

# EXYZ

## KEY CONCEPTS

### PAY AS YOU GO (PAYG)

PAYG is the payment method where the charge is synchronised with the consumption of the product (goods or service). For digital content, this would mean micro-payments based on usage of different services instead of any upfront charge.

#### MasterCard :

The PAYG model can be applied to virtually any product or service. To identify where PAYG models will create the most impact, providers need to understand the priorities of customers and communities, and design with those users in mind.

#### GSMA :

PAYG expands addressable markets significantly and, in some cases, builds consumer trust by offering a low-risk, low commitment trial.

The success of PAYG is imminent in telecom industry also. In regions where usage of mobile is low, people prefer to load prepaid credit, which can be used across months instead of a fix monthly plan. This trend is magnified in APAC region (93% of total mobile subscribers in India being on prepaid credit, in 2010. Source: [Statista](#)). A fix monthly charge (or extreme case of a fix charge per person) compromises with the growth and utility of telecom across globe. The applications are similar for the digital publishing industry.

*This document was last updated in 2019. Links and data may not be up to date.*

Adoption of PAYG model for digital content yield unique benefits for readers and publishers:

For readers, no upfront charge provides the flexibility to explore and pay as they consume the content. It does away with the uncertainty over expected usage and value. The charge is based on their usage thus prevents overpayment, underuse or any concern over the same that prevents the purchase in first place.

For publishers, allowing readers to start at a lower charge for low usage attracts consumers willing to pay the price instead of discount/trial seekers. Readers pay full if they find it worth and make full use of the offering. This leads to higher adoption and revenue growth.

## **TIME SPENT**

### [Chartbeat](#) :

To see the difference between clicks and actual engagement, I pulled a sample of 100,000 page visits to Chartbeat sites across a week. Of the 10 most popular articles I looked at, one had 91% of visitors actually engage with the content and another had 93% of visitors leave without ever scrolling down the page. From the perspective of page views, these two articles were almost the same, but I think we would all draw very different conclusions about the success of their content. Traffic volume to a story matters, but you also have to ask yourself whether people actually read it.

Measuring digital readers is technically easier than conventional mediums. Page views and Unique visitors provide information about the reach of content but are not able to measure the true value a reader gets by the same. Thus, promote click-bait over quality content.

Time Spent provides a true insight of the value a reader derives from the content. It distinguishes a standard read from a quick click away and from an in-depth read. It tells you how much did a user engage with the content in a measurable form. Shares, another important metric to gauge the value, is also reflected by means of increase in the Total Time Spent on the content. The point is validated by adoption of the metric by YouTube (Watch Time), Medium (Total Time Reading), Chartbeat (Engaged Time), Upworthy (Attention minutes), The Economist (time based ad sales), and more.

### [Medium](#) :

For content websites (e.g., the New York Times), you want people to read. And then come back, to read more. [...] What is the core activity [...]? It is reading. Readers do not just view a page, or click an ad. They read. At Medium, we optimize for the time that people spend reading.

## PRICE DISCRIMINATION

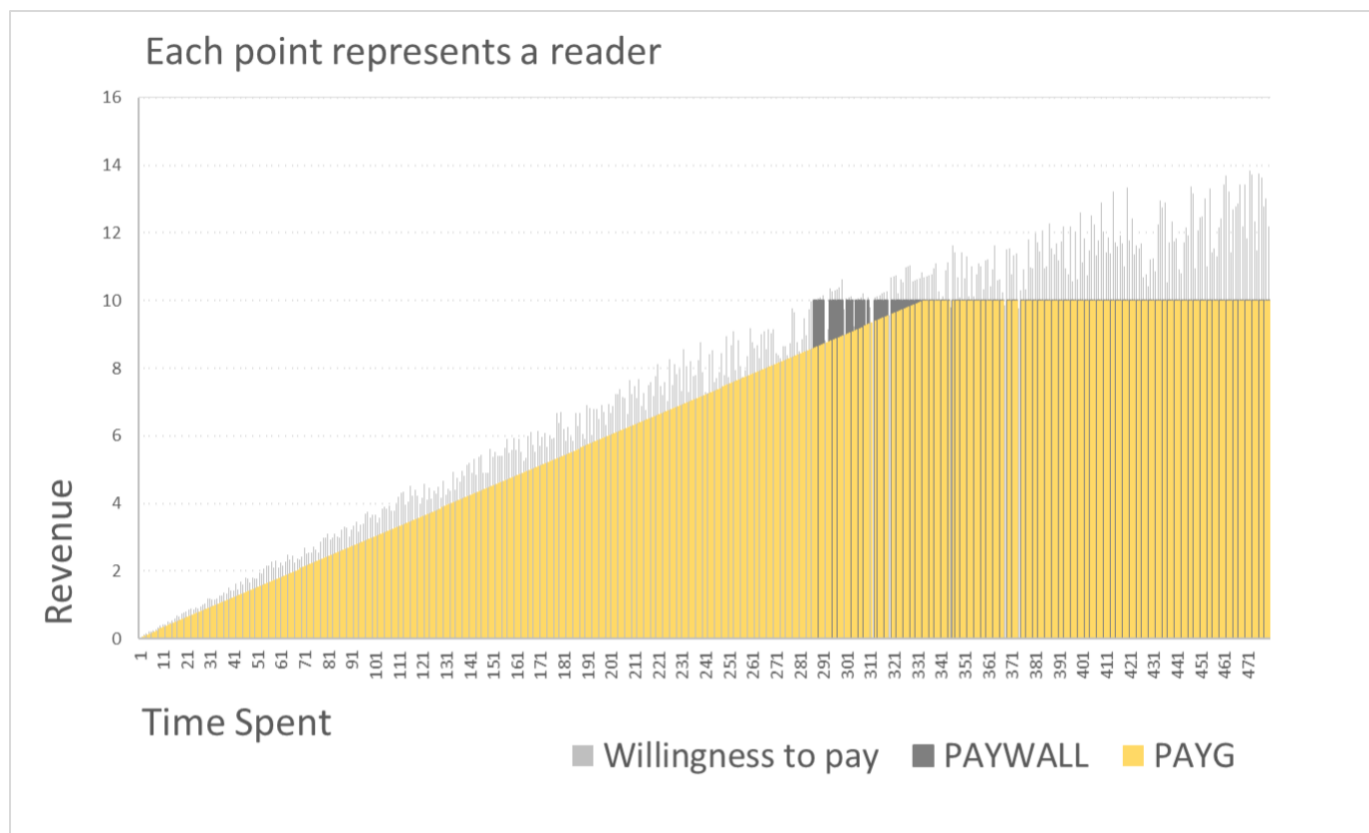
Price differentiation is a pricing strategy that essentially relies on the variation in the customers' willingness to pay and in the elasticity of their demand. Discriminating the price for readers based on the value they derive from the content is essential to make the price fair and feasible for all.

[California State University, Northridge](#) :

The results of the study indicate that consumers' willingness to pay for online services is likely to be influenced by their perceived value of convenience these services provide, and by the extent to which they utilize these services.

[The Atlantic](#) :

Reader used to be a person. Now it's a spectrum. There are dedicated readers on one end, Tsetse-fly-brained Facebook browsers on the other, and fully engaged one-time readers in the middle.



A PAYG model that allows reader to pay for the time-spent reading provides a superior way to consume paid content as the price is proportionate to the value of the product and willingness to pay for it. There is a significant growth in total revenues as it charges readers based on value and caters to readers with low usage, which forms a major part of readership.

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## **ALTERNATIVES**

Monetisation is one of the key factors in content distribution. News organizations generate revenue for digital from various sources such as pay-per-view, digital tokens, subscriptions, memberships, bundling, and sponsorships. However, the only two major sources are advertisements and paywall. Existing alternatives include:

### **ADVERTISEMENTS**

Advertisements has been the most successful revenue model on the internet but has reached saturation and restricted the returns to competitive rates.

[Jon Slade, FT Chief Commercial Officer](#) :

It's extremely clear that advertising alone can no longer pay for the production and distribution of high quality journalism—and at the same time the societal need for sustainable independent journalism has never been greater. Reader-based revenue, aka paid-content, or subscription services, are therefore not just a nice-to-have, but an essential component of a publisher's revenue composition.

EXYZ provides subscription option as flexible as advertisements. It allows charge for content based on usage by the reader. The returns are proportionate to the value of content instead of the competitive prices.

### **PAYWALL**

A major shortcoming for the paywall model has been the low conversion rates. Initiatives like [Subscribe with Google](#) reduce the friction from subscriptions but do not solve the challenges like inflexible pricing, uncertainty of value, and high frequency of low usage readers, which make paywall an unattractive option for charging readers online.

[World Economic Forum](#) :

The automated serendipity of social media feeds, search engine results, and incidental exposure (where people come across news while doing other things online) drive people to more and more diverse sources of information.

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Paywall can succeed in limited cases: publishers with large subscriber base and readers with high usage. Metered paywall provides the best (cream of the content) for free, which makes the paid option even more unappealing.

### [The Atlantic](#) :

So, as more and more publications try to woo these particular consumers, how will they split up their dollars? [...] Maybe the whole model of single sites running their own paywalls will not carry the day. Somebody is going to try to make the process of accessing this paid content easier and cheaper [...]

### [Quartz](#) :

The [metered] paywall is inherently in conflict with journalism's primary goal [...] When the papers say, "this is so important that we're making it free," they're simultaneously saying that all the other stuff they publish doesn't really matter, so they'll charge you for it. It's hard to imagine a business philosophy that's more upside-down.

EXYZ works for all. It provides a model that benefits all type of readers and publications.

## **MICRO PAYMENTS**

Many have tried to increase reader revenues through unique models and micropayments, which include:

### [Blendle.com](#)

It allows readers to pay-per-story for partner publications. It allows for refunds (cases of accidental clicks, article length, or below expectation) which involves subjectivity making it difficult to scale efficiently. It does not have a monthly cap on charge per publication. This is economical for casual readers but can become costly for avid readers ([link](#)).

EXYZ charges proportionate to usage but does not involve refunds as charge accumulates along with the reading and not just clicking. This prevents any charge for accidental clicks or encountering low quality content. It also feature a monthly cap per publication. It works perfect for casual as well as regular readers.

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### [Texture.com \(Now Apple News+\)](#)

It allows user to read more than 200 magazines at a fix monthly subscription of USD 9.99. This makes it an attractive option for avid readers. However, it does not cater to low usage readers. It also limits the revenue generation capacity for magazines from their content.

EXYZ charges based on usage. So low usage readers may go through a few articles of few magazines and still pay less than a dollar. Publishers decide their own charge rate and monthly cap for their content.

### [LaterPay.net](#)

It allows user to incur charges for digital consumption and only pay when it accumulates to USD 5. This has led to revenue growth for publishers via pay-per-article. However, it adds friction to the transaction, as readers need to decide before reading any article whether to LaterPay.

EXYZ makes the process effortless, as readers do not need to decide but just start reading. The charge accumulates only as they read. So no upfront cost if they do not find the article worth reading.

## **DETAILS**

### **MARKET**

Some interesting findings from a survey done across readers of different magazines and newspapers of major media corporations, Hearst and Conde Nast, include:

*People read multiple publications.*

Instead of consuming most content from one, people prefer the best from all. For media houses, Hearst and Conde Nast, about 90% of readers are exposed to more than one and 50% of readers to five or more publications of the company but majority of paying readers only subscribe to one publication (which they use mostly). PAYG allows accessing premium content by paying across all publications based on respective usage.

*People read few articles per publication.*

About 40% read less than five articles and 90% read less than twenty articles from any single publication. A full price is not feasible for most. PAYG makes the paid option viable.

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### *People willing to PAYG for premium content*

On introduction, 40% of the readers are willing to pay for content under PAYG model, which is significantly higher than single digit paywall conversions. The adoption rate is expected to increase with greater exposure.

Data available at [REDACTED]. Note: the users self-reported their usage and may vary from the actual stats.

## **FEATURES**

The product has been developed in modular fashion. Multiple features such as readership analytics, identity management, multi currency support, payments, and data processing are built in a robust and extensible manner. Integration is extremely easy and with multiple customisation options.

It works for all forms of content- writing and video, ad-supported and paid-only. PAYG model generates revenue from the first read itself and does not need any number of free articles (as in metered paywalls). Its ability to cater readers with low usage allows us to set the period (monthly or weekly) prices higher. Significant growth in revenues of publications is expected over existing revenues streams of advertisements and paywall.

EXYZ connects readers and publishers. The product flow is extremely frictionless. Readers do not need a separate account or commitment of fund for every other publication. The subscription and payment is completed simply by logging in with the EXYZ account. No charge upfront. The readers are charged on the base of Time Spent reading, which is adjusted for inactivity and off screen time. This promotes quality content over clickbait, as revenue is dependent on the time-spent reading instead of the number of clicks. The charge is transferred from reader to publication. It saves reader from fraudulent charges as the charges are processed by EXYZ. In addition, this eases compliance for publications.

EXYZ is valuable for both, readers and publishers.