



Beyond the Book

A podcast series on the business of writing and publishing

**Interview with Jim Jansen,
Senior Fellow, Pew Internet & American Life Project**

Recorded at “[Buying & Selling EContent](#)” Conference

For podcast release Monday, April 4, 2011

KENNEALLY: People actually do pay for online content, or at least that’s the finding and the breaking news behind a survey from the Pew Internet and American Life Project. Joining me here at a special conference on buying and selling e-content in Scottsdale, Arizona, is Jim Jansen. He’s a senior fellow for the Pew Internet and American Life Project as well as an associate professor at Penn State in the College of Information Sciences and Technology, and Jim, welcome to *Beyond the Book*.

JANSEN: Chris, thanks for having me. Pleasure to be here.

KENNEALLY: It’s a pleasure to have a chance to talk to you about something that is almost an oxymoron. That’s paid content. We don’t think about content these days as being paid for, but as we sit here today, this is the week that the *New York Times* has opened up its new subscription model, or pay wall model, depending on how you look at it, and paid content is really the most important issue for publishers today. So tell us about your survey for the Pew project and what it was you were looking for and what it was you found.

JANSEN: Well, Chris, as you said, the ability to buy digital content online is critically important to a lot of people, a lot of businesses, a lot of artists, photographers, a whole gamut of people. So we were very interested in that aspect of this technology and whether consumers were willing to put out their money to buy this stuff.

So, what we did, rather than directly asking whether people purchased online content, we broke it down into 16 different separate categories and asked people, in a given month, did you purchase X? In a given month, did you purchase Y? And those X and Y could be newspaper articles, journal articles, music, software, anything that’s digital, anything that’s not an atom.

KENNEALLY: And that sounds like a bit like the Nielsen houses, right? They sort of take a diary and follow what it is they watch and you draw some conclusions. So tell us about the kinds of things people are paying for and the kinds of prices that they’re paying.

JANSEN: Well, one thing that really – the overall finding was that 65% of Internet users have paid for digital content in a given month. And I personally found that a little surprising because if you had asked me, I would say I don’t do it, but when I took the survey and



Beyond the Book

A podcast series on the business of writing and publishing

went through these 16 different categories, I found out, oh. It was a good memory jog, and I do.

Certainly, the most common products purchased are music and software. However, games and information from articles and stuff are also purchased quite frequently. The average spend was about \$47 in a given month, although the typical user spent \$10 to \$15.

KENNEALLY: Right. So even if they were at the high end of things, if you're spending for content, you're spending about a dollar a day.

JANSEN: Yes, that's a good way of looking at it, exactly. About a dollar a day, give or take. And if you kind of go through it, you can get to \$10 pretty fast in a given month.

KENNEALLY: And does this break down in any interesting way by demographics? Is it a question of age? Do the young not pay so much and the older pay more? Men? Women? Is there any conclusions you can draw about the kind of people who are buying content?

JANSEN: In our report, which is on the Pew Internet website, we did an extensive demographic analysis. Some of the interesting trends we found, no difference between men and females, except in the area of software. Men, much more highly consumers in that regard.

In terms of age group, it was the 30 to 49 and we have found in many of our surveys that those have been the drivers in the use of the Internet, and probably a variety of reasons, one of those being income. They have the income and the time to do it.

There was no racial breakdown or in terms of racial demographics. All blacks, whites and Hispanics seem to do it at the same rate.

There was a correlation, of course, with income. The more you make, the more willing you are to spend money on this stuff.

KENNEALLY: And what about what it is they buy? I'm a newspaper junkie. I'm an old newspaper man, so news is what's really important to me. Music, film, not so much these days. But you said that for your findings, it was a lot on the entertainment side of things. Are people buying real content, what I call real content, news, hard information?

JANSEN: Our findings were that 18% of Internet users have paid for a newspaper article, journal article, online report. And then an additional 7% or so have paid for things like podcasts and things like that that we would classify in the classic informational, educational arena.

KENNEALLY: Right. Well, so much information is free. You mentioned podcasts, and the podcast for *Beyond the Book* of course is free, but Copyright Clearance Center is a



Beyond the Book

A podcast series on the business of writing and publishing

nonprofit and we do it as a kind of service. But there's a conditioning that's been going on for so many years now online, on the Internet and elsewhere, to expect things for free. As you say, you were surprised that people are paying. Any indication as to whether we are moving more towards pay, away from free, or is this pretty much the way it's been for a while now?

JANSEN: Well, there is always a desire for free, whether it's the technology or not, which I think it made libraries, for example, very popular for many, many people for many, many years. I think one thing that you're seeing is it's not just technology, but it's business models.

I'll use the iTunes and Netflix example. It is almost easier for me to pay than it is to try and get it for free. And I think things like with the *New York Times* and the *Washington Post* models and the journal models that are developing on apps, I think that will be the measure of success or failure. Do they have a business model and a delivery platform that really makes it so darned easy and inexpensive to get the information?

KENNEALLY: It's convenient and it's timely. If I want it right now, I can get it right now.

JANSEN: Absolutely. I think that timeliness aspect, and that timeliness spills over from the Internet also to the real world with the successes of Amazon with the real-time ordering. They will get it shipped out today.

KENNEALLY: Well, let's step back and you can tell us about the Pew Internet and American Life Project. Internet and American Life. It's an interesting notion that our American life today is so much shaped by the Internet. And the Internet, of course, is a catchall not only for what happens online with your laptop, but today, we're accessing the Internet via our phones and all kinds of mobile devices, so that, really, the Internet is with us wherever we go.

JANSEN: Absolutely. The Internet and American Life Project is one of the seven projects from Pew Internet Research, and that combination of the effect of the Internet and technology on our everyday life is revolutionary. We see the broadband revolution going on that has really allowed us to access the Internet for information and entertainment, the wireless where we're always on, we're always connected, and also the social networking revolution is going on where we can really tie this access to people and friends and business associates in our real life.

KENNEALLY: When you presented your report yesterday here at this conference for the buying and selling of e-content, you broke down some of those numbers about broadband access. If I recall correctly, it's almost correlated to the finding about paid content. So two out of three Americans have actually paid for content and about two out of three Americans have broadband access now.



Beyond the Book

A podcast series on the business of writing and publishing

JANSEN: Yes, Chris, there's this really interesting correlation. The 65% of people have purchased digital content on line, 66% have broadband access in the home, 65% have purchased real products, tangible products, online, 65% have purchased tangible services online. I think it's an amazing correlation. I think there's something there that's feeding into each other.

KENNEALLY: And so, it's interesting to me. That's about access and I wonder whether you or any of your colleagues are looking at Internet access as it's shaping up around arguments about net neutrality and just the way that perhaps some of the providers themselves are moving forward with their own business models. Have you looked at that at all? Any thoughts about how access is going to be the real critical point, not so much content?

JANSEN: Well, certainly access is part of the equation. I think if you look at the research we've done and the surveys we've done on broadband access, the correlation and the really revolutionary access that that has given people to leverage content on the Internet.

I think another thing that we're investigating now is the aspect of cellphones, specifically smartphones. It could be another type of amazing access that allows people to seamlessly get at this content.

KENNEALLY: Right. Now, to the issue of paying, you mentioned \$10 average, as high as \$47, \$50 a month for some people. As I mentioned, we are this week watching the unfolding of the *New York Times*' pay wall subscription model. There's more talk about that in the industry, certainly at some of the programs today here at this conference, brought to us by *Information Today*, a look at how we can possibly, as publishers or authors, creators, be paid for what we create. But there's got to be some tension there. It's not just the free, but also, peoples' wallets aren't infinitely large.

JANSEN: Certainly the money is always a restrictor, just as it is in all factors of our lives, paying for the work and the products and the material. But I think one thing that these surveys indicate is kind of these price points that are going on of what the typical user is willing to pay for, what your high-end user is willing to pay for. And so I think this kind of data can provide some great insights to businesses as they set up what is a good price point for what I'm offering.

KENNEALLY: Any insights on professional behavior? You focused on consumer behavior in all of this, but do you think it's probably about the same in the professional world?

JANSEN: We didn't specifically look at that, so I'm just kind of going anecdotally here from my own behavior, behavior of colleagues, that if there are materials that are used in a professional nature that maybe get picked up by the business or if I'm an independent



Beyond the Book

A podcast series on the business of writing and publishing

contractor, get picked up as a business expense, there seems to be a more willingness to engage in subscription services for that type of content.

KENNEALLY: If you were advising a publisher who was thinking about a subscription model, any direction you would point them in? Any suggestions you'd make? Any thoughts to offer as both a senior fellow at the Pew Internet and American Life Project and a professor in information sciences? People are asking a lot of questions and you'd be the sort of person who might have an answer or two. What would you tell them?

JANSEN: Well, certainly I would start with the market research. Let's look at the companies that have been successful at it, that have great or at least very workable business models for online content. Netflix has certainly been successful. It appears Amazon is being very successful in the e-book area, iTunes in the music, TV shows, video area.

And I think what has really made each of those companies successful is not only a technology, but an understanding of their customer base and a delivery mechanism that, again, makes it easier to pay than to spend the time trying to find a song rather than paying 99 cents. It's cheaper just to pay.

KENNEALLY: That doesn't sound like that makes sense. It's cheaper just to pay. (laughter)

JANSEN: Well, when you look at the time that sometimes you have to invest if you want to find a rip-off copy of a song and go to a site that may drop some virus on your computer, certainly 99 cents is cheaper than a Coke.

KENNEALLY: I'm with you, Jim. It's sort of like people who drive all over town looking for gas that's two cents less than the one just down the street. I don't understand it myself.

JANSEN: It's a cost-benefit analysis. What benefit am I getting for the cost I have to invest? And I think the principle of least effort, which is a common principle in academia, people will get a good solution with the minimal amount of effort, and so if you design a delivery system that realizes that and leverages it for people, I think there's good models to be made here.

KENNEALLY: Well, we've been chatting with Jim Jansen, a senior fellow at the Pew Internet and American Life Project as well as associate professor at Penn State's College of Information Sciences and Technology, talking about a survey released in December 2010 from the Pew project looking at how people pay for content, what they pay and what they buy. Jim Jansen, thanks so much for joining me on *Beyond the Book*.

JANSEN: Chris, thank you so much for having me.



Beyond the Book

A podcast series on the business of writing and publishing

KENNEALLY: For all of us at Copyright Clearance Center, this is Chris Kenneally wishing you a great day.

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