Australian newspapers online: Four business models revisited

by Kieran Lewis

Kieran Lewis is a doctoral candidate at the Queensland University of Technology where he is researching the Internet's effects on news media pluralism. He is also Senior Corporate Affairs Officer at the Department of Primary Industries (Forestry) in Queensland.

Abstract

This article revisits four online news business models, first documented in 1997, to discuss current worldwide newspaper website trends and new research data on Australian newspaper websites. The data are from a survey of Australian newspapers and their websites and show that the Australian experience mirrors international experience in terms of the growth of newspapers online and their lack of profitability. The survey shows that while there is international evidence that providing news content online reduces offline newspaper subscriptions, a third of the newspapers studied registered circulation increases after setting up their websites. While there is international evidence that generating revenue through online advertising is difficult, for nearly half of the newspapers studied their overall advertising revenue increased after setting up their websites. The survey also found that while newspaper publishers worldwide continue to rely, mainly, on the subscription and advertising business models to generate revenue online, there is evidence that Australian newspapers are forming online alliances with other media and non-media businesses to facilitate their online business activities.

Introduction

From 1994 to 2002 the number of newspapers online worldwide is said to have grown from 'fewer than 100' (Mings & White 1997: 1) to more than 10,000 (The Online Newspaper Directory 2002). But this growth is not matched by any similar growth in profits. Literature suggests most newspaper websites worldwide

run at a loss. A 2002 study found that just 17 per cent of newspaper websites in Europe, Latin America and North America were profitable (Innovation International Media Consulting Group 2002). Alves (2001: 63) said one reason newspapers were losing money online was that they had failed to find 'a successful business model for new media' while Mings and White (1997: 2) claimed newspapers' 'rush to the Internet' had 'vastly outstripped their understanding of how to profit from these ventures'. In a 1997 La Trobe University 'Business Brief' (subsequently updated in Kahin and Varian's 2000 text *Internet publishing and beyond: The economics of digital information and intellectual property*) Mings and White detailed one of the first sets of business models for online news. These were a subscription model, an advertising model, a transactional model and a bundled (or partnerships) model (Mings & White 2000: 64-86). This article revisits these models by using them as a framework to discuss worldwide newspaper website trends and new research data on Australian newspaper websites.

In Australia, the growth of newspaper websites reflects international trends, having almost quadrupled from February 2000, when the Australian National Library provided links to 113 Australian newspaper websites (at www.nla.gov.au/oz/npapers.html, accessed 17 February 2000), to April 2003, when the library provided links to 427 Australian newspaper websites (at www.nla.gov.au/npapers.html, accessed 1 April 2003). (Note that these figures refer to newspaper links listed by the Australian National Library. If these are dated or otherwise no longer active, the number of newspapers that were actually online at the time may differ slightly from the figures quoted.) But how have these websites fared in terms of profitability and other issues associated with Mings and White's online news business models? The results of a recent survey I undertook of Australian newspapers and their websites provide some answers to this question.

Methodology

The survey was undertaken from September 2001 to August 2002 on a sample population of newspapers selected from the Australian newspapers that were online at that time. The sample population was selected in line with 'Maximum variation' and 'Stratified purposeful' sampling strategies (Miles & Huberman 1994:

28-29). These strategies help obtain a wide a range of views, the maximum variation strategy being used to 'document diverse variations and identify important common patterns', and the stratified purposeful sample to 'illustrate subgroups' and 'facilitate comparisons' (Miles & Huberman 1994: 28). As such, the sample population for the survey, comprising 20 newspapers, was selected to reflect a broad cross section of newspaper markets (metropolitan, regional, rural and special interest), and a range of subgroups such as newspaper ownership (including News Limited, Fairfax, Rural Press, Australian Provincial News and Media, West Australian Newspaper Holdings and independents) and publication frequencies (including daily, weekly, twice-weekly, thrice-weekly, fortnightly and monthly publications). The sample population also reflected a range of geographical locations, with all Australian states and territories (except the ACT) being included.

The sampling strategy was to see if newspapers in different markets, catering for different readerships, and reflecting a range of ownership structures and publication frequencies, had differing views about, experiences with and objectives for their Websites. The sample population is detailed in Table 1. I have used frequency tables to display the results of this research, frequency tables being described as a 'natural and useful technique for summarizing qualitative data' (McClave & Benson, 1989: 19-20).

Newspaper & URL	Owner	Location
Metropolitan (daily and non-daily)		
The Courier-Mail www.thecouriermail.news.com.au	News Limited	Brisbane, QLD
The Sydney Morning Herald www.smh.com.au	John Fairfax Holdings	Sydney, NSW
N.T. News www.news.com.au/nt	News Limited	Darwin, NT
The Brisbane Independent www.theindependent.com.au	Brisbane Independent Newspaper Group Pty Ltd	Brisbane, QLD
The West Australian www.thewest.com.au	West Australia Newspaper Holdings Ltd	Perth, WA
Regional dailies		
The Queensland Times www.qt.com.au	Australian Provincial News and Media [APN]	Ipswich, QLD
The Northern Daily Leader http://tamworth.yourguide.com.au	Rural Press	Tamworth, NSW
The Advocate www.theadvocate.com.au	Harris Print (Harris & Company Ltd)	Burnie, TAS
Shepparton News www.sheppnews.com.au	McPherson Newspapers	Shepparton, VIC
The Bendigo Advertiser www.bendigoaddy.com.au	News Limited	Bendigo, VIC
The Newcastle Herald www.nnp.com.au	John Fairfax Holdings	Newcastle, NSW
Rural weeklies		
Alice Springs News www.alicespringsnews.com.au	Erwin Chlanda Pty Ltd	Alice Springs, NT
Byron Shire Echo www.echo.net.au	Echo Publications Pty Ltd	Byron Bay, NSW
Whitsunday Times www.thewhitsundaytimes.com.au	75% owned by APN and 25% owned by founder Mr Bill Smith	Whitsunday, QLD
Geraldton Guardian www.geraldtonguardian.com.au	Geraldton Newspapers Ltd	Geraldton, WA
Eyre Peninsula Tribune www.cleve.yourguide.com.au	Rural Press	Cleve, SA
Special interest		
The Catholic Leader http://catholicleader.com.au	Roman Catholic Archdiocese of Brisbane	Based in Brisbane, QLD, but distributed Australia-wide
Bizreview Qld (became *Queensland Business Review* in July 2002) www.brq.com.au	Publishing Services Australia	Brisbane, QLD
Blaze (Gay and lesbian media) www.blazemedia.com.au	Blaze Media Pty Ltd	Melbourne, VIC
The Guardian (Weekly newspaper of the Communist Party of Australia) www.cpa.org.au/guardian/guardian.html	Communist Party Of Australia	Sydney, NSW

Table 1 - Sample population of Australian newspaper websites

In line with Wimmer and Dominik's (1991: 107-137) guidelines for survey research, pilot studies of the survey were undertaken and response rates were maximised by telephoning each newspaper in the sample population, identifying the person who should receive the survey and informing them of its objectives. The surveys were emailed from September 2001. Follow-up telephone calls were made to clarify responses where necessary. Survey responses were entered into the SPSS statistical software program and, as the survey included a number of open-ended responses, coding sheets were developed to allow data from these questions to be entered accordingly. By August 2002, I had received eighteen responses from the twenty newspapers that received the survey.

Australian newspapers online

The length of time the newspapers in the sample population had been online was relatively evenly distributed from 1995 to 2002 but the costs of setting up their websites varied. Correlations between the date individual newspapers were established and the year in which their respective Websites were set up showed no specific trend. Although in this case the longest established newspaper (first published in 1833) was the newspaper with the most recent Website (set up in 2002), as can be seen in Figure 1, there is no trend suggesting that 'younger' or 'older' newspapers are first or last online. The third oldest newspaper surveyed, for example, was established in 1861 but was the first newspaper to go online, in 1995. This compares with a relatively 'young' newspaper, first published in 1981, which did not go online until 2000. There were two non-responses to questions that asked for newspaper and Website establishment dates.
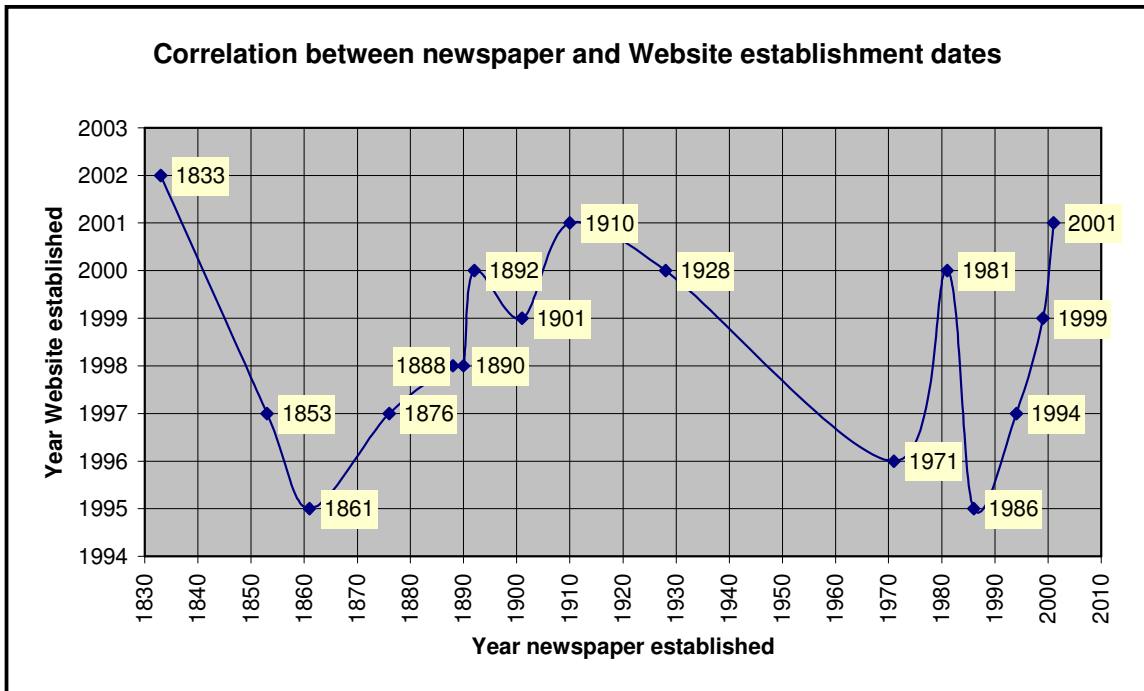
Correlation between newspaper and Website establishment dates

Figure 1 - Correlation between newspapers and their Website establishment dates

In response to a question asking respondents to indicate their website set up costs, six respondents said these costs were 'negligible'. Two of these produced their websites in-house. One respondent said it cost less than $1000 to set up their newspaper's website; one said between $1000 and $5000; one between $5000 and $10,000 and one between $10,000 and $25,000. One website, that of a major state-based daily newspaper, supposedly cost more than $1 million to set up. Seven respondents said this information was not available.

It might be assumed the costs for setting up and maintaining a major daily newspaper would necessarily be more than the costs for a regional weekly newspaper. Comparing newspaper groups with website costs does not confirm this trend. Of the ten daily newspapers surveyed, for example, costs ranged from $1 million for one, to $20,000 for another, to less than $3000 for another, to negligible costs for websites set up in-house. Two weekly newspapers said their websites were set up at negligible cost while another weekly newspaper website cost $10,000 to establish and then up to $35,000 per year to maintain. A thrice-weekly newspaper's website cost $6000 to establish while a fortnightly newspaper's website was produced at negligible cost. One respondent, owner of a weekly newspaper, said his website cost $200 to set up and 'was put together in an afternoon'. The survey's

results suggest that website set up and maintenance costs are predicated more on the sophistication or simplicity of the website itself, rather than the publication frequency of the newspaper concerned.

A significant survey finding, and one that supports the 2002 study of European and Latin and North American newspaper websites, was that just two newspaper websites in the sample population were considered profitable. In a sample population that included ten daily newspapers, the two newspapers that had profitable websites were an online-based special interest newspaper that spawned a weekly e-mailed newsletter and a quarterly print edition, and a well-established thrice-weekly regional newspaper. Neither publisher belonged to a major newspaper group. Thirteen respondents said their websites were not profitable and two said this information was not available.

Online subscriptions

Literature suggests newspapers mostly rely on the subscription and advertising models (somewhat unsuccessfully) to generate online revenue. These are the traditional offline newspaper business models, where advertising generates between 70 and 80 percent of total revenue and the remainder comes from subscriptions (Mings & White 2000: 64). It is suggested newspaper publishers maintain their reliance on these models when online because they were what 'worked in the past' (Mings & White 1997: 18). But Sparks (2000: 277) argued newspapers found it difficult to charge a subscription for their online services. He said the best that could be achieved was for newspapers to offer online content free and charge for specialised online services such as archive access (Sparks 2000: 277). In the US, archival retrieval of newspapers online is 'very common' (Williams & Nicholas 1999: 125), although there is little indication about how many newspapers actually charge for this. In the United Kingdom, Cowen (2001:193) found that in 2001 none of Britain's major broadsheet newspapers – *The Financial Times*, *The Guardian*, *The Observer*, *The Independent*, *The Sunday Independent*, *The Telegraph*, *The Sunday Telegraph*, *The Times* and *The Sunday Times* – charged for access to either their online content or their online archives.

One difficulty with the subscription model is that the Internet has 'conditioned a generation to the idea of getting news for free' (Moses 2002: 12). Having said this, it is claimed US citizens spent $US50 million purchasing online newspaper content through 2001 and the first quarter of 2002 (Online Publishers Association 2002), although it has also been claimed such figures include not just the purchase of news content, but also spending on 'dating services, greeting cards, games, and downloadable music' (Crosbie 2002). Nevertheless, the trend is encouraging more publishers to charge for their online content, evidenced by AOL Time Warner's decision in 2003 to move twelve of the company's magazines (including *Entertainment Weekly*, *People* and *Sports Illustrated*) 'behind the curtain' of paid online subscriptions (Kelly 2003).

Going online can boost news circulation (if not paid subscriptions) by capturing young readers that would not normally read newspapers (Sparks 2000: 272 and Shand 1999: 225). This is because, in general, the demographic least reading newspapers – young adults (Kohut 2002) – is conversely the same demographic that most uses the Internet (Sparks 2000: 272). Newspapers are recognising this. McGuire (2002) found many US newspapers had shifted from 'defensive' to 'active online strateg[ies]' to form 'relationships' with new online readerships while Cowen (2001: 195) found British newspapers captured 'non-traditional' readers when they leveraged their online brands by differentiating them from their print mastheads. For example, Britain's *Financial Times* became *FT.com* online; *The Daily Telegraph* became the *Electronic Telegraph* and *The Guardian* became *Guardian Unlimited* (Cowen 2001: 195).

Research suggests up to 5 per cent of readers drop paid subscriptions for newspapers when the respective newspaper's online content is available free (Moses 2002 and Pastore 1999). Indeed, the co-founder of failed Australian online-only news website *The Zeitgeist Gazette*, David Salter, said the only online content people were prepared to pay for was pornography (Salter 2001: 23). Of the newspapers I surveyed, all offered their online content without charge, although two respondents said they were considering charging for online content in the future. However, the survey did find that Australian newspapers were offering, and charging for, 'specialised content to suit particular interests' (Mings & White 1997: 12-16).

Thirteen respondents said their newspapers offered additional news services, such as archives, free of charge, while three respondents said their newspapers offered these services for a fee (see Table 3).

		Frequency	Per cent
Valid responses	Additional services offered at no charge	13	72
	Additional services offered for a fee	3	17
	No additional services offered	2	11
	Total	18	100

Table 2 - Additional online services offered by the newspapers surveyed

Literature suggests it is possible for newspapers to increase their circulation, particularly among young adults, by moving their content online (McGuire 2002; Kohut 2002; Cowen 2001; Sparks 2000; and Shand 1999). Six of the newspapers surveyed registered circulation increases after their websites were established, but three of these respondents did not relate that increase to the website. A further three newspapers registered circulation decreases after their websites were established, but no respondent related those decreases to the website. Five respondents said their newspaper circulation had remained static after their websites were established. Three respondents said circulation information was not available (see Table 3).

		Frequency	Per cent
Valid responses	Circulation increase	3	17
	Circulation increase, but not because of website	3	17
	Circulation decrease, but not because of website	3	17
	Circulation static	5	28
	Information not available	3	17
	Would not disclose	1	6
	Total	18	100

Table 3 - Circulation movements for the newspapers surveyed

Online advertising

Under the advertising model, newspapers seek to generate online revenue by using advertising as a greater part of the subscription/advertising revenue mix (Mings & White, 1997, p.18). But attracting advertisers to the Internet has been 'a hard slog' (Bogle 2001: 15). Newspaper websites are proving no exception, with very low advertising revenue generated online. America's Online Publishers Association (2002: 1) said the ratio of advertising revenue to circulation revenue for offline US newspapers was 'roughly 3 to 1' while the same revenue ratio for their online news sites was only '11 to 1'. In Australia in 2001, online advertising expenditure was '$80 million to $90 million' per year – just 1 per cent of the $8 billion spent annually on advertising across all media that year (Bogle 2001: 15). According to Bogle (2001: 15), Australia's 'top five advertisers – Telstra, Coles Myer, Nestle, Toyota [and] Unilever' rarely appeared on the Internet. Current opinion suggests this is because online readers prefer to 'skip the ad pages' (Morton 1999: 80-81); have 'short concentration spans' (Mayne 2001: 15); were online seeking specific content and not browsing advertisements (Mayne 2001: 15); and because there was debate about the accuracy of online audience measurement (Stone 2002), meaning media organisations were 'not likely to have complete information on the[ir] audience' (Cohen 2002: 537).

Sparks (2000: 277-278), however, gave an example of where newspapers could capitalise on online functionality, saying the Internet was 'a valuable new medium' for classified advertising, particularly as online classifieds were searchable. Indeed, a 2003 study of 246 US daily newspapers found 'the bulk of online dollars' came from online classifieds, particularly recruitment, automotive and general merchandise classifieds (Borrell Associates Inc 2003: 1-2). But even here, newspapers face competition from independent non-newspaper websites devoted exclusively to classified advertising (Cowen 2001: 190 and Sparks 2000: 280). In Australia, *The Sydney Morning Herald's* website manager Tom Burton claimed it was 'futile' to try to build a web-based publishing business 'supported by advertising' (Burton 2001: 15). Certainly Burton's employer, the Fairfax newspaper group, has faced online difficulties, supposedly at times selling online classifieds for a fifth of the rates the group charged for offline classifieds 'due to the smaller online

audience and online price competition' (Schulze 2002). Christopher Schroeder, chief executive officer of *Washingtonpost.Newsweek Interactive*, appeared somewhat of a lone voice when he argued online advertising was '*the* model' [his italics] for 'quality' news websites saying:

> I truly think that next year the Internet story people will be talking about is the efficacy of online advertising. There are times of day when you can reach people with your ad information on a regular basis, i.e., at the desktop, which you couldn't do before. People are on-task when they're looking at their screens. They're not getting up and making a sandwich when the ads come on. That's where the focus should be (Schroeder 2002).

Nine of the Australian newspaper websites in the sample population contained advertising material. Of the nine that did not, four respondents said advertising was planned for the future. Four newspapers employed specific online advertising staff to generate their online advertising content. Seven of the newspapers surveyed registered advertising revenue increases after their websites were established but three of these respondents did not relate that increase to the website. Two respondents said their advertising revenue had decreased after their websites were established. Three respondents said their advertising revenue had remained static after their websites were established (see Table 4).

		Frequency	Per cent
Valid responses	Revenue increase	4	22
	Revenue increase, but not because of website	3	17
	Revenue decrease	2	11
	Revenue static	3	17
	No advertising on website	4	22
	Total	16	89
Missing / invalid responses		2	11
Total		18	100

Table 4 - Advertising revenue movements for the newspapers surveyed

If the Internet is a valuable medium for classified advertising (Sparks 2000: 277-278), the survey results indicate Australian newspapers are recognising this, as a

breakdown of advertising content on the websites that carried advertising material showed classifieds were the most common advertising form (see Table 5).

		Frequency	Per cent
Valid responses	All news, all advertisements	1	6
	News, display, and classified advertisements	1	6
	News and display advertisements	1	6
	News and classified advertisements	5	28
	News only	9	50
	Total	17	94
Missing / invalid responses		1	6
Total		18	100

Table 5 – Online advertising content in newspapers surveyed

Four respondents said they wanted to increase online advertising revenue: one by increasing news content and news immediacy thereby making their website more attractive to advertisers; one by introducing paid advertising 'links' to advertisers' own websites; one by introducing paid classifieds online and one by developing banner advertising.

Online transactions

Mings and White's (1997: 27-29) transactional model is based on e-commerce. With this model newspapers can raise revenue by facilitating online transactions between readers and 'charging commission[s] on the sales[s]' (Morton 1999: 80-81). Mings and White (1997: 27-28) said the model's main benefit was that a newspaper could act as a portal to 'commercially sponsored electronic places' a strategy they saw as having 'tremendous potential and tremendous opportunities'. White (1996: 8) had earlier discussed the concept of online 'transactional spaces', which he described as 'virtual spaces' that replaced the physical spaces 'where funds and goods are exchanged'. Cowen (2001: 196) found that many British broadsheets had combined their traditional advertising base with e-commerce while a US study found that up to 65 per cent of that country's newspaper website users were involved in e-commerce sponsored by the respective newspaper website (Dibean & Garrison 2001: 84).

Mings and White (2000: 82) said there were both 'optimistic and pessimistic' projections for the success of the transactional model. However, the survey results showed little evidence of any significant use of the transactional model in its true sense. Only one newspaper website of the eighteen surveyed contained an e-commerce link. That was the *Newcastle Herald*, a Fairfax newspaper that had a home page link to *Sold.Com*, an e-commerce site that was originally set up by Fairfax after that news group went online in 1996 (Morris 1996: 19) but is now a Yahoo site (at http://au.sold.yahoo.com, accessed 9 April 2003). This is consistent with a worldwide trend for Internet portals (AOL, MSN and Yahoo in particular) to largely adopt e-commerce, rather than newspaper-specific websites (McAllister & Turow 2002: 511). Nor was e-commerce mentioned specifically as an aim or objective of any newspaper surveyed, nor was it mentioned in any online plans for these newspapers, aside from an oblique reference from one respondent who said their newspaper's future plans included '[c]ommercial exploitation'. This respondent added: '[B]ut we are a small staff. Most of our ideas are in the "too-hard" basket at the moment', which may indicate, in a general sense, the resource implications for newspapers providing online services such as e-commerce.

Online partnerships

The bundled (or partnerships) model is where online newspapers establish 'partnerships with other publishing and/or Internet entities as a means of gaining revenue' (Mings & White 1997: 30). Although Mings and White said the take up of this model had been 'flat' (Mings & White 2000: 83 and 1997: 30), there is evidence that it is being used by media organisations. For major organisations, one of the strategies for doing this was to form 'billion dollar alliances' with 'other media owners and telecommunications infrastructure providers' (White 1996: 3), transforming themselves in the process into 'global communications industries' (Hughes 1997: 78). Examples of this include the $US525 billion merger between the Time Warner company and Internet service provider America Online (AOL) in 2000, the world's largest business merger that formed the world's largest media conglomerate (Hopkins, Burke & Romei 2000: 1); while in Australia in 1999 News Limited and Publishing and Broadcasting Limited [PBL] each took a 20 per cent

share of Australia's then largest Internet service provider One.Tel (Mathieson & Burke 1999: 21). This was a move seen by some as a strategy to bring News Limited in 'from the Internet wilderness' (Butler 1999: 20).

But Mings and White (2000: 83) suggested a 'significant drawback' of this model was that newspapers had to share their revenue with a partner, the suggestion being that such revenue sharing may be a disadvantage when contributions to the overall venture are unequal. The outcomes of the AOL/Time Warner and the News Limited/PBL/One.Tel partnerships indicate such drawbacks exist. As the world's largest media conglomerate, AOL Time Warner posted the world's largest corporate loss in 2002, $US100 billion (Williams 2003: 27), attributed to the AOL division that was seen to be 'an anchor dragging down the combined company' (Lohr 2003). And as AOL Time Warner's fortunes were failing, the Australian Federal Court continued its attempts to untangle the business dealings of former One.Tel directors Jodie Rich and Brad Keeling, with some suggesting neither News Limited or PBL paid sufficient attention to the running of the company, which failed shortly after they had purchased their combined 40 per cent stake in it (Hughes 2002: 7).

These issues notwithstanding, literature continues to suggest this model can provide opportunities to make online news ventures pay. Cowen (2001: 191) said newspapers could leverage 'their most valuable asset' – news – by selling it to websites that were 'strong in utility and services but not in editorial content'. News Limited is adopting this strategy in Australia through commercial partnerships 'with internet service providers…to carry news.com.au headlines on their sites' (Kidman 2000), as are US print-based news organisations Knight Ridder, the Tribune Company and *The New York Times*, which 'distribute their headlines and stories to national sites such as MSNBC.com and Yahoo' (Runnet 2002).

Of the eighteen Australian newspapers surveyed, eight had formed partnerships of some description to set up their websites. Seven newspapers established their websites independently, that is, they formed no partnerships for that purpose. Of the eight newspapers that did form partnerships, three were with organisations not related to either media or Internet Service Providers [ISPs], two formed alliances with other news media in their news groups, two formed alliances

with a range of external organisations and one formed an alliance with a news organisation outside its news group (see Table 6).

		Frequency	Per cent
Valid responses	With non-media, non-ISP	3	17
	With other news media in group	2	11
	With other news media outside group	1	6
	With a combination of some of the above	1	6
	All of the above	1	6
	No alliances formed	7	39
	Total	15	83
Missing / invalid responses		3	17
Total		18	100

Table 6 - Alliances formed by the newspapers surveyed

Responses to open-ended survey questions showed some partnerships were formed to extend the range of services newspapers could make available to their readers. There were examples of regional newspapers forming partnerships with their respective local authorities to promote their local community to residents and potential visitors. Other partnerships were with specialist advertisers, such as local cinemas, and helped provide additional information services to readers, such as film reviews. One newspaper formed an alliance with Telstra to extend its online delivery to WAP mobile phones. Other partnerships with businesses such as Internet design companies, ISPs and, in one case, a health insurance company and the TAB, were in the vein of providing advertising and promotion for the 'partner' in return for assistance (either financial or in kind) in setting up the newspaper's website.

Four conclusions

This article revisited Mings and White's four online news business models, using them as a framework to discuss current international and Australian newspaper website trends, and it draws four conclusions from an Australian newspaper website survey in the context of these business models and trends. First, this study suggests the Australian experience with newspaper websites mirrors international experience in terms of the growth of newspapers online, almost quadrupling from 2000 to 2002,

and in terms of profitability, with only 11 per cent of the newspapers surveyed having profitable websites. Secondly, while there is evidence that providing news content online as well as offline reduces offline subscriptions, the Australian experience is that 28 per cent of the newspapers surveyed maintained their circulation while offering free online news content, while a further 33 per cent registered circulation increases. (On this point, however, it should be noted that the survey did not distinguish between offline and online circulation increases. It may be argued that in terms of revenue, increases in online circulation when online content is free will only generate income when a newspaper publisher is able to increase advertising revenue by 'selling' the increased circulation base to advertisers.)

Thirdly, for seven of the nine respondents whose newspaper websites contained advertising (44 per cent of the total number of newspapers surveyed), the fact that their overall advertising revenue increased after their websites were established suggests that, for some Australian newspapers at least, gaining online advertising (as opposed to gaining overall profitability) has proved successful. (On this point, however, it should be noted that the survey did not distinguish between offline advertisements 'cut and pasted' to the newspaper's website and advertisements that were obtained exclusively for the website. If the former considerably outweighs the latter, it may be argued that generating revenue from online-only advertisements is still difficult.) And fourthly, while newspaper publishers worldwide continue to rely, mainly, on the subscription and advertising online news business models to generate revenue (with one major US newspaper publisher convinced the advertising model was *the* online news business model), there is evidence that some Australian newspapers are forming online alliances with other media and non-media businesses to facilitate their online business activities.

References

Alves, R.C., 2001, 'The future of online journalism: mediamorphosis or mediacide?', *Info - The journal of policy, regulation and strategy for telecommunications*, vol. 3, no. 1, 63–72.

Borrell Associates Inc., 2003, *What newspaper Web sites earn. A benchmarking report*, April, Borrell Associates Inc, Portsmouth, Va.

Butler, G., 1999, 'One.Tel: Packer, Murdoch deal', *The Australian Financial Review*, 16 February, p.1 and p.20.

Bogle, D., 2001, 'Advertisers stay offline', *The Australian*, 15 August, p.15.

Burton, T., 2001, 'Always a price', *The Walkley*, April, p.15.

Cohen, E.L., 2002, 'Online journalism as market-driven journalism', *Journal of Broadcasting & Electronic Media*, vol. 46, no. 4, 532–548.

Cowen, N., 2001, 'The future of the British broadsheet newspaper on the World Wide Web', *Aslib Proceedings*, vol. 53, no. 5, 189–200.

Crosbie, V., 2002, (updated 9 Dec 2002, cited 11 Dec 2002), 'The need for better reports of online consumer content spending', The Poynter Institute, www.poynter.org/column.asp?id=31&aid=12581.

Dibean, W., & Garrison, B., 2001, 'How six online newspapers use Web technologies', *Newspaper Research Journal*, vol. 22, no. 2, 79–93.

Hopkins, N., Burke, F., & Romei, S., 2000, 'Giants wed in $525b deal', *The Australian*, 11 January, p.1.

Hughes, P., 1997, 'Can governments weather the storm in the new communications climate?', *Australian Journal of Public Administration*, vol. 56, no. 4, 78–86.

Hughes, S., 2002, 'PBL updated News on One.Tel, court told', *The Australian*, 27 March, p.7.

Innovation International Media Consulting Group, 2002, (updated Mar 2002, cited 15 Oct 2002), 'An international survey: re-examining the web business model', www.innovacion.com/english/eng_report2002.htm

Kelly, K.J., 2003, (updated 27 Mar 2003, cited 31 Mar 2003), 'Free EW, People web sites are history', *New York Post*, www.nypost.com/business/71936.htm.

Kidman, A., 2002, (updated 25 Jul 2002, cited 25 Jul 2002), 'War of the websites at News, Fairfax', *The Australian*, www.australianit.com.au.

Kohut, A., 2002, (updated 4 Feb 2002, cited 11 Aug 2002), 'Young people are reading everything but newspapers', *Columbia Journalism Review*, www.cjr.org/year/02/4/kohutvoice.asp.

Lohr, S., 2003, (updated 14 Jan 2003, cited 16 Jan 2003), 'Slowed by a flawed new media idea, AOL hopes for comeback', *The New York Times*, www.nytimes.com/2003/01/14/business/media/14AOL.html

Mathieson, C., & Burke, F., 1999, 'Murdoch, Packer buy into One.Tel', *The Australian*, 16 February, p.21.

Mayne, S., 2001, 'In cyberspace everyone can hear you gossip', *The Walkley*, April, pp. 24–25.

McAllister, M.P., & Turow, J., 2002, 'New media and the commercial sphere: Two intersecting trends, five categories of concern', *Journal of Broadcasting & Electronic Media*, vol. 46, no. 4, 505–514.

McClave, J.T., & Benson, G, 1989, *A first course in business statistics (4th ed.)*, Dellen Publishing Company, San Francisco, CA.

McGuire, P.A., 2002, (updated Jul 2002, cited 16 Aug 2003), 'Media analysts describe positive shift in newspapers' online business strategy', Newspaper Association of America, www.naa.org/artpage.cfm?AID=4341&SID=92.

Miles, M.B., & Huberman, M.A., 1994, *Qualitative data analysis: An expanded sourcebook (2nd ed.)*, Sage Publications Inc., Thousand Oaks, CA.

Mings, S., & White, P.B., 2000, 'Profiting from online news: The search for viable business models', in *Internet publishing and beyond: The economics of digital information and intellectual property*, eds B. Kahin & H.R.Varian, The MIT Press, Cambridge, MA.

Mings, S., & White, P.B., 1997, *Making money from the Web? Business models for online news (Business brief 1)*, La Trobe University, Melbourne.

Morris, P., 1996, 'Newspapers and the new information media', *Media International Australia*, no. 79, 10–21.

Morton, J., 1999, 'Untapped cash discovered by online papers', *American Journalism Review*, vol. 21, no. 9, 80–81.

Moses, L., 2002, 'Youth must be served...but how?' *Editor & Publisher*, vol. 135, no. 22, 12–14.

Online Publishers Association, 2002, (updated 1 Aug 2002, cited 18 Aug 2002), *Online Paid Content: U.S. Market Spending Report*, www.comscore.com/news/cs_opa_study_080102.htm.

Pastore, M., 1999, (updated 16 Jul 1999, cited 11 Aug 2002), 'Newspaper sites cut into other media', *Editor & Publisher Online*, http://cyberatlas.internet.com/big_picture/traffic_patterns/article/0,1323,5931_156111,00.html.

Runnet, R., 2002, (updated Jul 2002, cited 16 Aug 2002), 'Newspaper sites add audience; improve stature as Net marketplace', Newspaper Association of America, www.naa.org/TheDigitalEdge/DigArtPage.cfm?AID=4332.

Salter, D., 2001, 'Adventures in the Net trade', *The Walkley*, April, p.23.

Schroeder, C.M., 2002, (updated 14 Aug 2002, cited 16 Aug 2002), 'The future of

news sites is "Content Orbiting" ', *iwantmedia*, www.iwantmedia.com/people/people18.html.

Schulze, J., 2002, (updated 19 Aug 2002, cited 19 Aug, 2002), 'Fairfax online offer bothers broker', *The Australian*, www.australianit.com.au.

Shand, D., 1999, 'Web is big news at media companies', *The 11th Annual Informationweek 500*, 27 September, pp.225–230.

Sparks, C., 2000, 'From dead trees to live wires: The Internet's challenge to the traditional newspaper', in *Mass Media and Society (3rd ed.)*, eds J. Curran & M. Gurevitch, Arnold, London.

Stone, M., 2002, (updated 15 Aug 2002, cited 25 Sept 2002), 'A time to compare numbers', *Online Journalism Review*, www.ojr.org/ojr/business/1029471539.php.

The Online Newspaper Directory, 2002, (updated 16 Aug 2002, cited 16 Aug 2002), www.onlinenewspapers.com.

White, P.B., 1996, 'On line services: The emerging battle for transactional space', *Media International Australia*, no. 79, 3–9.

Williams, D., 2003, 'Media giant records staggering loss of $US100,000,000,000', *The Courier-Mail*, 31 January, p.27.

Williams, P., & Nicholas, D., 1999, 'The migration of news to the web', *Aslib Proceedings*, vol. 51, no. 4, 122–134.

Wimmer, R.D., & Dominick, J.R., 1991, *Mass media research: An introduction (3rd ed.)*, Wadsworth Publishing Company, Belmont, Ca.