

Why some newspaper paywalls are simply unsustainable

Written by The Conversation USA

Despite the shift to digital newsrooms, it is fair to say that Australian newspapers are still reliant on print for their advertising revenue.

The largest newspaper groups, representing 90% of the Australian market, made 80% of their advertising revenue from print in 2015, according to [industry data](#). The data [shows](#) the combined advertising revenue of News Corp Australia, Fairfax Media, West Australian Newspapers and APN News & Media in 2015 was A\$2.4 billion, of which print brought in A\$1.9 billion.

As newspapers manage declines in print circulation and advertising revenue, many have turned to paywalls. These range from hard paywalls which The Australian has, to “freemium” models, such as that offered by the Australian Financial Review and the National Business Review. Freemium paywalls allows readers to access some content, but the papers charge for “premium content”.

My study recently published in the journal [Digital Journalism](#) confirms the Australian Financial Review (AFR) has, actually, a very hard paywall. A content analysis conducted of AFR’s homepage alongside the National Business Review (NBR) in New Zealand, reveals the AFR locks 86% of its homepage content. The number of its paywalled articles is twice as high as NBR’s.

The most locked content on [afr.com](#) and [nbr.co.nz](#) includes hard news and opinion pieces. However, both mastheads give readers a greater access to technology news, and free articles are obviously used to pull in visitors as they try to turn them into digital subscribers. Interestingly, NBR also allows people to read routine market news – such as stock and currency market reports – for free. Similarly, The Wall Street Journal lets its readers access such content without a subscription. Meanwhile, the AFR paywalls all market news.

Digital media experts [Chris Anderson, Emily Bell and Clay Shirky](#) argue that in order to survive, news publishers have to commodify production of ordinary news to “free up resources for more complex work elsewhere”. It seems that NBR has followed this advice as it has outsourced production of content which is also freely available elsewhere. A majority of the paper’s routine market news comes from the local business newswire BusinessDesk.

Print dependency behind the hard paywall

The different paywall strategies of AFR and NBR are linked to their publishing models. NBR is mainly published online as its print version is only published once a week. In contrast, the AFR is published in print six days a week (although its weekend print edition [may soon disappear](#)).

NBR's income is more dependent on digital subscriptions and advertising than the AFR's, and its hard paywall is most likely linked to print reliance in terms of revenue. In contrast to NBR, AFR's digital subscriptions are mostly linked to its print newspapers as they are sold as a bundle. In her research paper, [Andrea Carson](#) estimates that digital subscriptions make up 33% of the the AFR's total circulation.

However, the AFR's readership has clearly moved to digital platforms. This suggests the paper may be wiser to have a less strict paywall. Its paywall is currently among the most expensive in the world. The latest [Roy Morgan](#) figures show that in March 2016 the AFR had 417,000 print readers and 938,000 digital readers.

Commenting on the figures, Roy Morgan Research chief executive officer Michele Levine said that "in balancing the pros and cons of reaching print and digital audiences, publishers and advertisers clearly need to have a thorough understanding of who reads only one platform or the other, who reads both, and what the proportions means".

Yes indeed.

But do they make money?

Fairfax doesn't publish digital-only subscription figures for the AFR even though it does so for The Age and The Sydney Morning Herald. Perhaps this itself is telling. It is impossible to know if the AFR is profitable or not, and how much its digital-only subscriptions contribute to its revenue. What we do know is that Fairfax is cutting 100 jobs from its Sydney and Melbourne newsrooms, and these cuts include staff from the AFR.

Fairfax chief executive Greg Hywood recently said that for the Fairfax mastheads, 65% of

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advertising revenue is generated on the weekend, except for the AFR which was “profitable on weekdays only”.

Paywalls are not a saviour of newspapers, and even the Financial Times, which has been hailed as an example of successful paywall structure, is struggling. The paper is now facing cost cuts in its newsrooms and production despite the fact that it has 566,000 digital subscribers and growing digital revenues.

As a [Fortune](#) article points out, “the reality is that, despite its digital growth, the Financial Times is facing the same challenge as thousands of newspapers, magazines, and other traditional print publications around the world. Namely, the fact that print advertising, which still generates far more revenue than digital, continues to shrink”.

Regional newspapers next

Paywalls continue to emerging, disappear and evolve. Last year, News Corp’s British tabloid The Sun abolished its hard paywall, and its traffic grew 26% as a consequence. Its experiment with the paywall was doomed.

APN’s Australian regional newspapers started to charge for digital news content last year. In New Zealand, a handful of regional newspapers have also introduced fees for their digital content.

Most recently, The Otago Daily Times (in Dunedin) introduced a metered paywall. The paper’s [editor Barry Stewart](#) commented that “we cannot win the clickbait war. We are investing in what we do best. We want to protect our journalism and this paywall is the logical way to do that”.

Perhaps the model will work better for regional papers?

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