pressreader™

FIPP
the network for global media

FIPP INSIDER - MAY 2019

INDUSTRY TRENDS

FIPP CORE PURPOSE

WE EMPOWER OUR MEMBERS TO BUILD MARKET-LEADING INTERNATIONAL MEDIA BUSINESSES THROUGH INTELLIGENCE, SOLUTIONS & PARTNERSHIPS

FIPP MEMBERS

FIPPCONGRESS.COM

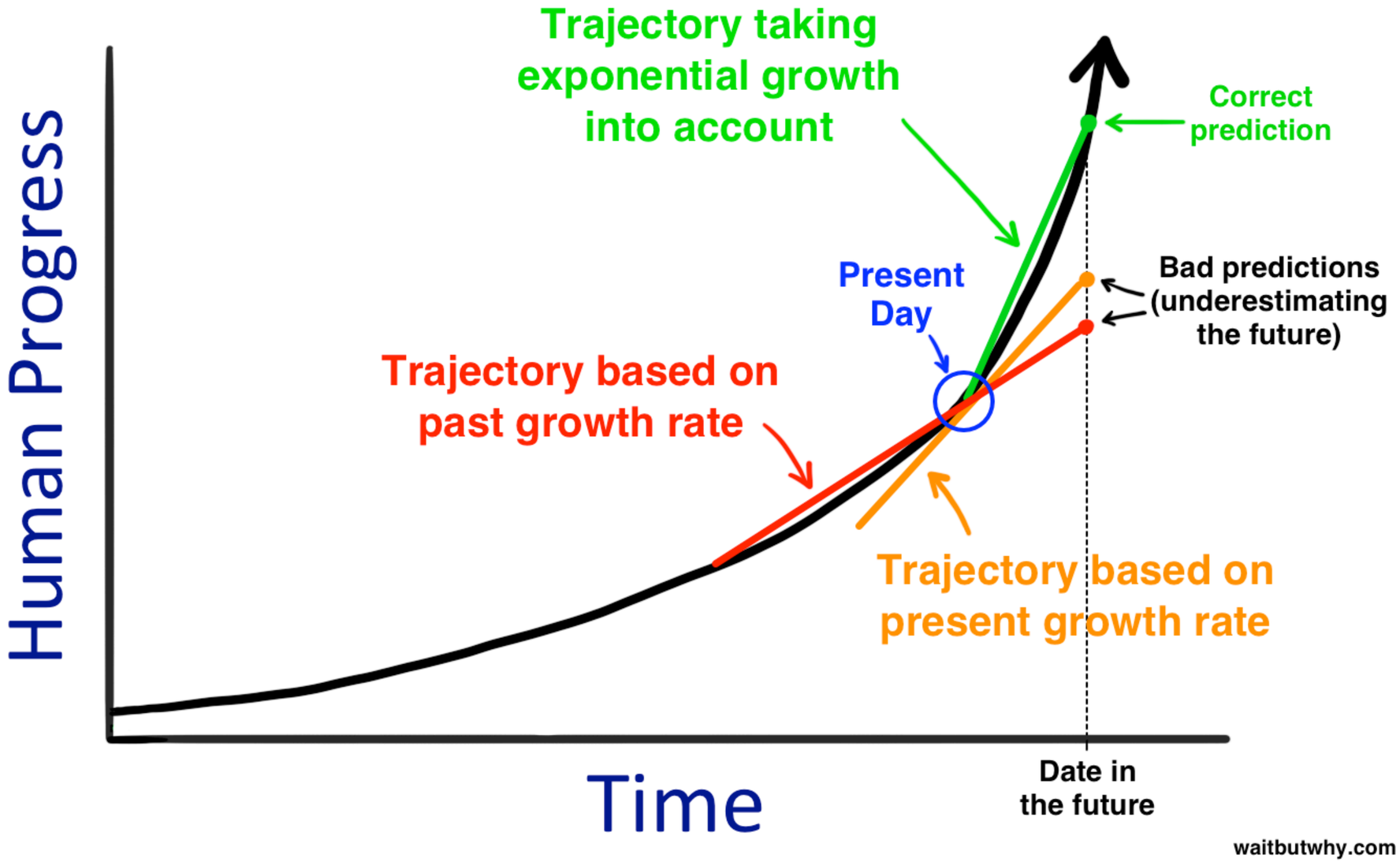
FIPP

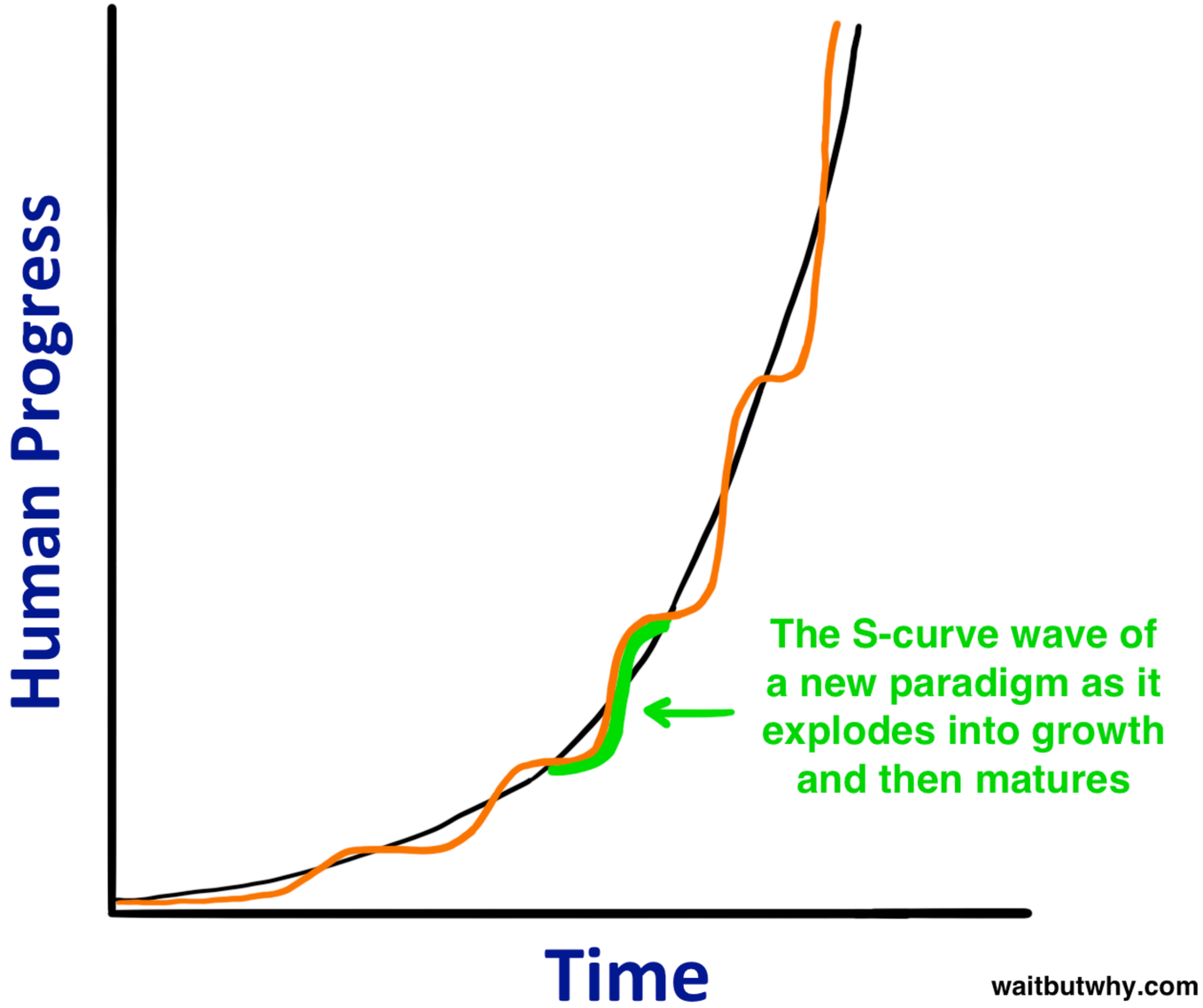
WORLD MEDIA CONGRESS

LAS VEGAS

2019

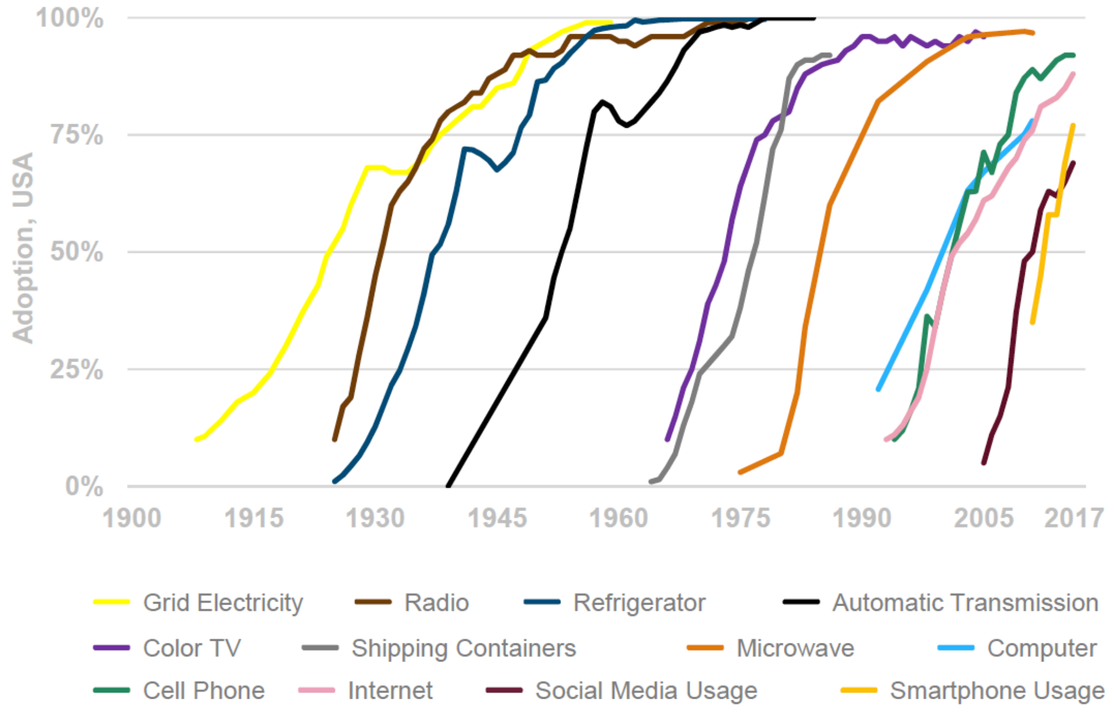
12-14 NOVEMBER


Trajectory taking exponential growth into account
Correct prediction
Present Day
Bad predictions (underestimating the future)
Trajectory based on past growth rate
Trajectory based on present growth rate
Human Progress
Time
Date in the future
waitbutwhy.com

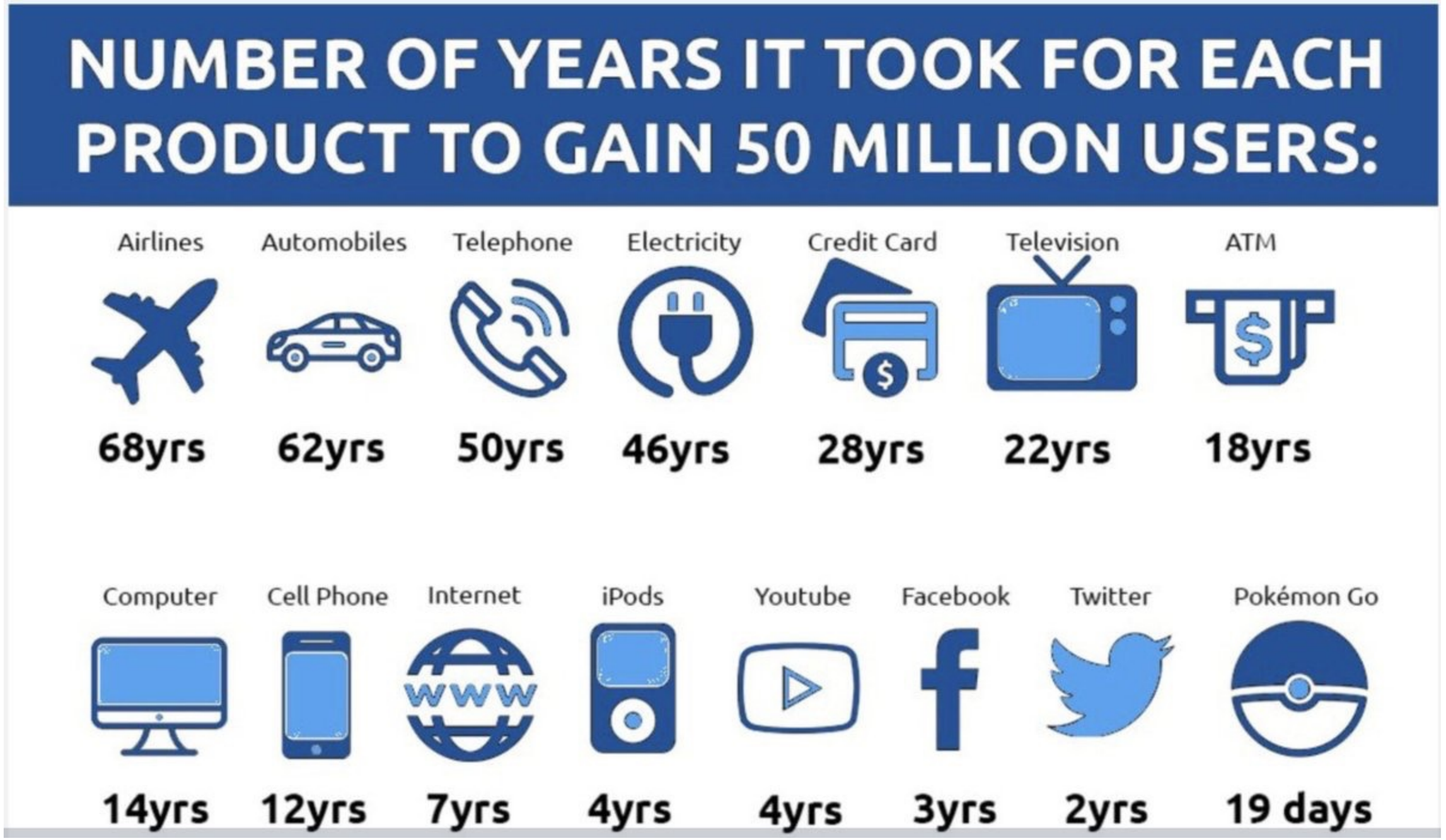

Human Progress
Time
The S-curve wave of a new paradigm as it explodes into growth and then matures
waitbutwhy.com

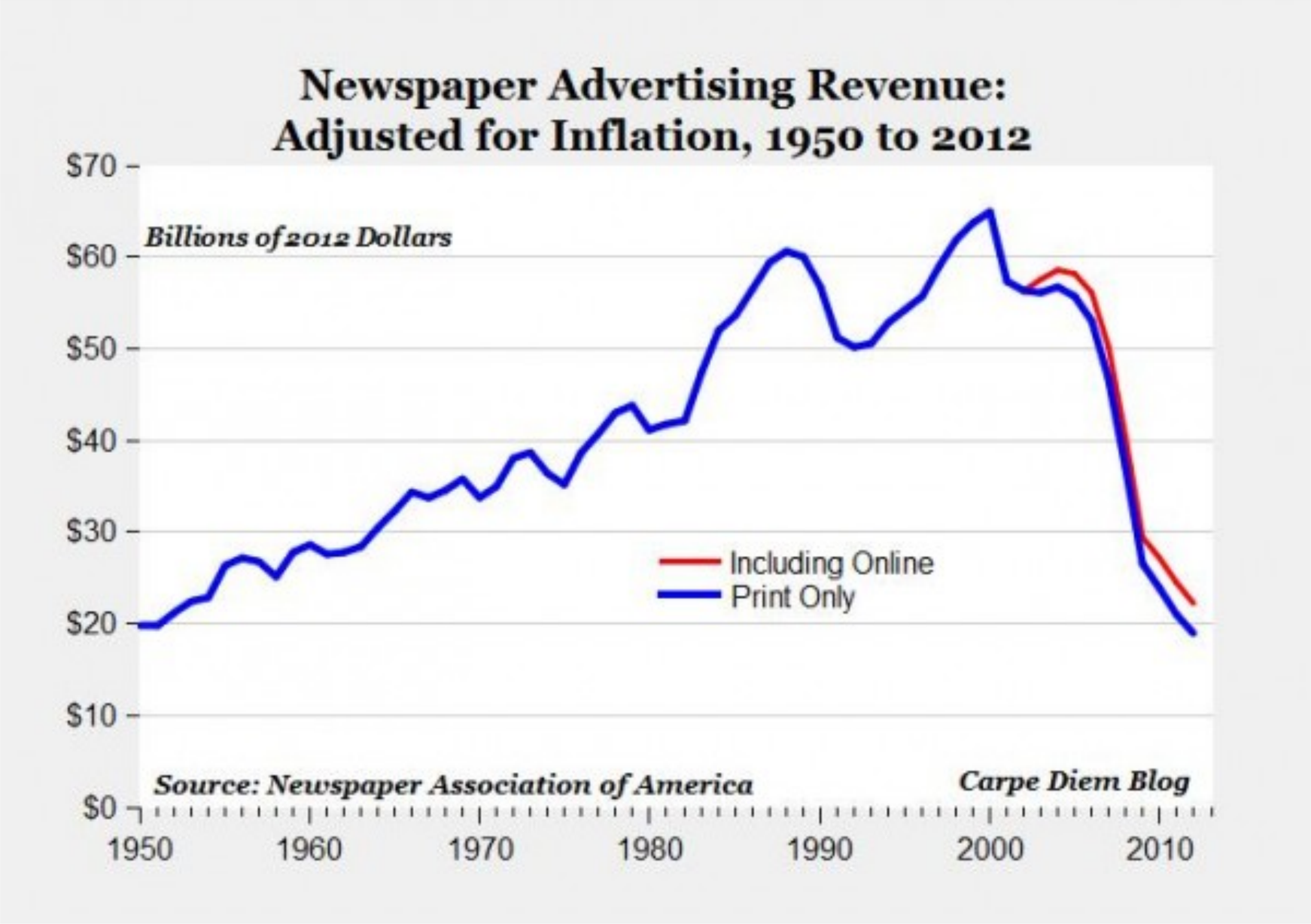
Technology Disruption = Not New…

New Technology Proliferation Curves*



Source: 'Our World In Data' collection of published economics data including Isard (1942), Grubler (1990), Pew Research, USA Census Bureau, and others. *Proliferation defined by share of households using a particular technology. In the case of features (e.g., Automatic Transmission), adoption refers to share of feature in available models.


NUMBER OF YEARS IT TOOK FOR EACH PRODUCT TO GAIN 50 MILLION USERS:
Airlines
68yrs
Automobiles
62yrs
Telephone
50yrs
Electricity
46yrs
Credit Card
28yrs
Television
22yrs
ATM
18yrs
Computer
14yrs
Cell Phone
12yrs
Internet
7yrs
iPods
4yrs
Youtube
4yrs
Facebook
3yrs
Twitter
2yrs
Pokémon Go
19 days


Newspaper Advertising Revenue:
Adjusted for Inflation, 1950 to 2012
Billions of 2012 Dollars
$70
$60
$50
$40
$30
$20
$10
$0
Including Online
Print Only
Source: Newspaper Association of America
Carpe Diem Blog
1950
1960
1970
1980
1990
2000
2010

ELEVEN BUSINESS MODELS

BUSINESS MODEL	CLIENT FOCUS	INCOME COLLECTION	INCOME POTENTIAL	TRANSACTION COSTS	PROFIT POTENTIAL	REQUIREMENTS	RISKS
PAID CONTENT	B2C	Direct				Relevant content	Customers not willing to pay. High churn rate
PHILANTHROPIST	B2C	Direct				Strong link to the community of investors and individuals	Guaranteeing sustainability. Better if linked to specific initiatives or projects
RETAILER	B2C	Direct				Deep understanding of audiences. Excellent platform. Unique and exclusive product portfolio	Lousy logistics and customer service
EVENTS ORGANIZER	B2C	Direct				Strong alliances with events operators. Data base recording	Low reliability in time schedules. Strong regulations in habeas data
CLUB	B2C	Direct				Good partnerships with commercial and other outlets for product/service portfolio. Geographical reach aligned with media coverage	Low usage due to ignorance and diffusion
IT PROVIDER	B2B	Direct				IT team with consultative, consulting and business development skills	High IT investments to maintain an updated version
AD DEPENDENT	B2B	Intermediated				Loyal audiences with deep understanding of their needs	High churn. Strong competition
AGENCY	B2B	Direct				Creative teams within the organization. Marketing intelligence competencies	Strong competition from traditional ad agencies
DATA BROKER	B2B	Direct				Good data from audiences. Trusted relationship with advertisers	Poor marketing and sales efforts
BRAND LICENSER	B2B	Direct				Strong and valued brands	Core brand deterioration due to poor licensing choices
INVESTOR	B2B	Intermediated				Strong alliances with private equity funds focus on media start-ups	Core-business mindset contaminating emerging and young businesses

1. CONSOLIDATION

- **Recent big deals** - Hearst-Rodale / Meredith-TimeInc / TimeInc UK - Private Equity / Dennis - Private Equity / Burda - Immediate Media / Immediate Media - BBC Good Food etc.
- **Consolidation & churn will continue** - industry slowdown forcing all to focus on market leadership in 1/2 categories
- **Three positives** -
  - New players
  - More focus brings new ideas & innovation
  - Emergence of new, independent publishers

BBC goodfood

IMMEDIATE MEDIA Co

meredith

Time Inc.

2. PAID CONTENT & READER REVENUE

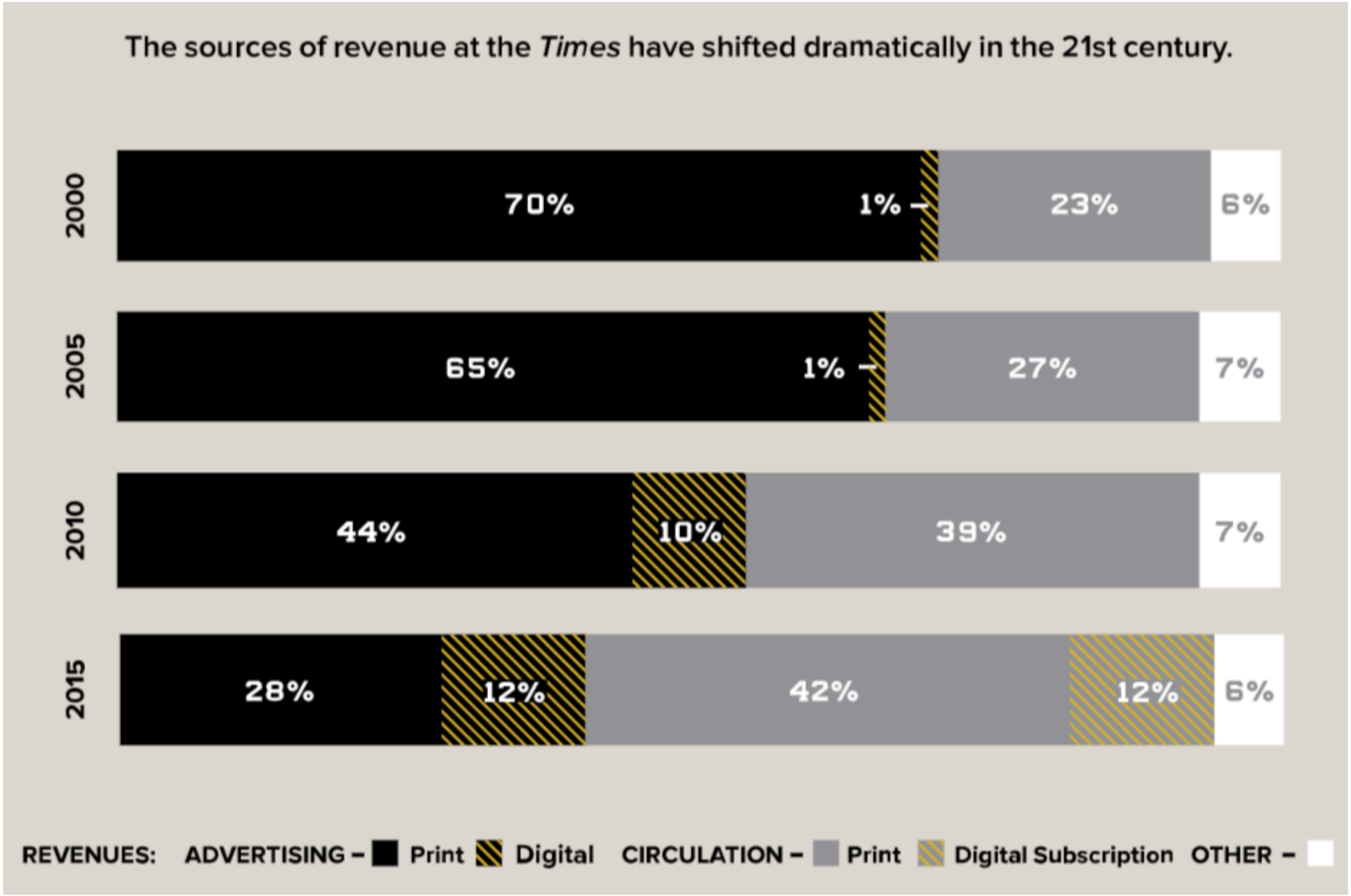
- **Paid Content** - readers are increasingly prepared to pay for quality, specialist content … and they understand advertising no longer pays the bills
- **Subscriptions** - invest in knowledge/data to build subscriptions; add value through memberships
- **E-Commerce** transform from media to audience-focused content-and-commerce, with seamless transactional technology
- **Events** - build events as a revenue generator driving brand loyalty and subscriptions; a great platform for advertisers

'We now charge the same for a digital subscription as for a print subscription on the grounds that you are paying for the content and not the format.' - *Michael Brunt, chief marketing officer & MD: Circulation, The Economist*

'If it is valued, if it is unique, if it is something you can't get anywhere else, and if it speaks to their passions, makes them smarter, gives them advantages, and entertains them, readers should pay for it' – *Juan Señor, Senior Partner IMC*

TOP 10 BY VOLUME 2019

New York Times U.S.A.	Source: Article	3,300,000	$2/week	'19 Q1
Wall Street Journal U.S.A.	Source: Article	1,500,000	$19.50/week	'18 Q4
Washington Post U.S.A.	Source: Article	1,200,000*	$6/4 weeks	'18 Q3
Financial Times UK	Source: Article	740,000	$3.99/week	'18 Q3
The Guardian UK	Source: Article	570,000	N/A	'18 Q2
Nikkei Germany	Source: Article	559,000	¥4200/month	'18 Q2
The Economist UK	Source: Article	430,000	$145/year	'18 Q2
BildPlus Germany	Source: Supplied	423,000	€7,99/month	'18 Q4
Sunday/Times of London UK	Source: Article	260,000	$26/month	'18 Q3
Aftonbladet Sweden	Source: Article	250,000	SEK69/month	'17 Q4


The sources of revenue at the *Times* have shifted dramatically in the 21st century.
2000
70%
1%
23%
6%
2005
65%
1%
27%
7%
2010
44%
10%
39%
7%
2015
28%
12%
42%
12%
6%
REVENUES:
ADVERTISING –
Print
Digital
CIRCULATION –
Print
Digital Subscription
OTHER –

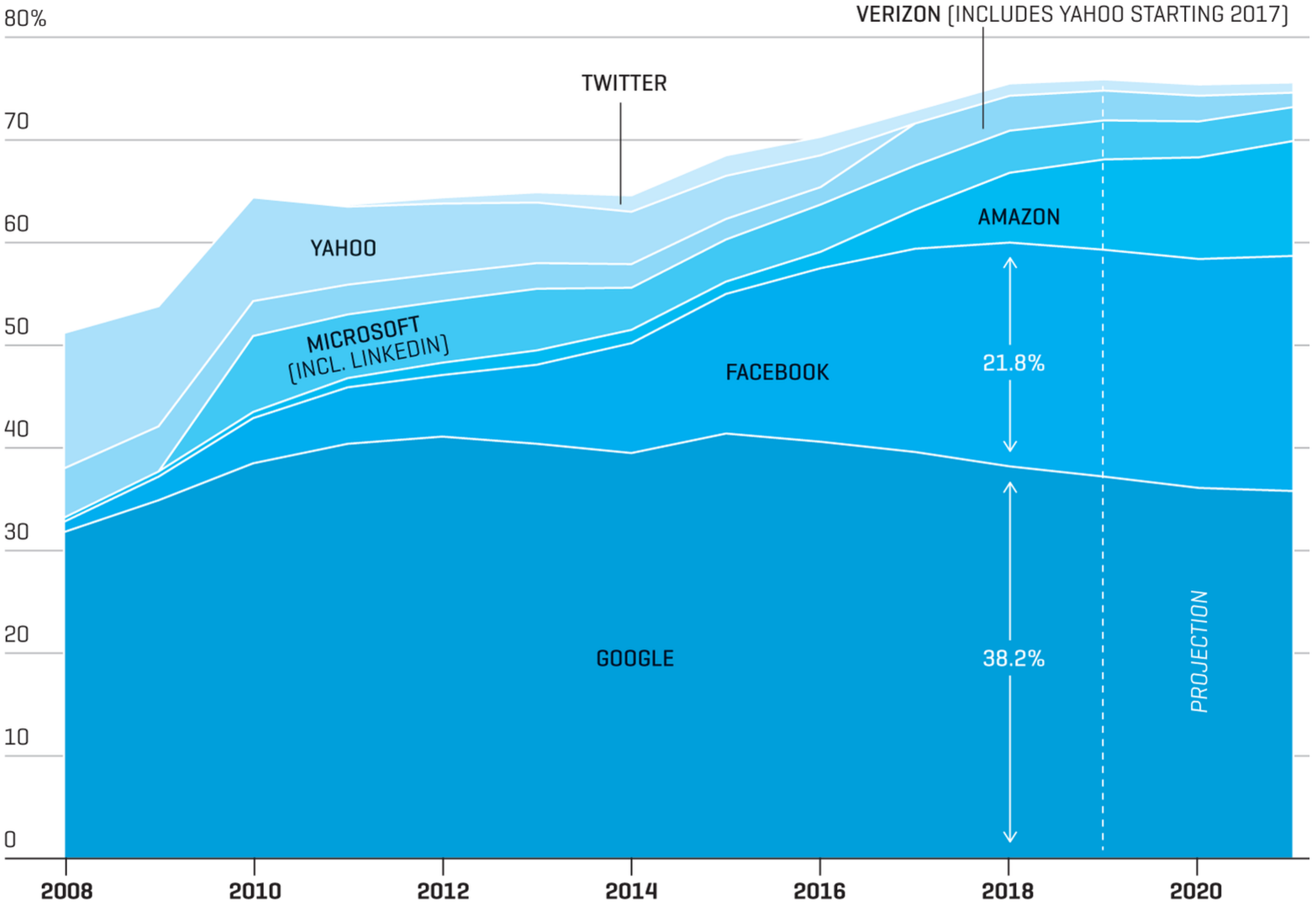
3. THE STATE OF ADVERTISING

- **Strategy** - how does advertising integrate with your users' experience? What technology can you harness to deliver better results? How can you make sure you are not reliant solely on advertising?
- **Native** - create authentic, opinionated and purposeful native copy; break down silos in your business and be transparent; beware the native bubble?
- **Ad Blocking** - have a clear, consistent approach to communicating with your consumers; ad block technology increasingly 'built-in'
- **Ad Fraud** - have a strategy and collaborate with industry partners; fraud and view ability both still live issues
- **Transparency** - underline to advertisers, partners and agencies the importance of transparency

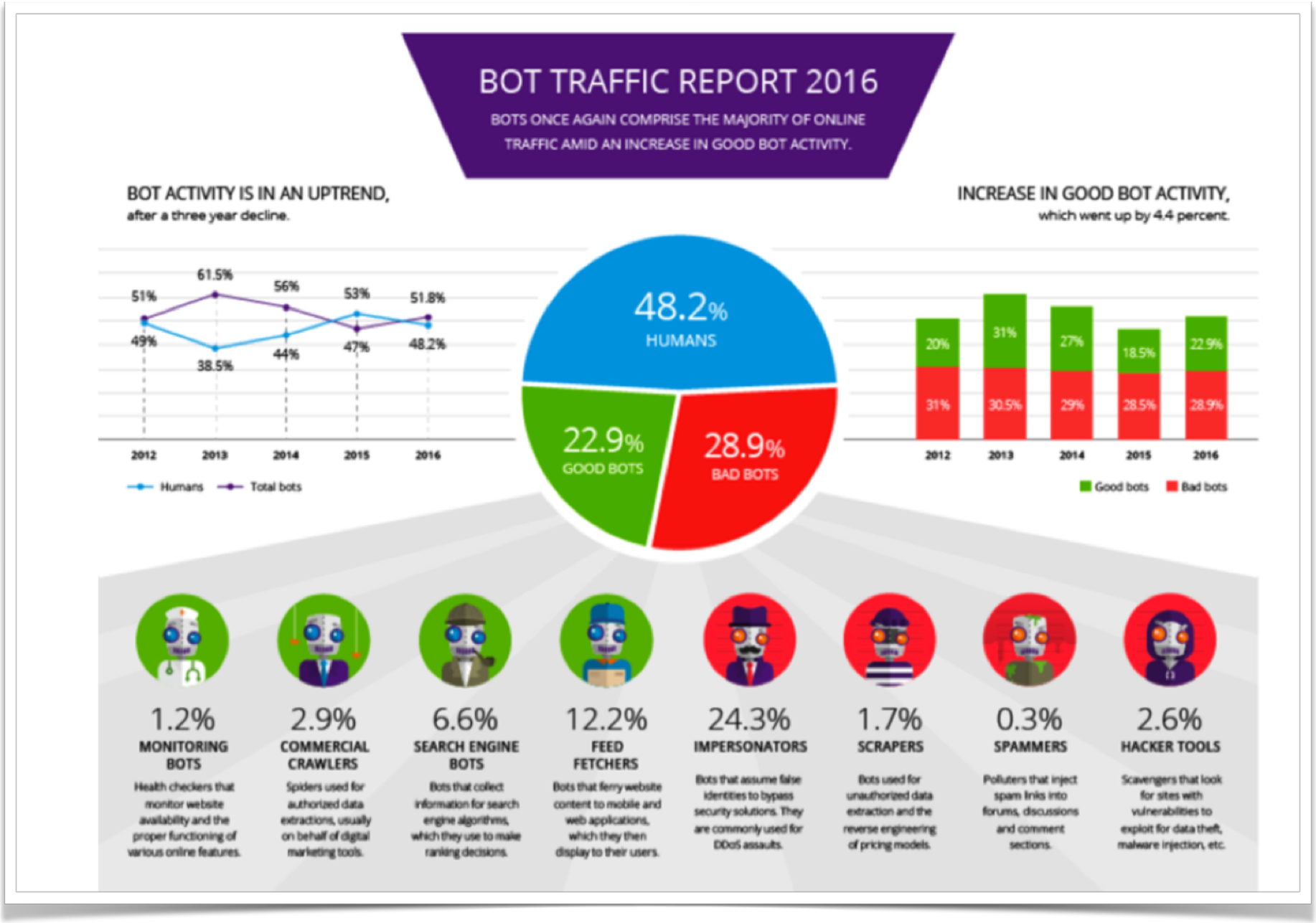
'The areas which have been proven to help publishers and advertisers grow their business are; data proficiency, partnerships and trust'– *Bernhard Glock, Senior VP Medialink*

'All the rules for native advertising and trust fall under one overarching principle: respect Is everything!' - *Carla Faria, director of The Foundry, Time Inc UK*

REVENUE SHARE FROM DIGITAL ADS IN THE U.S.



SOURCE: EMARKETER


BOT TRAFFIC REPORT 2016
BOTS ONCE AGAIN COMPRISE THE MAJORITY OF ONLINE TRAFFIC AMID AN INCREASE IN GOOD BOT ACTIVITY.
BOT ACTIVITY IS IN AN UPTREND,
after a three year decline.
51%
61.5%
56%
53%
51.8%
49%
38.5%
44%
47%
48.2%
2012
2013
2014
2015
2016
Humans
Total bots
48.2%
HUMANS
22.9%
GOOD BOTS
28.9%
BAD BOTS
INCREASE IN GOOD BOT ACTIVITY,
which went up by 4.4 percent.
20%
31%
27%
18.5%
22.9%
31%
30.5%
29%
28.5%
28.9%
2012
2013
2014
2015
2016
Good bots
Bad bots
1.2%
MONITORING BOTS
Health checkers that monitor website availability and the proper functioning of various online features.
2.9%
COMMERCIAL CRAWLERS
Spiders used for authorized data extractions, usually on behalf of digital marketing tools.
6.6%
SEARCH ENGINE BOTS
Bots that collect information for search engine algorithms, which they use to make ranking decisions.
12.2%
FEED FETCHERS
Bots that ferry website content to mobile and web applications, which they then display to their users.
24.3%
IMPERSONATORS
Bots that assume false identities to bypass security solutions. They are commonly used for DDoS assaults.
1.7%
SCRAPERS
Bots used for unauthorized data extraction and the reverse engineering of pricing models.
0.3%
SPAMMERS
Polluters that inject spam links into forums, discussions and comment sections.
2.6%
HACKER TOOLS
Scavengers that look for sites with vulnerabilities to exploit for data theft, malware injection, etc.

4. PRINT MATTERS

- **The power of touch & feel** – use print's tactile nature to tap into readers' senses and marketeer nostalgia
- **The ultimate touchpoint** - print has luxury appeal, is consumed slowly and lingers in consumer households
- **Quality medium** - that sells and increase brand awareness
- **Innovation** - every year, FIPP's Innovation in Magazine Media Report finds new innovations in printed magazines

'Why try to be part of virtual reality if you can be part of reality? – *Christian Kallenberg, director consulting, We Like Mags*

'In a world of fake news and uncertainty, print brands feels like a tangible trustworthiness' - *Rebekah Billingsley, John Brown Media*

Strong journalism / unavailable online

New packaging for existing content / enhanced reader value

Premium print products

5. GAFA

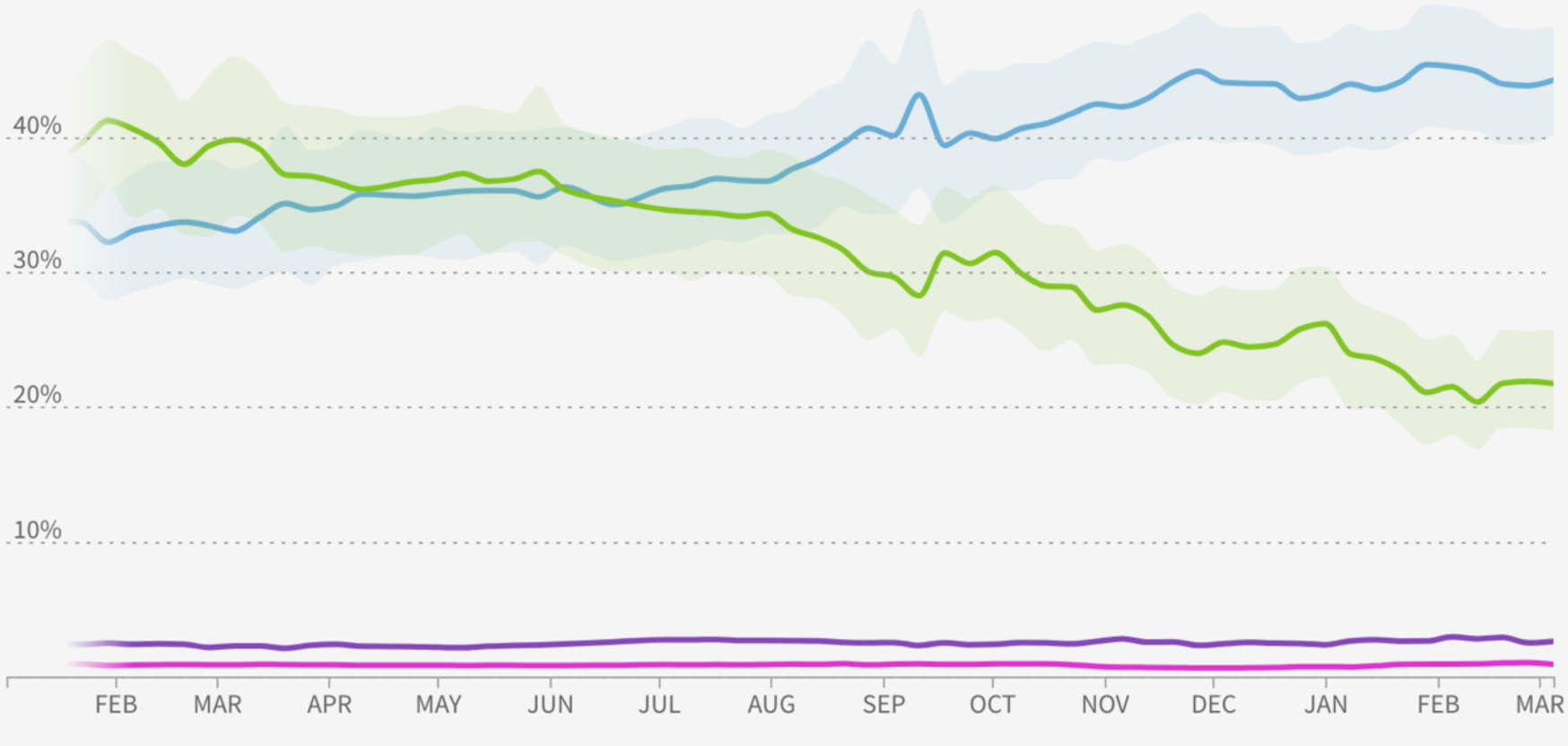
- **Where now for Facebook?** - FB future direction uncertain, open to dialogue with content providers but don't rely on FB for traffic
- **SEO is back!** - the renewed importance of the Google algorithm
- **Amazon is your fastest growing advertising competitor** - and Amazon Pay starting to show results
- **Apple** - from bad to good? Clear focus on protecting consumer's privacy and data at expense of rivals

'…you cannot rely on Facebook … to control your destiny. The notion that scale is everything has been replaced by the notion of relationships'– *Vivian Schiller, independent editor-in-chief at Weber Shandwick*

'By 2021, we believe it is likely that advertising operating income will exceed Amazon Web Services.' – *Michael Olson, securities analyst*

Referrer Dashboard

External Referral Traffic to Parse.ly's Customers (100% = all external referrers)



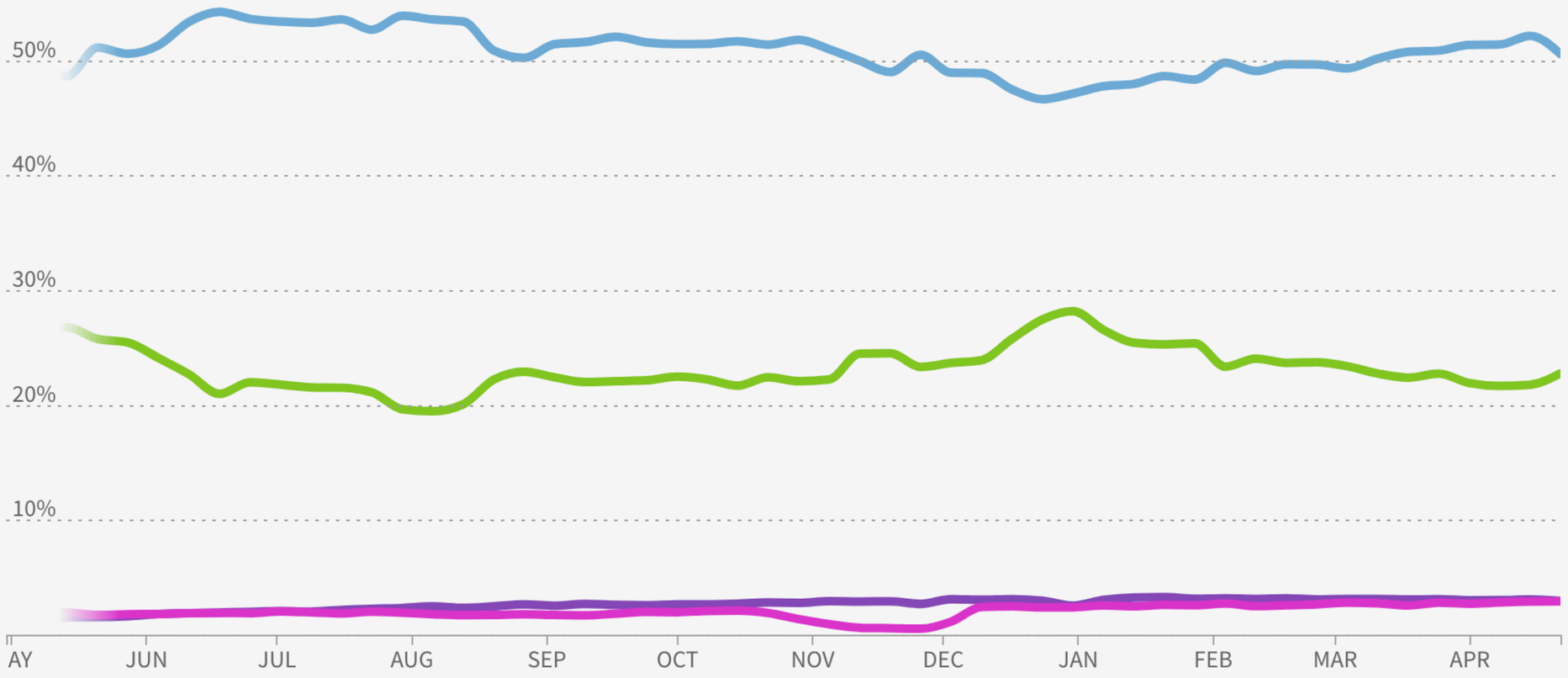
Current Top 10 External Referrers

44%	Google Search
24%	Facebook
2.2%	Twitter
.92%	Yahoo!
.91%	Bing
.87%	Drudge Report
.72%	Pinterest
.56%	Google News
.30%	Instagram
.23%	LinkedIn

External referrals in the Parse.ly network

(100% = all external referrers)

Show past 12 months | Show past 30 days



share this chart

PARSE.LY

Current top 10 external referrers

50%	Google search
23%	Facebook
3.3%	Google News
2.9%	Google (other)
2.4%	Twitter
2.0%	Flipboard
.99%	Bing
.75%	Drudge Report
.72%	smartnews.com
.57%	Pinterest

6. THE POWER OF PLATFORMS & PLATFORM-FOCUSED CONTENT

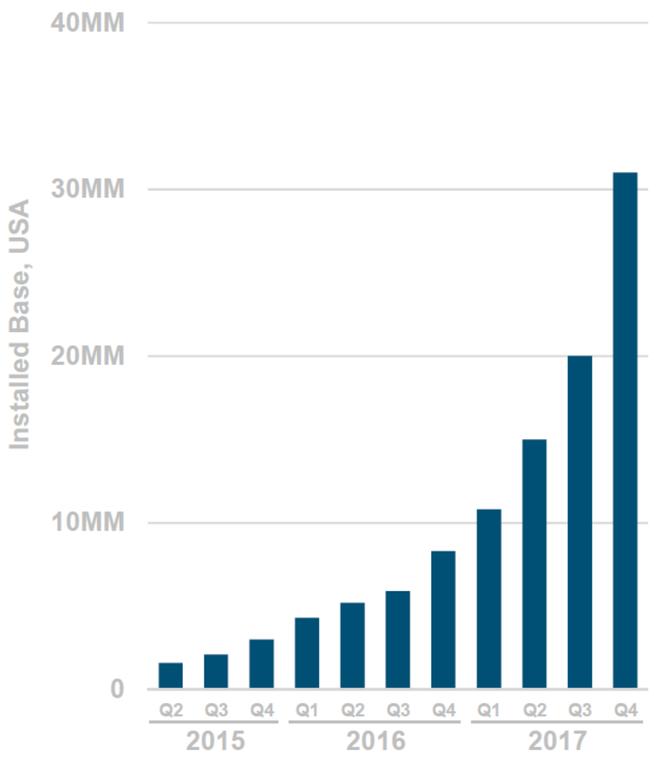
- **Video** - video content, particularly live, can create high levels of deep engagement which can solidify audience/publisher relationships … but are increasingly hard to monetise
- **Podcasts** - have been a roller-coaster but are excellent at building brand values and extending reach to premium audiences; advent of voice services at scale mean they have better than ever potential
- **Voice** - this year's 'must-do' activity … or this year's Snapchat?
- **Approach** - explore partnerships and branded content; create platform specific content with clear brand identity
- **Challenge 'fake news'** - ensure our industry retains credibility and protect authentic journalism hope this remains a fad

'Ask yourself questions about new platforms: will they enhance the value of the package? Can they introduce new subscribers? Will they reflect your core DNA? – *Lucy Rohr, Deputy Multimedia Editor, the Economist*

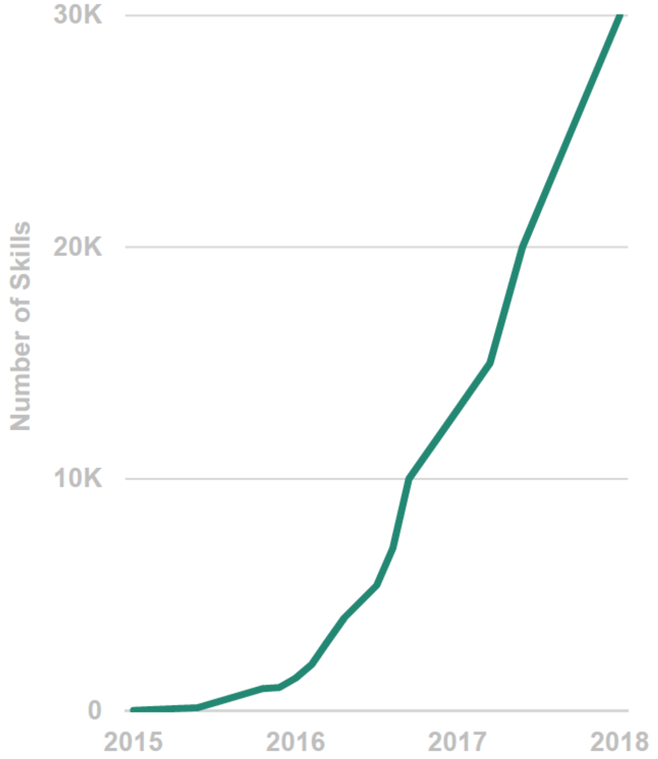
'We have found that when you create original content for each platform it works much better for engagement' – *Kalli Purie, group editorial director, India Today Group*

…Voice = Product Lift Off

Amazon Echo Installed Base



Amazon Echo Skills



Source: Consumer Intelligence Research Partners LLC (Echo install base, 2/18), Various media outlets including Geekwire, TechCrunch, and Wired (Echo skills, 3/18)

7. THE COMING AI REVOLUTION?

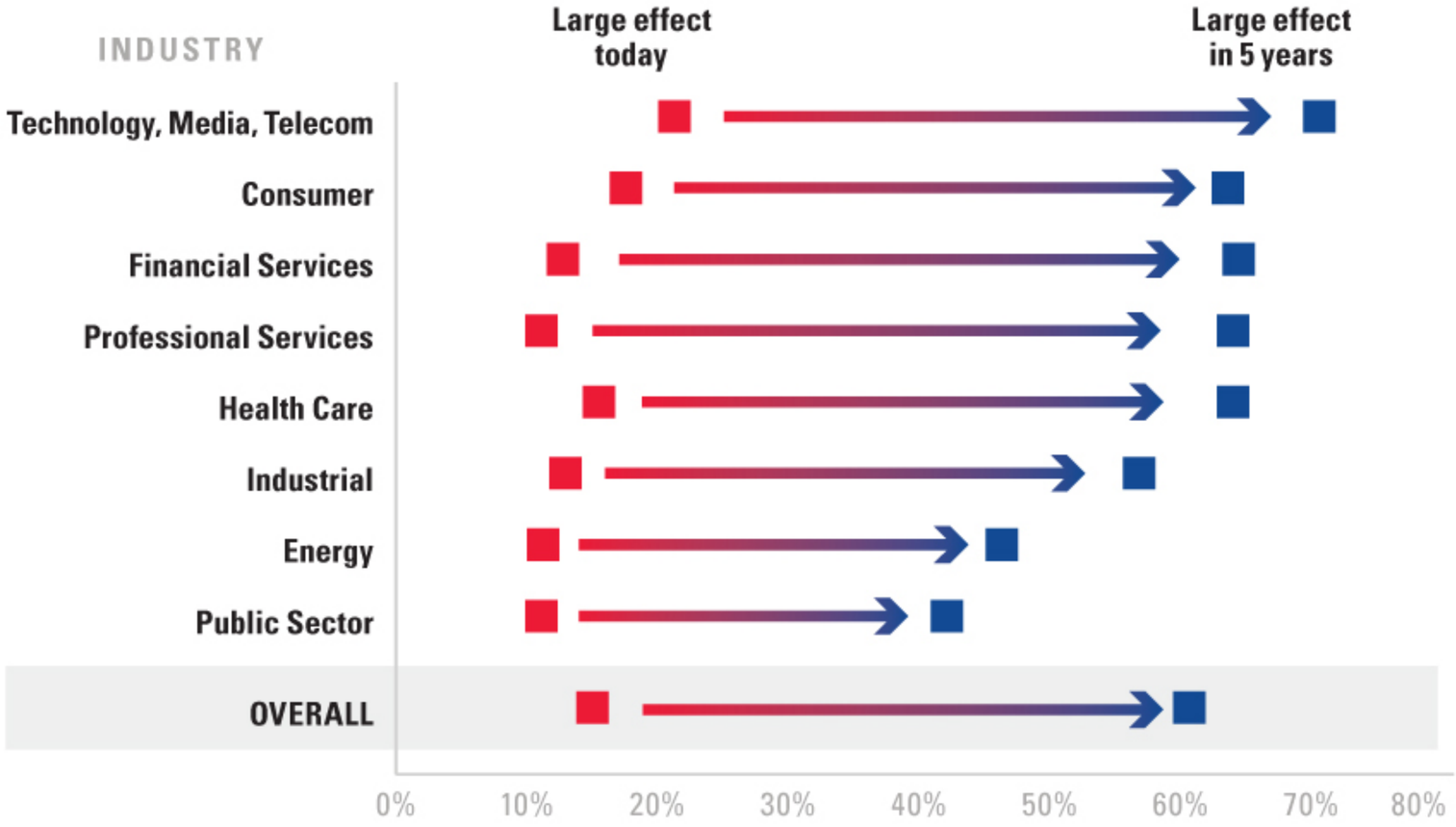
- **Current Usage Cases** -
  - Powering content recommendations
  - Editing homepages or section pages on your website
  - Understanding UJs & changing marketing approach for dynamic paywalls
  - Basic, routine journalism
  - Translation
- **What do you need to do?** Look at the potential of AI and the problems it could help your address. Create an overarching data strategy across both advertising and editorial
- **Be smart in how you use it** - explore how AI could enrich your content output by aiding research and commoditising dull and repetitive tasks

'Leveraging the power of artificial intelligence (AI) and big data strategies throughout the entire value chain should already be central for every media company.' - *Martha L. Stone, CEO of the World Newsmedia Network*

'The heavy lifting of duplication and generic content creation can be automated leaving more time for creative writing and effective storytelling' – *Margaret Ann Dowling, MD, Create And Translate*

Expectations for AI adoption across industries: impact on offerings

To what extent will the adoption of AI affect your organization's offerings today and five years from today?



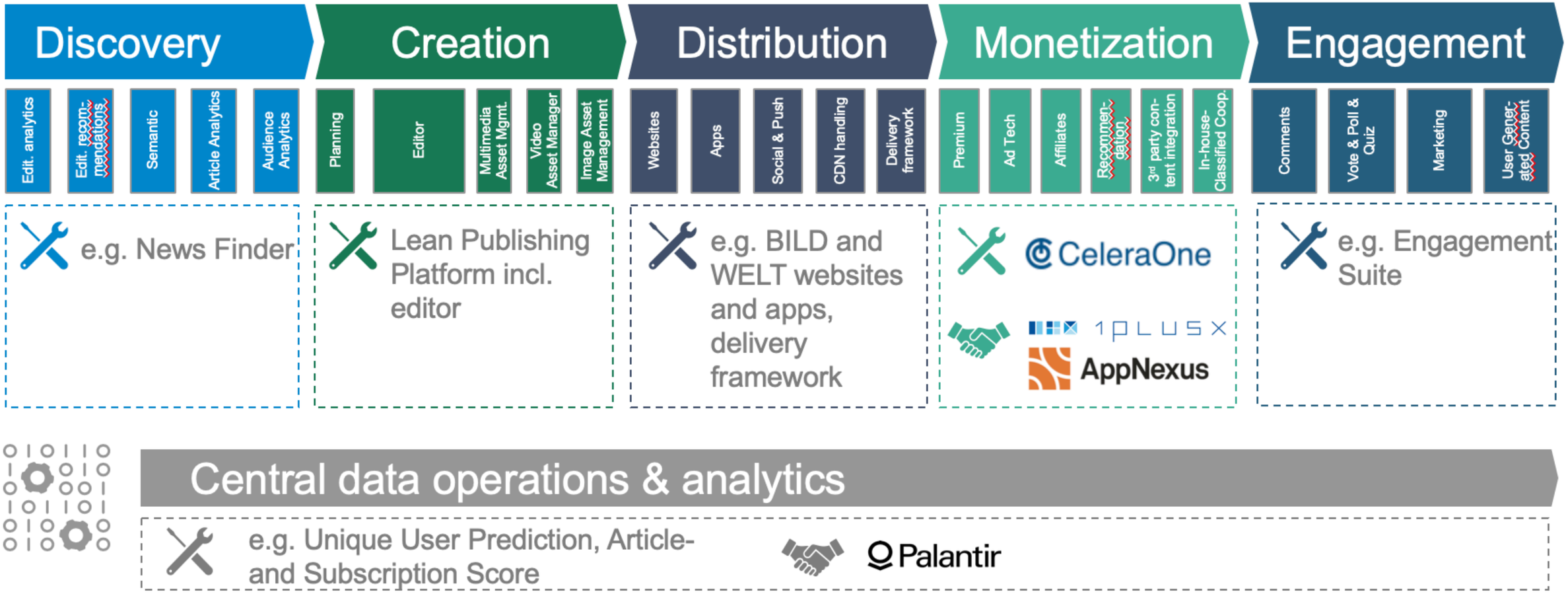
Percentage of respondents who expect a large ("a lot" or "great") effect on a five-point scale

8. TECH – BUY OR BUILD?

- **Clear divide emerging** - between those who build their own tech and those who buy it in
- **Related to scale** - the larger the company, the more likely they are to build
- **Washington Post / ARC** - built their own tech infrastructure (CMS, analytics etc..) because of frustrations with suppliers - can be a virtuous circle but expensive
- **Buy from the builders?** - many are now trying to build their own software service businesses

'We want to become a tech player owning crucial technology in each part of the value chain.' - *Stephanie Caspar, President News Media National & Technology, Axel Spinger*

'We would like to build as little as possible ourselves. The three most important elements of the paywall - and to make it scale - is something we would like to buy as shelf-ware.' - *Christoph Schmitz, Aller Media*


Discovery
Creation
Distribution
Monetization
Engagement
Edit. analytics
Edit. recom-mendations
Semantic
Article Analytics
Audience Analytics
Planning
Editor
Multimedia Asset Mgmt.
Video Asset Manager
Image Asset Management
Websites
Apps
Social & Push
CDN handling
Delivery framework
Premium
Ad Tech
Affiliates
Recommen-dation
3rd party con-tent integration
In-house-Classified Coop.
Comments
Vote & Poll & Quiz
Marketing
User Gener-ated Content
e.g. News Finder
Lean Publishing Platform incl. editor
e.g. BILD and WELT websites and apps, delivery framework
CeleraOne
1plusX
AppNexus
e.g. Engagement Suite
Central data operations & analytics
e.g. Unique User Prediction, Article- and Subscription Score
Palantir

6 Source: BCG

9. DIGITAL PUREPLAYS – WHERE NOW?

- Is the era of sustained traffic growth and the ad-funded digital editorial model over?
- **Buzzfeed & Vice** -
  - Vice : traffic down from 36m to 27m PVs 2017-2019
  - Both : staff layoffs and missed revenue targets
  - On the block?
- Closures and severe cutbacks elsewhere (e.g. *The Pool, Refinery29, Vox*)
- As for print publishers, reliance on a single revenue stream risky

Vox

REFINERY29

BuzzFeed

VICE

The Pool

10. TALENT & CULTURE

- **Compete for talent** - attractive employer brand & modern work environment to attract & retain right people
- **Change is ongoing & driven by management** - keep business agile & open to innovation
- **Training** - develop new skills sets and train for transformation
- **Diversity is key** - build new networks of talent, culture & leadership

'Invest in people, not technology – because technology does not change a corporate culture' - *Philipp Schmidt, chief transformation officer and MD: Prisma Media Solutions*

'Company culture is going to develop with or without the participation of media execs' - *Gary Liu, CEO, South China Morning Post*

FIPPCONGRESS.COM

FIPP

WORLD MEDIA CONGRESS

LAS VEGAS

2019

12-14 NOVEMBER

@fippceo

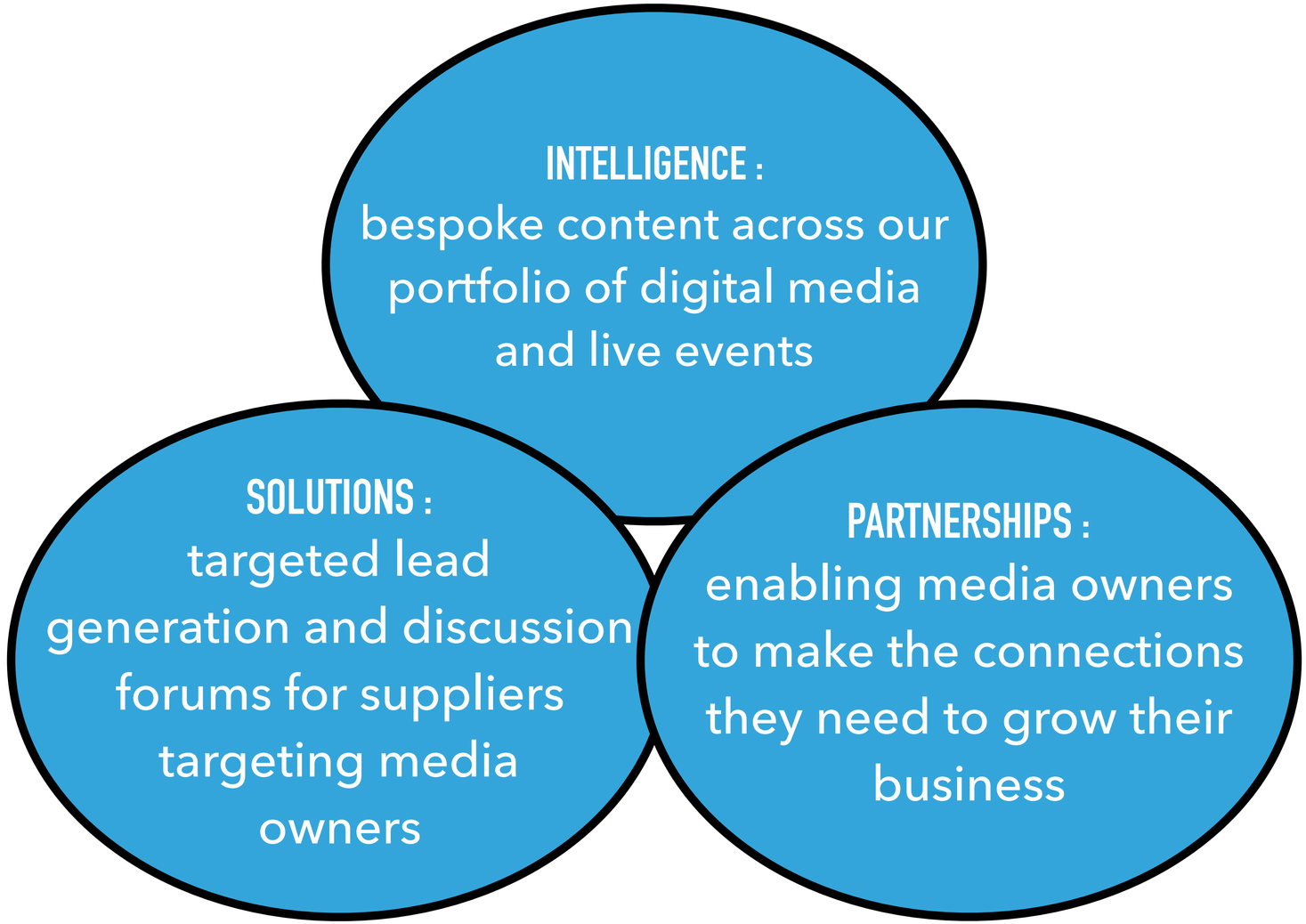
@fippworld

@jhewes

james@fipp.com

OLD SLIDES

WHAT WE DO


INTELLIGENCE :
bespoke content across our portfolio of digital media and live events
SOLUTIONS :
targeted lead generation and discussion forums for suppliers targeting media owners
PARTNERSHIPS :
enabling media owners to make the connections they need to grow their business

DIS
Digital Innovators' Summit
18-20 March 2018, Berlin
#DISummit
innovators-summit.com

The DIScovery Space
Acquire
Bill
Retain
CONTENT CENTRAL

DIS
Digital Innovators' Summit
Expresso, our daily app:
FIPP
VDZ

7. BLOCKCHAIN – BETAMAX OR VHS?

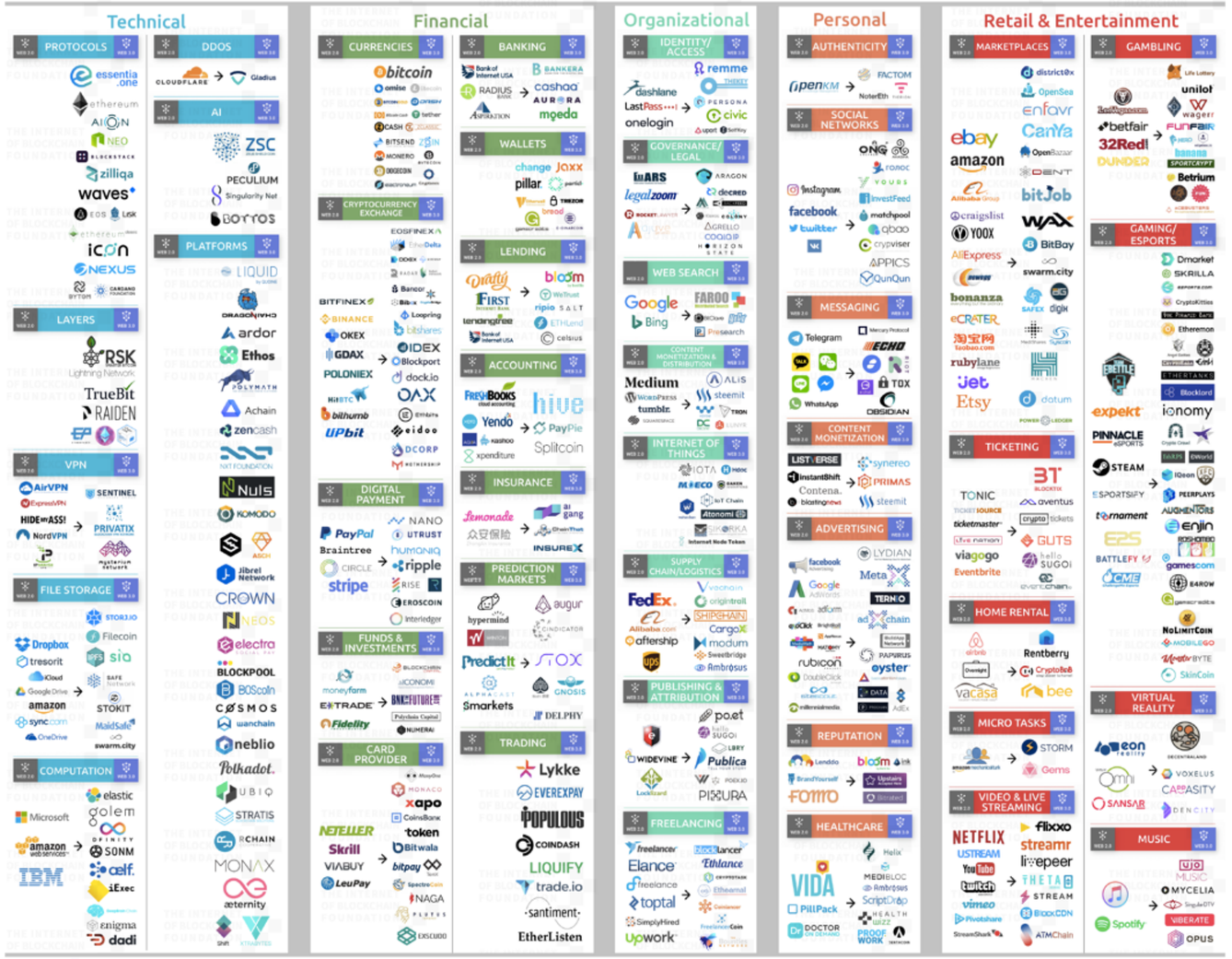
- **Plenty of hype & attention** - tech community believe it will revolutionise entire industry, starting with payment systems and distribution platforms
- **Starting to be explored by big players** - companies such as *Mastercard, Samsung, Bank of America* and *Santander* have announced Blockchain-enabled services or projects
- **An emerging technology** - hard to tell if it will achieve consumer-facing scale and prominence or remain in the back room powering things

'… blockchain will change … financial practice and exchange … 40 years from now, blockchain … will figure more prominently in that story than will bitcoin.'
Larry Summers, US Former Treasury Secretary

'Bitcoin gives us, for the first time, a way … to transfer a unique piece of digital property … such that the transfer is guaranteed to be safe and secure [and] everyone knows that the transfer has taken place, and nobody can challenge [its] legitimacy'
Marc Andreesen

WEB 2.0 → WEB 3.0 COMPARISON LANDSCAPE.

WELCOME INTERNET OF BLOCKCHAINS

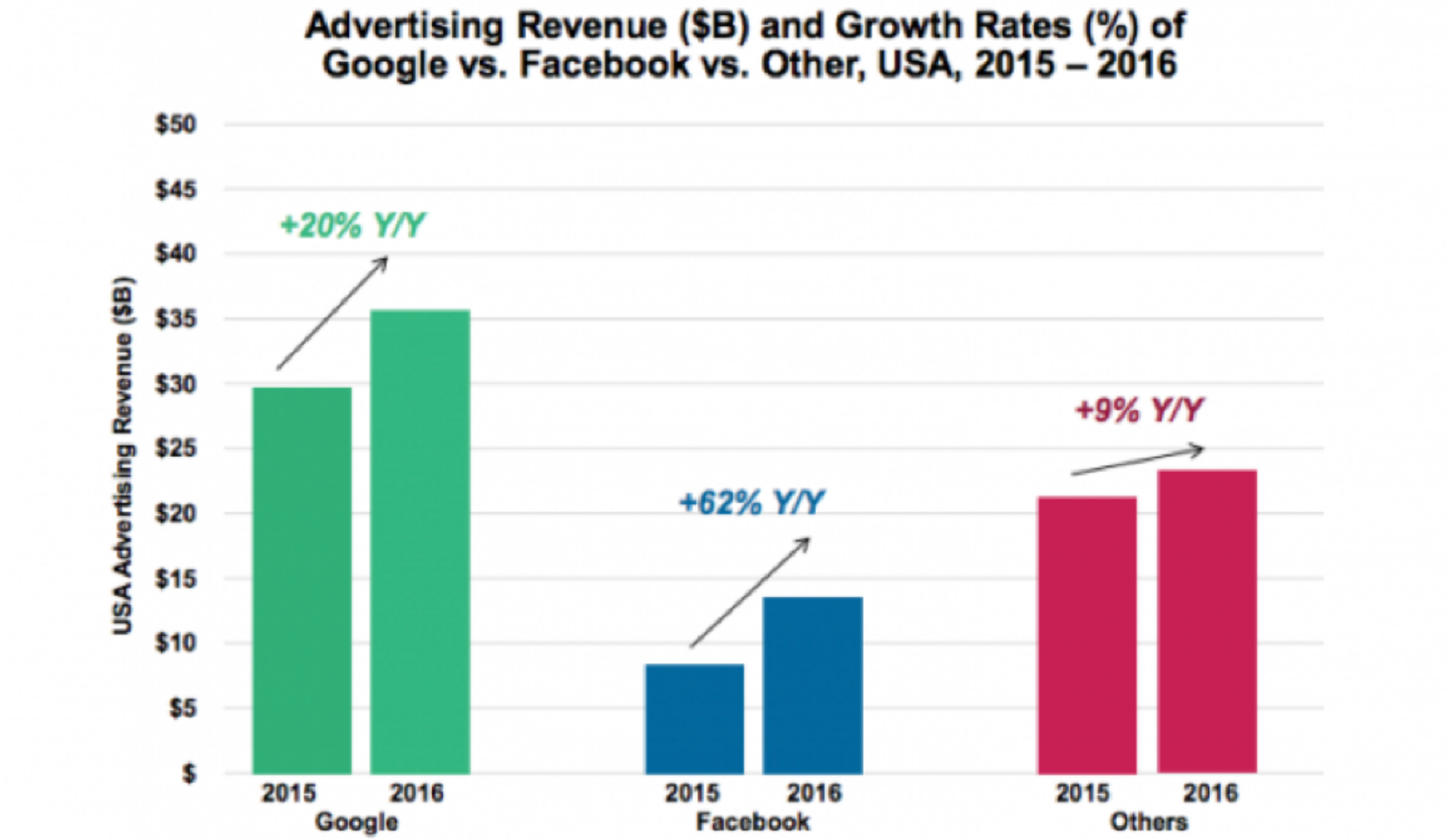


THE INTERNET OF BLOCKCHAIN FOUNDATION
Matteo Gianpietro Zago

Source: S&P Global Market Intelligence, SEC Filings

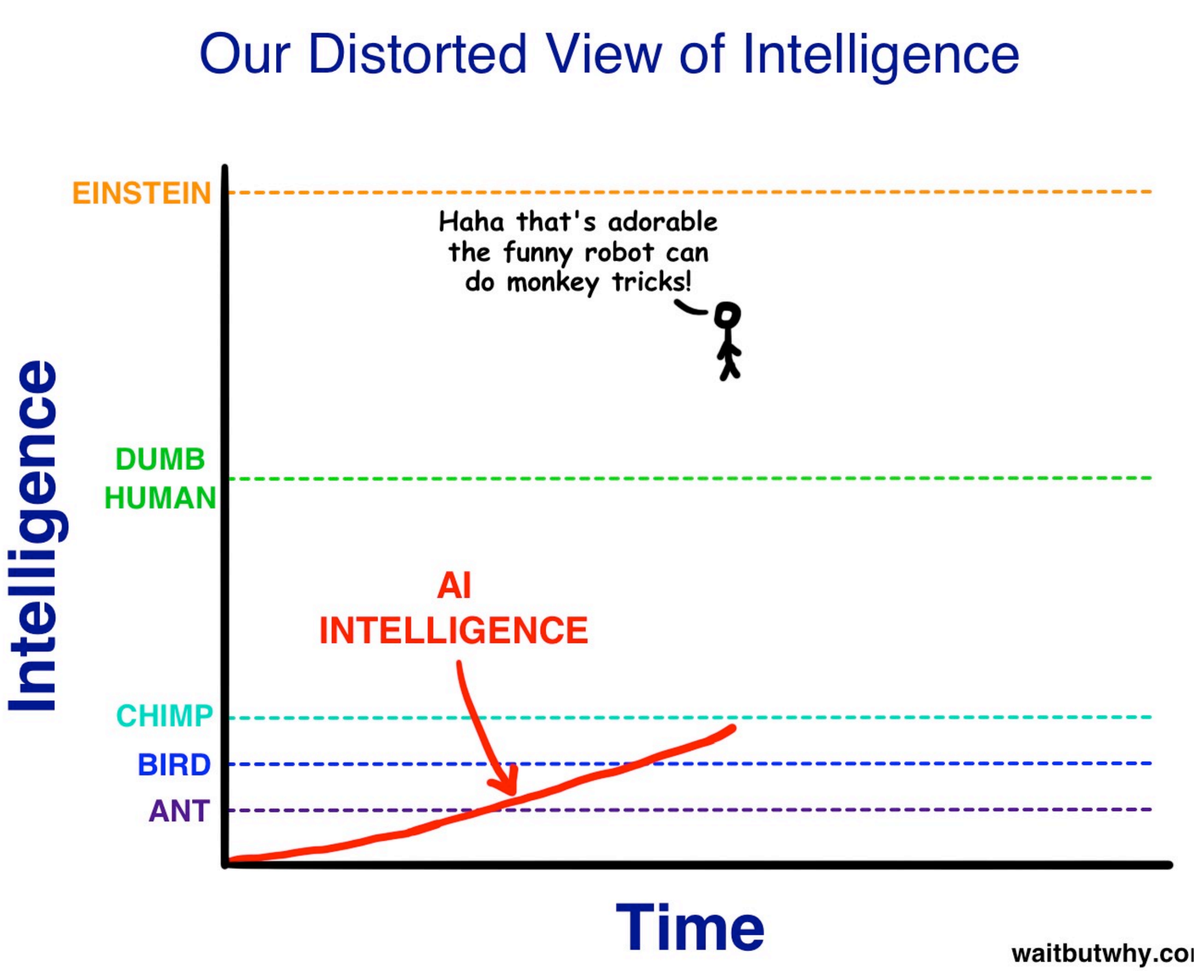
Employee numbers based on year end nearest the date each company reached $200B in market capitalization.

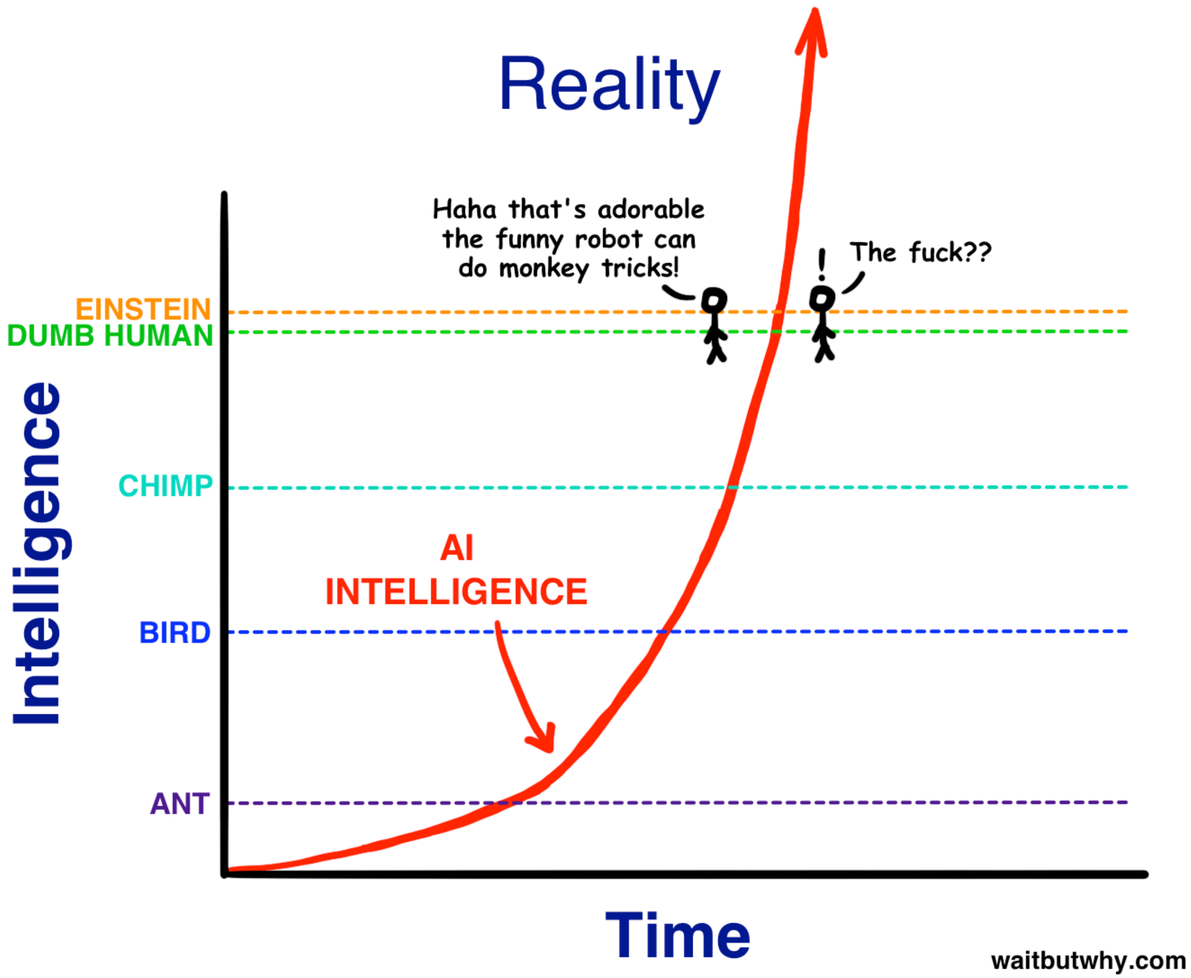
Google + Facebook = 85% (& Rising) Share of Internet Advertising Growth, USA



KLEINER PERKINS

Source: IAB / PWC Advertising Report (2016), Facebook, Morgan Stanley Research
Note: Facebook revenue includes Canada. Google USA ad revenue per Morgan Stanley estimates as company only discloses total ad revenue and total USA revenue. "Others" includes all other USA internet (mobile + desktop) advertising revenue ex-Google / Facebook.


Our Distorted View of Intelligence
EINSTEIN
DUMB HUMAN
CHIMP
BIRD
ANT
Haha that's adorable the funny robot can do monkey tricks!
AI INTELLIGENCE
Intelligence
Time
waitbutwhy.co


Reality
Haha that's adorable the funny robot can do monkey tricks!
The fuck??
EINSTEIN
DUMB HUMAN
CHIMP
BIRD
ANT
AI INTELLIGENCE
Intelligence
Time
waitbutwhy.com