

Media execs make case for online fees at FTC panel

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In this Nov. 2, 2008 file photo, News Corp. Chairman and CEO Rupert Murdoch delivers the 2008 Boyer lecture series, A Golden Age of Freedom, in Sydney, Australia. Media companies wishing to thrive in the digital age need to persuade consumers to pay for news online by providing compelling information in any form they want, Murdoch said Tuesday, Dec. 1, 2009. (AP Photo/Rob Griffith)

(AP) -- Media companies need to deliver compelling information on a variety of electronic devices and overcome readers' resistance to paying for material online, news executives said Tuesday at a government-sponsored journalism conference.

Rupert Murdoch, News Corp.'s chairman and chief executive, sees a

promising future for publishers that can adapt to the Internet age. Key to survival, he said, is giving consumers what they want, how they want it - be it on a computer, mobile device or e-reader - and then charging for it, as his company does with The Wall Street Journal.

"We need to do a better job of persuading consumers that high-quality, reliable news and information does not come free," Murdoch said.

"Good journalism is an expensive commodity."

Murdoch's comments were echoed during the Federal Trade Commission's workshop, which explored the challenges facing media companies and ways the government can help them survive.

Newspapers, broadcasters and other traditional media companies are in distress as the growth of their online revenue has failed to keep pace with sharp declines in the offline advertising that has historically supported their operations.

The FTC holds periodic workshops on developments across a range of industries, from health care to targeted advertising. In the two-day journalism workshop that began Tuesday and concludes Wednesday, media executives came to discuss new business models and government officials sought ways they might protect a critical pillar of democracy - a free press.

"News is a public good," FTC Chairman Jon Leibowitz said. "We should be willing to take action if necessary to preserve the news that is vital to democracy."

Leibowitz stopped short of endorsing specific proposals, although he noted that government support for the media has precedent - such as with requirements that legal notices be printed in newspapers.

Among the options being discussed now: tax changes that would allow media companies to earn tax credits or become tax-exempt entities, and copyright law changes that would force search engines and other online aggregators to compensate media companies for the content they produce.

Also on the table is a proposed change in antitrust rules to allow newspapers to jointly negotiate payments from Web sites that use their content.

Many of Tuesday's speakers urged the government to remain on the sidelines, allowing the free market to weed out the publishers unable to evolve.

"The bold will survive and the timid will fail," said Chris Ahearn, president of media for Thomson Reuters Corp., which specializes in financial news and data.

Srinandan Kasi, general counsel for The Associated Press, also participated in Tuesday's session. The AP, a not-for-profit news cooperative founded in 1846, is experimenting with ways to increase its online revenue through a mix of advertising and higher fees imposed on Web sites that license its stories and photographs.

The FTC will hold more workshops in the spring to discuss the ideas that emerge this week in greater depth. It could offer legislative recommendations to Congress.

Many newspapers have been drawing up plans to charge people to read at least some of the stories on their Web sites. It's a radical shift from the main model for online news for the past 15 years, in which publishers mainly gave it away. That hasn't worked out because it has contributed to a sharp decline in readership of print editions - where ads generate about

10 times more revenue than Internet ads.

Journalism Online, a startup developing a payment system for newspapers and magazines, will start sending out its software next week so it can be tested during the final weeks of the year, said Steven Brill, Journalism Online's co-chief executive. He didn't identify which publishers are involved in the initial tests, saying only that more than 1,300 newspapers, magazines and blogs have signed letters of intent to use Journalism Online's system.

The industry is still debating the risks of charging for online material - it could just drive readers to the abundant free sources likely to remain. But in some cases, such as at The Wall Street Journal, online fees can pay off.

The 407,000 online subscribers that the Journal listed in its latest circulation report helped it overtake USA Today as the nation's top-selling newspaper. And if not for the online fees, the Journal would probably employ 280 to 290 fewer newsroom employees than it does today, said Robert Thomson, the Journal's managing editor.

"The Internet age cannot just be the triumph of amateur hour," Thomson said.

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