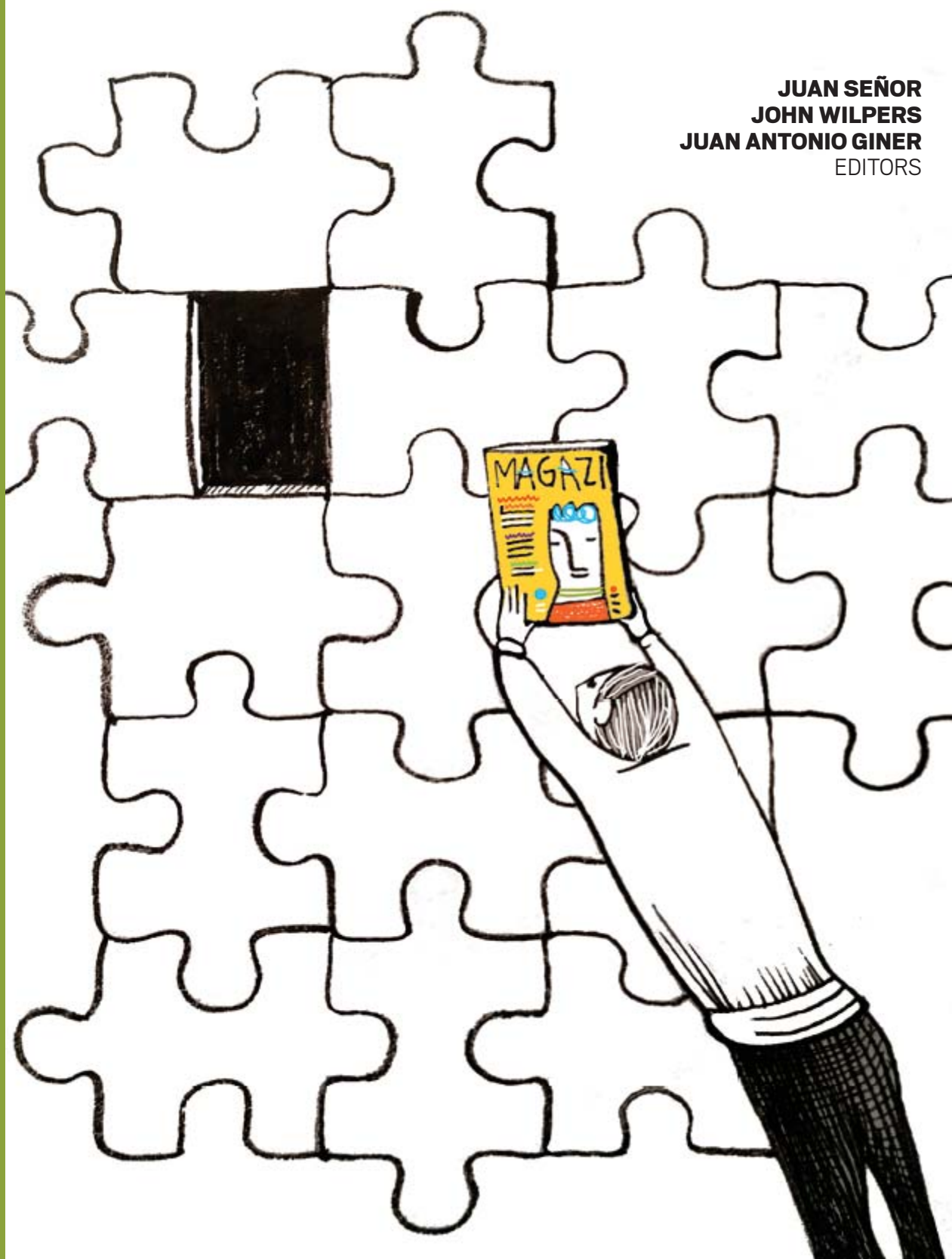


# INNOVATION IN MAGAZINE MEDIA 2016-2017 WORLD REPORT

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

**JUAN SEÑOR**  
**JOHN WILPERS**  
**JUAN ANTONIO GINER**  
EDITORS



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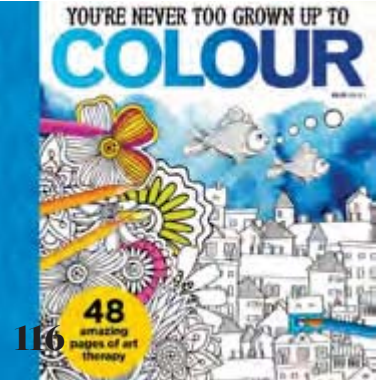


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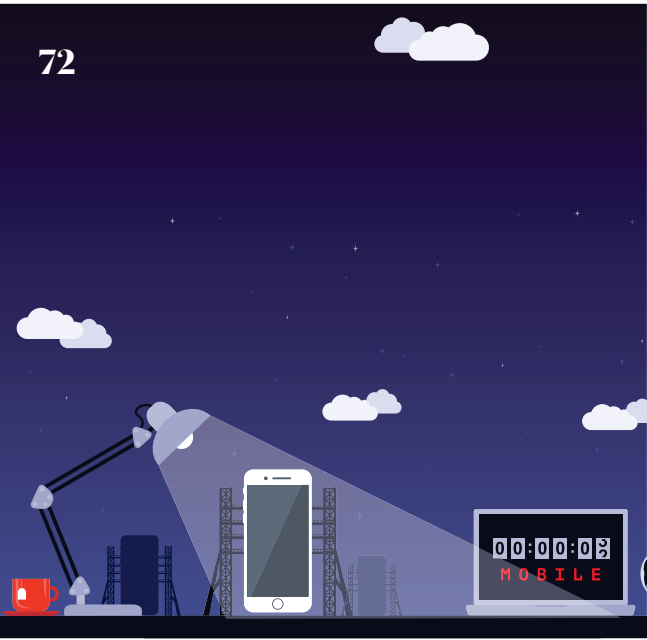
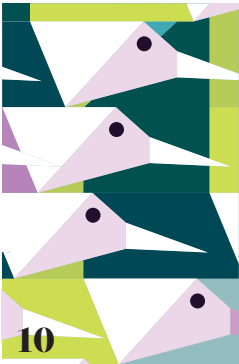
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ON BEHALF OF  
**FIPP**  
the network for global media

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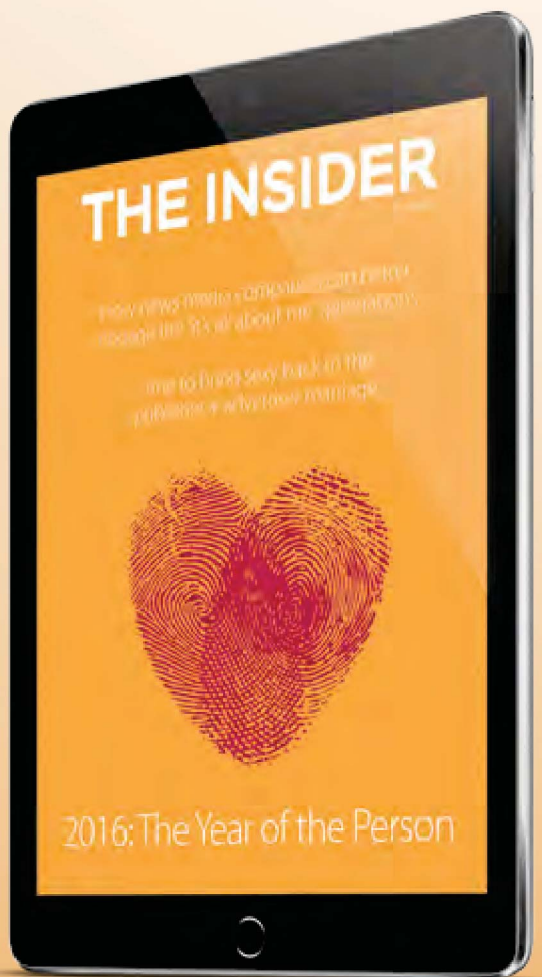
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# The biggest obstacle to change? Culture



**“How we had done things before were not likely to work as well in the future”**



Welcome to the 7th edition of our Innovation in Magazine Media World Report. At FIPP's World Congress, held in Toronto in October 2015, there was much talk on how magazine media companies were changing to compete in a world of profound media transformation. CEO's from North and South America, Europe, and Asia largely agreed that their company's culture was the biggest obstacle to hurdle before being able to achieve real change. This was recognition that how we had done things before were not likely to work as well in the future and why fundamental cultural change in areas such as working practices, in the type of talent employed and lines of reporting, and even the complete restructuring of buildings and offices were all being undertaken.

What are the goals of such major disruption?

One of the chief conclusions was that what all the CEO's wanted to have is a culture where trends and opportunities could be spotted quickly and where ideas would thrive and develop. In short they wanted more innovation.

Which is where our Innovation Report comes in as it has become something of a publication of record on how the demand for innovation is being met.

FIPP's main reason for being is to enable the global magazine media industry to share knowledge and experiences, and in the 132 pages of the Innovation Report, FIPP and our partners, the Innovation Media Consulting Group, can demonstrate that innovation is indeed thriving and developing. Once again we have seen another record year for submissions, more than 200, which has led to many internal arguments about which themes and case studies should be included. Inside you will find some fabulous case-studies that demonstrate the ever more varied ways that we are creating and distributing content that excites the consumer, attracts the advertiser, changes the rules, and, happily, finds financial success. I always refer to the Innovation World Report as a goldmine of ideas – and it appears that the mine is far from exhausted.

Putting together the Innovation in Magazine Media World Report represents a year-long task of research and monitoring, and a worryingly short time to write and produce, and would simply not be possible without the drive and effort of my FIPP colleagues Helen Bland and Cobus Heyl, and the indefatigable team at the Innovation Media Consulting Group, Juan Señor, Juan Antonio Giner and author in chief John Wilpers. My grateful thanks goes to them all.

**Chris Llewellyn**

President & CEO

FIPP – the network for global media

# A how-to guide to innovation

This year, we focus on how to actually make innovation happen, starting and ending with your culture



In 21st century publishing, there are no easy answers.

But there are answers.

And we've got a lot of them here in this book.

We've got proven strategies and tactics for the hottest, more important areas in publishing today: company culture, mobile, video, data, ad blocking, micropayment, distribution platforms, and trend spotting.



Welcome to our 7th annual Innovation in Magazine Media World Report.

We start the book out with a chapter on changing your culture. As we say at the opening of the chapter, change dies at the top. If publishing executives do not commit to and model culture change and innovation, no one will take any of his or her pronouncements about innovation seriously. They are DOA (dead on arrival).

Your staffs are surprisingly ready for change; you just have to make it important, essential, rewarding, and fun. You have to change your mission and your culture, and then change job descriptions, expectations, workflows and provide training to give your staff the permission, encouragement, and tools to make change and innovation happen.

After changing your culture to be innovation-friendly, all things are possible.

And you'd be wise to start with mobile.

Mobile is undoubtedly the single most important strategy for publishers to get a handle

on today. In the US some titles are already seeing 50% of their traffic coming from mobile, according to the Association of Magazine Media (MPA), and in the UK and elsewhere it is even more. Half of ESPN magazine's audience in the US of 89 million comes from mobile. People magazine gets a third of its readers on mobile.

Some magazine titles are seeing eye-popping annual growth on mobile: In 2015 annualised numbers released in early 2016, many US magazines saw eye-popping increases in mobile traffic, according to the Magazine Media 360's 2015 Brand Audience Report.

Hearst had a blockbuster year, highlighted by Veranda magazine's 568% year over year growth in mobile web visitors.

Hearst's Town & Country magazine notched an almost 300% year over year growth rate, while Marie Claire came in at just over 200% growth and Esquire and Country Living at just under 200%. Both Elle and House Beautiful came in at nearly 160% growth.

Conde Nast's Self and W titles recorded almost 150% increases year over year.

Some Rodale titles also had a banner 2015 in terms of mobile traffic. Their Bicycling magazine also notched nearly 200% growth and Prevention saw 130% increase. Time's Fortune magazine had 165% growth. Overall, the MPA calculated US magazine industry's mobile growth averaged nearly 50% year over year.

And yet most publishers are dumping desktop content onto a screen that is a fraction of the size of the desktop screen and that is used in situations vastly different from the desktop experience.

That makes no sense.

Publishers don't need a digital-first strategy for mobile, they need a mobile-only strategy. A digital-first strategy simply means putting content ultimately designed for a desktop on a mobile device first. The entire mobile experience is different from the desktop experience. Expectations are different, available time is different, needs are different, behaviour is different.

Build mobile content for the mobile experience. Make planning for mobile the first part of story planning. In our work with magazine companies around the world, we often recommend the creation of a bespoke team to drive mobile-only content until mobile-only



thinking becomes second nature, and then disband the team.

If mobile drives the majority of traffic, video is by far the dominant content platform.

And yet few publishers have the people with the skills or the equipment and software to produce video.

In working with magazine editors and authors, we often hear the excuse that “we don’t have time to do video”. That’s because they’re too busy doing things based on the old print-first business model. Even if they are a digital-first operation, all of the attention is focused on text, not video. Besides, they say, we don’t have any equipment or training.

To change an editorial department’s culture and enable the creation of new types of content on new platforms, you must first change your mission and vision (e.g., “We are a multimedia, multi-platform, 24-7 content creation organisation...”). That change drives changes in your priorities and expectations of your staff. What are you asking your staff to do today that pales in ROI to doing video or mobile-only content? Stop doing things the old way. Pivot.

Then you must provide the training to give your staff the skills to actually do what you’re asking.

Data is another largely untilled field.

Sure, almost every publisher has a “Yesterday’s Data” email that makes the rounds of the editorial, marketing, digital, sales, and circulation departments.

But nobody reads it.

Or if they do, they skim the results, nod, and delete it. Data is rarely the subject of a news or marketing or digital department planning meeting. Data rarely has a champion.

And that’s exactly what data needs: a champion who makes the data analysis and data-based strategy the first subject of every planning meeting. Hire a chief data scientist and make him or her responsible for telling you every day how you can choose better stories, write better headlines, build more successful ads, create new products, and kill failing products.

We also have chapters in this book on ad blocking, distribution models, native advertising, micropayment, and trend spotting, all of which have innovative ideas you can use at your publication.

And at the end, we celebrate genius, whimsy, creativity, and daring with our annual offbeat chapter highlighting some of the craziest, most provocative, most delightful new ways to use print and digital to inform and entertain our readers.

So, dive in.

And send a memo to yourself: Do something right away to change your culture so these ideas will have fertile ground in which to thrive.

If you accept change, you will never grow old!

*John Wilpers*

*Juan Antonio Giner*

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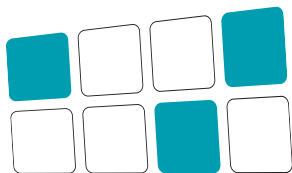
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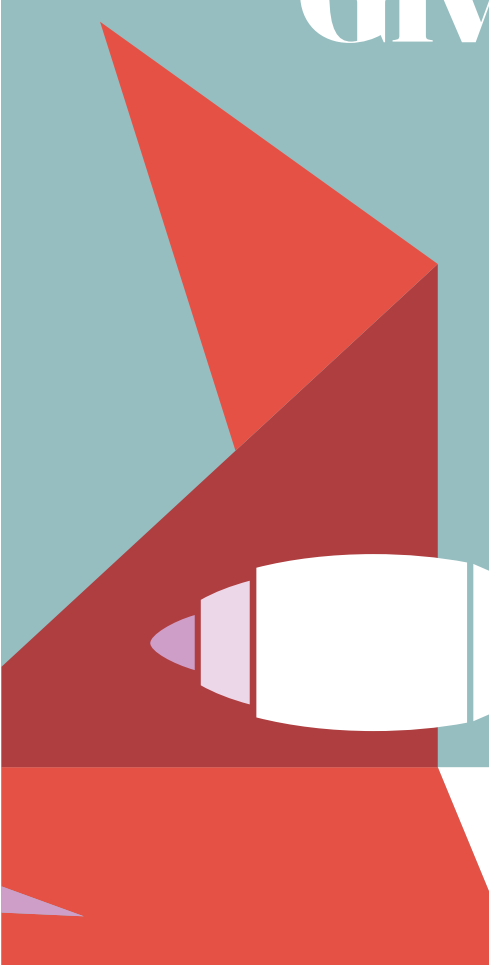
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# Give your boss this story: **Innovation starts with the leader**

Without leadership, training, and rewards,  
innovation will not happen



I

nnovation dies at the top.

Without a leader who creates a culture that encourages and rewards innovation, creativity, and risk-taking, no one will feel safe enough or empowered enough to risk failing. Nothing will change because change will have no champions.

Why should your boss care? Well, only because publishing companies that don't change die.

However, it's not as easy as the leader issuing a memo: "We will be innovative."

The publisher or managing director must create priorities, organisational structures, work flows, teams, budgets, and rewards all aimed at creatively achieving innovative goals that ensure the company's health in the 21st century.

And then he or she must model that creative, innovative behaviour.

The Lean Newsroom: A model for change



Nothing happens without the leader’s commitment

In our work with publishing companies around the world, we have found that nothing happens without the leader’s personal commitment followed by his or her reallocation of priorities, time, resources, and personnel. Even smart, innovative staff often sit back in safety and wait for the publisher’s signal.

But, as soon as the leader makes those kinds of structural changes and invites the staff into the change process, good things begin to happen. We have helped moribund, money-losing publishing companies become future-focused, innovative, profitable publishers, but it all began with the commitment from the top.

In mid-2015, the American Press Institute (API) published “Best Practices for Innovation”, a study of the key elements of successful innovation at publishing companies. At the beginning of the report, author Craig Silverman said, “Innovation can’t happen unless the leaders of an organisation instigate change and experimentation, and create structures, a culture, and processes that encourage innovation to flourish.”

The overwhelming temptation for leaders is to hold a staff meeting and declare that the

company is committed to innovation, and then sit back and wait.

But a publisher or managing director cannot simply announce that the company will now be innovative. “It’s just shouting empty words,” David Skok, Boston Globe digital advisor to the editor in chief, told Silverman. The leader must change the “structure or the tasks that people do to allow that (innovation) to happen,” Skok said.

Innovation requires “transformative leadership”

That kind of leadership is called “transformative leadership”, the kind of leader who “engages employees by appealing to more intrinsic motivations such as autonomy, fulfilment, mastery, a sense of purpose, and a spirit of camaraderie at work,” Don Peppers, an author of management books and a consultant, told Silverman.

In our work with publishing companies, we have found that leaders who make it clear that innovation is in the self-interest of the staff acquire followers more quickly and more enthusiastically than asking staff to change for the sake of the company alone. Leaders can show that staffers who acquire the kinds of



## A CEO's 10 steps to create an innovation-friendly culture

- 1 Announce a commitment to innovation in an all-staff meeting
- 2 Invite managers and staff to participate in building an innovation-friendly organisation
- 3 Create cross-discipline task forces to tackle organisational, workflow, technology, training, etc. challenges and changes
- 4 Determine training needs across all departments, identify skill/knowledge champions, send them for training, have them train the rest of the staff
- 5 Report progress regularly
- 6 Change job descriptions to reflect changes (the task of one of the task forces)
- 7 Decide what work does NOT need to be done anymore to free up time for innovation
- 8 Create a budget and process for rewarding innovative thinking and projects
- 9 Change meeting agendas to focus on innovative thinking and project planning
- 10 Either create a Twitter account or blog or other digital communication system, or start using your existing account more regularly to demonstrate your personal commitment to innovation



Jonathan Groves, co-author, "The Lean Newsroom"  
(Photo, Drury Univ.)

skills needed to advance innovation (video, social media, photo, data, etc. skills) become better, more powerful, and ultimately more marketable journalists.

### Culture is a key barrier to change

Transformative leadership also means changing your corporate culture. And that is no mean feat. The existing culture has been developed over decades. Now you must change it. Why? Because existing corporate cultures have been found to be one of, if not THE key barrier to innovation and change.

"Culture is the ultimate source of most of the defensive mechanisms that block organisational change and prevent learning from occurring," wrote "Lean Newsroom" co-author Jonathan Groves, a Drury University associate professor of communication, in the API report.

To change the culture and enable innovative change, publishers must give their staff the resources and rewards they need.

Managers and staff must be empowered and recognised for innovation. Once a leader has made innovation a goal, the leader must then provide the training and support to give staff the skills and knowledge that make innovation possible. And then provide the kind of verbal and financial rewards and recognitions that send a message to the rest of the staff.

***“The most successful leaders are usually ones balancing between pushing people to change but also, through providing training and support, are managing some of the anxiety that comes up around that,”***

**Carrie Brown**

Co-author of the Lean Newsroom

### **Training removes fears, empowers staff**

“The most successful leaders are usually ones balancing between pushing people to change but also, through providing training and support, are managing some of the anxiety that comes up around that,” co-author of “The Lean Newsroom” Carrie Brown told Silverman.

Without training and knowledge, even the greatest enthusiasts of innovation among the staff will be hesitant to try new ideas for fear of failure and embarrassment due to lack of skills. Training provided by the leader emboldens staff to put themselves and their reputations on the line.

We have found that publishers can pay for the training of individuals who then return to become the guru of a particular skill or process and the in-house trainer, spreading leadership and project ownership around the company.

### **A good leader also enables innovation by deciding what NOT to do anymore**

One of the next most important steps a leader can take to enable innovation is to decide what to STOP doing. Without changing priorities and eliminating some work, staff will just see innovation as piling more work on top of their already overworked lives. They will insist they are just too busy doing their existing jobs to find time for innovation.

“The reason that’s important is that unless you stop doing those things [that aren’t core to your operation], you don’t have the time and space you need to try out new things and fail

and figure out where to go next,” former vice president of journalism and media innovation for the Knight Foundation Michael Maness told Silverman.

### **Good leaders model innovative behaviour**

Beyond the training, reorganisation, and elimination of non-core activities, leaders must also model innovation. A publisher or managing director without an active Twitter account or blog or Tumblr is sending a message to the staff that innovation is important for everyone else, but not for him or her.

A leader must also go beyond the technological stuff and reinforce innovative initiatives every day.

The day-to-day behaviour of the chief executive is the equivalent of reading tea leaves for the staff. “Leaders seeking to evolve their culture toward greater iteration and learning need to examine carefully what is rewarded and punished, and recognise the critical role they play not only in what they say but in every action they take, no matter how subtle,” wrote Brown and Groves. “Staffers are quick to notice not only the more obvious internal awards or raises but also how attention and simple praise are distributed.”

### **Collaboration is a key to innovation success**

In building an innovative culture and integrated operation, leaders must also enable and insist on collaboration between previously isolated silos or departments within the organisation.

“It’s really just a big issue around creating mutual trust and respect between teams,” Trei

***“It’s really just a big issue around creating mutual trust and respect between teams.”***

**Trei Brundrett**  
Chief product officer  
of Vox Media



**VOX**  
MEDIA

# A GUIDE TO FIPP'S 2016 MEDIA TOURS

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Companies confirmed include: Awesomeness TV, BuzzFeed, Distroscale, Google AMP, HelloGiggles, LinkedIn, Optimizely, Tastemade, Vice and many more.

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### NEW YORK MEDIA TOUR 12-14 OCTOBER 2016 NEW YORK, USA



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## How to decide what innovations to pursue

Once your corporate culture and organisational structure is innovation-friendly, then it's time to start innovating.

But where do you start?

In the American Press Institute's Innovation Best Practices report, author Craig Silverman cited the suggestions of authors Len Schlesinger and Charlie Kiefer in their Harvard Business Review article, *Act Like an Entrepreneur Inside Your Organisation*.

Here's how Silverman summarised their recommendations:

### 1 Assess your level of desire for the project or idea

"Curiosity is sufficient but if it's 'just a good idea' that you don't personally care about, stop wasting your time and those around you by considering it any further," wrote the authors.

### 2 Ask yourself, "What am I willing to invest to take the first step?"

For publishers, there must be a budget. What are you willing to risk? But the authors also note that for people inside an organisation, it's less about investing money and more about "their social standing and relationship capital within the organisation."

### 3 Think about who you can bring along

Internal innovators need "employee partners and supportive bosses (or at least passive ones) as they build a marketplace and political support for their evolving idea." No one can do it alone.

### 4 Do something

The authors emphasise the Act-Learn-Build cycle they outlined in their book, *Just Start: Take Action, Embrace Uncertainty, Create the Future*. They warn against over-planning and over-thinking, and instead encourage you to embrace "low-cost, low-risk steps using the means you and your network have readily at hand." Then adapt as you go.

Brundrett, chief product officer of Vox Media, told Silverman. "If you're working together it's really about understanding where they are coming from and their background and where the hard work is, and what's valuable that they bring to it. And when you do that, instead of getting the editorial team telling the product team what to build, what you have is people making things together, having ownership together and trusting each other. And much better things come out of that."

At Innovation Media Consulting, we help publishers build small cross-discipline teams charged with the responsibility for making pieces of the innovation transformation happen. That participation and ownership eliminates fear and enables buy-in and builds enthusiasm. Publishers who share leadership build teams of leaders throughout the company who help move the enterprise forward.

### Do NOT create separate entities or staff for innovation

But here's a warning: Do not create a separate

innovation vice president or build an Innovation Lab. That just creates another silo and sends the message that innovation and creativity are not for everyone. Spread the responsibility (and fun) of innovation around so you can have many innovation champions and heroes.

Finally, for innovation to really take hold, leaders must turn over some of the leadership to the staff and managers. Every member of the company must feel they have ownership and the power to make decisions.

### Give people ownership and power

"I'm a strong believer that performance management fundamentally is about giving people ownership over their own product and what it is that they're trying to do," Skok said. "The more you can own that product or feel that you have ownership over your ability to influence it, the more empowered you are to go forward and do things that may be innovative."

When that happens, innovation is no longer a topic for discussion or a goal. It just happens. It becomes the new normal.



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# How to solve the ad blocking crisis: Fix, don't fight

Fighting ad blocking companies and consumers is like blaming the messenger; publishers should fix their user experience to stop abusing readers with ads that slow browsers, assault readers' eyes and ears, secretly harvest personal data, and dump malware on their computers





ho's to blame for the ad blocking crisis?

Look in the mirror.

Who can solve the crisis?

Look in the mirror again.

That's right. We caused it.

And we can solve it.

But first, let's take a step back to appreciate how we got ourselves into this predicament.

### It's all about two sins

It started with the publishing industry's "original sin" – giving content away for free at the dawn of internet. A sin too many publishers continue to commit every day.

As a result, it is very difficult to get anyone to pay for content these days. Readers see free content as almost a birthright.

The first sin then made the second sin inevitable.

By giving content away for free, publishers left themselves only one option for covering their costs: advertising.

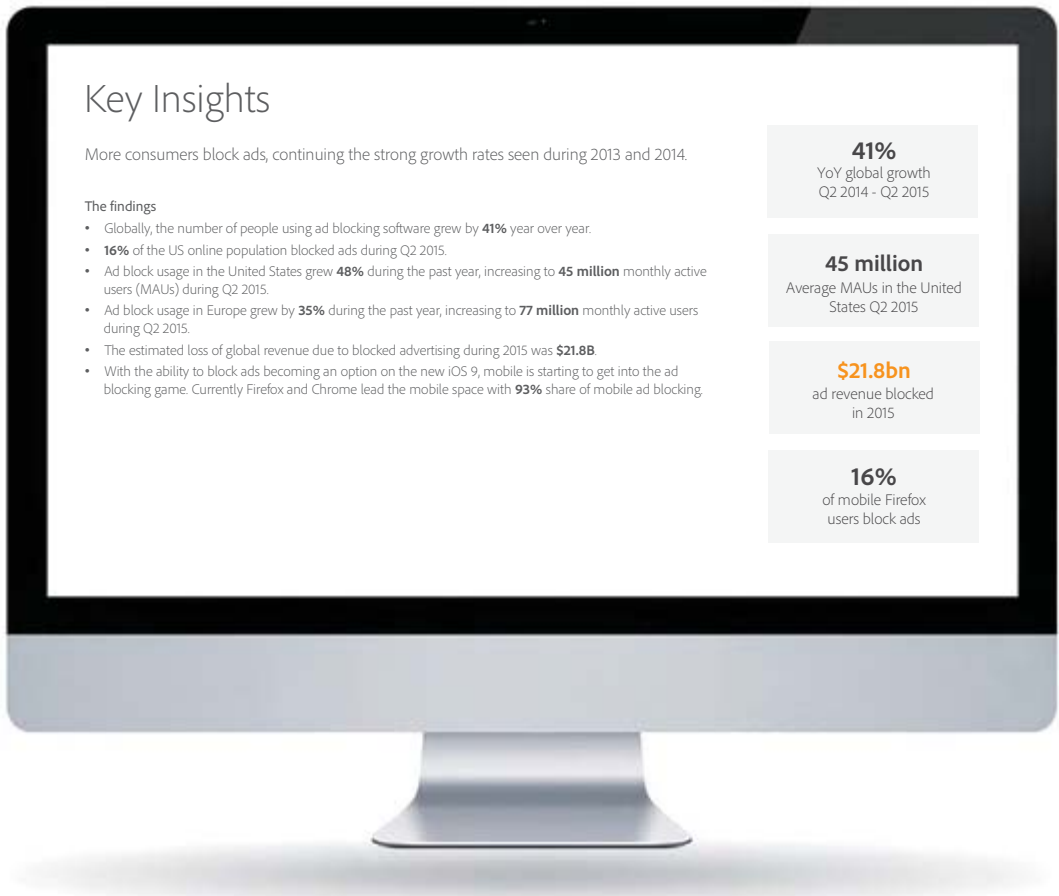
As print advertising revenues shrank, the pressure on digital ads to cover the revenue gap became intense. The obsession with automation and data collection in pursuit of short-range revenue gains drove publishers to pull out all the stops in giving advertisers every conceivable tool to grab readers' eyeballs (and often their ears) and "steal" their personal data.

It wasn't long before animated, oversized, data-heavy, sound-enabled, auto-play, page-takeover, personal-data thieving ads made the user's experience unbearable.

Today, publishers offer users desktop and mobile experiences that:

- Take forever to download because of the heavy load of features
  - Secretly collect private data
  - Inflate users' mobile charges
  - Drain device batteries
  - Often introduce malware into users' computers
  - Assault users with loud automatic videos, and
  - Abuse readers' trust with personal tracking and targeted marketing that seems creepy, as if someone is constantly looking over their shoulder at everything they do
- Readers have reacted badly to being so





The growth of ad blocking in 2013-14 continued in 2015.

Globally the number of people using ad blockers increased 41%, costing publishers an estimated US\$21bn.

mistreated and taken for granted. In a Digital Content Next (the former US-based Online Publishers Association) study, respondents said they dislike ads that:

- Cover content (70%)
- Automatically play with sound (70%)
- Track their online behaviour (68%)
- Cause web pages to load slowly (57%)

“In the last 12 years we have run after revenue targets, which have increased and increased, and therefore so have ad slots,” News UK’s head of audience and advertising systems Alessandro de Zanche told Digiday. “Ad tech was then brought in to increase the revenue and make quick money. The user has been mistreated and abused in the process, and now they are reacting.”

So now our readers are doing what anyone who is feeling abused would do: Remove the abuser from their lives.

And they are doing it in dramatically increasing numbers.

### Stunning growth of ad blocking

In the last six years, the number of global consumers installing ad blocking software has grown almost ten-fold to 198 million, according to the Page Fair/Adobe 2015 Ad Blocking Report. (Page Fair works with publishers to help them cope with ad blocking.) The pace is picking up: Ad blocking grew 41% globally from 2014-2015, including 48% in the US and a stunning 88% in the UK, according to the PageFair/Adobe report.

In some markets around the world, ad blocking is getting to the point of presenting a crisis for media companies whose business models is based on advertising. This is no small matter: At stake is \$50bn in global online advertising revenue.



“Forty-seven percent of our US sample and 39% in the UK don’t always see ads because they use ad blocking software to screen them out,” the Reuters Institute of Journalism at Oxford University reported in its 2015 annual media business survey.

In other markets such as Greece and Poland, Page Fair found ad blocking rates approaching those of the US and UK: 37% and 35%, respectively. And yet, in Italy and France, ad blocking rates are only at 13% and 10%, respectively. Clearly, the ad blocking phenomenon is not yet global but no publisher serving ads as described above should relax.

### Web browsers spark ad blocking surge

The reason ad blocking has accelerated in recent years is that the popular web browsers began providing free plug-ins to automatically nuke most ads, according to new media consultant Alan D. Mutter writing in his Newsosaur blog. “In the first six months of (2015), the number of users enabling the ad blocker on Google Chrome climbed 51% to 128 million, the number of ad blockers on Mozilla’s Firefox rose 17% to 48 million and the number of blockers on Apple Safari grew 71% to 9 million,” he wrote.

Ad blocking has exploded from a strictly geek thing to do, to become the fodder of radio talk show hosts and sit-coms. The US animated satirical cartoon series, South Park, introduced its reported 4 million viewers to ad blocking. US radio shock jock Howard Stern promoted Ad Block Plus on a show in October when he complained about internet advertising. Even NBC’s “Today Show” did a segment on ad blocking.

“Looking back now, our scraping of dimes may have cost us dollars in consumer loyalty,” wrote Interactive Advertising Bureau (IAB) senior vice president of technology and ad operations Scott Cunningham in October 2015.

### Could the crisis be illusory?

And yet, there are still those who are whistling by the graveyard.

“The shadow [of ad blocking] appears very big but the reality is it is tiny,” Paul Lee, head of tech, media and telecoms research at Deloitte, told The Guardian.

Lee insists that 2016 will not be the US\$41bn

## The IAB’s four-point plan to solve the ad-blocking crisis

Interactive Advertising Bureau president and CEO Randall Rothenberg, offered a four-point plan to solve the ad-blocking crisis and its underlying causes:

**1** The rapid race for consumer data must stop slowing the internet down. Everyone wants to own “insights” about the user, the ad and the site. But each digital ad is lugging around so many companies’ requests for data that the ads are physically, literally impeding the delivery of content. Data calls must be limited, ideally through a consensus-based standard-setting process or best practices. The industry needs to become better at using data - and at using less of it.

**2** Ads should only load when they’re about to be viewable, not before. Pre-loading ads not in view slows sites down, prioritising advertising over people’s desire to get to the content quickly.

**BLOCK ADS**

continues page 23

**PRIVATE  
PROPERTY  
NO  
TRESPASSING**

# Usage of ad blocking software in the United States

Usage of ad blockers in the United States grew by **48%** during the past year, increasing to **45 million** average monthly active users in Q2 2015.

- The findings
- Oregon has the highest ad blocking rate in the United States at **16.4%**.
  - Washington DC has the lowest ad blocking rate in the United States at **8.2%**.



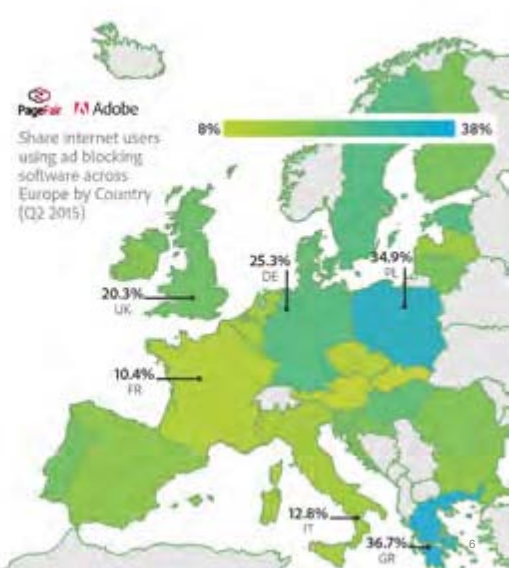
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# Usage of ad blocking software in Europe

Ad block usage in Europe grew by 35% during the past year, increasing to 77 million monthly active users in Q2 2015.

- The findings
- Ad block usage in the UK increased by **82%** during the past year, reaching **12 million** average monthly active users in Q2 2015.
  - Ad block usage in Germany increased by **17%** during the past year, reaching **18 million** average monthly active users in Q2 2015.
  - Greece has the highest rate of ad block usage in Europe.
  - Slovakia has the lowest rate of ad block usage in Europe.



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“ad-pocalypse” predicted by the likes of Page Fair.

Why? Google’s Android doesn’t have the “natural native support” for adblocking like that introduced by Apple, and Android runs on 80% of the 2.5bn tablets and smartphones out there, Lee said. “Then users have to actively download a blocker, which won’t work when they use apps, which is up to 90% of usage.”

“So relax, publishers: Ad blockers won’t destroy you tomorrow,” wrote re/code assistant editor Kurt Wagner at the end of 2015. “Still, it would be good to have a plan.”

“There is no sign of this supposed mobile ‘adblockalypse,’” City AM outgoing digital

director Martin Ashplant told Digiday,

Even the Interactive Advertising Bureau takes the official position that, having seen no slowdown in digital advertising in the UK with its 88% annual ad blocking growth, there must be no looming problem.

Good luck with that, as they say.

## But it won’t affect me

Some observers say not to worry because ad blocking affects gaming sites more than publishing sites, desktop much more than mobile, and mobile apps not at all.

That was true. Yesterday.

Don’t look now, but ad blocking is moving

from individuals taking the initiative to block ads themselves to entire mobile networks offering millions of subscribers automatic or opt-in ad blocking. That's huge.

Late in 2015 and again in early 2016, ad blocking company Shine announced partnerships with network carriers in the Caribbean (Digicel) and Europe (Three Group) to offer millions of their subscribers automatic or opt-in ad blocking. The Shine system blocks most pre-roll video ads and about 95% of banner ads and popups.

Digicel last October 2015 gave its 13 million subscribers automatic ad blocking (users could opt out) and the Three Group in February 2016 unveiled its plan to offer subscribers in Italy and the UK and soon in Austria, Denmark and Sweden, 30 million in all, the opportunity to opt in to ad blocking. These initiatives are targeting average consumers, not gamers, and mobile users.

And, while male-oriented gaming and tech desktop sites had been more heavily hit by ad blocking, legacy publishers like Forbes, Axel Springer, Schibsted, Gruner + Jahr, Condé Nast, and many others are seeing increasing numbers of their visitors coming to their sites bearing ad blocking software.

"Irrelevant and excessive mobile ads annoy customers and affect their overall network experience," Tom Malleschitz, chief marketing officer of Three in the UK, told AdAge. "We don't believe customers should have to pay for data usage driven by mobile ads. The industry has to work together to give customers mobile ads they want and benefit from."

### Are in-app ads safe?

And lest those relying on advertising on apps get too comfortable with the lack of success of blockers in getting into their walled gardens, the very same tool that Shine is selling to Three and Digicel also blocks ads in apps.

The only places where in-app ads might be safe are in jurisdictions with tough regulations regarding so-called "net neutrality" like the US and the European Union. In those markets, telecommunications carriers are not allowed to block or degrade internet traffic for anything other than network security or purposes (like parental controls) provided for in individual nation's legislation.

## The IAB's four-point plan to solve the ad-blocking crisis

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**3** Advertisers and their agencies should voluntarily abandon the most upsetting forms of digital disruption. While autoplay video ads may work in some mobile in-stream environments where a consumer can swipe them off the screen quickly, it may be time to retire autoplay in other contexts.

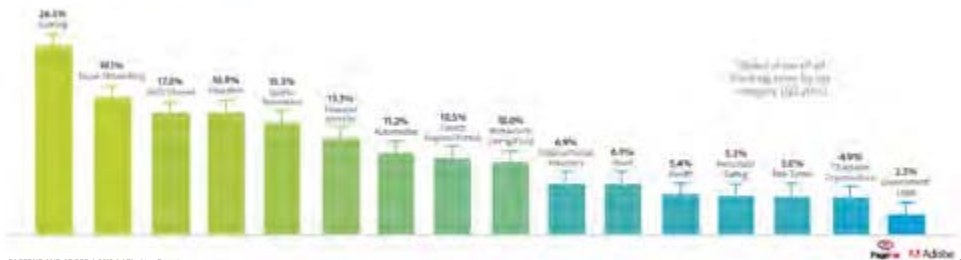
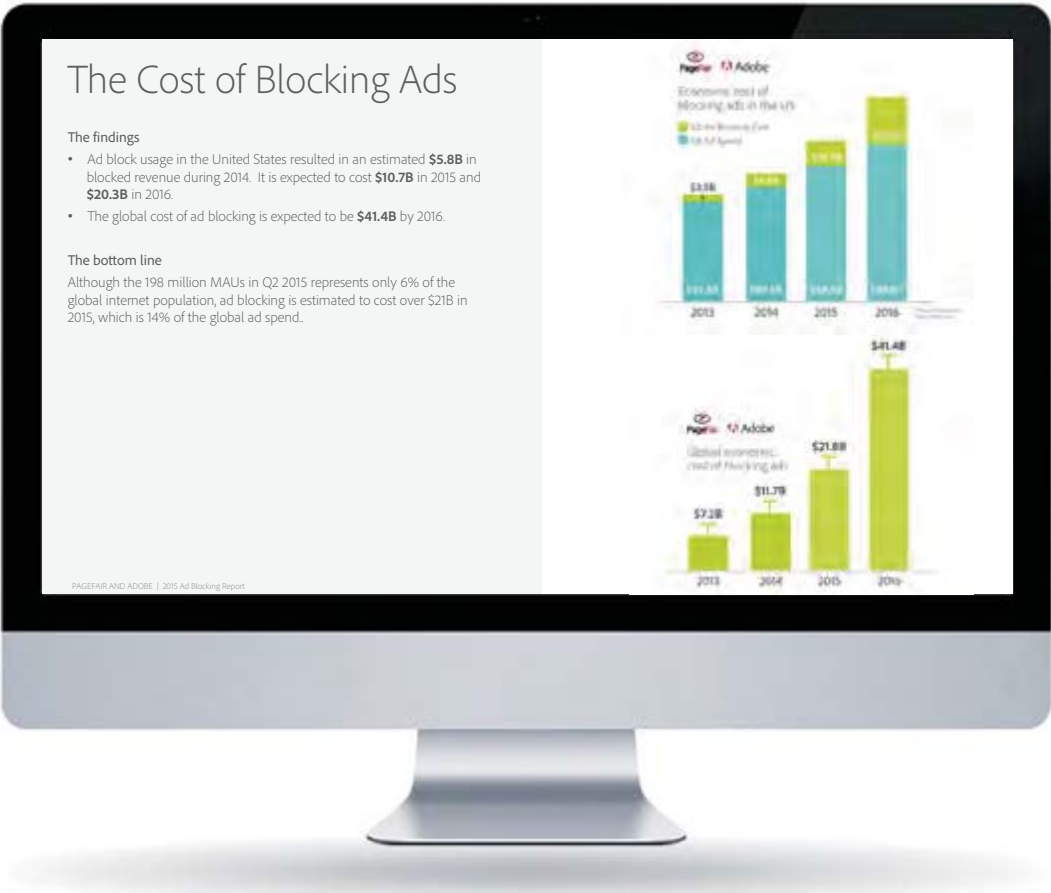
Flashing, blinking intrusive ads also should be considered grade-school creativity, not worthy of a profession that aspires to cultural significance -- and profits from making clients' brands admired and liked.

**4** Finally, publishers must take control of their site experiences, and turn down advertising that doesn't meet their standards for user engagement. That might sound controversial, but it's not. TV networks, newspapers and magazines have had advertising acceptability departments for decades. And if we've learned anything from the rise of native advertising, it's that the "Vogue effect" -- in which great advertising enhances the value of the publisher's offering - is applicable in digital media, too.

Indeed, a study by the IAB and the Edelman Berland communications firm found that in-feed sponsored content on entertainment, business and general news sites that is site-relevant and provided by a brand that is authoritative and trustworthy can boost a site's favourability with consumers by more than 50%. The same research found that trustworthy and authoritative brands with relevant messages can boost their favourability by over 50% using in-feed sponsored content.

Done right, advertising can be a win-win for publishers and brands that consistently keep the consumer first.





Back at the individual level, apps can kill ads in other apps, but to date those apps have not been allowed in app stores on Apple and Google. Both companies cited privacy concerns because those apps use privacy violating “deep packet inspection” of users’ internet behaviour, something browser ad blocking systems do not require.

In fall 2015, Apple removed the ad blocking Been Choice app, after initially approving it, and Google in 2013 removed Adblock Plus, Adblocker, AdAway and AdFree, and in February of 2016 Google removed Adblock Fast, Samsung’s newest Android blocker. Google’s

rationale: The apps interfere with or disrupt the devices, networks, or services of third parties. Google Chrome users can still download the apps from the developers’ sites.

But where there is a driving will, there will be a way. Publishers hiding their ads in the walled gardens of apps should not feel comfortable.

The cost of this war over digital ads is getting serious. The amount of revenue publishers will lose will double to US\$41.4bn globally in 2016, according to the same Page Fair/Adobe study. Another study by Page Fair for the International News Media Association



## The “extortion” racket explained

One of the ad-blocking companies lays out the rules for getting ads “whitelisted”

If it looks like a duck, swims like a duck, and quacks like a duck, then it probably is a duck. Right?

If it sounds like extortion, looks like extortion, and has a price tag to avoid a bad fate, does that make it extortion?

That’s what publishers are saying about the business model of ad blocking companies which, for a price, will let ads though their blockade to be seen on sites readers thought had been blocked.

The leading ad blocking company, Eyeo, creator of the most popular ad blocking program, Adblock Plus, revealed in February 2016 what’s behind its controversial “acceptable ads” programme which exempts certain ads from certain publishers from its otherwise blanket blockade, often in exchange for a cut of the revenue from those ads.

“Only advertisers that stand to gain more than 10m incremental ad impressions per month because of

whitelisting are asked to sponsor [pay],” a Eyeo blogpost explained. “To put that in perspective, if 5% of a site’s users block ads, for example, then that site needs to have 200m ad impressions to begin with in order to break the 10m threshold.”

The company estimates that 90% of the members of the acceptable ads programme



don’t meet that threshold, and thus see their ads whitelisted for free.

But the larger companies are asked to pay a fee that “normally represents 30% of the additional revenue.”

It’s not enough to be small or pay a fee, the approved advertisements must be labelled “acceptable”, a determination influenced by Eyeo guidelines that look at placement, design, and resource use. While there is a

community of ad blockers who influence the decision, the last say is Eyeo’s.

Not surprisingly, this perceived “extortion” is not popular or appreciated. Users who download the software are surprised that their ad blocker does not block every advertisement as promised and charge the company with dishonesty and compromised integrity for taking money from the very people they claim to be fighting.

Publishers, too, cry foul, claiming the “acceptable ads” programme smells a lot like a protection racket.

It’s not small potatoes for Eyeo, either. Some 70 companies, including Microsoft, Amazon, and Google, pay to be whitelisted and get their ads though the blockade.

Under pressure, Eyeo announced in February 2016 it would create an independent board to decide which ads are acceptable and should be allowed past the blockade.

estimated the revenue loss at mainstream news sites was 10% in 2015. And growing.

### Who’s to blame?

Crises like these trigger the blame game. Surely, someone somewhere screwed up.

Is the ad industry itself to blame?

“If the rate of people who stopped eating corn tripled over a two-year period, would the head of the National Corn Growers Industry still have a job?” asked Ari Rosenberg, founder of ad sales consultancy Performance Pricing in a September 2015 MediaPost piece. “If 41% of millennials decided to stop drinking

coffee, would the president of the National Coffee Association be under any pressure? If the National Football League experienced close to a 70% drop in attendance in just one year, would the commissioner of the league still be the commissioner?”

“So why, when consumers are blocking the serving of ads at these alarming rates, is the head of the Interactive Advertising Bureau (IAB) still employed?” he asked. “Here’s the truth: The online display advertising industry is a catastrophic failure because the IAB has condoned and promoted publishing behaviour that has led to this ad blocking

## Mobile is yet to be a factor in ad blocking growth

Although a large portion of online browsing is performed from mobile devices, mobile ad blocking is still very underdeveloped. The release of iOS 9 in the Fall of 2015 may be a game changer, as it will allow users to easily install ad blocking from the App Store.

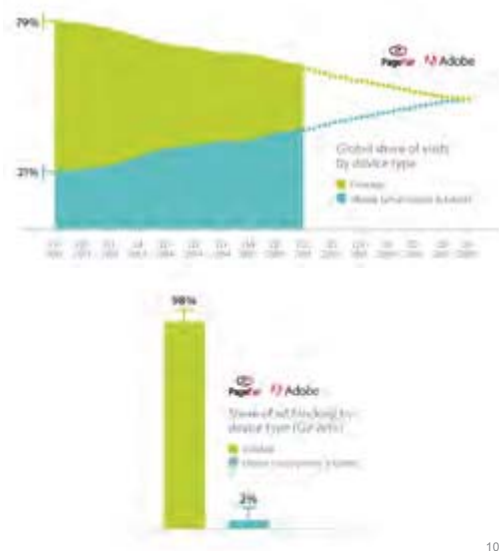
### The findings

- In Q2 2015, mobile accounted for **38%** of all web browsing.
- Only **1.6%** of ad block traffic on the PageFair network in Q2 2015 was from mobile devices.

### The bottom line

As technology develops and ad blocking plug-ins become more commonplace, the growth in ad blocking usage will receive yet another catalyst. This has the potential to challenge the viability of the web as a platform for the distribution of free ad-supported content.

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epidemic.”

Of course, the IAB head, Randall Rothenberg, points his finger elsewhere: the brands.

### Is it the publishers? Brands? Tech firms?

“To the degree that there is abuse of consumers, almost by definition it begins with the brands that are contracting agencies, which are in turn contracting publishers, which are then working with technology providers,” Rothenberg said at an IAB event in New York City in late 2015. “There’s a stream of activity that ends up in the consumer experience, and if that experience is bad, it begins with the brands.”

Or are the publishers at fault?

“Publishers’ thirst for ad revenue has driven them to work with more ad tech partners, in turn creating a bad reader experience,” said Digiday media writer Ricardo Bilton in a 2015 retrospective piece. “Publishers, under this line of thought, only have themselves to blame.”

Publishers aren’t taking that line of thinking lying down.

Publishers may get dinged for running intrusive, resource-intensive ads, but the pressure to do so comes from the people holding the money, Joey Trotz, vice president of advertising at Turner Broadcasting, told attendees at that IAB event in the fall of 2015.

The brands’ desire for bigger, more elabo-

rate, more targeted ads – an increasing percentage of which are video drives ads that create a significant drag on page performance, data use and battery life – has driven more people to install ad blockers, Trotz said.

But there is plenty of blame to go around.

“Publishers are to blame. So are brands. So is ad tech,” wrote Bilton at the end of 2015. “There’s been no shortage of finger-pointing when it comes to ad blocking. The easy culprit is ad tech, which has taken the bulk of the blame, thanks to its facilitation of intrusive auto-play video ads, behaviour tracking, and slow load times. Agencies have pointed the finger at publishers, which may have brought the ad blocking menace on themselves. And then there’s the likes of the IAB, which says the brands and agencies are as much to blame as any other group.”

### Focusing on the symptom, not the illness

Some media and ad industry execs like to deflect blame and attention, turning their wrath on the ad blocking software providers themselves. IAB’s Rothenberg calls them an “unethical, immoral, mendacious coven of techie wannabes”.

In his IAB speech in the fall of 2015, Rothenberg described the maker of the most popular blocking software, Adblock Plus, “an old-fashioned extortion racket, gussied up in the flowery but false language of contemporary

consumerism”.

Early in 2016, New York Times CEO Mark Thompson told Social Media Week attendees that ad blockers and the people who use them were no better than people who steal newspapers from a newsstand.

“Trying to use and get benefit of the Times’ journalism without making any contribution to how it’s paid is not good,” he said. “In the end, they’re not really helping pay for what they consume. Everything we do should be worth paying for. Everything should feel like it’s HBO rather than a broadcast network.”

And the ad blocking companies’ practice of offering to “whitelist” certain ads for publishers and let them slip through the ad blockade, often for a substantial payment, is nothing more than extortion, according to both Thompson and Rothenberg.

They “are asking for extortion to allow for ads to take place,” Thompson said at Social Media Week. “That should not be allowed.”

Ad blocking is robbery, plain and simple – an extortionist scheme that exploits consumer disaffection and risks distorting the economics of democratic capitalism, wrote Rothenberg in AdAge in September 2015. (See the IAB’s “The IAB’s four-point plan to solve the ad blocking crisis” sidebar.)

The ad blockers themselves, however, feel

no less passionately.

“We are as motivated to protect consumers as advertisers are to abuse them,” Roi Carthy, the chief marketing officer for Shine, told The New York Times. “This is a holy war for us.”

In the end, blame is a fool’s game. And a waste of valuable time.

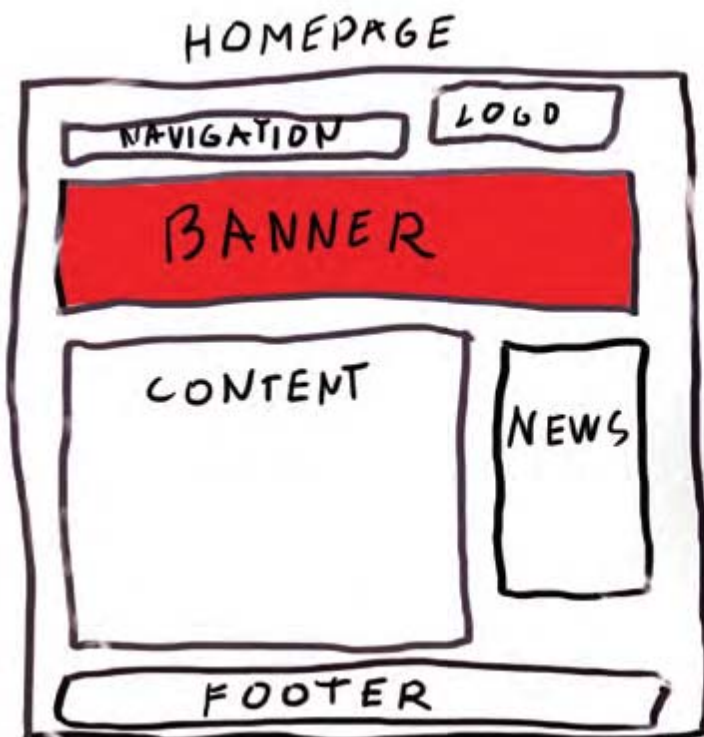
### First serve the real customer — the audience

It is time to move on and make ad blocking a moot point, a business without a consumer need.

“We built all these sites and places for ads to live but rather than give real thought to the landscaping, we just let everything grow. Now, everyone is saying, ‘we’ve got kind of a mess here so we need to take a step back and clean things up,’” Quartz publisher Jay Lauf told Digiday.

“You have to first serve your real customer, your audience, so you can have the foundation for a solid business,” he said. “No one has the luxury any more of ignoring the user experience.”

“The companies that are going to be successful down the line understand that content is a big differentiator but the entire experience is a part of that content as well,” Digital Content Next CEO Jason Kint told Digiday. “It’s all about



See that big red banner ad? A substantial number of web visitors in the US and UK don't see it because they use ad blockers. Forty-seven percent of US survey respondents and 39% in the UK don't always see ads because they use ad blocking software to screen them out, according to the Reuters Institute of Journalism 2015 annual media business survey.

# Mobile will facilitate future ad blocking growth

The Adblock Plus app, which can be manually installed on Android devices, enables users to block ads within Chrome. The Firefox mobile browser, which is available directly from Google Play, allows users to install ad blocking extensions.

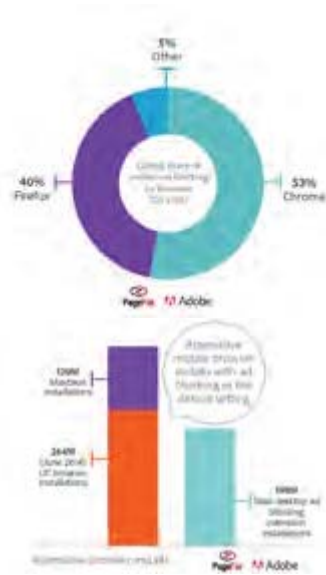
The findings

- During Q2 2015, **40%** of mobile ad blocking comes from Firefox users who had installed an extension to block ads.
- In June 2015, 16% of Firefox users on Android had configured ad blocking from within their browser settings.

The bottom line

Mobile Safari represents 52% of the mobile browsing market (and 14% of total web browsing). With support for ad block apps in iOS 9, we expect ad blocking on mobile Safari to trend towards the levels seen in the mobile version of Firefox.

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the entire package of speed and performance and technology. The consumer doesn’t differentiate between publishers based on content alone.”

“Recent IAB research shows that if presented with a straight choice between either paying for content, or viewing advertising, a comfortable majority of consumers say they’d prefer to continue seeing ads online,” wrote Lolly Mason, head of media artnerships at cross-screen creative technology platform, Celtra, on BrandKnewMag.com. “By focusing on improving user experience, and delivering ads that are truly engaging, advertisers and publishers will halt the uptake of ad blocking technology and can begin to repair relationships with their consumers.” It’s a short- and long-term strategy. “These actions are likely to result in fewer, more creative ads per page and over the longer term, will lead to an increase in average CPM rates,” Mason wrote.

Given what’s at stake, that strategy is easier said than done.

## Fight or fix

At present, publishers are more focused on fighting ad blocking rather than on fixing the core reasons behind it.

Instead of doubling down on improving the user experience, in particular the advertisements, publishers are playing with strategies to get readers to turn off their ad blockers, or even suing the ad blockers in court.

While that is not quite fiddling while Rome burns, those publishers are leaving the sickness untreated while treating symptoms. If publishers could just begin to make the user experience rewarding and pleasurable again, they’d kill the need and demand for ad blocking, and, thus, kill the business model for ad blocking companies.

Ad blocking “makes sense to me” from the perspective of consumers, Gawker Media head of programmatic Eyal Ebel told the Digiday Programmatic Summit in the fall of 2015. “Instead of trying to figure out how to get around ad blockers, you should figure out why people are blocking ads.” And fix it.

“As an industry, we have lost some trust and must accept that and address it,” managing director of Dennis Digital Pete Wootton told the Digiday Summit. “Some are trying to make out it’s a moral argument. It’s not; it’s a commercial argument. It’s a wake-up call to do things differently.”

## Getting distracted from the real job

But instead of doing things differently, some publishers are trying to figure out how to create ads such as native ads or in some cases pre-roll video ads that can’t be sniffed out by the ad blocking software. Others are putting their faith in advertising within the walled garden of apps.

Still others are trying to figure out a system to get readers to “whitelist” their site in their



ad blocker app to allow that publisher's ads through the blockade. Others ask readers to turn off their blockers simply because advertisements support the good work they do (a guilt-trip approach that is very modestly successful). Others offer an "ad-lite" experience if readers turn off their ad blocker.

Some publishers are offering readers the opportunity to pay for the privilege of an ad-free experience. And some ask readers to subscribe to access content.

In a bit of irony, some publishers' appeals to their readers are also blocked if the ad blocking software detects an abusive approach such as an obtrusive appeal that takes over a page or pops-up in the middle of content.

One ad-tech company, BlockIQ, is offering publishers the chance to defeat ad blocking software and serve ads to all of their readers, even the ones with ad blocking software. BlockBypass will either keep the publisher's content behind a wall, releasing it only when the reader turns off the ad blocking software, or circumvent the ad blocking software altogether and serve the readers ads anyway.

Here is a sampling of publishing companies' methods of dealing with the ad blocking crisis:

### AXEL SPRINGER

Last October, the German publisher's Bild tabloid was seeing 25% of its 10 million uniques visitors blocking ads, according to comScore. Germany is one of those countries with a high (and increasing) number of consumers using ad blocking software (25% according to Page-Fair).

The publisher then asked its readers to either turn off the ad blockers, whitelist the site, pay US\$3.23 a month, or lose access. The response was impressive: Two-thirds of the readers turned off their ad blockers, creating three million new "marketable visits" the company could monetise.

BILD is simultaneously pursuing legal action against the ad blockers. The company has lost two cases in court but insists they are making headway with every effort. "Since we've established this model, the courts are beginning to lean toward our argument," BILD.de editor in chief Julian Reichelt told Digiday. "Now the courts and judges have more of an understanding. We will start to win these cases."

*"We built all these sites and places for ads to live but rather than give real thought to the landscaping, we just let everything grow. Now, everyone is saying, 'we've got kind of a mess here so we need to take a step back and clean things up,'"*

**Jay Lauf**

Publisher, Quartz

### WIRED

With 20% of their readers using ad blocking software, Wired started giving readers three options: 1) Whitelist Wired in their ad blocking software; 2) Pay US\$1 per week to access an ad-free site, or 3) Go away. Wired is hoping a significant portion of their readers who use ad blockers will respond positively to the company's appeal and whitelist Wired to enable the ad model to support the content they want to read for free.

### FORBES

Forbes was seeing 13% of its readers using ad blocking technology. "13% adds up to a good-size city of people who aren't seeing ads on our site – and that adds up to real money," wrote Forbes chief product officer Lewis DVorkin.

"So, that led us to ask ourselves, what if we cut back the number of ads to consumers who turned off the ad blocking software when visiting forbes.com?" Dworkin wrote. "And that's exactly what we did. Since 17 December 2015, a small percentage of those with ad blockers received this message:

"Thanks for coming to Forbes. Please turn off your ad blocker in order to continue. To thank you for doing so, we're happy to present you with an ad-light experience."

From 17 December to 3 January 2.1 million visitors using ad blockers received the ad-light experience offer. Incredibly, almost half of those readers (42.4%) did turn off their ad

***“Wired started giving readers three options:***

***1) Whitelist Wired in their ad blocking software***

***2) Pay US\$1 per week to access an ad-free site, or***

***3) Go away***

***Wired is hoping a significant portion of their readers who use ad blockers will respond positively to the company’s appeal***

blockers, and they received a thank-you message in addition to access to the ad-light site.

However, that “ad-light” experience is hardly ad-free. Each page still has a 730x90 leaderboard, three 300x600 pixels display ads, and eight “From the web” paid content placements. Importantly, the pages do NOT include autoplay video or animation.

“We monetised 15 million ad impressions that would otherwise have been blocked,” wrote DVorkin.

## **VERDENS GANG**

Schibsted’s Norwegian media group, Verdens Gang (VG), has taken the slow-cook approach. They decided to research why their readers might be using ad blocking software. When a reader using an ad blocker got to the site, they were greeted with a survey asking why they were using an ad blocker. This gave VG the opportunity to convert ad blockers with a message making the argument that advertising revenue supported their journalism and offering instructions on how to whitelist the VG site.

As a result, ad blocking dropped 20% to 14% of VG visitors, or 25,000 monthly uniques.

Those 25,000 readers received another sur-

vey to determine what motivated the typical VG ad blocker. The results revealed that the blockers were predominantly young males ages 18-29, a good percentage of VG’s future audience. The survey also sought to identify ad blocker user objections and ways to improve the user experience sufficiently to entice them back.

A significant percentage of those users told VG they would whitelist VG if:

- Flash ads were removed (19% would consider whitelisting)
- Relevant ads targeting consumers were displayed (24% would consider whitelisting)
- Pop-up ads were removed (28% would consider whitelisting)
- Blinking, moving ads were eliminated (47% would consider whitelisting)
- Fewer ads were displayed on the site (47% would consider whitelisting)
- If the site had a quicker load time (48% would consider whitelisting)

As a result, VG moved aggressively to reduce site load time and begin discussions with media agencies and their advertisers to improve ad quality, jointly creating new rules that went into place this January 2016 calling for useful, non-tracking, static ads.

VG also opened discussions with their Norwegian competitors looking for industry-wide solutions implemented by all publishers in the country.

## **GRUNER + JAHR**

Before banning access to readers with ad blockers, Gruner + Jahr’s special interest title Geo was giving ad-free access to the 22% of its readers who employed ad blocking software, Oliver von Wersch, G+J Digital’s managing director of growth projects, told Digiday. Then the magazine decided to shut the doors, telling its visitors, turn off your ad blocker, pay per day (US\$.50) or week (US\$2.22), or lose access. Three months later, the number of visitors with ad blockers had dropped 35% with no drop in overall traffic, von Wersch said.

G+J tried the same strategy with three other titles (a food and recipe site and two interior design titles), and got results even faster: one week! The food title saw ad blocking drop by 30% and the other two sites experienced similar success.



POP-UPS GO HOME

LESS  
LOADING  
TIME

BLOCK  
ADS

## SLATE

Slate is reported to be losing eight percent of its revenue to ad impressions lost to ad blockers. But it is actually doing something about the user experience that drives readers to employ ad blocking tools. They are eliminating intrusive ads on their site while also asking visitors with ad blockers to sign up for premium membership.

Soon they will ask readers to turn off their ad blocker, but only after having already improved the user experience.

## SPANISHDICT

The world's largest Spanish-English dictionary, translation, and language learning website is taking a unique approach: No bans, no appeals, no lawsuits, just outreach and repair.

Because the site relies on programmatically-placed ads, it has no control over the quality of the ads appearing on its site. With an estimated 12 % of its visitors using ad blockers, the managers of the site decided it was time to act.

In an effort to remove offensive ads and block offending advertisers, the site created a tool asking visitors to report bad ads.

It's working. Some ads drive as many as 400 complaints, usually autoplay videos, and the company has taken action on about one-third of the offending ads.

SpanishDict is cleaning up its user experience to keep readers from resorting to ad

blockers. "We can't affect the format when we serve ads programmatically [and] I'm not by any means pro ad blocking. But we ought to be asking, what as publishers can we do to change the experience on our site?" Jordan Woods, SpanishDict ad operations manager, told Digiday.

## There's no time to waste

Given limited time and resources, publishers should focus on fixing the user experience, respecting their most valuable asset (their readers), and removing their motivation to engage in ad blocking.

Readers still want free content, and have said they'd accept advertising as the "price" for free content, but not abusive, intrusive ads that violate personal privacy.

Fix the system. Remove the need for ad blockers. Kill the ad blocking companies.

Now.

FIX THE  
SYSTEM.

NOW



Smart data can solve problems with revenue, content, ad effectiveness, new products, subscriber retention and acquisition, and much more.

How to use data to solve all

our problems seriously.

Data is the Swiss Army knife of publishing.

One gadget that solves multiple problems.

Data can help publishers, editors and ad directors answer, among others, the questions of:

- How to replace the failing advertising-based media business model
- How to develop content that leads to increased audience engagement
- How to attract, retain, and monetise new readers/customers



All publishers have data. Actually, most publishers have too much data, they just don't know what to do with it all.

Publishers do not have the tools, talent and processes to convert all that data into the invaluable set of insights that data can deliver to increase traffic, conversions, and ad sales, never mind identify new products and services that would have an excellent chance of success based on readers' proven behaviours.

It's not like publishers' data doesn't see the light of day. Most media companies have daily or weekly reports going to editors, sales directors, circulation heads, and website managers detailing basic data like page views and uniques.

But from what we've seen consulting at media companies around the world, most of the recipients of those data reports don't even bother to read them. That comes as no surprise because those reports rarely go beyond the raw numbers to offer analyses and recommendations for action. The data also usually comes from only one of many data silos (online, circulation, sales, CRM, etc.), none of which are connected in a single, universal corporate database that would enable more informed decisions.

In a recent study, Forrester found 56% of US publishers struggle to get a single view of multiple data sources, 59% are frustrated with disparate platforms, and 54% with disparate metrics.

That's because, until now, legacy media data operations have been a back-office function, more of a report card than a strategic and tactical tool.

"Put simply, if the legacy role of a media company was to aggregate an audience and sell it to an advertiser, that's no longer enough," wrote Folio vice president Tony Silber on the company's blog. "A variety of forces have converged to make that a declining model. If that's all you're doing as a media company, you're going to decline, too."

"In the new model, media companies aggregate an audience using content, but then they use sophisticated database technology as an engine to learn about audience behaviour," Silber said. "And they use that acquired knowledge to improve their content, to tailor their content for marketing purposes, and to sell

that knowledge to advertisers, helping them create marketing products, develop qualified leads, and produce ROI."

That's the great potential of data for publishing companies. It can be an all-purpose tool: "The more you know about the consumer, the more effective you can be in marketing to that consumer – both as a content producer and on behalf of an advertiser. It's just another core competency now," The Enthusiast Network CEO Scott Dickey told Folio.

Beyond content and advertising, data enables publishers to launch new products and services based on insights into proven consumer behaviour, offer clients better marketing options, and move qualified audiences toward revenue-producing products and services with greater efficiency and less audience fatigue.

Cool.

But how to begin?

"The challenge with building a data-centric business is that for many companies, it's hard to even know where to start," said Silber. "Executives have to first believe in the economic need for the concept and the value that it would potentially create."

The first step, then, is psychological and cultural. Everyone, from the top down, has to accept the need to change. Nothing can happen without that change in mindset.

"What's been tough is coming to understand that we have to change, that the next chapter of the company shouldn't look anything like the last," Hanley Wood CEO Peter Goldstone told PubExec. "And that means

***"The challenge with building a data-centric business is that for many companies, it's hard to even know where to start"***

**Tony Silber**  
Vice President, Folio

## *“When you measure attention, you measure quality”*

**Josh Schwartz**  
Chartbeat chief data scientist



you've got to make really tough decisions. We agreed to completely transform the company into a digital-first company. I knew a digital platform solution based on lead generation and digital engagement with the audience was going to be the way.”

Goldstone, whose B2B publishing company covers the architecture and construction segments, recommends focusing on three key pieces of the puzzle:

1. Getting top management aligned
2. Breaking down legacy silos, and
3. Remaking the corporate culture

After that, the hard work begins. “Then they must have a vision of how the data initiative would impact existing processes in each department and across many departments: sales, audience development, marketing, IT, web development, email services, editorial,” said Silber.

“And they need to know which software products are essential to support the effort: A CMS, email programme, awards and event registration platforms, and a reporting and analytic programme,” continued Silber.

And they’re still not done: “Finally, they need to recruit new skills and teams capable of surfacing, analysing, creating content, and selling based on data analytic,” concluded Silber.

“If you’re a small business, this requires crawling before walking before running –

## *“Now data acts as the guiding light for setting media and marketing services solutions,”*

and a pretty substantial investment in the learning curve on how to make use of data,” Moffly Media CEO Jonathan Moffly told Folio. “A chief insights officer may be one of the three most important people in my company of the future.”

After acquiring that insights officer (who will bring informed expertise to the next set of corporate decisions), Moffly recommends eliminating all the legacy, stand-alone databases in various departments that do not and cannot talk to one another. He recommends installing a universal database management software system across all of a company’s sources of data including editorial, fulfilment, events, email, and sales. “We want to understand how many ways we’re touching a single person, and right now we don’t,” Moffly said. “We have five different groups of activities going on and nothing that really links them.”

With these systems and an insight office in place, a publisher can move to train team members on how to use, manipulate, interpret and act on the data. Moffly has created a monthly reporting process and designated the chief insights officer to answer questions and do training.

## Data-driven actions to take BEFORE you publish

Data can be used twice in the life of a story.

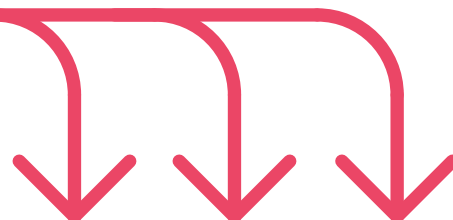
An editorial data team can analyse reader patterns to find topics and related stories that might not occur to editors.

According to Chris Wiggins, chief data scientist at The New York Times, “Statistical analysis leads to a story, and many newsrooms are making a big investment in newsroom analytics.”

So, for editors looking for story topics, research into internal and external content consumption trends can be identified. There are also APIs on Facebook, Twitter and Google that can indicate trending topics and extent of coverage.

Data can also be used to help editors determine the successful characteristics of good headlines, story lengths, etc.

Editors can also deliver super-refined content to readers who have been grouped by a demonstrated interest in a common topic.



## Data-driven actions to take AFTER you publish

The most important thing to do after publishing a story is: Optimise how you promote it, according to Ky Harlin, BuzzFeed's director of data science speaking to Contently.

“We do this by following methods borrowed from biology,” he said. “BuzzFeed is known as a viral content company, and one of the basic statistics people look at with viruses is reproduction rate. So for every one person who has some disease, how many more get it directly as a result? And there are obviously correlations for sharing. For content, we can tell within an hour or so of publishing what type of stuff we should put prominently on the home page, promote on Twitter, things like that. That’s where data science can be really useful.”

Once the transformation is complete, everything changes.

“Now data acts as the guiding light for setting media and marketing services solutions,” said Hanley Wood’s Goldstone. “That has transformed the company dramatically. Where we used to lead with media or trade show sponsorships, now we lead with data.

“We hired over 20 people from the tech media space to help build up all our digital platforms and strategic marketing services,” he said.

Data now informs everything at Hanley Wood, from editorial decisions to long-term consultative marketing engagements, website development, lead generation and content marketing. Hanley Wood hasn’t stopped there. Goldstone has branched out into providing data-as-a-service, offering database management services to help clients align customer acquisition, media, marketing, and events strategies.

As a result, Hanley Wood’s customers are

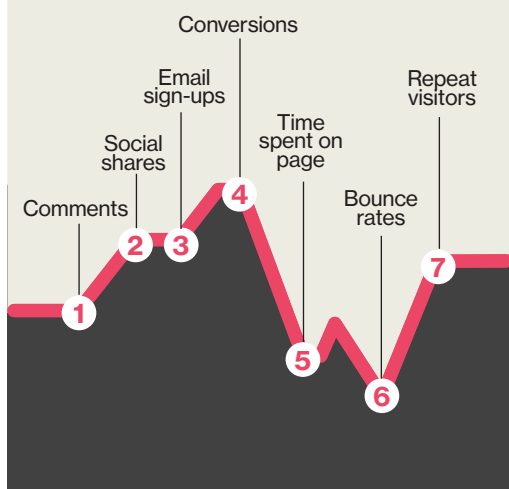
“enlisting our talent, our expertise, our specialisation, our data services, and our data to help build more robust databases that they can leverage for marketing purposes,” said Goldstone.

The dominance of data has changed the whole marketing landscape, and is forcing media companies to adapt, according to Silber. “A media company with a strong position and the right skill sets can dominate a market with a much broader portfolio of products, all based on data analysis: Lead generation, lead nurturing, branding solutions, strategic insights, thought leadership, marketing services, research.”

As challenging, and perhaps disturbing, as this might sound, it is actually a good thing: “The good news is that these dynamics have created a new media-company sweet spot,” said Silber. “No one else – not Google, not social media, and not marketers themselves – possess all the skills needed to maximise market engagement and marketing ROI.”

## How to measure reader engagement

There are many ideas on what measures constitute reader engagement. Here are the top seven data points for reader engagement from AudienceBloom.com



“Media companies large and small, B2B and consumer, are all moving ahead with data-driven business models, and not content-and-advertising models,” concluded Silber.

The Harvard Business Review Group (HBR) is already there. “We view our subscriber file as just as crucial to the sustainability and growth of the business as our content archive. And the two really do go hand in hand. We want to understand what motivates our audiences and what they are looking for, and the evolution of the audience – from someone who comes in anonymously to someone who registers and then subscribes. We then want to focus on retention,” HBR Group vice president, marketing Sarah McConville told FIPP.

This is a key adjustment in a publishing company’s vision of itself: “We are becoming a CRM management partner: We’re really an information and services company that has a media companion,” Hanley Wood’s Goldstone said.

**Data and editorial: A symbiotic relationship**  
Being data-centric does not diminish the power or importance of editorial content.

“What the data marketers care about is audience, and audiences only happen because they use our media,” Ziff Davis senior vice president of data solutions Bennett Zucke told Folio. “Media is still the core driver of data, but it’s just that the data is offering a brand new revenue opportunity.”

By the same token, data also enables an editorial team to deliver a better and more user-centric experience, according to Condé Nast vice president of growth and data science Ky Harlin.

### Who is in charge of data?

The sudden urgency of mastering the mountains of data is thrusting an entire new class of people into the world of publishing: statisticians.

As publishers scramble to make sense of their data, they are stumbling over themselves to hire data scientists to transform all the raw data into strategic and tactical gold.

Mashable went for a Ph.D. in theoretical condensed matter physics as their first chief data scientist. Haile Owusu’s expertise is in the parameterisation and exact solution of integrable matrices. OK, in English, all his academic work involved statistical learning as applied to predictive analytics, hence the a not-so-outlandish jump to media analytics.

Maybe there is some publishing magic in theoretical physics because The New York Times also hired a Ph.D. in theoretical physics as its first chief data scientist in 2014. Chris Wiggins, who was also associate professor of applied mathematics at Columbia University, now leads a small team using machine learning to monitor reader behaviour and analyse what keeps readers coming back, and what doesn’t.

“Subscribers are telling you what they like about the content – you just have to listen,” Wiggins told Digiday.

At News Corp., they also went for a Columbia professor, but not in physics. Dr. Rachel Schutt, holds a Ph.D. in statistics, and two Master’s degrees – one in math from Columbia and one in engineering-economic systems and operations research from Stanford.

Not every publishing company sees the need for a chief data scientist.

At news site Vocativ, there is not a single



data expert, but half a dozen analysts from a variety of backgrounds, including law enforcement, NGOs, and private equity, who dig into corners of the web where even Google doesn't go. They and the four dozen Vocative reporters then use the company's Open Mind proprietary platform to create stories that no one else can see or, hence, publish.

"We feel it's the best way to get stories that other people don't have," Vocativ managing editor Markham Nolan told Digiday. "By using people who understand data, how to monitor very low-level sources, we can find very unique pieces of content."

"[Of the] last five to ten hires that we've made spanning the organisation, almost all of them have some sort of data specialty," president of Hanley Wood Digital Andrew Reid told Publishing Executive. "We have a team of three people whose sole focus is testing our email templates, day in and day out. Likewise, the last three editorial hires we've made have all been SEO specialists... who really understand who's coming to the site, how they're engaging, where the entry points are, where the exit points are, what's working, and what's not. That's driving [engagement] much more than the instinctual approach that our editors have historically taken."

Scripps Networks also did not hire a chief data scientist. The best way to get the best expertise across so many areas – front-end development, operations, programming language, analytics – is to have a team of specialists, said Scripps Networks Interactive vice president, audience development Laura Evans at the International News Media Association World Congress in New York in 2015.

However a publisher approaches the staffing issue, the data people must not be stereotypes of communication-challenged geeks, but men and women who can reach out to the data-challenged across the company and get them comfortably involved. Data personnel must be good at building bridges and getting buy-in from colleagues who might initially be threatened by the whole data thing, according to Toronto's Globe and Mail vice president of data science and audience intelligence Greg Doufas speaking to the International News Media Association

## How to get non-digital data

The data from websites alone does not give a publisher the complete story about why people like, love, or hate your content, according to Harvard Business Review group publisher and executive vice president Joshua Macht. Here's where his team finds other sources of customer insights:

- Speaking with our customers at live events
- Conducting user-tests and focus groups
- Analysing buying patterns
- Surveying our 10,000 member HBR Advisory Group
- Launching lean versions of new products and getting feedback
- Polling our social media community

“The responses from these various sources are then interwoven with what we learn from our data and analytics. The ultimate business objective for us is to reduce the costs of customer acquisition while improving retention rates by creating a much deeper relationship with our customers. We want customers to have a deep sense that we know what they need from HBR. Our belief is that a more efficient marketing engine allows us to allocate more dollars towards improving upon the subscription offer, which then produces greater engagement and in turn better data for us to deepen the relationship with our customers”



**Joshua Macht**  
Harvard Business Review  
group publisher

World Congress.

"Make sure you hire people who know how to have a conversation with someone else in their own language," he said.

### Make the database easy to use and access

Once you've got your data team together, they need to decide about ease of use, access, and workflow.

With a unified database touching just about every department in a publishing company, uncertainty or even hostility can surround



the question of access and responsibility (read, ownership). Who should own data initiatives? Who should have access to data? Who should be held responsible for building, analysing and deploying it?

"We all know media companies need to be able to combine both offline/online data into one central database," James Capo, vice president of digital business development at B2B publisher Access Intelligence, told Folio. "But the key is creating the operational workflow around the data. The data means nothing if the business units can't quickly access it and put it into revenue generating opportunities or ideas."

"The key is to start with the end user of data within the company, the sales or marketing professionals, along with the content creators who adjust what they do as audience engagement data suggests preferences," said Capo.

And then Capo outlined for Folio his six rules for database success:

1. Ease of use: Any unified database tool needs to be one that is easy to use, one that the business owners want and are willing to use
2. Demos and user testing: These are critical when selecting systems. The data conversation, and more importantly, access to the data, needs to move out of the back office into the hands of the operating groups
3. Instant access by all parties: Sales and mar-

keting shouldn't have to pick up the phone and ask someone for data they want to use. They should be able to access it at any time and create simple target segments in an intuitive platform on their own

4. Easy creation of audience segments on the fly: Sales should be able to create audience segments, in real time, while sitting with a client. As they do that, the client will start to ask more engaging questions, and begin to play the "what if" scenario: "What if we change that, or add this?" It quickly becomes a more consultative conversation
5. Segmentation for marketers: Marketers should be able to create segments that show them which readers/attendees are most engaged on their site, or with email, as well as add demographics filters and then be able to quickly deploy a campaign against that data
6. Capability to accept "off-line" data: The platform should be able to input "offline" data like print subscriptions or registration data that may not be as dynamic (in terms of changing often like web behaviours) but provides valuable first-party info

### How to decide where to get what data?

So far, so good. Now, where should publishers go to get their data?

Basically, they should look anywhere consumers interact with the publishing company.

"You have to be able to deliver more clear,

quantitative, quantifiable insights into the consumer,” The Enthusiast Network (TEN) CEO Scott Dickey told Folio.

So Dickey and TEN have systems, for example, to capture multiple attendee behaviours at live events, plus gathering website analytics from reader behaviour on TEN pages, and then following those readers when they leave to go elsewhere. With TEN videos, Dickey is pushing more content behind a paywall to increase data collection (and, by the way, subscriber revenue).

“We’re very focused, for example, on what content they’re digesting on what car,” Dickey said. “What make and what model – and then sharing that with our OEM [original equipment manufacturer] partners. We’re looking for consumer data points and traits that influence strategies within the channel.”

Other publishers capture data via promotions, contests, white paper downloads, forums, etc.

But of all the data a publisher can collect, the most important are the indicators of engagement. That opinion, however, is not shared by everyone. There is still some sentiment for clicks, page views and unique visitors, and there is still a debate over what are truly revealing data.

“What seem like the simplest, most direct metrics for determining success in the digital publishing space – clicks and page views – only tell part of the story,” wrote Chartbeat chief data scientist Josh Schwartz in the company’s 2015 year-end message. “Page views tell you whether a headline was catchy, not whether the content was any good. They tell you if you’ve got a big spike in traffic, but not whether those visitors are coming back. Your goal is not to chase clicks, it’s to grow a loyal, returning audience. That’s where attention comes in. When you measure attention, you measure quality.”

According to the Columbia Journalism Review (CJR), the click is “a poor measure of audience, applying the same value to an attentive reader and a drive-by visitor.”

Chartbeat substantiated that opinion in research that found 55% of all page views get less than 15 seconds of engagement, according to the company. And when visitors are engaged for 15 seconds or more, viewability

## DATA TOOLS: Questions to ask yourself before you write any cheques

When a publisher decides to dive into data, the greatest temptation is to just go out and buy all sorts of data tools and software.

Slow down.

There are some basic questions that should be investigated and answered before writing any cheques.

**Greg Bright, former director of consumer insights for Gannett and now chief data officer at LEAP Media Solutions, offered these questions as a good starting point in his column for the International News Media Association (INMA):**

“Why? Do I need it now? Can I use it if I have it? What does it mean to my IT department? To my marketing department? What does it cost? What does it take to use? How much training does it require? How long does it take to deploy? And, in the end, what will I get, and is there a return?”

Bright warned that the analytical tools and the querying tools are still being developed, so they can be difficult and expensive to use. Vendors are entering, leaving, merging, and acquiring, so the landscape is in flux, he said.

“The technology does have a place, but you have to do your research before you get too far into the discussions and find yourself committed to a path that doesn’t fit your needs,” wrote Bright.

“Moving to a big data tool set requires a new IT infrastructure, skills, and analytical packages,” wrote Bright. “Do you really understand what a data scientist is, what one costs, what they produce? Can you move the results to production fast enough to matter? Does a recommendation need to refresh right away? How much delay is acceptable? Do you understand how to analyse around what some refer to as ‘the curse of big data’? Do you understand the costs to push up and pull down the data?”



is 60% compared with just 28% for readers who spend less than 15 seconds with a story.

“Clicks are also easy to fake,” wrote CJR senior editor Alexis Sobel Fitts on [cjr.org](http://cjr.org). “At one point, corrupt marketers hired armies of humans to increase impressions with their mouse, but now the process has been outsourced to robots. These “fraudulent bots” are responsible for about 36% of online traffic, according to data cited by the Interactive Advertising Bureau.”

The problem is that since the beginning of digital advertising, cost per thousand impressions (or CPM) has been the industry standard.

But clicks can be easily bulked up using tricks like clickbait headlines that do not mean readers actually spent time on the page. Some publishers such as Gawker have exacerbated the problem by paying staff based on traffic.

The advertising industry’s undying attachment to clicks drove the kind of behaviour one would expect: Deliver clicks at all costs. One example illustrates the dilemma. When Chartbeat founder Chris Haile asked the web editor of a publishing company about his readers’ interests, the editor replied that he didn’t care “as long as I’m hitting my click numbers,” recounted Haile to CJR. “That just depressed the shit out of me,” Haile said.

So Haile vowed to change things. “We’re in crisis because we chose the wrong metrics,” said Haile. “And that has kind of screwed everything.”

Valuing time spent on site, instead of raw clicks, would transform the internet into a place “where quality makes money and great design is rewarded”, Haile told CJR.

Would shifting the metric to time move the internet and advertisers to better, more intelligent content? Haile believes that the stories people read are of higher quality than those they only click on, an assumption he backed up with data, according to CJR.

Chartbeat researched keywords in 2013 and found that headlines that received the least amount of attention per click included typical clickbait words like “top,” “best,” “biggest,” and “richest”, he told CJR. Words receiving the most attention included “Syria,” “Egypt,” “Obamacare,” “Trayvon,” “Snowden,” and “D.C. 2013”, he said.

“Time is finite for each of us,” said Haile, adding that its very scarcity makes a reader’s “gift” of time a valuable measure for publishers and advertisers alike.

“Impressions and clicks are faulty metrics. The only metric that matters – what we in this room are obsessed with – is attention,” New York Times executive vice president of advertising Meredith Kopit Levien told attendees at Social Media Week last year.

If attention is important, engagement is the next level. Engagement can be measured not only by time but also by actions, such as social media sharing, commenting, emailing, etc.

At Mic, a news site for millennials, they focus on three measures: “We track overall sharing, thought-leader engagement on social, and media mentions,” Chris Altchek, Mic CEO, told Digiday. “Putting all three together, we’re able to measure the impact of an individual story. We also track depth of engagement on a story-by-story basis which includes time spend, scroll depth, and how many readers subscribed to Mic after reading a story.”

So let’s look at how smart data can help solve publishing’s problems, starting with editorial:

### **EDITORIAL: How data can help solve content and audience engagement challenges**

For starters, data scientists are not editors.

Data scientists can gather, analyse, and interpret data, and then make recommendations. But editors must bring their experience and instincts to bear on choosing strategies and tactics based on data.

“A critical skill is for editors to synthesise their gut instinct about what makes great journalism with the signals that they hear from the audiences,” New York Times director of analytics innovation James G. Robinson told World News Media Congress delegates.

Beyond time and engagement, both of which indicate reader interest in the topic, editors should look at what drove readers to the story (headlines, social promotion, video, email newsletters, distributed content, etc.), and try to draw replicable lessons.

There are lots of tools to help editors act on the lessons of data. Chartbeat’s newest editorial tool – Engaged Headline Testing – is the



first multivariate testing tool built specifically for media sites, according to the company.

It is the first tool that optimises for the behaviour after the click, the company said. For a headline to win in this test, it must be both enticing enough to attract traffic, but also, and more importantly, compelling enough to keep an audience on the page. “Not only does this optimise for audience engagement rather than page loads, it also enables editorial teams to directly affect the overall ad viewability performance of their site with winning headlines garnering more time on the page,” said Haile.

And, when quality editorial wins, advertising wins. “In fact, we’ve found that by optimising for clicks that result in more engaged time on a page – or ‘Quality Clicks’, as we call them – it means more ads are seen for longer,” said Haile.

Mashable has a proprietary predictive analytics tool, Velocity, which monitors how stories are shared and interacted with across social networks. Because it can predict with an impressive degree of certainty which stories will be popular on social media, Mashable editors “like to think of it as a digital crystal ball,” Mashable’s global news editor Louise Roug wrote on journalism.co.uk.

At Ozy Media, “our most important metric is the number of people who are coming to the site by habit,” Aneesh Raman, Ozy vice president of marketing and audience development, told Digiday. “It’s important to us to have people who know what Ozy is but also know what it’s all about. Our core metric is repeat visits”.

Refinery29, a digital-only site focused on millennial women, has used reader behavioural data to influence content decisions and social media promotion. The result has been a 163% annual growth in unique visitors, the company’s director of data and analytics Irene Lee told the International News Media Association Congress. For example, Refinery29 was able to convert Sundays from the worst traffic day to often its best, Lee said.

Refinery29 also used the data from email testing and A/B testing of headlines to achieve an almost 40% increase in email click-through rates and almost 50% increase in story click-throughs, Lee said. Refin-

## What's out there and what do they do?

It’s all well and good to say publishers should collect and measure data, but HOW do they actually do that? What are the tools to use? Here is a list of tools (by no means exhaustive) organised by purpose and suggested by eContent magazine:

### **Content creation and evaluation data collection tools:**

#### **Web analytics software:**

Google Analytics, Webtrends, Adobe (Omniture), and IBM (Coremetrics)

#### **App analytics tools:**

comScore, Adobe’s Analytics, Lotame’s data management platform, and Chart Beat Publishing

#### **Social media monitoring and intelligence tools:**

Chartbeat, Spike, Sprout Social, and Hootsuite

#### **Web content management systems (WCM):**

Adobe Experience Manager, Sitecore, and SDL Tridion

#### **Collaborative filtering tools:**

Cxense, Nielsen, Enlighten, and Sizmek

#### **Multi-variate and A/B testing tools:**

Adobe Target, Maxymiser, Optimizely, and SiteSpect



### **Data Management Platforms (DMPs): Adobe Audience Manager, Lotame, Krux, and Oracle Bluekai.**

#### **Behavioural Data:**

Adobe SiteCatalyst and Mixpanel

#### **A/B testing:**

Optimizely

#### **Web tracking:**

Adobe SiteCatalyst and Mixpanel



ery29 also uses reader data to boost underperforming stories with new headlines and launch new content categories that data indicates would attract readers.

Sometimes, the data points to design changes that can enhance content performance. When BuzzFeed publisher Dao Nguyen was head of data and growth, she observed that not only did mobile devices count for more than 50% of the site's traffic, but also that after Facebook, the second most common sharing method was email. Given how difficult it was to share via email on the BuzzFeed mobile site, Nguyen thought traffic might grow if they made their mobile share button more visible, accessible and easy to use. Sure enough, within a week, email shares rose 100%, according to Nguyen.

### **How can data help attract new readers, get them to return, and convert them to subscribers**

Data can identify the kind of content that brings readers back, as well as the readers who actually do come back, and then can target those readers with personal subscription appeals based on their interests "Looking specifically at subscribers and product purchasers, data and analytics have been integral to our goal of lowering the cost of acquisition while increasing retention," Sarah McConville, vice president of marketing at Harvard Business Review (HBR) Group and publisher of Harvard Business Review Press told FIPP.

"It is essential that we think about the life cycle of our audience all the way through so that we continue to deliver what our subscribers find valuable which in turn, increases the

lifetime value of our subscribers," she said. "This would be impossible without data and analytics."

Slate, too, is looking for help from data analysis to identify the kind of content that will get readers to open their wallets. "What should we be thinking about? What's resonating with people so much that they're willing to pay for it? Those are some of the examples that are really compelling in forming the broader strategy of the company," Slate general manager Brendan Monaghan told Publishing Executive.

Marketing campaign results can identify which approaches produce the best results, and at the same time, bring to the surface potential new audiences for new products.

Publishers can also entice readers to subscribe by automatically synching the data from their website behaviour with email lists by topic preferences, products purchased, and articles viewed to deliver targeted, personalised newsletters, according to EPublishing.com's Danielle Lattuga..

### **ADVERTISING: How can data help deliver more effective advertising?**

If the "attention web" is good for content, it follows that time spent would be good for advertising as well.

Last year, the Financial Times launched a "cost per hour" (CPH) metric. With digital advertising beset by low viewability scores and fraud, marketers are demanding better measurement and transparency to show actual outcomes.

The old cost per thousand (CPM) system values every impression the same; cost per hour (CPH), on the other hand, values impressions by

time. Extensive testing found that brand familiarity and recollection increases significantly the longer an ad is in view, according to the FT. Ads seen for five seconds or more on FT.com show up to 50% cent higher brand recall and familiarity than ads that are visible for a shorter period of time, according to the company.

The new FT CPH system can also ensure 100% viewability of five seconds or more for advertisers.

The Financial Times touts the benefits of using time data to charge for advertising as follows:

- **Guaranteed reach:** The CPH system offers blocks of audience time to advertisers with the guarantee that the client will only be charged for ads that are seen for more than five seconds of “active time” with 100% viewability
- **Demonstrable impact:** Readers who see an ad for five seconds or more are up to 50% more likely to display familiarity and association with a brand
- **Hyper-targeted campaigns:** Using the FT’s detailed subscriber data, advertisers can run highly targeted campaigns reaching qualified audiences

Service provider Visu (acquired in 2012 by Nielsen) also uses data to provide campaign measurement and optimisation solutions in real time so advertisers can quickly and cost effectively improve the performance of their campaigns. Acting on real time data increases effective media spend and maximises the value of the advertiser’s investment.

Vizu uses a web poll asking each consumer sampled to measure how the campaign performed against its primary objective, resulting in real-time performance assessment. The poll targets creative, targeting, and frequency which, taken together, allow advertisers to improve campaign performance in mid-stream.

Another service provider in the ad effectiveness space, comScore, also has a tool to help advertisers use data to determine the factors for success and failure in digital advertising.

“In order for brands to have an effective ad campaign, they need to have access to the metrics that demonstrate ads are delivered successfully,” said comScore vice president, digital enterprise analytics Ade Adeosun. “While these metrics are currently available, gathering all of these metrics that live in disparate places to create actionable insights is very labour

intensive for brands.

“Simply having the data for each of the stages of a campaign life cycle in one platform makes these insights easier to be applied to campaigns in-flight and in the future,” said Adeosun. “Now with comScore Digital Analytix®, brands are able to collect all these metrics in a single place, which makes assessing performance both easier and faster... [identifying] what is and isn’t working to improve their digital campaigns.”

And yet another data analytics provider, Quantcast, enables publishers to deliver qualified audiences for targeted advertising. For example, Quantcast helps BuzzFeed measure the audiences of sponsored posts. Using thousands of custom segments in “Quantcast Measure”, BuzzFeed can track the audience engaged by each post. So, when an advertiser requests a target audience, such as 35-54-year-olds, BuzzFeed can show example posts that engaged that profile, according to Quantcast. Thus, the data enables advertiser to both target audiences and choose types of sponsored content that has proven to attract those target audiences.

Finally, Chartbeat is using data to create an ad delivery system that mimics television.

“With ‘Engaged Ad Refresh’, publishers borrow an idea from TV and make money from the amount of engagement they can capture vs. the amount of pages that load,” wrote Chartbeat’s Tony Haile on the company’s blog. “Chartbeat tracks the attention of each user as they interact with ads and content, and after an ad has received a set amount of ‘Active Exposure Time’, it identifies and serves the next best ad for that user. It’s making the web less like magazines and

***“In order for brands to have an effective ad campaign, they need to have access to the metrics that demonstrate ads are delivered successfully”***

**Ade Adeosun**

Vice president, digital enterprise analytics, comScore

*"Selling advertising, generally speaking, is not a growth business."*

**Andy Clurman**  
CEO, Active Interest Media

more like TV, where four 30-second commercials will run in a two minute break.

"For the advertiser looking beyond viewability, an ad refreshed after 30 seconds of active exposure has received 30 times the attention required by the viewability standard," said Haile. "For the publisher with engaging content, it significantly increases the amount of viewable inventory and makes the quality of the content directly affect the revenue opportunity of the page. In essence, we're seeing the rise of the digital 30-second spot."

But is all this data mashing working for publishers?

Early reports indicate that the publishers who are executing data consolidation well – i.e., those using a Data Management Platform (DMP) to enhance and scale first-party data assets by combining them with third-party data and making those audiences available in real-time – are already seeing the rewards with CPM increases of over 100% in some cases, according to Zuzanna Gierlinska, director of data management platforms for Oracle Marketing Cloud.

To offer advertisers large groups of targeted audiences, some publishers have begun creating alliances, even with former competitors.

In the UK, for example, The Guardian, Financial Times, CNN International, The Economist, and Reuters last year created the Pangaea alliance, pooling reader data from their combined audience of 110 million to attract advertisers with more compelling targeting.

Also in early 2015, the UK-based Association of Online Publishers (AOP) announced a data alliance of their own called Symmachia (the ancient Greek word for alliance). Symmachia, finally launched in January 2016, combines

the audiences of seven premium UK publishers including: Auto Trader, Dennis Publishing, Telegraph Media Group, plus Time Inc.

Other European publishers are reported to be in discussions to create similar alliances to compete with the likes of Google and Facebook.

The devil in this alliance-based solution is in the details. The disparate databases, spread across different database systems using different sources, must be consolidated and shared in a way that provides meaningful, actionable data for advertisers.

## BEYOND ADVERTISING

"Selling advertising, generally speaking, is not a growth business." Active Interest CEO Andy Clurman told Folio.

Data-related products and services is a growth business.

"Having depth of content, and databases and custom-content solutions in large vertical markets is a great growth strategy," Northstar Travel Media CEO Tom Kemp told Folio. "You don't get rid of your media brands, but clearly the growth is not going to come from that."

All these trends converge at the database. "We have the audience, so we can do research to understand where a brand fits," Active Interest Media (AIM) CEO Andy Clurman told Folio. "A lot of companies have advanced unified databases... the price has come down and the sophistication has grown exponentially.

"So when an advertiser asks, AIM can demonstrate knowledge of who goes to AIM events, what they like on AIM websites, and with that, make recommendations for types of content that will resonate, for marketing campaigns, for finding lapsed customers, and lots more," Clurman said. "We're going to all this from merely amassing an audience and selling ad products against that audience.

"You have to do this, because that's where the money is going with marketing budgets.

"We expect that within two years, a little less than half of all our existing clients will have some sort of marketing-services relationship with us. And by doing that, we expect to grow revenue by about 20% over a two-to three-year period," he said. "That would have a profound effect on our business."

Bottom line: It's time to take your data seriously. The potential is huge, and the downside of not doing so is franchise-threatening.





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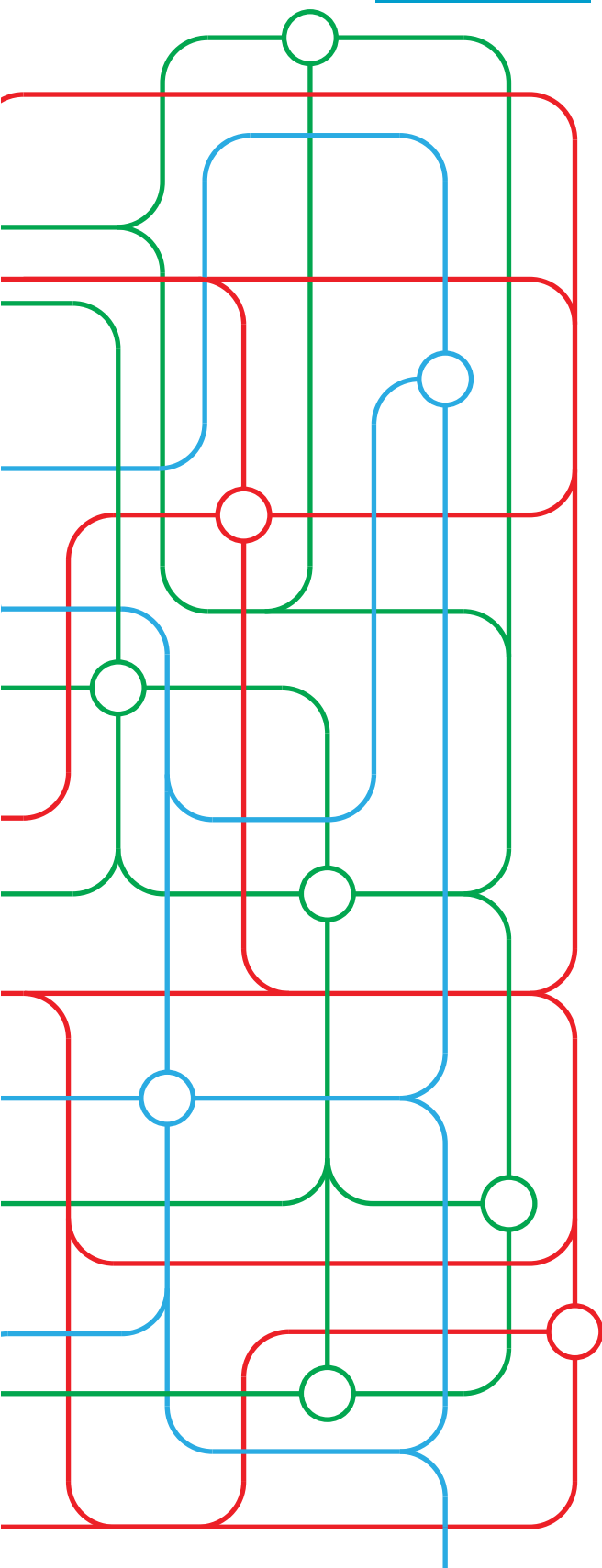
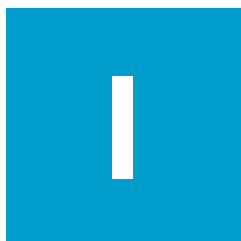
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An abstract graphic featuring a complex network of colorful lines (red, green, blue) and circles (white, black) that resemble a stylized circuit board or a network diagram. The lines are interconnected, forming a dense web of paths. The circles are placed at various points along these paths, some acting as nodes or junctions. The overall design is clean and modern, with a focus on geometric shapes and vibrant colors.

# How to distribute your content where your readers are

Get over it: You don't need to own the platform where your content appears if you can spread it wider and more profitably elsewhere... with two big caveats



If you were a musician and could sell more music through a third party than through a record label, would you put your music up on iTunes?

If you were a movie or television producer and could get more consumers to watch your movies or TV shows by licensing them to a powerful distributor like Netflix, would you give up sole control of their distribution?

And if you were a clothing, shoe or handbag manufacturer and could sell more product through outlets and online sites, would you follow the lead of big brand companies like Jimmy Choo, Gucci, Prada, Versace, and Roberto Cavalli and put your products on Amazon?

Doesn't it follow then, in a time when total control of the means of distribution is less relevant to a company's mission, that it makes sense for publishers to spread their content wider, get exposure to new subscribers, and increase profits by putting their content on outside distribution platforms which offer billions of readers?

Absolutely...

If two conditions are met.

In exchange for high-quality content from high-quality media brands, platforms like Facebook and Google must give publishers rich audience data and significant control of advertising formats and revenues. More on this later.

With an aggregate of billions of potential readers, it is hard to resist the siren song of Facebook Instant Articles, Google Accelerated Mobile Pages (AMP), Apple News, Snapchat Discover, Twitter Moments, and other new content distribution platforms. With the click of a button, publishers can put their content in front of previously unimagined numbers of readers (and potential new subscribers) and gain a new source of revenue.

The appeal of these platforms is damn close to irresistible:

- Blindingly fast load times (Google says it has cut load times by 85%)
- Massive (and growing) audiences far beyond any publisher's wildest dreams
- The technology expertise to perpetually improve those delivery systems
- Vastly more sharing of "native" content than content that requires readers to click off to a website

"The first thing we're seeing is that people

*“In terms of engagement, the Instant Articles outperformed the regular links by a significant factor. They were shared over 3.5 times more, liked over twice as much, and commented on almost five and a half times more than the regular links.”*

**Michael Reckhow**

Product manager, Facebook Instant Articles

are more likely to share these articles, compared to articles on the mobile web, because Instant Articles load faster – the majority load in under a second – and that means people are getting to the content immediately,” Face-

book Instant Articles product manager Michael Reckhow told The Neiman Lab, a journalism think tank at Harvard. “In terms of engagement, the Instant Articles outperformed the regular links by a significant factor. They were shared over 3.5 times more, liked over twice as much, and commented on almost five and a half times more than the regular links.”

“\$As publishers see traffic to their home pages waning, publishing directly to platforms like Facebook becomes a priority,” Duncan McMonagle, chief revenue officer of UK-based football site 90min.com, told Digiday.

“Instant Articles is a significant move forward in terms of user experience and the speed with which articles will load,” he said. “Any time an experience or the product is faster and better, it means people will consume more articles and leave with a heightened sense of quality brand experience.”

That quality experience on Instant Articles, which is currently only available on iPhone and Android mobile devices, includes some very attractive interactive features, including allowing readers to expand text, explore pictures in high definition when moving the phone, tilt-to-pan photos, auto-play video, interactive maps, and embedded audio captions that let readers explore stories in beautiful new ways.

## How to decide whether to get in bed with Apple

It's hard to feel sorry for a company like Apple, but their News service is practically starting from scratch. And it's giving away a massive lead to Facebook and Google.

It's not even a tortoise and hare situation here. In terms of users, Apple is only now breaking out of the starting gate while Facebook and Google are already halfway around the track.

But Apple did break out of the gate with gusto, gaining 40 million users in just two months, according to the company. And they've attracted 100 publishing partners worldwide, as of January 2016, according to the company.

Can publishers be patient as

Apple builds its audience?

On the other hand, there are advantages that make jumping on board now attractive. Because Apple News is an app (available on both Apple and Android devices as of late 2015), several advantages accrue from that status: Apple offers its ad-blocking blocker — iAd advertising platform — and there are no distractions from unrelated social media postings and clickbait headlines.

Those are attractive advantages that give Apple News a unique position among all the competitors, even if those competitors are miles ahead. Apple also offers good company — the most comprehensive

selection of big-name publishers of all the platforms (at press time).

Other attractions include a low entry price: Simply provide Apple with an RSS feed!

Apple News' disadvantages include the fact that Apple does not collect or sell user data, which is perhaps the third most important reason magazine media would use a distribution platform (after exposure and income). The presentation is also overwhelming, with little structure.

Another disadvantage is that, like Twitter's Moments, the Apple News app is only available in the US, with no announced expansion schedule.





*“As publishers see traffic to their home pages waning, publishing directly to platforms like Facebook becomes a priority.”*

**Duncan Mc Monagle,**  
Chief revenue officer, 90min.com

Beyond the pros and cons, all is not well with publishers using Apple News.

In late 2015, Time Inc. CEO Joe Ripp spoke for many publishers when he said he was frustrated with the results from Apple News. He and other publishers criticise the amount of traffic, the user experience, and the lack of data.

“The traffic has been modest relative to the enormous install base of iOS devices,” Julie Hansen, president of Business Insider, which publishes all of its content to Apple News, told The Wall Street Journal.

“They’re not generating a ton of views or traffic, and the data they provide is basically

nonexistent,” another publisher told Digiday. “They claim they’re working out kinks, and they probably will. I’m disappointed, but I’m not giving up on it.”

In early 2016, the company admitted to an error in measuring audience data, claiming it under-reported user numbers and admitting it didn’t know exactly how many people were using the service.

“Forty million people have used the Apple News app to date,” Eddy Cue, Apple’s senior vice president of Internet Software and Services, told The Wall Street Journal. He said the company hasn’t released data on how many people use it more regularly and how much traffic publishers are getting.

On the other hand, some publishers are pleased and optimistic. “This is a fantastic discovery tool for new users to the Post and we’re very encouraged in how they are finding us,” Cory Haik, executive director of emerging news products for The Washington Post told Digiday.



*The advertising revenue deal seems fair: At Apple and Facebook, publishers get to keep 100% of what they sell. If Apple or Facebook sell spots, the publishers still get 70%.*

Facebook readers “have the opportunity to take advantage of... the ability to turn your phone and see all sides of a photo – it’s brilliant,” Cory Haik, Washington Post executive director of emerging news products, told the 2015 Paley International Council Summit. “So we’ve been producing to that, putting these panoramic photos on Facebook and watching users engage with that. That’s not something we can do currently on the mobile web. That’s new storytelling.”

In addition to increased speed and interactivity, publishers can maintain their visual identity and also monitor audience data using their own tools and through Instant Articles partner comScore.

Instant Articles is also publisher-friendly in that it uses web languages and systems that most publishers already use: RSS and HTML.

Facebook and most of the other platforms are also making efforts to answer publishers’ needs for advertising and branding flexibility.

For starters, the advertising revenue deal seems fair. At Apple and Facebook, for example, publishers get to keep 100% of what they sell. If Apple or Facebook sell spots, the publishers still get 70%.

At the launch of Instant Articles, Facebook had strict ad limits that irked publishers, but in late 2015, they relented. Facebook allowed publishers to increase the number of ads in each article (from one for every 500 words to one for every 350) and to sell Facebook-only ad campaigns for the first time. Facebook also gave publishers the option to highlight and to use “related articles” at the bottom of Instant Articles to link to content on their own website, including – and this is a big deal – links to branded content and sponsored posts.

To maximise income from every story, Facebook also instituted a new system in late 2015 that automatically fills ad slots left unsold by



publishers. The system detects unsold positions and places ads on a page for every 350 words, ensuring maximum ad load for each Instant Article. Publishers were “leaving money on the table by under-serving ads,” Facebook’s Reckhow told The Wall Street Journal.

All of those changes apparently have worked. In February 2016, publishers reported Instant Articles now generate the same amount of ad revenue on a per-view basis as page views on their own mobile properties.

“A lot has changed,” Joe Speiser, co-founder of LittleThings.com, which publishes stories and videos optimised for social sharing, told The Wall Street Journal (WSJ). “The biggest stumbling block with Instant Articles was that we were making less there than with visits to our own site. We are now seeing parity with our mobile web version.”

“We’ve been pleasantly surprised to see the monetisation is so strong. It’s every bit as good as on our own site”, Business Insider president Julie Hansen told the WSJ.

“We’re continuing to listen to publishers about what they want from Instant Articles, and we’re going to continue to do this,” Facebook’s Reckhow said.

“If you look at The New York Times in Instant Articles, they have not only ads, but they also have, in every article, a signup box for an email list, and they also have a box of related articles from The New York Times,” Reckhow told The Neiman Lab. “You can see, in one Instant Article, the core elements of what a publisher like The New York Times is trying to do – it has both an ad and a subscription opportunity. We worked with them to make sure that these pieces work – the ads, the email signups, the related articles, and redistribution.”

At the end of 2015, Facebook claimed to have more than 350 publishers enrolled in Instant Articles with more than 100 posting daily.

Just two months earlier, there were only twenty publishers enrolled in the programme.

The 350 publishers span a wide number of countries, not just the US. Both India and Germany have more than 25 participating publishers. And in late 2015, Facebook released Instant Articles across Asia – including Facebook’s second biggest market, India – and Latin America

At the end of the day, it could come down to nothing more complicated than making the

## Twitter Moments

Twitter brings its 300-plus million users to this battle, but is it the platform readers go to for anything other than quick news updates, social sharing, and clickbait?

Twitter’s Moments service is built as a curation service using content from a small, select number of publishers delivered in a magazine-style format delivered to users based on their profiles and posting patterns. Also, Moments is available on its app as well as on a desktop browser, unlike all of the others (at press time).

But hold your horses: Twitter’s Moments is only available in the US, and there is no announced schedule for launching it elsewhere.

Critics say it is more a technology demonstration than a useful tool for publishers, but given Twitter’s sizeable audience, it is an effort worth watching, especially since the percentage of Twitter users who follow news on the service (59%, almost double that of Facebook), is a stunning and a qualified base on which to build.



*“It is not just social media that is driving the sharing revolution but also social messenger apps, or chat apps, installed on mobile phones and PCs. They are now the fastest growing social media genre, especially among the young.”*

FIPP World Media Trends Insight Report on Social Media/GlobalWebIndex

decision to go where the audience is.

And that's increasingly on social media. The average global user spends more than six hours online, of which almost two hours was spent on social networking, according to GlobalWebIndex, which reports that social networking is the No. 1 activity online in every country.

The most prolific social networking countries by percentage of time spent are Japan, the Netherlands, Germany, France, Ireland, Australia, Sweden, Poland, the United Kingdom, South Korea and Spain, according to the FIPP World Media Trends Insight Report on Social Media based on the GlobalWebIndex.

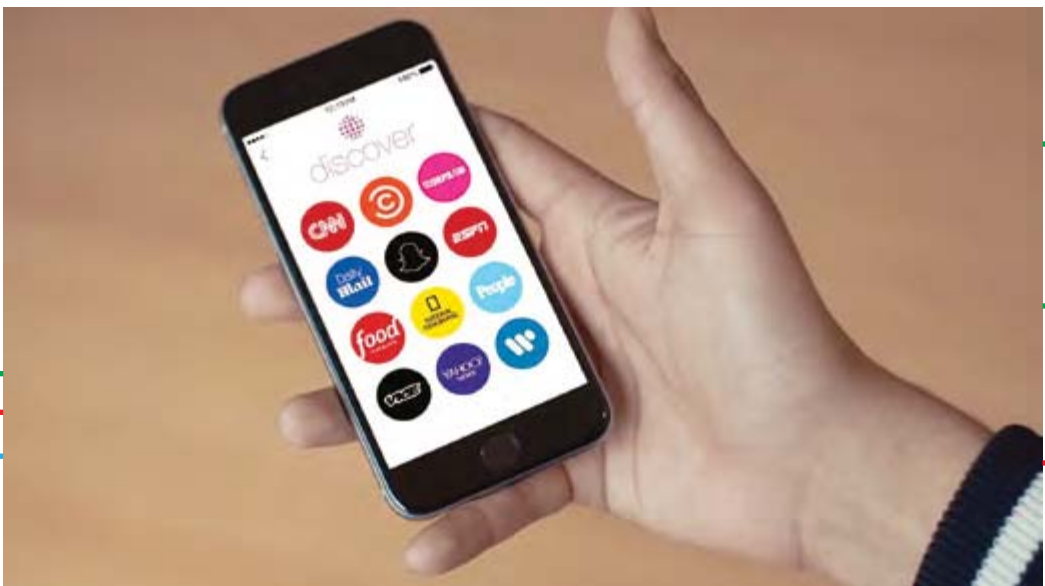
Brazil and Italy are among the most prolific content sharers via email or social networks, with 54% of Brazilians and 44% of Italians sharing content via social networks or email every week, according to the FIPP report. Other countries where users are also prolific sharers are Spain (40%), the United States (35%); Finland (24%), Denmark (23%), and France (21%).

In the UK, for example, social media passed entertainment in mid-2015 as the country's favourite online activity. Of the two hours and 51 minutes a day people in the UK on average spend on the web, social media accounted for one-fifth of their time (entertainment activities such as watching TV shows, YouTube videos and listening to music dropped by nearly half from 22.1% to 12.4%) .

The social media impact changes a bit when looking at the highest penetration of social media in regions. The greatest social media penetrations are in North America (58%), South America (48%), Western Europe (47), Eastern Europe (45%), Oceania (45%); and East Asia (45%).

“It is not just social media that is driving the sharing revolution but also social messenger apps, or chat apps, installed on mobile phones and PCs. They are now the fastest growing social media genre, especially among the young,” according to the FIPP Report. “By far the most popular is Facebook Messenger, followed by WeChat and WhatsApp among global users.”

Social media as a whole is a powerhouse of referrals, but Facebook is the gorilla. Zucker-







berg's 1.5 billion-member service passed Google as the leading referral of traffic to publishers in June 2015. And in July, Facebook extended its lead to three percentage points, 38.2% to 35.2%, according to content analytics firm parse.ly. The study looked at major publishers, including Telegraph Media Group, Condé Nast, The Atlantic, Reuters, The New Republic Advance Digital, Mashable, Business Insider and Vocativ and more.

That said, while Facebook may have passed Google in sending referrals to publishers, some publishers are actually seeing a decline in direct Facebook referrals. Analysts attribute that to the rise in native content, where readers are not sent to the publisher's website to read content but consume it on Facebook, and possibly a change in Facebook's algorithm for sending content to a reader's NewsFeed that may be favouring native content over outbound links.

The rise of native content is contributing to the beginning of the end of the era of Facebook being the dominant referral source for publishers, Huffington Post CEO Jared Grusd told Digiday. "They [the publishers] themselves have started to dial down the referral knob.

"The way many companies and marketers look at traditional metrics is becoming somewhat anachronistic because they measure one slice of the equation [referrals, not native consumption]," Grusd said. "The tools haven't caught up to where the behaviour is. But even though there's uncertainty, if we can deliver on our editorial pillars, the rest will take care of itself. We can possibly build an even bigger audience, and data sets will follow, and so will monetisation. Publishers won't accept an ecosystem where those things don't exist and all the platforms know that."

If social is the platform of the future, mobile is the vehicle. "The top social network, Facebook, reports that more than half of its traffic now comes from mobiles, not desktops," according to the FIPP Report. "The mobile usage trend is exploding across all categories of internet activities."

Those smartphone users spend four-fifths of their time on just five apps (which differ by person), according to a Forrester survey.

"If you're not finding ways to be in those apps, it's hard to get in front of people on their phones," Dan Rose, Facebook VP of partner-

## Snapchat Discover

Snapchat is off the table for almost every publisher except for the select few Snapchat has chosen to invite to the table (only 15 at the end of 2015), including BuzzFeed, National Geographic, Vice, and CNN.

It's a shame, too. The Snapchat audience (whose medium age is 18 compared to Facebook's of 40!) is a coveted audience for publishers, and one that is probably blissfully unaware of most traditional media brands and highly unlikely to encounter those brands in any of their digital excursions.

Additionally, it's working.

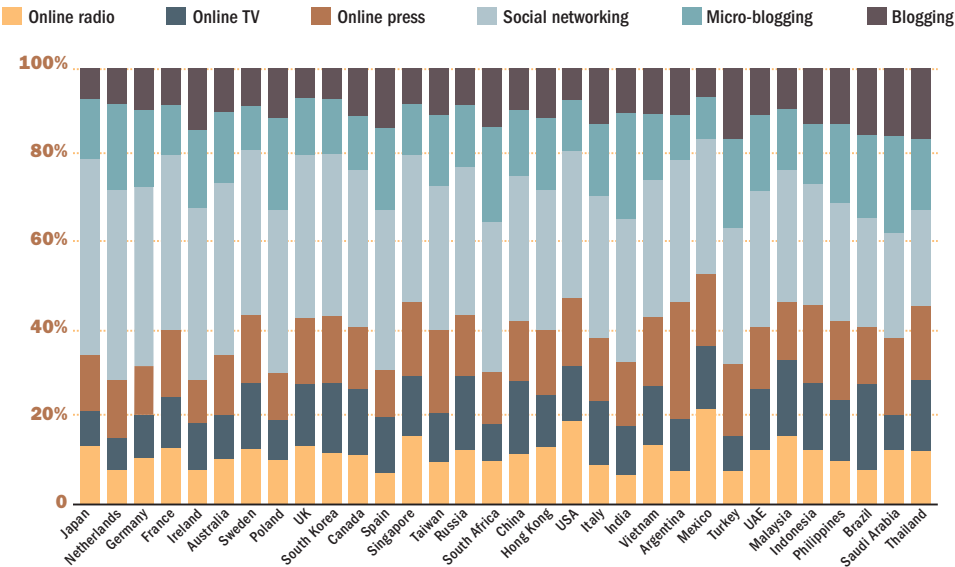
Snapchat's publishing partners are claiming impressive results. National Geographic reported its first day on Discover was their biggest day ever on a social media site. And BuzzFeed reports getting almost 25% of its traffic from Discover.

At the same time, some publishers have reported disappointing ad results and initially stupendous traffic numbers have dropped.

In addition, being on Snapchat means creating content that will appeal to a teenage audience, making its content difficult to repurpose anywhere and, thus, adding to the cost of participation in Discover.

Global online activities by share of time spent online

In percent of time spent on all online media activities



Source: FIPP World Media Trends Insight Report on Social Media/GlobalWebIndex

© World Newsmedia Network 2015

ships, told a panel at the Paley International Council Summit in late 2015.

The Washington Post is one publisher embracing Instant Articles with both arms, putting all of its content on Instant Articles.

“The thing that we’ve really learned with Jeff Bezos is that experimentation at scale is really the right way to do it,” The Washington Post’s Haik told the Paley Summit. “There’s not a risk. It’s not a one-way door. Why not be all the way in?... It’s better for users. The risk to us is just dipping our toes in: We don’t think we’d understand it as well.”

It would appear to be working, as the Post had 71.6 million digital unique visitors last November, surpassing its previous record of 66.9 million monthly users, according to comScore. The Post passed the New York Times for the second consecutive month and closed the gap with CNN and BuzzFeed. Time spent per visitor was nearly 15 minutes – an increase of 21.1% from last year, according to the paper. Millennials made up 44.8% of The Post’s total mobile audience and 40% of its total digital audience.

“So how we’re going to grow this side of the business and dramatically increase that number, as we’ve been doing, is really this distributed platforms piece of it, which is now an official initiative at The Washington Post,” Haik said. “All sides of the business work on that; I work in the newsroom proper, but all around

the company, with tech and product and design and research and business development, everyone is involved, because all sides of the business have a stake in it in some way.”

Over at The Atlantic, they are posting 60-70% of their content on Instant Articles, leaving out only stories with coding that is not supported, according to Kimberly Lau, VP and general manager of Atlantic Digital.

It’s the same story at Slate, according to vice chairman Dan Check, who said they will soon post 100% of all their stories in Instant Articles. “We see this as being a really good way to grow the total size of our audience,” he told the Paley Summit.

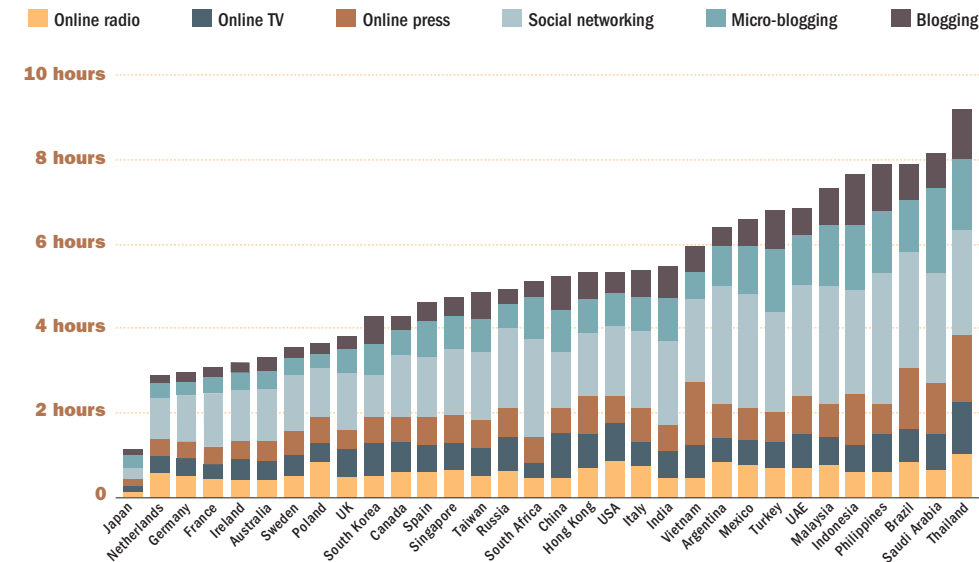
“When you find a place where people are and when you give them something that they love in that place, it will grow over time into something that’s huge,” Check said. “Apple News will reach millions of people who are not yet reading Slate.”

Media watchers believe this is more than a temporary phenomenon. Jeff Jarvis, the director of the Tow-Knight Centre for Entrepreneurial Journalism in New York, sees the dawning of a new era in which content goes to the people instead of the people going to content.

“Think of it this way: If The New York Times struck a deal with CVS (a US pharmacy chain) to have its print edition sold at CVS, you wouldn’t see a bunch of hand-wringing about

Global online activities by time spent

In number of hours



Source: FIPP World Media Trends Insight Report on Social Media/GlobalWebIndex

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how it’s handing over the Times’ keys to CVS,” content and social media marketing consultant Simon Owens told the Poynter Institute.

So perhaps publishers who missed “The Year of Distributed Content” (believe it or not, that was LAST year - 2015 - according to the Neiman Lab director Josh Benton) can still hop on the train, especially if the distributors can guarantee just two key conditions: Control over ad revenue and data sharing.

To insist on those conditions, publishers are not exactly unarmed walking into negotiations with the platform operators.

All of the platform operators have come to recognise that their users want quality content from respected sources – That’s us, folks! And only us! Magazine media have established brands and reputations; their content is known and trusted by consumers. That applies equally to legacy AND new high-quality pure-play brands like Refinery29, Vox, Vice, etc.

The trading of the best content in a niche for audience and new revenue would seem to be a marriage made in new media heaven.

On the other hand...

Critics of giving the platforms exclusive, or “native”, content that lives only on a social media platform insist it amounts to giving away the store.

“Right now, your desktop content site can expect no click-throughs and no ad views. That

sound? Tumbleweed blowing through your website,” wrote Andrew Pemberton, director of the US-based 360 digital product development group Furthr, for Marketing Magazine. “If that sounds bad, it’s because it is. Even Google is hurting over this.”

Advertising presents another challenge. Google’s Accelerated Mobile Pages (AMP), for example, does not accommodate all ad formats, handicapping publishers’ ability to maximise revenue. Basically, if an ad contains elements that slow its load time, Google won’t accept it. And the more complex ads tend to draw the highest CPMs.

While publishers get to keep 100% of the revenue from ads they sell on Instant Articles, Facebook can change the rules on a whim. Additionally, Facebook is not allowing publishers to sell ads on native video. A test of video ads with six publishers last summer has not resulted in a system for publishers to sell lucrative video ads.

Google’s AMP also limits other publisher revenue-raising tricks such as Outbrain, which uses behavioural targeting to recommend branded content which advertisers pay publishers to run. AMP also won’t accept header bidding, which publishers use to offer advertisers simultaneous competitive programmatic bidding on stories. Header bidding is reported to increase yields by 10% but at the same time it

*“Audiences respond very differently to certain types of content on each platform, so there can’t be a one-size-fits-all solution that will resonate with everyone, everywhere,”*

**Marty Moe**

President, Vox Media

slows loading time due to the coding in the ad.

“I’ve heard publishers say, ‘We get it, we need to have a great experience,’ but there are concerns about monetisation,” one ad tech company source that supports AMP told Digiday. What might be a “disruptive” ad to user-experience experts could also be an “impactful” ad to a brand – and lucrative to a publisher, he said.

Magazine media also worry about how much extra work is required to create ads exclusively for the Google AMP format, a concern publishers have about all the platforms.

But Google believes publishers can have their cake and eat it, too. Google is working with publishers, ad tech companies, advertisers, and buyers to constantly develop technology to improve mobile ads. “This group has only scratched the surface but we’re excited to see where this will go,” a Google spokesperson told Digiday. “We think there are huge opportunities to create strong revenue streams for publishers while delivering a great mobile experience for users.”

Creating native content for each social platform is also not easy or cheap. Each platform is different – different types of audiences, different environments, different strengths and weaknesses.

“Say we have a piece of content and we put it on our site, on Vine, [and] on Snapchat. Each time we put it somewhere new, we have to

format and cut it a little differently and think about how that content fits on each platform. And all of that takes time,” Dorth Raphaely, general manager of US sports site Bleacher Report, told Digiday.

“The biggest challenge, and opportunity, in publishing to platforms is optimising content types and formats for each platform,” Vox Media president Marty Moe told Digiday. “Different platforms require different approaches, whether that is a small tweak to a format or an entirely different way of telling a story, and it requires focus, measurement, iteration and learning over time.

“Audiences respond very differently to certain types of content on each platform, so there can’t be a one-size-fits-all solution that will resonate with everyone, everywhere,” he said. “For example, we have a team focused specifically on programming for Snapchat, understanding that specific audience, and creating content that performs well on that platform. We will do this for all the major platforms.”

Finally, there is the problem of data. Apple doesn’t collect or sell reader data. As a matter of fact, they consider it a major differentiator which they hope will attract more Apple users as protecting privacy becomes more and more important to consumers. Apple makes a point of having its devices know as much as possible about a user to optimise the user experience, but the company doesn’t want to know what its own devices know.

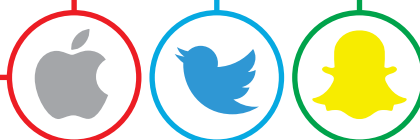
“We don’t want to know – All of this is ‘on device’, and it stays on device under your control,” Apple software engineering VP Craig Federighi told the company’s Worldwide Developers Conference in June 2015 to wild applause.

The iOS and even Apple News is “designed from the ground up with your privacy in mind,” he said.

That’s great for the consumer, but it is not so great for publishers looking to sell advertising against consumer behaviours and interests.

Facebook is the best of the bunch in terms of data, but still doesn’t deliver everything magazine media need and want. “Right now, Facebook is giving us [data] article-by-article. It’s not aggregated in any way. So on the individual Instant Articles, they’re giving us information on page views and scroll depth,” Atlantic Digital’s Kimberly Lau told the Paley





Summit. “Beyond that, we have tagging from Omniture and comScore, and so we know, in our own analytics, how many page views we’re getting.

“Data can be an issue – Facebook gives us a significant level of data, but something like Instagram doesn’t really have any real viable data for publishers outside of the standard engagement metrics,” Steven Belser, senior vice president of US-based distributed media company NowThis, told Digiday. “The same thing goes for publishers who are distributing content through Snapchat via the ‘Stories’ feature, which doesn’t have the same data or analytics as a publisher that is distributing directly through Discover. I can see how it can be daunting to not have that level of transparency.

“Nonetheless, if you’re serious about the distributed model, there’s still a lot of data to form valid conclusions about your audience. It might not be as robust as some publication[s] would like, but it’s there,” Belser said. “We see this as being a really good way to grow the total size of our audience.”

So, what to do?

Not jumping into the game is to risk losing access to valuable new audiences and new sources of revenue, as well as falling off readers’ and potential readers’ radar screens.

“We’ve seen that there are great returns on getting in early on these sorts of things,” Slate’s

Dan Check told the Paley Summit.

“I have one bit of advice: Don’t do it without the data, people. It’s a damned fine idea to go to the readers rather than make them come to you – BuzzFeed does it; so does Vox; so does Reported.ly. It’s wonderful to get more audience and branding on Facebook. It’d be super peachy to get a share of revenue from Facebook at last. All that is great,” said Jeff Jarvis, media analyst and blogger on buzzmachine.com: “But keep in mind where the real value is: in the relationship, in knowing what people – individuals and communities, not a faceless, anonymous mass – need and want and know so you can give them relevance and value and so they will give you greater usage, engagement, attention, loyalty and advertising value in return.”

“Best case? These arrangements buy time until more organisations with journalistic heft get their business-model house in order and can exert greater leverage in deals with the traffic brokers,” wrote Rick Edmonds, media business analyst for the media think tank Poynter Institute. “But not yet. Probably not in 2016.”

# How micropayments can deliver new revenue, new readers, and new insights



Blendle has proven that young people really will pay for content, and they really will read it on their smartphones, but only quality content, and only if they can get their money back if they don't like what you sold them.

H

How many prophets have we heard crying in the desert: "I have the solution to the media's problems!"?

Too many to count.

Some of us even purchased their wares and have closets full of gadgets or software discs that didn't quite pan out as planned.

The Dutch micropayment company, Blendle, was seen as one of those slightly whacky prophets when they launched in 2013.

And with good reason.

Micropayment missteps and failures date back to the early 1990s when companies like FirstVirtual, Cybercoin, Millicent, Digicash, Internet Dollar, Pay2See and others rose and collapsed. A little later, companies like Beenz, BitPass, and Peppercoin appeared and disappeared.

"Guess how many times it [a micropayment system] has been successfully tried in the past 17 years?" asked Ink, Bits and Pixels editor and owner Nate Hoffelder in a 2015 post on his company's The Digital Reader blog. "If you guessed zero, you would be correct."

OK. Point taken.

But does early failure predict ultimate failure?

While micropayment systems don't rise to the level of historical impact as the automobile, would anyone care to guess how many automobile companies failed in the formative years of that industry (1890-1915)?

Three hundred and eighty-one. In the United States alone. You can look it up.

What is puzzling about the critics of micropayment systems is their persistent pessimism, even in the face of proven success. When Hoffelder wrote his piece in June 2015, he was predicting the demise of an already successful micropayment operation in the Netherlands



called Blendle. And Hoffelder was not alone in his doubt. Critics abounded.

And yet...

As we speak, hundreds of thousands of Dutch and German readers are using micropayments to purchase individual newspaper and magazine stories, and more do so every day (an estimated 5,000 new micropayment users a month).

After a five-month trial phase, Blendle officially launched in October 2014 with just 130,000 users in the Netherlands. Today it boasts 550,000 users in the Netherlands and in Germany (launched in September 2015 with 100 publishers on board).

Later in 2016, Blendle has announced it will launch a version in the United States.

For the Dutch publishers, the Blendle revenue already amounts to more revenue than Apple is delivering.

“We’re proving that people do want to pay for great journalism,” wrote Blendle founder Alexander Klöpping in a one-year anniversary piece before the company’s launch in Germany.

“The goal: put all newspapers and magazines in the country [the Netherlands] behind one (quite sexy) paywall, and make it so easy to use that young people start paying for journalism again.”

Those same young people, and many other consumers as well, are being acclimatised to paying with so-called “digital wallets”.

Those “wallets” are either electronic devices or web-based programs enabling consumers to make purchases digitally, without having to pull out a credit or debit card or cash. Consumers can use their smartphones where payment information is stored, or access programs such as Apple Pay, Google Wallet, Samsung Pay, or PayPal.

It is not uncommon to be in line at a coffee shop or department store and see customers use their smartphones to complete their purchase.

Apple Pay is available on iPhone 6 and 6 Plus, Apple Watch, and some iPads. It uses Near Field Communication (NFC) technology and can be used at any business that has contactless terminals.



**BLENDELE FOUNDERS :** Two 28-year-old former Dutch journalists — Alexander Klöpping (left) and Marten Blankesteijn — founded Blendle in April 2014. As of December 2015, they report 550,000 users. (Blendle photo)



Google Wallet is a multi-platform digital wallet that is compatible with MasterCard Pay-Pass and Visa’s PayWave systems and works with many different smartphone brands.

Samsung Pay is also a device-based wallet compatible with the Samsung Galaxy S6 and later models. Unlike Google Wallet and Apple Pay, Samsung Pay uses both NFC and Magnetic Secure Transcript (MST) technologies, making it compatible with both contactless pay terminals or traditional magnetic strip terminals.

Apps also enable digital payment. Starbucks, for example, offers customers the ability to pay for their java with their phones using the Starbucks app. Apple enables payments within apps for some of the biggest names in retailing: BestBuy, Dunkin Donuts, Etsy, Kickstarter, Uber, Target, TicketMaster, and more. Payment app Venmo is very popular with young people because it enables them to reimburse a friend for a cash loan but also to pay for purchases.

Several micropayment companies are targeting the media industry, including US-based iMoneza and Topsy, and UK-based 1-Pass.

*Apps also enable digital payment. Starbucks, for example, offers customers the ability to pay for their java with their phones using the Starbucks app*

iMoneza is a cloud-based solution designed to enable publishers to charge for single stories for a very small fee (usually US\$0.10-US\$0.50) to read premium content. “Publishers can keep their web traffic high by offering basic content for free, but they can increase revenue by pricing 15-40% of premium content individually,” said Mike Gehl, president and chief executive officer.

The iMoneza solution “pays for itself,” according to Gehl, as iMoneza only gets paid when the publisher generates revenue (iMoneza earns a small percentage). “There is no

De populairste titels op Blendle



BLENDLE'S POPULAR TITLES: Newspapers and magazines trending on Blendle.

## Winnipeg Free Press micropayment system gaining consumers every day

In mid-2015, The Winnipeg Free Press became the first newspaper in North America to institute a version of the Blendle micropayment model.

Readers create an account, start off with one month free access, and then can either purchase individual stories for 27 cents (21 cents US) or subscribe for \$16.99 Canadian. They can also get their money back if they don't like a story they've purchased.

A "walleting" system tracks the reader's purchases and charges the reader's credit card at the end of the month.

In a letter to his readers, Free Press editor, Paul Samyn, sold the system in a way readers could relate to:

"Our 27-cent solution gives you the control to build your own bundle of Free Press content. If you are a Winnipeg Jets fan, then you can assemble a month's worth of game stories and Gary Lawless analysis that will cost you as little as \$8. If you enjoy reading Marion Warhaft's weekly restaurant reviews, that will be another \$1.08 over the course of a month. On the other hand, if you are a political junkie, your à la carte dining can start with Mia Rabson's column from our bureau on Parliament Hill and the award-winning Key of Bart video for only 54 cents per week."

The Free Press did a lot of analysis before launching the system. "Many readers now read only online [and] a huge swath of casual readers on our website tend to dine on an average of 15 articles per month," wrote Samyn. "Under our new pick-and-pay system, reading 15 articles works out to only \$4.05 a month, an amount we figure will compare favourably to other options from competing paid websites."

And it seems to be working.

"It's very encouraging," Samyn told me. "Every day we are getting more people signing up for all access and more are reading now and paying later. Every single day, we see growth on both options for readers, and the trend continues to go up."



continues  
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up-front cost, no monthly fee, or any other cost whatsoever," said Gehl. "This ensures the publisher will realise a positive return on investment."

Tipsy, by contrast, appeals to readers' altruism to support the sites they frequent. Tipsy "goes along with people's willingness to contribute, but removes all the obstacles that would get in their way of doing so," Tipsy creator MIT professor David Karger told journalism.uk.

"The need to click a button every time you want to pay somebody is, to me, a pretty significant obstacle," Karger said. "Tipsy asks readers to decide in advance how much money they want to contribute or 'donate' and 'does the watching and the calculating for you.'"

Readers can donate from US\$5 to US\$100 or more a month, and adjust their monthly donation at any time. At present, Tipsy is free to publishers, and the organisation does not take a cut of the donations. As of March 2016, Tipsy had two publishers on board: ProPublica and Global Voices.

1Pass is a London-based single-article sales start-up that went live in 2016 after testing its platform through 2015.

The 1Pass model differs fundamentally from that of Blendle. Both do single-article sales. But 1Pass seeks exclusively to help publishers sell single articles from publishers' own websites.

1Pass works in the background, running pre-paid accounts for readers, and supplying publishers with plug-ins that can be dropped instantly into any WordPress, Drupal or Craft website.

1Pass developed its platform throughout 2015 using hundreds of articles sourced from

*"Every day we are getting more people signing up for all access and more are reading now and paying later."*

**Paul Samyn**

Editor, Winnipeg Free Press



the Financial Times, The Economist, Foreign Affairs and other quality publications, which it promoted for sale using social media.

By the end of 2015 it had acquired some 15,000 customers, and accumulated some impressive analytics about what happens when real people use real money to buy real content. A few insights:

- There is very little price discrimination between US\$.25 and \$US.99 per article
- The most important predictor of an article's sales is not the topic, nor the publication, but the author
- Readers are surprisingly unconcerned by length; an 800-word article sells for the same price as a 1500-word article
- People will pay more for single articles as they get more accustomed to buying them

1Pass did its first major installation for Project Syndicate at the end of 2015. This has not yet gone live, because Project Syndicate has chosen

to first test a donations strategy for monetising its content.

The second major 1Pass installation, at the start of 2016, was for London's Literary Review, where the 1Pass “buy” buttons have been styled to blend logically into the publisher's pages: [literaryreview.co.uk/its-the-taking-part-that-counts](http://literaryreview.co.uk/its-the-taking-part-that-counts).

1Pass goes live on two sites in the spring of 2016: The website of another British monthly, *The Oldie*, which despite its ironic name is a lively and much-admired general-interest weekly, and a live trial with the *London Review of Books*. The company aims to roll out a new major installation each month.

“We want publishers to sell from their own websites, and so do they”, said head of sales Robert Cottrell. “The questions we get tend to focus on what single-article sales will do to subscription revenues. It’s a matter of pricing strategy. Single-article sales can even be used to



Blendle delivers the content of a magazines in the style of the magazine itself.



## Winnipeg Free Press micropayment system gaining consumers every day

continued from page 62

Samyn believes The Free Press instituted the new system at just the right time. “There is a growing awareness of people not just about the economics of newspapers, but in an increasingly online world, people are now prepared to pay if they see value. They’re already doing it everywhere, from iTunes to Netflix to satellite radio. People are doing a lot more purchasing online, so there is a lot more comfort doing business online today.”

Samyn says the paper did get complaints. “They wanted to know why we were charging them to read the obituaries, for example,” said Samyn. “I told them this is not any different than print: If you want to read the obits in print, you have to buy the paper. There is a cost to us to produce content wherever it lives.”

These online payment options are long overdue, according to Samyn. “What newspapers have too long done is devalue what we bring,” he said. “When people complain about the price, I ask them how much was your cup of coffee at Starbucks. The paper lasts a lot longer than the cup of coffee.”

I asked about the curious choice of 27 cents as a price point. “It was far from a perfect science,” Samyn said. “We were looking for a number that wasn’t too high or too low. We settled on two bits plus two cents as the ‘Goldilocks’ pricing point that we hope will be just right.

“And we are open to changing. But for simplicity’s sake at the beginning, we made everything 27 cents,” Samyn said. “Whether it’s a brief about an accident or an investigative piece. We might go to a sliding scale where some pieces cost less than 27 cents and others more.”

And they might try a strategy that has worked for other non-publishing businesses: “Happy Hours” when stories cost less to read between certain hours of the day, Free Press vice president Christian Panson told The Media Briefing in July 2015.

Like its cross-pond model, Winnipeg has its doubters. “It’s hard to imagine a scenario where site traffic doesn’t drop substantially,” according to staff writer Joseph Lichterman at the Nieman Journalism Lab at Harvard University.

If Blendle is any indication, the doubters may have to eat their words.

drive subscription sales by raising the perceived value of the subscription. If you have the choice between buying the article for \$1 or buying a subscription at a special one-time price of \$10, which would you do?”

No company, though, has as much experience with publishers as Blendle.

According to Klöpping, the Blendle brainstorm was the answer to these questions: What if...

- You could read all the journalism you care for in one place
- You would only need to register once to read all of what you do want
- You would only pay for the articles you were interested in and actually read and liked
- You’d get your money back if you didn’t like the story
- You wouldn’t be pressured to subscribe
- You wouldn’t be bombarded by ads
- The brainstorm has translated into a micropayment model that works, delivering new revenue and new readers to Dutch, German and, soon, US publishers.

“But more importantly: It’s money from people who weren’t paying for journalism before,” wrote Klöpping. “My friends had never paid for music and movies, until Spotify and Netflix. And with Blendle, they’re paying for journalism, often for the first time in their lives.”

Here’s how it works: Users submit their payment details once (and only once) when they register and they automatically get a US\$2.50 credit. Then, for each story they choose to read, a small fee is deducted from their account at the end of the month. If they don’t like the

**“My friends had never paid for music and movies, until Spotify and Netflix. And with Blendle, they’re paying for journalism, often for the first time in their lives.”**

**Alexander Klöpping**  
Co-founder, Blendle



story, the fee is immediately refunded.

Blendle users see a feed that is a combination of digital newsstand and friend-feed: stories curated by Blendle editors about the topics the user is interested in and trending stories, plus stories recommended by friends, celebrities and public figures.

Users can also scan all the stories in an issue of a magazine such as The Economist and pick out which articles to buy.

Publishers set the price (the average story costs twenty US cents). The publishers and Blendle split the revenue with 70% going to the publisher.

As important as the revenue is, Klöpping argues it is just as important that the “vast majority” of Blendle readers are under the age of 35, the very group publishers are having trouble attracting and desperately need in order to survive as they watch their core readership age and, well, pass away.

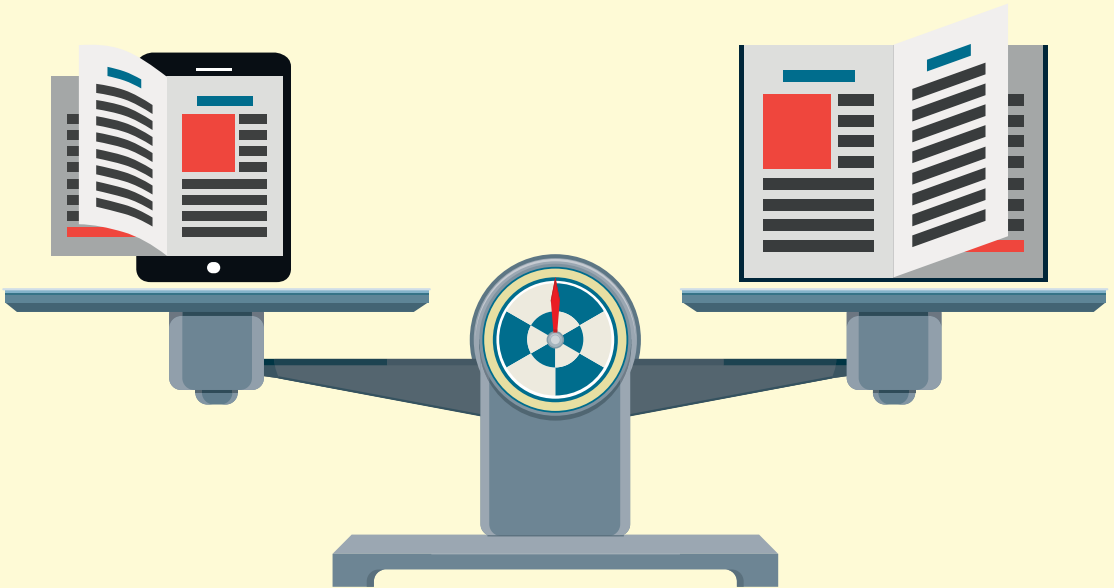
Also important: Blendle seems to have proven that mobile users will not only read long-form journalism on their smartphones, but they will also pay for the privilege! More than 60% of Blendle’s traffic comes from mobile.

Why does it work? It’s not just the ease and convenience of the micropayment system – it’s

the golden triangle of choice, convenience, and curation, Klöpping told The Media Briefing. “What makes Blendle work in the end is that triangle between having a catalogue with all the major newspapers and magazines in a country that you’d expect; having one log-in, one registration that makes it easy to pay for everything [and] being able to find the content that is most relevant to you [though curated topics],” Klöpping said.

*As important as the revenue is, it’s just as important that the vast majority of Blendle readers are under the age of 35, the very group publishers are having trouble attracting*





What lessons can publishers learn from the Blendle experience? Klöpping lists four:

1. Micropayments for journalism can work, but not for news. “We don’t sell a lot of news in Blendle,” wrote Klöpping in his anniversary post on medium.com. “People apparently don’t want to spend money on something they can get everywhere for free now. People do spend money on background pieces. Great analysis. Opinion pieces. Long interviews. Stuff like that. In other words: people don’t want to spend money on the ‘what’, they want to spend money on the ‘why’.”
2. Readers punish clickbait creators by demanding refunds. “BuzzFeed doesn’t work if people need to pay per article,” wrote Klöpping “At Blendle we see this every day. Gossip magazines, for example, get much higher refund percentages than average (some up to 50% of purchases), as some of them are basically clickbait in print. It might actually be that micropayments will result in better journalism.”
3. Micropayments are a great measure of quality. Publishers and journalists can now see what kind of stories attract paying customers and what type of stories get the most refund requests.
4. Micropayment revenue is additional revenue, not cannibalism. “One year ago, some publishers in the Netherlands were pretty scared: Would the launch of Blendle result in cancelled subscriptions? We now know for a fact that Blendle doesn’t attract their current customers, but a new group that’s currently not paying,” wrote Klöpping.

Even in the face of that success, critic Hofelder’s headline was: “Blendle will be the next to show that micropayments still don’t work”. And an INNOVATION colleague of ours, former Schibsted and Liberation editor Frédéric Fil-

***The 1Pass model differs fundamentally from that of Blendle. Both do single-article sales. But 1Pass seeks exclusively to help publishers sell single articles from publishers’ own websites***

loux, headlined his 2 November 2014 “Monday Note” blog post: “The New York Times and Springer are wrong about Blendle”. (The NYT had recently signed a distribution deal with Blendle.)

To Filloux’s and Klöpping’s credit, the pair built a relationship and in late 2015, Filloux changed his tune completely, concluding that “the company has been created by journalists

***To a person, the critics say the micropayment system is doomed not because of price or even technology, but because of mental transaction cost***

who fervently defend quality journalism and believe that great editorial must be paid for.

“Blendle’s execution is absolutely remarkable. Its engineers and designers take great care to scrupulously render newspapers and magazines layouts, licensing hundreds of original fonts, and, down to the pixel, to respect every aspect of the publications’ look and feel,” Filloux wrote. “Wherever the Blendle button is implemented, the reader will enjoy a friction-free experience... Blendle is thorough, agile and supremely confident.”

To a person, the critics say the micropayment system is doomed not because of price or even technology, but because of a phenomenon computer scientist Nick Szabo coined in 1996: Mental transaction cost. Szabo’s theory is that consumers put themselves through great angst trying to decide if something is worth buying or not. The critics also cite internet consultant and writer Clay Shirkey who wrote in 2003 that that mental transaction cost ironically increases as the price drops.

Maybe so. But times and consumer behaviours change.

Indeed, the same Clay Shirkey critics enlist to debunk micropayments wrote in a June 2015 Tweet about Blendle: “This is the first interesting micropayments idea I’ve seen in 15 years”.

## How a micropayment system for digital stories could also drive print sales

A micropayment system can be about more than single-story sales. It can also drive sales of print editions.

Blendle demonstrated that dramatically in the fall of 2015.

On 18 September, Joost Zwagerman, a famous Dutch poet and essayist, committed suicide. Just five days earlier, he had given a lengthy interview to a Dutch political magazine, HP/De Tijd.

In the course of the interview, Zwagerman revealed he had an incurable disease.

The editors at HP/De Tijd faced a dilemma: The magazine’s next issue wasn’t due to hit the streets for three weeks, by which time the story would be old. But they didn’t want to give the story away for free on their website (which is mostly a promotion vehicle for the print edition).

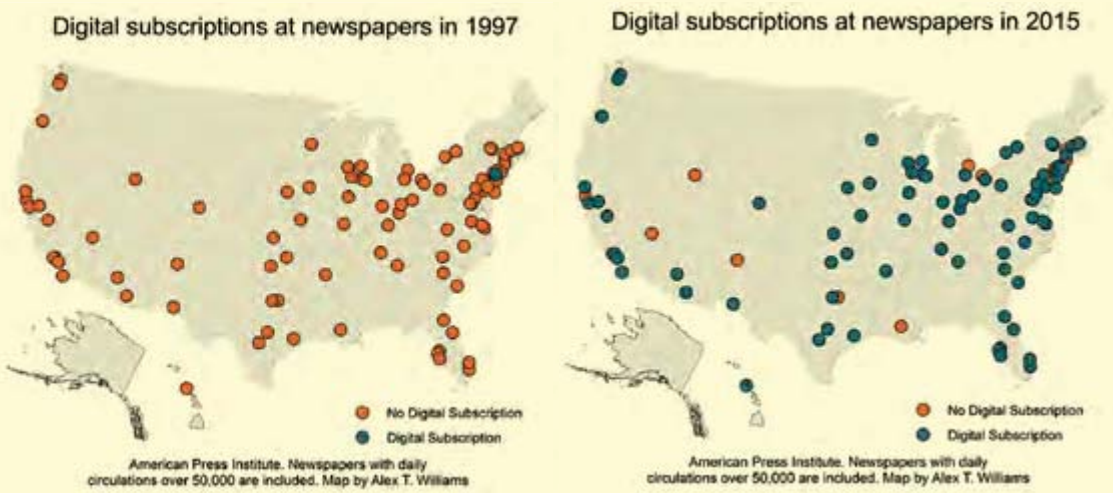
“The publisher called me to ask if Blendle could run the piece on a standalone basis... We said yes, of course!” Blendle co-founder Alexander Klöpping told Frédéric Filloux for his Monday Note blog.

The HP/De Tijd editors created a story that included some of the interview and put it on Blendle asking for a single euro to read it.

No surprise, it sold quite well and boosted the sale of the magazine with the full, 12-page Zwagerman interview.

According to Klöpping, using Blendle as a promotional vehicle is becoming an increasingly popular tactic for publishers on Blendle. They can deliver value to their readers without giving away the full package in an upcoming print edition.

“Our interests are aligned,” Klöpping told Filloux. “Many magazines could follow the same path. As an example, consider Vanity Fair’s high profile pieces such as Caitlyn Jenner’s. This completely changes the dynamic for important stories...”



It would seem that Blendle may have finally found a way to minimise the consumer angst associated with the mental transaction cost.

Their system is working, and it's working with a pretty tough crowd (the millennials). Maybe it's the millennials having been acclimatised to micropayment by iTunes. Maybe it's the initial creation of an account against which to draw, or the low cost, or, more likely, the satisfaction with the product and the building of a habit of buying the same or similar products that have made the reader happy each time.

Or maybe it's the money-back guarantee. How much angst can there be if you know you can get your money back if you don't like what you bought? The initial purchase is not a commitment, it's a conditional commitment. In essence, readers can postpone the final purchase decision until after they've "consumed" the product and found it satisfactory and worth the price. Or not.

As one Blendle reader wrote on The Digital Reader in mid-2015, "You choose to read an article, and yes, you pay for it, but there is no continuous conscious choice for me if I want



"Blendle's execution is absolutely remarkable. Its engineers and designers take great care to scrupulously render newspapers and magazines layouts, licensing hundreds of original fonts, and, down to the pixel, to respect every aspect of the publications' look and feel." Frederic Filloux, former Schibsted and Liberation editor



Blendle’s editors recommend stories as do the publishers themselves plus special feeds from friends — a mixture of human curation backed by strong analytics and algorithms

a refund for each of these articles I read.”

While some publishing company accountants might blanch at the thought of giving money back, Blendle’s experience is that fewer than one in ten of its customers ask for a refund. “We’ve taken away the fear that you spend 50 cents and then feel bad because the article was disappointing,” Klopping explained to the Poynter Institute.

The Blendle founders point out that refund requests tend to come from readers of gossip and clickbait type stories. They suggest that in addition to new revenues and readers, mi-

cropayment systems will actually encourage higher quality journalism rather than the empty calories of clickbait content.

Not everyone is a critic. As a matter of fact, multiple major publishers are getting behind Blendle’s unique micropayment system. The Washington Post, The New York Times, The Wall Street Journal and every single one of Germany’s major newspaper publishers are now on Blendle (not just a few major German newspaper publishers – ALL of them: 18 dailies and 15 weeklies) and more than fifty prominent magazine titles.

There are also niche publications, including 11 Freunde, a soccer culture magazine, Bilanz, that explains the world through the eyes of economists, and Neon, that combines beautiful writing with a progressive, young worldview, according to Blendle co-founder Marten Blanckesteijn.

German journalists who tested Blendle prior to its launch there were impressed. In a post on Medium before the launch, co-founder Blanckesteijn wrote: “Journalists tested the platform, calling it ‘very user friendly’ (Spiegel Online), ‘promising’ (Süddeutsche Zeitung), or even a possible ‘solution to all the problems of print media on the internet’ (Medienwoche).”

Blanckesteijn quoted Mathias Blumencron, Frankfurter Allgemeine’s digital chief: “At first I thought, Blendle would present just another attempt of establishing an electronic cashier for articles,” he recently told me,



Blendle’s presentation of stories is clean and easy to read and tailored for mobile devices



looking back to our first conversation. “But then I discovered: This is really well done, it’s intelligent and it’s the first time that paying for articles could actually be fun. Blendle is basically a social network for discovering and buying the most fascinating articles of the day.”

Another major German publisher is also a convert. Julia Jäkel, CEO of German publishing giant Gruner + Jahr told Filloux that she sees Blendle as a true component of a monetisation arsenal.

“Putting single articles on sale meets the needs of the iTunes generation used to picking singular pieces that interest them right there and then,” Jäkel told Filloux. “They are also used to making single payments – which is good news for publishers. Even more important: starting off Blendle showed it doesn’t cannibalise existing subscriptions but attracts young target groups that haven’t turned to classic media offerings so far. So we hope to have opened up an additional channel for our audiences as well as an additional revenue stream for publishers.”

Some publishers see Blendle not only as a

source of new revenue and readers, but also as an extremely valuable window into reader behaviour, especially those under the age of 35, a group most publishers don’t get to see interacting with their sites that often.

“One of the interesting things is these readers are the ones that you wouldn’t expect to pay for content. Still, they reward the depth and the uniqueness of our coverage, even though there is a profusion of free content available everywhere on technology,” Katie Vanneck-Smith, chief customer officer and global managing director at Dow Jones, told Filloux. “Stories [read on Blendle] are mostly tech-oriented; people select pieces on US technologies companies, new devices, etc. This is good for us since we invested a lot in our technology coverage – which represents an effort comparable to maintaining our foreign news bureaus.

“At this time, for the Wall Street Journal, this is mostly an experiment in which audience behavioural analysis is more important than actual sales figures,” she said.

Two major media companies who supported the Blendle concept put their money where

CoinTent is a digital wallet service that allows consumers to painlessly purchase individual pieces of quality content (articles, videos, blog posts, guides, recipes etc.) for tiny prices.





M-Pesa (M for mobile, pesa is Swahili for money) is a mobile phone-based money transfer, financing and microfinancing service, launched in 2007 by Vodafone for Safaricom and Vodacom, the largest mobile network operators in Kenya and Tanzania. It has since expanded to Afghanistan, South Africa, India and in 2014 to Eastern Europe.



their mouths are: The New York Times and German publisher Axel Springer invested US\$3.8 million in Blendle in October 2014. The investment helped fuel Blendle's expansion into Germany.

Micropayment company CoinTent is also bullish: "Just as we've seen with music, movies, and game content, people are willing to pay for quality articles that they're interested in reading if the price is right and the purchase experience is simple," CoinTent CEO Bradley Ross said in a release. Ross believes that young people have been acculturated to making small and instant purchases for mobile games and in-app add-ons.

The success of micropayment systems such as M-Pesa in Africa, India, and Eastern Europe has given US and Western European tech and publishing companies additional courage to replicate their systems.

Two publishers in North America, The Winnipeg Free Press in Canada and Milwaukee Magazine in the United States, launched micropayment systems in the summer of 2015. It is too early to tell how those initiatives are faring (see the short story about Winnipeg

Free Press micropayment system earlier in this chapter).

And in Europe, Nordic media giant Bonnier and micropayment company Klarna are partnering to offer Bonnier readers the option of a one-euro daily pass, and will soon offer individual stories for small sums.

At the end of the day, Blendle sees its future and that of the media as totally intertwined. "We can become the global paywall infrastructure for quality media," he told Filloux.

So, let's see: Who should we believe? The critics citing old failures and old psychological studies, or the readers, mostly new and mostly from our most desired demographic, who are happily handing over money to read content a la carte in ever-increasing numbers?

Give me a nanosecond.

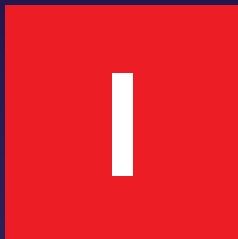
On the face of it, it's worth the effort. If it works – and it appears to be doing well already – we've got another incremental source of revenue and, more importantly, a nose under the tent of the content consumption world of the under-35 age group.

Count us in as believers.

You?

# How to make mobile **the monster** it should be for you

It's not rocket science, folks: Go mobile-only and replace those stupid desktop ads with mobile-friendly formats and contextually relevant ad messages



If you had a crystal ball that showed you who would win the next World Cup, would you bet on that team?


Damn right!

Of course, there is no such thing as a crystal ball, but you don't need a crystal ball to bet on this sure thing: Mobile is the future of content consumption.

Some would argue that the future is already upon us, but you wouldn't know it from looking at what many publishers are putting out there as their mobile offerings.

Despite overwhelming "crystal ball" evidence of what the future holds, magazine media are still putting desktop content and advertising on devices with different sizes, expectations, technologies, strengths, and weaknesses.





Some publishers are still proud to be “digital first”. Many brag about being “responsive.” Others tout their “mobile-first” strategy.

They all totally miss the point of mobile.


All three of those strategies still presume desktop is king, the ultimate destination for content and advertising. “Digital first” merely means content appears on a desktop before print, totally ignoring mobile.

Responsive design does no more than ensure that your desktop website looks good on mobile, not that it’s appropriate for the mobile experience (trust me, it is not).

And “mobile-first” simply means publishing desktop content on mobile first. A mobile-first strategy is all about timing; it has nothing to do with platform-appropriate content.

It is (past) time for “mobile-only”.


The “mobile-only” approach recognises two immutable realities:

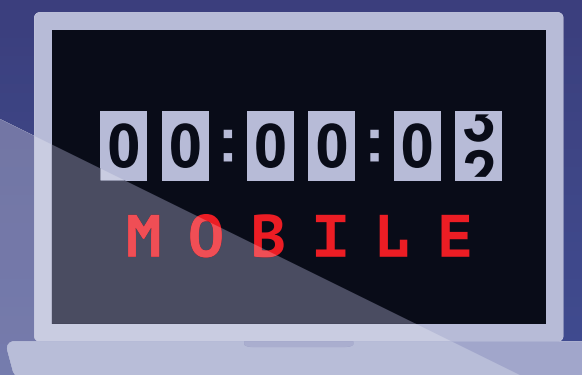
1. By 2021, nearly 90% of all internet traffic will be from smartphones, according to market intelligence company DazeInfo. Mobile will account for 40% of web traffic in 2016, up from just 17% three years ago, according to internet statistics company Statista
  2. Only mobile content and advertising that are totally unique and tailored to the mobile experience will succeed. Consumers are not tolerating desktop content squeezed onto a smaller screen; they want content that matches both the attributes of the platform
- 

and the unique expectations of mobile users.

### Global mobile dominance is just around the corner

Global mobile use statistics make it crystal clear where the world is headed in terms of content consumption. According to the Internet Society 2015 Global Internet Report and multinational tech company Cisco Systems:

- Global mobile data traffic grew 74% in 2015
  - Mobile data traffic has grown 4,000-fold over the past 10 years and almost 400-million-fold over the past 15 years
  - Mobile network (cellular) connection speeds grew 20% in 2015
  - Mobile internet penetration is forecast to reach 71% by 2019
  - Usage per device is forecast to more than triple by 2019
  - 192 countries have active 3G mobile networks, which cover almost 50% of the global population
  - Smartphone sales are the majority of mobile handsets sold worldwide; tablet sales will soon exceed total PC sales
  - There are well over 1 million apps available, which have been downloaded more than 100 billion times
  - Time spent using apps exceeds time spent on mobile browsers, and in the US, at least, exceeds time spent on desktop and mobile browsers combined
- 



### Consumers will no longer tolerate mobile-unfriendly experiences

“The mobile user expects a [company] to anticipate their needs and deliver a relevant digital experience that is personalised, lightning-fast, consistent across screens, and highly efficient,” AllRecipes vice president of consumer and brand strategy Esmee Williams told CMO.com. “We must consider scrolling, tapping, clicking, swiping, talking, and motion in our site experience to deliver the best possible experience.” (Check out the sidebar on “How to create mobile-only content”.)

Companies pay a high price for delivering unsatisfactory mobile experiences. In a study of 6,000 adults from China, India, Brazil, the US, UK, and Germany, an aggregate of 91% of respondents said they would abandon a site and go to a competitor if the initial experience failed in any of a number of usability features. The study by UK consultancy Populus for mobile analytics firm Netbiscuits found consumers would leave if a site loaded slowly, was difficult to use, was not responsive, etc. What was especially disturbing was the stunningly large percent of consumers who would abandon a site – from a high of 91% of the Chinese to a “low” of 81% of the German respondents.

By the same token, 80% of the respondents said they would reward a good mobile site with recommendations to their friends.

By the way, these behaviours and rules apply equally to advertising and editorial!

### How big is this mobile-only moment?

Before getting into how to create uniquely mobile content, let’s make sure everyone grasps the speed and size of the technological and cultural change bearing down on us (most people would say it’s been here for a while and magazine media are already behind).

Consumer time spent with digital media on mobile has grown 90% in the last two years, according to comScore. It’s not that consumers are not using their desktops – after all, many people spend eight hours a day working at a desk with a desktop computer – it’s that the desktop growth rate (16%) is a fraction of the mobile growth rate.

In terms of hours spent on mobile, the numbers are even more impressive. In 2014, US adults spent nearly three hours a day on their

mobile devices, up from 2 hours, 19 minutes in 2013, according to eMarketer. Desktop hours, which matched mobile hours just a year earlier, dropped to 2 hours, 12 minutes in 2014.

When it comes to mobile-only users, the trend is also clear. For the first time ever, in March 2015, the number of mobile-only adult internet users in the US exceeded the number of desktop-only internet users, according to comScore. As recently as 2014, the number of desktop-only users (19%) was almost twice that of mobile-only users (10.8%). Today, the number of desktop-only users has fallen by almost half (to 10.6%) while the number of mobile-only users continues to rise (11.3%).

### Millennials are giving up their laptops

Looking to the future, comScore found that 21% of US millennials have stopped using desktop computers to go online, relying exclusively on their mobile devices.

When it comes to the purchase process, half of US consumers consider mobile to be the most important resource in making purchase decisions, according to a Nielsen survey. More than a third of US consumers told Nielsen that they use mobile exclusively in their purchase decisions.

Heard enough?

Suffice to say the future is clear: It’s going to be a mobile world, if not today, certainly tomorrow.

So, what is magazine media doing to get ready for it?

If a recent study is any indication, not much.

“We found that despite the necessity of creating mobile-only journeys for their connected customers, mobile is still grossly underfunded in most organisations,” wrote study co-author and former Altimeter senior researcher Jaimy Szymanski on DigitalEye-Media. “This leaves companies unprepared to meet a mobile-as-first-screen reality and perpetuates mobile’s relegation to just another channel, a technology platform, or a portable version of the web. In turn, customers have no choice but to leave, in search of a better experience.”



## How to create mobile-only content

Magazine media who don't get much traffic from mobile devices can skip this sidebar and go have a drink in the Dinosaur Lounge. For the rest of you, pay attention. There is no magic bullet to solve the mobile experience puzzle. Sorry. As it turns out, consumers use their mobile devices in a confounding variety of situations, but we can narrow it down to two seemingly contradictory use cases: Micro Moments and Me Time.

Let's tackle the surprise use case first: Me Time. Contrary to expectations, consumers use mobile devices for more substantial reasons than looking up a restaurant phone number, settling a football bet, or texting with friends.

A Harvard Business Review study found that 68% of smartphone use happens at home. Calling it "Me Time", the Review found consumers using mobile devices to read long-form content, stream television shows and movies, do research, and engage in other activities that are the opposite of "snackable" moments.

Facebook recognised this dichotomy and introduced Instant Articles last year (see the story about distribution platforms in this book). The social media giant observed that its members were using their mobile devices to read content that was much longer than a sentence or two. But they also noticed their members had a distinct preference for reading that content on the Facebook app and not clicking off to a frustratingly slow outside website.

Instant Articles, available only on iPhones and

Android devices, loads 85% faster than outside websites, and includes all sorts of attractive, interactive features that keep readers on the page and coming back for more. Facebook has recruited 350 publishers from around the world to post substantial content exclusively on Instant Articles, and publishers report impressive results.

The other mobile use case is what you'd expect: Micro Moments.

These are the "I want-to-know moments, I want-to-go moments, I want-to-do moments, and I want-to-buy moments", Google's senior vice president of ads and commerce, Sridhar Ramaswamy told Magnetic Content, an Australian content marketing and social media strategy company.

People turn to their mobile devices in the hope of immediately finding, learning or purchasing something, Ramaswamy said. In these micro moments, people aren't looking for 2,000-word articles or research reports. They're looking for an answer to a question or a quick snapshot of a topic.

Magnetic Content recommends introducing all your mobile content with an overview that includes the main points but not the complete text. This will give customers the information they need and the option to read the rest of the content later, the company said.

So, how do you create great mobile-only reading experiences? Magnetic Content's Annie Peachman offered a check-list of recommendations:

### 1 Let mobile behaviours guide your content creation and organisation

Mobile is no longer about devices; it needs to be thought of as a type of behaviour. When we engage with content on our phones we're swiping and tapping, switching between apps and being interrupted by notifications. To truly engage mobile users, everything about the customer experience should reflect this behaviour: content has to be hyper relevant, easy to navigate and customisable

### 2 Make it customisable

Create content that people can engage with quickly when they're on-the-go, but expand to see more of when they have the time. Use headings and sub-headings to break up text. Cut out large visuals that use up bandwidth. Most importantly, make it easy to swipe or tap to see the full article or find more relevant information — don't include everything in the one place. Highlight important facts, quotes or insights that you want people to remember

### 3 Understand motivation

Recognise that there are times your readers want a nugget of information and

others when they want more depth. Lead every mobile piece of content with a summary, giving readers the key points of the piece, and the option to read more later. Never run stories in full. Headlines and summaries with links to more. That's it

### 4 Branch out into apps

One of the best ways to target mobile users is by expanding into spaces that are unique to mobile devices, like apps. A study by eMarketer found that time spent in mobile apps outpaces browsing by almost 10 times. If your brand doesn't have its own app, consider the ones that are most relevant to your brand. If you have a millennial audience, creating content specifically for Snapchat and Instagram could be a valuable part of a mobile strategy. If not, try incorporating other native mobile functions like SMS. For example, if a lot of your blog readers are using mobile devices, include an SMS option for blog notifications rather than just email updates

### 5 Join the video bandwagon

Online video now accounts for 50% of mobile traffic, according to integrated marketing agency Merchant.

It's not just short videos, either — 36% of smartphone users watch long-form videos of five minutes or more, according to Pyramid Research. Creating mobile optimised videos is a great way of reusing some of your written content and creating something new out of it for a mobile audience. If you have an ebook or blog post that explains a concept in a series of steps, you can create a video where you talk the user through it by using animation or engaging visuals

### 6 Segment your emails

The majority of emails are actually opened on mobile devices, according to a study by personalised marketing company MovableInk. Segment your list by device and create mobile-specific emails. Make these emails less text-heavy, with links and call-to-action buttons that are easy to interact with using the tap of a finger. Use the principles of responsive design and only include critical information and visuals for mobile users, making sure the screen isn't crowded and users can easily engage with the content



*“The mobile revenue vacuum is the result of a lack of innovation...”*

**Irfon Watkins**  
CEO, Coull

### **Few publishers actually have a mobile strategy**

The 2015 Altimeter study, *The Inevitability of a Mobile-Only Customer Experience*, also found that a clear and unified mobile strategy remains largely elusive to many executives. “In order for their companies to survive and maintain relevancy, strategists and executives alike must rethink the role of mobile, particularly where and how it can become the primary channel of engagement for a connected consumer,” according to the report.

The prescription for the future (as in tomorrow): Create a stand-alone, seamless, mobile experience. Go beyond mobile-optimised websites, landing pages, content for the smaller screen, or basic branded apps.

“Customer expectations have changed. They used to be more understanding if certain features weren’t part of your mobile app, but now they expect to do whatever they want, whenever and wherever they want to do it,” according to Andres Wolberg-Stok, global head, emerging platforms and services, Citi, who was quoted in the Altimeter report.

“The idea of mobile-only design is a game-changer, and we believe it is becoming the new standard,” wrote Szymanski.

And if the mass migration of consumers to mobile wasn’t enough of an incentive to develop a mobile-only strategy, then the belated but now rapid reaction of advertisers to mobile growth should get your attention.

### **Finally, mobile advertising is starting to follow eyeballs**

While desktop revenue will still represent the lion’s share of digital income for a while, the growth is in mobile advertising. In 2013, US\$32.44 billion was spent on desktop advertising, more than triple the US\$10.67 billion

spent on mobile advertising that year, according to a recent eMarketer survey. Just two years later in 2015, mobile advertising nearly tripled to US\$28.72 billion while desktop declined to US\$29.89 billion.

By 2019, eMarketer projects an almost complete turning of the tables: Mobile US ad dollars will be almost three times desktop spending, with US\$65.87bn in mobile marketing to just US\$25.35bn in desktop.

Globally, advertising budgets for mobile have also gone through the roof. “eMarketer has estimated it to reach US\$158.55 billion by 2018,” wrote Shirley Pattison, marketing director at Israeli ad agency firm Imonomy. “At that point, spending on mobile will be more than 50% of all worldwide digital advertising.”

That growing pot of mobile ad cash is not exactly spread evenly across internet firms. In 2015, Facebook and Google alone took in half of the US\$28 billion spent on mobile advertising in the US, according to eMarketer. Then it was a steep drop to Twitter in third place at 4.6%, and fourth-place Yahoo at 4.1%.

To get a piece of this massive pie, publishers must change their approach. To date, too many continue to force desktop banner ads on small mobile screens.

“If mobile ads are counterproductive to mobile audiences, ruining the user experience, we will alienate people and go out of business,” Schibsted Publishing head of mobile Staffan Engström told WAN-IFRA.

“The mobile revenue vacuum [for publishers] is the result of a lack of innovation... the formats are unexciting ports [recycling] of desktop mainstays,” according to Irfon Watkins, CEO of UK-based video advertising technology company Coull writing on MediaPost.

“The display banner, a format that’s been derided as ineffective and of negligible worth on desktop for the last five years, accounts for more than half of mobile ad spend,” said Watkins. “This isn’t due to some miraculous increase in its effectiveness: it’s due to a real lack of alternatives.

“The lack of contextual targeting on mobile is criminal – advertising that isn’t contextually aligned to what [readers are] consuming is incredibly jarring,” he said. “We must ensure that a lack of innovation doesn’t kill the dream. We need to do away with attempting to port

[recycle] formats, while in turn making mobile ads more relevant and easier to track cross device.”

Back at Imonomy, Pattison recommends the Internet Advertising Bureau (IAB) mobile ad formats: “As more online publishers are broadening the types of ads they offer on mobile it has worked extremely well for bringing in new revenue. It goes without saying that the more mobile friendly and responsive publishers make their sites, the better their ads perform.” Here are Pattison’s descriptions of each of the five IAB ad formats:

1. Filmstrip

Contains multiple panels that can be scrolled through by the user, combining storytelling with non-interruptive advertising. This ad format is very popular in tablets



2. Slider

A slider bar sits on the bottom of a browser and only opens up the ad when the user interacts with it. By opening the slider, the user’s screen is filled with the content and they can easily navigate back. This is great for mobile phone ads



3. Adhesion banner

This type of ad is always seen on the bottom of the device and is responsive to the user’s interactions. It can change according to the way the user holds the mobile device



4. Push

To get more social shares, consider push formats. This automatically connects the user’s social accounts and enables them to share the content. This is especially effective for event advertisements or news stories



5. Full page

These ads cover the whole of the user’s device. As powerful and effective as this format is, using it should be done carefully, as it can be perceived as intrusive





ComScore found that 21% of US millennials have stopped using desktop computers to go online, relying exclusively on their mobile devices.

In 2015, the IAB and C3Research released a study showing that the Display Rising Stars ads, introduced by the IAB in 2011 as rich media canvasses for ad creative, are more effective in brand building than the old banner ads. The Rising Star formats delivered 30% stronger brand lift with just one full exposure, rising to 42% when consumers actually interacted with a Rising Stars ad.

Rising Stars also beat traditional display ads when it came to ad recall, with consumers remembering half of the Rising Stars viewed – triple the recall rate of the legacy digital display ads.

The IAB study also found:

- Rising Stars ads attracted gaze at a 63% higher rate than traditional IAB ads, and had five times longer total gaze duration
- Consumers were less likely to avoid looking at such ads compared to legacy ads
- Engagement with the Rising Stars ads was significantly higher across the board with respondents saying these ads were more entertaining, creative, humorous, and evoked higher emotional response
- Despite their bigger size, Rising Stars were considered less annoying than traditional ads

### **So how do you begin creating mobile-only content?**

In these days of big data, media strategy no longer need be guesswork backed up by gut feelings.

Customer data will tell you why your readers come to your site, what they are looking for, what they do with your content, how much they read, if they find it compelling enough to share, and more.

Publishers and editors should not design a mobile strategy based on what they THINK readers want, but on what readers are actually looking for based on their online behaviour.

### **Examine reader behaviour to guide mobile strategy**

“Begin by examining the existing customer journey,” wrote former Altimeter senior researcher Szymanski. “From there, move on to architecting the desired mobile experience, continually measuring and optimising it for success along the way. Finally, internal alignment is achieved once strategists have validated their mobile-first strategies by proving results.”

As intuitive as this sounds in the 21st cen-



In 2012, Facebook had a self-admitted miserable mobile experience and zero revenue from mobile.  
Three years later, mobile represents 76% of Facebook's revenue

tury, the study authors found collecting and studying the data is not the norm: “Many organisations skip this critical first step to understand mobile customers’ motivations, engagement patterns, and expectations: A mere 25% of companies have completely mapped the customer journey to better understand under-performing digital touch points.

“Empathising with customers by understanding the role mobile plays at the core of their lives, in the context of each moment and state of mind, sparks innovation, not iteration,” the report concluded.

### **Appoint and empower a mobile-only champion**

Once you make a commitment to create mobile-only content, protect that commitment from slippage by appointing a mobile-only champion whose sole reason for existence will be to make sure your mobile presence delivers the experience mobile readers are looking to have.

The Altimeter report found very few champions. “Right now, mobile tends to exist without an owner to take accountability in

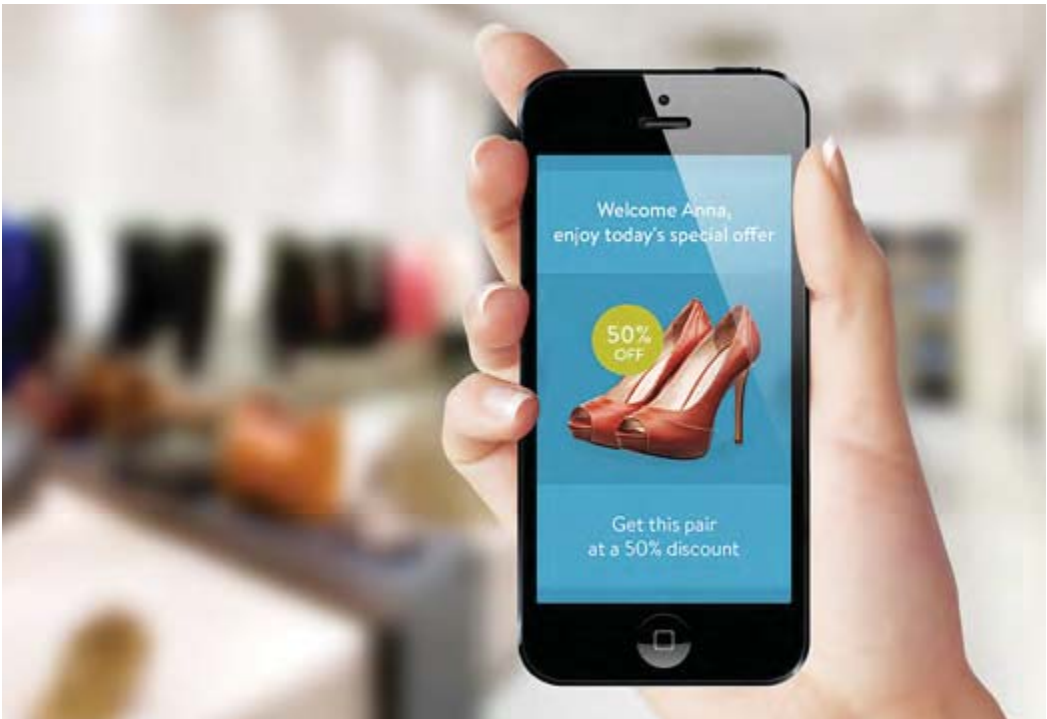
the customer experience. As a result, mobile strategies for the most part are focused on an isolated aspect of customer engagement, whether it’s marketing, commerce, loyalty, etc., and very specific instances within each. This is because all of these solitary programmes are owned by different stakeholder groups that are strewn across the organisation and not necessarily in tune or in alignment with one another. It’s not uncommon for these departments to not collaborate with one another, and thus, the mobile experience is discombobulated by design and impossible to deliver an integrated customer journey.”

(See our sidebar for ideas on exactly how to create mobile-only content.)

### **How Facebook took mobile revenue from zero to 76% in two years**

In 2012, Facebook, for example, had a self-admitted miserable mobile experience. Three years later, mobile represents 76% of Facebook’s revenue. What happened? (Go to YouTube to watch Mark Zuckerberg admit to his abject mobile failure followed by stunning mobile ad success: “Mark Zuckerberg on Mobile | Disrupt SF 2013”).





More than half of the top 100 US retailers are already strategising around in-store beacons to improve the shopping experience, according to the Altimeter study

Facebook didn't just make its website mobile-friendly. Facebook created completely unique mobile experiences geared to what they discovered were the most popular user-need cases. And then they built a unique mobile advertising platform to mimic the way their content took advantage of mobile's unique properties.

Facebook continues to experiment with decoupling the desktop and mobile experiences, creating new Facebook features as apps to improve the mobile customer experience, largely independent of the Facebook desktop experience.

A word of caution: The Altimeter study found that strategists often equate "mobile" with "smartphone", developing a one-size-fits-all solution that ignores the substantial differences in device capabilities and user expectations of mobile phones, tablets, and wearables.

### **Don't look now, but low-energy signals are next**

And if you're worried about being behind today, don't look now but new low-energy signals, such as Apple's iBeacon and Samsung's Proximity, can deliver in-store mobile connec-

tions that could radically change the consumer shopping experience (and your role in making that experience better than ever).

Your own advertisers may already be ahead of you. More than half of the top 100 US retailers are already strategising around in-store beacons to improve the shopping experience, according to the Altimeter study.

So, you have a choice. Sit back and see where this whole mobile thing goes, leaving the experimenting to others (many of whom will be your competitors). Or anoint your most mobile-savvy staffer as the champion of a mobile-only strategy and cut him or her loose to experiment and measure and analyse and pivot and start the process all over again. (The goal of that mobile champion should be to work him, or herself, out of a job, gradually training staff in both editorial and advertising to make mobile-only thinking and acting part of their daily responsibilities!)

If you create a mobile experience that meets and exceeds your readers' mobile needs and expectations, you will also have positive impact on your bottom line.

And you will beat your competitors to the punch. For a change.



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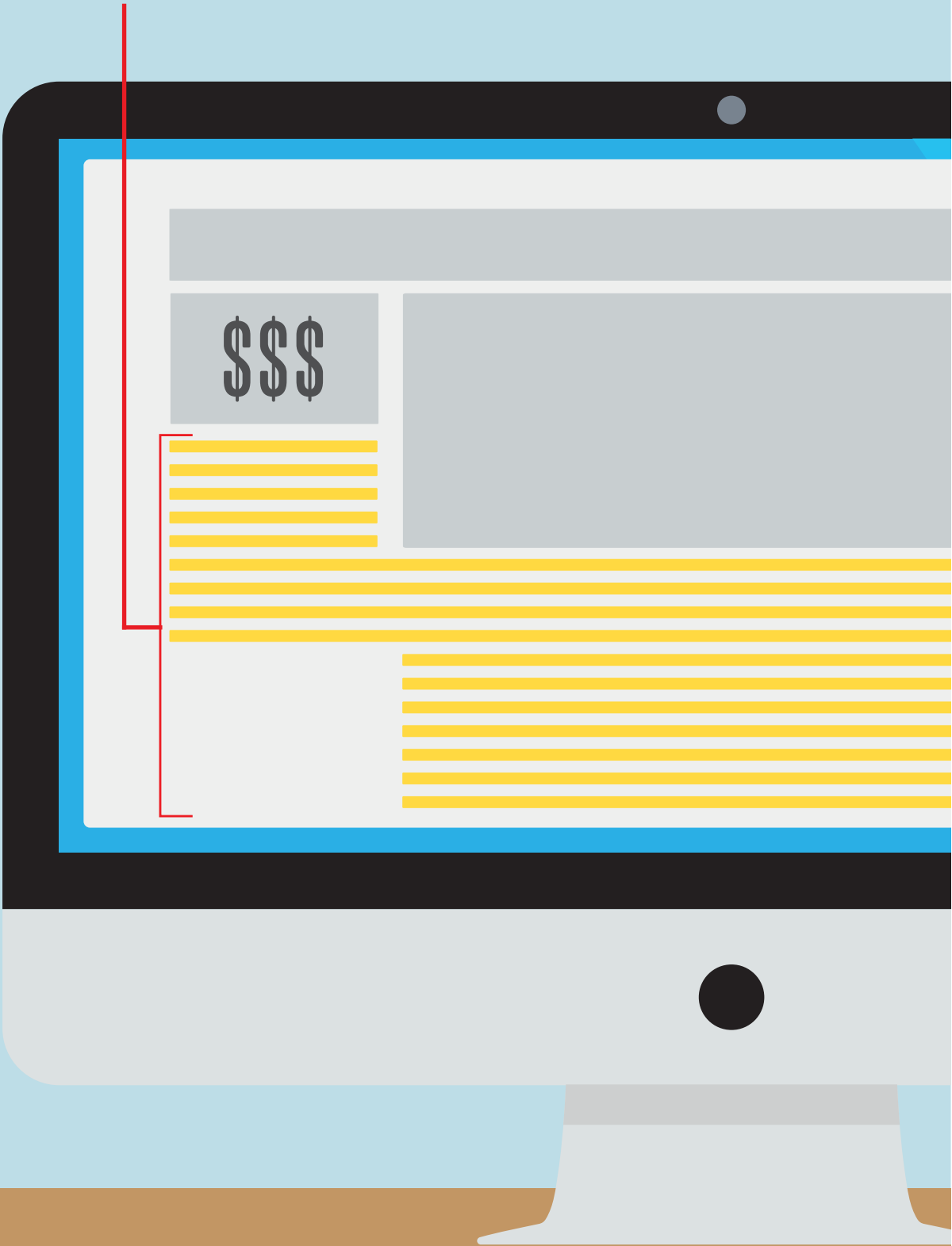


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# How to succeed at native advertising



Never, ever violate your readers' trust by publishing even a single native ad that is no more than a hard sell, or risk losing all the readers you fool and hundreds of their friends



For native advertising, 2016 is a make-or-break year.

Wait! What?

Native advertising is exploding, you say.

And you'd be right.

The value of native advertising worldwide is expected to almost double over the next three years, rising from \$30.9bn in 2015 to \$59.35bn in 2018, according to data released in December 2015 by Adyoulike, a European native advertising platform and network.

BI Intelligence and the Interactive Advertising Bureau (IAB) projected in mid-2015 that native advertising revenues in the USA alone will hit \$21 billion by 2018 – quadruple native ad revenues in 2013.

Also, when native ads are done right, they work phenomenally well. The poster child for premium native advertising was the New York Times T Brand Studio's campaign for the



Netflix series "Orange Is the New Black". The interactive piece was so popular it became one of the top 1,000 stories on the NYT site in 2014.

The Netflix campaign was just one of the T Brand Studio's native ad successes, which taken together:

- Generated 361% more unique visitors and 526% more time spent than advertiser-produced content
- Outperformed advertiser-produced content on Facebook and Twitter by 1,613% and 504%, respectively
- Exceeded advertiser-produced content by 632% on Google visits
- Generated, in some cases, as much engagement as the editorial content on NYTimes.com
- When compared to The Chartbeat 100K (the 100 largest sites Chartbeat measures), half of the native ads produced by T Brand Studio over-indexed editorial content on these sites

Successful native ad campaigns are also profitable, especially compared to banner ads. A survey by mobile ad exchange company

TapSense found:

- Mobile Banners: US\$0.10 cost per click (CPC) on a banner ad gets 0.5% click through rate (CTR) = \$0.5 effective cost per thousand (eCPM) = \$5,000 net payment to the publisher if served on 10MM views
- Native Ads: US\$0.30 CPC on a real piece of content gets a 2% CTR = \$6.00 net CPM = \$60,000 net payment to the publisher if served on 10MM views

At the level of the NYT T Brand Studio, the rates for a native ad campaign run between US\$250,000 and US\$500,000.

With all this success and all those glittering statistics and CPMs, how can it possibly be that 2016 is a make-it-or-break-it year?

How? The same greed and disregard for our ultimate customers – our readers – that led to abusive, annoying, intrusive, loud banner ads that led to ad blocking could kill native advertising.

If enough greedy advertisers and publishers take enough shortcuts and produce native advertising that is nothing more than a hard

sell, readers will not only quickly tune out native ads, they will also get their revenge for being fooled by telling their social networks about their bad experience.

They will not only never click on another native ad, but they might not even come back to the offending publisher’s site and they will drive their friends away as well.

Lose readers’ trust, destroy readers’ willingness to click on a native ad, and suddenly native advertising becomes nearly as irrelevant as display advertising.

Now is a very good time for publishers, advertisers, agencies, and brands to remind themselves of the cardinal rules of customer relations (and very real consequences for breaking those rules). The internet and social media have empowered consumers to take their tales of great and poor online experiences global.

As a result, one bad experience can literally

circle the globe in seconds and return to torch a publisher’s site almost before the publisher wakes up to what’s happening.

So, before a publisher or ad director (or editor if he or she is involved) agrees to running a native ad campaign that is a thinly disguised sales pitch that adds absolutely no value for the reader, they should consider the following customer relations rules offered by UK-based software company JitBit:

- **Happy consumers tell their friends.** Every happy customer tells nine other people about their experience, according to American Express.
- **Unhappy consumers complain to their friends.** Here’s where the damage ramps up quickly: 95% of customers share bad experiences, half of whom will tell more than ten of their friends, according to US-based software development company ZenDesk. That’s not a slow-growing problem. That’s

## How to create native advertising

Build your own high-quality editorial team separate from the editorial department

While some magazine media companies (Condé Nast, Dennis Publishing, Rant) use their editorial staffs to create native advertising content, we at Innovation Media Consulting do not recommend that. It might be quicker and easier, but that approach is fraught with peril in terms of your brand’s reputation for integrity and independence. You can achieve the same



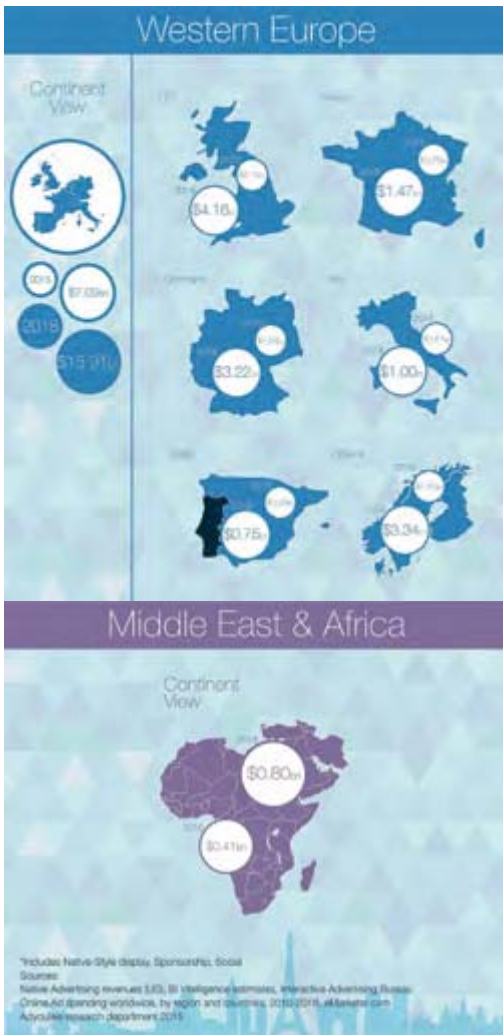
high quality, brand-consistent writing by moving one or more existing editorial staffers to an independent native “studio” that consults with the editorial side, but is not part of it. Follow the example of the New York Times (T Brand Studios), Atlantic aMedia (Atlantic: Re-think), Wall Street Journal (WSJ Custom Studios), Time Inc. (Branded Solutions Group and Native Group), the BBC (BBC StoryWorks), the Huffington Post (HuffPost Partner Studio),

and BuzzFeed (Creative Services). Branded content services should be a profit centre from the beginning. That should be the attitude of the first few people in the new “studio.” And they should be incentivised to make it happen. One revenue avenue is to approach clients who’ve never advertised with the media company, a new source of income that companies like The Times have mined to great effect. “It [branded content] is absolutely bringing in new advertisers, absolutely incremental,” Sebastian Tomich, NYT vice president of advertising told Ken Doctor writing on CapitalNewYork.



“There will be a market requirement for publishers in the future if you are going to have a direct relationship with advertisers,” Tomich said. “By the end of next year every [national] publisher will have a studio.”





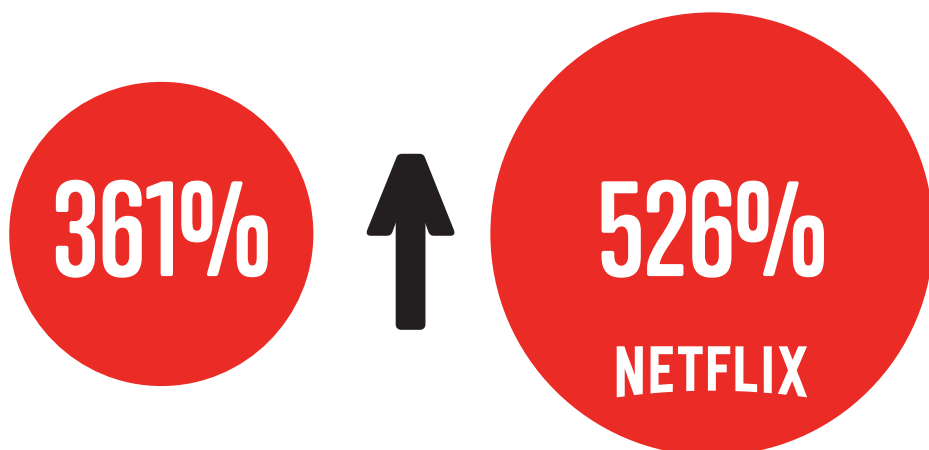
*Here's where the damage of a bad native ad experience ramps up quickly: 95% of customers share bad experiences, half of whom will tell more than ten of their friends, according to US-based software development company ZenDesk. That's not a slow-growing problem. That's trouble growing at an exponential rate.*

trouble growing at an exponential rate.

- **Consumers' negative reviews turn other consumers away before they even think about visiting your site.** Pay close attention to this one: Your future could depend on understanding this statistic: Eighty-six percent of consumers will not purchase from a business that has negative online reviews, according to California-based research company Dimensional Research. Turn off one reader with a bogus native ad and lose many potential visitors before they even get to your site. You don't have a chance to impress them. They're gone.
- **It's really hard to make up for a bad customer experience.** You can't exactly go back and say you're sorry. Consumers who feel tricked or abused are very unforgiving. According to Dimensional Research, you have to deliver 12 good experiences to get a consumer to forget and forgive just one bad experience.
- **Consumers won't come back for a long time (if ever).** That is very bad news. For whatever you were paid to run a bad native ad campaign, you are risking losing visitors for two years or even forever. Almost 40% of customers avoid vendors for two plus years after a bad experience, while 58% will never use the company again, according to cloud communications platform NewVoice Media. JitBit suggests treating every consumer interaction as if it was your last chance to keep them, because it really might be.
- **Who won't come back? Often, your most valuable customers!** This is one of JitBit's most important warnings: 79% of high-income people, 51% of B2B clients, and 54% of Gen Xers will avoid your company for two years or more following one bad customer experience, according to Zendesk.
- **Acquiring a new customer is expensive:** It is 6-7 times more expensive to acquire a new customer than it is to keep a current one, according to the US White House Office of Consumer Affairs.

Those statistics should give every ad director, advertiser, brand, publisher, and native ad team pause. If a native ad campaign comes across any of your desks that violates the premise of native – adding value to the reader experience – just say no.

The Native Advertising Institute (NAI)



The New York Times T Brand Studios work on average generated 361% more unique visitors and 526% more time spent than advertiser-produced content

warns against violating reader trust in a white paper entitled “How to succeed with native advertising”.

Soliciting advice from native advertising practitioners at agencies and publishing companies, the NAI laid out the following clear-cut guidelines:

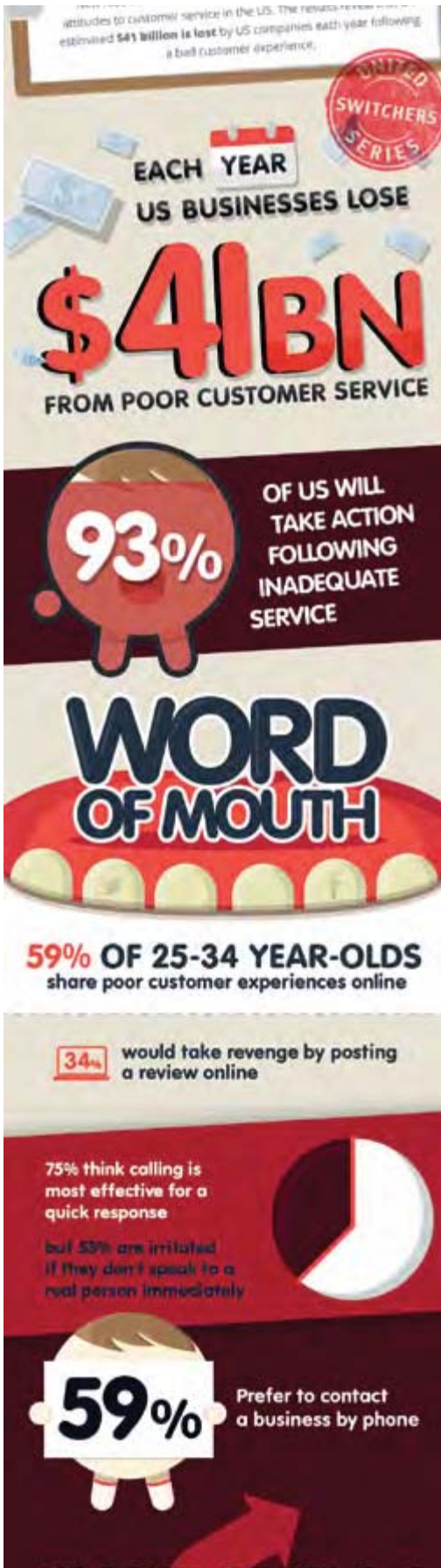
- “2016 will be a watershed year for native advertising, the coming of age year when native becomes either respectable or is dismissed as thinly veiled advertising,” wrote Tim Cain, owner at Digital First Media, in the NAI book. “Delivered effectively, good content well executed and targeted and with full transparency will confirm native as a bona fide communications medium for commercial messaging, but masquerading as organic editorial content will have the opposite and negative effect, when consumers realise there is a commercial purpose. “Brands beware! If you have the credibility, authority and relevance consumers will accept and engage with your content, but they need to clearly recognise that it is your content, through signposting. Remember, we are all consumers and no-one likes to be misled,” concluded Cain.

So what are the advertisers and publishers then to do with native?

- “Native content, then, can’t just consist of

words on a page. It needs to measure up to the standard of any great advertising creative – to be engaging, compelling, captivating, memorable, provocative,” Sam Rose, vice president of marketing at The Atlantic wrote in the NAI paper. “A poorly written, forgettable article that looks like everything else on a site but is simply – how can I put this charitably? – worse, won’t accomplish much more than frustrating the user.”

- “By naturally integrating relevant content into our online experiences, native ads can significantly increase the engagement and effectiveness of a brand campaign,” wrote Russell Oakley, head of business development at The Moment, an international content company based in London. “If done badly it can infuriate the reader or viewer, jarring their experience and leave a terrible taste in the mouth.”
- “There are a few fundamentals you need to do to succeed in native advertising,” wrote Leanne Brinkies, head of native advertising at King Content’s Melbourne office. “Your brand needs to tell a great story – one that the audience is interested in reading and hopefully sharing; the content should be authentic and share your brand’s expertise; it needs to be relevant – there must be a logical connection between the content, the audience and the brand; be transpar-



ent – you must disclose that the content comes from your brand; and lastly, you need to work with the right partners – these partners must provide access to the right audience in a relevant, credible and respected environment.”

- “You succeed with native in the same way you succeed with any other form of advertising – or content creation, for that matter. You succeed with ambition and guts and creativity and excellence and love and care and passion and purpose. You succeed by creating things that matter, that people care about, that make them think or laugh or cry or cheer or snarl. In another post, we can talk about scale and distribution and design and shareability and anything else technical or strategic in nature,” wrote Sam Rosen, vice president of marketing for The Atlantic. “But really, when it comes down to it, successful native – to me, at least – has to do with the same qualities that make any ad, or novel, or song, or work of art unforgettable: grit, work, blood, sweat, tears, and a certain *je ne sais quoi*. And for better or worse, there’s no formula for that.”

If advertisers and publishers follow the rules for quality native advertising and customer service, native advertising has a bright future.

“Native advertising is the single biggest digital advertising trend of recent years,” wrote Dale Lovell, content and publishing director at AdYouLike, a European native advertising technology firm.

“The reason for the popularity of the medium is down to a number of factors. Firstly, the decline and ‘banner blindness’ of banner display advertising; secondly, the growth in social media and content marketing – where consumers consume brand content in the feed; and thirdly, the explosive growth in mobile advertising.

“All of these three factors are interlinked and combined in native advertising growth,” wrote Lovell. “Native advertising is also the future of all digital advertising – where content and creativity are at the heart of the brand message, rather than a single ‘look at this’ disruptive message. All future digital campaigns will need to involve content at some stage for engagement and success.”

# THE INSIDERS ARE TALKING. ARE YOU LISTENING?



“

News needs to be audience-centric, which means, among other things, ensuring that content is interactive, that consumers can play with it, can contribute to it and share it. It's not a monologue; it's a dialogue to ensure that the experience allows for readers to interact with other audience members.

JOHN STACKHOUSE,  
*author of Mass Disruption: Thirty Years on  
the Front Lines of a Media Revolution and  
former editor-in-chief of The Globe and Mail*



“

For the vast majority of marketing/advertising, native advertising is one of the few types of promotion that still hold the promise of actually working because it theoretically relies on turning advertising into content.

MATHEW INGRAM,  
*Senior Writer, Fortune Magazine*



“

Business intelligence is becoming the centre of every media business. You have to have knowledge of your customers and what they're reading and want to read, and similarly of your advertisers and what they want and how well you're performing. Without that core of business intelligence, you're flying blind at this point and by 2020 you won't have any business left.

KEN DOCTOR,  
*Media Analyst, Newsonomics*

**The Insider:** a must read for publishers looking to capitalise on the latest trends, technologies, strategies and practices in digital publishing.

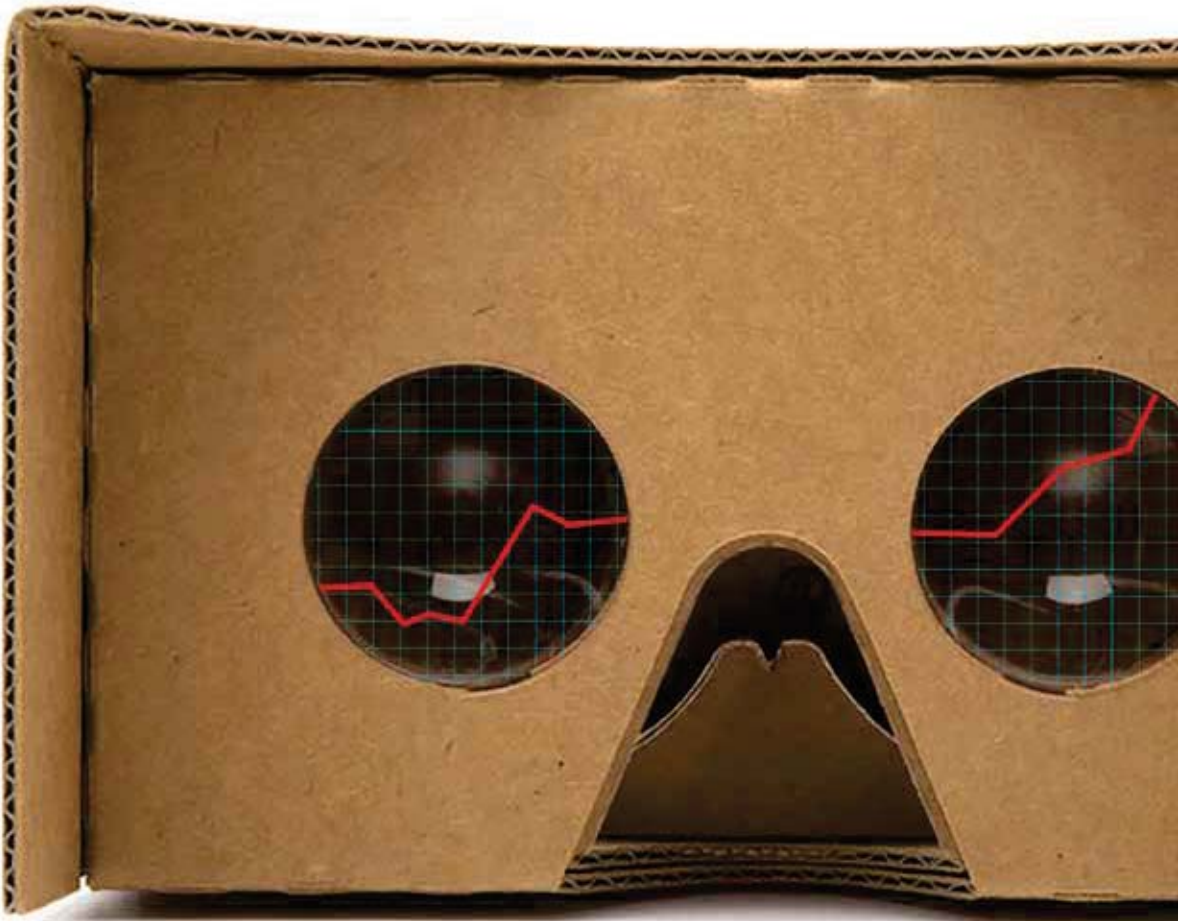
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# How to spot (and profit from) a trend

It could be as simple as just taking a step back  
and watching what's going on right under your nose





## A



Google's virtual reality viewer, a cardboard box with some lenses and a magnet, was introduced as a gift at last year's I/O conference.

Credit Peter Earl McCollough for The New York Times

ll of the chapters you have read before this one focused on “how to”: How to fight ad blockers, how to produce cost-efficient video, how to create mobile-first content, how to use data wisely, how to maximise distributed content, how to create a micro-payment system, etc.

We can pretty much guarantee that all those how to instructions will work.

Not this next one: Trend spotting.

How do you hitch your wagon to the next big thing and make a zillion bucks?

Greater minds than ours have tried, and their track record is, well, spotty.

In our industry, magazine closures over the last seven years have gone from twice the number of launches to half. That's a good sign, but there are still too many “sure things” for magazine investors that have gone bust.

In consumer goods, the graveyard of “Next Big Things” is populated by some pretty impressive companies and some pretty memorable flops – the Apple Newton PDA, Google Glass, Betamax, New Coke. There have been other less well known “locks” that attracted a ton of investment that now seem silly in retrospect – Bic Disposable Underwear, Harley Davidson Perfume, Cheetos Lip Balm, Cosmo Yogurt.

So what's a publisher to do to get ahead of the next big trend?

At the risk of having these suggestions come back to haunt us (my father always said never put advice on paper), here are two “can't miss” things that might be worth a side bet, or bigger.

Monitor trending hashtags. Pay attention to what your younger staffers are wearing, talking about, doing in their spare time (if you allow spare time). Attend the Consumer Electronics Show (CES) in Las Vegas. Watch for start-ups in your niche (if there are a bunch in one field, you may be on to something). Keep an eye on consumer goods' sales figures. Go to the mall but don't shop, just find a bench and watch people go by. Don't talk about yourself at cocktail parties; ask other attendees what they've been doing and enjoying lately.

We could go on, but you get the idea. Open your eyes and ears to something other than the crisis of the moment at work.

One of the trends you would have noticed lately if you'd had your ear to the ground is virtual reality (VR).

## How to choose a VR headset

From cardboard to futuristic tech, and from US\$14 to US\$3,000, virtual reality is reachable

If we're going to be creating all this fantastic VR content, we need to know how our audiences will be experiencing it. Unlike most new technologies, there are actually some low-cost versions (Google's Cardboard at US\$24.99 fits in almost anyone's budget). But you can also go high-end, spending up to US\$6,000 for Microsoft HoloLens. What's the best VR headset for the best VR experience? The variety of VR cameras pales in comparison to the number of VR headsets consumers can choose from to enjoy a VR experience. Here are some options:

### 1 Google Cardboard

PRICE: US\$24.99 from Google's website



**Pros:** For cutting-edge technology, it doesn't get more accessible than this. While Google's product might seem more disposable than dependable, the real selling point here is accessibility. This product costs virtually nothing to make, and allows huge numbers of consumers to experience virtual reality with nothing more than their smart phones. Plus, Google Cardboard offers customisation, easy replacement, and appealing novelty while still remaining a pretty decent virtual reality viewing experience. Certainly proving to be more than the sum of its parts, this little box is propelling VR technology into the digital mainstream.

**Cons:** A downside to many low-cost gadgets is often comfort, and Google Cardboard is no exception. If you intend to watch a two-hour documentary, Cardboard might not be the easiest vehicle, especially because you have to hold it with your hands as it does not come with a headband. Bespectacled users have complained of problems using the device. Other users have criticised the limited field of vision which obstructs the corners of the smartphone screen. But, hey, it's only US\$25!

continues page 94

## The not-so-new new "thing"

Yeah, we know virtual reality has been around for a while – under-delivering since 1968, believe it or not! But with the early 2016 launch of the Oculus Rift (purchased by Facebook for US\$2bn in 2014), VR's time might have finally arrived for publishers.

It appears to be a great consumer product at a price that's not totally out of reach for early adopters (still high at US\$599), and it offers an environment that might be gangbusters for advertisers.

There are cheaper VR devices out there: Samsung Gear VR (US\$199) and Google Cardboard (US\$24.99 including shipping or as low as US\$5 on Amazon). But as one reviewer delicately put his review of Google Cardboard: "It kinda sucks".

Critics can sniff, but the *New York Times* distributed 1.31 million Google Cardboard devices to home subscribers in November 2015 to use to watch a VR video of the life of three refugee children. It quickly became the NYT's most successful app launch ever and delivered proof of concept, according to the company.

"Given that the average time spent within the NYT VR app is close to 15 minutes – an unheard of metric for digital media – it is clear that this experience resonated with viewers," NYT Magazine SVP/advertising and publisher Andy Wright told *The Media Briefing*.

The 10-minute video followed three refugee children in a camp in Lebanon. Viewers walked with them through fields, sat with them amidst rubble, and ran with them in a mad, chaotic dash to grab aid packages dropped from a plane while other desperate refugees ran past them in a panic.

The brilliant video aside, the real brilliance was to put more than a million free entry-level VR devices into the hands of more than a million people. "People understood the concept, were intrigued and excited by it, tried it out and enjoyed it enough that they kept it in their homes," NYT CEO Mark Thompson told Beet.tv.

"We hope people see this as the moment when VR went mainstream," New York Times Magazine editor Jake Silverstein told *The Media Briefing*. "Not when early-adopters, gamers, people who already know got it, but

when those without exposure to it realised what this new medium can do.”

Officials from The Times also pointed out that the project was sponsored by GE and vehicle manufacturer Mini, whose branded content was part of the app experience.

The NYT also used VR to take viewers through the streets of Paris after the November terrorist attacks, and released a short VR film in December called “Take Flight” that took viewers through the night sky.

Other media companies pushing VR include Discovery (creating weekly VR content for its VR app), the Associated Press (created its first VR video in November 2015, “Seeking Home: Life Inside the Calais Migrant Camp”, a story about the largest migrant camp in Northern France), and *The Wall Street Journal* (its first VR video, also in November, was about an American Ballet Theatre principal dancer).

Called the “Godmother of VR”, Emblematic Group CEO Nonny de la Peña has produced some of the best VR work to date, including “Project Syria” (viewers live through a recreated terrorist attack in Aleppo), “Hunger in Los Angeles” (recreating a dramatic medical



Ben C. Solomon (left) and Imraan Ismail preparing to film in the wreckage of Oleg Teryokhin's school in eastern Ukraine. Credit Garry Curtis



Ismail and Solomon hiding as the cameras record Oleg and his friends. Credit Garry Curtis



On 8 November 2015, around one million Google Cardboard viewers arrived with The New York Times' Sunday edition on doorsteps across America. “This piece of cardboard will take you halfway around the world,” read the bright blue bag containing the newspaper and accompanying DIY virtual reality (VR) viewer.



## How to Choose a VR headset

continued from page 92

### 2 Homido Mini VR Glasses

PRICE: US\$14.99



**Pros:** The Homido Mini VR Glasses are not only more comfortable than Google Cardboard, they also offer a far greater field of vision. A smartphone compatible headset, it is far more discreet than its competitors, allowing you to slip it into your jacket pocket or bag, and experience VR viewing in public without looking like you've wandered out of an arcade.

**Cons:** These VR specs were created as more of a smartphone accessory than a piece of cutting edge VR technology, but that is reflected in the price point. The biggest criticism seems to be that it is not hands free, which may be a deal-breaker at the price, but it's good to know and to take into consideration depending on what a consumer intends to do with it.

### 3 Samsung Gear VR

PRICE: \$99.99



**Pros:** At four times the Cardboard price, the Samsung Gear VR not surprisingly offers a much higher quality mobile-phone-based VR experience. Additionally, there is a trackpad built into the headset, as well as volume and "back" control buttons. For the bespectacled crowd, the headset is wide enough to fit comfortably over glasses.

**Cons:** Unfortunately for Apple aficionados, this device is only compatible with four Samsung Galaxy model phones, meaning none of the fun for iPhone users, or even Android users with different phone brands. For those with compatible devices, the selection of available apps is also rather limited, paling in comparison with the array of options for its competitor, Google Cardboard.

continues page 96

emergency in a food line), and "Use of Force" (the recreation of the murder of a Mexican immigrant by US Border patrol agents). The popularity of the less-than-perfect quality of the graphics proved that viewers will tolerate below-Hollywood standards if the experience is engaging enough.

### Where to next?

"The challenge right now in VR and breaking news is sensationalism," *Economist* business development and innovation vice president Ron Diorio told *Digiday*. "Everything about VR is hype; the danger is in mistaking the hype for the story."

Hype or gold? Like any trend spotting situation, the answer comes down to three questions:

1. Is there, or will there soon be, a sufficiently large user base?
2. Can they be monetised?
3. What are the costs of production?

In the United States, the number of years before a quarter of the population adopts a new technology is fast decreasing, according to *The Economist* and [singularity.com](http://singularity.com). And the time it takes for a new technology to hit a user base of 50 million is also shrinking.

VR consultancy firm KZero is predicting there'll be more than 40 million active users of VR by 2016. Digi-Capital predicts the VR market will be worth \$30billion in 2020. And Statista, being perhaps a bit irrationally exuberant, anticipates a global VR userbase of 171 million by 2018.

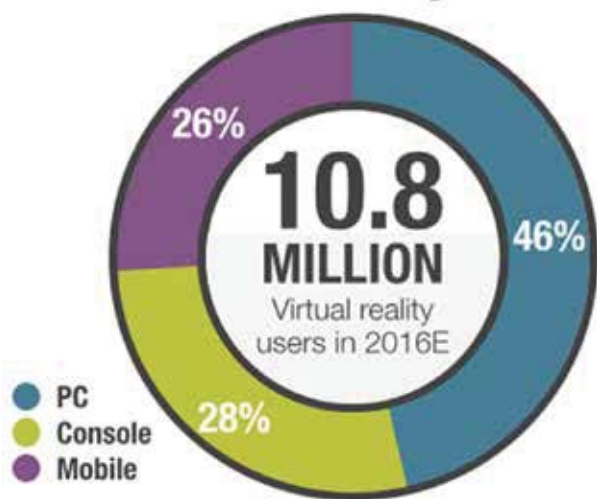
So if we have scale, if the market is big enough, can it be monetised?

Well, VR could be the right tool in the right place at the right time. As users, especially young consumers, are looking for more interactivity, as publishers seek a replacement for the failed display ad model, and as brands are looking for a way to engage consumers, along comes VR with its high-impact immersive experience.

As is often the case, the advertisers and brands are ahead of the publishers. British Columbia's tourism office, Destination B.C., has invested more than half a million US dollars in an Oculus VR video to attract tourists from around the world.

'You don't have to simply lean on telling

# Virtual reality will reach 11MM users by 2016E

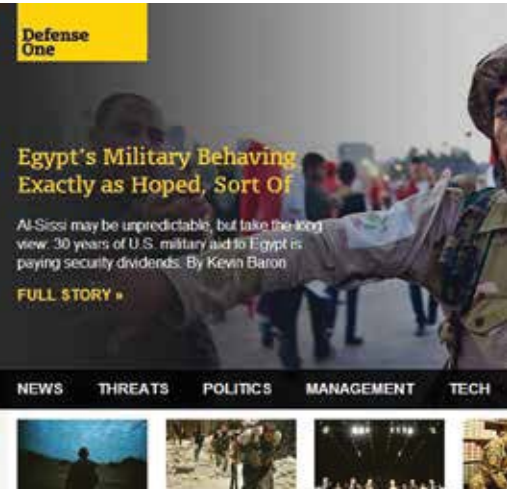


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consumers things like, 'The trees are this big.' That sense of being there is such a powerful tool," Destination B.C.'s Janice Greenwood-Fraser told *AdWeek*. "It brings it to life in a way that no photo or regular video can."

When Oculus offered agencies, brands, and vendors a developer kit back in 2014, more than 100,000 took them up on the offer, including Hearst's *Elle* (planning a VR live-stream of a fashion show).

"It's going into environments that the consumer heretofore never had access," Kevin O'Malley, senior vice president and publisher of *Elle*, told *AdWeek*. "That could be a tiki hut jutting over gentle waters in Polynesia, or it could be front row at a fashion show that they normally only see on TV, where they can see the celebrities who are there. It's quite another thing to be front row, and when you turn to your left you are sitting next to celebrity X, Y or Z.



Niches are hot, and so are magazines' niche pubs. Atlantic Media launched Defence One, targeting the defence industry.



Hearst's *Elle* used Oculus headsets like these to offer a VR live-stream of a fashion show



## How to Choose a VR headset

continued from page 94

### 4 **Avegant Glyph** PRICE: \$599



**Pros:** At quintuple the price of the Samsung Gear VR, we're taking a quantum leap up in terms of both quality and comfort with the Avegant Glyph. (A "glyph, by the way, is a carved symbol or, in the Avegant case, an oh-too-clever name for a VR viewer). Reviewers rave about the Glyph, calling it a "personal theatre". Roughly the same size, shape, and weight as a pair of Beats Headphones, the Glyph is hands-free, micro-USB chargeable, featherweight (.4 kilograms), and boasts a four-hour battery life. Another aspect that charms tech-heads is the ability to connect to any and every HDMI-compatible device, giving users the ability to plug into anything from PC to gaming console to smart phone.

**Cons:** If you're looking for a strictly games-focused VR headset, this may not be your first choice. The Glyph has been marketed more as an "HMD" (head mounted device) with VR capabilities, than a strictly VR device. Consumers can watch 360-videos and have a "theatre" experience, but it's not a VR experience like the Rift or Gear.

### 5 **Oculus Rift** PRICE: \$599



**Pros:** This little device has arguably the best reputation in the world of virtual reality. Considered to be one of the first big consumer-targeted VR products, Oculus shipped the third generation Rift model in March of 2016. Equipped with a positional tracking system called "Constellation", Rift headsets use infrared tracking sensors which track a user's every movement when wearing the device — expanding the potential for gaming interaction and movement. Each headset is shipped with a wireless Xbox One controller — a pretty heavy-handed (albeit smart) cross promotion.

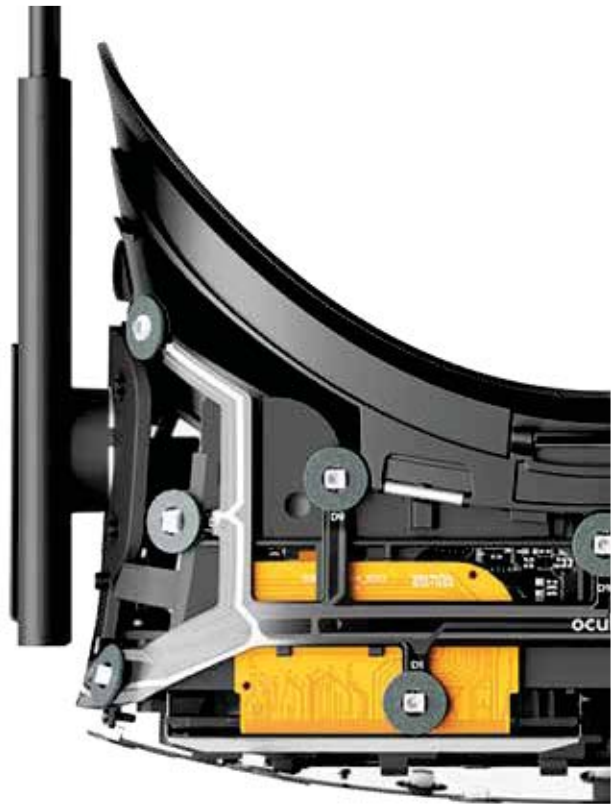
**Cons:** The drawback of this VR heavy hitter is that it is not a stand-alone device like the Glyph. The Oculus must be connected to a PC in order to operate. Also, the Rift is only compatible with Microsoft Windows operating systems.

continues page 98

"We are moving quickly on this," O'Malley said. "Why is that? What do advertisers want most? Engagement with a captive audience. I would say that is a core competency for virtual-reality content."

The NYT VR experiment and subsequent VR videos are already not just producing some token ad revenue, they're actually beginning to contribute to the bottom line. "VR is already margin-positive for us. We're making money out of VR. We expect to make money from VR again in 2016," Thompson told Beet.TV.

Publishers are also looking at revenue possibilities from branded content. The NYT has produced four branded content VR films and the *Wall Street Journal* announced it could sell a dozen bespoke VR branded content campaigns in 2016. So, if reader interest is



***"It's great the NYTimes and Google are teaming up. But it will be better if you joined in this disruption, too! And chances are, after just some experimentation, your VR work can be as good as the shining stars of the industry,"***

**Robert Hernandez**  
Journalism professor  
University of Southern California



***"The ability to put viewers inside a scene, to be placed inside an event, is a massively compelling experience."***

**Nic Mithan**

co-founder of We Ar VR, a VR streaming and content delivery service, speaking to The Media Briefing.

proven and advertisers are on board, it comes down to the cost of equipment and production, right? If so, there's good news.

Sure, you can spend as much as US\$60,000 for one camera (the Nokia Ozo), and some marketing agencies have targeted the cost of a three-minute VR video at as much as US\$1m, according to *AdWeek*.

But perfectly functional cameras or camera rigs can cost from a couple of hundred to three thousand dollars. Here are some:

- Ricoh Theta (US\$350)
- V.360 (US\$449)
- Giroptic (US\$499)
- Bubcam (US\$799)
- Six GoPros (US\$200-\$400 each) with the Freedom 360 GoPro Mount (US\$499)

You'll need software to stitch all the video together. "There are a couple out there, but I've been using Kolor's suite of software," wrote University of Southern California journalism professor Robert Hernandez on *Medium*. "That costs money. But you can download it for free to test it out, although videos will have watermarks.

"All together this goes for around \$5,000," Hernandez wrote. "With that, you are ready to take on the big players like the *NYTimes*. I'm serious. It's great the *NYTimes* and Google are teaming up. But it will be better if you joined in this disruption, too!

"And chances are, after just some experimentation, your VR work can be as good as the shining stars of the industry," wrote Hernandez.

Once you produce your VR videos, you can publish them on platforms ranging from YouTube to VRideo or Kolor Eyes.

But who on your staff can do this stuff?

Some publishers, in a hurry to get started, have gone to outside VR companies like Jaunt for VR expertise. But others, like Gannett in the US, are training staffers at various publishing sites.

"If somebody goes to Jaunt, they're spending a lot of money for those third-party relationships," Mitch Gelman, vice president of product for Gannett Digital, told *Digiday*. "We're spending a lot less money, and we're spreading the capability across now 12 of those markets [where staffers have been trained]."

Distribution of VR content should not be a problem, either.

YouTube has added a "cardboard" viewing

## How to Choose a VR headset

continued from page 96

### 6 Microsoft HoloLens

PRICE: \$3,000



**Pros:** If virtual reality headsets were cars, it's safe to say that the HoloLens would be a Rolls Royce. Microsoft's premier holographic device goes WAY beyond being just a VR headset and is, in truth, more of a stand-alone, wireless, cordless (Windows 10) computer, contained in a pair of smart glasses. Cool, right?

**Cons:** The pesky issue of wearing eyeglasses. Visuals fail to cover a user's full field of vision, but rather exist in a small box with limited peripherals in front of the user's eyes. Furthermore, this device was created with developers in mind as a platform for them to create even more high-quality VR technology. That does not mean you should expect to pick up one next Christmas. Why? Well, it's \$3,000 for starters. It's also being distributed in limited releases to developers and Microsoft insiders. It is actually the first step in Microsoft's plans to develop its "Windows Holographic" platform of the future.

mode for videos watched on Android devices. And app stores offer VR apps for free or low cost. Basically, if a reader has a relatively new smartphone, they can be a VR consumer.

### It's the niche, stupid

Just as VR had been around for decades before only recently becoming a "thing", niche publishing has been around forever, too.

Lately, however, it is experiencing a renaissance of sorts by providing curated depth delivered to (sometimes rabid, in a good way) communities of shared interest in a time of information overload.

The term "niche publishing" used to be a bit of a pejorative ("Oh, they're in niche publishing!"). But what was once equated with "small" and "insignificant" can now instead translate into "opportunity" and "profit".

No publisher has more aggressively adopted the niche strategy than *The Boston Globe*. In a little over 12 months, the newspaper publisher launched three stand-alone niche sites:

- *Crux* (all things Catholic Church)
- *BetaBoston* (all things tech innovation)
- *STAT* (all things life sciences, health and medicine)

"These are the things for which Boston is known for and what we think we can own," Boston Globe Media Partners CEO Mike Shee-

Virtual reality investment has changed from a trickle of US\$15m in 2012 to a flood of US\$2b in 2015, according to SuperData's research report: "Virtual Reality Market Brief 2016".

(Photo courtesy of Sony)



 **SUPERDATA** | Playable media & games market research

### VIRTUAL REALITY GAMING REGIONAL MARKET SIZE 2016E



**Mobile in Asia is the first step toward Virtual Reality's \$12.3B 2018E industry.** Asia will account for more than half of worldwide mobile VR users next year, helping it quickly gain a quarter of the global market. Mobile's accessible barrier to entry will lead PC and console users to jump on board in North America and Europe, leading the industry to earn \$5.1B in 2016E. As hardware and software developers respond to expanding consumer demand, the market will grow from 2015 to 2018E by a CAGR\* of 16.8%.

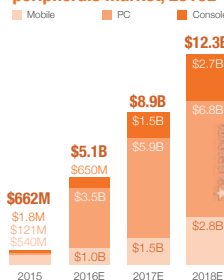
Market size includes hardware, software and peripherals sales | \*Compound Annual Growth Rate

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4

**\$5.1 B**

**Total worldwide market for the Virtual Reality gaming hardware, software and peripherals market, 2016E**



han told *Digiday*. “When we go into verticals in which we’re dominant, it expands our overall audience, which helps boost everything else. You’re never going to see us start a site focused on consumer packaged goods.”

Atlantic Media also launched niche publications recently: Quartz and Defence One, targeting international business people and the defence industry respectively.

And if streaming shows and binge watching isn't a trend, we don't know what is. But

viewers are often befuddled about what to watch and how to find it. In New York City, that's not a problem thanks to the niche publication of *The New York Post* which launched the appropriately titled site *Decider*.

The folks who successfully brought *Politico* to Europe last April (they're at a million uniques a month) knew a niche when they saw one, both last year and in 2007 when they launched Politico in the US.

“Our overall philosophy of publication is

 **SUPERDATA** | Playable media & games market research

## Virtual Reality will reach over 55M users in 2016E

Oculus has partnerships with developers and studios to ensure content is available by Oculus Rift's release date.

VIRTUAL REALITY VALUE CHAIN PARTICIPANTS	
INVESTORS	<p><b>Private Equity Investors:</b> Investors providing capital to VR and AR companies in exchange for equity. E.g., Andreessen Horowitz, Boost VC, Google, Rotherberg Ventures</p> <p><b>Tech Development Investors:</b> Companies that develop or partner with VR/AR companies in order to expand their own hardware and/or software businesses. E.g., Steam, Microsoft, Sony, Facebook, Samsung</p>
CONTENT PLATFORMS	<p><b>Game Content Marketplaces:</b> Marketplaces where VR/AR users can download games for their HMD. E.g., Google Play, The Rift Arcade, Steam VR, PlayStation Store</p> <p><b>Secondary Content Marketplaces:</b> Marketplaces where VR/AR users can view/download non-gaming entertainment content compatible with their HMDs. E.g., Netflix, Hulu, Twitch</p>
HEADSET MANUFACTURERS	<p><b>Virtual Reality Devices Manufacturers:</b> Companies making head mounted displays (HMDs) used to create Virtual simulations for gaming, cinema, Virtual tourism and other purposes. E.g., Oculus Rift, Samsung Gear VR, Google Cardboard, Fove</p> <p><b>Augmented Reality Device Manufacturers:</b> Companies creating head mounted displays (HMD)s used to project Virtual simulations in reality. E.g., Microsoft HoloLens, Sony SmartEyeglass, MagicLeap</p>
NON-HEADSET HARDWARE MANUFACTURERS	<p><b>Platform Hardware Manufacturers:</b> Manufacturers that create the hardware necessary to operate an HMD Device. E.g., PlayStation 4, Oculus-Ready PCs, Samsung Smartphones</p> <p><b>Peripheral Manufacturers:</b> First and Third party manufacturers creating hardware to enhance the use of VR/AR through better motion capture and controllers. E.g., Xbox controller, Omni Treadmill, nocl controller</p>
CONTENT DEVELOPERS	<p><b>Game Makers:</b> Game developers and publishers developing content specifically for VR/AR HMDs. E.g., Microsoft, CCP Games, Sega</p> <p><b>Other Entertainment Providers:</b> Companies and institutions creating VR content such as cinema (20th Century Fox, Oculus Story), live sports (NBA), educational videos (The New York Times, Mattel, Immersive Education) and environmental simulations (The British Museum, Marriott Hotels).</p>

Audience

Virtual Reality Users, 2016E

55.8

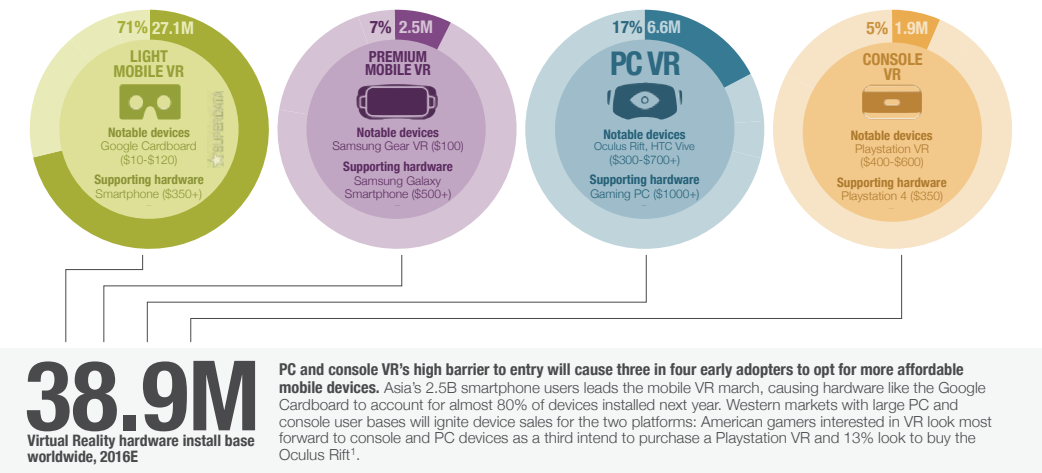
million

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that the future is niche as opposed to generalist,” Europe executive editor Matthew Kaminski told *Press Gazette*. “We prefer to go deeper than wider. And if we go wider we will go deep too... We want to be better than anyone else at politics and policy. That’s all.”

Another great example of hopping on a hot niche is *Il Mio Papa*, the Mondadori 2014 start-up that hitched its wagon to the global fascination with the new pope. It launched with a press run of three million copies and hasn’t slowed down since.

Between the heavily Catholic population in Italy and the 1.2bn Catholics worldwide, *Il Mio Papa* has an enviable potential circulation base.

The editors feed the pope frenzy on a weekly basis, often treating the pope like a pop star (pull-out pope posters, pope trinkets, and bookings for trips to the Vatican). But the editors try to keep it on the serious side with profiles of saints and serious examinations of the pope’s pronouncements.

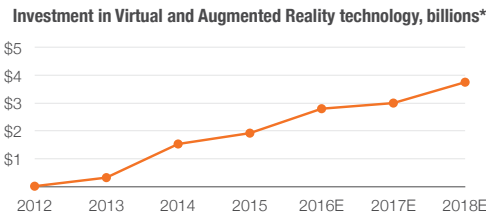
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Virtual Reality investment will reach \$3B in 2016E and keep growing

Investments in Virtual and Augmented Reality reach a combined \$6.1B between 2012 and 2015.

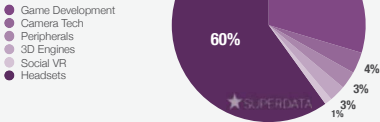
**\$1.9B** Funding raised by Virtual and Augmented Reality companies, 2015E

Virtual Reality investment has changed from a trickle of \$15M in 2012 to a flood of \$2B in 2015\*. VR investments more than quadrupled after Oculus VR’s \$91M funding rounds in 2013. Funding comes from a variety of sources, which not only highlights immense industry interest, but means funding will continue to steadily roll in through 2018E.

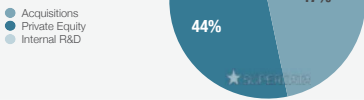


\*Does not include Facebook's 2014 2.2B Acquisition of Oculus | <sup>†</sup>Crowdfunding accounts for less than 1%

Investment Ratios by VR Sector, 2012-2015\*



Investment Ratios by Funding Type, 2012-2015†





One of the hottest new niche publications was the wildly successful 2014 launch of *Il Mio Papa* covering the new pope's every move and word.

### Not everyone can do a Pope-azine

So what niche can you profit from if the pope doesn't live in your backyard?

Look at some of the magazines launched in 2015 in the US, and you'll see a pattern of identifying what's hot and jumping on it:

#### 2015:

- **Marijuana Ventures:** How to grow, market and sell pot
- **Ballistic:** Firearms and survival lifestyles
- **Mornings with Jesus:** Picking up on the growing religious fervour in the US
- **Roadkill:** So-called Automotive Chaos Theory fixing up old cars and hitting the road
- **Sip:** Riding the coattails of the fascination with exotic cocktails
- **Cool Tech:** C/Net goes from digital-only to print
- **Do:** Crafts, colouring and gift-making in a meditative way
- **Eat This Not That:** Healthy consumption through black-and-white decisions

#### 2014:

- **Craft Beer & Brewing Magazine:** Taking advantage of the craft beer explosion
- **Live Happy:** Banking on people's desire to counteract all the bad news with the "science of positive psychology"
- **Modern Pioneer:** Feeding the back-to-our-roots passion of people seeking to escape the modern world
- **Mud & Obstacle:** Elite obstacle course racing has blossomed into a serious fad
- **Rescue Me:** Feeding the desire of people to save abandoned pets from kill shelters
- **Vapor Lives:** The popularity of vapour cigarettes drives this consumer magazine along with a partner title for the vapour industry.

So, go get yourself a cheap VR camera, train one of your staff, and shoot some editorial and advertising VR videos. And then put them in your latest niche publication. You'll be latching on to two hot trends at once.

Good luck!

## How to choose a VR camera

Sure, you can spend as much as US\$60,000 for one camera (the Nokio Ozo), and some marketing agencies have targeted the cost of a three-minute VR video at as much as US\$1m, according to AdWeek. But perfectly functional cameras or camera rigs can cost from a couple of hundred to three thousand dollars.

### 1 Ricoh Theta S

Price: \$349.99

**Pros:** The newest model from Ricoh, the Theta S now offers the ability to capture up to 25 minutes of continuous shooting, as well as live-streaming capabilities. One of the biggest advantages of this device is the ability to transfer all data collected (in full 1080 HD) directly to one's phone or mobile device, without having to download to a computer! Other notable pluses include: a micro HDMI port and the always intriguing long-exposure shot capabilities.

**Cons:** Unlike its predecessor, the Theta M15, this camera only comes in one colour. Which, if you're a fan of the more "vibrant" looking 360° cameras, might be a drawback. Relatedly, the Theta S is larger and heavier than the Theta M15. But in an industry where convenience and durability are key, this could be a drawback for potential consumers.



### 2 Bubcam

Price: \$799.99

**Pros:** Finally, a 360° camera with no blindspots! Bubcam uses its own software to stitch together images internally, eliminating the extra steps usually required in VR image capturing. Very developed web and mobile app plug-ins emphasise the social-focus of this product. Its design makes it ideal for tripod mounting, and with the use of Bubcam's mobile app (available for iOS and Android), users can even use their mobile devices as remote controls for the device. Cool!

**Cons:** Photos can only be uploaded to the cloud one at a time. Which, depending on the magnitude of one's projects, could become very tedious. Relatedly, if the camera's battery happens to die while recording, that file will be deleted. Oh, and it doesn't ship to the US (yet!)



### 3 Nokia OZO

Price: \$60,000

**Pros:** As far as professional VR capturing, this camera sets the bar. With eight cameras and eight microphones, the OZO has cutting-edge capabilities. Equipped with interchangeable digital cartridges, recording time can be optimised for over 45 minutes/cartridge.

**Cons:** Price - It's \$60,000. That's hardly a Christmas present for your tech savvy family member. Also, its 4.2kg (9.3lbs), roughly the size and weight of a cantaloupe melon. Then again, if you're in the business for the top-of-the-line VR equipment, this is as good as it gets.



## 4 V.360

Price: \$449

**Pros:** More consumer-based than professional. This VR camera from VSN Mobile is intended for sport and athletic use. Equipped with Bluetooth, WiFi, USB, and Micro HD capabilities, the V.360 has no lack of ways to get connected. The V.360 is completely wind, dust, and waterproof making it perfect for documenting extreme experiences.

**Cons:** This device only shoots in 1080x, no 4K capabilities like most of its competitors. It needs a remote in order to be powered on, and early users have remarked that the clear plastic cup section around the lens tends to scratch rather easily.



## 5 CENTR

Price: Estimated retail, \$399

**Pros:** Created by former Apple camera engineers, this consumer-based product is the newest rival to the GoPro camera. It fits in the palm of one's hand and is roughly the size and shape of a roll of scotch tape. Compared to the more bulky VR cams, the CENTR weighs just 250g (9 oz). It also comes with an internal digital bubble level that levels and stabilises the camera during filming.

**Cons:** Still in development, it is not available for mass consumption yet. Also, its max battery life is only two hours. As is the case with any tech of this size, it is delicate and quite easy to lose track of if you're not careful.



## 6 Sphericam II

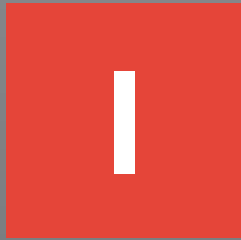
Price: \$2.499

**Pros:** While comparable in tech specs to most of its competitors, the real distinction is the eight tripod mounts within the body of the camera, making it possible to be mounted on virtually anything. This is a cheaper, more consumer-based take on the Nokia OZO, boasting six lenses, six image sensors, and four microphones.

**Cons:** The sphericam doesn't offer the option of capturing still frame photographs, only video. And it won't currently be available to purchase until February/March of 2016. Also, the Sphericam II is branded as a personal, non-professional apparatus, but the price point begs to differ.







f something happens 11 billion times a day, it's hot, right?

That's how many times people watch video on Facebook, YouTube, and Snapchat combined every day.

Digital video is very, very hot, and getting hotter. It is projected to be 80% of all content consumed on the web by 2019, up from 64% in 2014, according to Cisco Systems.

The web is becoming a visual medium. What started as a text-based platform has now become a pictures in motion phenomenon.

It would seem to be a no-brainer for magazine media publishers to be throwing all sorts of resources into making and selling digital video.

Not so fast.

While digital videos are hot, they can also be extremely expensive and complicated to produce. As a result, they can be difficult to make profitably.

# How to produce video that is efficient, effective, and profitable

Digital video doesn't look easy, and it's not. It looks expensive, and it can be. But there are ways to make great videos that do not break the bank and do make a profit

The urgency to figure out how to make great, affordable, and profitable video is made all the more pressing by that aforementioned inexorable rise of video consumption as a percent of readers' online time. For example, Facebook founder Mark Zuckerberg has predicted that "in five years, most of [Facebook] will be video."

Video viewing is growing everywhere, but it's exploding on mobile devices. As mobile device penetration has grown, video consumption on the smartphones has also grown, accounting for 55% of mobile internet traffic in 2015. Analysts predict mobile video consumption will be 79% of all mobile traffic by 2018, according to Cisco.

That's a stunning growth surge when you consider that as recently as September 2013, the share of mobile phone digital video views worldwide was just 7%.

China is a great example of the shift to

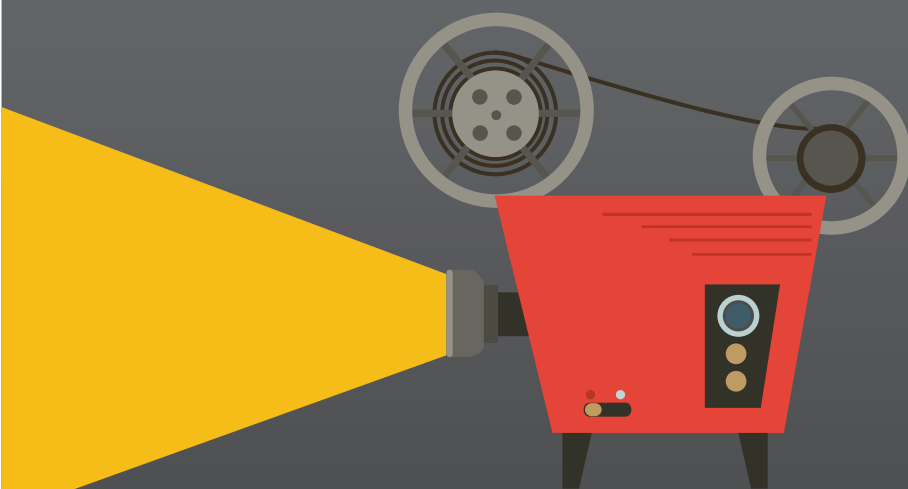
smartphone video viewing. In 2012, Chinese smartphone video viewing barely registered in surveys; three years later, more than 75% of Chinese watch video on their smartphones compared to only 50% who watch video on desktop and laptop PCs, according to the China Internet Network Information Centre.

With consumer numbers like these, advertisers are also getting religion. They are increasing budgets and shifting funds from television to digital video, with 2016 digital video advertising spend expected to grow almost 30% in 2016, according to eMarketer.

But the road to video riches is not easy.

In the initial excitement over digital video, everyone was enamoured with the glittering success of all those viral successes. Video appeared to be an almost effortless editorial and advertising goldmine.

But the dirty secret is that video costs often exceed profits.



### It isn't cheap

"Publishers have long held pre-roll as the focal point of their video revenue strategies – a seminal tactic when discussing the potential of untapped revenue streams," wrote Peter Vamos, managing director of video at Star Media Group in Toronto, for the International News Media Association (INMA). "Best-in-class CPMs, the opportunity to maximise inventory, and the fact that it is directly attached to content with high engagement all make pre-roll an extremely appealing ad unit.

"That's the story we love to hear," Vamos wrote. "But the uncomfortable truth is that generating margin on pre-roll is, more often than not, a break-even proposition at best. In fact, unless you have massive scale, it is virtually impossible to profit from pre-roll."

"The more video revenue you generate, the higher your costs go," Vamos wrote. "These costs include bandwidth, video platform streaming, content acquisition, and staffing and production gear."

Vamos pointed out that:

- Continuing to engage audiences requires creating or licensing more and better content
- Streaming costs increase with audience engagement
- Ad serving costs increase with streams
- It's tough to generate a good margin without scale

It's even harder when you consider that "basically 10% of your posted video content

will generate almost all your video pre-roll revenue – you just don't know which 10%," wrote Vamos for INMA.

Here's what it looked like when Vamos broke it down:

- As a percentage of annual revenue: Pre-roll, 100%
- Cost of revenues: Content, 50%; streaming: 32%; cost of sales, 15%
- Total costs: 97%
- Margin: 3%

A three percent margin is a tough sell, especially as it does not include staff and equipment costs.

### Strategies for a viable video business model

In his INMA piece, Vamos recommended four strategies for a viable video business model:

1. Use traditional avenues (video monetised by pre-roll) to build and engage video audiences, and pay for our business
2. Launch products with more manageable content creation or acquisition costs. Many publishers have embraced providers that package a video platform, content streamed into the platform and pre-roll sales. These are generally provided on revenue-share deals where the provider covers all costs and simply cuts a check to the publisher at the end of each month. The downside is, of course, that much of the content is the same as what audiences can find on competitor sites, and because the scale is massive, CPMs tend to be lower
3. Layer on other types of initiatives and products with lower streaming costs that leverage your audiences. A product that has been making significant headway in the last year is InArticle or InStream video ads. These are ads that appear directly within an article, where the text on a story page parts and a video ad begins streaming with volume usually muted. This solution is particularly intriguing because it removes the video ad entirely from the video content and leverages a significantly larger pool of inventory, potentially every article on your site
4. Finally, there is the creation of branded video programming for clients. This should be an easy one for publishers to grasp since creating advertorials and custom publishing

***"Basically 10% of your posted video content will generate almost all your video pre roll revenue you just don't know which 10%."***

**Peter Vamos**

Managing director of video,  
Star Media Group

## Go vertical or go home?

One key decision for magazine media videographers is: Horizontal or vertical? Should publishers be using the traditional horizontal video orientation or the hot new vertical approach which is more compatible to mobile devices?

Consumers and digital platforms might be making the decision for publishers.

Vertical video already represents almost a third of all consumer video viewing time in the United States, according to the KPCB Internet Trends 2015 Report. A mere five years ago, the vertical percentage was just 5%.

It all started with social photo-sharing site Snapchat. The start-up went out on the vertical limb from the start when it launched in 2011.

Snapchat simply looked around them: Smartphone owners were typically using their phones in a vertical orientation (it is a phone, after all). Snapchat observed that users began watching videos with the phone held vertically, resulting in the horizontal video being squeezed into an impossibly small space with most of the screen unused above and below it. That horrible experience forced the user to turn the phone sideways.

Turning a phone sideways doesn't seem like such a big deal, but apparently it really is.

"People just don't rotate their phones," Snapchat founder and CEO Evan Spiegel told AdWeek. That's why advertisers that have been first to test-drive marketing on the app see a reported nine times more engagement when their ads are vertically oriented, he said.

"A lot of folks in the transition to mobile were taking video that was formatted for live-stream desktop and TV, and jamming it into a mobile feed," Spiegel told AdWeek. "That makes sense in the evolution from desktop to mobile, but since we [Snapchat] started on mobile, it's a blank canvas... Our baseline was, [we want] full screen. And in order to get full screen, you've got to do vertical video."

No one else agreed with Spiegel at the time. YouTube and other video apps tried to get users to rotate their phones to watch videos the good old-fashioned way. But Spiegel stuck to his guns, organising the buttons on the Snapchat app in such a way as to make vertical shooting and watching videos the obvious choice.

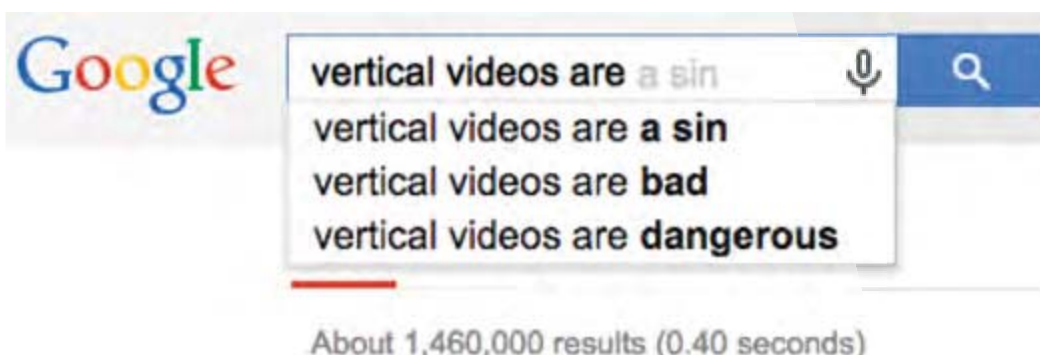
By now, we all know how that has worked out for Spiegel. Snapchat has 100 million users and gets two billion views daily. Snapchat's success is causing a sea-change in what is the accepted video format.

That transition is already well underway. In 2015, Facebook began playing vertical videos on mobile devices and is reported to be planning to sell vertical video ads. YouTube, too, has indicated it is investigating vertical video ads, according to The Los Angeles Times.

Snapchat's success with viewers has translated into advertising success, including conversion to the vertical orientation. Snapchat's first video ads appeared in autumn of 2014, and they have all been vertical from the beginning, including promo spots for Tide detergent, Jurassic World and the Samsung Galaxy S6 Edge, according to The LA Times.

As more platforms and apps create environments that make vertical videos profitable, content producers and advertisers will find it "very worthwhile to put resources toward building vertically," Kathleen Grace, chief creative officer of online video studio New Form Digital, told The LA Times.

If that's the case, the fast-growing digital video ad industry, which eMarketer expects to reach US\$2.6 billion in the US alone, will be changed radically.





## How to make mobile video that grabs viewers

Nikao Yang, senior vice president, business development and marketing at Opera Mediaworks, gave EContent her list of mobile digital video practices, and a mobile video ad that exemplified those practices. Yang chose burger-chain Carl's Jr. 2015 Super Bowl ad which her company helped create (watch it at <https://vimeo.com/137428644>).

### 1 Hook user in first two to three seconds:

"Both the spokesmodel and the country-BBQ themed background create the ideal visual environment for the targeted, young male audience. As soon as the video ad begins to play, the user is immediately captured," Yang said

### 2 Quick cuts and close-ups:

"The strong first-person point-of-view, unique aerial camera movement and clever transition angles on the spokesmodel and the burgers further engage the user and pay-off the hook"

### 3 Oversized text:

"Large text call out at the end clearly spells — with a smile and a wink — what the value proposition for the product is: It's a delicious All-Natural Burger"

### 4 Call to action:

"The call to action drives consumers to tap on the end card after the video concludes, bringing them to a downloadable coupon and a menu of longer, full-length video spots to watch"

### 5 Make sound secondary:

"In the native video ad itself, there is no sound. Carl's Jr. followed our data which shows that the majority of feed-based content is consumed with audio off, so they relied heavily on the power of sight and motion to deliver their message in the native video ad. However, from the end card, users were able to watch longer-form video content with actual voiceover and music as the user was engaged with a full-screen video in lean back mode."

To read the full EContent story, go to: [go to: bit.ly/1iSCjaL](http://bit.ly/1iSCjaL)

has been around for a long, long time. This comes in the form of channel sponsorships, custom brand integrations, and native content opportunities for advertising partners.

Another way to keep video production costs down is to "amortise" your videos. Time Inc. and Meredith, for example, plan their video schedule to include as much evergreen content as possible, enabling them to republish it regularly for a greater return.

At food site Eater, too, much of their video content is not tied to a specific time or event, creating an opportunity to expose their audience to it multiple times, New York Eater editor Greg Morabito told Vox Marketing.

Meredith also keeps cost down by creating video based on still photography. "It has been surprisingly successful," Meredith vice president, video production Laura Rowley told Digiday.

Yet another trick is to make videos that actually generate income. California-based Fuisz Media is a start-up creating systems that make video ads interactive. Fuisz ads are actionable, enabling viewers to click, tap or

hover over an ad and see more information about a product or service, and even make a purchase. Gillette, Ford, Victoria's Secret, and dozens of other advertisers have given it a try, according to The Los Angeles Times.

Similarly, in early 2015, Elle Canada created three 45- to 60-second shoppable videos for Dior to promote – and sell – products from a new "Instant Beauty Solution" collection.

A series of highlighted dots appear throughout the Elle videos, inviting viewers to click to buy the featured products, and each video ends with an invitation to sign up for a free consultation, according to Canadian magazine Marketing.

Elle Canada launched its first shoppable video in 2014 with clothier Hudson's Bay. When Elle sent e-notifications about the videos to their readers, they achieved a 78% open rate and a 12% click-through rate. "We exceeded on every metric we set out to succeed upon," Jacqueline Loch, vice president and group publisher, told Canada's Marketing magazine.

Carl's Jr. 2015 Super Bowl ad which Opera Mediaworks company helped create (watch it at [vimeo.com/137428644](http://vimeo.com/137428644)).



### Can you hear me now?

The challenge of making successful digital video is made even more difficult by the trend toward auto-streaming video with the sound off. That might seem like sending a boxer into the ring with one hand tied behind his back.

Instagram kicked off the practice in 2013, followed late the same year by Facebook, and in mid-2015, Twitter followed suit.

While it might make grabbing the reader's attention more difficult, if you think about where mobile video consumption takes place, silent autoplay makes sense. Desktop video watchers are often alone and have headphones available. Not so mobile users. They are often in situations, like a library, cafe, or subway, where listening to loud audio would be rude and disruptive.

Mike Hayes, global digital marketing manager at ice cream maker Ben & Jerry's, told The Wall Street Journal that he is producing video ads that communicate just as well without sound. Hayes cited digital video ads featuring close ups of ice cream products accompanied by on-screen text, as well as a video featuring

a pint of ice cream trapped in a slowly melting block of ice.

Without sound, auto-play videos have, at most, three seconds to get a reader's attention, according to various video experts. Editorial and advertising videos must be un-skippable. "You've got someone scrolling over the thing, and you've got to grab him by the throat quickly," Adam Wohl, executive creative director at the agency McGarry Bowen told The Journal. "On TV, you can let things play out."

One tool to grab readers attention in a volume-free video environment is, surprise, text! Videos must be read as easily as they're watched. Text overlays tell the story whether the volume is on or not.

"The idea is to make videos on these platforms volume-agnostic," Steven Belser, vice president of production and creative at distributed media company NowThis, told Digiday. "It's about giving people an option to watch both with audio and without it. Even with volume on, the text on screen doesn't detract from the product in any way."

Being really clever, some video producers,

## Cool tools for creating and editing short video on a budget

Nikao Yang, senior vice president, business development and marketing at Opera Mediaworks, gave EContent her list of mobile digital video practices, and a mobile video ad that exemplified those practices. Yang chose burger-chain Carl's Jr. 2015 Super Bowl ad which her company helped create (watch it at <https://vimeo.com/137428644>).

### 1 Hyperlapse:

Users can create time-lapse videos using Instagram's in-house stabilisation. "Hyperlapse shoots polished time lapse videos that were previously impossible without bulky tripods and expensive equipment," according to the company. "Your footage is instantly stabilised to smooth out the bumps from the road and give it a cinematic feeling. Capture an entire sunrise in 10 seconds — even from the back of a moving motorcycle"

### 2 Flipagram:

Flipagram lets you make "Flips," a mashup of videos, photos, text and 30-second snippets of hit songs. "Flipagram's big insight was that people want a way to make videos faster than one can post on YouTube and with more creative freedom and depth than Twitter's Vine or Facebook's Instagram," according to Forbes. "Flipagram's big difference is in letting people add 60-second snippets of music to their videos from a searchable catalogue of tens of millions of tunes"

### 3 Videohance:

Videohance is the first app to open up full control over your video's look, all in real-time, giving your videos an amazing, custom look and rescuing videos that are too dark, among other features. "This amazing app lets you add some serious style to your vid" according to a CNET review. "Videohance is a must-have"

### 4 The Stop Motion Cafe:

"Stop Motion Cafe is an app for stop-motion video that is easy to use and boasts some great features for longer-term projects," according to Mashable. "This app's stand-out features are the ability to save a project and continue work on it, and an edit function that lets you remove individual frames if you make a mistake"

### 5 Adobe Voice:

"When you create anything in Voice, you start by laying down a short audio recording," according to MacWorld. "You can then add royalty-free clipart, photos, or text (or all three), and blend it with some backing music"

### 6 The 8mm Vintage Camera:

The 8mm app captures the beauty and magic of old school vintage movies, including dust and scratches, retro colours, flickering, light leaks, even frame shakes, all can be instantly added with a single tap of the finger, according to the company

### 7 Cinemagram:

Cinemagram is an iOS app that animates photos. "The end result is a cross between a photo and a video, (a GIF, basically)," according to About Tech. "You use the app to film a short video with your iPhone's camera, and then the app asks you what part of the photo you want to be animated"

### 8 iMovie.

iMovie for iPhone is the official Apple app that lets iPhone users record and edit high-definition video to publish directly to YouTube or send via MMS and email. The application, available for US\$4.99, is simple to use and yet surprisingly feature-rich for something on a mobile device, according to Mashable

### 9 Kinemaster Pro Video Editor.

KineMaster is the only full-featured video editor for Android, now with multi-layer video. "With KineMaster 3.1, you can add video layers to your project, allowing for true split-screen or picture-in-picture effects, and more," according to an APK Seeker review. "For professionals and amateurs alike, KineMaster offers an unprecedented level of control over the mobile editing process"

like hotel-booking site hotels.com, are making videos whose content is text-heavy if the volume is muted, but has more audio if the audio is on.

Ratcheting the clever quotient to the next level, some video makers try to entice the viewer to turn the volume up. Capital One for example, had actress Jennifer Garner appear to be knocking on the viewer's screen, which triggered a volume icon to appear.

### If you can, go all in

If you have the budget, go for it. Time Inc., for example, has more than 40 full-time producers. They are assigned to magazine brands according to their expertise so they are at least familiar with the content. Time Inc. senior vice president of video J.R. McCabe insists that the video team attend daily editorial meetings so they are part of the planning process at the beginning.

Meredith has a 12-person video department creating video across all brands as well as original series unattached to brands with stand-alone business models, such as the Better Homes and Gardens TV show with Net2TV, or the parenting video series "Lords of the Playground".

In both cases, centralising video production ensures efficiency in companies with multiple brands covering similar topics. The risk of duplication of effort, such as having multiple titles doing the same holiday cookie recipe, is reduced or eliminated, freeing up resources to do more original work.

Meredith also tries to increase the profitability of its videos by holding down costs and risks. They do mostly low-tech videos that audience data indicates will be welcomed by viewers.

More modestly, business site Quartz hired a three-person digital team and embedded them in the newsroom. "One thing that's really, really important is that they're integrated in our site and our newsroom," Delaney wrote. "They sit in the middle of everything."

They'll also help create tools so that all Quartz journalists can create simple videos the way they've used Chartbuilder with graphics," he said.

International technology publishing company IDG recently created a 12-person video pro-

*"One thing that's really, really important is that [the digital team is] integrated in our site and our newsroom... They sit in the middle of everything."*

**Kevin Delaney**

Quartz editor in chief and president

duction team untethered to any of their many individual publications, including PCWorld, Network World, CIO, and MacWorld.

Decoupling video from its publications also provides IDG with more creative and editorial flexibility, Dina Roman, general manager of IDG.tv told Digiday.

### If a tree falls in the woods and no one is around...

What's the point of all this digital video effort if it isn't promoted?

"Traditional publishers have made great headway to reinvent their content strategy and distribution model, but they are contending with publishers outside their traditional competitive set with stronger targeting capabilities and pricing structures," Robin Steinberg, executive vice president, publishing and digital director of media specialist agency MediaVest, told Digiday. "Due to their traditional print legacy position in the marketplace, they have to push harder for a prime seat at the digital video marketplace table."

Condé Nast has set a high bar when it comes to dedicating serious resources to promotion. For every dollar spent on video creation, a dollar is set aside to market that video. The strategy is working spectacularly: The company hit the one billion video view mark in July 2015. "You hear about creation," Fred Santarpia, chief digital officer for the three year old Condé Nast Entertainment told Digiday. "You don't hear a lot about the audience development side of the business."

Some brands, like Meredith, promote in-

***“We’re publishing our initial videos where viewers already are, on Facebook and YouTube,”***

**Kevin Delaney**

Quartz editor-in-chief & president

ternally through their own publications, websites, and social media sites. That strategy has a fortuitous side-effect. The video division understands that to get internal promotion, they can only create video that the brand’s editors believe in. “If they’re not invested in it, we won’t do it, because they won’t promote it,” Rowley told Digiday.

### **How to decide where to post videos**

For better or worse, the hottest spot for digital video today is Facebook.

For example, when staffers at food site Eater.com did a “test drive” with Facebook by posting a dozen videos exclusively on Facebook, the results were crystal clear: Eater fans shared those posts 12 times more often than posts with links to video outside of Facebook.

After that test, “native” Facebook video uploads became a core element of Eater’s video distribution strategy. Specific content ideas and formats are created based on what the Facebook audience was responding to and what the data was telling the team, Eater New York editor Greg Morabito told Vox Marketing.

The data told them that “the most successful videos start with action right away, and need little or no explanation,” Morabito told Vox. The data also told them that “teasers, talking heads, and low-brow food posts don’t work. Audiences shared videos about chefs making incredible things. They also shared smart text-heavy videos about high-brow dining.”

When business site Quartz started doing digital video, they instinctively went only to Facebook, with YouTube thrown in for good

measure. “We’re publishing our initial videos where viewers already are, on Facebook and YouTube,” wrote Quartz editor-in-chief and president Kevin Delaney on the company blog. “We’re also embedding them in a YouTube player on qz.com for our loyal readers whenever that makes sense.

“In our first few weeks, we’ve already published one major viral hit, a science video with over 15 million views on Facebook,” wrote Delaney. “Other videos have had significant success.”

The New Yorker follows a similar, if more liberal, playbook, posting on Facebook, Snapchat, YouTube, AOL, and parent company Condé Nast’s video portal, The Scene.

But The New Yorker has found another very effective place to publish their videos: at the end of their own stories.

“In June 2015, we started embedding videos at the bottom of some blog posts and features,” Nicholas Thompson, then the NewYorker.com editor, told Digiday. “If you embed a video at the bottom, users are more likely to stay on the site than if they saw only text links.”

All the strategies delivered impressive results: The New Yorker told Digiday last August that video views were up 294% year to date on its website alone, and video ad revenue was up 420%.

(For more on where to publish, please see the story in this book on Distribution Models.)

### **Surprise, viewers WILL watch longer videos**

For years, it has been accepted wisdom that digital video consumers, especially those on mobile devices, will only watch very short videos. Quick, funny snippets of kitties or stupid people behaving humourously.

Well, it’s time to re-examine the accepted wisdom.

According to an Interactive Advertising Bureau (IAB) study of worldwide usage of mobile video, more than a third of the global respondents said they watched videos longer than five minutes... on their phones! Even the study authors were surprised: “It is more common than expected,” they admitted.

In line with that finding, more than a third of respondents also admitted they are watching more video on their smartphones than they



were a year ago.

More good news: The increase in mobile video viewing is eating into consumers' television habits. One-fifth of respondents said their time spent watching mobile video is coming at the expense of their time with television.

"As we're seeing the younger consumers start to shift to digital video, we're seeing money migrate from cable into digital video," Dawn Ostroff, president of Condé Nast Entertainment, told AdWeek.

A new survey from Unruly reveals that 70% of US advertisers have shifted a portion of their TV ad budgets to programmatic online video ads in the past 12 months, according to VideoNuze.

Spending growth in the categories of rich media and video will both be significant: 36.4% and 28.5%, respectively, according to the US Digital Display Advertising Trends report by eMarketer.

With 11 billion video views a day, it's only a matter of time before ad dollars catch up to eyeballs.

If magazine media publishers are going to be there when the digital video ad coffers open up, they must figure out how to make affordable, efficient, multi-purpose, ad-friendly videos. There's no time to waste.

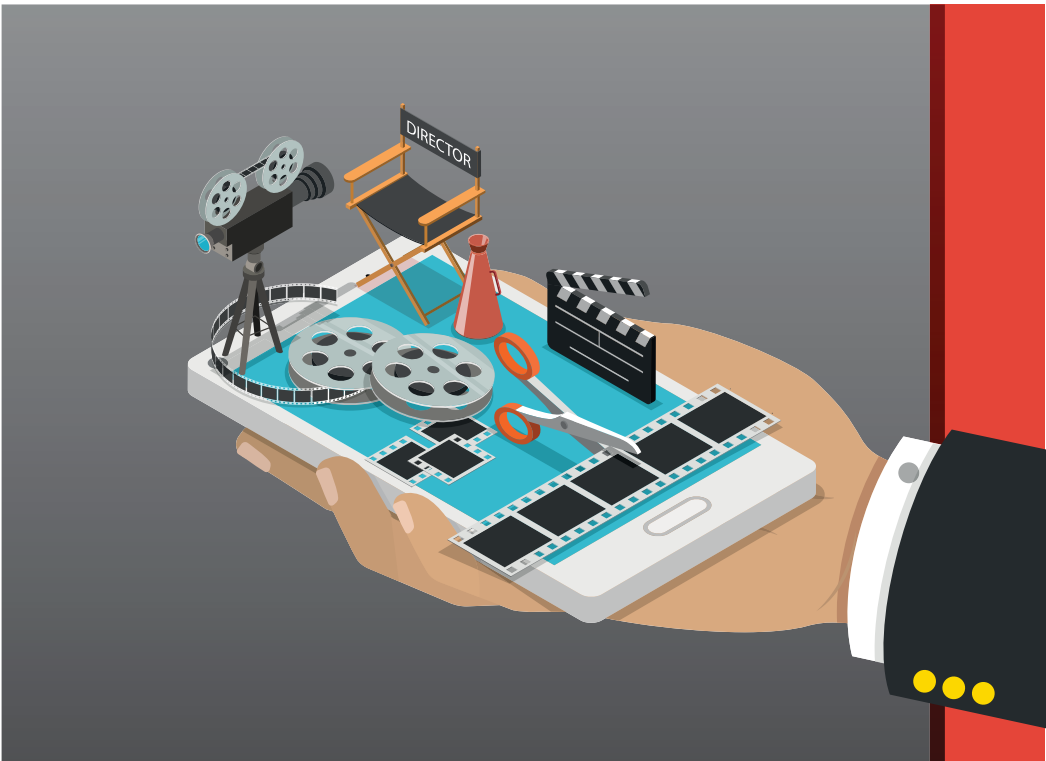
## How to keep cost down on shooting video

"I'm often asked this simple question: 'How much will a 30-second commercial cost?', wrote Greg Ball on business.com. "My answer: 'Anywhere from US\$1,000 to millions of dollars.' I'm not kidding."

Ball, president of video production company Ball Media Innovations, explained that the cost of a video depends on a number of decisions: Where it will be shot, the number of actors, the number and type of special effects, and the size of the crew.

Ball's recommendations:

- Use amateur talent (if it's appropriate)
- Write your own script (but find a production company to modify your script for video effectiveness)
- Use your own facility for the shoot
- Pay more to hire a production company that understands business video



# From strength to strength

The magazine media industry's need for cost savings without compromising print quality led paper supplier UPM to launch a paper stock that delivers just that. Now firmly established in the market, UPM senior vice president Ruud van den Berg says it is now delivering benefits for a number of clients...



J

ust over a year ago, Finnish-based paper provider UPM was faced with a challenging brief: help an airline client to reduce costs without compromising the high-quality paper finish that readers of its board magazine have come to value.

UPM responded with its innovative new product – a paper stock called UPM Valor, which it had been working on for some time in the face of similar requests from other brands. New coating properties used in the creation of UPM Valor provide a quality and feel that is slightly better than the original stock, while at the same time reducing the weight from 70 to 61g/m<sup>2</sup>.

In the airline industry where weight is everything, that reduction has resulted in “tens of thousands of euros” in fuel-cost savings every year, without compromising the quality of the product.





As a result of this success, over the past year the paper stock has been rolled out to a number of other clients, and Ruud van den Berg, senior vice president at UPM, says it has really gained a foothold in the market.

“We know that print products continue to thrive as an important part of many businesses’ multi-platform strategies, delivering valuable benefits in terms of gravitas and appeal to advertisers,” he says. “So we always felt this new paper stock would be popular and, now that we’ve had some time to establish it in the market, it is helping a number of companies solve the issues that many players in the magazine publishing market face – a challenging business environment, the need for reduced costs and the need for high-quality products.”

Several publishing houses are now partnering with UPM, making use of UPM Valor and benefitting from its innovative new stock.

And van den Berg adds that UPM Valor is not only providing cost savings, but also helping a number of brands that are conscious of their environmental impact.

“Our role as a paper supplier is to be a partner to brand owners, many of whom are keen to do their bit for the environment and to reduce their environmental impact,” he adds. “So this eco-friendly paper stock is good news for them and, we hope, helping fuel the continued resurgence of print as an important and valuable player in the content space.”



# How to inspire, entertain, provoke, and surprise



Genius is alive and well in the halls and cubbies of the magazine media industry as 2015's offbeat creators prove with imagination, daring, and humour



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elcome to our annual celebration of genius, creativity, whimsy, and daring.

This chapter, unlike all the others, has nothing but good news; it makes you smile, it provokes and inspires.

There are no downers in this chapter.

Every year, we think the brilliance of the creative editors, advertisers, digital developers, and artists of years past cannot be topped.

But every year, we're surprised and delighted once again.

In years past, we've found magazine covers that played music on your smartphone, turned into video games, or smelled like chocolate or a Brazilian barbecue.





Neutrogena's advertisement for a makeup remover enabled readers to actually rub makeup off a model's face on the cover of the Brazilian weekly Caras in mid-2015.

We've found pages you can actually eat to taste a new soda flavour, pages with a mini-solar panel to charge your mobile device, pages embedded with seeds to plant and grow flowers, and pages that became wrist bands complete with a tracking device for monitoring the whereabouts of children on a beach.

We've discovered a magazine with a mini-wifi router to connect to the internet or a mini-cell phone to call for an insurance quote.

Publishers have printed stories on banana

skins, Frisbees, T-shirts, and restroom paper towels. Magazine advertisers have inserted fold-out cardboard coffee cups complete with coffee crystals for instant drinking.

We discovered the world's tallest magazine (Visionaire at two meters tall), and the world's most expensive magazine (Kohl's out of the UAE with a cover coated in 91 grams of gold and encrusted with 622 diamonds at a price of US\$10,000).

This year was no different: Full of creative, provocative surprises.

In 2015, publishers, editors and advertisers delighted their readers with:

- A magazine to be read with your feet
- A magazine printed with ink made from HIV+ blood
- An advertisement allowing you to wipe lipstick off a model's lips
- A cover with an HD video and soundtrack
- A magazine for adults to use to de-stress by colouring
- A page that changes when held up to a light source
- And the largest magazine in the world (3.055m in height and 2.35m)

***Studies have found that confidence, satisfaction, reliability, trust and the willingness to purchase, all increased when consumers actually touch advertisements in print or digital formats***

Let's start with the innovation that mixed fun with a message: Elle Brazil's "mirror" cover.

No models. No cinema stars. Just a mirrored surface and the classic Elle flag.

Any woman who picked up the cover saw herself under the big ELLE, and was instantly the “cover girl”.

To celebrate ELLE's 27th anniversary, the editors used the cover to have fun and make a point: "More than a case, it is a cause that we are defending that every woman has her beauty and therefore deserves to be on the cover. The idea is to really honour who is at the center of fashion: Women," editorial director Susana Barbosa said.

The social media campaign around the cover used the hashtag #VocêNaCapa to encourage readers to use the cover to snap a photo of themselves and post it on social networks with the hashtag. Subscribers to the digital edition on the iPad could trigger a photograph on the cover and then post the

resulting image on social networks.

And to really expand awareness of the cover, ELLE placed a camera at a highly trafficked site downtown where passers-by could snap a “cover shot” and hundreds of people took advantage.

Mimicking haute couture, the cover, too, was hand-crafted, assembled by hand one at a time, with the mirrored surfaced glued by hand to the front of each edition, making each a collector's item.

Not content with just the cover innovation, ELLE's editors also did an entire fashion shoot in the edition with a drone.

The editors also used augmented reality and the ELLE TV app to deliver backstage films of the São Paulo Fashion Week from the print magazine pages.

To promote the special issue, ELLE sent copies of the edition to influencers. “Fashion sector professionals, celebrities and opinion leaders receives an exclusive mirror with the ELLE cover, inviting them to participate in the





As part of ELLE Brazil's 27th anniversary, the mirrored surface of the cover encouraged women to submit themselves as the "cover girl". ELLE received almost 400,000 interactions and almost 800,000 page views which generated 38 million impacts and an almost 30% increase in retail sales.





*The folks behind Colouring believe that when humans concentrate on the detail of a picture while choosing the colours and rhythmically following the pattern of colouring in, they can dramatically reduce their heart rate and free their minds of everyday turmoil.*

action,” said marketing director Lilian Dutra.

There was more fun to be had with Neutrogena’s advertisement for a makeup remover that enabled readers to actually rub makeup off a model’s face on the cover of the Brazilian weekly Caras in mid-2015.

The magazine included a set of Deep Clean wipes which readers could use to clean the

makeup from actress Giovanna Ewbank’s face.

Studies show that touching and handling a product reinforces connections and even entices consumers to pay more for a product, according to the agency handling the Caras campaign, DM9DDB.

“This interactive piece of press gives consumers the power to star in the campaign: They handle the product, test, prove and evaluate the outcome,” DM9 vice president of media Drian Ferguson told AdNews.

That’s agency-speak for “consumers have fun, they enjoy the product, and they probably tell their friends.”

(By the way, the “Touching is believing” study released by UK newspaper marketing company Newsworks, media agency PHD, and University College London in mid-2015 and “The effect of mere touch” study out of the University of Wisconsin and University of California in 2009 both found that confidence, satisfaction, reliability, trust and the willingness to purchase, all increased when consumers actually touch advertisements in print or digital formats. Touching print ads, for example, increased readers’ belief that the brand is honest and sincere by 41%,

Eye to Eye Media, parent of 50 puzzle titles, launched a colouring magazine for adults in mid-2015. Eye to Eye is banking on what psychologists are reported to have found: Colouring has been scientifically proven to be calming and therapeutic.







quality perceptions by 20%, and purchase intent by 24%.)

Sticking with the theme of fun and the idea that touching is believing, two other companies launched print campaigns with readers making festive calendars and masks.

UK network provider Three used print advertisements to give readers the opportunity to create a festive paper calendar featuring themselves, and the Great Ormond Street Hospital Charity used print advertisements to give readers the opportunity to create a face

**ABOVE AND BELOW:** To promote a new line of foot products, German healing product manufacturer Hansaplast launched Feet Mag with paper heavy enough to be turned with your toes and print large enough to be read from the distance of your eyes to your feet.



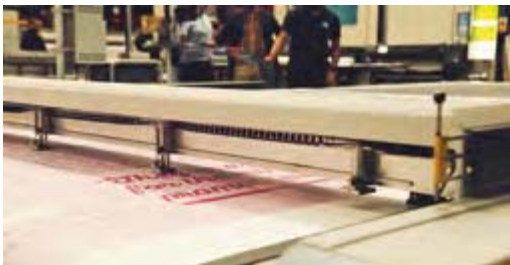


*The unusual cover and printing innovation of Vanguardist was prompted by the fact that there was an 80% increase in confirmed cases of HIV compared to the to the 10 years previously.*

*The World Health Organization*



A progressive Vienna-based men's magazine, Vanguardist, wanted to rekindle awareness of the HIV crisis. Their approach was unique in the extreme: The cover and every page was printed with HIV+-infused blood donated by three HIV infected men.



The folks at Healthy magazine created the latest “World’s Biggest Magazine” — a 7,179 square metres magazine, beating the previous Guinness World Record of 6,96m2 (Visionaire in 2011). The new champion magazine measured 3.055m in height and 2.35m in width.

frame for a #BadHairDay selfie and donate. Some innovations take your breath away. A progressive Vienna-based men’s magazine, Vangardist, wanted to rekindle awareness of the HIV crisis. Their approach was

unique in the extreme: The cover and every page was printed with HIV+-infused blood donated by three HIV infected men. The blood was sent to the University of Innsbruck for pasteurisation, where the heat-



*“Our pressmen really rise to the challenges we create, and we all ate some doughnuts and shook hands at 3:00 in the morning at the printing facility over how cool the final result was.”*

**Michael Whitley**

Assistant design director, Los Angeles Times, after printing a see-through Oscars edition that put clothing on Oscar statuettes

ing process ensured that the disease could not be transmitted.

The unusual cover and printing innovation was prompted by the fact that there was an 80% increase in confirmed cases of HIV compared to the 10 years previously, according to the World Health Organisation. “The reason why that’s happening is people just aren’t talking about it anymore,” said Jason Romeyko, the executive creative director of Saatchi & Saatchi Switzerland in a press release.

The HIV-ink editions came wrapped in plastic, just for effect, with the instruction: “Break the seal and help break the stigma”. Vanguardist created 3,000 copies of the special edition in both German and English. Watch a powerful video about the innovation at [vimeo.com/133507827](http://vimeo.com/133507827).

That example aside, fun has been far more prevalent than provocation.

We’ve seen three really wonderful print ideas: The world’s largest print magazine, a colouring magazine for “grown-ups”, and a magazine to be read using your foot.

Publishing the world’s largest-ever magazine is nothing new, but the sizes keep growing and that is fun in and of itself.

This time it was the folks at Healthy magazine creating a 7.179 square metres magazine – beating the previous Guinness World Record of 6.96m<sup>2</sup> (Visionaire in 2011). The new champion magazine measured 3.055m in height and 2.35m in width.

The record-breaking magazine took 14

hours to print and weighed in at 238 pounds or 107 kg.

“The idea for producing the world’s biggest person-size magazine came about because at River we like to innovate and everybody these days is saying it’s all about digital and social media and not about print. While we have a thriving digital, social media and, indeed, video business, for us print is still at the heart of a lot of what we do,” said Nicola Murphy, CEO of The River Group.

From the biggest to, perhaps, the calmest.

Eye to Eye Media, parent of 50 puzzle titles, launched a colouring magazine for adults in mid-2015.

“Captivating, calming and creative, colouring-in for adults is an increasingly popular pastime for people looking to de-stress, unwind and relax in this ‘always-on’ world, allowing readers to take some time for themselves, enjoy a little escapism, and make the most of some quality ‘me-time,’” Eye to Eye management announced.

Eye to Eye is banking on what psychologists are reported to have found: Colouring has been scientifically proven to be calming and therapeutic. The folks behind the launch believe that when humans concentrate on the detail of a picture while choosing the colours and rhythmically following the pattern of colouring-in, they can dramatically reduce their heart-rate and free their minds of everyday turmoil.

Then there was the exotic (and, you have to admit, bizarre) new magazine about feet designed to be read, appropriately, with your foot. Whether this was a good idea or not (and it would be easy to argue the latter), it nonetheless demonstrates that there are still minds out there looking to break new print frontiers, as crazy as those may be.

To promote a new line of foot products, German healing product manufacturer Hansaplast launched Feet Mag with paper heavy enough to be turned with your toes and print large enough to be read from the distance of your eyes to your feet.

As bizarre as the whole scheme sounds, the stories and design are quite good and worth a look (check out an edition of the magazine at [bit.ly/1VSXvuJ](http://bit.ly/1VSXvuJ)). They have pulled together foot-related art by Renoir, Gauguin, Delacroix





When readers held the cover of the LA Times Oscar supplement up to a light source, what had been simple Oscar statues were transformed into gorgeously dressed statues. "It is actually very low-tech," assistant design director Michael Whitley told Poynter. "The second image is printed on page 2. It lines up perfectly with the cover and when light is behind it, it shows through".

and Manet as well as incredible shoe photos, foot horoscopes, and fashion pics.

We have always believed the best approach to print innovation is to pair print with digital.

In March, AnOther magazine out of the

UK debuted the first-ever LED cover of a print magazine.

The cover is a very thin, custom-made LED screen featuring a moving image of Rihanna in a variety of sexy poses accompanied by a

***Come back next year for a whole new set of inspiring, provocative, mind-bending digital and print ways of telling stories and selling products and services.***

soundtrack by John Gosling. The rest of the magazine is in print. (Watch a video about the creation of the LED cover at [bit.ly/1A06uyu](http://bit.ly/1A06uyu)).

The project almost didn't happen as the challenge of creating an LED screen thin enough to be a magazine cover seemed unachievable. But then AnOther cofounder Jefferson Hack had lunch with custom design manufacturing company PCH founder Liam Casey. Casey happens to operate a digital hardware innovation centre called Highway 1 in San Francisco. Casey put Hack in touch with the Highway 1 staff and they began developing prototypes. Finally, they came up with an LED cover thin enough to work, just in time for the launch at fashion hotspot Colette in Paris followed by another launch at Selfridges.

"I'm really interested in how the industry responds to this gesture," Hack told *TheBusinessOfFashion.com*. "Colette is the launch lab for the industry and we'll be engaging with a wider audience with a Selfridges launch, where we are doing windows. It will be interesting to see how people react across territories, how people react culturally, how the technology side of the industry reacts and how the consumer reacts. The virtual circle of all that is, hopefully, going towards more innovation in this space."

Finally, one design director who has wanted to bring interactivity to print pages for years finally got his chance.

The Los Angeles Times publishes an Oscar

Awards preview edition every year. This year, for the 2016 Oscars in February, assistant design director Michael Whitley came up with the idea of making the cover of the supplement interactive.

Describing himself to the Poynter Institute as "borderline obsessed with trying to create motion and interactivity in printed pages," he said he wanted to capture the way you can change what you see on a phone with a swipe or click.

"This year we just decided it was no time to play it safe, and we would never figure it out unless we committed to it," Whitley told Poynter.

His idea: Publish a cover with three rows of Oscar statues. On page two, print the same three rows of statues but dressed in the bright, colourful clothing of some of the Oscar nominees. Line the statues up precisely on both pages.

When readers held the cover up to a light source, what had been simple Oscar statues were transformed into gorgeously dressed statues.

"It is actually very low-tech," Whitley told Poynter. "The second image is printed on page 2. It lines up perfectly with the cover and when light is behind it, it shows through. It also keeps page 2 intact. We designed it to stand on its own, knowing not everyone will hold the page up to a light. That might be my favourite thing about it – it works if you hold it up to the light, but if you don't, page 2 still reads like a regular page."

There were doubters, including Whitley himself. "I wasn't even sure," he said. "The ultimate question we faced was is the paper thick enough to hold the ink and thin enough to show the image really clearly. The only way to find out for sure was to try it for real."

"It was a huge relief to see it come off the press," he said. "Our pressmen really rise to the challenges we create, and we all ate some doughnuts and shook hands at 3:00 in the morning at the printing facility over how cool the final result was."

Wasn't that fun?!

Come back next year for a whole new set of inspiring, provocative, mind-bending ways of telling stories and selling products and services.

# Good journalism



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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.

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## 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 final recommendations and action plans.

One way to visualise our process is to think

### 1st phase

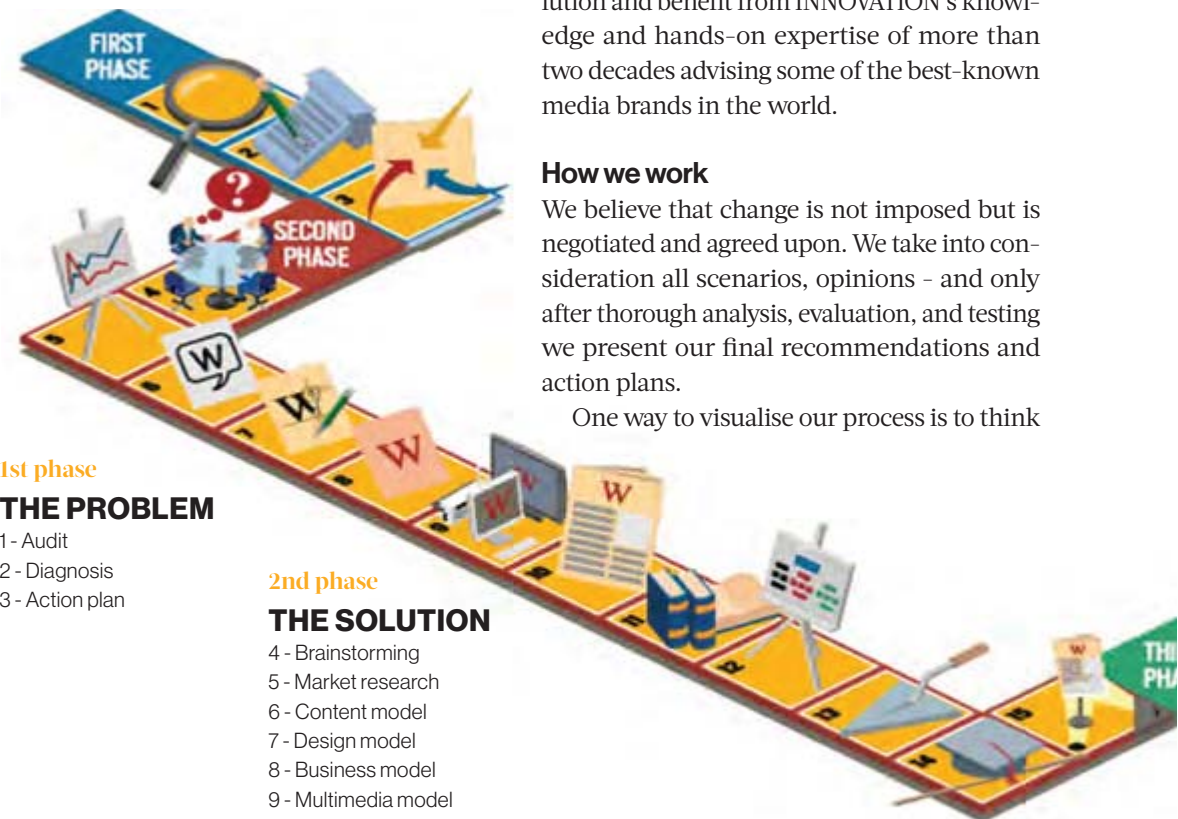
#### THE PROBLEM

- 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



*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



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.

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We believe that media companies should become new Information Engines™, and transform by shifting from readers to audiences and from audiences to communities.

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### 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.

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# Join the conversation

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IPP – the network for global media, brings together media owners, service providers and national associations to share knowledge, experience and ideas.

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We further share updates through our weekly FIPP World newsletter as well as social media channels (Twitter, Facebook, LinkedIn, Google+, Instagram and YouTube).

Find out more about the above and sub-

 **DIS**  
Digital Innovators' Summit



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Innovation is one of the key themes running through all of our activity – whether it is updates on the site, this report, the annual Digital Innovators’ Summit in March in Berlin or the Innovation Forum and workshops at our other major events, training programmes or tours visiting start-ups and innovative media companies in places like Berlin, San Francisco, New York and Boston, with more to come.

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