Weathering the Storm

How subscription publishers are navigating economic instability

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Introduction

As 2023 unfolds, publishers' businesses continue to face headwinds driven by high inflation, escalating recession fears, and general economic instability.

Converting and retaining subscribers has become increasingly challenging as consumers and businesses pull back their spending and hunt for opportunities to cut down their expenses.

Meanwhile, the advertising market remains shaky, and marketer demand for increased campaign performance is eating away at publishers' margins. Commerce revenues are also suffering as consumers spend more judiciously, and events revenue has yet to rebound to pre-pandemic levels.

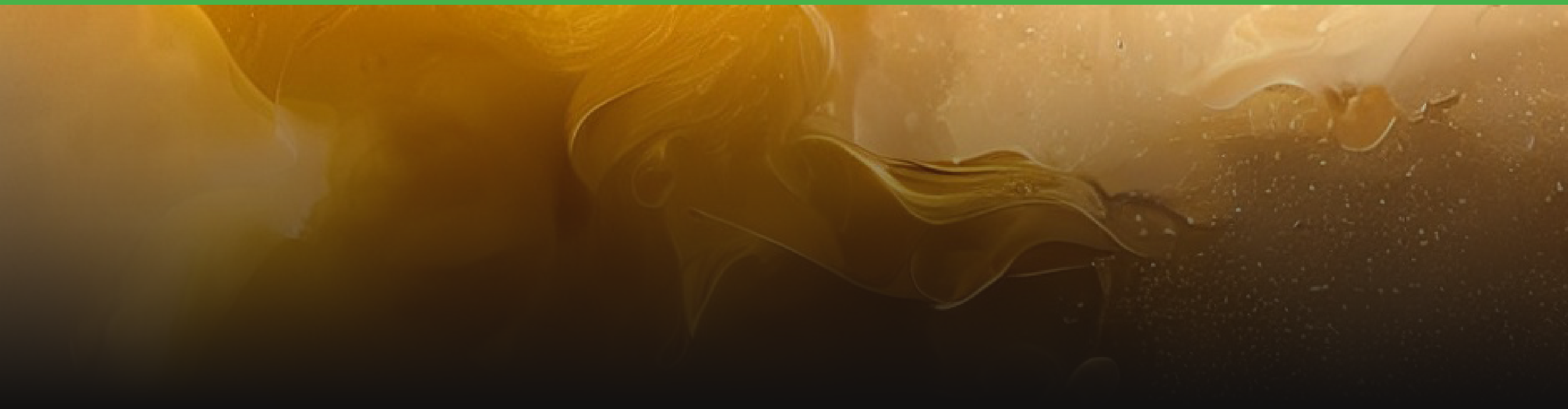
Despite these challenges, publishers report that subscription revenues are holding up well overall, and remain relatively well-insulated as other revenue lines slow more significantly and/or become more costly and cumbersome to operate.

The majority of subscription-first publishers say they've seen no meaningful contraction of their subscriber bases or revenues over the past six months, and some credit the availability of recurring subscriber revenue for stabilizing their operations over the past twelve months. Revenue can be a lagging indicator of performance, but they're seeing nothing in their renewal rates that is causing them major concern, they say.

Nevertheless, publishers continue to adjust their tactics and approaches in an effort to shore up their subscription businesses as economic uncertainty persists. This includes:

- Ensuring the **needs of their core audiences and subscriber bases remain front and center** in their day-to-day operations.
- **Prioritizing revenue generation over subscriber growth.**
- **Taking more considered and strategic approaches to subscriber acquisition.**
- **Driving subscriber retention with increased flexibility.**
- **Placing greater emphasis on maintaining relationships with former subscribers.**

This report unpacks each of these measures and explores how publishers are driving subscription success despite challenging market conditions.



1. Focusing on core audiences

The majority of publishers are now deprioritizing growth initiatives and instead focusing their attention on the highly engaged audiences that are most likely to sustain their businesses through difficult periods.

This recalibration isn't just about maintaining short-term revenue. Publishers are increasingly asking themselves if placing emphasis on reaching and converting new subscribers may have diluted or skewed their product offerings in recent years, or otherwise led them to neglect the needs and interests of their most engaged audiences.

As economic instability persists, some publishers are correcting that balance, while others are attempting to ensure the needs of their core audiences and subscriber bases remain front and center in their day-to-day operations.

A deeper understanding of audience needs

As discretionary spending contracts, "nice to have" subscription products can quickly become cost-cutting opportunities in subscribers' eyes. It's therefore becoming increasingly critical that publishers have a thorough understanding of the needs and challenges facing their most engaged audience segments, and ensure that subscription products meet those needs as effectively as possible.

Many publishers say they're now doubling down on these core audiences, and in many cases are redirecting resources to gain a much deeper understanding of these groups as opposed to hunting for opportunities to reach beyond them. This often involves a deeper analysis of behavioral data to ensure their most engaged and valuable audiences are being identified and segmented accurately, and greater investment in targeted audience research, including surveys and focus groups.

Subscription businesses are "built on people who get repeated value from the utility we provide and crave a deeper connection with us in order to get it," said Bloomberg Media chief digital officer, Julia Beizer.

"We'll see smart publishers segment their audiences accordingly – and put their resources and time into learning deeply about the needs of their authentic audiences and being consistently useful to them, day in and day out."

Maximizing perceived value

Value remains the most important driver for both new subscription conversions and renewals. Despite challenging economic conditions, publishers with the right set of offerings at attractive prices say their renewal rates remain strong, even if new conversions may have slowed.

Toolkits research last year revealed that poor value for money and infrequent product use are among the main reasons consumers opt to cancel subscriptions. Meanwhile, research by McKinsey found that value perception was the strongest driver for new subscriber acquisition, with the majority of survey respondents placing value for money above content quality when ranking the key factors they consider when purchasing new subscriptions.

Delivering valuable and differentiated content via subscription products is moot if that value is not clearly communicated to subscribers. **As they attempt to strengthen relationships and boost retention rates among their subscriber bases, publishers say they're thinking more carefully about how they can communicate the value of their subscription products effectively and consistently**.

In many instances that means tapping behavioral and self-reported data to establish the types of content and features subscribers derive the most value from, and leveraging email, on-site personalization, and other available channels and mechanisms to reinforce value wherever possible.

"Quality journalism doesn't matter if subscribers don't see it," said Angus Macaulay, chief operating officer at Stat. "That puts pressure squarely on audience engagement teams to ensure content gets in front of the right audience, at the right time, when and where they want it."

Sharper products and value propositions

A move toward simpler subscription offerings has slowly been underway for years as publishers' products have gradually been honed and optimized based on subscriber reception.

That shift is now accelerating as publishers find that simpler products and positioning not only help them better meet the needs of their core audiences and subscriber bases but can also help in attracting and converting higher-quality subscribers.

A "kitchen sink" approach to subscription products and features is giving way to a more measured approach, with publishers doubling down on areas that resonate the most with subscribers' needs and are most likely to transform their offerings from "nice-to-have" to "must-have" products in subscribers' minds. Many publishers are optimizing towards:

- **Sharper value propositions:** Subscribers are looking for clear and tangible value to justify subscription purchases. Products firmly oriented around solving simple problems or satisfying specific audience needs continue to perform well compared with those that require audiences to work to justify a purchase.

- **Easily understood features:** For many audiences, long lists of subscriber benefits and features aren't nearly as impressive or appealing as publishers like to think. Less is often more, and simpler products are often deemed more valuable than those padded with second-rate features that can dilute the core value a product provides or divert attention away from it.

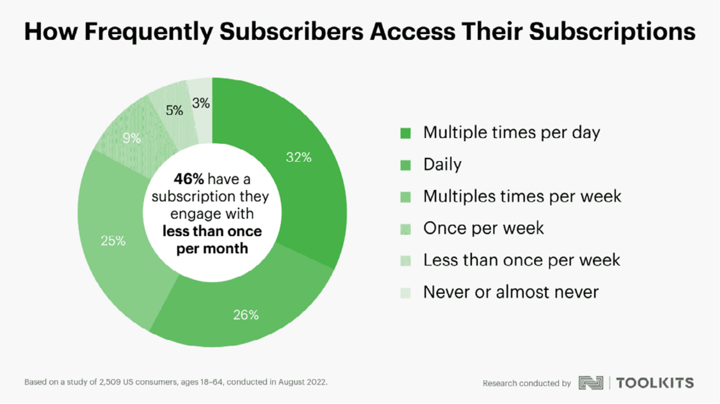
- **Fewer offers and more straightforward pricing:** Major subscription publishers are now moving away from arrays of subscription terms, tiers and packages in favor of offering just one or two options. Many are also reworking their pricing to arrive at more transparent and audience-friendly approaches. Simple offers of "$X every 4 weeks" or "$Y per year" are becoming more commonplace as audiences lose patience with publishers that intentionally attempt to obfuscate their pricing.

Reinvigorating low-engagement and "sleeper" subscribers

Although some subscription products deliver significant value with infrequent access, engagement remains a key indicator of healthy subscriber relationships for the majority of publishers.

As their focus shifts to retention over raw subscriber growth, **publishers are dedicating more time and resources to identifying and monitoring low-engagement subscriber segments and implementing measures to ensure they're engaging with the products they're paying for more frequently**.

Toolkits research revealed that 92% of subscription holders engage with at least one of the products they pay for on a weekly basis, while 58% engage daily and 17% engage less than once per week. Publishers say that narrowing those gaps and building more regular engagement continues to correlate strongly with increased renewal rates.



Sleeper subscribers, meanwhile, present their own set of challenges. Relying on revenue from users who are unaware they're paying for a product – and/or see no value in it – is not an effective strategy for a sustainable subscription business. In order to combat sleepers more proactively, publishers say they're working to improve their onboarding process, establishing more robust re-engagement programs, and implementing measures to identify "sleeper risk" subscribers earlier.

Some publishers are experimenting with "wake-up" campaigns designed to rekindle engagement from sleepers, although any attempt to do so comes with inherent cancellation risks and should be handled delicately.

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Understanding user needs is critical for maximizing the value that publishers can offer to their audiences.

When users receive more value from a service, they are increasingly likely to consider and pay for premium subscriptions. To achieve this, publishers must have a granular understanding of user needs. This involves establishing not only the topics that interest them, but also when they engage with content, what demographic groups they belong to, and what formats of content they prefer.

By doing so, publishers can identify their highly engaged key audiences (the segments that most frequently engage with content and pay the most attention), and they can also identify "sleeper subscribers", (the segments that need nurturing and targeted messaging).

Sleeper subscribers are not beneficial to any publishers' long-term revenue and growth. To maintain a healthy subscriber base, publishers must understand the causes of sleeper subscribers and how to identify them early. Subscribers typically become disengaged for three reasons:

- **Content isn't suitable to their needs.** For example, not enough sports coverage.
- **Content is relevant, but not published on the right channels.** For example, they may prefer to consume content via podcast or video as opposed to text.
- **The wrong content or offer is shown to the wrong audience.** For example, offering student discounts to age groups 40+ or offering sports packages to those interested in political news.

To begin addressing the sleeper subscriber problem, publishers must first identify which of the three issues has caused a user to become disengaged. Once that's determined, they can then use data collected on the user's interests to send personalized article recommendations, product offers and reminders via email.

2. Prioritizing revenue generation over subscriber growth

Publishers have evolved their subscription approaches in recent years to optimize towards subscriber revenue and engagement instead of chasing subscriber volume for the sake of subscriber volume. But as the economic outlook becomes increasingly precarious, that reorientation is accelerating rapidly.

Publishers across the board are now deprioritizing subscriber growth initiatives and "volume at all costs" mentalities, and are instead focusing on revenue maximization. Subscriber bases might be leveling off or even contracting in some instances, but publishers are increasingly recalibrating their strategies to prioritize revenue generation.

That often means rethinking the relationship between the pricing of their subscription products and the volume of subscribers they serve, and adjusting internal expectations and resourcing accordingly.

Retention moves front and center

Retention was a growing focus for many subscription publishers in 2022, but those efforts have kicked into overdrive in 2023. **Many publishers say they're deprioritizing growth initiatives and redirecting resources and attention to maintaining their existing subscriber bases instead**. Those retention efforts look set to intensify as the year progresses.

A lack of subscriber growth doesn't necessarily mean a lack of revenue growth, however. For many publishers the opposite is true - **retained subscribers are typically far more profitable than newly acquired ones**, especially as converting new subscribers becomes increasingly challenging and costly.

Many publishers generate very little profit from subscribers during their first year, largely because of discounts and promotional rates, the cost of advertising and other acquisition tactics, and overheads such as customer support.

These costs typically decrease in year two and beyond, however, boosting subscribers' lifetime value and profitability significantly. Research by Frederick Reichheld of Bain & Company (the inventor of the net promoter score) found that increasing customer retention rates by 5% can increase profits between 25% to 95%, for example.

Rethinking the price-volume-mix

Many publishers spent years optimizing for subscriber volume, often without clear strategies for how or when their subscriber numbers might translate to ongoing revenues. That growth-first, revenue-later approach resulted in deep discounting and long introductory offers across many publishers' properties, with subscription teams often optimizing toward short-term conversion goals rather than revenue-based metrics.

Economic headwinds are now pushing publishers to rethink and adjust these approaches as their thirst for revenue becomes more acute. **Many publishers say they're now rethinking the relationship between price and volume, and some are in the process of overhauling their KPIs and "North Star" goals entirely** to reorient their subscription businesses more firmly around revenue generation.

The sharpened revenue focus will result in some fundamental changes to the ways publishers operate their subscription businesses on a day-to-day basis. Lofty conversion and retention goals are increasingly being replaced with those oriented around more meaningful business metrics, such as revenue per subscriber and subscriber lifetime value.

“Subscription publishers will pay more attention to their price-volume-mix in 2023,” said Fortune’s chief customer officer, Selma Stern, referring to the heavily reduced pricing many publishers have offered in recent years as they’ve optimized to subscriber volume. She added:

“Ultimately, paywall revenue will become more important than subscriber numbers.”

Adjusting internal expectations and resourcing

As emphasis moves from raw subscriber volume and towards revenue generation, adjustments to the mindsets – and potentially skillsets – of subscription teams may be required.

Some publishers say they’re making staffing changes to place greater emphasis on subscriber engagement, analytics and retention, rather than pure acquisition. At the very least, acquisition efforts are emphasizing the quality of subscriber conversations as opposed to simply the quantity.

Meanwhile, some publishers say investment in editorial and content continues to move the needle more than teams of marketing and optimization specialists.

The balance between value creation and value extraction remains a delicate one to strike, particularly during challenging economic periods. But some publishers say they believe that high-quality content ultimately drives retention more successfully than other tactical or mechanical factors.

Reevaluating pricing

Most publishers have expressed reluctance to adjust their pricing in the current economic climate, but there’s a growing feeling – particularly among business-to-business publishers – that they could extract greater revenue from their most engaged subscribers by revising their pricing approaches.

Publisher nervousness around price increases is understandable: Competition for attention from a relatively small market of customers is becoming increasingly fierce, and some publishers are well aware that portions of their existing subscriber bases don’t engage regularly with the products they pay for as it is. (Toolkits’ research shows that a small group of consumers currently accounts for an outsized portion of subscriptions to digital publications in the U.S., and that 46% of subscribers hold at least one subscription they access less than once per month.)

For some publishers, attempts to raise prices might therefore trigger churn among significant portions of their paying subscriber bases.

But for those publishers with uniquely valuable products and highly engaged subscriber bases, raising prices could help them boost revenue – even if it’s generated from a smaller base.

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There's a lot of pressure on subscription businesses to acquire new subscribers, and while it's important for the longevity of a brand, it also means that sometimes new users are prioritized over existing ones.

This can be problematic since **it's easier to retain existing users than it is to convert entirely new users who have never interacted before**. In fact, with more focus on monetizing existing audiences, publishers can ensure maximum customer lifetime value for their efforts.

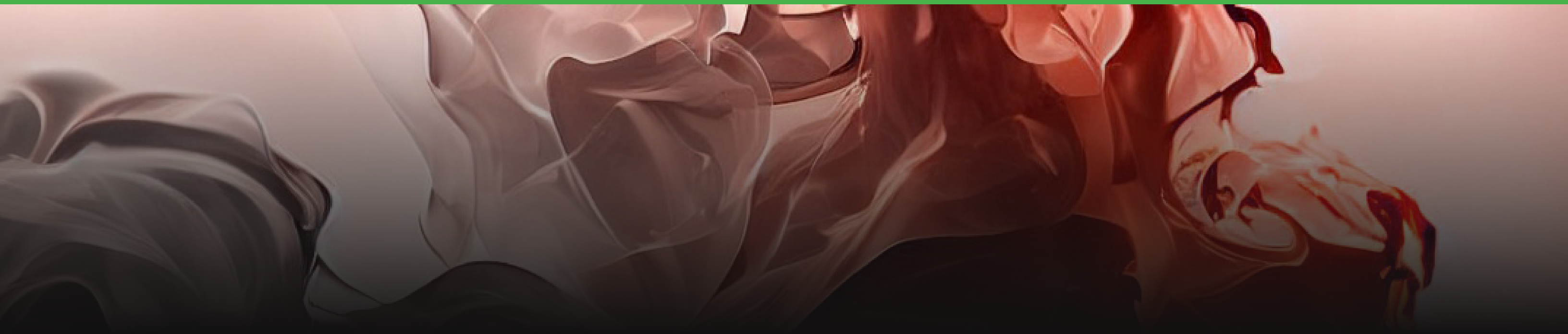
The Guardian is an excellent example of a publisher that prioritized relationships with existing readers and gained new sources of revenue in the process. By introducing an innovative membership program, The Guardian allowed members to enjoy discussions and interviews between journalists and high-profile guests, and receive benefits such as priority access and ticket discounts. In their own words, this membership program helped 'redefine the relationship a news organization can have with its readers'.

But thinking about new ways to expand the lifetime value of existing audiences is just one way to look at the monetization challenge. As well as deepening relationships, publishers might also consider enhancing the flexibility of their existing subscription packages.

David Kronfeld, Marketing Director & Chief Data Officer at Belgian media company Mediafin, suggests that ensuring customers can easily alter subscriptions is crucial for both customer needs and profitability.

"Today [at Mediafin], we make sure that customers can stop and resume their subscriptions at ease, and change their package at will. This is both in line with the customer's needs, and it's profitable. Mediafin's growth has been achieved in large part thanks to these new processes."

While it might seem counter-intuitive, ensuring greater flexibility with subscriptions can help reduce churn for users who would otherwise be forced into a corner with limited options and no other choice but to cancel.



3. More strategic subscriber acquisition approaches

A renewed emphasis on monetization is also prompting more considered and strategic approaches to subscriber acquisition.

Publishers are **thinking more carefully about the types of subscribers that are best for the long-term health of their businesses**, and where and how they can acquire them most effectively. In many cases that means taking a quality-over-quantity approach, and recognizing that easily-acquired subscribers are rarely the most lucrative ones.

Deeper analysis of subscriber lifetime value

A reorientation around subscriber revenue is driving many publishers to seek a deeper and more nuanced understanding of subscriber lifetime value, in addition to customer acquisition costs and return on investment for marketing initiatives.

For some publishers, LTV has taken a backseat in recent years as they've optimized instead to raw subscriber volume. Now, **publishers say they're digging deeper into their data to understand which segments and cohorts are driving meaningful revenue for their businesses**, and are using that data to inform more nuanced approaches to both their products and how they acquire customers.

Michael Ribero, chief subscriptions officer at The Washington Post, predicted that publishers will focus their efforts more on the customers and products that generate the most revenue as the year progresses. "Publishers that have invested in data to support this evaluation will make better overall choices for a sustainable future," he said. Some publishers also say it's becoming clearer they get what they pay for when investing in paid acquisition. Driving low-quality conversions might be relatively cheap and easy, but establishing new relationships with valuable, long-term subscribers is far more challenging. In some cases, they've opted to increase their customer acquisition costs with a view to boosting the return on their investment over the long term.

Quality subscribers vs. quantity of subscribers

Low-quality subscribers might help boost conversion volume, but publishers are realizing they often churn quickly and do little to drive sustainable long-term revenue growth. They can also pull acquisition efforts off course quickly, skewing data and prompting publishers to optimize towards audience segments that may have a high propensity to convert but a low propensity to engage and renew.

Widespread availability of cheap or free introductory is also giving rise to a growing class of "subscription hoppers" that rarely develop long-term paying relationships with publishers' products.

As a result, publishers are now paying much closer attention to the nature and quality of the subscribers they're attracting, and are increasingly attempting to understand how to identify and target pockets of high-quality subscribers. As a first step, that often means analyzing existing subscriber data to gain a deeper understanding of what constitutes "high-quality" for respective publishers.

More deliberate use of promotions and discounting

As publishers reconsider the relationship between pricing and volume, many are approaching promotional activity and discounting much more carefully. This typically involves adjusting frequency, pricing, promotional term duration, or a combination of the three.

- **Frequency:** Dialing back the use of "always-on" promotional activity, limiting it instead to major holidays, news events, or moments of significance for publishers' respective audiences.
- **Pricing:** Requiring more significant financial commitments from new subscribers – even if discounted – can help screen out subscription hoppers and ultimately help drive higher-quality conversions. For publishers offering $1-a-month introductory offers that could mean raising promotional pricing to $3 or $5, for example. Meanwhile, fewer publishers are offering completely free trials as they attempt to signal to audiences more directly that their content is ultimately worth paying for.
- **Duration:** As promotional pricing has inched closer to zero in recent years, publishers have offered longer promotional periods in an attempt to further sweeten their deals and to keep conversions ticking over. Publishers are increasingly questioning if long promotional periods actually help drive additional revenue, or if they simply prolong churn.

Creative acquisition strategies

Although aggressive discounting and long promotional periods can drive low-quality conversions, publishers are coming to terms with the fact that reaching and converting high-quality subscribers may require more creative acquisition strategies.

This may mean exploring more manual, less-scalable approaches. **For many publishers, the most valuable audiences may not be receptive to the types of acquisition and conversion tactics that performance-centric marketing teams typically gravitate to. Exploring more creative acquisition strategies can help unearth and unlock more lucrative subscriber relationships**.

Some publishers are experimenting with offline marketing campaigns, for example, in an attempt to reach and convert audiences who may never have subscribed to digital publications. Others say they've seen success in partnering with third parties to expose their products to new audiences and in different contexts, either through paid relationships or cross-promotional arrangements that seek to "bundle" complimentary products.

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Acquiring new high-quality paying audiences can be achieved by analyzing data on existing subscribers to identify the characteristics of those who are most valuable to the business, including their subscription duration, willingness to pay, and engagement frequency.

According to research by Twipe, users who visit a site three times a week are 8x more likely to subscribe, and subscribers who read content at least ten times a month are 50% less likely to churn. It's clear that acquiring frequent readers is imperative for long-term revenue. By understanding these factors, publishers can tailor acquisition efforts to target similar audiences and increase the likelihood of acquiring valuable subscribers.

While promotions and discounts can be effective in attracting new subscribers, it's important to use them deliberately and strategically.

Offering discounts too frequently or too deeply can devalue a subscription product and attract subscribers who are more interested in a bargain than the content itself. Instead, promotions should be used to incentivize potential subscribers who are already interested in the product but may need an extra push to subscribe.

4. Driving retention with increased flexibility

The most powerful retention driver for publishers remains the ability to deliver high-quality, differentiated products on a consistent basis.

But even for publishers with high-value subscription offerings, flexibility is proving a powerful approach as subscribers are forced to make difficult choices about where and how they allocate their dollars.

Publishers that are willing to adapt to subscribers' changing needs and constraints are finding themselves better equipped to boost retention during difficult periods and to ensure that subscriber relationships don't end unceremoniously simply because publishers are unable to meet their customers halfway.

Flexibility in a few simple areas can help reduce churn, help promote future subscription restarts, and generally provide audiences with positive experiences:

Product and feature flexibility

For products that provide access to multiple features, **offering subscribers the ability to downgrade and pay less to access only the features they deem valuable can prove highly effective for keeping subscribers in the fold**.

Publishers are increasingly "unbundling" subscription features and positioning them as standalone products partly for this reason: It enables them to lower barriers to entry while extracting greater revenue from premium "bundles" for subscribers who crave access to more.

Allowing subscribers to downgrade to basic tiers or single features leaves the door open to growing those relationships down the road as conditions and needs shift.

Shorter terms and commitments

Renewing long-term subscriptions is a daunting prospect for subscribers during periods of heightened instability, but providing the option to move to shorter term lengths can make them feel more at ease.

Subscribers reluctant to renew on annual terms might be comfortable renewing for three months, for example, while those on three-month terms might be convinced to stay on board if they are allowed to pay month-to-month.

During the early days of the pandemic, travel publisher Skift offered annual subscribers to its research product the option to switch to monthly terms instead of canceling. The company said the move helped keep subscribers on board during a period of crisis for the travel industry, and many of them remain subscribed today.

Pricing flexibility

When offering retention or win-back price reductions, publishers should be careful not to create the perception that subscribers can simply dictate their own prices. Nonetheless, price breaks pegged to temporary circumstances — such as sudden economic downturns — can prove effective for retaining subscribers with the understanding that those rates may rise again in the future.

Retention discounts aren't just about clinging on to subscription revenue, however. Keeping subscribers on board – even at reduced rates – can benefit other parts of publishers' businesses and keep readers engaged with their brands and content rather than simply bringing a relationship to a complete halt.

For price-conscious subscribers or those subscribed to multiple similar products, offering reduced rates in exchange for longer commitments can also prove effective for locking in relationships and revenue during difficult periods. Discounted annual and two-year terms are common choices, while some publishers have even experimented with "lifetime" or 50-year subscriptions.

Subscriber control

Perhaps running counter to conventional wisdom, some publishers believe that easy-to-use account management tools allowing subscribers to manage subscriptions on a self-service basis can ultimately help boost retention by giving subscribers peace of mind that they're in full control of their subscriptions at all times.

The ability to "pause" subscriptions can be offered to customers as an alternative to canceling them outright. Pause features are often used by subscribers to "test" what they'll miss out on before canceling subscriptions entirely and, when coupled with dedicated campaigns, can provide publishers an opportunity to reinforce and resell the value of their products before final cancellation decisions are made.

Customer service

When it comes to providing flexibility to subscribers, responsive customer service teams and quick and seamless communication channels (such as on-site chat functionality) are essential. Subscribers are far more likely to simply cancel their subscriptions – knowing they can renew at any time – than to hunt around to identify their options in account pages and FAQs.

As a result, it's incumbent on publishers to ensure that representatives are readily available to talk through their options and help work out solutions quickly and easily.

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There are many avenues for subscriber retention, but understanding the user journey and messaging that audiences see is critical.

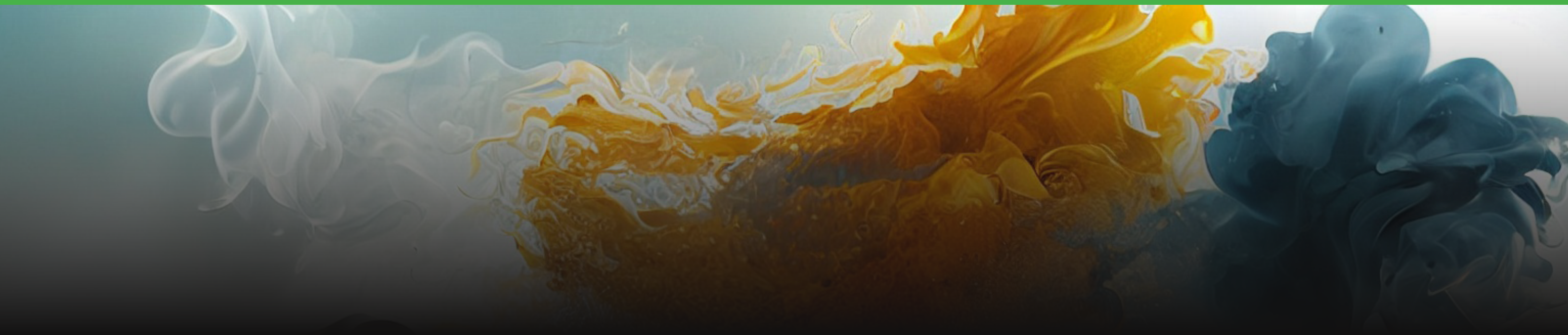
According to research by Zephr, [66% percent of publishers agree] on the importance of understanding the customer journey for effective long-term subscriptions, a sentiment reflected across various subscription industries.

Babbel, for instance, uses data to understand customers and their motivations before signing up. In a report by Zephr and Digiday, Julie Hansen, Babbel CEO said "We're trying to make sure that we're more aware of the customer journey across media forms. We're starting to focus on understanding how our messages play out so that we have a better understanding of what the user has been exposed to, what Babbel messaging they've been exposed to prior to signing up. And that's very much a recent focus."

Overall, by using optimized subscriber journeys, publishers can power their subscription businesses through a data and customer-led approach and develop personalized messages to retain subscribers. But in order to get a handle on custom user journeys, and make subscriptions flexible and appealing in this way, the tech that publishers use must be flexible as well.

In the modern subscription business, companies require tech that allows them to test, learn and iterate. Only in this way can they find what truly works to boost retention.

"By testing different offers and getting them out to our resellers and end customers, we're able to get immediate feedback on what's working—and what's not," said Mailin Jappe, Director of XaaS ("Everything as a Service"), Acer.



5. Maintaining relationships with former subscribers

While increased flexibility can help retain subscribers, the reality is that some are being forced to make cancellation decisions they'd rather not make as they hunt for ways to curtail their expenses.

Publishers often report that retaining existing subscribers is easier (and more lucrative) than attracting new ones, and in a similar vein, maintaining and rekindling paying relationships with former subscribers can help publishers continue to grow subscription bases and revenues during difficult periods.

Toolkits research suggests that consumers are now monitoring their subscription portfolios more closely and auditing their spending much more frequently. A growing number are undergoing "subscription cleanses," canceling their subscriptions portfolios entirely before adding back those that they miss or need.

Businesses are taking a similar approach, with many scrutinizing recurring payments more closely and/or moving toward "zero-based budgeting" that requires expenses to be justified and approved on a regular basis.

As a result, some publishers have seen an uptick in "boomerang" subscribers in recent months, as customers dip in and out of paid subscriptions on a more frequent basis.

It's not uncommon for some subscribers to rekindle subscriptions multiple times a year, they say, while others appear to bounce backward and forward between their products and those offered by other publishers. Quantifying returning subscribers accurately can be challenging, however, as consumers often use different email addresses and credentials at signup in order to take advantage of introductory offers and pricing associated with new subscriptions.

With this in mind, publishers are paying closer attention to how they interact with former subscribers and are doing their best to keep them close with a view to rekindling paying relationships down the line.

While effective onboarding processes can help drive subscriber engagement, perceived value and loyalty, offboarding processes can be used to a similar effect. **Offboarding processes also become more important during periods when cancellations are being made by necessity rather than choice**, and when former subscribers are more likely to engage with them.

Some publishers say they're seeing success with more sophisticated re-engagement campaigns based on former subscribers' behavioral data. Subscribers that were on the fence about canceling in the first place can often be lured back relatively easily, they say, by showcasing the specific types of content they've previously shown a high propensity to engage with.

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Some cancellations are inevitable, but they needn't be final.

According to FIPP's 2022 Innovation in Media report, 72% of publishers conduct campaigns to win back recent cancellations.

The first step is to identify subscribers at risk of canceling by honing in on users that aren't regularly engaging with content. Publishers can then take steps to mitigate against cancellation by promoting other content or services or reminding them of features of their subscriptions.

If unable to tempt them back, recent cancellations still provide a rich resource of data that should be tapped into for future growth. This data can help understand audiences better and focus on their needs.

Maintaining relationships with users is a long-term strategy, not something that can be achieved in one fell swoop. Mobilizing a multi-pronged retention strategy that focuses on maximizing user experience, building habits, and mitigating cancellations is crucial to leveraging existing subscriber bases.

One strategy favored by publishers involves sending reminders to close-to-lapse subscribers to renew with personalized messages focused on the services they enjoy. Around eighty-five percent of publishers stated that personalized reminder campaigns like this were extremely valuable for retention.

"Once you've discovered the stories that individual readers are willing to pay for, and even better, the stories that keep them paying, you can finally move from reach to relationships" Nick Tjaardtsra, Head of Global Advisory, The World Association of Newspapers and News Publishers.

Most of all, reshifting perspectives to view customer relationships as a mutual value exchange rather than a simple transaction will make all the difference.

What's next

Despite a shaky economic outlook, **publishers say their subscription outlooks remain largely positive for the remainder of 2023**.

"We see evidence of growth everywhere, and no sign that publishers are yet being affected by any sort of slowdown," wrote FIPP president and chief executive, James Hewes, in the trade association's most recent Subscription Snapshot report.

Many publishers say they're approaching the second quarter with cautious optimism. Although few expect conditions to improve significantly before the fourth quarter, those with solid subscription foundations mostly believe they're well-positioned to finish the year in a strong position.

Subscriber volume and revenue growth might be harder to come by, but those with engaged audiences and high-quality products remain optimistic their subscription businesses will ultimately emerge from a difficult period stronger.

New headwinds and challenges are on the horizon, however. Retention remains an ongoing slog as consumers trim their outgoings, while the sudden arrival of generative artificial intelligence tools has caught many publishers by surprise and threatens to undermine their business models.

It's also looking increasingly likely that click-to-cancel mechanisms could become an unavoidable legal requirement for publishers and media companies selling to U.S. consumers by the summer, which could have significant implications for those publishers that continue to uphold less subscriber-friendly cancellation policies.

With adjusted strategies, tactics, and expectations in place, attention now shifts to execution as publishers hunker down and focus on the hard work of serving their audiences and subscriber bases one day at a time.