

# Artificial intelligence & Willingness to Pay

The Influence of Artificial Intelligence on the Willingness to Pay for Digital Newspaper Subscriptions with Special Focus on Prompt Engineers

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"What are readers willing to pay for digital newspaper subscriptions if AI applications are used to create editorial articles?"

Central marketing science issues in the editorial offices of publishing houses with the use of AI applications

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## PUBLISHERS' AI OPTIONS FOR ACTION AND CONSUMERS' WILLINGNESS MUST BE MATCHED

### Initial situation

- **Newspaper publishers** are under increasing **pressure to succeed** and are looking for **profitable digital business models** (e.g. to compensate for losses in the print sector and counteract the decline of newspapers)
- Especially in digital areas, **advertising revenues** are decreasing and **low willingness to pay for digital newspaper subscriptions is** increasing the pressure once again

### Technological progress

- Since the development of powerful AI systems, **AI applications** are **also increasingly** being used in the **editorial departments** of publishing houses
- Goal: Generate **efficiency, quality and time benefits**



## Representative online survey with 1,458 respondents aged 18-70 years in Germany

The study analyzed willingness to pay and moderating factors for digital monthly newspaper subscriptions from well-known German publishers of well-known German publishers:

*Spiegel Plus, Welt Plus, F+ (Frankfurter Allgemeine), SZ+ (Süddeutsche Zeitung) and Zeit Plus*

## STRUCTURE OF THE STUDY

How much are you willing to pay per month for an online newspaper subscription if...

1

...our articles are researched, edited and written by **editors from our editorial team**

2

...our articles are researched, edited and created by our editors with **the help of AI**

3

...our articles are written by **AI experts** (Prompt Engineers) from our editorial team research, process and create our articles with the help of AI

4

...our articles are automatically researched, prepared and created **with the help of AI** and checked for accuracy by an **editor from our editorial team**

5

...our articles are automatically researched, edited and created **with the help of AI** and checked for accuracy by an **AI expert** (Prompt Engineer) from our editorial team

What influence do **moderating criteria** have on willingness to pay?

- (a) **Socio-demographics**
  - Gender, age
  - Education, income
- (b) **Online media use**
  - Frequency & Medium
- (c) **Willingness to pay**
  - Paying Intent Print/ Onl.
  - Past Payments

(d) **Artificial intelligence:** attitude, use, experience

(e) **Acceptance Editor vs. Prompt Eng.:** Quality perception, departmental use



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## GENERAL RESULTS

**20%** of respondents are **generally willing to pay for online news**, whereby increasing news consumption is not accompanied by a higher willingness to pay for online news

**EUR 10.24** is the **average willingness to pay** among respondents, which is significantly lower than the average market price of EUR 17.38 for a monthly digital news subscription

**15%** generally higher willingness to pay for all media models presented among respondents who have paid for online news in the last 12 months



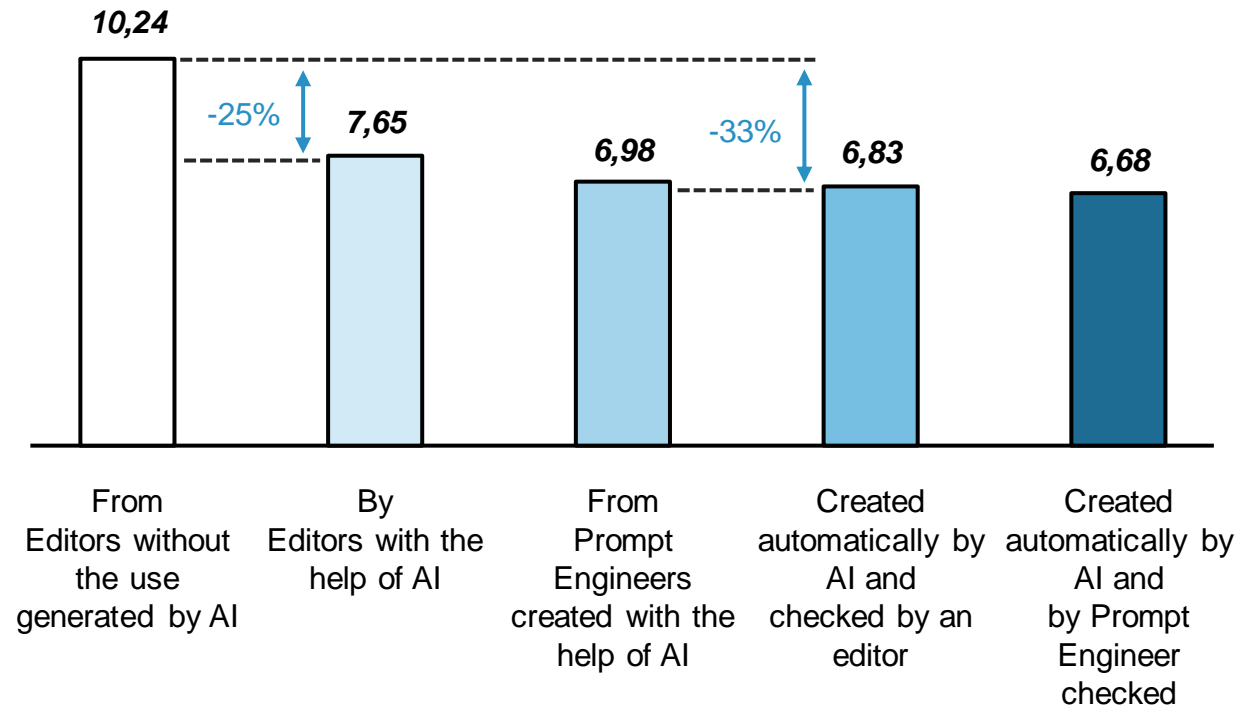


# Results on Willingness to Pay for AI Online News (Deep Dive)

# RESULTS ON WILLINGNESS TO PAY - AI MODELS IN GENERAL

## Willingness to pay for online news

Data in mean values



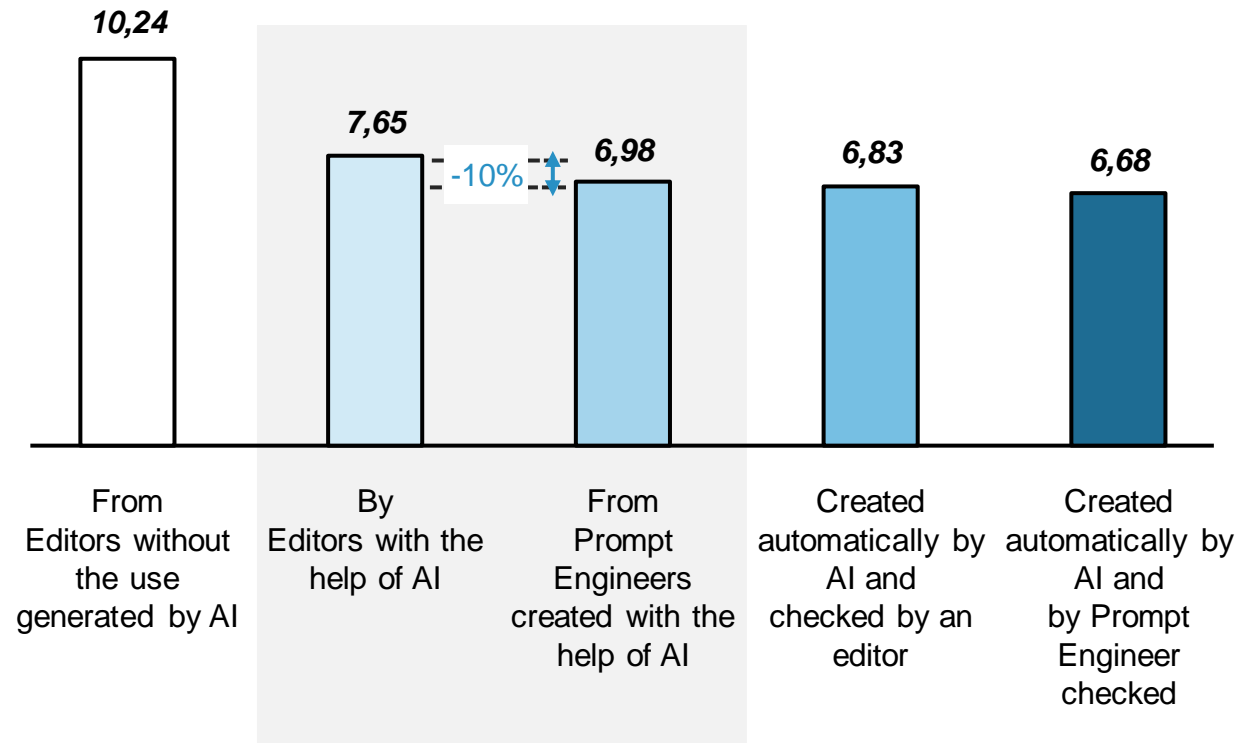
## AI models in general

- Among respondents who are generally willing to pay for online news, the willingness to pay for editorial content drops massively as soon as AI is used to research, process and produce news
- The willingness to pay falls by an average of 30% and it makes no difference whether AI is used merely as an aid or for the fully automated creation of messages
- Among respondents who have paid for online news in the last 12 months, willingness to pay falls in the same proportion when using different forms of AI
- Previous experience with AI has no influence on willingness to pay
- AI amateurs and experts therefore show no difference in their willingness to pay

# RESULTS ON WILLINGNESS TO PAY - AI SUPPORTING TOOL

## Willingness to pay for online news

Data in mean values



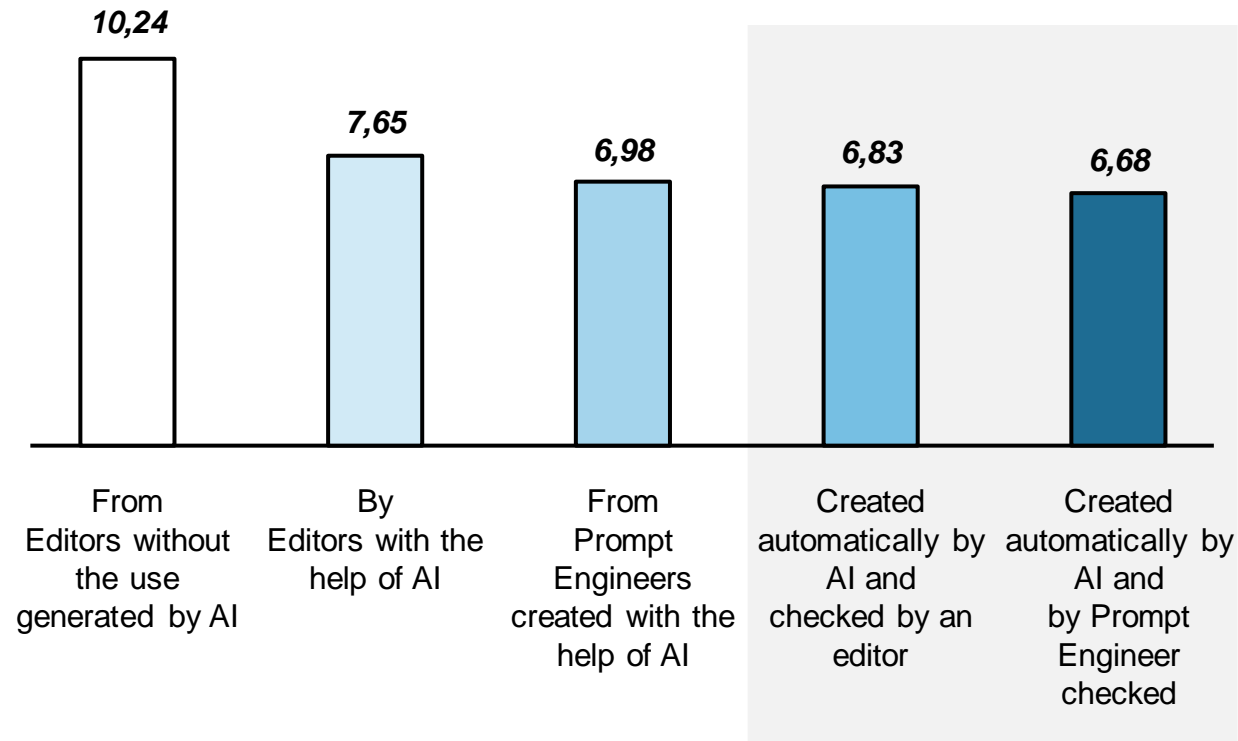
## AI as a supporting tool

- If AI is used as a supporting tool, the willingness to pay for content created by content created by editors is around 10% higher than if it is created by AI experts (prompt engineers / journalists)
- Confidence in the ability to develop high-quality editorial content with the help of AI is therefore attributed to editors
- The quality of editorial articles created with the help of AI is rated higher by editors across almost all resorts - business, stock market & finance, science, sport, culture and politics - than with Prompt Engineers
- Only in the area of weather do respondents trust prompt engineers to achieve the same high quality as editors in AI-supported news creation

# RESULTS ON WILLINGNESS TO PAY - AI FULLY AUTOMATED

## Willingness to pay for online news

Data in mean values



## Fully automated AI

- If AI is used for the fully automated creation of editorial content, the **difference in willingness to pay** between **editors and prompt engineers** becomes **significantly smaller**
- The **AI expertise** to create specific prompts is **more appreciated** by respondents in the context of fully automated and AI-generated content
- **Here too**, however, **the editor tends to generate a higher**, albeit relatively smaller, **willingness to pay**



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## STRATEGIC IMPLICATIONS FOR AI MANAGEMENT IN PUBLISHING HOUSES (1/2)



The **use of AI** represents a **process innovation** for publishers that can be used both to **increase quality** and to **reduce costs** in the creation of journalistic content.



The **quality improvements that can be achieved with AI**, such as improved quality of journalistic content, better data and trend analysis, differentiated views and perspectives of big data evaluations, real-time monitoring of news and personalized content, are **not appreciated with a higher willingness to pay**.

**On the contrary**, there is a significantly lower willingness to pay for all content created with the help of AI or fully automated by means of AI.



A **possible** and possibly even legally enshrined **labeling obligation** for editorial content created with AI or with the help of AI thus poses a **potential threat to publishers**, as it would significantly jeopardize their earnings potential and the earnings gain generated by AI and, in case of doubt, overcompensate for it.

**However**, the potential of this threat depends on the **extent to which** publishers use AI to reduce the costs of creating editorial content. If the cost-cutting potential exceeds the declining willingness to pay, **the use of AI can still be attractive**.



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## STRATEGIC IMPLICATIONS FOR AI MANAGEMENT IN PUBLISHING HOUSES (2/2)



However, **mandatory labeling** of editorial content created with AI or with the help of AI **also creates opportunities for publishers:**

Labeling leads to a differentiation between editorial and journalistic content, in which **human-generated content is significantly upgraded** compared to AI-generated content **from the customer's perspective.**



This results in a **quality advantage** and **new revenue potential for publishers**, especially compared to traditional online portals and large tech companies, which are thus able to **better exploit the increased willingness to pay for explicitly humane editorial services in the upper price segment.**

At the same time, publishers have the **opportunity to use** AI-generated content to **tap into the lower price segment's lower willingness to pay for the first time** (previously unprofitable under previous cost and price structures).



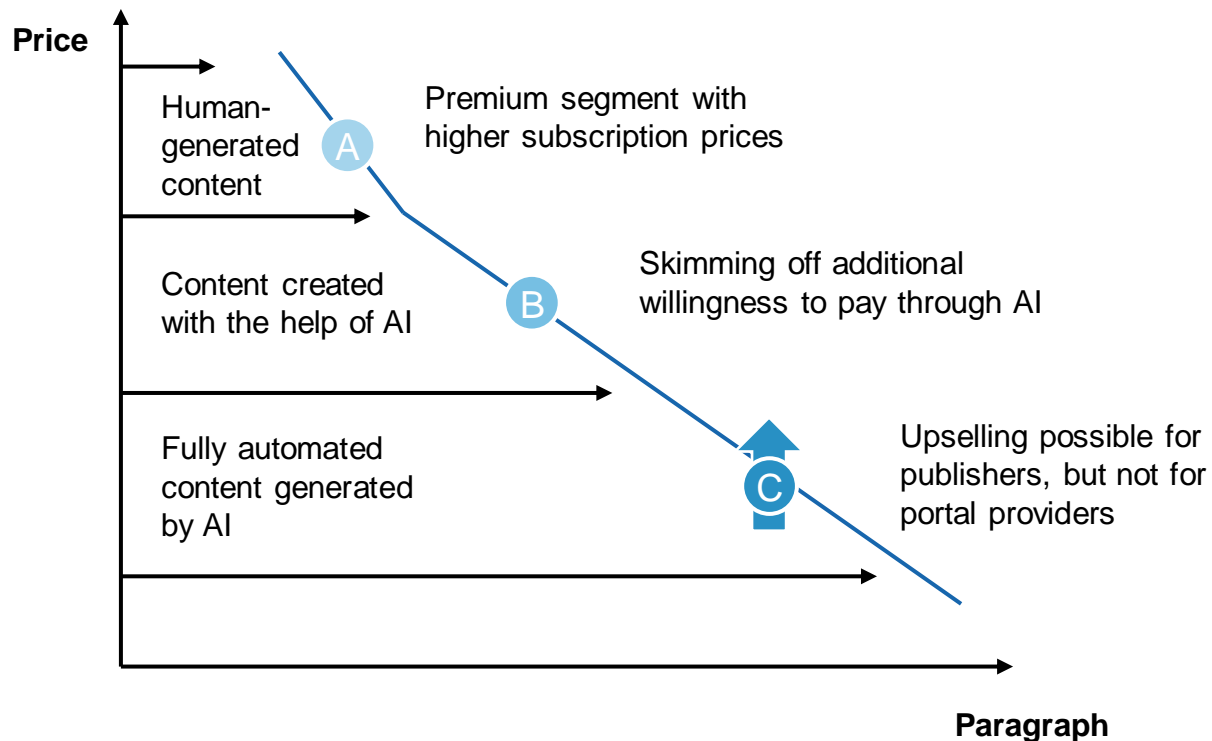
In this way, the **diversity of the media offering** can be **increased** and publishers have the **opportunity to work in areas where it was previously not possible** to offer media **for cost reasons.**



# THREE POSSIBLE REVENUE MODELS FOR PUBLISHERS CONCEIVABLE - DEPENDING ON WILLINGNESS TO PAY AND COST-CUTTING POTENTIAL

## For illustration purposes

Simplified representation



## Possible revenue models and brief description

- Depending on willingness to pay and cost-cutting potential, **three main revenue models** are conceivable for publishers:
  - A** Comparatively high subscription prices in the **premium segment with human-generated content**
  - B** Comparatively low subscription prices in the **lower price segment with content created with the help of AI**
  - C** **Pure advertising financing of fully automated and AI-generated content** (prerequisite: correspondingly high reach)
- In the **third revenue model** in particular, the **use of AI** offers publishers and media companies **the opportunity to compete more effectively** with online portals such as T-Online, Watson or Google and Microsoft and possibly realize **upselling potential** for their own premium offers
- This opportunity for upselling is not available to **online portals** due to the presumably greater use of AI there, which means that the labeling requirement in this case could mean a **clear advantage for publishers and strong media brands**



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TÄNAN **MERCI** HVALA

TERIMA KASIH