

Industry Research Report • August 2019

Critical publisher benchmarks for digital subscription success

**Performance of newspaper publishers
across the subscriber journey**

Methodology and analysis by FTI Consulting

Author: **Peter Doucette**, *Managing Director, FTI Consulting*

About the GNI Subscriptions Lab partners

The Google News Initiative is a global \$300 million initiative to work with the news industry to help journalism thrive in the digital age.

FTI Consulting is a leading global management consulting firm with deep expertise (300+ client engagements) in the North American publishing industry.

Local Media Association is a non-profit trade association representing more than 2,800 newspaper, broadcasting and R&D companies, intensely focused on new and sustainable business models.

Contents

Background	3
Benchmarking Metrics	5
Benchmark #1: Traffic	6
Visits Per Unique Visitor	
Known Unique Visitors	
Benchmark #2: Subscriber Engagement	7
Digital Activation	
Benchmark #3: Conversion	8
Meter Stop Rate	
Paid Stop Conversion Rate	
Benchmark #4: Email Newsletters	10
Email Capture	
Newsletter Unique Open Rate and Unique Click-Through Rate	
Benchmark #5: Financials	12
Average Revenue Per Unit	
Digital Revenue Per Unique Visitor	
Benchmark #6: User Experience	13
Page Speed	
Conclusion	14
Appendix: Benchmarking Glossary	15

All content ©2019, Google News Initiative, FTI Consulting and Local Media Association. All rights reserved.

Background

Charting a path to sustainability: the GNI Subscriptions Lab

In April 2019, the Google News Initiative partnered with FTI Consulting and Local Media Association to launch the GNI Subscriptions Lab, an intensive cohort-based strategy and enablement program for ten news publishers in the U.S. and Canada. The goal of the Lab is to develop a sustainable and thriving business model for local news — powered by digital subscriptions. Over nine months, participating publishers are benchmarking their subscriptions businesses against the Lab cohort and industry, defining short- and long-term strategic roadmaps, and designing and launching optimization experiments. Finding a path forward for digital subscriptions is critical to the future of news publishers in markets large and small.

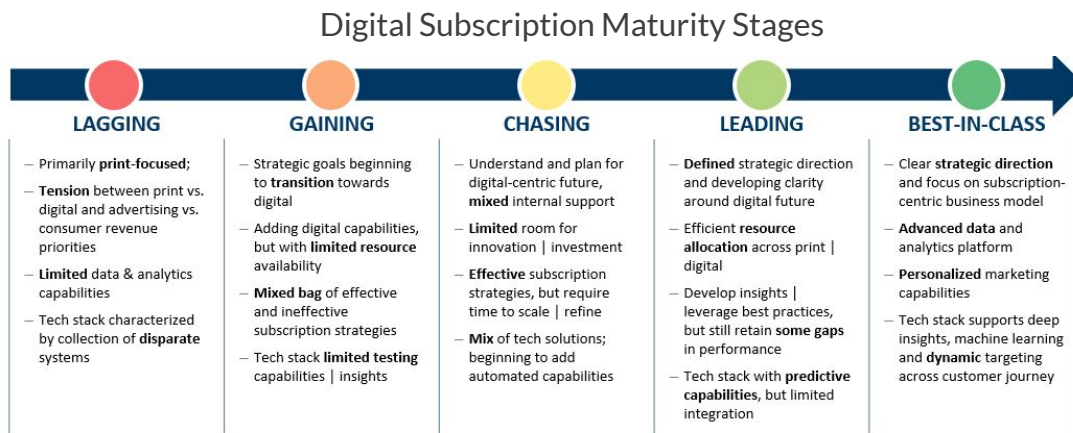
Participants

Ten newspaper publishers were selected to participate in the Lab, representing a cross-section of the local news industry in North America, with a mix of corporate-owned and independent community and metro titles. Participating publishers began at different stages of digital maturity, yet shared a commitment to putting subscriptions at the center of their long-term strategic plans. The participants are:

- **The Baltimore Sun**
(Tribune Publishing)
- **The Buffalo News**
(Berkshire Hathaway)
- **The Columbus Dispatch**
(GateHouse Media)
- **El Nuevo Día**
(GFR Media)
- **Houston Chronicle**
(Hearst Newspapers)
- **Idaho Press**
(Adams Publishing Group)
- **Portland Press Herald**
(Maine Today Media)
- **The Post and Courier**
(Evening Post Industries)
- **Southeast Missourian**
(Rust Communications)
- **Toronto Star**
(Torstar)

Benchmarking

In the first phase of the Subscriptions Lab, we benchmarked each publisher's performance to identify their respective digital subscription maturity stage. This enabled us to identify the appropriate short-term improvement opportunities and long-term transformation ideas to accelerate their growth.



Methodology

The Subscriptions Lab benchmarking exercise was focused on identifying the core set of key performance indicators (KPIs) that measure the health and maturity of a digital news subscription business. The KPIs span the subscriber journey, and were selected to give publishers – both in the Lab and throughout the industry – a framework for better understanding their overall performance, gaps to goal performance, and prioritizing optimization efforts.

In this report, for each benchmark, we:

- Identify the most relevant KPIs and explain why they are important
- Plot anonymized results from the Lab cohort
- Set a goal, based on performance across the Lab cohort and industry
- Cite selected 'best practice' examples

The goals included below reflect FTI's view of key performance thresholds publishers should aim for to support a sustainable digital business. Goals are

intended to reflect long-term progress, although select publishers are already performing above the target threshold.

Benchmarking Metrics

Metric	Goal	Why It's Important
1. Traffic		
Visit Per Unique Visitor	2.0+	Visit frequency is the most critical factor in driving “stickiness,” and therefore propensity to subscribe
% of Unique Visitors that are Known	5%+	Scaling “known” users, through registration or subscription, drives visit frequency and conversion
2. Subscriber Engagement		
Digital Activation of Print Subscribers	75%+	Prepares print subscribers for potential migration to a digital-first experience (e.g. digital only or digital + Sunday print)
3. Conversion		
Meter Stop Rate (MSR)	5%-7%	Measures engagement with paywall, amount of free content sampling allowed
Paid Stop Conversion Rate (PSCR)	0.5%+	Measures effectiveness of the paywall; how many users who hit the paywall convert into paying subscribers?
4. Email Newsletters		
Unique Newsletter Emails Per UV	10%+	Measures email capture effectiveness; a robust email list is critical for lead generation and engagement tactics
Newsletter Unique Open Rate Unique Click-Through Rate	Open: 40% Click: 10%	A measure of engagement with non-subscribers (to convert) and existing subscribers (to retain)
5. Financials		
Average Revenue Per Unit (ARPU)	\$10-\$15+	Measures effectiveness in monetizing subscribers; a way to understand the impact of discounting
Digital Revenue Per UV (Ad + Consumer)	Market dependent	Enables analysis of overall monetization effectiveness, and the relative value of ad versus subscription models
6. Page Speed		
Desktop Mobile Page Speed	D: 50+ M: 25+	UX metric that drives bounce rates, article recirculation (deeper visits), and ad viewability

Benchmark #1: Traffic

Visits Per Unique Visitor



Visit frequency is the most critical factor in driving subscriber “stickiness,” according to research findings from the [Northwestern Local News Initiative](#), outpacing metrics such as page views and time spent. Striving to create a daily habit with readers is essential to achieving this goal.

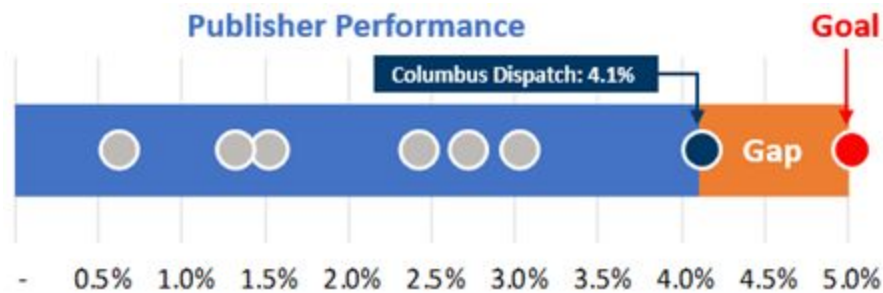
INSIGHT: 90% of Lab publishers are clustered at a visit per unique visitor level of 2.3 and below, a relatively low level. Increasing website visit frequency is a challenging proposition for publishers, and best practices to improve this metric include newsletters with content links, browser notifications, mobile push alerts, and search/social distribution.

In addition to tracking visit frequency for all unique visitors, many publishers are focused on fostering deeper engagement with loyal users, who exhibit a higher propensity to return, and ultimately to subscribe. A pivotal step in this journey is converting an anonymous user into a known user by capturing personally identifiable information, such as a valid email address. This allows the publisher to build a data profile around an individual user and then communicate with them directly.

BEST PRACTICE: Known users are highly loyal at The Portland Press Herald; Lisa DeSisto, CEO, Maine Today Media, explains why:

“Like many newspaper publishers, we have long been guilty of focusing too much on gross pageview metrics. Recently, the newsroom made a significant shift to focus on more relevant metrics including time on site and top content consumed by logged-in [known] users. Focusing on engaged time allows us to get a clearer view of what our subscribers want to read, rather than aiming our efforts at the casual reader who takes a one-and-done approach and may never return.”

Percentage of Unique Visitors that are Known

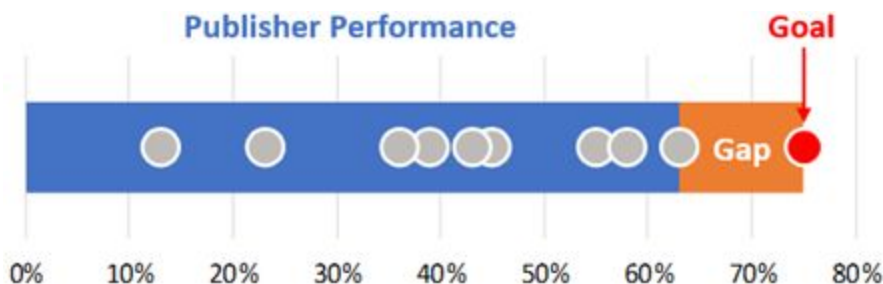


The known unique visitors metric is the percentage of sessions in which the user is known, either because the user is registered or already subscribed. Known users visit a site more frequently and are more likely to subscribe. Building audience profiles on specific known users also enables opportunities for a publisher to personalize its experience to deepen engagement.

BEST PRACTICE: "For us, registration is the first step in lifecycle relationship management," said Denise Robbins, SVP of consumer marketing at The Columbus Dispatch. "Through the leveraging of onsite data as well as A/B testing, we ascertained that people who consume two articles a month have a deep enough level of engagement with our content that they would be willing to extend their relationship with our brands. Registration after two articles allows us to put these readers on a path to purchase through engagement with our newsletters and deepening their offsite engagement with content offered on social. Presenting the registration module at two articles also showed no appreciable impact on traffic."

Benchmark #2: Subscriber Engagement

Digital Activation of Print Subscribers



Digitally active print subscribers are customers that have successfully created digital accounts linked to their existing print subscription. Digital activation is the first step in preparing print subscribers for a potential digital-first future with digital-only or digital-plus-Sunday-print options. Once activated, the next critical step is turning print subscribers into recurring digital readers, increasing their frequency of visits to create digital habits.

INSIGHT: Digital activation is the first of two steps in the journey of migrating print newspaper subscribers to becoming engaged digital customers, and industry best practices include using e-edition or similar edition-based product as migration tools, automatic account activation, and proactive customer service. The Lab publishers show a wide range of digital activation rates, all below the industry goal, an indication that this has yet to become a top priority for newspaper publishers. The second step, digital engagement, is the more challenging one, and where leading newspaper publishers are focusing their efforts today.

Benchmark #3: Conversion

Meter Stop Rate (MSR)



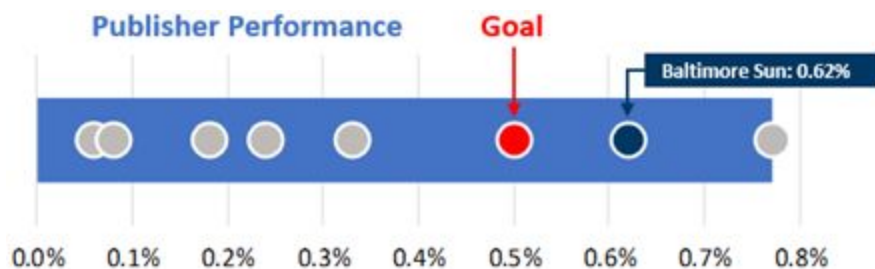
The meter stop rate (MSR) measures the share of site visitors who exhaust their sample of free articles and hit a paywall. MSR is a somewhat blunt measure of paywall 'tightness' and non-subscriber engagement; publishers must strike a balance between asking more readers to subscribe and allowing readers to sample enough content so that they are inclined to pay for a subscription. The wide variance in MSR among the Subscriptions Lab cohort points to the difficulty in achieving that delicate balance.

BEST PRACTICE: The Toronto Star has adopted a progressive, hybrid pay model strategy that combines locking premium content with a traditional per-article meter, inspired by similar approaches employed by Scandinavian publishers. Using a mix of editorial- and algorithm-based selections, Toronto hard locks five to seven articles per day, typically more in-depth pieces driving strong traffic and engagement, to push more visitors toward the paywall and, eventually, the subscription process.

As a result, Toronto's MSR of unique visitors encountering a paywall each month increased 8x since launch of the hybrid model, delivering more than 20,000 digital-only subscribers and more than 50,000 print-and-digital bundled subscribers in the first eight months.

"Growing our base of digital subscribers is a top priority for the organization," said Anna Marie Menezes, Torstar's VP of customer revenue and lifecycle management, "and we are very encouraged by the success so far with our hybrid model at driving a significant meter stop rate and new digital subscribers. Apart from getting people to subscribe faster (which our data shows), it has also given the newsrooms greater possibilities to understand what kind of journalism converts and resonates with our existing subscribers. The next step in our journey is to optimize this MSR approach with both [paid stop conversion rate] and subscriber retention."

Paid Stop Conversion Rate (PSCR)



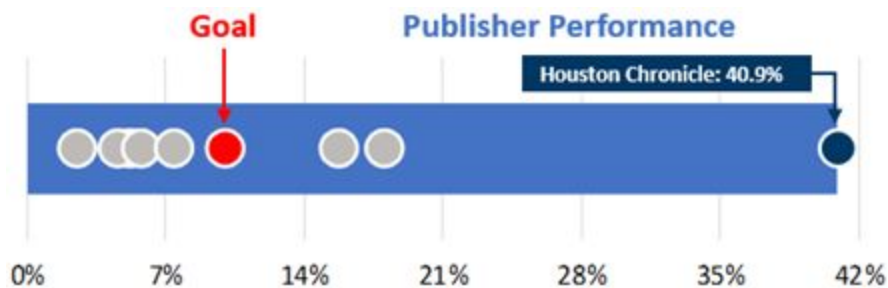
Paid stop conversion rate (PSCR) measures the publisher's effectiveness in converting users who hit the paywall into paying subscribers. It is calculated by dividing total paywall conversions in a given time period over total paywall hits.

PSCR is a critical indicator of conversion effectiveness, which can be affected by several variables, including the subscription offer, checkout flow, payment processing experience, and other factors. However, PSCR is a function of MSR; when publishers 'tighten' paywall settings, driving up MSR and increasing the number of readers hitting the paywall, they usually see a decline in PSCR. The goal is to find the volume- and revenue-maximizing balance of paywall engagement and conversion effectiveness.

BEST PRACTICE: "PSCR is an incredibly important funnel metric for us at the Baltimore Sun and across our Tribune Publishing portfolio," said Mark Campbell, CMO of Tribune Publishing. "It illustrates how well our paywall is communicating the value of a subscription and the attractiveness of our introductory offer – critical messages for converting readers to subscribers. Also, comparing PSCRs across markets, devices and price points helps us identify revenue-maximizing choices as well as opportunities for improvement."

Benchmark #4: Email Newsletters

Unique Newsletter Emails Per UV



Email capture measures the effectiveness of capturing email addresses, a prerequisite for building a database of newsletter subscribers. A robust email database enables lead generation strategies, including targeting users with email marketing tactics and promotional offers and boosting engagement via newsletters.

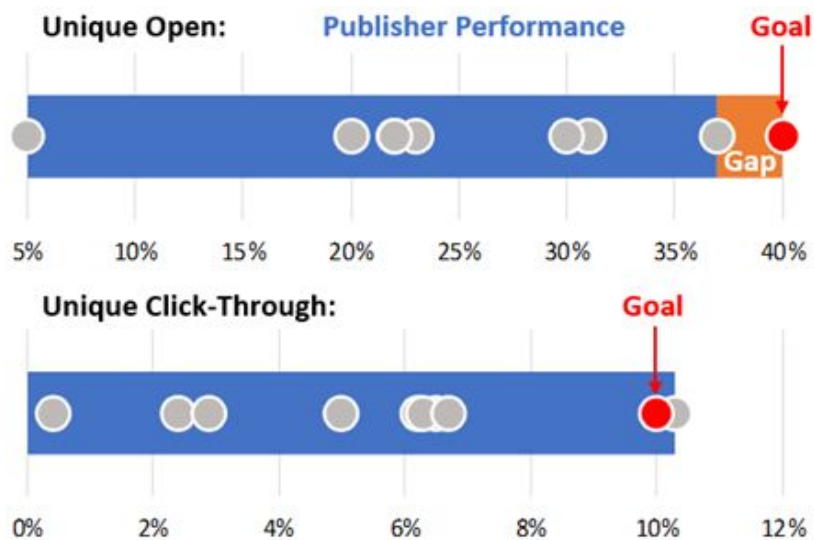
BEST PRACTICE: Kelli Dakake, director of audience/passive channels at Hearst Newspapers, said email capture directly impacts the known unique visitors metric.

"At Houston Chronicle, we need to grow the top of the funnel by 4-5x in order to meet our digital subscription goals. Known users are key to this equation as well since we know that visit frequency is a key metric in propensity to subscribe. Currently, 2.4% of our unique visitors are known; we need this to be greater than 5%. Email capture is the driving force behind this metric."

BEST PRACTICE: The Buffalo News recently added a newsletter signup modal on the first page view for all onsite traffic as part of a broader strategy to leverage newsletters as an engagement tool.

“Through the Lab, we’ve learned that even small changes can have a big impact on growing our subscriber base,” said Brian Connolly, VP of business development and innovation at The Buffalo News. The result was a 140% increase in total newsletter list size, plus a 12% increase in digital-only subscribers, in less than three months. “This is a great example of how the Lab has us looking at important details while also crafting a broader strategy around consumer revenue.”

Newsletter Unique Open Rate | Unique Click-Through Rate



Two key engagement metrics for newsletters are unique opens and unique click-through rate. Both metrics support engagement: with non-subscribers to deepen those relationships and convert, and with existing subscribers to regularly connect and ensure they renew. Unique opens are tied to retention: curated, possibly subscriber-only, newsletters are often contained reading experiences that offer no referral traffic but act as engagement tools. Unique click-throughs, on the other hand, support visit frequency, referral traffic, and, frequently, paywall engagement to drive conversions.

INSIGHT: Publishers can prioritize their efforts in managing unique open rates for paid subscribers to track engagement and ultimately retention, and unique click-through rates for non-subscribers to get as many as possible users to begin the purchase journey on the website as a newsletter referral.

Benchmark #5: Financials

Average Revenue Per Unit (ARPU)



The effective monthly average revenue per unit (ARPU) is used to understand the subscription revenue driven from digital subscribers and the impact of discounting on subscription pricing. ARPU is a function of the full subscription price, discounting or promo offer strategy, and price increase (e.g. tiering or step-up) approach. It is a lever that publishers can pull quickly, but any pricing strategy must be weighed against the impact that it may have on subscriber acquisition volume. Publishers must balance premium pricing with subscriber acquisition growth goals.

INSIGHT: ARPU is the single biggest item in the publisher toolkit to develop meaningful digital consumer revenue streams. Best-in-class publishers constantly test a variety of subscription price points to understand their audience's price elasticity (and how it changes over time) and maximize potential revenue.

Digital Revenue Per UV (Ad + Consumer)



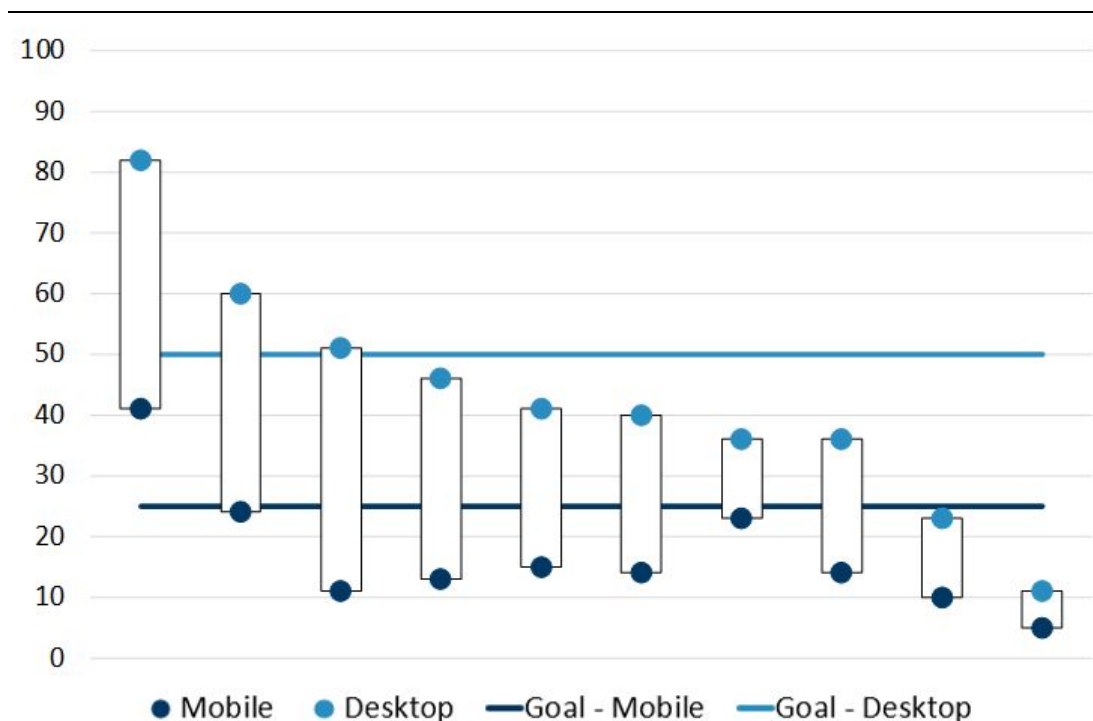
Digital revenue per unique visitor is used to measure monetization effectiveness and the balance between advertising and consumer models for revenue. It indicates the relative value of ad vs. subscription models and can

help frame product decisions such as offering an ‘ad light’ experience to subscribers.

INSIGHT: Digital revenue per unique visitor is perhaps the best metric for publishers to understand how effectively they are monetizing their digital audience on a relative basis, and is comparable across various markets and industries.

Benchmark #6: User Experience (UX)

Desktop | Mobile Page Speed



Page speed is one of the top metrics to evaluate user experience, as [noted](#) by Shailesh Prakash, chief information officer at The Washington Post. Faster speed reduces bounce rates, increases article recirculation, promotes deeper site visits, and improves ad viewability. The goal for desktop is 50 or better, and for mobile, it’s 25 or better using the [Google PageSpeed Insights tool](#). The speed score, on a scale from 1 to 100, with 100 being best, is based on data analyzed by Lighthouse.

BEST PRACTICE: *With page speed as an organizational priority, Southeast Missourian limits the use of third-party tools and heightens UX for subscribers.*

“Many of our readers are located in rural areas where penetration of broadband Internet access is some of the lowest in the country. Site speed is not a luxury. It’s a necessity for these readers,” said Lucas Presson, associate publisher of the Southeast Missourian. “We continue to review the user experience for subscriber vs. nonsubscriber and in-market reader vs. out-of-market reader. Subscribers receive a premium experience with fewer advertisements in both owned-and-operated advertisements and programmatic. This has helped with page speed.

What is the best user experience for our readers, and what advertising solutions add value to both the advertiser and the reader? These are the questions we ask regularly.”

Conclusion

In the GNI Subscriptions Lab, we built a detailed scorecard for every participating publisher, measuring their performance against their peers within the Lab cohort and the broader industry. The size of the publisher was not the determining factor for top performance, but rather organizational intensity and focus. Engaging in the process of benchmarking proved itself to be a performance driver: regardless of their stage of digital maturity, every publisher in the GNI Subscriptions Lab experienced growth.

In broad terms, benchmarking is the first step in enabling publishers to understand the critical KPIs that impact digital subscriptions growth – in traffic and engagement, the conversion funnel, and subscriber base.

The data provided by Lab participants provides market-based insight for the newspaper industry and indicates common challenges as well as unique opportunities for growth. It is our hope that this report can provide publishers with a template to create their own scorecards, identify short-term optimization opportunities, and begin developing a long-term plan for digital transformation.

Appendix: Benchmarking Glossary

All traffic, conversion, and newsletter metrics referenced in the following formulas are calculated on a monthly basis (visits, unique visitors, starts, stops, sends, unique opens, unique clicks). In addition, benchmarks were calculated using monthly averages from January 2018 – March 2019.

$$\text{Unique Visitors Per Household} = \frac{\text{Unique Visitors}}{\text{In-Market Households}}$$

*In-Market Households calculated using Metropolitan Statistical Area or Combined Statistical Area.

$$\text{Visit Frequency} = \frac{\text{Visits}}{\text{Unique Visitors}}$$

$$\% \text{ "Known" Unique Visitor} = \frac{\text{"Known" Unique Visitors}}{\text{Total Unique Visitors}}$$

*“Known” Unique Visitors include print subscribers, digital-only subscribers, registered users, and email capture visitors

Article Count Distribution Total — percentage of unique visitors (including both subscribers and non-subscribers) that read one article per month, two articles, three articles, etc. This can be tracked for subscribers, non-subscribers, or combined.

$$\text{Digital Activation Rate} = \frac{\text{Digitally Activated Print Subscribers}}{\text{Total Print Subscribers}}$$

*Digitally Activated indicates print subscribers that have successfully created digital accounts and linked their existing print subscription.

$$\text{Monthly Churn} = \frac{\text{Digital-Only Stops}}{\text{Digital-Only Subscribers}}$$

*Monthly Churn is calculated using the beginning of the month digital-only subscriber total.

$$\text{Meter Stop Rate} = \frac{\text{Unique Visitors Hit Paywall}}{\text{Unique Visitors}}$$

*Paywall refers to the mechanism for restricting non-subscriber access to content, often in the form of a modal, interstitial, or inline wall. Paywalls are commonly set at specific monthly article thresholds and present the user with a subscription offer.

$$\text{Paid Stop Conversion Rate} = \frac{\text{Starts Through Paywall}}{\text{Unique Visitors Hit Paywall}}$$

$$\text{Payflow Efficiency} = \frac{\text{Starts Through Payflow}}{\text{Unique Visitors Start Payflow}}$$

*Payflow refers to the web portal(s) through which non-subscribers purchase subscriptions, and typically include the subscription selection, personal info capture, and billing info capture.

$$\text{Starts Per Unique Visitor} = \frac{\text{Digital-Only Starts}}{\text{Unique Visitors}}$$

$$\text{Net Subscribers Per Unique Visitor} = \frac{(\text{Digital-Only Starts}) - (\text{Digital-Only Stops})}{\text{Unique Visitors}}$$

$$\text{Emails Per Unique Visitor} = \frac{\text{Email Database Size}}{\text{Unique Visitors}}$$

$$\text{Unique Open Rate} = \frac{\text{Unique Newsletter Opens}}{\text{Newsletter Sends}}$$

$$\text{Unique Click Through Rate} = \frac{\text{Unique Newsletter Click Throughs}}{\text{Newsletter Sends}}$$

$$\text{Effective Average Revenue Per User (ARPU)} = \frac{\text{Digital-Only Consumer Revenue}}{\text{Digital-Only Subscribers}}$$

$$\text{Digital Revenue Per UV} = \frac{(\text{Digital-Only Consumer Revenue}) + (\text{Digital Ad Revenue})}{\text{Unique Visitors}}$$

$$\text{Subscriber Penetration} = \frac{\text{Digital-Only Subscribers}}{\text{Unique Visitors}}$$

*Subscriber Penetration is a cumulative metric, which reflects the number of total digital-only subscribers at a specific point in time.

The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.

Experts with impact

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political and regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. For more information, visit www.fticonsulting.com and connect with us on Twitter (@FTIConsulting), Facebook and LinkedIn.

Upcoming presentation from GNI Subscriptions Lab

Google News Initiative, FTI Consulting and Local Media Association will present reports from participating newspapers on their roadmap strategies at the Elevate! Conference in downtown Chicago on Wednesday, Sept. 18, 2019. The strategies will include testing everything from new approaches to newsletters, retention efforts, membership models, pricing strategies, content distribution playbooks and more. For more information on Elevate!, please visit: <https://www.localmedia.org/elevate2019>