



Northwestern

# Getting People to Pay for Local News Online

## Inaugural Meeting America's Newspapers

Tim Franklin, Senior Associate Dean, Medill School  
Leader, Medill Local News Initiative

Northwestern



**MEDILL**  
NORTHWESTERN UNIVERSITY

**Ed Malthouse, Research Director,  
Spiegel Research Center, Medill**



**Chicago Tribune**

**Christine Taylor  
Managing Editor/Audience**

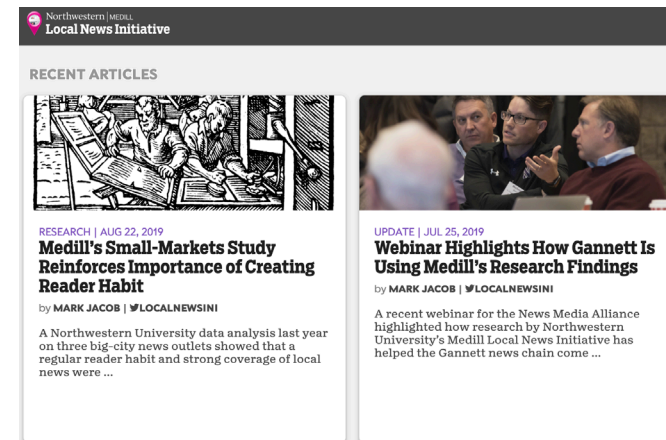
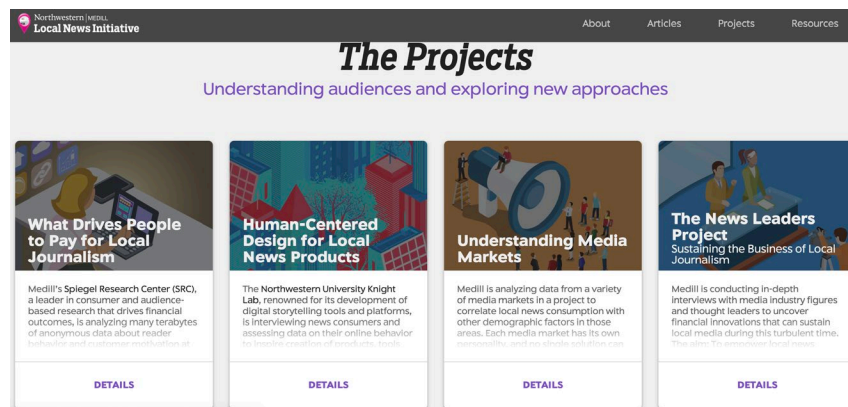


## The Medill Local News Initiative Research and Development Project



## Resources

Many journalists and researchers are working hard to understand and address this crisis. Here are links to some of their best work:



<https://localnewsinitiative.northwestern.edu/>



@LocalNewsIni

@LocalNewsIniative

# News Leaders Project

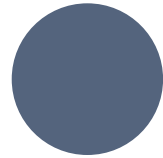
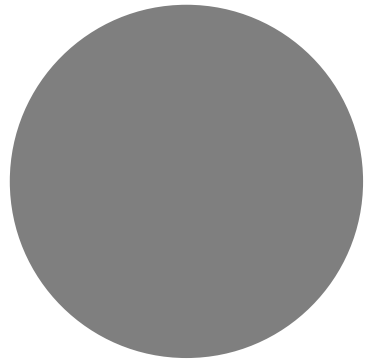


Medill interviewed more than 50 news executives and local news thought leaders.



The report explores trends and innovations in local news business models.





Reaching for a New  
Business Model

Reader  
Revolution

Data scientists and researchers from Medill's Spiegel Research Center analyzed more than 13 terabytes of integrated reader and subscriber data from 16 local news organizations.

Medill's Knight Lab conducted human-centered design research.

The findings are challenging conventional wisdom about strategy, organization and metrics for success.

**IndyStar.**



SPIEGEL  
RESEARCH  
CENTER



NORTHWESTERN UNIVERSITY

**knight lab**

**San Francisco Chronicle**

**Chicago Tribune**



“This research is really a paradigm shift . . .

It’s a big shift, a huge kind of shift in mission.”

- Tom Rosenstiel,  
Executive Director,  
American Press Institute



# A.G. Sulzberger

Publisher, The New York Times

“The pay model strategy is deceptively simple. It is making something worth paying for. You can call it marketing strategy, you can call it a digital subscription strategy. But at the end of the day, it's making something worth paying for.”

--- Interview with Medill News Leaders Project



# Reader Revolution

- “We cannot change who we get our money from without significantly changing the product we offer them. Otherwise, the reader revolution will become yet another missed opportunity killed by half measures.”
- Jim Brady, CEO, Spirited Media, Former ONA President
- Written for Reynolds Journalism Institute at the University of Missouri School of Journalism

# Let Go:



Advertising-driven metrics like page views and time spent.



Old organizational structures.



Commodity content.



Overwhelming readers with volume.  
Think quality and smart curation.



Low reader interest topics and beats.



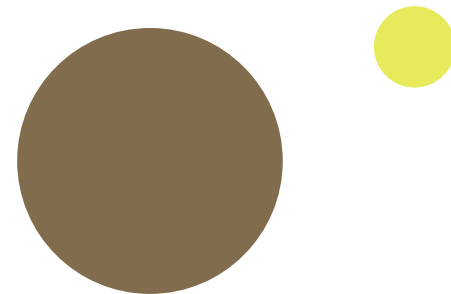
Bad user experience on your site and apps.



# Paying for Local News

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Biggest Key: Build Habits



# How Do You Do That?



Original, unique, local, quality journalism.



Understand your own audience's interests and needs.



Summarize, curate, educate.



Engage with tools like newsletters that are local and relevant.



Invest in user experience.



# The New Paradigm of Readership in Local News

Edward C. Malthouse

Erastus Otis Haven Professor of Integrated Marketing Communication  
Professor of Industrial Engineering and Management Science  
Research Director, Spiegel Center on Digital and Database Marketing  
Northwestern University

With Yayu Zhou, Yasaman Kamyab Hessary, Bobby Calder,  
Tom Collinger, and Wei-Lin Wang

# Engagement Monitoring System Process

1. Decide on a financial outcome
2. Identify engagement (reading) indicators
3. Determine which reading behaviors drive the outcome
4. Understand what types of stories drive the important reading behaviors
5. Stimulate higher levels of important types to increase important reading behaviors and ultimately the outcome
6. Monitor reading behaviors and the outcome to know what works

**1. Financial  
Outcome:**  
willingness to  
pay,  
e.g., subscription

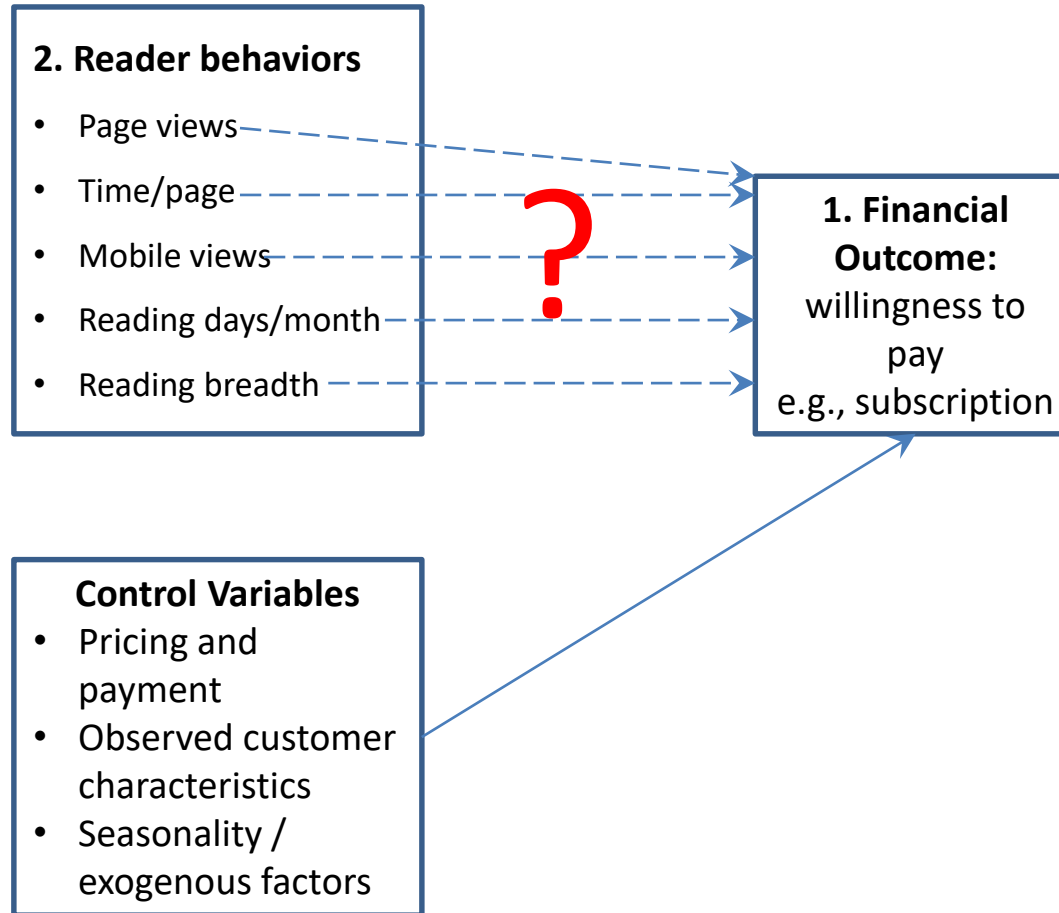
## **2. Reader behaviors**

- Page views
- Time/page
- Mobile views
- Reading days/month
- Reading breadth

## **1. Financial Outcome:**

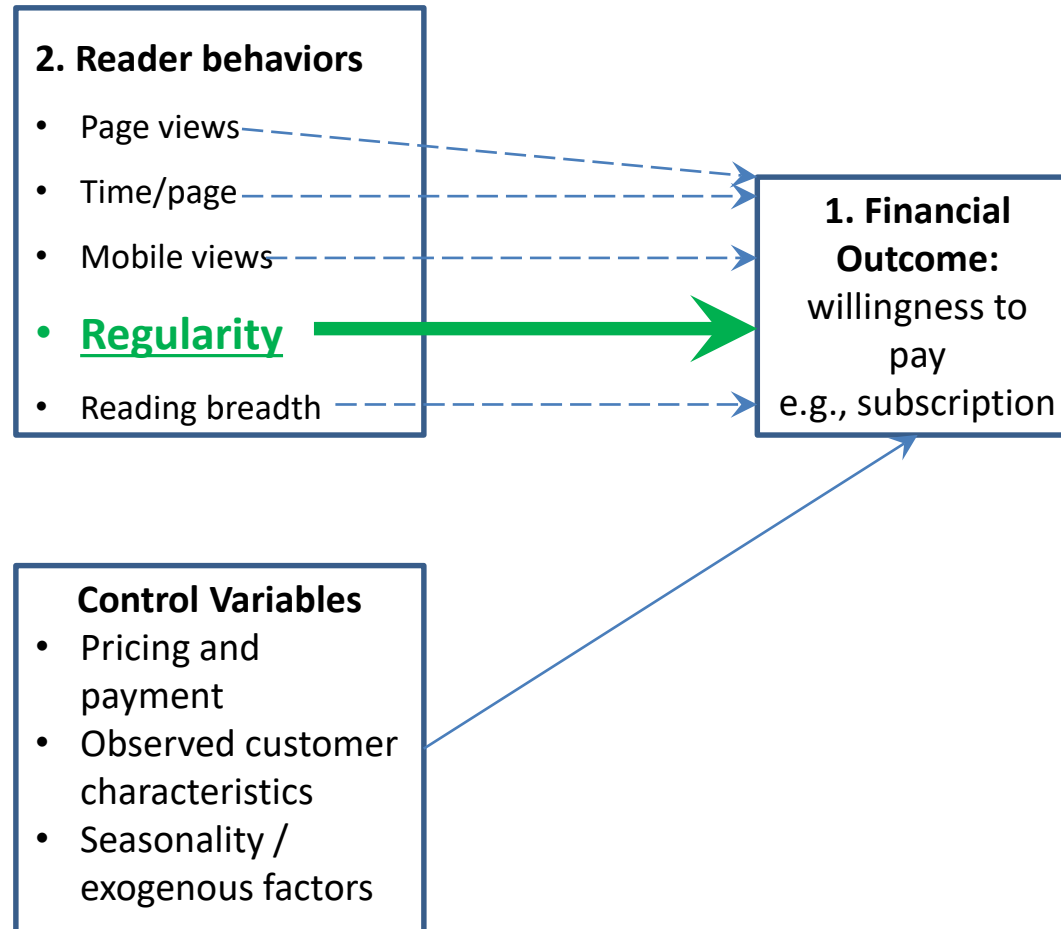
willingness to  
pay  
e.g., subscription

### 3. Determine which reading behaviors drive outcome

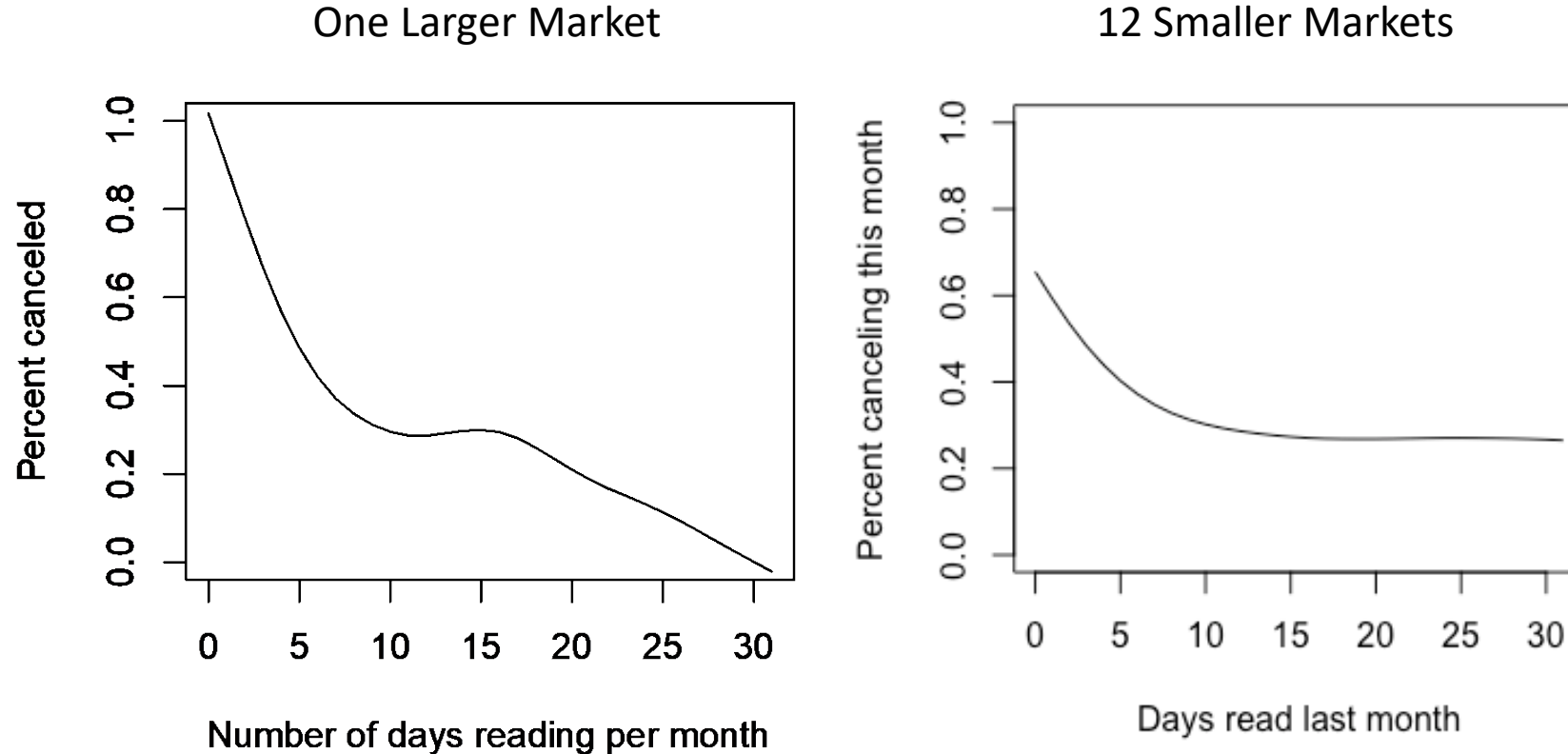


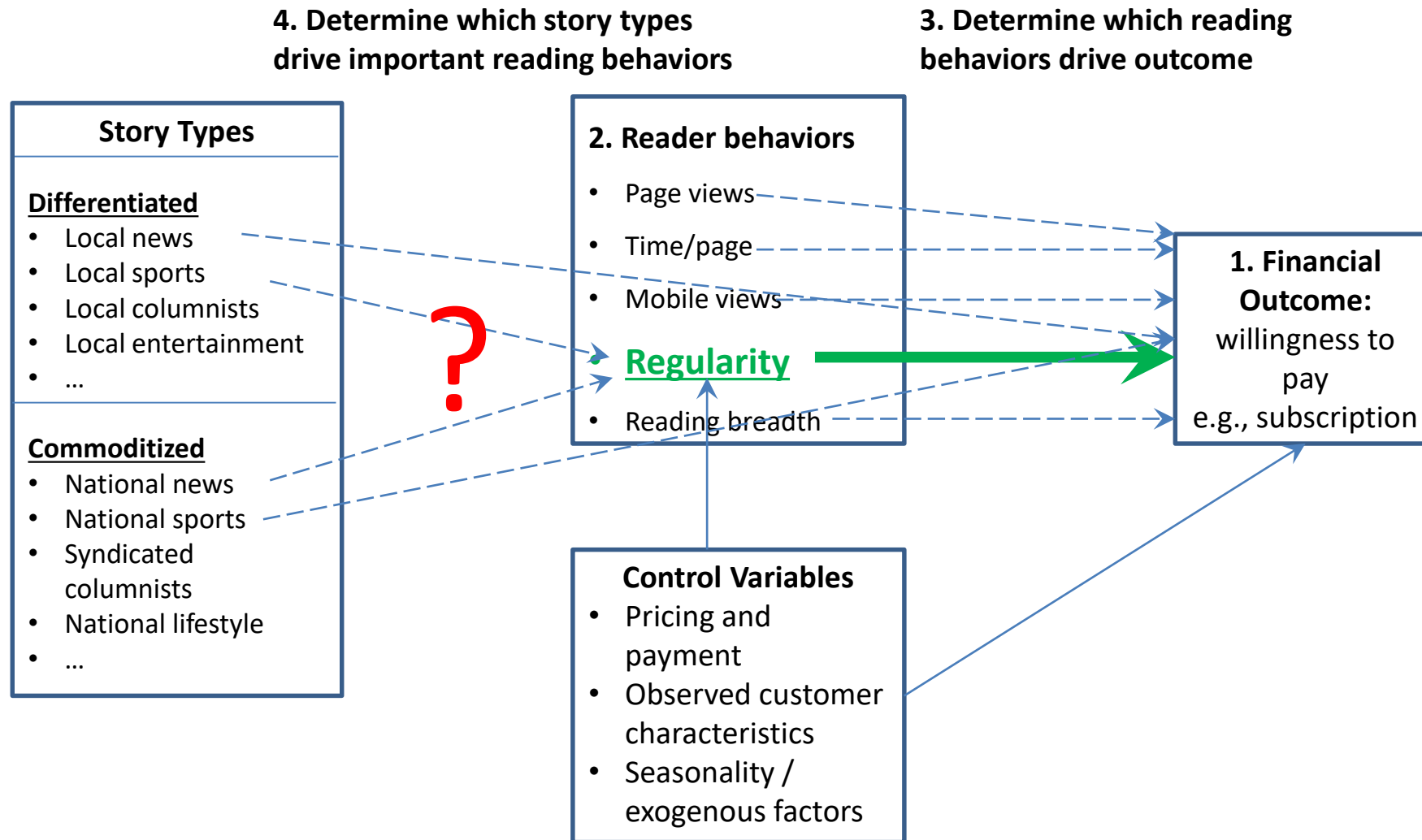


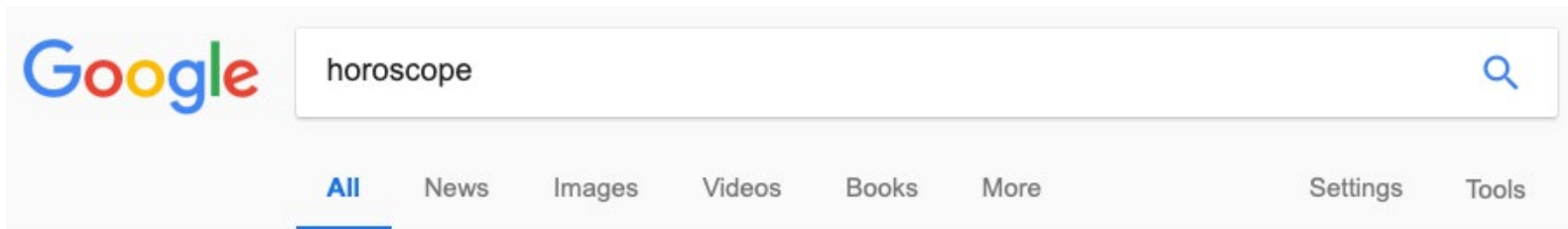
### 3. Determine which reading behaviors drive outcome



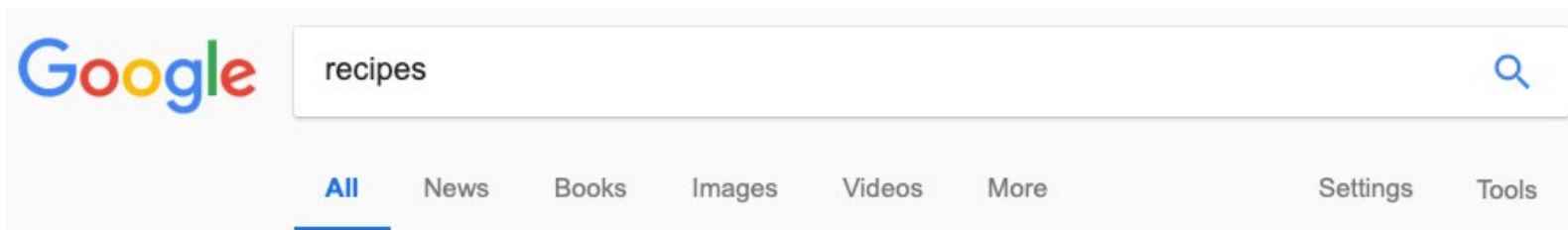
# The regularity of reading is associated with retention



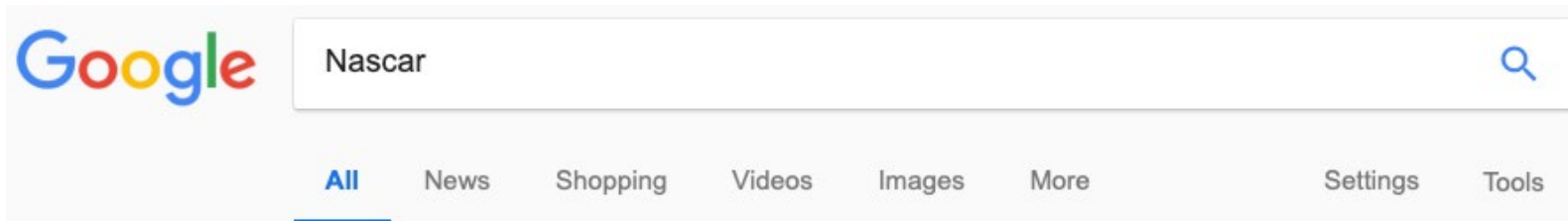




About 209,000,000 results (0.45 seconds)

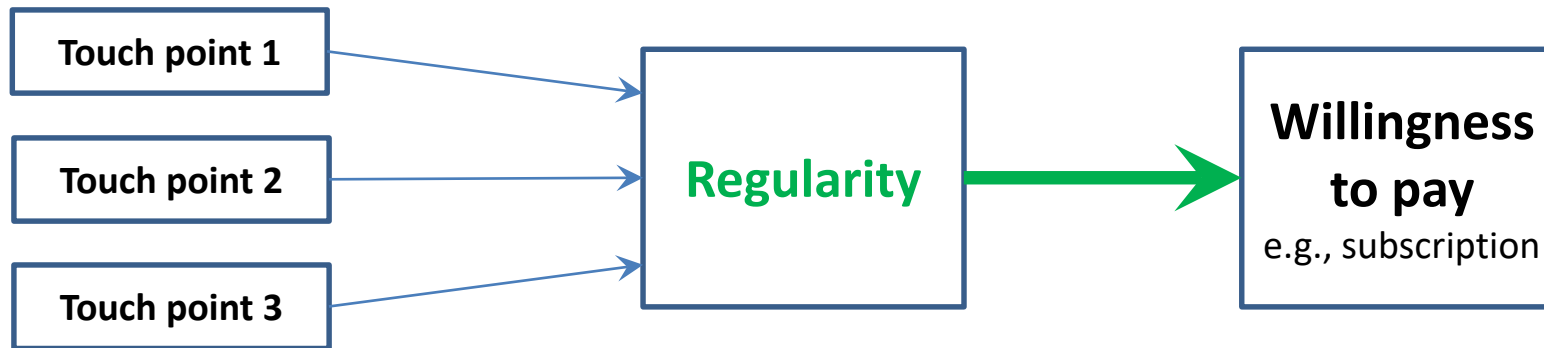


About 2,460,000,000 results (0.45 seconds)



About 146,000,000 results (0.64 seconds)

**5. Stimulate important  
reading behaviors**



**6. Monitor important  
reading behaviors and  
outcomes**



# Data and methods

- We have 16 news organization partners
  - Four large-city news organizations
  - 12 small-market news organizations in the Midwest
- For each paper we have ...
  - Subscriber records for many years
  - Click-stream reading data for roughly two years (13 TB)
  - In some cases, subscriptions to newsletters
- Estimate multivariate survival analysis models predicting the time until churn (canceling) for subscribers, including controls and reading behaviors as lagged, time-dependent covariates

# Predict **churn** among digital-only **subscribers**:

	Big Market A	Big Market B	Big Market C	12 Small Markets	
Habit (Days)	-10.3	-8.5	-5.5	-9.6	← Regularity drives retention
Extent (PV/day)	13.5	2.6	-0.8	4.4	← Extent & Depth drive churn
Depth (Time/PV)	2.1	3.6	1.6	1.1	
Breadth	-7.2	0.37	4.3	0.7	
Mobile	-3.025	5.3	1.2		← Mobile varies by market

Green is good (retention)

Red is bad (churn)

Z-scores for slopes predicting churn

Key question: why would page views be associated with churn?



# The Washington Post



April 1, 2019

Democracy Dies in Darkness

Edition: [U.S. & World](#) | [Regional](#)

[In the News](#) [Student's death](#) [Facebook](#) [Alex Jones](#) [Fox News](#) [Flight delays](#) [Denise McAllister](#) [April Fools' Day](#) [Kardashians](#) ['Twilight Zone'](#) [Slovakia](#) [Duke-MSU](#)

## House committee plans vote this week to subpoena full Mueller report

The House Judiciary Committee plans to vote Wednesday to authorize subpoenas to obtain special counsel Robert S. Mueller III's report on Russian interference in the 2016 U.S. election, escalating a feud with the Justice Department.

By John Wagner • 40 minutes ago

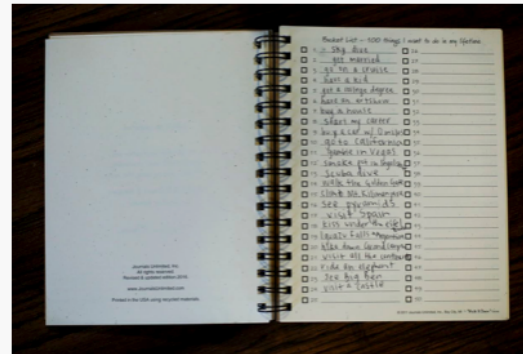
## Joe Biden's affectionate, physical style with women comes under scrutiny

The appropriateness of the former vice president's physical behavior is being questioned after a Democratic politician wrote a viral Internet post describing an alleged 2014 encounter that left her offended and uncomfortable.



By Elise Viebeck, Colby Itkowitz, Michael Scherer and Matt Viser

• **Biden responds to allegation: 'Not once — never — did I believe I acted inappropriately'**



A few days after Toria died, her mother found her bucket list written in a journal. (Eamon Queeney for The Post)

## An overdose and a mother's search for truth

Susan Stevens's fight against drugs has reached the White House, but she still wrestles with why her 22-year-old daughter, Toria, died.

By Eli Saslow

• **China to tighten regulation of fentanyl-related substances as gesture to the U.S.**

NCAA Tournament Perspective

Sorry we doubted you, March Madness. Your latest was a masterpiece.

PLAY THE VIDEO

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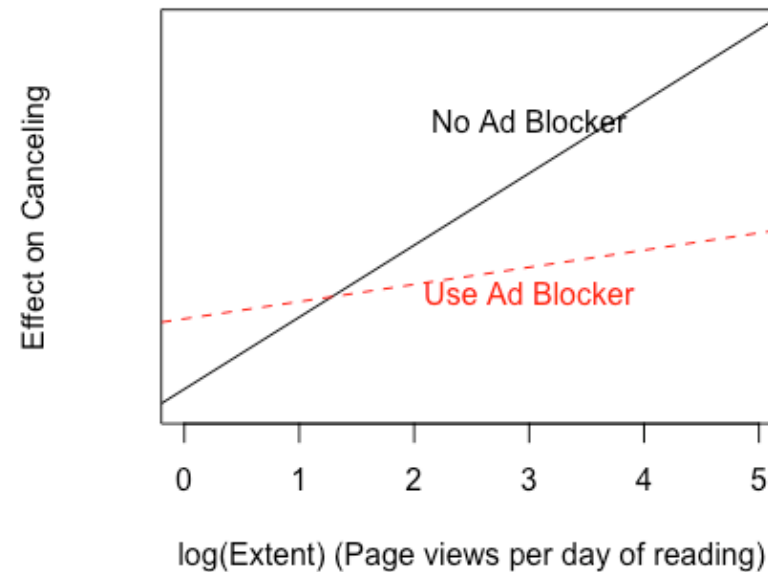
by a menu ly, June 5, 2019

The New York Times

Today's Paper

# Testing ad-interference hypothesis

- One paper could provide a variable indicating if the subscriber used an ad blocker
- We estimated a model with the same controls, allowing for different effects for extent
- The effect of extent on canceling is reduced for those using ad blockers!





# A Disengagement Experience



# Quote from Bob Picard

Reuters Institute, Oxford

“One cannot expect newspaper readers to pay for page after page of stories from news agencies that were available online yesterday and are in a thousand other papers today. Providing a food section that pales by comparison to the content of food magazines or television cooking shows is not likely to create much value for readers.”

# Predict **churn** among digital **subscribers**

## Differentiated versus commoditized

	Big A	Big B	Big C	Small 12	
Mobile	-8.71	2.12	-2.30	-2.33	Mobile varies by market
Home page	-3.69	1.26	-0.86	-1.29	
Differentiated	-6.75	-3.60	-2.02	-0.78	Differentiated drives retention
Commoditized	33.3	-0.80	-2.45	-4.28	Commoditized varies by market

- Other drivers of churn (in some markets): Nascar, horoscopes, certain syndicated columnists, recipes
- Other drivers of retention: local food, local entertainment, certain local columnists

# A Disengagement Experience



Challenge: Get consumers to have less of this experiences

## Headlines

[More Headlines](#)

### Fed Cuts Interest Rates for First Time Since 2008 Crisis

The New York Times · 1 hour ago

- The Fed cut rates for the first time since 2008  
CNN · 20 minutes ago
- Trump continues to put pressure on the Fed to lower rates  
Fox Business · Yesterday
- Cut interest rates? Not at the high price of the Fed's independence  
Dallas News · 12 hours ago · Opinion
- The Fed comes up with an interest rate cut that will please nobody  
The Guardian · 1 hour ago · Opinion

 [View full coverage](#)



### 6 things to watch on night two of CNN's Democratic presidential debate in Detroit

CNN · 2 hours ago

- Sanders and Warren slammed over "fairy tale" proposals in 2020 debate  
CBS News · 4 hours ago

 [View full coverage](#)



### In Baltimore, Ben Carson defends Trump's harsh depiction of the city

The Washington Post · 3 hours ago

- Elijah Cummings declines Trump administration invite to tour Baltimore housing facility  
Washington Examiner · 3 hours ago



## For you

Recommended based on your interests

[More For you](#)

### Freddie Mercury Went to a Kids' Party in a Queen Video Costume to Fulfill a Boy's Birthday Wish

PEOPLE.com · 5 hours ago

- "We hurled abuse at each other!" Bohemian Rhapsody's Rami Malek on duelling with Mike Myers.  
BBC Radio 1 · today

 [View full coverage](#)



### Two Big Dreams, One Fast Boat

Scuttlebutt Sailing News · today



### Apple and Samsung earnings show most people don't want \$1,000 phones

CNBC · 2 hours ago

- Samsung's Galaxy Tab S6 is its latest volley against the iPad Pro  
The Verge · 5 hours ago

 [View full coverage](#)



# How to drive regularity and avoid overload? News briefings?

San Francisco Chronicle

Morning Fix

Wednesday, July 31, 2019

## Top Stories



### Search of Gilroy gunman's home finds white supremacy materials, ammo boxes, gas mask

By Matthias Gafni, Dustin Gardiner, Tatiana Sanchez and Karen de Sá

Investigators who searched the Nevada home of the Gilroy Garlic Festival shooter found items suggesting he was considering a massive attack.



### Mass shootings in California: Rare but increasingly deadly

By Joaquin Palomino

A Chronicle analysis found that over the past two decades, there have been at least 67 mass-casualty shootings in California, claiming a total of 251 lives.



### Interactive map: How the Gilroy Garlic Festival shooting unfolded

Our online graphic shows what happened during Sunday night's mass shooting at the Gilroy Garlic Festival. Three people were killed and 12 wounded by a 19-year-old man who had grown up in the south Santa Clara County city.



### Gilroy Garlic Festival shooting puts other Bay Area food, music events on high alert

By Gwendolyn Wu

When thousands descended on Gilroy, the attendees' expectations included music and food, not a gunman who would kill three and injure a dozen more.

The Washington Post

The Post Most



(Justin Sullivan/Getty)

### Marianne Williamson's fans made her the 'orb queen' of the 2020 campaign

Her first debate won her many devotees, from ironic meme-makers to earnest occultists.

By Avi Selk • [Read more »](#)

### To deter migrants, Trump administration builds elaborate scaffolding at the border, and on the books

By Nick Miroff • [Read more »](#)

### Warren and Delaney had a good night. CNN had a terrible one.

Opinion • By Jennifer Rubin • [Read more »](#)

If the U.S. economy is in good shape, why is the Federal Reserve cutting interest rates?

# BBC

It's been an eventful week in UK politics, to put it mildly.

Prime Minister Theresa May began the week hoping to push through her vision for Brexit. Days later, she survived a coup from within her own Conservative party.

But how did this happen? What does it mean? And what comes next?

## The story in 100 words

Politics is all about numbers and dates.

This week, **650** members of the UK parliament were supposed to vote on the deal Theresa May struck with EU members on how exactly the UK should leave the EU.

Instead, **317** Conservatives had a vote of no confidence in her leadership. She won, but by only **200 votes to 117**, leaving her weakened and her party more divided than ever.

What's next?

The government must hold a vote on Mrs May's deal by **21 January** or come up with another plan. But with little chance of her winning such a vote and no sign of a Plan B, this looks like a profound political crisis.

## The story in 500 words

How significant was this week? <https://www.bbc.com/news/uk-46551986>

# Testing Newsletter Hypothesis

- We have data from one news site on who subscribes to newsletters
- Newsletters that **drive retention**: “Now,” “Things to do,” “Breaking News”
- Newsletters with **no effect on retention**: Sports, Business, Politics, Local News
- Newsletters that **drive churn**: Entertainment
- Conclusion: newsletters (especially local) can drive retention, but must be tested



# Summary of Findings

- In all 16 markets,
  - **Regularity** of reading consistently drives retention
  - Reading local (differentiated) content drives retention and regularity, but the most powerful content varies across market:
    - Local sports coverage matters more in some markets than others
    - Local entertainment and food important in some markets, but not others
- In our 12 smaller markets,
  - Reading national news drives retention and habit, but less so in large markets.
  - Paywall and error pages drive churn—fix the user experience
- Subscribing to updates and newsletters can drive retention
- Effects of device (mobile vs. PC) vary across markets
- Use of ad blockers reduces the positive association between page views and churn in the one market

# Implication

- Make sure consumers derive value regularly
  - Understand your value proposition
  - Email updates and newsletters are an obvious way to drive regularity, but they should be tested
- Pay attention to the user experience.
- Drivers of churn
  - Test effects of advertising
  - Test effects of commoditized vs. local content
- Personalization seems to be unexplored by local news organizations, but must be done with care so as not to create news bubbles