

# 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

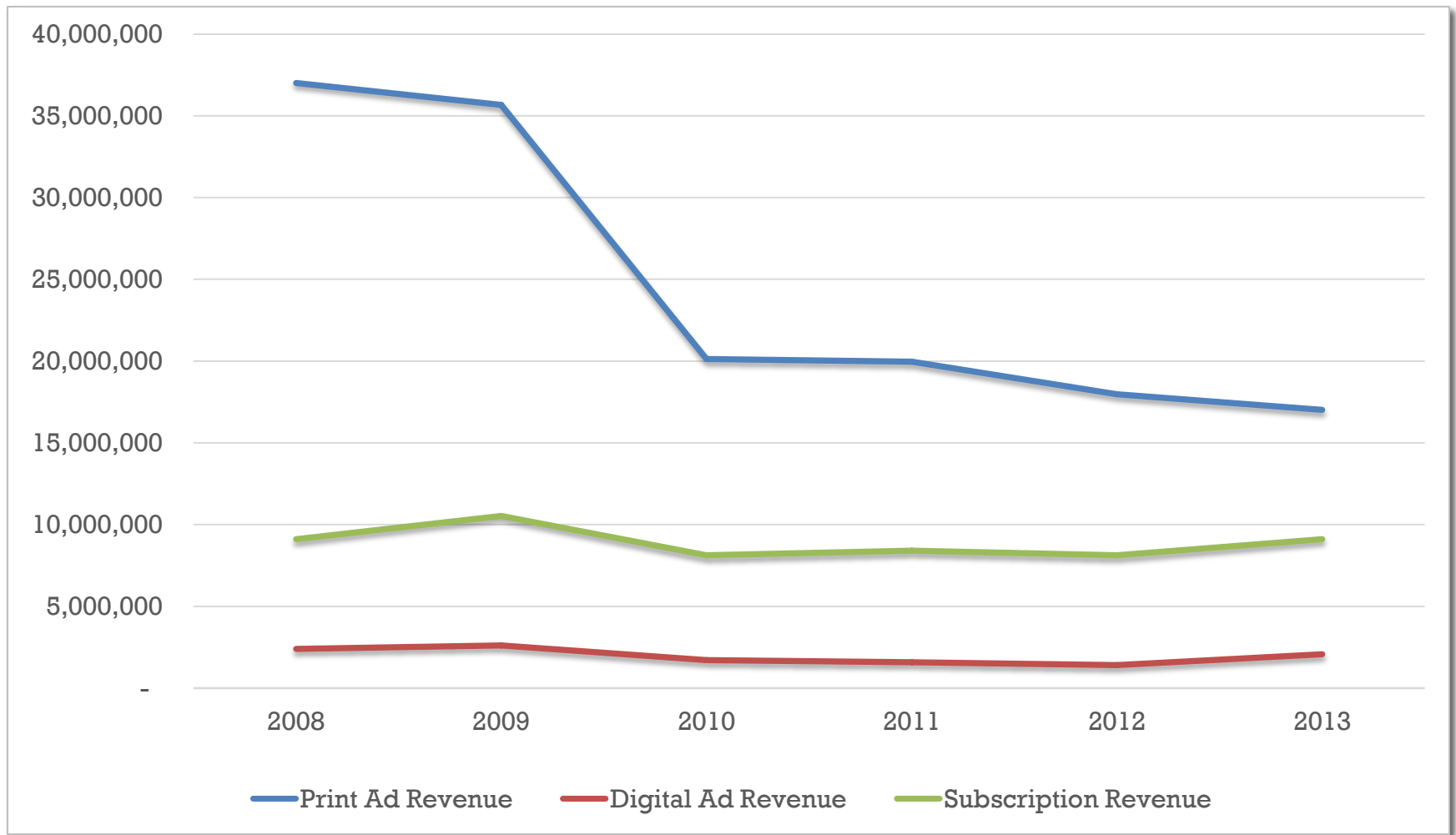
The Day Publishing Company  
Digital First Media  
Hartford Courant  
Erie Times-News  
The Frederick News-Post  
The Bakersfield Californian  
Aurora Media Group  
Greeley Tribune  
NH Union Leader  
Albuquerque Journal  
Colorado Springs Gazette  
Cedar Rapids Gazette  
....and 13 other daily publications



# 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.man/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, 12:54 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.

THE WALL STREET JOURNAL

U.S. EDITION Sunday, October 14, 2012 As 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

TOP STORIES IN BUSINESS

- 1 of 12 Twitter's IPO Plan: Don't Do What Facebook Did
- 2 of 12 UAW Maneuvers Toward Organizing Factory in South
- 3 of 12 Retailers Cut iPhone 5C Price
- Dish Acts to Boost Value of Spectrum

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

## Paywalls Giving Newspapers Chance at a Comeback

Article Stock Quotes Comments (2)


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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.

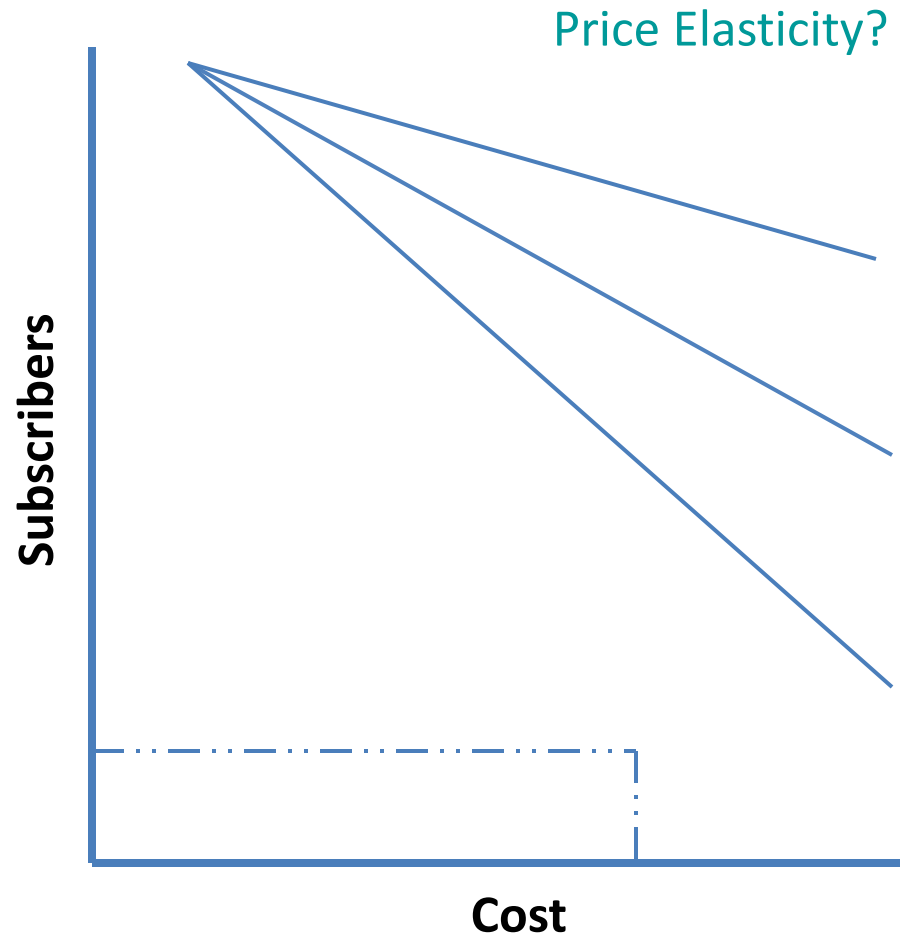
Some of that uncertainty should start to lift in coming weeks, as newspaper publishers, starting with [Gannett Co.](#) [GO +1.83%](#) on Monday, report third-quarter earnings. The results will give the clearest idea to date of how the paywalls are working.



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

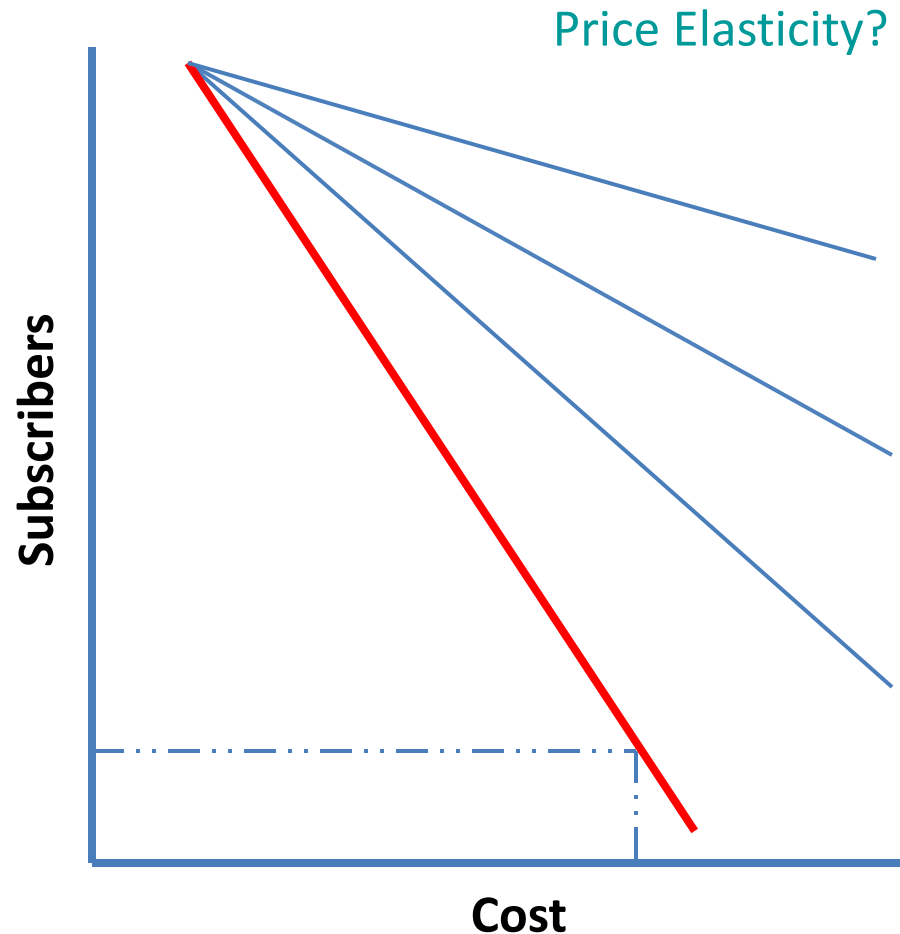
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*“Now that roughly a third of the nation’s newspapers are charging for access to their web and mobile content, the early evidence suggests that **digital audiences aren’t nearly as enthusiastic about paying for news as publishers are about charging 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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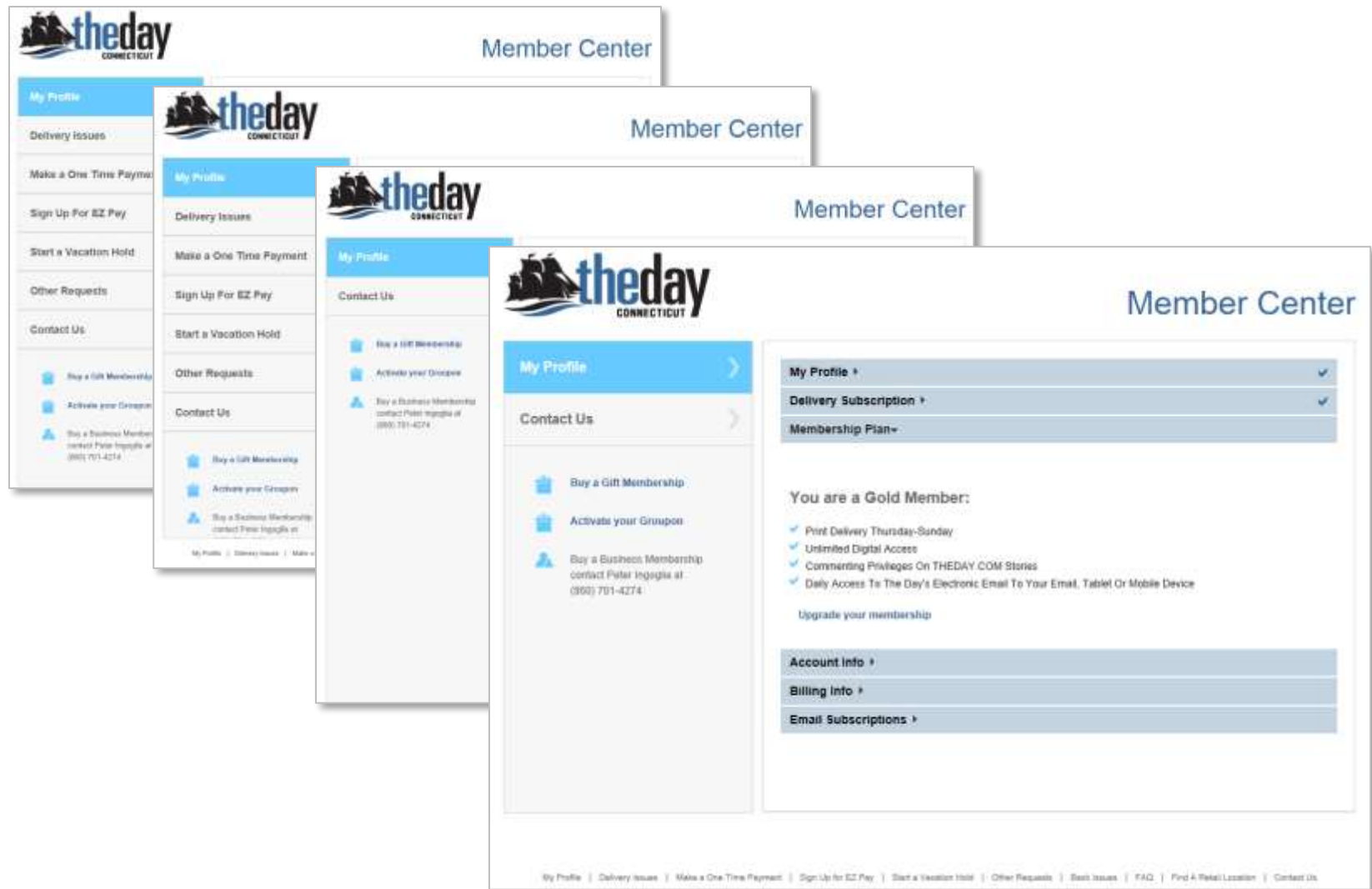
*“A hub of distributed content and conversation with a local connection from a trusted source.”*

# Four strategic imperatives

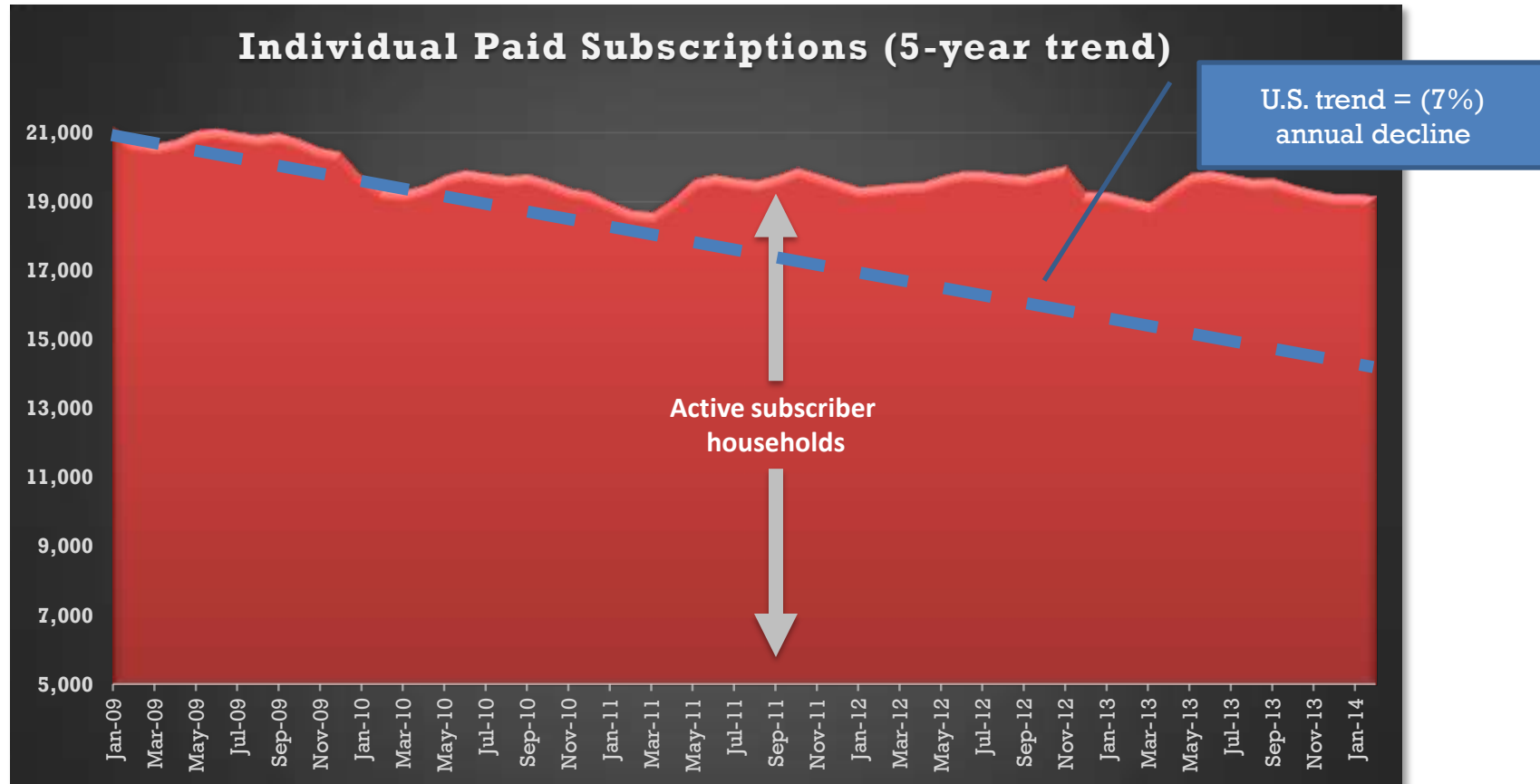
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1. Unify the content management and digital publishing infrastructure
2. Derive a fair value from proprietary content and services
3. Create a customized user experience, with single sign-on authentication
4. Build synergistic business model that regards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

# Metering: a tactic supporting the strategy



# Result: bundling content stabilized subscriber levels



# Rewards: create value for our members

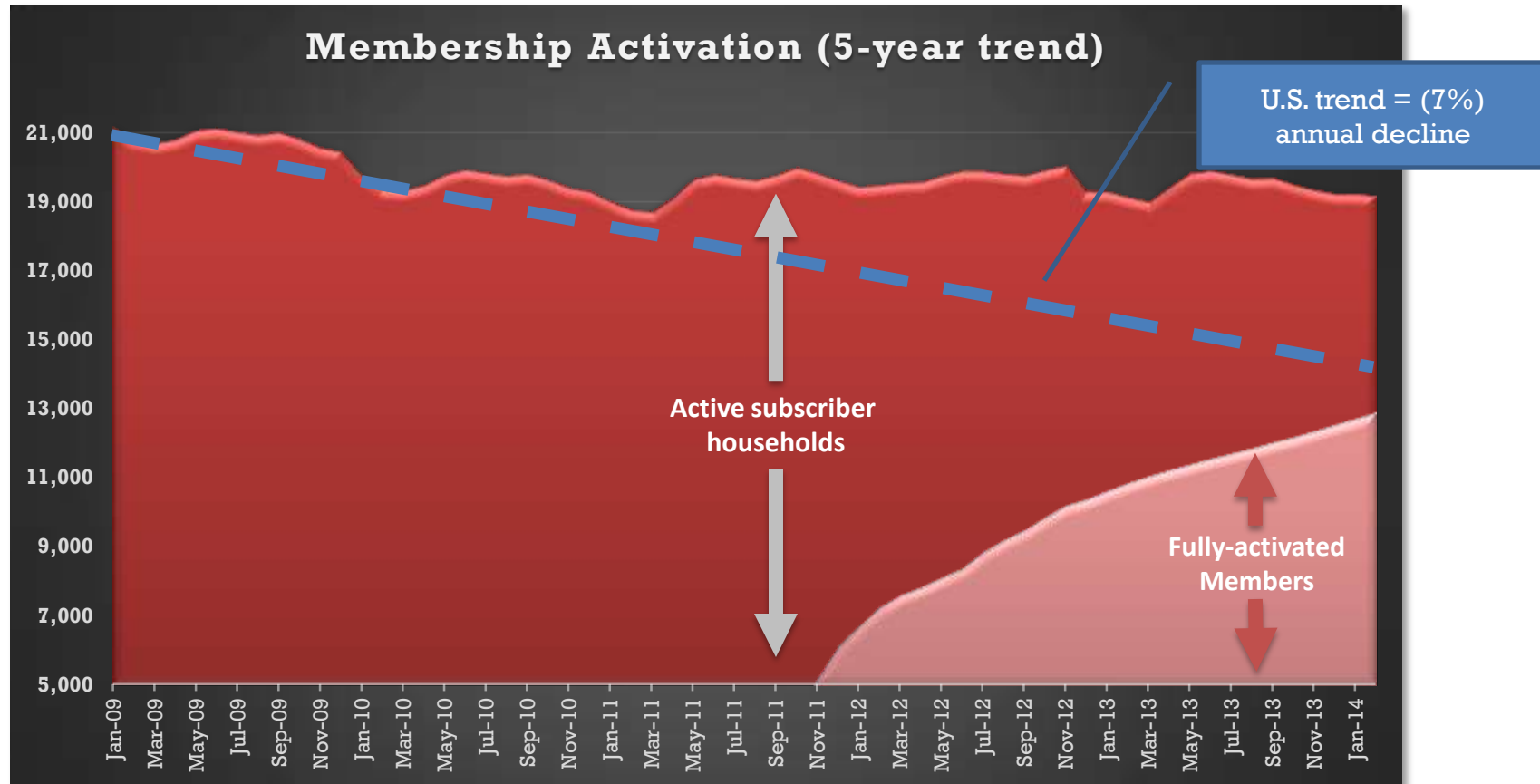
The image displays three overlapping screenshots of the 'THE DAY PASSPORT' website, illustrating its rewards and membership features.

**Top Left Screenshot:** The main landing page features a large banner titled 'MEMBERSHIP IS MORE REWARDING' with a 'Join Now' button. Below the banner, there are sections for 'EXPLORE REWARDS' and 'DREAM GIVEAWAYS'. The website header includes navigation links: 'Home | About Passport | Our Partners | Rewards | Giveaways | Events | FAQ | Contact Us'.

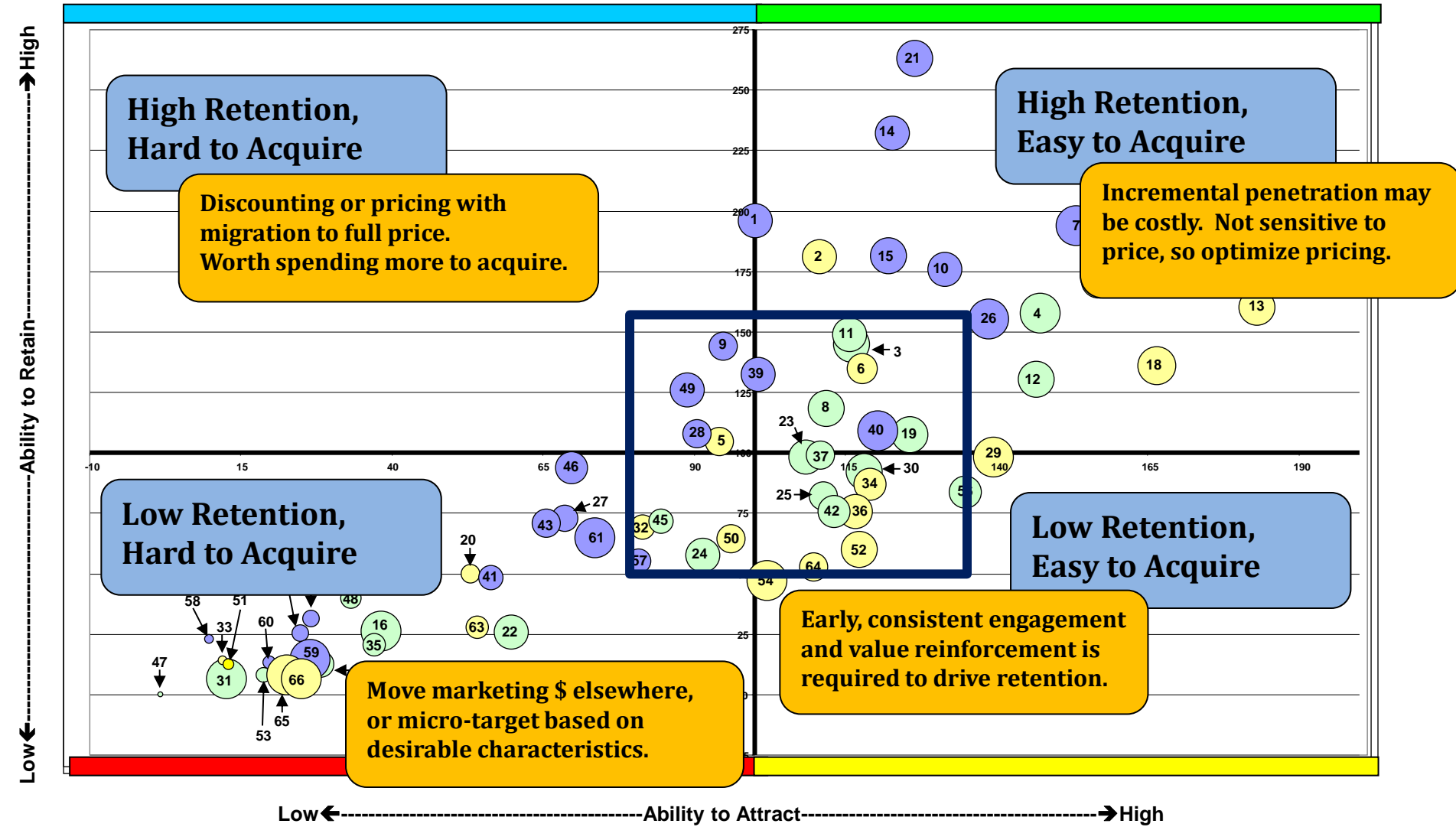
**Top Right Screenshot:** This view shows the 'EXPLORE REWARDS' section. It lists 'All Rewards' and includes a 'Rewards by Category' filter with options like 'All Categories', 'Dining', and 'Entertainment'. A 'Rewards by Partner' section is also visible, featuring a photo of a man in a suit.

**Bottom Screenshot:** This view highlights a specific reward offer for 'Disney On Ice Mickey and Minnie's Magical Journey'. The offer is dated 'DEC 5, 2014' and states: 'Win four complimentary passes to Disney On Ice Mickey and Minnie's Magical Journey'. The offer details include: 'Make your imagination your destination! Join Mickey Mouse and Minnie Mouse on a journey into the magical world of Disney's The Little Mermaid, The Lion King, Peter Pan and Lilo & Stitch. You'll be captivated by the music, beauty and laughter in a journey so magical, you'll never want to go home.' The offer is valid for 'four complimentary weekday passes to Disney On Ice Mickey and Minnie's Magical Journey at the Dunkin' Donuts Center in Providence to one of the following performances: Wednesday, December 28 at 1 p.m. or 7 p.m.; Thursday, December 29 at 11 a.m. or 3 p.m.; Friday, December 30 at 1 p.m.' The bottom of this screenshot shows the 'Disney On Ice Produced by Feld Entertainment' logo and contact information for the Dunkin' Donuts Center.

# Result: all-access content + rewards drove activation

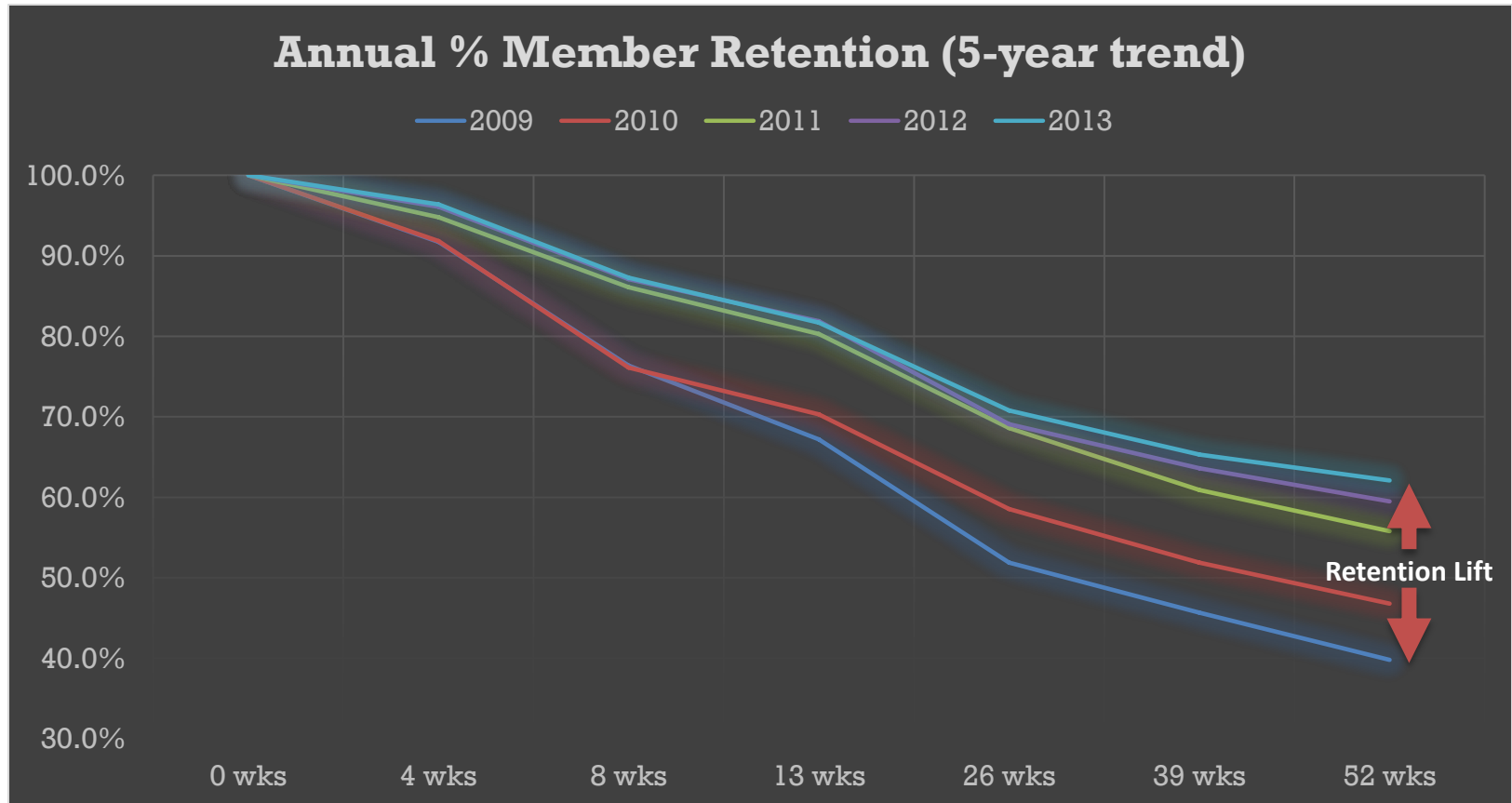


# Segmentation: improve overall marketing effectiveness





# 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)

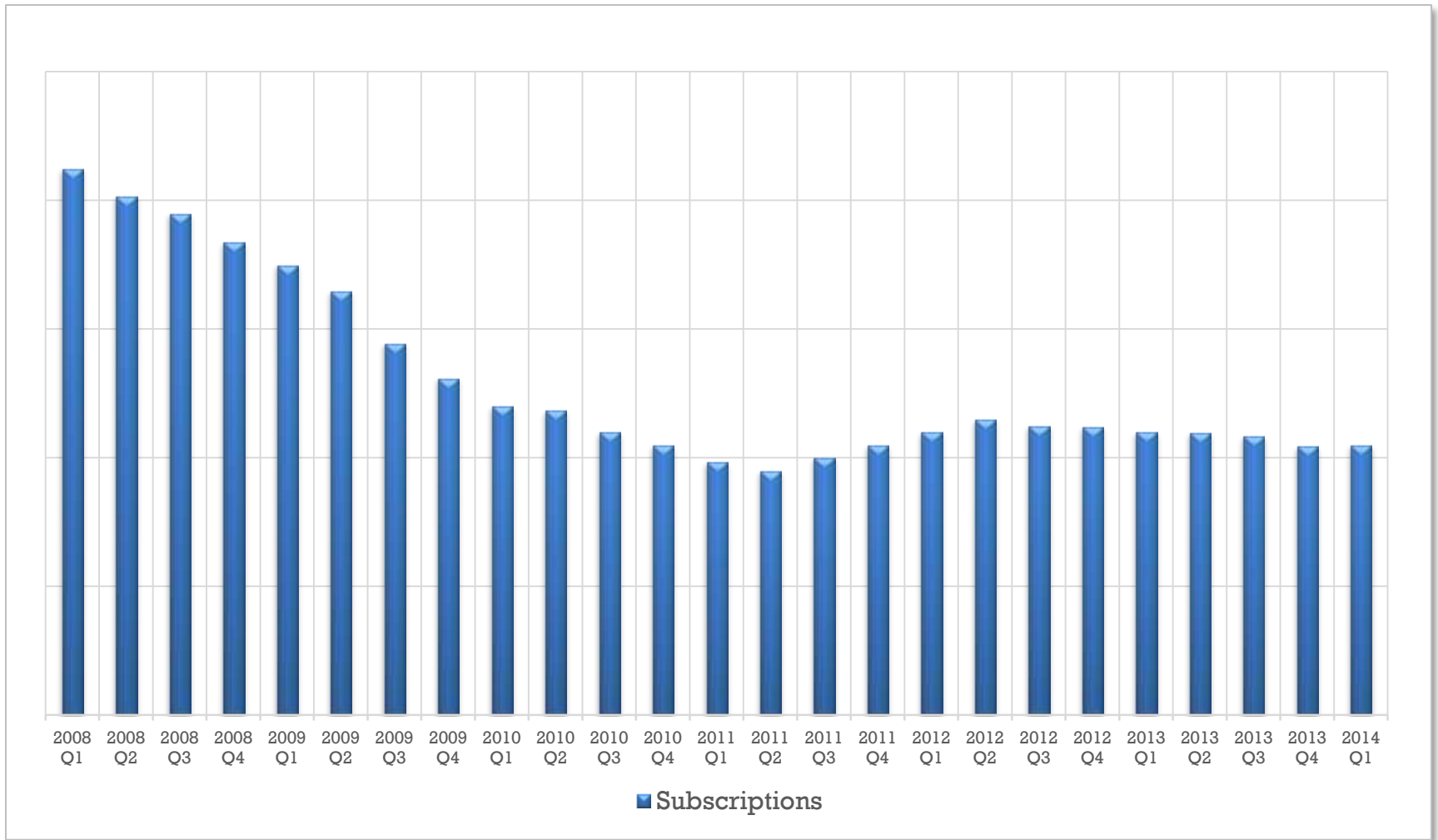
# Actionable intelligence = competitive advantage

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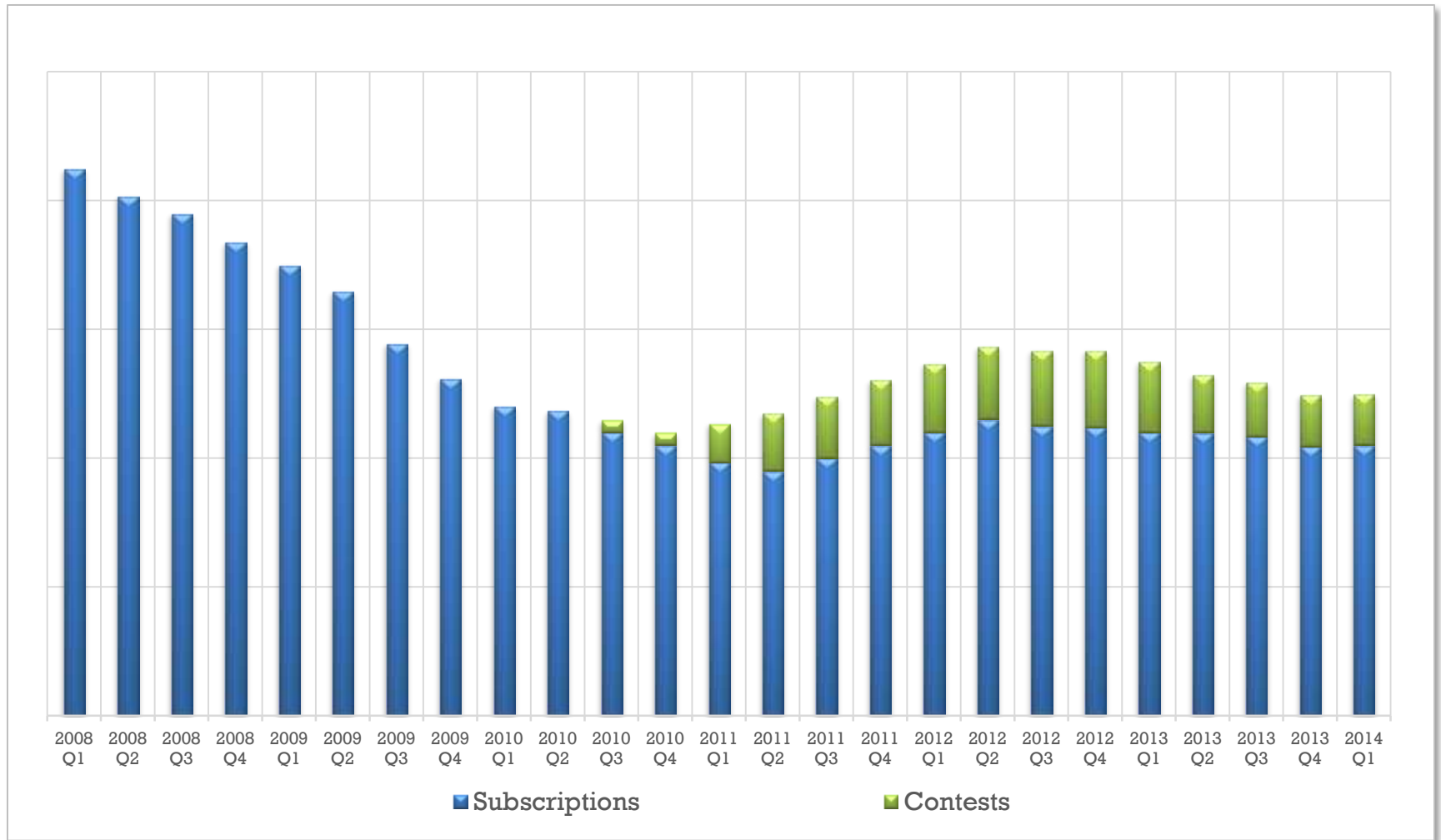


# A more complete view toward audience monetization

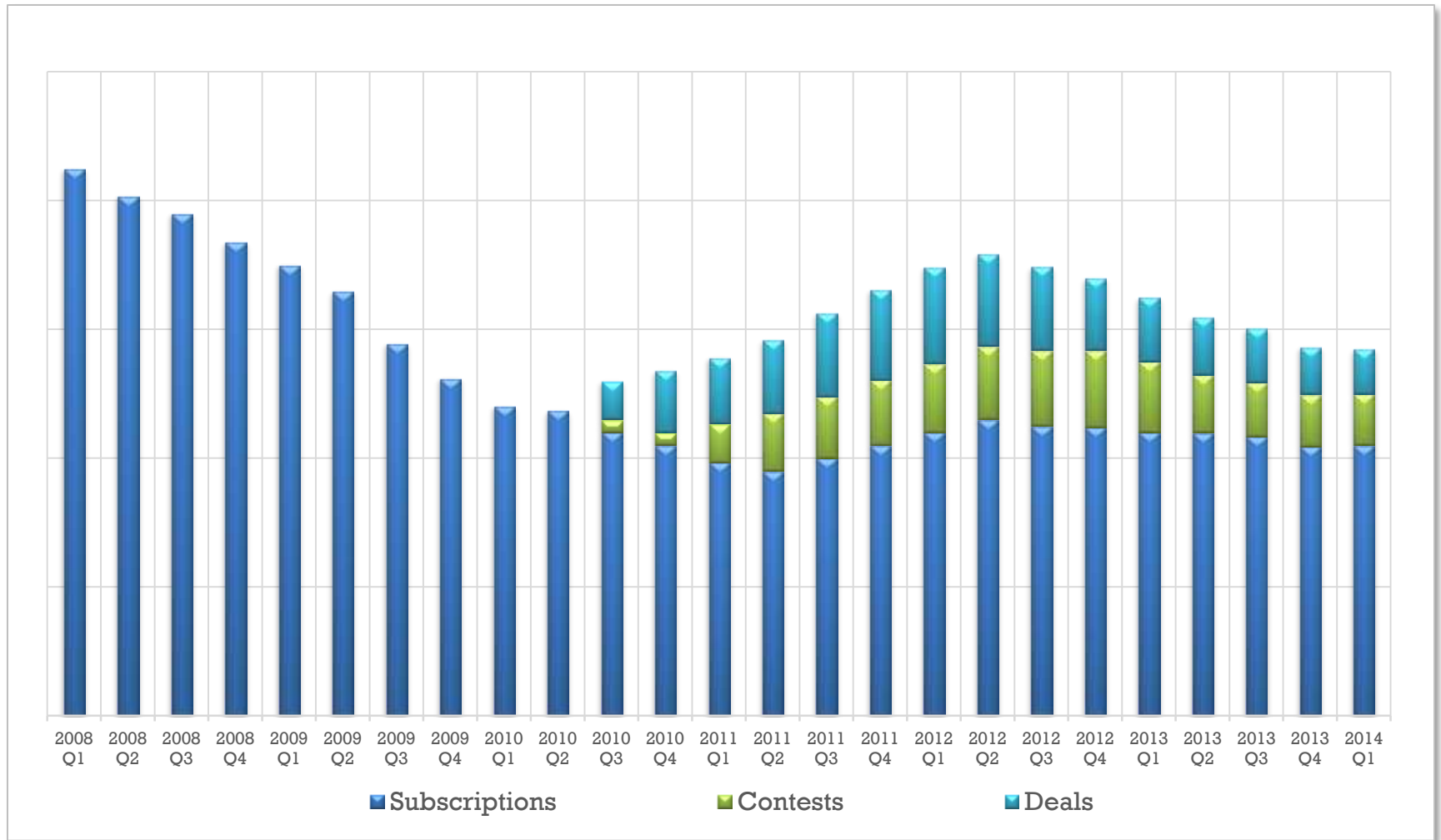
# Print subscription revenues (2008 – current)



# Audience revenue diversification (2008 – current)

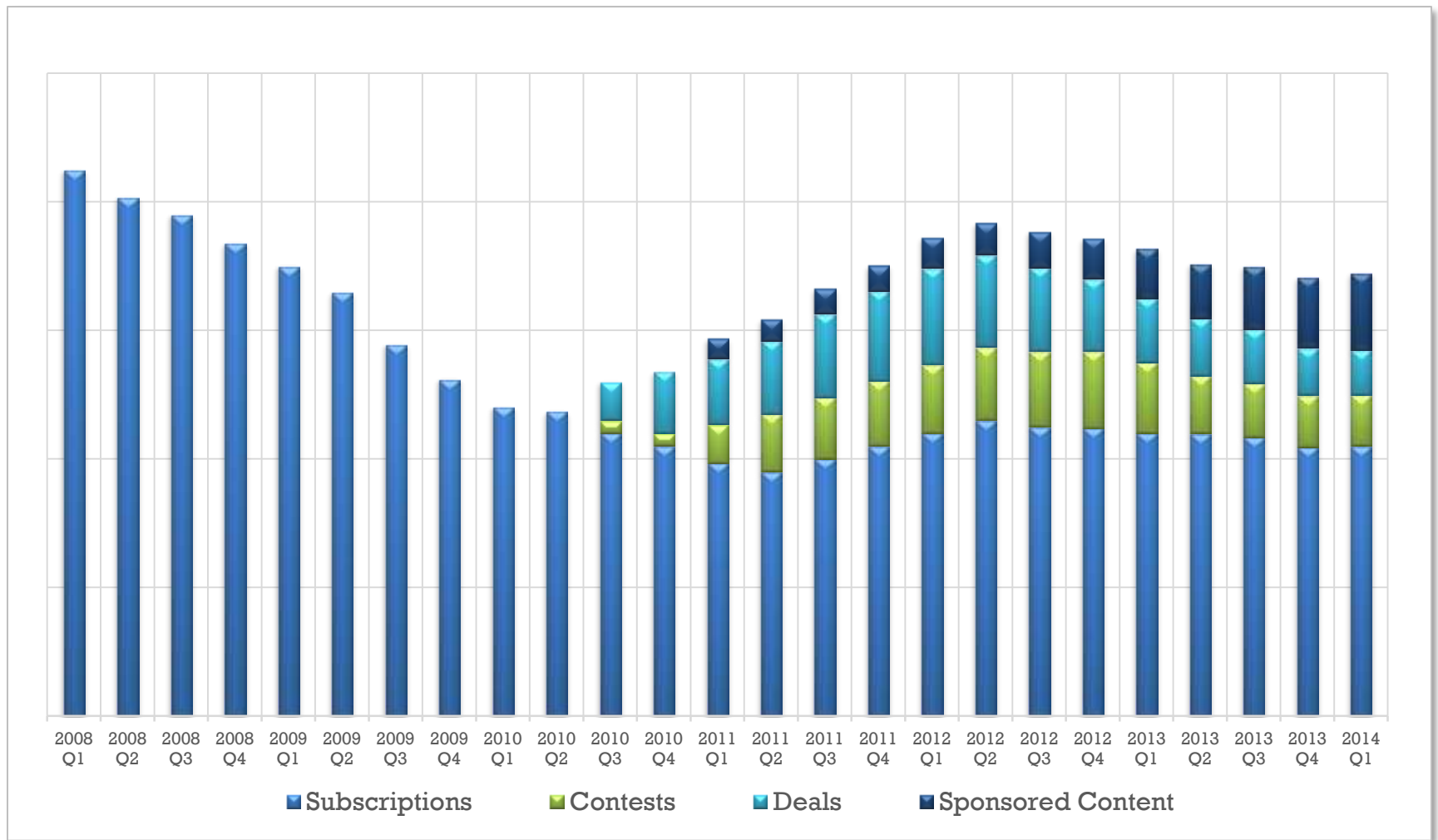


# Audience revenue diversification (2008 – current)

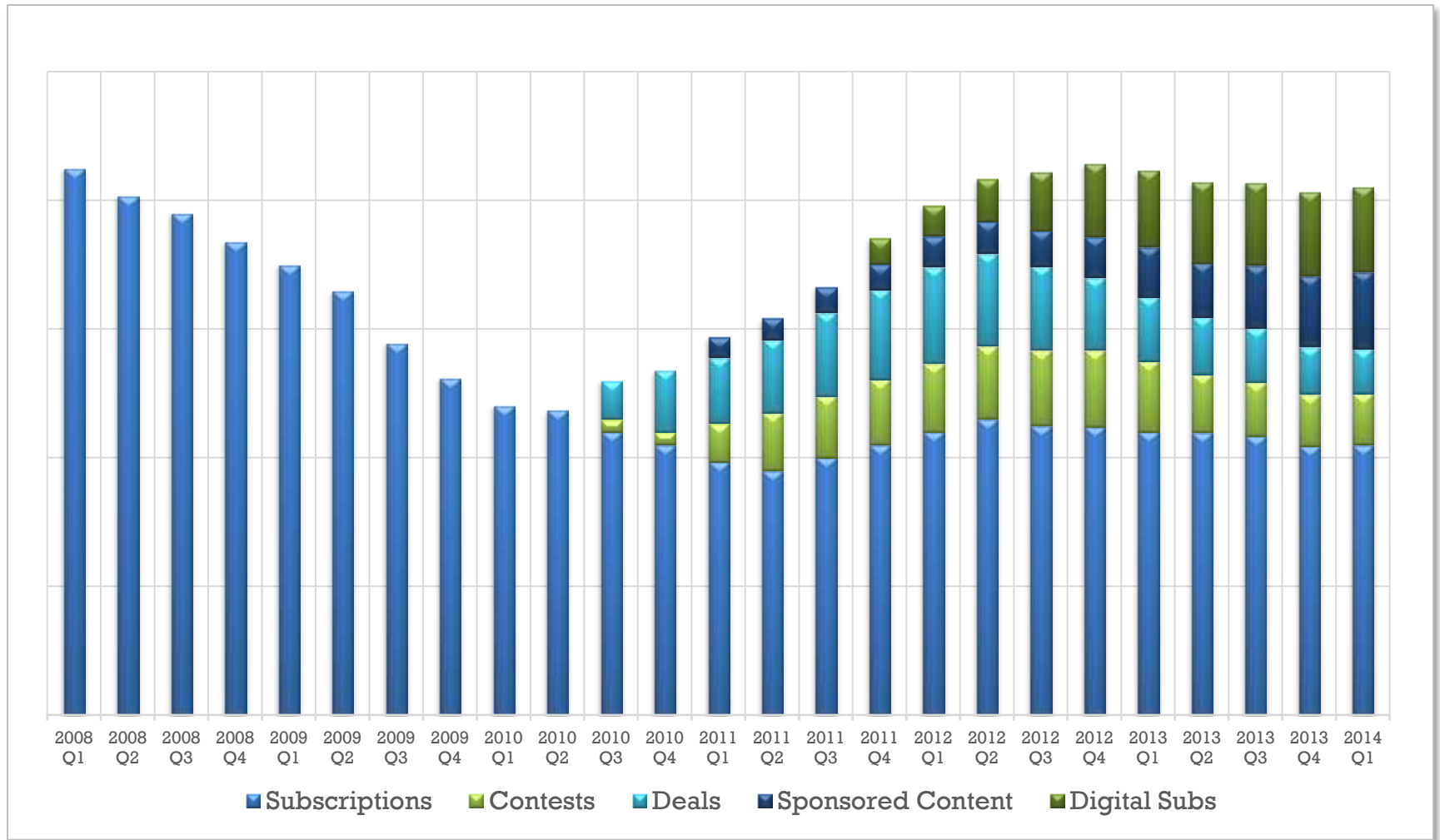




# Audience revenue diversification (2008 – current)



# 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>	-	+\$40.89	+\$29.30	+\$54.77

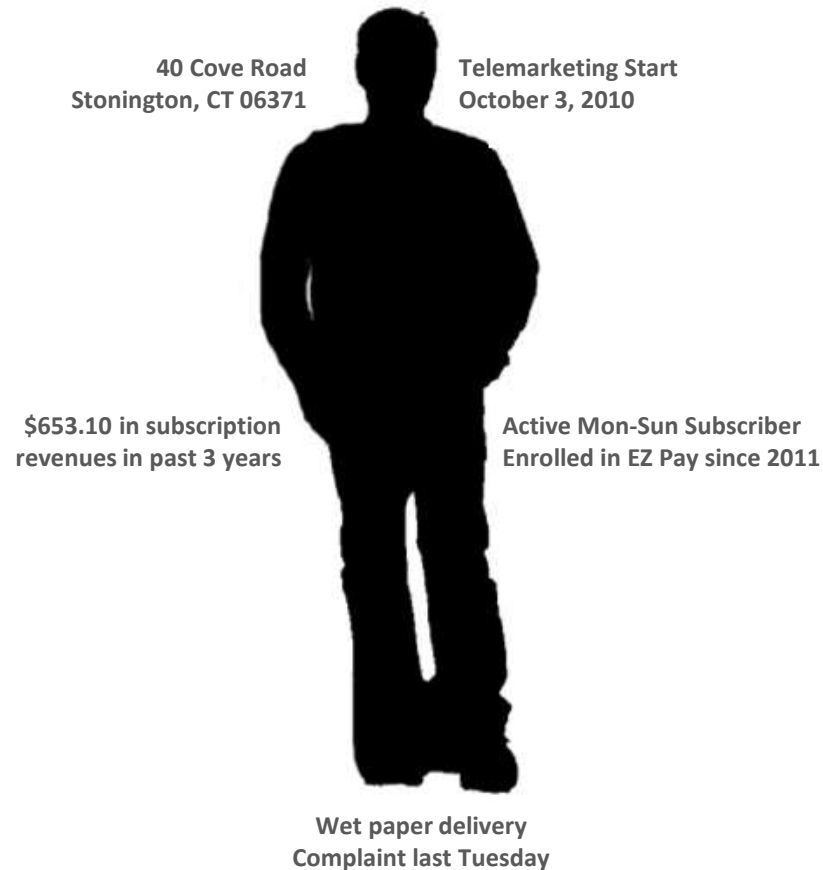
## ...we hold these truths to be self-evident...

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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

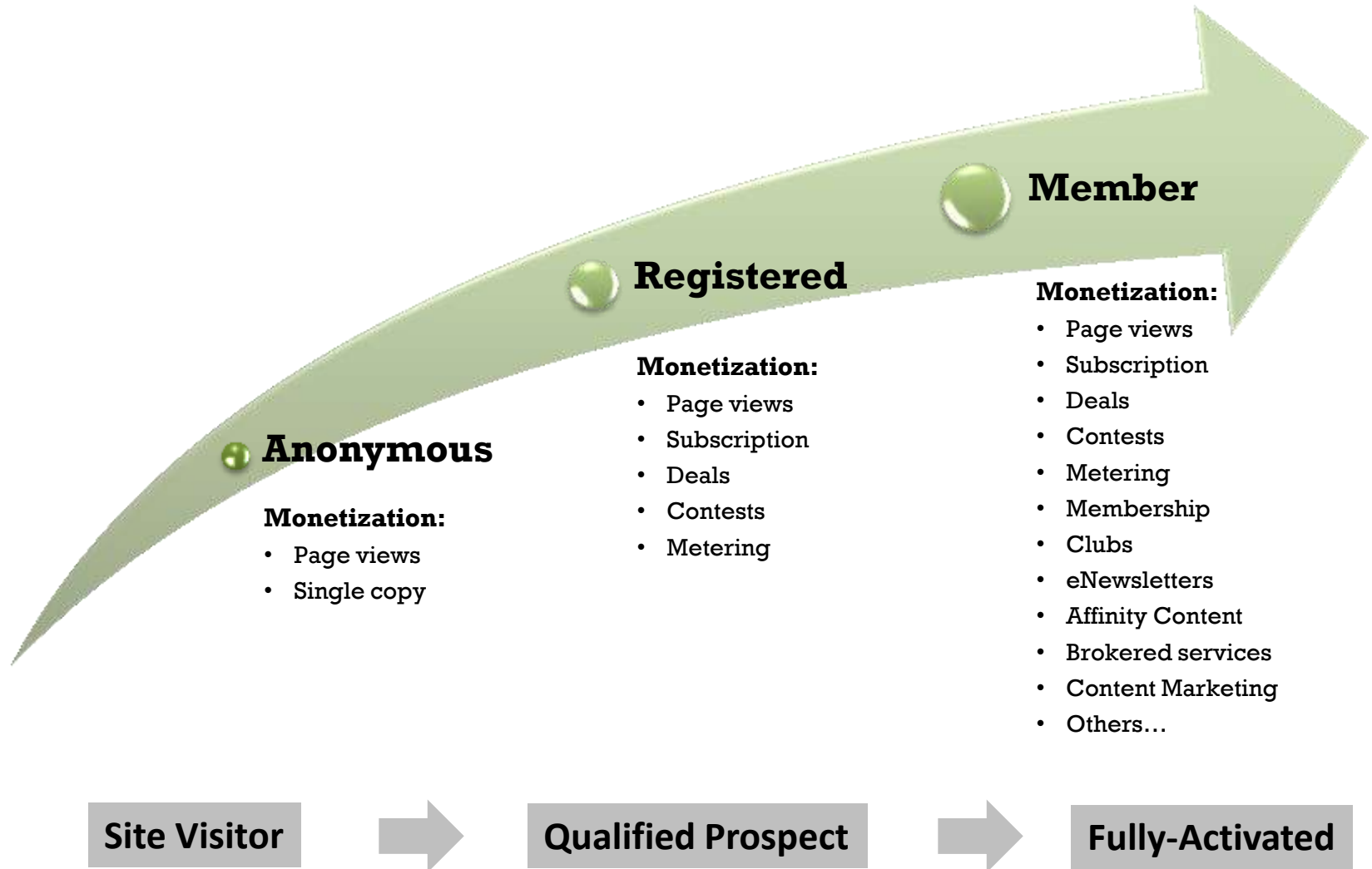
# Evolution of audience monetization (past)

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## Address-based

# The audience monetization hierarchy...





# Evolution of audience monetization (present)

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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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