

# The Boston Globe

## Transformation Case Study

A potential path to a sustainable business model through digital subscriptions

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Chief Consumer Revenue Officer





## About The Boston Globe

The Boston Globe is a 26-time Pulitzer Prize winning news source featuring premium national and local content daily. With the largest newsroom in the region, The Boston Globe provides more news, analysis and information about community events, sports and entertainment than any other local news source.





## **Discussion areas**

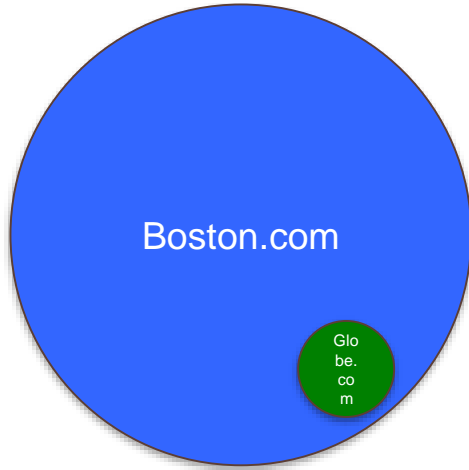
- Historical context
- Current performance
- Future outlook

## Historical Context

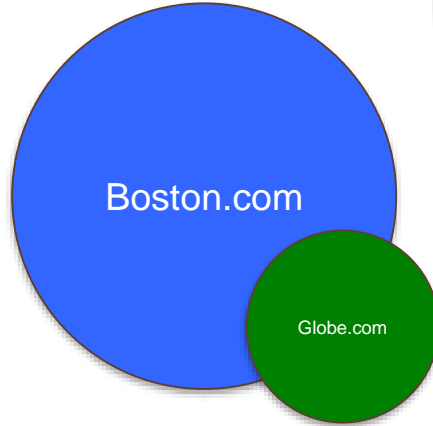
- . Digital audience trends
- . Digital revenue trends
- . Total subscriber trends
- . Business model evolution
- . Subscriber demographics



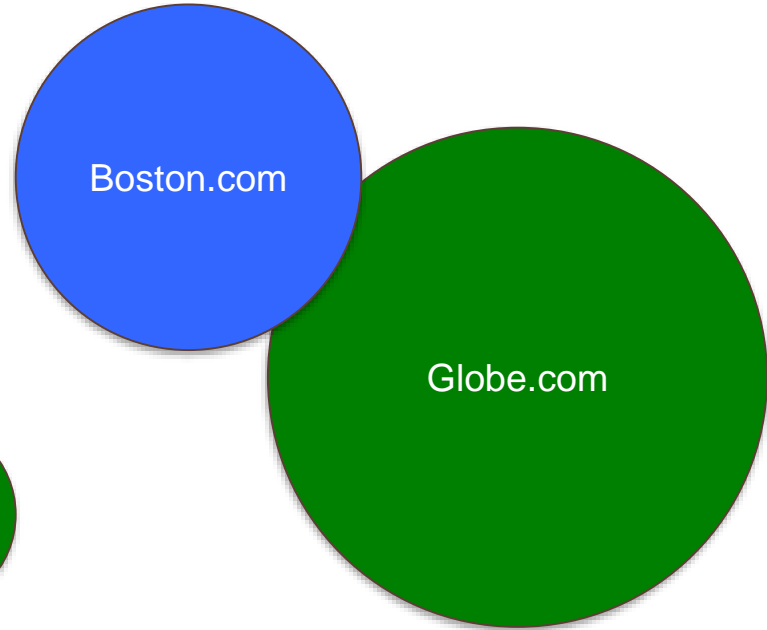
## Digital Audience Trends



2011  
9mm Monthly visitors



2014



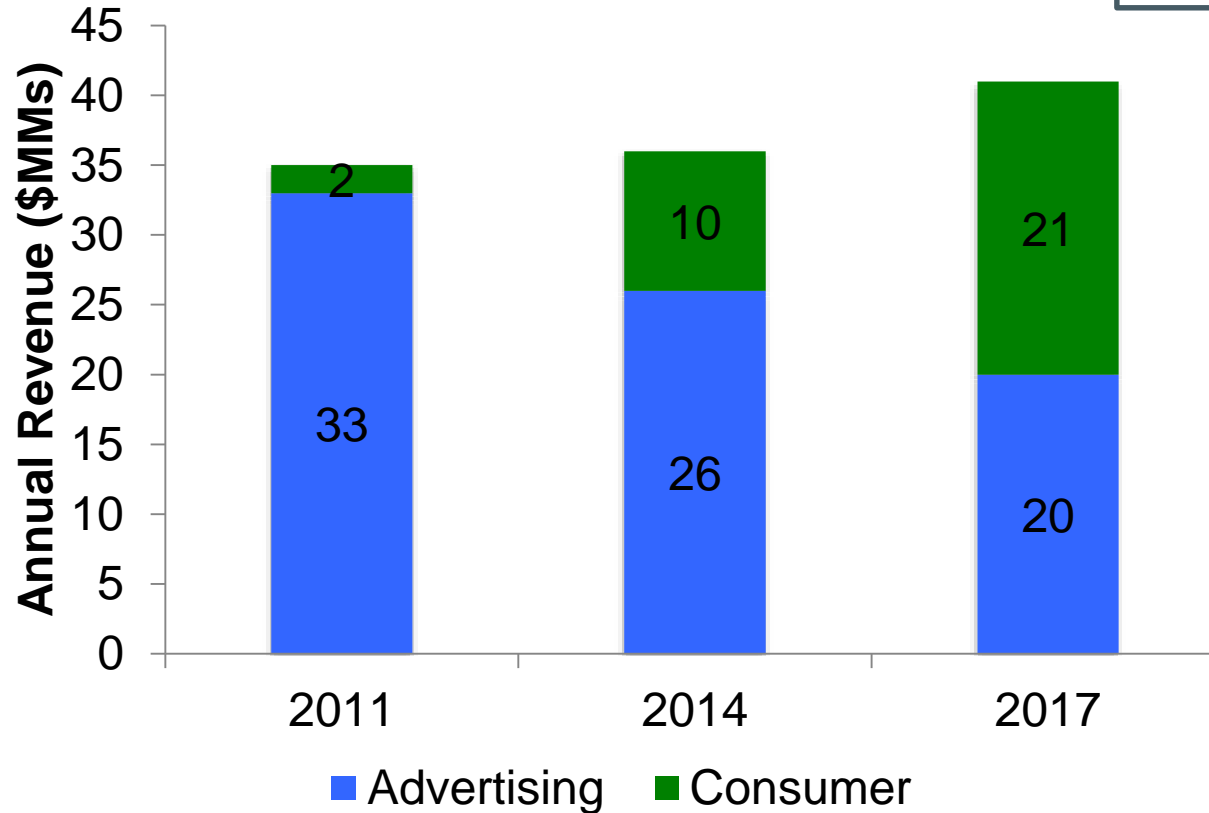
2017  
15mm Monthly visitors

*Note: bubble size represents monthly unique visitors*



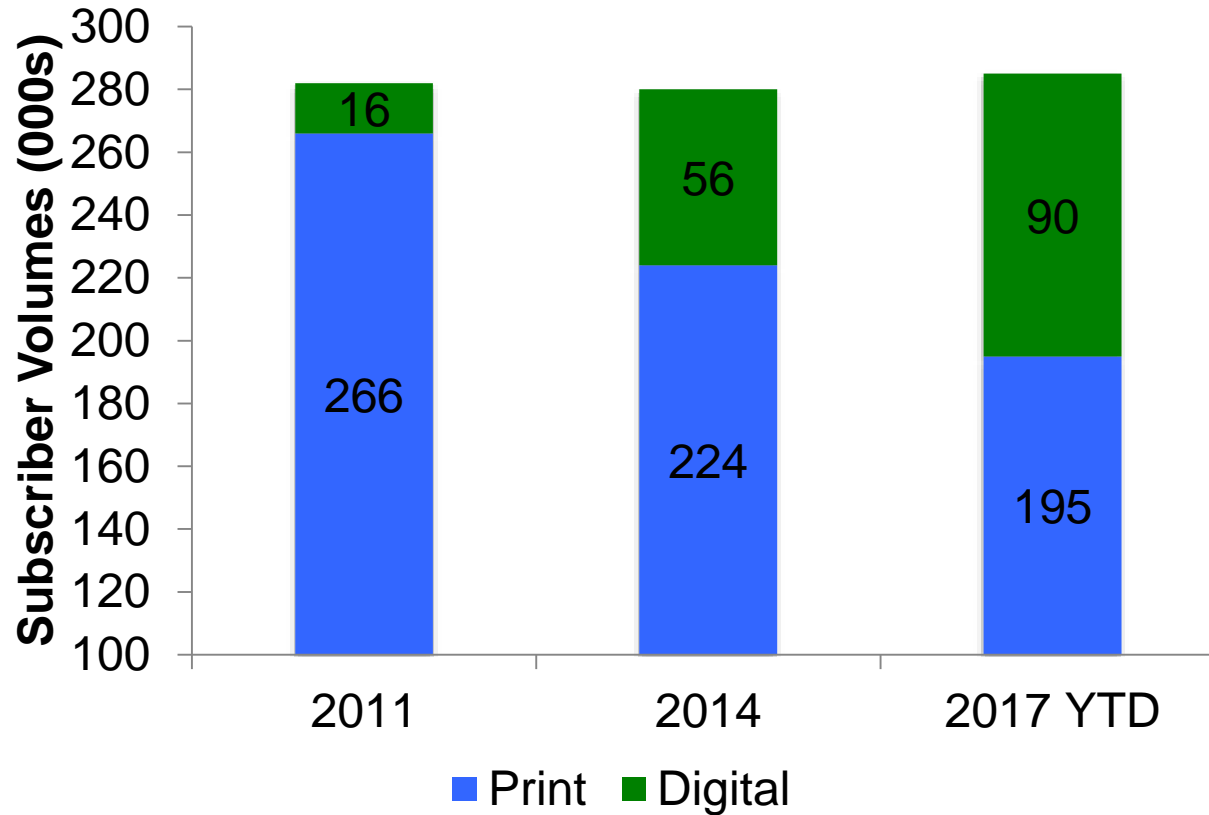
## Growth in Digital Revenue

Digital subscription  
revenue surpassed  
advertising in 2017





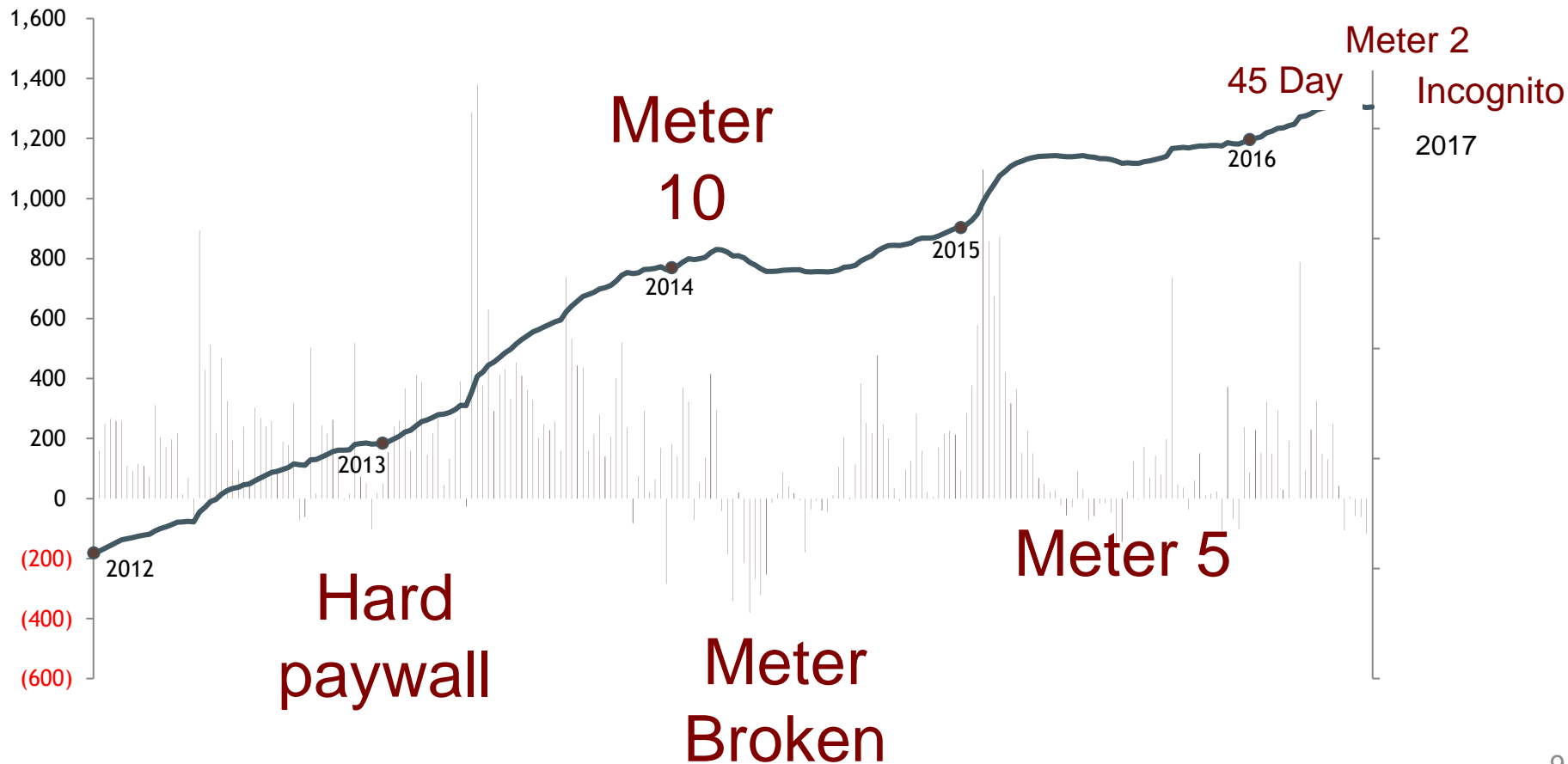
## Growth in Total Subscribers







## Pay-model changes have lead to continuous digital sub growth



\*Subscriber count does not include ePaper or group subscriptions

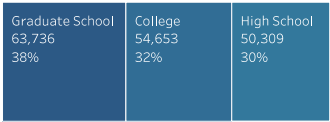


# Print Subscriber Demographics

## Demographics Overview

Product  
Multiple values

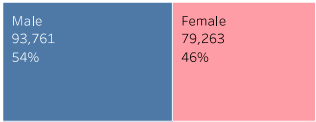
### Education



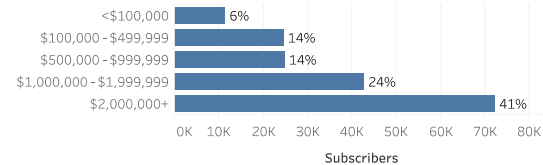
### DMA



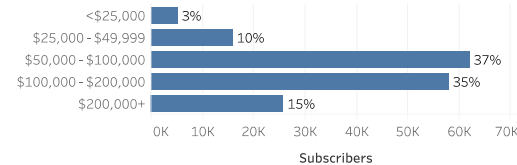
### Gender



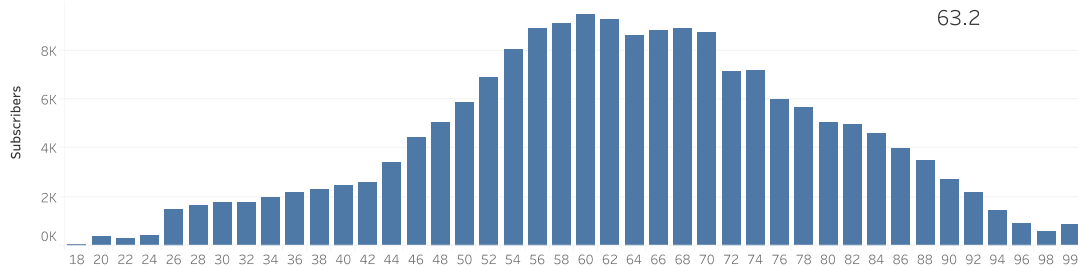
### Net Worth



### Income



### Age Distribution



### Average Age

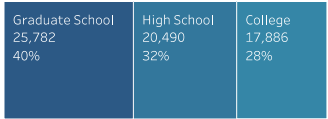
63.2

# Digital Subscriber Demographics

## Demographics Overview

Product  
Digital

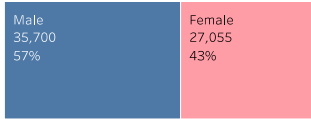
### Education



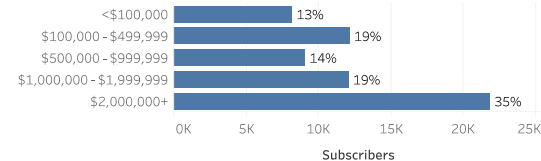
### DMA



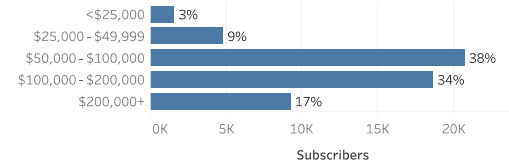
### Gender



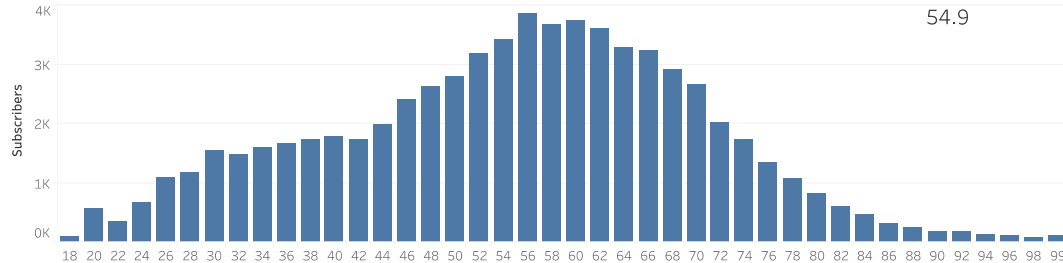
### Net Worth



### Income



### Age Distribution



## Current performance

- . Pay model rules
- . Email
- . Subscriber value & retention
- . 45-day change
- . Private browsing
- . 2-article meter
- . Pricing



# Globe does not allow any paywall exceptions

Newspaper	# of metered articles	Paywall exceptions			Digital subscription (\$/month)	E-newspaper (\$/month)
		"Private" browsing	Search	Social media		
New York Times	III-III	yes	yes	no	\$15.00	
Washington Post	III	yes	yes	no	\$9.99	
Los Angeles Times	III	yes	yes	no	\$7.96	
Wall Street Journal	None*	no	no	yes**	\$32.99	
New York Post						N/A
New York Daily News						\$2.12
Chicago Tribune	III	yes	yes	no	\$7.96	
Houston Chronicle*	III	yes	yes	no	\$9.99	
The Star-Ledger (NJ)						\$19.99
Boston Globe*	II	no	no	no	\$15.96	
Dallas Morning News	II	yes	yes	yes	\$11.96	
Miami Herald	III I	yes	yes	yes	\$12.99	
The Plain Dealer (Cleveland)						\$14.00
The Philadelphia Inquirer						\$7.00
The Mercury News (San Jose)						\$10.00
The Oregonian						\$24.00
The Seattle Times	III	yes	no	no	\$15.96	
The Times-Picayune (NOLA)						\$19.99
The Denver Post						\$11.99
Star Tribune (Minneapolis)	III II	yes	no	no	\$15.16	
Detroit Free Press						\$2.24
Arizona Republic	III III	yes	yes	yes	\$4.99	
Orlando Sentinel	III	yes	yes	no	\$7.96	
The Kansas City Star	III I	yes	yes	yes	\$12.99	
The Charlotte Observer	III I	yes	yes	yes	\$12.99	

\*Newspapers operating two websites. The paywalled site is considered.

\*\*Does not include non-paywalled "freemium" content.

\*\*\*Only if shared by subscribers or employees.



Newsletters and email marketing are critical to digital sub growth

**1.1B**

**On pace to surpass  
1.1 billion emails  
deployed in 2017**

**1.5M**

**There are 1.5M unique  
and active daily  
newsletter  
subscribers**

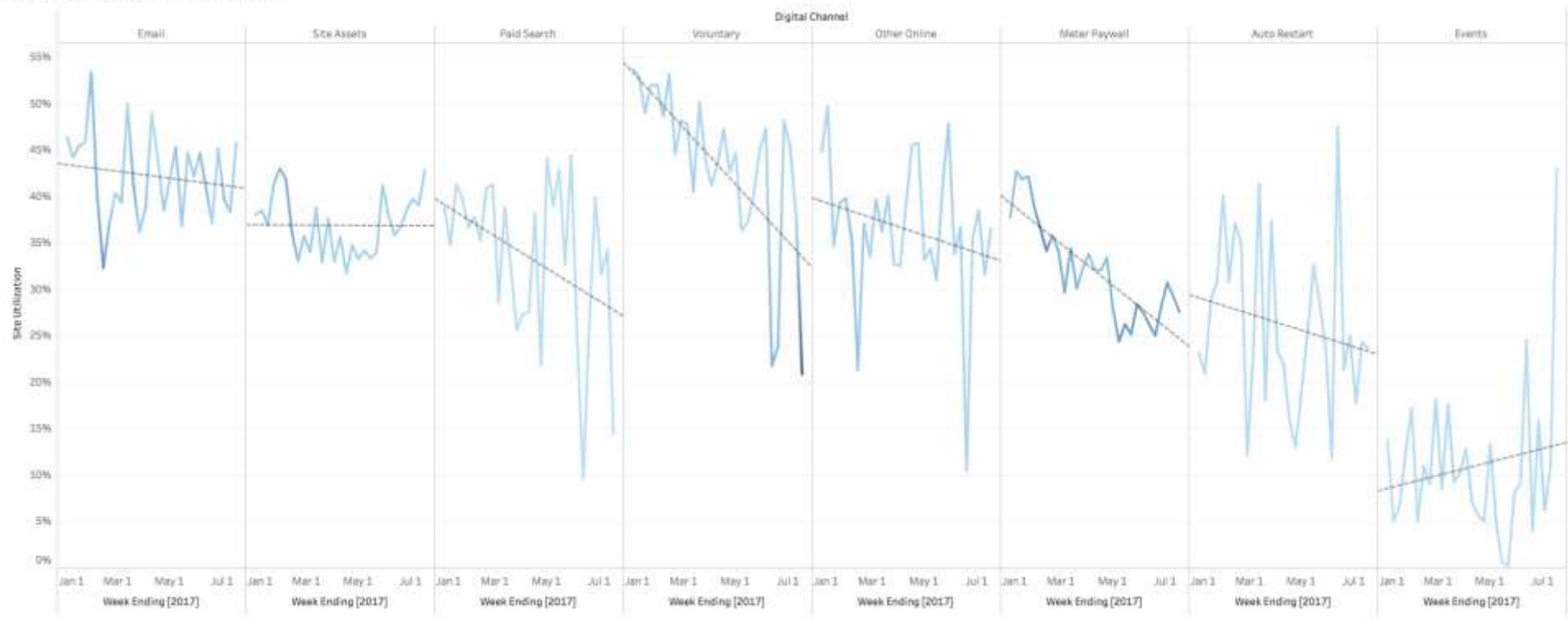
**10X**

**Site visitors that are  
known have a  
conversion rate of  
10X that of  
anonymous visitors**



# Digital subscribers acquired from email have highest engagement

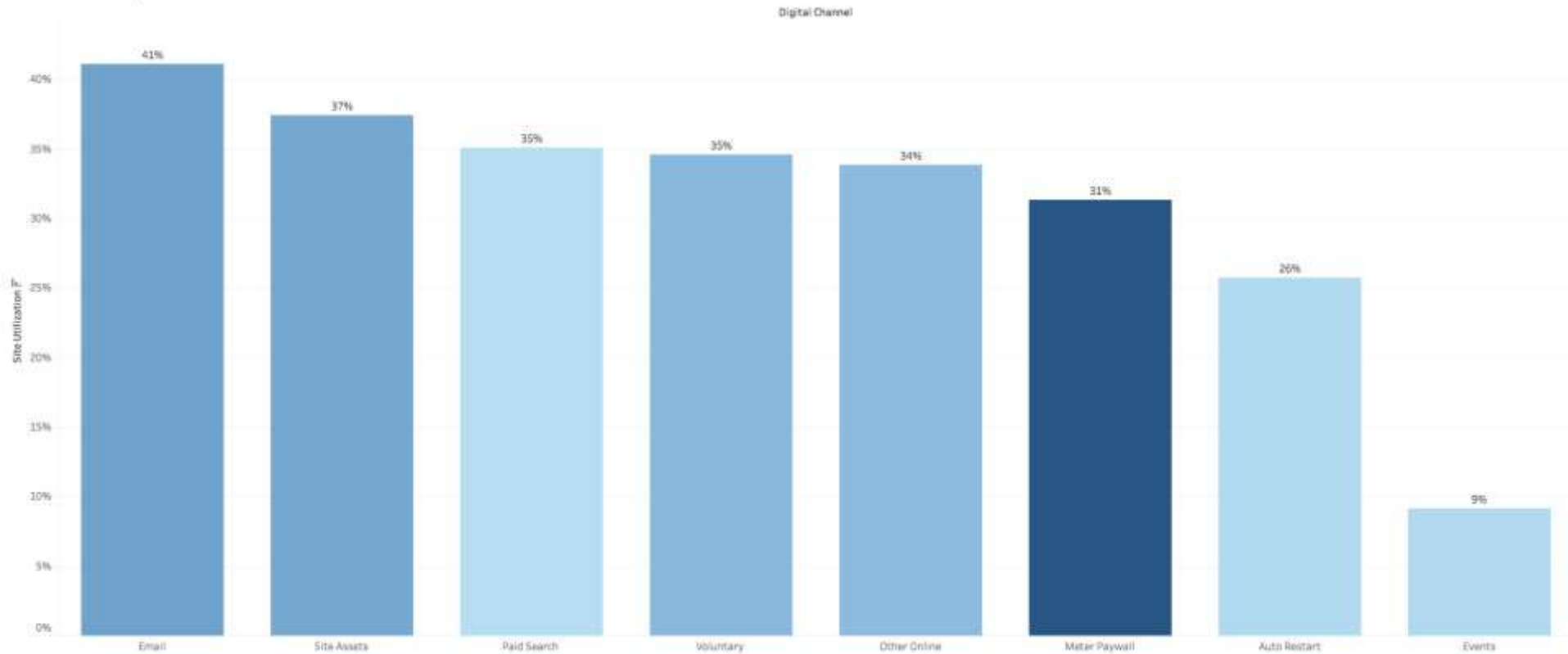
Site Utilization by Channel Trended





# Email subs engage at 10% higher than those from pay wall

Site Utilization by Channel

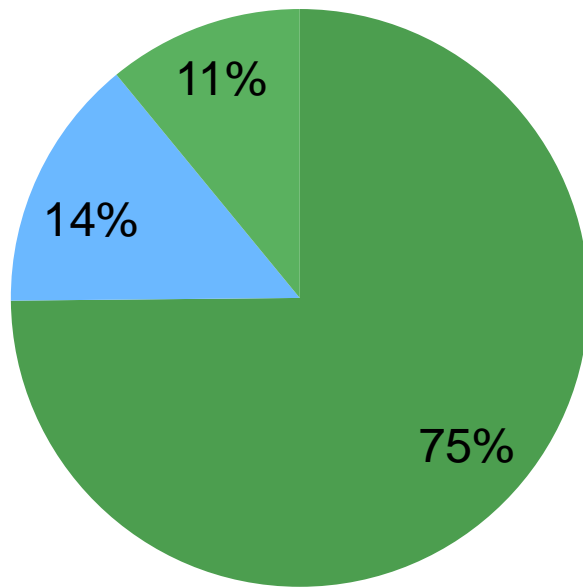






## Digital subscribers generate 86% of revenue for BostonGlobe.com

Subscriber have surpassed the 50% mark in monthly Page Views



■ Subscriber Revenue

■ Non-Subscriber Ad Revenue

■ Subscriber Ad Revenue

Subscriber revenue includes e-reader revenue

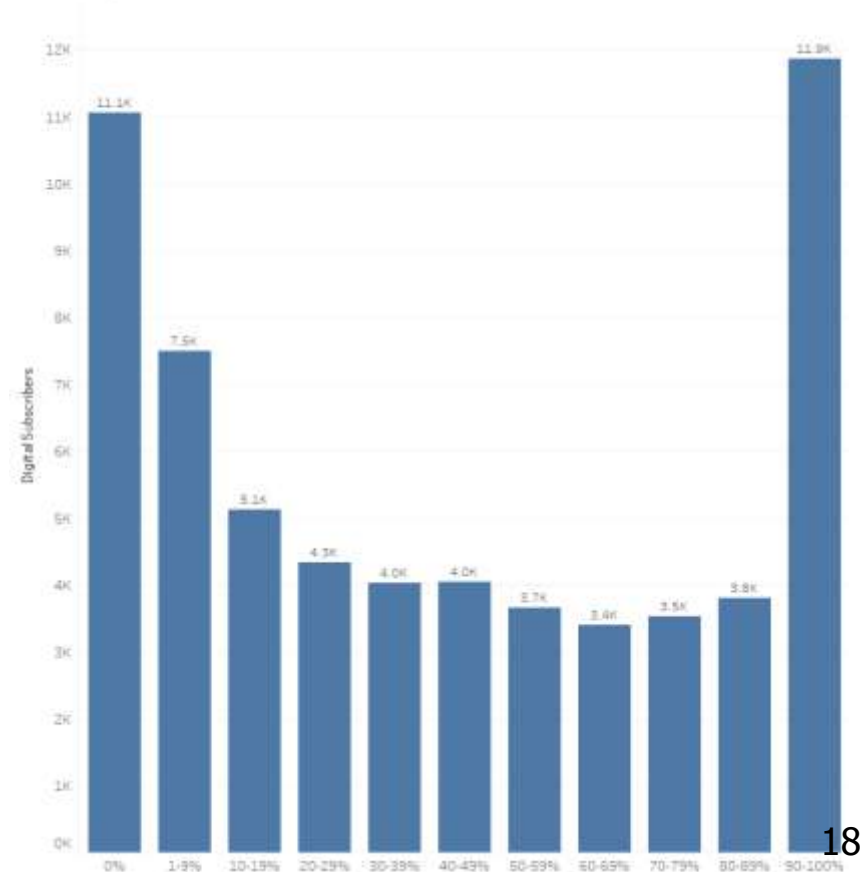
Ad revenue based on \$409k per month (56.5% non-subscriber, 43.5% subscriber, based on PV allocation of Logged In vs Logged Out)



## Most digital subscribers are either highly or very low engaged

- On an average day, 45% of digital subscribers visited the site.
- ~18% of digital subscribers did not visit the site last month.
- If each subscriber moved up one engagement bucket, we would have ~1,700 additional subscribers a year from today.

Volume by Site Utilization Buckets



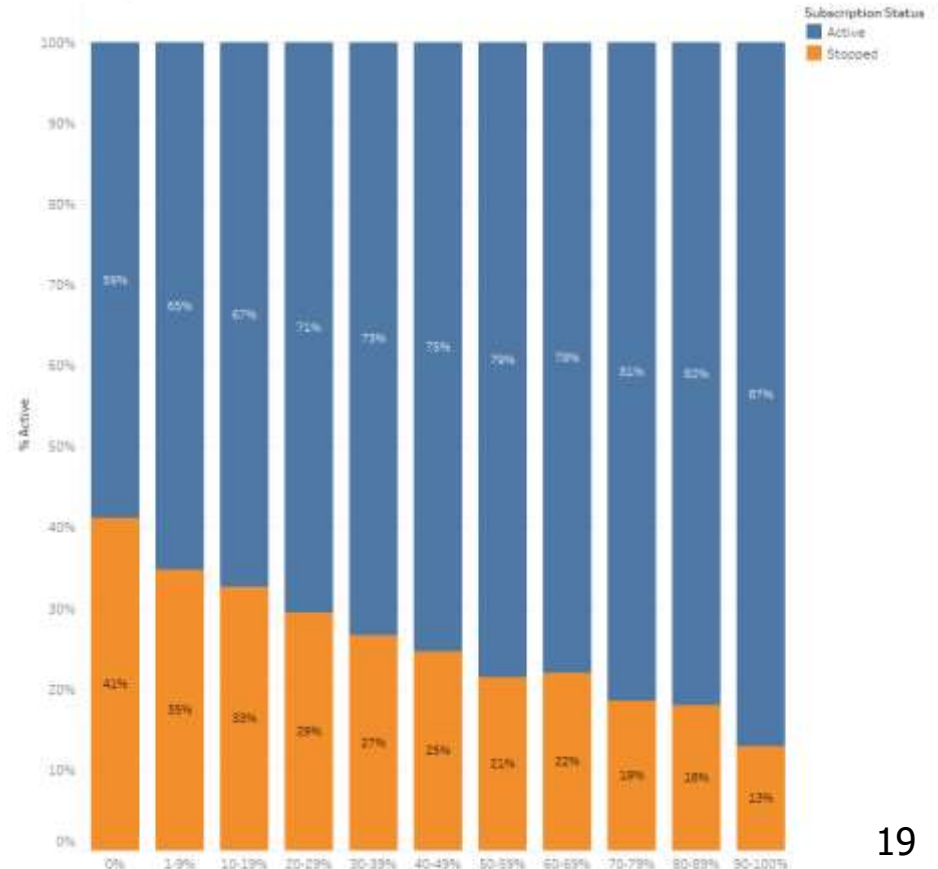
\*Based on May 2017 site usage data



## Linear relationship between engagement and retention

- The correlation between site usage and retention is a linear, 1:1 relationship.
- Subscribers who use the site on 90 – 100% of possible days have a one year retention of 87%, 3x that of our least engaged segment.

Retention by Site Utilization Buckets



\*Based on May 2016 site usage data



## Digital cancellation rates continue to decline as our base grows

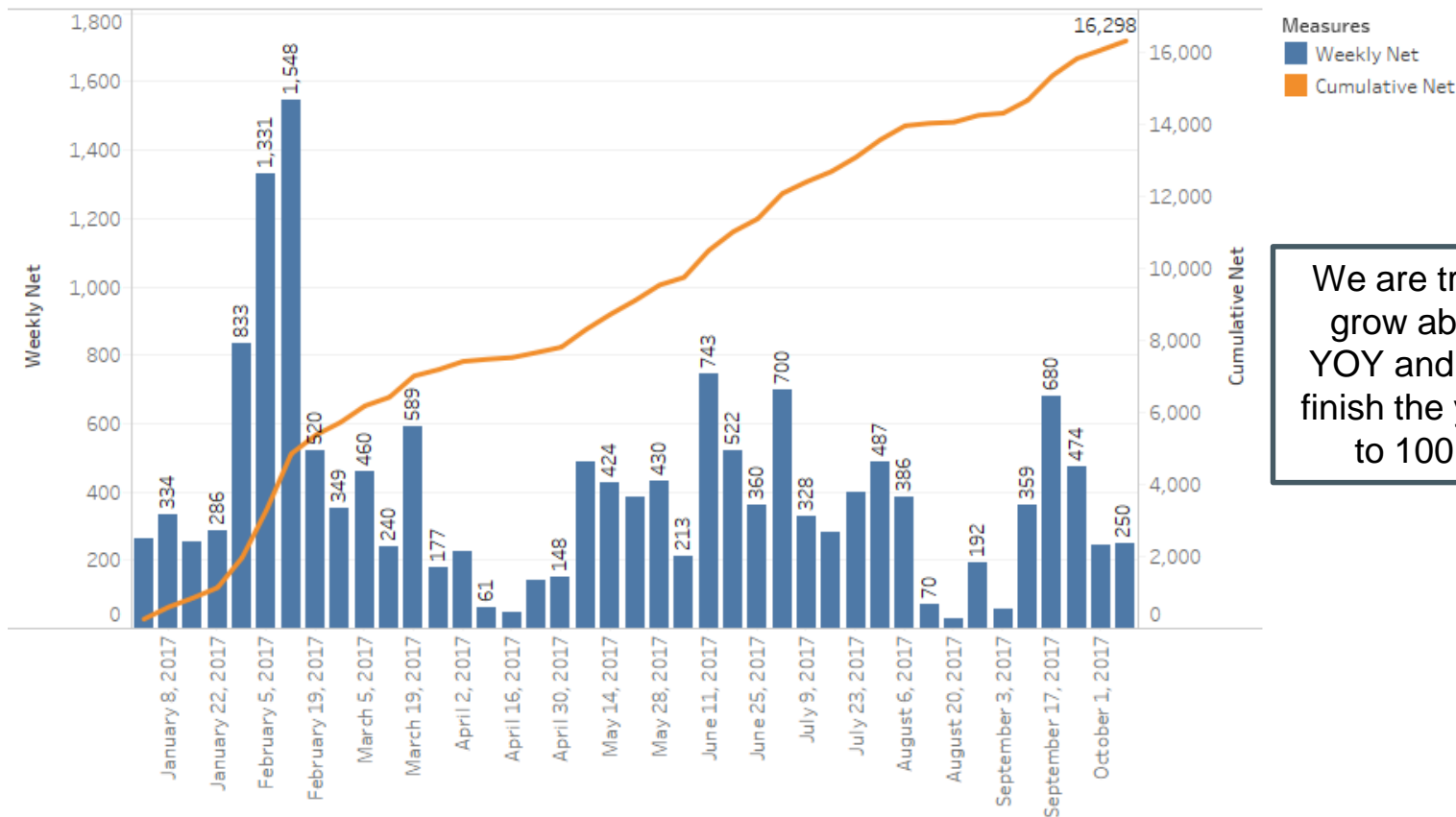


Decreases in our weekly stop rate have helped spur digital subscription growth.



# 2017 will be the best year for digital sub growth in our history

Weekly Net & Cumulative Net Growth YTD



We are trending to grow about 35% YOY and expect to finish the year close to 100K subs



# Non-subscribers have an individualized 45 day window to sample content

## Paywall and Sub Metrics : Audience Breakdown

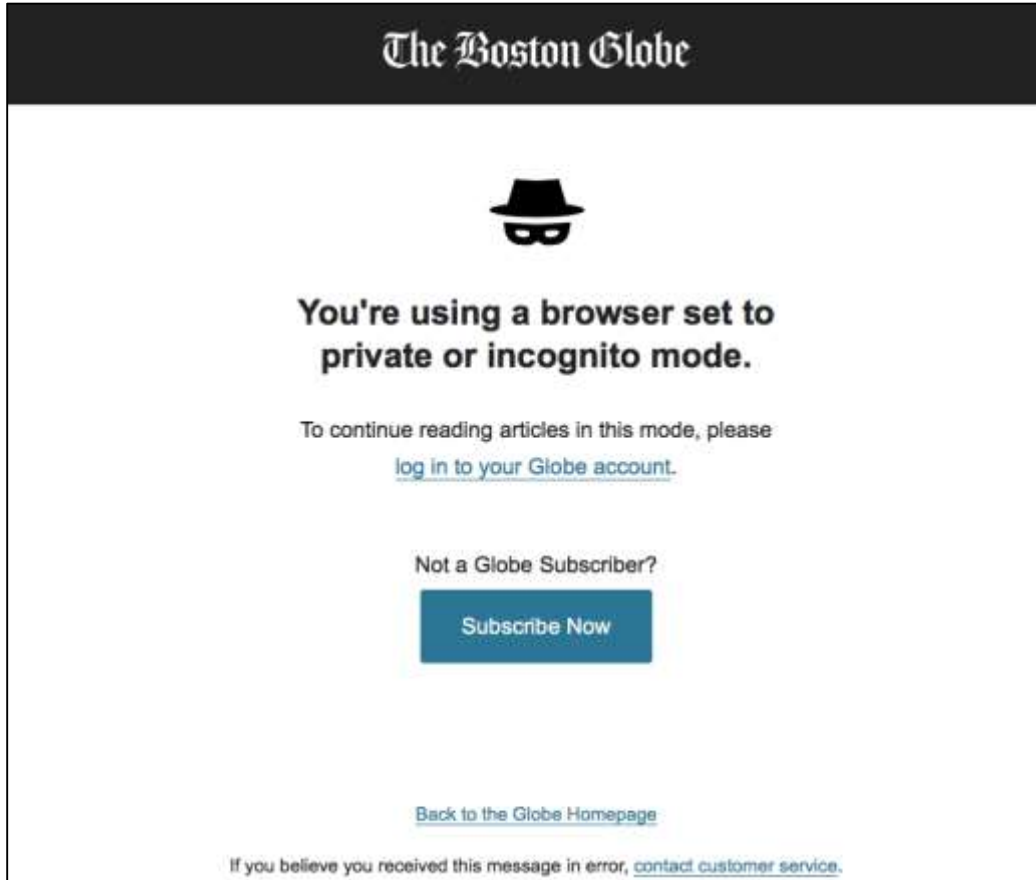
	BG Logged Out Visits	Paywall Page (contains Paywa	Paywall Page Visits/Logged O	Total Paywall Subs (Classic, Sp	Total Paywall Subs/Paywall P	BG Digital Subscriptions
	Visits	Visits		Visits		
Segments ↑ Page: 1 / 1 Rows: 50 1-4 of 4	 181,960	 31,921		 56		 84
1. Days on Meter = 1-10 (VISIT)	142,332 78.2%	11,736 36.8%	8.25%	20 35.7%	0.17%	40 47.6%
2. Days on Meter = 11-20 (VISIT)	12,754 7.0%	5,953 18.6%	46.68%	15 26.8%	0.25%	17 20.2%
3. Days on Meter = 21-30 (VISIT)	12,236 6.7%	6,174 19.3%	50.46%	10 17.9%	0.16%	10 11.9%
4. Days on Meter = 31-45 (VISIT)	14,638 8.0%	8,058 25.2%	55.05%	11 19.6%	0.14%	17 20.2%

45-day cohort accounts for:

- 8% of non-sub visits
- 25% of paywall visits
- 20% of new paywall subscribers



## Private browsing is no longer a paywall exception



### Private browsing stats:

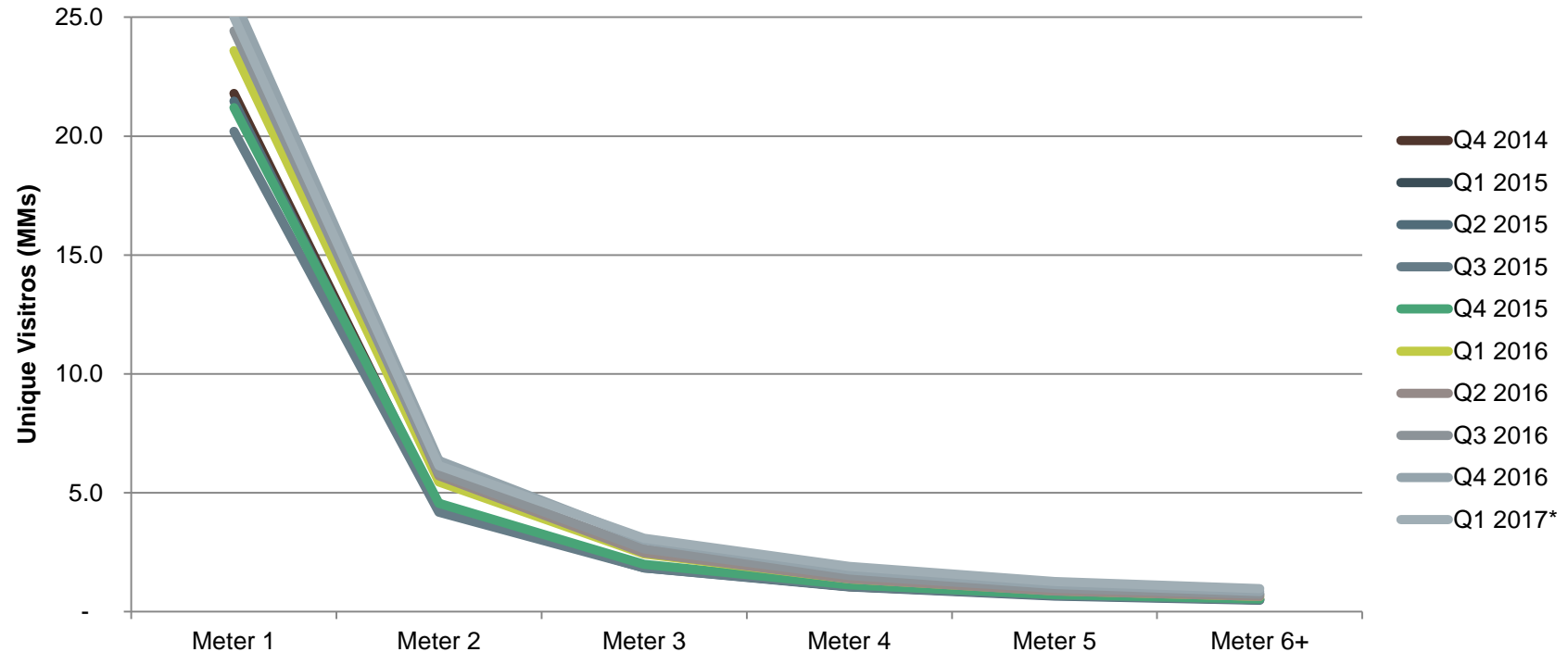
- About 6-8% of our audience browses privately
- We convert about 7-10 new digital subs per day that are in incognito status
- No impact on advertising
- Support in marketplace



We chose a 2 article meter because of scale and consistency of user behavior over time

## Unique Visitors by Meter

*Quarterly Data*





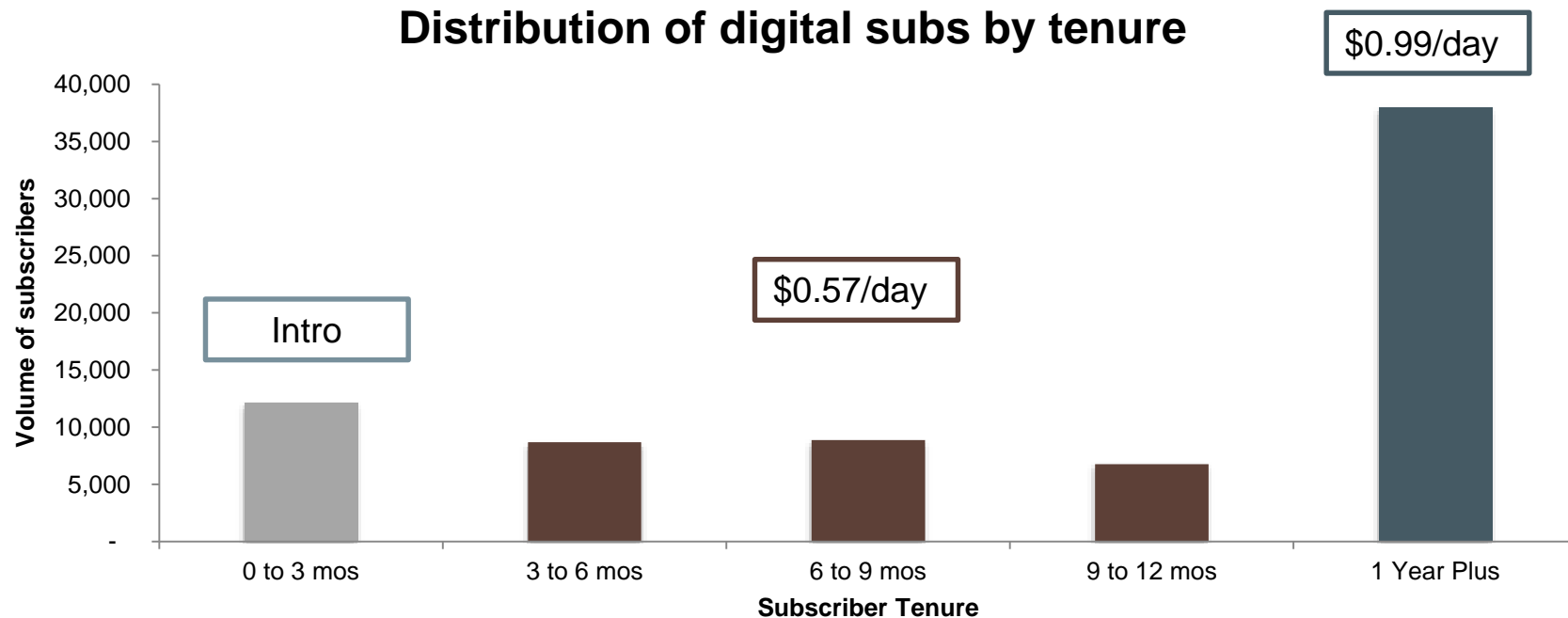


## Impact of 2017 changes

- Roughly **15%** of visitors are challenged with a paywall each day. That is up from about 4-5% last year
- Conversion rates have remained relatively consistent
- We have sold about **40K** new digital subscriptions YTD
- Subscriber cancellation rates continue to decline



Over 50% of our digital subs are greater than 1 year and are paying \$0.99 per day



# Future Outlook

- . Vision
- . Globe revenue breakdown
- . Required digital revenue
- . Paths to digital-only
- . Integrating digital assets
- . Resource alignment



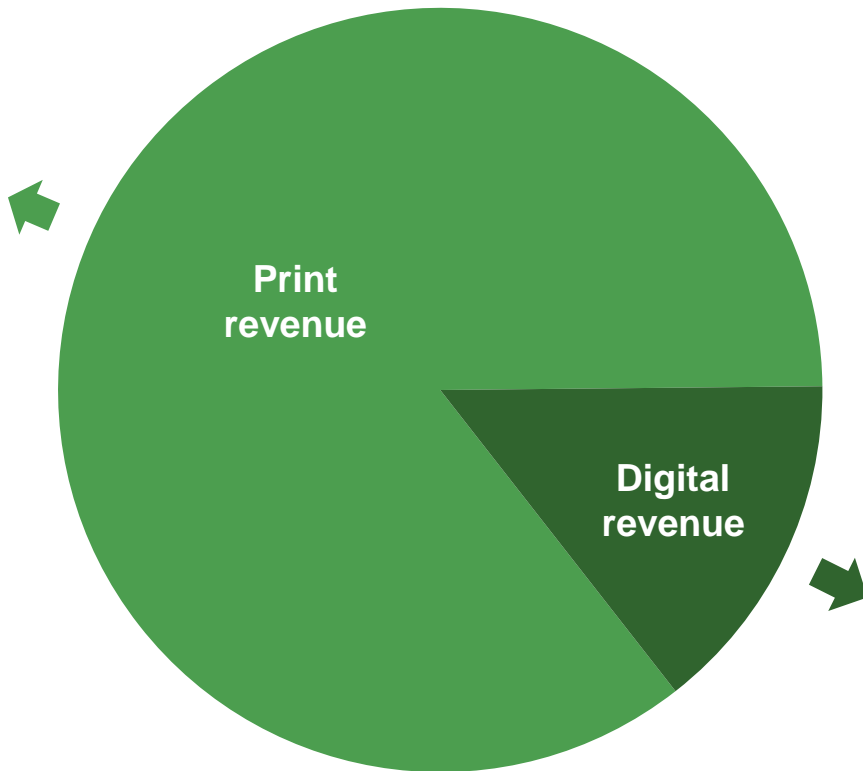
- We are, first and foremost, a **consumer-revenue driven business** that serves and grows our paid-customer base with; quality journalism that adheres to our mission, products worth paying for, and technology that allows us to capture and retain those customers.
- We are, secondarily, a business focused on attracting and retaining **premium-advertising** clients to whom we offer a highly engaged and loyal audience.
- And, finally, we serve as a **convener in our community**, one always striving to be a relevant and estimable marketplace of ideas, products, services, and bulletins.



## Globe revenue breakdown

**\$240M**

185K print subscribers

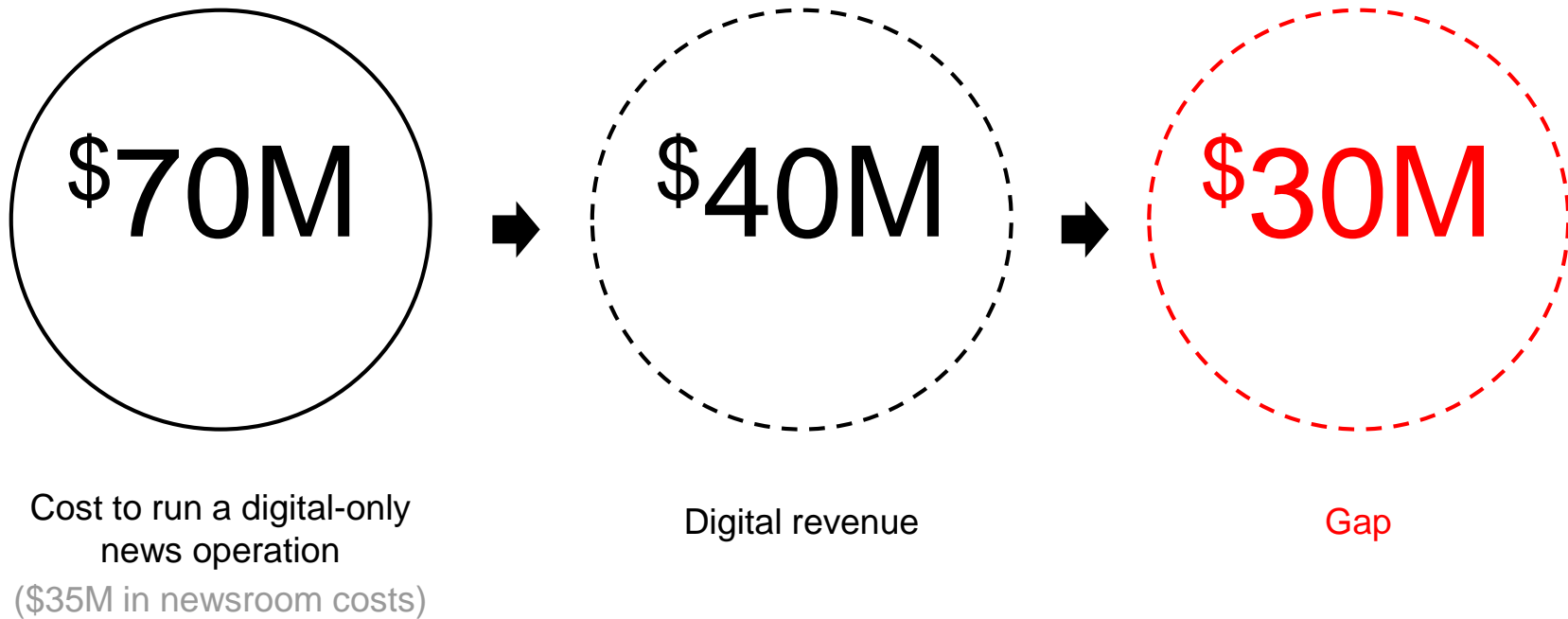


**\$40M**

90K digital subscribers



## Digital revenue breakdown





## Strategic paths to get to a digital-only world

		2021 Projection			
		Scenario 1	Scenario 2	Scenario3	Scenario 4
		BAU	Aggressive HD Pricing	Aggressive move to digital	Digital Only
Digital	Subs	200,000	200,000	200,000	200,000
	Revenue	\$70,000,000	\$70,000,000	\$70,000,000	\$70,000,000
Print	Subs	143,000	120,000	75,000	-
	Revenue	\$70,000,000	\$86,000,000	\$54,000,000	\$-
Total	Subs	343,000	320,000	275,000	200,000
	Revenue	\$140,000,000	\$156,000,000	\$124,000,000	\$70,000,000

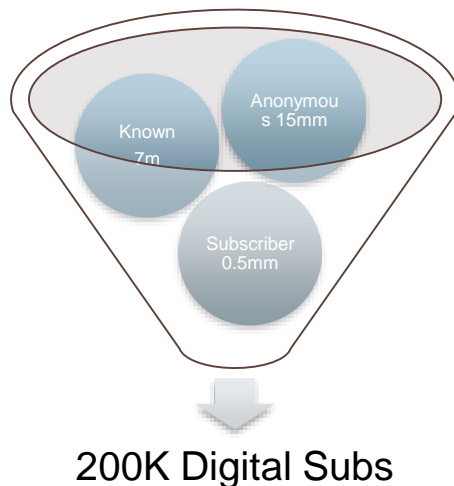


# Moving from disparate digital assets to an integrated customer journey

From:

	Anonymous	Known	Subscriber	Total
Globe.com	6.8mm	1.1mm	175K	8mm
Boston.com	5.8mm	0.1mm	0.1mm	6mm
Email	0	1.9mm	0.1mm	2mm
Statnews	1.0mm	0	1.1K	1.0mm
<b>Total</b>	<b>13.3mm</b>	<b>3.1mm</b>	<b>0.3mm</b>	<b>16.5mm</b>

To:



## Potential Tactics:

- Hard registration wall on Globe.com could scale anonymous to known users
- Stub Globe content on boston.com to drive referrals and registrations on Globe.com

## Data fact:

- Known visitors convert at 10X the level of anonymous users



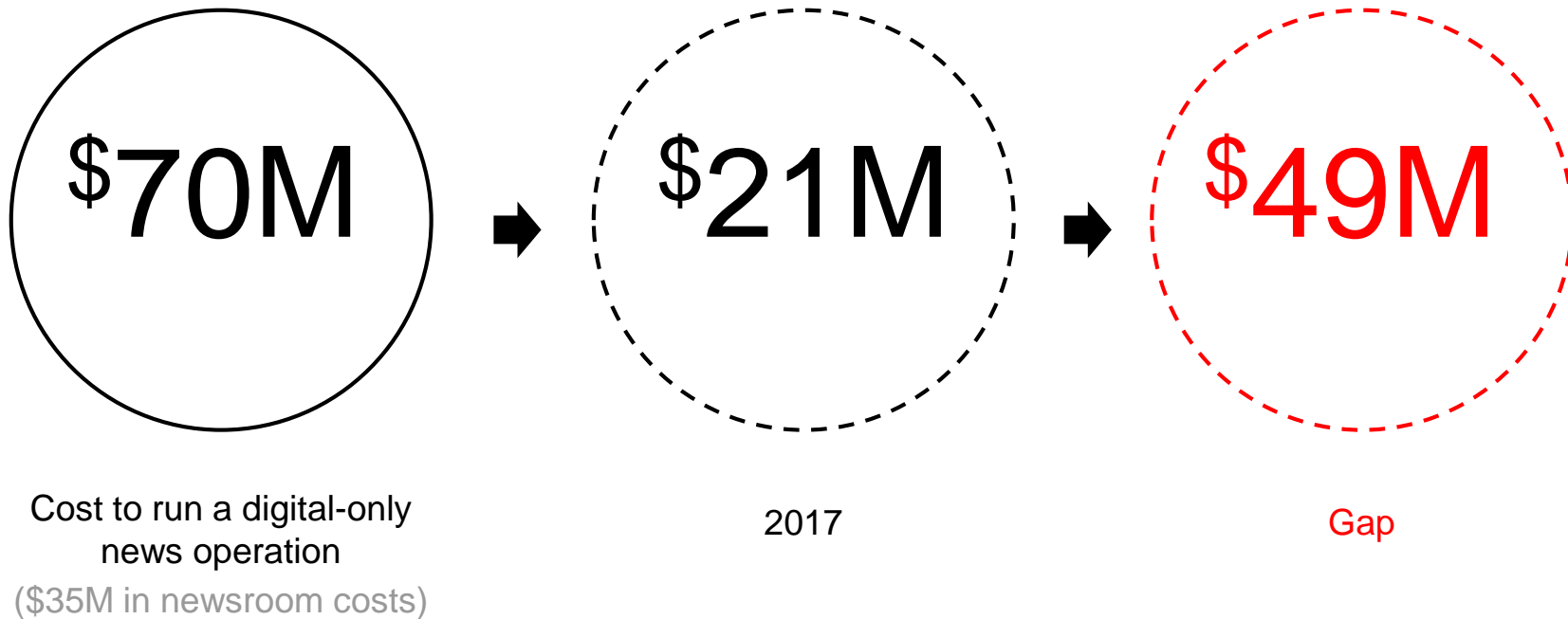


# Creating a team structure that is focused on legs of customer journey



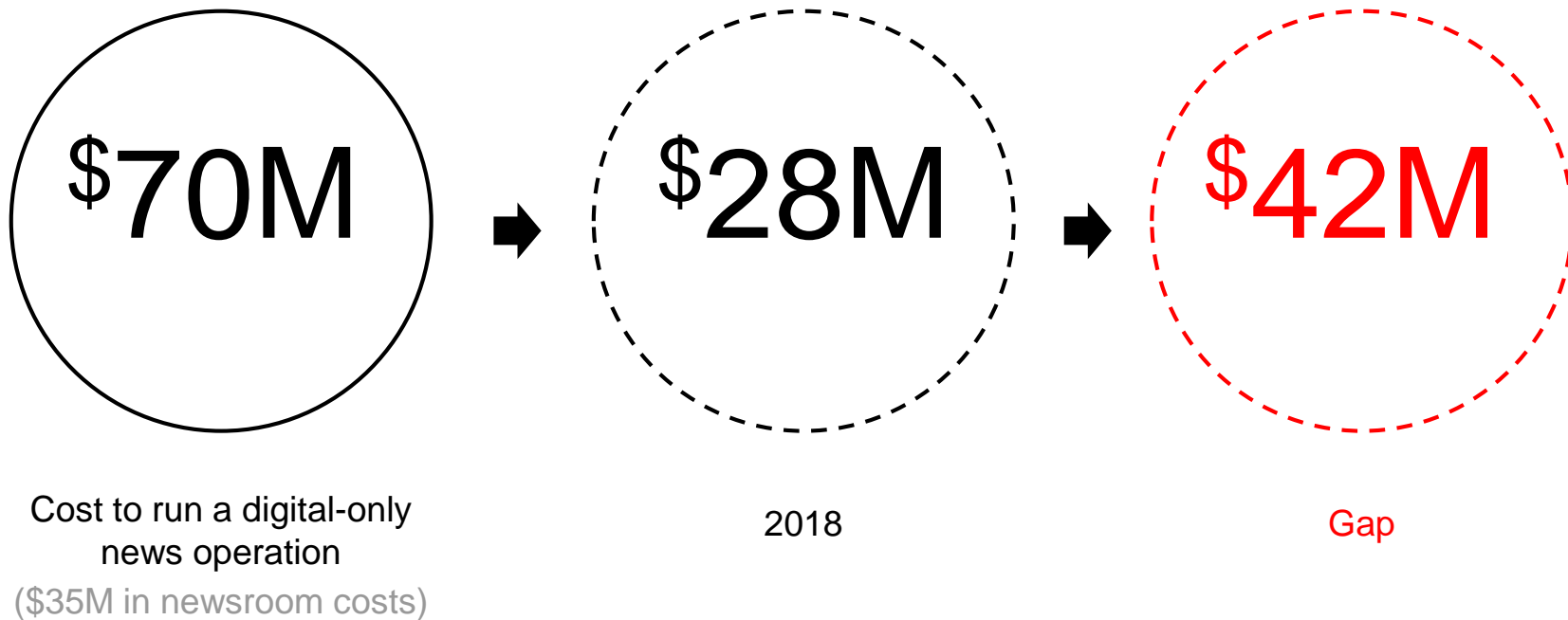


## Digital revenue breakdown: Consumer Only



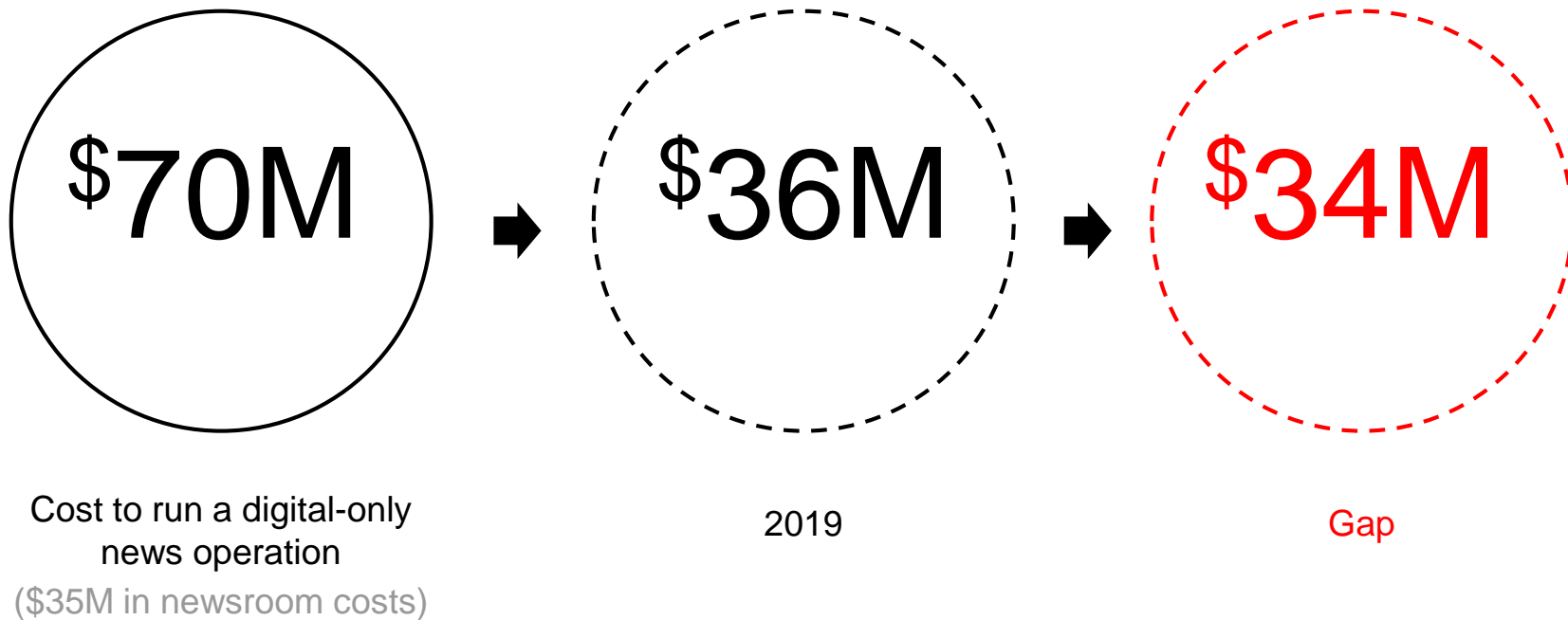


## Digital revenue breakdown: Consumer Only





## Digital revenue breakdown: Consumer Only





## Digital revenue breakdown: Consumer Only

**\$70M**



**\$36M**



**\$34M**

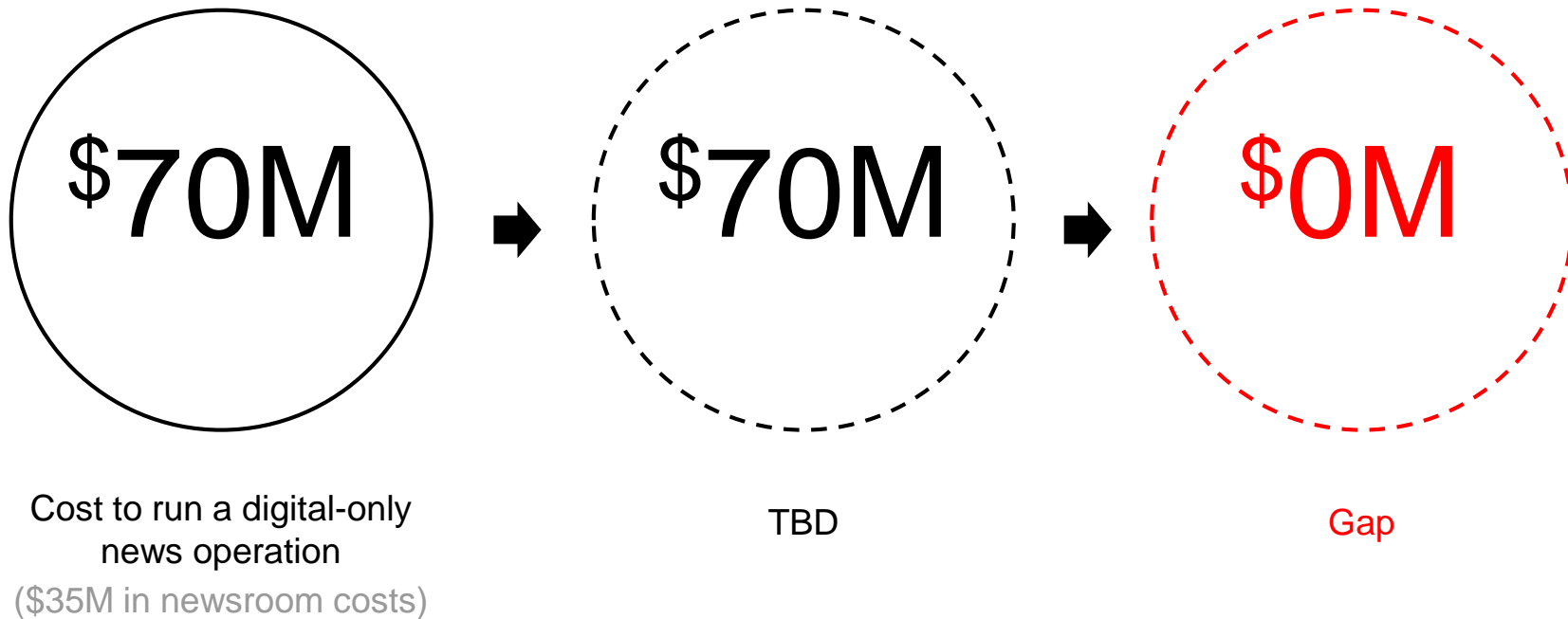
Cost to run a digital-only  
news operation  
(\$35M in newsroom costs)

2019

Gap



## Digital revenue breakdown: Consumer Only





# Questions?