

# **Proof of Concept:**

**Do readers like**

**'pay-as-you-read'?**

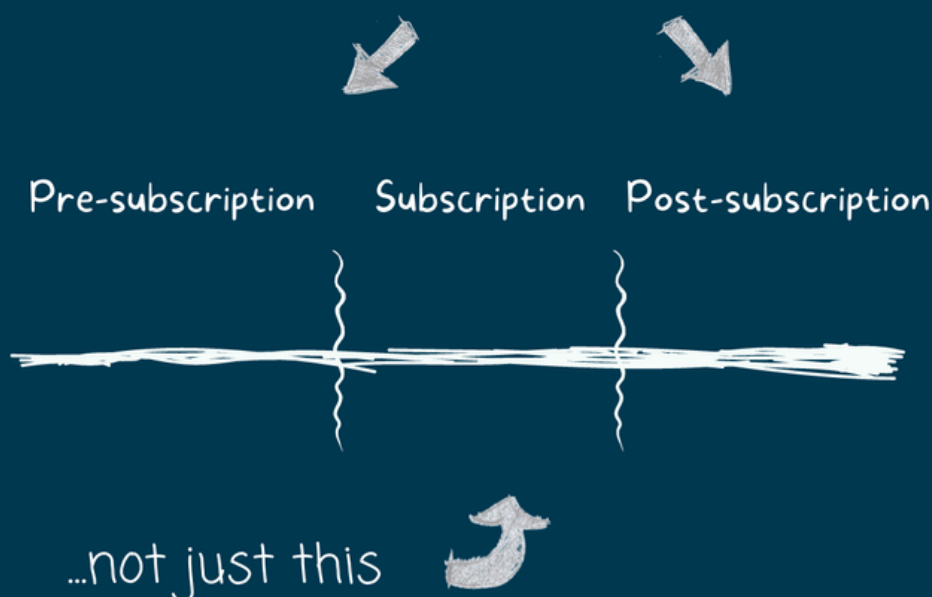
# Introduction

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## 1. Publishers are rightly focusing more on monetizing readers and relying less on advertising

- To-date there has only been one tool to do this - subscriptions - which only monetizes a small proportion of overall readership
- Now publishers can also monetize casual readers and recently churned subscribers to capture 100% of your audience by bolting on a 'pay-as-you-read' model using streaming payments

Time to monetize this & this...



## 2. This Executive Briefing note

- Details the Proof of Concept for the pay-as-you-read model and streaming payments
- Provides background on the test, including design and key takeaways
- Sets out the highlights from reader and publisher data
- Includes results from a survey of test readers
- Offers insights into the future trajectory of the market
- Sets potential next steps

# Background

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## 1. Streaming payments open up a new revenue model for digital news and magazine publishers

- a. Readers can 'pay-as-you-read' for content instead of 'pay-per-article'
- b. How? Readers open articles for free and pay only for the value they consume as they scroll
- c. This alternative payment solution aligns strongly with the needs and preferences of top-of-funnel casual and flyby readers
- d. It also generates granular monetization data on the identity of top-of-funnel readers and the value of content - not otherwise available - and creates a pipeline to conversion
- e. See our whitepaper 'Enter: Streaming Payments' for more details. Download it for free at [www.streempay.com](http://www.streempay.com)

## 2. As a new technology, streaming payments raise important questions for publishers around viability and effectiveness - the main one being does it work?

- a. Do readers experience any friction using streaming payments?
- b. Are there positive or negative sentiments from the experience?
- c. Do readers return to read and how frequently?
- d. Are streaming payments a viable source of revenue?

**We conducted a 7-month closed beta as a Proof of Concept to test assumptions and answer these questions.**

# Test design

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## 1. The closed beta was designed to work within the following parameters

- a. Readers would access the StroomPay pay-as-you-read experience on **desktop/laptop only** (not mobile) via a Chrome browser extension
- b. They initially had access to 6 well-known **Tier 1 US/UK titles**, later expanded to **24 titles** based on demand from readers
- c. They would submit credit card details and be charged for content at the end of each month to test willingness to pay (revenue would be held for publishers until after the beta test is complete)
- d. Test readers would be identified via Twitter based on expressed frustrations with paywalls and invited to join the closed beta. This allowed us to ensure we onboarded the right cohorts of limited testers who had a problem that needed solving

## 2. Over the course of 7 months the limited beta test saw:

- a. 82 people download the Chrome extension
- b. 75 people create a StroomPay account
- c. 66 people use StroomPay at least once
- d. 30 people use StroomPay at least once every 1-2 months
- e. 12 users respond to an extended survey on their experience

## 3. There were limitations to the test, suggesting the results have set a floor on which publishers could improve

- a. The test was available only on laptop, while many readers consume content on mobile (and almost all readers requested mobile access)
- b. Test readers were targeted via Twitter, while publishers will more accurately target readers that have high intent to consume content
- c. Articles were priced based on a basic formula, while publishers would be able to optimize pricing strategies over time

Let's now take a look at the key takeaways from the results.

# Key takeaways

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## 1. Readers expressed positive behaviors and sentiments, indicating a potentially sizable customer segment willing to use pay-as-you-read

- a. Readers regularly accessed and paid for content seamlessly, without the friction commonly found with micropayments
- b. Readers had positive feedback regarding the simple ease of access to content without any feelings of financial stress or anxiety
- c. Most readers regularly returned to consume articles, with an average **52% cohort retention rate** (benchmark: 40% is good, 70% is great)
- d. Readers on average **spent \$4.26 per month reading 9 articles each from 4 different titles**, with max spend by one reader reaching \$43

## 2. Publisher titles consistently generated revenue from readers without any additional marketing spend

- a. On average, **each title generated \$1 per reader per month** - this rose to \$2.50 for the top performing quartile
- b. Each title saw **readers consume on average 3 articles per month**, typically scrolling for 53% of the page - rising to 72% for the top quartile
- c. Titles on average attracted 15% of the active readership each month, while the top performing quartile attracted 30%
- d. These test **results are under-optimized** for 3 main reasons:
  - i. There was no mobile access available which readers prefer
  - ii. There was no proactive marketing to readers to consume content
  - iii. Article pricing was not optimized based on type, length, popularity, age, or the reader's propensity to pay
- e. An average per reader revenue of **\$1 represents a solid floor** on which publishers could build and maximize their casual readership potential

**Let's now take a look at the reader and publisher data from the beta test.**

## Data: Beta readers

### 1. Top-line metrics for readers from the 7-month beta test

66

unique readers in the test

9

articles read on average per reader per month

\$1,072

total charged to readers during the test

30

active readers on average per month

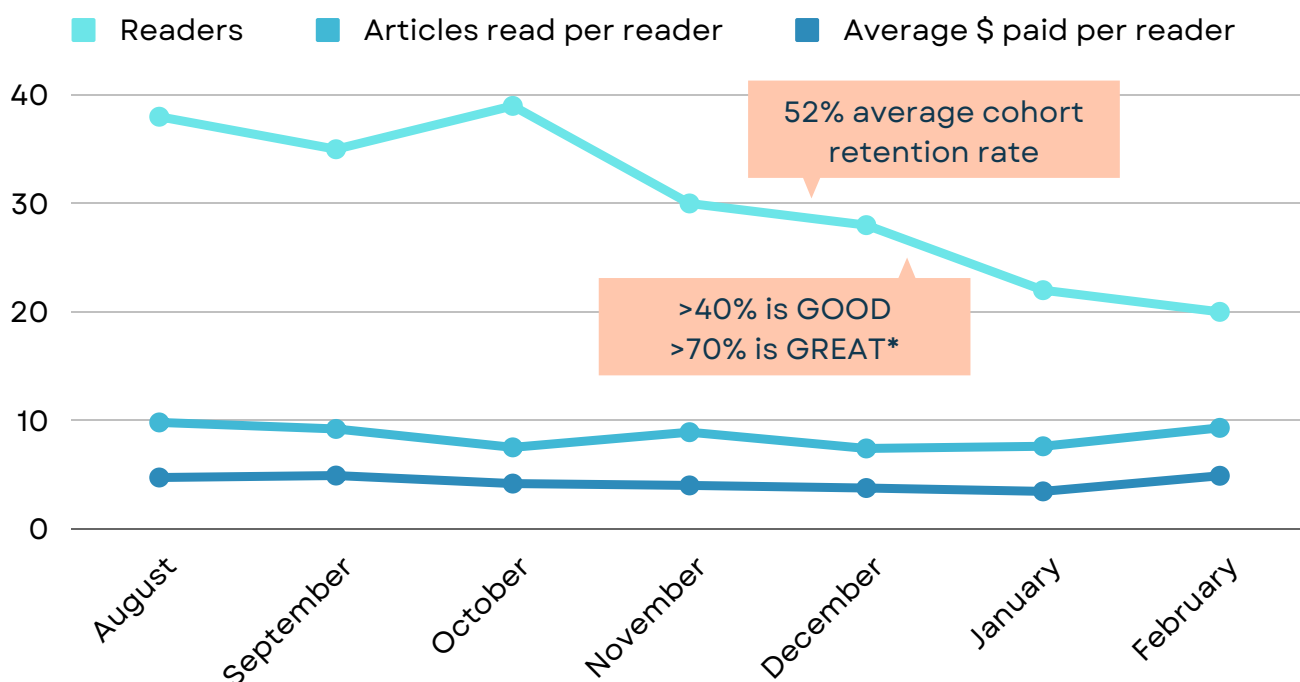
4

titles read on average per reader per month

\$4.26

amount paid on average per reader per month

### 2. Over time, average article consumption and average monthly payment per reader remained steady



\*Source: [Lenny's Newsletter](#), 9 June 2020

## Data: Publishers

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### 1. Top-line average metrics for all 24 titles

4.5

readers per  
title per  
month



15%

of average  
active readers  
per month

\$5.68

average  
revenue per  
title per month



\$1

revenue per  
reader per title  
per month

12

unique articles  
read per title



53%

average  
scroll rate  
per article

### 2. What does the monthly average of the top performing quartile look like for each metric?

9

readers per  
title per  
month



30%

of average  
active readers  
per month

\$18.15

revenue per  
title per month



\$2.50

revenue per  
reader per title  
per month

30

unique  
articles read  
per title

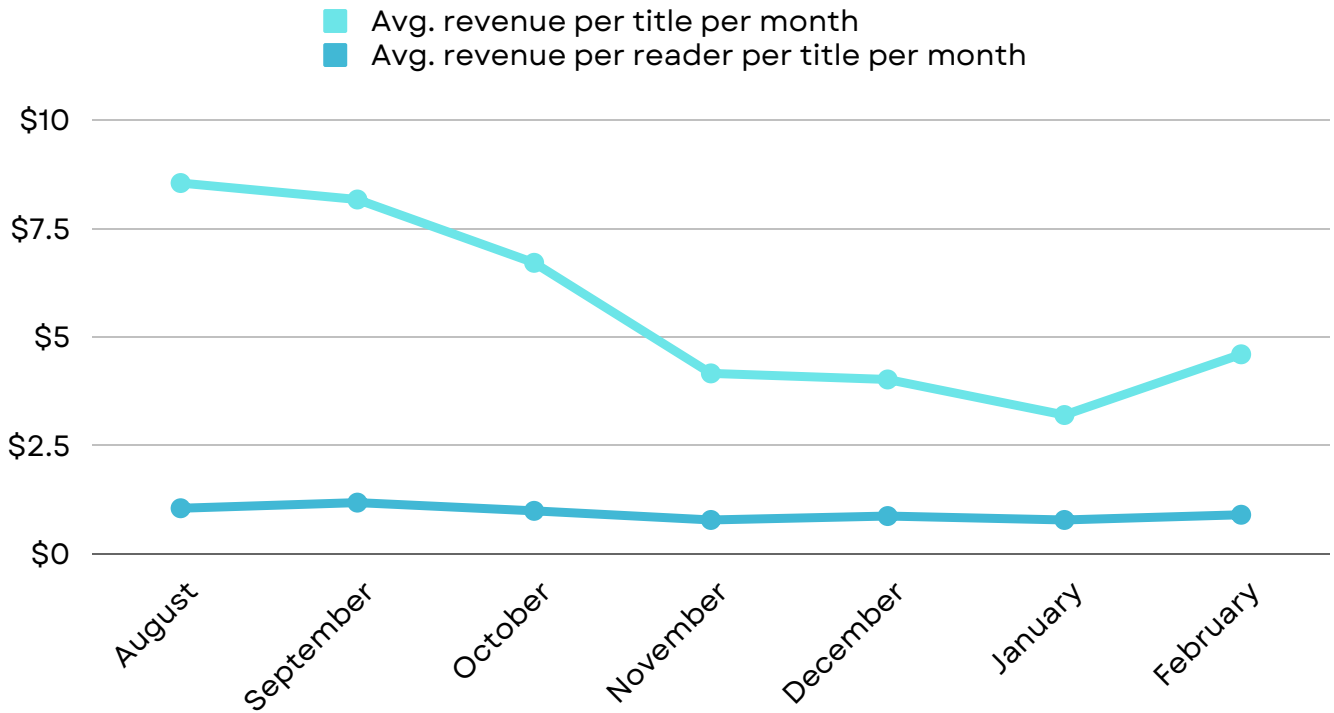


72%

scroll rate  
per article

Data: Publishers

### 3. Over time, average revenue per reader per title remained steady at around \$1 for all 24 titles



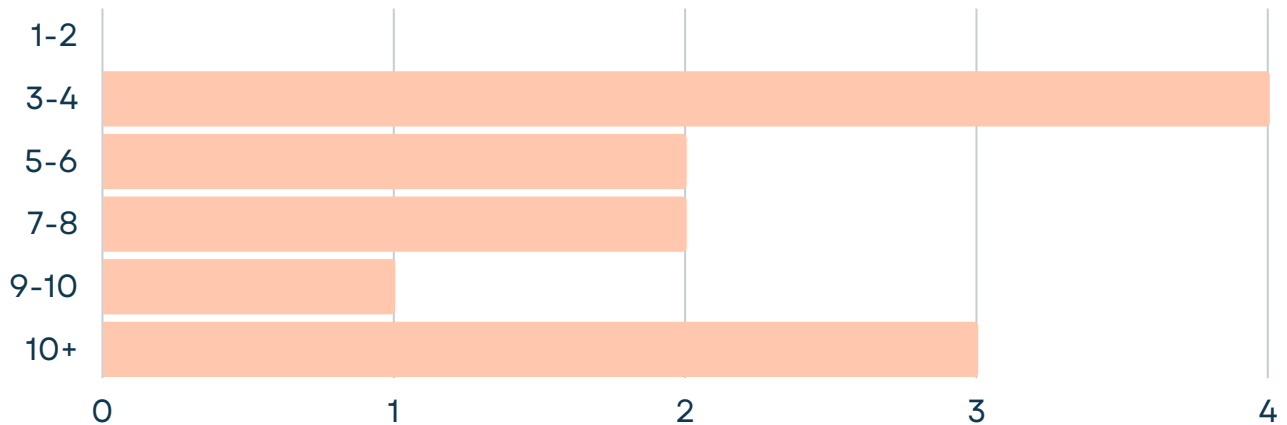
Let's now take a look at the survey data both before and after readers started using StroomPay.



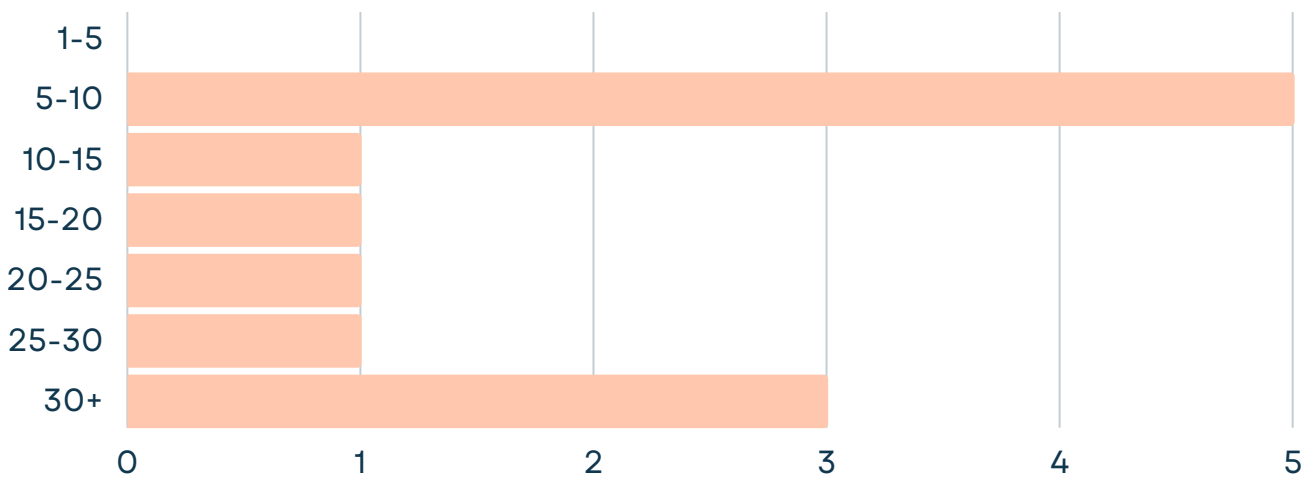
# Survey data: Before using StroomPay

\*The survey received responses from 40% of regular beta readers.

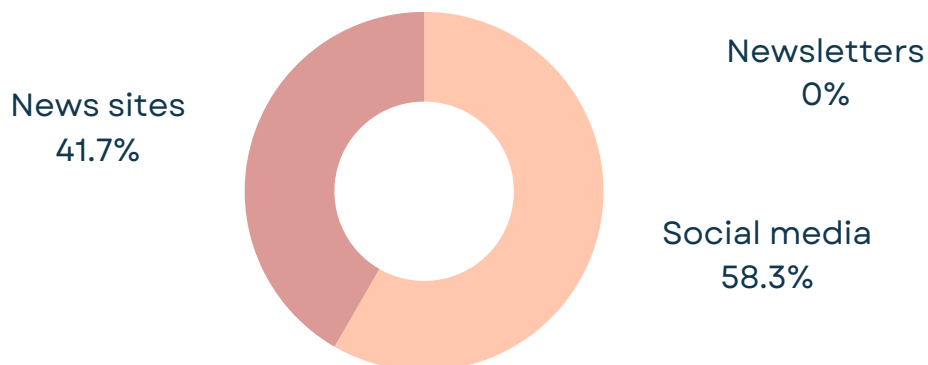
## 1. How many different online news and magazine sites a week do you visit?



## 2. How many news and magazine articles do you read a week?



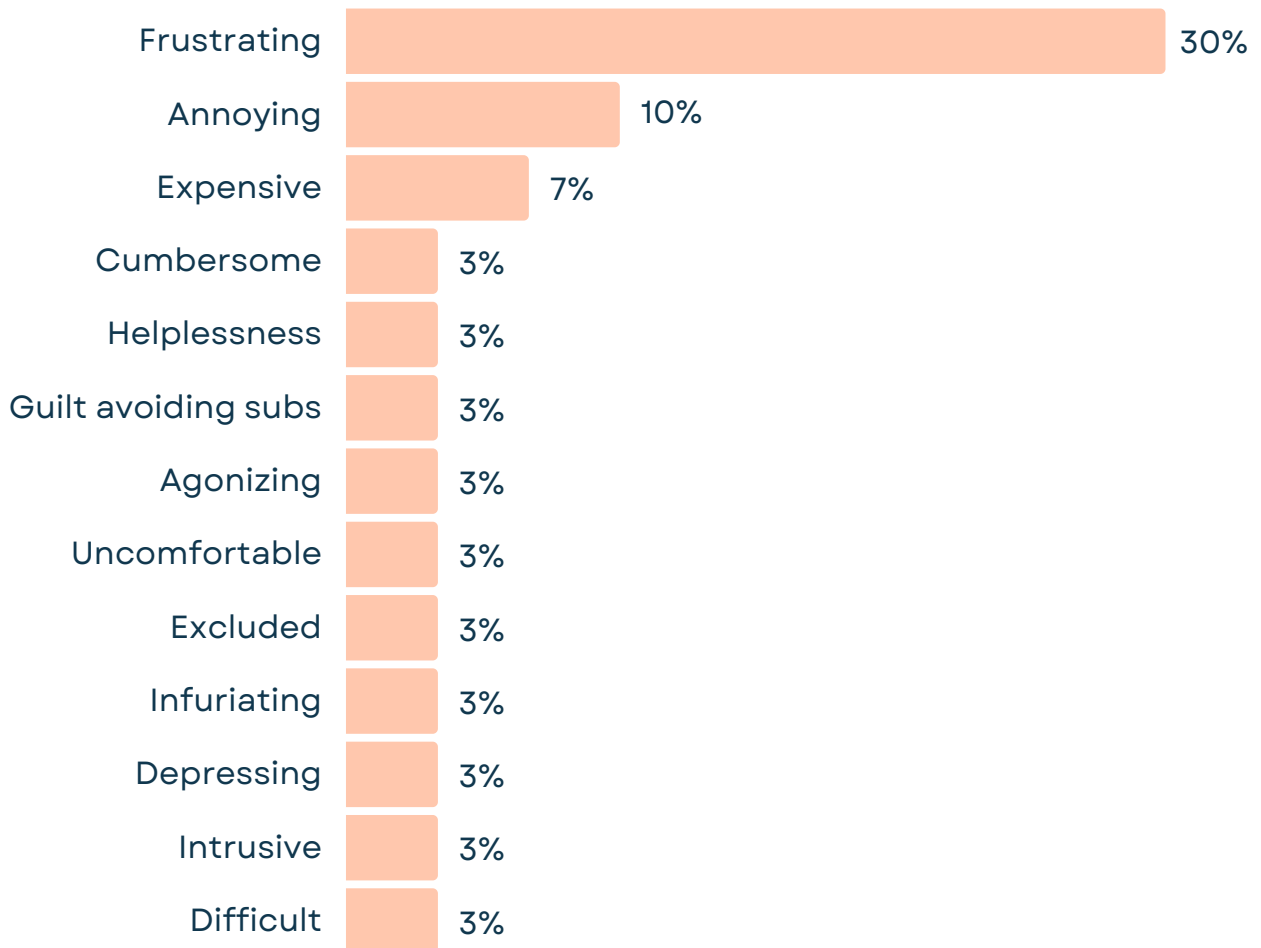
## 3. Where do you mostly find the articles that you read?



Survey data: Before using StroomPay

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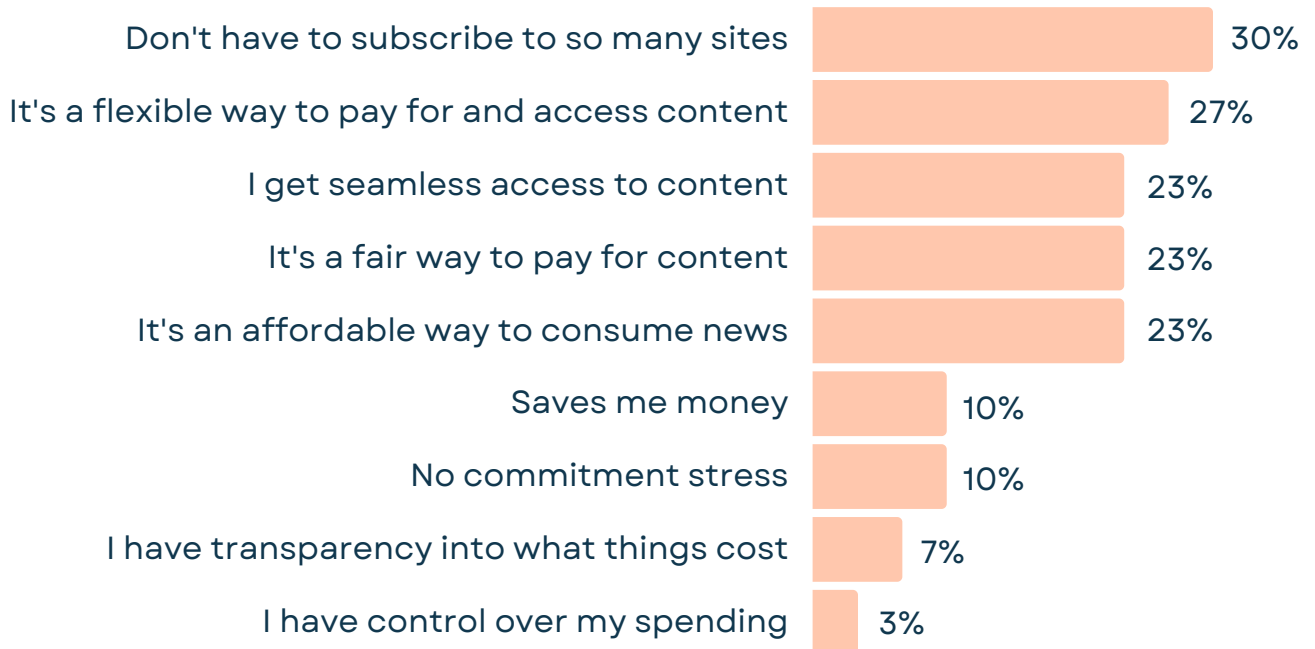
#### 4. How would you describe your experience paying for online news and magazines before StroomPay? (free form answer)



# Survey data: After using StroomPay

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## 1. Check the top things you liked most about StroomPay



## 2. In your own words, what else did you like about StroomPay?

- a. Users suggested the following descriptions:
  - i. Saves on password admin
  - ii. Really convenient
  - iii. Allows for more breadth of reading
  - iv. Not forced into subscribing
  - v. Contributes to news industry

### 3. If any, what didn't you like about StroomPay?



### 4. What features would you want to see next?

a. Users suggested the following features:

- i. Access to local news (10%)
- ii. Access via mobile (7%)
- iii. More variety of titles (7%)
- iv. Access via an app (3%)

### 5. Out of 10, would you recommend StroomPay to your friends or family? (1 = absolutely not, 10 = absolutely yes)

a. Average = 9.25

a. Median = 10

} Net Promoter Score >9 is excellent

### 6. Out of 10, how disappointed would you be if you no longer had access to StroomPay? (1 = not at all, 10 = extremely)

a. Average = 7.25

a. Median = 8

# Closing thoughts

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## 1. **This proof-of-concept demonstrated there is a potentially sizable customer segment willing to pay-as-you-read**

- a. Top-of-funnel casual readers and recently churned subscribers represent significant sources of revenue potential for publishers
- b. Micropayments have not proven to be viable solutions because the reader experience is so negative due to high friction
  - i. Checkout flows are the highest point of friction on any site and micropayments require readers to go through one for every article
  - ii. Other friction points include pre-paying into e-wallets and not knowing whether the article is worth the price (i.e. clickbait stress)
- c. Streaming payments are now a proven viable solution, offering a positive reading experience, seamless access to articles, and near-zero friction
  - i. **Insight:** One reason readers respond so positively is the alignment of 'jobs to be done'. With micropayments, the publisher's JTBD is to have the reader click 'buy', whereas the reader's JTBD is to read. With streaming payments, the publisher's JTBD is to have readers scroll, which is also the JTBD of the reader
- d. For the reader, this way of consuming and paying for content is fair, flexible, and affordable - just how they always wanted it to be

## 2. **The subscription economy isn't going anywhere, but it also isn't enough - customers need more than one way to pay**

- a. Even the most successful publishers with 7-digit digital subscriber bases leave 80-90% of their overall readership un-monetized
- b. On average, readers max out at 2-3 subscriptions, yet are willing to pay for content across dozens of titles, if they had another way to pay
- c. There is significant customer demand for a non-subscription solution, which until now has not been viable
- c. Pay-as-you-read, enabled by streaming payments, is a model that works for both readers and publishers, creating enormous potential for new sources of revenue and data from casual readers

## Next steps

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### 1. The pay-as-you-read model is a low-risk, bolt-on, tactical solution that can be rolled out and tested incrementally

- a. Unlike paywalls for subscriptions, which involve a significant amount of time, investment, and risk to implement, streaming payments are designed to be low burden to test
- b. Installation and integration require minimal technical skills, and test cohorts can start as small as 1 reader and scale as large as needed

### 2. Preview what streaming payments could do for your business before making any commitment

- a. Use a streaming payments **revenue calculator** to explore different scenarios and the potential uplift to your bottom line - find ours at [streempay.com/calculator](https://streempay.com/calculator)
- b. **Simulate** what a pay-as-you-read model would look like on your site - no coding needed - through a Chrome browser extension; learn more at [streempay.com/simulator](https://streempay.com/simulator)

### Request a demo and explore how **StreemPay** could support your revenue and audience goals

#### Learn more:

**Contact:** Chris Forster, Co-Founder & CEO, StreemPay

**Email:** [chris@streempay.com](mailto:chris@streempay.com)

## ■ StremPay

Level up your conversion, retention, and revenue performance by unlocking the power of your casual readers