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
1. What’s Now
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Let’s start with a quick snapshot of where revenue is headed and what trends are driving growth and innovation.
1. What’s Now

Revenue Snapshot
Digital Ads Growing Fast

Digital media ad revenue will surpass TV in late 2016, somewhat faster than expected.

US Total Media Ad Spending Share, by Media

Source: eMarketer, March 2016
Digital offers more platforms and ad models compared to television and is therefore better positioned to reach the audiences advertisers want. And this is causing money to move.
Marketers Moving Budgets

Half of buyers shifting budget to digital video are relocating from TV

2015 Percentage of Buyers Shifting Broadcast & Cable TV Budgets By Channel & Format

Not All is Gloomy for TV

Local channels have some advantages national networks do not:

- Existing relationships with advertisers make TV stations a logical starting point for transition to digital ad buys
- Bundling across TV, web and mobile for single local channel property
- Bundling across duopoly partners
- Ability for local TV stations to extend inventory digitally, either on their own or through using services like CNN’s VAN
Signs are strong that revenue can come from sources other than advertising.
Millennials Willing to Pay

53% regularly consume paid news content

- 38% use both print & digital
- 41% use only print
- 21% use only digital

Source: The Media Insight Project, Nov. 2015
Millennials Willing to Pay

Older millennials more likely to pay out of their own pocket

Source: The Media Insight Project, Nov. 2015
Millennials Willing to Pay

Entertainment more popular on paid media spectrum, but news consumption is significant

Using paid entertainment subscriptions, products, or services

Source: The Media Insight Project, Nov. 2015
Digital Political Ads Extend TV

Rapid growth predicted for 2016 and beyond, with digital revenues doubling each even-year election cycle

U.S. Total online/digital political ad spending (millions)

Source: August Borrell Associates
1. What’s Now

Mobile Trends
Mobile Usage Time Soaring

49% digital growth in past two years, led by apps, mobile web

Source: comScore Media Metrix Multi-Platform & Mobile Metrix, US, Total Audience

Growth in Digital Media Time Spent, total minutes by platform

Source: comScore Media Metrix Multi-Platform & Mobile Metrix, US, Total Audience
Millennials use apps on phones, older people use apps on tablets.
But Mobile Web Can Reach Further

Audience finds it easier and quicker to access

Number of Web Properties vs. Mobile Apps Reaching New Unique Visitor Records, June 2015

Source: comScore Media Metrix
In 2015, mobile ad spending comprised more than half of all digital, surpassing desktop for the first time, and faster than earlier predicted.
CPMs Growing Too

Mobile CPMs higher, growing faster than desktop, even with inventory increasing

Average mobile CPMs in 3Q15 were 34% higher than desktop CPMs

Mobile CPMs grew at a rate of 12% year over year in 3Q15, compared to 10% for desktop

Source: PubMatic Quarterly Mobile Index
But Developing Can Be Difficult

Mobile most difficult to develop and manage according to publishers

Challenges Faced When Developing/Managing Mobile Apps

Source: Ad Monsters, eMarketer, Sept. 2015
And So Can Cashing In

Mobile most difficult to monetize according to publishers

Type of Screen that Causes the Most Monetization Trouble

Source: Ad Monsters, eMarketer, Sept. 2015
News Sites Seeing the Trend

Mobile users surpassed desktop at the end of 2014

Selected 25 News Sites: Desktop & Mobile Unique Visitor Trend

Source: comScore
Mobile Web Winning

News users flock to mobile web in greater numbers, but spend more time with apps.

Selected 25 News Sites: % of total mobile audience

Source: comScore
Links from social media, where many people first hear about breaking news, drive almost exclusively to mobile web sites rather than apps.
Messaging Next Big Thing?
Most people use messaging, but advertising not a factor yet

Mobile Phone Messaging App Users Worldwide, 2014-2019
Source: eMarketer
Messaging as Social Platform

USA Today’s mobile web site offers users a way to share stories via SMS or through the WhatsApp messaging service.
Not Ad Platform, but Barker?

Messaging and chat may best be used to engage users and drive them to other places where they can be properly monetized.

Users initiate contact with publisher via messaging app, are presented with options and can choose content with a simple response.
Not Ad Platform, but Barker?

NBC News is the first to use an app like Kik to interact with its audience via messaging.
Not Ad Platform, but Barker?

Ideal for content verticals (follow one sports team, weather for my area, etc.)

Monetization comes from other platforms where user is referred or in messaging-specific methods still to be developed

Automated as part of existing workflow
1. What’s Now

Video Monetization Trends
Online and Mobile

Fastest growing segments of digital advertising

US Video Ad Consumption (minutes per day on average)

Source: ZenithOptimedia's Online Video Forecast 2015
YouTube Embraces Ads
Four times as many ad-supported channels in 4Q15 over 4Q14

Spending Increase by top advertisers, YOY

60%

+471%
But More is Not Always Better

YouTube proving broad but not deep

144 YouTube channels sport 1,000,000 or more subscribers.

Yet more than 5,000,000 other channels have less than a thousand subscribers each.

YouTube Also Embraces Subscription

Media companies participating with wary eyes

Revenue increases are despite YouTube rolling out a subscription service for ad-free viewing across the site.

YouTube Takes on TV

Pitches advertisers in “NewFronts” presentation, offers guaranteed placement on top channels from major brands

Source: The Wall Street Journal
Out-of-Stream Ads in Favor

Out-of-Stream ads (OoS), video ads that play outside other video content, have exploded in popularity since they create new, separate video ad inventory.

Types of Video Ads that Will be Important to Their Clients’ Overall Ad Portfolio

Source: Forrester Research, eMarketer
OoS Offers Flexibility

Many ways to work OoS ads into a page, potentially expanding a site’s inventory greatly.
Many Factors Favor OoS
Out-of-Stream addresses other concerns of publishers

More inventory means we are able to execute video sales programmatically

Let's us offer additional premium inventory for video ad content

Provides a better (less obtrusive) end-user experience than other digital video advertising

Delivers better ROI than other ad formats

Reasons the Media/Publishing Professionals Offer Out-Stream Video Ads

Source: Forrester Research, eMarketer
Game Changer?
Interactive ads within streaming TV content

Hulu replaces five :30 video ads with one :30 interactive ad within program streams, increasing value despite shorter ad durations.
Techniques like OoS and interactive streaming ads are just a few of many tools now at the disposal of publishers to extend ad inventory beyond traditional web limits.

Video is often a main vehicle for this new inventory, but there are many more expanded options now available, as you will see later in this presentation.
1. What’s Now

Social Media Monetization Trends
Social Media Ads Soaring

2015 worldwide ad revenue totals one-third higher than in 2014

By 2017 social will represent 16% of all digital ad spending.

Source: eMarketer
Facebook Cementing Its Lead

#1 social media advertising platform, and still growing

1 out of 5 minutes people use mobile are spent on Facebook.

Source: Facebook
Facebook Cementing Its Lead

#1 social media advertising platform, and still growing

1 out of 6 minutes people are on the internet are spent on Facebook.

Source: Facebook
Mobile-Only Majority?
Not only do Facebook users flock to mobile, many do it in place of desktop

In 3Q15, nearly half of Facebook’s users only accessed by phone and NEVER interacted with it on a computer

Source: Facebook, eMarketer
Ads That Like Your Likes

In 2015, Facebook began targeting ads based on your Likes and Shares

Facebook, like many of the sites you visit, has long targeted ads based on the content you view.

Now it is targeting ads based on things you like or share with your Facebook friends.

More than that, it’s also beginning to target ads to you based on what your friends like and share.

Source: Facebook, eMarketer
Twitter is News User Choice

Twitter users consume more news than other social media users

- 86% of Twitter users use the service for news, 74% of those doing it daily
- 40% of users want to be alerted to breaking news
- 94% get their news on Twitter by scrolling their timelines or browsing tweets of those they follow; only 34% get news from trending topics
- 62% follow news organizations and even more, 73% follow individual journalists or commentators
- 82% of users access Twitter on their phones

Source: American Press Institute
Breaking News Drives Usage

People look for current news, not topics

What Drives Social Media Users to Look for News and Info, % Twitter users

Source: American Press Institute
Twitter is a very powerful tool to drive users to news sites. But Twitter is not finding the easy path to monetization that Facebook has. If Twitter attempts to keep more traffic in its service in order to make money off of it, it could threaten how we as publishers profit from our presence on the network.
Emerging Trends
Viewing Fragmentation

Viewers are spread across multiple platforms, even for the same show.

- Audience watched the episode in full during live airing
- Watched on a DVR within the first 7 days of airing
- Watched streaming to a PC, smartphone or tablet
- Watched on VOD within 35 days
- Watched via a connected TV device
- Watched on DVR between 8 and 35 days later

Source: Nielsen

Viewers watching one broadcast network drama
So, how do we derive value from all these viewing patterns?
Nielsen and others look to count people across all platforms, allow advertisers to make smarter buys, but it’s not clear yet if any of these services will measure the true total audience. For example, web site live streaming still is not measured fully.
Duration-Based Advertising

Theory that the amount of time a consumer is exposed to an ad matters more than knowing just that he or she viewed it.

The Financial Times ran a nine-month test where it charged for display ads only if they were in view for five seconds or longer. The test consisted of 17 campaigns for 13 clients, including BP and Microsoft.

An analysis showed that this so-called cost-per-hour approach produced 58% higher brand consideration and 79% higher ad recall. It also generated $2.2 million in additional revenue.

Source: FT, Digiday
Growth of OTT Services

Over-the-Top (OTT) video delivery presents challenges and opportunities

Any video service that uses the internet to bypass TV operators to reach consumer directly. Content can be short form, longer programs or even streaming channels. Content is delivered to a smart TV, set-top box or other connected device.

Source: FT, Digiday
OTT Known Universe

“The Creators”
(Production companies, studios)

“Old Guard”
(Disney, NBC Universal, CBS/Viacom, Fox)

“Pay TV Operators”
(Comcast, AT&T, DirecTV)

Consumers
OTT Known Universe

“The Creators”
(Production companies, studios, sports leagues, publishers, personalities)

“New Kids”
(YouTube, Social Media, Web Originals like Crackle)

“Streamers”
(Netflix, Hulu, Amazon)

“Old Guard”
(Disney, NBC Universal, CBS/Viacom, Fox)

“Set-top Boxes”
(Apple, TiVo, Roku, Amazon)

“Smart TVs”
(Samsung, LG, Vizio)

“Pay TV Operators”
(Comcast, AT&T, DirecTV)

Consumers
Fast Growth, But Upside Still

Vast majority of video viewers already use OTT services, but growth in users will be steady for foreseeable future

US Over The Top (OTT) Video Service Users, 2014–2019

Source: eMarketer
Growth Across All Services

But even mostly mature services like YouTube, Netflix, Hulu and Amazon will see significant growth in users over the next few years.

Source: eMarketer

OTT video service user growth (% change)

Source: eMarketer
Role of Live in OTT

Increasingly, live concurrent video, video being streamed at the same time it is broadcast, is helping attract and retain OTT users.

How important is live linear content to OTT programmers’ business plans

Source: Level 3, Streaming Media Magazine, Unisphere Research
Video Ads in Search Results

Google and Bing experimenting with ads containing video and other media in search results instead of just text

Said one Forrester analyst: “If advertisers could buy video, their favorite format, on search, their favorite place to reach consumers, it would be a gusher of money for Google.”

Source: Digiday, Forrester
Digital Assistants Deliver Ads

Siri and Cortana already deliver search results and other requested info. Why not ads too?
What About Wearables?

With total product shipments to reach 180 million by 2018, the opportunity is very enticing for marketers.
Watches Lead the Way
With fitness trackers a close second

US Internet Users Who Plan to Purchase Health/Fitness Devices/Technologies, by Type, 2015
Augmented Reality Ads
Location-based advertising finding new home on AR apps
Virtual Reality Ideal for Ads

Facebook’s acquisition of Oculus has spurred marketers like Coca-Cola, Nissan and HBO to look at how to integrate advertising.
Virtual Reality Ideal for Ads

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Facebook 360° Ads

Even without a VR headset Facebook is launching 360° ads in users’ feeds, like this one for the latest Star Wars movie.
Internet of Things Next?

The Internet of Things (IoT), common household and personal items connected to the Internet, could be the new frontier. Growth in usage, personal nature and pervasive placement of IoT items may make them irresistible to advertisers.