Innovations in Audience Strategies that Reduce Subscriber Churn

Presenters:

Matt Lindsay President , Mather Economics LLC

Nikhil Hunshikatti Vice President, Marketing Columbus Dispatch

Patrick Tornabene Vice President, Audience Development & Analytics Newsday

Moderator:

John Murray, NAA VP, Audience Development

July 21, 2016
2:00 PM - 3:00 PM EST

Mather Economics introduction to NAA Churn Analytics Webinar

- Mather Economics is proud to have worked with the two Publications speaking today about their innovations in Churn prevention strategies and tactics.

- We feel these two markets are best-practice case studies of how to use analytics to support operational processes that reduce churn.

- In our work with Publishers, we have found that retention and churn-prevention receive less investment than they deserve given the effect of reductions in churn on operating margins. A 5% reduction in churn has been estimated to increase profit 15% to 95%.

- As more customer interaction becomes digital, the amount of data that can be included in churn prediction models grows. These data can be used to proactively identify likely churn candidates, improve processes dealing with customers, or optimize the actions taken to mitigate churn.

- We appreciate the opportunity to work with Newsday and The Columbus Dispatch, and we are very happy to be a part of this NAA webinar.
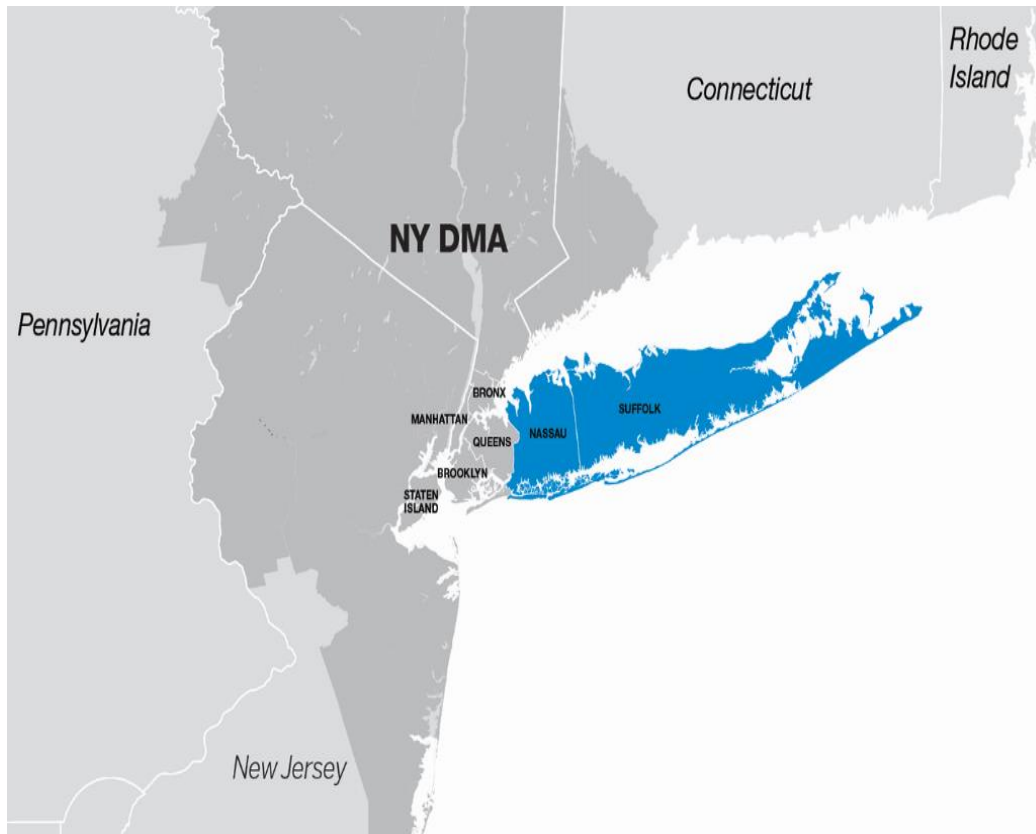
mather:

Innovations in Audience Strategies that Reduce Subscriber Churn –
Using data and analytics to reduce churn

Patrick Tornabene – VP, Audience Development & Analytics

July 21st 2016

Newsday's Market

Audience size of a major metro newspaper, but with a regional market – two counties outside of NY City

The Bottom Line

- **It's an Audience Business** – innovations in audience revenue growth strategies are imperative as the publishing industries core monetization will continue migrating from advertising to audience.

- **Audience Data and Analytics** – provides a depth of audience knowledge and opportunities, which can provide significant revenue growth. Ultimately, second to talent, audience data will be the most valuable company asset in the coming years as the insights derived will guide strategic decision making across the organization.

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Agenda

- Churn Modeling and Applications

  - Dynamic Messaging for Payment Deviations

  - Surprise and Delight Retention Marketing

  - Niche Product Opt Ins

  - Content Previews

- Customer Experience Management

- Data and Revenue Optimization in the Contact Center

- Other Revenue Generating Applications of Audience Data In Development

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Churn Modeling

What is Churn Modeling

- Predictive analytics identifying steps and stages of why and when subscribers leave

- Provides awareness, anticipation, and quantifiable metrics of churn risk for each individual subscriber

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Why Churn Modeling

- Lower cost to retain than acquire

- Increasing shift to audience based business

- Greater revenue per subscriber

- Enhances consumer research findings

- Guidance for consumer marketing and product development

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Churn Modeling Enables

- Provision of insights to prevent churn behavior

- Identification of habits and dynamics that predict lower churn

- Significant insights for a customer first focus

- Targeted retention marketing

- Complements with CLV to optimize retention focus and spend

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Churn Modeling Insights

	Lower Churn	Higher Churn
Form of Payment	Credit Card	Billed
Income	Higher	Lower
Age	Older	Younger
Billing Period	Shorter	Longer
Frequency	Longer	Shorter
Tenure	Longer	Shorter
Complaints	More	Less
Payments	Early	Late
Start Source	No/Low Pressure	High Pressure
Payment Deviations	Less/Shorter	More/Longer
Digital Engagement	None/More	Less
Deviation in Digital Engagement	More Use	Less Use
Content Preference	Lifestyle	Opinion
Seasonality	Winter/Spring	Summer/Fall

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Dynamic Messaging For Payment Deviations

Dynamic Messaging for Payment Deviations

Assumptions:

- Change in habit, particularly payment timing, is highly predictive of declining relevancy of product to consumer and subsequently consumer engagement

Concept:

- Understanding each individual subscribers payment habits
- Market to individual subscriber when a deviation is detected

Application:

- Engagement marketing via email, phone call, and topper upon one standard deviation from average payment days pre/post expire; rather than static collection efforts at X days expired

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Dynamic Messaging for Payment Deviations

Results:

- Reduction in formers is 13% at 3 to 4 months after launch

Dynamic Collections Marketing - Test vs. Control

2 months after launch	3 months after launch	4 months after launch
-3.6%	-13.2%	-12.7%
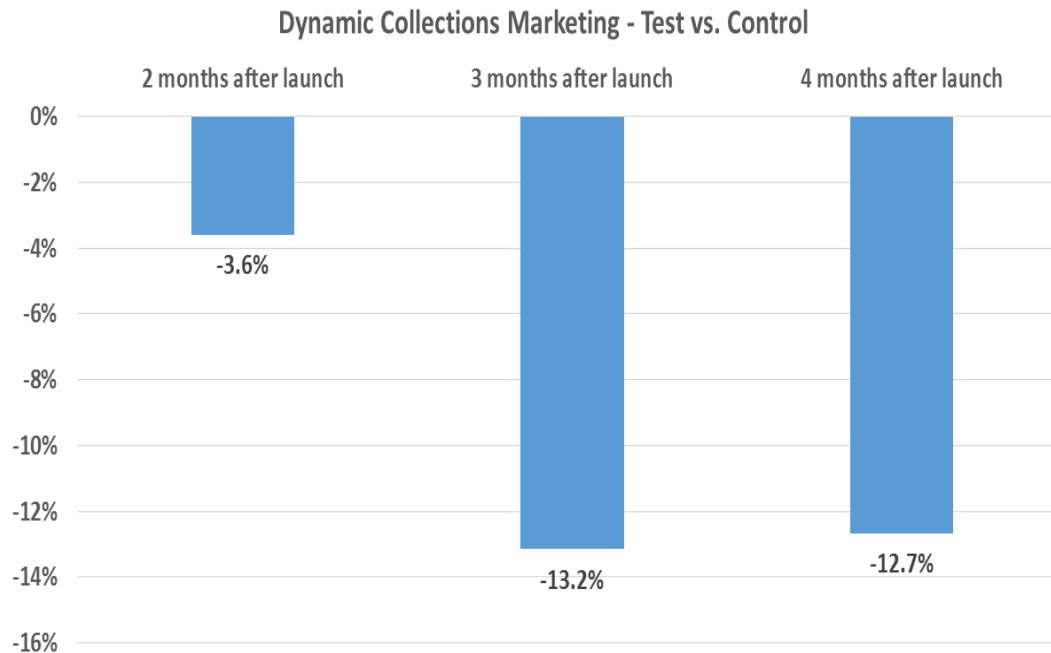
Dynamic Messaging for Payment Deviations

Learnings:

- First deviation is most significant

- Further actions have less impact

Next Steps:

- Incorporating (personalization) relevancy into marketing messages based on behavioral profiles

  - i.e. if subscriber has an affinity for sports, promote sports content in deviation messaging

- Transition entire collections process from static to dynamic messaging

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Surprise & Delight Retention Marketing

Surprise & Delight Retention Marketing

Assumptions:

- Unanticipated appreciation (thank you) marketing will decrease the churn probability of subscribers with high churn probability and subscribers with accelerating churn probability

Concept:

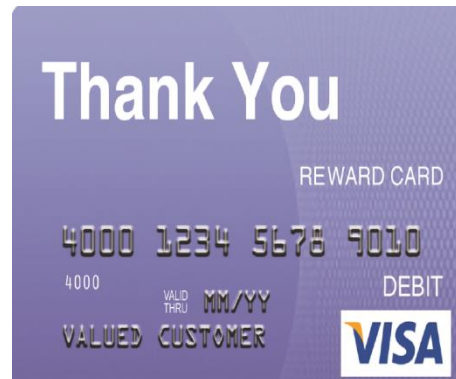- Targeted marketing to subscribers with high probability of churn

Application:

- Send an appreciation marketing message/product to such subscribers

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Surprise & Delight Retention Marketing

Portable Smart
Device Charger

Gift Card

Greeting Card

I wanted to drop you a quick thank-you note on behalf of all of us at Newsday to say we truly appreciate your subscriber loyalty. It's our passion to provide you with the most relevant and trusted local news that impacts the daily lives of Long Islanders.

At home and on the go, our goal is to serve you with innovative multiplatform content to enhance your lifestyle throughout the year.

Please don't hesitate to contact us should you have any questions regarding your Newsday experience.

Best regards,

Patrick Tornabene
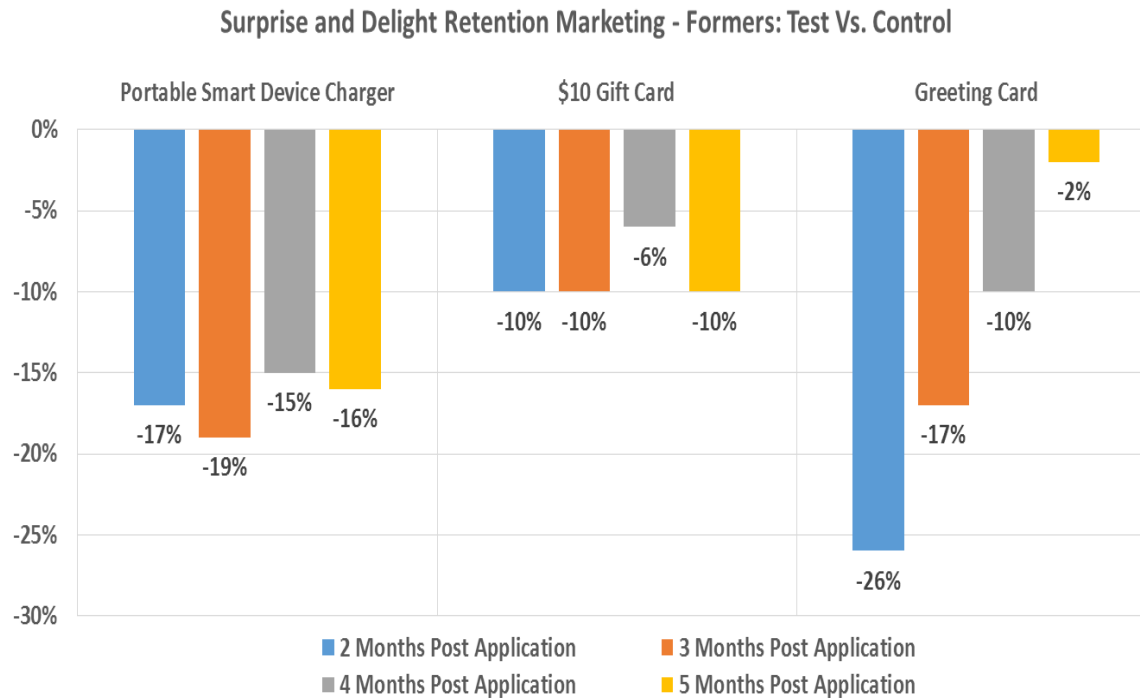Vice President of Audience

Surprise & Delight Retention Marketing

Results: Pilot 1 – Applied to subs with higher churn scores

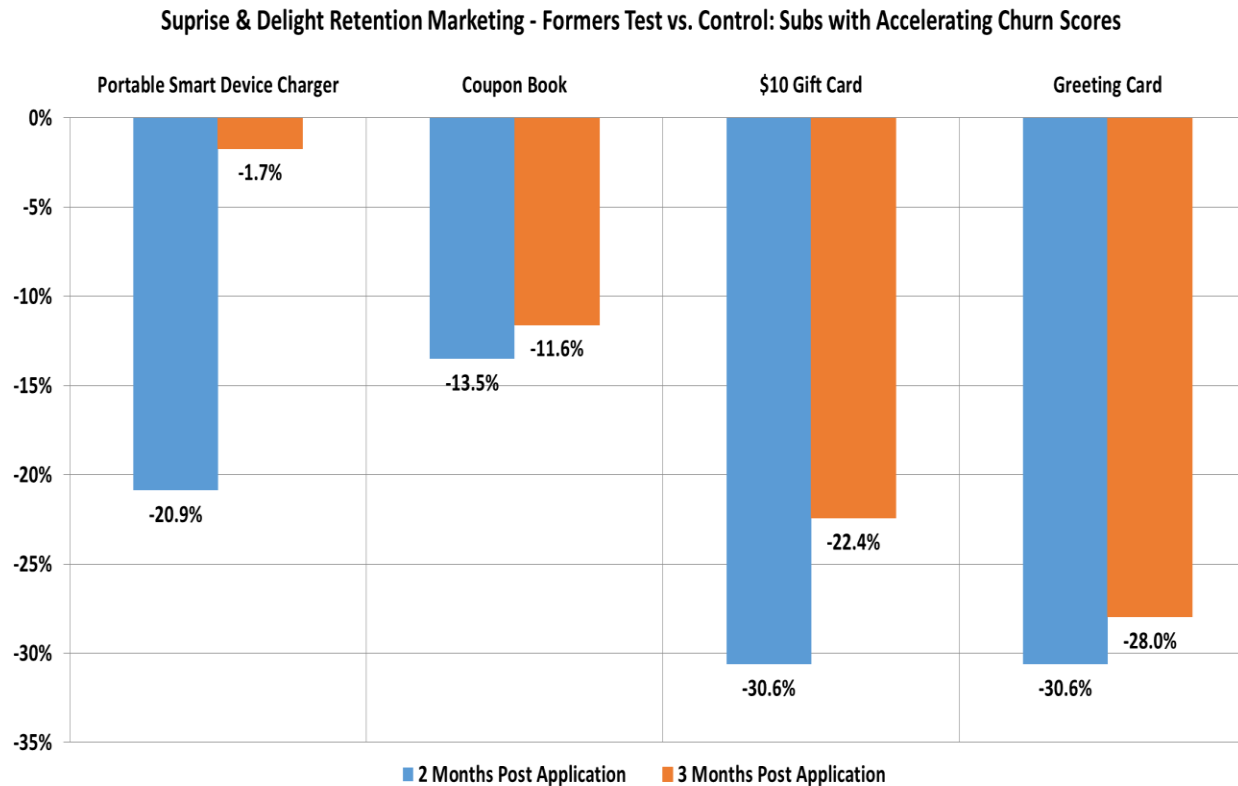- Reduction in formers is approximately 15% at 3 months; 10% at 5 months

Surprise and Delight Retention Marketing - Formers: Test Vs. Control

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Surprise & Delight Retention Marketing

Results: Pilot 2 – Applied to subs with accelerating churn scores

- Reduction in formers is significantly more than subs with high churn scores

Suprise & Delight Retention Marketing - Formers Test vs. Control: Subs with Accelerating Churn Scores

Portable Smart Device Charger	Coupon Book	$10 Gift Card	Greeting Card
-20.9% / -1.7%	-13.5% / -11.6%	-30.6% / -22.4%	-30.6% / -28.0%

■ 2 Months Post Application   ■ 3 Months Post Application

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Surprise & Delight Retention Marketing

Learnings:

- 50-cent greeting card had the same impact as $15 charger at 3 months, however, the charger had more staying power after 3 months

- Dynamics (change) in churn score is a greater predictor of churn than actual churn score (i.e. subscriber with a score increasing from 50 to 70 is more likely to churn than a subscriber with a static score of 85.)

- Greeting card has a greater impact on subs with accelerating churn scores

Next Steps:

- Optimize and roll out to higher and accelerating churn score subscribers

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Niche Product Opt Ins

Niche Product Opt Ins

<u>Assumptions</u>:

- Churn model identifies content areas that provide greater retention and price elasticity

- Providing additional products/content on a no charge opt in basics will result in greater retention and price elasticity
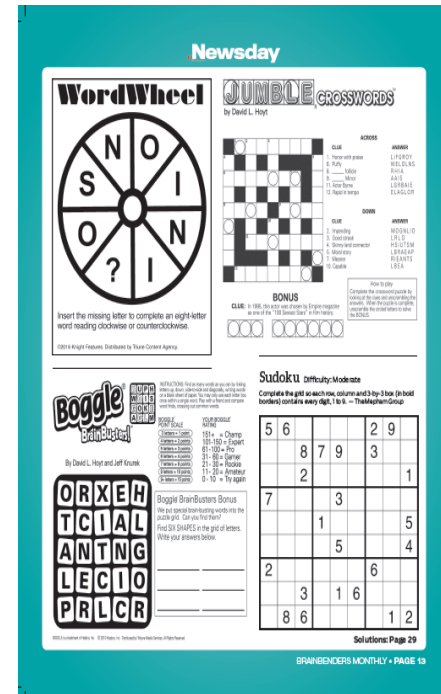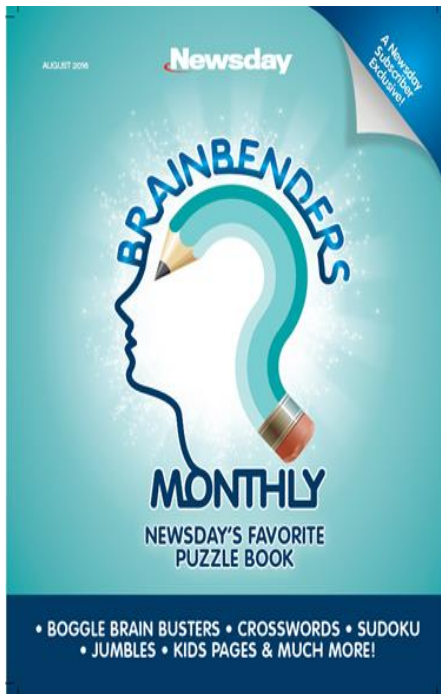
<u>Concept</u>:

- Focus on what products/content drives retention and price elasticity; develop/market such products

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Niche Product Opt Ins

Application:

- Developed Brain Benders monthly games and puzzle book

Niche Product Opt Ins

Results:

- 28k subs opted in the first two weeks; halted promotion to measure impact

- 12 percentage point reduction in churn probability upon opting in

- 5 percentage point more price increase with nearly no stops at 10 weeks post increase

	Non BB	BB	BB vs. Non BB
Stop	1.30%	0.15%	-1.15%
Revert	6.33%	10.41%	4.08%
COS	1.09%	1.52%	0.43%
Realization (net to gross)	88%	85%	-2.61%

Niche Product Opt Ins

Learnings:

- Relevant product development generates significant retention and price elasticity

Next Steps:

- Partnering and developing additional products in areas of great interest –retention and price elasticity

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Content Previews

Content Previews

Assumptions:

- Subscribers are more likely to churn as they feel the relevancy of content to them declines

Concept:

- Promoting upcoming content via content previews will give subscribers reason to stay

Application:

- Newspaper wrap with upcoming content promotion

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Content Previews

Content Previews

Results:

- Survey Response
  - 74% read
  - 45% saved
  - 86% interested in receiving
  - 28% more likely to continue their subscription

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Content Previews

Learnings:

- Significant impact as per survey

Next Steps:

- Execute monthly

- Incorporate into other marketing channels and contact center

- Move to personalizing based on content interests

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Customer Experience Management

Customer Experience Management

Assumptions:

- Attitudinal data provides significant insights for reducing churn

  - It's what subscribers think and why they are doing it

- Brand engagement and customer first focus over platform engagement and product first focus strategy

  - Challenge is less on growing digital registration and more on getting continued customer engagement

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Customer Experience Management

Concept:

- Practice of managing and improving customer touchpoints/interactions

- Optimizing interactions/product from the customers perspective

- Provides measures to ascertain elements of satisfaction and respective impact on overall satisfaction

Reducing Customer Effort			
Increasing Customer Relevancy/Personalization	Increased Customer Satisfaction	Increased Customer Conversions, Loyalty, Retention	Greater Profitability
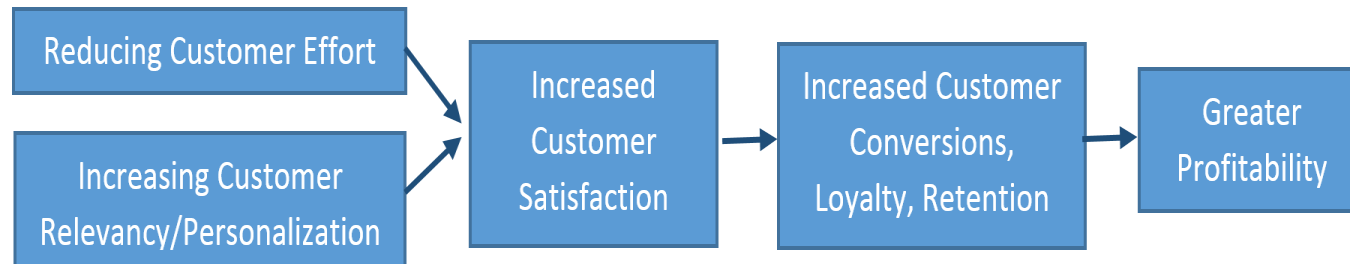
Customer Experience Management

Applications:

- Channels
  - Digital Products – Website, Mobile site
  - Contact Center
  - Distribution
- Data to be loaded into churn model and analytics data base, via entity resolution, to aid in strategic decision making across the organization

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Data and Revenue Optimization in the Contact Center

Contact Center – from Cost Center to Customer Experience & Revenue Generating Center

Stop Save Optimization Modeling:

- Audience and customer experience management data coupled with contact center metrics to identify opportunities for optimization

- Multiple 7-figures – annualized audience revenue saved by contact center reps

- 20%'s to 50% plus – range of monthly stop save percentages by rep

- Included retention of stop saves; by rep

- High ROI retention action; dollars and percentage return

- Enables: Identification of best processes and practices for optimizing

- Results: 9 percentage point improvement in stop saves vs. last year

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Contact Center – from Cost Center to Customer Experience & Revenue Generating Center

Price Increase Negotiations Modeling:

- Revert rates are increasing, marginally, with continual price increases

- 7-figues – annualized audience revenue negotiated by contact center reps

- +67% to -38% or $200k – range of increase revenue net/gross by rep

- Enables:

  - Testing of different offerings

  - Identification of best practices for negotiation; complimented with CLV,   call monitoring, and speech analytics data

- Results: 11 percentage point improvement in net/gross realization Q2 vs. Q1

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Contact Center – from Cost Center to Customer Experience & Revenue Generating Center

Satisfaction Scoring:

- Survey served to subscriber via email after call to contact center

- Provides customer satisfaction insight after rep explanation

- Total Satisfaction and NPS (Net Promoter Score) benchmarked by rep
  - Inclusive of elements of satisfaction (resolution, response speed, knowledge,…) and their respective impact on total satisfaction
    - Identifies specific areas of strength/weakness by rep, policy, process

- Identify what practices on a call provide greatest retention/revenue realization

- Satisfaction data as input for retention modeling

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Other Revenue Generating Applications of Audience Data in Development

Audience Data Opportunities In Development

- Entity resolution (customer record matching) and analytics database for disparate audience data sources

- Dynamic and personalized onboarding and engagement processes

- Content interest data collection for personalized engagement marketing

- Testing of personalization in products

- Churn score and behavioral profiles with relevant product previews for call center rep use in stop saves

- Digital subscription conversion optimization

- Audience data in content programming and digital ad rate optimization

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Connecting the Dots…
Making Data Drive Business Decisions

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July 22, 2016

Identifying Unique Entities To Facilitate 1:1 Interactions

DSI - subscription management system
Exact Target – email service provider
Triton - loyalty platform
CMS - web content management system
Private Party – Adbase ad billing system
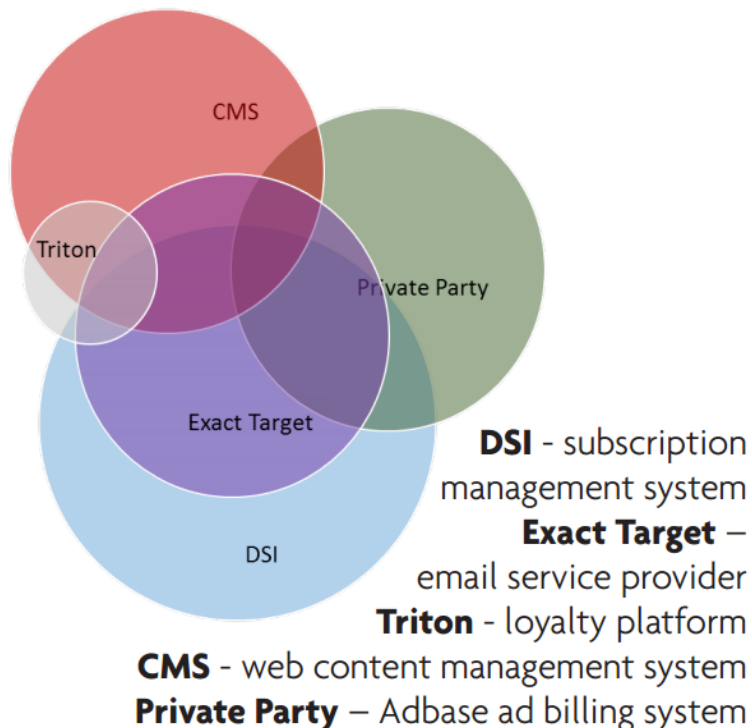
- More than 6M records went through an entity resolution process

- 1.7M entities tagged as "golden customer records."

- Average 80% match rate (across all data sources)

- Digital-only subscribers are extremely engaged with our content on the websites (compared to a print-and-digital subscriber)
  - 50% more page views
  - 70% more visits

- ✓ Customer Lifetime Value & Pricing/Upgrades
- ✓ Churn modeling & Predictive Payment Analysis
- ✓ Credit Card Recycle Program
- ✓ Digital Engagement To Drive Retention
- ✓ DMG Rewards Loyalty Program

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CUSTOMER LIFETIME VALUE (CLV)

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CLV - Customer Service/Stop-Saves

- ## CLV Score (1 – 5) imported into DSI
  - <u>Applications</u>: stop-save retention offers and voluntary change of service, such as a downgrade or upgrade.

- ## Impact on Customer Service
  - Customer service agents have a better opportunity to reduce pricing stops and to alert the agent to the overall value of the subscriber.
  - Call efficiency has increased, and the need to "negotiate" the rate has diminished significantly.
  - Overall stop-save conversions are comparable to prior year
  - A positive effect on net revenue has been proven for 'saves' within CLV tiers 4 and 5

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CLV – Institutionalizing The Paid Upgrade Program

- High response rate on PAID upgrade targets led to migration to an ongoing program
- Targeting frequencies that tend to have lower CLV
  - 35,000 Sunday only targets
  - 10,000 2 day targets
  - 14,000 3 day and 4 day targets
  - 1,964 upgrades to date (3.3% conversion rate)
  - $6,093 monthly subscription revenue gained ($3.10 per conversion)

$284,000 "lift" in CLV (beginning CLV vs. CLV post upgrade)

CHURN MODEL AND PAYMENT ANALYSIS

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Payment Path Analysis – Grace Communication Timeline

- Use payment history to identify when individual subscriber is at risk vs. a point in time in grace period.

- Deliver grace touch point at the individual's "at risk" point

Payment data from January, 2012 through April, 2015

1,571,176 total observations (payments)

168,229 unique accounts

Only NONEZ accounts

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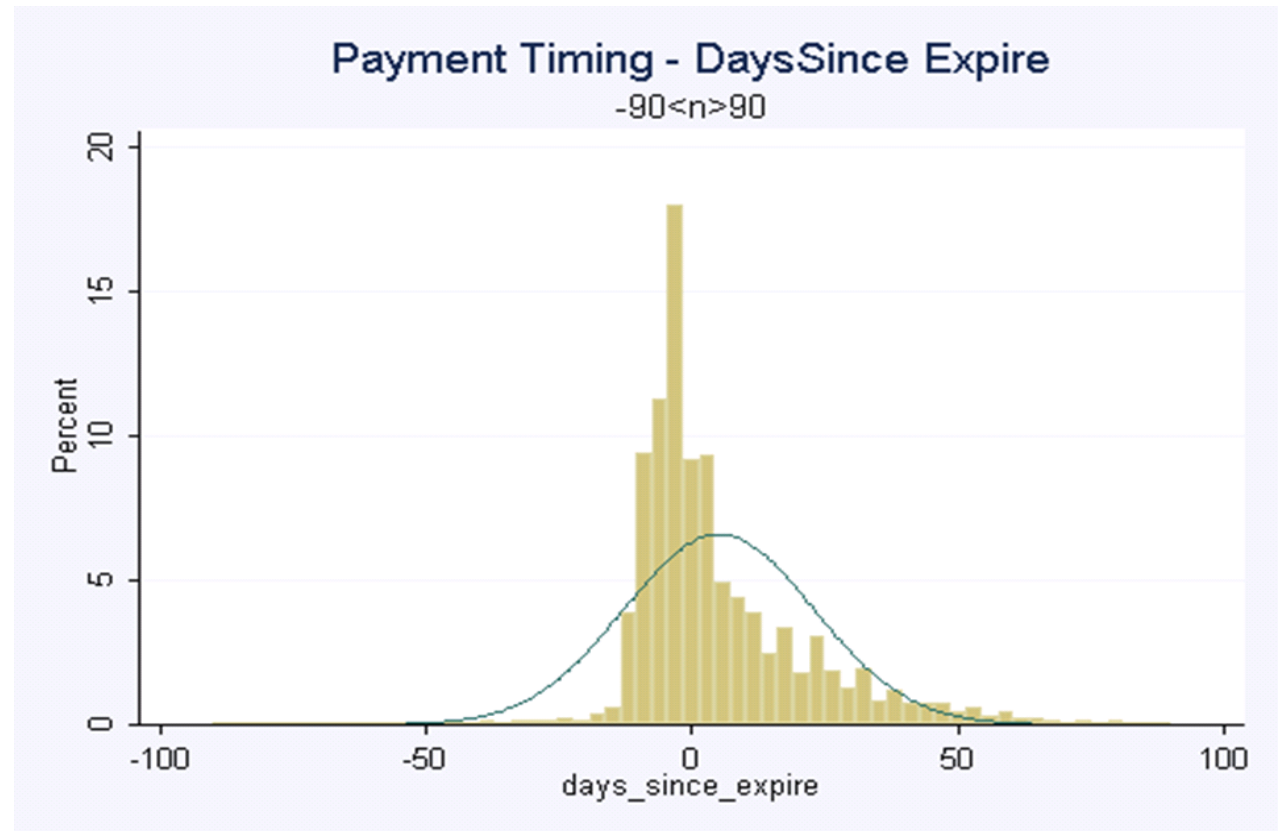
Pre- Payment Analysis Grace Timeline

Static Timeline

Grace Touch Point 3301 and 1715 Tele and Email (2 weeks earlier for prior NP)

LAST ISSUE CAMPAIGN:
- **Bag**
- **TCN Robo call**
- **Email**

FINAL INVOICE GENERATED (30 DAYS AFTER EXPIRE)

FINAL RENEWAL DELIVERED (First Class)

21 TO 27	28 TO 34	35 TO 41	42 TO 47	48 TO 56	2 Days Prior NP Stop

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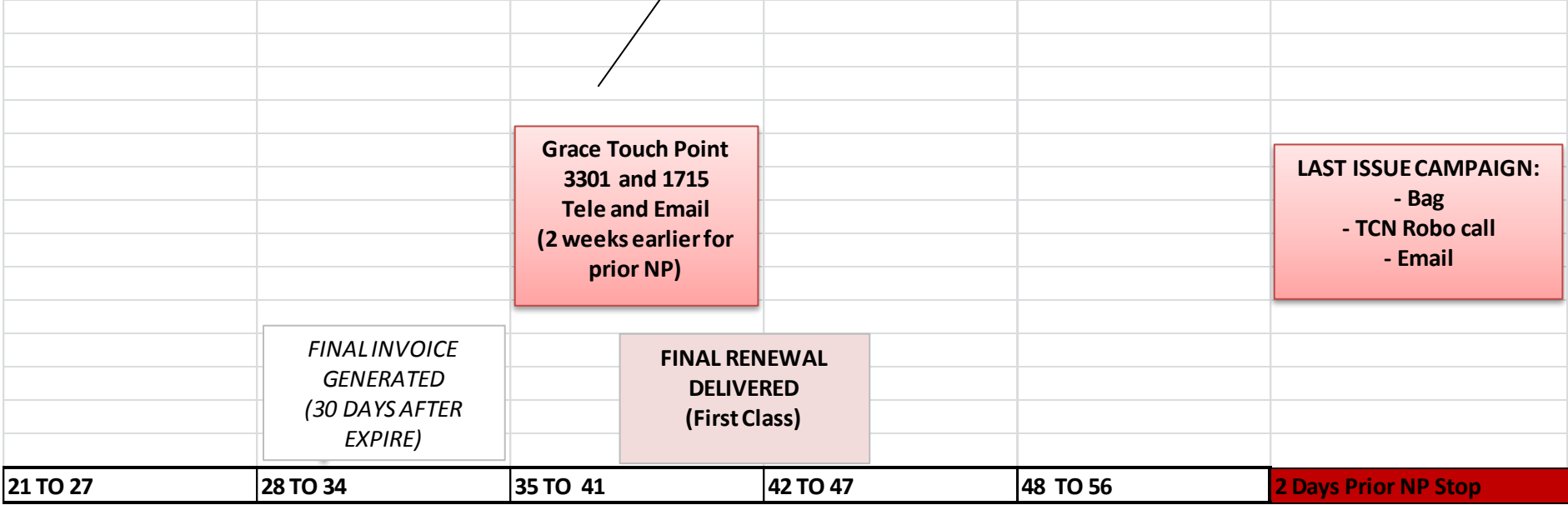
Payment Path Analysis

ABBY

Historically pays 7 days after expire

PATRICK

New Start, no payment history

EDWIN

Historically pays 14 days prior to end of grace

DON

Historically pays 5 days after end of grace

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New Grace Communication Timeline – A Continuum

| 14 TO 20 | 21 TO 27 | 28 TO 34 | 35 TO 41 | 42 TO 47* | 48 TO 56 | 2 Days Prior NP Stop |

Grace Touch Point 3301 Tele (14 days into expire, 7 days outside of payment window or no payment history)

Grace Touch Point 2: Robo Call (14 days from TP 1, no payment received)

Add subs w/ pay history after stop

Grace Email 1715 Special Renewal Rate

FINAL INVOICE GENERATED (30 DAYS AFTER EXPIRE)

FINAL RENEWAL DELIVERED (First Class)

LAST ISSUE CAMPAIGN: HAND DELIVERED PIECE - TCN Robo call - Email

Lift:
- 5% lift in close rate on Grace Telemarketing = 260 additional customers saved
- 4% more renewals paid prior to stop, which = 15,500 payments (at $4.80 avg. per week, assume 13 week collected = $967K annualized)

52

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CREDIT CARD RECYCLE PROCESS

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Retention: Credit Card Recycling Process

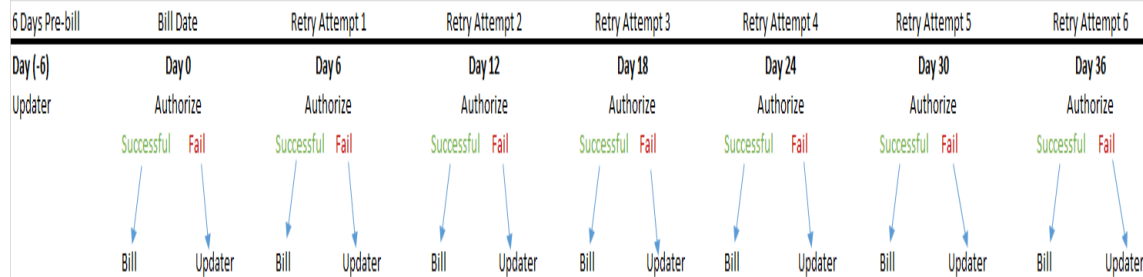| ACTUAL	Transactions	Declines	% of Declines	Actual Saves	Actual Save Rate		
April	68,018	2,550	4%	161	6.3%		
May	86,678	2,876	3%	211	7.3%		
June	65,438	2,152	3%	306	14.2%		
TOTAL	220,134	7,578	3%	678	8.9%		
226	Subs per month saved is worth $50 an order for new starts and monthly revenue of $21 each						
2,712	Potential annual subs saved						
$ 135,600			Annual Potential Expense Savings - Acquisition @$50 each				
$ 683,424			Annual Potential Revenue Retained - @$21 per month for 12 months				

Next Steps:
- Second retry on Friday's began week of July 11; additional 6% payments authorized
- Working with third party vendor to improve authorization by another additional 15%

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Retention: Credit Card Recycling Process

Other Low Hanging Fruit (To be deployed):

- Optimally deploy Account Updater and Card Refresher programs

- Optimize expiration date handling (VISA & Amex)

- Weave together Updater & recycle programs

6 Days Pre-bill	Bill Date	Retry Attempt 1	Retry Attempt 2	Retry Attempt 3	Retry Attempt 4	Retry Attempt 5	Retry Attempt 6
Day (-6)	Day 0	Day 6	Day 12	Day 18	Day 24	Day 30	Day 36
Updater	Authorize	Authorize	Authorize	Authorize	Authorize	Authorize	Authorize
	Successful Fail	Successful Fail	Successful Fail	Successful Fail	Successful Fail	Successful Fail	Successful Fail
	Bill Updater	Bill Updater	Bill Updater	Bill Updater	Bill Updater	Bill Updater	Bill Updater

- Flag the "recurring payment" indicator to lower barrier to approval

OPERATIONALIZING LISTENER DATA FOR ENGAGEMENT

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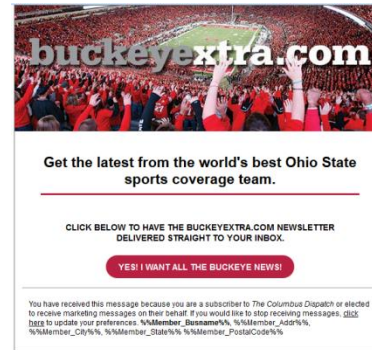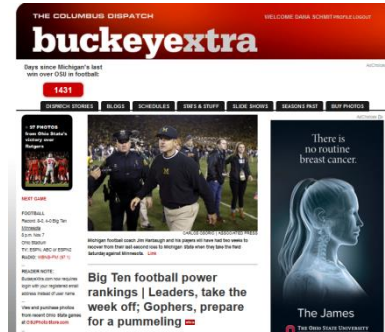GROUP

Lead Nurturing Campaign - 2015

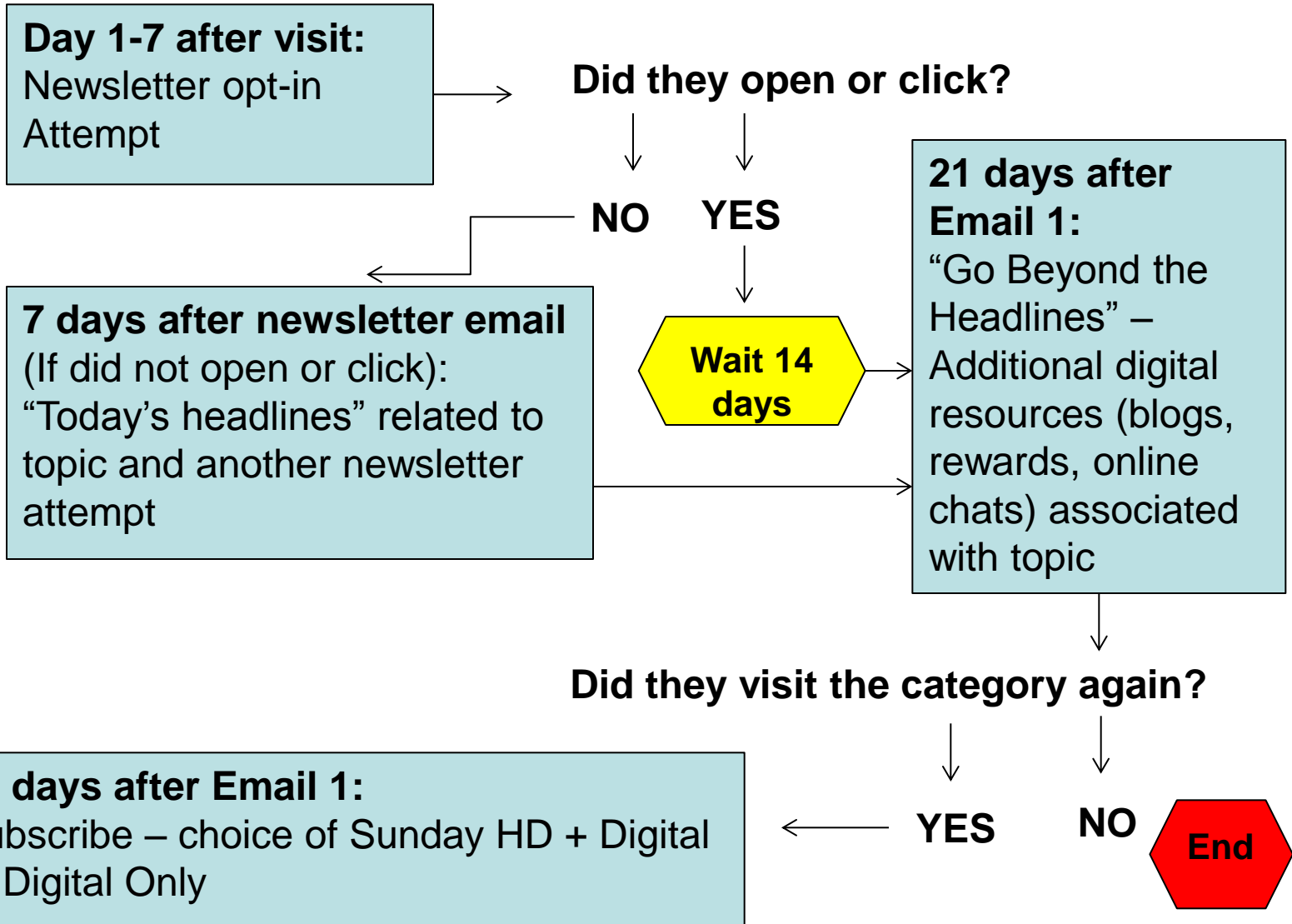**USER LOGS IN** → **LISTENER CAPTURES DATA** → **EMAIL 1 E-NEWS PROMO** → **EMAIL 2* SUBSCRIBE**

Subscribe emails averaged 56% open vs. 15% for "other acquisition" emails, but not enough "nurturing" to drive actual conversions.

*Email 2 is only sent if Email 1 is opened

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Lead Nurturing Campaign - 2016

Day 1-7 after visit:
Newsletter opt-in Attempt

Did they open or click?

NO   YES

7 days after newsletter email
(If did not open or click):
"Today's headlines" related to topic and another newsletter attempt

Wait 14 days

21 days after Email 1:
"Go Beyond the Headlines" – Additional digital resources (blogs, rewards, online chats) associated with topic

Did they visit the category again?

30 days after Email 1:
Subscribe – choice of Sunday HD + Digital or Digital Only
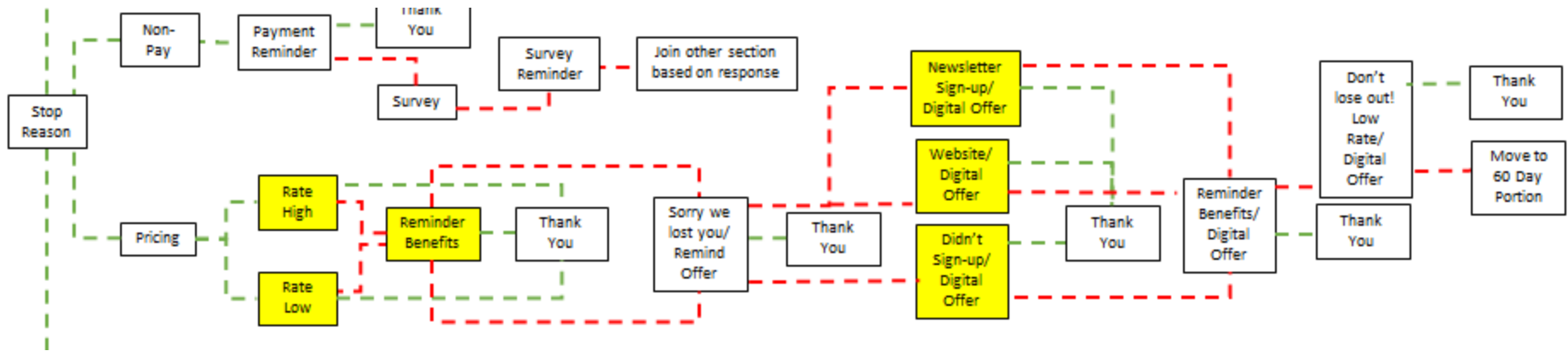
YES   NO   **End**

Listener Engagement Data To Drive Customer/Subscriber Journey's
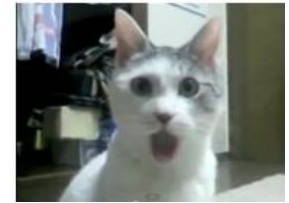
New Subscriber Welcome Journey
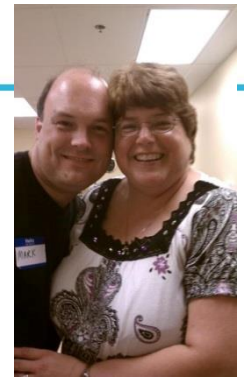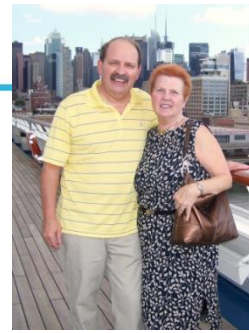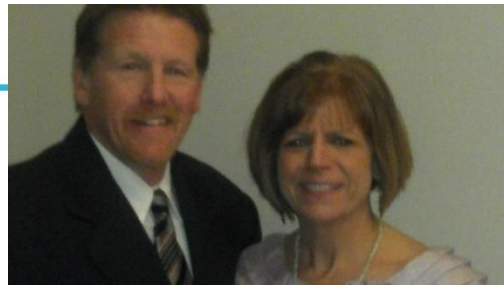
DISPATCH MEDIA GROUP
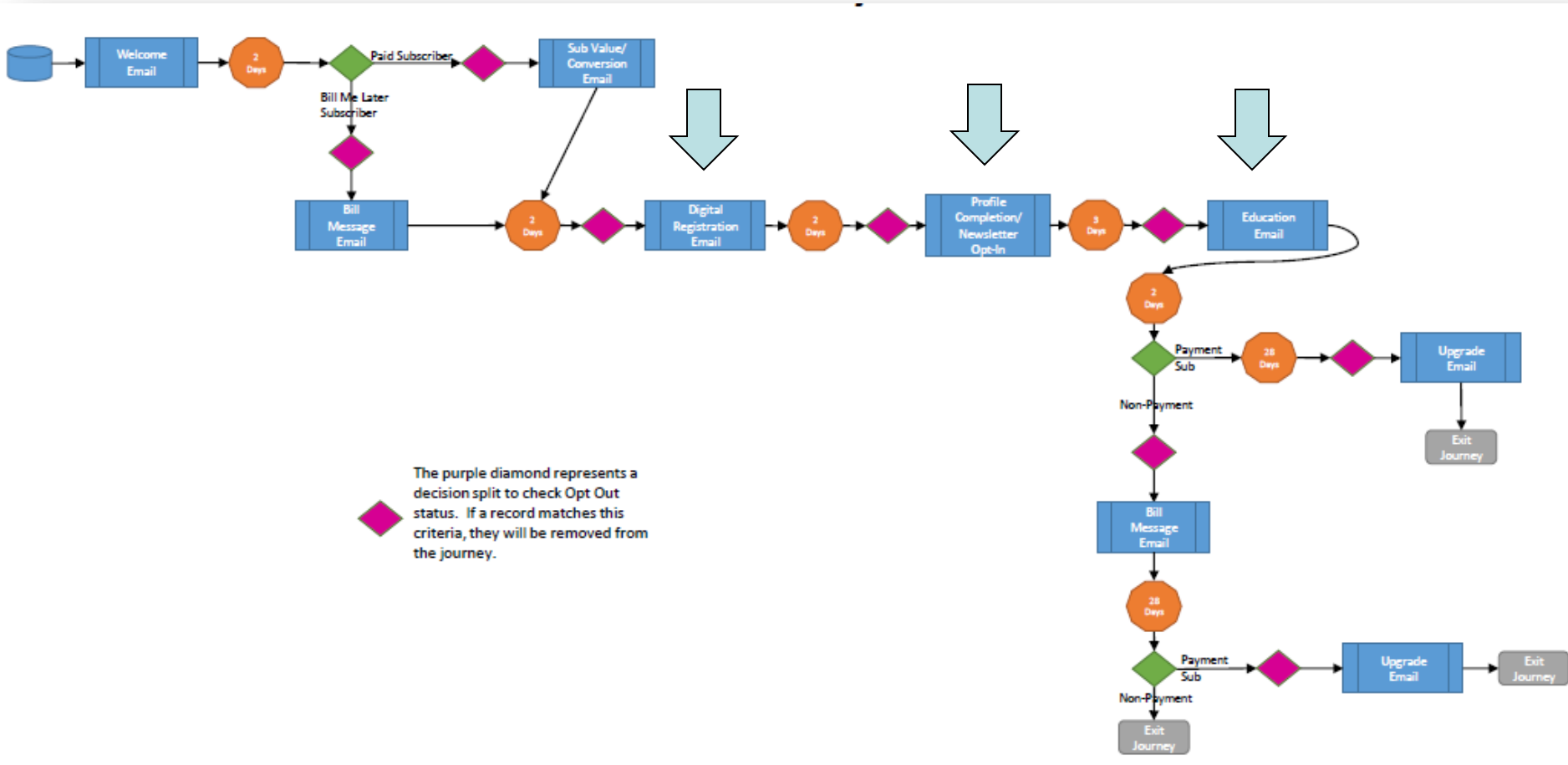
Listener Engagement Data To Drive Customer/Subscriber Journey's

Win Back Journey

- Journey targets by stop reason
- CLV/Payment data to determine High/Low offers for initial email
- Listener data to drive messaging for newsletter sign up and digital engagement

DMG ★ rewards

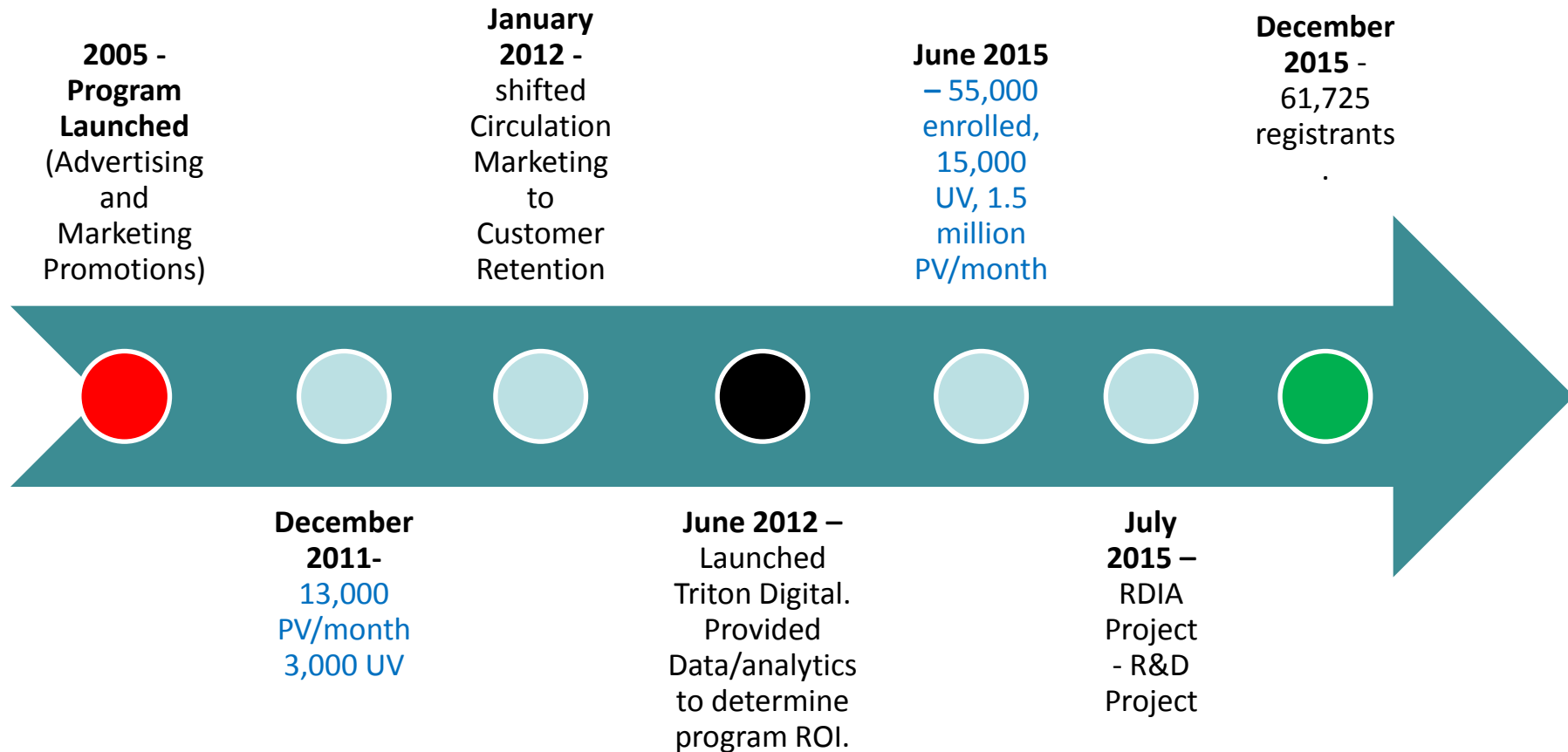The Columbus Dispatch dispatch.com   columbus MONTHLY   alive! www.columbusalive.com   ThisWeek COMMUNITY NEWS   COLUMBUS Parent ColumbusParent.com   COLUMBUSCEO

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History

2005 - Program Launched (Advertising and Marketing Promotions)

January 2012 - shifted Circulation Marketing to Customer Retention

June 2015 – 55,000 enrolled, 15,000 UV, 1.5 million PV/month

December 2015 - 61,725 registrants .

December 2011- 13,000 PV/month 3,000 UV

June 2012 – Launched Triton Digital. Provided Data/analytics to determine program ROI.

July 2015 – RDIA Project - R&D Project

DMG rewards / DISPATCH MEDIA GROUP

Reader Rewards – 2015 Review*

- 62,000 members - 3,000 log in every week

- 15,500,000 annual pageviews

- 449 local contests

- 3,600,400 contest entries

- 1,500+ local winners

- $287,00 in prizes

- $265,000 new start revenue retained**

- $3,000,000 in advertising revenue supported

*Through 12/8/2015
**5,883 starts enrolled, 44% 52 week retention vs.
26% not enrolled- $250 annual rev per sub

DMG rewards / DISPATCH MEDIA GROUP

Retention Goals From DMG Rewards program

- Grow Dispatch Digital PV monthly average from 11 to 13 million per month.

- <u>Goal</u>: 6,000 additional digital users
  - Grow actives subscribers registered with Dispatch.com from 52% to 60%
  - Grow 5% "active digital users*" to 15% active digital users
  - 14% lift in 52 week retention subscribers engaged in digital vs. unengaged
    - Retains additional $40 per subscriber annually** - (6k users = $240K revenue)

*41% 52 week retention vs. 27% for not registered. Logs in once within 30 days considered active
** Based on average of $230 annual revenue per subscriber

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FUTURE CONSIDERATIONS

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Optimizing & Automating

- **Listener & Digital Engagement**
  - Build a recommendation engine for email marketing
  - Utilize listener data to drive DMG Rewards engagement/point rewards (X amount of PVs per month = Y points)

- **Retention**
  - Use payment analysis to drive grace calling offers

- **Customer Service & Stop Saves**
  - Analyze stop save patterns by customer service rep to optimize for revenue
  - More complex stop save rate matrix to ensure retaining as much revenue as possible

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Questions

Patrick Tornabene

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VP, Marketing

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Thank you!

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