

How media can boost online revenue

May 2 2014, by Terry Kosdrosky



It's an ongoing debate for online publications: How much content should be free and how much should go behind a paywall?

Make the price for content too high and watch customers disappear and ad [revenue](#) decline. Give away too much and you could miss out on subscriber revenue.

New research from University of Michigan finds that online media sites

could boost online revenue with the right balance.

Kanishka Misra, an assistant marketing professor at Michigan's Ross School of Business, and co-author Anja Lambrecht of the London Business School analyzed the amount of paid and free articles on ESPN.com. They found that a flexible approach could improve revenue for news and sports websites and still make customers happy.

"The industry norm is to follow a static rule regarding free content," Misra. "Our results show that companies should flexibly adjust the amount of paid content they offer."

Misra and Lambrecht studied ESPN.com because it offers a lot of free content, but also places a subset of articles behind a paywall. They looked at the number of free and paid articles offered daily, and the unique visitors and page views for the free and paid sections. They then measured how the number of paid articles affected subscribers and page views.

"At ESPN.com, for example, we estimate they could increase revenue by offering more free content during a sports season and more paid content in the offseason," Misra said.

That's because customers in the off-season are more die-hard fans who put a higher value on news and are willing to pay for content. The important implication for managers is that firms should consider how the willingness to pay for their content can fluctuate as they evaluate whether to charge for it.

Provided by University of Michigan

Citation: How media can boost online revenue (2014, May 2) retrieved 3 May 2024 from

<https://phys.org/news/2014-05-media-boost-online-revenue.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.