The Good, the Bad and the Ugly of Distributed Content Strategies

Dr. Ralf Kaumanns
Mobile is beating Desktop

Allocation of Time Budget 2015
Desktop vs. Mobile - Germany

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Mobile</th>
<th>Desktop</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 - 29 Years</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>55 Years and Older</td>
<td>52%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Apps are beating Mobile Web

Allocation of Time Budget 2015
Mobile Apps vs. Mobile Web

<table>
<thead>
<tr>
<th>Region</th>
<th>Mobile Apps</th>
<th>Mobile Web</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany*</td>
<td>13%</td>
<td>87%</td>
</tr>
<tr>
<td>USA**</td>
<td>14%</td>
<td>86%</td>
</tr>
</tbody>
</table>

SOURCE: *GfK Crossmedia Link Panel (German Internet Users 14+); **Flurry Analytics, 5 Year Mobile Report, Dec. 2015
However
News Apps losing ground

News apps take 3% of daily time spend on mobile in 2014 vs. 9% in 2010

SOURCE: Flurry Analytics 2015, Basis: 2.079 trillion app sessions within 300,000+ apps
The **TWO BIG PROMISES** of distributed content offerings:

1. Greater **REACH** to mobile users
2. Better **MONETIZATION** with higher revenues
Let’s check reality
The Good
Facebook Instant Articles

Google AMP

Apple News

**Similar Promises – Different Approaches**
Facebook Instant Articles

- **Push Model**: Placement of articles into NewsFeed
- **Focus** on mobile app – closed environment
- Standardized approach for mobile storytelling
- Placement of articles “competes” with all other possible posts
- No influence of publishers on placements
- Only Facebook decides what to publish to whom – algorithm based on: a.) relevance for users & b.) good user experience (based on storytelling, visual elements, usage, interaction, etc.)
Google Accelerated Mobile Pages (AMP)

- **Pull Model**: Placement of articles into mobile SERPs
- **Focus** on mobile web (through mobile web search)
- Advantages for publishers through visibility in mobile SERPs
- Significant increase of inventory through carousel
- Only Google decides what is shown and in which order (no SEO)
- AMP content format less sophisticated than Instant Articles
- Google controls usage of AMP through `<AMP HTML>` standard
Apple News App

- **Pull Model**: “Clone” of Flipboard with better personalization
- **Focus** on pre-installed mobile app (solely on iOS platform)
- Aggregation (and search) of RSS feeds of publishers
- Interface is based on a predefined template with customizing
- Monetization only thru publishers via iAds platform (skip of sales)
- Apple News Format *to come* – Rich-Media format very similar to Facebook Instant Articles
- Microsoft released similar “News Pro” app with business focus
Distributed Content leads to new approaches in monetization
Publisher are attracted by selling their inventory directly without revenue share

- Choice to sell own inventory by 100%
- Dedicated restrictions for publishers (e.g. data)
- Changes in ad policies and relaxed restrictions
- Deal-less approach – Publishers control 100%
- Tracking data controlled by publisher
- Google fully controls the <AMP> standard

Comment: Facebook will allow publishers to include more ads in each Instant Article and will also allow publishers to sell Facebook-only ad campaigns. Publishers will also have the ability to highlight and link to content, including branded or sponsored content, hosted on their own sites from the “related articles” section in the bottom of the Instant Articles template as well as sign-ups for newsletters.
Nice, but the **big money** from Distributed Content might be somewhere else
Facebook’s new Canvas Ad format – Focused on brand advertising and exactly structured like an Instant Article
Contextual Placement of Canvas Ads with Instant Articles

- Contextual placement in 5 element slider
- Approach already implemented for video
- Suitable for brand advertising
- Reserved inventory for brand advertising
- Brand safe environment
- Revenue share with publishers based on share usage in dedicated container
What’s about Google AMP?
Hypothesis: Google to follow Facebook and sell “Canvas-like” ads along AMP

- AMP approach limits ad inventory
- No revenue from ads sold by publisher
- Required to generate revenue from SERPs
- Likely to offer native AMP ad formats
- Focus on brand advertising
- Unclear if Google may share revenue from contextual placements in AMP carousel

SOURCE: http://www.mondaynote.com/2016/03/06/google-amp-also-a-mobile-ads-revolution/
The Bad
Publisher are junior partners in an ecosystem controlled by Super Distributors

- Strong restrictions in storytelling, content distribution, data gathering, and monetization
- User flows are broadly controlled and influenced by gatekeepers (users should stay on platforms)
- Gatekeepers decide on ALL rules and have significant influence on economic success
- Gatekeepers control the standards (e.g. “open approach” of AMP is controlled by Google)
- Economic basis of publishers is threatened (e.g. erosion of own offerings like app usage)

...but it is unlikely that publishers can ignore Distributed Content offerings completely
The Ugly
NiemanLab’s Joshua Benton:

”... the broader narrative is clear: Individual news apps and individual news brands aren’t the primary point of contact with news any more. They’re raw material, feeding into broader platforms. The loss of power for publishers in that exchange is obvious; the potential benefits remain mostly undiscovered.”
What if ?
DISTRIBUTED CONTENT BECOMES THE NORM

JAMIE MOTTRAM

“It’s early still, but (a) our content is being viewed at a higher volume than before, and (b) we’re monetizing those views at a higher rate.”

Source: http://www.niemanlab.org/2015/12/distributed-content-becomes-the-norm/  (Jamie Mottram is director of content development at USA TODAY)
There is a massive threat that publishers may lose control of the value chain.
There is a massive threat that publishers may lose control of the value chain.

- Content Creation
  - Standards for storytelling & reading experience

- Product & Brand
  - Delivery of single articles (no packaged media product anymore)

- Formatting & Packaging
  - Importance of a publishing product and brand erodes

- Content Distribution
  - Gatekeepers decide solely on distribution

- Content Consumption
  - Gatekeepers have the primary customer relation

- Content Monetization
  - Gatekeepers set the rules of monetization

Comment: Simplified value chain

= Publishing value chain elements affected by Distributed Content
Dominance of gatekeepers may increase in the future
Digital Assistants are the ultimate field of competition for “Super Distributors”
Benefit from Distributed Content, but be aware not to feed the Borg
Thank You

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