READER REVENUE VS ADVERTISING REVENUE
A BALANCING ACT

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Managing editor: digital
November 2018
Who is **Tiso Blackstar Group**?
It’s the old **Times Media**, if you’re wondering.
OUR WORLD IN 2018

- Internet users: 4bn, up 7% year on year (Africa up 20%)
- Social media users: 3.2bn, up 13% year on year
- Mobile phone users: 5.1bn, up 4% year on year

Source: We Are Social/Hootsuite
OUR COUNTRY BY OCTOBER 2018

- Unique browsers of websites: 42.4m (+1.2% Y/Y)
- Daily average unique browsers: 4.6m (+7% Y/Y)
- Share of audience on mobile: 71.8% (+4.7pp Y/Y)
- Number of pageviews: 1,228,814,863 (+7.1% Y/Y)

Source: Narrative & Effective Measure; change from October 2017
But how the hell do we take their money from them?

NEVER MIND WINTER

MORE CHANGE IS COMING
PRINT TO DIGITAL (MOBILE)

- Enormous upheaval: declining advertising spend; mass migration of audiences
- Slow response of legacy organisations
- Ostrich management: internal and external
- Focus on (dying) cash cows
- Print dollars and digital cents
- Likewise upheaval in digital advertising
TRADITIONAL (PRINT) REVENUE

Two revenue sources:

- **ADVERTISING**
  - Limited inventory
  - High prices

- **CIRCULATION**
  - Cover price
  - Subscription revenue
MODERN (DIGITAL) MEDIA MODELS

A supply and demand problem:

- **ADVERTISING**
  - Abundant inventory
  - Lower prices

- **CIRCULATION**
  - Free, no cover price
  - No revenue
DIGITAL MEDIA: SUBSCRIPTION

Two revenue sources:

- **ADVERTISING**
  - Abundant inventory
  - Lower prices

- **CIRCULATION**
  - Native content
  - Subscription revenue
<table>
<thead>
<tr>
<th>Niche content</th>
<th>Vernacular content</th>
<th>Hyperlocal content</th>
<th>Micro-payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale/quality</td>
<td></td>
<td>Defensive</td>
<td>Special interests</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gaming, betting</td>
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<td></td>
<td>Nordic nations</td>
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<tr>
<td></td>
<td>Access/delivery</td>
<td></td>
<td>Winnipeg Free Press</td>
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<td></td>
<td></td>
<td>NETWERK</td>
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<td>DispatchLIVE</td>
</tr>
<tr>
<td></td>
<td>SMS lines, micro- &amp; nano- payments for services</td>
<td>Locking digital content to protect print</td>
<td>BusinessLIVE</td>
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<tr>
<td></td>
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<td>The Wall Street Journal</td>
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<td></td>
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NEWSONOMICS & PHILOSOPHY

If one believes news should be free, how does one pay for the cost of producing journalism?

- Donor-funded organisations: proliferation in Africa
- “Begging bowl”: The Guardian asking for donations
- State-funded: good at the BBC, but China, North Korea – or SA?
- Corporate media houses: unbiased (?) but under pressure for profit
OPPORTUNITIES IN DIGITAL

1. Bigger audiences than in print
2. Intimate social media environments
3. Abundant data that can be bought/deployed
4. Targeting opportunities and better ROI
5. New advertising possibilities: native, programmatic
WHAT’S IN OUR MONETISATION ARSENAL?
PREMIUM DISPLAY ADS

• Struggling in many ways
• Can we beat Facebook and Google?
• Problems with programmatic
• Brand safety opportunity: regain clients’ trust
• Mobile ad spaces: think differently but don’t annoy the readers
• Need skilled sales staff – takes much more effort
PROGRAMMATIC & DATA SALES

- Does save money and time, but…
- Not living up to the hype
- Poor quality, problematic placement
- Tags upon tags upon tags
- Lower revenue for publisher
- New ways – programmatic guaranteed vs direct
- Need skilled sales and ad ops staff, good systems
SPONSORSHIPS

- Apps, sections, special reports, multimedia
- Competitions, giveaways
- Watch out for overpromising
- ROI for client can be tricky
- If done well, sponsorships can build trusted and recurring relationships with clients
E-COMMERCE

• Tie-up with e-commerce platform (or own?)
• Links nicely to lifestyle content: fashion, shopping, motoring etc
• Take care not to destroy editorial independence
• Check that revenue justifies the effort to implement, which could be considerable
LEAD GENERATION CAMPAIGNS

- Specialised widgets, sections etc
- Revenue (CPL) – different definitions
- Watch out for overpromising and then underdelivering
- Targeting is very important
- Don’t cheapen own brand
PAID SOCIAL REACH

- We have valuable and loyal social audiences
- Paid social from a trusted media brand resonates
- Only use in conjunction with editorial
- Take care not to alienate readers
- Can deliver real boost to campaigns
DISTRIBUTED CONTENT

- Example: Facebook’s Instant Articles
- Falling out of favour: revenue, control just not enough for publishers
- Keep audiences on own app/website
- Give the middle finger to Facebook
MULTIMEDIA

• Videos and podcasting: growing interest
• Preroll video ads easier to sell to target audience
• VR & AR: interesting but still too pricey; also slow to develop
• Many clients not quite ready for this
• Sponsorships work nicely
NATIVE CONTENT

- Growing source of revenue – if done right
- Skilled, devoted staff (sales, editorial)
- We’re much better at storytelling than Facebook & Google
- Potential for great partnerships
- Native content delivers 100% brand safety
- Editorial independence & ethics remain crucial
SYNDICATION

- Does work for the big publishers
- Factor in the cost of technology, staff
- Might be worth more in smaller market to hold on to content
- Lots of work for little revenue: we’re not Reuters or AFP, after all
SUBSCRIBER REVENUE

- Sea-change in reader willingness to pay
- Recurring revenue; no sales overheads
- Pressure is now on editorial to deliver quality
- Technology has to be superb
- Range of payment methods: quick and easy
- Need to invest in data/CRM tech & skills: profile-driven campaigns, behaviour targeting etc
- Privacy regulations to take into account: GDPR, POPI
EVENTS

- Use trusted brand to run sponsored events
- Raise awareness of your brand and what it does
- Great way to engage/reward (or gain) subscribers
- Can be expensive, time-consuming – plan properly or risk losing money
360° SALES

- Now bring all of these together
- Larger publishers can offer compelling combos
- Can be great deal for client because of scale
- But tricky elements: commission, sales targets etc
- Sales staff need knowledge across business areas
- Sales staff must be able to educate clients & agencies on all business areas
3 x MAYBE
2 x YES

1 x YES
1 x MAYBE

5 x YES
1 x NO

ADS REV

READERS
SHOW ME THE MONEY

tiso blackstar group.

AVERAGE REVENUE PER USER

Our broad calculation is about **R1.25 per month** on a traffic CPM basis versus an average of **R150 per month** for a digital subscriber.
THE END/
QUESTIONS