

Digital Subscription Reader Revenue

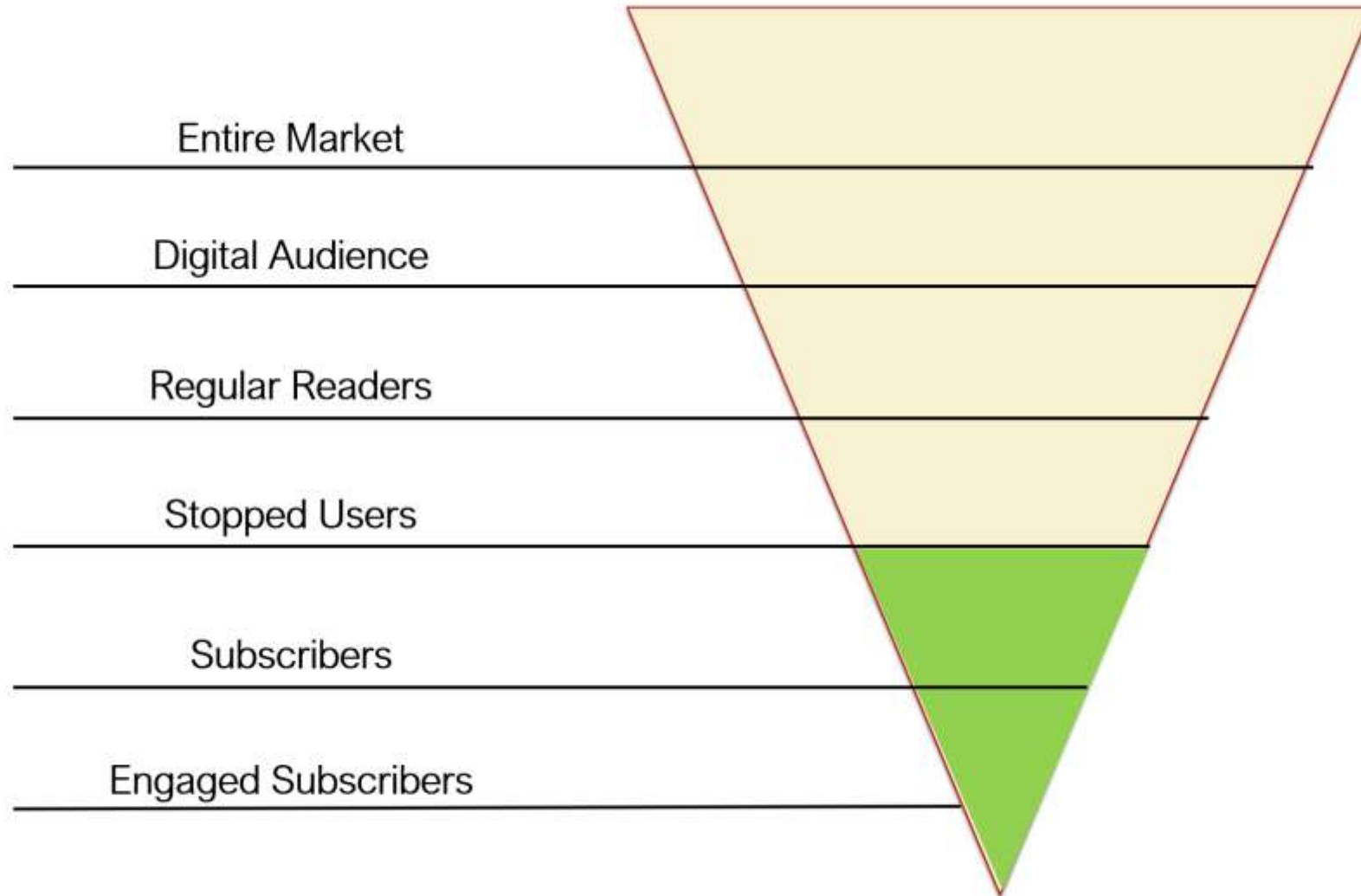
Benchmarks & Best Practices from 500+ Publications Worldwide



JOURNALISM
INNOVATION
DEMOCRACY

**Digital subscriptions make serving quality journalism
that engages readers your top *business* priority.**

The Audience Funnel



The Audience Funnel - Metrics

Benchmark Categories

Market Penetration

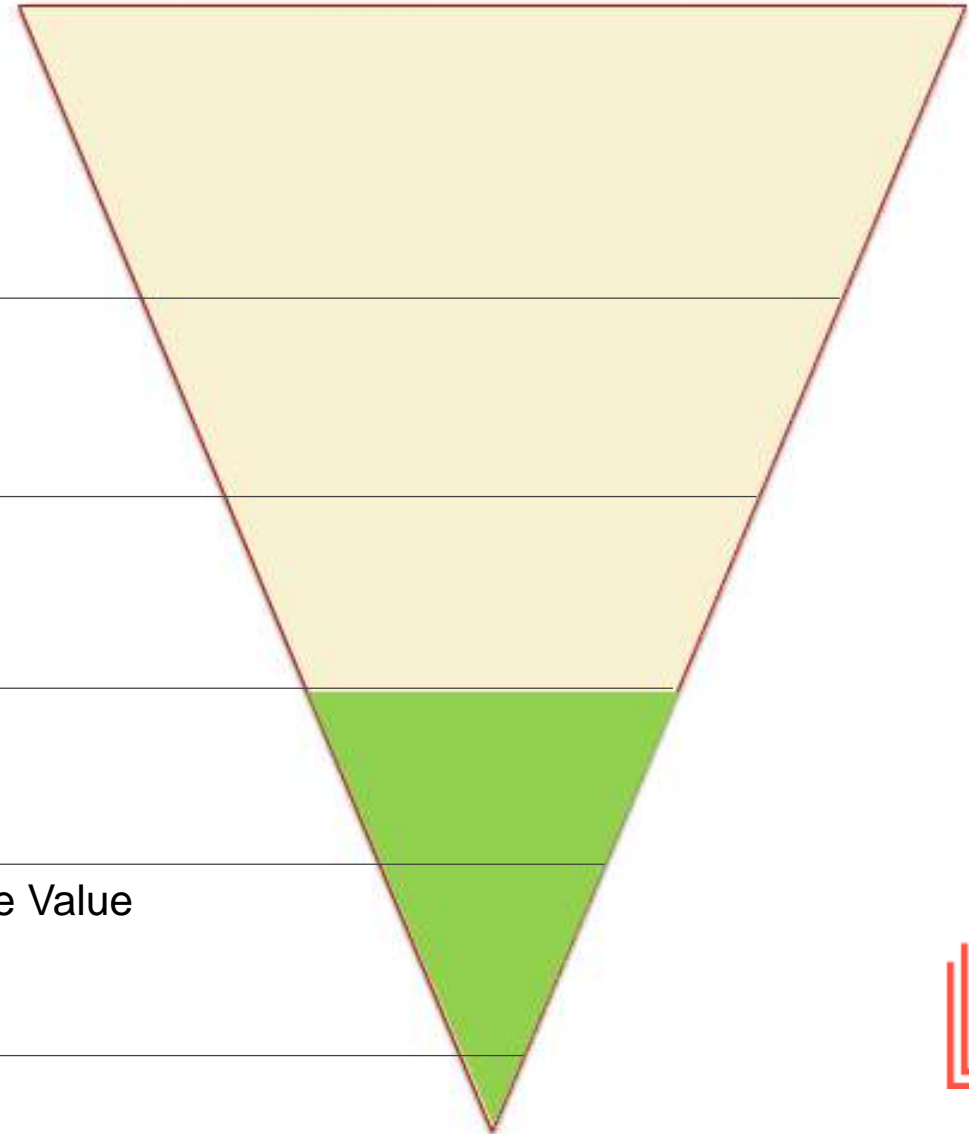
Reader Engagement

Meter Stop Rate // Meter Limit // Stop Conversion Rate

Total Subscribers // Audience-Subs Ratio // ARPU

Churn & Retention // Customer Life // Customer Lifetime Value

Engaged Subscribers // Activation Rate



Our Data Set

The benchmarks in this presentation come from over 500 publishers across a range of different kinds of publications over the course of several years.

Categories

Examples

National & Major Metro Newspapers

The logo for The Independent, featuring the word "THE" in a small font above "INDEPENDENT" in a larger, red, serif font, with a small bird icon above the "I".The logo for the Chicago Sun-Times, with "CHICAGO" in a small font above "SUN-TIMES" in a large, red, serif font, all within a white rectangular box.The logo for The Baltimore Sun, featuring a circular emblem with a sunburst and the words "ESTD 1776" and "BALTIMORE" above "THE BALTIMORE SUN" in a blue serif font.The logo for the San Jose Mercury News, with "San Jose" in a script font above "Mercury News" in a bold, black, serif font.The logo for The Sacramento Bee, with "THE SACRAMENTO BEE" in a black serif font, accompanied by a small bee icon.

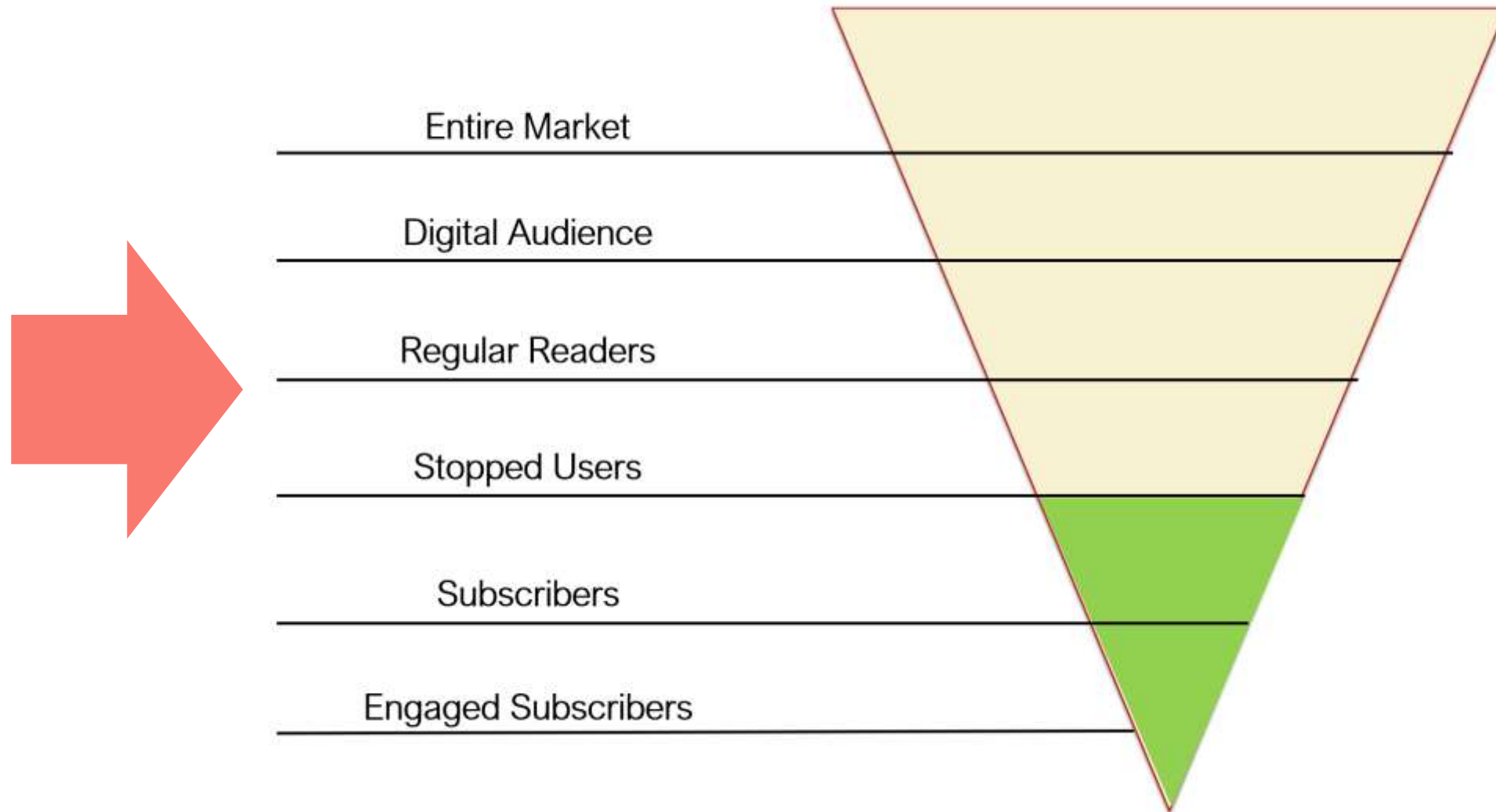
Local & Regional Newspapers

The logo for the Winston-Salem Journal, with "WINSTON-SALEM" in a small font above "JOURNAL" in a large, black, serif font.The logo for the Billings Gazette, with "Billings Gazette" in a small font above a yellow circular icon and "billingsgazette.com" in a black sans-serif font.The logo for the Post-Tribune, with "Post-Tribune" in a bold, black, sans-serif font.The logo for Lancaster Online, with "Lancaster" in a large, blue, serif font above "ONLINE.com" in a smaller, blue, sans-serif font.The logo for the Fay Observer, with "fayobserver.com" in a blue, sans-serif font, featuring a small star icon.The logo for the Naperville Sun, with "NapervilleSun" in a black serif font, where "Sun" is in red, and "A CHICAGO SUNTIMES Publication" in a small font below.

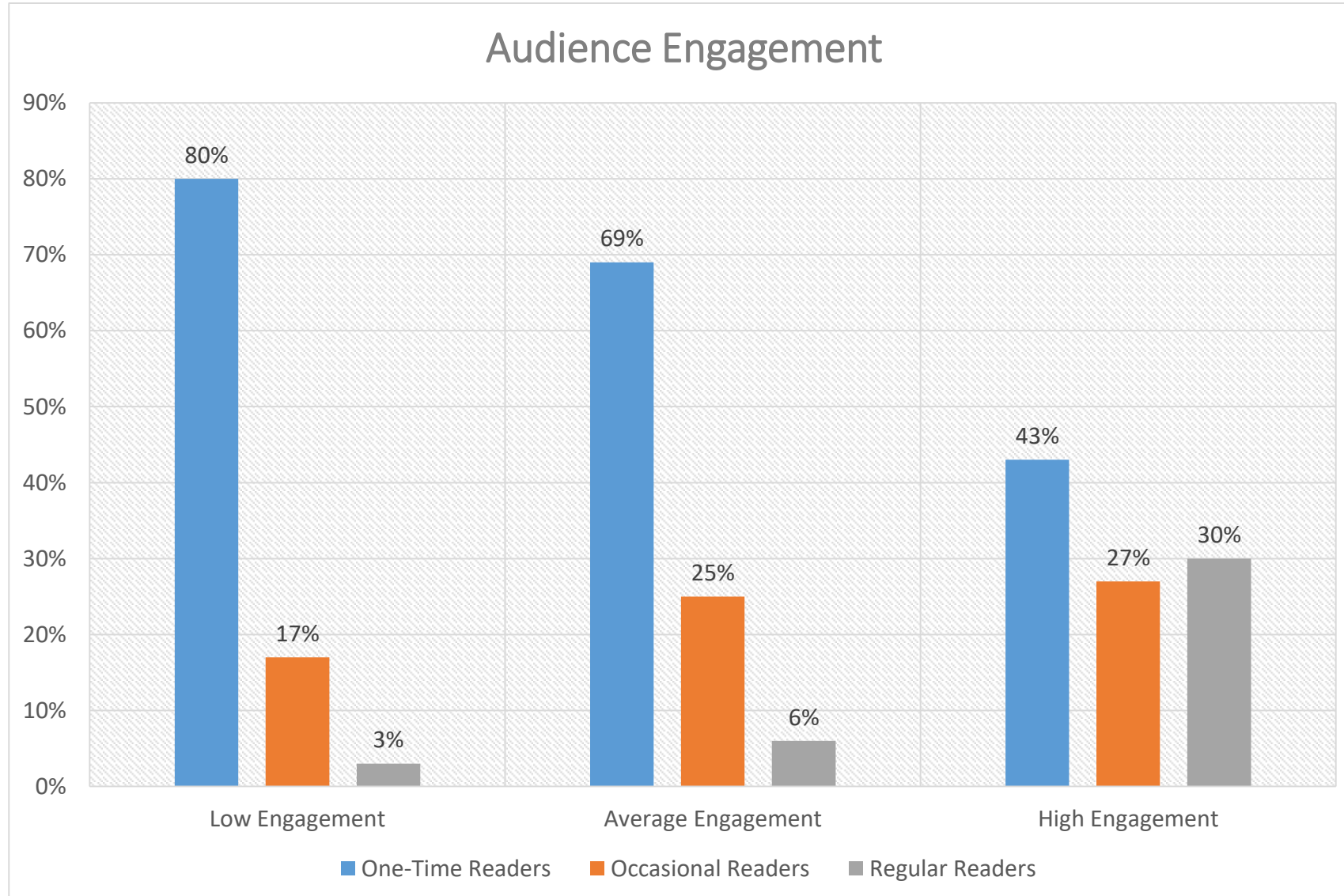
Magazines, Digital-Only Brands, Etc.

The logo for The Onion, with a green onion icon followed by "the ONION" in a bold, black, sans-serif font.The logo for Politico, with "POLITICO" in a large, red, serif font, underlined.The logo for The Lenfest Institute, with "THE LENFEST INSTITUTE" in a black sans-serif font, next to a red graphic of three horizontal lines.

Optimizing the Audience Funnel



Understanding Audience Engagement



Most successful metered publishers stop 5-10% of their digital audience with a payment gateway

- Stop Rate is a very strong predictor of overall subscription sales
- The most common cause of a plateau is not stopping enough users.
- This can and should be segmented by platform / channel, but this industry-wide data set is based on desktop data primarily.



Successful pubs
are here...



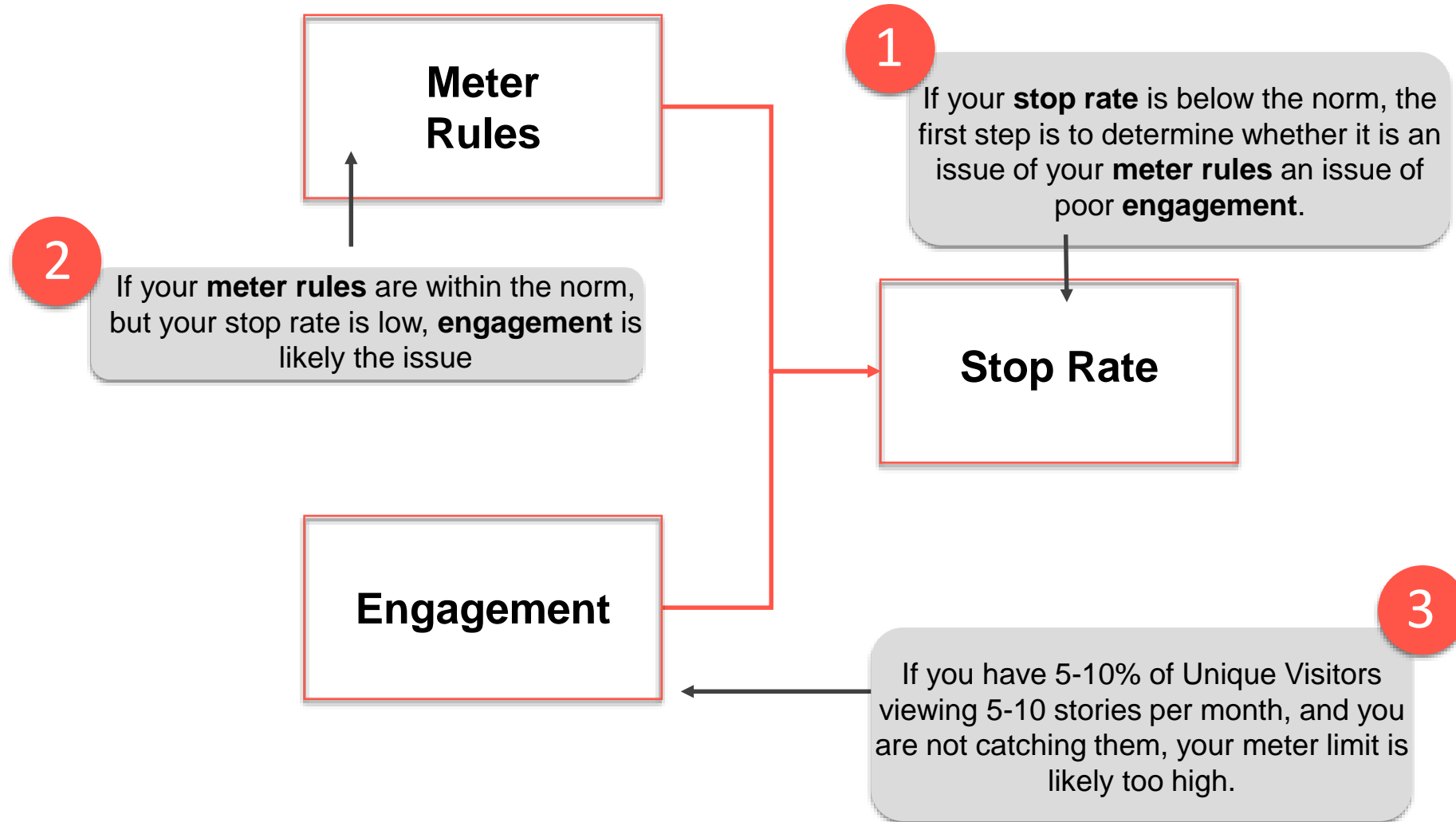
Not here!

$$\text{Stop Rate} = \frac{\text{Unique Visitors Hitting the Stop Threshold}}{\text{Unique Visitors}}$$

Industry-Wide Benchmarks:

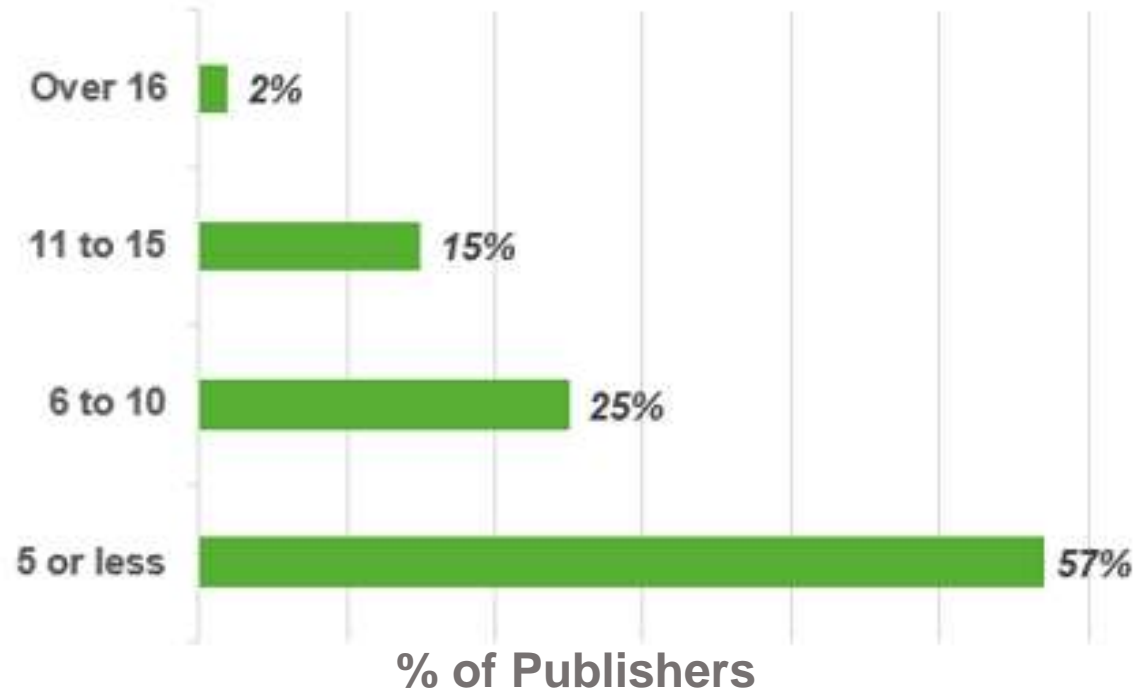
Percentile	Stop Rate
95%	8.4%
90%	6.0%
80%	4.2%
70%	3.0%
60%	2.5%
50%	1.8%
40%	1.0%
30%	0.6%
20%	0.4%
10%	0.2%
5%	0.0%

**There are two ways to increase a low stop rate:
increase engagement, or tighten the meter**

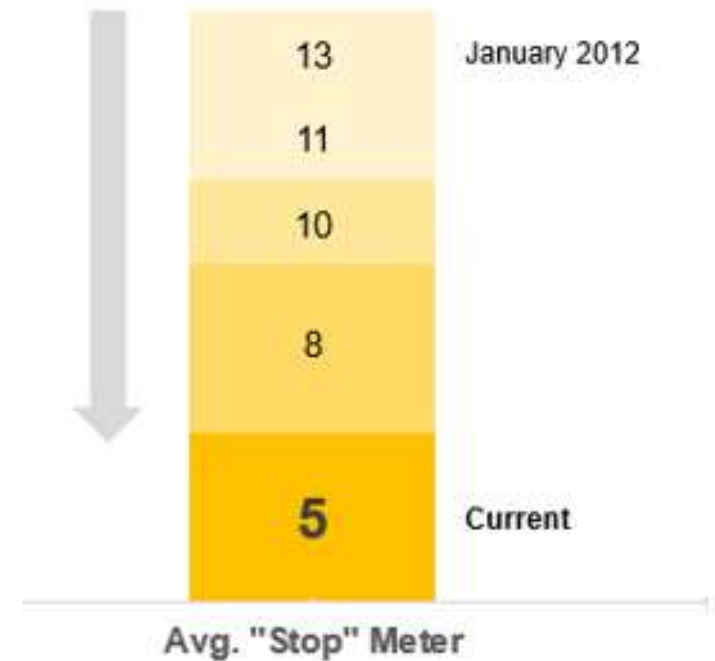


Meter Limits – Industry Norms

Meter Limit Distribution

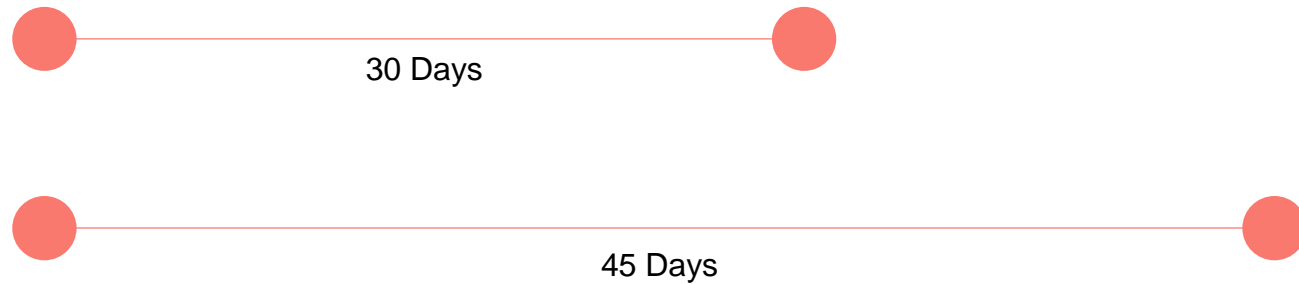


Average "Stop" Meter Setting



In addition to meter limit and content scope, publishers can experiment with other 'levers' of access control

Meter Timeframe



Lengthening or shortening the meter counter timeframe can increase or reduce your 'stop rate' while the number of free articles remains constant

Meter Targeting Rules



Geographic Targeting



Content Targeting



Propensity Targeting

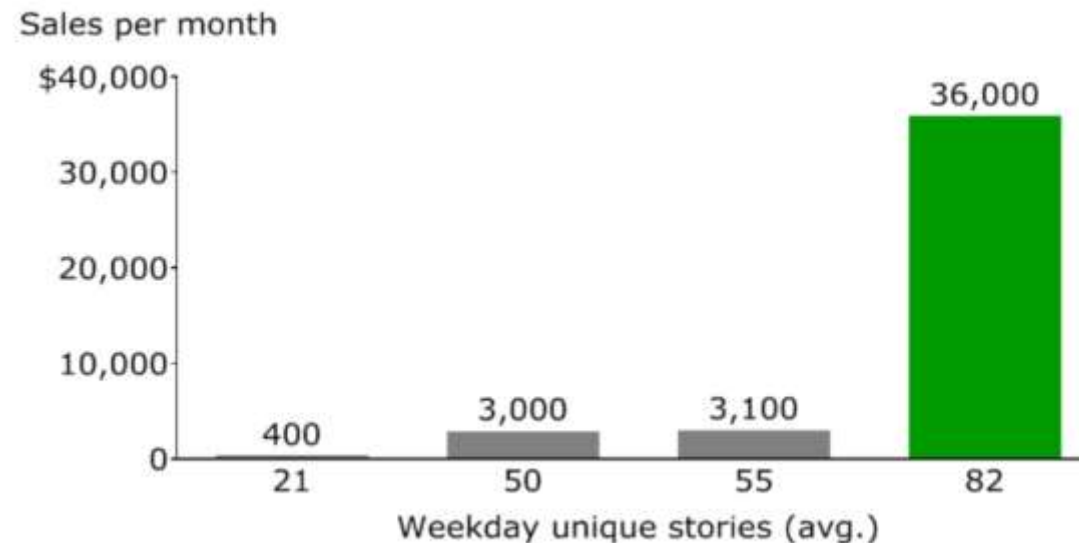


Ad Block Targeting

What Kinds of Content Drive Conversion?

Local

- Users who view local news regularly are typically **5-10X more likely** to subscribe than users who view national news, wire sourced stories.
- Publications that produce more local (non-AP) content generate greater subscription sales—sometimes by a factor of 10.



Example: Article Scoring

What content drives them to subscribe?	
Article	% Subscription Contribution
Article 1	4.5%
Article 2	3.3%
Article 3	3.3%
Article 4	3.1%
Article 5	2.9%
Article 6	2.9%
Article 7	2.7%
Article 8	2.7%
Article 9	2.5%
Article 10	2.2%

Defined as % of new subscriptions sold for which this article was in the user's "path to subscription" – i.e., the user viewed this as part of their meter count before subscribing.

Unique / Distinctive

- Publications chasing page views have a big incentive to produce nearly identical articles about any popular or viral topic in the news.
- Digital subscription models increasingly invest in unique, distinctive content that provides readers with a **perspective, angle, or reporting that only that publication can provide.**
- As you build up a base of digital subscribers, you can learn from data and invest in more of the kinds of content that appeals to potential and actual subscribers.



Eagles agree to terms with former Packers TE **Richard Rodgers**

[PhillyVoice.com](#) - 17 hours ago

The **Philadelphia Eagles** announced that they have agreed to a one-year contract with former Green Bay Packers tight end **Richard Rodgers**, a third-round pick in 2014. Rodgers (6'4, 257) had his best season with the Packers in 2015, when he had 510 receiving yards and 8 TDs. He had a very ...



Report: Ex-California tight end **Richard Rodgers** signs 1-year deal ...

[Dayton Daily News](#) - 18 hours ago

Report: Ex-California tight end **Richard Rodgers** signs 1-year deal with **Philadelphia Eagles**. 0 ... **Richard Rodgers** didn't get a chance to play in a Super Bowl during his four seasons with the Green Bay Packers, getting closest in 2016 when they lost to the Atlanta Falcons in the NFC Championship Game.

Richard Rodgers leaves Packers to sign with **Eagles**

[The Derby Informer](#) - 13 hours ago

But rather than being a springboard to bigger things for the 2014 third-round draft pick, he saw his playing time dwindle thereafter, leading Wednesday to his decision to accept a one-year deal from the **Philadelphia Eagles** in an effort to reignite his career with the reigning Super Bowl champions.

Eagles' Richard Rodgers: Hooks up with **Eagles**

[CBSSports.com](#) - 18 hours ago

In his other three seasons, **Rodgers** combined for 62 receptions (on 106 targets) for 656 yards and five TDs as his strengths dictated more blocking duty. With Zach Ertz comfortably embedded as the No. 1 tight end, **Rodgers** should have a similar role in **Philadelphia**. That said, Ertz has missed one or two ...

Eagles sign former Packers tight end **Richard Rodgers** in free agency

[Madison.com](#) - 17 hours ago

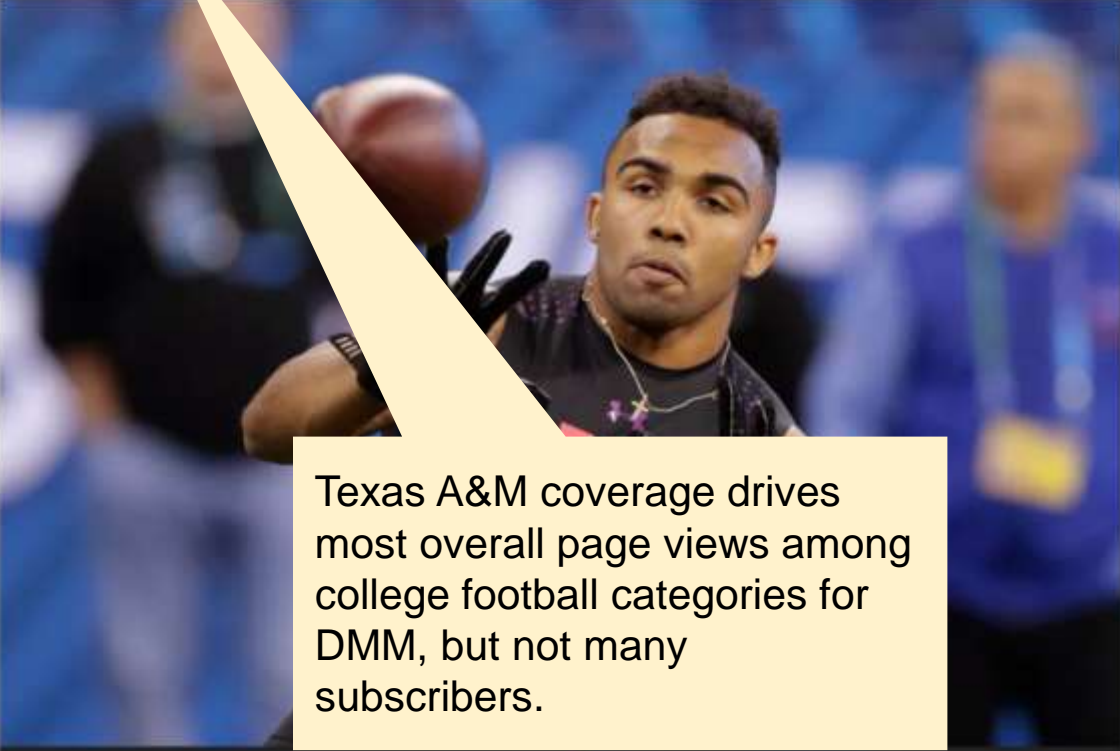
He'll try to reboot his career with the **Eagles**, where he could fit in as the No. 2 tight end behind Zach Ertz. The **Eagles** also have Billy Brown, Joshua Perkins, and Adam Zaruba on their roster at tight end. They can add to the position in the draft, too. They haven't drafted a tight end since Ertz in 2013. Signing ...

Example: Dallas Morning News

COLLEGES 2d

Texas A&M's five most likely players to be picked in this year's NFL Draft

COLLEGES, TEXAS A&M AGGIES, NFL DRAFT



Michael Conroy/AP


Texas A&M wide receiver Christian Kirk runs a drill at the NFL football scouting combine in Indianapolis, Saturday, March 3, 2018. (AP Photo/Michael Conroy)

Texas A&M coverage drives most overall page views among college football categories for DMM, but not many subscribers.

SMU MUSTANGS 37m

For the SMU defense, the new mentality under coordinator Kevin Kane is 'attack'

SMU MUSTANGS, COLLEGES



Andy Jacobsen/Staff Photographer

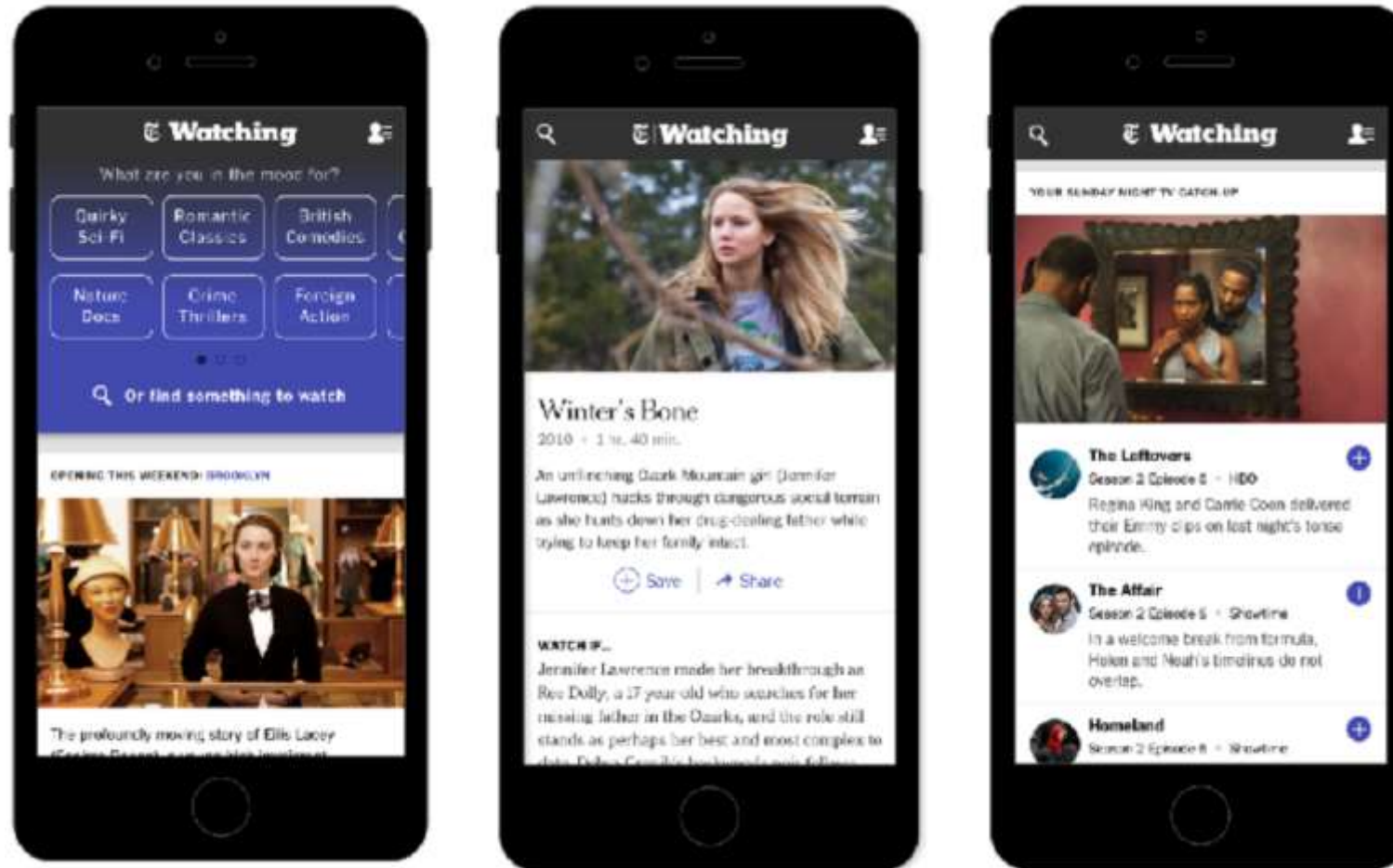
New SMU football defensive coordinator Kevin Kane speaks to the media during a press conference on the campus of Southern Methodist University in Dallas Wednesday February 7, 2018. SMU football announced the addition of 12 student-athletes to the 2018 SMU signing class. (Andy Jacobsen/The Dallas Morning News)

SMU coverage had a smaller audience, but more proportional subscription starts—so Dallas added more reporting resources to the SMU beat.

Relevant to Daily Life

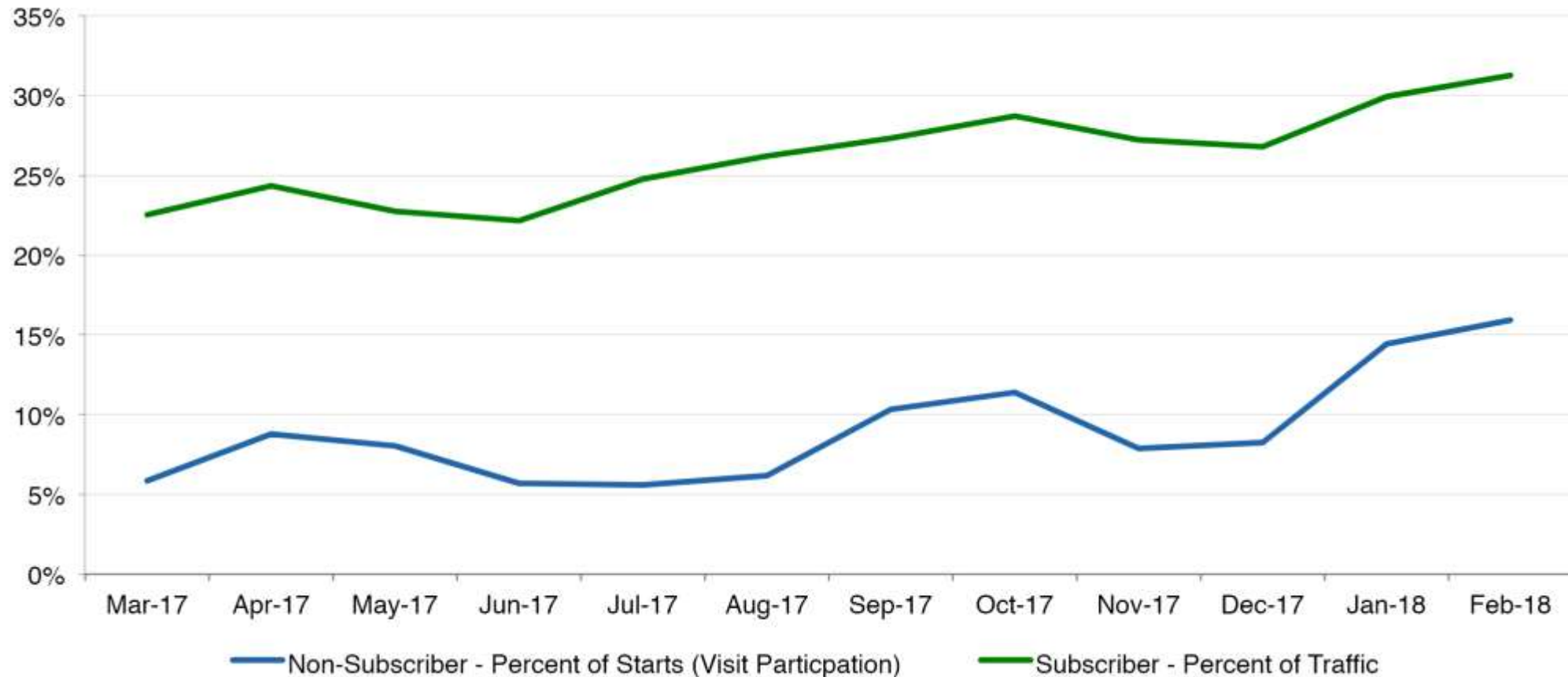
- Potential subscribers subscribe to **news as a service**. That means, in essence, that they're paying for access to information that helps them live better.
- Common topics that are likely to be highly viewed by subscribers and engaged readers:
 - Coverage of public transit, traffic, utilities, and other local resources.
 - Information about new businesses, construction, and developments, and economic changes (especially relating to job availability).
 - Information about local politics, especially issues that affect education, neighborhood development, and public safety.
 - Local college & high school sports coverage (beyond scores)
 - Local culture and arts news, especially shows and exhibits readers can visit

Examples: NYT



Data can tell you what content will resonate with your most engaged readers

Content that drives new starts vs. Content viewed by subscribers



Other strategies for improving engagement

- Invest in a high-quality email strategy including daily newsletters, breaking news alerts, and a strategy for growing your lists.
- Improve website and native app navigation, load times, user experience, and overall product quality.
- Provide high-quality, data-driven content recommendations to users accessing your digital products (including in-site recommendations and push notifications).
- Build and execute a social & search strategy focused on finding and engaging potential audiences with whom your content is likely to resonate and provide value.
- Set clear goals and KPI's around increasing engagement, rather than simply overall traffic, and align the newsroom around these metrics as the definition of success.
- **Invest in great content that your audience finds valuable.**

Once users are stopped by a meter message, *conversion* becomes the focus

- Paid Stop Conversion Rate is an important metric for understanding sales conversion as a function of content access limitation.
- While more granular conversion rates are needed to manage a powerful marketing strategy, PSCR can be used to understand overall performance.
- Paid Stop Conversion Rate * Stop % * Total Audience = Monthly New Starts

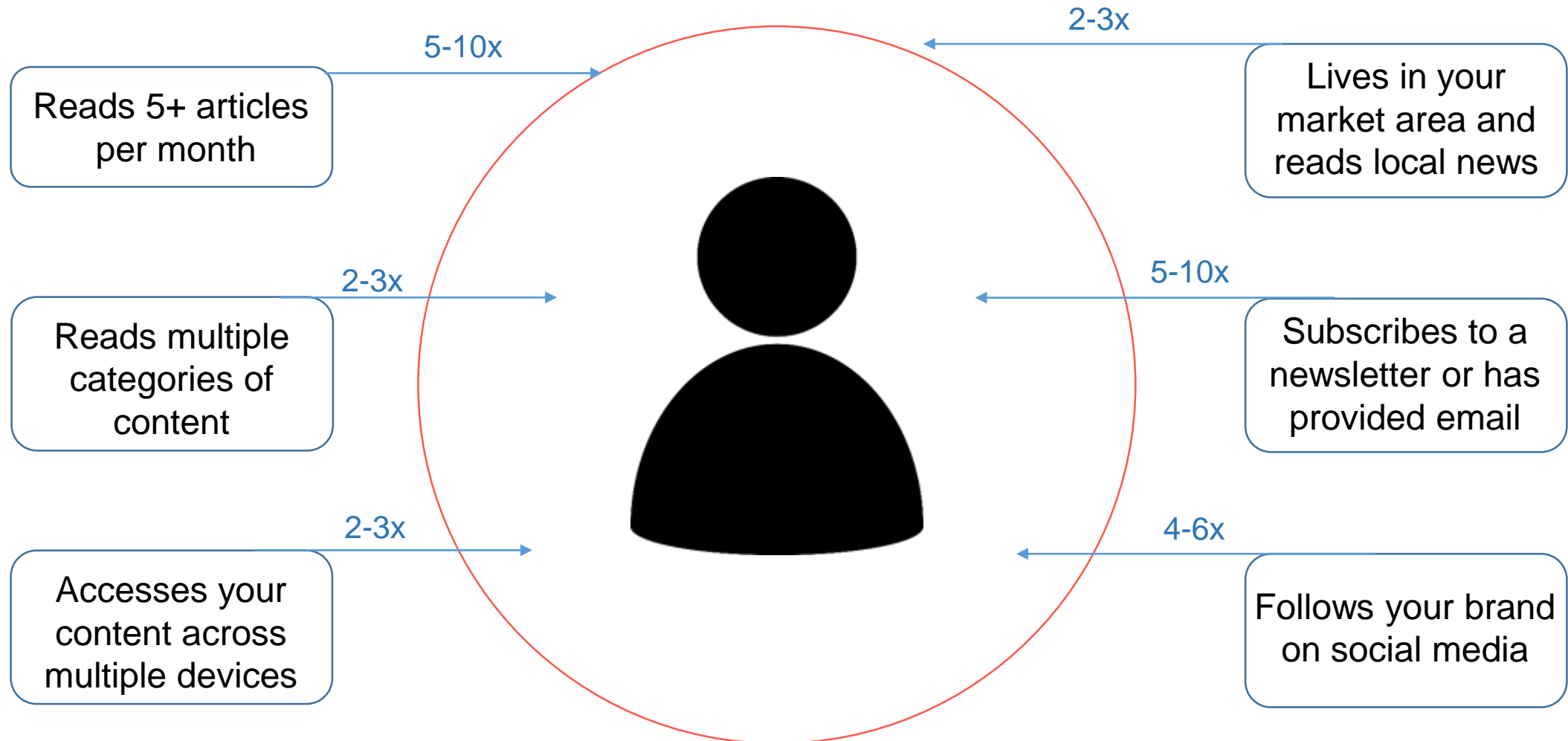
$$PSCR = \frac{\text{Paid Subscription Sales}}{\text{Unique Visitors Hitting the Stop Threshold}}$$

Industry-Wide Benchmarks:

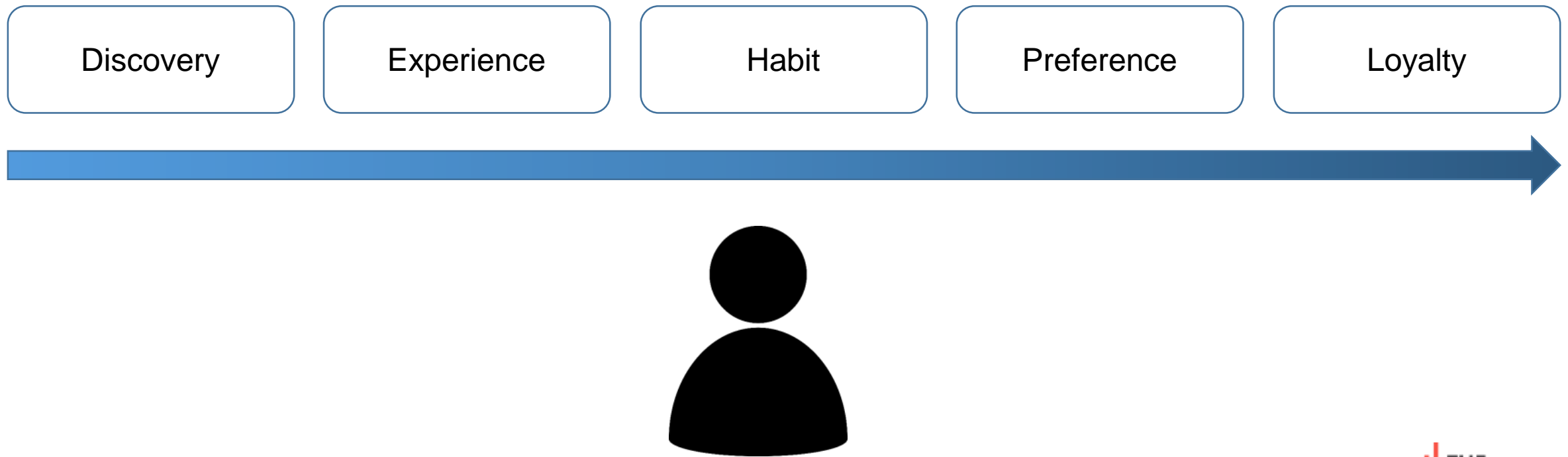
Percentile	PSCR
95%	1.93%
90%	1.31%
80%	1.04%
70%	0.83%
60%	0.62%
50%	0.54%
40%	0.47%
30%	0.40%
20%	0.33%
10%	0.24%
5%	0.21%

**Stop Rate x Conversion Rate x Unique Visitors =
Monthly Subscriptions Sold**

Profile of a likely subscriber



The Reader Journey



Subscription marketing is often about increasing your reader's engagement until they're ready to subscribe

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No, thank you

The Seattle Times

MORNING BRIEF

FRIDAY, SEPTEMBER 14, 2018



Hurricane Florence collapses hotel, knocks out power to a half-million

Florence made landfall in North Carolina this morning with [screaming hurricane-force winds that stretch across a 160-mile span](#). More than 60 people have been pulled from a collapsing motel, and some communities are already submerged in more than 6 feet of water. This is just the start. [Lethal storm surges](#) — like domes of high water that form as the ocean spreads inland — may reach 11 feet above ground. [One small town fears it will be wiped out entirely](#). Here's a [quick glance at what's happening](#), along with [what not to believe as viral hoaxes swirl](#) about Florence. (Tom Copeland / The Associated Press)

The Seattle Times
SEATTLETIMES.COM

00 00 00 00
DAYS HOURS MINUTES SECONDS

TIME IS
RUNNING OUT
\$1 FOR 8 WEEKS
FLASH SALE ENDS SOON

SIGN UP

OVER
90%
OFF

In a flash, it will be gone. So don't let the clock run out on your chance to save on an 8-week digital subscription. Don't miss it!

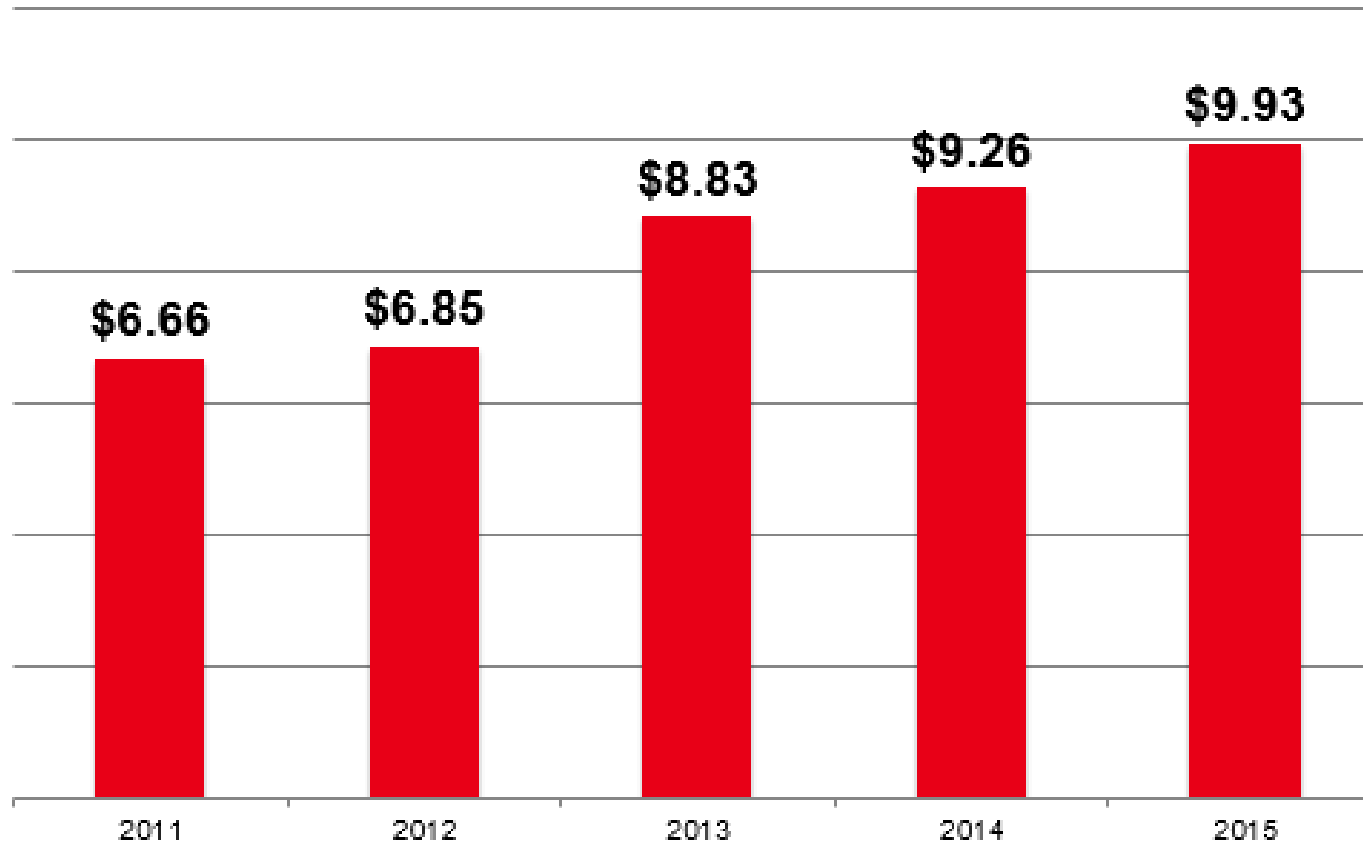
SUBSCRIBE ►

For most publishers, building a list of marketable email addresses is a top priority for subscription marketing

Total Marketable Email List	Unique Newsletter Subscribers
5,036,906	1,803,337
2,963,827	1,212,788
1,000,207	382,373
487,970	365,422
415,558	288,771
397,800	270,842
345,148	155,000
242,477	147,041
123,709	128,516
98,397	104,301
53,306	97,489
50,524	61,580

Price affects conversion rate, but most publishers have room to increase price with testing

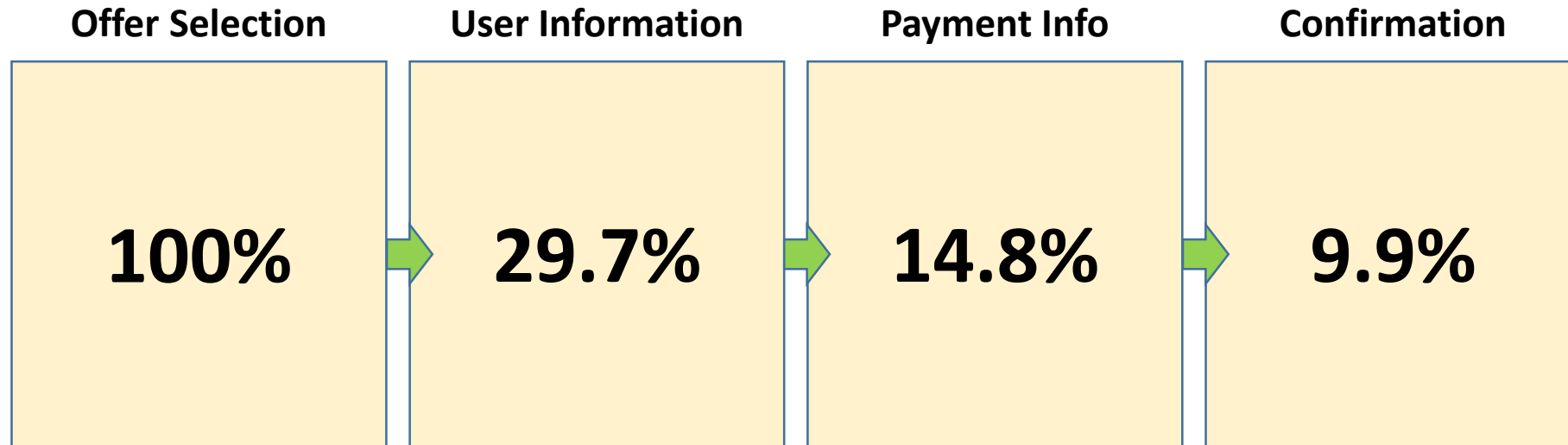
Average Monthly Digital-Only Price over Time



Average among
accelerator
participants is
slightly higher:
\$12.38/mo

Most publishers focus too little on their purchase process—and they lose subscribers as a result.

Average purchase funnel - desktop



Purchase process conversion - desktop

Publication	% Users Remaining in Funnel			
	Offers	User Info	Payment Info	Confirmation
A	100.00%	54.12%	51.87%	40.17%
B	100.00%	51.00%	33.15%	17.57%
C	100.00%	100.00%	9.47%	7.92%
D	100.00%	24.16%	11.06%	7.70%
E	100.00%	10.16%	8.65%	6.49%
F	100.00%	21.58%	13.36%	5.46%
G	100.00%	3.33%	3.33%	2.63%
H	100.00%	1.65%	1.08%	0.91%
I	100.00%	1.56%	0.87%	0.41%

Key strategies for improving conversion

- Get clear on who your customers are and, through testing, the core value propositions you offer to each segment—and then target marketing efforts accordingly.
- Improve subscription interface through testing, reducing friction by eliminating extra copy, checking page load times, cutting unnecessary fields, and reducing clicks.
- Simplify offers and subscription options—and ensure that you're selling your digital subscription proudly and primarily, rather than as an after thought.
- Create and execute year-round marketing calendar focused on the value of your *content* – and the associated value to users – paired with promotions and discounts on a regular basis.
- Maximize conversion opportunities from search, social, email, and other channels.
- Experiment with new metering rules, such as targeted meter messages per content type and dynamic metering approaches.

A key retention benchmark: Monthly Retention Rate

- There are many ways to look at churn as an element of retention. For benchmarking purposes, we use a simple, combined monthly rate.
- Retention Rate can be used to calculate *average customer lifetime* and *customer lifetime value*.
- We don't yet have your retention data, so this data is taken from a broader set of publishers.

$$RR\% = \frac{\text{Customers Active in Month } X}{(\text{Customers Active in Month } X - 1) + (\text{Sales in Month } X)}$$

Industry-Wide Benchmarks:

Percentile	RR%
95%	97.0%
90%	96.4%
80%	95.8%
70%	95.1%
60%	94.8%
50%	94.4%
40%	93.9%
30%	93.2%
20%	92.2%
10%	91.3%
5%	89.6%

The key to retention long-term is to engage all subscribers in your digital products effectively

- Subscriber engagement measures the percentage of active subscribers that log-in to their accounts in a given month
- The leading 10 percent of publishers have almost 2.5X the engagement rate as the bottom 10 percent

$$\text{Subscriber Engagement} = \frac{\# \text{ Subscribers Logged In in Month } X}{\# \text{ Subscribers Active in Month } X}$$

Percentile	SER%
95%	90.1%
90%	87.3%
80%	82.9%
70%	78.7%
60%	74.4%
50%	71.0%
40%	64.8%
30%	56.2%
20%	48.3%
10%	36.1%
5%	27.8%

Retention and price combine to form Customer Lifetime Value – a key metric for ROI calculations

- Customer Lifetime Value answers the question, “for each new subscription sold, how much revenue do I generate?”
- CLTV is a function of average price and retention rate.
- This metric is **critical** for making decisions about paid marketing spend, product investments, and even newsroom resource allocation.
- For example, if I have a CLTV of \$140 and I pay \$1000 for a campaign that converts 100 subscribers, I’ve generated \$14 in revenue for every \$1 spent on marketing.

$$CLTV = \frac{\text{Average Monthly Subscription Revenue per Subscriber}}{\text{Monthly Churn Rate}}$$

Industry-Wide Benchmarks:

Percentile	CLTV
95%	\$339.98
90%	\$282.79
80%	\$217.18
70%	\$186.38
60%	\$157.56
50%	\$137.30
40%	\$124.09
30%	\$110.99
20%	\$93.02
10%	\$72.11
5%	\$50.75

Key strategies for improving retention

- Understand the source of your churn—including reasons for cancellation, causes of payment delinquency, and other factors.
- Reach out to canceled subscribers to learn what went wrong—and improve your products, offers, and customer service as a result.
- Prioritize and reward the newsroom for content that engages subscribers; show this data side by side with broader traffic leaderboards that might emphasize a different type of content instead.
- Find common characteristics of users who cancel and begin to model propensity to churn based on these data points (as well as engagement data more broadly).
- Implement catch-and-save, win-back, and surprise and delight offers for users who are likely to churn.
- **Invest in more of the content that your subscribers love.**

Questions?

Thank You!

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