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HOW TO BUILD A SUCCESSFUL SUBSCRIPTION NEWS BUSINESS: LESSONS FROM BRITAIN AND SPAIN

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*To the memory
of my father*

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1. The rise of subscriptions.

Flower shops are a risky business proposition. Many get a big portion of their revenue on two single occasions: Mother's Day and Valentine's Day. The product they sell is not perceived as essential. They need to be as close as they can to their best customers and this requires paying expensive rents to be in high-end neighbourhoods. Then there's the inventory problem: flowers start to die the moment you cut them. Within three weeks, they're rotting in your fridge.

The founders of American start-up H. Bloom¹ solved these problems by creating a subscription business. They targeted hotels, restaurants and other businesses and offered them weekly flower delivery, installation and maintenance for a recurring fee. It was not an easy task. It required partnering with independent flower studios in different cities, optimizing delivery and creating a national brand. Four years after its launch, H. Bloom had nearly 1,000 clients and more than \$7 million in sales.

Flower shops are not that different from news organisations. Both have to deal with similar problems: perishable inventory, seasonality, a product that is not perceived as essential, a lumpy demand. Subscriptions can provide a solution to some of those problems. Setting them up, however, requires a particular mindset and expertise. This paper aims to explain how different newspapers are dealing with the different aspects of this transformation right now.

Subscriptions have many advantages over other business models. They provide a company with smooth demand, sticky customers and free market research.

Subscriptions open new business possibilities too: you can upgrade your subscribers or sell them other products on top of their subscription fees. Amazon Prime is the most famous example but it's not the only one. The subscription economy has reached

¹ J. Alsever, "How 2 Software Guys Disrupted the Flower Business", *Inc.* Retrieved on July 28, 2019 from <https://www.inc.com/jennifer-alsever/inc.500-how-i-did-it-bryan-burkhart-h-bloom.html>

almost every industry. It's possible to find examples of companies offering subscriptions to razors, art classes, cars, vitamins, chocolate and socks.

Subscription businesses have an important disadvantage. They are cash-strapped at the beginning. Unless they are wildly successful, it will take them several months to gain back the cash they spend in acquiring new customers right after launch. Launching a successful subscription service requires patience, upfront cash and a great communication strategy. It also requires managers who create a new kind of organization, data-savvy and integrated around their customers' needs.

1.1. Subscriptions: why now.

There are at least three reasons for the rise of the subscription economy.

The first one is the rise of broadband Internet around the world, which makes it easier to build digital services for a sizable market.

The second is the rise of the access generation, millennials and post-millennials who value access over assets and see any physical possessions as unnecessary baggage. As Tien Tzuo puts it in *Subscribed*, these younger customers want “the ride, not the car. The milk, not the cow. The new Kanye music, not the new Kanye record.”² They like convenience and personalisation, and expect companies to provide them with a reliable service. These are the customers behind the rise of Zipcar, Netflix and Spotify.

The third factor is the ability to analyze customer behaviour in real-time. “Today businesses are closer to their customers than ever before,” says John Warrillow in *The Automatic Customer*. “Many consumers buy directly through an online channel, and those who don't often interact with the producer directly for post-sale service and support. All those customer interactions are being fed into mathematical models, which are run by computers that are now capable of storing and processing billions of

² T. Tzuo, *Subscribed: Why the Subscription Model will be Your Company's Future - and what to do about it*, Portfolio Penguin, 2018, p. 17.

data points in seconds.”³ These interactions can create a virtuous cycle. Subscription companies can watch how their customers use their service and tweak it accordingly. There’s no need for surveys or focus groups.

Companies used to make a single product and sell it through many channels. Today customers spend their time across many channels and expect companies to meet their needs wherever they are. Every channel is best suited for a different product, a group of customers or a certain part of the customer journey. Quality means different things for different people at different times. As Sunil Gupta says in *Driving Digital Strategy*, every company must identify these complementarities and build around them.⁴

Nothing illustrates this as well as the rise of Netflix. The old Hollywood studios started every quarter with nothing in the bank. They put \$250 million into producing a blockbuster and hoped it would get four times that figure. Netflix starts every quarter with subscription revenue in the bank. Before putting \$50 million in a new season of one of its shows, its executives can review the data. Even if that season is less successful than expected, it still helps Netflix improve its library, attract new subscribers and extend the lifetime value of the ones it has.

1.2. News subscriptions: an old story.

As John Warrillow explains, the subscription business model was created by map publishers in Europe during the 16th century. They would invite their customers to subscribe to future editions of their maps at a time when new lands were being discovered and explored. Aristocrats and academics paid a subscription and gave them the capital they needed to keep on publishing their maps.

Early newspapers adopted the same business model. Subscriptions soon became the standard business approach for information publishing. Readers subscribed to

³ J. Warrillow, *The Automatic Customer. Creating a Subscription Business in Any Industry*, Portfolio Penguin, 2015, p. 20.

⁴ S. Gupta, *Driving Digital Strategy. A Guide to Reimagining Your Business*, HBR Press, 2018.

general-interest publications. Their subscription fees provided the money needed to fund production and distribution costs. With the rise of mass audiences, many newspapers embraced advertising as their main revenue stream in the last half of the 19th century. But the pendulum has started to swing back to different forms of reader revenue as the rise of technology platforms suck ad money from news companies around the world.

A few newspapers adopted digital subscriptions in the first years of this century in a period Spanish academic Ángel Arrese has called “the frenzy of free trials.”⁵ Most of these efforts failed. Spanish newspaper *El País* introduced a pay model in November 2002 for €80 a year.⁶ The newspaper attracted around 45,000 digital subscribers. The project was dropped in 2005 as the newspaper lost its leadership in digital and struggled to grow its subscriber base. The *New York Times* launched Times Select,⁷ its own digital subscription service, in 2005. According to official figures, it reached 227,000 online-only paid subscribers⁸ at \$49.95 a year or \$7.95 a month. The project was discontinued in September 2007. The main reason for closing was the promise of traffic from search and advertising revenue. “Our projections for growth on that paid subscriber base were low, compared to the growth of online advertising,” said Vivian L. Schiller, senior vice president and general manager of *nytimes.com* at the time.⁹

There are many reasons why subscriptions didn’t work at the time. Payment systems were clunky. Digital advertising was still attractive for general newspapers. People weren’t used to paying for services online. Smartphones and tablets didn’t exist yet.

⁵ Á. Arrese, ‘From Gratis to Paywalls’, *Journalism Studies*, Vol. 17, No. 8 (2016), pp. 1051-1067.

⁶ “EL PAÍS lanza una nueva edición digital a la que se accederá por 0,2 euros diarios”, *El País*, November 16, 2002. Retrieved on July 30, 2019 from https://elpais.com/diario/2002/11/16/sociedad/1037401211_850215.html

⁷ “What is Times Select”, *The New York Times*. Retrieved on July 28, 2019 from <https://archive.nytimes.com/www.nytimes.com/products/timesselect/whatis.html>

⁸ O. Malik, “New York Times To Close Times Select Effective Midnight Tuesday; Will Open Last 20 Years Of Archives”, *GigaOm*, September, 17, 2007. Retrieved on July 28, 2019 from <https://gigaom.com/2007/09/17/419-new-york-times-to-close-timesselect-effective-wednesday/>

⁹ R. Pérez-Peña, “Times to Stop Charging for Parts of Its Web Site”, *The New York Times*, September 18, 2007. Retrieved on July 28, 2019 from <https://www.nytimes.com/2007/09/18/business/media/18times.html>

Things started to change after the Great Recession. The Financial Times introduced a flexible pay model in 2007. The Times and The Sunday Times adopted a hard paywall in 2010. The New York Times launched a metered model in March 2011. In the last few years, many newspapers have followed this path in different flavours. Freemium and metered models have flourished in European countries as diverse as Finland, Germany, Italy, Poland and France.¹⁰

According to the Digital News Report, most people wouldn't pay for a digital subscription to a newspaper. Thirty-four per cent of respondents say they pay for online news in Norway, 27% in Sweden and 16% in the United States,¹¹ but these countries remain an exception. Percentages are lower in most of the 38 markets covered by the report. This doesn't mean it's impossible to charge for news. Global news brands have often been more prosperous on this front than smaller outlets. But several local and national newspapers have managed to execute successful reader revenue strategies or at least open a new revenue stream.

Transitioning from a business model based on advertising to one focused on reader revenue is not an easy task. Advertising is often a volume game. It requires getting as much traffic as possible. Nothing matters more than raw numbers such as unique users and page views. Memberships and subscriptions require a different mindset. Any newspaper willing to adopt them must focus on its most loyal audience, rethink its organisation and learn to tell its own story compellingly. It must also rewire its value proposition to the needs of its readers and adapt its digital products to their daily or weekly routines.

Advertising and reader revenue can be compared to horses pushing in opposite directions. Unrestrained, digital advertising can encourage clickbait, long loading times

¹⁰ F. M. Simon and L. Graves. "Pay Models in European News", Reuters Institute for the Study of Journalism, 2019. Retrieved on July 30, 2019 from https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2019-05/Paymodels_for_Online_News_FINAL_1.pdf

¹¹ R. Fletcher, "Paying for News and the Limits of Subscription", *Digital News Report*, Reuters Institute for the Study of Journalism, 2019. Retrieved on July 30, 2019 from <http://www.digitalnewsreport.org/survey/2019/paying-for-news-and-the-limits-of-subscription/>

and bad user experience. Pay models can encourage news inequality and ideological echo chambers. But they often reward quality journalism and create an environment in which the interests of the journalists and their audience are closely aligned. For a subscription company, not every click is created equal. Loyal readers are much more important than someone who occasionally clicks on an article from Google or Facebook. Frequency and time spent are more valuable than page views.

1.3. What this paper is (and what is not).

This paper aims to look at the strategies newspapers use when adopting both memberships and subscriptions. It includes an executive summary and is structured in five chapters that touch on five aspects every subscription company should pay attention to: things to do before you start, value proposition, pricing, acquisition and churn. Every chapter opens with a short vignette explaining how a particular news organisation has dealt with that particular aspect.

The paper explores what several companies are doing in every one of these aspects through structured interviews with 26 media executives from 15 news organisations. Some of these outlets run digital subscriptions. Others have reader revenue models with a less transactional value proposition. Most of them are based in Spain and the United Kingdom. Some are based in other European countries such as Denmark, Sweden, Italy and France.

This paper doesn't analyze either the virtues of different pay models or the price of the offerings of every particular newspaper. Its main goal is to explain the strategies news outlets are applying to deal with the profound changes required by a subscription business in the hope that some could be used by other news organisations elsewhere.

1.4. Why Spain and the United Kingdom.

Most of the news organisations featured in this paper are based in Spain and the United Kingdom. These media markets have a few things in common. Both have similar

percentages of people willing to pay for news according to the Digital News Report: 10% in Spain, 9% in the U.K.¹² Newspapers operating in both countries share the blessing (also the curse) to publish its content in a global language. Unlike the Nordic countries, they don't have the competitive advantage of a language almost no one speaks outside their market. The Internet provides them with an open field where they compete with outlets based on the other side of the Atlantic. In this kind of environment, news outlets like The Guardian and El País decided to pursue traffic overseas.

Spain and Britain have very different media landscapes. Tabloids and digital-only news organisations are mostly free in the United Kingdom and operate under the shadow of the BBC. Most national broadsheets and magazines, however, have been running pay models for a few years. The Financial Times, The Times and The Sunday Times operate with hard paywalls. The Telegraph runs a freemium model. The Guardian combines memberships and contributions with several subscription options. News start-up Tortoise is exploring a promising model through newsletters, sponsorships and events.

Spain is on the other side of the spectrum. Not a single national legacy news organisation was running a substantial pay model in July 2019. El País tried and failed before betting heavily on digital advertising. El Mundo started offering a subscription to the PDF of its print edition in March 2010.¹³ It also launched a metered paywall with 25 free articles in October 2013,¹⁴ then dropped it in 2018. The number of free articles was too high to convince most readers to join.

¹² R. Fletcher, "Paying for News and the Limits of Subscription", *Digital News Report*, Reuters Institute for the Study of Journalism, 2019. Retrieved on July 30, 2019 from

<http://www.digitalnewsreport.org/survey/2019/paying-for-news-and-the-limits-of-subscription/>

¹³ "EL MUNDO presenta la forma de leer el periódico 'para todo el siglo XXI'", *El Mundo*, March 4, 2010. Retrieved on July 28, 2019 from

<https://www.elmundo.es/elmundo/2010/03/03/comunicacion/1267654313.html>

¹⁴ "EL MUNDO cambia de piel y todos ganamos", *El Mundo*, October 3, 2013. Retrieved on July 28, 2019 from

<https://www.elmundo.es/elmundo/2013/10/03/comunicacion/1380754334.html>

As I will explain in the next chapters, some Spanish news organisations run reader revenue models. In January 2020, digital-only newspaper eldiario.es had more than 35,000 members. One-third of its revenue comes from its readers and it has been profitable since 2013, the year after its launch. The other exception comes from a few local newspapers. In April 2019 Catalan newspaper Ara had more than 45,000 subscribers, 23,000 of which were digital-only. Vocento media group has launched digital subscriptions in five of its 11 local newspapers. Around 27,000 readers had joined in March 2019. Competitors such as Prensa Ibérica recently launched digital subscriptions too.

The Spanish media landscape started to change in the autumn of 2019. El Mundo launched a freemium subscription model in October 2019.¹⁵ El País is launching a metered paywall in the first quarter of 2020.¹⁶

Most national newspapers are preparing to adopt digital subscriptions soon. Local and digital-only news organisations could launch a pay model too. This paper is aimed at any media executive who is planning to transition into a reader revenue model either in Spain or in any other country. Some of the strategies covered here could be applied by people working in other media markets. I hope the expertise and innovation I've seen in many British news organisations will be an inspiration for so many media brands that are struggling in Spain and Latin America. I also hope media executives in the U.K. will learn from the ingenuity and the resilience I've seen in news organisations that operate on the other side of the British Channel, often with fewer resources than them. Journalism benefits from cross-pollination. Ideas from other countries and other industries can help it flourish and endure.

¹⁵ <https://www.elmundo.es/television/2019/10/21/5dadf08921efa04f7e8b45fc.html> as seen on February 17, 2020.

¹⁶ https://www.elespanol.com/economia/medios/20200117/pais-ultima-detalles-muro-poroso-lanzarlo-marzo/459454914_0.html as seen on February 17, 2020.

2. Executive summary.

Pay models require a different kind of organisation. Successful subscription companies break silos and create cross-functional teams. Marketing, technology and editorial work closely and obsess about customers' needs. The best media executives make sure everyone knows the metrics that matter. Facebook likes, page views, and unique users are now valued mostly as means towards an end —acquisition and retention of paying subscribers. Frequency, recency and time spent mean readers are getting value from your site. The goal of every news outlet should be to get more people to enjoy its content more often during more time. Loyalty is the first step towards a subscription. Occasional readers never subscribe.

Every newspaper must learn to tell its own story. There will always be outlets offering free access to their news content. Any company with a pay model must explain why readers should support its work. This appeal should be crafted carefully. It must take into account the mission of the organisation as well as its ownership, its history and its constraints. Journalists should explain how they do what they do. Media executives should be as transparent as possible in their financial reports. Newspapers could benefit from presenting themselves within a broader social narrative. A conversation with their readers could help frame a narrative that is clear and attractive. Any news brand must mean something. Anything it does should be aligned with its editorial mission. Paying readers are less forgiving than occasional users. Clickbait can destroy trust.

Subscription companies must obsess about their core audience. Most of the reader revenue of every newspaper with a pay model comes from a small percentage of their readers. These are the ones most attached to the brand and most likely to subscribe. Media executives should look at the behaviour of these readers. Their goal should be to learn what their news habits are, how they structure their news diet, what they're

looking for when they come. News organisations should learn as much as possible about this group and should think of strategies to grow it. Their future depends on this.

The best newspapers focus on their digital products. Most of the legacy outlets covered by this paper still get most of their revenue from print. Their top priority, however, is improving their digital properties. This is not an easy task. Loyal readers are not uniform. Their consumption patterns could be all over the map. Quality often means different things to different people. Every channel requires a different language and different skills. The best companies invest their resources on the platforms that are popular among their core users and adapt their processes and priorities to their needs. This could mean producing audio versions of your best stories or creating niche editorial products for audiences that are underserved.

Good user experience is essential to succeed. News organisations are realising that content is just one of the aspects of their value proposition. User experience is almost as important, especially on a mobile phone. A great editorial product can fail as a result of poor user experience. On the other hand, great user experience could be a great selling point for a news organisation: The Guardian lets everyone read every article in its website, but makes readers pay to read some of those articles or a daily edition in its premium apps. The most successful news organisations think thoroughly about loading time, packaging and presentation. Younger audiences are used to the high standards set by digital platforms. They don't accept pop-up windows or invasive ads.

Readers appreciate a product they can finish. In a world dominated by endless news feeds, finite editions are having a comeback as a way to foster loyalty among subscribers and recreate the news habits of the past. Older readers still love to read the electronic versions of the print editions. Younger audiences gravitate towards daily podcasts, niche newsletters or news digests bundled into cheaper subscriptions. Readers appreciate news products they can finish. Journalists should remember their job is not so much publishing everything as editing what is important. Their work

shouldn't be guided by outdated processes but by the routines of their current audience.

Print shouldn't be the focus but it could help. A print product could be overwhelming or pointless for a portion of your digital audience. But print can still be an asset today. Newspapers face a strategic dilemma: most of their growth comes from digital, but most of their revenue still comes from print. The most successful companies adapt their content to the language of every channel where its loyal readers spend their time and print is a channel too. The Guardian uses price hikes to transform anonymous buyers into print subscribers and repackages some of its articles into a new glossy weekly magazine. The Economist creates most of its daily picks from articles already published in the print edition of the magazine.

The best subscription companies experiment with pricing. Newspapers have produced a single product and sold it for a single price for the last couple of centuries. Digital subscriptions require a different mindset, much more open to experimenting with bundles and price points. Discounts and free trials could be in your toolbox. But you should make it very clear to your readers they enter into a paid relationship. Otherwise, you will attract people who won't stay for long. Hard data, not gut feelings should guide your decisions. Any changes on pricing should be made after reviewing the behaviour of the people most likely to subscribe. Newspapers are partnering with other news organisations. Swedish newspaper Dagens Nyheter offers bundles with The New York Times and with a few local newspapers. Spanish newspaper eldiario.es offers bundles with a couple of magazines.

Open vs closed is not the right framework. The difference between membership and subscription models is more blurred than ever before. Some news organisations with a membership model run very hard paywalls while newspapers with subscriptions allow sampling opportunities through free trials, social and search. Open news organisations are more closed than you think, and vice versa. The Guardian runs a successful subscription business. The FT ran an open WhatsApp channel and still publishes audio

and video content for free. The most successful news outlets are not attached to their models. They tweak them according to the behaviour of their audience and experiment with bundles and revenue streams. The shape of your paywall must be just one of the elements of your value proposition. Newsletters, podcasts, audiobooks, trips, discounts and events must be added to the mix.

Journalism is the best acquisition strategy. Every news organisation covered by this report experiment with search and social channels. But everyone says that nothing beats journalism as an acquisition tool. Memberships and subscriptions are not impulse sales. People start paying after engaging with a news organisation regularly for a long time. Creating news habits is the best way to get subscribers and reduce churn. Readers often convert after reading long-form pieces and investigations that force politicians to resign. Quality and consistency are important for every subscription company but also for newspapers with a less transactional value proposition. News sites should perfect the way they ask for the support of their audience. They should test different messages and try to answer with them any questions they could have.

Friction is your enemy. Subscribing or donating to a news outlet should be as easy as possible. Newspapers should take a page from technology start-ups and adopt frictionless payment systems. Anyone should be able to subscribe in a few seconds. Anyone should be able to cancel its subscription without making a phone call. Creating a seamless payment system is especially difficult for global news organisations, whose managers have to deal with different platforms and different regulations. You won't reduce your churn rate unless you get your customers into reliable payment systems. Many cancellations are the result of credit cards' expiration dates.

Churn is much more important than acquisition. Getting thousands of subscribers who leave a few months after they join is not a sustainable path for any news organisation. This is why acquisition and churn strategies should be run by the same team. Dirty acquisition channels bring in the wrong kind of customers and produce high churn rates. Good subscription companies design great onboarding experiences

and encourage their readers to make the most of their subscription in the first few days. They also segment their users by demographics and by the time they joined. Creating habits matters much more than showing any particular piece of content. Retention often correlates with frequency and time spent.

3. Things to do before you start.

The Guardian launched its membership model on September 10, 2014.¹⁷ According to a news article published at the time, the original scheme focused on “a rolling programme of events, discussions, debates, interviews, keynote speeches and festivals.”¹⁸ It had three tiers: friends, partners and patrons. Friends didn’t pay anything. Partners paid £15 a month and could get discounts and priority bookings for some of the events. Patrons paid £60 a month and had an extra level of access. They could enjoy newsroom tours and host their own events in The Shed, a listed building by King’s Cross station which was set to open in 2016.

It was an important moment for The Guardian. A few weeks later, it would overtake The New York Times¹⁹ as the second most popular English-language newspaper behind the Daily Mail. It had published scoops such as the Edward Snowden revelations and the phone-hacking scandal. It had just won its first Pulitzer Prize.²⁰

The newspaper’s finances, however, didn’t look good. Circulation had been cut in half in a few years.²¹ It had just posted an annual loss of £30.6m.²² It would lose £227m from

¹⁷ L. O’Reilly, “Why the Guardian believes readers will pay £15 a month to become members”, *Marketing Week*, September 10, 2014. Retrieved on July 28, 2019 from <https://www.marketingweek.com/2014/09/10/why-the-guardian-believes-readers-will-pay-15-a-month-to-become-members/>

¹⁸ M. Sweeney, “Guardian launches new three-tier membership scheme”, *The Guardian*, September 10, 2014. Retrieved on July 28, 2019 from <https://www.theguardian.com/media/2014/sep/10/guardian-membership-scheme-patrons-kings-cross>

¹⁹ M. Sweeney, “The Guardian overtakes New York Times in comScore traffic figures”, *The Guardian*, October 21, 2014. Retrieved on July 28, 2019 from <https://www.theguardian.com/media/2014/oct/21/the-guardian-overtakes-new-york-times-in-comscore-traffic-figures>

²⁰ E. Pilkington, “Guardian and Washington Post win Pulitzer prize for NSA revelations”, *The Guardian*, April 14, 2014. Retrieved on July 28, 2019 from <https://www.theguardian.com/media/2014/apr/14/guardian-washington-post-pulitzer-nsa-revelations>

²¹ “ABCs: National daily newspaper circulation September 2014”, *The Guardian*, October 10, 2014. Retrieved on July 28, 2019 from <https://www.theguardian.com/media/table/2014/oct/10/abcs-national-newspapers>

²² D. Ponsford, “Guardian losses flat year on year at £30.6m but Trader sale swells bank balance to £842.7m”, *Press Gazette*, July 8, 2014. Retrieved on July 28, 2019 from <https://www.pressgazette.co.uk/guardian-losses-flat-year-on-year-at-306m-but-trader-sale-swells-bank-balance-to-8427m/>

2009 to 2016.²³ Part of those losses had to do with an expensive American expansion. The Guardian was the eighth player in a small market like Britain. The United States was a much bigger market and held plenty of opportunity. American readers were richer and much easier to monetise.

The American operation brought millions of readers but not enough revenue. Circulation and print advertising were still falling. With other British newspapers setting up paywalls, many people wondered whether The Guardian would follow suit.

The Guardian's membership model started to take shape at a readers' conference in March 2012. During a session with Clay Shirky, editor-in-chief Alan Rusbridger said the audience would have to pay to sustain The Guardian, then asked them a question. Would they prefer a plastic bucket or a loyalty club? Giving money to the newspaper as a cause or paying a monthly fee to get tickets and discounts? "Readers were incredibly unenthusiastic about tickets," says Rusbridger. "But many were willing to give money so our journalism could be available for everyone as a public good. They saw The Guardian as a cause."

Consultants hired by the business side came to the same conclusion but the board didn't believe it. "They thought it was editorial moonshine," says Rusbridger. He remembers the words of one of the senior managers. "I can't have a plastic bucket and go to Dolce & Gabbana [to sell ads]," he said. According to Rusbridger, there was a complete mismatch between readers who kept saying 'we'd really love to give you money' and the board saying 'no, we'll give you tickets.'"

The original membership model, built around events, didn't take off. It gathered around 12,000 members in the first year. "It was appealing to certain people who lived in certain areas. But given our global readership, it wasn't a benefit that many people

²³ A. Rajan, "Guardian records first operating profit since 1998", *BBC*, May 1, 2019, Retrieved on July 28, 2019 from <https://www.bbc.co.uk/news/entertainment-arts-48111464>

could partake,” says Amanda Michel, who is now the global director and senior product manager for Contributions at The Guardian. Michel started to work in this area in 2016.

At the end of the fiscal year 2018/19, The Guardian had over 655,000 regular supporters. Around 365,000 were members and recurring contributors. The newspaper also received over 340,000 one-off contributions from more than 300,000 contributors around the world.²⁴

The Guardian achieved this remarkable turnaround by shutting down its event business and putting its editorial mission at the centre of the membership programme. The management was flexible enough to change tack when the data didn’t support the initial vision. After all, they realised the plastic bucket was much more powerful than any loyalty scheme.

“People on editorial are not good at things like logistics and flexible pricing,” says Rusbridger. “But commercial people sometimes don’t trust that incredible bond between the reader and the journalist. They don’t quite get that. We had published an incredible range of stories throughout the years. So many people said: ‘I will support you because we think you are what a newspaper should be.’”

Every news organisation should strengthen this bond with its audience before setting up any kind of reader revenue model but they should also do other things before performing that difficult transition. I will explore a few in this chapter.

3.1. Focus sharply on your core audience.

Many news organisations are still optimized for traffic. Setting up a pay model requires reorienting your processes and priorities to focus on your most loyal audience. This is not an easy task. Commercial departments will warn against losing page views and

²⁴ “Guardian Media Group announces outcome of three year turnaround strategy”, *The Guardian*, May 1, 2019. Retrieved on July 28, 2019 from <https://www.theguardian.com/gnm-press-office/2019/may/01/guardian-media-group-announces-outcome-of-three-year-turnaround-strategy>

advertising revenue and some journalists won't be happy about limiting the reach of their articles. But you will only succeed if you focus on understanding the needs of your most loyal audience. Casual users will never subscribe.

Global reach has helped big outlets like The Guardian and The New York Times to get subscribers around the world. But this hasn't worked for smaller news organisations, whose subscribers often come from smaller markets. The tension is especially difficult in small countries with global languages such as Britain and Spain, where even some local and regional newspapers have given in to the temptation of pursuing global traffic through clickbait and gossip news.

“In the last few years, we've seen other regional newspapers trying to compete on traffic with global brands through search and social. I think that's a mistake. You can't produce tons of low-quality content and then sell subscriptions in your local market. Your brand must mean something,” says Fernando Belzunce, editorial director of local newspapers at Vocento, a Spanish media group.

3.2. Rethink your organisation.

Subscription businesses require a new mindset and a new kind of organisation, integrated around the needs of the audience. Any reader revenue strategy needs to involve people from editorial, technology and the business side. Customers are familiar with digital services and expect customization, frictionless payments and great user experience. These things are important and could have an impact on your bottom line.

Data should be at the forefront of any decision making. As author and technologist Tien Tzuo says, “the more information you can learn about the customer, the better you can serve their needs, and the more valuable the relationship becomes”²⁵

²⁵ T. Tzuo, *Subscribed: Why the subscription model will be your company's future - and what to do about it*, Portfolio Penguin, 2018, p. 20.

The Financial Times bridges the gap between marketing and editorial with a weekly meeting. “We want to know what they’re about to do so we can turn that into both existing customer engagement opportunities and acquisition opportunities rather than waiting for the news to hit. This relationship is helping them see the role marketing can play to turn their content into subscriptions,” says Marie Goddard, head of customer marketing.

Some Spanish newspapers are using the shift into digital subscriptions to reorganise their editorial teams. La Vanguardia has integrated both digital and print teams in a single newsroom. “Achieving this kind of integration is much easier now that we are in the subscription mindset. It would have been much more difficult a few years ago,” says Javier Martínez, director of audiences and digital strategy.

As part of their shift into pay models, El País and La Razón are adopting Washington Post’s Arc publishing system to break silos, integrate many data sources and encourage experimentation on the editorial and the business side.

El Mundo is creating an expanded express team and a small print hub, where a few senior editors will repackage content for print. The expansion of the express team reflects the realities of the Spanish market, where people still go for breaking news to big legacy newspapers as the public broadcaster is not as dominant as the BBC. According to managing editor Joaquín Manso, the goal is that most of their journalists will be reporting and producing valuable content, and not sitting behind a desk. “There’s nothing more valuable for your readers than taking them to the places they can’t go,” he says.

3.3. Learn to tell your own story.

After launching its membership model, people at The Guardian noticed many readers saw the newspaper had 150 million readers and assumed they were making a lot of money. So they realised they had to explain how advertising revenue was dropping and why they needed their readers’ support. Another good example was the Scott Trust, the

British company who is the only shareholder of The Guardian and whose central purpose is “to secure the financial and editorial independence of The Guardian in perpetuity as a quality national newspaper without party affiliation.”²⁶ People at the newspaper assumed the audience knew what the Scott Trust was. But most of the audience didn’t. So they started articulating its role and why it was so significant. Now the Scott Trust is as important for the audience as it is for the journalists and the members of its board.

“As journalists, we have always been telling the stories of other people. Now we also have to tell our own,” says Amanda Michel.

In a world where many people discover brands through search and social media, telling your story is more important than ever. Tien Tzuo recommends what he calls the three-room model. The first room is the story of your product: *the how*. The second is the market you’re trying to reach: *the who*. The third room is an overarching story that puts your product and your market within a broader social narrative: *the why now*. “You should tell your story from the third room to the first one. First the context, then the market, then the product,” says Tzuo.²⁷

3.4. How to ‘swallow the fish’.

Before adopting a pay model, it’s also important to communicate any changes inside your news organisation. Companies shifting to a subscription model often face what authors Thomas Lah and J. B. Wood call “swallowing the fish.”²⁸

The fish is what happens when existing companies go into subscriptions. In the beginning, their revenues shrink as revenues from large, pay-upfront deals are replaced by recurring subscriptions without big upfront payments. At the same time, they must

²⁶ “The Scott Trust: values and history”, *The Guardian*, July 26, 2015. Retrieved on July 28, 2019 from <https://www.theguardian.com/the-scott-trust/2015/jul/26/the-scott-trust>

²⁷ T. Tzuo, *Subscribed: Why the subscription model will be your company's future - and what to do about it*, Portfolio Penguin, 2018, p. 147.

²⁸ T. Lah and J.B. Wood, *Technology-as-a-service: How to Grow a Profitable Subscription business*, TSIA, 2016.

make investments in many of the new capabilities and structures required to succeed in the new world. As Tien Tzuo says, “the traditionally profitable and stable mix of more revenue than costs on the left side of the chart is replaced with a tumultuous period of costs exceeding revenue.”²⁹

Software company Adobe faced this challenge as it changed its business model.³⁰ It went from charging \$1,800 for a one-time sale to \$50 a month for a subscription to Adobe Creative Cloud, this software suite. The company faced a short-term shock as its main source of income disappeared. Processes and priorities changed overnight. Managers *swallowed the fish* by transforming the organisation, announcing their goals very clearly and committing to a firm timeline. They were open about these changes and over-communicated them to customers, employees and investors. “The louder and more publicly aggressive companies seem to be about their pivot, the better chance their stock price has of weathering the transition period,”³¹ says Tzuo.

The transition period could feel pretty lonely for newspaper managers who dare to jump. Journalists hate losing a portion of their audience. Commercial departments feel threatened by what they often perceived as a power grab. Many people won’t accept the new model before seeing the first positive results.

Chris Duncan, managing director of The Times, learned this lesson after the newspaper launched its paywall in July 2010.³² “The initial reaction from the journalists was: ‘You’ll kill us all. We’re going to lose our voice, our reach.’ I still remember the night we pressed the button and we resigned millions of customers effectively. And there was

²⁹ T. Tzuo, *Subscribed: Why the subscription model will be your company's future - and what to do about it*, Portfolio Penguin, 2018, p. 85.

³⁰ “How Adobe Became a Successful \$95 Billion SaaS Company”, *Product Habits Blog*. Retrieved on July 28, 2019 on <https://producthabits.com/adobe-95-billion-saas-company/>

³¹ T. Tzuo, *Subscribed: Why the subscription model will be your company's future - and what to do about it*, Portfolio Penguin, 2018, p. 86.

³² L. Oliver, “Times and Sunday Times paywall to go up tomorrow”, *Journalism.co.uk*, July 1, 2010. Retrieved on July 28, 2019 from

<https://www.journalism.co.uk/news/times-and-sunday-times-paywall-to-go-up-tomorrow/s2/a539431/>

a moment I remember very clearly because it still makes me feel sick. I looked around the room and asked: ‘How many subscribers did we get?’ And someone said: ‘None.’”

The newspaper didn’t have much to lose when it introduced a hard paywall in July 2010. The company had just lost £72m. Traffic was continually increasing, but revenue was flat. The first pay model charged £1 for a day and £2 for a week. Online access was included in a seven-day print subscription but iPad editions were not. If you wanted them, you should pay an extra £9.99 a month.

Chairman Rupert Murdoch was convinced a hard paywall was the way to go. Others in the company were not so sure. “There was a group within the business who believed it could be done and a group who believed it couldn’t,” says Duncan. “For a year or so I was relatively persona non grata on the editorial floor. But 18 months in, we made more money from the pay model than we did from the ad-funded model. So people started to see this could work.”

In June 2019 The Times and The Sunday Times had grown its subscriber base to a total of 539,000 people, 304,000 of which were digital-only. “The mood in the newsroom has shifted,” says Alan Hunter, head of digital at the newspaper. “I would say 95% of our journalists think it was a good thing.”

4. Adapting your value proposition.

Vocento is one of the leading media groups in Spain. It owns national conservative newspaper ABC and 11 local newspapers, most of which are market leaders in their regional markets. The most important one is El Correo, the best-selling newspaper in the Basque Country. Average circulation in 2018 was 57,547 copies, according to Spanish auditing organisation OJD.³³ It was 128,007 copies in 2003.³⁴

El Correo was the first Vocento newspaper to introduce digital subscriptions in 2015. Print sales and ad revenue were projected to drop. Pursuing viral traffic didn't make any sense for a publisher whose most valuable readers were based around two cities: Vitoria and Bilbao. Managers had boosted revenue through initiatives such as Oferplan and Local Digital Kit,³⁵ but they needed new revenue streams.

El Correo started with a very simple value proposition: a metered paywall and a few exclusive articles for subscribers. The price of the subscription was cheap: €4.95 a month. "Our goal was to retain our leadership online after we launched," says Fernando Belzunce, editorial director of local newspapers at the group. They got 4,500 subscribers, then hit a plateau. Page views dropped but advertising revenue didn't fall as much as they feared. The most expensive ads were the ones on the home page, and those were not behind the paywall.

In October 2018 El Correo relaunched its pay model by lowering the number of free articles and building a more rounded value proposition. The company put more pieces behind a paywall and marked those pieces as such. Journalists focused on topics that

³³ J. Soteras, "Los 10 principales periódicos españoles bajaron en 2018 sus ventas en el quiosco", *Infolibre*, January 30, 2019. Retrieved on July 30, 2019 from https://www.infolibre.es/noticias/medios/2019/01/30/ninguno_los_principales_periodicos_espanoles_vende_quiosco_mas_000_ejemplares_mes_91317_1027.html

³⁴ "El Correo Español El Pueblo Vasco' consigue los mejores resultados de difusión en el último informe de la OJD", *Gaceta de Prensa*, October 22, 2014. Retrieved on July 30, 2019 from <https://www.gacetadeprensa.com/noticia/5030/actualidad/el-correo-espanol-el-pueblo-vasco-consigue-los-mejores-resultados-de-difusion-en-el-ultimo-informe-de-la-oid.html>

³⁵ Oferplan is a service that saves people money through the use of virtual coupons. Local Digital Kit offers small companies different services such as advertising, marketing and SEO.

were important for some of their readers such as female sports and local football teams. They also created a true crime section where local reporters resurfaced content from the archive and wrote about things that happened in their city a few decades before. “These sections don’t generate a lot of traffic, but they build loyalty and amplify our brand,” says Belzunce. “The challenge now is transforming frustration into excitement. It’s not just about the paywall. Once you are a subscriber, you receive newsletters on your favourite topics and enjoy discounts from our loyalty club.”

The relaunch worked. In a few months, El Correo signed up thousands of readers and reached 12,000 subscribers in March 2019. Although they ran ads on local buses, the main conversion driver was the most valuable journalism they produced. “We are much happier now because we see that our marketing strategy is working and also because the new model is helping us transform our newsrooms,” says Belzunce.

After adopting digital subscriptions at El Correo, Vocento launched them in four of its local newspapers: Diario Vasco (2016), Diario Montañés (2017), Ideal (2018) and La Rioja (2019). According to Belzunce, they plan to launch subscriptions in the rest in the next few months. The last ones to adopt subscriptions will be the ones based in very competitive markets: El Comercio in Asturias and Las Provincias in Valencia. “Right now we have over 27,000 digital subscribers. I think it’s feasible for us to get to 100,000 subscribers once we are running subscriptions in the 11 local newspapers we own.”

What happened at El Correo is not unusual. Adopting any reader revenue model requires rethinking your value proposition. And not just in terms of your journalism. A younger, mostly mobile audience demands a seamless user experience. Publishers need to adjust their offerings to the needs of their customers. Here are some things news organisations are doing on this front.

4.1. Focus on your digital product.

Two-thirds of the revenue of Swedish newspaper Dagens Nyheter still comes from print. But its leadership decided to focus on the digital presentation as if print didn’t

exist. “We make sure every article is published at the right time and in the right format for the digital audience,” says Martin Jönsson, head of editorial development at the newspaper. “If your goal is to build digital loyalty, you have to start from digital quality. That means reviewing your metrics to understand the needs of your readers, then change into a positive spiral where more quality attracts more subscribers and gets you more revenue and more journalists.”

In the last four years, Dagens Nyheter has achieved that. “It’s much cheaper to publish a digital product,” says Jönsson. “You shouldn’t care too much whether revenue comes from print or digital as long as you can get a profitable business.”

Swedish publishers are in a privileged position: Jönsson says that most of their customers pay for either music, movies or news, and 13% pay for all three. But there are many lessons publishers from other countries could draw from their success. After adopting digital subscriptions, Dagens Nyheter started creating innovative formats such as VR, podcasts and audiobooks. As a result, they’ve attracted a different audience: much younger, more female and less urban. While 73% of their print circulation is sold in Stockholm, 60% of their digital subscribers live in other cities. “We are reaching new people,” says Jönsson. “So we have to understand how these new readers define quality and what we can do about that.”

Some of the things Dagens Nyheter has done will sound familiar to other publications. They’ve expanded their team of investigative reporters and increased the number of foreign correspondents. They’ve launched a new app with quizzes and crosswords and published audio versions of all of their long-form stories. This is something Danish digital newspaper Zetland also did at its members’ request.³⁶ “Today 65% of our usage comes from audio,” says Lea Korsgaard, Zetland’s co-founder and editor-in-chief.

³⁶ C. Schmidt, “Zetland’s members asked for an audio version — and now it’s more popular than their written stories”, *Nieman Lab*, May 9, 2018. Retrieved on July 28, 2019 from <https://www.niemanlab.org/2018/05/zetlands-members-asked-for-an-audio-version-and-now-its-more-popular-than-their-written-stories/>

“We’re still a written-word publication, but people listen to the written word. We asked our users and they told us what they wanted.”

4.2. Stop doing stuff (really).

As part of their efforts, journalists at Dagens Nyheter tried to identify the kind of stories very few people read. “We realised that using copy from AP or Reuters didn’t work for us. People come to us in search of deep dives, not quick summaries,” says Jönsson. They cut the number of articles they published by 15%. After doing that, they managed to increase traffic by making sure they focused on the right stories. Le Monde and The Guardian have also reduced their output with similar results.

Spanish journalist Ignacio Escolar faced a similar challenge after founding eldiario.es in 2012. His initial model was Politico. He didn’t want to create another general-interest newspaper but one with a sharp focus on politics and investigations. As its audience grew, Escolar considered publishing sports news. “We were approached by a group of journalists who wanted to cover sports for us,” says Escolar, founder and editor-in-chief of eldiario.es. “We signed an agreement with them but it didn’t go well. Our paying members complained.” Some of their emails were blunt: “I’m not paying you guys to know more about the Real Madrid matches.” The sports coverage didn’t create either substantial ad revenue or new members and eldiario.es dropped the project. It hasn’t covered sports ever since.

4.3. Create great user experience.

Members don’t see any ads when reading eldiario.es. El Correo’s subscribers aren’t shown the most invasive ones. Both newspapers have redesigned their digital products so their paying readers can enjoy a better user experience.

News organisations are realising that content is just one of the aspects of their value proposition. Loading time, packaging and presentation are important too. Younger audiences are used to the high standards set by digital platforms and are less forgiving.

The Guardian has a two-fold reader revenue strategy. It offers memberships and one-off contributions for the readers who want to support the work of its journalists. But it also offers a transactional proposition for people who want to experience its journalism in unique ways. “Content is free and will always be free,” says Richard Furness, managing director for consumer revenues and publishing at the newspaper. “Our subscriptions are about creating an experience that is so compelling that people will pay.”

The Guardian offers several options: several print and digital bundles, an £11.99 monthly subscription to the iPad edition of the British newspaper and a £5.99 subscription to a few features of its premium mobile app.³⁷ For this monthly fee you can customize the home screen, follow your favourite writers and have access to a couple of exclusive tabs:

- The first one is called **Live** and it’s designed for news junkies who want to keep up with the news.
- The second one is called **Discover** and includes a selection of long reads.

“We created these features after doing many tests with our readers,” says Furness. “Two needs came up time and again: ‘I’ve got two minutes and I want to catch up quickly with what’s going on’ and ‘I want to read beautifully presented long stories.’” Both tabs are really popular right now.”

³⁷ Subscription bundles, *The Guardian*. Retrieved on July 28, 2019 from https://support.theguardian.com/uk/subscribe?INTCMP=header_support_subscribe&acquisitionData=%7B%22source%22%3A%22GUARDIAN_WEB%22%2C%22componentType%22%3A%22ACQUISITIONS_HEADER%22%2C%22componentId%22%3A%22header_support_subscribe%22%2C%22referrerPageviewId%22%3A%22jwugtx3iyjycma7ygt5y%22%2C%22referrerUrl%22%3A%22https%3A%2F%2Fwww.theguardian.com%2Fuk%22%7D

Not every reader demands the same user experience. Around 22,000 subscribers of El Mundo pay to read the PDF version of the next day's print edition before going to sleep. PDFs are old-fashioned but are still popular among older audiences. These readers can be a great asset as El Mundo launches a more comprehensive subscription model. La Vanguardia and Ara report similar behaviour. The print edition is still perceived as something valuable by a significant portion of the audience even though some of its pieces are already available online.

4.4. Build products your readers can finish.

Readers love the sense of achievement that comes from finishing a daily edition. In a digital environment dominated by endless feeds, finite products are quite appealing. "Journalists should remember that their job is not publishing as much as they can, but editing what is important," says Richard Furness, from The Guardian. In October 2018 Furness helped relaunch Guardian Weekly³⁸ as a glossy magazine with three different editions: international, North-American and Australian. The magazine has introduced a younger audience to The Guardian in print. Most of the pieces published in Guardian Weekly are not commissioned just for the magazine. Its editor is there mostly to edit down and curate journalism that already exists. The lesson for Furness is clear. "You should think about the content you produce every day and then do something interesting with that content and sell it as a subscription product," he says.

News organisations are betting on the renewed appeal of daily or weekly editions as a way to recreate the news habits of the past. This trend is behind daily podcasts such as The Economist's The Intelligence and The Guardian's Today in Focus. It's also what's fuelling the rise of newsletters as a way to engage with the audience without depending on algorithms.

³⁸ The Guardian Weekly Wikipedia page. Retrieved on July 29, 2019 from https://en.wikipedia.org/wiki/The_Guardian_Weekly#Since_2007

Publishers use newsletters for different purposes. They can be just a tool to bring casual readers further into the acquisition funnel. They can also enhance the newspaper's value proposition by providing value to underserved audiences. A great example is The Times's Crime Club newsletter.³⁹ It gives reviews, free ebooks and event tickets to crime fiction fans. It's the most successful newsletter at The Times with a 70% open rate. A big news story can also be a great opportunity for a pop-up newsletter. Catalan newspaper Ara published a daily email during the trial of 12 separatist leaders over their role in 2017 Catalonia's failed independence bid.

The product team at The Economist sees newsletters as an opportunity to maximise traffic and bring occasional readers closer to the brand. Unlike other news organisations, they've focused on a small number of newsletters rather than to launch dozens. They may explore a few niches in the future, but any new efforts should be based on their readers' needs. The Economist sends two daily newsletters and a weekly one with the cover and a few pieces of the magazine. According to Denise Law, head of product at The Economist, newsletters surpassed Twitter as a source of referral traffic to their website in May 2019. "Readers who use our newsletters are more likely to become subscribers than those via other channels,"⁴⁰ she says. "The email with the Donald Trump cover right after the [2016 presidential] election converted two or three times more than the average one," says Sunnie Huang, newsletters editor at the magazine.

Digital editions come in many flavours. Every week Catalan newspaper Ara publishes a PDF dossier⁴¹ with essays and infographics about a topic. These dossiers could be as long as 80 pages. Topics are evergreen and wide-ranging, from Marxism to Europe, obesity and sex. According to Maria Llambí, Ara's chief marketing officer, dossiers get downloaded more than 15,000 times a month. Most of their content already exists and

³⁹ The Times crime club newsletter signup page, *The Times*. Retrieved on July 29, 2019 from <https://www.thetimes.co.uk/article/newsletter-signup-crimeclub-cw8qsvlg2>

⁴⁰ D. Law, "Focusing on our core digital products", *Medium*, June 3, 2019. Retrieved on July 28, 2019 from <https://medium.com/severe-contest/focusing-on-our-core-digital-products-8dd1d7a80a20>

⁴¹ Dossiers published by Catalan newspaper Ara. Retrieved on July 28, 2019 from <https://llibreria.ara.cat/>

is repackaged for this new format. Dossiers have their own metered paywall. Only subscribers have unlimited access. Registered users can download five for free.

Both Le Monde and La Repubblica have experimented with simpler digital products. Every morning at 7 am, Le Monde publishes a 25-article digital edition to its mobile app La Matinale.⁴² Its user interface looks a lot like Tinder. Users are shown the headlines and swipe left or right depending on their interests. That gives them access to a news feed with the articles they've saved. Some are only accessible to subscribers.

Italian newspaper La Repubblica launched a new digital subscription in July 2018.⁴³ The subscription is 50% cheaper than the full digital bundle and doesn't include access to every article published in print. It offers the 20 most important stories published in print plus four news analysis and one exclusive long-form piece. It also gives readers access to audio versions of the articles and three daily newsletters. "At the beginning, we published every article at midnight, but most readers converted between seven and nine. So we started to publish new pieces at lunchtime and dinnertime. By doing this, we got more new subscribers every day," says former editor-in-chief Mario Calabresi.

When Calabresi left its position in February 2019, more than 40,000 people were paying for this cheaper subscription, which gives La Repubblica €3 million in annual revenue. According to Calabresi, the newspaper lost around €12 million in 2018 on an annual budget of €110 million.

In November 2014 The Economist launched Espresso,⁴⁴ a daily briefing with five pieces, a quick roundup of the daily news and a smart quotation. According to Lane Greene, language columnist of The Economist and editor of Espresso, pieces should have around 155 words and fit in a phone screen. Every article should have a news peg, a

⁴² Home page of *Le Monde's* La Matinale. Retrieved on July 28, 2019 from <https://www.lemonde.fr/lamatinale/>

⁴³ "Il mondo Repubblica: ecco la nuova app che gira intorno a te", *La Repubblica*, July 26, 2018. Retrieved on July 28, 2019 from https://www.repubblica.it/tecnologia/mobile/2018/07/26/news/repubblica_nuova_app_disponibile_store_apple_google_play-202751586/

⁴⁴ "Our new daily edition for smartphones", *The Economist*, November 6, 2014. Retrieved on July 28, 2019 from <https://www.economist.com/newsbook/2014/11/06/our-new-daily-edition-for-smartphones>

surprising fact and a takeaway. It should be an opportunity to look at a bigger trend too.

Espresso has editions for Asia, Europe and the Americas and it's available in the main app of the magazine. Every subscriber can read it, but it's also sold as a cheaper, separate subscription for £2.49/\$3.99 a month. 60% of Espresso's revenue comes from subscriptions. The rest comes from advertising. It is sent as a newsletter, but most of its audience read it through The Economist app.

4.5. Rethink what to publish and when.

In March 2016, The Times announced it would stop covering breaking news. Instead of posting quick updates on developing stories, it would publish three daily editions at 9 am, 12 pm and 5 pm. The management decided after reviewing the data. "The message [from our readers] was very clear," says Alan Hunter, head of digital at the newspaper. "They valued us for our insights, our analysis and the authority of our reporting, not for the ability to catch up very quickly."

The Financial Times hasn't retreated from breaking news, but it's acting more like a broadcaster. A few years ago, most of the British newspapers were still publishing the bulk of their content online around 5 pm. As a result, there was a perfect asymmetry between when readers were reading and when journalists were publishing. It was bad for search too. When surfacing news articles, Google takes into account factors such as home page promotion and freshness of publication. Pieces published in the afternoon were harder to find.

"This realisation led to a slow, finally successful shift in publication habits," says Renée Kaplan, head of audience and new content strategies at the Financial Times. "We had to reprogram desks and journalists in order to keep on filing after the print deadline. Now we've evolved from a print distribution culture to a broadcast distribution culture, with pieces published throughout the day. Unlike The Times, though, we don't publish

three e-papers a day. Our home page is very dynamic. We still receive a lot of traffic from social and search.”

4.6. Less could be more.

“I read The Economist cover-to-cover because its content makes me think critically about the world,” tweeted⁴⁵ Bill Gates in July 2018. The statement was a reminder of the value the weekly magazine provided to many influential readers, but some people at the newsroom saw it as a mixed blessing. “There’s a whole universe of new subscribers for whom The Economist is an overwhelming experience,” says Denise Law, head of product at the magazine. “That doesn’t mean we should exclude them. It means that we might need to do a better job at tailoring to them.”

These readers find it hard to get through the magazine each week. When old issues start piling up on their coffee table, they start feeling guilty about not being able to get through it. Law calls this “the New Yorker effect” and it’s one of the main reasons people cancel their subscription to the magazine.⁴⁶

The Economist’s new app tries to solve this problem by integrating Espresso and giving the reader a few daily picks. “The whole point of the daily picks is saying: ‘Here are the seven most important things you need to read today. We’re not going to make it like a never-ending Facebook feed where you keep going and you see more posts. We pride ourselves on being the trusted filter on the world. And filter is a really important word. You come to us because you trust our judgment,” says Law.

The Economist’s strategy makes an important point. The product you sell offline could be overwhelming or useless for a digital audience. The most successful news

⁴⁵ Tweet from Bill Gates. Retrieved on July 28, 2019 from <https://twitter.com/billgates/status/1022712786449846272?lang=en>

⁴⁶ L. Southern, “Newsletters as puzzle pieces’: How The Economist uses email to reduce subscriber churn”, *Digiday*, July 5, 2019. Retrieved on July 28, 2019 from <https://digiday.com/media/economist-takes-less-approach-newsletters/>

organisations think thoroughly about packaging and presentation and invest their limited resources on the platforms that are popular among their most loyal audiences.

4.7. Cherish your brand.

Many newspapers still treat their digital products as separate brands. They fill their websites with second-rate articles and publish their best articles just in print. However, audiences don't distinguish a printed newspaper from its digital products or its social media feeds. In a world increasingly fragmented, the values of a brand should be present in everything it does.

“If we sell oranges through [our service] Oferplan,⁴⁷ it's because our readers trust our brand. You can't do an event on the new developments in science if you have a website full of clickbait,” says Fernando Belzunce from Spanish media group Vocento. Denise Law, from The Economist, shares a similar view: “Every single piece of journalism we do, regardless of the platform, needs to be done to a high standard.”

As part of their subscription strategies, some newspapers attach their brands to particular values. Spanish conservative newspaper La Razón creates content related to five values: diversity, the environment, the traditional family, the fight for the rights of people with disabilities, and the unity of Spain. “Selling content is very difficult. So most of our campaigns are associated with those values,” says Sergio Rodríguez, head of digital at the newspaper. La Razón launched digital subscriptions in October 2018. It had signed up around 1,000 subscribers in March 2019.

Journalists at eldiario.es tried something similar in 2015. As European migration crisis unfolded, they asked their readers for money to ramp up their coverage. They created a landing page and launched a specific campaign. It didn't work.

⁴⁷ What is Oferplan, Vocento. Retrieved on July 28, 2019 from <https://www.vocento.com/nosotros/digital/oferplan/>

Other efforts have been more successful. *eldiario.es* faced a difficult moment during the Catalan crisis in October 2017. “In the first few months, many people cancelled their membership,” says Escolar. “Some thought we were too supportive of the pro-independence movement. Others thought we were too much against it. Many organisations on the left faced a similar challenge.” Escolar and his colleagues managed to change this atmosphere by creating “A call for a dialogue”,⁴⁸ a section where intellectuals, journalists and politicians wrote short pieces calling for building bridges between Catalonia and the rest of Spain. “This project got us hundreds of new members and strengthened our position as an independent voice at a moment where most newspapers were hugely polarized,” Escolar says.

A physical object can strengthen the connection of a newspaper with its audience. In 2018, *eldiario.es* printed 300 copies of a drawing by award-winning Spanish illustrator Ana Juan.⁴⁹ It sold most of them to raise money for a non-profit fighting violence against women. The rest were given as a present to the most loyal female members of the newspaper.

⁴⁸ “Una llamada colectiva al diálogo”, *eldiario.es*, October 5, 2017. Retrieved on July 29, 2019 from https://www.eldiario.es/politica/Voces-dialogo_0_693980656.html

⁴⁹ “*eldiario.es* y Ana Juan, comprometidos contra la violencia de género”, *eldiario.es*, July 17, 2018. Retrieved on July 28, 2019 from https://www.eldiario.es/redaccion/eldiarioes-Ana-Juan-comprometidos-violencia_6_793780624.html

5. Designing the best pricing.

Swedish newspaper Dagens Nyheter had almost no digital subscribers in 2015. Four years later, the newspaper has reached a few milestones. It had 165,000 digital subscribers and 163,000 print subscribers. The total number was higher than it has been at any point since the early 2000s. Revenue from digital subscriptions was higher than revenue from digital ads. According to Digiday,⁵⁰ the newspaper was converting around 2,000 subscribers a week.

Dagens Nyheter's executives adopted this reader revenue strategy when they realised the ad revenue was flowing away from newspapers into technology platforms. Ramping up digital subscriptions was the only real alternative to raising prices and cutting jobs. "Cutting costs made you turn into a negative spiral," says Jönsson. With fewer journalists, they would offer lower quality and it would be impossible to charge more.

Dagens Nyheter reimaged its value proposition, reduced friction on the payment process and improved the user experience of its digital products. Then it implemented a complex pay model with three different elements:

- Everyone can read three articles a week before hitting a metered paywall. This metered paywall accounts for 10% of conversions.
- Some premium articles are always behind the paywall. These pieces are usually quality lifestyle content: articles related to science, health, relationships, family, work and children. These pieces represent 35% of conversions.
- Around 55% of conversions come from articles that are free for a few hours and are only put behind a paywall after going viral. An algorithm detects these articles but an editor decides which ones to make available just for subscribers and when.

⁵⁰ L. Southern, "How Swedish newspaper Dagens Nyheter halved subscriber churn in 2 years", *Digiday*, May 20, 2019. Retrieved on July 28, 2019 from <https://digiday.com/media/how-swedish-newspaper-dagens-nyheter-halved-churn-to-8-in-2-years/>

“We want our best and most popular content to be subscribers-only, but we need it to be open for a while to get new readers into the funnel,” says Jönsson.

As my colleague Michael Leitner explained in a recent paper,⁵¹ many European news outlets are adopting dynamic paywalls in different flavours. As Dagens Nyheter, Swedish newspaper Svenska Dagbladet puts some of its articles behind the paywall after they reach a huge audience. Swiss newspaper NZZ adapts the meter threshold dynamically to the user’s propensity to subscribe. Users with a low propensity score get access to more articles and high-scored users quickly reach a lower threshold.

This trend reflects an important change in the industry. As Robert G. Picard wrote in 2014, “news service providers are relating to consumers differently than in the past and employing pricing models that differ from those of the original print and broadcast products. Many offer varying prices for access to different bundles of platforms and for different levels of access to premium and specialized news content. No longer is all content provided to all consumers at the same price.”⁵²

When making complex decisions about pricing, media executives should be aware of what economists call reference price, “an internal standard against which observed prices are compared.”⁵³ There is wide evidence that consumers use reference prices in making their choices. These reference prices come from past prices but also from the prices of other products and services, especially in the digital space. The monthly price of Netflix or Spotify could affect what a newspaper can charge for its digital subscriptions, especially in the Nordic countries, where the penetration of these services is very high. “People here in Sweden have learnt that you have to pay for your

⁵¹ M. Leitner, *How media companies use data to sign up digital subscribers (and keep them)*, Reuters Institute, 2019. Retrieved on July 28, 2019 from https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2019-05/How_media_companies_use_data.pdf

⁵² R. Picard, “Twilight or new dawn of journalism? Evidence from the changing news ecosystem”, *Journalism Studies* vol. 15, no. 5, 2014, pp. 500-510.

⁵³ G. Kalyanaram and R. S. Winer. “Empirical Generalizations from Reference Price Research”, *Marketing Science*, vol. 14, no. 3, 1995, pp. G161–G169. www.jstor.org/stable/184158

content,” says Jönsson. “They pay for their music, their movies and their newspaper, and they cost about €10 each.”

This chapter will deal with pricing, free trials and content bundles. Here are some of the things news organisations are trying right now in this field.

5.1. Ensure your pricing is aligned with your values.

Pricing is especially tough for newspapers with a less transactional value proposition. How much should you charge for what is mostly a recurring donation with a few additional perks? At Spanish newspaper eldiario.es they started in 2012 with a couple of options: an annual membership for €60 and a biannual one for €30. Around 10% of members pay more than that on their own volition. They are called patrons and are identified as such when posting comments on the site.

In February 2019, eldiario.es dropped the biannual membership and introduced a monthly one for €7. This higher price doesn't include receiving a copy of the quarterly magazine eldiario.es sends to its annual members. Raising prices was less important than responding to the needs of the audience. “The reason behind this was making it easier for our readers to dip in and out of the membership,” says Esther Alonso, head of marketing at the newspaper. “Many had asked us for this option and it's almost an industry standard.”

After introducing the monthly membership, Alonso noticed a change in consumer behaviour. Before February 2019, around 50% of the new members took the annual option, 40% the biannual one. The rest took other offerings. After February, 77% of the new members sign up for the annual subscription and only 17% take the new monthly option. “I would say the monthly option is attracting people who wouldn't join otherwise,” says Alonso. “It's still possible monthly memberships are cannibalizing some annual ones. But the fact that they only amount to 17% of new signups makes us

think our members are usually loyal readers who prefer a longer option to a shorter one.”

After growing its member base for the last seven years, eldiario.es has started to hit a plateau. The newspaper had around 35,000 in January 2020. Churn is extremely low, but it is more difficult to keep growing every month. As every Spanish newspaper is preparing to adopt digital subscriptions, executives are considering a few changes. Their messaging has always made two points to their readers: they should become members to keep information free and to protect editorial independence. Should they drop the first point and introduce a paywall?

As a response to the new environment, eldiario.es is preparing a slightly different membership model. After reading a number of articles, the reader will hit a metered paywall and will be shown the monthly and the annual price. If she can't afford to pay €7 a month, she will be invited to explain why and to give anything from nothing to €6 a month. Those members will have access to the eldiario.es but won't have other advantages such as receiving the quarterly magazine. The ultimate goal of this move is to keep growing without losing unique users. Around 350,000 users of eldiario.es read more than 15 articles a month. Those are the ones eldiario.es would like to convert.

"Introducing a traditional paywall would've meant not just going against one of our editorial principles but also against one of the strengths of our business model," says María Ramírez, head of strategy at eldiario.es. "At the same time, it was essential to do something new to get new members in a more competitive environment as more newspapers in Spain are turning to subscriptions. In the end, we've found a balance between pushing strongly for readers' support and keeping the information free for those who can't afford it."

5.2. Experiment in every way you can.

Spanish media group Vocento owns 11 local newspapers. Five run digital subscriptions at the monthly price of €4.95. When launching subscriptions in the sixth one, El Norte

de Castilla, Vocento tried a higher monthly price: €5.95.⁵⁴ “If it goes well, we could raise prices in the other newspapers too,” says Fernando Belzunce, editorial director of local newspapers at the group, who suggest a changing media environment could create some kind of reference price. “It would be great for us if El País charges €15 a month for its digital subscriptions. Then we could charge a similar price.”

Speaking in 2019 at the Oxford Media Convention, Mark Thompson, said that younger readers were his main concerns as CEO of The New York Times Company. “The biggest existential threat to legacy newspapers is losing the audiences under 40,” he said.⁵⁵ The New York Times has addressed this strategic problem in different ways. It has created The Daily, a podcast that has introduced many younger readers to its best journalism. It has also invited readers to give between \$10 and \$2,000 to sponsor student subscriptions. The newspaper promises to match every one of them. As Joshua Benton wrote, the programme has sponsored more than 3 million student subscriptions and generates around \$10 million for The New York Times.⁵⁶

The Financial Times offers half-price subscriptions to every college student in the United Kingdom and free subscriptions⁵⁷ to students of secondary schools around the world.⁵⁸ Swedish newspaper Dagens Nyheter offered every reader under 25 a free subscription during the general election without asking for a credit card. The day after the election, they asked them if they wanted to pay. A lot of them stayed on.

British news startup Tortoise has created the so-called Tortoise Network, a scheme to reach the people who are hardest for news organisations to reach but whose voices they

⁵⁴ Subscription pricing of El Norte de Castilla. Retrieved on July 28, 2019 from <https://areapersonal.elnortedecastilla.es/suscripcion/#vca=suscribete&vso=elnortedecastilla&vmc=on&vli=cabecera>

⁵⁵ Tweet retrieved on July 28, 2019 from <https://twitter.com/eduardosuarez/status/1107594978891624448>

⁵⁶ J. Benton, “Want to see what one digital future for newspapers looks like? Look at The Guardian, which isn’t losing money anymore”, *Nieman Lab*, May 1, 2019. Retrieved on July 28, 2019 from <https://www.niemanlab.org/2019/05/want-to-see-what-one-digital-future-for-newspapers-looks-like-look-at-the-guardian-which-isnt-losing-money-anymore/>

⁵⁷ “Financial Times Student discount”, *Financial Times*. Retrieved on July 30, 2019 from <https://www.nus.org.uk/en/nus-extra/discounts/financial-times-student-discount/>

⁵⁸ “FT Secondary Schools”, *Financial Times*. Retrieved on July 30, 2019 from <https://www.ft.com/ft-secondary-schools>

most need to hear. The newsroom monitors the demographic and attitudinal profile of their membership base to spot the ones underrepresented. Tortoise works with nonprofits and charities to reach out to those kinds of people, then give them a membership funded by several sponsors. The Tortoise Network opened with over 3,5000 memberships in June 2019.

5.3. Create attractive bundles.

Dagens Nyheter offers a few bundles with its digital subscription. One includes its crosswords app. Others include subscriptions to The New York Times, a local newspaper or an audiobook company. “We don’t see this as an earnings opportunity but as an anti-churn opportunity. It’s a way to build loyalty by adding great products to our brand,” says Martin Jönsson, head of editorial development at the newspaper.

At eldiario.es they’ve created bundled subscriptions with sister publications such as satirical magazine Mongolia and environmental magazine Ballena Blanca. Instead of paying €60 a year to be members of eldiario.es, readers can add a membership to any of those outlets by paying €80. As part of its new pay model, eldiario.es has created similar bundles with 14 local news sites it partners with. Every reader can support their work by paying €20 euros more.

5.4. Don’t focus on print but use it to your advantage.

Print is not a priority for the main legacy news organizations in Spain or the United Kingdom. This doesn’t mean people who are responsible for reader revenue don’t care about print. Most of them are trying to manage decline through cutting costs and raising prices. Others are using print to their advantage in different ways.

The Guardian launched its first print subscription offerings in 2008. Today they represent 45% of their print sales on weekdays and 20% on weekends. “We’ve used price hikes to convert anonymous buyers into known subscribers,” says Richard Furness, managing director for consumer revenues and publishing at the newspaper.

“We announce our decision, then say: ‘If you subscribe, you won’t pay full price.’” The Guardian never does any retail promotion without including a clear ask for a subscription.

When launching its paywall in 2010, The Times gave digital for free to its print subscribers. “It was a nice way to get some people in because on day one we had no audience,” says Chris Duncan, managing director at the newspaper. “Today print plus digital are the ultimate buyers but digital-only is where our growth comes from. If we grew 55,000 last year, digital-only grew by 52,000. Print is relatively stable. We’re not signing up a lot of seven-day print subscribers. And it’s not easy to sell digital plus the printed edition of The Sunday Times.”

Many media executives will recognise themselves in the dilemmas expressed by Maria Llambí, chief marketing officer at Catalan newspaper Ara. A seven-day print subscription costs €400 a year. A digital one costs only €100. Print subscriptions have a higher margin because the price is higher and print ads are more expensive. People who subscribe to print stay for longer too.

Ara has around 45,000 subscribers. 60% are digital-only and 40% come from print. “It’s much easier for us to acquire digital subscribers. They account for 80% of the people we sign up. They also churn at a higher rate. Once they’re with us, we try to upgrade them at least to the weekend print bundle,” says Llambí.

5.5. Different tiers require different strategies.

The Financial Times introduced a metered paywall in 2007. The number of free articles a non-subscriber could read started at 30 and shrank very quickly over time. In 2015 the newspaper switched to paid trials as its primary acquisition model. Readers get access to most of its content for four weeks for a small sum. Digital subscriptions now account

for more than three-quarters of the FT's circulation. Around 70% of its readers live outside the United Kingdom.⁵⁹

Today the newspaper offers two different digital subscriptions: standard and premium. Premium is twice as expensive as standard and includes extra benefits such as access to the Lex Column, special in-depth analysis and a digital replica of the daily newspaper. Standard subscribers can share up to 10 articles a month with family, friends and colleagues. Premium subscribers can share up to 20.

Premium subscribers are richer and skew towards finance. They are often more senior and read less content than standard subscribers. They only read what they need to read. The vast majority of the FT's business subscriptions are premium subscriptions. Standard gets the bulk of consumer sales.

Premium subscriptions are never sold at a discount. "We do apply discounts on standard subscriptions," says Marie Goddard, director of customer marketing at the newspaper. "If we get someone on a discount, we slowly increase her price over her subscription tenure. We play around with the levers at the entry-level so our audience can understand what it means to subscribe to the FT."

"Selling standard in the context of premium is very hard because it's not everything but it's still very good," says Daisy Donald, head of customer experience research at the newspaper. "We've tried to articulate this in different ways throughout the year. Now we've landed on standard giving you breadth and premium giving you extra depth within smaller verticals." When selling premium subscriptions, the newspaper mentions emerging markets, mergers and acquisitions, investing and trade as those verticals.

On the other side of the spectrum are the so-called trialists, readers who sample the FT through discounts. The Financial Times offers a four-week paid trial for a small amount

⁵⁹ "FT tops one million paying readers", *Financial Times*, April 1, 2019. Retrieved on July 28, 2019 from <https://aboutus.ft.com/en-gb/announcements/ft-tops-one-million-paying-readers/>

of money. “We did a lot of experiments before making a decision,” says Donald. “It was 5 pounds versus 1 pound versus free, free with no credit card details versus free with credit card details. One pound with credit card details is where we landed. It was the data that informed our decision on this.”

Should the FT offer an even cheaper subscription? And if so, what would it look like? This is a conversation that keeps circling back in the newspaper. There are at least two problems with creating this kind of tier: pricing and value proposition. On pricing, Goddard doesn’t think Netflix and Amazon provide a reference price for the FT’s customer base. “Our challenge is that we’re now in this bucket of subscriptions with Netflix, Spotify and all the rest. So we need to make sure people always see the value we offer compared to so much Netflix they don’t watch.”

A cheaper tier would require crafting the right value proposition. “There are a lot of misconceptions around the Financial Times. People don’t realise it’s actually about the global economy and global affairs,” says Renée Kaplan, head of audience and new content strategies at the newspaper. “But the biggest blocking point after recognition is price because our subscriptions are expensive. The question is what you put on this cheaper tier. It has to be some representation of the full product because the whole point of this kind of product would be eventually upselling you. It should be sort of a gateway in.”

6. Creating an acquisition strategy.

Ignacio Escolar launched digital newspaper eldiario.es along with other Spanish colleagues in September 2012. Escolar was a high-profile journalist. He often appeared as a pundit in a few radio and television programmes. He had been the founding editor-in-chief of left-wing newspaper *Público* from 2007 to 2009.

After being ousted as editor-in-chief, Escolar started to think about founding a new outlet. First, he envisioned a newsroom with around 30 journalists and a business model entirely based on advertising. Then he thought it was better to start small. “I came from *Público*’s failure and one of my partners came from [Spanish newspaper] *ADN*’s failure. Neither of us wanted to fail again,” he says.

The project started with nine journalists and three extra employees. While preparing to launch, something extraordinary happened. After *Público* closed down, some of its journalists started a crowdfunding campaign to buy the newspaper from its millionaire owner.⁶⁰ They failed, but they raised more than 30,000 euros. At the same time, five journalists from the same newspaper created another digital outlet called *Infolibre* in association with French news startup *Mediapart*.

“I started to think many readers felt guilty of allowing their newspaper to go bankrupt and were ready to pay,” says Escolar. “We discussed different models and we landed on something no one had tried before. We would send an email with a few articles every evening. Those articles would be behind a paywall for a few hours. Non-members would be able to read them after 6.30am.” A few months later, they added two additional benefits for members: a quarterly magazine and the chance to read the website with no ads. They thought of different names for their supporters. “We considered calling them friends, patrons or subscribers. In the end, we called them members [“socios” in Spanish] because eldiario.es was 80% Greenpeace and 20% cable TV.”

⁶⁰ Más *Público*’s crowdfunding campaign. Retrieved on July 29, 2019 from <https://www.verkami.com/projects/1736-maspublicoorg>

Escolar and his partners envisioned a mixed business model with two revenue streams: advertising and memberships. “I didn’t want to depend entirely on advertising,” he says. “I wanted to create a combative newspaper. I didn’t want any of the big companies to be able to control it or shut it down.”

Three months after its launch, eldiario.es reported a small €5,094 loss⁶¹ with €214,229 in revenue. At this point, 57% of this figure came from its members. As eldiario.es grew, advertising became the largest revenue stream. It accounted for 63% of the revenue in 2018. This percentage has been very stable for most of its history.

Memberships have grown very fast. In March 2013, eldiario.es reported 3,485 members. It reached 10,000 members in a couple of years.⁶² In June 2019 eldiario.es had 34,048. Memberships represented 32% of its revenue in 2018.

Messaging and marketing tactics have been important to reach this number. But journalism is the real reason why eldiario.es has grown so fast in such a small time. Every time eldiario.es has published a big investigation, it’s got hundreds if not thousands of new members. It happened when it published how the board members of a Spanish public bank spent millions through credit cards that did not show up on any document.⁶³ It happened again when Escolar was kicked out of a radio station owned by a powerful media group for publishing that the name of its CEO’s wife was on the Panamá Papers⁶⁴ and also when eldiario.es unveiled 25 years of secret contracts signed

⁶¹ I. Escolar, “Las cuentas de eldiario.es”, *eldiario.es*, March 5, 2013. Retrieved on July 29, 2019 from https://www.eldiario.es/escolar/cuentas-eldiarioes_6_107849233.html

⁶² “Ya somos 10.000 socios y socias”, *eldiario.es*. Retrieved on July 29, 2019 from <https://www.eldiario.es/10000socios/>

⁶³ P. Águeda, “Qué son las tarjetas 'black' y por qué no son solo unos gastos llamativos”, *eldiario.es*, October 10, 2014. Retrieved on July 29, 2019 from https://www.eldiario.es/gastos_tarjetas_black/tarjetas-black_0_312169291.html

⁶⁴ I. Escolar, “Por qué Cebrián me despide de la Ser”, *eldiario.es*, April 27, 2016. Retrieved on July 29, 2019 from https://www.eldiario.es/escolar/Juan-Luis-Cebrian-despide_6_509959001.html

by the state-owned railway company, a building group and one of the biggest Spanish banks.⁶⁵

No scoop brought more new members than the one eldiario.es published on March 21, 2018. It revealed Cristina Cifuentes, the president of the Madrid region and a leading conservative politician, had fraudulently obtained a master's degree from a public university.⁶⁶ For five weeks, Cifuentes denied the facts and sued the journalists who published the story. She resigned on April 25, 2018.

From the day it published the Cifuentes' scoop to her resignation, eldiario.es signed up more than 8,400 new members. As a result, reader revenue grew from €1.3 million to €2 million in a single year. The newspaper made a profit of €394,458 in 2018. It used this money to pay a dividend, raise salaries and hire more journalists.

Today eldiario.es has 89 full-time employees⁶⁷ and an annual revenue of €6.5 million. There is not a single digital-only news organisation that is either more used or more trusted in Spain, according to 2019 Digital News Report.⁶⁸ Competing with larger newspapers is hard, but Escolar thinks eldiario.es has a competitive advantage: "The annual budget of [Spanish newspaper] El País is 30 times bigger than ours. In terms of influence, though, the difference is much smaller. So we are much more efficient than them and at some point, we'll overtake them."

As most Spanish newspapers prepare for digital subscriptions, Escolar, who owns 41% of eldiario.es, thinks the newspaper will benefit from the new environment: "Soon everyone will be measured by its members or its subscribers, not by its unique users. By

⁶⁵ F. Caballero, "eldiario.es revela 25 años de contratos secretos de la Operación Chamartín entre Fomento, BBVA y San José", *eldiario.es*, January 23, 2019. Retrieved on July 29, 2019 from https://www.eldiario.es/madrid/papeles-Operacion-Chamartin_0_859164476.html

⁶⁶ "El caso Master", *eldiario.es*, March 2019. Retrieved on July 29, 2019 from <https://l.eldiario.es/el-caso-master/>

⁶⁷ Another 54 people work for the 14 regional editions of the newspaper.

⁶⁸ S. Negro, A. Vara, A. Amoedo y E. Moreno, "Spain", *Digital News Report*, June 13, 2019. Retrieved on July 29, 2019 from <http://www.digitalnewsreport.org/survey/2019/spain-2019/>

this measure, eldiario.es could be second or third and that's great. We have the right model and a strong community behind us.”

According to internal data, around 70% of the members of eldiario.es are men. The average member is around 50 and comes from the upper-middle class. Esther Alonso, head of marketing at the newspaper, says they never offer discounts or free trials as part of their acquisition strategy. Sometimes they use books or old magazines to attract new members. But the daily email they send in the evening with their best stories is still their main acquisition tool. From May to December 2018, eldiario.es got an average of 239 new members every week.

Investigative journalism is a great acquisition tool for many news outlets, but it's not the only one. Here are other strategies newspapers are using to get readers to subscribe.

6.1. Asking for money? Consider where and how.

Messaging is extremely important for news organisations that rely on the generosity of their readers. As their value proposition is less transactional, they need to articulate the reasons why anyone should join. The Guardian has refined its pitch in the last few years through constant experimentation and with its readers' help. “We learnt that a message shouldn't be a slogan but an explanation of what we're trying to do, and why and how this is part of it,” says Amanda Michel, global director and senior product manager for contributions at the newspaper.

The Guardian doesn't use any banners or pop-up windows. It asks for their readers' help with a big paragraph at the end of every article. The pitch is built by answering some of the questions their readers ask about the membership programme. “A longer pitch is better than a short one because it answers more questions,” says Michel. “We imagine these pitches as small conversations. If you were talking to someone in person, which kinds of questions would you ask about this?”

As we explained in Chapter 3, learning to tell your own story is an essential part of this effort. Especially when you're trying to reach a global audience, as The Guardian does. The newspaper has received contributions from more than 170 countries. Around 70% of its reader revenue comes from outside the United Kingdom.

Different countries often require different strategies. In the United States, people prefer to make one-off contributions. Some aren't even regular readers. They give money after reading a piece they loved. "These people may give multiple times during the year, but they have no interest in a recurring relationship," says Michel. "Some are freelancers and their income is unpredictable. Others just enjoy giving, and the idea of having money withdrawn from their account takes away the pleasure of doing it." At The Guardian, they've encouraged these occasional contributions by creating ambitious editorial projects such as "This land is your land",⁶⁹ which examines the threats to public lands in the United States.

These projects wouldn't be possible without the work of cross-disciplinary teams, with people from marketing, editorial, technology and user experience collaborating to reach the same goal. "You have to develop self-awareness and understand how it is that your readers see you, what they value about your work and in what ways you're serving them and in what ways you're not," says Michel. This self-awareness has made The Guardian (and eldiario.es) create more specific messages, focusing on a few editorial obsessions such as immigration, child poverty and climate change.

Unlike eldiario.es, The Guardian also sells more transactional subscriptions to its print products and some of the features of its premium app. This creates an interesting strategic dilemma. Which kind of offer should they show their readers when they get to their home page? "We have a limited amount of space and it's important to put the right package in front of the right people," says Richard Furness, managing director for consumer revenues and publishing at the newspaper. "If you're a first time user, you

⁶⁹ "This land is your land", *The Guardian*, January 29, 2018. Retrieved on July 29, 2019 from <https://www.theguardian.com/environment/2018/jan/29/this-land-is-your-land-series-the-guardian>

shouldn't see a commercial proposition. In your third visit, maybe you should see an ask for a contribution. Then you should see a subscription. Then, an offer to buy a holiday from us or a call to join our dating site. We are defining this customer journey. And we can do that because we stopped the infighting between departments.”

6.2. Target specific topics and audiences.

In the last couple of years, Renée Kaplan and her audience team at the Financial Times realised that articles about the big consulting companies attracted a younger audience. Most of these readers were based in Asia. They read the FT through Facebook on their mobile phones. After noticing this, they started producing more content about this topic and focused their social promotion strategy around this group.

Brexit is one of the topics the FT has focused on in the last few years. In June 2016, it dropped its paywall for 24 hours on the eve of the vote. As a result, it saw a 600% surge in digital subscription sales over the next weekend.⁷⁰ This was hailed as a success at the time, but some of these subscribers didn't stay for long. “The problem with discounts hanging around key events is that you get a lot of people who have no intention to stay,” says Marie Goddard, head of customer marketing. “It's great to remind people we are not just a financial news site. However, many of these people cancel after one year. So it's not a stable model for us.”

Brexit created another puzzle for the FT marketing team: a significant volume of their B2C subscribers consume mostly Brexit news. So it's important to lead them to other areas of coverage so they can have a sense of the depth and breadth of the FT. “If you look at someone like [columnist] Robert Shrimmsley, he writes about Brexit but he also writes about his dogs. And it's not always easy to discover that kind of content. So we're looking at ways we can lead people into other reading points,” Goddard says.

⁷⁰ J. Davis, “How the FT drove digital subscriptions sales by 600 percent over Brexit weekend”, *Digiday*, June 29, 2016. Retrieved on July 29, 2019 from <https://digiday.com/uk/ft-drove-digital-subscriptions-sales-600-percent-brexit-weekend/>

6.3. How to use social media.

Half of progressive Americans have never heard of The Economist, according to internal research. VMany still think it only covers economics and finance. The role of the magazine's social media accounts is raising awareness about The Economist and dispel this myth. The FT has a similar problem: many potential readers have misconceptions about its brand. The newspaper has a first click-free model: anyone coming through social can click through once a day on one piece of content on every single social platform. If they come through Google, they can click a couple of times a day. Their audio and video content is also free. In a company with such a tight paywall, social offers a rare opportunity to create some kind of sampling.

Instagram is the hottest platform for the FT right now. Its main account has grown 110% in the last year. This growth has been fuelled by an audience that is very young, very female and mostly American. "Instagram is not optimised for click-through, but it generates a lot of engagement around news, fashion and charts," says Renée Kaplan, head of audience and new content strategies at the newspaper.

When explaining the FT's approach to social media, Marie Goddard, head of customer marketing, uses the metaphor of a luxury brand: "Big fashion houses have cheaper products like keyrings or little wallets, and people will buy those if they don't have a lot of money to feel associated with the brand. And then, when they're ready, they can stare up to where the real value and the real content is. I think Instagram is like that for the FT. For some people, it's a way to start an association with our brand when they're in their twenties with the idea that in the future they'll become subscribers. Every publisher is still understanding how this works."

6.4. Use registration for acquisition (or maybe not).

Spanish newspapers such as ABC, El País, El Confidencial and La Vanguardia are making people give their email address to read a portion of their content. They see this

as a first step before introducing a pay model. El País, ABC and El Confidencial apply this rule to a few premium articles. La Vanguardia applies the logic of the metered paywall: it makes people sign up after reading a number of pieces a month. “We decided to implement this after talking to the guys at [Argentinian newspaper] Clarín,” says Javier Martínez, director of audiences and digital strategy at La Vanguardia. “They made thousands of people sign up before launching a paywall. It was a way to start exploring a pay model without losing advertising revenue. Their traffic figures were very similar to ours so we decided to try.”

Spanish newspaper El Mundo considered adopting this model but decided against it. “It would have been great a couple of years ago,” says Vicente Ruiz, head of digital at the newspaper. “Once we’ve decided to adopt digital subscriptions, it doesn’t make any sense to bother our most loyal readers twice.”

Anyone who wants to post a comment at eldiario.es has to leave her email address. However, people who register to post a comment are not likely to become members. Around 70% of new members were not registered users before they joined. Registering to receive a newsletter, being a frequent visitor and engaging with the newspaper in more than one channel are much better indicators that someone will become a member. Leaving your email to post a comment is not.

The Times introduced registration as a way to open up a very hard paywall. Anyone who signs up can read two articles a week. The newspaper planned to finish 2019 with more than 5 million registered users. “We introduced this to create more sampling opportunities without angering our subscribers. Most of them are heavy edition readers so light sampling is not scaring the horses,” says managing director Chris Duncan.

At the FT they removed registered users’ access in 2015 in favour of a one-month paid trial. “One month allows you to sample what our content is,” says Marie Goddard, head of customer marketing at the newspaper. “This also makes them understand this is a paid relationship and not a free offering.” If someone doesn’t convert her trial or

decides to cancel, they still allow you some access to keep that relationship going. They try to keep these readers closer to the FT.

6.5. Reduce friction at every step.

On the advice of a leading venture capitalist, Swedish newspaper Dagens Nyheter contacted Klarna, a payment solutions firm, in 2015. At this stage, the newspaper had almost zero digital-only subscribers. The process of becoming a subscriber was too complex. There were too many steps to get through. Klarna helped the newspaper develop a one-click payment process. The customer can subscribe just by sharing the phone number associated with her bank account. The new system worked. From 2015 to 2017, they saw a net growth of nearly 12% per month.⁷¹

Removing friction should be an obsession for every subscription business. In March 2018, Google launched a feature that enables customers to use their Google account and payment methods to subscribe to their favourite publications across the web. “Subscribe with Google” has another advantage: if you’ve subscribed to a newspaper through this feature, Google will highlight relevant articles from that newspaper in every search you do.⁷² Setting up the feature requires some engineering work Google has subsidised in some cases. The company takes a cut from every transaction that gets through.

6.6. Use the right metrics.

A business model focused on reader revenue requires different metrics. Page views and unique users are much less important than the number of loyal readers and the time they spend on your page. Some news organisations have built their proprietary

⁷¹ S. Seale, “Dagens Nyheter moves to successful digital subscription model”, *INMA Conference Blog*, December 13, 2017. Retrieved on July 29, 2019 from <https://www.inma.org/blogs/conference/post.cfm/inma-webinar-dagens-nyheter-moves-to-successful-digital-subscription-model>

⁷² J. Albrecht, “Introducing Subscribe with Google”, *Google Blog*, March 20, 2018. Retrieved on July 29, 2019 from <https://blog.google/outreach-initiatives/google-news-initiative/introducing-subscribe-google/>

analytics tools to track the behaviour of the people who are most likely to subscribe or contribute. “Page views are mostly irrelevant in a subscription business,” says Renée Kaplan, from the FT. “Our journalists are keen to understand who is reading their pieces and where they live.” This is essential for a global newspaper like FT, whose media executives are increasingly focused on trying to understand and target specific regions.

These are the reasons why the FT created Lantern, an analytics dashboard that highlights the things that are relevant to their business model and their editorial goals. Lantern is used every day by more than 200 FT employees. It is meant to be a tactical tool. For every story, you can see how much time people spend reading it, how many comments it’s generated and which percentage of visitors come from social and search. Lantern shows how many people who read a story are subscribers and how many were anonymous users. It also tracks quality readers. “It looks at the percentage of readers who actually clicked through a story and spent enough time on the story to actually read at least half of it,” says Kaplan. This figure, which is adjusted for length, reflects the number of people who got real value from a piece.

News organisations such as The Wall Street Journal use complex tools to determine their acquisition strategy. These systems assign every user a so-called propensity score. This score indicates how likely they are to subscribe. Marketing efforts are personalised based on propensity scores.⁷³ Spanish newspapers are designing similar tools before adopting their subscription models. El Mundo measures the value readers get from a story through several indicators: time spent on page, percentage of loyal users to read it and how many came from social and search. “Long-form stories, profile articles and pieces about science are the ones that our readers enjoy the most,” says managing editor Joaquín Manso. “It’s important to track the stories at the bottom too. If a story

⁷³ M. Leitner, *How media companies use data to sign up digital subscribers (and keep them)*, Reuters Institute, 2019, p. 10-11. Retrieved on July 29, 2019 from https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2019-05/How_media_companies_use_data.pdf

gets 400 views after hours on the home page, you have to ask yourself what's wrong with it.”

7. Fighting churn.

Churn is the biggest existential threat to any subscription business. Getting new customers is much easier than keeping them after the first few weeks. Retention is especially hard for any news business. Only a small percentage of the population pays for a digital subscription in most of the 38 countries covered by the 2019 Digital News Report.⁷⁴ Even among the wealthiest, the most educated and the most interested in news, most people only pay for one subscription to a news site.

Today people subscribe to many digital services: video streaming, music, online gaming and dating. Asked which one they would keep if forced to keep one, only 12% said they would keep their subscription to a news site. The percentage is even smaller (7%) among people under 45. Around 76% of people who currently pay for news would stop paying if they could only afford one subscription in the next year. This figure is hypothetical right now. But it could be real if there is an economic downturn in the next few months.

In such a competitive environment, fighting churn should be a priority from day one. Keeping your subscribers depends on many of the things we've discussed so far. Designing a seamless user experience is essential. So is cherishing your brand, adopting the right pricing strategy and creating an attractive value proposition. However, as John Warrillow explains in *The Automatic Customer*,⁷⁵ fighting churn also requires keeping an eye on three important figures:

- The monthly recurring revenue (MRR) or the amount of money you get from your subscribers every month. If 10 people subscribe to your newspaper for \$99 a year, your MMR is \$82.50 a month.

⁷⁴ R. Fletcher, "Paying for News and the Limits of Subscription", *Digital News Report*, Reuters Institute for the Study of Journalism, 2019. Retrieved on July 30, 2019 from <http://www.digitalnewsreport.org/survey/2019/paying-for-news-and-the-limits-of-subscription/>

⁷⁵ J. Warrillow, *The Automatic Customer. Creating a Subscription Business in Any Industry*, Portfolio Penguin, 2015.

- The average Lifetime Value (LTV) of your customers or the projected revenue the average customer will generate during her relationship with your company. If the average customer stays for 30 months, it would be \$247.50.
- The Customer Acquisition Cost (CAC) or the amount of money you spend on bringing people in. If you spend \$2,000 a month to get 25 new subscribers, your CAC would be \$80.

Experts warn the average LTV of a subscription company should be at least three times as big as its CAC. Otherwise, it will be spending its money on getting new customers who don't stay for long. Keeping churn low is essential to improve this ratio. As Warrillow says, "you need to get your churn down to a point where over the life of her subscription, your average customer is worth at least three times what it costs you to acquire her."⁷⁶ Companies shouldn't spend too much money on acquisition before getting churn right.

A company's churn rate is the percentage of users who cancelled their subscription within a certain timeframe. For example, an annual churn rate of 10% for a company with 100 subscribers means that 10 users cancelled their subscriptions within a year. Marketing teams often look at churn by dividing subscribers in daily, weekly or monthly cohorts and analyzing cohort retention curves. Those curves show the behaviour of everyone who joined on date X. Churn often flattens out after a few weeks. The older a cohort is, the higher its marginal retention. In other words, older subscribers retain better than newer ones.

According to the Subscription Economy Index Report by Zuora,⁷⁷ media subscription businesses had an annual churn rate of 33% in the second half of 2018, the highest average churn rate among all industries covered by the report. Some of the companies

⁷⁶ J. Warrillow, *The Automatic Customer. Creating a Subscription Business in Any Industry*, Portfolio Penguin, 2015, p. 131.

⁷⁷ "The Subscription Economy Index", Zuora. March 2019. Retrieved on July 29, 2019 from <http://info.zuora.com/rs/602-QGZ-447/images/subscription-economy-index-q4-2018.pdf>

covered in this paper declare much lower rates. Most don't share any figures about its churn. In the next few pages, I will mention some of the things they've done.

7.1. Habits matter more than content.

Churn and acquisition are two sides of the same coin and should be dealt with by a cross-disciplinary team, with inputs from marketing, engineering and editorial. Churn is much more important than acquisition. Any small improvement on that front has a huge impact on the company's bottom line. "Our data, and data from all over the world, shows that it is four to five times cheaper to retain an existing user than to acquire a new one. And while we invest quite a lot right now in acquisition, we still invest much more in retention and engagement," said⁷⁸ Gadi Lahav, head of product at the FT.

Marie Goddard, head of customer marketing at the newspaper, says that embedding habits in new subscribers is much more useful than showing them articles. "It's not about showing them content because content is short-lived," she says. "It's about showing them how to sign up to a newsletter, how to choose the right newsletters or how to download our mobile app. If you use the app, you are very likely to be engaged with the FT. So we flipped from content discovery to thinking about the nudges we need to get them to access our content in their way."

Fighting inertia is key for every subscription business. One of the biggest reasons why people cancel any service is the perception that they are paying for something they don't use. Your biggest competitor is not a rival service but your customer's inertia in not using your service. "For a subscription to stick, customers need to change their behavior and actually use the service," says John Warrillow in his book. "You have a short window to break your customers' old habits and insert yourself in their daily lives.

⁷⁸ B. Veseling, "The road to 1 million subscribers: FT helps users to build 'habit'", *WAN-IFRA Blog*, April 16, 2018. Retrieved on July 29, 2019 from <https://blog.wan-ifra.org/2018/04/16/the-road-to-1-million-subscribers-ft-helps-users-to-build-habit>

That window is the first few weeks after they have purchased, before the excitement about what your subscription offers wears off.”⁷⁹

The FT uses data to examine every reader’s behaviour. Its data scientists have looked at the day and time she joined, her device and the channel she came from. Then they have come up with seven different user journeys depending on the relationship they have with the FT. Some readers only come from social and search. Others get to the articles through email or a mobile app. This analysis helps the newspaper design new products and suggest readers different habits that are better for them.

Every subscriber of the FT has an RFV score. RFV is an acronym that reflects the three most essential metrics for the newspaper: recency, frequency and volume. “We don’t use page views (...) or time-on-site, which may help other publishers,” says Lahav, who explains why the RFV score is so important for the newspaper: “If your frequency is increasing, you are coming more times to the site. If your volume is increasing, the number of articles that you’re reading is increasing. (...) If your recency is lower, hopefully it’s zero, which means you came today, your RFV is also higher. It doesn’t matter what the formula is. What matters is this is a very good proxy for retention.”

At least 83% of the FT’s subscriber base hits their RFV target. But not everyone who doesn’t is at risk of churning. “The challenge for us is that some of those customers don’t need to be engaged,” says Goddard. “If you’re a CEO, you might not use your subscription but you’re not cancelling it either. So we need to be careful when contacting people who don’t hit their target.” The newspaper doesn’t have an accurate propensity model to predict which users will churn. Their engagement scores are useful. But factors like region can influence the audience’s behaviour too.

The Economist doesn’t follow the RFV model. “For us, it’s not about how frequently you come back or whether you come back every day,” says Denise Law, head of product at the magazine. “It’s that when you do come, you spend a lot of time with us. So time

⁷⁹ J. Warrillow, *The Automatic Customer. Creating a Subscription Business in Any Industry*, Portfolio Penguin, 2015, p. 180.

spent is the single biggest predictor of retention. If Bob comes to The Economist and stays for five hours once a week, he is more likely to renew his subscription than Sally, who comes every single day to skim the headlines. So that's what separates us from our daily competitors. They're all about building a daily habit. We are not."

7.2. Look for churn drivers.

A few years ago, Dagens Nyheter lowered its churn from 25% to 10% with the help of AI Israeli company Spark Beyond⁸⁰. They created a research engine that identified more than 200 features that explained churn. With these insights, Dagens Nyheter designed a churn model that predicted potential churn with 86% accuracy and offered actionable things they could change to lower it. This model changed the editorial priorities of the newspaper but also its organisation. The company created a cross-functional team. This team identifies possible churn drivers every day.

As part of this process, Dagens Nyheter has segmented its readers by different factors to understand which ones have a high likelihood to churn. For example, if they have a subscriber who has been recruited from telemarketing and comes from a certain age group and hasn't used the website in the last five days, he's very likely to churn. "There are two things you can do," says Martin Jönsson, head of editorial development at the newspaper. "You can stop recruiting people from channels with a high churn rate or you can try to engage with those people by sending out an email or a push notification, or by trying to remind them to sign up to newsletters or download the app."

Micro-segments showed there were acquisition channels that were much more efficient. They also gave useful insights on pricing, payments, content and device. Two lessons stood out. The first one is that getting people into loyal means of payment such as direct debit has a huge impact on churn. The second is that retention is built through loyalty: churn drops dramatically after the first hundred days.

⁸⁰ R. Whitehead and E. J. Wilkinson, "The Media Subscriptions Blueprint", *INMA*, April 2018. Retrieved on July 30, 2019 from http://www.dagensmedier.no/globalassets/rappporter/inma_2018digitalsubscriptions.pdf

People who read Dagens Nyheter through its mobile app and those who access its content from more than one device are much less likely to churn. Those who read specialized long-form articles are less likely to cancel too. “If you come to us daily and stay as a subscriber for more than 12 months, your churn rate is around 1.5%,” says Jönsson. “So we try to create habits to get people used to our digital products. Those habits can be anything from crosswords to audiobooks, from podcasts to reading a certain columnist. If you are one of our journalists, we don’t want you to create stories that get a lot of page views. We want you to create something that builds loyalty and makes people want to come back. Habits increase our earnings because help us keep down our acquisition costs.”

7.3. Dirty channels create churn.

Acquisition and churn are two sides of the same coin. If you recruit your subscribers from the wrong channels, cancellations will go up. Acquisition and churn should be put under the same organisational umbrella. Otherwise, people who run acquisition will have the wrong incentives and will bring in customers less likely to stay.

“Engagement sits upstream from acquisition,” says Chris Duncan, managing director of The Times. “If I run cheap and dirty offers, I’ll get dirty customers and they’ll wash out the system pretty quickly. But if I’m able to get good quality customers, design an onboarding experience, get them engaged in the whole realm of the product, then I have a very high chance of keeping those customers. Our job is to train those habits and the better we get at this, the faster our business will grow.”

7.4. Watch the 90-day onboarding clock.

John Warrillow mentions in his book what he calls “the 90-day onboarding clock”. The first three months are the most crucial period for every subscription company. After this time, it’s much more difficult to get subscribers to use your product. “The stickiest subscription businesses make it their mission to insert themselves into the daily lives

of their customers,” Warrillow says. “If your customers can avoid your product or service and still get their jobs done, you’ll have much bigger churn than if they need to interact with your service to complete their daily tasks.”⁸¹

Designing an appropriate onboarding process is a powerful weapon in the fight against churn. After 90 days, over-communication can produce churn. But during the first few weeks, subscribers are in the mood for knowing more about the service they’re paying for. “You should think of a new subscriber as a new lover,” says Warrillow. “New lovers have a thirst to understand you intimately. An older subscriber will find your constant communication annoying after a while, whereas a new subscriber welcomes your contacts and takes the time to consume them.”⁸²

Warrillow mentions Blue Dolphin, a venture-backed company headed by Don Nicholas and set up to sell magazine subscriptions online. One of their products was Women’s Living, which aggregated content from 60 different magazines and had 1.7 million subscribers at the time he published his book. Nicholas did an experiment. He gave a cohort of users articles from the 10 best-converting magazines in the first 10 days of their subscription. “One year later,” says Warrillow, “they saw that this cohort was three times more valuable than the control group of customers. In other words, when they packed a ton of value into the first 10 days of the relationship with a subscriber, it was able to triple the lifetime value of the average customer.”⁸³

7.5. Communicate the impact of what you do.

The churn rate of Spanish newspaper eldiario.es is extremely low for industry standards. Around 88% of its members renew their subscription and 12% experience some kind of problem, often insufficient money in their bank accounts or a card that

⁸¹ J. Warrillow, *The Automatic Customer. Creating a Subscription Business in Any Industry*, Portfolio Penguin, 2015, p. 175.

⁸² J. Warrillow, *The Automatic Customer. Creating a Subscription Business in Any Industry*, Portfolio Penguin, 2015, p. 186.

⁸³ J. Warrillow, *The Automatic Customer. Creating a Subscription Business in Any Industry*, Portfolio Penguin, 2015, p. 180.

has expired. The newspaper sends them an email and gives them three days to update their data. They keep most of them during this process: eldiario.es churn rate is 5%.

Esther Alonso, head of marketing, sees big scoops as an opportunity for both retention and acquisition. “It’s important to explain the impact of what we do but we have a problem,” says Alonso. “Sometimes the impact of what you publish comes five years later during a criminal trial. Then you have to explain this result wouldn’t have been possible without the members’ support.” Scoops help eldiario.es get former members to come back. In 2019, around 30% of the acquisition has come from that group.

The newspaper employs two people whose job is to respond by phone or by email to any queries from its members. They’ve defined the lifetime cycle of every member and send them an email after eldiario.es publishes important stories and at some critical points. For example, just after they join and before they have to renew their membership. In April 2019, they sent a 53-question survey to every member and 4.622 people answered. “They told us a lot of things about what we do,” says María Ramírez, head of strategy at the newspaper. “They would like to see more foreign and hyper-local coverage. Some told us they’d like to see more conservative voices among our columnists too.”

When leaving, members of eldiario.es usually give two reasons. Around 70% say they don’t have enough money to pay for their membership. The rest say they are not happy with the editorial line. “Some thought this was an activist organisation. So when eldiario.es publishes something against their favourite party, they get angry,” says Alonso. The newspaper takes these cancellations very seriously. The editor-in-chief, Ignacio Escolar, sends these people personal emails explaining his editorial decisions and publishes a biweekly column addressing their concerns. These complaints, though, are greatly exaggerated. Some of the readers who complain are not even members of the newspaper. “This caused much churn a few years ago but not anymore,” says Alonso. “We’re starting to see how some members even explain to other members what our editorial independence really means.”

Most of the news outlets covered by this paper force their customers to make a phone call to cancel their subscriptions. Swedish daily Dagens Nyheter and Spanish newspapers eldiario.es and La Razón are the only ones that let their subscribers leave by clicking on their sites. Readers often complain when they can't cancel online. "By making readers call, we keep more of them. I would say right over 50%," says Chris Duncan, managing director of The Times. "Some haven't realised what the product is. When talking to us, they understand what's available to them. We'll get to a point where we will have to meet the expectation of automatic cancellation but we are not there yet."

8. Conclusion.

The goal of this paper was to look at the strategies that newspapers are using when adopting reader revenue models. I have done this by interviewing 26 senior executives who have gone through this process in legacy and digital-born news organisations, mostly in the United Kingdom and Spain. Every chapter has covered a different aspect any subscription company should pay attention to —from things to be done before launch to shaping the value proposition, pricing, acquisition and churn.

Digital subscriptions are one of the key trends in the news industry. Newspapers and magazines are embracing them in countries as diverse as Argentina, Poland, France, Italy and Denmark. Half of the 232 media executives surveyed by the Reuters Institute at the end of 2019 said that reader revenue would be their main income stream going forward. Only 14% pinned their hopes on advertising alone⁸⁴.

However, it's worth keeping in mind that advertising is still the main revenue stream for most of the newspapers featured in this paper and that most legacy publications still get most of their income from print. Both realities will create tensions between departments and will make it difficult for news organisations to apply any takeaways from this paper. Change will require discipline and a clear mandate from the top.

Any publisher going into digital subscriptions should know it is entering a long distance race. Reader revenue models are a marathon, not a sprint. They require patience and some investment. They won't redeem any bottom line overnight.

At the beginning digital subscriptions will be an additional (and probably small) revenue stream. But they will provide publishers with valuable data about their most loyal customers, and this data will allow them to refine their value proposition and adapt their product to their customers' needs.

⁸⁴<http://www.digitalnewsreport.org/publications/2020/journalism-media-and-technology-trends-and-predictions-2020/>. Retrieved on February 17, 2020.

This journey will require a more integrated organisation, with senior editors, technologists, marketing experts and general managers working together more often than ever before. Any important decisions should be shaped by data. Managers should experiment with pricing and bundles as well as with innovative news products. Acquisition and churn should be under the same department to avoid getting subscribers who won't stay for long.

Any publisher considering a shift to digital subscriptions must be aware that its outlet will always compete with public service news organisations and news sites that make their content available for free. This is an additional challenge and one that won't go away any time soon. In this kind of environment, news organisations need to learn to articulate a clear vision and talk much more openly about their editorial mission, their ownership and their finances. As Walter Lippmann famously said, “the news about the news needs to be told.”

















Hard data, not gut feelings should dictate the right reader revenue model for any news organisation. Hard paywalls are increasingly rare. Most of the outlets covered here run freemium or metered models with free trials and side doors. Even the more open news organisations are embracing more transactional value propositions as they try to reach beyond their most loyal readers after hitting a plateau. The most successful newspapers are embracing propensity scores and dynamic paywalls that distinguish between occasional readers and users that are likely to subscribe.

As these systems evolve through artificial intelligence, they may create a technology gap between legacy news organisations and smaller outlets that don't have the money or the talent to compete.

Digital subscriptions will be challenging for any news brand without a clear editorial mission. Data from the Reuters Institute's Digital News Report shows that most people who pay for news only buy a single news subscription. Global brands and specialized outlets such as The Information and The Athletic flourish. Tabloids and clickbait sites find it much more difficult to succeed. However, digital-only news sites such as

eldiario.es, Dennik N and Zetland have proved that smaller brands can also succeed in this difficult ecosystem as long as they prove they are valuable for their audiences and for democracy as a whole.

Appendix: interviewees

Organisation	Name	Function
 U.K. Spain Other country National Local Legacy Digital-only		
 The Economist	Denise Law	Head of Product
	Sunnie Huang	Newsletters Editor
	Joey Thompson	Principal UX Designer
 Financial Times	Renée Kaplan	Head of audience and new content strategies
	Marie Goddard	Director of Customer Marketing
	Daisy Donald	Head of Customer Experience Research
 The Times	Alan Hunter	Head of Digital
	Chris Duncan	Managing Director
 The Guardian	Alan Rusbridger	Former editor-in-chief
	Amanda Michel	Global Director and Senior Product Manager for Contributions
	Richard Furness	Managing Director for Consumer Revenues and Publishing
 El País	Noemí Ramírez	Chief Product and Customer Officer
 El Mundo	Joaquín Manso	Managing Editor
	Vicente Ruiz	Head of Digital
 eldiario.es	Ignacio Escolar	Founder and editor-in-chief
	Esther Alonso	Head of Marketing
	María Ramírez	Head of Strategy
 Vocento	Fernando Belzunce	Editorial Director of Local Newspapers
 La Vanguardia	Jordi Juan	Managing Editor
	Javier Martínez	Head of Audiences and Digital Strategy
 El Periódico	Xurxo Domínguez	Head of Digital
 Ara	Maria Llambí	Head of Marketing
 La Razón	Sergio Rodríguez	Head of Digital
 Dagens Nyheter	Martin Jönsson	Head of Editorial Development
 Zetland	Lea Korsgaard	Co-founder and editor-in-chief
 La Repubblica	Mario Calabresi	Former editor-in-chief

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