

# MPP Global Solutions

**Will Your Digital Strategy  
Stand the Test of Time?**

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## Will Your Digital Strategy Stand the Test of Time?

The way consumers access news and other content has changed massively over the last few years - with sales of traditional print-based media on a downward trajectory.

This has happened thanks to the internet, with people now accessing websites to gain knowledge on current affairs rather than purchasing a newspaper or magazine. Indeed, 55 percent of those under the age of 45 access news online, which opens up a big opportunity.

Publishers need a digital strategy and must have an online offering to complement their print adaptations. However, monetising internet-based content is not easy and consumers have been able to access content free of charge for a while now.

However, people are now becoming more open to the idea of paying for their content, provided the quality is there.

Twice as many individuals are willing to pay for their news content online in 2013 than they were in the previous year, according to research by Oxford University's Reuters Institute Study of Journalism. It highlighted how 49 per cent of 18 to 24 year olds now read a digital newspaper, while those aged between 25 and 34 are the most willing to pay money for it.<sup>1</sup>

An in depth customer relationship management (CRM) system and a reliable and secure online payment solution is required in order to successfully create a digital strategy that is beneficial to the brand, the readership and revenue streams.

### The Current State of the Industry

The publishing industry is going through one of the biggest transitions in its history. Just as the printing press brought literature and news to the masses, the internet has revolutionised the way people access information and entertainment.

Publishers have been exploring ways to monetise their digital content. Some have chosen to use advertisements alone, but some of the biggest players have found a paywall is required to maximise revenue and quality. Choosing to integrate a paywall is only the first step a company makes and many businesses are currently experimenting with different models to find one that suits them best.

Paywalls are definitely not a passing trend and are here to stay. They are an integral part of any publisher's strategy as online newspaper readership grows annually and decision makers need to make sure they get one setup that will stand the test of time. A short term solution will not cut it.

### What are the Current Trends in the Market?

When the internet first started publishing content, most readers were using desktop PCs. This subsequently changed to laptops and has now gone one step further thanks to greater connectability.

The connected consumer is now accessing content on their tablets and smartphones, not just at home, but at work, on the train, on holiday and in nearly every other location imaginable. So long as there is an internet connection a consumer can be connected with content and with 4G rolling out across the world, there will be even more places for people to access content.

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<sup>1</sup> Digital News Report, University of Oxford Reuters Institute for the Study of Journalism, June 20th 2013 <<http://www.digitalnewsreport.org/>>

Print media is waning, while digital consumption is on the up. Gannett, the largest US newspaper chain and publisher of USA Today, reported a four percent decline in third-quarter revenue this year as a physical sales declined resulting in low advertising revenues.<sup>2</sup>

Advertisers are shifting their budgets to digital and publishers are following. Firms need to adapt and create a presence in both print and online in order to maintain revenue and offer a service to the modern day consumer.

Meanwhile, consumers are interacting with a multitude of devices. For example, they may read a few articles on the train, then open up the desktop browser version on their laptop computer when they get home. Consumers expect their account to be accessible on all of these platforms and do not want to be hassled with constant sign ins.

With a thoroughly integrated online payment and CRM account solution, firms can create a database of customers that indicates their subscriptions and what they may be interested in. Using an MPP system, consumers can seamlessly jump across devices accessing the same content on their one account and with social sign-on the connection can be made even easier, with people using their current social media accounts to log in.

Even digital publishing aimed towards children is becoming more prominent as recent figures have shown. Youngsters may be using smartphones a little less, but this is only because they are picking up tablets instead - according to Ofcom - highlighting how important it is for childrens' publishers to make the switch to digital in order to create engaging and interactive content using tablets devices. Some 26 per cent of children between the ages of 12 and 15 own a tablet, up from just seven per cent in 2012.<sup>3</sup>

Capturing this customer data allows companies to create tailored bundles, delivering the right content at the right time on the right platform.

## What's Next for the Industry?

Online media has already surpassed newspaper sales and the gap is only going to get wider as time goes on. Tablet sales are increasing and worldwide shipments of the devices are expected to grow by 53.4 percent this year, reaching 184 million units.<sup>4</sup> This could result in print media taking a bigger hit as it will no longer be required during activities like commutes to work.

## Type of Paywall – Hard Gated vs. Metered Access

Publishers considering a paywall have two main options - a hard gated system and a metered access solution.

A hard gated method is designed to hide all content behind a paywall, effectively forcing people to subscribe immediately if they wish to see the articles or other multimedia content. However, traffic witnesses a large reduction as people become less engaged, while new customers cannot see what they are actually getting for their money.

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<sup>2</sup> Gannett Co., Inc. Reports Non-GAAP Earnings per Diluted Share of \$0.43, Earnings per Diluted Share of \$0.34 on GAAP basis, Gannett, October 21st 2013  
<<http://www.gannett.com/assets/pdf/5Z2139471021.PDF>>

<sup>3</sup> Younger children turn from phones to tablets, Ofcom, October 3rd 2013  
<<http://media.ofcom.org.uk/2013/10/03/younger-children-turn-from-phones-to-tablets/>>

<sup>4</sup> Gartner Says Worldwide PC, Tablet and Mobile Phone Shipments to Grow 4.5 Percent in 2013 as Lower-Priced Devices Drive Growth, Gartner Inc, October 21st 2013  
<<http://www.gartner.com/newsroom/id/2610015>>

Metered access on the other hand allows a threshold of articles to be viewed before the paywall blocks off the content. It shows readers what they can get for their subscription fee and after the set amount of articles have been accessed the paywall shows the consumer the range of subscription options available to them.

This is a much better solution as it keeps readership numbers at a maintained level. It has been implemented effectively by The Telegraph in the UK, which allows people to read ten articles a month before asking for a subscription.

However, not all metered access systems offer the same level of service and 68 percent of publishers surveyed by MPP are concerned about the effectiveness of their paywall.<sup>5</sup>

Consumers are becoming more savvy with technology. For example, many can simply go incognito using browsers like Google Chrome to effectively nullify their browsing history, while many are turning off cookies altogether using Apple's Safari. Cookie-based technology on its own is not going to cut it any longer as it does not give any need for a consumer to subscribe and it also means data on the user cannot be obtained for future incentives and offers.

Metered access needs to work across all platforms - tablets, smartphones and PCs - and browsers in order to be effective, otherwise consumers can simply avoid it and access as much content as they want to. Choosing a paywall provider that dismisses these vital factors will result in a loss of revenue.

## What Should You Look for in a Paywall Model?

Getting the implementation right at the start is crucial and there are various models available to publishers.

Revenue sharing is the most common but its effectiveness can be hindered in the long term if the wrong decision is made at the start.

Some offerings provide low start-up costs and then take a set percentage each month. However, these short term solutions are not going to cut it in the current market. Publishers need to have a long term service in place as the industry continues to push forwards in the digital arena.

Organisations offering low-cost start up fees generally come with percentage-based monthly fees that see a slice of the business' income move to the provider. This seems like a fair deal considering the low installation fee, however, in the long run, as the business grows so too does the amount of money taken away in monthly fees. The provider is not offering any more service but is taking more and more money, lowering the overall value of the paywall.

What publishers need is a long term model that may come with higher start up fees but has smaller set monthly costs that do not simply take a percentage-based chunk from your profits.

MPP Global Solutions offers a fixed-rate platform, with a flat rate for the integration and a small monthly fee. Over time the solution becomes cheaper as the business grows meaning a lot more value for money is achieved. Digital publishing is here to stay so a long term CRM and paywall solution is crucial to success.

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<sup>5</sup> MPP Global Survey Finds Publishers Have Concerns Over Paywalls Being Bypassed, MPP Global Solutions, October 11th 2013 <<http://www.mppglobal.com/ecommerce-payment-gateways-news/mpp-global-survey-finds-publishers-have-concerns-over-paywalls-being-bypassed.aspx>>

## One Size Does not Fit All

Not all organisations are the same and naturally many will have different strategies in place when it comes to digital publishing. For example, some publishers have gone completely digital, while others have moved towards a product that compliments the print versions.

There is even the option to create tailored services for devices such as tablets in the same way the Daily Mail has done with Mail Plus, producing an additional service users can subscribe to for extra, offering customers interactive content such as puzzles. The Daily Mail has had great success boosting its subscription numbers to just shy of 15,000, up from under 10,000 in April 2013.

Having a paywall provider already in place with an extensive CRM system makes this process a lot easier as you can target consumers who will be interested in the new service and easily add it to their current subscription.

A paywall solution needs to be tailored. For example, keeping the number of clicks down to a minimum will help the consumer along on their journey and payment channels all need to be consistent to the publisher's brand so consumers know where they are and do not end up feeling pushed out. With MPP the solution works in the background, while the publisher's branding is front and centre, as it should be.

## Eye on Security

One aspect of a paywall and subscription-based service that simply cannot be ignored is security.

The solution needs to be flexible, yet secure at the same time and the provider must offer the highest levels of PCI DSS compliance. Anything less than the highest standards will not be good enough in the digital publishing industry and can create severe security risks.

For example, some vendors do not have secure sockets layer (SSL) protection implemented on all web pages when collecting customer data meaning there are gaping holes in security. Every single page needs to be safe and secure or information could get breached leading to financial and reputational loss.

## Centralised CRM

Companies need to have a 360 degree view of their customers and in order to do this they must have a centralised CRM system and paid content strategy.

For example, customers are accessing content on a wide range of devices and a solution that provides data on which ones are being used, when and by whom is required to fully maximise revenue.

This centralised big data approach means everything can be viewed in one place. Reports, analytics, promotions and offers can all be viewed in one place and companies can then tailor offerings and create incentives for a specific target audience. It is important for the payment solution provider to not only know the vendor and the industry it operates in, but also the customers themselves as this will be crucial in building the revenue stream.

With everything being stored under one roof, targeting particular customers becomes more effective and this will help firms build on the average revenue per user.

## Future Proofing the Business

What works today may not work tomorrow and businesses need to ensure they are with a flexible payment provider that is capable of evolving over time. A rigid solution will not be able to adapt and competitors will soon take advantage, boosting their revenue. The provider must have a large knowledge base in order to offer the best service. Selecting one that does not keep track of the industry will fall behind and will drag the business along with it. MPP Global Solutions has a proven track record in the sector and over a decade of experience working with some of the largest publishers in the world.

Publishers continue to experiment with different types of paywall programmes, and having an online payment and CRM provider that can flexibly adjust to changes is absolutely vital. Short term solutions will not be able to offer this level of flexibility.

## Summary

Long term paywall solutions are imperative for publishing organisations moving into the digital age to maximise their revenue. Choosing a provider that offers the best value alongside a centralised CRM system is essential and will be one of the most important decisions that will be made. There are many pitfalls for companies to fall into, including seemingly low price offerings that take a percentage-based slice of the business each month so it important to weigh up the true value of all options before making a decision.

One size does not fit all and customisation is required to be part of the solution. No two companies are the same and each paywall needs to be built from the ground up with the user's needs taken into account.

## To continue the debate



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