%	6%	1%	0%	0%	1%	0%	4%
<i>Het Belang Van Limburg</i>	64%	5%	3%	2%	0%	0%	0%	0%	2%
<i>Gazet Van Antwerpen</i>	67%	2%	2%	1%	0%	0%	0%	1%	2%
<i>Het Nieuwsblad</i>	51%	7%	9%	3%	0%	2%	1%	1%	4%
Other Belgian newspapers	67%	2%	1%	1%	0%	0%	0%	0%	5%
Other foreign newspapers	67%	3%	1%	1%	0%	0%	1%	0%	3%

Table 6: Willingness to pay for news: subscription formulas and newspapers for which respondents currently pay (%), N=265.

It is important to highlight that two out of three respondents do not read other national nor international papers. Other preferred Belgian journals pointed out were *Le Soir*, *Brugsch Handelsblad* and *Metro*. Concerning the foreign press, respondents identified their most favourites such as *The Guardian*, *The New York Times*, *The Economist*, *Le Monde*, *El País* and *Telegraaf*, among others.

Concerning the future paying intent for online and/or mobile news access, the majority of the sample is reluctant to pay, as it is displayed below:

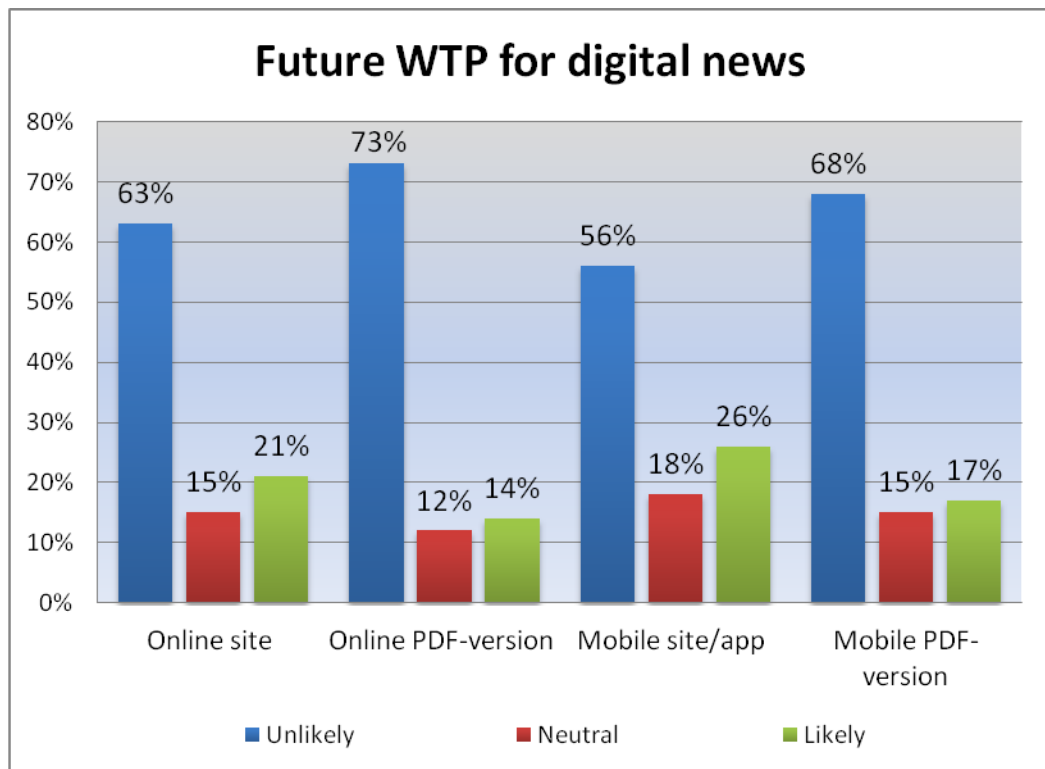


Figure 10: Willingness to pay for news: future willingness to pay for online and mobile news (%), N=265.

More than half of the sample would definitely not purchase digital newspapers. The highest rates of unwillingness to pay are to be found for accessing online and mobile PDF-versions of a print paper. Yet, 26% and 21% of the sample would likely purchase news via mobile and online sites, respectively.

The sort of content has been considered in the literature a determinant factor as regards to paying intent. In this study, participants were asked about the type of content they would pay for if they could compose their own digital news package.

As illustrated by the chart below, high rates of unwillingness to pay are found for most types of news content.

Despite this fact, the most preferred types of content are news updates or very recent newsfeeds; dossiers, files or very detailed analysis of specific topics (e.g. elections 2014) and personalised news or news composed on the basis of individual interests.

The most unpopular (for which participants are the most reluctant to pay) include showbiz news, sport news as well as news on life, gastronomy and health, columns and financial updates.

	Very unlikely	Unlikely	Neutral	Likely	Very likely
Sport results and analyses	56%	16%	12%	11%	5%
Financial news	43%	21%	18%	14%	3%
News updates	22%	15%	17%	30%	16%
Columns	44%	18%	19%	15%	5%
Local news	33%	20%	19%	23%	5%
Culture and art	34%	20%	21%	18%	6%
Lifestyle, gastronomy and health	47%	18%	20%	12%	3%
Technology and science	27%	17%	21%	25%	11%
Showbizz news	61%	16%	14%	6%	3%
Archived news	31%	22%	20%	23%	5%
Dossiers (very detailed news on a certain topic)	27%	15%	21%	29%	8%
Personalised news	24%	17%	25%	26%	8%
Initiatives like <i>Newsmonkey</i> <sup>30</sup>	42%	23%	21%	11%	3%

Table 7: Willingness to pay for news: future WTP for news according to the type of content (%), N=265.

The next focus of the survey relates to the motives behind the unwillingness to pay for digital news, which constitutes an essential insight for the study.

More than half of the sample backs up the existence of free alternatives online (57%) and the idea that online and mobile news should be free (52%). These are the main reasons why people do not wish to pay for news on digital channels. Next, 29% argue that they would not purchase digital news because of its low quality and 23% consider the price too expensive. The remaining arguments can be observed in figure 11 below.

On the other hand, it can be emphasised that 17% of the sample are willing to pay, which is still a low rate of paying intent.

In addition, participants specified other reasons for their unwillingness to pay for digital news. Most have to do with preferences for reading the print paper rather than the digital one. Other motives have to do with the high prices of digital papers -difficult to afford- and the belief that there are no formulas with acceptable price tags. Finally, the

<sup>30</sup>*Newsmonkey* is a website with a mix of broad popular news and background stories focused on social media.

existence of free options to consume the news and the reluctance to pay because of the copy-paste behaviour of online newspapers were also mentioned.

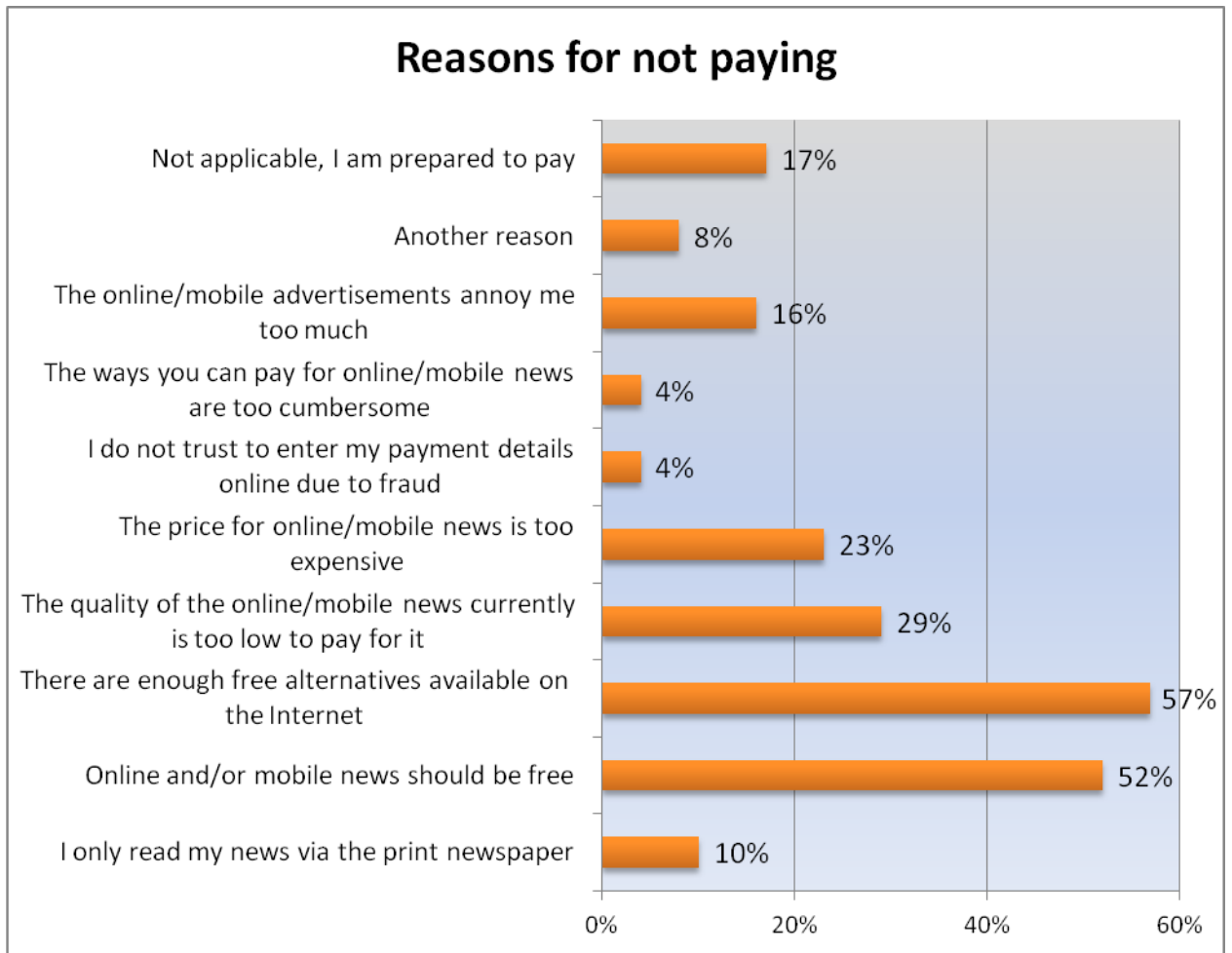


Figure 11: Willingness to pay for news: main reasons why respondents are not willing- to-pay for online and mobile news in the future (%), N=265.

### 5. PRICE SENSITIVITY AND PSAP

Two scenarios of possible new subscription formulas (premium and digital) were created to identify the average prices people were willing to pay. Respondents were automatically assigned one or another while filling the online survey. 126 respondents got the premium formula and 136 the digital formula.

Van Westendorp price sensitivity method basically takes into account the prices (inexpensive, expensive, too inexpensive and too expensive) provided by the

respondents and calculates the average price each person is disposed to pay using the following formula:

$$\text{cheap} + \text{expensive} / 2$$

The two scenarios proposed were a “premium subscription” (print, online and mobile news access for a month) and a “digital subscription” (online and mobile news access for a month). In the survey, it was stated that most Flemish newspapers would charge around 30€ for the first formula and 18€ for the second one. Therefore, four mean prices were extracted from the analysis: two for the premium subscription (the price people are willing to pay for it and the mark-up price, the latter being 20% higher than the former one) and the same goes for the digital subscription. The mark-up price is the difference between the cost of a product or service and the price at which it is sold and therefore represents the profit earned by a producer. On average, people are willing to pay 10.6 € more for the premium subscription than for the digital one.

	Price Premium	Mark-up price Premium	Price Digital	Mark-up price Digital
Mean	23.98	30.09	13.38	16.57
Std. Deviation	12.922	13.68	7.901	6.853
Minimum	1	9	1	6
Maximum	70	84	49	42

Table 8: Price sensitivity of news: statistics of the four prices identified (%), N=265.

### ➤ *PREMIUM SCENARIO*

In the following histogram, we can see the prices people estimated they would be willing to pay for the premium subscription. Prices range from 1 to 70€ (M=23.98, SD=12.922). The value of the standard deviation (12.922) indicates that the individual prices estimated by the respondents deviate slightly from the average value and these deviations are more numerous on the left side than on the right side of the mean.

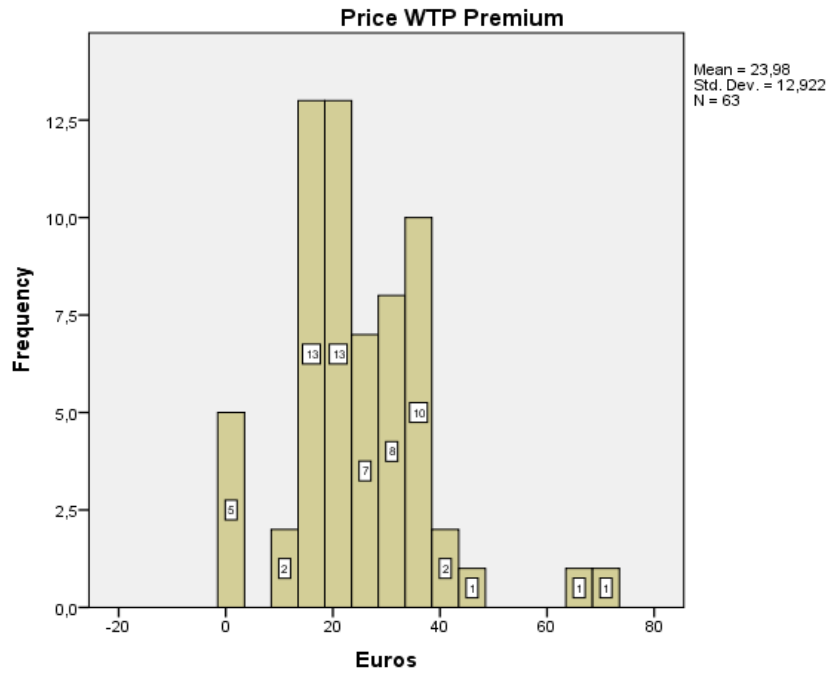


Figure 12: Price sensitivity of news: estimated prices respondents are willing to pay for the premium subscription, N=265.

Below, we can observe all the price points for the premium formula:

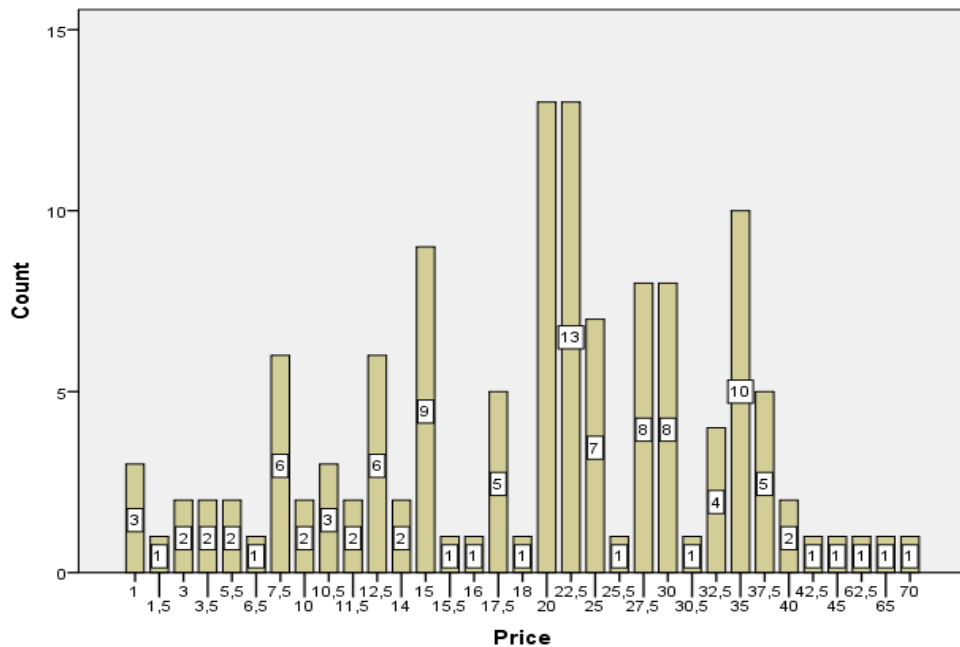


Figure 13: Price sensitivity of news: estimated price points respondents are willing to pay for the premium subscription, N=265.

The mark-up price for the premium formula is illustrated in the histogram below (M=30.09, SD=13.68). The relatively high value of the standard deviation indicates responses are a slightly spread out from the mean.

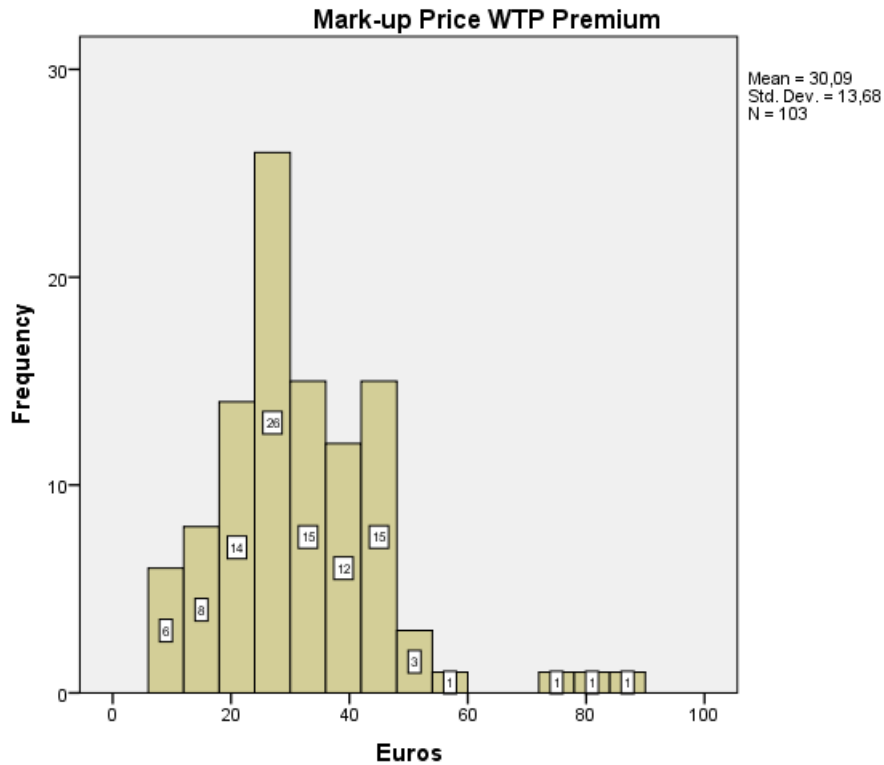


Figure 14: Price sensitivity of news: estimated mark-up price respondents are willing to pay for the premium subscription, N=265.

➤ *DIGITAL SCENARIO*

The prices people are disposed to pay for the digital subscription range from a minimum of 1€ until a maximum of 49€ (M=13.38, SD=7.901). The relatively low value of the standard deviation displays most prices given by the respondents are quite close to the average.



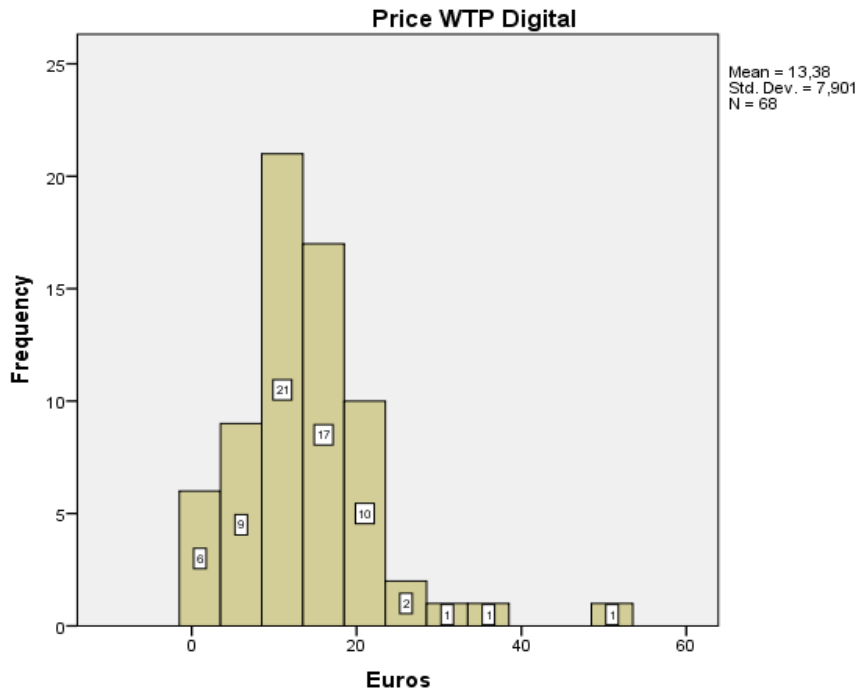


Figure 15: Price sensitivity of news: estimated prices respondents are willing to pay for the digital subscription, N=265.

Below, all the price points for the digital formula are displayed:

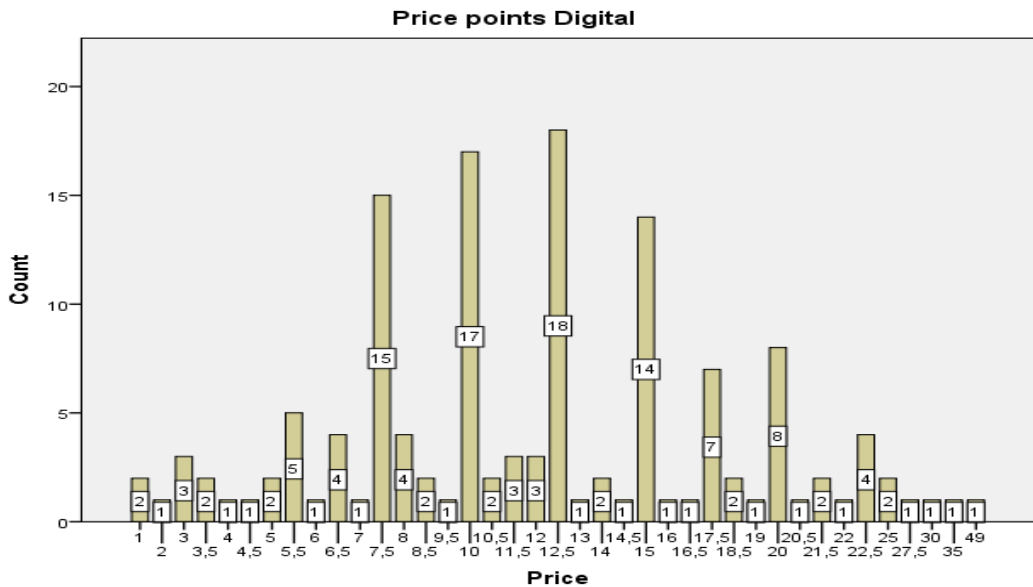


Figure 16: Price sensitivity of news: estimated price points respondents are willing to pay for the digital subscription, N=265.

Finally, the mark-up price for the digital formula is illustrated below (M=16.67, SD=6.853). The low value of the standard deviation points out the low dispersion of the prices around the mean, most of which are concentrated on its left side:

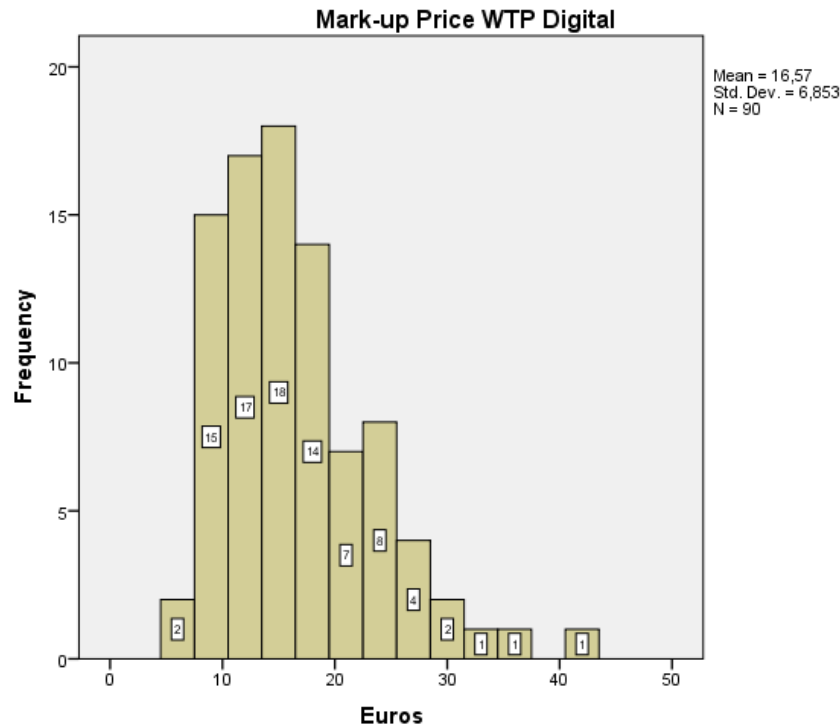


Figure 17: Price sensitivity of news: estimated mark-up price respondents are willing- to-pay for the digital subscription, N=265.

When comparing the mean prices charged nowadays, which are indicated in the scenario questions (30€/month for the premium formula and 18€/month for the digital one) and respondents’ answers (on average 23.98€ for the premium formula and 13.38€ for the digital one), it can be stated the average future paying intent is relatively low in both scenarios.

### *IMAGINE QUESTIONS*

Based on the responses for the four prices, the program calculated automatically two more prices. Then, in the “imagine questions” of the survey, people were asked if they would be ready to pay and to what extent for the subscription they got at the indicated

prices. These are based on the first question of the PSAP scale explored in the literature review section of this research. The two new calculated prices consist of the price people would be willing to pay and the mark-up price.

➤ *PREMIUM SCENARIO*

Concerning the prices provided by respondents (M=23.98, SD=12.922), 8% would immediately adopt the premium subscription and 32% would probably subscribe, representing together 40% of the sample. This is quite a positive adoption rate of the premium subscription at the prices provided by respondents.

In line with our expectations, lower adoption rates are found in the case of the mark-up price (20% higher). More than a third of the sample would probably not buy it and 17% would definitely not subscribe.

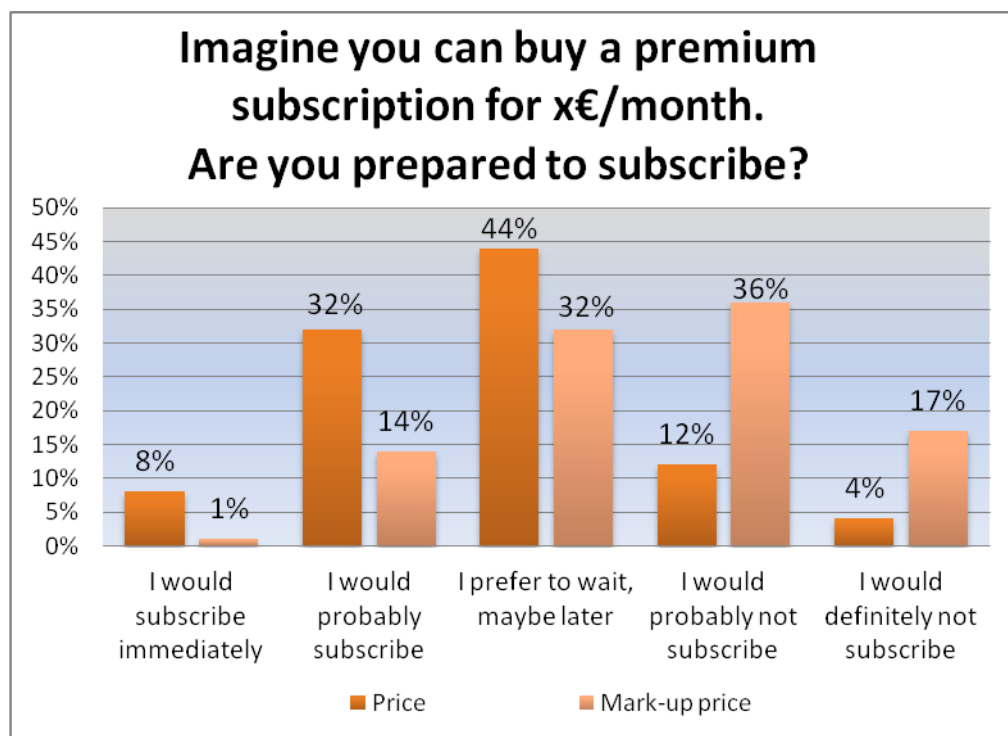


Figure 18: Price sensitivity of news: frequency of respondents who would be willing to adopt/subscribe for the premium subscription (%), N=265.

➤ *DIGITAL SCENARIO*

The results are fairly similar for the digital subscription. Thus, people are more reluctant to purchase at a price 20% higher than what they estimated.

Leaving aside the mark-up price, very few participants (only 3%) would subscribe immediately for the digital formula, whereas for the premium formula this rate was slightly higher. However, more than 1/3 of respondents would probably adopt it. Alternatively, 24% would probably not pay for accessing this online and mobile formula.

In the same way as for the premium case, high rates are found for the indecisive people (overall more than a third of the sample would rather wait and decide later on).

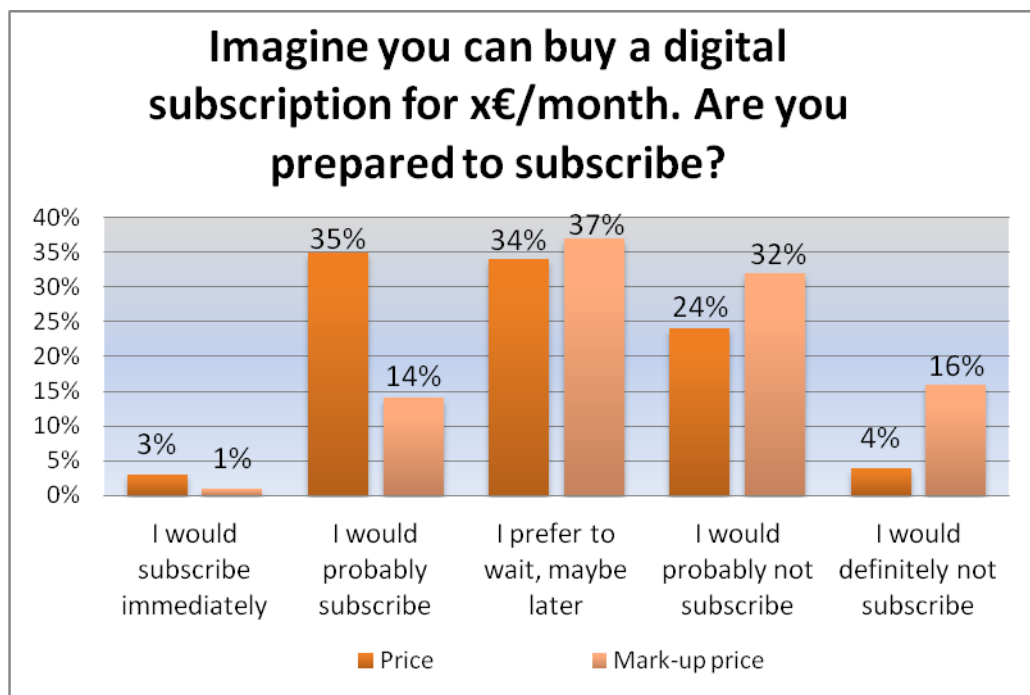


Figure 19: Price sensitivity of news: frequency of respondents who would be willing to adopt/subscribe for the digital subscription (%), N=265.

*PSAP*

The PSAP scale by De Marez and Verleye was explored in the literature section. Based on this effective tool, a predictive segmentation of the potential adopters of the digital and premium subscriptions is assessed.

The five categories of respondents are: innovators (group 1), early adopters (group 2), early majority (group 3), late majority (group 4) and laggards (group 5).

A histogram will show the adoption curve and the frequencies of each group (according to their answers in the survey) in terms of the level of adoption for each bundle. First, we will analyse the premium package and afterwards the digital package.

Compared to the theoretical diffusion curve for the premium package it is estimated there are around 5% innovators, 25% early adopters, 22% early majority, 36% late majority and 10% laggards<sup>31</sup>. In figure 20, we can observe that columns 3 and 4 representing the early majority and late majority segments, respectively, are not in line with the theoretical diffusion curve. But the other three segments are quite consistent with the theoretical curve. So, for a premium subscription the PSAP scale predicts there might be a niche market potential (for the 5% innovators and 25% early adopters) but definitely not a mass market potential due to the high rates of early majority, late majority and laggards.

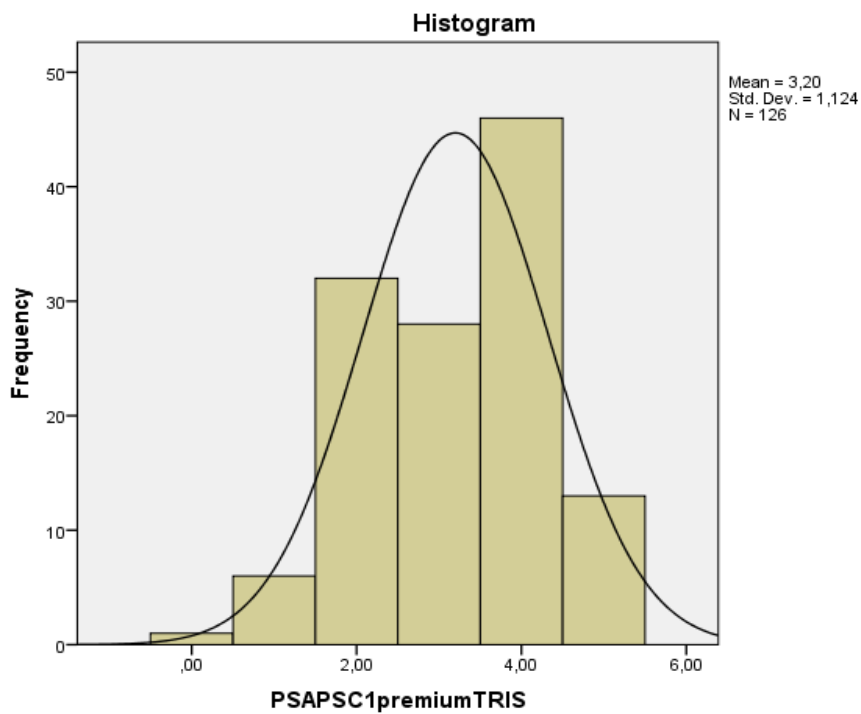


Figure 20: PSAP: frequency of respondents who would be willing to subscribe for the premium subscription, N=126.

<sup>31</sup> We can also see these rates (and the rates for the digital subscription) in tables 5 and 6 (p. 6) of annexes.

Compared to the theoretical diffusion curve for the digital package it is estimated there are around 3% innovators, 30% early adopters, 24% early majority, 27% late majority and 15% laggards. In figure 21, we can observe that the number of early adopters (column 2) is bigger than what the theoretical curve shows us (laggards also exceed slightly the theoretical curve, though to a lower extent than early adopters).

The considerably high frequency of early adopters (30% of respondents) indicates there could be some market potential for the digital bundle, although it may not be a mass potential due to the big number of late majority. Therefore, we could forecast a niche market potential for this offer.

If a comparison is made between the premium and digital offers, the digital formula is predicted (according to the PSAP diffusion curve) to have slightly more market potential (and therefore more success) than the premium one.

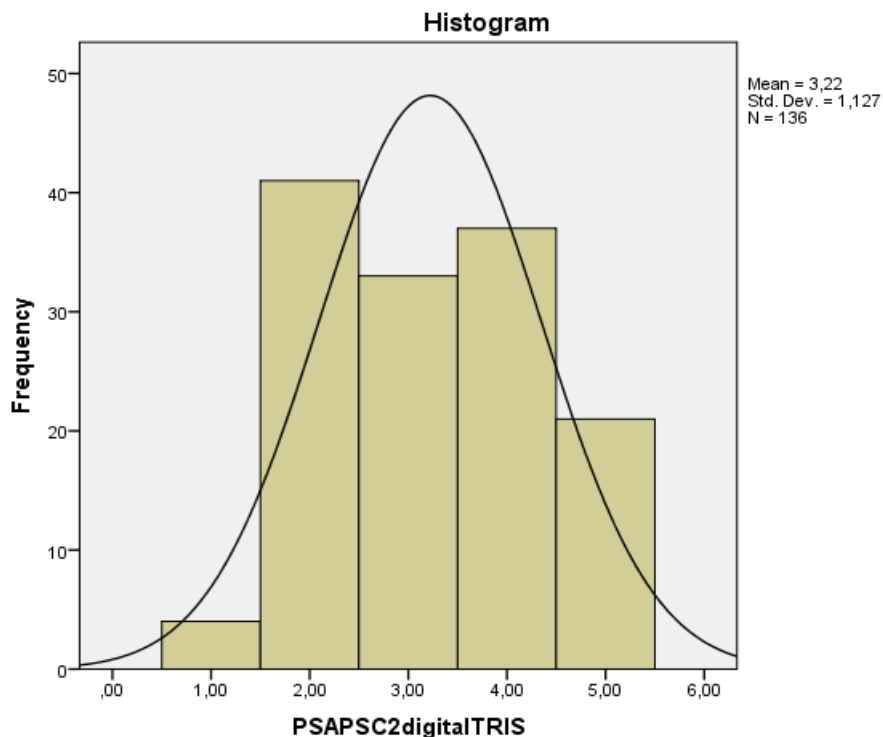


Figure 21: PSAP: frequency of respondents who would be willing to subscribe for the digital subscription, N=136.

Now, we will have a look at the descriptive statistics of the segments (innovators to laggards), in terms of sex, age, education, reading behaviour and current media use in

order to try to find any difference between the interested and less interested persons in the premium and digital formulas<sup>32</sup>.

It has been found that overall more males are interested in both subscriptions than females. According to age, there are some differences between the two packages. Middle-age people are (in proportion) more interested in the premium subscription, but less interested in the digital one. Teenagers (15-19) are also quite interested in both subscriptions. In terms of education, highly educated people are in general more interested in the premium package and less interested in the digital one<sup>33</sup>.

Concerning the use of media for news purposes (TV, radio, etc.)<sup>34</sup>, there are some differences between the segments. Talking about the newspaper reading behaviour, the most interested segments in both bundles read the print/digital newspaper less time in comparison with the least interested segments.

The segments that showed high interest towards the premium formula usually read the print newspaper several times on a weekday and during the weekend. What is more, overall they read the digital editions (online and mobile) especially in the evenings (weekday and weekend). On its side, innovators and early adopters of the digital formula usually read the digital edition of a newspaper (both on websites and PDF-versions) several times a day, particularly on a weekday and less often the traditional newspaper.

Finally, innovators and early adopters of the two bundles studied usually read the digital editions at work and while commuting to school/work.

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<sup>32</sup> In SPSS, we recoded innovators and early adopters into “interested” and early majority, late majority and laggards into “less interested” to facilitate the analysis.

<sup>33</sup> The crosstabs about the profiles of the potential adopters of the two subscriptions can be found in annexes (tables 7-26 in p. 6-16).

<sup>34</sup> In order to simplify this analysis, we recoded the initial ordinal values (daily, weekly, etc.) into “frequent use” (daily and weekly) and “not frequent” (monthly, rare, never and “I don’t know this”).

## 6. MEDIA-ID

The “Media-ID”<sup>35</sup> is a new innovation that will be shortly introduced in the Belgian media market consisting of a single account to log-in on different media platforms.

A descriptive analysis was carried out to identify respondents’ level of interest towards it. Almost half of the respondents would be interested in the innovation and almost one out of four would be very interested. So, overall 73% seem to be interested and would potentially adopt the account.

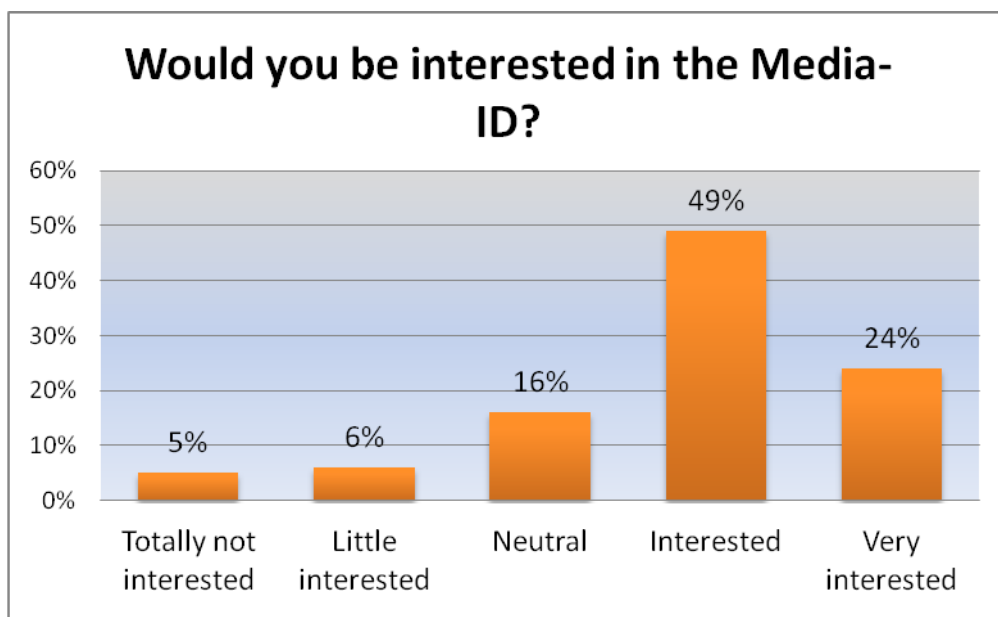


Figure 22: Media ID: level of interest towards Media ID (%), N=265.

Respondents were asked to choose two important features for them if they had the Media-ID. Participants considered essential to include in their universal media account the following services: automatic access to the entire archive (more than half of the sample), a discount on the digital subscription price (36%) and the inexistence of advertisements (34%).

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<sup>35</sup> See footnote 23, p. 36.



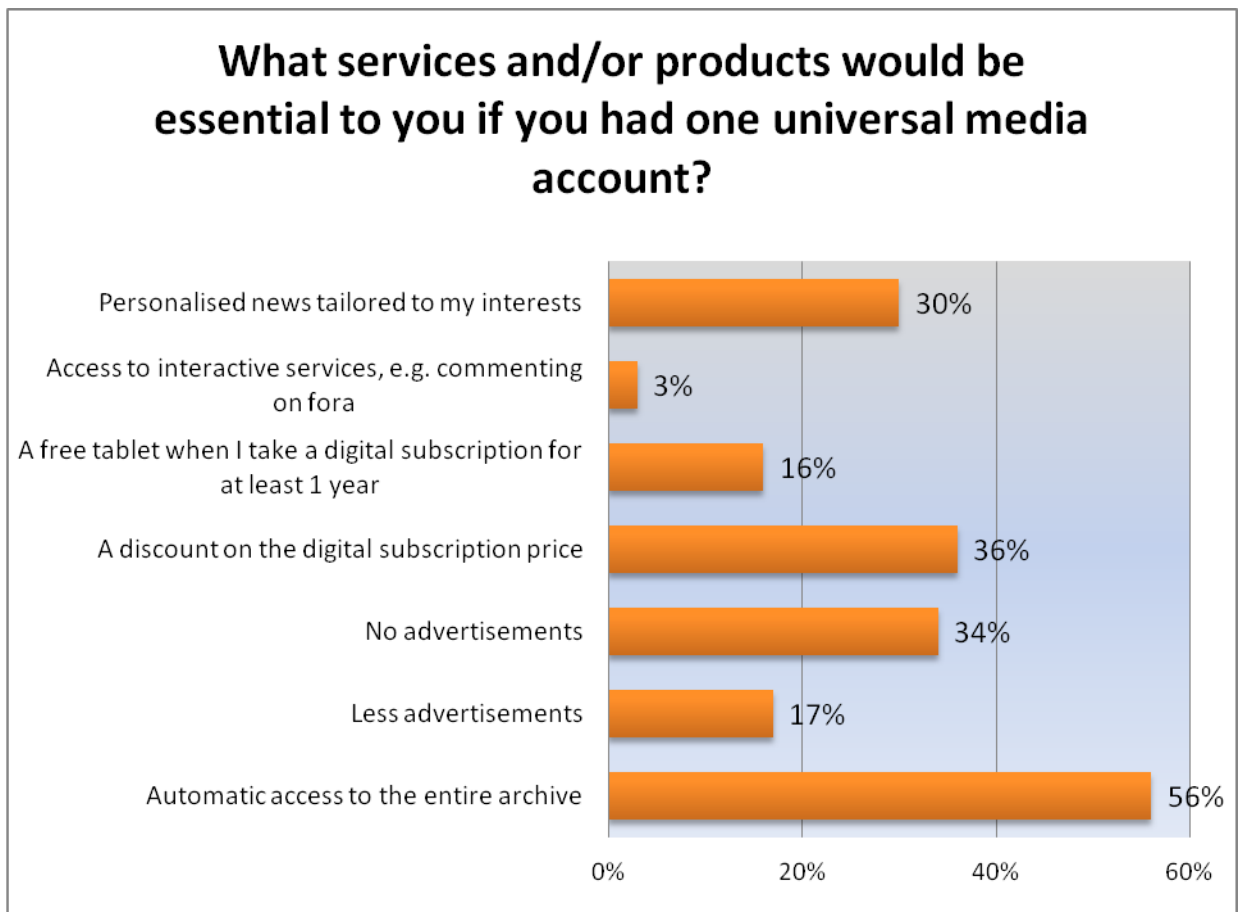


Figure 23: Media ID: services and products respondents would include in their universal account (%), N=265.

### *PSAP AND MEDIA ID*

In order to determine the relationship between adoption segments of each subscription and the interest in “Media-ID”, we used crosstabs<sup>36</sup>.

#### ➤ *PREMIUM*

Overall, we could say that most people in the five categories are interested in the Media-ID. Yet, pertaining to the late majority group, half of this category is interested in the innovative media account. More than a third of the laggards are enthusiastic about the innovation. 37.5% of the early adopters are very interested in the account, which

<sup>36</sup> See annexes: tables 1-4 and figures 1 and 2 in pp. 1-5.

corresponds with their profile of innovative consumers of digital news via smartphone and/or tablet.

In table 9<sup>37</sup>, we looked at the levels of interest in Media-ID within each PSAP segment compared to the total interest of the distribution within the total PSAP segmentation.

We can see for example that within the very interested segments in Media-ID, innovators (16.7%), late majority (23.9%) and laggards (15.4%) are underrepresented if we compare those rates with the total interest (27.8%). On the other hand, early adopters (37.5%) and early majority (32.1%) are overrepresented.

Within the interested segments in Media-ID, late majority (that is the most interested with 56.5%) is overrepresented compared to the total level of interest (in this case 43.7%) and the other four segments are underrepresented.

			Would you be interested in Media-ID?					Total
			Totally not interested	Little interested	Neutral	Interested	Very interested	
PSAP Premium	Innovators	Count	0	2	2	1	1	6
		% within PSAP Premium	0,0%	33,3%	33,3%	16,7%	16,7%	100,0%
		% of Total	0,0%	1,6%	1,6%	,8%	,8%	4,8%
	Early adopters	Count	0	4	5	11	12	32
		% within PSAP Premium	0,0%	12,5%	15,6%	34,4%	37,5%	100,0%
		% of Total	0,0%	3,2%	4,0%	8,7%	9,5%	25,4%
	Early majority	Count	1	0	6	12	9	28
		% within PSAP Premium	3,6%	0,0%	21,4%	42,9%	32,1%	100,0%
		% of Total	,8%	0,0%	4,8%	9,5%	7,1%	22,2%
	Late majority	Count	2	2	5	26	11	46
		% within PSAP Premium	4,3%	4,3%	10,9%	56,5%	23,9%	100,0%
		% of Total	1,6%	1,6%	4,0%	20,6%	8,7%	36,5%
	Laggards	Count	1	0	5	5	2	13
		% within PSAP Premium	7,7%	0,0%	38,5%	38,5%	15,4%	100,0%
		% of Total	,8%	0,0%	4,0%	4,0%	1,6%	10,3%
	Total	Count	4	8	24	55	35	126
		% within PSAP Premium	3,2%	6,3%	19,0%	43,7%	27,8%	100,0%
		% of Total	3,2%	6,3%	19,0%	43,7%	27,8%	100,0%

<sup>37</sup> See in red the overrepresented segments insofar as interest towards Media-ID is concerned.

Table 9: Relation PSAP and Media-ID: focus on the premium subscription (%), N=126.

➤ *DIGITAL*

Concerning the digital formula, overall most categories are interested in the universal media account. Three out of four innovators are interested and 25% are very interested. More than 60% of the early majority and more than half of the late majority and laggards are also interested in Media-ID.

Following the same interpretation of the previous case, in table 10 we can see that within the very interested segments in Media-ID, innovators (25%) and early adopters (29.3%) are overrepresented in comparison with the total interest (20.6%). However, early majority (18.2%), late majority (13.5%) and laggards (19%) are underrepresented.

			Would you be interested in Media-ID?					Total
			Totally not interested	Little interested	Neutral	Interested	Very interested	
PSAP Digital	Innovators	Count	0	0	0	3	1	4
		% within PSAP Digital	0,0%	0,0%	0,0%	75,0%	25,0%	100,0%
		% of Total	0,0%	0,0%	0,0%	2,2%	,7%	2,9%
	Early adopters	Count	1	4	6	18	12	41
		% within PSAP Digital	2,4%	9,8%	14,6%	43,9%	29,3%	100,0%
		% of Total	,7%	2,9%	4,4%	13,2%	8,8%	30,1%
	Early majority	Count	3	0	4	20	6	33
		% within PSAP Digital	9,1%	0,0%	12,1%	60,6%	18,2%	100,0%
		% of Total	2,2%	0,0%	2,9%	14,7%	4,4%	24,3%
	Late majority	Count	4	4	5	19	5	37
% within PSAP Digital		10,8%	10,8%	13,5%	51,4%	13,5%	100,0%	
% of Total		2,9%	2,9%	3,7%	14,0%	3,7%	27,2%	
Laggards	Count	1	1	4	11	4	21	
	% within PSAP Digital	4,8%	4,8%	19,0%	52,4%	19,0%	100,0%	
	% of Total	,7%	,7%	2,9%	8,1%	2,9%	15,4%	
Total	Count	9	9	19	71	28	136	
	% within PSAP Digital	6,6%	6,6%	14,0%	52,2%	20,6%	100,0%	
	% of Total	6,6%	6,6%	14,0%	52,2%	20,6%	100,0%	

Table 10: Relation PSAP and Media-ID: focus on the digital subscription (%), N=136.

## 7. ONLINE PURCHASE BEHAVIOUR AND SOCIAL MEDIA

According to the results of the survey, the vast majority of the respondents never and rarely buy goods online.

On a monthly basis half of the sample usually buys physical goods such as clothing, shoes and books. Furthermore, 28% buy applications for instance via iTunes and Google play and 26% purchase digital music monthly. From the data, it can also be extracted that on a weekly and daily basis respondents do not purchase a lot online. Finally, airplane tickets, tickets in general (for events, transport, etc.), mobile phones/smartphones, and electronic equipment are other goods people usually buy on the Internet.

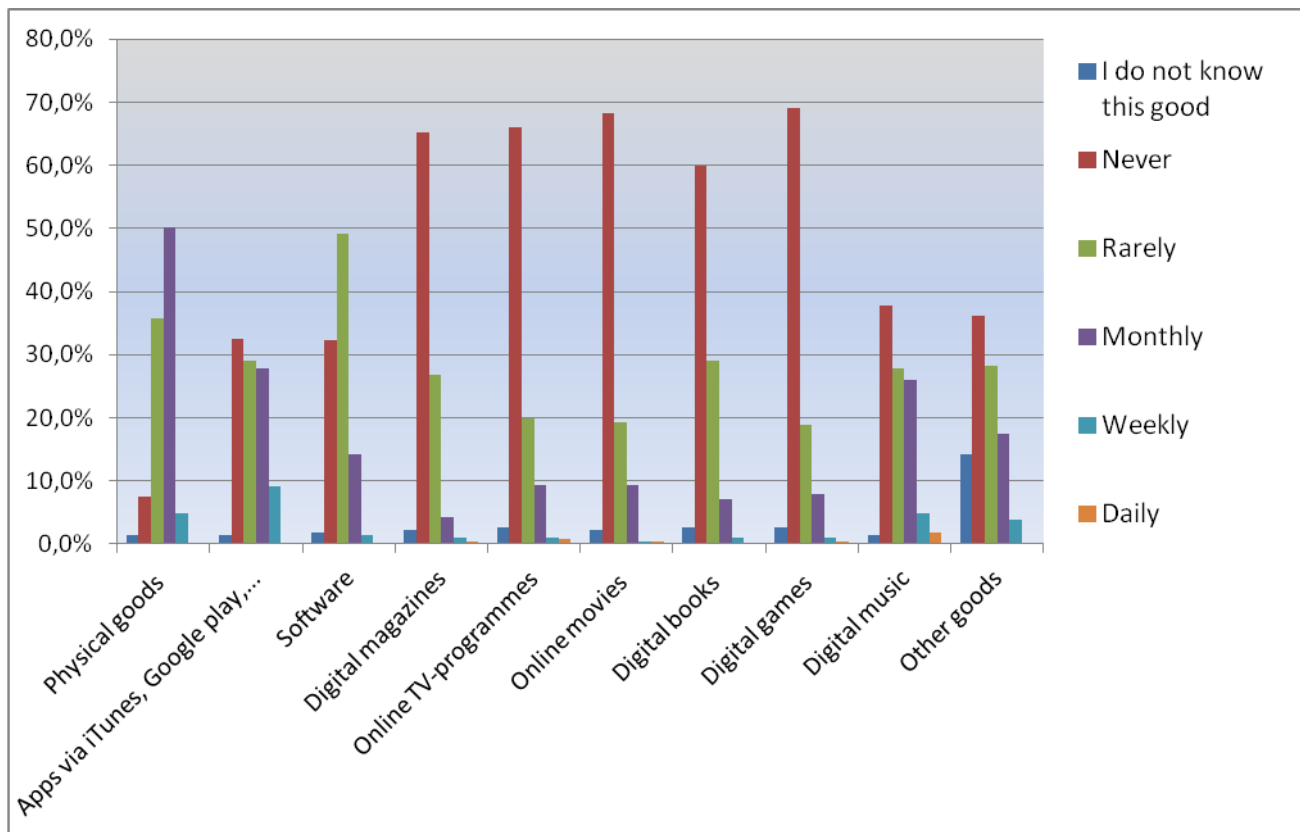


Figure 24: Online purchase behaviour and social media: goods respondents have already purchased online (%), N=265.

As it can be seen in figure 25, Facebook is the most popular social media for the participants of the study and more than 8 out of 10 respondents have an account and used Facebook in the last month. The second most popular is YouTube, followed by Google+, Twitter and LinkedIn.

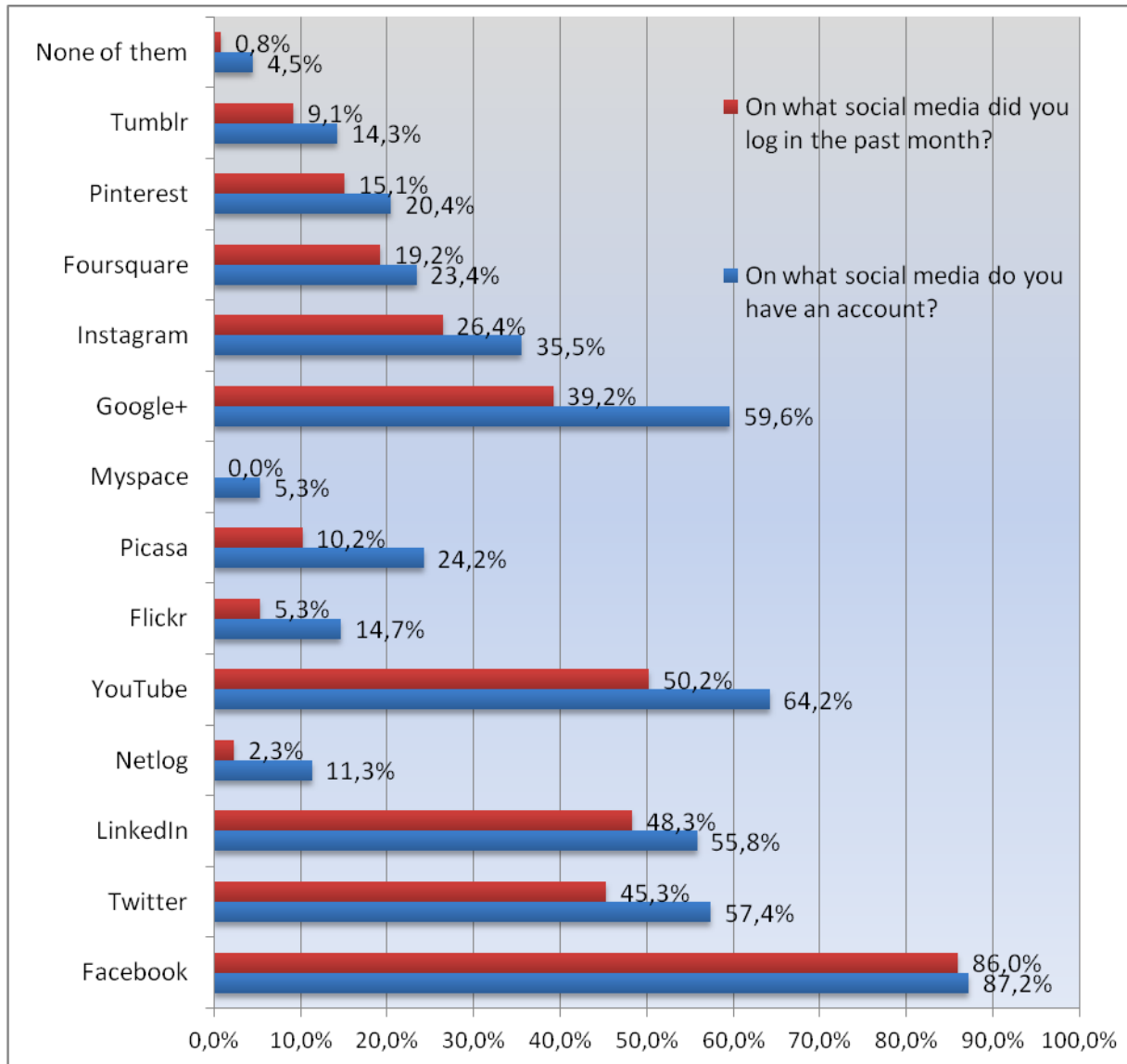


Figure 25: Online purchase behaviour and social media: social networks for which respondents have an account and have logged in in the last month (%), N=265.

## 8. SUBSCRIPTION FORMULAS

The most preferred subscription formula is the monthly one (more than 30% of the sample would pay for a monthly formula of a print, online or mobile newspaper). The next formulas according to the preferences of the respondents are the yearly subscription (20%) and the metered model (16%).

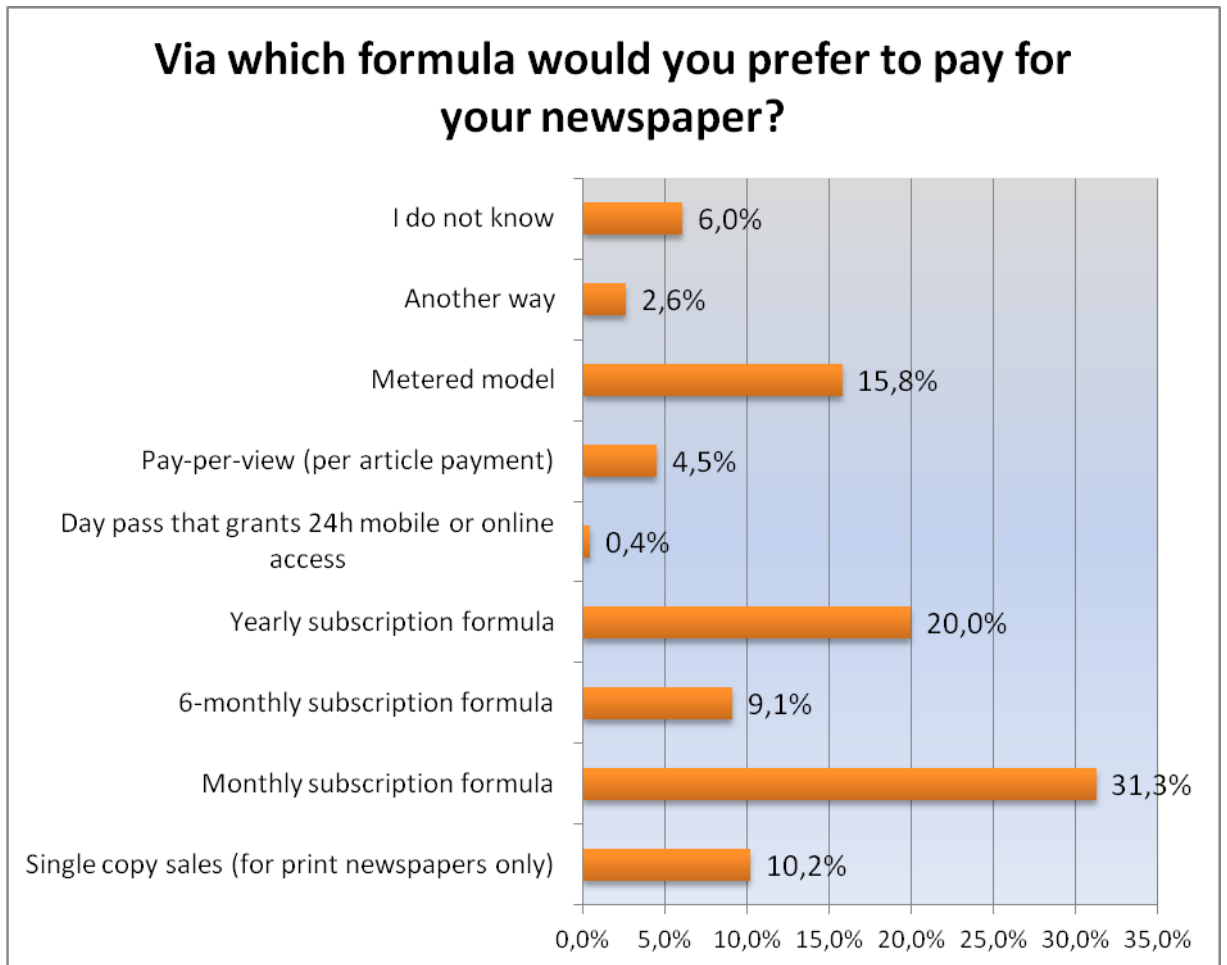


Figure 26: Subscription formulas: newspaper formula for which respondents would pay (%), N=265.

## 9. PAYMENT INSTRUMENTS

When purchasing goods on the Internet, more than 1/3 of the sample prefers to pay with online banking. After this, the next most favourite payment method is credit card.

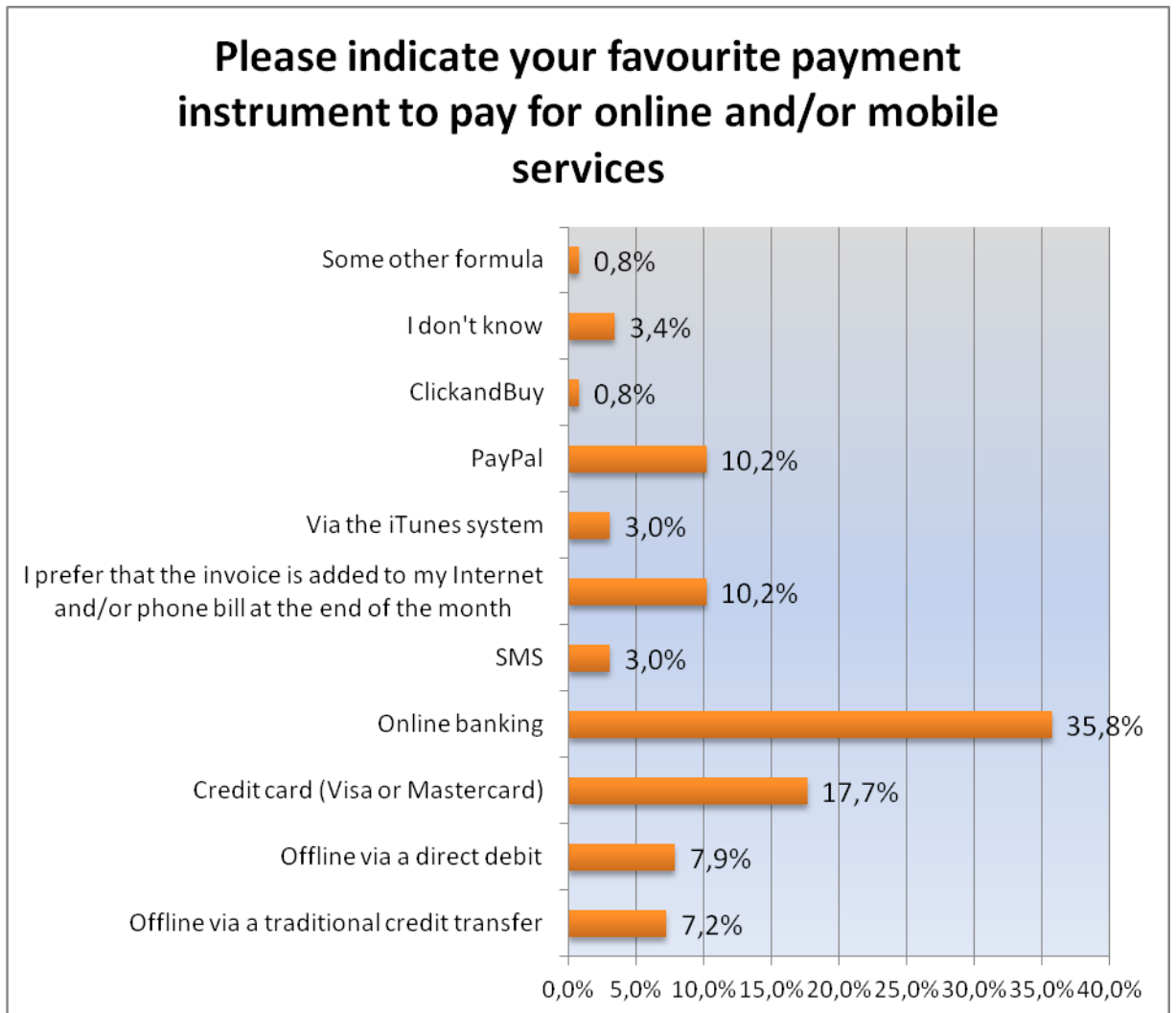


Figure 27: Payment instruments: favourite payment instruments for respondents to purchase digital news (%), N=265.

## B) Bivariate analysis

The bivariate analysis focuses on the main issue in question of this study, that is to say, the future WTP for digital news services. First of all, we checked the normality of our dependent variable (the WTP for digital news). Shapiro-Wilk's test ( $p < 0.05$ ) showed that it is not normally distributed<sup>38</sup>. Our bivariate analysis and findings are based on the outcomes of cross-tabulations, Chi<sup>2</sup> and its  $p$  value<sup>39</sup>, non-parametric tests to compare the means and test our hypothesis (Mann-Whitney U and Kruskal Wallis) and correlation (Cramer's V). This way, we aim to assess the interrelationships between the WTP for news<sup>40</sup> and the selected independent variables as they could be determinant for the WTP (demographics, news consumption and newspaper reading behaviour of respondents)<sup>41</sup>.

## 6. Results

RQ1 inquired about the paying intentions for digital news of multichannel readers. In figure 10 (p. 50) we saw that relatively low rates of WTP were indeed found<sup>42</sup>. Thus, *H1* is supported.

No statistically significant difference was found for the WTP for news and gender, age, education and income for multichannel respondents<sup>43</sup>. Therefore, *H2* is rejected.

To answer our RQ3, the WTP was tested for each way of consuming/catching-up with the news (table 2, p. 43). Significant differences were found for news apps, social media and news fora.

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<sup>38</sup> The outcomes of the test can be found in table 27 (pp. 17 and 18) in annexes.

<sup>39</sup> This study is based on a significance level of 0.05.

<sup>40</sup> The WTP was tested for each channel separately (online site, online PDF, mobile site and mobile PDF). Instead of using the WTP as an ordinal variable (from very unlikely to very likely) for the bivariate analysis, a nominal variable (WTP yes/no) was employed ("yes" comprises likely and very likely and "no", unlikely, very unlikely and neutral).

<sup>41</sup> Other variables such as the online purchase behaviour and the type of news content were also analysed to check the WTP for online and mobile news, but no significant correlations were found.

<sup>42</sup> 21% for online news site, 14% for online PDF, 26% for mobile site/app and 17% for mobile PDF.

<sup>43</sup> The cross-tabulations and Chi<sup>2</sup> of WTP-gender; WTP-age; WTP-education and WTP-income are available in tables 28-43 (pp. 19-34) in annexes.



➤ *News apps*

Despite the low usage rates of personalisable news apps among respondents (table 2 p. 43), significant differences were found for this way of news consumption regarding the WTP for mobile news site:  $\text{Chi}^2 = 12,462$ ;  $\text{df} = 4$ ;  $p < 0.05$  (table 44 p. 35 in annexes).

Afterwards, we calculated the Kruskal-Wallis test because there are  $k$  independent samples in our grouping variable. As table 45 (p. 36 in annexes) shows, respondents who use news apps on a daily basis (mean rank 132,71) are the most willing to pay for mobile news site. These differences are significant (Kruskal-Wallis test  $\text{Chi}^2 = 12,401$ ;  $\text{df} = 4$ ;  $p < 0.05$ ). However, we cannot explain the irregular trend found on the mean ranks (eg. after daily, people who use news apps monthly and rarely are more prone to paying for mobile news than those who use them weekly).

A slight association (Cramer's  $V = 0.24$ ) exists between the use of news apps and the WTP for mobile news site. This correlation is significant:  $\text{Chi}^2 = 12,462$ ;  $\text{df} = 4$ ;  $p < 0.05$  (see table 46 p. 36 in annexes).

➤ *Social media*

There seems to be a significant difference between the use of Facebook and Twitter for news purposes regarding the WTP for online news site:  $\text{Chi}^2 = 12,100$ ;  $\text{df} = 4$ ;  $p < 0.05$  (see details in table 47 p. 37 in annex).

Respondents who catch-up with the news via Facebook and Twitter monthly (mean rank 159,08) are more willing to pay for online news site than people who use these networks daily (mean rank 137,93), weekly (mean rank 111,99), rarely (mean rank 119,91) and never (126,33). The differences are significant (Kruskal-Wallis test  $\text{Chi}^2 = 12,053$ ;  $\text{df} = 4$ ;  $p < 0.05$ ).

As in the case of news apps, we can observe for social media (table 48 pp. 37-38 in annexes) an irregular pattern of the different means insofar as WTP for online news is concerned. Although we have not found a consistent explanation for these non-linear differences, we could back-up on Goyanes work (2014, p. 10). He found that people who use Twitter at least weekly were more likely to purchase online news than non-users. In broad terms, he also suggested that daily users of the free network Twitter

could be more influenced by the “*apparent free culture*” (Nieto-Tamargo, 2001) and thus, more reluctant to pay than weekly users.

In our case, the highest WTP for online news comes from monthly users of Facebook and Twitter. This could be partly explained using the same reasoning. It might be that daily and weekly users prefer to get news feed on these sites rather than paying for news content and less frequent users might be less impacted by the “*apparent free culture*” (Nieto-Tamargo, 2001) or Dou’s (2004) “*free mentality*” and thus, more prone to paying for online news.

A slight association (Cramer’s  $V = 0.21$ ) seems to exist between the use of social media to get news updates and the WTP for online news site. This correlation is significant:  $\text{Chi}^2 = 12,100$ ;  $\text{df} = 4$ ;  $p < 0.05$  (see table 49 p. 38 in annex).

➤ *News fora*

As table 50 (p. 39 in annex) shows there seems to be a significant difference between the use of fora/news sites to react and discuss about the news insofar as the WTP for online news site is concerned ( $\text{Chi}^2 = 12,266$ ;  $\text{df} = 4$ ;  $p < 0.05$ ).

There is a significant difference in the WTP for online news among users who comment the news on fora. Respondents who react on news sites/fora on a weekly basis (mean rank 164,77) are the most willing to pay for online news site. The differences are significant (Kruskal-Wallis test  $\text{Chi}^2 = 12,219$ ;  $\text{df} = 4$ ;  $p < 0.05$ ). As in the previous two cases, a non-linear trend appears for news fora (see table 51 pp. 39-40 in annex) and we are not able to explain this.

A slight association (Cramer’s  $V = 0.21$ ) seems to exist between the two variables. This correlation is significant:  $\text{Chi}^2 = 12,266$ ;  $\text{df} = 4$ ;  $p < 0.05$  (see table 52 p. 40 in annex).

Therefore, our findings for RQ3 suggest that the news consumption habits of multichannel readers (concretely the use of news apps, social media and news forums) could be determinant factors when deciding whether to pay for digital news services.

Concerning respondents' newspaper reading behaviour (RQ4), the variables about the moment of the day when people read the newspaper as well as the ones about the location and time spent reading it were checked with our dependent variable, the WTP. Statistically significant relationships were uncovered between the WTP for online news<sup>44</sup> on the one hand, and mobile news, on the other, when tested with the moment of reading the print format on a weekday. For both cases, we found that those who read the print paper several times a day (on a weekday) show higher paying rates than those who only read in the morning, afternoon or evening.

➤ *WTP for online news site*

A significant difference exists between the time of day when people read the print newspaper insofar as WTP for online news site is concerned:  $\text{Chi}^2 = 11,630$ ;  $\text{df} = 3$ ;  $p < 0.05$  (see table 53 p. 41 in annex).

Kruskal-Wallis test (table 54 pp. 41-42 in annex) shows there is a difference in the WTP among the different moments of the day people read the print newspaper. On a weekday, people who read the print newspaper several times a day (mean rank 66,52) are the most likely to pay for online news site, followed by those who read it in the morning (mean rank 54,91), evening (48,48) and afternoon (mean rank 47,10). The differences between the two variables are significant (Kruskal-Wallis test  $\text{Chi}^2 = 11,521$ ;  $\text{df} = 3$ ;  $p < 0.05$ ).

An appreciably good association (Cramer's  $V = 0.33$ ) exists between the two variables. This association is significant:  $\text{Chi}^2 = 11,630$ ;  $\text{df} = 3$ ;  $p < 0.05$  (See annexes, table 55 p. 42).

➤ *WTP for mobile news site*

A significant difference exists between the time of day (on a weekday) when people read the print newspaper insofar as WTP for mobile news site is concerned:  $\text{Chi}^2 = 8,634$ ;  $\text{df} = 3$ ;  $p < 0.05$  (see table 56 p. 43 in annex).

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<sup>44</sup> This was found for both online and mobile news on a newspaper's website (not the PDF-version).

There is a significant difference (Kruskal-Wallis test  $\text{Chi}^2 = 8,554$ ;  $\text{df} = 3$ ;  $p < 0.05$ ) in the WTP for mobile news site among the different moments of the day people read the print newspaper. As table 57 shows (pp. 43-44 in annex), those who read it several times a day (mean rank 63,29) are more willing to pay than those who only read it in the morning (mean rank 55,76), evening (mean rank 52,35) and afternoon (mean rank 43,55). Thus, we obtained the same considerably linear trend for both online and mobile news sites.

A moderately good association (Cramer's  $V = 0.28$ ) seems to exist between the two variables. This association is significant:  $\text{Chi}^2 = 8,634$ ;  $\text{df} = 3$ ;  $p < 0.05$  (see table 58 p. 44 in annex).

All in all, the findings suggest that print heavy readers are more likely to pay for digital news than those who read the print paper less frequently. Our results are consistent with previous literature (Chyi, 2005; Graybeal, Sindik & Qing, 2012; The Boston Consulting Group, 2009, p. 5; Ye *et al.*, 2004). Therefore, *H4* is accepted.

RQ5 asked about the mean price respondents intend to pay for the premium and digital subscriptions. In table 8 (p. 53), we summarised the most important statistics of these prices. Multichannel readers are willing to pay on average 23.98€ for the premium formula and 13.38€ for the digital one. These are, to a small extent, lower than the average prices that most Flemish publishers would charge for such formulas: 30€ for the premium and 18€ for the digital. This suggests that the former prices could be an impediment for some multichannel users as regards to purchasing a subscription. Publishers should, therefore, take into account the overall unwillingness to pay by news users and be cautious when pricing their offers.

RQ5 also inquired if the potential adopters of such subscriptions were estimated to be innovators, early adopters, early majority, late majority or laggards. By comparing the theoretical diffusion curve of each subscription (figures 20 and 21, pp. 60-61) we estimated their adoption segments. Thus, we forecasted there would be 5% innovators, 25% early adopters, 22% early majority, 36% late majority and 10% laggards for the premium package and 3% innovators, 30% early adopters, 24% early majority, 27% late majority and 15% laggards for the digital package. There are no big differences between the adoption segments for the two bundles. Yet, the digital formula is forecasted to have

5% more early adopters (and, thus, slightly more market potential) than the premium one.

## 7. Discussion and conclusion

At the very beginning of this study we stated our goal was to explore the current situation of the newspaper market in Flanders. In order to do so, we focused on the WTP and price sensitivity of the demand side by analysing the opinions of a subsample of 265 multichannel news readers.

The data analysis of the survey helped us to provide a general picture of the profiles of the heaviest news users in the region (overall men, young, rather highly educated and with a moderate/high income). Yet, we cannot assert the demographic characteristics of multichannel readers have an impact on their WTP for digital news as no significant difference was found in this respect (see footnote 43, p. 71).

The descriptive findings suggest that in present day, traditional media continues to be the principal means for Flemish users to consume the news (especially radio and TV). However, mobile devices are attracting more and more news followers in Flanders<sup>45</sup>. Moreover, we noted that news websites are preferred over PDF-versions in usage and paying intent in the region<sup>46</sup>.

Notwithstanding, it was found that 57% of the multichannel segment currently purchase traditional or print newspapers and only 24% currently purchase digital papers in the form of a subscription<sup>47</sup>. Cross tabulations and non-parametric statistical tests provided support for our hypothesis (*H4*) that heavy print readers would be more prone to paying for online and mobile news<sup>48</sup> than less frequent readers. The significant relationships obtained for those who read the print paper several times a day and the future intentions to purchase news on digital sites bring about some implications. First of all, our results

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<sup>45</sup> In table 2, p. 43 we saw that 78% of the sample daily gets the news in smartphones and tablets, being the same rate for those using computers for news purposes.

<sup>46</sup> See tables 3, p. 44, table 4, p. 45 and figure 10, p. 50.

<sup>47</sup> Here we mention the total rate of print consumers (we added up print subscribers, 39% and buyers of single copies, 18% as shown in figure 9 p. 48).

<sup>48</sup> We refer to online and mobile news on a website, not PDF (see p. 74 and 75).

on the latter seem to be consistent with what others found for other geographic markets (Chyi, 2005; Graybeal, Sindik & Qing, 2012; The Boston Consulting Group, 2009, p. 5; Ye *et al.*, 2004). Secondly, the heaviest print users in Flanders might become (in the short term) digital readers of the same print newspaper they currently read or “*hybrid readers*” (Chyi & Huang, 2011, p. 248). Therefore, our bivariate results suggest print and digital Flemish readerships could overlap in some extent and this provides support to previous literature that asserted complementarity between print and online editions in local markets (Chyi, 2006; Chyi & Huang, 2011; Chyi & Lasorsa, 2002; De Waal *et al.*, 2005; Flavián & Gurrea, 2009).

For Flemish publishers this could have some implications. They should strive to maintain their most loyal customer base (print readers) and at the same time, make the most of the increasing penetration rates of mobile devices in the region to attract new users. We could recommend senior publishers to focus mainly on their print readers, especially the heaviest ones (of both single copies and subscriptions), and entice them to adopt bundles containing also their digital content, such as the subscriptions seen in this study. In this sense, a strong brand management is essential, together with product differentiation of the print and digital offers (McDowell, 2011). To achieve the latter, shovelware (p. 23) should be avoided to the maximum extent possible.

Through this research it has been demonstrated that low rates of WTP for digital news content exist among the studied sample. Overall, only 21% and 26% would likely pay for online and mobile news, respectively (both on a website)<sup>49</sup> and the paying intent rates for the PDF-version are even lower. The existence of free online alternatives was the main reason why Flemish participants were reluctant to pay for digital news (figure 11, p. 52). This is consistent with other studies that came to the same idea (American Press Institute, 2009; Cook & Attari, 2012; Covey, 2010). When measuring the price sensitivity of respondents towards the two bundles proposed, we found participants would in average pay less than the theoretical prices both subscriptions worth nowadays in Flanders. This suggests that, at least in the short term, publishers should restrengthen their pricing and marketing strategies (by perhaps lowering the prices of their current offerings or introducing more price discounts) to turn this trend around. Thus, for the Flemish market, we can apply what Chyi found for the US a few years ago:

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<sup>49</sup> See figure 10, p. 50.

*“multiplatform news delivery has become a reality, but paying intent for multiplatform news content remains elusive”* (Chyi, 2012, p. 240).

Taking into account that multichannel readers expressed they would likely purchase news updates (46%), dossiers or very detailed news (37%) and personalised news (34%)<sup>50</sup>, regional publishers could, to the extent possible, adapt their offers to satisfy these needs and differentiate from competitors to possibly enhance their circulation revenues.

On the basis of the positive correlations obtained, it is concluded that news consumption through news apps, social media and news fora could have some impact on the paying intentions for news content on online and mobile platforms. However, the non-linear trend noted for the three aforementioned ways of news consumption could not be explained in the present study and could be re-examined in further research.

The outcomes of the PSAP segmentation allowed us to forecast the potential adopters of the subscriptions proposed in this research. Overall, we estimated most respondents will be in the back of the diffusion curve of the premium and digital packages. Therefore, it can be concluded that a mass market potential is not foreseen for any of the two subscriptions.

Finally, a key finding of this research relates to the positive figures disclosed by the sample towards Media-ID. More than seven out of ten multichannel users seems enthusiastic about the single media account which is due to come into operation in Belgium in the fall of 2014 (De Morgen, 2014; iMinds, s.d.)<sup>51</sup>. This has important implications for both the demand and the supply side of the Belgian media and publishing markets. The new system will bring about some changes in the media habits of consumers who will benefit from the convenience of consuming digital content through a single user-friendly ID. On the other hand, it will surely be beneficial for the media houses participating to improve their digital offers, enlarge their current clientele and thus obtain substantial digital revenues.

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<sup>50</sup> We summed up the likely and very likely rates for WTP (see table 7, p. 51).

<sup>51</sup> See footnote 23, p. 36 and figure 22, p. 63.

## **7.1. Limitations of the study**

One of the limitations of the current study is that it is based on an online questionnaire. Consequently, those segments of the population who are not Internet users (especially senior people) were not included in the research in the same extent as Internet users (Chyi & Lee, 2013, p. 22). The main objective of this study was to explore and analyse the future paying intentions for digital news, as well as the price sensitivity of news readers towards two subscriptions (both included online content in their offers), together with online purchase behaviour and social media habits of the sample. Thus, an online survey has allowed us to target participants who have provided valuable outputs needed for this research. Another limitation linked to the chosen methodology could be that participants, being Internet users, could have favored in their answers the online platform over the offline or mobile platforms also studied in this research (Chyi *et al.*, 2010, p. 75).

Linked to the previous, another weakness of the present study is the use of a non-probable sample, which does not allow for generalisation of the results to the whole Flemish population. Despite the limitation of a small subsample, an important contribution of this research (together with the other three studies on the remaining subsamples determined in p. 34), is to show a global picture of the Flemish newspaper market from the demand view.

## **7.2. Recommendations for future research**

The current study could serve as a starting point for future research on the WTP and price sensitivity of Flemish news readers. Therefore, the findings of this research are provisional and could be further explored. Also, it is proposed that new variables could be included in future research, such as the level of satisfaction with a newspaper offer in different platforms (Chyi *et al.*, 2010) and other psychological characteristics of news consumers to test if they are determinant for the WTP for news content.

Based on De Marez and Verleye (2004, p. 44), future research could check, in some time, if the estimated PSAP segments for the premium and digital subscriptions



observed in this study correspond to the real adoption data of those subscriptions. In the same line, further studies could research if Media-ID, once implemented, shows high adoption rates, as suggested by the high interest level of the respondents of this study towards the account.

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