

Beyond Subscriptions:

How publishers are tackling audience
churn and reacquisition

Contents

- 01 Subscriptions as a revenue driver
- 02 Product diversification efforts
- 03 Limited subscriptions and access options
- 04 Valuable free trial insights
- 05 Subscriber journey
- 06 Acting on data
- 07 Investing in data management
- 08 Acquisition over reacquisition
- 09 Refocus
- 10 The conversation
- 11 Publishers' go-forward mandate

Introduction

Churn begins at acquisition.

Publishers work hard to obtain audiences through quality content and experiences online, but frequently lack an effective strategy for retaining those hard-earned readers, and their achievements too often end up undone.

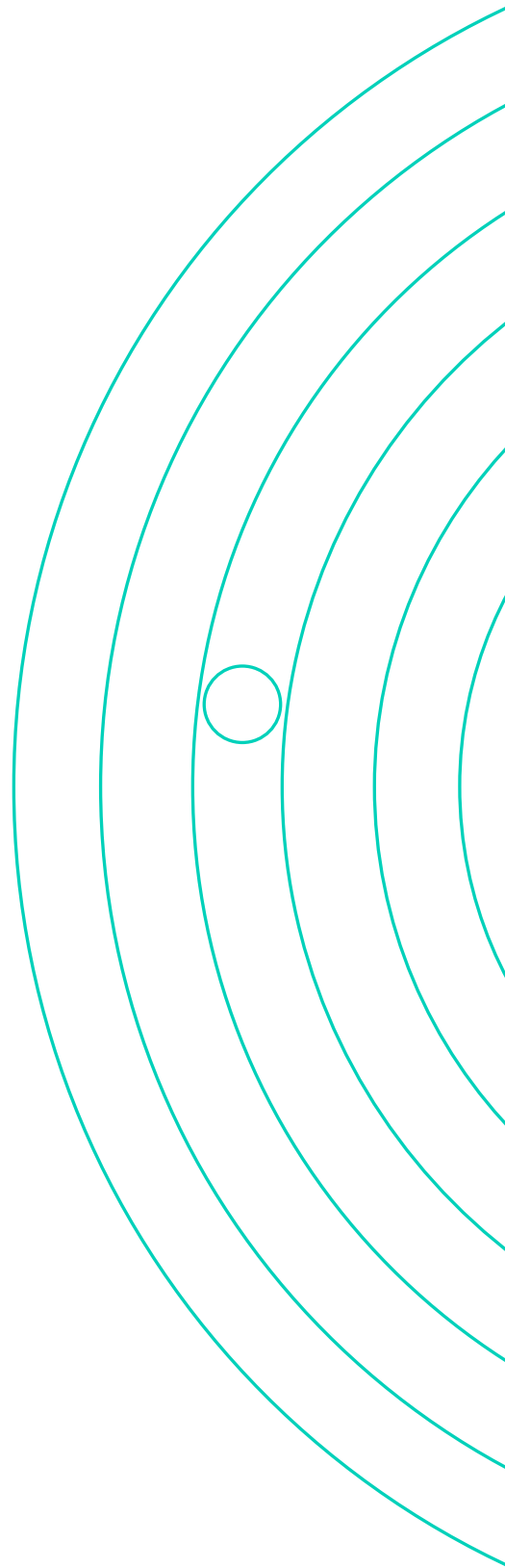
As on-site traffic increased during the pandemic, Zephr and Digiday polled publishers to find out whether they changed their subscription tack by utilizing dynamic paywalls to offer different products based on usage.

Audiences are returning to normal or settling into new routines, so the information and entertainment craved during the more severe lockdown period will shift. Diversifying subscription products is an important part of publishers' ability to retain readers acquired at the height of lockdown.

We surveyed more than 70 publishers about their experiences with subscriptions and other revenue streams during an unprecedented year. We asked publishers how significant churn is for their business, and looked at how much time and effort is spent on acquisition vs reacquisition. We also asked publishers whether they differ the price and access to subscriptions by audiences and what tools and technology they use to achieve these goals.

The survey highlighted that few publishers have a robust plan to improve acquisition, improve the customer journey and to minimize and analyze churn to improve reacquisition. There are also knowledge gaps — often in skills and technology — and correlations between publishers that are dynamic in their offerings and improvements to acquisition, customer journeys, churn and reacquisition.

In this report, you'll find the full results and analysis.



Subscriptions as a revenue driver

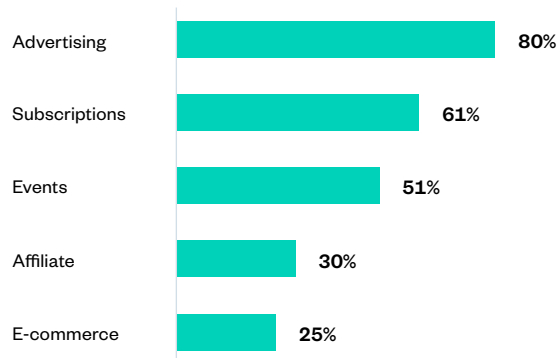
Subscriptions are fast catching up to advertising as a revenue driver.

Publishers are continuing to diversify their revenue streams — and our research shows that subscriptions are fast catching up to traditional advertising as a way to monetize content. This shift to paid products as a revenue driver is a testament to the fact that publishers' pre-pandemic diversification challenges still exist — and not relying solely on advertising is even more pertinent.

The dangers of relying solely on advertising as a revenue stream became even clearer during lockdowns. Many publishers experienced an increase in online traffic, as the thirst for information and news ran high, but advertisers largely wanted to avoid content focused on the perils of the time. Media buyers employed keyword blocking for terms such as “coronavirus” or “covid-19,” for example.

The increase in traffic during lockdown presented, and still presents, a different opportunity, allowing publishers to use spikes in traffic to fast-track efforts in subscriptions, utilizing dynamic paywalls to cater to these audiences — capturing loyal, paying subscribers for the long-term.

Sixty-one percent of publishers list subscriptions as a top revenue stream



Q: Which of the following revenue streams do you employ? (Select all that apply).

The rise of alternative revenue streams such as subscriptions is beginning to ease publishers' heavy reliance on unpredictable advertising dollars. This process has been accelerated by the pandemic as companies increasingly look to change the way they do business, often focusing on growing out their digital offering through virtual events, affiliate marketing and e-commerce.



Product diversification efforts

Many publishers have a ways to go with their product diversification efforts.

Limited product choice at set price points often leads to potential customers falling through the gaps and current subscribers looking elsewhere. Readers may decide the content is too expensive, not relevant or no longer valuable. When publishers don't provide alternative products or prices, it lessens their ability to align customer value with their content offering and results in missed conversion opportunities and costly churn.

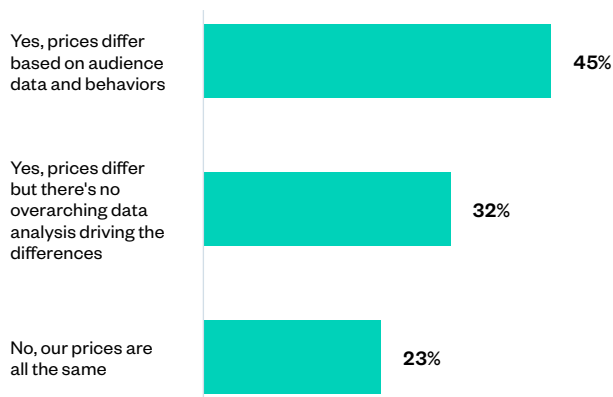
The publishers we surveyed still have some work to do in diversifying their product range — over half (51 percent) have only three or fewer paid product packages and 1-in-5 don't offer products at different price points.

Some publishers are offering a wide selection of products at different price points — 42 percent of publishers have five or more paid product packages. Časnik Finance, a business media company in Slovenia, has four subscription products: business news, personal finance, B2C healthcare and B2B healthcare. The media company is currently experimenting with niche subscriptions for individual sections and sub-portals and has had some success already — although still on a development level.

Digital development manager Jure Gosita at Časnik says those individual section subscriptions “are a fraction of overall content and are priced at a lower level. The idea is to build on some verticals where we could ask for higher, not lower prices.”

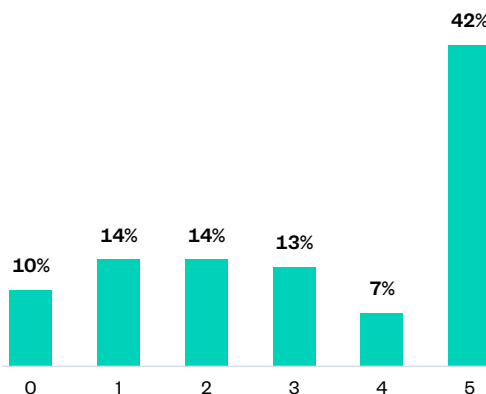
Publishers need a wide range of products offered at different price points to ensure readers have a multitude of available options for subscribing to publishers' content. And beyond diversifying the range of products and prices, publishers also need to use tools and technology to get the best product to the right person in order to optimize conversion rates and maximize lifetime value.

1-in-5 publishers do not offer paid products at different prices



Q: Do you offer these product packages at different price points?

Fifty-one percent of publishers have three or fewer paid products



Q: How many different paid product packages do you have, i.e., sports, financial, fashion, culture, etc.?

Limited subscriptions and access options

Publishers often offer only limited subscription and access options

Readers are diverse, and the tactics publishers use to keep them reading should match that diversity. Consumers are well-versed in paying for subscriptions for print products, digital and a combination of the two. Audiences demand dynamic access, and yet only 42 percent of our respondents have a range of access offers, while 1-in-5 have no subscription offering at all — showing that some publishers have yet to start their revenue diversification journey. More than one-third of publishers are offering the more well-known — but rigid — access options of print, digital or print-plus-digital subscription packages.

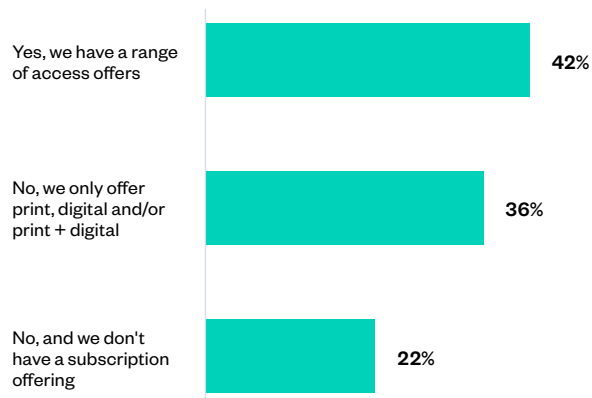
Harmony Murphy, head of advertising, UK, at eBay, says:

“Publishers need to find ways to engage with their users on a deeper level. This will not only improve the customer experience but also create a greater sense of connection between them and their users, ultimately increasing retention. By understanding the insights, trends, peaks and so on that they gather from their data, publishers can aptly adapt strategies to attract and cater to all different audiences.”

James Henderson, VP GTM Subscriber Experience & former CEO of Zephrr, agrees:

“People are accustomed to choosing what’s right for them, whether it’s buying products by frequency or features, opting into a premium package or a family-focused deal. Successful recurring relationships are built on personalization, where consumers can access a product or package that’s right for them and leave the rest. If they can’t do so, they walk away.”

Only 42 percent of publishers have a range of access options available

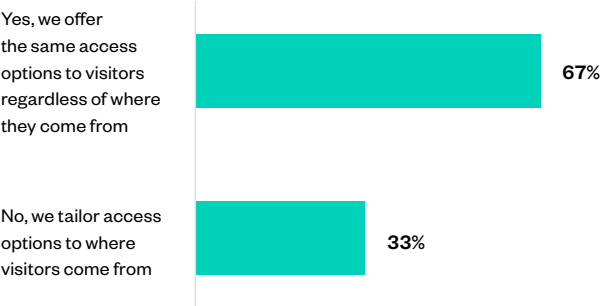


Q: Do you offer anything other than subscriptions for print, digital and print + digital?

Furthermore, readers arrive at content through different avenues. Whether it's through a newsletter, social, peer-to-peer sharing or via an aggregator, publishers say this affects how open visitors are to acquisition.

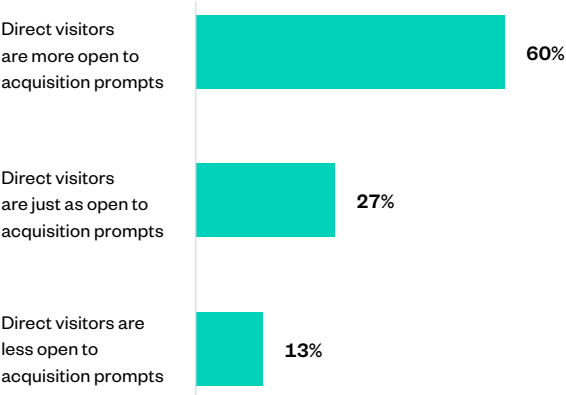
Despite this notable difference, however, 67 percent still do not adjust their access offerings based on the point of entry — partly explained by publishers' lack of actionable technology tools. The use of customer journey orchestration (CJO) or customer experience (CX) technologies would allow publishers to adapt product access based on where readers have come from. This could prove particularly valuable if they know direct visitors are more open to acquisition attempts, which 60 percent of publishers claim they are.

Two-thirds of publishers don't tailor products to where visitors come from — missing an opportunity to personalize the user experience

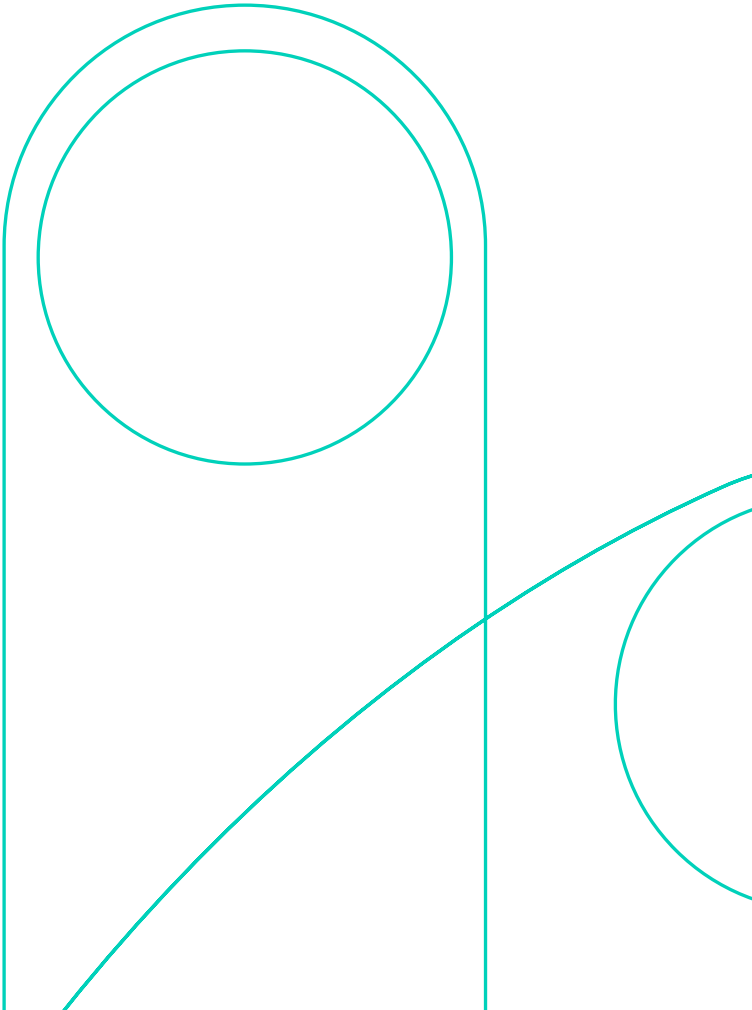


Q: Do you serve the same access options to both linked and direct visitors?

Direct visitors are more open to acquisition attempts



Q: What are the differences in audience behavior between visitors who arrive via an external link versus ones who arrive directly at your site?



Valuable free trial insights

Publishers are missing out on the opportunity to use valuable free trial insights

Publishers need to take product innovation a step further. Many publishers offer free trials or limited subscriptions at a low cost, but they fail to use the data from those trials to tailor their paid products, discover content that is valued or learn how those subscriptions are being used.

Our research shows that while 45 percent of publishers offer a trial period, only 30 percent use trial-period data to tailor their products. There is potential for deeper personalization if publishers use this data, particularly since offering free trials is an effective acquisition tool. Publishers can also strengthen those acquisition efforts by using tools to put that trial data into action, such as what type of content a trial user has engaged with most, or which features they use most frequently.

Victor Potrel, vice president of platform partnerships at TheSoul Publishing, says:

“As creators, we need to ask ourselves, what can we do to provide the right type of content that adds value, which keeps bringing the community back?”



Partnering with tools to better understand your audience is extremely valuable.

Victor Potrel

Vice President Of Platform Partnerships,
TheSoul Publishing

Subscriber journey

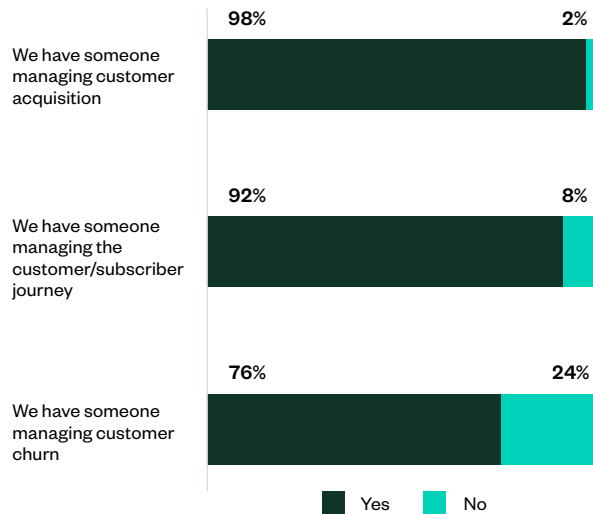
Who should take responsibility for the subscriber journey?

Almost all publishers — 98 percent — have someone managing the acquisition process. It's a similar story for managing the subscriber journey, but only 76 percent have someone managing consumer churn — despite the impact this has on subscription revenue. For almost two-thirds of our respondents, it's the same person managing acquisition, subscriber journey and churn.

Sarah Hartland, head of marketing at Lineup Systems, says:

"Publishers must evolve past the funnel model — where acquisition reigns at the top and a small percent of the audience converts to paid subscribers — and instead consider a loop model. A subscriber, once lost, is not lost forever, particularly if your team and technology are set up to reconvert them with a personalized offer. That's the acquisition/reacquisition model we're looking to enable, and it requires acquisition and churn to be considered as equally important revenue opportunities."

Almost a quarter of publishers don't have someone managing consumer churn — despite its negative impact on revenue

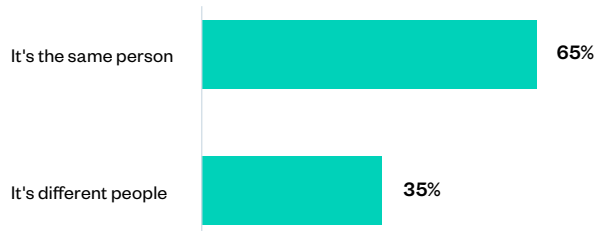


Q: Do you have someone internally managing the acquisition, customer/subscriber and churn journey?



To gain a complete view of an audience's journey from interest to subscription, publishers require a person or team in place to monitor each stage, empowered by a technology solution that enables them to implement and optimize their strategies. This allows publishers to avoid situations that turn off audiences, while dialing up any positive elements that move people from visitor to subscriber. When critical information is siloed, that subscriber could be lost, potentially without the opportunity for reacquisition.

Two-thirds of publishers centralize acquisition, subscriber and churn management to avoid siloed insights



Q: If you have someone internally managing the acquisition, customer/subscriber and churn journey — is it the same person or different people?



Companies that use good technology in order to understand and enhance the customer experience and journey, and increase their positive touchpoints with their customers can benefit from a more efficient and stable business over the long term.

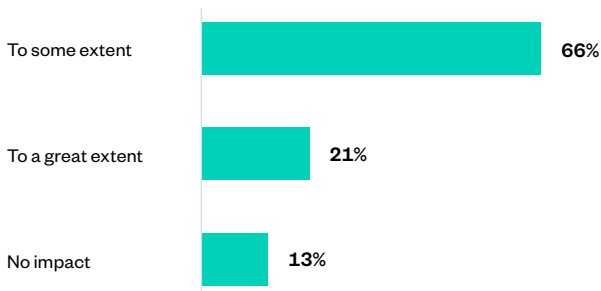
Ari Assuied
CEO and Founder, Cafeyn

Acting on data

Churn impacts subscription revenue, but publishers aren't acting on data to solve the issue.

Converting readers into loyal subscribers takes work, and churn undoes a lot of this effort. As our research shows, for 87 percent of publishers, subscription revenue is impacted by churn and over a third expect that to increase in the next six months.

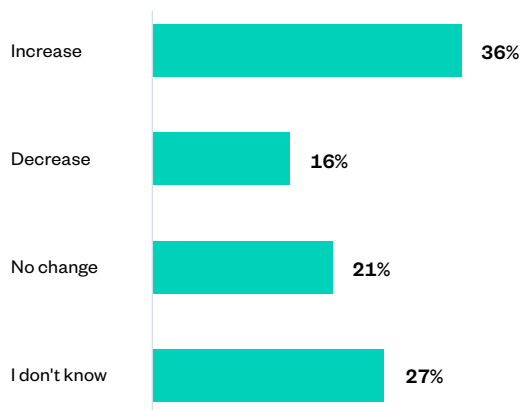
Eighty-seven percent of publishers say churn impacts subscription revenue



Q: To what extent does churn currently impact your subscription revenue?

Publishers we surveyed provided the most common reasons for subscribers to churn, including cost, value and relevance. This is an insight that should be captured and used during a consumer's journey from acquisition to point of churn — not after a reader has already unsubscribed.

Over a third of publishers expect churn to increase in the next six months



Q: How do you expect churn to shift over the next six months?

Cited reasons for readers leaving a subscription product

- Too expensive
- Too many emails
- Not enough local content
- Lack of continued value
- Don't have enough time to read
- Content wasn't as was expected
- No longer working in the space the content is about

Investing in data management

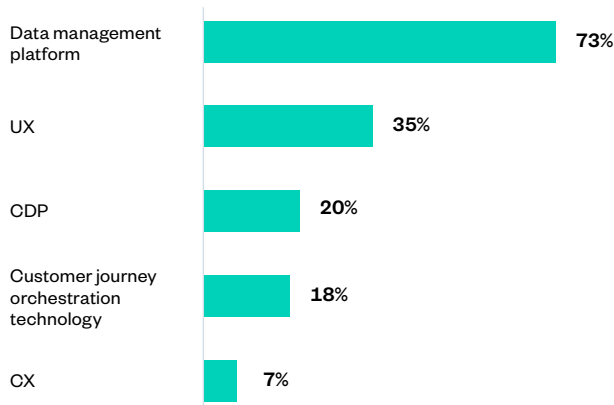
Publishers are investing in data management, but aren't using it to develop new strategies and products

Our research shows that the majority of publishers are using data management platforms (DMPs). But given publishers' ambitions around tailoring product offerings to align with customer values and ultimately minimizing churn, they are not investing nearly as much time, effort or resources into acting on insights as they do for managing data.

There's an opportunity here for publishers to learn from subscribers — one that shouldn't be overlooked. Our survey showed that 73 percent of publishers are collecting and connecting data sets using DMPs, yet only 18 percent are acting on these insights using customer journey orchestrators and a mere 7 percent are using customer experience tools. Developing new insight into products and optimizing them to better match subscribers at the right price point helps publishers tackle the churn challenge effectively.

While churn is obviously a huge challenge for publishers, many aren't using the right tools and technologies to avoid it.

Publishers expect churn to increase but the majority are turning to data management platforms rather than user experience or customer data platforms



Q: Do you use any of the following technology?



Acquisition over reacquisition

Publishers' efforts are heavily skewed towards acquisition over reacquisition.

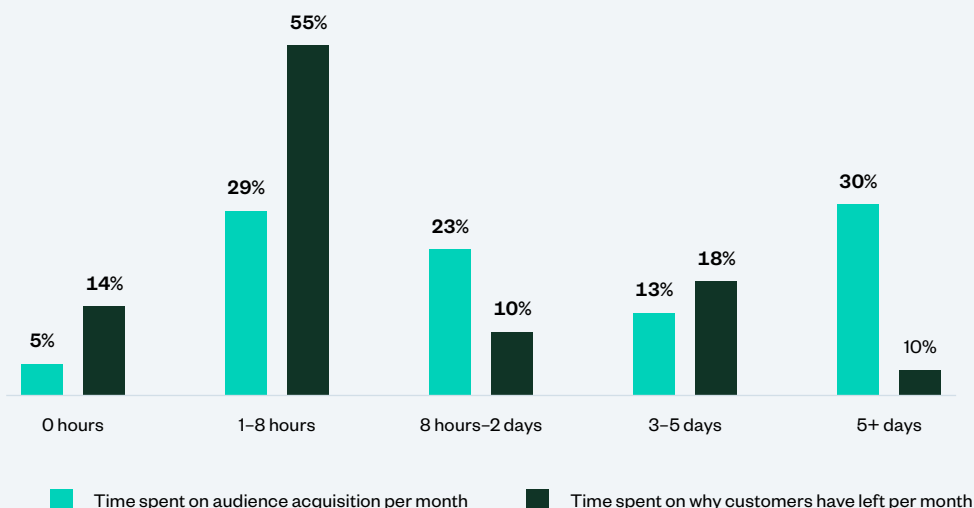
Churn is a constant factor for publishers, and while spikes in traffic create opportunities to win new subscribers, it's just as vital to keep them — or at least understand why they left and attempt to reacquire based on those insights.

Improvements in the balance between time spent on acquisition versus analyzing why readers leave — and having a strategy in place for getting them back — is an efficiency play that can help mitigate the impact of churn on subscription revenue by bringing customers back on site. Almost one-third of publishers spend more than five days on audience acquisition each month, but only 4 percent spend the same amount of time analyzing why customers have left.

“Churn affects our revenue the same as anyone else's – negatively,” says Gosita at Časnik Finance. “We are paying a lot of attention to churn, even more than to new sales. We try to battle churn by improving on points that lead to churn and prevent causes for churn from occurring — from usual suspects like onboarding and engagement to the more complex, like emotions and perception of customers.”

There are a multitude of points that lead to churn, and a detailed understanding of the customer is required for reacquisition attempts. This level of insight is difficult to acquire without the use of an adequate insight-led strategy, powered by DMPs, CDPs and first-party data collection.

Time spent on audience acquisition doesn't match time spent analyzing churn



Publishers should refocus their reacquisition strategies.

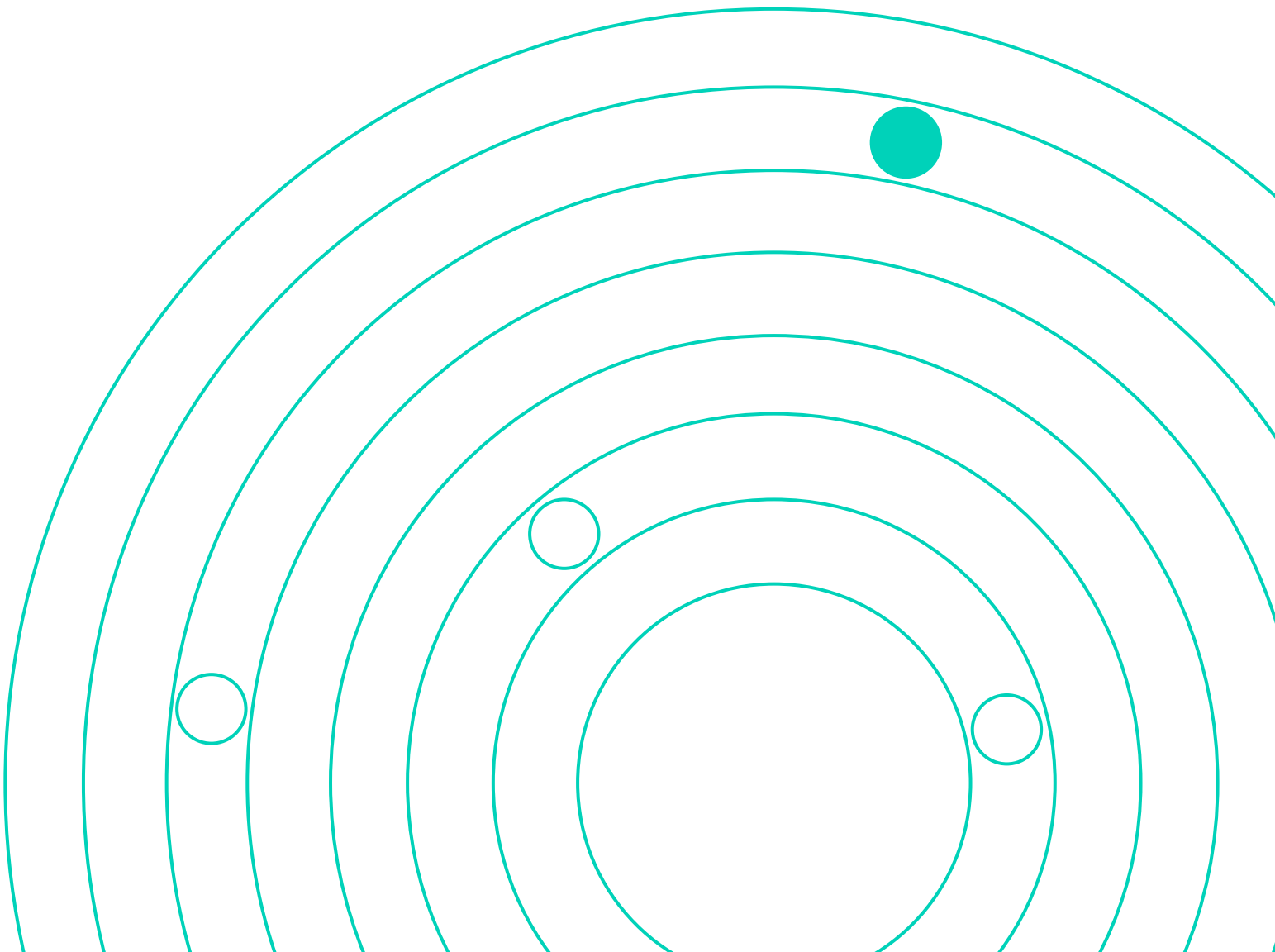
Our research has shown the need for diversified paid products — in regards to content and access — and insight into the many reasons why a customer might leave. But those diversification efforts also have a huge impact on reacquisition, since offering an alternative pricing model or product helps to bring customers back.

Some publishers are beginning to put emphasis on reacquisition. More than one-third have a

reacquisition strategy in place and 29 percent are planning to implement one in the next year.

However, there's still room for improvement.

Publishers mainly use follow-up emails and popups to reacquire audiences but there are opportunities for more sophisticated and targeted approaches, such as leveraging existing insights to offer deeply personalized product packages at a more targeted price point.



The conversation

The Conversation changes tactics in a year of challenge

The Conversation, a news publication authored by academics and curated by journalists, is funded by universities and reader donations.

As such, the emotional buy-in from readers is essential to their funding model. In March, the publisher was due to launch its annual donation campaign. “We decided to park that as an idea as we saw traffic increasing because we didn’t want the first thing that all of these new users encountered when they came to the site for the first time was us asking them for money,” says Chris Waiting, CEO.

Instead, The Conversation used nudges — pop-ups and mid-article asks — encouraging readers to sign up for the newsletter. “We know that that’s where our most engaged readers are,” Waiting says. “When we do ask for donations, they are most likely to come from newsletter subscribers. That’s why we took that decision in early March.”

And while the publisher’s audience development focuses on acquisition, since spring 2020, The Conversation has also started to look at where readers access the content.

As Waiting puts it:

“We’ve got a really successful newsletter, but what other tools can we use to start moving people through that funnel? People who perhaps read a story with a re-publisher, people who come to us via social or through search. It’s about getting them to come back, getting them to sign up for the newsletter and then ultimately guiding them towards donating in the longer term.”

Publishers' go-forward mandate

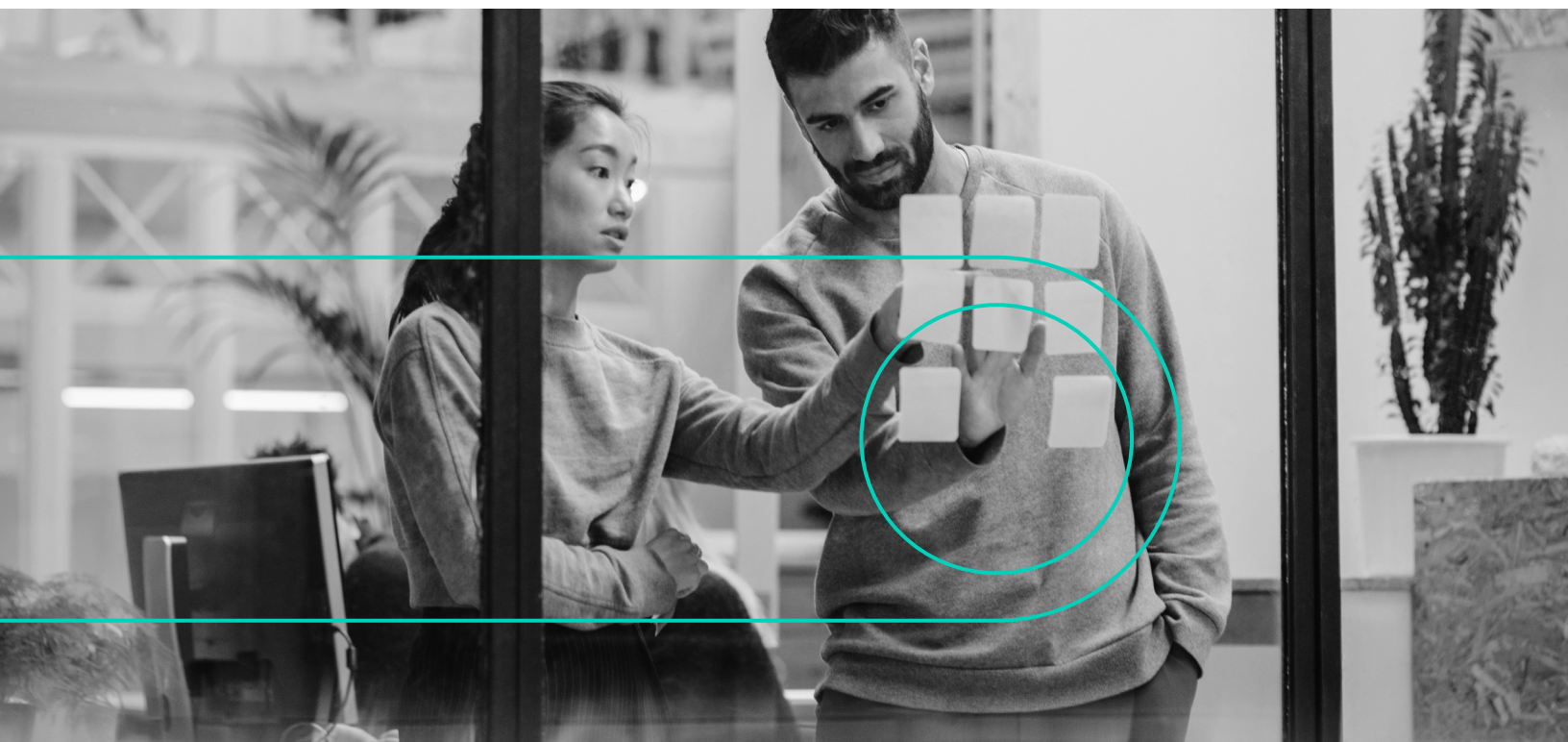
Building churn and reacquisition strategies is publishers' go-forward mandate

Diversifying revenue is now a must for publishers. But diversification efforts are going to waste, as publishers aren't focusing on the customer journey by offering different products, prices and access and putting as much effort into churn and reacquisition as acquisition.

Publishers need to diversify their product offering, using data and insight from trials to cater to the needs and wants of their audiences — new and existing. Cheaper options, specific interests and timed access — publishers need to be prepared to evolve alongside their subscribers to avoid costly churn.

Publishers acknowledge that churn has an impact on subscription revenue, but many don't use data-driven insights to tailor products, and many miss the opportunity to have someone managing consumer churn or offer differentiated access options — losing out on direct visitors, who are more susceptible to acquisition.

And finally, publishers must reassess their heavy reliance on data management and look at actively putting data into revenue-driving action via customer journey and customer-experience tools and technologies. By building churn and reacquisition strategies publishers can maximize subscription revenue and improve the customer journey.



Want to see how Zuora can help tackle audience churn and reacquisition?

Meet Zuora



Zuora provides the leading cloud-based subscription management platform that functions as a system of record for subscription businesses across all industries. Powering the Subscription Economy®, the Zuora® platform was architected specifically for dynamic, recurring subscription business models and acts as an intelligent subscription management hub that automates and orchestrates the entire subscription order-to-cash process, including billing and revenue recognition. Zuora serves more than 1,000 companies around the world, including Box, Komatsu, Rogers, Schneider Electric, Xplornet and Zendesk.

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