The KrehbielLetter

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Dear Publishing Professional,

I had the pleasure of facilitating a "strategic planning retreat" in October, which got me in a strategic frame of mind. This issue focuses on "big picture" questions for publishers.

Are ad-based assumptions killing subscription sales?

It's quite common in the magazine world for a website to be designed to please "the algorithm" – which assumes free content monetized with ads. Everything about the page is optimized with those assumptions.

As a token gesture they add a "subscribe" button at the top right, or stick in a few promotions to sell their magazine, and … what a surprise, it doesn't work for beans. Why?

Maybe there are two types of people: (1) people who will pay for content and (2) people who won't pay for content. And maybe the "free content supported by ads" methodology disproportionally attracts the second group.

If you want to sell subscriptions, you might need a completely different mindset for your website. You might need a different set of goals, and different analytics.

Publishers go along with Google's "content must be free" game and then expect to sell a subscription to an audience they attracted with those methods. It doesn't make sense.

6 big picture issues when evaluating a CDP

If you're wondering about a CDP, give me a call. Before you buy, think on these things.

Start with the CDP's origin story. What was it before it was a customer data platform (CDP)? This will give you an insight into the corporate mindset and how they're inclined to think about things.

Find out if it's a walled garden. Is the CDP so integrated with other technologies that you're going to have trouble if you try to use some other service?

This is related to what I call **the best of breed vs. swiss army knife question**. Some CDPs focus on creating the "single customer view" and expect you to rely on other services for website activations, content recommendations, marketing automation, paywall management, and so forth.

They'll say they're "best of breed" in their narrow focus on customer data, and they recommend that you use other "best of breed" services for other things.

There's sense in that, but there's also the question of cost, and how many different services you want to try to integrate. I use the analogy of the swiss army knife because none of the tools in a swiss army knife are best of breed. The knife isn't the best knife, the corkscrew isn't the best corkscrew. But you have all of them in your pocket.

Think about reporting. Does the CDP offer internal reporting, or do they expect you to integrate with external BI tools?

Do you want a "composable" CDP? "Composable" is a concept that applies to software in general. Think of it like Lego blocks. A composable system offers a lot of independent modules that address specific needs or functions that can be plugged in to other systems. In the CDP context, this might mean that you have your own customer database, and various CDP functions sit on top of that -- where in a typical CDP configuration, the CDP would house the customer database.

After you've reviewed all of these issues, **verify it with actual clients**. The CDP may say they integrate with such and so ESP. Call the ESP and see what they think about it. Find some customers who rely on that integration.

There's no right or wrong answer to any of these questions. You want to go through these big picture issues to see if there's compatibility and a good fit. Does their offering serve your needs?

So much for the bird's eye view. For the snail's eye view, you're going to have to give me a call, because that depends on your particular situation.

The death of "the death of print"

I called it last Saturday. "The death of print" is dead.

Here are some relevant facts.

- **A substantial minority of young people prefer print** for magazines (43%), newspapers (35%), and books (38%). The percentages vary by study, by location, and by other factors, like textbooks vs. fiction books. Still, **It's simply false that all young people prefer digital.** And these are "digital natives."
- **Most print magazine subscribers will cancel if you force them to go digital.** There are exceptions, but this is the rule.
- **Some titles that went "digital only" came back to print,** and there are some new titles in print.
- **Some print titles have successfully raised prices.** *Vogue. Elle. GQ. The New Yorker.* But most titles can't get away with it.

Nevertheless, **the economics of print are terrible and getting worse**. Printing and mailing costs are through the roof, they keep going up, and there's constant downward pressure on prices. Both trends squeeze out profit.

Magazines used to be profitable, but that was when they were selling for a much higher inflation-adjusted price, and printing and postage was relatively cheap.

People like print, but they won't pay for it. So what do you do?

You can **cut costs by moving your printing to China**, but you have to be willing to wait 8 weeks for the product to arrive.

You can **raise prices to cover costs**, but most magazines can't do this. They'd lose 80 percent or more of their subscribers, and the resulting numbers just don't work.

You can **re-imagine your publication as a luxury product** and sell it as a premium.

But the best option might be to **use an inexpensive, loss-leader print product to build a brand** and make your money with other products. For example ...

- Sell a cheap investing newsletter to entice people to subscribe to your expensive investing newsletter.
- Find the enthusiasts in your market and sell high-ticket items, like cruises, special events with the editors, or dinners.
- Monetize the audience itself. If you have a magazine about fishing, your subscribers might be willing to give you information that would be very valuable to people who sell boats, or rods and reels, or fishing lures.

It's very hard to make a magazine work as its own, stand-alone publication. But people still love magazines. You will eventually have to abandon the idea of a profitable print magazine and use clever tactics to use the magazine to make money with other products.

Print is not dead. But the print magazine as a profitable enterprise is mostly dead.

Strategy is not planning

This is a summary of a very interesting talk by Roger Martin on Harvard Business Review. He raises the question, "what is the difference between planning and strategy?"

Strategy, he says, is

1. an integrated set of choices
2. that position you on a playing field of your choice
3. in a way that you win.

For example, to form a strategy we might ask these questions.

- Why should we be on this particular playing field?
- How are we going to be better than anybody else?

A strategic theory must be coherent and doable. Planning doesn't have to have internal coherence. It's a list of things that get their coherence from the strategy.

Plans have to do with resources -- that's the cost side of business.

Strategy specifies a competitive outcome you wish to achieve.

You control plans. And while you control a strategy, **you can't control the outcome of a strategy because it depends on your customers and your competitors**.

- "I will build a factory" is a plan.
- "Customers will prefer my product" is part of a strategy.

Martin says it's easy to fall into a "planning trap." It's a trap because it's comfortable. It's within your control.

Strategy will make you feel nervous because you can't prove that it will succeed. But a good strategy will give your organization a chance to do something great.

When you build a strategy, you should list the things that would have to be true for it to work, e.g., what would have to be true about your sales, your customers, and your competition to achieve your goal. Then you watch to see if things turn out that way. And since they might not, you need a mechanism to tweak and adjust in response to changes.

Finally, he says don't let a strategy get over-complicated. Try to get it on one page. It should include ...

1. Here's where we're choosing to play.
2. Here's how we're choosing to win.
3. These are the capabilities we need in place.
4. These are the management systems we need.

And that's how you'll achieve your goal. You can find a link to Roger's talk on my website.

Qualitative before Quantitative

"How many times have you taken a survey only to find that none of the multiple-choice options describe your situation?" Susan Fader asked me that the other day.

"Almost every time," I said. And I suspect many of you have the same experience.

This illustrates the problem of jumping to quantitative research – such as a survey – before doing qualitative research – like phone interviews.

Before collecting data from your audience, you need to challenge your assumptions and the way you have framed the issues. Your audience might think of the question from an entirely different point of view, and if you don't account for that, your quantitative results will be meaningless.

This is one of the reasons I hate personality indexes. A question like "would you rather lead or follow?" is meaningless to me. If Gen. Schwarzkopf is available, I'd rather follow. If a group is aimless, I'm happy to lead.

Susan calls this "contextual intelligence." (See faderfocus.com.) Be sure to take that into account before you fire up SurveyMonkey.

Sincerely,

Greg Krehbiel

Greg Krehbiel

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