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Charging for news content 'could be good for the consumer'



Andrew Yates, Chief Executive at Artesian Solutions, a provider of web based market intelligence and surveillance software, outlines his thoughts on why news corporations charging for news content can actually be a good thing.

A new storm is emerging within the media and digital industries after Rupert Murdoch's very public announcement that his News Corporation intends to charge for online newspaper content. After posting record losses of \$203 million in the last quarter, Murdoch is about to embark on one of the gutsiest moves in the history of news content and search by charging for online news content.

Many analysts have backed Murdoch's controversial plans to revolutionise digital content, arguing that media content costs money to package and distribute, so why shouldn't there be a cost to the consumer especially in light of dwindling advertising revenues as the Corporate switch their dollars from traditional media to Google and others.

But can this actually work, when many consumers searching for news have grown up believing that pretty much anything on the web should be free?

For all the doubters that believe Murdoch's plans are lacking substance, history remembers that this isn't the first time Murdoch has created a paradigm shift within the media sector. The launch of subscription based television Sky back in 1989, was initially met with scepticism and resistance. However, within its first year Sky had one million paying customers.

Murdoch was able to win consumers over by providing unique, premium content, such as sports and movies and provided subscribers with advanced technology through Sky's set-top boxes. This approach revolutionised television and who's to say history can't repeat itself when Murdoch adopts a similar model online.

One of the main arguments against Murdoch's plans is that it will vastly reduce the number of visitors to the News Corporation's sites and people will migrate to the free news sites such as the BBC or Guardian.

However, with newspaper revenues rapidly depleting, surely it is better to have one thousand paying subscribers to newspaper's website, than it is five million non paying readers. Murdoch is trying to ensure by charging for news content that the people who create the news - journalists and publishers - get a source of revenue that is not just from advertising and wrestle some of their hard earned cash back from the aggregators.

Furthermore, his argument for charging for content is based around 'quality' and this is a commodity that people are prepared to pay for. Additionally, we pay for a printed copy of our favourite newspaper, so why not an online copy.

The natural progression by charging for content is that through targeted information and the learned behaviours of the subscribers, newspapers will be able to build a 24 hour, 7 days a week relationship (rather than once in the morning) and therefore tailor content to the demands of those paying for the service. Surely, this will be good for the consumer.

Consumers today have grown up believing search and content should be free, from general search engines, social networking sites, online newspapers, email accounts to various downloading programmes. Any time we are asked to pay for content online, the consumer inevitably closes the page and tries to find it for free.

However, in order to have a choice of what you want to read and when you want to read it, you have to pay, and this is what Rupert Murdoch is trying to introduce.

The media tycoon is committed to providing high quality content, just like he did with Sky television, and it inevitably looks like the business man's brave decision could be correct once again. It just may take a little time to win people over.