

inma
Sharing ideas. Inspiring change.



Content Business in the Age of Platforms

Strategic response to digital disruption

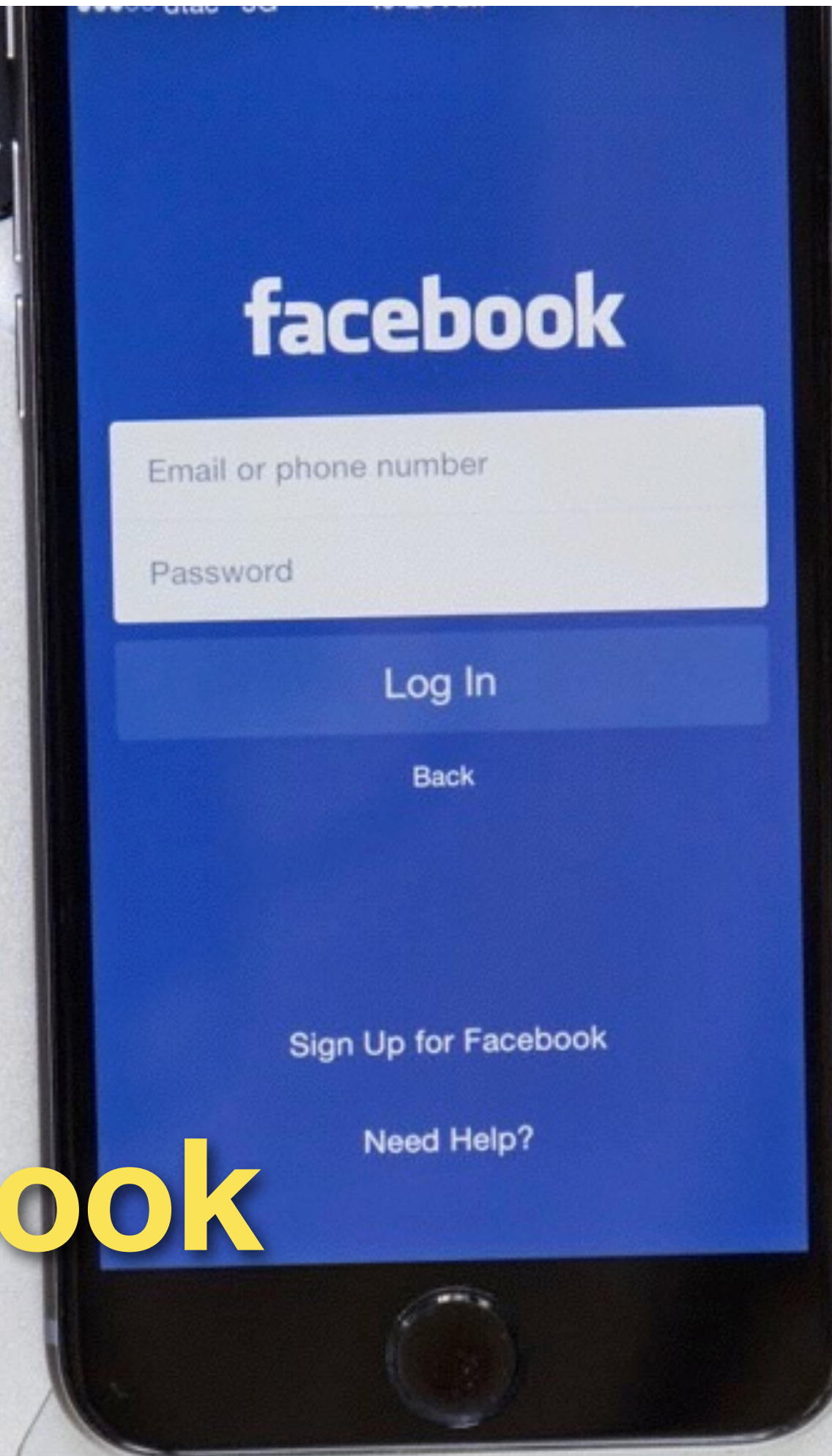
Grzegorz ›Greg‹ Piechota
Research Associate
Harvard Business School

Toothbrush test Publisher's content drives daily news consumption, engagement on platforms

44%











U.S. adults
got their news
last week on Facebook

Source: Pew Internet 2016



Platforms have become the new mass media

Top networks by millions of active monthly users

1	 facebook	1 860	6	 WeChat	846
2	 Messenger	1 000	7	 Instagram	600
3	 You Tube	1 000	8	 tumblr.	550
4	 WhatsApp	1 000	9	 twitter	317
5	 腾讯网 QQ.com	877	10	 snapchat	300

Source: Statista 2017, Company data 2017

Winners of the attention economy Aggregate largest audiences & capture most of ad revenue

70%

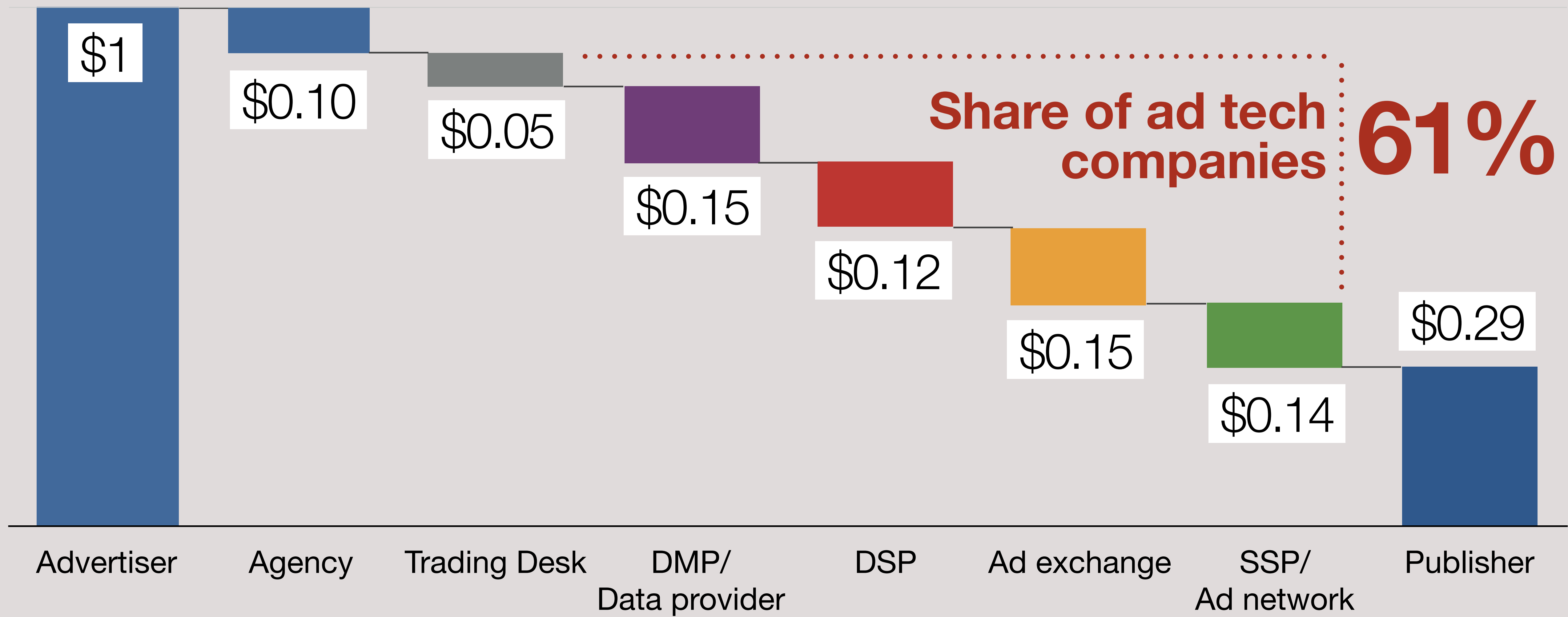
Combined share of Google and Facebook in U.S. digital advertising market in 1H 2016

103%

Their share in new ad spend on the market

Source: Business Insider Intelligence 2016

Who else captures \$ in digital ad ecosystem?



Source: AEMII / Future Media Lab / European Magazine Media Association 2016

What's the distributed content revenue?

Benchmark 17 top U.S. publishers in 1H 2016

\$1.3m

Average
monthly
platform
revenue



advertising revenue share +
syndication + production fees

60%

Share of **You** **Tube** payments
in average total platform revenue

Source: Digital Content Next 2017

Let's imagine Facebook shares it all

\$27.6bn / 50m

Facebook's ad
revenue in 2016

Page
publishers

Source: Facebook 2017

= \$552



**So who's going
to pay for your content?**

The heaviest ever newspaper

Sunday, September 13, 1987

1,612 pages in total 5.4 kilograms in weight

420 news articles 125 comments & letters

783 display ads 194 pages of classified ads

The heaviest ever magazine was ›Shukan Jutaku Joho‹ of Japan (Jan. 10, 1990; 1,940 pages)



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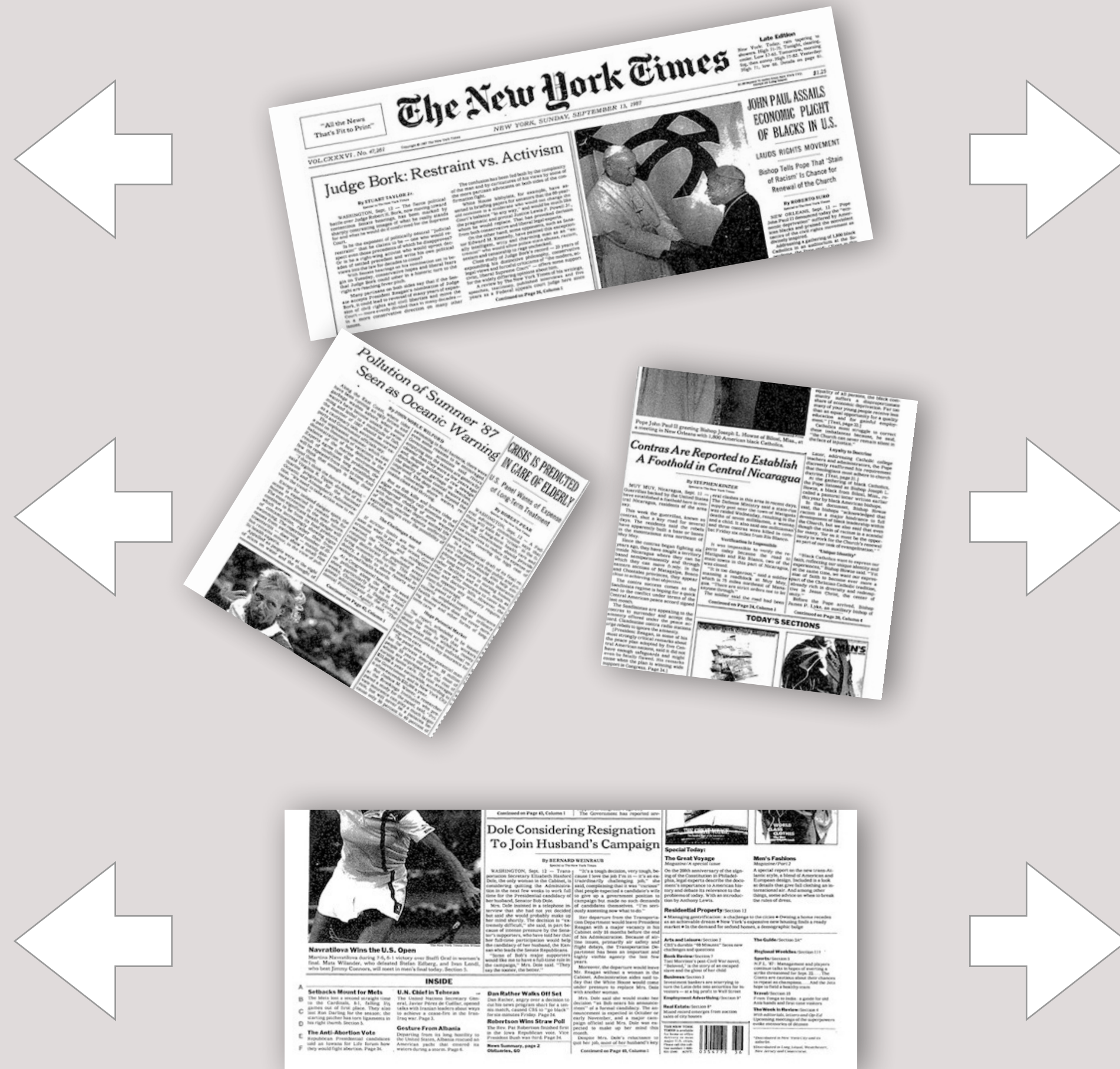
Source: Guinness World Records 2012

1st wave of disruption: unbundling

News sites

Opinion sites

Niche verticals
(around topics, personalities, communities)



User generated content
(blogs, boards)

Brand websites
(product, service pages)

Marketplaces

Unbundling news from marketplaces

Impact on U.S. publishers revenue

50,000

37,500

25,000

12,500

**ADVERTISING REVENUE
IN U.S.A. IN US\$ MILLIONS**

CIRCULATION REVENUE

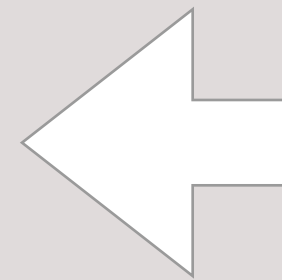
Craigslist,
Google
enter classified
ad business

Source: Pew Research Centre 2013

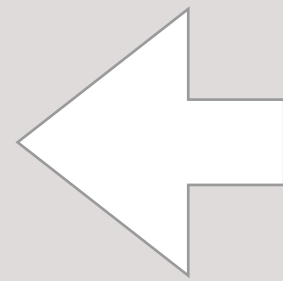
1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011

... unbundling of individual stories

**Headline
of an article**



Visual elements:
e.g. picture,
video, graphics

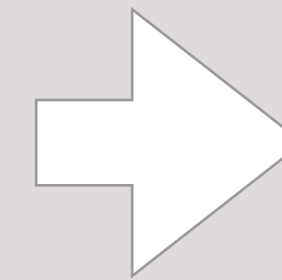


Complements:
e.g. comments,
reactions

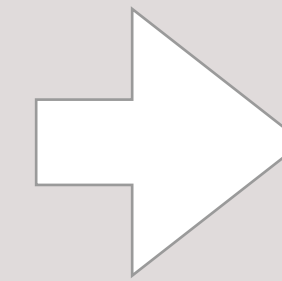


**JOHN PAUL ASSAILS
ECONOMIC PLIGHT
OF BLACKS IN U.S.**
LAUDS RIGHTS MOVEMENT
Bishop Tells Pope That 'Stain
of Racism' Is Chance for
Renewal of the Church

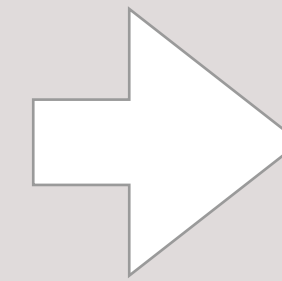
By ROBERTO SIRO
Special to The New York Times
NEW ORLEANS, Sept. 12 — Pope John Paul II denounced today the "economic deprivation" suffered by American blacks and praised the nonviolent tactics of the civil rights movement as divinely inspired.
Addressing a gathering of 1,800 black Catholics in an auditorium at the Superdome, the Pope said: "Even in this wealthy nation, committed by the Founding Fathers to the dignity and equality of all persons, the black community suffers a disproportionate share of economic deprivation. Far too many of your young people receive less than an equal opportunity for a quality education and for gainful employment." [Text, page 10.]
Catholics must struggle to correct these imbalances because, he said, "the Church can never remain silent in the face of injustice."
Loyalty to Doctrine
Later, addressing Catholic college teachers and administrators, the Pope discreetly reaffirmed his requirement that theologians must adhere to church doctrine. [Text, page 11.]
At the gathering of black Catholics, the Pope listened as Bishop Joseph L. Howard of Biloxi, Miss., recalled a pastoral letter written earlier this year by black American bishops.



Text of an article









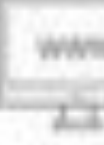









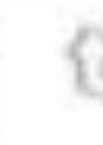
















Text elements:
e.g. captions,
sidebars



Recommended:
e.g. related, earlier,
similar stories



																							Platforms used by publisher
	Amazon Alexa	Apple News	Apple Watch	Facebook	Flipboard	Google AMP	Instagram	Instant Articles (Facebook)	Homepage	Kik	LinkedIn	LINE	iit (The iit App)	Messenger (Facebook)	Mobile app	Pinterest	Snapchat Discover	Snapchat Stories	Tumblr	Twitter	WhatsApp	YouTube	
		●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●		●	19
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Top U.S. media brands distribute content across up to 22 platforms

Source: Tow Centre, Columbia Graduate School of Journalism 2017



2nd wave of disruption: disintermediation



Top non-music video ever
on Youtube: 621M views /
6.6M channel subscribers

Source: Youtube as of 03/2017

3rd wave of disruption: decoupling



How decoupling works Consumers' decision making process vs. publishers' business model

For consumer

Value
eroding



Value
eroding



Value
eroding



Value
creating



Value
eroding



Choose
medium / brand

Visit a website
/ an app

Search
for content

Consume
content

Notice
ads

For publisher

Value
creating



Value
creating

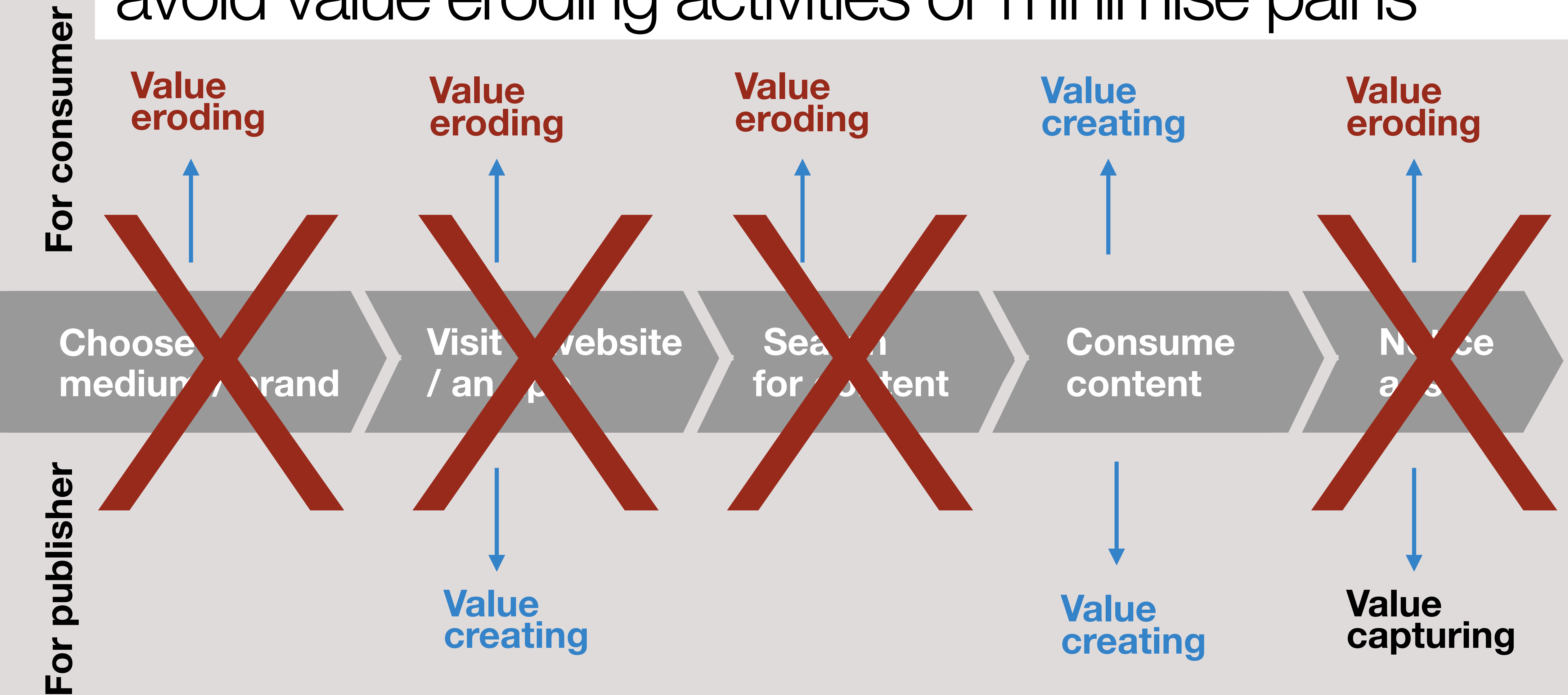


Value
capturing



Built upon: T. Teixeira, Decoupling effects of digital disruptors, EBR, 2016

Decoupling Platforms, ad-blockers let consumers avoid value eroding activities or minimise pains



Strategic response?

Platforms are not going away.

**Without reach, data
& zero cost content, it's hard
to compete directly.**

**Consumers are not going
to start loving display ads.**

**What about charging
other parties
for content itself?**


Who pays for digital content at the NY Times?

Consumers

Content
marketeers

GET 40% OFF WITH ANNUAL

All Access

 Insider

\$3.75 ~~\$6.25~~ / week

Billed as \$195 every year (Save \$130)

GET ALL ACCESS



Donors

Retailers



How much money may the Times make?

\$232m

digital-only
subscriptions (2016)

<\$10m

affiliate marketing (est.)

<\$60m

branded content (est.)

>\$5m

donors (est.)

Source: NYT Company, Q4 2016; author's estimations based on data reported in trade press

How come the most profitable European airline loses money on actual flights?



Source: Ryanair 2016, Ideas Works Company 2017

A background image showing a group of people sitting around a wooden table, using their smartphones. One person in the foreground is holding a white smartphone displaying a news app with various headlines and images. Another person's hand is visible holding a smartphone. A yellow cup is on the table. The scene is brightly lit, suggesting an indoor setting like a cafe or office.

Design the new content portfolio

Content with different business models attached

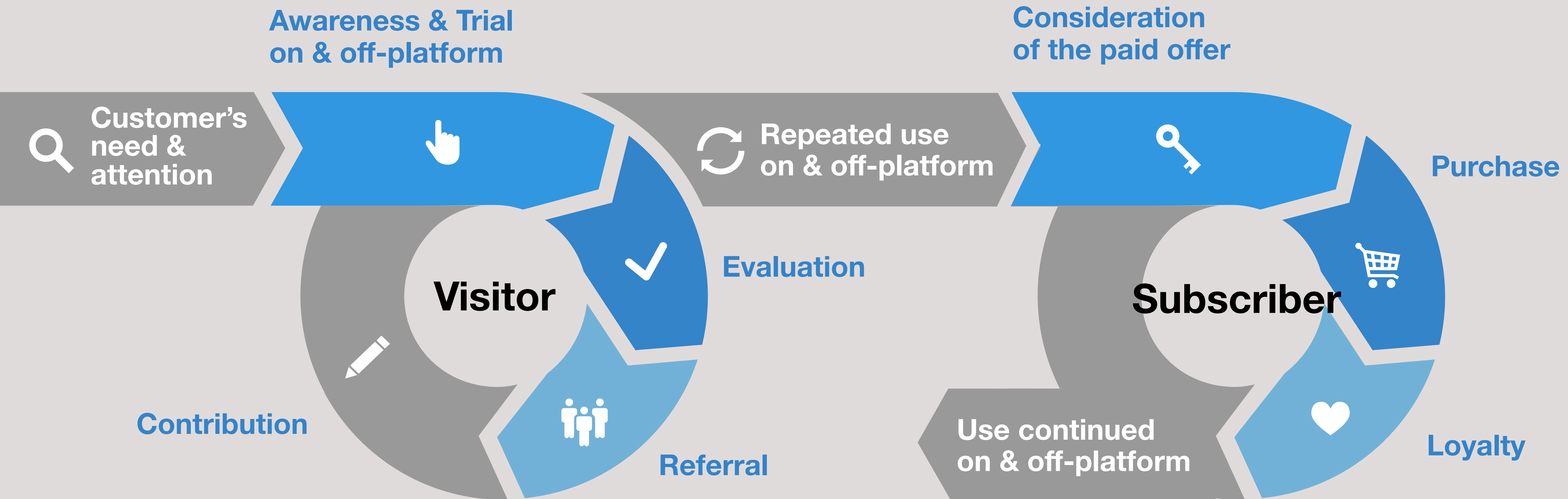
Optimised for acquisition, retention, upgrade

Platforms become fishing ponds for customers
and expand reach of branded content campaigns



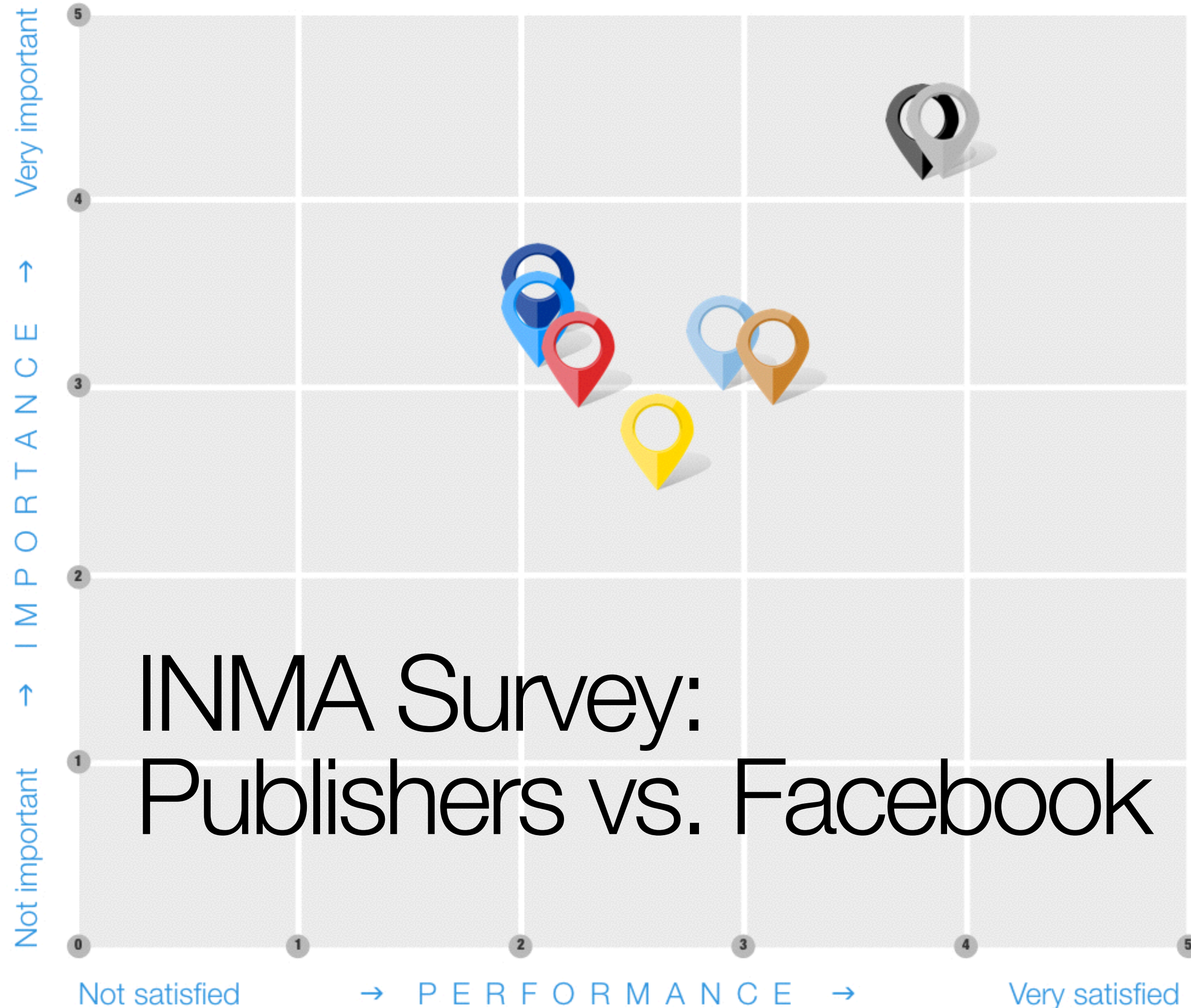
Social media is like air









Customer journeys strongly influenced by new user behaviour



Use platforms' Big Data & e-commerce feats

Most underestimated resource to acquire users



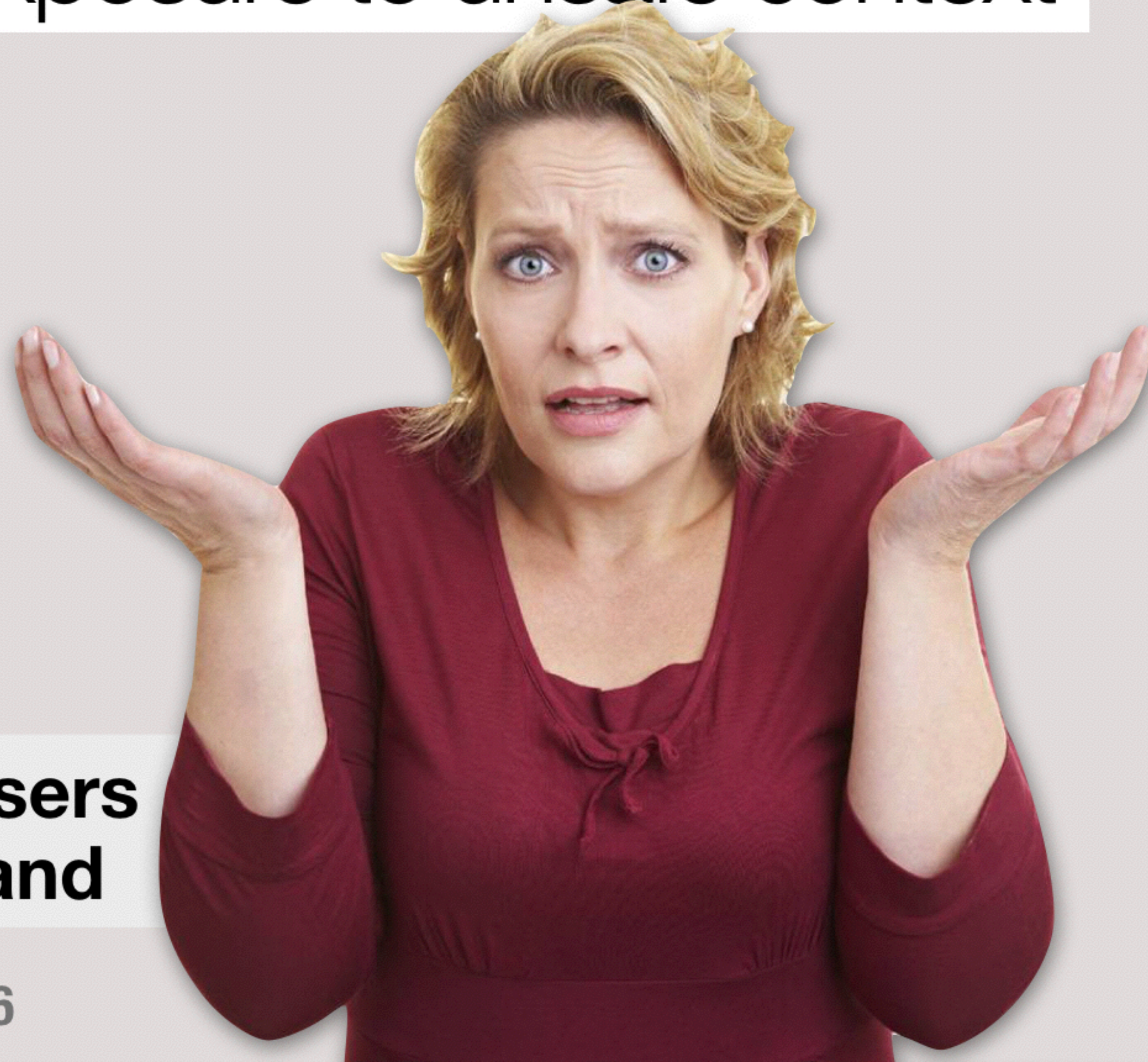
-  "We increase reach and engagement with our content using Facebook as a distribution channel."
-  "We acquire referral traffic from Facebook to our own channels (e.g. Web sites, apps)."
-  "Facebook informs us about changes in products and services that affect our business on Facebook."
-  "Facebook responds to our feedback on its product and services."
-  "Facebook lets us experiment with new storytelling formats."
-  "Facebook improves user experience on mobile with Instant Articles."
-  "We generate revenue with advertising sold against our content on Facebook."
-  "We generate leads for e-commerce business outside of Facebook (e.g. subscription sales)."

Brand risks on platforms Suppressed branding, non-differentiated layout, exposure to unsafe context



49% of U.S. Facebook users notice the news brand

Source: Reuters Insitute's Digital News Report 2016



Your content may be fine
It's the business model
that needs to be fixed

Forget about chasing reach
Focus on your niche
& grow ARPU

**Platforms
are not your friends,
nor enemies**

Hire them to work for you



Questions?



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Former news editor, Gazeta Wyborcza

