

Google News Initiative

APAC Subscriptions Lab



Table of Contents

Google News Initiative Asia-Pacific Digital Subscriptions Lab	02
APAC Subscriptions Lab Publishers	03
Digital Subscriptions in the Asia-Pacific Region	04
What's Next for the GNI APAC Subscriptions Lab?	14

Google News Initiative Asia-Pacific Digital Subscriptions Lab

In recent years, it has become clear that in order to help journalism thrive in the digital age, reader revenue must become a key pillar in any news organization's strategy. The impact of the COVID-19 illuminated how the volatility of advertising revenue can threaten business sustainability, while at the same time highlighting the importance of quality journalism in our communities. Globally, many publishers saw significant lifts in both new audiences and new digital subscribers who place a premium on getting timely, accurate and important news and are willing to pay for it. More than ever, we believe that it is critical for publishers to build and accelerate their reader revenue models.

In August 2020, in partnership with FTI Consulting and the World Association of News Publishers, the Google News Initiative launched the Asia-Pacific Subscriptions Lab, an intensive four-month program with the goal of helping eight different news publishers from the Asia-Pacific region strengthen digital subscriptions capabilities and grow reader revenue.

Cohort B Publishers and Project Managers

Introduction Exercise – Getting to Know Each Other

Project managers do a quick overview about their publication and introduce their team members on the call.

We ask each project manager to share one thing (no matter how small) that has worked well for them related to growing digital subscriptions.

GLOBE
LEADER OF FREEDOM, LEADER OF FREEDOM, LEADER OF FREEDOM

Project Manager:
Chia-Chi Hsu

Bloomberg | Quint

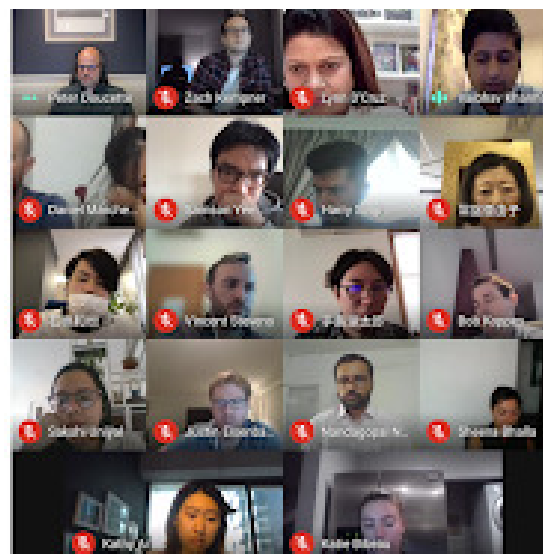
Project Manager:
Wilbav Khanna

malaysiakini
news and views that matter

Project Manager:
Lynn O'Connell

**BUSINESS
INSIDER**

Project Manager:
Samson Lee



Meeting details



Zach Karpman
is presenting

APAC Subscriptions Lab Publishers

The APAC Subscriptions Lab included eight publishers of varying sizes, countries, and audiences:



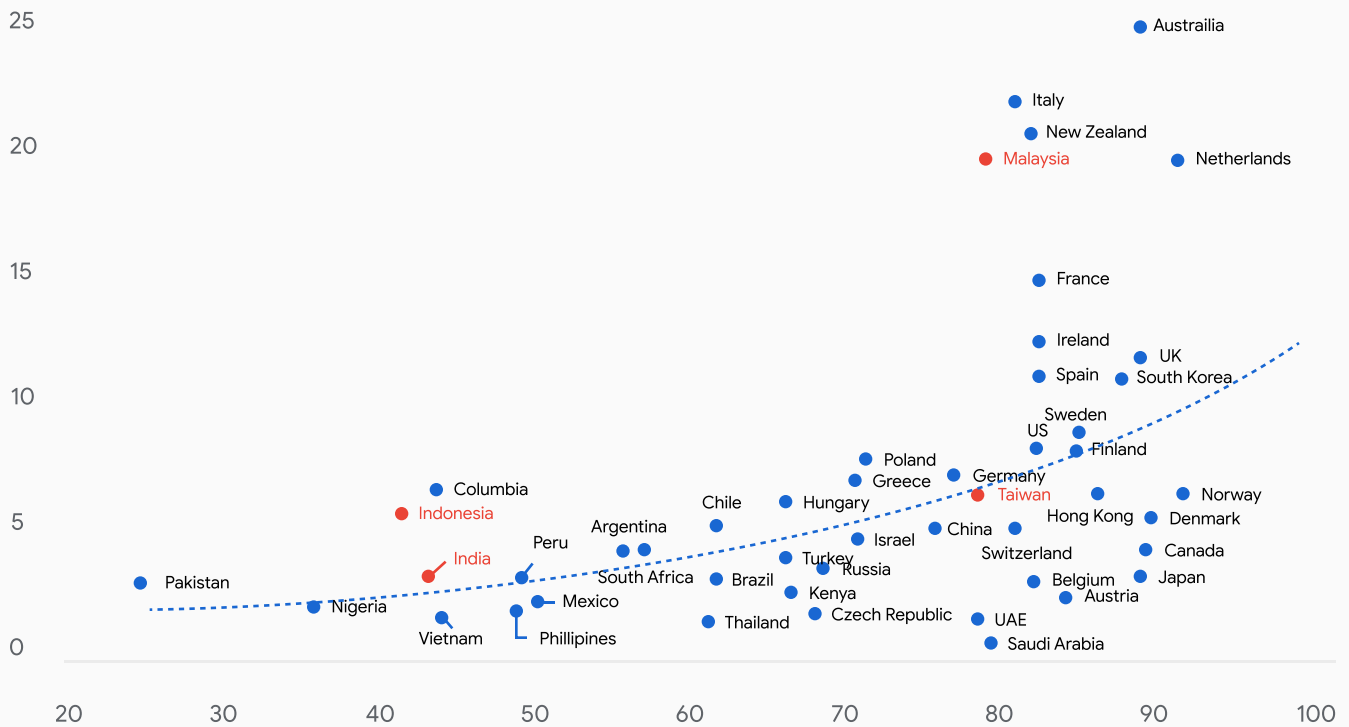
These publishers make up a representative sample of the incredibly diverse print and digital news organizations across the region. The diversity of the lab participants often highlighted unique differences in macro-economic factors, available technology, audience channels and overall digital maturity. While there were meaningful differences between the eight publishers, we found that throughout the course of the lab there are several key strategies and areas of focus that all publishers can leverage to drive improvements in acquisition, retention and monetization of subscribers.

Digital Subscriptions in the Asia-Pacific Region

Whether the publisher was four years old like BloombergQuint or 142 years old like The Hindu, the vast majority of APAC publishers are still learning how to build and grow reader revenue models. In many regions throughout the globe, publishers have been building digital subscription models for years and perhaps decades. As the APAC region enters the nascent phases of building and growing digital subscriptions, we are starting to see some unique challenges that exist within the region. For example, as you can see in the chart below, relative to other APAC markets, Indonesia and India have lower penetration of mobile internet, smart phones and recurring payment options.

These market considerations will impact various strategic approaches in digital audience management, product development and even payment gateways. In Indonesia, and other markets with low credit card penetration, the non-recurring nature of payments make subscriber onboarding more critical. Accordingly, a term-based strategy that incentivizes longer initial sign-up terms can help control average subscriber churn, which will be 5-10x higher in non-recurring payment models.

Digital Maturity Curve



Digital Savyness (equally weighted avg. of mobile internet + smartphone + payment instrument penetration) $R^2 = 0.3167$

Within each APAC market, the ways in which audiences prefer to access news can vary significantly. Consequently, publishers’ strategies for optimizing the customer journey is subject to understanding how news is accessed in each market. Across APAC, messenger apps have played an increased role in aggregating and providing news, but the most popular services vary by country. In India, Malaysia and Indonesia, WhatsApp is the largest source of traffic for news publishers, whereas in Japan and Taiwan, Line is the more popular platform. While the social platform strategy may differ from region to region and market to market, email newsletters, push notification, search will continue to play a role in driving traffic and larger audiences.

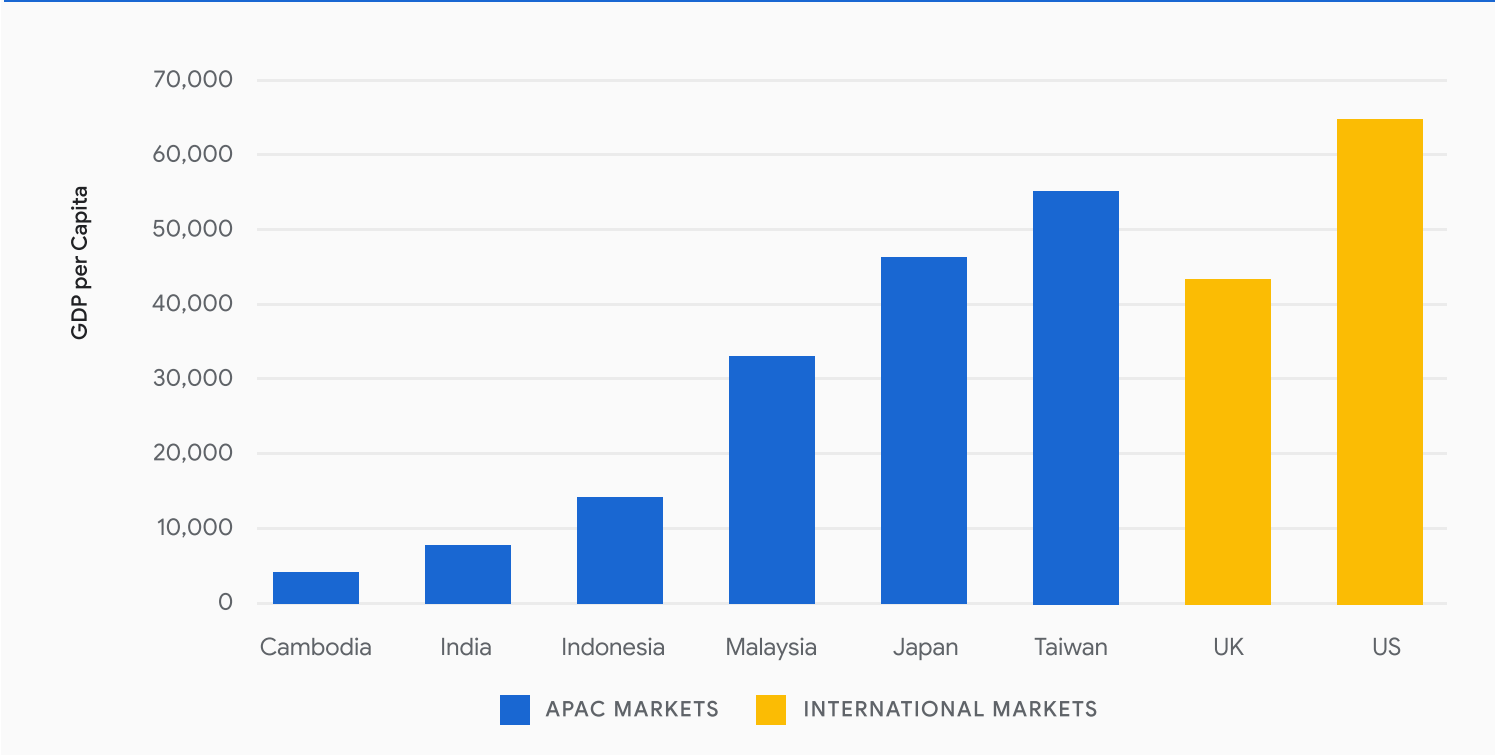
Most Popular Social Media Platform for News by Country



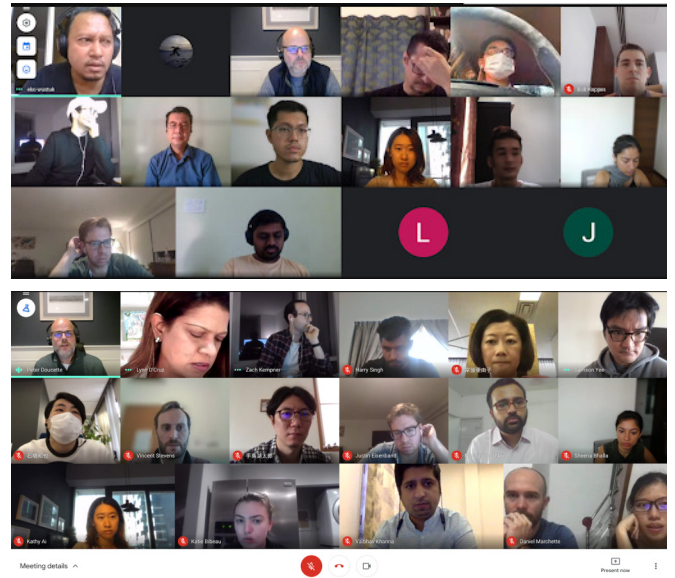
Lastly, another key area of differentiation between markets is pricing ability. Pricing power and average revenue per user (“ARPU”) for publishers in APAC can be impacted by numerous factors including audience willingness & capability to pay, trust in news, content vertical, competitive landscape, and value proposition.

Throughout APAC, varied levels of GDP per capita demonstrate that pricing power for publishers will naturally be different. Additionally, publishers with international audiences and publications in different languages should consider using geo-targeting or language edition-based pricing to adjust for willingness and ability to pay for news by geographic source of audience.

GDP per Capita in APAC Subscriptions Lab Countries



As we can see, there is much diversity in digital maturity, audience channels and pricing power for APAC publishers both globally and even within the APAC region; however, over the course of the subscriptions lab, some key common themes amongst the publishers emerged. In some cases, these themes arose from being early on the digital maturity journey, while in other cases organizational capabilities and resources were the primary driver. Here are some of the key common learnings and strategies we identified throughout the course of the lab:



Leverage newsletters as a tool for increased engagement

Building an effective and engaging newsletter engine is one of the key levers to encouraging habitual consumption of content. Newsletters provide for a contained reading and sampling experience that can act as a stepping stone in the journey to conversion. By increasing the database of email newsletter subscribers, publishers have a clear audience set that can be targeted with marketing emails and other direct audience engagement tactics. Publishers can drive newsletter sign-ups through modals (pop-ups), inline widgets and one-click sign-up to reduce friction in finding and completing sign-ups. In certain APAC countries, consumers may not be as receptive to newsletters as emails can be seen as intrusive or get caught in spam folders.

Newsletters are not only a great acquisition tool, but a great engagement and retention tool for current subscribers. As part of the onboarding process, new subscribers should be allowed to select which newsletters to sign up for to encourage immediate engagement post-subscription sign-up.

Moreover, subscriber-only newsletters can be a key part of the value proposition for subscribers. Such subscriber-only newsletters can be more self-contained experiences allowing users to conveniently consume news within an email rather than requiring click through. Lastly, newsletters that are edition-based, such as a morning, afternoon or evening-timed newsletter can encourage habitual browsing habits and train the audience to know when to come back to the news site for new content. During the APAC subscriptions lab, implementation of these tactics drove significant growth of publishers' unique email database. For example, adding a newsletter sign-up modal resulted in an increase of 52,000 new newsletter subscribers for The Hindu and 16,000 for Southeast Asia Globe. Additionally, Business Insider Japan was able to grow their newsletter subscriber rate by five times by adding a newsletter signup modal.

Shift subscribers on non-recurring payment models to longer terms through price nudges and onboarding extension offers

Despite most publishers being in the beginning stages of their digital subscription journey, subscriber churn was perhaps the biggest single challenge that publishers in the APAC subscriptions lab faced. In North America and Europe, average churn tends to be around 3-5% per month with many publishers below 3%. However, in APAC the average churn was close to 6.5% with many publishers exceeding 15%, largely driven by non-recurring payment methods. Publishers with non-recurring payments had an average churn rate of 28.3% while those with recurring payments had an average churn rate of 5.3%.

For many publishers in APAC, low penetration of credit cards can be an inhibitor of moving to a recurring payment model. Therefore, we worked with the publishers on strategies to decrease churn in the absence of recurring payments.

In the Lab, we worked with publishers to implement two primary strategies:

The first was to use pricing as a lever to incentivize longer subscription terms. To do this, publishers without recurring payment systems were encouraged to create a long-term subscription offer (6 months, 12 months, 24 months etc.) that was discounted relative to the one month offer and highlight it as the preferred offer on their paywall and/or offer landing page. This offer should be easily comparable to other offers, so we suggested that all pricing be displayed in "price per week." Kompas.id was one of the publishers that found success with this strategy. After changing the offer mix to incentivize long-term subscription plans, Kompas now sees almost 45% of new subscribers on long-term plans.



Kompas ID's new offer page translates to:

"The longer the subscription period, the more economical (up to 50%)!"

The second strategy was to use targeted subscriber messaging and email marketing to focus on engagement and extension. For those publishers who were not able to process recurring payments, we suggested a 30-day onboarding campaign which not only highlighted the value of the subscription, but immediately tried to engage

the new subscriber to extend the term of the subscription with one-time offers or additional access. By nurturing the subscriber and training customer service to anticipate customer pain points, publishers can decrease churn and increase reader revenue.

Get serious about strategic pricing

For many publishers in the early stages of building a digital subscription business, average revenue per user ("ARPU") can be an afterthought. With a priority focus on new subscriber acquisition and aggressive discounting strategies, many publishers lose sight of a key lever that can maximize revenue. While discounting to drive acquisition can be a good strategy in the short-term, publishers must consider the subscriber lifecycle and when to raise price over time.

In the Lab we highlighted two key strategies to try to drive ARPU without impacting new acquisition:

1) increasing price on your most tenured and engaged subscribers

2) segmenting pricing by demographic.

Increasing pricing on your longest tenured and most engaged subscribers can seem counterintuitive at first. Why would you penalize the subscribers who have been most loyal to your publication? If we implement this strategy, are we punishing our best customers in a way? However, to maximize revenues to reach a sustainable path, pricing needs to be considered through a strategic lens. The customers who have been with you the longest are the most loyal and least likely to churn. They have developed the habit of coming to your site frequently to engage with content and are less likely to stop their subscription over a price increase.

Price increases can have a significant impact on the bottom line. Imagine you raise prices 25% on subscribers who have been with you for a full year. Even if 10% of those subscribers churn because of the price increase, the net revenue impact is +12.5%! We have found consistently that pricing based on engagement levels and tenure is one of the most significant drivers of building a sustainable subscription model

Another way to utilize pricing tactics to drive ARPU to segment pricing by geography. In some countries, a publisher may not be able to price as high because of available disposable income, willingness to pay for news or even local competition. But, if you differentiate price by geographic location or language version of publication, there may be an opportunity to increase the ARPU for those customers who are willing to pay a higher price to get their news. Malaysiakini varied paywall strategy by language as they discovered that their English-speaking readers were more willing to pay for news than non-English speaking readers.

Creating a value proposition that resonates

A publisher's value proposition can be the difference between a reader converting into a subscriber or not. A well-crafted value proposition enables a customer to understand the benefit of becoming a subscriber and the subscription's impact on the product experience.

In order to create a value proposition, publishers must clearly convey the product value, differentiators, and why people should choose your product. In order to do this, publishers must go through a discovery process where they identify the value-added benefits for your subscription model by using insights, interviews and surveys to understand what the readers wants. Then publishers should use those findings to promote, market and reinforce the benefits that will make readers want to subscribe. Some common value-added benefits include access to an ad-free experience, ability to comment on articles, and access to exclusive content such as newsletters or opinion pieces.

In the Lab, we worked with the publishers to determine their value propositions. We conducted a value proposition gap analysis exercise to determine "What do your readers want?", "What do you currently offer?", "What's the gap?", and "How can you close the gap?" across product, content, and user experience.

Furthermore, we collaborated on building clear and concise messaging to communicate the value proposition across various subscription and marketing assets. Many of the publishers, including The Hindu and BloombergQuint, have taken these lessons and are in the process of refining their value propositions as presented in the checkout flow and paywall messaging.

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Reducing friction in the checkout flow process

Friction in the checkout flow process can be a significant barrier to successfully converting potential subscribers. A confusing, multi-step checkout process can cause consumers who were considering subscribing to second guess their decision. Streamlining the checkout flow can lead to a substantial increase in conversion and revenues.

We evaluate friction through the payflow efficiency metric. Payflow efficiency measures the number of subscription starts as a share of the total number of landing page hits. The payflow efficiency average across publishers in the APAC Lab was 2.1%, well below the 15%+ target that other global publishers reach. A further analysis of the checkout flow revealed that many of the publishers in the Lab required over three decisions to checkout or redirected the consumer off site for the checkout action. Both create friction in the checkout process and can lead to higher cart abandonment on the part of the consumer.

In the lab, we encouraged publishers to A/B test various checkout flow options to determine the optimal process for its readers. BloombergQuint was quite successful in implementing suggestions and adjusting the checkout flow to be more efficient. By removing sign-up barriers such as requests for unnecessary information and multiple pages, making the offers easier to compare, and improving the location of the subscription button, the publisher saw an increase in signups by 50 percent and an increase in the adoption of the 12-month plan. The Hindu also simplified its checkout flow, minimizing the amount of information requested and making the checkout process as seamless as possible.



Allocating resources leads to difficult decisions

All publishers face resource allocation choices that can make achieving a sustainable digital subscription model more challenging. Organizations that are most successful in building a digital subscription model have the right people (organizational structure, number of resources, skills and capabilities), process (integrated workflow, rules of engagement, clear accountability and governance), and technology (tools and platforms that automate tasks, provide access to data, and improve workflow and collaboration) in place. However, with limited resources come difficult decisions and prioritization that requires buy-in from the entire organization.

Within the APAC Subscriptions Lab, the allocation of limited resources was the cause of internal friction for many publishers. For some publishers, the newsroom was resistant to the transition to digital. Journalists and editors were overly focused on the traditional print model and resistant to placing additional content behind the paywall. For others, limited capital led to insufficient data collection and analysis technology. However, we spent much of the Lab emphasizing the importance of aligning your resources (financial, human, technology) to your strategic goals.

After our subscription data diagnostic, one of the publishers realized that it needed to further invest in its technology stack. Its current platform was not generating the data that the publisher needed to make meaningful strategic decisions. Additionally, the technology was not enabling the publisher to create a segmented approach to its customers. Therefore, the company determined that the best use of its resources was to invest in technologies that would allow the company to implement propensity and real-time segmentation.

Impact to Date

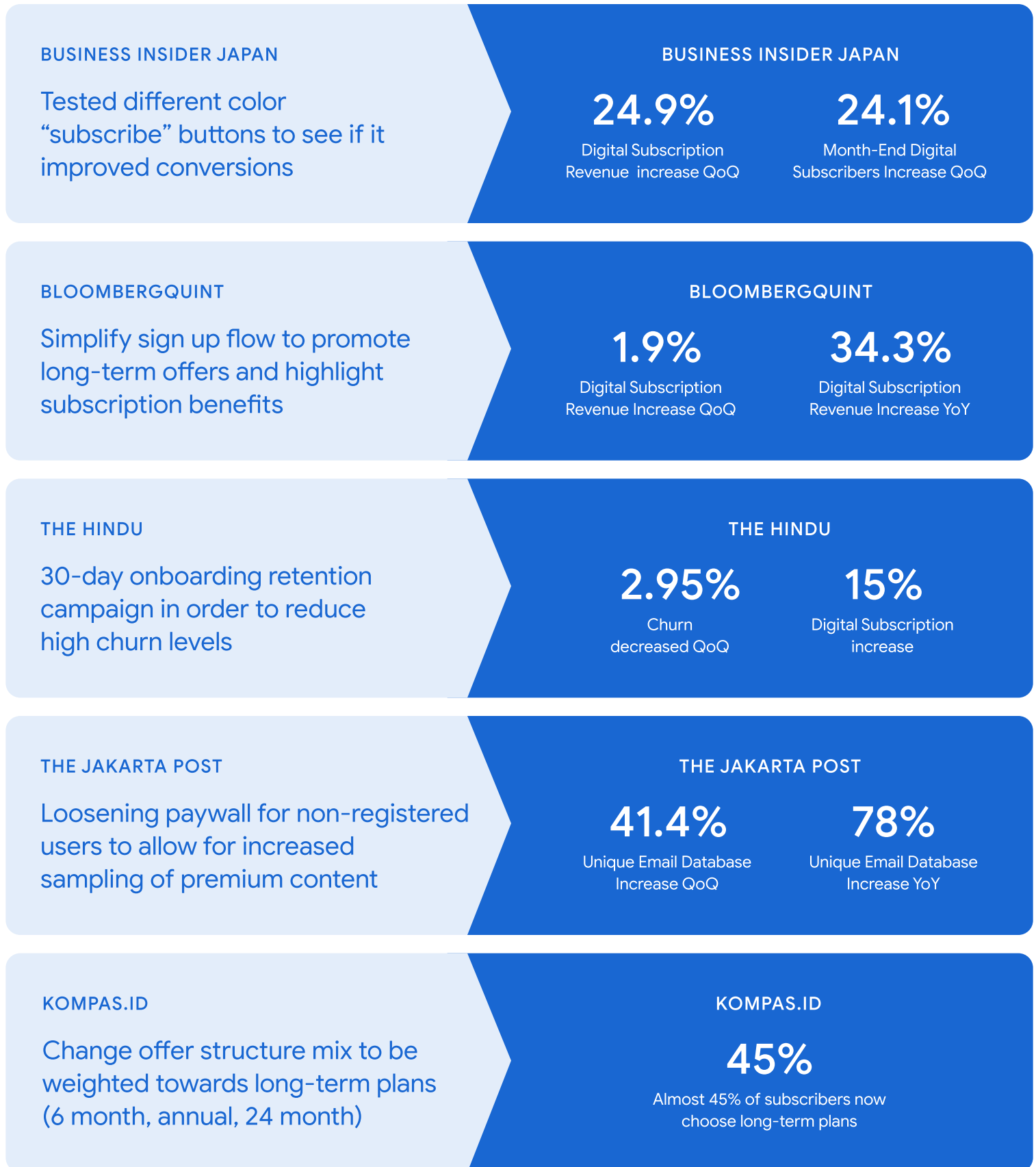
Over the course of the Lab, publishers participated in a series of assessments and individual and cohort-based workshops to determine a strategic roadmap for short- and long-term success. These workshops explored market assessments, the consumer value proposition, a subscription diagnostic metrics (traffic, engagement, newsletter, conversion, monetization, retention) based on various underlying data, a capabilities assessment, and long-term forecast modeling.

Following the conclusion of the Lab, we asked publishers to update their data to measure the impact on their digital subscription business. Significant improvement was realized:

- 18.8% - Avg. percentage decrease in churn
- 10.2% - Avg. percentage increase in intercept rate
- 25.6% - Avg. percentage increase in top-of-funnel unique visitors
- 35.4% - Avg. percentage increase in unique email database size

Furthermore, individual publishers saw out-sized improvements driven by experimentation. Some of the experiments implemented included:

Which led to these results:



Impact on GNI APAC Subscription Lab Publishers

"Since joining the lab, we were able to realign expectations with our boss, which really changes everything. Benchmarks helped us prioritize. Subscribers are no longer the only KPI we care about. With new KPIs, other people can better see the progress we are making. They also help us convince our boss to give us more resources as well. We always knew we weren't doing as well [as we could be], but to have someone outside the company to tell us that, it moves mountains within Japanese organizations."

**Samson Yee, Head of Product,
Business Insider Japan**

"[The Subscriptions Lab] has brought large clarity on the possibilities and the way ahead. Benchmarking was a good take away since it gave us insights on what to target, broader understanding of issues faced by other publishers, and insights into strategies adopted by other publishers."

**Pradeep Gairola, VP & Business Head -
Digital, The Hindu**

"The cohort meetings were great, it was great to talk to people from across the world and discuss the subscription economy in detail and issues faced at different levels in implementing things. We exchanged our notes and learned great things for other participants of the cohort."

**Vaibhav Khanna, Product
Manager, BloombergQuint**

"This program is very good in helping publishers to grow digital subscription. If done on a national level, we can have a great industry in Indonesia."

**Eko Prabowo, Marketing Strategic Manager,
Kompas.id**

What's Next for the GNI APAC Subscriptions Lab?

The publishers in the GNI APAC Subscriptions Lab continue to work to implement recommendations and run experiments to grow and optimize their reader revenue models. We look forward to continuing to support publishers both inside APAC and globally. For more information about how to strengthen your reader revenue business in APAC and many other tools to support your digital growth, please visit the [Google News Initiative's Digital Growth Program APAC website](#).

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