



piano™

HOW SUBSCRIPTIONS ACTUALLY WORK

MICHAEL SILBERMAN • AABP • JUNE 2019

Piano works with hundreds of subscription websites, manages thousands of daily transactions and tracks billions of monthly user interactions, giving us unique benchmark data on digital subscriptions and valuable insights.

piano



Piano has combined its platform with its proprietary aggregated benchmarking data and its proven methodology to help some of the largest media companies create and launch successful reader revenue strategies and optimize their performance post launch. Here is a sampling of some of those media companies that work with Piano.

We sell speed. We deliver high performance.

As the only end-to-end business platform for digital media and content marketers, Piano empowers companies with intelligent segmentation, multi-touchpoint and cross-channel experience management, offer presentation, split testing, billing, customer care and more.

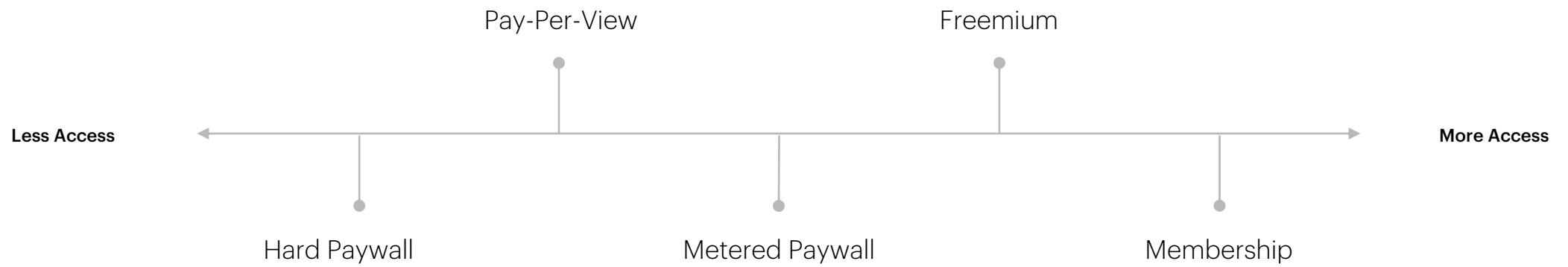
Your marketers and product teams will understand, engage and manage their customers better and get to market faster — without risk.



Paid Content Model Types

There are 5 core paid content model types available, as a starting point:

- Metered Paywall
- Freemium
- Membership
- Hard Paywall
- Pay-Per-View



Metered Paywall

Description:

Users are allowed an allotment of content to consume during a given period (often a month)

Key attributes for success:

- ✓ Large audience
- ✓ High content volume
- ✓ High-quality content

Avoid:

- × Low content volume; low audience consumption
- × When exclusive content well-suited to a freemium model is available
- × When advertising sell-through is high, and lost ad revenue outweighs potential reader revenue

Examples:

AdAge,
NY Times,
Washington Post,
The Economist

Variations:

Dynamic metering based on user behavior or propensity models, registration walls either before or in place of paywalls

Freemium

Description:

Users can view as much basic content as they want, but must pay for premium content.

Key attributes for success:

- ✓ A set of differentiated, high-quality content
- ✓ A target audience interested in that content, specifically

Examples:

Business Insider,
Financial Times

Avoid:

- × Lack of differentiated content
- × A loyal audience that does not particularly value the differentiated content you are offering

Variations:

Aspects of a freemium model (premium, subscriber-only content) may be included in metered paywall or membership models.

Membership

Description:

Users get access to physical goods, events or other non-content benefits, or even simply feelings of affiliation and support for a brand they believe in

Key attributes for success:

- ✓ Very loyal audience
- ✓ Perceived societal benefit
- ✓ Valued physical goods or events

Avoid:

- × A highly active but not particularly brand-loyal audience
- × Lack of investment in physical benefits

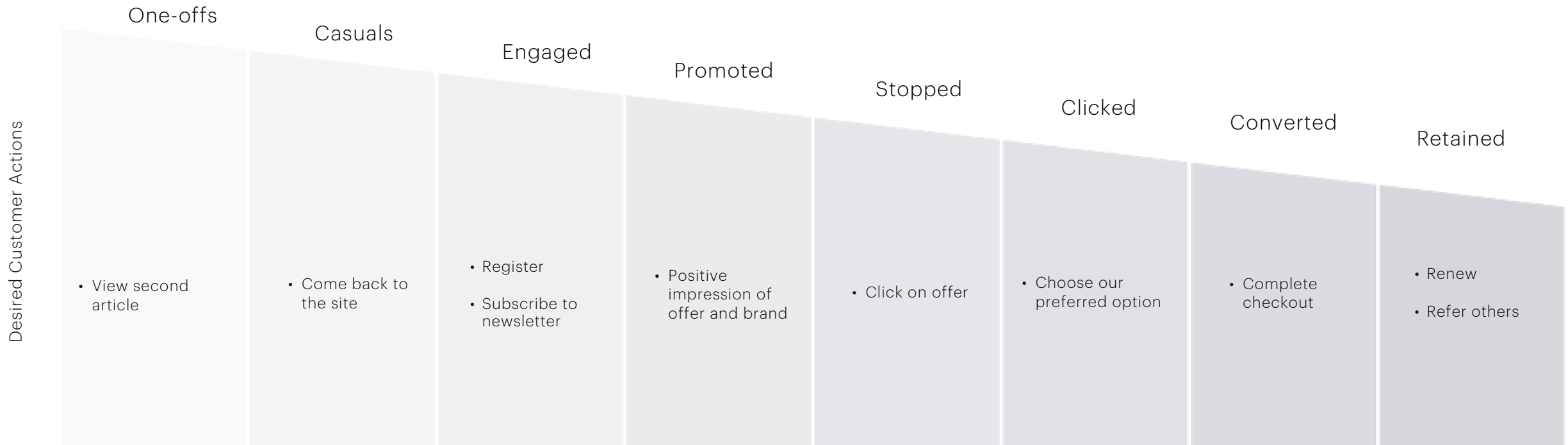
Examples:

The Guardian,
NPR,
De Correspondent

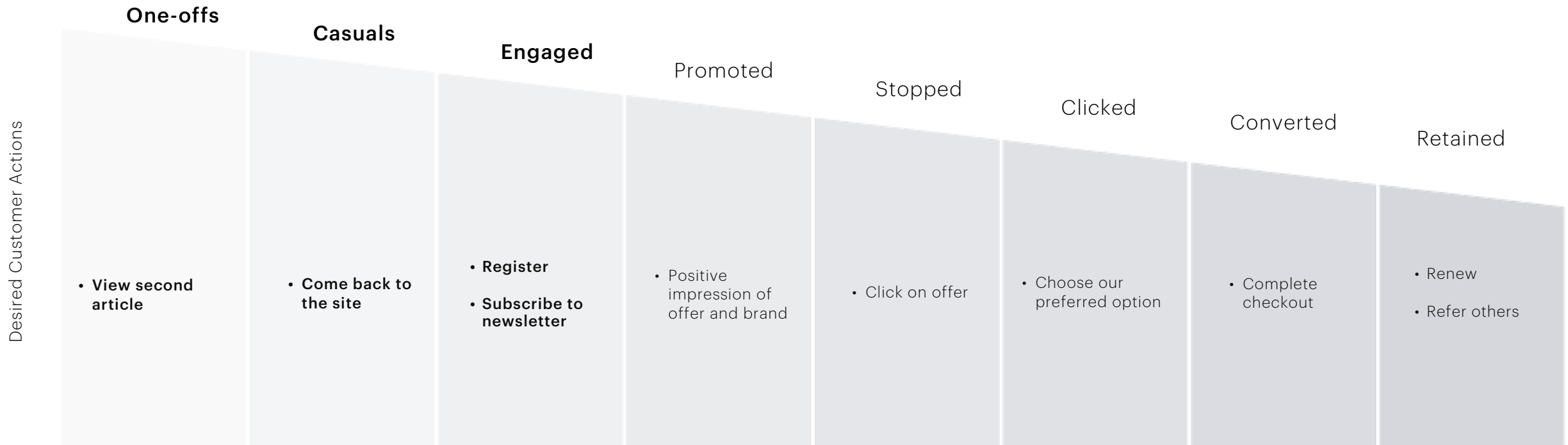
Variations:

A donation-only model that does not offer physical benefits or events. E.g. NPR

The customer journey



The customer journey



Ironically, an ad can be where a conversation starts.

Visitors who were asked to view a video ad in order to read an article were significantly more likely to register later — whether or not they viewed the ad.

The same sort of increased engagement is true of ad blockers — after turning off their ad blocker, users typically increase their article views and total pageviews.



true[X] Experience

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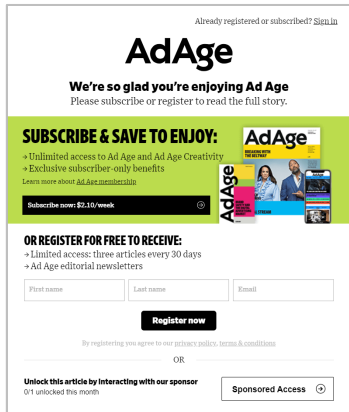
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true[X] Experience – User Flow

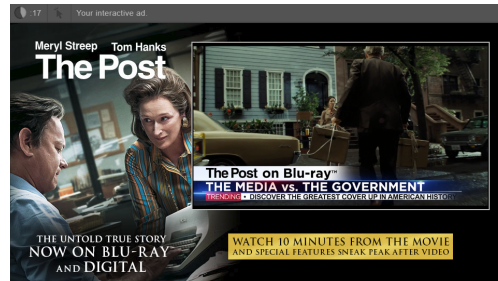
STEP 1

Users is stopped by a Regwall with true[X] CTA



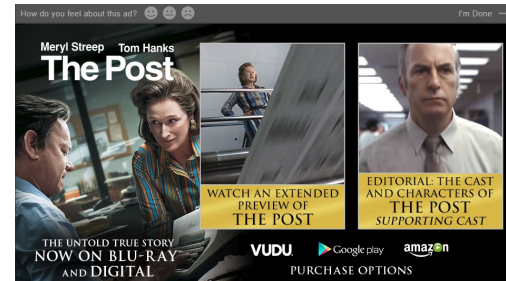
STEP 2

User watches and interacts with highly targeted true[X] video ad



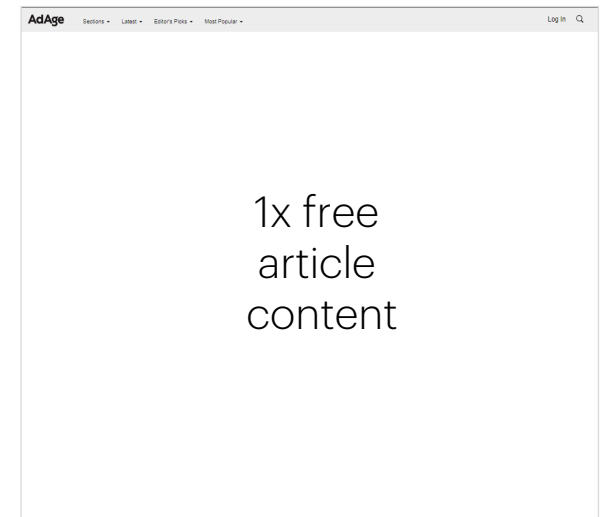
STEP 3

User finishes the true[X] video ad



STEP 4

User gets access



Registration, newsletters, and guest passes drive results.

It's well-known that newsletters are an important step on the path to subscriptions. Any tactic that moves visitors from anonymous to known boosts conversion. The average conversion rate of registered users is 10 times that of anonymous visitors.

10x

Newsletter Signup Visuals

Tiffany & Co.

That little blue box has been packing a powerful marketing punch of late. Tiffany & Co., which just over a year ago was suffering from merchandise and marketing missteps that failed to capture younger consumers, has regained some of its luster. A recent series of "Believe" marketing campaigns featuring millennial celebrities such as Elle Fanning and Zoë Kravitz, alongside new offerings like a cafe at its iconic Fifth Avenue flagship and a new customization program, have contributed to a sales uptick for the 181-year-old jeweler. In recent years, shoppers had shunned the storied brand for trendier, more personalized offerings from boutique retailers. Now, those consumers are giving Tiffany a second look.

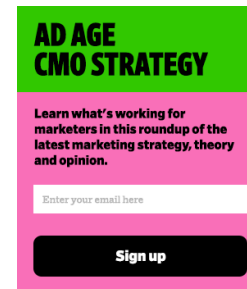
Oliver Chen, retail analyst at Cowen & Co., attributes the rise to "product innovation, more modern and inclusive marketing, and creative programs and new collections."

Tiffany executives didn't give specific figures, but said the brand has increased its marketing investment this year, following 2017 when such costs were roughly 8 percent of sales, or \$319 million.

"Tiffany has found a confident voice with all the quality, integrity and surprise that made the blue box world famous in the first place," says Trey Laird, chairman and chief creative officer at its agency, Laird & Partners. —A.P.

In this article:

- Restaurants
- Retail and E-commerce
- Unclassified Topic



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New Regwall Design

AdAge

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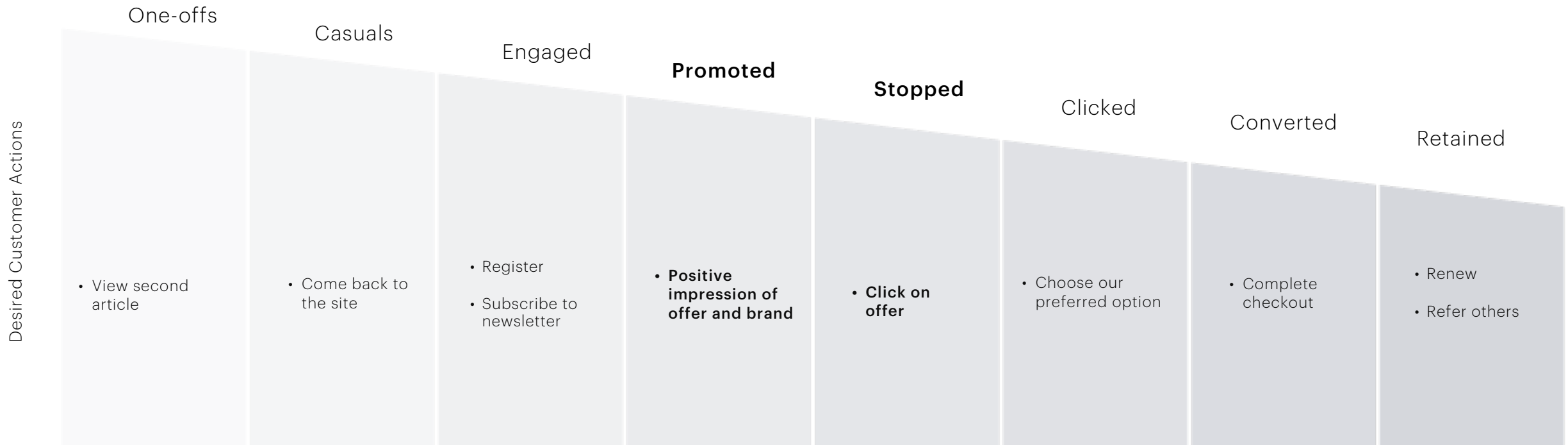
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The customer journey

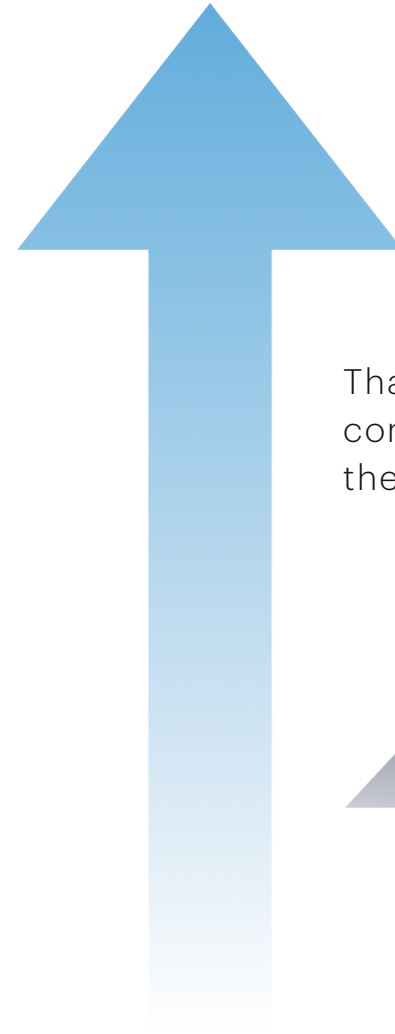


Promotions create significant subscriber acquisition spikes.

For some of Piano's most successful clients, over half of their subscription bases were obtained through promotions.

64%

Revenue lift in month with promotion



That growth typically continues even after the promotion is over



8%

Revenue lift one month later

Trials increase conversions — but paid trials retain more subscribers

93%

NON-TRIAL OFFER RETAINED AFTER 1 MONTH
BENCHMARK AVERAGE

89%

PAID TRIAL OFFERS RETAINED AFTER 1 MONTH
BENCHMARK AVERAGE

81%

FREE TRIALS RETAINED AFTER 1 MONTH
BENCHMARK AVERAGE

Locked content converts best.

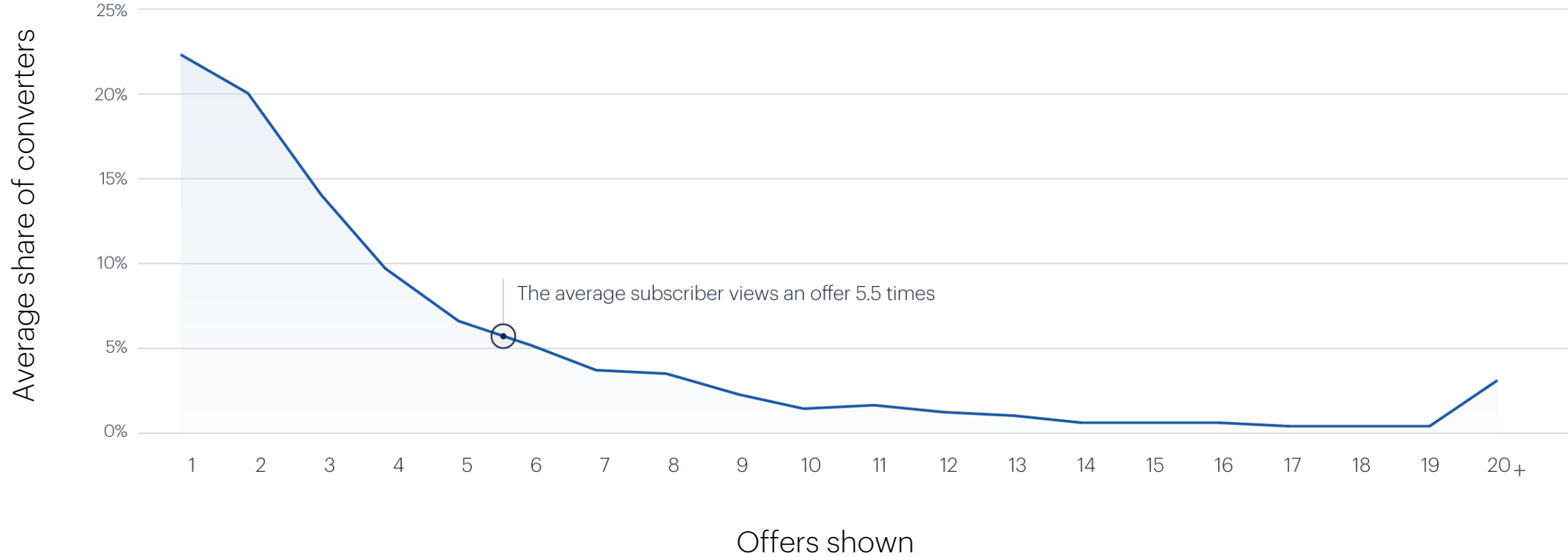
Piano analyzed sites running both closable and non-closable modals. Non-closable modal had a **conversion rate 14X** that of closable modals.

14x

Closable vs. Non-Closable Modals

Median Conversion Rate Lift

Just like in the real world, frequency matters, not just reach.



The customer journey



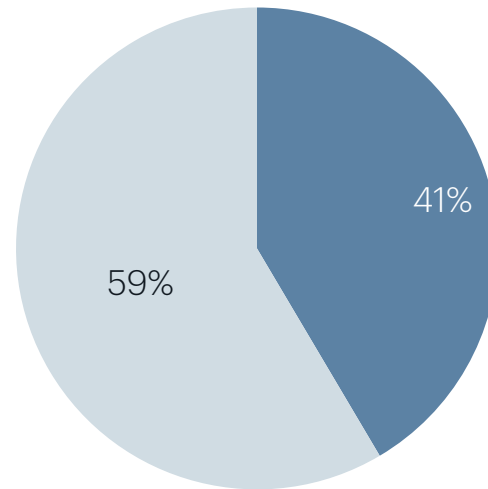
Annual commitments bring more value.

Expected lifetime value of annual subscriptions can be 3X or 4X that of monthly subscriptions because of higher retention rates.

If annual and monthly are both offered, a majority of users will typically choose the monthly option.

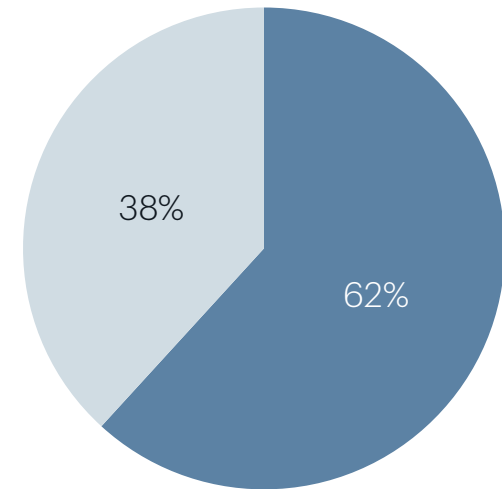
Annual vs Monthly Split Across Piano Database

% New Subscriptions



■ Annual ■ Monthly

% Active Subscriptions



■ Annual ■ Monthly

High-priced decoy offers can boost performance.

 57%

The ratio of long-term subscriptions increase

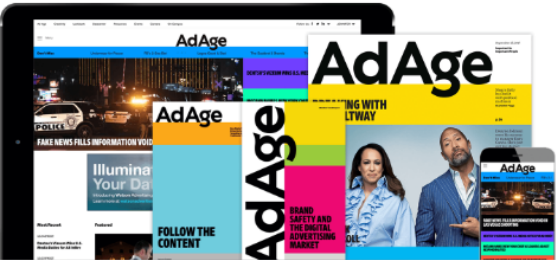


New Paywall Design

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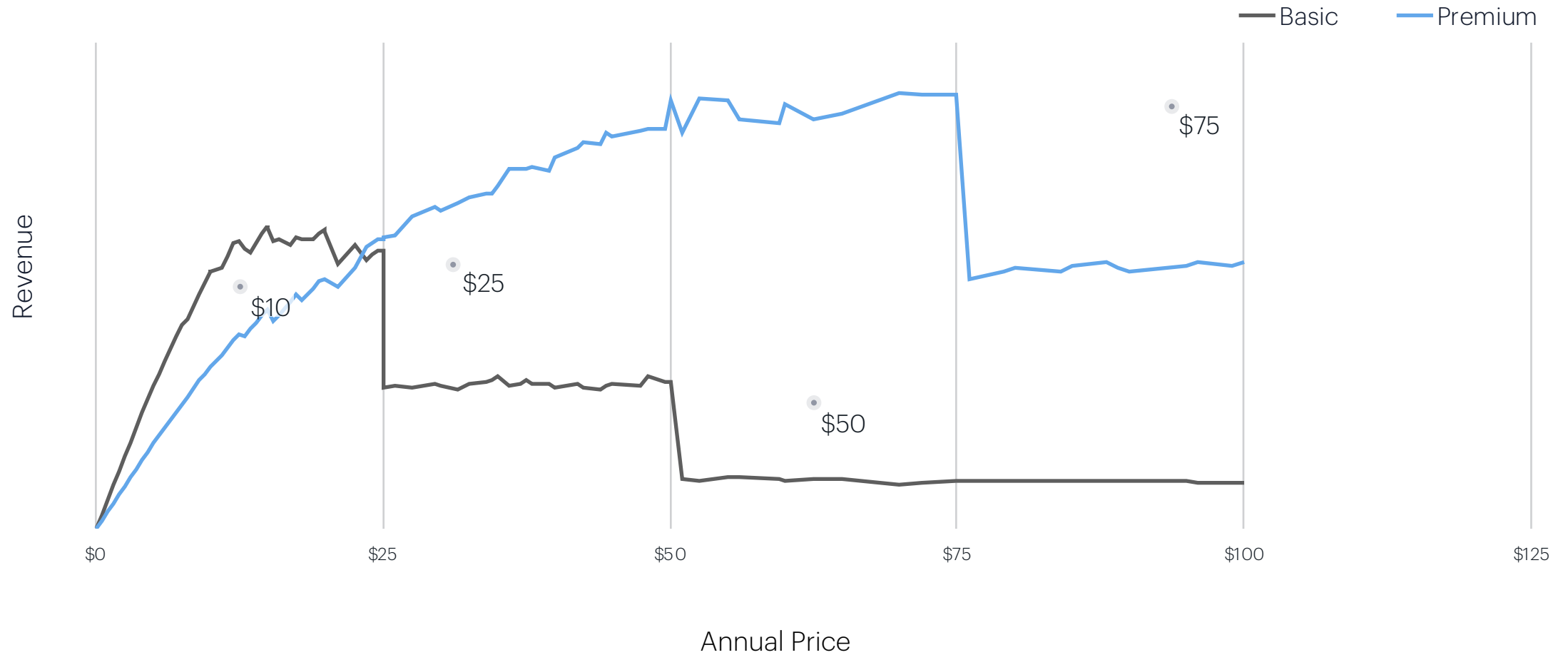
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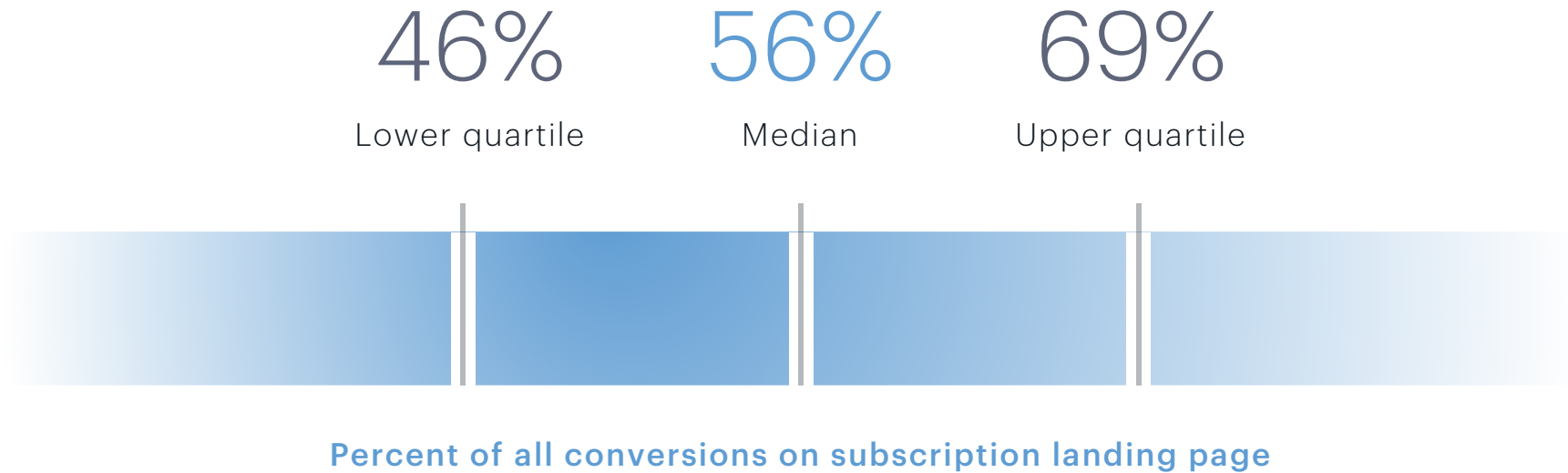
Revenue goes up with price, until it doesn't.

It turns out there are cliffs in the pricing curve, where willingness to pay steeply declines and revenue decreases.



When users subscribe, they do so deliberately.

Subscription landing pages are critical drivers of conversions. For most sites, over half of all conversions occur on the page.



Profiling likely subscribers

Piano LT[x] machine learning model scores individual users on their likelihood to subscribe.

Each audience, website and offer are different, and automatically optimized.

But LT[x] also allows us to understand what factors are most predictive in general.



Visitor
High likelihood to subscribe



TIME OF DAY

60%+ evening pageviews



REFERRER

20%+ direct desktop visits



TIME OF WEEK

80%+ weekday pageviews



INTENSITY

4+ active days



DEVICE

75%+ desktop visits



BREADTH

2+ sections read

Profiling un-likely subscribers

Piano LT[x] allows targeting low-likelihood visitors with campaigns to nurture them, so they might subscribe in the future.

A dynamic approach allows more flexibility in finding the balance between ad revenue and subscriptions.



Visitor
Low likelihood to subscribe



TIME OF DAY

40%+ morning pageviews



REFERRER

20%+ social visits



CONSUMPTION

95%+ article pageviews



INTENSITY

1 pageview per visit



DEVICE

70%+ of visits on mobile



BREADTH

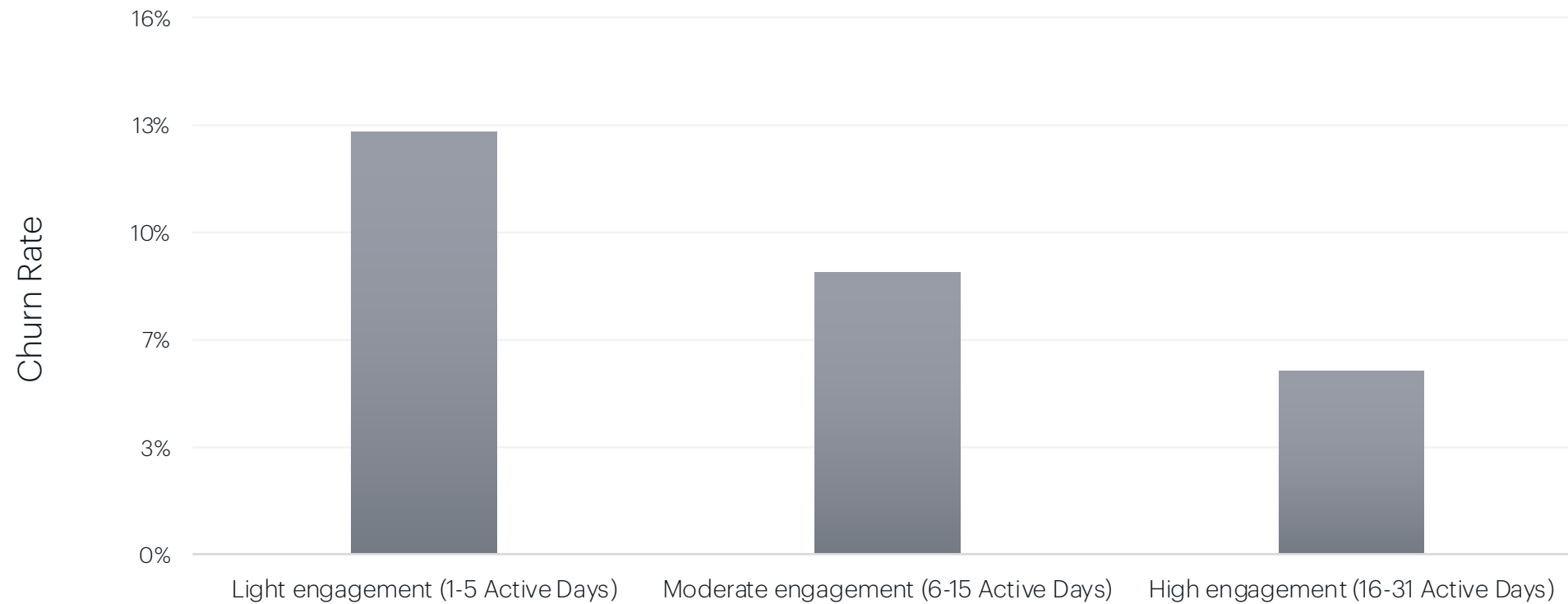
Under 3 authors read

The customer journey

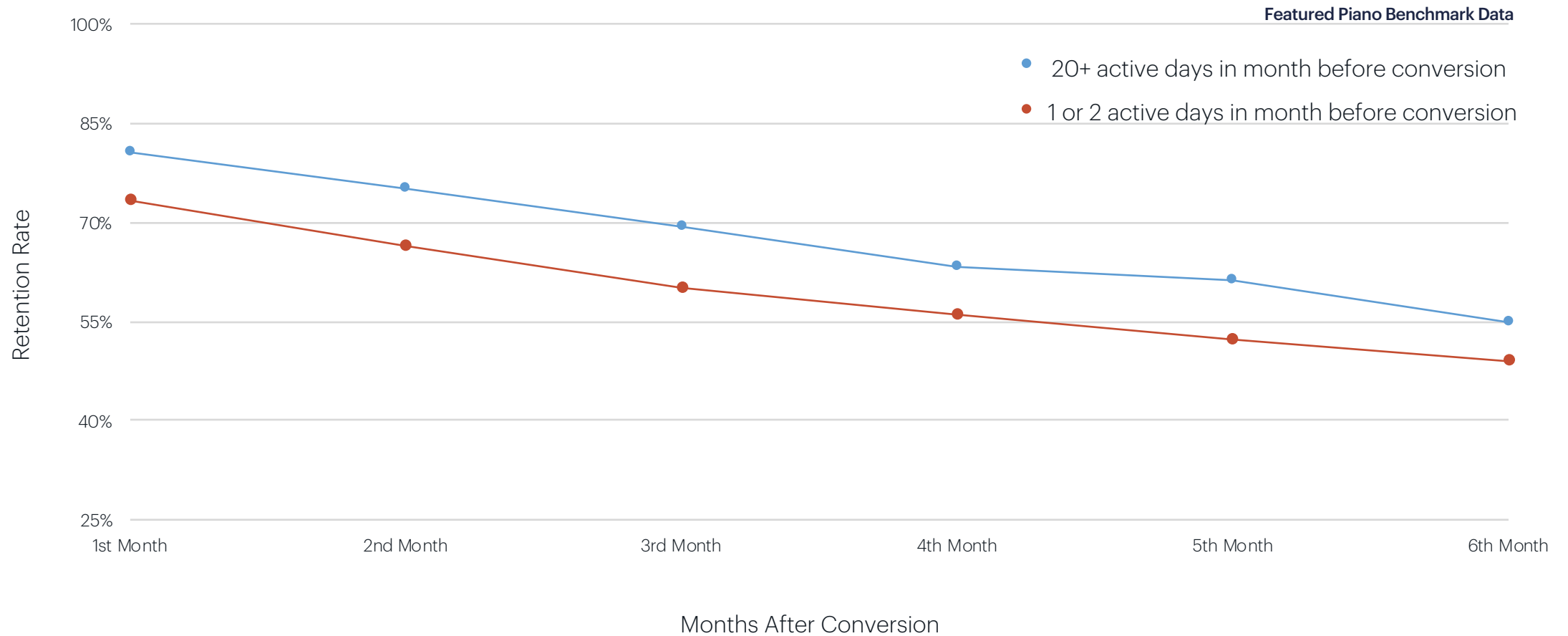


Engagement remains critical after conversion.

Churn rates by engagement level



The more active before conversion,
the higher the customer value after.



More actions drive more results.

This chart from a Piano case study shows how hundreds of marketing optimizations and tests drive revenue growth.

- Cumulative subscription revenue
- UX change
- Design update
- Split test variant



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