



# FACTSHEET: COOPETITION IS KING

**PROJECT OBJECTIVE:** This study examines the question of how cross-provider, subscription-based platforms in digital journalism would affect both industry revenues and the number of people who subscribe to a journalistic offering. Such platforms – a kind of “Spotify for journalism” – represent an emerging business model for digital journalism that is being hotly debated in the industry. Drawing on empirical research, the study examines media such as bundles of local and regional journalistic content, but also national content and a combination of local, regional and national content, in addition to a bundle of classic online articles and a bundle of e-paper versions.

**WHO SHOULD READ THIS:** The project results are intended to contribute to decision-making in the media industry and in media policy by empirically and quantitatively analysing payment behaviour and, on that basis, to examine the economic and societal potential of journalism platforms. In this way, the authors intend to contribute to the preservation of media diversity and dissemination, as well as to the strengthening of the journalism field and the empowerment of the media professionals who work in it.

## METHODOLOGY:

- Two quantitative online surveys (N = 6,500 and N = 1,500) – each one representative of the German online population (proportionate by age, gender, education, net household income, federal state) – on different variants of a journalistic subscription product.
- Three estimation methods: Van Westendorp’s Price Sensitivity Meter with the Newton-Miller-Smith extension, the Gabor-Granger method (N = 6,500), and a supplementary Choice-Based Conjoint Analysis (N = 1,500).

## RESULTS:

Multi-provider, subscription-based journalism platforms are significantly more attractive to users than individual journalistic offerings, and have the potential to increase both industry revenues and the societal reach of digital journalism. These results are supplemented by further research questions, including distribution and payout mechanisms for economic revenues, the establishment of criteria for maintaining journalistic quality on platforms, and questions of antitrust law.

### 1. According to the market estimates and simulations carried out, platform models would have the following potential advantages over current digital offerings made by individual publishers:

- lower prices for users (approx. ten euros per month) compared to existing products on the market;
- a significant market expansion in digital subscription sales of up to 40 per cent;
- higher industry revenues in the digital segment as a result of this market expansion effect;
- greater journalistic diversity by appealing to broader segments of the population, including young target groups that were previously underserved.

### 2. Product features that are decisive for the purchase of a digital journalistic subscription are:

- the price (the lower it is, the more attractive);
- the format (a combination of website, app and e-paper is most valued);
- the amount of content (bundling content from as many different publishers as possible is preferred);
- in contrast, whether access is centralised (e.g.

via a shared app) or decentralised (e.g. via a login alliance) plays a subordinate role in the purchase decision.

### 3. Cross-provider platforms lead to market expansion and journalistic diversity

Platform models have the potential...

- to reach those segments of the population that currently risk moving away from journalism (low formal education level, little interest in politics, low income);
- to counteract the industry's tendency to narrow journalistic content thematically in order to direct it at affluent niche target groups.

## II. RECOMMENDED ACTION

### 1. Cooperation

- For publishers and other providers of journalistic content, it is economically expedient to focus more on cooperation.
- With a „coopetition“ strategy and by joining forces, national [and European, translator's note] media markets could stand up to the global technology corporations – despite open follow-up questions such as how to distribute joint revenues.
- Due to the significant market expansion effect of the platform model, this strategy can prove worthwhile, even for those national quality brands that have managed to grow strongly in recent years with their individual paid content offerings.

### 2. Support the willingness to cooperate in the media industry

Measures with different scopes are conceivable:

- Incentives for cooperation could be incorporated into existing or specially created funding programmes and calls for proposals.
- An open infrastructure for cooperation could be provided by a consortium of different partners.
- Media regulation should help shape the design of cooperative platforms, with the aim of fostering

content of the highest possible quality and diversity, and at the same time avoiding market concentration tendencies, discrimination against individual providers, and discoverability problems.

### 3. Making evidence-based decisions for or against journalism promotion strategies

- On the basis of the present findings, media policy can make evidence-based decisions for or against strategies to promote journalism.
- Supporting the introduction of journalism platforms with digital innovation funding would be effective and efficient in terms of regulatory policy.
- Providing support for platforms could be a complement to planned government subsidies for the distribution of printed press products.

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