

Effects of Content Strategy on Online News Subscription

Xiaoli Yang (rxyang@bu.edu) Nachiketa Sahoo (nsahoo@bu.edu)

Boston University Questrom School of Business

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Abstract

In the last decade or so, many newspapers in US has forgone the traditional free content access business model and transitioned to the new subscription-based model. In this new model, content is put behind a paywall. Readers must subscribe to gain full access to content. While paywall has attracted a lot of interests in both industry and academia, we argue that the success of this strategy depends on the newspapers' core product behind the paywall – the content. In this study, using a large clickstream dataset provided by a major regional daily newspaper in US, we investigate how two types of content, original content that are produced by a newspaper's own newsroom, and wired content that are sourced from other news agencies, affect visitors' subscription decisions. We devise a unique identification strategy to determine the causal relationship between the daily supplies of the two types of content and individual visitors' probability of subscription. Using precipitation to instrument for visitors' arrivals at the newspaper site, we indirectly randomize their exposure to different levels of content supply. Our results show that original content is more effective in converting visitors to subscribers, while the effect of wired content is less clear. On the other hand, meter stop has a strong and positive effect and enhances the effect of original content. We also find interesting section-to-section variation in effects within each content type: Some content is better produced in house while others are better wired. Our findings carry important managerial implications. Newspapers should not give up focusing on its content production. They can strategically tailor their content offering according to readers' willingness-to-pay and drive readers' growing adoption of online news subscription.

Keywords

Online Newspapers, Content Strategy, Paywall, Sample Selection, Endogenous Switching