

Why paying for news content does not make sense

November 10, 2009



Jeff Porter is general manager of mobilepeople U.S.

By [Jeff Porter](#)

The debate on paid content versus free is growing with announcements from news organizations such as CNN and The Wall Street Journal that they will start charging access to their news content via mobile devices.

CNN recently launched a news application for the Apple iPhone, joining other media organizations such as The Wall Street Journal and Agence France-Press seeking to increase profits from mobile devices.

The CNN iPhone App, which costs approximately \$2 and includes advertising, news headlines and stories, photos and live breaking news video for personalization of weather, traffic and news. iPhone 3GS users send their own photos and videos to iReport.com, a CNN outlet for user-generated content.

The Wall Street Journal offers a mobile-only subscription that costs \$2 per week while a mobile subscription combined with either a print Journal or WSJ.com subscription is priced at \$1 weekly.

These media giants are on the right track by bundling their platforms, but they need to go a step further and simply create a one-price-fits-all model with an annual price tag. They should let the consumer decide how they want to receive the content – for example, opt out of receiving a printed copy and instead offer mobile content.

Here's some news ...

It is important for publishers to keep up with the mobile Web and the grassroots news effort by embracing the ever-changing face of the news media.

Publishers should work to establish a core set of unique and proprietary content that reaches specific niche markets that they can further monetize by developing a pull model of marketing where people come to you.

Some reasons why publishers should think twice before charging for content:

1. News is largely a commodity and while there is a base of users that are loyal and will agree to pay the fee, many subscribers will simply get their news elsewhere.
2. Paid subscriptions limit usage and ultimately deliver less value to the advertisers.
3. Mobile phones have made it easier for consumer to share news stories via email, Facebook and Twitter feeds with their friends. However, it will be even harder for users to do that through sites that require subscriptions or paid access. This will likely push users into other applications or sites that can provide this

data for free and away from sites that charge such as The Wall Street Journal and CNN.

4. News content is constrained by relevance. Some readers are only going to want to specific content that they find relevant to them – for example, only Walt Mossberg's column in The Wall Street Journal or Anderson Cooper from CNN.

... paid does not pay

If the goal of charging for mobile content is to increase profitability then, why not optimize or reduce distribution costs by limiting production and distribution of the print product to its users?

Success in the media business is about owning content and controlling access to it. But I do not think that controlling access should include charging consumers for content on their mobile that they can see on their Web or television for free.

My advice to CNN.com and The Wall Street Journal: focus on growing long-term revenue with focused content that meets the needs of the user rather than trying to obtain short-term profitability from paid content.

The consumer is the most important part of the equation and her perception of the value in the news content will determine which model will succeed. People may pay for specific columns they like, but not for general news and ultimately this pay-for-reading-content may not produce long-term profitability.

Jeff Porter is general manager of [mobilepeople U.S.](#), Denver, CO. Reach him at jeff.porter@mobilepeople.com