



Subscriptions vs. advertising

Finding balance in news business models

grzegorz.piechota@inma.org Hamburg, September 24, 2019

Who am I? Grzegorz “Greg” Piechota

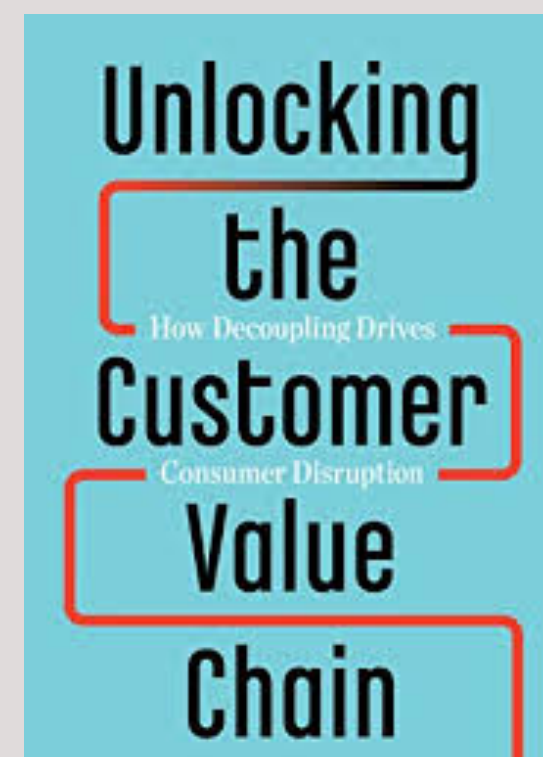


Researcher-In-Residence, International News Media Association

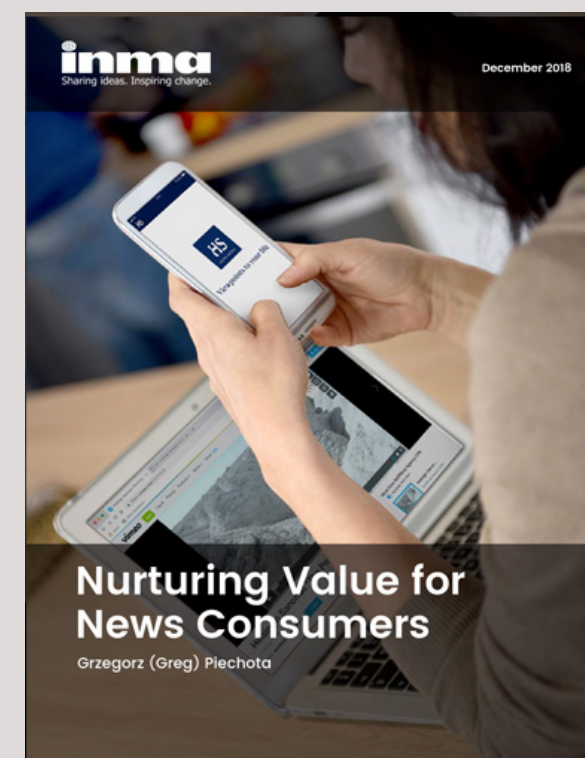
Former fellow at University of Oxford,
Harvard University and Harvard Business School

Former news editor and executive at Agora, Poland

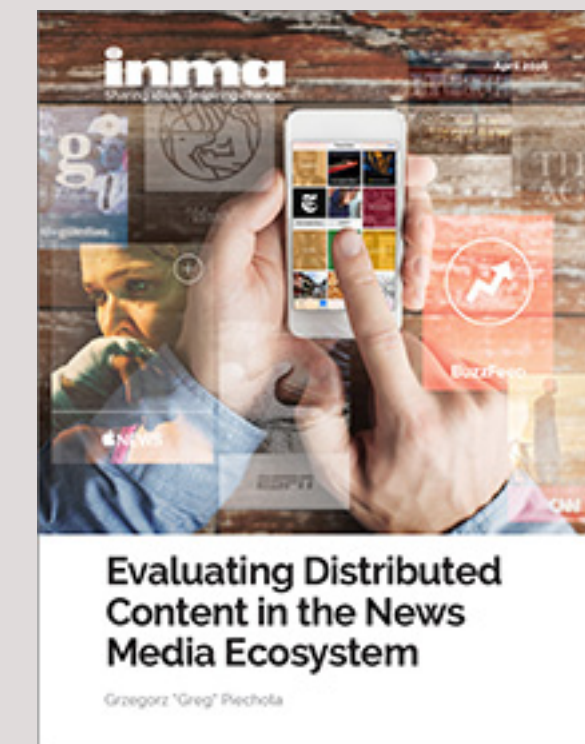
Selected publications



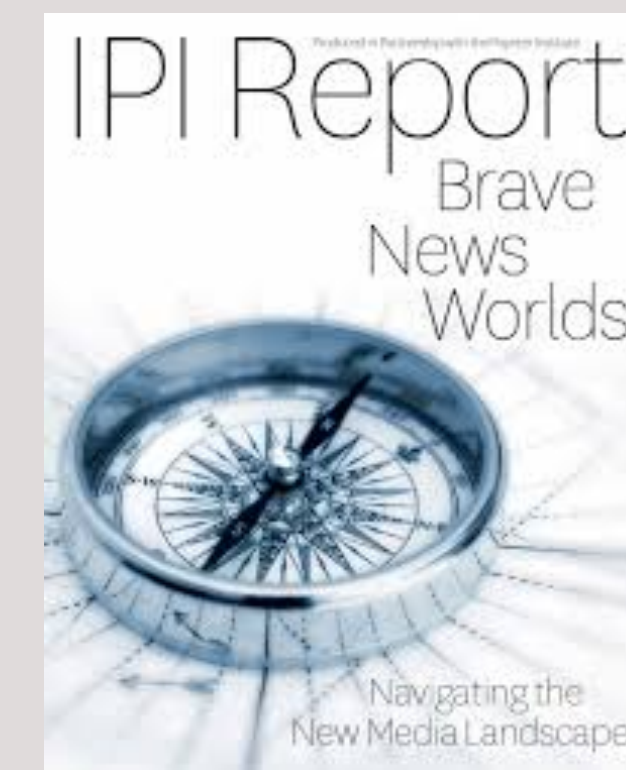
Digital disruption
and transformation
strategy



Reader revenue
strategy
and tactics



Digital platform
strategy
and tactics



Reader and civic
engagement strategy
and tactics

A photograph of a large audience seated in a tiered theater, facing a stage where a speaker is presenting. A large screen on the left displays INMA statistics: 540 members, 741 companies, and 70 countries. The INMA logo is visible on the stage and in the background.

INMA Readers First Initiative

Latest meet-up: **Customer Data Platforms**, Sep. 18

Next research: **Growing Local Subscriptions**, Sep. 25

Next subs summit: **New York City**, Feb. 25-28, 2020



The next big thing
in reader revenue is...
innovation in advertising



Businesses want to
market to real people
and not just to proxies.
Cookies don't buy cars

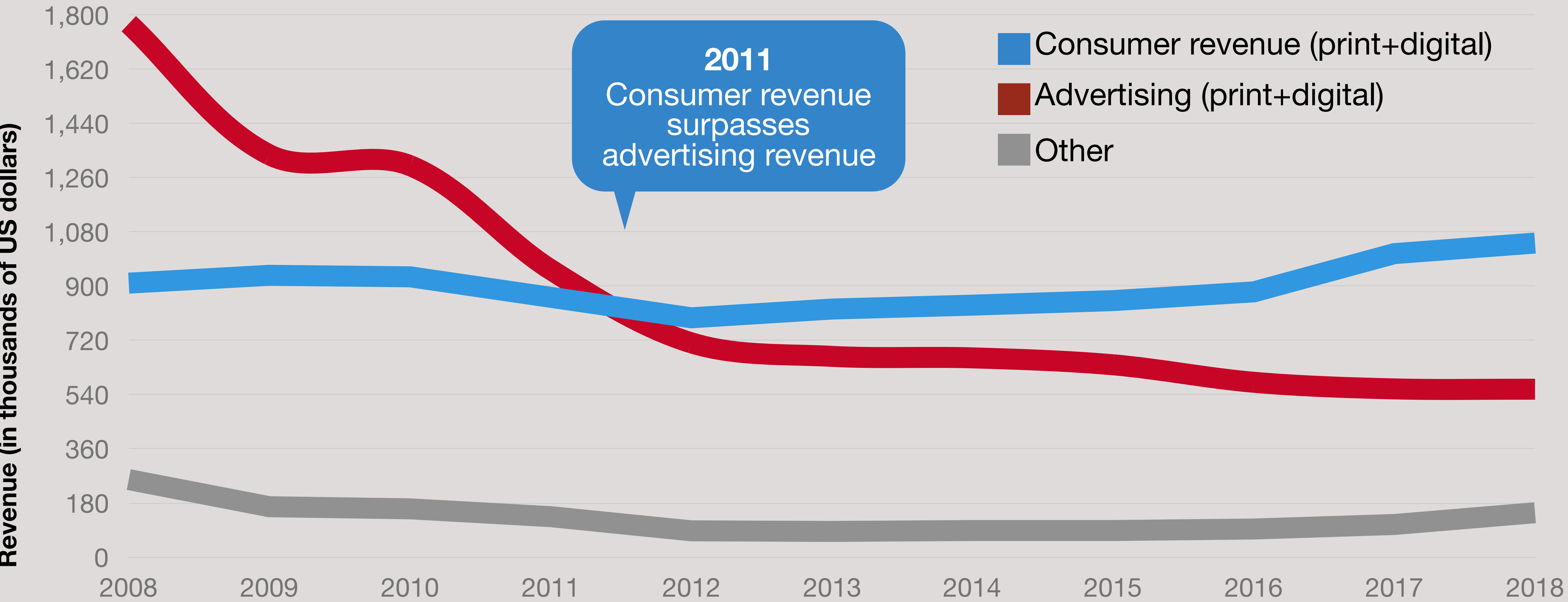


The background features a light gray field with a large white circle in the center. Overlapping this white circle is a smaller, semi-transparent gray circle. A white speech bubble with a tail pointing towards the top right is positioned behind the text.

Talent, skills, tech, data
we've acquired to grow
reader revenue becomes our
new competitive advantage

Shift to reader revenue Reality and not just strategy

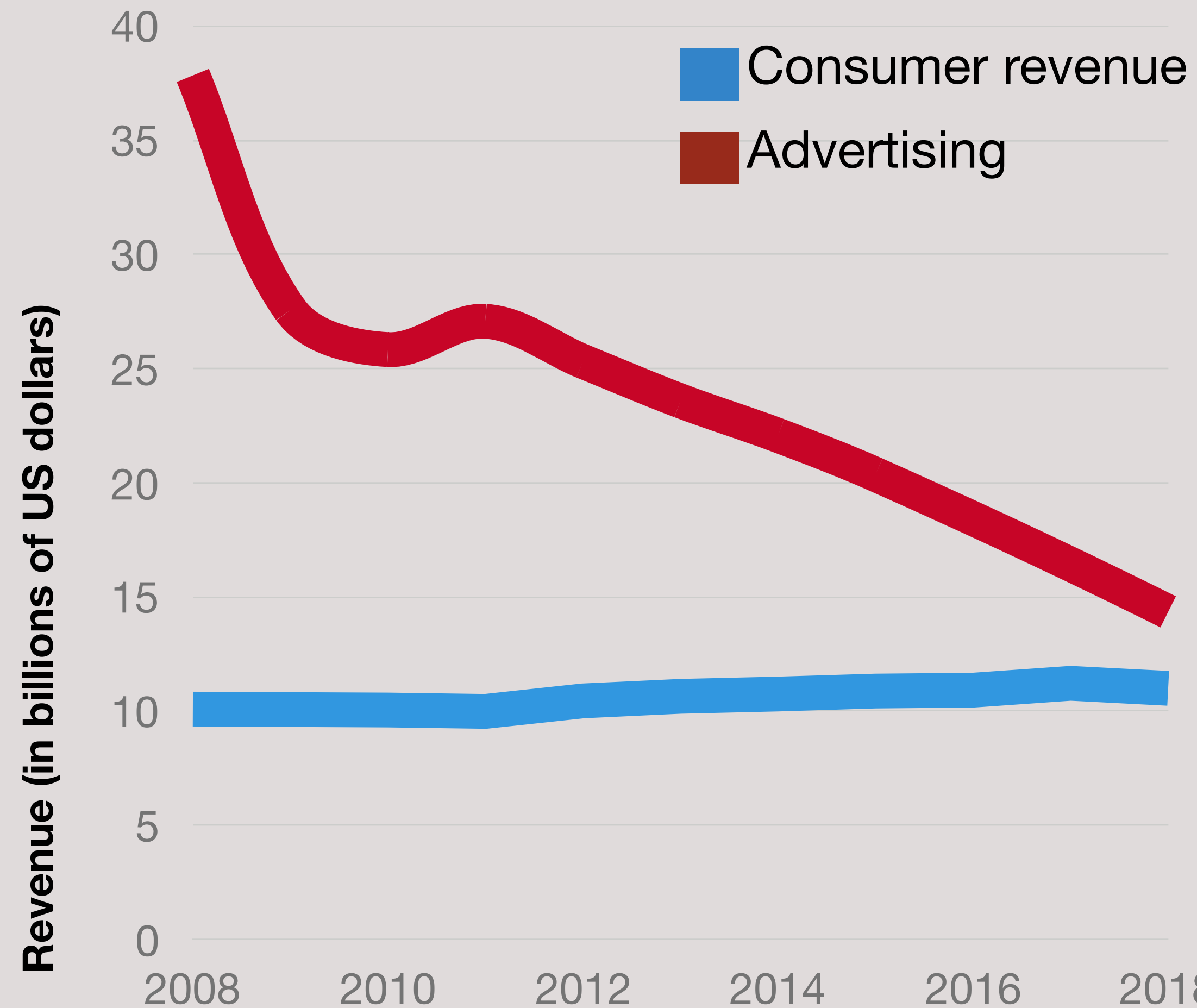
Flip of revenue sources at The New York Times



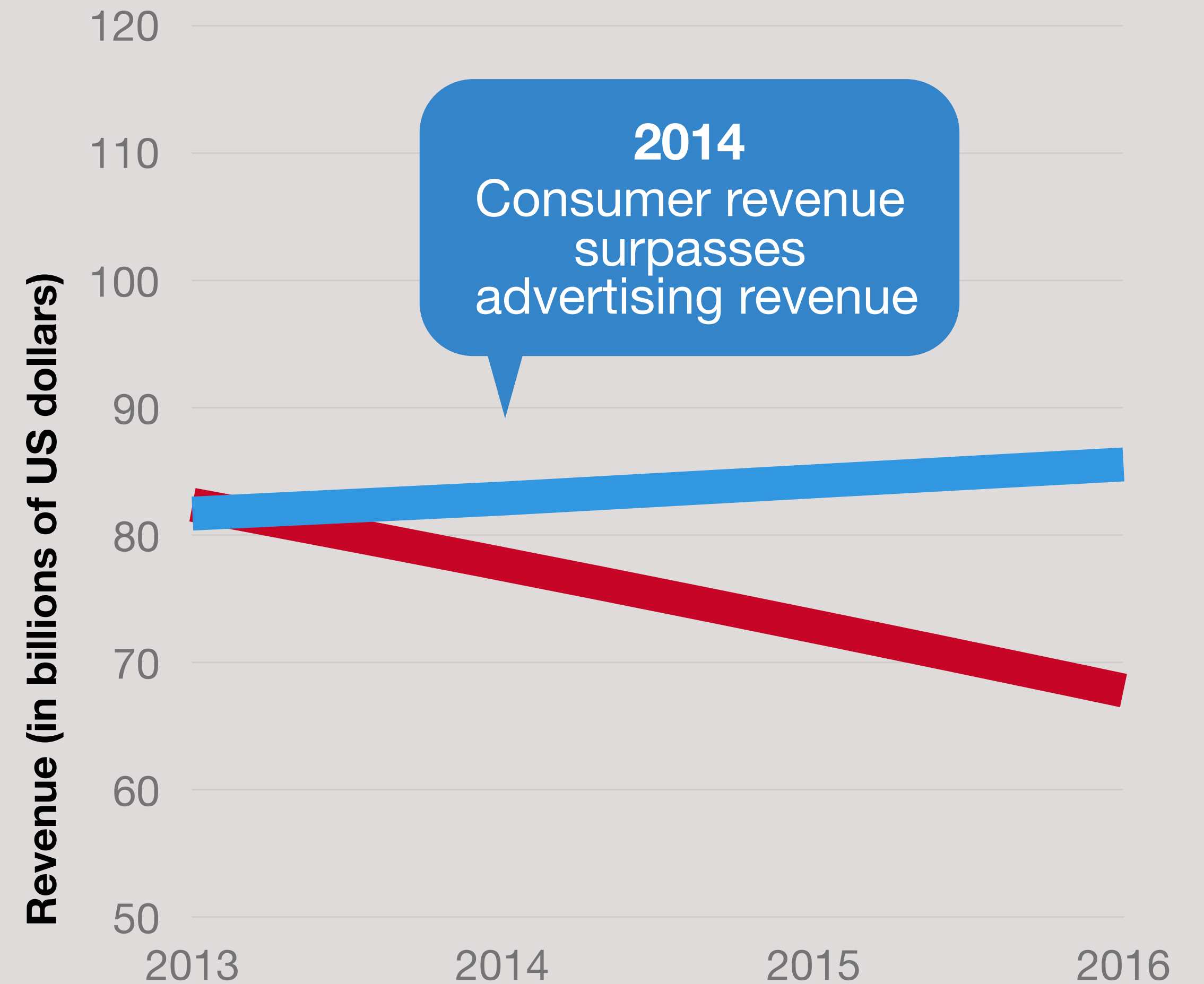
Based on annual reports of New York Times Company

Trends Newspaper industry revenue sources flip

U.S. newspaper industry



Global newspaper industry



Source: US data via Pew Research Center, based on data from News Media Alliance; global data via World Press Trends 2018, The World Association of Newspapers and News Publishers based on data collected by PriceWaterhouseCoopers

The journey to digital reader revenue

New pricing strategy

The first year

Goal: to learn

**Often started
as a marketing
project**

**Minimum
viable product**

Pilot tests

**Point of no return:
commitment from
the top**



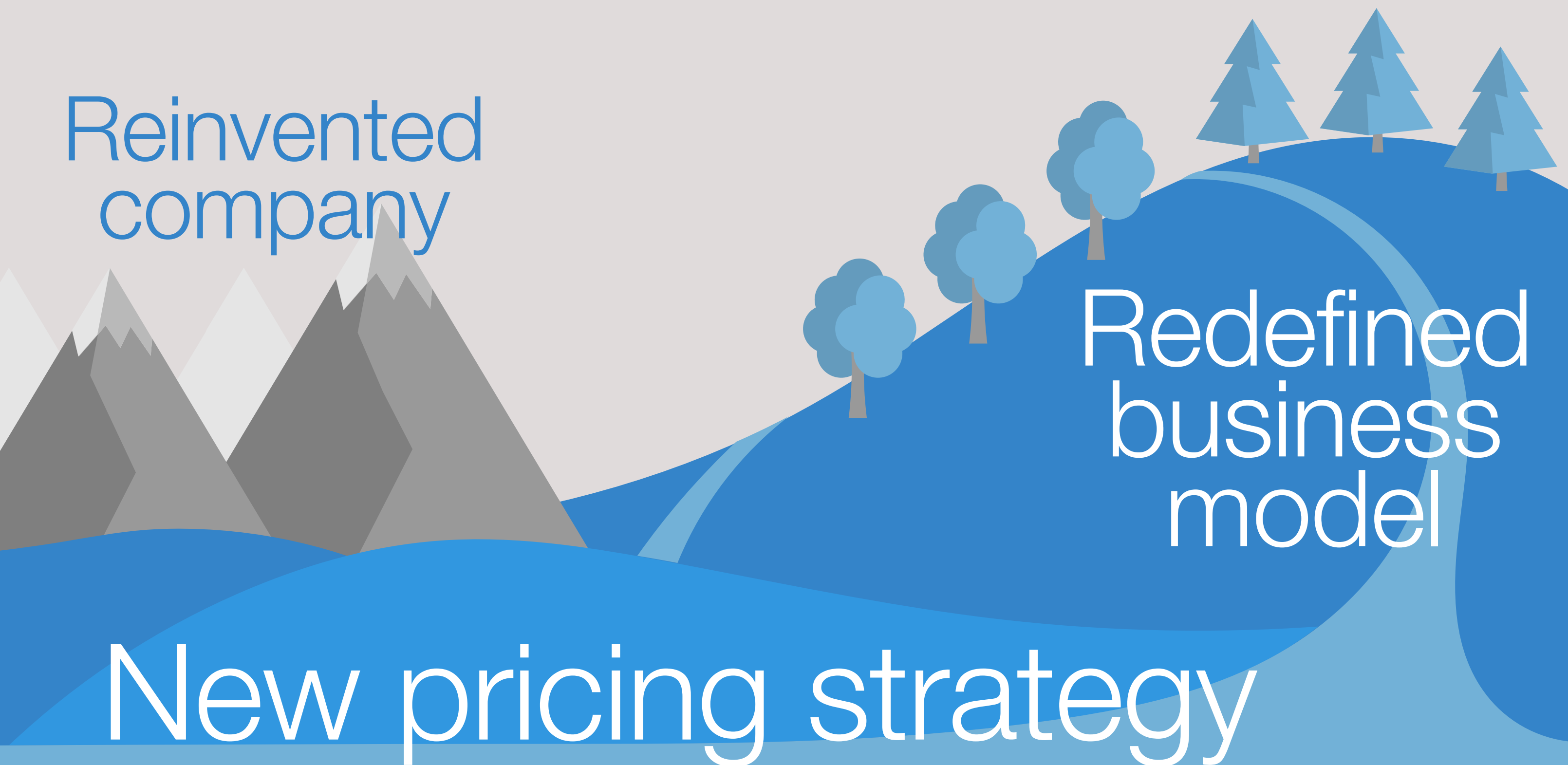
Many have
passed this

**Goal: To get the
product-market fit**

**Need to adjust
content, product,
marketing**

**Need to adjust an
operating model**

**Point of no return:
new business model**



Some got here

Goal: To scale

**New tech stack:
data analytics,
personalisation,
optimisation**

**Growth comes
from never-ending
experimentation**

**Point of no return:
culture change**

New dawn of advertising



Reinvented
company

Redefined
business
model

New pricing strategy

What's next?

**Goal: To apply
new skills to
reinvent ad biz**

**Productisation
of internal tools,
processes**

**Adding services
to differentiate**

**Point of no return:
new tech stack**

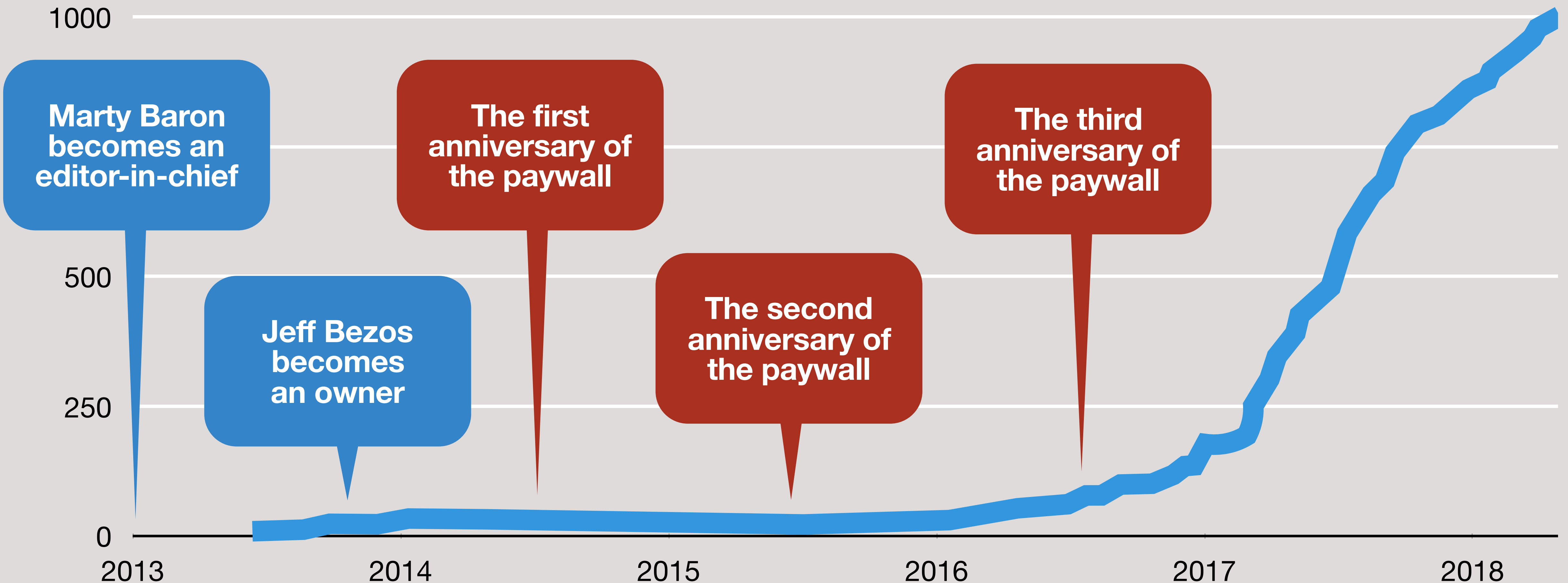


Couldn't we go any faster? What if we had the best editor, the richest owner and the best tech know-how?



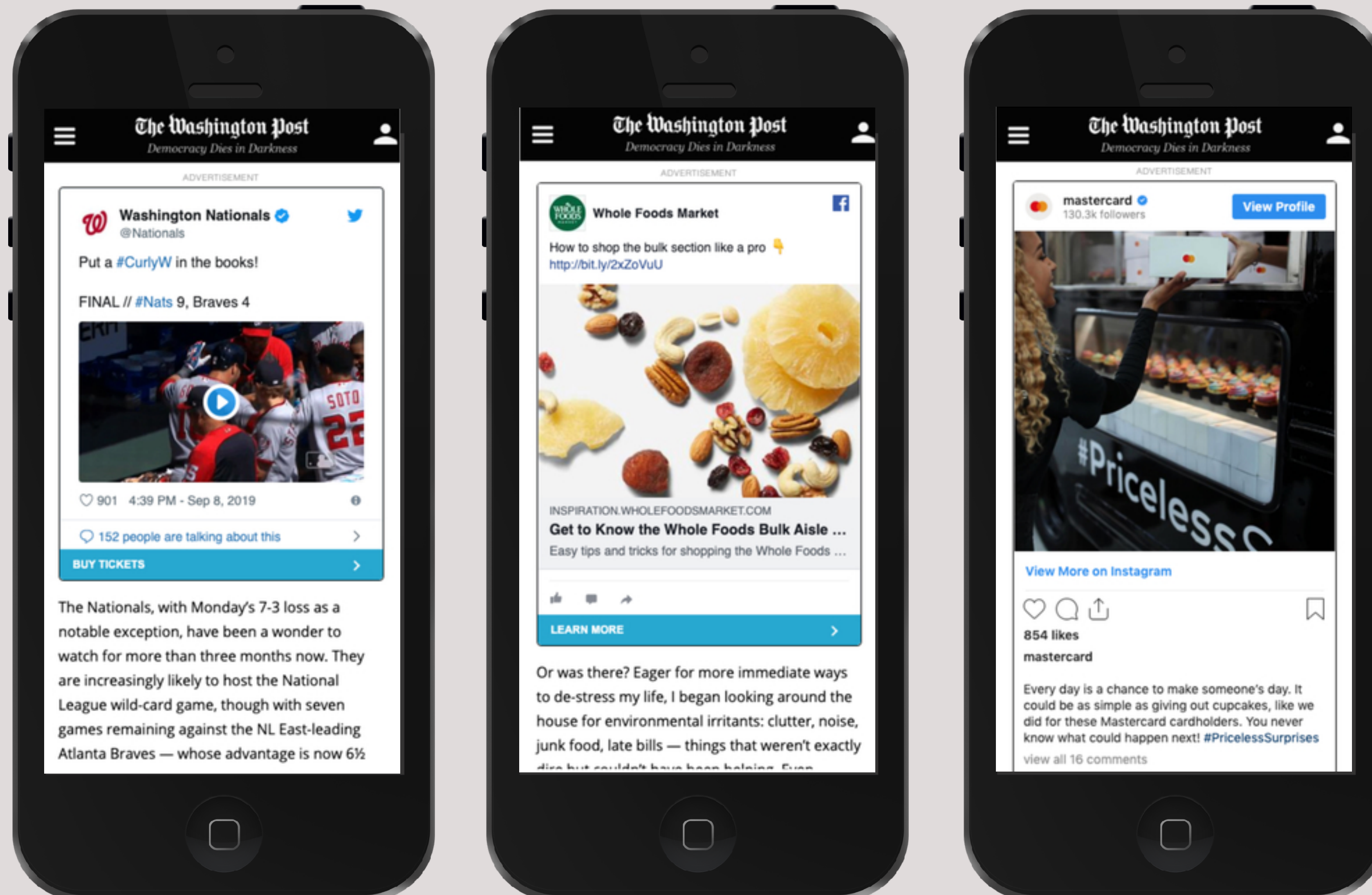
The learning curve with best editor, owner, tech

The number of digital-only subscribers of The Washington Post, in 1000s



Source: Washington Post 2018

The sixth anniversary The Post is ready to go after ads



**New ad
platform Zeus**

**Self-service,
programmatic**

Social formats

**Networked
inventory**

Targeting

Analytics

Source: Washington Post 2019



Why us? Why this? Why now?

Digital marketing maturity model

Where are you?



01

Performance marketers

Channel & Campaign focused

- Search
- Display
- Programmatic
- Mobile
- Social
- Re-targeting

02

Omni-channel marketers

Engagement & Journey focused

- Audience planning
- Journey mapping & Personalisation
- Cross-channel targeting
- Fractional Attribution

03

People-based marketers

Customer & Value focused

- Identity-driven audience strategy
- Segmentation & Lifetime Value modelling
- Lifecycle strategy
- Customer portfolio management

Based on Understanding People-Based Marketing, Merkle 2018

● Inactive
Started running on Feb 22, 2019

 **Chicago Tribune**
Sponsored • Paid for by Chicago Tribune

"It's more proof you don't have to move to the West Coast to have a career in technology," said Rob Biederman, head of government relations and public affairs for Google in the Midwest.



Google will expand finance team to Chicago, adding 'hundreds' of jobs
Google plans to create hundreds of new jobs in Chicago this year, expanding the office it already calls its Midwest headquarters.
CHICAGOTRIBUNE.COM

[See Ad Details](#)

● Inactive
Started running on Feb 22, 2019

 **Chicago Tribune**
Sponsored • Paid for by Chicago Tribune

Dollar stores: Good or bad for low-income neighborhoods?



Do dollar stores help the poor with cheap, vital staples? Or block out grocers and trigger food deserts?
In cities, dollar stores trade in economic despair, with many residents saying they are a vital source of cheap staples. But as the stores cluster in low-inco...
SUN-SENTINEL.COM

[See Ad Details](#)

● Inactive
Started running on Feb 21, 2019

 **Chicago Tribune**
Sponsored • Paid for by Chicago Tribune

A piece of Chicago's infamous gangster history is up for sale: the Park Manor home of Al Capone.



Al Capone family home in Park Manor on the market for \$109,900
The Park Manor home of gangster Al Capone is on the market for \$109,900.
CHICAGOTRIBUNE.COM

[See Ad Details](#)

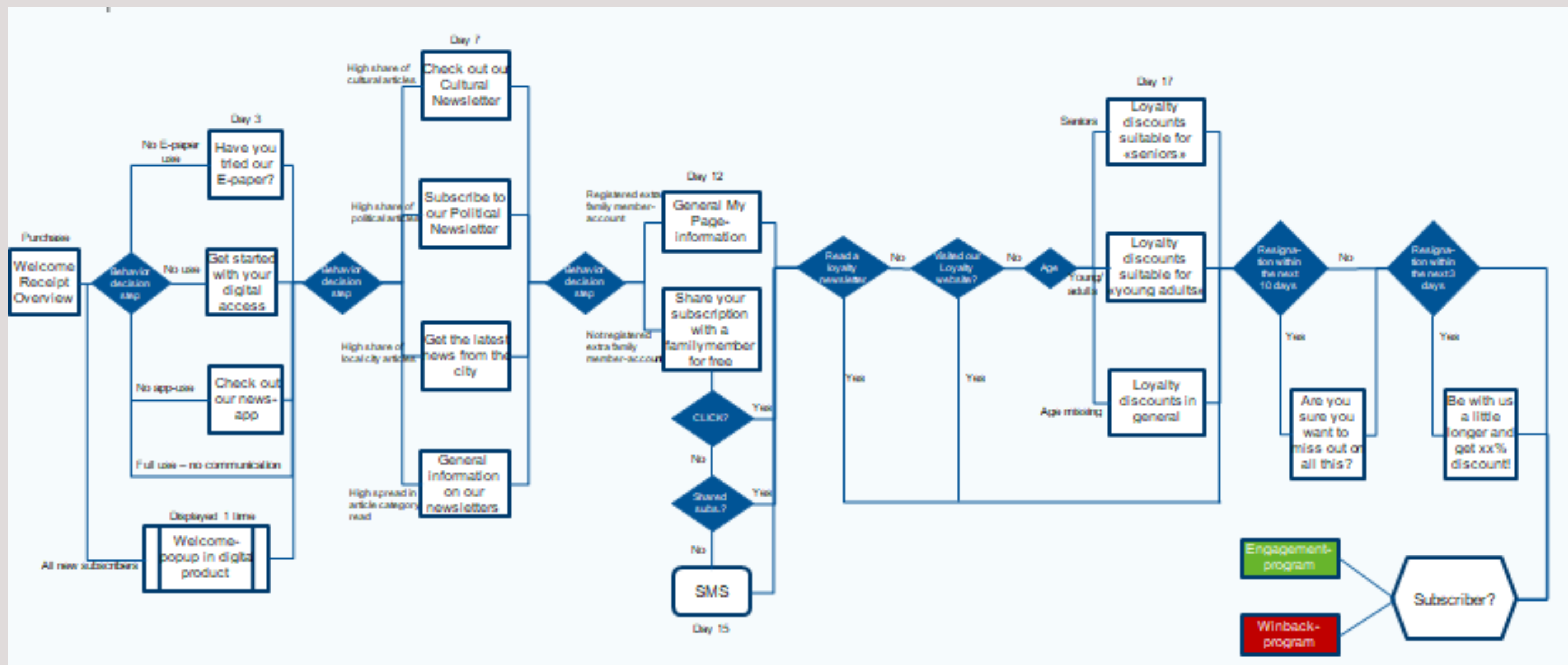
Best practices Strategic re-targeting “sleepers” or lapsed users via ad networks at the Chicago Tribune

Source: Tribune Media Company, INMA World News Media Congress 2018

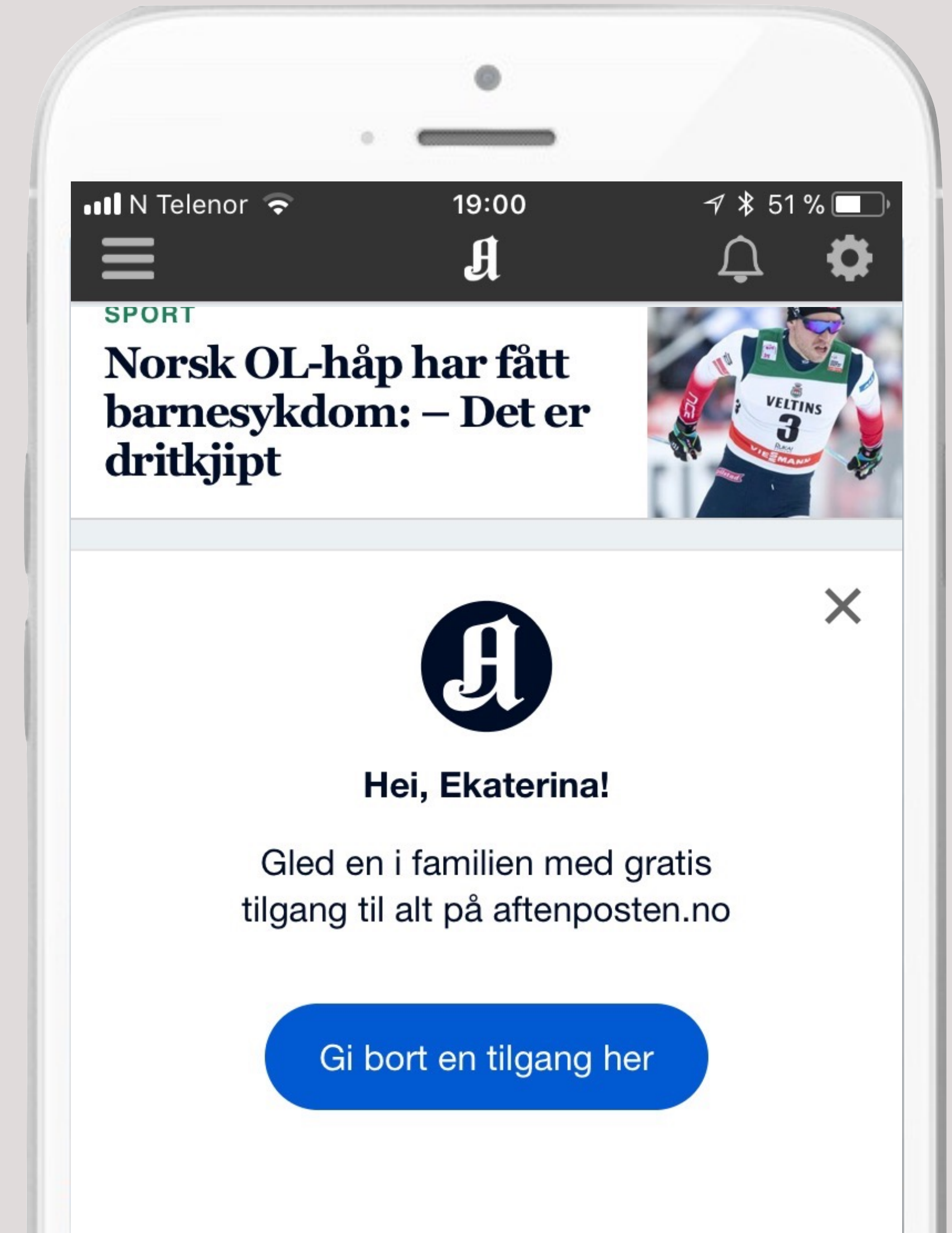
Best practices Journey personalisation at Aftenposten

Omni-channel on-boarding communication plan

Touchpoints API to serve personalised messages



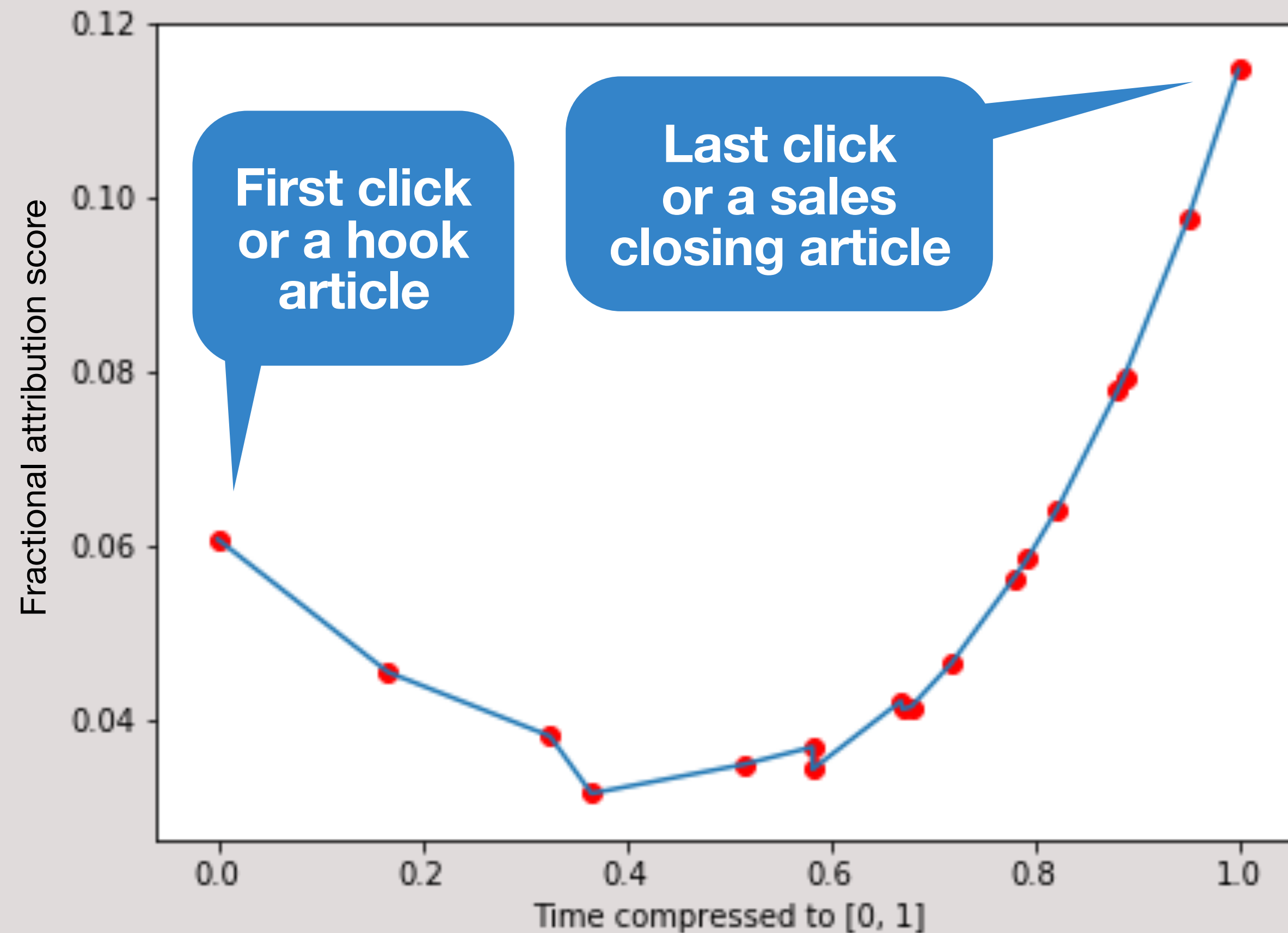
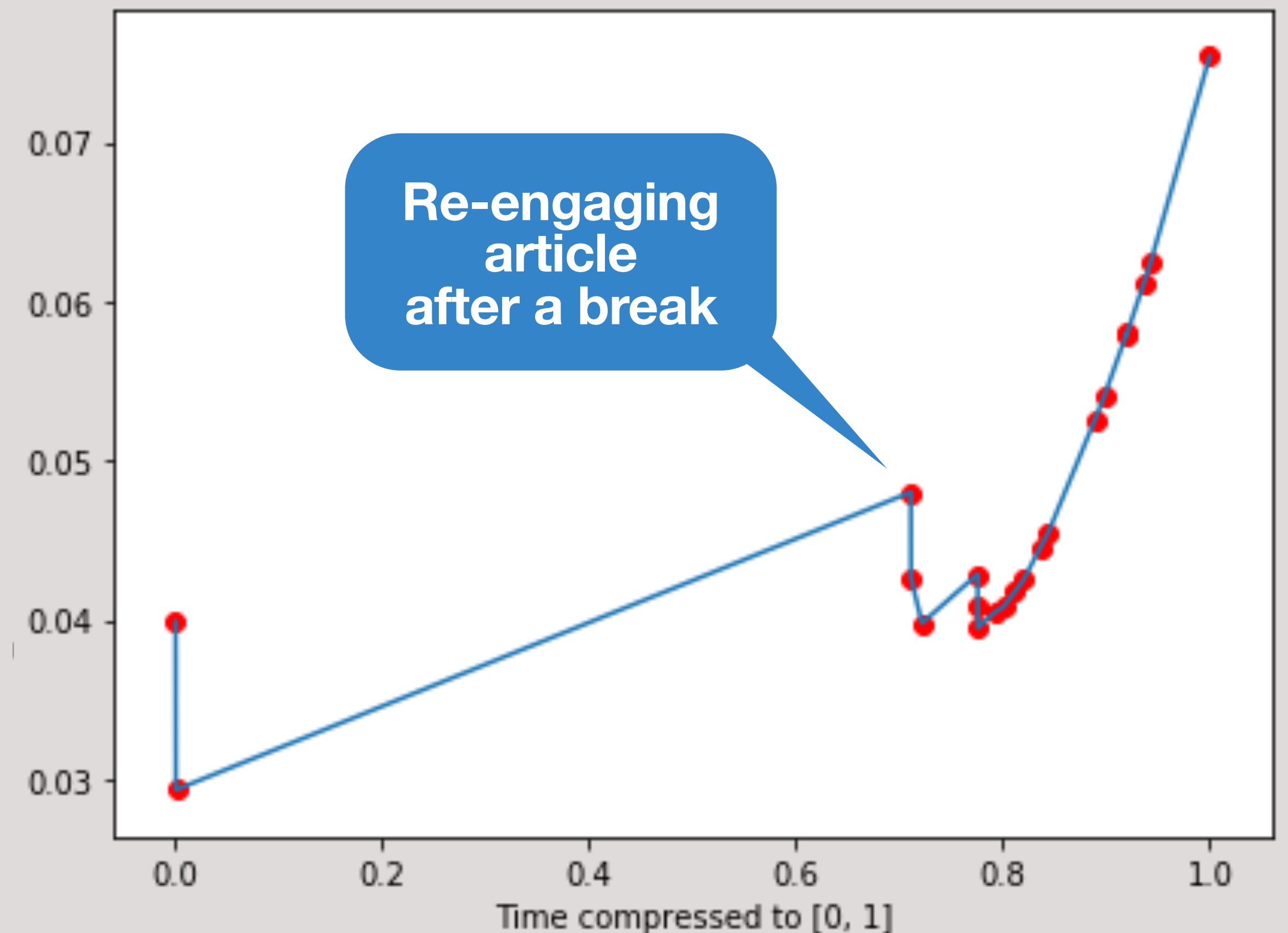
Source: Schibsted, INMA Media Subscriptions Summit 2019



Best practices Articles that lead readers to subscribe

De Groene Amsterdammer, The Netherlands

Article attribution scoring for journeys of two individual users



**Natural Language
Processing applied**

**300,000 articles
processed in a year**

45 models used

Source: *The Toronto Star*, INMA World News Media Congress 2019

The Star Edition

CHANGE LOCATION

THE STAR

LOCAL

CANADA

POLITICS

WORLD

OPINION

LIFE

SPORTS

ENTERTAINMENT

BUSINESS

STAR INVESTIGATIONS

Star Columnists

Editorials

Contributors

Letters To The Editor

Editorial Cartoons

STAR COLUMNISTS

OPINION

Trudeau's apology strategy appears to be working



By **Thomas Walkom**

National Affairs Columnist

Mon., Sept. 23, 2019 | 3 min. read



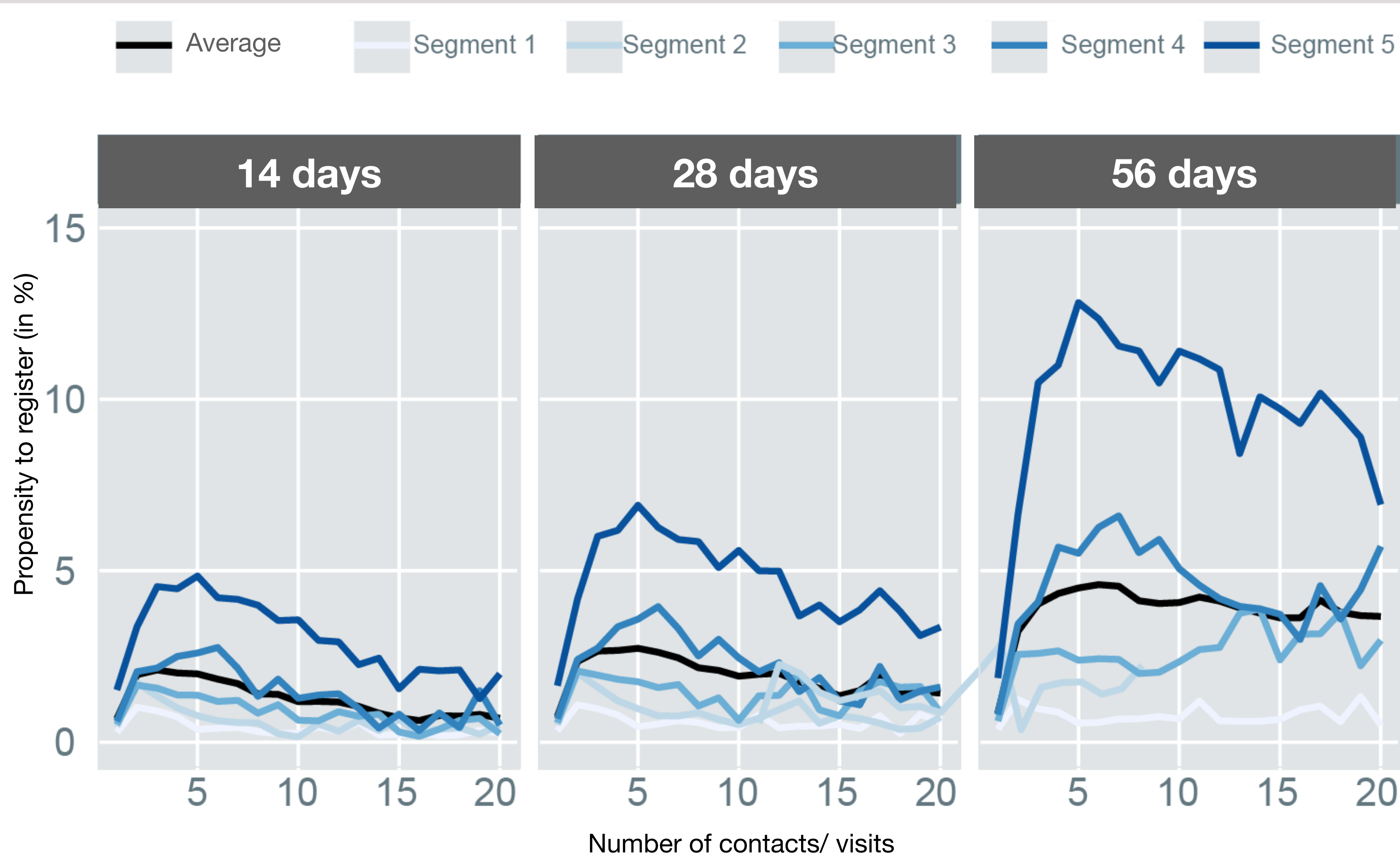
The Justin Trudeau blackface controversy is dramatic. It contains all the elements of a good story, including surprise plot twists and compelling visuals.

It opens up the Liberal prime minister to charges of hypocrisy. It is credited with breathing new life into New Democrat leader Jagmeet Singh's otherwise struggling campaign.

For journalists, including columnists like me, it has offered an opportunity to focus on something other than content — which, let's face it, is boring.

ADVERTISEMENT

Best practices Predicting registrations at Die Zeit, Germany



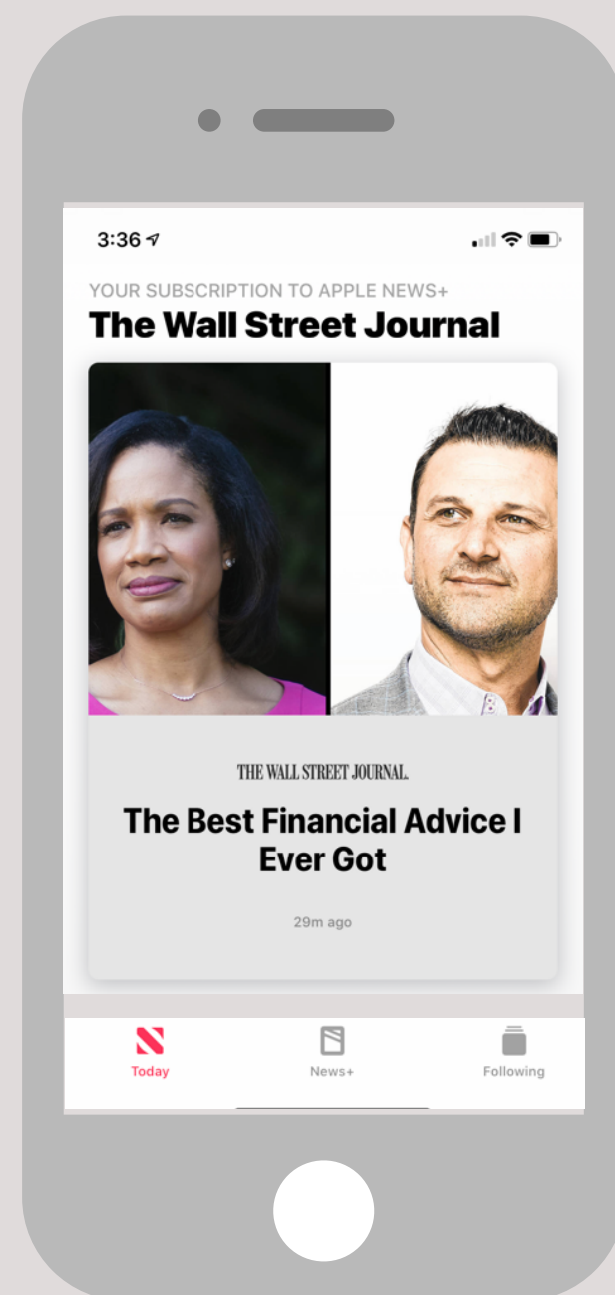
Frequency of visits found to be the most predictive in the model

Source: Die Zeit, Mather/INMA
Symposium on Reader Revenue 2018

Best practices Customer portfolio and channel management at the Wall Street Journal

Indirect subscriber

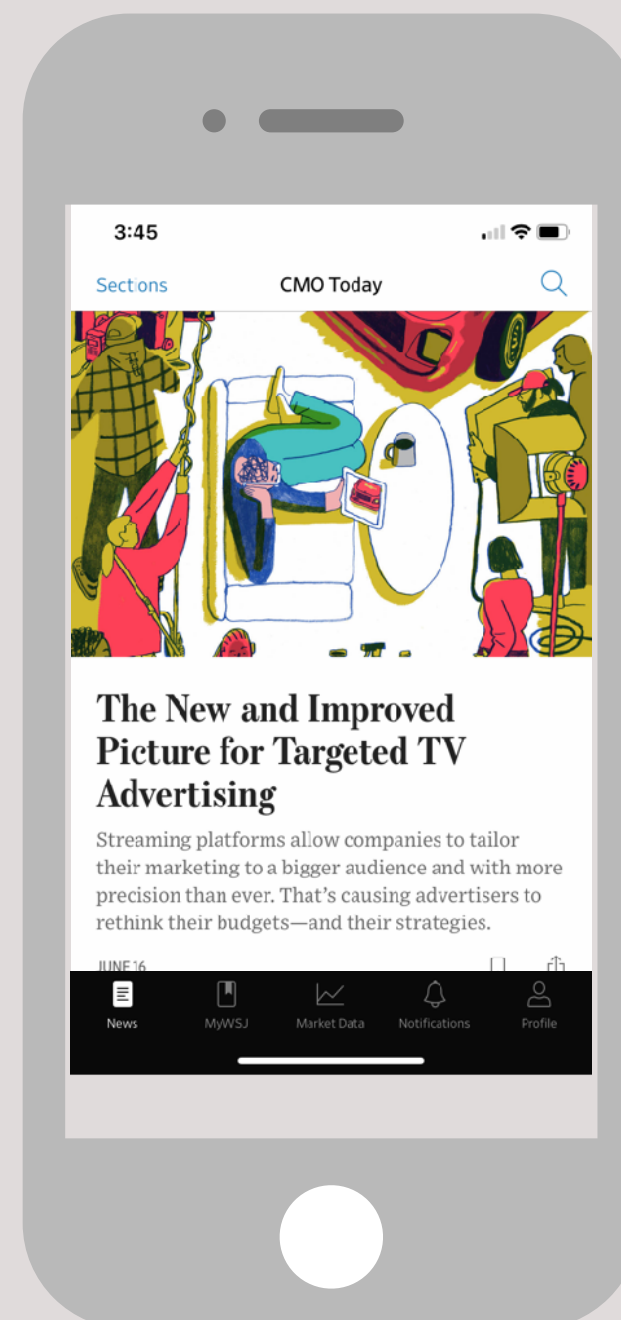
Customer of Apple News+



Selected general news, lifestyle stories

Core member

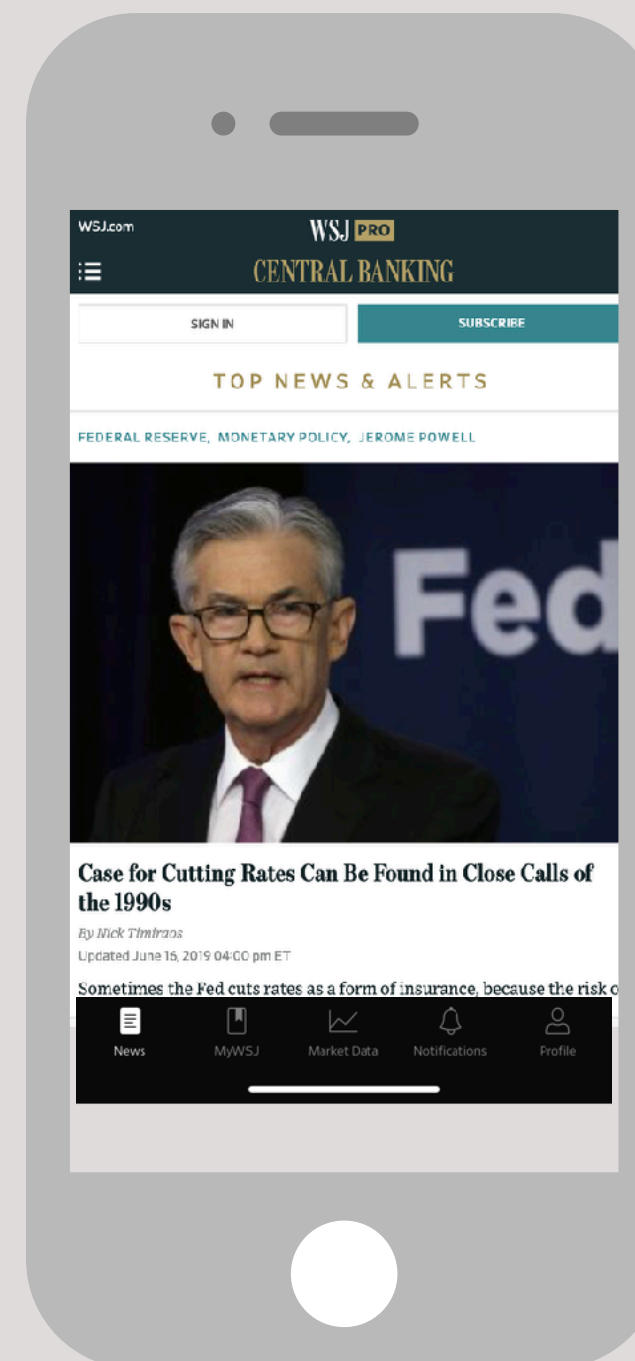
Subscription for individuals



Business news, events

Premium member

Subscription for firms



Niche verticals, events

Enterprise customer

Custom offers for firms



Data sold as a service

Source: The Wall Street Journal, INMA World News Media Congress 2019



120

118-120 Wardour St.

WARDOUR NEWS

Newsagent • Off Licence • Cards • Lotto

Tel/Fax: 020 7437 6131

CreativeReview

Off Licence • Beers • Wines • Spirits

www.creati

A story of a news man called Jerzy...

“They’ve got cookies
but you’ve got receipts!”

11:28

4G

< All Inboxes

Kvittering

Kundenummer abonnent: 192753

Du har bestilt: Aftenposten Digital

Totalpris: 100 kr

Betalingsmåte:SPID

Perioden starter: 13.02.2019

Perioden varer til: 01.05.2019

Vennligst oppdater din adresseinformasjon ved å logge inn på 'Min Side'. Følg link nederst i denne mailen.

Du er registrert med følgende e-postadresse: @gmail.com

Abonnementet er løpende til det sies opp.

Ønsker du å benytte angreteretten? [Her finner du angreterettsskjema.](#)

People-based marketing What do advertisers need?

66%

Improved
customer
satisfaction



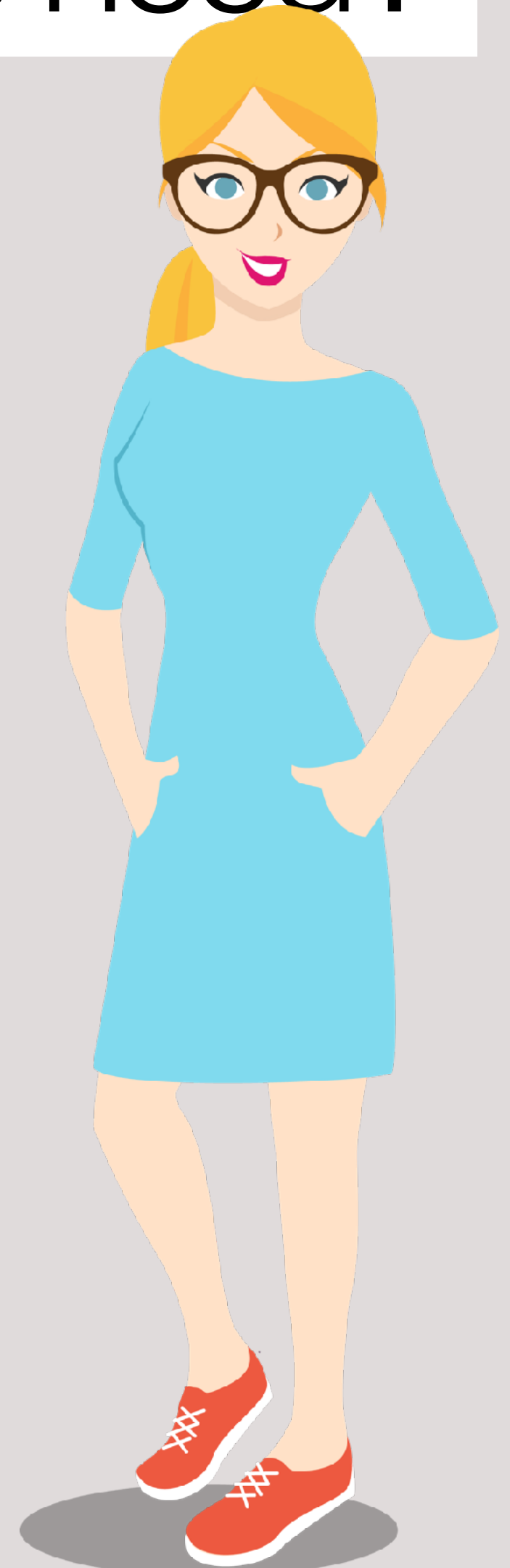
57%

Enhanced
brand
awareness



57%

Deeper
customer
insights



52%

Improved
customer
retention

50%

Increased
sales
revenue

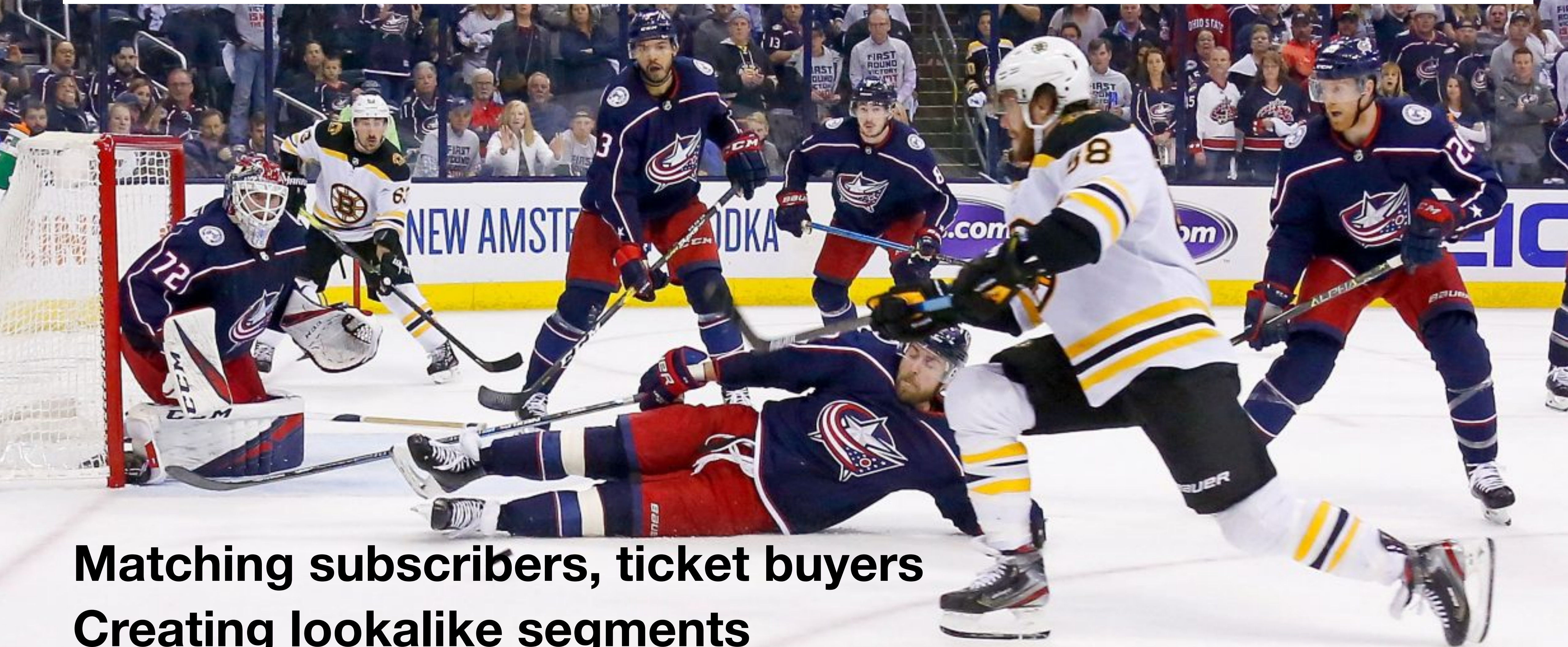
50%

Improved
targeting
of campaigns



How to productise our skills?

Example Advanced targeting at The Columbus-Dispatch, USA



Matching subscribers, ticket buyers
Creating lookalike segments
15-20% improvement in CTRs

mather: Source: Mather Economics
for INMA 2019

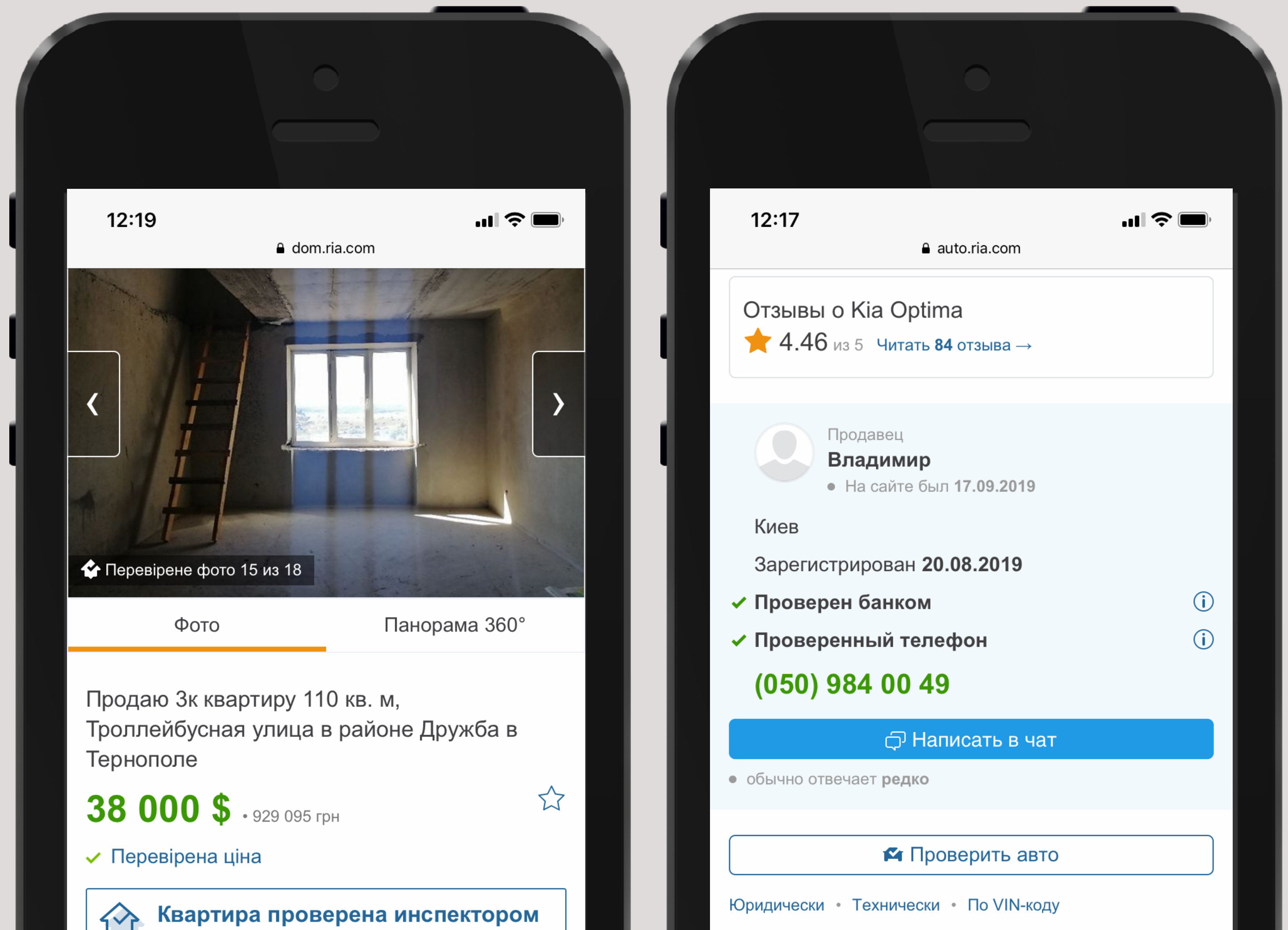
Example Lead ads for cars, real estate at RIA, Ukraine

**Premium-priced
pay-per-call ad
service**

**Verified advertisers
and advertised
products**

**Incentive to
generate quality
leads, by optimising
campaigns**

Source: RIA.com 2019



Example Advertising self service tools at Jysk Fynske Medier, Denmark

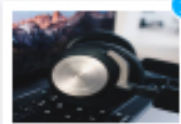
One stop shop for planning, designing, optimising campaigns of publishers' sites, on Google and on Facebook

[Dashboard](#) [Campaign list](#) [Banner list](#) | [+ Create draft](#) [Clients](#)

Add new banner set

Display AdWords Search **Facebook**

Choose your layout
Exclusive Simple

Upload your images
  

Upload images

Clear all images

You can upload max 6 images.
The best option is JPG/PNG, 1080x1080

Headlines

Headline (40)

Text

Text

Descriptions

Description (20)

This field is not visible on Instagram

DisplayUrl

your-website.dk

WebsiteUrl

https://www.your-website.dk

CallToAction Using a button will decrease headline size

Sign Up

< Back

+ Add banners

Banner preview [Realistic preview](#)

DESKTOP FEED STANDARD

 **AME-NO**
Sponsored

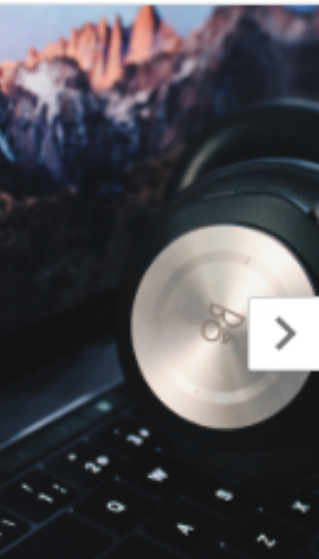
Like page

Text



Headline (40)

Sign Up



Headline (40)

Like

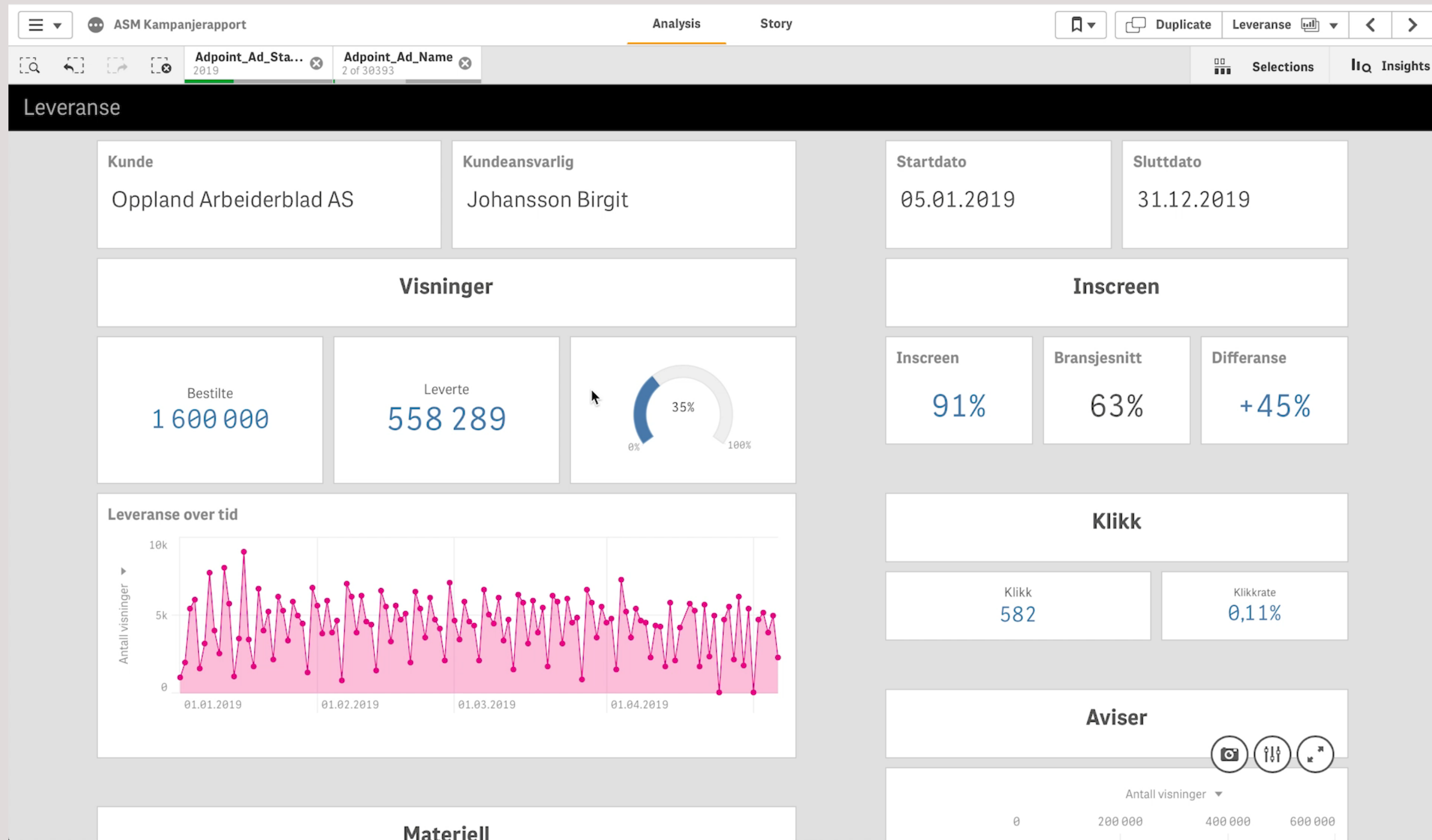
Comment

Share

These Facebook ad preview might not be a realistic representation of the ad. Some text-fields won't appear in all placements. There can be character limits for input-fields. You can add more text and go over the character limit, but it may be cut off when people see your ad in certain placements, for example Mobile News Feed.

Facebook ads must follow [Facebook ad guidelines](#)

Example Ad campaign reporting at Amedia, Norway



Interactive dashboard

Data based on real people

Benchmarks with other campaigns

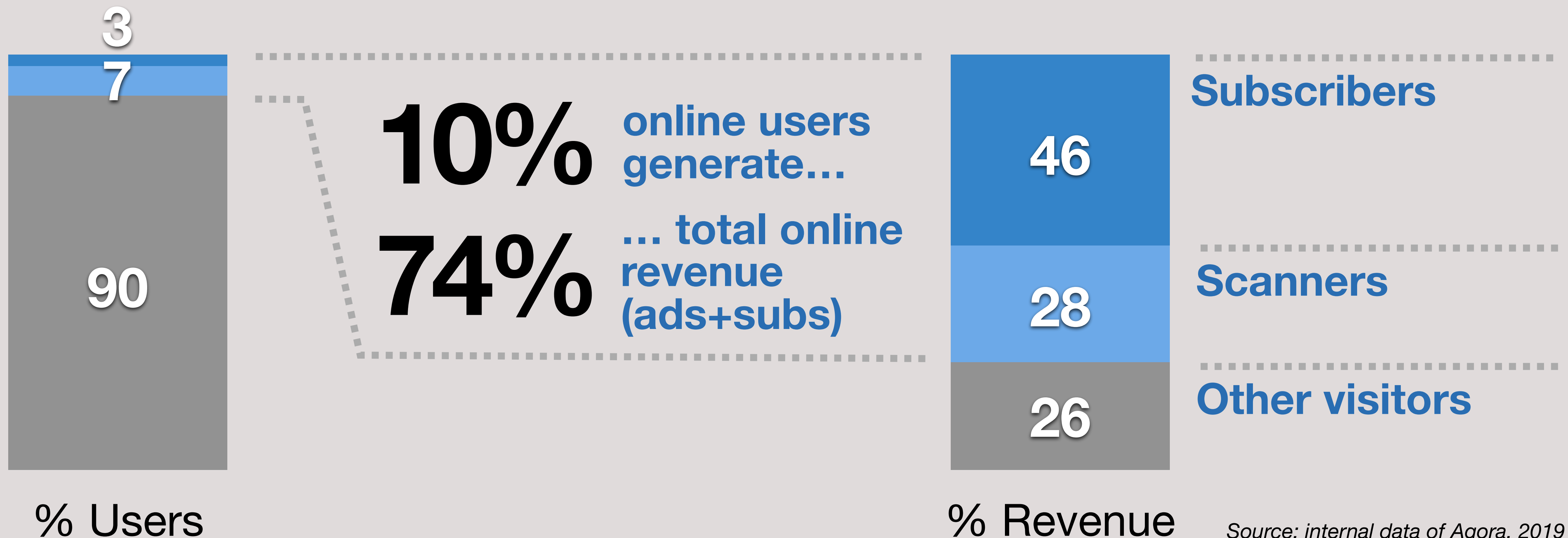
Source: Amedia, INMA World News Media Congress 2019



Pains of doing the splits

Is there really a split? Small percentage of readers usually brings most of revenue in ads AND subscriptions

Breakdown of online revenues of Gazeta Wyborcza by customer segments

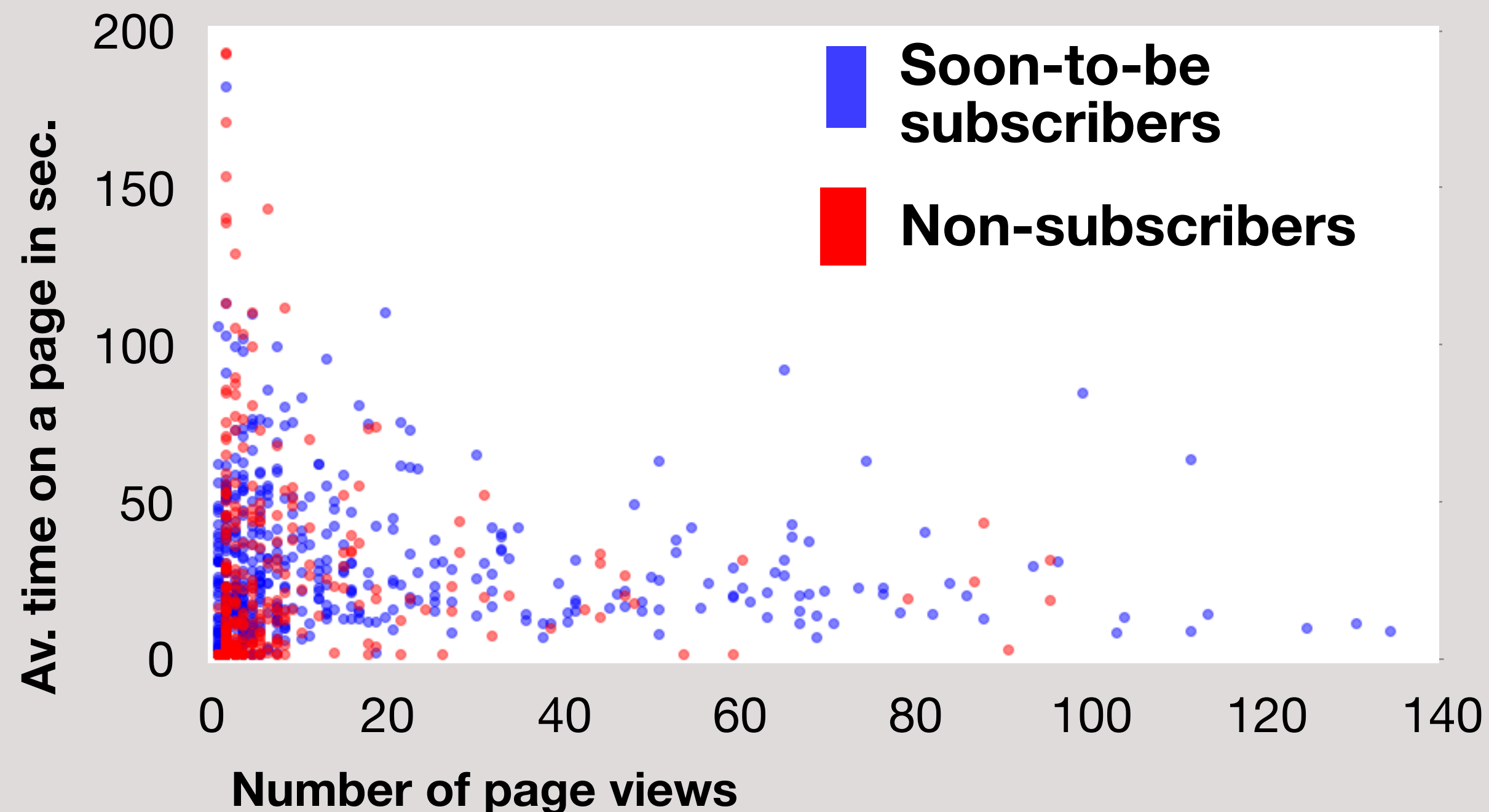


Source: internal data of Agora, 2019

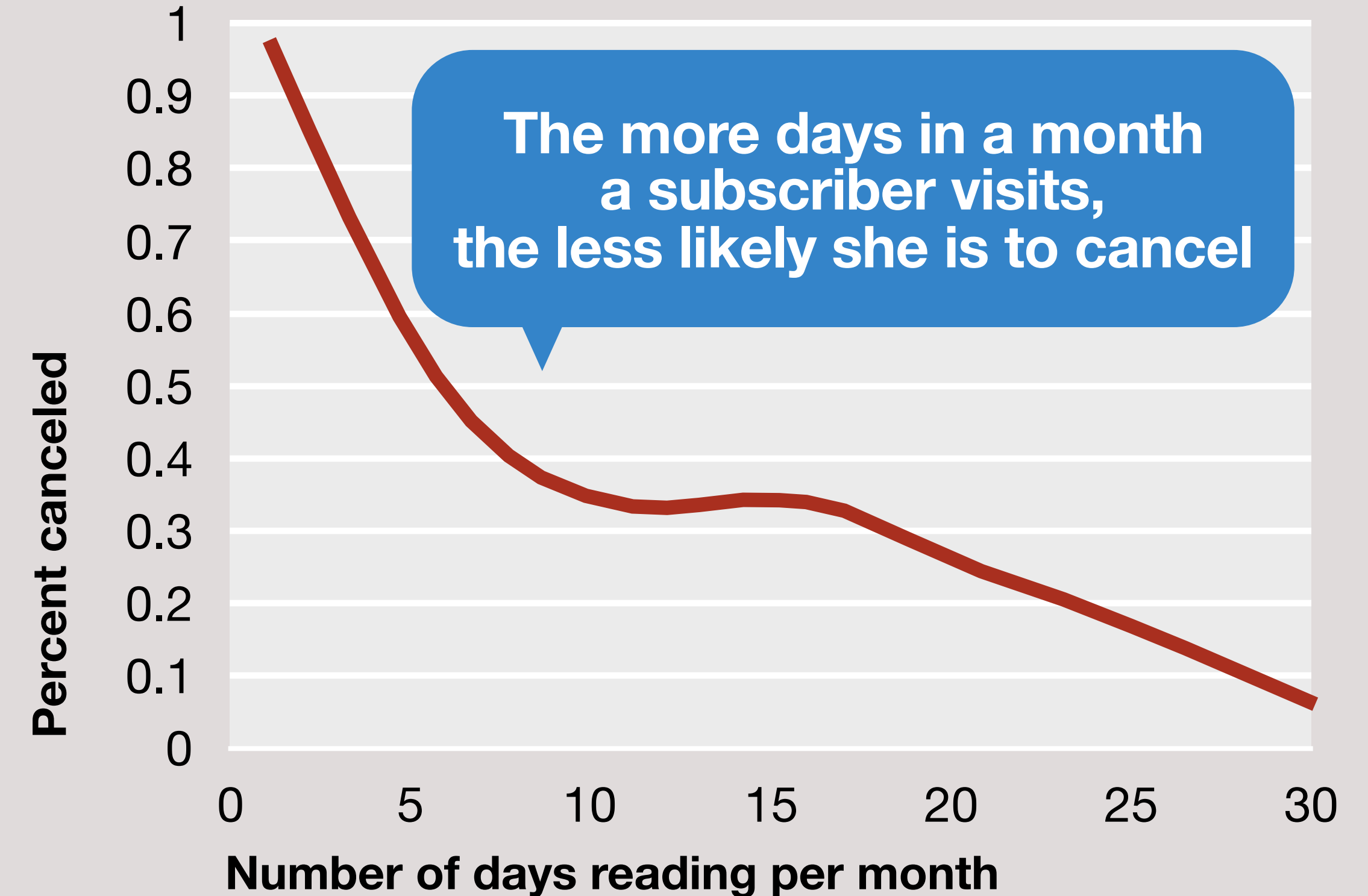
Driving loyal usage is the best strategy ALWAYS

Habitual usage = subscriptions + ad inventory + data

Frequency of visits, number of pages viewed, time on a page in 14 days vs. propensity to buy within two days



Frequency of visits to a news site vs. subscriber's churn



CXENSE

Data for a Norwegian nationwide news site. Source: study by the author with Cxense for the Reuters Institute of The University of Oxford, 2018

Data for the Indianapolis Star. Source: Medill School of Journalism, Northwestern University, 2018

Plan content portfolio by business models, marketing roles and not just by topics, formats

Content play for digital subscriptions

- Converts new subscribers
- Engages existing subscribers
- Creates a habit of regular reading

Content play for display advertising

- Increases reach of a site
- Attracts segments attractive for advertisers
- Provides a context to ads



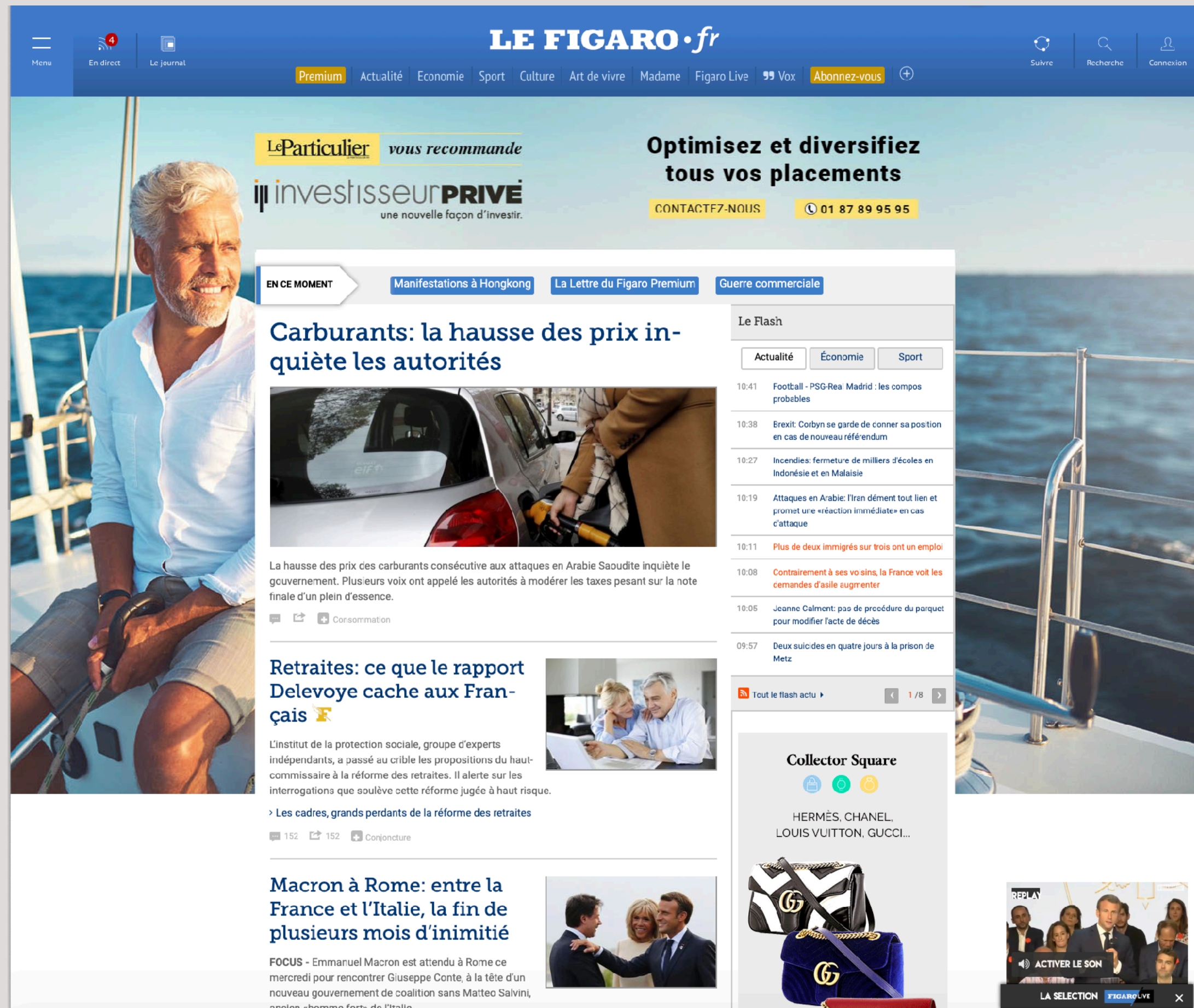
Play for branded content

- Responds to the advertiser's needs
- Attracts readership on a site
- Attracts readership in social media

Content play for e-commerce

- Creates, defines needs and desire for purchases
- Helps readers in product discovery
- Drives conversions

Two extreme UX Advertiser-first vs. reader-first



Home page of **LeFigaro.fr**



Home page of **Premium.LeFigaro.fr**

Balancing
the product
Resolve
the conflict of
the next best
actions by
focusing on
driving usage

syracuse.com

Free delivery, as fast as today on self-care supplies

Start your 6-month trial

prime student

CENTRAL NY NEWS

Syracuse's unfair property tax system hurts poor the most; here's what can be done (exclusive)

Updated 6:51 AM; Today 5:59 AM



Michael Greenlar | mgreenlar@syr

Willie Jones sits in front of his house at 115 Croly St. in Syracuse, August 1, 2019. Jones said property values on his street have fallen because of crime and drugs.

1 f t 0 shares

By [Tim Knauss](#) | tknauss@syracuse.com and [Michelle Breidenbach](#) | mbreidenbach@syracuse.com

SYRACUSE, N.Y. – Joyce Love bought her house in the Valley neighborhood of Syracuse for \$46,000. She pays more property taxes than some people whose houses are worth up to four times as much.

Love pays higher taxes than two Strathmore residents who bought homes for more than \$110,000 in the neighborhood where Mayor Ben Walsh lives. She pays more than several Eastwood residents who bought houses for \$120,000 or more. Love even pays more than the owner of a \$185,000 duplex near Syracuse University.

RECOMMENDED FOR YOU

Here's Why Guys Are Obsessed With This Underwear...
The Weekly Brief | Mack Weldon

Before dying, Oswego County man tells police, EMTs why he crashed in Lysander
syracuse.com

At 51, Guy Fieri Is Living With His Partner In This House
FinancialAdvisorHeroes

Riverfront home showcases custom build in Clay
syracuse.com

Go away!

Go away!

Stay with us
and read!

Go away!

Go away!

Approaches Differentiate experiences or improve the UX for both free and paid visitors?



The screenshot shows the Le Figaro website with a blue header. The main navigation bar includes links for Home, En direct, Le journal, and various sections like Premium, Actualité, Economie, Sport, Culture, Art de vivre, Madame, Figaro Live, and Abonnés. A prominent banner for 'LeParticulier vous recommande' features an advertisement for 'investisseurPRIVE'. Below this, a headline reads 'Optimisez et diversifiez tous vos placements' with a 'CONTACTEZ-NOUS' button and a phone number. The main content area has a large image of a man on a boat with the headline 'Carburants: la hausse inquiète les autorités'. To the right, a section titled 'Pourquoi 2018 a été un annus horribilis pour les épargnants du monde entier' is overlaid on a background image of financial documents. Below this, there are three smaller articles: 'Retraites: ce que le rapport Delevoe cache aux Français', 'Macron à Rome: entre la France et l'Italie, la fin de plusieurs mois d'inimitié', and 'Bercy va supprimer 18 petites taxes superflues'. The footer includes a flash message about the Spanish election.

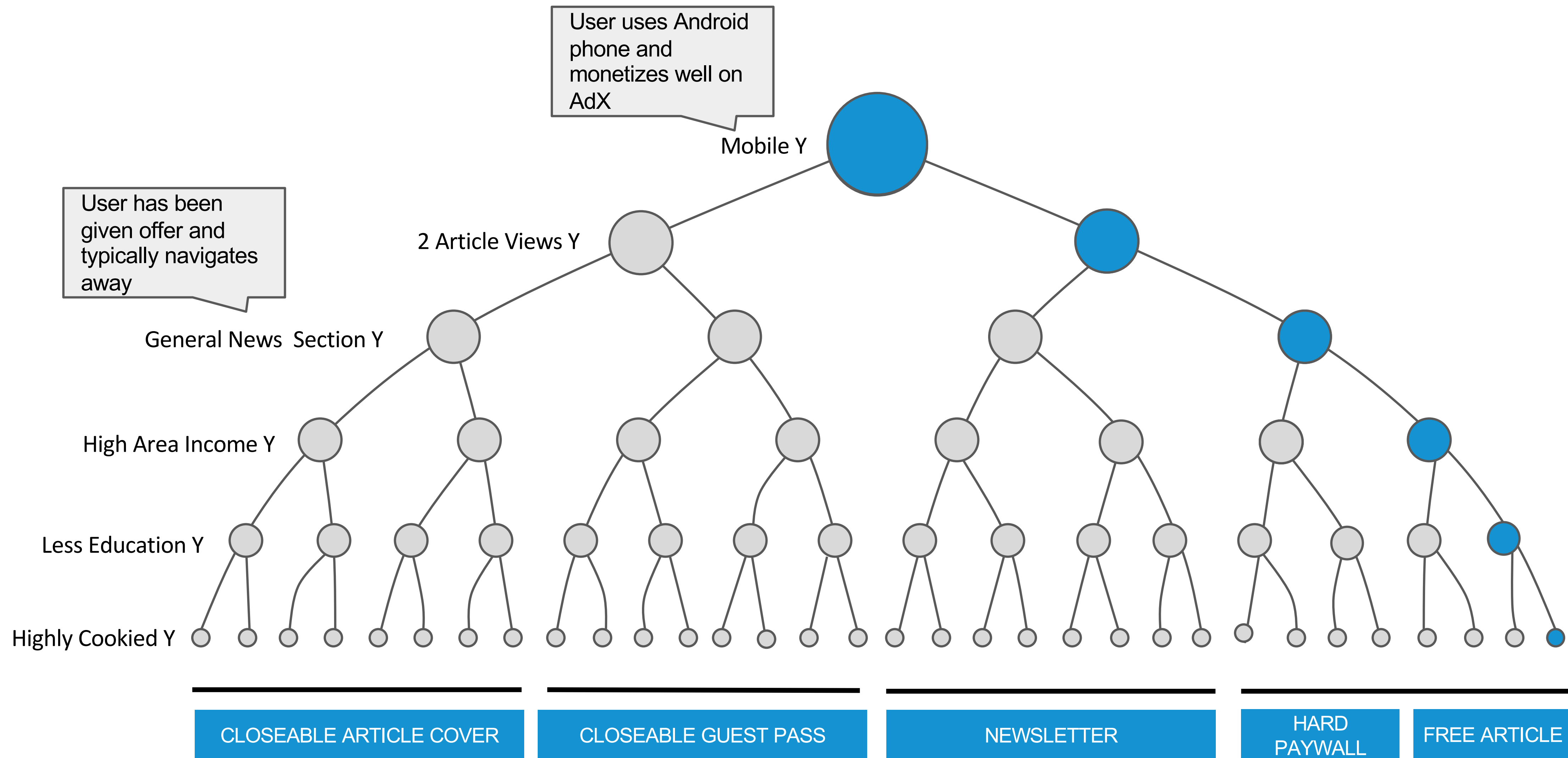


The screenshot shows the New York Times website with a white header. The main navigation bar includes links for World, U.S., Politics, N.Y., Business, Opinion, Tech, Science, Health, Sports, Arts, Books, Style, Food, Travel, Magazine, T Magazine, Real Estate, and Video. A prominent banner for 'The New York Times' is displayed. Below this, a headline reads 'Israel's Election Is Too Close to Call, but Still a Setback for Netanyahu'. To the right, a section titled 'California and Trump See Same Homeless Problem but Different Victims' is overlaid on a background image of a bus stop. Below this, there are three smaller articles: 'The Changing Shape of the Parties Is Changing Where They Get Their Money', 'A Love Letter to the State Department', and 'The Storm Is Ready to Break in Latin America'. The footer includes a flash message about the Spanish election.

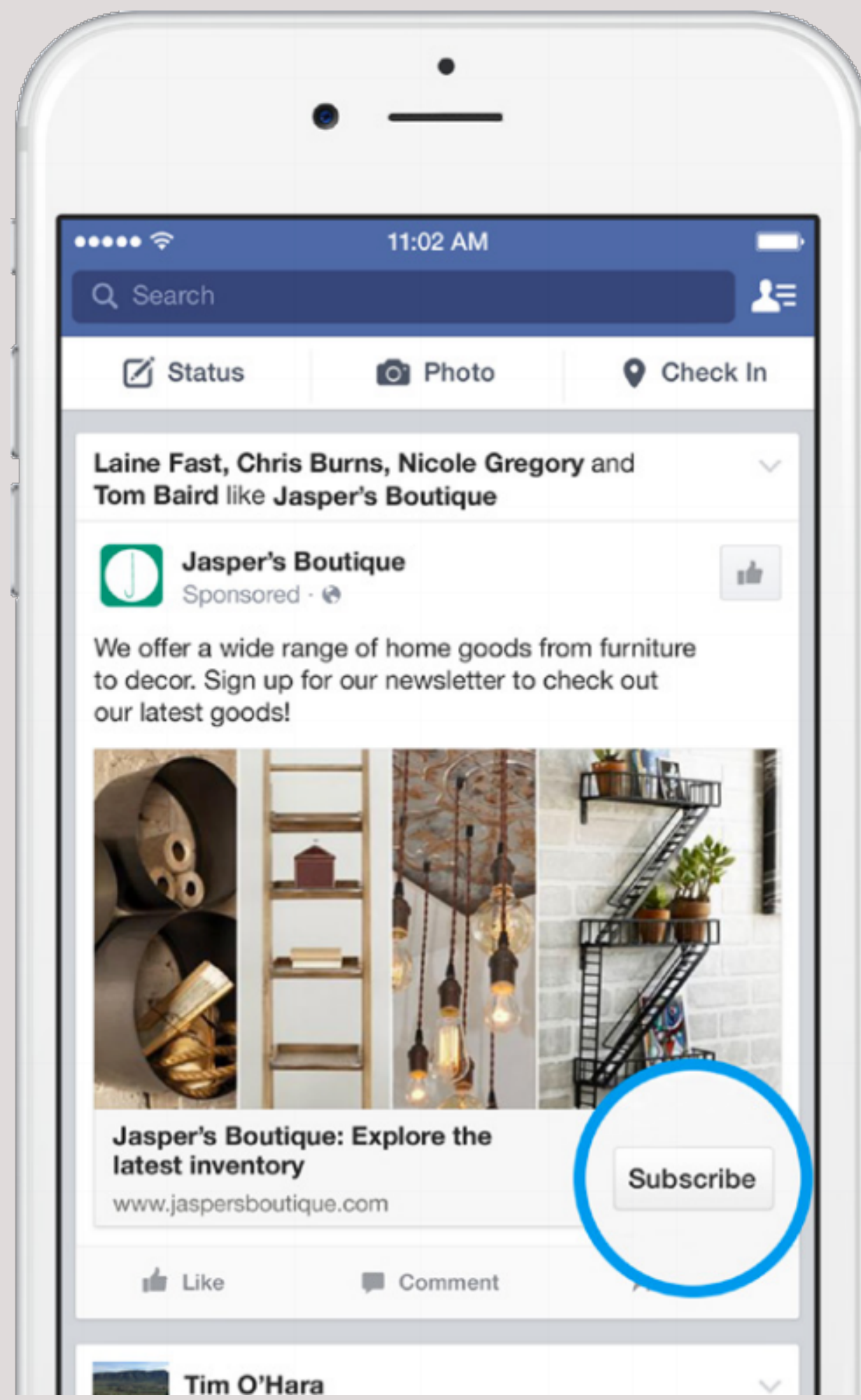
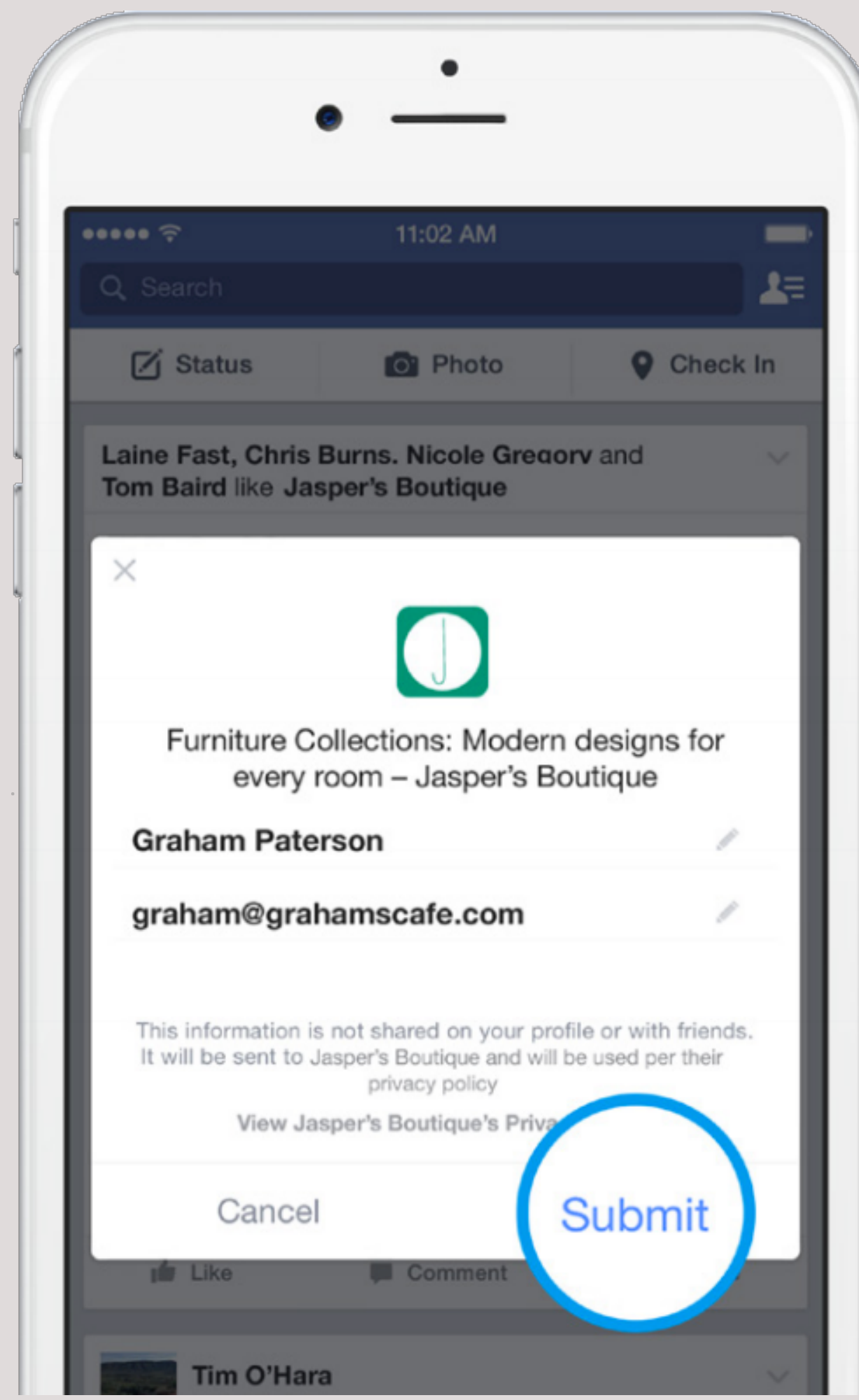
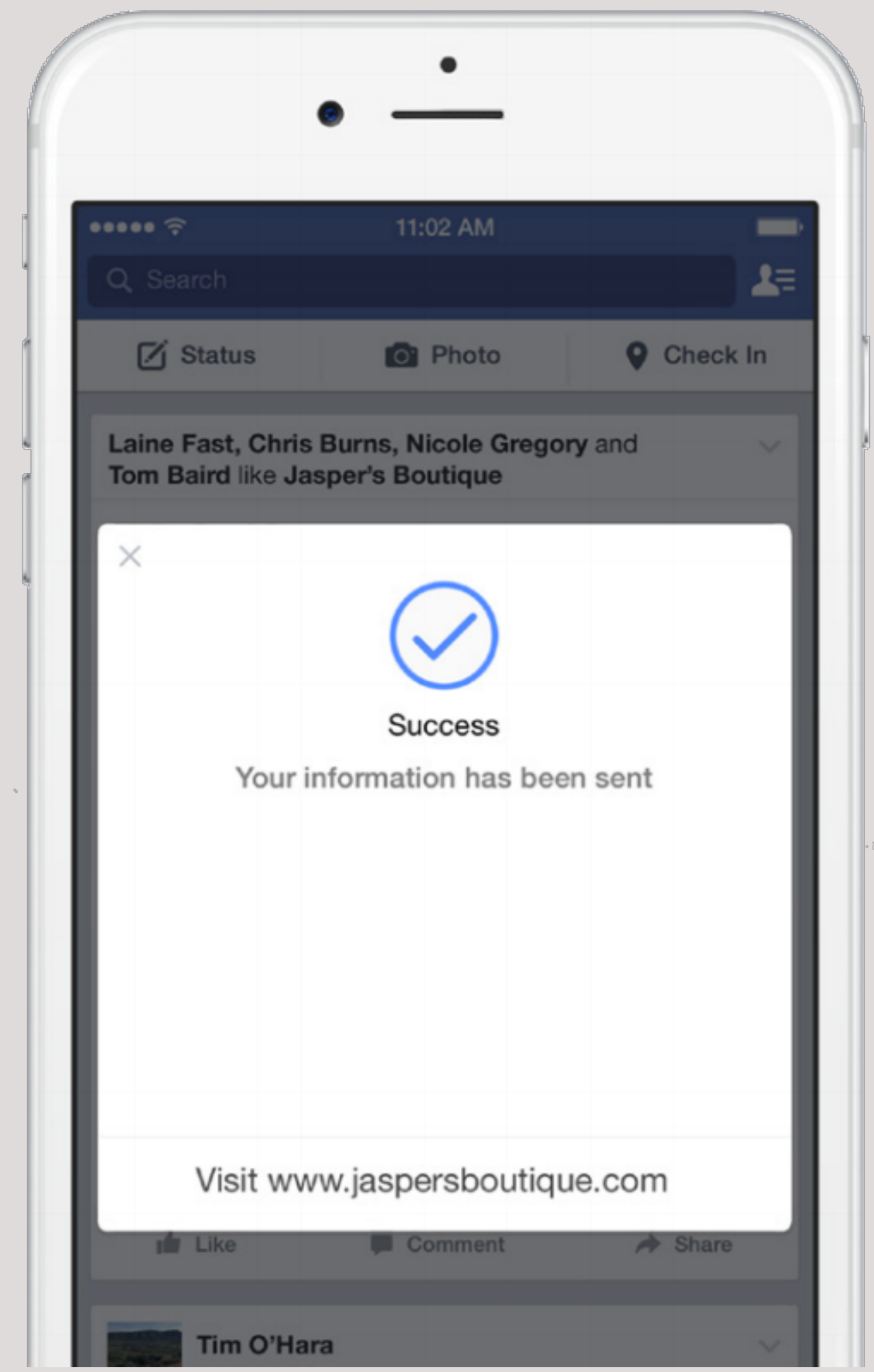
Pages of **LeFigaro.fr**

Page of **NYTimes.com**

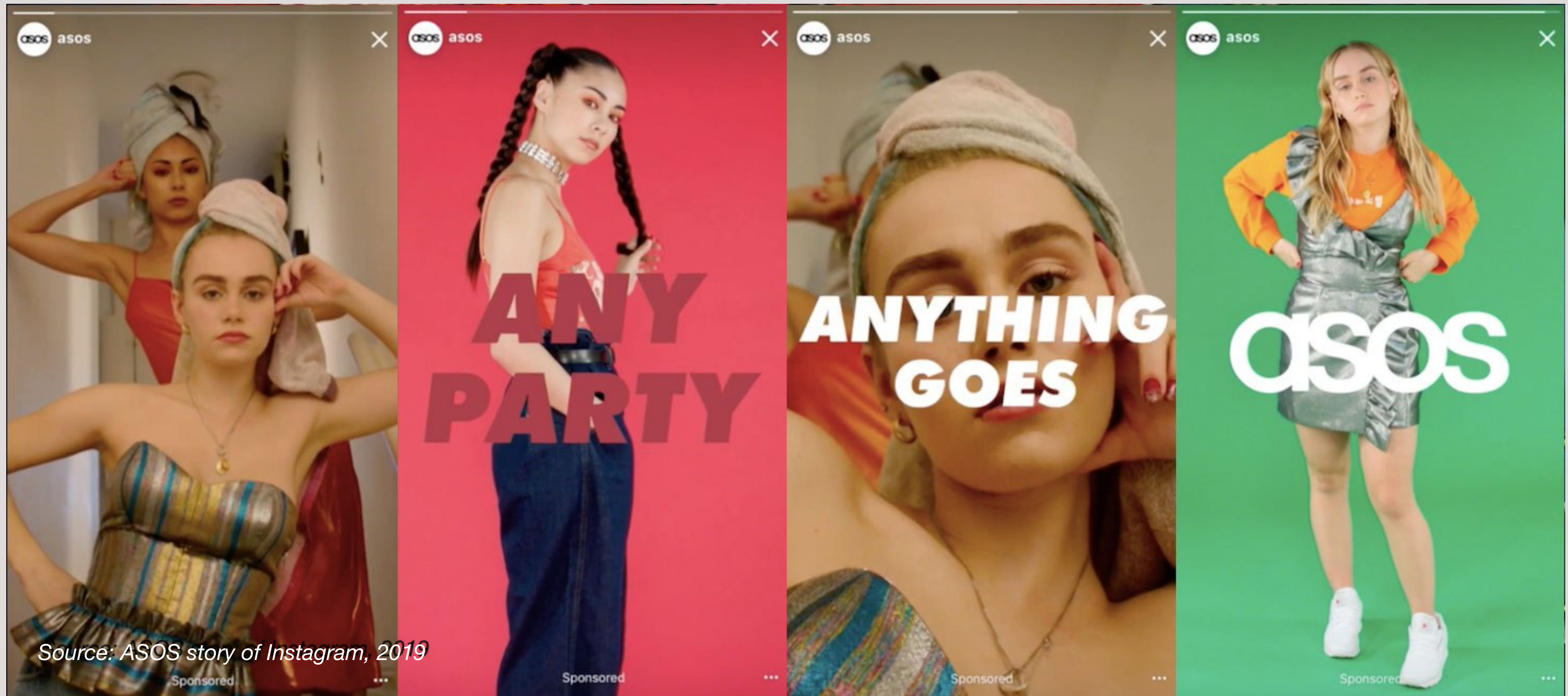
Balancing UX according to predicted user value



Ad formats innovation Could more interactive formats keep users engaged longer on our site?



Ad formats innovation Could new storytelling and advertising formats keep users on our site?



Balancing marketing function

Is there anybody responsible for marketing here?



Advertising revenue	Funnel stage	Consumer revenue
B2B Sales	Top of the funnel Locate, attract users	Newsroom, B2C Sales
???	Middle of the funnel Engage, habituate users	Newsroom, Product
B2B Sales	Bottom of the funnel Engage to click, sign up, convert	B2C Sales

Source: re-organisation project at an European publisher 2019

Balancing marketing function

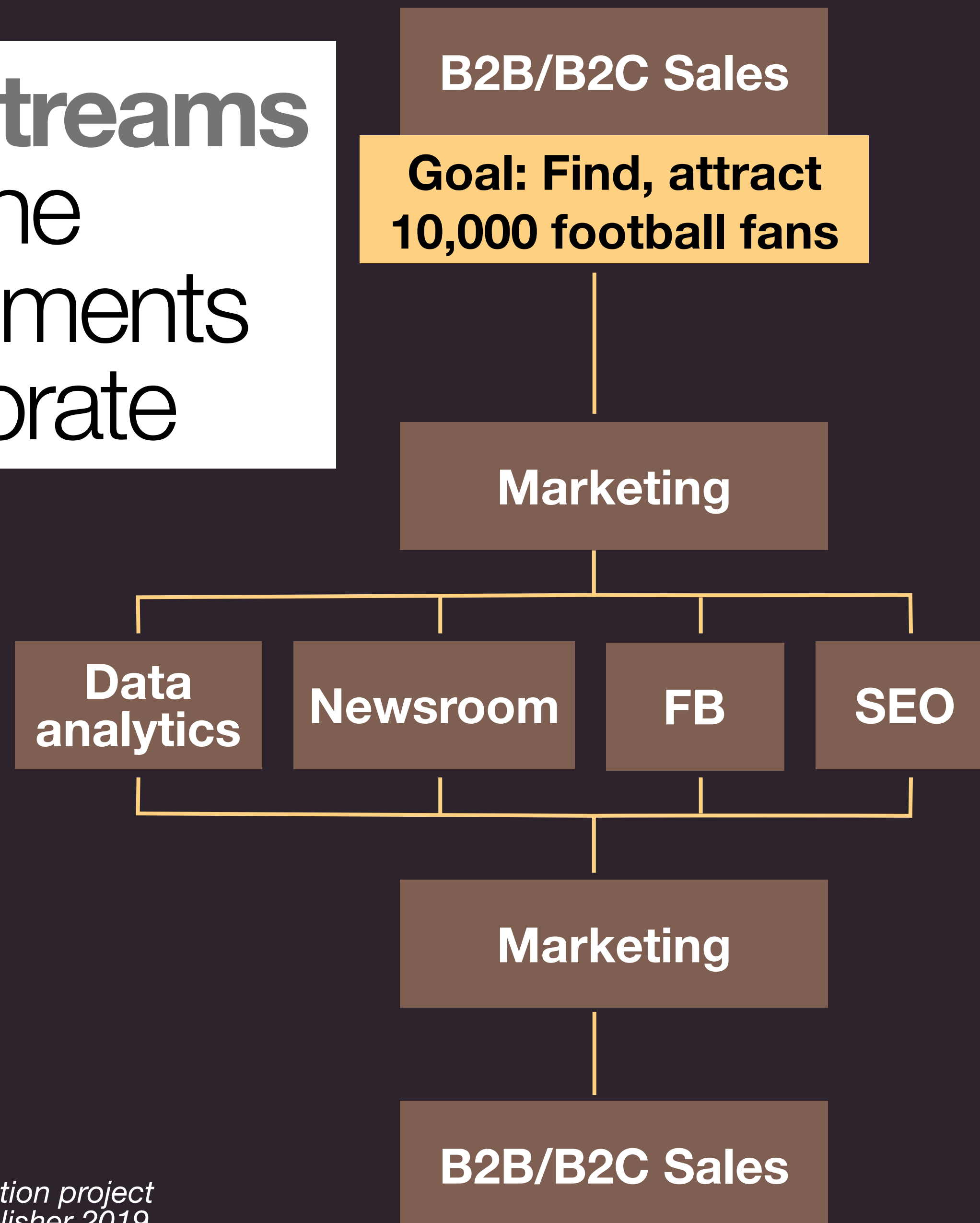
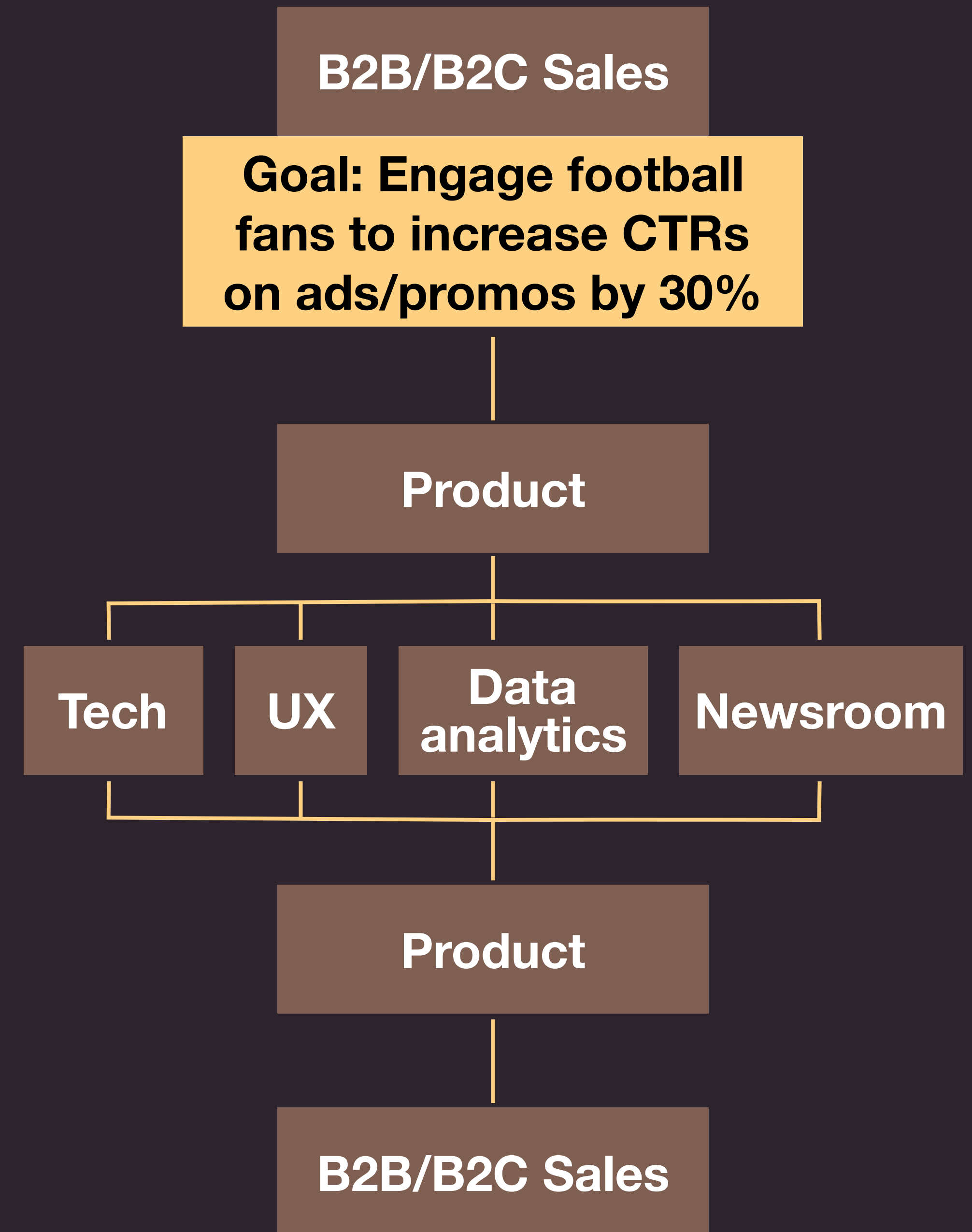
Resolve conflict by assigning KPIs, resources along the funnel



Advertising revenue	Funnel stage	Consumer revenue
Marketing	Top of the funnel Locate, attract users	Marketing
Product	Middle of the funnel Engage, habituate users	Product
B2B Sales	Bottom of the funnel Engage to click, sign up, convert	B2C Sales

Two streams

How the departments collaborate



Cascades of Objectives and Key Results co-set by teams



Company's objectives

E.g., fund independent journalism
to save democracy

Business divisions' objectives

B2B: e.g., increase revenue,
performance of ad campaigns

B2C: e.g., increase number, average
LTV of digital subscribers

Departments' objectives

Marketing: e.g., increase
number of female users

Newsroom: e.g., increase
engagement of women

Product: e.g., increase
e-mail newsletter base



What's your objective for 2020?

**The next big thing
in reader revenue is
innovation in advertising**

**Businesses want to
market to real people
and not just to proxies.
Cookies don't buy cars**

**Talent, skills, tech, data
we've acquired to grow
reader revenue can be
our new competitive
advantage**

Questions?



grzegorz.piechota@inma.org

- Researcher-In-Residence, INMA
- Fmr Researcher, University of Oxford, Harvard Business School
- Co-Author with Thales Teixeira, “Unlocking the Customer Value Chain”, Penguin/Random House, February 2019

