PUGPIG STATE OF THE MOBILE PUBLISHING MARKET REPORT 2024

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In partnership with mixpanel

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WELCOME TO OUR 2024 REPORT

Dear reader,

Thank you for coming to have a look at this year's report - we've put considerably more work into it this time around and I hope you agree that it has paid dividends. We're extremely lucky here at Pugpig to have a platform that gives us access to mobile app usage data across 400 brands, providing privileged and unique insights into the world of apps for news, consumer magazine and B2B publishers.

With help from our partners at Mixpanel, we've spent months gathering that data, pulling it apart, analysing it and reconstituting it into a set of insights that we hope will help you as you develop your own app strategy.

We also have to thank our own publishers, over 70 of whom willingly responded to a painfully long list of questions about their strategies, experiences and insights in order for us to present them to you here.

Finally, big thanks go to Team Pugpig members Kevin, James, Lois and Christie, from whose brains this report was extracted.

Thanks again and happy reading!

Jonny Kaldor,
Pugpig CEO

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EXECUTIVE SUMMARY

In the report, we cover the major trends in mobile publishing and look forward to the future of apps. Here's what you'll find:

- Mobile is the dominant platform for audiences, and its use is stable or growing across major markets around the world.
- News and magazines has been a fast-growing segment amongst non-gaming apps, in terms of both downloads and revenue.
- There has been an explosion in demand for AI chat and image generation apps, and the technology has a halo effect, as apps with AI features benefit from the surge in interest in artificial intelligence.
- First-party data is a priority for publishers, and many use their apps to collect their own data.
- Publishers see an opportunity to take advantage of regulators pushing Google and Apple to open their app stores, allowing them to keep more revenue and capture more data about their subscribers.
- Push notifications are a killer feature for apps, offering a unique path to direct engagement.
- Audio, puzzles and digital editions deliver high levels of engagement, and publishers should lean into these formats to build loyalty and habit with audiences.
- Publishers plan to develop apps with richer, more personalised content and deeper community and interactive features. Publishers are already launching apps with high-touch membership features to increase revenue.

Kevin Anderson,
App Strategy & Industry Insights Director

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OUR APPROACH

This report uses a mix of quantitative and qualitative data. The quantitative data comes from multiple external sources along with proprietary analytics from our portfolio of 400 apps sampled across the 135 publishers we currently work with. Our proprietary data:
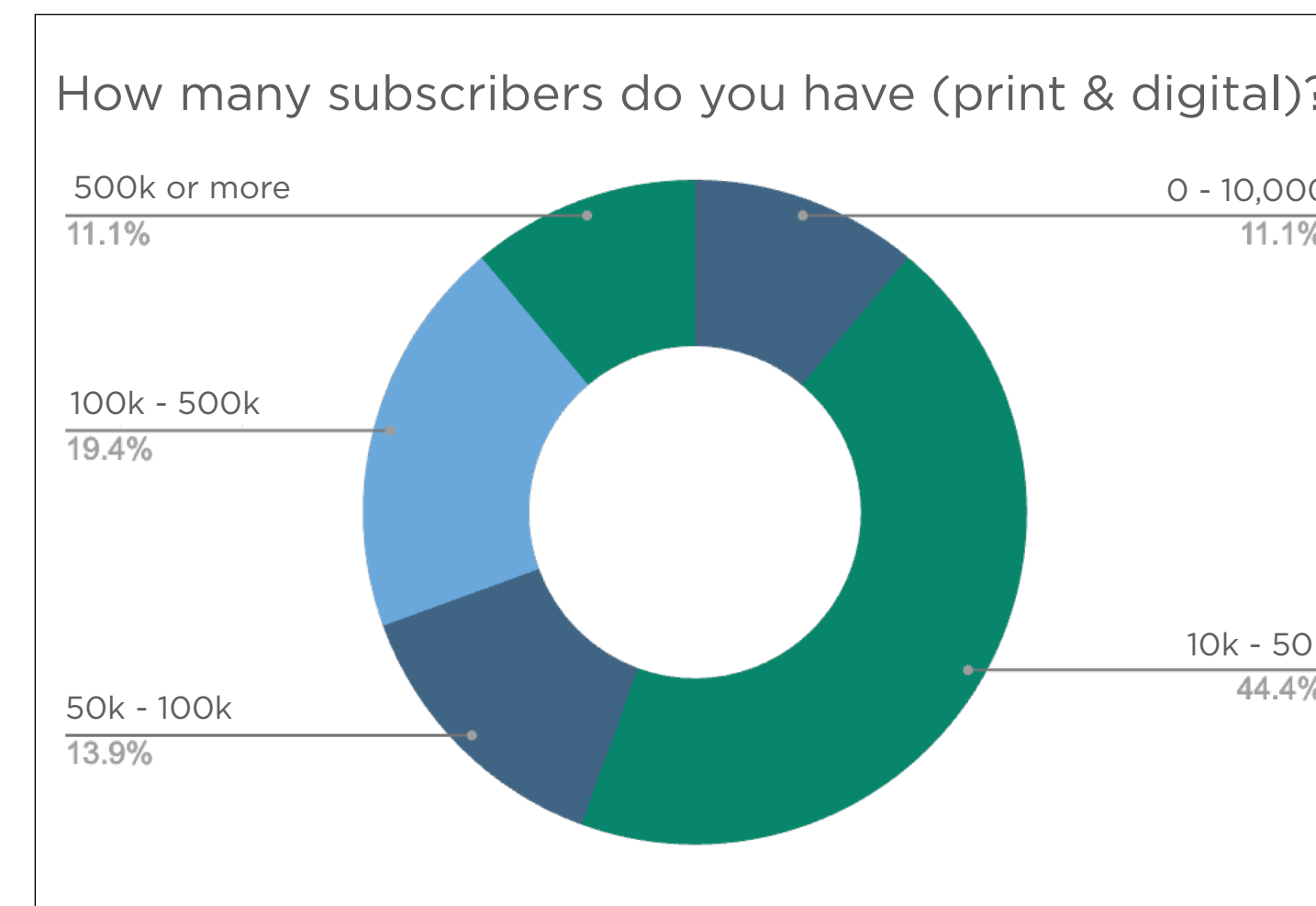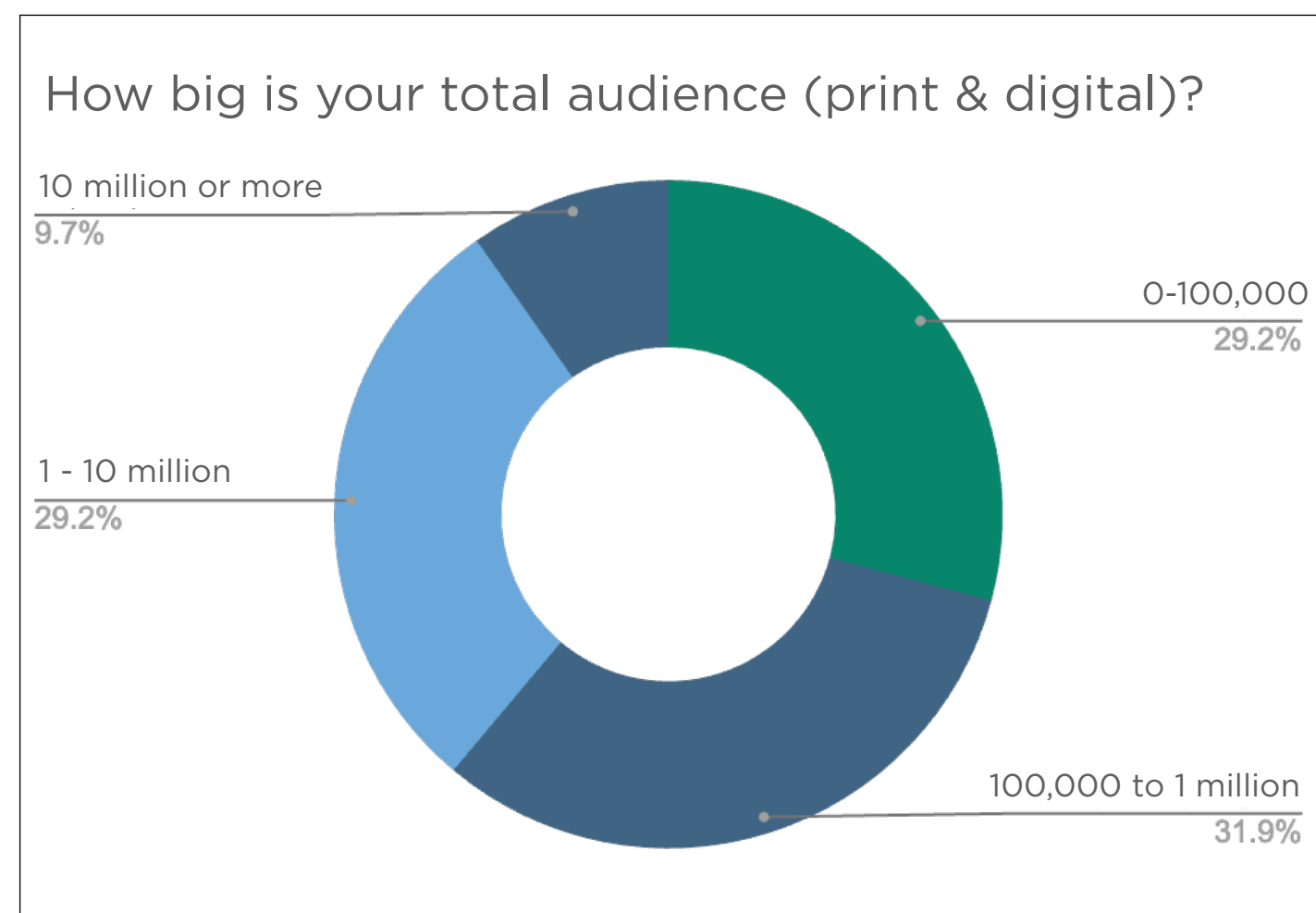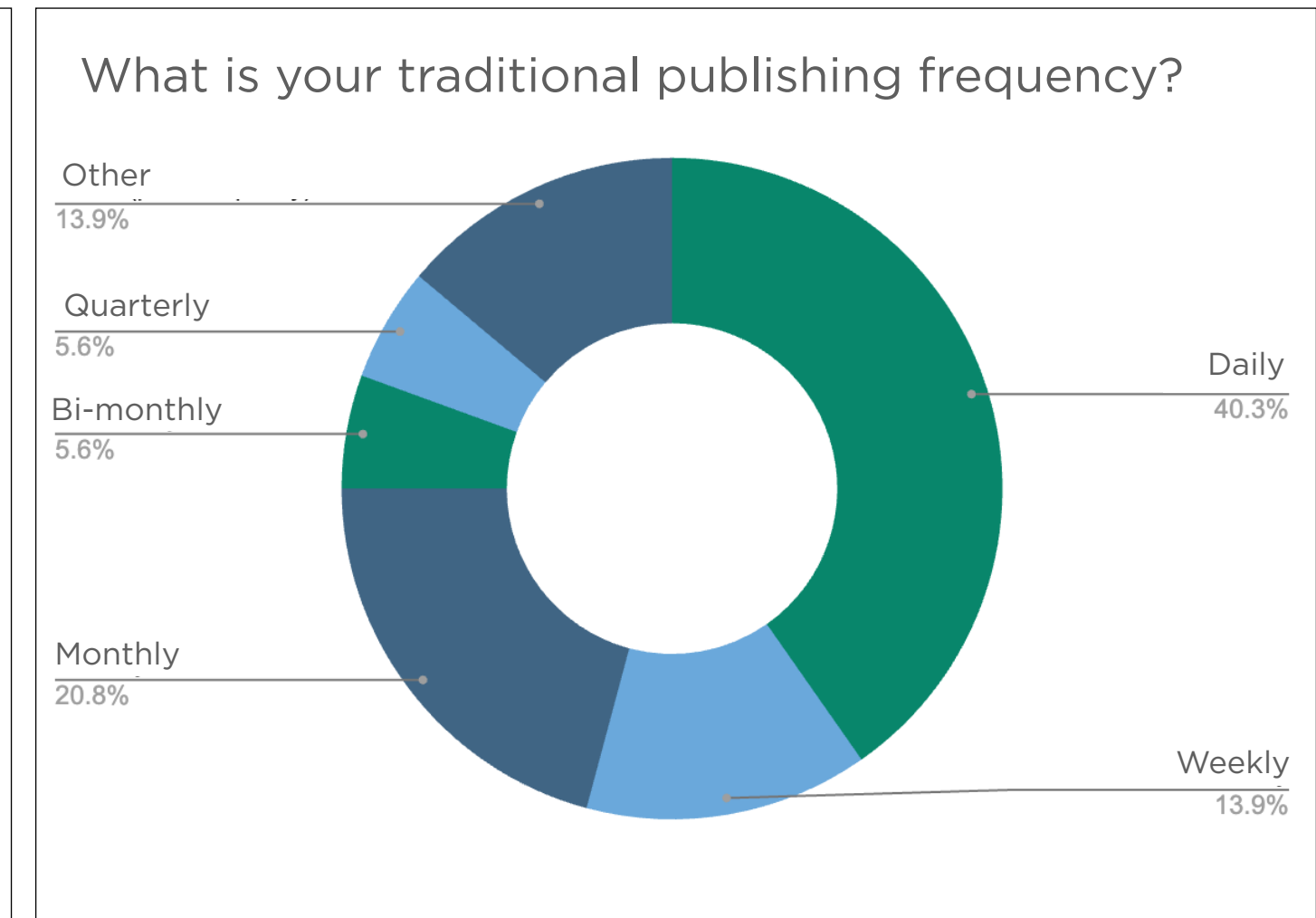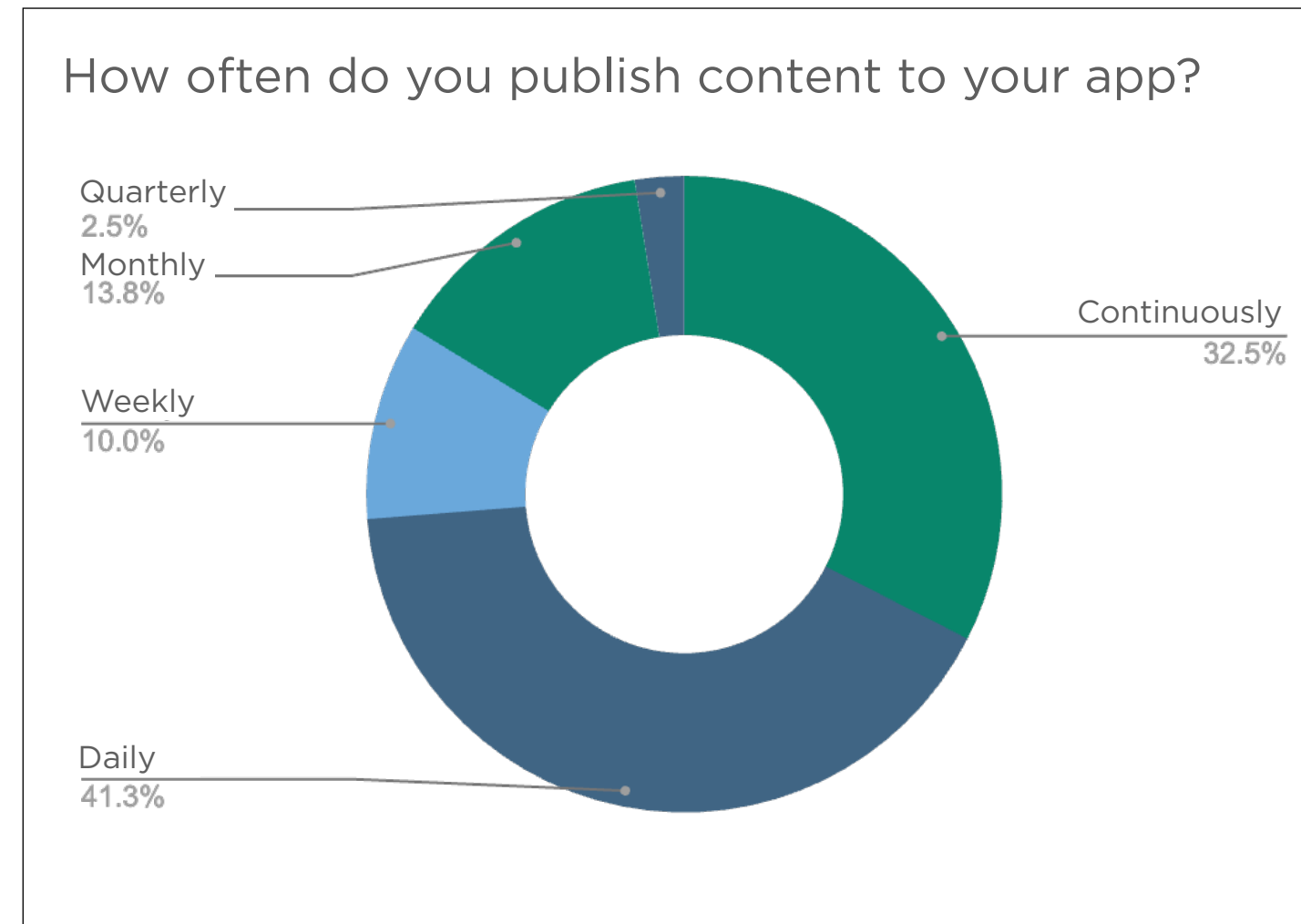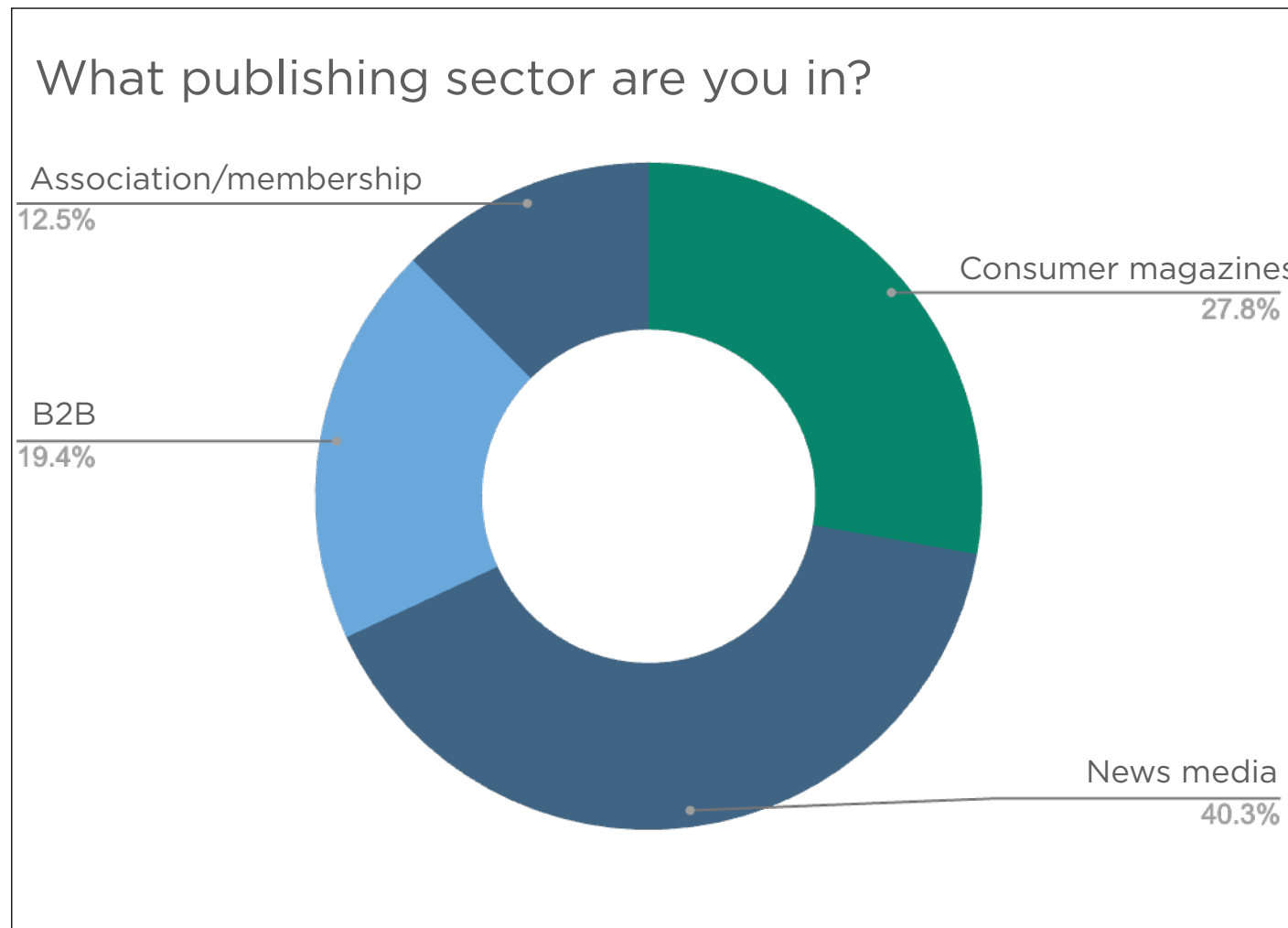
- Is sourced from product analytics platforms Mixpanel and Google Analytics
- Covers the first quarter of 2024
- Takes a one-month average for stats such as average session duration

References to top-performing apps as a group represent our sample's top quartile of apps. A reference to a top-performing app is the best-performing app in a publishing vertical.

Quantitative data comes from a survey of 72 media leaders working at news, consumer media and B2B publications across our customer base. Ranking data was combined with a scoring system where a number one rank is given a score of five and a fifth rank is given a score of zero.

Open-ended survey questions provided respondents an opportunity to discuss the state of the market, their priorities and their publishing businesses in more detail. To allow everyone to be as candid as possible, we allowed survey participants to opt only to be identified by their publication, their sector or not at all.

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OUR PANEL

What publishing sector are you in?

- Association/membership 12.5%
- B2B 19.4%
- Consumer magazines 27.8%
- News media 40.3%

How often do you publish content to your app?

- Quarterly 2.5%
- Monthly 13.8%
- Weekly 10.0%
- Continuously 32.5%
- Daily 41.3%

What is your traditional publishing frequency?

- Other 13.9%
- Quarterly 5.6%
- Bi-monthly 5.6%
- Monthly 20.8%
- Daily 40.3%
- Weekly 13.9%

How big is your total audience (print & digital)?

- 10 million or more 9.7%
- 1 - 10 million 29.2%
- 0-100,000 29.2%
- 100,000 to 1 million 31.9%

How many subscribers do you have (print & digital)?

- 500k or more 11.1%
- 100k - 500k 19.4%
- 50k - 100k 13.9%
- 0 - 10,000 11.1%
- 10k - 50k 44.4%
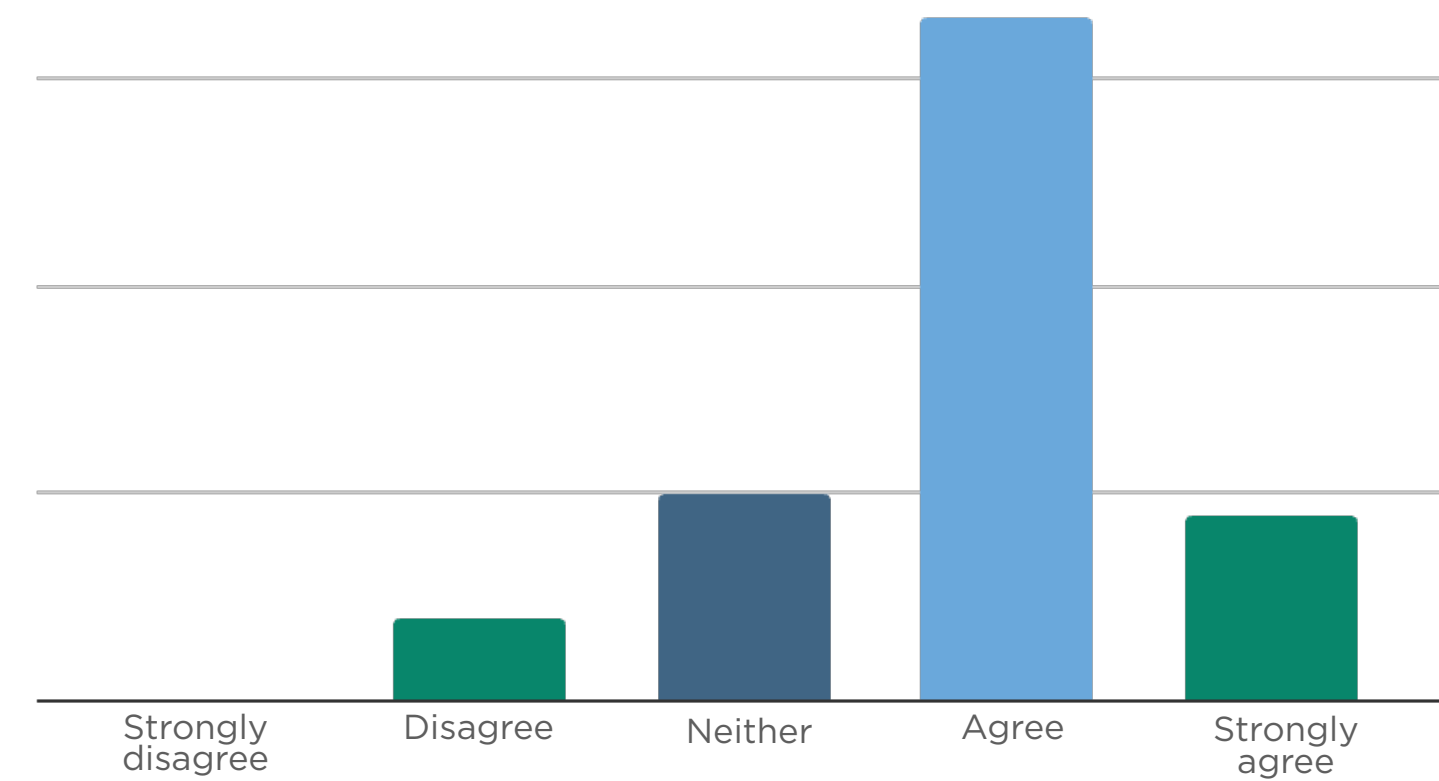
Source: Pugpig survey

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INDUSTRY CONTEXT: CHALLENGES AND CHANGE

Dramatic shifts in search and social, macro-economic pressures, competition for advertising and the rise of generative AI are creating anxiety for the publishers we surveyed. However, as with our past reports, they continue to be optimistic about their ability to address these challenges, although slightly less optimistic than before. Moreover, while they are concerned about AI, it also plays a key role in their innovation agenda for the coming year.
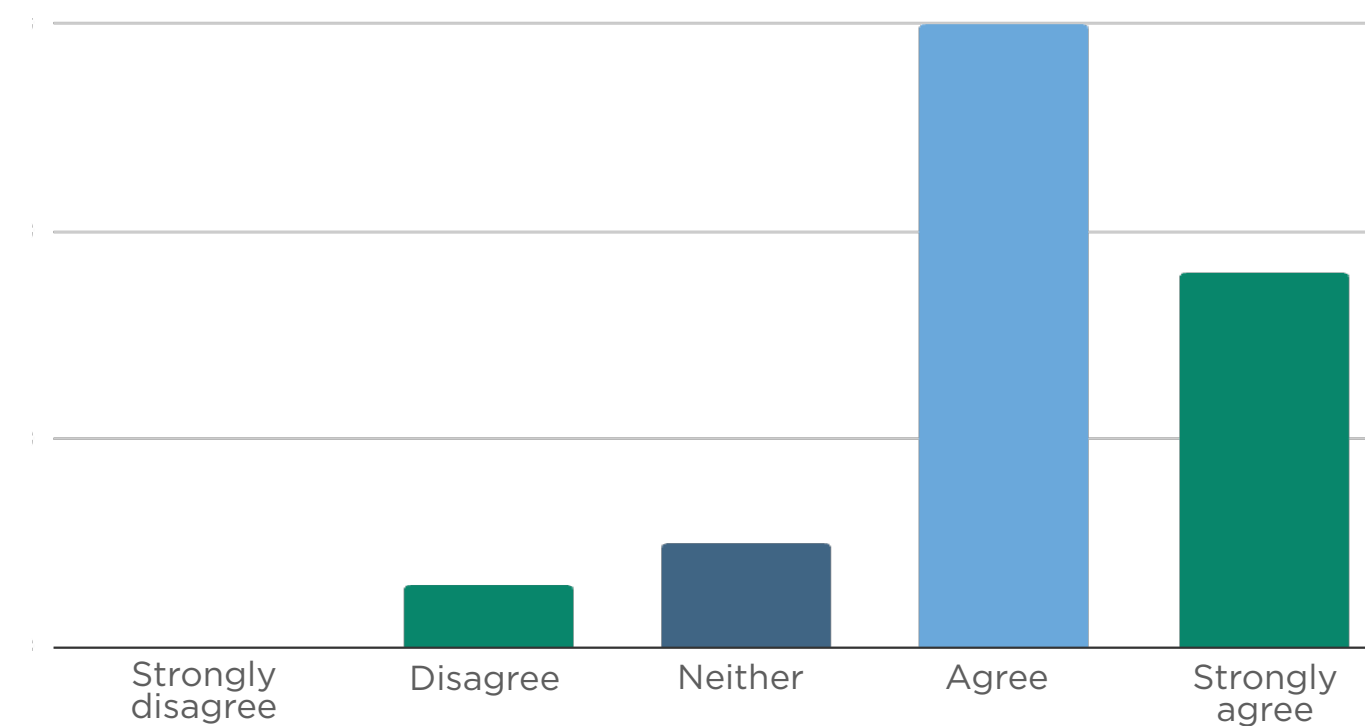
PUBLISHERS OPTIMISTIC ABOUT THEIR BUSINESSES, LESS SO ABOUT THE INDUSTRY

We always open up our survey of publishers by asking them about their outlook for the industry and their businesses because it sets the scene for the rest of the report. This year, like last, there's a strong sense of optimism from respondents about their businesses but a more pessimistic view about the publishing industry in general. A healthy mix of confidence and human nature at work no doubt.

I'm optimistic about the future of publishing in general

Strongly disagree · Disagree · Neither · Agree · Strongly agree

I'm optimistic about the future of my business

Strongly disagree · Disagree · Neither · Agree · Strongly agree

Source: Pugpig survey

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CHALLENGES FOR PUBLISHERS: SOFTNESS IN ADVERTISING AND A CHALLENGING MACRO-ECONOMIC ENVIRONMENT
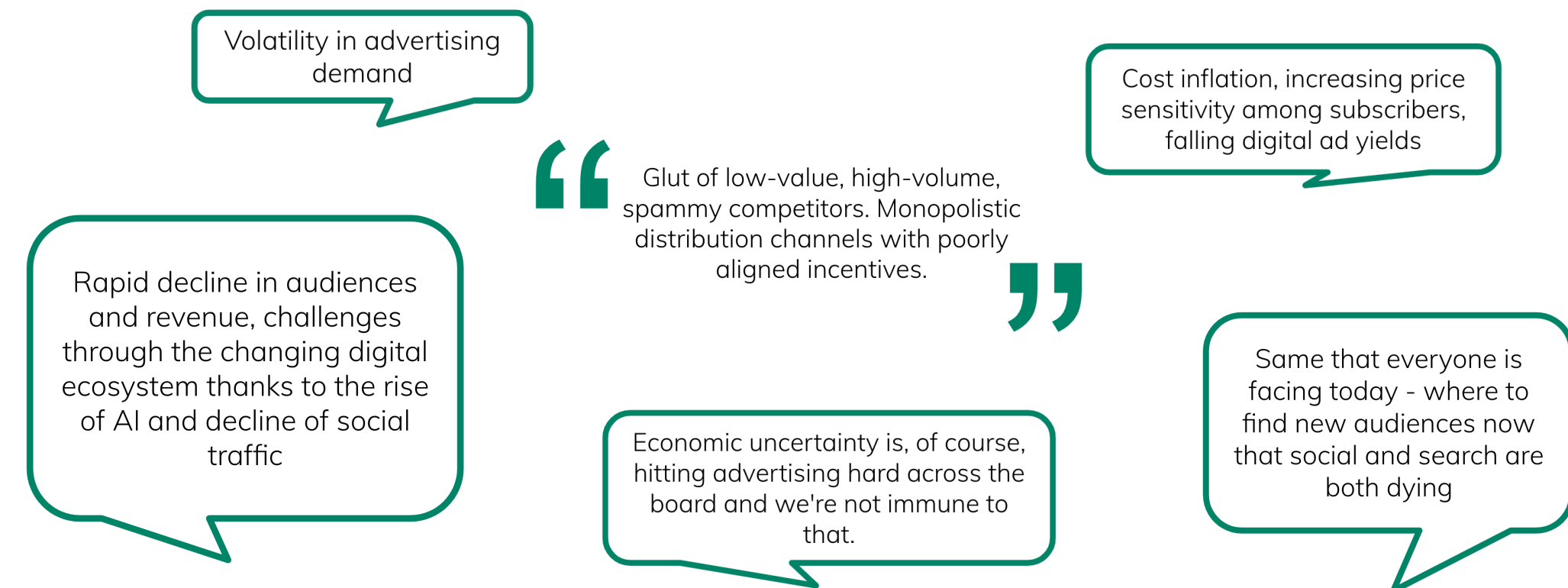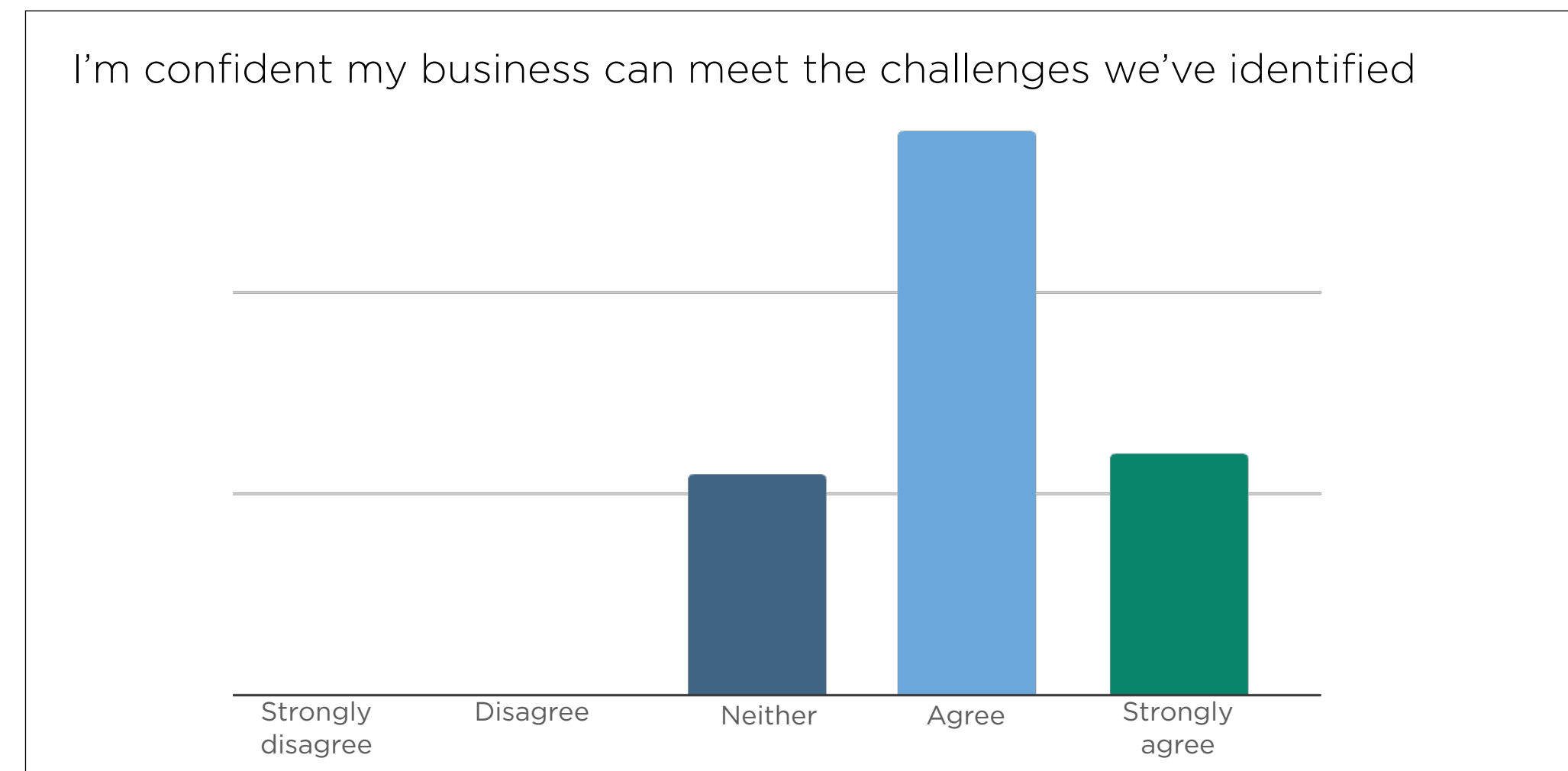
We asked what challenges publishers are currently facing. Responses included declines in audience and revenue and concern about AI's impact on their business.

A steep decline in social referrals has led to a drop in traffic, creating what some publishers said was a crisis in discovery and an "attention recession".

Respondents also said that they were concerned about economic factors. Inflation and the cost-of-living crisis have been in the headlines for the last two years, and publishers have not been immune.

Consumers have less disposable income to pay for subscriptions, and businesses have less to spend on advertising. This decline in spending has put pressure on the two main revenue pillars for publishers.

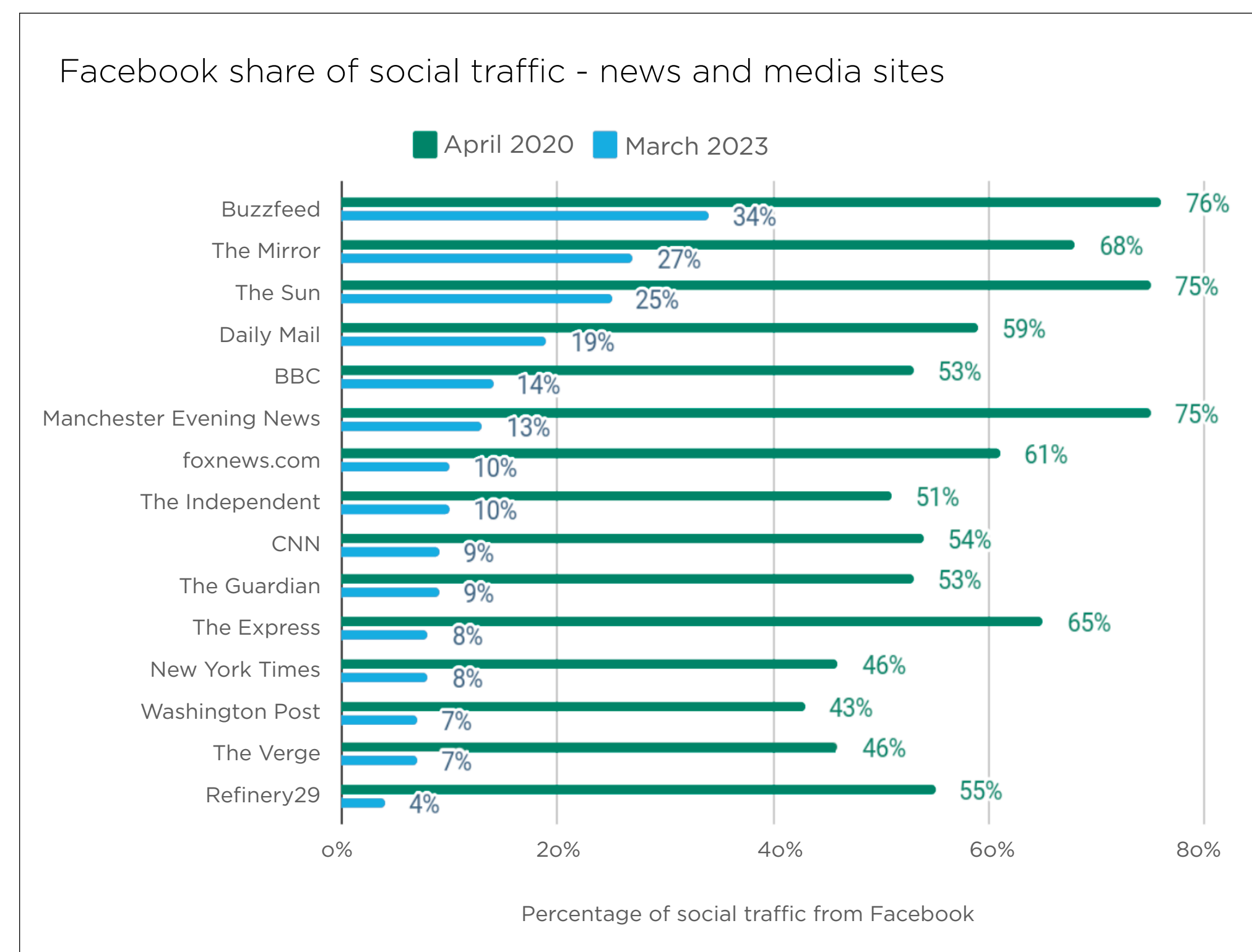The good news is that the majority are confident they are ready to meet these challenges.

I'm confident my business can meet the challenges we've identified

Strongly disagree | Disagree | Neither | Agree | Strongly agree

Volatility in advertising demand

Cost inflation, increasing price sensitivity among subscribers, falling digital ad yields

Glut of low-value, high-volume, spammy competitors. Monopolistic distribution channels with poorly aligned incentives.

Rapid decline in audiences and revenue, challenges through the changing digital ecosystem thanks to the rise of AI and decline of social traffic

Economic uncertainty is, of course, hitting advertising hard across the board and we're not immune to that.

Same that everyone is facing today - where to find new audiences now that social and search are both dying

Source: Pugpig survey

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THE CRISIS OF DISCOVERY: THE DECLINE OF FACEBOOK REFERRALS FOR PUBLISHERS

Over the past few years, Facebook has been engaged in a very public divorce with news organisations. It has de-emphasised journalism in its newsfeed, reducing Facebook referrals to publishers. Traffic from the social network dropped as a share of desktop traffic to top news sites worldwide from almost 4.5% to roughly 1.5%.

Data compiled by the Press Gazette from Similarweb showed the full extent of the decline in the referrals from Facebook to digital media, broadcasters and newspaper publisher sites in the US and UK.
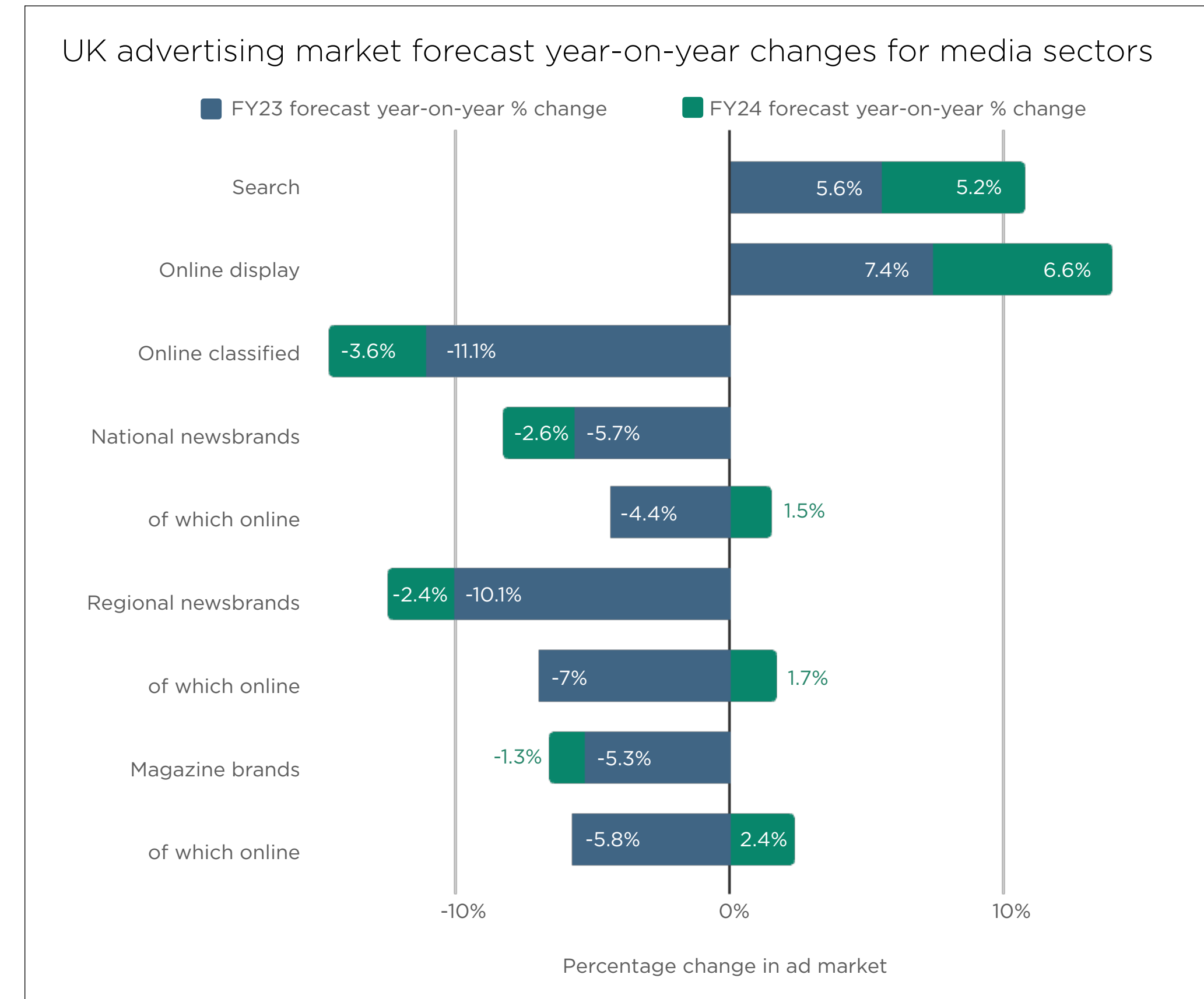
The drop in social referrals and the decline in engagement with their content on third-party platforms has translated into a significant loss of revenue. Publishers saw a drop in off-platform mobile revenue - money they made on platforms including Facebook, TikTok and YouTube - of 86% in the final quarter of 2023, according to the Press Gazette. This is driving publishers to focus on new products and non-advertising revenue, such as subscriptions, which showed a double-digit increase.

Facebook share of social traffic - news and media sites

■ April 2020 ■ March 2023

Site	April 2020	March 2023
Buzzfeed	76%	34%
The Mirror	68%	27%
The Sun	75%	25%
Daily Mail	59%	19%
BBC	53%	14%
Manchester Evening News	75%	13%
foxnews.com	61%	10%
The Independent	51%	10%
CNN	54%	9%
The Guardian	53%	9%
The Express	65%	8%
New York Times	46%	8%
Washington Post	43%	7%
The Verge	46%	7%
Refinery29	55%	4%

Percentage of social traffic from Facebook

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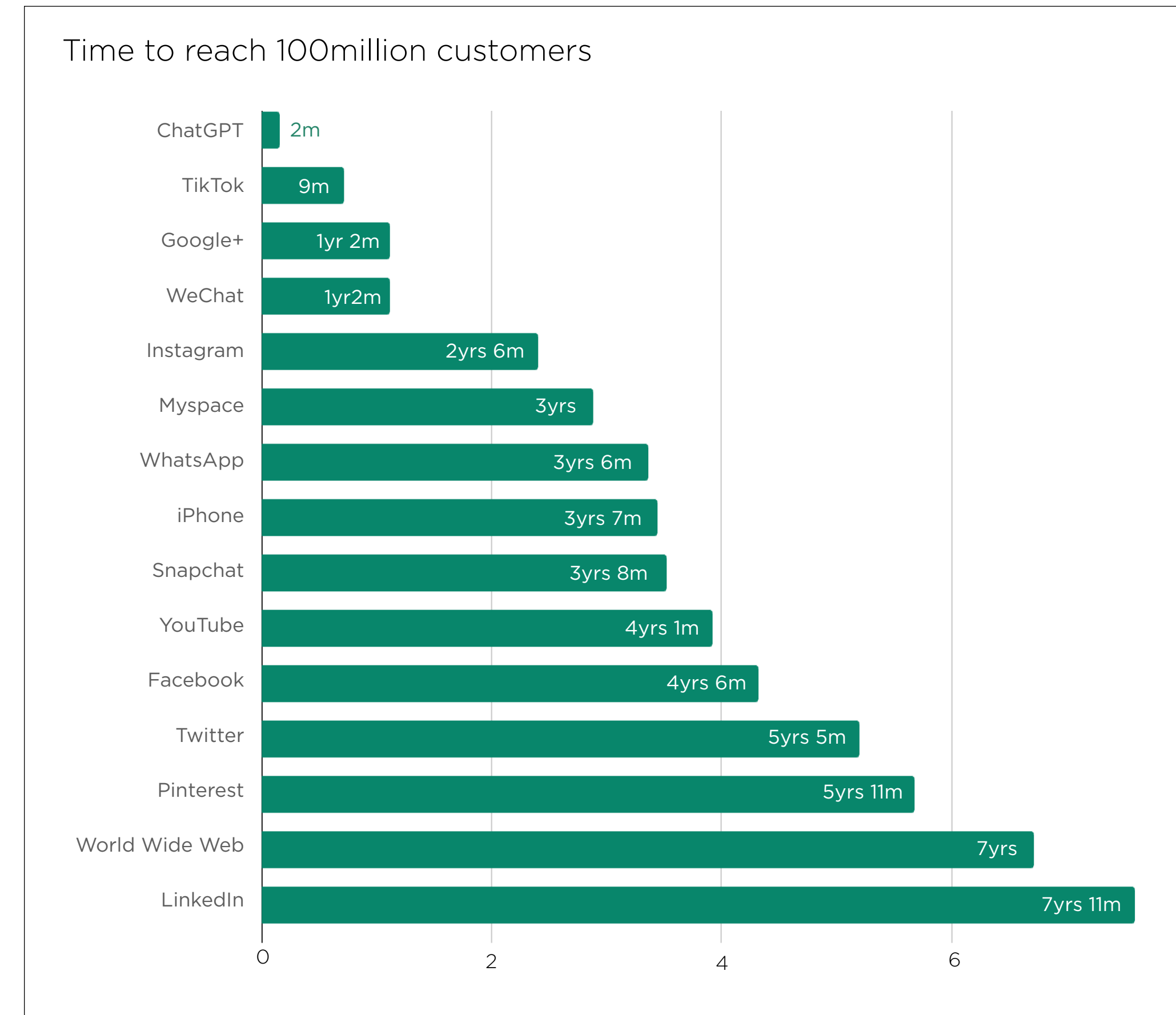# UK ADVERTISING GROWTH, BUT ONLY FOR PLATFORMS

Search and online display advertising grew in 2023 and were forecast to continue to grow in 2024. Google and other platforms dominate this space. For publishers, the softness in advertising is expected to ease in 2024, but not for the print side of publishing businesses. And while the digital advertising outlook has improved, it still won't make up for the sharp declines in 2023. It means that publishers will need to accelerate their digital revenue strategies.

UK advertising market forecast year-on-year changes for media sectors

- ■ FY23 forecast year-on-year % change
- ■ FY24 forecast year-on-year % change

Sector	FY23	FY24
Search	5.6%	5.2%
Online display	7.4%	6.6%
Online classified	-11.1%	-3.6%
National newsbrands	-5.7%	-2.6%
of which online	-4.4%	1.5%
Regional newsbrands	-10.1%	-2.4%
of which online	-7%	1.7%
Magazine brands	-5.3%	-1.3%
of which online	-5.8%	2.4%

Percentage change in ad market

Source: Press Gazette

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ANXIETY: THE RISE OF AI

ChatGPT exploded onto the scene in November 2022 and has experienced unprecedented growth. ChatGPT grew to 100m customers far faster than other tech innovations over the past 30 years, according to PwC. This led to anxieties about large language models scraping publishers' content and a decline in search traffic.

Publishers estimate that Google's Search Generative Experience could cost publishers $2bn annually in lost traffic and ad impressions, according to Adweek.

Time to reach 100million customers

ChatGPT	2m
TikTok	9m
Google+	1yr 2m
WeChat	1yr2m
Instagram	2yrs 6m
Myspace	3yrs
WhatsApp	3yrs 6m
iPhone	3yrs 7m
Snapchat	3yrs 8m
YouTube	4yrs 1m
Facebook	4yrs 6m
Twitter	5yrs 5m
Pinterest	5yrs 11m
World Wide Web	7yrs
LinkedIn	7yrs 11m

Source: PwC

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OPPORTUNITY: THE RISE OF AI

While publishers are anxious about AI, they also see the opportunities. When asked about their innovation focus for the next year, publishers said AI played a prominent role, both as a means to automate processes in the newsroom and as a content creation tool.

As with our last report, personalisation topped the innovation list. As publishers turn more to a user needs model, the shift from a purely editorially-driven content strategy to a user-driven one continues to gather momentum and personalisation tools and technologies play a significant role in this move.

Text-to-speech features are also coming to the fore as AI vastly improves the quality of the service that publishers can offer. However, for those publishing large amounts of content these new, more advanced, AI speech services can be prohibitively expensive (at roughly 10x the price of the non-AI models).

What tech innovation(s) are you focusing on in the coming year?

Source: Pugpig survey
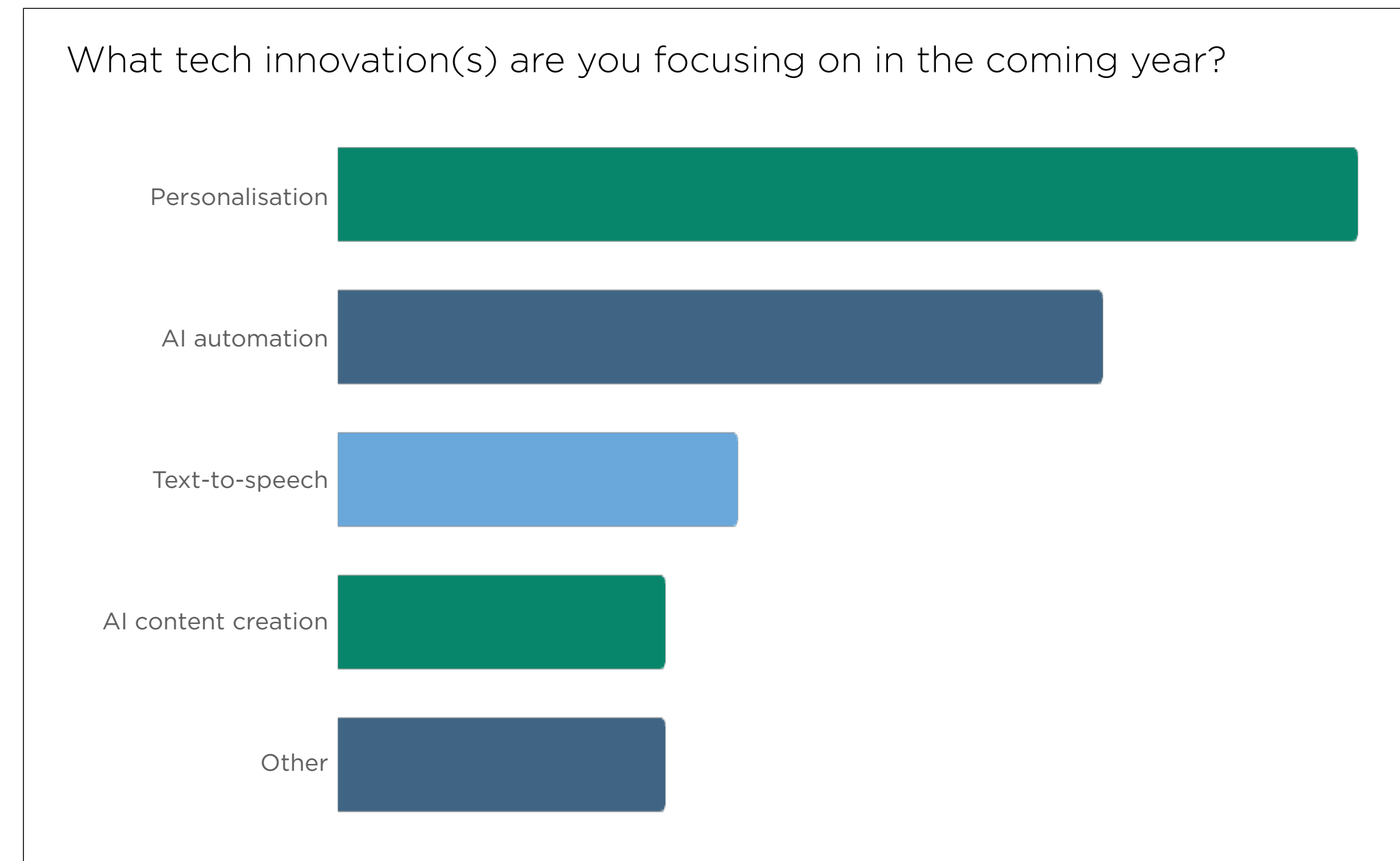
MOBILE: A GROWING OPPORTUNITY FOR PUBLISHERS

Audiences continue to spend more and more time with their mobile devices. More audience attention on mobile translates into increased opportunities for news and magazine publishers' apps in the coming years. Moreover, Pugpig data shows that publishers have better success in engaging young audiences with their apps than their websites.

TIME ON MOBILE CONTINUES TO GROW

The share of consumer time and attention on mobile continues to rise or hold steady in most countries even after the dramatic increases seen during the pandemic.

While Southeast Asia and Middle Eastern countries have already seen some of the strongest growth in mobile use, some developed countries continue to see rapid increases in time spent on mobile. In 2023, time spent grew at its quickest pace since 2020 in Canada and Australia, rising by 16% in both countries.

And research from FT Strategies and the Knight Lab found that young audiences are becoming "mobile-only". Over the past decade, publishers built off-platform teams and products to engage young users on social media, but with revenue on third-party platforms declining, publishers have increased their focus on direct-to-consumer products, including apps, and enticing off-platform users onto their own products.
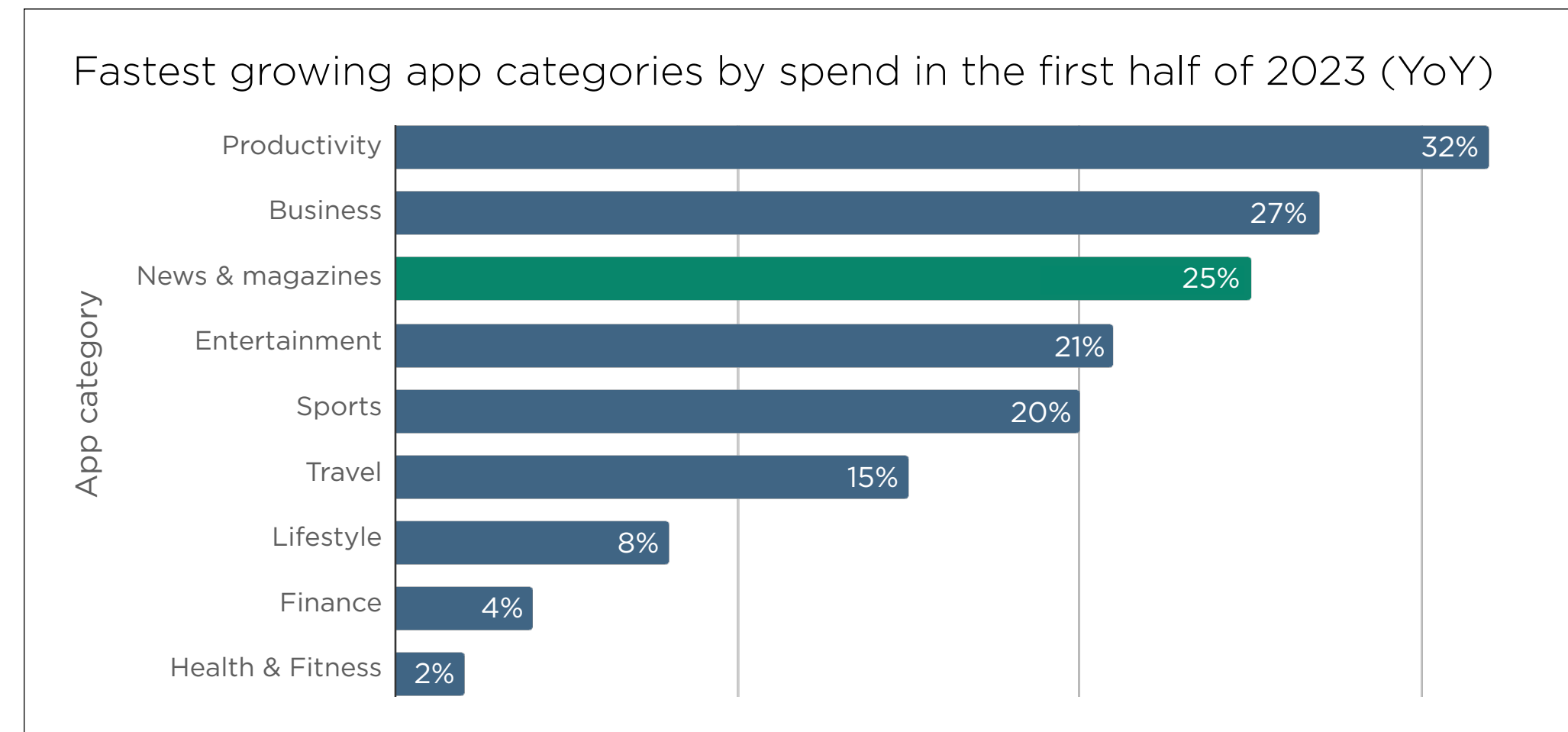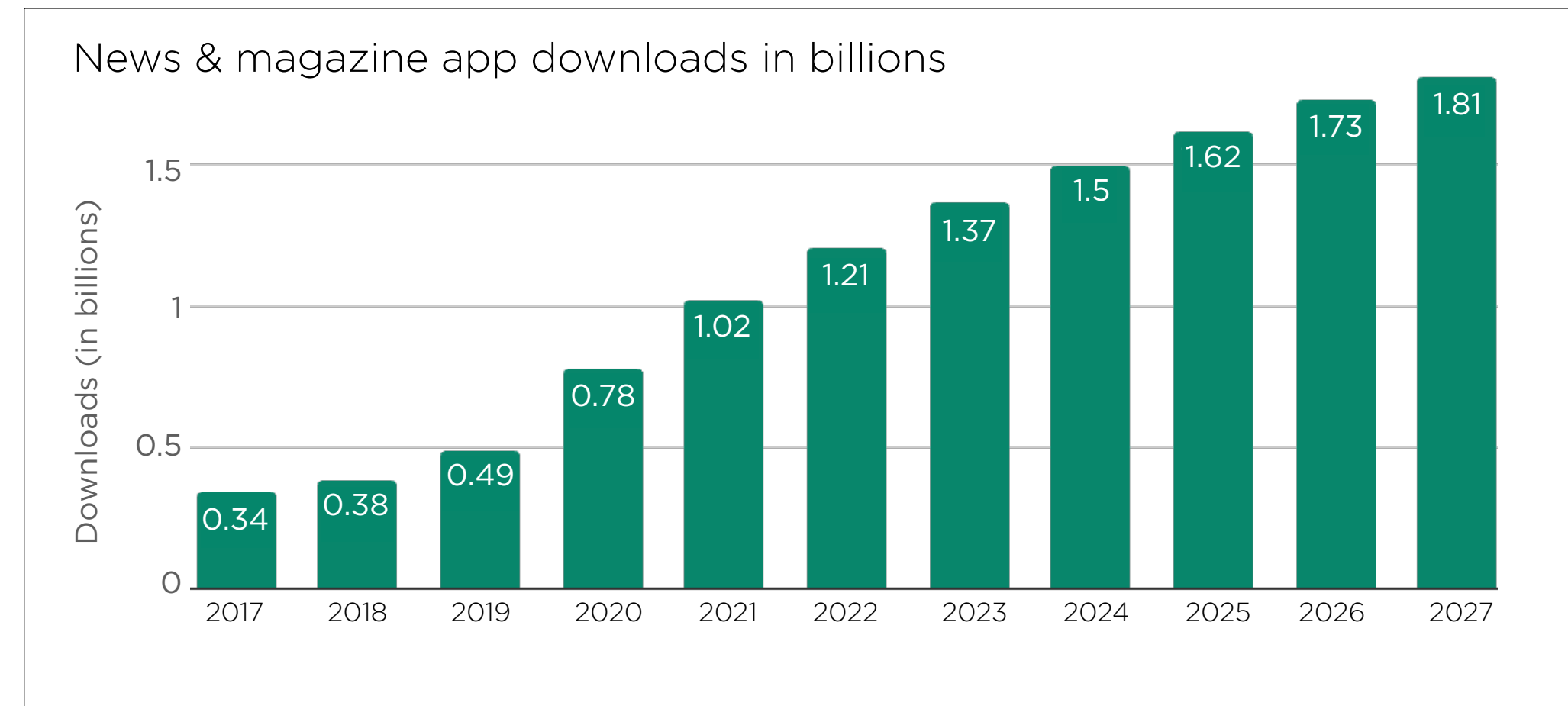
Time spent on mobile (in hours)

■ 2020 ■ 2021 ■ 2022 ■ 2023

Source: data.ai

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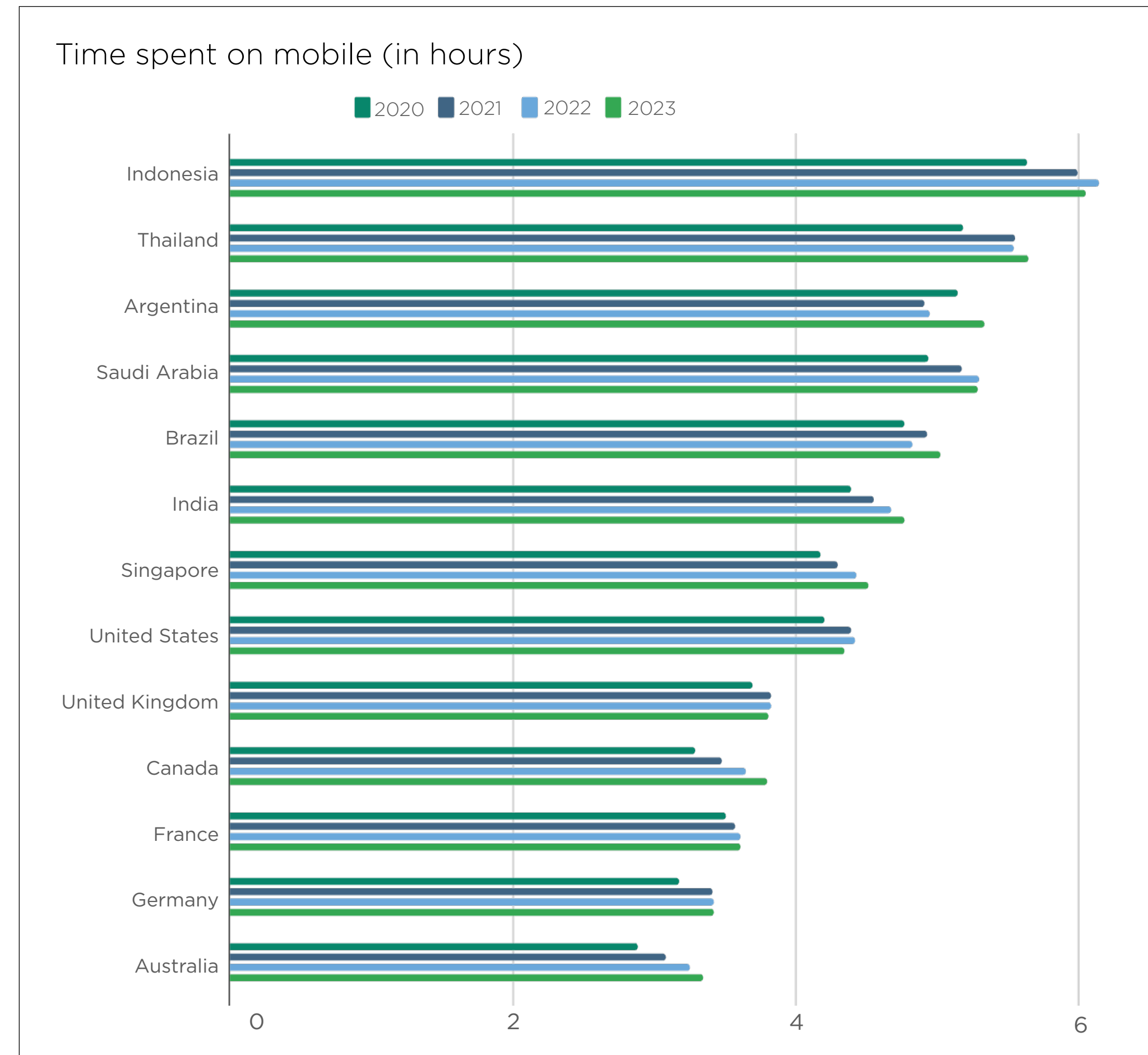
APP DOWNLOADS AND SPEND BOTH GROWING

After a slow start, news and magazine app growth has picked up considerably over recent years and that growth is set to continue. As first-party data and reader revenue continue to grow in importance, publishers have begun investing more in building products that properly fulfil the needs of their readers.

Publishers also stand to benefit from growing spending on their apps. News and magazine apps were some of the fastest-growing app categories last year. Based on data from the first half of 2023, news and magazine apps were the third fastest-growing app segment based on spend, outpacing the growth of entertainment and sports apps.

News & magazine app downloads in billions

Year	Downloads (in billions)
2017	0.34
2018	0.38
2019	0.49
2020	0.78
2021	1.02
2022	1.21
2023	1.37
2024	1.5
2025	1.62
2026	1.73
2027	1.81

Fastest growing app categories by spend in the first half of 2023 (YoY)

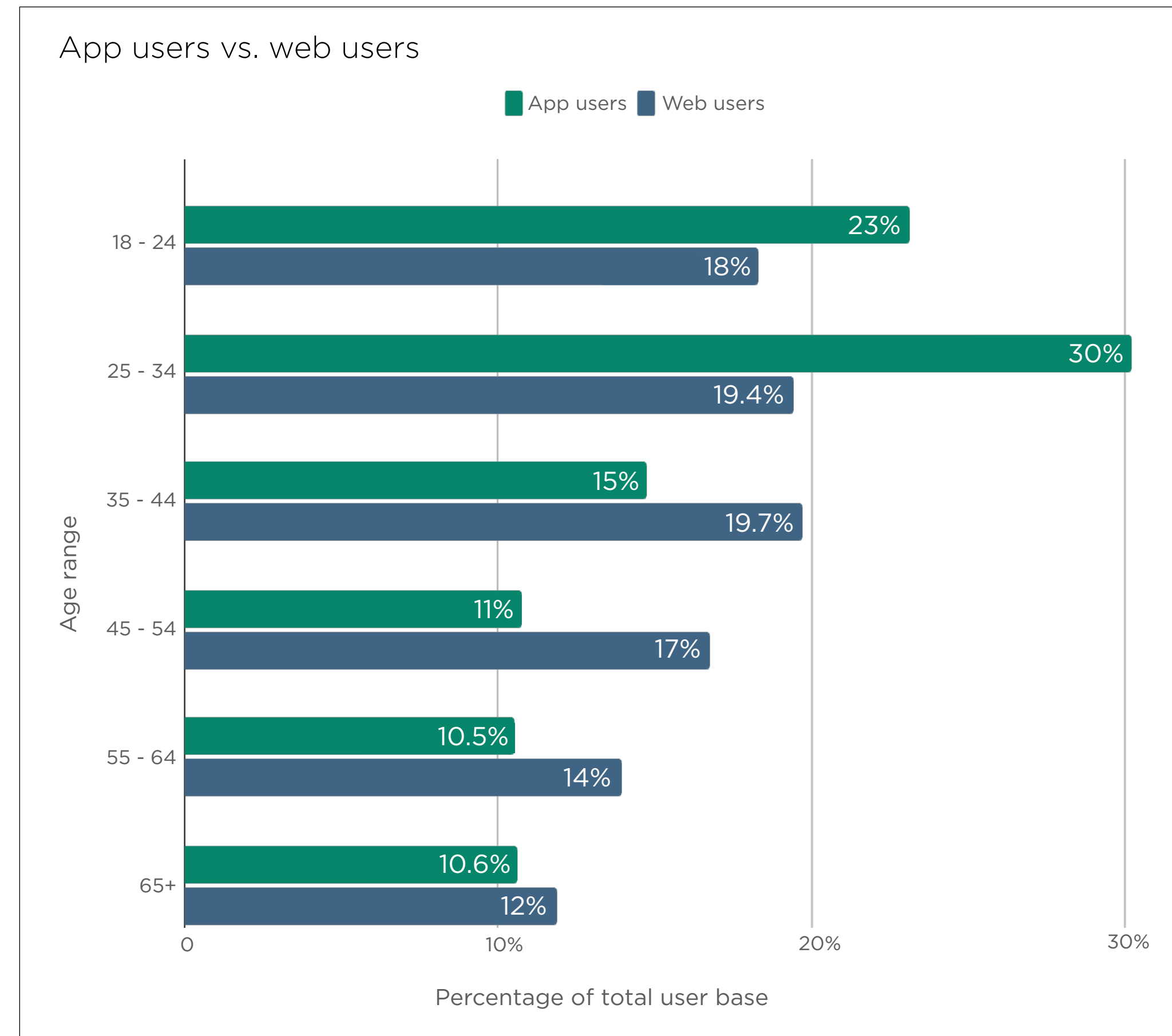| App category	
Productivity	32%
Business	27%
News & magazines	25%
Entertainment	21%
Sports	20%
Travel	15%
Lifestyle	8%
Finance	4%
Health & Fitness	2%

Source: Statista/data.ai

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APP USERS SKEWING YOUNGER THAN WEB USERS

This chart shows a significant skew toward younger age groups amongst app users.

As publishers looking to the future aim to target these younger audiences, they are increasingly turning to mobile in order to do so.

Data from one century-old publisher (and Pugpig customer) demonstrates the ability of an app to connect with younger digital audiences, with 53% of their app users being under 35, compared to just 38% of their web users.

App users vs. web users

■ App users ■ Web users

Age range	App users	Web users
18 - 24	23%	18%
25 - 34	30%	19.4%
35 - 44	15%	19.7%
45 - 54	11%	17%
55 - 64	10.5%	14%
65+	10.6%	12%

Percentage of total user base

Source: Pugpig/Google Analytics

SUBSCRIPTIONS, ACQUISITION AND RETENTION

In the shift from volume to value in publishing, subscriptions have come to play an increasingly important role. Reader revenue - subscriptions and higher-value memberships - has reduced the pressure for publishers to compete with and rely on platforms to grow large audiences to drive advertising returns. With the shift to reader revenue, publishers have had to balance acquiring new digital subscribers with retaining them. Their approach to apps reflects this, as they adapt them to play a role in their registration-first acquisition strategies and continue to invest in the retention role that apps have traditionally played.

THE ROLE APPS PLAY IN AUDIENCE ENGAGEMENT

As publishers lead their audiences on a journey of increasing value from anonymous followers to fully paid up subscribers and possibly even members and advocates, websites and apps each play their respective roles.
The goal is to push readers up and to the right on the diagram, giving access to better data, increased engagement and loyalty, and ultimately, higher average revenue per user. Websites excel at acquisition, attracting massive audiences that not only have their own intrinsic ad value but who have the potential to be encouraged into a deeper and more lucrative relationship with the brand.

The primary role of an app is to provide a hub for a publisher's most loyal readers to come and engage with their brand on a regular basis, reinforcing a direct relationship and creating a level of stickiness that can't be achieved elsewhere. As such, they tend to work extremely well on the upper right hand side of the diagram where the smaller, but most valuable audiences spend their time.
In the following sections of this report, we take a deep dive into where and how apps can maximise this engagement and also look into how the hand off from website to app is starting to slowly but surely shift to the left.
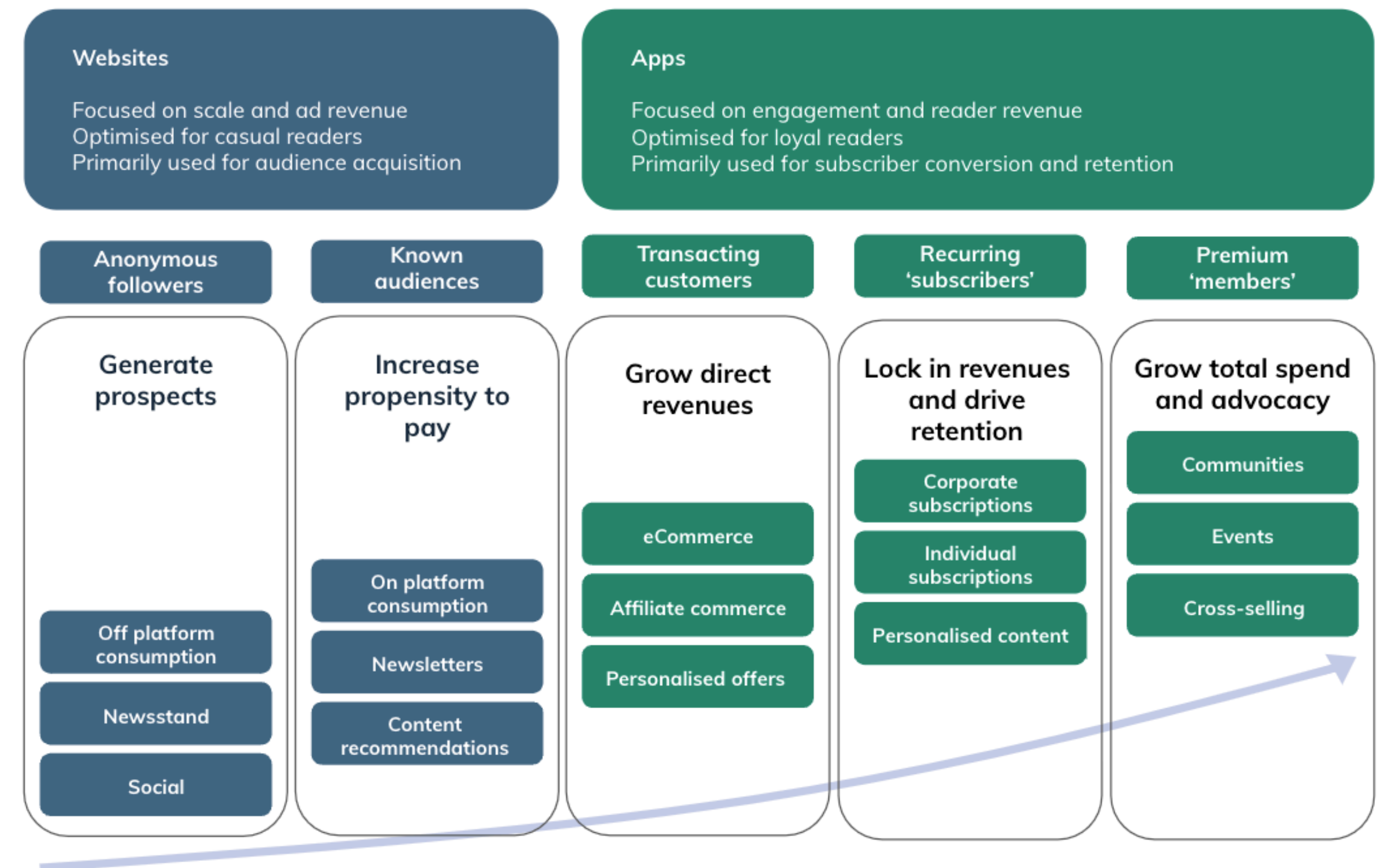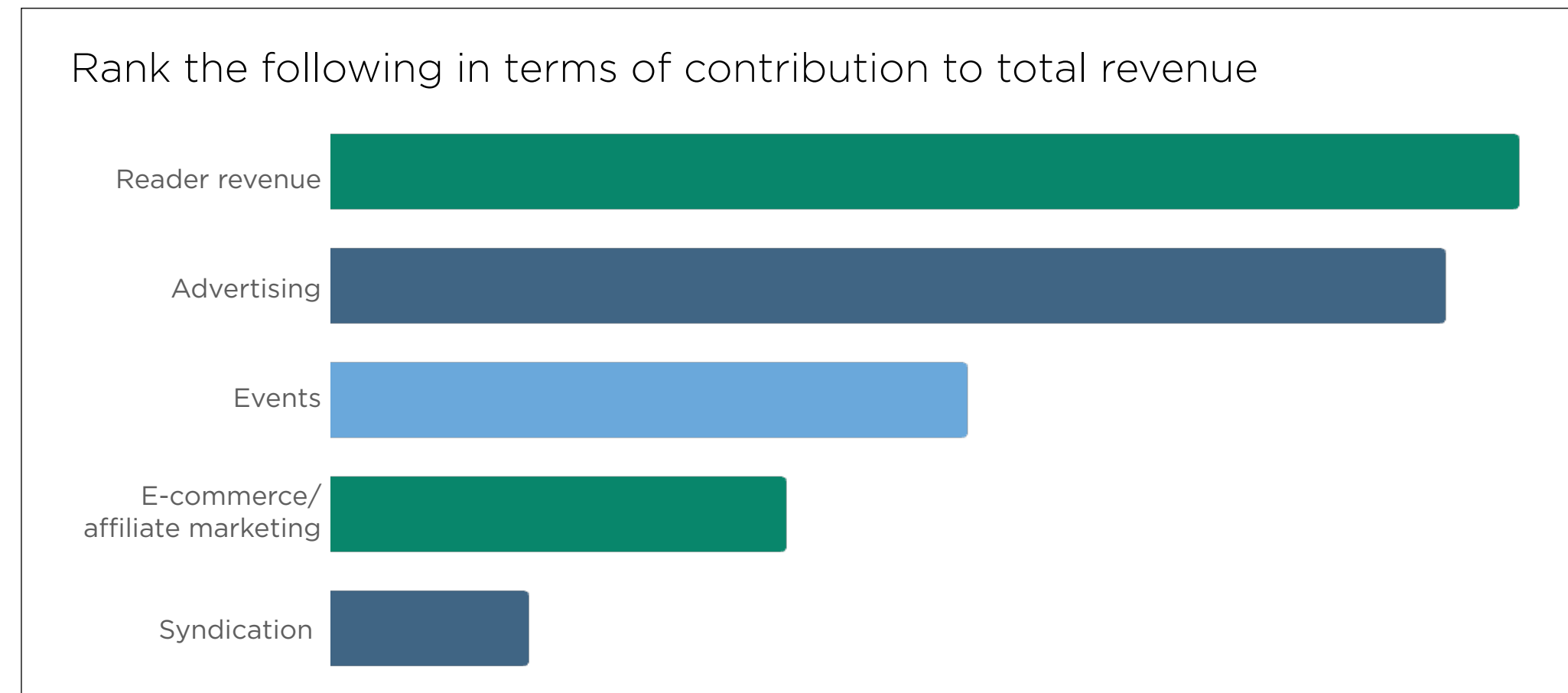

Driving up reader revenue

READER REVENUE REMAINS THE PRIORITY

For the third year running, reader revenue tops the list of priorities for publishers both in terms of its contribution in the past 12 months and where they expect growth in the coming year.

While reader revenue and advertising remain the two main revenue pillars for publishers, WAN-IFRA's 2022-2023 World Press Trends report found that 'other revenue' streams are the fastest-growing line item for publishers. In-person events have bounced back after the pandemic, and publishers in WAN-IFRA's report and in our survey see them playing an increasing role in providing additional revenue.

Rank the following in terms of contribution to total revenue

- Reader revenue
- Advertising
- Events
- E-commerce/ affiliate marketing
- Syndication

Rank the following sources of revenue in terms of growth that you expect to see in the coming year

- Reader revenue
- Advertising
- Events
- E-commerce/ affiliate marketing
- Syndication

Source: Pugpig survey

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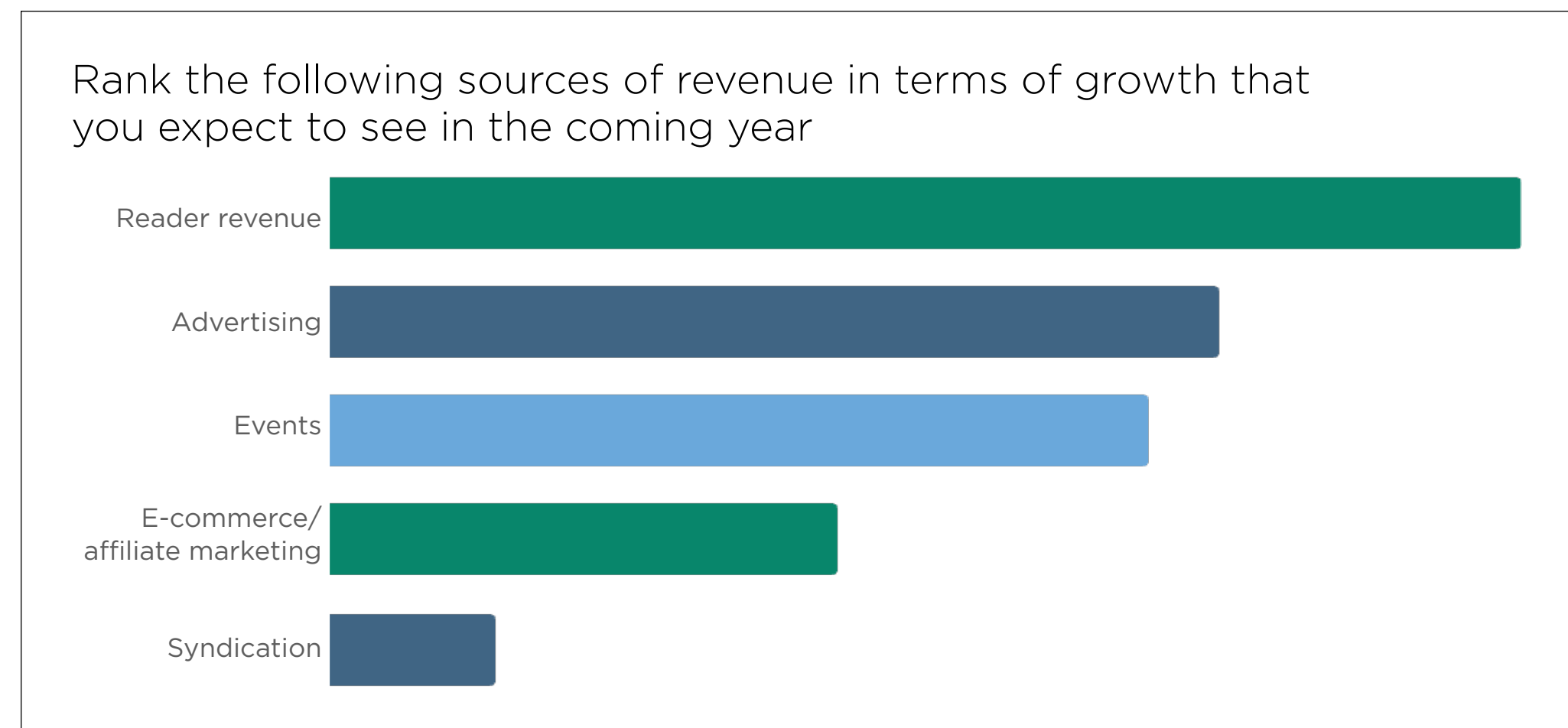
PUBLISHERS FOCUS ON RETENTION AS SUBSCRIPTION COMPETITION HEATS UP

In previous years, conversion was the number one priority. In our last report, retention came last in publishers' priorities. We're now seeing their focus shift to engagement and retention.

As the costs of acquiring new subscribers increases, so retention becomes increasingly important for publishers. These rising costs have been driven by increased competition for all manner of subscription services including news and media. A 2023 study by Minna Technologies and FT Strategies found that 22% of 25-35-year-olds had seven subscriptions or more.

Publishers told us audience growth has become more challenging, which means holding onto existing subscribers is more important than ever. As one of our survey participants said of their challenges, they are trying to achieve "retention in the face of subscription fatigue."

Rank the following in terms of where on the conversion funnel you are focused

- Engagement
- Retention
- Conversion
- Growing the value of our existing user base
- Awareness

Source: Pugpig survey
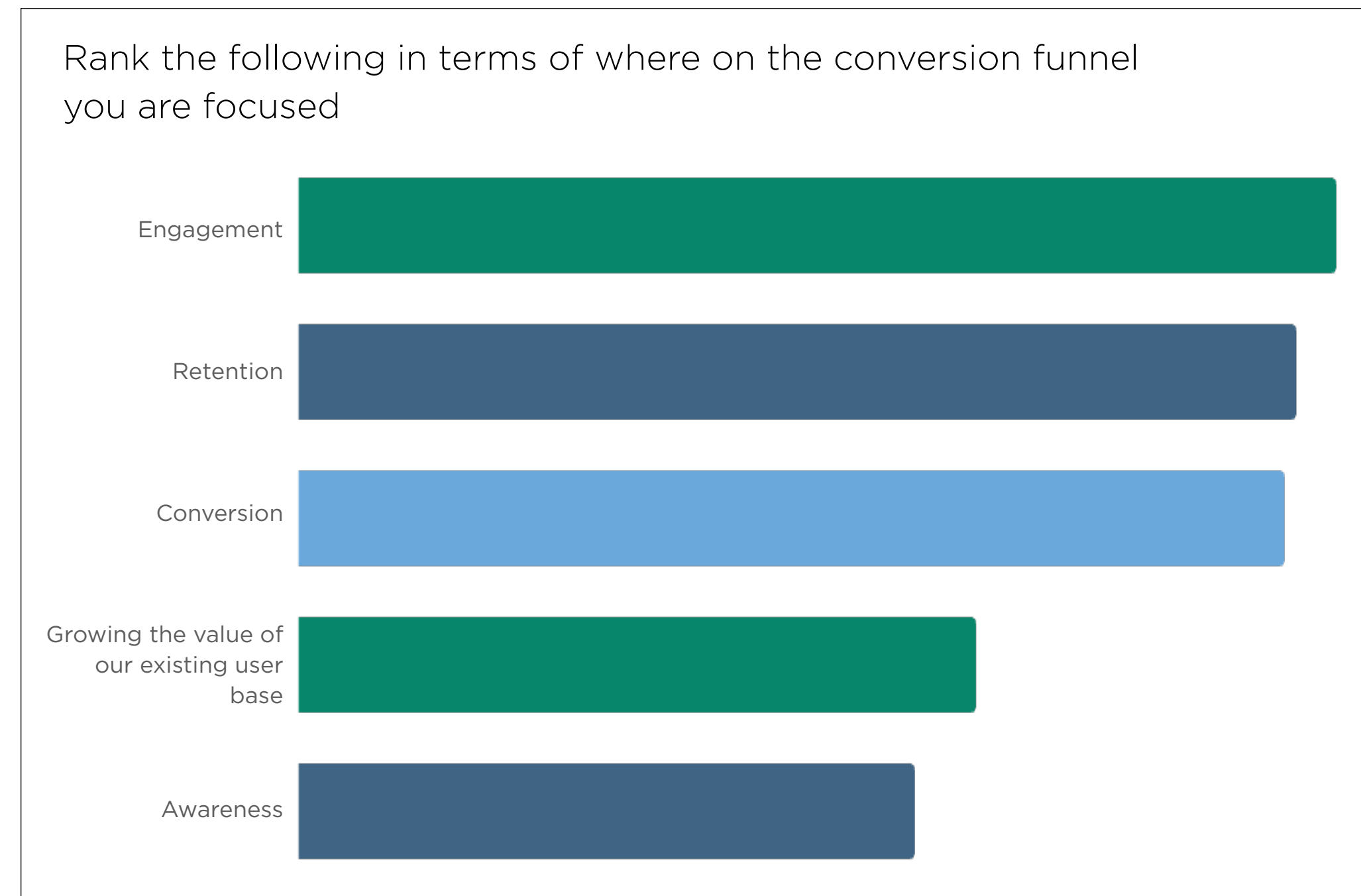
NEWSLETTERS ARE THE FAVOURED TOOL FOR AUDIENCE RETENTION

According to Toolkits, 56% of digital publication subscribers cancelled a subscription in 2023. That's down from the 63% who did so in 2022, but it is another reason why publishers will keep their focus on retention in 2024.

Newsletters have become a favourite engagement and retention tool because they are important in starting, building and maintaining relationships with audiences. Apps come in second because they also foster deep habits with publishers' content

As Elizabeth Couch, Director of Audience at Crain Communications' City Brands said in the Media Collective report Retention Economics, "The two most intimate digital relationships a media organisation has with audiences are with the inbox and lock screen."

What products correlate the most with audience retention?

Product	
Newsletters	
Apps	
Print product	
Podcasts	
Puzzles	

Source: Pugpig survey

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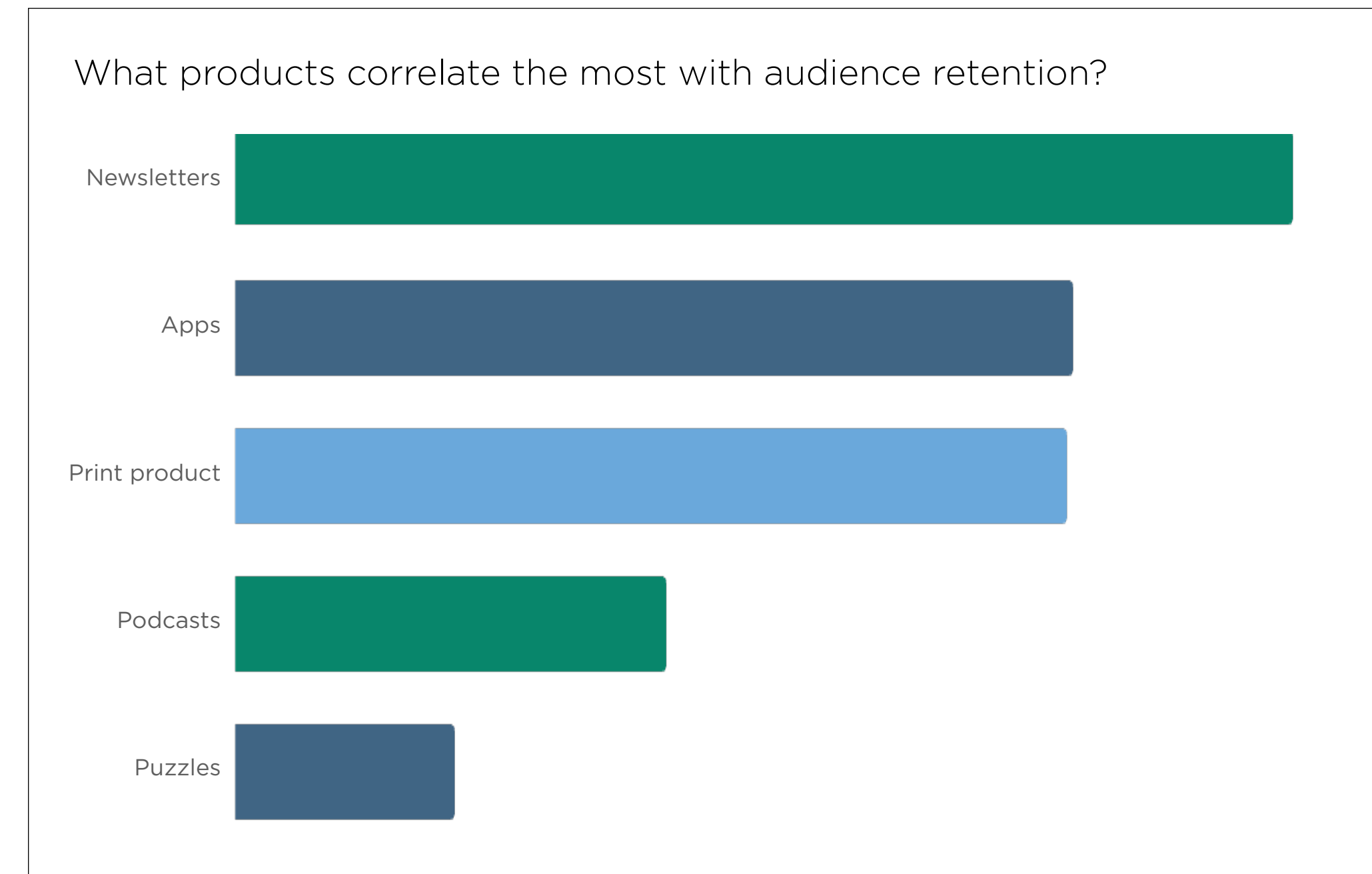
APPS ATTRACT SMALLER
BUT HIGHER VALUE AUDIENCES

It's clear from the data that apps do not serve large audiences. In fact, for even the most successful publisher, apps make up a remarkably small percentage of their overall digital readership.

However, when viewed through the lens of the percentage of the subscriber base who use a publisher's app, you come to see the role that apps play for publishers' most engaged and loyal audiences.

To measure the success of their apps, publishers should focus on the proportion of the subscriber base that regularly uses them by closely monitoring key engagement metrics.

What percentage of your overall digital audience use your app?

Percentage of digital audience
0-5% 6-10% 11-15% 16-20% 21% or more
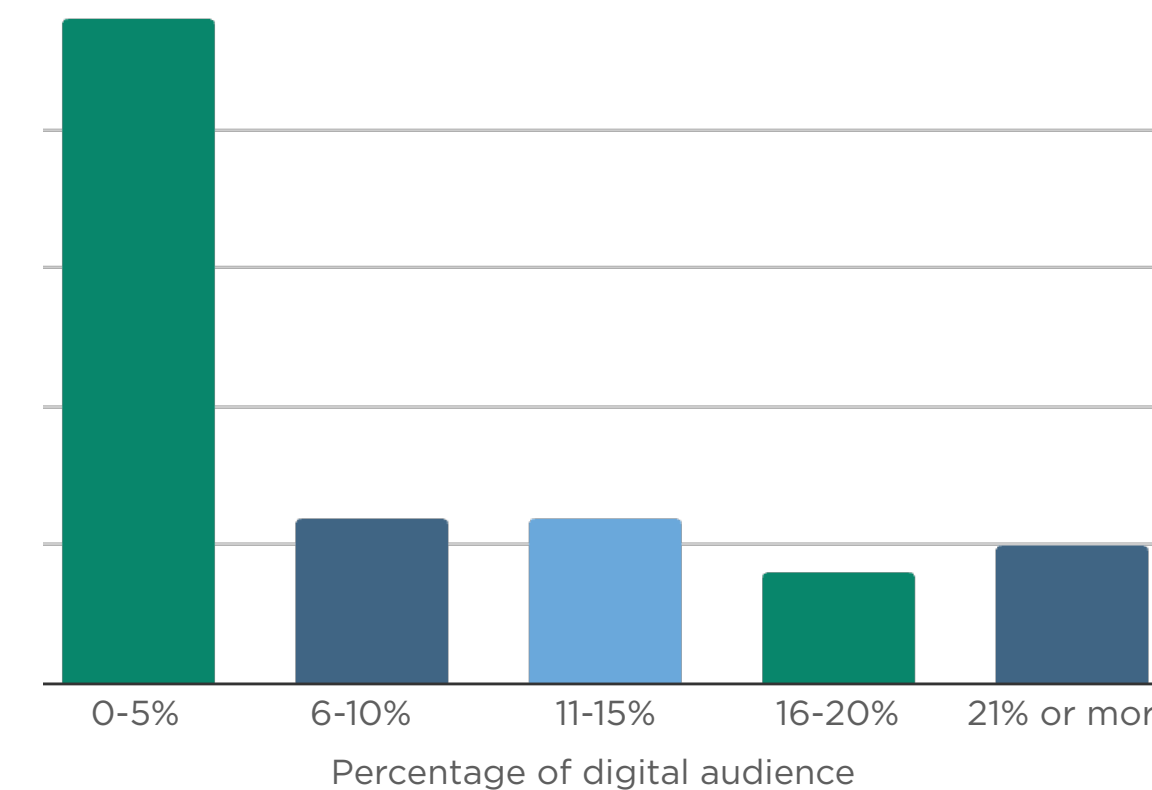
What percentage of your overall subscriber base use your app?

Percentage of subscriber base
0-5% 6-10% 11-15% 16-20% 21% or more
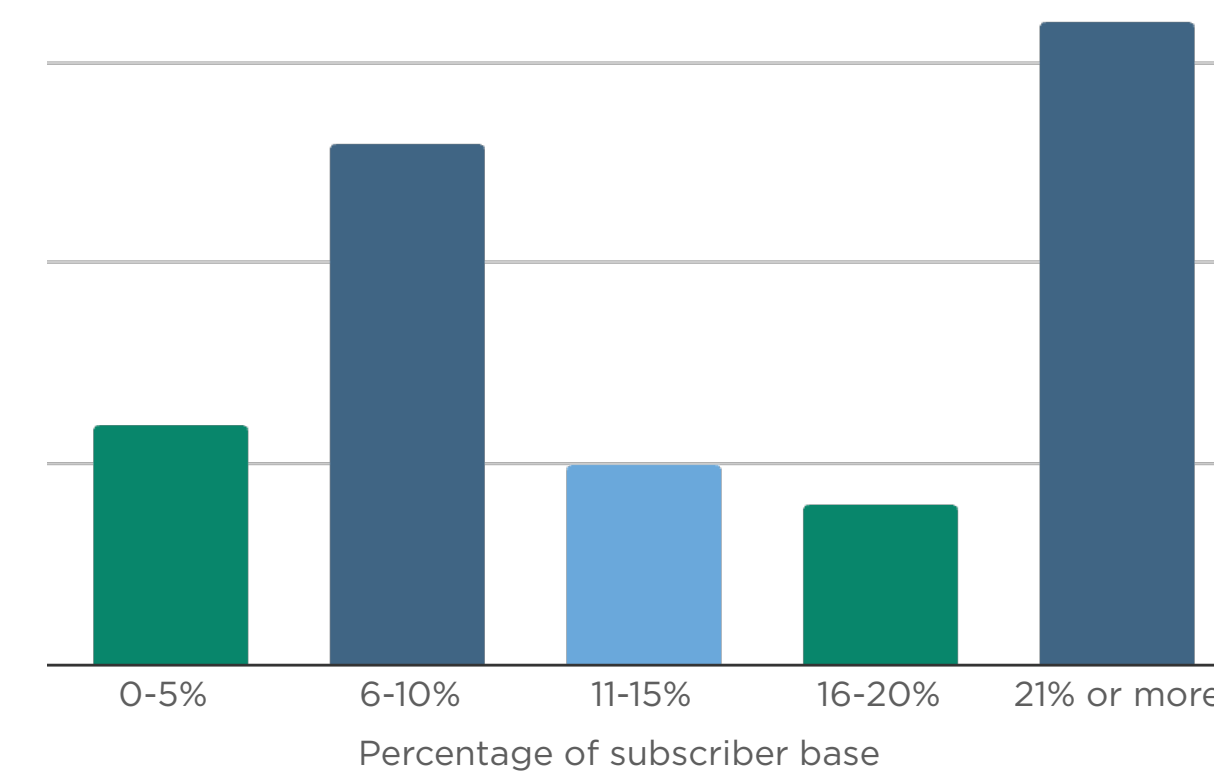
Source: Pugpig survey

APPS ARE SUPER STICKY IN TERMS OF TIME SPENT...

Engagement helps drive subscriber acquisition and retention, and app users spend more time per session than any other channel - this is their superpower.

The top 100 news websites have an average session duration of 5m35s (US) and 4m23s (UK), according to SimilarWeb. Users of the top-performing Pugpig app spend an average of 25 minutes per session, 4.5x than US web users and more than 5.5x than UK web users.
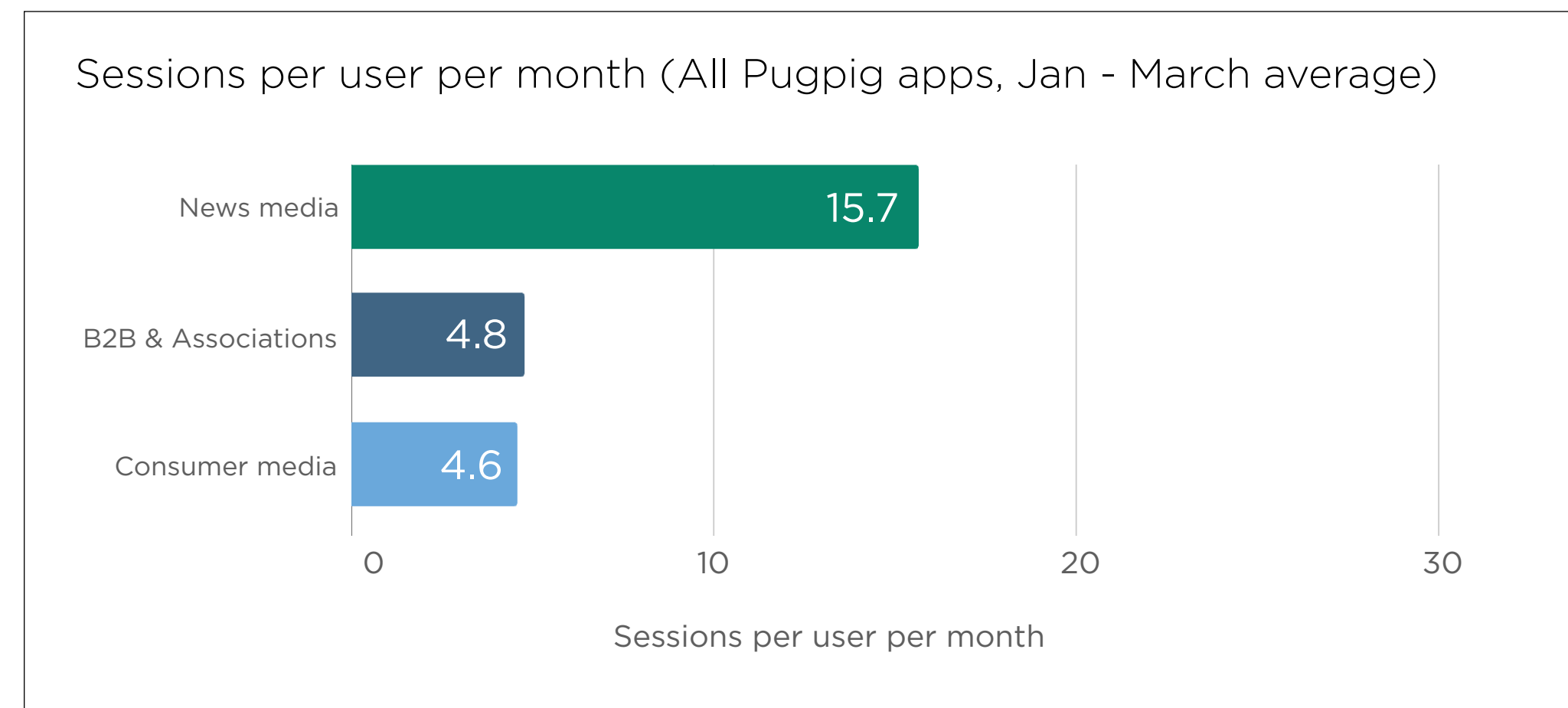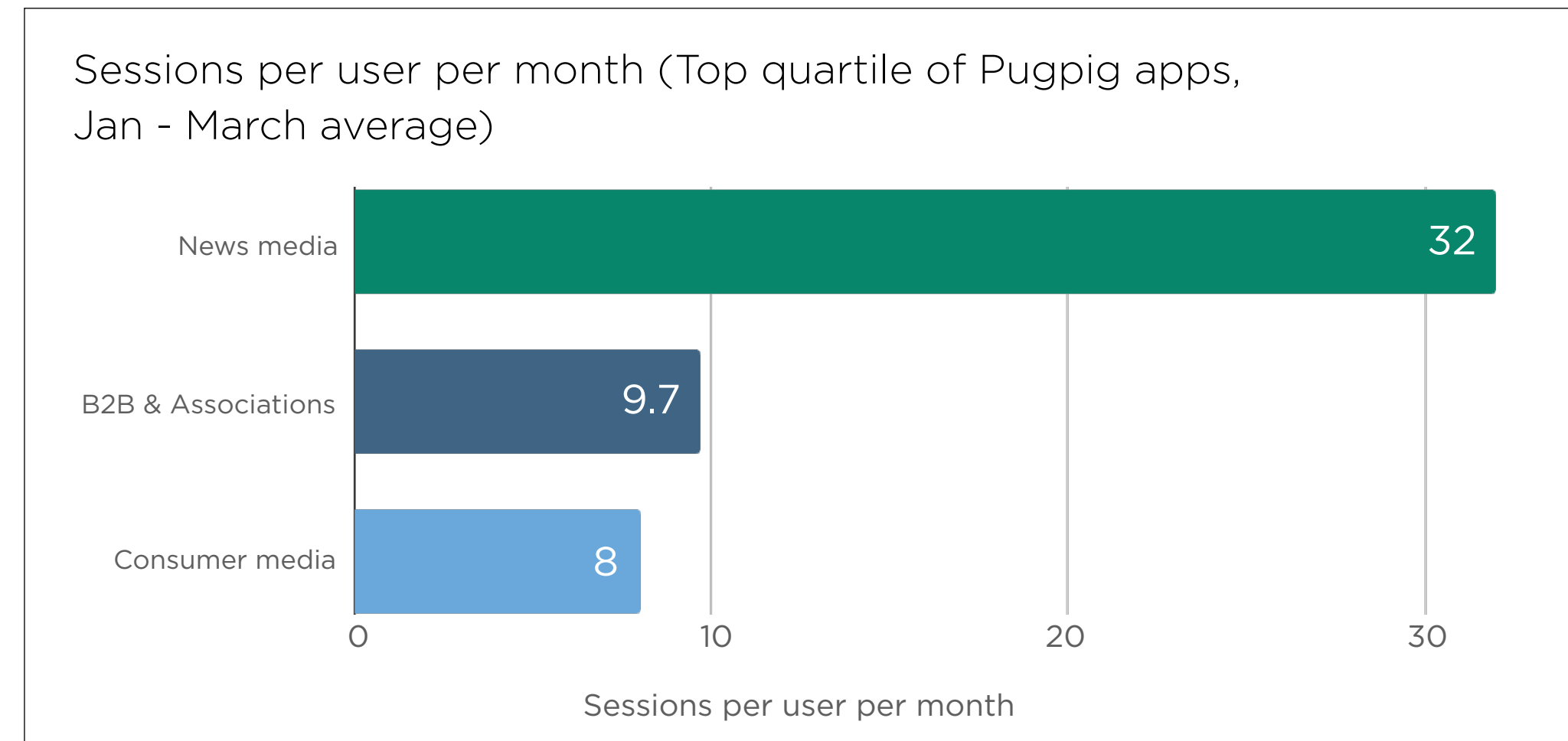
News media are by far the best performers - with a higher volume of content, a focus on stickier formats such as audio and puzzles, and a broader range of features, the results speak for themselves.

Session duration (Top quartile of Pugpig apps, Jan - March average)

Category	Value
News media	17
B2B & Associations	9.3
Consumer media	9.9

Average session duration (minutes)

Session duration (All Pugpig apps, Jan - March average)

Category	Value
News media	8.8
Consumer media	4.2
B2B & Associations	4.9

Average session duration (minutes)

Source: Pugpig/Mixpanel
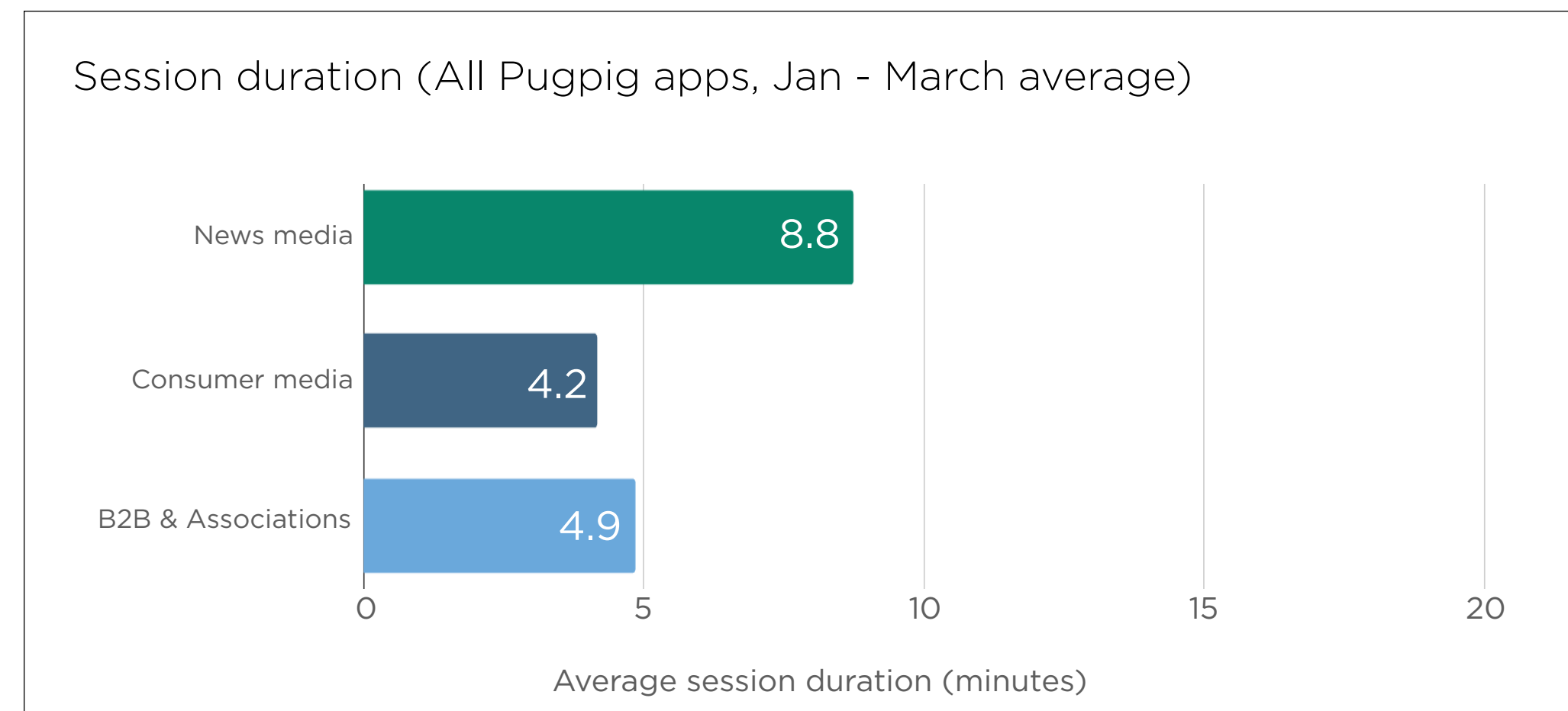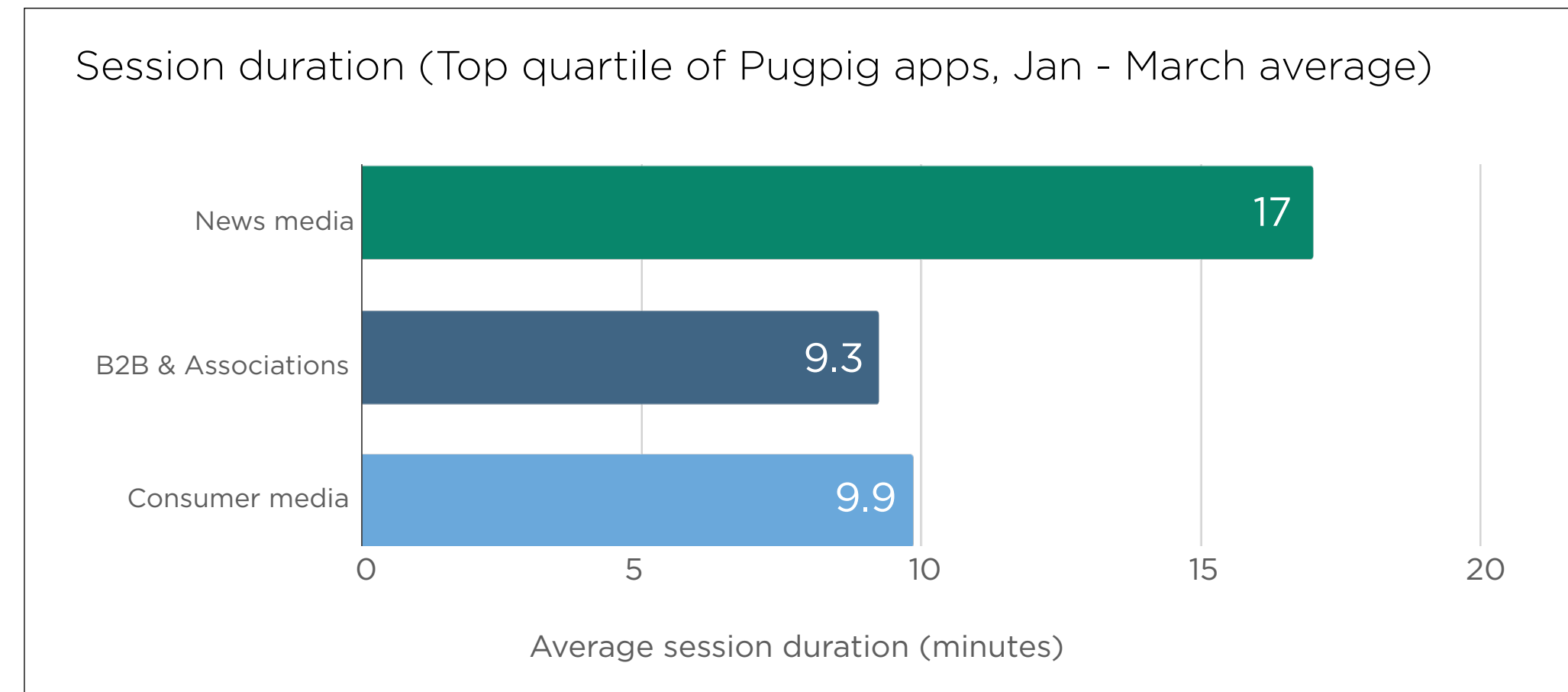
...AND FREQUENCY

Apps also outperform websites in terms of frequency of use. The top-performing digital news brand in the US, Fox News, gets 10 sessions per user per month, according to data site Statista. The highest-performing Pugpig apps enjoy as many as 40 sessions per user per month.

News media apps have a higher frequency of use than other media verticals. This can be partly explained by the level of output that news organisations publish, but it's not just that. We see signs that it's also related to the investment they put into their products, the relationship they have with their readers, and their push strategies. News publishers not only push more often but also have higher open rates that drive higher engagement with their content. All of these factors contribute to more regular use of their apps.

Sessions per user per month (Top quartile of Pugpig apps, Jan - March average)

Category	Sessions
News media	32
B2B & Associations	9.7
Consumer media	8

Sessions per user per month

Sessions per user per month (All Pugpig apps, Jan - March average)

Category	Sessions
News media	15.7
B2B & Associations	4.8
Consumer media	4.6

Sessions per user per month

Source: Pugpig/Mixpanel

PUGPIG

APPS ARE TRADITIONALLY SEEN AS A RETENTION TOOL

Regularity is important for subscriber retention. Analysing terabytes of data from 106 newspapers of all sizes in the United States, Northwestern University found that regularity more than page views or time spent were key to conversion and retention. The same research found app users are less likely to churn when compared to web or mobile web users. Traditionally, apps have been used primarily as retention tools and we see that reflected in this year's responses, but we're also seeing a shift...

We are focused on subscription yield, engagement and retention, which apps help with.

Being more central to our subscriber base - currently more retention than acquisition, but we'd like to build a greater digital-first subscriber base.

Retention – using our app becomes habit in a way our website can't.

Our app is very important in retaining current subscribers, and in a world where finding new audiences is difficult, locking someone in to our product and developing habits is important.

Rank the following in terms of the value your app delivers

- Subscriber retention
- Standalone digital product
- Subscriber acquisition
- Marketing other products & services eg. events

"Apps play a key part in our retention strategy"

Strongly disagree | Disagree | Neither | Agree | Strongly agree

Source: Pugpig survey

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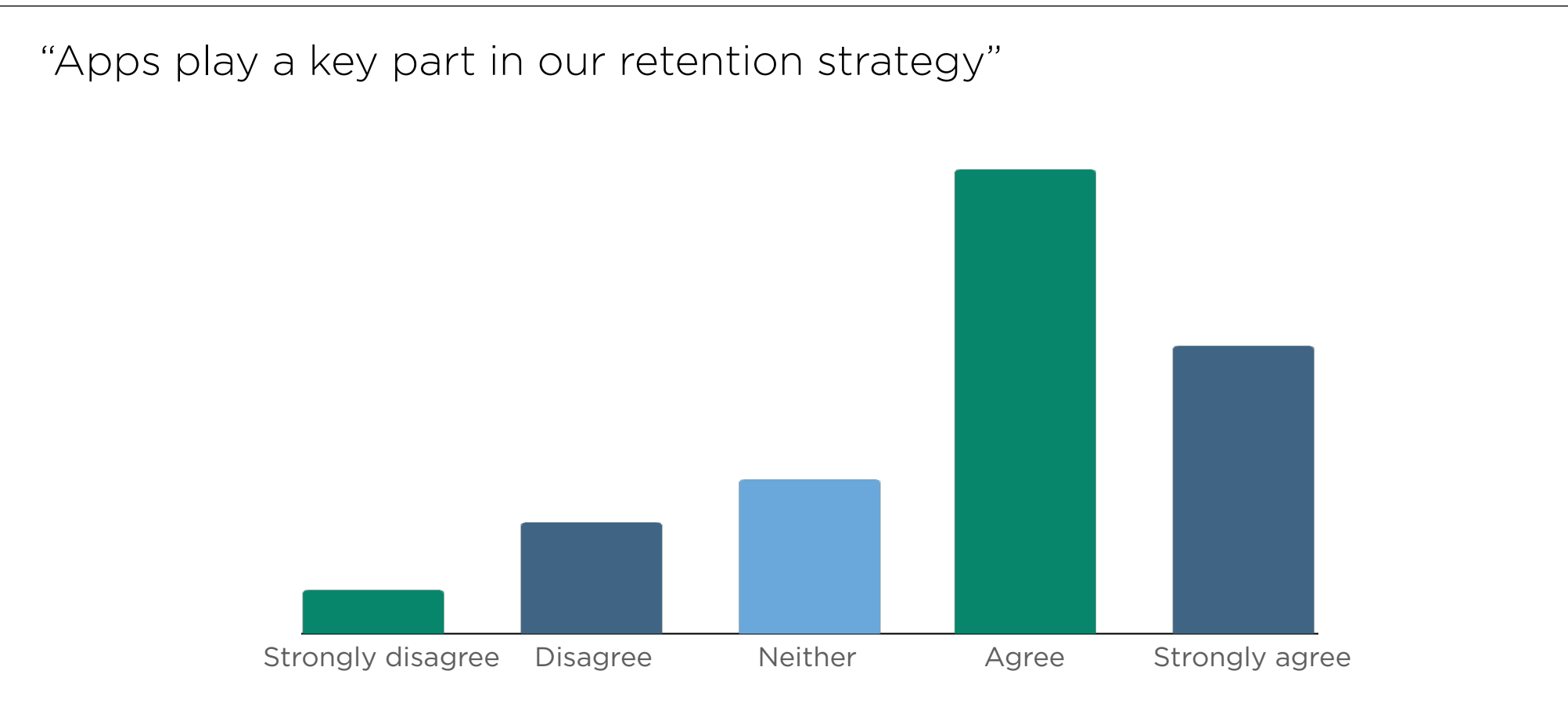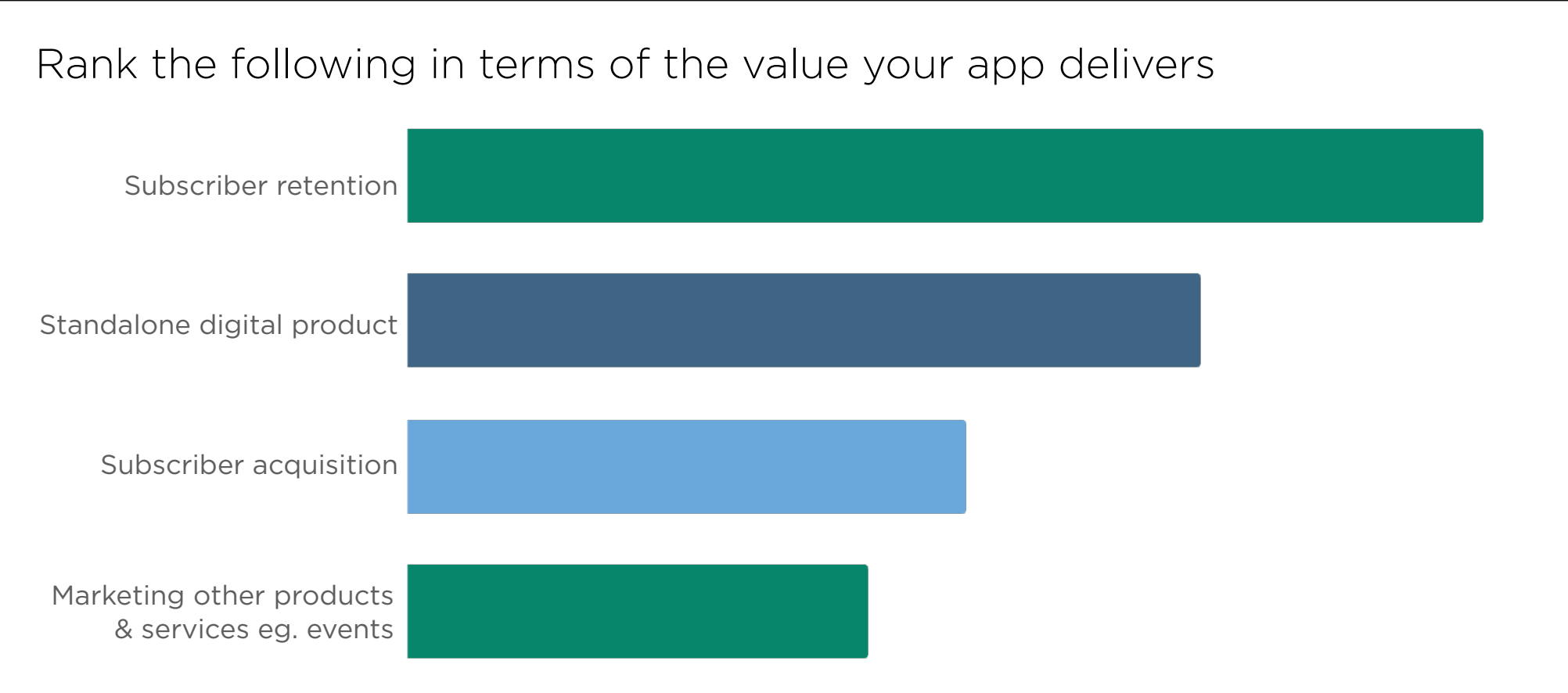
APPS ARE INCREASINGLY BECOMING USED FOR SUBSCRIBER ACQUISITION

In past years, apps were seen more as a benefit of a subscription bundle and a retention tool, but now publishers are using apps increasingly as a means to acquire subscribers. Publishers are expanding the use of apps in their registration and trial subscription offers. This gives users an opportunity to sample the content and features to encourage them to buy a subscription.

When asked whether apps played a key role in their acquisition strategy, most respondents to our survey said that they agreed or strongly agreed. One publisher is excited about "testing new methods for user engagement and acquisition via digital channels" such as their app.

> This is changing with the introduction of daily subscriber-only editions. Until now it has been mostly about retention and increasing ARPU - but the app will now play more of an active role in engagement and conversion.

> [Apps] should be playing a role in retention as a valuable subscriber benefit, and can come to play an increasing role on the acquisition side.

"Apps play a key part in our acquisition strategy"

Bar chart categories: Strongly disagree, Disagree, Neither, Agree, Strongly agree

Source: Pugpig survey

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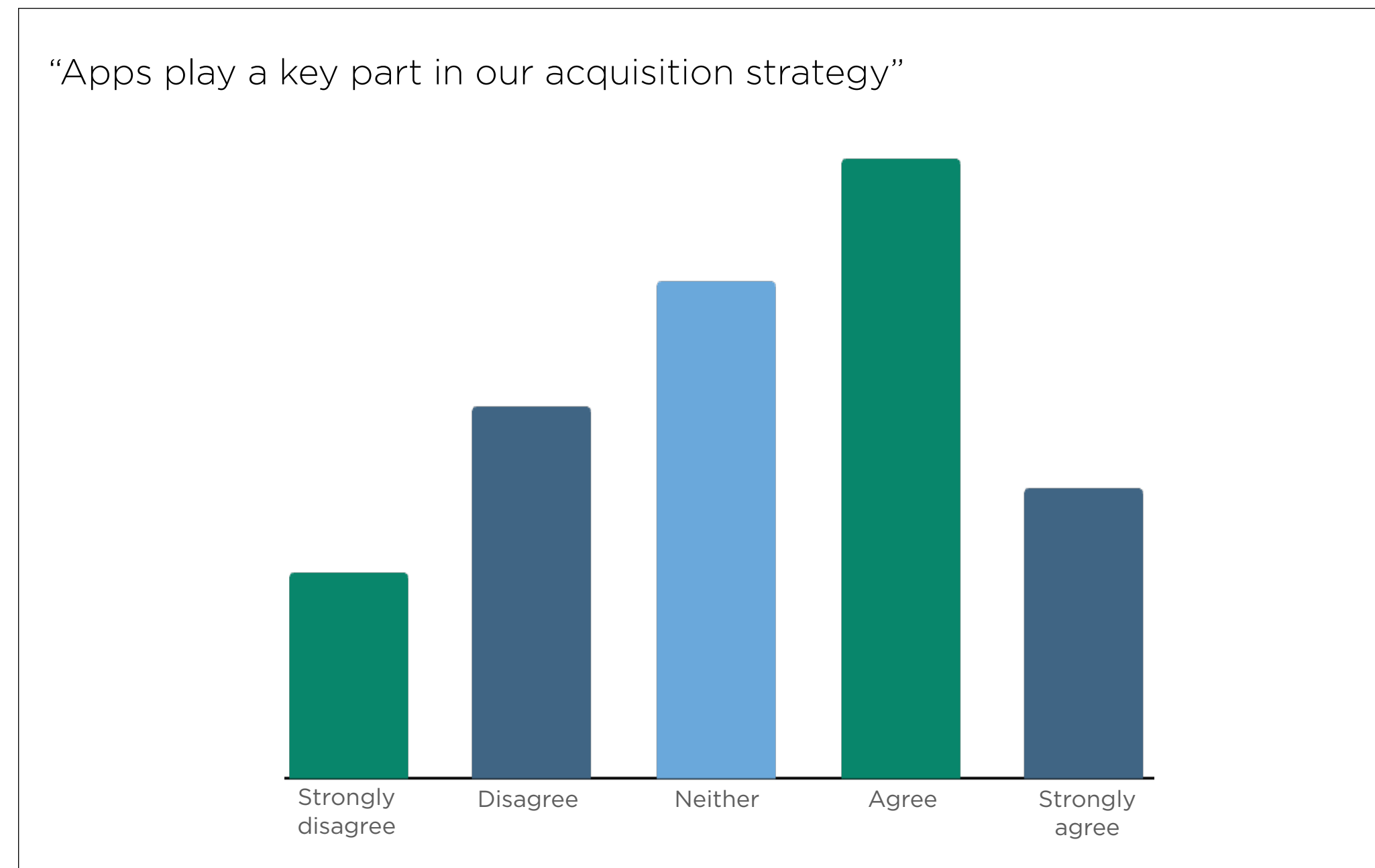
DIRECT SUBSCRIBERS MAKE UP THE LARGEST PAYING AUDIENCE FOR APPS

Most app users do not have a subscription. But publishers can deepen their relationship with these engaged users. Increasingly, they use registration to allow audiences to access additional content or personalise their experience without a subscription to drive engagement and encourage conversion.

Consistent with publishers seeing high subscriber engagement with their apps, the largest group of paying app users were those who had bought a subscription directly from publishers, and publishers are having more success in engaging them when compared with our last report.

Apps also provide an opportunity to re-engage lapsed subscribers. While app store subscribers make up a small percentage of app users, they are the most engaged segment because their relationship with publishers began in the app. What's notable here is that non-paying readers are not only a significant part of the total audience but they're also still highly engaged when compared to other platforms.

Percentage of app users by subscriber status or method
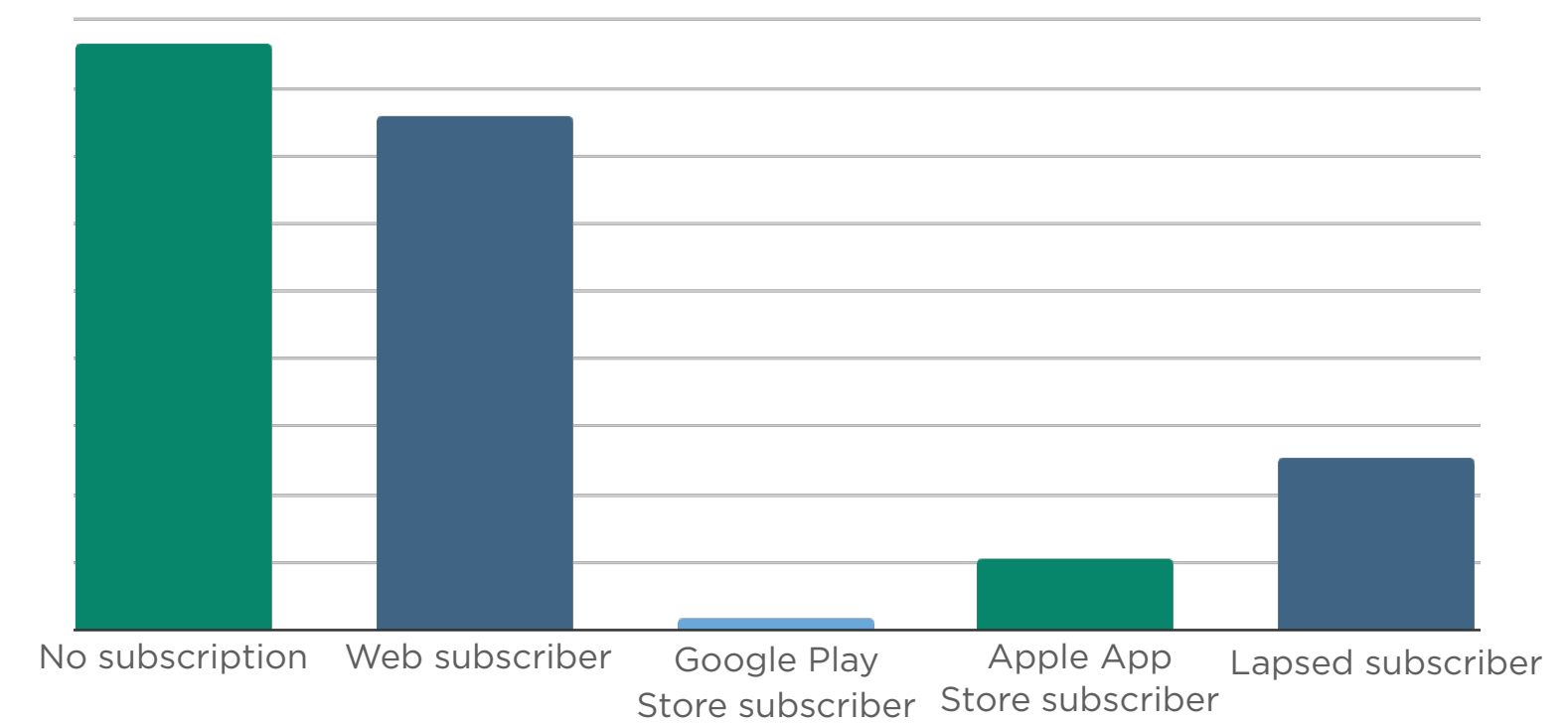
Average session duration by subscriber status or method

Source: Pugpig/Mixpanel

PUGPIG
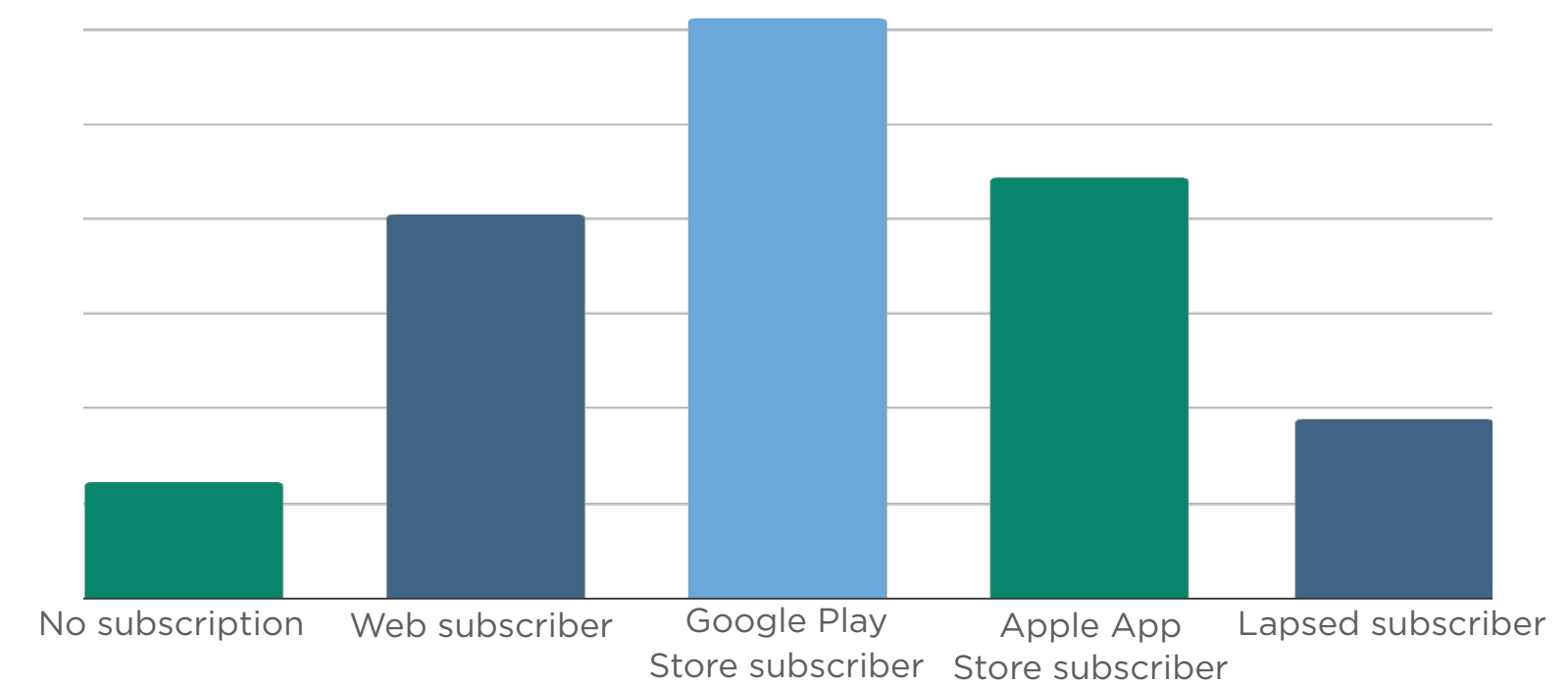
THE BALTIMORE BANNER: RETENTION & ACQUISITION

The Baltimore Banner team has been using Blueconic, a customer data platform, to prove that regular app use correlates to retention. However, they're also starting to see the app's value further up the funnel, using data to help build regular app use. Blueconic allows them to track what content a user engages with, how many different parts of the product the user engages with and what newsletters he or she is subscribed to.

"We can begin to paint the picture of which engagement events and activities correlate either to conversion or retention," Eric Ulken, VP of Product at The Baltimore Banner said, adding: "We tend to see the app as a retention play largely. I think increasingly we're starting to understand the value that it has further up the funnel. How can we get users to use the app regularly? There seems to be a strong correlation between regular use of the app and retention. The data has helped us make that correlation. Wiring the app into our customer data platform has been really helpful."

PUGPIG
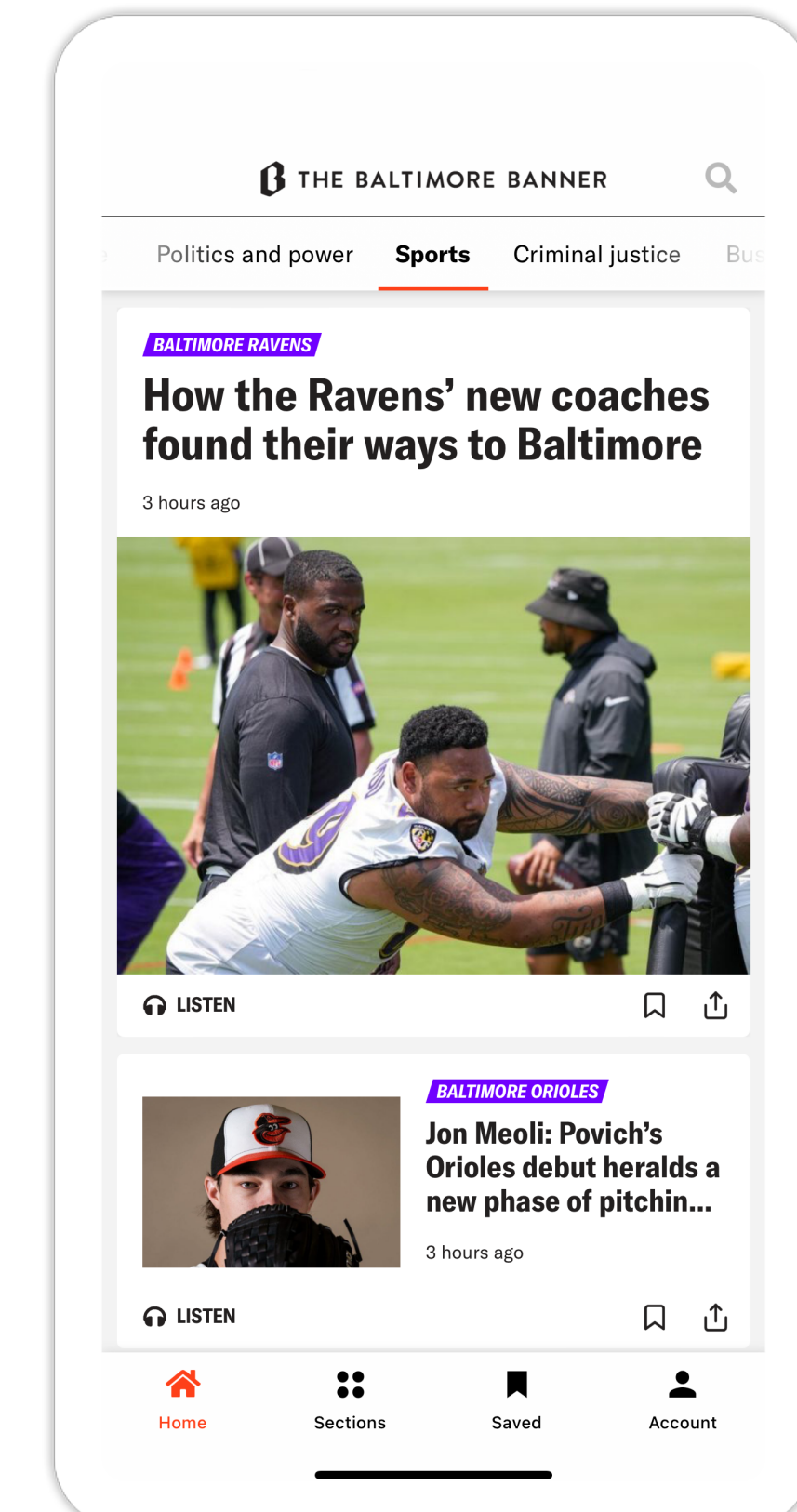
PUBLISHERS DEMAND MORE DATA TO DRIVE PERFORMANCE

Data is becoming increasingly important to publishers' operations. As we've just seen with The Baltimore Banner, publishers are using sophisticated tools to understand user behaviours that drive key editorial, product and business outcomes. Publishers are also seeking to grow their store of first-party data due to changes in the industry, government regulation and opportunities to improve advertising rates.
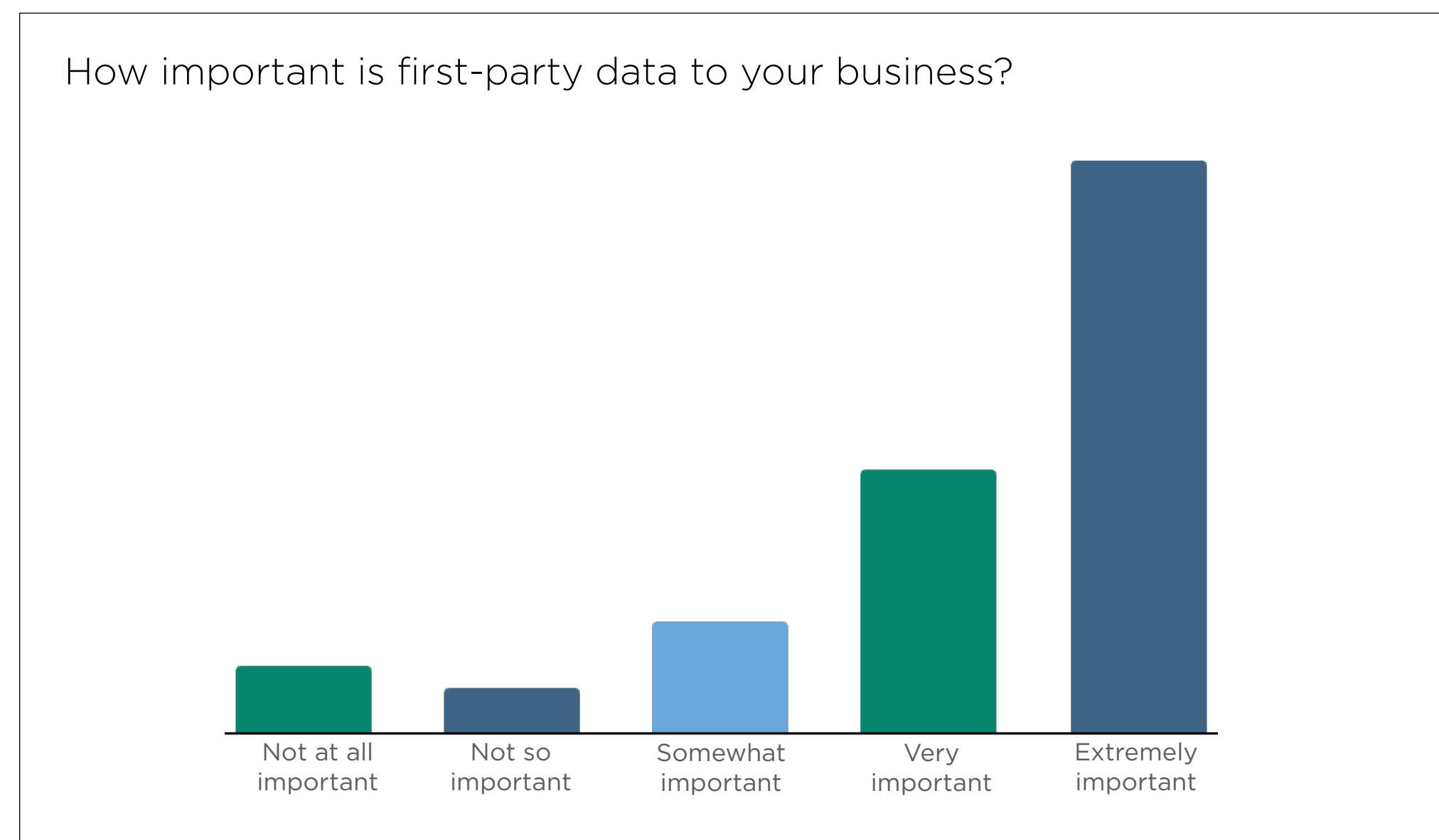
FIRST-PARTY DATA BECOMING MORE IMPORTANT

In 2024, Google started to restrict third-party cookies in its Chrome browser, and by 2025, 100% of third-party cookies will be blocked by its browser (although that date has slipped several times).

In response, publishers such as Bloomberg and The Independent have been focused on building their first-party data. Through its A2K - anonymous to known - strategy, The Independent had registered 5m users as of July 2023 and uses that first-party data to grow its paying readership.

Bloomberg leveraged its store of first-party data to increase advertising revenue. It ended its use of third-party programmatic advertising, and six months after making the move, it was able to increase its digital ad rates by 20%.

With the changes in search and social, publishers are prioritising direct relationships with their audiences and getting to know them deeply through first-party data.

How important is first-party data to your business?

| Not at all important | Not so important | Somewhat important | Very important | Extremely important |

Source: Pugpig survey

PUBLISHERS USING APPS IN MULTIPLE WAYS TO COLLECT FIRST-PARTY DATA

The Independent is known to have 11 different means of collecting user data, and in our survey, most publishers are using their subscription efforts to collect first-party data. However, many publishers who took our survey have no way to collect first-party data in their apps.

Newsletters and registration are playing an increasingly important role in apps to gather first-party data. Others are using Apple's External Link Entitlement option to direct users to their own subscription journeys and maintain control of in-app subscriber data.

How are you using your app to collect first-party data?

- Subscription
- None
- Registration
- Newsletter sign -up
- Apple's External Link Entitlement

Source: Pugpig survey

PUGPIG
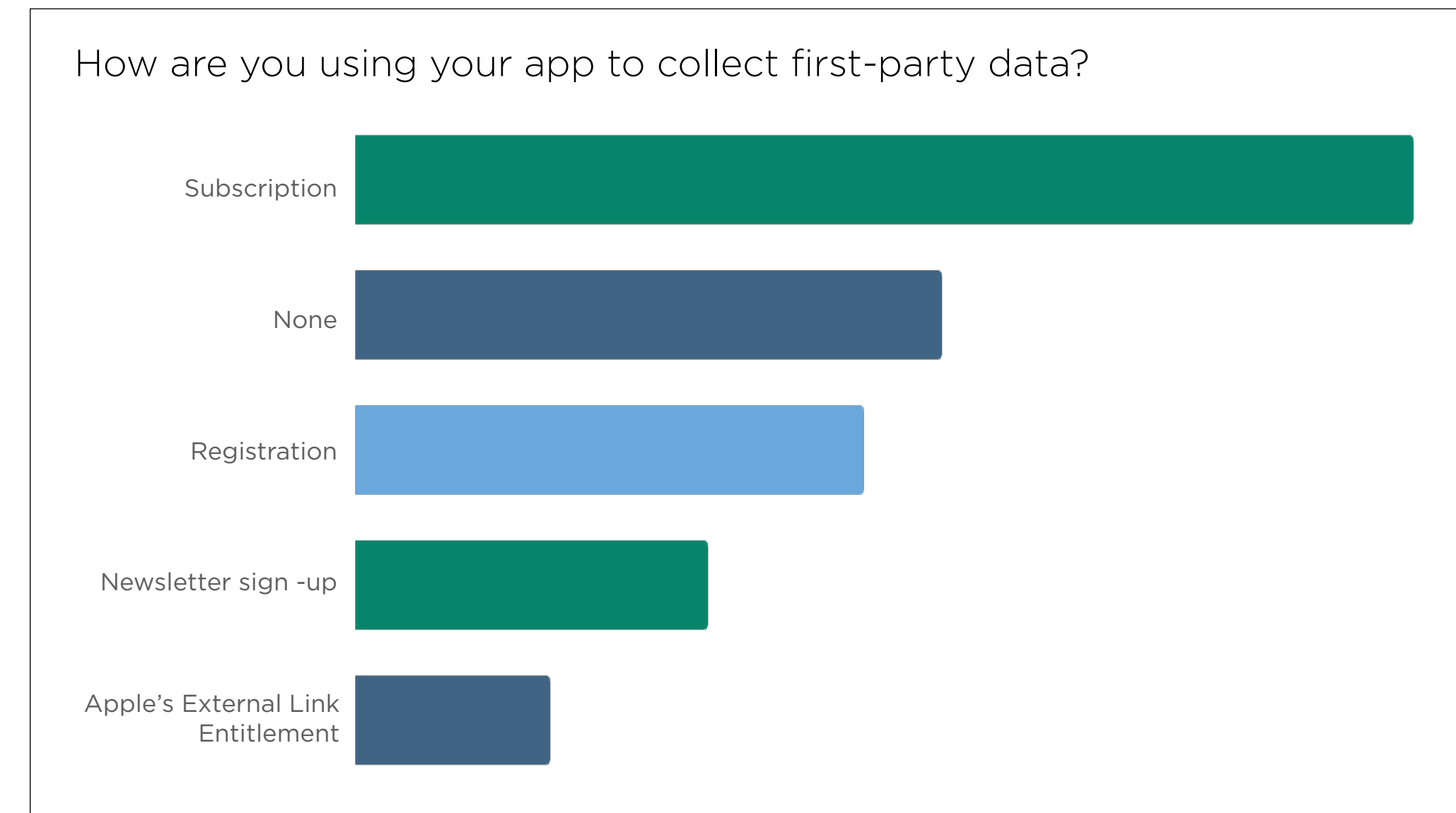
THE BALTIMORE BANNER: FOCUSING ON THE MOST ACTIONABLE DATA

Publishers do not lack data. The challenge is deciding which data is relevant to their goals. For The Baltimore Banner, they've prioritised data that helps them grow their subscription business.

"Like everybody, we're swimming in more data than we know what to do with. We've prioritised getting to the data that tells us something useful about our business, particularly our subscription business. We've spent time and effort building a 360-degree view of the user and all the interactions they have with us to do with the subscriber value proposition" Eric Ulken, VP of Product at The Baltimore Banner said.

At Pugpig, we frequently talk about the need for publishers to build loyalty and habit amongst their audiences because highly engaged audiences are more likely to lead to subscriptions and paid memberships. By focusing on data about these touchpoints, The Baltimore Banner can measure progress in building user engagement that leads directly to a sustainable publishing business.

Baltimore County school buses sit in the Northwest bus lot in Milford Mill days before the first day of school in August 2022. (Kristen Griffith/The Baltimore Banner)
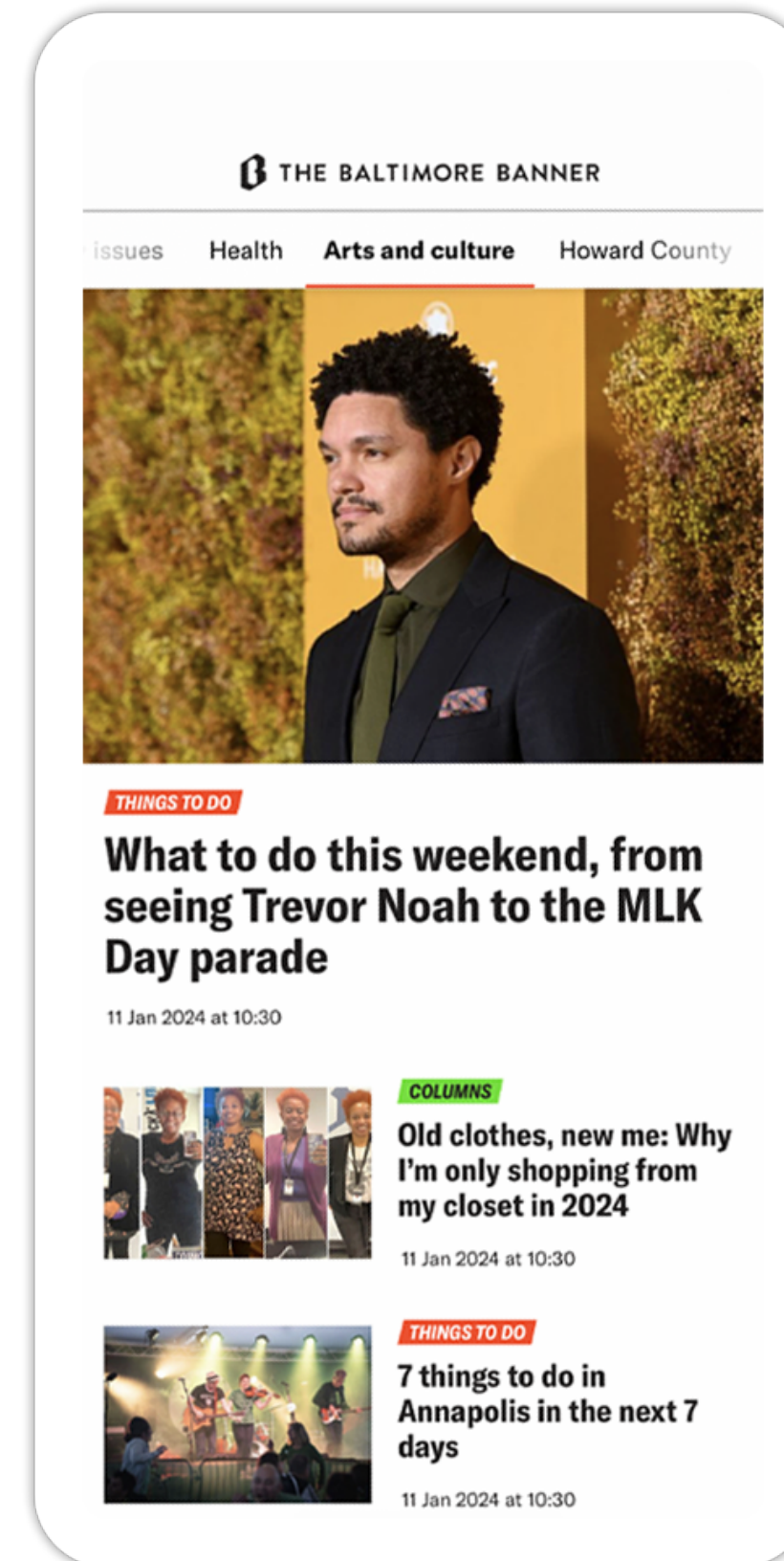
APPLE'S EXTERNAL LINK ENTITLEMENT ALLOWS APP PUBLISHERS TO KEEP SUBSCRIBER DATA

Apple and Google are opening up their app stores and adding new options for publishers to gather first-party data from their app subscribers.

Apple announced External Link Entitlement (ELE) in 2021 and rolled it out in March 2022. For the first time publishers who applied and were approved by Apple were allowed to link to their subscription journeys. It meant publishers could cut out Apple as an intermediary and retain their relationship with, and the data about, their subscribers. More than that, it also allows publishers to avoid paying Apple 15-30% of their revenue.

ELE is available for any "apps that provide one or more of the following digital content types — magazines, newspapers, books, audio, music, or video — as the primary functionality of the app". Apple also has other conditions, including requiring developers to add a page alerting users that they won't be transacting with Apple if they follow the link.
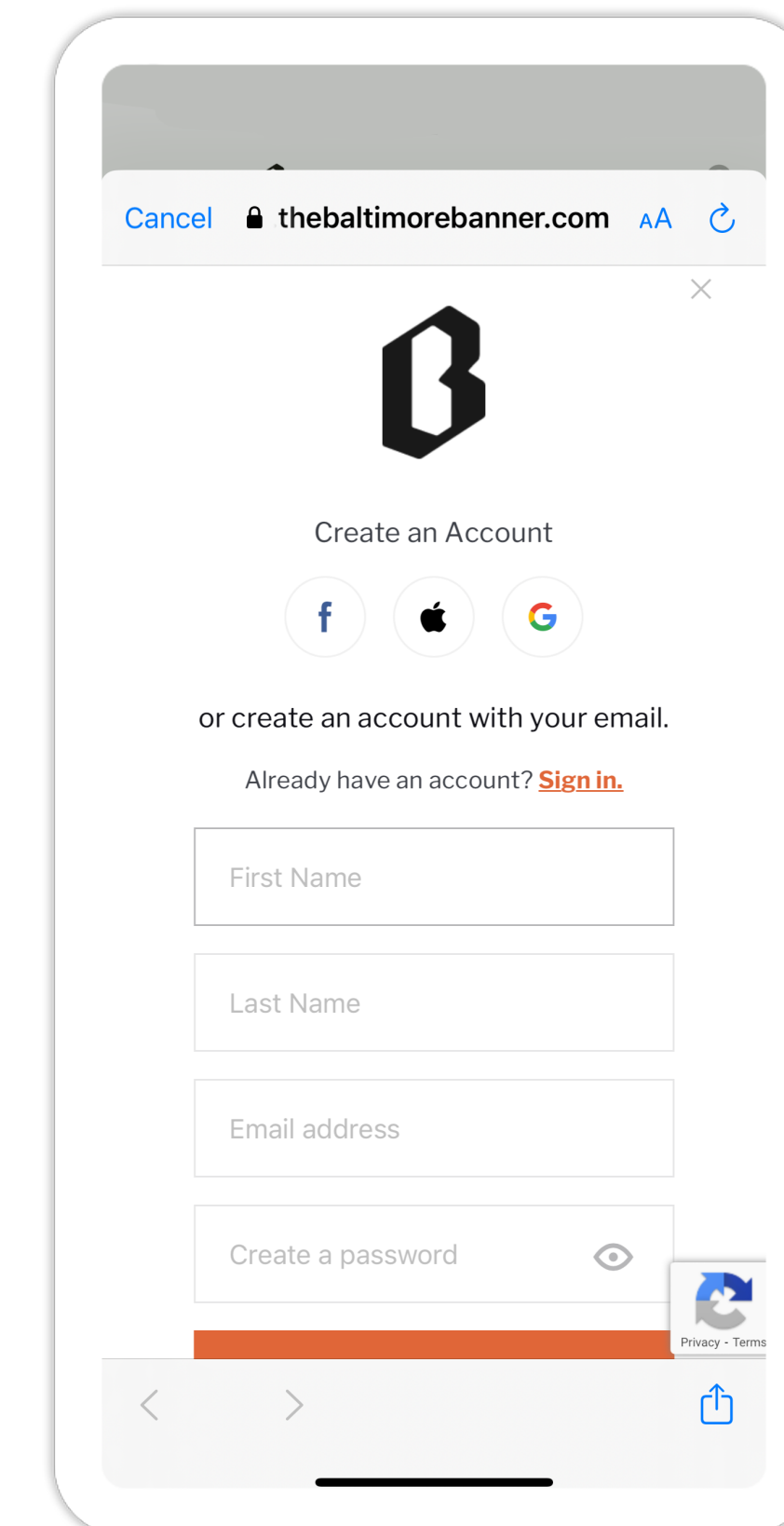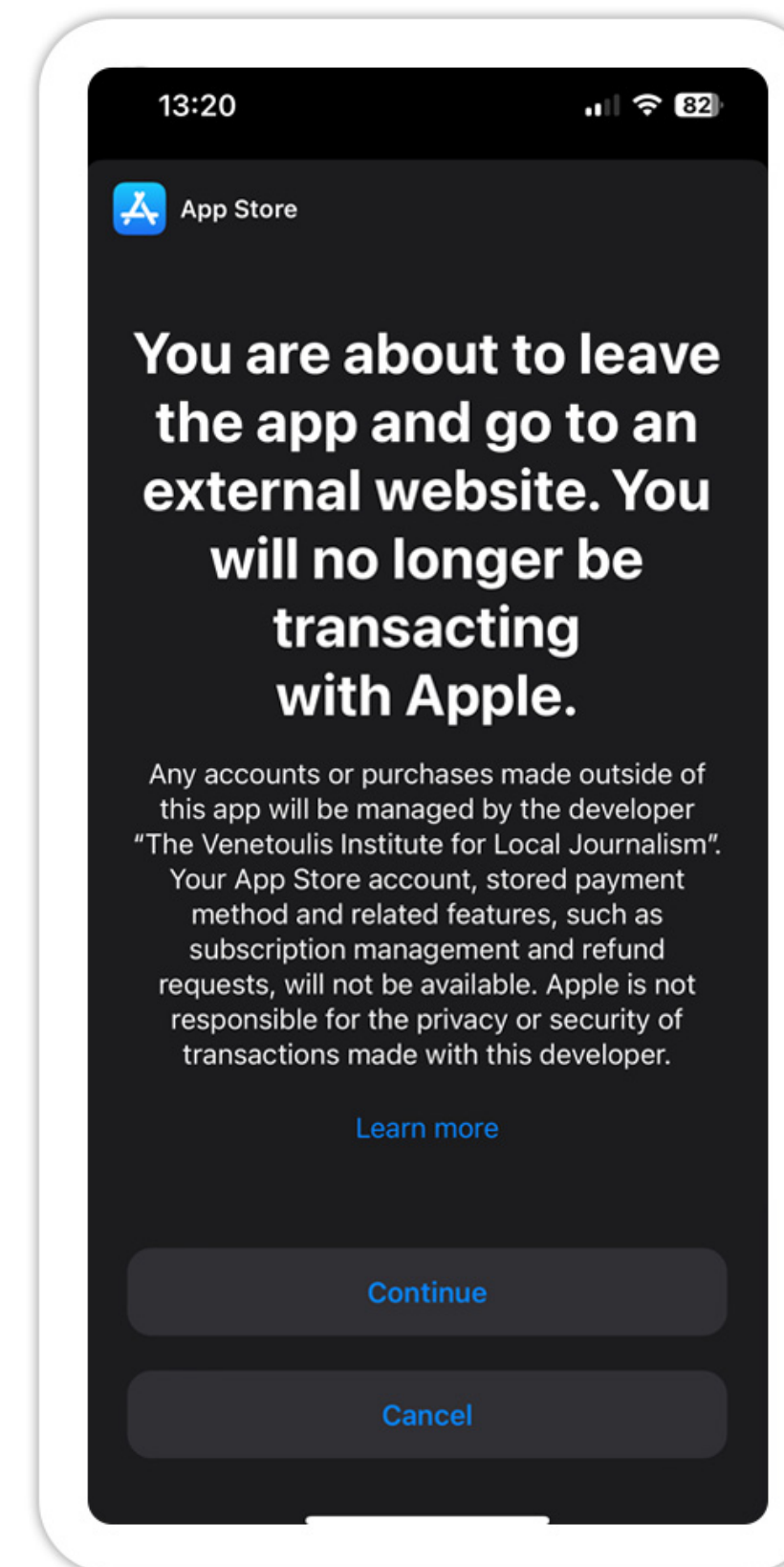
PUBLISHER INTEREST IS HIGH
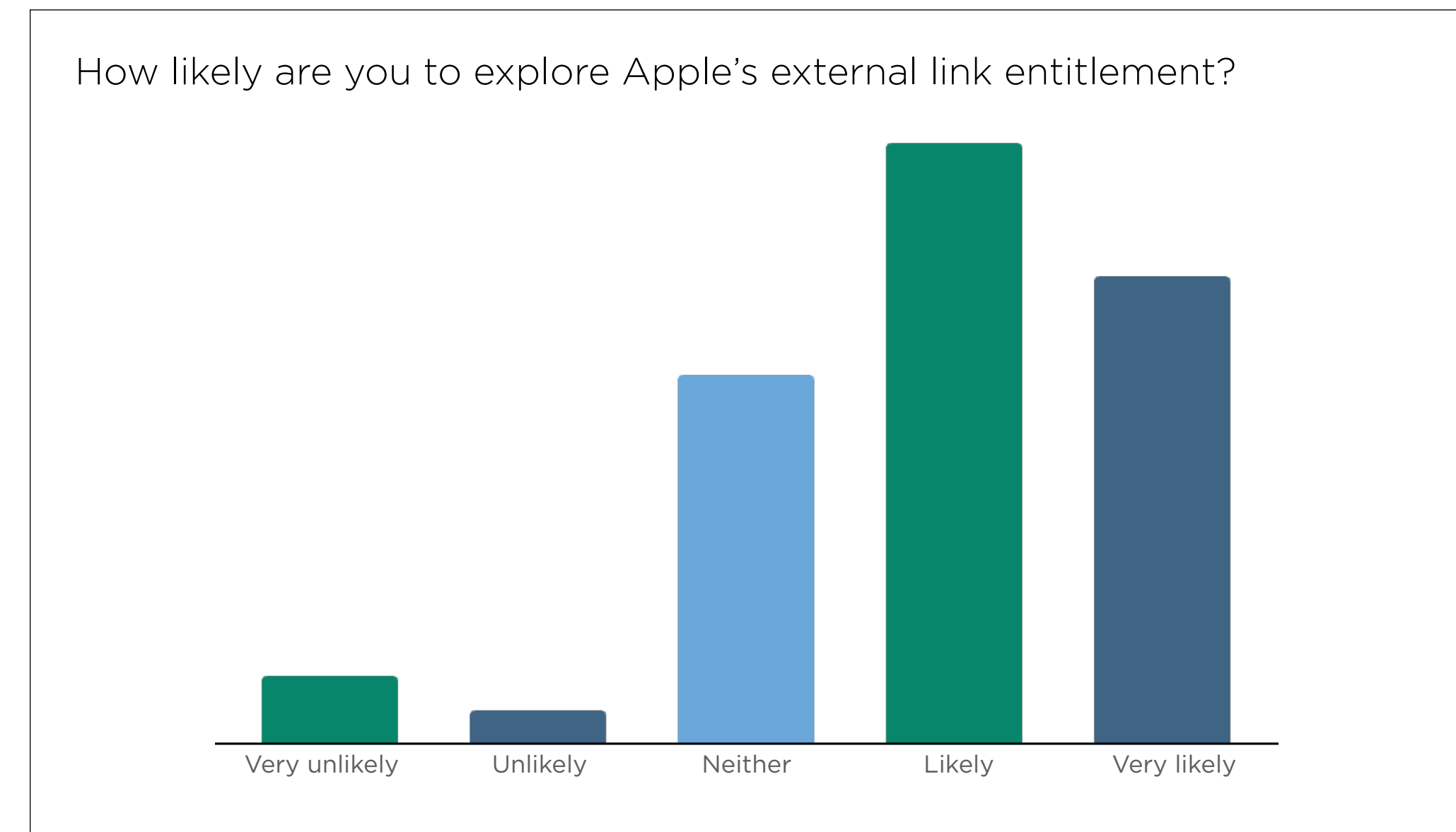# IN EXTERNAL LINK ENTITLEMENT

With the benefits both in terms of revenue and first-party data from ELE, most publishing leaders who took part in our survey are likely or very likely to explore using it. While ELE offers benefits, it might not be right for every publisher. These are some things to consider when deciding whether or not to adopt ELE.

PROS
- It allows publishers to keep more revenue.
- Publishers own the check-out experience.
- Publishers own their customer data.

CONS
- ELE is usually not as smooth of a payment experience as the app stores, so you risk losing potential customers.
- If you already have a large number or a high percentage of in-app purchased subscriptions, you will need to cancel all of them and have those users re-subscribe using ELE, which presents a churn risk.
- People who pay via in-app purchases generally prefer that way, and it will be difficult to get them to change their behaviour.

How likely are you to explore Apple's external link entitlement?

| Very unlikely | Unlikely | Neither | Likely | Very likely |

Source: Pugpig survey

PUGPIG

THE BALTIMORE BANNER: EXTERNAL LINK ENTITLEMENT - RETAINING REVENUE & ENGAGING USERS

The Baltimore Banner was an early adopter of ELE amongst Pugpig publishers.

"We don't want to give up any part of the subscription revenue. The question for us was if ELE could provide a way to allow people to subscribe through the app without us having to go through Apple or Google.

"We're glad we did it. It allows us to tout the app to non-subscribers even higher up in the funnel. "

Eric Ulken, VP of Product at The Baltimore Banner
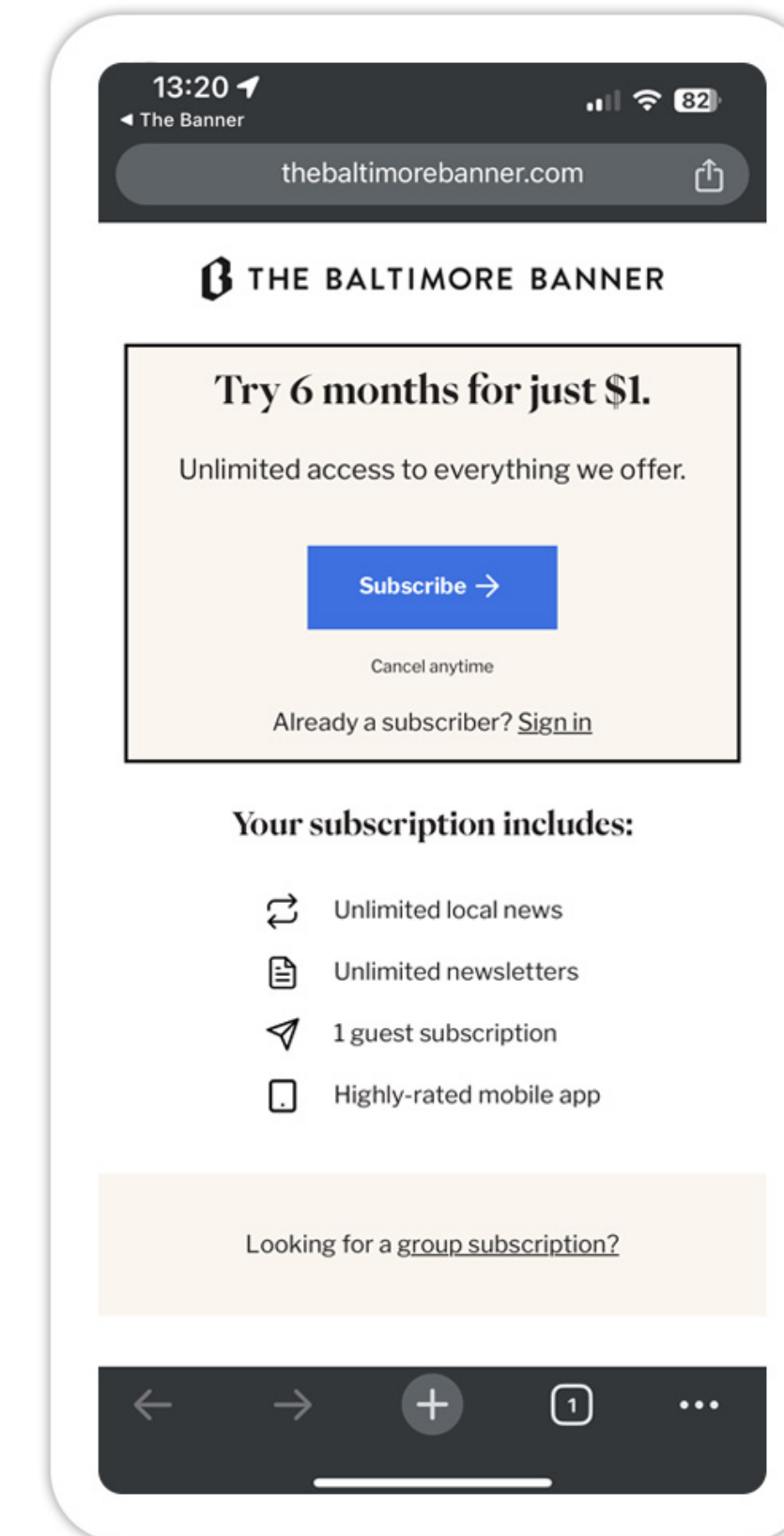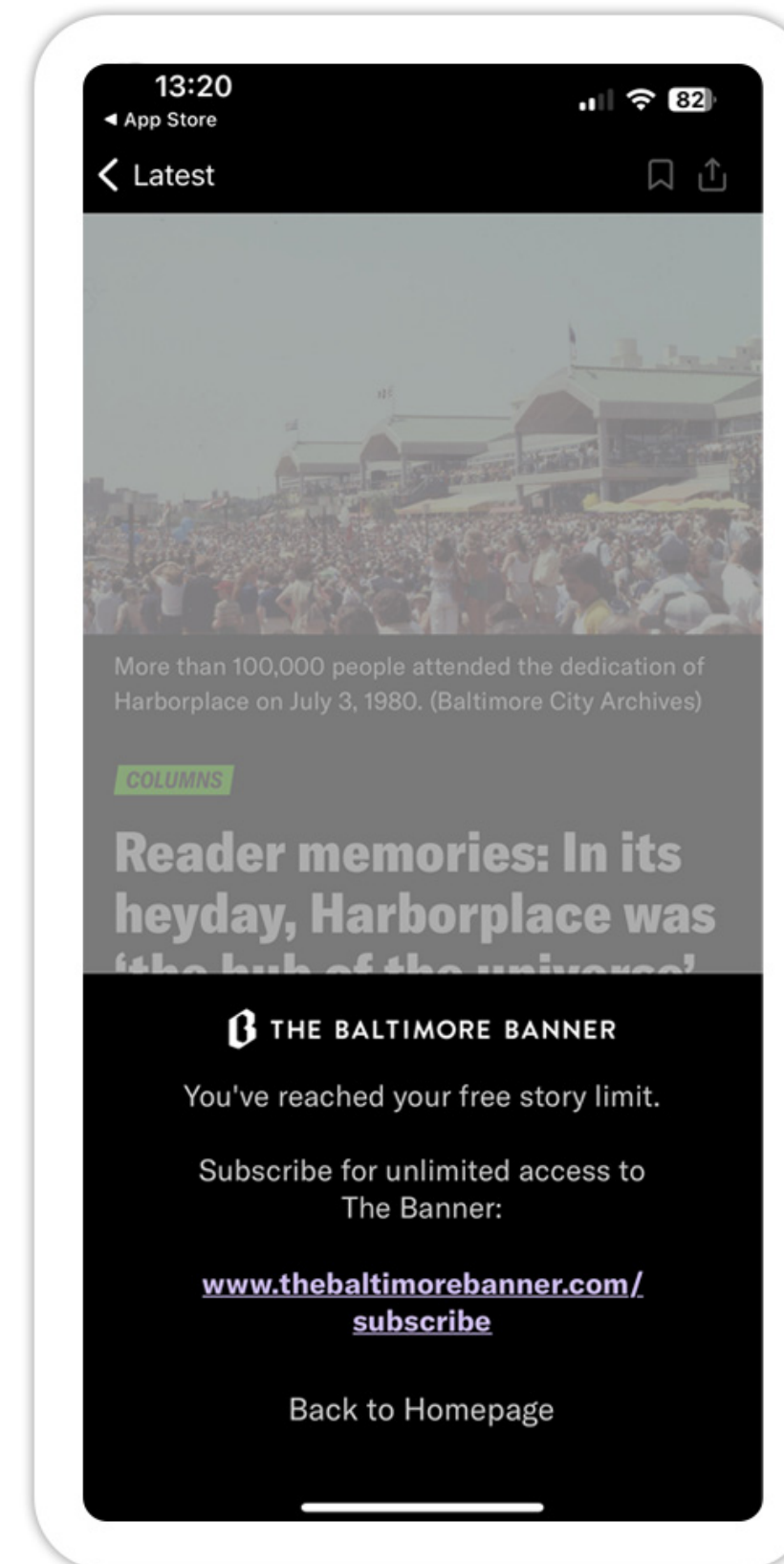
HOW TO INCREASE APP DOWNLOADS AND ENGAGEMENT

We frequently field questions about app strategy, such as how to increase downloads and what features encourage more engagement with apps. We analysed data from our portfolio of Pugpig apps and supplemented that quantitative data with qualitative data from our survey of publishing leaders.

This unique access to app performance data allows us to understand the tactics publishers are implementing that lead to the greatest increase in downloads and engagement.

ONBOARDING AND NEWSLETTERS ARE KEY TO DRIVE APP DOWNLOADS

With more than 4 million apps available across Apple's App Store and the Google Play Store, competition in the app space is fierce. Publishers told us that onboarding and editorial newsletters were the best ways to drive downloads. It underscores that the biggest audience for your app will be your subscribers or registered users. Marketing apps to known users trumped all of the organic and paid marketing efforts to unknown users.

Rank the following in terms of what efforts delivered the greatest increase in app downloads

Source: Pugpig survey
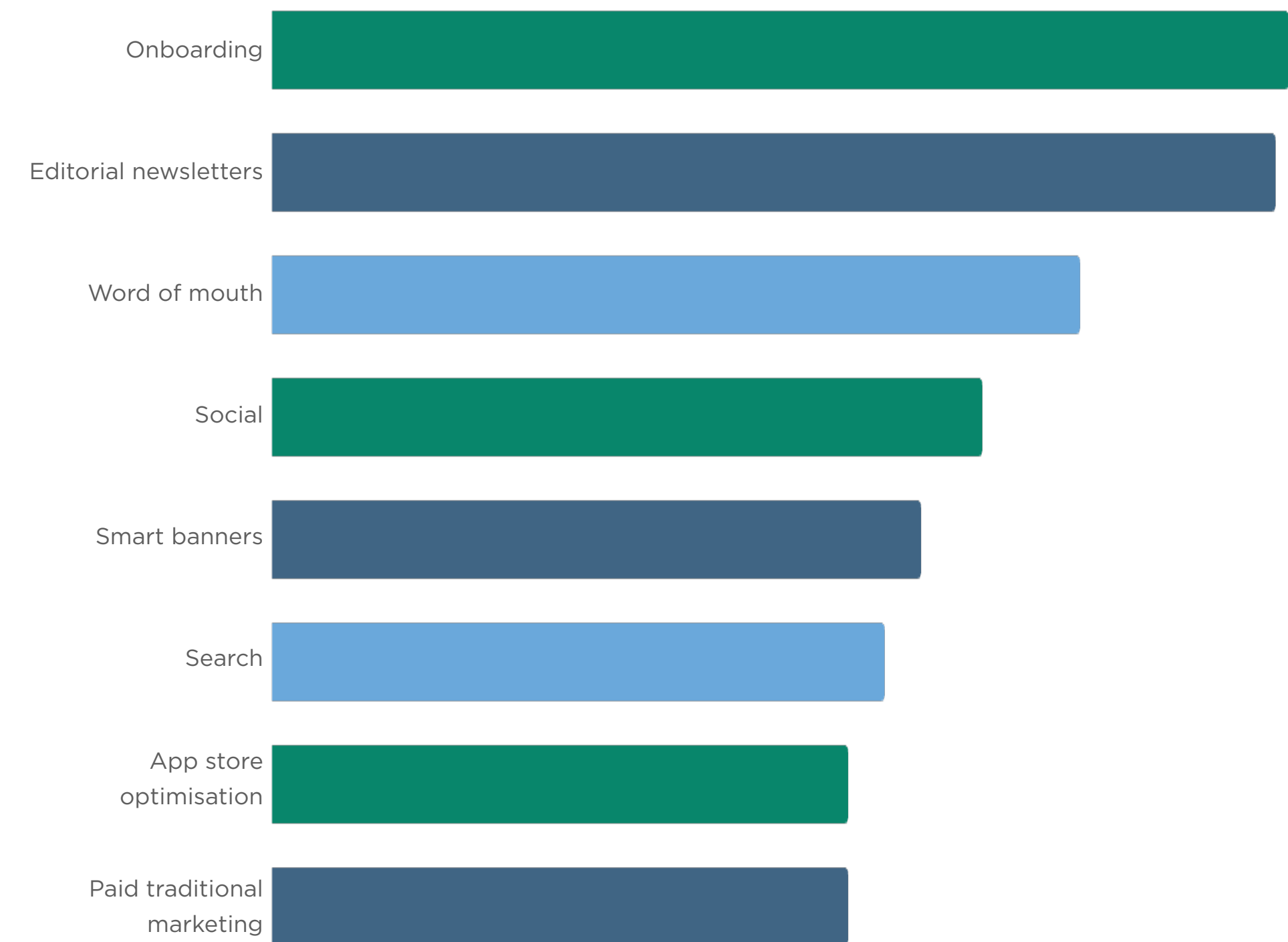
FEATURES THAT ENGAGE USERS THE MOST

To add to the survey data, we analysed the average number of sessions per user per month for different content features in Pugpig apps. It won't come as a surprise for publishers who have puzzles that the feature boasted the highest engagement.

But that doesn't tell the full story. We also looked at the percentage of audiences that engaged with these features and how much time they spent them. As we will show with puzzles and audio, a small percentage of audiences engaged with these features. But those users who did engage with them spent a lot of time with them.

Publishers who expand the use of these and other high-engagement features can drive more regular, deeper and longer use of their apps, which all support their retention goals.

Average sessions per user per month - engagement with content features (Jan-Mar average)

Sessions per user per month

Source: Pugpig/Google Analytics

PUGPIG
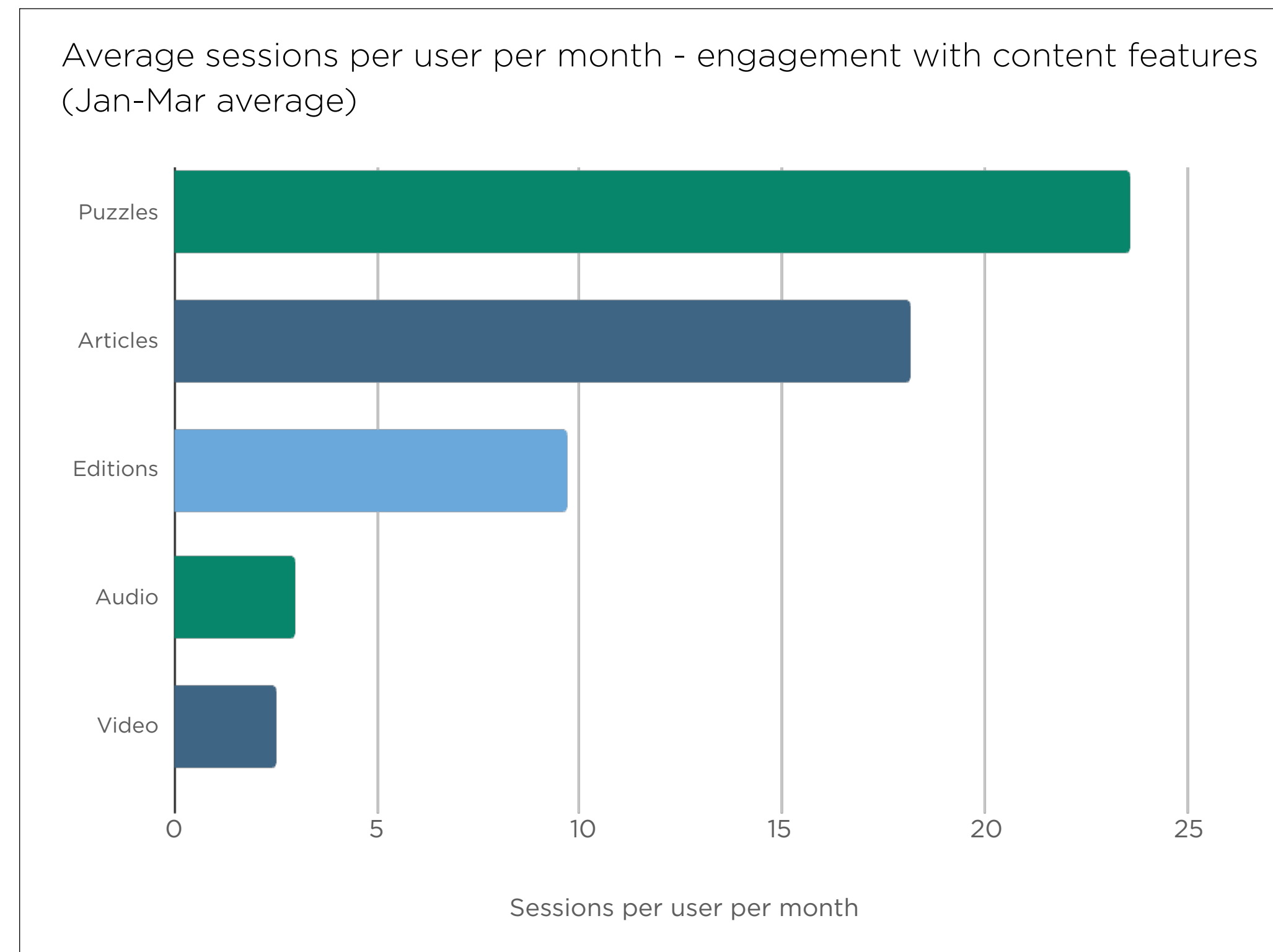
DRIVING ENGAGEMENT - PUZZLES

Puzzle users might be in the minority, but they are extremely active, boasting the highest number of sessions per month across our apps. These users are not only frequent users of apps, but they also make up a disproportionate amount of time spent in apps. For one app we analysed, we found that puzzle users read 2.7x more articles than non-puzzle users.
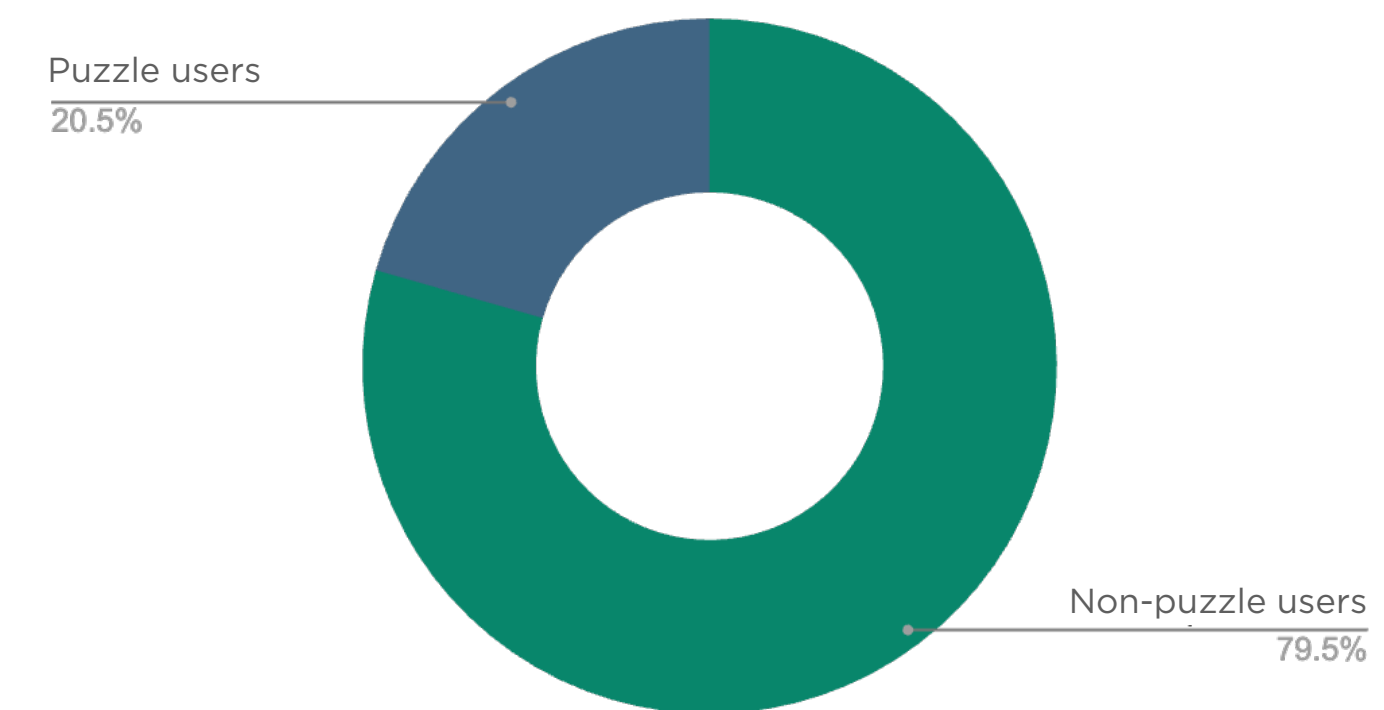
These users are some of your most engaged audiences and develop the kind of habitual use that drives retention.

Case in point, The New York Times, which has a standalone puzzles app, has found that subscribers who engage with both news and games in the same week are more likely to renew their subscription than almost any other cohort of users, according to the Press Gazette.

Percentage of time spent in app by category

Reading
33.8%

Puzzles
44.8%

Browsing
21.4%
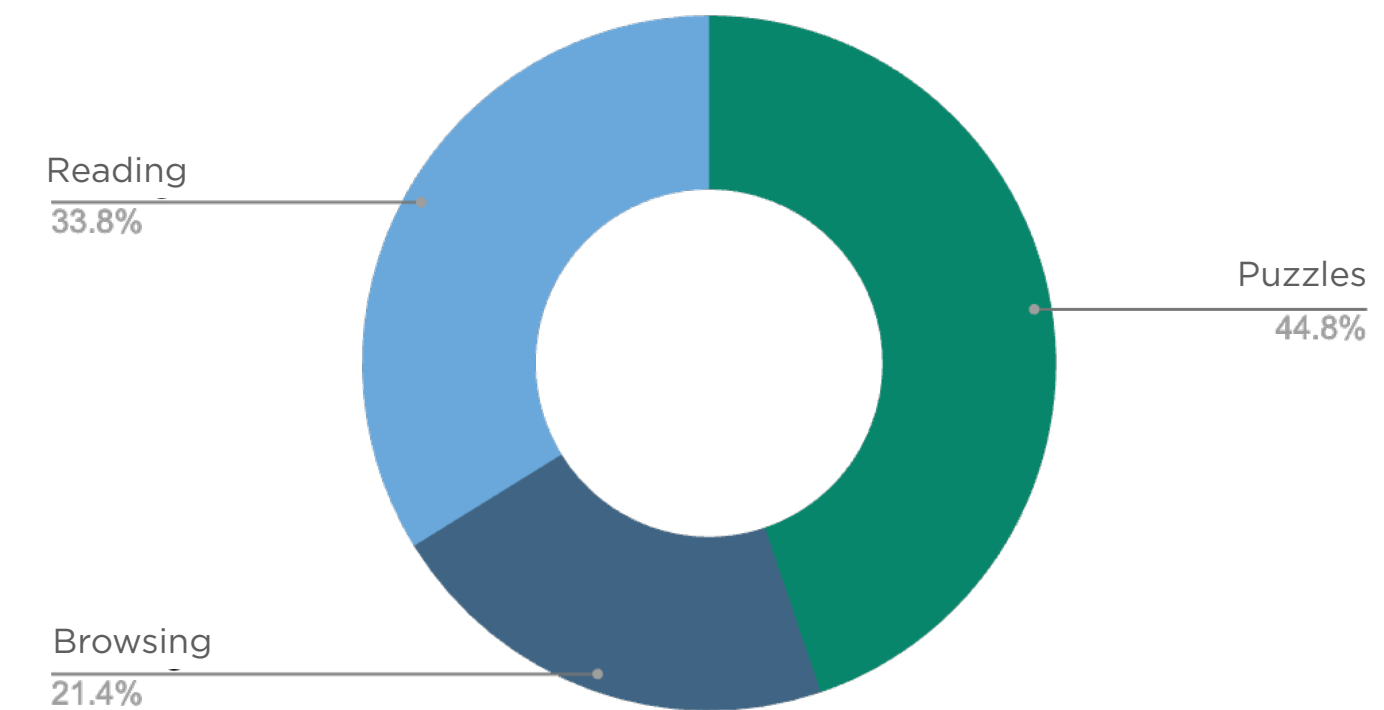
Percentage of users playing puzzles

Puzzle users
20.5%

Non-puzzle users
79.5%

Source: Pugpig/Google Analytics

PUGPIG
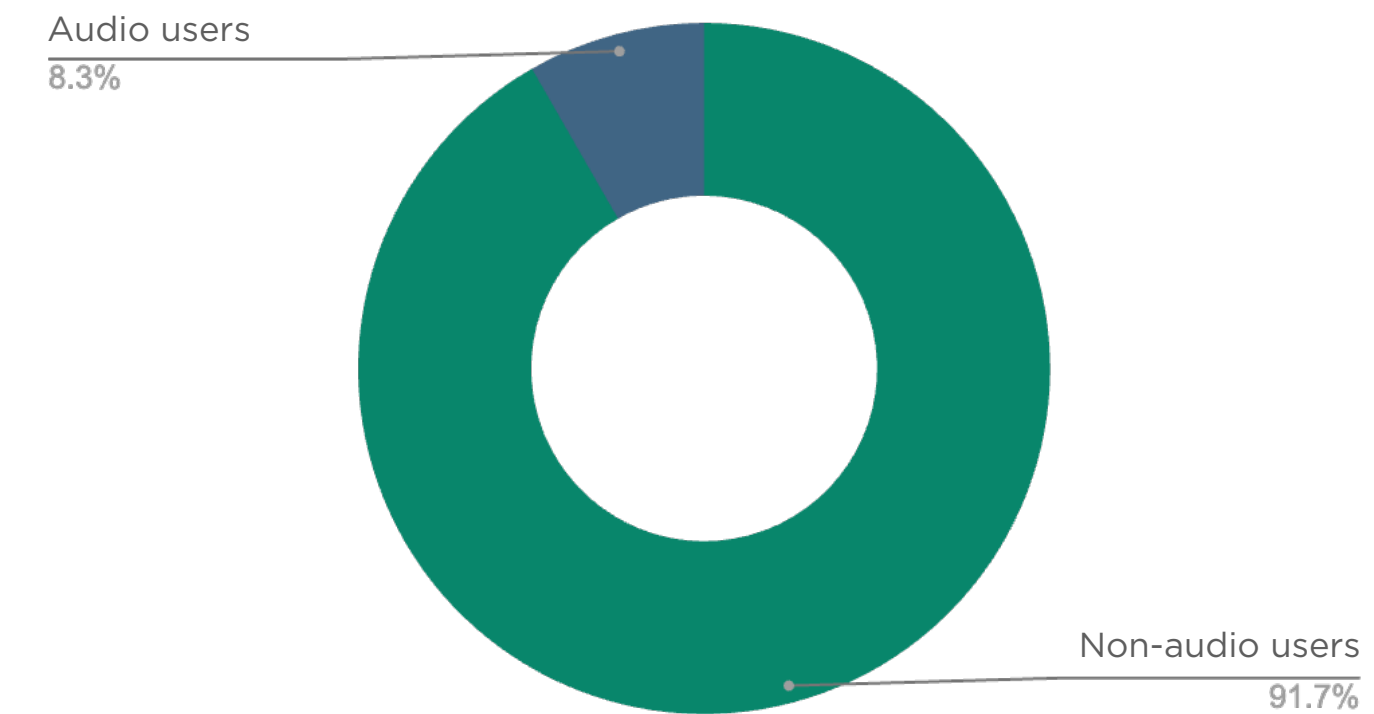
DRIVING ENGAGEMENT - AUDIO

Compared with puzzles, a smaller percentage of users listen to audio, but they represent an even higher percentage of engagement with an app than puzzle users. In one app, 8.3% of users listened to audio, but they represented more than a quarter of the time spent in the app.

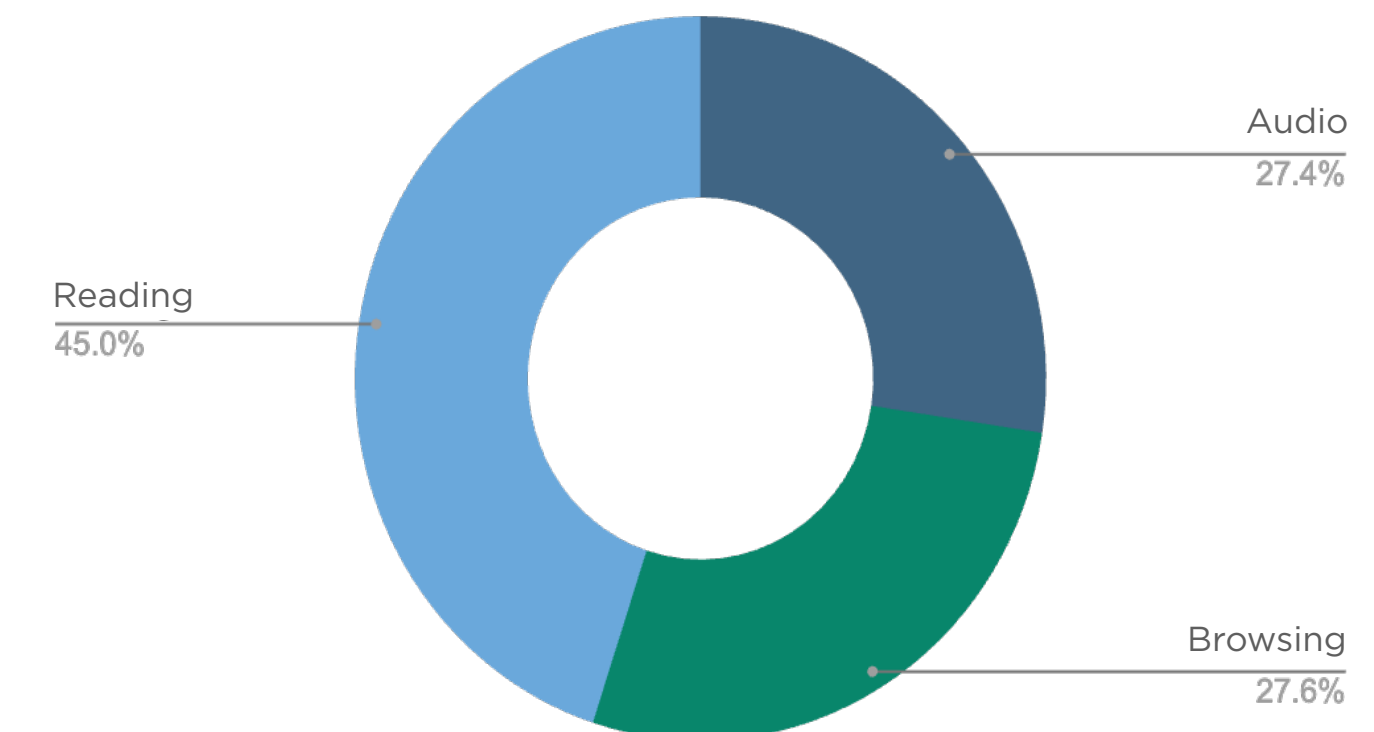This presents an opportunity to grow this relatively small but highly engaged audience by:

- Creating a dedicated audio section in the app.
- Highlighting audio content in your onboarding activities
- Promoting audio features and podcasts using push notifications

Moreover, audio presents a tremendous revenue opportunity. In a review of nine B2C and four B2B publishers, the Press Gazette found that they had increased their revenue from audio by 300% year-on-year in the fourth quarter of 2023.

Total users using audio vs. not using audio

Audio users
8.3%

Non-audio users
91.7%

Percentage of time spent in app by category

Audio
27.4%

Reading
45.0%

Browsing
27.6%
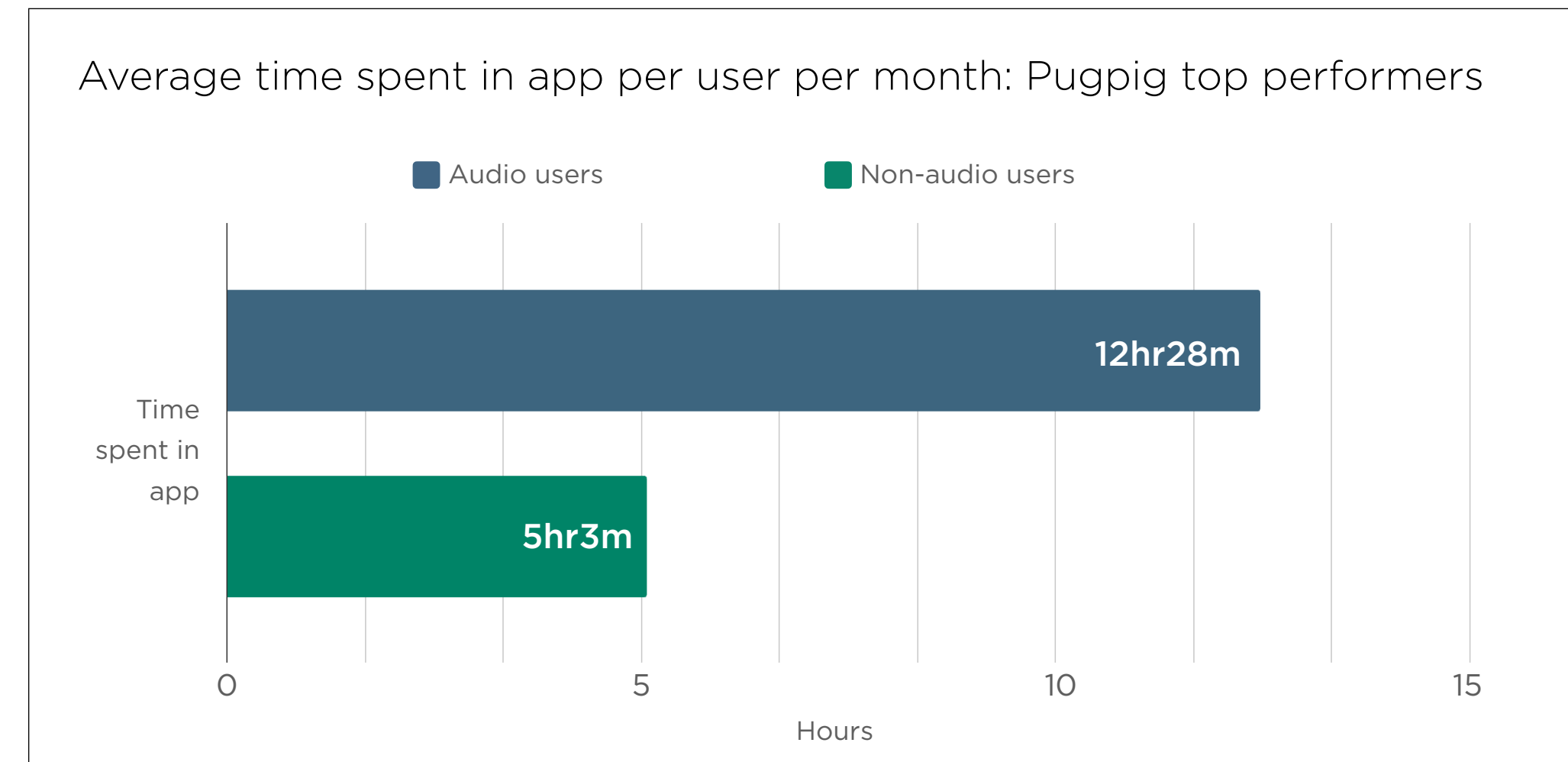
Source: Pugpig/Google Analytics

PUGPIG

THE POWER OF AUDIO TO ENGAGE

When looking at one of the best performing Pugpig apps, we found that audio users spend roughly 2.5x more time in the app than non-audio users. This data demonstrates the value that audio offers, even for publishers that already have significant levels of engagement.

Audio is also a key area of experimentation. Pugpig publishers like The Independent have a text-to-speech feature using Amazon Polly. The New European has adopted another approach where their reporters read out their pieces, which helps to build a connection with their journalists. A great audio user experience can drive increased in-app listening. Foreign Affairs doubled their in-app audio listening after updating their app to focus more or audio and video.

Once publishers have developed engaging audio features, they should encourage users to engage with audio by marketing the content through push notifications and newsletters. Publishers have found great success in a mix of paid and free podcasts to grow their audiences, build audience habits and drive conversion and retention.

Average time spent in app per user per month: Pugpig top performers

■ Audio users   ■ Non-audio users

Time spent in app

| Audio users | 12hr28m |
| Non-audio users | 5hr3m |

0   5   10   15
Hours

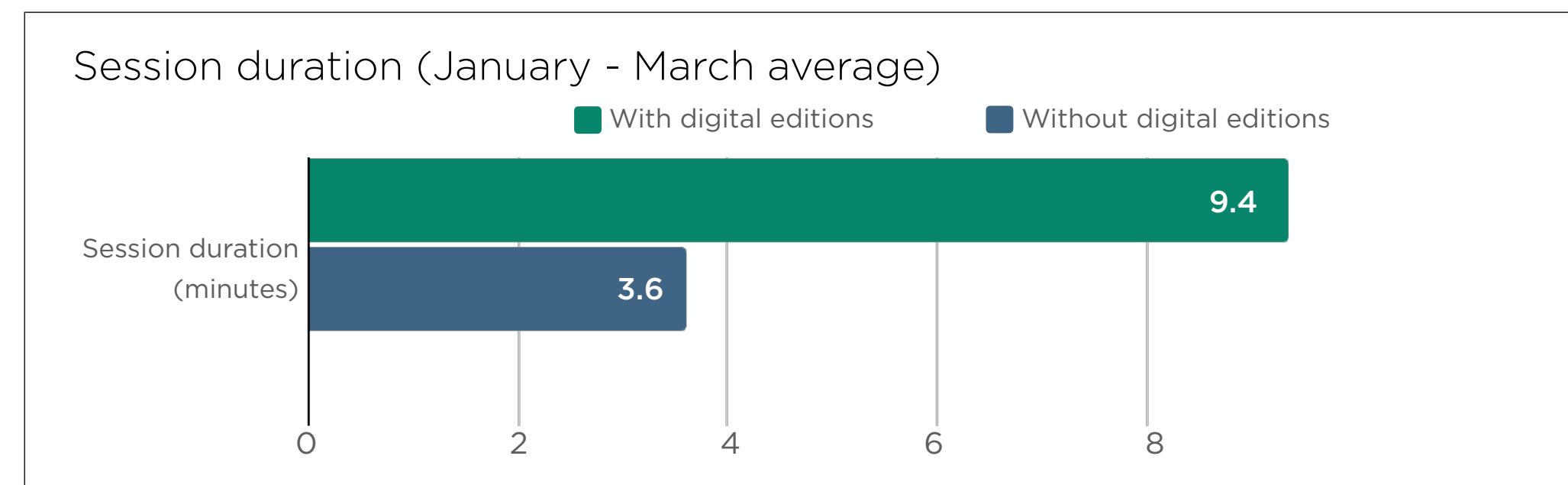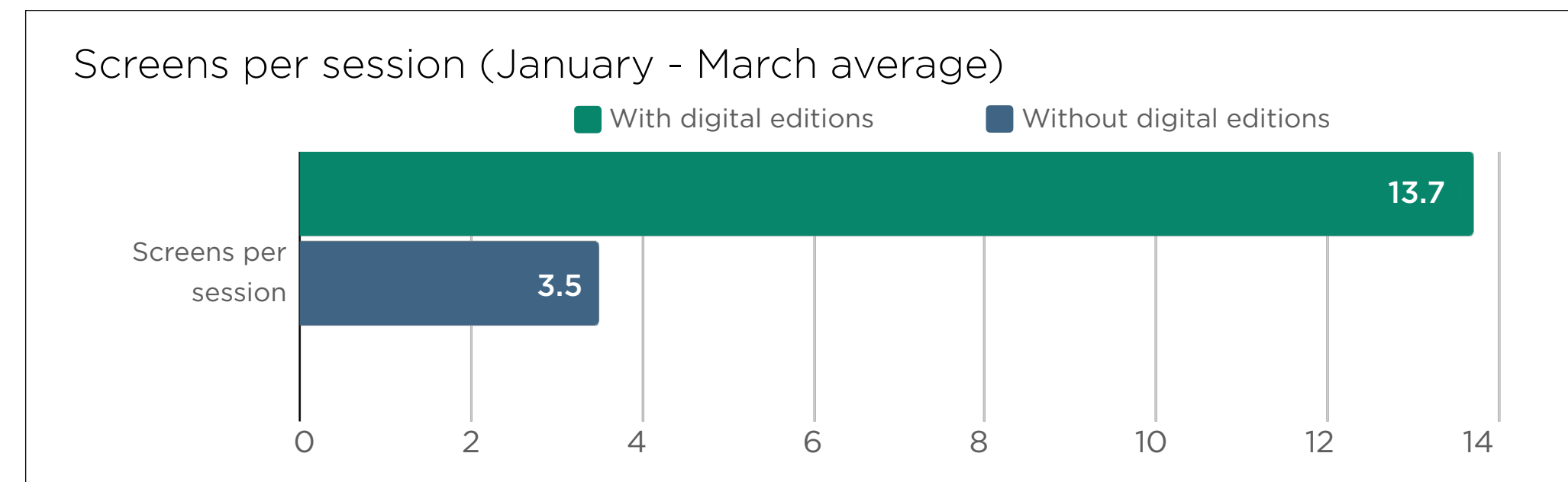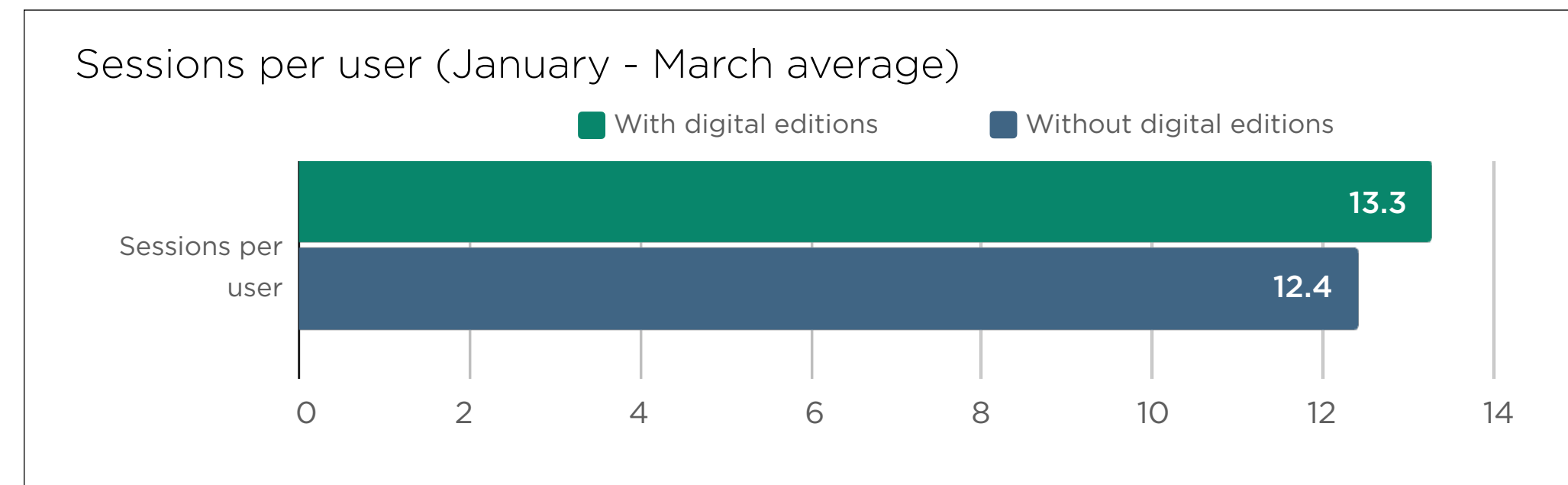Source: Pugpig/Google Analytics

PUGPIG

DRIVING ENGAGEMENT - DIGITAL EDITIONS

Digital editions in their various forms have been around for over a decade but they remain as engaging as ever, especially when delivered as part of a broader app experience.

Apps with digital editions see four times more screens per session, 25% more sessions per user per month and 2.5x longer average session duration than those without them.

It's important to understand that a digital edition does not have to be a "print replica", in fact the most successful digital editions often do not look anything like a printed product. A digital edition simply delivers a downloadable, curated linear journey through pages of content from cover to cover. And it's that curated experience, delivering a sense of completion (or finishability, as The Economist like to put it) similar to print, which tends to drive these high levels of engagement.

Sessions per user (January - March average)

■ With digital editions   ■ Without digital editions

Sessions per user
- 13.3
- 12.4

0   2   4   6   8   10   12   14

Screens per session (January - March average)

■ With digital editions   ■ Without digital editions

Screens per session
- 13.7
- 3.5

0   2   4   6   8   10   12   14

Session duration (January - March average)

■ With digital editions   ■ Without digital editions

Session duration (minutes)
- 9.4
- 3.6

0   2   4   6   8

Source: Pugpig/Mixpanel

PUGPIG

DRIVING ENGAGEMENT - THE POWER OF PUSH

Readers of our Media Bulletin newsletter know that we frequently talk about a shift in publishing strategies that we refer to as the Push Era. Now, publishers are focused on engaging audiences directly who have subscribed to newsletters and podcasts and opted in to receive push notifications. It contrasts with the passive consumption patterns of the Platform Era and its rented audiences.

Apps' ability to push content directly to users is unique amongst the tools that publishers have, according to Eric Ulken of The Baltimore Banner. "It is the only platform that we are able to push, bring people in, without having to voluntarily follow a link. Newsletters to an extent yes, but push notifications are more effective in bringing people back," he said.
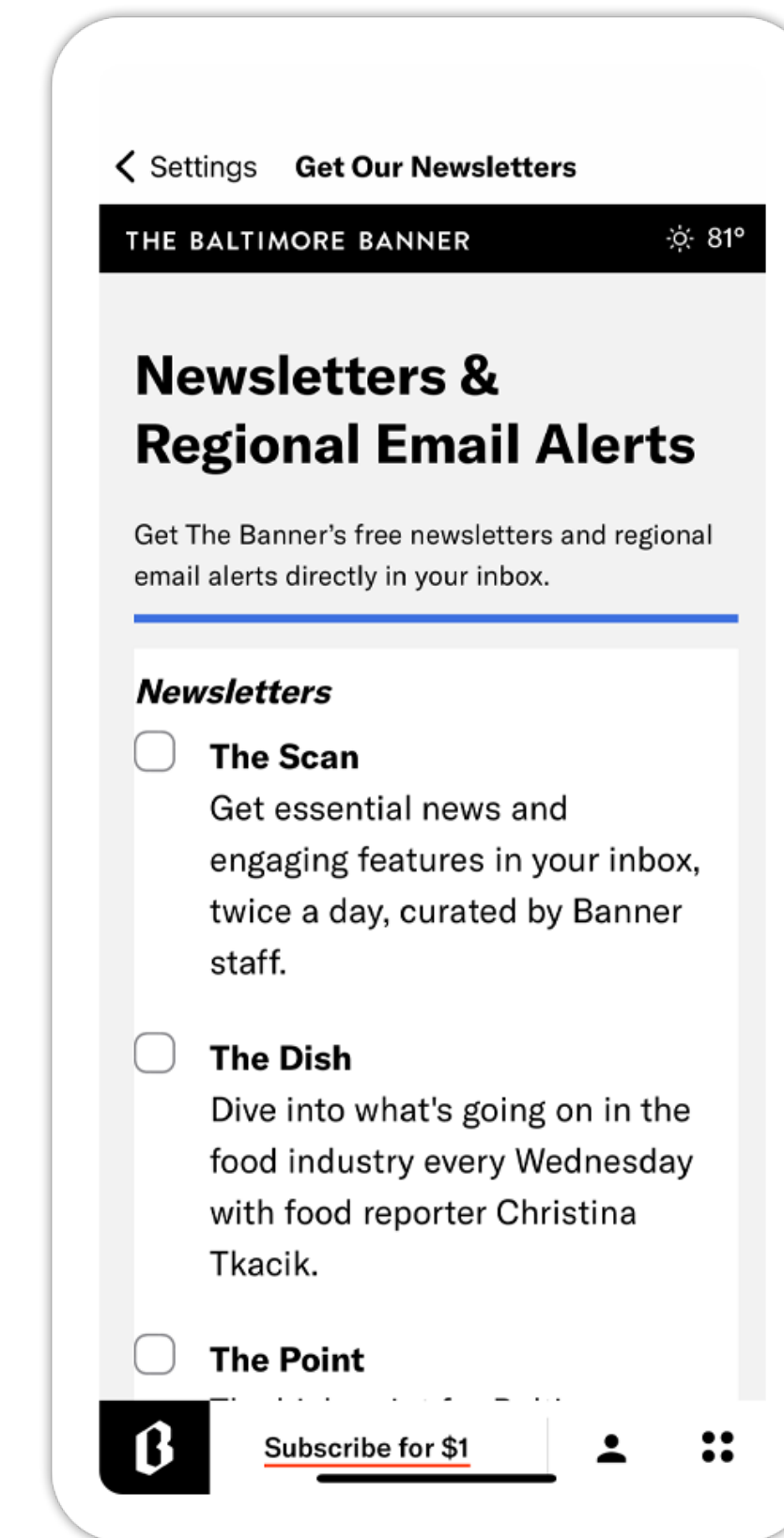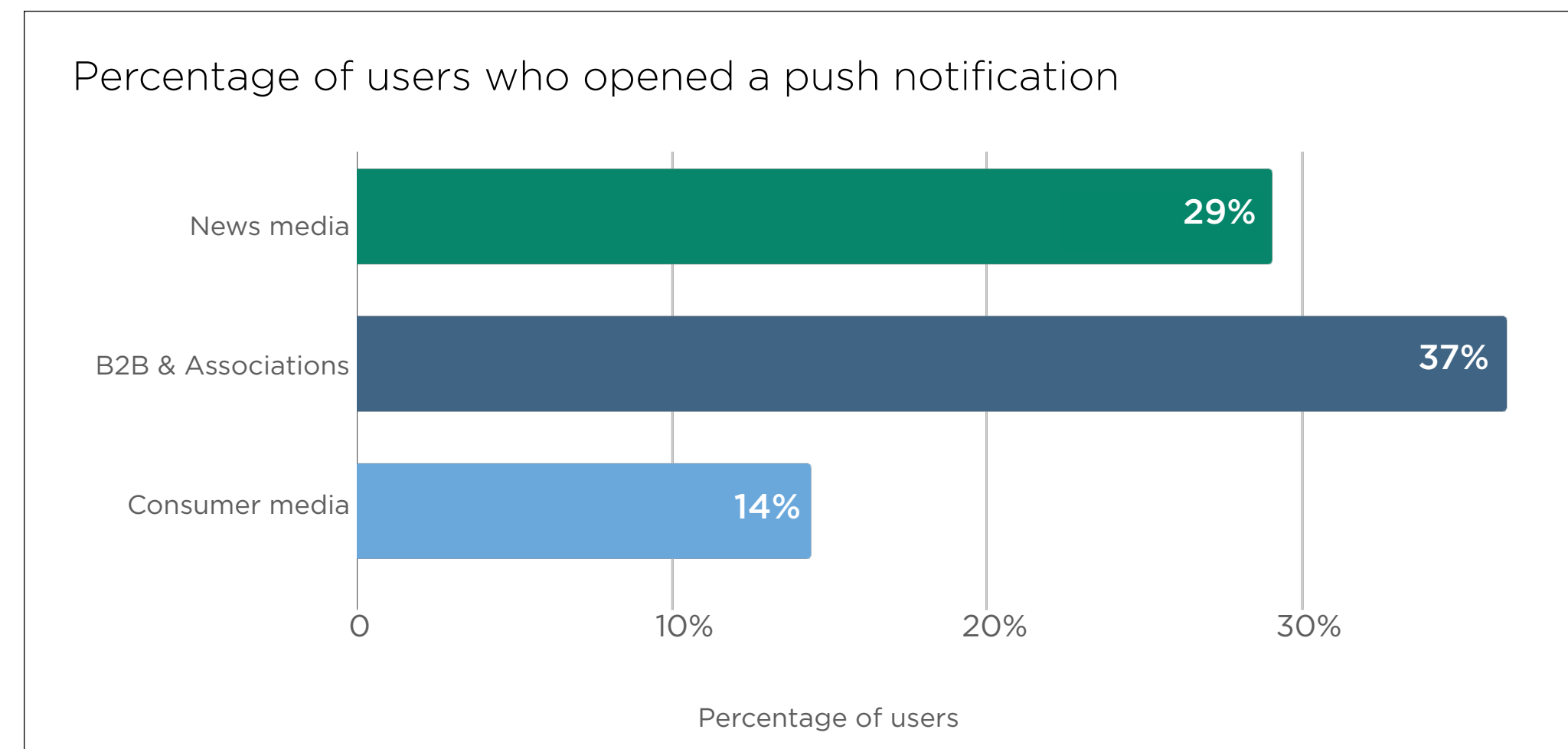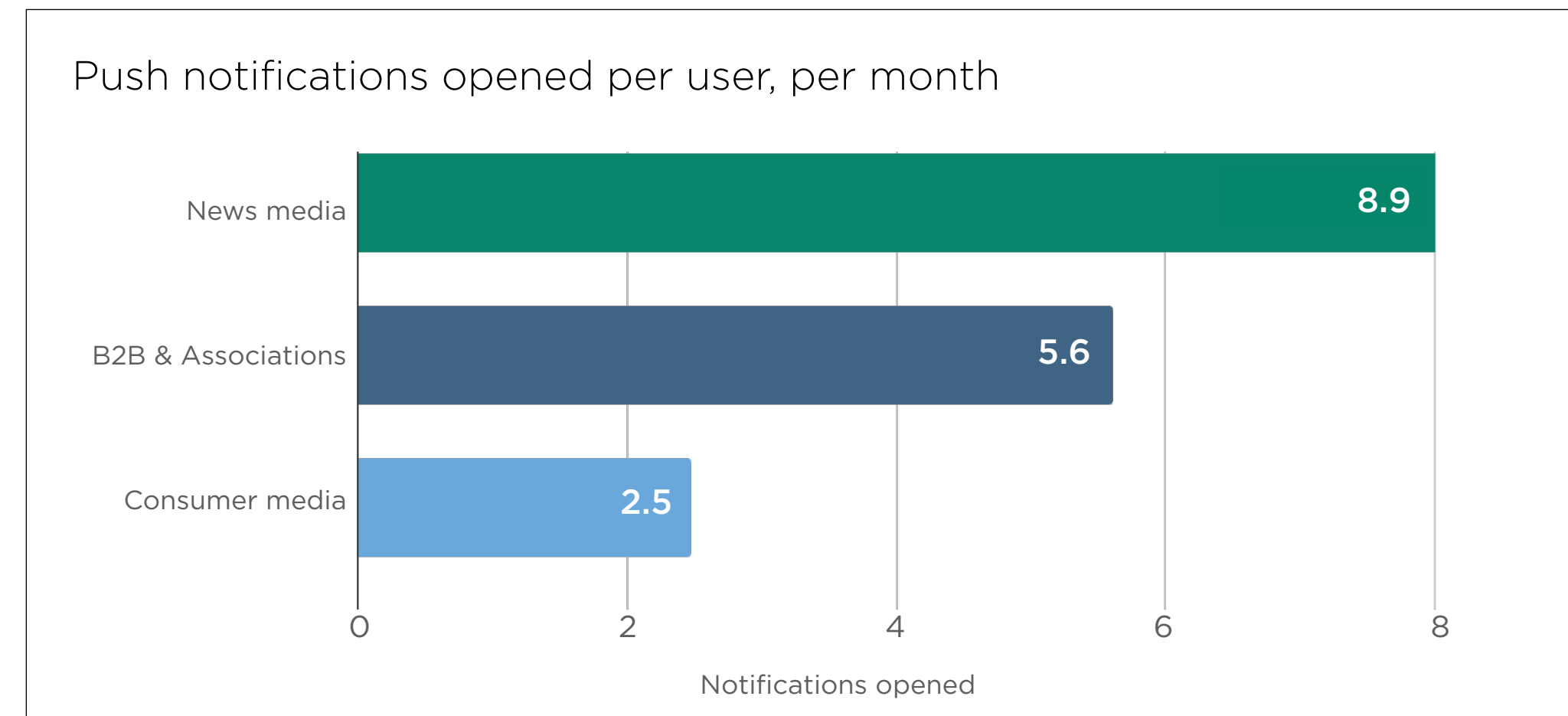
PUSH DRIVEN BY THE URGE TO BE INFORMED

While high-frequency news publishers have the most push notifications opened, B2B publishers and associations had the highest percentage of users who opened a push notification.
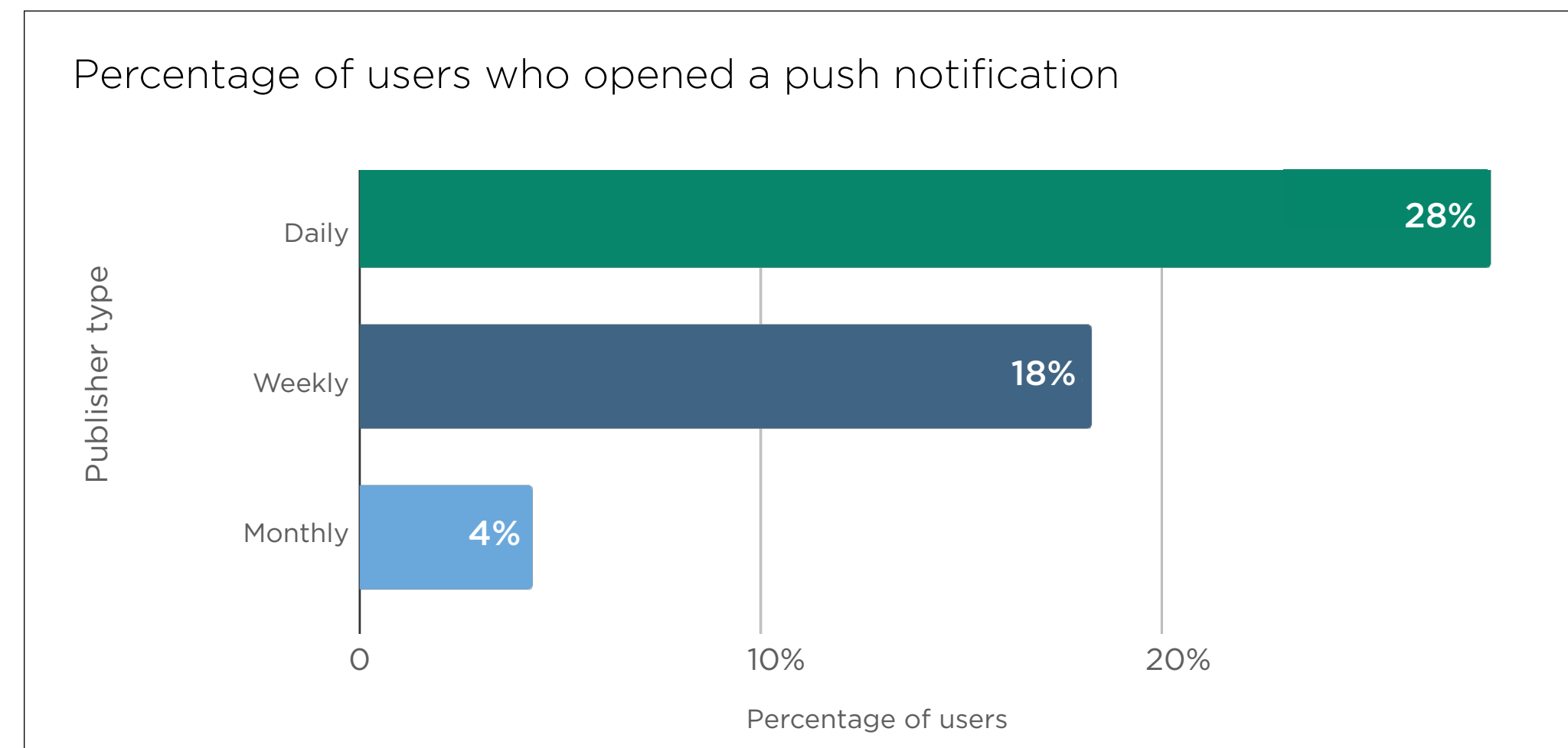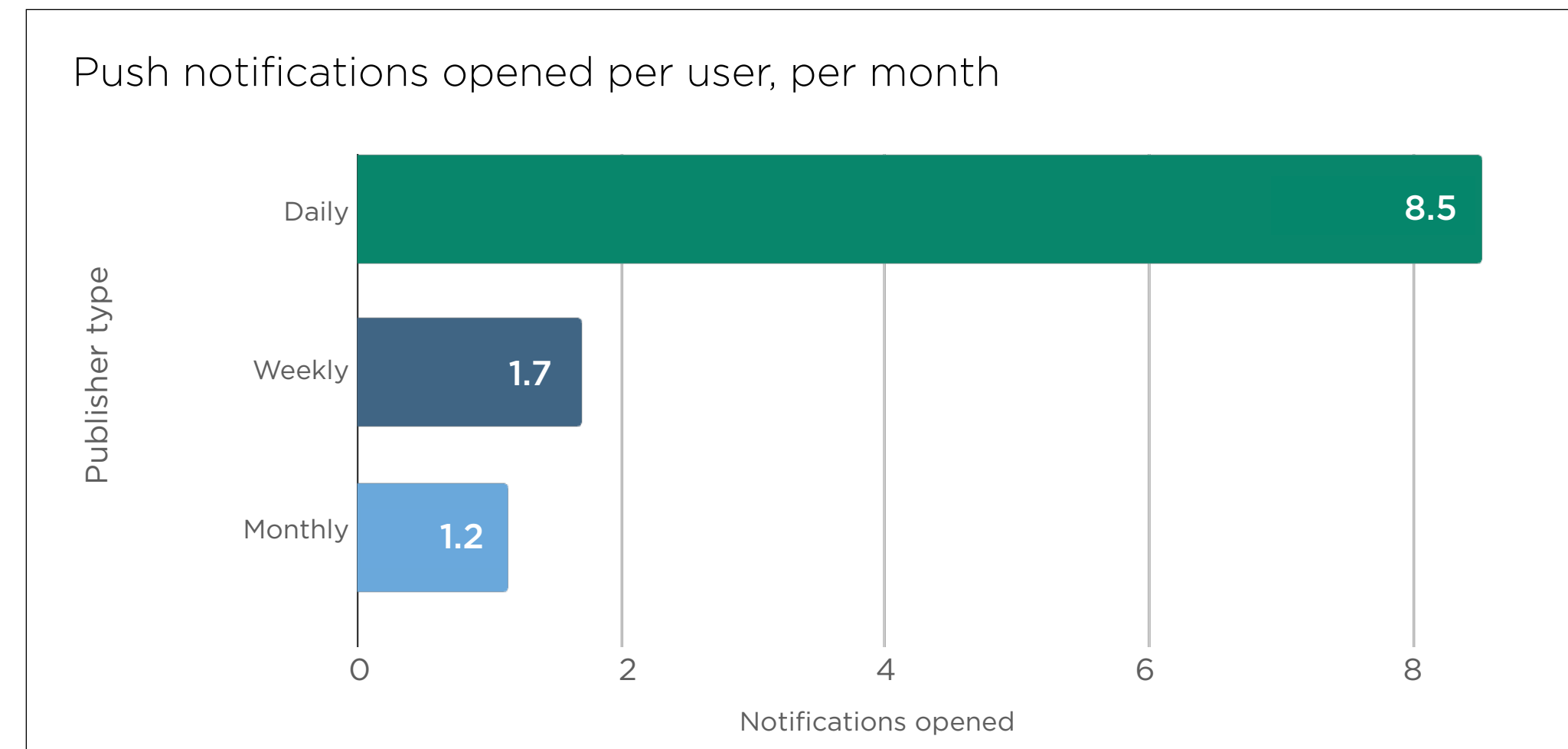
For news publishers, we see a very high volume of push notifications. Data and advice from push notification providers suggest that higher engagement is possible with segmented push notifications. Publishers are achieving this using push notifications providers' preference centres to allow users to choose the topics they receive push notifications about. Consumer media publishers have an opportunity to increase the frequency of their pushes to increase engagement with them and with their apps.

B2B publishers and associations can build on their successful engagement with their audiences by pushing more frequently and using audience segmentation and targeting.

Push notifications opened per user, per month

Category	Notifications opened
News media	8.9
B2B & Associations	5.6
Consumer media	2.5

Notifications opened

Percentage of users who opened a push notification

Category	Percentage of users
News media	29%
B2B & Associations	37%
Consumer media	14%

Percentage of users

Source: Pugpig/Mixpanel

PUGPIG

DAILY PUBLISHERS MAKING THE MOST OF PUSH

We also analysed push notification performance by the cadence of publication. The results highlighted the importance of regular, frequent push notifications. Daily publishers send push notifications multiple times a day, allowing them to build habits with the push notifications and their apps. Publishers with a weekly or monthly cadence should use push notifications more frequently to maintain regular, frequent engagement with their apps.
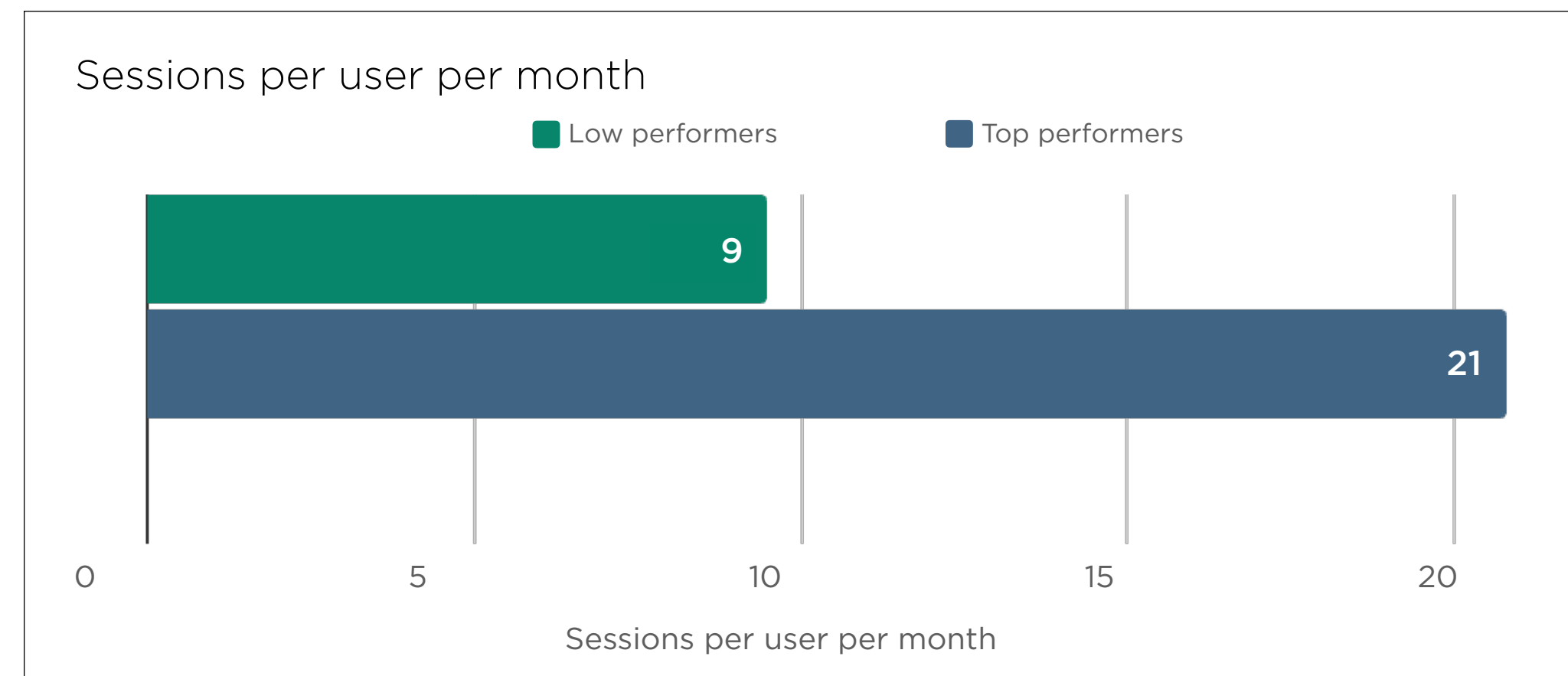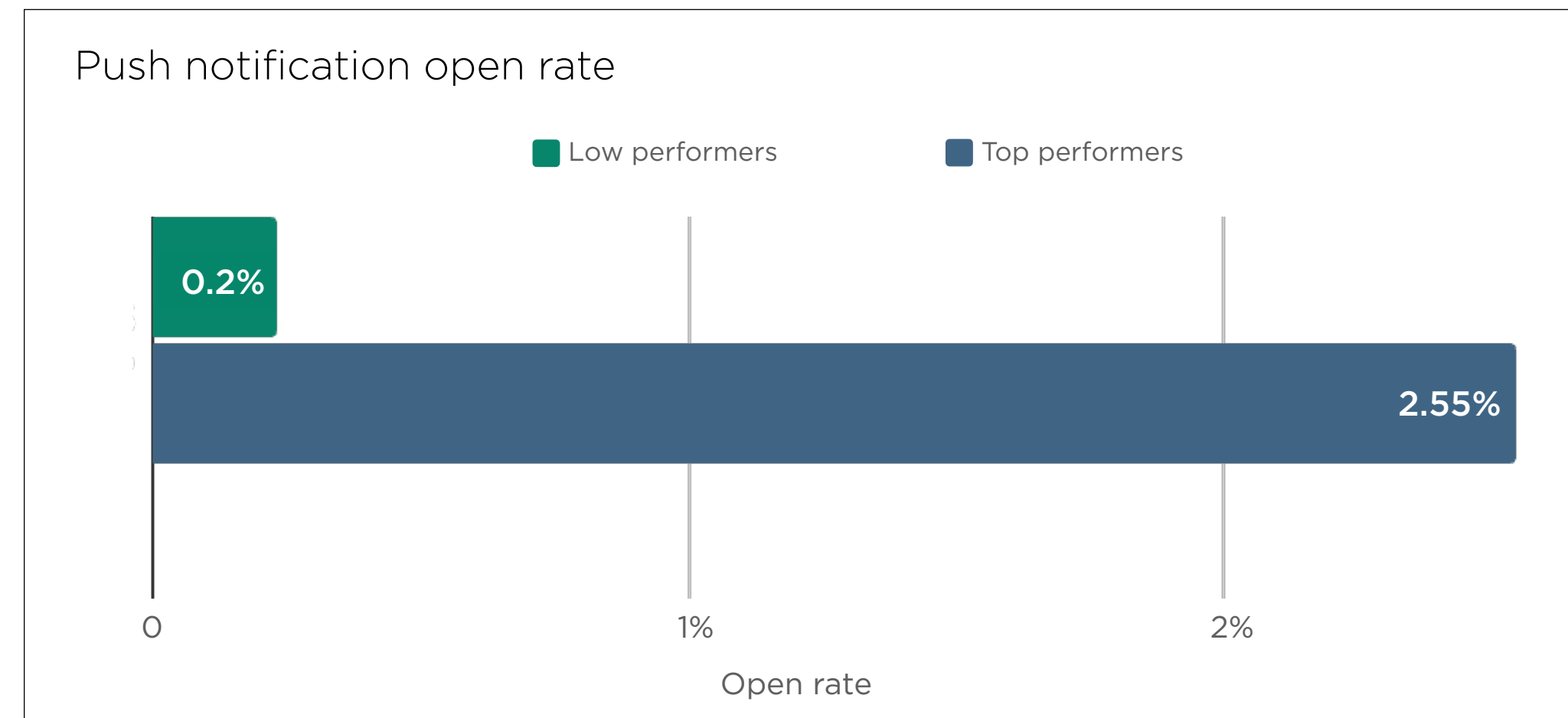
Push notifications opened per user, per month

Publisher type	Notifications opened
Daily	8.5
Weekly	1.7
Monthly	1.2

Percentage of users who opened a push notification

Publisher type	Percentage of users
Daily	28%
Weekly	18%
Monthly	4%

Source: Pugpig/Mixpanel

PUGPIG

SUCCESSFUL USE OF PUSH BRINGS HIGHER APP ENGAGEMENT

Continuing this analysis, we found a correlation between higher engagement rates, measured by sessions per user per month, and higher push notification open rates. We have seen publishers increase engagement in their apps as measured by active users by 60% simply by starting to use push notifications.

We found a measurable difference in engagement between publishers with high-performing and low-performing push strategies. Publishers should create a testing plan to understand what push notifications encourage users to open them, and we also recommend using audience segmentation and targeting to increase the relevance of push notifications to audiences.

Push notification open rate

■ Low performers   ■ Top performers

- 0.2%
- 2.55%

0   1%   2%

Open rate

Sessions per user per month

■ Low performers   ■ Top performers

- 9
- 21

0   5   10   15   20

Sessions per user per month

Source: Pugpig/Google Analytics

PUGPIG

THE FUTURE OF PUBLISHER APPS

App development is continually driven by faster mobile connectivity, more powerful smartphones and increasing audience expectations of mobile user experience. Our survey provided insights into how publishers want to engage mobile audiences.

Publishers believe their future apps will include a wider content offering, interactivity such as comments and community elements and greater personalisation and customisation to deliver more relevant content to audiences.

HOW DO PUBLISHERS SEE THEIR APPS EVOLVING IN TERMS OF CONTENT AND THEIR BUSINESS?

In the past, much of the focus of publisher apps was copy and images, delivering digital editions that were effectively facsimiles of the printed product. With the advent of podcasts, audio, video, puzzles and interactive content, publishers see the next iteration of their apps as delivering a much richer content experience.

Puzzles will evolve to include games, and publishers see greater use of audio and video. And they see app experiences that go beyond their current "publication model" to something far more sophisticated and more central to their engagement strategy.

New ways of creating content experiences that are beyond the publication model.

Drives subscriptions. Provides full suite of products to mobile base in one place.

It needs to evolve to deliver differentiated value to users that goes beyond reading, which is now a commoditized use case.

"

I would envision our organisation moving to a more comprehensive app, with personalisation for users and a wider range of available resources and interactivity.

"

As we increase our product offerings to expand deeper into audio/video and content areas, the app will be important for increasing customer engagement.

Source: Pugpig survey

PUGPIG

PUBLISHERS SEE THE OPPORTUNITY FOR PERSONALISATION AND GREATER INTERACTIVITY

Publishers currently see apps as a way of delivering content to loyal, high-use audiences. In the future, publishers want to allow users to customise the app or deliver personalisation using AI. They believe this will make the apps more relevant to a wider audience beyond this core group of highly engaged users.

They also see an opportunity to build on their existing content experiences and develop even deeper engagement by adding community, conversation and membership features.

> Personalisation, AI curated content, AR.

> Including comments to promote engagement between users on our platform.

> " I think there is potential to use the app as a digital membership card. There may also be some potential to create communities on the app. It could also be used as a reporting tool. "

> Lets customers interact with content in a way that works best for them, which ultimately should increase satisfaction.

> Perhaps some kind of chat room option, à la Reddit?

> I see the app as the place where we focus our personalization and customization efforts. I don't want to build these features for web if we can perfect them for app and make them a value-add there.

Source: Pugpig survey

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PUBLISHERS BELIEVE APPS WILL BECOME THE CENTRAL PLATFORM FOR MOBILE AUDIENCES

As apps deliver a richer experience in terms of the content they deliver as well as more community and interactivity, publishers believe that they will play a more central role in their businesses. They already are essential in engaging subscribers, but publishers also see apps as a way to attract younger audiences that they currently don't reach.

I see apps becoming the the main way subscribers interact on mobile devices.

It may be that over time it becomes the primary medium for our most loyal customers.

"A robust app will have a key role in attracting younger, more tech-savvy people to the business and engaging with our content. The thinking is this will help to diversify the audience and ensure that subscribers are on the file for longer."

Apps will evolve our business by help driving more direct subscriptions as we elevate our digital product offering.

It provides the reader with a direct connection via their smartphone or tablet. For B2B publishers, these devices have become the primary gateway to a global audience.

Source: Pugpig survey

PUGPIG

MEN'S HEALTH/WOMEN'S HEALTH: APPS AS A CORE ELEMENT OF A MEMBERSHIP STRATEGY

At Pugpig, we spend a lot of time talking about how apps need to evolve from simply delivering a digital equivalent of print into more sophisticated, deeply engaging hubs of content and utility that form the centrepiece of a publisher's audience and membership strategy.

Hearst UK is one of the first magazine publishers globally taking their membership propositions (and their apps) to the next level. Their customer research found readers want much more from their magazine brands, and Hearst has delivered a premium membership tier via their app. Women's Health Collective and Men's Health Squad members now get access to a mix of free and exclusive member-only content: the digital magazine, audio and video content, plus training plans and workouts members can use at the gym.
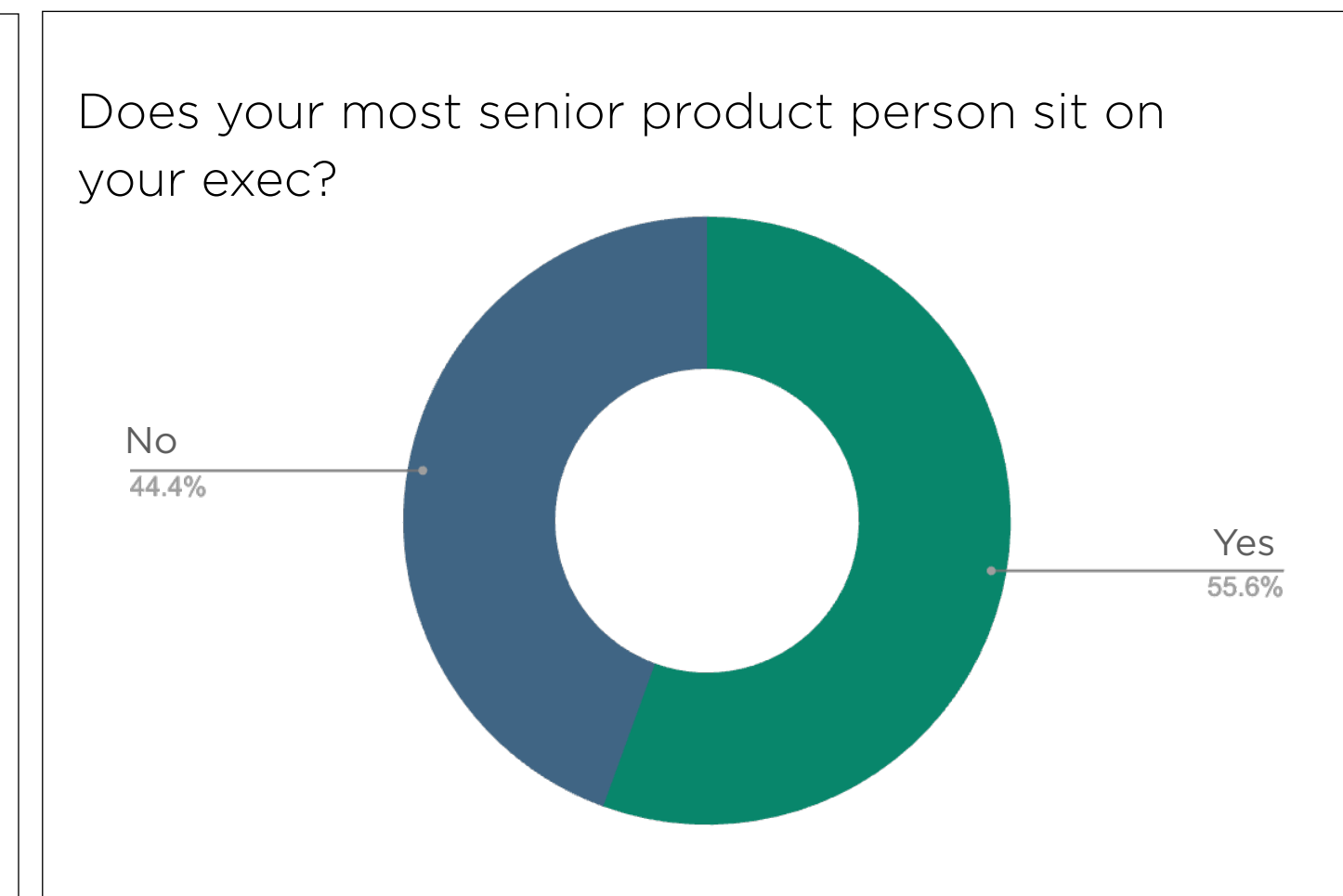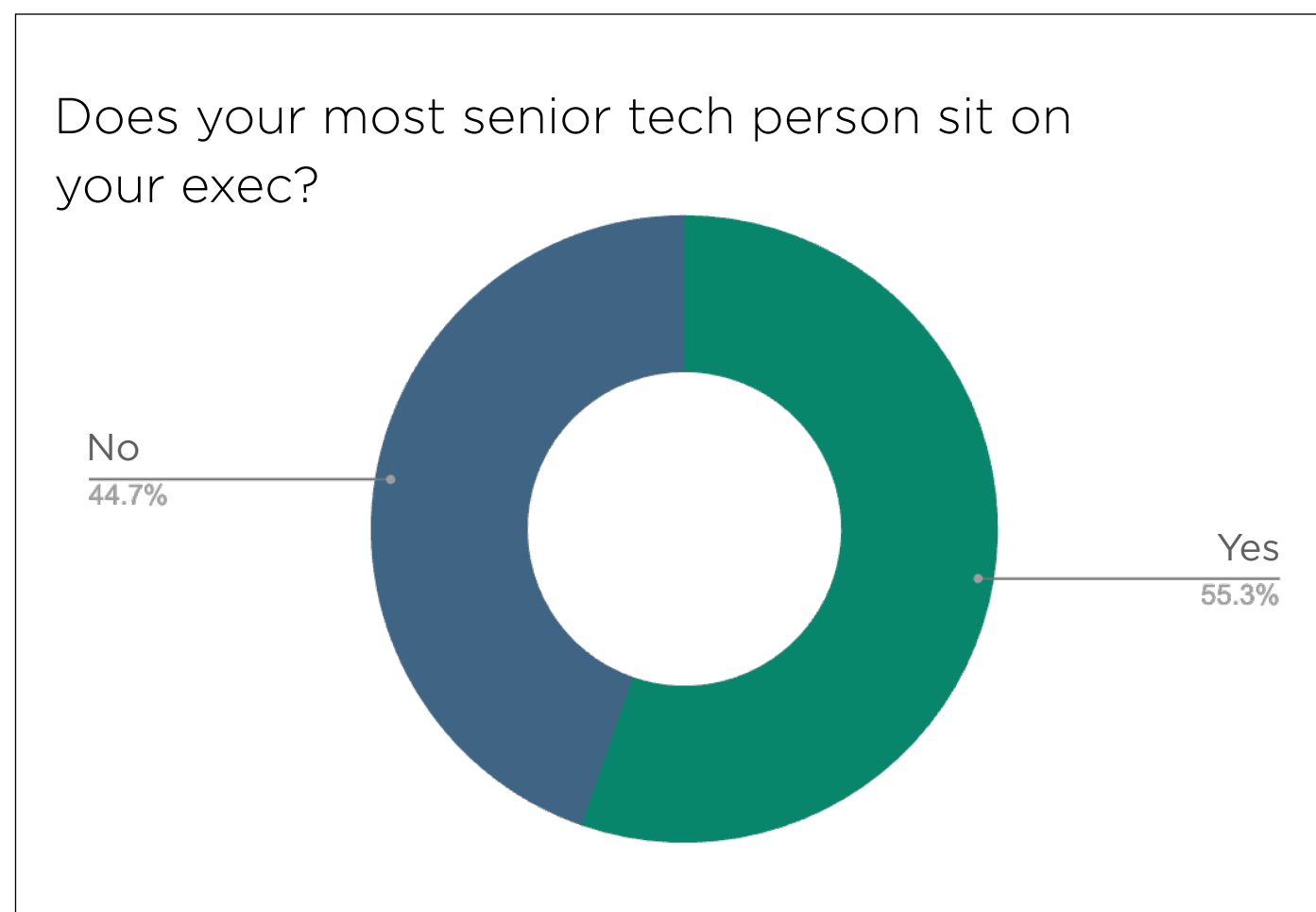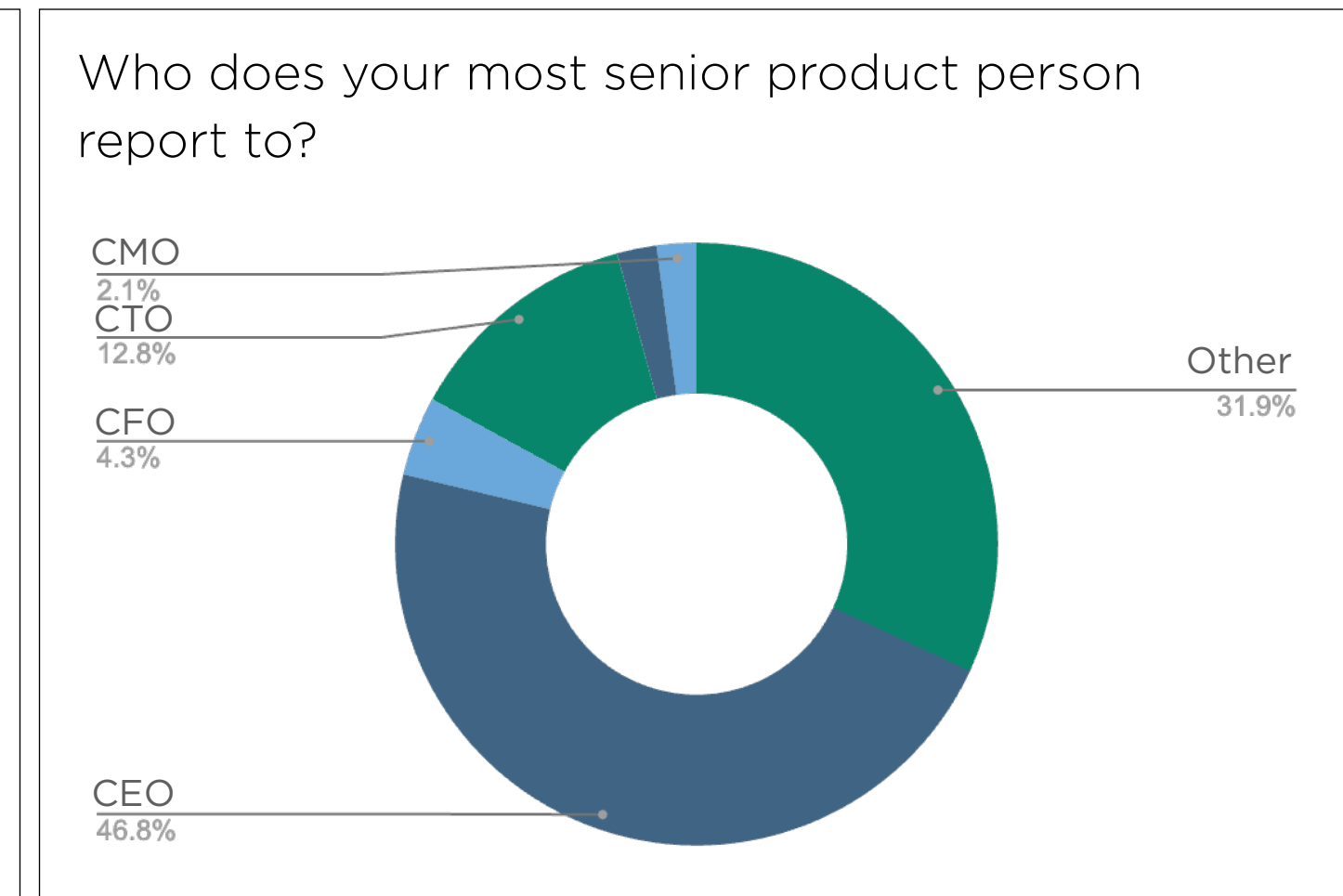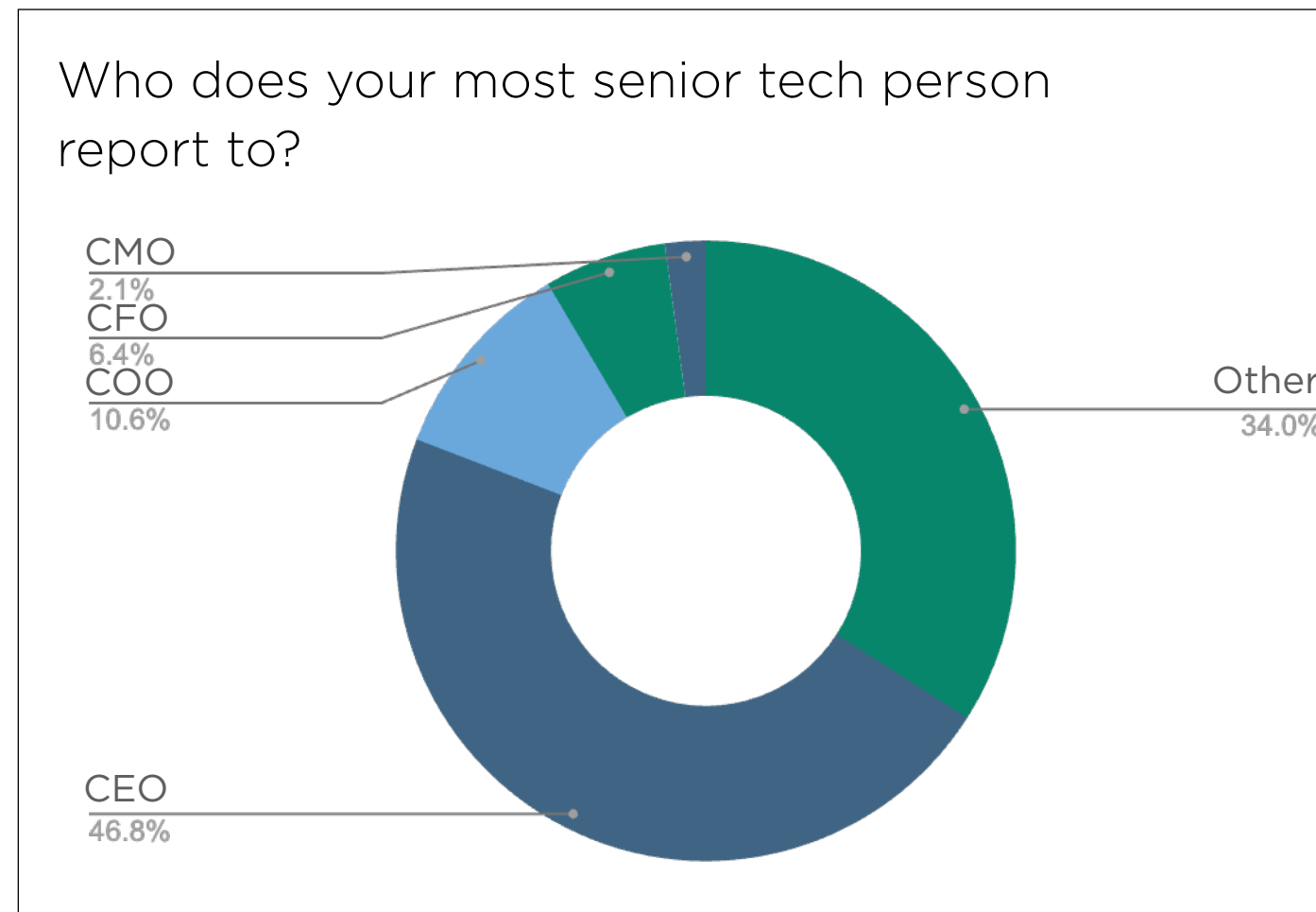
"The new apps and enhanced membership offerings will allow us to create even stronger and deeper relationships with existing and new members, whilst building more opportunities for the future with premium content that people want to pay for," David Robinson, Chief Customer Officer at Hearst UK, said.
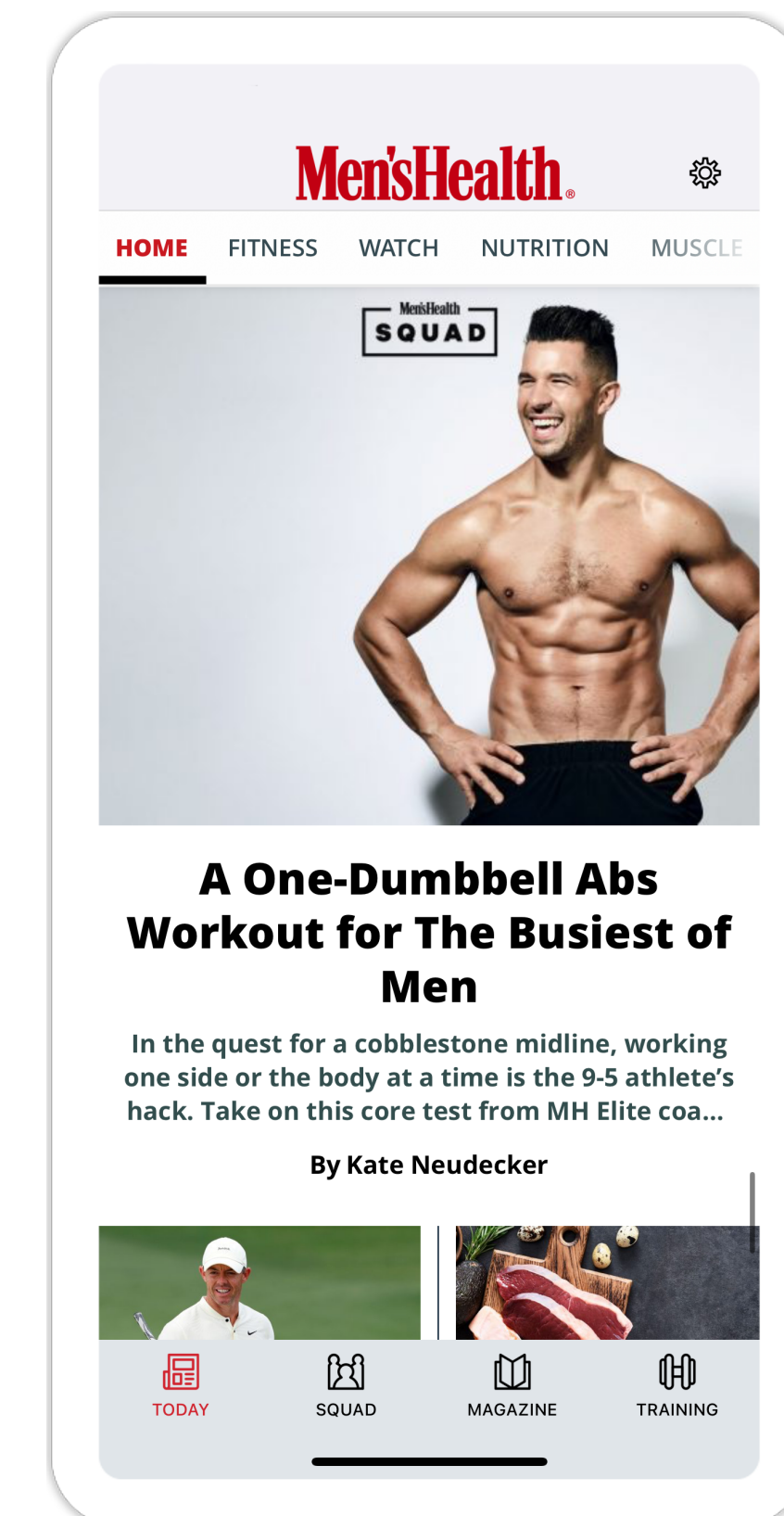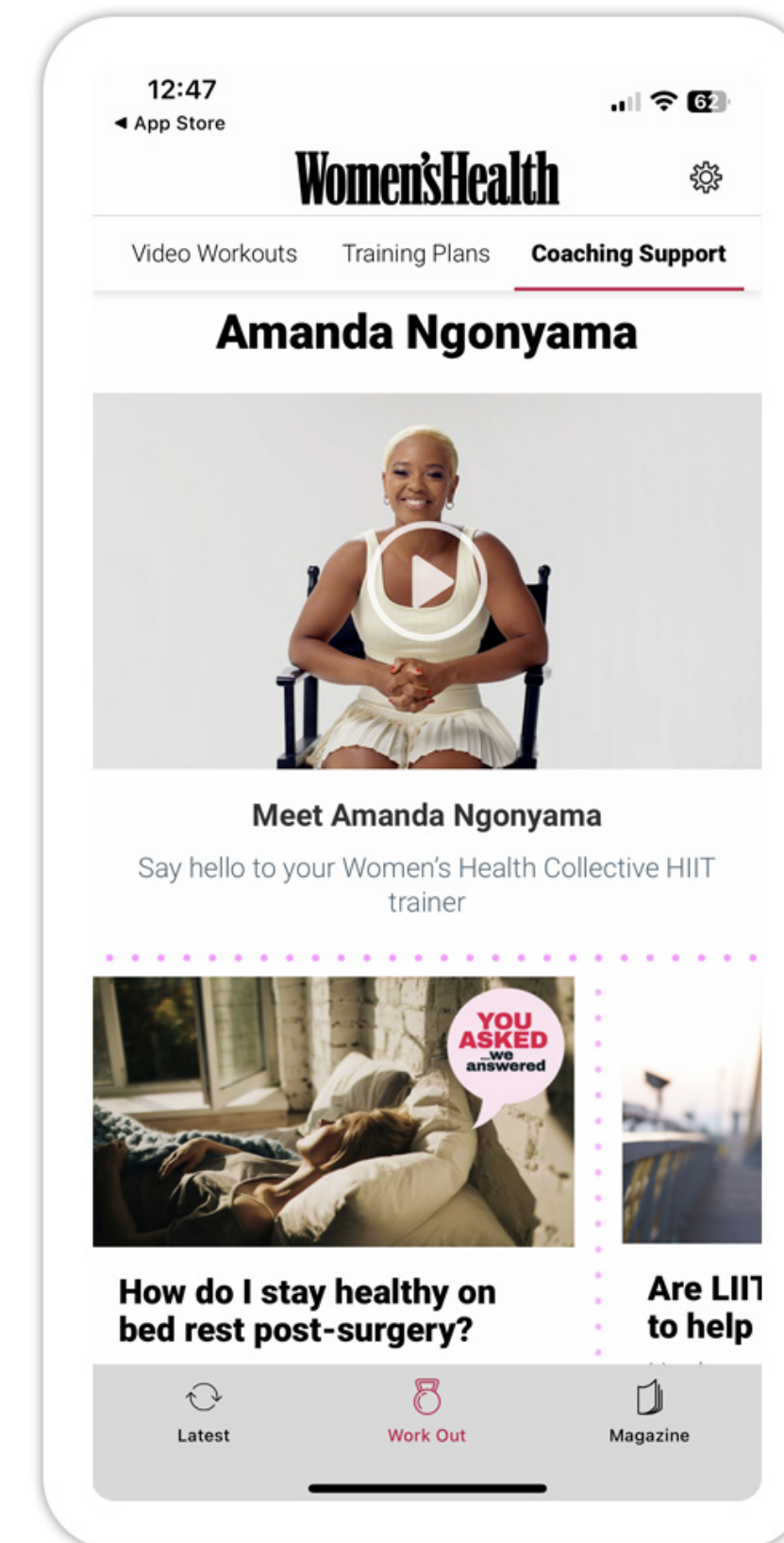
WHO MAKES THE PRODUCT AND TECH DECISIONS?

To deliver the next generation of digital products, publishers are increasing their investment in senior technology and product leaders.

What we see compared to previous reports, is that technology and product leaders are moving up in the organisational hierarchy, with more of them sitting on the executive team and reporting directly the CEO.

Who does your most senior tech person report to?

- CMO 2.1%
- CFO 6.4%
- COO 10.6%
- Other 34.0%
- CEO 46.8%

Who does your most senior product person report to?

- CMO 2.1%
- CTO 12.8%
- CFO 4.3%
- Other 31.9%
- CEO 46.8%

Does your most senior tech person sit on your exec?

- No 44.7%
- Yes 55.3%

Does your most senior product person sit on your exec?

- No 44.4%
- Yes 55.6%

Source: Pugpig survey

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IF YOU COULD SNAP YOUR FINGERS AND CHANGE ONE THING, WHAT WOULD IT BE?

Our final question has been a fixture of all of our state of publishing reports. With the benefit of hindsight, what would publishing leaders change? Some of the answers are tongue-in-cheek, but other answers go to the heart of challenges that publishers have faced and continue to wrestle with.

Would have fought harder against programmatic advertising. I am sure it was inevitable but this was a slippery slope.

I still get tetchy thinking about the amount of time I spent worrying about Google Plus

I would have liked to get to where we are now (an understanding that we can't rely on digital ads and we need to make reader revenue a big part part of the digital business model) three years earlier.

Recognition that an app is simply not just a digitisation of a magazine but an opportunity to evolve the core magazine offering.

" For me, I think publishing will go through a crazy change, but it won't die with AI like people say. It'll just evolve, and those who can figure out the evolution will not only win, they will thrive more than most existing publishers. "

Source: Pugpig survey

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KEY TAKEAWAYS

- With declining referrals from search and social, publishers have shifted their focus from conversion to retention.
- Publishers have traditionally seen the primary role of apps as part of their retention strategies, but they have begun experimenting with them as part of their registration and subscriber acquisition efforts.
- Acquiring new, younger audiences has been a priority for publishers, and mobile is increasingly the only way to reach them. Pugpig data shows that publishers' app audiences skew younger than their web audiences.
- To drive app downloads, publishers have found onboarding and newsletters are the best tools to grow the use of their apps.
- Amongst newsletters, podcasts and other audience engagement tools, publishers told us that push notifications play a uniquely powerful role in building audience habit, and our data shows that publishers with successful push strategies have higher engagement and improved retention.
- Publishers should leverage high-engagement features - puzzles, audio and digital editions - to drive higher levels of use of their apps.
- Apps are becoming more central to publishers' strategies, and some of the publishers in our survey believe they will become the primary way mobile audiences engage with their content.
- Apps are evolving and becoming integrated into membership strategies that deliver deeper relationships with audiences and higher revenue.

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HOW WE USE
MIXPANEL AT PUGPIG

Mixpanel is the product analytics suite we use at Pugpig to identify trends and patterns in user behaviour across our entire customer base. It enables us to track user interaction within our apps to understand the journeys users take, their preferences and potential pain points. The behavioural data we collect from our apps helps us recognise opportunities to improve our product and informs how we prioritise the features we develop.

By making our product data easy to access and query, we have been able democratise insight across our business. This, in turn, empowers us to help our customers find the answers they're looking for – whether that's the why behind a metric change or the impact of the latest feature release.

Having an aggregate view of our app data enables us to develop benchmarks measuring performance across the publishing industry and the different industry verticals we serve. We're able to surface this data to our customers, helping them understand their apps' performance against their industry cohorts.

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THANK YOU TO OUR PANEL

We'd like to extend a huge thank you all the organisations brands who participated in the survey, listed here. Special thanks also to Mixpanel who helped us pull the vast majority of our data together.
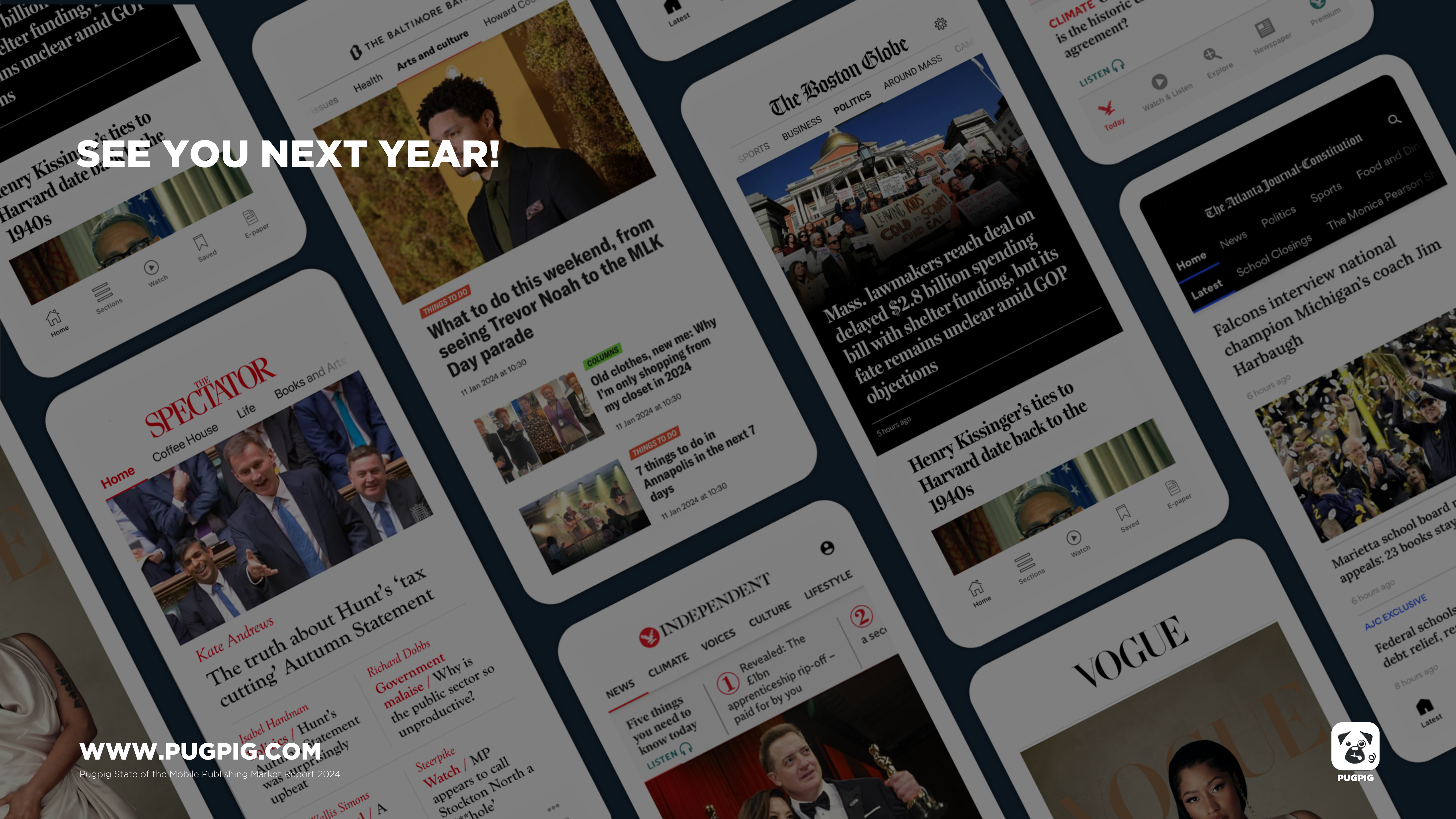
ACCA Global
All Island Media
Aperture Magazine
Argus Media
Atlanta Journal-Constitution
Atlas News
Aviation Week
Bauer Media
Caravan & Motorhome Club
Clarion Gaming
Crain Communications
Creem
Dartmouth Alumni Magazine
DC Thomson
Euromoney
Financial Times
First News
Foreign Affairs
Fruitnet
Future PLC
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SEE YOU NEXT YEAR!