Digital Subscription Models: Where Are We in 2019?

Benchmarking Reader Revenue Across the News Industry

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JOURNALISM
INNOVATION
DEMOCRACY

The 'Great Paywall Debate' has changed

2011-13

2017-19

Context: Ad revenue is down across the news industry

Newspaper Revenue Per Circulation - Adjusted for Inflation

— Advertising
— Circulation

Source: Pew Research Center - Newspaper Fact Sheet (June 2018)
US Census Bureau - Historical Households Tables
U.S. Labor Department's Bureau of Labor Statistics

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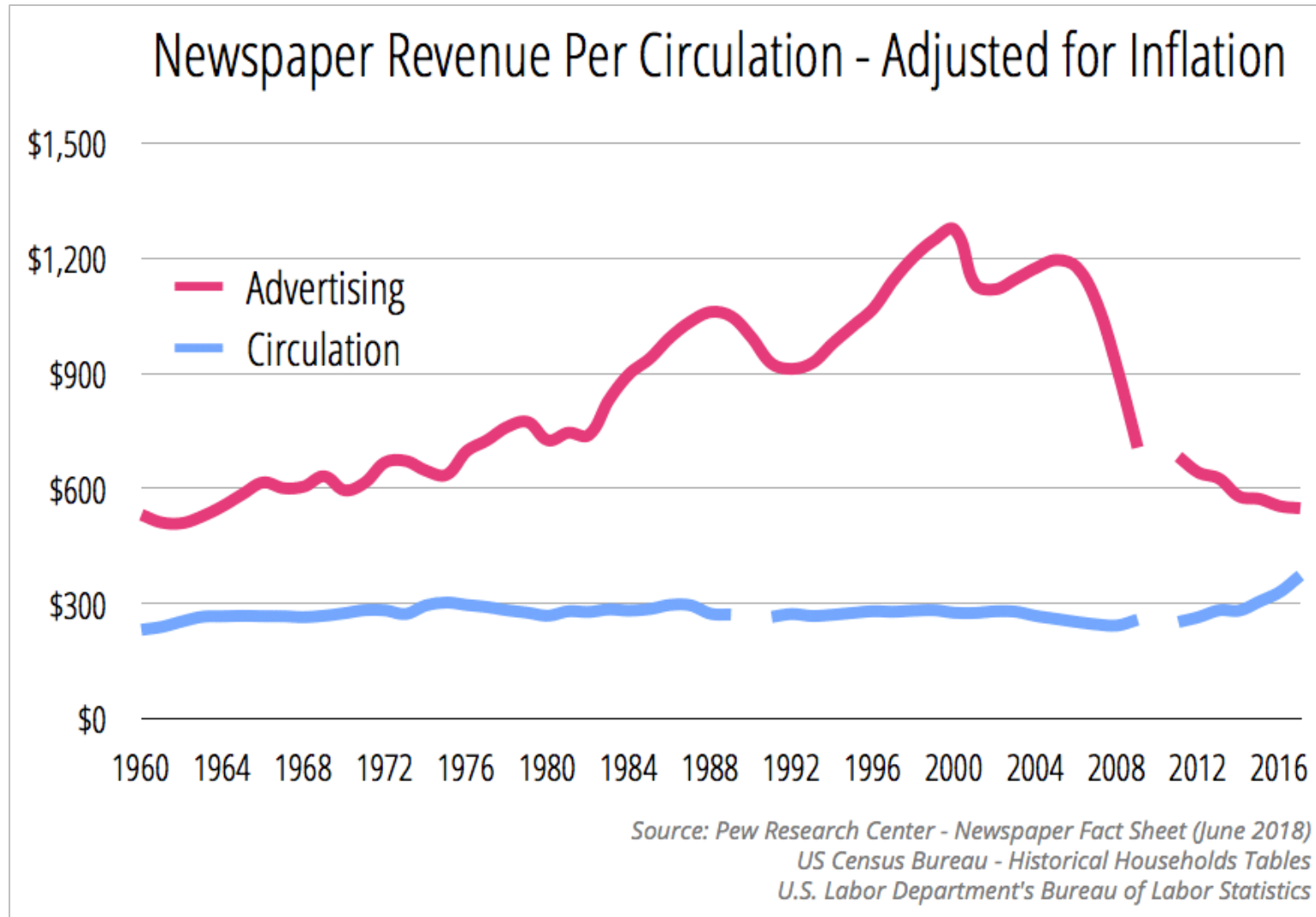
Context: To compete in the audience *volume* game, publishers chase clicks with cheap, low-quality content

5X more volume
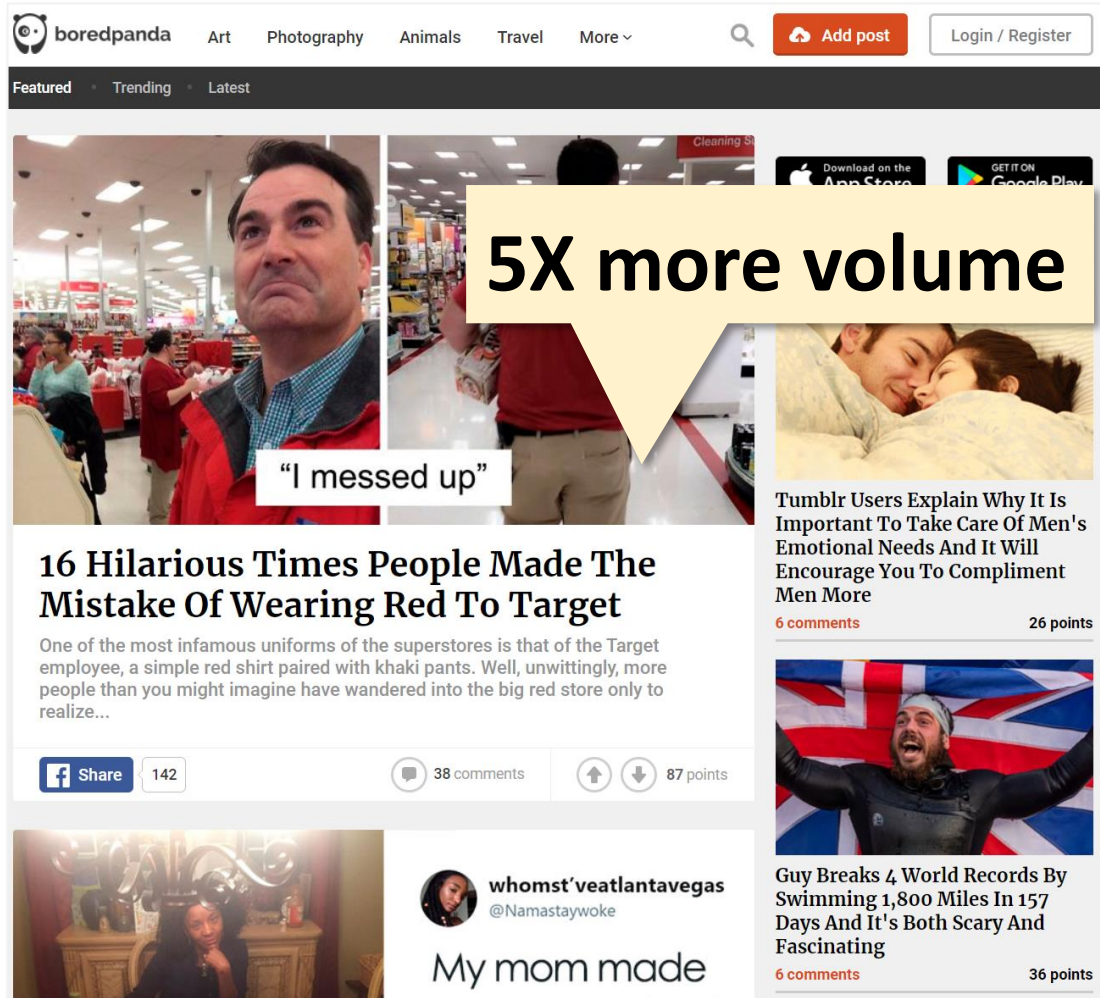
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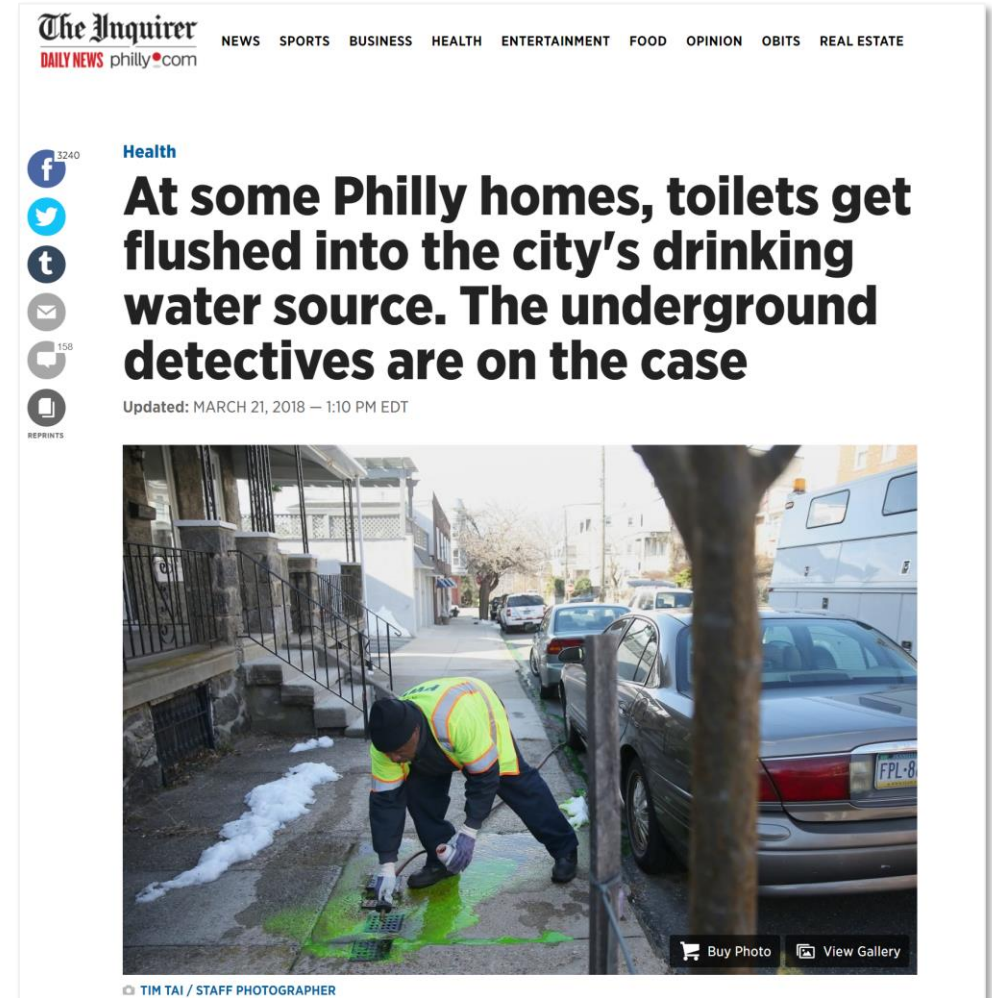
What we now know: News publishers can convert the most engaged 5-10% of their audience into subscribers

Benchmarks:

14 Metro Daily U.S. Newspapers

Subs / Web User
11.85%
7.15%
5.02%
4.13%
2.99%
2.75%
2.52%
2.20%
1.59%
1.54%
1.29%
0.74%
0.59%
0.15%

BUT: Results still vary widely. The most successful publishers outperform those in the 90th percentile on key subscription performance metrics by 2X, and outperform the median by 5X.

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The Audience Funnel

Entire Market

Digital Audience

Regular Readers

Stopped Users

Subscribers

Engaged Subscribers

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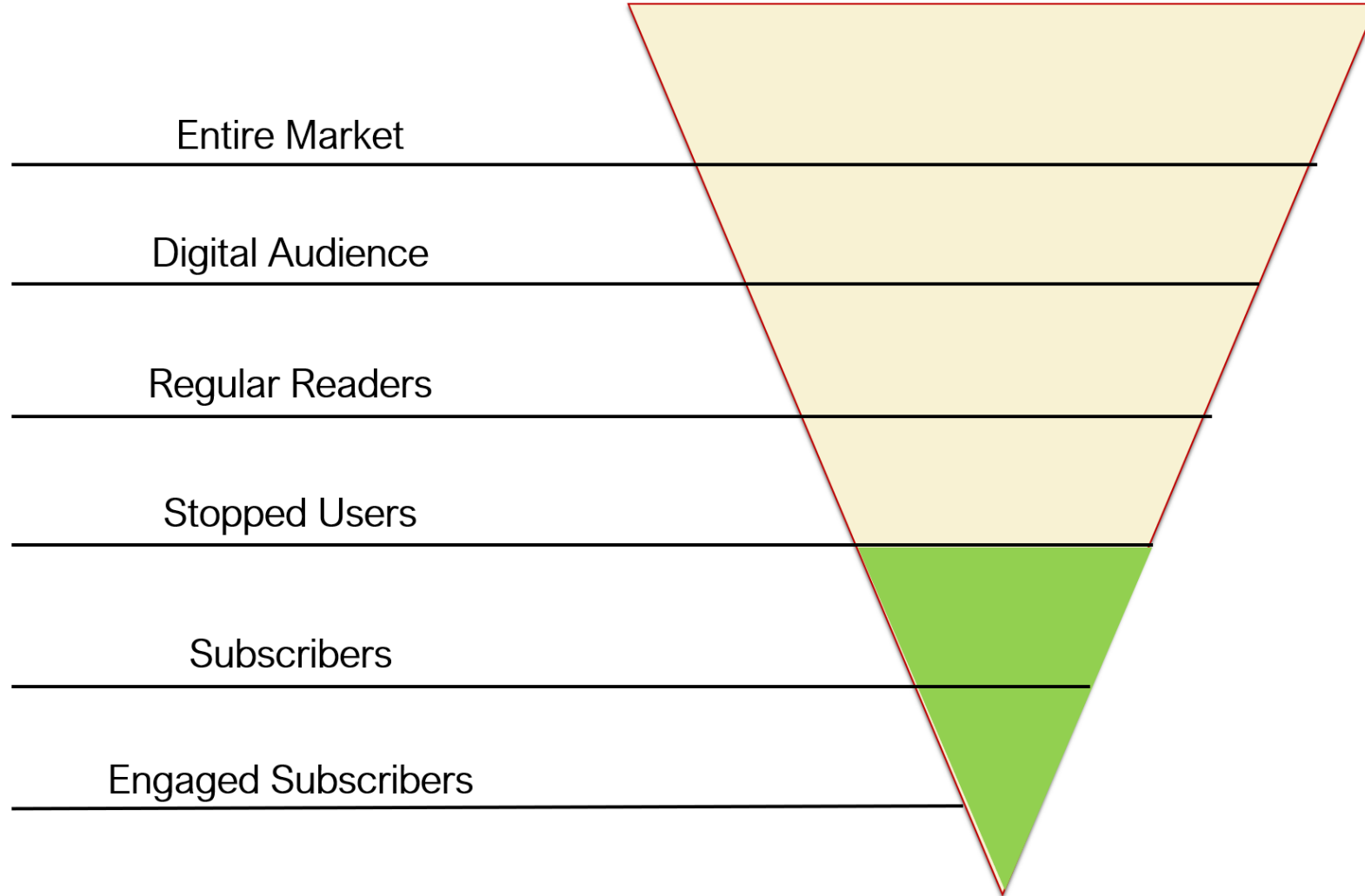
Publishers are increasingly focused on driving *engagement* from readers, not just clicks

Audience Engagement: Metro Newspapers

Publication	One Article	2-5 Articles	6+ Articles
A	43.59%	26.30%	**30.10%**
B	47.54%	32.79%	19.67%
C	66.89%	25.21%	7.90%
D	63.84%	28.51%	7.66%
E	69.00%	23.56%	7.44%
F	77.15%	15.43%	7.42%
G	**69.14%**	**24.86%**	**6.00%**
H	69.83%	24.36%	5.81%
I	69.30%	25.17%	5.52%
J	76.74%	18.08%	5.18%
K	73.83%	22.08%	4.09%
L	75.79%	20.86%	3.35%
M	**80.16%**	**16.88%**	**2.96%**

Low Engagement — One-Time Readers 80%, Occasional Readers 17%, Regular Readers 3%

Average Engagement — One-Time Readers 69%, Occasional Readers 25%, Regular Readers 6%

High Engagement — One-Time Readers 43%, Occasional Readers 27%, Regular Readers 30%

■ One-Time Readers ■ Occasional Readers ■ Regular Readers
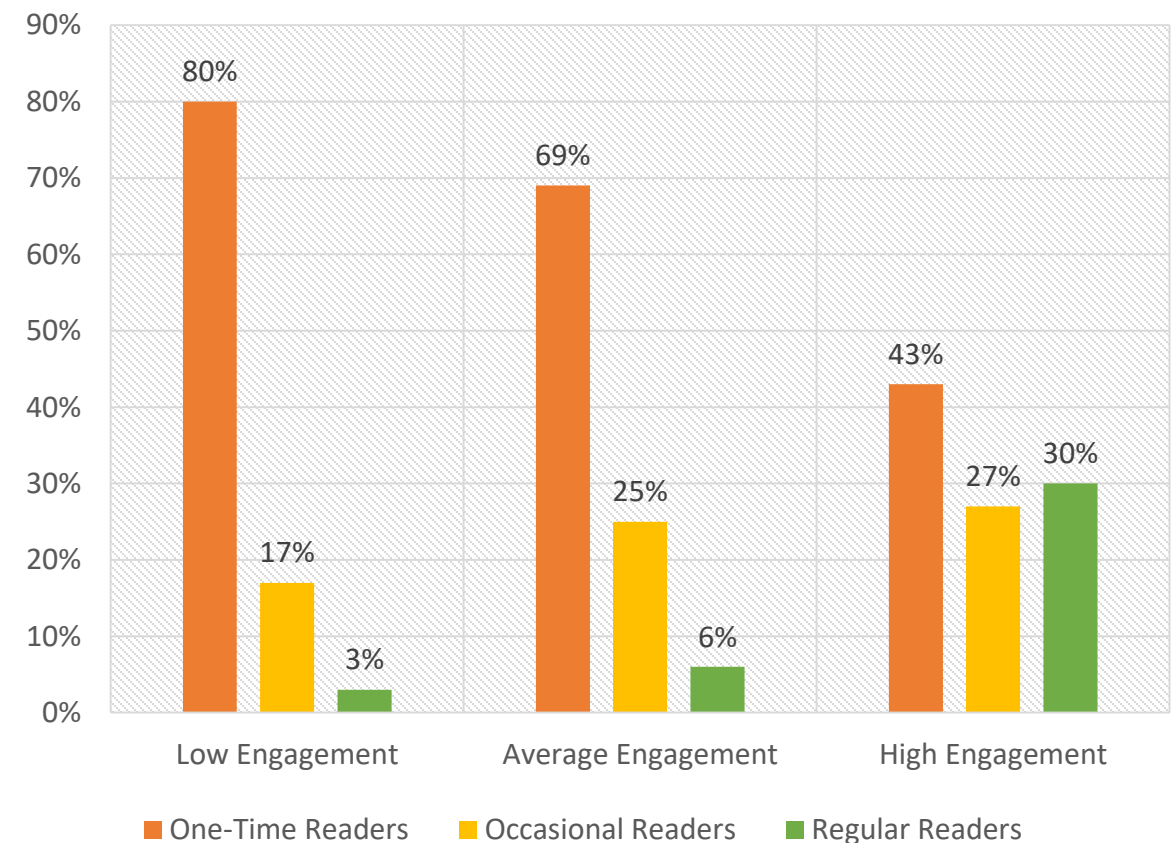
Engagement matters: There is a significant correlation between engagement and subscriber growth

Correlational Study: Monthly Retention vs. Subscriber Engagement

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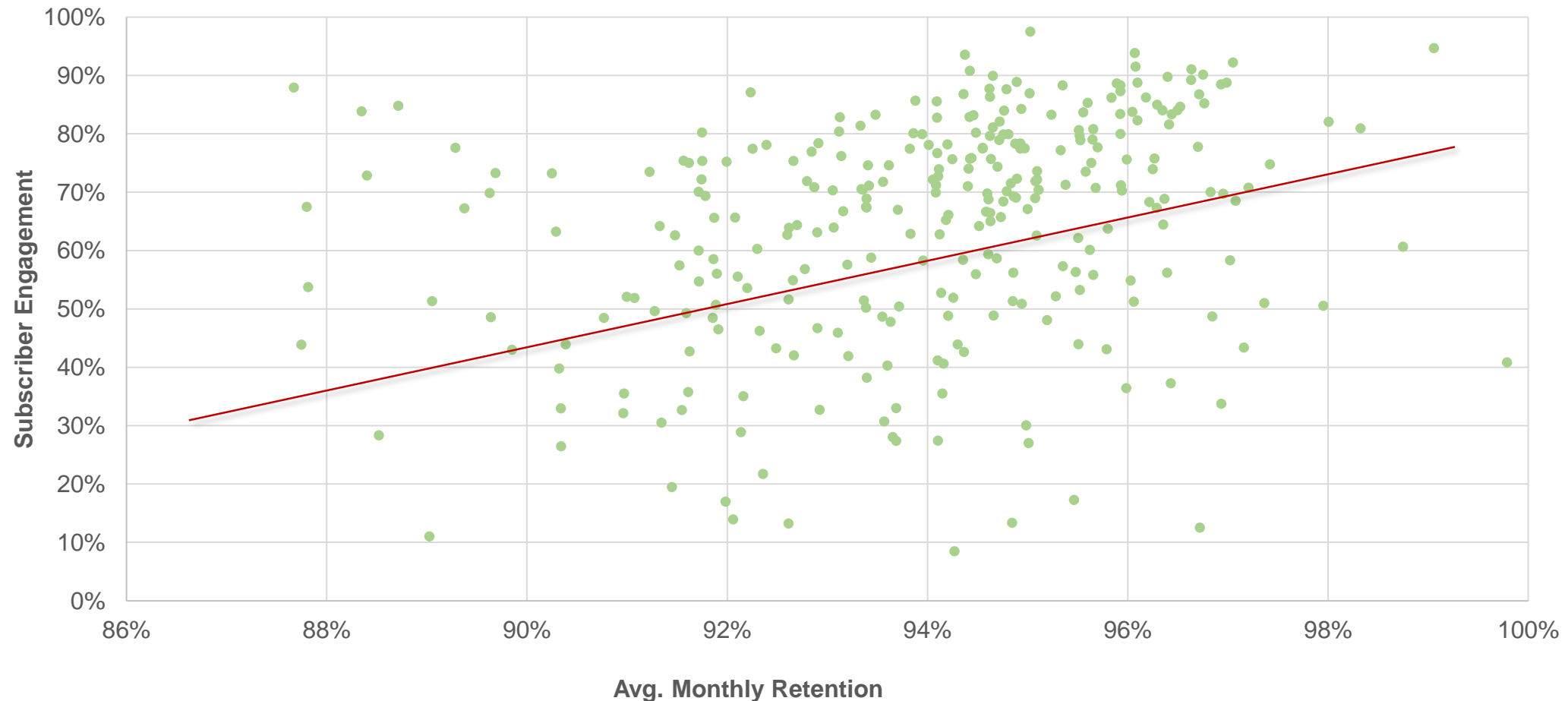
Publishers are becoming increasingly confident about asking their readers to pay for digital access

Newspaper Benchmarks:

- 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.

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

Most successful pubs are here…

Not here!

Percentile	Stop Rate
95%	10.89%
90%	8.36%
80%	7.05%
70%	5.57%
60%	3.99%
50%	3.99%
40%	3.53%
30%	3.20%
20%	2.61%
10%	1.23%
5%	0.28%

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Slide 9

Most publishers with metered models limit users to five articles per month or fewer

Meter Rules

Audience Content Consumption

Stop Rate

Meter Limit Distribution

Over 16	2%
11 to 15	15%
6 to 10	25%
5 or less	57%

% of Publishers

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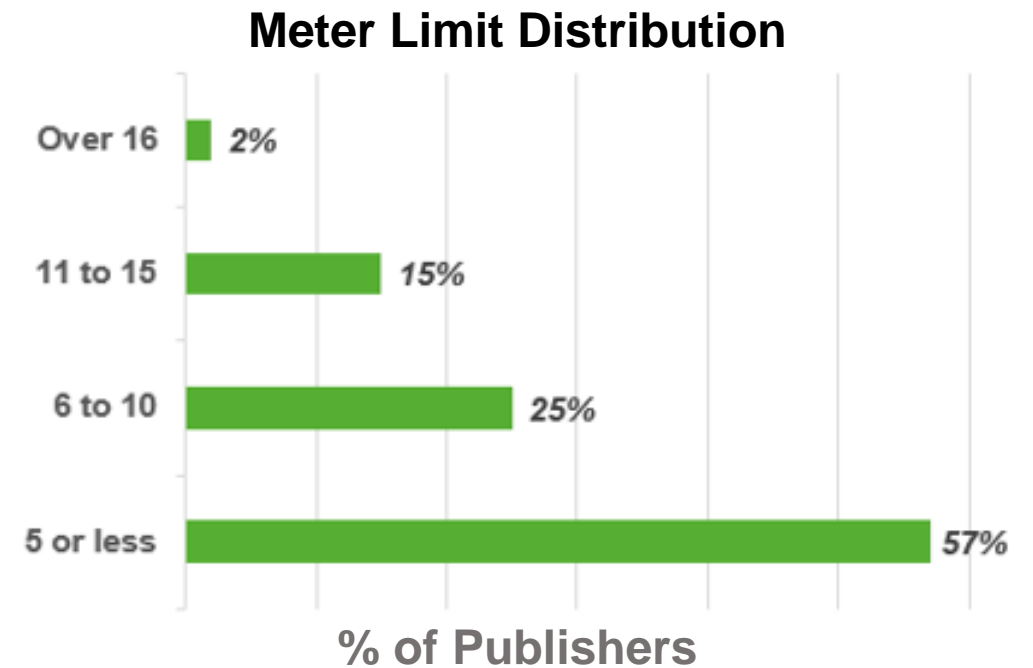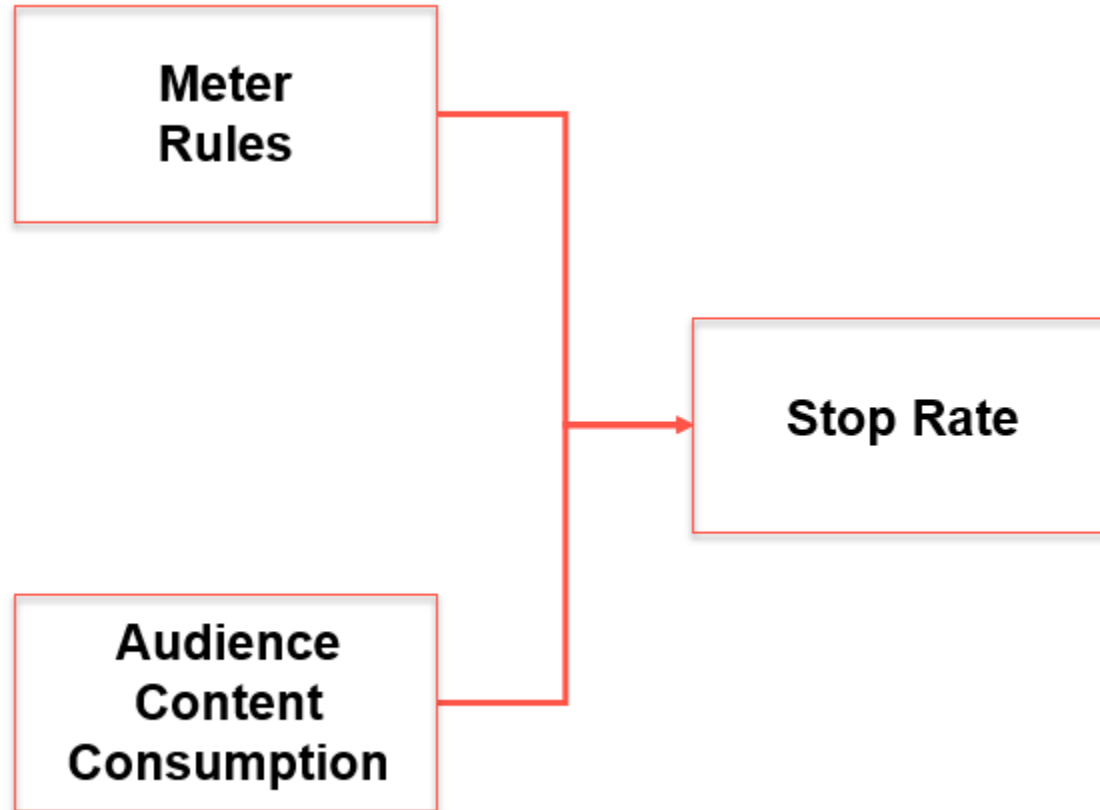
Publishers are experimenting with other 'levers' of access control

Meter Timeframe

30 Days

45 Days

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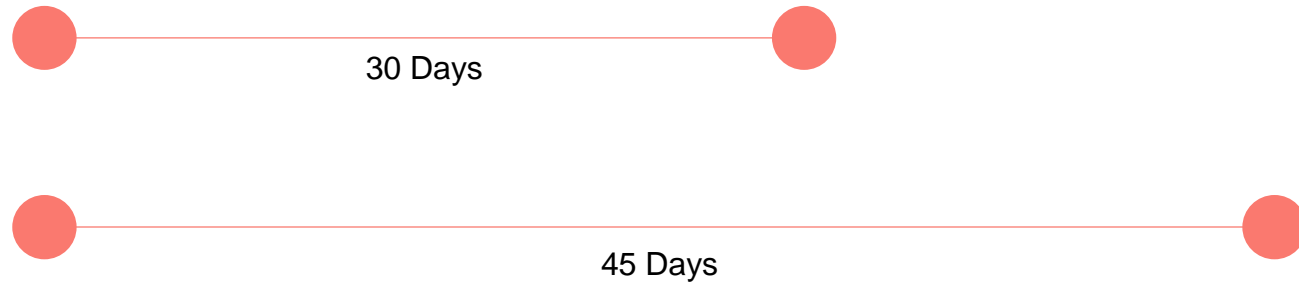
Meter Targeting Rules

Geographic Targeting

Content Targeting
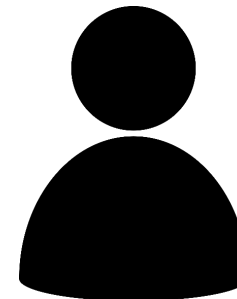
Propensity Targeting

Conversion rates are improving as publishers get smarter about digital subscription marketing

- 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

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

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%

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Profile of a likely subscriber

5-10x → Reads 5+ articles per month

2-3x → Reads multiple categories of content

2-3x → Accesses your content across multiple devices

2-3x ← Lives in your market area and reads local news

5-10x ← Subscribes to a newsletter or has provided email

4-6x ← Follows your brand on social media
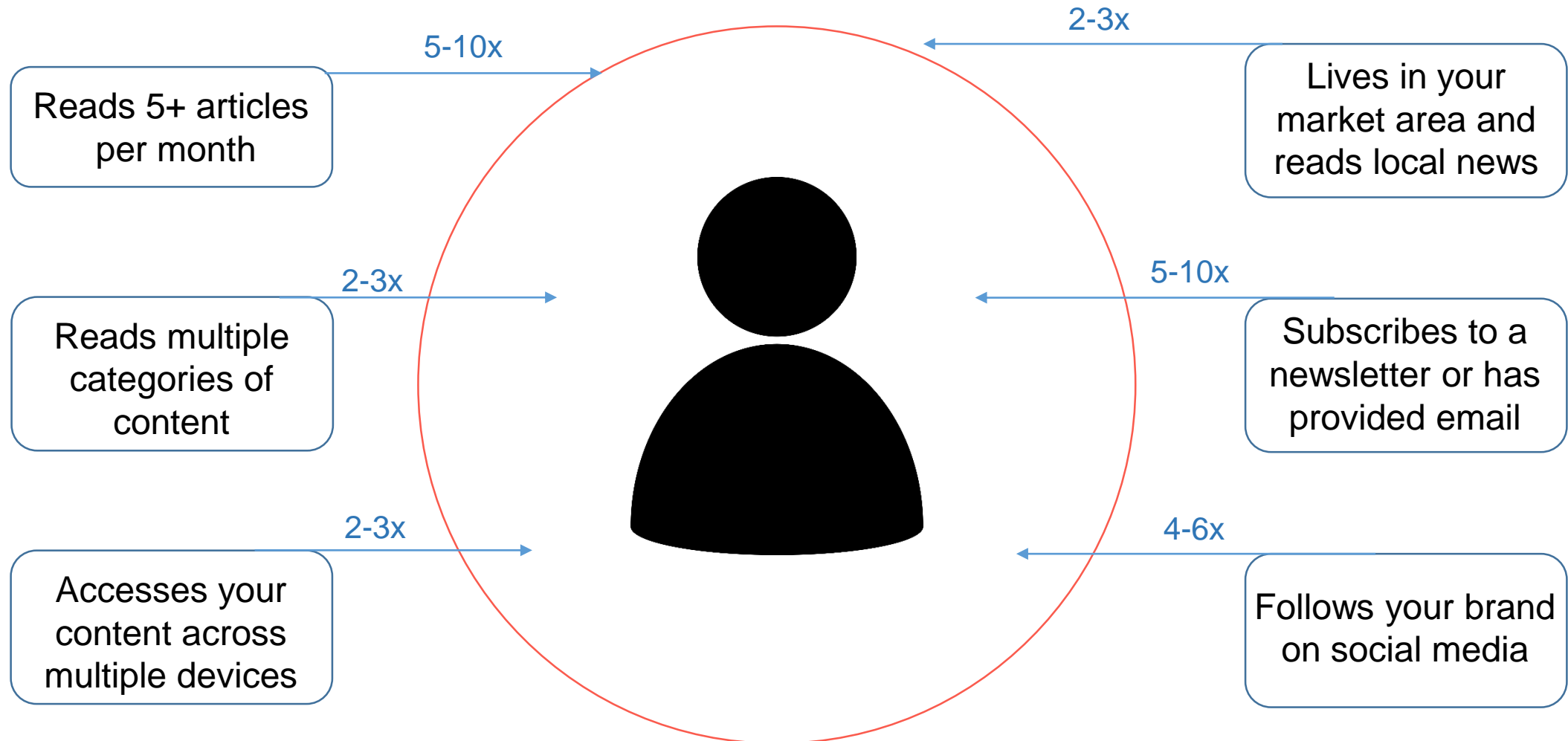
Prices are increasing as publishers test the limit of what they can charge engaged readers

Distribution of Digital Subscription Pricing, Digital Only, Monthly
$24.22
$17.29
$16.42
$14.99
$12.96
$12.87
$11.99
$11.70
$10.74
$10.06
$9.40
$9.06
$8.54
$3.10

Retention Norms by Monthly Price Point

Price	Top 10%	Median	Bottom 10%
$0 - $2	97.1%	94.9%	92.7%
$2.01 - $4.50	96.4%	94.5%	91.9%
$4.51 - $6.50	96.1%	94.7%	92.1%
$6.51 - $7.50	96.3%	94.5%	91.7%
$7.51 - $8.50	96.2%	93.6%	89.7%
$8.51 - $9.50	94.4%	92.4%	90.3%
$9.51 - $10.50	96.8%	94.8%	91.7%
$10.51 - $11.50	96.7%	93.4%	92.8%
$11.51 - $12.50	96.4%	94.0%	91.6%
$12.51 - 14.99	95.9%	94.1%	90.7%
$15.00+	96.5%	92.4%	89.2%

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Increased focus on retention metrics and growing Customer Lifetime Value

Monthly Retention Rate

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%

Customer Lifetime Value

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

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Thank You!

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