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Abstract

The Internet is a proven medium for information sharing and content dissemination and e-content sites flourished with the introduction of the World Wide Web. Initially these sites relied on Internet advertising as a means towards profitability but that proved to be short-sighted. In order for most e-content sites to be successful today, they must re-examine, modify and re-adjust their online business practices. One way to do this is to adopt a 'some free-some fee' services based model. In this model, content remains free but is enhanced with a collection of services to which fees are assessed. A review of e-content Web sites utilizing this model was undertaken and findings suggest variation in the types of services provided and the pricing structures employed.

Introduction

The Internet is a proven medium for information sharing and content dissemination and e-content sites flourished with the introduction of the World Wide Web. As the Internet moved into the world of commerce, many e-contents sites sought ways to place a monetary value on their offerings and many developed revenue generation strategies that relied heavily on Internet advertising as their major source of revenue. Even sites who did employ a subscription-based model abandoned this approach as the amount of Web-based free content continued to increase and the early returns from Web advertising were good. However, even while the total dollars spent on Internet advertising is rising, advertising revenues recognized by an individual site are declining. No longer can an e-content site rely on the traditional banner ad medium to provide the revenue needed to cover costs. At the opposite end of the spectrum is the implementation of a subscription or pay-for-service model that essentially eliminates access to all free content. This model has not proven to be successful for most e-content sites either. According to Smith (2002), sites that have successfully transitioned to a subscription-based pricing scheme fall into one of two categories; those that help users make money or those that help users save money (Smith, 2002). These sites, however, make up only a small percentage of all e-content sites. Consequently, e-content sites are finding it necessary to re-evaluate, modify and re-adjust their current online business practices.

E-content sites are faced with a major dilemma as they move from a free-based to a fee-based model. Given the historical openness of the Internet, the general expectation among users is that content made available on the Web should be made available for free. As Cohan (2001) states, "Once content is given away for free, it is virtually impossible to start charging customers for the content" and it is difficult to entice users to pay for something they perceive is readily available elsewhere for free. The reality for the e-content site, however, is that they can no longer survive in a free-for-all marketplace. The challenge is to find a model that lies between the extremes, a model where some content is provided for free while other content or services related to that content are provided for a fee. This model, known as 'some free-some fee', is being adopted by many e-content sites.

Taxonomy of Some Free-Some Fee

A taxonomy of e-content sites employing the 'some free-some fee' model proposed by Murray and Narayanaswamy (2004) identified four general categories through which sites instituted revenue generation strategies. Within the fee structure, two different pricing options were also identified. These included subscription based pricing and cost per item or cost per service pricing. The categories can be defined as:

- Content-based model – In this model, some content is offered for free and some content has a fee assessed to it. Fees are based on completeness or timeliness of the content.

- Service-based model – In this model, content is offered for free with pricing assessed based on service offerings.

- Hybrid model – In this model, fees are based on a blend of content and services.

- Voluntary contribution model - In this model, unlimited and free access is provided to all content and services, and in exchange for this access, users are asked to make a voluntary donation.

This paper presents a review of e-content sites that utilize service offerings as the primary components of their pricing structure.

Service-Based Model

The e-content market has become very competitive and according to Ojala (2001), successful e-content sites will be those who employ strategies that make them 'stand out from the crowd.' Further, those strategies must incorporate components that deliver some unique value as defined from the user's perspective (Ethiraj, Guler & Singh, 2001). In the area of e-content, that value has been identified as anything that meets a compelling need or anything that enhances productivity (Ojala, 2001). In a service-based model, added value is not applied to the content itself, but rather is delivered via a collection of services that facilitate discovery, delivery or enhanced use of the content.

Within the Service-based model, much experimentation abounds and e-content sites offer a variety of services, many of which are specialized or unique to a particular site. An examination of e-content sites ascribing to the services-based or hybrid based models was undertaken to identify the types of services being offered and the types of pricing structures being implemented. Twenty-five sites were chosen for review. Each of these sites met the following criteria:

- Service offerings must be the primary component for assessing fees.

- The primary purpose of the site must be to provide information-based content. Sites whose primary purpose was to use content as a vehicle to entice users to purchase other types of products, services or memberships in an affiliated organization were excluded.

- The site must offer the majority of its content for free.

- The site must assume some responsibility for the content offered; for instance either the content was created for that site or was collected and organized in some unique and useful manner. This excluded sites that only include search capabilities or listing of links to other sites.

- The sponsor of the site must have a researchable and valid identity. Sites maintained by individuals, acting on their own behalf, were excluded.

A heterogeneous mix of sites was reviewed, although these sites were not new to the Internet. Twenty-three sites had a Web presence of more than 5 years with the remaining two having a Web presence of 3 and 4 years respectively. Ten sites were sponsored by large organizations, eight were sponsored by medium or smaller companies and seven were sponsored by professional organizations or associations. Topic areas represented by these sites spanned a wide array of categories and a listing of those categories is reported in Table 1.

Table 1. Topic Areas of Content Provided

Content Category	Number of Sites
General News	3
Financial	5
Technical (computing focused)	3
Weather	3
Educational Resources	4
Entertainment (sports)	1
Healthcare	1
Life Style (home gardening)	1
Arts/culture	1
Pet Care	1
Home Repair	1

Political Pundit	1

The types of services offered by these e-content sites varied greatly. The average number of services per site was between 5 and 6 with the majority of those being included as part of a subscription based package and the rest being offered for free. The average number of free services was between 2 and 3 and the average number of fee-based was between 3 and 4. The type of services offered tended to fall into two groupings, general services and specialized or unique services. Besides email notification, the most common services represented were electronic newsletters or the opportunity to participate in forums, discussion boards, chat rooms or blogs. However, while most sites offered free access to the forums, full participation, extra features or private forum access were limited to subscribers. Added features included the ability to create new forum topics, limit those who could respond to a posting, post anonymously or post with a special identifier. Nine sites offered access to experts; two (a pet care site and an appliance repair site) via email exchange, six (two finance sites, three technical sites and a healthcare site) via an online forum and one (educational resource – homework help) through a specially designed synchronous software program. Other services evidenced included advertising free access, offers for special deals or discounts, Web space hosting and specialized formatting for PDF or delivery of content to mobile devices. Table 2 provides a listing of the services offered.

Table 2. Service-based Model by Service Offering

Service	Free	Fee Based
Electronic Newsletter	10	1
Customization/Personalization	5	4
Email notification/alerts	4	6
Email delivery of content	5	2
Blog/Chat/Forum/discussion board full access	9	3
Forum/discussion board special features		2
Access without advertising		7
Expert advice	1	7
RSS feeds	4	
Access to Radio or other Live Broadcast	3	1
Specialized format/delivery (wireless, PDF)	4	4
Enhanced search capabilities		3
Improved performance (download speed)		2
Special deals/discounts	1	2
Web space hosting		2
Specialized/unique service	6	26

A majority of the sites reviewed offered some form of specialized or unique service. These services, for the most part, were directly related to the topic area or mission of the site. For example, a financial site provided a real time stock quote tracking service (delayed stock quotes were free but real time quotes were included in a subscription package). A gardening site permitted subscribers to create exchange forums for seed bartering. A technology site priding itself in offering recently released technology news offered subscribers access to newly posted content 20 minutes before access was granted to the general public. A weather site provided automated desktop weather updates for 11 cities (a single city was offered for free). A sports site offered real time scores, a research site offered a personalized workspace that generated a properly formatted bibliography, a dictionary site offered audio pronunciations and a political pundit site offered a private email address. Other sites offered collections of specialized tools such as stock analysis and other financial investment tools, computer security checking tools and health assessment tools. Table 3 provides a listing of specialty services and the topic category of the site offering that service.

Table 3. Service-based Model Listing of Specialized Services by Topic Area

Service	Topic Area
Stockwatch filters/Stock screeners	Financial
Real time stock quotes	Financial
News ticker service	Financial
Real time streaming stock quotes	Financial
Tracking of industry expert portfolio	Financial

Specialized database	Financial
Seed bartering/exchange forum	Life Style (gardening)
Access to content 20 minutes before public	Technical (computing)
Live hacker reports	Technical (computing)
Computer exploit information (Zero Days Exploits)	Technical (computing)
Fantasy game advice	Entertainment (sports)
Specialized toolbar	Entertainment (sports)
Real time sport scores	Entertainment (sports)
Audio pronunciations	Educational Resource (dictionary)
Games	Educational Resource (dictionary)
Personal workspace and automatic generation of bibliography	Educational Resource
Automated desktop weather updates	Weather
Web Cam views	Weather; Political Pundit
Private email address	Political Pundit
Specialized tools (investment and stock analysis, business intelligence, health assessment, computer security tools)	Mixed Topics

The pricing structure for all but one site reviewed was subscription based. The exception utilized cost per action based on requests for expert advice. There was variation in how services were packaged and in the fees assessed. For instance, some services were made available for free (refer to Table 7) while other services were included as part of a subscription package. Eleven sites offered a single generic package, 8 sites offered a discount by time and six sites had various subscription levels to which additional services were added with a corresponding increase in pricing. Eighty-five percent of the sites priced their subscriptions on a monthly, semiannual or annual basis but here again no distinct patterns emerged. Monthly only, annual only, a choice between monthly and annually, quarterly and semiannual options were all represented. Other subscription pricing options included one site that charged by number of pages viewed and two sites that offered the option of a one-time lifetime payment. Monthly pricing ranged from $2.99 to $99.99; annual pricing ranged from $15.00 to $499.00. Table 4 depicts a summary of the pricing options offered by the sites reviewed.

Table 4. Pricing Options

No. of Sites	Monthly Fee	Annual Fee	One time payment	Other	Topic Area
3	$2.99 - $5.00				Weather; Educational Resource
3	$6.95				Weather; Entertainment; Political Pundit
2	$14.95				News; Educational Resource
1	$19.95				Financial
1	$24.95				Financial
1	$99.99				Educational Resource
4		$15.00-$19.95			Weather; Educational Resource; Life Style
5		$25.00-$39.95			Arts; Financial; Healthcare; News
5		$49.00-$59.95			Technical; Political Pundit
3		$109-$120			Financial; Educational Resource; Home Repair
1		$149.00			Technical
2		$229.95 -$499.00			Financial
1			$10.00		Educational Resource
1			$79.00		Technical (computer security)
2				Cost per item - $7.95 - $9.95	Pet Care; Home Repair
1				1000 ad free pages - $5.00	Technical (computing)

Conclusion

The Internet is a proven medium for information sharing and content dissemination and the majority of information on the Web is made available for free. However, the reality for the e-content site is that they must generate enough revenue to cover costs which is extremely difficult to achieve in a free-for-all marketplace. Most sources of revenue, such as Internet advertising, which kept the content free are no longer feasible. This means that e-content sites are faced with the need to implement user fees while they try not to alienate their customer base. One way to do this is to adopt a 'some free-some fee' services based model. In this model, content remains free but is enhanced with a collection of services to which fees are assessed. Currently, there exists much variation in how this is being operationalized both in terms services provided and pricing structures employed. Services frequently offered include email delivery of content or alerts, discussion boards and forums and site access absent of banner advertising but even more common is the offering of unique or specialized services. Pricing options are generally based on subscription packages but pricing levels among sites also varies greatly. E-content sites are experimenting as they try to find the right mix of services and pricing which will provide the 'value-add' necessary to convert site visitors into paying consumers.

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