The publisher's guide to acquisition and retention

Tactics for the digital subscription world

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RETENTION
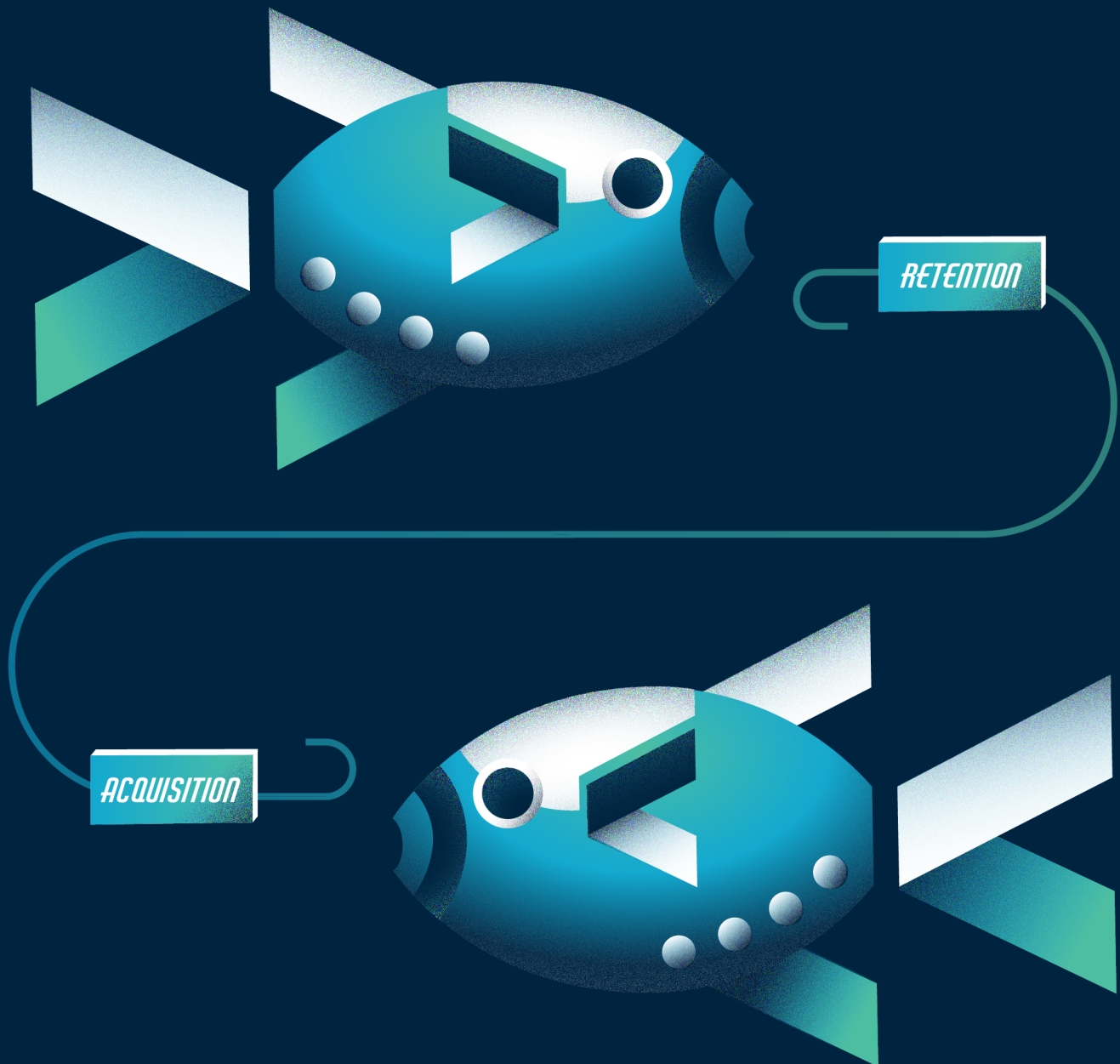
ACQUISITION

The publisher's guide to digital subscriber acquisition and retention

There was a subscriber tipping point for many publishers in 2020, with world events and consumer behaviors driving demand for digital subscription options to unprecedented heights. Publishers could no longer think of it as a "when will we increase our offerings" equation but a "how soon can we bolster our offerings" mandate.

As audiences grow overall, the percentage of people paying for news online ticked up as well. According to Reuters Institute's latest report, more than one-fifth of U.S. readers paid for online news in the last year, a 16% jump from 2019.

As publishers have launched and expanded their online subscription models, the increasing number of available offerings has created revenue for many and customer acquisition and retention challenges for publishers across the board. Publishers now need to focus on keeping the subscribers they landed during the pandemic.

"There's been a significant increase in news subscription spending over the past 18 months due to changing behaviors and news cycles," said Ryan Gladstone, group product manager at Arc XP. "So, it's really important for

publishers to not only optimize for new subscribers but manage their existing subscriber churn as well."

In this guide for digital publishers, Digiday and Arc XP unpack tactics for navigating customer acquisition and retention challenges within the subscription space, highlighting the essential steps every publisher should take to maximize their efforts and stand out.

Adjusting acquisition strategies — from paywalls to friction-points

Although the sales funnel is a straightforward concept, the myriad of devices and channels by which a person can access content make it incredibly complex for news publishers to understand in practice. As demand for content surged in 2020 and early 2021, many publishers adjusted their approaches for how — and when — they deliver content for free.

Hardline approaches to the paywall, for example, have softened.

"It used to be that there was a focus on getting readers into a subscription checkout funnel, but in this new world, it's proving to be more important to get them into a logged-in state earlier," said Gladstone at Arc XP. "In doing so, you can get to know them, establish a relationship and engage through email. Once that foundation is in place, publishers can build robust first-party data profiles to generate segments and subsequently determine when to present a paywall and what promotion might be most compelling to get that audience to convert."

Beyond finding ways to get readers into a logged-in state sooner and then managing the paywall pitch based on data, it's become crucial for publishers to reduce friction in the overall sign-up process.

"We spend a lot of time thinking about how to reduce friction at registration," said Beth Diaz, vice president of audience development and analytics at The Washington Post. "We used to ask people 10 questions as they registered, but now we've worked on maximizing the number of people who register by initially only asking for email addresses. Threading the needle to get additional information without causing people to bail is crucial for publishers when the most important thing is becoming a registered user."

Gladstone recommends using buyer personas to identify and dig into the pain points different user types might experience along the path of acquiring a subscription. He notes that journey mapping is another technique to identify additional bottlenecks and optimization opportunities.

"In this emerging post-third-party cookie world, publishers need to make sure they have a completely seamless account creation and log-in experience," said Gladstone. "It's not acceptable to readers to have a clunky, separate log-in page. Having a one-time access link and social sign-on options will enable users to easily authenticate on the go."

It's also worth noting that subscriber acquisition doesn't necessarily require fancy tools, especially for news publishers early in their digital subscription offering.

Before jumping into complex paywall strategies and modeling, publishers need to first focus on getting their best content in front of people and then they can focus on dynamic paywalls and metering strategies.

"At some level technology plays a key role, but really it's the journalism first," says Diaz. "Propensity studies, for instance, can be done without personal AI machines. The greatest indicator of someone's propensity to subscribe is their consumption of our content. If someone tries to read eight articles and hits the paywall three times, then they're likely thinking they really need to read our content."

Tactics and insights:

- Getting readers into a logged-in state earlier helps keep them engaged and allows publishers to build first-party data — and that helps pinpoint the moment to pitch the subscription.

- Use buyer persona and journey mapping to identify and eliminate pain points in the registration process.

- One-time access links and social sign-in options reduce log-in friction.

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Defining content that converts versus content that retains

Subscriber retention is the next major goal in the new publisher playbook. When working to increase subscriber retention, it is vital to define the content that converts customers and the content that retains them.

While understanding which articles lead to conversions is a good starting point, as the approach becomes more sophisticated and focus shifts from acquisition to retention, it's critical to look beyond the last piece of content the person read before they became a subscriber.

"It's crucial to update the metrics and understand which content is resonating not just with the anonymous audience but with the registered and the subscriber audience too because that's the core paying audience," said Gladstone at Arc XP.

Publishers can break down stories into non-registered users versus registered users versus subscribers, including such metrics as number of paywall hitters, percent of paywall conversions and number of page views. They are able to then focus on surfacing the best performing content in their acquisition strategies.

Retention revolves around the individual feeling like they are getting more value out of their subscription than what they are paying.

"Through creating 'propensity to cancel' models we found that one of the biggest predictors of churn is the diversity of content consumed," said Diaz. "If they're thinking of their Washington Post subscription as being good for politics content or pandemic coverage, once that news cycle passes or crisis fades, they may think, why keep the subscription?"

"Diversifying content engagement has been a big focus area for us," Diaz continued.

"It used to be that someone would subscribe and get an email confirming their subscription and then one with some recommendations," she said. "We've consolidated that to two emails and moved to asking about their interests up front. Based on their answers, and in an effort to expose subscribers to a variety of content, we then recommend newsletters that will serve up those interests."

Tactics and insights:

- Create a content taxonomy to understand how content is used in the subscriber lifecycle and determine what content converts versus what content retains.

- Diversifying content engagement is key to subscriber retention. Develop strategies to help subscribers recognize, utilize and appreciate the full range of content available through their subscription.

- Asking readers about their interests upfront makes it easier for publishers to deliver relevant content while keeping them exposed to various content.

Optimizing personalized content — and content delivery — to improve retention efforts

Always, publishers strive to increase personalized content and delivery. As they do, there are some critical steps they're taking to keep audiences engaged and close to the renew button. One is to create audience segments and understand how those segments interact with the publisher's content.

"As publishers start down this path, they can get a lot of value with segmentation before fully diving into personalization, which itself presents a number of technical questions," said Gladstone. In other words, knowing how audiences behave is one thing, but then the publisher has to deliver the goods.

"A good starting point is with email, which provides a good place to test and iterate quickly without impacting editorial workflows." he added.

This includes sending personalized messages to individuals about the content and services they have used, personalizing the content subscribers see based on what they have previously engaged with and personalizing communication with subscribers based on what they are reading.

For publishers ready to make the step from segmentation to personalization, start by rethinking workflows on the homepage and landing pages.

"We've had clients who have reevaluated their workflows to shift control of who is managing their homepage and landing page experiences to enable their team to focus more on creating original, differentiated content," said Gladstone. "It is definitely a mentality shift for some publishing clients, but the ones who

have made the leap have been rewarded with increased engagement and deeper relationships."

Another way to increase retention is by identifying subscribers at risk of passive churn.

Making investments in recovery and retention products ensures both publishers and subscribers have the right tools to retry payments that may have initially failed. Doing so will increase retention by reducing passive churn and ensure subscribers have a consistent experience.

Tactics and insights:

- Segmentation is the first step toward full personalization and is an effective way to deliver the right content at the right time.

- Email is a good place to start with segmenting. It provides a place to test and iterate quickly without impacting editorial workflows.

Preparing for 2022 and beyond — learning from subscriptions of all kinds

As publishers prepare for 2022, Gladstone suggests that publishers who want to continue the momentum and growth they've experienced face a straightforward but challenging mandate.

"Investing in great content is critical," Gladstone said. "There's so much choice for consumers today that it's increasingly important for publishers to have original content that has a voice and stands out."

At The Washington Post, Diaz said that leading with high-quality journalism and making it easy to subscribe to that journalism will continue to be the recipe for success. She elaborated further on what lessons subscription giants such as Spotify and Netflix can offer to those in the publishing world.

"We did a robust set of research targeting potential subscribers who aren't currently subscribers and asked them about what motivated them to subscribe across a wide variety of things, ranging from Peloton to Hulu, mindfulness apps, food apps and more," she said. "We came up with 12 motivations and then transformed them into what we thought was important for us.

"At the center of these is broadening exposure to our content and making sure people recognize there's a diverse bundle of content available to them and not just one article. It's about making sure the subscription experience is fulfilling and easy for people to discover things that are of interest to them," Diaz concluded.

The takeaways are about removing friction, segmenting and analyzing and personalizing (as always). Publishers are also doubling down on the value of subscriber education. And, of course, content is still king. These are the lessons that 2020 and 2021 reinforced, and they are fueling tactics for subscribers in 2022.
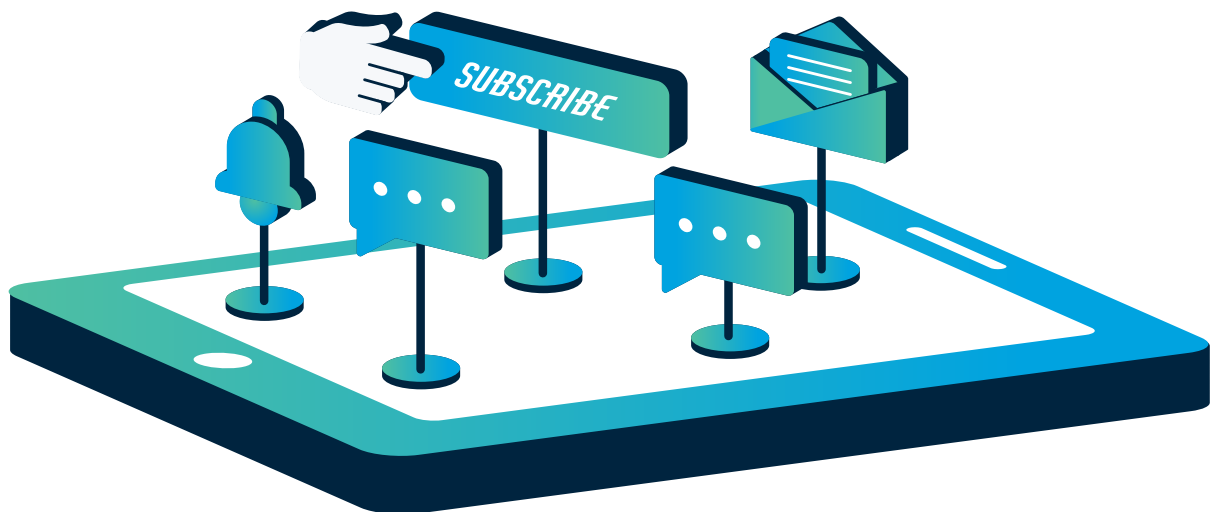
About Arc XP

Arc XP is a cloud-native digital experience platform that enables brands, enterprises and media organizations to create and distribute content, drive digital commerce and deliver powerful multichannel experiences.

Arc Subscriptions is our suite of digital subscription tools designed to enable media companies to create and grow dedicated digital audiences and increase revenues. Designed with ease of use in mind, Arc Subscriptions supports the entire purchase flow, from registration and offer creation to checkout and billing, to give our customers the tools and flexibility needed to meet their business goals.

Learn more at ArcXP.com.