

To “Wall” or Not to “Wall”: A Qualitative Analysis of How Online News Content Monetization

Influence Generation Z’s News Consumption Behaviors

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Introduction

The implementation of paywall, as a viable business model, has become a popular monetization strategy for websites, especially for online news media. A paywall refers to any “digital mechanism that separates free content from paid content on a website” (as cited in Chiou & Tucker, 2013). It is the digitalization that forces news media organizations to solve how to manage access to and the pricing of their content (Chiou & Tucker, 2013). During the last decade, with the trend led by several large players in the media industry, including News Corp. and The New York Times, a growing number of news media companies have moved behind the paywall where readers need to purchase for accessing content online that used to be free (Chiou & Tucker, 2013; Kumar, 2013; Kvalheim, 2013). According to the American Press Institute, in 2016, 78% of U.S. newspapers with circulations over 50,000 are using a digital subscription model (Williams, 2016). Meanwhile, the freemium model has typically reduced the number of free articles from 20 to 5 and even fewer since 2011 among most news providers (Williams, 2016).

In the radically changing news environment, the young adult audience, often known as “the internet generation,” have increasingly gravitated toward online sources of news and information, raising questions about the nature of news and values behind the news consumption (Antunovic, Parsons, & Cooke, 2018). Their attitudes, opinions, and news consumption patterns become essential to the development of news-reading experience and profitable opportunities for publishers in the future. News media companies’ strategies in the digital age, therefore, depend critically on “whether social media substitutes for or drives online news consumption” (Aral & Zhao, 2019). My research question focus on what characterizes the news consumption behaviors for Generation Z in the current news media environment where the paywall prevails.

Literature Review

When the internet significantly changed the revenue model for news organizations, most newspapers decided to provide free websites as they first went online in the 1990s (Stephens, 2014). However, with the decline of both print subscription and advertisement revenues, those newspapers have struggled to find paying customers online (Stephen, 2014). Digital distribution, in particular, has radically changed consumers' engagement manners in unpaid and paid media consumption (Chyi, 2013; Kristensen & Solvoll, 2019). Social networks have also extended the *free culture* and such a compelling trend has enabled the distribution of free information to a greater extent (Cingel, Lauricella, Wartella, & Conway, 2014; Jansson & Lindell, 2015).

Regarding the effect of paywalls on newspaper readership, while more news websites have adopted a subscription model as their paywall strategy, readers' willingness to pay is low (Chyi & Tenenboim, 2017; Stephen, 2014). Some studies employed the experimental variation from a media publisher's field test of paywalls to examine readers' demand for online news across various local media markets, it turned out “a 51% drop in visits after the introduction of a paywall and a far larger drop for young readers” (Chiou & Tucker, 2013). Furthermore, Generation Z relies heavily on Facebook as a distribution channel for news (Kristensen & Solvoll, 2019). In the face of paywalls, most readers decided not to pay and eventually did not because they became more likely to devalue the newspaper, visited news websites less frequently, and used loopholes (Cook & Attari, 2012). Customers' reactions are characterized by a stronger sentiment of “betrayal, anger, and lower purchase intentions compared to a conventional price increase” (Cziehso, 2018). On the other hand, these negative consequences can be mitigated by “providing a reason for the switch in forms of a justification or by adding some extra value while introducing the new price” (Cziehsi, 2018).

As the prevalence of social media and word of mouth (WOM) has offered free access to rich information, some research suggests that some people across all age groups, including younger media users, are willing to pay for quality content and online services that they find “valuable and useful” (Oh, Animesh, & Pinsonneault, 2013; Cornia, Sehl, Simon, & Nielsen, 2017). This indicates a strong incentive for news organizations to produce the highest quality journalism (Benson, 2019). Additionally, paywalls with a positive spillover effect attracted more readers back to the print subscription (Pattabhiramaiah, Sriram, & Manchanda, 2019). College students, in particular, are prone to internet news consumption, and evidence shows that younger males and heavy social media users were more willing to make a payment, particularly for a subscription that offered additional incentives including a reward program and bundled subscription with other online services such as Hulu+, Spotify or Pandora (Stephen, 2014). Results show that only personalization features that allow users to “constantly adapt the content to their needs” yield a significance increase in purchase intention (Wessel & Thies, 2015). The “expectation of exclusive quality” and “web distinctive content” are the two main reasons behind willingness to pay for online journalistic content (Himma-Kadakas & Kōuts, 2015).

Previous studies have shown that age plays a significant part when utilizing different technologies in the current media environment and that there is a generational difference between young and older users (Kim, H., Song, & Kim Y., 2019; Kristensen & Solvoll, 2019). However, some of them only focus on the traditional printed media, books, and local newspapers, or only focus certain type of newspapers such as financial newspapers, which becomes inadequate to outline the news consumption patterns in the age of social media for most younger readers (Kristensen & Solvoll, 2019; Myllylahti, 2017). Some examines newspapers’ content policy and the effects of paywalls on pageviews and focuses on exploring the news

business model within paywalls to increase young adults’ intention to pay a fee for online content (Carson & Muller, 2017; Myllylahti, 2014; Papadopoulos, 2019). Other studies start with a deductive reasoning and draw upon literature in the areas of news consumption, media habits and generational change among younger audiences based on the identified theoretical frameworks, for example, the three-stage process of consumption: routine surveillance, incidental consumption, and directed consumption to describe their news consumption patterns, but does not include how younger generation define news or take the influence of paywall into specific consideration (Antunovic, Parsons, & Cooke, 2018).

Methodology

In exploring the news consumption behaviors among Generation Z, this study includes surveys, multiple focus groups, and diary methods to collect data from college students in the United States for qualitative analysis. The American Psychological Association describes Generation Z as people born since 1997 (American Psychological Association, 2018). There are two groups of samples in this study following different research methods to achieve diversity in participants and representation.

The selection of participants for the survey, multiple focus groups, and diary are based on generational homogeneity but vary in age from 18 to 22 years old from a large state university in the United States. The first-stage recruitment of participants purposely focuses on students from social science majors who have some presumed high level of news engagement. The proportion of social science majors in the first-stage selection is 80%, while the non-social science majors is 20%. Additionally, the national surveys with a large sample size exceeding 1,000 participants prove a high degree of representativeness in highlighting generalizable trends (Kim, Chen, & Gil, 2013; Lee, 2013; Tewksbury, Weaver, & Maddex, 2001). Therefore, the sample size of the

survey for this study is 1,200, and it is chosen by using stratified sampling to generate statistical features of full-time college students based on their majors within the assigned age group, in which the systematic sampling is applied under each stratum. The purpose of the survey is to evaluate news consumption behaviors by examining user profiles. Both domestic and international students are included in this sample. However, first-year international students are not involved in the sampling because of their salient transition to the news environment in the United States. The specific formulations of systematic and stratified samplings are generally subject to the population of the chosen state university in the United States. This survey will be built on Survey Monkey, and the survey link will be sent out through students' emails with their school official announcement of this study. The survey is completely voluntary. All students' school email addresses will be retrieved from the school information system and strictly subject to their transparency and privacy policies. (See Figure 1.)

In the same vein, multiple focus groups and diary studies share the same sample size of 30 participants, which is generated from the survey sample by using the cluster sampling method. Accordingly, this sample will be divided into five focus groups with six students each. Interviews and discussion from focus groups will provide a detailed account of the structures, motivations, and patterns in their news consumption. Focus groups do not intend to offer generalizable data; rather they “generate discussion, and so reveal the meanings surrounding an issue – both the meanings that people read into the discussion topic and how they negotiate those meanings” (Lunt & Livingstone, 1996). Focus group interviews have previously been used to explore attitudes toward newspapers among this age group (Zerba, 2011). To contextualize the focus group findings, a pre-interview questionnaire is required to help build participants' profiles. The center of focus groups lies in the open-ended questions, such as “Have you heard

about paywall, and how do you think of it?”, “How would you describe your routine of reading news?” “What is your definition of news?” Additionally, conducting multiple focus group interviews helped account for the potential of group polarization (Southwell, Blake, & Torres, 2005). All focus groups’ study will be completed within a week, and the whole discussion for all sessions will be recorded into audio documents. (See Figure 2.)

Diary study group, including all 30 participants, will be required to follow the instruction to keep journals of their daily news consumption behaviors for one given week. (See Figure 3.)

Hypotheses

H1: When more newspaper websites adopt various paywall strategies, more students will choose social media as their initial news sources, and accordingly, they will spend more time on social media reading different types of news and become more dependent on news from social media.

H2: Most students will not pay to get access to paid news on newspaper websites, but they are more likely to purchase subscription on news applications, such as Apple News service.

Pilot Study

On the morning of October 2, 2019, I had a 10-minute focus group interview with four first-year American college students at Pennsylvania State Harrisburg at the Spiritual Center on campus. Major findings include but not limited to:

- All of them heard about the paywall but cannot articulate a general definition of this term.
- None of them paid for news content before and does not plan to do so in the future.
- They all agree social media will be the dominant platform for news consumption in the future because both news and social media are biased, and they prefer social media.
- Two participants have regular routines of reading newspaper, either online or printed newspaper; while others rarely read any newspaper.

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Figure 1

The Survey of How Paywalls Influence Generation Z's News Consumption in the U.S.

1. How do you describe your gender identity?
 Male; Female; Other (please specify);
2. Have you heard about “paywall”? Yes; No
3. Which is the major source for your news consumption?
 Newspaper websites; Social media; I don't read news.; Other (please specify);
4. Which social medium is your major news provider?
 Facebook; Instagram; Twitter; Other (please specify);
5. How often do you intentionally read news?
 Daily; More than half of a week; Once a week; Rarely;
6. Which can best describe your news taste?
 Political; Non-political
7. Do you think social media is a reliable source as the news provider?
 Yes; No;
8. Are you currently a subscriber of any newspaper online?
 Yes; No;
9. How do you think paid news media?
 Reasonable; Nonsense; Never mind;
10. Have you ever considered paying for news and highly possible to pay for it in the future?
 Yes; No;
11. What is your definition of "NEWS"? (at least 25 words)

Figure 2

Multiple Focus Group Schedule (1 HOUR)

Welcome & Introduction

- Thanks for attending this focus group interview! [Prepare some cookies and coffee.]
- Distribute name stickers.
- Check approval for taping, read out and explain ethics principals.
- Explain modes of discussion.
- Warm up by asking people to introduce themselves.

Discussion

- Have you heard about paywalls? (If not, what do you think paywall is?)
- How do you describe your routine of reading news?
- What is your top three sources of online news content?
- Do you consider social media as your major news providers?
- Describe what kind of news service would you like to pay for?

Figure 3

Diary Research Method Instruction

Please keep a daily journal of at least one news event a day for a given week, details include:

- Briefly describe your daily news event;
- Where did you first read it;
- Did you encounter paywall restrictions, and what was your initial reactions;
- Did you share the article to the social media;
- Did you make any comment to the news event(s);