To Charge or Not to Charge: A Situation Analysis of *The New York Times'* Digital Subscription Plan from the Perspective of *The Washington Post*

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Introduction

Like most major U.S. newspapers, the 160-year-old *New York Times* and the 134-year-old *Washington Post* face an adversary younger and more dangerous than any in their history. The Internet has forever changed the way people consume news, eschewing paperboys or corner newsstands to instantly deliver reams of content absolutely free. In doing so, the technology has had a profound affect on both the newspaper industry and on consumers, who now expect a surplus of information accessible through a mere button click.

Despite their prestige, *The New York Times* and *The Washington Post* are not exempt from the Internet's negative influences. In October 2010, the *Times* saw a 5.5 percent decline in print readership and the *Post* a 6.4 percent decline (Bensinger & Pulley, 2010). Both papers need only look within themselves for an explanation: each are paired with a dedicated website that provides free and unlimited access to the same content they charge for in their physical products. The *Times* showcases its wares at www.nytimes.com; the *Post* at www.washingtonpost.com. A Pew Research Center report released in March 2011 supports this notion: for the first time ever, more Americans are getting their news online than from newspapers (McGuire, 2011).

In an attempt to avoid further declines, and seeking to reconfigure its business model for this highly digital age as well as recalibrate readers' expectations of how they receive their news online, the *Times* recently put in place a paying model for unlimited access to its website. In doing so, it joined the *Wall Street Journal* as the only major U.S. newspapers to charge for full access to their online content (Lefkow, 2011).

As expected, the move was met with a range of public reaction and "is being closely monitored by other news organizations weighing similar plans" (Saba, 2011). Many newspapers will use the *Times*' foray and the nature of coverage it generates to determine whether or not to implement their own pay plan, and, if so, what to emulate or do differently. For the sake of this paper, let us assume that one of these newspapers is *The Washington Post*.

This Situation Analysis will examine the details of and media reaction to the *Times*' plan as if stakeholders within *The Washington Post* were researching the logistics of instituting their own payment plan. First, in a Problem Statement, this author will present the dilemma facing *The Washington Post.* In an Internal Factors Analysis, the make-up of *The Washington Post* will be outlined and a review of the *Times*' plan will be presented. The publics involved and the issues generated will be discussed and a recommended course of action for *The Washington Post* suggested. In an External Factors Analysis, this author will review current media coverage of the *Times*' pay plan and provide a content analysis of five separate sources of coverage on the issue.

Problem Statement

The most recent figures indicate circulation of *The Washington Post* is down 6.4 percent (Bensinger & Pulley, 2010). For the measurement period immediately preceding, circulation was down 13 percent. Such a trend threatens the long-term sustainability of the newspaper's current business model, affecting employees and the other publics it serves.

Internal Factors Analysis

About *The Washington Post*

The Washington Post, referred to by many as the *Post,* was founded in 1877 and has been owned by The Washington Post Company since it was incorporated in 1947. The Washington Post Company also owns Post-Newsweek Stations, Cable ONE, The Slate Group, *The Gazette* and Southern Maryland Newspapers, *The Herald*, and Avenue100 Media Solutions, an analytics-based performance marketing company (Washington Post Company Website).

The Company's goals are:

> To produce the best newspapers, television programs, educational services and other products we can; To run an outstanding business, measured by the increase in intrinsic shareholder value over time; To be not just a good, but an exceptional place for people to work, and a leader in the hiring and promotion of minorities and women; To be a company that provides outstanding customer service; To be creative, adaptive, flexible and intelligent enough to adapt to the changes in our business environment; and To be a respected part of the communities where we do business (Washington Post Company Website).

The Washington Post has a daily readership of more than 1.4 million within Washington, D.C.'s borders (Washington Post Ads Website), which is 30% of the city's population (Washington Post Ads Website). The *Post* also boasts national and international circulation, so thousands more read the paper's print edition on a daily basis. The paper has won 47 Pulitzer Prizes, 25 since Leonard Downie Jr. took over as Executive Editor in 1991. Downie retired from the paper in 2008.

The Washington Post retains approximately 1,200 employees across 18 news desks, nine local news bureaus, and advertising, classifieds and circulation departments (Washington Post Website).

Situation Background

Summarizing, examining and learning from the details of and reaction to the *Times*' digital pay plan are essential when considering implementing a similar plan at the *Post.*

On March 17, 2011, *The New York Times* began charging readers for unlimited access to www.nytimes.com in Canada. The goal was to "test [its] systems and fine-tune the user interface and customer experience" (Sulzberger, 2011). On March 28, this pay plan expanded to the

United States and globally. On that same date, in a letter to readers, *Times* publisher Arthur Sulzberger explained the decision:

> The introduction of digital subscriptions is an investment in our future. It will allow us to develop new sources of revenue to strengthen our ability to continue our journalistic mission as well as undertake digital innovations that will enable us to provide you with high-quality journalism on whatever device you choose (Sulzberger, 2011).

This step into the realm of charging for online news is the third such venture by the *Times,* the first coming in the 1990s when it charged overseas readers and the second in 2005 with "TimesSelect," which had charged $49.95 a year, or $7.95 a month, for online access to the work of its columnists and the *Times*' archives (Perez-Pena, 2010). Both methods were abandoned, the latter two years to the day due to low projections for growth of paid subscribers compared to the growth of online advertising (Perez-Pena, 2010).

The *Times* newest experiment takes a page from Britain's *Financial Times*, which has been charging for its online content since 2002 (Doctor, 2011), and News Corp.'s *The Times* and *The Sunday Times of London*, which started charging for access to their websites in the summer of 2010 (Pfanner, 2010). Like the *Financial Times*, the *Times* payment plan is metered, meaning that a visitor to www.nytimes.com can read a certain amount of content for free before being made to subscribe to continue reading. Fourteen months of planning "due to customer-service identification and coordination issues, tech development schedules, pricing thinking (and rethinking), and new tablet relaunch preparations" (Doctor, 2011) went into the *Times* final payment approach.

The plan details are: Home subscribers to the print edition of the *Times* and/or the *International Herald Tribune* (also owned by The New York Times Company) get full access to digital content across all platforms, no limitations, at no extra charge. Non-print subscribers can view 20 free articles every 4 weeks on www.nytimes.com before being asked to subscribe (Outing, 2011). Articles accessed via an inbound link (from a blog, social media website, search result) do not count against the 20, although the *Times* is limiting visits from the search engine Google to five per day (Saba, 2011). When using the *Times'* smartphone or tablet application, "Top News" sections are free but attempting to access anything beyond will be met with a request to pay (Outing). The first digital subscription package runs $15 every 4 weeks for full access to the website and smartphone application; the second digital subscription package runs $20 every 4 weeks for full access to the website and tablet application; and the third digital subscription package runs $35 every 4 weeks for full access to the website, the smartphone application and the tablet application (Outing).

On the Monday the plan was launched in the U.S, the *Times* declined to provide the *Associated Press* with the number of people who signed up for digital subscriptions, however its customer service line had a message advising of longer-than-usual wait times because of the high number of callers. Shares of The New York Times Company fell 6 cents to close the day at $9.22 (Associated Press Website).

Publics

The New York Times' – and any newspaper's – decision to begin charging for unlimited access to its online content has an impact on three major publics: its readers, its employees, and other major newspapers.

Readers

In New York City alone, nearly 1.7 million people read the *Times* daily, more than the combined readership of every daily paper in Philadelphia, San Francisco, Dallas and Boston, respectively (Washington Post Ads Website). This figure does not take into account newsstands that sell the *Times* and subscriptions to the paper outside New York City limits, both nationally and internationally. Thus, millions more daily readers of the *Times* print edition could logically be assumed.

In terms of the *Times* online pay plan, these print subscribers see no change in service. Therefore, while their problem recognition may be high when considering others without a subscription, their constraint recognition and level of involvement are null, so this constituency is an apathetic public in terms of this issue (Broom, 2009). Non-print subscribers who rarely, if ever, visit the paper's website are also considered an apathetic public in regards to this issue.

As a non-subscriber's online readership of the *Times* increases, however, so does their level of involvement in and problem recognition of the issue. In essence, then, the effect of the *Times'* pay model increases as the frequency of one's visits to its website increases. The more an individual relies on www.nytimes.com for his or her news, and the deeper this person drills into the *Times* content, the quicker they will be confronted with the pay model (Kurtz, 2011).

Employees

As of 2008, the *Times* had approximately 1,200 employees (New York Times Website), on par with the number of employees at the *Post*. The paper's decision to institute an online pay plan could have two opposing results. Should the plan succeed as *The Wall Street Journal's* plan appears to have – it was the only paper among the top five in the U.S. able to report an increase in circulation in 2010 due to its 449,139 online subscriptions (Bensinger & Pulley, 2010) – then *Times* columnists would benefit from increased readership and all its employees would benefit from greater job security. Alternatively, should the plan fail like the *Times* previous attempts to charge did, the exact opposite – reader backlash and layoffs – could occur. Regardless of this possibility, David Firestone, a deputy national news editor at the *Times,* supports the pay plan: "I think we should have done it years ago," Firestone said. "As painful as it will be at the beginning, we have to get rid of the notion that high-quality news comes free" (Perez-Pena, 2010).

Other Newspapers

"Most newspapers are rooting for the *Times* to succeed so they can jump on the digital subscription bandwagon" (Kurtz, 2011). Whether or not this is entirely true, other dailies, including the *Post* (Washington Business Journal Website), are indeed monitoring how the *Times* fares with its new pay plan. Dan Kennedy, a professor of journalism at Northeastern University, believes the *Times* will be successful in its endeavor, but others who emulate it will fail (Lefkow, 2011).

Issues Generated

As Cory Doctorow (2011) of the blog Boing Boing wrote, "I was going to hate [the pay plan] no matter what [*The New York Times*] did." The concept of free and unlimited access to online news content is firmly ingrained in the public psyche. Ironically, this belief was instilled by newspapers' themselves, who have been "merrily giving away" (Isaacson, 2009) their content since it was first fit to publish online. However, years ago, musicians faced free and unlimited distribution of their product via Napster and similar services and were deftly able to recalibrate consumers' expectations and begin charging for their work. Now, it is second nature to pay 99 cents for a song.

Another issue to consider is the operational logistics of implementing a pay plan. Sources estimate the costs associated with engineering the *Times*' online subscription service at between

$25 and $40 million (Kramer, 2011), not to mention the human resources needed for 14 months worth of research and development and maintaining the model.

Recommended Course of Action

While the possible addition of revenue through paid digital subscribers is tempting, *The Washington Post* would be best served *not* instituting an online pay plan at this time. Instead, a *SO* strategy should be adopted, utilizing the *Post's* strengths to take advantage of opportunities in the external environment when they come to light (Broom, 2009). As such, the best course of action is to remain passive and continue to monitor the results of *The News York Times*' venture as well as the evolving media coverage with an eye toward eventually implementing a digital subscription once sufficient research as been compiled.

External Factors Analysis

An April 10, 2011 Google news search of "*New York Times* charging" returned 1,550 results. Coverage on the issue spans the globe and ranges from professional news organizations such as *The Los Angeles Times,* ABC News and *The Financial Times* to a bevy of blog entries.

An April 10, 2011 Google news search of "*New York Times* paywall" returned 1,140 results. This term, "paywall," has distinctly negative connotations, which *Times'* publisher Arthur Sulzberger validated when, during an April 5 presentation at Columbia University, he "gently scolded" audience members for using the term (Summers, 2011). The *Times* prefers "digital subscription," but only 530 returns resulted from an April 10 Google news search on this term. Such a discrepancy suggests the majority of media coverage of the *Times* pay model has been, at the least, neutral or implicitly negative and, in many cases (especially in blogs), explicitly critical. Some coverage has been positive, however.

Issues Emerging in Media Coverage

Three major issues have emerged in coverage of the *Times*' pay model: implementational flaws, cost structure, and an impression of classism.

Implementational Flaws in the *Times*' Model

Circumvention

Since the *Times'* method allows for unlimited visits to its online content via inbound links, readers seeking to circumvent the "paywall" can simply use a search engine to discover *Times'* content and reach its website through these measures indefinitely. The same methodology goes for blogs and social media websites that link to *Times*' content. The *Times* is aware of this issue. Sulzberger recently said:

> Can people go around the system? The answer is yes, just as if you run down Sixth Avenue right now and you pass a newsstand and you grab a newspaper and keep running, you can read the *Times* for free (Bercovici, 2011).

Cookie-removal

The 20-article limit can also be thwarted. The *Times* can only count individual visits to its website through cookies, or text stored on a user's computer by his or her web browser that record information about that user's online history. Thus, users can simply turn off the cookies option in their web browser's preference settings so that the *Times* will have no way to know how many of its online columns were read in a given month (Doctorow, 2011).

Cost structure

Several media outlets feel the tiered payment plan and charging separate fees depending on how one accesses the *Times* website from a mobile device are too confusing. Nick Summers (2011) of The Daily Beast wrote: "Nine days after the *Times*' pay meter went into effect in the

United States, there are questions—lots of them—about how the model works" and "There is confusion about how much the pay meter costs."

There is also concern that the pricing model is too expensive:

> Pricing is absurdly high….Apparently, NYT executives would rather have a small number of elite digital readers pay a high monthly fee than millions of people paying iTunes- or App Store-like fees (Outing, 2011).

Classism

Outing's sentiment – that the *Times'* pay model caters solely to a high-end demographic – is shared by many covering the issue. In *The Smith College Sophian*:

> *The New York Times* has never been known for speaking to the common man, yet the recent changes smack of pretentiousness and classism. If the newspaper has gone this long with charging no subscriptions for online access, they should be able to afford a cheaper, app-free price that will both allow them to make profit, and allow many more readers to be able to subscribe to the paper (Johnson, 2011).

Sulzberger did little to combat this impression:

> Is [trying to go around the "paywall"] going to be done by the kind of people who value the quality of the *New York Times* reporting? I don't think so. It'll be mostly high-school kids and people who are out of work" (Bercovici, 2011).

Furthermore, when Federated Media's John Battelle said that the *Times* model sounds like that of drug-dealer's at the Conversational Media Summit, Sulzberger, who was in attendance, "had some fun with [the notion], joking that users will get three hits for free and 'then we'll make you pay for it'" (Kaplan, 2010).

Content Analysis

The following is an analysis of five articles concerning the *Times*' digital subscription, broken into five categories: positive, neutral, implicitly negative, mostly negative, and entirely negative.

Positive

***"Charging for web access makes business sense for NYT"* (R. Edmonds, Poynter)**

As the headline indicates, Edmonds' blog post supports a pay model for the *Times*. His lede sets the tone for the rest of his piece:

> *The New York Times'* "metered" pay plan is a **little simpler** than the language suggests. Starting next year, **if you would like** to read the Times online, **please do**, but it will cost you something (Edmonds, 2010, emphasis added).

In the first emphasized phrase, Edmonds seeks to alleviate readers' fears of a complicated pricing model. In the second and third, he reinforces the notion that readers still retain control in any relationship with the *Times* and that the *Times* still wants their business.

Throughout the piece, Edmonds (2010) also attempts to gain empathy for the *Times*: "Letting bargain-savvy customers get almost all that content…for free **does not compute as a long-term business strategy**" (emphasis added) and "…allowing free rides online **makes even less sense than it may once have"** (emphasis added).

Even when Edmonds (2011) concedes the *Times* could suffer a decline in online views due to a pricing model, he suggests the paper might be better off without these readers: "I don't think the *Times* will lose any **meaningful** number of unique visitors" and "…maybe running off the **free riders** also results in a more committed core reader base…." (emphasis added).

Neutral

"NY Times begins charging for digital access" (Associated Press)

One of the more straightforward pieces covering the *Times'* pay model, the *Associated Press'* (2011) article is objective from the start: "*The New York Times* began charging Monday for full access to its website and mobile services." This tone continues throughout the article, and no undertone of editorializing surfaces during the entire report. Even when the opportunity arises within the column to employ superfluous descriptors to express implicit opinions, such as during the run down of the pay scale, only the facts are conveyed:

> Readers who want unlimited access on the website and the Times' software for Apple Inc.'s iPad tablet computer have to pay $20 every four weeks, or $260 annually. A digital subscription covering the website and both mobile options costs $35 every four weeks, or $455 annually (*Associated Press*, 2011)

Implicitly Negative

***"NY Times risks losing readers with new pay model"* (Saba, *Reuters*)**

In his article on The Center for Media Literacy's website, Davis writes "Headlines are probably the most important aspect of news stories." As such, this story in *Reuters* speaks volumes. The news organization claims its guidelines require "fair presentation" (Reuters Website) but this headline abandons objectivity in favor of implying negative consequences of the *Times'* decision. The lede continues this theme:

> The New York Times will start charging for full access to its articles on phones, tablet computers and the Internet, in a **bold** plan that risks **alienating** readers of its popular news website (Saba, 2011, emphasis added).

"Bold" implies the *Times'* model is risky and dangerously unconventional, yet no support for this claim, other than the fact that paying for full online access to the *Times* is a new idea, exists in the article. There is also no support for the claim that such a model will "alienate" readers, neither through direct quotes from current *Times'* website visitors or industry professionals. Saba (2011) does mention a 90 percent "plunge" in visitors to the *Times of London* website after the paper instituted its own payment plan, but tying *The New York Times* venture to that of a paper servicing another country is a stretch, especially considering the *Times of London* website bars "anyone who does not pay" from reading its website while the *Times*' plan allows at least 20 free website views per month.

Finally, the second to last sentence of the article lacks the pertinent information necessary to properly qualify the underlying assertion, namely 1) the demographics of the "three dozen" newspapers (do any match the scope of the *Times*?); and 2) from what number does the "one percent" come (there is a huge difference if this figure is 10 million or 100,000):

> Of the **three-dozen** newspapers that have moved to some sort of online pay model, only **1 percent** of readers have opted to pay, according to a recent study by the Pew Research Center's Project for Excellence in Journalism (Saba, 2011, emphasis added).

Mostly Negative

***"The New York Times vs. Bloggers Debate Heats Up" (*J. Bercovici, *Daily Finance*)**

A major concern for bloggers regarding the *Times*' pay model is the possibility of their readers hitting the "paywall" by clicking on a link in their column to a *Times* article. No blogger wants their reader's twenty-first viewing of a *Times* story – and thus when the "paywall" is activated – to be caused by a link they supply. There is also a concern that bloggers who feed readers to the *Times* will also hit the "paywall," thus discouraging them from visiting and, in turn, promoting the *Times*' content.

> It's not just that bloggers don't want to send their readers crashing into pay walls; it's that the bloggers themselves don't want to crash into those walls, ever (Bercovici, 2011).

The remainder of the piece continues in this editorial vein, and while Bercovici (2011) suggests that maybe the *Times* “shouldn’t care” about bloggers who don’t subscribe – either because they’re “lazy…their employers no longer let them expense it…or they’ll assume the newspaper will just end up scrapping its pay plan” – he concludes his piece by suggesting the *Times’* plan is short-sighted and expresses higher expectations from the paper: “[The *Times*] does not just exist to enrich its owners; it exists to extend their influence and to inform its readers” (Bercovici).

Entirely Negative

“NYTimes’ new pay model: They blew it!” (**Steve Outing, SteveOuting.com*****)***

Finally, this blog post by Steve Outing, a “thought leader in the online media industry and on news innovation and digital transformation,” lambasts the *Times’* decision, focusing mainly on the downfalls of its pricing structure. Again, the column’s headline leaves little to the imagination. To bolster this sentiment, Outing wastes no time criticizing the *Times*, stating in the second paragraph:

> I’m disappointed. This is really a bad move that shows how Times management thinking remains stuck in the past. (Or perhaps it’s classic “decision by committee” dysfunction) (Outing, 2011).

After reviewing the details of the plan, Outing (2011) provides commentary, calling the pricing “absurdly high,” reflecting classism (“That price will attract only a small, affluent customer base”) and “obviously designed to retain high-paying print subscribers.” He suggests an alternative price model based on Apple Inc.’s iTunes or App Store method before giving the *Times’* plan a “D” grade and harshly concluding:

> I hope someone from NY Times management will respond to my criticisms.... This over-priced metered-paywall mistaken strategy puts the “Gray Lady” a step closer to the grave rather than getting a chance at a new life (Outing, 2011).

Conclusion

The New York Times venture into charging for full and unlimited online access to its news content provides an ideal opportunity for other major U.S. newspapers to learn from the its methods as well as public and media reactions. *The Washington Post* is no exception. While the best course of action at this point is to remain passive and observe how the *Times'* pay model fares, should the D.C. newspaper eventually implement a digital subscription plan, it would do well in considering 1) the ease of circumvention; 2) the overly complicated pay structure; and 3) the perception of classism. Also worthy of review are methods to address and discredit the concept of a “paywall” and ways to best maintain quality relations with influential bloggers.

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Appendix

"Charging for Web Access Makes Business Sense for New York Times"

The New York Times' "metered" pay plan is a little simpler than the language suggests. Starting next year, if you would like to read the Times online, please do, but it will cost you something.

For a paper that costs more than $700 a year to subscribe seven days a week, letting bargain-savvy customers get almost all that content — and nifty added features — for free does not compute as a long-term business strategy.

With online advertising soft and the Times encountering some resistance to its premium print pricing (both daily and Sunday circulation are down in the most recent reporting period), allowing free rides online makes even less sense than it may once have.

This isn't metering like a parking meter or taxi meter. It's more like getting five free taxi rides a month, then paying a flat fee to ride around as much as you want. The "meter" in question will track visitors, count how many articles have been accessed in a given month and deliver a notice to pay up when the limit is reached.

The Times has yet to determine what the trigger point or the monthly charge will be. My hunch is that by the time this rolls out in 2011, the company will offer a monthly or six-month discounted deal to regular users who want to pay up in advance.

I have heard from online pros that the behavior of unique visitors to typical news sites can be charted with a U-shaped (or reverse bell) curve. A great many people come to a site just one, two, three or four times a month (typically going straight to a particular article via search). A smaller number visit five to 15 times. The numbers jump back up with regular users who may visit a dozen or more times a month and read 100 articles or more.

The New York Times pricing scheme fits this curve. It will retain all of the infrequent visitors and probably most of that small middle group, and the Times can monetize that traffic with ads. The site should retain all the traffic from print subscribers, who will retain free access.

The charge kicks in only for the most intensive regulars. The paper will lose some page views and time-on-site as part of this group refuses to pay and turns elsewhere for its news. But I don't think the Times will lose any meaningful number of unique visitors — the bragging rights measure of how popular a site is — unless you think regular readers who opt not to pay will boycott New York Times articles online altogether.

Sure, the site will put part of its online advertising revenue — which is significant — at risk with the pay plan. But as Ken Doctor notes in a characteristically thoughtful post on the decision, there may be another opportunity in capturing and analyzing detailed information on the paid readers and then serving them with specially targeted advertising.

Besides capturing some revenue from regular online users, the Times will realign how it charges for its content in a way that will protect the lucrative print subscriber base. Heck, they may even sell the additional print subscription or two (or several thousand), pitching that it will get you unlimited online access along with home delivery of the paper.

Of course, the decision commits the Times to delivering an online report good enough that many will pay for it rather than reading other free sites for similar coverage. And the company runs the risk that it will lose more in online advertising revenue, initially or over time, than it gains incrementally in subscriber revenue (online and print). That tradeoff is what led to the abandonment of Times Select.

But maybe running off the free riders also results in a more committed core reader base that is more valuable to advertisers — analogous, dare we suggest, to the print subscriber who reads attentively to justify spending money on the paper every day.

"Why charge your best customers?" Jeff Jarvis asks in a post predictably critical of the decision. "The logic eludes me. So do the economics." Really? A lot of businesses do charge their best customers. And they make money doing it.

NY Times begins charging for digital access

The New York Times began charging Monday for full access to its website and mobile services.

The third-largest U.S. newspaper is charging $15 every four weeks, or $195 a year, to read more than 20 articles a month on its website. That fee also covers a subscription on the newspaper's software for smartphones. The new fees kicked in at about 2 p.m. EDT.

Readers who want unlimited access on the website and the Times' software for Apple Inc.'s iPad tablet computer have to pay $20 every four weeks, or $260 annually. A digital subscription covering the website and both mobile options costs $35 every four weeks, or $455 annually.

The New York Times Co. is charging for digital access because online advertising revenue hasn't grown fast enough to offset losses in print ads.

Print subscribers will keep free online access. The Times is hoping to bring in more digital revenue while giving print readers more reason to keep their subscriptions.

The company declined to say Monday how many people have signed up for a digital subscription. But on Monday afternoon, the newspaper's customer-service line has a message telling people that they should expect longer-than-usual waiting times because of a high number of callers.

There are still ways for Web surfers to keep reading Times articles for free after they reach the 20-article limit in a given month.

Readers coming from a search engine such as Google or Yahoo get five free articles per search service per day. And there are no limits on the amount of traffic coming from two of the Web's most popular tools for sharing information, Facebook and Twitter.

Amazon.com Inc. said Monday that people who subscribe to The New York Times on the Kindle will get access to the newspaper's website at no extra cost. It didn't say when this would go into effect, just that subscribers will get more information in the coming weeks. Subscribers pay $20 a month to read the Times on the Kindle.

The Times said users of the iPhone and Android devices have to download a new version of the Times' software. An updated BlackBerry app is coming soon, so those users will get free access for now.

Shares of The New York Times Co. fell 6 cents to close Monday at $9.22.

NY Times risks losing readers with new pay model

The New York Times will start charging for full access to its articles on phones, tablet computers and the Internet, in a bold plan that risks alienating readers of its popular news website.

Readers who do not subscribe to New York Times Co's namesake newspaper will be able to read 20 articles per month on the website for free, but will have to pay to read more, the company said on Thursday.

Subscribers to the print edition will have full, free access to the website, NYTimes.com. The newspaper launched the pay model in Canada on Thursday and plans to roll it out in the

United States and globally on March 28.

The pay model is a big test for large-circulation general interest newspapers, which have struggled to retain readers and advertisers as more and more people get their news from the Internet.

The scheme is being closely monitored by other news organizations weighing similar plans.

The Times' strategy is similar to that of Pearson Plc's Financial Times, which has had some success charging high-end business readers for online access.

The Wall Street Journal, once a newspaper targeted to financial professionals, also is on the forefront of charging for online news, even as it has broadened out to become more of a general newspaper under News Corp's Rupert Murdoch. The Journal is now the largest U.S. newspaper.

The Times' new pay model allows casual readers to access the New York Times, unlike some other pay strategies such as News Corp's experiment with the Times of London. The British paper bars anyone who does not pay from reading its website, which has resulted in a 90 percent plunge in visitors.

About 31.4 million individuals visited NYTimes.com in February, according to online research measurement firm comScore.

"We need to make sure that part of our business continues to grow," said Martin Nisenholtz, senior vice president of digital operations at the company. "The way we think we can do that is taking this metered approach charging the folks who are drinking deeply."

This is the second attempt by the New York Times, one of the world's most prestigious papers, to charge for digital news in hopes of diversifying its revenue stream.

It will charge $15 per month, or 4 weeks, for unlimited access to NYTimes.com and a smartphone application; $20 per month for online access and an Apple Inc iPad app; and $35 per month for online, smartphone and an iPad app.

The New York Times said it would begin using Apple's new subscription service in its app store by June 30.

Readers who come to Times articles from other sources such as blogs and social media sites including Facebook will be able to access content even if they hit the limit. However, the Times is limiting the amount of free articles on Google to five a day.

The New York Times vs. Bloggers Debate Heats Up

Yesterday, I asked whether The New York Times's (NYT) plans to start charging online readers next year will end up damaging its status as a favorite source of links for news bloggers. It turns out that many others have thoughts on that question, including people at The New York Times itself.

A spokeswoman for the paper emailed me to say that most Times readers will be unaffected by the pay wall, which will only target frequent users. "The pay model will be designed so readers that are referred from third-party sites such as blogs will be able to access that content without hitting their limit, enabling nytimes.com to continue being a part of the open Web," she wrote. Peter Kafka of All Things Digital got the same spiel, and concluded that the Times is exercising "common sense" and not doing anything that would discourage bloggers from linking to its stories.

Essentially exempting blog links from readers' metered page-view quotas (although that's not exactly how it will work; read Kafka's story for the nuance) is a good idea, but it doesn't totally solve the problem. It's not just that bloggers don't want to send their readers crashing into pay walls; it's that the bloggers themselves don't want to crash into those walls, ever.

Why Bloggers Won't Pay

Yes, one would assume that most serious bloggers, the ones actually capable of channeling a lot of traffic to nytimes.com, will subscribe once the new pay regime kicks in. But some won't. Why? Either because they're lazy, because their employers no longer let them expense it (the Times itself has cut back on subscriptions to save money) or because they'll assume that the newspaper will just end up scrapping its pay plan after a few months -- as it did in 2007 with its 2-year-old TimesSelect pay program -- or will at least raise the page-view limit to a workable level.

Even those bloggers who do subscribe may find themselves using the Times's site less if the subscription function operates anything less than absolutely seamlessly. As Felix Salmon notes, "I hate the [Financial Times] meter, despite the fact that I have a full subscription there, because when I follow a link to FT.com from Twitter on my iPhone, I run into the firewall." Agreed. I would absolutely link to FT a great deal more in the absence of a pay wall, metered or not.

But maybe the Times shouldn't care? Marion Maneker of The Big Money takes issue with my premise that the Times would be hurt if no longer held the title of one of the most linked-to news outlets. After all, click- through rates for those links are low, and the Times, like most papers, still hasn't figured out how to adequately make money from the page views it does get. "Now, I understand why a blogger would measure success by looking at links to bloggers," writes Maneker. "But in the real world, generating revenue to cover costs is of greater concern."

Accusing me of blogocentrism is fair enough, as it goes. But the Times is a mission-driven paper. It does not exist just to enrich its owners; it exists to extend their influence and to inform its readers. Ask publisher Arthur Sulzberger Jr. if he likes the idea that one in five (or so) online conversations about the news begins with a New York Times article. Wait, better yet -- ask News Corp. (NWS) CEO Rupert Murdoch if he likes it.

NYTimes' new pay model: They blew it!

If any non-niche, general-interest news organization could successfully pull off a digital "metered paywall" model, I thought it would be the New York Times. Alas, today the Times announced its plans and pricing, beginning March 28 in the U.S. (and being tested first in Canada).

I'm disappointed. This is really a bad move that shows how Times management thinking remains stuck in the past. (Or perhaps it's classic "decision by committee" dysfunction.)
First, the details:

Home subscribers (to print edition) get full access to NYT digital content across all platforms, no limitations: website, tablet access, smartphone access. No extra charge. Non-print subscribers:

Using website: 20 free articles per month on NYTimes.com before hitting the paywall. Articles reached via an inbound link (blog, Twitter, Facebook, search, etc.) will not be counted against the 20. Using NYT smartphone or tablet app: "Top News" sections free; accessing anything else will hit the paywall.

Digital subscription package #1: $15 every 4 weeks. Full access to website and smartphone app. Digital subscription package #2: $20 every 4 weeks. Full access to website and tablet app. Digital subscription package #3: $35 every 4 weeks. Full access to website, smartphone app, and tablet app.

Wow, there are so many flaws in that strategy. Let me count them:

1. 20 articles a month free, or 1 article every weekday for the 4-week subscription period. This means that nearly everyone who visits NYTimes.com regularly and directly will hit the paywall — and the majority will turn away. What this will do is ensure that an increasing amount of NYTimes.com traffic will come via social-media links and search. The NYT homepage will become much less of a draw to many people. ...

I would have set this much higher if the monthly fee had to be as high as it is. Many casual users who will not pay will hit the paywall with the announced plan; it would have been better to limit paywall exposure to only NYT's most-frequent web users; i.e., those most likely to pay.

2. Pricing is absurdly high. Yes, the New York Times is a great news organization producing the best journalism in the world. But faced with those fees when there are so many other quality news websites a click away, a small percentage of NYTimes.com visitors will pay. ... My suggestion for smarter pricing: 99 cents every 4 weeks using the 20-free-articles-per-month model. $1.99 per 4 weeks for full website access plus smartphone AND tablet app full access. Here's why: NYT has not learned from the Apple experience. Apparently, NYT executives would rather have a small number of elite digital readers pay a high monthly fee than millions of people paying iTunes- or App Store-like fees. What the high price point will do — because of the low limit on monthly free articles — is dramatically diminish the Times' importance as a global news organization, ceding its longtime lead to other credible news organizations that choose not to charge online. A 99-cent price point would be a "no-brainer" for many people who like the NYT brand, just as paying 99 cents for a song on iTunes or an iPhone/iPad app is an easy impulse buy: "Why the hell not?! It's only 99 cents!"

3. Separate fees for smartphone and tablet app access goes against the trends in media. Increasingly, as consumers add more gadgets capable of consuming news, more people will be switching between viewing news on a laptop or PC, smartphone, and tablet. For that privilege, the Times wants $35 per 4 weeks. To separate pricing for smartphone and tablet apps flies in the face of where media consumption is heading. And that price will attract only a small, affluent customer base. $35 per 4 weeks for ONE NEWS SOURCE online? That is completely off the charts for non-niche news. ... My solution is simple: one price across all platforms,to make it most convenient for today's early adopters and tomorrow's mainstream news audience. See my $1.99 suggestion above.

4. The high digital price point is obviously designed to retain high-paying print subscribers and extend the life of the print newspaper. After all, if the Times followed my low-pricing recommendation for digital, many print subscribers would be inclined to dump their expensive print home-delivery subscriptions. Fine, I understand that, but it's a backward-looking strategy that hobbles the potential success of the digital side. I contend that no news organization — even the New York Times — can succeed long term when it makes decisions based on looking over its shoulder at the dying legacy product.

5. Finally, the Times overlooked offering, ALSO, a higher-priced "Times Premium" membership. Charging 99 cents or $1.99 per 4 weeks is probably the most they can get the majority of people to pay for their news alone. But NYT could also offer a higher-priced premium membership that included not only full access on web, tablets, and smartphones, but also other valuable benefits that make it worth paying more. (I won't get into that now. It's another blog post, and I'm running a research project at the University of Colorado Boulder looking at effective models for news premium memberships — so more on that another time.)

I hope someone from NY Times management will respond to my criticisms. If they do, I expect that the justification for this announced pricing model will be that they can't do harm to the newspaper product. I guess that's the way it is. But in my view, this over-priced metered-paywall mistaken strategy puts the "Gray Lady" a step closer to the grave rather than getting a chance at a new life.

Once again, the high grades go to the "new" digital media players. I'll give the Times a "D." (That at least gives me a tiny fudge factor in case the Times proves me wrong. But I really doubt it.)