

# Building a Sustainable Audience Monetization Model (in the post-meter era)



2014 Ohio Circulation Conference  
Kent, OH | September 28-29

# About Leap Media Solutions

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## OVERVIEW

- Founded in 2012
- Based in Old Saybrook, CT
- Full-service marketing solutions provider
- Shared resource management
- Leap Media Partners & The Day Publishing Company

## CLIENT COALITION

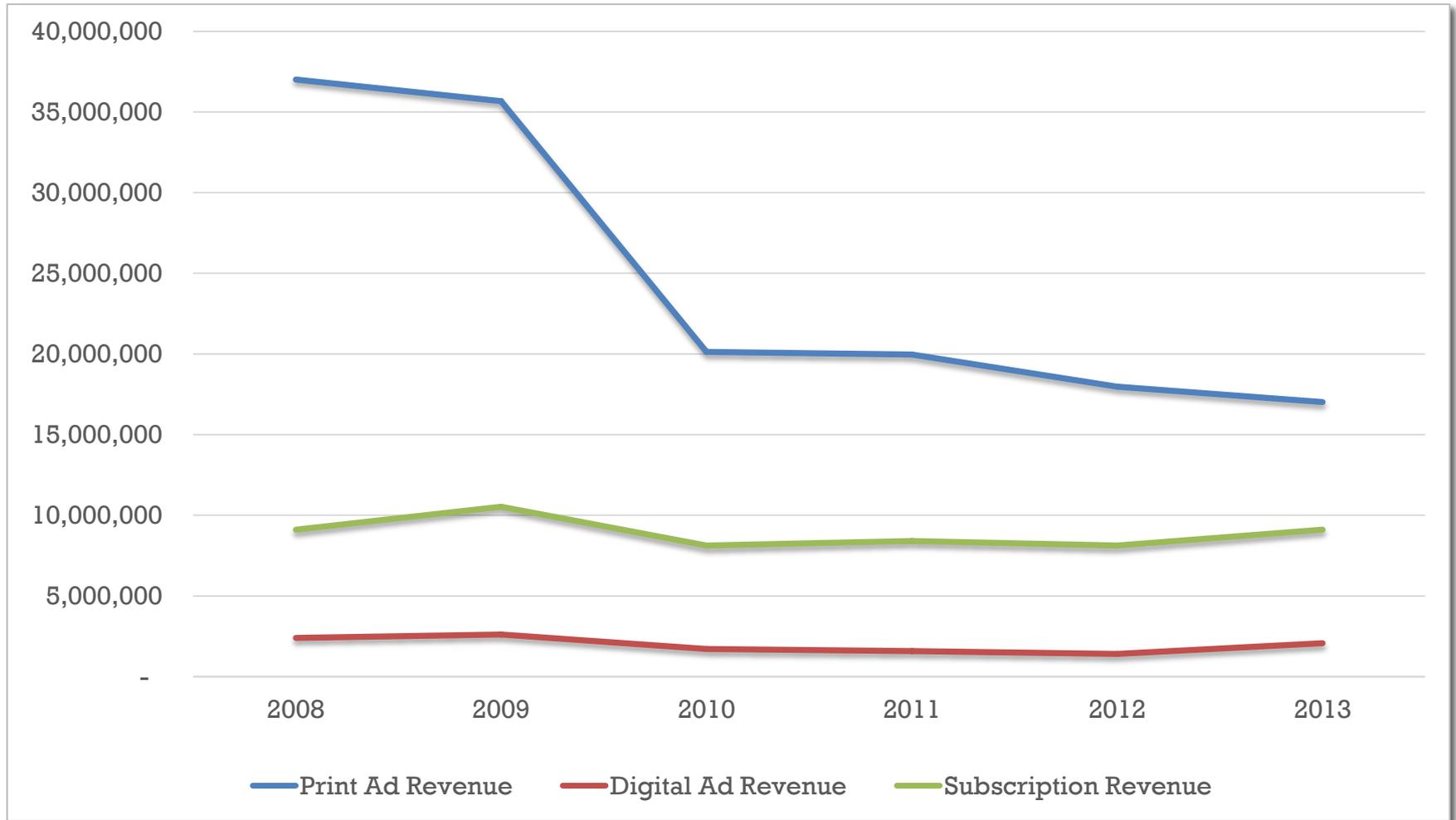
The Day Publishing Company  
Digital First Media  
Hartford Courant  
Erie Times-News  
The Frederick News-Post  
The Bakersfield Californian  
Aurora Media Group  
Greeley Tribune  
NH Union Leader  
Albuquerque Journal  
Colorado Springs Gazette  
Cedar Rapids Gazette  
....and 13 other daily publications



# Audience Monetization

## (Historical and Strategic Context)

# Newspaper revenue trends (2008-2013)



Source: Inland Press Association

# Paid content models: the new rage...

Explore Harvard's Nieman network | NIEMAN FELLOWSHIPS | NIEMAN LAB | NIEMAN REPORTS | NIEMAN STORYBOARD

This Week in Review: Encryption and censorship, and broadening the story of journalistic change [nie.nm/13WUX65](#)

## Nieman Journalism Lab

*Pushing to the future of journalism — A project of the Nieman Foundation at Harvard*

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MARCH 7, 2013, 12:58 P.M.



### The newsonomics of Why Paywalls Now?

Paywalls are generating real money for American newspapers in 2013. But would they have in 2007, or 2002, or 1997?

By KEN DOCTOR

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Though it's spring training season, forget Moneyball — think Paywall. The money now flowing into newspaper companies due to paywalls is getting to be seriously countable.

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## THE WALL STREET JOURNAL.

U.S. EDITION | Sunday, October 14, 2012 | No. of 6:27 PM EDT

Home World U.S. Business Tech Markets Market Data Your Money Opinion Life & Culture N.Y. Real Estate Management

Earnings Economy Health Law Autos Management **Media & Marketing** Energy Small Business Startups More Industries

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MEDIA & MARKETING | October 14, 2012 6:27 p.m. ET

### Paywalls Giving Newspapers Chance at a Comeback

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By KEACH HAGEY

The newspaper industry's turn toward "paywalls," that is, charging for online access, has been a hit with at least one important constituency: investors.

Newspaper stocks are up 50% to 80% in the past year, despite uncertainty about the long-term financial impact of digital subscription policies.

Some of that uncertainty should start to lift in coming weeks, as newspaper publishers, starting with [Gannett Co.](#) [\[GC+1.83%\]](#) on Monday, report third-quarter earnings. The results will give the clearest idea to date of how the paywalls are working.



Hinkley, Allen & Snyder LLP | Attorneys at Law

# The slippery slope of paywalls

- ❖ Only a small audience will pay meaningful dollars
- ❖ Small audience weakens our appeal to advertisers
- ❖ Small audience undermines BIG Data...and little data
- ❖ Small audience erodes the value of the brand



## What we know today

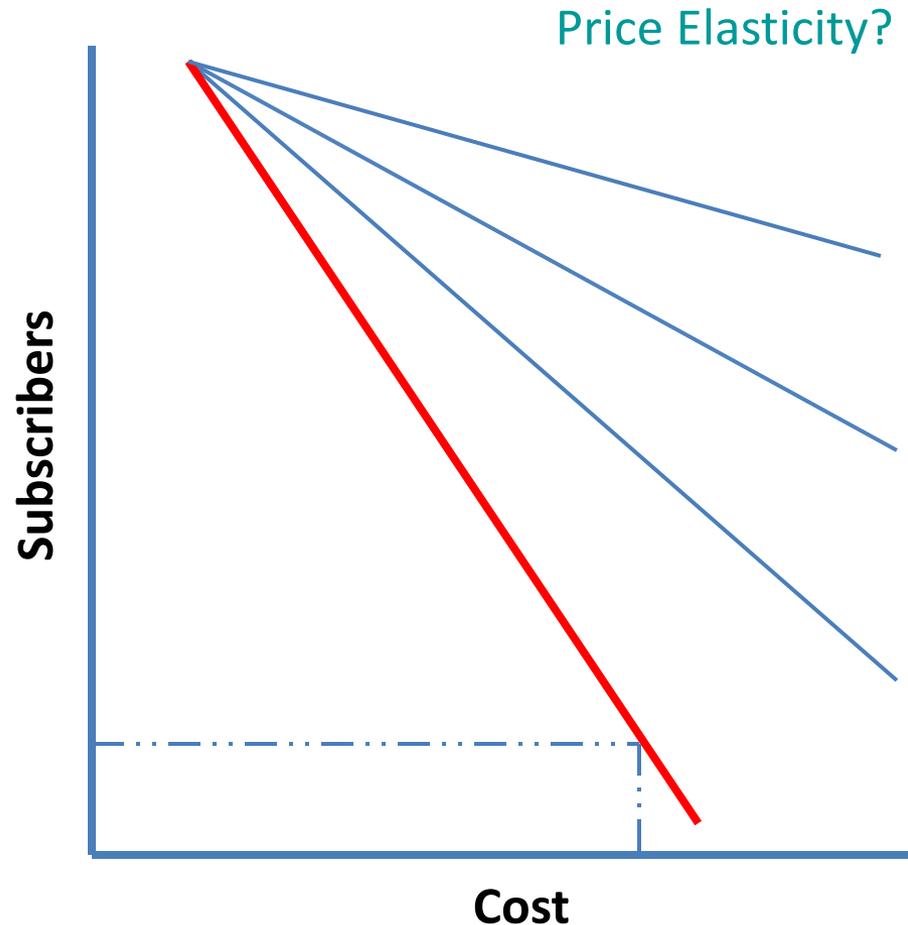
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*“Now that roughly a third of the nation’s newspapers are charging for access to their web and mobile content, the early evidence suggests that **digital audiences aren’t nearly as enthusiastic about paying for news as publishers are about charging for it.**”*

- Alan Mutter  
Newsosaur

# The slippery slope of paywalls

- ❖ Only a small audience will pay meaningful dollars
- ❖ Small audience weakens our appeal to advertisers
- ❖ Small audience undermines BIG Data...and little data
- ❖ Small audience erodes the value of the brand
- ❖ **These factors and the continuous pressure to raise prices compromise our competitive advantage of efficiently connecting local merchants with high-potential consumers**



The Day Publishing Company

# ONE COMPANY'S JOURNEY

# Three year brand repositioning (2010-2012)

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*“A hub of distributed content and conversation with a local connection from a trusted source.”*

# Four strategic imperatives

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1. Unify the content management and digital publishing infrastructure
2. Derive a fair value from proprietary content and services
3. Create a customized user experience, with single sign-on authentication
4. Build synergistic business model that regards customers as strategic assets

# Metering: a tactic supporting the strategy

The image displays four overlapping screenshots of the 'theday CONNECTICUT' Member Center website interface, illustrating different views and navigation options. The interface is designed with a clean, modern aesthetic, featuring a blue and white color scheme.

**Top Screenshot (Left):** Shows the 'theday CONNECTICUT' logo and a navigation menu with options: My Profile, Delivery Issues, Make a One Time Payment, Sign Up For EZ Pay, Start a Vacation Hold, Other Requests, and Contact Us. Below the menu are three promotional cards: 'Buy a Gift Membership', 'Activate your Groupon', and 'Buy a Business Membership contact Peter Ingoglia at (860) 701-4274'.

**Second Screenshot (Middle-Left):** Shows the 'theday CONNECTICUT' logo and a navigation menu with options: My Profile, Delivery Issues, Make a One Time Payment, Sign Up For EZ Pay, Start a Vacation Hold, Other Requests, and Contact Us. Below the menu are three promotional cards: 'Buy a Gift Membership', 'Activate your Groupon', and 'Buy a Business Membership contact Peter Ingoglia at (860) 701-4274'.

**Third Screenshot (Middle-Right):** Shows the 'theday CONNECTICUT' logo and a navigation menu with options: My Profile, Delivery Issues, Make a One Time Payment, Sign Up For EZ Pay, Start a Vacation Hold, Other Requests, and Contact Us. Below the menu are three promotional cards: 'Buy a Gift Membership', 'Activate your Groupon', and 'Buy a Business Membership contact Peter Ingoglia at (860) 701-4274'.

**Bottom Screenshot (Right):** Shows the 'theday CONNECTICUT' logo and a navigation menu with options: My Profile, Delivery Issues, Make a One Time Payment, Sign Up For EZ Pay, Start a Vacation Hold, Other Requests, and Contact Us. Below the menu are three promotional cards: 'Buy a Gift Membership', 'Activate your Groupon', and 'Buy a Business Membership contact Peter Ingoglia at (860) 701-4274'.

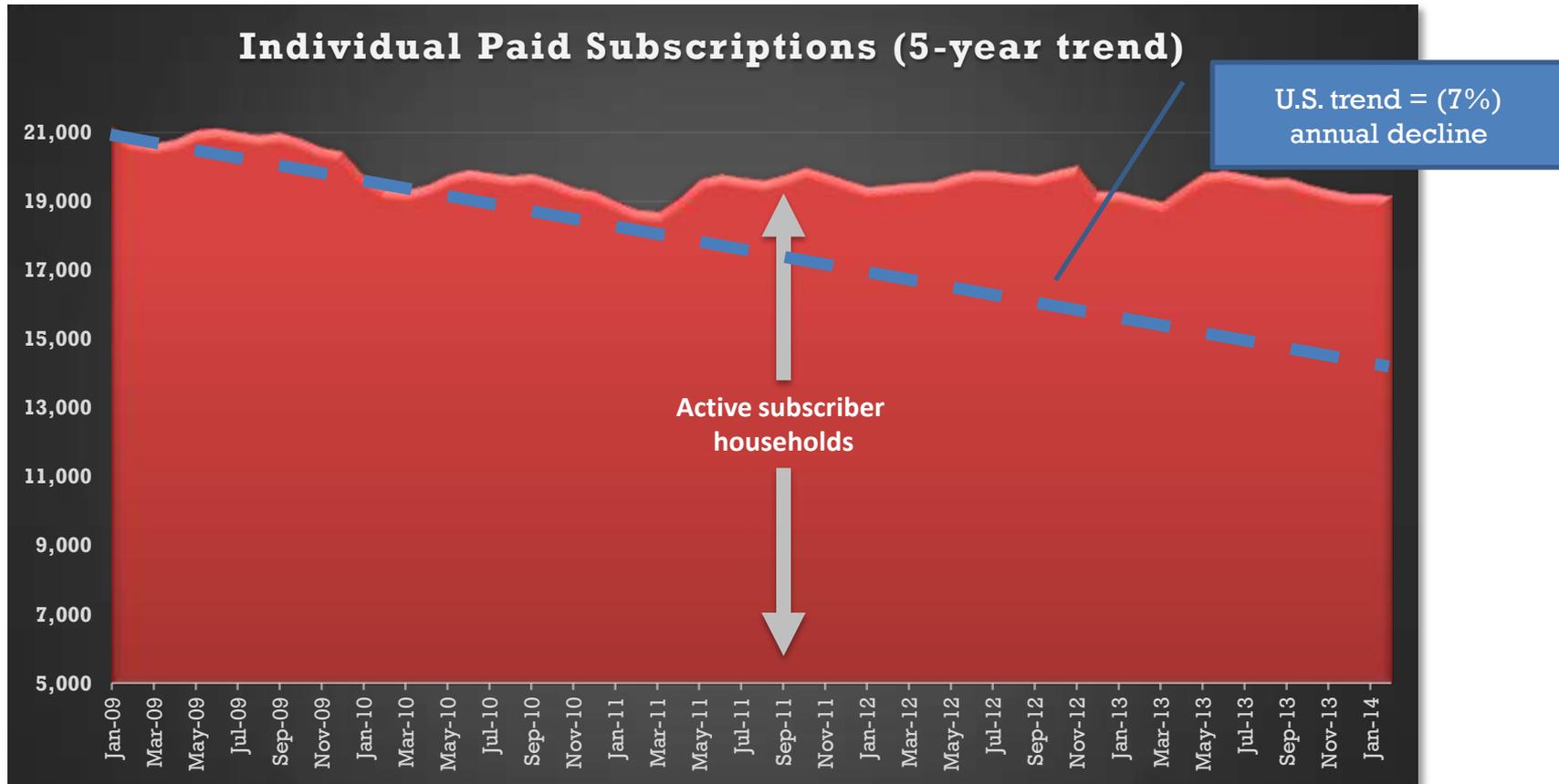
The bottom screenshot provides a detailed view of the Member Center interface. It features a navigation menu with options: My Profile, Delivery Issues, Make a One Time Payment, Sign Up For EZ Pay, Start a Vacation Hold, Other Requests, and Contact Us. Below the menu are three promotional cards: 'Buy a Gift Membership', 'Activate your Groupon', and 'Buy a Business Membership contact Peter Ingoglia at (860) 701-4274'.

The main content area of the bottom screenshot is divided into several sections:

- My Profile +** (with a checkmark icon)
- Delivery Subscription +** (with a checkmark icon)
- Membership Plan -**
- You are a Gold Member:**
  - ✓ Print Delivery Thursday-Sunday
  - ✓ Unlimited Digital Access
  - ✓ Commenting Privileges On THEDAY.COM Stories
  - ✓ Daily Access To The Day's Electronic Email To Your Email, Tablet Or Mobile Device
- Upgrade your membership**
- Account info +**
- Billing info +**
- Email Subscriptions +**

At the bottom of the page, there is a footer with navigation links: My Profile | Delivery Issues | Make a One Time Payment | Sign Up for EZ Pay | Start a Vacation Hold | Other Requests | Back Issues | FAQ | Find A Retail Location | Contact Us.

# Result: bundling content stabilized subscriber levels

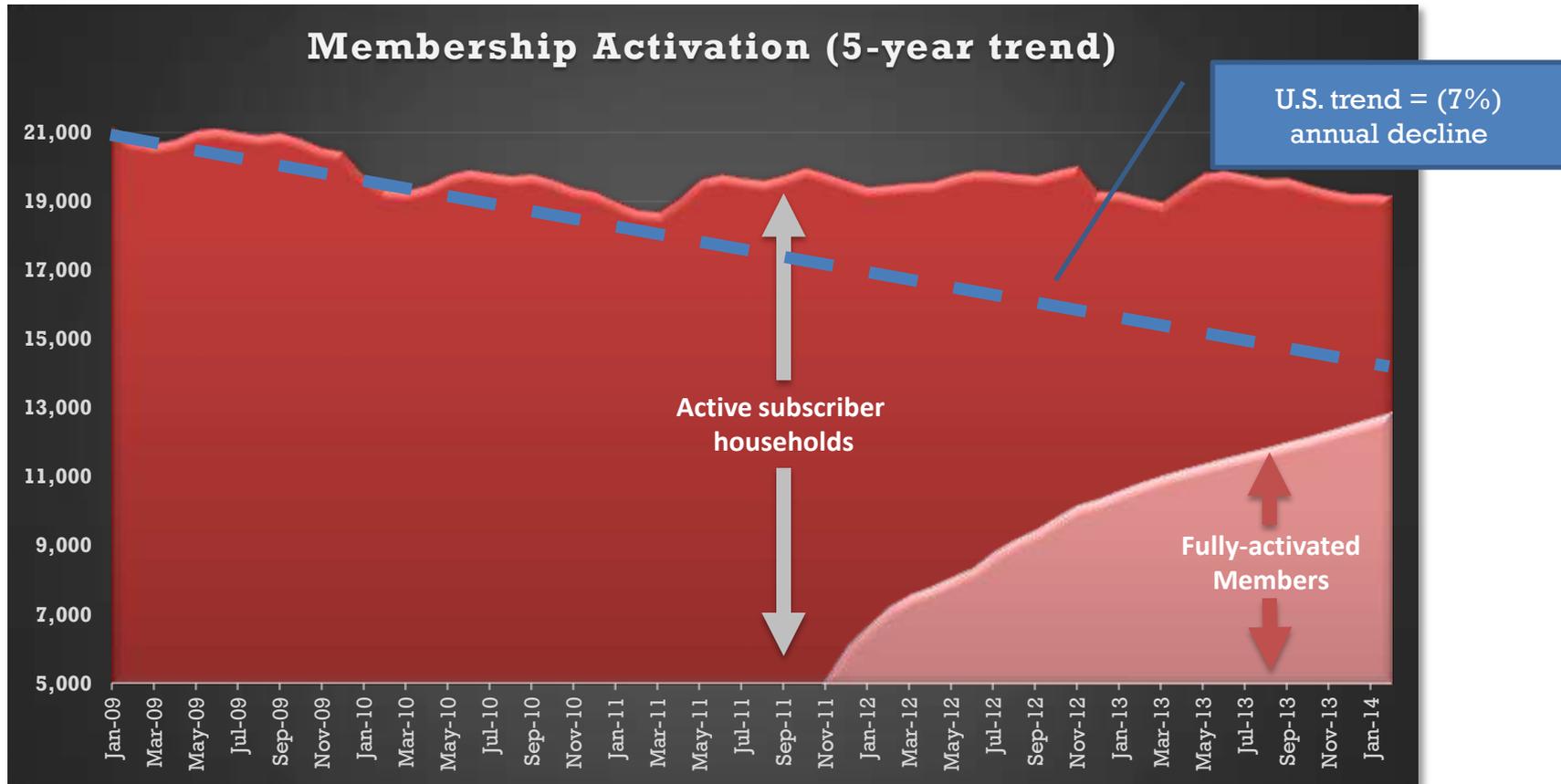


# Rewards: create value for our members

The collage displays four screenshots of the 'The Day Passport' website interface:

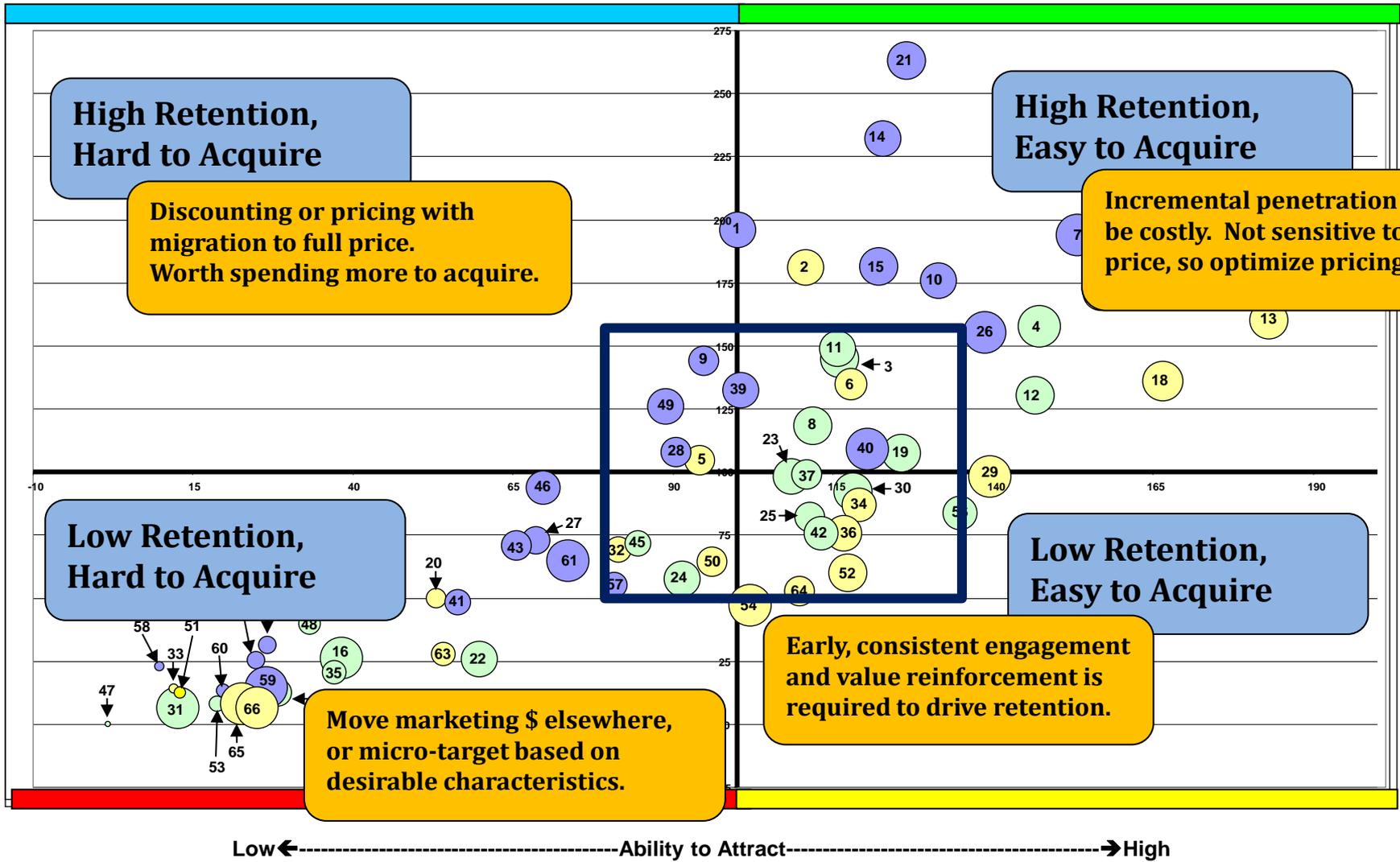
- Top Left:** A membership banner titled 'MEMBERSHIP IS MORE REWARDING'. It features a 'Join Now' button and a circular logo for 'THE DAY PASSPORT 1994'. Navigation links include 'EXPLORE', 'DREAM', 'DISCOVER', 'ABOUT PASSPORT', 'PARTNERS', and 'CONTACT US'.
- Top Right:** A 'REWARDS' section titled 'EXPLORE REWARDS'. It includes a filter menu for 'All Rewards', 'All Categories', 'Dining', 'Entertainment', and 'Name by Partner'. A list of rewards is shown, including 'Rock Ages' and 'Cirque Dreams Rocks'.
- Bottom Left:** A 'DREAM GATEWAYS' section with a large image for 'Disney On Ice Mickey and Minnie's Magical Journey'. It includes a 'Win 4' badge and a 'More Details' link.
- Bottom Right:** A detailed view of the 'Disney On Ice Mickey and Minnie's Magical Journey' offer. It states: 'Win four complimentary passes to Disney On Ice Mickey and Minnie's Magical Journey' and lists performance dates: Wednesday, December 28 at 1 p.m. or 7 p.m.; Thursday, December 29 at 11 a.m. or 3 p.m.; and Friday, December 30 at 1 p.m.

# Result: all-access content + rewards drove activation

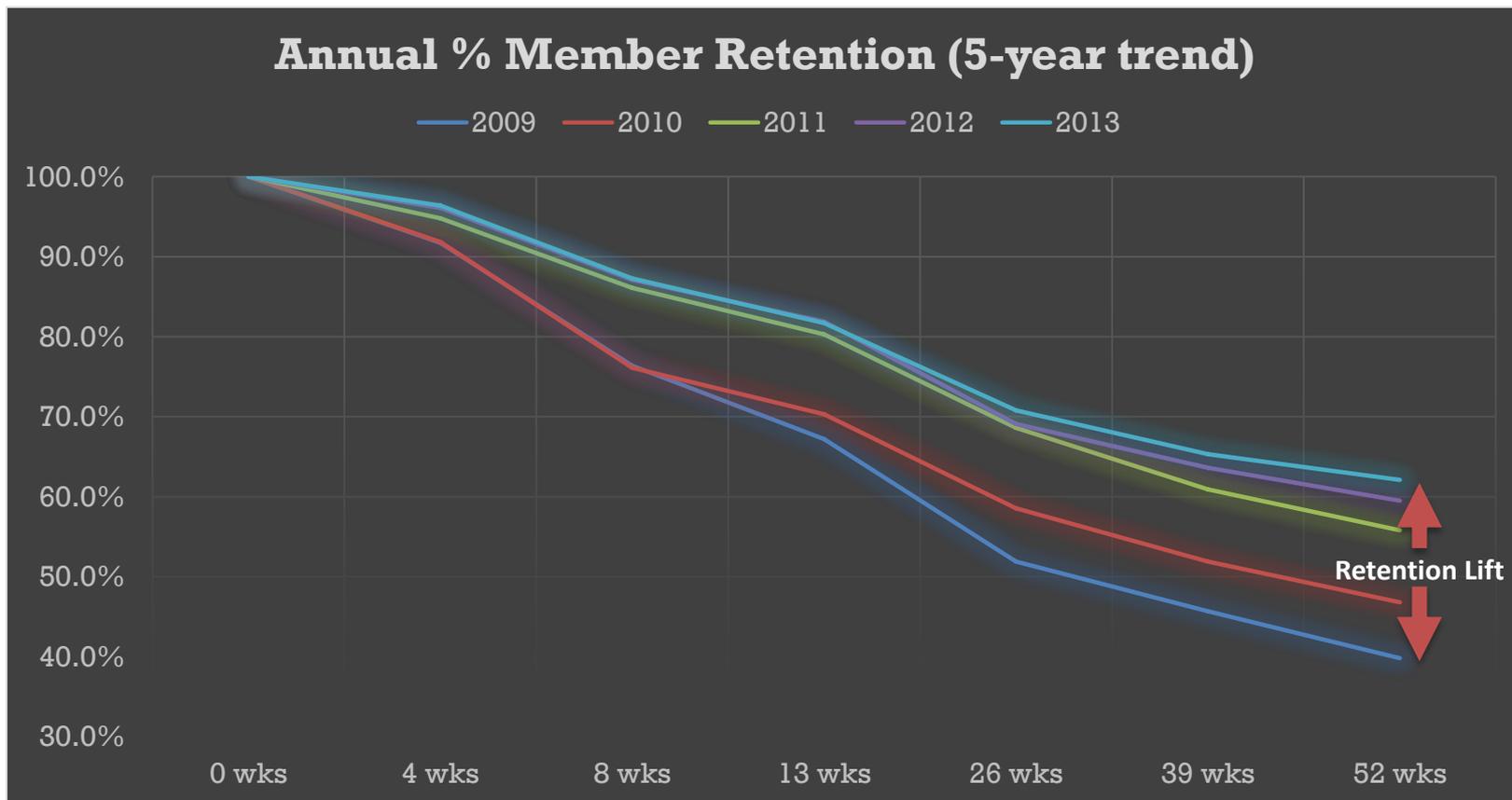


# Segmentation: improve overall marketing effectiveness

High  
Ability to Retain  
Low



# Result: higher value + targeting drives retention gains



**Audience data becomes a  
new “currency of exchange”**

# “Big Data” becomes “Actionable Intelligence”

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## “Direct” Consumer Revenues

- Metering (relational)
- Subscriptions (transactional)
- Point of Sale (transactional)
- Merchandise (transactional)
- Photo reprints (transactional)
- Archives / back issues (transactional)
- Gift memberships (transactional)
- eCommerce (transactional)

## “Indirect” Consumer Revenues

- Contest marketing (relational)
- Affinity content marketing (relational)
- e-Newsletters (relational)
- Sponsored surveys (behavioral)
- Merchant services (behavioral)
- Onsite targeting (behavioral)
- Site personalization (predictive)
- Offsite re-targeting (predictive)

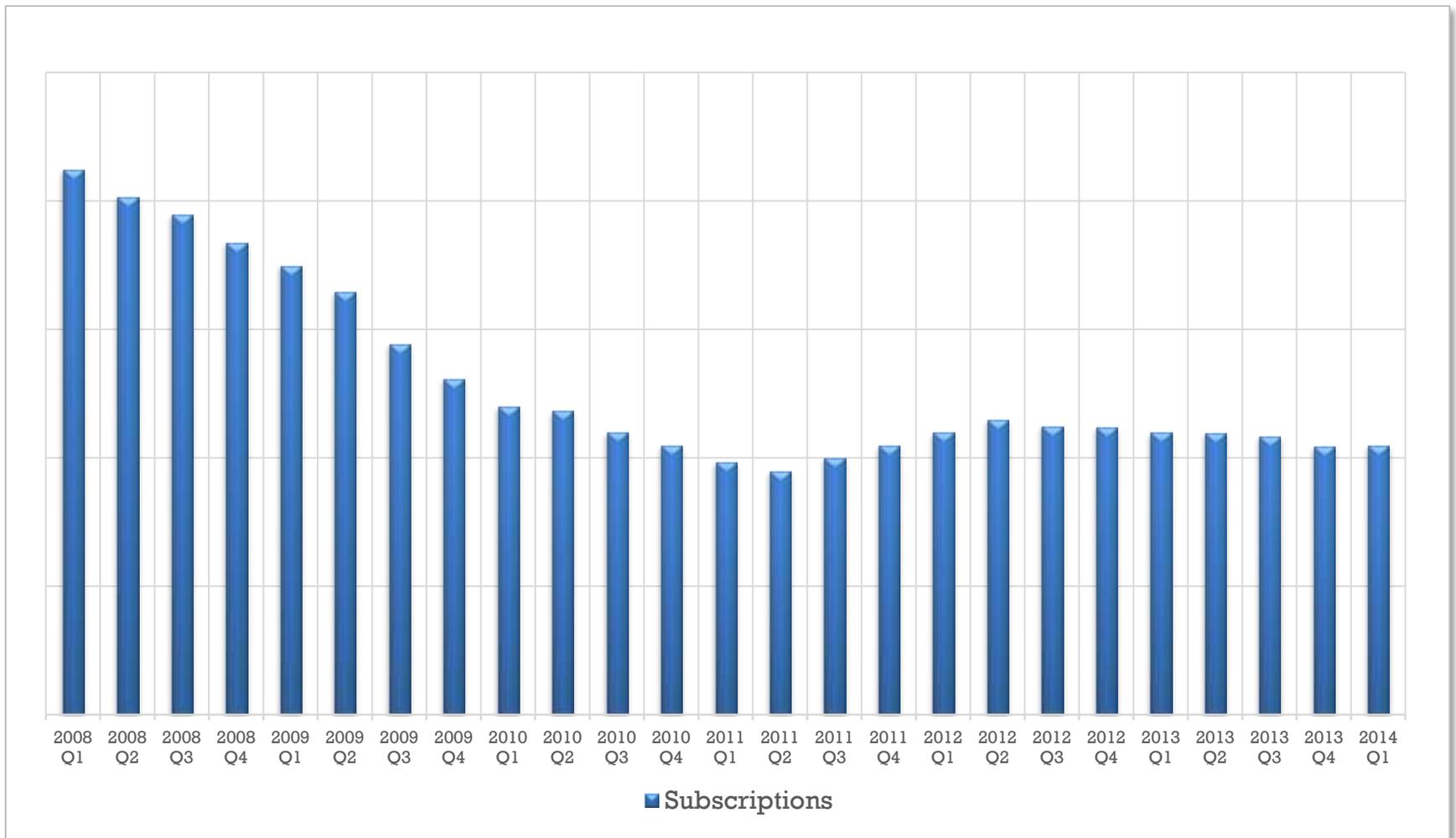
# Actionable intelligence = competitive advantage

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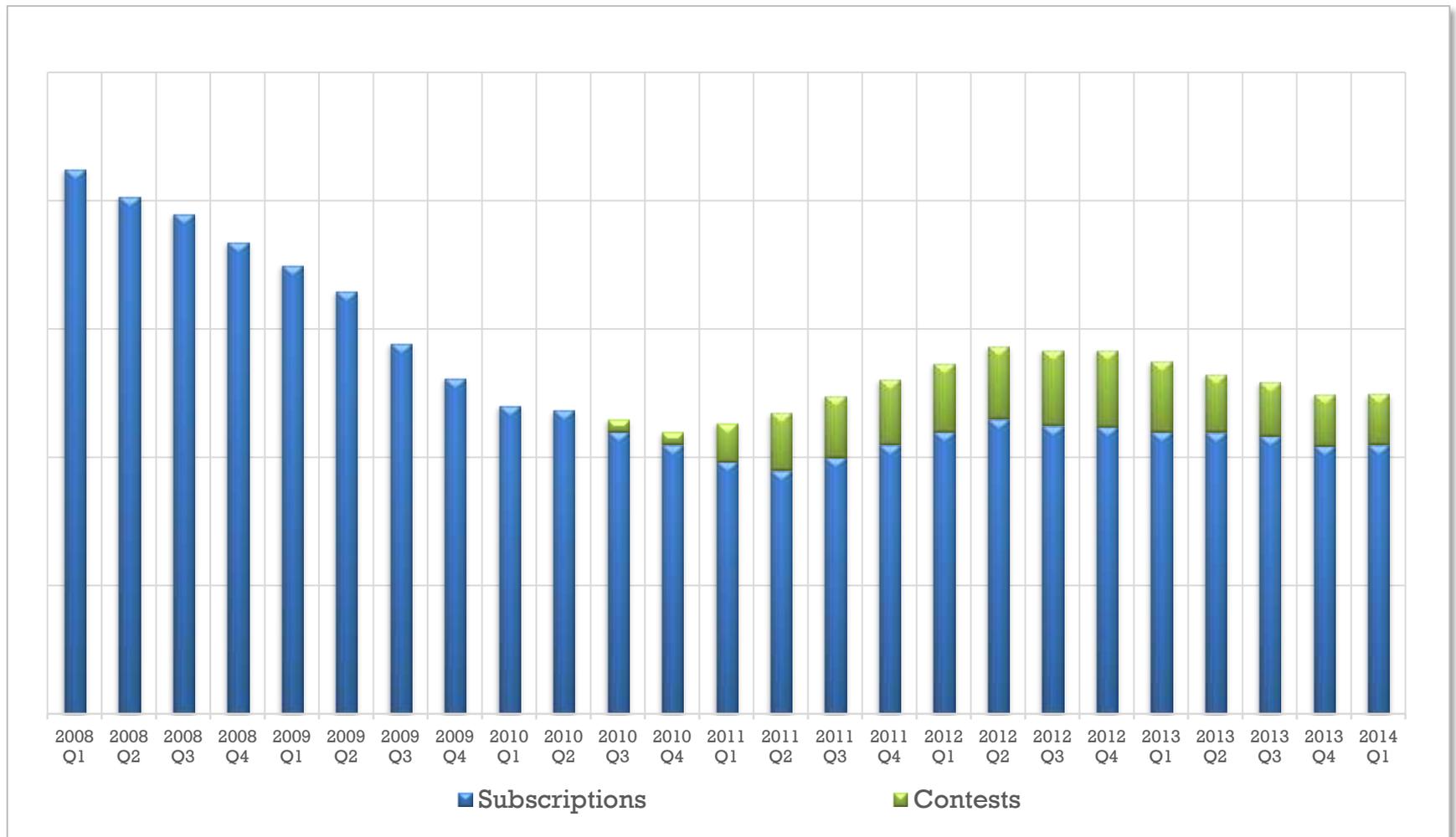


# A more complete view toward audience monetization

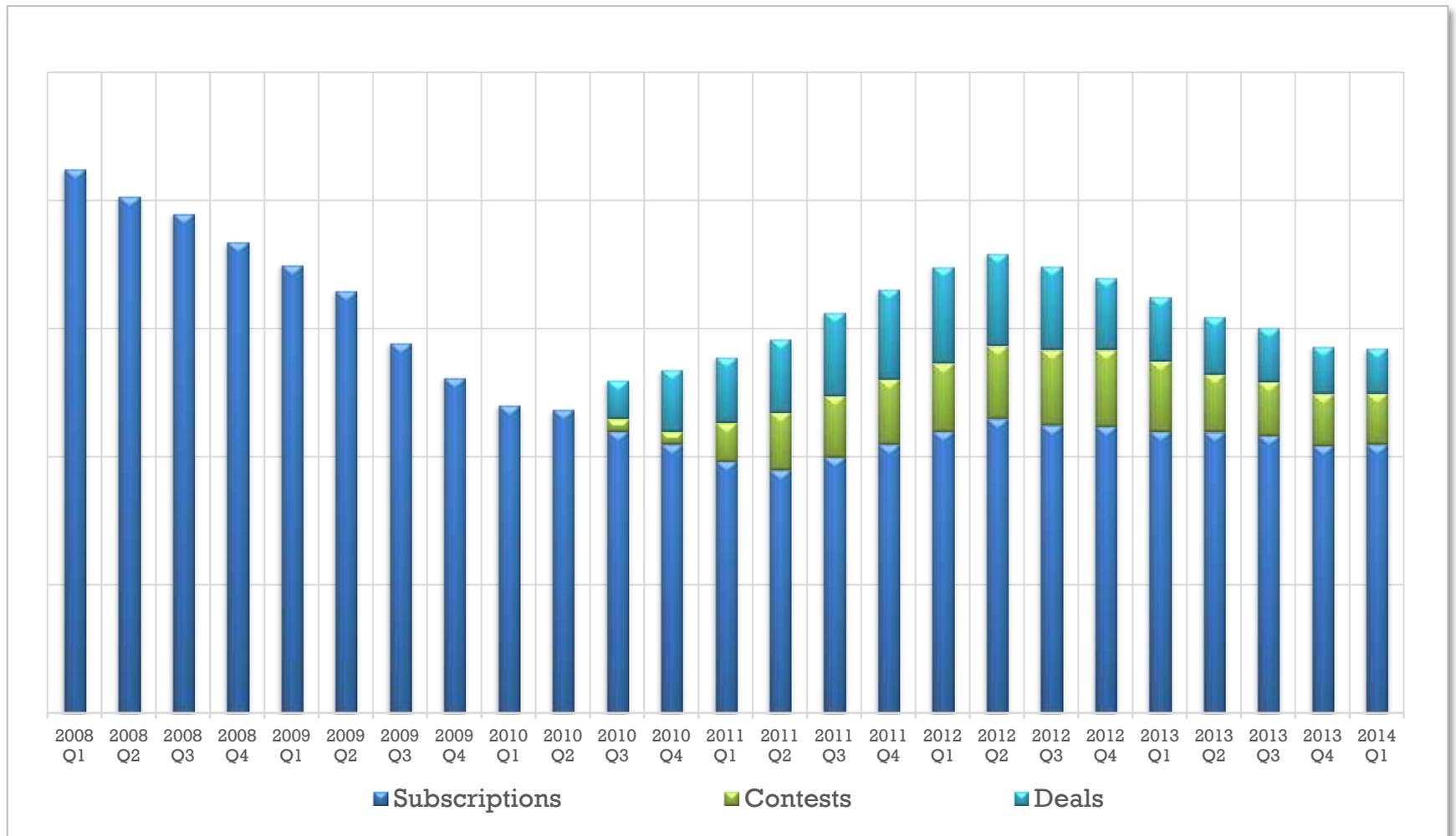
# Print subscription revenues (2008 – current)



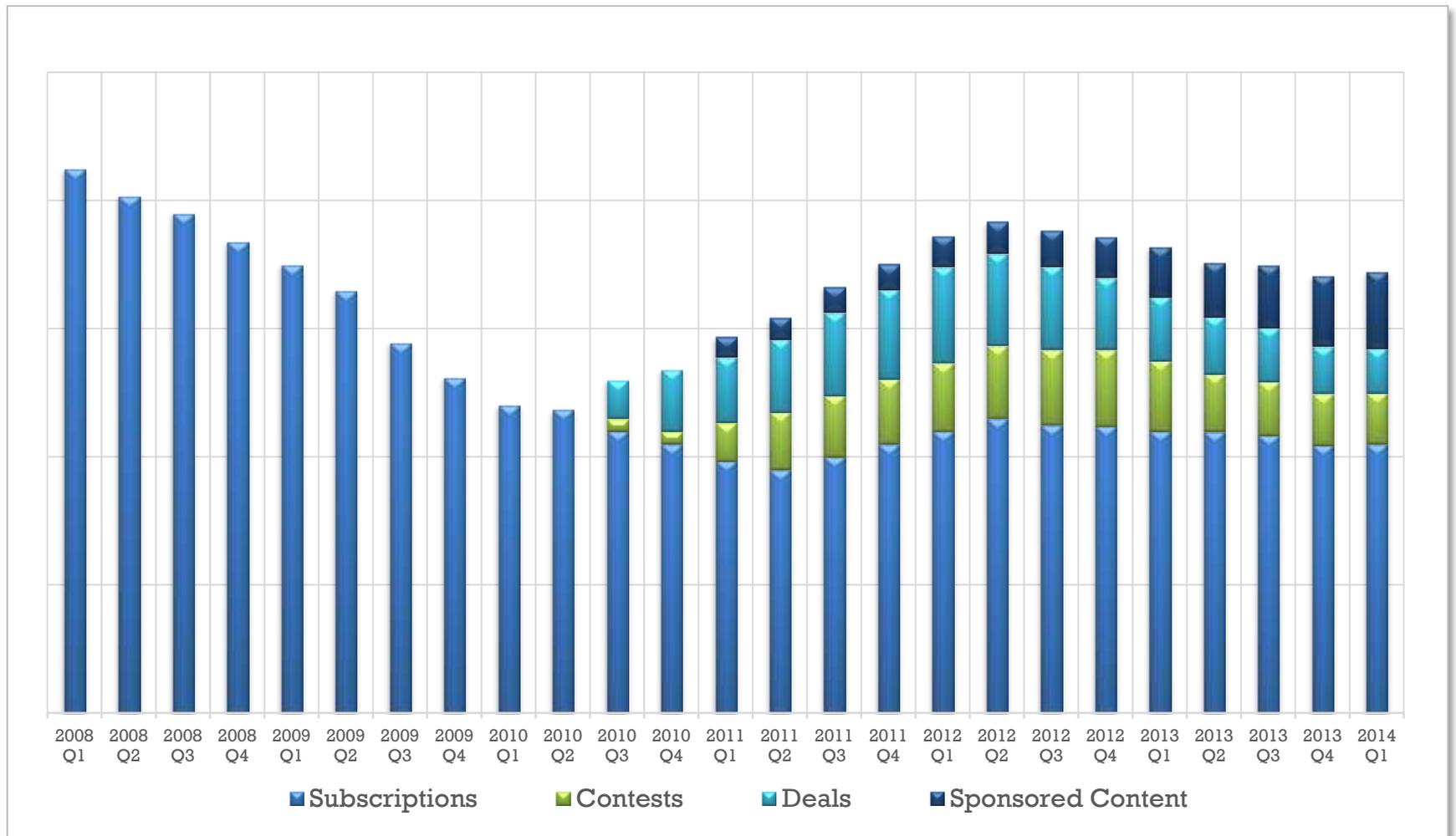
# Audience revenue diversification (2008 – current)



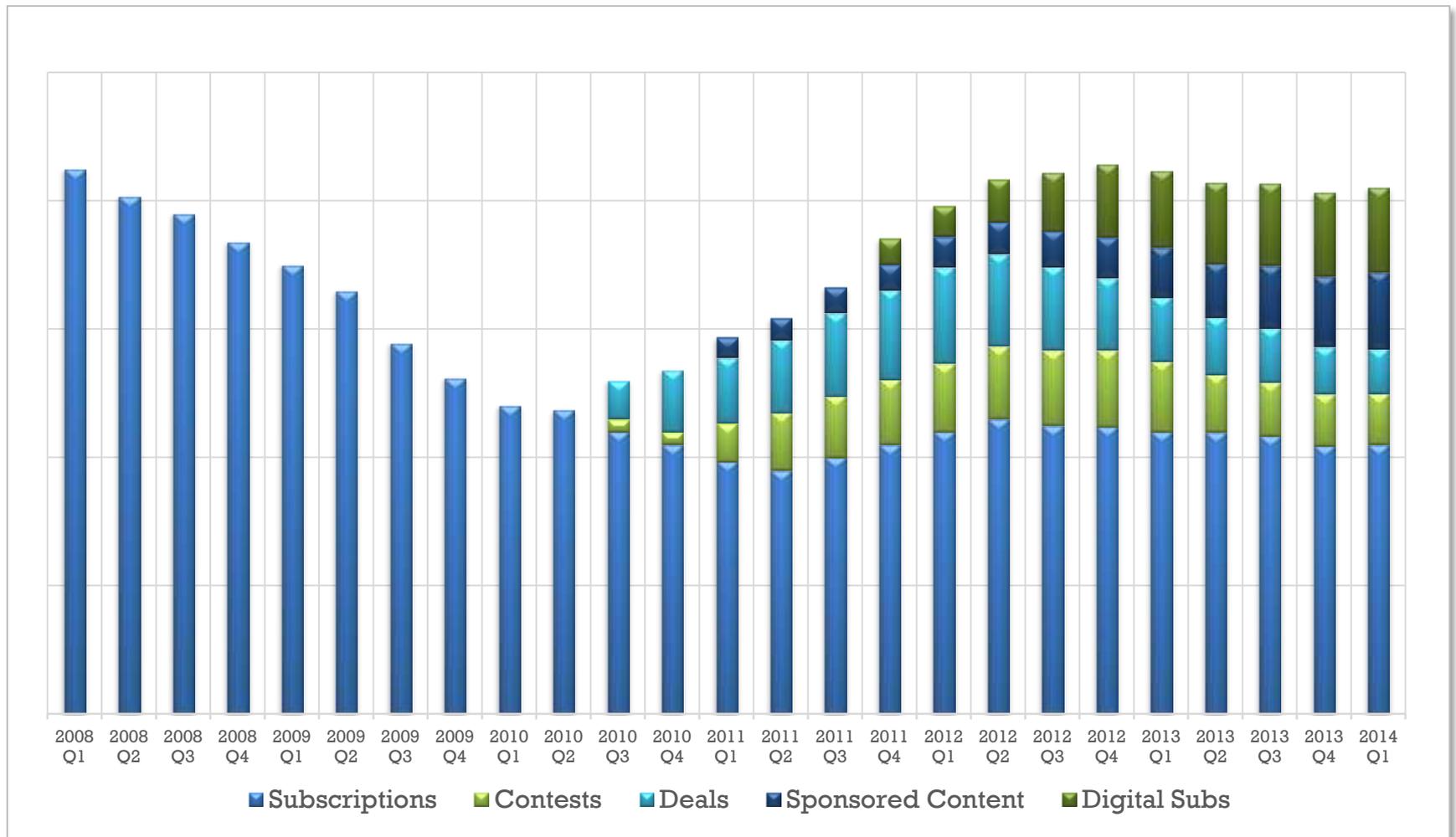
# Audience revenue diversification (2008 – current)



# Audience revenue diversification (2008 – current)



# Audience revenue diversification (2008 – current)



# Audience revenue comes in many forms

EXAMPLE LMS CLIENT	2010	2011	2012	2013
Print Subscription Revenues	4,400,000	4,550,000	4,700,000	4,800,000
+ Digital Advertising Revenue	1,500,000	1,600,000	1,725,000	1,850,000
+ Digital Content Revenue	-	30,000	125,000	160,000
+ Contest Marketing Revenue	10,000	95,000	115,000	87,500
+ Daily Deals Revenue	35,000	87,500	112,500	82,500
+ E-Newsletters Revenue	-	33,000	98,000	255,000
+ Ad Campaign Services Revenue	-	45,000	55,000	225,000
<b>Total Annual Audience Revenues</b>	5,945,000	6,440,500	6,930,500	7,460,000
<b>Total Consumer Records (TCR)</b>	20,132	32,249	48,975	58,642
<b>Total Average Revenue/TCR</b>	\$295.30	\$199.71	\$141.51	\$127.21

**Average revenue per  
consumer record is  
shrinking...that's bad, right?**

# Incremental revenue per “TCR” is substantial

EXAMPLE LMS CLIENT	2010 (Baseline)	2011	2012	2013
Print Subscription Revenues	4,400,000	+150,000	+150,000	+100,000
+ Digital Advertising Revenue	1,500,000	+100,000	+125,000	+125,000
+ Digital Content Revenue	-	+30,000	+95,000	+35,000
+ Contest Marketing Revenue	10,000	+85,000	+20,000	(27,500)
+ Daily Deals Revenue	35,000	+52,500	+25,000	(30,000)
+ E-Newsletters Revenue	-	+33,000	+65,000	+157,000
+ Ad Campaign Services Revenue	-	+45,000	+10,000	+170,000
<b>Incremental Audience Revenue Growth</b>	5,945,000	+495,500	+490,000	+529,500
<b>Incremental TCR Growth</b>	-	+12,117	+16,726	+9,667
<b>Incremental Revenue per TCR</b>	-	<b>+\$40.89</b>	<b>+\$29.30</b>	<b>+\$54.77</b>

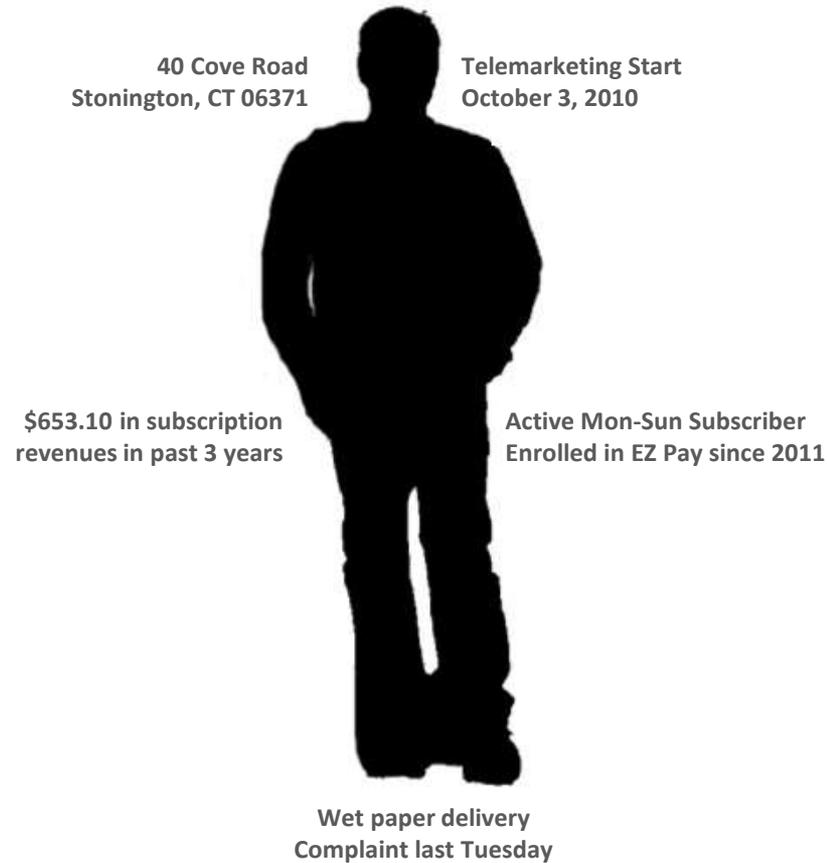
## ...we hold these truths to be self-evident...

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- Audience monetization taking on greater importance
- New and evolving ways to monetize your audience
- Convert “big data” into actionable customer intelligence
- Support overall revenue transformation

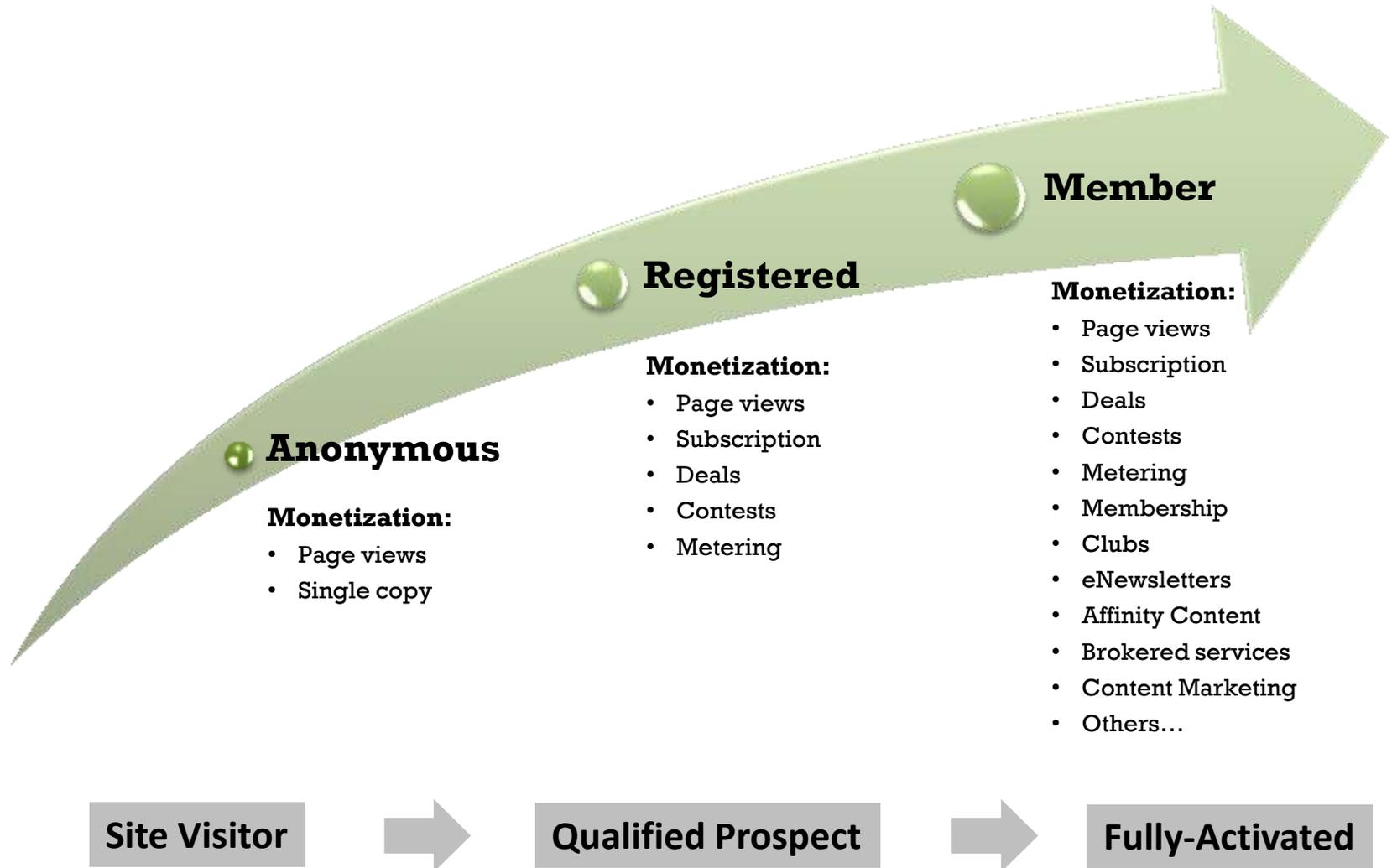
# Evolution of audience monetization (past)

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## Address-based

# The audience monetization hierarchy...



# Evolution of audience monetization (present)



Address-based

58 years old - member

Homeowners

Six daily deals  
Purchases since 2011

Signed up for mobile  
breaking news alerts

Reads Grace and Sound &  
Country magazines online

Indexes high for  
online purchasing

Indexes high for  
Interest in Community

Active Daily subscriber



60 years old – member

HH Income > \$150,000

\$780.16 in Consumer  
Revenues since 2009

Two-week vacation  
every July since 2009

Registered for weekly  
Business e-newsletter

Acxiom Lifestage:  
15M – Mature Wealth

Twelve activations on  
rewards site since 2012

Registered on website

## User-based



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