

# Monetizing Digital Content



“If you're not stubborn, you'll give up on experiments too soon. And if you're not flexible, you'll pound your head against the wall and you won't see a different solution to a problem you're trying to solve.”

Jeff Bezos

Amazon CEO, now working on increasing digital revenue at his newspaper, the Washington Post

## 2. What's New





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Overall, there are numerous positives for publishers associated with trends in digital revenue generation. But as with all good things, there also are pitfalls lurking around many turns.

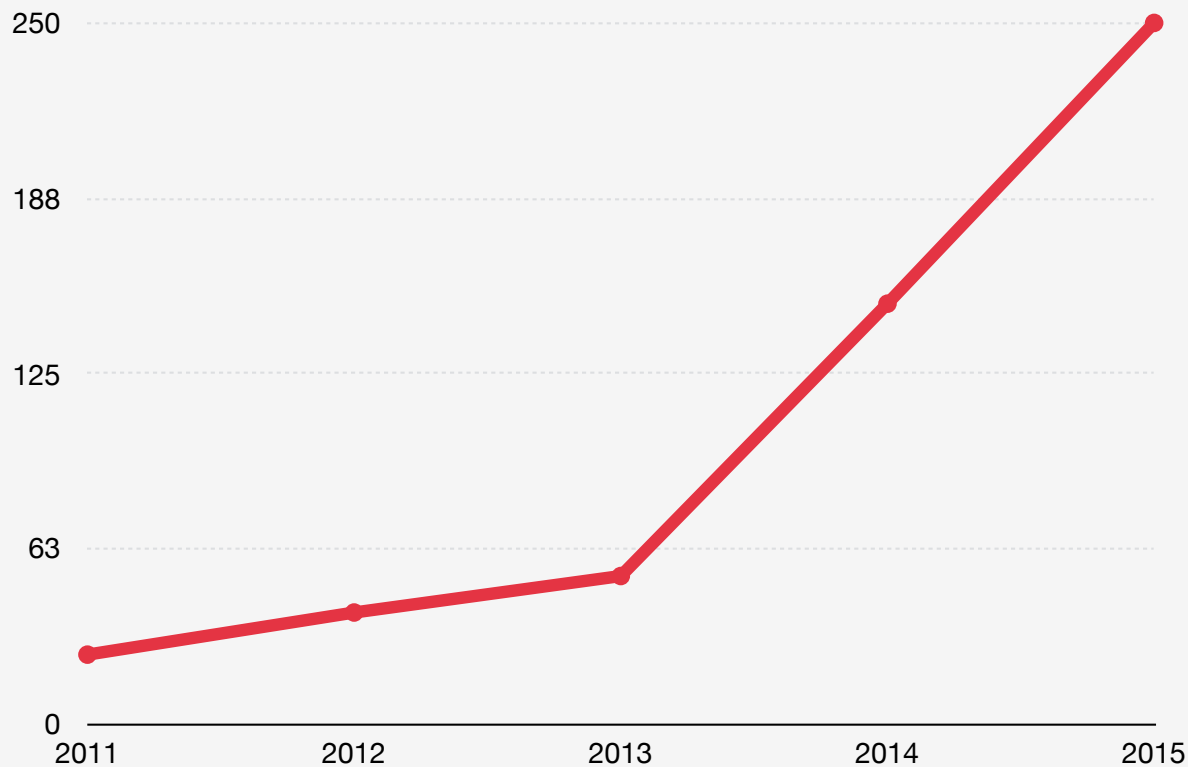
2. What's New

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# Ad-blocking Software

# Rapid Rise

More intrusive ads, greater awareness of ad-blockers, and better use has spurred rapid growth in the use in the software

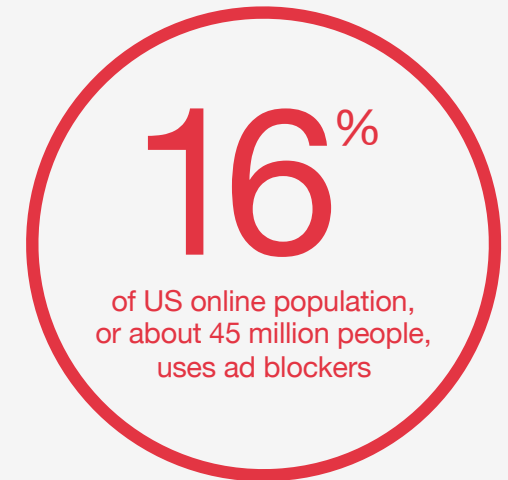
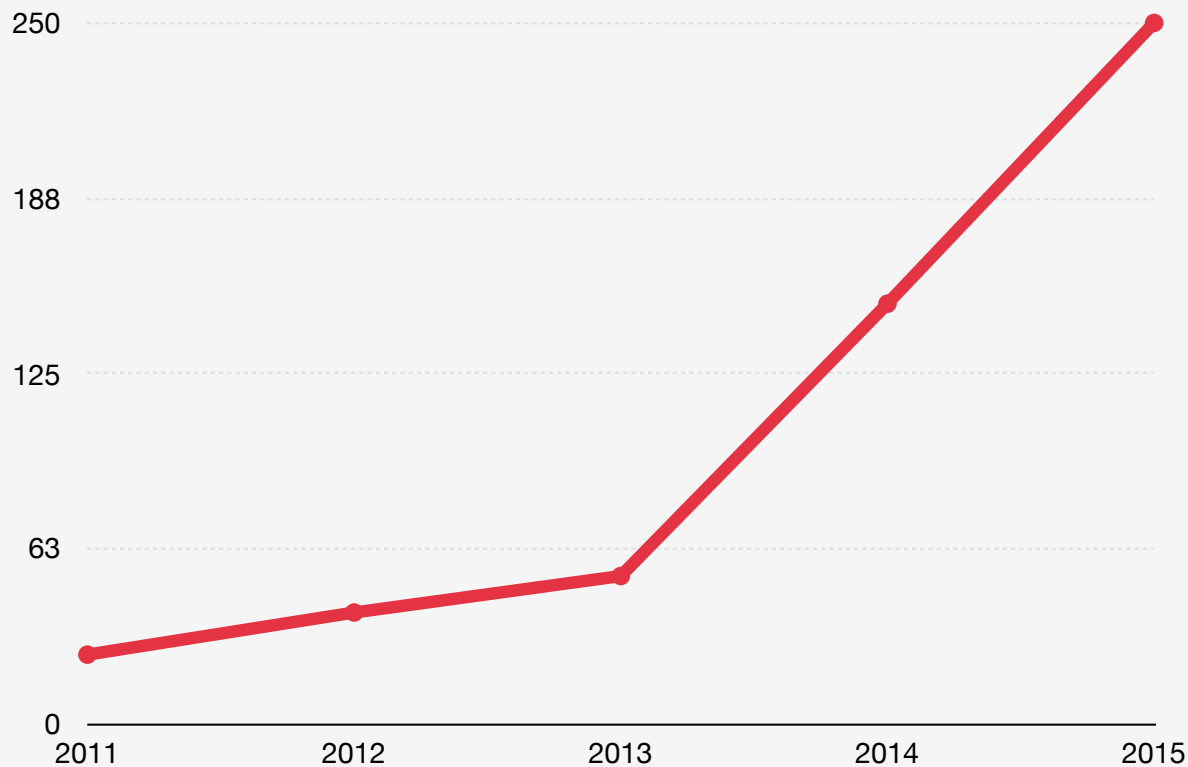


Monthly users worldwide (millions)

Source: PageFair

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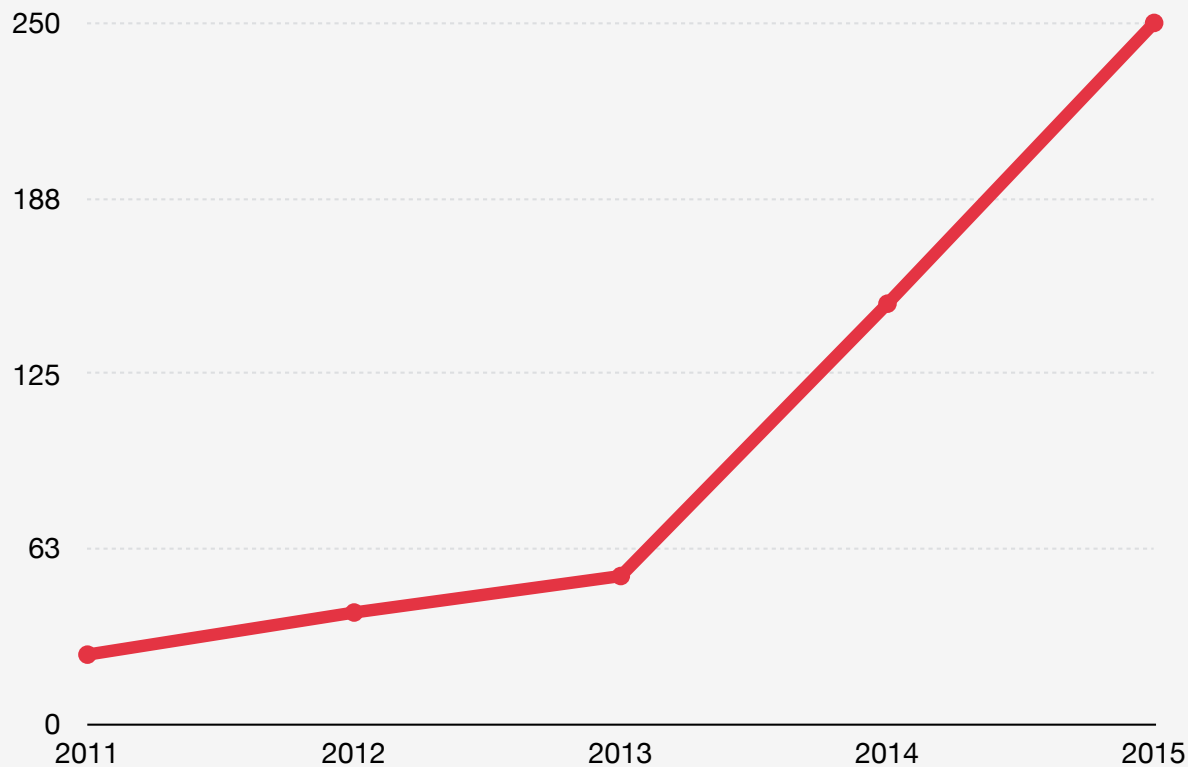


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Ad revenue lost to ad blockers in the US estimated to be \$10.7 billion in 2015 doubling to \$20.3 billion in 2016

Monthly users worldwide (millions)

Source: PageFair



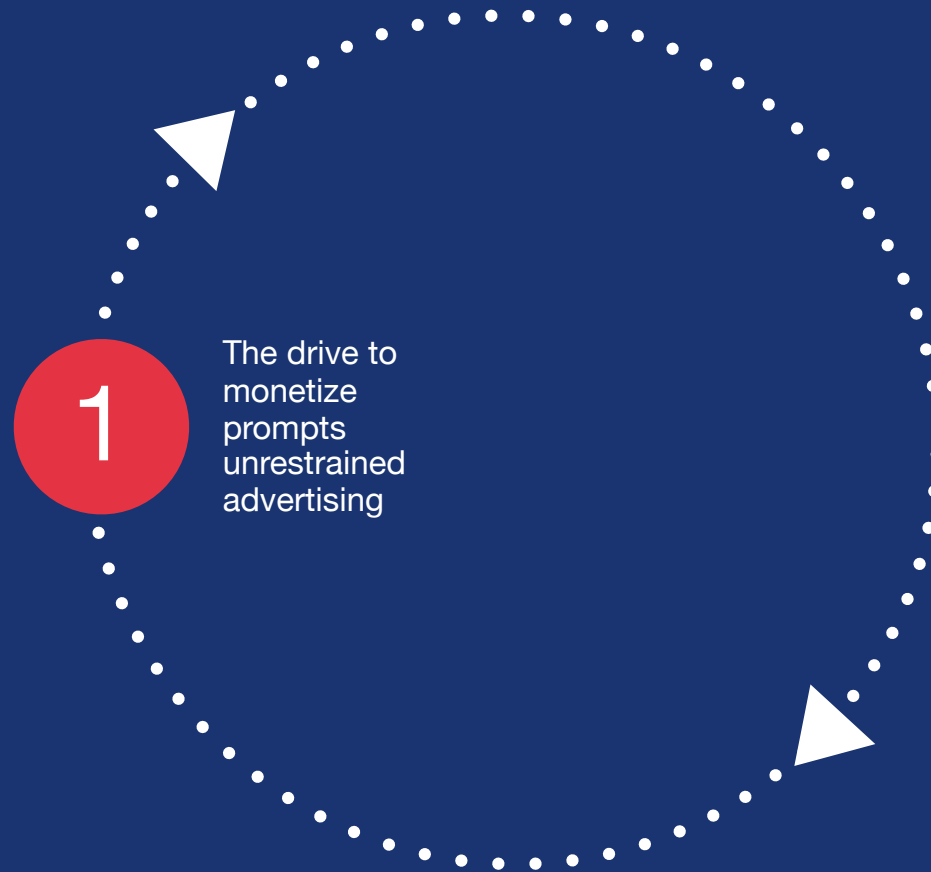
# Apple Joins the Fray

With the release of iOS9 in Sept. 2015, Apple has allowed ad blockers in its mobile ecosystem for the first time, greatly accelerating their adoption



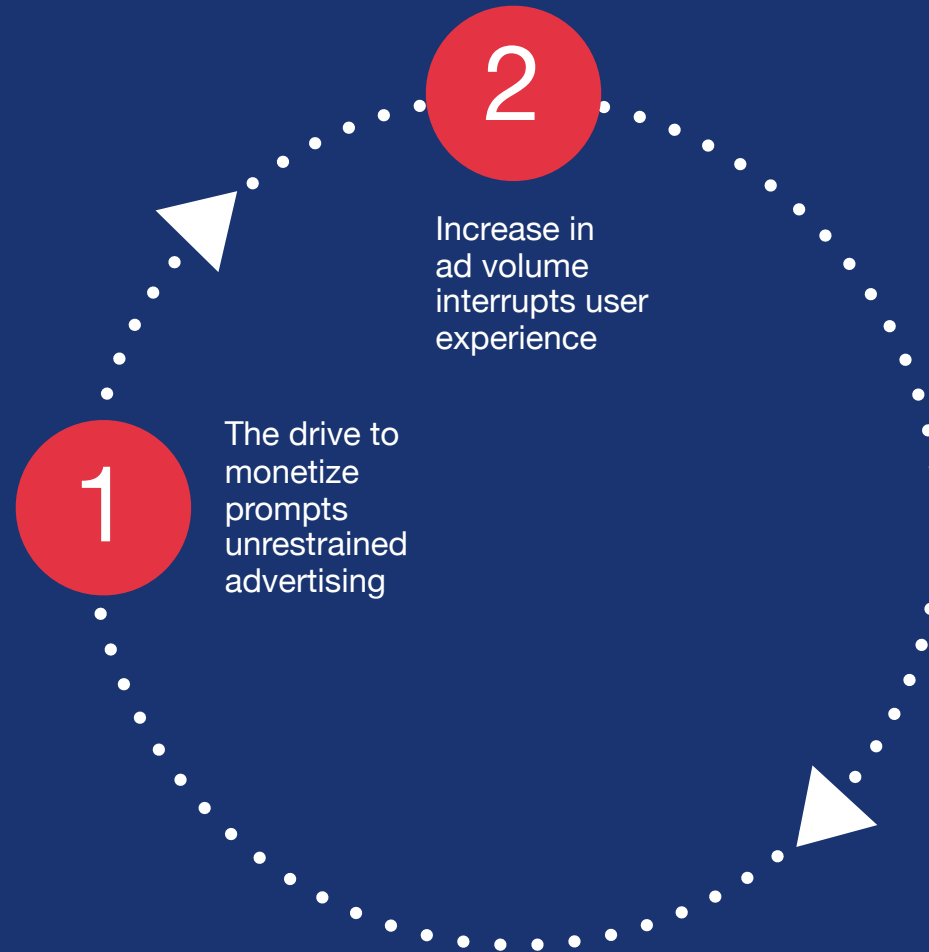
# Inevitable Problem?

Nature of how advertising works on an open web led to a vicious circle



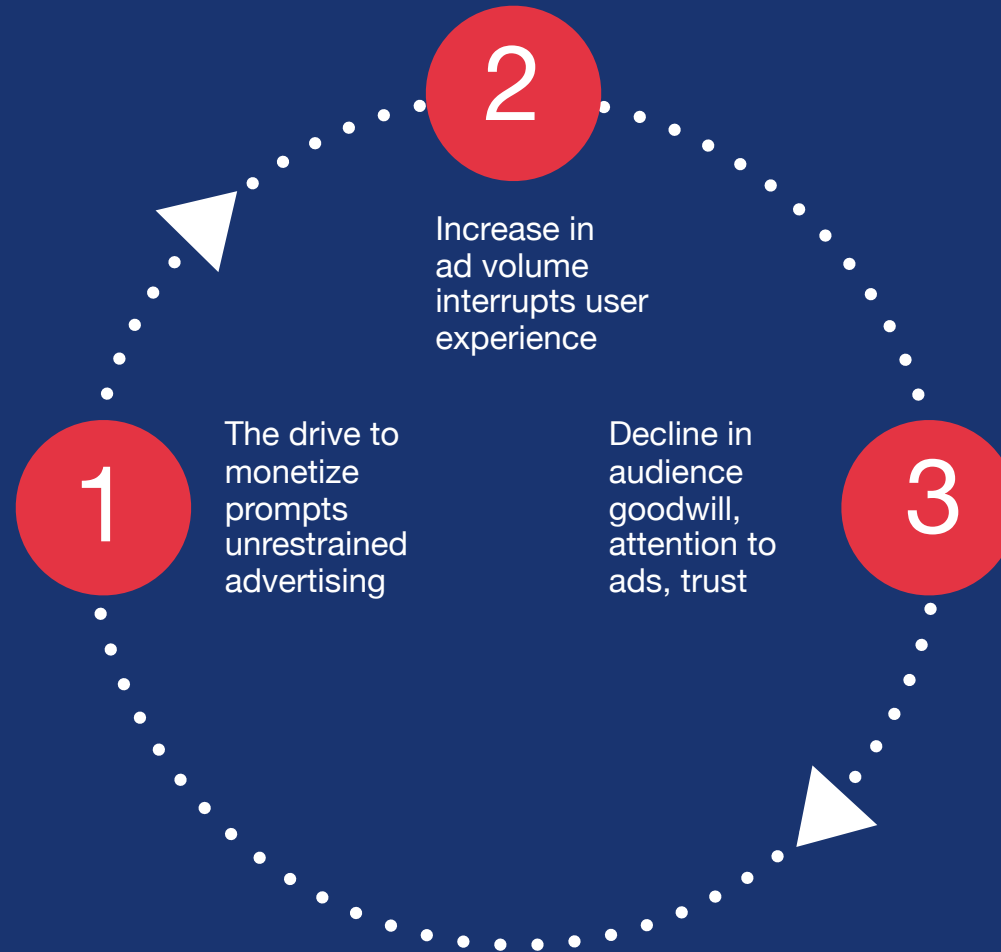
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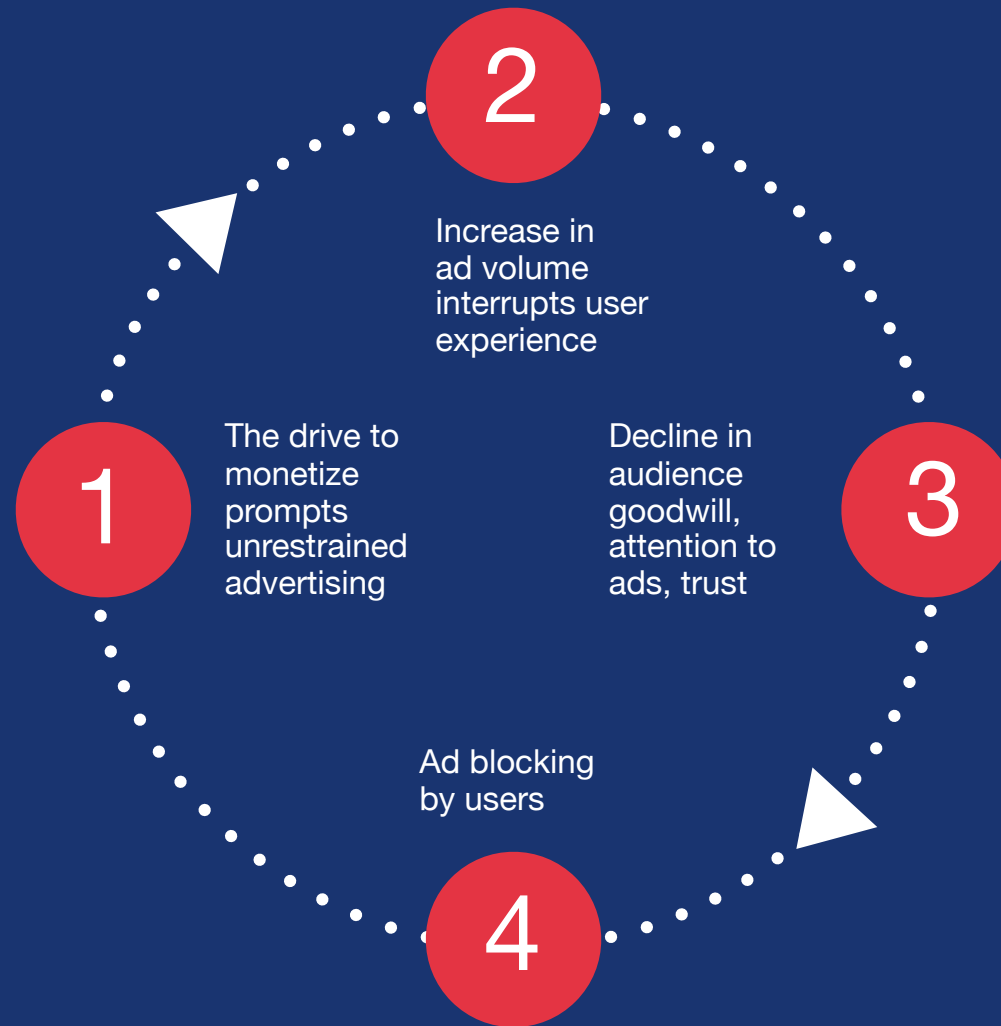
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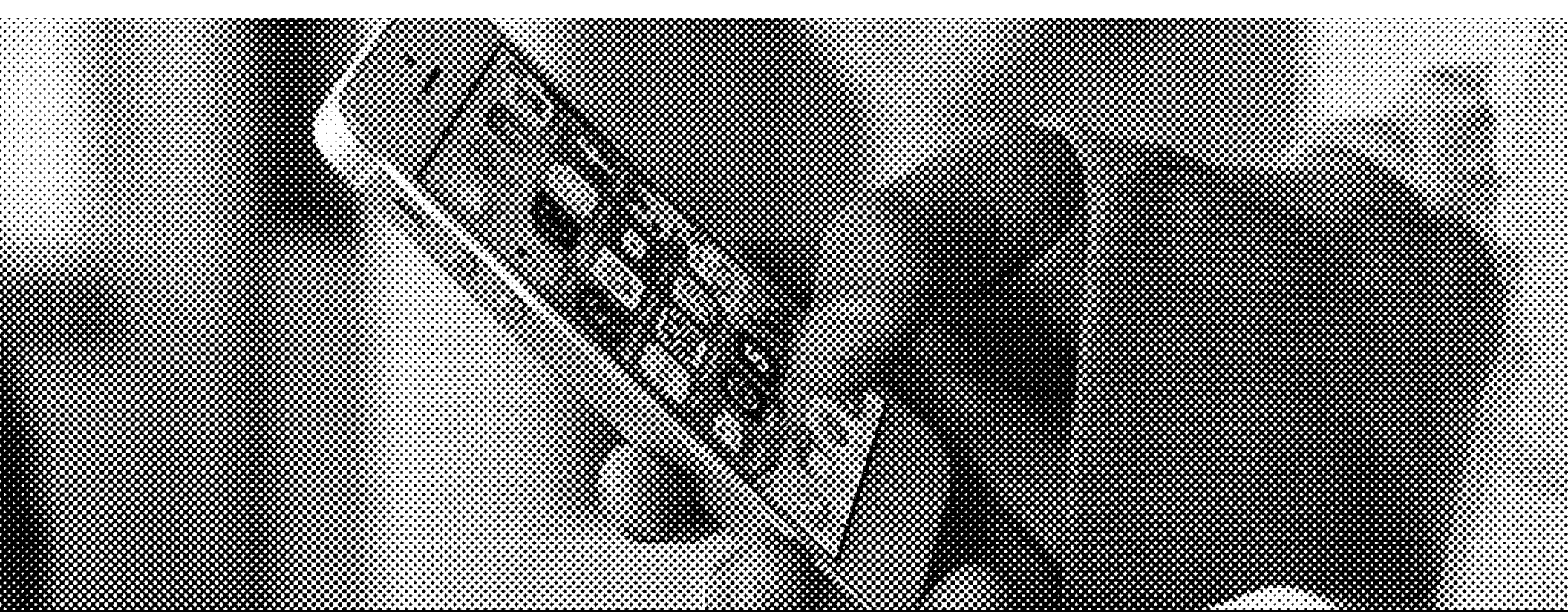
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# Inevitable Problem?

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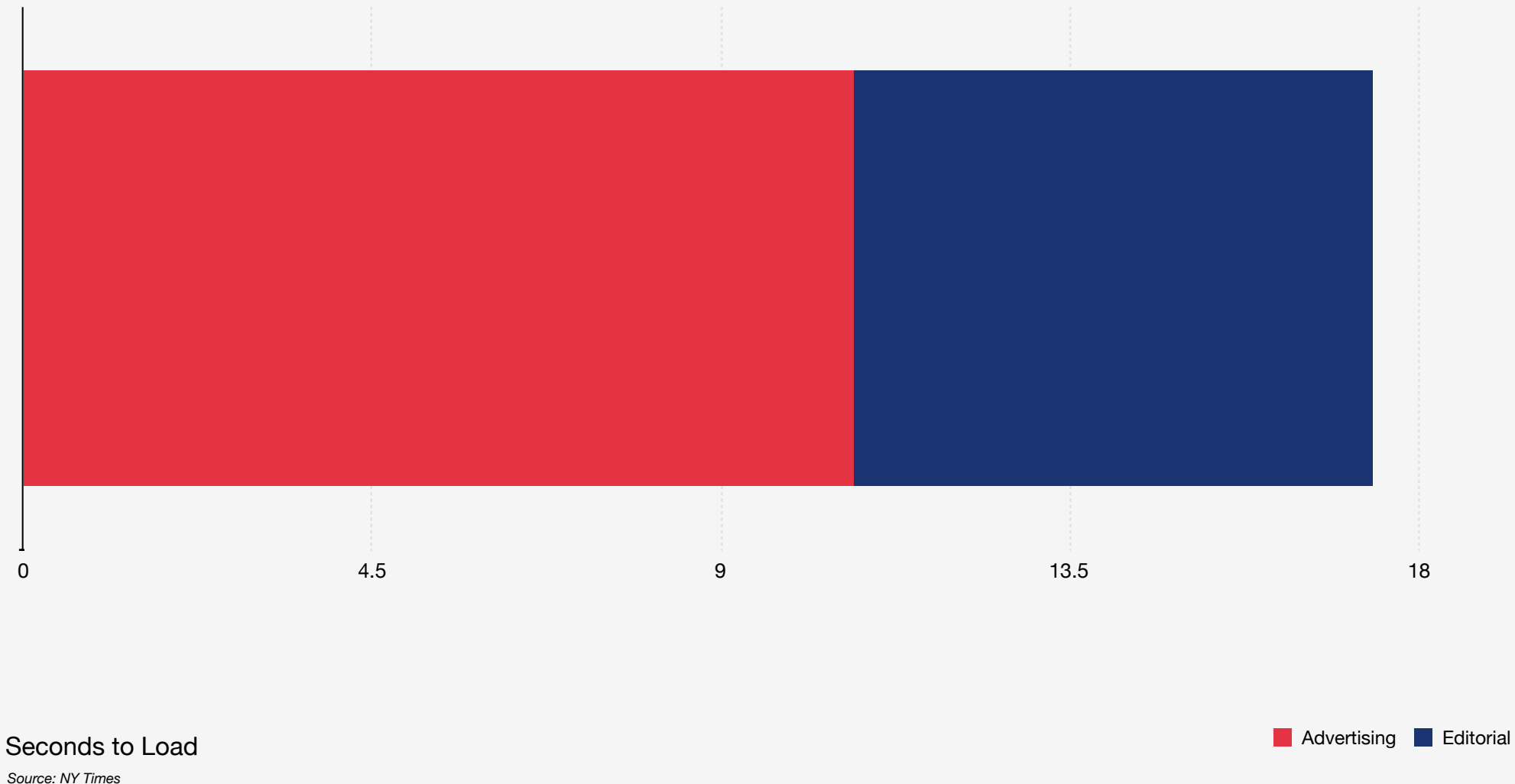


But why block? People aren't blocking ads just because they're annoying. They're blocking ads because they can waste time and bandwidth which may mean actual dollars out of users' pockets. This is particularly true on news sites...



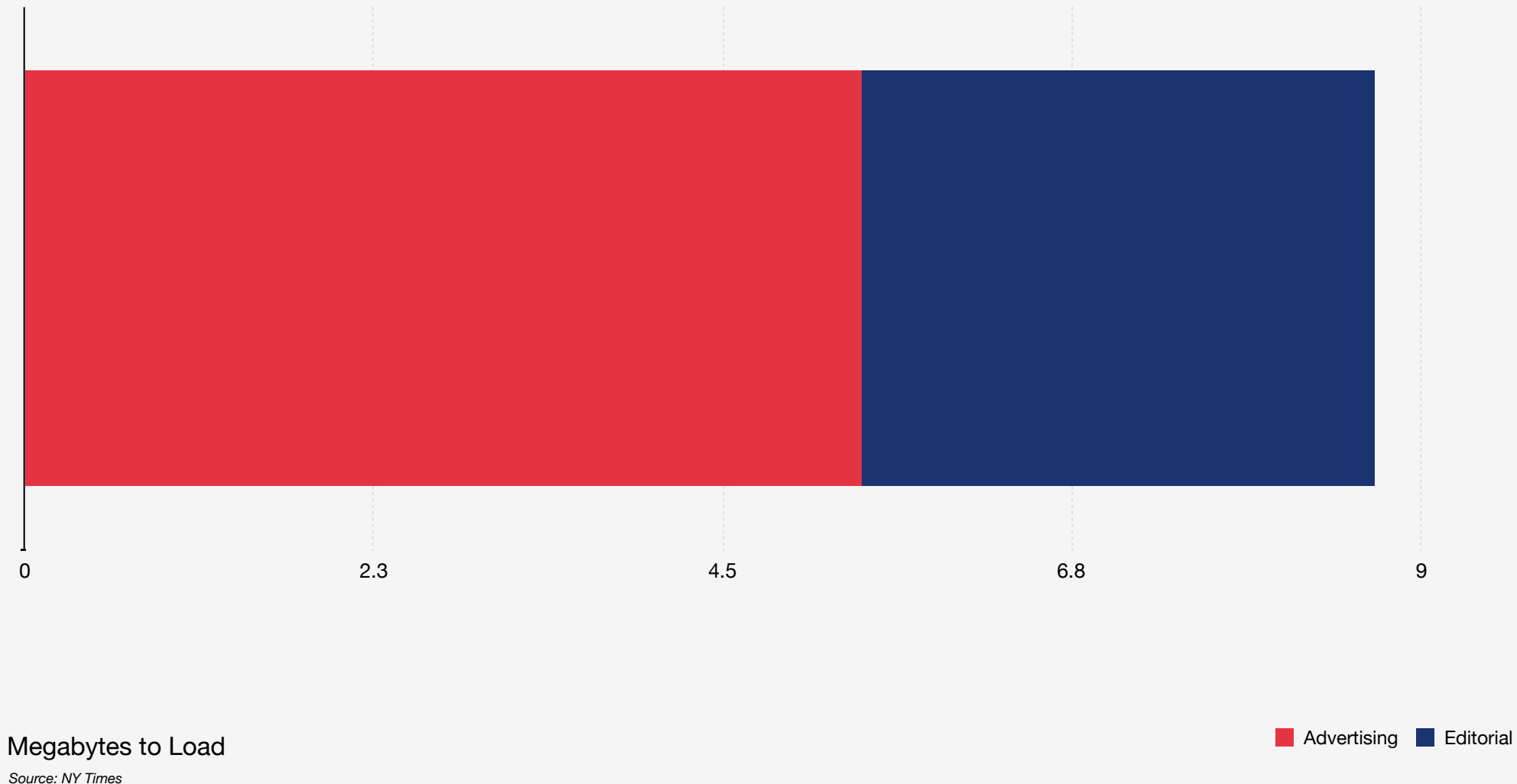
# Bad News for News Sites

A recent study by the New York Times showed that among a dozen top news sites the average load time for an ad was 10.7 seconds, compared to 6.7 for the content requested, more than 60% longer.



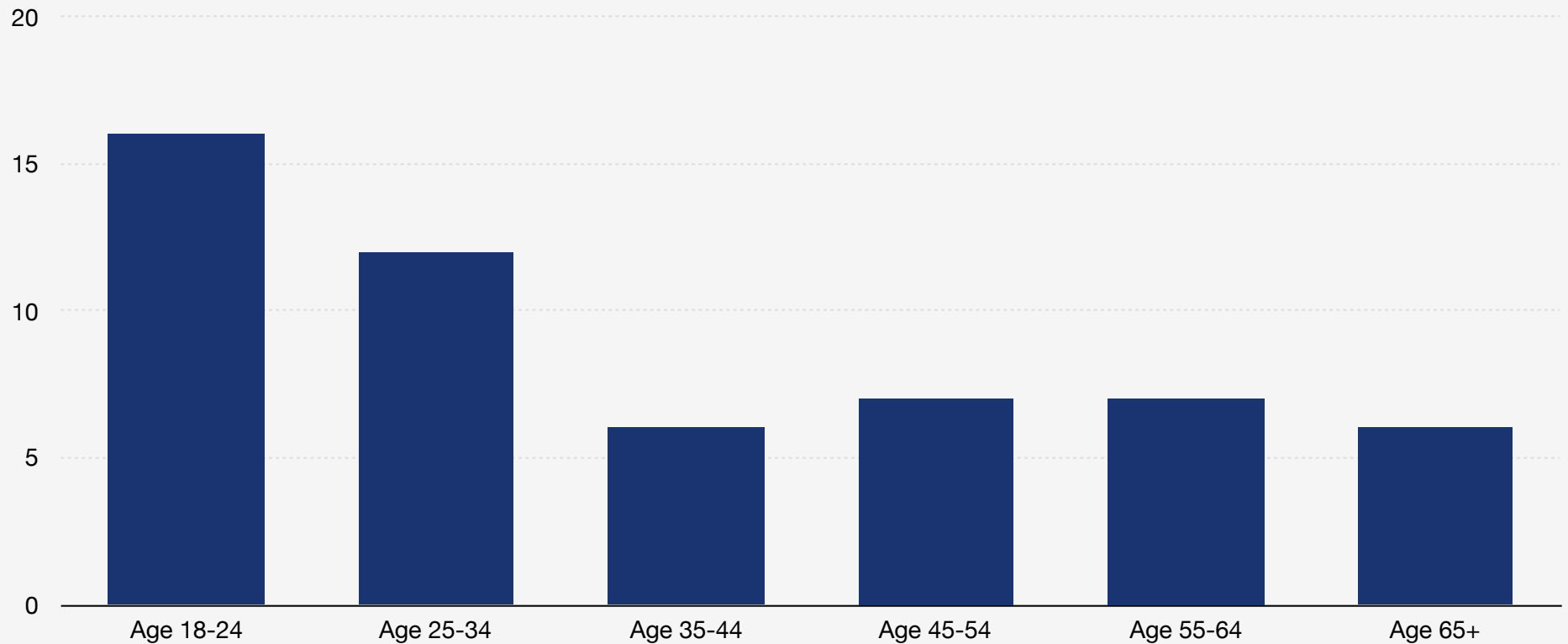
# Bad News for News Sites

The consumption of data was equally troublesome, with ads using an average of 5.4 megabytes compared to 3.3 for content, also a difference of more than 60%.



# Who's Blocking?

Desirable demographics: young people...

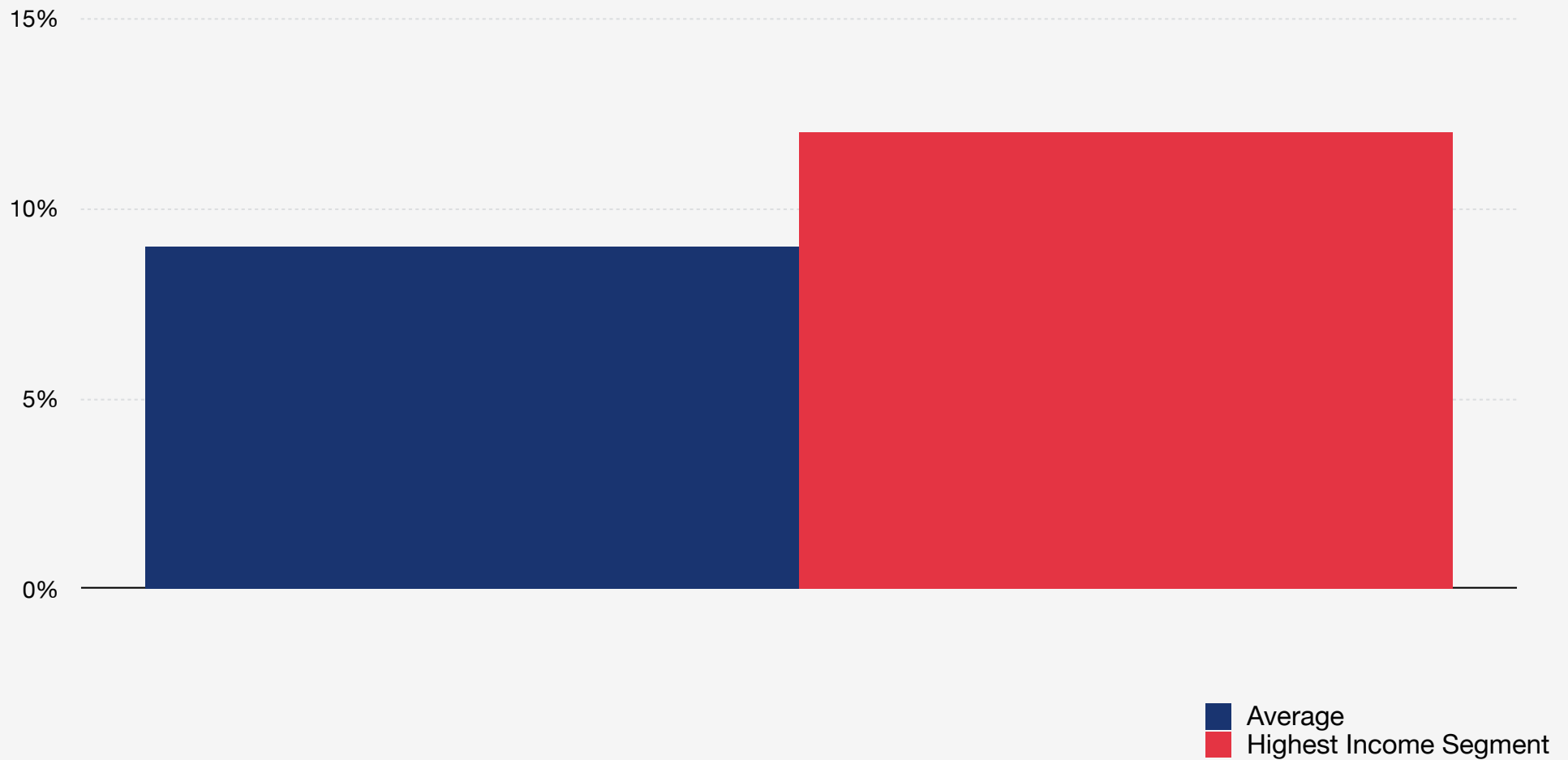


% blocking ad by age, US

Source: SourcePoint, comScore

# Who's Blocking?

Desirable demographics: high earners

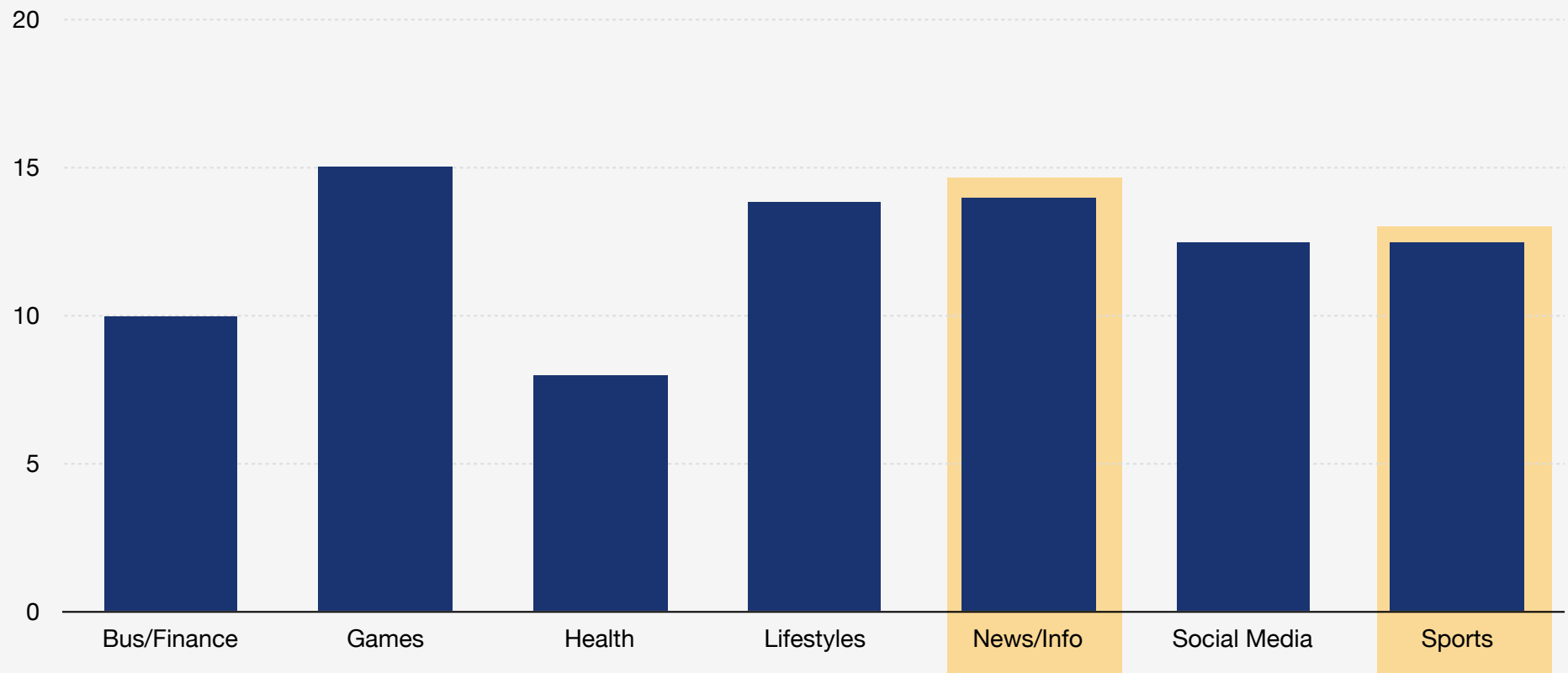


% blocking ad by income segment, US

Source: SourcePoint, comScore

# Who's Blocking?

News and sports users are among the highest blocked categories

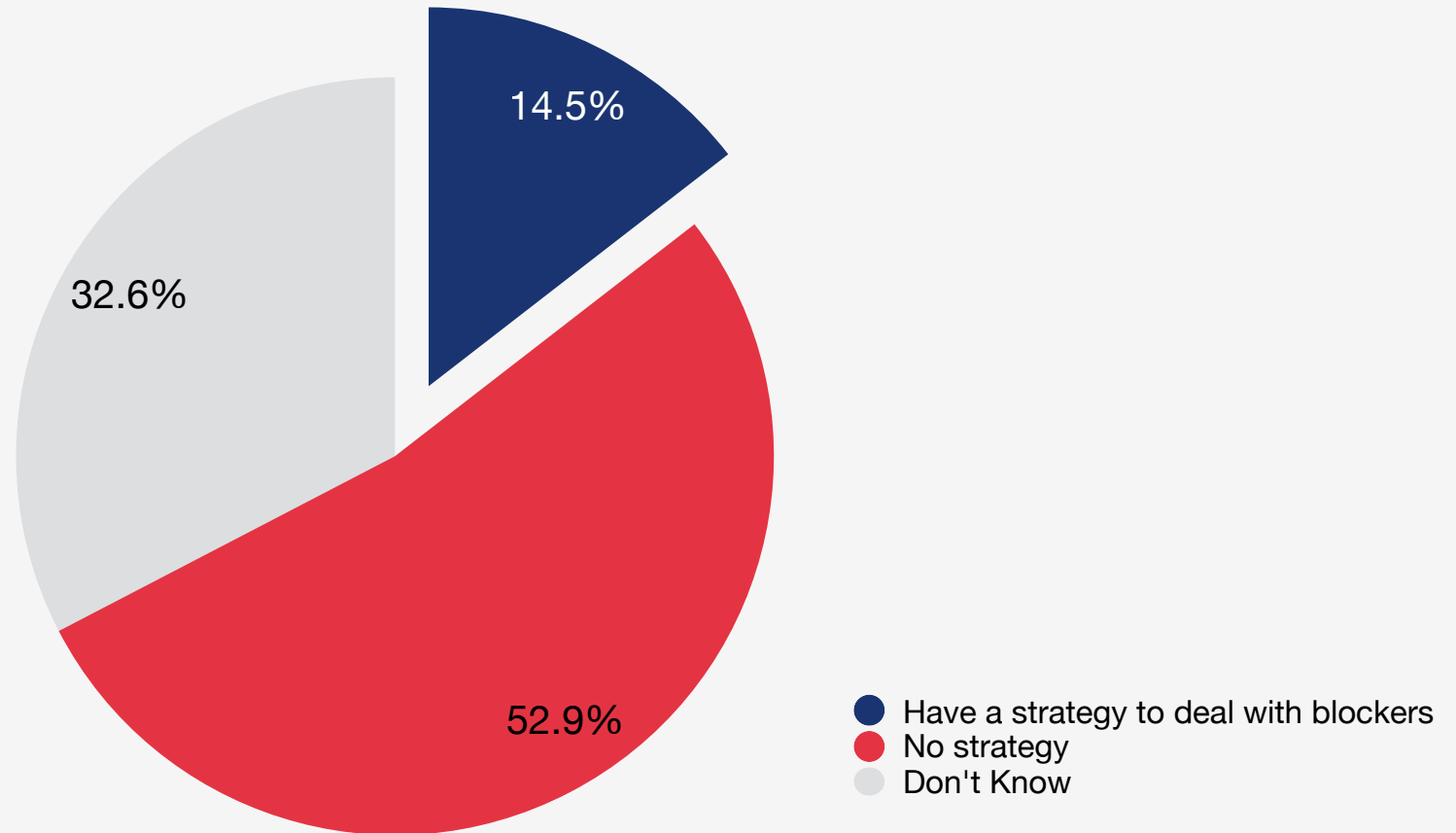


% blocking ad by content category, US

Source: SourcePoint, comScore

# Publishers Slow & Unsure

Majority of content providers don't have a strategy for dealing with ad blockers



US Publishing Industry Professionals

Source: Cxense, eMarketer



# So What to Do?

There is no single answer to combatting revenue loss due to ad blockers, but there are things to consider

1

Alternative ad formats such as video ads, native in-stream ads and other forms integrated into programming can get around most ad blockers

2

Revenue diversification, moving in part to subscription and sponsorship models, can help minimize loss to blockers

3

Better display advertising that is respectful of a user's time and bandwidth can help drive down the demand for blockers

4

Moving content to apps where appropriate will avoid blockers focused on web activity

# Creating “Acceptable” Ads

Eyeo, a company that makes ad-blocking software promotes standard for advertisers to make better ads:

1

Advertisements cannot contain animations, sounds, or “attention- grabbing” images.

2

Advertisements cannot obscure page content or obstruct reading flow

3

Advertisements must be clearly distinguished from the page content and must be labeled using the word “advertisement” or equivalent terms.

4

Banner advertisements should not force the user to scroll down to view the page content.

# Unblock, Please?

Forbes experiments with an appeal to ad-blockers—offer them an “ad-light” experience if they agree to turn the blockers off



From mid-December to early January, 2.1 million visitors using ad blockers were asked turn them off in exchange for an ad-light experience.

42.4%, of those visitors turned off the blockers and received a thank you message and viewing experience with fewer or no ads.

Forbes monetized 15 million ad impressions that would otherwise have been blocked if it had not asked users to unblock.

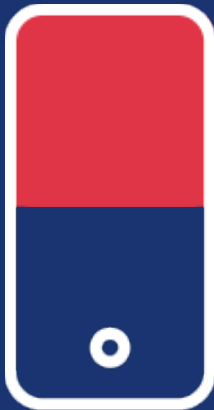
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# Viewability

# Defining Viewability

As video advertising metrics shift from ads served to viewable impressions, issues have arisen to define and quantify viewability.



To be considered viewable a video ad must have at least 50% of its pixels visible on screen for at least two consecutive seconds



The video viewability rate then becomes the percentage of viewable impressions out of the total number of viewable plus non-viewable impressions



The average viewability rate of video ads across all the web is 54%; on YouTube it is 91% across all devices, and 94% on mobile devices

# Defining Viewability

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The viewability rate on mobile and tablet is significantly higher than desktop—82% on mobile and tablet compared with 53% on desktop



100% viewability may not be possible but the Internet Advertising Bureau calls for a goal of 70% viewability across all platforms



# What's the Problem?

Both bad page design and user behavior can drive video ads to be non-viewable

76%



of non-viewable ads were never on screen. They were in a background tab or not on the screen at all.

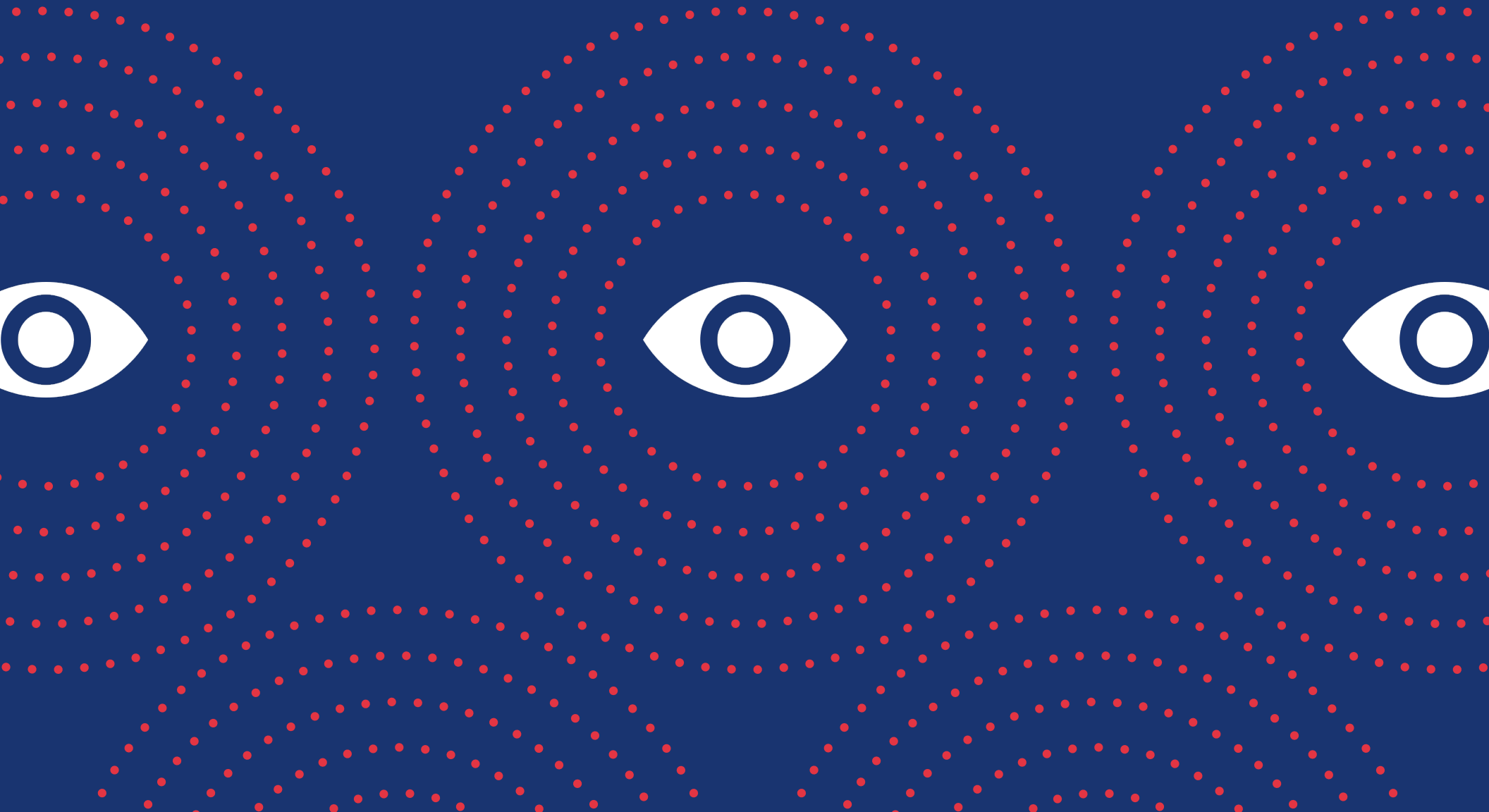


24%

of non-viewable ads were scrolled off-screen or abandoned in fewer than two seconds.

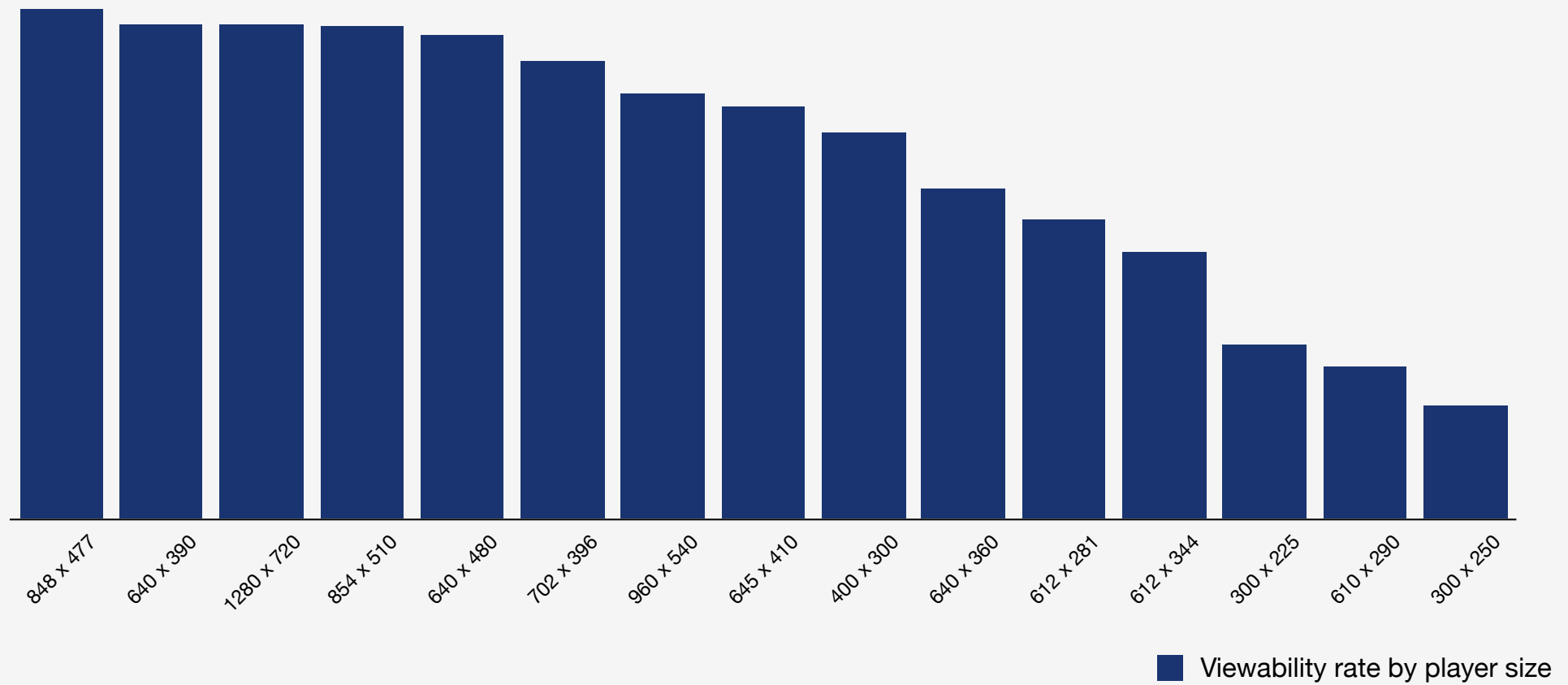
# What's the Fix?

Industry leaders say publishers can take simple steps to make their ads more viewable



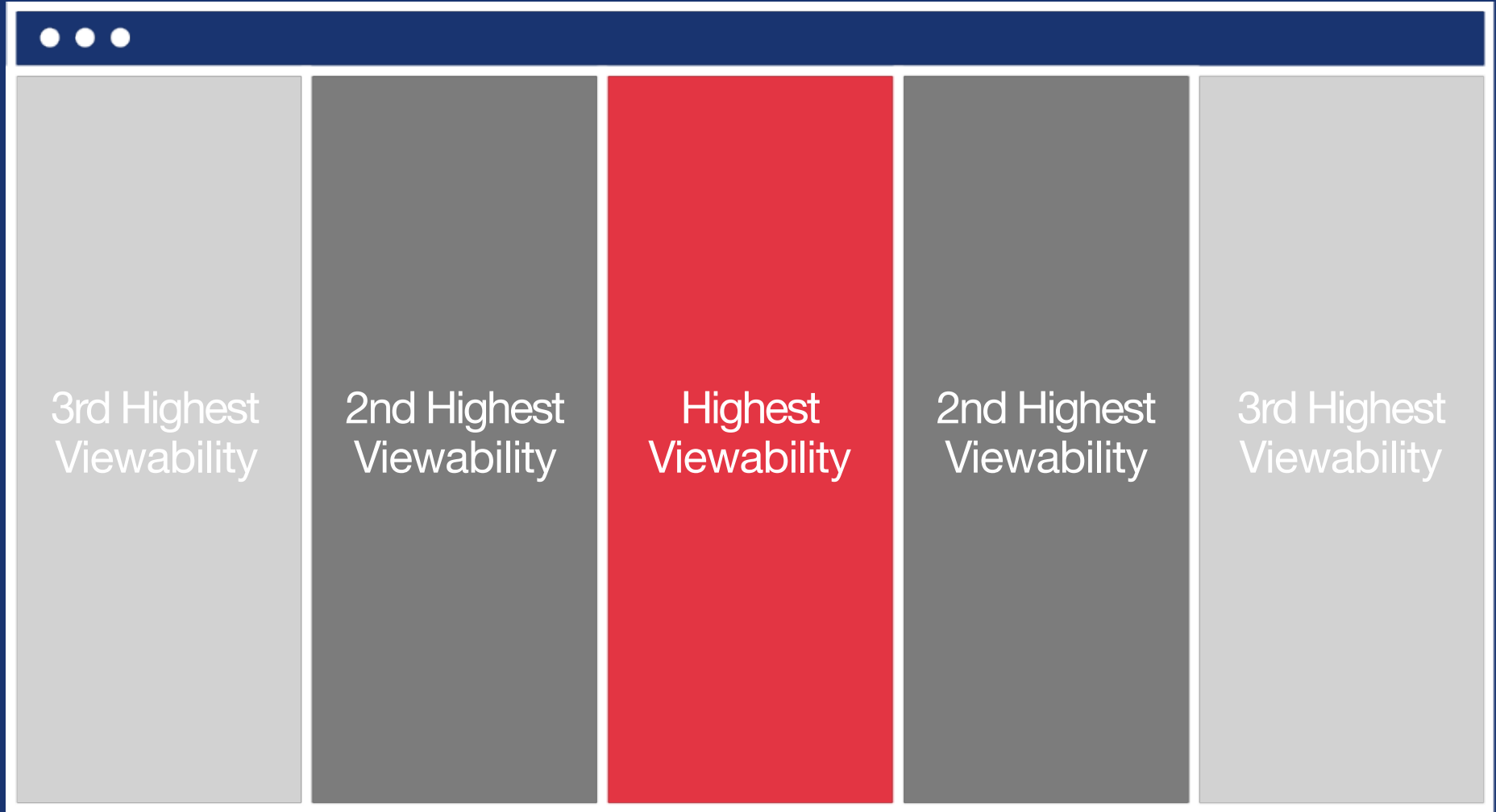
# Player Size Matters

The larger the video player, the higher the viewability of the ad



# Location, Location, Location

In addition to size, placement on the page is a key determinant of viewability



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# Programmatic Buying



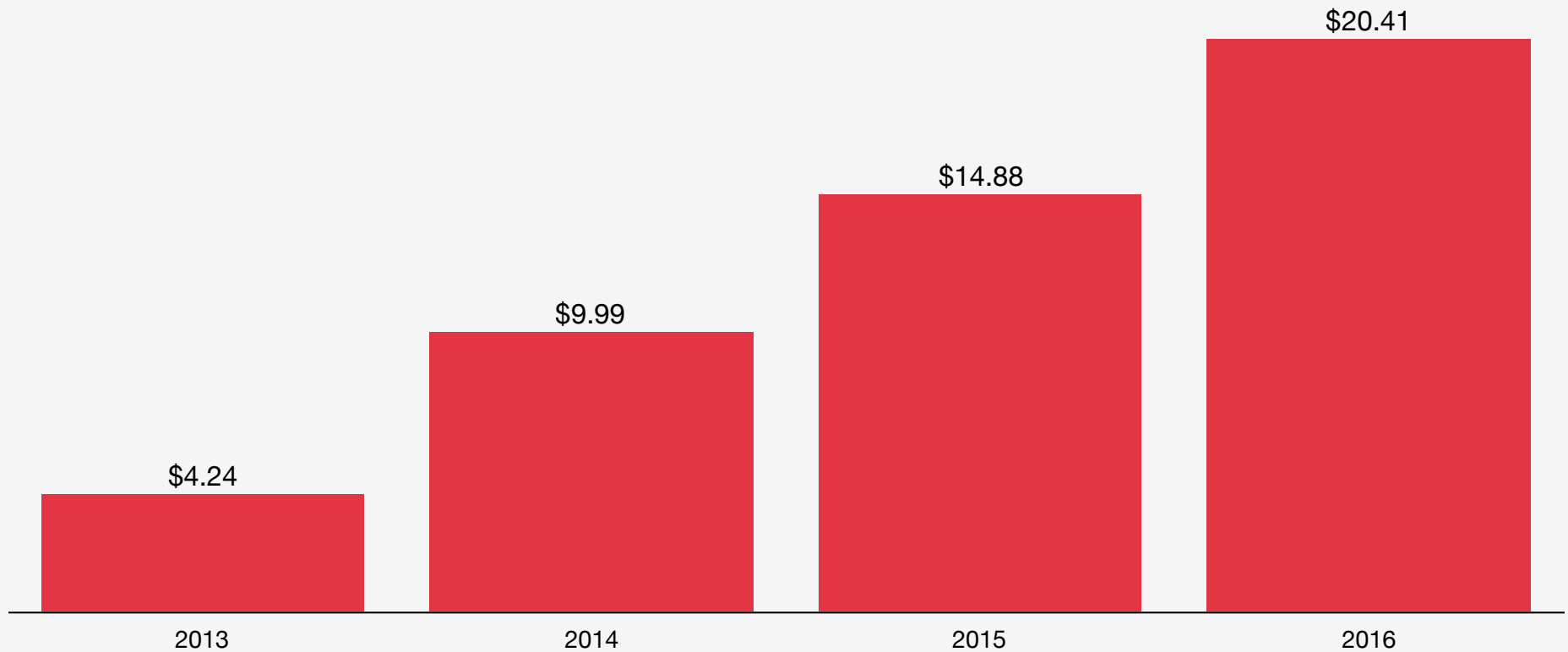
# Defining Programmatic

Programmatic buying, the automated purchasing of advertising, leverages the large amount of data produced by digital properties to serve specifically targeted ads to the right audiences.



# Small Now, But On the Rise

Programmatic spending on display advertising doubled in 2014, and it looks like it could double again from 2014 to 2016



US Programmatic Digital Display Ad Spending (billions)

Source: eMarketer

# What it Means for Publishers

## The positives



1

The cost of executing an ad buy is greatly reduced with the much lower overhead associated with programmatic



2

The buys can be much faster and more efficient, often in real time, leaving little inventory unsold



3

Ads can be targeted many different way—to a specific customer, on a specific device, at a particular location, in a selected context, etc.

# What it Means for Publishers

## Potential Negatives

1

Programmatic buyers can get access to more of your site data and metrics than you might like

2

Allowing programmatic buying may limit the types of ads that you can run, constraining both innovation and potentially higher CPMs

3

Less control over which advertisers or creative runs adjacent to specific content, potentially causing conflicts

# Adding to the Problem

1

It's estimated that about one-third of web traffic is faked, created by computers infected with virus and forced to visit sites, or fraudulent publishers who drive robot traffic to their own sites to inflate audience figures for the purpose of garnering higher ad revenue.

2

Security firms estimate that this “bot” traffic cheats advertisers out of as much as \$6 billion per year in advertising value.

3

Advertisers pay for this bogus traffic even though no human ever sees or interacts with their ads.

4

As digital advertising rises as a share of total advertising, marketers need to have confidence that they are getting what they pay for.

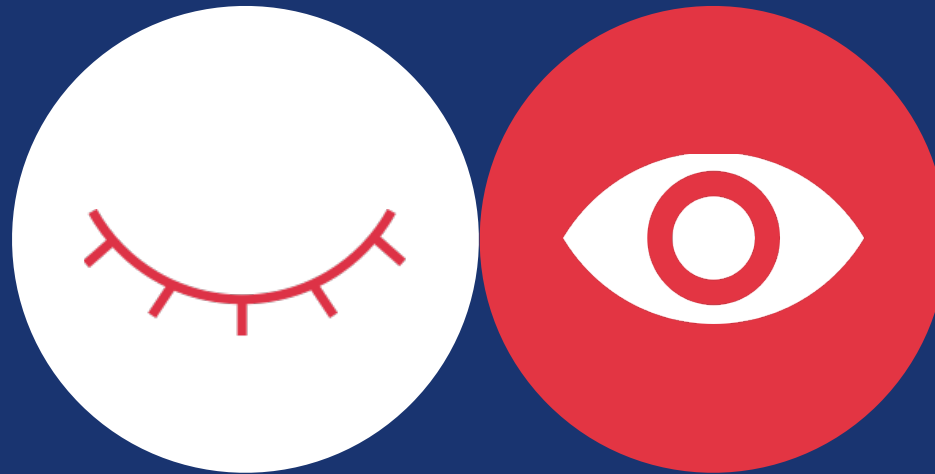
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# Privacy Concerns

# Privacy Under Assault

Consumers and publishers both have reacted to what they view as stepped up attacks on personal and corporate privacy



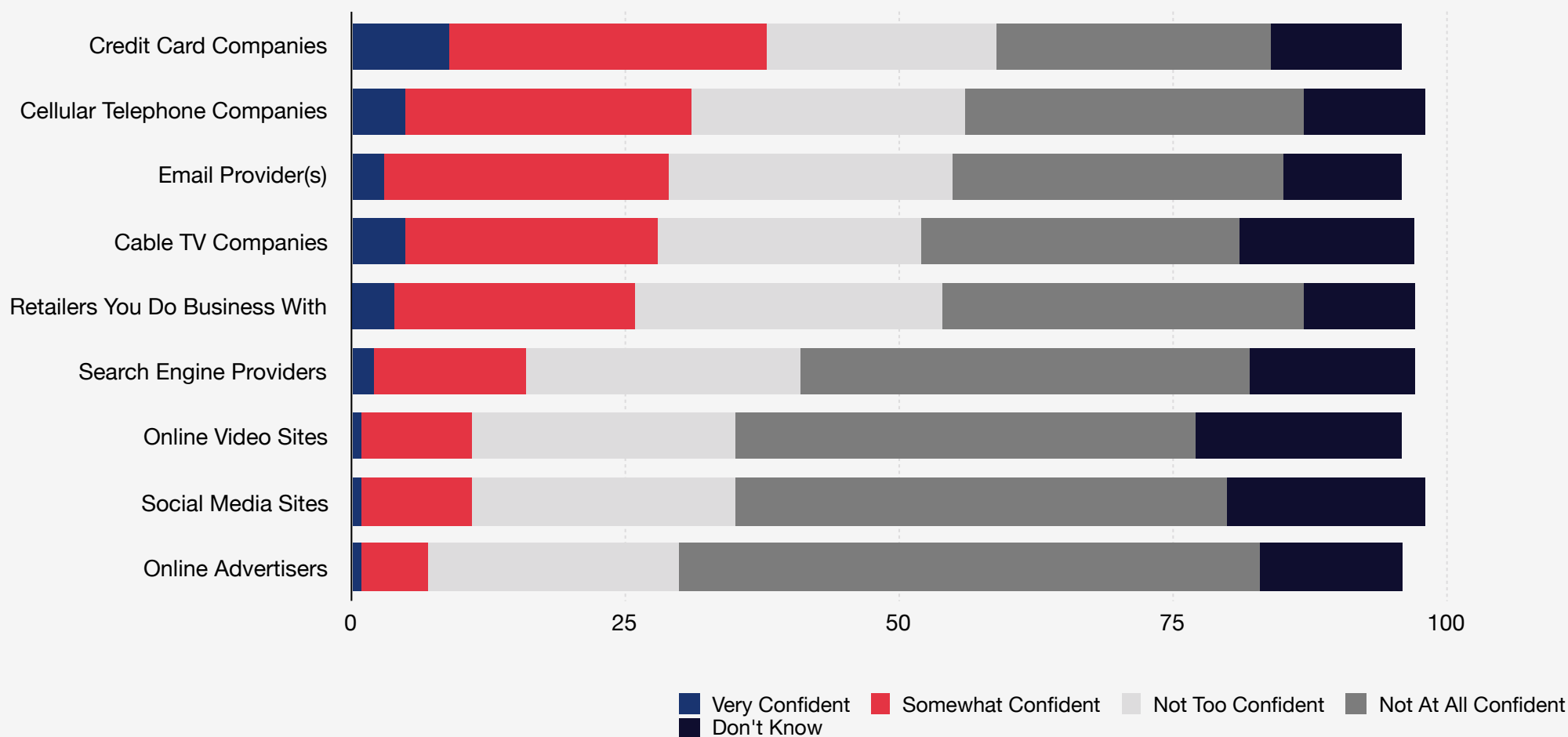
According to a Jan. 2016 survey, a full 91% of US adults agree that consumers have lost control of how personal information is collected and used by companies.

The FCC rejected a call by a privacy watchdog group to allow consumers to join a national “Do Not Track” list to prevent Facebook, Google and other web sites and ad networks to track their activities

Not-for-profit news organization ProPublica even went so far as to launch a news site on the dark web to offer privacy protection to users to read any of its site’s content anonymously

# Little Confidence in Safeguards

Consumers are greatly concerned that personal data can stay private, particularly in the hands of advertisers and content sites



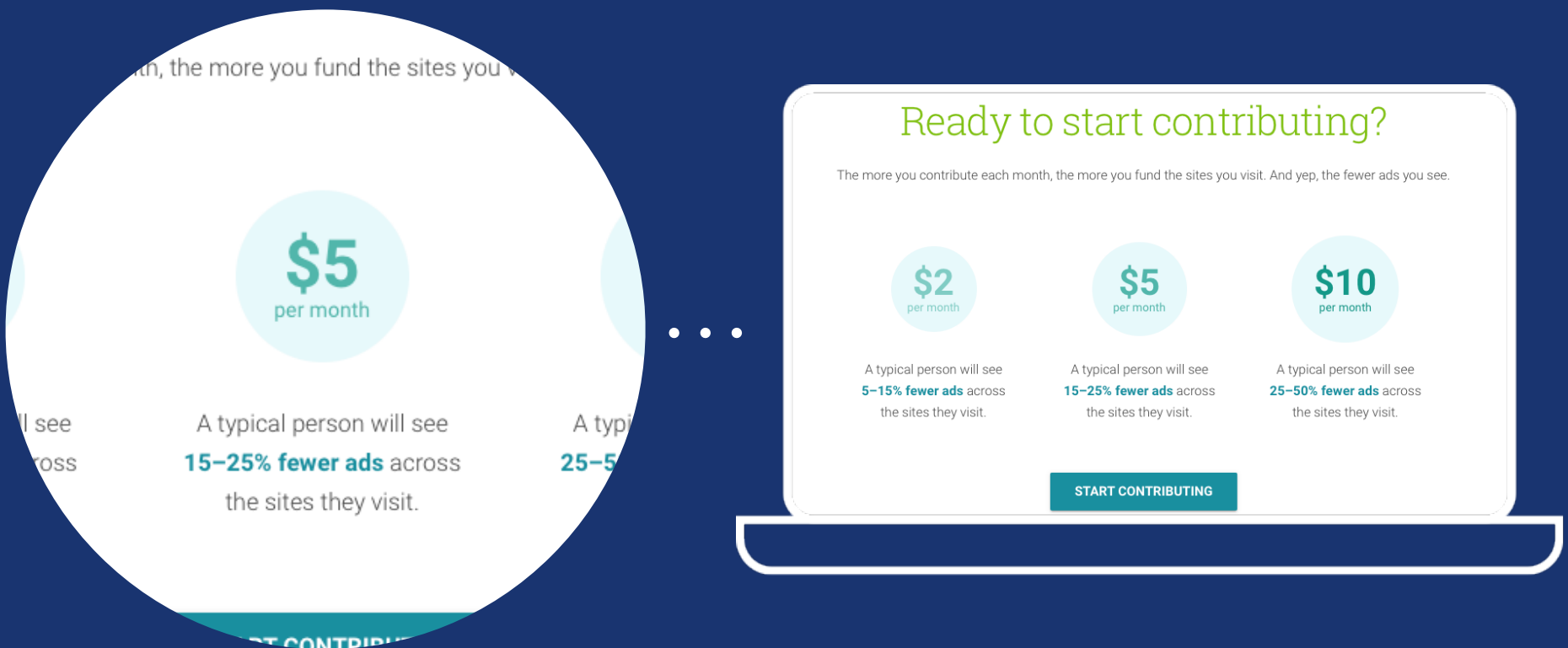
% of adults

Source: Pew Research Center



# Paying for Fewer Ads

Users who dislike ads may be able to pay for the “privilege” of seeing up to 50% fewer ads; Google’s Contributor already offers such a service for \$2 to \$10 per month

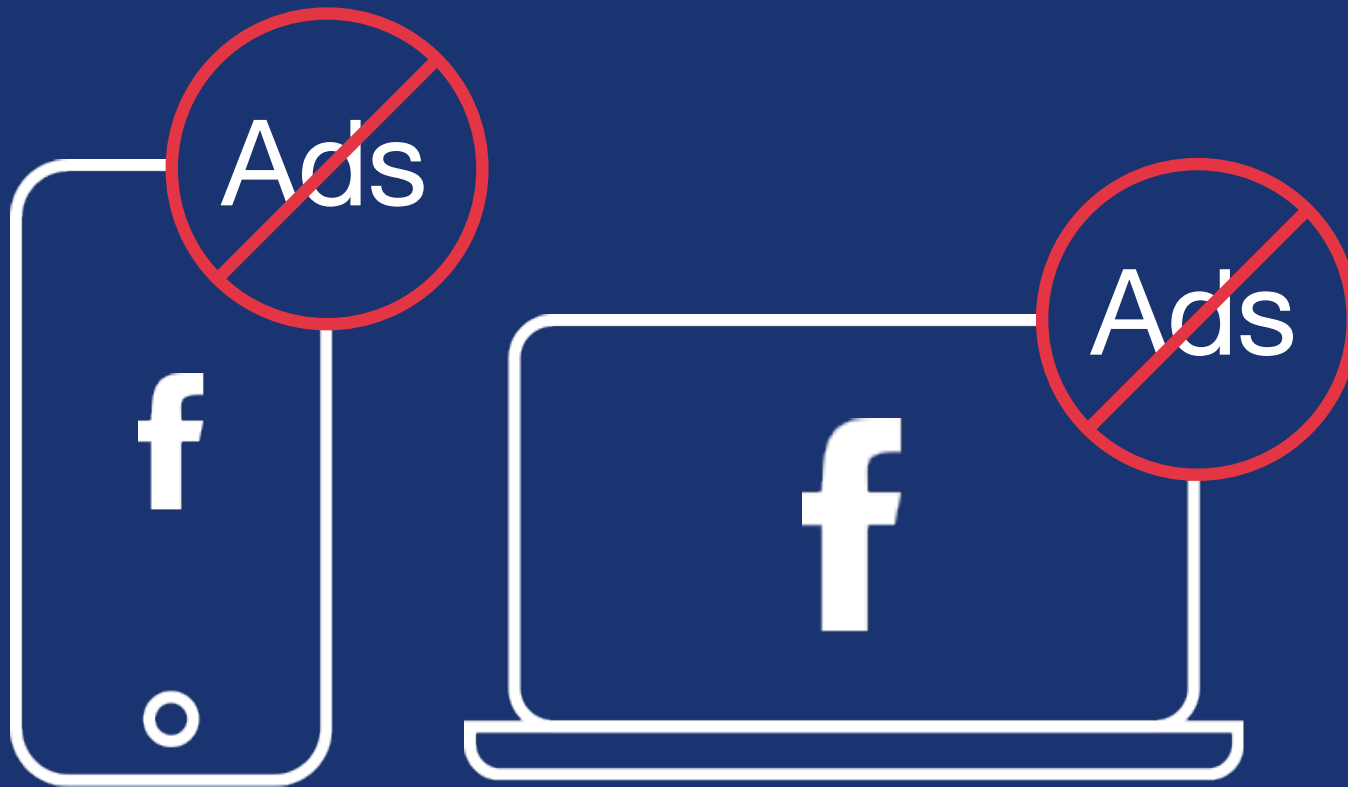


US Programmatic Digital Display Ad spending, By Device, 2014-2017

Source: Google

# Paying for Fewer Ads

Forrester's research suggests that users would be willing to pay up to \$60 per year for an ad-free version of Facebook



Facebook currently received average revenue of about \$10 per US subscriber each quarter so an ad-free service could be a big boost to its bottom line.

# Digital Fingerprinting

The practice of tracking users based on the characteristics of their devices, rather than just their online behavior



Factors can include everything from screen size to time zone, fonts installed, even time of day you're most active. All these data points create a profile unique to your device, and therefore you, and that profile is used to track you and serve you ads deemed appropriate.



Digital fingerprinting (DF) is replacing cookies formerly used to track users, since cookies do not work well on mobile phones.



Privacy experts see DF as a further threat to users who desire not to have their everyday activities monitored and quantified for advertising purposes. Supporters say it delivers more of what users want to see without being overly intrusive

# Recommendations

With privacy such a major concern for consumers, publishers need to take charge of the data they hold

1

Establish a privacy policy if you have not yet, and post it prominently online

2

Identify a data privacy lead—not a full-time position, but a person tasked with monitoring your privacy performance and keeping up to date on the issue

3

Raise privacy awareness with your entire team and make it their jobs to adhere to your stated policies

4

Get involved in industry groups focused on privacy and how it affects your business