GNI Subscriptions Lab
Megaconference Update
February 18, 2020
The GNI mission

Google News Initiative

Our effort to build a stronger future for journalism

- Elevate and strengthen quality journalism
- Evolve business models to drive sustainable growth
- Empower news organizations through technological innovation

Engage actively with key industry stakeholders
<table>
<thead>
<tr>
<th>Objective</th>
<th>Guiding questions</th>
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| **Elevate and strengthen quality journalism** | How can we elevate quality journalism and original reporting on our platforms and the web?  
How can we help improve the **media literacy** of online users?  
How can we help newsrooms leverage technology to **transform reporting and editing**? |
| **Evolve business models to drive sustainable growth** | How can news orgs succeed with subscriptions and contributions?  
How can news orgs of all types achieve digital advertising success?  
What are the models that will support local news?  
How can **data and machine learning** accelerate business transformation? |
| **Empower through tech innovation** | How can we accelerate global innovation in the news ecosystem?  
How can audio, video and new formats be a meaningful contributor to financial success? |
| **Engage actively with key stakeholders** | How can we ensure that diversity, equity and inclusion is not an afterthought?  
How can we **systematically partner** with the ecosystem to inform our strategy? |
GNI highlights to date

Coalitions to fight misinformation, advance innovation in news

- First Draft
- CrossCheck
- Reseo
- Faktamet

450k journalists trained across 60 countries

Local Experiments with McClatchy, Archant, Berkeleyside

Launched and implemented Subscribe with Google

100+ Innovation Challenge projects selected in 39 countries

Launched and implemented Subscribe with Google

80+ projects funded to support video innovation

- Redacción
- Archant
- McClatchy
- Berkeleyside
- Mahoning Matters
- Frontier
- DETOUR
- El Faro
- Tempo.co
- MuckRock
- Brut.
- Fox
- CBC
- The Guardian

Subscribe with Google
An anchor program: GNI Labs

Cohort-based consulting programs that group multiple publishers together over several months to tackle a shared challenge or opportunity
The global GNI Lab lineup

**Consumer Revenue**
- GNI Subscriptions Lab
- GNI Membership Lab

**Advertising Revenue**
- GNI Advertising Lab

**Data & Technology**
- GNI Data Lab

**Product & Audience**
- GNI Audience Lab
- GNI Design Lab
GNI Subscriptions Lab: Overview

- An ambitious, intensive nine-month experience with US & Canadian publishers to help them define an ambitious vision for their digital subscription business and build the engine to take them to their goal.

- Addresses every step of the digital subscriptions process -- from discovery to conversion to retention.

- Target outcomes:
  - Increase in digital subscriptions revenue and ongoing growth rate
  - Improvement in key subscriptions metrics (e.g. conversion, retention)
  - Successful implementation of technical and business recommendations
  - Adoption of ‘continuous improvement scorecard’ into standard operating practice
GNI Subscriptions Lab: Key phases

**Discovery**
Understand where you stand on the maturity curve and size the opportunity
- Marketing sizing
- Full diagnostic

**Prioritization**
Set a strategic direction and start tackling the highest ROI projects
- ST recommendations
- Long-term strategy

**Build, test, learn**
Forge a new path by experimenting and finding what works in your market
- Experiment framework
- Scorecard
Required publisher commitments

- Digital subscriptions is a strategic priority
- Senior management is bought in
- ‘Skin in the game’ operationally
- Willingness to share knowledge with ecosystem
GNI Subscriptions Lab: Partners

THE BALTIMORE SUN

THE BUFFALO NEWS

The Columbus Dispatch

HOUSTON CHRONICLE

IDAHOPRESS

SOUTHEAST MISSOURIAN

TORONTO STAR

Portland Press Herald
Maine Sunday Telegram
pressherald.com

The Post and Courier
postandcourier.com
GNI Subscriptions Lab: Sharing the findings
GNI Subscriptions Lab: A global program

Google News Initiative Subscriptions Lab

US & Canada
Launched in March 2019

Latin America
Launched in October 2019

Europe
Launched last week!

FT STRATEGIES

mather:

LocalMedia association

WAN IFRA

inma
International News Media Association
GNI Subscriptions Lab

Impact and Key Themes From the Lab

February 18, 2020
Subscription Lab Impact
Over $7.8 million in Subscription Customer Lifetime Value Generated per Year

- Incremental Customer Lifetime Value Per Year: $7.8M
- Increase in Digital Subscribers YoY: 55%
- Increase in Avg. Monthly Consumer Rev.: 43%
- Increase in Avg. Monthly Subscriber Starts: 59%
- Decrease in Avg. Monthly Churn: 19%

Graph showing the increase in digital subscribers and consumer revenue from January to December 2019.
Lab Has Seen Significant Increases in New Subscribers...

Average Digital Sub Starts per Month up nearly 60%

Pre-Subs Lab Average: 661 Starts / Month

Post-Subs Lab Average: 1048 Starts / Month

Q1'18: 544
Q2'18: 635
Q3'18: 617
Q4'18: 685
Q1'19: 755
Q2'19: 757
Q3'19: 1,040
Q4'19: 1,063

Google News Initiative
While Also Reducing Subscriber Churn...

Average Monthly Churn for Digital Subs Down 19%
What a Difference a Year Makes...

Range of Revenue Growth YOY for Lab Publishers

- Overall: 273%
- Digital: 94%
- Subscription: 79%
- Revenue Up Nearly 50% YOY

Overall Digital Subscription Revenue Up Nearly 50% YOY
Key Themes
Key Themes

1. Building Confidence
2. Changing Mindset
3. Digital Readiness
4. Bias Towards Action
5. Power of Benchmarking
Confidence in Future Potential for Digital Subs

Large Potential for Digital Sub Revenue Supports Focus and Investment

### Market Sizing Analysis

#### 2018 Subscription Business
- 0.45 million Households
- 1.1 million UVs
- 2.42 UVs / HH
- 6,484 Subs
- 0.59% Subs / UVs
- $112.39 ARPU
- $0.73 million

#### Best-in-Class Benchmark
- 0.45 million Households
- 1.61 million UVs
- 3.54 UVs / HH
- 25,756 Subs
- 1.6% Subs / UVs
- $290.90 ARPU
- $5.28 million

#### Estimated Subscription Potential @ Best-in-Class Benchmark
- 0.45 million Households
- 1.61 million UVs
- 3.54 UVs / HH
- 25,756 Subs
- 1.6% Subs / UVs
- $290.90 ARPU (adj. for HH income)
- $5.28 million

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**Subscription Analysis**

- **2018 Subscription Business**
  - Households: 0.45 million
  - UVs: 1.1 million
  - UVs/HH: 2.42
  - Subs: 6,484
  - Subs/UVs: 0.59%
  - ARPU: $112.39
  - Total Revenue: $0.73 million

- **Best-in-Class Benchmark**
  - Households: 0.45 million
  - UVs: 1.61 million
  - UVs/HH: 3.54
  - Subs: 25,756
  - Subs/UVs: 1.6%
  - ARPU: $290.90
  - Total Revenue: $5.28 million

**Potential Market Size**

- Estimated Subscription Potential @ Best-in-Class Benchmark: 0.45 million Households (1.61 million UVs, 3.54 UVs/HH, 25,756 Subs, 1.6% Subs/UVs, $290.90 ARPU, $5.28 million)
Mindset Around Long-Term Growth Potential

Subs Lab Modeling Shows Subs Revenue is Usually Greater in Long Run

Tightening of Paywall Revenue Analysis

Year 1: $81K, Advertising Revenue: $54K, Consumer Revenue: $20K, Cumulative Revenue Difference: -$27K
Year 2: $82K, Advertising Revenue: $129K, Consumer Revenue: $84K
Year 3: $185K, Advertising Revenue: $231K, Consumer Revenue: $86K
Year 4: $267K, Advertising Revenue: $269K, Consumer Revenue: $87K

Legend: Advertising Revenue, Consumer Revenue, Cumulative Revenue Difference
Increasing Print Subscriber Digital Readiness

Digitally Ready Print Subs Are a Large Part of Long Term Digital Revenue
Experimenting Across the Subscription Funnel

Gain Insights and Drive Continuous Growth Through Experiments

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<thead>
<tr>
<th>Audience</th>
<th>Pay Model</th>
<th>Product</th>
<th>CX</th>
<th>Subscription Management</th>
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</thead>
<tbody>
<tr>
<td>THE BALTIMORE SUN</td>
<td>HOUSTON CHRONICLE</td>
<td>IOWA PRESS</td>
<td>The Columbus Dispatch</td>
<td>The Post and Courier</td>
</tr>
<tr>
<td>1st Article Newsletter Modal Free Site Recirculation Registration Wall</td>
<td>Reduced Meter Count Added Premium Content Paywall Propensity Based Dynamic Pay Model</td>
<td>Express Checkout</td>
<td>Redesigned Landing Page</td>
<td>Digital-Only Mondays</td>
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Roadmap Approach

3 Months 1 Year 3 Years

SHORT-TERM ROADMAP
LONG-TERM ROADMAP
EXPERIMENTS TACTICAL ACTIONS
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Power of Benchmarking: Understanding the Metrics that Matter and Focusing on the KPI Gaps

<table>
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<tr>
<th>Metric</th>
<th>Target</th>
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<tbody>
<tr>
<td>UVs per Household</td>
<td>3.0x – 5.0x</td>
</tr>
<tr>
<td>Visits per UV</td>
<td>2.0+ / Month</td>
</tr>
<tr>
<td>Article Count Distribution</td>
<td>Varies by Paywall</td>
</tr>
<tr>
<td>Page Speed</td>
<td>D: 50+</td>
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<tr>
<td>% of “Known” UVs</td>
<td>5% +</td>
</tr>
<tr>
<td>Emails per UV</td>
<td>5% +</td>
</tr>
<tr>
<td>Unique Click</td>
<td>Open Rate</td>
</tr>
<tr>
<td>Payflow Efficiency</td>
<td>75% +</td>
</tr>
<tr>
<td>Meter Stop Rate</td>
<td>5% - 7%</td>
</tr>
<tr>
<td>Paid Stop Conversion Rate</td>
<td>0.5% +</td>
</tr>
<tr>
<td>Starts</td>
<td>Net Sub Growth per UV</td>
</tr>
<tr>
<td>Effective ARPU</td>
<td>$10 - $15 / Month</td>
</tr>
<tr>
<td>Digital Revenue per UV</td>
<td>Market Dependent</td>
</tr>
<tr>
<td>Digital Activation Rate</td>
<td>75% +</td>
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1. As calculated by Google’s Page Speed Insights tool

Publisher Benchmark Report

CRITICAL PUBLISHER BENCHMARKS FOR DIGITAL SUBSCRIPTION SUCCESS
PERFORMANCE OF NEWSPAPER PUBLISHERS ACROSS THE SUBSCRIBER JOURNEY
AUGUST 2019

Google News Initiative
LocalMedia

EXPERTS WITH IMPACT™
GNI, FTI and LMA thank the 10 newspapers that worked together over the last 10 months to build and foster a belief that digital subscriptions can lead to a sustainable future...