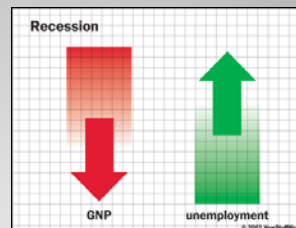
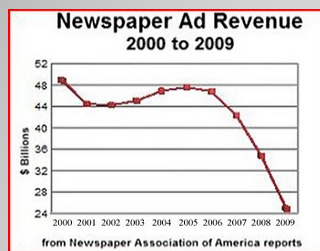
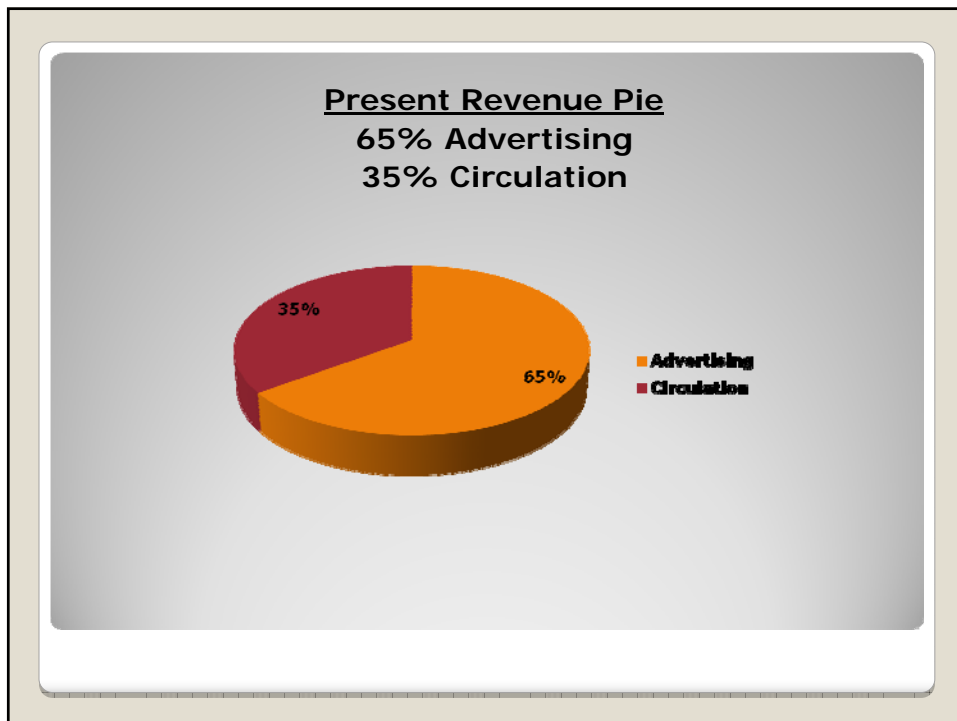
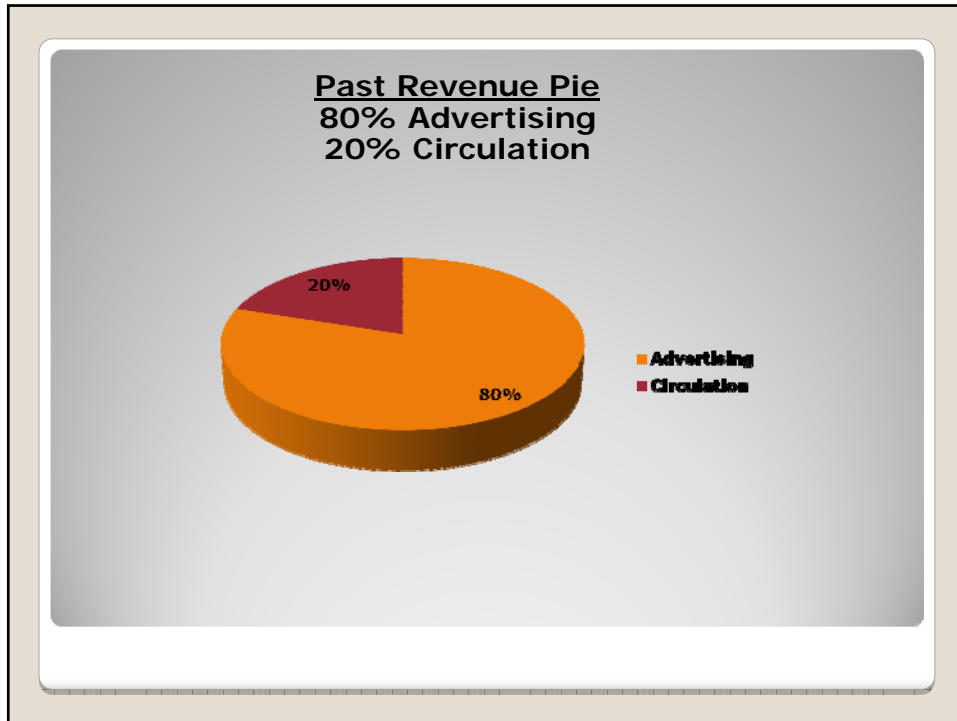


## Building Better Circulation Pricing and Subscription Models

Circulation revenue is  
more important than ever



Newspapers are adapting to our fast changing times and  
subscription/single copy revenue is more important than  
ever



**Ironically, ABC eased pricing rules just when circulation revenue was needed the most**

Chapter C: Article 1 - Paid Circulation  
Effective October 1, 2009

"Paid circulation is hereby defined to be subscriptions and single copy sales of newspapers which have been individually paid for by the purchasers, not for resale, at not less than one cent per copy or per subscription."

What is your daily newspaper worth?

Is it worth a 75¢ bag of peanuts?



What is your Sunday newspaper worth?

Is it worth a \$1.76 cup of coffee?



**\$3.14 Avg.  
or 45¢ per day**

**-8.4%  
Circ**

- Florida = \$3.50 Average
  - High – Miami Herald \$4.49 (-13%)
  - Low – Tampa Tribune \$1.99 (-9%)
- Georgia = \$3.14 Average
  - High – Atlanta Journal-Constitution \$4.15 (-14%)
  - Low – Macon Telegraph \$2.15 (-3%)
- Arkansas - \$2.60 Average
  - High – Northwest Arkansas Times \$2.65 (N/A)
  - Low – Benton County Daily Record \$2.54 (N/A)
- Louisiana - \$3.21 Average
  - High – New Orleans Times Picayune \$4.37 (-8%)
  - Low – Lafayette Daily Advertiser \$2.22 (-7%)
- Mississippi - \$2.76 Average
  - High – Biloxi Sun Herald \$3.74 (-9%)
  - Low – Hattiesburg American \$2.00 (-17%)
- South Carolina - \$3.46 Average
  - High – Greenville News \$3.80 (-1%)
  - Low – Charleston Post and Courier \$3.03 (-10%)
- Tennessee - \$3.30 Average
  - High – Knoxville News-Sentinel \$3.70 (-9%)
  - Low – Nashville Tennessean \$2.83 (-1%)



**Average weekly introductory 7-day prices in the Southeast**



Risks of deep discounting....  
Our story



Treasure Coast Market

In the "boom" years 7-day subscriptions were sold for 99¢ per week. Ad revenues were soaring and circulation revenue was not that important. Circulation growth ruled the day.

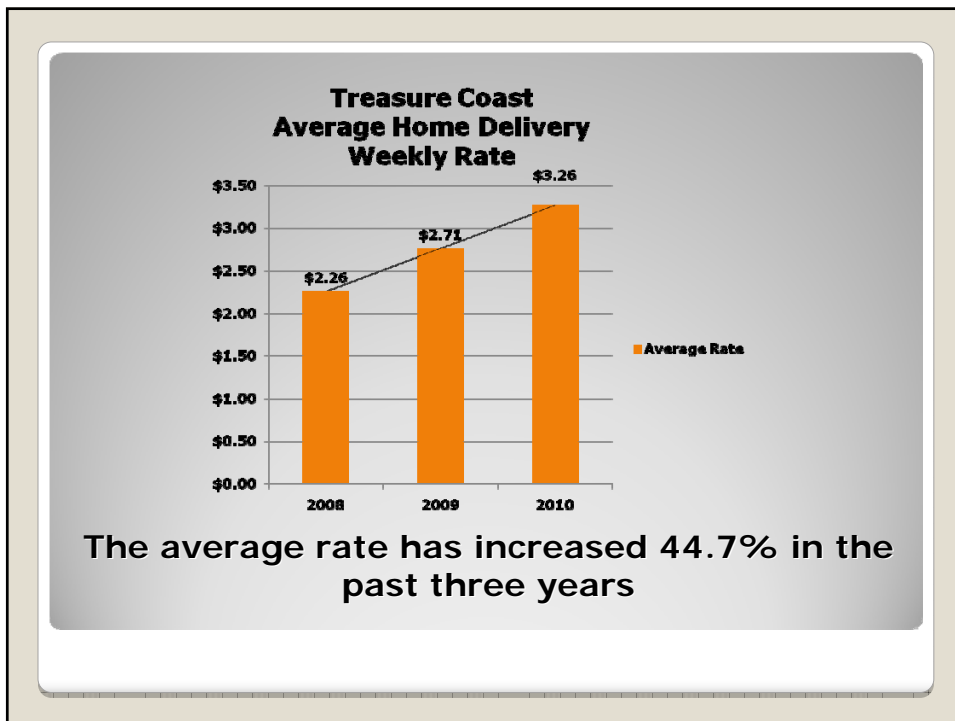


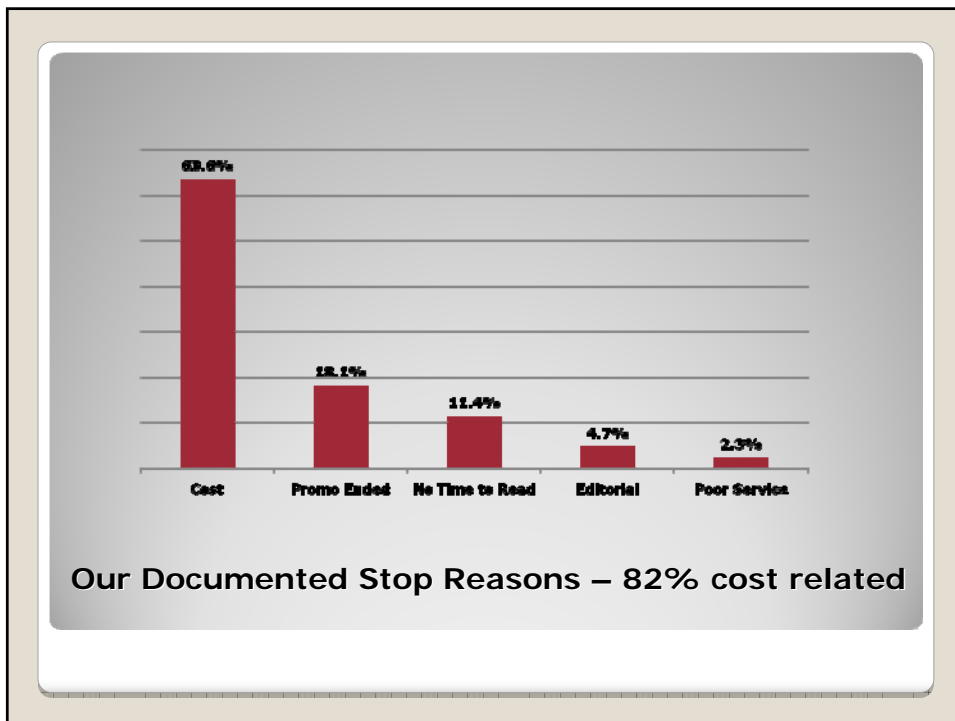
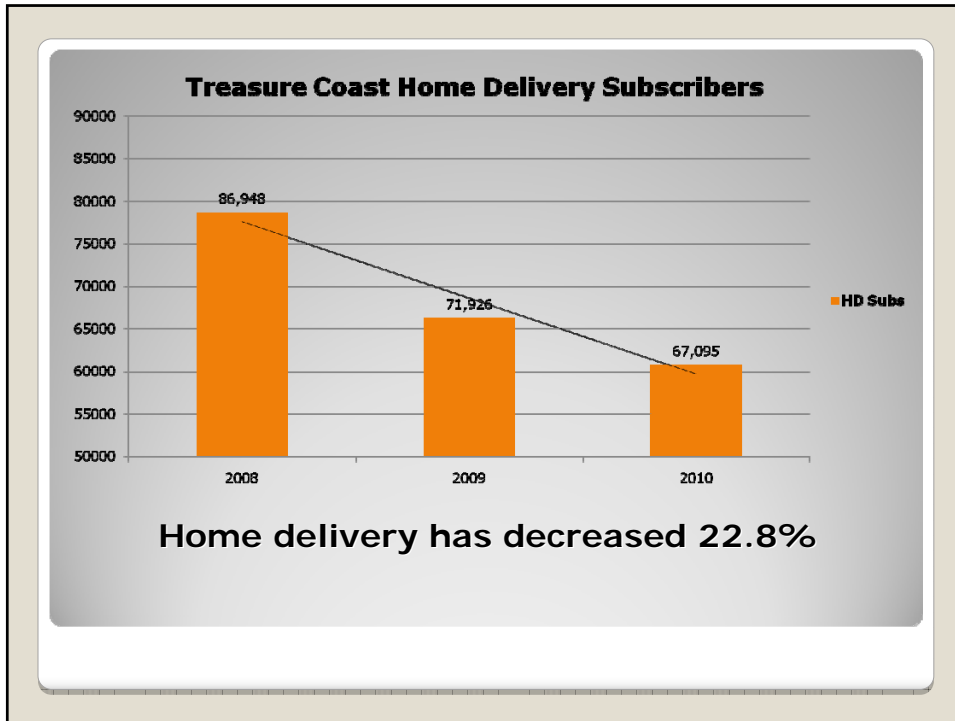
- ❖ High churn rate
- ❖ Low value perception
- ❖ Upon renewal price goes up from low introductory rate. Is product all of a sudden worth more?
- ❖ The expense to acquire new subscribers is high with the cost of discounting and commissions
- ❖ Loss of focus on retention vs. acquisition

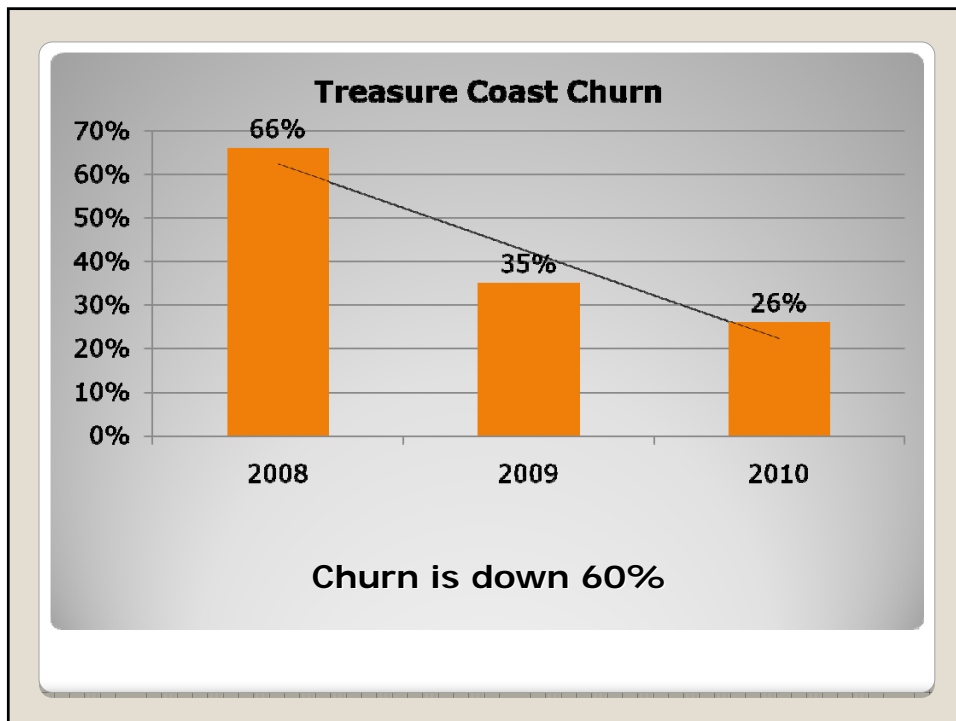
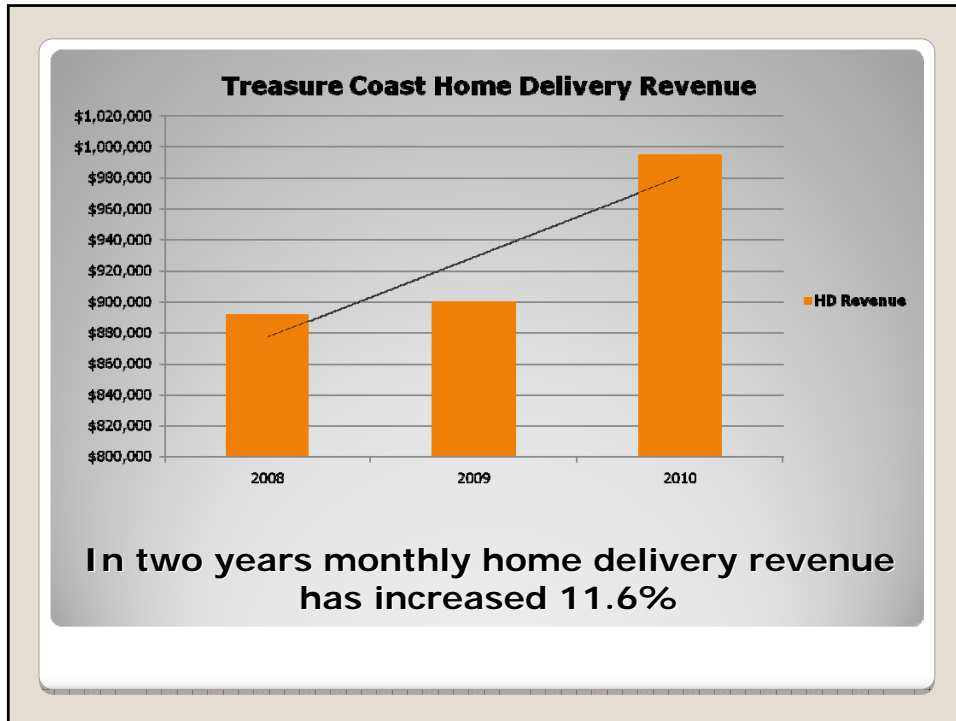
## The risk of deep discounting

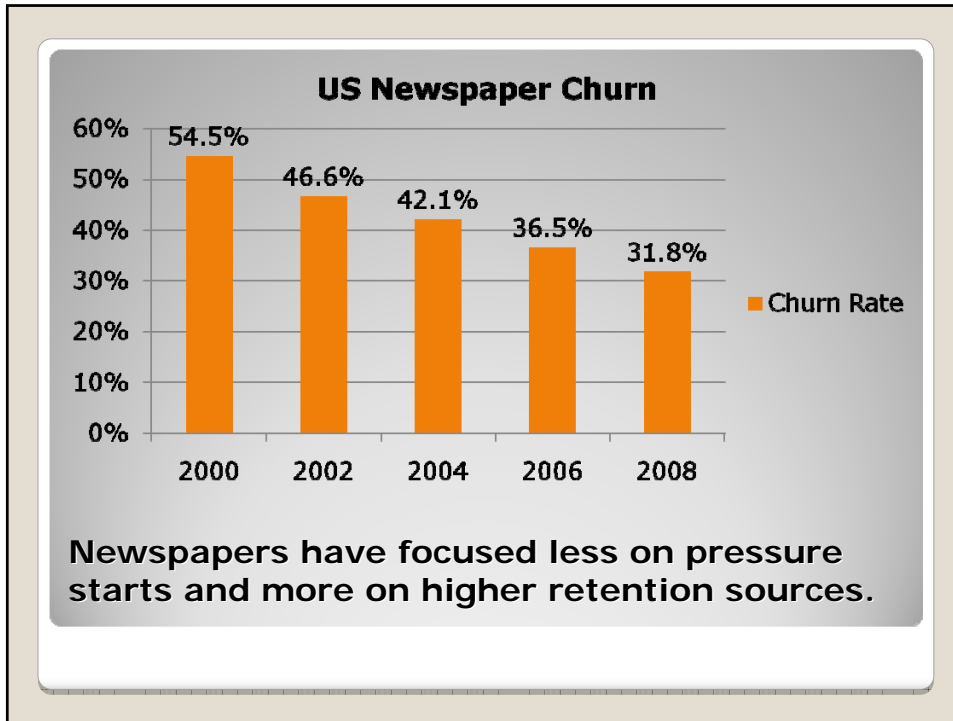
Subscriber Count			
7-day rates	Apr-08	Apr-09	Apr-10
\$0.75	248	215	200
\$0.99	10191	1285	290
\$1.25	244	1732	222
\$1.31	0	11	1
\$1.50	13882	1546	280
\$1.73	0	73	5
\$1.75	3154	1865	213
\$1.98	3664	9035	1093
\$2.25	885	1524	332
\$2.31	10380	4720	220
\$2.39	0	25	11
\$2.50	0	2307	2070
\$2.54	9155	5554	784
\$2.69	0	1460	4401
\$2.85	14716	336	131
\$2.88	0	5954	539
\$2.99	20429	16383	20466
\$3.50	0	17901	28660
\$4.00	0	0	1941
\$4.50	0	0	5236
<b>Current HD</b>	86948	71926	67095
<b>Avg Rate</b>	\$2.26	\$2.71	\$3.26

Track your subscriber count by rate and know your average monthly rate



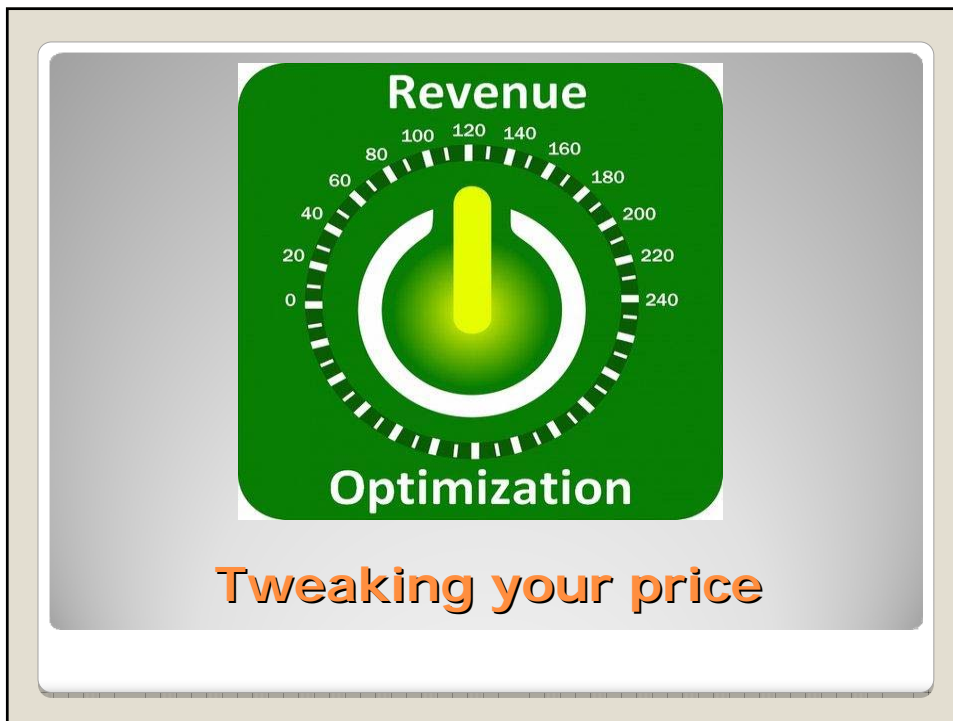
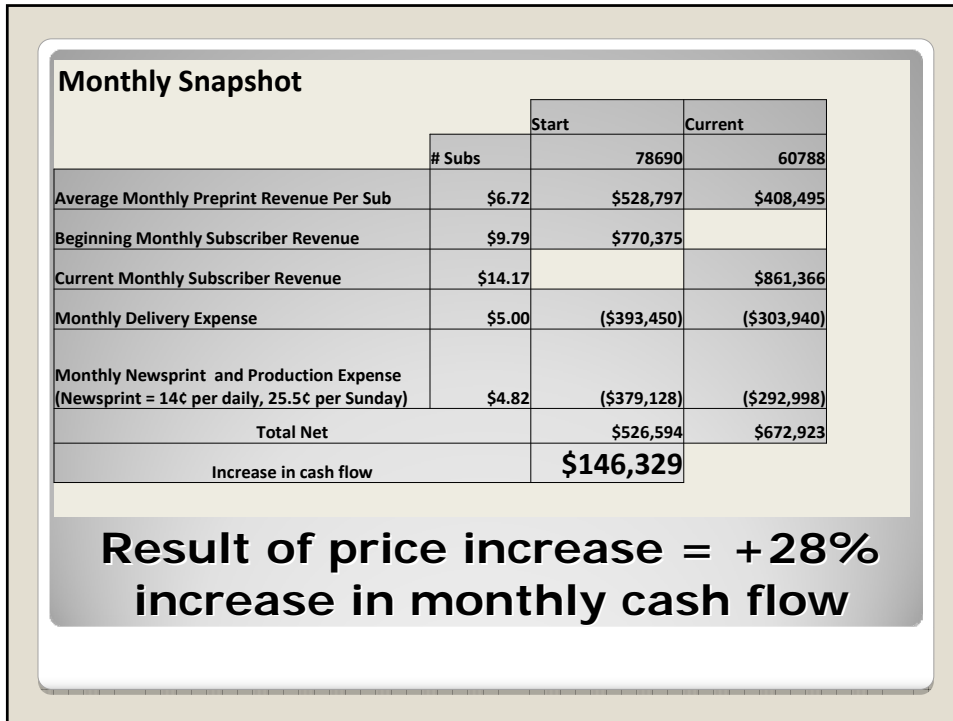






	Retention Rate	Cost Per Order
Carrier Sampling	62.5%	\$20.00
Voluntary - Website	61.9%	\$0.00
Direct Mail	56.8%	\$45.00
Single Copy Insert	55.6%	\$1.50
Voluntary - Call Center	55.1%	\$0.00
Kiosk	55.0%	\$37.55
Telemarketing	35.6%	\$27.93
Welcome Services	20.4%	\$5.00
Door Crew	10.8%	\$25.60

**Retention Rates after 10 months**





The E.W. Scripps Company worked with FTI Consulting to look at subscriber value by zip code.

We looked at:

- Production cost
- Delivery cost
- Advertising revenue (preprint only)
- Subscription revenue

Looking at this level helped us determine where discounting new subscriptions would give the best financial return on investment.

"..... customers do not have the same economic value and customer acquisition and retention should be focused on those that contribute to the bottom line"

P. Mather Lindsay, PhD  
From "Follow the Money – Know Your Customer Profitability"

**DELIVERY EXPENSE (PER PIECE RATES)**

	zip code										
	32948	32958	32960	32962	32963	32966	32967	32968	32976	33455	33469
Sunday	0.426	0.17	0.172	0.167	0.212	0.169	0.198	0.168	0.194	0.212	1.08
Daily	0.382	0.14	0.13	0.127	0.172	0.128	0.158	0.127	0.162	0.172	1.03
7 day - per month	11.7689	4.3733	4.12216	4.02257	5.38652	4.05721	4.96218	4.0269	5.04878	5.38652	31.4358
Sunday per month	1.84458	0.7361	0.74476	0.72311	0.91796	0.73177	0.85734	0.72744	0.84002	0.91796	4.6764

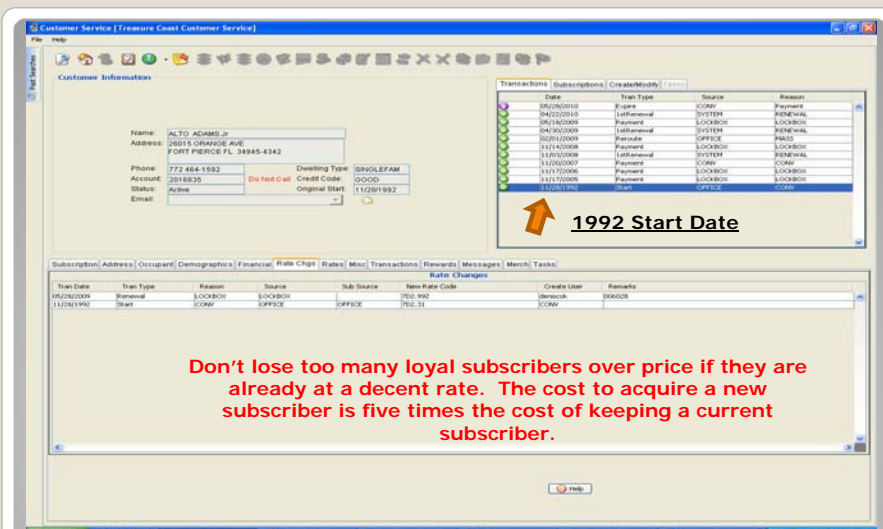
**NEWSPRINT, INK & INCREMENTAL PRODUCTION & BILLING (\$1 / MO BILLING)**

	zip code										
	32948	32958	32960	32962	32963	32966	32967	32968	32976	33455	33469
Sunday	0.255	0.255	0.255	0.255	0.255	0.255	0.255	0.255	0.255	0.255	0.255
Daily	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
7 day - per month	5.74135	5.74135	5.74135	5.74135	5.74135	5.74135	5.74135	5.74135	5.74135	5.74135	5.74135
Sunday per month	2.10415	2.10415	2.10415	2.10415	2.10415	2.10415	2.10415	2.10415	2.10415	2.10415	2.10415

**PREPRINT REVENUE**

	zip code										
	32948	32958	32960	32962	32963	32966	32967	32968	32976	33455	33469
Sunday	0.182	0.53	0.707	0.579	0.469	0.563	0.596	0.821	0.373	0.519	0.196
Daily	0.032	0.09	0.12	0.099	0.078	0.096	0.087	0.108	0.062	0.104	0.033
7 day - per month	1.61942	4.6331	6.17891	5.07900	4.05721	4.93187	4.45124	5.49477	3.22585	4.94919	1.70602
Sunday per month	0.78806	2.2949	3.06131	2.50707	2.03077	2.43779	2.19098	2.68893	1.61509	2.24727	0.84868


Monthly delivery and production expense vs. subscription and advertising revenue by zip code



**1992 Start Date**

**Don't lose too many loyal subscribers over price if they are already at a decent rate. The cost to acquire a new subscriber is five times the cost of keeping a current subscriber.**

**Be flexible with longtime loyal subscribers**



**How do you sell?**

- **Full Price**
  - Inbound voluntary starts should be charged full price
  - Inbound should be paid during call
- **Discounting**
  - Short introductory period
  - Reduced price for longer term
  - Reduced price for EZ Pay
- **Give added value with Complimentary e-Edition**
- **Bundled** – print and e-Edition for higher price (premium subscription)
- **Premiums** in place of discounts
- **Loyalty programs**



**ALL THIS, DELIVERED RIGHT TO YOUR HOME. GET SUNDAY+WEDNESDAY**

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

**BUSINESS REPLY MAIL**  
FIRST-CLASS MAIL PERMIT #74 STUART, FL

Scripps Treasure Coast Newspapers  
Circulation Department  
PO Box 9009  
Stuart, FL 34995-9009

**Create and promote delivery frequencies on days that are the most profitable/popular.**

It has been said that 60-70% of non-subscribers would prefer a subscription shorter than 7-day.



Day	Demand Level
Mon	8
Tues	8
Wed	11
Thurs	10
Fri	9
Sat	8
Sun	25



**SCRIPPS Treasure Coast Newspapers**

**Value-packed.**  
**Sunday + Wednesday Delivery**  
All this delivered right to your home!

GET SUNDAY's Coupons, TV Book and More!  
+  
WEDNESDAY's Grocery Sales Circulars!

**New! 2-Day Home Delivery**  
**\$2.25**  
per copy!

Other delivery schedules available. Ask about EZPay!

Call on **Thursday, April 8 1-866-327-1949**  
between 8:00a.m. and 9:00p.m.

**If you discount, do it in the zip codes that have the highest preprint revenue.**

I isolate churn to high-preprint zips where ad revenue will offset the acquisition cost.


# Webinar: Lessons Learned from the Audience Development Conference

Delivering niche content (unbundled) to the reader has been difficult from an operational standpoint. Slicing and dicing the product and then delivering it in address specific fashion is a real challenge.

An alternative to this model is to create days with a focus on different topics: Automotive, Health, Sports, Business, Family, Home and Garden, Travel, Technology, Entertainment... and selling FLEX subscriptions.



Flex subscriptions may be the wave of the future



**Subscriber Renewal Notice**

Bill To: Annie Boddie  
1234 Dowthat St.  
Springme, FL 23456-0910

Questions? Call 772 123-4567

**Thank You!!!**  
for being a valued subscriber to the best news source in Knoxville

**NEWS SENTINEL**  
KNOXNEWS.COM

**Your Account Summary:**  
Account Number: 12345678  
Subscription Type: Mon - Sun  
Numbers of copies: 1  
Subscription End Date: 5/18/10  
Avoid Interruption of Service by Submitting Payment by: **5/18/10**

**Your Renewal Options:**

Billing Cycle	Price Per Week	# Of Subscriptions	Total Amount	Renewal Rate
3 Months	\$3.25	1	\$42.25	Standard
6 Months	\$3.15	1	\$81.90	Good
12 Months	\$3.10	1	\$161.20	Better
1 Month	\$3.00/EZ-Pay	1	\$13.00/mo	<b>Best</b>

**Your Payment Options:**

**Choose a Subscription Term:**

Term	Subscription Rate
<input type="checkbox"/> 12 Months	\$161.20
<input type="checkbox"/> 6 Months	\$81.90
<input type="checkbox"/> 3 Months	\$42.25
<input type="checkbox"/> Monthly	\$13.00
<input type="checkbox"/> EZ-Pay	

**Choose one Payment Method:**

Check/Money Order - Make payable to Scripps Treasure Coast Newspaper

Credit Card - See form on reverse side

Credit Card EZ-Pay - Make this the last bill. See EZ-Pay form form on reverse side

Subscription Rate \$ \_\_\_\_\_

Donate to Newspapers In Publication (optional) \$ \_\_\_\_\_

Carrier Tip (optional) \$ \_\_\_\_\_

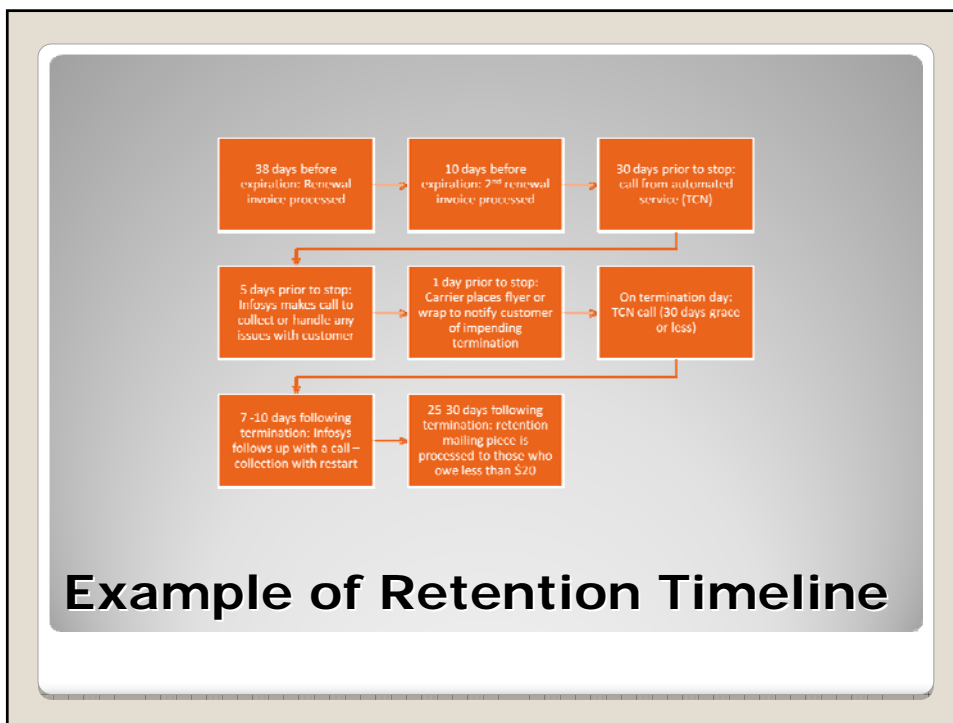
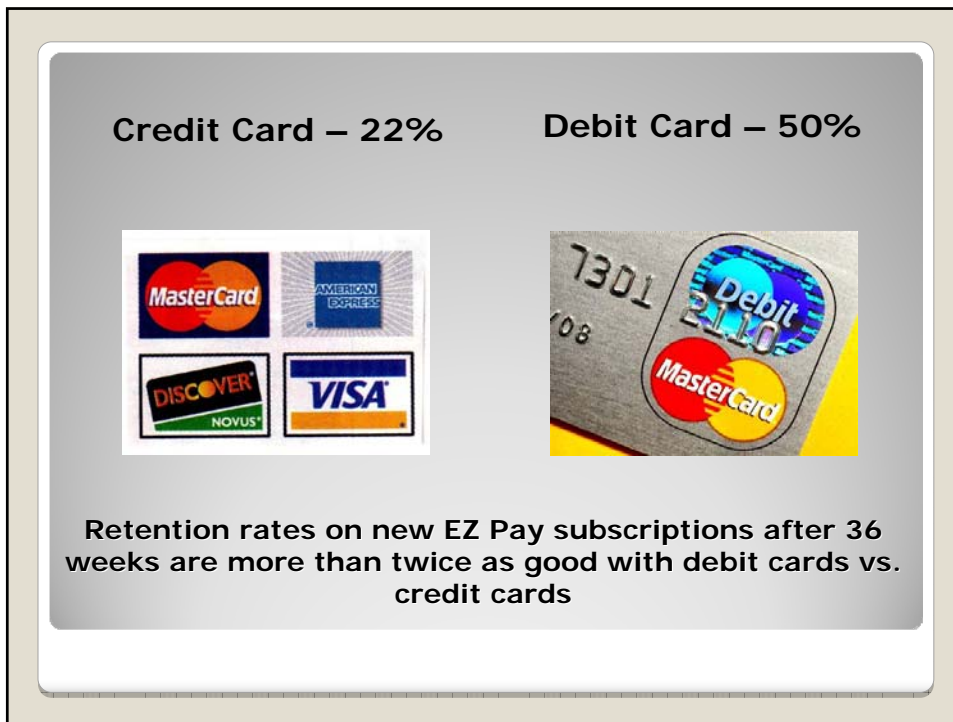
**TOTAL** \$ \_\_\_\_\_

Please pay by: 5/18/2010

Deliver Account# 12345678  
To: Annie Boddie  
1234 Dowthat St.  
Springme, FL 23456-0910

000273849968574000030238023001011


← Show Good, Better, Best Rates on your invoice. Offer the best deals for EZ Pay and length of term.



# Webinar: Lessons Learned from the Audience Development Conference

SITE	TOTAL	NUMBER OF DAYS AFTER EXPIRE THAT PAYMENT MADE									
		<=0	1-7	8-14	15-21	22-28	29-35	36-42	43-49	50-56	57+
Ablene	148636	123737	17620	3764	1761	1121	359	170	77	6	21
Anderson	114842	82324	15076	9235	5729	1753	348	108	66	59	144
Corpus Christi	267698	164583	43742	24166	16711	10523	3708	1665	983	1098	519
Evansville	456208	310767	83367	31383	17679	8201	3904	433	156	96	222
Knoxville	149919	112312	16642	8607	5999	3936	1341	647	130	85	220
Naples	259398	218026	19660	9680	6582	2656	235	168	158	50	2183
Redding	142935	119959	11264	6364	3493	1499	196	63	27	21	49
San Angelo	94212	66179	15227	6102	4185	2105	160	65	70	49	70
Treasure Coast	368177	245086	39988	27576	20518	14467	7297	4685	3921	3043	1596
Ventura	518023	408314	56395	22262	11769	7895	3034	2072	3130	2794	358
Wichita Falls	139339	104389	19758	8441	4005	2468	216	15	11	6	30
<b>TOTAL</b>	<b>2659387</b>	<b>1955676</b>	<b>338739</b>	<b>157580</b>	<b>98431</b>	<b>56624</b>	<b>20798</b>	<b>10091</b>	<b>8729</b>	<b>7307</b>	<b>5412</b>
		73.54%	12.74%	5.93%	3.70%	2.13%	0.78%	0.38%	0.33%	0.27%	0.20%
		99% of subscribers paid within 35 day grace									
							98.81%				

**How long should your grace period be?**

	Subscription Revenue	Preprint Revenue	Newsprint Cost	Distribution Cost	Profit
Sunday Select - Opt In	?	\$0.51	\$0.02	\$0.075	\$0.415
Discounted Home Delivery	\$0.99	\$1.12	\$0.255	\$0.165	\$1.69

**“Sunday Select” product vs. Sunday discounted newspaper subscription. At what cost to net paid circulation?**

St. Pete Times continues to sell at deep discount even today – 30¢ per week for Sunday only

**TAMPA EDITION**  
Save up to **73%** off the regular rate!

Monday-Sunday delivery for just **\$1.00** per week

There's Something for Everyone inside the St. Petersburg Times

Tasty tidbits for thirty times.

Stay on your game.

Plan your fun.

Thursday-Sunday delivery for just **75¢** per week

Sunday delivery for just **30¢** per week



Single Copy Sales Pricing

**Single Copy Rack Outlet Value**

Route:	VR100	Daily wholesale rate	Sunday wholesale rate
Zip:	32960	\$0.450	\$1.030

Daily preprint value	\$0.052	Daily Rtms %	50%
Sunday preprint value	\$0.593	Sun Rtms %	20%

**Newsprint Expense**

Sunday	0.255
Daily	\$0.140

Cost to purchase new rack =	\$750
Life of rack in yrs =	5
Per day cost of rack =	\$0.411


<b>6-day daily sales history</b>		<b>Sunday sales history</b>	
Daily rack gross draw	12	Sunday rack gross draw	10
Daily returns	6	Sunday returns	2
Daily rack net sales	6	Sunday rack net sales	8

<b>Daily Expense</b>		<b>Sunday Expense</b>	
Rack expense	\$2.466	Rack expense	\$0.411
Newsprint expense	\$1.680	Newsprint expense	\$2.550
Total expense	\$4.146	Total expense	\$2.961

<b>Daily Revenue</b>		<b>Sunday Revenue</b>	
Daily net sales billed	\$2.700	Sun net sales billed	\$8.240
Preprint revenue	\$0.624	Preprint revenue	\$5.930
Total revenue	\$3.324	Total revenue	\$14.170

Net profit daily	-\$0.822	Net profit Sunday	\$11.209
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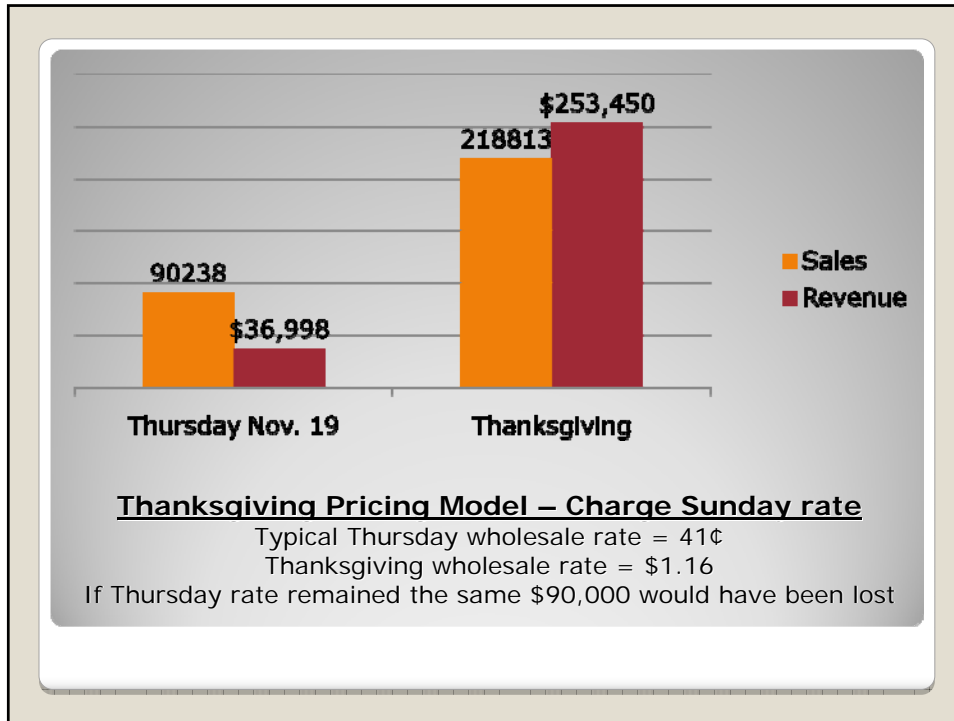
**Evaluate news rack locations for profitability**



**Sunday Hawking Program**

Gross Draw	2215
Net Sales	2000
Average Sunday Preprint Revenue Per Copy (.64¢ each - 14.5 inserts)	\$1,280.00
Single Copy Revenue @ .35¢ each	\$700.00
Delivery Expense - \$15 x 17 drops	(\$255.00)
Delivery Subsidy	(\$150.00)
Newsprint Expense (.255¢ per copy)	(\$564.83)
Net Profit	\$1,010.18

**Are Sunday Street Hawkers Profitable?**



<u>Home Delivery</u>	<u>Single Copy</u>
<ul style="list-style-type: none"><li>• Deep discounting causes high churn.</li><li>• The value you place on your product will be the value customers place on it too.</li><li>• Know the number of subscribers at discounted rates. Move them up incrementally.</li><li>• Some customers are worth more than others.</li><li>• Promote long term payments and EZ Pay via checking and debit accounts. Beware of credit cards.</li></ul>	<ul style="list-style-type: none"><li>• Know your outlet value and eliminate unprofitable locations.</li><li>• Review the profitability of street hawking. If you eliminate it, replace it with discounted Sunday only home delivery in selected zip codes.</li><li>• Charge your Sunday rate for the Thanksgiving Day newspaper.</li></ul>

**Review**