Rethinking revenue
(There’s more to monetization than display ads.)

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In the beginning...

AT&T banner ad on Wired.com, ca. 1994

Have you ever clicked your mouse right HERE?

YOU WILL
A (very) brief history

DoubleClick is founded.
Concept of ad servers is introduced.

1996

Google buys DoubleClick.
Programmatic display advertising is first sold.

1998

Ad networks are born.
Advertising across multiple sites is simplified.

2007

Programmatic is 80% of all display advertising sold.
Lack of control has led to problems...
Today:
The duopoly brought in an estimated 84% of global ad spend in 2017.

Source: GroupM forecast, December 2017
Problem:
Display is not a growth business, but it has trained users to think of content as free. How do we get them to pay?
Pay to attend: Live Events

80% of publishers with events businesses have seen growth in them in the last year

>25% of publishers believe that events are the segment of their business that will increase most in next quarter.

Pros: Have ability to drive over 50% of revenue, can grow reach, community, and clout

Cons: Requires staff with separate skill sets, complex & costly to produce, tough competitive landscape
TechCrunch events

DISRUPT

STARTUP BATTLEFIELD

SESSOINS JUSTICE

12th Annual TECHCRUNCH SUMMER PARTY

DISRUPT HACKATHON
Pay with attention: Branded Content

- Avg. Time 65.5 seconds
- Brand recall 59% > than banners
- $5B spent in 2017
- 88% of pubs offer branded content
You won’t believe what’s happened to BuzzFeed!
Average Revenue per User and per Year

- $20 based on MAUs and MUVs (All Sources)
- $3 (Ad Only)
- $1 (US market)
- $62 (Subscriptions)
- $77 (Subscriptions)
- $140 (Subscriptions)

based on paying subscribers =>
“In its inexhaustible capacity for experimentation, digital media has pivoted to programmatic advertising, pivoted to native advertising, pivoted to venture capital, pivoted to Facebook, pivoted to distributed, and pivoted to video. Here is a better experiment: Pivot to readers.”

- THE ATLANTIC, NOVEMBER 2017
Pay for access: Reader Revenue

46% of publishers offer subscriptions, 15% of readers hit a paywall every day.

35% of publishers expect to see revenue grow in this area in 2018.

Who’s seeing success?

- The New York Times: 2.23M digital subscribers - hit $1B in revenue
- The Wall Street Journal: 1.27M
- The Washington Post: “>1M”
- Los Angeles Times: 105K
- The Atlantic: doubling monthly
When subscriptions make sense

Do you provide the value?

Is your audience primed to pay?

Do you have the reach and scale?
What’s the offering?

- Ad-free
- Metered wall
- Hard wall
- Membership
- Behavioral pricing
Ad-free

U.S. ad blocker penetration

2014: 16% → 2018: 30%1

Ad-free or ad-lite offerings

Publishers try offering improved UX for a price

Experiment: Require ad-blocker users to pay

adblocus use: -20%

$ RPM: 3.62 €

Sources: 1eMarketer; 2LaterPay case study with Gruner + Jahr’s GEO.de
In the average meter setup, about 2% of monthly unique visitors see the wall. Of those, about 0.5% convert. So, in a given month, the average publisher converts ~0.01% of its audience.

Source: Lenfest Institute data on newspaper paywall stop and conversion rates.
Optimizing the meter

At a threshold of **10 free articles**, most people never hit the meter.

At **5 free articles**, more people are stopped, and more convert, but...

Illustration based on Lenfest Institute data on newspaper paywall stop and conversion rates.

...conversion rate drops and more people leave unfulfilled.
Hard wall

Reinforces the value of content and suggests an exclusive experience.

More aligned with ‘prosumer’ than consumer behavior.

Largely incompatible with casual audience development via search and social.

Walling off a previously free site leads to traffic (and ad revenue) declines of 80-90%.

New users can’t sample content, so it’s a big step to commit to a monthly fee.

Source: Lenfest Institute data on newspaper paywall stop and conversion rates.
Membership

Ask: what new things can I offer my readers, that they’d be willing to pay for?

Examples:

- Premium content
- Voice Services
- Access
- Community
- Enhanced product
- Utilities/tools
Behavioral pricing

Traditional Funnel
- Arrive
- Engage
- Subscribe
- Remain

Individual Targeting and Offers
- Fly-bys
- Occasionals
- Loyalists

edited: Imagine a very, very complicated analysis here.
What happens when everybody has a paywall?
Optimizing the meter revenue

What about these folks?

Meter stops

New subscribers
Who’s working on this problem?

**Aggregator** of content across brands

Apple-acquired startup selling bundled magazine access

**Frictionless** payment + user engagement across services

**Subscribe With Google: Easy** subscription sales on platform

**Predictive** modeling to optimize subscriber relationships

**Ad-free** experience across participating publishers
What’s the status?

Has seen some success in Dutch market; in beta in the U.S.

>250K active consumers, 78% conversion rate

Launched in March 2018 with pilot publishers

Top industry standards have seen a 5x increase in subscriptions

Launch expected later this year
Thanks!

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