Chapter 5: Giving up Control at the New York Times
A Blueprint for Media?

On September 19, 2007, the New York Times Company announced it was shutting down its subscription offering, TimesSelect, exactly two years after the premium service launched, opening access to all news and editorial columnists. At the same time, much of the NYT's archives — the past 20 years and the public-domain years of 1851–1922 — were opened as well. For some reason (a LexisNexis contract, perhaps...?) the Times didn't open the years from 1922 to 1987.

Some 227,000 people paid $49.95 a year to get access to TimesSelect (I tried it myself for a while), yielding about $10 million to date. Not bad, but certainly far from a smashing success given the amount of cash the Times must have spent on setting up, marketing, and providing the service to the subscribers.

In any case, as the NYT execs pointed out themselves, the most important point is not whether TimesSelect was a success, but whether it was successful compared to what the other options would have been, and how much revenue those other options could have generated. (NYtimes.com senior vice president and general manager Vivian L. Schiller commented, "This is what is really important — it did work. It's just a matter of as compared to what.")

Being Part of the Conversation — or Not

These other monetizing options include advertising, of course, but also encompass the secondary benefits of being available, being linked-to, being read-as-full-feed-RSS, and being relevant. In other words, as media critic Jeff Jarvis likes to say, being part of the conversation.

How tangible are those secondary benefits, though, and how hard is it to turn them into real dollars? The NYT's future will continue to provide a good case study, no doubt. I believe the NYT will expand on its position as a dominant, global, content-centric brand, with new assets that will soon be developed in blogging/UGC/citizen media, video and television, online radio, games (with a focus on knowledge, training, education), and search. All of these developments will based on the same concept that made Google a $200 billion company and 3.5 times as large as all of the public advertising agencies on

Madison Avenue combined: feels like free★ content, with billions of people literally paying with attention and with actual dollars.

Jeff Jarvis comments, “TimesSelect represented the last gasp of the circulation mentality of news media, the belief that surely consumers would continue to pay for content even as the Internet commodified news and — more important — even as the Internet revealed that the real value in media is not owning and controlling content or distribution but enabling conversation.”

If I may be so bold as to remix this comment into music, it could look something like this: “If the large music companies still believe that consumers will continue to obediently pay for music as a product and on a per-unit basis, their last gasps are what will even further propel the meteoric rise of Apple, Amazon, and Google.”

Conversation Is Content Is King

It may sound trite, but it’s still a good motif to riff on: Rather than preventing conversations by putting the underlying content behind a locked door, or by filtering who is qualified to talk, a media company must now provide more content “for free” — or at least for what feels like free — in order to engage in conversations across the board. These conversations are crucial because they create new “contextual content” that over time will start to have its own value — just as the value of eBay is in its buyers and sellers themselves, not in what they ship.

Content creators and media companies must take note: You probably can’t be a leading influence in your field — and you certainly can’t dominate — from inside the walled garden, from behind the subscriber-access-only wall. Times have changed: in the future, you can’t avoid offering some of your content for everyone to look at because you need to get everyone to refer to you, talk about you, link to you, make you even more relevant.

NYT columnist Thomas Friedman recently shared his opinion on the now-defunct TimesSelect concept: “I hate it. It pains me enormously because it’s cut me off from a lot of people, especially because I have a lot of people reading me overseas, like in India…I feel totally cut off from my audience.” He points at yet another problem in our walled-garden media landscape and its prominent embodiments such as iTunes: While some of us Westerners may engage with these services, we will definitely not get anyone in the so-called developing countries such as China or India to look at these offerings: They are simply out of reach, and the only thing we end up creating is the impetus for these potential audiences to forget about us and go elsewhere.

Again, music and media companies take note: Anything but “feels-like-free and then upsell” will render you irrelevant in those new markets. Your tollbooth paradigm must be adapted, not their consumer habits.

This raises the key question, once again: Where does a media creator or company put the tollbooth, who pays, and how much? Will the toll be paid by someone else, will it be built into the highway (as I am suggesting with the Flat Rate for Music), or would it better to generate values from open usage alone?

I’ll devote an upcoming chapter to this question, but for now, I’ll argue that it’s probably always a different mix. Just as in music, where different rules and monetizing options apply to a superstar and an unknown artist, different concepts would apply to a scientific publication, a fashion magazine, or an international newspaper. In my view, a mixed model will almost always be the outcome: less or no control here, some new kind of control process there, and always carefully balanced with the shifts in the marketplace.

For established companies such as the NYT, there is yet another angle: The highly lucrative, B2B archive services that the NYT provides to companies such as Gale or LexisNexis will obviously need to be kept separate from a 100% open-archive model. This is one example of the challenges traditional media companies are facing in this new, lesser-controlled, paid-with-attention world.

But let's take this outside the realm of newspapers. For the music industry, the NYT's TimesSelect experience shows us that a radio-like, feels-like-free listening experience is crucial — and that is what the use of music on social networks represents. Social networks are the new radio, with the caveat that going forward they will also have to include on-demand and interactive uses of music, such as widgets and personal playlists. I will cover this in one of my next chapters, on "The Widgetization of Media."

In short, as a consumer-facing company in this new control-less, liquid, user-empowering media ecosystem, you can become or remain a leading player only if you do not cling to tightly controlling access in an attempt to immediately monetize it.

Sell Everything Around the Content

So what does the NYT really sell? Is it the content itself? Is it those highly paid editors and writers? ;-) Is it the actual paper it's printed on? The answer is in itself a blueprint for media: They sell everything around the content, but the content itself feels like free. 1.2 million people buying the daily paper for $1.25 does not generate enough money to produce, print, and distribute it; running NYT events and conferences does not; selling classified ads does not; online ad banners do not; About.com does not; the NYT's radio stations do not; syndicating reviews does not…but the sum of all parts sure does!

Some people may argue that in ten years there will be no need for a print edition of the NYT any longer, and some people argue there will be no more CDs in 10 years either. I would offer a different angle: They will still exist but they will be a lot more expensive, a premium product with all kinds of added values that only a physical product can deliver (at least for the next 10 years).

In music, I think we will have a new, superior physical format emerging in three to five years. It may be rather expensive, and offered at steep premiums, but it will be built on a ubiquitous flat rate for music that makes marketing of such a product easy.

All the News That's Fit To Click

Now here is an interesting variation of the age-old NYT tagline, All the News That's Fit To Print! The printing has become clicking. To take it further, as I like to do, the buying has become clicking. I click and therefore I generate revenue. I participate and therefore I add value. I get engaged and I pay with attention. Take this theme into music, film, or TV: All the Music That's Fit to Play. Now that sounds like a great tagline for radio, or indeed for another version of iTunes and the now-WiFi'ed iPod. Just imagine the power of a medium that would deliver all the music that's fit to play, for a feels-like-free price! In TV, we already have this phenomenon: YouTube and others of its ilk.

In news and journalism, other good examples include the UK Guardian, whose editor in chief, Alan Rusbridger, told his staff in March 2007 that he wants their publication to be "the Web's first newspaper." The changes undertaken by the Guardian since then have indeed started to bear fruit, with an increase of almost 50% in page views. Openness drives attention drives revenues.

Another Lesson: Control Is Expensive, Too

Another important aspect did not quite come across in the media coverage of the TimesSelect changes: How much money did it actually cost them to keep and maintain the TimesSelect wall? What were the operating costs of keeping it separate? In other words, how much money was spent on the Wall? Is there any profit left after those costs are deducted?

And to go beyond the NYT: In music, what are the costs of ten years of dabbling in technical protection measures (TPM) and assorted snake-oils such as digital rights management technologies (DRM)? In television and the movie industry, what are the costs of DVD copy-protection (CSS), and other attempts at control such as the Broadcast Flag?

In many if not most cases, my hunch is that the purveyors of content and their representatives would be better off finding other ways of deriving additional value contained in their offerings, saving the often large costs of attempting to control access and reassigning those resources to ideas that create more value for their uses. I'll have much more to say on this in my upcoming chapter, "The True Costs of Control Obsession."

I am pretty certain that the next bastion of controlled access to professional content, the Wall Street Journal, will fall soon as well. This will be influenced by the recent WSJ-Murdoch connection: If anyone should know about the power of un-control it should be Murdoch, post his MySpace acquisition.

The WSJ sure has a lot of savvy reporters and smart analysts, some of the best writers, and a huge global audience and footprint. If online access were free (or at least more open than it is now), the WSJ's influence would quickly become even more ubiquitous and their reporting even more influential (and thus sell more ads at higher CPMs), thereby competing even more efficiently with just about any other brand as the leading source of news.

The Bottom Line

Don't reduce your Google Juice by putting your content behind the wall and taking yourself out of the equation. Lessen control and enlarge your audience. Set up the tollbooth where it makes sense for the user, not just for you, and move it as needed. Be flexible, have conversations, and make more money with less control.

And lastly, get your head around the fact that most content wants to feel like free★ — at least in its first rendition.