

Charges for online news are set to become the norm as most consumers say they are willing to pay according to The Boston Consulting Group

Media companies could counter the effects of the advertising slump and benefit from a major boost in profits if they start charging for online news, according to The Boston Consulting Group (BCG).

New research released today shows that consumers are willing to spend small monthly sums to receive news on their personal computers and mobile devices. In a survey of 5,000 individuals conducted in nine countries, BCG found that the average monthly amount that consumers would be prepared to pay ranges from \$3 in the United States and Australia to \$7 in Italy.

John Rose, a BCG senior partner based in New York who leads the firm's global media sector, said, "The good news is that, contrary to conventional wisdom, consumers are willing to pay for meaningful content. The bad news is that they are not willing to pay much. But cumulatively, these payments could help offset one to three years of anticipated declines in advertising revenue."

BCG's survey found that consumers were more likely to pay for certain types of content, specifically news that is:

- **Unique, such as local news (67 percent overall are interested; 72 percent of U.S. respondents) or specialized coverage (63 percent overall are interested; 73 percent of U.S. respondents)**
- **Timely, such as a continual news alert service (54 percent overall are interested; 61 percent of U.S. respondents)**
- **Conveniently accessible on a device of choice**

In addition, consumers are more likely to pay for online news provided by newspapers than by other media, such as television stations, Web sites, or online portals.

They are specifically not interested in paying for news that is routinely available on a wide range of Web sites for free.

While encouraging, this willingness to spend is only part of the solution for newspapers. For example, in the United States, advertising—which accounts for around 80 percent of newspaper revenues — is in a steep decline. If consumers start to pay for their news online, it will slow, but not stop, newspapers' decline. As a result, newspapers must look to innovate on multiple fronts.

Consumers More Likely to Pay for Online Content from National and Local Newspapers Than from Major Metros.

These particular findings will benefit newspapers with unique voice and reporting and with strong subscriber bases. In particular, national and local newspapers, which have content not available elsewhere, can take advantage of these trends, while major metropolitan daily newspapers will likely struggle.

The survey suggests that several hybrid models for accessing news and content will emerge. For example, 52 percent of U.S. consumers of business news would be interested in a bundled print-and-online subscription, compared with just 35 percent of young consumers.

“Newspapers should be experimenting with paid online content,” said Marc Vos, a Milan-based partner and leader of BCG’s media sector in Europe, “It will take trial and error to find what works.”

To receive a summary of the survey findings or arrange an interview with one of the survey authors, please contact Eric Gregoire at +1 617 850 3783 or gregoire.eric@bcg.com.

About the Survey Methodology

The survey was conducted via the Web in October. A total of 5,083 respondents participated in nine countries: the United States (1,006 respondents), Germany (1,006), Australia (529), France (510), the United Kingdom (506), Spain (505), Italy (504), Norway (259), and Finland (258). The respondents were equally divided between men and women and among four age ranges. Respondents came from throughout each country, except in Australia, where the results were deliberately skewed toward Melbourne and Sydney.