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  
  Change: +1.2%
- Daily average unique browsers: 4.6m  
  Change: +7%
- Share of audience on mobile: 71.8%  
  Change: +4.7pp
- Number of pageviews: 1,228,814,863  
  Change: +7.1%

Source: Narratiive & 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
### WHAT WILL CONSUMERS PAY FOR?

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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
- State-funded: good at the BBC, but China, North Korea – or SA?
- “Begging bowl”: The Guardian asking for donations
- 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
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.
DISTRIBUTED CONTENT

SUBSCRIBER REVENUE EVENTS
360° SALES
NATIVE CONTENT
MULTIMEDIA
PAID SOCIAL REACH
E-COMMERCE SPONSORSHIPS

SYNDICATION LEAD GENERATION CAMPAIGNS PROGRAMMATIC & DATA SALES PREMIUM DISPLAY ADS
THE END/
QUESTIONS