

Digital Subscription Models: Where Are We in 2019?

Benchmarking Reader Revenue Across the News Industry



JOURNALISM
INNOVATION
DEMOCRACY

The 'Great Paywall Debate' has changed

2011-13

2017-19

NYT: How's that Paywall Working for Ya? No, We Didn't Think so.

BY ERIK SHERMAN
UPDATED ON: JULY 22, 2011 / 9:55 PM / MONEYWATCH



5 Reasons Why The New York Times Paywall Will Fail (And Why It's Really Dumb)

2011 MARCH 23

by Greg Satell

tags: Digital Transition, Free Newspapers, New York Times, Newspapers

Shhhh – Don't tell Newspapers that paywalls don't work

By Martyn Bradbury / June 10, 2013 / 3 Comments

TDB recommends Voyager - Unlimited internet @home as fast as you can get
The sooner NZ newspapers erect pay walls, the better informed the population

Why the Vast Majority of Newspaper Paywalls Will Fail

July 21, 2013 By Michael Kozlowski - 1 Comment

New York Times paywall: wishful thinking or just crazy?

Become a Digital Subscriber starting March 28.
Introducing three great ways to get unlimited access to NYTimes.com and more.

REGULAR RATE (USD)
\$15 every four weeks

NYTIMES.COM + SMARTPHONE APP
Full access to NYTimes.com and smartphone app.
\$20 every four weeks

NYTIMES.COM + TABLET APP
Full access to NYTimes.com and our tablet app.
\$20 every four weeks

ALL DIGITAL ACCESS
Full access to NYTimes.com and our tablet and smartphone apps.
\$35 every four weeks

To take advantage of a special introductory offer,
COME BACK MARCH 28.

The New York Times just announced a new paywall that will let you see 20 articles a month and thereafter redirect you to a signup for paid access. However, if you follow a NYT link from some search engines and services like Twitter, you will be able to see the article even if you have exceeded

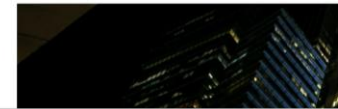
FROM THE BOING BOING SHOP

Pay What You Want: Adobe CC A-Z Lifetime Bundle

Call Control Premium: 1-Yr Subscription

The Epic Mac Bundle Ft. Fantastical 2 & PDF

New York Times Tops 4 Million Mark in Total Subscribers



'The Boston Globe' Site Hits 100,000 Subscribers

THE WALL STREET JOURNAL

L.A. Times Owner Sets Ambitious Goal: Five Million Digital Subscribers

The paper now has 150,000 digital-only subscribers, almost double what it had when

By Lukas L. Alpert

Updated March 19, 2019 10:46 a.m. ET

After years of declining readership and endless newsroom cuts, the new owner of Angeles Times is setting a high target in his effort to turn the company around.

Biotech billionaire Patrick Soon-Shiong, who acquired the long-struggling paper from Tribune Publishing Co. for \$500 million, said the Times needed to build its digital subscriber base to five million revenue customers.

It's time for a paywall revolution

Behind the Wall Street Journal paywall that decides when readers are ready to subscribe

By John McCarthy - 17 May 2018 10:00am

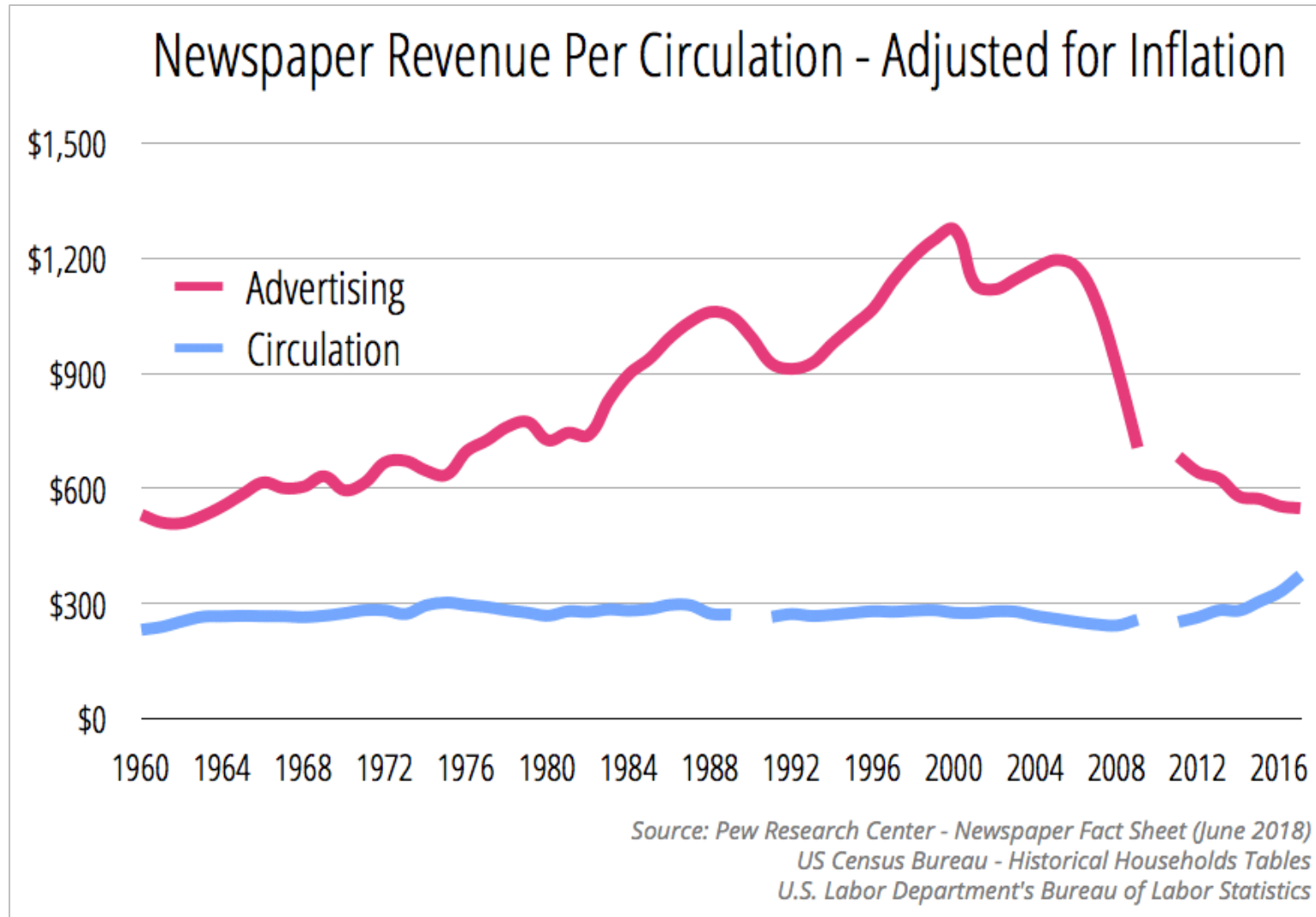


From hard paywalls to meters to dynamic paywalls: Why New York Media is taking a flexible approach to subscriptions

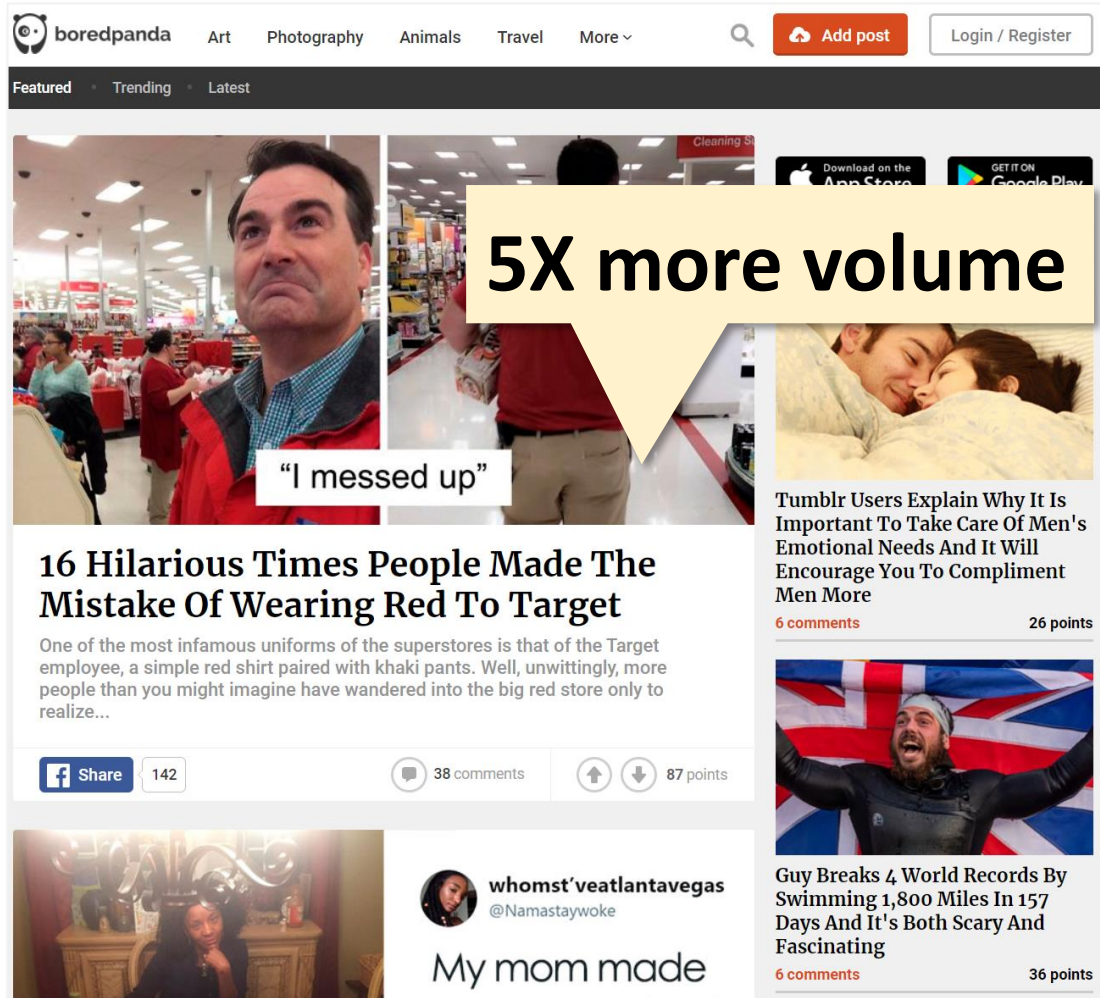
NOVEMBER 13, 2018 By Max Willens

New York Magazine was one of the first publishers to succeed at building separate digital identities for its verticals, including Vulture and The Cut. Its new digital subscription product, and the dynamic paywall that guards it, is designed to remind readers that those verticals are part of a bigger publishing brand.

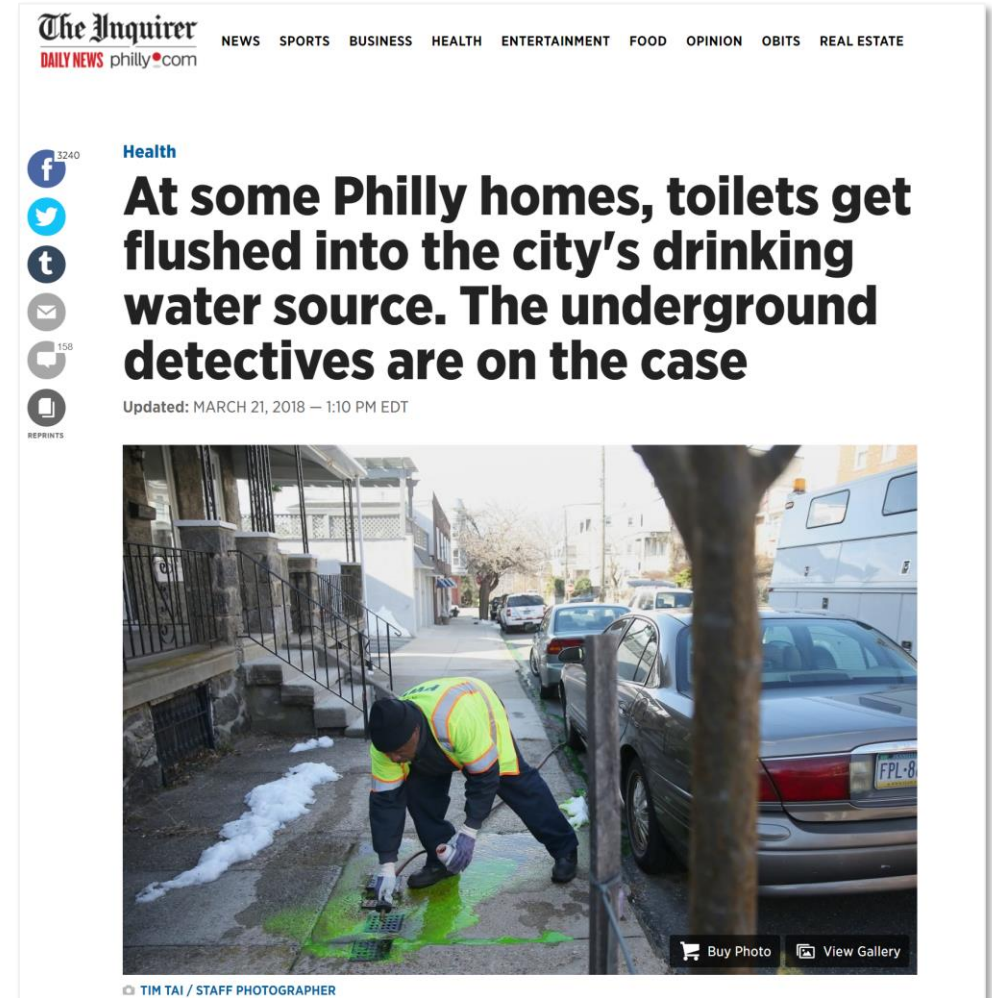
Context: Ad revenue is down across the news industry



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



VS



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

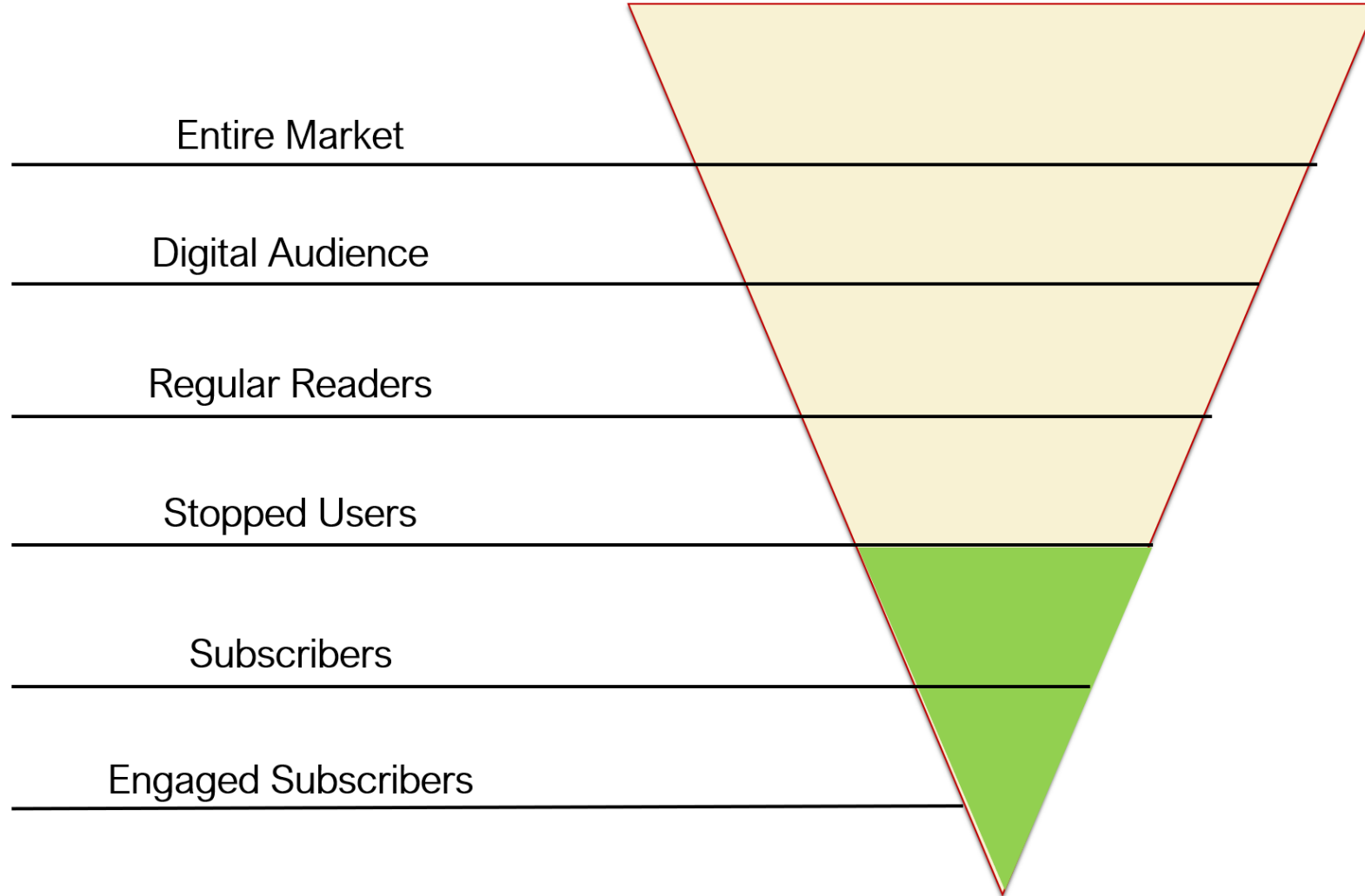
Benchmarks:

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.

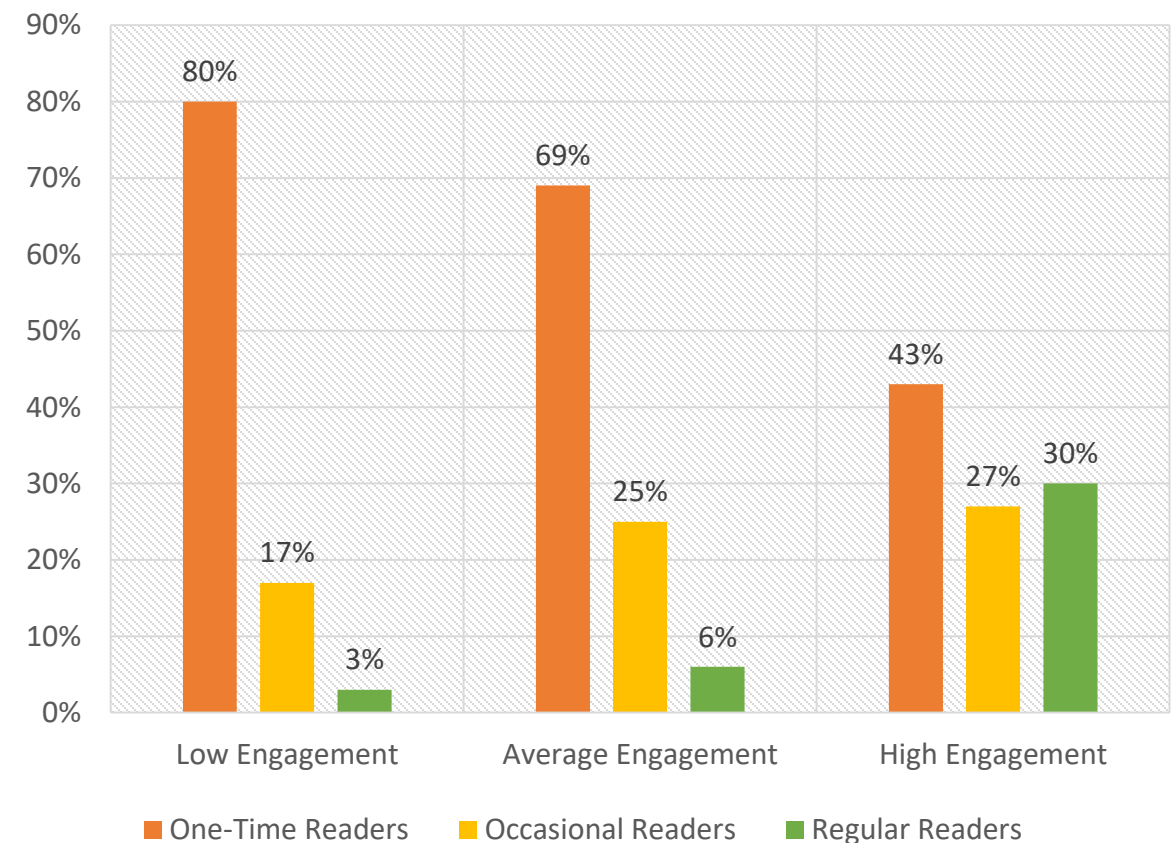
The Audience Funnel



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

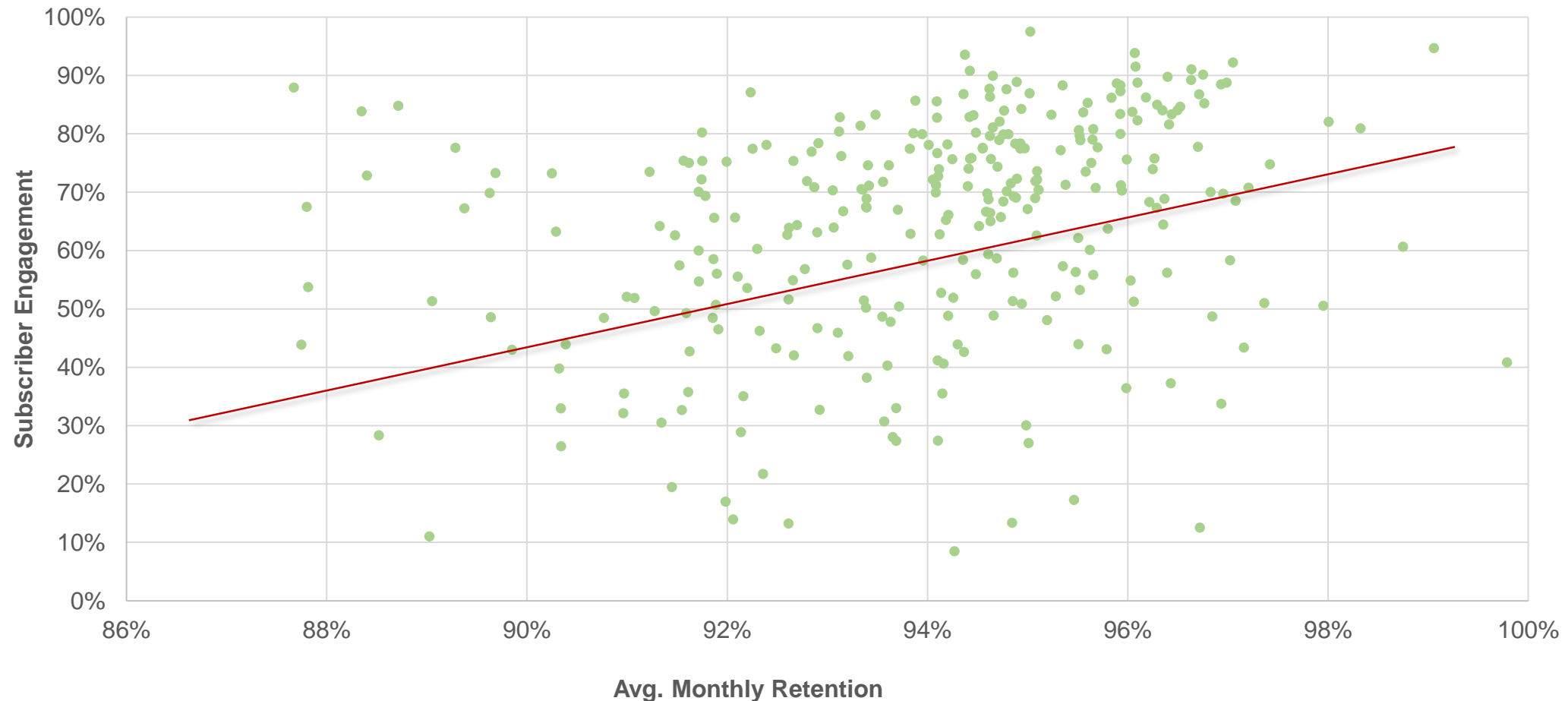
Audience Engagement: Metro Newspapers

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%



Engagement matters: There is a significant correlation between engagement and subscriber growth


Correlational Study: Monthly Retention vs. Subscriber Engagement



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

- 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.

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



Most successful
pubs are here...

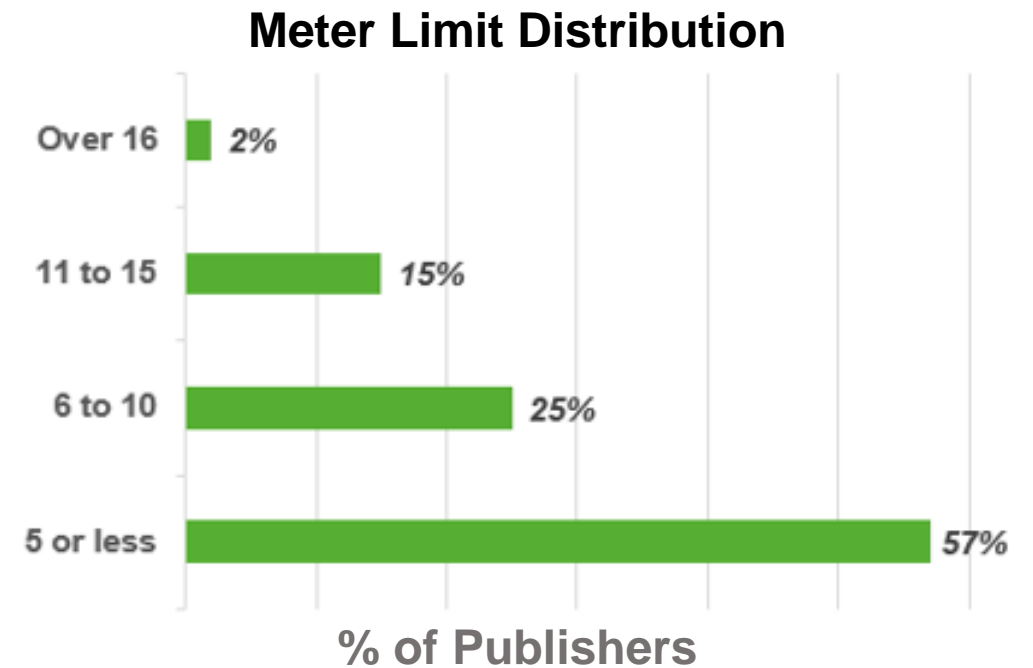
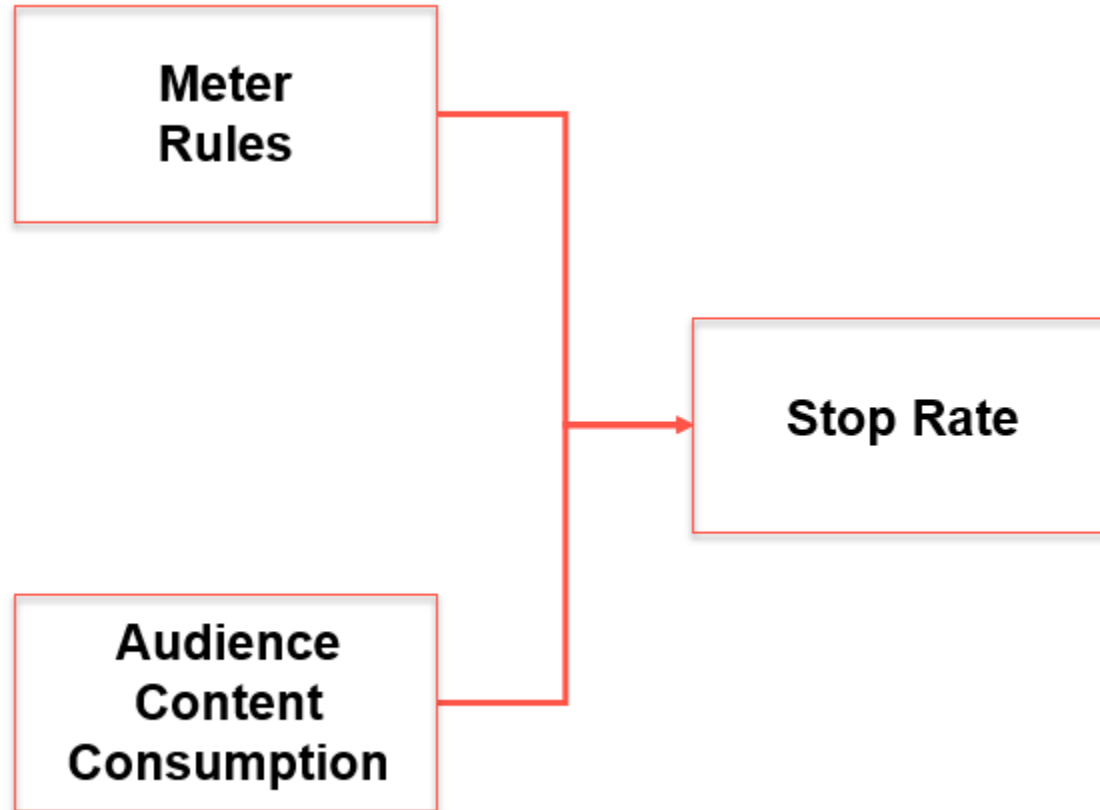


Not here!

Newspaper Benchmarks:

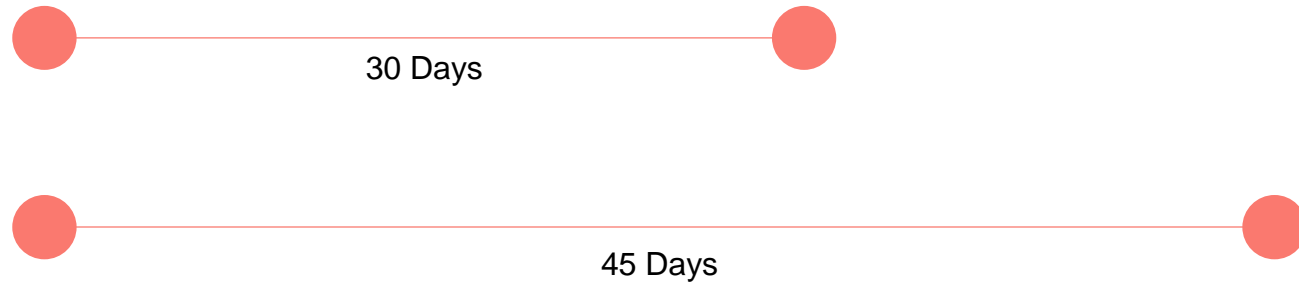
Percentile	Stop Rate
95%	10.89%
90%	8.36%
80%	7.05%
70%	5.57%
60%	3.99%
50%	3.99%
40%	3.53%
30%	3.20%
20%	2.61%
10%	1.23%
5%	0.28%

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



Publishers are experimenting with other 'levers' of access control

Meter Timeframe



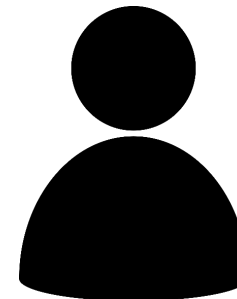
Meter Targeting Rules



Geographic Targeting



Content Targeting



Propensity Targeting

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

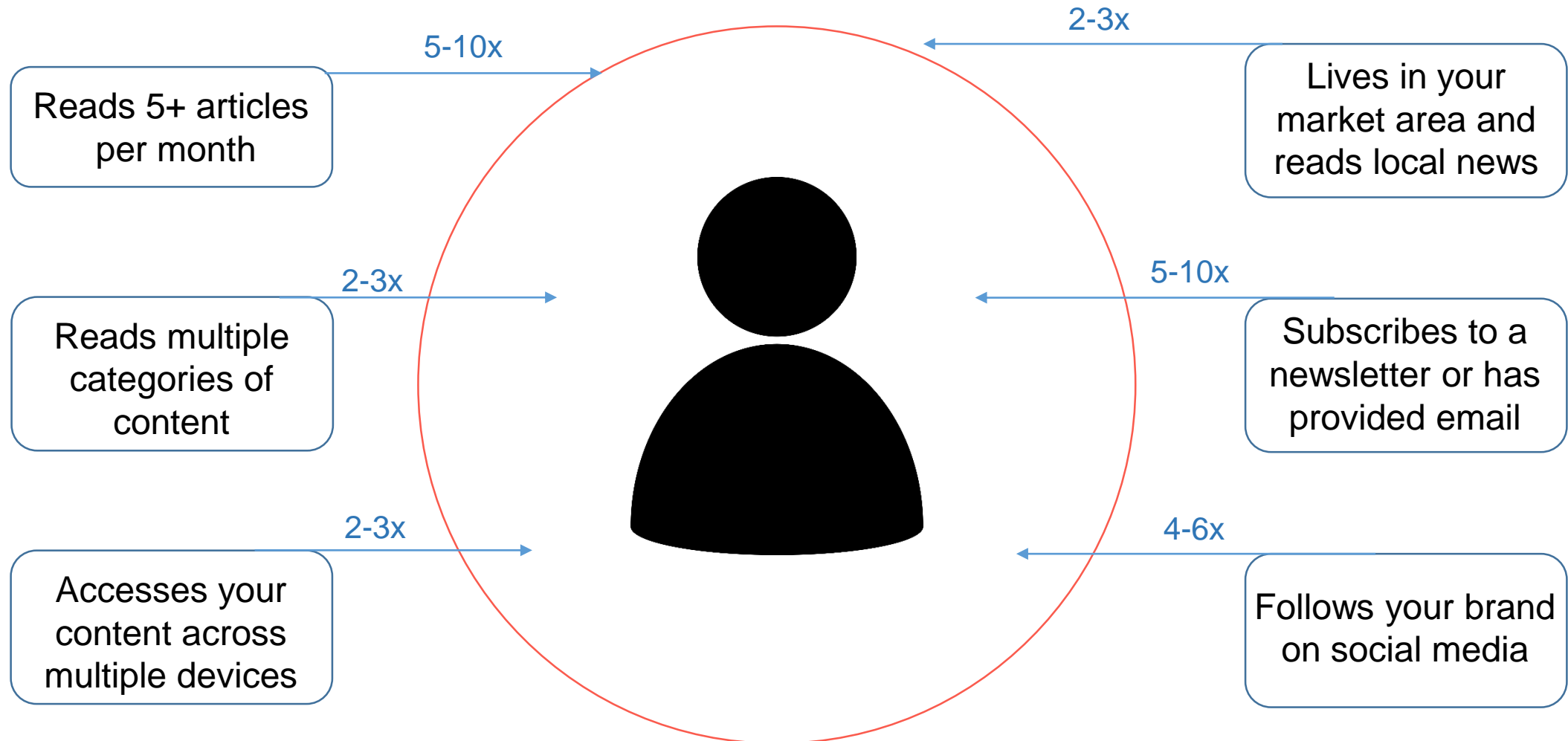
- Paid Stop Conversion Rate is an important metric for understanding sales conversion as a function of content access limitation.
- While more granular conversion rates are needed to manage a powerful marketing strategy, PSCR can be used to understand overall performance.
- Paid Stop Conversion Rate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

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

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%

Profile of a likely subscriber



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%

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

Thank You!

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