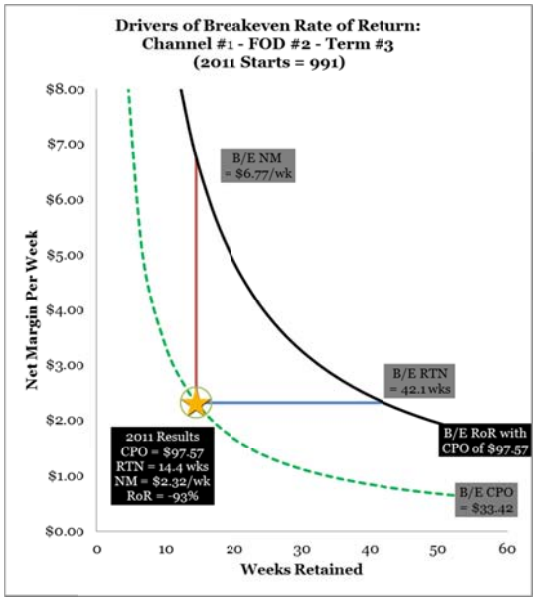


THE LATEST

Satisfying Audiences Blog | 18 February 2014

Media companies need roadmap guiding them toward new print subscribers

In trying to attract new subscribers, media companies need to do more than simply analyze how their previous print acquisition efforts fell short. Instead, they need to develop channel-specific blueprints that will lead the way to optimized investment.

By Jim Fleigner

Published by:

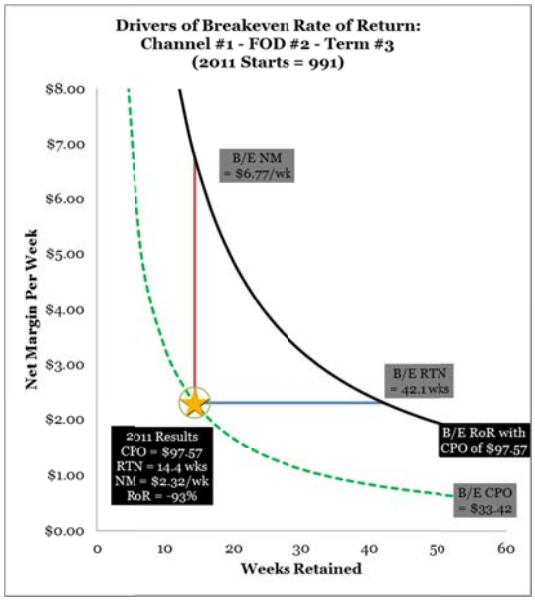
ideas
the magazine of newsmedia marketing

Media companies need roadmap guiding them toward new print subscribers

by Jim Fleigner 18 February 2014

In trying to attract new subscribers, media companies need to do more than simply analyze how their previous print acquisition efforts fell short. Instead, they need to develop channel-specific blueprints that will lead the way toward optimized investment.

When it comes to subscriber acquisition, most analysis done by media companies reviews historical performance, but does not offer any concrete insights about how to improve that performance. It is not enough to simply highlight flaws and mistakes. Optimization of subscriber acquisition strategies must provide a roadmap or blueprint – explicit, quantifiable guidance on starts that can be improved so that each start reaches sufficiency (i.e., a start's projected lifetime net margin exceeds its expense to acquire the start).



One tool to accomplish this is a set of break-even curves. As seen in the chart, every start (or segment of starts) has a historical level of weekly net margin and retention performance, which is represented by the location of the gold star.

In this case, seven-day starts with a three-month term from the Crew channel incurred an acquisition cost of $97.57. Those starts were retained for 14.4 weeks (on average) and generated a net margin (circulation revenue, preprint revenue, newsprint and ink expense, delivery expense, etc.) per week of $2.32.

Collectively, these starts generated an average rate of return of -93%, which means the projected lifetime net margin fell substantially short of the acquisition expense incurred to generate the starts.

The location of this gold star is then compared to the black curve, which represents the various combinations of weekly net margin and retention that will allow that start to reach sufficiency (i.e., a rate of return of 0%) at the current cost per start (i.e., $97.57).

Thus, the goal of a blueprint is to explain exactly how much performance must improve along each of the three drivers of rate of return (cost per start, weekly net margin, and weeks retained) to migrate the gold star to the black curve, and then eventually exceed it (i.e., generate a lifetime surplus in excess of its acquisition expense, which should be the sustainable long-term goal.)

From the current performance of the gold star, a media company has three blueprint options (plus one hybrid option) at its disposal to achieve sufficiency:

1. **It can improve weekly net margin without negatively impacting retention or cost per start.** This is represented by the red vertical line that connects the gold star to the break-even curve. In this example, an improvement in weekly net margin from the current $2.32 to $6.77 would allow this segment of starts to achieve sufficiency.

2. **It can improve average retention without negatively impacting weekly net margin or cost per start.** This is represented by the blue horizontal line that also connects the gold star to the break-even curve. In this example, an improvement in average retention from the current 14.4 weeks to 42.1 weeks would allow this segment of starts to achieve sufficiency.

3. **It can improve the average cost per start without negatively impacting weekly net margin or retention.** Because the curve assumes a single cost per start, an improvement in the cost per start is represented by a new green break-even curve. In this example, an improvement in average cost per start from $97.57 to $33.42 would allow this segment of starts to achieve sufficiency.

4. **The most common and practical option for newspapers is to create a new "hybrid" blueprint,** in which some combination of improvement in two or all three of these drivers can collectively migrate the gold star to touch or relocate above the appropriate break-even curve. This is the most likely and achievable blueprint in instances such as these, where the performance is so far below sufficiency that it is unrealistic to expect such large-scale improvement in only one driver.

These performance improvement requirements are unique for each segment of starts, since each collection of starts (typically within a single acquisition channel, delivery frequency, and subscription term) has its own unique performance characteristics. Thus, its distance and placement from its own sufficiency curve will be unique. As a result, there is no universal blueprint that can assist a media company – each channel-frequency-term (CFT) segment has its own break-even curves, and thus its own unique blueprint.

In sum, blueprints offer a quantifiable roadmap for newspapers to follow. By following the concrete markers that blueprints can provide, media companies can move closer to the elusive goal of truly optimized investment in subscriber acquisition.

Author/Contact: Jim Fleigner is managing partner of Impact Consultancy LLC, a management-consulting firm based in Santa Monica, California, USA, and creator of the proprietary ICAPTR™ (Impact Consultancy Acquisition Performance Tracking Report) system. He can be reached at Jim@impactconsultingonline.com.

Founded in 1930, the not-for-profit **International News Media Association** (INMA) is the world's leading provider of global best practices and marketing ideas for newsmedia companies looking to grow amid profound market change.

INMA has more than 5,000 members in 80+ countries. Members are top managers at the world's leading media companies, typically c-level executives: chief executive officers, chief operating officers, chief marketing officers, chief audience officers, chief advertising officers, chief digital officers, and chief editors.