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Filling the Meter: Measuring the Effectiveness Of Paywalls for Online Revenue

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Abstract

A metered paywall is "sticking" in many newsrooms as an attempt to increase digital, content-based revenue. A qualitative study showed that hiding exclusive, enterprise and niche content behind a paywall is helping the bottom line. The study included primary sourcing and interviews with 10-15 publishers and editors in online-only and newspaper newsrooms, as well as media industry executives and experts. The study attempts to address paid-content concerns as journalism continues its transition from print products to online and seeks new ways to have audience pay for content. Other conclusions include: a) *The New York Times* has set the paywall agenda for other newspapers to follow. b) Different strategies include the "best writers" or niche content approach that places content with an intense consumer following behind a paywall and non-exclusive content is open for all. The *Milwaukee Journal-Sentinel* has successfully placed its most in-depth Green Bay Packers reporting and analysis behind a paywall. The *Boston Globe* developed an alternate, pay domain name to complement the free Boston.com. The *Globe* tailored its pay site, which mostly includes the publication's print content, to eliminate pop-up ads and other intrusive models to enhance the user experience. Overall, a metered paywall did not always lead to a decline in page views, as viewership in some newsrooms, such as *The New York Times*, even increased. Sources and original interviews include but are not limited to Marty Baron, editor of *The Boston Globe*; Bill Grueskin, dean of academic affairs at the Columbia Journalism School and former deputy managing editor for *The Wall Street Journal*; Alan Mutter, author of the "Reflections of the Newsosaur" blog and adjunct lecturer at the University of California at Berkeley's Graduate School of Journalism; Mike Davis, assistant managing editor for digital development and sports editor of the *Milwaukee Journal-Sentinel*; and Rick Edmonds, media business analyst for The Poynter Institute.

Keywords: Paywall, Newspapers, Online

1. Introduction: Filling The Meter

John Winn Miller was convinced an online paywall could not work. Miller, the former publisher of *The Olympian* — a daily Washington state newspaper with a daily print circulation of more than 30,000 — and current publisher of the *Concord Monitor* in New Hampshire, firmly believed any form of an online paywall would cost newspaper online advertising revenue. But, in May 2011, Miller, a mere seven months after assuming the position, officially completed his about-face, and the *Concord Monitor* launched its own version of a metered paywall. It would not be fair, Miller theorized, for cell phone subscribers to receive a free service while landline subscribers are charged for phone service, so why should online readers see all of the Monitor's content for free while print subscribers face rising home delivery rates?[1]

The *Concord Monitor*, which covers New Hampshire's capital city, has a daily print circulation of close to 17,000 subscribers. Amid declining print circulation, which *Monitor* executives attributed to the same content being offered free online, the newspaper decided to implement an online paywall. Beginning in May, two months after *The New*

York Times launched its own ambitious metered paywall system, the *Monitor* began charging for its own online content. Similar to the *Times*' 20 free articles per month, the *Monitor* offers readers the chance to register and view 10 articles per month at no cost. After the initial 10, the *Monitor* charges $9.99 per month for unlimited Web access, and there are different print and Web-hybrid packages offered from there.[2]

"What we provide for online is not free, and it's not cheap," Miller said. "All we're asking readers to do is pay some of the freight."[3]

The *Monitor* also gave print subscribers the option of opting out of an additional $0.25 weekly charge for online access instead of the traditional opt-in clause employed by many newspapers, which, according to Miller, sees a much smaller adoption rate. Only 10 percent of *Monitor* subscribers opted out of the arrangement.[4]

In the two months post-paywall, Miller said, the *Monitor*'s website saw 325,762 less page views, or about 5.6 percent of the 1.84 million page views the site attracted in May 2011. But now, Miller said, online visitors are returning, and page view statistics are closing in on the paper's 2010 numbers of approximately 1.77 million page views per month. As of the end of November, almost 3,000 users have registered at the *Monitor*'s website, and the newspaper has attracted about 200 online-only subscriptions. Online advertising revenue has grown from 4.9 percent of total ad revenue for 2010 to 6.1 percent through Oct. 2011. And the paywall is helping print circulation — the *Monitor* has seen single-copy Sunday sales increase by 12 percent since May, and, though they're still declining, daily single-copy sales are falling at a much slower rate than pre-paywall.[5]

"I have not found a downside to it," Miller said. "You would be hard-pressed to find another editor or publisher who's done a similar model to find a downside. I think more and more papers are going to do it. It's a matter of survival."[6]

2. Data: Newspapers Try Online Paywalls Amid Economic Troubles

The financial troubles faced by newspapers in the past five years are no secret. News industry revenue fell by 30 percent in the United States between 2007 and 2009, according to a report conducted by the Organization for Economic Cooperation and Development.[7] In June, the Newspaper Association of America (NAA), the industry's trade association, reported a 9.5 percent decline in print sales during the first three months of 2011. In fact, print sales during this quarter only amounted to 45 percent of the $10.5 billion in industry revenues compiled in the first quarter of 2006.[8]

Newspaper advertising revenue has also plummeted in recent years. According to Alan Mutter, author of the "Reflections of a Newsosaur" blog and an adjunct professor at the University of California at Berkeley's Graduate School of Journalism, print newspaper ad revenue has decreased from $49 billion in 2005 — shortly before "shit hit the fan" — to only $24 billion through most of 2011. Between 2000 and 2009, classified print ads, historically the premier source of revenue for newspapers, declined about 70 percent — from $19.6 billion to close to $6 billion.[9] According to the NAA, automotive and real estate ads — the two main types of classifieds — fell 74 and 56 percent, respectively.[10] Although digital advertising is increasing — there was a 10.9 percent increase from 2009 to 2010 — 2010 digital ad revenue lagged behind 2007 revenue.[11]

According to The State of the News Media 2011 report produced by Tom Rosenstiel and Amy Mitchell of the Pew Research Center's Project for Excellence in Journalism, newspaper newsrooms are now 30 percent smaller than in 2000.[12] Since 2000, the newspaper industry has seen 30 percent of the industry's jobs slashed, and between 1,000 and 1,500 newsroom jobs were cut in 2010.[13] The reason for the losses, the authors speculated, may be the industry's inability to monetize the digital space.

"The biggest issue ahead may not be lack of audience or even lack of new revenue experiments," Rosenstiel and Mitchell concluded in their report. "It may be that in the digital realm the news industry is no longer in control of its own future. News organizations — old and new — still produce most of the content audiences consume. But each technological advance has added a new layer of complexity — and a new set of players — in connecting that content to consumers and advertisers."[14]

Many editors, publishers and executives associated with the industry argue that newspapers dug their own graves when many began giving content away for free when the World Wide Web sprouted up in 1993. Because many newspapers rushed to post their content online without worrying about consumer payment 18 years ago, Mutter said, it no longer makes sense for newspapers to charge for online content.[15] The perception of free content online has already been implanted in consumers' minds, the argument goes, so attempting to charge for online access would only hurt page views and thus digital ad revenue. Beginning in 2008, more U.S. consumers viewed their news online for free than paid for newspapers or magazines, according to the Pew Research Center.[16]

But as consumers move to the online medium to view their news, news organizations are finding it difficult to monetize the digital space, both in subscriptions and advertising. Print advertising remains the dominant source of newspaper revenue, accounting for sometimes more than 85 percent of a publication's returns.[17] But advertisers are mostly leaving the space amid declining circulation numbers and more targeted opportunities online. In the 1880s, Philadelphia department store giant John Wanamaker famously said he knew half his advertising budget was wasted but could not distinguish which half.[18] Now, with targeted ad services offered through Google and Facebook, advertisers can cater to interested, prospective customers, as AdSense requires advertisers to pay only when consumers click on the advertisement. The CPM, or cost per 1,000 mark-ups, model, in addition to the ongoing economic recession, has lured many advertisers away from newspapers' bread and butter revenue source — print ads.

Colin O'Donnell, senior vice president of content and strategic planning at the suburban *Chicago Daily Herald* — the first Chicago newspaper, with a daily print circulation close to 150,000, to develop an online paywall — said newspapers must all prescribe a value to their control to succeed digitally.[19]

"It's important to note that content shouldn't be free," O'Donnell said. "There is a cost to content, whatever platform you read it on."[20]

He acknowledged that newspapers made a mistake by uploading their content for Web consumers to view at no cost, and various forms of online paywalls are seeking to rectify this misstep. O'Donnell said it is necessary to prepare a younger generation that has grown up with almost an entirely cost-free Internet to pay for online news.[21]

As many news organizations seek to condition readers to become familiar with paying for news content online, many newspapers, regardless of size and circulation, are experimenting with online paywalls.

"There's a very strong trend toward trying to institute some sort of pay system," Mutter said. "Quite a number — a lot of publishers who said they would never do it are now thinking about doing it."[22]

2.1 The Boston Globe launches an alternative domain name

Although the metered model is certainly the most popular approach adopted by newspapers to extract digital revenue outside of advertising, it is not the only one. Newspapers across the country are employing an array of paywalls to embrace the digital age. According to a study conducted by the University of Missouri School of Journalism, only 15 percent of the several hundred daily newspapers surveyed said they had no plans to charge for online content.[23] Sixty percent of publishers surveyed said they expected digital revenue to amount to at least 15 percent of total revenue within three years.[24]

In an attempt to offset a steep decline in print circulation and ad revenue, *The Boston Globe* launched a new pay site under the domain name bostonglobe.com in October to supplement the free, 16-year-old boston.com. The *Globe*, with a daily print circulation around 219,000, charges users $3.99 a week for unlimited digital access to the new pay site.[25] "Our goal is to develop a source of consumer revenue online that has not previously existed," said Marty Baron, the paper's editor.[26]

The pay site, similar to the *Times*' — the *Globe*'s corporate parent — paywall, is geared toward the more intense readers who previously visited the boston.com website to read exclusive *Boston Globe* content. *Globe* studies uncovered two different types of readers of the newspaper's online content — casual readers who scanned headlines, photo galleries, and classifieds and the more passionate audience who made a distinct connection between boston.com and the *Globe*. The *Globe* determined the latter readers, Baron said, would be the ones willing to pay for online content.[27]

Instead of a metered paywall approach, the *Globe* chose an additional pay site to accommodate the two distinct brands in the Boston market — the *Globe* and boston.com. The *Globe* will continue updating the boston.com website, which is among the top ten most visited U.S. news websites, he said, but approximately 75 percent of the newspaper's content will be posted exclusively on bostonglobe.com.[28]

The new website caters to a more pleasant viewer experience, Baron said, as advertising is limited to not include pop-ups, page takeovers or other types of intrusive ads. The website runs on an advanced HTML5 programming language and is the first news and information website to use a responsive design feature to adapt the presentation of the website to the reader's device and screen size.[29]

The *Globe*'s new pay site represents one of several attempts by newspapers across the country to respond to industry-wide belt-tightening and remain profitable in the digital age. By late 2009, Vermont Community Media, a network of state newspapers that includes the *Barre-Montpelier Times Argus* and the *Rutland Herald*, had faced annual print circulation declines between three and five percent for five consecutive years. The two papers combined to attract approximately 23,000 daily print subscribers and about 22,000 daily website visitors, said Rob Mitchell, online and special projects manager for the *Herald*. With minimal online ad revenue and no online subscription revenue, both newspapers were in trouble.[30]

"At that time, everyone, almost without exception, was telling us a paywall was a bad idea because traffic would tumble," Mitchell recalled in an email. "The thing is, to us, traffic doesn't necessarily matter. What matters to us is to preserve the ability to perform quality journalism, and looking ahead at the future with our current business model, we saw that this ability would not survive."[31]

Since the newspapers' online ad revenues were so low, even if both websites lost 75 percent of their traffic, Mitchell calculated, the company would make up the lost digital ad revenue in online subscriptions. Vermont Community Media decided to adopt what Mitchell dubbed as a "relatively low risk" online paywall.[32] On Oct. 1, 2010, the paywalls went into effect, charging non-subscribers $2.99 for weekly access or $1 for a day pass to the papers' online content.[33]

As expected, the papers each experienced about 50 percent declines in page views, but Mitchell said they have since rebounded, with both publications now attaining between 65 and 70 percent the amount of pre-paywall page views. Mitchell did not share digital subscription numbers, but he said the paywall has exceeded his expectations. The circulation at both newspapers has actually increased, and many customers are switching to newer e-editions, costing Vermont Community Media much less in distribution.[34]

Jim Fogler, publisher of the *Burlington Free Press* — the largest Vermont newspaper with a daily print circulation around 32,000 — said the *Free Press*' website saw drastic increases in traffic shortly after the Rutland daily implemented its paywall. Nevertheless, Fogler said it is almost imperative for newspapers to develop online paywalls in the immediate future. The *Free Press* has yet to adopt a paywall, mostly because the paper's print product has not eroded as quickly as many of its competitors. But, Fogler said, if newspapers continue to delay charging for online, the less likely those paywalls will eventually succeed.[35]

"We need to do it soon," Fogler said. "It needs to happen soon. The longer we wait, the more people perceive us as they're going to get it for free."[36]

2.2 The Milwaukee Journal-Sentinel itches the niche

The *Milwaukee Journal-Sentinel* has also employed its own unique spin on an online paywall to protect its Green Bay Packers analysis since 2001, according to Mike Davis, assistant managing editor for sports and digital development.[37] The Packer Insider hides all analytical Packers content and reporter chats from non-subscribers. To attain access to said content, there is a $6.95 monthly or $44.95 annual charge.[38] The *Journal-Sentinel* decided some of its Packers content, especially the analytical pieces provided by writers Bob McGinn, Cliff Christl and Tom Silverstein — veteran journalists who had all covered the beat for at least 20 years — was worth charging for.

"We knew there was great demand for our coverage of the Green Bay Packers, and we felt that our analysis of the Green Bay Packers was a cut above anything you could get anywhere else," Davis said.[39]

The feature contains player performance grades and detailed scouting reports of the ensuing week's opponent written each week by McGinn. All the newspaper's Packers analysis is placed behind the wall, in addition to chats conducted with readers. The *Journal-Sentinel* even restricted McGinn's game stories because they contained enough analytical content that was not offered elsewhere.[40]

Between three and four thousand readers subscribe to the Packers Insider feature, garnering the *Journal-Sentinel* more than $100,000 in additional annual revenue. Although Davis admits the paywall is not a significant revenue toll for the *Journal-Sentinel*, the feature remains profitable because the online paywall requires no extra staff and rarely extra content, as most is written to appear in the print version.[41]

Similar to the approach pursued by the *Journal-Sentinel*, *The Dallas Morning News* launched an ambitious mobile initiative in August. The new Apple application, titled SportsDayHS and priced at $1.99, provides subscribers access to real-time scores, statistics and other news for close to 200 high schools in the North Texas area.[42] The application includes access to a supplementary website, sportsdaydfw.com, with all content produced by the *Morning News*' staff.[43] Bill Grueskin, dean of academic affairs at the Columbia University Journalism School and former deputy managing editor of *The Wall Street Journal*, said the *Morning News*' high school sports coverage draws in almost as many readers as the rest of the website.[44]

"By offering unique content such as real-time scoring on the SportsDayHS app, we are providing the news and information people want that they're unable to get elsewhere whenever they want, wherever they're located," said Jim Moroney, *Morning News* publisher and CEO, in a press release.[45]

Protecting one's most unique content — that which draws an audience of intensely passionate readers — or "itching the niche," as Ken Doctor, a news industry analyst, describes the phenomenon in his book *Newsonomics: Twelve New Trends That Will Shape The News You Get* — is a strategy employed by several newspapers in the online realm.[46] The belief is that news consumers can obtain general news almost anywhere, but news specific to one community or specific organization is not readily available. And it's news of this latter category that consumers are more likely to pay for.

When the *Concord Monitor* instituted its paywall, Miller said many customers threatened to stop visiting the newspaper's website and instead read the *New Hampshire Union Leader*, a daily paper based out of Manchester — less than 30 miles away from Concord — that has not yet implemented an online paywall. But Miller was not concerned — he knew the *Monitor* offered content not available elsewhere.[47]

"They don't cover my community in any depth, so I've got stuff that nobody else provides for my readers, and I'm putting a value on it," Miller said. "You either pay for it, or you don't."[48]

For newspapers to effectively monetize digital content, Mutter said, content must be "unique, compelling and differentiated."[49] Newspapers cannot expect consumers to pay for generic news, such as weather and sports scores, readily available on the Web.

If the newspaper is the premier information producer in the area and lacks serious broadcast and online competition, it has a greater opportunity to succeed, according to Rick Edmonds, media business analysts for The Poynter Institute. Viewers then possess fewer alternatives and are more likely to accept an online paywall.[50] This formula has benefited small papers like the Concord Monitor and failed larger, metropolitan newspapers such as *The Detroit News*, *Seattle Post-Intelligencer*, *The Philadelphia Daily News* and *The St. Paul Pioneer-Press*, all of which joined dozens of other urban newspapers in the past three years in filing for bankruptcy.[51]

The *Tulsa World*, which covers Oklahoma's second largest city with a daily print circulation exceeding 93,000, launched its own metered paywall in April. Similar to the *Monitor*'s model, the site offers 10 free articles before charging non-print subscribers between $14.99 and $16.99 for access to online content.[52] Since its implementation, the four local network television stations and *The Oklahoman*, a daily newspaper with almost 150,000 daily print subscribers covering the Oklahoma City area — all of which offer free online content to consumers — have not enjoyed significant bumps in traffic, said Jason Collington, the *World*'s online editor. Collington said the World has not experienced much of a drop-off in page views and unique visitors on its website, yet the paper has since seen increases in circulation and digital ad revenue.[53]

Collington attributes the World's success to its commitment to local coverage; since the paper officially implemented the paywall, Collington said the publication has increased its daily online coverage substantially to the point where he is willing to compare its depth, quality and accuracy with any other local media outlet. But for the paywall to pay dividends moving forward, he said, the newspaper must continue to create local content that consumers cannot find elsewhere.[54]

2.3 The New York Times leads the metered revolution

The *Chicago Daily Herald* launched a hybrid metered paywall in September, charging non-print subscribers $19.99 a month to view online content beyond the free 15 monthly page views.[55] The *Daily Herald* had discussed several online pay models for almost two years before ultimately deciding on a metered approach, partly spurred by *The New York Times*' industry-altering model implemented in March. The website continues to offers viewers unlimited, free access to obituaries, classifieds and much of its general news content but hides all the paper's columnists, according to O'Donnell.[56]

"The meter content model gives us something to prescribe different values to different content," he said. "Some could be free, some could be part of the meter, and some could be content that we just charge for."[57]

Pioneered by the *Financial Times* in 2007, the metered paywall model success proves that newspapers can charge their most frequent customers for content.[58] *The New York Times* now offers readers 10 free articles per month — down from 20 when the paywall was first implemented — at which point non-print subscribers must register for a minimum of $15 per month to continue to read the newspaper's online content.[59] In the first two weeks of the paywall, the *Times* dropped between five and 15 percent of its unique visitors.[60] But four months following its March 28 introduction, *The New York Times attracted* 224,000 paid digital subscribers — close to its goal of 300,000 online subscribers within a year of its launch.[61] The paper has also seen an increase in Sunday print circulation, as many consumers flock to the print product knowing they no longer enjoy unlimited free access to its Web content.[62]

In December 2010, Martin Nisenholtz, chief of digital operations at the *Times*, prefaced the paywall when he said about 15 percent of the website's viewers — about six million people — read more than 20 articles per month, making them what the paper classifies as "heavy users," the paywall's targeted demographic.[63]

Similar to *The New York Times*, the *Financial Times* produces "must-have content," according to Andrew Sollinger, *FT*'s managing director of U.S. commercial operations.[64] When *FT* first adopted the paywall in October

2007, readers were allotted 30 free page views, but now, the tally is down to 10, at which point readers are asked to pay between $7.30 and $11 a month for online access, depending on the package the reader chooses.[65] As of May 2011, the international business newspaper's website had attracted 3.4 million registered users.[66]

The Baltimore Sun and the *Minneapolis Star Tribune*, the most heavily circulated newspapers of Maryland and Minnesota, respectively, followed the *Times*' lead and adopted metered paywalls in the past two months.[67][68] In August, MediaNews Group, a newspaper company that publishes 57 daily newspapers in 12 states, announced that it would institute metered paywalls at 23 of its small- and medium-sized newspapers.[69] Earlier that month, Lee Enterprises, a publicly traded media company that publishes 54 daily newspapers in 23 states, launched metered paywalls for six dailies in Montana and Wyoming.[70] And, despite the successes of their own paywalls, the *Rutland Herald* and *Milwaukee Journal-Sentinel* may soon pursue a soft, metered approach.[71][72]

"We went with a full-monty approach to the paywall because we figured it was a good starting point," said Mitchell, special projects manager for the *Herald*. "Our goal was to convert the people we were likely to convert as quickly as possible. We have gradually made our paywall more leaky and may go to a metered approach soon."[73]

"I don't know that we're going to stick with this," added Davis, in regards to the *Journal-Sentinel*'s Packer Insider paywall. "We, like most others in the industry, are looking at rethinking models of charging for content. If that happens, Packer Insider Packers content will be just part of the overall paywall."[74]

Although the early numbers on several metered paywalls across the board have shown positive early returns, Grueskin, in a report co-authored with Columbia Journalism School faculty members Ava Seave and Lucas Graves on digital news economics titled "The Story So Far: What We Know About the Business of Digital Journalism," advised that newspapers should remain humble in their pay site projections.[75] Even though the *Times*' model has seen success, the newspaper's digital ad revenue remains between 10 and 20 percent despite a rising online viewership — in September 2011, the *Times*' website saw 2.3 percent more unique visitors than in September 2010 in spite of the paywall — that should not be expected with nearly any other paywall publications.[76]

"Any news site that adopts a pay scheme now should have very limited expectations for its success — at least on the Web," the three concluded in the report. "In the case of a print publication, requiring digital readers to pay may help to slow circulation losses, but that is hardly a long-term solution."[77]

For Miller, a pay scheme is indeed necessary, as the news industry has reached a critical juncture in preparing consumers to pay for online news content.[78] According to Nielsen Media Research, between 2009 and 2010, 41 percent of U.S. consumers cited online as the medium through which they received most of their news — a 17 percent spike from the previous year.[79] All other mediums of information dissemination saw decreases between 1.5 percent — local television — and 13.7 percent — cable TV.[80] In "Outlook for Newspaper Publishing in the Digital Age," a 2009 report issued by PricewaterhouseCoopers, 43 percent of U.S. consumers surveyed said they prefer to read their news online — 14 percentage points higher than the international average.[81]

In the State of the News Media report published this year, 23 percent of U.S. consumers said they would pay $5 a month for online news content if their local newspaper would otherwise fold.[82] According to the Pew Research Center's Project for Excellence in Journalism, approximately 21 percent of those surveyed who have yet to pay for online news said they would be willing to part with $5 a month for access and another 10 percent said they would willingly part with $10 per month.[83] Although the willingness to pay for online news has yet to come full circle, the longer publishers wait to charge for online content, the more unlikely consumers are to respond.

"Accepted wisdom was that a paywall would kill us," Miller said. "In reality, for those of us who are doing it, it's the opposite. It's not killing us. It's saving us for a few more years."[84]

This "accepted wisdom" stems from failed paywalls of years past, starting with when Microsoft announced in June 1996 it would launch *Slate*, an online magazine, and charge readers a $19.95 annual subscription fee, but the wall was abandoned less than a year after its February 1998 installment.[85] Beginning in October 2009, *Newsday* — a metropolitan New York City newspaper with a daily circulation surpassing 400,000 print copies — implemented a paywall, charging $5 a week for unfettered access to Newsday.com, but the website only attracted 35 digital subscribers in its first three months.[86] But now, according to the Audit Bureau of Circulations, *Newsday* is the fourth most digitally circulated newspaper in the country, with more than 165,000 paid online subscribers.[87] *The Wall Street Journal*, the nation's most heavily circulated newspaper with more than 537,000 digital subscribers, per the ABC, has successfully been charging for online content since January 1997.[88][89]

As long as quality niche content is the center of the paywall, the data shows that consumers will pay, and news industry executives must channel their focus on the present and not the indefinite future, as it is too early to forecast the future of any business.

"In the short run and maybe even in the midterm, four to five years, this is not a make-or-break financial thing," Poynter's Edmonds said. "It garners additional revenue — that's great. But some of the objectives are long term — that is to get people accustomed to paying something for digital."[90]

3. Conclusion: Metered Paywalls Are The Best Option For Newspapers Moving Forward

Newspapers are facing clear economic obstacles, but as print publications move online, the metered model offers the most effective means to profit. A meter offers a soft paywall that attracts two kinds of consumers — casual readers who can still view a certain amount of articles per month and boost a website's viewership numbers and passionate readers who are usually willing to pay for a certain newspaper's online content. Hard paywalls, established by publications such as the *Rutland Herald* and *Milwaukee Journal-Sentinel*, have experienced some success but are on the verge of being discarded for metered paywalls.

The New York Times pursued a metered approach less than four years after its previous paywall venture — TimesSelect — folded despite approximately 227,000 paid subscribers.[91] Government assistance arguments dilute the reality that newspapers have historically functioned as private, profit-making entities, serving as a watchdog of the public sphere, and to alter this would raise ethical concerns, if nothing else.

Newspapers must recognize that business models vary online from in print. Legacy models can no longer attract advertisers, as business can move their marketing tools online to targeted ad services or social media and pay less expensive rates. American consumers, as of 2009, spent 28 percent of their time in media on the Internet — a medium that attracts only 13 percent of ad spending.[92] Contrary to print, where circulation is generally limited to location, digital consumers possess an abundance of options for online news. But print products can translate their success online as long as they publish unique content that can be distinguished from general news. *The New York Times*' case study illustrates that metered paywalls do not automatically translate to decreased page views, contrary to popular perception. Although small, local newspapers cannot expect to produce journalism similar to the quality of the *Times*', they do have the resources to produce hyperlocal news content not available elsewhere.

Metered paywalls will not reap drastic, immediate returns. *The New York Times*' paywall, the most successful of its kind, is scheduled to bring in about $25 million per year in new digital subscription revenue for the *Times*, not adjusting for the expenses required to implement the meter, according to projections made by Harvard University's Nieman Journalism Lab.[93] In the first quarter of 2011 alone, though, the Times Company earned a much larger $566.5 million in revenue.[94] Regardless, as most publishers, editors and industry executives have acknowledged, paywalls prepare consumers to become accustomed to paying for online news — a necessity as the audience continues to shift online — and provide online publications with another sustainable source of revenue.

But for newspapers to thrive amid such a transition, publishers and editors must not dig their own graves. Credit card companies do not exert extra effort to alert customers when they are raising rates, Miller said, so newspapers should not conduct extensive awareness campaigns and reserve several full-page ads to apologize to readers.[95]

"Don't beat yourself up in public," Miller said, in regards to how he responds to publishers when they seek his advice on how to adopt a paywall. "Just explain it very clearly that it's a matter of fairness. It's a service we provide that we need to charge for, and if you don't want to pay more for it, we understand. We're not going to force you."[96]

Collington said 'paywall' might not even be the most apt term to describe the metered system, as much of a (metered) websites' content remains free.[97]

"The biggest thing is that it is not a paywall at all," Collington said. "There is no paywall unless you click on more than 10 articles a month — then what happens is an opportunity to pay for and have unlimited access. I would say that there's not really a wall anymore — it's more of a pay window."[98]

"We've created a different structure," Collington continued. "And since we've created a different structure, the word 'paywall' doesn't really apply anymore because that's not what we have."[99]

Whether a metered paywall, or a paywall of any kind for that matter, works for newspapers remains an unknown. The data does not yet exist on the infant systems to accurately forecast the future of the industry. There is not a one-size-fits-all solution to monetizing the digital space for newspapers, as individual newspapers must decide what makes the most sense for their publication, region and audience. *The Washington Post*, for example, has notably stayed out of the paywall fray — in August 2009, the capital city's largest daily newspaper closed down LoudonExtra, a standalone local site that covered Loudon County, Va., a wealthy, rapidly growing suburban area outside Washington, D.C., after the two-year-old site failed to lure a significant allotment of the county's 270,000 residents to become avid readers.[100] For some publications, such as *The Boston Globe*, unique circumstances persist and warrant atypical solutions, but for the remainder of surviving print products, if the early returns are any indication, editors and publishers should anticipate filling the meter for online profitability.

"Whether any of these models that are very new right now to the industry work, who knows?" Davis said. "But we have to try to get readers conditioned to be willing to pay for content, to be willing to see the value, the monetary value, in our content if we're going to continue to have newsrooms produce as much as they do."[101]

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