



Digital Content Next
November 30, 2016



Agenda

- A+E Journey
- Subscription Assumptions
- Acquisition Approach

A+E JOURNEY

A+E Networks

traditional ad supported business

- ▶ Consumer relationship with TV Provider
- ▶ Revenue stream from in-program advertising



AT&T U-verse



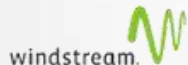
xfinity



Charter
COMMUNICATIONS



optimum.



A+E Networks

exploring subscription model

- Direct relationship with consumer
- Revenue stream from subscription fee



A+E Networks

subscription services

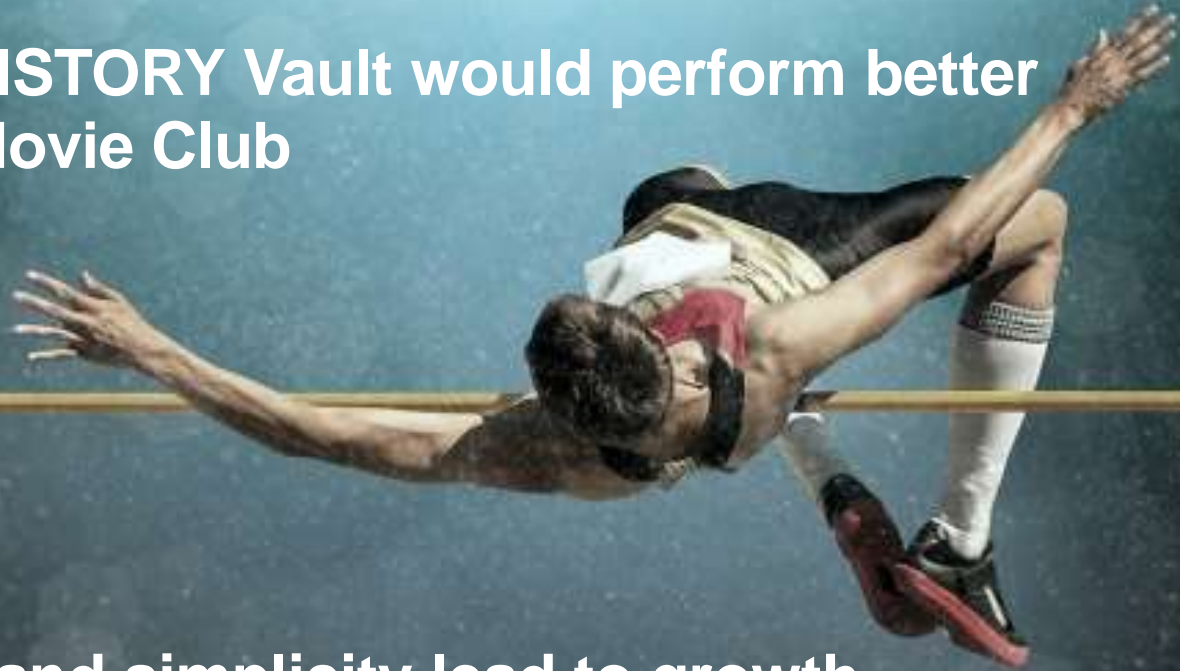


SUBSCRIPTION ASSUMPTIONS

Subscription Assumption 1

performance

- ▶ **Assumption:** HISTORY Vault would perform better than Lifetime Movie Club



- ▶ **Learning:** Clarity and simplicity lead to growth

Subscription Assumption 2

feedback

- ▶ **Assumption:** Behavioral data would provide the information needed to make product improvements

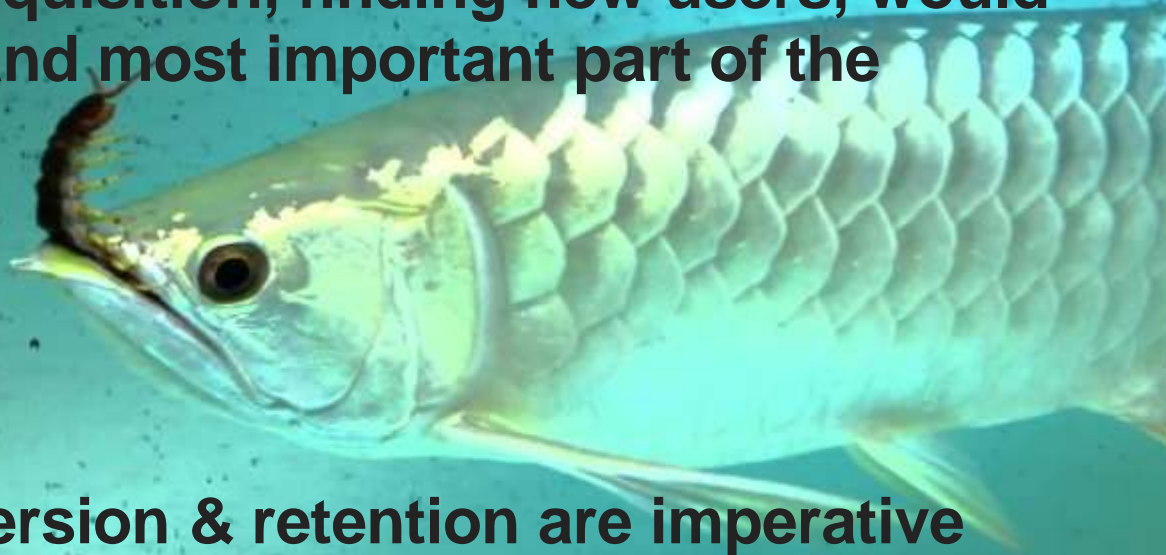


- ▶ **Learning:** Self reported and behavioral data are needed to understand the full user experience

Subscription Assumption 3

user acquisition

- ▶ **Assumption:** Acquisition, finding new users, would be the hardest and most important part of the marketing flow
- ▶ **Learning:** Conversion & retention are imperative for a successful subscription business



ACQUISITION APPROACH

Acquisition Approach

our philosophy

- **Data driven**
- **Evergreen**
- **Pay for performance**
- **Advanced audience segmentation**
- **Optimization to KPI's**
- **Lower-funnel**

Acquisition Approach

data driven

We track everything!

- ▶ In order to know what tactics to invest in, you need to know what tactics are working
- ▶ Tracking isn't just for paid campaigns



Acquisition Approach

data driven

Tracking partners we leverage:



► Always on measurement

- We understand on a daily basis what's working and can adjust resources and strategy

Acquisition Approach

evergreen

Traditional Linear: viewers can only watch what we broadcast

Subscription Model: viewers can watch anything, anytime

▸ **There are tactics that need to be live every day:**

- Search engine optimization (SEO)
- Search engine marketing (SEM)
- Email marketing
- Linear promos
- Linear snipes
- Social media
- Push notifications
- House ads (video/static)
- Partnerships

Acquisition Approach

pay for performance

Digital ad purchase models:

CPM	CPC	CPA
Cost per 1,000 Imps.	Cost per click	Cost per acquisition
Awareness	Direct response	Direct response
Less qualified	More qualified	Most qualified

- ▶ When you purchase digital media on a CPC or CPA model you are paying for more qualified viewers.

Acquisition Approach

advanced audience segmentation

Prior behavior is a better predictor of future behavior than age, gender, or web browsing history alone.

Retargeting

- Website visitors
- App visitors
- Email subscribers
- Social fans
- Linear viewers

Competitive Conquesting Lookalike Models

- Create lookalike models off of all the segments above

Acquisition Approach

advanced audience segmentation

- ▶ We target users based on their personal preferences
- ▶ When you know user affinity, be specific with messaging.



Acquisition Approach

advanced audience segmentation

- ▶ We target users based on their personal preferences
- ▶ When you know user affinity, be specific with messaging.



Acquisition Approach

optimization to KPI's

Track and optimize against the goal of the campaign, not just the metric you're paying for.

	Campaign A	Campaign B
Clicks	100	100
Cost per Click	\$8	\$4
Free Trials	50	20
Cost per Free Trial	\$16	\$20
Paying Subscribers	40	10
Cost Per Paying Sub	\$20	\$40

- ▶ Shifting from B to A will yield a **100% increase** in free trials!

Acquisition Approach

lower-funnel

On average, **Google** now processes **40,000** search queries **every second**. That's **over 3.5 billion** searches **per day** and **1.2 trillion** searches **per year** worldwide.



Acquisition Approach

lower-funnel

People are searching. If a user is looking for you, it's a missed opportunity if you can't be found.

- ▶ Search (organic & paid)
 - ▶ **Traditional Search Engines**
 - ▶ Google
 - ▶ Bing
 - ▶ Yahoo
 - ▶ **Untraditional Search Engines**
 - ▶ YouTube
 - ▶ App Stores
 - ▶ Partner Platforms
 - ▶ Ex: Roku/Smart TVs/Mobile Devices

TAKEAWAYS

Exploring New Models

- ▶ Put the user first
- ▶ Internal communication
- ▶ Clear vision
- ▶ Test, test, test...



THANK
YOU!

