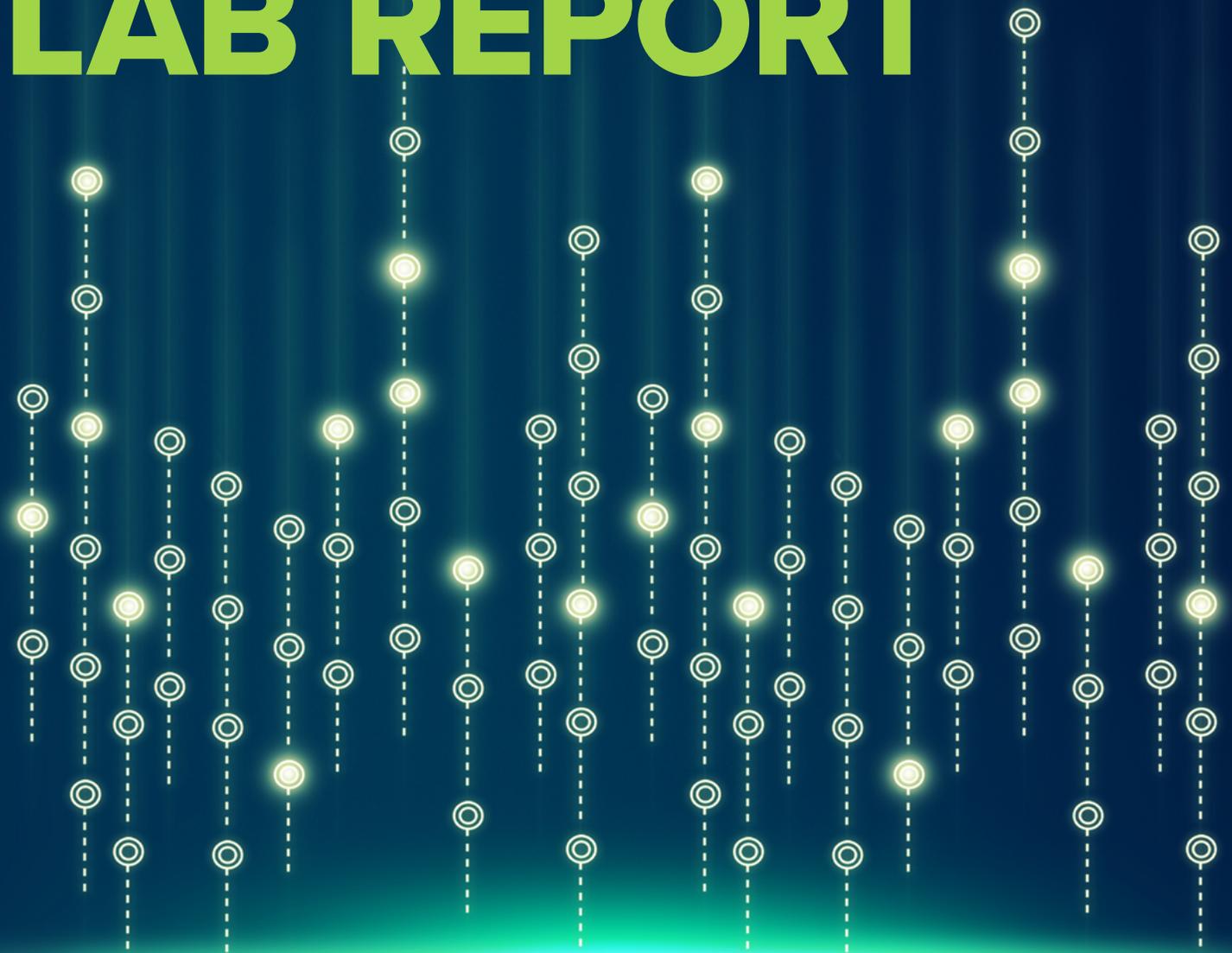


GNI

JUNE 2021

LATIN AMERICA SUBSCRIPTIONS LAB REPORT



mather:

Google News Initiative



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EXECUTIVE SUMMARY

A CROSS LATIN AMERICA, news organizations are looking to digital subscriptions as a growing, if not central, part of their strategy to achieve long-term financial sustainability. While many legacy news organizations in the region still have profitable print advertising and print subscription businesses, the digital disruption of the advertising industry seen across the world is an emerging reality in Latin America, too. Print revenues are slowing, incentivizing more publishers to diversify their revenue sources.

As a region, the Latin American news industry tends to lag behind its peers in Europe, North America and Asia Pacific in its digital subscription capabilities. However, given the relative strength of their print businesses, investments in technological capabilities, and the diversification of their business models to include non-media products and services, Latin American publishers are in a good position to thoughtfully invest in and build up

their digital subscriptions over time.

The GNI Latin America Subscriptions Lab was an 18-month, cohort-based effort to bring digital subscriptions best practices and approaches used by publishers around the world to eight Latin American news organizations. The program was a joint project between the Google News Initiative (GNI), WAN-IFRA LATAM, and Mather Economics.

The cohort featured a diverse group of news businesses, including digital start-ups and established national news organizations. Over the course of the program, a set of profound external factors affected each of our participants. Elections, civil and social unrest and the COVID-19 pandemic all dramatically increased the demand for high-quality news. These conditions also exacerbated the economic challenges facing publishers in the region. This report documents what we learned during this defining period for the news industry. We hope these findings will



By making the recommended changes to their digital subscription practices, the participating companies collectively generated nearly **US\$7.2 million** in incremental subscription revenue — equating to **\$30 million 5-year lifetime value forecast** — over the Lab's 18 months.

serve as a guide for publishers everywhere embarking on their own subscription journeys.

The Lab provided each publisher with a personalized readiness assessment, strategic recommendations, benchmarks, detailed data analysis and customized tactical recommendations. In addition, we facilitated A/B testing using Mather Economics' Listener™ tool, a data analytics platform, to validate impact from the recommendations. More than **20 A/B tests** were conducted by eight publishers. We also held cohort-wide meetups to discuss progress and learnings in New York City and in Rio de Janeiro, Brazil.

By making the recommended changes to their digital subscription practices, participating companies collectively generated nearly **US\$7.2 million** in incremental subscription revenue — equating to **\$30 million** 5-year lifetime value forecast — over the Lab's 18 months. The recommended A/B tests

collectively generated **\$1.9 million**, equating to about \$10 million in 5-year lifetime value from new subscriber starts and retention savings.

The results reinforced lessons consistent with successful digital subscriptions models we've seen in other regions. These include the importance of:

- ▶ Developing high-quality content readers will pay for
- ▶ Deepening engagement with readers to increase their likelihood to subscribe
- ▶ Converting an anonymous user into a known reader (someone you have an email address for and can build a direct relationship with)
- ▶ Maximizing subscription sales opportunities while minimizing advertising revenue loss

- ▶ Minimizing friction in the purchase process
- ▶ Retaining your subscribers once you have them
- ▶ Increasing average revenue per user, where possible, over time

Our experience with the GNI LATAM Subscriptions Lab generated additional takeaways, with implications for publishers everywhere:

1. When a reader consumes content across multiple topics, they are more likely to subscribe
2. Less than half of all digital content produced by participating newsrooms was consumed by readers who eventually became subscribers
3. The value proposition for subscribers in Latin America often extends beyond journalism (e.g. discounts, coupons)
4. There are diminishing returns on propensity to subscribe from increasing visit frequency
5. Growing the number of known users increases subscription propensity significantly

6. Publishers, generally, should adopt more restrictive paywall strategies than they do currently
7. The risk of losing advertising revenue by shifting to a more aggressive subscription strategy is limited
8. Increasing the number of times a reader hits a paywall makes them more likely to subscribe, but this likelihood declines
9. Minimizing friction in the purchase process can have a significant, positive impact on subscription conversion rates
10. Readers in Latin America are generally more price-sensitive than in other regions, but differentiated pricing can increase the average revenue per user
11. The prevalence of “rewards clubs” in Latin America leads to different churn and engagement goals than in other regions

The Lab is a part of the Google News Initiative’s [Digital Growth Program](#), an effort to help publishers to succeed digitally. Additional material, workshops and tools to strengthen subscriptions — informed by the work of the GNI during the last three years — can be found in the [GNI Reader Revenue Playbook](#).

02

KEY TAKEAWAYS



01

When a reader consumes content across multiple topics, they are more likely to subscribe

Context:

The Mather team used data science and econometrics to identify the key reasons a user subscribes and identified the engagement metrics most likely to influence that decision. The chart below shows how converting anonymous readers to known readers (i.e. readers you have email addresses for) and visit frequency are critical. But the Lab helped to highlight another: content diversity.

Insight:

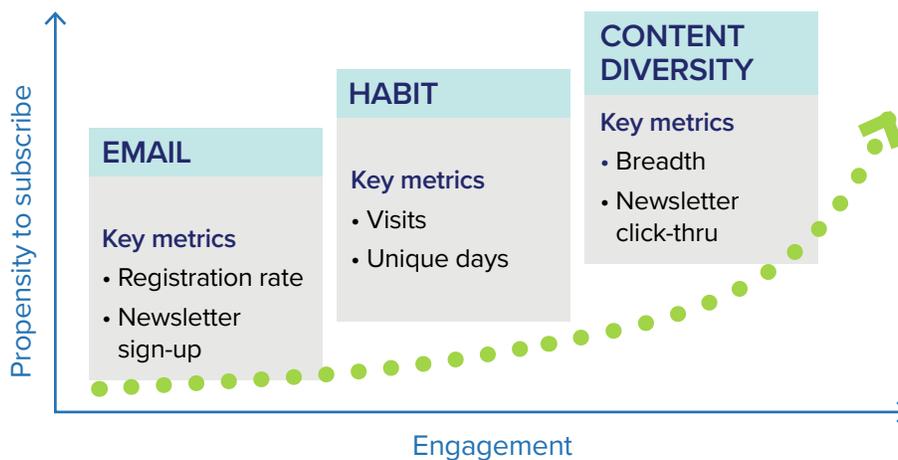
Migrating single-topic readers to multi-topic readers has a greater impact on propensity to subscribe than simply continuing to increase

visit frequency. Another way to think about this: if two readers visit your website the same number of times per, spend the same amount of time per session, and consume the same number of pages, the reader who consumes content across more topics would be more likely to subscribe. This finding was consistent across publishers in our Lab and validated by other econometric models from Mather's work globally.

Why it matters:

This finding can seem counter-intuitive. Many content-recommendation algorithms boost page views by serving readers content on a topic they've demonstrated an interest in. Publishers should ensure their engagement and marketing tactics (e.g., a content recommendation engine) do not only focus on pushing visit frequency or visit depth (i.e., number of pages read). Recommendations

should also expose readers to a diverse array of topics and authors in order to broaden engagement. In a subscriptions context, "breadth" of experience appears to deepen likely subscribers' perception of the value proposition.



02

Less than half of all digital content from participating newsrooms was consumed by readers who eventually became subscribers

Context:

The Mather team performed a detailed content analysis for each publisher, which

revealed how each topic, author, section and subsection performed across multiple dimensions. For each article, Mather evaluated two dimensions — the number of high-propensity readers (users with high visit frequency and visit depth) who read the article and the percentage of the article’s readers who were high-propensity. Here’s how to read the chart:

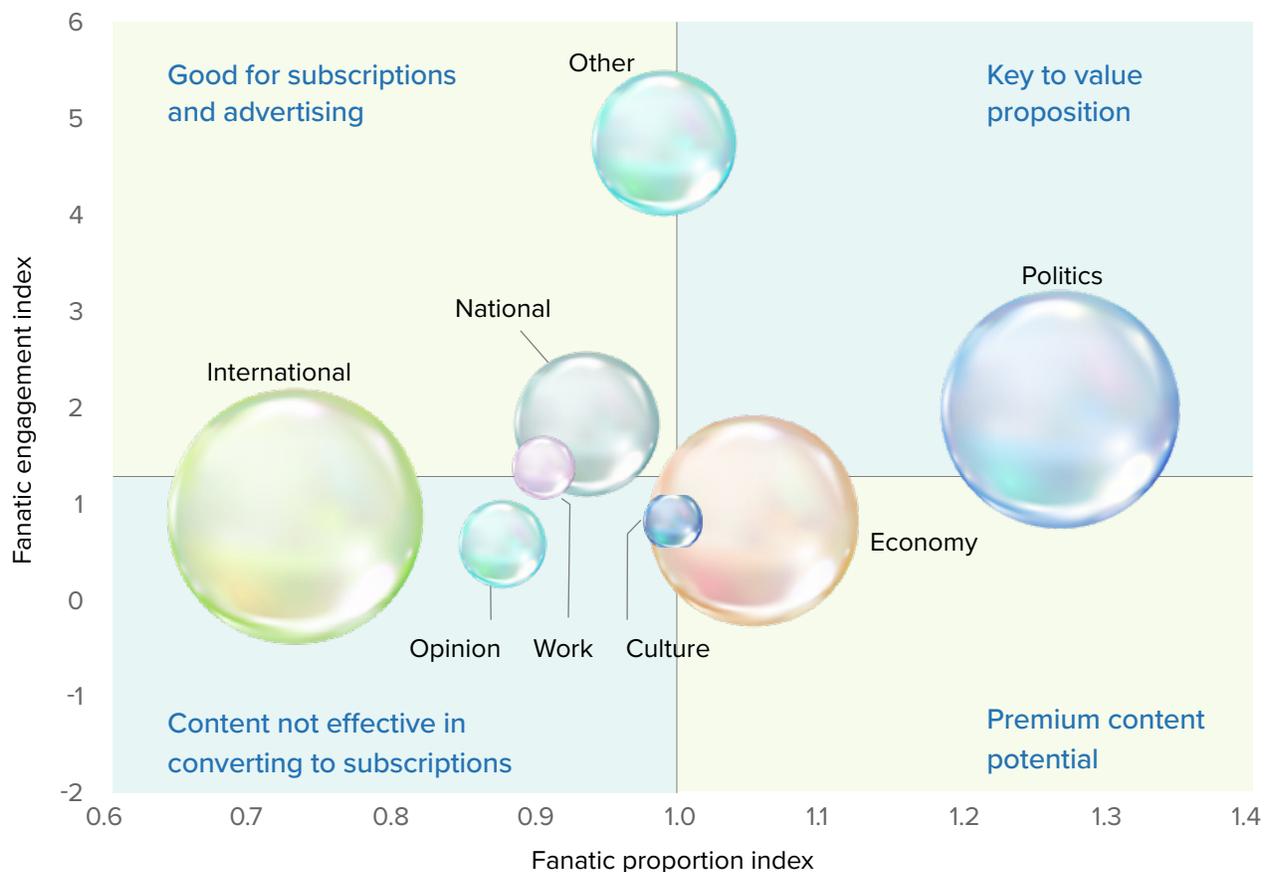


- ▶ Articles that score highly on both dimensions are seen as key to the core value proposition of the news organization.
- ▶ Articles that score higher on proportion and lower on volume are good candidates for premium content in a subscription strategy because the lower volume indicates they'll have a smaller impact on ad revenue, while the higher percentage indicates that content is attractive to likely subscribers.

- ▶ Articles that score higher on volume but lower on proportion have more mass appeal and could potentially generate more ad revenue.
- ▶ Articles that score low for both are likely not relevant for subscriptions and would need a compelling non-subscription revenue reason to continue producing.

In the example below, the publisher saw an

Example of path to conversion analysis from Subscriptions Lab



opportunity to shift newsroom resources, focusing on high-performing topics that were likely to drive digital subscriptions and directing fewer resources to lower-performing topics. The bubble sizes indicate the number of articles produced in that topic.

In this case, political content was key for driving repeated visits from highly engaged readers. Economic content attracted a relatively lower volume of highly engaged readers but a larger share of them. This made economic content a good candidate to test as premium content.

International coverage, on the other hand, didn't attract highly loyal readers, but was one of the largest sections in the newspaper, indicating a need to rethink the role of that coverage in the overall content strategy.

Insight:

One of the most surprising findings across this cohort was that — on average — ~66% of the content the publications produced had no impact on the path to conversion. In other words, in the 30 days prior to converting, these subscribers only engaged with ~33% of the content available to them. (These articles also accounted for 86% of all article page views.)

Why it matters:

Keep in mind that there will always be coverage you need to produce to fulfill your mission as a news organization. But, understanding what types of content are most resonant on a subscriber's path to conversion will inform your editorial and marketing strategies. As you move toward a digital subscriptions strategy, be sure to think about what content is most effective at driving subscriptions. This sort of path-to-conversion analysis can help publishers everywhere better understand how to refine their editorial strategy to meet subscription goals.

03

The subscriptions value proposition for readers in Latin America often extends beyond journalism

Insight:

Subscribers in our Latin America Lab factored non-content benefits into the value proposition to a greater extent than we've observed in other regions. Loyalty programs offering significant discounts on goods and services also helped drive subscriptions. Not surprisingly, many of our cohort's subscribers are less engaged with the content than is typical for news organizations with digital subscription strategies.

Subscribers who purchased a publication's rewards club subscription engaged about half as much as those purchasing a news-only subscription. One publisher measured 86% of news-only subscribers reading at least once per month while only 46%

of rewards club subscribers engaged at that rate. Despite lower engagement, however, the average revenue per user for a rewards club subscriber was \$3.20 vs. \$2.12 for a news-only subscriber.

Why it Matters:

While high-quality content is still very important, the diversified models of the publishers in our Lab required a more comprehensive analysis of the value proposition and a detailed understanding of their customer segments. For instance, Clarín's Tarjeta 365 and La Nación's Club Nación provide discounts on a broad range of goods and services and are core to the value proposition for a number of segments.

Similar to some print subscribers in other regions, these subscribers derive value from coupons, discounts and reward points. The Sunday print newspaper in the US likely attracts subscribers who value the pre-print

inserts, coupons and deals rather than the content of the newspaper. That appeal has receded over time in the U.S. and elsewhere, but publishers in Latin America shouldn't ignore the value that these clubs still drive in their markets.

The image shows a collection of subscription offers from a publisher. On the left, there are three offers: 'Acceso Digital' for \$74 (3 meses), 'Acceso Digital + Club LA NACION' for \$114 (3 meses), and 'Tratado Club LA NACION Black o Premium?' for \$114 (3 meses). On the right, there are three more offers: 'Digital Clarin' for \$70 (3 meses), 'Full Digital Clarin' for \$160 (3 meses), and 'Edición Empresa Digital' for \$490 (3 meses). Each offer includes a 'SUSCRIBIRSE' button and a list of included benefits such as access to the app, exclusive content, and rewards.

Example of subscriptions offers from participating publisher

04

There are diminishing returns on propensity to subscribe from increasing visit frequency

Context:

The Mather team used data science and econometrics to explain why a user subscribed, and identified the users' actions with the greatest impact on propensity to subscribe. Visit frequency was called out as a crucial factor in boosting subscription propensity, as it has been in research elsewhere. However, Mather revealed some critical nuances.

Insight:

While the probability to subscribe rose linearly from one to 15 days of monthly visits, even the most engaged readers on average read fewer than 10 days per month. More importantly, after achieving at least a weekly habit of usage, incremental growth in the likelihood to subscribe began to diminish.

After eight to 10 visits per month, a reader's likelihood to subscribe began to level off. Our Lab participants found that a reader who visited their website three times per week wasn't substantially more likely to subscribe than one who visited two times per week.

Why it matters:

Practically, a publisher should focus on getting as many people as possible to engage eight to 10 times per month, rather than aiming for a smaller volume of users to read 15 or more times per month.

The marginal impact of an extra visit is much smaller if the user already has a baseline level of visit frequency. This is particularly important for publishers determining how to develop their engagement strategies and deploy their marketing resources.

05

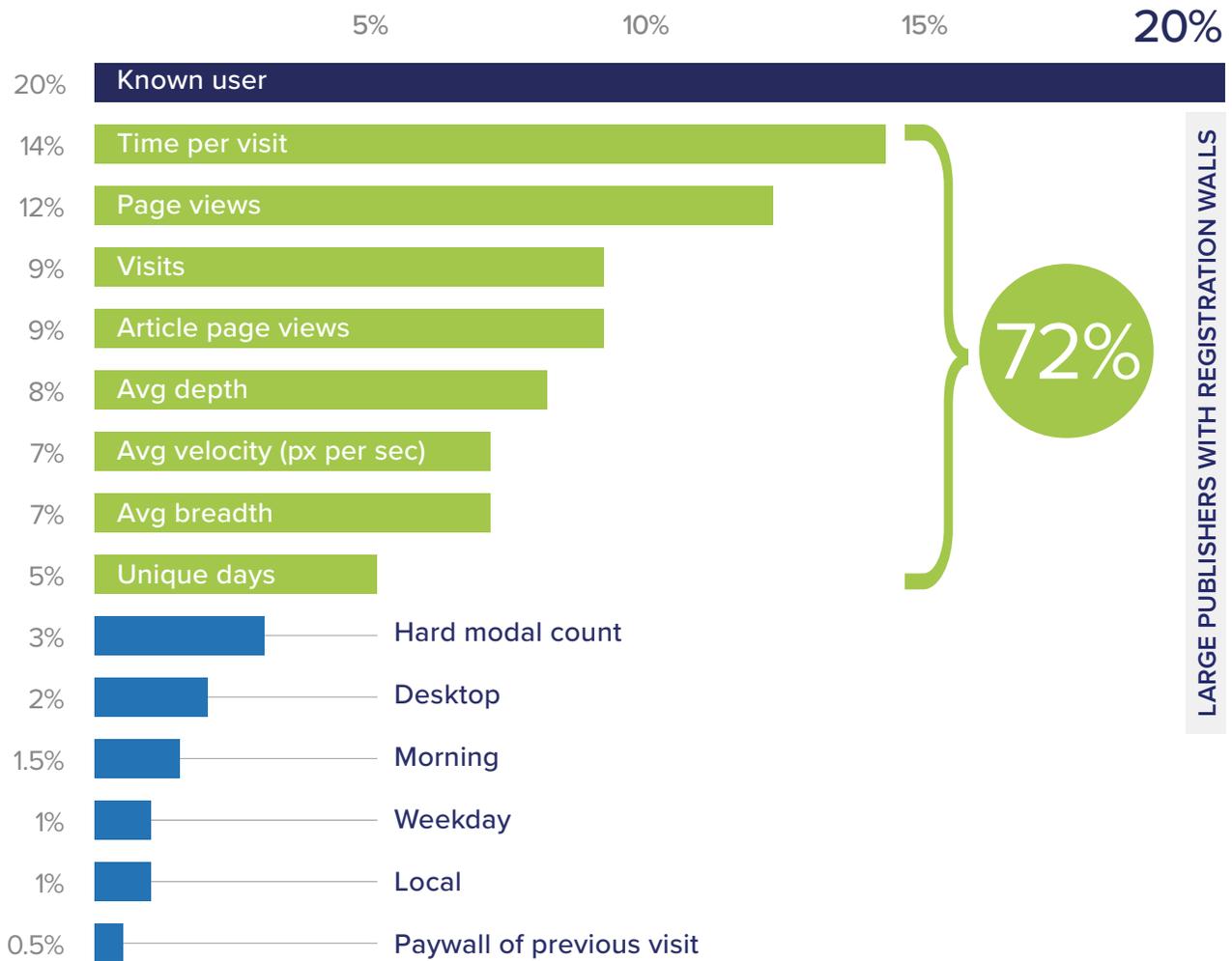
Growing the number of known users increases subscription propensity significantly

Insight:

A known user is any visitor whose email address is known to the publisher. This email address enables publishers to build a direct

relationship with those readers. The most common methods for collecting an email are including a registration wall on the website or asking readers to subscribe to a newsletter.

Key factors that drive propensity to subscribe



Being a known user drives about 20% of a reader's likelihood to subscribe. Additionally, the propensity to subscribe is on average four times greater than that of an anonymous user and the three-year lifetime value (LTV) is 3.4 times greater than that of an anonymous user.

Why it matters:

Focusing on increasing known readers should be a high priority for all publishers. Many publishers in our Lab cohort implemented and reinvested in the registration wall to better manage the conversion funnel. Commenting tools, surveys, contests and promoting logins with other platforms were other ways to incrementally boost known users.

06

Publishers should adopt more restrictive, metered paywall strategies

Insight:

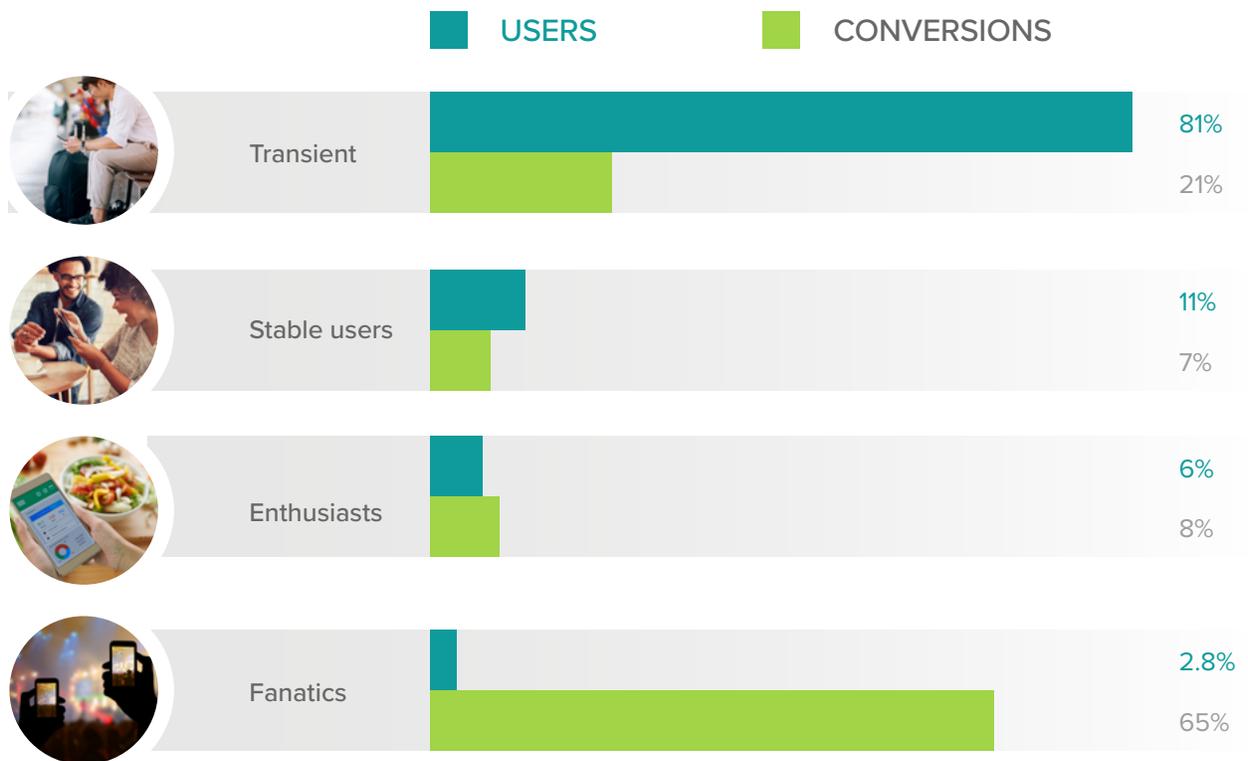
Mather Economics organizes its readers into four segments: transient (unknown or anonymous readers), stable readers, enthusiasts, and fanatics (most highly engaged readers).

The most engaged segment (Fanatics) accounted for less than 3% of total users but nearly two-thirds of conversions. For some publishers, this was more pronounced, with 83% of conversions coming from the Fanatics.

Surprisingly, the new cookies (Transient) accounted for 21% of conversions (more than the two middle segments combined). Though the conversion ratio is very low for this large audience base, the volume of conversions was significant.

Distributions of users and conversions

► Two-thirds of subscriber conversions come from less than 3% of audience



As a result, Mather recommends a meter strategy that is more restrictive on both ends of the reader engagement distribution to optimize subscription conversion from both the fanatic and transient segments.

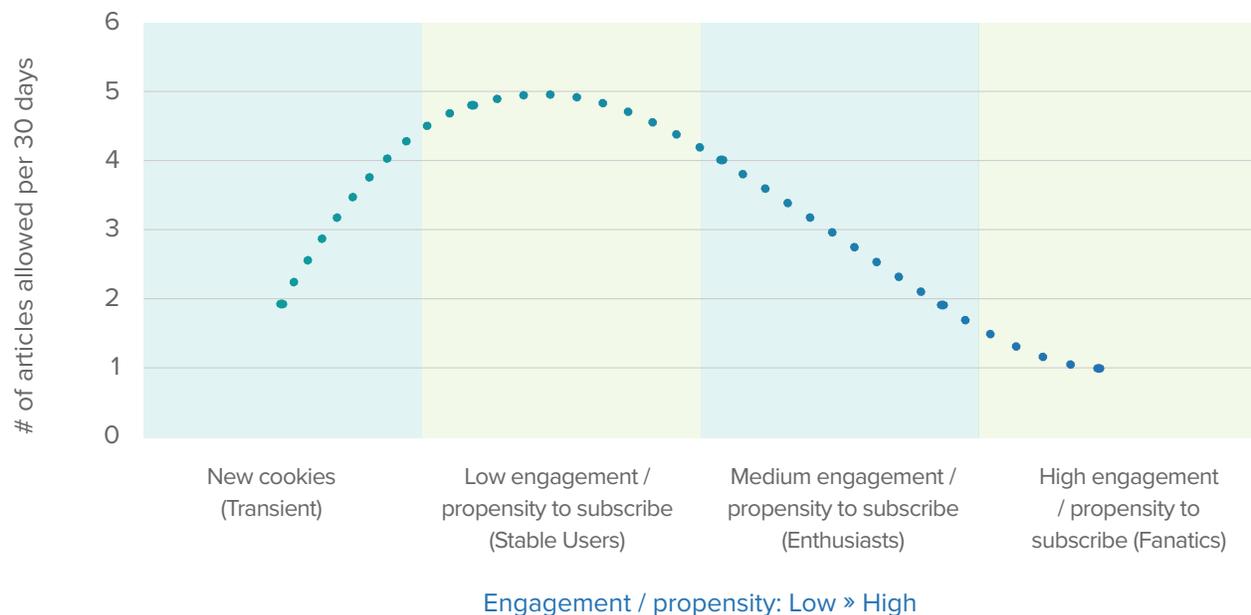
Why it matters:

Highly engaged readers should be presented with a subscription offer early since they are most likely to subscribe. Counterintuitively, data shows that anonymous, first-time readers should also be presented a subscription offer early.

Even though only a small percentage of the segment is likely to subscribe, a significant proportion of new subscriptions came from this audience segment.

This could be because many of these anonymous readers are frequent visitors using multiple devices. And because a large portion of anonymous readers are likely to be true flybys (they only visit your website once), a more aggressive paywall strategy will not pose a significant risk to advertising revenue. A small percentage of this very large audience can result in a lot of subscription sales.

Mather's recommended Intelligent Paywall™ strategy



07

Advertising revenue risk from shifting to subscriptions is overestimated

Context:

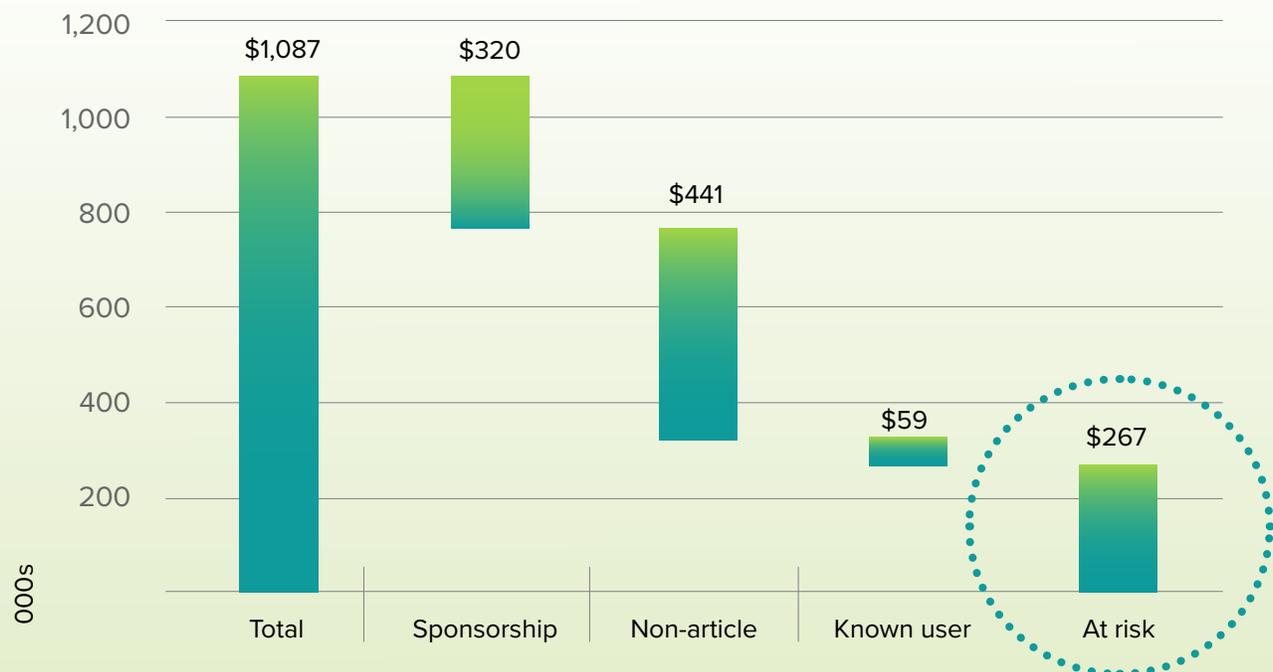
Advertising revenue, including digital advertising revenue, remains a higher share of total revenue in Latin America than in North America or Europe. Balancing the trade-off between digital subscription sales opportunities and advertising inventory is

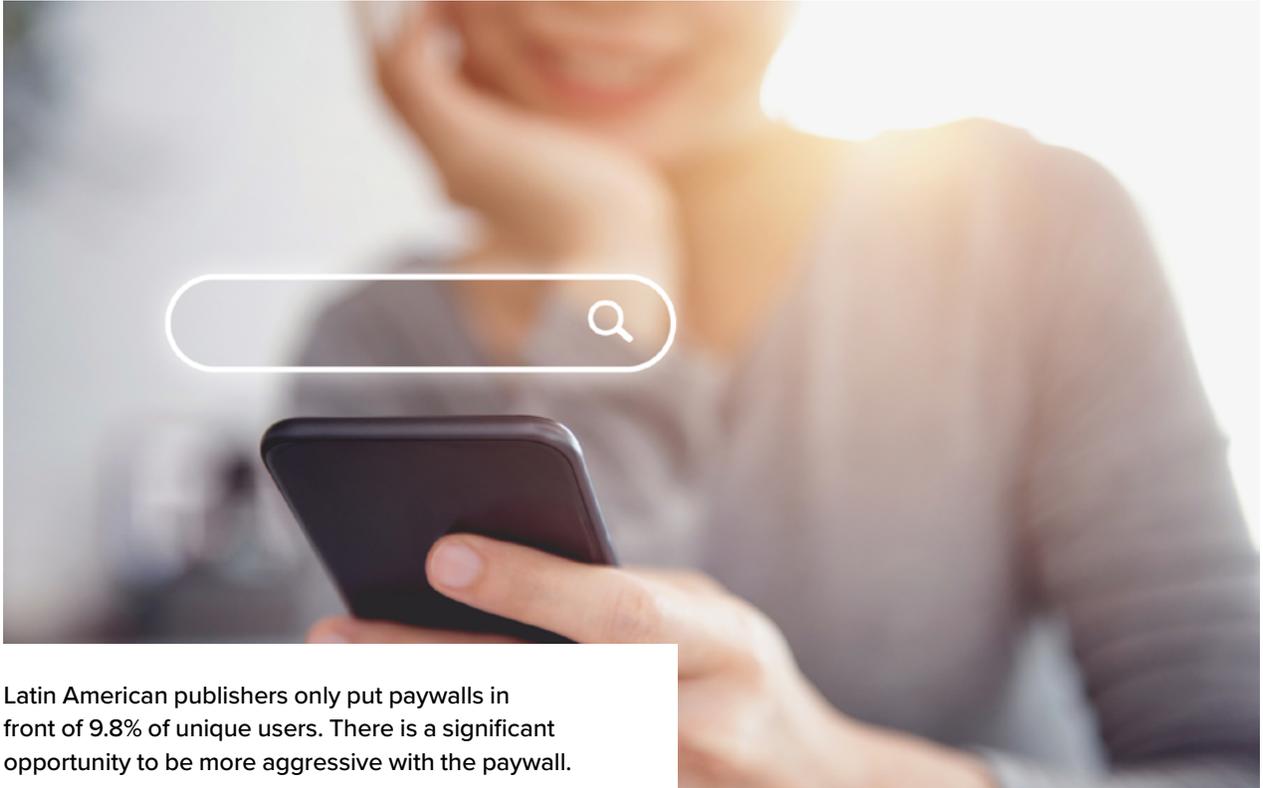
more important than in other regions where digital advertising revenue is less significant. The average subscriptions revenue per user in Latin America is lower than in other regions, so more subscription sales are required on average to replace lost advertising revenue.

Insight:

Despite the continued importance of ad revenue, our Lab cohort found significant opportunities from applying a more aggressive meter and growing the amount of premium

Projected impact of ad revenue in scenario with hard paywall





Latin American publishers only put paywalls in front of 9.8% of unique users. There is a significant opportunity to be more aggressive with the paywall.

content they offered. The previous chart shows the estimated risk from applying a hard paywall (meaning all content is locked behind the paywall). A significant amount of advertising is driven by non-article and non-CPM based ads.

Testing with publishers in the cohort demonstrated that even with paywall settings impacting 25% of unique users, advertising risk is near zero. On average, publishers in Latin America only put their paywalls in front of 9.8% of unique users. That suggests there is a

significant opportunity to be more aggressive (or restrictive) with the paywall and still keep nearly all of their digital advertising revenue.

Why it matters:

Most publishers found that, at most, applying a paywall on 100% of their articles would directly risk only 25% of their advertising revenue. By adjusting the meter limits and amount of premium content and targeting the right users with the paywall, publishers can further mitigate the advertising risk to nearly zero.

08

Increasing the number of times a reader hits a paywall makes them more likely to subscribe, but this trend eventually declines

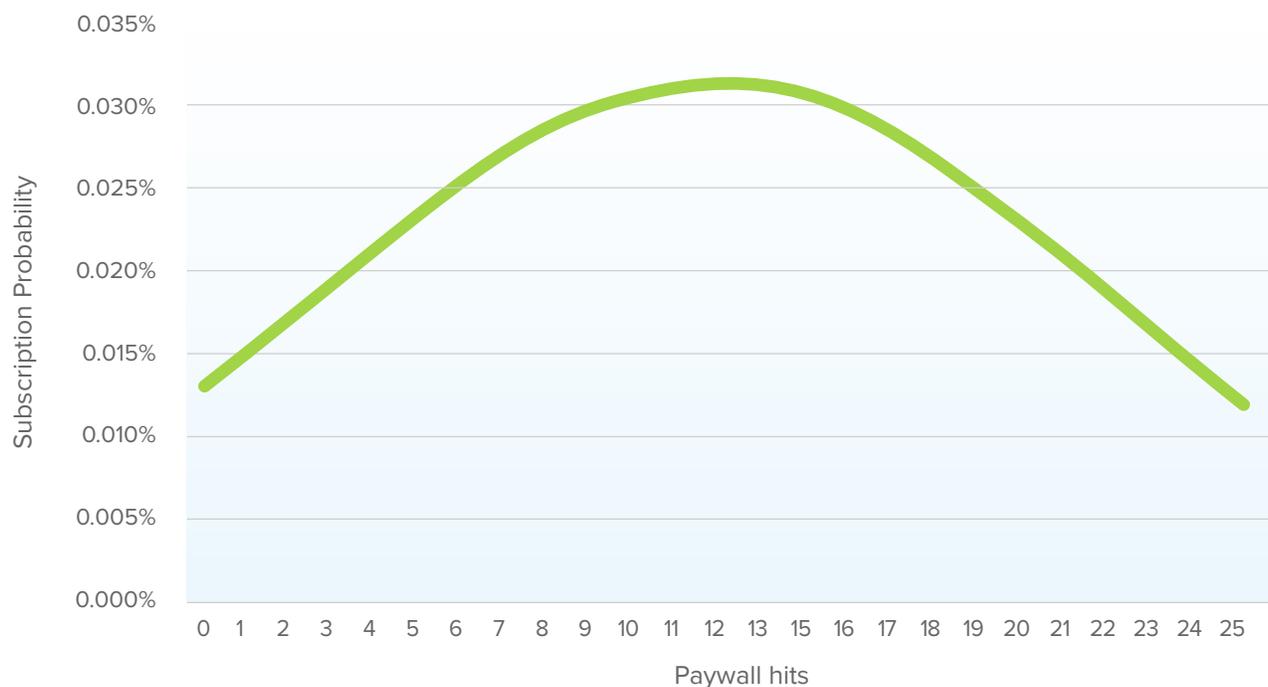
Insight:

Hitting the paywall boosts a reader's propensity to subscribe, but after a peak, that propensity declines. For many publishers, propensity began to decline after 10 to 15 paywall hits, indicating the need for aggressive conversion tactics.

Why it matters:

For readers hitting the paywall more than 15 times, alternative tactics can be used. These include offering registration, special discounts, different calls to action, value propositions and other targeted incentives. Mather enabled publishers to target these users by creating an audience segment – High Modal Users – that can be connected to the paywall and marketing tools. Varying the offers, discounts and calls to action can monetize the hard-to-subscribe users.

Relationship between paywall hits and subscription probability

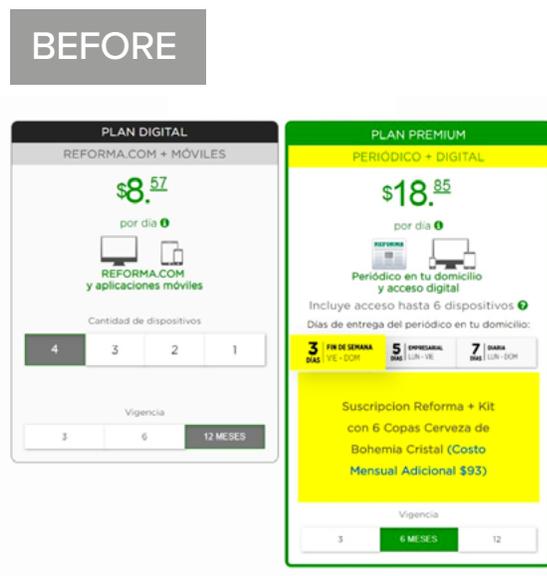


09

Minimizing friction in the purchase process makes a big difference in the conversion rate

Insight

Simplifying your offers and making your subscriptions offer page easy to understand and navigate can have a big impact on subscriptions. One publisher from the Subscriptions Lab saw a significant boost in subscription starts by simplifying the offer page from 21 possible choices to just three:

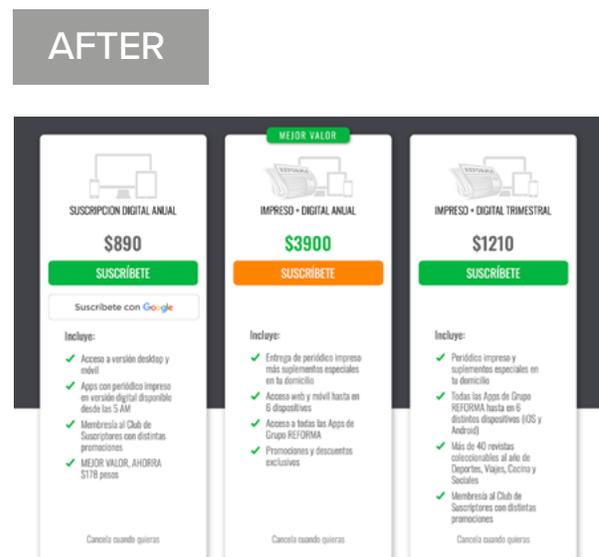


Minimize friction in the purchase process from 21 options (before) to simplified 3 option (after) and improving the experience for readers

Why it matters:

Improving the experience for readers and making it as easy as possible to understand and navigate your offers is crucial.

Offering multiple payment methods is a best practice for all digital subscription sales, and this is particularly true in Latin America. Minimizing the information entry required during the check-out process is another best practice for reducing friction.



10

Latin American readers are generally more price sensitive, but differentiated pricing can improve average revenue per user

Insight:

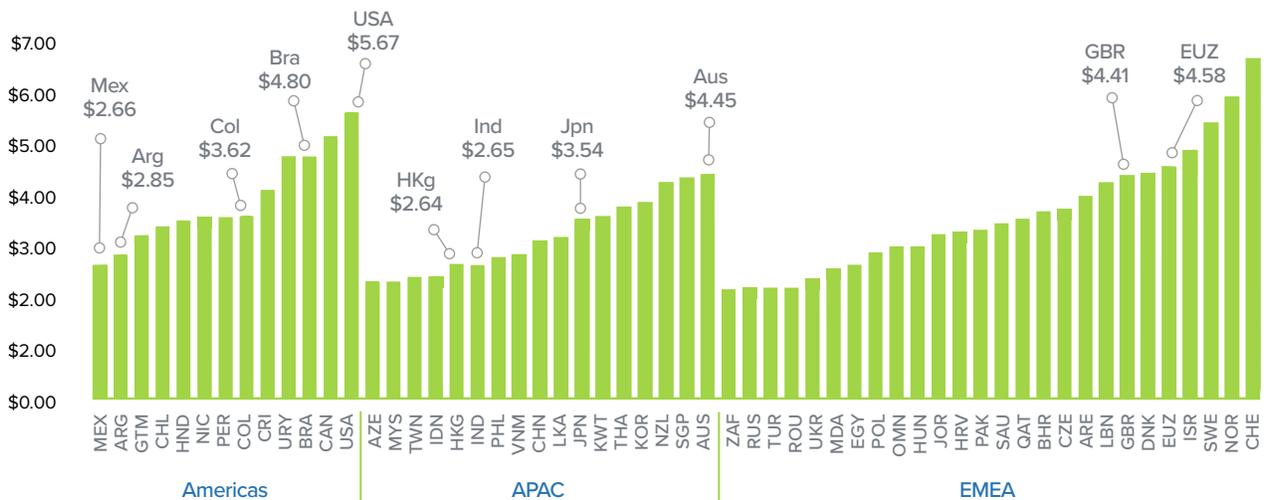
Average incomes are lower in Latin America than in other regions, and readers there are typically more price sensitive when it comes to subscriptions.

The Economist’s popular Big Mac Index measures purchasing power parity between currencies. Though an imperfect measure, it demonstrates the ability to pay across markets for a consistent product.

Why it matters:

Publishers can increase average revenue per user (ARPU) through other revenue streams, such as e-commerce or loyalty clubs. Greater income distribution within markets supports the creation of product bundles targeted to customer segments with differing levels of disposable household income and price sensitivity. Differentiated pricing strategies can also retain customers with greater price sensitivity while increasing average revenue per user on subscribers that are able and willing to pay higher prices.

Big Mac index by country and region



Source: The Economist

11

Prevalence of rewards clubs leads to different churn and engagement goals by subscriber type

Insight:

With so many subscribers purchasing subscriptions for access to loyalty programs or other elements of the publisher's platform, engagement (or non-engagement) was often a poor proxy for understanding churn. This is not to say that engagement with content was not still very important — we found that targeted retention campaigns did improve subscriber retention. But it was not as correlated with retention as it often is in other regions.

For one publisher, digital engagement and retention for basic digital-only subscribers was much higher compared to the same metrics

for those subscribing to the rewards club.

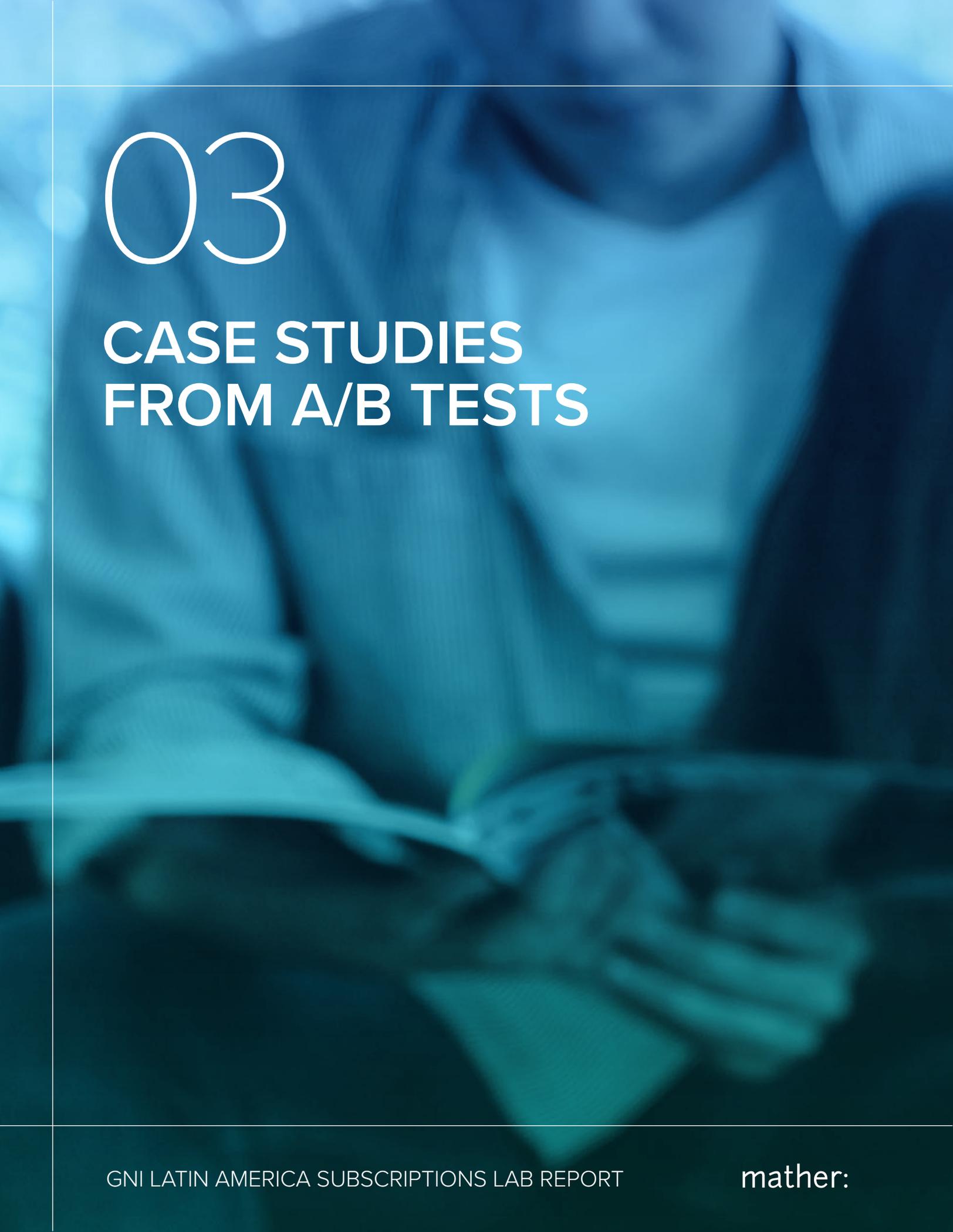
We observed that the average revenue per user is 1.5 times higher for rewards subscribers. However, since the churn rate was more than twice as high, the lifetime value was only USD \$70 for rewards subscribers vs. USD \$161 for news-only subscribers. (Note: the rewards club product accounts for three-fourths of all active digital subscribers.)

Why it matters:

Retention strategies in Latin America cannot exclusively focus on engagement. They must also account for the appeal of benefits and clubs. Retention strategies solely focused on re-engaging subscribers may not lead to the same behavior as might be expected in other regions.

Comparison of retention across subscriber types from Subs Lab Participant

Digital-only – no rewards	<ul style="list-style-type: none"> ▶ 86% of subscribers active online ▶ 1.2% monthly churn
Digital-only + rewards	<ul style="list-style-type: none"> ▶ 46% of subscribers active online ▶ 2.6% monthly churn



03

CASE STUDIES FROM A/B TESTS

DURING THE 18-MONTH Latin America Subscriptions Lab, the participating companies collectively grew US\$7.2 million in incremental subscription revenue, equating to a **\$30 million 5-year** lifetime value **forecast** from the recommended changes to their digital subscription business practices.

TOTAL GNI SUB LABS REVENUE IMPACT	
▶ Revenue growth during program	\$7.2M
▶ 5-year lifetime value program impact	\$30M
▶ True A/B test impact	\$1.9M *
▶ 5-year lifetime value A/B test impact	\$10M

* (recommendations implemented over 1 year)

In addition, we executed more than 20 A/B tests, primarily focused on increasing subscription starts and improving subscriber retention. The A/B tests — recommended by the Mather team and implemented via the Listener Data Platform — generated **\$1.9 million** in the first year, equating to a **\$10 million 5-year** lifetime value impact from new subscriber starts and retention savings.

TYPE	SUCCESS METRIC	AVERAGE IMPACT	A/B TESTS COMPLETE	INCREMENTAL 5-YEAR LTV IMPACT
Dynamic paywall	Conversion volume	12% lift in monthly starts	7	\$2,232,118
Targeted churn reduction	Churn rate	1.4% decline in monthly churn	8	\$7,020,049
Other	Digital revenue	Forecasted \$30K monthly lift from aligned newsroom.	2	TBD
Total			17	\$9,252,167

DYNAMIC PAYWALL TEST

► Estadão, Brazil



SITUATION

Estadão, a large Brazilian newspaper publisher, wanted to grow digital subscriptions by applying advanced customer segmentation and technology via the paywall.

SOLUTION

During the GNI Subscriptions Lab, Estadão developed and launched an in-house dynamic paywall. The dynamic paywall allowed personalized journeys by customer segments.

Mather Economics implemented a custom propensity model to enhance the data used within the paywall. Using the Listener™

platform, Mather integrated propensity segments into Estadão's technology stack and designed a distinct user journey for the high-propensity audience. A 50/50 split was applied to measure against a business as usual control group.

RESULT

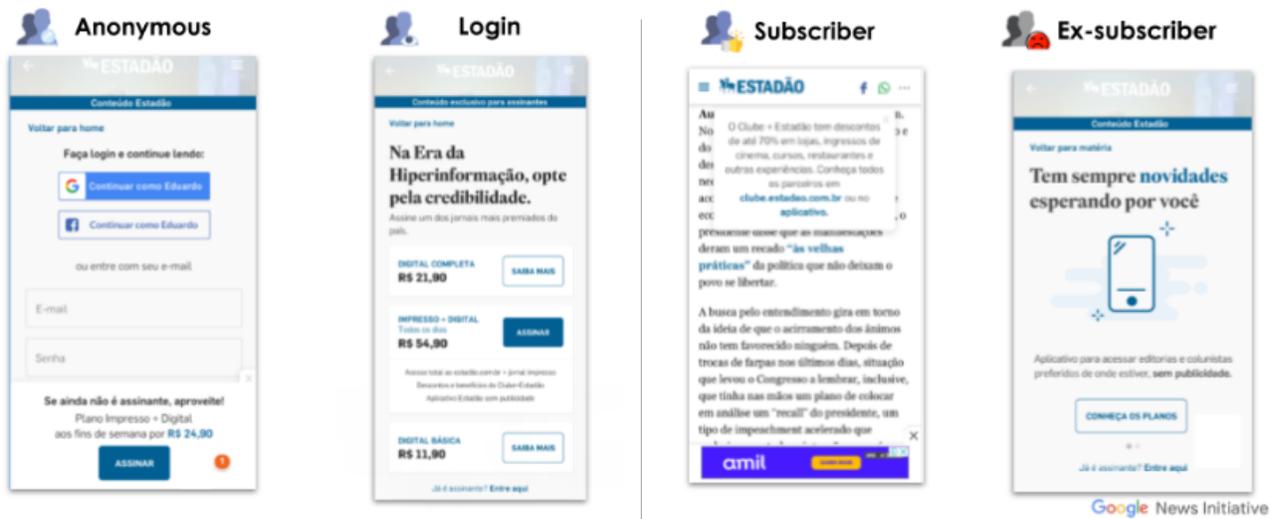
Mather's testing proved the high-propensity segment responded positively to a more restrictive paywall. Monthly conversions **increased by 8%** for the test group while the **conversion rate remained consistent** between test and control groups. By maximizing sales attempts for high-propensity users, the



“We saw that some customers will not pay for us. For those customers, we have increased the advertisements. We believe we can find the balance between advertising and subscription. This is working.

We saw an amazing conversion rate increase.”

Luciana Assis Cardoso, Chief Product Owner at Estadão



above-average conversion rate could be leveraged to drive subscription starts. The test **contributed an incremental \$247,000** in lifetime value.

“We saw that some customers will not pay for us. For those customers, we have increased the advertisements. We believe we can find the balance between advertising and subscription. This is working. We saw an amazing conversion rate increase,” said Luciana Assis Cardoso, Chief Product Owner at Estadão.

INTELLIGENT PAYWALL TEST

Folha, Brazil

SITUATION

Folha, a large Brazilian newspaper publisher, wanted to maximize revenue from their paywall while minimizing advertising risk.

SOLUTION

A propensity model was developed to segment audiences into high, medium, and low propensity groups for both anonymous and known users. First-time users were classified as new cookies due to limited data availability. A randomized paywall test was designed to measure how each audience segment reacted to different meter settings at between two and eight free articles. Mather data scientists analyzed the results

FOLHA DE S.PAULO

after running the test for two months and measured the impact to advertising revenue and conversion volume by propensity group. The Listener™ data platform enabled the data collection, development of the propensity model, and integration with the publisher's tech stack to create targeted user journeys.

RESULTS

With the exception of the low-propensity group, a meter of two articles was determined to maximize digital lifetime value. Further testing showed that in some cases a meter of two articles can also maximize the low-propensity lifetime value.

Audience	Meter Recommendation	Total LTV from recommendation vs. Meter of 8 articles
▶ High Propensity	2	\$295,607
▶ Medium Propensity	2	\$529,150
▶ Low Propensity	5	\$270,964
▶ New Cookies	2	\$746,089
Total		\$1,841,810

Total lifetime value was estimated to be \$1.8 million relative to a meter of eight articles, though the sum of this figure is not incremental due to some of the business rules already being in place. Due to the targeted approach of the testing, there was no discernible impact to advertising revenue or

page views from the paywall business rules.

The test results validated the aggressive meter already in place for the majority of users and **contributed an incremental \$190,000** in lifetime value.

TARGETED CHURN REDUCTION TEST

► El Espectador, Colombia

SITUATION

El Espectador, a large Colombian newspaper publisher, wanted to reduce churn by leveraging Mather Economics' predictive modeling and email targeting capability.

SOLUTION

Digital subscriber behavior was analyzed to determine which subscribers were disengaging, indicating a potential churn risk. A targeted email journey was designed for the target audience along with a business as usual control group. The Listener™ data

EL ESPECTADOR

platform collected every point of engagement from subscribers throughout the duration of the Subscription Lab and integrated with the publisher's email system for the two-month test.



(Left) 10 point reduction in churn rate;
(above) 30% reduction in churn rate

“When we started in 2019, we increased our subscription 115% in comparison to last year. We have a low churn rate. This is important because we’ve increased our retention and our subscription,” said Natalia Piza Calvache, Director of Digital Monetization at El Espectador.

RESULTS

Churn from the high-risk group improved by 30% for the test group (23% churn rate) compared to the control group (33% churn rate). As one of the first data-driven and targeted email reduction tests, the result was a high-impact and low-cost method to mitigate churn from high-risk subscribers.

The test **contributed an incremental \$58,000** in lifetime value to the A/B testing results.



“When we started in 2019, we increased our subscription 115% in comparison to last year. We have a low churn rate. This is important because we’ve increased our retention and our subscription.”

Natalia Piza Calvache, Director of Digital Monetization at El Espectador.

TARGETED CHURN REDUCTION

► Clarín, Argentina



SITUATION

Clarín, a large newspaper publisher, wanted to reduce churn from digital subscriptions by leveraging Mather Economics' predictive modeling and email targeting capability.

SOLUTION

Digital subscriber behavior was analyzed to determine which subscribers were disengaging, indicating a potential churn risk. The Listener™ data platform classified users into five engagement segments.

A targeted email journey was designed for the target audience along with a business as usual control group. The Listener platform implemented the test within the publisher's email system for the two-month test.

	CONTROL	TEST
Targeted users at start of campaign	24,701	12,325
Targeted users at end of campaign	21,929	10,982
Churn rate	11.2%	10.9%

RESULTS

Churn was reduced from 11.2% to 10.9% when comparing the control vs. test groups, respectively. Subscribers with the most severe levels of disengagement achieved the greatest reduction in churn. Fanatic subscribers who completely disengaged improved churn by 1% (10% test vs. 11% control) and Enthusiast subscribers who completely disengaged reduced churn by 0.5% (10.5% test vs. 11% control). Single-use subscribers had similar reductions (10% test vs. 11% control).

Counterintuitively, targeting subscribers who were not Fanatics or Enthusiasts, or those marginally engaged who completely disengaged, caused greater churn. Subscribers who disengaged slightly but remained active on the site showed almost no impact. The takeaway from the test is that **churn reduction emails should be targeted to formerly engaged readers who completely stop using the site** while other subscribers who disengage should be left alone or further tested with targeted calls to action. The test **contributed an incremental \$80,000** in lifetime value.

TARGETED CHURN REDUCTION

► Nexo Jornal, Brazil



SITUATION

Nexo Jornal, a small digital-only publisher in Brazil, wanted to reduce churn from digital subscriptions by leveraging Mather Economics' predictive modeling and email targeting capability.

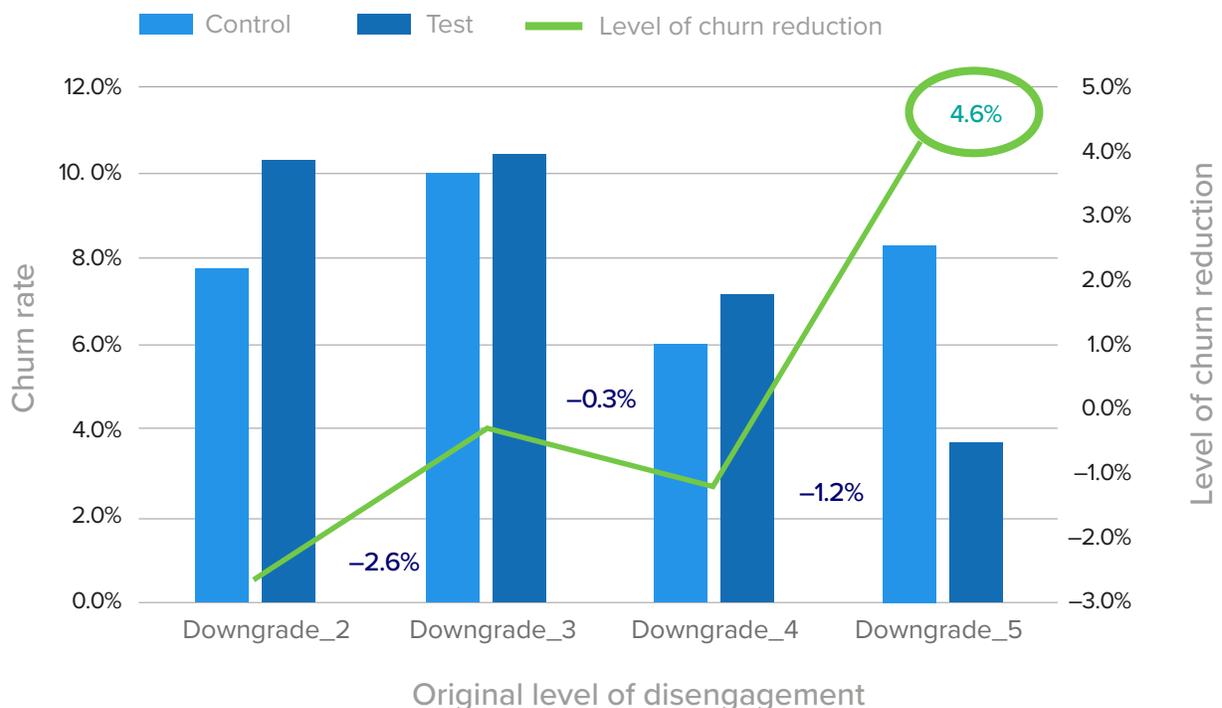
SOLUTION

Digital subscriber behavior was analyzed

to determine which subscribers were disengaging, indicating a potential churn risk. The Listener™ data platform collected every point of subscriber engagement and classified users into Mather's engagement segments. Five key inputs are used to score each subscriber's engagement level.

A targeted email journey was designed for the

Downgrades: levels of disengagement



target audience along with a business as usual control group. The Listener data platform implemented the test within the publisher's email system for the two-month test.

RESULTS

Fanatic subscribers who completely disengaged improved churn by 4.6% (3.7% test vs. 8.3% control).

Counterintuitively, subscribers who were not Fanatics had either no impact or caused greater churn from email targeting.

The takeaway from the test is that churn reduction emails should be targeted to the most engaged readers who completely stop using the site, while other subscribers who disengage should be left alone or further tested with targeted calls to action.

The test contributed **\$7,000** in lifetime value.



CONTENT MIX OPTIMIZATION

► Estado de Minas, Brazil

ESTADO DE MINAS

SITUATION

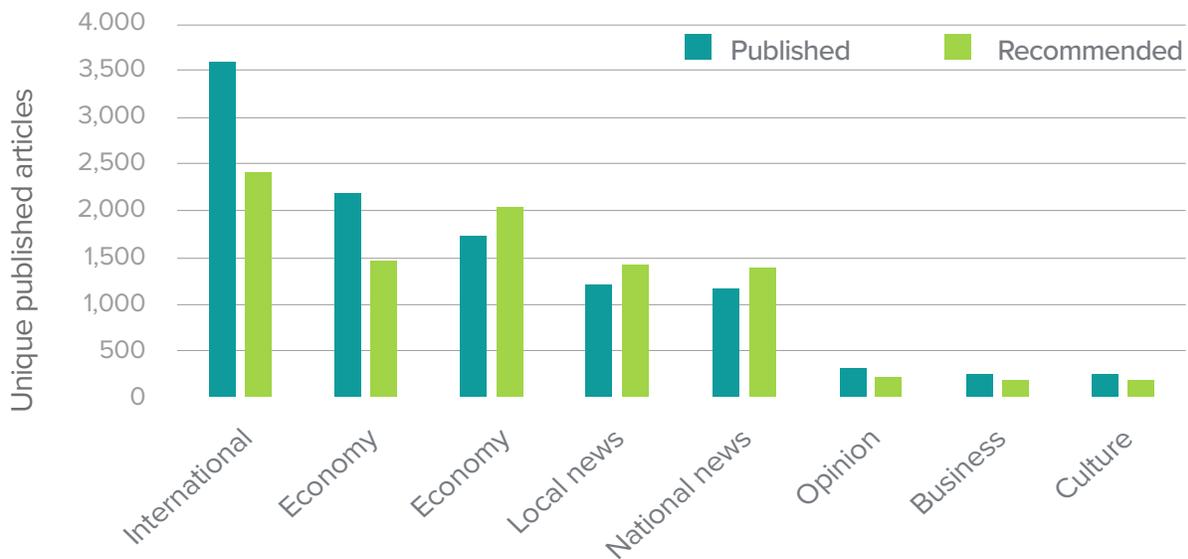
Estado de Minas, a large Brazilian newspaper publisher, recently launched a digital subscription product and wanted to better align the newsroom with digital subscription goals.

SOLUTION

Mather Economics applied its framework to deeply understand content consumption, utilizing relevant article performance data and audience engagement segments. Each article was analyzed on two key

performance indicators: path to conversion and reaching high-propensity audiences. The path to conversion is a metric developed by Mather Economics to attribute which articles a user read in the 30 days before they chose to subscribe. A propensity model was developed to classify users into high and low-propensity segments.

This detailed content study enabled the newsroom to visualize which topics were resonating with the core, subscribing audiences and which were



US\$30,000 per month

[Incremental gain from
shifting content mix to be in
line with reader demand]

not. Additionally, Mather's economists developed a recommendation to optimize the mix of content production to ensure the supply of articles was in line with demand. All data analysis was completed using the Listener™ data platform.

RESULTS

Mather Economics found that Estado de Minas could re-think content production of 2,100 articles per month in select topics and produce 800 more articles in other key content areas. Many articles did not show

up on the journey to subscribe for readers or attract high-propensity users. Mather also found that 1,361 articles had nearly zero impact to key performance metrics, including page views. Or in other words, more than 40% of all articles produced did not have a measurable impact on digital revenue.

Shifting the content mix to be in line with reader demand is expected to generate an incremental **\$30,000 per month** (across both subscriptions and advertising revenue).



“Being part of the GNI Subs Lab by Google and Mather was a game-changer for Estado de Minas. We were able to better understand our audience and the best approaches to our paywall. In addition, based on the analyzed data, we were able to adapt our newsroom to focus on producing content that led to better engagement and conversion.”

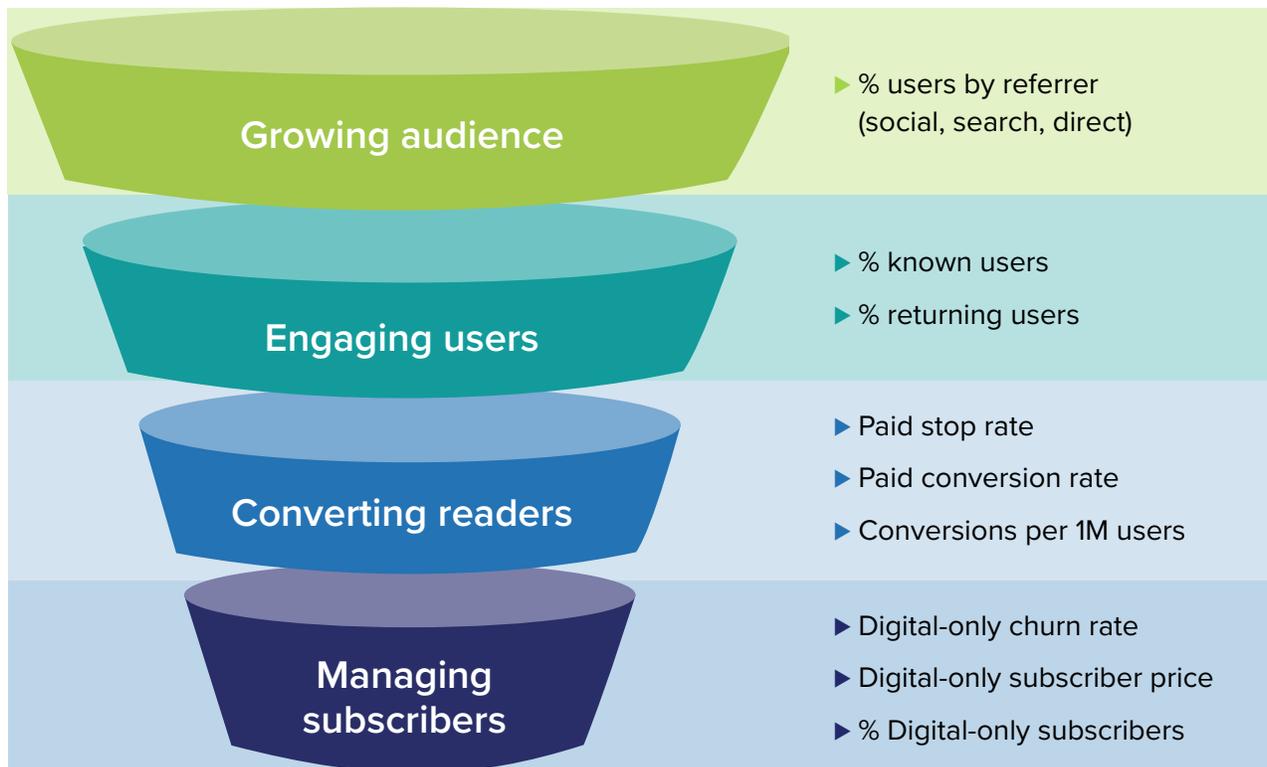
Mayara Souza, head of marketing at Estado de Minas

04

BENCHMARKING

MATHER ECONOMICS measured audience performance metrics along the conversion funnel as well as subscriber retention and yield metrics. A simplified summary is shown below:

Key metrics: Each stage of the customer life cycle:



% users by referrer

Unique users accessing the site by referrer category (social, search, direct) as a percentage of all unique users over a 30-day rolling period. Social includes Facebook, Twitter, LinkedIn...etc. and Search includes common platform such as Google, MSN, Bing etc

% known users

Unique users registered or subscribed as a percentage of all unique users over a 30-day rolling period.

% returning users

Unique users who accessed the site in the prior 30-day period (31-60 days ago) as a percentage of all unique users over 30-days.

Paid stop rate

Ratio of unique users who encounter restricted content via a paywall (metered or premium content) vs. all unique users over a 30-day rolling period. Registration walls are not counted.

Paid conversion rate

Ratio of unique users who subscribed after hitting restricted content via a paywall (metered or premium content) vs. unique users who encountered a paywall.

Conversions per 1M users

Ratio of all conversions through the website (hitting the subscribe button, paywall, email channel etc.) vs. unique users over a 30-day rolling period X1000.

Digital-only churn rate

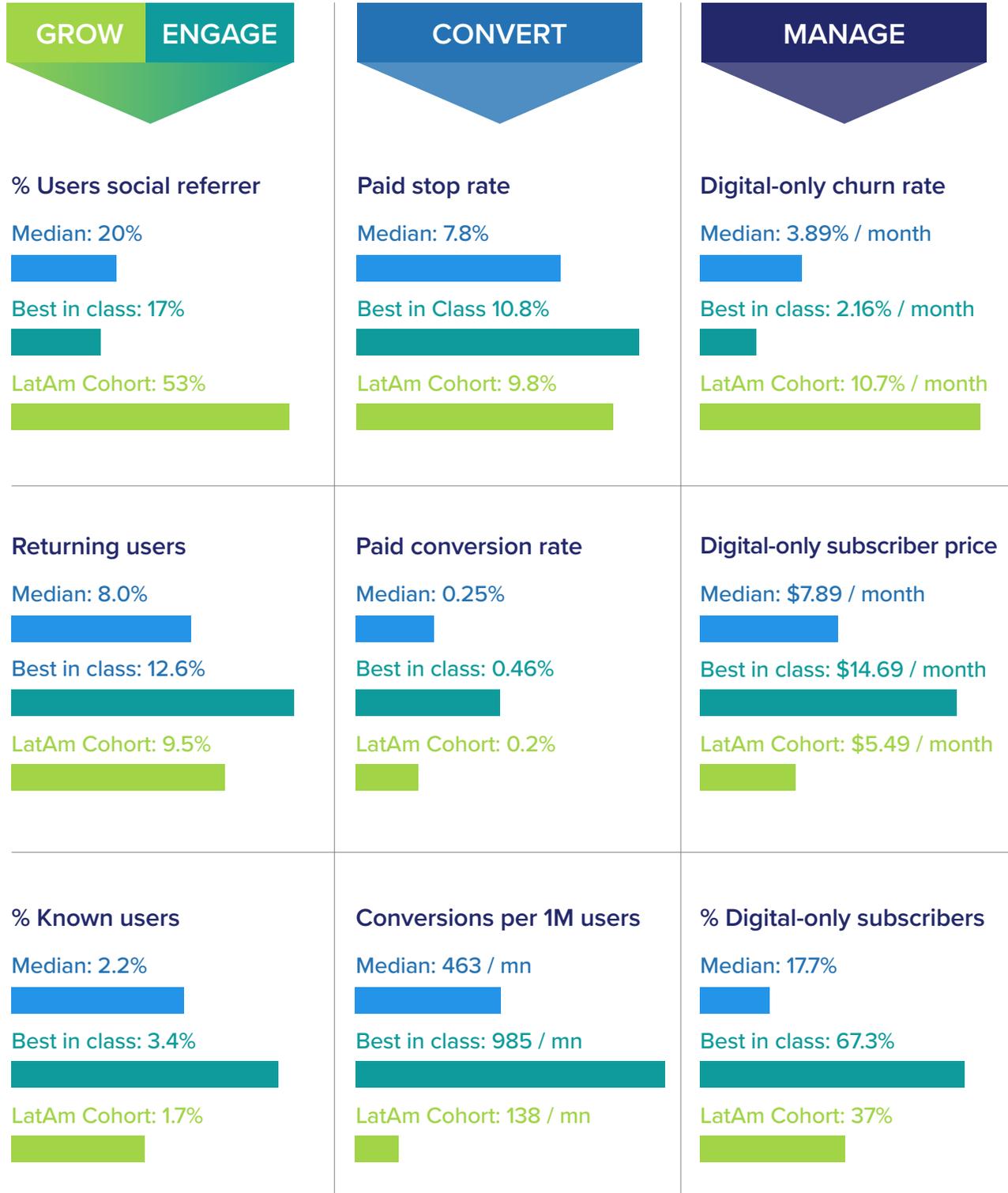
Ratio of subscriber stops in the most recent month vs. the number of active subscribers in the prior period

Digital-only subscriber price

Average effective price per month for digital-only subscriptions from active subscribers. This is an average including discounts and calculating the effective monthly price for annual and other term lengths

% digital-only subscribers

The number subscribers paying for a digital-only subscription product as a percentage of all active paying subscribers



KEY TAKEAWAYS

▶ Latin American publishers achieved strong top-of-funnel performance, indicating strong brand presence and readership. Many of the participants in the program are newspapers of record for their country

▶ Known user engagement was generally lower than global benchmarks, indicating an opportunity to further nurture audience via newsletters and registration walls

▶ Though the cohort average indicated an above-average paid stop rate, there was a wide disparity among publishers. Some publishers had aggressive paywalls while others are cautious about setting tighter paywalls at the risk of losing audience

▶ The paid conversion rate was generally lower than global benchmarks, indicating an opportunity to improve the checkout process, use targeting in the paywall, and strengthen the subscriptions value proposition

▶ Similarly, the overall conversions per million users was far below global benchmarks due, in part, to emphasis on maintaining advertising revenue

▶ As expected the average subscription price was lower than global benchmarks, reflecting the currency and economic challenges of the cohort

▶ The cohort churn rate was very high but also exhibited a great disparity, with some of the more advanced publishers achieving <2% churn while some churn nearly 30% of subscribers every month

▶ Best-in-class publishers and one pure-digital publisher in the Latin America cohort pull the digital-only subscriber percentage far above average, though several publishers had only recently launched paywalls and are far below the benchmark

05

PROGRAM APPROACH

Google, WAN-IFRA, and Mather Economics completed a sequence of work streams during the Subscriptions Lab to help publishers build and optimize their digital subscription businesses.

Listener and data collection

MAY 2019

- ▶ Listener™ installed on website to capture online data and facilitate A/B testing
- ▶ Subscribed data
- ▶ Advertising revenue
- ▶ Historical campaigns and tactics

Diagnostic

JUL 2019

- ▶ On-site working session and executive interviews
- ▶ Assessment of digital subscription maturity across six pillars
- ▶ Developed hypotheses, revenue opportunities, focus areas
- ▶ Shared case studies from Best-In-Class publishers

Benchmarking

SEP 2019

- ▶ Assessed thirty key performance indicators
- ▶ Provided benchmarks within the Subs Lab cohort and across global publishers
- ▶ Identified strengths and areas to improve

Analysis

NOV 2019

- ▶ Identified opportunity and insights from robust data analysis across audience and content
- ▶ Engagement scoring
- ▶ Propensity to subscribe and churn
- ▶ Machine learning and Econometrics
- ▶ Path to conversion
- ▶ Economics of content
- ▶ Scenario modeling

AB tests

JAN-DEC 2020

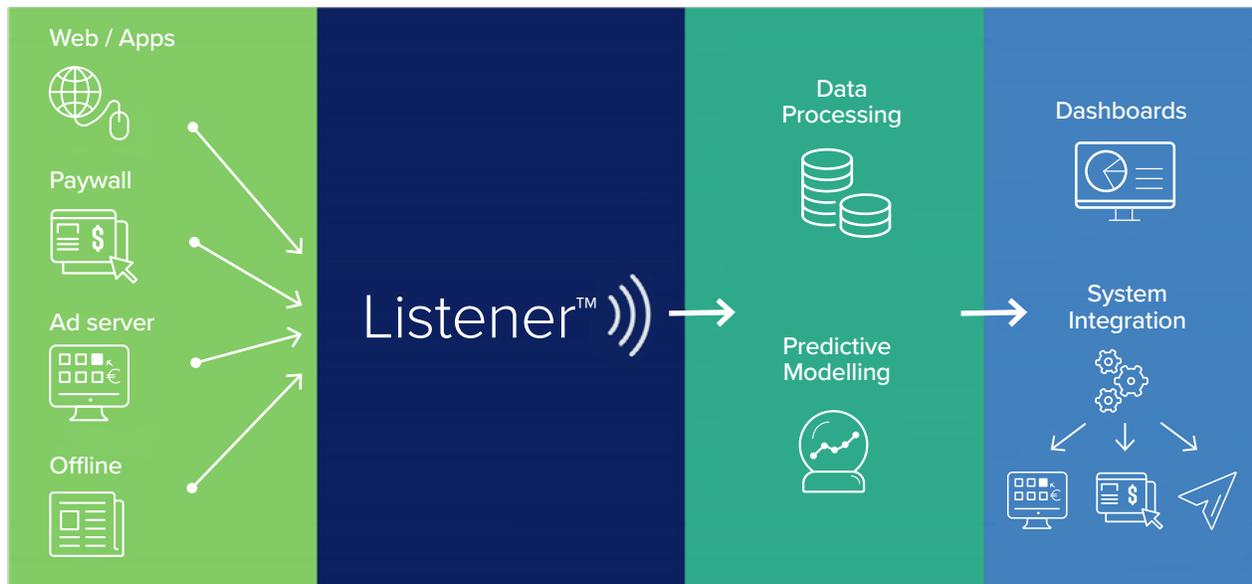
- ▶ Facilitated tests to grow subscriptions
- ▶ Facilitated test to reduce churn
- ▶ Quantified impact using LTV framework

Listener™ Data Platform MAY 2019+

Mather provided access to its Listener™ Data Platform for each publisher, which expedited the data collection process and enabled A/B testing and integration of audience segments into paywalls and

email service providers. A consistent dataset across each publisher allowed unified data definitions and comparisons to key performance indicators and digital engagement across 200 brands

globally. Propensity-to-subscribe scores and propensity-to-churn scores were converted into meaningful marketing segments that were tested within the existing publisher tech stack.



INGESTION

- ▶ Listener's JavaScript tags track data from your website, paywall, and ad server. Listener™ can also integrate your offline data.

LISTENER™

- ▶ Listener™ collects data from digital customer activity to grow audience engagement, build subscriber revenue, protect and improve advertising revenue and publish the right mix of content for your digital properties.

DATA ANALYSIS AND REPORTING

- ▶ The Listener™ team then processes and analyzes your data.

OUTPUT

- ▶ After analysis and processing, the data is put into dashboards. It can also be integrated into your paywall, ad server and email systems.

Digital Subscription Diagnostic

JULY 2019

Mather Economics evaluated each publisher's digital subscription and transformation maturity across six focus areas through interviews and on-site sessions



STRATEGIC DIRECTIONS:

- ▶ Do functions across the organization follow a strategy using a common set of 'North Star' metrics grounded in operational and financial rigor?



TACTICS & EXECUTION:

- ▶ How well is the organization managing the customer life cycle across touch points and applications?



DATA & ANALYTICS:

- ▶ Is data captured in a systematic or organized manner that supports analytics across the key functions?



PRODUCT & USER EXPERIENCE:

- ▶ Is the digital product compelling as a subscription offering? Does the interface and page speed enhance value to subscribers?



TECH STACK:

- ▶ Does the technology tool set support the digital transformation? Does the set of applications enable the strategic and tactical direction of the company?



NEWSROOM:

- ▶ Are reporters actively using data in newsroom operations, and do they understand what kind of content resonates with key audience segments?

BENCHMARKING

September 2019

Using the Listener™ Data Platform, nearly 30 key performance metrics were measured and shared with each publisher individually, comparing them against the cohort and global publishers. An anonymized cohort-wide benchmarking report was also presented at a working session in New York in late 2019.

AUDIENCE AND CONTENT ANALYSIS

November 2019

Deep data analysis was completed on digital audience and content to identify opportunities for digital subscription revenue growth.

Recommended meter levels, price points, investments in certain content topics, and retention tactics were developed for each publisher with estimated benefits from each action.

Custom audience segments were developed using Mather's clustering algorithm, augmenting the commonly used Recency, Volume, Frequency (RFV) technique. A market-level propensity model was also developed for each publisher to segment each user (cookie) into high-, medium-, and low-propensity segments.

Econometric analysis of propensity to subscribe also explained why a user was a high-propensity reader, giving marketing teams and the newsroom insight into the behaviors that have the greatest impact on conversion and identifying the marketing tactics that have the greatest marginal impact on conversion.

In addition to audience analytics, each article was analyzed on its impact on the path to conversion and ability to attract high-propensity readers. Topics and keywords that indexed high or low were presented to the publishers, highlighting areas that were impacting subscription growth and other topics that needed to be revisited.

Lastly, revenue forecasts and dozens of data-driven scenarios were developed to outline how each publisher could achieve immediate revenue growth. The data analysis was translated into a series of recommendations for each publisher outlining A/B tests, retention and acquisition tactics, strategic changes and newsroom focus, all of which were presented in recurring working sessions during the program.

A/B TESTING

January 2020- December 2020

Rigorous tests of the recommended acquisition and retention tactics were completed on the publisher's websites. Results from these tests were compared to the predicted outcomes, and a second wave of tests was implemented to further validate insights on each publisher's audience and digital subscription opportunity. Instilling a test and learn culture was a key feature of the Latin America Subscriptions Lab.

More than 20 A/B tests were executed using Listener™ Dynamic paywall tests generally focused on growing subscription start volume. Churn reduction tests focused on saving stops from high-risk subscribers via targeted email campaigns.

GNI

LATIN AMERICA

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