# Navigating to the Future News Business Model

ADMA

June
2025

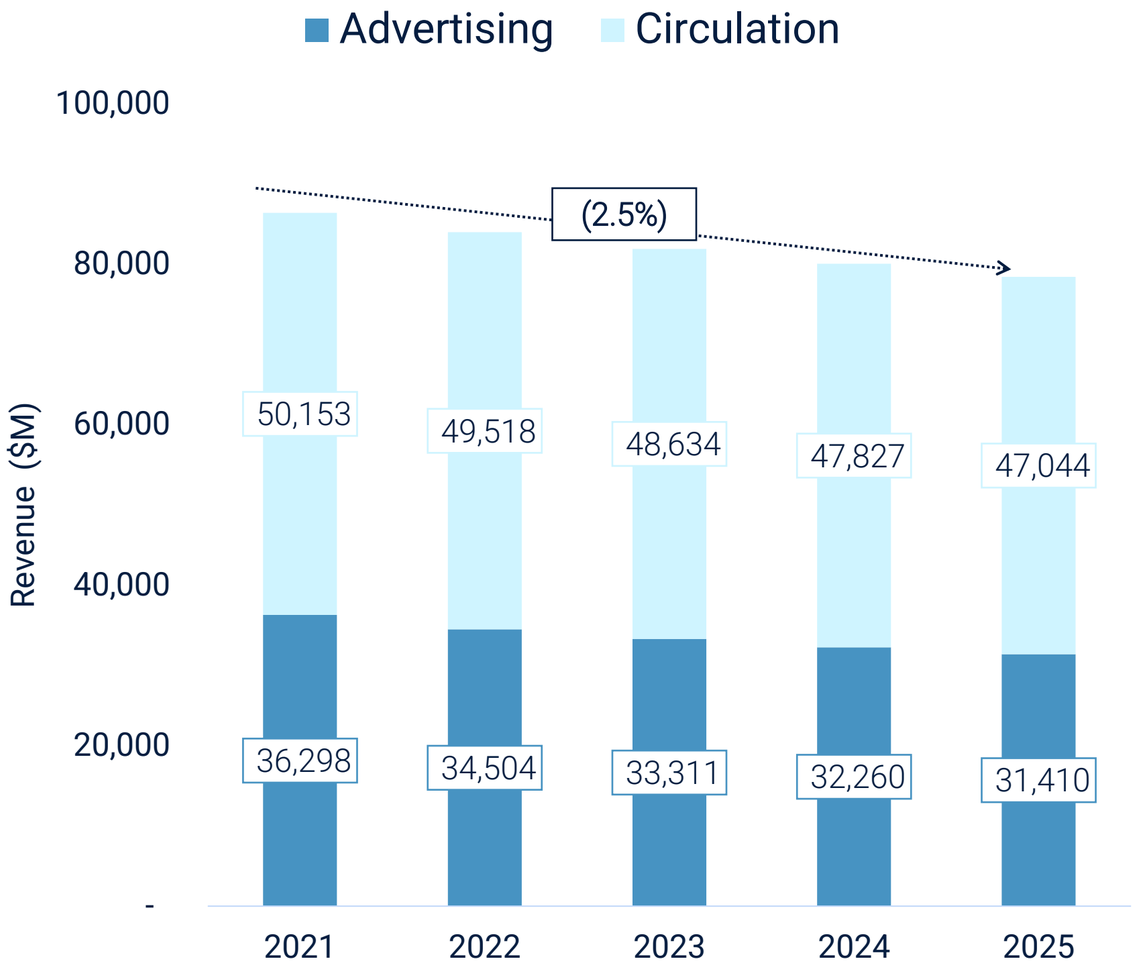
**Matt Lindsay**
President & CEO

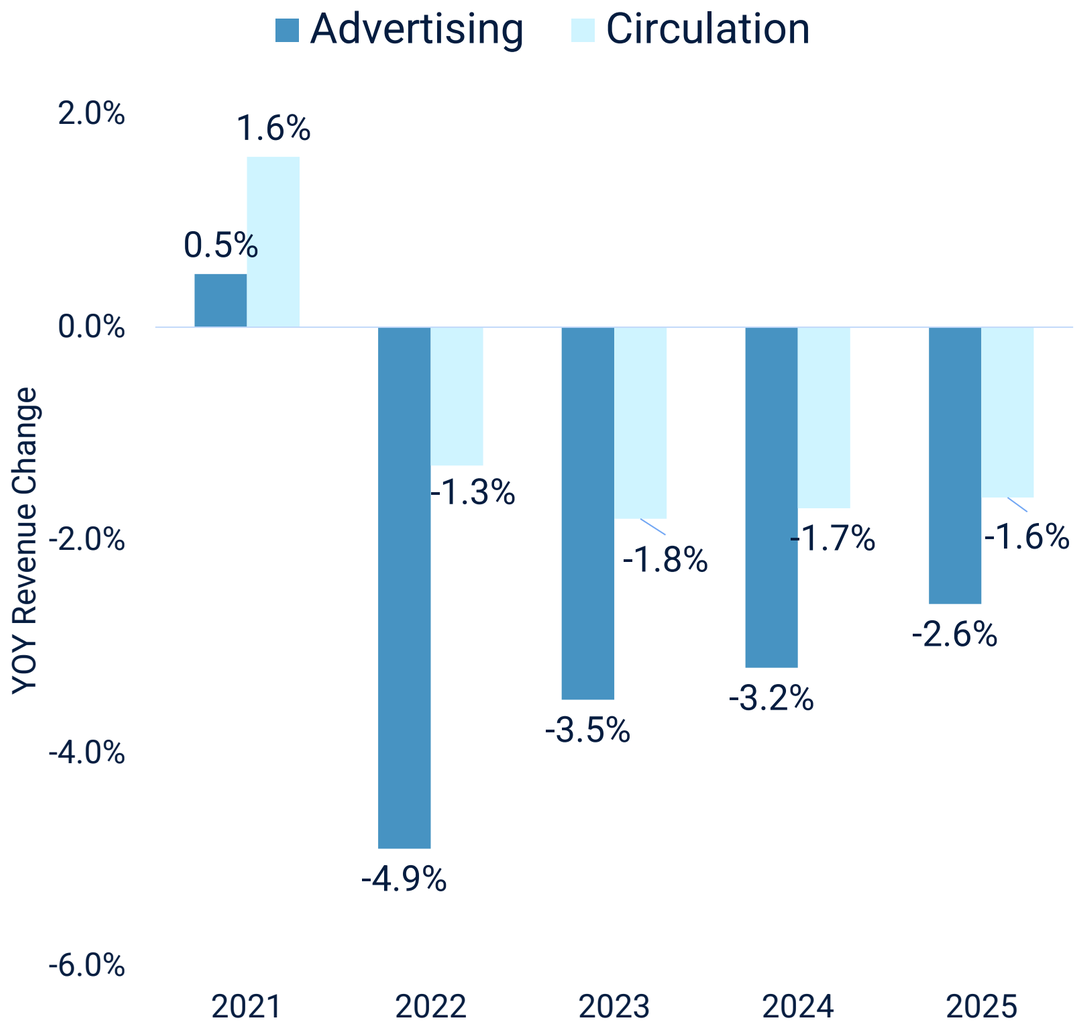
mather:

# Business Model Transformation

We will examine several business model scenarios and transformation drivers for a hypothetical publisher from 2025 to 2030.

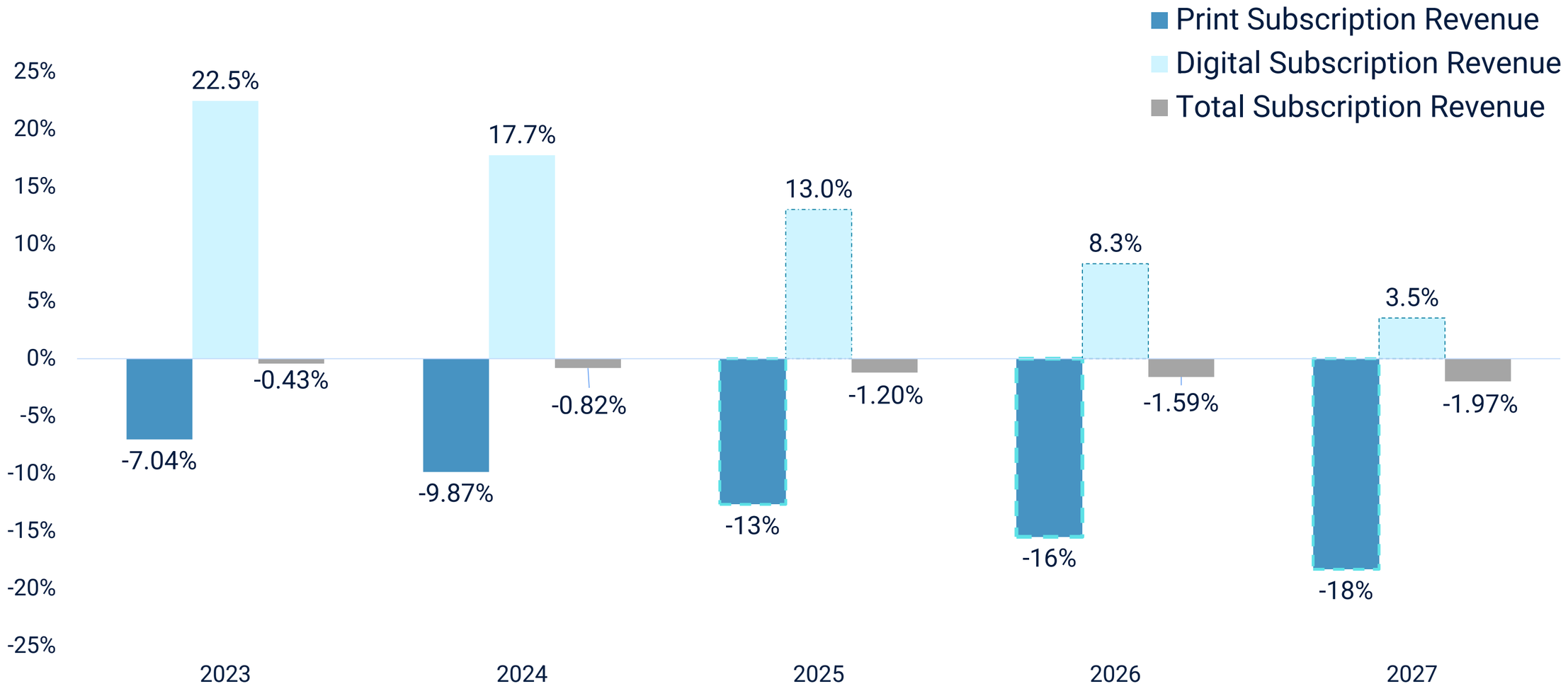
# News Media Industry Total Revenue (2.5%) CAGR



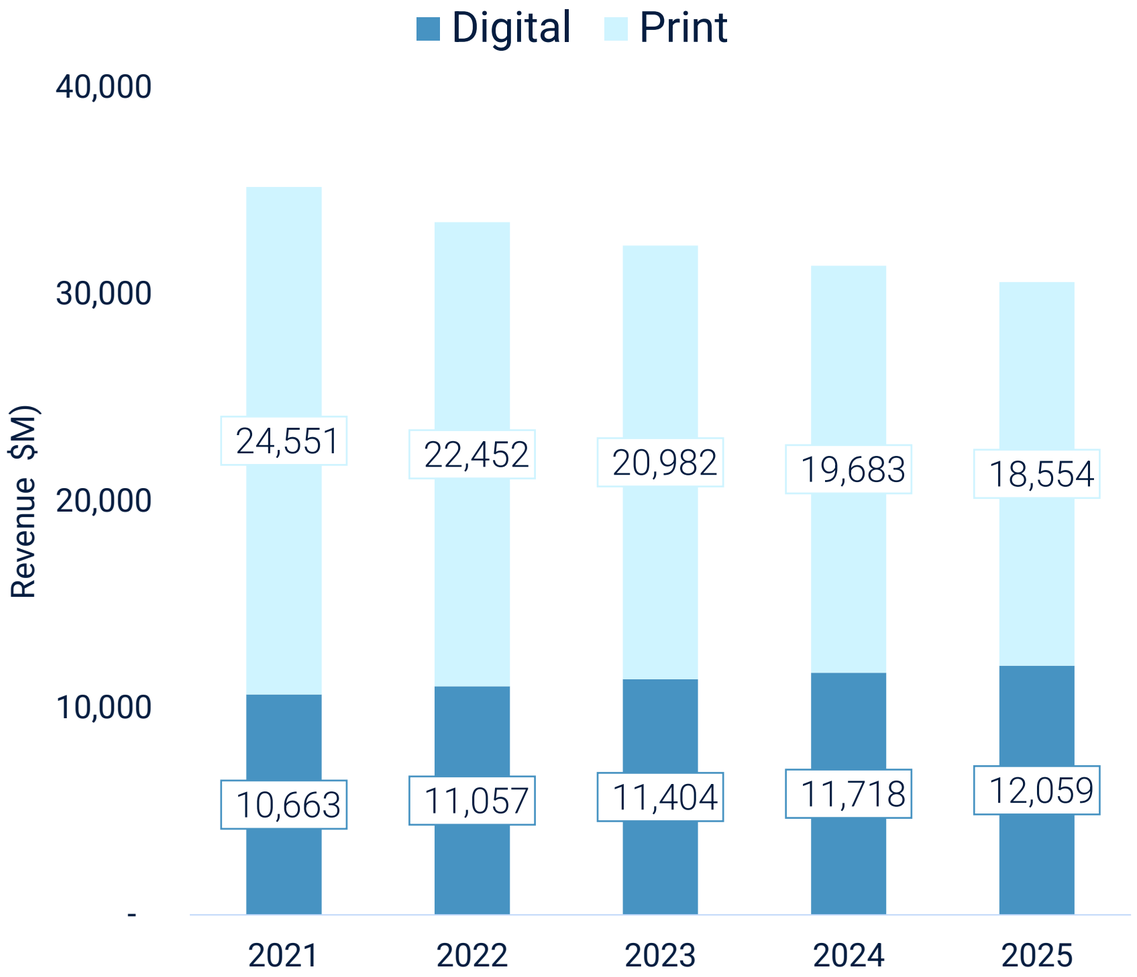

*Source: PwC Global Entertainment and Media Outlook 2024*

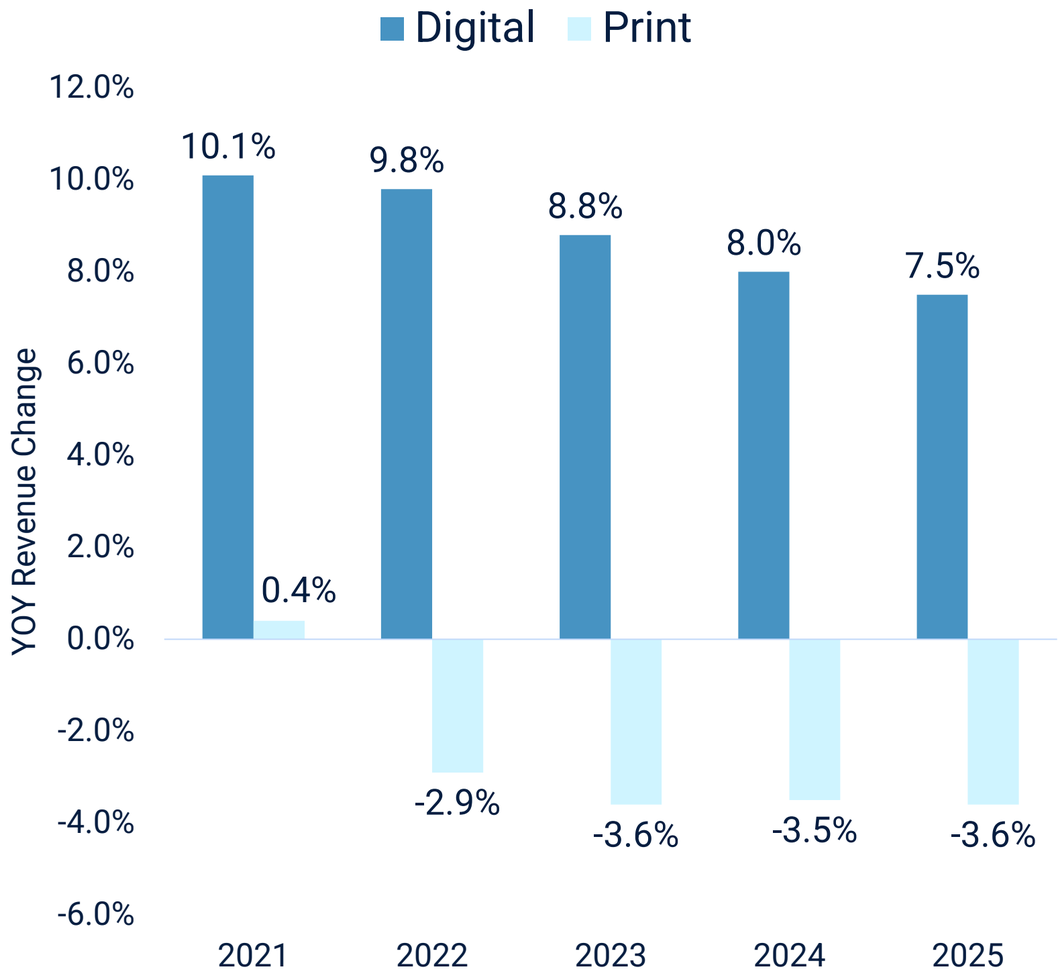
# News Media Industry Subscription Revenue has seen a slight decline in yearly revenue




Source: Mather Benchmarking Data

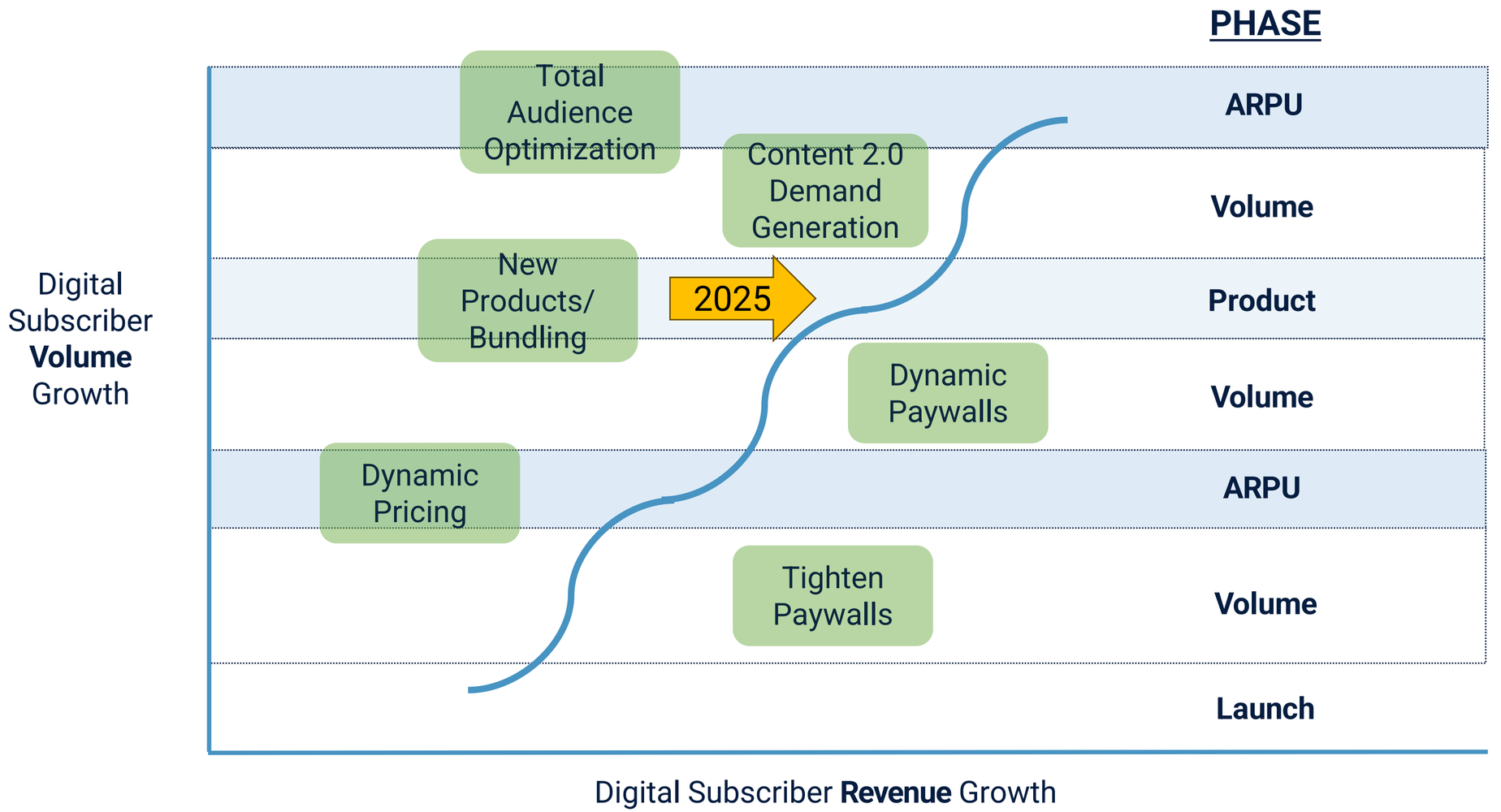
# Digital Advertising Revenue Growth Rates are Declining and Are Not Expected to Compensate for Print Losses




*Source: PwC Global Entertainment and Media Outlook 2024*

# Maximizing Growth Across the Digital Subscription Lifecycle



mather:

# Base Case

# Transformation BASE Case Overview | Assumptions

## Overview

Publishers anticipate considerable growth in digital revenue (B2C & B2B) to offset print declines and adjust costs relative to current expense distribution to maintain profit margins.

Digital subscription CAGR outpaces industry levels.

**Revenue:**

- $100M top line
- (2.5%) five-year CAGR 2025-2030
- Revenue category distribution from the INMA transformation survey (current and future)

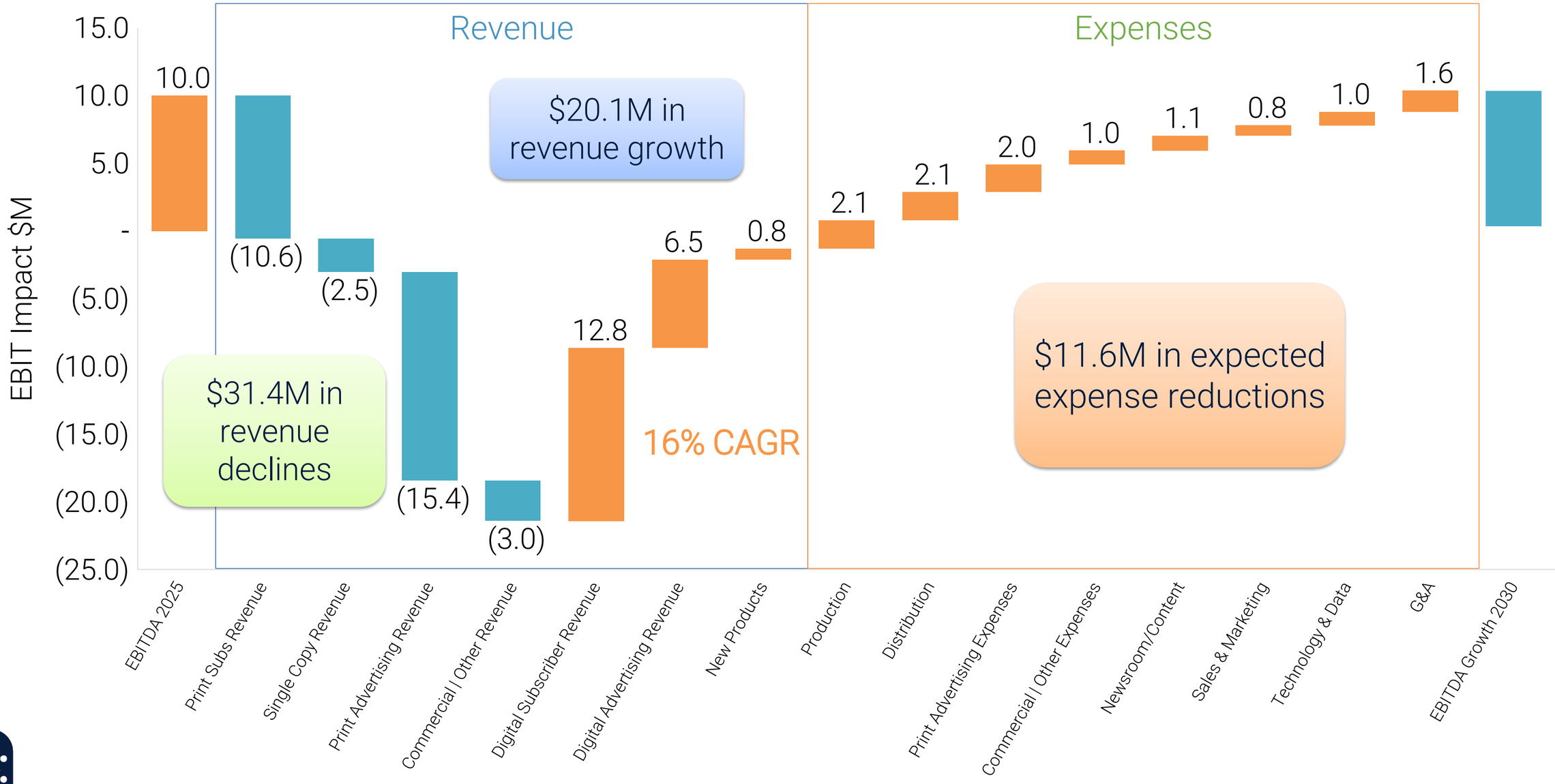
**Expenses:**

- Hold newsroom expenses to 95% of the 2025 level
- Expense category distribution from the INMA transformation survey
- Publishers included have a minimum 6-day frequency of delivery (current and future)

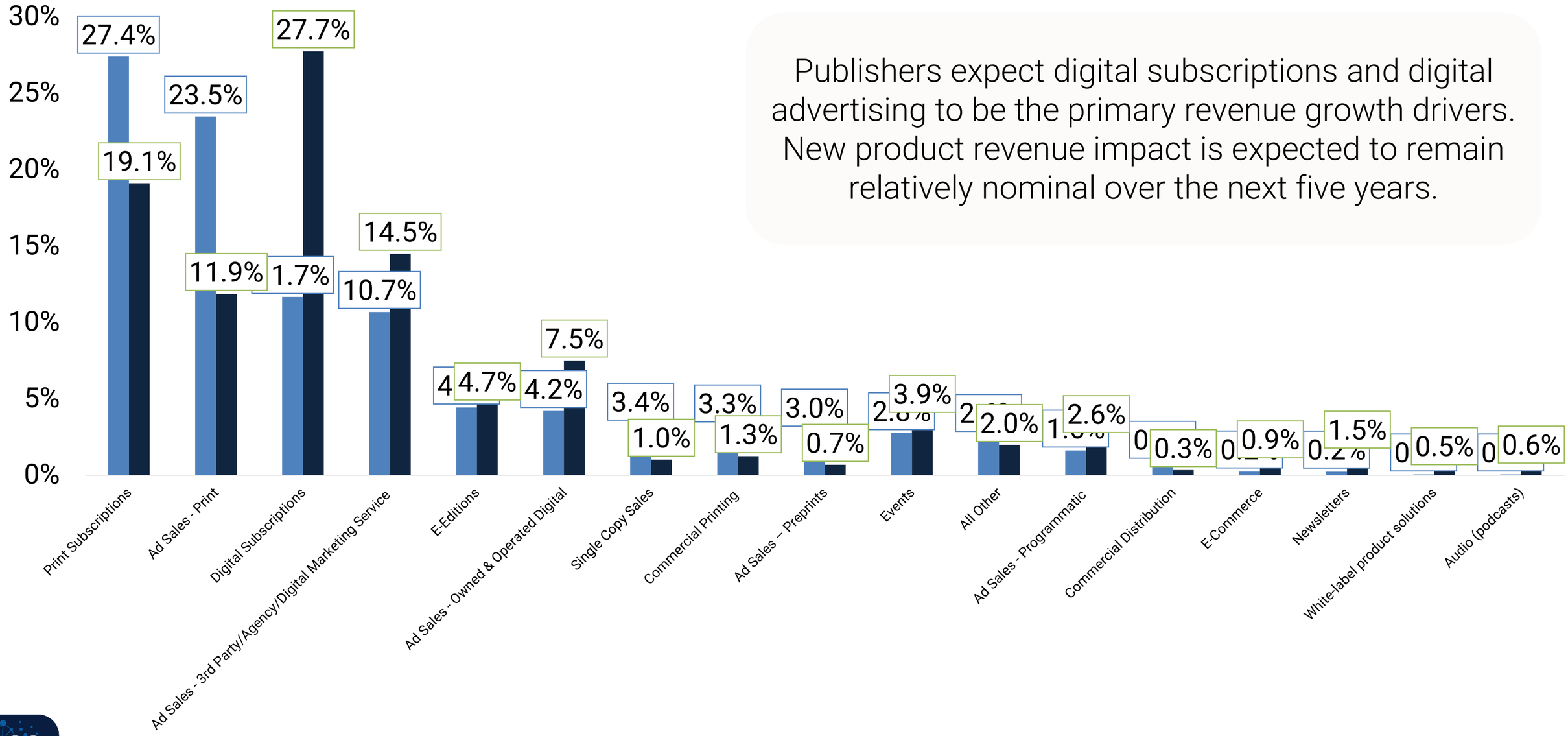
**EBITDA**

- Assume 10% EBITDA margin in 2025 and hold flat $ for 2030

# Transformation Waterfall – 2025 to 2030 – What Publishers Say will happen



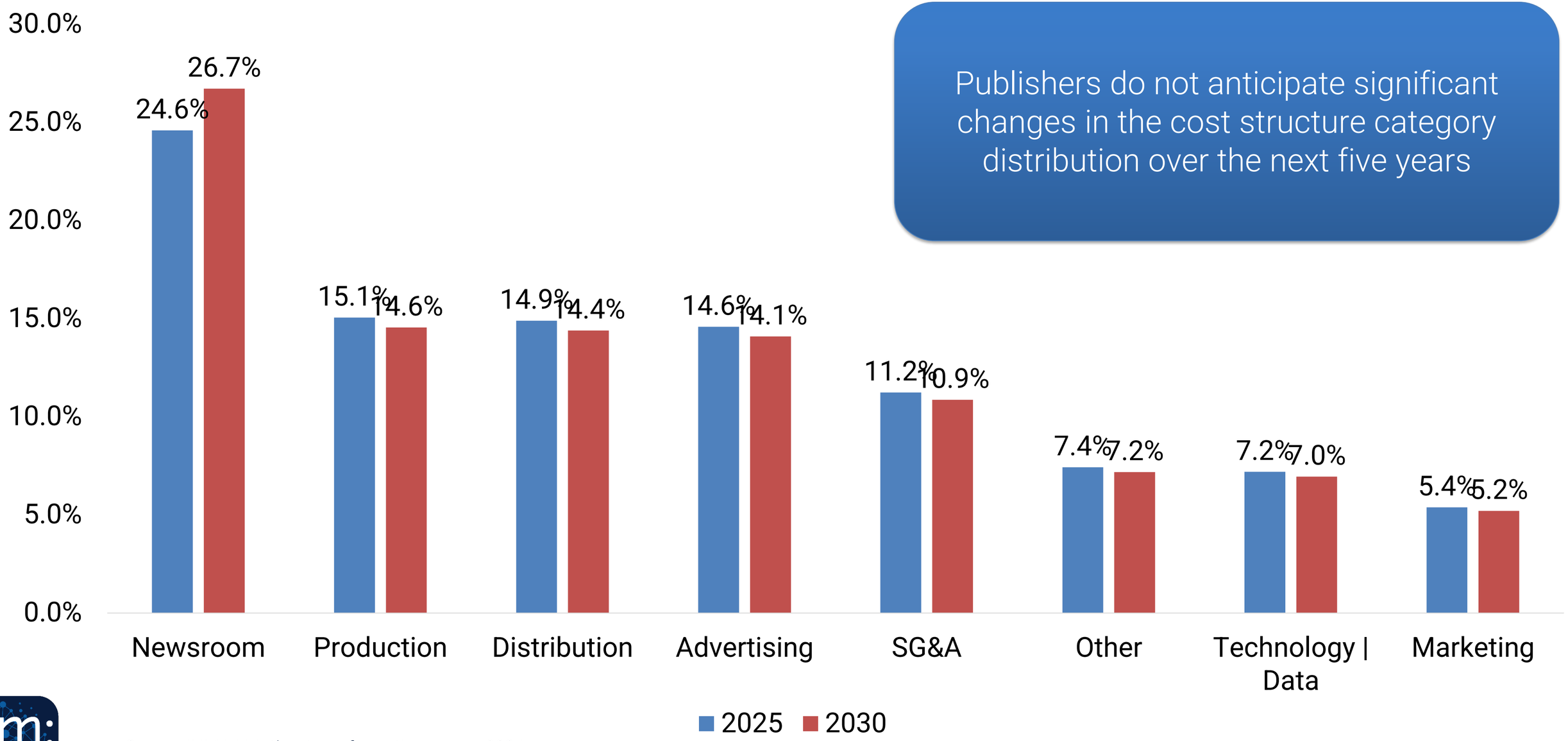
# Revenue Distribution by Category 2025 vs. 2030




Publishers expect digital subscriptions and digital advertising to be the primary revenue growth drivers. New product revenue impact is expected to remain relatively nominal over the next five years.

*Source: INMA | Mather transformation survey 2024*

# Expense Distribution by Category 2025 vs. 2030




Publishers do not anticipate significant changes in the cost structure category distribution over the next five years

*Source: INMA | Mather transformation survey 2024*

mather:

# Industry Trends & Benchmarks

What are reasonable assumptions for the business model transformation?

Let’s look at the data!

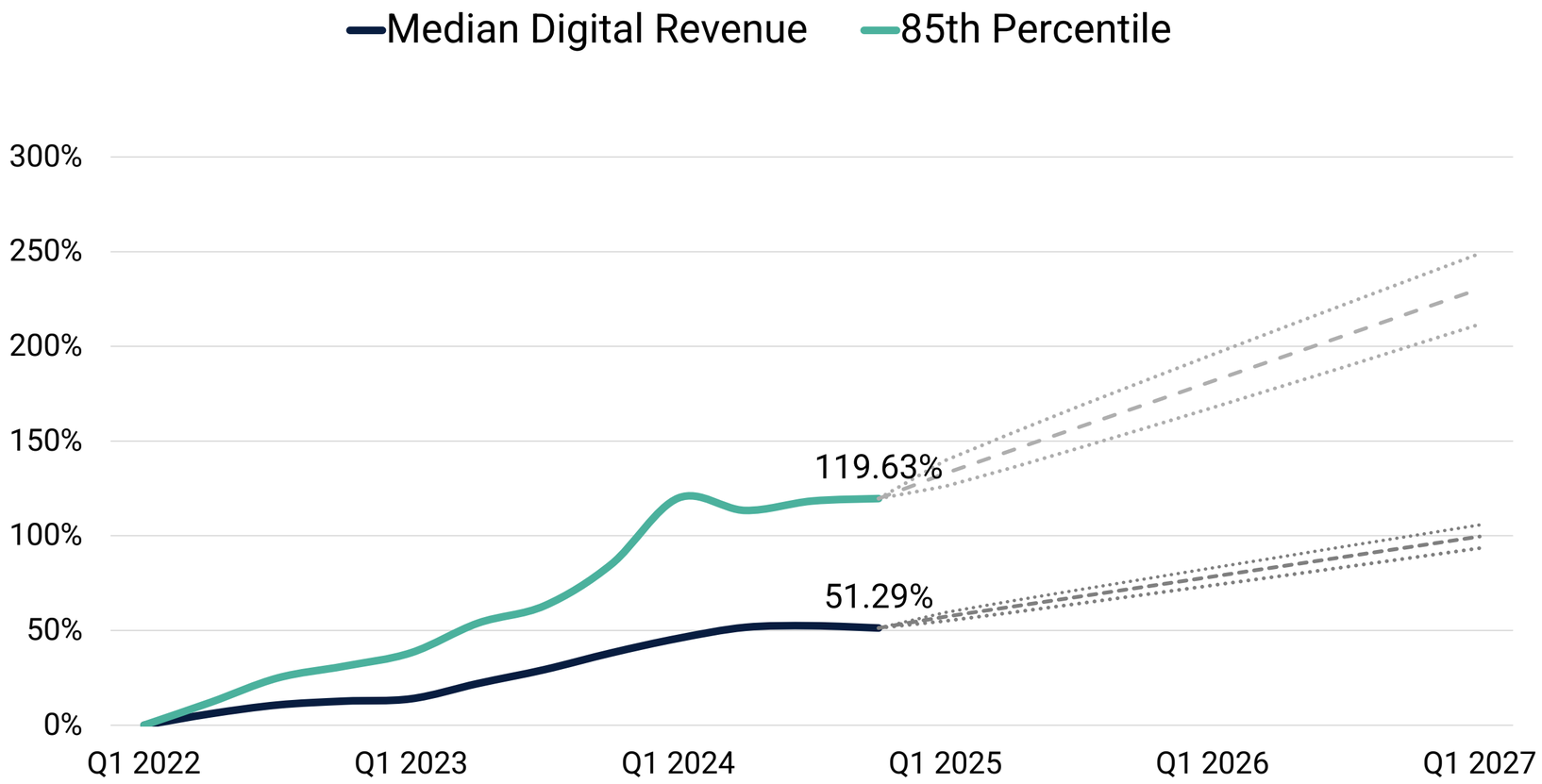
# Understanding the Mather Dataset | Key Assumptions

1. Dataset includes only **North American** Publishers

2. Digital-Only Subscription Data covering 2022-2024 **with no significant gaps** or inconsistencies

3. 40 News Media Brands with **at least 20K** Paid Digital Only Subscriptions

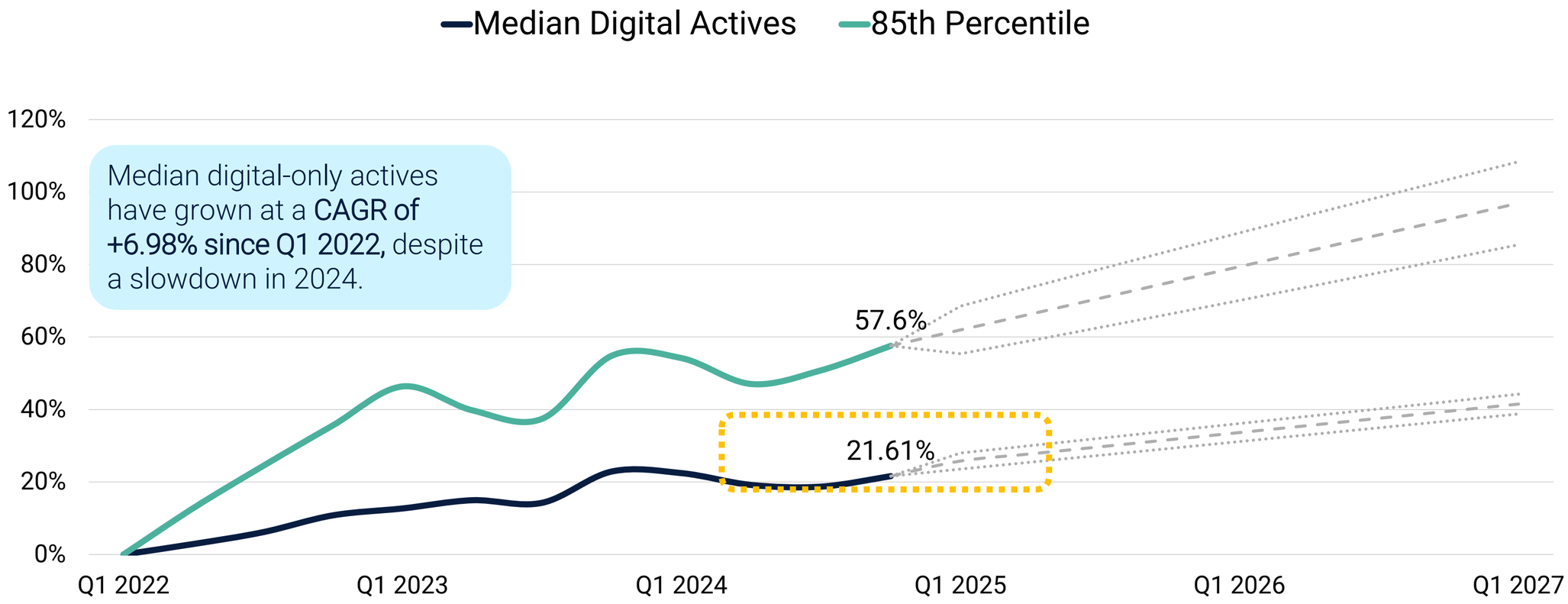
# Top publishers driving digital revenue growth at a compounded annual growth rate of ~29.9%




- Revenue growth has been **primarily driven by an increase in ARPU**, with volume growth also contributing.
- Median digital-only revenue growth has averaged a **CAGR of ~14.8% since Q1 2022**, with a fluctuating pace—moderate in 2022, peaking at 22.5% in 2023, before slowing to 17.7% in 2024.
- Digital subscription revenue has increased by approximately 50% over the past three years.
- Top publishers have grown at **more than 1.9×** the rate of the median publisher.

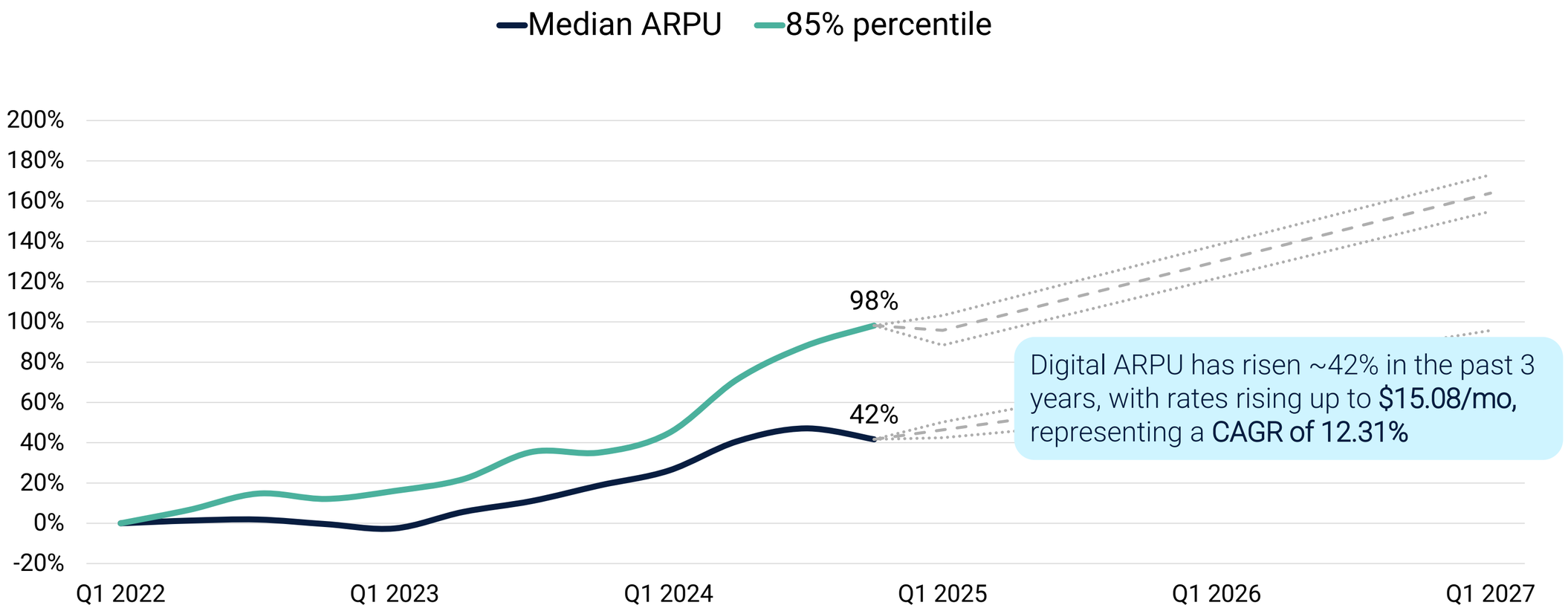
*Source: Mather Benchmarking Data*

# Digital subscription volumes have failed to grow throughout 2024, but still up ~22% since Q1 2022



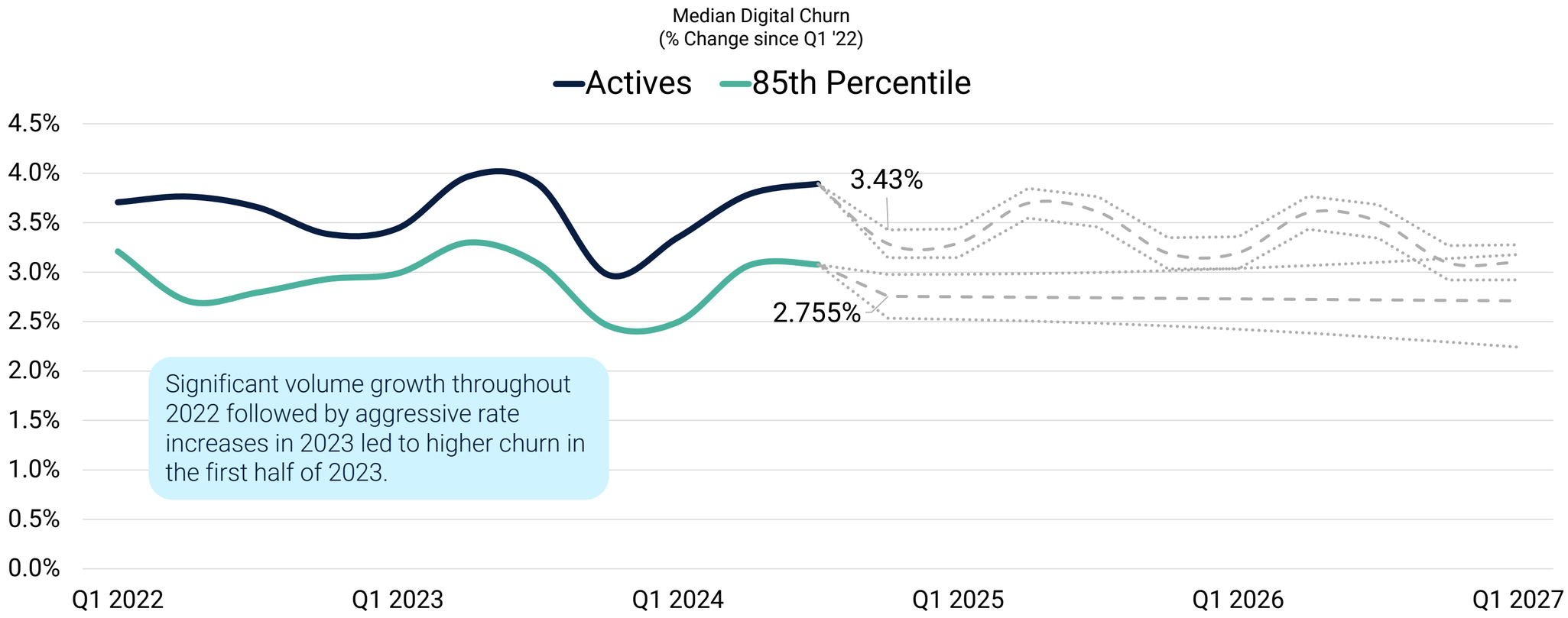

*Source: Mather Benchmarking Data*

# Best-in-class publishers are driving digital ARPU at a CAGR of ~25%, with rates rising to $17.95/month



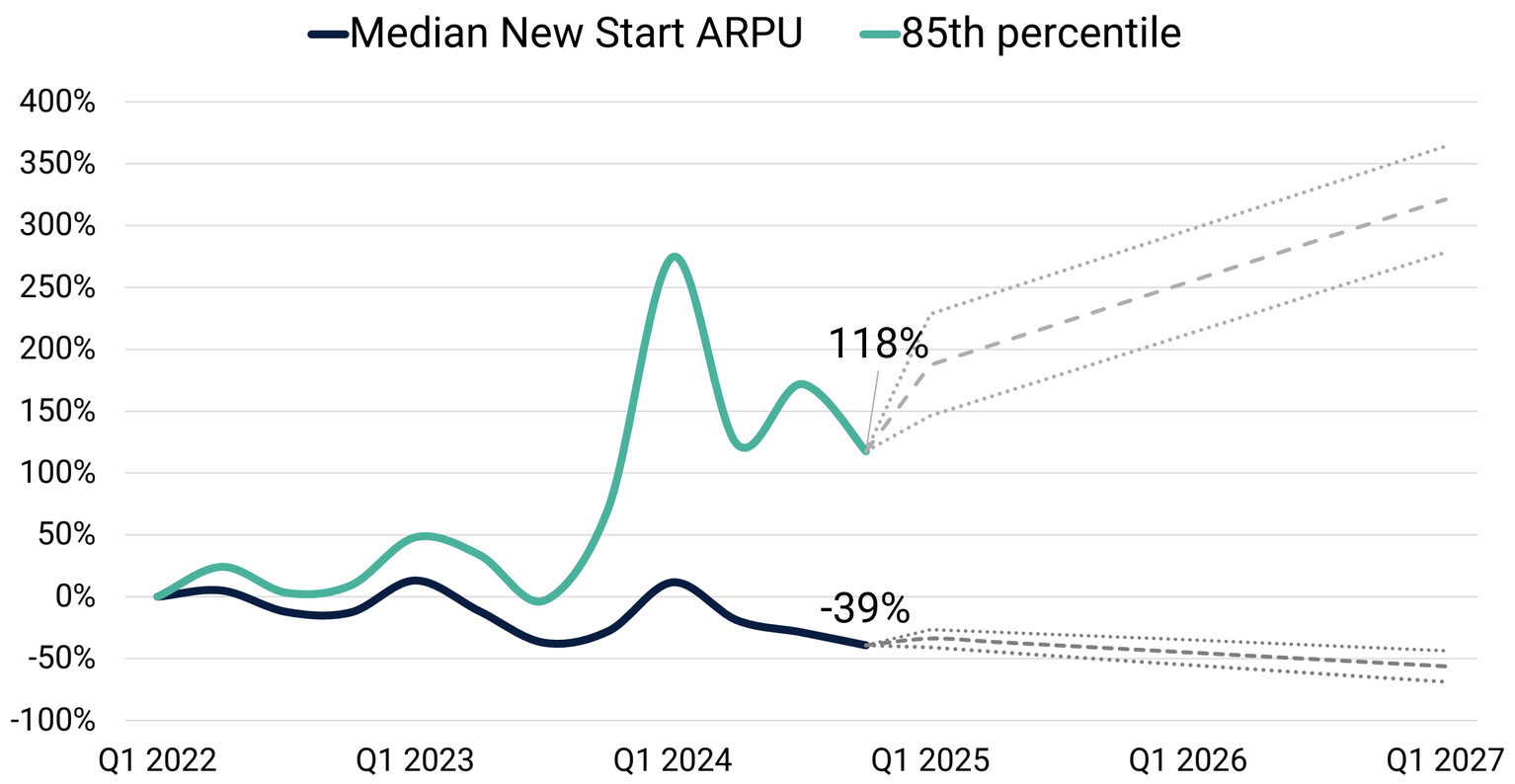

*Source: Mather Benchmarking Data*

# Digital only churn increased throughout 2024 after seeing declines in the second half of 2023




*Source: Mather Benchmarking Data*

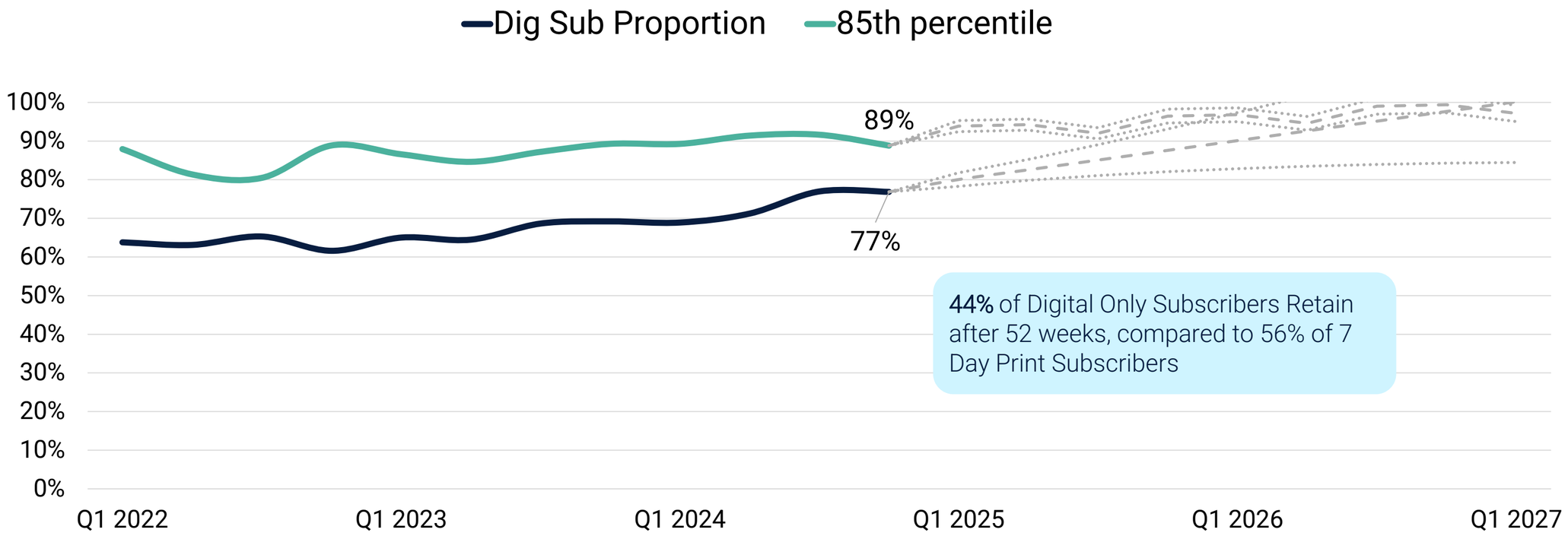
# Digital median start prices have declined ~39% in the past three years




- Slowing Digital Only growth has led to publishers **reducing Digital Only Acquisition Rates in 2024**, to an average of $0.66/month (averaged across multiple term lengths)
- Median start prices are driven by varied length terms (i.e. including 1 month, 3 month, 6-month trials), while the **85th percentile maintains higher rates ($2.06/month).**
- Some **publishers are backing away from aggressive discounting**. This reflects a divergence in pricing strategies as publishers react to slowing growth.

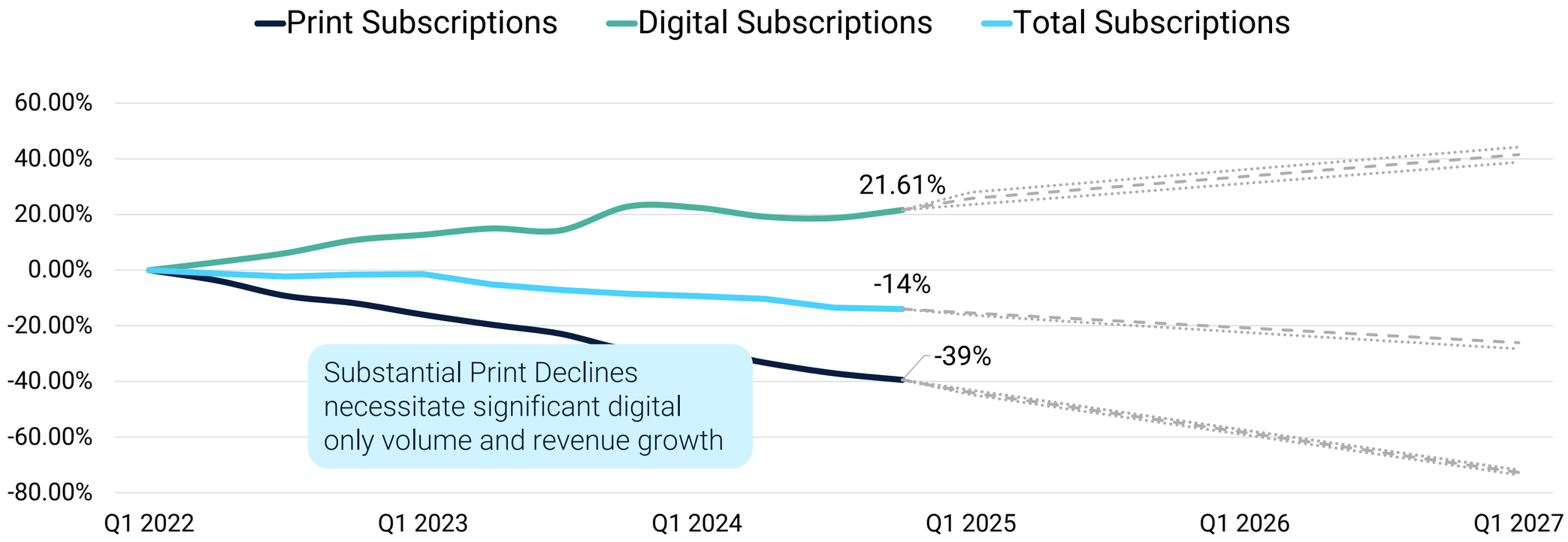
*Source: Mather Benchmarking Data*

# Digital-only subscriptions represent 77% of acquisition volumes



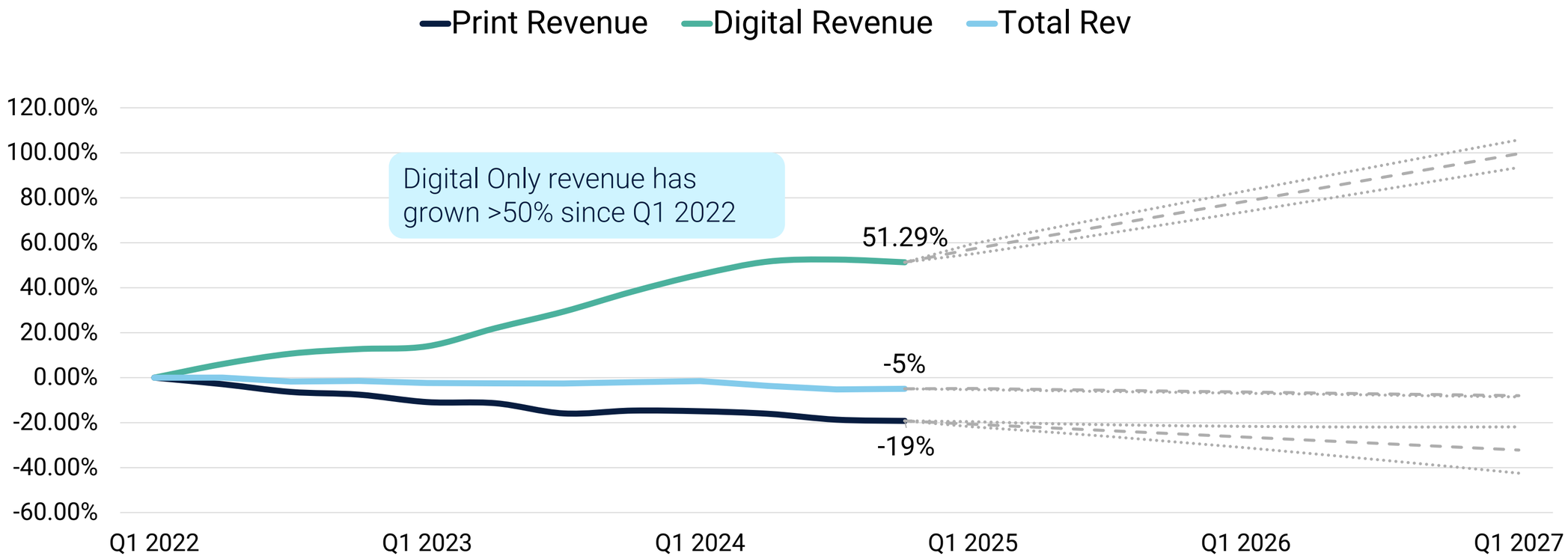

*Source: Mather Benchmarking Data*

# Digital subscription volume growth not sufficient to offset print declines



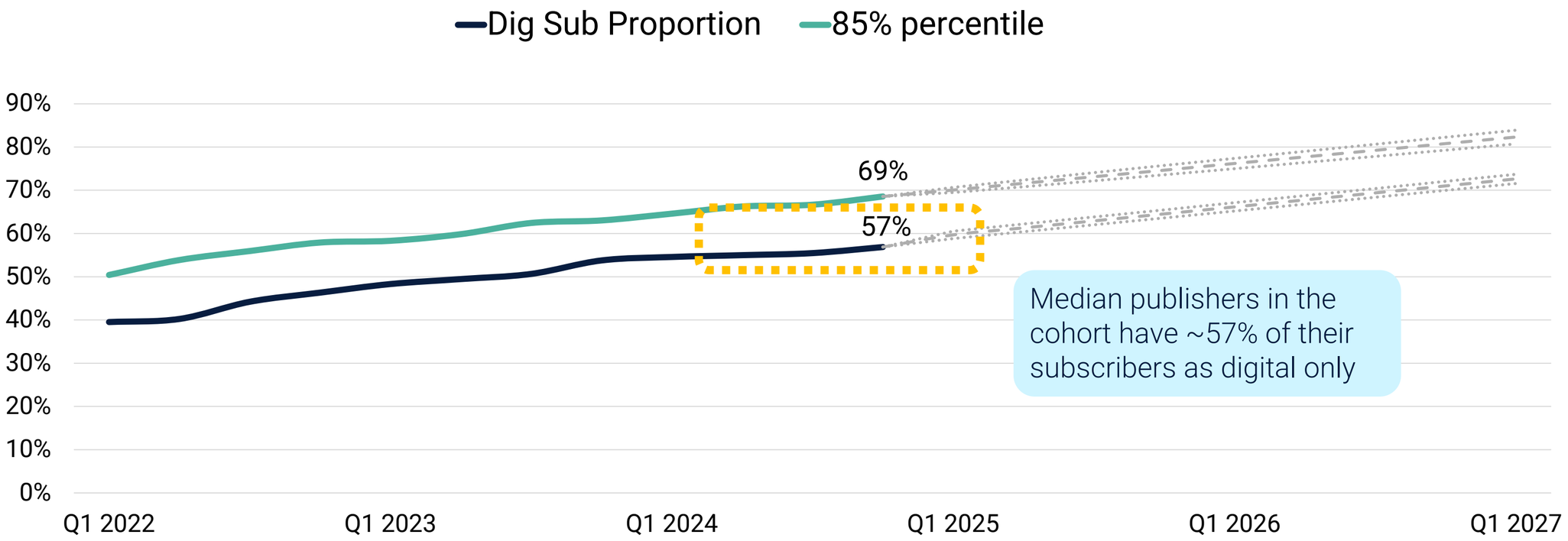

*Source: Mather Benchmarking Data*

# Total subscription revenue declined 5% since Q1 2022



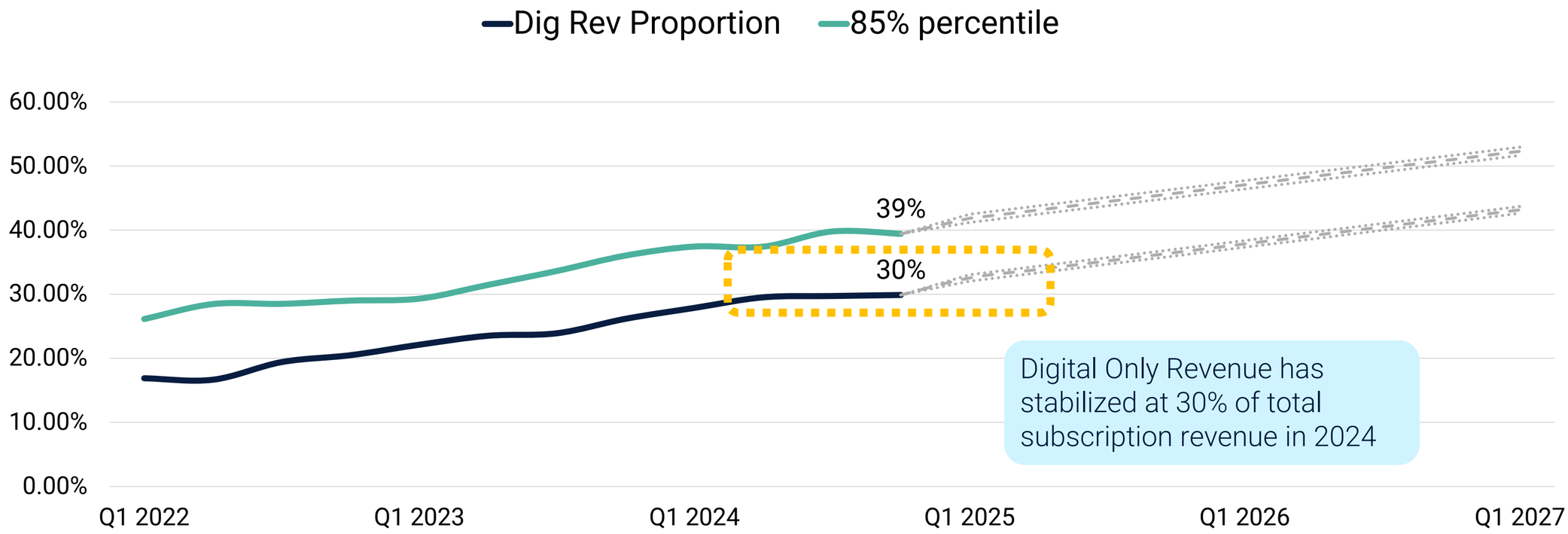

*Source: Mather Benchmarking Data*

# Top publishers are driving digital-only towards ~70% of total subscriptions



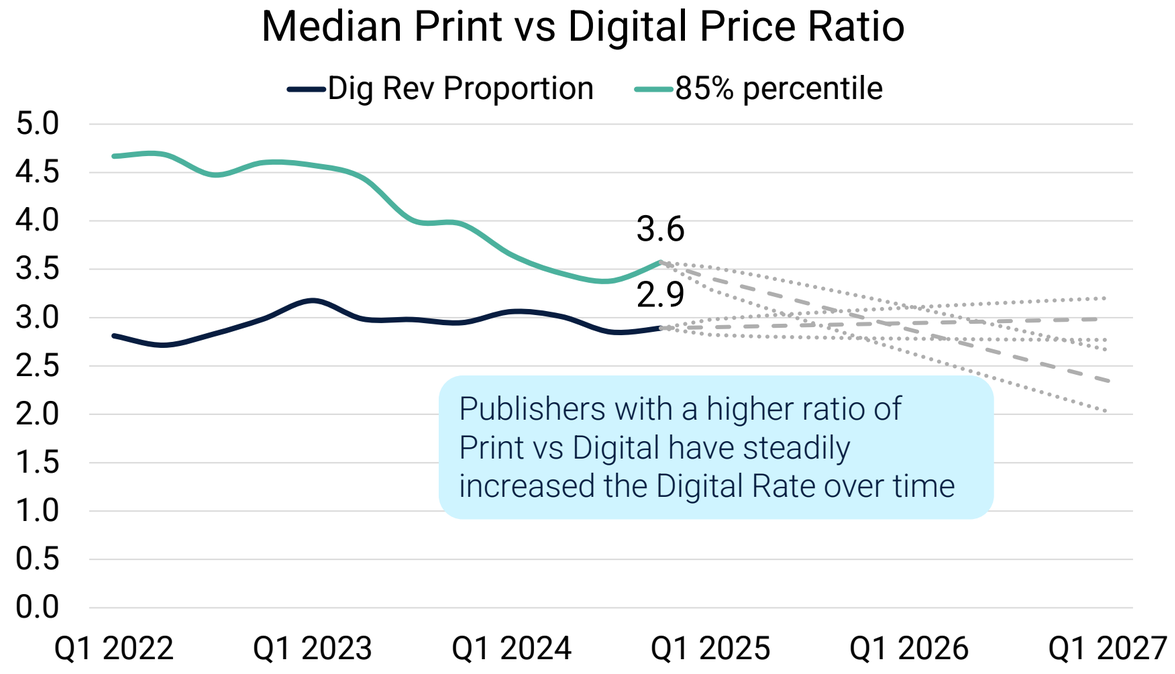

*Source: Mather Benchmarking Data*

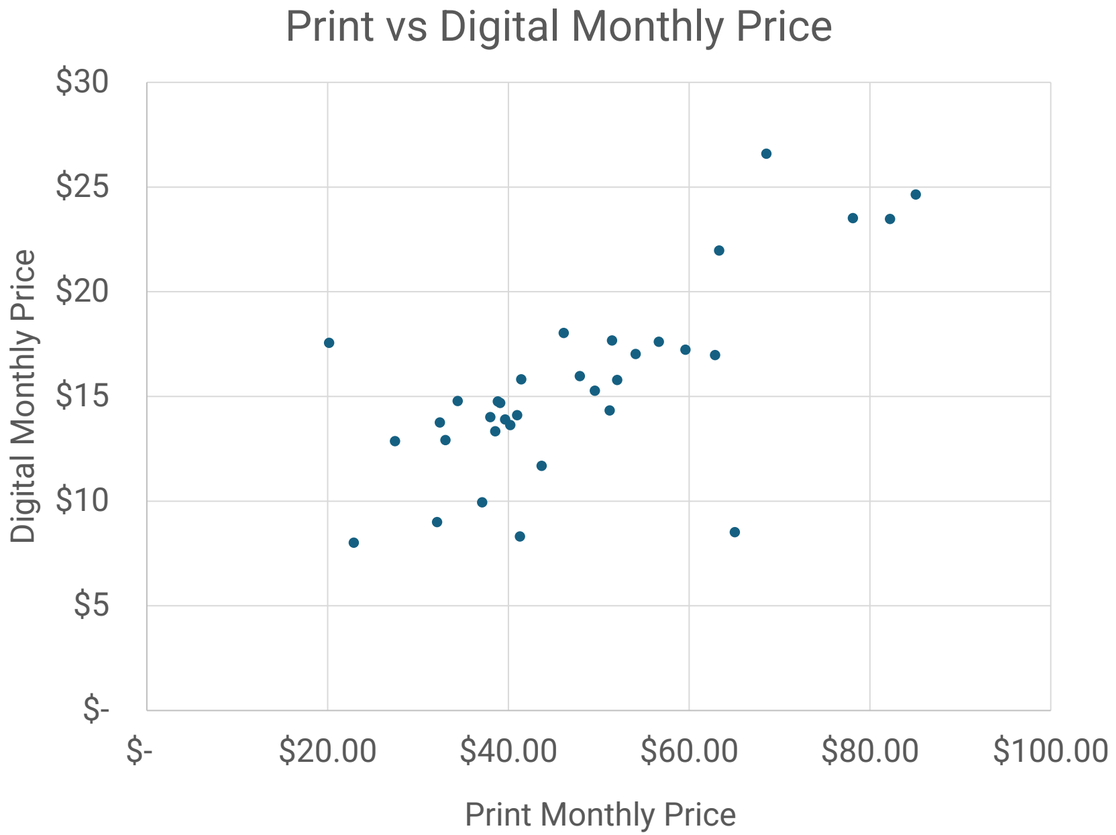
# Digital revenue as a proportion of total subscription revenue growth has slowed in 2024




*Source: Mather Benchmarking Data*

# A print subscription has been consistently ~3X the price of digital only




*Source: Mather Benchmarking Data*

mather:

# Mather Case

Adding recent trends into the model

# Transformation MATHER Case Overview | Assumptions

## Overview

Moderated print subscription declines, continued focus on driving digital subscription ARPU, further reductions in legacy revenue, and doubling down efforts on new digital products and experiences.

**Revenue:**

- $100M top line
- (2.5%) five-year CAGR 2025-2030
- Base case revenue assumptions with adjustments across all revenue categories, particularly new products.
- Digital revenue growth underpinned by dynamic paywalls, total audience optimization, and product bundling

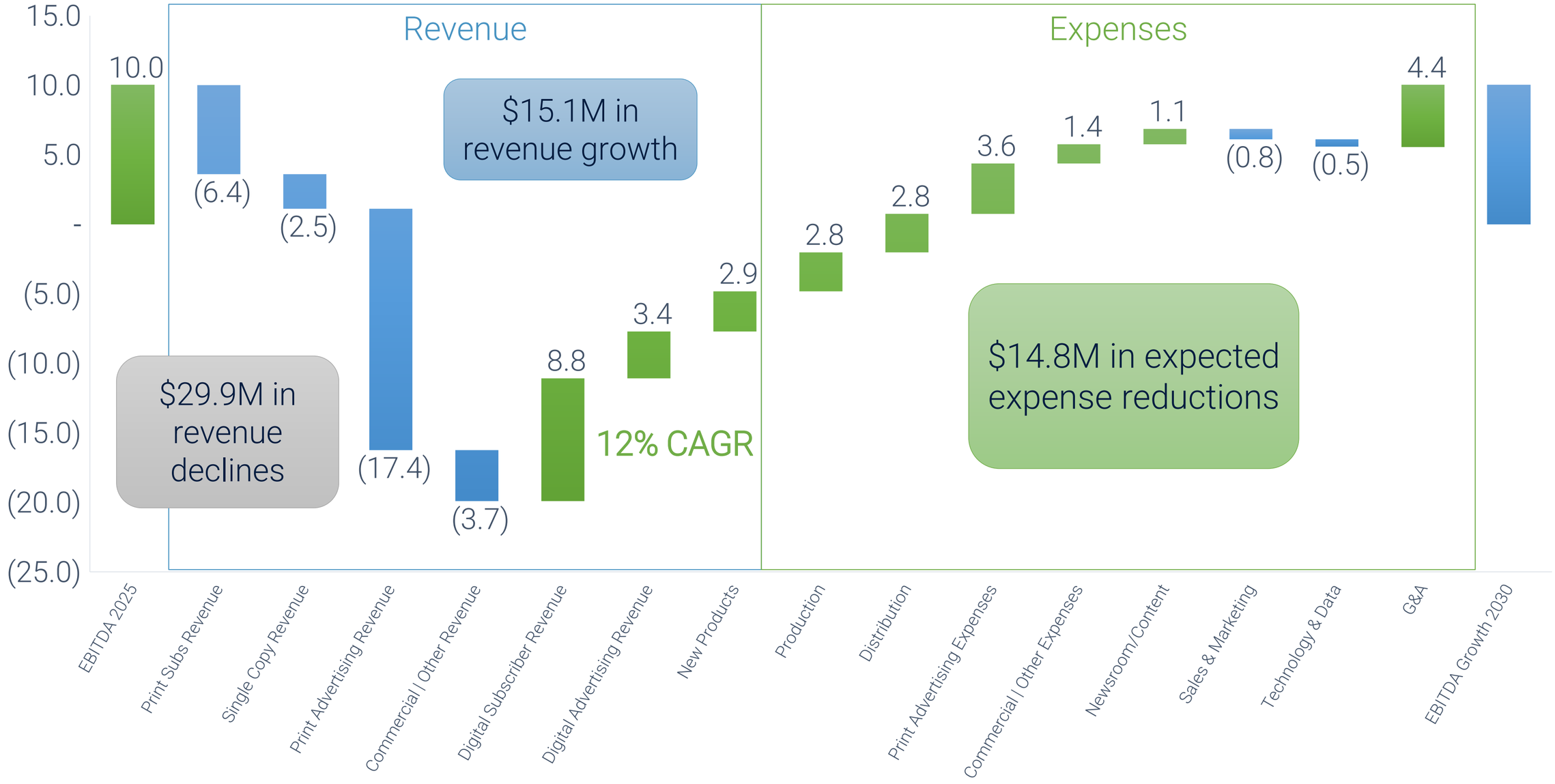
**Expenses:**

- Hold newsroom expenses to 95% of the 2025 level
- Expense category assumption around strategic priorities (tech and marketing)
- Publishers included have a minimum 6-day frequency of delivery (current and future)

**EBITDA**

- Assume 10% EBITDA margin in 2025 and hold flat $ for 2030

# Transformation Waterfall – 2025 to 2030



# Key Takeaways

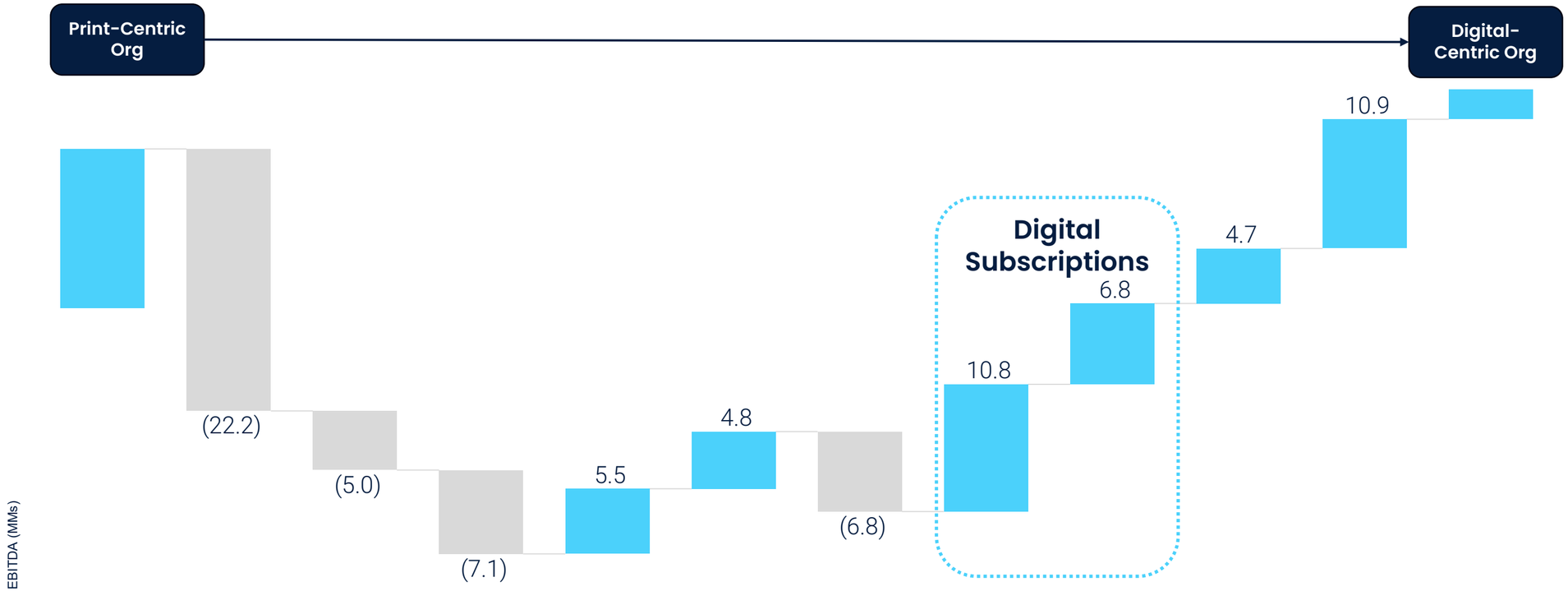
- Realistic expectations around digital subscription revenue CAGR.
- Fast-track new products and bundling to drive greater near-term revenue. ID user segments and your value to them.
- Moderate print subscription revenue declines.
- Grow digital advertising revenue faster than macro industry trends. Prepare for AI transformation of advertising market.
- Disinvestment and Investment, including a significant cost takeout.

mather:

# How Mather can help

Mather services that support publisher transformation

# News Publisher Digital Transformation Journey




| 2023 EBITDA | Print Subscriber Volume | Single Copy | Print Advertising Revenue | Print Subs ARPU | Print Operating Model | Operating Expenses | Digital Subscriber Volume | Digital Subscriber ARPU | Digital Advertising | Product Offerings | 2028 EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Service Offerings | Revenue & Demand Forecasting \| Subscriber Churn Management | Profitability Analysis | Ad Pricing Yield Optimization | Revenue & Demand Forecasting | Print-to-Digital Strategy | Managed Services, Org \| Process Design \| Tech Stack Diagnostic | Strategy Accelerator \| Digital Diagnostic \| Content Strategy \| Payment Flow Optimization \| Data & Analytics Maturity | Revenue & Demand Forecasting | Advertising Profitability Analysis | Product Portfolio Strategy | |
| Products Tools | Retention Models \| Volume and Revenue Forecasting Tool | | | Dynamic Pricing \| Volume and Revenue Forecasting Tool | Sophi Print Automation | | Sophi User Paywall, Sophi Content Paywall, Sophi Site Automation, Sophi Content Insights, Retention Models | Dynamic Pricing \| Sophi Content Insights | | | |

# Thank You


**Matt Lindsay, PhD**

President & CEO

matt@mathereconomics.com

404.395.4937

www.mathereconomics.com

info@mathereconomics.com


**USA**

1215 Hightower Trail Building
A, Suite 100, Atlanta, GA
30350, United States
(+1) 770 993 4111

**EUROPE**

Katwilgweg 2
2050 Antwerp
Belgium
+32 (0)32 100 210