The Value of Proximity:
Examining the Willingness to Pay for Online Local News

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The exploration of new business models based on paid content strategies in the digital environment has generated an important discussion regarding the willingness to pay for online news. Previous studies have neglected local newspapers, although several analyses have clearly identified the local (news) as a fundamental asset to convince readers to pay for information. Based on a national survey of 1,637 U.S. adults, the research presented here systematically evaluates factors that influence the willingness to pay for online local news. Results of the logistic regression analysis reveals relationships between paying intent and predictor variables such as demographics (age and gender), media use (print and online newspapers), news interest, and traditional newspaper subscription. Finally, managerial and theoretical implications are discussed.

Keywords: online newspapers, local news, willingness to pay, pay for contents, revenue model, value

Introduction

News consumption and delivery have clearly changed dramatically since the arrival of the Internet. Print newspapers are increasingly challenged by new digital media (and their online counterparts) as they become key providers of information and entertainment (Picard, 2003). These new types of content suppliers from both outside and inside the journalism profession represent new forms of disruptive technology (Christensen, 1997; Schumpeter, 1934) that have emerged and upset the established, traditional print market. The effects within the publishing industry have been and continue to be an irremediable process of cannibalization whereby the new product (i.e., the online newspaper) reduces the sales and demand on the print side.

The traditional revenue structure of print newspapers is characterized by a "dual product" model (Campos, 2010; Doyle, 2002; Goyanes, 2013). This model works first by creating content to sell to consumers and then by selling that mass audience to prospective advertisers. Thus, two main revenue streams support the vast majority of newspaper titles: copy sales and advertising. On the Internet, however, the revenue models of most online newspapers depend essentially on advertising (Picard, 2000), therefore losing an important source of income that supports the traditional sector (i.e., consumer payment). This economic strategic (failure) approach is attributable to the expectancy of sustainability

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(López, 2010)—lower production and distribution costs—and the desire to maintain the established print market status quo (Picard, 2000). However, neither the economic sustainability of online newspapers nor conservation of the traditional status quo was achieved, causing many news organizations to modify their digital strategies by implementing new business models based on paid content strategies.

Despite the digital newspaper industry's significant efforts to persuade and convince customers to pay for online news, most people are reluctant to do so (Goyanes, 2012). Multiple factors can explain this unwillingness to pay for online news. For example, such unwillingness may be a matter of customary belief (De Bustos & Casado del Río, 2010) or may be related to the methods of payment or their availability. This reluctance of customers to pay for online news may also relate to the delivery format and platform (Chyi, 2012) or, most important, its lack of value (Picard, 2009). However, as many media scholars have suggested, several fundamental strategic approaches may be used to enhance news value and therefore improve the willingness to pay (WTP) for online news. Some examples include offering information that is relevant to the reader's life based on personalization (Campos, 2010) and exclusivity (De Bustos & Casado del Río, 2010), enhancing documentation to improve the journalistic product, and fundamentally focusing on local coverage (López, 2001).

In this regard, the importance of local information in the current globalized society appears to be reinforced by defending the features of identity, which is understood as a source of meaning and experience for people (Borja, Castells, Belil, & Benner, 1999). In this context, mass media are powerful players in the consolidation of multiculturalism and diversity (Castells, 2004), whereby local information appears as an essential space for democracy, participation, and sociocultural revitalization.

Local information is shaping the future of many online news organizations. Its specificity, identity, proximity, immediacy, contextualization, and personalization, among other features, are strong assets that reaffirm the identity signs of a particular nation and its own personality relative to the global tendencies of uniformity. In this process of returning from and to the local (Castells, 1995), the economic value of local information increases in relation to the uniform, general, homogenized, national, and global value; therefore, citizens' willingness to pay for this information may offer some sense of community. However, most studies that have focused on analyzing the WTP for online news have measured this variable (dependent or explanatory) from a neutral perspective (i.e., in relation to general information, therefore neglecting the value of local and other types of specialized information) as a potential driver of the intent to pay despite the large number of regional and local online newspapers that have successfully implemented different business models based on paid content throughout the United States. The aim of the present research is, therefore, to empirically analyze potential predictors of willingness to pay for online local news on the basis of a survey conducted by the Pew Research Center in 2011.

Theoretical Framework

The Value of the Local

The current situation of digital journalism can be explained by two fundamental and opposing economic concepts: the homogeneity and heterogeneity of products. Some authors (Campos, 2010;

Picard, 2009) consider the press—in both print and digital forms—to be a homogeneous product (i.e., nonunique and potentially substitutable). By contrast, other researchers (Doyle, 2002; Sylvie & Witherspoon, 2002) affirm that the press is a heterogeneous product (i.e., unique and difficult to substitute). The two views can be regarded as contradictory, but both are partially correct: Ultimately, homogeneity and heterogeneity depend on the product itself rather than the industry to which the product belongs. Therefore, we should discuss heterogeneous and homogeneous newspaper titles rather than the industry as a whole.

Press homogeneity and heterogeneity are highly related to news value; the value of a print or online newspaper fundamentally derives from the inimitable character of its contents, which makes it nonsubstitutable (Shapiro & Varian, 1999). The editorial team plays a key role in essentially creating a product that pretends to be original, informative, inimitable, and nonsubstitutable for readers (Picard, 2009). *The Financial Times*, *The Wall Street Journal*, and specific regional or rural titles are examples of how specialization increases the value of a product (Steinbock, 2009). In the first two examples, the product value is derived from their specialized and nonreplicable business and economic news coverage. In the third example, the newspapers' value is based on the daily interpretation of local realities, on the knowledge and understanding of a shared message and language that have a close character and are irreplaceable, and therefore on the interpretation of an inimitable human resource network with high costs but fundamental intrinsic value for readers. However, several local, rural, and regional areas may have limited competition, and monopolies of local coverage might thus be expected. In these cases, the (digital) price of local newspapers would potentially be higher than zero.

Despite the meanings and singularities associated with local newspapers—including those previously discussed—for the communities that they serve, the study of local journalism has been traditionally neglected in terms of empirical scrutiny (Franklin & Richardson, 2002; Richardson, Huckerby, & Williams, 2008). This neglect is surprising given at least four important and specific considerations: (1) 72% of American adults follow local news closely most of the time (Miller, Purcell, & Rosentiel, 2012); (2) in Europe, both print and online local newspapers still rank highly as sources of news and information (Reuters Institute for the Study of Journalism, 2012); (3) local newspapers almost universally enjoy much greater circulation within their particular distribution areas than do national alternatives (Franklin & Richardson, 2002); and (4) perhaps as a result of the previous considerations, local newspapers are the most influential outlets for defining news and establishing local agendas for their readership (Franklin & Richardson, 2002).

According to many communication scholars (Barnett & Townend, 2014; Mersey, 2009; Paulussen & D'heer, 2013), geography remains fundamental in defining people's news interests. The strength of a local or regional newspaper lies "in the service that it gives to its own region, a service which cannot be offered by newspapers published elsewhere" (Ross, 1998, p. 231). Community newspapers, defined here as newspapers serving a defined geographic community (Lewis, Kaufhold, & Lasorsa, 2009), have always been involved in providing news pertaining to the town council, community service information, and human interest stories, supplemented with reports on the regional economy and crime (Ross, 2006). The creation of a sense of community—that is, a feeling of belonging that members have, a feeling that members matter to one another and to the group, and a shared faith that members' needs will be met

through their commitment to one another (McMillan & Chavis, 1986)—has been a long-standing mission of local newspapers. This artisanal rather than mass-produced journalist practice (Ingram, 2013) that is based on coverage of every aspect of local reality (Bew, 2006) is a fundamental asset for increasing the value of local information and therefore raising its potential price in an increasingly aging and isolated society.

Willingness to Pay for Online Local News

Consumers' willingness to pay has been studied in economics and marketing research for decades. However, little empirical evidence has investigated the WTP for online local newspapers. This study addresses this gap in the literature by systematically analyzing potential predictors of WTP for online local news highlighted by previous research on media economics, management, and marketing using a survey conducted by the Pew Research Center in 2011.

Willingness to pay refers to the maximum amount that an individual is willing to pay for a product, and it represents the inevitable outcome and ultimate measure of competition (McDowell, 2011). The difference between what consumers are willing to pay and the real price of a product—in current market conditions—is known as the customer surplus. Economic theory suggests that a high consumer surplus causes price demand to be less elastic. Therefore, the key concern in establishing or changing prices for online news is the likely impact on circulation, which also determines the elasticity of demand given a determined change in the price of the product. Given that print (Picard, 2003) and online (Lewis, 2008) newspaper demand is known to be highly sensitive to price changes and consequently subject to an extremely high degree of price elasticity, switching from free to paid news would result in a substantial decline in the quantity of online or print content demanded (Chyi, 2012). Hence, unless the vast majority of online newspapers exhibit mass migration toward paid content, the substitution effect is relevant.

Previous empirical research has suggested that people are reluctant to pay for online general news (Chyi, 2005; PWC, 2010; Reuters Institute for the Study of Journalism, 2012). According to BCG (2009), the maximum amount that people are willing to pay is modest, about $5 a month, and only 2% of consumers are prepared to pay for unrestricted access to a website that they currently use regularly if a paywall were introduced (BCG, 2009). Furthermore, tablets are not the solution, given that a large majority of people who have not paid directly for news on their tablets remain reluctant to do so, even if doing so were the only way to obtain news from their favorite sources (Pew Research Center, 2011). However, market research suggests that specialized news (local, business, economic, sports, or even high-quality news content) is a valuable asset that increases the WTP for online news (PWC, 2010).

In previous studies focusing on the economics of news (Chyi, 2005, 2012; Goyanes, 2014; Reuters Institute for the Study of Journalism, 2012), particular demographic factors as well as traditional and digital media use and news interest have been the fundamental variables used to empirically analyze the WTP for online news. Age, for example, tends to be a key predictor: Young people show a greater WTP for online news (Chyi, 2005, 2012; Goyanes, 2014; Reuters Institute for the Study of Journalism, 2012). With regard to income, the findings are inconclusive, and the effect of gender is nonsignificant, although men have been found to be more likely to read digital and print newspapers. Additionally, more time spent

reading both digital and print newspapers (Chyi, 2012) and moderate use of Twitter (Goyanes, 2014) appear to have a positive influence on the WTP for online news. Similarly, greater interest in daily news (Chyi, 2012) appears to lead to a greater WTP for information, and young adults who have positive perceptions of news are more likely to anticipate becoming regular users of online news in the future (Lewis, 2008). Therefore, based on previous research, this study proposes the following research questions:

RQ1:   How do age, gender, and income influence the willingness to pay for online local news?

RQ2:   How does local media use (TV and print and online newspapers) influence the willingness to pay for online local news?

RQ3:   How does news interest influence the willingness to pay for online local news?

Substitution effects have been a traditional issue examined in media economics. The Internet is believed to be displacing traditional media (Van der Wurff, 2011), although some observers argue that the Internet is forcing traditional media into new niches, perhaps even increasing total media consumption (Dutta-Bergman, 2004). For example, in 2000, Stempel, Hargrove, and Bernt (2000) examined the impact of the Internet on television, radio, newspaper, and magazine use and found that Internet users are more likely to be newspaper readers and radio news listeners. An empirical analysis conducted by Dutta-Bergman (2004) found that users who seek online media content tend to seek similar content in other news media. Investigating the public's response to local, regional, and national newspapers' print and online editions, Chyi and Lasorsa (2002) demonstrated the simultaneous use of print and online editions, suggesting that print and online products complement one another to some extent.

However, as Chyi (2012) noted, most respondents enjoy accessing the news through traditional platforms more than they do via new electronic gadgets. This result corresponds to findings from previous studies indicating that people perceive news received online as less satisfying, less preferred (Chyi & Lasorsa, 2002), and less useful (De Waal, Schönbach, & Lauf, 2005) than news received via print newspapers. Therefore, building on previous studies, this research asks the following research question:

RQ4:   How do electronic device use and local print newspaper subscriptions influence the willingness to pay for online local news?

Many scholars have empirically studied new possibilities for media participation and trend changes in user attitudes. Various tools that have recently emerged have expanded the ways in which users can participate, especially in the phases prior to informative message construction (López, 2007). This finding is an important step in consolidating citizens' methods of access and intervention and indicates an alternative model that seeks a more reciprocal relationship between reporters and their audience, suggesting that news should be a conversation rather than a lecture (Kunelius, 2001). This discussion brings us to the notions of "public," "civic," "communitarian" (Black, 1997), "open source" (Deuze, 2001), "participatory" (Bowman & Willis, 2003), or, more generally, "citizen journalism."

Several perspectives have been highlighted in these types of analyses: gatekeeping research (Chung, 2007; Shoemaker & Vos, 2009), the impact of participatory journalism on professional journalism (Lowrey, 2006; Lowrey & Anderson 2005), and, in particular, how mainstream media are adopting user-generated content in the news production process (Domingo et al., 2008; Thurman, 2008). The overall conclusion of these studies is that professional newsrooms appear to be rather reluctant and cautious "to open up most of the news production process to the active involvement of citizens" (Domingo et al., 2008, p. 339). As Lewis, Kaufhold, and Lasorsa (2009) suggested, what remains less developed is a focus of study on community newspapers, which are defined as newspapers serving a defined geographic community, often in a small city or rural setting. Hence, it is appropriate to consider readers' collaboration with online local newspapers influences the WTP for online local news. Thus, we pose the following research question:

RQ5:   How does collaboration with online local newspapers influence the willingness to pay for online news?

Method

Participants

Data were collected from data sets of the Pew Research Internet & American Life Project. The survey data reported in the research come from telephone interviews with a representative sample of 1,637 adults who live in the continental United States. The interviews were conducted in English over the phone—both landline and mobile phones—by the Princeton Data Source from January 12 to January 23, 2011, to investigate the general public's willingness to pay for online local news. The database contains the most recent representative and formal data for analyzing the WTP for online local news publicly and freely offered by the Pew Research Center.

Variables and Measurements

The dependent variable, the intent to pay for local news, was measured by asking participants the following question: "If the only way to get full access to your local newspaper online on your computer, cell phone or other device was to pay a monthly subscription fee ranging from $5 to $10, would you pay it or not? (1) Yes, I would pay a subscription fee or (2) No, I would not pay a subscription fee."

The independent variables included the following: Data for the demographic variables (i.e., gender, age, and income) were collected using standard survey measurements. Media use—in the form of print newspaper and online and TV news—was measured by the following question: "How often do you obtain information from the print version of a local newspaper, the online version of a local newspaper, and/or a local television news broadcast?" News interest was measured by asking the following question: "In general . . . how much do you enjoy keeping up with the news?" on a four-point Likert scale with the response range of 1 (not at all), 2 (not too much), 3 (some), and 4 (a lot).

Electronic device use and traditional newspaper subscriptions were measured by asking participants the following yes-or-no questions: "Do you ever use your cell phone or tablet computer to go

online for information or news about your local community?" "On your cell phone or tablet computer, do you have any software applications or 'apps' that help you get information or news about your local community?" "Do you currently have a paid subscription for delivery of a local print newspaper?" Finally, collaboration with online local newspapers was measured by asking, "Do you ever contribute your own article, opinion piece, picture or video about your local community to an online local news site?"

Data Analysis

The model constructed in this research is based on a binomial logistic regression that analyzes the probability of paying for online local news as a dependent variable. Logistic regression tests the probability of a dichotomous event occurring—in this case, engaging in a purchasing activity. The predicted proportion of activities follows the logistic model of $ln\ P/(1 - P_i) = \beta X_i$, where P_i is the probability of the willingness to pay for online local news. All predictor variables were introduced in blocks: demographics, media use, news interest, device use, traditional newspaper subscription, and collaboration with local newspapers.

Results

Descriptive Statistics

The sample of 1,637 U.S. residents included slightly more women (53.4%; n = 874) than men (46.6%, n = 763), with an age range between 18 and 88 (M = 49.47; SD = 18.616). Most participants declared that they enjoyed staying current on the news "a lot" (58.3%; n = 954) compared with 28% (n = 473) of people who stated that they enjoyed it "some"; 8.9% (n = 145) who said "not much," and 4% (n = 65) who said "not at all." Additionally, 77.3% (n = 1,266) of the participants affirmed that they would not pay a subscription fee if that were the only way to obtain full access to their favorite online local newspaper (however, a nonnegligible 22.7% [n = 371] of participants declared that they would pay the fee).

Moreover, 24.3% (n = 397) of the participants obtained local information from the print newspaper every day (compared with 18.5% [n = 303] who did so several times per week; 18.2% [n = 298] several times per month; 15.9% [n = 260] less often, and 23.2% [n = 379] never). Meanwhile, only 9.8% (n = 161) obtained local news online (compared with 11.9% [n = 194] who did so several times per week; 11.8 [n = 193] several times per month; 19.1% [n = 312] less often, and 28.8% [n = 472] never), whereas 51.1% (n = 837) obtained the news from television (compared with 21.7% [n = 355] who reported several times per week; 7.9% [n = 129] several times per month; 9.5% [n = 156] less often, and 9.8% [n = 160] never). A sizable proportion, 37.7% (n = 617) of the participants declared that they had a paid subscription for local print newspaper delivery, whereas 62.3% (n = 1,020) reported that they did not. The means, standard deviations, and correlations of the quantitative variables are displayed in Table 1.

Table 1. Means, Standard Deviations, and Correlations of Quantitative Variables.

Variables	*Mean*	*SD*	*N*	News interest	Print news	Online news	TV	Income
News interest	3.41	0.812	1,637	1	0.245**	0.129**	0.290**	0.042
Print newspaper	3.05	1.496	1,637	0.245**	1	0.141**	0.180**	0.059*
Online newspaper	2.44	1.405	1,637	0.129**	0.141**	1	0.113**	0.067*
TV	3.95	1.360	1,637	0.290**	0.180**	0.113**	1	−0.021
Income	5.05	4.085	1,637	0.042	0.059*	0.067*	−0.021	1

* $p < 0.05$ (bilateral). ** $p < 0.01$ (bilateral).

Predictors of Intent (Willingness) to Pay

The logistic regression analysis results revealed the relationship between the intent to pay and predictor variables ($p < .05$) such as age and gender (demographics), print and online newspaper use (media use), news interest and traditional newspaper subscription. However, independent variables such as income (demographics), TV use (media use), electronic device use (smart phones, tablets, and apps), and collaboration with online local newspapers were not statistically significant. The first model accounted for 2.9% or 2% of the variance in the intent to pay (Nagelkerke R^2 = .029%; Cox and Snell R^2 = .020%), the second model accounted for 11.8% or 8.1% of this variance (Nagelkerke R^2 = .118%; Cox and Snell R^2 = .081%), the third model accounted for 12.5% or 8.5% of the variance (Nagelkerke R^2 = .125%; Cox and Snell R^2 = .085%), the fourth model accounted for 13.3% or 9% of the variance (Nagelkerke R^2 = .133%; Cox and Snell R^2 = .090%), and the fifth model accounted for 13.6% or 9.3% of the variance (Nagelkerke R^2 = .136%; Cox and Snell R^2 = .093%). These findings thus suggest considerable explanatory power.

Table 2. Logistic Regression Analysis.

	Model 1		Model 2		Model 3		Model 4		Model 5	
	B	Exp	β	Exp	β	Exp	β	Exp	β	Exp
Age	0.017**	1.017	0.012*	1.012	0.010	1.010	0.009	1.009	0.009	1.009
Gender	0.383**	1.467	0.392**	1.480	0.405**	1.499	0.387**	1.472	0.383*	1.467
Income	0.004	1.004	−0.002	.998	−0.003	0.997	−0.009	0.991	−0.007	0.993
Print news			0.320**	1.377	0.307**	1.359	0.235**	1.264	0.234**	1.264
Online news			0.243**	1.275	0.233**	1.262	0.234**	1.264	0.222**	1.249
TV			−0.004	.996	−0.032	0.969	−0.031	0.969	−0.025	0.975
News interest					0.251*	1.286	0.245*	1.278	0.229*	1.257
Smart phone/ tablet							−0.122	0.885	−0.115	0.892
App							−0.115	0.891	−0.085	0.919
Pay print							−0.377*	0.686	−0.381*	0.683
Collaboration									−0.362	0.696
Intercept	−1.987**	.137	−3.437**	.032	−4.035**	0.018	−3.340**	0.035	−2.865**	0.057
Nagelkerke R^2	0.029		0.118		0.125		0.133		0.136	
Cox & Snell R^2	0.020		0.081		0.085		0.090		0.093	
−2 log likelihood	**		**		**		**		**	
Number of observations	1,637		1,637		1,637		1,637		1,637	
χ^2	**		**		**		**		**	
Overall significance	**		**		**		**		**	

* $p < 0.05$. ** $p < 0.01$.

With regard to the first research question, which pertained to the influence of demographic variables on the willingness to pay for online local news, age, gender, and income were entered in the first step of the analysis. The logistic regression results revealed a statistically significant association ($p < .05$) with age and gender but not with income.[1] Therefore, the probability of paying for online local news ($\beta = .017$; $p < .05$) was higher for older users. In other words, the intent to pay for online local news increases with age; as age increases by one year, the probability of paying for online news increases by $1,017e^x$. The logistic regression also identified gender as a statistically significant variable; that is, women ($p = < .05$; $\beta = .383$; $1.467 e^x$) are more willing than men to pay for online local news. However, income was not statistically significant, despite the findings of previous empirical research suggesting a negative relationship (Chyi, 2005) or a positive relationship (Goyanes, 2014).

The results of this first empirical model have important managerial and theoretical implications. Previous studies have indicated that age is an essential but negative factor in predicting the WTP for online news: Young people are more likely than older people to pay for general content—or general information (when the dependent variable is not specified) (Chyi, 2005; Goyanes, 2014; PWC, 2010). However, this research proposes that age has a positive effect on the WTP for online local news; that is, increasing age is associated with a greater WTP for online local news. The managerial implications are crucial: The findings suggest a valuable opportunity for local news organizations to inform—through the Internet—an increasingly isolated and aging population that fundamentally relies on online local newspapers to obtain information on a daily basis. Similarly, the findings show a high level of adaptation to new technologies and e-commerce by the less wired segments of the market and therefore greater potential for developing paid content strategies.

Previous studies (Chyi, 2005; Goyanes, 2014) have found that gender is not a significant variable in predicting the WTP for general online news, and Chyi (2012) found that men are more willing than women to pay. However, this research indicates that women are more likely than men to pay for online local news, despite the finding that men are greater consumers of both print and online newspapers. Therefore, the value of local news fundamentally affects women's WTP.

The second research question asked whether local media use would predict the intent to pay for online local news. Print newspaper, online newspaper, and TV use were entered in the second step of the logistic regression analysis. In addition to age ($p = < .05$; $\beta = .012$; $1.012 e^x$) and gender ($p = < .05$; $\beta = .392$; $1.480 e^x$), print ($p = < .05$; $\beta = .320$; $1.377 e^x$) and online ($p = < .05$; $\beta = .243$; $1.275 e^x$) newspaper use were significant predictors of the intent to pay. However, the effect of TV use was not statistically significant. Hence, greater print and online newspaper consumption was associated with a stronger intent to pay for online local news. This finding is consistent with previous empirical research that has focused on the intent to pay for online general news (Chyi, 2005, 2012).

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[1] However, age was no longer a significant predictor of the WTP for online local news when news interest (Model 3: $p = .095$; $\beta = .010$; $1.010 e^x$), electronic device use, and traditional newspaper subscriptions (Model 4: $p = .130$; $\beta = .009$; $1.009 e^x$) and collaboration with online newspapers (Model 5: $p = .114$; $\beta = .003$; $1.009 e^x$) were entered into the analysis.

The third research question asked whether news interest would predict the intent to pay for online local news. In addition to gender (p = < .05; β = .405; 1.499 e^x) and print (p = < .05; β = .307; 1.359 e^x) and online (p = < .05; β = .233; 1.262 e^x) newspaper use, news interest was found to be a significant (p = < .05; β = .251; 1.286 e^x) predictor of the intent to pay for online local news. That is, people who enjoy staying informed with the news are, not surprisingly, more likely to pay for online local news.

The fourth research question asked whether electronic device use and print local newspaper subscriptions would predict the intent to pay for online local news. In addition to gender (p = < .05; β = .387; 1.472 e^x), print newspaper use (p = < .05; β = .235; 1.264 e^x), online newspaper use (p = < .05; β = .234; 1.264 e^x) and news interest (p = < .05; β = .245; 1.278 e^x), print newspaper subscription (p = < .05; β = −.377; .686 e^x) was a significant predictor of the intent to pay for online local news. However, the effect of electronic device use was not statistically significant. Therefore, people who do not pay for a local print subscription are less willing to pay for online local news than are people who do pay for a print subscription. In other words, subscribers to local print newspaper are more likely than nonsubscribers to subscribe to an online local newspaper.

Given the popularity of many local print newspapers in terms of circulation, it is appropriate and convenient for news organizations to explore new digital business models based on paid content strategies through trial-and-error learning. Furthermore, if we consider age as a significant and positive variable (but not gender, at least in this model), the use of this strategy for local newspapers appears to be appropriate. In fact, many successful online local newspapers throughout the United States are already developing paid content strategies. By contrast, the use of electronic devices (cell phones or tablets) to seek information online and the use of cell phone or tablet apps to obtain local news do not predict the intent to pay for online local news, despite the finding of a previous empirical study (Chyi, 2012) that age (negative) and gender (male) were significant predictors of the intent to pay for mobile applications.

Despite the general academic perception of online newspapers as less useful (De Waal et al., 2005), less satisfying, and generally inferior (Chyi, 2012) relative to their print counterparts, this research empirically demonstrates that print subscribers to local newspapers tend to be willing to pay for the same (local) product online; future studies could contribute to this research by determining how much they are willing to pay. By contrast, greater use of smart phones and tablets to seek information or local community news online or applications for access to local information are not significant predictors of the intent to pay for online local news. This finding could be partly attributable to the economic limitations of many online local newspapers compared with the capabilities of mobile phone applications. In this sense, economies of scale play a fundamental role in developing these applications, and differences between modest and major news organizations are observed in terms of design and functionalities (Goyanes & Dürrenberg, 2014). Another explanation may be rooted in the failure to adapt to new mobile devices for information consumption among older residents of regional or rural communities.

Finally, the fifth research question asked whether collaboration with online local newspapers would predict the intent to pay for online local news. Apart from gender (p = < .05; β = .383; 1.467 e^x), print newspaper use (p = < .05; β = .234; 1.264 e^x), online newspaper use (p = < .05; β = .222; 1.249

e^x), news interest (p = < .05; β = .229; 1.257 e^x), and print newspaper subscriptions (p = < .05; β = −.381; .683 e^x), the logistic regression analysis showed no significant relationship between collaboration with online local news and WTP for online local news.

Discussion and Conclusions

The exploration of new business models employing paid content strategies in the digital environment has generated an important discussion regarding the WTP for online news. Most previous studies have focused on general—and therefore nonspecialized—information and have reported relatively unfavorable results (Chyi, 2005, 2012; PWC, 2010): Most people are reluctant to pay for online news, even across channels, largely because of the lack of value of content production derived from the high levels of commoditization of journalism labor practices (Picard, 2009). However, this type of analysis neglected some local, regional, and rural news organizations, despite their crucial role in efforts to remain informed among the U.S. population (Lewis et al., 2009). In this context, the value of the local is a fundamental asset versus general and commoditized information in the context of convincing users to pay for such information. In many cases, this type of online local newspaper is the only source of reliable information in an aging and increasingly isolated society.

The evolution of the newspaper industry in the United States during the current economic crisis illustrates this theory. Large and midsized metropolitan dailies experienced average revenue declines of 15% in 2008, and newspapers with circulation under 100,000 copies witnessed revenues decreasing by an average of 2%. These figures clearly show the progressive isolation of the value of local news as a result of the competitive advance of larger dailies, making them the reliable source for both local readers and advertisers. In this context, the willingness to pay for online news is a fundamental indicator of the perceived value of online local newspapers.

The results of this research have important theoretical and managerial implications. First, this study presents a new theoretical framework in which the factors that influence the WTP for online news significantly vary depending on whether the information is local or general. In fact, previous studies have clearly found that age is a significant and negative demographic factor, concluding that young people are more willing to pay for online news. However, as this research demonstrates, the findings are the opposite for local information. Two important conclusions can be drawn from these results: First, older people need local news organizations to remain informed about what is occurring around them—which dramatically affects their daily routines and therefore increases their WTP for the news—and, second, the influence of local news on older people is much greater than its effect on young people.

In this context, the use of paywalls by local newspapers (which tend to have limited financial resources) is not unrealistic. However, this belief has not always been shared by industry analysts; indeed, many have continuously insisted on the impossibility of paywall implementation for regional or rural newspapers. However, reality shows that this model is feasible for news organizations of modest size and that its economic performance is superior to the previously free or advertising-supported business model. In fact, many successful online local newspapers throughout the United States are already developing different business models based on paid content strategies.

As with age, gender has been found to be a fundamental factor in the analysis of intent to pay for online news in previous studies, although the findings have never established a significant association with general information; hence, men and women tend to behave similarly in this respect. However, the present research empirically demonstrates that women are more willing to pay for online local news, although men are more frequent consumers of both print and online newspapers.

The local orientation as measured by the WTP among consumers of a certain age—and women in general—contrasts with the findings for young people. In this sense, popular social networks such as Twitter and Facebook and local communities as tools and platforms for local news production and discussion could eventually provide all the local information for a particular local community and could thus become a serious competitor to online local newspapers. However, online newspapers rely on some fundamental pillars that are difficult to find in the above platforms and that therefore constitute high entry barriers: the value of informative contextualization, news selection, and information treatment, among others. However, the finding that age positively affects the WTP for online local news is a significant indicator—a possibly negative one for the future of online local newspapers—of the current state of many local newspapers. An emerging pattern may be observed whereby the consumption of free, noncontextualized and easy-to-read information from social network sites is sufficient for young people. This pattern could be theorized as the value of constant information, in that what matters most is not the quality of information per se but the speed at which it can be consumed.

Finally, this research proposes a new area of study that links two academic perspectives that have not yet been linked but are both fundamental for ensuring the future of digital journalism: user collaboration in producing content and the willingness to pay for online news. Despite the lack of association between the two variables to date, future studies are likely to find this relationship to be significant—and possibly positive—when new tools and technological evolution allow for greater integration between the professional and the amateur.

Limitations

The weaknesses of this study should be addressed in future research. First, the study is based on 2011 data from the Pew Research Center, and since that time, many rapid developments have occurred in the field at both the national and local levels. For example, *The New York Times* launched its paywall in 2011, marking the proliferation of digital subscriptions in the news industry, not only in major U.S. news organizations but in increasing digital subscriptions for small and midsized online (primarily regional and local) newspapers (Miller et al., 2012). However, people's intent to pay for online news remains relatively similar to previous levels (Reuters Institute for the Study of Journalism, 2012). Although some doubts could be raised regarding the applicability of these results for any analysis of the current U.S. news industry, to my knowledge, the database employed for this study of local news (that is, content that can be freely downloaded) is the most rigorous, formal, and updated database not only of the Pew Research Center but of other organizations. Despite the limitation in terms of age (which may be overcome in future studies), this study provides a timely, exploratory, and systematic examination of the willingness to pay for online local news.

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