

# Paid Content

## Illusion or reality

Lecture on the occasion of the  
Farewell Session  
European Master in Law and Economics



The convergence of media

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Page 1

## Content

### What does content mean?

First we define **content** as any **editorial output** distributed via mass media (as well print as well as electronic products).

Editorial outputs means

- § data
- § information
- § knowledge
- § entertainment



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Page 2

## Content

### What does content mean?

Second we have to differentiate between

- § paid content
- § open content
- § user generated content



## Content

### What does content mean?

|                         |  |
|-------------------------|--|
| Paid content:           | anybody pays any amount to the author to achieve content |
| Open content:           | the author does not receive any amount for his work      |
| User generated content: | the difference between author and user is blurred        |



## Content

### Who delivers content?

Thousands of enterprises of any kind in any form.....

but the actual discussion about the realization of **paid** content is held by publishing companies



## Publishing companies

### Are publishing companies all equal?

No, we have to make a further differentiation:

- § general interest
- § special interest



## Publishing companies

### General interest:

- § fiction
- § newspapers
- § magazines with a broad range of subjects

### Special interest:

- § for private purposes (hobbies, knowledge, guidebooks etc.)
- § for professional purposes (scientific and specialised publishers)



## Paid? content

### Now, by whom is the discussion held?

If you look at articles or listen to speeches or discussions you will see:

**the problem of paid content is always highlighted by general publishers!**



## The history

### Why is that so?

In times of "print only" the publishers of general interest publications made their money with ads, rarely with copy-prizes.

That was their competence and they carried forward their business models into the internet:

- § content for free
- § revenues via advertising

But:

- § times got worse
- § the competition within the web is more intense



## The history

### The economic consequence

§ Print products lost sold copies due to competition of other media and cannibalism (Newspapers, Spiegel online vs. Spiegel etc.).

§ Print products lost ads due to "the crisis" and due to competition.

§ Ad revenues out of the web did not substitute these losses due to the circumstance, that ad clients went to other websites with higher traffic or other business models (see Google) and they have to pay less for ads within the web.

§ Free content does not generate revenues at all.



## The conclusion

### The conclusion for publishers:

§ it was a big mistake, to deliver the content for free!!!!

§ you have to demand money!!!

**Rupert Murdoch really, really, really wants to charge for online news. Really. At least, he keeps saying so even though by far the bulk of News Corp.'s online news content continues to be ad supported.** (August 6th, 2009, <http://paidcontent.org/article/419-if-wsj.com-is-the-model-news-corp.-isnt-building-a-news-fortress/>)



## The problem

### The problem:

The problem? Beyond the “OMG, he’s going to kill the sites by shutting off the free oxygen” factor already making the rounds like the wave, not all News Corp. news outlets are created equal. WSJ.com and its offshoots produce financial news and info for which a small group of people are willing to pay decent sums. Not the amounts Murdoch thought they would pay, but still real money. But Murdoch’s plans include charging for the websites of UK tabloids [The Sun](#) and the [News of the World](#); U.S. tabloid the *New York Post*, which already failed with its own celeb site sunk by high expenses; for general newspapers like the *Times of London* and *The Australian*. They also include non-print sites like FoxNews.com. What will News Corp. charge for? Micropayments to see the *Sun*’s topless Page 3 girls (or maybe 10p not to see them)? “World exclusive” interviews with 15-second celebs? Bill O’Reilly outtakes?



## The problem

### Or back to our distinction within publishing companies:

To demand money for general interest content may be an illusion, at least via the internet. For example E-Paper:

The sold circulation of all daily and weekly newspapers amounts to 24.7 mio copies per day, the E-Paper issues reach only 85.000 per day (4th quarter 2009)



## The Hope

### But the internet is not the only source for "electronic" content

To demand money for general interest content will be an illusion, at least via the internet.....but there are the mobiles.....and the big hope for general interest publishers are

**apps**



## The Hope???

### Examples:

§ Spiegel: iPhone-App, each Saturday from 10 p.m. the complete version of the print version issued the following Monday (same price as print version)

§ Bild Zeitung:

<http://www.bild.de/BILD/digital/mobil/iphone/apps/iphone-app-bild.html>



## The Hope???

### Examples:

[http://meedia.de/nc/details-topstory/article/berblick--die-besten-medien-apps\\_100026421.html](http://meedia.de/nc/details-topstory/article/berblick--die-besten-medien-apps_100026421.html)





## The Hope???

**A global survey (Nielsen company 2009) of more than 27,000 consumers in 54 countries shows:**

§ 85% of the respondents state that till now free content should stay free

§ 79% would not pay for information which is available elsewhere for free

§ but: there are users who are willing to pay when it is top-quality

<http://blog.nielsen.com/nielsenwire/consumer/whats-your-online-content-worth-global-consumers-say-it-depends/>



## The hope!!!

**Special interest and specialised publishers are different**

**Their strengths:**

§ Brands

§ Editorial competence

§ Knowledge about and access to premium target groups

§ Already existing content which is paid for



## The reality

### Some examples of successful "paid content" business models

- § Stiftung Warentest <http://www.test.de/themen/auto-verkehr/test/Autoversicherung-Einige-hundert-Euro-sparen-1822783-1821758/>
- § Niiu <http://www.niiu.de/>
- § nwb [http://www2.nwb.de/portal/content/ir/beitraege/beitrag\\_788118.aspx](http://www2.nwb.de/portal/content/ir/beitraege/beitrag_788118.aspx)
- § Pedia Press <http://pediapress.com/>
- § Gesetzbuch24.de <http://www.gesetzbuch24.de/>



## Illusion or reality?

**That depends**



## Thank you for your attention!

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March 2nd, 2010 Page 21