

Murdoch: Media must get readers to pay for online

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Media companies wishing to thrive in the digital age need to persuade consumers to pay for news online by providing compelling information in any form they want, News Corp. Chairman and CEO Rupert Murdoch said Tuesday.

Speaking at a two-day workshop on the state of journalism hosted by the Federal Trade Commission, Murdoch said the future is promising for publishers that can adapt to the ongoing migration of audiences and advertisers to the Web.

The key to survival, he said, lies in giving consumers content that they want in the form that they want it whether that be on a computer screen, mobile device or e-reader and then charging for it.

"We need to do a better job of persuading consumers that high-quality, reliable news and information does not come free," Murdoch said. "Good journalism is an expensive commodity."

News Corp. already charges for online access to The Wall Street Journal and it plans to expand that to other publications. Other publishers are also considering such fees as the growth of online advertising revenue has failed to keep pace with declines in its print counterpart.

Murdoch's comments were part of a wide-ranging discussion on the profound challenges facing media companies and ways the government can help them survive.

Media executives taking part are looking for a new business model, while government officials want to protect a critical pillar of democracy a free press.

"News is a public good," FTC Chairman Jon Leibowitz said. "We should be willing to take action if necessary to preserve the news that is vital to democracy."

The workshop has drawn speakers from across the traditional and new media landscapes, including Arianna Huffington, co-founder and editor-in-chief of The Huffington Post Web site; Paul Steiger, former managing editor of The Wall Street Journal; and Len Downie, former executive editor of The Washington Post.

Also participating Tuesday and Wednesday were executives from Google Inc. and Yahoo Inc. and Henry Waxman, D-Calif., chairman of the House Energy and Commerce Committee.

Among the options being discussed: tax law changes that would allow media

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companies to earn tax credits or become tax-exempt entities, and copyright law changes that would force search engines and other online aggregators to compensate media companies for the content they produce.

Also on the table is a proposed change in antitrust rules to allow newspapers to jointly negotiate payments from Web sites that use their content.

The fundamental problem facing the media industry, Murdoch said, is that "technology makes it cheap and easy to distribute news for anyone with Internet access, but producing journalism is expensive."

"Right now there is a huge gap in costs," he said, adding that the solution is for media companies to charge for content and stop aggregators from "feeding off the hard-earned efforts and investments of others."

The FTC is planning more workshops in the spring to discuss in greater depth the ideas that emerge this week.

Congress has also tried to tackle questions about the future of the media business, particularly print journalism. Last spring, Sen. John Kerry, D-Mass., held a hearing on the financial troubles facing the newspaper industry. And Sen. Benjamin Cardin, D-Md., has introduced a bill that would allow newspapers to restructure as non-profits.

Murdoch called on the government to rewrite "outdated" regulations that limit the number and type of media outlets that one company can own, including rules that prohibit the same company such as his own from owning a newspaper and television station in the same market.

These restrictions, Murdoch said, were put in place years ago long before the Internet exploded on the scene, bringing all sorts of new media voices and platforms.

"Too many of the mechanisms government uses to regulate the news and information business in this new century are based on 20th century assumptions and business models," he said.

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