

The New York Times

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TheCasesolutions.com

CONTENT

- Background Information
- Current Paywall
- Premium Paywall
- Analysis of Options
- Result and Decision
- Conclusion

BACKGROUND INTRODUCTION

New York Times Company was a leading global multimedia news and information company.

Rise of the Internet brought new challenges and opportunities for the newspaper industry.

The Times launched its website in 1996 and started charging entrants users \$35 per month to access the site.

TimesSelect was the second attempt to charge its readers.

CURRENT PAYWALL

Free users can read up to 20 pages.
Charged for any more reading.
Different prices for different devices.

POSITIVES

- Increase revenue from subscribers
- Decrease in digital advertising revenue
- 30% of total ad revenue was from digital ad
- 10% increase in circulation between 2009-2011

NEGATIVES

- Number of visitors dropped
- Increased price advertising revenue
- Inequality amongst readers

**REVENUE = PAYWALL COST + DIGITAL ADS +
PRINT SUBSCRIPTIONS + PRINT ADVERTISING**

ANALYSIS OF OPTIONS

After the paywall has introduced



ANALYSIS OF OPTIONS

Subscription Revenue from 2011 Q4

~\$4/week
52 weeks
Growth of Subscribers = \$90,000 - \$24,000 = 66,000
 $\$4 \times 52 \times 66,000 = \14 million ✓

ANALYSIS OF OPTIONS

Changes in advertising revenue

Overall advertising revenue in 2011 = \$750

Online advertising = 28%	Print advertising = 72%
$\$750 \times 0.28 = \210 million	$\$750 \times 0.72 = \540 million
$\$144(1-0.078) = \144	$\$211(1-0.053) = \199
$= \$140 \text{ million}$ ✗	$= \$197 \text{ million}$ ✓

ANALYSIS OF OPTIONS

From all the above calculations

Revenue = $\$14 + \$12 - \$6 = \20 million ⚠
after operating the paywall for the final quarter in 2011

DECISION MAKING

Since the new paywall is not effective in generating revenue

Our suggestion would be to implement the premium paywall for several reasons

- Advertising is always the major source of revenue

↑ Traffic = ↑ advertising revenue

- Great potential in online advertising

Global trend of digitalization

Almost a 30% increase in 2 years

CONCLUSION

We recommend New York Times pursue our model of the Premium Paywall. As our evidence shows that the current paywall is not able to meet the financial requirement of the Times. We believe our paywall will be able to as it covers those holes that enables The Times to utilise its digital capabilities.

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CURRENT PAYWALL

Free users can read up to 20 pages.
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Different prices for different devices.

POSITIVES

- Increase revenue from subscriptions
- Increase in digital advertising revenue
- 38% of total ad revenue was from digital ad
- 40% increase in circulation between 2010-2011

NEGATIVES

- Number of visitors dropped
- Decreased print advertising revenue
- Increasing amongst readers

REVENUE = PAYWALL COST + DIGITAL ADS + PRINT SUBSCRIPTIONS + PRINT ADVERTISING

ANALYSIS OF OPTIONS

After the paywall has introduced



ANALYSIS OF OPTIONS

Subscription Revenue from 2011 Q4

~\$4/week
52 weeks
Growth of Subscribers = 390,000 - 324,000 = 66,000

$\$4 \times 52 \times 66,000 = \14 million ✓

ANALYSIS OF OPTIONS

Changes in advertising revenue

Overall advertising revenue in 2011 = \$756

Category	Revenue
Online advertising = 28%	$\$756 \times 0.28 = \544 million
Print advertising = 72%	$\$756 \times 0.72 = \544 million

$\$544 - (\$14 \times 0.078) = \$541$ ✗

$\$544 - (\$14 \times 0.055) = \$541$ ✓

ANALYSIS OF OPTIONS

From all the above calculations

Revenue = $\$14 + \$2 - \$46 = -\20 million ☹️
after operating the paywall for the final quarter in 2011

DECISION MAKING

Since the new paywall is not effective in generating revenue

Our suggestion would be employing the premium paywall for several reasons

- Advertising is always the major source of revenue

★ Traffic = ★ advertising revenue

- Great potential in active advertising

Global trend of digitalization

Absent a 20% increase in 2 years

PREMIUM PAYWALL

Free access to the site, however users able and shorter videos.
Premium access has less ads, exclusive videos and tailored/ personalized front page.
Print subscribers gain Premium access.

POSITIVES

- Extra revenue from paywall (Premium Accesses)
- Increase in digital ad revenue
- Gain customer loyalty, rewards customers for reading
- Fewer restrictions

NEGATIVES

- May lose customers
- Too many advertisements
- Risk of everyone just using free version
- Inequality amongst readers
- Two different systems

REVENUE = DIGITAL ADS + PAYWALL + PRINT SUBSCRIPTIONS + WEBSITE TRAFFIC

CONCLUSION

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