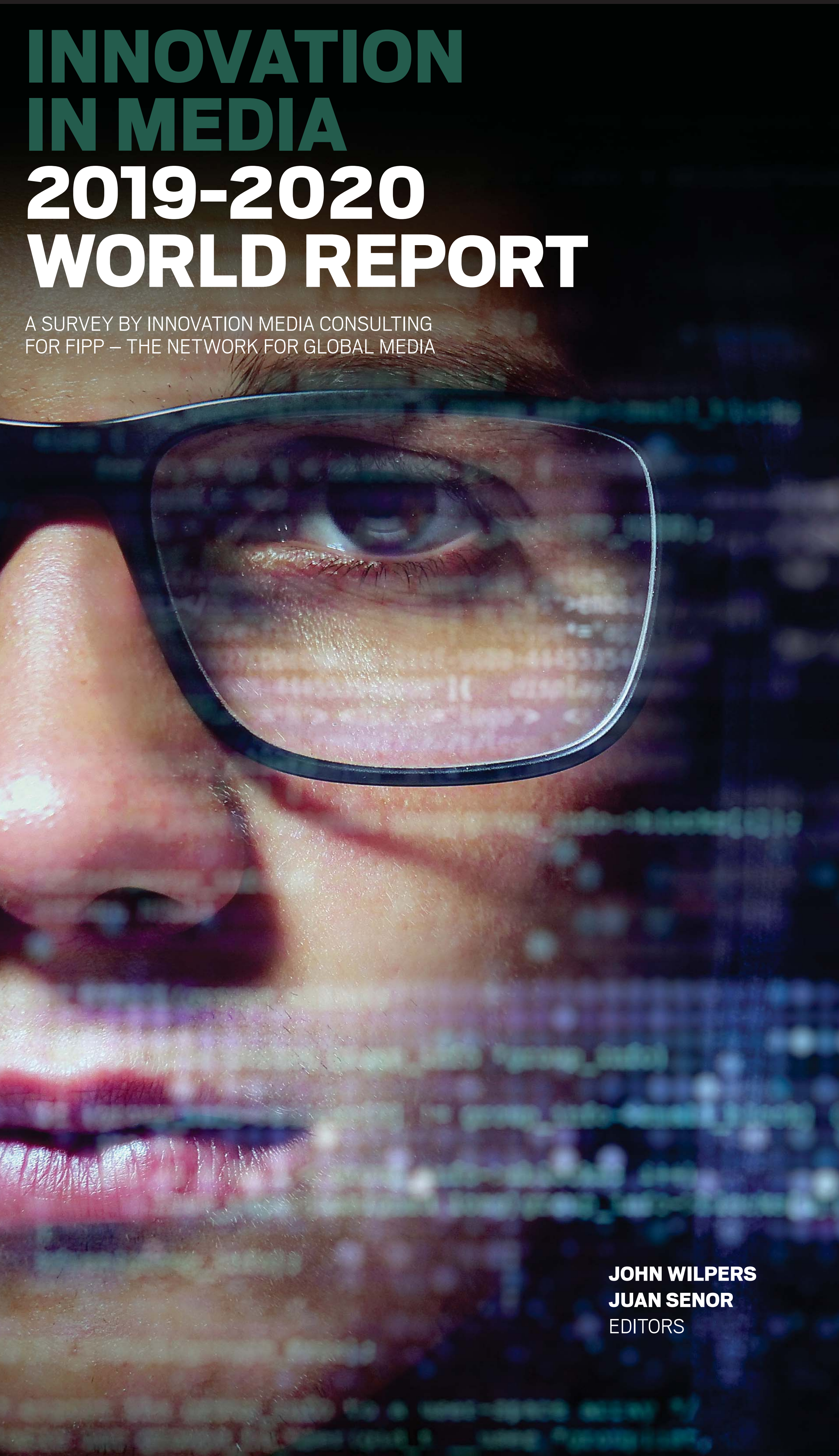
INNOVATION IN MEDIA 2019-2020 WORLD REPORT

A SURVEY BY INNOVATION MEDIA CONSULTING
FOR FIPP – THE NETWORK FOR GLOBAL MEDIA



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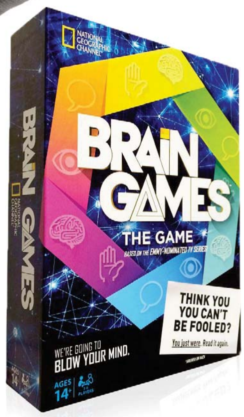

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After a decade of challenges, a new decade of opportunity

Rapid change for our industry and new investments have enabled rapid diversification of income

Ten years ago, FIPP and Innovation Media Consulting produced the first ever edition of this report. Facebook had just celebrated its fifth anniversary, the launch of Instagram was still a year away, and only a few of us had the recently-launched iPhone in our pockets.

The intervening decade has seen rapid, unprecedented change for our industry. Companies that once happily described themselves as magazine businesses are now multi-platform, brand-focused media houses. New investments in marketplaces, ecommerce, digital video, live events, pureplay web and mobile brands, and a range of other products and services, have enabled rapid diversification of income.

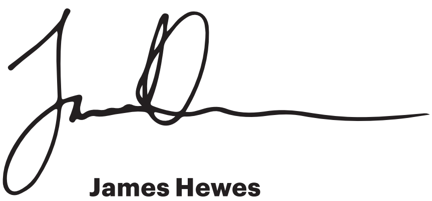
This, in turn, means that most in our industry are increasingly insulated from the flight of advertising revenue to the 'big three' – Google, Facebook and now Amazon. Overall, it is the shift in focus from a dependence on advertising to a dependence on direct monetisation of our consumers that marks the largest – and most welcome – shift in the past decade.

This period of change has led media companies to innovate across the entire scope of their business, and for 10 years this report has documented that innovation, so that it might be shared.

A book about innovation must itself innovate, so long-time readers will notice some changes to this year's edition. The name of the report has changed to "Innovation in Media", reflecting the scope of our coverage, which ranges across the whole of the industry. We've also decided to adopt an editorial approach that is much more focused on the new revenue streams that media companies are increasingly adopting, to make the report more directly applicable to your business. I hope you enjoy the new-look report.

FIPP continues to deliver on its mission of helping our members to build market-leading businesses. Throughout its long history, the organisation has been dedicated to enabling publishers to share knowledge, to network and to find solutions and opportunities for their business. This report is another crucial element in that mix and is established as one of the premier publications in our industry.

The Innovation in Media World Report is the result of an incredible amount of hard work, so please join me in thanking author in chief John Wilpers, as well as Juan Señor and Juan Antonio Giner from our partners at Innovation Media Consulting, and of course my colleagues Helen Bland, Cobus Heyl and John Schlaefli. It's thanks to their efforts that this important and useful publication gets produced every year – I hope you continue to find it as useful as I do.



James Hewes
President & CEO
FIPP – the network for global media

Time to counter-attack!

We've been playing "Park the Bus" for a decade. We now have the weapons to counter-attack!

In football lingo, too many media companies have spent much of the last decade resorting to a desperate "strategy" called "Parking the Bus".

That "strategy" basically means not playing any offense at all, instead doing everything possible to prevent damage (i.e., goals). The best example may be when Chelsea Manager Jose Mourinho played not a single recognised striker in a Chelsea match against Manchester United at Old Trafford in 2013 (no surprise, a goalless draw).

For those not familiar with football, here's another metaphor: Think of a little kid on a playground being beaten up by a monster bully. To protect his head and vital organs, he curls up in a ball.

The "Park the Bus" and the protective curl have been the "safe" strategies for some media companies that are waiting to figure out a business model (or three) to be able to take the offensive.

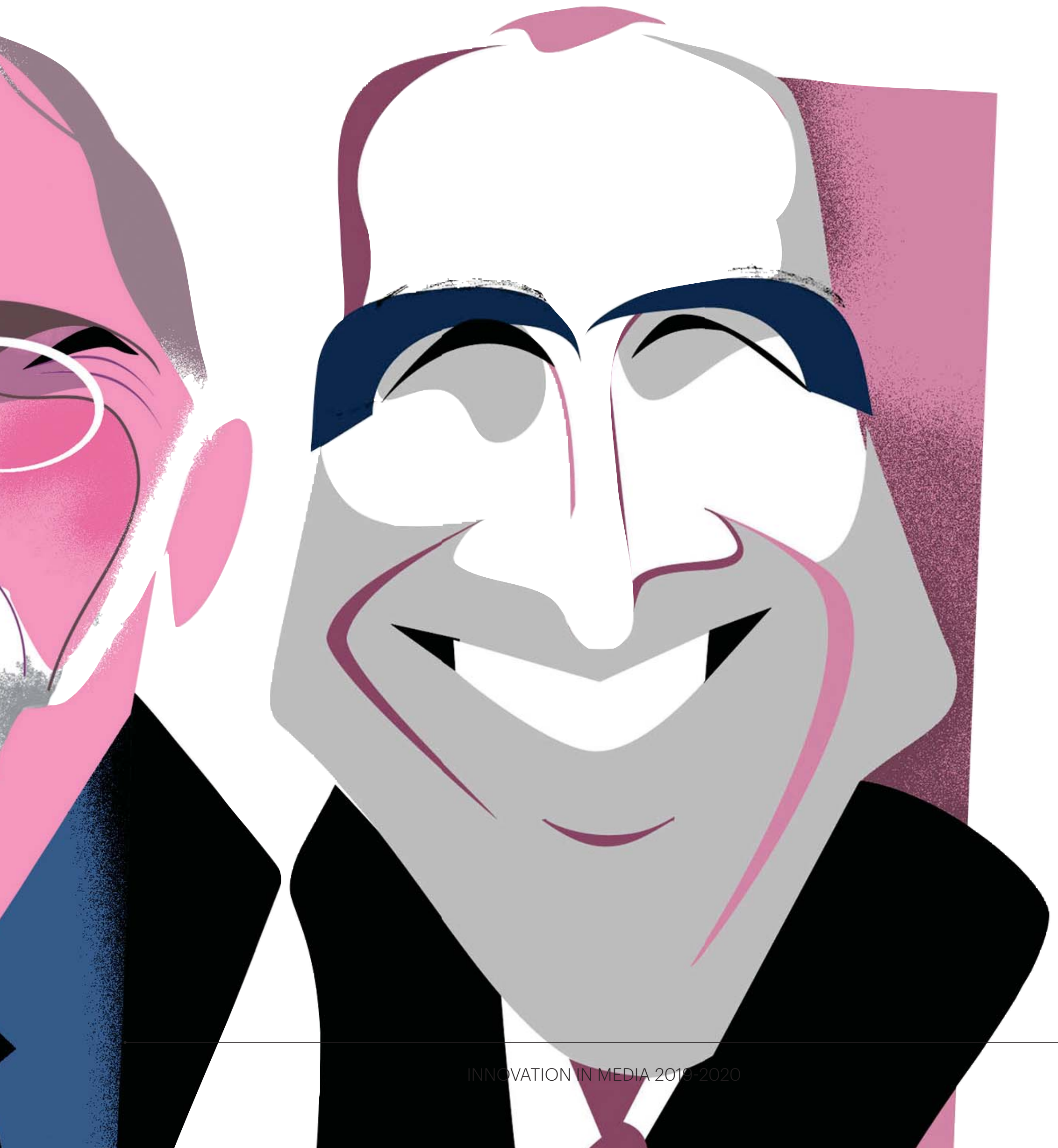
Well, it's finally time to trade in that bus for a fleet of all sorts of fast cars, boats, planes and trains, and pop out of the protective curl ready to fight!

That's what this year's book is mostly about: The top 12 successful business models that will enable media companies to come out fighting. In the pages that follow, we outline the dozen best, most proven business strategies that have already been used to increase revenue sources and revenue, grow readers and users, solidify and expand turf, and create a solid, multi-source revenue base for both sustainability and growth.

They are:

1. Reader revenue (Subscriptions and Paywalls)
2. Paid content (Branded and Native)
3. Ad supported
4. Philanthropy supported
5. Retailer (ecommerce as well as bricks and mortar)
6. Events purveyor
7. Membership organisation
8. IT provider
9. Agency
10. Data broker
11. Brand licenser
12. Investor

Through our research and our global consulting practice, we have found that media compa-



nies today need to adopt at least three of these business models to have a chance to succeed in our industry in the 21st century.

Some of the models are easier than others, and some are available to only certain types of media companies (think the Philanthropy and Investor models).

The answer as to which business model best fits your company can be found by determining the needs of your clients, whether those clients be readers, advertisers, agencies, other media companies (think the IT Provider model), or yourselves (think the Investor model).

By adopting business models best suited to meet the needs of our clients, we are setting both ourselves and our clients up for success. If you have any questions about these business models or how we've seen them implemented at media companies, please reach out to us via email, phone or text (see contact information in the masthead below).

We also use this year's book to look at the problem of "shiny things" in tech and which areas of tech you should be focusing on to deliver meaningful information or results to your readers and advertisers. Spoiler alert: It's voice-enabled devices, Artificial Intelligence (especially for robot content creation), and Messaging Apps.

One of the biggest "shiny things" you can resist for now and just observe (diligently) is the whole blockchain and cryptocurrency thing. Check out our chapter on how to put the crypto-hysteria in perspective (you don't need to dive in, but you DO need to stay on top of it and constantly be thinking if there is a business application for your company).

And it wouldn't be our annual Innovation World Report if we didn't also look at the craziest, most delightful offbeat innovations in media over the last 12 months. This year, we found print ads and stories that let you: Hear your heartbeat, talk to a cover, wear as a jacket, feel beach sand, sleep to white noise, try on makeup, listen to lava, and play a game!

So, ditch the bus, get out of the curl, and come out swinging and smiling.

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The hottest new tool — the intelligent, flexible paywall — is proving to be a key to securing significant sustainable reader revenue


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In the early days of the internet, the prevailing wisdom was that content had to be free.

Not anymore... and it was never very wise in the first place!

In the last few years, more and more media companies are charging for and consumers are paying for content that used to be free.

"Why are users buying it now?" asked media critic Peter Houston writing in Publishing Executive. "The biggest driver is quality — or the general lack of it.

"There is just so much bad content out there that it is finally worth paying to cut the crap," he wrote.

"In a time of global political turmoil reported against a backdrop of 'Fake News,' people want information they can trust, some enough to pay for it," Houston wrote.

Also, he wrote, publishers are finally becoming more confident about restricting free access as they watch digital advertising shrink and witness other media companies finding success with paywalls.

But those aren't the only drivers motivating readers to pull out their credit cards.

The New York Times is playing to its audience's "constant thirst for self-improvement," according to Times Reader Experience Product Director Sara Bremen Rabstenek speaking to journalism think tank Nieman Lab.

"This is all about how we can provide subscribers with the type of content that makes them feel like they're getting insight they're not getting anywhere else," Rabstenek said

Schibsted-owned Svenska Dagbladet has found that need-to-know material converts free readers to paying readers. Executives there say that content related to how to live your life and understand the world moves people to pay while nice-to-know content (guides, arts, reviews) is a key for retention.

It's also all about taking advantage of reader habits to become a habit ourselves. "We know people pay for habits. So we want to focus on habits. Habits are the best way to increase engagement," Financial Times Head of Product Gadi Lahav told WAN-Ifra.

More and more publishers are moving aggressively to grow subscription revenue as digital ad revenue continues to shrink and as the old reasons to provide content for free — scale and clicks to satisfy advertisers — have been proven to be empty measures of success. The vast majority of people (or bots) behind those clicks never came back, never clicked on ads, and never subscribed.

The early success stories in the move to entice readers to pay have been encouraging and, in some cases, eye-popping.

For example, The New Yorker is one of an increasing number of media companies where reader revenue now exceeds advertising revenue, 65% to 35%. Paid circulation hit 1.2 million in 2017, an increase of 12.3%, despite a subscription price hike the year before of 20% to US$120 for print and digital.

Based on that performance, New Yorker executives have said they expect to double the number of paying subscribers by 2023.

"It was scary to think about charging three-figure sums," New Yorker Deputy Editor Pam McCarthy told Digiday, recalling the decision to raise the price of the bundle to $100 in 2016. "Then, we thought, people in their 20s are paying for Netflix when we were embarking on this increase. And The [New York] Times' success is encouraging, as well as The Washington Post's growth. The lesson of the past five years has been not to undervalue ourselves."

The lesson of the past five years has been not to undervalue ourselves.

In early 2018, The New York Times announced a 26% increase in new digital-only subscribers (up 139,000). Of those new subscribers, 40,000 came from new subscription-only apps (Cooking and Crossword). By the third quarter of 2018, The Times had grown to 2.9 million digital-only subscribers. Combined with print subscription revenue, The Times said the revenue from their 3.8 million total subscribers now accounts for nearly two-thirds of its total revenue.

Subscriber acquisition strategies vary

Like many other media companies succeeding with reader revenue, The New Yorker has used multiple strategies to achieve its goals: Newsletters (nine of them!), niche topic coverage (politics, business, food), personalised subscription pitch-

es, and targeting affinity groups on Facebook and Google with paid posts and paid search keywords to get their content in front of potentially new audiences.

"Those digital channels are what's opened up The New Yorker — that's changed the way we reach consumers," Condé Nast EVP/Consumer Marketing Monica Ray told Digiday.

The growth in subscribers has also driven new advertising revenue. "The growth in paid circulation has become a huge selling point with advertisers," said Condé Nast Chief Business Officer Chris Mitchell speaking to Digiday.

"Circulation was always the most boring slide in your deck, and now it's the thing you lead with," he said. "It's nice to have a more balanced business because advertising can be a more cyclical and fickle thing."

The hottest reader revenue strategy: Intelligent, flexible paywalls

It's amazing (mind-boggling, actually) to think that in an era of increasing personalisation we ever thought that a one-size-fits-all paywall would work.

But the industry was too focused on the radical, audacious act of actually charging for content itself and there were no proven models to mimic. Plus, it took time to figure out the algorithms and artificial intelligence tools to make smart, flexible paywall work.

But today, several media companies have successfully demonstrated that intelligent, flexible paywalls work very well indeed. The systems are driven by reader behaviour and designed to maximise the uniqueness of a reader's experience. Using artificial intelligence, the algorithms gradually come to understand a reader's behaviour and can thus eventually deliver a personalised subscription pitch.

The problem with the one-size-fits-all paywall models is that they assume that every buyer has the same "tipping point", the same threshold, Wall Street Journal Analytics Manager John Wiley told The Drum.

Some media companies are still launching one-size-fits-all metered paywalls (Vanity Fair, Wired, the New Yorker, Bloomberg). And some still work well. The Wired paywall (four free clicks a month), for example, has helped increase print and digital subscriptions more than 200% from 2016 to 2017.

The Wall Street Journal's flexible paywall has 60 variables and adapts to behaviour

To meet its four-year goal of hitting 3 million global subscribers, The Wall Street Journal spent four years building a paywall based on a machine learning algorithm that measures reader activity across 60 variables and then adapts the wall to each reader's behaviour, delivering a free-story limit only in the areas of their interests.

The variables include frequency, recency, depth of read, favoured devices, and preferred content types. The result is a "propensity score" to predict each reader's subscription probability which then determines how many free sample stories a reader can access.

"We are a dynamic paywall, we can flex based on audience but as far as the consumer sees, we are a freemium paywall," Wall Street Journal General Manager of Membership and Subscriptions Karl Wells told The Drum. "The principle is to sample content to people whom we know need it. By doing so, their likelihood of subscribing will rise."

Like other publications, the Journal had been relying on editors to make the content paywall decisions. "The decision of whether a piece of content was locked or open was made by the newsroom," Wells said.

"They were good, they had great gut instincts around what people would or wouldn't pay for, but with our [algorithm], they can concentrate on what they do best, which is creating journalism that is worth paying for, and we can monetise interest and intent," he said.

An adaptive paywall gives subscription marketing teams unique powers. "It allows you to pick the threshold based on past patterns of engagement. If there is a certain type of reader who will most likely convert on their fourth visit and another type who most likely converts on the seventh, the model will reflect that," Journal Analytics Manager Wiley told The Drum. "You are looking at the full history of people who have subscribed to us."

The Journal found that non-subscribed visitors fall into groups that can be roughly defined as hot, warm, or cold, Wells told the journalism think tank Nieman Lab. Those with high propensity scores — indicating a high likelihood of subscribing — will hit a hard paywall early. The warm and cold visitors get to access stories for free for a while — but then they hit the paywall.

Depending on their propensity score, readers might also be offered guest passes to the site, in various time increments, in exchange for an email address (thus giving the Journal more signals to analyse), Wells said. The passes are given to people whose scores indicate they could be nudged into subscribing if tantalised with just a little bit more Journal content.

Scandinavian media house Schibsted also has a prediction model that can identify visitors who are three to five times more likely to subscribe, and it pitches different offers to them than they pitch to other visitors.

Another European news publisher, the 200-year-old Neue Zürcher Zeitung (NZZ) in Switzerland, also created a personalised paywall. The success of the NZZ paywall has contributed to the doubling of reader revenue as a percent of total revenue (from 30 to 60%) in ten years.

"If we're to be successful in paid content, we need to individualise the experience with our product and the product itself, and automate our marketing approach," NZZ Managing Director Steven Neubauer told Digiday. "Based on that hypothesis, this approach will increase engagement, retention and conversion rate."

Neubauer has been proven correct as NZZ has increased its conversion rate fivefold in the last three years, with 2.5% of people who view a payment message subscribing.

The NZZ site has nearly 600,000 registered users, an increase of more than 40% in 2017, and is adding between 10,000 and 12,000 per month, Neubauer said.

The NZZ system uses 100 to 150 data points, including reading history, time spent on articles,

SWISS NEWS publisher Neue Zürcher Zeitung (NZZ) instituted a personalised payment system based on hundreds of criteria. The wall requires register and eventually, pay. but first NZZ payment messages and how those messages look vary based on predefined rules, dozens of A/B tests and machine learning.

frequency, the number of newsletters they receive, their device, and the time of day they visit, Neubauer said. Based on that data, NZZ is able to tailor the messaging, text, placement, timing, and colour of the pay prompt readers see.

For instance, Neubauer said, between 5am and 9am when people are commuting, they're reading on their smartphones and won't want to put in payment details, so no payment messages are shown during this time and people can freely access the site.

When readers reach the top 20% of the propensity score, they are served the payment prompt that matches their interests.

NZZ links article metadata with user journeys, so someone who has read a high number of articles on banks in Zurich, for instance, will receive a payment message on the next relevant article they read. And adding personalised greetings to landing pages increased conversion by 25%, Neubauer said.

NZZ has also found that heavy users who have registered but not yet subscribed tend to convert at a higher rate when they see an offer for an annual rather than a monthly subscription, according to Neubauer.

> "The biggest opportunity for publishers is to recognise that intent levels differ by user"

Even smaller publishers who don't have access to the staff and engineering assets of The Journal can create flexible paywalls, the Journal's Karl Wells said.

"It has taken a group of talented people to create this solution but there is a sliding scale of complexity," he said. "The biggest opportunity for publishers is to recognise that intent levels differ by user — if you recognise that and reflect the experience based on that, then you can get to a better place.

"It does not have to be a machine-operated algorithm," he said. "Publishers understand recency, frequency and depth. You can use those three measures to judge intent. If I am a metered model, why not create a hybrid meter? Someone who is completely new and hasn't used anything, should I be giving them more than someone I can measure a degree of intent against?"

In March of 2018, Hearst Newspapers replaced its simple paywall where editors chose the content to be paywalled for all readers. Now, it's the readers themselves, by their reading preferences and history, who ultimately determine what content goes behind their own paywall. First-time readers can access as much content as they want. As the Hearst system detects a reader's interests, those types of stories eventually end up behind the paywall and those specific interests are the focus of the subscription offer they receive.

For example, a sports fan would get an offer focused on getting the inside stories of the teams they follow, an arts lover would get an offer around their cultural interests, food lovers would get a pitch about recipes or restaurants, etc.

At Hearst's Albany (New York) Times-Union, the first newspaper to test the flexible paywall, the total number of digital subscribers has doubled since it started tests in September 2018, and the overall number of new subscribers for Hearst Newspapers has jumped 10%, according to Hearst Newspapers President of Digital Media Rob Barrett speaking to Digiday.

New content drives new revenue and better retention

The type of content you've been producing for years may be appealing enough to entice users to pay. But new content built around niches your data show are reader magnets most definitely will get readers to pull out their credit cards.

Some publishers sell the new content as standalone products while others use the new content as enticements to subscribe.

For example, to entice new subscribers to its Golf Digest, Condé Nast launched Golf Digest All Access, a service offering more than 200 instructional videos, live and interactive coaching clinics, plus a print subscription to Golf Digest, for $9.99 per month or $100 per year. The videos were also sold individually for US$10 initially with the price set to rise to US$24.99

The driving factor in the decision to launch All Access was that data showed instructional content attracted the most engaged readers, Golf Digest Digital GM Chris Reynolds told Digiday. Seventy percent of the site's audience reads at least some instructional content, but the most engaged audience members would look at it four

to five times every month, he said.

Why did Golf Digest price the All Access subscription below the price of the individual video? Reynolds said they wanted to encourage people to subscribe, which drives recurring revenue, versus the one-time revenue from a video sale. The low price point was meant to make it easy for people to subscribe, and for Golf Digest to later add on and charge for other services, such as exclusive photos or tee times, he said.

In 2018, the New York Times declared it the “Year of Living Better,” and created a new series of guides for improving aspects of readers’ lives, producing one new guide every month.

Rather than have the guides be part of the metered paywall, the ONLY way a reader could access a guide was to be a subscriber.

“We are really keen on making a subscription seem more and more valuable to readers, both to people who are already subscribing, and people who are not subscribers who we want to give more reasons to subscribe,” Ben Cotton, the Times’ Executive Director of Customer Experience and Retention told the journalism think tank Neiman Lab.

New content built around niches your data show are reader magnets will get readers to pull out their credit cards

Some of the products are built using archives of existing content (Cooking and Crossword) and others are brand new creations (Parenting).

To determine if a category will drive people to pay for it, The Times looks at different measurements: the market opportunity, the potential to build a subscription business, un-met needs in the market, and whether the Times has an advantage in meeting that need.

The New Products and Ventures team then conducts focus groups and one-on-one interviews to elicit the consumer needs that will drive a prototype for testing.

“It’s valuable to be able to say to subscribers: ‘This is something we’re going to be working on over the course of the whole year — you really should stick around,’” Cotton said.

“We’ve also had a lot of success in the last year-plus from our Crosswords product and our Cooking product [US$4.8m in combined revenue in the first quarter of 2018], which are now also subscription products that you can pay for on their own or as part of a bundle,” Cotton told WAN-IFRA. “We’ve seen a lot of success using those in every way: We’ve gotten people who don’t want to subscribe to the Times otherwise but do use one of those products to become a Times’ customer, and we’ve gotten a lot of people to subscribe for more money by bundling all those things together in one package or special offer. We’ve also seen success in trying to get current subscribers to use those products in a way we think can drive retention.”

Politico Europe is also building more vertical-specific products and services that meet the needs of its European audience and distinguishes them from their competition. For example, the new Pro subscription (starting at US$8,700/year) includes a unique research and presentation tool called DataPoint. The company hired three data analysts to do complex market analyses that are then converted into charts and graphs which are embedded in white-labelled presentations subscribers can download and use in their jobs. In mid-2018, Politico Europe had created 30 presentations and was producing new presentations at a pace of three every week. Politico’s overall revenue grew 30% in 2017 over 2016, according to the company, and they say they will reach break-even in 2019 (they launched in 2015).

Old rules of retention are new again

Since the birth of the internet, with the focus on free content, retention of existing subscribers took a back seat to driving ever more clicks from wherever they could be found.

Now that reader revenue is becoming the dominant source of revenue for more and more media companies, we are seeing a return to the obsession with retaining those paying readers.

"If you want to grow your subscription base, you have two options: growth is coming from acquisition or from retention," Financial Times Head of Product told WAN-IFRA. "But our data, and data from all over the world, show that it is four to five times cheaper to retain an existing user than to acquire a new one. And while we invest quite a lot right now in acquisition, we invest much more in retention and engagement, and how we do that is we use basically data."

"We've been very conversion-driven, but the focus is moving towards usage, getting customers to stay on our sites," Schibsted Media SVP Consumer Business Tor Jacobsen told WAN-IFRA. "We have perhaps over-focused on sales, for most of our brands, and sales are often deal-driven, which produces high churn. The goals going forward will be more about lifetime value of users, for both our subscription and non-subscription news brands."

At the Washington Post, the focus is also on retention, with special features and content for subscribers only.

One Post strategy is to offer paying readers a better experience with a new article format called News Reader. The article page is cleaner, offers infinite scroll, indicates where the reader is in the story, and, in some cases, contains fewer ads.

Another is a first for the Post: subscriber-only content, including a subscriber-only newsletter. Another subscriber-only content offering is an audio series called "American Stories" that will be emailed to subscribers and also be available on the website but behind the paywall.

Tellingly, back in late 2016, the Post had no one dedicated to working on retention. Today, there are 25 people who work on retention in some fashion, of whom 15 are totally dedicated to it. Similarly, The New York Times tripled its retention-focused staff between 2015 and 2017.

At Scandinavian publisher Shibsted, anti-churn activities have also moved from the back bench to the front line.

"Work with digital churn is more important than ever," Schibsted Chief Commercial Officer Tor Jacobsen told Digiday. "We are going from a very sales- and volume-driven phase where we have had a tremendous growth in new subscribers to a phase more about keeping the subscribers and making them happy. You need to do a lot of different activities; we are approaching the different customer steps in a much more targeted way: on-boarding, anti-churn work with existing customers, loyalty programmes, win back. These steps all need different actions."

Newsletters as subscription and retention drivers

At The Times of London and Sunday Times, newsletters play a key role in exposing potential subscribers to content that appeals to them in the hopes that they'll hit their weekly limit and convert to subscribers.

The Times delivers its daily Best of Times newsletter (with the top news, business, sports and opinion stories) to readers who register with their email addresses. Four other newsletters

DRIVING SUBSCRIPTIONS: To entice new subscribers to its Golf Digest, Condé Nast launched Golf Digest All Access, a service offering more than 200 instructional videos, live and interactive coaching clinics, plus a print subscription to Golf Digest, for $9.99 per month or $100 per year.

The poster child of digital subscription success

In May of 2018, The New York Times made an announcement that would have seemed near impossible only a few years back: an increase in total revenues.

Their results were driven by a continued surge in digital-only subscribers with the publication boasting a 25.5% (or 139,000) year-on-year increase bringing their total digital subscription base to 2.8 million.

The New York Times may serve as the poster child of digital subscription success as far as scale is concerned, but it is certainly not the only player enjoying success in the paid subscription arena.

Very encouragingly, more and more publishers are reporting that their subscription revenues, boosted by digital growth, have displaced advertising as their most significant revenue stream.

Deloitte estimates that by the end of 2018 news and magazine media will have more than 20 million digital-only subscribers. More important perhaps is their prediction that by the end of 2020, the proportion of subscription to advertising revenue for publishers will be 50:50 for digital. As recently as 2012, this split was 10:90.

In a challenging advertising market, where Google and Facebook are taking the overwhelming majority of growth in digital advertising and print continues to decline, this is reassuring news for any publisher reconsidering the value of their content offering and the potential revenues to be had by pursuing a digital subscription model. Interestingly, there is also increasing evidence that scale is not the only way to achieve success, and that an increasing number of publishers are carving out successful premium offerings as well.

built on football, automotive, style, and food are also available to non-paying but registered users.

The Times created another 20 newsletters for paying subscribers that include content not available on the website. According to The Times, newsletter subscribers are the most engaged readers, especially the paid subscribers who are far less likely than subscribers who do not receive newsletters to let their subscriptions lapse.

Micropayments are working for some

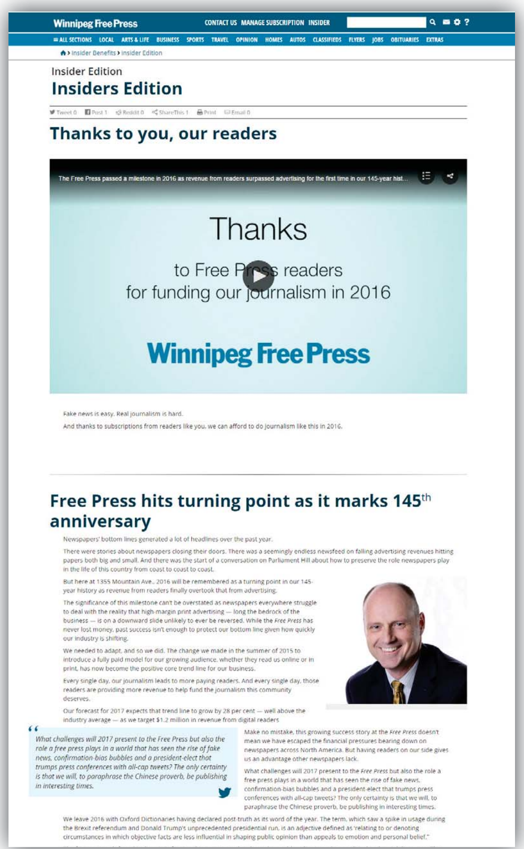
In addition to micropayment pioneer Blendle in the Netherlands, Germany and the United States, the Winnipeg Free Press in Canada is the only legacy media company to have fully embraced micropayments.

After launching their paywall in mid-2017, the Free Press one year later is selling 892,000 articles per month at US$0.27 per article. While that isn't game-changing revenue, it does represent another runway to bring in subscribers while making money in the process.

"We are constantly moving the high-value micropay readers into our subscription model," Free Press VP/Digital Christian Panson said during a 2018 INMA webinar.

The micropayment system eases readers into the idea of paying for content by just asking them to pay a small fee for one article at the time that they want it. "Micropayment allows people to get into the habit of paying for news, and reinforces the value of the content, because we're saying that every piece of content has value," said Panson.

"The biggest benefit we've really seen from micropay is that it lowers the commitment," Panson said. "What we created was this pattern of behaviour — it was a pretty high wall to cross, when the reader just wanted that one next story. Commitment is a big barrier, too; it's not just the money. That notion that I'm going to be tied to something, I'm going to have to cancel later."


Winnipeg Free Press CONTACT US MANAGE SUBSCRIPTION INSIDER

ALL SECTIONS LOCAL ARTS & LIFE BUSINESS SPORTS TRAVEL OPINION HOMES AUTOS CLASSIFIEDS FLYERS JOBS OBITUARIES EXTRAS

Insider Benefits > Insider Edition

Insider Edition

Insiders Edition

Tweet 0 Post 1 Reddit 0 ShareThis 1 Print Email 0

Thanks to you, our readers

The Free Press passed a milestone in 2016 as revenue from readers surpassed advertising for the first time in our 145-year hist...

Thanks

to Free Press readers
for funding our journalism in 2016

Winnipeg Free Press

Fake news is easy. Real journalism is hard.

And thanks to subscriptions from readers like you, we can afford to do journalism like this in 2016.

Free Press hits turning point as it marks 145th anniversary

Newspapers' bottom lines generated a lot of headlines over the past year.

There were stories about newspapers closing their doors. There was a seemingly endless newsfeed on falling advertising revenues hitting papers both big and small. And there was the start of a conversation on Parliament Hill about how to preserve the role newspapers play in the life of this country from coast to coast to coast.

But here at 1355 Mountain Ave., 2016 will be remembered as a turning point in our 145-year history as revenue from readers finally overtook that from advertising.

The significance of this milestone can't be overstated as newspapers everywhere struggle to deal with the reality that high-margin print advertising — long the bedrock of the business — is on a downward slide unlikely to ever be reversed. While the *Free Press* has never lost money, past success isn't enough to protect our bottom line given how quickly our industry is shifting.

We needed to adapt, and so we did. The change we made in the summer of 2015 to introduce a fully paid model for our growing audience, whether they read us online or in print, has now become the positive core trend line for our business.

Every single day, our journalism leads to more paying readers. And every single day, those readers are providing more revenue to help fund the journalism this community deserves.

Our forecast for 2017 expects that trend line to grow by 28 per cent — well above the industry average — as we target $1.2 million in revenue from digital readers

"What challenges will 2017 present to the Free Press but also the role a free press plays in a world that has seen the rise of fake news, confirmation-bias bubbles and a president-elect that trumps press conferences with all-cap tweets? The only certainty is that we will, to paraphrase the Chinese proverb, be publishing in interesting times.

Make no mistake, this growing success story at the *Free Press* doesn't mean we have escaped the financial pressures bearing down on newspapers across North America. But having readers on our side gives us an advantage other newspapers lack.

What challenges will 2017 present to the *Free Press* but also the role a free press plays in a world that has seen the rise of fake news, confirmation-bias bubbles and a president-elect that trumps press conferences with all-cap tweets? The only certainty is that we will, to paraphrase the Chinese proverb, be publishing in interesting times.

We leave 2016 with Oxford Dictionaries having declared post-truth as its word of the year. The term, which saw a spike in usage during the Brexit referendum and Donald Trump's unprecedented presidential run, is an adjective defined as 'relating to or denoting circumstances in which objective facts are less influential in shaping public opinion than appeals to emotion and personal belief."

GETTING INTO THE HABIT: The Winnipeg Free Press' micropayment system eases readers into the idea of paying for content by just asking them to pay a small fee for one article at the time that they want it.

> "Having a subscription box has helped me sell quite a few ads."
>
> **— Mike Velez, Publisher, Brazilian Jiu-Jitsu magazine**

A side effect of this system is that it allowed the Free Press to lower the number of articles a reader is able to access for free. This has improved both activation and churn rate.

Subscription boxes can be lucrative

In just two years, Mike Velez, the publisher of Brazilian Jiu-Jitsu magazine, has grown its subscription box revenue to where it accounts for more revenue and profit than the magazine operations.

But it is his position as a respected niche magazine publisher that enabled the success. "I couldn't have done this without the unique position having the magazine affords me," said Velez.

"A successful subscription box is curated by those who really know their customers' tastes and preferences," wrote Velez in Publishing Executive. "That's what makes magazine editors great curators for a subscription box. Magazines like Runner's World, Men's Health, and Cosmopolitan have all launched successful subscription box businesses to service their readers along with new customers. We advertise that our subscription box, The BJJ Box, is curated by the editors.

"Figuring out the product mix will take a little intuition and research," Velez wrote. "Figure out what your readers would want on a recurring basis. Small group surveys through email can help give you a sense of what to include. When looking for products, the first contact should be with companies you already do business with, advertisers or prospective advertisers.

"Having a subscription box has helped me sell quite a few ads," wrote Velez. "Writing a check to an advertiser that's providing you great value strengthens the fact that we're partners. It also makes closing the sale on a prospect that much easier when immediate revenue can be tied to that new ad contract.

"The obvious target for your box offering is your existing readership, both subscribers and those that pick it up on the newsstand," wrote Velez. "They should be solicited in your social media, through email, within the magazine, even through texts. Your good reputation will translate into sales with minimal marketing expense. Influencers in your space are also a valuable tool. I recently started instituting an email drip sequence for new magazine subscribers that offers them a bonus item in their first BJJ Box. So far, it's proven very successful with a nearly 18% conversion rate.

"When I first took over the two subscription boxes businesses, each company had one offering: US$25 plus US$9 shipping," Velez wrote. "I immediately added a US$35 VIP plus shipping option. Since then, I've increased the pricing to US$27.99 and US$37.99 plus shipping. Sixty-eight percent of those that sign up for the lower option upgrade to the VIP offer within the first 60 days. In total, the VIP option outsells the basic by a ratio of 3:1."

BUSINESS MODEL 2

PAID CONTENT

How to ride a winning horse

Even if it isn't as easy as it looks

If there is a sure-bet in media today, it is that content marketing is exploding.

It also appears to be a horse you could ride for some time, with healthy branded content growth projected until at least 2021, and perhaps beyond.

Beyond that, it also happens to be the one horse still running in a race where every other pony has pulled up lame. All other forms of advertising are shrinking.

"What's the new currency of advertising? It's content," wrote former Folio Vice President Tony Silber in Forbes. "Ad spend is declining across the media industry — except in content marketing.

"From native posts to ebooks and even lush print magazines, the [content marketing] form is booming," Silber said. "In fact, the global content marketing industry will grow at an annual rate of 16% per year through 2021, reaching US$412 billion by the end of 2021, according to a report published last November [2018] by the British market-research firm Technavio."

Native will make up 76% of digital spend by 2021, according to Business Insider.

That growth is driven in no small part by the fact that 86% of business-to-consumer (B2C) brands now employ content marketing, according to the Content Marketing Institute.

Publisher branded content revenue is also growing, up 40% year-on-year from 2017 to 2018, according to research by branded content platform Polar.

Seventy percent of advertisers are shifting to content marketing, and 35% of publishers in 2017 already had a brand studio, according to American Chemical Society's Chemical & Engineering News Senior Content Editor Jeffrey Lee.

Content marketing is "the only marketing left," digital marketing pioneer Seth Godin told the Content Marketing Institute. It is authentic, useful, and perfectly suited for the internet generation, he said.

Behind the statistics are a lot of high-profile branded content success stories like those of The Guardian, Quartz, and the New York Times.

Revenue from Guardian's content studio, Guardian Labs, rose 66% in the first half 2018, compared to the first half of last year, according to The Guardian. The average value of The Lab's larger deals (in excess of US$130,000) increased by 36%, according to the company.

Guardian Labs client retention rates increased as well, but the company did not break out actual numbers. The results of the Lab's work were also impressive: The average reader spent 2.3 minutes with Labs content, and in some cases, that number was as high as six minutes, according to The Guardian.

Launched in 2013, the Quartz branded content studio, also called The Lab, has created 540 campaigns for more than 150 brands and boasts a renewal rate of 90%, nearly three times the industry average, according to MediaRadar.

And the New York Times, which makes US$500 million globally, has nearly doubled its

The three main types of branded content

Getting in-stream native confused with premium native and content widgets?

There are just three main branded advertising categories, according to AdYouLike Chief Digital Officer Dale Lovell:

1. Branded content/Publisher partnerships
2. In-feed native distribution/Native display
3. Content recommendation/ Content discovery

"We have popular terms such as branded content, content partnerships, in-feed distribution, native display, in-stream native, in-ad native, true native, premium native, content recommendation, content discovery, content widgets and many more phrases surfacing," wrote Lovell for the Native Advertising Institute. "Some have different, subtle differences, others mean the same thing."

Lovell thinks all of those types of branded content can be boiled down to three overarching categories:

1. Branded content/ Publisher partnerships

(Also known as: Brand content, ad partnership, true native, premium native.)

This type of branded content is always publisher-led.

"At its core, this form of native advertising involves a publisher creating a bespoke piece of content for a brand that is in keeping with the publisher's audience expectations and tone of voice," wrote Lovell. "The preview normally looks like the preview of any other form of content on the site – it will have a title, a description and a thumbnail, for example. But it will also carry some labelling so that readers know that the content is actually advertising."

The publisher must make certain that the piece matches the editorial style, tone, and quality of the site it sits on.

2. In-feed native distribution / Native display

(Also known as:

international digital ad business in the last two years and much of that growth has come from its in-house agency T Brand Studio, according to The Times.

All of that makes branded content sounds like the easiest, surest way to make money in media these days.

But it ain't.

It's a lot harder and a lot more expensive than it looks.

"Here's the thing about good content creation, and maintaining audiences for it over time: It's hard. It's really hard," wrote Rob Gregory, President of Sales and Marketing of WhoSay, an influencer marketing agency.

"Great branded content is really tough," said Brian Tolleson, Head of Content at branded content studio BARK BARK, writing on AgencySpy. "I've been in this space for over fifteen years and the biggest mistake I've made, or seen other people make, is thinking that it's simple: That if you just build the right machine and rent a cool space in Brooklyn, you can churn out effective branded content.

"We've told ourselves that we can build internal brand studios with a bunch of new college grads with laptops who don't have much content experience or knowledge of diverse storytelling genres," Tolleson wrote. "We pat ourselves on the back each and every hour of the day, thinking we can just 'make stuff' and everyone will watch it and love it — voluntarily!

"This is not how content gets made. At all," Tolleson wrote.

For all the success stories, there are other media studios facing high content creation and distribution costs, and all of that in the face of dramatically increasing competition.

Many media studios are loaded with expensive writers and equipment in order to satisfy the clients' (and readers') expectations of high-quality content that looks and feels like the professional journalism of the editorial staff.

Branded content campaigns require multiple steps of approval, complicating and extending the process. Clients and agencies alike are demanding top-notch, multimedia content suitable for both the publisher's site as well as for social media and websites outside of the publisher's platforms.

It's really about the margin

"If running a display ad on your own site is nearly all profit, the margin on a branded content campaign could easily be half that", Paul Rossi, President of The Economist Group, told Digiday.

In-stream native advertising, native display, programmatic native.)
"This is Facebook-style advertising running across a network of publisher websites," wrote Lovell. "The adverts are normally positioned directly in-feed and will run across all devices; mobile, desktop and tablet."
This style of branded content replicates the style and uses the same assets as social media but runs in the "open web" environment of the publisher's site, Lovell said.
Perhaps the most important feature of this type of branded content is that it is built for scale. "Advertisers are predominantly large media agencies or they are trade desk partners and Demand Side Platforms (DSPs)," wrote Lovell. "It's the main category of native advertising that is programmatically traded. This is significant because… native ads in-feed will make up the bulk of native ad revenue from 2016-2021."

3. Content recommendation / Content discovery

(Also known as: Content discovery, content recommendation, content widgets.)
You know what this category represents: those boxes of "Promoted Stories" or "Related Content" teases at the bottom of many online stories with alluring photos and often click-bait headlines.
Turns out, they are quite lucrative.

"[They] offer huge scale for marketers," wrote Lovell. "You can pay just a few cents per click for a website visit, and have your content shared across thousands of websites. You only pay for the visit. It is usually not traded programmatically – but this is changing, and is typically operated via self-serve dashboards that you can load content and budgets into easily and effectively."
Content recommendation company Outbrain claims their visitors view 100% more pages per session than those coming from search engines and 165% more pages per session than those coming from social media. In terms of bounce rate, content recommendation is 23% less likely to bounce than search traffic and 32% less likely to bounce than social traffic.

"If you look at the real challenge of native advertising, it's really more about the margin than the revenue," Rossi said.

To make matters worse, or at least more difficult, the siren song of branded content has prompted many media companies to open studios, exponentially increasing the competition and driving prices down.

In a very short span of time, the number of publishers who have created branded content studios exploded from 15 in 2013 to 218 sites in 2015, to more than 600 in 2017, and more than 1,000 in 2018, according to research by ad tracking company Media Radar.

"Here's the thing: While creating great content might look easy, it's not," wrote Google Editor and Content Strategist Stéphanie Thomson on Medium.com. "And just as people will hate your brand if you bombard them with annoying ads, they'll feel exactly the same if you waste their time with crap, self-serving content."

So, how do you avoid the crap and deliver the caviar?

The right team with the right skills sets

The best branded content is not the result of a single genius. It comes from the teamwork of a diverse group of people from all segments of publishing: editorial, marketing, tech, and sales. "When it comes to building a winning content marketing team, you really are blending at least two fields: your traditional advertising creative and your journalist," Atlantic Re-Think Creative Director Jeremy Elias told Thomson.

"We've got people who were editors at media companies, others who were documentary film-makers, and others who were copywriters at ad agencies," Elias said. "It's the merging together of their expertise that helps us create award-winning branded content."

At the Guardian, each project is assigned to a core, four-person team with representatives from sales, strategy, editorial, and project management skills. They can use others on the Lab's staff, but the ultimate responsibility is theirs.

Tell the right stories

Going back to the aforementioned concern over "crap" content, it is a trap that is often hard to avoid because brands still want to sell products instead of telling a compelling story that is useful for the reader.

"Over time, we have found what works and what doesn't," T Brand Studio Creative Director Graham McDonnell told Mobile Groove Founder Peggy Anne Salz for a story on Digital Content Next. "Over time, we've seen that we have much more time spent on our content than on the content given to us by brands.

"We get brands coming to us saying, 'We have this video of our CEO. He's very engaging. It's 32 minutes long. We just want to put it out there, and you don't need to do anything with it. Just put it up and people will love it.'", McDonnell said. "My response is, 'No, that might not be the best idea.' You have to put the brand message in a story people will like."

"In some situations, the content really

ON BRAND: The New York Times makes US$500 million globally, has nearly doubled its international digital ad business in the last two years and much of that growth has come from its in-house agency T Brand Studio

NYT T Brand Studio's 12 tips for creating killer content

Lauren Reddy, Director of Audience Development and Insights at New York Times' T Brand Studio shared with us 12 tips on how to create great native advertising that will engage the audience.

1. Make people's lives easier
Think about your audience and create content that provides value, actionable information that improves their lives and builds brand trust.

2. Write a killer headline
Make sure it is compelling, clear, and conveys the useful value of the content.

3. Use data
You have data about your readers, use it. Not your best guesses or stereotypes.

4. Find the unique story
People want to learn something they don't already know. Ask brands what about them is unique, new, timely?

5. Be native to the platform
Is the content native to the publisher? NYT subscribers expect a high level of quality. Branded content must live up to that standard and match the quality of our editorial content. On a social platform, the content must be appropriate. Don't just cut video but optimise it for mute viewing and for in-stream viewing.

6. Spark a reaction
Branded content performs best when it sparks a reaction. That might be shock and surprise; or laughter or gratitude. By sparking a reaction, readers are much more likely to recall and share the content.

7. Tailor the content to the specific readers
Readers engage with content that appeals to them personally. For example, content with geographic specificity does very well. Ask how can you make branded content appeal to individuals.

8. Provide trusted, actionable information
Give readers actionable information that helps them improve their lives. With so many untrusted web sources, reputable publishers like the NYT are seen as able to provide valuable information readers can trust.

9. Be spontaneous
Even though campaigns are planned months in advance, it's important to be relevant right now. How can you make your branded content feel timely?

10. Adjust the length
Will readers actually finish this piece? Find a length that fits the story. Long-form is a waste if it can be told in a shorter burst. Maybe it merits more words. Ditto long versus short videos.

11. Think story before format
Brands often prioritise format over story. Story must come first. Then think about the best format — maybe it's a map, an interactive graph, an animated video, a long-form narrative or a quiz.

12. Listen to the publisher
We publish hundreds of URLs a day, and we have a history of observing and learning from millions of paying subscribers coming to us. We know what's authentic to the Times' platform and what will resonate with our readers.

Lauren Reddy
DIRECTOR OF AUDIENCE DEVELOPMENT AND INSIGHTS AT NEW YORK TIMES' T BRAND STUDIO

over-emphasizes the brand and makes it all about them. That can end up sounding like a repurposed press release," Elias said. "It's also possible to fall short on the other side of the equation, where you're telling a really great story but there's no connection to the brand. The idea is to fall in the middle, where your content provides value to the audience while also having a clear brand connection."

Resist the siren song of bright shiny new things

"Some clients come to us and say they want AR or VR," McDonnell said. "They want all the bells and whistles and all the flashy toys. But we tell them it's much more important to think about the story first, and then how to tell it."

Those bright shiny new things can "blind you to the core tenets of content marketing: What is the story, what is its value to the reader, and what is its value to the brand? That needs to come first," McDonnel said. "Once you've answered those questions, then you get to have the fun conversations about the technologies you can use to bring the concept to life."

> "The biggest trap content marketers fall into is trying to tick all the boxes"

Maintain the church-state divide?

At Refinery29, all branded content used to be created through their content studio.

Not anymore.

Media companies like Condé Nast, Mental Floss, Dennis Publishing, and Refinery29 are all enlisting editorial staff in the creation of branded content.

Refinery29 may be going the furthest. They offer advertisers the opportunity to create influencer campaigns featuring sponsored posts written by Refinery29 editorial staff because the clients recognised that the company's staffers are powerful influencers in their own niches. And the clients demanded access to those internal influencers.

So, starting in July 2017, Refinery29 began offering advertisers the opportunity to market their products and services directly to the editorial staff. Picking up on the recent mania for pop-up stores, Refinery29 allowed advertisers to get their products into the hands of its journalists through in-office Refinery29 "Pop-Ins".

The client sets up displays in the event space right next to the Refinery29 editorial offices. Then, lured with free cocktails or other enticements, journalists (who range from writers to video producers to video talent) visit the Pop-Ins to try everything from doughnuts to beauty products. Then they write about the products on their own platforms such as Instagram.

The staffers are not forced to participate, and they are paid a fixed (but undisclosed) fee per post via a quarterly bonus.

Apparently, it's working. Refinery29's clients running native ads grew 76% year over year in 2017, according to MediaRadar data.

That wouldn't play at the NYT. "We obviously can't use journalists from the newsroom," T Brand Studio Creative Director Graham McDonnell told Mobile Groove Founder Peggy Anne Salz. "There is quite a clear divide between the newsroom and advertising; it's very much church and state.

"However, the studio is staffed with fully qualified journalists, many of whom have come from our competitors," McDonnell said. "So, we have the strength of a newsroom, in integrity, and talent, and we leverage this for our advertisers.

Invest in data insights to inform campaigns

Agencies, advertisers, and smart content studio teams are using data-driven audience insights to take a lot of the guesswork out of campaign decisions. Those data can help teams decide which topics are shaping and driving audience interests and behaviours and how best to tap into those interests and behaviours to create successful campaigns.

"Any content studios that invest in insights are therefore a cut above," Essence VP of Content and Innovation Laura Wade told Digiday. "Guardian Labs is further ahead on this than most, she added.

"Every Labs project is designed to resonate with and target readers wherever they may expect to see a type of content," according to Guardian Labs Director of Sales and Strategy Adam Foley speaking to Digiday. "That's partly thanks to the commercial team getting access to in-house data-analytics tools, like Ophan, long used by the Guardian's editorial team."

Guardian Labs also hired three commercial audience editors who analyse data to determine sweet spots for where, when and how content should appear in order to be of interest to the right target audiences, on and off site, Foley said.

So, is branded content for you?

Well, we all know that display advertising isn't coming back. We also know that digital subscription sales, while growing, aren't yet replacing lost ad revenue.

So, if you still want to support your media business with anything other than reader-driven revenue (think events, memberships, donations, e-commerce), branded content is clearly the best choice.

At least until the next bright, shiny new thing comes along!

How to measure branded content success

The days of being happy with a "nice story" are over

It was only a matter of time before clients began demanding more measurable results from branded content.

2019 will be the year of "prove it", announced Dan Rubin, Executive Director at Studio M at Meredith Corporation, writing in the Native Advertising Institute (NAI) book "Native Advertising Institute 2019 Predictions".

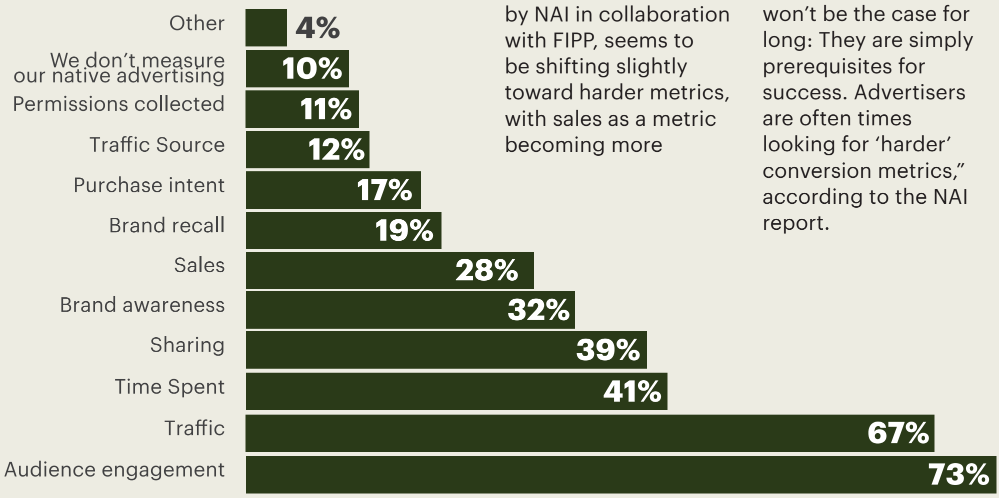
"Native Advertising is maturing and, with this growth, advertisers will demand a data- and insights-led approach, across all project phases," he wrote. "The data and insights spotlight will require proof that the right content is being planned, that the correct optimisations are being administered in flight, and that KPIs are being measured to determine ultimate success."

"I believe that in 2019, we will finally see more clients demanding deeper and more relevant results from their native advertising activities," wrote Pierre Wingren, Head of Native Advertising & Programmatic at N365 Group, in the NAI book. "In the past, too many campaigns have been evaluated merely on number of readers and time spent. We will hopefully move away from expensive CPC [Cost-Per-Click] deals during 2019. Good native advertising must, at least, be measured."

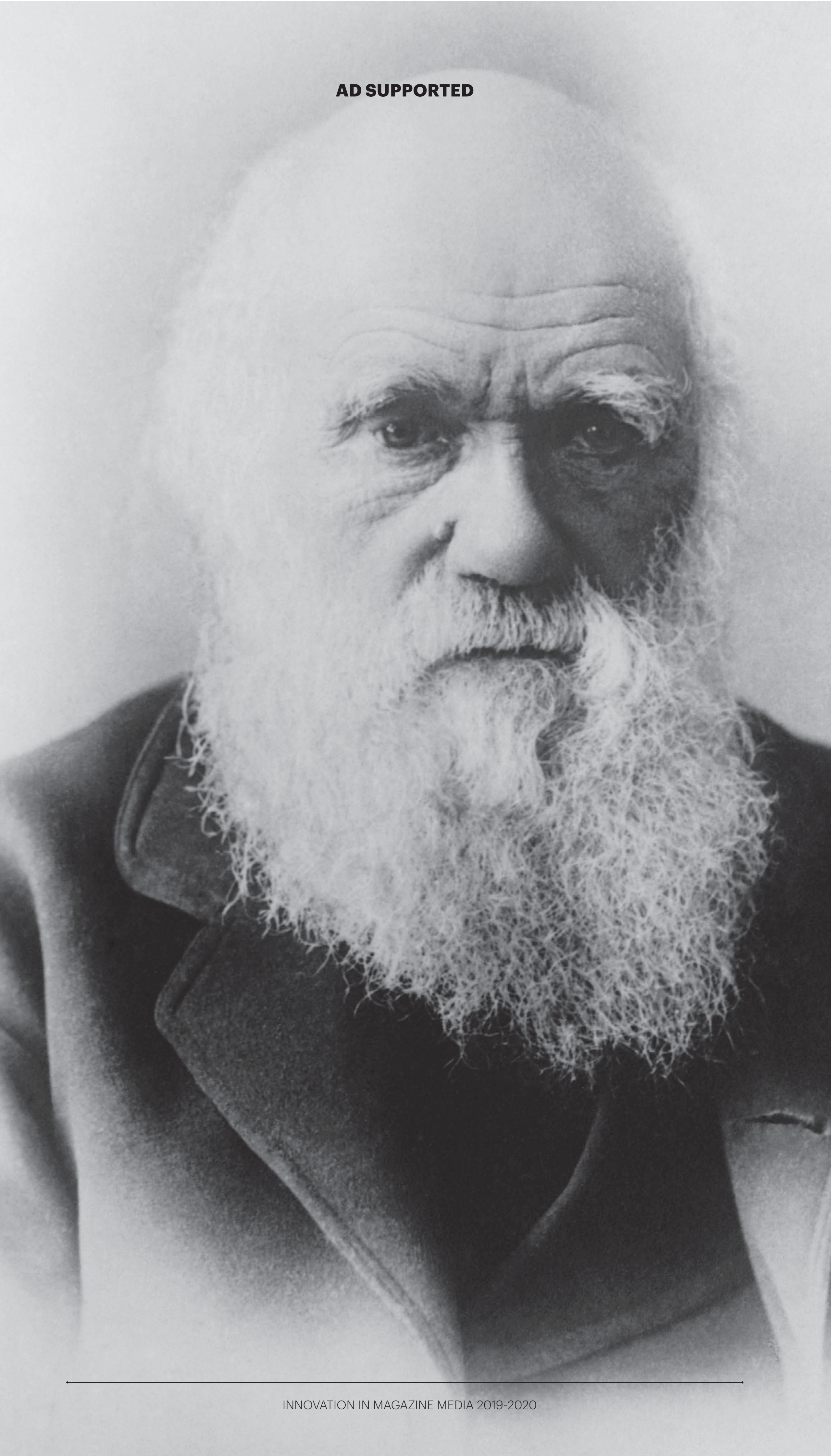
The authors of the NAI book declared that in 2019 there will be no such thing as a "great piece" if it's not delivering on the agreed upon KPIs.

The magazine industry, according to the recent Native Advertising Trends 2018 report produced by NAI in collaboration with FIPP, seems to be shifting slightly toward harder metrics, with sales as a metric becoming more prominent among magazine executives — lifting from 26% in 2017 to 28% in 2018 (see graphic). Along the same lines, purchasing intent as a metric is being used more frequently — 17% in 2018, up from 10%. The fact of the matter is, though, traffic (a metric used by 67% of magazine executives) and audience engagement (a metric used by 73%) are still by far the most popular KPIs, according to the NAI report.

"Perhaps these sorts of measures have [been sufficient] up to now, but industry experts predict this won't be the case for long: They are simply prerequisites for success. Advertisers are often times looking for 'harder' conversion metrics," according to the NAI report.



SOURCE: NATIVE ADVERTISING TRENDS 2018 - THE MAGAZINE INDUSTRY



3
BUSINESS MODEL

The Ad-pocalypse
More a Darwinian culling than a catastrophe

The much-maligned advertising business model turns out to be quite effective... but only when done right

That grave in the cemetery for the ad-supported media business model (in particular display advertising) will remain empty for a while longer, if not forever.

A few years ago, a media agency CEO declared that it wasn't a matter of the display banner ad being dead. In truth, he said, it had never really been alive. Ouch!

But he was wrong.

It turns out that what ailed digital advertising wasn't the format but the execution: Pathetic quality, overwhelming volume, visual cacophony, insensitivity to privacy, glacial load times, product irrelevance, and disruptive intrusion.

Today, smart media companies and advertisers are fixing all that: they are making high quality, compelling, relevant, privacy-protected, useful digital ads in a variety of new formats that load quickly and actually add value to the reader's experience.

> Global advertising revenues grew by 7.2% in 2018 to reach a total of US$552b, the strongest growth rate since 2010 — Strategic intelligence company Magna

It's the execution, stupid!

The realisation that it's not volume but quality, relevance and engagement that count has contributed to the continued robust growth of global advertising.

Global advertising revenues grew by 7.2% in 2018 to reach a total of US$552 billion in the 70 countries analysed by strategic intelligence company Magna in its 2018 year-end report on global advertising market trends.

That's the strongest growth rate since 2010, when the ad market recovered after two years of recession, and the second strongest since 2004, thanks to the combination of strong demand and cyclical drivers, according to the report.

Magna is not as sanguine about 2019, forecasting a 4.7% rate of growth. Publicis Group's Zenith predicts 4% growth for 2019 while GroupM, WPP's media investment group, projects a lower rate of 3.6%.

The growth of digital advertising in particular will slow down in 2019 (+13%), but even at that slower rate, MAGNA predicts that digital media ad formats will still attract half of the world's total ad dollars as early as 2019 or 2020.

However, even while ad growth continues, all is not well with the advertisers or the consumers.

Advertiser dissatisfaction

On the advertiser side, the dissatisfaction is with the media companies. With consumers, the dissatisfaction is with the continuing presence of offensive, useless, intrusive ad formats, and that dissatisfaction is driving the continued (if slowing) growth in ad blocking (see sidebar).

At a time when you would have expected media companies to long ago have become intensely attuned to the needs of their clients, amazingly that is not the case. Or at least, that's not how the clients feel. Despite spending more money with their media company partners than ever before, advertisers are increasingly dissatisfied with those partners, according to a survey by business intelligence firm Advertiser Perceptions of 450 advertisers.

Only 60% of the respondents said they were happy with their media partners' awareness of their budget and time constraints (down from 64% in a 2016 study). Slightly more than half of the respondents (57%) said they were satisfied with the CPMs of their campaigns (down from 62% in 2016).

Similarly, advertisers aren't happy with media companies being proactive about optimising ad placements for best results (only 60%, down from 64%), nor did they feel their campaigns met their KPI goals (just 61%, down from 65%).

Duopoly dominance

And, while the continued growth of ad spending is good news, it is definitely tempered by the dominance of the digital ad market by The Duopoly (Facebook and Google).

In 2018, the duopoly accounted for 57.7% of all ad spending, according to eMarketer.

But there is a sliver of a silver lining in that news: In 2017, the duopoly accounted for 63% and eMarketer projects that their share will drop to 55.9% in 2020. Much of the loss, however, is seen as going to Amazon (from 4.1% in 2018 to a projected 7% share in 2020), according to eMarketer.

"Facebook's growth from national marketers is slowing, indicating that major brands are concerned with recent events there and are focusing on brand-safe environments," Standard Media Index (SMI) CEO James Fennessy said this month in a statement.

For media companies committed to the ad-support business model, then, they must figure out ways to thrive in the reality of a market dominated by two or, now, three big players.

How to compete with the duopoly

The best way to compete with the duopoly is to play to the strengths of media companies and take advantage of the duopoly's weaknesses: Use branded content, promote brand safety, and invest in editorial.

Strategy #1: Branded content

"Facebook and Google offer distribution, but they have no editorial expertise," said Lindsey Guenther, Executive Vice President of Strategy and Partnerships at Remedy Health Media, writing on eContent.com. "Publishers, on the other hand, have the audience and expertise to develop and distribute high-impact branded content."

"Spending on branded content is expected to hit US$16 billion in the US this year, according to PQ Media," she said. "That means branded content is growing twice as fast as advertising and marketing overall. One reason for this is that brand recall for branded content is 59%

ANTI-DUOPOLY STRATEGIES: Other than media mergers, media companies can compete with the duopoly using strategies that play to the strengths of the media and weaknesses of the duopoly: Branded content, promoting brand safety, and investing in editorial higher than standard advertising, according to a 2016 IPG MediaLab study. The study also found that consumers perceive branded content as being more consumer-centric than standard advertising."

Strategy 2: Promote brand safety

"For Facebook and Google (including YouTube), brand safety continues to be a challenge," Guenther wrote. "Despite efforts by both to assure marketers that their brands won't be exposed to unsafe content, advertisers remain sceptical. A survey this year [2018] of 304 advertising decision makers found 58% were more concerned about brand safety in 2018 than in 2017.

"That explains why publishers are having such success with brand safety pitches," she wrote. "During the NewFronts this year [Interactive Advertising Bureau's annual series of presentations], many publishers reported that advertisers were raising their spends for that reason. Digital video publisher Studio71, for instance, has seen a five-fold increase in deals, year-over-year, since it introduced a brand-safety product, according to CEO Reza Izad."

Strategy #3: Invest in editorial

"Savvy publishers are investing in editorial to ramp up on quality and stand out," wrote Guenther. "In a time when fake news has become a major hazard, readers have realised that brands matter in publishing, too. Publishers, meanwhile, know that their product is under more scrutiny than ever before. Both pressures require an investment in top talent."

Ad fraud is like a mutating virus

Industry 'antibiotics' against fraud can't keep up with its evolution

Media companies must feel like doctors in the midst of an epidemic where new strains of the virus keep popping up just as they come up with an antidote for the last strain.

No sooner did media companies start making progress against desktop fraud (e.g., ads.txt, see below), the fraudsters shifted the focus of their attacks.

"Mobile ad fraud is in the midst of a period of rampant innovation," declared industry magazine Adweek in mid-2018. The rate of fake app-installs, clicks, attributions and other mobile scams doubled in the past year alone, according to a late 2017 report from app marketing firm Adjust. The study found around 7.3% of the 3.4 billion app-installs and 350 billion interactions it monitored in the first quarter of the year showed evidence of fraud.

The sudden increase came about because the fraudsters developed new ways to trick marketers and media companies and because so much of the anti-fraud activity was focused on desktop fraud, according to the report. "2017 was the year of innovation and evolution for fraudsters," Adjust's ad fraud specialist, Andreas Naumann told Adweek. "A lot has happened."

And why not? For fraudsters, the reward is irresistible: an estimated $US44 billion lost

by marketers to fraudsters by 2022, according to Juniper Research. That would make it the third-largest black market in the world, Juniper said. (The largest is the illicit drug market at an estimate US$300b, according to the United Nations Office on Drugs and Crime, and the second largest is counterfeiting at US$250b, according to The Organization for Economic Cooperation and Development. The fourth largest is cigarettes at US$30b, according to the UN.)

According to the report, the focus of fraudsters lately has been SDK Spoofing, a method of faking app installs in which hackers are able to make it appear as if a download has taken place by breaking into the communication line between developer-side analytics tools and back-end servers. This type of fraud is harder to spot than conventional methods of faking installs because it traces back to real users rather than imaginary ones.

The Adjust study found 37% of the fraud came from SDK spoofing (a type of bot-based fraud); click injection accounted for 27%, other fake installs

Not everyone hates ads

Even in the face of increasing ad blocking, there is a sizeable portion of the reading and viewing public that prefers "free" ad-supported content.

For example, more than two-thirds of consumers globally have streamed live video and slightly more than half of those people (52%) say they prefer free, ad-supported video to subscription-based video, according to a 21-country study by the Interactive Advertising Bureau in 2018.

Nonetheless, those same consumers would really like it if we cleaned up our advertising act.

"Fine-tuning media buy and campaign assets to ensure these encounters are seen as different and relevant, as well as being creatively engaging, is a must to capitalise on what previously-seen consumption metrics show is a captive and growing audience," the report stated.

The much-maligned banner ad

That fine-tuning should begin with the old workhorse: the display ad.

Innovative display ads are still relevant if backed by the right strategy, according to advertisers.

"It's not right to say the display ad doesn't work — it has its own merit if done right," global agency Isobar Executive Vice President Gopa Kumar told Best Media Info. "It helps you reach a wider variety of audience. If targeted well and with good context and creative, it's bound to do its job of engaging and inducing an action from a consumer, which is its primary task in the first place."

"Display advertising is not just a medium for placing ads, but we look at it as a reminder medium," digital agency Foxy Moron Co-Founder Pratik Gupta told Best Media Info.

20%, and click spam 16%. Fraudsters using SDK spoofing attacked mostly apps in gaming (29%), ecommerce (27%) and food and drink (17%).

The fraud tends to be concentrated in more opaque open exchanges, according to Christopher Farm, Co-founder and CEO of mobile marketing firm Tenjin, speaking to AdWeek. "Most of it can be avoided by sticking to smaller private networks that more strictly vet the parties involved," he said. "But the problem comes when marketers face pressure to hit sky-high download or engagement targets on a limited budget."

"Once the ability to grow through a specific channel starts to max out, then they might find other ways to grow, and that's when they start to run into these more fraudulent places," Farm said.

How can media and marketers protect themselves?

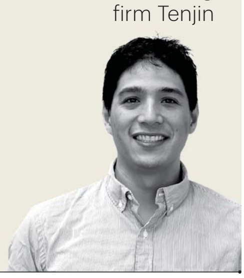
One solution is ads.txt, a tool introduced by The Interactive Advertising Bureau Tech Lab in May 2017 that can help ad buyers avoid illegitimate sellers who arbitrage inventory and spoof domains. With ads.txt, media companies insert a text file into their web servers listing all of the companies authorised to sell that company's inventory. Programmatic platforms also integrate ads.txt files to confirm which publishers' inventory they are authorised to sell. This allows buyers to check the validity of the inventory they purchase.

Domains with ads.txt have a 22% lower ad fraud rate, according to fraud management system company pixalate.com. "The good news is that the number of sites using ads.txt continues to grow, and it's doing a great job of weeding out fraudulent traffic," wrote Joe Mandese, Editor in Chief of MediaPost. "The bad news is that the amount of fraudulent traffic continues to grow." That's because ads.txt does not prevent all types of invalid traffic; its primary goal is to stamp out spoofing, which is just one of the 35+ types tracked by Pixalate.

There are three efficient options for advertisers to combat fraud, according to Andrey Golomoz, Head of Traffic Quality Department at Admitad, writing on Adotas.

"The first is to create an anti-fraud department in the company, and hire a suitable specialist and pay for all the required software," wrote Golomoz. "The second option is to employ an outside agency, similar to the way people hire private security companies. The agency will protect the marketer's website on a permanent basis. The third option is for the advertiser to pay no extra anti-fraud expenses — but only if the affiliate network provides sufficient service and appropriate quality."

> "Most of [fraud] can be avoided by sticking to smaller private networks"
>
> **Christopher Farm**
> Co-Founder and CEO of mobile marketing firm Tenjin



Giving display ads new life

Two media companies, among others, have taken on the challenge of defining the banner ad: The New York Times and Bloomberg.

In 2016, The New York Times introduced its own version of the banner ad, a proprietary platform called Flex Frame.

The new units not only dynamically adjust to fit the screen, but they also replace the traditional teeny banner ads with full-bleed, in-stream units that run down the entire page and are responsive to the page's width.

In just two years, FlexFrame units grew to make up almost half of all display units sold, NYT VP/Ad Innovation Allison Murphy told Digiday. FlexFrames perform better, too. On the NYT's new article page, the FlexFrame click-through rate is double what it was on the old article page, and in eye-tracking tests, users paid four times more attention to the FlexFrame ads on the new story page versus the old page, Murphy said.

"There's less distraction on the page, and that was part of the philosophy: Be more intentional about what you're offering users," she said.

Bloomberg's new take on banner ads

In 2018, Bloomberg took a crack at redefining the display ad. Called Ad.apt, it takes all of an advertiser's assets such as photos and videos and content, and mashes them up into one of four ad variations featuring those assets along with data and/or relevant Bloomberg stories. Ad.apt then tailors each ad to each viewer based on that viewer's ever-growing browsing history.

"It's about driving more impact in a more efficient way," Global Head of Ad Trafficking, Technology and Product Derek Gatts told Digiday.

The advantage Bloomberg brings to this kind of targeted banner ad is its treasure trove of data about its readers that can be used to customise the Ad.apt ads. Bloomberg can create different formats and then, as the reader interacts with it, they can tweak the creative from headlines to button colours. "We'll be able to say, this type of headline resonates with a CEO whereas a CTO resonates with this type," Gatts said.

The Ad.apt ads are sold both directly and programmatically.

This initiative also has the added benefit of reducing the company's reliance on external ad tech, something many media companies are trying to do.

Ad innovation: Not the equivalent of treating a corpse

Despite banner ads being declared dead as a doornail long ago, they actually and overwhelmingly outperformed native ads in terms of post-install engagement on Android, the dominant platform in developing markets, according to the inaugural Creative Ad Index report by mobile user acquisition firm Liftoff. The report analysed 273 billion ad impressions across 4.5 billion clicks, 63 million app installs, and more than 22 million post-install events in more than 1,200 apps between November 2017 and October 2018.

It turns out that banner ads, at $3.73 per post-install action, are the best value for Android systems. Banners are 22% less expensive than native ads ($4.55 per action), and they deliver a higher ITA at 38.1% (compared to native at 35.8%), according to the Liftoff report. (ITA is "Install to Action": A ratio of the number of installs of an app compared to the number of users that take a specific defined action, according to Liftoff. For example, a 10% registration ITA means that 10% of all downloads resulted in a registered user.)

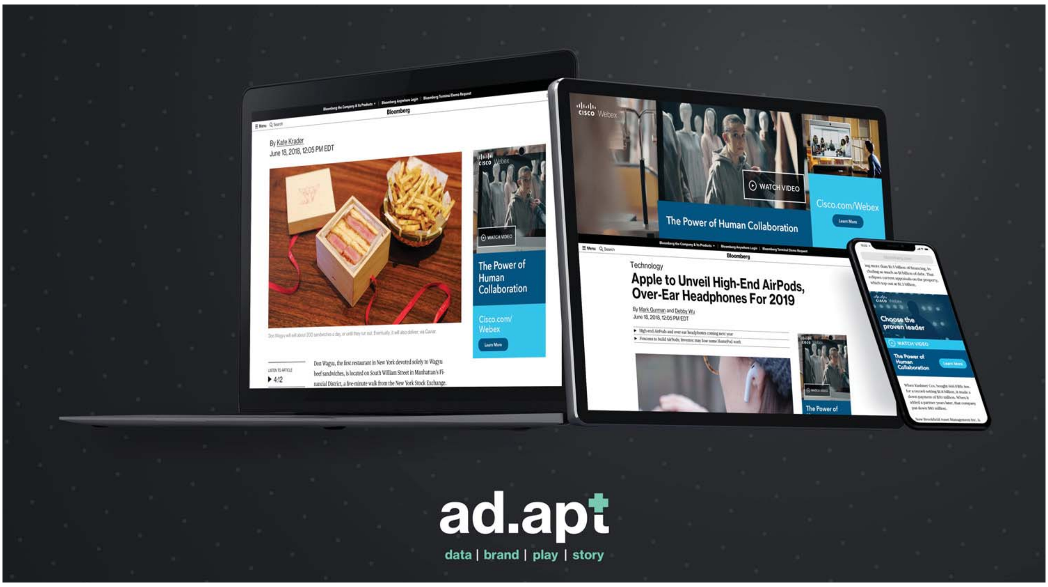
More engaging formats

Despite the resurrection of banner ads in new formats, the future is to be found in more engaging approaches, including native ads, content integration, and content marketing.

Even if banner ads are getting better, they will still fall victim to ad blocking software and be wasted on the millions of online readers who

"It's not right to say the display ad doesn't work — it has its own merit if done right"

Gopa Kumar
Executive Vice President of Isobar



AD.APT from Bloomberg takes all of an advertiser's assets such as photos, videos and content, and mashes them up into one of four ad variations featuring those assets with data and/or relevant Bloomberg stories. Ad.apt tailors each ad to each viewer based on that viewer's ever-growing browsing history.

install blockers.

"Both advertisers and publishers are now looking for various ways to beat ad blockers," Isobar Executive VP Gopa Kumar told Best Media Info. "So native ads, content integration and content marketing are gaining prominence. Also with [fewer] ads and the push for quality inventory, I see the CPM or prices of the ad units going up."

The Washington Post is a leader in creating new, ad-blocker resistant, engaging, useful ad formats.

One of their solutions is called "Showcase", which is an event recommendation ad unit that combines an advertiser's message with things like recipes and ticket sales. The targets for this format are real estate, entertainment, and sports advertisers. The format includes a feed of coming events and a purchase button linking the reader to the advertiser's site.

"You hear users don't like ads," Jeffrey Turner, Head of Ad Product who oversees the Post's Research, Experimentation and Development (RED) team, told Digiday. "They respond very well to good ads, but it's bad ads that are bringing down the industry. A brand doesn't want a negative experience for a user. So it's the value exchange we're really after. RED's done a great job initially around making light, fast-loading ads. Now, we're thinking about how the user can engage and interact with the ad."

The Post expected to grow ad revenue in the double digits in 2018 for the fourth year in a row, and they expected RED to play a part by building ad products for the video and branded content divisions that are expected to power the Post's ad revenue growth this year, Post Chief Revenue Officer Jed Hartman told Digiday.

"RED is driving a good share of growth, by being embedded throughout the organisation," he said. Since its inception, RED has rolled out 20 products such as customisable native ads and PostPulse, which shows readers a carousel of Post articles that the advertiser chooses.

Advertisers can hand-select articles for ad placement

In mid-2018, Hearst Newspapers launched a pay-per-article technology called SolidOpinion that enabled advertisers to hand-select the stories they wanted their ads to appear near. The ad, a text-based format called "Promoted Headline" appears right above the story's headline.

The way it works is advertisers get to pick keywords as well as the type of news they want their ads to appear with. But it's not automatic. Advertisers must bid on specific topics and locations. If they win, their ad appears whenever an article matching their keywords and topics appears.

This is exactly the kind of environmental control the advertisers want. The old system allowed advertisers to bid only on a specific page, like the home page, without knowing what types of stories were going to be there. "I have had advertisers ask me 'can I be on the home page only when there's happy news?'" Fergal Carr, Senior Vice President of Consumer Product at Hearst Newspapers, told MediaPost.

Targeting emotions and opinions

Another ad approach designed to increase the utility or at least the compatibility of ads for potential customers is a system News Corp is employing in the UK called NewsIQ UK.

Advertisers can now plan, optimise, and audit their campaigns using data from the media company's reader behaviours databank, including the types of stories they read, enabling targeting based on emotions and attitudes.

News UK, owners of the Sun and The Times, is positioning the tool as a way for advertisers to drive "emotional loyalty and advertising engagement" and move away from click metrics to measuring success by awareness and attention metrics.

For example, a travel advertiser can choose readers with a preference for outdoor adventures whose opinions also have been identified as valuing exclusivity and have responded positively to adventure stories.

To help advertisers try the new system, News UK cited a London School of Economics study that found readers of a highly emotional story are 45% more likely to then complete a neighbouring video ad. The study also found that readers of "pleasurable" stories were 32% more likely to view the entire neighbouring video ad.

Hold the champagne

Ad blocking is slowing, but it is STILL growing

You could almost hear the sighs of relief in 2018 when multiple studies found that ad blocking on desktops had levelled off and that, while mobile ad blocking was rising, it wasn't growing quickly.

"The hysteria around ad blocking has subsided a little, but the problem is still there," Brian Kane, Co-Founder and Chief Operating Officer at content compensation consulting company Sourcepoint, told Digiday. "The most successful strategy involves engagement of the consumer, offering choices; that's the most respectful option."

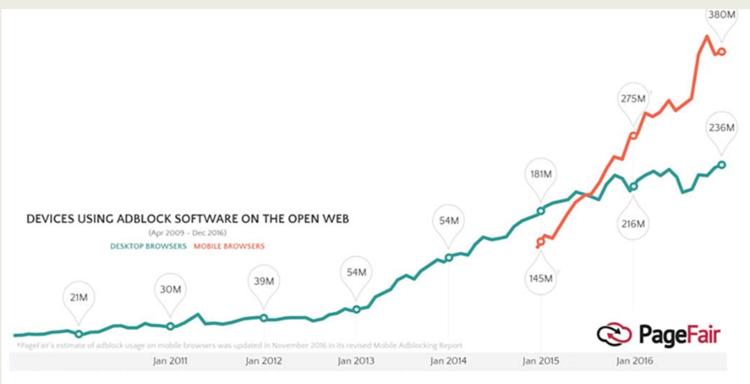
Unfortunately, too many media companies are not taking the respectful route yet. And that's in the face of data indicating that their visitors might actually like some ads! Roughly 90% of Adblock Plus customers do not block all ads, Ben Williams, Director of Communications for Adblock Plus owner Eyeo GmbH told Scientific American. This statistic suggests those users will tolerate a certain amount of advertising, he said.

Eschewing that the respectful approach to advertising will become increasingly difficult with every passing day as outside entities will force media companies' and marketers' hands.

The Coalition for Better Ads announced in late 2018 it will adopt ad standards globally, and Google Chrome's ad-blocking filter will be expanding globally 9 July 2019.

The Coalition conducted a massive research project involving more than 66,000 consumers in countries representing 70% of global online advertising spending. The results showed a strong alignment of consumer preferences across countries and regions for the most- and least-preferred online ad experiences, supporting the adoption of the same Better Ads Standards for desktop and mobile web globally.

The new Better Ads Standards identify the ad experiences that fall beneath a threshold of consumer acceptability and are most likely to drive consumers to install ad blockers.



"NewsIQ UK builds upon the traditional approach to digital advertising by recognising that audiences are people, driven not just by who they are and what they do, but also by what they think and feel," Ben Walmsley, Digital Commercial Director at News UK, told MediaPost.

"Preferences, opinions and emotions are fundamental factors in driving behaviours and the ability to identify these states and then build campaigns around them is going to change the way that advertisers communicate with audiences," Walmsley said.

The number one smartphone activity outside of work

If advertisers are looking for the most direct route to consumers, it's in-app advertising,

The number one smartphone activity outside of work is in-app shopping, and 82% will "consult their phones on purchases they are about to make in a store," according to a Google study.

As a channel, mobile apps have an inherent appeal to marketers, and yet most brand advertisers don't allot proportional resources when considering the time spent in-app, according to Yoni Argaman, Senior Vice President Corporate Marketing and Strategy at global tech company Fyber, writing on MarketingLand.

"The mobile app channel has had a bad rap among many brand advertisers," wrote Argaman. "This is, in part, because many advertisers do not fully understand what is available for in-app advertising, especially with regard to targeting and brand safety. Interestingly enough, there are actually a lot of developments on this front, with the industry introducing methodologies to measure viewability, fraud, data quality and attribution in the mobile in-app environment,

"Consumers worldwide have sent a clear message to the online ad industry about the ad formats that disrupt their experience online," said Stephan Loerke, CEO of the World Federation of Advertisers. "Successful brands will respond to consumers by taking steps to avoid these ad experiences in their marketing plans."

The following types of desktop ad experiences fall beneath the initial Better Ads Standard: pop-up ads, auto-play video ads with sound, prestitial ads with countdown, and large sticky ads. For the mobile web environment, the following fall beneath the Standard: pop-up ads, prestitial ads, ads with density greater than 30%, flashing animated ads, auto-play video ads with sound, poststitial ads with countdown, full-screen scroll-over ads, and large sticky ads. Those standards set by the Coalition are embedded in the Chrome browser which won't reject all ads, but will instead filter out only those ads that violate the Coalitions standards.

While Google is enforcing the Coalition's Standards, it is also helping media companies convert ad-blockers to non-blockers.

Google launched a program called Ad Choices in beta in June 2017 with a few dozen media companies but in mid-2018, Google expanded the program to an additional 31 countries.

Ad Choices gives media companies the power to identify readers using ad blockers and then make a customised appeal to them directly. Media companies have four options:

1. Nicely ask the ad blockers to turn off their ad blocker, arguing the case for funding great journalism
2. Turn on Google's gated paywall, allowing a certain number of free articles per month
3. Completely block access until the reader turns off the ad blocker, or
4. Buy a "funding pass" through the Google Contributor program to get an ad-free version of the website for a per-page price determined by the publisher (Popular Mechanics, for example, charges $0.01 per ad-free web page; Business Insider UK charges $0.04 per page)

"Millions of ad blocking users every month are now choosing to see ads on publisher websites, or 'whitelisting' that site, after seeing a Funding Choices message," wrote Google Product Manager Varun Chirravuri on a Google blog. "In fact, in the last month [March 2018], more than 4.5 million visitors who were asked to allow ads said 'yes', creating more than 90 million additional paying page views for those sites."

The costs of ad blocking

Ad blocking still costs media companies billions of dollars. Juniper Research said global advertisers and publishers lost an estimated US$19 billion to fraudulent activities in 2018, or roughly US$51 million per day. Juniper projected the losses, representing online and mobile advertising, will balloon, reaching US$44 billion globally by 2022.

similar to what advertisers are used to in mobile web.

"In-app has come a long way," wrote Argaman. "It has already caught up to the web in terms of traffic quality and is rapidly catching up in terms of campaign measurement. But there's one gap that may never be closed, and that is a gap where apps actually have the upper hand — consumer mindshare. In-app is where the consumers spend most of their time, which is why brand marketers interested in the mobile channel must advertise there."

Another new frontier: Messaging apps

"Advertisers must follow the mantra of going where the customer is," Jerry Canning, Vice President of Digital Sales at cinema advertising company National CineMedia, told Digiday. "No doubt that monetising messaging will continue to be a focus area as digital advertising continues to spread its wings and follow platforms where customers are spending their time."

Messaging apps including Twitter, Snapchat, and Facebook Messenger have ad formats built into the messaging experience. Even GIFs and stickers can be branded. Facebook, which claims it facilitates 10 billion messages a month between users and businesses, offers ads in Messenger and in its chatbot offerings as well.

"We're having conversations with every major advertising category and really when we think about this space, it truly is enormous. People spend more time on messaging apps than they do on the mobile web, and mobile web is US$10 billion in US ad spend," Alex Magnin, GIF-maker Giphy's head of revenue, told Digiday.

"People spend more time on messaging apps than they do on the mobile web, and mobile web is US$10 billion in US ad spend."

— Alex Magnin, head of revenue, Giphy

This review of new ad formats barely scratches the surface of innovation in digital advertising that's happening at media companies around the world.

Suffice to say, as long as readers and viewers want access to "free" content and advertisers want access to those people, digital advertising will do just fine, thank you very much... with one caveat: They must stop abusing those customers and continue the trend of delivering advertisements that add value to reading/viewing experience.

MOBILE APP CHANNEL: The industry is introducing methodologies to measure viewability, fraud, data quality and attribution in the mobile in-app environment, similar to what advertisers are used to in mobile web

Free money? Not exactly…

Philanthropy funding is neither free nor easy nor widely available

The idea on its face is intoxicating: Large foundations or donors give you money to do what you want to do anyway. No advertiser hassles. No campaign deliverables. No subscriber cancellations. All you need to do is find simpatico foundations and cash their checks, right?

If only it were that easy.

Philanthropic funding of journalism is happening, but it's barely a drop in the bucket and what little is happening is heavily concentrated in the United States with a sprinkling in Europe and virtually nothing happening anywhere else in the world.

More than 93% of journalism-focused grant money goes to US-based organisations, leaving just 6% for Europe, and only about 1% for media outlets in the developing world, according to Media Impact Funders (MIF) and the Foundation Centre.

When you take a deeper dive to see where the philanthropic support of journalism goes, it quickly becomes clear that the lion's share of the money is not going to publications but elsewhere.

Where is the money going?

More than two-thirds of philanthropic funding of journalism goes towards what could be described as services: university programmes, professional development groups, and research and technology development, according to MIF and the Foundation Centre. Another fifth is awarded to the thematic cluster of press freedom, open access and technological innovation in media, according to the Centre.

"There is not enough philanthropy from the rich — or charity from the rest of us," wrote media critic and City University of New York professor Jeff Jarvis on his "Whither News" blog on Medium in early 2019.

"A Reuters Institute survey found that a third of executives expected more largesse from foundations this year," Jarvis wrote. "Well, last year, Harvard and Northeastern [University] published a study of foundation support of journalism, totalling up US$1.8 billion in grants over six years. Not counting support for education (but thanking those who give it), I calculate that comes to less than US$200 million a year. For the sake of comparison, The New York Times' costs add up to almost US$1.5 billion. The grants are a drop in the empty bucket.

"Foundations can be wonderful but they cannot support all the efforts that think they are worthy," Jarvis wrote. "They also tend to have ADD [Attention Deficit Disorder], wanting to support the next new thing. They are not our salvation."

How much do magazines get?

When you break the numbers down to focus only on magazine journalism philanthropy funding, the picture gets, well, downright discouraging.

4 BUSINESS MODEL

After analysing more than 30,000 grants (totalling US$1.8b) from more than 6,500 foundations between 2010 and 2015, Harvard's Shorenstein Center on Media, Politics and Public Policy and Northeastern University found that foundations supported legacy magazines to the tune of just US$80.7m over that five-year study period. By comparison, over that same time period, foundations sent four times that amount (US$331m) to mostly newer, digital-based non-profit news-oriented organisations, including national non-profit news organisations (US$216m), local non-profit news organisations (US$80.1m), and university-based journalism initiatives (US$36m).

Just 25 magazine media organisations received 99% of all magazine philanthropic funding, according to the Harvard study. More than half of those recipients were political magazines: Nine were liberal or left-wing media companies and five were conservative or right-wing magazines. The remainder broke down by topic as follows: three public affairs magazines, two science/technology, two environmental/conservation, two minority/ethnic issues, two general public affairs, one focused education, and one consumer affairs.

Of the US$80.7 million total, Harper's received more than a quarter ($23.7m) of the total. The liberal magazines got nearly as much (US$22.8m), the conservative magazines got a (by comparison) paltry US$6.5m. Education-related magazines receive US$14.5m, science/tech magazines received US$5.2m, and environmental magazines got US$2.6m.

After Harper's, Education Week was the next biggest winner at US$14.5m, followed by political magazine Mother Jones at US$6.6m, the National Institute at US$5.6m, and American Prospect at US$4.2m.

There are success stories

Despite what could look like a daunting business model challenge, there are significant philanthropy-based media company success stories out there. Philanthropic donations have helped sustain national and local news outlets like ProPublica, the Center for Investigative Reporting, the Voice of San Diego, Texas Tribune, and others.

The concentration of philanthropic support of media companies in the US is not necessarily the result of Americans being more generous. The difference is the charitable tax deduction that US donors get, which provides a strong economic incentive for giving and has helped support non-profit news outlets across the country, according to Global Investigative Journalism Network Executive Director David Kaplan speaking to the Nieman Lab.

Who got the money?

Top 25 foundation grant recipients among magazines 2010-2015

1. Harper's magazine
2. Education Week
3. Mother Jones
4. The Nation Institute
5. American Prospect
6. Nautilus magazine
7. New Criterion
8. Washington Monthly
9. Orion magazine
10. Bulletin of the Atomic Scientists
11. Commentary
12. YES! magazine
13. News from Native California
14. Lapham's Quarterly
15. American Spectator
16. Consumer Reports
17. Atlantic Monthly
18. Boston Review
19. Reason magazine
20. Progressive magazine
21. Health Affairs
22. Democracy: A Journal of Ideas
23. In These Times
24. E-The environmental magazine
25. National Review

PHILANTHROPY IN ACTION: At The Guardian in the UK, increasing philanthropic support for journalism has funded reporting on topics such as modern-day slavery, women's rights, climate change, migration and inequality.

Foundation donations to journalism have continued to grow.

In Germany, the Brost Foundation made a substantial investment in Correctiv, a German version of the US-based ProPublica, and the Schöpflin Foundation pledged almost US$30 million to the creation of a future House of Non-Profit Journalism, according to European Journalism Centre grant consultant Eric Karstens writing on global philanthropy magazine alliance.org.

And in Asia, public interest non-profit newsrooms such as the Philippine Center for Investigative Journalism, South Korea's Newstapa, Taiwan's The Reporter, and IndiaSpend are proving, in various ways, that there is local support in Asia — through grants, donations, memberships, and sponsorships — for independent media, according to Kaplan.

Story- or series-specific funding

Another avenue of philanthropic support of media comes from the sponsorship of stories or series.

In the United States, for example, foundations donating to public media organisations between 2010 and 2015 dedicated almost US$100m for either specific subject coverage (US$80m) or local/state coverage (US$20m), according to the Harvard study.

Even if you get the money, all is not roses

There are downsides to this "free" money.

"The overriding concern about philanthro-journalism has been that foundations may compromise journalists' autonomy," wrote Martin Scott, Senior Lecturer in Media & Development at the University of East Anglia in the UK. "New York University Professor Rodney Benson, for example, has warned that media organisations dependent on foundation project-based funding "risk being captured by foundation agendas and [are] less able to investigate the issues they deem most important."

"Unfortunately, one of the other unintended consequences of this often-protracted process is that news outlets can spend a great deal of time and resources cultivating open-ended relationships with a range of foundation representatives and generally enhancing their 'visibility' and 'presence,'" wrote Scott on the Nieman Lab blog. "This matters because it can take resources away from their editorial work, leading to a reduction in news output.

"This informal process of securing foundation funding also favours larger news outlets, such as The Guardian, which have the capacity to absorb the relevant marketing tasks," wrote Scott. "As one interviewee put it, 'it's the same groups that tend to get the funding... I understand, practically, why they do that, but it does make it very difficult to break into that world.'"

Clearly, the philanthropy-based business model is not a model for many media companies. Not even for the vast majority. But for those companies whose mission matches the interests of enough well-heeled foundations, and who have the infrastructure to write and compete for grants, there are successful precedents. Just don't go mortgaging the house waiting for those grants...


SEE
WANT
BUY

5 BUSINESS MODEL

You could call this the funnel-less sales process.

No top, middle, or bottom of the funnel. It all happens at once.

E-commerce and mobile commerce (m-commerce) together enable both the instant creation of a need and then the instant satisfaction of that need. Media companies' bricks-and-mortar pop-up stores do the same thing.

The media company as a retailer business model can also serve every level of the sales funnel. Media companies whose trusted editorial teams give readers expert reviews of products fulfil a consumer's need for product-purchase information at the beginning, middle, and end of the funnel.

In both cases, the success of publishers' e-commerce and m-commerce initiatives proves the power of a media company to deliver results to partners and advertisers while also creating two new and potentially robust revenue streams: 1) Direct or commission revenue from product sales , and 2) Advertising revenue from brands who purchase native ads and branded content around the service journalism.

Media companies that do not take advantage of this retailer business model, especially in terms of e- and m-commerce, are missing out on a fast-growing segment of consumer spending.

In 2017, e-retail sales accounted for 10.2% of all retail sales worldwide. This figure is expected to reach 17.5% in 2021, according to market research company eMarketer.

As e-commerce sales continue their meteoric growth, mobile is grabbing a larger market share, with smartphone-enabled purchases set to grow from $122 billion in 2015 to nearly $319 billion by 2020, according to a new report from Javelin Strategy & Research.

A greater number of overall e-commerce purchases will come from smartphones, according to Javelin's estimate that m-commerce purchases will make up 49% of total online retail commerce in 2020, a significant increase from 29% in 2015.

An indicator of the future of m-commerce is the Asia-Pacific region. That region is the global leader in m-commerce because almost half of Internet users there purchase products via mobile phones, according to the Asia-Pacific M-commerce 2017 Report by international market research company Research and Markets. South Korea is cited as a top mobile shopping player where m-commerce exceeded 50% of online retail sales between 2016 and 2017, according to the report.

So who are the stars of the media-as-retailer business model?

Enabling e- and m-commerce using media expertise

For fifty years, New York Magazine gave its print readers shopping recommendations. But when the company moved those tips online, a new revenue model presented itself.

Instead of just the recommendations, New York's tip service, The Strategist, now empowers its readers to act immediately on the information for instant gratification.

The Strategist, with three editors, a slew of freelancers, and some staff-written recommendations, produces three stories a day which it then posts on New York Magazine sites such as Select All, Grub Street, and The Cut. Taken together, those sites drive the bulk of New York Magazine's recommendation traffic.

Media companies make serious money creating and satisfying readers' needs in the blink of an eye

In choosing items to review and recommend, The Strategist editors focus on products people are searching for, plus unique items the editorial team encounters themselves.

The strategy has succeeded beyond expectations. From its cut of each sale, New York's affiliate revenue from product sales tripled from 2017 to 2018, according to Camilla Cho, New York's executive director of strategy and business development, speaking to Digiday.

One piece of advice from Cho: Don't port your e- and m-commerce efforts over to pictorially focused social media like Pinterest or Instagram. The search-driven commerce strategy does not extend to those programs because compelling photography is not available ("a straight-up shot of a toothbrush or nail clippers is not something that's going to get a lot of traction," Cho said), and those sites, while perhaps generating lots of followers, don't lend themselves to generating conversions. "I'd be ecstatic if we got hundreds of thousands of followers on our Instagram account," Cho said. "But if it doesn't convert to revenue, it doesn't matter."

Tapping into convenience

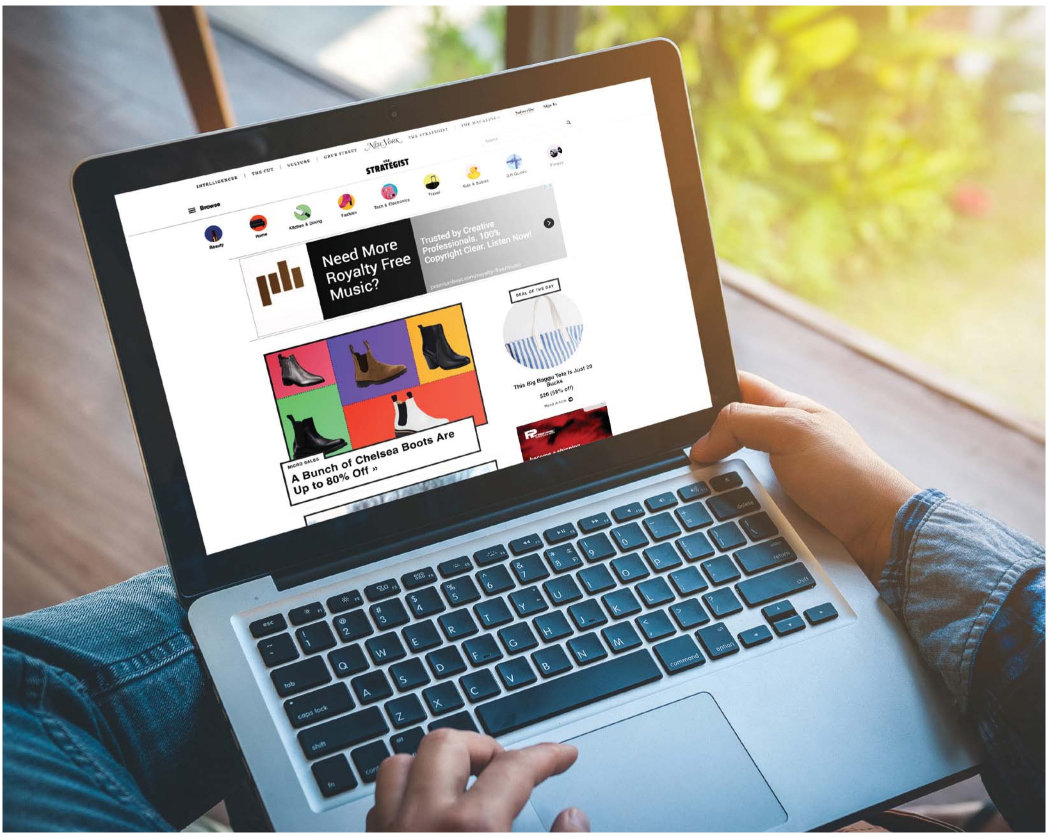
Meredith has proven that media companies have a leg up on brands in the retail market. Publishers already produce trusted content, which brands cannot, and now the media companies can also provide a level of convenience that brands also cannot match.

In March of 2018, Meredith guessed that readers using its recipes might enjoy the convenience of buying the ingredients for those recipes online and having them delivered to their door.

Meredith partnered with eMeals, a paid menu-planning app, to offer recipes provided by editors of Better Homes & Gardens, Eating Well and AllRecipes. Readers click to buy the ingredients through grocery stores or delivery services, and the three publishers share in the subscription revenue.

Picking up on that success, Meredith partnered in the fall of 2018 with AmazonFresh in the US by integrating the service into some recipes of its AllRecipes meal-planning section.

After making individual recipes com-



IN 2017, e-retail sales accounted for 10.2% of all retail sales worldwide. This figure is expected to reach 17.5% in 2021, according to market research company eMarketer.

merce-enabled, Meredith then really ramped up its food-related commerce revenue by putting individual recipes into meal plans which become the bulk of a family's shopping list for a full week.

Meredith wants to integrate e-commerce options "seamlessly and natively" into more of its content to make it easier for people to buy things "and give them a great experience on the back end," Meredith VP and GM of Shopper Marketing Corbin de Rubertis told Beet.TV.

"We really try to weave [e-commerce] into the [content] experience itself'" he said. "When you're looking at a recipe, for example, you should be able to see the ingredients from local stores or Amazon Fresh."

The weaving of content and commerce results in "a discreet button" at the bottom of a recipe. "You can push the button and all that stuff goes into the cart and you'll have it on your doorstep that afternoon.

"Then we also work with the brands, because the brands are often positioned inside the retailers," de Rubertis said. "We want to make sure there's a place for them as well." Meredith will work with both at once; for example a L'Oréal skincare product that can be purchased online at Target.

To serve the brands in another way, Meredith places relevant products adjacent to its editorial content. A recipe in Better Homes & Gardens might be accompanied by suggested cooking utensils.

The shoppable recipes introduced in 2018 weren't Meredith's first venture into e-commerce, but together with smaller earlier ventures, e-commerce now constitutes nearly 25% of the company's food sites' digital revenues, according de Rubertis.

Meredith follows its own advice to brands: Promote, promote, promote. The company uses its own marketing tools to promote the new e-commerce opportunities, including content marketing, social promotion, and full-page ads in the print editions. "We're acting in concert with our overall strategy of trying to develop recurring revenue streams from readers," SVP of Consumer Revenue Andy Wilson told Digiday.

"As long as it's relevant and useful, contextualised and appropriately targeted at the audience, we believe it's part of the content in a lot of ways," he said. "It saves the consumers from having to go off to retailers' sites sometimes and kind of ping pong back and forth. This way, they get the inspiration and they can act on it immediately."

Leveraging the retail play with branded content to increase revenues

Meredith uses its food-related e-commerce to generate advertising revenue as brands buy ads around the content that includes their products.

Advertisers can run branded content in the recipes section or sponsor the recipes. An olive oil company can pay, for example, to become the specific olive oil listed in the ingredients.

That strategy seems to be working very well. According to de Robertis, 80% of consumers use the sponsored ingredient. This revenue stream represents a new source for publishers as the money comes from brands' shopper marketing budgets which had historically been spent on coupons and physical media heretofore unavailable to publishers.

BuzzFeed, too, has leveraged its product-creation partnerships with brands into increased advertising revenue.

in 2018, BuzzFeed partnered with Macy's, Scott's, Maybelline, and Bloomscape to create branded products and then BuzzFeed up-sold those partners into both display and branded content advertising.

E-commerce on social media

Snapchat Discover publishers used 2018 to test e-commerce on the social media platform. Users were presented with products in the Discover store and, with a swipe and click, they could instantly buy the product of their choice.

MEREDITH partnered with AmazonFresh in the US to makes some of its individual recipes and AllRecipes meal plans commerce-enabled. These could then become the bulk of a family's shopping list for a full week.

In mid-2018, Snap was reported to be giving 100% of the revenue to the publishers.

The old-fashioned retail model: Bricks and mortar

Here's a good example of something old being new again.

Several media companies, including digital natives Tastemade and Vice, have opened their own bricks and mortar operations.

Tastemade, a digital video network, helped two of its network content creators launch their own real-world cafe in 2016 in a building adjoining the network's studios. The Bondi Harvest cafe was so successful that Tastemade then licensed its brand to a Brazilian cafe operator and ran a pop-up bakery in Tokyo sponsored by Panasonic.

The cafes are equipped with large-screen TVs playing videos of Tastemade network food shows, reinforcing the connection between the network and the cafe.

"We're seeing successes in the places we're testing and think that could lead to better opportunities," Tastemade CEO Larry Fitzgibbon told Digiday. "We're certainly excited about the marketing value of the cafes, but also we think it's an exciting potential revenue line. An attractive aspect of the licensing models is the margin. It has very high-margin opportunities."

Vice also got into the bricks and mortar act with a branded food court at a new three-million-square-foot shopping and entertainment complex in the Meadowlands in New Jersey in the US.

Named after the Vice foodie site, Munchies Food Hall features 18 vendors plus a stage where Munchies content teams can shoot video of chefs doing demonstrations.

Revenue will come from a brand licensing fee plus royalties based on the amount of revenue the food court generates.

Some legacy media companies have also experimented with bricks and mortar, including Vogue Germany.

In late 2018, the publisher opened a temporary pop-up in Metzingen Outlet City which spotlights emerging German designer labels.

The 1,000-square-foot store, in Metzingen Outlet City, is the magazine's first independent retail operation and will be open for five months. The pop-up is designed to highlight Germany's emerging design talents, including a curated selection from former participants in the young designer showcase Vogue Salon, but will also include established German brands such as Talbot Runhof, Iris von Arnim and Zazi Vintage.

To set the pop-up apart and accentuate the magazine's expertise, the store offers shoppers with smart phones a variety of interactive and augmented reality features, including videos of the designers' runway shows, audio messages from the creators, and in-depth information about the designers and their creations.

Text-message e-commerce

Nothing is surprising anymore, so a media company conducting m-commerce via text messaging seems like just the next logical iteration of the retail business model.

Global lifestyle media publisher Pop Sugar launched a free pay-by-text service called Must Have It in 2017 and a year later was claiming 20,000 subscribers.

Users sign up on PopSugar's website and get texts twice a week on average. Each message features a photo and description of the item. Users simply reply with a "Yes" to order the item and, presto, the item arrives at their door in five business days.

The selection of MustHaveIt items ranges from clothing to food and housewares. The appeal is often that the items are discounted, but some are designed to be impulse purchases. In either case, items move quickly. For example, an item from RxBars, a protein bar manufacturer, sold out in just half an hour. A free makeup item from Kat Von D also sold out quickly,

More than 90% of the MustHaveIt featured products are from advertisers; suggestions from the editorial staff constitute the other 10%.

Running the service requires a five-person team based in San Francisco, the same team that runs PopSugar's subscription box service. As a matter of fact, the MustHaveIt team used the list of subscription box subscribers to give the text-message app a jump start. That approach worked famously: Forty-one per cent of those getting the subscription box signed up for the MustHaveIt service.

Seamless retail via print

Not all e- and m-commerce begins online.

In Thailand and Singapore, three regional magazines — Thailand's Image and IN and Singapore's Esquire Singapore — and four international titles published in South East Asia — Her World, Maxim, Madame Figaro, and Attitude — started offering visual search and mobile commerce to readers of their print products.

Readers of those titles download an app from Singapore-based visual search start-up and, by pointing their mobile device at a page or image in the print magazine, they get coupons and other offers and instantly buy the product without leaving the app.

"The aim was to bring offline media to the online world, allowing magazine readers to have instant shopping and other experiences using mobile devices," iQNECT COO Niamh Byrne told FIPP.

"We think cafes are an exciting potential revenue line"

Byrne said the success of the technology and its adoption was proof that print is not a dying medium. "Visual search acts as a bridge between the sumptuous tactility of print media and instant responsiveness of mobile commerce," she said. "The technology enhances readers' magazine experience by connecting them with content and mobile-commerce options related to what they are reading."

For publishers and brands, this means the point of inspiration and point of sale becomes "virtually indistinguishable, thus lowering drop-off rates and raising the return on creative campaigns," Byrne said. "Visual search technology captures the critical moment when peak consumer interest is met, providing instant additional product information and the ability to click 'buy' within a single app."

E-commerce sales in Thailand alone will grow from US$10.9 billion in 2017 to $88.1 billion in 2025, a growth rate of 33%, according to a recent study by Google and Temasek, an investment company headquartered in Singapore.

A similar visual search app, Amazon SmileCode, works for InStyle magazine's print edition.

"The millions of women who come to InStyle every day don't just want to be inspired to buy, they expect automated commerce — that's modern shopping," InStyle Publisher Laure Frerer-Schmidt told MediaPost.

With Amazon SmileCodes on pages throughout the magazine's October 2018 pages, InStyle readers hover over the code to immediately put the related item in their shopping cart. The transaction is especially smooth because Amazon already has the user's information.

By including the codes, InStyle manages to expand and deepen audience engagement, drive sales for its advertisers, and increase both ad revenue and affiliate revenue.

Another media company, Good Housekeeping, is also using SmileCodes, but not in their print magazine.

Good Housekeeping opened its first pop-up store in the Mall of America in Minneapolis, Minnesota in late 2018. Every one of the 40 items in the store was available via a SmartCode.

By using SmileCodes throughout the store, Good Housekeeping avoided the expense and hassle of buying and managing inventory.

One sample of each item did the trick. Visitors simply scanned the barcode-like image on the sample and it was loaded in their virtual shopping cart.

Good Housekeeping also avoided the headache of fulfillment as Amazon covered that function.

Good Housekeeping benefited from consumers' trust and familiarity with Amazon, eliminating the sales-depressing friction involved in getting consumers to set up a new online financial relationship.

Another media company, Clique's Byrdie, also made use of Amazon's QR codes in a pop-up store in Los Angeles. The use of the codes at its summer Byrdie Beauty Lab pop-up reportedly resulted in conversions going through the roof.

CAUTION: Amazon partnerships = minimal profit and data loss

While working with Amazon removes many headaches (inventory, purchasing software, fulfillment), there is a price to pay: Minimal return (Amazon's highest commission is 10%) plus the loss of valuable customer data and relationships.

There is also some lingering skepticism about the effectiveness of QR codes as critics maintain that few people use them.

That's not the view of analysts at Juniper Research, however. Juniper recently released a study projecting that 5.3 billion QR codes would be redeemed by 2022, up from 1.3 billion in 2017.

And while it remains an unproven technology in a rapidly shifting retail landscape, some observers see wisdom in partnering with a company that most people are familiar with. "Good Housekeeping promoting this [Smile Codes] only works in Good Housekeeping's favour," Melissa Gonzalez, the founder of the retail popup agency Lion'esque Group, told Digiday. "A lot of people have the Amazon app. They trust Amazon."

> A media company conducting m-commerce via text messaging seems like just the next logical iteration of the retail business model

Mission-related retail revenue

If your mission is to be THE most trusted source of information about automobiles, it's not entirely nonsensical to also be a purveyor of automobiles.

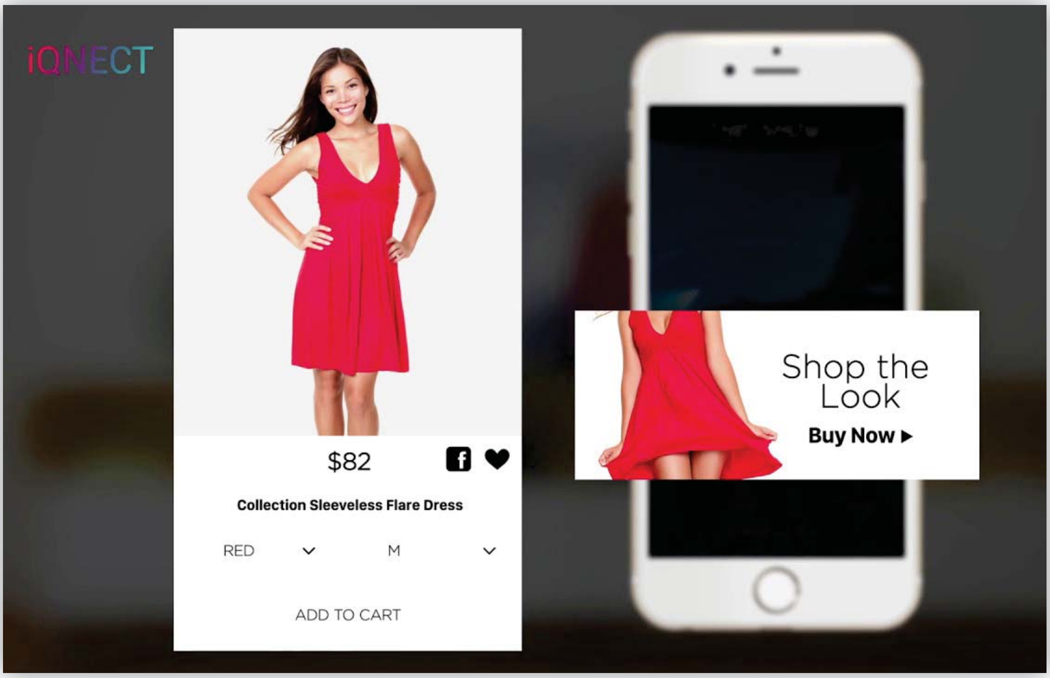
That's exactly what UK-based media owner Dennis has been doing since 2014. After purchasing BuyACar.co.uk in 2014, Dennis has built the business to the point where its 2018 auto sales made up 40% of the company's revenues.

While the first year sales were modest (US$525,000), subsequent years have been anything but. In 2018, car sales revenues were US$81 million and the company projects US$131 million in revenues in 2019.

The car business is not a minor undertaking. Dennis employs 65 at BuyACar, including 25 salespeople. Content on the site is provided by two full-time writers plus reviews from the Dennis auto sites such as CarBuyer.co.uk and AutoExpress.co.uk.

Dennis is not sitting on its laurels. The company plans to expand internationally through licensing.

Intriguingly, most of the revenue from the auto



IN THAILAND AND SINGAPORE, three regional magazines — Thailand's Image and IN and Singapore's Esquire Singapore — and four international titles published in South East Asia — Her World, Maxim, Madame Figaro, and Attitude — started offering visual search and mobile commerce to readers of their print products.

operation comes not from the sale of the cars (for which Dennis gets a cut) but from the sale of add-on packages such as financing services. That opens up even more revenue opportunities by creating new add-on products and services.

Selling your own stuff

If a media company really, deeply knows its readers, it knows what they most deeply need or want.

Hearst looked around its readership and decided that one thing their readers really needed was (are you ready for this?) an interactive, pink yoga mat.

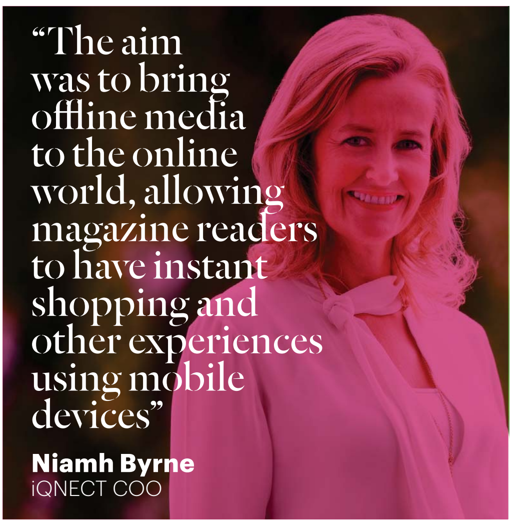
Seriously.

The mat, named the Backslash Fit, includes an Alexa function that guides its users through yoga poses and routines, all created in-house by the editorial staff of Women's Health.

To get to the point of production of Backslash Fit and other products, the 15-person Hearst product studio team works with Hearst brand editors to both conceive products ideas and test and improve them. The studio team also analyses the top-performing stories on all of the Hearst lifestyle brand sites and in search results. Finally, the team reviews product sales from the Hearst affiliate commerce business.

Unlike other manufacturers, Hearst comes to retail with a leg up. "In order to get maximum communication, exposure, and operating leverage, brands need to get more content in their consumers' hands," Richard Kestenbaum, a partner at the investment banking firm Triangle Capital, told Digiday. "There's a big opportunity to capitalise when they [Hearst] own both the media and the product."

So, if you are a consumer magazine media company and the niches you cover involve products and services, you could be looking at a substantial new revenue source by adopting the media as retailer business model.



BUSINESS MODEL 6

Why aren't more media companies doing events? Damn good question

Media companies have almost all the tools needed to run profitable events, but many shy away. They shouldn't.

Media companies have a leg up on almost everyone else in the events space. Maybe two legs!

OK, most media companies do not employ an army of event planners; many don't even have one event planner on staff.

But that's the kind of expertise you can buy.

Media companies DO have almost everything else needed to run a successful event:

- Relevant content
- Niche expertise
- A loyal following in that niche
- A targeted mailing list
- A niche customer database
- Existing relationships with potential event sponsors
- Media platforms with large followings to promote events

That is the kind of stuff you CAN'T buy!

Magazine media companies who do run events say events:

- Deepen the company's connections with its readers

- Attract new readers and subscribers
- Attract new advertisers who might not be interested in a print or digital relationship
- Deliver new revenue from fees and sponsorships
- Raise awareness and brand recognition
- Make news
- Create content

So why aren't more media companies adopting the events business model?

Damn good question!

There are all sorts of reasons: They're too busy; it looks daunting; they don't have the talent, etc.

But as the list of media company assets listed above demonstrates, publishers have almost everything required to run a successful events division.

Media companies ramp up events

Media companies have profitably run events for decades, but with the decline of print advertising and the inability of digital advertising to make up the difference, even publishers with a history of running events are ramping up their events in a big way.

Hearst UK, for example, doubled its "experiential" revenue from 2016 to 2017, according to Hearst UK Chief Brand Officer Duncan Chater. "Experiential is critical in marketing today," Chater said onstage at the 2018 Digiday Publishing Summit Europe. "Many millennials would rather spend money on experiences over products."

> "Many millennials would rather spend money on experiences over products"

Chater said Hearst's 30-person events agency, Hearst Live, programmed 100 events last year for 1.3 million people, driving revenue through both ticket sales and sponsorship.

So who's doing events well and what can we learn from their experience to make launching an events operation smooth and successful?

"A defining moment"

Calling the recession at the end of the last decade a "defining moment," Active Interest Media (AIM) made a commitment to finding new and significant revenue sources, Chief Innovation Officer Jonathan Dorn told FIPP.

The company, with 57 titles and 80 websites, identified events as "a form of insulation against economic turbulence," Dorn said. "The different brands have evolved at different paces over the years, but we have been in a mad rush in the last three to four years as the need to diversify revenue streams has become more pronounced.

"We made a strong push to develop and acquire events. We are now more than a 50% events company by revenue," Dorn told FIPP. "All five groups have consumer events and some have B2B events."

"None of my events are break-even"

Over at Slate, they pull off a nice trick: They take their regular podcasts on the road and charge fans to watch the podcast "live" in a theatre. For a steep extra fee, fans can have cocktails with the podcast hosts before or after the event.

"None of my events are break-even because we make money on all of our shows," Slate Live Executive Producer Faith Smith told The Business of Content. "We have a great audience that really shows up at the box office. But we don't only look at revenue and the bottom line to determine if an event is a success.

"It's really the best way to get to know our podcast audience," she said. "It's a very galvanising experience if you're a fan to see your favourite podcasters live and in person, to meet them at a pre-show or post-show cocktail hour."

Slate Live produces 25 live podcast shows every year at venues across the United States, and another 25 events for their tech vertical Future Tense.

"It's a very important factor in our Slate Plus membership drive," Smith told Business of Content Editor Simon Owens. "It's one of the benefits you get when you sign up for Slate Plus: You get a 30% discount on all ticket sales. You get early access to tickets. We do occasionally do shows or gatherings only for Slate Plus members."

Slate Plus members pay just US$5 a month to join, which also includes access to bonus material from Slate stories and podcasts. As of the end of 2018, Slate had 50,000 Slate Plus members. The live events are clearly a valued benefit to Plus members as up to 40% of attendees at the live

SUCCESS BREEDS SUCCESS: In 2017, Teen Vogue launched their first Teen Vogue Summit. Teen Vogue experienced a 900% year-over-year increase in the brand's experiential revenue from Q4 2017 to Q3 of 2018 versus the same period in 2016-2017.

podcasts are Plus members, according to Smith.

A one-year 900% revenue increase

In 2017, Teen Vogue launched their first Teen Vogue Summit. It sold out. So they decided to do two Summits in 2018. Same story.

Teen Vogue experienced a 900% year-over-year increase in the brand's experiential revenue from Q4 2017 to Q3 of 2018 versus the same period in 2016-2017, according to the company.

The Summits average 600 tickets for each depending on the venue space, with prices ranging from US$199 for the Friday day pass to US$499 for a weekend pass.

Success breeds success: High-powered sponsors have been beating down Teen Vogue's door. The list of sponsors includes Pottery Barn's PBteen, PlayStation, bareMinerals, Puma, LOLA, Victoria's Secret PINK, and Google's initiative Made With Code.

Sponsors work with both Teen Vogue's editorial and sales teams to create unique activities that resonate with the Summit audience. "We're really looking for partners who can be additive because all of our sponsorships involve some level of integration into the programming," Condé Nast Culture Collection Sales Director Julie Graybill told Folio.

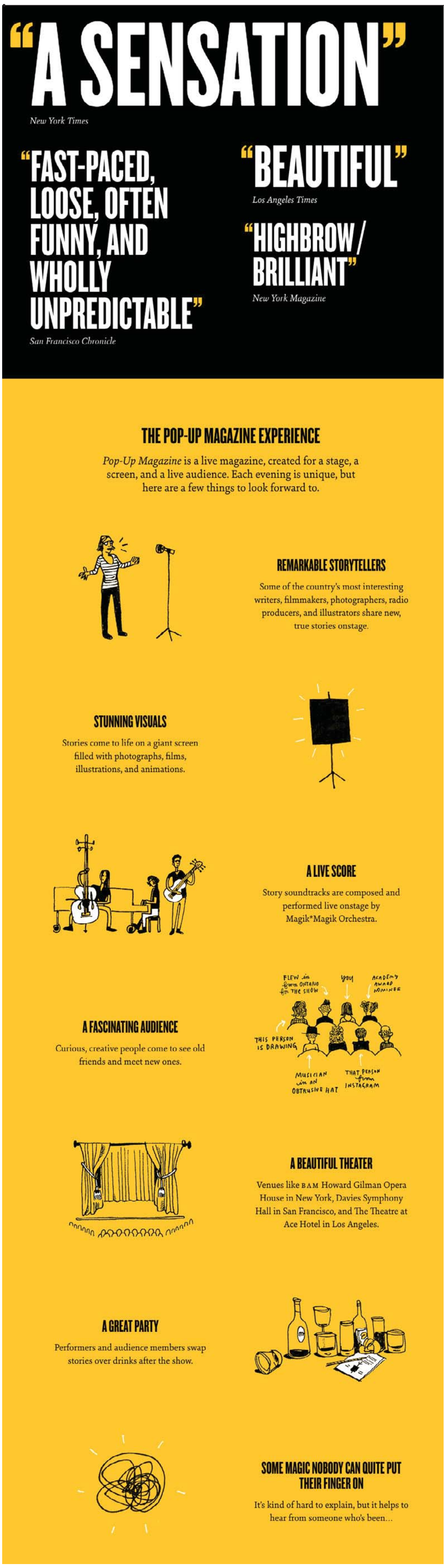
For example, at the third summit, teen bedroom furniture and decor company PBteen matched its activities with the summit theme of career building and inspiring change. PBTeen created "inspirational hubs" where summit attendees could hang out on PBTeen furniture and get a customisable, editor-curated "change-maker kit" grab bag.

Similarly, Google's Made With Code also focused on career development, offering an on-site coding workshop that featured a unique coding challenge for summit-goers to try to solve.

"They're really looking to tap into this audience," said Graybill. "It's all about these Gen Z and young millennials, and they're trusting a brand like Teen Vogue to know what these young people are going to want to talk about."

The Teen Vogue Summit organisers do something that many event organisers ignore: post-event reports.

"We provide all the sponsors post-event a very thorough recap of brand list metrics, social metrics, and media value depending on the social KPIs of the campaign, but everyone has seen and been very happy with brand list and strong social buzz coming out of the events," Graybill said.



FOUNDED in 2009 Pop-Up Magazine is now an international phenomenon on track to fill 45,000 seats for 10 shows in seven US cities and Toronto in 2019.

The magazine that exists only on stage

One of the media events that proved the viability of "content on stage" came from a company called "Pop-Up Magazine" that was founded in 2009.

A group of editors thought it would be fun to create the magazine experience on stage. They thought they'd do it once. After all, the audience at the first event in San Francisco's Brava Theater was made up mostly of friends and family.

Almost a decade later, however, Pop-Up Magazine is an international phenomenon that is on track to fill 45,000 seats for 10 shows in seven US cities and Toronto in 2019. Tickets range from US$45 to US$65. In addition to ticket revenue, the company makes money from sponsorships.

Pop-Up also created a brand studio that now employs 20 people at its San Francisco HQ plus smaller staffs at offices in Los Angeles and New York City. Their clients have included Marriott Traveler and Mail Chimp.

And Pop-Up also generates print and digital advertising with their "old media" venture — the weekly California Sunday Magazine that is inserted into the Los Angeles Times and San Francisco Chronicle's Sunday editions.

The "magazine" event succeeds because the organisers assemble storytellers working in all mediums for a one-of-a-kind, in-room experience. The "cast" includes photographers, musicians, poets, videographers, audio journalists, and more, often putting their work on a giant screen to visually and auditorily deliver feature magazine-style stories.

In addition to being entertaining, the acts are also often immersive. One presentation had a choose-your-own-adventure flavour as the audience told the storytellers where to go with the narrative using glow sticks. There have also been taste tests and a science reporter has promised to resurrect an extinct flower in a future show.

Selling events to those who can't attend

Looking beyond the actual event, New-York-based site Girlboss is planning to have the digital audience for events exceed the events' live audiences.

The site, aimed at empowering millennial women, has held four annual Girlboss Rallies in New York. Attendance for the fourth was estimated at 2,000 with about 800 paying US$295 each to attend panel discussions and presentations by high-powered female speakers, according to

EVERYTHING YOU MISSED FROM THE GIRLBOSS RALLY NYC 2018 Women from 430 cities, 31 countries, and 40 states gathered for a weekend filled with inspiration, discussion, and community.

the company.

Rather than go to the expense of scaling the Rally to other cities, Girlboss decided to bring the event to its followers online. The company will take the videos it creates for the attendees and add them as one of the enticements to pay for a membership called Girlboss Collective. At the end of November 2018, after just a few months of promotion, the Collective had 25,000 people on the wait list to join when it launches in 2019. The company has not announced the price of membership.

By creating a new and membeship-based audience, Girlboss will also be able to sell bigger programmes to advertisers (who already represent the majority of Rally revenue).

> “We’re committed to being a subscriber-first business and that’s about relationships”

It’s not free money, though. To deliver value, Girlboss doesn’t just put a camera at the back of a room but instead has a team of more than 30 people (some staff, some freelance) involved in creating the Rally videos.

But the payback is more than the membership fees. Because the video team also films the sponsor activities at the Rally, the Girlboss team can work with advertisers to transform those on-site videos into clips which can be remixed into branded content to be distributed across multiple channels, including Instagram, where Girlboss has more than 800,000 followers.

Moveable events

Events needn’t be on stage.

The New York Times partners with Urban Adventures, a subsidiary of Australian company Intrepid Travel, to offer half-day and full-day tours in cities around the world based on content from the Times’ travel section, especially the “36 Hours” columns (which are already available in print).

The trips, which run from US$75 and up depending on the specifics of the tour, focus on local themes such as food, history, art, etc., and include:

- In Budapest, tasting products from the Mangalica hog, native to Hungary and prized for its extra lard
- In Marrakesh, having lunch with a Moroccan family and seeing how dishes are prepared outside of the hotels and cafes
- In Tokyo, interacting with humanoid robots in English and seeing the future
- In Mexico City, visiting the workshop and laboratory where Carla Fernández and her team create the clothes for her collections, and learning of the social impact of their designs.

The goal for The Times, which launched its travel services in 2013 with educational cruises and expanded to longer regional tours for small groups, is to deepen readers’ relationship to the newspaper, Senior VP/Audience David Rubin told

Women's Wear Daily.

"The big shift for The Times, over the last five to eight years, is we're committed to being a subscriber-first business and that's about relationships and that model requires us to have people who really get what we do and love it and want to pay for it," Rubin said. "The repeat and highly engaged, committed relationship is more important to us than an atomic reading, if you will, a one-off big reading.

"With The Times, if you go back far enough to where we're largely regional and largely print, seeing everybody with the newspaper was a community-building thing," Rubin said. "So how we recreate that community is certainly something we talk about and while this is not at the same scale as the newspaper, of course, these are the kinds of things we can do."

One last tip: Create repeat award events

There is one type of event where the attendees actually do a lot of the marketing for you all year long: the annual awards event.

"A great tactic, especially when you have a single live event — the Wealth Awards — is one where you can promote it all year long," Informa Engage's VP/Digital Marketing Tricia Syed told Folio. "With an awards event, you have the advantage of the winners promoting their status to the audience as well.

"Another tactic for increasing engagement and participation, specifically for the Wealth Awards, was creating an award that focused the spotlight on the individuals instead of firms and initiatives," she said. "These categories got the highest number of nominations this year.

"Of course, as you get closer to the event, you increase the frequency and the visibility: but having it prominent on your website, no matter how passive, keeps it in the minds of your audience and advertisers," she said.

"I view events as critical platforms for publishers and brands as they foster connections between buyers and sellers or solutions companies and their potential or existing customers," she said. "Today, in the world of lead-gen marketing and digital campaigns the more behavioural data we can capture and share the more value to the client. At an event, the behaviour is literal and actionable and memorable. Events provide real-time networking and the opportunity to identifying where customers are in their journey."

All of those ideas should give you the information and motivation to get out there and start making money from events. Remember, even the event companies who have been doing business for years in your region or your niche don't have the advantages and resources you already possess.

MOVEABLE EVENTS: The New York Times partners with Urban Adventures, a subsidiary of Australian company Intrepid Travel, to offer tours in cities around the world based on content from NYT's travel section


Become
a member
and get
this bag
for free

7 BUSINESS MODELS

How does more engagement & more cash sound?

Memberships are not just a substantial revenue source, they also serve to cement and grow your relationship with your reader

Memberships are not just about tote bags.

Memberships also should not be thinly veiled tricks to get readers to pay extra for exclusive content or for early access to content or for a newsletter.

Those are transactions, not memberships.

Being a "member" of something implies being in a relationship. Where's the relationship in acquiring a tote bag?

"I came into work one morning recently and was bombarded... with links to another journalism site launching a membership programme. This programme (which shall remain nameless) offered a newsletter, early access to the publication, and that trope of all memberships: a tote bag," said Kate Myers, Executive Director/Revenue and Operations at First Look Media, a US-based journalism organisation, writing for the media advocacy site Poynter Institute.

The first step in starting a membership programme

A free membership programme makes financial sense if it serves to retain subscribers membership but aren't sure where to start, gather supporters and people who used to be supporters and people who might be supporters, and ask them what it would look like to participate with you [as members]," Membership Project Research Director Emily Goligoski told Poynter, a US-based journalism institute.

"They are the ones who can help decide what kind of benefit you can offer, if any, what ways to tap their knowledge and what appropriate prices are," she said.

Tap your audience to help you test products, Goligoski said. But you can't just ask, you also have to listen. The Membership Puzzle Project's research has found that members care about that, she said. You're not just giving them editorial control, but talking with them, listening to them and working to understand what you can do to make things better, she added.

"When I read the membership pitch, I was looking for some hint of a bigger picture, a way for the audience to more deeply connect with the mission of the publication," Myers wrote. "Instead, it seemed like a just a chance to up-sell their subscriptions.

"Today we're increasingly seeing examples of media companies experimenting with forms of 'membership lite' or subscription offerings that are dressed up to feel more like paid clubs than true communities," wrote Myers and her co-author, Membership Project Research Director Emily Goligoski. Both Myers and Goligoski oversee and study journalism membership models at their organisations.

Memberships should invite readers in

"A subscription model requires audiences to pay money to get access to a product or service," they wrote. "A subscription conveys a transactional relationship. A membership model invites audiences to give their time, money, connections, professional expertise, ideas, and other non-financial contributions to support organisations they believe in."

For example, at the Honolulu Civil Beat, they invite their members to come to monthly coffee chats with their staff in the newsroom. "It's a way to build trust [and] get ideas in the door," Civil Beat's Major Gifts Manager Mariko Chang told Myers and Goligoski. "These events have led to contributions for coverage, including the site doubling down on its coverage of secret police commission meetings and to an event series on news literacy in partnership with the state's library system."

Some more examples:

- The **MinnPost** in the US has trained members to be content moderators
- At the US-based **What The Fuck Just Happened Today**, members are grammar police, volunteer video editors, and podcast producers
- In the Netherlands, **De Correspondent** members offer feedback and proofreading
- Members of US-based **ProPublica** share professional expertise
- **La Nación** in Argentina has trained subscribers to be fact-checkers
- In Scotland, **The Ferrett** has community engagement events around education, helping

the community better understand the news. Those events are now standing-room only.

A variety of media membership models

At the tabloid New York Post, editors decided their membership programme would focus NOT on a transaction model offering exclusive content but instead offering unique experiences and interactions with Post staff.

"Loyal users want things we aren't giving them now," said Remy Stern, the New York Post's Chief Digital Officer, at the 2018 Digiday Publishing Summit. "They want to meet their favourite columnist. They want to come to the office and see how the headlines are written."

Research, reader testing, and reader interviews made it clear that the Post's audience would not pay for content but they do have a deep and apparently unsatisfied appetite for more sports and gossip experiences. The Post audience is huge, with more than 53 million monthly uniques in August 2018, according to comScore.

Stern said the membership plans are focused on serving an extremely engaged sub-set of its audience — the roughly 500,000 people who spend upwards of 30 minutes a day on its site.

One membership benefit bouncing around the Post is the chance for members to go to a New York Yankees game with their favourite sports writer, or get access to the Post's archive of millions of photographs or get a print of The Post cover from the day they were born.

At the end of 2018, the Post had not settled on a price for membership. "It's not going to become the single-biggest revenue stream, but as a publisher today, you have to be doing everything," Stern said.

A free membership programme makes financial sense if it serves to retain subscribers

Free memberships

Does a free membership programme make financial sense?

If it serves to retain subscribers, it does.

At USA Today and owner Gannett's 109 local news outlets, their free membership programme offers benefits ranging from curated food festivals to private dinners and movie clubs, USA Today Network CMO Andy Yost told Digiday. "The idea is less about growing additional revenue than offering unique content and experiences that would help retain subscribers."

"Retention with registered members is three to four times higher than subscribers that haven't enlisted in the programme," Yost said. "Subscription revenue accounts for about a third of Gannett's overall revenue. A percentage-point improvement in retention is huge — for us, that's big money."

Offering a community of commenters

If being a member of an organisation involves two-way communication (and it should). then the US-based Daily Beast may be onto something with one of their membership benefits.

The Beast Inside membership programme, at $100 a year, offers a lot of perks that smack of a transaction (exclusive content, early access to content, a newsletter, a podcast) but one perk actually sounds like a real membership value: the ability to comment on the site, even on the home page.

"We wanted to find a way to build deeper, more intimate relationships with our most loyal readers," Heather Dietrick, CEO of the IAC-owned Daily Beast, told Digiday.

The Beast chose to go with the membership

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Five keys to a successful membership programme

If a media company can increase its membership, paying supporters and subscribes from 15,000 to more than 570,000 in just three years, their advice is definitely worth hearing.

Since 2016, the UK-based Guardian hit more than half a million paying supporters, members, and subscribers. And the pitches that got them to that heady level also motivated another 375,000 people to make one-time contributions in just twelve months.

In a nutshell, the Guardian boiled their success down to five key steps.

Guardian Global Contributions Director Amanda Michel outlined those steps for the 2018 newswired conference as reported by journalism.co.uk:

1 START BY ASKING PEOPLE TO SUPPORT YOUR PURPOSE

"This sounds simple, but it's not," she said, noting that publishers often think they need to give readers something in return, like tickets, books or experiences — but a simple appeal is sufficient in of itself.
"There is an inherent concern that something has to be offered — but we learned from our readers that those sorts of things didn't matter, it didn't matter to them or drove their interest, and they certainly didn't want their money spent on things like tote bags."

2 GET YOUR PITCH RIGHT

"One of the most important factors in your success is the pitch," she said.
"Learning to ask is about trying to narrate what you're trying to do and why," she said, noting that it is crucial to explain to readers the role it plays in society.
"This can be difficult for news organisations because we pride ourselves on our storytelling ability, but now we have to tell our own story — this means developing an organisational self-awareness and learning to perceive yourself as your readers do.
"A lot of people are surprised that our appeal is long, but our audience reads our journalism, and through research such as surveys, live AB test and test groups, we heard that shorter appeals feel half-done — feeling like you are effectively running past someone in the street and yelling 'can you help' before running off." she said.

3 FIND THE RIGHT PLACE FOR YOUR APPEAL

"We found that our pitch worked best alongside the journalism," she said. She said they found that it was most natural for readers after they had read a story to be asked to contribute, and also only fair to ask as well, instead of putting up barriers in front of their content.

4 MAKE IT EASY

"We have received single contributions from readers in 170 countries. Making it easy and intuitive to contribute, regardless of somewhere someone lives takes work," she said.
When someone contributes to the publisher, they set the terms, she said. They decide how much, how often and how to pay, which means they have to make several decisions on top of paying. "We have gotten obsessive over the process, to try to make it as intuitive as possible."

5 ASSEMBLE THE NEEDED SKILLS IN ONE TEAM

A small-cross disciplinary team starts more slowly but succeeds sooner, Michel explained, noting the Guardian involved people from across the publisher from marketing, editorial UX and engineering departments to collaborate and test it out.
"We tested everything along the way, making hypotheses as to what would be the end effect of the work? It meant we could learn together as a team when we reviewed the results."

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revenue model and keep its website content free-of-charge to enable more, rather than fewer, people to discover that content and, perhaps, become a member. Dietrick cited industry research showing that roughly two percent of a media company's online audience will pay for content. Dietrick says she believes the Beast's audience is more loyal than average and sees sign-ups going beyond two percent.

At present, Dietrick says current staff will run the membership programme but she expects to bring on dedicated staff in the future.

Another content-engagement model

In some cases, where readers value the media company's content very highly, the mixed-perk membership model of content and engagement works.

Quartz, a respected US-based business news site, launched a membership programme in late 2018, featuring both exclusive content and opportunities to interact with the site and its authors and editors.

"We really want our readers' feedback, we want to listen to them"

Priced initially at US$99/year (increased to US$150/year in early 2019), the membership engagement elements include a new app that allows members to communicate with Quartz staff and big business personalities as well as to comment on stories in the app.

Membership also includes special weekly field guides on hot topics that will enable readers to be smarter in their professional lives. Members can also submit questions for Quartz reporters to use in interviews, and they can attend regular conference calls between members and Quartz writers. And in 2019, Quartz introduced events open to members only.

The field guide is an example of when exclusive content makes a membership truly valuable. "The clearer it is that your membership solves a real problem for readers, the more you're going to edge toward that higher price point," said Rob Ristagno, the Founder of US-based digital consulting firm Sterling Woods Group, told Digiday. "You've got to make them more skilled at their job, or you've got to make them more successful at something they're enthusiastic about."

"We chose the word 'membership' deliberately," said Zach Seward, Quartz's chief product officer. "In addition to the content you get, it's a relationship with Quartz."

Like the Daily Beast, the membership content is created by existing staff.

"We simply ask people to give us money, and they do"

From its launch in 2014, the Philadelphia-based local news site Billy Penn wanted community engagement. Four years later, that translated into a membership programme.

"From the start, the philosophy behind Billy Penn was to be engaged with our readers, to not be talking down to people as if we're in some ivory tower and we know things that you don't,'" Editor Danya Henninge told New York-based digital data consulting firm Parse.ly. "We want to be on the same level with our readers. It fit right in to launch a membership programme. That's one of our main revenue streams — or, we're working on making it one of our main revenue streams. Instead of forcing people to buy a subscription or pay to get past a paywall, we simply ask people to give us money and they do.

"If we're going to ask for your support, your financial support, then we're going to care about what you say," she said. "We really want our readers' feedback, we want to listen to them and make sure that's the message we're getting across.

"It's not about the tote bag. When we were first designing the membership programme, we picked three tiers and if you're at this tier, you get this many perks, and if you're at this tier, you get this many perks," she said. "As we started to get members and to get feedback, we realised that people were not joining because they wanted a laptop sticker or they wanted a discount at a couple of events. They were joining because they cared about our work, and they liked us, and they wanted to see us succeed."

Friends to the rescue

Bespoke software systems built BY media companies FOR media companies have proven successful and profitable for a select few

BUSINESS MODEL

If you've worked at a media company, you have had the "pleasure" of using a content management system or ad management tool, and you know it is, in fact, rarely a pleasure.

In the last five years, a few media companies decided to do what everyone else was thinking: WE could do a better job at this!

And why not? Who knows the needs of the editorial and advertising departments better than those departments themselves?

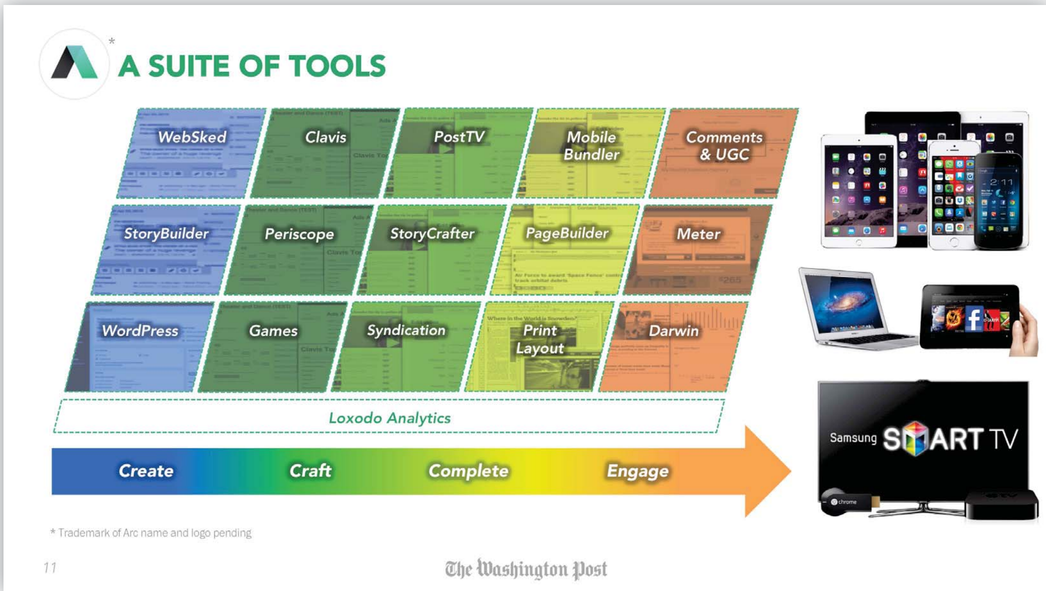
The frustration boiled over first at the Washington Post back in 2014. Over the following few years, Vox Media, New York Magazine, and Hearst all got into the Software as a Service (SaaS) business.

The Washington Post's Arc system

Even before Amazon chief Jeff Bezos bought The Washington Post, the company was moving in the direction of solving its tech problems by itself.

While the company was scrambling to keep up with the lightning speed of digital change, they, like most other media companies, discovered that their CMS and ad management systems were holding them back.

"As a business, we asked more of our newsroom," Jeremy Gilbert, the company's Director of Strategic Initiatives, told Fast Company. "What we noticed was: 1) We didn't have the tools to be more productive and, 2) The CMS was a fairly monolithic platform. Adding any features to it, making any changes to it, or getting support from



MEDIA OWNER AS IT PROVIDER: In just over four years, the Washington Post has grown its tech products to 17 increasingly integrated modules that power the increasingly essential elements of the media business

vendors was just very difficult."

The problems went beyond the CMS. Slow load times were killing the reader experience, especially on mobile devices. "Sometimes people were spending mere seconds with a story," Gilbert said. "And so if all you can accomplish in those handful of seconds is loading the headline or loading an ad or a single photo, then you've really done them a disservice."

Led by CIO Shailesh Prakash, the Post's technical team responded to these issues by building a publishing platform from scratch, beginning with a page-rendering system called PageBuilder, which rolled out in early 2013 and which the company has continued to refine.

"Over the time that Shailesh has been here, we've taken our stories' [load time] down by about half, going from about six or seven seconds to render an individual article to sometimes less than two seconds now," Gilbert said.

From one to 17 products in short order

In just over four years, the Post has grown its tech products in a stunning way, building 17 increasingly integrated modules. These tools power the increasingly essential elements of the media business, from newsletter creation and native app creation to recommendation engines, A/B testing, audience analytics, and beyond:

1. **Ellipsis:** A web-based digital storytelling tool built for teams who need to quickly create high-quality news and narrative content on all platforms
2. **Anglerfish:** The photo management system for Arc
3. **Goldfish:** The video CMS, enabling video version management, captioning, variant testing, and coordination of different video streams across platforms
4. **WebSked:** An editorial scheduling, assigning, budgeting, searching, and planning tool that provides complete insight into all the content your editorial team produces
5. **PageBuilder:** An easy-to-use WYSIWYG page curation tool, built for mobile that includes metrics and testing
6. **Bandito:** A variant testing engine that allows you to run multiple variants of headlines, blurbs, and photos to improve clickthrough rates
7. **Darwin:** A UX-improvement tool that manages and runs parallel A/B tests (or A/B/C/D tests) for the whole site
8. **Clavis:** A personalisation engine powered by natural language processing that uses

first-party clickstream data to personalise article recommendations and ad targeting to improve clickthrough rates and increase advertising rates
9. **Metered Paywall:** A tool to give users a certain number of free articles every month (and change it in a targeted fashion), and then bring them into the conversion flow
10. **Carta:** A newsletter management system, enabling the creation and management of flexible templates for daily and weekly newsletters

According to the company, Arc is used by more than 30 clients operating more than 100 sites on four continents. Some of the biggest global media names are Arc clients, including:

- Grupo La República (Peru)
- Arc Publishing (Japan)
- ABC Color (Paraguay)
- El País (Spain)
- Dallas Morning News (USA)
- MADSACK Media Group (Germany)
- Boston Globe Media Partners (USA)
- Bonnier (USA)
- Philadelphia Media Network (USA)
- Le Parisien (France)
- US Tronc (USA)
- New Zealand Media & Entertainment (New Zealand)
- Infobae (Argentina)
- Globe and Mail (Canada)

And it seems to be working as promised. For example, in the first year after its switch to Arc, Argentine news site Infobae's unique users grew by 110% and its page views by 254%, Infobae Founder and Publisher Daniel Hadad told Fast Company.

While the Post doesn't release figures, the company announced that Arc revenues doubled from 2017 to 2018. By Q1 2019, Arc "will power over 400 websites and serve over 10 billion page views per month as ongoing implementations go live," Prakesh told media business analyst Ken Doctor.

With fees ranging from US$10,000 to US$150,000 per month, the company's goal of making Arc a $100m business does not seem far-fetched.

"We raise our own CPMs over here with our technology. So, can we do that for others?" — CIO Shailesh Prakash

Cost savings also drive adoption

The attraction of media tech solutions built by a media company is obvious. And that is driving a lot of their business. But so is the cost savings.

"The typical savings a single metro paper might derive from switching to Arc is typically around 15% to 20%, but there are other places where we believe the savings are even closer to 60% or 70% simply because they have so many vendors," Prakash told Doctor writing for the journalism think tank Neiman Lab.

That reduction in vendor count is something publishers often cite — both for the cost savings and the time saved that used to be consumed dealing with multiple companies and focusing on integrating their various products, according to Doctor.

Another benefit of outsourcing tech to a service like Arc is that it frees up a media company's limited resources to focus on other mission-critical tasks, according to Doctor. One team of Bonnier's engineers, for example, spent most of their time supporting Sandcastle, its custom-built CMS, Doctor wrote. Not anymore.

Arc also lets clients access third-party tools at lower prices thanks to Arc's purchasing power, Gillespie told Doctor.

What's next? A network and a flexible pay wall

With its increasing reach, Arc is now looking to become a network as well. "Arc is reaching a critical mass of most of the advertising markets in the United States, the major markets," Prakash told Doctor. In 2019, the Post will test an ad network using their Arc clients.

"We've got this technology we call Zeus, which basically does more effective header bidding," Prakash told Doctor. "It does things like autoplay for video, refreshing of ads. And I think our sales team is fairly good on the programmatic side at figuring out how to get more, how to squeeze more money out. We think we can raise their CPMs. Certainly, we raise our own CPMs over here with our technology. So, can we do that for others?"

After the introduction of Zeus, the Post's CPM ad rates increased by 30%, according to Prakesh.

The Post's next tool will be a more sophisticated flexible paywall tool to enable rapid and frequent paywall testing. Prakesh envisions software that will enable media companies to, for example, test making their food paywall tighter than their travel paywall. Or making traffic from some referral sites unmetered for a day.

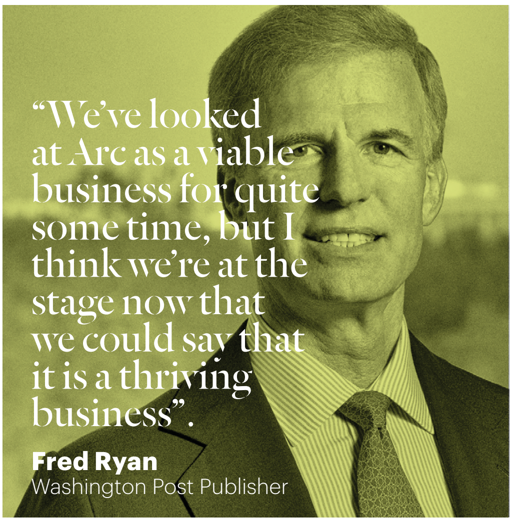
From the Post's point of view (and that of any other media company creating SaaS tools, there are benefits beyond the revenue. "Sometimes — usually, honestly — the things the Post needs to support its own editorial department become the features that the other clients of Arc use," Gilbert told Fast Company. "But sometimes other clients request things that end up actually benefitting the Post."

"We've looked at Arc as a viable business for quite some time, but I think we're at the stage now that we could say that it is a thriving business," Post Publisher Fred Ryan told Doctor. "There's incredible demand from not just legacy news organisations, but from digital native organisations and brands as well."

The trouble is that this is not a business model for the feint of heart or financially pressed. ARC employs 110 people, 100 of whom are engineers. They expect to reach 160 in 2019. Developing flexible, bespoke software is not a low-cost operation.

The other media SaaS players: Vox

Vox was founded in July 2005 as SportsBlogs Inc. and was rebranded as Vox Media in 2011.



According to Comscore, Vox is the 30th most popular media company among users in the US. Vox boasts seven well-known media brands: The Verge, Vox, SB Nation, Eater, Polygon, Curbed, and Recode.

Like the Post, Vox started to develop tech internally to solve their own problems. Over ten years, their tech, called Chorus, has evolved into an integrated software ecosystem that powers multimedia content creation, supports cross-platform programming, and delivers integrated, premium advertising at scale.

Using the success of Vox Media's editorial teams as a guide, Chorus evolved to address a wide variety of media company needs — from multimedia content creation and cross-platform programming to premium advertising at scale. Today, 10 brands and more than 350 unique sites use Chorus to connect with their audiences.

Chorus enables publishing across channels and media types with fast and functional UX. Chorus is integrated with Google AMP and Apple News with flexible templates for feature stories, articles, videos, maps, and more. It also enables the promotion of stories and videos on a homepage, Twitter, Facebook, etc., and includes a dashboard with actionable insights from cross-platform analytics.

Chorus is also seamlessly linked with Concert, the ad marketplace that offers premium brand-safe advertising at scale.

While Vox had a rough beginning to 2018 when they laid off 5% of their workforce, the success of their operating systems remains the envy of other media companies.

"The joke is that Chorus is a unicorn with a kitten on its back. People think it is a magical system that fixes everything," Vox.com co-founder Melissa Bell told The New York Times.

Hearst aims at companies needing to integrate

Hearst adopted the IT Provider business model relatively recently, launching their SaaS solution — MediaOS — in 2016. The differentiator for Hearst is that MediOS supports both "old school" and "new school" media companies. For example, their clients include the British-based entertainment, television and film website Digital Spy, as well as "old school" properties including Cosmopolitan and Elle and television stations.

Given its provenance, it's no surprise that

VOX started to develop tech internally to solve their own problems. Over ten years, their tech, called Chorus, has evolved into an integrated software ecosystem that powers multimedia content creation, supports cross-platform programming, and delivers integrated, premium advertising at scale

the system is anchored in a sense of unity and consolidation, integrating cross-platform content creation, distribution, ecommerce, video, analytics, ad deployment, and operations in a single system. MediaOS also has baked in a suite of third-party tools.

New York Media explores blockchain systems

A bit later to the IT Provider business model, New York Media (NYM) started licensing its content-management system called Clay in early 2018 after signing their first customer, the digital news site Slate. Shortly thereafter, Entercom's radio.com and golf.com signed on as customers of Clay.

What sets the New York Media IT offering apart is their collaboration with Po.et, a blockchain-based platform designed to track ownership and attribution for digital creative assets. Together, NYM and Po.et to power blockchain development in its content management system.

While there are no hard details, there are hopes that the partnership would encourage developers to create blockchain apps that solve a plethora of media issues such as rights-management tools to track the origin of aggregated stories and videos back to their sources. Po.et is already a Clay plug-in that allows any developer to create apps.

"There are opportunities to build commercial products on Po.et that Clay can then leverage and sell," Jarrod Dicker, CEO of Po.et, told StateOfDigitalPublishing.com.

Moral of the IT Provider business model story?

The success of the Post's Arc, Vox's Chorus, NYM's Clay, and Hearst's Media OS demonstrates that it is indeed possible to make a business out of SaaS offerings. The industry finally woke up to the fact that off-the-shelf software was never going to cut it.

But is there room for more media companies in the media SaaS sector?

It's hard to say "no" because that would have been the answer not too long ago to the question: "Can a media company compete as an SaaS merchant?"

There are probably media niches out there with unique software needs that are shared by multiple similar companies. Be the first to solve those needs, and you could find yourself in the SaaS business.


DYNAMIC

Media companies have had the DNA to be an agency for decades, we just didn't know it

Almost everything a brand needs to create campaigns exists in media companies in spades

What makes a successful agency?

- Knowledge of a desired audience
- Knowledge of the brand's customers
- Access to and a relationship with the desired audience
- An audience database second to none
- Exquisite storytellers. Expert videographers
- Media tech expertise
- Proven, sophisticated design capabilities
- Multimedia, multi-platform, multi-channel expertise
- Proven marketing expertise
- A nuanced understanding of how to build sophisticated multi-platform campaigns

Does that list sound like a media company to you?

Sure sounds like a media company to me.

The expertise inside media companies is looking like an agency to more and more brands around the world. Many have given up trying to create branded content and media campaigns on their own, or even with traditional legacy agencies.

As a result, many media companies that have created in-house agencies are seeing results that have come to represent from five to 60% of total revenue! Consider this example:

Time Inc.'s Foundry: Nine-figure revenue

In 2014, there was no in-house content studio at Time Inc. (now part of Meredith).

In 2015, Time launched the Foundry studio with three employees.

By 2017, Foundry employed 150 people and had become a nine-figure business.

The Foundry is full service and offers creative ideation, strategy, content, distribution, data and analytics. "We had been working with marketing partners in traditional ways and realised there was a bigger opportunity in storytelling and began offering the service," Foundry CEO Chris Hercik told Folio.

Half of the studio's staff came from Time's custom publishing division and its magazine and digital brands, the other half from outside. Recent clients have included Jaguar, Lexus, Tiffany & Co., Coach, Western Union, and Walgreens.

While Foundry might be an outlier, they are by no means alone in proving the agency business model can work for a media company.

It's the story, stupid!

Media company agencies must know when to say "no"

In an interview with Digital Content Next, Graham McDonnell, International Creative Director for T Brand Studio, laid out how being an in-house agency means adopting a different and more aggressive posture with advertisers.

"Brands come to us with their brand message and they look to us to position that message within a story that will resonate with our audience," McDonnell said. "Of course, brands will push hard to put their message first. It's up to the publisher to push back and put the storytelling first. That's what will drive results.

"Some clients come to us and say they want AR or VR," McDonnell said. "They want all the bells and whistles and all the flashy toys. But we tell them it's much more important to think about the story first and then how to tell it. This means taking a step back to think about the type of story your audience will want to engage with, not the tech you'll need to tell it."

Brands discover the difficulty of publishing

Brands' interest in media company studios is a result of their insatiable appetite for fresh, relevant, exquisite, compelling content. Many brands have tried creating that kind of content in-house but they have discovered what magazine media have known for hundreds of years: It ain't easy!

Without editorial expertise and infrastructure, brands have had a difficult time attracting and directing editorial talent. They've discovered it's easier, more efficient and far more effective to buy high-quality editorial expertise.

In just a few years, the number of publishers building out branded content has soared from 15 to more than 600 — and counting, according to a study by DigitalContentNext.

And some, like the New York Times' T Brand studio, are acquiring specialised skills in influencer marketing or tech skills such as augmented reality, virtual reality, video, and 360-degree filming through hiring or acquisition of specialist companies. The NYT recently acquired Hello Society, an influencer marketing agency, and Fake Love, a design-driven agency specialising in one-of-a-kind live experiences.

In the world of media company agencies and native content, profit margins run from 5% all the way up to 80%, depending on whether publishers include the media spend as part of the native ad revenue or put it in another bucket, according to a study of publishers by Melanie Deziel, who used to work for The New York Times' T Brand Studio and now consults to publishers' content studios.

"Studios that are much larger tend to have lower margins," Deziel told Digiday. "Those that rely on paid social tend to have lower margins. Anyone that has a slim team and higher organic reach tends to have higher margins."

THREE YEARS AFTER ITS LAUNCH, New York Media's Brand Studio employs nearly 20 staff, including social strategists, editors, producers, designers, and event coordinators who produce the studio's full-service offerings

Here are more examples of successful media company agency studios:

Studio 2G at Atlantic Media: 33% growth in a year

Five years ago, the Atlantic Media's business-to-government brand Government Executive launched a content marketing arm called Custom Strategies. In September 2017, they rebranded the team as Studio 2G to expand its services well beyond content marketing.

"They [clients] started asking us to write articles they needed," SVP of Strategic Marketing and Insights Will Colston told Folio. "From there, they needed more support because the markets became more complex. We expanded the range of services we provided, going way beyond what we were doing."

Indeed. From offering only branded content, Studio 2G, with more than a dozen staffers complemented by outside experts, now offers videos, microsites, case studies, white label events, e-books, native content, newsletters, white papers, assessment tools, and more.

"Marketing services and custom content are central to the benefits we provide our partners and clients," CEO Tim Hartman told Folio. "As business has gone digital, content marketing, analytics, and account-based marketing became critical to their [the clients'] success."

The success in Studio 2G's first year was impressive: a 31.5% year-over-year revenue growth, an 11% year-over-year client base growth, and a 16% year-over-year average client account growth.

> "Marketing services and custom content are central to the benefits we provide our partners and clients"

One of the keys to Studio 2G's success is their aggressive approach with their clients.

"A client may come to us looking to enhance their message among cloud technology purchasers with the Department of Homeland Security," said Hartman. "We'll come back to them with our strategic outline for lead generation and describe the full breadth of our capabilities, which may include co-produced white label events, explainer videos, and native content. The client may have never considered these options, but this is what makes us so unique: our ability to create concepts that drive tremendous value."

New York Media's Brand Studio: Changing daily with the technology

Like Studio 2G, New York Media's Brand Studio has grown far beyond branded content.

Today, three years after its launch, the studio employs nearly 20 staff, including social strategists, editors, producers, designers, and event coordinators who produce the studio's full-service offerings.

"What we do changes daily with technology," Head of Sales Marketing Jackie Cinguina told Folio. "Our challenge is keeping up with emerging technology and determining what canvas we should test."

At Brand Studio, they have seen a substantial increase in clients' demand for video, with a four-fold increase over its four-year history, which has also matched the studio's increase in the number of new clients and repeat clients.

Today, Conguina says one-third of New York Media's ad revenue comes from the studio. But she's not satisfied. "We want to continue to grow it until it's the whole pie," she said.

The biggest hurdle Brand Studio faced is one faced by other media companies who don't boast the size and reach of companies like the NYT and Meredith.

"We're not a behemoth media company," Conguina said. "We had to prove that we could generate critical mass. But there is a lot of love for our brands, from our audience and the advertising community. They were willing to go with us and they reached their goals."

CNN: Where data informs the studio's creativity

Like most media companies with a full-blown studio, CNN International Commercial's branded content studio, Create Group, started with a single, limited focus. In their case, it was to be an internal studio to create high-end television commercials.

Today, the Create Group develops, produces and delivers all branded content on all platforms.

Create Group employs 35 staffers, including filmmakers, designers, editors, directors, and producers as well as a network of on-call writers and copywriters who are specialists in their fields. And, like the other emerging media studios, Create Group is building content for their own and other channels. Create Group's work appears on CNN's own channels but other content they create, such as 360-degree videos, appears on Facebook and Snapchat.

One trait that makes Create Group stand out is their use of data. "I think all publishers are looking at how they use their capability around data and audience understanding and how they can extend their clients' content off-platform," VP James Hunt told Folio: "That is also a big focus for us and something we are starting to do more and more."

Create Group uses data to get under the skin of the audience, Hunt said "The data is really used to inform creativity. We have a number of proprietary tools that allow us to pull trends or topics relevant to the client's audience and that help the creative process at the front end."

> "Our ability to create concepts that drive tremendous value is what makes us so unique"

Create Group now is responsible for 60% of CNN's revenue, up from just 6-10% a few years ago, according to Hunt.

"We like to consider ourselves now as a proper strategic partner," Hunt says. "We no longer talk about spots and banner[s]. That can still be important, but the lion's share of the conversations we are having with our clients is about solving tangible business challenges and delivering solid marketing results."

In Asia, Singapore Press Holdings (SPH) brought together its content marketing teams — SPH Content Lab and Brand New Media — along with CreativeLAB and Think, as one unified entity to offer top-of-class client solutions.

The launch of the Sweet brand is aimed at strengthening its alliance with agencies and clients. SPH said Sweet is designed to meet the increasing demand among clients for integrated storytelling across a range of multimedia formats, which has been steadily growing over the past two years.

Sweet plans to deliver solutions in content, creative, branding, events, advertising campaigns, and inbound marketing.

Those companies are just a few examples of the trend among media companies to embrace the agency business model.

More than a third of all media companies have in-house studios

In a 2018 survey of 231 media companies in 51 countries, the Native Advertising Institute and INMA found that 35% of publishers have created an in-house studio.

In 2017, 26% of media companies contracted with outside agencies to create native advertising for their clients. Just one year later, that number has been halved: Now only 13% work with outside agencies.

Almost half of publishers with in-house studios use their editorial staffs to produce native advertising, up from 42% in 2017.

And more media companies are taking the controversial step of going outside their own platforms for campaign placements. "Many are starting to offer services that would normally fall less naturally to them, such as media buying on social media platforms other than their own (35%), as well as on traditional media platforms other than their own, and even content solutions on client's own platforms (29%)," according to the report.

One of those outside-the-box offerings is white-label content.

White label content: A double-edged sword?

It's a slippery but natural slope.

As more media companies produce more content and products for their advertising clients, it's a logical progression for the client to want to leverage that content and give those products the

Not so fast: It's not as easy as some make it look

The New Republic: A cautionary tale

Back in 2015, American political magazine The New Republic embraced the agency business model. They signed some big clients, including IBM, Getty Images, and academic testing site Casper.

They closed one year later.

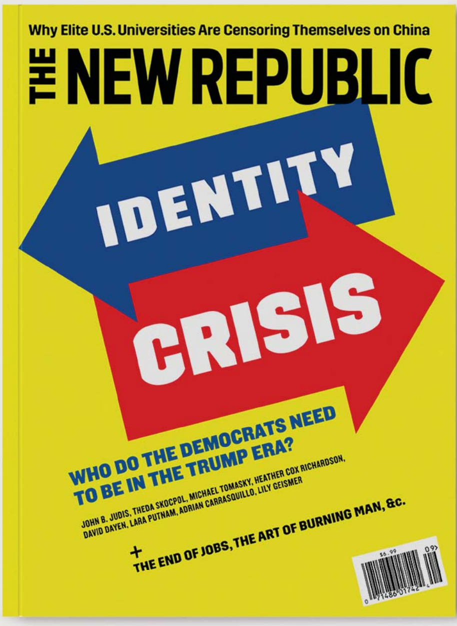
What happened?

Part of the blame has to fall on the train wreck that was the brief ownership of the company by Chris Hughes (who sold the company in 2016 after four years of turmoil and US$20 million in losses and spun off the studio).

But to hear the explanation from the man Hughes brought in to run the agency, OKayvan Salmanpour, sheds some valuable lessons for other media companies.

"What I realised was that even though we had the editorial prestige, we didn't have the scale, infrastructure, resources, and technology to execute on that," Salmanpour, who now runs content marketing at Hearst Digital Media, told Digiday. "When you're answering these RFPs, you have to be as creative as possible. And it's a case of whiplash because whatever's hot and new probably has to be included."

Agency business model critics and those urging caution insist that the rapid growth of studios among media companies obscures the very real and substantial challenges involved in making the business model work. The costs of creating top-quality content, maintaining overhead, and financing distribution costs are high. On top of that is the increased competition as more media companies are offering these



services and agencies are getting better at the content creation game.

If running a display ad on your own site is nearly all profit, the margin on a branded content campaign could easily be half that, Paul Rossi, President of The Economist Group, told Digiday.

"If you look at the real challenge of native advertising, it's really more about the margin than the revenue," Rossi said.

Studios aren't cheap. Expert staff or contract writers, photographers and videographers are expensive. So is the equipment to produce the content, especially video. Additionally, premium multimedia content must be created that can run across not just the publisher's site but on various social media as well, adding to production costs. Shooting a video in your test kitchen is one thing, but shooting on location will eat up profits quickly, Rossi said.

Then there is the problem of scale. Increasingly, publishers can't satisfy the scale of campaigns on their own platforms, necessitating the purchase of distribution off-site. Those expenses eat away at margins in a big way.

As many as 80% of publishers use paid distribution to get sufficient scale for their branded content, with about half using paid social, according to a report by Polar, a company helping publishers get scale for branded content.

Brands have also learned that they can cut costs by buying their own off-site distribution, cutting out the media company.

And the increasing competition among media company studios is causing publishers to lower prices, according to a 2017 Content Marketing Institute study.

Also, agency style selling is not the same as selling display ads. "It's just not a natural thing to have a creative arm inside a sales organisation," Stephanie Losee, who helped launch Politico's branded content studio and is now Head of Content at Visa, told Digiday. "There's a natural tension between a product that salespeople can sell that requires an enormous amount of attention and input to execute and another product that's much more straightforward. That requires a new kind of salesperson who has as much a creative mind and an ability to read a room as make a sale."

widest possible exposure to get the maximum reach and impact.

As a result, more clients want media studios to produce content for use outside the publisher's properties and without mention of the publisher. In other words, white-label agency work.

Some publishers shy away; others embrace the challenge.

PopSugar is one of the enthusiasts.

PopSugar: Helping clients buy rather than build

The white labelling thing is new and is not yet a significant revenue producer… but it IS growing fast.

"Digital is the most pervasive, mobile and low-cost way for [brands] to touch their audiences daily. But they need fresh, original content to do this, or they get stale," Marshall Strategy Managing Director Ken Pasternak told Digiday. "The white-labelling trend you're seeing tells me many brands prefer to buy it rather than build it."

For PopSugar, which began offering white label services in 2016, they only represent a single-digit percentage of the company's revenue, though it's more than doubled year over year from 2017 to 2018, PopSugar CRO Geoff Schiller told Digiday.

PopSugar has created everything from white-labelled content for an advertiser's own website to producing white-label episodes of broadcast television. To make the process as financially viable as possible, PopSugar contracts with different freelancers depending on the client's specific needs.

Working with brands repeatedly makes it easier to do these programs efficiently, Schiller said. "Margin is an evolution: The more clients we take on, the easier it's been to get more efficient."

Other media companies see white-label work as low-margin and a potential cannibalising of their own branded content business.

At PopSugar, cannibalisation has not happened. In fact, the reverse is true. Since PopSugar launched its agency services business, the clients it has worked with have all increased their branded content investment at least 200%, according to Shiller.

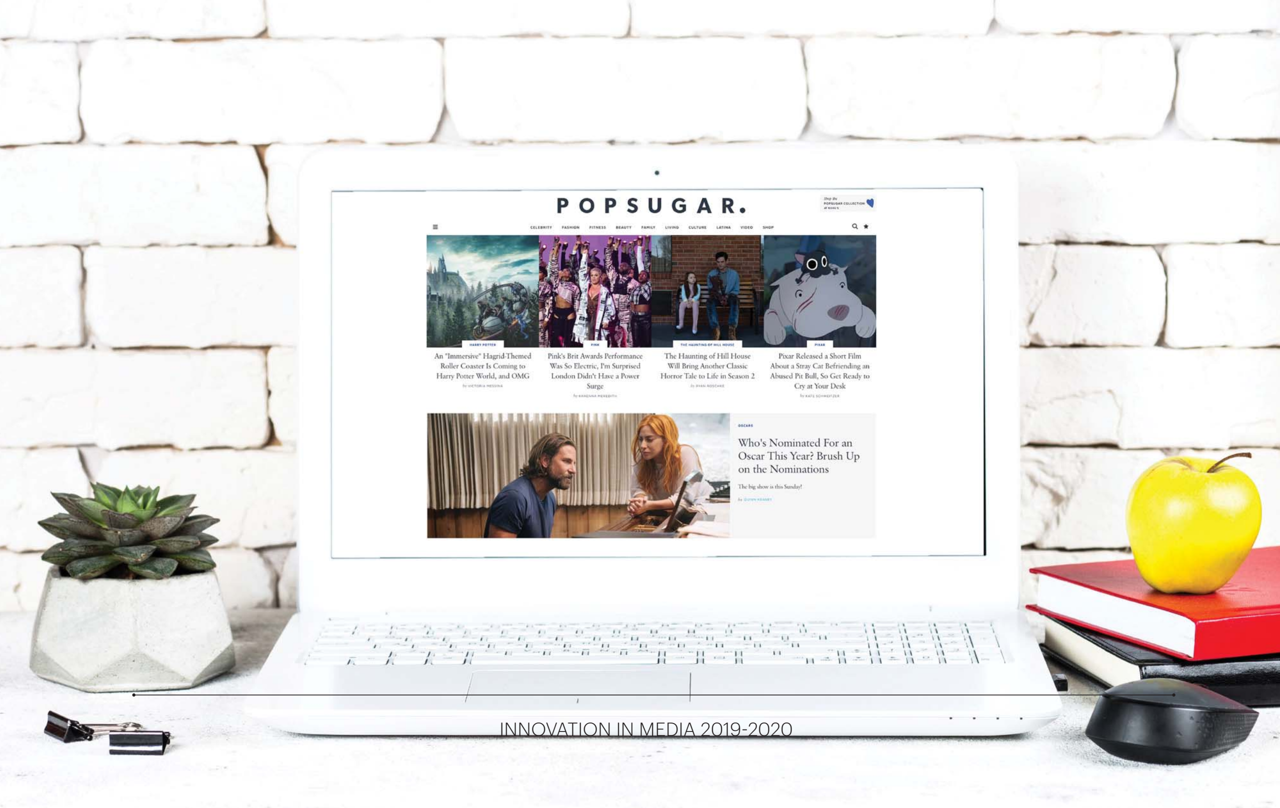
For companies who'd avoided white-label work, the needs of their clients might end up pushing them into white-label work.

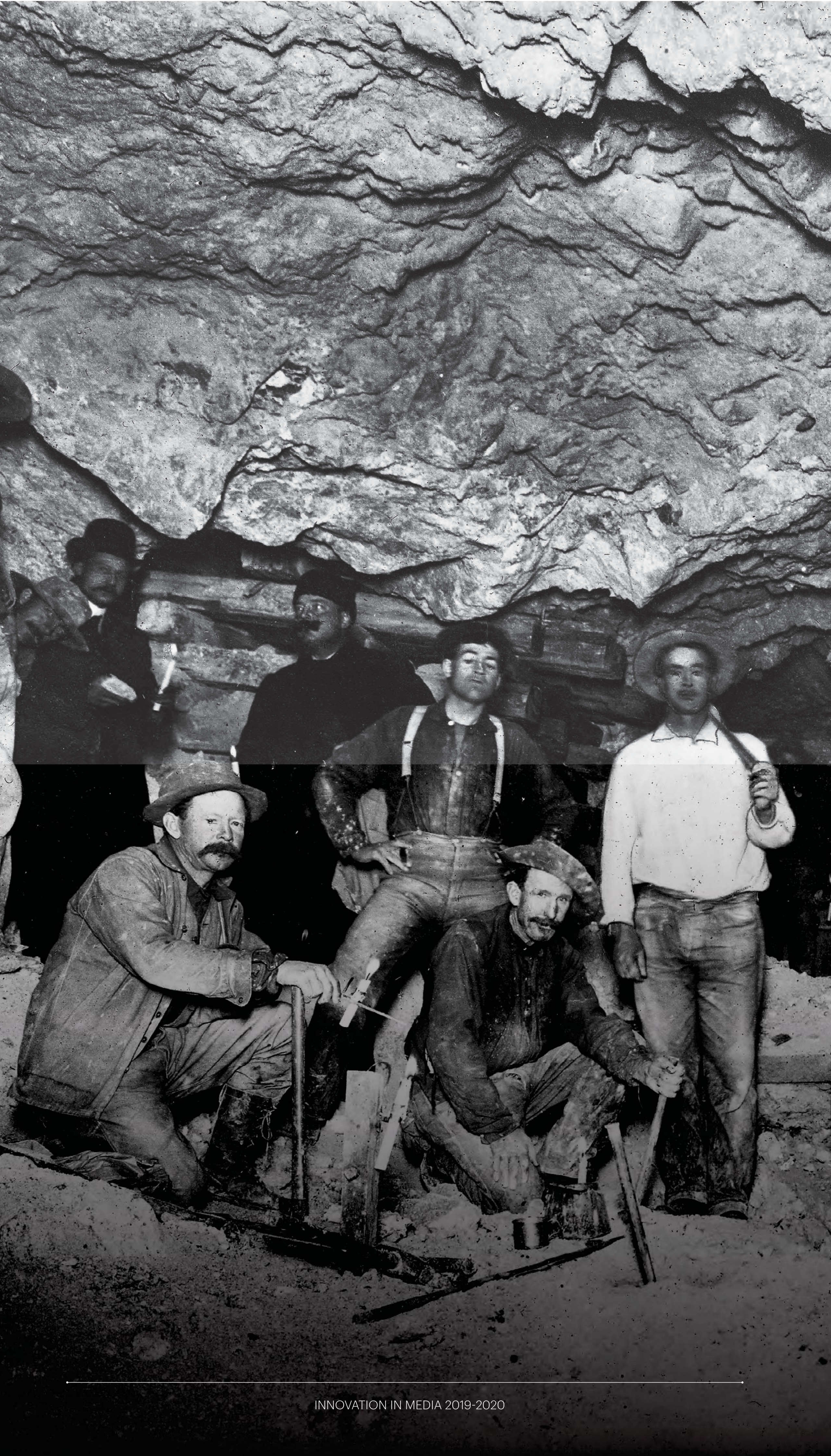
The Washington Post has mostly rejected white-label work. But "we're naturally becoming more than a content studio," Annie Granatstein, the head of WP Brand Studio, told Digiday. "So naturally, they start coming to us with questions that are deeper than just a campaign."

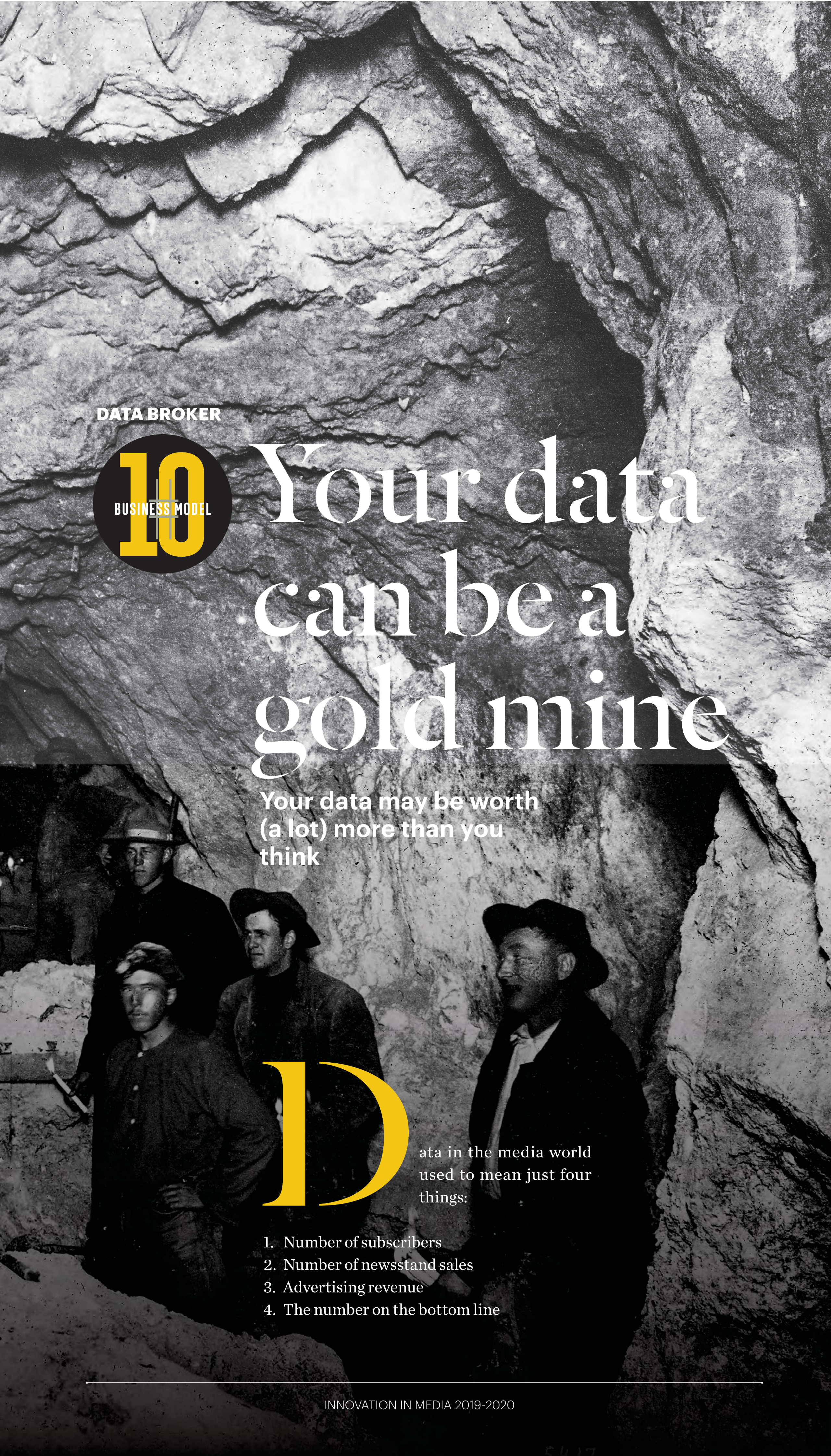
If the last few years are any indication, media companies can expect more and more clients coming to them to tap into their storytelling and audience insights and expertise.

Media companies without even a modest studio will be leaving money on the table.

Don't be one of them.







DATA BROKER

Your data can be a gold mine

Your data may be worth (a lot) more than you think

Data in the media world used to mean just four things:

1. Number of subscribers
2. Number of newsstand sales
3. Advertising revenue
4. The number on the bottom line

Today, data are what your chief data scientist parses and interprets for you. If you don't have a chief data scientist, data are what you and your team struggle to convert into editorial, sales, and marketing insights.

But even that is a limited view of the power of data today.

Today, data can be much, much more.

Data can actually make you some serious money.

Selling data-as-a-service (DaaS) has proven to be very lucrative for some companies. Its success has fulfilled the prophecy of Prescott Shibles, Senior VP/Data of advertising firm Randall-Reilly, who told the 2015 Connectiv Executive Summit that "targeting data will soon be worth more than advertising inventory."

Unfortunately, few media companies have figured out how to make that happen.

One company that has figured it out — big time — is the 48-year-old US-based B2B media company Hanley Wood whose data businesses bring in more than one-third of the company's total revenue.

It wasn't easy getting there

To get there, Hanley Wood had to reverse-engineer their entire business model to put digital and data first. As a result, they can provide unique data to advertisers, charge a premium for it, and boost performance on their own properties.

"What was tough was coming to understand that we had to change, that the next chapter of the company couldn't look anything like the last," former Hanley Wood CEO Peter Goldstone told

How NOT to monetise your data

It's not an exaggeration to say digital data freaks people out.

The kind of data Hanley Wood collects and monetises never leaves their control and is never used in a way that could endanger an individual's privacy, according to the company.

But media companies thinking of collecting and monetising data should proceed with a great deal of caution. Between GDPR, Cambridge Analytica, and recent news reports about data abuse, people around the world are increasingly aware of the dangers of data misuse.

In early 2019, Vice's Motherboard site caused a stir when they published a story about bounty hunters being able to pinpoint a person's cellphone by purchasing location data from data resellers. In short order, a group of US senators demanded an investigation into how telecom companies manage customers' location data. Three major telecoms subsequently promised to stop selling location data.

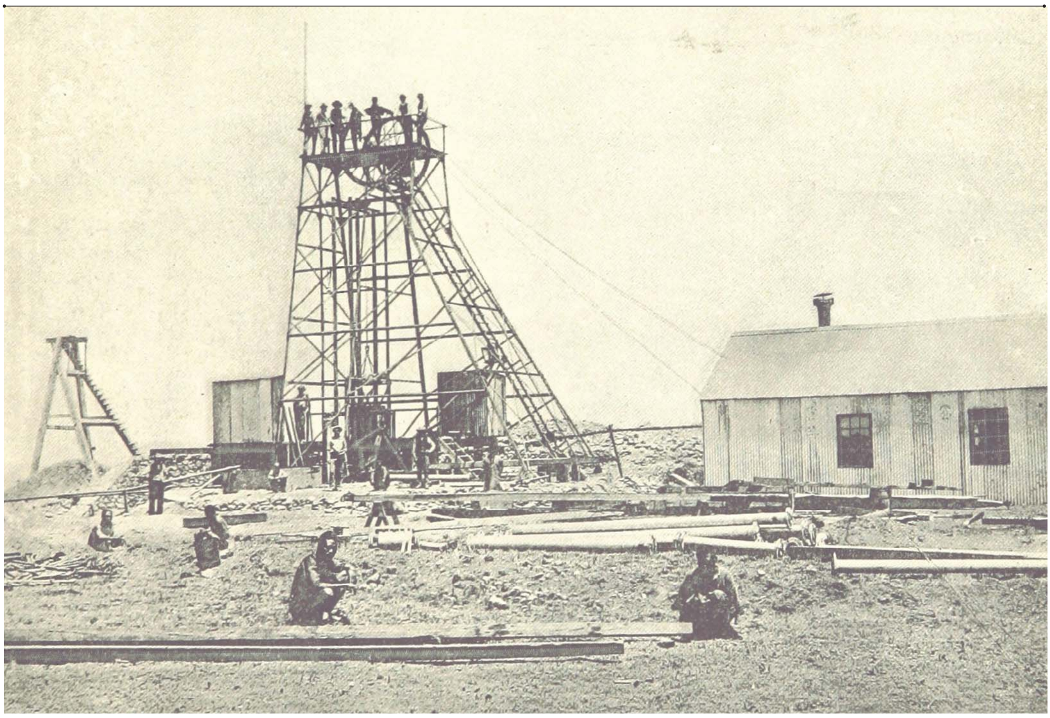
In late 2018, The New York Times published an explosive story proving that anonymised data they sold could still be used to identify people.

Among media and marketing companies, seven of ten of those companies report that they do not sell audience data, according to a survey of 300 senior USA decision-makers at those types of firms by data management platform firm Lotame.

For example, New York Media doesn't sell its data. "We are trying to develop a long-term relationship with [our audience], and like any relationship, it needs to be built on trust," New York Media Chief Product Officer Daniel Hallac told eMarketer. "This is done out of respect for our audience."

The GDPR and other data regulations are making media companies much more cautious about how they use their audience data, Shields Strategic Consulting CEO Mike Shields told eMarketer.

"Everyone is hyper-freaked-out about GDRP right now," Shields said. "They are going to be incredibly cautious with this sort of thing."



Publishing Executive (Goldstone left the company in late 2018 following its sale to private-equity firm MidOcean Partners). "And that meant that [we had] to make really tough decisions. We went from 35 print magazines down to 15. We're still generating three times the amount of content because we are leveraging digital platforms now. But it forced us to rethink the talent equation and technology investments."

The transformation of the company began in 2012 when Goldstone returned to Hanley Wood. He had been with the company for 11 years before leaving to become president of Government Executive Media Group, the B2B division of Atlantic Media, for a few years.

When he got back, he and his team came to the realisation that the world had changed.

"What we saw in the marketplace was a collision of four major trends: An increase in audience sophistication; huge amounts of data coming in; a vastly evolving media consumption landscape; and disruptive marketing technologies, which certainly to a publisher like ourselves has big ramifications," Andy Reid, President of Digital and Strategic Development, told the Software & Information Industry Association (SIIA), the trade association for the software and digital content industry. "This forced us to re-assess our product and value proposition."

The Hanley Wood team realised that the company's future lay in a radical and rapid transformation of the company in a way that made data, data insights, and marketing services the core of the company's business model.

"The challenge was that we had all these insights into our audience that were siloed but not connected"

New demands required new skill sets

The shift also required new staff with skills not extant at the company at the time.

The company did what most media companies were not doing: They hired people, more than 20 people from the tech media space to help build up all their digital platforms and strategic marketing services, said Hanley Wood Media President David Colford. From that point, Hanley Wood was able to build a lot of database solutions that they could then white label to their customers, he said.

Colford said they saw their customers starting to implement CRM systems and clean up their databases coming out of the construction market recession. They enlisted our talent, our expertise, our specialisation, our data services, and our data to help build more robust databases that they can leverage for marketing purposes, he said.

One of the first things Hanley Wood had to

do to make the transformation possible was the unification of the dozens of disconnected databases around the company to get its own data house in order.

"We needed to describe that data in a way that yielded the most value," said Reid. "The challenge was that we had all these insights into our audience that were siloed but not connected. We had to organise it so we could expose it to advertisers and get premium rates. We consolidated these insights and put them into an organised form that gives them derived insights into buyer preferences."

A game-changer

Then, in 2013, in what was viewed by media observers as "a game-changer," Hanley Wood acquired Metrostudy, a leading provider of primary and secondary market information to the housing and related industries nationwide.

The addition of Metrotudy data to Hanley Wood's own audience data gave the company the ability to help clients leverage the combined databases to meet their business goals. With Metrostudy data, Hanley Wood could go beyond the typical publisher data insights around behavioural and demographic data to include primary market data.

Metrostudy has hundreds of researchers who gather data every quarter at over 36,000 building and housing developments across the country, Colford said. From that activity, Hanley Wood was collecting a lot of proprietary data in the building environment.

That powerful and unequalled combination of data guides Hanley Wood's media and marketing services solutions and transformed the company from a traditional print-centric, trade-show-oriented B2B publisher to a data-based media player that also has deep connections to the marketplace through its dominant media brands.

Helping companies maximise the value of their data

Then, in 2016, Hanley Wood launched its DaaS offering — DataScale.

DataScale powers an advanced lead-generation technology platform that is both flexible and scalable and integrates Hanley Wood's proprietary Construction Industry Database (the biggest in the industry with more than 2.5 billion records).

DataScale offers a full-service lead-generation platform focused on helping customers maximise internal data assets and optimise their sales and marketing automation investments.

With increased investment in marketing automation and CRM, companies are challenged to realise the full value from the data they have and improve the quality of their lead generation programs, said Colford. DataScale delivers actionable insights that allow our customers to maximise the value of their data and optimise the performance of their marketing investments.

A customer's database is the most critical asset they own and a key driver behind their success, according to Colford. The DataScale platform is specifically directed at helping customers optimise their CRM investments and go-to-market strategies through database cleansing and enhancement, audience targeting and segmentation, and advanced lead development programs, Colford said.

A tech system to maximise the data

Finally, in 2018, Hanley Wood took the next logical step and launched a technology platform to enable clients to better manipulate and put to use the Hanley Wood data.

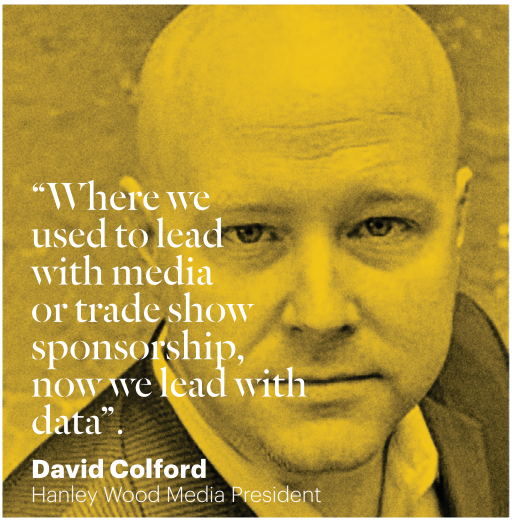
The Technology Services Platform provides customers with the ability to streamline existing workflow decision-support processes by improving the timely delivery of business intelligence critical to the customer's competitive market assessments.

The Technology Services Platform is a custom-built tool that pre-populates a customer's existing workflow decision support tools with Metrostudy data to provide both corporate and field offices with consistent and regular analysis in real-time for existing communities and future land deals.

"By delivering actionable insights, we maximise the value of their data and optimise the performance of their business investments," said Reid.

Hanley Wood now offers DaaS-related services including database management services and consulting with clients to align their data with customer acquisition, media, marketing and events strategies, as well as long-term consultative marketing engagements, website development, lead generation, and content marketing.

Everybody wants data driving digital solutions but they don't necessarily have the talent embedded within the organisations to understand it completely, observed Colford. Nonetheless, our customers understand that they really have to do it and that's the Hanley Wood value proposition, he said. As a result, they have come to rely on Metrostudy data and Hanley Wood talent to help navigate this new world — because it's very complex and the one thing that it really does is help them mitigate risk, Colford said.



"Where data drives action"

According to Colford, the company's marketing services are now a US$25m+ business.

"Where we used to lead with media or trade show sponsorship, now we lead with data," Colford said.

Hanley Wood's business model today is one of the most diversified in the industry, including data, advisory, advertising and marketing services, as well as media, business intelligence, events, lead generation, and education.

A company that used to be a collection of media and event brands, now has as its crown jewel a unified, powerful database, Colford concluded.

> "Everybody wants data driving digital solutions but they don't necessarily have the talent embedded within the organisations to understand it completely"

The old days are gone

When Goldstone started his career, the media business model had not changed in generations: "You sold a widget, the widget was a four-colour ad page, and you sold it a million times. Or an event booth — you sold that a million times," he told Publishing Executive.

But, "the world has changed," he said.

And with the recent acquisition by MidOcean Partners and merger with Meyers Research, the newly combined company led by Jeff Meyers, CEO of Hanley Wood/Meyers Research, is leading that change. Rapidly.

Profit or...

Brand extensions and licensing can be

11 BUSINESS MODELS

minefield?

Do you remember the Harley Davidson cake decorating kit?

How about Kentucky Fried Chicken's "Finger-Lickin' Good" edible nail polish?

Or these winners?

- Zippo's line of female perfumes?
- Evian's water-filled bras to keep women cool?
- Jeans manufacturer Diesel's line of fine boutique wines?

Brand extensions can go horribly, horribly wrong.

The failure rate for brand extensions is as high as 80-90%, according to Mitch Duckler, managing partner of US-based brand strategy consulting firm FullSurge.

On the other hand, brand extensions are also up to 5 times more successful than new launches, according to Nielsen. And licensing is a growing industry — US$271 billion-plus in global revenues that grew three per cent in 2017, according to Inc. magazine.

"To a degree, brand extendibility represents the most logical way to achieve profitable brand growth," Duckler wrote on his FullSurge blog. "However, many companies struggle with how far to stretch, where specifically to extend, and how to ensure success. This perhaps explains why the failure rate is as high as 80 to 90%.

"Play it too safe, and the likely result will be boring, short-lived line extensions that underwhelm consumers," he wrote. "Stray too far from your brand's core positioning, and you risk diluting valuable equity and trust in the parent brand. Extended brands should make sense and be a logical step from the flagship product. If not, consumers are left scratching their heads asking, 'OMG, what were they thinking?!'"

> "Over the last decade [brand licensing] has grown in importance and now is a strategic part of the diversification plan".
>
> **Sondra Newkirk**
> Meredith's Senior Director of Brand Licensing

That said, brand extensions and licensing can also be very profitable while also enhancing a brand's value and reach.

"Battered by digital economics, hijacked by the ubiquity of screens, commoditised by aggregators, magazine brands remain remarkably resilient as distinct badges of curation, sober editorial judgment, and, for lack of a better word, class. And these are the very qualities consumer goods manufacturers need in a world that is cluttered with commoditised goods," wrote tech expert Steve Smith in Folio.

"While Good Housekeeping seals of approval and Playboy Bunny shirts have been familiar parts of the zeitgeist for decades, product licensing always tended to be an incremental side gig for publishers," wrote Smith. "Now, many media companies are expanding this side of the business and entwining themselves more deeply into product marketing and supply chain development."

The benefits of a successful brand extension strategy are many, according to Steve Harvey, co-founder of UK-based creative and branding agency FabrikBrands:

- Deliver more sales opportunities by giving you access to different target markets
- Expand your authority by giving you credibility in new areas
- Strengthen your competitiveness by differentiating you from other companies in your space
- Remind audiences of your value if you've been losing attention lately
- Boost your reputation and generate buzz for your company

But those benefits only accrue to brands who can positively answer Harvey's key questions that are prerequisites to an extension launch:

- Is there a desire for the new product? Can you find a USP that will sell your extension?
- Is the extension "natural" for your brand, or does it seem forced? If it is organic, is the new product so close to an existing offering that it could cannibalise your portfolio?
- Is your existing brand reputation strong

THE COSMO BOX: Cosmo launched the the magazine's first-ever subscription box offering in 2018, each box containing an assortment of products valued at over US$60, but selling for $29.99 per month.

enough to support a new product, service, or marketplace?

- Do your customers trust you enough to see the value in your new offering?

If you can answer those questions positively, then and only then is it time to move to planning the extension.

Broadly speaking, there are five types of brand extensions:

1. **Line extensions** (launching a product or service in a new way or building on an existing product or service)
2. **Product extensions** (launching an entirely new product or service unrelated to your existing products/services but within your industry niche)
3. **Expertise extensions** (launching a product or service that leverages the credibility and authority of your brand in your area of expertise)
4. **Market extensions** (launching a product or service in a completely new sector or space, a risky strategy)
5. **Geographic extensions** (if your brand is geographically focused, moving outside of that region)

OK, you've identified an unmet consumer need in your own or a relevant industry niche in which your brand already has authority.

You've also figured out how to uniquely address that need in a way no competitor is even contemplating. And you've tested a prototype with a small group of loyal customers to make sure you're on the right track. You also have gotten past what used to be a big barrier to licensing deals: Offending existing advertisers. "The big risk with publishers licensing their brand used to be that they were worried that they may offend a current advertiser and cause the advertiser to decrease their spend," Stu Seltzer, founder of the Seltzer Licensing Group, told Digiday. "However today, most advertisers are decreasing their spend already, so publishers have decided to explore these royalty revenue deals." To mitigate that risk, magazine media look to do deals with longstanding advertisers, according to Refinery29's Executive Creative Director Piera Gelardi speaking to Digiday. So, let's look at some magazine media companies that have dotted all the i's and crossed the t's, and have come out smelling like roses.

No media company anywhere, and only one company in the entire world, does brand extensions better than Meredith.

This American media giant generated US$23.2 billion in licensing revenue in 2017, second only to The Walt Disney Company (US$53 billion), according to License Magazine's Top 150 Global Licensors List.

Other publishers that are active in licensing include Playboy, with $1.5 billion, Hachette Filipacchi Presse (US$620m), National Geographic (US$544m), Hearst/Rodale, ($505m), and Condé Nast ($150m).

"Over the last decade [brand licensing] has grown in importance and now is a strategic part of the diversification plan," Meredith's Senior Director of Brand Licensing Sondra Newkirk told Folio: magazine.

Meredith's licensing activities span more than 60 partnerships and 12 Meredith brands, including its flagship line of 3,000 Better Homes & Gardens-branded products at Walmart. The Walmart partnership began seven years ago with fewer than 600 products and has grown to include more than 3,000 SKUs (stock keeping units) including patio furniture and accessories, home décor, bed and bath, window treatments, candles, wax warmers and lighting.

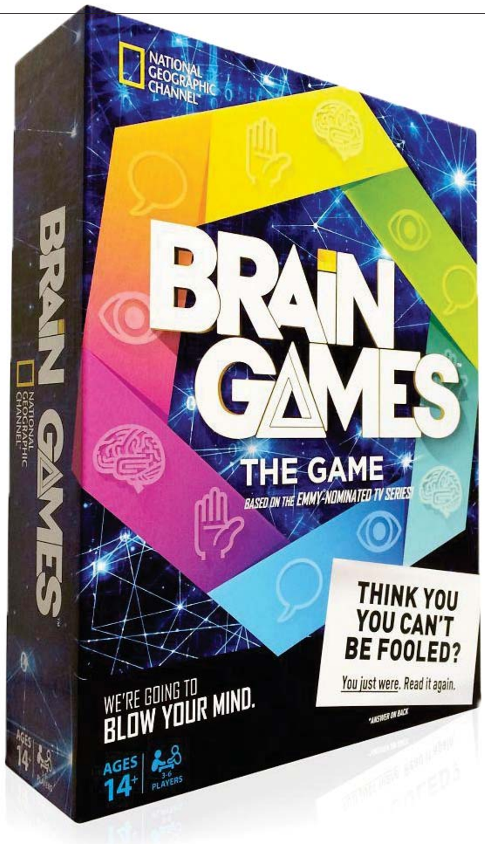
Meredith's licensing activities also include:

- Realogy Corporation – Realogy, the leading residential real estate franchise system, licenses the Better Homes and Gardens brand. The partnership, which launched in 2008, now has 260 offices in 26 states and is represented in total by more than 8,500 sales professionals
- FTD – Fresh floral bouquets from the FTD network of florists are offered in more than 50 Better Homes and Gardens-branded arrangements
- Meredith's Shape magazine also launched

REFINERY29 partnered with card company Papyrus to offer a line of greeting cards and with Revlon to produce a line of lipsticks. Half of the Refinery29 audience has bought at least one product it's seen featured on Refinery29

an activewear line, as well as an Eating Well branded line of frozen foods in partnership with Bellisio, the US frozen foods manufacturer and distributor

- After purchasing AllRecipes.com in 2012, Meredith launched a line of brand extensions including an AllRecipes print magazine, a line of AllRecipes branded cookware, and an AllRecipes Dinner Spinner television show



MORE THAN GAMES: Licensing giants include Meredith (US$23.2b in licensing revenue in 2017), Disney ($53b), Playboy ($1.5b), Hachette Filipacchi ($620m), National Geographic (the game above; $544m), Hearst/Rodale, ($505m), and Condé Nast ($150m)

Hearst UK's lines of meatballs, jewellery, gyms, and sofas

At Hearst, they've got a small arsenal of brand extensions and licensing products.

"We've started to understand the power that our brands can offer to different products and services when layered on," Duncan Chater, Hearst UK's Chief Brand Officer, told attendees at the 2018 Digiday Publishing Summit Europe. "For Men's Health, we endorse healthy meatballs, a gym range. Our most successful partnership is with [British furniture manufacturer] DFS, where we're selling just over £50 million [US$69 million] worth of sofas every year. If you understand the value, your brand can offer real value to other partners."

Hearst title Cosmopolitan was also very active in licensing in the US in 2018.

It launched a jewellery line — Cosmo Style by Cosmopolitan — in a licensing agreement with Cousin Corporation of Largo, Florida. Earlier in the year, it launched the magazine's first Cosmo-branded cosmetic bags and accessories line, including makeup brushes, bags, and other tools including sponges, eyelash curlers and tweezers.

Finally, Cosmo also launched the "COSMO-Box", the magazine's first-ever subscription box offering. Each box contains an assortment of products valued at over US$60, but it sells for US$29.99 per month.

Not to be left out, Hearst's ELLE magazine launched its own line of fragrances, ELLE L'EDITION, which includes a range of Eau de Parfum fragrances alongside a body lotion. The line is available exclusively from The Perfume Shop.

Other magazine media companies are not as far along but are catching up fast.

Penske Media, publishers of the Robb Report, launched Robb Vices, a monthly luxury product subscription box, and plans other extensions in hospitality, travel, home furnishings, and apparel. For the subscription box, "the products and services we put into market have to feel like very natural and best-in-class products, otherwise we lose credibility with our audiences." VP of Global Partnerships and Licensing Kevin LaBonge told Folio.

Refinery29 ramped up its brand licensing efforts in 2018 as well.

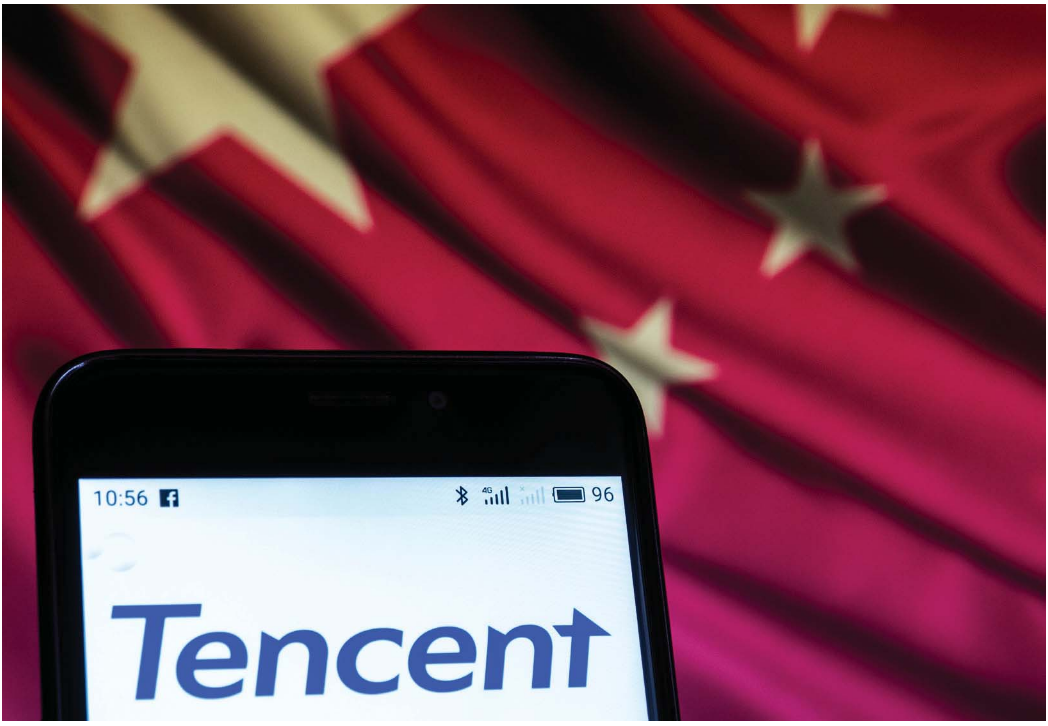
The women's media site partnered with card company Papyrus to offer a line of greeting cards and with Revlon to produce a line of lipsticks. One of the drivers of these initiatives was their trusted reputation as an arbiter of quality and taste. Our audience trusts us as a source of product recommendations, former COO Sarah Personette told the Drum. Half of the Refinery29 audience has bought at least one product it's seen featured on Refinery29, she said.

So, if you have established a reputation as a trusted source of valuable information, and as long as you avoid dreaming up hysterically irrelevant products, chances are good that brand extensions and licensing are business opportunities you should investigate in 2019.

#12 BUSINESS MODEL

Can lightning strike twice?

The most mind-boggling example of a media company as an investor was Nasper's US$32m 2001 investment in TenCent which netted US$175b (with a "b") in 2018, 5,468 times their initial investment



A 5,468 TIMES INITIAL INVESTMENT RETURN: On May 1, 2001, the South African publishing group Naspers wrote a US$32m cheque to a relatively unknown, loss-making, three-year-old Chinese social media start-up called TenCent. Seventeen years later, Naspers cashed out for US$175b, a 5,468% return.

If only every media company could sniff out investment opportunities like Naspers did in 2001.

On May 1, 2001, the South African publishing group wrote a US$32m cheque to a relatively unknown, lToss-making, three-year-old Chinese social media start-up called (spoiler alert!)... TenCent.

Seventeen years later, Naspers cashed out for US$175b, 5,468 times their initial investment.

By the way, investing that same US$32m in a Standard & Poor's 500 company would have yielded an average 7.27% annual return over those years, or an estimated cash-out value of US$101.1m, a mere $US174.9b shy of Naspers' cheque, according to smartasset.com.

Today, few media companies have millions in cash lying around waiting to be invested.

But for those who do, the results of investing can be both financially lucrative and immensely beneficial for both the media mission and the business mission of the company. Investing provides perhaps a potential new source of revenue and almost certainly unique insights into new technologies, new markets, and new (and potentially competitive) businesses.

The media players in the investment space are not the start-ups like Vice, Netflix, Snap, and BuzzFeed. Those companies are focused intensely on survival and growth.

The most active investors are the traditional media companies, and they are mostly in Europe (Bertelsmann, Axel Springer, Schibsted, Bonnier, and Hubert Burda Media). The only United States media company doing much investing is Hearst, which even has a separate company — Hearst Business Ventures — to do their investing. In Asia, Singapore Press Holdings has been investing since 2015.

According to business information site Crunchbase, the aggressive investing of Hearst dwarfs the investment activity of the other media "giants":

- **Hearst Ventures** (107 investments since 1995)
- **Hearst Communications** (18 investments since 2000)
- **Bertelsmann** (33 investments since 1999)
- **Axel Springer** (25 investments since 2013)
- **Axel Springer Digital Ventures** (17 investments since 2011)
- **Singapore Press Holdings** (13 investments since 2013)
- **Hubert Burda** (11 investments since 2008)
- **Schibsted** (7 investments since 2012)
- **Bonnier** (4 investments since 2008)

Naspers has been busy since its windfall, but the media arm of Naspers is a small fraction of their business.

(To get a glimpse into the kinds of companies those media companies are investing in and the amounts they are investing, see the charts in this chapter.)

"The challenge for traditional media companies investing in startups beyond the realm of media is that even if wildly successful, those investments neither give them a distinct advantage in media itself nor make their business model like that of a tech company by way of osmosis," according to Eric Peckham, a media investor and author of MonetizingMedia.com, writing on TechCrunch.

"These investments can be flashy distractions to make management and shareholders call the company innovative while it fails to actually re-envision its core operations," wrote Peckham. "Investing in Airbnb or BaubleBar doesn't address the key challenges or opportunities a traditional publishing group faces.

"Therefore the best case scenario in this strategy seems to be that these companies find enough financial success that they just transition out of the content game and become holding companies for other types of consumer-facing brands the way Naspers has," Peckham wrote. "But even then, the path seems uncertain: despite all its other activities, Naspers' market cap is less than the value of its Tencent shares… it's not clear that the best case scenario necessarily transforms the core organisation."

That was apparently the case in late January of this year when Warner Media (the former Time Warner company, acquired by AT&T for US$85b in mid-20180 closed its investment arm.

Hearst Ventures, with 107 investments since 1995, dwarfs the number of investments by the other major players

WarnerMedia Investments, formerly known as Time Warner Investments, is no longer its own corporate entity as of the end of 2018, six industry sources familiar with the company told Digiday. As of late January 2019, neither Warner Media nor AT&T offered a reason for the shut-down.

Time Warner Investments has been a major investor in digital publishing, video, advertising and technology companies, including Mic, Mashable, Maker Studios, Vessel, Bustle Digital Group, FanDuel, Discord and Tremor Video, according to Digiday Media Editor Sahil Patel.

One source at a company within Time Warner Investments' portfolio told Patel that the company made anywhere from US$50 million to US$100 million in annual investments over the years.

"There is a massive focus on generating cash and liquidating assets, which is why I suspect they will sell the portfolio," a founder of a company that received Time Warner investments told Patel. "They want to pay down debt."

Why invest?

As you might imagine, media companies invest for primarily two reasons:

1. To replace lost print advertising revenue by

diversifying into mission-related consumer-facing companies
2. To gain insights from (and often an early equity stake in) start-ups likely to change the media business

Hearst, with 2017 revenues of US$10.8b according to CrunchBase, has invested in everything from big-name sites like BuzzFeed, Pandora, Hootesuite, and Roku as well as:

- The Chinese language app LingoChamp
- The Drone Racing League
- Snappy Gifts, a US-based incentive programme that makes employees feel appreciated
- Amino Apps in New York that enables people to discover, develop, and express their interests and passions
- A China-based home decoration and furnishing site
- A London-based artificial intelligence business data service

The categories Hearst invests in are very different between Hearst Communications and Hearst Ventures (see charts below).

Bertelsmann investments have included companies like Audible, Mic, The Athletic, and Wondery. They also have 3 regionally focused funds investing in China, India, and Brazil. Bertelsmann generated $US160m in venture returns, according to its 2017 Annual Report.

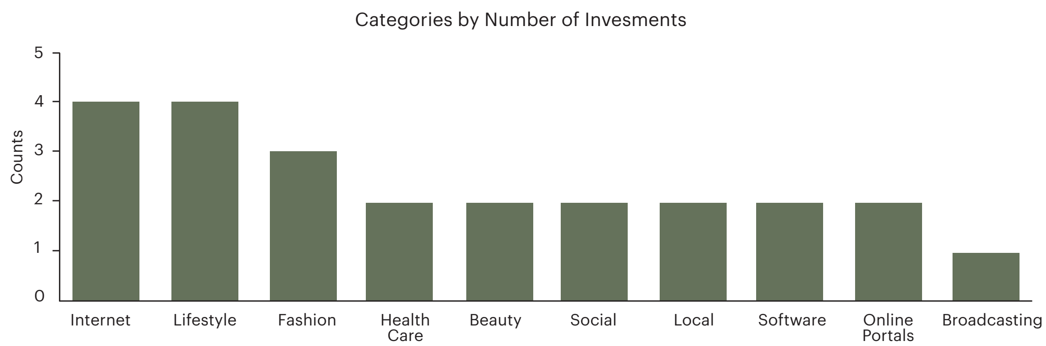
Bertelsmann generated $US160m in venture returns, according to its 2017 Annual Report.

Germany's Axel Springer's investments have gone to Airbnb, a digital bank (N26), a scooter rental company, four real estate companies (renting and buying), a wearable technology company, an augmented reality site (Magic Leap), and a marketplace for cars (Caroobi), a marketplace for boats (Zizoo), and marketplace for influencers (blogfoster).

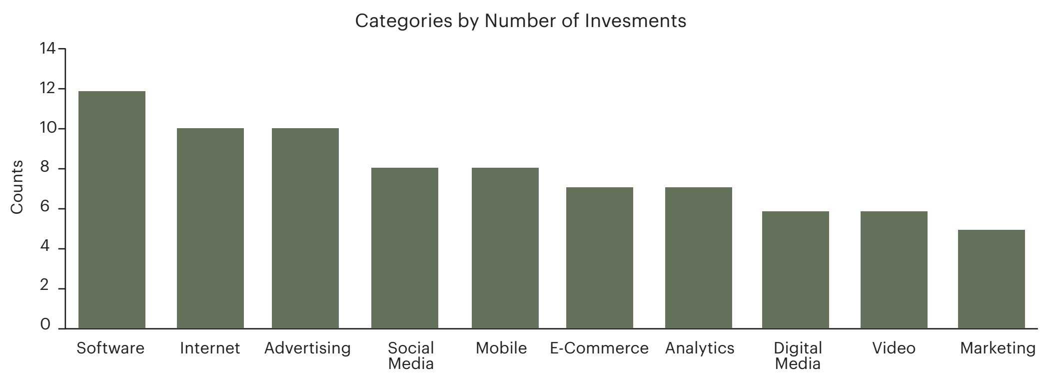
Schibsted in Norway has invested in three real estate companies, a site teaching writing to children, and a Danish bookstore.

Bonnier in Sweden is also quite diversified with investments in real estate, online training, a home project contractors' price and service

Hearst Investment Categories



Hearst Ventures Investment Categories



SOURCE: CRUNCHBASE

> "These investments can be flashy distractions to make management and shareholders call the company innovative while it fails to actually re-envision its core operations"

comparison site, a job search site, and a global email site.

Hubert Burda has some unusual and far-flung investments, including a Boston-based Italian shoe company, a Bangkok-based global medical appointment service, a Lithuania-based "previously loved" fashion site, a Washington DC-based site enabling publishers and advertisers to send branded gifts to consumers, a Moscow-based subscription service for developmental sets for children, and an Istanbul-based e-commerce fashion site.

Singapore Press Holdings (SPH) has made 14 investments all told, starting in 2015. One of those investments was in student housing in the UK for US$233m.

The acquisition will generate recurring cash flow and is part of an ongoing strategy to diversify business to new growth areas, according to SPH Chief Executive Ng Yat Chung. "It will boost our real estate asset management portfolio, establish us as an overseas owner of purpose-built student accommodation in the UK, and allow us to pursue other growth opportunities in this sector," Chung told gxpress.com, a news tech site covering Asia.

The acquisition was undertaken to generate recurring cash flow and was part of an ongoing PSH strategy to diversify business into new growth areas. "It will boost our real estate asset management portfolio, establish us as an overseas owner of purpose-built student accommodation in the UK, and allow us to pursue other growth opportunities in this sector," Chung told Asian news tech site gxpress.net

Admittedly, this model isn't for everyone, but even at a small level of investment, media companies can at the very least gain valuable insights into emerging technologies, markets, and revenue streams.

And you might even find your very own TenCent opportunity!

Investing in horse wagons (it's true!)

AIM invested in a company transporting stranded horses

Media company investments range from the outrageous Naspers experience to the sublime example of Active Interest Media's (AIM) investment in… wait for it… horse wagons!

"Five or six years ago our publisher of our horse-enthusiast title Horse Rider came up with an idea that, at the time, sounded kind of ludicrous," AIM Chief Innovation Officer Jonathan Dorn told us. "The publisher said, 'I think we ought to start a business that provides roadside assistance and towing for horse owners.'

"Some of us thought: 'We are in the business of making magazines and websites and putting on events — how does this work? That would be an insurance and trucking business, and we aren't experts and we have no tow trucks or customer service apparatus,'" Dorn recalled.

But what AIM did have was an audience of 800,000 horse owners, and that publisher realised that those owners can't access roadside assistance if they have a live animal in a broken-down van in the wilds of Montana in the middle of a scorching-hot day, Dorn said.

"So he saw an opening for a specialised service addressing an urgent need," Dorn said. "You might have a US$50,000 horse in 100 degree (Fahrenheit) heat in Montana, so you need someone to pick you up quickly."

So AIM invested in creating an entirely new company called US Rider.

"I think in every market there is some version of this," Dorn said. "Part one is knowing where the needs are, and part two is having the confidence, and the permission to go outside what feels like the proper boundaries of media.

"I'd say to smaller companies: 'Trust that you know your market, because the things that have been most successful for us have come as a result of being most engaged with enthusiasts in our space and understanding their needs,'" Dorn concluded.

Nine charts of media company investments

BONNIER CORP. & BONNIER NEWS

5 INVESTMENTS SINCE 2008 (Out of five total investments since 2008)

Investment	Company	Description
Undisclosed	Hittahem	A Malmö, Sweden-based website for buying, selling or comparing prices of homes.
Undisclosed	Swiftr	Stockholm-based Swiftr is a digital training platform.
US$500k (est.)	Dorunner	Stockholm-based Dorunner makes it easy to find and compare quotes from good craftsmen, cleaning companies and service companies.
Undisclosed	Auranest	Lund, Sweden-based Auranest automatically creates & updates profiles on job search services online.
US$5.4m	Momail	Stockholm-based Momail offers global e-mail services for consumer mobile devices.

HEARST VENTURES

10 INVESTMENTS IN 2018 (Mar.-Dec., 2018, out of a total of 107 since 1995)

Investment	Company	Description
US$8m	Cogito Corp.	Boston-based Cogito enhances the emotional intelligence of phone professionals by applying behavioural science through artificial intelligence and machine
Not available	GeoPhy	Netherlands-based GeoPhy provides actionable data, analytics and machine based valuations for commercial real estate institutional investors & lenders.
US$8.2m	Snappy Gifts	New York-based Snappy App provides Snappy Gifts, an incentive program that makes employees feel appreciated and motivates them at work.
US$11m	LiveSafe	Washington DC-area LiveSafe provides a mobile social safety application for individuals and safety officials to collaborate and build safer communities.
US$60m	Shansong	Shansong provides short-distance and same-city logistics services.
US$16m	Signal Media	London-based Signal Media is an AI company that transforms the world's information into accessible, actionable business knowledge.
US$45m	Amino Apps	New York-based Amino Apps enables people to discover, develop, and express their interests and passions.
US$7.5m	Systum	San Francisco-based Systum is a provider of a cloud-based, digital operating platform for small to medium-sized businesses.
Not available	Tezign	Shanghai-based marketing and creative work service provider.
US$100m	Kujiale	Hangzhou, China-based Kujiale: an online information and design platform, offers information and reviews on home decoration and furnishing cos.

HEARST COMMUNICATIONS

9 INVESTMENTS 2013-2018 (9 of 18 total since 2000)

Investment	Company	Description
US$1M	Trench	New York-based Trench enables women to enjoy an infinite wardrobe without opening their wallets.
US$75m	M2Gen	M2Gen is a health informatics solutions company
US$133m	iflix	Kuala Lumpur-based iflix: an entertainment service for emerging markets
US$11m	BeautyCon	LA-based BeautyCon Media is a website for all things beauty and fashion
US$250k	strongDM	Bay-area strongDM helps detect and prevent internal data leaks
US$21m	Complex	New York-based Complex is an online magazine that features articles about music, styles, pop culture, sports, and sneakers.
US$36.5m	Wanderful	San Jose-based Wanderful Media is a retail-focused mobile media co.
US$1.4m	Dering Hall	New York-based Dering Hall is an online marketplace for interior designers, architects & artisans to sell home furnishings and accessories.
US$5.6m	Refinery29	New York-based Refinery29 is the leading digital media & entertainment company dedicated to inspiring young women

AXEL SPRINGER DIGITAL VENTURES

7 INVESTMENTS IN 2017-18 (out of 17 investments since 2011)

Investment	Company	Description
US$23M	dott	Amsterdam-based dott is a European scooter startup.
US$7.4m	Zizoo	Berlin-based Zizoo operates as a boat holiday platform that offers over 21,000 boats across 500 destinations worldwide.
US$461m	Magic Leap	Florida-based Magic Leap is a proprietary wearable technology that enables users to interact with digital devices in a completely visually cinematic way.
US$40m	Group Nine Media	New York-based Group Nine Media is a digital-first media company that boasts nearly 4 billion video views every month.
US$7.9m	Fineway	Munich-based free instant trip planning for everyone.
US$20m	Caroobi	Berlin-based Caroobi is an integrated marketplace for automotive aftersales.
Not Available	vermietet.de	Berlin-based vermietet.de is an administration platform for rental property owners.

SINGAPORE PRESS HOLDINGS

8 MOST RECENT INVESTMENTS (out of 13 total investments since 2013)

Investment	Company	Description
US$2.2m	boostr	Bay area-based boostr enables media companies to improve their revenue management
US$13.2m	Chope	Singapore-based Chope: a dining guide & reservation service in Singapore, Hong Kong, Shanghai, Beijing, Bangkok, Phuket, Jakarta, and Bali
US$1.5m	PlusMargin	PlusMargin combines consumer psychology and machine learning, and persuades users to take action on platforms.
Undisclosed	Kudo	Jakarta-based Kudo is an Indonesian startup technology company.
US$82.1m	Giosis	Singapore-based Giosis (AKA Qoo10): A marketplace for Korean audiences
US$82m	Qoo10	Indonesia-based Qoo10 is the number one ranked ecommerce website
US$5m	Peatix	New York-based Peatix is a global event registration platform that provides organisers with the tools to create, promote, and sell out events.
US$2.84m	Crowdynews	Netherlands-based Crowdynews is an AI-driven content curation platform to increase visitor engagement, conversion & revenue.

BERTELSMANN

12 INVESTMENTS FROM 2015-JAN. 2019 (out of a total of 33 since 1999)

Investment	Company	Description
US$3m	Dashbot	San Francisco-based Dashbot is a bot analytics platform that enables developers to increase engagement, acquisition, and retention through actionable data.
US$7m	Scroll	New York-based Scroll is creating a sustainable experience that puts amazing content in front of engaged users without all the noise.
US$25m	Licious	Bengaluru, India-based Licious is an online meat and fish ordering startup that solves existing problem of finding safe, delectable, trustworthy fresh meat.
US$2.5m	InvolveSoft	Santa Monica, California-based Involvesoft is a revolutionary employee community platform.
US$3m	Radish	New York-based Radish is a new app for serialised fiction, designed for the mobile generation - a digital update of the Victorian idea of the serialised novel
US$6m	KartRocket	New Delhi-based KartRocket help SME's, manufacturers, creative people and service providers set up their brands online.
US$105m	Udacity	San Francisco area-based Udacity provides and promotes digital education services.
US$230m	Hotchalk	San Jose area-based HotChalk helps great universities be great online
US$100m	JioSaavn	Mumbai-based JioSaavn is a music streaming service for Indian, Bollywood, and International content.
Not disclosed	Affero	Rio de Janeiro-based Affero Lab purpose is to transform people through education and transform education through people
US$100m	UCloud Information Technology	Shanghai-based UCloud Information Technology provides cloud storage and data analytics services to online gaming and e-commerce operators.
US$7.7m	Synergis	Mesa, Arizona-based Synergis partners with universities to design and deliver relevant, flexible, and market-demand academic programs.

AXEL SPRINGER

7 INVESTMENTS IN 2018 (out of 25 investments since 2013)

Investment	Company	Description
US$7m	Scroll	A New York-based company creating a sustainable experience that puts amazing content in front of engaged users without all the noise.
US$6.8m	Fineway	Free instant trip planning for everyone
US$46m	Zumper	A San Francisco-based company making renting an apartment as easy as booking a hotel
US$23m	Homeday	A Berlin-based online resource for finding a new home and getting in touch with a local realtor
Not available	Lamudi	A Berlin-based global online real estate platform serving emerging markets in the Middle East, Asia and the Americas.
US$6,80	Nextmarkets	Cologne-based Nextmarkets helps private investors to operate in a sustainable and better educated manner on the stock exchange.
US$177m	PurpleBricks	UK-based PurpleBricks is an online real estate agent that helps its clients to sell, buy, and let their properties.

HUBERT BURDA MEDIA

9 INVESTMENTS SINCE 2011 (out of 11 total investments since 2008)

Investment	Company	Description
US$57m	Vinted	Vilnius, Lithuania-based Vinted is an internet, social app, and marketplace for pre-loved fashion.
US$16M	M.Gemi	Boston-based shoe company Handcrafted in Italy. Direct to clients. "At M.Gemi, we're reinventing luxury."
US$2,50	Medical Departures	Bangkok-based Medical Departures is a medical service marketplace that helps patients find, compare & book medical appointments around the globe
US$171m	Hello Baby	San Freanciso area-based smart parental assistant
US$105m	Mode Media	San Francisco area-based Mode is a consumer social platform for curated content discovery. (Three separate Burda investments: 2010, 2013, and 2015)
US$5,10	Gift Connect	Washington, DC area-based Gift Connect gives advertisers and publishers across any media platform the ability to distribute branded gifts to consumers.
US$500k	Bimbasket	Moscow-based Bimbasket is the service of electronic subscription to developmental sets for children
US$5.6m	UberMedia	UberMedia is one of the most trusted mobile insights platforms that powers advertising, location measurement, and business intelligence.
US$5.5m	Lidyana	Istanbul-based Lidyana is a Turkish fashion e-commerce website selling a wide collection of branded clothing, accessories, shoes, bags, and cosmetics.

MEDIA TECH

Fewer shiny things, please!

Enough already! Media companies are starting to use tech not just because they can, but because the tech they choose adds value for the reader or advertiser

Remember when we (or at least some of us) thought people really would wear those monstrous, ugly headsets to enjoy the (few and expensively produced) virtual reality experiences we created for them?

Or when we thought that the tablet was THE answer to all that ailed us?

Or that 360-degree video was worth the expense and that advertisers would love it?

Or that we'd soon be sending stories to readers wearing Google Glasses?

That was (and still is) the so-called "Shiny Things Syndrome".

Some of us have spent and continue to spend a lot of time and money on those things.

Well, someone finally called us out on it. In late 2018, the Reuters Institute for the Study of Journalism issued a report entitled "Time to step away from the bright, shiny things? Towards a sustainable model of journalism innovation in an era of perpetual change".

"The Shiny Things Syndrome takes away from storytelling and we risk forgetting who we are; that's the biggest challenge," Kim Bui, Director of Breaking News Audience and Innovation at the Arizona Republic in the US, told the Reuters Institute.

"There is evidence of significant change fatigue and burnout that risks impacting on journalism innovation efforts, in part caused by relentless pursuit of 'bright, shiny things'," wrote report author Julie Posetti.

"To be clear, my report does not amount to a call to stop innovating, nor justification for doing so, but it is a plea to avoid unsustainable approaches to innovation that fail to take account of potentially negative impacts — approaches that risk wasting time, effort, and money, without real returns," wrote Posetti.

So what tech tools are not shiny new things and actually work?

Some media companies are turning formerly shiny new things into real, useful, successful media tech, such as voice-enabled devices, Artificial Intelligence (especially for robotic content creation), and Messaging Apps, among others.

The former shiny new things with the biggest immediate potential are those voice-enabled devices that are gaining traction in a big way. Some media companies are already having success with them.

Voice interfaces are being adopted faster than nearly any other technology in history. Today, over 47 million Americans in more than a quarter of US households have access to smart speakers like the Amazon Alexa and Google Home, according to the 2018 Voicebot Smart Speaker Adoption Report. That number represents a stunning 128% increase from 2017, when the devices first spiked in popularity, according to TechReport.

The penetration of US broadband households with smart speakers will reach nearly 50% by 2022, according to a new study by consumer tech market research company Parks Associates.

But the meteoric rise of the smart speaker doesn't stop there: The steep growth trajectory of smart speakers is matched only by the smartphone, according to AppDynamics, an application performance monitoring company.

The global number of installed smart speakers is going to more than double to 225 million units by 2020, according to global tech analysis company Canalys. Voice shopping on Alexa alone could generate more than US$5 billion per year in revenue by 2020, according to RBC Capital Markets.

Digging further into voice-based activities, 30% of web browsing sessions will be voice-based by 2020, according to Gartner, a global research and consulting company.

For example, a PwC survey in late 2018 found that more than one third of Americans already use voice searches every day and half use them monthly to check on news and weather. Even more importantly, almost three quarters of survey respondents said they would prefer using their voice-enabled device to search for something online rather than having to type their query!

So, who's finding voice-enabled success?

1

Voice-Enabled Devices

The biggest potential market

In late 2017, National Public Radio (NPR) in the US could only claim that a measly 4% of their live streaming listening hours came through smart speakers. One year later, that number had skyrocketed by almost 500% to 19% of live streaming hours, according to Tamar Charney, Managing Director for Personalisation and Curation at NPR, speaking to Recode.

That's pretty cool, but what's really cool is that the gain has not come at the cost of listeners to any of NPR's other live streaming platforms, according to NPR.

Podcasts, too, are seeing a growth from smart speaker owners. Listeners spend twice as long listening to podcasts on smart speakers than they do on their phones, Cara Meverden, founder of voice-controlled podcast curation app Scout FM, told Recode.

The growth in smart speaker adoption is being driven by big improvements in the tech behind the services like Google Home, Alexa and Siri. For example, Google's machine-learning-backed voice recognition system has achieved 95% word accuracy for English. That number happens to be the threshold for human accuracy, making Google's tech just about as accurate as human understanding.

The news gets even better when you look at stats around smart speakers and advertising.

Smart-speaker listeners are less prone to skip through ads than those who listen on computers or phones, according to Meverden: "People are much less likely to skip ads on Alexa. It's more inconvenient to tell your Alexa to skip forward 30 seconds than it is to just let the ads play," Meverden told Recode. "Smart speaker listeners are much more passive. People with voice interfaces tend to accept what's given to them."

What all the growth statistics tell us

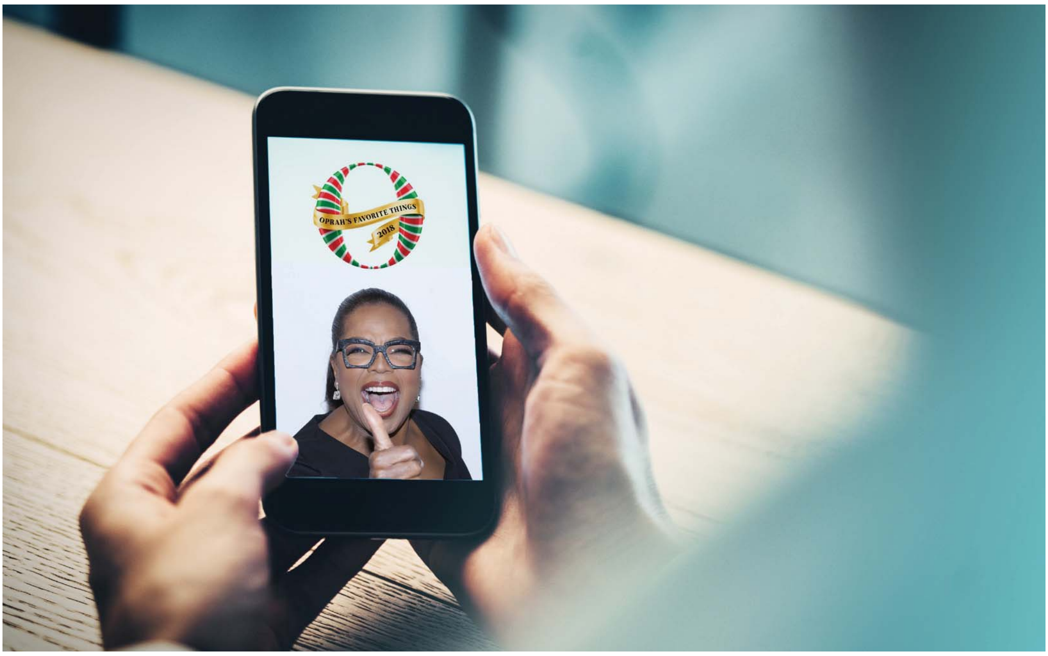
"I think people are realising how much consumer time and attention is going to be spent on voice devices, and what that means from a marketing standpoint is that they've been essentially invisible so far," Corbin de Rubertis, the head of the new Meredith Innovation Group, explained to Folio. "Neither Apple nor Google have made any attempt to really give advertisers a place to play, so we're really taking it upon ourselves to make it happen."

At Meredith, de Rubertis has tested some of their food brands on voice-enabled devices. For example, on their AllRecipes site, a call-out is embedded in an article, in both print and digital, inviting the reader to "ask Alexa to open the AllRecipes skill," which then enables the reader to get even more information about the recipe and even order ingredients for that recipe.

While monetising podcasts and other content-to-audio options is difficult, for smart speakers the skills and actions allow advertisers to get

continued on page 106

Amazon Echo will capture 63% of smart speaker users in 2019



HEARST also launched voice content on Alexa from Oprah magazine last year which shares the media maven's words of wisdom each day, in her own voice.

consumers to fill their shopping carts directly, according to de Rubertis.

"The skills are actually the best place to do the product placement and direct links to commerce, whereas the strictly audio experiences follow the old radio paradigm of 'brought to you by'," he said.

So if a Better Homes & Gardens skill sponsor wants a specific cleaning product placed in the content, the reader can be prompted to ask Amazon's Alexa to add that product to their shopping cart right then and there, he said.

At the BBC, their magazine media brands (which are owned by BBC Worldwide and published by Immediate Media) such as BBC Good Food are using voice platforms extensively.

"We're always working hard to ensure our content remains as relevant and useful as possible for our 20 million monthly users," Hannah Williams, BBC Good Food Editor, told FIPP. "Being able to enjoy our recipes hands-free is of enormous benefit to our audience, especially when grappling with a particularly messy recipe. As the user benefit was clear, it felt the right place to be as a business."

The magazine, which has a cross-brand reach of 13.9 million and is the UK's most popular food media brand, launched its first Alexa custom skill in the fall of 2018.

"Users can search our entire 11,000+ recipe database, filter by preferences such as diet type or cuisine, hear the full ingredients list and step-by-step method, pausing to set their own pace, all completely hands-free," Williams said.

Hearst started with horoscopes

Hearst launched their first skill in 2015: Elle magazine's horoscopes. "(Horoscopes) felt like a natural, straightforward experience to bring to voice platforms," Chris Papaleo, Hearst Executive Director of Emerging Technology, told FIPP. "We've seen really great traffic on that and it has been a really sticky experience, because it lends itself to a daily habit and is not too complex to navigate."

Hearst also launched voice content on Alexa from Oprah magazine last year, called Oprah Magazine, which shares the media maven's words of wisdom each day, in her own voice. Hearst launched a Good Housekeeping Alexa skill that is designed to help people get stains out. "If you spill wine on your couch you can ask Alexa or ask Good Housekeeping what materials you need to clean it and what the steps to cleaning it are," Papaleo said. "In a hands-free context, that might be a really useful thing to surface to users, from stain experts at Good Housekeeping," he said.

"That's the challenge — making sure each voice interaction is a useful one," he said.

To test monetisation, Hearst launched My Beauty Chat on Alexa, a twice-daily podcast that features editors from Good Housekeeping, Cosmo, Oprah and Elle, that has been sponsored by L'Oréal.

My Beauty Chat's sponsorship by L'Oréal was the first sponsorship model Hearst has been able to explore. Papaleo said monetisation is a challenge, but they're looking at other ways to monetise their voice content. "That's been the challenge — can you really make money on these? — but we're trying to carve a path and Amazon and L'Oréal deserve a lot of credit for opening it up for us."

One of the other challenges with voice platforms is how to measure them. Because the technology is so new, metrics are undefined. Amazon uses the phrase "utterances" to define anything a user says while using skills, but as an early adopter, it's up to Papaleo and Hearst to figure out what the new "click" is in the voice environment. "Right now, we're looking at number of users, how many sessions those users have started, the sessions-to-user ratios, and the utterances-to-users ratios as indicators of healthy experiences and an engaged listener."

The shiny new thing NONE of us want

The artificial intelligence news anchor

Here's a tech innovation we can say "no" to in a heartbeat: Robot anchors.

But that's what China's state-run press agency, Xinhua, has created.

In late 2018, Xinhua unveiled "AI anchors" — digital composite humans built from video footage of actual human anchors.

These "anchors" read the news using synthesised voices, using lip movements and facial expressions that have been copied from real anchors and animated.

An even more disturbing aspect of this development is the rationale of the agency: "Each anchor can work 24 hours a day on its official website and various social media platforms, reducing news production costs and improving efficiency," Xinhua announced.

"The technology has its limitations. In videos of the English-speaking anchor, it's obvious that the range of facial expressions are limited, and the voice is clearly artificial," commented The Verge, a US-based tech site. "But machine learning research in this area is making swift improvements, and it's not hard to imagine a future where AI anchors are indistinguishable from the real thing.

Should publishers develop for Alexa or Google Home?

At the end of 2018, eMarketer forecast that Amazon Echo will drop below two-thirds of US smart speaker users for the first time in 2019. Amazon Echo will capture 63% of smart speaker users in 2019, while Google Home will account for 31%, according to US-based market research company eMarketer. Smaller players, such as Sonos One and Apple HomePod, will take 12%. Amazon's share will shrink through 2020, while those of its rivals will grow, eMarketer projected. The company pointed out that there is overlap among the brands, as some people use more than one device.

> "It's clear it will become a disrupting force for publishers in future, so ignoring it is not an option" — BBC Good Food Editor Hannah Williams

So, which platform do you focus on? You can roll the dice and pick one of the dominant products and build a solution for it. Or you can target them both.

If you focus on one platform, you can stay focused from a development perspective and spend less, but you cut back audience reach. If you develop for both platforms, you get the best reach but that course is more expensive and takes longer because your team's attention is split.

It is clear, however, what you cannot do: Ignore voice tech.

"Wherever you stand on the audience penetration forecasts for voice, it's clear it will become a disrupting force for publishers in future, so ignoring it is not an option," BBC Good Food Editor Williams told FIPP.

Artificial Intelligence

Robot-created content

There are all sorts of pending applications for artificial intelligence (AI), but the one making the most waves right now, and actually delivering results, is content creation by AI robots.

MittMedia, one of Sweden's largest media groups with daily newspapers, printers and commercial radio stations, has figured out a way to use AI robot-generated content to actually drive subscriptions.

While the focus on "robo-journalism" has tended to be on time savings in busy editorial departments, MittMedia found out that using robots to generate real estate articles has resulted in adding 1,000 new subscribers in a single year to its total of 80,000 digital subscribers across 20 of its local news sites. Subscriptions cost roughly

US$11.50 a month.

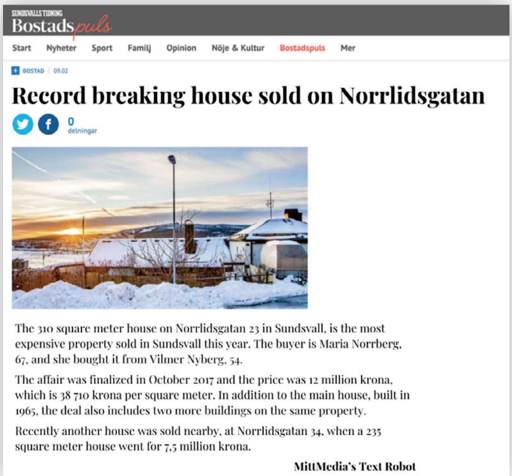
At the end of 2017, MittMedia launched an AI-powered bot called the "Homeowners Bot" that, using home sales data, writes short articles on every house that is sold in a local market. The bot is programmed to grab an image of the home from Google Street View and search each sales listing and local market sales data to find the most interesting angles, such as the most expensive house sold in a market in a certain time period.

The bot now cranks out almost 500 stories a week on home sales, constantly adding to an archive that numbered 34,000 in February 2019.

"A really good robot text can have a bigger impact and be more read than a really good news article, but only if it's a topic readers really care about," Li L'Estrade, head of content development at MittMedia, told Digiday. "Each article reaches a smaller group of readers on average, but in total, we get an exchange on par with anything written by our most-read reporters."

Every bot-written article carries an unusual byline: "By MittMedia's Text Robot"! According to the company, more than two-thirds of respondents to a survey said they didn't suspect or notice the story was written by a robot.

Other media companies have used AI-powered robots to generate stories using structured data. This approach is particularly useful for media companies such as Bloomberg, Reuters, and The Washington Post, where they have data-rich topics that are frequent story subjects, such as sports and business. Using structured data and robots, those media companies have been able to crank out a high volume of simple stories, freeing their professional staff to do the more creative and often investigative work. The high volume of robot stories also helps increase ad impressions.



SUNDSVALLS TIDNING
Bostadspuls

Start Nyheter Sport Familj Opinion Nöje & Kultur Bostadspuls Mer

BOSTAD | 09.02

Record breaking house sold on Norrlidsgatan

0 delningar

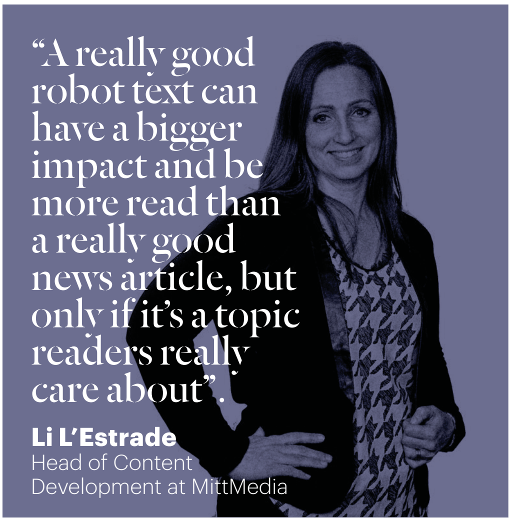
The 310 square meter house on Norrlidsgatan 23 in Sundsvall, is the most expensive property sold in Sundsvall this year. The buyer is Maria Norrberg, 67, and she bought it from Vilmer Nyberg, 54.

The affair was finalized in October 2017 and the price was 12 million krona, which is 38 710 krona per square meter. In addition to the main house, built in 1965, the deal also includes two more buildings on the same property.

Recently another house was sold nearby, at Norrlidsgatan 34, when a 235 square meter house went for 7,5 million krona.

MittMedia's Text Robot

EXAMPLE of an article written by the Homeowners bot, translated from Swedish to English



Caveat emptor

But here is one caveat: In February 2019, OpenAI, a non-profit research company backed by Elon Musk, created a new AI text-generation model called GPT2 that they decided was so good and the risk of malicious use so high that OpenAI refused to release it to the public as they have with every other tool they've developed.

The way GPT2 works is that its AI system is fed a partial-text story and then, based on the program's analysis of that text, it writes the sentences that it "thinks" should follow that text.

For example, when fed the opening of a story about Brexit in The Guardian, GPT2 spit out a perfectly plausible story, including "quotes" from Labour Party leader Jeremy Corbyn and a prime minister's spokeman's retort "quotes" to Corbyn's "quotes".

OpenAI, to demonstrate the potentially pernicious power of GPT2, created versions of the tool that could generate infinite positive or negative reviews of products. Similarly, GPT2 can be set up to create bigoted stories, conspiracy theories, and more.

So, while AI-powered robot "writers" have great potential to help media companies drive revenue and subscribers, the potential to do damage also exists and must be guarded against.

Messaging Apps

Where readers, but not advertisers are… yet

We've been told for years that messaging apps are the future for media companies looking to reach readers, especially as social media giants stumble.

> "There are so many messaging apps, it feels like you should be on all of them" — Carla Zanoni, Wall Street Journal Editor/Audience & Analytics

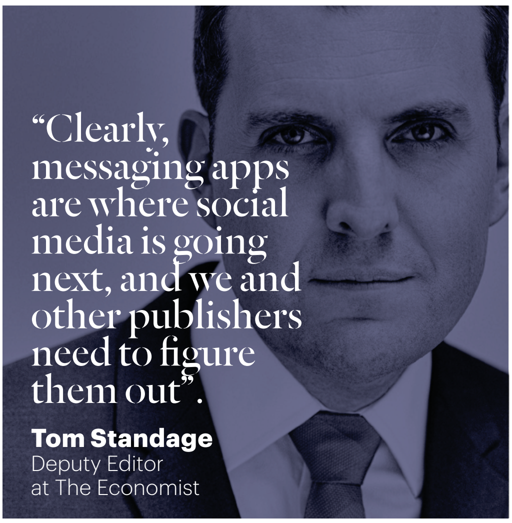
The latest messaging app usage statistics show that the global powerhouses WhatsApp and Facebook Messenger have 1.5 billion users worldwide, and WeChat and Viber are just behind — both at roughly the 1 billion mark, according to messaging services company MessengerPeople.

Below the top three, we have: Viber (1b, popular in countries like Kyrgyzstan, Ukraine, Belarus, Armenia, Azerbaijan, Bosnia and Herzegovina); LINE (203m users, especially popular in Japan and Taiwan); and Telegram (200m, popular in Iran, Uzbekistan, and Ethiopia), according to Inc.com. Beyond those, there are many others, including Tango (390m).

"Nine in 10 internet users globally have used some kind of chat or messaging service within the past month," according to Erik Winther, Insights Content Manager at GlobalWebIndex.

"Clearly, messaging apps are where social media is going next, and we and other publishers need to figure them out," Tom Standage, Deputy Editor at The Economist, told WhatsNewInPublishing (WNIP).

"Facebook's well-publicised problems have led to a substantial decline in use for news with other networks picking up the slack," according to a September 2018 report from the Reuters Institute for Politics. "Many apps are benefiting from this state of affairs. As messaging apps such as Facebook Messenger and WhatsApp grow in popularity, they are increasingly being used to share and discuss news, away from the toxicity of political debate that threatens more open spaces."



The messaging app ecosystem offers distinct advantages for media companies looking to reach readers. The apps offer massive, as-yet untapped audiences as well as unusually high engagement through push notifications and unique tools such as chatbots and stickers. In addition, messaging apps give media companies the opportunity to build community using chat rooms and crowdsourced storytelling.

Where to start?

"There are so many messaging apps, it feels like you should be on all of them" Carla Zanoni, Wall Street Journal Editor/Audience & Analytics, told WNIP. "Have a deep understanding of who your audience is and what their needs are. Make sure you're in the space where your audience is already active. Spend some time listening to your audience, to hear what it is they need. You want to provide some utility and service on those apps."

Some media companies are already there. The BBC, WSJ, Huffington Post, and The Washington Post have been in the messaging app space for several years.

In late December 2018, The Washington Post announced it was furthering its experimentation on Viber by introducing a chatbot and a second collection of journalism-themed stickers. The Post's global news bot is the first to appear on Viber and will be available to all users.

The Post's chatbot automatically sends users the top headlines from five different news sections — Politics, National, World, Opinions, and Entertainment — directly within the app. Users can opt to receive news updates either daily or weekly. They can also receive additional updates from their sections of interest by simply tapping on that section's icon. The feature includes a dashboard with options for users to subscribe to The Post, watch original video content, and invite friends to sign up for the chatbot.

The Post chose Viber because, while it is less popular than WhatsApp and Facebook Messenger, it is showing steady growth and thus is a key player, especially in Eastern Europe.

Another reason is that Viber offers media companies distinct advantages over WhatsApp, which sets a limit of 256 subscribers for each channel. Every time a media company hits that number, they have to create a new channel to be able to acquire new subscribers. On Viber, an unlimited number of users can sign up for a channel. The upshot? If it takes three minutes to publish something on Viber, the same process could take up to 30 minutes or more of duplicative work on WhatsApp, depending on how many channels you've had to set up.

Monetisation

But the same problem faced by AR initiatives plagues messaging apps: Monetisation.

The advertising landscape for messaging apps will be more challenging than it has been for social media," said GlobalWebIndex's Winther. "Apart from WeChat, which has a regular feed, many messaging apps lack a central place where display ads or sponsored posts can be run.

"Already, far more people have interacted with a brand on a messaging app than have followed a brand, viewed a Snapchat show, or even swiped up on any brand's stories," said Winther. "WeChat is the only channel where branded accounts have a strong uptake. For the rest, it seems content isn't king — yet — and perhaps until the messaging apps and services rethink the consumer needs as well as usage."

In the end, we now know that media tech can be a tempting (and dangerous and expensive) trap that is best tested against one criterion: Does a tech tool advance our ability to meet the needs of our readers and advertisers? Being cool is not necessarily the same as being profitable.

> "Nine in 10 internet users globally have used some kind of chat or messaging service within the past month."
> — Erik Winther, Insights Content Manager at GlobalWebIndex

The bendable mobile phone

Folded-up, it's a regular mobile device. Unfolded, it's almost a tablet

When it rains, it pours. As many as seven companies (maybe more) are expected to release foldable mobile devices in 2019.

"It looks like 2019 is going to be the year of the foldable phone: from the Samsung Galaxy Fold to a potential Motorola Razr reboot, it seems as though almost every phone maker is bending over backwards to perfect the tech," according to tech site T3.

Look for these foldable phones in 2019: Samsung Galaxy Fold, Motorola Razr, LG Bendi, Xiaomi MIX Flex, Royole's FlexPai, the Oppo, and Huawei Mate 5G.


Galaxy Fold


HUAWEI Mate X

Augmented Reality

Getting traction, but slowly

The dust is finally starting to settle around the kerfuffle created by Augmented Reality (AR) and Virtual Reality (VR).

What's left standing appears to be AR, with VR relegated for now to a hobby for rich folks.

Media companies seem to be betting on AR, and that bet is bolstered by some significant AR work created by several AR projects created in 2018 by The New York Times, The Washington Post, and Time Magazine.

AR, in comparison to VR, benefits from the fact that it is much, much less expensive to produce. A single person can whip up a simple augmented reality experience in just a few weeks, according to Dan Pacheco, Chair of Innovation at the Newhouse School of Syracuse University, speaking to Digiday. For example, The New York Times' AR team managed to produce an augmented reality component for a story about Syria in less than a week, he said.

Nonetheless, AR still faces challenges from tech to monetisation.

In terms of tech, while consumers now have the ability to view an AR piece using almost any new smartphone, distribution is complicated by an app system that is terribly fractured and diverse.

But when Apple and Android empowered developers to add AR features to mobile apps in 2017, that moved AR to a level of mainstream adoption.

"That solved the audience problem in an instant," Graham Roberts, Director of Immersive Platforms Storytelling at The New York Times (which produced 13 different augmented reality projects in 2018 alone) told Digiday.

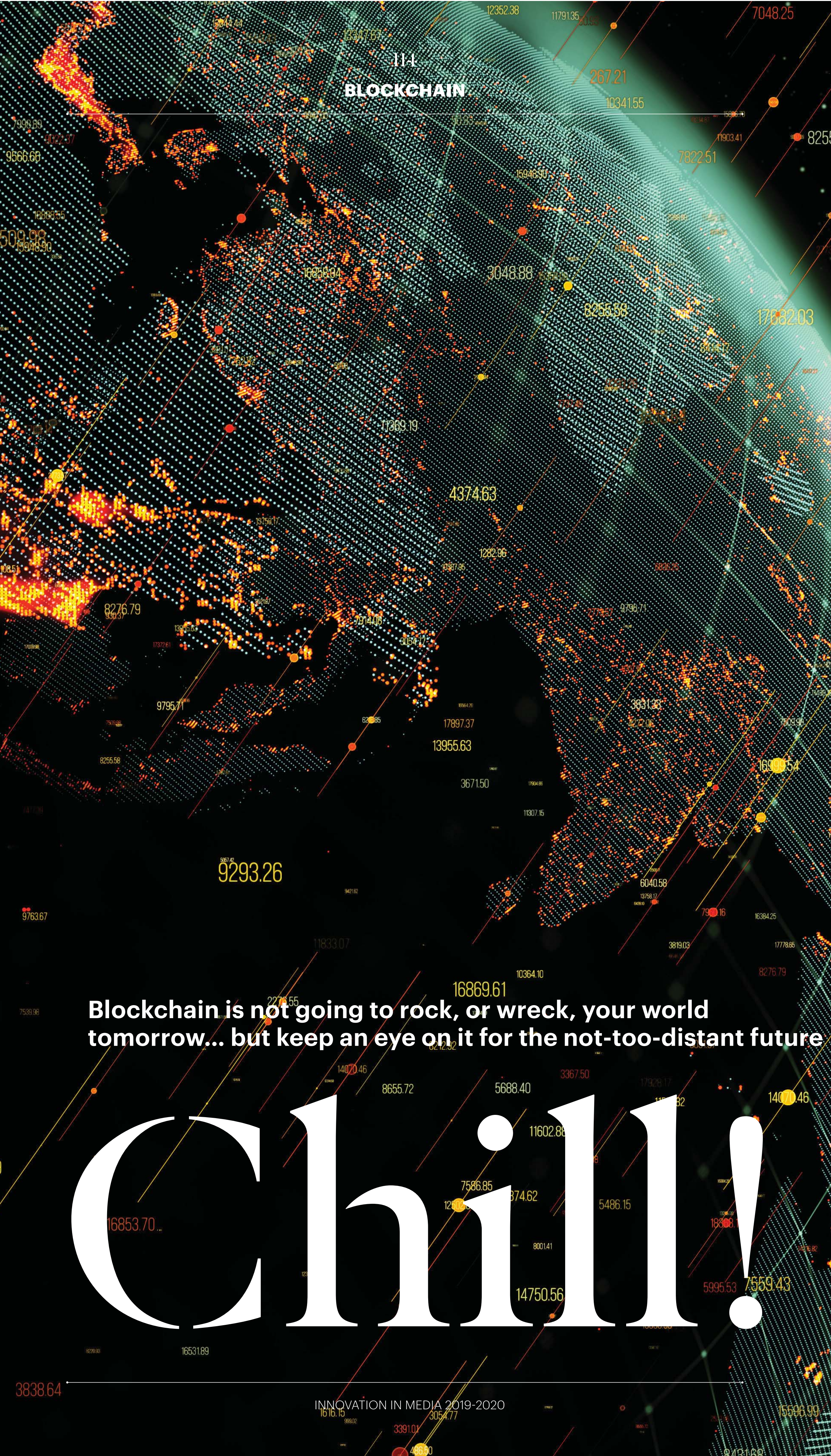
The answers to the monetisation problem are more difficult. Advertisers have long been aware of AR, but they seem to believe it is great for apps but not for ad insertion.

"This is engage, not sell," Justin Archer, Senior Vice President of Innovation at the media agency Moxie, told Digiday. "They can't take their traditional types of ads and apply them to this medium, so they're having to work a little harder."

That said, eMarketer projected in a late 2018 report that "AR advertising will grow quickly over the next several years. It is currently dominated by social media companies — including Snapchat and Facebook — which are aggressively building out their offerings and measurement models. New self-serve options, which are relatively easy to experiment with, are easing AR adoption among both brands and consumers.

"Brands that want to make their AR experiences 'stick' long term will eventually need to pivot from novelty to utility," the report said. "Winners will use AR to meet their audiences' specific needs for information, convenience and entertainment.

> "Brands that want to make their AR experiences 'stick' long term will eventually need to pivot from novelty to utility."
> — eMarketer 2018 report



Blockchain is not going to rock, or wreck, your world tomorrow… but keep an eye on it for the not-too-distant future

Chill!

It's safe to say that blockchain and Bitcoin and all that other crypto-stuff has a lot of media executives' knickers in a serious twist.

Relax.

Even if you don't know what any of those terms mean, there's no need to panic.

But you really should educate yourself and keep your eyes on the whole blockchain, cryptocurrency thing because it could have a significant impact on your business. Or not.

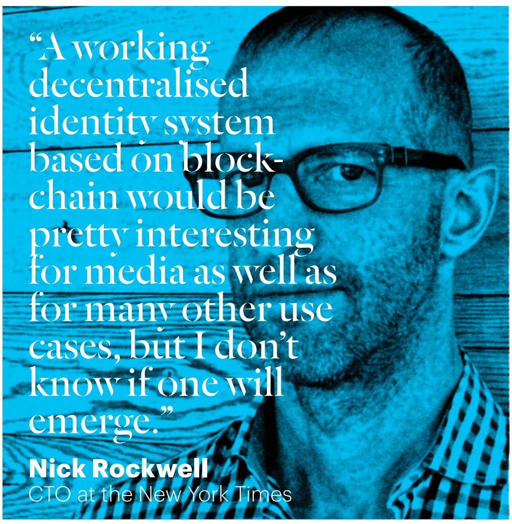
Most of us have heard of Bitcoin and the irrational explosion in its value followed by its sudden and devastating near-obliteration. At the end of 2017, Bitcoin had skyrocketed more than 2,500% from its 2017 low to reach a new high of almost US$20,000 by that December. A mere 12 months later, 80% of that value had evaporated, almost $700 billion worth, much of it in just the one month of November, according to coindesk.com. The new year has not provided any relief. As of late February 2019, Bitcoin, for example, had stagnated slightly below its November 2018 low of $3,879 at a value of $3,804.

That kind of extraordinary, giddy instant wealth followed by an equally instant, massive financial cataclysm not only lends itself to big headlines but also to serious misunderstandings.

At the height of Bitcoin's gold rush in 2017, 59% of UK consumers polled said they'd never heard of blockchain technology, according to UK-based bank HSBC. Furthermore, 80% of those who had heard of the tech said they didn't understand what that was.

After a year of dramatic news headlines, another survey in mid-2018 found awareness had increased, but not understanding. Almost 80% of American respondents had heard of at least one type of cryptocurrency by then, according to a survey by polling firm YouGov. But of that group, 87% had not mined, bought or sold cryptocurrency, and half did not plan to purchase bitcoin in the future. Worse, only 17% of respondents thought cryptocurrencies were mostly used for legal purchases!

In media company boardrooms and editorial and sales departments, there is a different kind of confusion, not dissimilar to the early internet days. But this time, executives worry about missing the next big thing, even if they don't see how it applies to their business.



"I don't see a killer app for blockchain in the media space," Nick Rockwell, Chief Technology Officer of the New York Times, told FIPP. But then he left himself some wiggle room: "There's some potential for establishing provenance for media assets, but it's not clear that that will make a difference. A working decentralised identity system based on blockchain would be pretty interesting for media as well as for many other use cases, but I don't know if one will emerge."

He's hardly alone, and, it turns out, he's right. For now.

"While early adopters — those digital enterprises and emerging disruptors that have built their businesses around blockchain from the very beginning — are quickly moving their blockchain efforts from their corporate test beds to production, enterprise digital (legacy) organisations are not moving at the same pace," wrote the authors of the 2018 Deloitte Global Blockchain Survey.

"Nor should they be," the study declared. "While these organisations can't afford to ignore blockchain, or its potential to disrupt the way they've done business for decades or even centuries, they also don't need to feel pressured to 'keep up with the Joneses' by adopting new business solutions before they're ready to do so.

"Having a healthy fear of disruption is fine, but there's no need for legacy organisations to feel anxious and move toward blockchain without first identifying and developing a solid use case," they concluded.

That is music to many media executives' ears.

But Deloitte also warned: "In short, the only real mistake we believe organisations can make regarding blockchain right now is to do nothing. Even without a completely solid business case to implement, we believe that organisations should, at the very least, keep an eye on blockchain so that they can take advantage of opportunities when they present themselves."

"Based on our view of where blockchain is today and, more importantly, its likely adoption rate within the next three years, we strongly believe that organisations need to evolve their thinking around the technology," the report projected. "We see blockchain enabling a completely new level of information exchange both within and across industries. As connections are made between blockchain and other emerging technologies, particularly the cloud and automation, we see the potential for blockchain to

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2018 Deloitte Global Blockchain Survey

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One way media companies can keep an eye on blockchain developments and their potential for media business models is to acquire or invest in a blockchain company.

For example, one media company acquired a minority interest in a blockchain start-up created by another media company. In late 2018, Swiss media group Ringier acquired a minority interest in the Berlin start-up Bot Labs, which was founded in January 2018 by Hubert Burda Media together with Ingo Rübe, the former CTO of the national publishing company at Burda. Bot Labs develops blockchain-based technological innovations for companies and offers cooperative models.

"With the help of Bot Labs, we are aiming to better understand the potential of blockchain technology and to learn how to exploit it for the digital assets in our portfolio," Robin Lingg, Head of Marketplaces at Ringier, told FIPP. "As a digital media company — one that is family-owned, like Hubert Burda Media — we need to continue to successfully drive forward Ringier's digital transformation. In addition to investing in companies, we see investments in enabling technologies as investments into the future of our group".

"Blockchain technology has the disruptive power to eliminate intermediaries," Board Member Philipp Welte, who represents Hubert Burda Media as a shareholder of Bot Labs, told FIPP. "For publishing companies like us, it offers a major opportunity to liberate the connection to our consumers from the clutches of monopolists and to utilise the value created by our content in the digital world for its true purpose: financing high-quality journalism."

Another way to stay on top of the blockchain industry would be to join or create a blockchain consortium.

"In the near term, we believe that blockchain consortia will continue to gain traction," wrote the Deloitte study authors. "According to our

"According to our survey, approximately 29% of our respondents have already joined an existing consortium, with nearly 45% saying they are likely to join one within the next year"

2018 Deloitte Global Blockchain Survey

survey, approximately 29% of our respondents have already joined an existing consortium, with nearly 45% saying they are likely to join one within the next year.

"As blockchain gains traction and influence, we believe the benefits of consortia, including their shared costs, ability to create unified industry standards, and advantages of scale, will make them even more attractive options for companies in finance, technology, and health care over the next two to three years," the authors wrote.

Some media companies are already using blockchain. Researchers at MIT in the US looked at how media and entertainment companies are using blockchain and reported their findings in the autumn 2018 edition of the business school journal Sloan Review.

The researchers examined more than 1,100 start-ups attempting to develop blockchain-based business models in a range of settings in addition to media and entertainment companies, including health care, telecommunications, energy, retail, aviation, real estate, and supply-chain management.

In a telling — and perhaps cautionary — summary, the authors found that, "so far, there has been no significant impact on the respective markets in terms of revenue and market share, but managers' and investors' expectations for future returns are high, as indicated by the flow of money into blockchain start-ups."

Looking specifically at media and entertainment companies, the researchers found that "some experts think blockchain may increase the share of revenue captured by content creators and producers by introducing new mechanisms for monetisation."

The team looked at blockchain-enabled businesses in 20 start-ups in the US, Europe, the Middle East, and Asia all using blockchain to manage or monetise digital content in music, TV and video, publishing, social media, video games, and digital art.

The researchers found three primary models and two others not as widespread:

1. **Smart property:** Many companies are starting to use "smart property" to track and enforce rights for creators of digital content, including music, video, books or articles, or even art.
2. **Micropayments:** Another popular application, cryptocurrency, facilitates micropayments to content providers. Companies use it for enabling customers to buy and play single songs or videos, for instance, or to purchase permission to read a news article.
3. **Smart contracts:** This is used to enforce license terms and dispense payments in financial transactions. For instance, it could allow certain digital content to be published and downloaded at a defined time and price — and could then split the payout among content creators.

Some less common applications of blockchain included:

- **Blockchain time-stamping:** This allows photographers and other creators of digital artwork to register proof of copyright quickly and inexpensively so that they can protect their creations from unauthorised use on the internet. Time-stamping is a simplified version of smart property. It doesn't track ownership changes, but it does confirm that the creator owned the asset at a specific point in time.
- **Blockchain content ledger:** This records digital content information like asset metadata and social media transactions. It is a direct

What the hell IS a blockchain?

There is no agreement on the term itself

There is no agreement on what exactly a blockchain is. Here are some samples:

Deloitte
When stripped to its core, blockchain is really just a sophisticated ledger system. It is a versatile technology that can record financial transactions, store medical records, or even track the flow of goods, information, and payments through a supply chain. While it can provide more security and, in some cases, anonymity, the truth is that on its own, blockchain doesn't actually do anything unless it is paired with a solid use case where it can serve as a sort of Trust-as-a-Service (TaaS) to ecosystem participants. Ultimately, it's more of a business model enabler than a technology.

Google
Blockchain is a digital ledger in which transactions made in bitcoin or another cryptocurrency are recorded chronologically and publicly. "While most people would agree that a blockchain is a digital ledger, many blockchains do not have an associated cryptocurrency and are not recorded publicly," according to the tech site, The Verge.

Investopedia
(a New York City-based investing site)
A blockchain is a digitised, decentralised, public ledger of all cryptocurrency transactions. "Again, many blockchains are not public, and many others are not decentralised," according to The Verge.

IBM
Blockchain technology is used in a peer-to-peer network of parties, who all participate in a given transaction. Because the ledger is distributed, everyone involved can see the "world state" at any point in time and can monitor the progress of the transaction. "Except that there [can be] only one participating party: itself. And Mastercard's blockchain is not viewable by anybody," said The Verge.

MIT
At its core, blockchain is a vehicle for organising and storing data shared among members of a network. Using sophisticated cryptography, verification, and incentive mechanisms, blockchain networks allow participants to agree on what constitutes valid and acceptable transactions; the idea is that no central authority controls the data or ensures consistency

extension of smart property. Indeed, once a blockchain is used to store ownership information, it can also be used to hold additional information about the content. In the case of social media, it might include user posts and related activities such as "upvoting," "downvoting," and comments.

"By leveraging the blockchain applications we've described, companies are starting to build innovative business models that not only offer new monetisation strategies for their digital assets but also streamline critical business activities such as relationships with business partners and distribution of revenue across the value chain," wrote the authors.

"These developments could create completely new ecosystems for content creation and consumption," they wrote. "Because the underlying blockchain technology is not sufficiently mature to handle billions of users and millions of content titles, start-ups are not yet able to challenge established mass-market players like Facebook, Amazon Prime, and Netflix. But that's partly what makes the new models serious threats: Industry leaders might not recognise them as threats in time to protect themselves. As the technology matures and the blockchain-enabled start-ups begin serving broader segments of customers — with a wider range of content, for instance, or ad-free social media environments — look out."

Clearly, the tech community believes passionately that blockchain will "revolutionise everything", said FIPP CEO James Hewes. "The question, however, remains if blockchain will be a back-room technology that will improve processes or a consumer facing technology that will actually add value to a product or a service."

One use case for blockchain in media was dealt

BLOCKCHAIN-BASED media company Civil's 2018 Initial Coin Offering failed miserably selling only $1.4m of the hoped-for $8-$24m in tokens. Worse, 80% of the $1.4m in coins were purchased by ConsenSys — the company that initially underwrote Civil

a very public and very dramatic blow in October 2018 when the blockchain-based Civil Media Company's Initial Coin Offering (ICO) failed spectacularly.

The company's goal was to sell between US$8m, and $24m in cryptocurrency called CVL tokens to consumers who would then use the tokens to support a network of newsrooms operating outside of the "failed" ad-supported media model across the US. The mission of the company is to "power sustainable journalism" via a "decentralised model based on blockchain and cryptoeconomics," according to the company.

"We believe that the ad-driven business model is slowly killing good journalism — which is itself a critical foundation for free, democratic societies," wrote one of Civil's founders, Matt Coolidge, in a company blog post. "So, we're introducing a new model."

"We even think that we are going to be able to show people that it's more fun, it's more rewarding, to pay for the news using CVL tokens as opposed to cash," Civil CEO Matthew Iles told The New York Times.

The one-month sale began in mid-September but by its close in mid-October, only 1,012 buyers had purchased a mere $1.4m of the hoped-for $8-$24m in tokens. Even worse, of the $1.4m in tokens sold, 80% were purchased by ConsenSys — the blockchain software company that underwrote Civil in the first place.

"It was as if an Olympic weight lifter said that, at a minimum, he'd be able to clean and jerk 400 pounds, and then did not manage to move the bar more than an inch off the ground," intoned the New York Times.

"Look, we sometimes get asked, are we too early?" Iles said. "And the answer is absolutely yes. But you only are ever going to be too early

> "The very nature of public blockchains means that if a smart-contract bug exists, hackers will find it, since the source code is often visible on the blockchain"
>
> **2018 Deloitte Global Blockchain Survey**

or too late."

Timing might not be the problem for Civil.

"Still, a problem remains: People don't buy into blockchain applications unless they can make money," wrote Jonah Engel Bromwich in the New York Times. "There is no evidence that people want to use it to 'fix' journalism. There is also no evidence that anyone really understands how that would even work... The technology remains difficult to comprehend, and, for any news consumer's purpose, irrelevant."

Another highly touted token-based publishing platform start-up aimed at the media industry, Po.et, enticed the Vice President of Innovation at The Washington Post, Jarrod Dicker, to leave the Post to become Po.et's CEO in February 2018. The company was founded to reward content creators, establish a clearer path for monetisation, and verify the provenance of media posts using the bitcoin blockchain. Po.et is a "decentralised protocol for content ownership, discovery and monetisation in media," according to Dicker.

"Po.et is an open source project and it's at the protocol layer with code libraries that different companies, from independent publisher to larger corporations, can use in different ways," Dicker told BlockchainBeach.com. "The notion that we could impact and influence by building part of 'the next internet' felt like a once-in-a-lifetime opportunity to do something great in a field I absolutely love.

"We're building something that is going to be used by many people in very different ways," he said. "When you look at the attribution component of being able to timestamp and attribute content, that is really focused on the Internet of Permanence. That's a concept which was supposed to be in the value of the web, but isn't anymore."

"The biggest thing I've noticed is that in blockchain, there are people who are 'Rowdy' or people who are 'Dowdy', and that's it," he said. "There are either people like us who are saying 'This is it, it's the future' and then there are people saying, 'This is shit; it's a scam.'"

Less than a year after he started, Dicker quit Po.et to return to The Washington Post to a job created for him: Vice President of Commercial Technology and Development.

Shortly before he left, Dicker had to announce the layoffs of five of Po.et's employees. (The Po.et layoffs came after a string of layoffs at other crypto companies, including SpankChain, Steemit, and ConsenSys.)

"We built a team that aimed to drive at 100mph all the time," Dicker wrote on a Po.et blog after he announced his departure. "The reality is that we're facing a long road to adoption... What does 100mph really accomplish other than tickets, accidents and extra gas? Maybe the way to mature as a technology isn't to be the quickest one to finish but rather the longest in the race. That is something we as a company need to realise in order to make the most impact."

Blockchain proselytisers are prone to categorical and, one could argue, preposterous statements.

Consider their ironclad assurance that blockchains are un-hackable:

January 2018: "The beauty of blockchain technology is that it enables a digital marketplace that is both decentralised yet tamper-resistant. Transactions are recorded chronologically in a distributed ledger that is transparent to its participants, but encrypted so nobody can cheat by changing or faking transactions. Agreed business rules, logic, and contract terms can also be programmed to automate transactions, known as 'smart contracts'. — Nelson Ganados, Executive Director of the Institute for Entertainment, Media, Sports and Culture at Pepperdine University

January 2019: Hackers gained control of more than half of the blockchain exchange on Coinbase and rewrote transaction history, enabling them to spend the cryptocurrency on the exchange more than once (called "double spends"). While US$1.1m was threatened, the hacker did not take money (perhaps satisfied to just show he could). But a second attack on another popular exchange — gate.io — cost that company $200,000 (but the hacker returned half of it days later).

In all, blockchain exchanges previously thought to be un-hackable actually have been hacked to the tune of US$2b since 2017, and that's just the amount revealed publicly, reported Mike Orcutt in MIT TechnologyReview.

"These are not just opportunistic lone attackers, either. Sophisticated cybercrime organisations are now doing it too: Analytics firm Chainalysis recently said that just two groups, both of which are apparently still active, may have stolen a combined $1 billion from exchanges," wrote Orcutt.

"The very nature of public blockchains means that if a smart-contract bug exists, hackers will find it, since the source code is often visible on the blockchain," he wrote.

The supposed impervious nature of blockchain was one of the reasons its advocates saw it as the future. Now, not unlike ad fraud, it sounds like a race for blockchain programmers to get and stay ahead of the hackers.

So, what should media companies do about blockchain and cryptocurrency?

The advice from Deloitte rings true. Their caution against irrational exuberance and the blind pursuit of the next shiny thing makes sense. Watch, perhaps invest in a blockchain start-up, investigate blockchain consortiums, and examine your business practices and workflows for areas where blockchain could make a difference.

But don't write it off. We've made that mistake before.

A media blockchain success story

Heart Media

Through its new platform, Aditus.net, publisher Heart Media in Singapore brings a world of luxury goods and services to so-called "crypto-affluents" via the use of crypto-currencies. With fourteen luxury publications, Heart Media Group, established in 1997 in Singapore, was acquired by current CEO Olivier Burlot in 2013.

Burlot said he gradually became aware that a growing group of wealthy people had developed the desire to buy luxury goods and services in cryptocurrencies via blockchain.

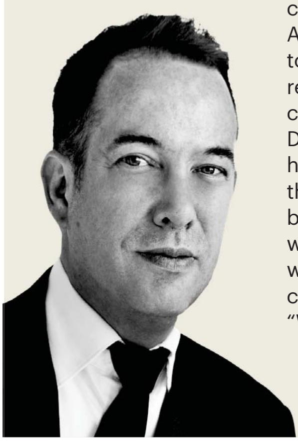
In fact, he said, in Asia this is a fast-growing trend with, for example, 20-25% of Koreans now preferring to trade in cryptocurrencies. "As a result, we decided to launch our own cryptocurrency - Aditus (ADI)," he told FIPP. The main reason for the initial coin offering (ICO) in December last year, he said, was to link the world's top luxury brands with those who have become wealthy through cryptocurrencies. "Within two years, so many people have grown very wealthy through cryptocurrencies," he said. "Aditus is now serving as a platform between the luxury brands and what we call the 'crypto-affluents'."

Heart Media's new website, aditus.net, is the first luxury access platform intent on linking such crypto-affluents to luxury products and services. Powered by blockchain technology it offers access to luxury merchants and high-end services globally for users to transact privately in the cryptocurrency of choice. "We are helping yacht companies to sell yachts, galleries to sell art, developers to sell properties," Burlot said.

To further answer the growing need for news about cryptocurrencies, Heart Media has also launched a new website, cryptoinvestor.asia, which already attracts 100,000 unique visitors a month.

As a revenue stream, crypto transactions are also growing in importance, Burlot explained. Working in a similar way as credit card suppliers, aditus.net earns three per cent commission on transactions "and if it is complex, it can go up to five per cent on the payment... so you can imagine that this is an increasing business for us," he said.

Reported by Piet van Niekerk for FIPP.



Olivier Burlot
CEO, Heart Media Group

The Best Year EVER for Offbeat print media innovations

We found print ads and stories that let you: Talk to a cover, wear as a jacket, feel beach sand, sleep to white noise, try on makeup, listen to lava and play a game!

After ten annual searches for the very best offbeat print media innovations, we have never, ever found so many examples of pure human genius and whimsy!

The first nine years turned up print innovations including ads that pregnant female readers could pee on to reveal discounts on baby furniture, issues printed on paper towels in public bathrooms, covers that played music, ads that could charge mobile phones, ads that included folded-up paper cups with coffee beans to make your own java, a swimming pool magazine with pages made with limestone that were waterproof (in case you dropped your magazine in the pool!), and many more.

So, what did advertisers, publishers, and editors do in print in the single year of 2018 that made them so much more remarkable than their predecessors?

Well, there was the magazine cover you could talk to and it would talk back.

There was an ad that you could tear out, set up next to your bed, and get white noise and lavender aromas to help you fall and stay asleep (I'm not kidding).

There was an entire print magazine you had to listen to in order to get the full story.

And then there was that ad that included a very stylish paper jacket you could tear out and wear.

There was an ad featuring sand from each of the 200 beaches on Dominican Republic.

And there was the magazine with a cover you could find in the dark.

Oh, and there was also a magazine story told in song and another that used a game to tell the tale.

I'm not done yet!

There was a print ad that let you grab the door handle of a new car, smell the new leather smell, and hear your heartbeat as you anticipate the thrill of "driving" the new car.

And I can't leave out the print campaign that used AR to enable readers to "try on" makeup and then, if they liked it, actually buy it right then and there.

And, finally (and you knew this day was coming, right?): A publisher experimented with a drone to deliver its print product.

Appetite whetted? Okay, let's dive in.

Talking covers

I'LL WAGER From paper jackets to talking covers: Sound and even video on magazine covers is not new. Way back in the 2010 book, we described an embedded video in the cover of Entertainment Weekly and in 2014 we highlighted a Billboard magazine cover in Brazil that played music on your phone via an NFC connection.

BUT NO ONE (to our knowledge) has created a cover that talks back.

IN 2018, EMPIRE MAGAZINE (UK) did just that. Bauer Media's title was the latest to push the boundaries of print by embedding an interactive speaker in their cover. When a reader presses a button, they can ask a question and get a spoken answer immediately,

THE COVER was the result of a partnership with Twentieth Century Fox to coincide with the launch of Deadpool 2, and the replies to readers' questions came from Deadpool himself.

OK, IT'S NOT A PAGE In that same storytelling vein, the New York Times magazine staff wondered if they could create their annual Voyages edition with the usual exquisite travel pictures... but no words. Only sounds.

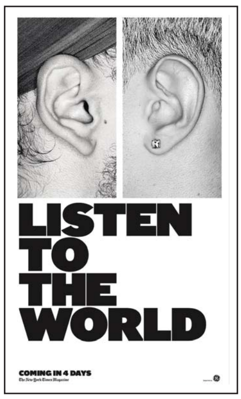
They committed themselves to making the edition a soundscape ecology project, examining topics where sounds were central and could, on their own, convey both information and the experience. They did use a few words: short introductory remarks and one short essay. They took the sound-centric approach so seriously that there were not even captions with the pictures. Readers had to fire up the associated podcast to get the full impact of the "story". The podcast wasn't optional, it was absolutely essential to the experience.

Each "story" included not only the sounds associated with the place, but also contributions from experts, scientists, and others familiar with the location.

"We chose places based on what they sound like," Jake Silverstein, the magazine's Editor-in-Chief, told the Neiman Journalism Lab. "We were looking for sounds that could really convince readers and listeners of our central thesis: that you can learn a lot about the world by listening to it." Intriguingly, the list included the Gol Gumbaz mausoleum in India (not a place I would associate with sounds of any kind), a national park in Mozambique that features a huge bat population, rat life in New York subways, and the Kilauea volcano in Hawaii. "I have never actually heard how lava moves before," Silverstein told the Neiman Lab. "It's a mind-blowing sound." In all, the magazine included pictures and sound stories about 11 locations and "soundscapes".

There was even a business angle: General Electric (GE) was the sole sponsor across all platforms (there was also a digital version). GE worked with the Times' T Brand Studio and the agency Giant Spoon to go to Chile, Uganda, and the North Sea to create branded content pieces about GE's power and renewable energy businesses.

And to top it all off, the Times Magazine crossword puzzle editors decided to make more than half of the clues audio clues!



Stories told (almost) exclusively with sound

A paper jacket you can wear

OLD SPICE has a reputation for crazy, charming, and cutting-edge ads. This particular ad took the company's reputation to a new level: a stunning, bright-red jacket scented paper jacket! Fragrance advertisers have long used scent strips in advertisements, but Old Spice decided to take that much further.

In the March 2018 issue of GQ, a full-sized disposable paper blazer, scented with Old Spice Captain, was inserted into a pocket in the ad.

Ad Week called the jacket a "ludicrous item" but trumpeted: "With this paper blazer, everyone gets to live the luxurious life of Old Spice Captain. Smell the smells, live the life, but don't go out in the rain because you will likely get paper machéd."

The ad that helps you sleep

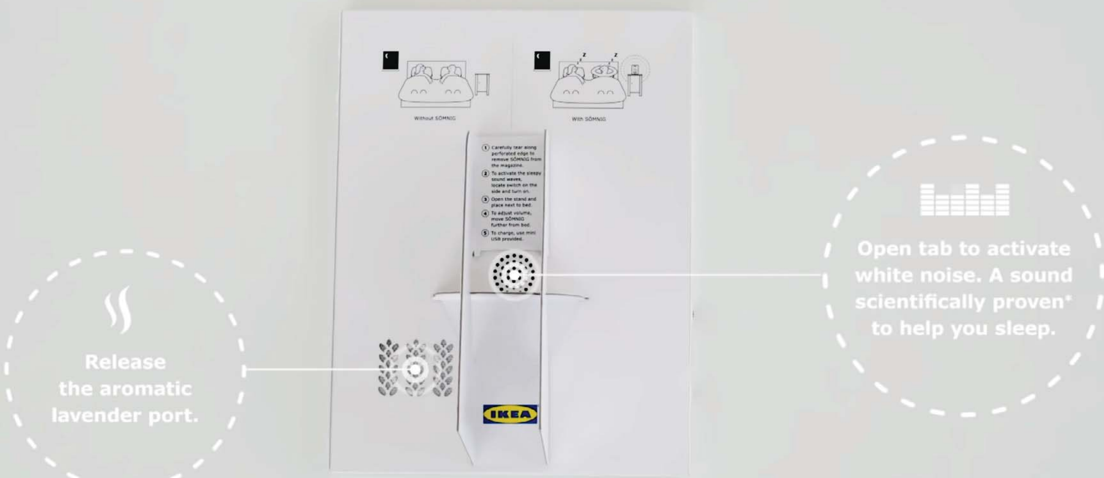
UNTIL NOW, when the team planning the IKEA bedroom campaign in the UAE first met, no one had the notion of creating a high-tech sleep tool. IKEA had done research showing that "nine in ten people in the UAE are not getting the ideal eight hours of sleep a night" and that "a third are seriously deprived, with 32.4% admitting their nightly shut-eye averages only six hours," according to Gary Rolf, Creative Group Head at Memac Ogilvy/Dubai, speaking to AdForum.

"Our job was to highlight the importance of sleep and point out that our bedroom range at IKEA can help improve the quality of your shut-eye," Rolf said.

As it happened, Rolf himself had been seriously sleep-deprived as his 18-month-old twin boys had not been sleeping soundly as infants. On the advice of friends, they had tried white noise and lavender, and, to his surprise, it worked.

"I'd never heard of it before, but it turns out it's a sound frequency that helps induce deep sleep," Rolf said. "We were also advised to use a lavender aroma in their bedroom because the scent is known to relax muscles and lower heart rate. Seeing as these two sleeping tips worked so well with the boys (and with us as parents), I thought: Let's use both — so we made a flat pack sleeping aid in the form of a print ad."

Here's how it works: Readers simply remove the stiff paper ad from the magazine, fold out tabs that enable it to stand up, plug it into a USB to charge, switch it on, and place it next to their bed. When activated, the ad emits a white noise frequency and also features an aromatic lavender port that releases the aroma from the lavender-infused ink used in the ad. The sound waves help circulate the lavender scent.



Stories told with songs, poems, and board games

THE BETSY DEVOS BOARD GAMES

IT'S PROBABLY safe to say that no initial story conference for an upcoming issue ever included a discussion about telling stories in an original song, or with a game, or almost exclusively with sounds.

But all of those storytelling methodologies were used in 2018.

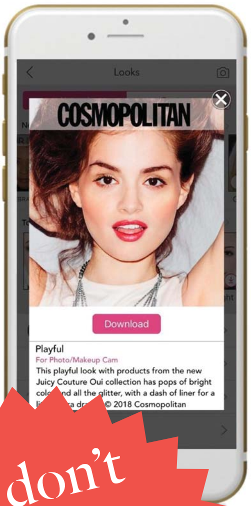
Wanting to break the traditional storytelling model but knowing that crazy, creative new storytelling methods would not come up in the normal course of a story conference, Washington Post Magazine Editor Richard Just challenged his staff to break the mould. He told them to forget the words and pictures on print models which often creates a facts-and-information overload. How creative can you be, he asked them. Could they tell a story in a way "that would rattle around in your brain and stay with you," Just said in an interview with The Poynter Institute.

"There are a lot of storytelling forms that people don't use in journalism," Just said. "Once we started thinking about all the forms you possibly could do, the list kept getting longer."

They ended up using songs, poems, board games, a three-act play, and a Mad-Libs Do-It-Yourself (DIY) story.

Just approached singer-songwriter Ben Folds to create a song about Deputy US Attorney General Rod Rosenstein's struggle with President Donald Trump. The song, "Mister Peepers", is available for streaming.

The issue also included poems by Eliza Griswold and Robert Pinsky, verse by Gene Weingarten, a Betsy DeVos board game and a three-act play.



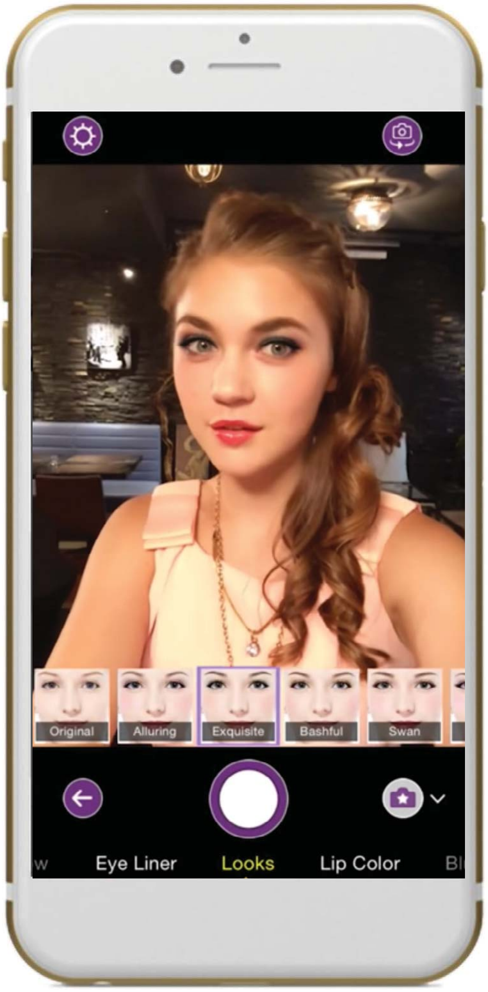
You don't have to go to the store to try on makeup.

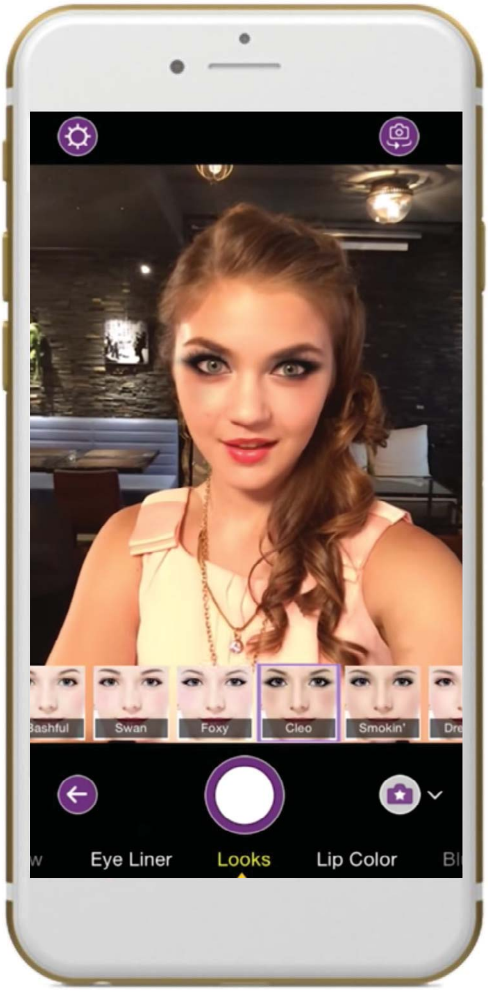
SELLING MAKEUP through print ads has always had the problem of readers thinking the cosmetic looks great on models, but how will it look on me?

In its October 2018 issue, Cosmopolitan introduced for the first time a "virtual try-on" in partnership with Macy's. Using an 8-page native content package, Cosmo readers with an iPhone could see how selected cosmetics actually looked on them through technology developed by YouCam.

Readers could snap a photo of a special QR code to go to a site on Cosmopolitan.com where the first-of-its-kind, virtual try-on feature, YouCam Makeup facial mapping technology, enabled them to see what the makeup they chose would look like on them. And if they liked the look, they could purchase the makeup by clicking straight into the Macy's online store.

A survey found 73% of readers wanted to be able to try on pictured products virtually, Donna Lagani, Cosmopolitan Publisher of more than 20 years, told Women's Wear Daily. She cited a statistic that the average millennial is projected to take 25,000 selfies in a lifetime, roughly four a week, so she said she believes they won't mind using their phones to see how they look.





An ad with real beach sand

PHYSICAL EXPERIENCES (that I can write about here) don't get much more sensual than Caribbean beach sand. So how about an ad that contains real beach sand from 200 different beaches in the Dominican Republic?

The Dominican Republic gets 5.5 million tourists a year, but almost all of those tourists go to the same three beaches (Punta Cana, Bávaro and La Romana, if you're curious). The country wanted to attract visitors to the 197 other beaches and, thereby, to the communities around those beaches to promote economic development.

Remarkably, each of the 200 beaches has its own signature sand colour and texture. And, with millions of tourists at the three main beaches, the other beaches offer unspoiled, uncrowded, peaceful sand and blue water.

Over a six-month period, the agency McCann Santo Domingo collected sand and water from each of the 200 beaches, and created a geolocated catalog of every beach with its unique colour signature of sand and water. Potential visitors could see and feel the variety of beach experiences available to them.

Printed catalogues were distributed around the world to Dominican consulates and tourism fair organisers and then a virtual version was built where readers could request a hard copy of the catalogue with all the sand samples.

Delivery by drone

IT WAS ONLY a matter of time, right? Drone delivery of a print product.

You're not going to see drones swooping from the sky with your favourite magazine any time soon, but a Japanese newspaper experimented with drone delivery with an eye toward being able to keep people informed during emergencies like earthquakes when roads and bridges might be impassable and power for computers and cell towers might be knocked out.

Anticipating such a natural disaster, the daily Hokkaido Shimbun successfully flew a drone carrying 10 copies of its newspaper 200 meters across a river in the city of Asahikawa.

So, how far away is the day when you can say, "Hey, Siri, fly me my magazine!"

Given the rich selection of print innovations last year, we can't wait to see what 2019 brings!

Sometimes the best print ads incorporate a digital element

In this case, it's a print ad that used a microprocessor and a record-breaking number of LEDs to reveal a stunning series of red lights on the back of the new Audi A8. Readers could also use an embedded faux key fob to animate the organic light-emitting diode (OLED) taillights, or the lights were activated just by opening the page.

The ad appeared in the Nov/Dec issue of Departures, a magazine published by Meredith Corporation exclusively for American Express Platinum Card Members.

"We knew we had to create something truly innovative, show stopping, and 'never been done before,'" Giulio Capua, Vice President and Publisher of Departures, said. "This project underscores the power of print" and technology.

The ad mimics the lighting technology and user experience in the real Audi A8's state-of-the-art exterior lighting, with precise light that doesn't cast harsh shadows or require reflectors.

Path to a sustainable future

– how the publishing industry is aiming for maximum positive impact

As the issue of sustainability becomes increasingly topical – and increasingly pressing – publishers are recognising the need to widen their sustainability agenda and develop businesses that are equipped to meet future challenges.

Sustainability and environmental impact have never been hotter topics. On a global scale, 2018 was one of the hottest years on record. In fact, 17 of the past 18 years have been the warmest in memory. Not only is the planet getting hotter, extreme weather-related events including droughts, floods, hurricanes, wild fires and record high temperatures are becoming increasingly commonplace. Add to this species extinction, major concerns around access to water and growing disquiet over poverty and inequality, and it is glaringly evident that the environment and sustainability need to be high on the agenda of both consumers and corporates.

The publishing industry is not immune to this. In fact, as a user of natural resources, though potentially sustainable, responsible publishers today are increasingly asking what their role should be to meet sustainability challenges and with it achieve maximum positive impact.

Some publishers have already put themselves at the forefront of the sustainability debate, driving change beyond merely compliance "box ticking" to meet environmental standards – with some already demonstrable and impressive results.

The Economist Group, for example, has been working with fellow members through the work of the Professional Publishers Association's (PPA) Sustainability Action Group to reduce energy-related threats and build on opportunities to improve public awareness of the sustainability credentials of paper. The Economist is also working with supply chain partners to respond to the potential risks and impact of future envi-

ronmental policy regulations and taxation.

Hearst UK, which engages 16 million people every month through printed and digital brands has launched its own commitment to sustainability. Entitled 'Planet Hearst', the plan is built on six objectives that are reviewed annually and also calls on employees to take individual responsibility to ensure the company's Environmental Management System is complied with and contributed to.

Many of those tackling the challenge have used the United Nations' 17 Sustainable Development Goals, which all UN Member States have signed up to collectively strive to reach by 2030, as a reference point. These are pivotal building blocks to achieving a better and more sustainable future for all. This "blueprint" is in equal measure an ambitious and challenging response to the mega-trends that threaten sustainable development across the globe.

What is clear is that the challenges for publishers extend far beyond traditional sustainability practices focused on ecosystems, forest management and global warming, into the realm of human rights, gender equality, poverty eradication and infrastructure development.

Partnership is key

While due credit should be given to those players who have taken the initiative to develop and enhance their own sustainability agenda, now is as pertinent a time as ever to refresh and refocus the industry's overall approach to sustainability.

"Reaching sustainability success as an industry will depend on how we integrate our efforts across sourcing, production, people and value creation," says John Sanderson, Head of Environment for UK and Ireland at global Biofore company UPM. "A sustainability agenda alone is clearly not enough. Even if organisations are individually adopting common goals to sustainable development, coordinating these efforts remains a complex and challenging task. If we work in silos we will not achieve the greatest change. We need partnerships and we need to integrate our actions."

UPM is certainly embracing this philosophy. UPM Communication Papers, one of six business areas within UPM, has committed to being "a world leader" in sustainable and high-performance papers – and actively works with partners to deliver sustainability success.

The business produces around 8.2 million metric tons of paper per year and employs approximately 8,000 people worldwide. The UPM Communication Papers division, headquartered in Germany, has production plants in Finland, Germany, the UK, France, Austria and the US – and the entire business is based on sustainable forestry.

UPM's brand promise 'UPM Biofore – Beyond fossils' reflects UPM's purpose to seize

"If paper were invented today, it would be viewed as the most innovative and environmentally responsible product of the past 50 years"

the limitless potential of bioeconomy and gives a long-term direction for the development of the industry and UPM as a company. Biofore is an acronym created in 2009 to describe the transformation of forest industry. UPM was the first in forest industry to define itself as a company which combines bioeconomy and forest industry into one.

UPM's strategy is crystallised in Biofore. UPM Biofore – Beyond fossils stands for:

- Inspired by the limitless opportunities of bioeconomy
- Delivering renewable and responsible solutions
- Innovating for a future beyond fossils.

This all begins with responsibly grown wood biomass that is processed into renewable, innovative, high-quality products. For example, UPM plants 100 tree seedlings every single minute, equating to more than 50m a year, sustaining forests which clean water, purify the air and act as carbon sinks.

The future is paper

The company has also committed itself to wood, not only as a sustainable raw material for paper but also as a source of other innovative materials and sustainable energy.

Working with Non-Governmental Organisations (NGOs), such as Greenpeace and WWF, government authorities, land owners and customers, UPM has focused its agenda on delivering on paper's potential as a sustainable solution, which provides for the needs of future consumers.

UPM believes that if paper were invented today, it would be viewed "as the most innovative and environmentally responsible product of the past 50 years", because of the efforts paper suppliers have gone to and the investments they have made to ensure its sustainability.

UPM is certainly well recognised for its role in this. In 2018, the company was listed for the sixth time as the forest and paper industry leader in the Dow Jones European and World Sustainability Indices, and also recognised as a Global Compact LEAD company for its strong engagement to the United Nations Global Compact. It is also one of the top 100 sustainable companies globally, selected by Corporate Knights.

Through its Sustainability Agenda, UPM Communication Papers has committed to working together with the publishing industry and its suppliers in expanding the sustainability debate and developing future-proof solutions. These types of steps might yet mean the publishing industry plays a crucial role in tackling the global issues of tomorrow.

Good journalism

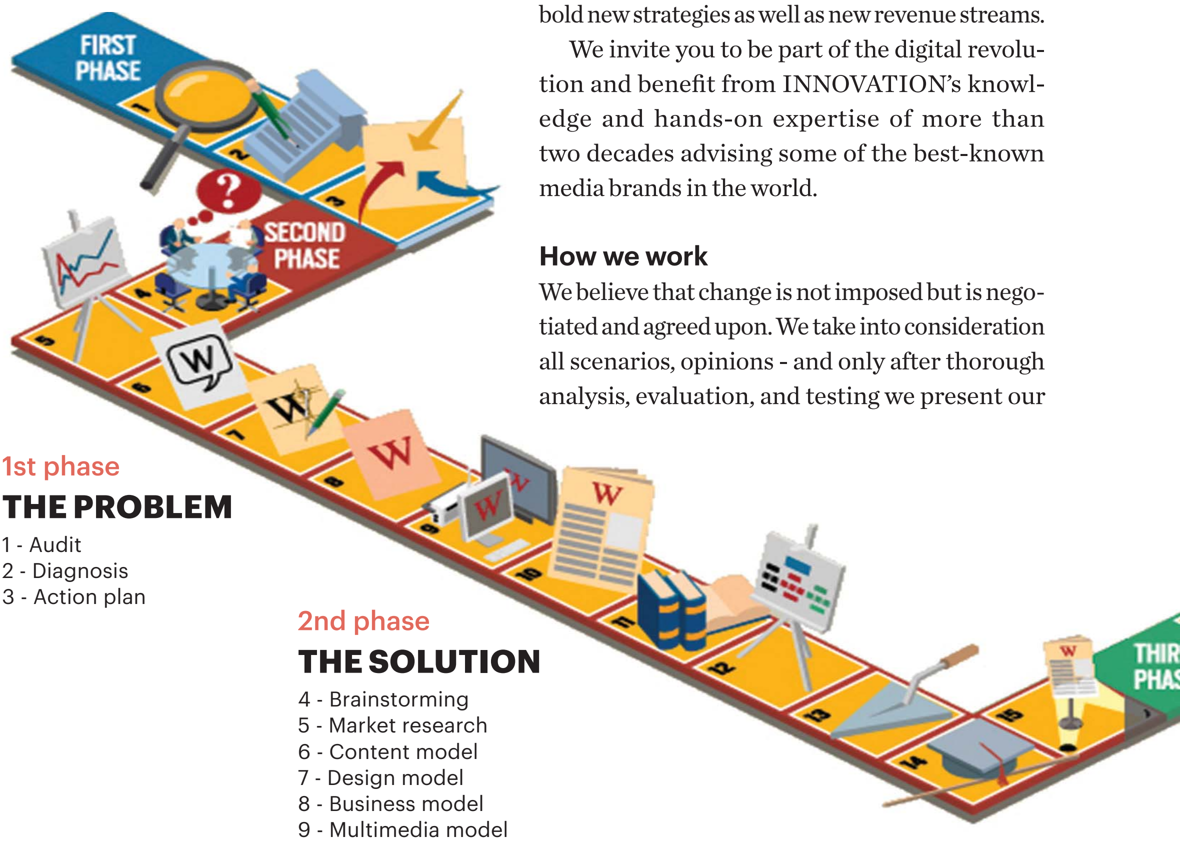
INNOVATION Media Consulting President Juan Señor and US Director and Senior Consultant John Wilpers speaking at the Digital Innovators' Summit Conference

We are a global consultancy firm with a difference. We focus exclusively on the publishing business – both editorial and management. And our focus is helping our clients innovate and embrace new digital platforms, and find bold new strategies as well as new revenue streams.

We invite you to be part of the digital revolution and benefit from INNOVATION's knowledge and hands-on expertise of more than two decades advising some of the best-known media brands in the world.

How we work

We believe that change is not imposed but is negotiated and agreed upon. We take into consideration all scenarios, opinions - and only after thorough analysis, evaluation, and testing we present our



1st phase

THE PROBLEM

1 - Audit
2 - Diagnosis
3 - Action plan

2nd phase

THE SOLUTION

4 - Brainstorming
5 - Market research
6 - Content model
7 - Design model
8 - Business model
9 - Multimedia model
10 - Prototypes
11 - Editorial & graphic style books
12 - Newsroom management model
13 - Working space redesign
14 - Training & implementation
15 - New Product launch

is good business

final recommendations and action plans.

One way to visualise our process is to think of it as a three-step effort: audit, diagnostic and implementation. We lead in-house teams to be at the heart of innovation in their firms and deliver on a new product, content or strategy. Although all projects are made-to-measure, the phases of any change process are always similar.

Editorial services

Our clients call us when they face pressing issues ranging from editorial re-organisation to a need for re-invention of their products, or the development and execution of new editorial or commercial strategies. They approach us for objective, honest, analytical, smart and experienced advice.

Management and strategy services

We believe that media companies should become new Information Engines™, and transform by shifting from readers to audiences and from audiences to communities.

Our clients talk to us when they need to make decisions that will have lasting consequences for their teams, operations, revenues and brands. They approach us when they need fresh global and experienced thinking.

Magazines

We believe, however, the genre must be re-invented to survive and thrive. We have developed ground-breaking new concepts, and formats with demonstrable success.

We re-organise news operations to adapt a matrix based on audiences rather than products.

We agree with the saying the best way to predict the future is to invent it. And the only way to invent is to develop a prototype

3rd phase

THE IMPLEMENTATION

16 - Evaluation
17 - Audience research
18 - Corrections
19 - Training
20 - Results: increased audience, increased advertising

INNOVATION
- Media Consulting Group -

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Empowering members to build market-leading international businesses

This book – the **Innovation in Media World Report** – is FIPP's most important publication and is a great summation of the knowledge and expertise that we share with our members across the world every year.

FIPP is one of the world's leading media trade bodies, with a primary membership comprised of professional content creators with cross-border interests, and additional membership from national trade associations plus a range of industry suppliers. We empower these members to build market-leading international businesses through our portfolio of events, knowledge products and networking services.

Our unique position in the industry gets us privileged access to the biggest players in the media world and our website, FIPP.com, is the home of the knowledge and intelligence we generate as a result. Updated several times per day with the latest media and publishing industry news, insight, reports and interviews, it's your one-stop shop for what's happening in your world.

FIPP is also extremely active across social media channels, with a vibrant presence on Facebook, Twitter (@FIPPWorld), Instagram (fippworld) and LinkedIn. Followed by thousands of media professionals worldwide, our updates are the best way to get instant updates on the latest news and on our events.

The Innovation Report is launched every year at the Digital Innovators' Summit (DIS), one of the two landmark events we run annually. The DIS, held in Berlin in March, is one of the world's leading innovation-focused events, with contributions from senior figures from across the media industry.

The FIPP World Media Congress, taking place in Las Vegas from 12-14 November 2019, brings together the cream of the global publishing industry. Attended by CEOs and Chairmen of the leading companies in the field, it is your chance to get a view from the top, as well as to network with hundreds of your fellow professionals from across the world. In 2019, Las Vegas will also host the FIPP Insight Awards and FIPP Rising Stars – celebrating the best in research and emerging talent in the publishing world. Full details of each initiative can be found on FIPP.com.

Finally, our new FIPP Insider events have proved hugely popular as we continue to deliver excellent networking and knowledge-sharing opportunities worldwide. Seven cities including Helsinki, Milan, Buenos Aires and Santiago have each hosted a free-to-attend one-day programme of seminars and networking, bringing you the best of FIPP. With events planned in Toronto, Washington and New York already planned for 2019, plus more in the pipeline, look out for a FIPP Insider in a city near you soon!

Finding that one contact who can make a real difference to your business can be hard – FIPP's networking services help you reach the right people. Whether it's a media partner, a technology supplier or a consultant, FIPP's global network can help you solve your business problems and drive out a host of new growth opportunities.

Membership of FIPP gets you access to all of this and more, including free PressReader membership, which gives you access to thousands of magazines and newspapers. Contact FIPP now to learn more about how to become a member of the world's best media trade organisation!

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FIPP Insight Awards
FIPP Insider Paris
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UPM BIOFORE
BEYOND FOSSILS

OUR PERSPECTIVE ON MAGAZINE PUBLISHING

Reliable, evolving, global

UPM COMMUNICATION PAPERS