

MEDILL SUBSCRIBER ENGAGEMENT INDEX

BENCHMARKING ENGAGEMENT
AND SUBSCRIPTION USAGE DATA

HOSTED BY AMERICA'S NEWSPAPERS

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YOUR PRESENTERS TODAY



TIM FRANKLIN

Senior Associate Dean,
Professor and John M. Mutz
Chair in Local News



ED MALTHOUSE

Erastus Otis Haven
Professor and Research
Director of Spiegel
Research Center



MATT LINDSAY

President of
Mather Economics

AGENDA

- **WELCOME** Dean Ridings
- **PARTNERSHIP** Tim Franklin
- **DEMONSTRATION** Ed Malthouse
- **DATA & ONBOARDING** Matt Lindsay
- **Q&A** Patty Slusher

Partnership

Tim Franklin

Senior Associate Dean, Professor and John M. Mutz Chair in Local News



Medill Local News Initiative (LNI) & Spiegel Research Center

- Medill launched the LNI 3 years ago to bolster sustainability of local news
- Data scientists at Medill are integrating reader and subscriber data to analyze behaviors of readers who pay for local news
- LNI has partnered with Gannett, Tribune, Hearst, Advance Local & WEHCO Media to study reader behaviors in 20-plus markets

- The local news industry is pivoting to a reader revenue-driven business model
- Medill has developed the Medill Subscriber Engagement Index (MSEI) platform to support local news outlets transition their businesses
- The MSEI allows local news outlets to measure their reader revenue performance across a wide array of metrics and benchmark with peers across the nation
- The MSEI predicts financial outcomes of strategic decisions using data from participating markets

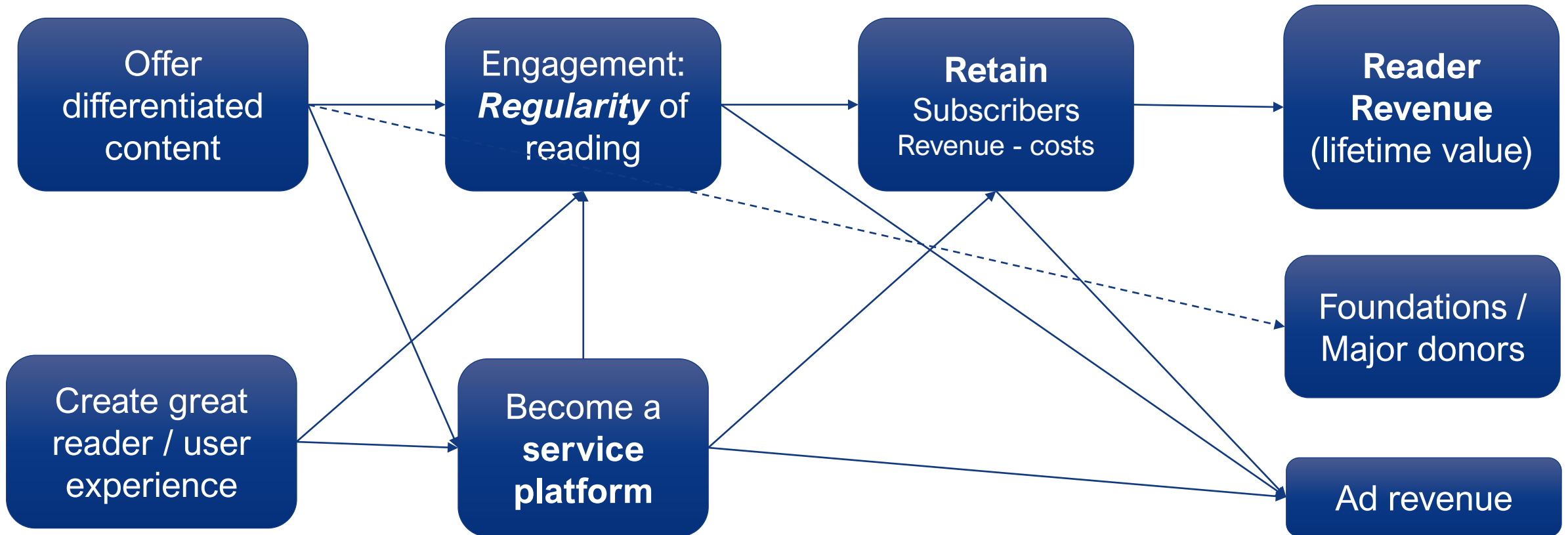
- Medill and Mather Economics have partnered on the Medill Subscriber Engagement Index (MSEI)
- Corporate partnerships include McClatchy, Tribune Publishing, Lee Enterprises and Sonoma Media Investments
- Philadelphia Inquirer, Dallas Morning News, Tampa Bay Times, Newsday, Seattle Times, Denver Post, Bangor Daily News, Las Vegas Review-Journal, Colorado Springs Gazette and Cedar-Rapids Gazette among participants
- Participation is free for first year

DEMONSTRATION

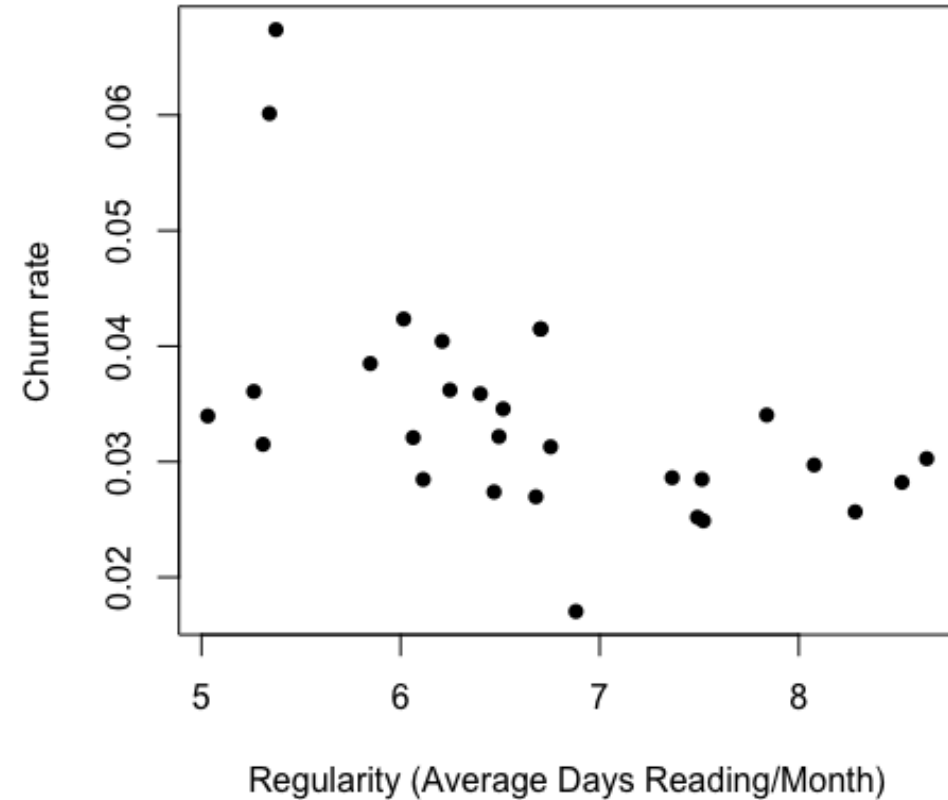
ED MALTHOUSE

Erastus Otis Haven Professor and Research Director of Spiegel Research Center

The new paradigm for local news



- Low monthly churn rates lead to high lifetime value
 - Churn rate=5% means expected lifetime of 20 months
 - Churn rate 2% means 50 months!
- Regularity of reading the best leading indicator of churn



The Subscriber Engagement Index

Benchmark

Segments

Churn D

Select Media

- Niche - Property #9000
- Tier 1 - Property #0001
- Tier 2 - Property #2000
- Tier 3 - Property #5000
- Tier 3 - Property #5001
- Tier 3 - Property #5002
- Tier 3 - Property #5003
- Tier 3 - Property #5004

Benchmark

Subscriber Engagement Index

Aug 1, 2019 - Aug 31, 2019

This Property	Benchmark
2.0	3.5

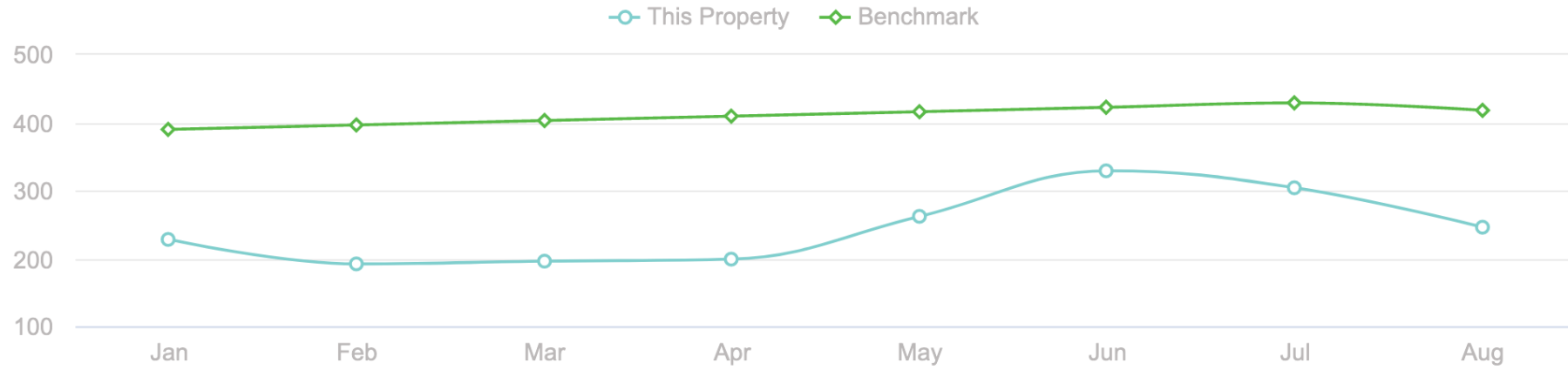
Subscriber Benchmark

Aug 1, 2019 - Aug 31, 2019

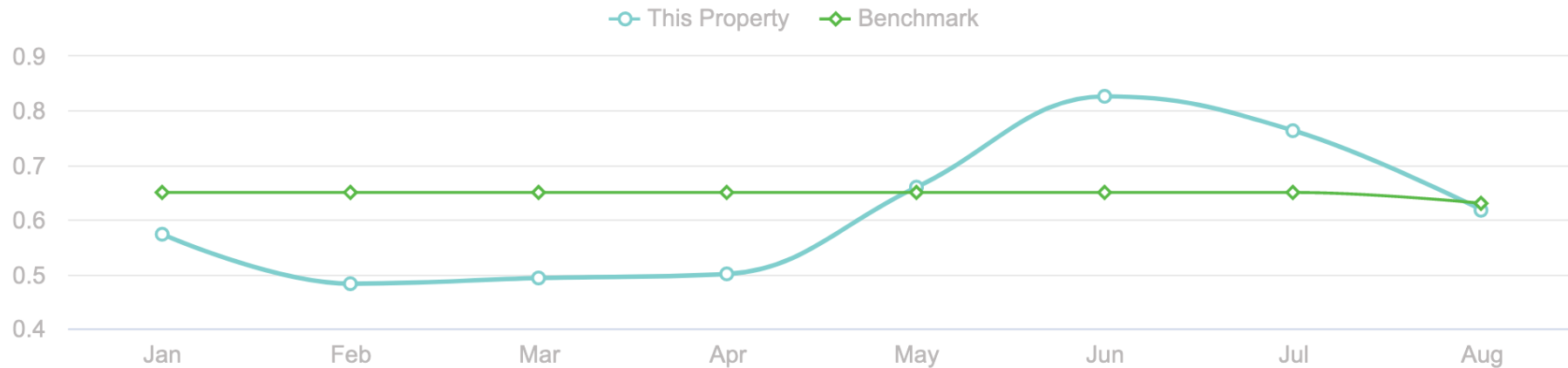
KPI's	This Property	Benchmark
Subscribers Count	39,853	66,356
New Subscribers	246	418
Acquisition (%)	0.6%	0.6%
Subscribers Lost	91	1,327
Retention Rate (%)	99.8%	98.0%
Registered Reader Count	0	0
Regularity (Average number of days)	2.0	3.5

KPI's	This Property	Benchmark
Revenue per Subscriber (\$)	\$9.06	\$13.30
Subscription Revenue per Subscriber (\$)	\$8.87	\$9.40
Ad Revenue per Subscriber (\$)	\$0.19	\$3.90
Location: In-market (%)	60.9%	72.4%
Location: Out-of-market (%)	39.1%	27.6%
Device: Desktop (%)	29.1%	64.3%
Device: Mobile (%)	70.9%	35.7%

Trendline - New Subscribers



Trendline - Acquisition (%)



The Subscriber Engagement Index

Tier 1 - Property #0001 ▾

 Benchmark

 Segments

 Churn Drivers

 Reader Equity

Churn Drivers

Legend

■ Good (Drives Retention) ■ Neutral (Minimal Impact) ■ Bad (Causes Churn)

* A Negative number for Churn Drivers, in the left column, reflects that the opposite of churn is occurring, which is retention. It is why the negative numbers, which are expressing drivers of retention, are in green.

Churn - Common Category

Predictors	Relative Importance
Local News	-5.1
Local Food	-4.1
Entertainment	-2.9
Local Sports	-2.7
Opinion	-0.8
National Sports	-0.3
National News	0.1

Regularity - Common Category

Predictors	Relative Importance
Local News	105.5
Local Sports	71.0
Local Food	25.1
Entertainment	19.5
National News	15.3
Opinion	14.7
National Sports	1.1

Churn - Custom Category

Predictors	Relative Importance
News: Local Area & State	-3.5
Restaurants	-3.5
Politics	-3.4
Food: Wine & Beer	-2.3
Sports: MLB	-2.2
Opinion: Open Forum	-2.0
Entertainment: Blogs	-1.9
Sports	-1.1
US News	-1.1
Sports: NFL	-0.2
News	0.1
Crime	0.2
Sports: College	1.1
Business	1.3
Sports: NBA	1.6
Food: Recipes	2.2
Local	2.9
Local Columnists	3.0

Regularity - Custom Category

Predictors	Relative Importance
News: Local Area & State	55.7
News	24.8
Politics	23.6
Sports	20.0
Business	19.7
Sports: MLB	19.1
Crime	19.0
Sports: NBA	17.2
Restaurants	8.9
Sports: NFL	7.9
Food: Wine & Beer	7.9
US News	5.1
Entertainment: Blogs	4.5
Sports: College	4.1
Opinion: Open Forum	3.7
Local Columnists	1.8
Food: Recipes	0.9
Local	-0.8

Churn - Source Category

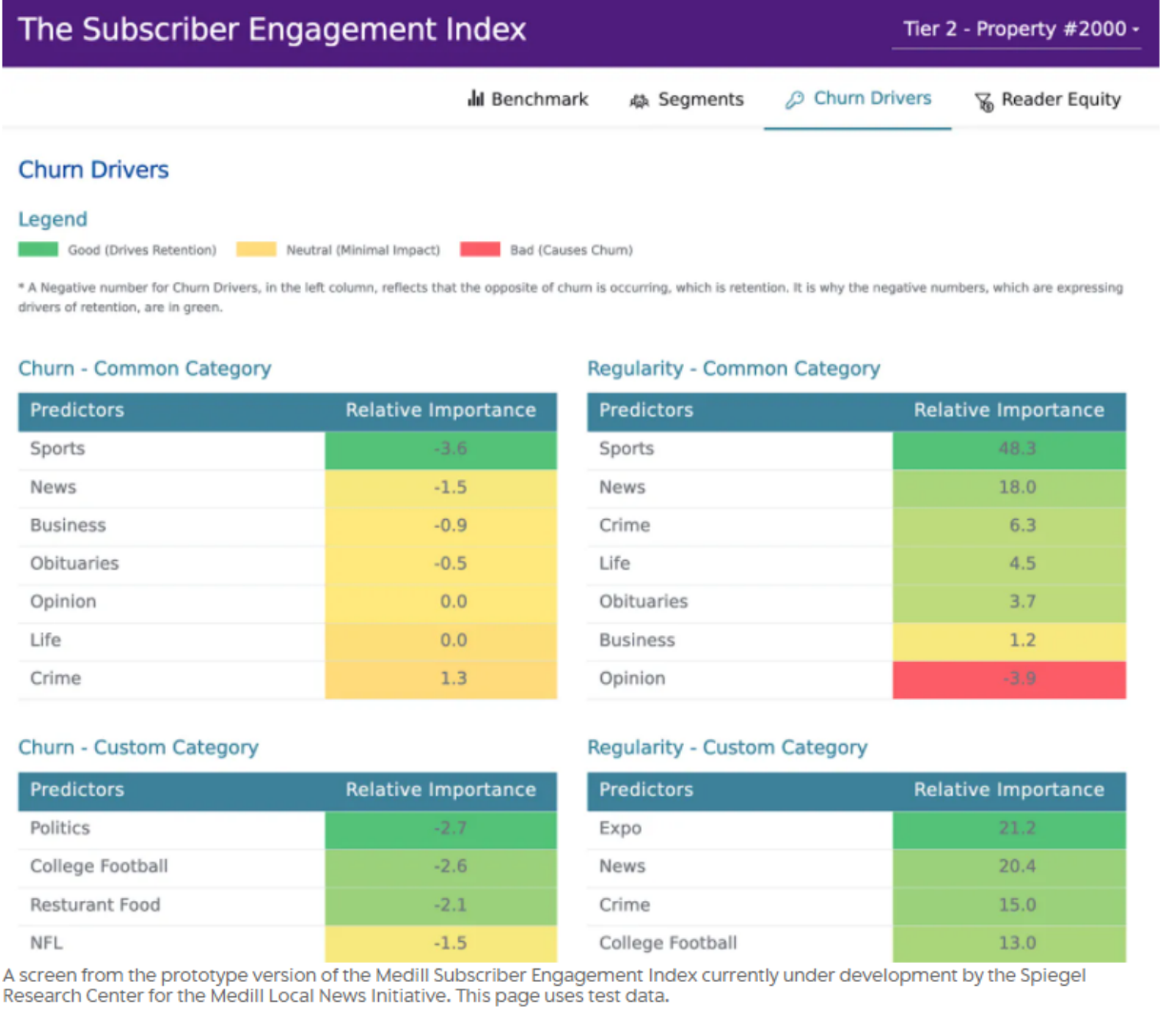
Predictors	Relative Importance
Bing_visits	-2.4
Twitter_visits	-2.2
Inmarket_visits	-2.2
Other_visits	-1.9
Outmarket_visits	-1.0
Yahoo_visits	-1.0
Sessions	-0.1
Kansas_visits	-0.1
Num_subscriptions	0.0
Num_unsubscriptions	0.3
Google_visits	0.5
Duckduckgo_visits	0.8

Regularity - Source Category

Predictors	Relative Importance
Other_visits	71.3
Inmarket_visits	53.5
Outmarket_visits	49.2
Google_visits	45.2
Facebook_visits	31.4
Bing_visits	27.2
Yahoo_visits	21.2
Subrev	15.5
Twitter_visits	10.1
Duckduckgo_visits	7.8
Num_subscriptions	4.5
Kansas_visits	2.9

DIGITAL SUBSCRIBER BENCHMARKS AND EMBEDDED ANALYTICS

- Content that drives engagement
- Content that reduces subscriber engagement
- User journeys
- Subscription acquisition levers
- Predictive modeling for churn
- Acquisition, churn and lifetime value markers
- Marketing tactics that assist acquisition and retention
- Average revenue per user (ARPU)



The Subscriber Engagement Index

Tier 1 - Property #0001 ▾

 Benchmark

 Segments

 Churn Drivers

 Reader Equity

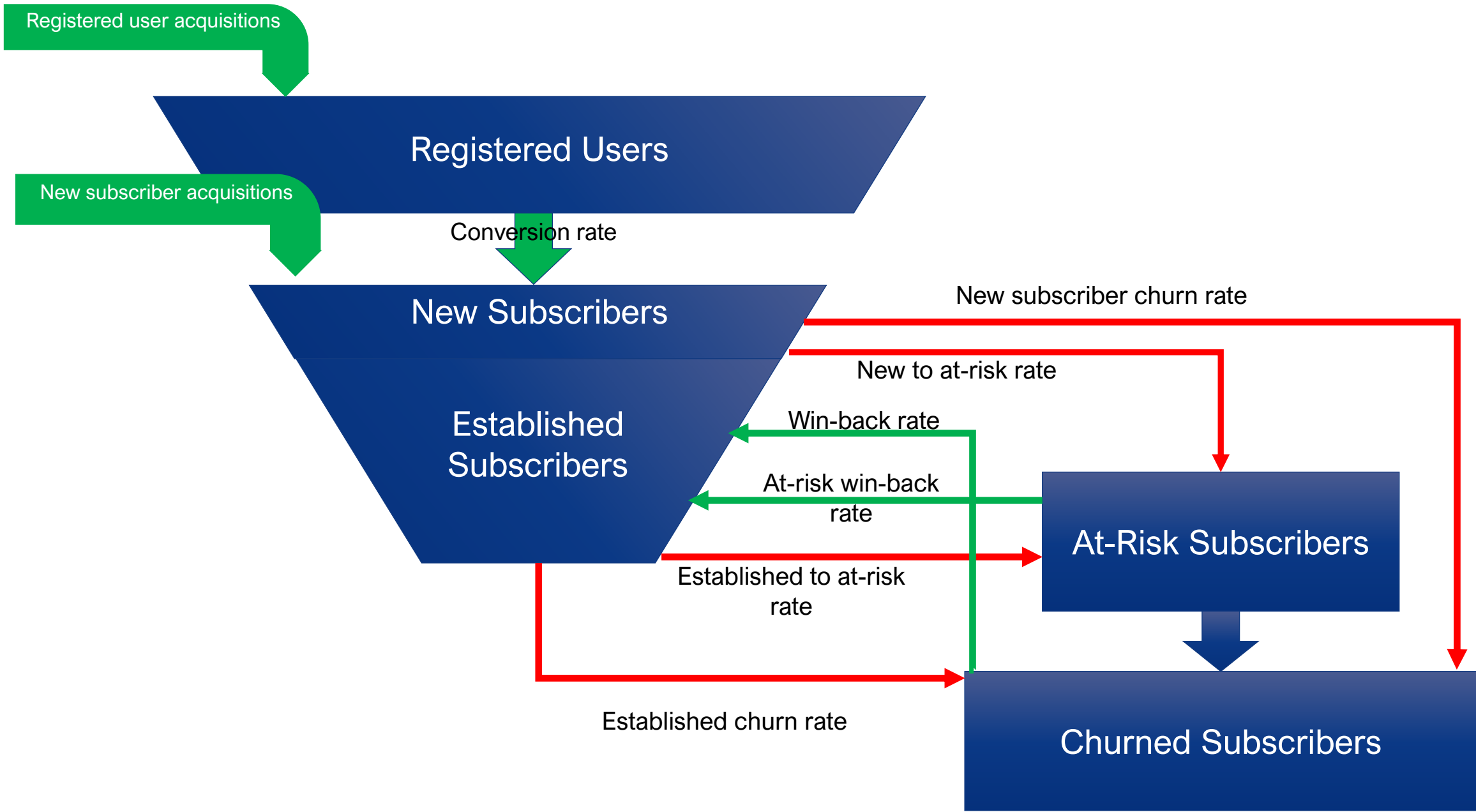
Segments

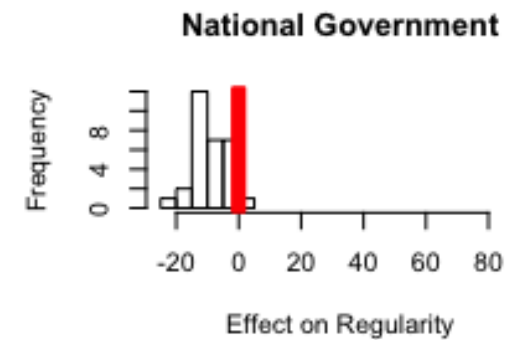
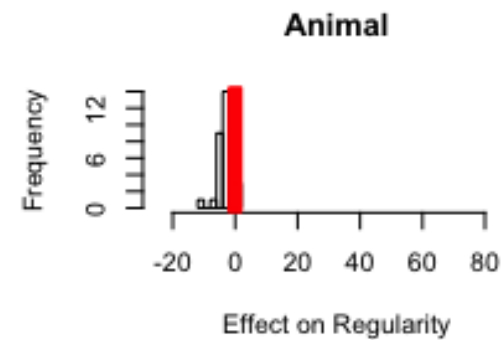
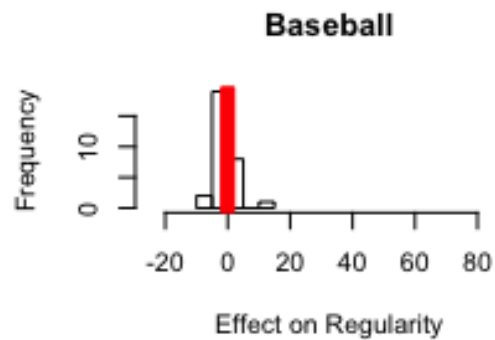
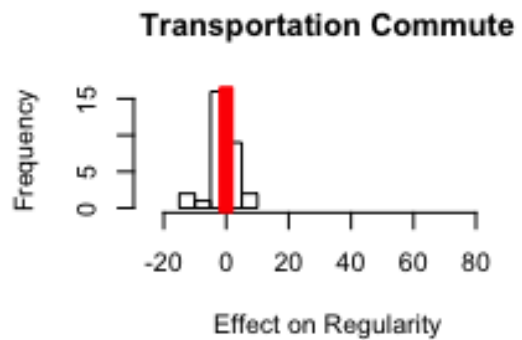
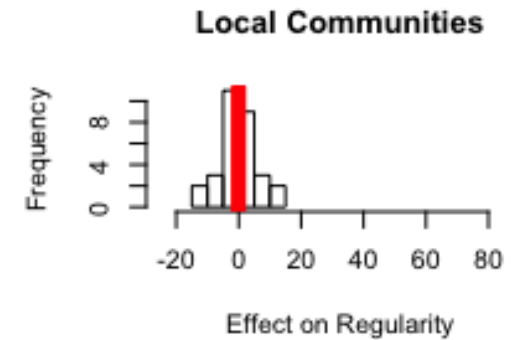
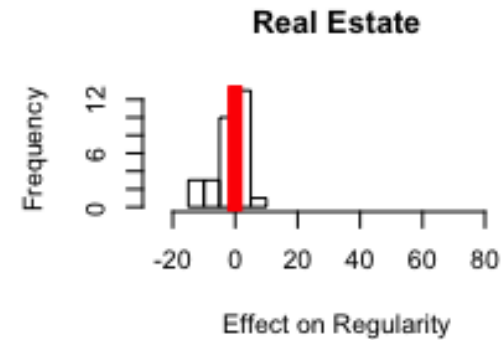
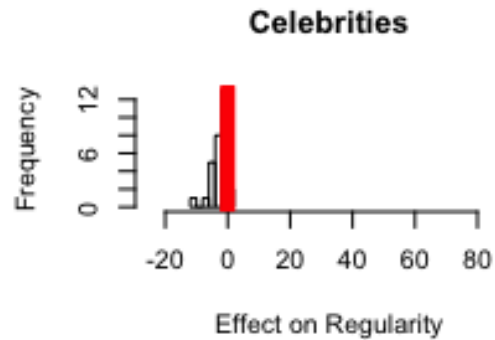
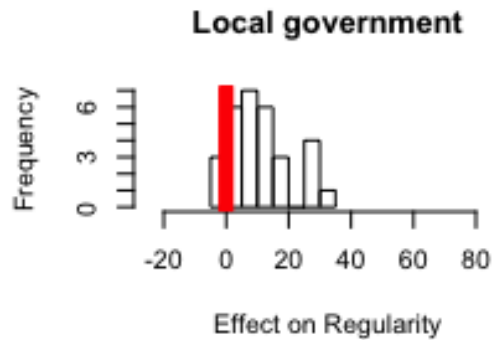
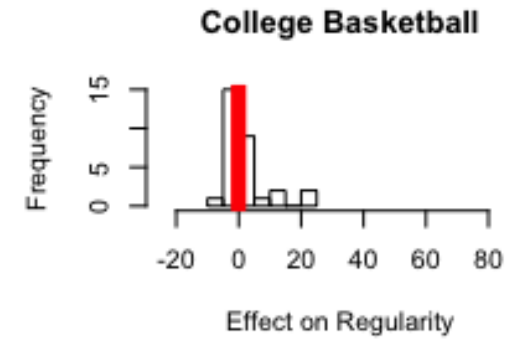
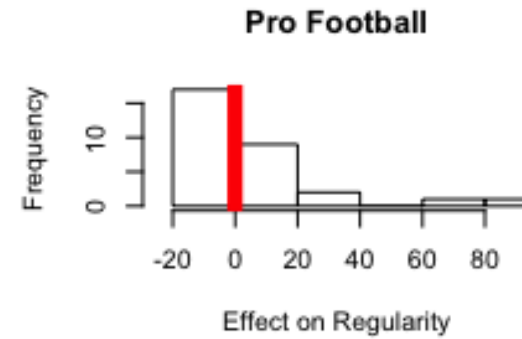
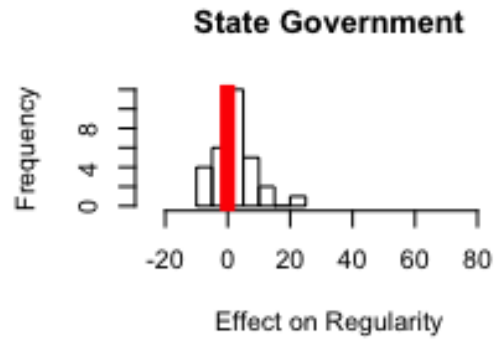
CURRENT PERIOD
Aug, 2019

PREVIOUS PERIOD
Jul, 2019

Segmentation Scheme

Segments	Description	Action
Registered Non-Subscribers: Low Regularity	Registered Non-Subscribers with low regularity for whom an I.D. is known	Communicate with frequency to stimulate engagement with customized messaging and content they value. Monitor, measure and adjust.
Registered Non-Subscribers: High Regularity	Registered Non-Subscribers with high regularity for whom an I.D. is known	Communicate to recognize and reward high engagement with customized messaging about content they value. Monitor, measure and adjust.
New Subscribers	All New Subscribers within first 30 days	Build and deliver frequent contact strategies customized to encourage daily reader engagement. Highlight content they value. Monitor, measure and adjust.
Established Subscribers	Subscribers after 30 days of activity	Build and deliver relevant contact strategies to reward engagement with customized messaging about content they value. Monitor, measure and adjust. Test “subscriber only” offers of value.
At-Risk Subscribers	Subscribers with low engagement, predicted to churn	Build and deliver relevant contact strategies customized to recognize decline in reader engagement. Test “did you know” messaging





The Subscriber Engagement Index

Tier 1 - Property #0001

- Benchmark
- Segments
- Churn Drivers
- Reader Equity**

The What-If Reader Equity

Acquisition (Per Month)

Acquired - Registered Users: 200



Acquired - New Subscribers: 200

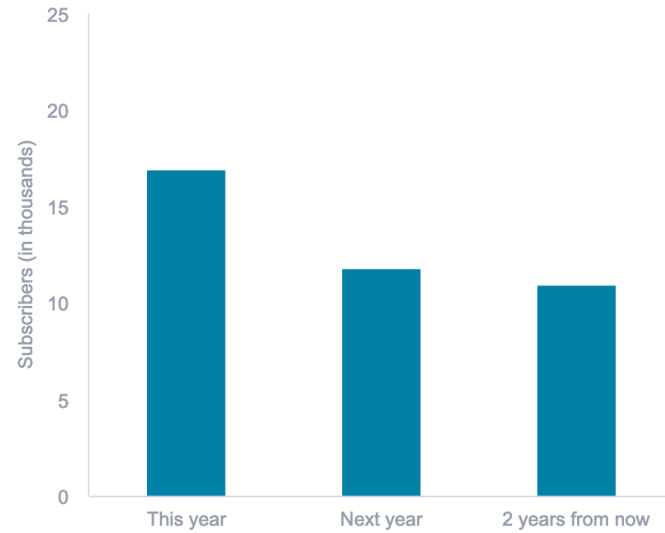


Registered Users to New Subscribers: 11%

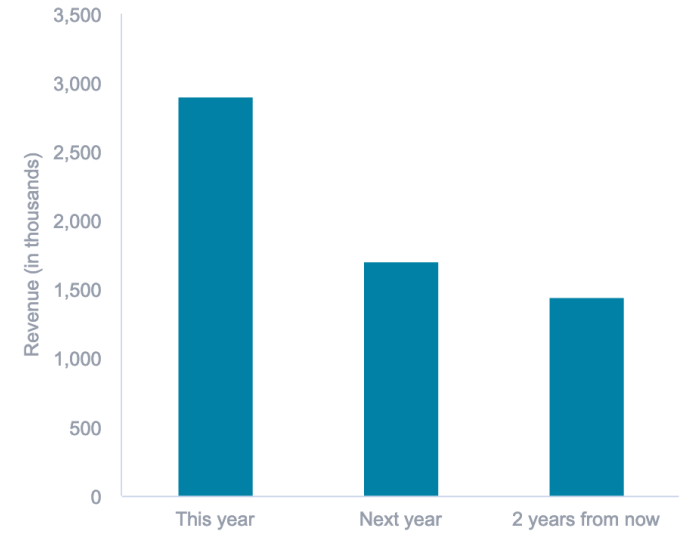


Results: Projected Subscriber Count And Revenue

Projected Subscriber Count For 3 Years



Projected Revenue (\$) For 3 Years



Projected 3-year Subscriber Value

\$6,051,216

Soft Churn (Per Month)

New Subscribers to At-Risk Subscribers: 15%



Established Subscribers to At-Risk Subscribers: 16%



Hard Churn (Per Month)

New Subscribers to Churned Subscribers: 8%



Established Subscribers to Churned Subscribers: 6%



At-Risk Subscribers to Churned Subscribers: 11%



Win Back (Per Month)

At-Risk Subscribers to Established Subscribers: 15%



Churned Subscribers to Established Subscribers: 2%



Pricing

New Subscription Fee (Per Month): \$0.33



Established Subscription Fee (Per Month): \$8.99



Ad Rate (Per Page Views): \$0.02



Soft Churn (Per Month)

New Subscribers to At-Risk Subscribers: 15%



Established Subscribers to At-Risk Subscribers: 16%



Hard Churn (Per Month)

New Subscribers to Churned Subscribers: 8%



Established Subscribers to Churned Subscribers: 6%



At-Risk Subscribers to Churned Subscribers: 11%



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Churned Subscribers to Established Subscribers: 2%



Pricing

New Subscription Fee (Per Month): \$0.33



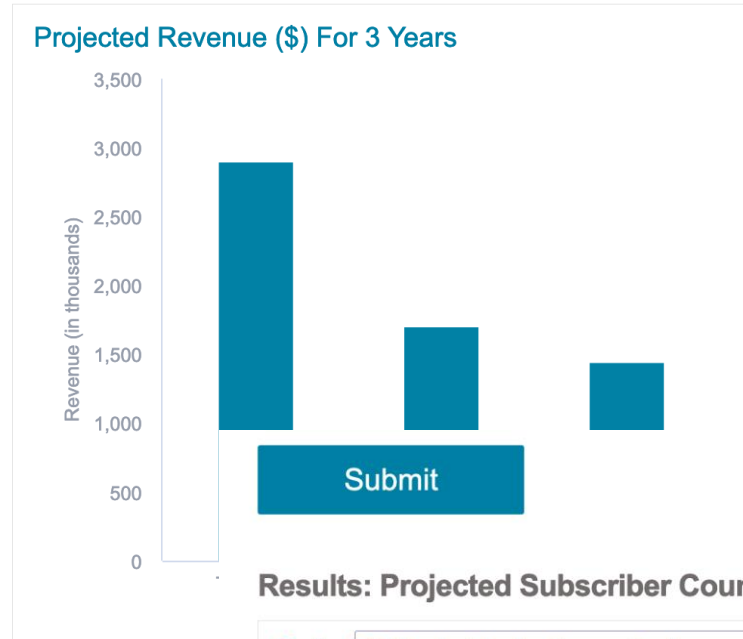
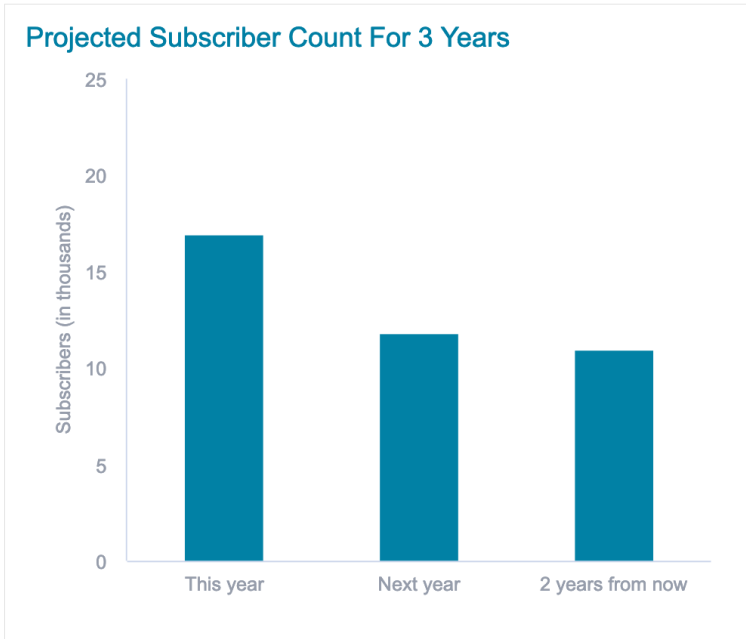
Established Subscription Fee (Per Month): \$8.99



Ad Rate (Per Page Views): \$0.02

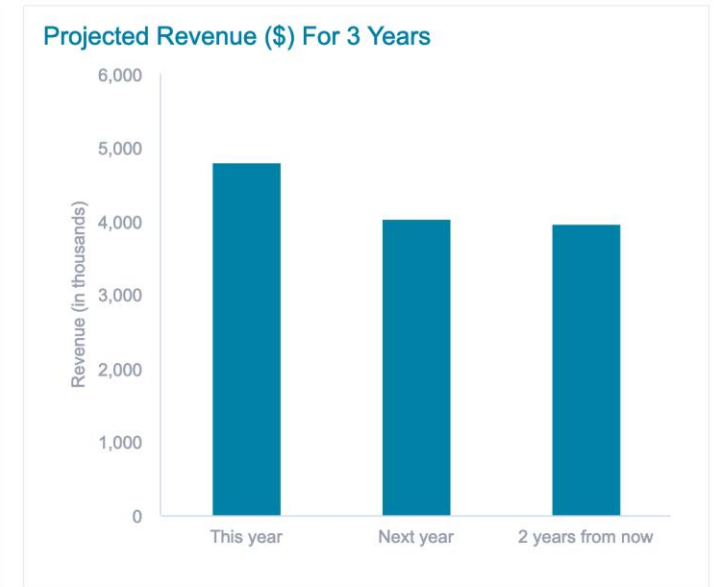
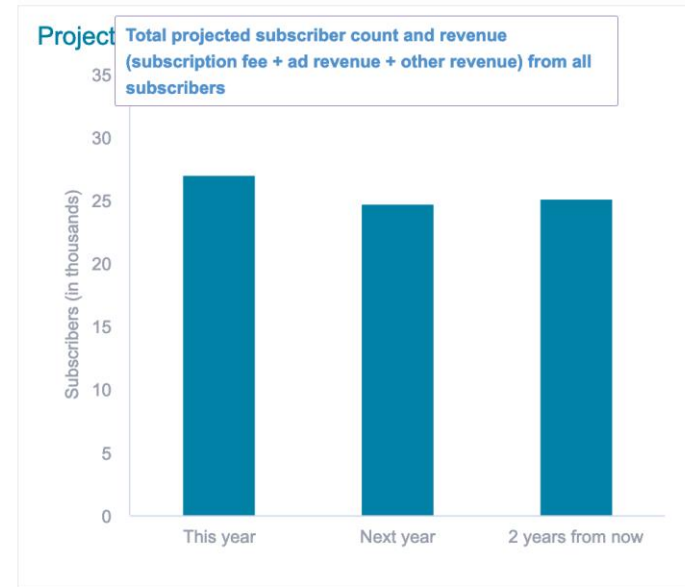


Results: Projected Subscriber Count And Revenue



Projected 3-year Subscriber Value
\$6,051,216

Results: Projected Subscriber Count And Revenue



Projected 3-year Subscriber Value
\$12,808,913

ACTIONABLE INTELLIGENCE

- Local news outlets are using research to build habit, reader revenue
- Creating new newsletters
- Revising paywall strategies
- Aligning coverage with high subscriber interests
- Using new metrics to measure success

DATA & ONBOARDING

Matt Lindsay

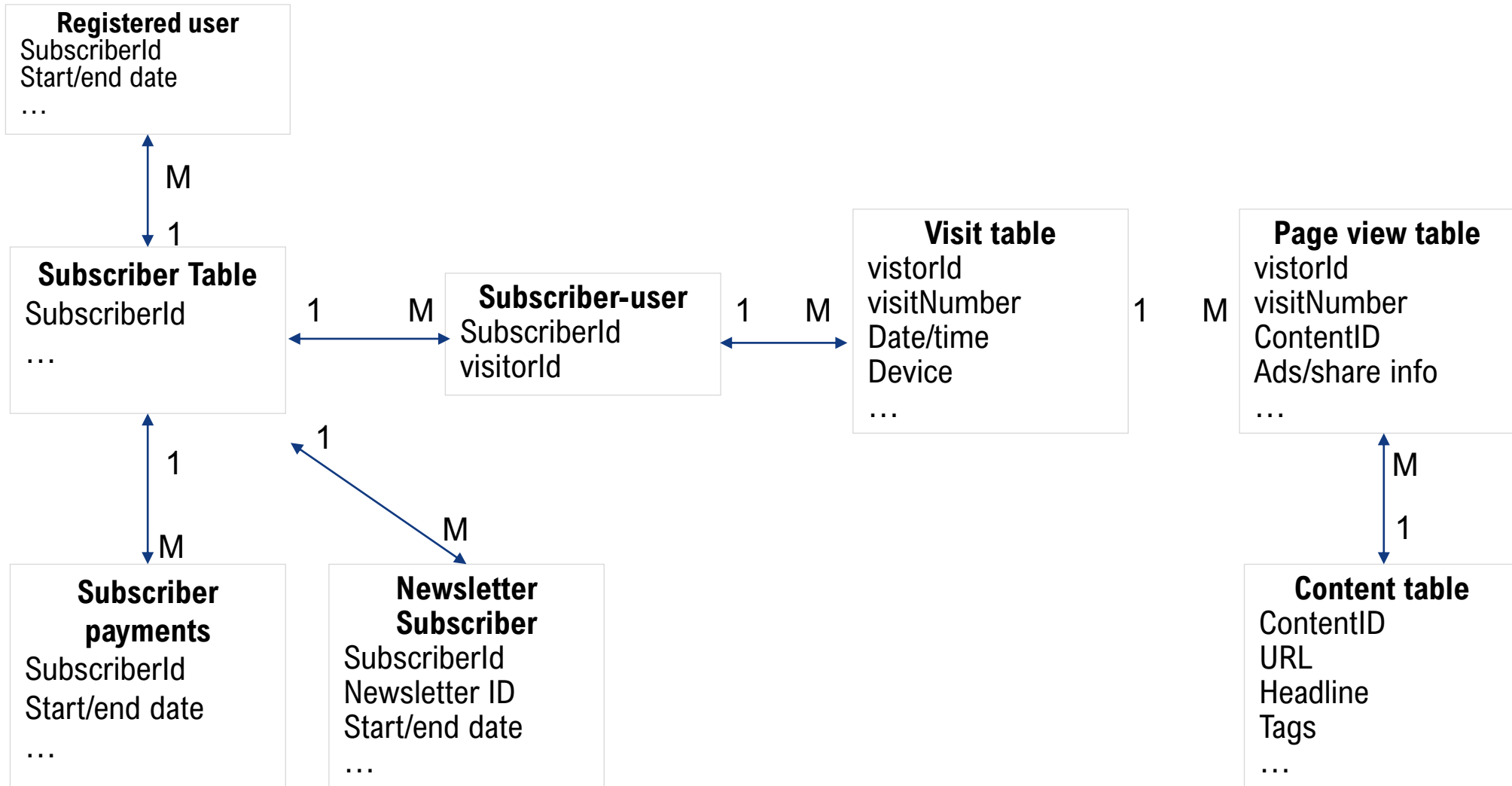
President of Mather Economics

SCHEMAS (approximate)

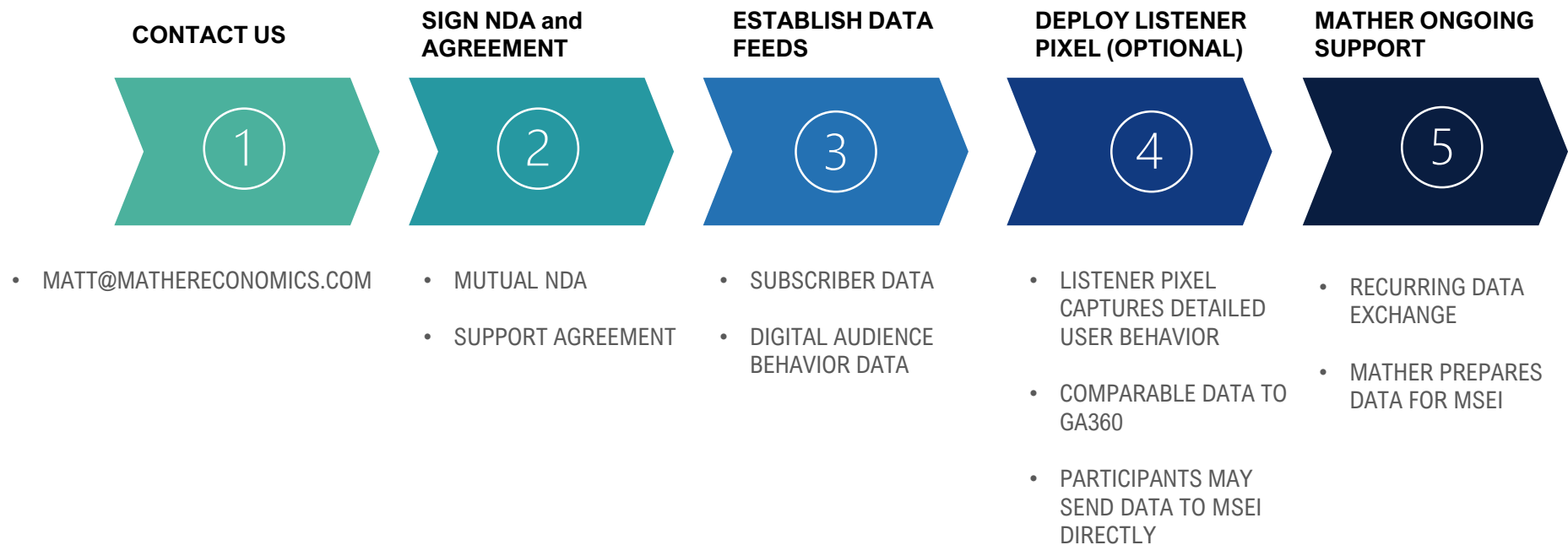
Subscriber Table	Payment Table	Registered User Table	Newsletter
Subscriber ID	Subscriber ID	Subscriber ID	Subscriber ID
First subscription date	StartDate	Start Date	Newsletter name
Billing 5-digit zip	SubscriptionType	End Date	Start Date
	Cancel Date		Unsubscribe Date
	Price		
	TrialPrice		
	Trial Length		

Page View Table	Visit Table	Visitor Table	Content Table
Visitor ID	Visitor ID	Subscriber ID	contentID
visitNumber	visitNumber	Visitor ID	URL
contentID	Date		Headline
Number of display ads shown	Time		Author
Number of sponsored content	Device Type		Common section
Was the article emailed	Interface		Custom tags
Was the article shared on social media	Source		
Was there a comment	Number of home page views		
	What an ad blocker detected		
	Location		

TABLE JOINS (approximate)



How to Join



- Mather can advise publishers on implementation of insights from the MSEI
- We will share our case studies and network of leading practitioners to help with business transformation

- MSEI includes data on known digital readers
- Mather is launching our Industry Benchmark Report
 - Quarterly benchmarks on subscriber volumes, rates, revenue
 - Print, All-Access, Digital Only metrics



Q&A

To become a media partner, contact:

timothy.franklin@northwestern.edu

matt@mathereconomics.com

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