

Future News: *Problems and Opportunities with Online News and its Monetisation*

Issues in Interactive and Visual Design, paper and prototype

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Online news is facing teething crisis related to revenue. In this paper I will be proposing a solution using skills garnered from design practice. This proposal is the result of a holistic overview of news and internet advertising, and evaluates the pain point as a symptom of more basic issues with the value proposition of news. The solution takes hints from the 'free economy'.

Issues

News. It's so integral to our lives that it's referred to as the fourth pillar of democracy, or the fourth estate, due to it's influence over how we perceive and understand the world outside our perceptual grasp. Most adults read or watch news, primarily online or on television, with smartphones and tablets. Roughly half of all news is online, with growth primarily occurring through social sharing (Facebook, Twitter)¹.

News is as old as language and isn't going away. In modern times it's primary channel has been the newspaper, which has evolved hand in hand with an advertising industry, to become a core part of our economies.

With the more recent advent of the internet, this institution has been challenged. The majority of newspaper revenue came from advertising². In their rush to the new medium, news companies simply translated their business model from print to digital.

However this system has drawbacks that challenges online news's viability, but provides an opportunity for deep innovation.

¹ University of Oxford, 2015, *Key Findings*, <http://www.digitalnewsreport.org/survey/2015/executive-summary-and-key-findings-2015/> accessed 28 May 2016.

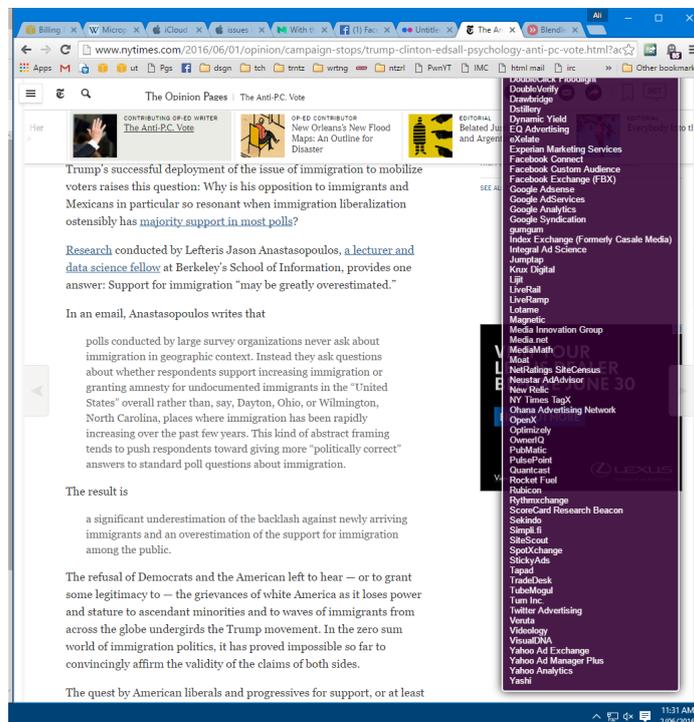
² Allan, S., 2004, *News Culture*, p.100, McGraw Hill Education, UK.

Online Advertising

Online news is overwhelmingly monetised with on-page advertising, which has become as sophisticated as it is prevalent. There are inherent problems with this system though.

Online advertisements are mostly automatically generated via an independent advertising provider, and employs sophisticated tracking that aggregates browsing information tied to particular devices so that ads appear relevant. The result is a particularly effective system whereby if you have been shopping for a particular product, you'll often see advertising for it across the web.

There is a large monetary cost to users: just serving the ads requires bandwidth for the ads and their underlying data tracking systems, without even clicking on one. The data transferred for online ads and the associated tracking data is costing users more than content providers gain from showing the ads, in some cases up to 79% of users' monthly bandwidth³. There has been a movement to make data tracking transparent, but it is still not easily avoidable for common users.



³ O'Reilly, L., 2016, *Ads on news sites gobble up as much as 79% of users' mobile data*, <http://www.businessinsider.com.au/enders-analysis-ad-blocker-study-finds-ads-take-up-79-of-mobile-data-transfer-2016-3?r=US&IR=T> accessed may 30 2016.

Above: An article on New York Times, the list of trackers etc. being higher than a 27" display. This page made over 2000 http requests and transferred 17mb. It eventually totalled 97 trackers (or similar).
Software: *Chrome + Ghost* ad blocker.

Despite the growing use of the internet for news, revenue from online advertising is falling. Ad blocking is growing exponentially, and while I predict it will never become the norm due to the aftermarket nature of it, it is a clear signifier of user dissatisfaction. The trend of falling online ad revenue is extremely worrying to major news publishers because print revenue is also falling and expected to fall indefinitely. In the current paradigm, if online revenue cannot reliably replace it, in time, the industry loses viability.

Publishers are turning towards sponsored content (or "native content") as a way to avoid serving ads but still profit from advertising⁴. This, though not surprising, is a worrying trend, even in an industry already ripe with agendas. I believe if we are to solve the revenue problem we should be looking at solutions that keep news free in an intellectual and ideological sense.

As put by one woman, "*I don't want to see coverage of human rights in Papua brought to me by the companies who make soap out of palm oil.*"⁵

Efforts to get people to subscribe to news sources have had limited success⁶. It is not surprising that people do not want to be restricted to one editorial for their news in an era where information flows from myriad sources. Subscriptions can also not be seen as a path for the future.

Two possible pathways exist for news.

1. Industry wide subscription services managed by a third party, like Spotify does for music.
2. A one click micropayment system for individual articles.

⁴ University of Oxford, 2015, *Key Findings*, <http://www.digitalnewsreport.org/survey/2015/executive-summary-and-key-findings-2015/> accessed 28 May 2016.

⁵ University of Oxford, 2015, *Attitudes to Sponsored and Branded Content*, <http://www.digitalnewsreport.org/essays/2015/attitudes-to-advertising/>, accessed 2 April 2016.

⁶ University of Oxford, 2015, *Key Findings*, <http://www.digitalnewsreport.org/survey/2015/executive-summary-and-key-findings-2015/> accessed 28 May 2016.

The industry has not shown willingness to offer subscription payments beyond a single publisher, and it seems uncertain that papers will allow subscribers for a fraction of the current subscription costs.

However the news industry has shown willingness for aggregation, evidenced primarily by the successful Flipboard five-year experiment, and more recently the Apple News app for iOS devices, both of which incorporate traditional online advertising⁷. This kind of aggregation does come with advantages. Users trust a more streamlined, organised experience, and ads are not as unpredictably intrusively as they can be on publishers' own sites. This aggregation makes it possible for a paid subscription service to deliver news in the future. In the meantime, we may derive benefit by looking at the news itself for areas of improvement, and challenging notions of which news is valuable and why.

Micropayments

Firstly though, let's look at briefly at the micropayment options that exist for news. One of the more interesting cases is Blendle, a news aggregation app that offers articles for reading via an app, for a small per-article fee. It's not the *Spotify* of news, but the *iTunes* of news.

It hosts articles otherwise restricted behind paywalls, aggregating news articles from a variety of brandname publishers into an app (and website), which is used to browse, purchase and read. Emails are also sent out with suggested articles. Refunds are easily requested.

Changely is an interesting system which allows you to donate money with one click, from your wallet, to any site or person setup to receive it. It is unfortunately not setup as a payment system, however the system could be adapted or iterated on.

Blendle is extremely promising and I believe it will be a major player in journalism in the following decade. However I also think a platform that will work with publishers' own apps and websites will be needed. Publishers should be able to cross promote their own content, advertise some features with other articles, arrange their own business models and control the user experience, as per the needs of their brand.

⁷ Apple inc. *News Publisher Resources*

However, some kind of wallet, or low-barrier purchasing system will be required. Even a PayPal purchase will be cumbersome for many people who are pressed for time, and just want to *read*. Could a third party connect users to content across multiple websites? How?

Proposed Solution

Our solution will be based on a non-aggregated, pay-per-article system, where articles remain on their publishers sites, but a third party manages payments and access. Even though news publishers have shown willingness for aggregation, I believe that providing a system that can be embedded on any publisher's site will provide most benefit to users and drive industry adoption. A simple note saying "this article is available to subscribers, or can be read for 20c via this wallet system" will allow to continue to take advantage of the native benefit of the internet, and maintain the democratic integrity of the www.

The Value of News

The solution I have prototyped was inspired by an insight into news provided by Blendle.

*We've seen that our users don't like to spend money on the news. It's everywhere. What our users do like to read is investigative reporting, revelatory background articles, newsworthy analysis and hard-hitting interviews. In other words, users mostly want to read about the "why" instead of the "what"*⁸.

⁸ Klopping, A., 2016, *With the biggest publishers in the country on board, we're launching our journalistic startup in the US today*, <https://medium.com/on-blendle/with-the-biggest-publishers-in-the-country-on-board-we-re-launching-our-journalistic-startup-in-e8cb800c28b8#.63eeips04> accessed 2 June 2016.

The news establishment seeks to serve us a product of *timely*, relevant news. What Blendle is telling us that the traditional definition of newsworthiness may not be what many of us are after - at least the audience that seeks out news from digital channels in the mobile age. Industry leaders are struggling to ensure their viability, not assuming that their basic concept of news and why it's valuable may be out of date.

My interest in online news is two pronged: as a designer I am interested in solving a user experience problem and helping a valuable industry achieve sustainable viability. As someone with a modicum of social conscious I have a humanistic interest in a news-media that contributes helps people by informing them without the bias of capturing their attention and urging them to spend.

While not the focus of this essay, I'll make it clear that news content is also something completely valueless to most people. It piques interest, activating whatever receptacles we have for fear or other negativity. It presents problems without showing where they come from or who is trying to solve them, and shows us a world without mercy or beauty.

While I accept some amount of conflict is necessary to create interest, news needs to change and this is also an area of opportunity. I have been sitting on an idea which revolves around a news publisher that presents problems in the context of their causes and solutions (to its best effort), and empowers readers with an avenue to contribute to a solution. I'll be including this idea in my design prototype.

Prototype

We're going to apply these ideas in practice, picking out a common use case scenario for online news: a reader as come to an article through a common news aggregation site, such as google news, yahoo news or similar, and landed directly on the article. They aren't interested in in other articles or a subscription as they don't regularly pay for news, and they aren't likely to click on an ad.

The news article is on a bombing in Syria. The reader has been following the situation in Syria and is hence likely to be served such articles by his preferred aggregation tool.

The article is presented neatly and without ads. It does have links to similar articles around the content, as well as pictures. Overall, it seems to respect the reader much more than your typical news site.

After reading the article, the reader is presented with a couple of options. He can visit the White Helmets website where he can learn more about the organisation, or he can read an article from the same site, a photojournalism feature that promises to explain the situation in Syria, for 20c. The button reads “read for 20c.”

Two fictional brands have been created for this proposal: the *Fourth Estate*, a news publisher, and *Stripe*, a micropayment system that can be embedded on publishers websites across the web.



Text has been borrowed from the Guardian and the Atlantic to illustrate the purpose of the prototype.

As Stripe would be a wallet system that integrates with publisher’s websites, there would obviously have to have been some initial step the first time a user wants to read. In this prototype, we assume that the user has setup a stripe wallet, and connected stripe to the publisher (or the browser or device). We follow a user through the process from landing to reading a paid feature.

The prototype is live at <http://alidark.com/ivd-prototype/>