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## THE 2017 MATHER SYMPOSIUM: RECAP

*Tyler Shiovitz, Analyst | Vadim Radinsky, Analyst - Mather Economics*

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## EVALUATING YOUR EXPENSE MODEL

*Bob Terzotis, Executive Vice President - Mather Economics*



# THE 2017 MATHER SYMPOSIUM: *RECAP*

*Tyler Shiovitz, Analyst &  
Vadim Radinsky, Analyst -  
Mather Economics*

## The 2017 Mather Symposium – Recap

Mather Economics would like to thank everyone who attended the *2017 Mather Symposium, Audience & Data: The Road to Revenue* at The Ritz Carlton in Atlanta. With a wealth of speakers, topics, and attendees from across the globe, we hope that everyone left with actionable insights and new, thought-provoking perspectives. We would also like to thank our partner, the Inland Press Foundation, for their assistance in planning and organizing the conference. The result was an inspiring gathering of industry leaders that shared their success stories, roadblocks, and strategic visions for the future of news media.

This year's theme—"Audience & Data: The Road to Revenue"—offered attendees a chance to participate in interactive discussions centering on initiatives to grow audience and revenue while transitioning into a digital-led business model. With speakers from organizations such as Cox Media Group, The University of Oxford/Harvard Business School, The Boston Globe, Fairfax New Zealand, The Dallas Morning News, and more, attendees gained insights into topics such as digital subscriber acquisition and retention, audience benchmarking, customer service performance auditing, the evolution of print and digital advertising, and the optimization and monetization of content.

Kicking off the symposium was a panel discussion featuring Newsday's evolution to an analytics-driven decision-making enterprise, from both audience and advertising perspectives. Patrick Tornabene and Andrea Rothschild spoke at length on the multi-year process to embrace data and analytics throughout their organization and their plans for the next few years.

Other highlights included the industry debut of the “Digital Billboard Network” presented by our colleagues from Oahu Publications, a new industry benchmarking tool from The Inland Press, success in digital paid content plans from Marketing G2 & Philadelphia Media Network, and the organizational and strategic transitions taking place at Advance.

Attendees were able to catch a glimpse of other technology advancements including: digital advertising revenue audit services from Dev/Con Detect, local market subscription models from INWEGO, and advances in header bidding data for audience growth and yield from PubWise.

Mather Economics was also proud to present advancements and best practices in churn modeling, the alignment of digital audience and content strategy for digital revenue optimization using Listener™, customer service auditing, and the metricsXchange tool, a product of our partnership with the News Media Alliance to provide publishers with dynamic digital benchmarks.

Again, we would like to thank everyone who participated in this year’s symposium for making it a successful hub for news media innovation.

To view the full list of presentations from this year, please go to:

[www.mathereconomics.com/knowledge-center](http://www.mathereconomics.com/knowledge-center)

See you next year!

**Mather Economics**

## Further reading

Peter Doucette, *Chief Consumer Revenue Officer*, from The Boston Globe presented a case study on transformation called ***Transformation Case Study*** – A potential path to a sustainable business model through digital subscriptions.

**[Click here to read more](#)**

*Why Churn Modeling? How can Mather help our clients reduce non-pricing related churn?* Read how you can identify who is likely to churn; what do do about it; and case studies on successful initiatives driven by churn scores.

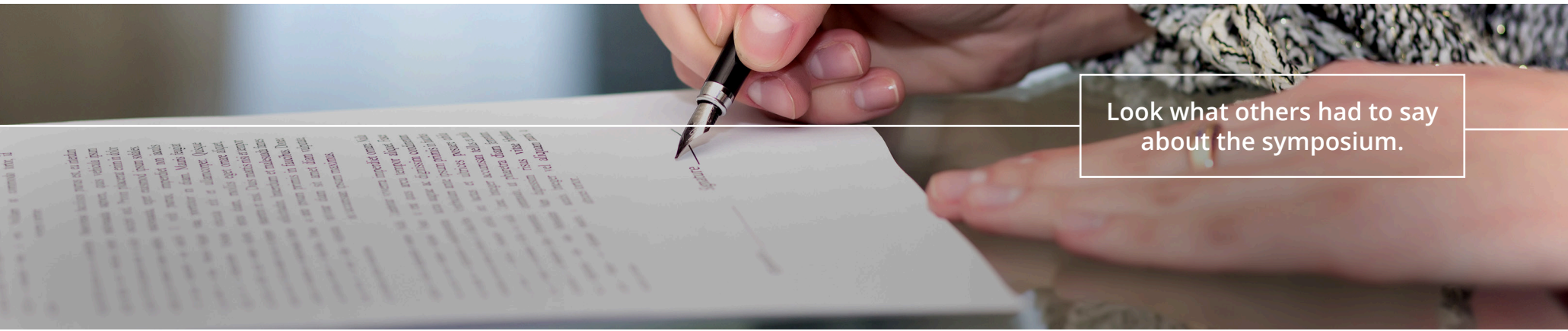
**[Click here to read more](#)**

*How do you respond to digital disruption?*

Researchers at the University of Oxford are asking just that and decoupling is at the root.

**[Click here to read more](#)**





Look what others had to say about the symposium.

## 2017 Symposium Testimonials

"The Mather Symposium is always the most useful conference I attend and this year was no exception. The focus on digital was right on target. Among my favorite sessions were those lead by Patrick Tornabene, Arvid Tchivzel and Pete Doucette."

– Pat Leader, *The Spokesman-Review*

"I was fortunate to travel from New Zealand to the Mather Symposium. The symposium was a great opportunity to understand the various strategies publishers are implementing to combat the common challenges facing our industry. I enjoyed the ability to understand the full stack of services offered by Mather and see how they are helping publishers better track their audience and maximize revenue. I left with a number of takeaways and a specific list of actions to enhance the projects we are collaborating on with Mather. I look forward to seeing the upside in our results!"

– Jessica Lane, *Fairfax Media NZ*

"I enjoy how the Symposium balances the best of practices from inside our industry with examples of business models from other industries as well. This adds a lot of value and perspective that you don't see at many conferences.

I'm most encouraged by how the topics and products have evolved over the past four years.

Market based pricing has been - and will continue to be - very important as our industry continues to become more and more driven by consumer revenue, driven by data and insight. Presentations focused on applying data to understand our digital customer's news consumption habits, opportunities to predict churn risks and optimizing call center metrics are precisely what the industry needs at this time.

The Churn Optimization and Customer Service Audit presentations both offered valuable insights into largely untapped areas of our business that hold the potential for huge ROI.

Great job by the entire Mather team and the presenters, I'll be back next year!"

– Brian Howell, *Tronc*

"The 2017 Mather Symposium was outstanding. I came away with meaningful insights from speakers and valuable connections with peers. Thanks for putting on another solid program!"

*– Kevin Denny, Advance Central Services*

"The opportunity for newspapers and media companies to use consumer science and audience segmentation along with leveraging data to grow revenue is very real. The symposium presented tangible examples of turning that promise into revenue growth."

*– Bob LeBoeuf, Exsolate*

"Good people, Good meetings, Good presentations, Good conversations, led to a great, productive experience!"

*– Gayle Pryor, BH Media*

"It's great to work in one of a small handful of industries that allows us to collaborate in depth with other businesses doing the same line of work. Because of this, we are able to come together and share our success stories about our attempts to innovate and rethink how our industry can drive positive change. The Mather Symposium is the medium that allows us to do this."

*– Jon Utz, Tronc*

"The Mather Symposium is invaluable for keeping up with industry trends. The Mather team does a tremendous job gathering top leaders in the industry, providing cutting edge market intelligence and best practices, as well as excellent networking opportunities."

*– Erik Zenhausern, Newsday*



# EVALUATING YOUR EXPENSE MODEL

*Bob Terzotis, Executive Vice President – Mather Economics*

## A Big Win for Your Bottom Line

Publishers are constantly trying to identify ways to improve profitability. The shift from print to digital content is happening, and the transition to a hybrid print-digital business model requires changes to the operations and cost structure. For most newspaper executives, keeping up with the rapidly changing publishing industry has required them to “up their game” and rethink their approach to not only managing revenues, but also the evolution of their distribution model, audience acquisition strategies and the metrics they use to make decisions.

To compensate for shrinking print advertising revenues, publishers often focus on their expense line during budget season or when revenues aren't meeting expectations. Strategic operational expense adjustments are necessary to maintain profitability and warrant the same level of focus as revenue—especially for departments that require a significant portion of your operating budget.





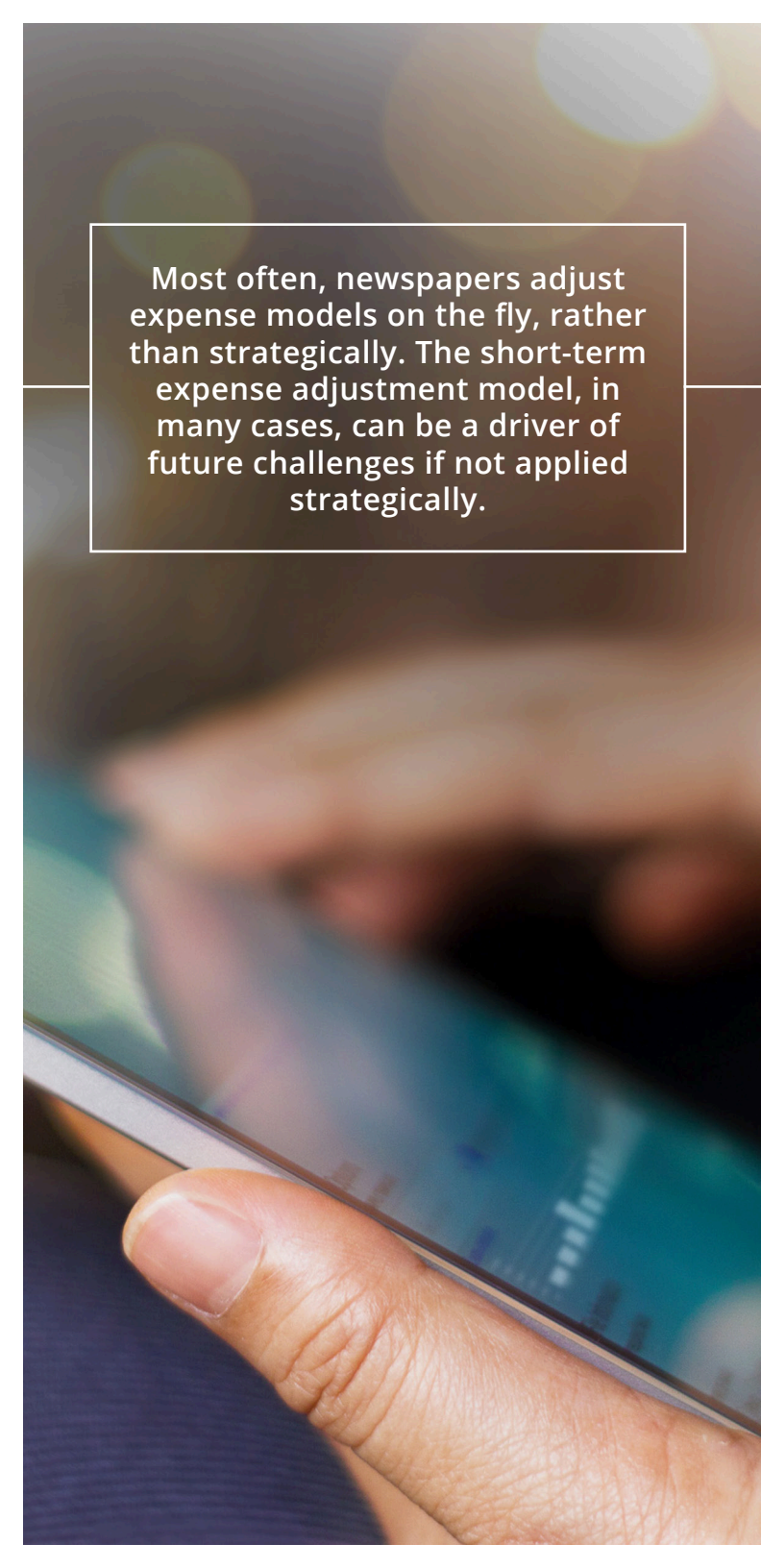
Operating resources should be evaluated and compared to your peer newspaper groups.

## Circulation Department Key Metrics Tell a Great Story

Typically, newspapers measure a set of key metrics for each department. Knowing which metrics to monitor and how they compare across the industry is critical for success. And by 'success,' I mean 'profit.' Publishers and industry leaders talk often about changing revenue models, however, it is just as important to periodically examine and benchmark key expense metrics to make sure that each dollar spent in major categories is spent effectively! Operating resources should be evaluated and compared to your peer newspaper groups.

This process can be very easy for newspapers in a large group with multiple newspapers and a large corporate staff to compile and share these key metrics. Calculating and comparing performance metrics can be much more challenging for smaller groups or independent newspapers lacking resources with experience and expertise in each specific discipline. Still, it is critically important to benchmark expense line items in a way that helps identify areas for potential efficiencies and cost savings. When evaluating key metrics and identifying effective ways to adjust business practices and reduce your cost model, it may be necessary to engage an outside resource with the level of expertise to get the job done right.

Where should you start? Schedule periodic 'health assessments' for each department as a means of diving deeper into your own spending trends and gaining insight into how others have adapted to the changing business environment. There are many tools and resources available to undertake this voyage of discovery including organizational membership, participating in benchmarking studies, reaching out to peers or engaging with companies specializing in this type of evaluation. The key is to understand the drivers of expense, ask the right questions in determining where opportunities might exist, and be open to changing with the industry to maintain or improve profits.



Most often, newspapers adjust expense models on the fly, rather than strategically. The short-term expense adjustment model, in many cases, can be a driver of future challenges if not applied strategically.

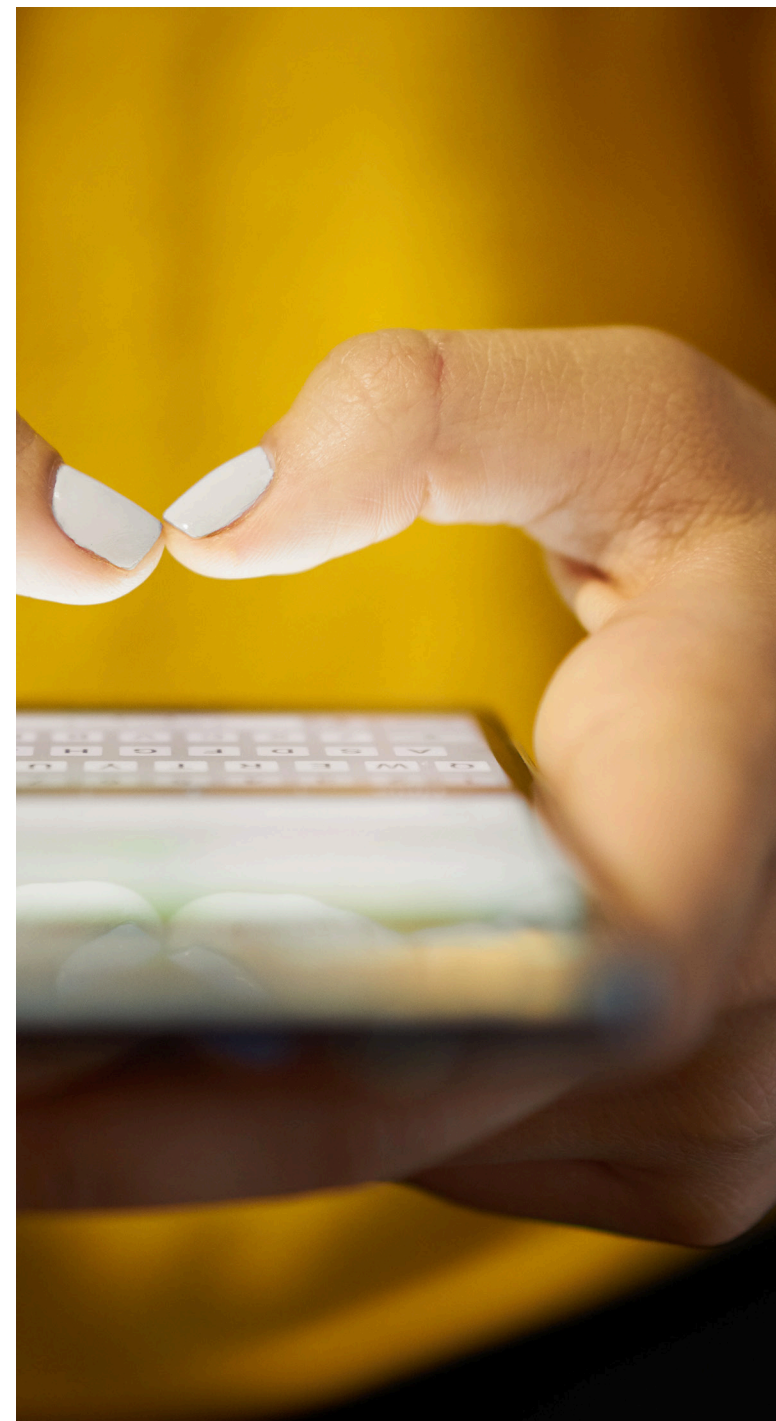
## The Changing Expense Model: Getting Started

Have you actively examined current operations, measured the need to change against other successful peers and developed a roadmap of expense change for the future? Most often, newspapers adjust expense models on the fly, rather than strategically. The short-term expense adjustment model, in many cases, can be a driver of future challenges if not applied strategically. Fortunately, there are a few simple benchmarks to examine in evaluating the health of your circulation department. Asking these questions can lead to opportunities for improving the expense line and ultimately, profitability.

- 1. The revenue paradigm is shifting.** *What percent of my total newspaper revenue comes from the circulation department and how does that compare with my peers? In international markets, how does this compare to countries your audience and revenue trends most emulate?*
- 2. The relationship between revenue and expense should be similar.** *How have circulation department expenses been trending in comparison to circulation volume? Are these trends balanced across print and digital given the much reduced cost of digital content delivery? Are ratios in line with reasonable expectations and my peers in the industry? Am I adjusting to the new print-digital business model?*
- 3. Ratios are important.** *What is the ratio of expense to revenue for my newspaper? How much opportunity for improvement exists on each side of this equation? How do I approach evaluating potential opportunities and make sure that I've considered all the options?*
- 4. Delivery is generally the most expensive cost center of the circulation department.** *How do these costs compare to peers? Am I spending too much in some areas but not enough in others? Is my route turnover running ahead of or behind the industry norm and are we diligent in examining route profitability as it relates to route turnover? Are others managing differently or more effectively?*



5. **Subscribers drive revenue.** *Are my starts and stops balanced? Am I investing appropriately in this area since circulation revenues now mean more to my success? With the increased importance in digital audiences, am I investing enough to grow this segment of my market? Since success rates for digital acquisition are different than print, do I fully understand which are the key drivers to success?*
6. **Staff for the future.** *Is my staffing or compensation structure in line with like-sized newspapers or those with similar market challenges?*
7. **Invest where needed; save where you can.** *If I'm going to invest more, where do I find resources and is it possible to redirect current resources within the organization?*
8. **You need the right skills for the future but you don't have to own them!** *Do I have the right tools, or level of expertise to determine where to invest or reduce spending to maximize the effectiveness of my operation? If not, where do I get them?*
9. **Building the right roadmap to transition is very important.** *What is the most effective rollout timeline for any changes to my operation so that we experience little or no disruption?*
10. **Keep your eye on the ball going forward.** *What are the key metrics I need to monitor in the future to ensure I'm maximizing the return from changes?*



## And finally...

The newspaper industry has evolved over the past 5 to 10 years. Publishers have a strategic plan for the revenue side of their operation and should be just as strategic about the investments being made on the expense side. Do the analysis, build a plan, and execute. If you don't have the skills in-house to evaluate your expense line items, go find them. A fresh perspective on your operations spending model can be the biggest opportunity for your bottom line in 2018 and beyond!

## The Mather Economics Difference

Mather offers many tools to help publishers identify expense and profit opportunities for their circulation divisions, advertising divisions, and for overall newspaper profitability. Additionally, we have strategic partners offering services in Digital Advertising Revenue auditing that has assisted clients in identifying significant cyber revenue losses and threats. Please let us know if you have questions on how we can help you reduce your annual departmental expenses by \$150K to \$500K like a few of these publishers listed below.

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