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New subscription models in journalism

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The traditional revenue model in journalism

Newspapers and magazines generating revenue from advertising

The traditional model of journalism involves newspapers and magazines publishing content and generating revenue from **advertising:**

- This model has been around for over a century and has been the primary revenue stream for the industry.
- With the advent of digital technology, this model has become increasingly challenging to sustain. Advertisers are now able to target their ads to specific audiences online, which means that newspapers are no longer the primary way to reach customers.
  - This has led to a decline in advertising revenue for many newspapers and magazines.

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The new revenue models

Paywalls

Freemium model

Membership models

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Paywalls

- Paywalls are the most common subscription model used by newspapers, magazines, and online media platforms.
- Paywalls are a way of limiting access to content to those who have paid for a subscription.
- This model has been successful for some newspapers, such as The New York Times and The Wall Street Journal, which have seen a significant increase in digital subscriptions.
- According to a report by the Reuters Institute for the Study of Journalism, paywalls have become more common in recent years, with over 70% of newspapers in the United States now using them.

Metered paywall

- A metered paywall is a type of subscription model used in journalism where readers are allowed to access a certain number of articles or content items for free before being prompted to subscribe to access additional content.

- The idea behind a metered paywall is to give readers a taste of the content and incentivize them to subscribe if they want to read more.

- This approach allows publishers to build a relationship with readers and show the value of their content, while still providing some free access to attract new readers.

Freemium models

- Freemium model involves offering some content for free, while charging for access to premium content.

- For example, The Guardian offers free access to most of its content, but charges for access to its crosswords and puzzles.

- This model has been successful for some newspapers, such as The Financial Times, which has seen a significant increase in digital subscribers since it introduced a freemium model in 2019.
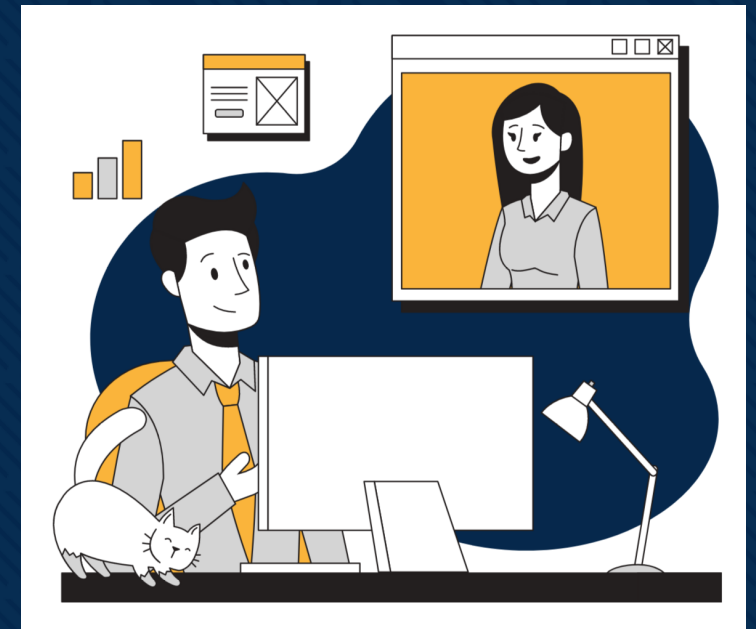
Membership models

- Membership model involves offering readers access to exclusive content, events, and other perks in exchange for a monthly or annual fee.

- For example, ProPublica is a nonprofit news organization that produces investigative journalism in the public interest. The organization relies on a variety of funding sources, including individual donations and grants and membership to support its operations. Members can contribute monthly or annually and receive access to exclusive content and events.
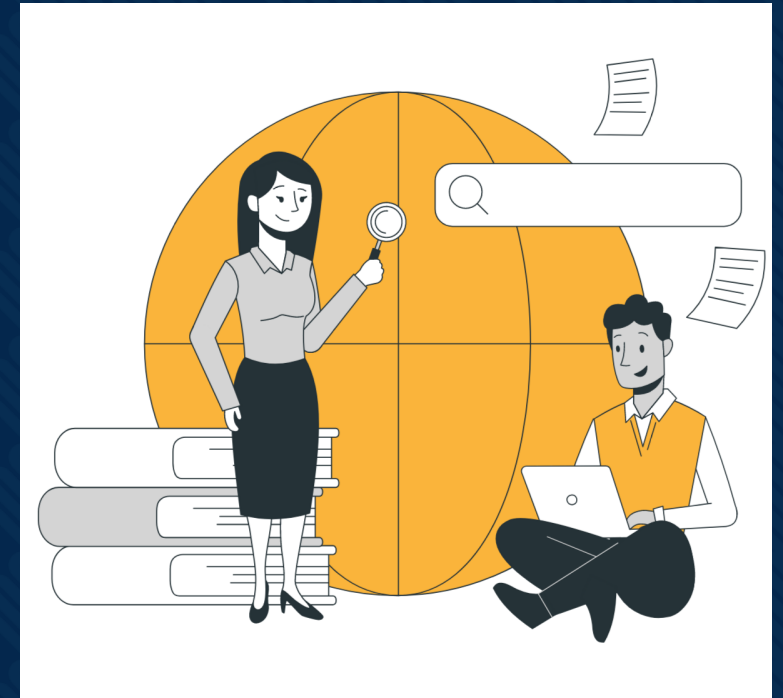
Membership models

Spanish news site elDario.es is one more example of membership revenue model:

- Members can pay €8 monthly or €80 annually or set a higher fee voluntarily.
- The site uses metered paywall technology to help nudge loyal audiences to become a supporter, for example, by sending a membership pop-up once a reader has consumed more than 10 articles for free in a month. The message says: "You like our journalism, and it needs you." From that point, a reader has to become a member to access more articles.
- Readers can select option "I can't pay", with students, unemployed people, those on government furlough schemes or those with low income encouraged to choose a free or reduced fee option.
- In total, 50% of the newsroom's revenue comes from readers and 50% from advertising.

Micropayments

Micropayment is a media subscription model that allows readers to pay a small fee, often just a few cents, to access individual articles or pieces of content instead of paying for a full subscription.

- This model is designed to cater to readers who are not willing to commit to a full subscription but are willing to pay for specific pieces of content that they find valuable or interesting.
- Micropayment models have been used by some media outlets, such as Blendle, a Dutch news platform that offers access to individual articles for a small fee.
- This model has not been widely adopted in the industry, and some experts question its feasibility due to the low transaction fees involved in processing small payments.

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Benefits of the subscription models

The benefits of new subscription models in journalism are numerous:

- Subscription models can provide a stable revenue stream for newspapers, magazines, and online media platforms, which can help them to maintain high-quality journalism.
- Subscription models can help to build a loyal readership, as readers who are willing to pay for content are likely to be more engaged with the content than those who access it for free.
- Subscription models can provide media outlets with valuable data about their readers, which can be used to inform content creation and advertising.

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Drawbacks of the subscription models

However, there are also drawbacks to subscription models:

- Subscription models may limit access to information, which can be problematic in a democratic society.
- Subscription models may exacerbate existing inequalities, as those who are unable to pay for content may be excluded from important information.
- Subscription models may not be sustainable in the long term, as readers may be unwilling to pay for content that they can access for free elsewhere.
- Subscription models that limit access to content may result in a decline in traffic and ad revenue for media outlets, as they may not be able to attract as many readers or visitors to their site.

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The impact of subscription-based journalism

New subscription models have become increasingly important for the sustainability of the journalism industry. Paywalls, freemium models, and membership models are all popular ways of generating revenue from digital content.

The success of new subscription models will depend on the ability of news outlets to create content that readers are willing to pay for, and the ability to balance the benefits and drawbacks of these models.

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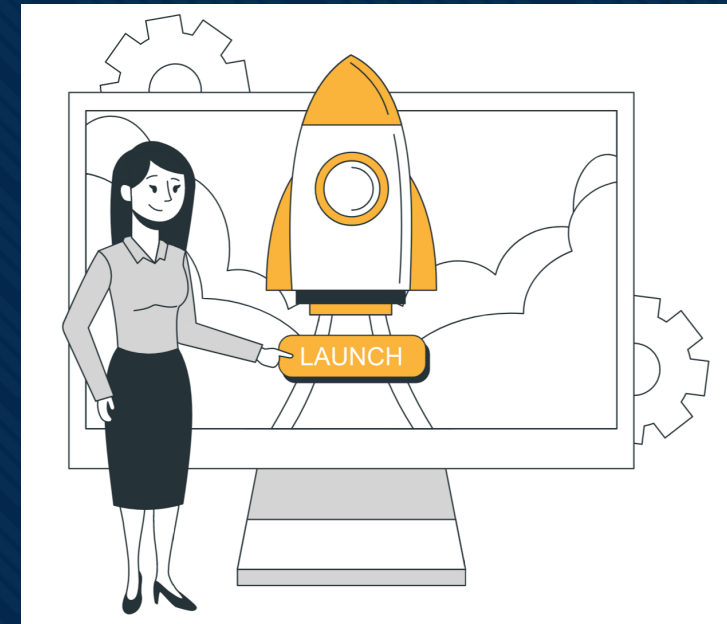
Thanks for learning about revenue models in journalism!