WAN-IFRA Report

MEDIA MANAGEMENT ACCELERATOR

THE 6 PILLARS OF GROWTH

Driving Digital Revenues

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MEDIA MANAGEMENT ACCELERATOR

THE ONLINE LEARNING PLATFORM ON DIGITAL REVENUE THAT WILL GIVE YOU THE EDGE

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Are you ready to transform your online news business?

WAN-IFRA's MMA is the media industry's most comprehensive digital revenue certification programme. For more information:

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WAN IFRA

Driving Digital Revenues

THE 6 PILLARS OF GROWTH

Dear Colleagues around the world,

During my time as Chief Digital Officer for Shaw Media (USA), I was constantly enticed with the 'next new thing'. There was the possibility that a local Groupon clone would save us. It didn't. Surely all we needed to do was launch an app and we could stop printing the paper, right? Wrong. And today there are still so many promising projects to pursue. What about native advertising? What about video? What about paywalls? Guess what? None of them are going to save you. That's right, none of them.

All of us want to build a sustainable digital business model for quality journalism. And to succeed at that we don't only need the right people, in the right positions, we need also to guarantee that they have been empowered with the right knowledge to make that happen.

We must see each of these very real opportunities for what they are. Promising tactics, but not a substitute for carefully planned, tenaciously executed strategy. While none of these alone will save us, building a strategic, deliberate pipeline of new projects in tandem will sustain the growth we need.

But where should you begin? As I work with news publishers around the world, I hear that digital revenue growth continues to be uneven. And particularly in the American and European markets, the pace of growth has still not matched the decline of print.

After helping and learning from hundreds of the best media companies, our WAN-IFRA Global Advisory team has collected a considerable number of insights into the state of the art in digital media.

Together with our team of consultants, industry experts and leading publishers, we have identified six key pillars that publishers have to get right to ensure a successful digital media operation. We used each of these areas as a pillar on which to build our new online learning platform, the **Media Management Accelerator**, and we have expanded further on them here in this report.

These six pillars are: strategically diversified digital revenue sources, digital paid content, understanding current advertising formats and marketplaces, advertising sales strategy and execution, a business focused data strategy, and a culture of innovation.

These six pillars will no doubt be implemented in many ways based on company and market dynamics, but one thing is sure: without each of these present, publishers will not see the digital growth that is needed to sustain our industry.

Yours sincerely,
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Driving Digital Revenues
The 6 Pillars of Growth

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Digital Revenue – Strategy & Diversification

6 CLUSTERS OF COMPETITIVE ADVANTAGES

A gradual, incremental response to digital disruption will only serve to tie up publishers' resources while the disruptors are free to accelerate away. In order to diversify successfully publishers have to create digital products that are better than those of their rivals – and that means better in the eyes of consumers, not publishers.

The success of a new product is defined by the customer, not the company. Understanding this is the first step to competing on digital.

Competition has increased with the diversification of publishing offerings as unexpected platforms and products continue to poach attention and revenue from traditional media. This means that publishers have to broaden their understanding of competitors, develop their flexibility, and boost their reaction times. In addition, individual managers must now be able to identify the tipping point at which immediate investment of resources must be made to avoid missing out.

Developing a digital strategy requires a clear understanding of the "Competitive advantages" explains Gregor Waller Principal WAN-IFRA Global Advisory consultant in the "Digital Revenue Strategy & Diversification" course he leads for the WAN-IFRA Media Management Accelerator programme. In other words, it means *the combinations of capabilities that competitors [including free services] cannot easily copy*.

@1: Delivering on the demands of the digital consumer

User behaviour was changing before the impact of digital with newspaper consumption in decline since the 1970s. Although it challenges the centuries-old business model, digital also offers the best opportunity to acquire or re-acquire customers in a post-print world.

It is important to understand that digital news consumers are fragmented into multiple groups that require different strategies for tracking and monetising.

The issues of falling trust and fake news also continue to impact as the pressure for speed compromises fact-checking.

News consumption is increasingly mobile first. By contrast few publishers are mobile first.

” The only real understanding comes from continually listening to target customers, remembering that this may mean both advertisers and consumers, and then gauging their unexpressed motives. **Mia Mabanta, Executive director, product and brand marketing at Quartz**, gives an example: "The default with online advertising now is to think about ads in terms of all of the standard boxes and banners that you see everywhere. So there are all these set 300-by-250-pixel standard units, and basically that's typically the way that advertising is thought of. What we've tried to do is, rather than think, 'What are we going to put inside that box?' we think, 'What is it the advertiser wants to achieve and how can we create the best user experience in our environment based on that?' ".

@2: Digital storytelling: the 'wow' isn't always what you think

This does not mean adding web-friendly images and titles to print content, it means experimenting with different ways of telling individual stories that best suit the right platform. That in turn means investigating the ways users navigate any given story and finding ways of serving them up in a better way than the competition can achieve.

Lidia Oshlyansky, VP User Experience at Schibsted Media Group explains this as a simple goal:

"When we know our users by quantitative measures (data science and product analysis) and qualitative measures (user experience, design and research) these opportunities for innovation and change are much easier to spot."

Quantitative data is showing us *what* is happening with existing products and services, as well as telling us a lot about *how* (what devices are being used? Which pages loaded? etc.)

The qualitative side of things can provide the *why* of what users are doing and give a deeper understanding of the *how* (which device is used in a situation, in which room in the house? etc.) Combining the qualitative and quantitative gives a fuller picture of the entire user experience, fleshing out a user's journey through our products, and events outside of them.

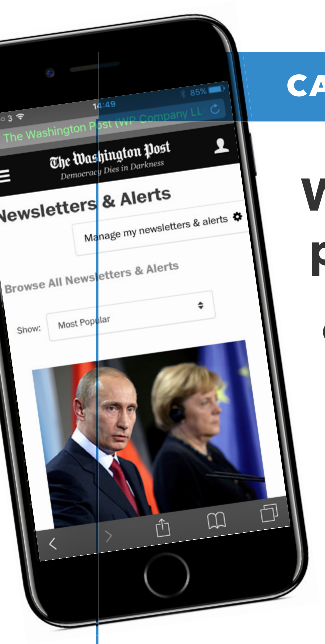
With this fuller picture we gain a sense of what isn't working so well, returning us to the choice to either simply fixing things or finding a better way of doing things – innovating.

Combine every possible source of knowledge about users and their behaviors and you'll find the moments that make users say "*wow!*" In fact, this is such an important part of UX that we have it as one of our basic principles: Design for the "*wow!*" moments.

@3: Winning the race to market...or stumbling over the starting block?

The technology stack allows publishers to immediately test and respond to new features (such as Instant Articles or Google AMP). It implies a flexible back-end strategy and the willingness to abandon or adapt legacy systems. The reality is that publishing technology is often geared towards a legacy task, not towards building and testing new products. That problem is compounded by a back-to-front approach to new products in which many publishers imagine the product before the business model it will fulfil.

Because of the inseparable relationship of technology and content the business model must be decided on first, which means answering three questions:



CASE: THE WASHINGTON POST

Wedding content to tech and powering up productivity

One of the most amazing digital success stories in the industry is the Washington Post.

The Washington Post has established itself as an outstanding innovator in taking the lead in everything from Facebook Instant articles, Google AMP, AI, to robot reporting.

When the Post was bought by Amazon-owner Jeff Bezos in 2013 there was an expectation that Bezos' principal input to the paper would come from his deep pockets.

Instead, what he brought to the paper was a completely different culture, one which embraced experimentation, combined journalism with technology, and reaped productivity rewards in return.

Asked about what changed, Bezos replies that he inherited a culture of "rejecting anything new that disturbs the process of print publication because we don't have the time, the resource or the budgets". A familiar, even understandable position, which he replaced with a culture that "embraces new ideas, evaluates them professionally and is willing to tests those innovations on top of the day-to-day operation".

You don't have to be Bezos to do that. What you need is to understand that in digital publishing, content and technology are not only twins – they are Siamese twins.

The paper added both journalists and developers, each with the same status. The result was a dramatic increase in productivity.

After 3 years, the Washington Post is now producing 1.200 digital journalistic pieces per day with an editorial staff of close to 700. That is an editorial productivity of about 1,71 editorial pieces per person per day. New York Times produces 600 digital pieces with 1.300 journalists or 0,46 pieces per day That means that the editorial productivity of the Washington Post is now 4 times higher that of the New York Times and a user of the Washington Post is getting double the amount of content and choice.

Whether that means the WaPo content is superior or not to NYT content remains for users to decide, but the take-away for publishers is compelling.

1. What capabilities are available?
2. What business models can be applied based on those?
3. What product concept can be created based on perceived need and the limits of capabilities and the business model?

Publishers are familiar with standard business models for digital, but familiarity can be a double-edged sword as models are changing fast. Here are some options – and some variations on the theme.

Advertising, still the first port of call for most business models in publishing. It is useful to remember that there are a number of different forms of advertising including National, Programmatic, Local, Walled Garden, Affiliate, and Sponsorship: any or all of which may apply. At the same time previously successful selling approaches – selling space or basing cost on estimated reach – are increasingly being abandoned in favour of performance metrics (including engagement) and ROI. Plus, the advent of automated ad sales and programmatic auctions have irrevocably changed the sales approach.

Paid Content, again this comes in a number of forms including Subscription, Pay-per-use, Single Editions, and Bundles. This requires analysis of the business model before the creation of the product. Certain titles such as The Financial Times, The Wall Street Journal and of course the New York Times have enjoyed considerable success converting readers to paid digital channels. This is often attributed to their audience profiles, but a closer examination of their offerings shows that even these publishers with wealthy, information-hungry audiences have succeeded through creating entirely new packages of information and insights.

There are a number of other business models that should never be overlooked, but nor should they be over-relied on to fill the gap if advertising and paid-content are not expected to pay the bills. These include:

E-commerce
Club Membership
Syndication
Data Business
Events

Whatever the model, and the product dependent on it, the flexibility of the stack is essential if a publisher is to build, trial, and refine new products. This has led to a number of publishers (NYT, Telegraph, Washington Post, for example) to develop their own CMS and many others to opt for a modular, rather than monolithic approach to CMS tools.

COURSE LEADER

Gregor Waller worked for more than six years in various management functions for Germany's Axel Springer publishing corporation. Most recently, up to February 2011, as a member of the management team of the WELT group, Berliner Morgenpost, Hamburger Abendblatt, he was responsible for strategy & innovation and commercial management of the Zeitungsgruppe Hamburg.

@4: Data: finding the diamonds in the rough

Although data has already been touched on (see above) as a sales tool the key use of data is internally in profiling and business intelligence infrastructure that collects and analyses user data to extract value. Where once users were roughly bundled together as theoretical 'types' or 'averages' it is now both possible and critical to embark on in-depth analysis. Aftonbladet, for example, analysed some 25 terabytes of behavioural data, segmenting their users based on loyalty (frequency over a given time period). This allows a better understanding not just of loyalty, but the different forms that takes. Which in turn gives insight into potential markets for new products.

Simply having data, however, is not enough. It is meaningless if it is not shared and explained with those creating and selling products so that they see its importance. It's also key that those gathering and analysing the data remain close to those making and marketing the end result.

@5: Real agility comes from careful planning

Consider the statement of **Melissa Bell, Publisher at Vox Media** who declares that: "We want change to be an inherent part of our culture." Change is a healthy driver, but it can also lead to failures. Organisational agility means decision-making, authority and ability to assign resources...fast.

In developing new products the temptation is to focus on the product itself. The strategist, however, is at pains not to overlook the need to plan for:

Organisational Collaboration - how are print/digital/mobile going to work together?

Product ownership – every single successful project has a single dedicated owner

Product Development – to take care of issues including standardisation, updates, and ongoing development

Transformation – including organisational culture, training, and work processes

Digital Board – Going to the very top of the organisation and aligning strategy of content, revenue, and resource conflicts.

Then there is the issue of Audience Groups: the methodology of measuring different types of audience groups, testing and monitoring them, and monetising their interaction.

This is closely linked to the key question of Key Performance Indicators (KPIs), which should include a range of areas including EBITDA (Earnings before interest, taxes, depreciation, and amortization), Editorial, Circulation, Product, and Advertising.

It is important to face facts and accept that disruptive/transformational products often fail, but it is possible to fail successfully.

This means *Failing happy* - failure gives the unique opportunity to think deeper than competitors about the reasons for failure. That increased understanding can lead in turn to a competitive advantage. But also *Failing fast* – the sooner an organisation realises that it will fail, the sooner it can free up resources.

24sata in Croatia became the country's biggest newspaper just two years after launch. It's move into video and TV was expected to yield the same result but it didn't, albeit partly because of the competition attracted by its early success. As rivals squeezed its TV coverage it reinvented itself repeatedly, eventually emerging as the star of short format.

Because of that need to react fast, and the preciousness of resources it is recommended that there is a Sunrise/Sunset meeting based on a cold evaluation of KPIs every 3 months.

@6: Planning means people: getting and keeping the right talent.

If you've read this far you've probably already decided that for all the discussion of strategies and KPIs, the bedrock for building all of the above factors is human talent. Most publishers will find that digital diversification means looking further afield for the right faces to fill new posts. Which means you have to ask if your organisation is well placed to attract, and keep that millennial top talent. The answer to that isn't just a question of free food and toys in the workplace. All of the above cluster factors are pieces of the puzzle. For a media company to remain sustainably attractive it needs to demonstrate agility, embrace new formats, fail willingly, and above all integrate change in its culture. Without all the other cluster elements in place diversification is hard to sustain as innovative staff feel like add-ons, not essential components, and are easily tempted away.

Paid Content & Reader Revenue

BUILD ON YOUR LOYAL USERS

Looking back over 15 years of winners and losers in digital paid content it is clear that readers value journalism and are ready to reach for their pockets – but only if the offer is compelling enough. Financial newspapers have typically been both the early movers and the clear winners but nationals and big regional newspapers are now showing positive trends. Many local papers, however, continue to struggle. Local content is a strength but in itself is not the answer, so for any paid content strategy the issue remains: what in your offer is really driving engagement within the local community?

News brands, no matter how strong, have struggled with, and stumbled over the problem of finding the right formula of content, price tag, and services that will trigger digital users to pay. For that we need to go back to the lesson from Chapter 1 that the consumer, and only the consumer will be the judge.

Doing your homework

Kalle Jungkvist, who teaches the lesson "Paid content and reader revenue" in the Media Management Accelerator programme is a veteran of paid content, having started the digital subscription strategy of Aftonbladet in Sweden in 2003 (currently at 260 000 digital subscribers). He stresses the need for any would-be paid content provider, to do their homework, and in particular to focus on the answers to these questions:

What problems do our users want us to help solve?
Where can we provide value to our users in everyday life?
What are our exclusive strengths?
Where can we make a difference compared to our main competitors?

Of course you can do your own research. But it will be biased by what you already feel to be your strengths. Better then to invest in independent professional market researchers to conduct qualitative research with focus groups and individual interviews together with you.

Then you need to sift through the data diamonds already available to you: the precious nuggets of data you already have on user behaviour and preferences.

Start by rewarding loyalty

Begin by focusing on your most loyal users. They are fewer in number but far higher in importance.
For any given news service there are five types of users:
The seldom seen or **fly-bys** who visit once a week
Occasionals who visit 2-4 times a week;
Weekly users who come 5-10 times a week;
Loyal users who visit 11-21 times a week; and
News Junkies (over 22 times a week)

Loyal users and junkies may only make up 20% of the users, but they contribute about 80% of the traffic. They can account for 100 times the page views of the others, and 12 times more time spent on site. They will also be at least the first, if not the only individuals willing to pay for that content. Identifying them is the first job, but it is only the beginning of your investigation.

What? Why? When? Where? Who?

The five 'W's, ever the journalist's friend, serve the publisher well.
What stories engage your loyal readers? And with those findings you may want to think about why you publish stories that don't engage the loyal readers.
Why your publication? What problems are readers looking to solve with your content?
When do they consume that content? What time of day? Which day of the week? Identify the right time and you are far more likely to convert readers to subscribers. Successful paid content usually means a detailed publication plan for every moment of the day and hour of the week.
Where do they consume your content? Picture exactly where the consumer is to deliver not just what they want but how they want it. Mobile in the morning? Videos at lunch hour? Tablet on the sofa?
Who are they? Business professionals or sports fans? Young mothers or newly graduated?

Cookies, IP address, devices data, behaviour and engagement patterns are all invaluable tools when it comes to segmenting that loyal user base. The richest results, however, come from registration.

Registration is a chore, so it has to come with added value, such as:
Targeted newsletters
Personalised apps
Push notifications
Special content for special interests (a football team, a columnist, a business company)

Identification and segmentation of that user base is the first step to monetisation. Of course that's not the end of your homework tasks: there is still market research and competition assessment to do, but with a clear understanding of your user base you can consider how best to use your resources and select the subscription model that fits best.

Selecting a subscription model

Armed with in-depth knowledge of your market and your users it is time to select the paid content model that will suit them best, bearing in mind that most successful news publishers have experimented and often switched model as they learn.

Hard Paywall

Hard paywalls mean the content, aside from teasers, is behind the paywall. It requires a strong brand (the Times of London is one example) and a well-defined target group. Users pay for content and advertising can be finely targeted but reach is small and recruiting new consumers is hard.

Freemium

The freemium model offers free content to all but reserves a selection of premium content for subscribers. Typically section heads decide on a daily basis what content will be premium. The upside of that is that the flexibility of the model makes it a great way of finding what works best for whom, and when. The downside is that it is a daily task and one that may take time to fine tune.

Metered

The Metered model allows only a certain amount of free content per

NEW MODELS FOR READER REVENUE

As well as the classic models there are also a range of pure digital, often crowdfunded initiatives that have communities built-in from the ground up. The idea behind **Krautreporter**, **De Correspondent** and **El Espanõl** is that you know and trust the journalism team. Reader input is valued and encouraged, appealing to a group of savvy, independent minded millennials who are willing to pay around five euros per month to support the project.

Another up-and-becoming model is based on donations. **National Public Radio** and hundreds of podcasts in the U.S. are partly funded by huge pledge drives, asking listeners to donate what they can.

The funding startup **Patreon** builds on that ecosystem with over 300,000 registered creators. The left-wing magazine **Mother Jones** has built a huge online audience with a dynamic Facebook strategy and a couple of big investigative articles. They get 50% of their funding from donations.

ProPublica and others have the same strategy, supplemented by syndication.

The Guardian is also heavily pushing a donation strategy, but with clear price points. It's similar in Germany where journalism is not tax deductible. You can't simply ask readers to donate what they want, there has to be a clear value exchange – which explains why readers of the left wing **Die Tageszeitung** in Berlin have a choice between joining the Cooperative Society that owns it (and therefore contributing more capital), or simply subscribing at a fixed rate.

COURSE LEADER

Beginning in the mid-90s, **Kalle Jungkvist** was one of the key designers of the strategy and success of Aftonbladet's digital business development. The strategy and its implementation have deeply influenced the Schibsted corporate strategy. He was instrumental in driving Aftonbladet to be one of the first digital news media in the world to implement a number of paid content services. Kalle has over 35 years in media and is Senior Advisor to Schibsted Sweden.

week or month, after which you have to subscribe. The model demands a strong brand or unique content and quickly identifies your loyal users but it can complicate the task of identifying key content and may threaten advertising revenue. In the US smaller newspapers average 6 free articles per month, bigger ones vary between 10-15.

Typically initial conversion rates are good, but there is the risk of plateauing. A number of publishers, for example Die Welt in Germany, have subsequently swapped from metered to freemium.

Hybrid

Hybrid means some content is free but the metered model kicks in for the heavier users and there is an additional offer for Premium content that requires subscription.

The results have been promising. Sweden's Svenska Dagbladet found nearly 50% of new subscribers converted from clicking on premium articles, with the rest converting from reaching the metered limit. That was from an output of just five premium articles per day.

There is no one answer to which model is right, though there are trends visible in the US and Europe. Tabloids have typically gone for a freemium paywall model with low pricing, the latter not unlike Netflix.

Nationals and big regionals tend to opt for the metered model – although some of these are transferring to freemium.

Local papers prefer the freemium model in Europe, while metered is more common in the US. The most successful local newspapers in Europe have high prices and an aggressive freemium model with more than 50% of the content behind the paywall.

There is no one right or wrong, but awareness of different models and readiness to switch between them is key to success.

Club Memberships reloaded

One obvious way of nurturing the loyal users and giving them exactly what they want comes from membership strategies. Historically your paper was part of your personal identity. Membership in the media industry, as elsewhere, provides a means to tap back into that identification. Membership benefits can include:

A distinct user experience
Member-only newsletters
Closer relationship with editorial
Comment functionality
Special Events

e-Commerce offers

From the first click subscribers should be met with a welcome message that reinforces their special status. Too many examples fail to make it clear when the reader is reading premium content.

Memberships are a great opportunity for further segmentation for newsletters which in turn build relations with the editorial team. Transparency fosters loyalty and identification and in some cases integrates members in the creation of content.

Organizing members-only events has been a growing trend for many newspapers, successful examples include:

Meeting editors
Meet specialist journalists or columnists
Invitation-only discussions with stars and experts
In- depth analysis, presentations and business intelligence

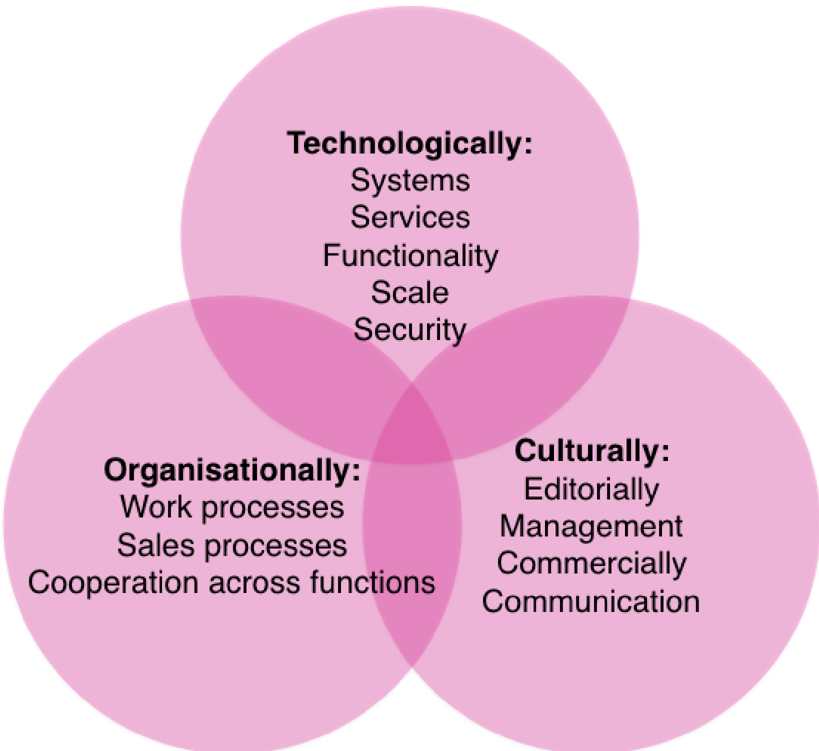
Some of these events can be a profitable business in itself with members getting discounts.

Membership can be aimed at converting readers to subscribers, or e-Commerce. Examples include:

Special travel – often with cultural, health or sports focus
Special editions by famous artists
Tickets to concerts, sports, or cultural events
Lectures
Wine clubs

Such offers are often a profitable business on their own which raises the question of whether to maximize the short time revenue by marketing the offers to everybody. Or alternatively to offer it only to members as a long-term strategy of subscriber growth. If the demand is there, it is a luxury problem to have.

Do your homework, identify and segment your users, and adapt a flexible subscription model based on that information and you will be a long way down the right road towards that goal.

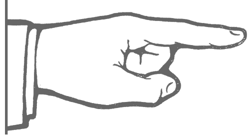


Amedia's successful reader revenue strategy is one of the cases studied in the MMA course. Group EVP Pål Nedregotten (photo p 16) stresses the importance of customer centric and focused organisation.

Digital Ads – Formats & Marketplaces

PROGRAMMATIC: POWER TO THE PUBLISHER?

"When It Comes to Programmatic: Publishers are from Mars, Advertisers are from Venus" comments ad tech company Operative after surveying 350 U.S advertisers and publishers at the start of 2017. "Advertisers are looking at cutting excess waste through direct audience targeting, efficiently buy at scale, and buy placements and context on demand. Publishers, on the other hand, still face issues that make their experience with programmatic expensive and complicated".



The YouTube ad controversy may not have shone a flattering light on programmatic ad buying but eMarketer estimated that nearly four of every five US digital display dollars would transact programmatically in 2017.

As automated ad buying matures, there is ever greater demand for more transparency and security/control, but little real dispute about the benefits of the approach. The trend toward more digital display ad budgets transacted via private marketplaces and programmatic direct setups might even drive benefits to publishers. To profit, however, publishers need to join forces and offer premium impressions in sufficient quantity to really compete with heavyweights Google and Facebook.

Programmatic advertising grew up out of supply side economics. In other words, it was driven by the demands of publishers marketing their remnant inventory. Ironically it was the ad networks that promptly grew fat on the potential profits since barrier to entry was low and they were free to buy low and look for ways to sell high. The advent of the auction helped introduce clarity, and simplified the job of managing networks for the publishers.

Transparency was the USP for new players like Rubicon, the idea being that once the margins were transparent, publishers started to get a better deal. One of their early battle cries was "Power to the publisher!" Yet a lot of publishers would question whether the battle is really going their way. Big advertisers continue to use their muscle to push for more programmatic (many big brands have gone or are going 100% programmatic), with more transparent data. Publishers are being squeezed between the clients and Facebook/Google. However there are ways of profiting from programmatic.

But before you can understand exactly how much more you can earn, and how this stacks up against your direct sold inventory, you need to understand the digital advertising ecosystem.

It's easiest to start with a single ad impression – let's say one of the simple standard IAB sized banners on the homepage of a news publication – and try and map out how that looks in a programmatic landscape.

First of all we have the buy side. This is an advertiser keen to buy banner ad impressions in that format on news publisher sites. And on the other side we have the sell side, the publisher trying to get a good price for that impression.

The advertiser may be buying through an agency or media buyer. And they in turn may be working through an ad network and setting a maximum price for that impression. Other players like retargeters will offer to better target that impression to audiences who visited similar advertiser sites before.

The creative will need to be produced in a format that works on the ad servers that ultimately serve the impression on the publisher site. And the publishers themselves will be looking to push up the value of the impression by layering additional data on top in addition to their own first party data.

Data is what can turn a useless impression to a valuable one if you know who it goes to. In the old days, you had no idea who long tail, or

CASE: LA PLACE MEDIA

How mass premium impressions drive value

La Place Media is a large premium private marketplace born out of French publishing houses, TV and radio groups. It represents some 40 media groups and over 300 web sites, bringing together a digital audience of 28 million UVs per month and reaching 65% of France's internet audience.

The idea was that against global players, the fragmentation of media players on the French market was a guarantee of losing digital ad market share. A French publisher would always be too small to make a difference but by joining forces with others would give them the necessary weight to make themselves felt.

Three Key Success Factors

There are three main reasons why this particular private marketplace is still here when so many failed:

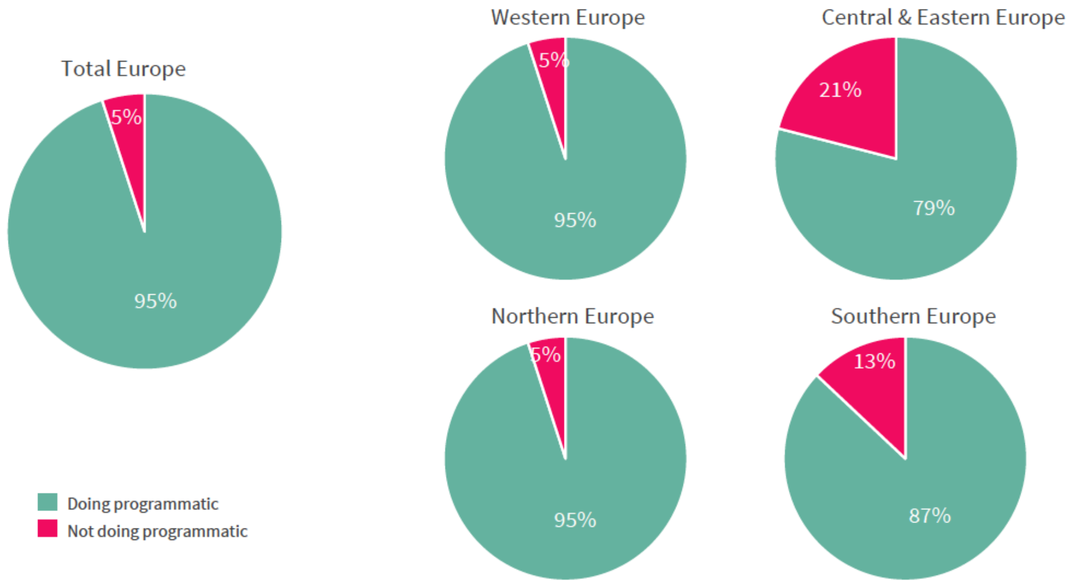
1. La Place has **exclusive contracts** with its partner media groups in order to focus bidding power and keep margins up. Its founders argue that using multiple SSPs leads to individual publishers losing value.

2. It has obsessively kept its **operational costs to a minimum.**

3. While the bulk of La Place Media revenue comes from the open exchange, it is focusing more and more on **offers that allow higher CPMs**. Deal ID is an example: a premium offer, with a much higher CPM floor – starting at 3 euros. While that is only 30% of the revenue compared to the 70% of the open exchange, it is the lion's share of the margin and a real service to publishers. The media consortium is also starting Header bidding as it promises higher bids than traditional programmatic.

Publishers Doing Programmatic in Europe

Source: IAB Europe



transient, readers were, but using device ID, cookies, etc., help gleaning more info and sell that info at a higher rate.

A layer has sprung up to support the process and interact with all the players. On the advertiser (or demand) side, these are called Demand Side Platforms (DSPs). So the advertiser or agency can work at scale, targeting specific audiences and setting their pricing preferences. For example, they might be willing to pay up to 2.5 cents per impression for males aged 30–40 who have previously clicked on car company websites or shown an interest in cars in their reading habits.

And on the publisher (or supply) side you have Supply Side Platforms (SSPs), allowing publishers to control the floor price of the inventory they supply, and package up the data they have on their users. For example they might have a minimum of 2 cents on that impression, and can identify a group of 50,000 anonymised readers or IP addresses who regularly read their columns on luxury cars.

At the centre of all this is the ad exchange. In Real Time Bidding, at the moment a reader clicks on a page, within 100 milliseconds, the ad impression is offered up to the market, and depending on what data is available on that user, bids are made, the best bid selected and the ad server serves the impression.

But not all programmatic inventory is traded in real time. Too often the focus is on the real time automation when what really matters

COURSE LEADER

Matt O'Neill is heavily in demand at Ad Tech industry conferences and has a deep understanding of news publisher challenges. Since 1999 he's been working on the front line of digital advertising in an industry-facing capacity first at Yahoo! and later as President of AdMonsters.

in this new world is the shift from buying chunks of inventory, to bidding for each particular impression. We've moved from Cost Per Mille (CPM) or thousand impressions, to Cost Per Impression (CPI).

What we now see are markets of markets – rolling out multiple ad exchanges, each able to access multiple platforms.

As certain players like Facebook start to dominate, essentially offering the complete ad tech stack and publishing platform in-house, we will probably see a consolidation in this market. But in the meantime, it remains complex.

The second phase of programmatic

As the big ad buyers demand better access to data and want the efficiencies from big automated trades, we are moving into a second phase of programmatic. In that world, publishers need to look at every possible lever that can be used to secure higher CPMs.

And that starts right at the beginning with your own inventory. In order to figure out what's best for you, you might ask yourself:

- How many and what kind of positions do you offer?
- Is all of your inventory available programmatically or are options like homepage takeovers only available as direct sales?
- What are your tolerance levels for the cookies and Javascript that ad servers will load on your site?
- What are your sell-through rates? I.e. what percentage of your inventory do you sell over the month?
- What is the value of your audience?

Sophisticated means to boost pricing & yield

One lever is Header Bidding, which can also be referred to as "advance bidding" or "pre-bidding." Header bidding is an advanced programmatic technique that permits publishers to expose inventory to several ad exchanges at the same time before making calls to their primary ad server. It's literally called in the header of the HTML. By letting multiple demand sources bid on the same inventory at the same time, the theory goes, publishers increase their yield and make more money.

Many tech companies are rolling out header bidding solutions including Index Exchange, OpenX, Rubicon, Amazon A9, PubMatic and others.

Data is another lever: First of all you can add more first party data from your own systems – defining the audience in more detail and plugging it into your SSP.

Beyond that, third party data layers or Data Management Platforms (DMPs) add consumer data, site data, behaviour data, location data and more. You might recognise a few of the names here – the Economist uses BlueKai, for example. The Telegraph in the UK uses Krux. They manage big data in an advertising context. This will improve your first party data and make it more marketable.

Finally, DMPs can often include third party data marketplaces that, for a price, can add advanced data segments and incremental value to your existing audience.

External companies can also help layer that data – such as collating cross device information – for example when logging into a news website on different devices at home.

Many news publishers are concerned about opening up their inventory to networks on the open market. There is a risk to your brand and to your readers of malware, viruses, poor quality ad creative, disruptive formats and the data theft inherent in running 3rd party code on your pages.

Private marketplaces mean cooperation

Private marketplaces allow you to control and better sell the most premium inventory to trusted buyers. That allows news publishers to maintain trust as premium, quality brands. By focusing on the price of every impression rather than the headline CPM rates, you can drive up your overall revenue. Ultimately, however, to compete with digital giants, publishers need scale and that means formats that span all platforms.

A private marketplace, or PMP, enables you to leverage the ad exchange model above but restrict the participants in the bidding process. Think of it as a private auction house where only select buyers are invited to bid on the items for sale based on certain requirements and criteria.

How you can leverage that will depend on your scale and reach. And it's usually focused on packaging the high value content with more predictable pricing and top-quality advertisers.

You are bringing your top buyers into a closer relationship and offering them the data to support a higher spend.

There is actually a question here that goes beyond programmatic. It's more about the amount of inventory you can generally bring to the market. Can you make your offer attractive enough to be a one stop shop for ad buyers?

So as this selling / supply side consolidation accelerates, traditional publishers are looking for innovative ways to package up their inventory and audiences. One method is 'strength in numbers' approach of a local consortium composed of premium publishers, all aligned to combat the rise of the likes of Facebook and Google.

Meanwhile the local segment in the U.S. has been well served by the Local Media Consortium which offers a private marketplace together with Google to sell reach across 70% of all news publishers in the country. While big brands can buy programmatically, sales reps can offer a complete package, including Google search, to small companies.

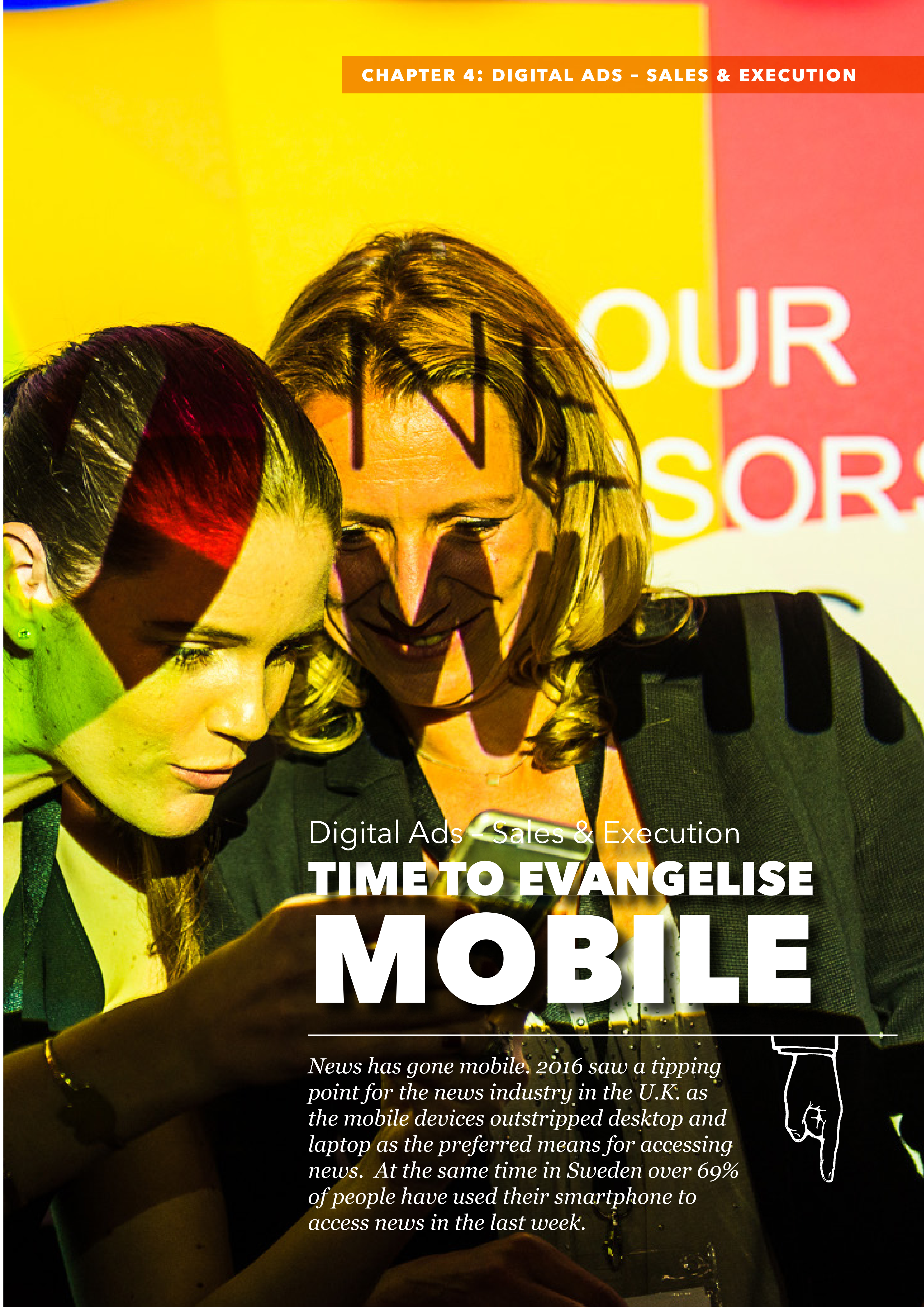
Pangaea Alliance in the U.K. brings together the Guardian, The Economist, the Financial Times, CNN and Reuters as a selling co-operative – but is still looking to grow traction. Project Rio, another U.K. initiative, has been careful to call itself a 'feasibility project', bringing together the Guardian, Sun, Times, Mirror, Express, Star and Telegraph – but was recently hit by the news that the Mail is opting out.

It is early days but there are some really successful co-operative examples. Take a look at our case study on La Place Media in France, founded in 2012 and still going strong (see box).

The problem with tech partners is that every partner or layer in the deal takes a slice out of the margins for publishers. Some call this the "Tech Tax" and it is not unheard of for it to amount to 80 cents in every marketing dollar spent.

No wonder then that a study from Operative of 300 publishing executives in the U.S. found that half of those questioned reported making less than 10% of their digital ad revenue from programmatic. Another way of looking at it is that the technology companies are bringing revenue that publishers would otherwise never see – so that 10% is really a 10% increase in revenue.

But overall the cost of the tech tax means that long-term the goal for publishers is to build their own tools.



Digital Ads – Sales & Execution

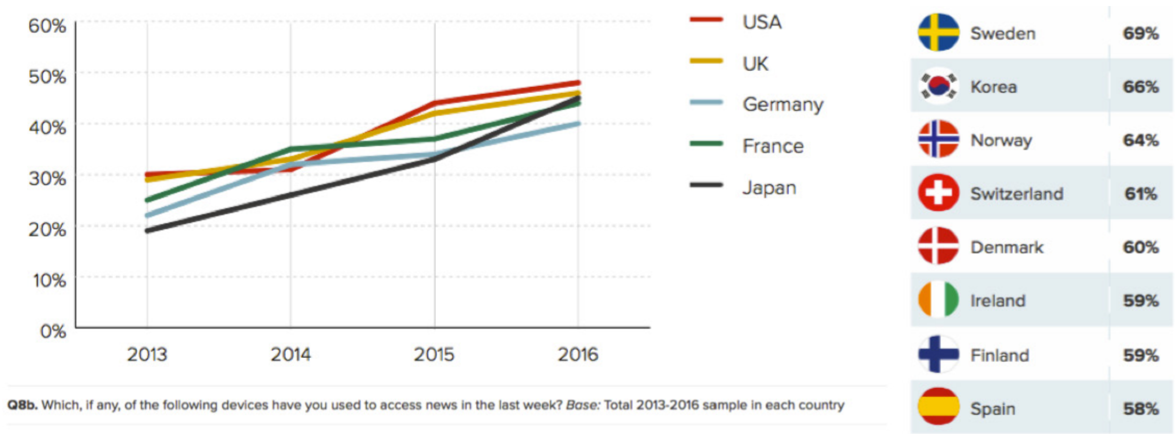
TIME TO EVANGELISE MOBILE

News has gone mobile. 2016 saw a tipping point for the news industry in the U.K. as the mobile devices outstripped desktop and laptop as the preferred means for accessing news. At the same time in Sweden over 69% of people have used their smartphone to access news in the last week.

GROWTH OF SMARTPHONE NEWS USE

SELECTED COUNTRIES

Year-on-year smartphone for news growth shows no signs of slowing down. Smartphone news access higher than computer access in Switzerland, Sweden, and Korea.



News has gone mobile. The problem is that, for news publishers at least, the associated revenue risks lagging behind. In the meantime major players like Facebook have evolved rapidly evolved and managed to shift the revenue base almost entirely to mobile.

Facebook is the clearest example of a winning strategy on mobile. Five years ago it launched in-stream ads on mobile. Sponsored stories and premium ads began to appear in the news feed, and in 2016, according to AdExchanger, 84% of Facebook's 2016 revenue of $26 billion came from mobile, with the average U.S. mobile user spending 44 minutes per day on their platform.

Better yet; their users are logged in and sharing data – every advertiser's dream. Log in means there is no duplication across devices, and massive reach in a closed system means meaningful control.

Facebook learning points

1. Focus on the user experience

Facebook have huge teams dedicated to creating a smooth, relevant, non-disruptive, instream ad experience. Not everyone can afford to dedicate resources on the scale of Facebook, but the key here is not the size of the team but the fact that it is dedicated – a single individual with clear responsibility for the experience would be sufficient to revolutionize most publishers' approach.

2. Find the value in your own data

Facebook's success comes from injecting ads into the user flow that are relevant to the user, and because they know a lot about users, the ad units are effective. But publishers also have data, especially contextual data. Registration is important wherever possible – part of the reason that the Financial Times moved away from a simple meter pay model was to encourage more people to register and make their ad data more valuable.

But you can also offer 100% share of voice on particular sections, identifying users through context. And there are suppliers that can help manage the data, and personalise that ad experience. The key is testing, refining, and retesting in a pattern of continuous user research.

3. It pays to be active on both mobile web and the app

You can't afford to ignore the logged-in economy on the app. And you need to ensure users that come to your content through social or your own newsletters, have a smooth experience on the mobile web. Facebook keeps both, and the functionality remains more or less the same across both.

4. You too have a Newsfeed – monetise it!

The homepage is very much alive for your most loyal and valuable readers who trust you to tell them what is breaking news. But many of your readers are arriving from social directly to article pages. And they are spending most time on those article pages.

Facebook strives to keep readers within the Facebook ecosystem and key to that is load time (see the speed of Instant Articles for proof). Your pages need to load just as fast as Instant Articles. And the ads need to be optimised to make that happen and priced at the right level.

5. Know your core strengths!

On the most simplistic level Facebook connects people with each other by that means with information liable to be of interest. News publishers inform people. But it goes deeper than that. Facebook doesn't present information or individuals equally, but instead combines triage and algorithmic selection to keep refining a daily snapshot that caters to perceived interests.

News publishers publish news, but from their earliest days they have known that the choice of one title over another, a tabloid or a broadsheet, a respected business or sports section, are not just information but a badge of tribal or personal identity. The core strength comes from knowing readers' information needs, but also their aspirations, their fears, and even their guilty pleasures. The Mail Online's 'sidebar of shame', for example, has perfectly captured the core offering of the the coffee-break gossip moment.

The formats that deliver for the small(est) screen, and the upcoming contenders

There is more than one way to advertise on mobile and it's worth taking a moment to consider the five main types of mobile ad formats:

Mobile Banners: a static image with the right creative still retains a certain power, but on news publisher sites we often see the banner as a shrunken version of the desktop ad which destroys value. Some are also still measuring click-through rates, rewarding lazy thumbs and confused readers. Contrast that with the new responsive units proposed by the IAB's Mobile Rising Stars.

Traditionally banner units appeared at the top of the article, and delay the load for the entire page. Now we see banners positioned in the middle of the article, which will reach more engaged readers and work better with Google AMP or lazy loading – i.e. when ad images get loaded later than the rest of the content. So the reader can start reading the article before the ad appears.

It is also possible to offer advertisers run of site on mobile banners – with a lower amount of inventory than desktop but at a higher price.

Native: Branded content also brings a crucial element of utility: the ad complements publisher content and makes use of the publisher's own brand voice. That is one advantage publishers have over Facebook. The big branded content studios like T Brand (@the NYTimes) still like to showcase their bold desktop interactives.

Interstitial: Long shunned on desktop as intrusive, it nevertheless wins out on viewability. It's highly premium, and should only appear once or twice in the experience – either at the start or in between articles. It also has to be compelling because while it is going to be seen, it probably won't get a second look.

A recent MediaScience study of news consumers on mobile looked at responses to interstitial ads for automotive, CPG, finance, retail and telecom. Over 70% of respondents looked at interstitial adverts for an average of 2.5 seconds, but only managed an average of 1.9 follow-up looks, returning to that content.

Interactive ads & rich media ads: The IAB has proposed their own Mobile Rising Stars, from sliders to adhesion banners. And some publishers use these in extreme moderation – for example the Guardian only uses a slide up ad for requests to become members.

Rich media allows for interactivity. Making use of the camera or directional sensors perhaps – and this drives higher engagement, and more time spent with the ad. La Presse in Quebec have built their entire business model around this in a super premium tablet product.

CASE: SCHIBSTED SWEDEN

The right message at the right time

Sweden's Schibsted decided to take a step back and evaluate what makes a mobile ad efficient and acceptable for mobile users. Dissatisfied with the limited size of existing research they surveyed 37,000 mobile readers of their main news brand Aftonbladet in the first half of 2015. The sample group was exposed to 30 campaigns from 10 global brands (fast-moving consumer goods, and durable goods) and were asked to react to three types of advertising content (static image, rich media, and video) for each campaign.

One positive learning from this survey is that Mobile outperforms desktop because the message is perceived as more personal with deeper influence on consumer decisions.

But not all ads work better on mobile.

Because of the danger of disruption, static image campaigns often performed better than video and rich media. A single image is the advertising creative that will most likely trigger mobile users to buy a product. Video performed well in creating brand awareness, but for triggering an action the static image came out tops.

The big loser was rich media where it disrupted the user. Rich media also showed bad results on the question of effect of ad message frequency, with a negative correlation after two impressions – in contrast to static images and video. All of which Schibsted took on board to fine-tune its ads for maximum effectiveness.

COURSE LEADER

Peter Lamb is a Strategy Consultant, based in Miami, Florida, specialising in media companies. Lamb's consulting practice focuses on taking sophisticated strategic marketing principles and techniques, learned at Harvard Business School, and syncing them with a hands-on sales approach, to generate new revenue streams for media organisations.

The app is free but advertisers are willing to pay for the opportunity to have readers engage with quality content in the context of the region's premier brand.

This is a good point to think again about publisher strategies on the mobile web versus a native (or hybrid) app.

In the future, it may be possible for ads on the mobile web to function more like apps – to offer functions like price comparisons or weather updates. The new WSJ app uses new Google technology standards to run faster than ever before, and Google themselves predict the rise of instant loading apps.

But until then, you need to consider apps versus the mobile web.

App metrics firm Flurry estimates 90% of time on mobile is spent in apps. The problem is that this is mainly social networking, messaging and gaming. 79% of that time is spent with only 5 apps.

But for news publishers with the right reach and a high base of app installation, the app offers unique opportunities. The permissions associated with apps on installation can include geolocation and even body sensors, meaning that potentially publishers can tell exactly where users are, and in some cases even what they are doing.

Schibsted, for example, is actively testing geo-targetting to make ads more relevant. The team helped a supermarket chain personalise ads for each city that has one of its stores. It also helped a telecom company shape ads for each of the small local markets it targets.

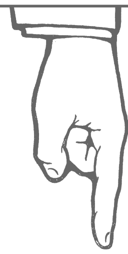
They are also using geo-fencing; creating virtual fences based on where people have been, for instance, everyone who has been at a football stadium watching a game (identified if they opted for a location based service). Schibsted can build a profile around the participants and then, at a later stage, reach out with an ad when they visit one of their sites.

And the payoff for all this work on targeting and fine-tuning? Value, and with it a value offer. At Verdens Gang, one of Schibsted's Norwegian titles, they talk about getting 6x the price on mobile ads with location data.

Digital Ads – Data & Analytics

USING DATA TO ADD VALUE TO YOUR AD OFFER

Data comes with a complex language of its own, of metrics and KPIs which can seem confusing at first, but ultimately leads to a clearly understandable goal – adding value to your data offer.



Having data and knowing how to manage it is becoming more and more crucial for publishers. And it's not just about having something attractive to sell. According to a recent Bain and Company study, businesses that lead the way in using data strategically are:

5X as likely to make decisions faster than their market peers
3X as likely to execute decisions as they intended
2X as likely to be in the top quarter of financial performance within their industries
2X as likely to use data very frequently when making decisions

The pay-off for media companies includes engaging the audience more deeply with more targeted news and advertising. Most of all it means you have the ability to compete with other sophisticated online media companies that are frequently ahead of traditional media companies with advanced technology strategies.

To do that, the data the publishers really need to collect in order to add value to the advertising offer revolves around the focus on individuals and their behaviours.

The value of the three types of data

To create value from data you need to understand the importance of the three main types: First, Second, and Third Party Data.

First party data can be loosely defined as information a publisher itself has collected about the publisher's own audience. (The "first party" is you.) This could be anything from the surveys your readers filled out, to the mobile number they used to call your service hotline, or dietary preference they left in the sign-up to your event.

In the context of display advertising, First party data is most often cookie-based data, and it can include information gathered from website analytics platforms, CRM systems, and business analysis tools.

In general, first party data is the most valuable data you can collect about your audience, and it becomes a powerful resource when tied to display ad campaigns. This is because First party data provides specifics about existing users and customers. It is also a key component of site retargeting.

Second party data is a term that is being used more frequently. By second party, we mean data that is somebody else's first party data. Partnership arrangements are sometimes made to share data for

COURSE LEADER

Ben Shaw joins WAN-IFRA's team to strengthen its mission of being the knowledge hub for the news media industry. He has the task of providing independent advice on digital strategy and organisational change.

Previously, he was Shaw Media's CDO, and focused in driving digital revenue and audience for their digital products in the United States. Shaw was also the company's CTO and previously IT Director.

mutual benefit. For example, two companies that have overlapping target markets might be willing to share. Like a Nutrition Center and a Fitness Center or a Fishing equipment and a Boat Sales company may wish to 'trade notes' for the purposes of marketing.

Third party data refers to data coming from sources outside of the data that you do not directly collect.

The greatest value of first party data is: if I ask my actual customers about themselves directly, I'm likely to get a much better (and more valuable) picture of them than if I bought some third party data that was 'representative' of that audience but taken from people who largely aren't my customers at all. With first party data, you can target returning customers by leveraging information that you already have about their past purchases and product interests.

Ben's top five ways a media manager can increase revenue through first party data

Number 5: Give Data A Purpose

Better performance always means something different to different organisations. And it will also mean that different types of data should be aggregated, and analysed depending upon the specific use case. It's the data points that help meet your specific purpose that have the most value. Don't start with the data, start with defining your goals.

Take for example a possible disconnect between sales and marketing – if marketing is targeting only volume of new opportunities rather than lead quality, then sales will get a lot of potential leads with no real qualification which they may not be interested in.

Number 4: Standardize how you track data

Many companies lack a coordinated system to benchmark and track cost per click and cost per thousand impressions for display placements and keywords. Executives are forced to rely on individual agencies to determine whether rates are competitive.

Number 3: Ask the right questions

The exact question your media company should ask depends on your priorities. Clarity is essential. Examples of good questions include "how can we reduce costs?" or "how can we increase revenues?"

Iterate through to actual business examples, and continually probe to where the value lies.

Number 2: Connect the dots

Often, organizations drill down on a single data set in isolation but fail to consider what different data sets convey in conjunction.

For example, HR may have thorough employee-performance data; operations, comprehensive information about specific assets; and finance, pages of backup behind a P&L. Examining each cache of information carefully is certainly useful. But additional untapped value may be nestled in the spaces among separate data sets.

Number 1: Create Processes Instead of Projects

The number one way you will get increase revenue by using data is to make it a process and not a project.

Data analytics needs a purpose and a plan. The decision process is a loop or—more correctly—a dynamic series of loops. Best-in-class organizations adopt this approach to their competitive advantage.

Google, for one, insistently makes data-focused decisions, builds consumer feedback into solutions, and rapidly iterates products that people not only use but love – and so should yours.

The Logged-in Economy

Let's take a look at Netflix for a second. How do they get so much data? They are part of the logged in economy. They are able to get a huge amount of data by requiring all of their customers to log in.

Netflix has a huge amount of data on people's viewing habits because it knows exactly when you stop watching and which shows you keep coming back to. Multiply those data points across its millions of users and it has a pretty good idea of what makes a good TV show. Add funding to that knowledge, then you can see why they have acquired such a large subscriber base.

Which explains why the likes of Amazon's Jeff Bezos and Alibaba's Jack Ma are investing in newspapers; not out of a sense of charity – but for data!

It is notable that publishers have not followed GAFA (Google, Apple, Facebook and Amazon) plus other major players like Netflix in encouraging users to remain logged in.

Perhaps it's time they should. And more importantly, it is time to turn what data they already have into real business benefits.

It is imperative to understand the different sources for data and what a typical architecture within your organization could look like. Combining that with a carefully considered plan to use that data to improve your advertising offer is the path to a full picture of your audience and the means to maximize your revenue.

CASE: THE ECONOMIST

Using Big Data to Transform Insight into Action

For Stephane Pere, Chief Data Officer of The Economist Group, data is helping its media brands both to deliver on its advertising and convert readers into subscribers. He explains that big data is above all about insights.

"When it comes to Big Data, what matters to us is the insights that will help better what we do everyday. It's not the insight for the sake of data. It's insight how we can better our acquisition of subscribers, better the product and the user experience, reducing churn and develop new products.

To interpret the insights we need to distinguish the value from different data sources. The first data source is to understand how people engage with our product which is primarily a matter of web analytics. Secondly we need to understand what people buy from us, which is a matter of CRM data sources. **But the real benefits come when you cross-reference these, to understand the correlation between them.** That's when raw data becomes usable information with which to maximise your marketing spend, your customer journeys, and your design.

We also have access also to third party data, to augment the understanding of our customer. We might understand our customers, who they are, what they buy, but we may not know how much they make, as revenue. We might not always know their job position, [although] we could ask.

But so many players in the market are already asking this, for example Bluekai, eXelate, and Acxion. All these players aggregate data at scale and we can tap into this for our CRM database, or back to our cookie pool. It's all about turning data into actionable learning.

Activation means targeting: targeting campaigns, targeting communications, but also personalising the creative, or maybe the journey. So the linkage between the two is what is big data is for us.

My advice to anyone leading a data strategy or team would be to focus first on where you can bring in money. Secondly to think about how to reduce investment and only thirdly on how to cut cost. Don't start the journey with trying to cut cost. That's the worst way to start. The first should always be to focus on how to generate extra revenue. "

Innovation & Startup Culture

INTEGRATE A STARTUP CULTURE TO DRIVE DISRUPTION

We see disruption in our everyday life; in the companies that have completely upended traditional business models for taxis, hospitality, retail, banking and of course news. The driving force behind disruption is innovation.

As we have moved from the industrial age to the post industrial age; from the age of Thomas Edison and the age of inventors to the era of Steve Jobs and lean start-ups, the pace of change has become quicker, and the risks greater. Disruption is a constant threat.

We see disruption in our everyday life; in the companies that have completely up-ended traditional business models for taxis, hospitality, retail, banking and of course news. The driving force behind disruption is innovation.

The best startups are built on a foundation of continuous innovation, innovation that is encoded deep in their DNA. What do we mean by 'innovation'? My own definition is: *a customer-focused creative process that yields a business result*.

Innovation is ongoing, it's continuous, it's always looking at opportunities or problems, it's seeking to clarify roles of users, it's exploring solutions in lean ways, it's rapid prototyping so that we can get to the core questions and solutions. And then taking that knowledge forward into the next version.

Innovation processes transform the way people and businesses develop products, services, processes, and even strategy. Publishers cannot ignore innovation, but cultivating it may not come naturally within some cultures. Which is why we have to give it a helping hand.

One solution is to build an incubator of innovation, which is what Germany's Axel Springer did, after famously sending its three senior executives to Silicon Valley for nine months to learn about ways of innovation. They came back to establish a startup incubator in partnership with global innovation platform Plug and Play in 2013 as a way to bring innovative into the company.

The idea is to attract young entrepreneurs – the disrupters – within your sphere so that you can have the chance to be a part of that creation process and bring it into your company. In return, you invest in them and offer your network and connections.

Which is great.... if you're Axel Springer.

Incubating innovation – without buying a startup

While the likes of Axel Springer have the means to build their own Silicon Valley incubator, and purchase startups to acquire new talent or

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tools, many smaller media companies simply can't afford it. For those publishers the challenge is how to cultivate creativity and innovation with the resources at hand, and one of the best ways of doing that is to build a new startup within the existing company.

There are some examples of this in the publishing industry. Quartz in the Atlantic Media Group. Mail Online is a separate company from the Daily Mail. Stat came out of the Boston Globe, and Fusion from Univision.

Creating a separate startup in a legacy organization frees it up from the historical burden and bureaucracy that often hampers innovation.

Create opportunities for collaboration

Not every company can fund a startup but there are other more affordable ways of initiating innovation which often happens when different people get together to brainstorm and create.

So we have to think how, in organizational terms, we make people from different functions meet on a regular basis? We have to create workspaces that foster collaboration by their design.

The offices of Pixar animation studios were designed so that they forced collisions between people who had to leave their offices to get anything done. And at the Google New York office, no part of the office was more than 150 feet from food—either a restaurant, a large cafeteria, or a micro-kitchen—which encourages employees to snack constantly as they bump into co-workers from different teams within the company.

Redesigning workspace for innovation

This is a scalable approach and so doesn't require million-dollar budgets. The SMART media lab in Boise, Georgia, for example is multimedia project to serve a number of radio stations and journalism schools which don't have deep pockets.

The initial requirement focussed on multimedia production equipment but it quickly became clear that producing content was as much about managing collaboration as managing technology.

The solution was an open office space that encourages as much accidental interaction as possible, this means having large common traffic areas or food areas where people are encouraged to meet, chat, brainstorm and develop different perspectives than they otherwise would.

Architecture for collaboration doesn't have to be elaborate or expensive. Ensuring that all workspace furniture is moveable means that workspaces can be re-imagined and re-shaped and if there is no budget at all or a fixed workspace then simple work-arounds like requiring people to change seats periodically can help encourage productivity.

Organise events for innovation

You don't have to have Google's budget, or need to redesign offices or provide food. We can also foster collaboration by creating events such as off-site retreats or cross-functional events, or simply invite different people to join your staff at these events to brainstorm new ideas, solve data problems or even create new products.

The Washington Post hackathon event brings together inside and outside journalists, data scientists, developers, and designers to brainstorm ideas for data science tools that either address newsroom problems or deliver new opportunities for journalism.

At the New York Times, they have Makers' Week where hundreds of staff take a week off their routine work to focus on different customer facing or internal projects. Some of the new products that came out of Makers Week include NYT en Español, the Times' NYT Cooking app and a Styles guide app.

Counting the cost of not innovating

It takes hard work and dedicated resources to be innovative. While it might be thought of as a luxury, the impact of resisting innovation and change management can actually be measured, for example:
How do you measure the amount of time you currently do not spent innovating?
How much money will you save by not investing in a product that will deliver less return on investment?
How do you measure the absence of a failed product?
How much time and money does it take to get market answers without innovating?

Traditional businesses look to the hard sciences to solve problems. Quantitative data and demographic research focus can work in a predictable environment but we're operating in a world that's anything but. Innovation methods offers an alternative path to understanding people in context and culture they live in to develop genuine empathy.

Humans are irrational, emotional and messy, and approaching a design process like a calculus equation or a spreadsheet formula doesn't work because there is no magic formula.

Taking the lead on innovation

While what you decide to do to bring about innovation in your organisation may be dependent on the resources you have, the one thing you can always do is to become an innovative leader.

Firstly, be sure to see the world in terms of problems and product. Innovative leaders can manage a broad view of products including information activities, services systems, strategy and environments in order to solve specific problems.

A leader who views themselves as a product means that they are able to adapt design approaches to their own attitude, behaviour and outlook. Design-thinking leaders will iterate versions of themselves in order to lead exceptional teams.

You can't be a design thinking leader if you can't empathise with the customers and other members of your team. An ideal CEO is not a dictator, but a motivator. They combine empathy, integrative thinking, optimism, experimentalism and collaboration in order to be a conduit for the best ideas to surface.

You should also be willing to act as a provocateur to pull out the best ideas, and bounce them around the room. You need to be able to shepherd the best ideas forward, motivate your team and reward them by including them in the entire process.

Embracing ambiguity; seeking models and methods to tame chaos and establish order.

It's not a new concept that leaders should embrace ambiguity and chaos, but doing this with a design attitude empowers them to focus on this through interactive activities like modelling.

Design-lead leaders need to look for ways to test different visions of their organisation and not only products, this include things like role-playing, retreats, and team-building activities. It also means meeting up and exchanging ideas with people outside your industry.

There are many approaches to innovation and it can be encouraged to blossom by incubation or bought or borrowed by acquisition, but every one of these approaches will only remain sustainable if the innovation comes from the leadership.

CASE: ALLER MEDIA

Test of lean startup method for new product creation

Aller Media is a Norwegian media group that is part of Aller Holding A/S, with offices in Denmark, Sweden, Norway and Finland. The company is one of the Nordic region's largest publishers of magazines and newspapers with a weekly circulation of around 3.2 million copies.

Stephan Granhaug, who heads up all digital media for the group, has implemented a lean startup methodology in the organisation to innovate more efficiently. As he explains :"We realized we needed a different approach to how we create new products and bring them to market. Fortunately, the basics of lean startup are easy to communicate, and the advantages in terms of speed, accuracy and lower risk hard to reject. However, onboarding stakeholders to accept that an initial investment based on lean startup sets out with very few answers and many questions, with no definite promise of what you are going to achieve, requires effort."

The first use of this method was applied to teen magazine TOPP that was in danger of being closed due to falling revenues and readership. With the teen readership, Aller decided to take the brand to YouTube.

"We ran a training programme with selected attendees from the whole organisation, resulting in startup pitches to our top management." Two projects were selected to enter a next phase one of which was TOPPtube.

After running a series of interviews with target audience readers, it was decided, that rather than revamping the magazine website, efforts should focus where this audience spend most of its media-time: On YouTube.

"We've built, measured and learned our way to TOPPtube, six channels on YouTube with a still small, but growing and very dedicated, following. Next we'll work on the revenue side to identify business models beyond pre- and post-roll video ads."

The lean startup method really starts with the customer and follows 5 essential rules as described by Granhaug : validate that you are really solving an actual problem of the client (customer development); build prototypes to reduce risk and costs as early as possible (experiment); generate learning by adopting a data driven approach; input must have impact on the project so iteration is essential; multiple viewpoints (cross functional team) and autonomy (for speed) are vital".

MEDIA MANAGEMENT ACCELERATOR

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