NEWSPAPER ASSOCIATION OF AMERICA
Advancing Newspaper Media

Acquisition Optimization:

Two Steps Newspapers Must Take to Build the Optimal Subscriber Base

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Foreword

Today's business model requires making the best decision to get the best possible return on your investment

Newspapers have become increasingly efficient in securing new subscribers. This has had a significant impact on the overall business model. Newspapers are selling fewer subscriptions and spending less on securing new subscribers than they were five years ago. The change is most evident among the largest newspapers, and the impact is measurable. The data from NAA's Circulation Facts, Figures and Logic documents substantial savings in overall expenses, with a substantial portion of those savings the result of lower subscription sales expenses.

Impact on the Bottom Line Circulation Revenue and Expenses After Discount			
	2011	**2006**	**% Change**
Expenses	4,414,828	6,163,573	-28.40%
Revenue	8,483,145	8,892,486	-4.60%
"Contribution"	4,068,317	2,728,913	49.00%

Much of the savings is due to the decision to cut expenses and budget to sell fewer subscriptions, as well as the willingness of publishers to accept the subsequent decline in home delivery circulation.

A byproduct of this shift to selling fewer subscriptions has been a measurable decline in subscriber churn. The result is that the expense savings have been substantial, while the losses in home delivery have been comparatively small for most newspapers considering the industry-wide increase in home delivery prices.

Prior to these strategic changes, many newspapers were trying to achieve a level of home delivery penetration beyond an optimum level. They were selling beyond the point of diminishing returns in terms of revenue and expense. By looking at the profitability of each unit of circulation, newspapers have reset their goals and

- **focused on their most effective sales channels**
- **improved their payment and billing practices**
- **maintained subscriber retention programs**
- **implemented thoughtful pricing actions, and**
- **formulated decisions based upon a true cost per unit of circulation.**

Newspapers may now pay more to acquire a new subscriber, but in the end that added expense is justified because that new subscription lasts much longer.

Now, did many newspapers simply cut expenses, raise prices and sell fewer subscriptions? The answer is yes, and these papers also had an impact on the industry-wide expense savings and the lower subscriber churn levels. These circulation departments may also have improved their contribution to the bottom line at their newspapers. But they may have unnecessarily damaged their market share and their brand, resulting in an adverse impact on their advertising revenue.

There are many strategic elements that contribute to optimizing a subscription sales model and maximizing circulation revenue. Making decisions based upon the right data is a fundamental ingredient still lacking at many newspapers. So is the willingness to track sales, collect the critical data and do the analysis necessary to sell the right subscription to the right person at the right price using the most effective sales channel. But the industry-wide squeeze on expenses is making the advantages of an analytical approach more evident—and more of a necessity. The result is that newspapers are making better decisions.

This report challenges newspaper publishers and senior audience and circulation executives to be more analytical, but there is an easily measurable reward. The first step is to look at everything through a profitability prism and set circulation goals at an optimum level. The second step is to develop a sales plan based based on the cost per unit of circulation, the most effective blend of sales channels and the right offers for the right households.

The work of Impact Consultancy LLC helps address the question of whether it makes sense to sell one more subscription. It describes the analytics necessary to establish the optimal levels of circulation and takes the reader through an analytical process of decision making for optimizing subscriber acquisition and retention.

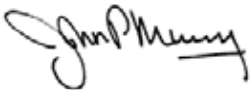
NAA looks forward to continuing its work with Impact Consultancy LLC. There are plans for follow-up work on specific topics such as the effectiveness of some types of home delivery starts. For example, data indicates that new subscriptions acquired from online sales sources are clearly incremental business and not in competition with home delivery starts from traditional channels. This is the type of data that can prove valuable to circulation marketing executives as they seek to continually improve the return on their investment and optimize the home delivery sales channel.

The operational improvements in the last five years have demonstrated that newspapers have not been getting the best return on their investment when it comes to the money they have spent on subscription sales. This is no longer acceptable in today's business model, and many newspapers continue to have opportunities to make improvements.

All of this requires good data and analysis. The difference between today and even five years ago is that the information is now almost universally available.

The first step toward improvement is to raise the bar by looking at the money currently being spent to acquire new subscribers, measuring the return, developing a plan to improve and setting new goals.

This report is intended to be help you get started if you have not been asking the tough questions. And if you have, it may help you move further and faster in the direction of making even better decisions.



John P. Murray
VP Audience Development
Newspaper Association of America

Introduction

For many newspapers, circulation optimization is the ultimate prize. With advertising revenue continuing to slide, circulation revenue has become a larger percentage (and in some cases, the majority) of many newspapers' top line. When every expense and investment is being scrutinized for improved efficiency, a newspaper's circulation sales budget is among a newspaper's biggest single investments. Also, unlike most other large investments, the circulation investment for acquiring new subscribers occurs every single year. Thus, it has become imperative to seize maximum performance of this very large, recurring investment.

Yet in spite of the vast improvement potential, circulation optimization remains an elusive goal for most newspapers. How can something so important be achieved so inconsistently? Simply put, circulation optimization is very hard. Explicitly optimizing circulation requires developing a raft of new information and a set of relatively sophisticated criteria by which to evaluate that information.

Case in point: while circulation optimization consists of two complementary activities…

1. optimizing existing subscribers through renewal retention; and

2. optimizing new starts through acquisition;

…the metric for evaluating the effectiveness of each activity could not be more different.

When optimizing renewals, the biggest value decision has already been made. The money spent upfront to acquire a subscriber has already been incurred, which makes that expense a sunk cost (and thus irrelevant for future decisions). Therefore, the hurdle rate to determine a profitable subscriber is straightforward—it is simply incremental revenue less incremental costs. By this standard, most subscribers are profitable for newspapers.

However, for its acquisition budget, the hurdle rate is completely different.[1] A new start should be considered successful only if its lifetime performance yields an internal rate of return in excess of its hurdle rate. Thus, it is not enough to simply generate a surplus of incremental profit in a given year. Instead, a new start has to generate enough projected profit over enough months and years that it outweighs the upfront acquisition cost (on a time- and risk-adjusted basis) to make that upfront expense worth spending in the first place.

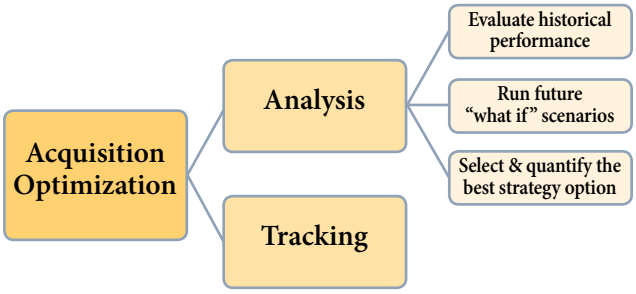
Thus, newspapers are subject to a bad news/good news conundrum. The bad news is that acquisition of new starts demands a much higher hurdle rate, and many starts fail to achieve this. But the good news is that with the higher hurdle rate comes greater opportunities to optimize acquisition activity—and in the process, potentially deliver millions of dollars to a newspaper's bottom line.

[1] A hurdle rate represents the minimum return that is required on any investment decision. Much has been written as to the appropriate hurdle rate for a company, business unit or capital expenditure. This rate is driven by long-term interest rates, the correlation between market risk and company risk (i.e., beta), and the market risk premium.

The Two Step Approach

Although there are variations, newspapers can typically pursue an acquisition optimization process in two steps:

- First, undertaking the proper **analysis** to determine what the optimized goals should be, assess how they are different from the current goals, and set weekly performance targets in support of those goals. This includes data mining at the lowest segments possible (e.g., acquisition channel, frequency of delivery, ZIP code, term, payment method, etc.)
- Second, implementing the proper informational **tracking** systems to automatically track performance of the right metrics against optimized goals on a weekly basis throughout the year.

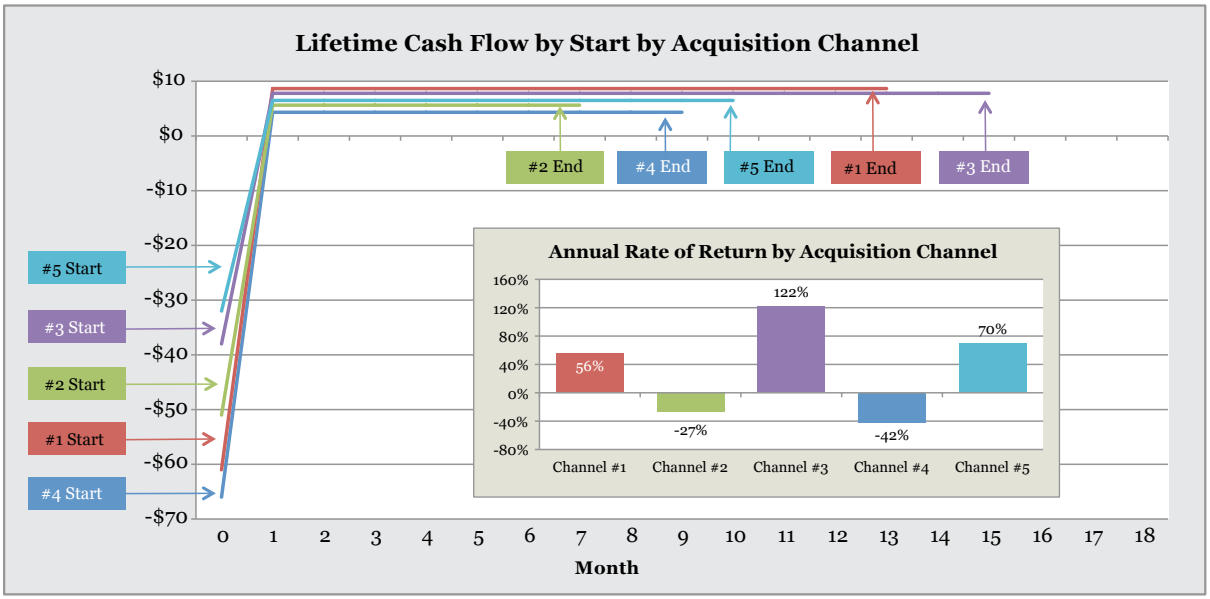


Not only is each step essential to the process, but accomplishing only one of the two goals is insufficient. Only when a newspaper perfects both the analytics and the tracking will it have any reasonable chance of considering its acquisition activities optimized.

Step One: Analysis

Analysis of acquisition activities is grounded in a series of highly detailed model simulations of the economics of acquisition. Data is collected around the most recent 12 months of subscriber acquisition starts, which (depending on circulation) can be in excess of 100,000. For each individual start, an internal rate of return is calculated by collecting the following three metrics, examples of which are depicted below:

Cost Per Start **Weekly Net Margin** **Weeks Retained**



To calculate net margin, all of the drivers of short-term incremental revenue and cost are included for each start: *Net Margin = Circulation Revenue + Preprint Revenue - Delivery Fees - Newsprint & Ink - Insert Credits - Discounts +/- Economies of Scale Unit Cost Impact +/- ROP Unit Revenue Impact*. Although most newspapers do not track this type of information at the start level, this allocation of revenue and expense can be done through detailed cost accounting techniques.

While many of these components are obvious and intuitive, the last two are unique calculations to simulate the manufacturing and advertising penalties associated with reduced copies produced or sold (or conversely, the economic benefits associated with increased copies). They are particularly important to understand since they are often used by some newspapers to justify the chase of "bad circulation"—a strategy that acquisition optimization seeks to eliminate.

Once data collection and analysis is completed and P&Ls have been prepared for each individual start, an extensive data mining exercise can begin. Starts can then be grouped together according to different segmentation schemes and their performance can be monitored at a glance, as in the following table:

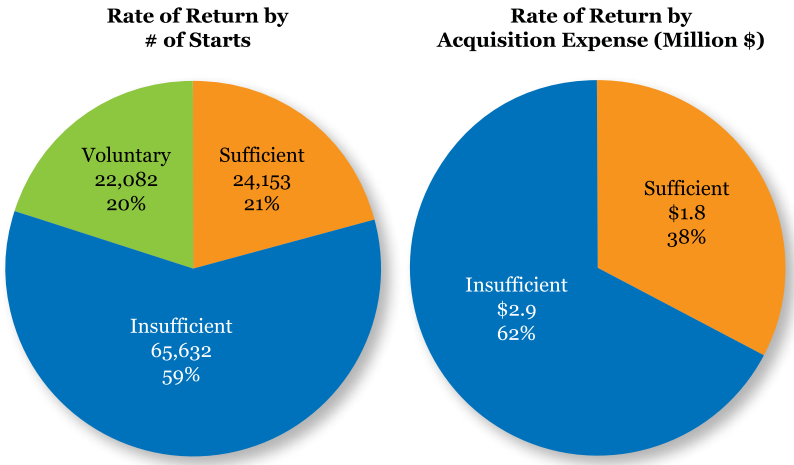
						Rate of Return Components			**Weekly Net Margin Components**							
Segment	# Starts	Acqstn Expense	Lifetime Net Margin	Lifetime Net Margin - Acqstn Expense	IRR - Hurdle	Acq Cost/ Start	Weeks Retnd	Net Mgn/ Week	Circ Revenue	Preprint Revenue	Delivery Exp	NP & Ink Exp	Net Margin	Acq Cost/ Start	Net Margin/ Start	Surplus/ Start
Forced	**93,721**	**($4,856,100)**	**$5,102,250**	**$246,150**	**12%**	**($51.81)**	**23.0**	**$2.37**	**$2.26**	**$1.71**	**$1.05**	**$0.55**	**$2.37**	**($51.81)**	**$54.44**	**$2.63**
Channel #1	15,414	($256,375)	$528,849	$272,474	955%	($16.63)	22.0	$1.56	$1.43	$1.08	$0.61	$0.34	$1.56	($16.63)	$34.31	$17.68
Channel #2	9,876	($993,253)	$668,583	($324,670)	-60%	($100.57)	21.1	$3.21	$2.93	$1.90	$1.06	$0.56	$3.21	($100.57)	$67.70	-$32.87
Channel #3	1,677	($357,089)	$790,503	$433,414	663%	($212.93)	236.4	$1.99	$1.64	$1.24	$0.55	$0.33	$1.99	($212.93)	$471.38	$258.45
Channel #4	23,111	($1,886,466)	$921,715	($964,751)	-86%	($81.63)	17.1	$2.34	$2.83	$2.27	$1.89	$0.88	$2.34	($81.63)	$39.88	-$41.74
Channel #5	15,444	($439,007)	$973,201	$534,194	415%	($28.43)	16.2	$3.89	$3.70	$2.78	$1.65	$0.94	$3.89	($28.43)	$63.01	$34.59
Channel #6	19,412	($457,089)	$792,379	$335,290	261%	($23.55)	14.8	$2.75	$2.44	$1.85	$0.99	$0.55	$2.75	($23.55)	$40.82	$17.27
Channel #7	8,787	($466,821)	$427,019	($39,802)	-18%	($53.13)	31.8	$1.53	$1.39	$1.10	$0.62	$0.34	$1.53	($53.13)	$48.60	-$4.53
Voluntary	6,002	$0	$338,991	$338,991	NA	$0.00	18.6	$3.03	$3.13	$1.74	$1.19	$0.64	$3.03	$0.00	$56.48	$56.48
Grand Total	**99,723**	**($4,856,100)**	**$5,441,241**	**$585,141**	**30%**	**($48.70)**	**22.7**	**$2.40**	**$2.30**	**$1.71**	**$1.06**	**$0.56**	**$2.40**	**($48.70)**	**$54.56**	**$5.87**

The primary task is to develop a detailed understanding of the pockets of opportunity and challenge in a newspaper's starts, and then understand the drivers of those differences. While every newspaper is different and thus the findings will never be the same at two newspapers, there are likely to be several recurring key insights, twelve of which are posited below.

Key Findings

FINDING #1

A majority of starts do not generate a sufficient rate of return. As seen in the charts at right, it is often the case that 50 to 75 percent of a newspaper's starts do not generate a sufficient rate of return (hereafter termed as "insufficient starts"). This is not limited to newspapers regarded as "under-performing," as insufficient starts accounted for at least half of the total paid starts at some of the best run newspapers in the United States that have been explicitly analyzed in this manner. Further, the portion of the acquisition budget that is invested to acquire those insufficient starts can grow even higher—sometimes in excess of 75 percent of the total budget. With an overall acquisition budget in the millions of dollars, some newspapers may be spending a seven-figure sum to acquire tens of thousands of starts that are unlikely to generate a sufficient rate of return.



FINDING #2

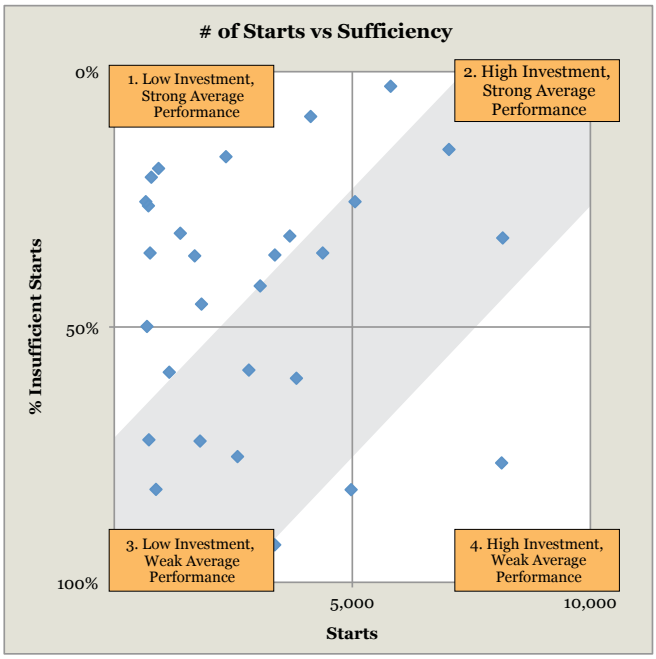
Understanding the drivers of rate of return is necessary to select the optimal strategies. Understanding and analyzing the three drivers of rate of return (cost per start, net margin per week, and weeks retained) is just as important as knowing the overall rate of return, as two individual starts (or entire acquisition channels) can generate a similar rate of return but may have a very different combination of acquisition cost, net margin and retention. For example, in the chart below, starts in Channels #4 and #5 each show a similar rate of return (-90% and -96%). However, Channel #4's rate of return is below average in both weeks retained and net margin per week, whereas Channel #5's disadvantage rested in cost per start and net margin per week. Benchmarking the performance of each channel will show to what extent a channel is advantaged or disadvantaged and for what reasons. Thus, understanding the differences in the three drivers is likely to have a large impact on the optimization strategies selected.

Channel	Cost Per Start	Weeks Retained	Net Margin/ Week	Rate of Return-Hurdle Rate
Channel #1	$4.78	25.3	$0.63	2412%
Channel #2	$38.86	35.5	$1.20	14%
Channel #3	$38.51	38.4	$1.02	-4%
Channel #4	$29.17	23.7	$0.38	-90%
Channel #5	$50.18	31.6	$0.38	-96%
Voluntary	NA	27.4	$0.94	NA

Legend
More favorable
Less favorable

FINDING #3

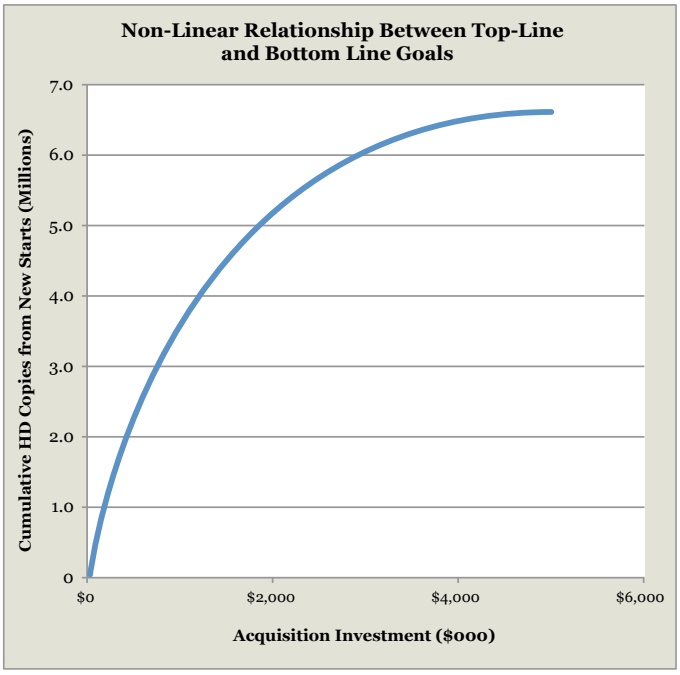
There must be an established expectation of correlation between investment and performance. One of the fundamental principles in strategy development is the Matching Principle: invest the most dollars where the profit potential is greatest, and spend the fewest dollars where the profit potential is most limited or non-existent. This principle is not unlike the strategy that companies use when it comes to compensating its employees—pay the most to your best earners. As can be seen in this chart, a newspaper that acquires its new starts in a 100 percent matched manner should expect to see a perfectly diagonal line from the bottom left hand corner ("Low Investment, Weak Average Performance") to the upper right hand corner ("High Investment, Strong Average Performance"). Certainly, many segments for the newspaper plotted fall within a reasonable band of correlated performance (i.e., within the grey band). However, note how many segments fall outside of that area—either in the upper left hand corner, where strategies should be considered to increase investment in strong performance segments, or in the lower right hand corner, where strategies to either restructure or eliminate the weakest performing segments should be considered.

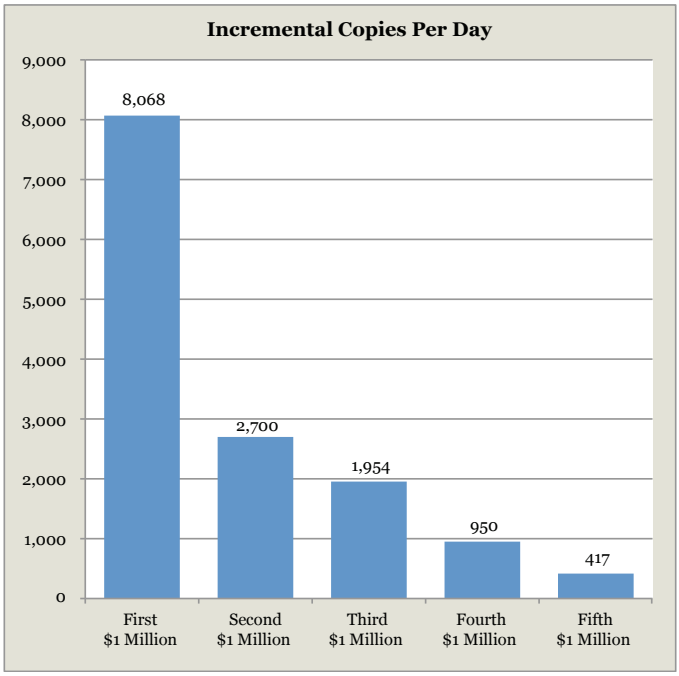


FINDING #4

There is almost always a trade-off between maximizing top-line goals (e.g., number of starts, circulation) and bottom-line goals (e.g., profit, rate of return), and this trade-off is not linear. According to model simulations, a substantial decrease in acquisition expense can yield a proportional decrease in the number of starts, but a reduction in circulation can be far more modest. On an industry level, this has been documented by NAA in the NAA Circulation Facts, Figures and Logic studies. Conversely, an increase in acquisition expense can be substantial, but it will likely not yield a proportional increase in circulation. How can this be the case? When a newspaper adds to its existing acquisition budget (perhaps to fill a budget gap due to greater than expected churn), the easiest and most cost-effective paths to circulation generation have been exhausted.

There is a point of diminishing returns in attempting to increase home delivery circulation where the cost of adding one more start is beyond the marginal rate of revenue that start can generate. Further, this is true at any level of segmentation, whether it be by channel, FOD, term, ZIP code or all of these. Thus, newspapers are forced to pursue far less attractive starts (or "bad circulation"), which often contribute little to a newspaper's total circulation and drag down its rate of return. As can be seen in the charts on the following page, a newspaper's ability to add copies per acquisition dollar often falls rapidly as acquisition budgets increase. For example, the first $1 million in acquisition investment may yield over 8,000 new copies per day, but the last million dollars of acquisition investment may yield as few as 400 new copies per day—a decline in investment productivity of 95 percent.





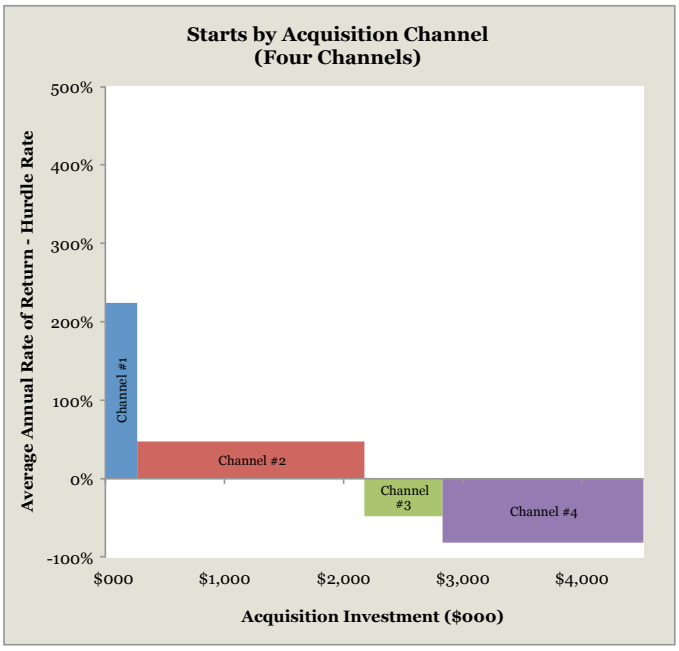
Why does this matter? For newspapers that are looking to improve their **top line**, this phenomenon matters because the acquisition of that incremental business is going to be disproportionately expensive in the form of high costs per order in the pursuit of starts that are more likely to be less profitable and retained less (e.g., $1 million expense for only 417 new copies per day). For newspapers that are looking to improve their **bottom line**, this phenomenon matters because it means that a disproportionate amount of acquisition savings can occur for a relatively low amount of circulation loss ($1 million savings in exchange for a loss of only 417 copies per day).

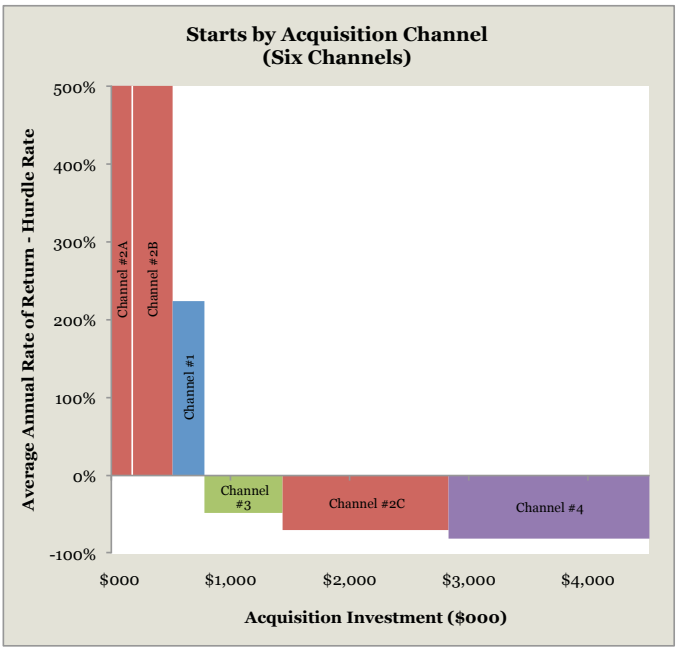
Understanding the economic trade-off between balancing top line and bottom line goals is a critical input into acquisition optimization.

FINDING #5

Digging deeply into the data makes a difference. It is often the case that newspapers do not dig as deeply within their acquisition data as they can or should, and the result can sometimes be a view that distorts or even impedes effective strategy development. As seen in the charts on the following page, newspapers sometimes elect to keep all of the starts across two or even three channels combined because of the perception that linkages exist between the channels that make them difficult to separate.

One prominent example of this might be direct mail and Internet: a start may sign up online after having received direct mail, which may raise awareness and increase the proclivity to start a new subscription in any channel. Another example occurs when the close rate of telemarketing sales increases following a direct mail campaign even when the telemarketer does not reference the mailing or the offer. Some of the cost of the direct response campaign can and should be assigned to the telephone sales offer.





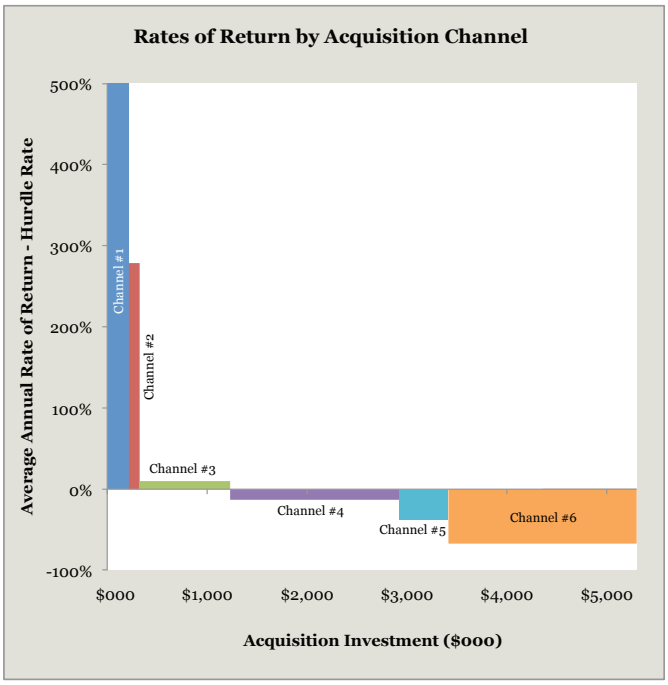
Of course, nobody knows for sure how much of a linkage actually exists, so the decision is made to assume that all of the starts are 100 percent linked, which results in the combination of performance into one hybrid channel (Channel #2, in the left hand chart). The problem with this approach is that just because the quantification is hard, it does not mean that it is any less important to estimate and apply to the starts.

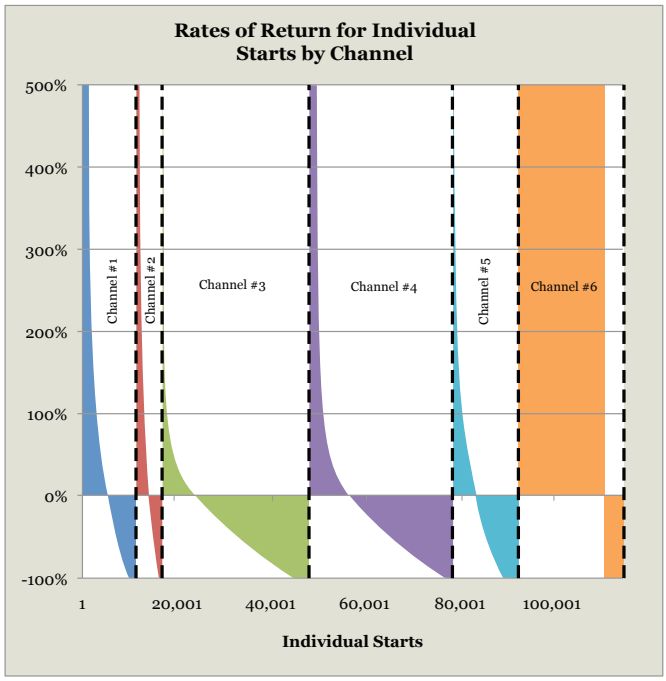
Once again, an employee example is appropriate: employees work in teams regularly, and this sometimes allows underperforming employees to ride the coattails of higher performers. Yet when it comes time to employee reviews, are the employees evaluated and compensated as a group? Almost certainly they are not. The same message applies here—each start must be evaluated on its own, and investment decisions should be made based on individual and not group performance.

Making an explicit assumption for the number of linked starts and applying it to the data set allows for the channels to be separated, as in the right-hand chart above, which is critical because it reveals that Channel #2C is imposing a very large cross-subsidization on Channel #2A and Channel #2B, which in turn drags down the performance of those channels substantially, while Channel #2C appears to be more than sufficient when in reality it is not. Because of this incorrect signal, the newspaper is making incorrect decisions about budget allocation and will continue to acquire insufficient starts in a segment that it believes is sufficient because its performance is being masked by the high performers.

FINDING #6

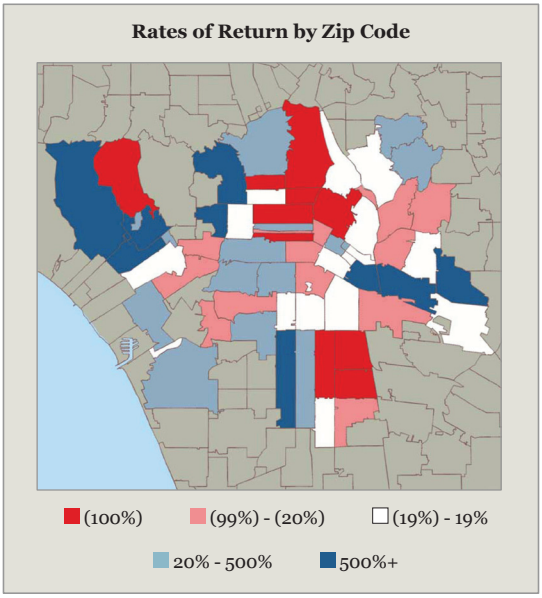
It is important to isolate the variables when making a decision on an entire segment, such as acquisition channel. While many acquisition channels can be generating average rates of return that are negative, these averages can mask a number of starts that are financially sufficient. As seen in the charts below, the average rate of return can be insufficient in most acquisition channels, but when the rate of return of each start within each channel is reviewed, there can be thousands of sufficient starts—even in channels with a substantial negative average.





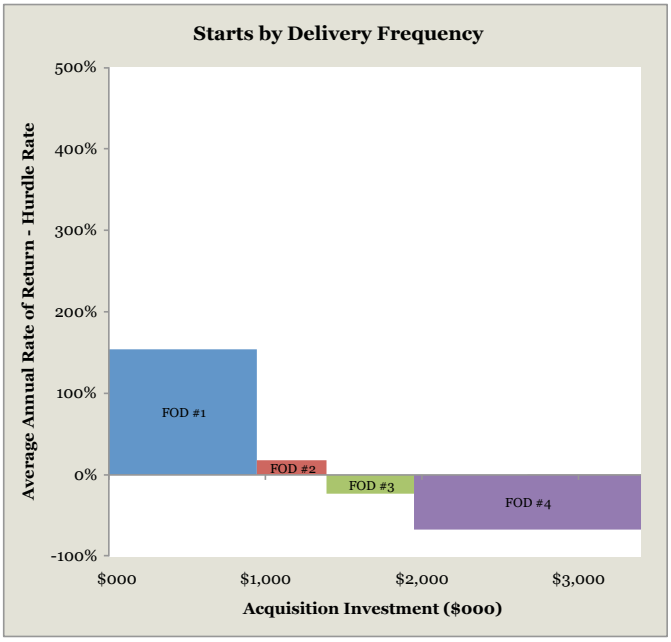
So it would be overly simplistic (and dangerous) to look at the averages and make any large scale decisions, such as exiting a channel. However, a newspaper's circulation team can share this actual analysis with its vendors in the least effective channels to ensure they understand the severity of the problem and work to solve it.

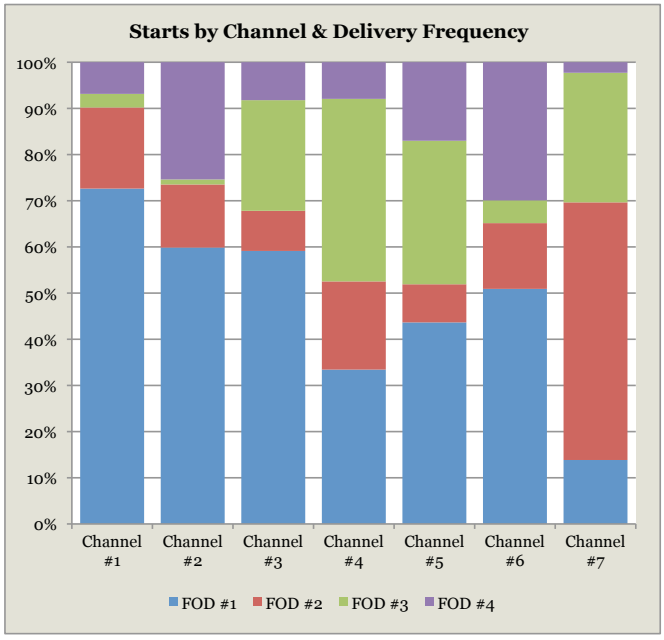
Similar to acquisition channels, segmenting the analysis geographically shows many pockets of underperforming starts and areas of opportunity. As can be seen in the map at right, there are often a number of ZIP codes that perform very well on average and a number that do not. This analysis can be drilled down even further to individual delivery routes. Yet again, understanding the pockets of opportunity is crucial.



FINDING #7

Identify correlations between different segments to determine cause and effect. One of the more interesting goals of acquisition optimization is to identify correlations between different segments in order to determine cause and effect. As can be seen in the charts below, one or more delivery frequencies may fall below sufficient levels of return, but when they are correlated against the returns of starts by acquisition channel, it is common to determine that underperforming channels skew to underperforming delivery frequencies. Thus, it is possible that fixing the performance of starts by delivery frequency could solve or substantially improve a channel (or vice versa).



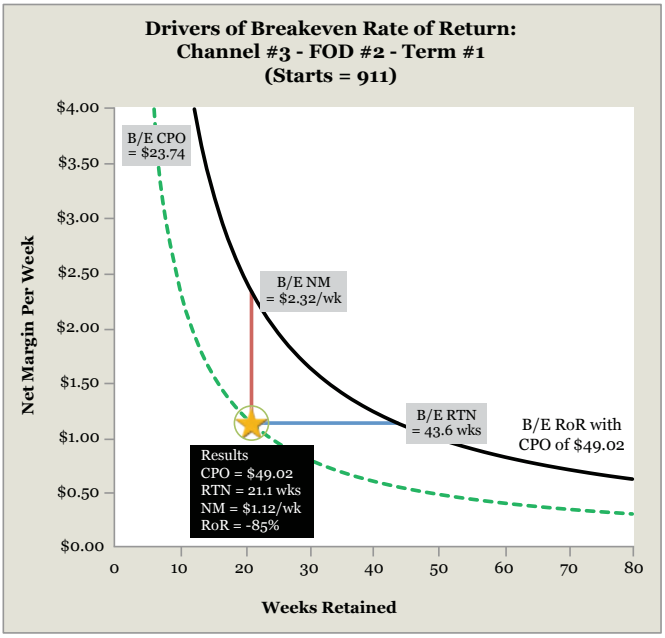


FINDING #8

Acquisition optimization must provide clear guidance as to how to make improvements. Many of these findings relate to historical performance but do not offer any concrete insights into how to improve them in a manageable way. It is not enough to simply point out flaws and mistakes. Acquisition optimization must provide explicit guidance on starts that can be improved so that each start reaches sufficiency.

One way to do this is the creation of break-even curves. As can be seen in the chart on the following page, every start (or segment of starts) has a historical level of weekly net margin and retention performance, which is represented by the gold star. The placement of this star is then compared to the black curve, which represents the various combinations of net margin and retention that would allow that start to reach sufficiency at the current cost per start (just as a reminder, a sufficient rate of return is driven a combination of cost per start, weekly net margin and weeks retained).

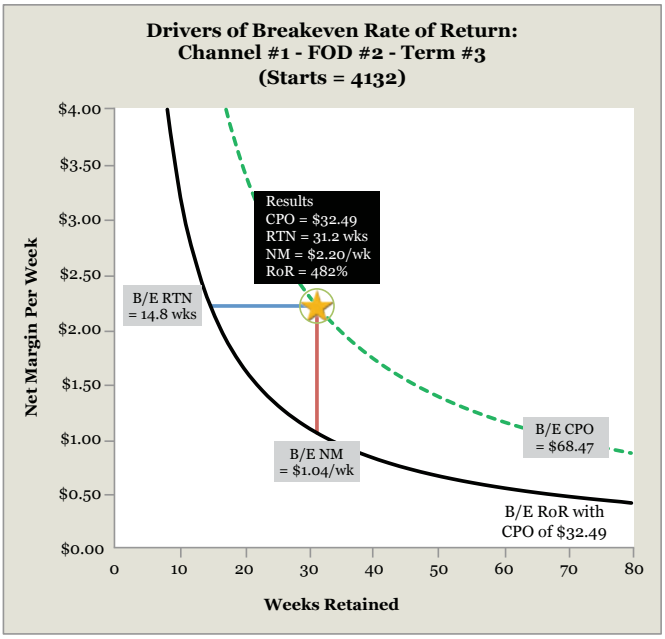
From the current performance of the gold star, a newspaper has three options (plus one hybrid option) at its disposal in order to achieve sufficiency.



1. It can improve weekly net margin without 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 $1.12 to $2.32 would allow this segment of starts to achieve sufficiency.
2. It can improve average retention without 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 21.1 weeks to 43.6 weeks would allow this segment of starts to achieve sufficiency.
3. It can improve average cost per start without 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 $49.02 to $23.74 would allow this segment of starts to achieve sufficiency.
4. Usually some combination of two or all three of these drivers will be employed to collectively move the gold star to touch or be above the appropriate break-even curve.

FINDING #9

Use break-even curves to allocate more dollars to the best performers. Break-even curves can help assist a newspaper in determining what levers it can use to achieve sufficiency, but what if a segment of starts is already performing above sufficiency? If this is the case, then break-even curve analysis serves a very different but equally important purpose. Namely, this analysis quantifies how much headroom a newspaper has to pursue more starts in this segment while retaining sufficiency. Returning to our Matching Principle, newspapers should allocate more dollars to the best performing segments in the hope of finding more starts with similarly superior economic characteristics. But what if a newspaper can't find more starts with identical characteristics, but they can find starts that are slightly worse in the form of a higher cost per start, lower weekly net margin or lower retention? This analysis quantifies how much a newspaper should be willing to sacrifice and still end up with a start that is sufficient (which is always better than a start that is insufficient). For example, in the chart at right, the starts segment is generating a rate of return of 482 percent—well above



sufficiency. Thus, it is reasonable to pose the question as to whether more starts can be found just like it. By comparing the placement of the current gold star (with an average cost per start of $32.49) to the black break-even curve, a newspaper can afford to spend up to $68.47, i.e., an additional $36 per start, and still retain sufficiency so long as weekly net margin and retention are not impacted.

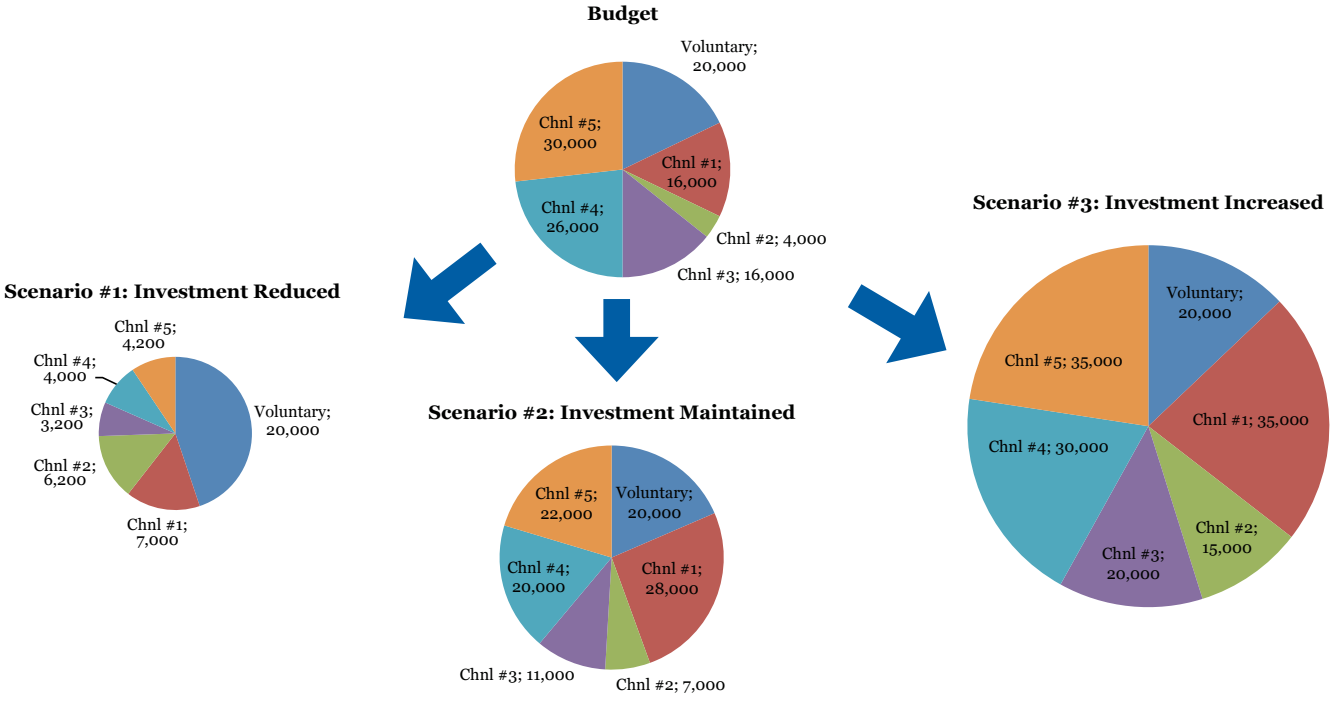
In sum, the overarching goal for many newspapers is to eventually eliminate insufficient starts by replacing them with newly found sufficient starts, and break-even analysis can help structure and quantify that search and replacement process.

FINDING #10

Shifting the mix from one segment to another can drive a substantial increase in overall performance. For example, if a decision is made to try to improve average retention within a segment, there are several explicit techniques that can be (and should be, per Finding #12) employed. However, average retention can also be improved simply by shifting acquisition dollars from 26 week term starts to 52 week term starts. So long as the other two drivers of rate of return (i.e., net margin and cost per start) do not deteriorate beyond the levels quantified in the break-even curves for each segment (whether it be a channel, FOD, term, ZIP code, etc.), shifting mix is a perfectly acceptable and common way to improve the driver averages.

FINDING #11

Acquisition optimization does not necessarily result in a decline in circulation. Nor does it automatically mandate circulation increases. The only way to test such hypotheses is to develop the incremental acquisition economics of each channel, frequency, ZIP code, etc. and summarize those findings in a series of simulations that address the question of whether the aggregate rate of return will be improved or weakened at different start levels. As can be seen in the chart below, a thoughtful optimization program will test different levels of starts and acquisition budget. The scenario of possible improved performance while maintaining the exact same start and/or acquisition budget level can also be simulated.

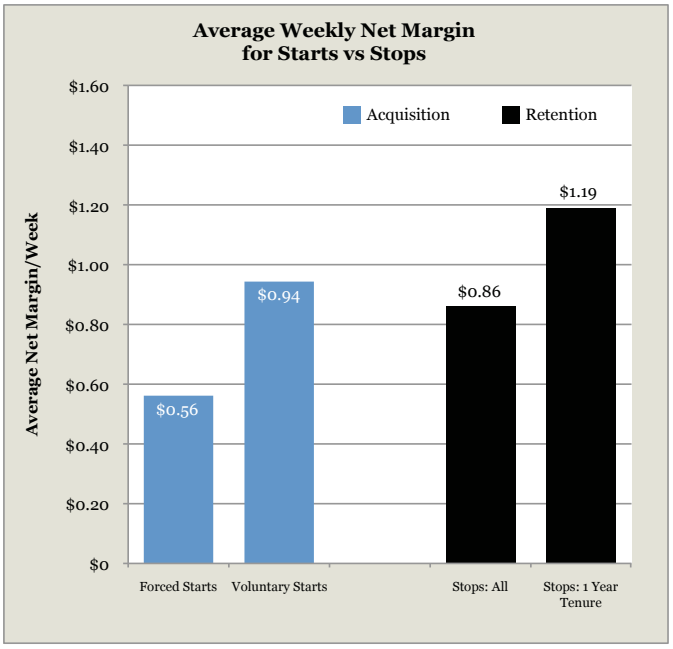


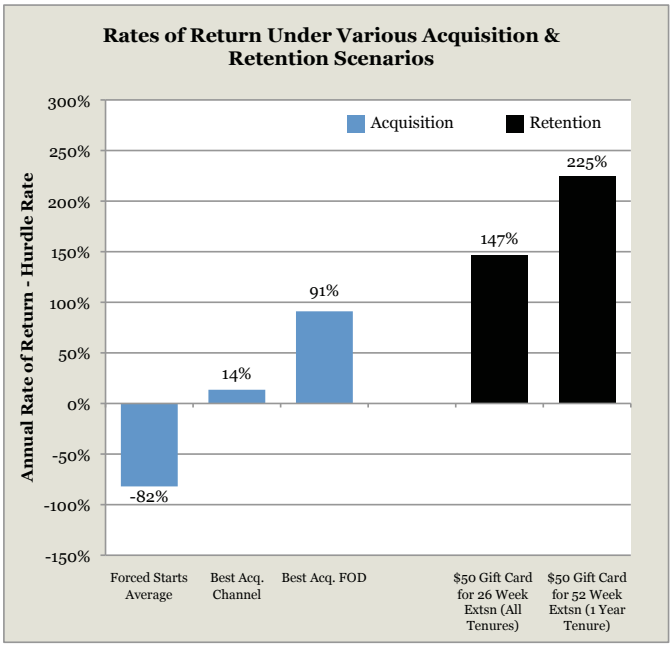
FINDING #12

Newspapers typically overinvest in acquisition and underinvest in retention. This manifests itself in two ways:

1. The dollars invested in retention are usually a small sliver of the dollars invested in acquisition.
2. The rate of return on the average acquired start is often lower than the average saved stop.

Once again, the Matching Principle should encourage newspapers to invest the most dollars where the profit potential is greatest, and spend the fewest dollars where the profit potential is most limited or non-existent. As can be seen in the charts below, the typical newspaper can generate more weekly net margin from its typical stop than it can from its best starts. And when it comes to investing incremental funds, a dollar spent in retention is almost always better than another dollar spent in acquisition. The manner in which this money is spent is diverse: earlier and more frequent retention calls, direct financial customer incentives, and in some cases extra management staffing dedicated solely to retention. But regardless of the specific method, newspapers should pay as much—if not more—attention to their retention programs.





Summary of Findings

With a disciplined focus on starts with sufficient returns, a newspaper's annual start targets can fall or rise in many channels by more than 50 percent, along with a corresponding reallocation of financial resources. A new optimized acquisition strategy and budget for the year can be built, consisting of new starts targets, new costs per start and a new overall acquisition budget. Monthly or even weekly targets can be set to ensure that optimization is progressing to plan. These new numbers then serve as the blueprint for the new strategy and are an integral input into the second step necessary for acquisition optimization, which is automated tracking against plan.

Step Two: Automated Tracking

One of the primary reasons why acquisition optimization is so challenging is that the collection of the data and metrics that are needed to track optimization is typically:

- quite cumbersome,
- highly time-consuming,
- often inconsistent in its accuracy,
- too summarized to be insightful,
- comes from many different data sources, and
- is rarely done more than once or twice a year.

The newspaper industry is a business where changes to strategy (whether it be introductory or renewal pricing, investment allocation, new acquisition and retention campaigns, etc.) should ideally be happening as close to real-time as possible. However, the industry's historical methods to collect the information that is critical in determining an acquisition campaign's success fall well short indeed.

A key element of a newspaper's acquisition optimization is a weekly tracking system to monitor acquisition performance over time. Using a software package such as Impact Consultancy's ICAPTR™ System, reports can be custom developed and installed on top of a newspaper's existing IT system (e.g., DTI Circulation, Lawson, Great Plains, etc.) to automatically access and calculate all needed acquisition metrics and distribute customized reports to managers every Monday morning.

While many newspapers have some type of tracking reports that are developed within their existing systems, the ideal tracking system (i.e., one that is consistent with optimizing acquisition investment) possesses the following qualities:

SOPHISTICATION: An optimized system can not only track the more obvious metrics, such as actual vs. budgeted starts, stops, revenue, price and cost per start, but also advanced circulation and acquisition metrics.

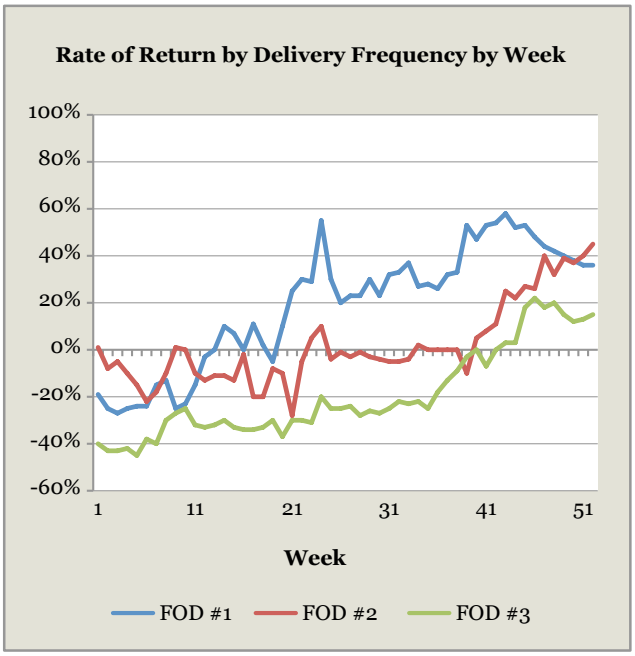
As can be seen in the charts entitled "Samples of Weekly Tracking Reports" in the Appendix, rates of return (including all of its drivers—acquisition cost, net margin, retention) can be tracked dynamically so a newspaper can assess how its investment dollars are performing and understand why it is over- or underperforming.

TIMELINESS: An optimized system can run every week, so a newspaper can see the performance of its acquisition campaign from the prior week as well as on a year-to-date basis. Timely information means newspaper executives can make quicker changes to strategy and tactics.

MICRO-TARGETING: An optimized system can track at the lowest, most actionable levels, e.g., not just by acquisition channel, delivery frequency, or ZIP code, but also by delivery frequency within an acquisition channel, by acquisition channel within a ZIP code, etc.

EFFICIENCY: An optimized system can be completely automated, so staff no longer needs to spend any time manually collecting data. Instead, a circulation staff will have more time to actively manage and improve its circulation business.

CONSISTENCY: An optimized system can extract and calculate the same data every time, so it will always have an "apples to apples" comparison and thus avoid the human error that occurs when different employees pull different sets of data manually.



BENCHMARKING: If a newspaper is one of many owned by a single parent company, an optimized system can provide a weekly benchmarking report that shows key metrics across all subsidiary newspapers. For each metric, exemplary and underperforming newspapers can be identified at a glance.

For example, the analytics in step one will identify segments (e.g., ZIP codes, acquisition channels, frequencies of delivery) that underperform. By addressing these segments (whether it be through improvements in margin, retention or upfront acquisition cost) and then following their effectiveness via weekly automated tracking, newspapers can track how those specific segments improve based on changes made to its strategy. As seen in the chart above, the rate of return in certain segments can improve as well, including the conversion of segments from negative to positive returns. When applied against the substantial amount of acquisition money invested in marketing these segments each year, the improvements made can have a demonstrable financial impact. Using the tracking to stay on top of these segments, knowing where the problems exist and having the means to drill down and examine them each and every week is key to success.

Samples of Weekly Tracking Reports

See the Appendix on page 21

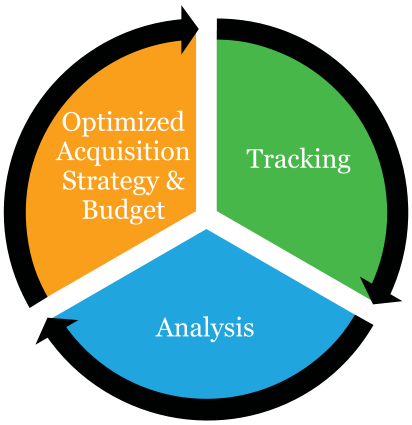
Summary

Four observations regarding acquisition optimization planning and tracking are worth noting:

FIRST, it is unlikely that every newspaper has a similar profile of opportunity. For example, some newspapers may find plenty of improvement in reducing acquisition expense, while others find pricing to be the key variable, whereas for others it might simply be focusing on retention improvement. This process of analytics and tracking works equally well, no matter where the sources of opportunities may reside for a newspaper.

SECOND, newspapers have varying degrees of constraints and priorities placed on them. Some newspapers may have complete flexibility to adjust their acquisition budget upward or downward as is optimal, whereas others may have a strategic need to maintain their number of starts, circulation or their acquisition budget and simply want to optimize within those constraints. This process of analytics and tracking can be applied to either situation, regardless of whether there are several imposed constraints or no constraints at all.

THIRD, optimization planning is an iterative and dynamic process. Factors, assumptions and market conditions change, some ideas are tested and then abandoned, and some opportunities may not make sense to pursue at the start of the optimization process but may make sense one or two years later. This is a natural part of the process, which is why successful planning does not happen overnight and should not happen only once. It requires successful implementation, adjustments and follow up. With a new optimized strategy and budget in place, an automated tracking system allows performance to be tracked at a micro-targeted level, which in turn allows for new insights and analysis to perpetually direct, refine and improve the optimized strategy, which in turn provides a new set of goals against which performance can be tracked, and so on. But the good news is that optimization is like any other skill that requires practice—the more it is repeated, the more effective it becomes.



FOURTH, and perhaps most importantly, the cost associated with maintaining the status quo (i.e., not immediately pursuing a campaign to optimize acquisition investment) is hidden but substantial. For example, a top 25 newspaper's investment in an optimization program can easily yield savings in excess of $1 million annually. In this scenario, every month that a decision to optimize acquisition is postponed generates an opportunity cost of $75,000 to $100,000 of lost savings that is left on the table. In an industry where many newspapers are scrambling to unearth savings from employees and vendors, a similar type of loss **every single month** is something that should warrant immediate attention. Thus, the projected negative return of the "status quo" option is so poor that immediate adoption of an acquisition optimization program is often the best investment a newspaper can make. And although the above example simulates the estimated improvement for a top 25 newspaper, this process is valuable for any newspaper regardless of the size of its circulation or acquisition budget.

Taken in total, the acquisition optimization techniques described above can bring a transparency and efficiency to a process that is a necessary input to finding the ultimate prize of circulation.

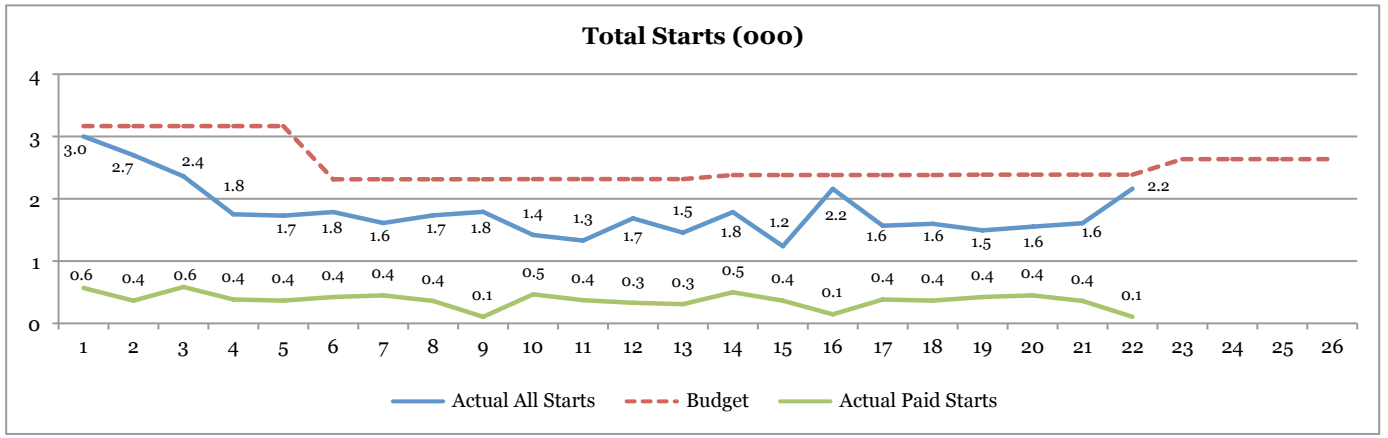
About the author

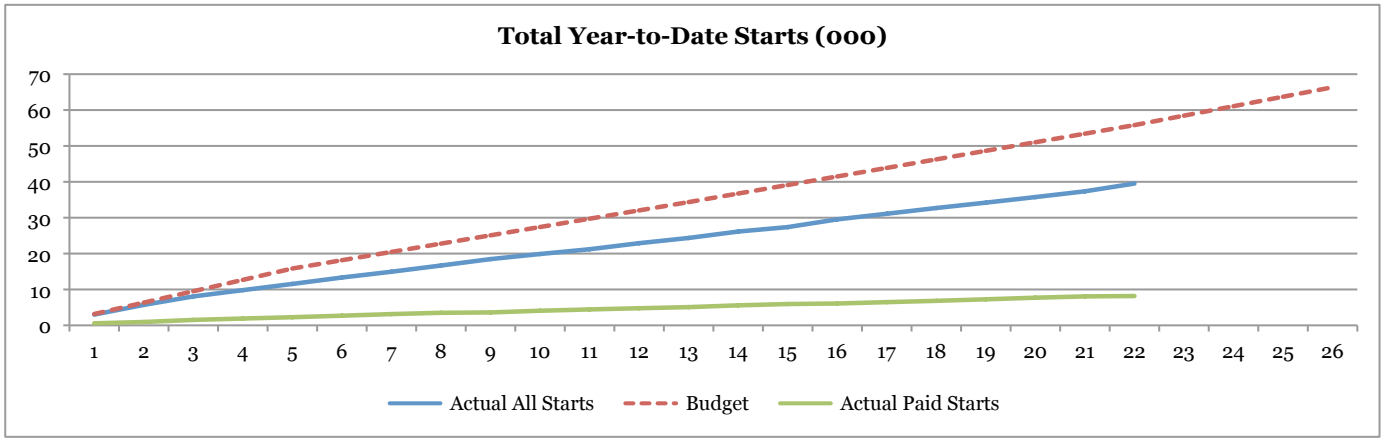
Jim Fleigner is *Managing Partner* of Impact Consultancy LLC, a management consulting firm based in Santa Monica, CA. Impact Consultancy LLC has been delivering impactful change to clients since 1997. Current and former clients include The Atlanta Journal-Constitution, The Tampa Tribune, and The San Diego Union-Tribune. Owner of the proprietary ICAPTR™ (which stands for "Impact Consultancy Acquisition Performance Tracking Report" and is pronounced "I-Capture") System, Impact Consultancy LLC has generated meaningful and quantifiable results for media companies in newspapers, film/television production & distribution, online, high tech, music and many more. Fleigner has a MBA from Stanford University Graduate School of Business and can be reached at Jim@impactconsultingonline.com or at (310) 345-7425.

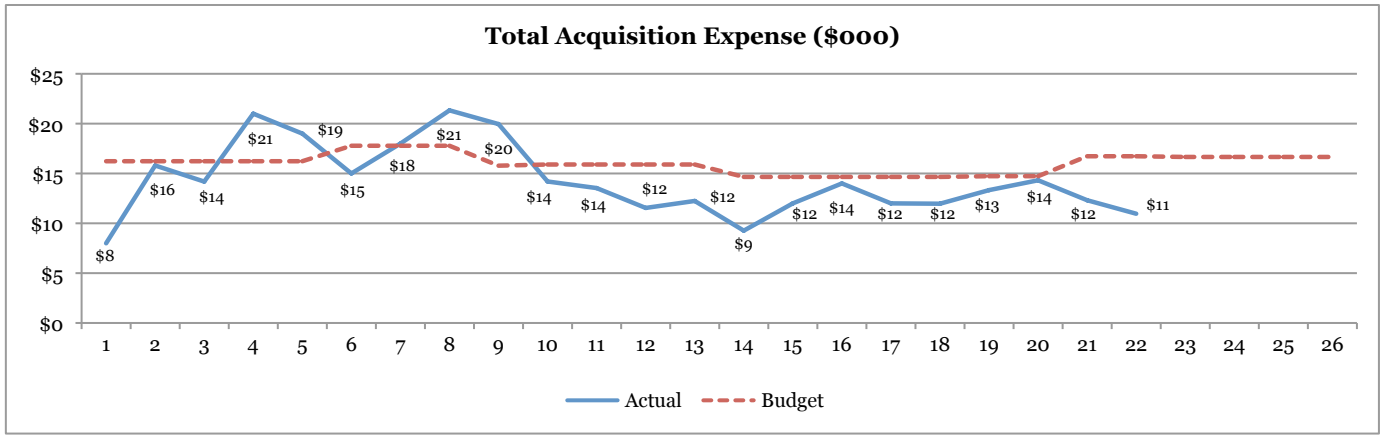
Appendix

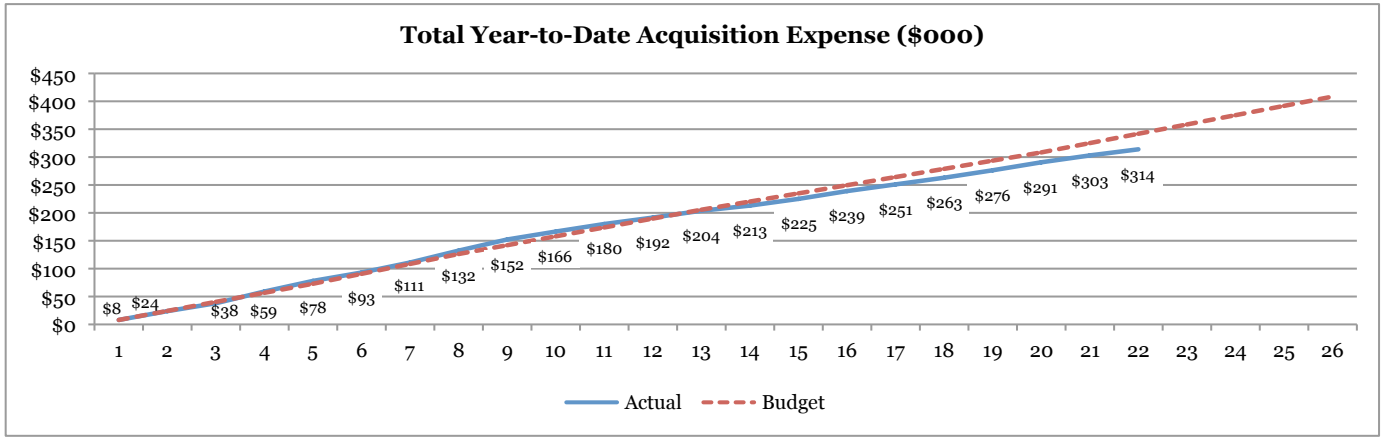
Samples of Weekly Tracking Reports

Source: ICAPTR™ System, Property of Impact Consultancy LLC. No unauthorized duplication.









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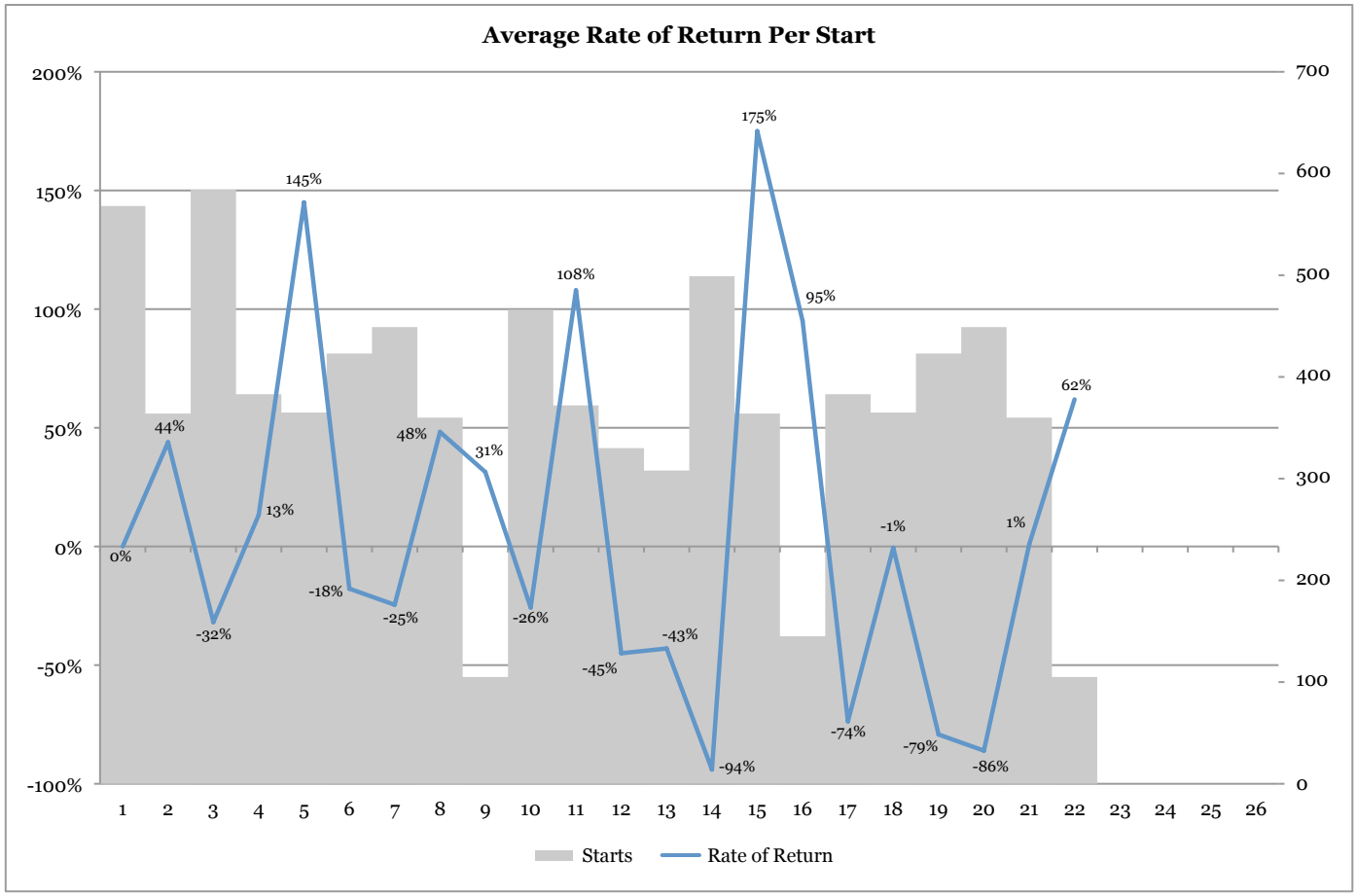

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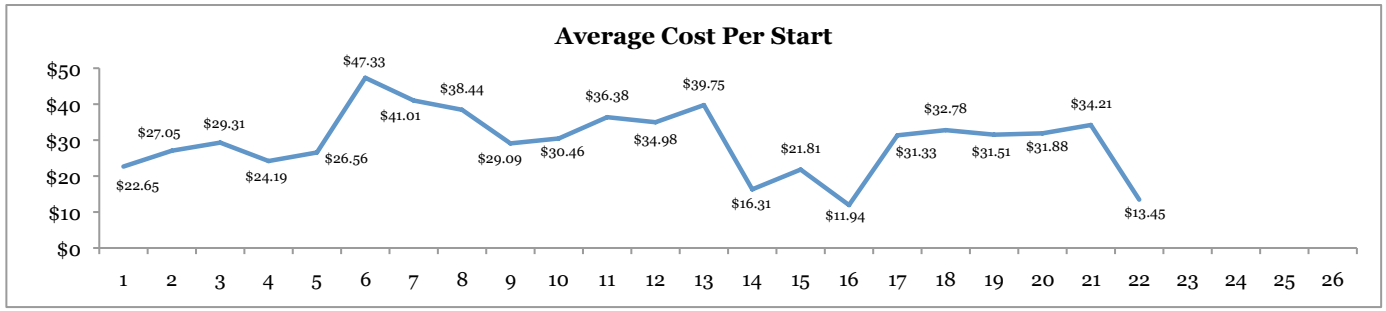

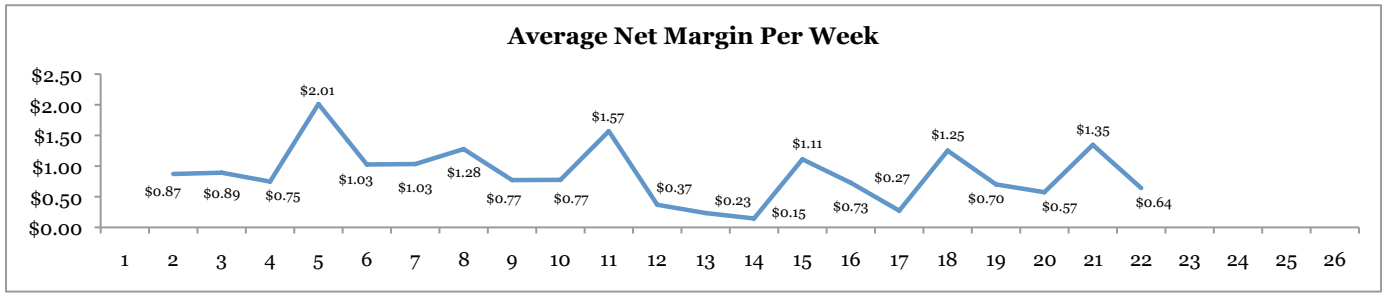

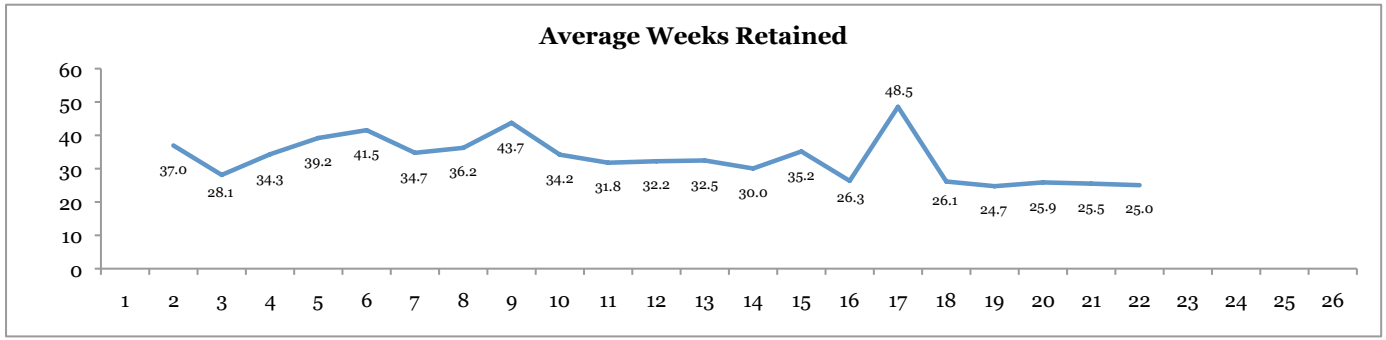

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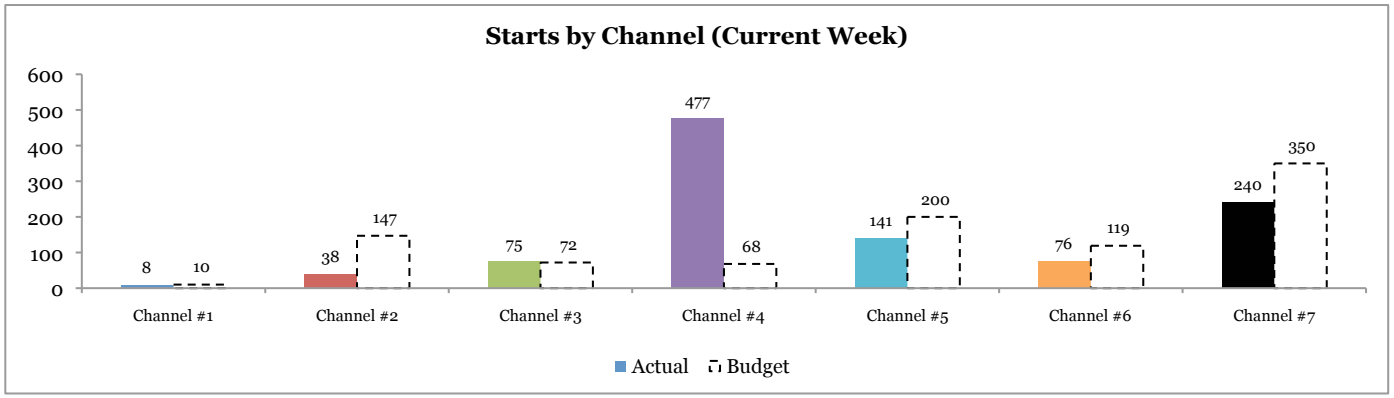

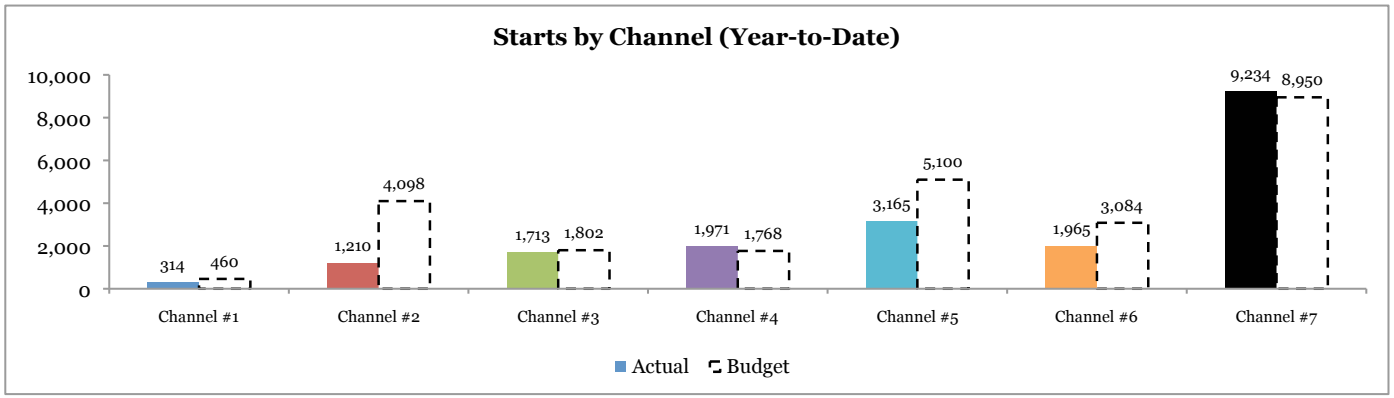

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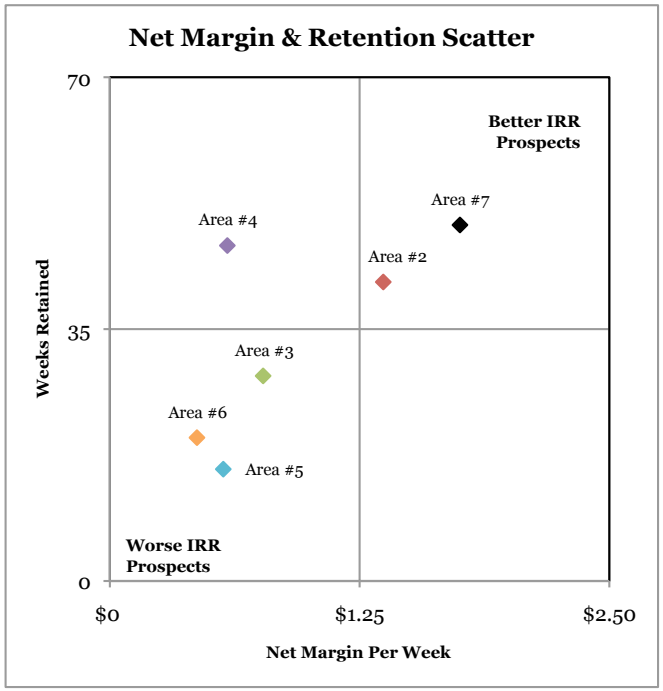

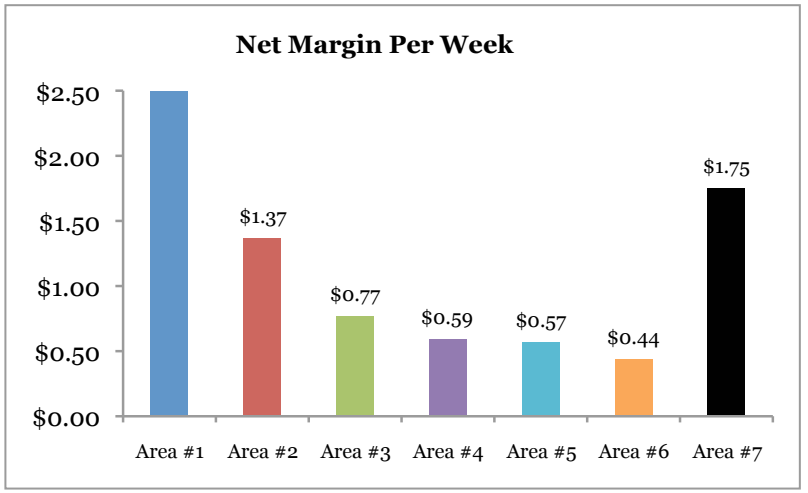

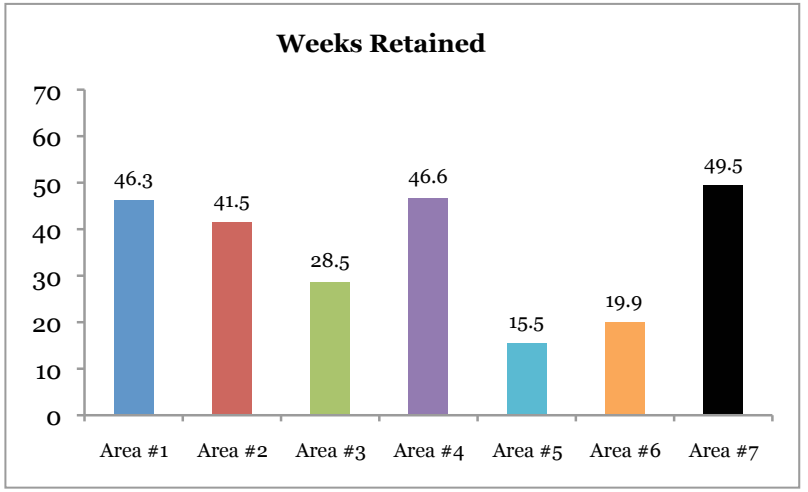

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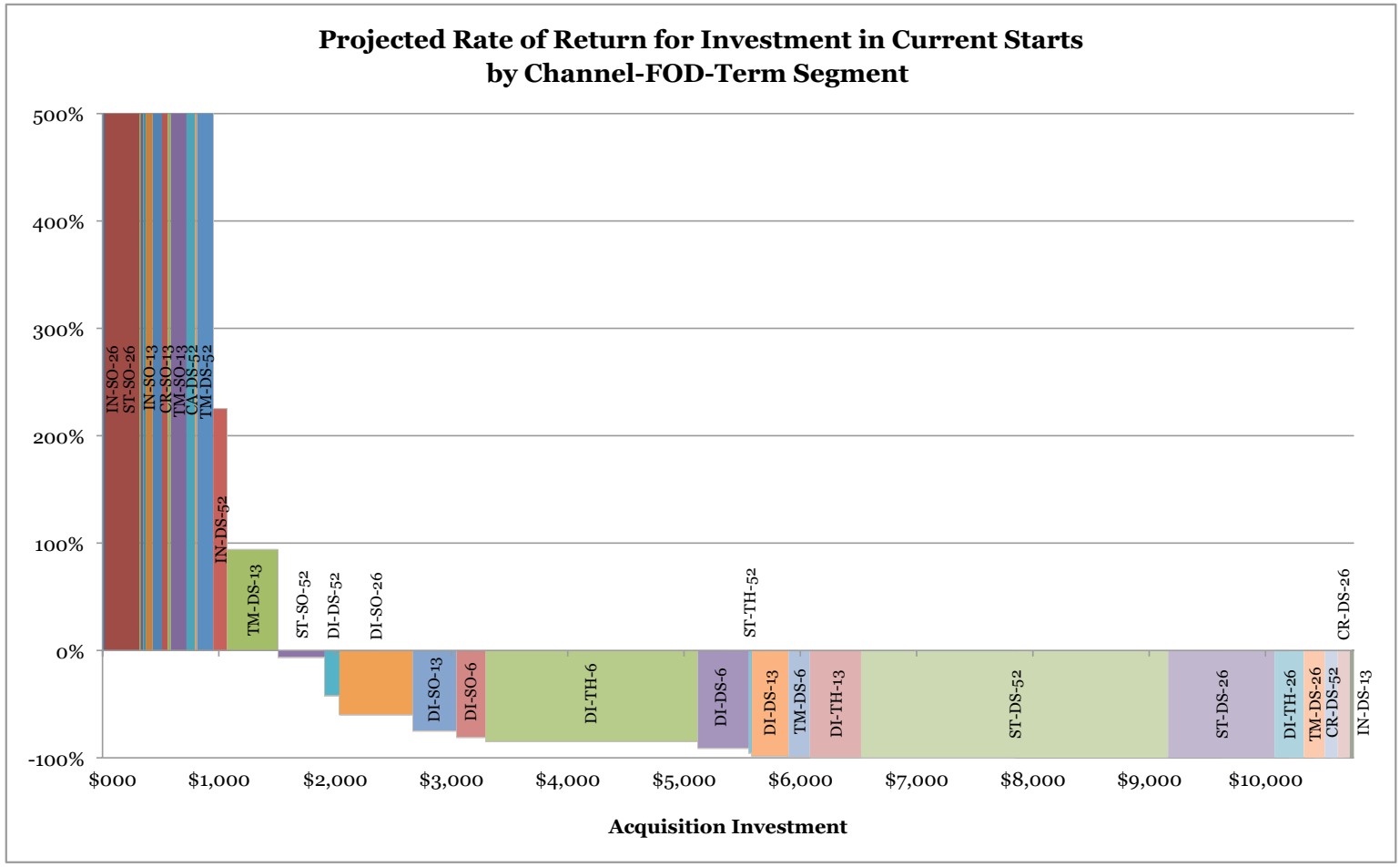

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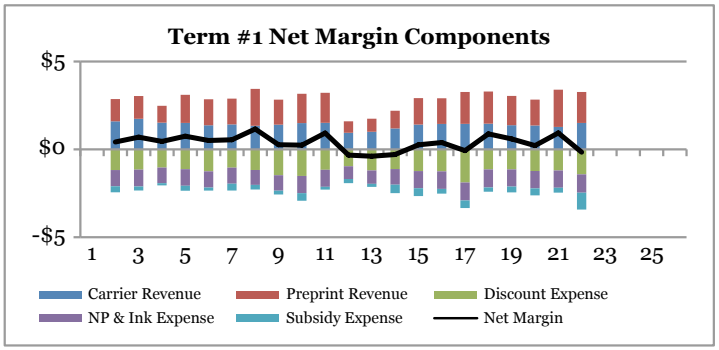

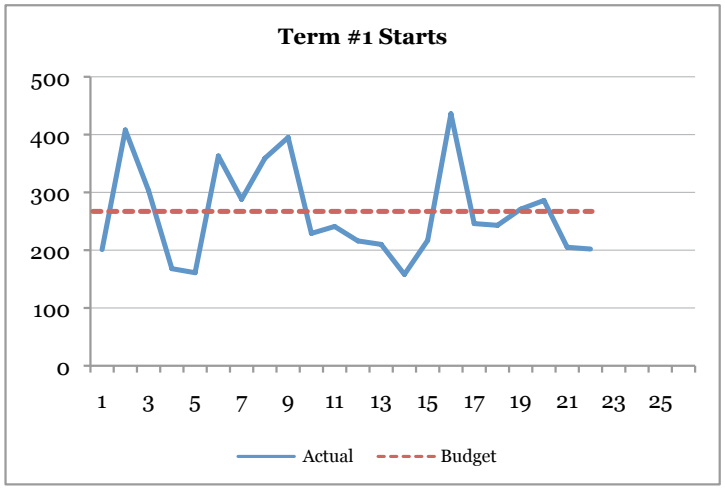

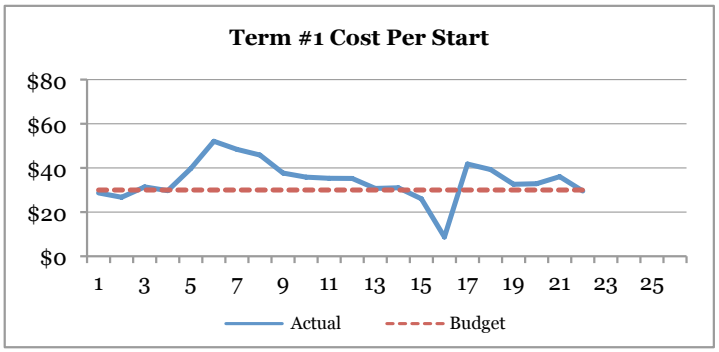

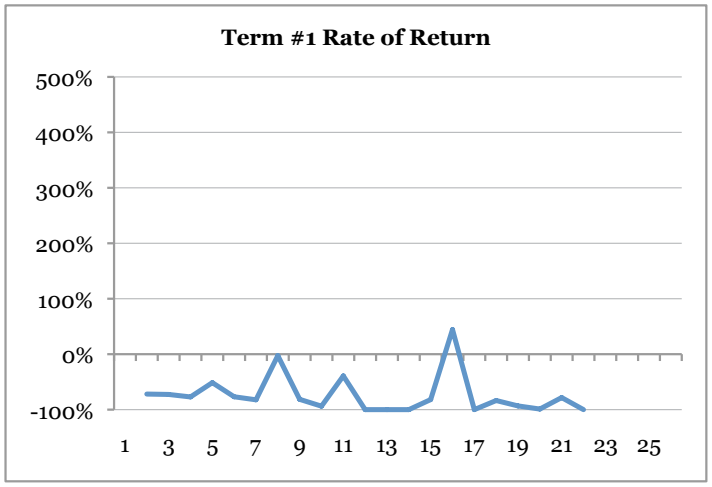

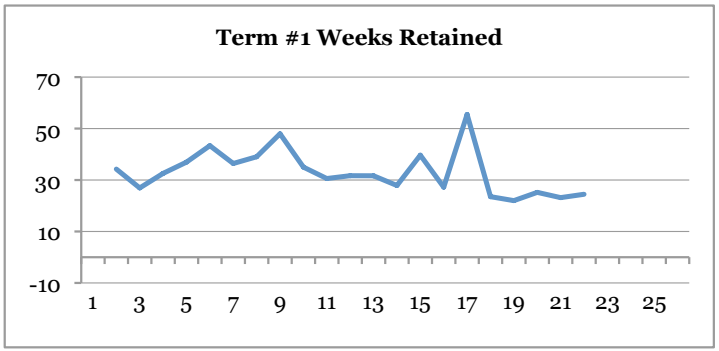

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Segment	# Starts	Acquisition Expense	Lifetime Net Margin	Lifetime Surplus	YTD Rate of Return	Cost Per Start	Weeks Retained	Net Margin Per Week	Circ Revenue	Preprint Revenue	NP & Ink Expense	Delivery Expense	Net Margin	Acq Exp /Start	Net Margin /Start	Surplus /Start
CR-2T-13 W	394	$22,026	$21,069	-$958	-13%	$55.94	19.4	$2.76	$1.88	$1.60	$0.37	$0.35	$2.76	$55.94	$53.51	-$2.43
CR-2T-26 W	265	$19,189	$26,421	$7,232	98%	$72.41	36.4	$2.74	$1.84	$1.77	$0.37	$0.51	$2.74	$72.41	$99.70	$27.29
CR-4D-1 M	128	$7,095	$12,669	$5,574	354%	$55.65	28.0	$3.55	$3.69	$1.63	$0.61	$1.16	$3.55	$55.65	$99.37	$43.72
CR-4D-13 W	1895	$105,449	$93,773	-$11,676	-30%	$55.65	18.3	$2.70	$2.22	$2.08	$0.61	$0.99	$2.70	$55.65	$49.48	-$6.16
CR-DS-13 W	328	$19,945	$13,385	-$6,560	-71%	$60.90	17.8	$2.29	$2.65	$2.42	$0.99	$1.79	$2.29	$60.90	$40.87	-$20.03
DM-2T-26 W	108	$4,790	$12,741	$7,951	670%	$44.55	41.8	$2.84	$2.07	$1.70	$0.37	$0.56	$2.84	$44.55	$118.52	$73.96
DM-2T-52 W	398	$17,681	$70,396	$52,715	766%	$44.48	68.1	$2.60	$1.79	$1.69	$0.36	$0.51	$2.60	$44.48	$177.10	$132.62
DM-2T-Bill	285	$12,648	$13,383	$735	20%	$44.38	17.9	$2.62	$2.06	$1.37	$0.32	$0.49	$2.62	$44.38	$46.96	$2.58
DM-4D-13 W	133	$5,891	$9,485	$3,594	244%	$44.46	27.9	$2.56	$2.54	$1.76	$0.61	$1.12	$2.56	$44.46	$71.59	$27.12
DM-4D-Bill	601	$26,727	$25,759	-$968	-11%	$44.45	17.9	$2.39	$2.42	$1.66	$0.59	$1.09	$2.39	$44.45	$42.84	-$1.61
DM-DS-13 W	329	$14,607	$19,036	$4,429	96%	$44.43	28.1	$2.06	$2.77	$1.99	$0.97	$1.73	$2.06	$44.43	$57.90	$13.47
DM-DS-52 W	386	$17,181	$51,162	$33,981	408%	$44.48	67.9	$1.95	$2.51	$2.12	$0.98	$1.71	$1.95	$44.48	$132.46	$87.98
DM-DS-Bill	2013	$89,546	$57,671	-$31,875	-74%	$44.49	17.9	$1.60	$2.62	$1.78	$0.94	$1.86	$1.60	$44.49	$28.66	-$15.84
DM-SO-13 W	1009	$44,878	$65,338	$20,459	162%	$44.49	28.0	$2.31	$1.59	$1.24	$0.24	$0.28	$2.31	$44.49	$64.77	$20.28
DM-SO-26 W	526	$23,272	$44,826	$21,553	261%	$44.22	43.2	$1.97	$1.16	$1.27	$0.25	$0.22	$1.97	$44.22	$85.18	$40.96
DM-SO-52 W	165	$7,355	$28,555	$21,200	745%	$44.58	67.1	$2.58	$1.66	$1.41	$0.24	$0.25	$2.58	$44.58	$173.06	$128.48
DM-SO-Bill	5065	$224,667	$196,969	-$27,698	-34%	$44.36	17.9	$2.17	$1.45	$1.22	$0.24	$0.26	$2.17	$44.36	$38.89	-$5.47
IN-2T-13 W	209	$9,278	$14,304	$5,025	249%	$44.45	22.6	$3.03	$2.33	$1.60	$0.36	$0.54	$3.03	$44.45	$68.52	$24.07
IN-2T-26 W	745	$33,236	$62,817	$29,582	288%	$44.61	38.7	$2.18	$1.40	$1.65	$0.36	$0.51	$2.18	$44.61	$84.32	$39.71
IN-2T-Bill	175	$7,934	$4,436	-$3,497	-90%	$45.34	10.3	$2.47	$1.40	$1.96	$0.37	$0.53	$2.47	$45.34	$25.35	-$19.99
IN-4D-13 W	230	$10,225	$18,979	$8,753	508%	$44.46	22.7	$3.63	$3.20	$1.96	$0.61	$0.92	$3.63	$44.46	$82.52	$38.06
IN-4D-26 W	173	$7,704	$16,513	$8,810	418%	$44.66	38.7	$2.47	$2.02	$2.01	$0.61	$0.95	$2.47	$44.66	$95.73	$51.07
IN-DS-13 W	856	$38,074	$62,892	$24,818	327%	$44.47	22.8	$3.23	$3.71	$2.14	$0.98	$1.65	$3.23	$44.47	$73.45	$28.98
IN-DS-26 W	148	$6,560	$22,768	$16,208	1541%	$44.47	39.3	$3.93	$4.21	$2.11	$0.98	$1.41	$3.93	$44.47	$154.36	$109.89
IN-DS-52 W	209	$9,285	$48,204	$38,919	1487%	$44.48	65.9	$3.51	$4.01	$2.05	$0.98	$1.58	$3.51	$44.48	$230.92	$186.44
IN-DS-Bill	2269	$101,217	$36,329	-$64,887	-98%	$44.61	10.4	$1.54	$2.66	$1.83	$0.98	$1.97	$1.54	$44.61	$16.01	-$28.60
IN-SO-1 M	233	$10,304	$21,964	$11,660	632%	$44.32	28.2	$3.35	$2.58	$1.27	$0.24	$0.26	$3.35	$44.32	$94.47	$50.15
IN-SO-13 W	1316	$58,460	$88,148	$29,689	227%	$44.41	22.7	$2.95	$2.12	$1.34	$0.24	$0.27	$2.95	$44.41	$66.97	$22.56
IN-SO-26 W	183	$8,117	$19,414	$11,297	566%	$44.48	39.0	$2.73	$1.89	$1.30	$0.24	$0.22	$2.73	$44.48	$106.38	$61.90
IN-SO-52 W	131	$5,841	$30,068	$24,227	1434%	$44.50	66.4	$3.45	$2.49	$1.44	$0.24	$0.25	$3.45	$44.50	$229.09	$184.59
IN-SO-Bill	2673	$118,897	$61,587	-$57,309	-93%	$44.49	10.0	$2.29	$1.61	$1.22	$0.24	$0.30	$2.29	$44.49	$23.04	-$21.44
KI-2F-13 W	158	$8,835	$5,336	-$3,500	-80%	$56.10	16.8	$2.02	$1.45	$1.41	$0.36	$0.50	$2.02	$56.10	$33.88	-$22.22
KI-2T-13 W	11195	$601,500	$408,554	-$192,946	-70%	$53.73	17.9	$2.04	$1.48	$1.47	$0.36	$0.54	$2.04	$53.73	$36.49	-$17.23
KI-2T-26 W	594	$38,256	$53,882	$15,626	98%	$64.43	40.6	$2.23	$1.56	$1.56	$0.36	$0.52	$2.23	$64.43	$90.75	$26.32
KI-3D-13 W	241	$13,129	$9,254	-$3,875	-66%	$54.42	17.6	$2.17	$1.84	$1.55	$0.49	$0.72	$2.17	$54.42	$38.36	-$16.06
KI-4D-13 W	390	$22,645	$16,871	-$5,774	-60%	$58.07	18.0	$2.40	$2.21	$1.87	$0.61	$1.06	$2.40	$58.07	$43.26	-$14.81
KI-DS-13 W	1733	$118,789	$52,637	-$66,152	-91%	$68.56	18.1	$1.68	$2.61	$1.99	$0.97	$1.95	$1.68	$68.56	$30.38	-$38.18
KI-DS-26 W	210	$16,604	$17,389	$785	9%	$79.07	41.0	$2.02	$2.64	$2.06	$0.98	$1.69	$2.02	$79.07	$82.80	$3.74
KI-SO-13 W	263	$10,635	$9,963	-$673	-18%	$40.52	18.0	$2.10	$1.52	$1.19	$0.26	$0.35	$2.10	$40.52	$37.95	-$2.56
KI-SS-13 W	856	$45,676	$26,108	-$19,568	-83%	$53.34	16.5	$1.84	$1.47	$1.32	$0.36	$0.59	$1.84	$53.34	$30.49	-$22.85
RT-2T-13 W	93	$2,496	$6,506	$4,010	1359%	$26.99	26.4	$2.66	$1.92	$1.63	$0.36	$0.53	$2.66	$26.99	$70.34	$43.35
RT-2T-52 W	164	$4,419	$25,843	$21,425	1928%	$26.99	66.5	$2.37	$1.65	$1.71	$0.38	$0.60	$2.37	$26.99	$157.82	$130.84
RT-2T-Bill	161	$4,330	$6,290	$1,960	229%	$26.85	18.2	$2.14	$1.56	$1.39	$0.32	$0.49	$2.14	$26.85	$39.01	$12.16
RT-3D-13 W	105	$2,815	$6,365	$3,550	840%	$26.81	26.7	$2.27	$2.02	$1.53	$0.50	$0.78	$2.27	$26.81	$60.62	$33.81
RT-4D-13 W	124	$3,342	$8,648	$5,306	1321%	$27.00	26.5	$2.64	$2.47	$1.82	$0.61	$1.04	$2.64	$27.00	$69.88	$42.88
RT-4D-Bill	196	$5,283	$7,581	$2,298	217%	$26.92	18.1	$2.13	$2.07	$1.47	$0.51	$0.89	$2.13	$26.92	$38.63	$11.71
RT-DS-1 M	145	$3,930	$9,238	$5,308	797%	$27.10	29.5	$2.16	$3.18	$1.97	$0.99	$2.00	$2.16	$27.10	$63.71	$36.61
RT-DS-13 W	704	$19,391	$32,523	$13,131	306%	$27.55	26.5	$1.74	$2.62	$1.94	$0.98	$1.85	$1.74	$27.55	$46.21	$18.66
RT-DS-26 W	223	$6,199	$17,804	$11,605	728%	$27.86	44.7	$1.79	$2.63	$1.97	$0.97	$1.84	$1.79	$27.86	$80.02	$52.16

Source: ICAPTR System, Property of Impact Consultancy LLC. No unauthorized duplication.

	Breakeven			Improvement Required			Headroom Available			# of Starts											
Segment	Cost Per Start	Weeks Retained	Net Margin Per Week	Cost Per Start	Weeks Retained	Net Margin Per Week	Cost Per Start	Weeks Retained	Net Margin Per Week	1	2	3	4	5	6	7	8	9	10	11	12
CR-2T-13 W	-$53.52	20.3	$2.88	$2.42	0.9	$0.13				1	15	15	11	6	105	240					
CR-2T-26 W	-$99.69	26.4	$1.99				$27.28	10.0	$0.75	8	21	14	41	36	14	131					
CR-4D-1 M	-$99.37	15.7	$1.99				$43.72	12.3	$1.56	105	21		1								
CR-4D-13 W	-$49.49	20.6	$3.03	$6.16	2.3	$0.34				1	145	270	411	413	441	214					
CR-DS-13 W	-$40.87	26.6	$3.42	$20.03	8.7	$1.12				1	54	71	53	113	36						
DM-2T-26 W	-$118.51	15.7	$1.07				$73.95	26.1	$1.77	4	13	50	13	3	15	11					
DM-2T-52 W	-$177.10	17.1	$0.65				$132.62	51.0	$1.95	13	23	233	28	33	24	46					
DM-2T-Bill	-$46.96	16.9	$2.48				$2.58	1.0	$0.14	39	49	66	33	43	43	14					
DM-4D-13 W	-$71.59	17.3	$1.59				$27.12	10.6	$0.97	26	23	25	28	8	11	13					
DM-4D-Bill	-$42.84	18.6	$2.48	$1.61	0.7	$0.09				83	83	111	73	89	93	71					
DM-DS-13 W	-$57.90	21.6	$1.58				$13.47	6.5	$0.48	65	39	70	49	24	41	41					
DM-DS-52 W	-$132.46	22.8	$0.65				$87.98	45.1	$1.29	10	36	168	29	30	33	81					
DM-DS-Bill	-$28.66	27.8	$2.48	$15.83	9.9	$0.88				270	206	396	301	285	311	243					
DM-SO-13 W	-$64.77	19.2	$1.59				$20.28	8.8	$0.72	249	111	126	249	76	71	126					
DM-SO-26 W	-$85.18	22.4	$1.02				$40.96	20.8	$0.95	10	23	16	59	16	9	394					
DM-SO-52 W	-$173.06	17.3	$0.66				$128.48	49.8	$1.91	13	16	28	46	25	13	25					
DM-SO-Bill	-$38.89	20.5	$2.47	$5.47	2.5	$0.30				661	483	553	769	449	474	1678					
IN-2T-13 W	-$68.52	14.7	$1.96				$24.07	8.0	$1.06	40	39	33	29	18	29	23					
IN-2T-26 W	-$84.32	20.5	$1.15				$39.71	18.2	$1.02	5	8	390	146	161	25	10					
IN-2T-Bill	-$25.36	18.4	$4.41	$19.98	8.1	$1.94				3		16	150	1	3	3					
IN-4D-13 W	-$82.51	12.3	$1.96				$38.05	10.5	$1.67	25	39	46	30	28	26	36					
IN-4D-26 W	-$95.73	18.1	$1.15				$51.07	20.7	$1.32	3	5	85	40	26	8	6					
IN-DS-13 W	-$73.45	13.8	$1.95				$28.99	9.0	$1.27	136	128	109	124	126	140	94					
IN-DS-26 W	-$154.36	11.3	$1.13				$109.88	28.0	$2.80	14	15	18	25	31	19	26					
IN-DS-52 W	-$230.92	12.7	$0.68				$186.44	53.2	$2.83	13	35	28	26	40	36	31					
IN-DS-Bill	-$16.01	28.9	$4.30	$28.60	18.5	$2.76				269	156	298	354	280	889	24					
IN-SO-1 M	-$94.47	13.2	$1.57				$50.15	15.0	$1.78	78	14	25	35	30	24	28					
IN-SO-13 W	-$66.97	15.0	$1.96				$22.55	7.6	$0.99	263	213	171	206	160	166	138					
IN-SO-26 W	-$106.37	16.3	$1.14				$61.90	22.7	$1.59	10	16	16	16	9	39	76					
IN-SO-52 W	-$229.07	12.9	$0.67				$184.57	53.5	$2.78	11	34	21	21	14	15	15					
IN-SO-Bill	-$23.05	19.4	$4.43	$21.44	9.3	$2.13				570	235	406	455	316	571	119					
KI-2F-13 W	-$33.87	27.8	$3.34	$22.23	11.0	$1.32				3	5	10	8	9	103	21					
KI-2T-13 W	-$36.49	26.3	$3.01	$17.24	8.4	$0.97				1055	1329	2009	1928	1450	1564	1861					
KI-2T-26 W	-$90.74	28.8	$1.59				$26.31	11.8	$0.65	31	50	104	116	88	85	120					
KI-3D-13 W	-$38.36	25.0	$3.09	$16.06	7.4	$0.91				35	43	48	35	20	36	25					
KI-4D-13 W	-$43.26	24.2	$3.22	$14.81	6.2	$0.82				25	148	89	51	48	16	14					
KI-DS-13 W	-$30.38	40.9	$3.79	$38.18	22.8	$2.11				185	326	391	299	224	148	160					
KI-DS-26 W	-$82.80	39.1	$1.93				$3.74	1.8	$0.09	26	35	44	20	31	23	31					
KI-SO-13 W	-$37.95	19.3	$2.25	$2.56	1.2	$0.14				55	19	56	56	15	29	33					
KI-SS-13 W	-$30.49	29.0	$3.22	$22.86	12.4	$1.38				270	21	106	104	149	155	51					
RT-2T-13 W	-$70.34	10.1	$1.02				$43.35	16.3	$1.64	9	21	23	11	15	8	6					
RT-2T-52 W	-$157.82	11.4	$0.41				$130.84	55.1	$1.97	4	16	119	6	9	5	5					
RT-2T-Bill	-$39.01	12.6	$1.47				$12.16	5.7	$0.67	14	28	48	16	29	16	11					
RT-3D-13 W	-$60.62	11.8	$1.00				$33.81	14.9	$1.26	38	15	13	6	9	13	13					
RT-4D-13 W	-$69.88	10.2	$1.02				$42.88	16.3	$1.62	18	34	26	19	11	6	10					
RT-4D-Bill	-$38.63	12.6	$1.49				$11.71	5.5	$0.65	24	33	46	36	28	15	15					
RT-DS-1 M	-$63.70	12.6	$0.92				$36.60	17.0	$1.24	11	28	30	19	29	9	20					
RT-DS-13 W	-$46.21	15.8	$1.04				$18.66	10.7	$0.70	169	171	93	96	86	59	30					
RT-DS-26 W	-$80.02	15.6	$0.62				$52.16	29.1	$1.17	33	66	45	36	15	14	14					

Source: ICAPTR System, Property of Impact Consultancy LLC. No unauthorized duplication.

	Rate of Return by Month												Cost Per Start by Month											
Segment	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
CR-2T-13 W	-16%	-196%	-100%	120%	-156%	-67%	12%						$45.15	$44.89	$45.15	$45.15	$47.67	$57.00	$57.62					
CR-2T-26 W	50%	250%	222%	219%	238%	101%	25%						$66.15	$66.15	$66.15	$66.15	$67.02	$64.24	$78.75					
CR-4D-1 M	285%	784%		508%									$55.65	$55.65		$55.65								
CR-4D-13 W	-141%	-97%	-39%	-168%	30%	42%	112%						$55.65	$55.63	$55.64	$55.65	$55.64	$55.65	$55.65					
CR-DS-13 W	-114%	-92%	-86%	-82%	-43%	-54%							$60.90	$60.90	$60.90	$60.90	$60.90	$60.90						
DM-2T-26 W	133%	768%	662%	648%	1324%	818%	568%						$43.79	$44.32	$44.59	$45.39	$44.12	$44.71	$43.86					
DM-2T-52 W	779%	1057%	668%	923%	1186%	1019%	691%						$43.79	$44.32	$44.56	$45.39	$44.23	$44.71	$43.87					
DM-2T-Bill	4%	41%	37%	28%	-6%	20%	2%						$43.79	$44.32	$44.61	$45.39	$44.12	$44.71	$42.49					
DM-4D-13 W	194%	222%	300%	185%	151%	492%	301%						$43.79	$44.32	$44.59	$45.39	$44.12	$44.71	$43.81					
DM-4D-Bill	5%	-11%	-25%	7%	-26%	-27%	3%						$43.79	$44.32	$44.75	$45.39	$44.19	$44.71	$43.95					
DM-DS-13 W	46%	51%	121%	85%	123%	162%	130%						$43.79	$44.32	$44.69	$45.36	$44.18	$44.71	$43.89					
DM-DS-52 W	273%	310%	410%	539%	547%	515%	344%						$43.79	$44.36	$44.65	$45.39	$44.15	$44.71	$43.99					
DM-DS-Bill	-101%	-58%	-72%	-75%	-64%	-56%	-81%						$43.71	$44.32	$44.76	$45.39	$44.17	$44.71	$44.08					
DM-SO-13 W	156%	181%	180%	138%	241%	265%	102%						$43.78	$44.32	$44.55	$45.39	$44.12	$44.71	$44.28					
DM-SO-26 W	551%	624%	469%	383%	627%	566%	202%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$44.03					
DM-SO-52 W	843%	812%	858%	613%	783%	1048%	628%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$44.04					
DM-SO-Bill	-7%	45%	10%	-18%	12%	29%	-99%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$44.02					
IN-2T-13 W	144%	326%	152%	164%	479%	392%	310%						$43.79	$44.32	$44.68	$45.39	$44.12	$44.71	$44.20					
IN-2T-26 W	524%	780%	243%	274%	353%	391%	936%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$43.82					
IN-2T-Bill	-98%		-90%	-91%	-88%	170%	-78%						$43.79		$45.39	$45.39	$44.12	$44.71	$44.44					
IN-4D-13 W	349%	406%	510%	330%	1009%	590%	550%						$43.79	$44.32	$44.73	$45.39	$44.26	$44.71	$43.92					
IN-4D-26 W	187%	2053%	318%	283%	556%	1253%	1257%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$44.22					
IN-DS-13 W	98%	252%	329%	235%	463%	471%	725%						$43.81	$44.35	$44.73	$45.35	$44.18	$44.71	$44.12					
IN-DS-26 W	1256%	1037%	1140%	1383%	1942%	2038%	1724%						$43.83	$44.36	$44.73	$45.39	$44.22	$44.71	$43.97					
IN-DS-52 W	1385%	1000%	1854%	1476%	1708%	1755%	1298%						$43.95	$44.35	$44.74	$45.39	$44.20	$44.71	$43.94					
IN-DS-Bill	-101%	-99%	-99%	-96%	-95%	-97%	-97%						$43.80	$44.32	$44.72	$45.39	$44.17	$44.71	$44.31					
IN-SO-1 M	721%	634%	716%	564%	587%	581%	519%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$44.12					
IN-SO-13 W	144%	295%	179%	194%	280%	299%	279%						$43.78	$44.32	$44.55	$45.39	$44.12	$44.71	$44.10					
IN-SO-26 W	1158%	1246%	1261%	1039%	1136%	402%	285%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$44.31					
IN-SO-52 W	1276%	1425%	1636%	1338%	1109%	1854%	1374%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$44.25					
IN-SO-Bill	-99%	-95%	-94%	-87%	-86%	-89%	-93%						$43.79	$44.32	$44.55	$45.39	$44.12	$44.71	$44.44					
KI-2F-13 W	-94%	-93%	-11%	-81%	-77%	-86%	-64%						$51.77	$51.77	$51.77	$51.77	$55.52	$57.02	$57.02					
KI-2T-13 W	-96%	-78%	-19%	-72%	-75%	-87%	-66%						$51.77	$51.77	$51.77	$51.77	$54.53	$57.02	$57.02					
KI-2T-26 W	63%	99%	134%	73%	113%	40%	140%						$62.27	$62.27	$62.27	$62.27	$64.67	$67.52	$67.52					
KI-3D-13 W	-89%	-76%	-7%	-64%	-86%	-83%	-61%						$52.82	$52.82	$52.82	$52.82	$56.10	$58.07	$58.07					
KI-4D-13 W	-92%	-75%	-5%	-73%	-69%	-57%	-30%						$58.07	$58.07	$58.07	$58.07	$58.07	$58.07	$58.07					
KI-DS-13 W	-102%	-97%	-76%	-94%	-94%	-92%	-73%						$68.57	$68.56	$68.56	$68.56	$68.56	$68.57	$68.57					
KI-DS-26 W	-9%	1%	17%	3%	18%	41%	8%						$79.07	$79.07	$79.07	$79.07	$79.07	$79.07	$79.07					
KI-SO-13 W	256%	-319%	-702%	-27%	180%	295%	41%						$39.17	$39.17	$39.17	$39.17	$41.35	$44.42	$44.42					
KI-SS-13 W	-92%	-51%	-30%	-91%	-90%	-86%	-71%						$51.76	$51.77	$51.77	$51.77	$53.57	$57.02	$57.02					
RT-2T-13 W	2119%	1278%	985%	1759%	1851%	736%	1412%						$26.99	$26.99	$26.99	$26.99	$26.99	$26.99	$26.99					
RT-2T-52 W	2503%	1757%	1866%	2168%	2594%	2835%	1518%						$26.99	$26.99	$26.99	$26.99	$26.99	$26.99	$26.99					
RT-2T-Bill	187%	422%	136%	-19%	369%	614%	206%						$26.99	$26.99	$26.99	$26.99	$26.99	$26.99	$25.07					
RT-3D-13 W	596%	1112%	1305%	496%	1577%	1038%	593%						$26.50	$26.99	$26.99	$26.99	$26.99	$26.99	$26.99					
RT-4D-13 W	1095%	1515%	1276%	708%	1489%	2877%	1749%						$27.12	$26.99	$26.99	$26.99	$26.99	$26.99	$26.99					
RT-4D-Bill	184%	424%	282%	134%	193%	163%	97%						$26.63	$26.99	$26.99	$26.99	$26.99	$26.99	$26.71					
RT-DS-1 M	776%	797%	1352%	313%	1025%	593%	521%						$26.99	$26.99	$26.99	$26.99	$26.99	$26.99	$27.83					
RT-DS-13 W	123%	266%	384%	437%	674%	446%	298%						$29.36	$26.98	$26.99	$26.99	$26.99	$26.99	$26.99					
RT-DS-26 W	267%	1023%	686%	831%	1039%	464%	1096%						$32.99	$26.99	$26.99	$26.99	$26.99	$26.99	$26.99					

Source: ICAPTR System, Property of Impact Consultancy LLC. No unauthorized duplication.

	Retention by Month											
Segment	1	2	3	4	5	6	7	8	9	10	11	12
CR-2T-13 W	16.2	16.5	17.0	17.5	18.6	19.5	19.8					
CR-2T-26 W	42.5	43.0	40.3	39.8	39.9	25.9	33.7					
CR-4D-1 M	27.4	30.4		36.1								
CR-4D-13 W	16.1	16.6	16.9	17.7	18.6	19.5	19.8					
CR-DS-13 W	16.1	16.6	16.9	17.7	18.6	19.2						
DM-2T-26 W	41.2	43.5	40.2	40.9	43.0	44.0	44.5					
DM-2T-52 W	68.3	69.4	69.4	67.1	64.4	64.5	66.1					
DM-2T-Bill	18.2	18.1	17.9	17.9	17.7	17.8	17.9					
DM-4D-13 W	28.1	27.3	27.5	27.1	27.7	29.4	30.2					
DM-4D-Bill	18.1	18.1	17.8	17.9	17.7	17.8	18.0					
DM-DS-13 W	28.1	27.2	27.4	27.2	28.0	29.2	30.1					
DM-DS-52 W	68.7	69.6	69.7	67.2	64.6	65.1	66.2					
DM-DS-Bill	18.2	18.1	17.8	17.9	17.7	17.8	18.0					
DM-SO-13 W	28.2	27.3	27.4	27.2	27.8	29.1	30.1					
DM-SO-26 W	41.5	42.6	41.1	40.8	43.0	43.4	43.7					
DM-SO-52 W	68.7	69.3	69.7	67.1	64.6	64.2	66.1					
DM-SO-Bill	18.2	18.1	17.9	17.9	17.7	17.8	17.9					
IN-2T-13 W	22.7	22.1	21.4	21.8	22.8	23.8	24.6					
IN-2T-26 W	41.2	39.8	38.2	39.0	39.5	40.0	38.2					
IN-2T-Bill	8.4		10.2	10.3	11.2	11.1	11.1					
IN-4D-13 W	22.7	22.2	21.4	21.9	23.0	23.9	24.7					
IN-4D-26 W	41.4	39.2	38.2	38.9	39.5	39.8	38.1					
IN-DS-13 W	22.7	22.1	21.3	21.9	22.9	23.9	24.7					
IN-DS-26 W	41.2	39.7	38.4	38.9	39.6	39.8	38.2					
IN-DS-52 W	62.5	67.7	70.1	72.5	64.5	62.9	61.2					
IN-DS-Bill	8.5	8.6	9.7	11.0	11.1	11.0	11.3					
IN-SO-1 M	26.3	31.0	34.0	31.8	25.2	26.2	27.3					
IN-SO-13 W	22.7	22.2	21.4	21.9	22.8	23.8	24.6					
IN-SO-26 W	41.3	39.4	38.8	38.8	39.5	39.2	38.5					
IN-SO-52 W	60.6	67.3	69.9	72.1	64.6	63.1	60.8					
IN-SO-Bill	8.6	8.6	9.5	10.9	11.1	11.0	11.2					
KI-2F-13 W	15.9	18.2	21.5	17.8	16.4	15.8	18.9					
KI-2T-13 W	15.7	17.4	21.2	17.9	16.2	15.5	19.0					
KI-2T-26 W	42.3	43.1	41.1	39.7	40.1	40.1	40.4					
KI-3D-13 W	15.9	17.3	20.5	17.5	16.6	15.6	19.2					
KI-4D-13 W	18.0	17.3	20.7	17.5	16.2	15.9	18.8					
KI-DS-13 W	16.0	17.8	20.9	17.7	16.2	15.5	20.1					
KI-DS-26 W	42.2	43.4	40.1	39.7	40.1	40.4	40.4					
KI-SO-13 W	16.1	17.6	21.7	18.1	16.4	15.0	18.6					
KI-SS-13 W	14.8	17.9	20.0	17.7	16.4	15.6	19.1					
RT-2T-13 W	27.0	26.1	26.1	26.3	26.2	26.9	27.7					
RT-2T-52 W	67.2	66.5	66.7	66.2	64.6	64.4	65.0					
RT-2T-Bill	17.0	17.3	17.7	18.0	19.1	19.7	20.5					
RT-3D-13 W	27.0	26.1	26.2	26.3	26.2	26.9	27.6					
RT-4D-13 W	26.9	26.3	26.1	26.3	26.3	27.0	27.7					
RT-4D-Bill	17.1	17.3	17.7	18.0	18.8	19.8	20.5					
RT-DS-1 M	26.8	31.5	34.2	31.3	25.3	26.3	27.1					
RT-DS-13 W	27.0	26.1	26.2	26.3	26.2	27.1	27.4					
RT-DS-26 W	44.2	45.4	45.7	44.7	42.9	42.7	43.4					

	Net Margin Per Week by Month											
	1	2	3	4	5	6	7	8	9	10	11	12
CR-2T-13 W	$2.67	$3.22	$2.88	$1.55	$2.97	$3.07	$2.64					
CR-2T-26 W	$1.89	$2.99	$3.01	$2.97	$3.09	$3.23	$2.47					
CR-4D-1 M	$3.36	$4.41		$3.50								
CR-4D-13 W	$2.65	$2.75	$2.90	$2.27	$2.84	$2.74	$2.85					
CR-DS-13 W	$1.36	$2.09	$2.16	$2.12	$2.53	$2.32						
DM-2T-26 W	$1.60	$2.94	$2.86	$2.88	$3.61	$3.02	$2.56					
DM-2T-52 W	$2.58	$2.99	$2.44	$2.90	$3.17	$2.99	$2.46					
DM-2T-Bill	$2.30	$2.88	$2.87	$2.82	$2.16	$2.66	$2.23					
DM-4D-13 W	$2.36	$2.52	$2.76	$2.47	$2.24	$3.11	$2.57					
DM-4D-Bill	$2.11	$2.36	$2.58	$2.18	$2.57	$2.61	$2.17					
DM-DS-13 W	$1.74	$1.84	$2.23	$2.10	$2.18	$2.32	$2.10					
DM-DS-52 W	$1.59	$1.70	$1.95	$2.27	$2.23	$2.20	$1.79					
DM-DS-Bill	$1.20	$1.72	$1.63	$1.62	$1.70	$1.78	$1.50					
DM-SO-13 W	$2.25	$2.41	$2.41	$2.31	$2.57	$2.60	$1.96					
DM-SO-26 W	$2.62	$2.76	$2.52	$2.39	$2.74	$2.66	$1.79					
DM-SO-52 W	$2.67	$2.65	$2.73	$2.41	$2.62	$3.03	$2.36					
DM-SO-Bill	$2.22	$2.44	$2.35	$2.30	$2.37	$2.44	$1.82					
IN-2T-13 W	$2.60	$3.30	$2.82	$2.87	$3.58	$3.31	$2.99					
IN-2T-26 W	$2.58	$3.07	$2.06	$2.17	$2.29	$2.40	$3.29					
IN-2T-Bill	$2.38		$2.49	$2.42	$2.30	$4.82	$2.63					
IN-4D-13 W	$3.22	$3.45	$3.82	$3.38	$4.39	$3.68	$3.46					
IN-4D-26 W	$1.78	$4.39	$2.25	$2.18	$2.69	$3.68	$3.68					
IN-DS-13 W	$2.38	$3.07	$3.41	$3.10	$3.52	$3.47	$3.80					
IN-DS-26 W	$3.55	$3.38	$3.56	$3.87	$4.25	$4.37	$4.07					
IN-DS-52 W	$3.40	$2.93	$3.86	$3.54	$3.70	$3.79	$3.28					
IN-DS-Bill	$0.98	$1.66	$1.54	$1.68	$1.71	$1.55	$1.57					
IN-SO-1 M	$3.55	$3.22	$3.22	$3.15	$3.44	$3.41	$3.19					
IN-SO-13 W	$2.60	$3.21	$2.93	$2.99	$3.09	$3.08	$2.90					
IN-SO-26 W	$3.45	$3.63	$3.68	$3.48	$3.49	$2.42	$2.14					
IN-SO-52 W	$3.26	$3.42	$3.63	$3.39	$3.08	$3.88	$3.39					
IN-SO-Bill	$2.08	$2.52	$2.36	$2.40	$2.34	$2.28	$2.03					
KI-2F-13 W	$1.58	$1.35	$2.15	$1.69	$2.12	$2.05	$2.06					
KI-2T-13 W	$1.73	$1.90	$2.13	$1.93	$2.23	$2.21	$2.06					
KI-2T-26 W	$1.88	$2.08	$2.34	$2.04	$2.36	$1.94	$2.61					
KI-3D-13 W	$1.98	$2.02	$2.32	$2.17	$2.06	$2.38	$2.18					
KI-4D-13 W	$1.95	$2.32	$2.52	$2.31	$2.59	$2.79	$2.58					
KI-DS-13 W	$1.21	$1.43	$1.80	$1.61	$1.80	$2.05	$1.95					
KI-DS-26 W	$1.30	$1.66	$2.27	$1.87	$2.29	$2.81	$2.00					
KI-SO-13 W	$1.83	$2.40	$2.24	$2.04	$2.06	$2.15	$2.16					
KI-SS-13 W	$1.80	$2.16	$2.13	$1.44	$1.68	$2.05	$1.90					
RT-2T-13 W	$3.05	$2.62	$2.41	$2.89	$2.94	$2.18	$2.66					
RT-2T-52 W	$2.64	$2.28	$2.34	$2.49	$2.69	$2.78	$2.15					
RT-2T-Bill	$2.17	$2.60	$1.97	$1.25	$2.34	$2.62	$1.78					
RT-3D-13 W	$2.01	$2.51	$2.65	$1.95	$2.81	$2.43	$2.02					
RT-4D-13 W	$2.48	$2.76	$2.62	$2.17	$2.74	$3.36	$2.84					
RT-4D-Bill	$2.13	$2.61	$2.32	$1.93	$2.02	$1.87	$1.61					
RT-DS-1 M	$2.20	$2.09	$2.44	$1.54	$2.47	$2.04	$2.01					
RT-DS-13 W	$1.43	$1.65	$1.84	$1.90	$2.18	$1.89	$1.66					
RT-DS-26 W	$1.44	$1.97	$1.68	$1.83	$2.01	$1.48	$2.05					

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