

## **Are Netflix and Spotify Subscribers More Likely to Pay for Online News? Comparative Analysis of Data From Six Countries**

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As news publishers search for business models that can sustain professional journalism, other online media companies (e.g., Netflix and Spotify) have been remarkably successful at attracting subscribers. One possible consequence is that subscribers to these services will also be more willing to pay for online news because they have become used to the idea of paying for online media. Alternatively, it could be that people who pay for online media feel they have less time and money to spend on online news. Using survey data from six countries, we found (1) a positive individual-level association between paying for any form of online media (e.g., films, music, books, software, and premium information access) and paying for online news and (2) a positive association between paying for entertainment media specifically and paying for online news.

*Keywords: willingness to pay, paying for news, paywalls, journalism, Netflix, reference price*

Publishers across the world are looking for business models that can sustain professional journalism (Cagé, 2016; Pickard, 2019). In the absence of new, sustainable models, there is a serious risk that private investment in journalism will continue to decline, with critically important consequences for the provision of news as a public good. Many observers have questioned whether business models for news based on paywalls and subscriptions will ever work online (Pickard & Williams, 2014), in part because the Internet is often said to have a “culture of free” (e.g., Keen, 2015), but also because huge choice means that most people can easily find something equally interesting or entertaining to do (Prior, 2005). However, the recent popularity of online digital media companies that charge for access to content, such as Spotify and Netflix, prompts a reexamination of the issue of paying for online news, how it has been affected by the growth in paid-for online media, and more broadly, how people consume information in high-choice environments where much is free, but premium paid-for alternatives also exist.

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One possibility is that the rise of paid-for entertainment services, convenient ways of purchasing software and apps, and a host of other premium services such as online dating will have a negative effect on news publishers because they increase competition for time and money spent online. Alternatively, the growth of paid-for online media might actually benefit news publishers if it increases people's willingness to pay for online news through the normalization of payment for all forms of online media. Rather than drawing time and money away from news, paying for other online media could encourage people to pay for online news in addition.

We use survey data from the 2017 Reuters Institute Digital News Report (Newman, Fletcher, Kalogeropoulos, Levy, & Nielsen, 2017) in six countries (United Kingdom, United States, France, Germany, Denmark, and Spain) to explore individual-level associations between paying for online digital media (such as music, video, games, e-books, software, and other premium Web content) and willingness to pay for online news. Across all six countries we found, first, that people who pay for other forms of online media are more likely to be currently paying for news, and, if they do not currently pay, are more likely to say they will pay for it in the future. Second, we found that the positive association between paying for other online media and willingness to pay for online news holds true even when we consider entertainment and nonentertainment media separately. The association between paying for nonentertainment media (e.g., software, apps, access to premium information, etc.) and willingness to pay for news is usually slightly stronger, but there is still a significant positive association with paying for entertainment in almost all cases, and no evidence of a negative association.

Our findings counter the idea of a zero-sum relationship between money spent on online media and money spent on online news, and raise the possibility that a process of market conditioning is underway. They suggest that, rather than competing directly with news, the growth of other forms of paid-for online media could be simultaneously increasing people's willingness to pay for online news by normalizing online media purchasing more broadly. The findings should prompt us to rethink how people spend their time and money in high-choice media environments where significant numbers increasingly prioritize premium experiences and much of the most-valued content sits behind a paywall. They also highlight that behaviors and attitudes that have little to do with online news directly may still influence people's willingness to pay for it.

### **Literature Review**

In many important respects, news is a business. Although news is undoubtedly an important part of democracy and can be funded in many different ways, such as through philanthropy, nonprofit models, or the allocation of money from the public purse, most news comes from private sector, for-profit media (Nielsen, 2018). Even in Western and Northern Europe, where publicly funded broadcasters are usually the most widely used news sources (Pew Research Center, 2018), the majority of investment in journalism still comes from the private sector, be it newspapers, magazines, commercial television, radio, or digital-born media. For much of its history, the commercial news media funded themselves by selling advertising space to organizations that wanted to reach large audiences (Pettegree, 2014). During the 20th century, this could be enormously profitable, with newspaper ownership in particular seen as "a license to print money" (Picard, 2011), a phrase that was coined during political discussions over whether to allow commercial television in the United Kingdom in the 1950s (Crawford, 2016).

The situation today is different. Newspaper revenues have declined dramatically in recent years because of two related causes (Nielsen, 2018). First, digital media distribution via the Internet has led to a huge increase in media choice and competition. When online, people can access many different types of media, allowing them to essentially opt out of news consumption all together if they wish and spend that time doing something else. Matthew Hindman (2018) estimates that only around 3% of the time people in the United States spend on the Web is spent with news of any kind. This is indicative of a severe decline in attention for many newspaper brands. In the United Kingdom, the combined online and offline time that people spend with newspapers has decreased by around 40% since 2000, even as digital distribution allowed their reach to grow substantially (Thurman & Fletcher, 2019). Second, platform companies such as Facebook and Google have come to dominate the digital advertising market, not only because of their enormous reach, but also because they can use the data they have on users to target their advertising. Advertisers, in turn, have voted with their feet, and the majority (60%) of money spent on digital advertising in the United States does not go to news publishers, but to Google and Facebook (Enberg, 2019).

In response, an increasing number of news publishers now look to pay models and “reader revenue” to fund their journalism. Some large and prominent publishers, including both legacy titles such as the *Daily Mail* and digital-born outlets such as HuffPost, still aim for audiences large enough for digital advertising to generate sufficient revenue. But many publishers have partly abandoned this model. One recent study estimated that approximately 69% of newspapers across Europe and the United States have now adopted some form of paywall (Simon & Graves, 2019).<sup>2</sup>

Paywalls come with their own problems. The media economist Robert G. Picard claims that “the fundamental problem for news providers is that news itself has never been financially viable as a market-based good [and] has always been primarily financed by arrangements based on income derived from sources other than selling news to consumers” (Picard, 2014, p. 51). This does not mean that paywalls are doomed to fail, but so far fortunes have been mixed at best. Prominent general-interest newspapers such as *The New York Times* (3 million global subscribers as of 2018) and niche-interest publications such as the *Financial Times* in the United Kingdom (just under 1 million) are seen as success stories, but they are not representative of the newspaper market as a whole. Tabloids have been reluctant to try paywalls, and some that have—like the *Sun* in the United Kingdom in 2015—have since gone back to free. Some local publishers (e.g., Amedia in Norway) have built relatively large subscriber bases (Lichterman, 2017), but these are exceptions to the rule. As a result, in most countries only a small minority pay for news online (Newman, Fletcher, Kalogeropoulos, & Nielsen, 2019). Although 25–30% of Internet users in Norway and Sweden pay for online news and approximately 15% in Denmark, the figures are lower than one in 10 in many European countries. This is even true for countries such as Germany and the United Kingdom (9%) that have historically enjoyed high levels of newspaper readership. In the United States, the figure has hovered around 16% since early 2017.<sup>3</sup>

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<sup>2</sup> The study found that almost no commercial broadcasters or digital-born news sites currently have paywalls.

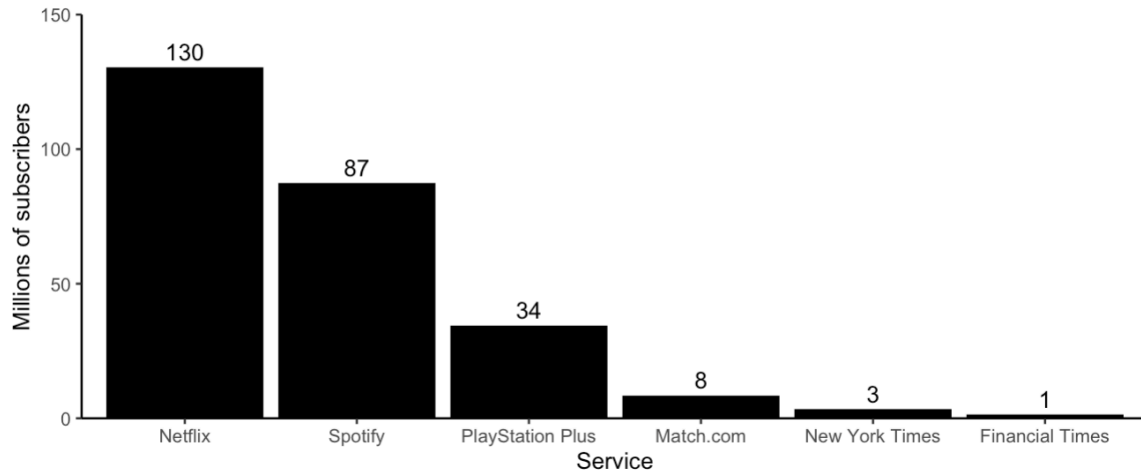
<sup>3</sup> These figures refer to any type of online news payment made in the last year, including donations, micropayments, and ongoing subscriptions. The figures for ongoing subscriptions only are considerably lower (see Table 1).

The critical importance of the financial underpinnings of contemporary journalism has prompted researchers to investigate a number of different themes, including the marketing strategies that news organizations use to convince people to pay (e.g., Nechushtai & Zalmanson, 2019) and how they make decisions about what content to charge for (e.g., Herbert & Thurman, 2007; Sjøvaag, 2016). But most relevantly for our purposes here, research has also focused on the factors that influence people's willingness to pay for online news.

Numerous surveys have shown that variables such as age, gender, income, and interest in news are all associated with people's willingness to pay (Chyi & Lee, 2013; Fletcher & Nielsen, 2017; Goyanes, 2015). Others have explored the effect of different "supply side" factors. Chyi (2012) found that people's willingness to pay for online news was consistently low regardless of the payment method offered (e.g., micropayments, day pass, metered paywall, etc.), and that willingness to pay for the printed version was higher. However, more recent studies have demonstrated an increased willingness to pay using micropayments (Geidner & D'Arcy, 2015) and, particularly among younger people, the desire for a customizable service that aggregates news from multiple sources (Kammer, Boeck, Hansen, & Hauschildt, 2015; Vir & Hall, 2017). Looking beyond payment methods, Goyanes, Artero, and Zapata (2018) provide experimental evidence suggesting that factors such as brand recognition, exclusiveness, and the prestige of the journalist can all increase people's assessment of the economic value of news stories.

Other media uses and behaviors have also been shown to influence people's willingness to pay. One of the earliest studies in this area established that people who pay for printed news are more willing to pay for online news (Chyi, 2005), something that another study found was still true more than 10 years later (Fletcher & Nielsen, 2017). Research has also found that consuming online news from public service media (e.g., the BBC in the United Kingdom) is positively associated with paying for online news (Fletcher & Nielsen, 2017), and at the macro level, European countries with well-funded public service media do not necessarily have low rates of online news payment (Sehl, Fletcher, & Picard, 2020). This partly counters the widely held assumption that free-at-the-point-of-consumption online news from public service media must be crowding out commercial alternatives (see also Barwise & Picard, 2014).

A recent study from the United States found that people with higher levels of entertainment spending are more willing to pay for a news subscription (Chen & Thorson, 2019). In perhaps the most relevant empirical study for our purposes here, Goyanes (2014) used Pew survey data from the United States to show that people who paid for online video, software, apps, and e-books were more willing to pay for online news. However, this was complicated by the fact that the same study found no significant positive association between paying for online news and paying for some other types of online media, specifically music and games. Moreover, this study was based on data collected in 2010, before many of today's most prominent online media brands achieved mainstream popularity. Today, services such as Netflix and Spotify are household names, and although there is uncertainty about the long-term sustainability of their business models, they have significantly more global subscribers than even the most prominent news publishers. Even *The New York Times*, which has made considerable efforts to build an overseas subscriber base, has far fewer global subscribers than most of the more popular online media companies according to their 2018 financial reports (see Figure 1). Our aim here is to revisit the underlying questions using more recent data from a range of different countries.



**Figure 1. Millions of paid global subscribers in 2018 for a variety of online digital media brands according to their official financial reports.**

One possibility is that paying for online media is completely unrelated to paying for online news. If so, individual-level differences in willingness to pay for online media will have no effect on willingness to pay for online news because the two behaviors are independent. Although this is conceivable, it seems rather unlikely in light of previous studies that have already demonstrated an association between paying for online media and paying for online news, and because it is possible to think of more plausible alternative scenarios that would lead to either a positive or negative effect.

The possibility of a negative association between paying for online media and paying for online news stems from the observation that in a high-choice media environment such as the Internet, all different media—including news—to some extent compete for people’s online attention. Some media use (e.g., listening to music) can overlap with other activities, but others (e.g., film and games) can be absorbing and time-consuming. Even if people engage in “dual screening” by simultaneously consuming different media on different devices (Vaccari, Chadwick, & O’Loughlin, 2015), people still have to make choices about how to spend their time. Research has shown that people with stronger entertainment preferences will gravitate toward more entertaining media, often at the expense of media they might typically find less entertaining, such as news (Prior, 2005). If applicable here, this idea suggests that people with strong entertainment preferences will spend much of the time they allocate to media use with entertainment, meaning that as the amount of time they spend on entertainment rises, the amount of time they spend on things like news will decrease. This, in turn, will shape willingness to pay for online news because the more attention people pay to entertainment over news, the more likely they will be willing to spend their money on it instead of on news.

However, there are also good reasons to expect a positive association between paying for online media and paying for online news. One of these is rooted in the theory of reference prices, long seen by

economists and market researchers as important for understanding why people pay for certain products (Mazumdar, Raj, & Sinha, 2005). A reference price is the mental price that people assign to products and services based on what they know similar products and services to be worth. Reference prices are particularly important for “experience goods” (e.g., news; Hamilton, 2004) because it can be difficult or impossible for people judge their value in advance, forcing them to rely on assumptions instead (Chan-Olmsted & Cha, 2007). It is therefore possible that people’s reference price for online news will be informed by whether or not they currently pay for other forms of online media. If people have a nonzero reference price for some forms of digital media—as evidenced by the fact they actually pay for it—this may help create a nonzero reference price for online news access. More broadly, this may also normalize the idea of paying for online media within society as a whole, as people more frequently encounter others who pay.

### **Hypothesis and Research Question**

In the previous section, we offered simplified descriptions of what are likely to be complex relationships. But on balance, based on previous studies demonstrating some support for the importance of reference prices (Fletcher & Nielsen, 2017) and also an association between paying for other media and paying for online news in the United States in 2010 (Goyanes, 2014), we hypothesized a positive association between paying for online media and paying for online news in all six countries:

*H1: There is a positive association between paying for other online media and paying for online news.*

Reference prices are more likely to be shared across products and services that are similar to one another. Although all forms of online media are similar to online news in the broadest sense, it is also true that some are more similar than others. Of course, it depends on the content, but generally speaking we think that entertainment media such as films, music, and games are less similar to online news, than, say, websites that charge for access to premium or specialist information. Again, it depends on the content, but we think it is reasonable to assume that most people find most films, music, and games more entertaining than most news. On this basis, it seems possible that the association between paying for entertainment media and paying for online news will differ in strength (and possibly direction) from the association between paying for nonentertainment media and online news. However, this assumption is complicated by previous research that did not find any consistent patterns across different media types (Goyanes, 2014). We therefore approached this issue using an open research question:

*RQ1: Does the type of online media people paid for matter for willingness to pay for online news?*

### **Method**

#### ***Data***

We addressed our hypothesis and research question using survey data from the 2017 Reuters Institute Digital News Report (Newman et al., 2017). The survey was conducted by YouGov and its partners in early February 2017. It was designed to gather data on all important aspects of news use and

attitudes toward the media, and included a series of questions on paying for news and paying for other forms of online media.

The main weakness of the data set is that it was collected using an online survey. This means that respondents were not selected completely at random, but instead drawn from online panels and invited to respond based on quotas for age, gender, and within-country region; therefore, there may be a bias toward certain groups. The issue is more pronounced in countries where Internet penetration is lower and the online panels from which respondents are drawn are more representative of the urban population, which is typically wealthier and more educated than the national average. Because of this, we focus here on a strategic sample of six countries, namely the United States, the United Kingdom, Germany, Denmark, France, and Spain. These six countries represent all three of Hallin and Mancini's (2004) media system ideal types, while also having relatively high levels of Internet penetration. It is still the case, of course, that the small minority in each of these countries who do not have Internet access at all could not respond to the survey. However, as we were mainly concerned here with paying for online media, we did not think that this would have a large impact on the results. The main strength of the data set is that data collection was conducted at the same time in every country, using the same (translated) questionnaire. This allowed us to perform a truly comparative analysis.

### **Measures**

We made use of two dependent variables, each providing a different measure of willingness to pay for online news. One recorded whether people had actually paid for online news in the last year, and the other measured how likely they thought they were to pay for online news in the future. All respondents in all six countries were first asked, "Have you paid for ONLINE news content, or accessed a paid-for ONLINE news service in the last year?" The question also reminded respondents that this could include "a digital subscription, combined digital/print subscription or one-off payment for an article or app or e-edition." Those who answered "Yes" were shown a follow-up question that asked for more details about the type of online news payment(s) made: "Which, if any, of the following ways have you used to pay for online news content in the last year?" Those who selected "I made a single one-off payment to access a single article or edition" or "I made an ongoing payment (subscription) for a digital news service—e.g., monthly, quarterly or annual payment" were coded as having paid for online news in the last year. However, those who said, "I have made a donation to support a digital news service" or "I pay for a print/cable/broadband/other subscription that also includes access to a digital news service" or "Other" were coded as having not paid for online news in the last year, as these do not necessarily constitute payments for online news. In particular, in the case of "bundled" subscription packages, we could not be sure of the respondent's primary motivation for paying. If print subscribers believe that they are being offered digital access for free as part of their print subscription, then coding them as having paid for online news could bias the results.

Respondents who answered "No" to the first question were shown a different follow-up question that formed the basis of our second measure. The question was, "How likely or unlikely would you be to pay in the next 12 months for online news from particular sources that you like?" Respondents could

select from a 4-point scale ranging from *very unlikely* to *very likely*. Responses were recoded into a continuous variable, with *don't know*s excluded.

We used three independent variables, and all were created from a single question that followed those described above. The question asked, "Thinking more generally, which of the following types of digital media (if any) have you paid for online in the last year?" There were 10 options in total, plus *other* and *don't know*, which, again, were excluded. The 10 main options aimed to capture a range of different forms of payment for online media, including music, video, e-books, mobile apps, software, and access to premium information (these are listed in full in the next paragraph). For the first independent variable, responses were combined to count the number of different payments that people made to move beyond a simple binary distinction between paying and not paying.

This variable was also split to create two further independent variables that aimed to count different types of online media purchase: entertainment and nonentertainment. Entertainment media included "one-off payment for music or audio files (e.g., iTunes)"; "ongoing payment for music or audio (e.g., Spotify)"; "one-off payment for film, TV, or video files (e.g., from iTunes)"; "ongoing payment for on-demand film, TV, or video (e.g., Netflix)"; "games, including in app purchases for cheats and collectibles (e.g., via a games console, smartphone, or tablet)"; and "e-books (e.g., for Amazon Kindle)." Nonentertainment media included "smartphone or tablet apps (including in-app purchases)," "software for your desktop/laptop computer," "a non-news website or online service (e.g., online dating)," or "premium or members-only content on a particular non-news website." We recognize that these categories could contain some overlap. For example, people may have purchased nonentertainment e-books or software for entertainment purposes. However, we still believe that each category, for the most part, represents qualitatively different types of online media purchase.

We also used a number of control variables. These were chosen on the basis of previous research that established an association with willingness to pay for online news. These were age (in years), gender (male or female), interest in news (measured on a 5-point scale), household income (17-point scale), and print newspaper purchase in the last week (yes/no). Descriptive statistics for all variables are shown in Table 1.



**Table 1. Descriptive Statistics.**

Variable	United Kingdom	United States	Germany	Denmark	France	Spain
Mean ( <i>SD</i> ) paid for online news	0.03 (0.18)	0.10 (0.30)	0.04 (0.21)	0.11 (0.32)	0.05 (0.23)	0.06 (0.23)
Mean ( <i>SD</i> ) likelihood of paying in the future	1.40 (0.78)	1.56 (0.88)	1.36 (0.66)	1.43 (0.70)	1.50 (0.76)	1.53 (0.76)
Mean ( <i>SD</i> ) types of online media purchase	1.15 (1.52)	1.45 (1.80)	0.85 (1.40)	1.23 (1.56)	0.53 (1.01)	0.93 (1.36)
Mean ( <i>SD</i> ) types of entertainment media purchase	0.85 (1.17)	1.01 (1.30)	0.55 (0.97)	0.83 (1.13)	0.32 (0.69)	0.60 (0.99)
Mean ( <i>SD</i> ) types of nonentertainment media purchase	0.29 (0.59)	0.44 (0.74)	0.30 (0.62)	0.40 (0.71)	0.21 (0.51)	0.33 (0.64)
Mean ( <i>SD</i> ) age (years)	48.30 (15.84)	48.61 (17.09)	48.75 (15.54)	46.62 (16.60)	46.91 (15.84)	46.43 (14.21)
Mean ( <i>SD</i> ) gender (female)	0.56 (0.50)	0.55 (0.50)	0.50 (0.50)	0.50 (0.50)	0.53 (0.50)	0.51 (0.50)
Mean ( <i>SD</i> ) household income	7.43 (4.05)	9.76 (5.04)	7.60 (4.30)	9.56 (4.41)	6.38 (3.50)	6.05 (3.36)
Mean ( <i>SD</i> ) interest in news	3.86 (0.84)	4.00 (0.92)	3.96 (0.87)	3.66 (0.90)	3.63 (0.89)	4.08 (0.71)
Mean ( <i>SD</i> ) print purchase	0.35 (0.48)	0.38 (0.49)	0.44 (0.50)	0.28 (0.45)	0.40 (0.49)	0.44 (0.50)

*Note.* Don't know responses are excluded.

## Results

Before addressing our hypothesis and research question, we reflect on some of the patterns in the descriptive statistics. First, paying for online media was more widespread in the two liberal media systems (the United Kingdom and the United States) as well as Denmark. It was less common in Germany and the polarized pluralist systems (France and Spain). Within each country, paying for access to online entertainment media was the most common type of purchase. Within that category, paying for an ongoing subscription to a video streaming service (e.g., Netflix or Amazon Prime Video) was typically the single most popular purchase. In every country, paying for entertainment media was about twice as common as paying for nonentertainment media. Only a small minority said they had paid for an ongoing news subscription in the last 12 months, ranging from 3% in the United Kingdom to 11% in Denmark. This variation means that the relative popularity of paying for news differs from country to country. It was among the least common types of online media purchase in the United Kingdom and Germany, but among the most common in France and the United States. This underlines that media habits can differ sharply even among countries that have similarly high levels of economic and technological development.

We addressed our hypothesis and research question using regression analysis. As our first measure of willingness to pay was a binary variable (paid for online news in the last year or not), we first built a series of logistic regression models. The models in Table 2 show that online media purchasing was positively and significantly associated with paying for online news in all six countries.

**Table 2. Binary Logistic Regression Models in Which the Dependent Variable Is Paid for Online News in the Last Year.**

Variable	United Kingdom		United States		Germany		Denmark		France		Spain	
	OR	SE	OR	SE	OR	SE	OR	SE	OR	SE	OR	SE
Age	1.01	0.01	0.99*	0.01	0.99	0.01	1.01	0.01	1.00	0.01	0.98**	0.01
Gender (ref = male)	0.56*	0.31	0.70*	0.17	0.81	0.25	0.88	0.17	0.75	0.24	0.63*	0.22
Household income	1.11**	0.04	1.04*	0.02	0.99	0.03	1.05*	0.02	1.06	0.03	1.02	0.03
Interest in news	2.46***	0.21	2.07***	0.12	1.61**	0.16	1.44***	0.09	1.40*	0.14	1.30	0.18
Print newspaper purchase	2.05*	0.35	2.83***	0.17	1.64	0.26	2.25***	0.19	2.76***	0.26	4.40***	0.27
Other online media purchases	1.53***	0.07	1.40***	0.04	1.44***	0.06	1.39***	0.05	1.74***	0.09	1.44***	0.05
<i>N</i>	1,590		1,895		1,625		1,626		1,662		1,791	
Pseudo <i>R</i> <sup>2</sup>	.22		.25		.13		.15		.20		.22	

\* $p < .5$ . \*\* $p < .01$ . \*\*\* $p < .001$ .

It was the only variable that had a clear and consistent relationship with paying for online news in every country. The odds ratios show that purchasing an additional type of online media increased the likelihood of having paid for online news by between 39% (Denmark) and 74% (France). This means that, in France, among those who made five types of online media purchase (of a maximum of 10), the predicted likelihood that they paid for online news in the last year was around 25%, compared with an average of 5% for the whole sample.

**Table 3. Gamma Regression Models in Which the Dependent Variable Is Likelihood of Paying for Online News in the Future.**

Variable	United Kingdom		United States		Germany		Denmark		France		Spain	
	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
(Intercept)	1.23	0.14	1.37	0.13	1.17	0.12	1.16	0.13	1.12	0.13	1.07	0.13
Age	-.00**	.00	-.01***	.00	-.00	.00	-.00*	.00	-.01***	.00	-.00	.00
Gender (ref = male)	-.06	.04	-.04	.04	-.06	.03	-.02	.04	-.00	.04	-.08*	.03
Household income	.01	.01	-.00	.01	.00	.00	.01*	.00	.01	.01	-.00	.01
Interest in news	.09***	.02	.12***	.02	.05*	.02	.06**	.02	.13***	.02	.10***	.02
Print newspaper purchase	.04	.04	.25***	.05	.21***	.04	.36***	.06	.29***	.04	.40***	.04
Other online media purchases	.06***	.02	.06***	.01	.09***	.02	.06***	.02	.17***	.03	.13***	.02
<i>N</i>	1,438		1,473		1,447		1,263		1,409		1,515	
Pseudo <i>R</i> <sup>2</sup>	.08		.10		.12		.13		.21		.23	

\* $p < .5$ . \*\* $p < .01$ . \*\*\* $p < .001$ .

For our second measure of willingness to pay, likelihood of paying for online news in the future, we used gamma regression because the dependent variable was measured on a 4-point scale, but was heavily skewed toward the lower values (representing very low likelihood of paying). We can see from Table 3 that having paid for other forms of online media was positively and significantly associated with increased likelihood of paying for online news in the future. This association was present in all six countries, and strongest again in France. Here, each additional type of online media purchase increased the likelihood of paying for online news in the future by .17 on the 4-point scale. Together with the results in Table 2, we found strong support for Hypothesis 1.

We now examine whether the type of online media purchases people made mattered for willingness to pay for online news. As described earlier, we produced variables counting the different types of entertainment and nonentertainment purchases made in the last year. We inserted these variables into the previous models and removed the aggregate "other online media purchases" variable. Table 4 contains the models in which the dependent variable was paid for online news in the last year. It shows that with just one exception, both entertainment and nonentertainment purchases were associated with paying for online news (the exception was entertainment purchases in Germany). The odds ratios for nonentertainment media were typically higher than those for entertainment, but the differences were small (again, with the possible exception of Germany).

**Table 4. Binary Logistic Regression Models in Which the Dependent Variable Is Paid for Online News in the Last Year.**

Variable	United Kingdom		United States		Germany		Denmark		France		Spain	
	OR	SE	OR	SE	OR	SE	OR	SE	OR	SE	OR	SE
Age	1.01	0.01	0.99*	0.01	0.98*	0.01	1.01	0.01	1.00	0.01	0.98**	0.01
Gender (ref = male)	0.59	0.32	0.72	0.17	0.83	0.25	0.87	0.17	0.75	0.24	0.65	0.23
Household income	1.11**	0.04	1.04*	0.02	1.00	0.03	1.05*	0.02	1.06	0.03	1.02	0.03
Interest in news Print newspaper purchase	2.40***	0.21	2.08***	0.12	1.61**	0.17	1.44***	0.09	1.40*	0.14	1.30	0.18
Online entertainment purchase	1.96	0.36	2.73***	0.17	1.63	0.26	2.25***	0.19	2.76***	0.26	4.41***	0.27
Online nonentertainment purchase	1.34**	0.11	1.31***	0.06	1.17	0.11	1.40***	0.07	1.75***	0.14	1.33***	0.08
	1.99***	0.19	1.60***	0.10	2.00***	0.16	1.37**	0.10	1.73**	0.18	1.66***	0.13
<i>N</i>	1,590		1,895		1,625		1,626		1,662		1,791	
Pseudo <i>R</i> <sup>2</sup>	.22		.25		.14		.15		.20		.22	

\* $p < .5$ . \*\* $p < .01$ . \*\*\* $p < .001$ .

Finally, we again switched the dependent variable to likelihood of paying for online news in the future (see Table 5). With just one exception (entertainment media in the United States), both entertainment and nonentertainment purchasing were significantly and positively associated with likelihood of paying in the future. Therefore, our answer to Research Question 1 is that, for the most part, paying for all types of online media is associated with an increased willingness to pay for online news. Perhaps most important, there was no evidence of a negative association.

**Table 5. Gamma Regression Models in Which the Dependent Variable Is Likelihood of Paying for Online News in the Future.**

Variable	United Kingdom		United States		Germany		Denmark		France		Spain	
	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
(Intercept)	1.22	0.14	1.36	0.13	1.17	0.12	1.16	0.13	1.12	0.13	1.06	0.13
Age	-.00**	.00	-.01***	.00	-.00	.00	-.00*	.00	-.01***	.00	-.00	.00
Gender (ref = male)	-.06	.04	-.04	.04	-.06	.03	-.02	.04	.00	.04	-.08*	.03
Household income	.01	.01	-.00	.01	.00	.00	.01*	.00	.01	.01	-.00	.01
Interest in news	.09***	.02	.12***	.02	.05*	.02	.06**	.02	.12***	.02	.10***	.02
Print newspaper purchase	.04	.04	.25***	.05	.21***	.04	.36***	.06	.29***	.04	.40***	.04
Online entertainment purchase	.05*	.02	.04	.02	.08**	.02	.05*	.02	.13***	.04	.11***	.02
Online nonentertainment purchase	.11**	.04	.10*	.04	.12**	.04	.08*	.03	.23***	.06	.15***	.04
<i>N</i>	1,438		1,473		1,447		1,263		1,409		1,514	
Pseudo <i>R</i> <sup>2</sup>	.08		.10		.13		.13		.21		.23	

\* $p < .5$ . \*\* $p < .01$ . \*\*\* $p < .001$ .

## Discussion

Our analysis suggests that willingness to pay for online news can be partly understood through people's broader online media purchasing habits. More specifically, we found a positive association between paying for many different types of online media and willingness to pay for online news. Although we used cross-sectional analysis and are therefore unable to identify causation, one possible underlying reason for this, we suggest, is that the success of popular paid-for online media brands such as Netflix and Spotify has perhaps created a nonzero reference price for online news in the minds of some, ultimately leading to a process of market conditioning through the normalization of online news payment. Of course, a shared reference price for online media and online news is only one of many possible explanations for this positive association, but it is one that is particularly appropriate for experience goods.

At least for now, it does not appear to be the case that people who choose to pay for other forms of online media are doing so at the expense of news. In other words, we did not see evidence of a zero-sum relationship between paying for online media and paying for online news. However, we should be cautious because the available data are not able to fully reveal the complex relationships between purchasing different types of online media. We cannot see, for example, whether people's willingness to pay for online news rises or falls over time as people change their other purchasing habits. It is also notable that the coefficients contained in Table 5, for example, are usually larger for nonentertainment media. This could

mean that entertainment preferences are still important for our understanding of willingness to pay for online news, potentially moderating the association between this and other forms of media payment.

In some ways, it is unsurprising that we did not see evidence a zero-sum relationship between payment for different types of media. After all, media expenditure accounts for only a small proportion of people's total expenditure. But given the limited number of hours in the day, the competition for people's media attention might be much more intense than competition for media spending, meaning that online entertainment use may still be drawing attention away from online news use. This may ultimately be of greater concern, but we should keep in mind that the amount of time people spend with media also appears to be growing (Neuman, Park, & Panek, 2012), meaning that a zero-sum relationship between entertainment attention and news attention is not inevitable here either.

We believe that our findings have consequences for the scholarly understanding of willingness to pay for online news, which is increasingly central to journalism and communication research given that the profession is primarily funded by private, for-profit companies. Our findings are broadly aligned with previous research on willingness to pay for online news. For instance, they show that print newspaper purchasing, age, and interest in news are all associated with willingness to pay for online news. However, they also depart in interesting ways. For example, household income tends to be positively associated with current payment for online news, but does not have a significant association with how likely people think they are to start paying in the future. This may be because the first of these measures better reflects real-world constraints, whereas the second is less bound by practicalities. This difference between actual and hypothetical measures of willingness to pay for online news is therefore important for researchers to keep in mind. Our main findings are closely aligned with previous research on the effect of paying for other online media (Goyanes, 2014). However, they do differ slightly in that we found positive associations between purchasing entertainment media such as music and games and willingness to pay for online news. We should keep in mind that much has changed with respect to online media payment in recent years, and the relationship between this and paying for online news is likely to have evolved. This highlights the importance of continuing to study developments with respect to willingness to pay, particularly as more and more newspapers are adopting paywall strategies (Simon & Graves, 2019).

Our findings could also be relevant for those working in the news business. Newspapers may benefit from the knowledge that there are links between the people who pay for online media and their potential subscriber base. Of course, many digital media brands appear reluctant to involve themselves with news and the editorial responsibility that goes with it; therefore, straightforward partnerships with news organization may be unlikely. Yet, research has shown that not only do people have a positive view of digital media brands such as Netflix, they also like the idea of content models that allow them to access material from multiple sources through a single subscription (Kammer et al., 2015; Vir & Hall, 2017). This may not be a realistic option for many news publishers, but there may other ways for them to leverage this association to grow their subscriber base. Even armed with this knowledge, the business challenge for news publishers will be difficult. The number of people who are willing to pay for online news is still small. Far fewer people currently pay for online news than pay for newspapers, and WAN-IFRA's latest World Press Trends report estimated that 90% of newspaper publisher revenues come from print. Subscriber numbers are likely to grow in the coming years, but it also seems likely that there is a limit to how many people will

be willing to pay for news in this way, and among those that do decide to pay, a limit to how many news sources they will subscribe to (Newman et al., 2019).

Nonetheless, it is vitally important that news organizations find a way of funding themselves that allows them to continue to produce professional journalism, and thus play a meaningful role in democracy. Otherwise, they can become vulnerable to media capture in which outlets are run at a loss to wield power and influence (Schiffrin, 2017). Even in countries where this is a relatively low risk, we know that the underlying economic situation faced by news publishers changes the quality and character of the coverage they produce (Hamilton, 2004), and the lack of viable business model for online news is already leading to consolidation, and thus lower levels of source plurality and content diversity (Hendrickx & Ranaivoson, 2019; Sjøvaag, 2014). Reader revenue is unlikely to completely solve this, and even if it does, Rodney Benson (2019) has raised concerns that paywalls could create two-tier news environments in which those who are willing and able to pay for news get high-quality information, and those who do not are left with low-quality information primarily designed to generate clicks.

Concerns over plurality and information inequalities are legitimate and deserve more attention from researchers and academics. However, neither is universally applicable. Concerns over the divide between the information rich and the information poor are less relevant in European countries with strong public service media (Castro-Herrero, Nir, & Skovsgaard, 2018), and although the issue of media plurality is important at the national level, many local news markets have long had only one newspaper, and a winner-takes-all scenario here might be less worrying.

In thinking about new business models for online news, we should remain open to new ways of funding the news, and avoid judging them against a romanticized version of the past. The news media environment of the 20th century, although it could be immensely profitable for some, was not perfect. The news media environment of the 21st century, however it takes shape, will not be perfect either.

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