Income slashed, web traffic falls when paper goes online-only

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Researchers from City University London have found that at least 75 percent of revenue can be lost and web traffic can actually fall when a newspaper moves from print and web to web-only.

Neil Thurman and Merja Myllylahti, from the University's Graduate School of Journalism, studied Finnish financial daily Taloussanomat, as it killed its print edition and went online-only.

Theirs is the first major study to look at this increasingly common trend: on 17th March 2009 Washington state's oldest newspaper, the Seattle Post Intelligencer, became the latest title to go web-only. And on 10th April 2009 the Christian Science Monitor will cease publishing a daily print edition.

To the authors' surprise, their results showed that when Taloussanomat stopped being available in print, traffic to its website did not increase compared to newspapers who had kept a print edition.

Indeed six and a half months after going online-only Unique Users were 22 percent lower and Page Impressions 11 percent down.

Overall Thurman and Myllylahti estimate that readers now spend about 75 percent less time reading the title than they did when it was available both in print and on the web.

Although Taloussanomat costs fell 52 percent when its presses were silenced, revenue also dropped-by at least 75 percent-due to the loss of print advertising and subscription income. However, in absolute terms, the cost savings more than offset the loss of income because the title had been losing money for some time.

Based on their case-study the City University researchers conclude that a newspaper would have to have an operating loss of 31 percent or greater to make ditching its print edition worthwhile.

Thurman and Myllylahti believe that that profit levels across the newspaper industry can sustain newsprint for some time to come, but that a small but growing number of loss-making titles will soon be forced to abandon their print editions.

However they warn that going online-only cannot, on its own, bring a newspaper back to profit. Redundancies, as in the case of Taloussanomat, are also likely to come into play.

Taloussanomat's headcount fell from 69 to 41 as they adjusted to the online-only business model, and further redundancies are possible.

The study predicts that as more newspapers adopt the online-only model display advertising income will fall and titles will come to rely on other income streams such as:

•'Permission marketing' via opt-in content such as specialist email newsletters

•Partnerships and services as well as events that build on newspaper brands

However the authors also warn that online-only newspapers will find it more difficult to build brand visibility and maintain independence as the financial pressures to syndicate content increase, and merges and acquisitions continue apace.

In the streamlined online-only newsroom Thurman and Myllylahti found a greater consumer focus, more sensational / celebrity stories, and a shift away from original reporting, with 80 percent of Taloussanomat's stories coming from news agencies and other sources.

This was the result of both a squeeze on resources and the nature of the online medium, which demands a higher turnover of stories to encourage multiple daily visits.

The authors found that, six months after going online-only, Taloussanomat was no more innovative in their use of multimedia or user-generated content than sites with a print or broadcast parent. Although theoretically free to experiment with fresh forms of news delivery the online-only newspaper was constrained by traditional working patterns and the loss of at least 75 percent of its income.

More information: Thurman, N. and Myllylahti, M. (2009) Taking the Paper out of News. A case study of Taloussanomat, Europe's first online-only newspaper. *Journalism Studies* (10)5, dx.doi.org/10.1080/14616700902812959

Provided by City University

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