



WHITEPAPER

HOW TO IMPLEMENT A PAYWALL: FROM FREE TO FEE

Online consumers are more willing to pay for content and publishers can implement paywalls to accommodate the demand.

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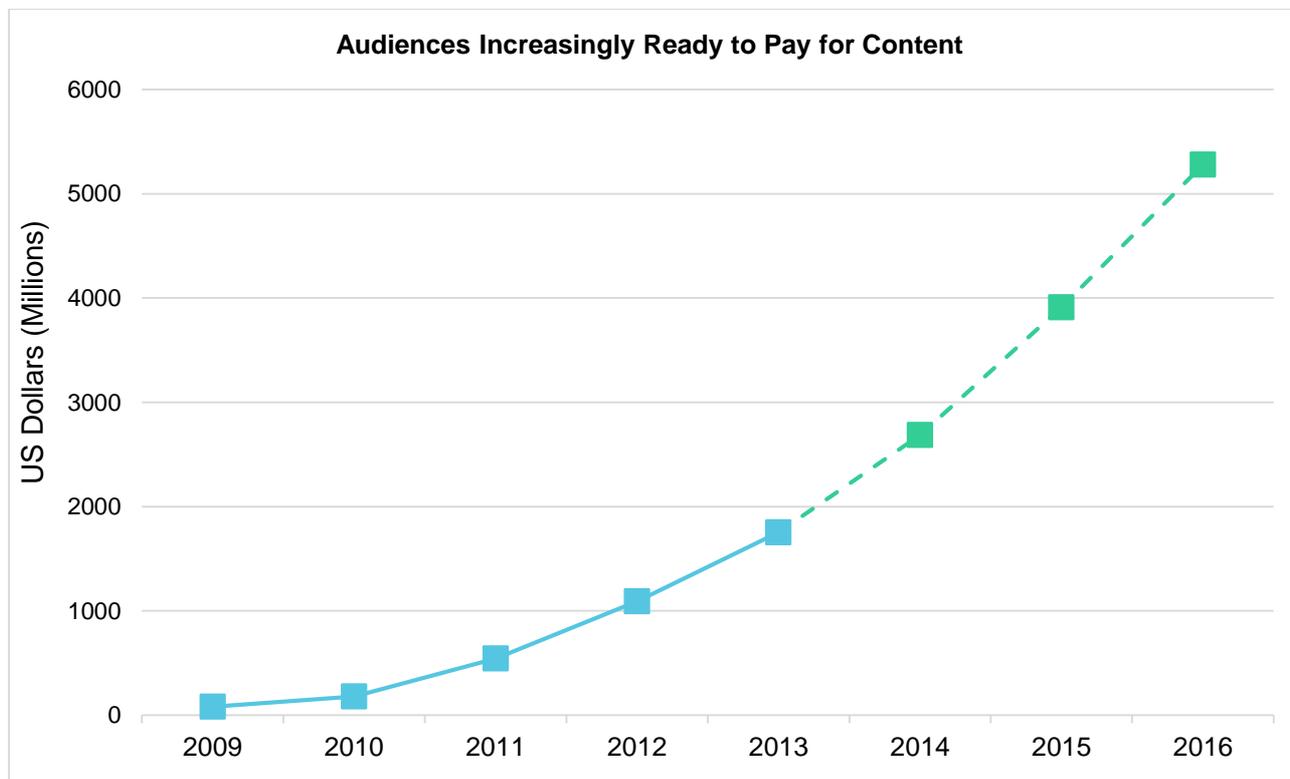
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2.0 Introduction

In the digital age, it is growing increasingly challenging for many media companies, especially publishers, to capture the attention of consumers, compete in a broader marketplace and ultimately drive (or even retain) revenues.

Traditionally, a paywall is a system which prevents online users from accessing digital content without paying for access to that content. However, advancements in technology and the ways in which consumers are accessing online content have led to new 'walls' emerging across the media industry.

When publishers initially began implementing paywalls, making some or all of their content available only by subscription, they were met with the chagrin of the online readers who were accustomed to free access.



(Sources: World Press Trends, PwC Global Entertainment & Media Outlook, World Press Trends, Ipsos, Comscore, NAA, MPP Global, Digiday)

Now, consumers are more willing to pay for online content and publishers can embrace the opportunity to monetise their digital content.

3.0 Establishing Project Prerequisites

Once you have decided to implement a paywall, there are a number of factors which need to be considered. At the beginning of the project, there needs to be some analysis of the business requirements, the customers and the content on offer. Deciding which content to offer for sale requires an understanding of the customer behaviour, their demands and buying habits. By looking closely at buying preferences, the types of content purchased, the price they are happy to pay and even looking at potential objections and drop off points on a customer journey, all helps publishers to build a picture of the ideal commercial offering. It is worthwhile bearing in mind that paywalls can work alongside other revenue streams, such as print and online advertising. Therefore, business decisions should be made where one model is not utilised at the expense of the other before a project begins, rather working alongside and in partnership with other models.

Crucially, understanding the value of the content and the perception of the content is vital to making a decision about price and what consumers will be willing to pay for, which again should be factored into a project prior to implementation. There also needs to be an understanding of both current and future customers, taking into consideration the need to be able to easily adapt to the changing customer demands. The implementation of a paywall and the potential to centralise entitlements and offer content delivery across multiple channels, including smartphones, tablets and apps, means the potential to diversify a company's core readership is high. With more consumers accessing digital content across mobile devices, publishers can target audiences with services which meet the changing habits. Bearing tomorrow's readers in mind is also important from the outset, not least as habit forming begins early.

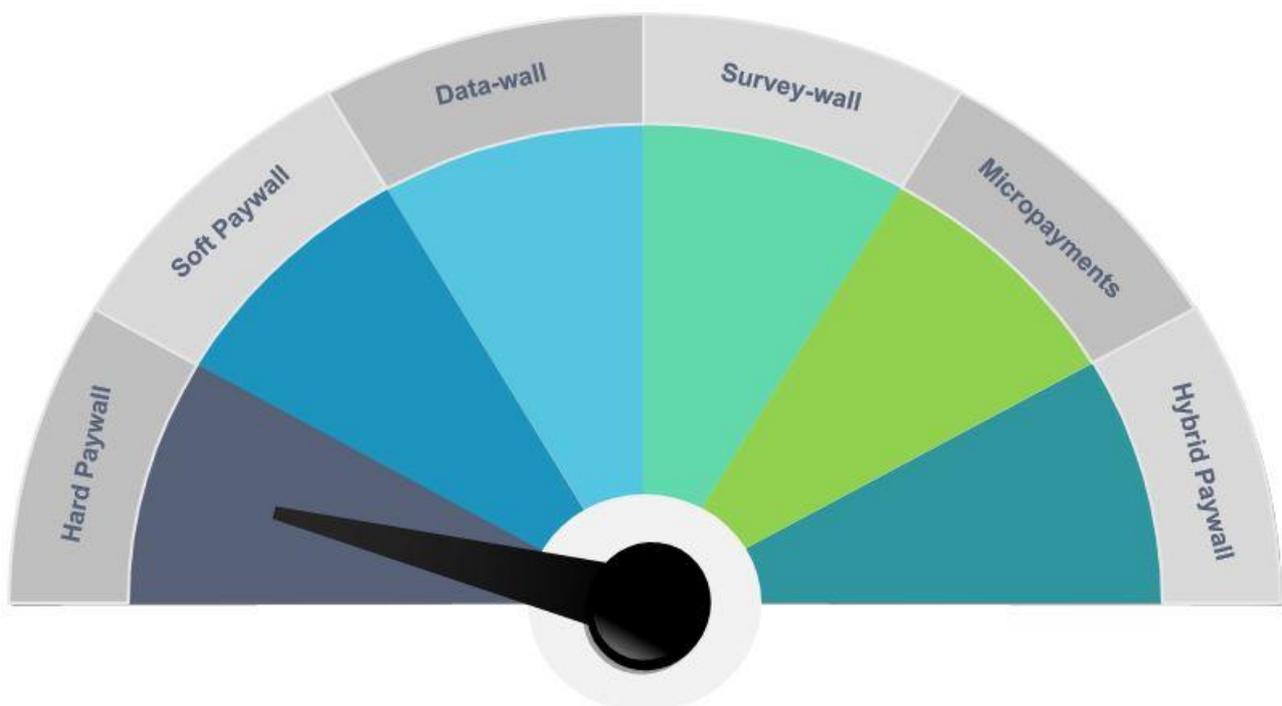
Another key consideration is whether the new service is expanding and leveraging existing services or is a stand-alone service. If the digital offering is expanding on a print service, then managing the transition needs to be factored in. Offering a centralised entitlement so content is consistent across services is critical, as is ensuring subscribers receive streamlined services. Furthermore, encouraging print subscribers to engage with digital services should play a fundamental part of a strategy, especially with more consumers accessing content on a range of devices. Offering informed bundling options and incentives, such as trial periods, free periods or initial discounts on subscriptions, at the outset can truly help to manage the transition and the potential fall-out from consumers moving to pay-for-access digital content.

4.0 Typical Projects & How They Are Delivered

After you have set your business objectives, content and customers understood and a decision made to monetise digital content with a paywall, you need to select what type of wall is going to work for your business, how it is going to be metered and what rules need to be set in place.

You can select a number of different types of paywall and meters depending on your project objectives. Crucially, the paywall needs to meet the needs of your business and how you want to reach customers. There is no longer the simple divide between a 'hard' or a 'soft' paywall, new models have emerged and more publishers are adopting these.

- Hard paywall
- Soft paywall
- 'Freemium' paywall
- Data wall
- Survey wall
- Share wall
- Hybrid model



(Source: MPP Global)

4.1.1 Hard Paywall

Hard paywalls are a complete lock-down on content where no site access is permitted without a consumer signing up and entering payment details. This is generally utilised by companies who are very confident in their market position and understand that their content has an inherent market value which consumers are happy to pay for. Whilst a hard paywall does offer a strong revenue delivery model, a business does need to be very sure that this level of access restriction will not deter potential readers from accessing their site.



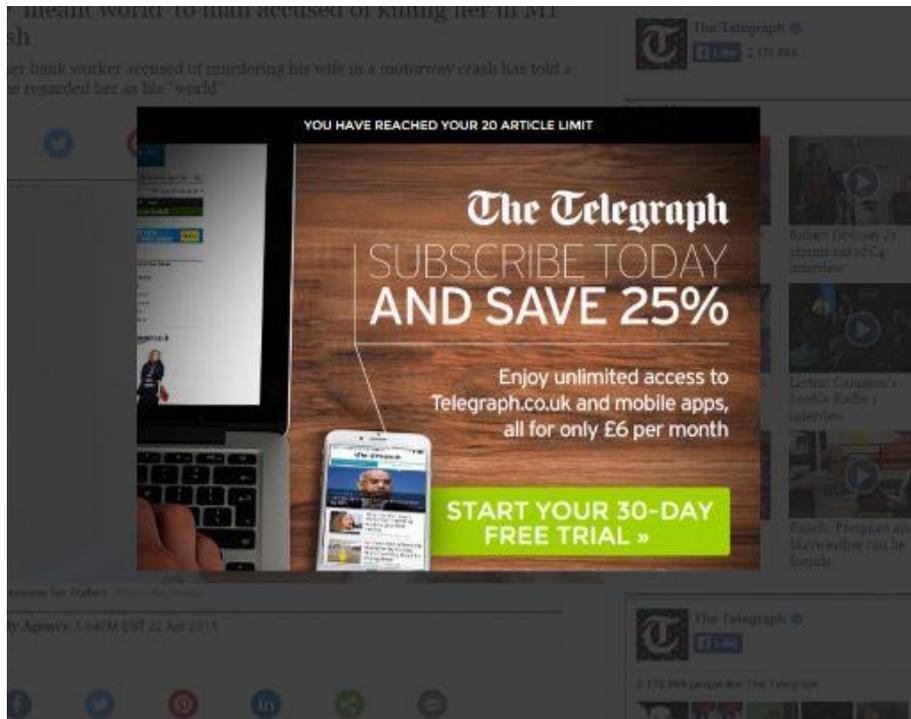
(Source: The Times)

Media companies which have benefitted from hard paywalls include The Times in the UK, whose digital subscribers have increased year on year since the paywall was launched in 2010 to reach 152,000 at the end of 2014.

4.1.2 Metered or Soft Paywall

Soft paywalls on the other hand are generally based on a metered model, whereby a consumer is able to access a fixed amount of content before being prompted to pay. The publisher can define rules and policies as to how access is granted to consumers before the consumer is required to enter payment details. These can include per page, a set amount of time, IP address, by device, or according to browser. Restricting access with a meter is the most common type of paywall integration and works well because it allows for both casual readers to access limited content without any barriers to do so, whilst also driving revenues for more regular customers who are happy to pay for continued access. A metered paywall has become popular around the

world with The Telegraph in the UK, the New York Times and the New Yorker in the US and recently Winnipeg Free Press in Canada all adopting this business model.



(Source: The Telegraph)

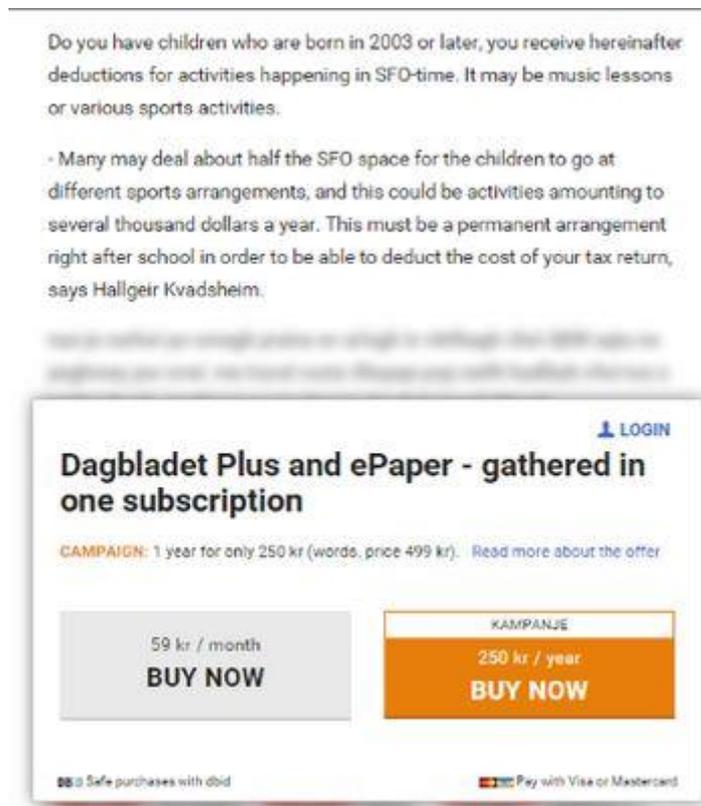
Using metering functionality, companies are able to identify the different users coming to their site, including:

- The anonymous user – an infrequent consumer who views minimal pages on the site and currently unlikely to pay for content, unless incentivised.
- The on-the-go user – a consumer who accesses the site only via a mobile and often at set times, e.g. the morning commute, who could help generate revenue with time-based metering.
- The occasional user – a consumer who only visits the site from time to time, with no fixed visiting periods and may be willing to pay for content if the user experience is tailored to their interests.
- The multi-device user – frequently visits the site across different devices, they are loyal to the content and willing to adopt new services, who could be targeted with device bundle subscriptions.
- The loyal-paying user – a customer who is already paying for the service and could be targeted with promotions, bonuses or personalised experiences.
- The trialling user – is reluctant to pay and only comes to the site occasionally, who could be incentivised to purchase unbundled content which is tailored to them and is deemed as valuable.

With a metered paywall, publishers are able to avoid the common misconception that paywalls lead to a drop in advertising revenues. Adverts can work alongside the meter, with the pages prior to reaching the meter unchanged and working as a free model with adverts in place and the advertising revenue unaffected.

4.1.3 Freemium Paywall

‘Freemium’ or combination paywalls are a logical option for publishers who have easily determined levels of content on offer. This is where a website is divided into sections where users are able to access a range of content areas for free, but premium services and areas are walled off and require payment to access.



(Source: Dagbladet)

In Norway, the country’s second largest tabloid newspaper Dagbladet hosts a freemium paywall and hosts an online readership of nearly 800,000 per day.

4.1.4 Data Wall

Data walls rather than requiring payment to access content, ask for information from the customer. Publishers can collate this data to understand their customers better and tailor market campaigns to drive customer engagement, offer a personalised experience, while potentially driving revenue and subscription numbers. Organisations can also use this consumer information to generate revenue through third-party advertisers. Canada’s Winnipeg Free Press has adopted

a data wall which after its online readers have read the initial free pages prompts them to create a consumer profile, after which they can continue to consume a set number of free articles.

4.1.5 Survey Wall

Similar to data walls, survey walls provide content owners with an insight into their digital consumers. Asking the consumer questions, sometimes provided by third-party advertisers, the publisher has information which can be used to target readers with specific campaigns and offers based on the feedback. By targeting these consumers with offers that the company knows will interest them, they are increasing the likelihood of the consumer paying for digital content in the future. YouTube, for example, while often showing adverts before a video starts, also use survey walls to ask users a simple question after which the video will begin as normal.

4.1.6 Share Wall

Another model which removes the necessity of the consumer paying is the share wall. With the vast majority of people using social media at some point, publishers can use this to their advantage. A sharewall enables a consumer to view the content or a customer acquires credits to spend on articles or videos, based on them sharing certain content across social media. This model incentivises the customer to engage and share freely, whilst enabling the organisation to reach an all-new audience.

4.2 Hybrid Model

A hybrid model enables media companies to combine different methods together. This enables the organisation to set rules around different areas of their website and reach a great variety of audiences as opposed to only consumers who access paid content or only consumers who view free content. For example, a freemium model with metering on the premium content could have rules set which provide a customer with two free premium articles per month, if they are paying for five pieces a week.

These types of paywalls offer the functionality to deliver a range of services and their requirements, while helping to increase dwell time on the site, grow conversions from consumers to paying customers and ultimately monetising your digital content. With the information available from the consumer profiles, publishers can use the data to better target their consumers and convert them to registered users or paying subscribers with personalised offers and services which they know will interest them. Offering one-off content and events is also something which is increasingly popular, as is incentivised subscription-access where users are encouraged to build a level of brand loyalty through an incentivised introduction period.

4.3 That's All Great, But Which Paywall is Right for Me?

So you now understand the types of paywalls available. How do you decide whether the paywall should be hard, soft or a hybrid of both?

There is not one straight-forward answer, or a paywall type that fits all.

As previously stated, the company needs to embark on industry research to understand both the market requirements and what your consumers will be willing to pay for. A vast majority of the decision falls on your audience and business requirements. The paywall model you adopt needs to accommodate your audience, meet their expectations, as well as ensure the company itself benefits from a developed revenue stream.

Some publishers may benefit from a hard paywall, while others are able to grow their digital audience by offering a limited amount of free access before payment is required.

There is a great deal of flexibility on offer through paywall implementation and publishers need technologies which are easily adjustable for future market conditions or diversification with minimal costs. Working with an industry specialist does help to ensure these considerations are met and productised.

5.0 Technology & Department Considerations

Having established your project prerequisites and understood how your business objectives can be delivered, it is crucial to understand your current systems and what technology you are likely to require.

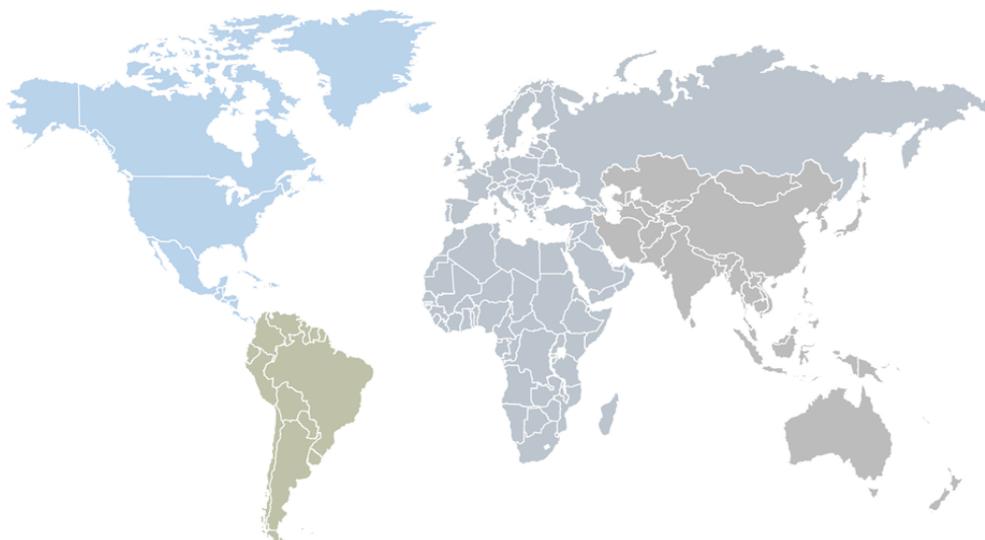
Most major publishers are likely to have a web presence already in place, but how that is served up and stored could play a part in your system requirements and considerations. There needs to be a consideration at this stage about any and all of the following systems:

- Are your existing platforms, such as CMS, email, CRM, ERP easy to integrate with?
- Does your organisation use a CRM like Salesforce, or do you need to outsource one?
- How much technical resource do you have available to set up and manage the paywall?
- How are web pages served up? CDN, IIS, Apache?
- Do you have the BI and analytical platforms to collate, normalise and visualise the data collected?

There are other considerations which need to be factored when implementing a paywall.

5.1 Geography & Languages

Geography should also play an important factor. With different languages, locations, IP addresses and currencies being utilised, a system which can handle these differences is vitally important for a global content provider. Being able to manage different access costs, access points, offers and incentives in different global regions, determined by marketing strategies, through a centralised system, ensures the publisher is able to keep in touch with their global customers.



If you are to offer content across borders, managing the various tax rates which customers will encounter, both in purchase costing and in back-office reporting, can be a very time consuming undertaking. Having a system which enables tax calculation to happen automatically can make a big difference in the operation of a system, while providing customers with a service which meets their needs.

5.2 Organisational Impact & Timescales

There needs to be a critical consideration into the organisational impact. How effectively will the reporting function perform both from a marketing and financial viewpoint? Is a system easy to understand, products easy to manage and offers, incentives and pricing easy to optimise for your customers? An effective system needs to work across an organisation, be easy to manage and provide evidence based management information. Existing processes don't always work with a new implementation and therefore this too needs to be considered and mapped out to be as effectual as possible.

Delivering a project such as this requires buy in from various stakeholders within your business, from the IT department to Marketing, Sales and most importantly the Executives. Forming a project team ensures all departments are involved in the project and their considerations are matched from the outset, ensuring the project delivery is as smooth as possible.

It is vital to set timescales, while bearing in mind that from experience, most out-of-the-box paywall systems can be delivered in less than 6 months. However, time scales can be impacted if new requirements, which are not scoped out beforehand, come to light as the project is underway. This illustrates how crucial it can be to form a multi-departmental project team at the outset to ensure all requirements are identified as much as possible from the start.

5.3 Technology Considerations

While the business itself might be ready for the paywall to be implemented, the key consideration has to be what technology will be required and whether your current systems are able to support the implementation.

5.3.1 Failure Planning

A key factor to consider is failure planning. In the unlikely event the paywall goes down, there needs to be clarification as to whether you want to have the paywall "fail open" so there are no restrictions on access or "fail closed" so all access is restricted. The ability to manually open and close a paywall is also important, particularly in a news environment where national emergencies require limits to be lifted and the ease of that control should be an important factor to consider.

5.3.2 Defining Rules & Policies

There also needs to be metering functionality to lock down pages in the journey, particularly in a soft paywall or a combination paywall, selecting which pages are locked and managing where a paywall comes in is crucial. Defining rules and policies with a meter, enables publishers to lock down content based on customer needs, patterns, time, device, IP range, geo location and metadata which are determined by the business themselves.

5.3.3 CRM Systems

When a customer comes to purchase the content, their personal data and vulnerable payment details have to be stored somewhere. This data can be added to the existing CRM systems in place, such as Salesforce and Microsoft Dynamics, or alternatively this information can be stored in with the meter provider after reviewing their systems, data protection and delivery model.

5.3.4 System Configuration

Understanding how your systems are currently configured plays a major part in how you implement a seamless paywall. Working closely with your integrator ensures that they bring their experience and are able to provide advice in the best ways of working with your current systems to implement the most suitable setup for your paywall requirements.

5.3.5 Centralised Systems

With a centralised payment system in place, working in collaboration with the paywall functionality, you can understand and manage the customer's entire journey from initial identification to registration to selection of content to purchase and finally on to content delivery. With a clear view of the customer journey, you have the information to reduce the potential drop-off points and obstacles which restrict purchasing content therefore maximising revenue growth.

Furthermore, combining and centralising existing and new customers can be problematic, not least where legacy systems are in place. With print and linear subscribers, iTunes and Android app users and online subscribers all sitting separately, the ability to up-sell and cross-sell products can be difficult. Centralising these customers into a single system and offering multi-channel entitlements where a customer pays once to access all different channels of content, provides the customers with an improved user experience and provides the publisher with improved infrastructure efficiencies and therefore a significantly lower operating cost. Encouraging users to move from iTunes for example, where a user's data isn't shared, to purchasing direct means that a publisher has access to more customer data, helping to grow the customer profile and manage that brand-user relationship.

5.3.6 Cloud Functionality

As digital technologies continue to evolve, publishers need to ensure their services are able to accommodate the changing demands. Cloud technology enables organisations to streamline workflows, modernise business models, gain competitive advantage, minimises capital expenditure, reduces operational costs and lighten the load on an organisation's need for technical and software development expertise. Companies can also use cloud functionality to quickly adapt to changes in the market and provides the ability to extend across other services.

5.3.7 Testing

Prior to launching the paywall live on the site, it is beneficial to run several test cases, such as between free and fee, content positioning and usability, to make sure the site is working how you want it. This can ensure that the service is user friendly and that consumers are able to sift through and digest the content easily.

Ultimately, to make implementing a paywall a technical and commercial success, your company needs to understand your customers, your content, what systems are in place and what systems you require to make the process work for your organisation.

6.0 Payment Models & Methods

For publishers adopting a wall which requires payment, it is essential that they choose a model which not only offers them a successful revenue stream but meets their customer demands. The payment model the organisation adopts needs to be focused on their customers and how they are willing to pay.

If your customers are global, there needs to be a range of payment methods on offer, such as PayPal, direct debit, credit or debit card, off-line payments, mobile payments, bank transfer and SEPA. By offering a choice between how they pay for content, your customers are provided a personalised service which enables them to pay how they prefer.



Offering consumers the ability to purchase subscriptions is essential in the digital content market, as it traditionally forms the basis of a repeat customer coming back to view paid content. In order to provide customers with a personalised and seamless service, publishers can offer access to eWallets, which enables the customer to purchase future content with one-click payments.

Along with the different walls that have emerged, there has also been the emergence of new payment models. These offer companies the opportunity to target larger and wider audiences, helping to increase revenue and grow their customer base, outside of subscriptions.

6.1 Micropayments

Micropayments are an iTunes style approach which enables consumers to sign up for access to content, paying on an article-by-article basis as opposed to subscribing. The Winnipeg Free Press is one newspaper who is offering its readers the option between a full digital subscription and paying for content on a per article basis.

6.2 Post-pay

With a post-pay model, once a reader has reached the limit of free articles allowed on a site and created a payment account, everything they read is metered against their account. After a certain amount of time, or once they have reached a defined number of articles, their account is charged and the payment taken for the amount they have consumed. Working as a hybrid between micropayments and subscriptions, this payment model enables the customer to have a better level of control over how much they consume and therefore how much they have to pay for. The

publisher on the other hand, benefits from an economical way of processing low value transactions, with the trips to the bank minimised and banking and PSP fees heavily reduced. The business would also benefit from a consistent source of monthly recurring subscription revenue combined with on-demand or pay-per-view revenue streams.

With the information available from the particular wall in place, and understanding the buying behaviour within the customer profile, publishers can devise offers and incentives which enables them to tie their marketing strategies with their paid content strategies. The data available from the wall and customer profile can reveal the customer's preferences, buying habits and what content they are willing to pay for. Utilising this, a company's marketing team can devise customised product bundles, incentives and offers which they know will either attract new customers to the services, or encourage current consumers to start paying or continue paying for future content, while building customer loyalty.

7.0 In Summary

With new trends constantly emerging, the platform needs to be functional and flexible enough to adapt to the changing demands of the market and consumers. The success of your paywall falls predominantly on the customers and providing a service which they are either willing to enter their details or pay to access digital content. Focusing on a customer-centric approach ensures that your business is constantly meeting the demands of your customers, while ensuring you have a continuous revenue stream. As consumers have not completely abandoned print, it is essential that these two streams work together and complement one another.

It is also vital, that your company bears in mind the resources available to manage the project both in the planning process and once it is live. You need to take into consideration your business needs, the goals of the business and the end result of implementing the paywall, to plan appropriately how the resources will be utilised effectively and efficiently. Ultimately, with a well-managed implementation, paywall and metering technology can truly help to maximise potential revenues and ensure the long term future of the digital publishing industry.

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