MINDSHARE | New York Times Metered Model | Norm Johnston | March 26, 2011

Background

Since the early days of the commercial Internet, publishers have struggled to balance the need to monetize their assets with the Web's insatiable appetite for free content. Media owners have experimented with models ranging from advertising-funded free editions to various subscription-based initiatives; all of have tried to balance the need for income with advertisers demands for sufficient reach to justify spend. With this historical context in mind the New York Times finally announced their new online pay-model this week.

Details

The New York Times (NYTimes) model is a metered model designed to maximize reach for light readers while earning subscription fees from heavy, loyal users of the service. Features include:

- All offline subscribers of both the NYTimes and International Herald Tribune will have unlimited free access to all online content.
- As of March 28th all non-subscribers will be able to view up to twenty articles per month for free on the paper's Web site and applications. After twenty articles users will need to pay for additional content. However, the site's homepage and section heads will continue to be free.
- A sliding scale subscription service will be available depending on from what combination of sources readers would like to access content. For example, $15 gives you a four week use of NYTimes.com and the smartphone application (e.g., iPhone); $20 gives you unlimited access but swaps the tablet applications (e.g., iPad) for the smartphone version; $35 gives you unlimited access to everything.

Implications

While the model seems straightforward there are some underlying complexities. For example, readers can still access up to 5 "free" NYTimes articles each day from Google as well as from social networks and blogs; these articles will not count as part of your twenty month limit. Furthermore, eReader subscribers (e.g., Kindle, Nook) who currently pay nearly $20 a month will not receive the same benefits as their fellow offline subscribers. These paper-free subscribers will be forced to pay one of the incremental fees listed above.

However, the real test will be whether readership significantly drops, and as result advertising budgets shift elsewhere with migrating audiences. Other publishers such as the Wall St Journal and FT.com have successfully implemented similar metered models that maintain high-reach with light readers while retaining a smaller but lucrative subscriber audience. In contrast, publishers like the UK's Times have struggled with their complete pay-wall model.

Summary

The draconian pay-wall models of the past and present have had mixed results, which is leading the publishing industry to start bifurcating between two models. The first model is the advertising-funded free model endorsed by the likes of the Guardian in the UK, although even they charge for their tablet and smartphone applications. The second model is the metered model with variable pricing based on content-consumption, access points, and existing subscriptions. The success of the second model will be down to the publisher's ability to continue creating content so compelling existing and new readers will be willing to pay for access. The NYTimes will be hoping to emulate the success of the WSJ and FT.com