

Acquisition Master Class



Reader Revenue
MASTER CLASS

ACQUISITION



August 2020

mather:

mathereconomics.com

MATHER SPECIALIZES IN APPLIED ANALYTICS

10:1

RETURN ON INVESTMENT

Our typical client engagement provides a 10-to-1 return on investment. We increase revenue yield and reduce risks from pricing actions.

\$6B+

REVENUE MANAGEMENT

We provide customer analytics and yield management for over 200 clients with \$6 billion in combined annual revenue and 30 million customers.

200

CLIENTS IN DIVERSE INDUSTRIES

Mather works with organizations in several industries to help them adapt their business models to digital disruption.

18

YEARS EXPERIENCE & TURNKEY CONSULTING

Founded in 2002 with offices in North America and Europe. Our consulting services include extensive reporting with A/B testing and model validation. We are fully GDPR, CCPA compliant and SOC2 audited.

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NEW YORK LOTTERY

INDUSTRY CONTENT BENCHMARKS

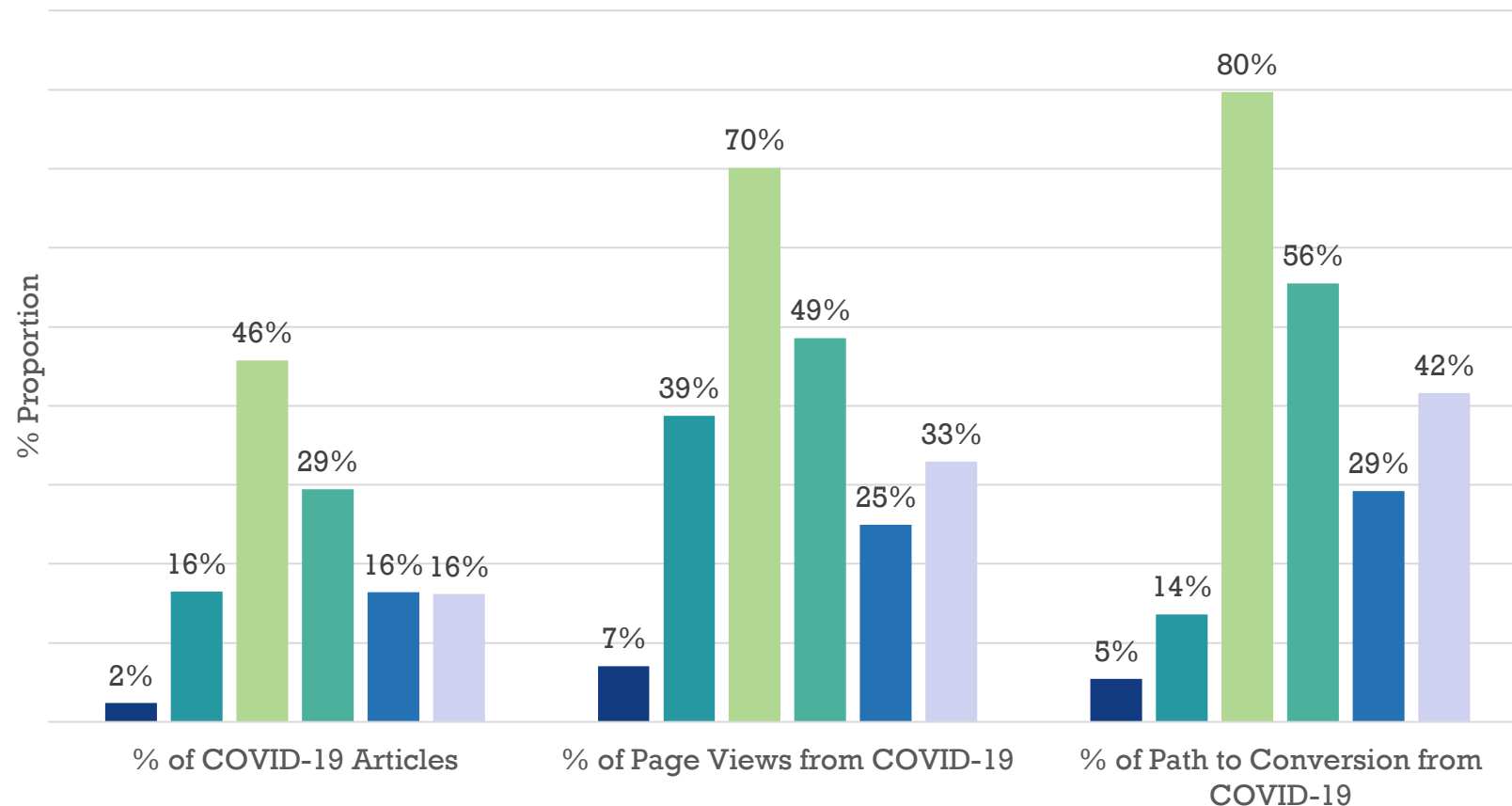
Ratios of COVID-19 Content Production, Consumption, and Correlation with Conversion

In the most recent 30-day period, explicitly tagged COVID-19 content that appears on the path to conversion has declined to 42% vs. a high of 80% during the April period.

COVID-19 articles produced has stabilized in the last 60 days at 16% of all articles from a high of 46% during the April period.

The impact of COVID-19 content on path to conversion and engagement mirrors the pattern of new COVID-19 cases in the United States.

■ Period Ending Feb 16
 ■ Period Ending March 17
 ■ Period Ending April 16
■ Period Ending May 16
 ■ Period Ending June 15
 ■ Period Ending July 15



INDUSTRY SUBSCRIPTION BENCHMARKS

New conversion growth is past its peak and slowly trending down towards March levels.

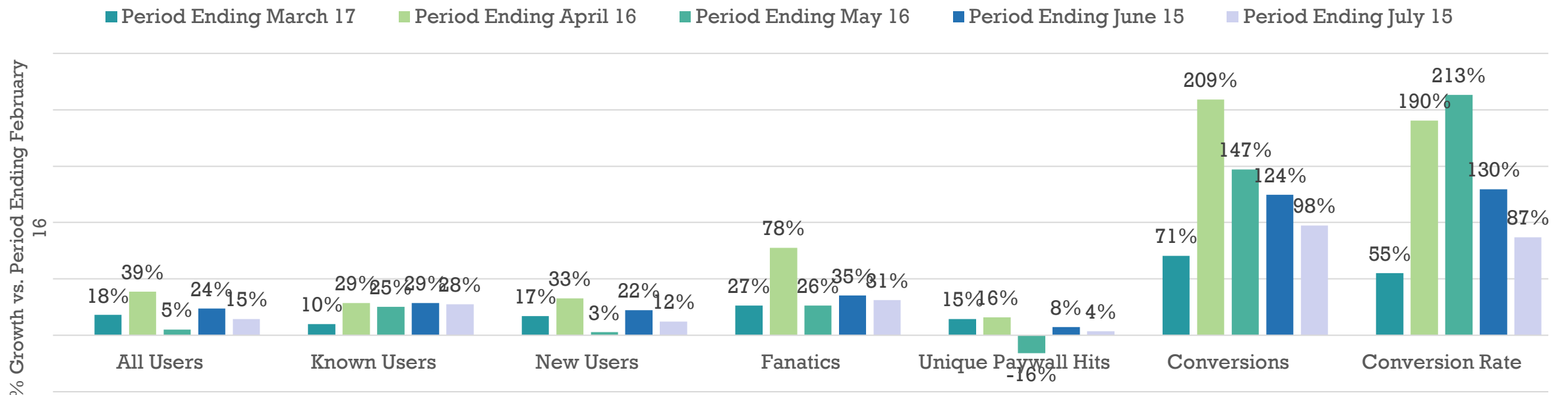
There continues to be relative growth in subscriptions compared to February.

Fanatic and Known users have stabilized since May, suggesting an overall growth in engaged and high propensity users.

The number of users hitting the paywall is only 4% higher than February levels, suggesting non-paywall channels are key for subscription growth.

The Conversion Rate is improved from the influx of Fanatic users as well, making the paywall more effective.

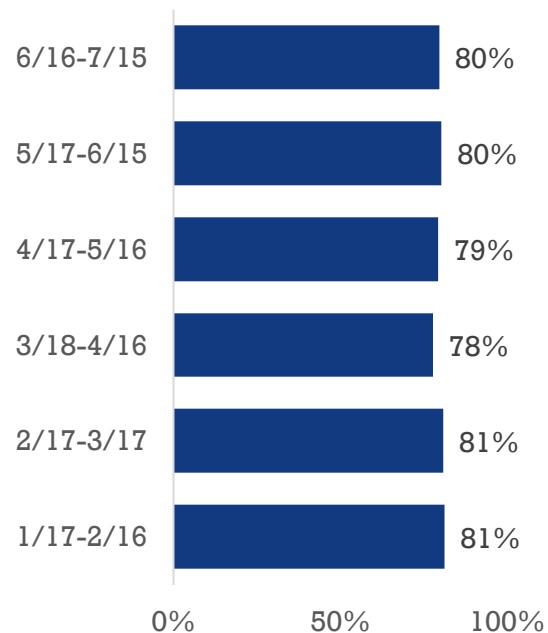
30-day Growth in Key Audience Metrics vs. February 16



KEY METRICS BY AUDIENCE TYPE

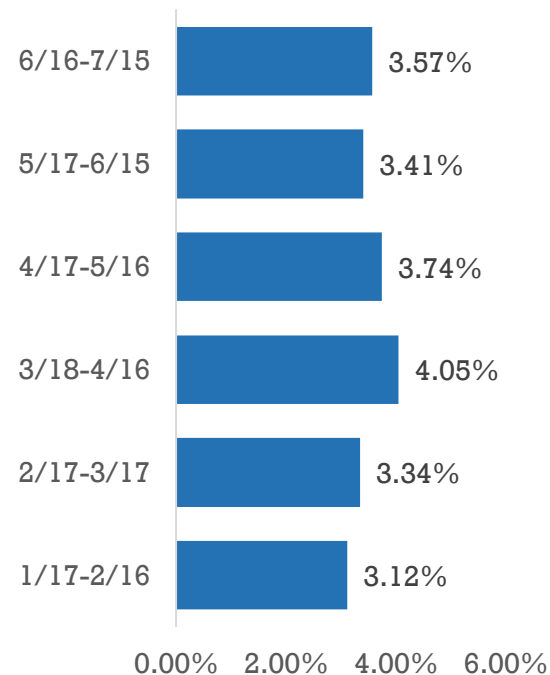
Though the aggregate volume of New Users grew significantly throughout March-April, the *proportion* of New Users has remained around 80%.

% of New Users vs. All Users



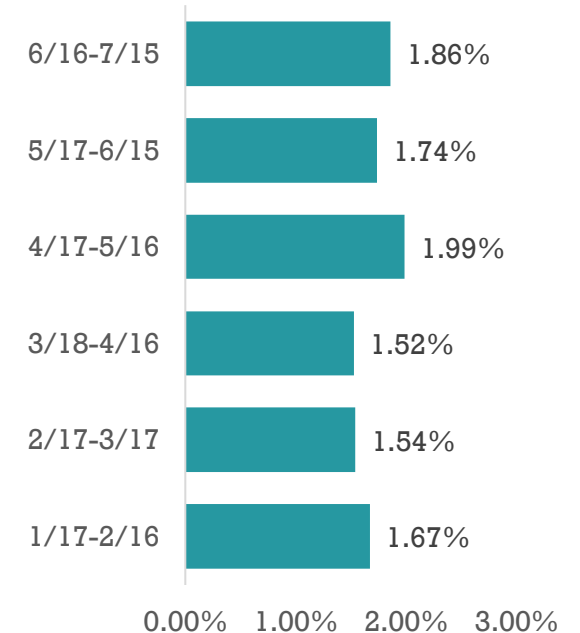
The aggregate volume of Fanatic Users grew significantly throughout March-April, and *proportion* of Fanatics has grown. The proportion has been declining since the April peak.

% of Fanatics vs. All Users



The aggregate volume of Known Users has grown and stabilized since March and the *proportion* of Known Users is hovering closer to 2% in recent months.

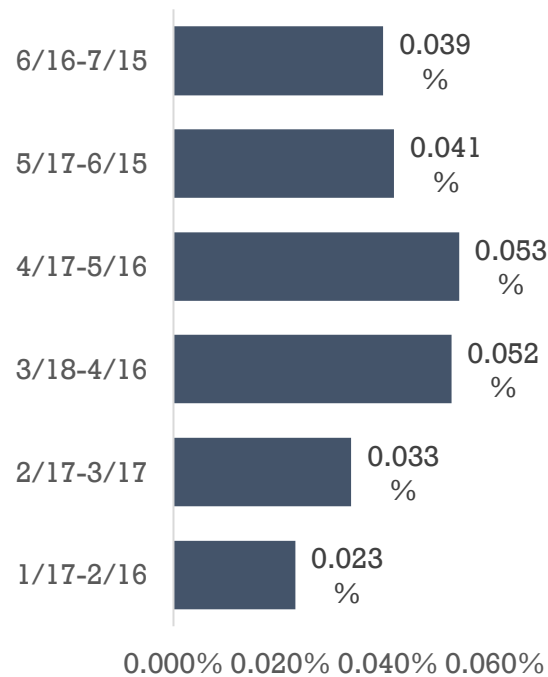
% of Known Users vs. All Users



KEY METRICS FOR SUBSCRIPTION GROWTH

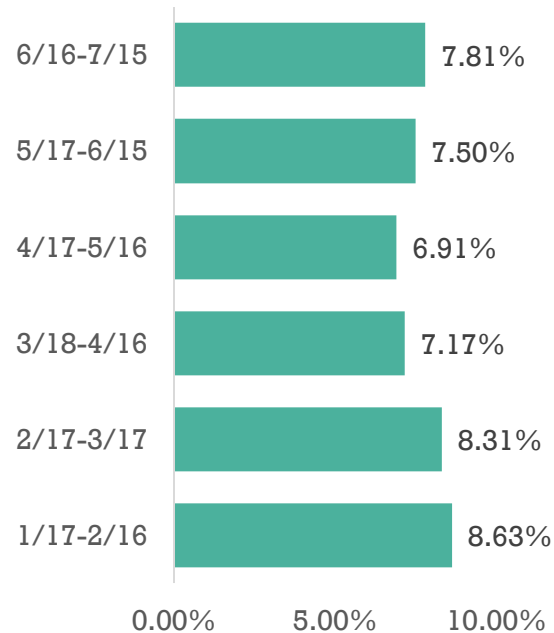
The Conversion Ratio measures all conversions vs. all users. the conversion ratio peaked in April-May though is still higher than the start of the year.

Total Conversion Ratio



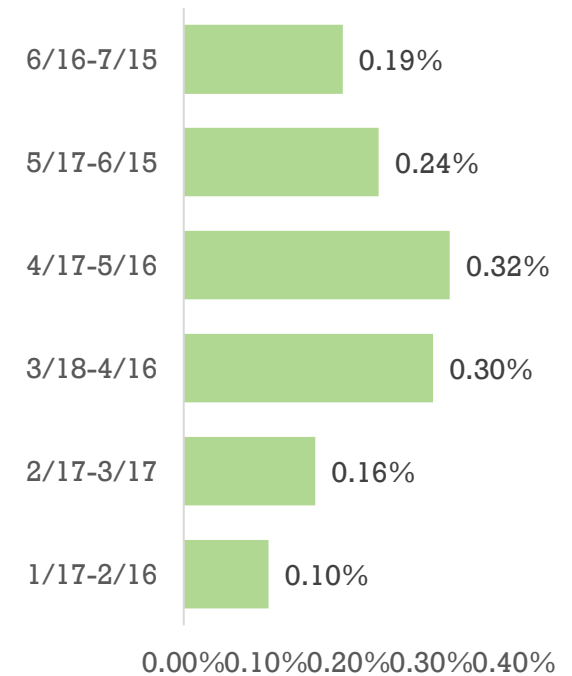
Hitting the paywall includes all types (meter, subscriber only, hardwall). The proportion of paywall hits has declined, likely due to “free” COVID-19 content and one-time users.

% of Users Hitting the Paywall

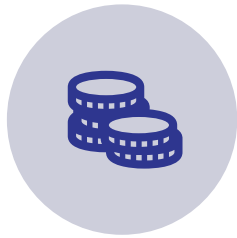


The Conversion rate is exclusive to the paywall channel (no voluntary or email). The conversion rate peaked in April-May though is still higher than the start of the year.

Paywall Conversion Rate



CONCEPTS WE WANT TO SHARE TODAY



PRICING
OPTIMIZATION &
PRICE ELASTICITY
OVER TIME



DIGITAL AUDIENCE
ENGAGEMENT
SEGMENTS



LIMITATIONS OF
ANALYTICS ON
UNKNOWN USERS



DYNAMIC METER
PATTERN
RECOMMENDATIONS



TACTICS TO GROW
DIGITAL
SUBSCRIPTIONS

PRICE ELASTICITY/ TENURE

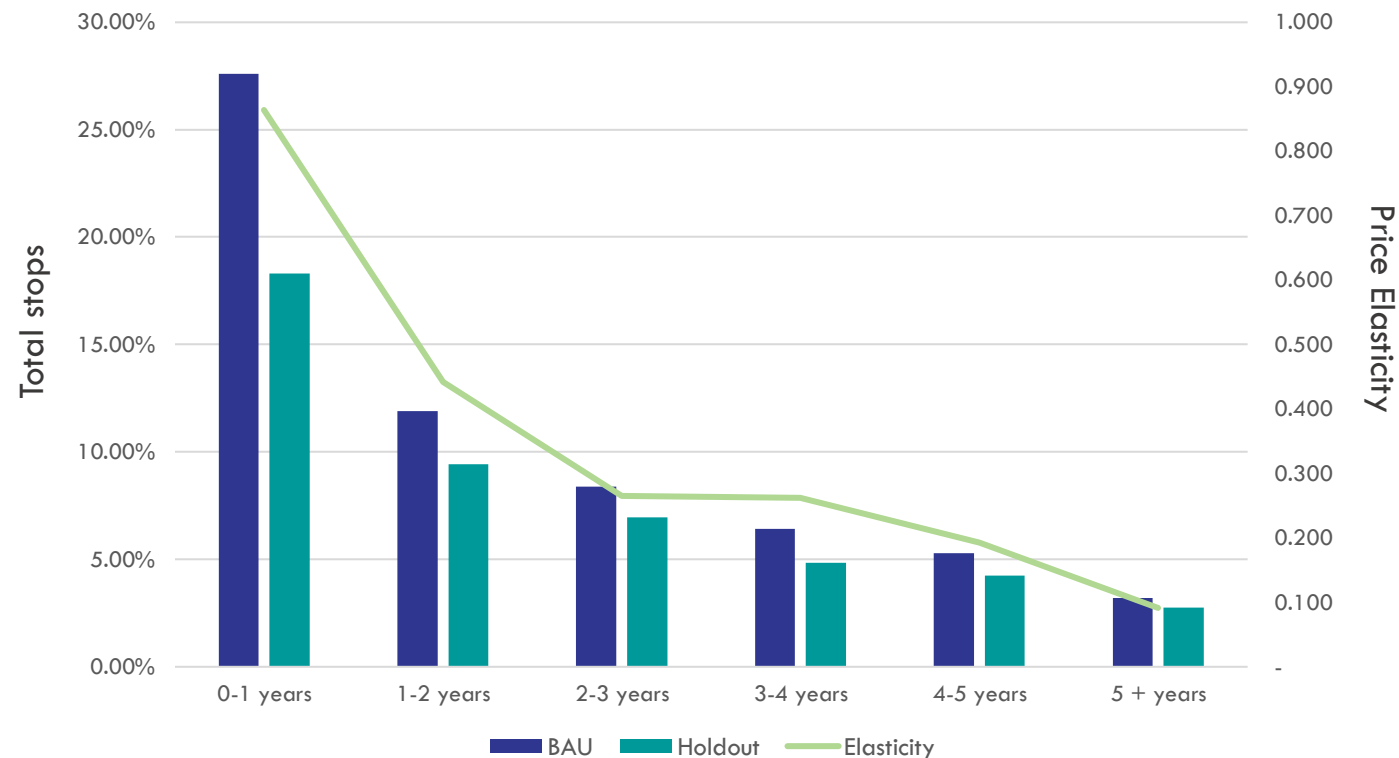
Price elasticity differs greatly by tenure level.

SUB. YEAR	PRICE STOPS	PRICE ELASTICITY
0-1	4.3%	-0.9
1-2	2.2%	-0.4
2-3	1.3%	-0.3
3-4	1.3%	-0.3
4-5	0.9%	-0.2
5-6	0.5%	-0.1

- BAU target subs received 5% increase
- Holdout subs received no increase
- Differences in total stops due to price change

Similar findings are true with Digital Engagement, Income levels and Age groups.

Price Sensitivity by Tenure Level



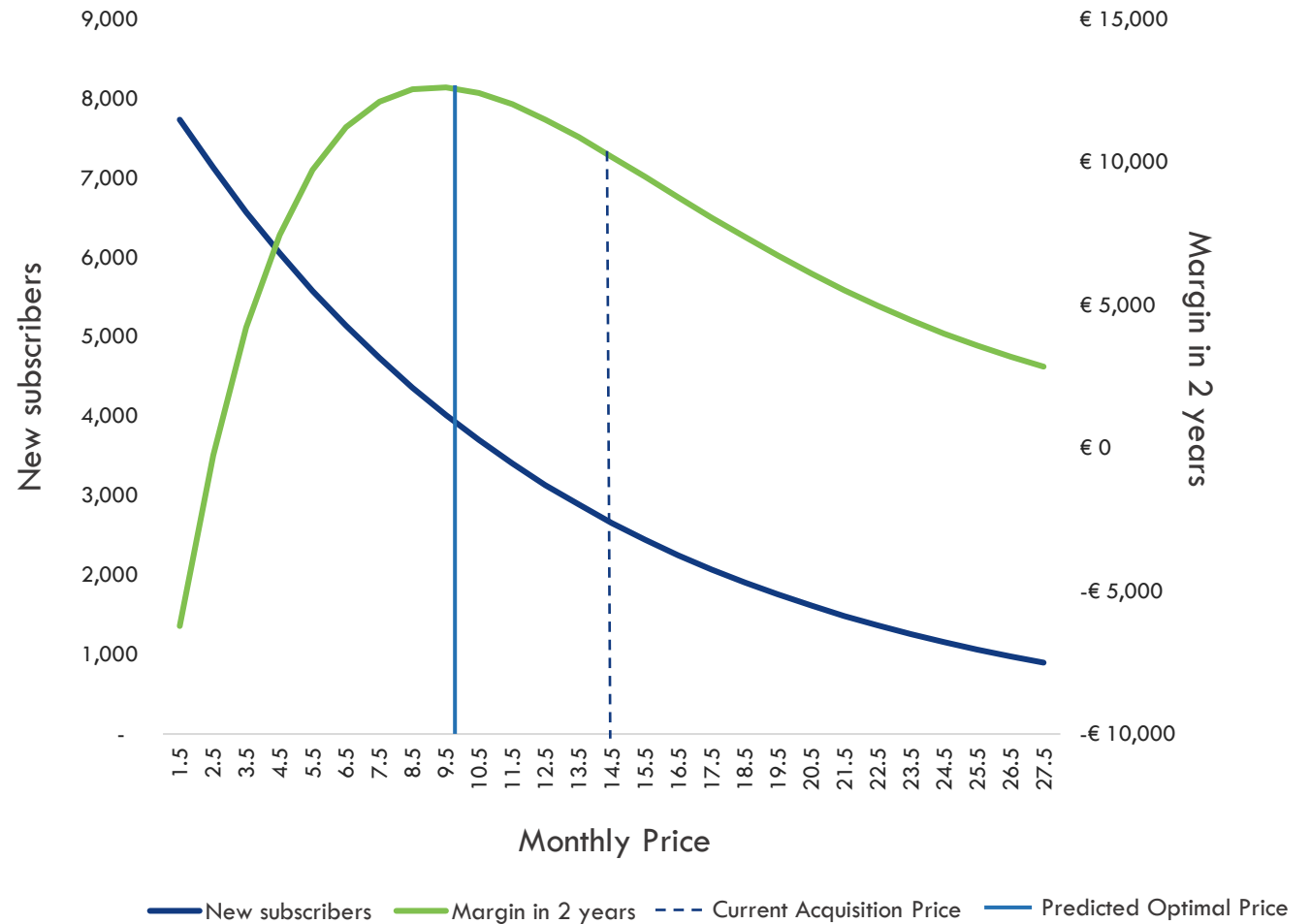
CUSTOMER ACQUISITION – OFFER PRICE

Offer pricing balances quality and quantity:

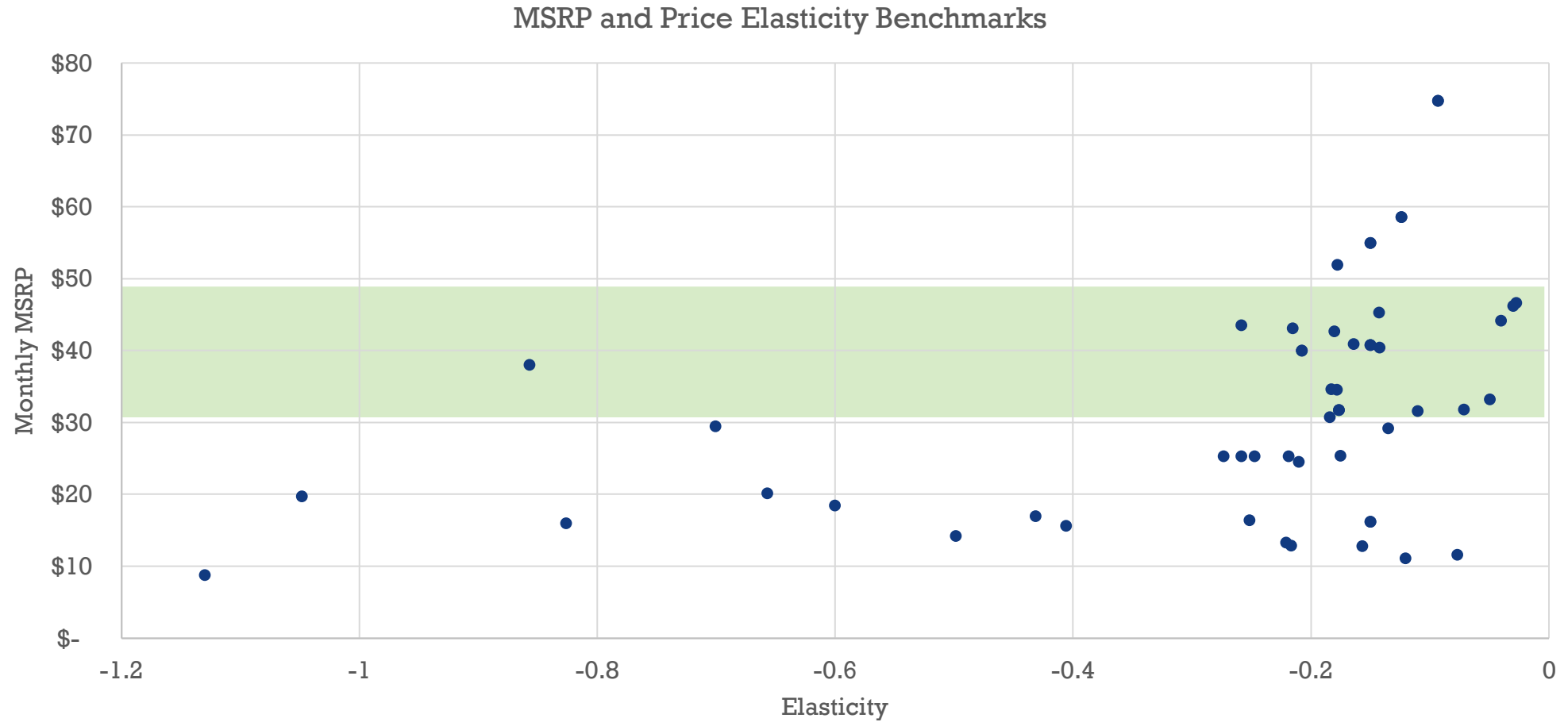
- Higher prices attract fewer customers with less churn
- Lower prices attract more customer with higher churn

Optimal prices maximize total expected operating margins

Mather uses predicted customer retention and conversion rates to find optimal prices



PRICE ELASTICITY BENCHMARKS BY MONTHLY PRICES



DIGITAL AUDIENCE ENGAGEMENT SEGMENTS

	FANATICS	ENTHUSIASTS	STABLE USERS	DABBLERS	FLYBYS	NON-ENGAGED
% OF AUDIENCE	2.0%	4.0%	6.9%	12.2%	44.0%	30.9%
ALL USERS	89,978	181,331	310,245	549,557	1,979,735	1,392,588
PAGE VIEWS	32.4	8.2	4.1	2.4	1.2	1
ARTICLE PAGE VIEWS	14.9	5.6	3	1.9	1.1	0.8
UNIQUE DAYS	5.1	1.8	1.1	0.9	0.6	1
VISITS PER USER	13.9	4.4	2.3	1.5	1	1
TIME PER VISIT	5:33	5:50	4:53	4:35	2:15	0:00
SCROLL DEPTH	54%	49%	49%	48%	42%	0.02%
AD REVENUE	\$0.72	\$0.18	\$0.09	\$0.06	\$0.03	\$0.02
% OF AD REVENUE	27.2%	13.7%	11.7%	13.8%	24.9%	8.8%
% KNOWN USERS	4.07%	0.44%	0.17%	0.05%	0.01%	0.00%
COOKIES PER KNOWN USER	1.71	1.1	1.04	1.03	1	1

LIMITATIONS OF PROPENSITY SCORING

	FANATICS	ENTHUSIASTS	STABLE USERS	DABBLERS	FLYBYS	NON-ENGAGED
% OF AUDIENCE	2.0%	4.0%	6.9%	12.2%	44.0%	30.9%
ALL USERS	89,978	181,331	310,245	549,557	1,979,735	1,392,588
PROPENSITY TO SUBSCRIBE	0.200%	0.067%	0.033%	0.017%	0.008%	0.000%
CONVERSIONS FROM METER	169	91	53	15	0	0
ADV REV PER PAGE	\$0.022	\$0.022	\$0.022	\$0.025	\$0.025	\$0.015
MISCATEGORIZED USER PCT	0.05%	0.05%	0.20%	0.8%	25.0%	n/a
MISCATEGORIZED USER NUM	45	91	620	4,396	494,934	n/a
CONV RATE OF MISCATEGORIZED USERS	0.04%	0.04%	0.04%	0.04%	0.04%	n/a
CONV OF MISCATEGORIZED USERS	0.0	0.0	0.3	2	217	n/a
TOTAL CONVERSIONS	169	91	53	17	217	

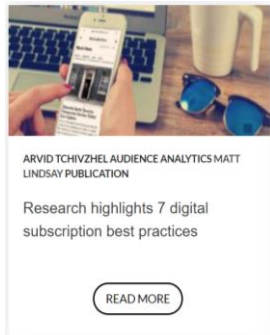
DYNAMIC PAYWALL RECOMMENDATION

Mather recommends a rainbow-like pattern of access, with a tight paywall on the ends of the engagement spectrum and more content offered to the medium-engaged user segments.

Sample* recommendations by Audience Segment

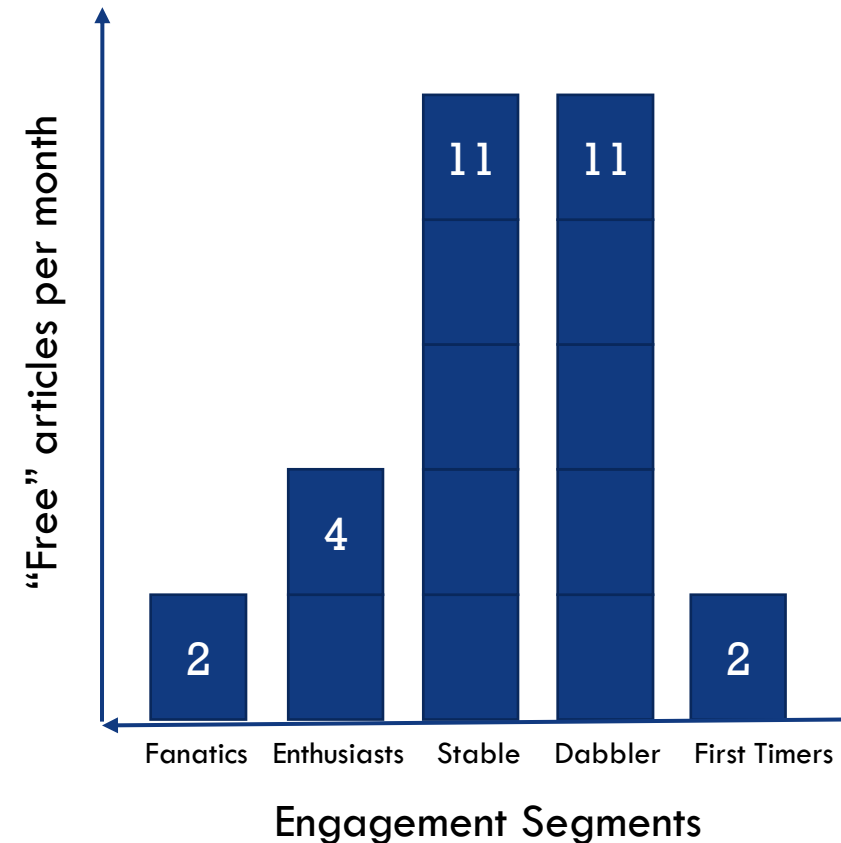
- Fanatics: 2 articles
- Enthusiasts: 4 articles
- Repeat Low-Engagement (groups 1-4): 11 articles
- First-Time Users: 2 articles

* Note: these results will differ by product



Read Mather's White Paper

Research highlights 7 digital subscription best practices



TACTICAL RECOMMENDATIONS

✓ **Long-term subscriptions**

🏷️ **Extended promotional terms**

📈 **Increase the share of premium content**

👥 **Adopt an organizational structure to maximize digital subscriptions**

📋 **Reduce friction in the checkout process**



ARVID TCHIVZHEL AUDIENCE ANALYTICS
CUSTOMER ACQUISITION FEATURED MATT
LINDSAY SUBSCRIPTION PRICING STRATEGY
WHITE PAPER

User engagement, environment
are key inputs driving propensity to
subscribe

READ MORE

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*[User engagement, environment are
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