

Evaluation of Paywall's Usage as Profitable Tool for Online Newspapers in Nigeria

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Abstract

Journalism practice in this digital age has been bedevilled with several challenges that have threatened its survival. In order to stay afloat and maintain its status as the fourth estate of the realm, it has adopted technological innovation by diversifying and intertwining its print media platforms with a digital presence as a means of survival in a highly competitive and near-choking operational environment. One of such means is paywalling. Paywalls provide an opportunity for online news outlets to generate income without relying on digital advertising alone, in an era where advertising-blockers negatively affect advertising revenue. Hence, the onus of this study focuses on assessing whether digital newspapers in Nigeria have embraced this wind of change in income generation by using paywalls to monetize their websites and to examine the types of paywalls prevalent among them. The researchers hinged this study on creative destruction theory and adopted content analysis as the research design. Findings revealed that Nigerian online newspapers do not use paywalls for profitability they rather rely on digital advertising for sustainability. The researchers recommended that the Nigerian online newspaper should embrace the new technology just like its counterparts in other countries in order to have another avenue for profit making.

Keywords: Digital era; Income; Online Newspaper; Paywall

Introduction

Since the advent of the Internet and its enabling gadgets which have led to the proliferation of news sources around the world, newspapers' traditional business models have been put under pressure. This is because the Internet had encouraged a drastic decline in advertising which is the major sustaining factor of the news sector that supplies the free media that the common man uses (Thompson, 2013). This happened following the penetration of other competing firms into the advertising market leaving the mainstream media newspapers with fewer customers to survive by. The shrinking space of traditional advertising subscriptions, therefore, forced the news media organisations into struggling for alternative means of survival by devising new sources of income to remain in business and it became a serious challenge to the industry. According to Wadbring and Bergström (2021), the western world

has experienced a decrease in newspaper circulation and advertising revenue, mainly due to digitalization and globalization. This development grossly challenged the dual financial model of the newspapers and at the same forced the news media companies to make cutbacks for their survival.

The eruption (emergence) of the Internet is a practical demonstration of the collapse of the advertising market for newspapers. The implication of this is that the competitors have to pay attention to the long-neglected readership or get out of business. This was captured more clearly in Ohlsson and Facht (2017) where it was argued that as a result of the sudden change in the business introduced by the advent of the Internet, company managements perceive that the advertising market is more or less lost. This situation has made readership revenues more important than ever before. With this, how best to attract and sustain readership among a particular audience, therefore, become the target of every media organization that wants to remain in the market, especially online.

However, digitization does not make the need for news among the people in the society less important nor entirely media business. The need for news is still very important and crucial to the people in every society following the gratifications they get from news consumption (Kvalheim, 2013). Unfortunately, the migration of content such as news, music, television and others to digital space has enormous and more significant negative impact on the economics of multiple industries especially, the newspaper industry over the last 15 years (Pattabhiramaiah, Sriram & Manchanda, 2018). This impact is mainly a result of the fact that while consumption of digital content is geometrically growing in number, the willingness to pay for this content is grossly declining among readers. As a result, firms in these industries have been exploring different options to commercialize their contents.

Specifically, the newspaper industry has been grappling to find ways to commercialize its online platforms to offset the debt placed on them by the geometric decline in circulation and advertising revenue from their legacy offline (print) properties (George, 2008; Sweney, 2015; Seamans & Zhu, 2014). With free access to online newspapers, more readers prefer going for online news sources which have drastically increased ad-sense of the newspapers from the online market. Unfortunately, relying on the rapidly growing online advertising revenue alone may be too bad for the business because that is not sufficient enough to serve as a genuine replacement for the offline ad revenue losses and greater percentage loss of hard copy circulation. This was captured more clearly in Thompson (2013) who argued that for every advertising dollar gained online, newspapers lose 16 advertising dollars offline. To meet up with these new realities, newspapers in this recent time, have subscribed to tapping into a new source of online income generation by commercializing access to content consumption through the creation of walls professionally called “paywall” (Pattabhiramaiah, Sriram & Manchanda, 2018). The Internet has enormously transformed the way news and other contents are produced, disseminated and utilized among the people. Earlier than now, the major sources of income for publishers were advertisements paid for in both print and digital contents of both online and print circulation. The key to surviving the digital age is to learn how to diversify revenue models. Physical newspapers are still great, but journalism needs to embrace digital formats if it wants to survive. The Internet is perfect for putting into place more than one income stream, and newspapers can benefit from that just as much as any other business. This led to the idea of pay-walling of contents among newspapers. It is therefore imperative to embark on an empirical appraisal of pay-walling as a profitable tool for online newspapers in the Nigerian newspaper industry This study is set to:

1. Ascertain those Nigerian online newspapers that place their contents behind paywall.
2. Identify the dominant type of paywall used among those Nigerian online newspapers
3. Determine whether Nigerian online newspapers solely adopt paywall for income generation.

The above objectives formed the basis for the research questions that guided this study.

Theoretical Framework

This study is hinged on the creative destruction theory. This theory holds the belief that changes in the pattern of operations of different businesses are constant and for businesses to meet up with the new realities there must be a change in the pattern of their operation to suit the new realities. According to Nolan (1995), cited in Isiaka (2015), creative destruction is a process by which organizations try to meet up with new business demand by killing the old ways of doing business and adopting a new one that can make the business survive the taste of time. This simply means destroying the old approach and creating a new one that can sustain the business. This is necessary because without adopting the new order, the organization is at risk to go out of business for other competing firms. Analyzing the creative destruction theory, Jones (2010) argues that the theory is premised on the fact that as companies and organisations grows older and expands in business, cycles of creation and destruction must set in; these cycles of creations and destructions must be carefully managed. The author further explained that creative destruction theory signifies that a non-innovative successful company that has reached its height is eventually driven out of the market or scene by one or more new innovating companies, which also eventually suffers the same fate, thus completing a creative destruction circle. While citing Jones (2010), the following survival measures adopted by a company undergoing creative destruction stage, namely, the company at the 'cultural lock-in stage', must overcome the threat of extinction by shedding its bloated workforce and introducing innovations in one or more of three ways, namely (a) incremental innovation, which allows small changes over time; (b) substantial innovation, which necessitates some structural changes in the company, like cost-cutting, layoffs and restructuring; (c) or transformational innovation, in which the company essentially recreates itself.

Relating this theory to the current study, profit making and survival of the newspapers through advertising subscription has been an old business strategy. Eventually, the advent of the Internet has posed a serious threat to this means of income, a situation which makes creative destruction a sine-qua-non should a newspaper organization goes online and need to survive the change in the business model. Pay-walling therefore is the new order while total reliance on advertising is the old order which needs to be creatively destroyed or organization(s) will go into extinction.

Review of Literature

The Influence of Digitalization on newspapers Profitability in Nigeria.

The internet changed the notion of scarcity that newspapers once enjoyed. In its place came a flood of online news outlets that could churn out news as it was happening. You no longer need to wait for a newspaper van to travel 6 hours from Lagos to bring you the news. There are one-man operations: reporters without beats who made short work of 300 word articles. They covered every story, from politics to sports, entertainment and metro. But some others tried their hands at niche blogging. In the end, it was the generalists who survived. Their thinking was practical: write on as many trending topics as possible and

gather all the eyeballs you could. A few of these first wave online news outlets became popular and for the first time, put print media on the back foot.

While print continued to bask in their advertising revenues, a new stream of digital revenue had opened up for the online upstarts. Yet it would hardly spell an end to print media, a sector that had survived for years through resilience. Despite years of experience running newsrooms and having more professionals on payroll, traditional media houses decided to use the same playbook as their newer counterparts. They realised that their top quality journalism or influential columnists alone were not going to win the battle for eyeballs. Enter “viral content” and clickbait headlines. Press releases were repackaged as news stories, fact-checking and verification became redundant. It had become a game of who could break the news the fastest and who could churn out the most news. Nigerian traditional media beat the upstarts at their own game and occupied spots at the top of Nigeria’s most visited websites. But the true cost of this pyrrhic victory was quality control.

According to Reuters Institute (2021), now more than two-thirds of leading newspapers (69%) across the European Union and the United States are operating some kind of online paywall, a trend that has increased since 2017, especially in the U.S. where this has increased from 60% to 76%. As intended, paywalls provide an opportunity for news outlets to turn a profit without relying on digital advertising, which results in a number of advantages.

Various Types of Paywall

Scholars like Milstead, (2010), Reagan and Hatch (2010) explain the various types of paywall that can be adopted by online news papers.

- **Hard paywalls:** It is a kind of paywall that requires for a paid subscription to be made before access could be granted to the user.
- **Soft paywalls:** The soft wall is exactly the opposite of the hard paywall. It is soft as the name implies and allows the readers to access some digital content based on criteria that is decided by the publisher. **Freemium paywalls:** Some publishers also selectively restrict access to premium content; keeping the majority of the content open and free to access. The freemium paywall allows publishers to use both the ad-supported and subscription-based revenue models in conjunction.
- **Dynamic paywalls:** Hard and soft paywalls follow relatively simple models that decide when the paywall should appear.
- **Ad-block walls:** This kind of paywall is rampant among publishers online as it sets up an “ad-block wall.” The intention is to educate users about the business need for advertising revenue and convince them to whitelist a website
- **Server-side vs. client-side:** Paywalls can be either server-side or client-side; based on where the decision of whether or not a particular user gets to see the content happens. With client-side paywalls, the content is delivered but hidden out of view, making it easier to avoid.

Considering the recent development of relying on subscriptions among newspapers as a response to the decline of advertising spends, Pattabhiramaiah, Overby and Xu (2021) examined whether and how paywalls can help newspapers boost subscription revenue by retaining existing subscribers. The study adopted a content analysis study approach in examining 30 top North American newspapers using account subscribers’ paywall account activation and cancellation of clicks. Findings revealed that a subscriber’s activation of digital access decreases the risk of her canceling her subscription by about 31% and increases her

subscription revenue by 7%–12%. In other words, digital activation improves subscriber retention and the associated subscription revenue for newspapers. Moreover, most major newspapers grant subscribers free access to paywalled content in the print edition in order to get the newspaper retain subscribers by making their subscriptions more valuable. In other words, digital activation improves subscriber retention and the associated subscription revenue. This study, as can be seen, is interested in the relationship between subscription and customer valuation of contents. On the other hand, the current study looks at whether Nigerian online newspapers put their content behind paywalls.

Using content analytical approach, Kyalheim (2020) examined the most prominent news values placed behind the paywall and how they relate to commercial strategies regarding the introduction of the wall. The study explores the relationship between the implementation of a paywall policy and the editorial content profile in a local newspaper. The study which was premised on two Norwegian newspapers *Fædrel* and *svennen* and its online initiative *fevennen*, found that the content published behind the wall is the content the newspaper values the most. It was recommended that for this strategy to survive, the news values should be there to command subscription among the readers. This study is a content analytical study paying attention to what is put behind the wall and how the business will survive. It is related to the current study because they are all on the same issue which is paywall but differs in setting and target. While this previous study is looking at what is behind the wall, the current study is looking at how paywall as a strategy as come to help the newspapers in Nigeria.

Ho, Reo and Youngsoo, (2020) examined the impact of newspaper paywalls on daily pageviews, and how their impact varies across newspapers. Relying data generated from daily pageviews of 42 newspapers that introduced a paywall the study found that a paywall has a varied negative impact on daily pageviews for most newspapers. The survival of the newspapers was found to be a function of their contents. This is because some contents generate more clicks than others. So those with the contents that can generate attention and more clicks than others thrive while those with less of such contents like politics, business/economics, sports, and general social news tend to perform better with a paywall than newspapers that publish less. Finding also shows that newspapers with proportionately more unique content and papers with a more liberal slant experience a smaller drop in pageviews. The study recommended that better management of contents and quality of news should be encouraged among managers to meet up with the demand of the reading public. While this study is related to the current one, it is important to state that they have different angles to this issue of paywall. While the previous study is centered on the contents that can help the paywall to survive, the current one is looking at the implication of paywall to increased readership that leads to increase in profit.

Nnaane (2019) carried out a study on the Attitude of Select Journalists in Abuja and Lagos to the Emergence of Digital Paywall Journalism in Nigeria. The major objective of this research was to evaluate the emergence of digital paywall journalism in Nigeria as manifested in the online version of the *Business Day* newspaper. Two key findings of the research were that the adoption of the digital paywall journalism business model was not feasible for now in Nigeria; and that digital paywall also has some implications on the people's democratic "right to know". Two key recommendations of the research were that newspaper organisations should reach out to think-tanks and international media development organisations for funding, just like civil society organisations in Nigeria, as a strategy for survival; and that newspaper houses should also diversify their revenue base and go into real estate, transportation, among other businesses.

Methodology

This study adopted content analysis to provide statistical data thus making for precision. September 2022 was the study tie frame. The population was reduced to an accessible population based on Du Plooy (2002, p.101) suggestion which states that “the use of an accessible population is to ensure ease of access to the population.” The population consisted of all the 41 Nigerian online newspapers accessible to the researchers. The online newspapers used for this study are of Nigerian origin and cover mainly Nigerian stories. Census sampling approach was used. The unit of analysis was the news website. Thus, each web site was visited to ascertain the presence of paywall and/or digital ad constituting the unit of data generation and data analysis. Instrument for data collection was a coding sheet. The coding (content) categories included:

- i. **Paywall:** This refers to the presence of any form of obstructions requiring payment or financial subscription encountered while accessing news stories on newspapers’ web platforms.
- ii. **Digital Ad:** This refers to the presence of any form of advertisements found on the online newspapers’ web sites.

Table 1: List of Nigerian Online Newspapers

S/N	Name of Online Newspaper	Weblink Address
1.	36Naija	https://www.36ng.ng/
2.	Alabingo	https://alabingo.com/
3.	Blueprint	https://www.blueprint.ng/
4.	Business News	http://businessnews.com.ng/
5.	Businessday News	https://businessday.ng/
6.	Champion News	https://championnews.com.ng/
7.	Complete sports	https://www.completesports.com/
8.	Daily Champion	https://championnews.com.ng/
9.	Daily Independent	https://independent.ng/
10.	Daily Newswatch	https://www.mydailynewswatchng.com/
11.	Daily Post Nigeria	https://dailypost.ng/
12.	Daily Times	https://dailytimesng.com/
13.	Daily Trust	https://dailytrust.com/
14.	Information Nigeria	https://www.informationng.com/
15.	Leadership Nigeria	https://leadership.ng/
16.	National Accord	https://www.nationalaccordnewspaper.com/
17.	National Daily	https://nationaldailyng.com/
18.	New Telegraph	https://www.newtelegraphng.com/
19.	The Next Edition	https://www.nextedition.com.ng/
20.	News24	https://www.news24.com/Tags/Places/nigeria
21.	Nigeria World	https://nigeriaworld.com/
22.	Nigerian Pilot	https://nigerianpilot.news/
23.	Nigerian Tribune	https://tribuneonlineng.com/
24.	Osun Defender	http://www.osundefender.com/
25.	PM News	https://pmnewsnigeria.com/
26.	Premium Times	https://www.premiumtimesng.com/
27.	Puo Reports	https://puoreports.ng/

28.	Saharareporters	https://saharareporters.com/
29.	The Abuja Inquirer	http://theabujainquirer.com/
30.	The Voice	https://thevoicenewspaper.ng/
31.	The Authority	https://authorityngr.com/
32.	The Cable	https://www.thecable.ng/
33.	The Guardian	https://guardian.ng/
34.	The Nation	https://thenationonlineng.net/
35.	The Nigerian Observer	https://nigerianobservernews.com/
36.	The Punch	https://punchng.com/
37.	The Sun News	https://www.sunnewsonline.com/?p=*****
38.	The Tide	https://www.thetidenewsonline.com/
39.	The Union	https://www.theunionnigeria.com/
40.	This Day	https://www.thisdaylive.com/
41.	Vanguard	https://www.vanguardngr.com/

Source: Field Study (2022)

Data Analysis

Analysis was done on the 41 Nigerian online newspapers by visiting each website to ascertain whether there is presence of paywall and/or advertisements on the websites; since the onus of this study is all about assessing the use of paywall for profitability by Nigerian online newspapers. In order to answer the research questions, the following data were analysed:

Table 2: Appraisal of Online Newspapers on Paywalling

Name of Online Newspaper	Presence of Paywall	Presence of Digital Ad
36Naija	0	1
Alabingo	0	1
Blueprint	0	1
Business News	0	1
Businessday News	0	1
Champion News	0	1
Complete sports	0	1
Daily Champion	0	1
Daily Independent	0	1
Daily Newswatch	0	1
Daily Post Nigeria	0	1
Daily Times	0	1
Daily Trust	0	1
Information Nigeria	0	1
Leadership Nigeria	0	1
National Accord	0	1
National Daily	0	1
New Telegraph	0	1
The Next Edition	0	1
News24	1	1
Nigeria World	0	1
Nigerian Pilot	0	1
Nigerian Tribune	0	1
Osun Defender	0	1

PM News	0	1
Premium Times	0	1
Puo Reports	0	1
Saharareporters	0	1
The Abuja Inquirer	0	1
The Voice	0	1
The Authority	0	1
The Cable	0	1
The Guardian	0	1
The Nation	0	1
The Nigerian Observer	0	1
The Punch-	0	1
The Sun News	0	1
The Tide	0	1
The Union	0	1
This Day	0	1
Vanguard	0	1

Source: Field Study (2022). **Key: 0 = Absence 1 = Presence**

Table 2 reveals that all the news sites do not put their news content behind paywall and they all indulge in digital advertisement as there is presence of advertisement of various products seen on the news sites.

Discussion of Findings

The study established that all the online newspapers in Nigeria do not use paywall and hence do not depend on paywall for profitability. This puts Nigerian media on the rear position of what is going on around the world. According to Reuters Institute (2021), more than two-thirds of leading newspapers (69%) across the European Union and United States are operating some kind of online paywall, a trend that has increased since 2017, especially in the U.S. where this has increased from 60% to 76%, (Simon & Graves, 2019). Furthermore, this buttresses the finding of Nnaenne (2019) that the adoption of the digital paywall journalism business model was not feasible in Nigeria. The BusinessDay newspaper that placed its contents behind paywall as at 2019 has pulled down the wall. The reason for this finding may be accrued to the view of Pattabhiramaiah, Sriram and Manchanda, (2018) that the impact of not using paywall is mainly as a result of the fact that consumption of digital content is geometrically growing in number, while the willingness to pay for this content is grossly declining among readers. So in light of this, firms in these industries may have been exploring different options to commercialize their contents.

Every news site visited had various types of digital advertisement demanding for audience attention. This implies that Nigerian online newspaper still depends on digital advertisements to gain income. It can be factually deduced that Nigerian online newspapers do not depend on paywall that they do not use it for profitability but still dwells on the proceeds derived from digital advertising. For Nigerian online newspapers, readership revenues are not more important than before like Ohlsson and Facht (2017) argued that as a result of the sudden change in the newspaper business introduced by the advent of the Internet, company managements perceive that the advertising market is more or less lost. It is worthy to note that this finding does not support the view of Isiaka (2015) about the creative destruction theory which is described as a process by which organizations try to meet up with new

business demand by killing the old ways of doing business and adopting a new one that can make the business survive the taste of time. It can be said that Nigerian online newspapers have not adopted the new order (paywall) as necessary profitability tool for their survival which according to Isiaka (2015) places the online newspaper organizations at risk that may make them to go out of business because in an era where ad-blockers negatively affect ad revenue, paywalls can help media producers survive in a free-market economy.

Conclusion

The evaluation of Nigerian online newspaper in the use of paywall as profitability tool has revealed that online newspapers in Nigeria do not use or rely on paywall for income generation. This implies that they have other means of generating profit which include but may not be limited to the proceeds from the digital advertisement in spite of the prevalent online ad-blockers. Advertisements still remain the bedrock of survival and sustainability for online newspapers in Nigeria.

The researchers recommend as follows:

1. The online newspapers in Nigeria should adopt the use of paywall just like other countries to achieve profit generation and not solely rely on digital advertisements. They should adopt any of the various types of paywalls that suits their audience and generate income through it no matter how little; the dynamic and ad-block walls are recommended to suit the already existing digital ad news sites.
2. Nigerian government should strive to make the national economy friendly so as to encourage an average citizen to pay for news. When there is high rate of unemployment and inflation, there is bound to be poor standard of living which will amount to inability to afford paywall subscription.
3. Nigerian online newspapers should not be seen to be lagging behind in innovation and technological advancement, to this end, paywalling and other innovative steps should be explored and exploited too.

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