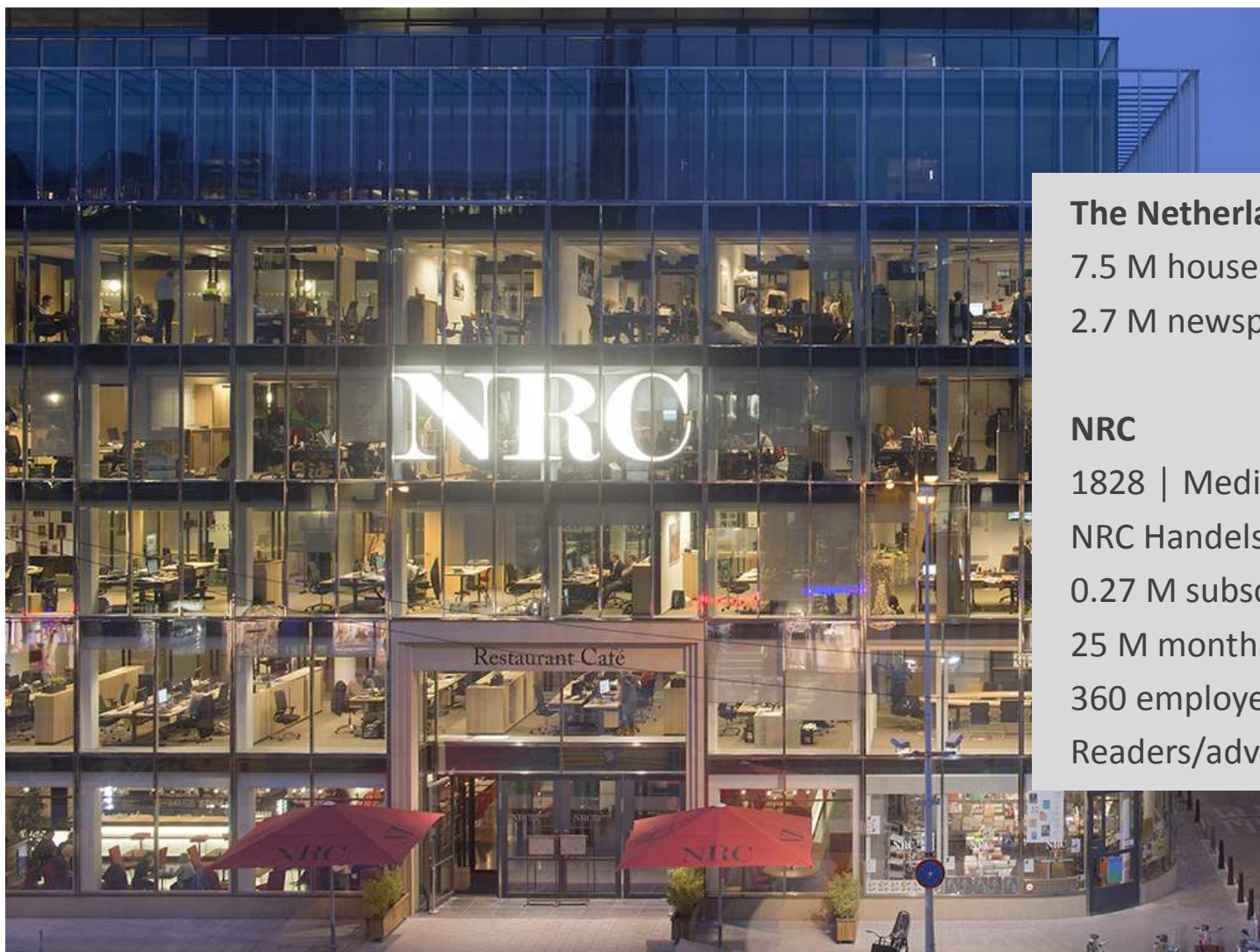


Welcome to the Relationship Economy

How to build valuable relationships in the time of algorithms

Rien van Beemen
CEO
NRC Media

Matt Lindsay
President
Mather Economics



The Netherlands

7.5 M households

2.7 M newspaper circulation

NRC

1828 | Mediahuis 2015

NRC Handelsblad | nrc.next | nrc.nl

0.27 M subscribers

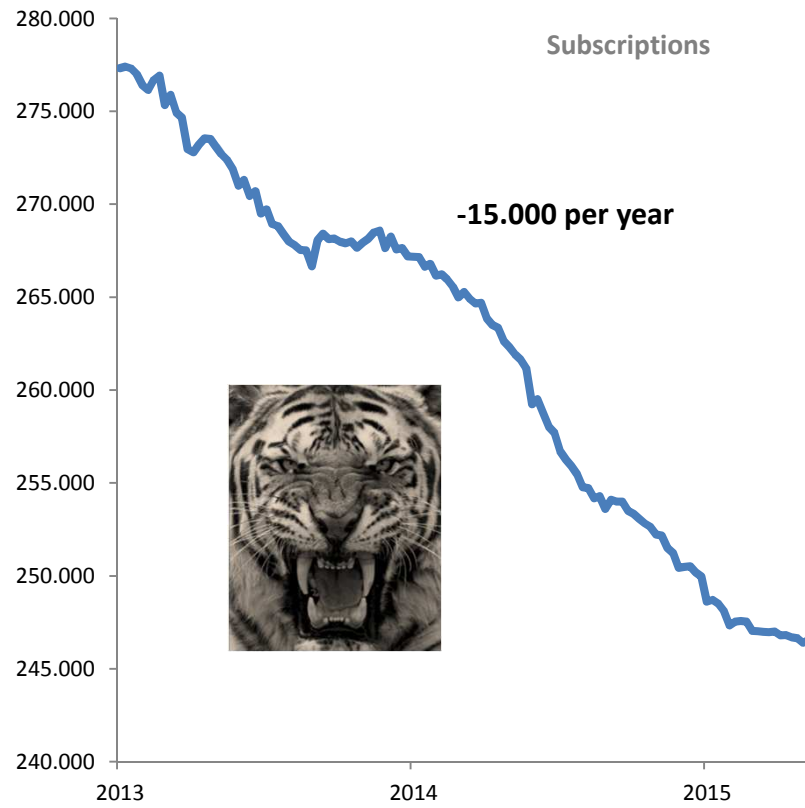
25 M monthly page views

360 employees | 11 marketing

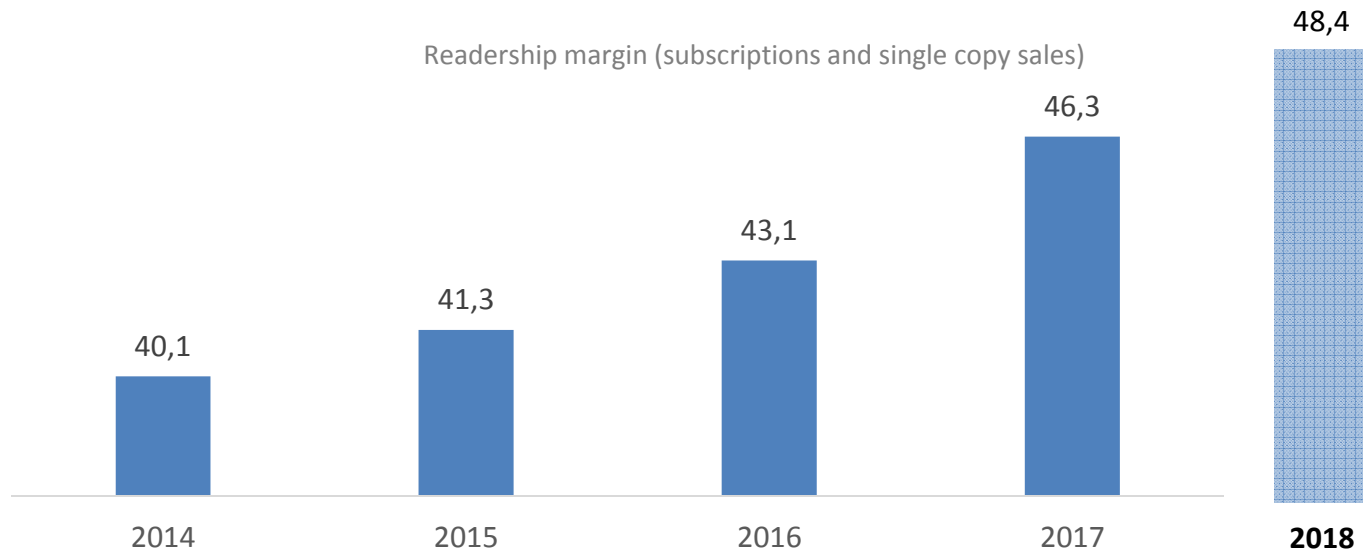
Readers/advertisers | 81/19

nrc >

From hunting for short term circulation



Accelerated financial growth from readers



The formula for success:

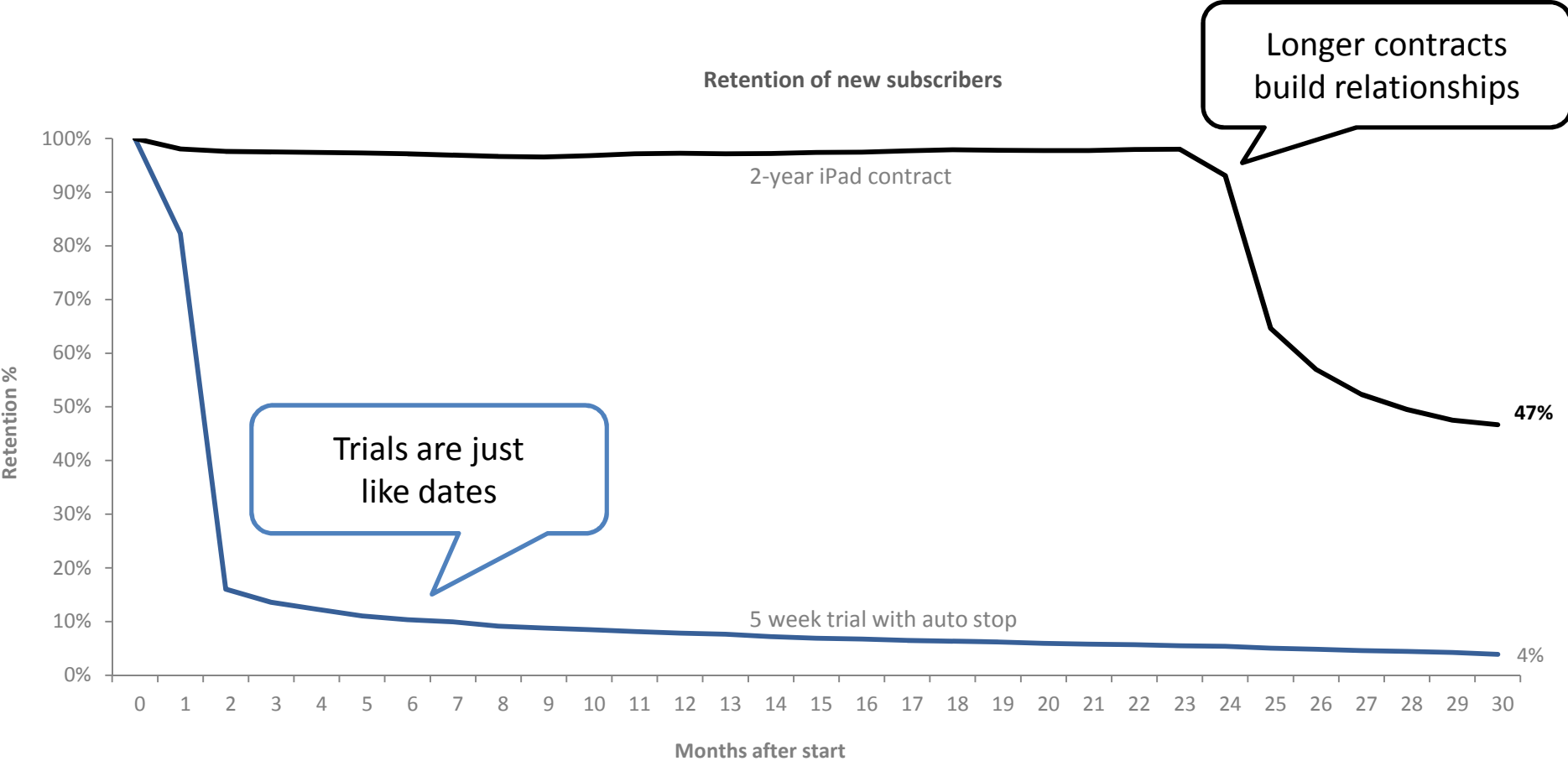
Long-term relationships with two-way value

Optimize value for customers *and* for the company
With a 3 year horizon at least

Stop dating, get engaged



Long term subscription offers build stronger relationships



Only 1, 2 and 3 year discount contracts. No trials.

The screenshot displays the NRC website's subscription interface. At the top, a navigation bar includes the NRC logo, a home icon, and links for 'Meer over NRC', 'Lidmaatschap', 'Digitale toegang', 'NRC met Plus', 'NRC met Plus+', 'Veelgestelde vragen', 'Contact', and 'Mogelijkheden abonnementen'. Below the navigation, two subscription options are listed:

- Donderdag t/m zaterdag:** Een langweekend de krant lezen en ma t/m za digitaal. Price: van € 35 voor € 19,50 /mnd.
- Zaterdag:** De hele week digitaal tot op zaterdag en extra dikke vooravondswa. Price: van € 28,50 voor € 14,50 /mnd.

A section titled 'Hoe lang wilt u deze korting?' (How long do you want this discount?) offers three duration options:

- 3 jaar (POPULAIRE KEUZE):** 3 jaar lang deze korting. Price: van € 28,50 voor € 14,50 /mnd.
- 2 jaar:** 2 jaar lang deze korting. Price: van € 28,50 voor € 14,50 /mnd.
- 1 jaar:** 1 jaar lang deze korting. Price: van € 28,50 voor € 14,50 /mnd.

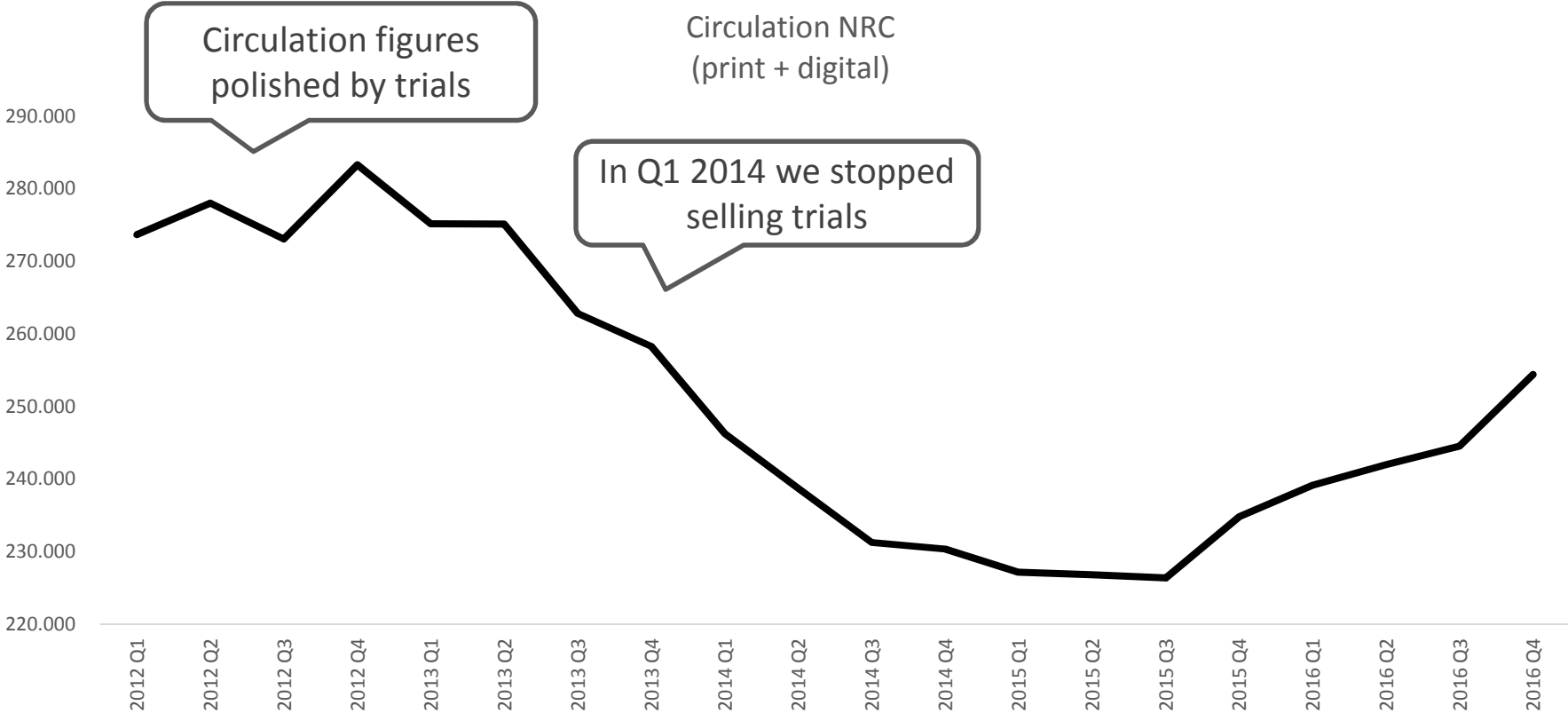
A 'Meer informatie' button is located next to the 3-year option. Below this, a question asks 'Welke ingangsdatum zou u willen?' (Which start date would you like?).

On the right side, a 'Uw selectie' (Your selection) summary box contains the following details:

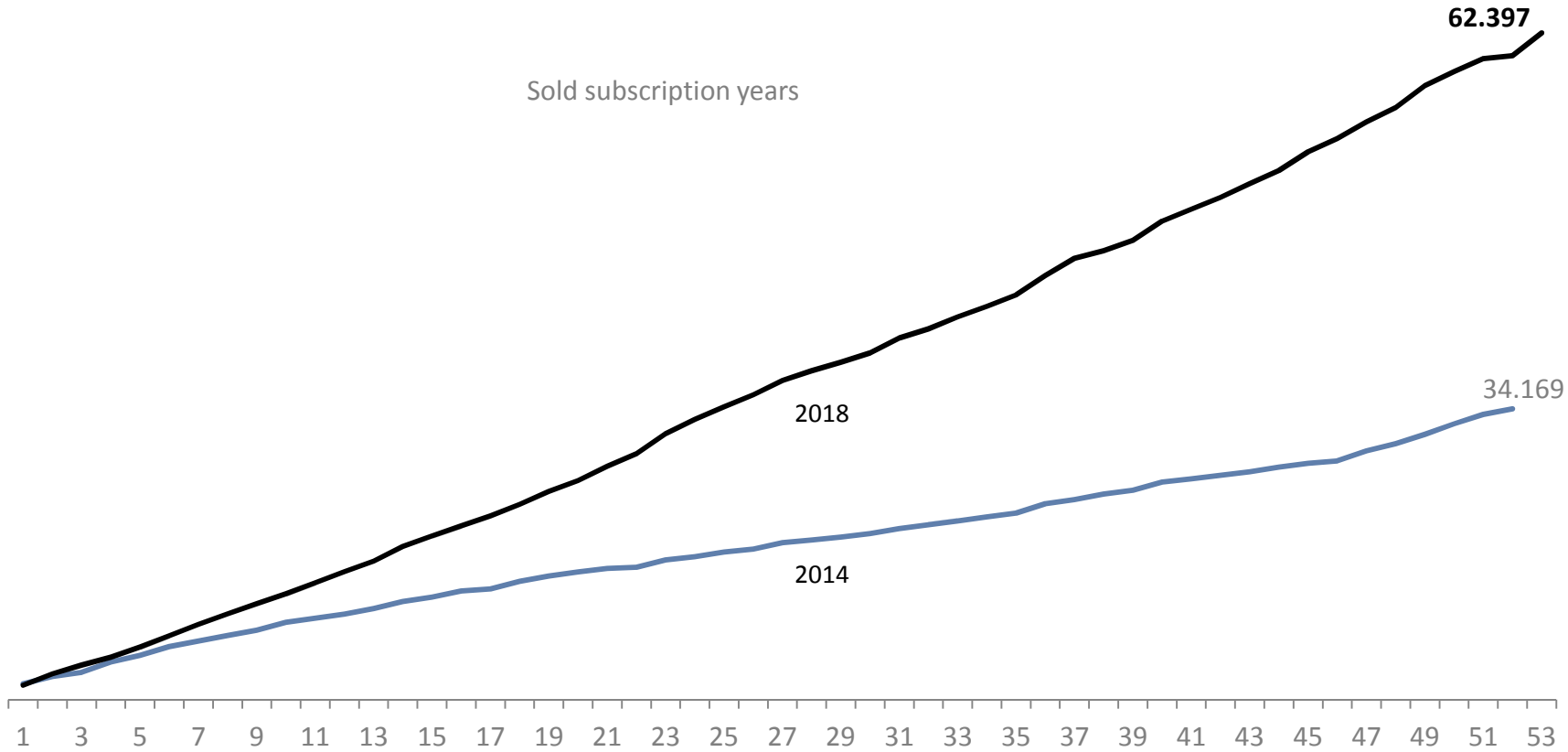
- Titel:** NRC Handedaal
- Vorm:** Krant en digitaal
- Papieren NRC op Zaterdag:** (with a newspaper icon)
- Betaaltermijn:** Maandelijks
- Looptijd met actieterief:** 3 jaar
- Ingangsdatum abonnement:** 15 augustus 2016
- Maandbedrag:** € 14,50

A green arrow button is visible at the bottom of the selection box.

Stopping trials caused a decline in circulation figures in the short term



+83% growth in sold contract volume

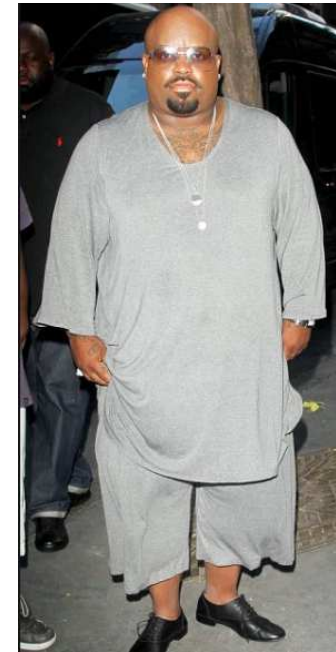


Understand the impact of price

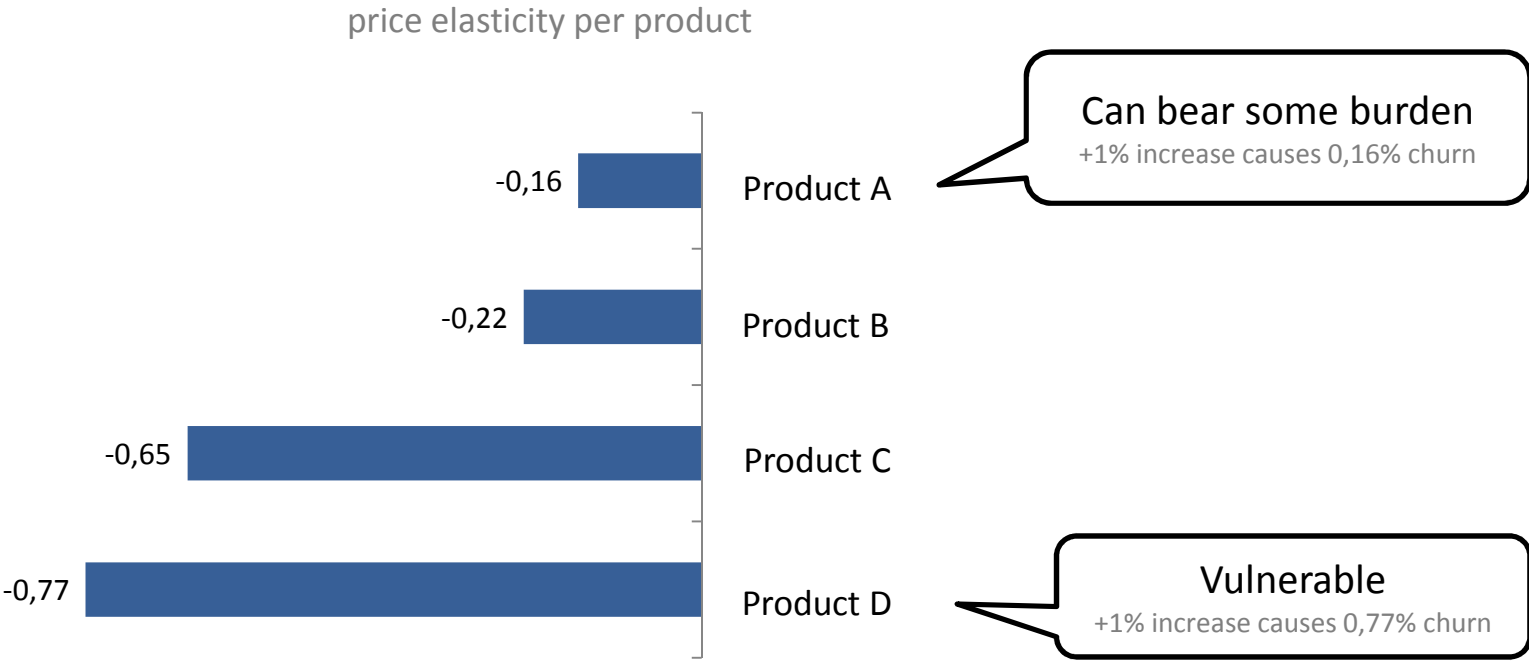


One size doesn't fit all

- Pricing too high causes churn
- Pricing too low leaves money on the table



Increase prices with minimal strain



Listen to real customers



Sit down at the kitchen table



Just say “Thank you” once in a while

*You are our favourite
subscriber!*

*And we only met
four months ago*



RGVT

Customer Service is core business



The tremendous impact of customer service

Decisive for customer experience

- Personal conversations with 1/3rd of our customers. Each year.

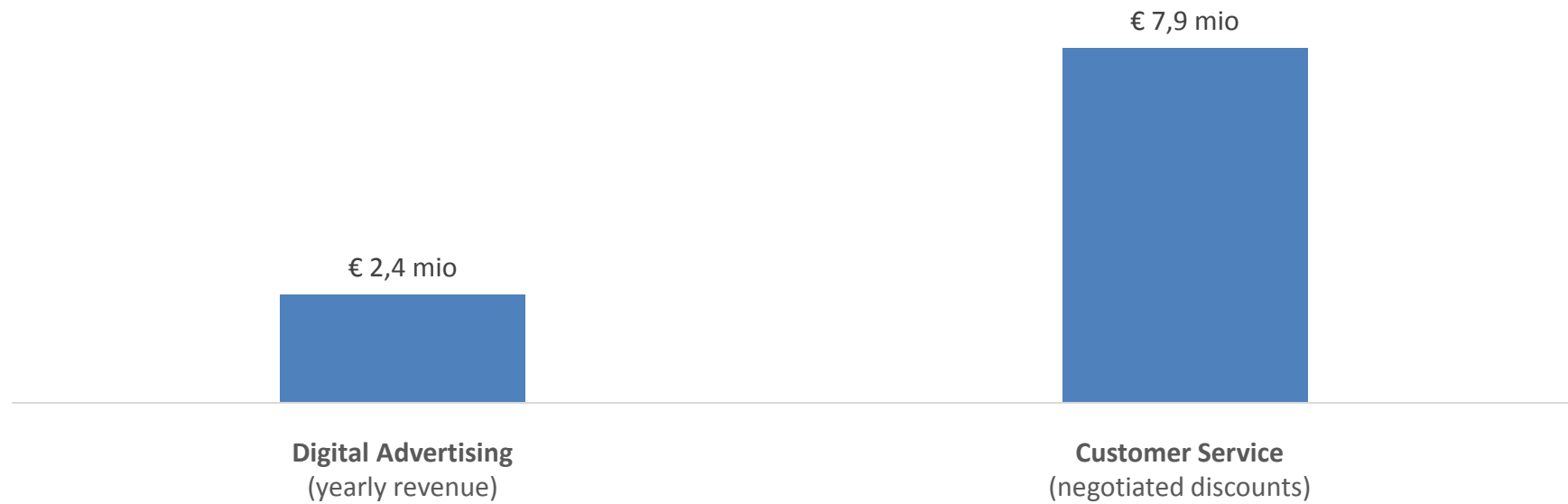
Primary research agency

- the first to know what goes right and wrong

Your biggest sales channel

- Acquires 5.000, retains 15.000 and changes 19.000 subscribers per year
- Processing 14% of customer base

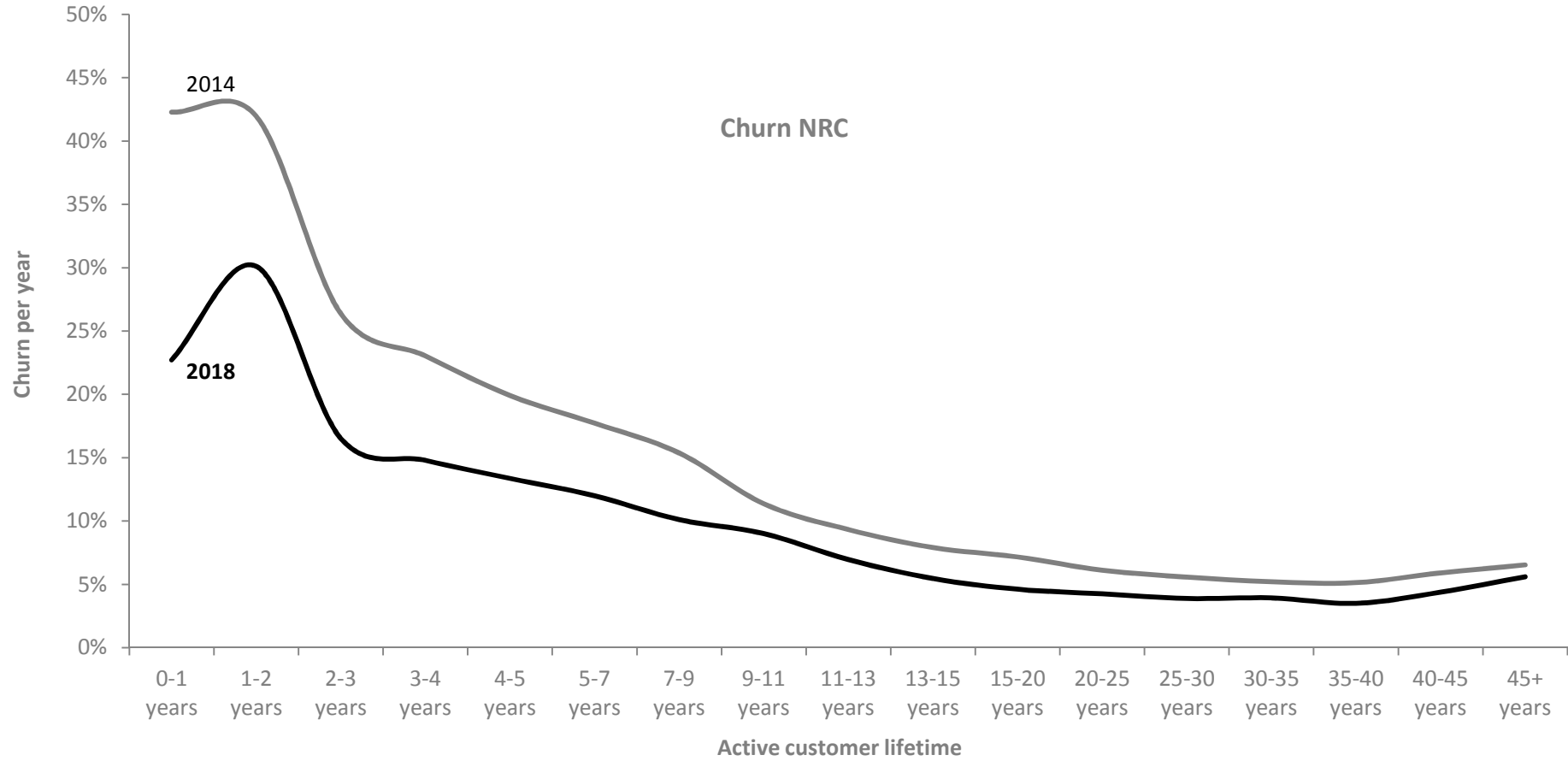
Customer Service financial impact is 3 times higher than digital advertising



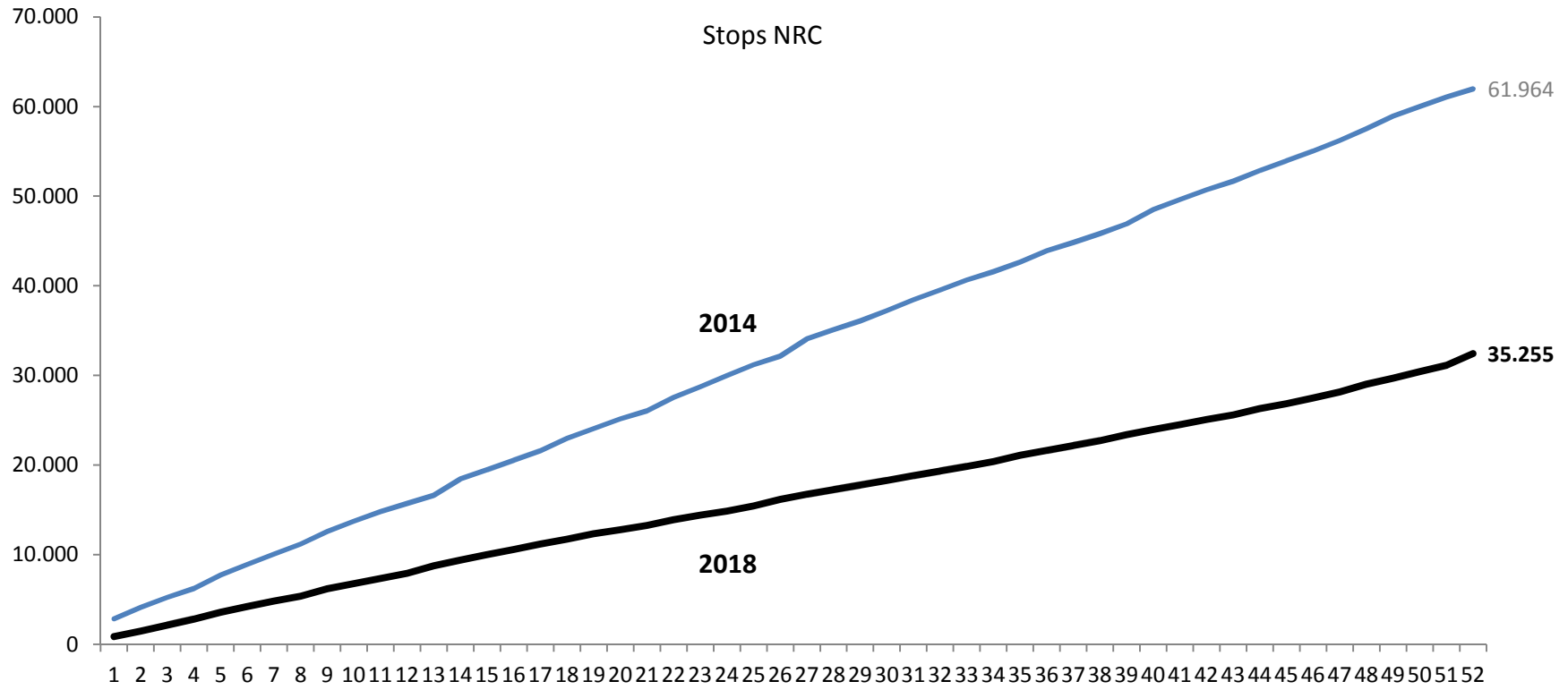
How to build long-term relationships with two-way value

1. Stop dating get engaged. Offer long-term contracts. Stop trials.
2. Understand the impact of price
3. Listen through data and to real customers
4. Realize that Customer Service is core business

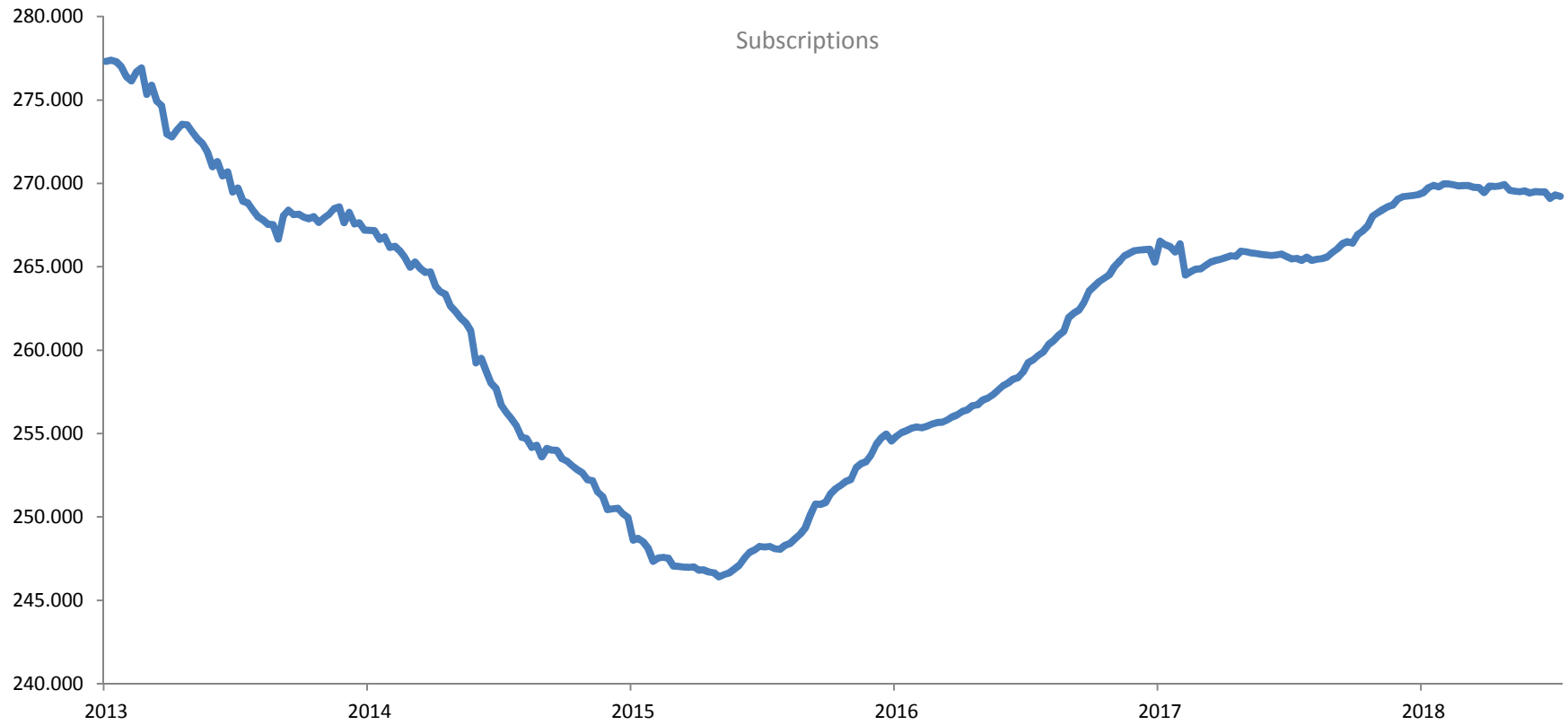
Lower churn in every tenure category



43% decrease in stops

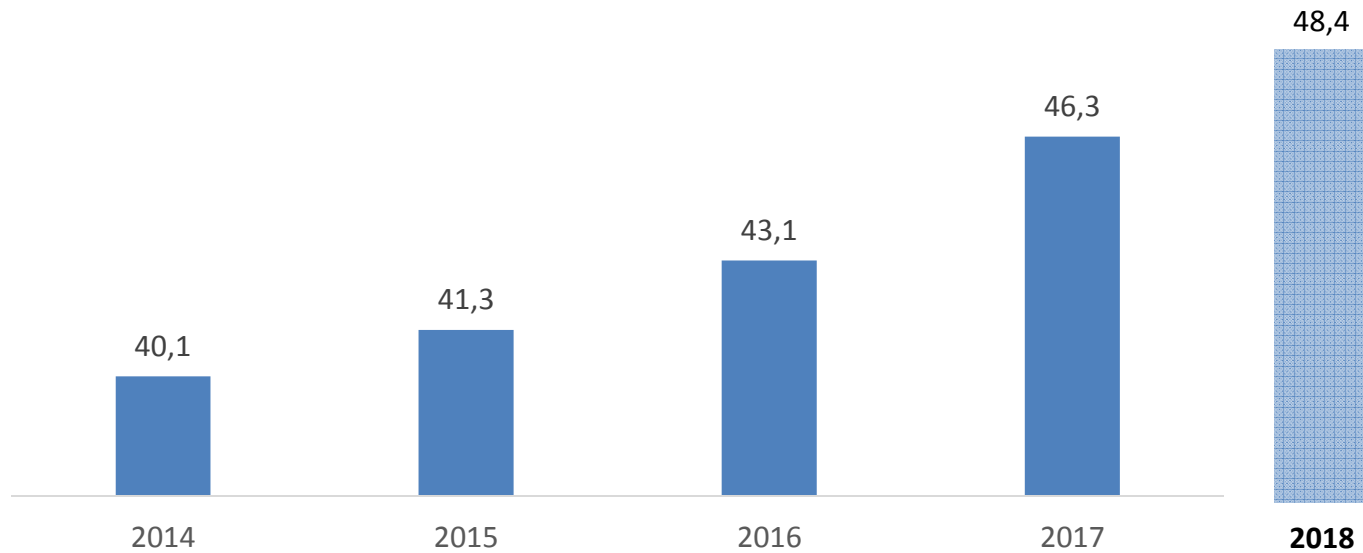


Shift from decline to growth



Accelerated financial growth from readers

Readership margin (subscriptions and single copy sales)

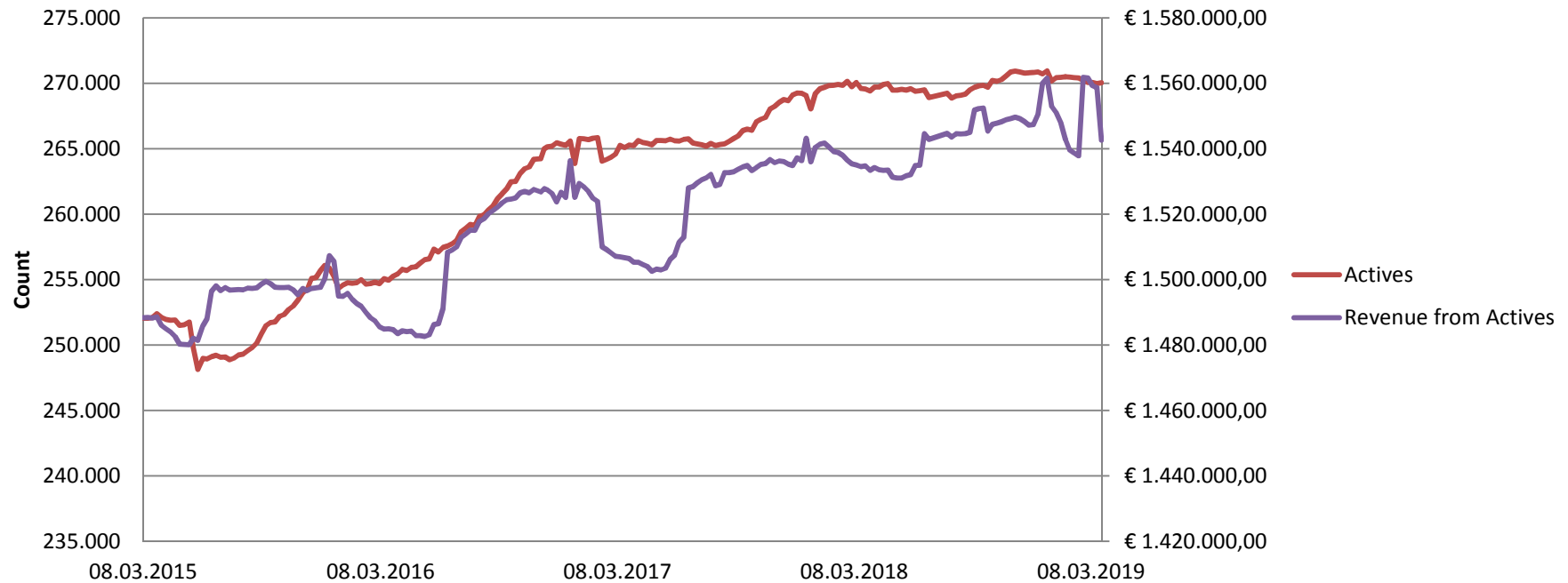


CUSTOMER LIFETIME VALUE (CLV)

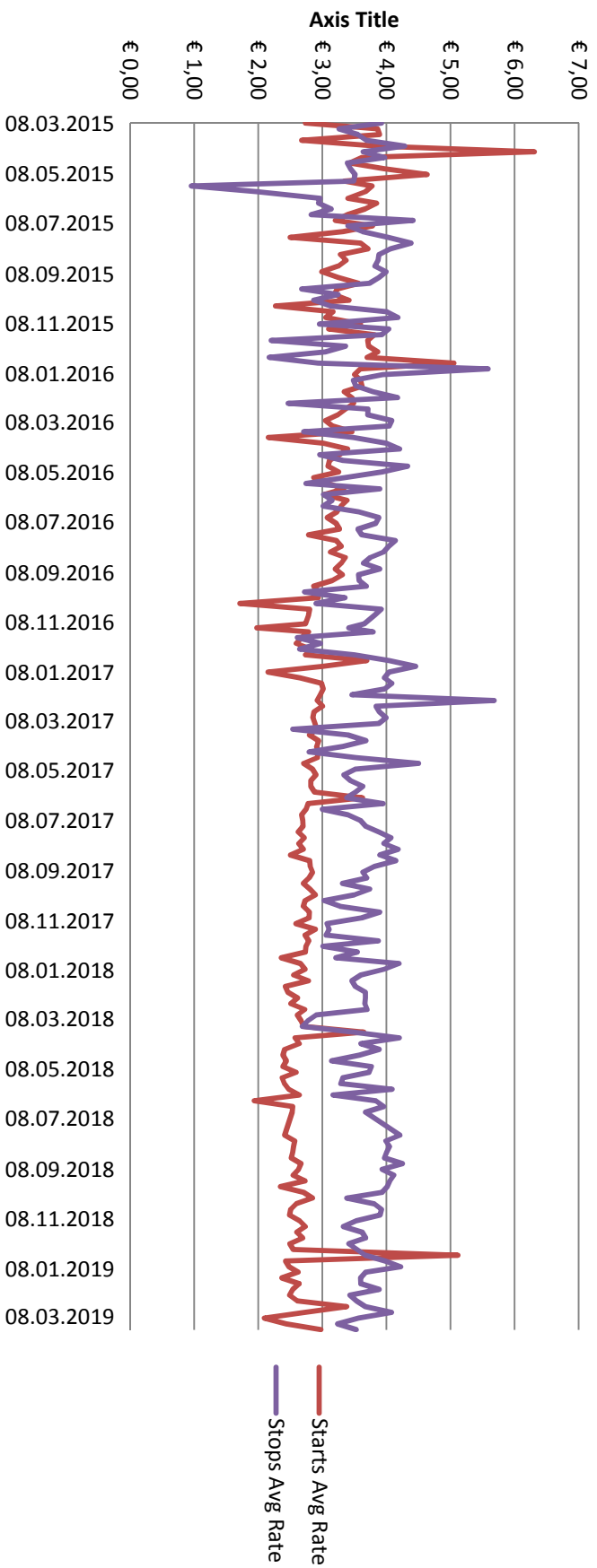


mather:

ACTIVE ACCOUNTS AND WEEKLY REVENUE FROM ACTIVES



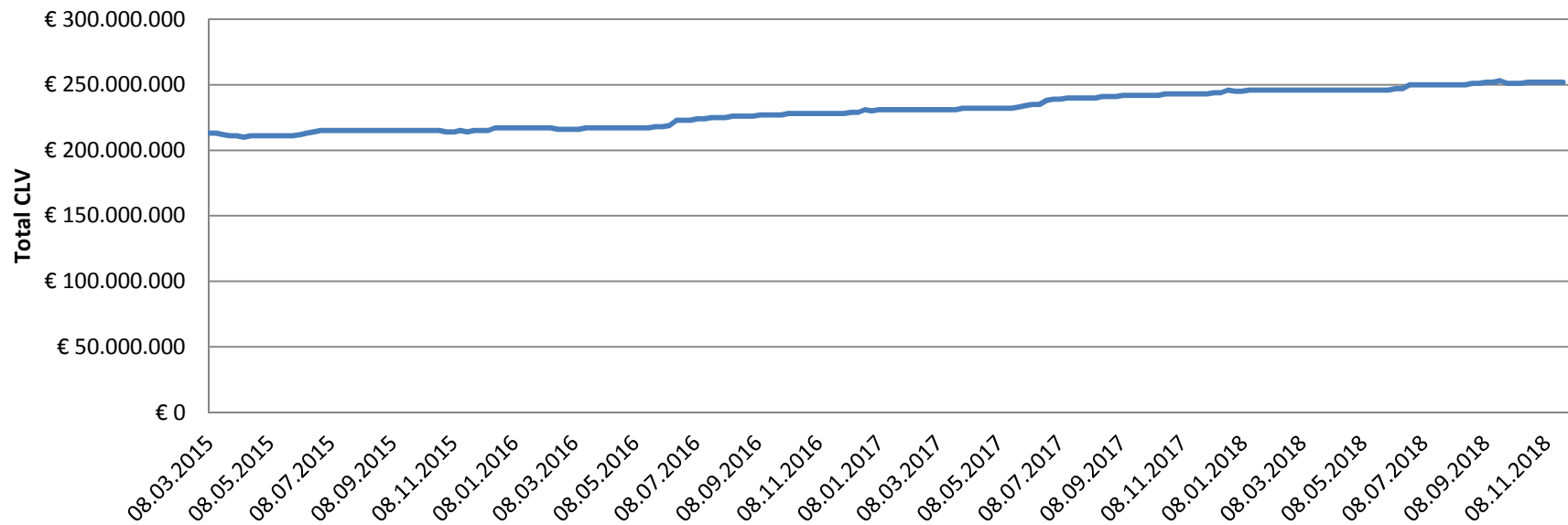
AVG WEEKLY RATE FROM ACTIVES VS STOPS



mather:

TOTAL CLV FROM ACTIVE SUBSCRIBERS

Total CLV from Actives



CLV BY TENURE

Segment	Subscribers	Weekly Price (No VAT)	Print and Ink	Delivery Cost	Op Margin (No VAT)	Average CLV	CLV Score
0-1 years	19,495	2.77 €	0.41 €	0.95 €	1.41 €	197.70 €	16
1-2 years	15,148	3.62 €	0.44 €	1.01 €	2.18 €	342.23 €	25
2-5 years	35,575	4.30 €	0.42 €	0.92 €	2.96 €	549.21 €	38
5-10 years	46,087	5.13 €	0.57 €	1.23 €	3.33 €	691.57 €	45
10-20 years	72,208	5.91 €	0.62 €	1.28 €	4.00 €	847.93 €	53
20-30 years	35,834	7.34 €	0.69 €	1.23 €	5.42 €	1,184.96 €	68
30-40 years	27,894	7.67 €	0.72 €	1.29 €	5.66 €	1,249.12 €	71
40+ years	17,401	8.09 €	0.76 €	1.34 €	6.00 €	1,341.42 €	75
Grand Total	269,642	5.72 €	0.59 €	1.18 €	3.95 €	824.51 €	50

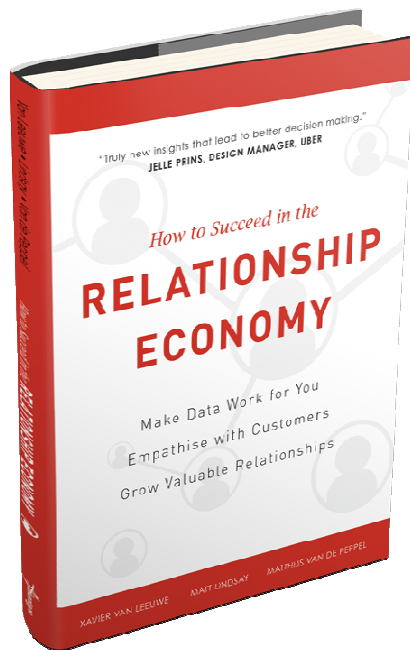
ESTIMATED ELASTICITY FOR LIST PRICE SUBSCRIBERS

Rank	Pricelist Product	Subscriptions at List Price	Est. Price Elasticity	Total Stops after 52 weeks	Base Attrition	Price Stops	% Increase
1	ABONRC6DGS	72,528	-0.17	6.47%	5.60%	0.87%	5.0%
2	ABONRCWKND	10,430	-0.17	10.53%	9.68%	0.85%	5.0%
3	ABONXT	2,281	-0.14	10.43%	9.72%	0.70%	5.0%
4	ABONXD	2,593	-0.18	31.19%	30.27%	0.91%	5.0%
5	ABONRCZA	10,293	-0.17	13.53%	12.66%	0.87%	5.0%
6	ABONRQ	258	-0.21	33.46%	32.42%	1.04%	5.0%
7	ABOXT6DGS	2,459	-0.29	21.01%	19.56%	1.45%	5.0%
8	ABONRI	867	-0.22	10.94%	9.84%	1.09%	5.0%
9	PNRCZANXD	1,536	-0.27	16.02%	14.66%	1.37%	5.0%
10	PNXTNRCZA	10,248	-0.20	11.09%	10.11%	0.98%	5.0%
11	ABONRW	1,592	-0.25	8.36%	7.12%	1.24%	5.0%
12	ABONXO6DGS	237	-0.33	21.29%	19.65%	1.64%	5.0%
13	PNRCZANRD	18,720	-0.24	17.04%	15.84%	1.20%	5.0%
14	PNXOZANXOD	148	-0.29	12.12%	10.65%	1.46%	5.0%
15	ABONXOD	73	-0.26	8.89%	7.59%	1.29%	5.0%
16	PNRCWKNDNRD	3,382	-0.25	13.30%	12.03%	1.27%	5.0%
17	ABONRD	11,476	-0.28	13.48%	12.06%	1.42%	5.0%
18	PNRWNRD	441	-0.40	25.19%	23.21%	1.98%	5.0%
19	ABONRL	420	-0.37	18.86%	16.99%	1.87%	5.0%
20	PNXOWKNDNXOD	13	-0.41	25.97%	23.90%	2.07%	5.0%
21	PXTWKNDNXD	53	-0.37	11.64%	9.80%	1.84%	5.0%
22	PXTZANXD	3,488	-0.36	34.72%	32.90%	1.82%	5.0%
23	PNXONRCZA	44	-0.35	6.64%	4.87%	1.77%	5.0%
24	PNRCZANXOD	15	-0.41	23.30%	21.25%	2.05%	5.0%
25	ABONSE	40	-0.39	32.19%	30.23%	1.96%	5.0%

FINAL THOUGHTS...

- **Focus on AMPU not ARPU**
- **One size does not fit all**
- **Customer service is a big deal**
- **Customer Lifetime Value a good framework for long-term strategy**

Much more in our book...



How to Succeed in the Relationship Economy

Xavier van Leeuwe
Matthijs van de Peppel
Matt Lindsay

Available on Amazon.com