

# GLOBAL TRENDS IN DIGITAL SUBSCRIPTIONS

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# SOME OF OUR GLOBAL CLIENTS



\*Select clients

# **DIGITAL SUBSCRIPTIONS – THE GREAT EQUALIZER**

**Comparing print operations around the world was difficult**

**Digital conversion of the Media industry standardizes business practices globally**

**Common challenges are a unifying force:**

- **Falling advertising revenue**
- **Acquiring & retaining digital subscribers – today's topic**
- **Competing/partnering with platforms**
- **Data privacy and security**

The background is a blue-tinted image featuring various financial data visualizations. In the top left, there's a world map composed of small dots. To its right are several charts: a bar chart with a '+6.5%' label, a pie chart with a '78%' label, and a line chart with a '95%' label. Below the world map are two circular progress indicators showing '85%' and '60%'. On the left side, there are several horizontal bars of varying lengths. In the center, a person is seen from behind, looking at a large screen displaying a complex line chart. At the bottom, there's a list of stock tickers: CTMX, FTR, CSCO, AAPL, AMZN, TSLA, AVGO, and SIRI, each accompanied by a small line chart showing its price movement.

# GLOBAL TRENDS IN DIGITAL SUBSCRIPTIONS

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LESS FREE CONTENT  
PRICING STRATEGY  
BRAND AND CONTENT MARKETING  
ENGAGEMENT & RETENTION TACTICS



A large crowd of people is seen from behind, looking towards a stage with bright lights. The image is split vertically: the left half has a teal overlay with a low-poly pattern, and the right half shows the crowd and stage lights. The text 'LESS FREE CONTENT' is overlaid on the teal section.

# LESS FREE CONTENT

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# CONTENT DOES NOT WANT TO BE FREE

- Shift to more Premium Content (35% in Europe)
- Moving to Lower Meters (Typically 1 to 2 PV)
- Reflecting Subscription motivations of different segments

# MODELED SCENARIOS ACROSS THE BOARD

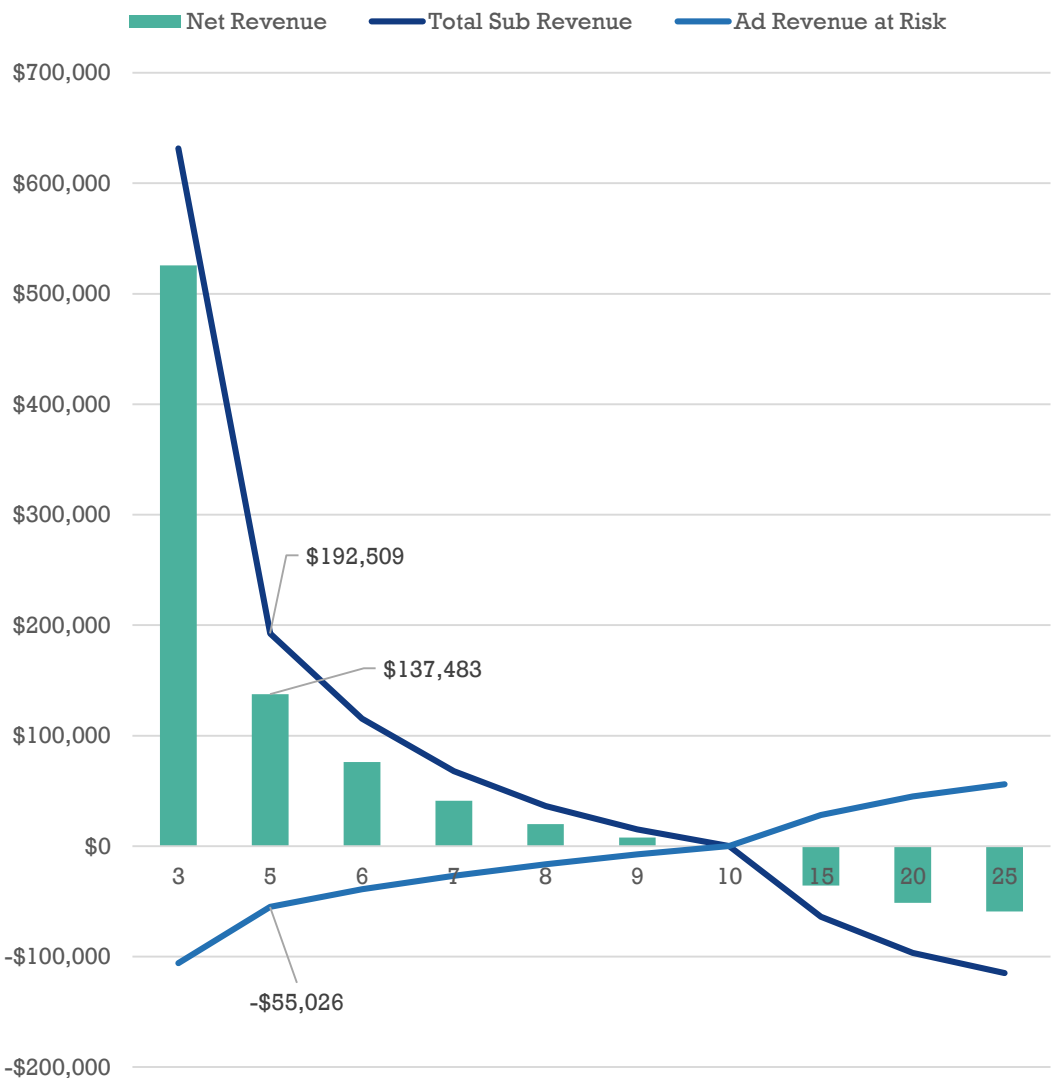
CURRENT SETTING

		<div><div>\$7.49</div><div>Per month</div></div>	<div><div>3</div><div>ATB Meter</div></div>	<div><div>5</div><div>ATB Meter</div></div>	<div><div>6</div><div>ATB Meter</div></div>	<div><div>7</div><div>ATB Meter</div></div>	<div><div>8</div><div>ATB Meter</div></div>	<div><div>9</div><div>ATB Meter</div></div>	<div><div>10</div><div>ATB Meter</div></div>	<div><div>15</div><div>ATB Meter</div></div>	<div><div>20</div><div>ATB Meter</div></div>
Monthly	Page Views at Risk	1,441,776	1,043,335	917,577	816,055	732,336	659,429	597,905	368,578	229,756	
	Paywall Hits	202,928	82,678	61,116	47,491	38,094	31,328	26,102	12,244	6,338	
	Conversion Rate	0.70%	0.78%	0.82%	0.86%	0.89%	0.93%	0.97%	1.17%	1.36%	
12 Months	Total Conversions	16,299	8,668	7,332	6,517	5,983	5,629	5,379	4,268	3,702	
	Total Sub Revenue	\$924,120	\$485,121	\$407,854	\$360,369	\$328,869	\$307,772	\$292,612	\$228,716	\$196,054	
	Ad Revenue at Risk	-\$179,178	-\$128,259	-\$112,388	-\$99,953	-\$89,699	-\$80,769	-\$73,233	-\$45,145	-\$28,141	
	Net Revenue	\$744,942	\$356,862	\$295,467	\$260,416	\$239,170	\$227,003	\$219,379	\$183,571	\$167,912	
	Sub Revenue per Ad Dollars Risked	\$5.16	\$3.78	\$3.63	\$3.61	\$3.67	\$3.81	\$4.00	\$5.07	\$6.97	
	Net Revenue per Subscriber	\$46	\$41	\$40	\$40	\$40	\$40	\$41	\$43	\$45	

# INCREMENTAL IMPACT VS. CURRENT ATB

The ATB meter is expected to generate positive net revenue at lower meter settings.

Incremental subscriber revenue greater than lost advertising revenue





# PRICING STRATEGY & TACTICS



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# PRICING STRATEGIES

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- Lower acquisition offers, but not free: \$1 for six months
- “Contracts” – monthly billing for 1, 2 or 3 years
- Extending promotional offers to high-risk subscribers
- Targeted increases to full prices





# CUSTOMER ACQUISITION

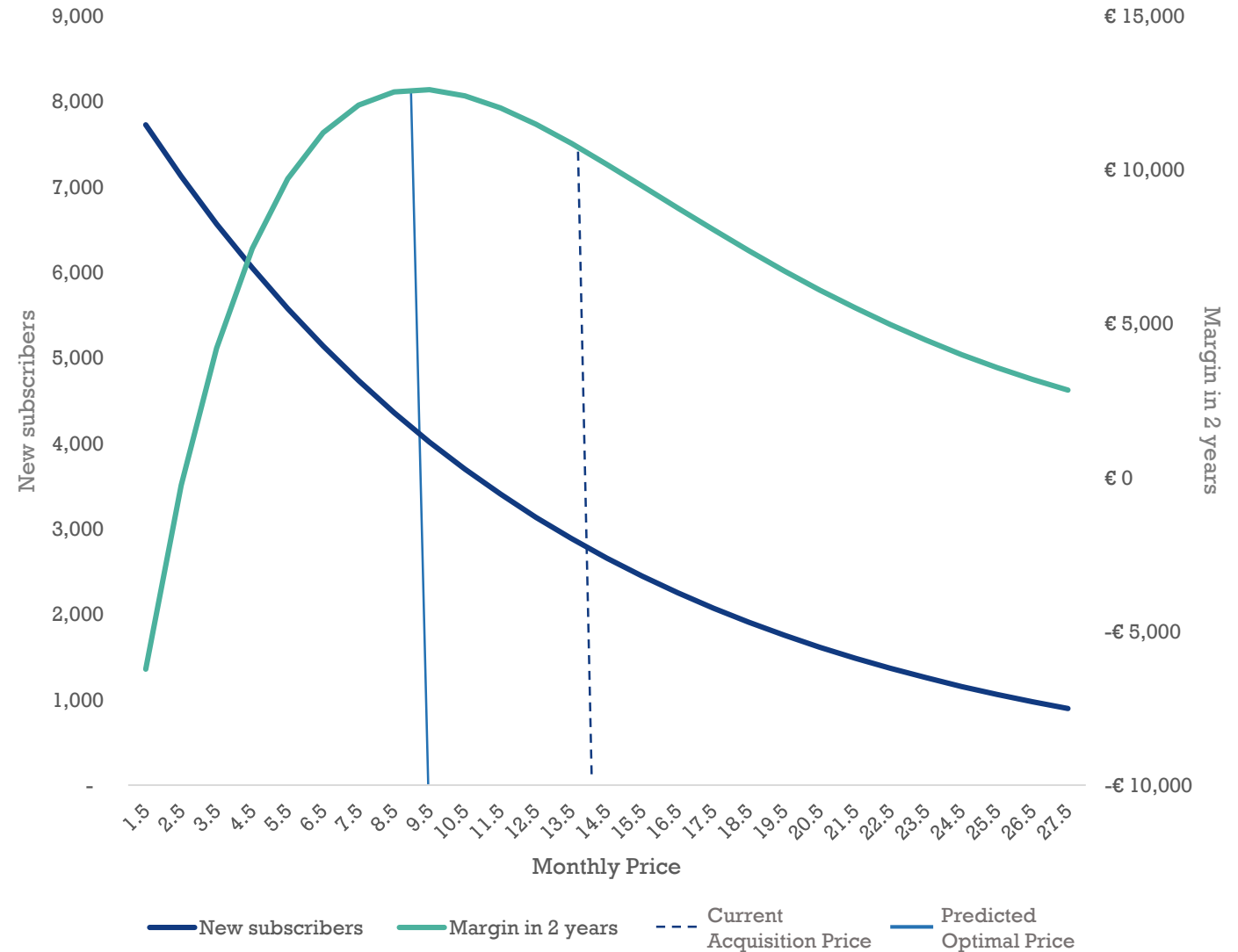
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Acquisition analysis identifies the offers most likely to be accepted by a reader.

A propensity to subscribe metric can be assigned to every potential customer. This metric can be combined with CLV to optimize pricing and target subscription offers

# CUSTOMER ACQUISITION

- Targeted acquisition offer pricing can lead to increased profitability
- Tradeoff of ARPU and Volume quantified
- Find where lower prices add to profits and where they do not



# BRAND AND CONTENT MARKETING



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The background is a blue-tinted collage of financial and business-related imagery. It includes a world map, various line and bar charts, and circular progress indicators. In the center, there is a faint silhouette of a person with their back to the camera, looking at a large screen displaying data. The overall theme is data-driven marketing and business analysis.

## BRAND & CONTENT MARKETING

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- Brand Marketing improves acquisition and retention
- Measuring attribution using econometric models not “last click”
- What is the right mix of Brand & Acquisition Marketing?

# ENGAGEMENT AND RETENTION ANALYTICS



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# ENGAGEMENT TACTICS

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- **Newsletter sign-ups on check out page of subscriptions**
- **Onboarding journeys with contact touchpoints**
- **Personalized content recommendations**
- **“Orientation” videos from Editor, Publisher, Columnist**



# CHURN MODELING

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A majority of subscriber churn is not related to price changes.

Changes in behavior are an indication of pending stops

Effective retention campaigns are:  
Personalized, Authentic, and Early

# CHURN MODELING

Churn modeling estimates who is most likely to stop subscription

Once we've answered **who**,

The question is **what** can be done about it?

Common characteristics of successful retention tactics:

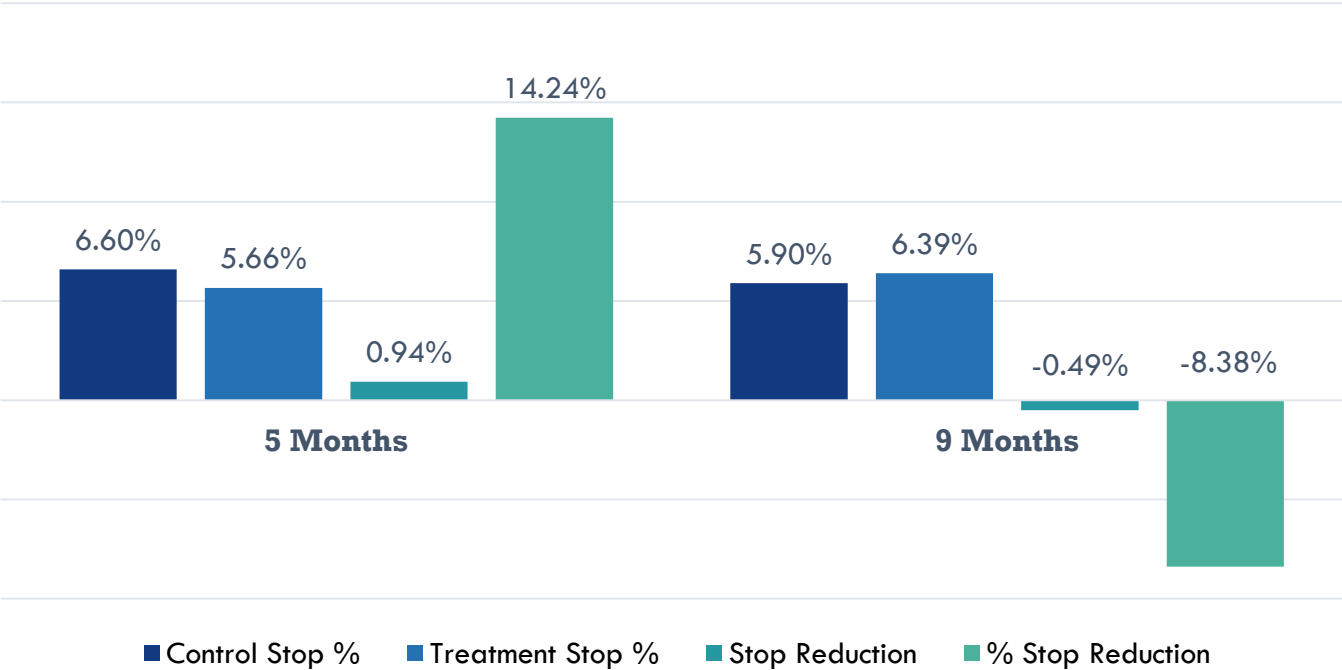
- Targeted to individual subscribers
- Measured accurately (A/B tests, metrics reporting)
- Earlier intervention than typical
- Time spent on a quality creative

			UNRESTRICTED 2	
BASE VAR	VAR DESC	VARIABLE	COEFF	Z
NONEZPAY DS	Weekly Price	wp	-0.108***	(-16.98)
	Increase Amount	wpsp	0.0653***	(-4.47)
	Ezpay	_IEZpay_1	-1.889***	(-18.52)
	Saturday Only	freq==Bnnnnny	-0.627***	(-13.78)
	Weekend	freq==Cynnnny	-0.145**	(-3.06)
	Mon-Sat	freq==Dnyyyyyy	-0.310**	(-2.87)
	Sunday Only	freq==Eynnnnn	-1.130***	(-8.84)
	Mon-Fri	freq==Fnyyyyyy	-0.375***	(-3.39)
13 WEEKS	Other	freq==OA	-0.390	(-1.68)
	4 Weeks	period==4	0.293**	(2.86)
	26 Weeks	period==26	-1.028***	(-22.71)
	52 Weeks	period==52	-2.833***	(-21.82)
OTHER	Other	period==OA	-0.216***	(-3.90)
	Crew	source==crew	0.243**	(2.94)
	Custcall	source==custcall	-0.411***	(-6.62)
	DirectML	source==directml	-0.961***	(-6.04)
	Internet	source==internet	-1.867***	(-28.78)
	Kiosk	source==kiosk	-0.523***	(-7.13)
LESS THAN 1 YR	Telemkt	source==telemkt	-0.787***	(-10.72)
	1-2 Years	tenure==1-2 years	-0.484***	(-11.29)
	2-3 Years	tenure==2-3 years	-0.633***	(-11.79)
	3-4 Years	tenure==3-4 years	-0.841***	(-11.16)
	4-5 Years	tenure==4-5 years	-0.831***	(-9.31)
	5+ Years	tenure==5 + years	-1.220***	(-27.50)
	Quarterly Comp Rate>1SD of avg	compl_m_above_sd1	0.0969	(0.74)
	Quarterly Comp Rate>2SD of avg	compl_m_above_sd2	-0.575**	(-2.73)
	Quarterly Comp Rate<1SD of avg	compl_m_below_sd1	-0.430***	(-3.95)
	Quarterly Comp Rate<2SD of avg	compl_m_below_sd2	.	.
	Switch to Autopay	EZup_flag	-2.841***	(-5.53)
	Switch off Autopay	EZdown_flag	-0.0336	(-0.14)
	Period Change	period_switch==1	0.651***	(15.38)
	Fod Change	fod_switch==1	1.841***	(11.41)
	% Income Spent on Shelter	perc_spend_shelter	0.649***	(6.88)
	Late	comps_g1_last_m_dummy	-0.368	(-1.37)
	Location	comps_g2_last_m_dummy	-0.158	(-0.55)
	Missed Delivery	comps_g3_last_m_dummy	-1.288***	(-13.13)
	Missing Section	comps_g4_last_m_dummy	-1.342***	(-5.77)
	Non-Start	comps_g5_last_m_dummy	-0.487	(-1.06)
	Non-Stop	comps_g6_last_m_dummy	-1.527***	(-4.67)
	Other	comps_g7_last_m_dummy	-0.332	(-1.40)
	Wet/Damaged	comps_g8_last_m_dummy	-1.253***	(-4.20)



# GIFT CARD CASE STUDY

Retention Impact  
(Gift Card)



**Test:** \$10 gift card issued upon receipt of payment (high churn/high CLV, \$10.50/wk).

**Results:** Short lived positive impact on retention that disappears over several renewals.

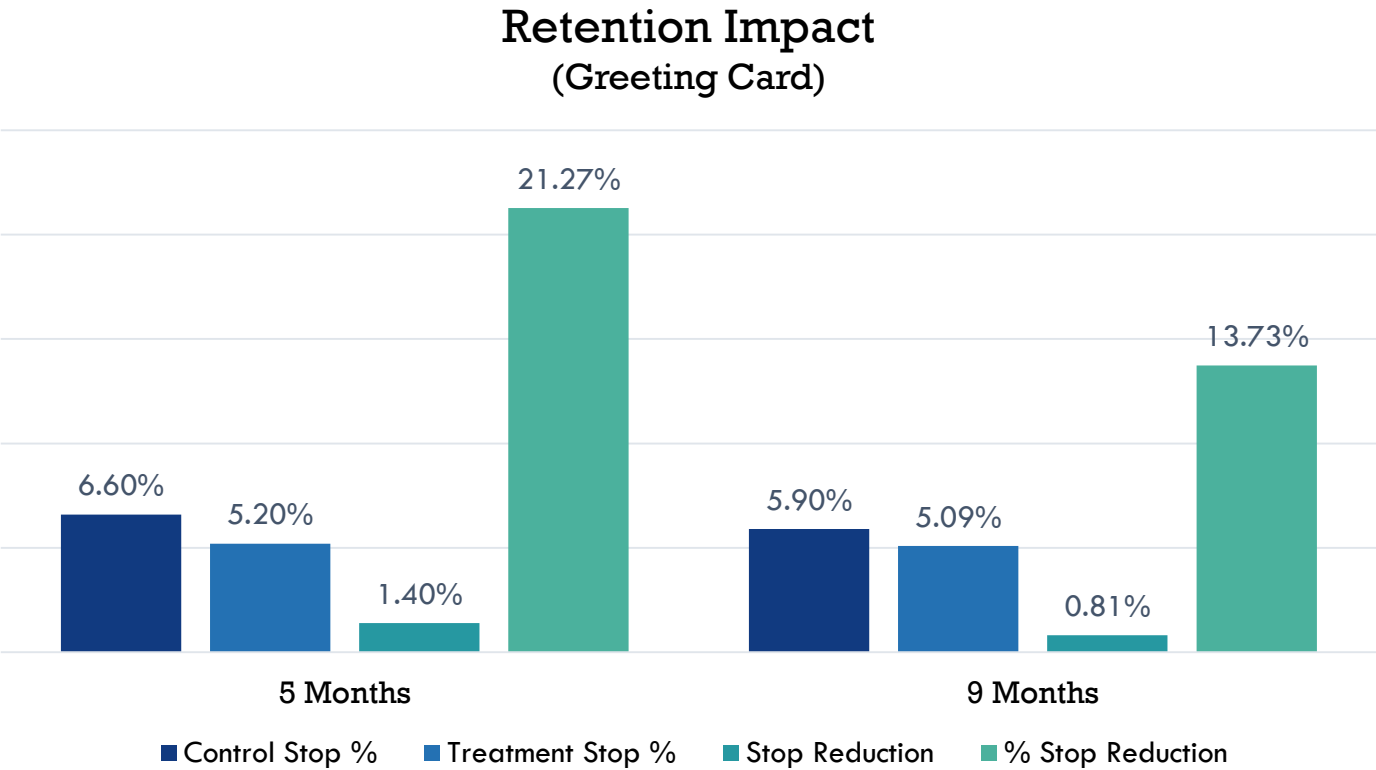
**Insight:** Gifts do little to reinforce brand value on core subscribers.

# REETING CARD CASE STUDY

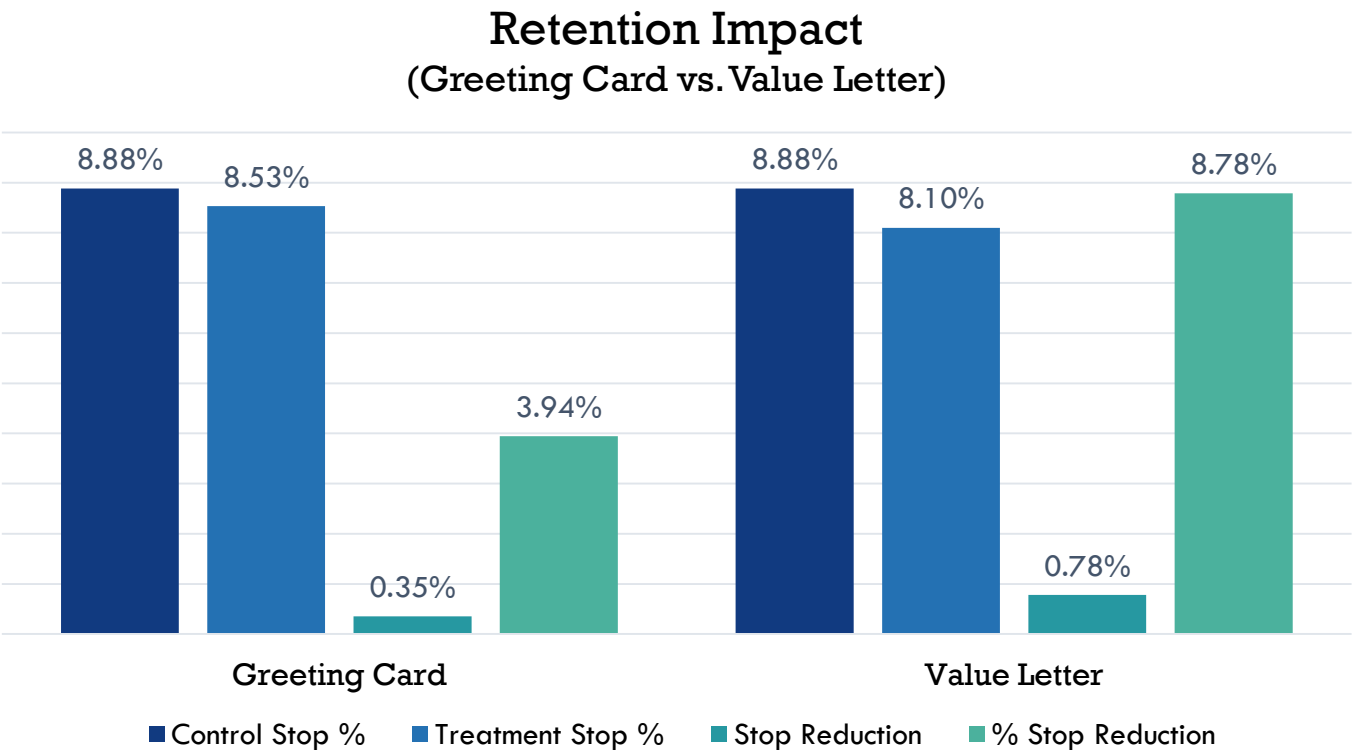
**Test:** Greeting card sent at time of expiration (high churn/high CLV - \$10.50/wk)

**Results:** Short and long term positive retention impact

**Insight:** Messages that reinforce brand value have positive effects on core subs



# GREETING CARD VS VALUE LETTER



**Test:** Greeting card or value letter sent at expire (high churn/mid CLV - \$3.75/wk)

**Results:** Both messages had positive retention impacts, value letter outperforms

**Insight:** Highlighting importance of journalism reinforces value to subscriber

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# PRESIDENT'S BIO



**Matt Lindsay, Ph.D.**

President

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**Matt Lindsay** is the President of Mather Economics, a business consulting firm based in Atlanta. Matt has over 25 years of experience in helping businesses increase operating margins and grow revenue through economic modeling and analytics. In a consulting role over the past 19 years, he has shared this expertise and developed pricing strategies and predictive analytics models for clients including the Intercontinental Exchange, Gannett, The Home Depot, NRG Energy, Tribune, IHG, McClatchy, the Walton Foundation, Coca Cola, UPS, Dow Jones, Chick fil-A, Clorox, Scientific Games, The Georgia Lottery and The New York Times.

Matt began his career with the corporate Economics Group of United Parcel Service measuring price elasticity and marginal network costs to improve profitability by customer. Prior to founding Mather Economics, Matt worked with Arthur Andersen in the firm's Atlanta strategy practice. His extensive experience in marketing spend effectiveness optimization, customer retention, analysis and predictive models have been used to support strategic pricing decisions, marketing initiatives and customer acquisition tactics, ultimately generating millions of dollars in incremental profits for his clients.

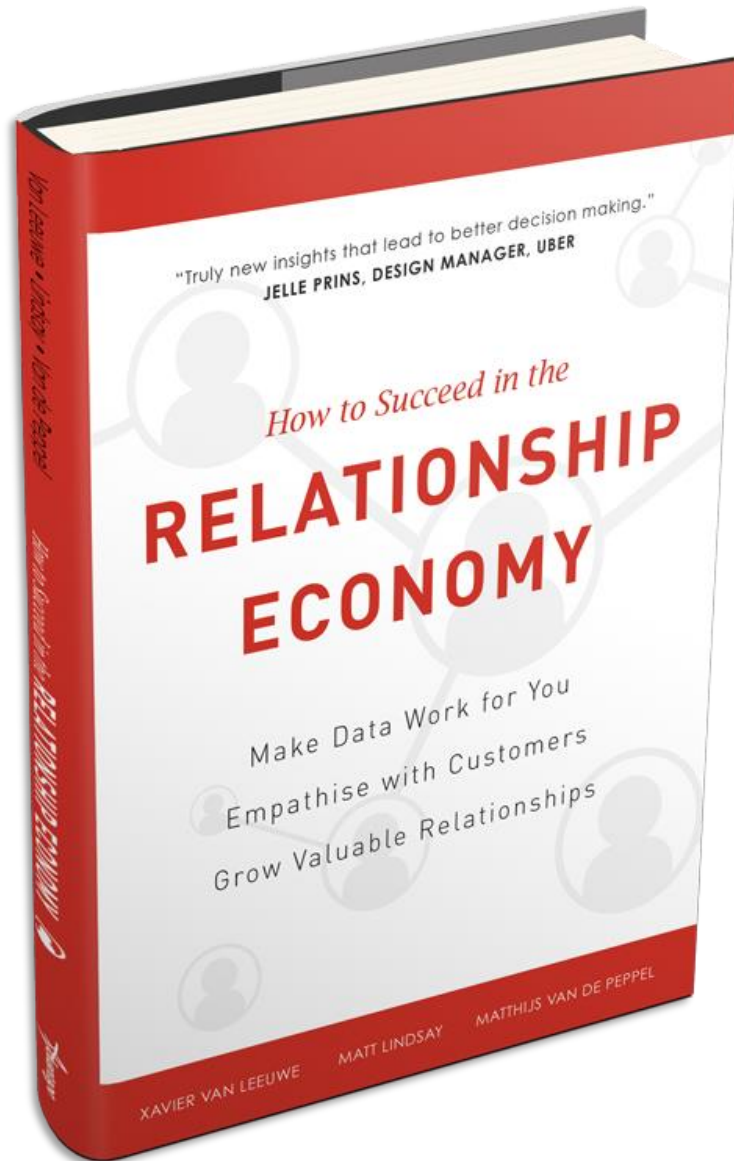
Mather Economics, one of Inc. Magazine's 5000 fastest growing US companies for the past 3 years, works with hundreds of clients to strengthen business performance through customer analytics. In the highly disrupted publishing sector, Mather manages over \$4 billion in client revenue and receives data on over 30 million households each week. Mather has recently launched a digital data capture tool called Listener™ that combines hardware, software, and analytics to provide actionable recommendations at a customer level.

In 2017, Matt authored *How to Succeed in The Relationship Economy*. It is published in three languages—English, Dutch and German and available to purchase on Amazon.com.

Matt holds a Doctorate in Economics from the University of Georgia, a Master of Applied Economics from Clemson University and an undergraduate degree in Economics from the University of Georgia.



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# ACCOLADES

