

# Newspaper Paywalls and Digital Subscriptions

Research with 900 U.S. news consumers reveals four key insights



EXECUTIVE SERIES  
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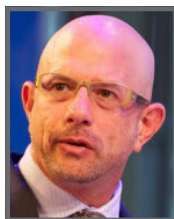
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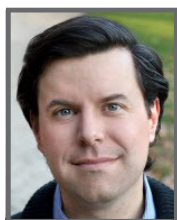
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*The MECLABS Executive Series gives the busy executive a quick, high-level look at customer preference and attitude data, which they can then leverage to test new products, messaging and ideas with their own customers.*

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Research with 900 U.S. news consumers reveals four key insights

— Volume I, Issue 2 —

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# Newspaper Paywalls and Digital Subscriptions: Research with 900 U.S. news consumers reveals four key insights

The core asset of newspapers — quality content — has remained a valuable commodity in the digital age. Netflix is worth \$42 billion.<sup>i</sup> Apple has sold more than 35 billion songs.<sup>ii</sup> Amazon is estimated to sell hundreds of millions of dollars worth of ebooks every year.<sup>iii</sup>

And yet, newspapers face an existential business crisis. Not only does this impact the viability of specific media companies, but the demise of a robust fourth estate powered by professional journalists threatens the very tenets of a healthy democracy.

Print advertising has seen drastic drops in revenue — more than \$28 billion in just seven years, according to the Newspaper Association of America (NAA).<sup>iv</sup> Meanwhile, online ad revenue has made up just more than 10% of the difference, growing to just more than \$3.5 billion in 2014.<sup>v</sup>

Based on ad revenue alone, online readers have been much less valuable to newspapers than print readers on a per capita basis. To lessen the gap, digital subscriptions were introduced using paywalls to create a new source of revenue for newspapers' online platforms. In 2013, more than 500 newspapers had a paywall in the U.S. alone.<sup>vi</sup>

However, to date, paywalls have not made up for the lower value online

readers represent to newspapers either. According to Sandy MacLeod, Vice President for Consumer Marketing and Strategy, *The Toronto Star*, on the Satisfying Audiences blog on INMA.org:

“The number of digital-only subscribers generated by newspaper publishers in North America is small. In most cases, the volumes are 5% to 10% of their print circulation and a fraction of 1% of their total unique visitors. At the same time, the price charged is usually 20% to 25% of a traditional print subscription.”<sup>vii</sup>

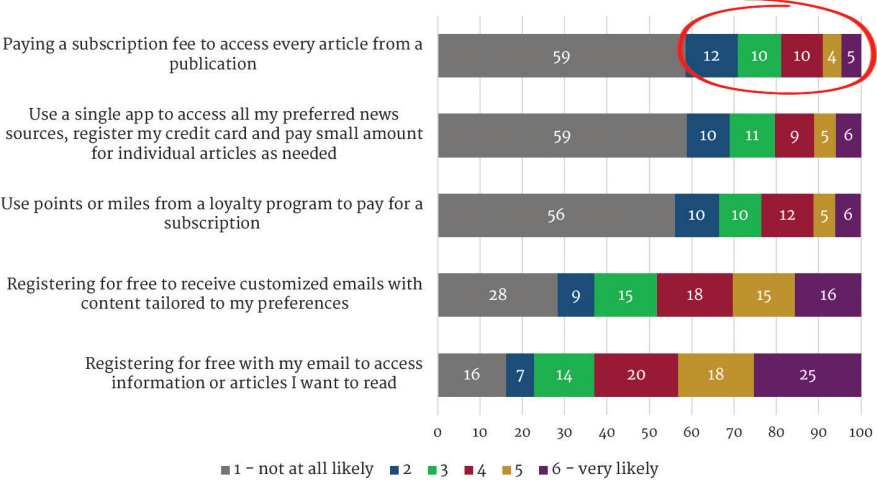
Despite these challenges, according to a recent three-month research project from MECLABS Institute, there is potential for a much larger opportunity for digital subscription revenue.

## Good News: Many U.S. consumers are not totally opposed to digital subscriptions

From November 24-30, 2015, MECLABS fielded an online survey with a YouGov panel of 900 U.S. news consumers\* aged 25 and older, with household incomes of \$40K and higher. Of those surveyed, 59% are not at all likely to consider paying a subscription fee to access every article from a publication, and 5% are very likely to do so, with the remaining 36% of U.S. news consumers falling somewhere in-between (see **Chart 1** on the next page).

\* We defined news consumers as people who spent three or more hours in a typical week consuming news in print or digitally.

Think about the different ways people can get the news today.  
How likely would you be to consider the following? (%)



N = 900 Source: MECLABS Institute

Chart 1. News consumers’ attitudes toward subscriptions

This should be a heartening discovery for newspaper executives. While conventional wisdom can sometimes be that the vast majority of customers would never even consider paying for digital newspaper content, the fact that 41% of American news consumers aged 25 and older with incomes of \$40K or higher are not totally opposed to digital newspaper subscriptions provides an opening.

When there is an opening in consumer opinion, marketing — essentially developing and communicating an effective value proposition — can create opportunity. If newspapers can do a better job selling the value of their product, it could have a dramatic impact on the newspaper business.

Price experimentation from an industry-leading metro newspaper

(more on that in Key Insight #3) suggests identifying the needs of the right niche group and intensely serving it can lead to success. “I would argue it’s better to have a slightly smaller collection of loyal, engaged customers that pay a significant amount to support your journalism than trying to have slightly more that pay virtually nothing to support your journalism. I see a lot of publishers making that mistake,” Peter Doucette, Vice President of Consumer Sales and Marketing, *The Boston Globe*, said.

Why Should — and Do — Consumers Say “Yes” to Digital Subscriptions?

To help you run your business effectively, in this issue of the *MECLABS Executive Series*, we will walk through

four key insights from our research. By acting on these insights, newspaper executives can optimize targeting those consumers who have some degree of openness to the idea of digital subscriptions and influence their decision of becoming a paid subscriber.

To do this, we will leverage consumer survey data, along with interviews with experts from the University of Florida, *The Boston Globe*, *The New York Times*, *The Economist*, Zuora, Quantum Media/ Columbia School of Journalism and MECLABS Institute.



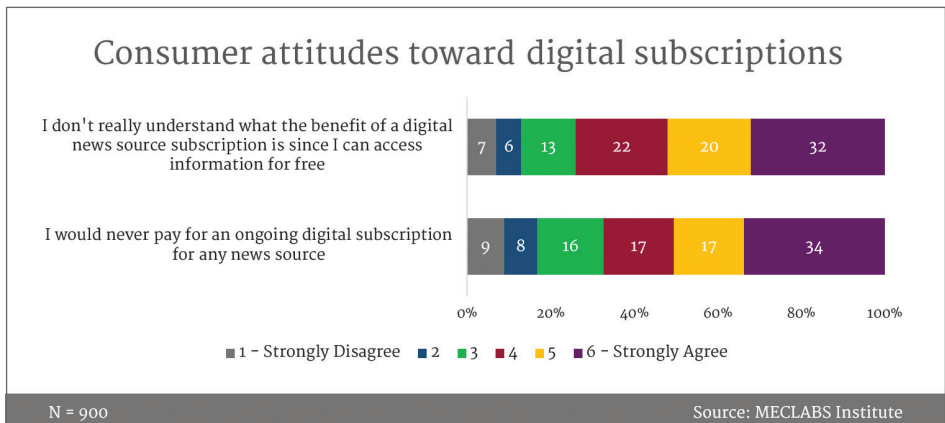
## KEY INSIGHT #1: BECAUSE DIGITAL SUBSCRIPTIONS LACK A PERCEIVED PRODUCT-LEVEL VALUE PROPOSITION, CONSUMERS HAVE COMMODITIZED DIGITAL NEWS CONTENT

*The reason most readers do not purchase a digital news subscription is not because they do not understand the value of your content but, rather, they do not yet understand the value of a digital subscription.*

We also asked news consumers to what degree they agree with the statement, “I don’t really understand what the benefit of a digital news

source subscription is since I can access information for free.” A majority of consumers polled (74%) said they agreed to some extent with the statement (see **Chart 2**).

We asked consumers, “To what degree do you agree or disagree with the statement ‘I would never pay for an ongoing digital subscription for any news source?’” More than half (68%) agreed with the statement. Meanwhile, only 9% strongly disagreed, meaning they were very likely to subscribe.



**Chart 2.** Consumer attitudes toward digital subscriptions

The parallel results between these questions point to a major hurdle all digital news sources have: how to communicate the unique value proposition of a digital subscription versus free content.

Does this mean that customers are unlikely to pay for newspaper content? Let’s explore some more data.

**The Form of the Product, Rather than the Content Itself, Lacks Perceived Value**

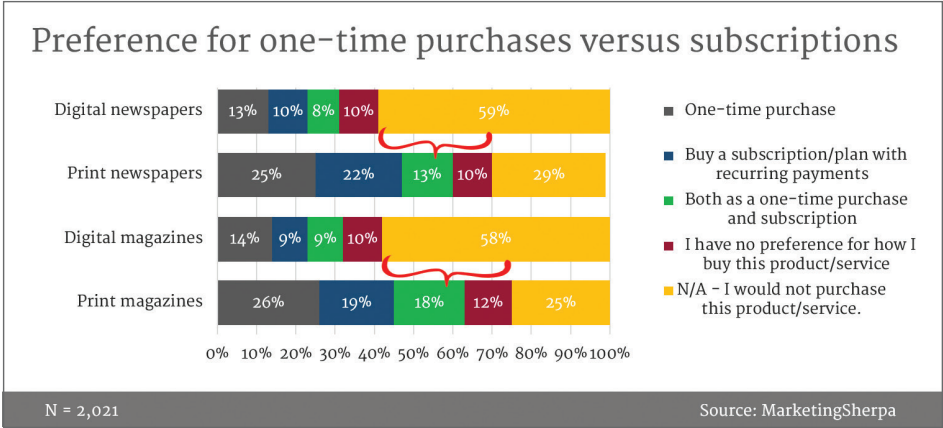
It isn’t the content of the product itself that makes customers skeptical. In a separate survey of 2,021 U.S. adults fielded in August 2015 by MECLABS’ publishing subsidiary MarketingSherpa, consumers were asked “Please indicate how you would most prefer to purchase the following products and services.”

While 10% of consumers said that they would “Buy a subscription/plan with recurring payments” to digital

newspapers, more than twice as many (22%) had the same preference for print newspapers (see **Chart 3**). When we include the consumers who would prefer to purchase “both as a one-time purchase and subscription,” 35% have some preference for print newspaper subscriptions while 18% had a preference for digital newspaper subscriptions.

Overall, consumers were more predisposed toward considering purchasing print newspapers (70%) and magazines (75%) compared to digital newspapers (41%) and magazines (42%).

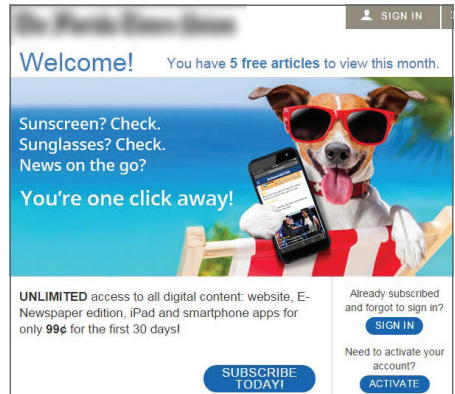
Interestingly, both surveys — fielded three months apart — found that **59%** of consumers are unwilling to purchase digital newspaper subscriptions. You can see this displayed in **Chart 3** for “I would not purchase this product/service” and in **Chart 1** for how likely consumers would consider “paying a subscription fee to access every article from a publication.”



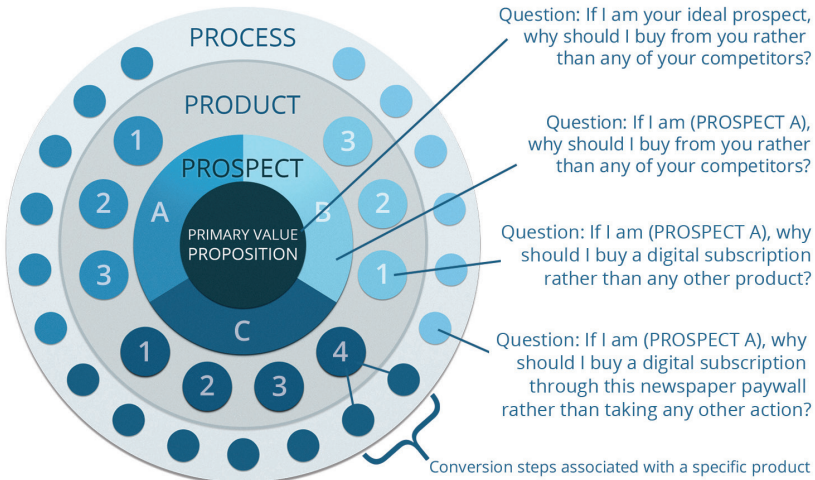
**Chart 3.** Preference for one-time purchases versus subscriptions

## Implications for Executives

Consumer data suggests one key challenge newspapers may have overlooked is the need to sell the value proposition of the category (digital subscription), and not just the product. The fairly typical example in **Figure 1** (seen right) assumes that customers already want “news on the go.” The ad is communicating the value of a smartphone more than the value of a specific digital subscription, because customers can access free news on the Internet through their smartphones and get “news on the go” this way.



**Figure 1.** Example of paywall that does not communicate product-level value proposition



**Figure 2.** Value Proposition Spectrum

Source: MECLABS Institute

## Expressing the Unique Value Proposition of Digital Subscriptions

Based on thousands of applied experiments on how consumers make decisions in the digital realm and beyond, MECLABS has created the above Value Proposition Spectrum to help companies effectively discover and express their value propositions

(see **Figure 2**). To simplify Figure 2, we'll focus on the biggest area of opportunity — that is the product-level value proposition (in this case, communicating the value proposition of the digital subscription as a product category) and how it should interrelate with the primary value proposition of newspapers (which would focus on the content produced).

Our Consumer Preference and Attitude survey results indicate that newspapers may not only be challenged by communicating an effective value proposition; **they may be focused on the wrong level of value proposition.**

Some newspapers are communicating the process-level value proposition of the digital newspaper paywall offer (e.g., “get 10 free articles per month”) while others focus on the primary value proposition of the newspaper itself (e.g., “award winning journalism”), when they should also communicate **the product-level value proposition of a digital subscription.**

This can help with battling free content as well. Customers of all products have difficulty understanding how much they should pay for products in an increasingly complex marketplace. Therefore, they look for pricing clues to understand what items should cost.

As previously mentioned, twice as many customers are open to paying for print newspapers versus digital subscriptions. Newspapers must communicate that a digital subscription is a way to get a unique, appealing and credible news product that is different than the free commodity news found online. We know from previous social psychology research on anchoring that value perceptions are subjective and malleable. The purveyors of the Tahitian black pearl anchored the price of the previously worthless organic material by placing them with precious items in a Fifth Avenue store display.<sup>viii</sup>

“We miss the fact that if we deliver a better value proposition, people are going to buy,” Flint McGlaughlin, Managing Director, MECLABS Institute,

said. “So the real question isn’t, ‘Will people buy digital subscriptions?’ The real question is, ‘How can we use the digital landscape, the ecosystem, all of its advantages to deliver a better value proposition?’ The minute we answer that, we solve the real problem.”

One way to message an effective product-level (category) value proposition while tying into the core value prop is to leverage the specific benefits of the digital channel. For example, *The New York Times* provides news curated to fit readers’ daily cycles in a digital format, something a print newspaper can’t do.

The value of providing relevant content has implications for relevant advertising too. Michael Zimbalist, Senior Vice President of Advertising Products and Research & Development, *The New York Times*, said in an interview with Justin Ellis, Staff Writer, Nieman Lab: “Our new mobile creative package called Mobile Moments is striking a chord with pretty much every advertising sector, from fashion to automotive to tech. ... We used the insight that our audience’s news needs change throughout the day and, using that insight, we designed an advertising program with dynamic creative that can be [scheduled by time of day] in harmony with the news presentation.”

Charles Duhigg, Senior Editor, *The New York Times*, and author of *The Power of Habit: Why We Do What We Do in Life and Business*, said “So, for *The [New York] Times*, for instance, one of the things that we pride ourselves on is we have really well written content, we have a lot of content that’s fun to read, we deliver it throughout the day. It’s a really nice and somewhat virtuous



way to procrastinate. Like, if you want to take a five-minute break between assignments, checking *The New York Times*, A) makes you smarter and, B) is kind of fun.”

He continued, “We have a really easy cue there, which is ‘I need to take a five-minute break.’ And we have a real easy reward, which is we invest heavily in people who can write well, and we encourage them to write about topics that are interesting and feel vital. So that helps us to create those habits.”

Duhigg did caution that “it’s a kind of different proposition if you’re the

*Albuquerque Journal*, which is the newspaper I grew up with ... you need to have a different kind of reward that you’re delivering — a reward proposition.”

***We must ensure that we do not let our teams overlook the need to “sell the category” of digital subscription. Without helping the customer understand this, it will not matter how valuable your content is.***



## KEY INSIGHT #2: NEWS CONSUMERS HAVE BEEN CONDITIONED TO EXPECT A SEAMLESS DIGITAL EXPERIENCE

***Poor user interface design and user experience may be negatively impacting the perception of your digital subscription.***

MECLABS defines friction as a psychological resistance to a given element in the sales or sign-up process, and has found that minimized friction increases conversion.

The paywall model is a common one, and encompasses several specific types of submodels. Some of those models include putting up the “wall” partway into an article. The strategy behind this model is that readers will become invested in the story and will

pay a cost to complete it — whether that’s through answering survey questions, paying a single article fee or paying for a subscription.

However, as you can see in **Chart 4** on page 8, our survey revealed 58% of consumers strongly agree with the statement, “It is very frustrating when I start to read an article and then find out I need to pay to read the rest.”

Only 12% disagreed with the statement to any extent. This interruption paywall model, also known as an article stub, could be negatively impacting how consumers view your website and product, resulting in them finding new sources with less frustrations.

Another usability concern — intrusive ads — was also a common concern.



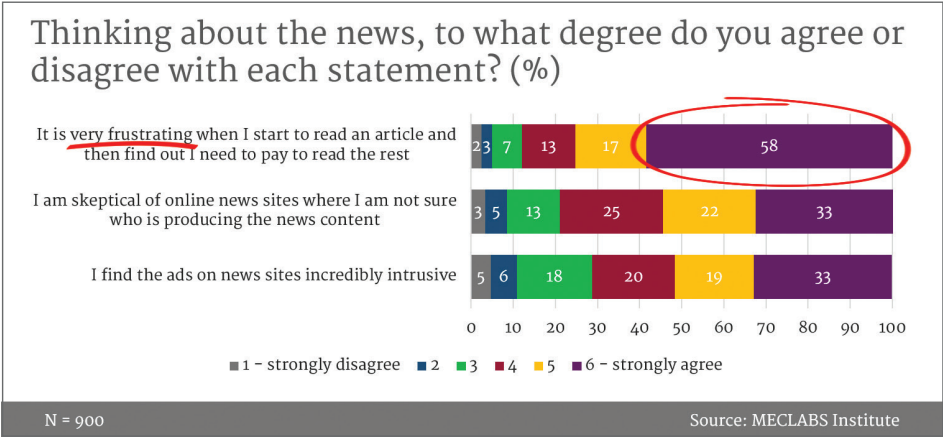


Chart 4. Consumers' frustration with paywall usability and advertising

Let's take a look at people who already subscribe. Their relatively low engagement rate undermines the conventional wisdom that the monetary cost itself is the main reason that customers do not subscribe to digital newspaper content.

Only 46% of subscribers said they read an article from a subscription they paid for within the last six months (see Chart 5).

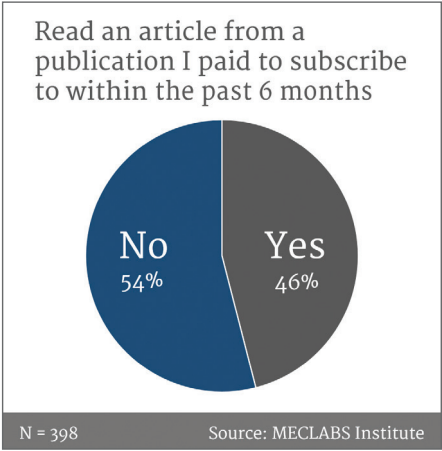


Chart 5. Current subscriber engagement rate

Could this be simply because consumers are not interested in digital as a platform for news?

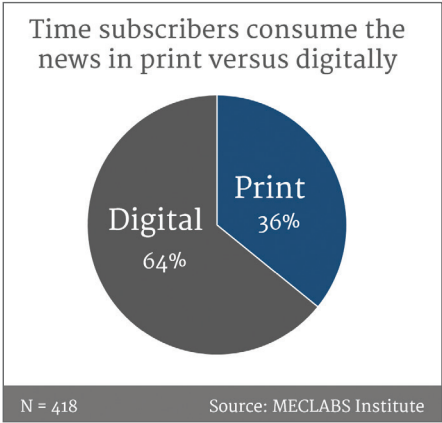


Chart 6. Time subscribers spend consuming news, by medium

Our data (see Chart 6) indicates that this is not the case. Subscribers spent more time consuming news digitally (64%) than in print (36%). The usability of the digital content itself would seem to be the issue.

## Implications for Executives

While the focus of **Key Insight #1** is on the messaging of the product-level value proposition, digital newspapers are unique in that customers consider purchasing the product as they are experiencing the product. Therefore, a seamless user experience is crucial to digital paywall success.

MECLABS has found that minimized friction increases conversion. One way you can decrease friction with a metered paywall is by testing layering the level of access with an exchange of an email address.

Michael Brunt, Chief Marketing Officer and Managing Director of Circulation, *The Economist* (which describes itself as an “authoritative weekly newspaper focusing on international politics and business news and opinion”) discussed the layered paywall approach his team uses: “The quota we have at the moment is [that] you’re allowed to read one article a week. If you want to read more, then you have to register and then you’re allowed to read three articles a week. And, if you want to read more than that, at that point you would need to subscribe.”

However, this isn’t the only approach you can take by asking for consumer information. In asking consumers to register for a free trial, you can ask for more than just their name and email address. Of consumers polled, 49% said they were at least somewhat likely to consider “registering for free to receive customized emails with content tailored to [their] preferences.”

By obtaining the information that will allow you to present them with relevant content, you can also serve them with relevant ads (more on relevance in **Key Insight #3**).

Randy Bennett, Executive Director for External Relations, the University of Florida College of Journalism and Communications, has seen newspapers “make it so the onus to sign up is not that great, but still try to capture enough information that can provide some information they can use to target advertising or identify best subscription prospects.”

A by-product of understanding what readers want content-wise is having better information to provide advertisers; therefore, helping that revenue stream as well.

Craig Barberich, Global Head of Media Solutions, Zuora, confirmed, “It will be the companies that have the detailed data about users that are going to be able to sell a higher-priced ad to the advertisers.”

Beyond the article-count paywall, the registration approach can also support free trials as another model.

“The metered paywalls, they have worked, but some of the leading newspaper companies in the world are beginning to move beyond metered paywalls to offer free trials that convert to paid subscriptions. So I think that’s one evolution in the paywall that we’re seeing; perhaps the metered paywall is going to evolve into the data-centric free trial model that works better and long-term generates more revenue for publishers,” Barberich said.

He went on to say, “I think the free trial leads too much more of a relationship type of engagement where the customer and the newspaper are trying to get to know each other and long-term provides the most value for the customer in the end.”

In the end, no matter which purchase path(s) you offer customers or which topic you feature most, the goal is to develop a relationship with the reader so that they find and truly understand the value your product offers. By actively providing them with specific content that is relevant to them, you’ll increase the chances this untapped, but willing, group will finally say “yes” to

not just any digital subscription but to yours. Remember, 74% of consumers don’t fully understand the benefit of a digital news source subscription, so, no matter your approach, this must be your foremost goal.

*We must ensure that we lead our teams to strive to create the most seamless customer experience of our content as they transition from a free reader to a subscriber to, once they subscribe, using the product.*



### KEY INSIGHT #3: EXCLUSIVE CONTENT IS THE PRIMARY MOTIVATION FOR SUBSCRIBERS

*Subscribers are motivated most by exclusive content — like arts/culture and local news — rather than any other kind of news topics.*

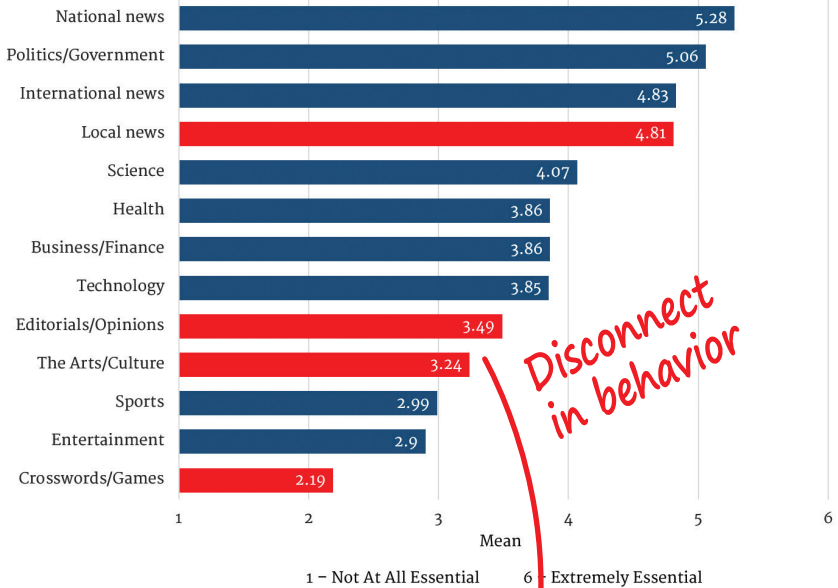
Looking at U.S. news consumers overall, they claim the most essential topics are national news, politics/government, international news and local news. They also claimed crosswords/games is the least essential topic when looking for a news source (see **Chart 7** on page 11).

However, when we looked specifically at factors predicting whether someone is a subscriber, a different set of topics emerged as the main differentiators between subscribers and nonsubscribers. The results of logistic regression analysis\* revealed that consumers who considered local news, crosswords/games, editorials/opinions and the arts/culture as their essential topics were more likely to be subscribers (see **Chart 8** on page 11).

While you can’t ignore the overarching news topics, as they are core parts of consumers’ news consumption, newspapers should consider additional

*\* Logistic regression analysis predicting the behavior of being a subscriber or nonsubscriber to a news source from age, gender, family income, education, importance of news topics, importance of criteria for choosing a news source and personality traits. For a more detailed description please see the Methodology section.*

How essential are the following news topics to you when looking for news in a printed newspaper or digital news source?



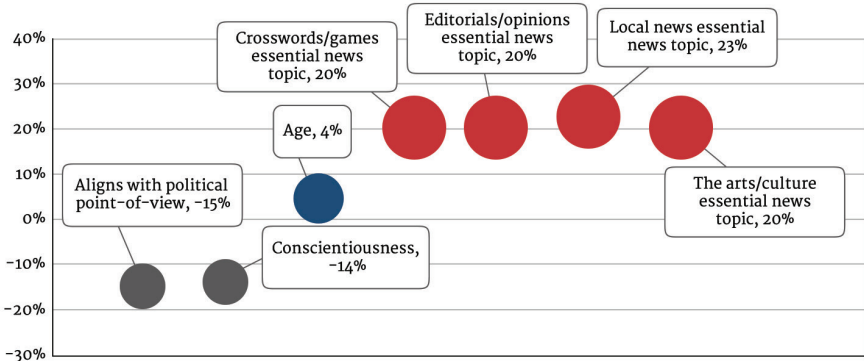
*Disconnect in behavior*

N = 900

Source: MECLABS Institute

**Chart 7.** Content topic preference

Factors predicting news consumer likelihood to be a subscriber



N = 900

Source: MECLABS Institute

**Chart 8.** Factors predicting news consumer's likelihood to be a subscriber. The y-axis depicts log-odds of being a subscriber; the bubble size represents odds ratios for each of the predictor factors.

types of content to motivate readers to become subscribers.

Our results indicate that subscribers are most motivated by exclusive content they can't get anywhere else — the arts/culture, local news, editorials/opinions and crosswords/games.

*The Boston Globe* has done extensive testing across its entire customer journey. In regard to local sports news, for example, it has done testing on both how that type of content affects subscription conversion as well as subscriber engagement.

"We know specific to our market and our brand [that] we've got an established sports franchise. Sports are a big part of people's lives. ... We do know that sports content — compelling sports content — leads to higher levels of subscription conversion. So we've tested that," Peter Doucette, Vice President of Consumer Sales and Marketing, *The Boston Globe*, said.

### Quality Local Journalism Helps Pricing Power

*The Boston Globe* recently increased prices 74% for current digital subscribers.

"We were pleasantly surprised with the results of our digital pricing — significant increase in rate with nominal churn. So it's generated significant revenue for us," Doucette said.

When asked how *The Boston Globe* has been able to become an industry leader in pricing, Doucette said, "Part of that is ... because we've preserved our newsroom. So the product can

support pricing. ... We've had cuts, too ... but if you look at our newsroom staff versus unit of circulation, if that is journalist per thousand units, we would be very high."

Of course, a success this wide ranging is likely caused by more than just one thing, and *The Boston Globe's* understanding of its customers is also a key reason for success. The price increase was not for every digital subscriber, but for only digital subscribers who had been with the paper for at least one year.

"We studied our retention curves and price elasticity and subscribers, and we know that a subscriber at the one-year mark is highly engaged. There is what we call the initial churn period of subscriber year one, and I think we recognize that there's an opportunity to get more subscribers in the fold with our standard pricing but we can monetize long-term subscribers in a greater way by having tenure-based pricing," Doucette said.

### Creating Relevant Content to Match Subscriber Motivations

Doucette also discussed another important aspect of understanding customer preferences and behavior — delivering relevant content to specific readers after they've subscribed to help keep the subscribers you already have.

"I think where we've seen success there is matching a user with relevant content. So exposing them to more stories about the Red Sox. If we can identify that they're a Red Sox fan, if we can better serve them relevant

Red Sox content that we have, that's where we've seen success on the engagement side, more so than just as pure marketing nurturing approach," he said.

Barberich took it a step further by relating this engagement approach to a relationship between reader and newspaper. "Long-term, the customer is going to develop a stronger affinity for the brand of the newspaper if that relationship or content is targeted and personalized," he said.

## **When and how do you start engaging your audience with relevant content?**

Doucette said, "I think it's anywhere in that customer lifecycle — any of those touchpoints where you can expose more relevant content — is how we're trying to make a difference in engaging consumers in a different way."

To start out, you might try an email strategy. Then you can move on to website copy, customized homepage layouts, suggestion engines and more.

By identifying the specific content and topics that resonate with your readers as a group and as individuals, you better meet their needs.

**By putting the wants of the reader first, you create value they're willing to pay for — both for new subscriptions and for renewals.**

"With the digital traces that we capture from the experience of every subscriber who engages with us in the online world, we're given insight into their decision patterns, into their interests," McGlaughlin said.

He went on to say, "A newspaper should be able, in a digital environment, to deliver a better value proposition because it could understand who I really am, what I really want and deliver [this] to me in a genuine way."

## **Implications for Executives**

Exclusive content should be the specialties of metro newspapers. Readers can't learn about their community in a national newspaper or website. During the economic downturn, many newspapers balanced the books by drastically cutting back on journalists. Local newspapers filled their print and digital pages with wire stories about the national news. That simply isn't enough to grow and keep subscribers.

Competition still exists in these topics — local radio and television stations often offer these same topics to some extent — sometimes for free. Creating valuable, exclusive local content is crucial.

The payoff is more subscriptions and greater subscriber engagement.

*We must ensure that our publication maintains a customer-first focus that emphasizes and supports the aspect of our product that best connects to the motivations of our readers.*





## KEY INSIGHT #4: CUSTOMERS ARE WAITING FOR YOU TO ASK THEM TO ENGAGE

*Customers are more willing to engage with newspapers than you might think.*

Our hope is that you can use these insights to experiment with ways to win more subscribers for your newspaper. This brings us to our last insight — customers are likely more willing to respond to offers than many newspaper executives may assume.

Our consumer survey results show that 49% of news consumers are likely to consider registering for free with their email to access information or articles they want to read. Additionally, 63% of news consumers are likely to

consider registering for free to receive customized emails with content tailored to their preferences.

### Implications for Executives

*The Boston Globe* has discovered through experimentation that it can ask for customer information much farther up in the sales funnel.

"There was a belief that we had to soften a user before they would be willing to give us information about themselves," Doucette said. "Going back to experimenting in bigger ways, we moved that much farther up and earlier in the process because the volume is significantly different. What we saw was you can hit someone after

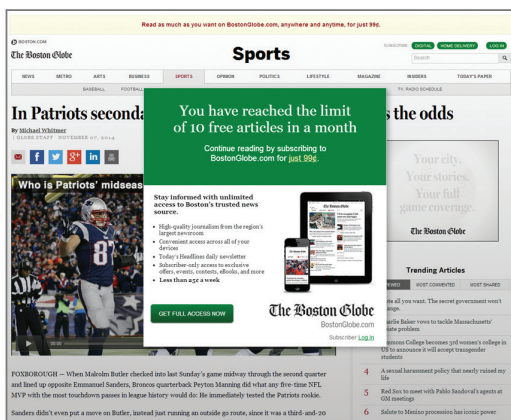


Figure 3. The Boston Globe meter counter 10 test



reading their first article and you can engage with them. Customers are much more willing to engage with us than I think we thought they were.”

Here is another example from a meter test (MECLABS Test Protocol 11266) we ran with *The Boston Globe*. Consumers could read 10 free articles per month. By removing the pop-up (see **Figure 3** on page 14) that said, “This is your last free article in a month,” conversions were increased by 61.1% (with a 95% level of confidence). The Treatment also outperformed the Control in clickthrough to the paywall with a 9.31% relative lift at the 99% confidence level.

Because users were getting to the paywall at a faster rate, they were more likely to see the value in a

subscription and convert. The team removed the “rationing” motivation of the user by not reminding them they are on their last article. Thus, readers clicked through to the paywall more and, ultimately, more converted.

“You don’t want to have to use kid gloves when you’re trying to build a subscription business. You’ve got to be aggressive. I think this is an example of that,” Doucette said.

***We must aggressively experiment with ways to engage and ask news consumers to buy subscriptions to newspapers.***

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<http://www.fool.com/investing/general/2015/10/21/can-netflix-live-up-to-its-lofty-valuation.aspx>
- <sup>ii</sup> Apple sold 35 billion songs on iTunes as of May 28, 2014 according to Jordan Kahn on 9to5Mac  
<http://9to5mac.com/2014/05/28/eddy-cue-apple-passed-35-billions-songs-sold-on-itunes-last-week-40-million-itunes-radio-listeners/>
- <sup>iii</sup> According to an estimate from Trefis Team published on Forbes, Amazon may be earning between \$265 million to \$530 million per year in ebook sales alone  
<http://www.forbes.com/sites/greatspeculations/2014/04/02/estimating-kindle-e-book-sales-for-amazon/>
- <sup>iv</sup> Print advertising revenue has dropped from \$47,408,000,000 in 2005, to \$18,931,000,000 in 2012 according to the Newspaper Association of America (NAA)
- <sup>v</sup> Online ad revenue is not making up the difference, growing to only \$3,506,000,000 in 2014, according to Pew Research analysis of BIA/Kelsey data  
<http://www.journalism.org/media-indicators/newspaper-print-and-online-ad-revenue/>
- <sup>vi</sup> More than 500 of the roughly 1,400 dailies had paywall plans as of 2013, according to Rick Edmonds of the Poynter Institute.  
<http://www.poynter.org/news/mediawire/247555/newspaper-industry-narrowed-revenue-loss-in-2013-as-paywall-plans-increased/>
- <sup>vii</sup> From “What’s next for media paywalls?”, published on the International News Media Association blog  
<http://www.inma.org/blogs/value-content/post.cfm/what-s-next-for-media-paywalls#ixzz3uQ80u7aj>
- <sup>viii</sup> Example taken from Chapter 2 (The Fallacy of Supply and Demand: Why the Price of Pearls — and Everything Else — Is Up in the Air) from the book *Predictably Irrational* (2008) by Dr. Dan Ariely



# Methodology

From November 24-30, 2015, MECLABS fielded an online survey to a YouGov panel of 900 U.S. consumers aged 25 and older, with household income \$40K and higher, who spend three or more hours in a typical week consuming news in print or digitally.

To add qualitative perspectives to quantitative survey data, we interviewed industry and academic experts in the field: Peter Doucette, Vice President of Consumer Sales and Marketing, *The Boston Globe*; Charles Duhigg, Senior Editor, *The New York Times*; Michael Brunt, Chief Marketing Officer and Managing Director or Circulation, *The Economist*; Randy Bennett, Executive Director for External Relations, University of Florida College of Journalism and Communications; Ava Seave, Principal, Quantum Media, and Assistant Adjunct Professor, Columbia Journalism School; Craig Barberich, Global Head of Media Solutions, Zuora; and Flint McGlaughlin, Managing Director, MECLABS Institute.

Subscribers versus nonsubscribers

We asked consumers “How many subscriptions to a print newspaper or digital news source do you have? This does not include paying for magazines, television or radio channels.” Out of the 900 news consumers, 46% had at least one subscription to a print or digital news source, while 54% were not paying for a news provider subscription.

Predictive modeling

To understand the relative impact of factors that influence the likelihood that a news consumer will become a subscriber, we conducted a logistic regression analysis predicting the behavior of being a subscriber or nonsubscriber to a news source from age, gender, family income, education, importance of news topics, importance of criteria for choosing a news source and personality traits (Table 1).

Table 1

Logistic Regression Analysis Predicting Being a Subscriber from Age, Gender, Education, Income, Personality, Importance of Criteria for Choosing a News Source and Importance of News Topics

	B	Exp (B)
Age (Birth year)	-0.04**	0.96
Gender	-0.16	0.86
Education		
Education (1) No HS	-0.95	0.39
Education (2) High school graduate	-0.59*	0.55
Education (3) Some college	-0.64*	0.53
Education (4) 2-year	-0.55	0.58
Education (5) 4-year	-0.57*	0.56
Family income		
Family income (1) \$40,000 - \$49,999	1.00	2.72
Family income (2) \$50,000 - \$59,999	1.08	2.93
Family income (3) \$60,000 - \$69,999	1.37	3.92
Family income (4) \$70,000 - \$79,999	1.01	2.73
Family income (5) \$80,000 - \$99,999	0.85	2.33
Family income (6) \$100,000 - \$119,999	1.32	3.73
Family income (7) \$120,000 - \$149,999	1.07	2.93
Family income (8) \$150,000 - \$199,999	0.95	2.59

	B	Exp (B)
Family income (9) \$200,000 - \$249,999	0.23	1.25
Family income (10) \$250,000 - \$349,999	0.97	2.64
Personality		
Openness	-0.02	0.98
Conscientiousness	-0.14*	0.87
Extraversion	0.05	1.05
Agreeableness	0.02	1.02
Neuroticism	-0.01	0.99
Importance of criteria for choosing a news source		
Gives me news that's entertaining	0.00	1.00
Gives me the news I need for work	0.05	1.05
Has content I can't get anywhere else	0.06	1.06
Gives me a deep analysis of the news	0.12	1.13
Covers a wide variety of news	-0.04	0.96
Known for being a credible news source	-0.16	0.85
Aligns with my political point-of-view	-0.15*	0.86
Good look and layout	0.12	1.12
Provides a unique perspective	-0.12	0.89
Gives me what I need to know quickly and succinctly	0.06	1.06
Gives me an opinion on the news	0.08	1.09
Has journalist(s) I admire	0.08	1.08
A source I can count on to investigate wrongdoing	0.00	1.00
Importance of news topics		
International news	-0.08	0.92
National news	0.15	1.16
Local news	0.23**	1.26
Health	-0.08	0.92
Politics/Government	-0.11	0.89
Crosswords/Games	0.19**	1.21
Business/Finance	0.11	1.11
Editorials/Opinions	0.20**	1.22
Technology	-0.11	0.89
Entertainment	-0.04	0.96
The Arts/Culture	0.24**	1.27
Science	0.00	1.00
Sports	0.06	1.06
Constant	77.06	2.91733E+33
Nagelkerke R <sup>2</sup>	0.27	
-2*Log likelihood	1022.75	
Chi-square	201.518	

Note.  $N = 900$ . The last category in categorical variables is taken as a reference.

\* $p < 0.05$ , \*\* $p < 0.01$ .

Results reveal the following drivers of being a subscriber to a news source, either in print or digitally:

- Age: Younger news consumers are less likely to be subscribers. With each year the age decreases, all other predicting factors kept constant, the likelihood to be a subscriber decreases 0.96 times (decreases by [0.96 ex] 4%)
- News consumers for whom local news is an essential news topic are more likely to be subscribers. With each one degree increase in importance of local news, all other predicting factors kept constant, the likelihood to be a subscriber increases 1.26 times (increases by [1.26 ex] 23%)
- News consumers for whom crosswords/games is an essential news topic are more likely to be subscribers. With each one degree increase in importance of crosswords/games, all other predicting factors kept constant, the likelihood to be a subscriber increases 1.21 times (increases by [1.21 ex] 20%)
- News consumers for whom editorials/opinions are essential are more likely to be subscribers. With each one degree increase in importance of editorials/opinions, all other predicting factors kept constant, the likelihood to be a subscriber increases 1.22 times (increases by [1.22 ex] 20%)
- News consumers for whom the arts/culture is an essential news topic are more likely to be subscribers. With each one degree increase in importance of arts/culture, all other predicting factors kept constant, the likelihood to be a subscriber increases 1.27 times (increases by [1.27 ex] 24%)
- News consumers for whom alignment with their political point-of-view is an important criterion when choosing a news source are less likely to be subscribers. With each one degree increase in importance of alignment with political point-of-view, all other predicting factors kept constant, the likelihood to be a subscriber decreases 0.86 times (decreases by [0.86 ex] 15%)
- Consumer personality\*: More conscientious news consumers are less likely to be subscribers. With each one degree increase in Conscientiousness, all other predicting factors kept constant, the likelihood of being a subscriber decreases 0.87 times (decreases by [0.87 ex] 14%)
- Although several subgroups of educational attainment were less likely to be subscribers compared to people with post-graduate education, in total education did not have a significant effect

*\* We assessed consumer Big Five personality traits with Rammstedt & John's (2007) 10-item measure. The Big Five personality traits are Openness to experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. Conscientiousness is a tendency to be organized and dependable, show self-discipline, act dutifully, aim for achievement, and prefer planned rather than spontaneous behavior. People high on Conscientiousness can be perceived as stubborn and obsessive. People low on Conscientiousness are flexible and spontaneous, but can be perceived as sloppy and unreliable.*

Rammstedt, B., & John, O. P. (2007). Measuring personality in one minute or less: A 10-item short version of the Big Five Inventory in English and German. *Journal of Research in Personality*, 41(1), 203–212.  
<http://doi.org/10.1016/j.jrp.2006.02.001>.

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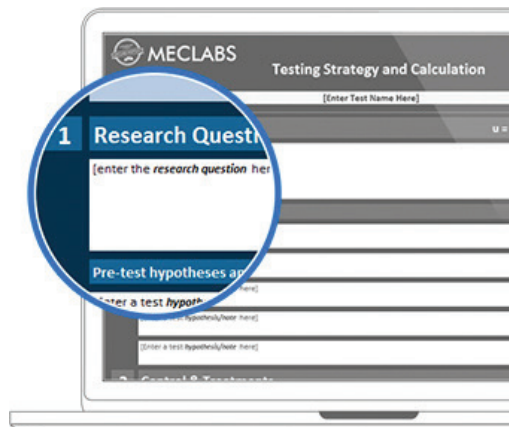
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