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SUBSCRIPTION

Case Study

MCCLATCHY & MPP GLOBAL

McClatchy is Transforming to a
Digital First Publisher with New Technology
and Subscription Management

*An exclusive interview with McClatchy and MPP Global to learn how
their partnership continues McClatchy's digital-first focus.*

Introduction

Like many legacy publishers, the 160-year-old McClatchy (NYSE: MNI), which operates media companies in 29 U.S. markets in 14 states, is doing a major transformation, moving aggressively over the last several years to become a digital-first company. Instead of fighting a changing tide, McClatchy is making sweeping, long-term changes that are beneficial to the company but also to its readers.

As part of its revamp, McClatchy, who publishes the *Miami Herald*, the *Kansas City Star* and the (Fort Worth) *Star Telegram*, has set some ambitious but admirable and achievable goals:

- Developing a system that will help McClatchy develop better relationships with readers through data gathering and individually-tailored offerings
- Working with existing partners while providing a seamless user experience
- Increasing audience engagement
- Converting casual readers into paid subscribers or members
- Creating one-stop shopping – a member center – for readers to access products and services across all of McClatchy’s 29 markets

Selecting the Right Vendor to Meet McClatchy’s Goals

To facilitate its transformation and reverse losses that many publishers are experiencing, McClatchy put out an RFP last year to identify potential partners to help them take their company to the next level. As Dan Schaub, Corporate Director of Audience Development, explained it to Subscription Insider, they cast a wide net to explore as many options, partners and platforms as possible.



Dan Schaub

McClatchy narrowed the list of vendors down to three, and ultimately selected [MPP Global](#), an international technology company, as their subscription management partner. Among the selling points was MPP Global’s flagship product, [eSuite](#), an advanced e-commerce and subscription management platform that supports McClatchy’s digital initiatives and goals.

Another key factor in selecting MPP Global was its flexibility and willingness to work with McClatchy’s existing partners whom the company wanted to retain rather than replace.

“This will align us for success,” Schaub said.

One of the key goals was for McClatchy to develop deeper, more meaningful relationships with its readers, which required a better understanding of who their readers are and what they really want

as well as the ability to convert casual readers into paying subscribers, or members. McClatchy decision makers felt MPP Global was uniquely positioned to help them achieve those goals.

“We’re kind of transitioning out of the subscription business and moving more towards a membership relationship with consumers,” said Schaub. “We have a rich history, and we love the fact that we sold subscriptions in the past, but the future is really about an account and a relationship with an individual.



Damon Kiesow

The more open-ended that can be, the more it allows the consumer to pick and choose what products and pricing they want, and whether they want a one-time relationship and engagement or a long-term relationship and engagement. That’s where we want to be, and we really see ourselves in this membership relationship and partnership with consumers moving forward.”

Schaub explained why the focus is now on membership versus subscriptions.

“To be candid, some of our early studies a couple years ago said, ‘My father had subscriptions. My kids will never have a subscription and won’t ever sign up for one.’ Unless we continue to learn the modern way in which consumers transact and in which they have relationships, it just becomes a hindrance to us and that can just be the words. We changed all our circulation departments to audience departments four years ago. At that time, we got interesting feedback. It makes all the difference to the outside world, consumers and businesses you want to interact with, when they see that you and your offerings are modern, and your connection is made based on what *they* need.”

McClatchy believes MPP Global is the right company to advance these goals.

Damon Kiesow, Head of Mobile Initiatives for McClatchy, explained MPP Global’s selection from a technology perspective, saying it was a “build or buy” choice with a lot of gray areas between those two extremes. In the past, McClatchy has made decisions to buy off-the-shelf solutions which were powerful and served the company’s needs at the time, but that didn’t necessarily check all the boxes in a fast-paced, digital world. As McClatchy continues its transformation, it has re-evaluated its needs, not just for today but for the next three to five years.

“MPP specifically was a very good mix for us. We can buy their framework and platform, but we can also build a lot onto it and around it which gives us a lot of flexibility,” Kiesow told Subscription Insider. “We don’t have to build a system from scratch, but we can tie things into like our existing programs and partners.”

Kathy Lehman, head of marketing at McClatchy, said, “We look forward to working closely with MPP Global on this project as we implement eSuite and enhance the audience experience across

our publications. The functionality available in eSuite allows us to better manage, adapt to, and address consumers' habits and market conditions while they are engaged with our products.”

Expanding Offerings and Monetization Opportunities

In the past, McClatchy's digital content was a replica of its print product, and access to the digital content online was behind a metered paywall. What McClatchy has learned is that today's consumers have very specific needs, and they are willing to pay more for specific content (e.g., politics, sports, etc.).

To meet those needs, McClatchy recognized that it had to tailor content for consumers, while also looking at how they monetize that content, whether that “monetization” was asking for an email address, a micropayment for a photo or an article, or a macropayment for a bundle of products available across the company's media properties.

“The headline was we knew we needed to be much more flexible in the packages we put together and the offerings we took to market for consumers,” Schaub explained. “One of the attractive pieces for selecting MPP Global was that they offered the ability to offer more progressive and segregated offerings.”

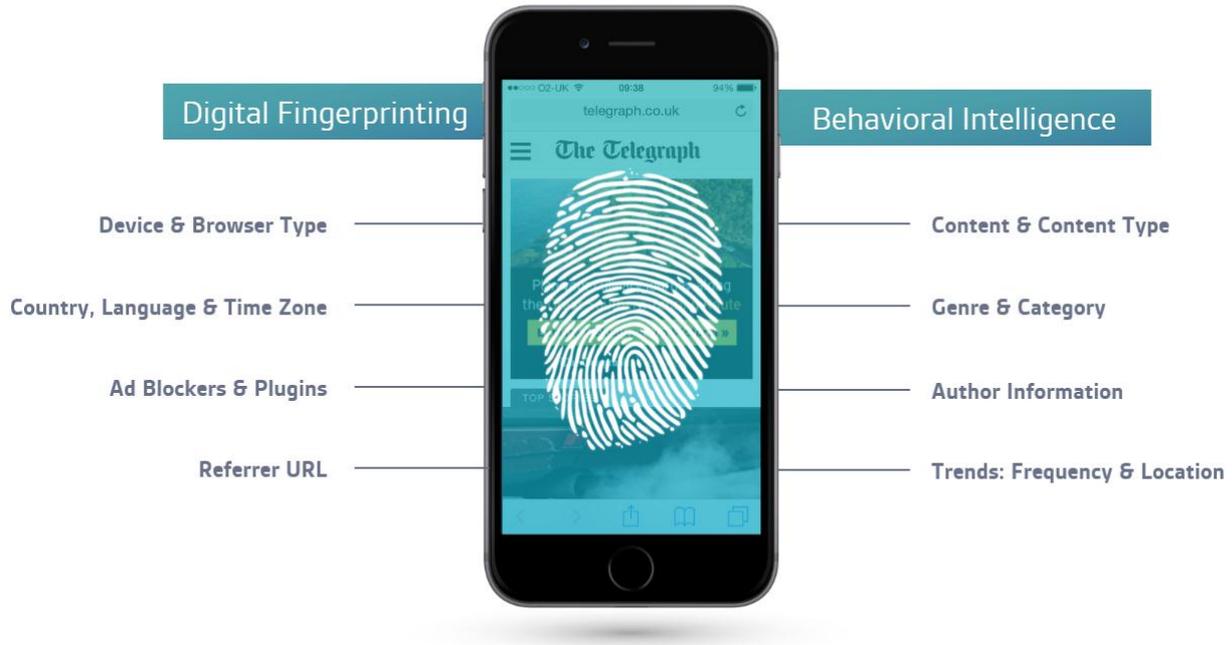


Scott O'Neill

Behavioral Data Gathering and Increasing Engagement

To tailor product offerings to specific users, McClatchy needed to improve its data gathering and analysis, a function that eSuite offers. eSuite, for example, helps McClatchy to identify users based on device attributes to create a digital profile, a unique “fingerprint” of an online reader. eSuite compiles behavioral data to identify trends in reader habits. By understanding those trends, McClatchy can react quickly by launching different types of offerings.

Track & Identify Your Anonymous Visitors



“We’ve learned through the audience research database we’re building, what types of information they like. We’re able to match that to demographic information we have on the consumer, so we begin to build a profile of what a consumer likes and what they really want, giving us the ability to take to them product offerings, services or things that are going to improve their relationship with us,” Schaub explained.

“As a publisher, we own content in every fashion you can imagine, whether it is local news, fun and games, sports, entertainment, editorial views – we have it all,” Schaub added. “But we’ve learned that to have a relationship with a consumer, not everybody likes all those things. In fact, today consumers are becoming more and more focused on getting what they really want and searching until they find it and paying for what they really want.”

“The combination of the MPP Global product, our audience research database and ultimately our loyalty and rewards program afford us the opportunity to now have a relationship with a consumer in which we’re giving them more of what they like, we’re rewarding them for having a deeper relationship with us and bringing that full circle to match it with what we know about a consumer and how they use information to improve their lives and their families’ lives,” said Schaub.

“This is really at the center of why MPP Global and their ability to interact through an API or other means with our additional partners makes this whole transition attractive to us,” Schaub said. “We’re no longer going to say you can do this on Friday and this on Monday. This really affords us

to have a full view of the relationship with the consumer and continuously make adjustments to where the consumer experience is seamless, rewarding, direct and meaningful.”

“McClatchy selected MPP Global because it provides them the flexibility to experiment and understand their subscribers,” said Scott O’Neill, senior vice president of North America, for MPP Global. “Without a subscriber management system, McClatchy has little insight into its digital audiences. MPP Global was also chosen because of its ability to provide a clear return on investment over the lifetime of the contract and is able to meet the scale McClatchy needs to roll out a solution for its titles across the United States.”

Improve Conversions from Casual Consumers to Paid Subscribers

With eSuite, McClatchy has new tools to help it improve conversion rates based on reader behavior. For example, McClatchy can test if readers respond better to a \$39.99 monthly subscription plan or a \$9.99 weekly plan. This might even vary across McClatchy properties. Perhaps *Sacramento Bee* readers prefer the \$39.99 monthly subscription, while *Miami Herald* readers prefer the weekly plan. The tests, offerings and business models can be customized by media outlet.

In another scenario, eSuite can help publishers test rescue offers by offering readers who navigate away from a subscription order 30 percent off for three months if they return and complete the subscription. In other example, McClatchy can offer readers who only visit their news sites on the weekends might get a weekend-only subscription offer at a lower rate, or they could test micropayments, a pay-as-you-go model that has been successful for *Winnipeg Free Press* and *L’Équipe*.

“We are looking forward to testing these various strategies and finding the business model that makes the most sense for McClatchy readers across the United States,” O’Neill told Subscription Insider.

One-stop Shopping and a Seamless User Experience

Another important goal for McClatchy is the ability to offer readers a member center where they can access all of McClatchy's products with a single sign-on, regardless of how many tools or technologies are involved behind the scenes. Of course, the company wants consistent branding across the board, but the focus is really on creating a seamless experience for users, regardless of the number or type of transactions that take place. MPP Global can help facilitate this by working with McClatchy's existing partners.

"As an example, let's say we have 20 vendors that are sort of invisible to our readers, but they provide different features and functionalities on our sites. To some extent, those are all separate experiences that we stitch together to try to provide a cohesive experience," Kiesow said.

"When you start getting into the membership and subscription offerings or any messaging we're sending out, (e.g., email newsletters, SMS, push alerts), along with the content on the page itself, those are all coming from somewhat different systems, and in most media organizations, they are not tightly coupled together. It doesn't always create a conflict for users, but we can really elevate people's enjoyment of and their engagement with the site and the value they find if we can do even very simple things," said Kiesow.

Kiesow gave the example of a consumer who signs in online or on an app and reads a lot of sports. That reader may be a good candidate to offer a sports newsletter to, even if the reader is not a paid subscriber. They gather user data and can package appropriate offerings – free and paid – based on that information.

"Readers benefit in a couple of ways," explained MPP Global's O'Neill. "They receive higher-quality content since they are providing financial support to the publishers, and an ideal user-experience since the publisher has a better understanding of their behaviors and preferences."

Another important component to a positive customer experience is payment processing. It needs to be simple for the consumer, whether it is offering a wide variety of options like credit card processing, PayPal and other digital payment types or offering a digital wallet that aggregates smaller, separate payments into a single transaction.

How MPP Global's eSuite will Help McClatchy Reach its Goals

Now that we know what McClatchy wants to accomplish and why, let's explore how they plan to get there using MPP Global's eSuite platform. Within eSuite's "HQ" interface, there are six primary components.

1. **Intelligence and Decisioning:** to track behavior and allows publishers to set rules-based decisions (e.g., if X happens, then Y)
2. **Acquisition and Conversion:** to create highly-targeted marketing campaigns, promos, free trials, etc.
3. **Identity and CRM:** to offer comprehensive registration and identity management
4. **Revenue and Billing:** to sell physical and digital products and subscriptions
5. **Retention and Recovery:** to protect and preserve subscription revenue through advanced customer retention services
6. **Analytics and Reporting:** to deliver useful data to executives and managers to aid them in their decision making



How eSuite Works

After McClatchy makes some corporate-level decisions and works with individual publishers to select appropriate rules for their markets, publishers go into the eSuite platform and configure their model with a simple drag-and-drop interface. This makes customization simple.

“The publishers can log in to the eSuite HQ system and create or amend rules for products, offers and subscriptions. This self-service option lets the publisher personalize the reader’s experience and optimize engagement on the digital properties,” O’Neill said.

“For example, if a reader only visits the publisher’s website on a Saturday, they would be served a weekend special offer or a ‘day pass’ subscription. Or if the publisher created a rule where a reader is served a promotion for 50 percent off a month’s subscription once eight articles are read, this would happen automatically,” said O’Neill.

Configuring Your Model Couldn't be Easier...

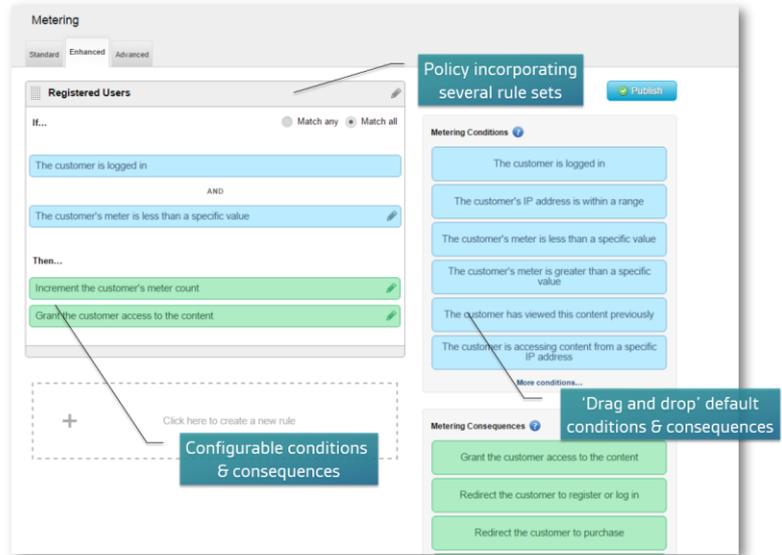
Generate rule-based triggers in a drag and drop, easy-to-use UI

- IF
CONDITIONS
A consumer action on a website

- THEN
CONSEQUENCES
A defined outcome of the consumer action

- +
RULES
A complete condition/consequence sequence

- +
POLICIES
A combination of configured multiple rule sets



McClatchy Phases and Rollout

McClatchy has already been testing the new system, integrating it with current systems. During the first track of the roll out, each publisher will be phased in, rather than going live for all publishers in all markets at the same time. Once this takes place, throughout 2017 and into 2018 and 2019, McClatchy will continue to roll out benefits and features that will help the company better serve consumers. The rollout will take place in various phases throughout the year and the phases will overlap as testing and development occurs simultaneously.

“We will never be finished, because frankly, every day, almost every hour, we have learnings in regards to what consumers want, what they’re willing to pay for and what is valuable to them,” Schaub said. “In small chunks, there is not a need for us to adjust our partnerships or platforms, but as that starts to culminate and grow together, there are times it becomes very evident that we need X or we need Y. I just think that’s an ongoing process. We see this as our 3.0 launching of digital offerings, but I’ll bet by the time we get to mid-year this year or later this year, they’ll be talk of what 4.0 will look like and 5.0, etc.”

Insider Take

Despite significant financial losses that are evident across the industry, McClatchy is moving in the right direction by focusing on a digital-first model and shifting away from subscriptions toward memberships. McClatchy recognizes that today's readers want a two-way conversation, and the company must build meaningful, long-term relationships with readers, whether they are paying customers or not.

To achieve those goals, McClatchy plans to meet readers where they are, learning what readers want and customizing products that meet their needs on a per-user basis rather than trying to craft a one-size-fits-all solution.

The strategies and tactics that will help McClatchy reverse million-dollar revenue losses and position them for long-term success include:

- Leveraging audience data to really understand their readers
- Consolidating vendors where possible and retaining partners who continue to add value to McClatchy operations
- Selecting a vendor that is flexible and who can work within existing systems and relationships
- Employing a data management platform that performs multiple functions - payment processing, audience intelligence, conversion and retention, customization, decisioning engine and more
- Utilizing a phased roll out
- Looking beyond immediate and short-term goals to plan for the next three to five years

By addressing short and long-term goals, shifting toward a membership model, and combining strategies, tactics and technology, McClatchy is will be less dependent on fickle advertising revenue and more on sustainable revenue and relationships.

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