

ISOJ 2018: Day 1, Morning Session

Keynote Panel: Newspapers in a Post-Advertising Era

Chair & Presenter: Jim Moroney, Chairman, President and CEO, **A.H. Belo Corporation** (Publisher, **The Dallas Morning News**)

- **Jim Friedlich**, CEO and Executive Director, **Lenfest Institute for Journalism**
 - **Sara Glines**, President and Publisher, **The News & Observer**, and **McClatchy** Regional Publisher for the Carolinas
 - **David Perpich**, GM & President, **Wirecutter** (a New York Times' product recommendation service), **The New York Times Executive Committee**
 - **Earl Wilkinson**, Executive Director and CEO, **INMA (International News Media Association)**
-

Sara Glines: So, in the face of all this disruption you've heard about from Jim [Moroney].... And I like what Jim said that we're diminishing our advertising. I don't remember exactly how he said it, but I thought, diminishing our print advertising and even our digital advertising numbers. It's sort of the easiest work we've ever done because it just seems to keep happening. So in this era, in Raleigh, we're thinking about, how can we pay for our newsrooms completely with online subscriptions? What if we can figure out how to fund journalism through the digital audience it serves? (There we go. I got it.) What if we could figure out how to fund that journalism just through digital subscriptions? To do that, we have to be purposeful in connecting our audience with our journalists.

Journalists have to have a seat at the table. And if they do, what does that mean for journalists and how we value them? And what does it mean for journalism? We're thinking about that a lot. Our new Executive Editor and Carolina's Regional Editor, Robin Tomlin—thank you Jim Moroney—she was most recently at The Dallas Morning News—has set a goal for our newsrooms to pay for themselves completely with online subscriptions within three years. It has journalists thinking about what their job really is, and about how they will be valued, and what this means for journalistic values.

Long gone are the days where journalists really worked in the absence of readers. That is, they determined what was important to be covered based on their own internal guideposts. Those were the days when journalists stayed confined to the world of content. That was their seat at the table. It was a small one. They were convinced that the readers were there, whether they really were or not. They owned that piece, but again, it was a small piece. Then came data, page views, time on site, unique visitors. It was data and it did inform content decisions to a

certain extent, but it was so broad that it really couldn't help us determine what our next story should be or where we should be focusing our resources and attention.

Now add deep analytics, which is more than just raw data. It's really understanding from that data, what are our readers really connecting with? And what are they doing? When you start looking at data analytics, and you start talking about how a story connects with the audience, and you start asking journalists to think about that and focus their attention based on that information, now it's marketing. And they are really becoming a sort of marketer. And when you start doing that, some journalists start thinking you're pushing them far too far into the marketing world.

If you're going to fund the newsroom in digital subscriptions, you do need to understand what causes a reader to pay. And so, we started looking at a reader funnel. What moves a reader from awareness to experience to preference and paying? It's similar to our advertising/marketing funnel that we talk about when we try to sell ad campaigns. When we start out talking to advertisers, we ask them where they think their audience is and then we create campaigns to help move that audience down through the funnel until they make a buying action.

Reader funnels are pretty much the same thing. Readers start in that funnel with awareness. They may see a story on Facebook. They may see something on Twitter or get a link from a friend. And so, they use our content occasionally. Then, maybe they find that we cover something they really care about, and so, they start following us on Twitter or they sign up for a newsletter. Now we're part of their media experience, and they're moving down through that funnel.

So, how do we take a reader from the experience level to the preferred level, where we are their go-to source? And then once we've got them there, how do we move them to take that buying action? And once they've subscribed, how do we further move them to start referring us to their friends? And then, we can start moving those friends back through that reader funnel.

In Raleigh, we've started that process. We have a long way to go, because we're just starting to gather the data. It's at the very beginning phase. We'll gather all the information. We'll funnel it through our data scientists. But while we're doing that and trying to understand better what stories we need to be focused on to move people through that funnel, we're going to start working with our journalists to change their behavior, to make sure they are truly audience focused.

It's a difficult thing for journalists right now, because integrity, as we've talked about, is such a big issue. And we don't want to be seen as writing click bait or producing fake news that is only there to push people through this funnel. But I think it's important that we start turning that conversation, and it can be done in a way that respects all that integrity.

So, we've developed a couple of key tools for our journalists. The first is an audience checklist. And this is a device to make sure that when you write that story, there is actually some audience there to connect with. And it has to be a

significant audience, and it has to be an audience that you, as the reporter, are keenly aware of. So at the beginning of the process, a reporter and an editor sit down together and they'll have this conversation. And it asks, who cares about this story? Or, who *should* care about this story? And if you want to cover, say, an education story, the answer can't be, "Everybody who cares about education," because that's not truly an audience. So when you are creating the idea for your story, you're thinking about, is this going to connect with middle school students or the parents of middle schoolers who are in stem programs? And as you start defining that audience, you have to figure out, is this an audience that's big enough for me to spend time on the story? If it isn't... So if you get through who cares and you don't quite make it, then you think, can I expand that audience? Can I expand the story and get a larger audience? Is that one way that I can pursue this? So if you move through the checklist and you can't get to the point where you can say 'yes,' that I have identified my audience, the answer really should be, "Go find another story."

But you do have one last chance to be able to write the story you want to. If the story is not going to connect with a large audience, but it is going to be a story of significant impact, you might save a life, might change a law, might free an innocent person from prison, then we should write that story, even if it's only focused on three people. So, yes, that would be a "Move on to the next checklist."

And the next checklist for us is *mission*. If you get through *audience*, now you have to make sure that you can answer 'yes' to one of these questions. Will the story break news that holds leaders or institutions accountable? Will the story break news that makes a concrete difference in the community or to people in it? Will the story tell readers something that will directly affect their lives and the lives of their families and friends? Will the story use extraordinary storytelling to bring a societal issue really to life? Or, will the story attract an extraordinary amount of readers? And if you think about this mission checklist, you could not write a sports story until you got down to number five. And so, that's why it's important to appreciate that everything doesn't have to be a solid part of that hardcore journalistic effort. There are things that we write that are really just to help people engage, have fun, connect with other people in their community. And so, that's why there is number five on the checklist.

Also, on our big stories, where we think they are highly important and there's an important community that we need to reach, our reporters will have an engagement list that includes the names and contact information of all the affinity groups and people or leaders or influencers who might be interested in that story. So after the story is written, the reporter and the editors will send out a link from their story to those groups. Now that's truly marketing. That's sending out communication to drive interaction with the reader, and hopefully, if they're an advocacy group, they will spread it within their community. It's marketing, but it's marketing well within our journalistic endeavors. It's so that a journalist has impact with their story. So, we think of it as really good marketing.

So, as we learn more and more about how data is informing us about what users are doing, how they're interacting, we will probably change some of the questions on both of these checklists. And as we figure out those answers, journalists will certainly be thinking about how this defines their value. If I, as a journalist, figure out how to answer all those questions and generate significant audience, and if I figure out what stories will drive readers through that funnel to take that buying action, if my stories are particularly good at that, don't I have more value to the organization? And I as a publisher think, yes, you do!

And so what does that mean for compensation? What does that mean for how we start paying our journalists? Is it okay to compensate them when they grow our audience significantly, or does that push them away from their journalistic mission and move them too far into the marketing world? We don't know, but we're certainly starting to have those conversations. I think that's important for us to be thinking about as we're learning what we learn, because journalists will quickly figure it out and start asking us those questions.

And also, what does it mean for those journalists who are doing great work, but the work they are doing is really not the kind of work that moves a reader through the funnel? Does that mean that their work has less value? Should they be compensated less? I don't know that answer either. But those are all things we're starting to think about.

Then, there is one other thing we think about quite a bit, and that is news deserts. The UNC School of Media said that because of all this disruption and the financial issues in the news industry, there are these places all around the country, small communities, that no longer have newspapers, because they couldn't be supported through advertising. So, if we can start to figure out how to fund journalism on the backs of audience very directly, can we start eliminating news deserts and bring more local journalism back into our communities? And wouldn't that be grand? And isn't that really what it's all about?

Thank you.

[Applause.]

Jim Friedlich: Good morning. Wow.

Sara Glines: Tough crowd. It's a tough crowd.

Jim Friedlich: Thank you. I woke up this morning and read my Twitter as I always do, and it occurred to me that the best thing that we could do to support digital journalism and sell more subscriptions here in America would be to reelect Donald Trump to a second, third, and a fourth term as president. [laughter]

I'm Jim Friedlich, and I run the Lenfest Institute as Jim Moroney said. We are the parent company of The Philadelphia Inquirer. We're a not-for-profit. Our mission is to help support new models for sustainable journalism. We're the largest owner of a

public benefit corporation operating as a newspaper in America. And the goal is to use The Philadelphia Inquirer as a test lab for the transformation of journalism in America. And we think that user revenues and digital subscriptions and community support are absolutely integral to that, including philanthropic support.

I'm here with a very positive set of messages and a handful of examples about the future of journalism, and particularly, the role of the user and the reader in that. I wanted to talk briefly about three ways in which media consumers—and I mean media consumers at large, not only consumers of news—are increasing their spending and the quality of their time and commitment to great content, which bodes well for great journalism.

I'll start as Jim Moroney did with kind of a macro view, but I think a more positive one or the other side of the coin. Jim talked about the decline of advertising or the aggregation of advertising buyer power within a handful of major companies. That's absolutely true. I think we are in a post-advertising era, at least for the news business. But the user-funded media is actually booming, and that's something that we can take advantage of. The total global spend on media and entertainment, according to Bane last year, was \$750-billion. This is, to be clear, TV, digital, movies, games, mobile, radio, print, digital subscriptions, every ticket to Hamilton, absolutely everything. [laughter] Hamilton was probably about half of that. [laughter]

But the consumer share of that \$750-billion—and that itself is growing—the consumer share was 40% in 2000, it was 50% in 2010, and it was 65% last year. That's a shift of hundreds of billions of dollars to consumers paying for content that they love. The biggest piece of this, to be sure, is video. It's Netflix, it's Hulu, on-demand TV, cable subs, sports tickets. The trend also includes Pandora, Spotify, iTunes, but it also includes subscriptions to great journalism. The fastest growers were.... (Am I touching this thing here?) Not so boring, huh? [laughter] I'll show you.... I'm going to show you David Perpich's slides before mine. [laughter]

The same trend. The same wind in the sails is affecting The New York Times, The Washington Post, The Wall Street Journal, which has been selling digital subscriptions for many, many years. So, it's important, and I think very, very encouraging, to recognize that asking readers to pay for stuff that they love and find important is part of a much, much bigger trend. And that trend is quite a positive one. It's very, very good news for big news, which is the business that we're in.

The second trend I wanted to cite briefly is that of communities. Communities are groups of engaged users supporting their most cherished journalism in a direct and positive way with user payments large and small. I see John Thornton sitting in the second row here. We're here in the hometown of the great Texas Tribune. And The Texas Tribune gets at least half of its income from users, either through events, like the festival, or from direct membership and payments, and from philanthropy and from foundations.

This is a form of user payment. Something that we should take greater and greater advantage of. I say that as the head of a non-profit that supports a great American newspaper. But two quick examples. And both of these are from yesterday. There's a site called BerkeleySide, which is the Berkeley, California community website. It announced something yesterday called the *direct public offering*. They raised \$1-million from 355 community members. That's about \$3,000 apiece. And the direct public offering was modeled on, of all things, the sale of stock by the Green Bay Packers. For those of you who are not U.S. natives, the Green Bay Packers is the only NFL team owned by its community. And they've sold stock over the years to the people of Green Bay. Why not do that for news? It seems to have worked quite effectively.

The second, I think many of you would have seen a quite impassioned editorial from The Denver Post over the weekend. Who read this? That's about half of you. The Denver Post is owned by a New York based hedge fund called Alden Capital. It's cut its newsroom from 250 people to 100 as of a couple of months ago. They were just ordered to cut another 35 people. So, the largest newspaper in the state of Colorado will have 65 people in its newsroom before long. And the newsroom, the editorial page actually rose up and rebelled and wrote a story, an opinion piece, saying, "As the vultures circle, who will save The Denver Post?" They cried out to the community and asked for support. We heard about this through Twitter and other means, but they've reached out to us, and investors have reached out to us, looking at our model and our structure for the City of Philadelphia. Yesterday, they reported that they had sought for \$10-million of local support to try to buy the newspaper. Whether Alden choose to sell, whether the community...[inaudible]...a Gatehouse or a Gannet or others who might have deeper pockets, I don't know, but this is a form of getting the community, who believe in your mission, believe in your content, to pay. And I think that's another piece of good news for journalism. And I think we'll see more of it.

The third trend is a proliferation of really creative, new payment models that give both software enablement and new ways for users to engage in journalism. I'm going to mention three. One called the News Revenue Hub, one called Scroll, and one called Pactio. Just briefly, the News Revenue Hub grew out of The Voice of San Diego, which appealed to its users to pay whatever they thought they should pay and whatever they thought was fair to become members of The Voice of San Diego. The content is free. You don't need to pay for it. It's like NPR, it's optional. They also did not put a price on it. They said, "Whatever you think this is worth to you." They've raised over a million dollars a year using these methodologies. And they've taken that activity on the road in a kind of light tech staff called The News Revenue Hub. And they've been helpful to dozens of publications around the country.

The second, Scroll, was started by Tony Hale, who you might know is the founder of Chartbeat and a colleague who came out of Spotify of all places. They describe this as Netflix for news or a TSA pre-check for news. [laughter] The idea is a subscriber pays \$5 for an all-you-can eat pass to a collection of member publications. There's a small investment from The New York Times. There's investment from Axel Springer, a serious group of high-value investors involved.

And the notion is, for the \$5 a month, you get an advertising-light or advertising-free experience, all you can eat. Those dollars are allocated to the news properties based upon the usage, which is how Netflix works.

The third, Pactio, is a raw startup by Adriano Farano, who is an Italian entrepreneur based in Silicon Valley. And this is kind of Patreon for journalists. It's individual journalists are on the platform and can charge, can get legal services, can engage with their users directly. And this grew out of a collection of San Jose Mercury News journalists who said, "I've just been laid off, but my community still cares about me. I still want to cover Sunnyvale. I still want to cover San Jose."

Each of these three is a creative idea and a software-enabled idea. And they all borrow from other parts of the payment ecosystem.

I want to close quickly with a thought about some work we're doing at the Lenfest Institute together with partners at The Knight Foundation, with API, with Democracy Fund, and a collection of for-profit newspapers, like The Dallas Morning News, to help publishers build digital subscriptions. Our experience in this area suggest that there really are two dimensions that matter and you need both. One is mission and a strong sense that democracy dies in darkness, as The Washington Post says, that your community should care about the content that you produce and you should create content that they should care about. The second is kind of the hard work, but not rocket science, of best practices in metering your readers, and asking them to pay, and putting prices in front of them that are palatable, etc. There are a collection of best practices that we have calibrated, that we've quantified, and we're trying to share in any way that we can, and we'd love to do so with you.

There is a site called The Better News Hub, which is API's site that collects a lot of this work. They've done terrific work on subscriptions. There is an ongoing collection of workshops that we are helping lead and that's led by Austin's own Tim Griggs on behalf of The Lenfest Institute, paid for, by of all people, the Facebook Journalism Project. This brings together 14 major metros—we started two weeks ago—to compare best practices. So we can look at why Boston's email is better than Philadelphia's. We can look at why The Dallas Morning News has done such a great job of engaging through Facebook and creating Facebook groups and converting them to subscribers.

It's an absolutely hands-on how-to, and it's completely transparent in the public interest. All of this is being blogged about on our site and on the Facebook site in a great deal of detail. So, with all of that, plus a few more years of Donald Trump and Stormy Daniels, [laughter], not boring, we'll sell millions and millions of digital subscriptions.

I wanted to close with a personal thanks to Jim Moroney, who when I was building a business called Empirical Media, whose passion and mission was to help transform news media companies to a sustainable future through a lot of these kinds of methods, was my biggest supporter [and] our biggest client. And that business was

acquired by Jerry Lenfest, who started The Lenfest Institute, and became my work and my passion today. So thank you, Jim Moroney. And thank you all.

[Applause.]

David Perpich: So, what I thought I'd do today is talk a little bit about what The New York Times is doing in this kind of post-advertising era and try to also kind of relate it to people in the crowd. I know The New York Times stands in a unique position, but I do think there are things we are doing that can apply to more people beyond The Times. And for me, I think just to say what I think of as post-advertising, you know, the business model for journalism used to be one where we created journalism, we aggregated an audience, and then advertisers paid for access to that audience to buy ads. And so, you know, basically, the monetization was indirect. The journalism wasn't actually driving the revenue, the audience was.

And I think, you know, to Jim's point earlier about Google and Facebook, they've essentially, you know, aggregated the entire U.S. audience, world audiences in places, and can offer targeting at scale. And I think that's, to me, what post-advertising means, which is that that fundamental business model that was in place before doesn't exist the way it did before.

And so the question is, what do you do about it? So, for me, these are kind of the three takeaways that I would hit with this group, which is that you start with the end-user first. It sounds simple enough, but, you know, if you're thinking about the reader, what is journalism that's worth paying for? You know, it's not.... I liked Jim's comment about, it's not advertisers, it's marketers. What do they really value?

Second, that the journalism and the business model are connected. You can't, you know, separate them. If you're going to go and do an activity and engage with readers, you need to think about how that's going to translate to revenue. And same thing with marketers.

And then last, that read trust, the foundation for long-term success. It sounds obvious, but it's always worth saying in this new world as we go into this. The best decisions put the reader first. And those decisions pay off in the long term.

So, with The Times, in 2015, we released a document called Our Path Forward. I don't know how many of you have read it, but it basically said, "We're a subscription business first." And even kind of, I think, in a sharper sort of way, there was a statement that said, "We're in the business of creating journalism worth paying for." It actually literally connected the journalism and the business model to one line.

And these things, on the right, these headlines are just examples of the type of journalism that, you know, are worth paying for. And I think, you know, it's easy to say, "OK, we're going to start charging. And of course people will start paying, because we have great journalism." But it is really worth thinking, what are the things that matter to people? As Sara was talking about, what is it that the

community values? It's original reporting. It's the right investigative work. It's trusted voices. You know, for us, continually reimagining storytelling and visual journalism. These are all the kinds of things that we believe are worth paying for and where The Times is increasingly putting our focus in terms of building our audience and, you know, some of you may have heard, that this has translated to us in the past year \$1-billion in consumer revenue across print and digital.

And I'll also just say for this group, I think that subscription revenue and reader revenue is the foundation for the news business moving forward, but I also don't think it's the only revenue stream. Once again, that comment that it's not advertisers, it's marketers. Starting with the marketer actually. Jim included a quote from a colleague, Seb Tomich, who heads the advertising sales group at The Times. But actually starting with the marketer and saying, "What is it that they value?" You know, before, we didn't really need to ask that. We just said, "We have these ads. Who wants to buy them? They're next to our media." Now we've got to say, "Hey, what is it that you're trying to achieve?" And then work backwards.

For us, at The Times, you know, that's led to thinking about different kind of formats. Up here on the left-hand side, we developed a flex-frame unit, but that wasn't enough. We also wanted to go and say, "Hey, how do we help marketers create ads just as high quality as our journalism?" So, we actually went and created T Brand Studios. But beyond that, we're also thinking about different ways that we can create great journalistic experiences for our readers, but also help our marketers.

So, one thing that we did here was the Daily 360, where we partnered with Samsung. They provided the technology. We actually 360 videos every day for a year going around the world. And so, we're continually thinking about, what are the different things that we can be doing that are good for our readers and good for our marketers?

So, one other thing to think about is that, you know, oftentimes I think we equate journalism with news, but actually journalism can be more than just news. Journalism, to me, is great reporting. And in 2013, I started the new Produce Division at The Times. At the time, we were a subscription business, and we thought, hey, let's create a series of niche news products, and we created NYT Now, NYT Opinion, Cooking, Crosswords. Some of you hopefully know those products or have used them. And when we were doing cooking, we had this really interesting moment, because we said, "OK, well, cooking, you know, we'll just go and take our great food coverage and recipes, and we'll go put it into a, like, publication online." But actually, we started with the reader, because we knew if we were going to actually charge for this, people had to be willing to pay for it. We couldn't just put it online and then slap a price onto it.

And when we started with the reader, we actually worked backwards. We said, "You know what? They actually don't want just another food publication. They want help with figuring out what to cook, and managing the recipes, and knowing what other readers are having to say about those recipes." And that led us to create Cooking,

which you see up there as What to Cook, and Crosswords. Together Cooking and Crosswords, today, have about, well, as of the last publicly reported numbers, 415,000 subscribers. But even more importantly, they're part of a bundle, this larger bundle that is The New York Times.

And I think one of the realizations that we had when we did this, too, was that newspapers, we're actually about more than news. I think when we made this transition from print to digital, we said, "OK, we're a newspaper company. We'll drop the paper, and now we're a news company." But the reality is that newspapers always played a much bigger role in our readers' lives. They were kind of a central place of gathering information for communities and readers. And some of those things aren't coming back, like, you know, classifieds. But we realized that there are a bunch of different needs that The New York Times could fulfill for our readers. What to Cook, What to Play, which is crosswords. We launched a watching product that exists and has been successful. How to be Healthy is our wellness vertical. It's not really any one product, but we've done a lot of innovation. And one of those things was What to Buy. And we thought, okay, why don't we go and find these other reader needs that we can actually support and support our audience?

With What to Buy, we actually said, "OK, well, should we build this or should we buy it?" And as it turned out, Wirecutter existed. And it was kind of talking within the company and the newsrooms, we said, "Hey, this is the thing that actually we'd build if we had the time to do it. Let's have this conversation about whether it makes sense to acquire." So, we acquired Wirecutter. And for those of you who have not used it... Actually, just a quick show of hands. Who here has ever used Wirecutter before? OK. Many more people should be using it, but—[laughter]—I'm not here to pitch Wirecutter. Basically what it is, is a product recommendation site. So you say, "I want to figure out what cordless stick vacuum to buy." You actually go [to the site]. We say, "We've done a ton of research. We've looked at all these models. We think this is the best pick for most people. If you're on a budget, here's a budget pick. If you really, really care about this specific thing you're looking to own for years and years and years, this is the upgrade pick."

And I think, for us, what we did was we started with the reader. We knew that this was a real reader need out there. People wanted actionable advice to make decisions. And for Wirecutter and for The Times, we felt like, was it a quality worth paying for? It's deeply investigative reported pieces. Oftentimes, [it] takes 12 weeks to actually get to the place where we make a recommendation. We think about real-world testing, not in-the-lab testing. We think about actually what the reader needs are, not championing and *heroing* products. And in this case, though, from a monetization model standpoint, we didn't just assume we're going to slap ads on or we're going to slap a subscription on. We had to be really thoughtful and say, "This is a transactional model. We're helping people make decisions. And this isn't about an advertising solution, but there is a marketing solution here, affiliate revenue, performance revenue, where we can bring those two things together."

And so, that's kind of where we've landed with Wirecutter. And across all of these things, they're seated throughout The New York Times as a way to discover these new products and vice versa. And so, we see this as an ecosystem and a portfolio.

So, just to recap, you know, understand what your readers and marketers truly care about. You've got to build experiences that are actually truly differentiated in the digital world. Everybody—the competition is just one click away. And if it's just as good in free or better, they're not going to be coming to you. And then think about what that right connection is with a monetization strategy.

So, with that, turn it over the Jim.

[Applause.]

Earl Wilkinson: Ten months ago, I visited The Globe and Mail in Canada, Canada's national newspaper. And I was in a town hall meeting, and I visited. I got particularly sharp questions from one individual. I went up to him after the speech. I said, "What do you do?" He said, "I'm the Director of the Innovation Lab here at The Globe and Mail." I said, "Can you show me the lab?" And there were about 16-17 smart, young people all in a room. And I said, you know, "So, the Innovation Lab at The Globe and Mail solves problems for management, is that correct?" He said, "Yes." "What's the number one problem that The Globe and Mail, Canada's national newspaper, has?" He says, "Eh, I guess over time we don't know what the value of our content is." I said, "So, what are you doing about it?"

So, he took me over to a young lady, a data analytics person, and she's basically sharing with me their content scoring system. And she starts to explain to me how they score content based on a propensity to be shared on social media, propensity to trigger a digital subscription, propensity to add brand equity. And I sort of stopped her, and I said, "OK, that's above my head. I'll tell you what, I'm going to call BS on this initiative. That's what I thought." And I said, "I want you to take me out to your newsroom right now, and I'm going to point to someone about my age, and I want to see how this is really being applied." Because I'm going to expose them as frauds, right? So, we walk out to the newsroom, and I pointed to a lady about my age, and I said, "Tell me about this system." And she proceeded to school me on the deep knowledge that The Globe and Mail newsroom had about the economics of content.

The economics of content are simply not what we thought they were, especially as we take it from print into digital. And as we start getting into the reader revenue era, hopefully to replace that print advertising hole, we find, in fact, as I continue to travel the world visiting our members, I've found that in Australia, in New Zealand, in Argentina, in Chile—I'm regurgitating a trip I took shortly thereafter—throughout Europe, North America, all of these companies are working on this economics of content. And they think that it's a very unique experience for them and they're trying to, you know, invent what is true to their values, true to their brand.

And as I start connecting the dots, I start to realize, hang on, we need to start surfacing this. You know, we need to create common metrics, common benchmarks, common language. And what we're trying to do as an association, as the International News Media Association, is do just that.

Now if you go back about 20 years, when the first paywall started to come about, you had some true pioneers like The Wall Street Journal [that] really wanted to make money on this. You had others like The Arkansas Democrat Gazette. They put up \$1,000 paywall to protect their print product. And that was a legitimate business condition. Freemium models where editors basically select which content gets locked rose in importance. Financial Times comes along [and] invents the metered model. New York Times comes along and makes it better. And we are a follow-the-leader industry, so we all looked at it and said, "What? Meters! That's the answer!" And so North America, Latin America, Europe, South Pacific all came behind a metered model. The problem is the meter didn't work for most metropolitan and local newspapers, or at least didn't operate or succeed on the level of The New York Times and others. And so now, we've seen since 2015 and 2016 the pendulum go back to more of a data-infused, editor-select freemium model that's really become popular in the South Pacific, sweeping Europe, etc. In Scandinavia, they've created a sort of freemium meter hybrid model. And I think the Americas are starting to go in that direction as well.

And so now, all of a sudden, we're obsessed with this question, what triggers a digital subscription? Every company I've been to, roughly this truism exists, about 10% of your content is driving 90% of your traffic. Oh, I don't know, do we need McKenzie or Bane to come in to tell you, how do you prioritize more the 10%? And how do you deprioritize—or maybe you park into other platforms, like print—the 90%? But we're having an intelligent conversation as an industry on the value and the economics of content, and it's sorely been missing.

So, we've begun to aggregate. Oh, my goodness! Notice all the zeroes up there. Nobody wants to talk about real numbers here. But this is my best effort looking at global brands, national brands, qualities, populars, communities. What I find broadly is that most of us are playing—we're identifying where the Netflix line is and the Spotify line is, and we're pivoting up or down. I'm finding in Germanic Europe more premium publishers. They're charging as much as €41, €53 for a digital subscription, because they're still trying to protect their print subscription price. I think—in fact, I heard this in the panel this morning—this is Marketing 101. Marketing was a dirty word. We don't want to talk about that, but I think it's very, very interesting.

David, you talked—you hinted at a stack, a little bit. I think that there are a number of things. This is where we all started, folks. We just took the dumb print newspaper and stuck it online, and stuck a wall around it, and stuck a bad signup experience around it, and we stepped back and said, "OK, does it work?" Well, no, it didn't work! It was terrible! [laughter] But I make the argument that we need to build this stack over time. And we need to get better at the signup process, and we

have. We have to fine-tune the meter, fine-tune the freemium models. Newsrooms have to get smarter about what gets locked and what doesn't get locked.

ABP in Calcutta, India has targeted the Bengali diaspora around the world and has generated money on that. If you talk to News Corp, if you talk to the Guardian, they believe that digital subscriptions are simply a subset of a broader membership model. We'll see if that works. I'm very interested, Jim, in what you were talking about in some of the donation models. That's also becoming a trend in Spain and Finland as well.

I visited Sweden and Norway this last year. And I just want to, on a bulleted basis in my limited time, share with you some of the things that I discovered, because I do believe that there are two epicenters for digital subscriptions on the planet today, and it's Scandinavia, it's the South Pacific. So, I'm going to share with you some learnings from there.

First of all, what I saw was, you've got to break the experiences down. New York Times may be the greatest newspaper in the world. 99.9% of our members are not the New York Times. OK? So, their reality on a local level is different than quality nationals, and it's different than popular newspapers/tabloids. What we are finding is that popular newspapers tend to be very low priced and are reach vehicles for companies; whereas, their quality newspapers are more — I wouldn't call them premium priced, but they are higher priced and more about the deep reader relationship. And community groups, I've been very surprised. Amedia is *the* pay study in Norway. You'll see it here, I think, in a minute. But look, that's relatively premium priced, and they've got some real success.

I think combined, Scandinavia stands out because of the totality of the culture shift. I'm hearing a lot of stories in Latin America where you've got newsrooms who are basically saying, "We have nothing to do with that. That's someone else's responsibility." And those companies are under-performing versus Scandinavia where the editors are a lot of times in charge, and they are pushing down these KPIs and this economics of content. And they're having daily conversations about the art and science of triggering subscriptions.

What we're finding, though, is as you look across a broader landscape, different genres of publications are triggering subscriptions. Dagens Nyheter is a national newspaper. Nothing up on that screen should surprise you. But on the community side, it's interesting. They get as much success with livestream B-league Norwegian football with a stationary camera up in the stadium, in terms of triggering subscription. By the way, the upgraded that, and they put another camera in the goal. [laughter] So, but I just think we're getting smarter and smarter about what's triggering it. And I think with Dagens Nyheter in Sweden, what stands out is their editor-in-chief is actually in charge. Only newspaper in the world that I know of that this is true. Dagens Nyheter, what else is true about them? They have reduced subscriber churn by getting into the micro-segmentation business. This is something we're going to be following as an association.

We go to Aftenposten in Norway. I find as they get smarter and smarter about churn and propensity, they're learning, for example, if you only consume Aftenposten on a tablet, you have a higher propensity to churn than if you consume it across platforms. If you only subscribe and consume content in sports, you have a higher propensity to churn. So, they are trying to use those basic findings, get smarter, and get people to change their behaviors. They are finding that news junkies, it's all about personalization. Infrequent visitors, it's always about content synthesis.

What I find fascinating about this panel so far today, I say Marketing 101, it could be Journalism 101. What does any of this have to do with digital subscriptions? I get question all the time. "Oh, are you talking about, you know, popular stories? What happens to real journalism?" I think that you've got some content that is designed to be shared on social media, some designed to generate PR, some designed to trigger subscriptions, and some content is designed to build brand equity. It's the foundation for all future success.

Now, I've gone through this like a machinegun, and I'm trying to keep to the time limits. Let me sort of wrap this up. I think that digital subscriptions is more about Marketing 101 and Journalism 101. I think that digital subscriptions are at minimum the foundation of a broader stack, at maximum a bigger membership play.

I think what I'm struggling with and what my members are struggling with is, what is success? The numbers I put on the screen, I don't think most people would understand. Is that good? We don't know yet. I think that there are two games being played—volume versus premium. And, you know, are you going to price based on the market price or to protect print subscriptions? I think culture is a central part of this story, as is engagement.

And I didn't really include it, but one of the smartest things I saw was with this Amedia in Norway, when they said to us, they said, "The key to our success in generating reader revenue is cutting out the noise of content in journalism," which I just sort of stepped back. And I was blown away that someone would tell me that. But when you look at the totality of the content that you produce, what content is standing in the way of building that reader revenue business?

And finally, what a shocker. I guess this will set up the panel. Please, get obsessed with the economics of content. It is the new lingua franca. Thank you very much.

[Applause.]