



Bundling vs. Unbundling Digital Subscriptions

What Publishers Should
Choose to Drive Growth



Introduction ---

Accelerated by evolving smart technology and by last year's pandemic, the news media industry is undergoing an even faster mass migration from print to digital platforms.

Nearly 90% of Americans now obtain some or most of their news from a range of digital devices, and only 10% obtain news from print publications frequently, according to a 2021 **Pew Research Center report**. Digital audience expectations have also shifted with the explosion of the creator economy where dynamic personalisation is increasingly tied to brand trust.

A Salesforce study released at the end of 2020 explained



66% of customers expect companies to understand their unique needs and expectations, yet 66% [also] say they're generally treated like numbers.

CMO.com, an Adobe company, **found** that Americans spend an average of nearly 8 hours per day with digital media content, and that number jumps even higher to about 10-11 hours per day for teens and young adults. For news publishers, these trends highlight the critical importance of responsively personalising digital product experiences for their subscribers.

In a joint study with Digiday, however, Zephr **found** that nearly a quarter of publishers don't yet have digital subscription products at all.



40%

of the publishers fail to include adaptive, customised digital offerings



70%

of publishers fail to personalise digital offerings based on readers' digital access points

For local publishers, these tendencies have correlated with high levels of subscriber disengagement: Northwestern University's Medill Spiegel Research Center **called this** reader zombification — where nearly half of digital subscribers to local sites don't even read content once a month.

Today's digital readers hold more sophisticated expectations for online interactions with brands, and publishers need readers to voluntarily submit their first party data in order to power richer advertising and subscription experiences. In the digital economy, publishers of all sizes must focus on customising subscription options in real time, both at the initial point of reader acquisition and dynamically throughout the subscriber experience for retention. Two of the most effective ways of doing this are through responsive, personalised bundling or unbundling of digital subscriptions offerings.

Publishers who implement a variety of digital access choices to meet readers' needs will be positioned for success. Here's how to do it.

Made for Me: Creative Ways to Customise Reader Access

Personalisation is all about creating access to choices, and in the history of print and digital journalism, reader choices have trended across two primary axes: access to content that is bundled or unbundled. Manager of Strategy and Content at IPG Media Lab, Richard Yao, says the shift has rebounded continually between the models:

Today's digital readers, however, expect a third option: ongoing, layered access to both bundling or unbundling at any given time. Publishers that utilise the data at their disposal – such as user attributes, on-site behaviour, and content engagement - to offer personalised choices will build greater relationships, and therefore revenue, for their brands. They will also boost public confidence in journalism.

It's the difference between digital readers who feel publisher brands understand them as valued customers - and brands who treat their subscribers like mere data points. Rod Hicks, journalist working with the Society of Professional Journalists, expressed the importance of **rebuilding this deep audience connection**:



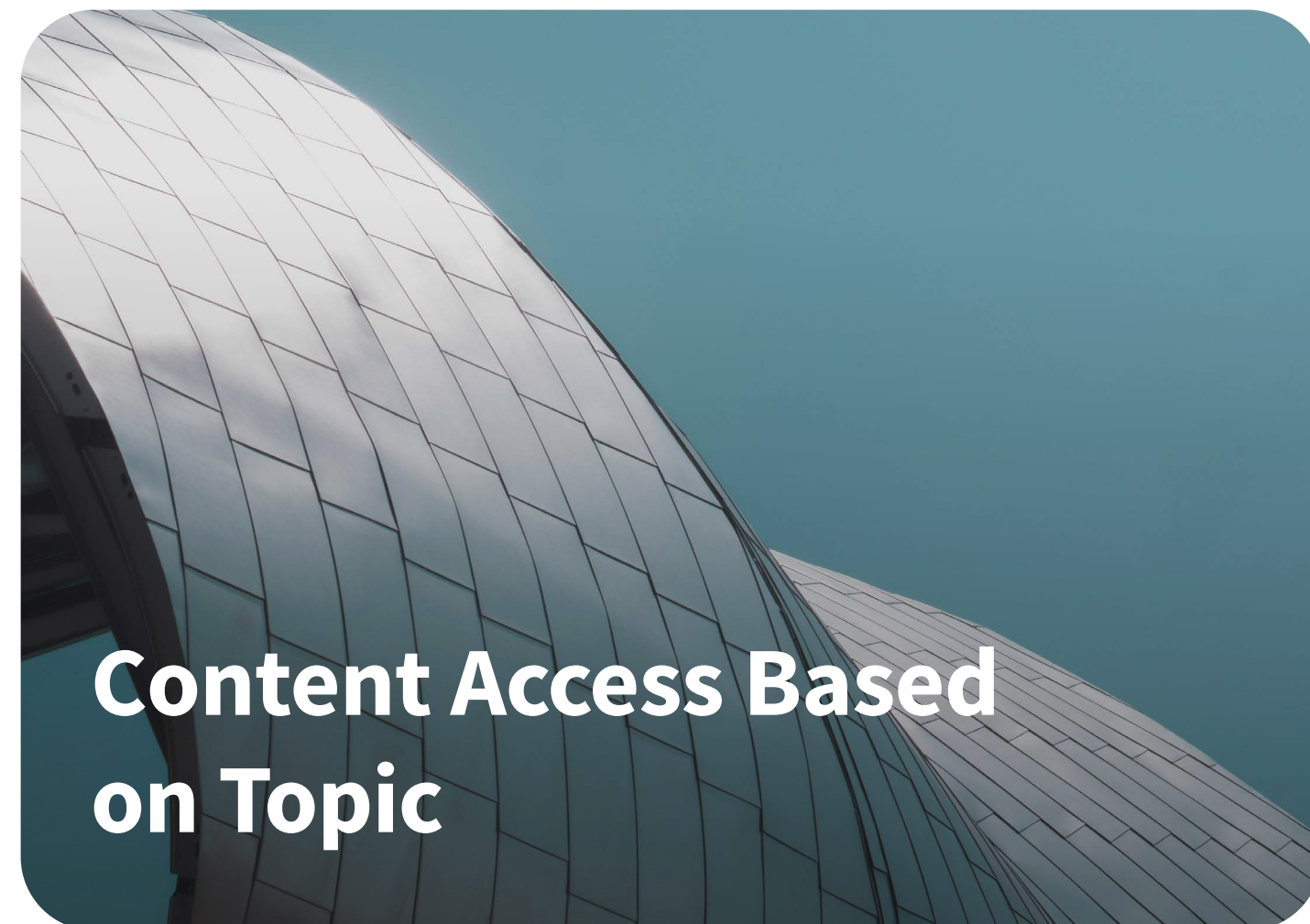
[Most bundles] respond to the consumer demand of a good combo deal, usually in times where aggregating channels take hold of distribution. All bundles start out great, until they inevitably tip over their own weight and consumers start clamoring for only parts of the bundle...That's when the pendulum starts to swing the other way again to meet the shifting distribution model and consumer demand.



I hesitate to blame the public for any of this [media distrust]. People are who they are...we just have to figure out how to serve them.



These are just a few ways publishers can serve personalised choices to their digital subscribers — placing the best product option in front of the right reader at the appropriate time:



Publishers can offer personalised options based on readers' preferred subjects or the impact of a topic. For example, publishers have opted to freely **offer public service journalism** (like updates on COVID-19 or elections) but require a subscription for other pieces.



Leveraging access to key journalists can draw loyal readers and potentially **monetise fan followings of many sizes**. This model is increasingly effective with the **growth of micro-influencer journalists** in the creator economy.



Publishers can provide different levels of access based on exclusivity, earlybird or series specials, or at various intervals like daily, monthly, etc.



Content Access Paired with Other Publisher Brands

Content offers created by different brands in a single subscription provide geographic and ideological diversity. **Consultant for the Local Media Association, Matt DeRienzo writes**, “[Collaborative journalism] is becoming a crucial and permanent part of the local media ecosystem...mainstream news organisations, including chain-owned newspapers and broadcasters, are joining regional collaboratives.”

This sampling demonstrates how publishers are creating layered value and more custom choices for readers and subscribers. Whether to bundle or unbundle types of content access is no longer determined by traditional, industry-wide pendulum swings; it now depends on each brand’s diverse readership preferences, technological capabilities, and digital strategies.

Publishers’ power is no longer that they bundle or unbundle content — but how and why in response to digital readers’ rapidly shifting needs and expectations. Those taking advantage of **subscription experience tools** to create **on-site personalisation** will lead the field in terms of customer acquisition, engagement, and, ultimately, retention.



Content Access Based on Digital Medium

Publishers can offer free access to written content, but require data submission for access to video, podcast, or other digital content. This model may prove especially effective for **younger audiences who more frequently choose to engage news content via video**.



Content Access Paired with Consumer Brands

Using an advanced strategy, some publishers pair subscriptions to their own content alongside consumer brands. **Digiday provides one example**: “[Business Insider] started offering American Express credit card holders free six- or 12-month trials to the digital publication... [It’s] the first brand-focused partnership specifically designed to drive subscriptions...”

Just a Slice: Recipes for Giving Readers Exactly What They Want

Over the last couple of years, the exponential growth of creator platforms like Substack and Patreon have motivated individual journalists to capitalise on the unbundling of news media content, but this is momentum traditional publishers should be taking advantage of too.

Michel Bisceglia of Toulouse School of Economics explained in a [2020 research paper](#) that journalism markets are fundamentally changing, partly because digital contexts shift the ways publications compete with each other. The result is an organic unbundling of content. This market development should not be viewed as a threat to traditional news media, but an opportunity to respond to digital readers more effectively. Trusted - and competitive - publishers will prove capable of gaining digital subscriber market shares by leveraging unbundling to their benefit.

Less Can Be More: Unbundling Decreases Churn in a Saturated Subscription Market

While subscriptions are now an essential, reliable revenue strategy for publishers, news media brands are not only competing within their own industry for subscribers...but across the entire subscription economy. [Business Wire reports](#) that overall subscriptions revenue swelled more than 400% between 2012-2020, and subscription services saw seven times faster growth than S&P 500 companies in just the last quarter of 2020. For publishers hoping to diminish acquisition and retention costs in this increasingly saturated subscription market, responsively unbundling content can ensure that their readers receive exactly the value they are seeking from a brand.

Using an unbundling strategy effectively requires publishers to make the shift from what svp of consumer products at [Vox Media, Daniel Hallac, called](#) “a content-centric model to a user-centric model.” Publishers should unbundle in response to reader needs at relevant access points, and if there are indications that a more mature subscriber seems ready to churn, having the option to unbundle content from their subscription package may motivate them to keep paying. Centering reader needs in unbundling strategies ultimately protects publisher revenue and ensures readers never feel that they are overpaying for unused content.



These kinds of churn-resistant unbundling strategies should be offered adaptively in the subscriber relationship, not statically. For instance, if a publisher attracts a reader through unbundled content, they can also use that as a jumping off point to introduce more diverse options to grow the subscription relationship as they acquire readers better over time.

Digiday explains the mindset required from publishers to see success with this incremental, versatile approach:



A subscription-focused newsroom pays attention to what its most devoted visitors read, what kinds of stories get a reader interested in one kind of content interested in another; what kinds of stories get a reader to subscribe to a newsletter, and then another... Just as publications sell different parts of their content to different kinds of advertisers, that same content can be packaged and sold directly to readers in different combinations...

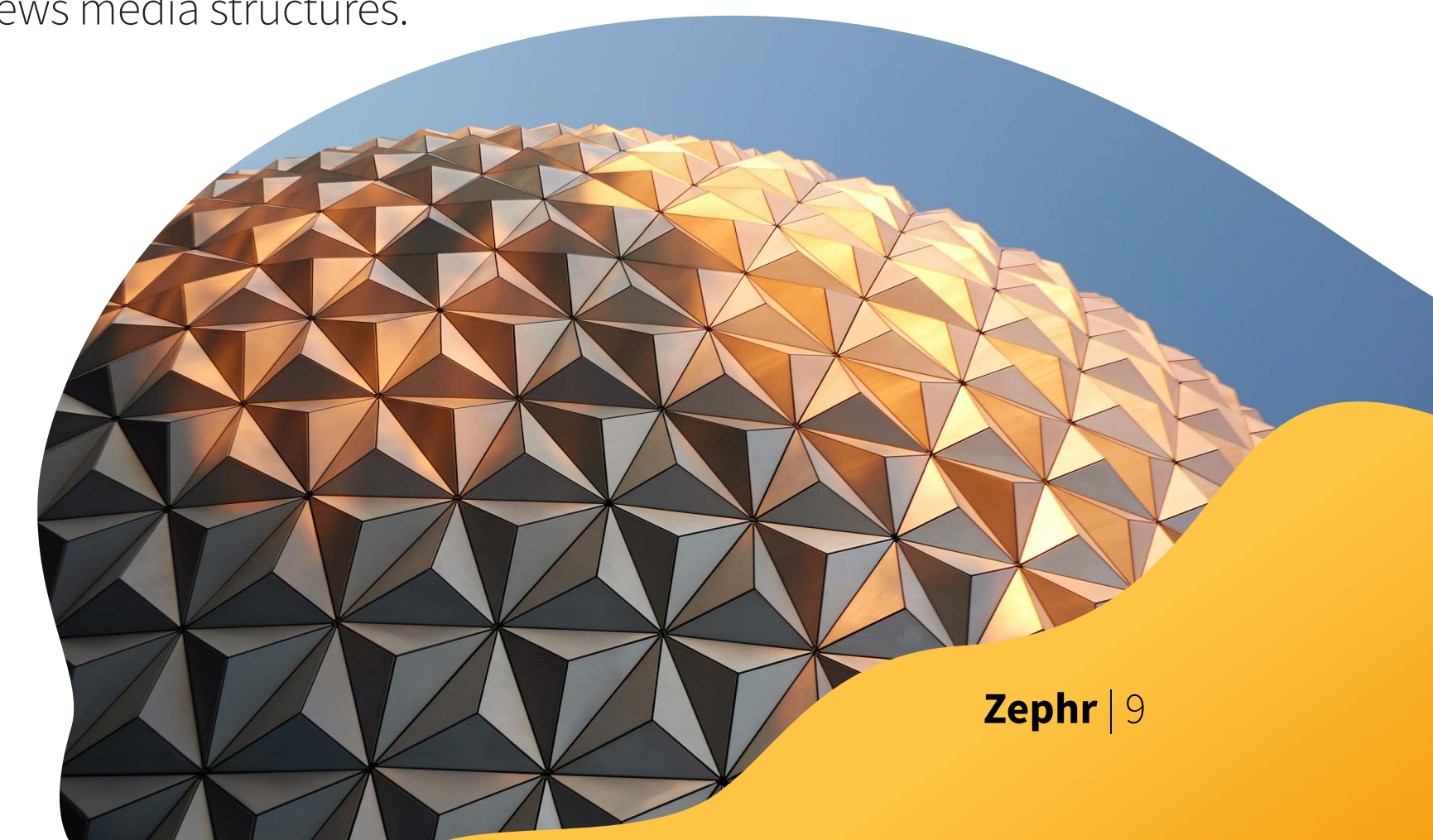
This elastic approach to unbundling for the subscriber economy can build higher value subscriber relationships and, therefore, decrease churn. It empowers publishers to understand precisely why their subscribers are there - and why they will stay. It's also gaining traction globally.

Most readers who pay for news media subscriptions still only pay for one, but **Nieman Labs reported** last year that nearly 40% of Norwegian and American subscribers are now paying for two or more subscriptions that include content from varied regions or 'specialist publications.' The majority of these subscribers also expect to keep their subscriptions beyond the first year. This demonstrates that readers are interested in paying for the kinds of selective content unbundling can offer.

Head of digital editorial development at the Financial Times, **Renée Kaplan, calls this** "accelerated personalisation... [that allows] users to better integrate a news product into their lives...". Adaptive unbundling can empower readers to make choices about what is uniquely useful to them in their specific context at relevant times, even while paying for multiple, multi-industry subscriptions. For publishers, it can decrease churn in a saturated subscription market and offer deep insight about their distinct value for various readers.

A Solution to Zombies: Niche Unbundling Activates Loyal, Engaged Subscribers

Late last year, the Philadelphia Inquirer experimented with **exclusive, unbundled digital access** to traditionally printed content. From that premium trial focused on a Philly food report, the brand saw new subscriptions jump by 53% compared to subscriptions from their usual strategies. Tech and media journalist, **Simon Owens forecasted** that publishers' access to exclusivity and unbundled subscriptions would offer them these kinds of distinct, scalable advantages. However, it is now clear that writers - not only exclusive content - are also being 'unbundled' from more traditional news media structures.



One reason for this is the **growing power of the creator economy** where advancing technologies and changing reader preferences have attracted niche audience communities around personalities. Veteran journalist Casey Newton left The Verge at the end of 2020 in order to write independently, and like many other journalists who have been successful in this, his move was partly to **capitalise on access to closer reader relationships**:



You [as a subscriber] might follow a publication...but it's more likely you care about an individual reporter or writer... People are increasingly willing to pay to support those people.

In a **study on personalisation and consumer choice**, technology corporation Accenture predicted what these micro-influencer journalists are now seeing:



Businesses need to humanise the digital experience by moving from marketing communications to digital conversations...83% of consumers are willing to share their data to enable a personalised experience as long as businesses are transparent...

While transparency certainly includes ethical data use practices, for publishers it must also mean making the shift from communicating to audiences as a brand, to creating more open digital dialogues that attract loyal subscribers. Individual journalists are uniquely positioned to create these more relationship-driven interactions that also cultivate stronger subscriber commitments.

A focus on niche audiences may appear to threaten publishers' relationships with digital advertisers who have historically benefitted from a broader quantity of readers. However, publishers who team up with their key talent to carve out strategies in the creator economy will actually be more likely to retain reader relationships that are highly valuable to advertisers.

Last year, the **Association of National Advertisers found** that 92% of consumers trust micro-influencers more than traditional strategies and endorsements. Additionally, digital privacy laws are driving a push towards first party data that can be captured using progressive profiling at different trigger points along the customer journey. Publishers using **Subscription Experience tools** can make the most of metered paywalls and A/B tested conversion strategies to better understand and cater for their audiences. Advertisers will actually see greater benefit from audiences that publishers understand clearly from subscriptions data, and such strong, trusted relationships also prove to be **a more resilient source of revenue** for all parties. **Prominent Italian micro-influencer and writer Giulia Valentina Palermo** recognises this as an opportunity news media publishers are missing out on: “[News media organisations] should promote and rely on their journalists as they do with influencers. There is a lot of untapped potential in their journalists that is just waiting to be released.”

Unbundling to activate reader communities around talented writers and niche content is similar to targeted podcasts sparking more engaged, trusted, and monetizable experiences for listeners: Vox Media reported last year that 71% of podcast listeners are so loyal that they will migrate with a host across different platforms. **Vox predicted** that the media industry at-large will experience a similar shift in the next ten years from “passive entertainment and lean-back ‘engagement’...towards media offering more utility and active participation...”

Publishers who leverage this strategy to prevent zombie subscribers will instead draw readers who are more willing to move between tech platforms with a strong motivation to pay. These publishers will replicate a resilient, participatory model that benefits both their subscriber and advertiser revenue streams.

Unlimited Audiences: Unbundling Creates Access Across Economically Diverse Readerships

Journalism has been called the fourth pillar of democracy for its essential ability to educate voters, hold political institutions accountable for corruption, and share critical public service information between communities. Its social importance has rarely been more evident than during the coronavirus pandemic where **journalists became vanguards of public safety.**

However, with global migration to digital platforms and **increasing income inequality**, there has also arisen greater **information poverty**. The **London School of Economics exposed** that unequal access to news information has left low-education, low-income communities open to voter manipulation and misinformation. Over the last few years, media research has also firmly established a correlative relationship between low levels of civic engagement, increased political corruption and polarization, and a lack of access to internet and quality local, digital news.

Bundling digital news at a singular price point holds publishers back in both their public service functions and digital audience growth potential. The **Reuters Institute for the Study of Journalism found last year** that most readers with access to the internet only have access to an individually paid subscription from one, well-known brand. In Norway and the United

States, at least 65% and nearly 45% of respective non-paying readers say they could be persuaded to pay for news... if content was more valuable to them and more affordable for individuals and families. Similarly, twice as many young people in Germany are willing to pay for news compared to older readers, and **global willingness to pay has increased by about 40%**. However, younger readers do not have as many resources, and as global income and information inequality increases across age groups, affordable access to quality digital journalism is essential.

These findings match predictions made six years ago by family and relationship **journalist for The Atlantic, Joe Pinsker**:



It's not that low-income news consumers are not interested in being served by the media, but there are these huge information gaps that result from targeting [primarily] higher-income consumers...

Similarly in 2018, information ecosystems researchers confirmed in **an interview with Nieman Labs** this trend still leaves gaps in information options, media trust, and news access for low-income communities. Evidenced by Reuter's report in 2020, publishers are still missing out on the opportunity to serve these communities today.

The pandemic and economic crisis that came with it clarified hardier strategies publishers can leverage in the digital ecosystem moving forward. Those strategies must also include editorial decisions and subscription offerings that benefit more economically diverse readerships.

Business Wire explained:



If the Subscription Economy is about anything, it's about a fundamental return to customer relationships. It's the agility of the subscription model that uniquely positions businesses to adapt quickly to customer needs and provides them with consistent, ongoing value — regardless of economic climate.

Information inequality is not a one dimensional issue that a single actor can resolve, but publishers can - and should - strategise for broader information access across economically diverse contexts. Custom subscription pricing offers a win for communities and growing, resilient revenue for publishers.



The Whole Package: Ways to Bundle for Broader Reach

Even with all the benefits of unbundling digital news products, subscription bundles can still be a smart choice for publishers. At the end of 2020, almost 70% of U.S. consumers said they would “prefer to bundle their subscriptions if they could choose which ones to include,” according to **joint research** by e-commerce site, PYMNTS.com, and subscriptions management platform, Vindicia. If publishers are going to bundle content, the key is to ensure subscribers have dynamic access to different choices over the subscriber lifetime. As with approaches to unbundling, these strategies should not be viewed as static, one-size-fits-all solutions for all time and content; yet structured strategically, bundling can boost bottom lines and build publisher brands in various ways.

Collaborative Bundling: Competitive Potential for Small and Local Publishers

Last year, local publishers saw a **50% increase in digital subscribers**, but they often find themselves at a disadvantage when trying to retain these new readers. Noting a stark difference from the geographic monopolies that historically gave local publications strong readerships, researchers at the **University of Oxford described** the evolving digital media landscape as a “winner-takes-most market” that primarily benefits the largest brands. Collaborative bundling offers local publishers an edge to attract and retain subscribers, even when stacked up against more dominant organisations.

This approach to bundling starts with local publications clarifying the value they offer to digital subscribers. Editor-in-Chief at the Chicago Tribune, **Colin McMahon believes** local publishers who understand what readers want can balance serving both digital and traditional communities:

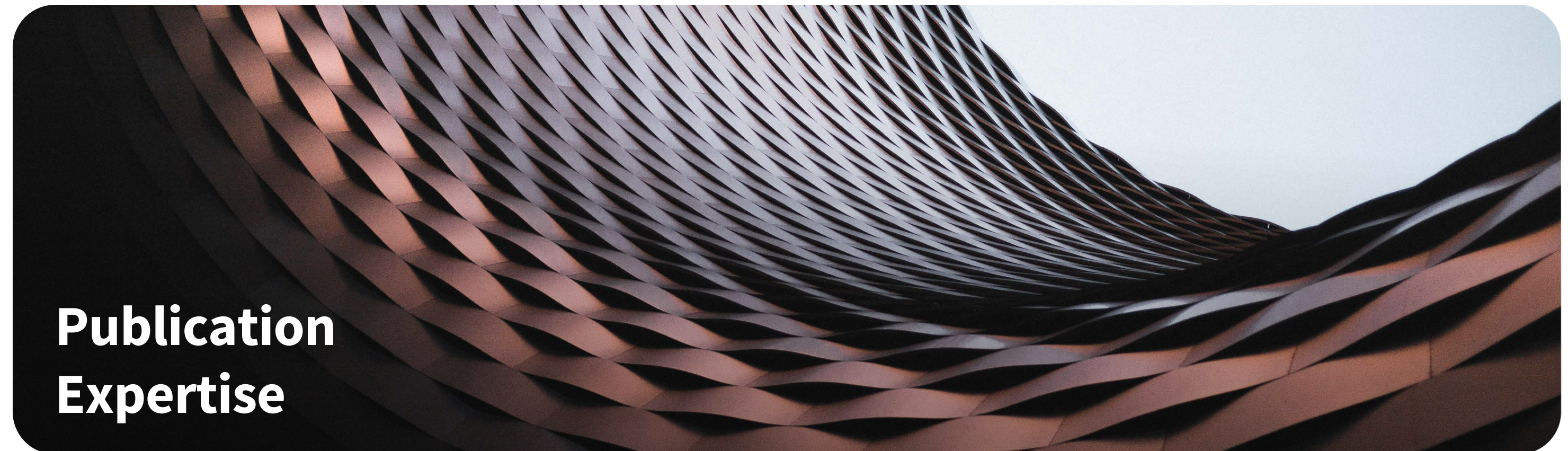


What is it that will get them to visit your site, return to your site, sign up for newsletters, eventually pay, and then stay?...I think there is definitely a number of subscribers that you can get to sustain an operation that is meaningful to those subscribers and meaningful to the [geographic] community.

When local publications become clear about their distinct value in the broader digital sphere, they can cooperate more effectively with other publications who offer different kinds of value. Veteran entrepreneur in sustainable journalism and media technologies, **Tony Haile, argued last year** that publishers of many sizes still underestimate strategic, collaborative bundles. Haile is **one of many to highlight ways local publishers** are missing out, and he offers two cooperative models structured around attention share and publication expertise:



“In a hub-and-spoke network, a digital subscription to the [Washington Post, for example] is combined with a local publisher in a series of bilateral skinny bundles...A Seattle Times subscription is \$16 a month. We can set aside \$6 for the Seattle Times as a revenue buffer, and put the remaining \$10 into a pool based on attention share. If the Seattle Times subscriber spends 50 percent of their time on the Post’s site, then the Seattle Times makes \$11 that month and the Post makes \$5.



“...We [now also] have non-overlapping audiences divided by subscription. That opens the door to leveraging common subscription-only content that can be shared across multiple publishers to create enough value for a larger audience to value a single news subscription. This is then augmented by homegrown differentiated content that defines which publisher should be the entry point for that value — like cable companies...

For a subscriber to the Miami Herald, the local newsroom would focus on what it does best: generate superb local content. However, under an adapted cable model, that Herald subscriber would also get access to a shared trove of subscription-only content...that the Herald could not afford to create on its own. That this content is also available to subscribers of the San Francisco Chronicle or the Chicago Tribune does not change the value of the subscription to the Herald subscriber, as they cannot freely access that content on other sites. There’s currently a glut of independent talent that could be creating subscription-only content in areas that would dramatically augment the value of a local news subscription.”

These are just two examples of how local publications could partner creatively with either larger brands or each other to offer ongoing, relevant, and substantive value to subscribers. Publishers will be challenged to develop models in ways that split revenue equitably and accurately offer content diverse subscribers want. But the potential for local publishers to cooperatively bundle for wider reader choices, subscriber entry and retention points, and sustainable revenue streams remains largely untapped.

Bundling with Consumer Brands: Improve Subscriber Offers and Boost Marketing Leads

Publishers can create compelling reader choices in the subscription economy well beyond the news media industry. As explored earlier, many subscribers churn because they do not experience enough personalised benefits from their subscription, but a product mix beyond news media content could help combat this. Publishers who bundle their digital content with other types of consumer subscriptions, products, or services could improve subscription offerings and draw various reader segments across industries.

Senior director of audience at The Washington Post, **Ryan Kellet, rightly predicted** at the end of 2020 that credit card companies will begin trying to bundle news subscriptions into their existing consumer offers. However, only a small handful of publishers have taken advantage of a similar model themselves — on either a local or broader level. The Wall Street Journal is one exception, having built more than 40 successful bundling partnerships in 25 countries over the last 5 years. The publication has seen recent momentum with this model across Asian markets by intentionally building these types of bundles alongside local publications and by partnering with various types of companies (like trading platforms, airlines, language schools, regional publishers, etc.), **according to Digiday**.

Independent publisher, **Newslaundry, suggests** subscription bundles help publishers gain market shares they could never otherwise reach:



Despite the best of journalism and the scale of a news organisation, there will always be a large chunk of the readerbase who will not subscribe for reasons ranging from affordability and user experience to the reach an outlet may have. A bundle subscription can bridge that gap to convert users who would never pay for news to paying users - and help publishers get a slice of it.

Publishers of all sizes could see revenue and data library growth and stronger retention by partnering to offer cross-industry subscriber bundles.

Digital Subscriptions: The Personalised Paperboy

Responding to a 42% zombie subscriber rate at The Arizona Republic, senior director of digital storytelling and strategy, **John Adams, explained** that the 130 year old publication - and others like it - must adapt:

“**Look at the analytics. Accept them and stop making excuses for them. It’s not an audience problem. We don’t get to tell the audience what they want or need. We need to listen to what they want, deliver it in a smart and unique way, and provide a seamless transition to more significant works of journalism.**”

Publishers seeking to compete in the digital subscription and creator economies face a variety of challenges that dynamic, strategic subscriptions can help resolve.

Keys to success require publishers to adapt to technological, cost, and content needs of their readers. The publishers of the future will build their advertising and subscriptions revenue by expertly cultivating digital dialogues and personalised choices for their subscribers.

Publishers can do this in a few ways:

#1

Recognise that subscribers may change their preferences multiple times at every stage of the subscriber lifetime. Be prepared to offer compelling, customised offers throughout their evolution.

#2

Unbundling is a powerful way to gain an edge in the oversaturated subscription market. Niche subscriptions can give readers exactly what they want, whether that’s access to a key journalist or a customised pricing package.

#3

Publishers should use unbundling strategies for retention as much as acquisition. Unbundling can reactivate zombie subscribers.

#4

Bundling is still a great deal for readers and publisher brands. When publishers understand their unique digital value, they can more effectively collaborate with other publishers or consumer brands.

#5

Lastly, publishers must understand the full breadth of personalisation options they can make available to subscribers in a rapidly evolving digital ecosystem, and they must ensure they have the technological capacity to offer these options to readers effectively.



Zephr helps digital publishers and media companies build, test and optimise subscription journeys that accelerate revenue growth. Leading B2B and B2C businesses, such as News Corp, Dennis Publishing and PEI Media use Zephr's best-in-class features to A/B test conversion strategies,

bundle (or unbundle!) product packages and experiment with intelligent paywalls — without writing a single line of code. Drive personalised experiences and build customers for life with Zephr.

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