Jamie Hendler, Alexa Miller, Luke Sammons, Katie Sissler, Lindsay Siegel
TA: Lauren Dumas and Bohdan Chusak
Subsection E: 11:00 AM
Thursday, April 20, 2017

**Executive Summary: *The New York Times* (2017)**

Since 1851, *The New York Times* has established a global presence by reporting in an accurate, substantive, and efficient manner. *The New York Times* has built its brand around credibility and content, but the journalism industry faces the challenge of declining print subscriptions. Online subscriptions are not compensating for this substantial loss: "*The Times* is losing almost twice as much on print every quarter as it is making up in digital subscriptions and ads" (Ingram, 2017, para. 10). In an attempt to mitigate these losses due to free news and the dying print industry, *The New York Times* implemented advertisement targeting and a paywall technique, but have ultimately been unsuccessful. Our mission for *The New York Times* is to increase reader willingness-to-pay by developing a custom digital experience with a new conversational tone, while cultivating a younger generation of informed journalists and readers, so as to ensure the prosperity of their reputation and revenues amongst other rising social media and news outlets.

Despite their global prestige, *The New York Times* has recently struggled to find a balance between digital and print mediums. Customizing the front page will cater toward the interests of every individual, while maintaining the highly recognizable print facade on a digital platform. Because 90% of digital subscribers only visit the homepage, a personalized front page would encourage readers to stay on the website, rather than visit Facebook or Twitter for news ("*Nytimes.com* Traffic," 2017, para. 7). Through customization, *The New York Times* will change the way people receive the news; readers will no longer have to peruse through dense content to find the news they are truly interested in. *The New York Times* will add tags for key terms and people at the end of each article (See **Figure 1**), as well as user-targeted advertisements dispersed throughout the website. Readers will be asked about their preferences upon subscribing, and

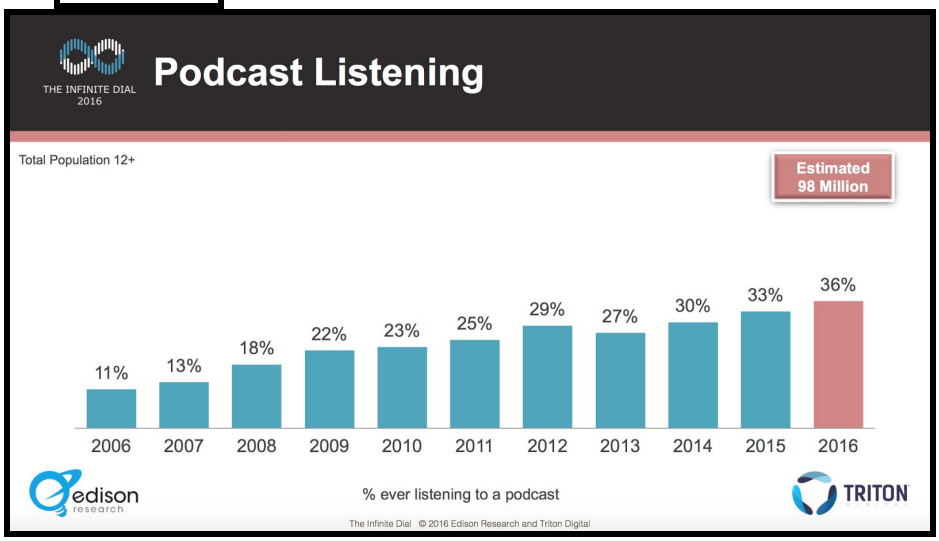
**Figure 1**



their tags and bookmarked topics will help to suggest articles and target advertisements. Readers can then sort the suggested topics to arrange *The New York Times* front page according to his or her selections on a daily basis. *The Times* projects that this customization will promote a 300,000-person increase in digital subscriptions, increasing revenues in that division by $58.5 million.

With readers engaged in a digital and mobile lifestyle, it is best for *The Times* to focus on getting information to people as quickly and efficiently as possible. According to a study conducted by Edison Research, an estimated 98 million people listened to podcasts in 2016 (Webster, 2016, p. 5). As this number continues to rise (See **Figure 2**) *The New York Times* can ensure their efficiency through the option of fully-dictated articles, in addition to their previously established "Daily Briefing." The mobile phone application will have two sections: a section labeled "For You" that considers previous articles and the tags from the digital front page, as well as a section labeled "Trending Tracks" that showcases the most popular articles. On the app, users can choose articles based on topic and duration. Then, they can then make a queue by selecting a number of their favorite articles to be read over a specified period of time. Without sacrificing facts and professionalism, journalists will write with an everyday rhetoric that can be easily converted into a podcast: "Tune Into *The Times*." As analyzed by the Network Advertising Initiative, behaviorally-targeted advertisements cost 2.68 times more per advertisement, suggesting a $3,554,565.88 increase in advertising revenue through behaviorally-targeted advertisements on the podcasts (Beales, 2010, p. 10). Unsubscribed listeners can hear the podcasts for free with the interruption of advertisements before each article. These interruptions will encourage listeners to subscribe to the podcasts and pay a monthly $4 fee. In total, both unsubscribed and subscribed podcast listeners will generate $2,140,992 in revenue for *The Times* (See **Figure 3**).

**Figure 2**




With sixty percent of Americans accessing their news from free social media outlets like Facebook and Twitter (Gottfried & Shearer, 2016, para. 1), it is imperative for *The Times* to maintain their reputation with younger generations. Meredith Kopit Levien, *The Times'* chief revenue officer, said "We're beginning to focus much more seriously on how many young people we have engaging with us

and how we deepen those relationships" (NiemanLab, 2017, para. 4). To encourage intergenerational collaboration, *The Times* will elect 15 top journalists to host "Journalism Through *The Times*:" four, two-week sessions of a summer program focused on cultivating knowledge of the news industry, engaging in multimedia projects like page layout, video development, and coding, and enhancing critical thinking skills in students of 6th to 8th grade. Students will also explore New York City through excursions focused on giving students an unforgettable summer experience. *The New York Times* has incomparable power and influence in the industry, so students will be exposed to top journalists and editors, as well as state-of-the-art facilities. Students will gain knowledge from exposure to the first-hand experiences of the most influential professionals in the industry. The program will be located in the New York Times headquarters in the prime location of New York City. This application-based program will cost $3000 to attend, including housing and food. While offering four sessions for 200 students each session, *The Times* will generate $2,400,000 in revenue (See **Figure 4**). In return, *The New York Times* will increase revenue from student installments, receive brand recognition, and develop a stronger, wider reader base. The Times will be curating the next generation of consumers to appreciate and become loyal to the NYT as opposed to any other newspaper source.

**Figure 3**

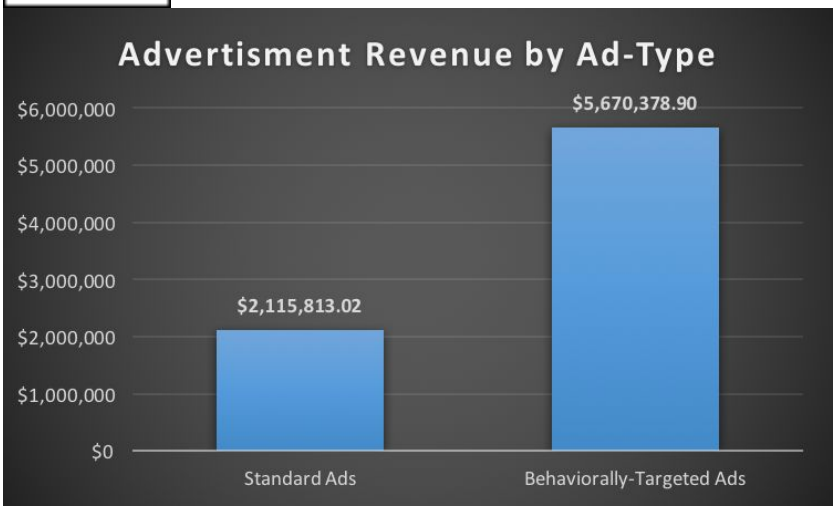
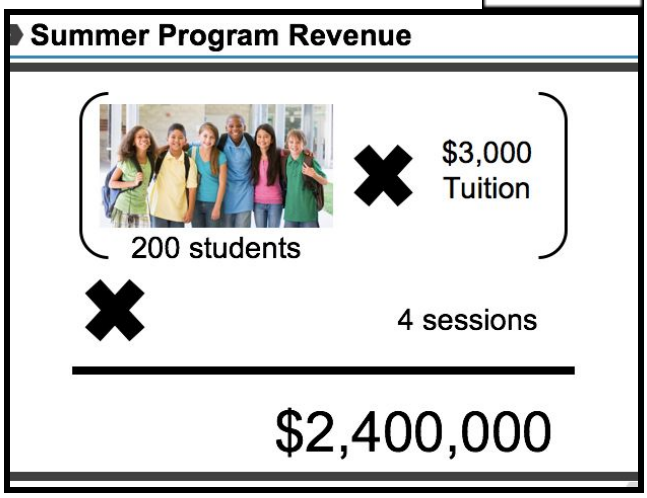



**Figure 4**

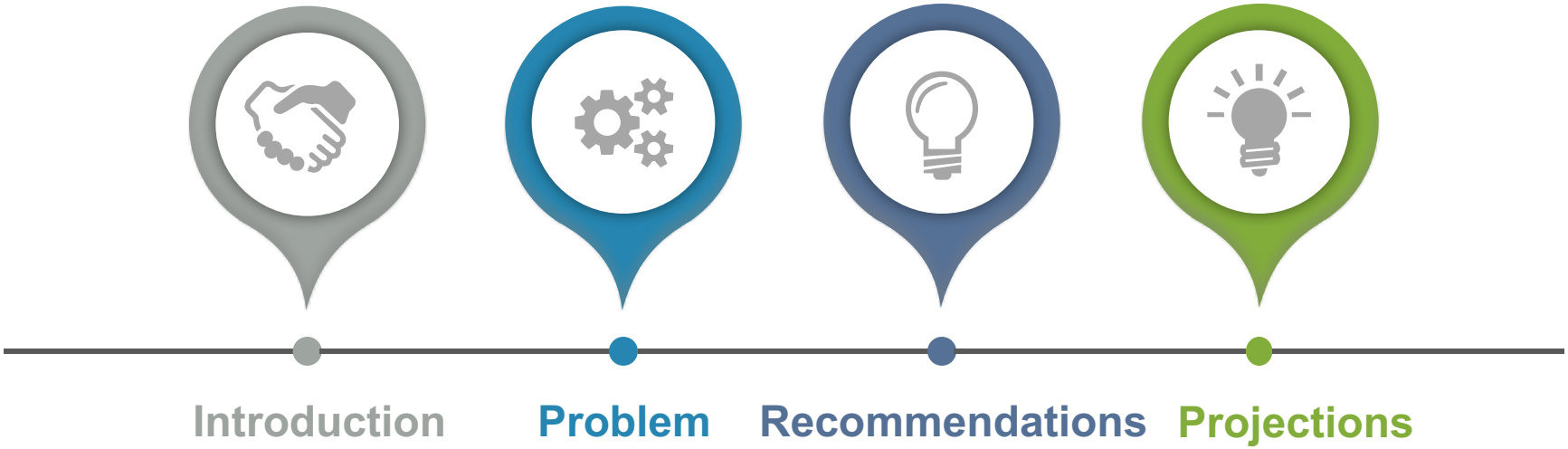





# Case Competition: Team Gamma

Jamie Hendler, Alexa Miller, Luke Sammons, Katie Sissler, and Lindsay Siegel

# Agenda



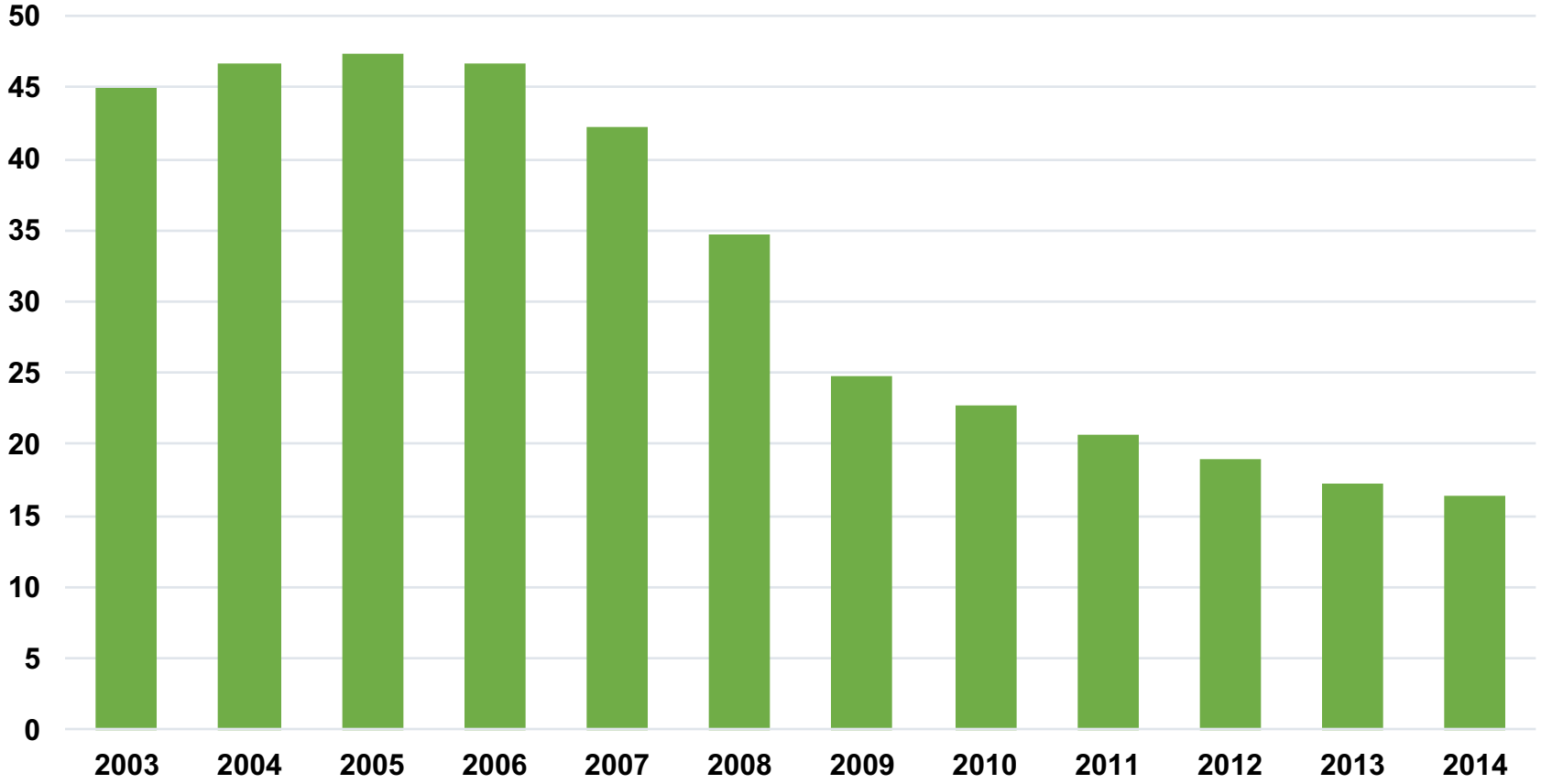
# Mission Statement of *The New York Times*

"The core purpose of The New York Times is to **enhance society** by creating, collecting and distributing high-quality news and information. Producing **content of the highest quality and integrity** is the basis for our reputation and the means by which we fulfill the public trust and our customers' expectations."

# The Print Industry is Declining

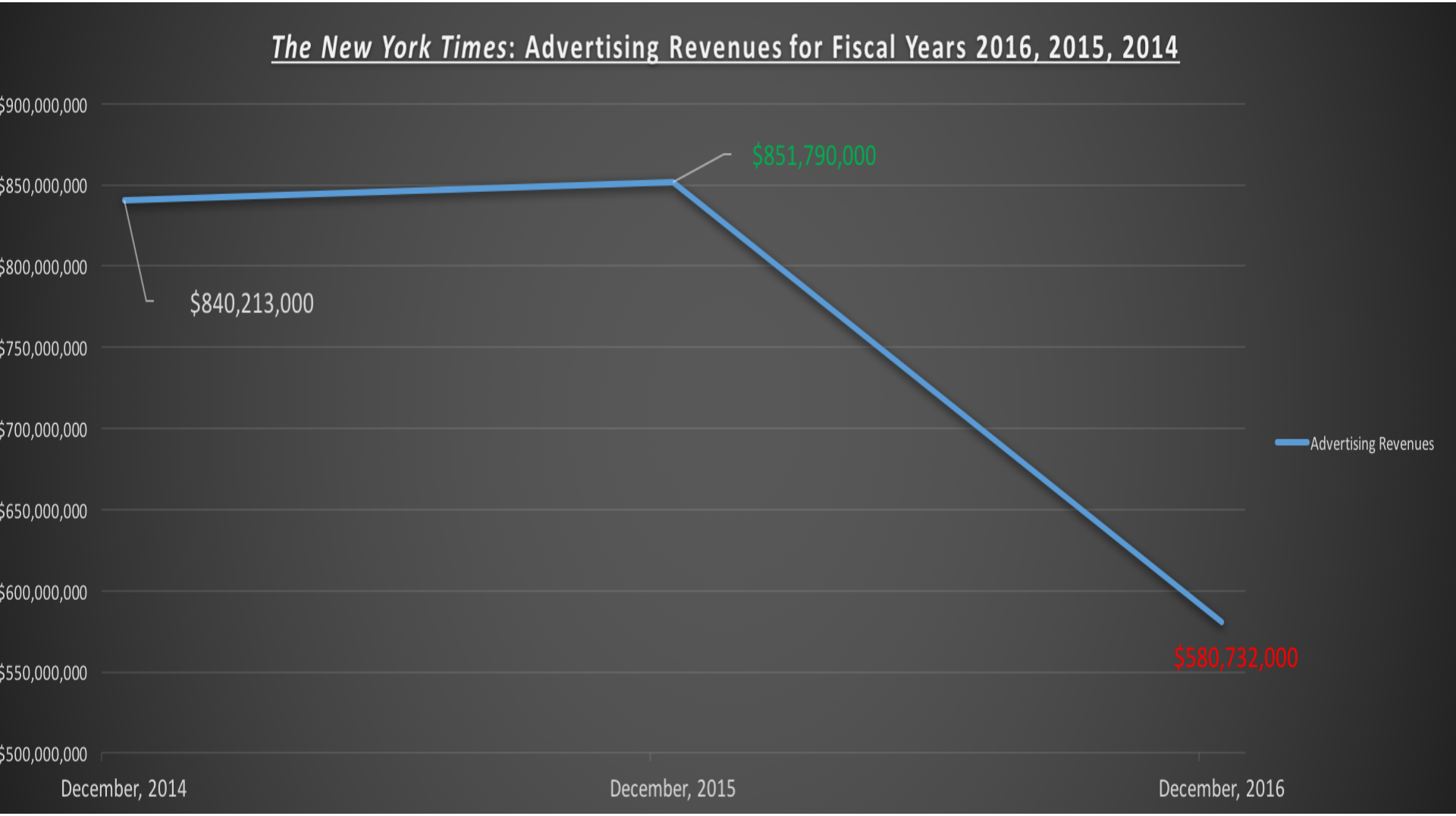
## Newspaper Ad Revenue from Print

***Annual revenue in billions of U.S. dollars***



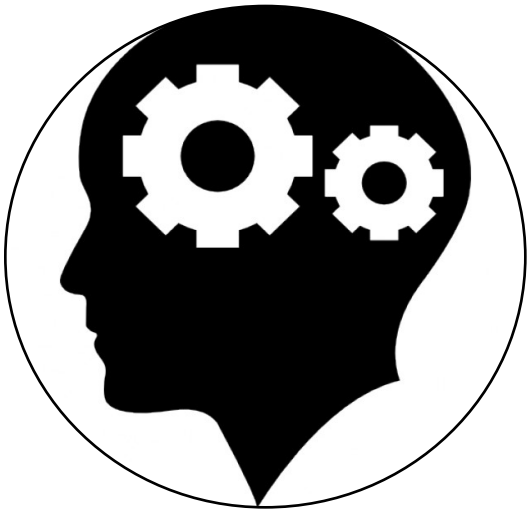

Source: Pew Research Center

# *The Times'* Advertising Revenue Trends



# Our Mission: The Three C's

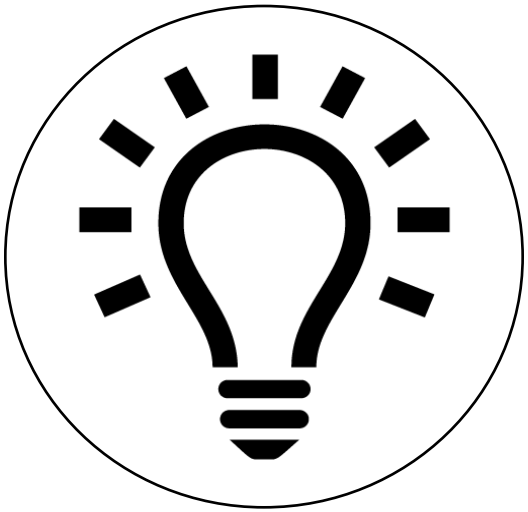
**C**ustomization



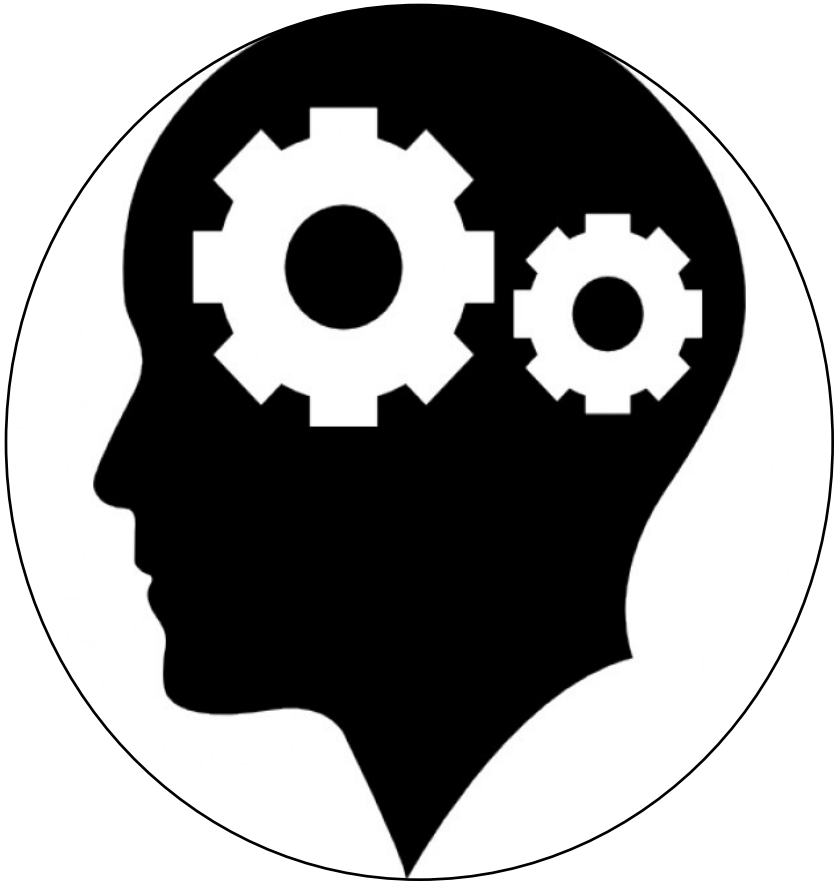
**C**onversation



**C**ultivation



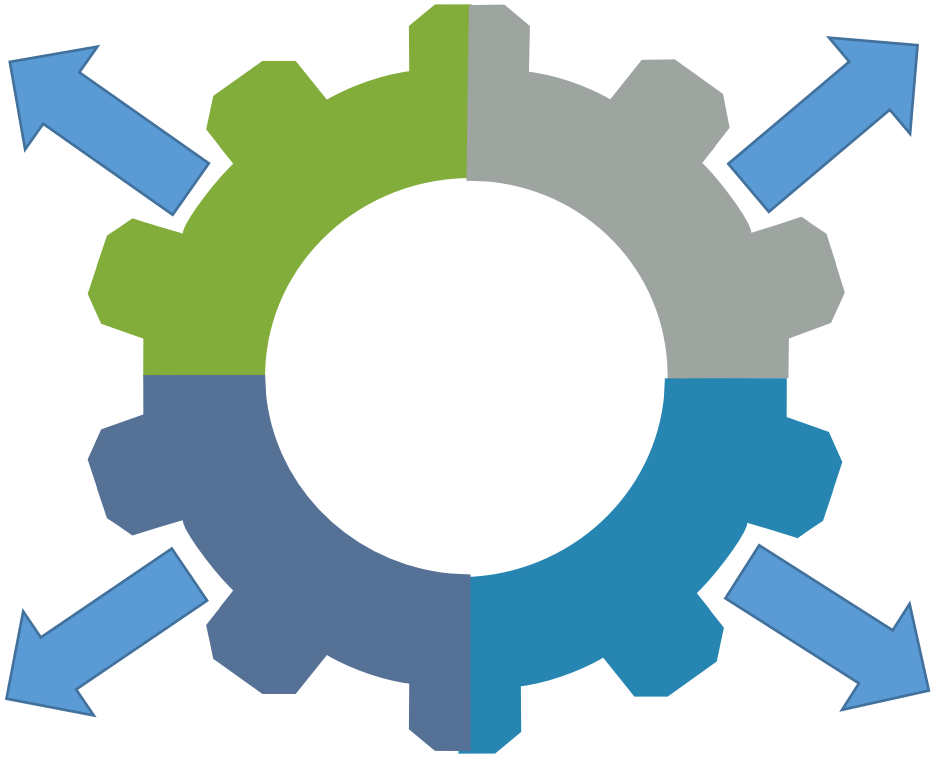
# Customization



# Why Customize?

**Caters Interests**

**Stay DON'T Stray**



**Targeted Ads**

**Easy Accessibility**

# How Will We Customize?




Related Articles

Popular

**Trump Presides Over His First White House Easter Egg Roll**

Despite the occasional downpour, the mood was cheery at the scaled-back festival, one of the most daunting social events a presidential staff has to plan.

By JULIE HIRSCHFELD DAVIS



**Trump's Unreleased Taxes Threaten Yet Another Campaign Promise**

Democrats have pledged not to cooperate on an overhaul of the tax code unless they know how that rewrite would benefit the president and his family.

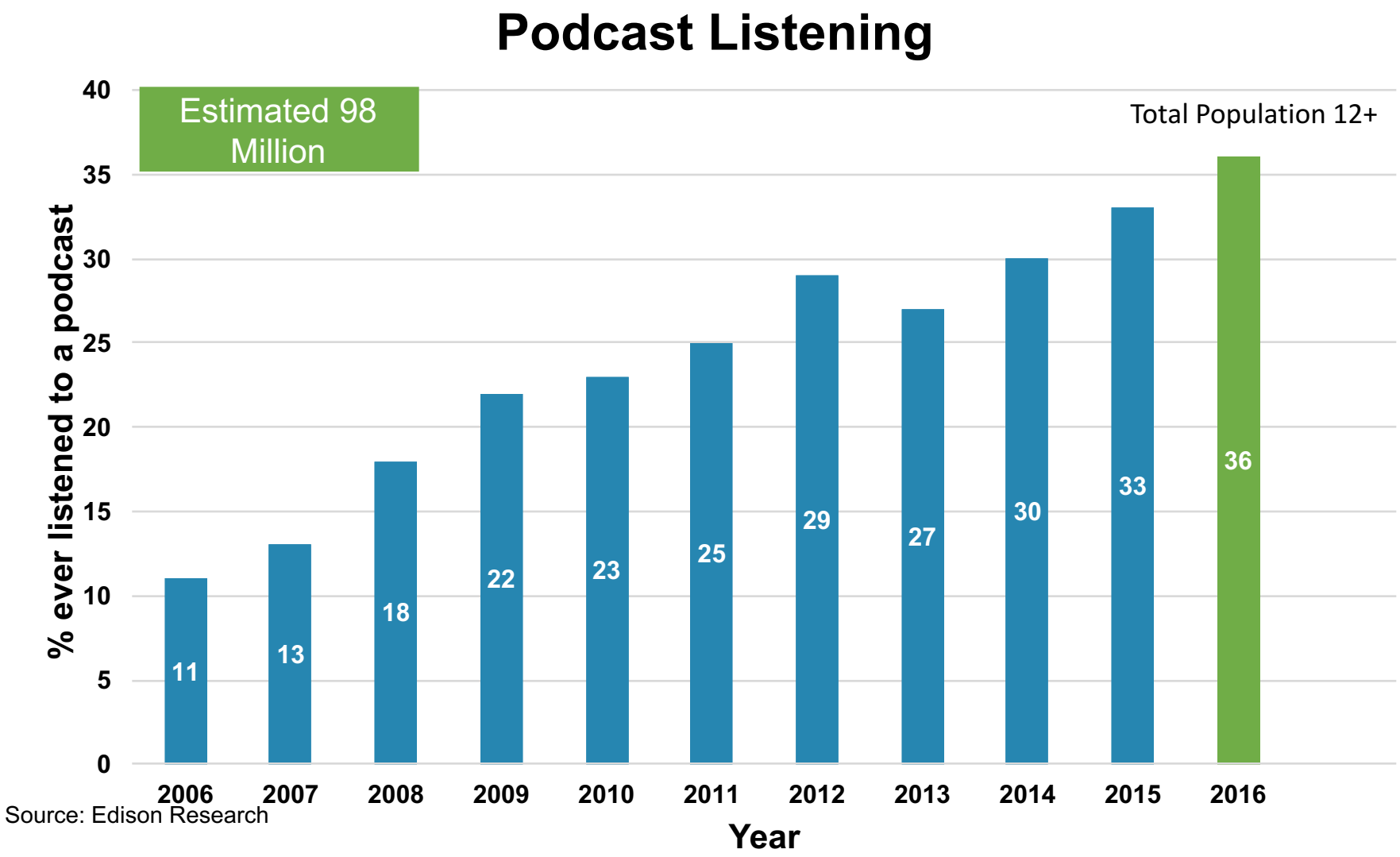
By ALAN RAPPEPORT



# Conversation



# Popularity of Podcasts




Source: Edison Research

# Why "Tune Into *The Times*?"

Personalized





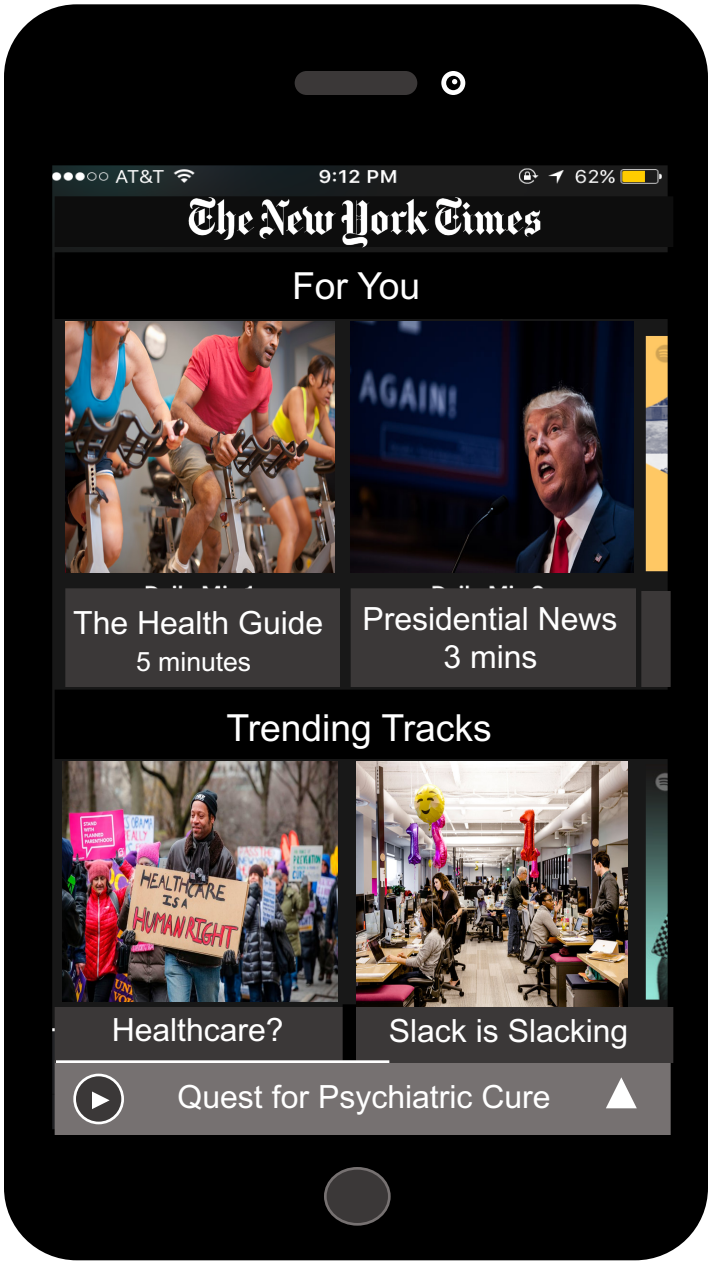
Targeted Advertisements



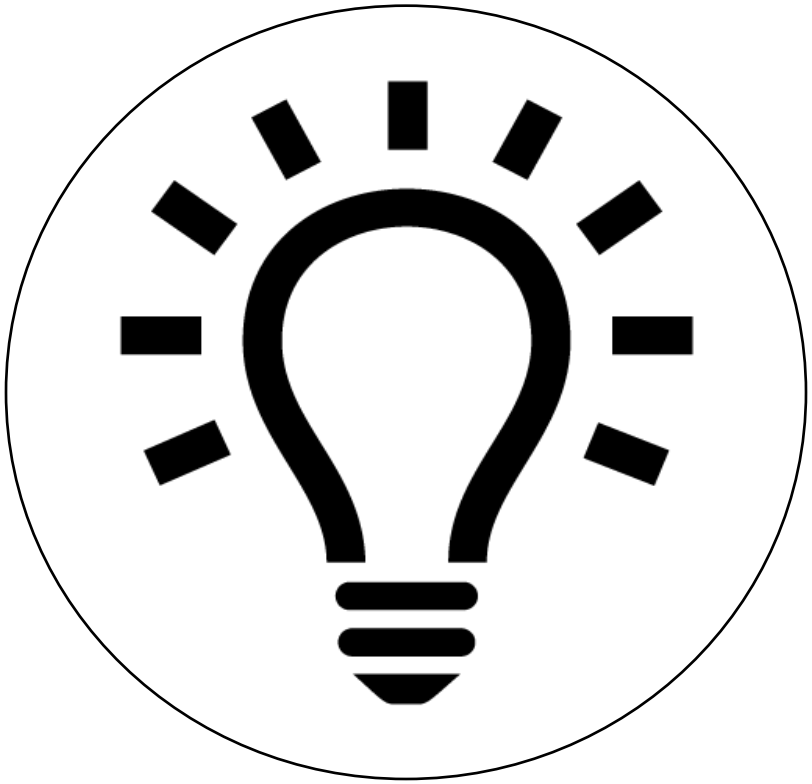


Conversationalist

Tune Into *The Times*


AT&T
9:12 PM
62%
The New York Times
For You
AGAIN!
The Health Guide
5 minutes
Presidential News
3 mins
Trending Tracks
HEALTHCARE IS A HUMAN RIGHT
Healthcare?
Slack is Slacking
Quest for Psychiatric Cure

# Cultivation



# Cultivation: Journalism Through *The Times*

## High Tech Multimedia Education



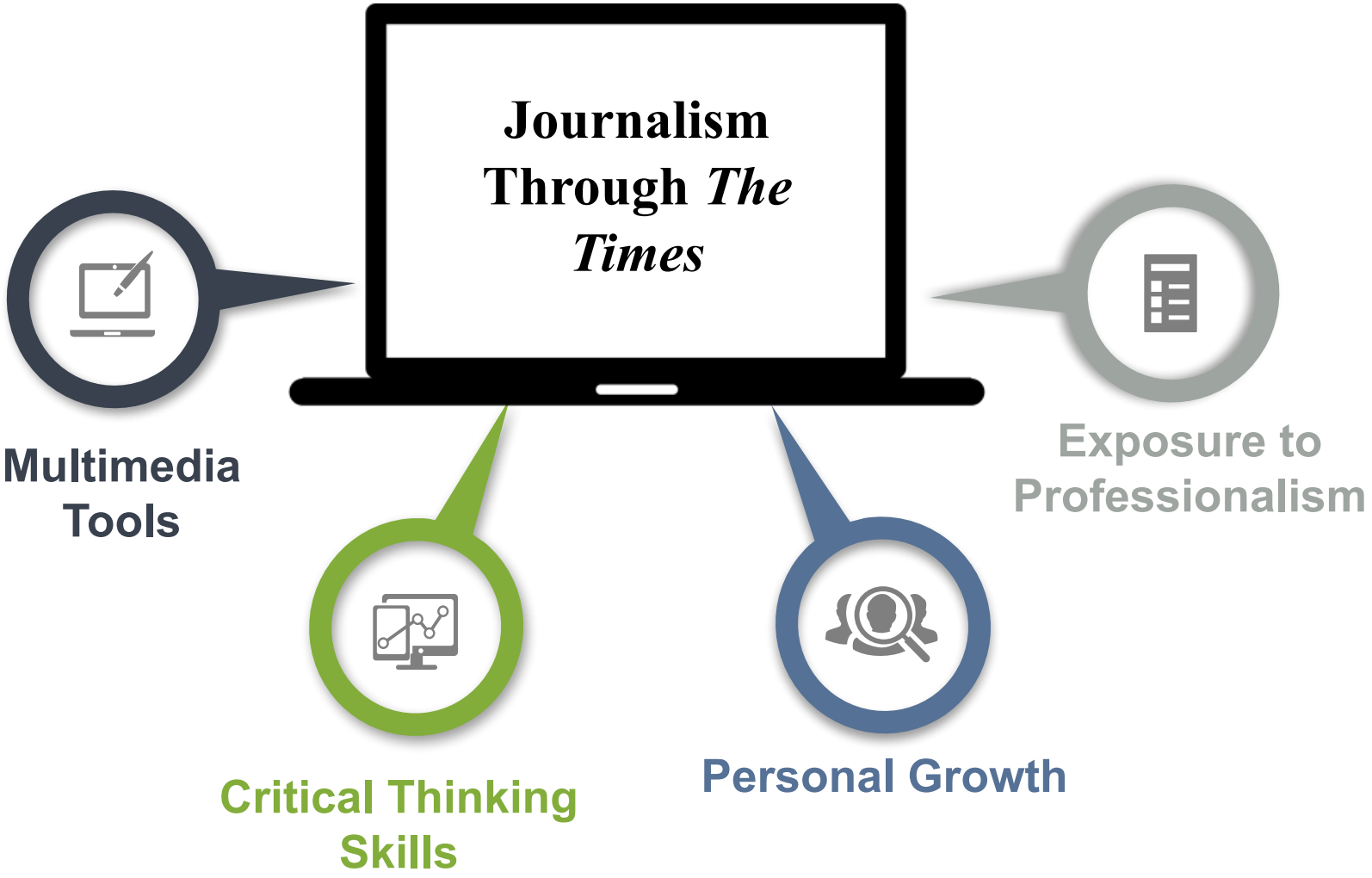
## Molding Middle Schoolers



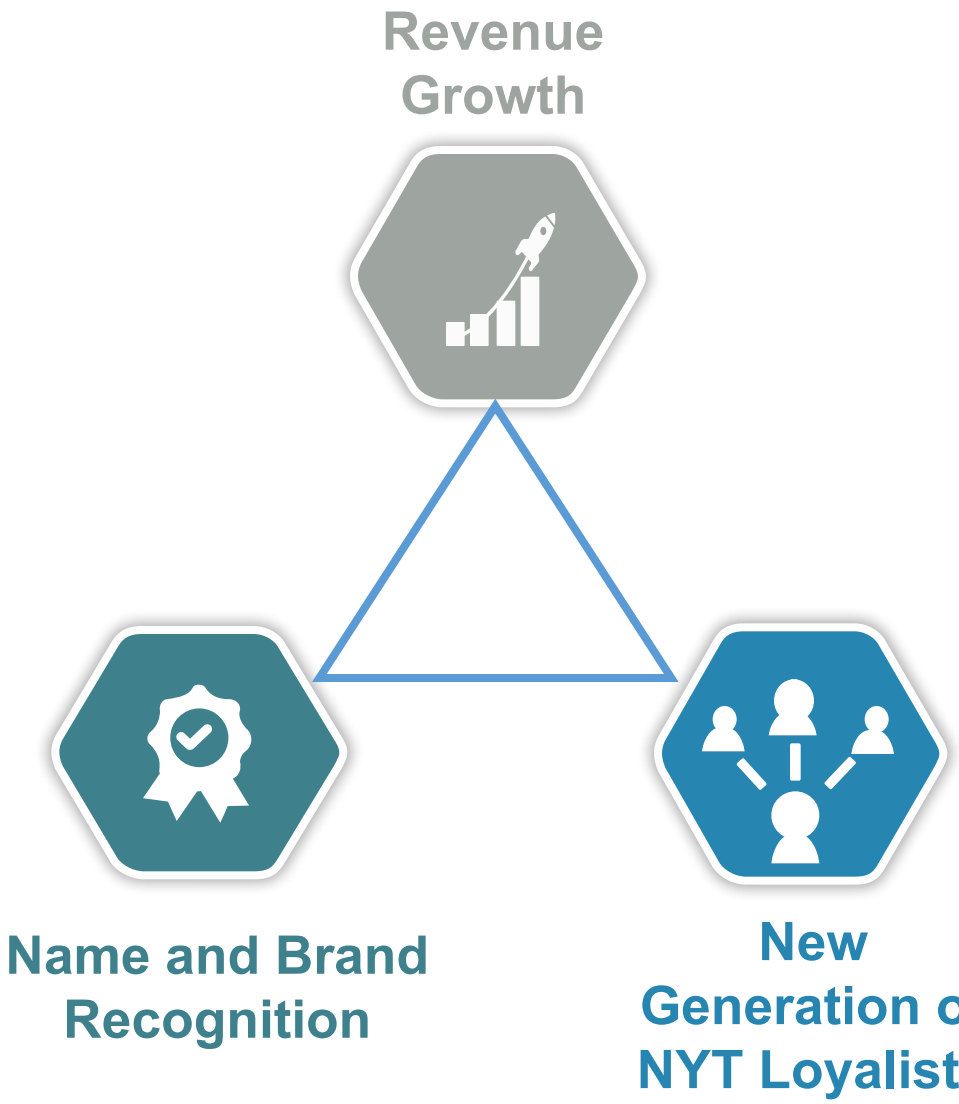



## New York Times Professionals and Resources

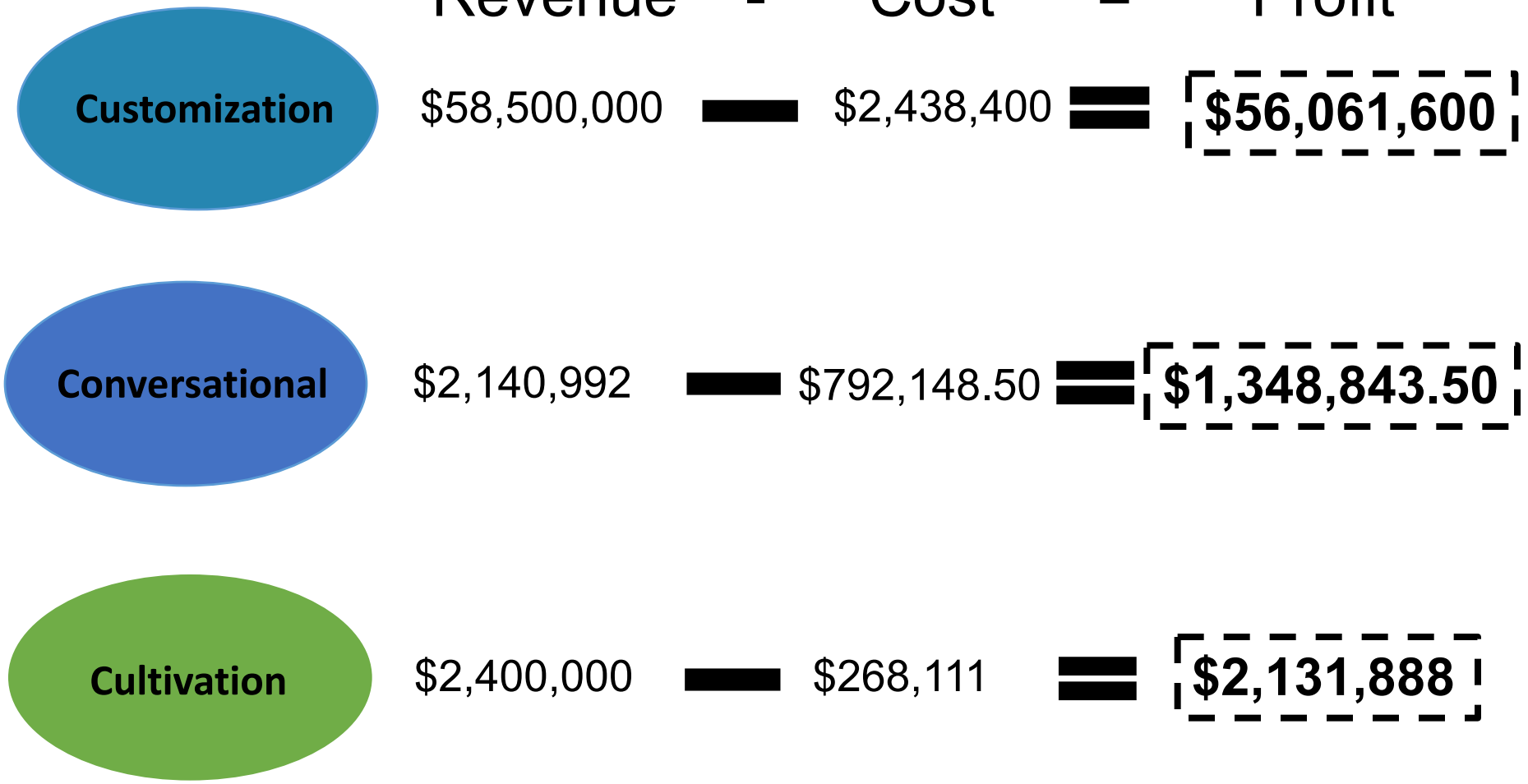
# Cultivation: Benefits for Students



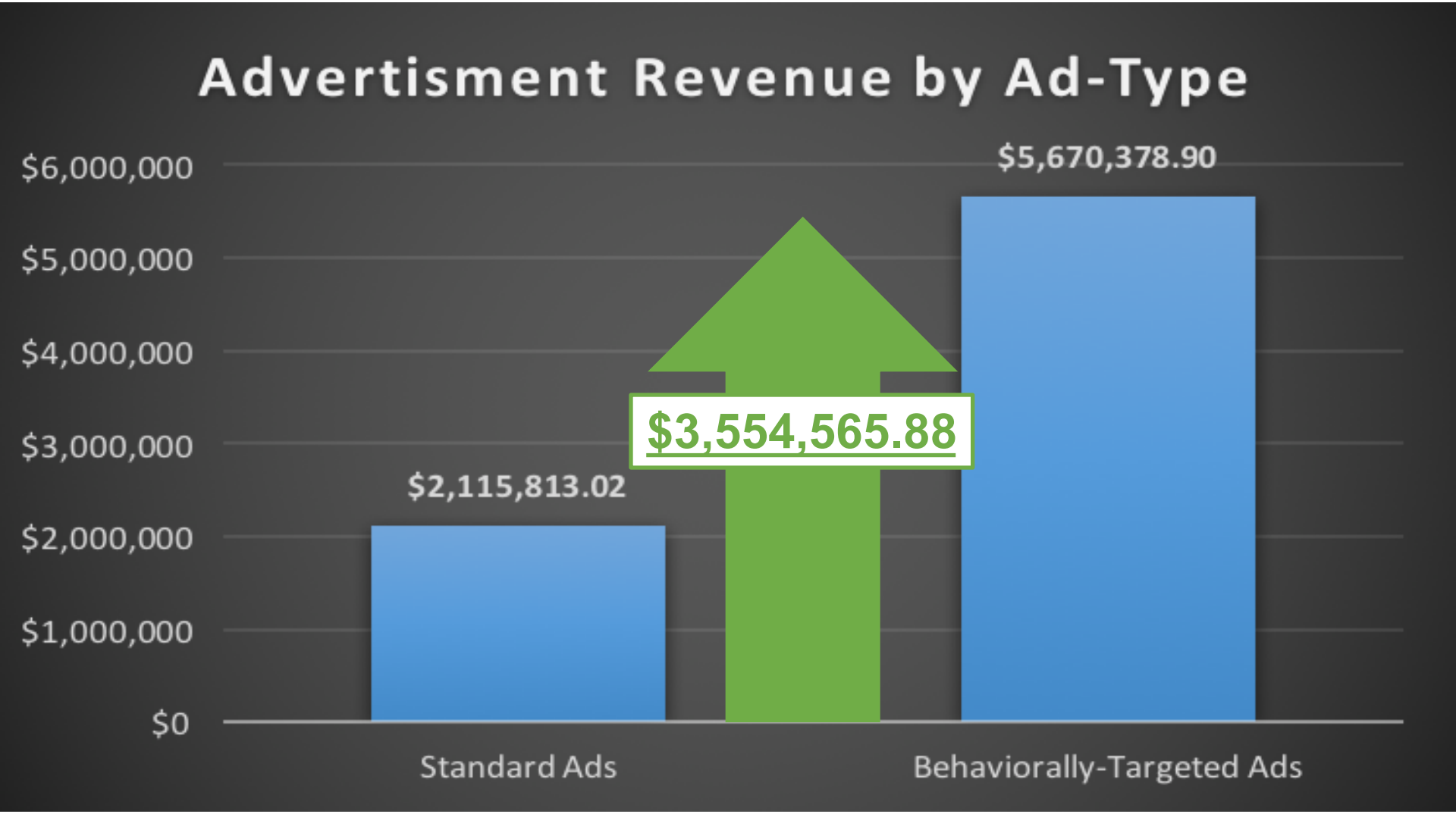
# Cultivation: Benefits for *The Times*



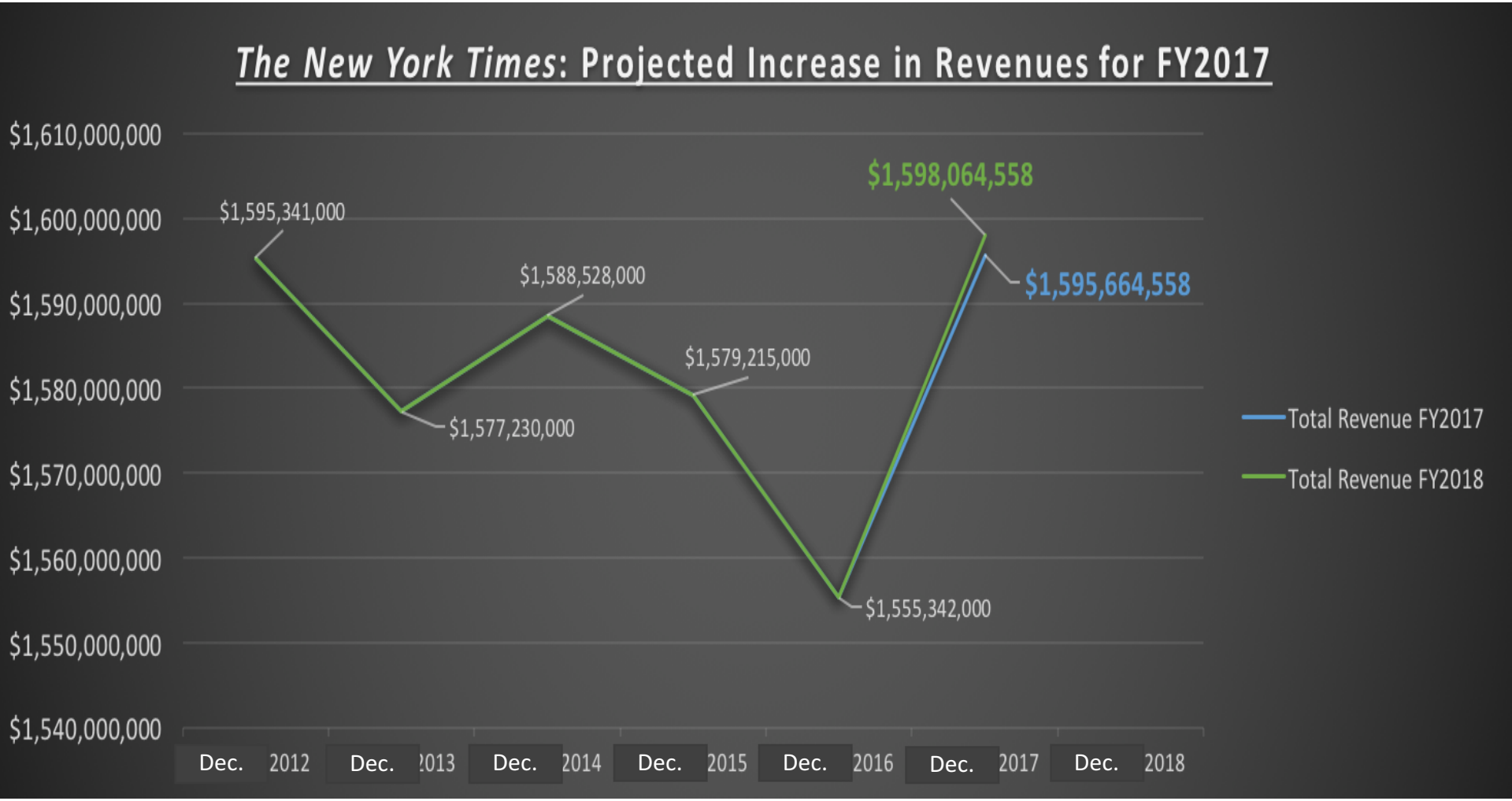
# Projected Profit



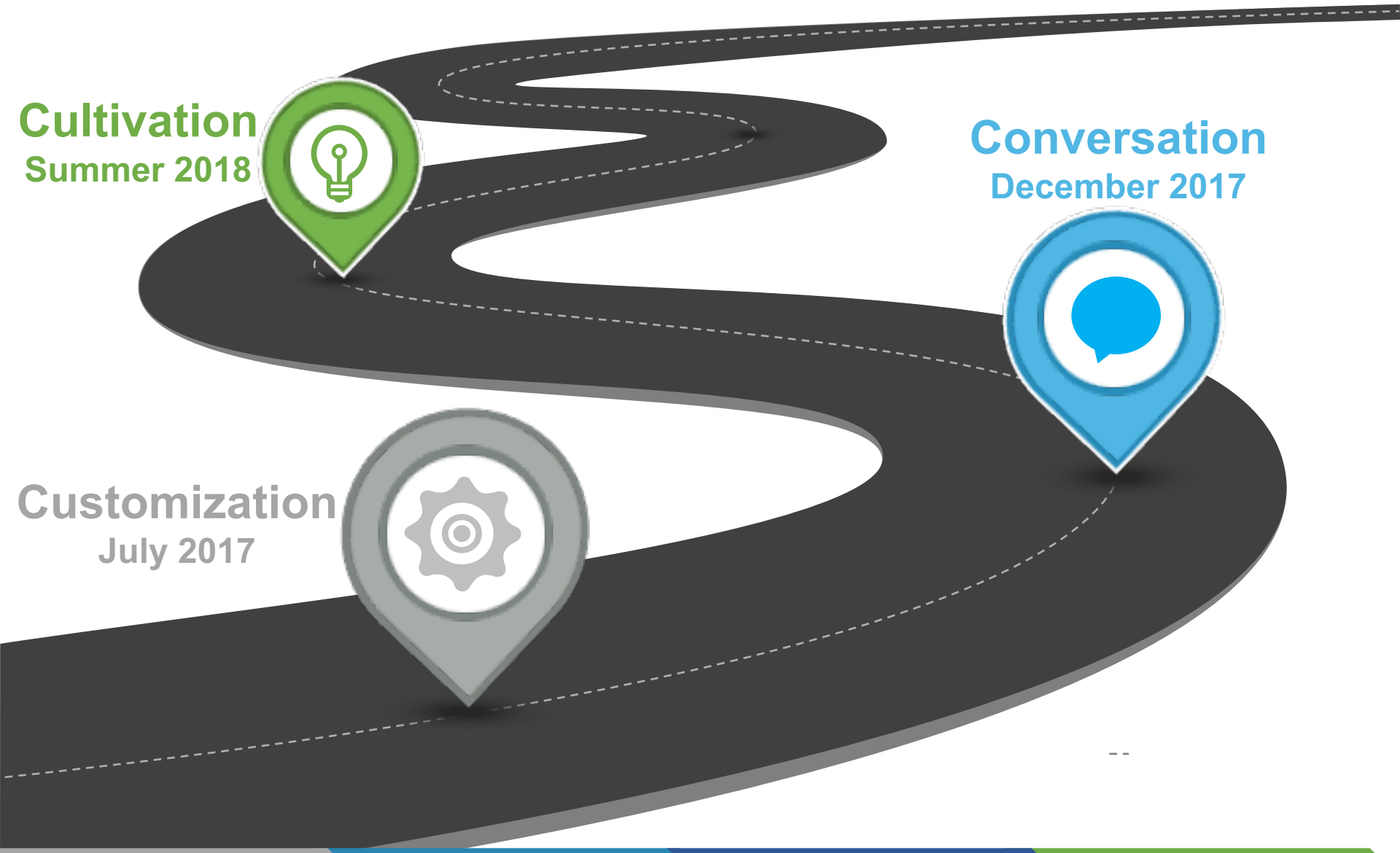
# Annual Increase In Ad Revenue (BTA)



# Projected Increase In Revenues



# Implementation



# Slides


Agenda

Problem

- Mission Statement (NYT)
- Print Industry Decline
- NYT Decline

Recommendations

Overview

Customization

- Why?
- How?

Conversation

- Popularity of Podcasts
- Why?
- How?

Cultivation

- What?
- Benefits (Campers)
- Benefits (NYT)

Projections

- Projected Profits
- Annual Increase in Ad Revenue (BTA)
- Projected Increase in Revenues
- Implementation


# Appendices


Revenue From Increased Subscribers

Customization Costs

Podcast Revenue

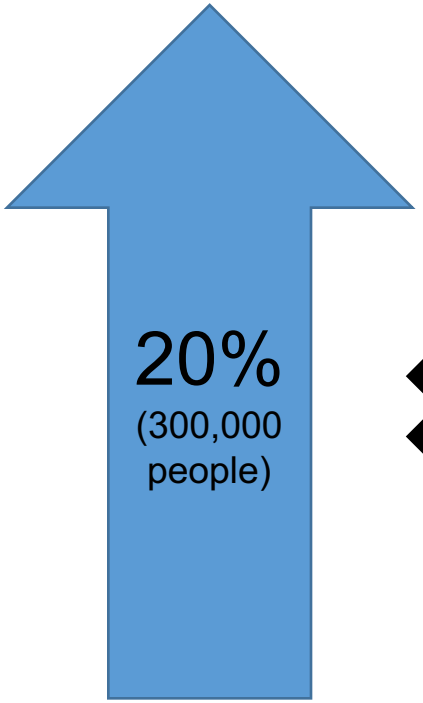
Podcast Costs

Summer Program Revenue

Summer Program Costs

# Revenue From Increased Subscribers

1.8 million subscribers




1.5 million subscribers

✖ 3.75 x 52 $195/year = **$58.5 million**

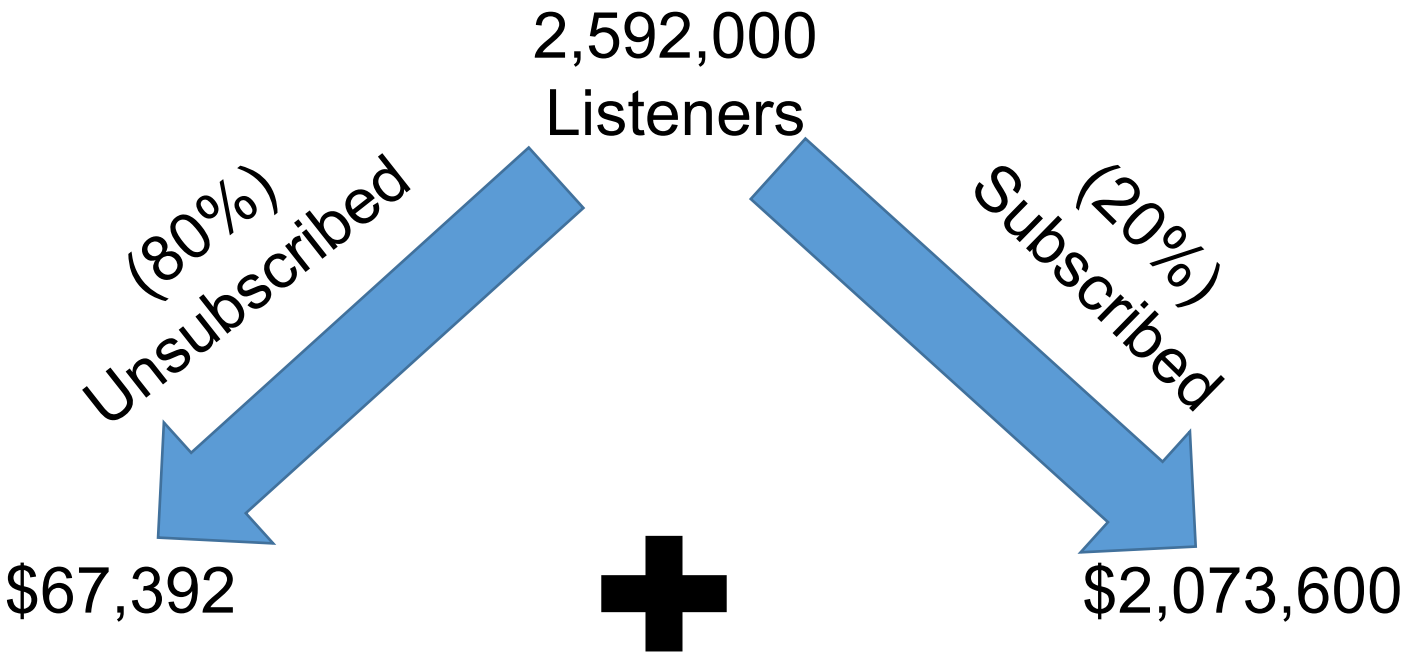
# Customization Costs

20 Algorithm Developers

x $121,920

**$2,438,400**

# Podcast Revenue




**$2,140,992**

# Podcast Costs

15 Podcast Employees

X $52,809.90

---

**$792,148.50**

# Summer Program Revenue



200 students

✖ $3,000 Tuition

✖ 4 sessions

**$2,400,000**

# Summer Program Costs

$105,620/52=$2,031.15

$2,031.15 weekly salary

1.1

2 week sessions

15 staff members

X 4 sessions

**$268,111.80**

# References


http://www.networkadvertising.org/pdfs/Beales_NAI_Study.pdf
http://www.niemanlab.org/2017/02/with-its-new-spotify-bundle-the-new-york-times-is-chasing-a-new-younger-base-of-subscribers/
http://fortune.com/2017/02/02/nyt-earnings/
http://www.journalism.org/2016/05/26/news-use-across-social-media-platforms-2016/
http://www.alexa.com/siteinfo/nytimes.com
http://www.edisonresearch.com/wp-content/uploads/2016/05/The-Podcast-Consumer-2016.pdf
http://www.cjr.org/first_person/the_economics_of_the_podcast_boom.php
http://www.npr.org/about/press/NPR_Fact_Sheet.pdf
https://www.usatoday.com/story/tech/columnist/talkingtech/2013/07/17/whos-listening-to-soundcloud-200-million/2521363/
https://www.glassdoor.com/Salaries/algorithm-developer-salary-SRCH_KO0,19.htm
http://www.pewinternet.org/2016/11/11/social-media-update-2016/pi_2016-11-11_social-media-update_0-01/
http://www.nytco.com/who-we-are/culture/standards-and-ethics/
http://www.journalism.org/files/2015/04/FINAL-STATE-OF-THE-NEWS-MEDIA1.pdf
https://www.nytimes.com/subscriptions/Multiproduct/lp8XKUR.html
https://8tracks.com
https://www.spotify.com/us/
http://www.nytimes.com/marketing/selfservice/help.html
https://www.quantcast.com/nytimes.com

## REFERENCES


1. Beales, Howard (2010, March 3). *The Value of Behavioral Targeting*. Retrieved from http://www.networkadvertising.org/pdfs/Beales_NAI_Study.pdf
2. Bilton, Ricardo (2017, February 8). *With its new Spotify bundle, The New York Times is chasing a new, younger base of subscribers*. Retrieved from http://www.niemanlab.org/2017/02/with-its-new-spotify-bundle-the-new-york-times-is-chasing-a-new-younger-base-of-subscribers/
3. Gottfried, Jeffrey, & Shearer, Elisa (2016, May 26). *News Use Across Social Media Platforms 2016*. Retrieved from http://www.journalism.org/2016/05/26/news-use-across-social-media-platforms-2016/
4. Ingram, Matthew. (2017, February 2). *Donald Trump is Helping, But The New York Times is Still Struggling*. Retrieved from http://fortune.com/2017/02/02/nyt-earnings/
5. "*Nytimes.com* Traffic, Demographics and Competitors." (2017, April). Retrieved from http://www.alexa.com/siteinfo/nytimes.com
6. Webster, Tom (2016, January/February). *The Podcast Consumer 2016*. Retrieved from http://www.edisonresearch.com/wp-content/uploads/2016/05/The-Podcast-Consumer-2016.pdf

## APPENDIX

**Figure Sources**

- Figure 1: Original production by Lindsay Siegel.
- Figure 2: Retrieved from Reference 6.
- Figure 3: Original production by Luke Sammons. Data retrieved from Network Advertising Institute and NYT 10K Report.
- Figure 4: Original production by Katie Sissler.

**Calculation Facts and Procedure for determining 2017 Ad Revenue Projection/Podcast Costs**

- Columbia Journalism Review:
    - A podcast advertisement costs anywhere between $20 and $45 (2015).
    - http://www.cjr.org/first_person/the_economics_of_the_podcast_boom.php
- Network Advertising Institute:
    - "Based on proprietary data provided by twelve major advertising networks, the study found that in 2009, behaviorally-targeted advertising secured an average of 2.68 times as much revenue per ad as non-targeted "run of network" advertising."
- *The New York Times* 10K File:
    - $6 (75% profit on $8 cost per 1000 views) x 2.68 increase in cost = $16.08 per 1000 views of behaviorally targeted ads
    - March of 2017: (29,386,292 people visited NYT) * (12 months) = 352,635,504 people/year
    - (352,635.5) * ($16.08) =$5,670,378.904/year
    - (353,635.5) * ($6) = $2,115,813,.024/year
    - 5,670,378.904 - $2,115,813.024 = **$3,554,565.88/year increase in ad revenue due to behaviorally targeted ads**
    - **https://www.quantcast.com/nytimes.com**
    - **http://www.nytimes.com/marketing/selfservice/help.html**
- NPR Report:
    - Weekly listeners for an NPR Podcast = 37.5 million
    - Daily listeners for an NPR Podcast = 37.5 million / 7 days = 5.36 million listeners
    - http://www.npr.org/about/press/NPR_Fact_Sheet.pdf
- Soundcloud Report:
    - Only 40 million listeners (of 200 million) are subscribed to Soundcloud
        - This is only 20% of users
    - If podcasts charge a minimum of $20 per advertisement, then NYT must ensure that no revenue is lost when listeners become subscribers
        - How much shall NYT charge for a subscription to podcasts?

- Since 80% of listeners to a website like Soundcloud are not even subscribed and assuming that NYT podcast would operate in a similar domain, we can project that we don't need to worry about those 80% of listeners subscribing.
    - Thus, their money stays in advertising revenues for podcasts.
    - Since only 20% are subscribed, then NYT only has to charge 20% of what they would charge for a podcast ad: .20 * $20 = **$4**
        - To ensure a consistent cash flow, this $4 will be a **monthly** charge/subscription.
- https://www.usatoday.com/story/tech/columnist/talkingtech/2013/07/17/whos-listening-to-soundcloud-200-million/2521363/

**Calculation Facts and Procedure for determining 2017 Podcast Revenue Projection**

- We have projected a 300,000 population increase in digital subscriptions for 2017, bringing total digital subscriptions to 1.8 million.
- According to PEW Research, an average of 21% of Americans age 12+ listen to podcasts on a daily basis.
- Taking a low ball estimate that 12% of of 1.8 million digital subscribers gives *The Times* an average of 216,000 podcast listeners per month
- This 216,000 podcast listeners will further be divided into two categories of listeners:
    - Digital subscribers who listen to podcasts for free with advertisements (80%)
        - 2,073,600 listeners
        - Podcast advertisements cost $20 - $45 per thousand listeners
        - Annual Podcast Revenue for non-subscribers = (2,073,600) * ($20) up to (2,073,600) * ($45) = Range from $41,472 - $93,312 Projected Average Podcast Revenue 2017 (without subscription) = [($41,472+93,312)/2] = $67,392
    - Digital subscribers who listen to podcasts with subscription and no advertisements (20%)
        - 518,400 listeners
        - From calculation above, the Times will charge $4 per month for podcast subscriptions
        - Projected Average Podcast Revenue 2017 (with subscription) = (518,400) * ($4) = $2,073,600 (per year)
- **Projected Annual Podcast Revenue for 2017 = $67,392 + $2,073,600 = $2,140,992**

**Calculation Facts and Procedure for determining 2018 Summer Program Revenue Projection**

- Charge of $3,000 for 2-week program, inclusive of food and housing.
- There will be 4, 2-week sessions in the summer of 2018.
- *The Times* will provide 15 journalists as program directors.
- The ratio of directors to students will be 1 to 6, respectively.
- Thus, *The Times* can take a total of 200 students to meet this ratio quota.
- For one, 2-week session, projected total revenue = ($3,000) * (200) = $600,000
- **Projected Summer Program Revenue 2018 = ($600,000) * 4 = $2,400,000**