

13 BUSINESS  
MODELS TO ENABLE  
YOUR MEDIA COMPANY  
TO THRIVE

# MO WE T SA TION



BUSINESS MODEL	CLIENT FOCUS	INCOME COLLECTION	INCOME POTENTIAL	TRANSACTION COSTS	PROFIT POTENTIAL
 <b>SUBSCRIPTIONS</b>	B2C & B2B	Direct			
 <b>NON-PROFIT</b>	B2C	Direct			
 <b>E-COMMERCE</b>	B2C & B2B	Direct			
 <b>EVENTS</b>	B2C & B2B	Direct			
 <b>CLUB</b>	B2C & B2B	Direct			
 <b>IT PROVIDER</b>	B2B	Direct			
 <b>ADVERTISING</b>	B2C & B2B	Intermediated			
 <b>AGENCY</b>	B2B	Direct			
 <b>DATA BROKER</b>	B2B	Direct			
 <b>BRAND LICENSING</b>	B2C & B2B	Direct			
 <b>INVESTOR</b>	B2B	Intermediated			
 <b>NOSTALGIA</b>	B2C	Direct			
 <b>EDUCATOR</b>	B2C & B2B	Direct			

REQUIREMENTS	RISKS
Unique, relevant, must-have content; systems for raising awareness of that content	Customers not willing to pay. High churn rate
A strong funding culture and strong connections to the investor community and wealthy individuals	Unless you already get foundation funding, the chances of breaking into that world in a substantial way are low
Deep understanding of audiences. Excellent platform. Unique and exclusive product portfolio	Lousy logistics and customer service
Expertise to offer irresistible “content on stage”; internal event expertise or connections with event organisers	Strong existing competition in your niche. Poor event organising capability. Unappealing content or presenters
Good partnerships with commercial and other outlets for product/service portfolio. Geographical reach aligned with media coverage	Creating a membership programme that is just a thinly veiled subscription that offers little of value
An IT team that has already created (or is capable of creating) unique media software and working comfortably with clients	Substantial investments to hire expensive IT talent, and creating and maintaining the software
Sales staff adept at consultative sales, deep data to prove qualified audiences and results, native/branded expertise	Increased competition from big platforms and from growing native/branded advertising agencies
Creative teams within the organisation. Marketing intelligence competencies	Increasing competition from both traditional and upstart advertising and marketing agencies
Sophisticated data-gathering software and internal analytics competencies to identify potential clients and deliver bespoke data	Weak databases, insufficient analytics capabilities, inability to show results
Strong and valued brands	Core brand deterioration due to poor licensing choices
Unique (and expensive) investment talent with deep understanding of the media start-up world and the start-up world within your niches	There are no guarantees. You risk losing it all. The potential gains are insights into the cutting edge of the industry and profits
An easily accessed database of old photos, stories, pages/covers easily reproduced. Someone/team assigned to handling sales/fulfilment	Cost of handling exceeds profits due to inefficiencies, insufficient demand
Internal expertise or access to external expertise; a reputation for expertise in your niche(s); an audience looking to expand their knowledge base	Poor execution; lack of expertise; poor reputation; courses that miss the target audience's interests

# THE SUBSCRIPTION BUSINESS MODEL

“Reader revenue is providing stable and growing income while advertising has remained volatile, with many reporting worse than expected results in 2019.”

— *The Reuters Institute*

Not only is subscription revenue growing, it is also morphing beyond its original form to include greatly expanded niche vertical subscriptions, profitable enterprise B2B sales, conversions to high-end product subscriptions, and, most importantly, whole departments dedicated to retention.

This transformation of reader revenue has prompted what media industry magazine Folio called “a deep rethink around what a magazine is or can be”.

“I do think there is an unbundling of the magazine subscription,” Esquire Editor-in-chief Michael Sebastian told Folio. “Just as iTunes detached tracks from albums, we may be seeing the general access model for paid content splinter into passion points that micro-subscriptions serve with product mixes that go far beyond text and images.”

We are also seeing the creation of entire departments dedicated to subscriber retention.

Tellingly, back in late 2016, The Washington Post had no one dedicated to retention. Today, there are 25 people working on retention. Similarly, The New York Times tripled its retention-focused staff between 2015 and 2017.

“You don’t get money from conversion, it’s from retention,” Kjersti Thorneus, Director of Product Management at Schibsted Media Group, told WhatsNewInPublishing.

# KEY NUMBERS

## 20m

Since the first Global Digital Subscription (GDS) Snapshot in 2018, the number of digital-only subscriptions reported had doubled from ten million to nearly 20 million by the autumn of 2019. That number is impressive because in 2018, Deloitte predicted that it wouldn't be until the end of 2020 that there would be 20 million digital-only subscribers to news and magazine media globally. *FIPP*

## 52% v. 14%

According to the latest annual Journalism, Media and Technology Trends and Predictions report from the Reuters Institute for the Study of Journalism, more than half (52%) of the 200 media executives surveyed in 29 countries said subscription and membership would be their main revenue focus in 2019. This compared with 14% for advertising revenue. *Reuters Institute*

## 10x

Research firm Piano has found that the average conversion rate of registered users is 10x that of anonymous visitors. *Piano, a digital business platform*

## From 1 to 8

Today, Investor's Business Daily offers eight different products, each designed with a different investor persona in mind and priced accordingly: Leaderboard costs \$69.99 per month, while MarketSmith costs upwards of \$1,400 per year. Today, subscriptions account for 80% of IBD's revenues, up from 50% in 2015. *Digiday*

## 52k to 13k

In mid-2019, The Los Angeles Times reported adding 52,000 new digital subscriptions in the first half of 2019, but netted an increase of only 13,000 due to churn. *EditorAndPublisher.com*

## 5%-25%

While there's a certain allure that comes with capturing new customers, keeping customers coming back will continually result in a greater ROI — and it costs 5-25X less to retain a customer. *Harvard Business Review*

## 0-25

Tellingly, back in late 2016, The Washington Post had no one dedicated to working on retention. Today, there are 25 people who work on retention in some fashion. Similarly, The New York Times tripled its retention-focused staff between 2015 and 2017.

## 6%

Publishers with over 6% stop rates have "thriving" digital subscriptions businesses (a stop rate is the percentage of all digital users who are "stopped" by a subscription prompt, a paywall, or a meter limit), according to the Digital Pay-Meter Playbook from The Shorenstein Center and Lenfest Institute. The 50th percentile of publishers in the study stops only 1.8% of their readership with a paywall or meter. Publishers with sustainable digital businesses report stop rates above 4.2% of their readers. *WhatsNewInPublishing*

# KEY INSIGHTS

## MULTIPLE CONVERSION STRATEGIES

The New Yorker has used multiple strategies to drive subscriptions: Newsletters (17 of them!), niche topic coverage (politics, business, food), personalised subscription pitches, and targeting affinity groups on Facebook and Google with paid posts and paid search keywords to get their content in front of potentially new audiences.

*FIPP*

## PERSONALISED PAYWALLS

To meet its four-year goal of hitting three million global subscribers, The Wall Street Journal spent four years building a paywall based on a machine learning algorithm that measures reader activity across 60 variables and then adapts the wall to each reader's behaviour, delivering a free-story limit only in the areas of their interests. *FIPP*

## SUBSCRIPTION FATIGUE?

Recent research has raised the concern that there are "potential limitations for the market with terms like subscription fatigue entering the industry lexicon alongside suggestions that the market for news and magazine media digital subscriptions is nearing a saturation point". *FIPP*

## NICHES LOOK GOOD

"Niche and specialist publications, as well as those with a marquee brand and a large base of potential subscribers to tap into, may well be best placed to ride the subscription storm." — *Damian Radcliffe, journalism professor/Univ. of Oregon, writing in WhatsNewInPublishing*

## REGISTRATION WALLS DRIVE CONVERSIONS

"Recently we have seen more and more publishers adding a new step to their subscription journeys: the registration wall. One reason is to better understand your audience and create more detailed user profiles. With this deeper understanding of readers' behaviours, publishers can convert them into paying subscribers. Piano's research found that the average conversion rate of registered users is 10x that of anonymous visitors, thanks in part to such tools." *TwipeMobile.com*

## REALLY, REALLY TIGHT PAYWALLS

"We know one of the common paywall mistakes is that simply not enough readers ever see the paywall. Industry-wide, the most successful paywall strategies aim to reach 5-10% of readers per month, as these are the most engaged readers who are in turn most likely to subscribe. In the past few years, we've seen the number of free stories/month drop dramatically from 13 in 2012 to today's average of five. Some publishers like The Boston Globe are going even tighter, reducing from five stories over 45 days to just two!" *TwipeMobile.com*

## FEWER PEOPLE PAYING MORE

"B2B publishers are increasingly moving from selling individual subscriptions to creating more tailored packages for large enterprises. Melcrum, which serves the internal communications community, concentrated on its few hundred best customers and developed packages of condensed content and personalised advice, including best practice insights, practical guides, strategic tools, training programmes and access to a professional network. Melcrum went from thousands of subscribers at \$500/year each to having a few hundred members at \$30-50k each." *WhatsNewInPublishing*

## CANNIBALISATION?

"The first argument against launching a new subscription vertical product is the fear of cannibalisation. Will full-subscribers who had previously been paying for the entire product downgrade to only paying for the subscription vertical content? The counter argument is that the alternative is actually churning entirely. If a subscriber is looking to downgrade their subscription, isn't it better to at least retain them as a subscriber with the vertical than to lose them as a subscriber completely." *Folio*

# THE ADVERTISING BUSINESS MODEL

“Digital advertising is still a growth industry. With the ability to offer compelling content, brand safety, and high-end audiences, savvy publishers are well-positioned to be prosperous in 2020.”

— Tim Bourgeois, Digital Media Auditor and Consultant

For all the doom and gloom about advertising, it nonetheless remains a growth area.

The challenge is how to get your share.

The advertising industry faces an “existential need for change,” according to a blunt report published in late autumn 2019 by research firm Forrester. The media and ad agencies must “disassemble what remains of their outmoded model” or risk “falling further into irrelevance,” the

report concluded. (NY Times)

The only solution for media companies competing for the cash not already taken by the platforms and squandered by ad blocking is to fix the broken online advertising model, according to Jessica Rovello, CEO of content company Arkadium. The “downward spiral” of the current system is caused by poor digital ad formats that lead to ad blocking, reduction in revenue, more ads per page, and ultimately an awful user experience. To counter this, better engaging, less intrusive digital adverts will lead to an upward spiral, which will decrease ad blocking, increase revenue, lead to less, but more relevant ads per page and create a better user experience, Rovello said.

# KEY NUMBERS

## 17%

In the US, advertisers increased spending on digital formats by 17% during the first half of 2019. That's a net increase of more than \$8 billion, far outpacing total advertising growth rates of approximately 5%. *DigitalContentNext*

## 52%

For the first time, internet advertising will exceed 50% of the ad market in 2021 at a projected 52%, according to the Advertising Expenditure Forecasts, published in mid-2019 by FIPP and Insight News. *FIPP*

## 18%

The year 2018 saw a significant decline in ad revenue for magazine publishers in the US. Ad spending in print magazines, including Sundays or inserts, fell by 18% year-over-year. *wwd.com*

## 3.3%, but also 12%

Spend in digital verticals of magazines actually rose by 3.3%, to \$4.67 billion from \$4.52 billion, but obviously not enough to make up the difference and not in line with the double-digit-percent growth in the digital ad market. Combined, advertisers spent 12% less with magazines and related content, down to \$13.64 billion last year from \$15.47 billion the year prior. *wwd.com*

## 2.1%

eMarketer projects digital ad revenue will grow only 2.1% for magazines this year. Meanwhile, print ad revenue this year is projected to drop another 17%. *eMarketer*

## 17-18%

Internet ad spend growth is led by the overlapping channels of online video and social media, which we expect to grow at average rates of 18% and 17% per year, respectively, to 2021. *FIPP & Insight News*

## 69%

Native made up as much as 69% of overall revenue in some media organisations, up from 31% of the overall publishing revenue in 2017, according to the FIPP's report on native advertising in 2018. *FIPP & Insight News*

## \$1b

Marketers spent \$479 million on podcast ads in 2018 and are projected to spend over \$1 billion on podcast ads by 2021. *Reuters*

## 50% and 36%

Direct-sold and programmatic ads are the brightest spots for publishers' online revenues, the report shows. Fifty per cent of publishers reported that direct-sold advertising was a large or very large source of revenue for them. Programmatic ads are also another major source, according to 36% of publishers. *Digiday*

## 0%

Despite all the noise with the pivot to paid, subscriptions aren't a source of revenue for an incredible 40% of publishers. *Digiday*

## 65%

In a different survey of 135 publishers conducted by Digiday Research in the autumn of 2019, over 65% of respondents said building direct-sold ads was a major focus for them over the next six months. Other major priorities included programmatic ads (almost 60%). *Digiday*

## 13-144%

The findings showed that premium digital inventory running across quality content brands in Q3 2018 outperformed digital marketing measurement service Moat's benchmarks by between 13% and 144%. World Media Group's recent research concludes that the primary driver of increased engagement is the "halo effect" that comes from the value of the contextual environment in which the ads are seen. *Measurement service company Moat*

## 66

Desktop display ads on quality content sites achieved an active page dwell time of 66 seconds, 39% higher than the industry average. Mobile display performed 35% more interactions than average. Consumer attention to videos on quality content pages was also high, with audible and visible completion rates at 144% higher than the Moat Q3 2108 benchmarks. *Moat*

## KEY INSIGHTS

### PROGRAMMATIC GUARANTEED BIG RESULTS

Condé Nast boosted its revenue by 93% and order volume by 41% in the past two years through its "programme guaranteed" programme with Google. *DigitalContentNext*

### WIDE PROGRAMMATIC ADOPTION

"Programmatic advertising has reached unprecedented adoption in recent years as the industry responds to changing marketplace dynamics," said Taylor Peterson, Deputy Editor at Third Door Media. *DigitalContentNext*

### NATIVE COMMANDS MUCH HIGHER PRICES

One of the main reasons for the incredible growth of native advertising representing from 31-69% of total advertising revenue is that publishers are able to set significantly higher prices for native advertisements compared to the traditional ones. FIPP's study claims that more than 60% (up from 56% last year) of publishers charge more for native advertising than basic promotions. *FIPP*

### EMOTION-BASED ADVERTISING

In the spring of 2018, The New York Times piloted ad placements based on the emotions certain articles evoke. By mid-2019, Project Feels had generated 50 campaigns, more than 30 million impressions, and strong revenue results (the Times declined to specify how much). *Poynter*

### EMOTION-BASED ADS VASTLY OUTPERFORM

With 150,000 data points, a Project Feels analysis team identifies articles with strong emotional resonance. The resulting algorithm then instantly finds which combination of emotions is evoked as the story is posted. The Times and its advertisers can track with some precision whether the ad outperforms a more random placement. Some have generated as much as 80% more impressions than regular behavioural targeting. The average lift is 40%. That success supports a premium charge. *Poynter*

# THE DATA BROKERS BUSINESS MODEL

“This is where first-party data becomes so important. Rather than developing entirely new inventory strategies, which is a heavy lift, publishers can look to what they already have — rich behavioural, subscriber, and social data, most of it seriously underleveraged. When used properly, first-party data can help publishers drive revenue in two ways — directly and indirectly. It can help them to stop working harder and start working smarter.

— StreetFightMagazine

**S**elling data-as-a-service (DaaS) has proven to be very lucrative for some companies. Its success has fulfilled the prophecy of Prescott Shibles, Senior VP/Data of advertising firm Randall-Reilly, who told the Connectiv Executive Summit that “targeting data will soon be worth more than advertising inventory.”

Today data can actually make

you some serious money. Unfortunately, few media companies have figured out how to make that happen.

“Publishers who want to not only compete but also thrive in today’s media market need to look at what they already have in their back pocket,” said Fred Marthoz, Managing Director at data solutions company Lotame, speaking to WhatsNewInPublishing.com. “We often talk about the pivot to video or the pivot to podcasts. The pivot to data is really the biggest opportunity in the market today.”

# KEY NUMBERS

92

In a survey conducted in 2020 by NewVantage Partners, 91.6% of executives said investment in big data and data analytics is increasing, and 87.8% said there is more urgency to invest in these technologies. *Lotame.com*

11b

Vox Media's Forte service, strengthened by the merger with New York Media, offers marketers access to direct-to-consumer relationships at nearly every passion point. They have 12,000 custom proprietary ad units, representing a data set of 11 billion impressions in the past three years and brand KPI performance against considerations such as colour, action words and video lengths. *Vox*

3

Three ways to make data actionable:

1. Targeted audience segments are a big opportunity: A key step for publishers is to build "off-the-shelf" audience segments that can be sold directly to advertisers.
2. Elevate new biz: Include data in RFPs. Publishers should build a customised response to advertiser RFPs with audience data.
3. Never leave out second-party data: There are multiple ways data can be sold, either directly to another company through a second-party data exchange, or through a programmatic data exchange. Second-party exchanges are particularly popular because they're private marketplaces to buy or sell data one-to-one to another company versus an open environment. *StreetFight*

# KEY INSIGHTS

## UNIVERSAL INTERNAL ACCESS TO DATA

Part of the beauty of the Readerscope tool for The Times is that anybody within its advertising group can access this information, explained Kendell Timmers, Times VP of advertising analytics. So, when salespeople have calls to make on clients, they can check ahead of time and get insights to share when they see their client, as opposed to having to talk to the data group for a lengthy analysis or talking points. *FIPP*

## AI-DRIVEN DATA INSIGHTS

Publishers are finding new uses for algorithmic-based tools, like offering AI-driven data insights to their advertising and marketing partners and clients. A few years ago, The New York Times launched Readerscope, an AI-driven tool that summarises what segments of The Times' audience is reading, visualising who is interested in which topics and where they are. The tool can be used for content strategy, for branded content, or for campaigns to help advertisers and marketers understand their desired audiences better. *FIPP*

## DATA BEATS GUTS

"We're really encouraging people to experiment based on data as opposed to based on guts. I think over time you'll find data beats guts," said The Times' Timmers. *FIPP*

## DATA IS WORTH MORE THAN ADVERTISING

Selling data-as-a-service (DaaS) has proven to be very lucrative for some companies. Its success has fulfilled the prophecy of Prescott Shibles, Senior VP/Data of advertising firm Randall-Reilly, who said "targeting data will soon be worth more than advertising inventory."

## DATA OPENS LEAD GENERATION

At B2B publisher Hanley Wood in the US, its DataScale tool powers an advanced lead-generation technology platform that is both flexible and scalable and integrates the company's proprietary Construction Industry Database (the biggest in the industry with more than 2.5 billion records). DataScale offers a full-service lead-generation platform focused on helping customers maximise internal data assets and optimise their sales and marketing automation investments.

## DATA-DRIVEN CONSULTING

Hanley Wood now offers DaaS-related services including database management services and consulting with clients to align their data with customer acquisition, media, marketing and events strategies, as well as long-term consultative marketing engagements, website development, lead generation, and content marketing.

## DATA-BASED AD-TARGETING TOOL

The Washington Post has developed a first-party data ad targeting tool called Zeus Insights. It offers detailed contextual targeting capabilities along with user-intent predictions for marketers. The idea is to give marketers a sophisticated ad-targeting tool that does not depend on third-party cookies and yet drives results. The Post plans to license Zeus to other publishers by integrating it with its Arc technology platform. Currently Arc reaches 750m unique users globally.

*WhatsNewInPublishing*

## DATA DRIVES EVENT ATTENDANCE

Hanley Wood uses reader location and behaviour data to promote attendance at live events. For example, when the publisher is organising an event, it will ensure that readers living nearby, who have consumed content related to the event's focus, are notified and invited via emails, sites, or phone calls. "Without the data, we might have to market 20 times more than we do in order to get the event registrations," said Hanley Wood's EVP of Digital and Data Operations Sarah Welcome.

## UNLOCK MORE FIRST-PARTY DATA

The key to unlocking more first-party data lies with creating custom dimensions in your analytics, giving you deeper insight into your audience. Publishers can use these dimensions to segment data based on — among other things — content categories, content types, and level of audience engagement. Google's User-ID feature also allows publishers to link this engagement data to individual users in your other data systems. By customising your Google Analytics account to enrich your data, you can drive more value with the first-party data you already own.

*PubExec*

## USE FIRST-PARTY DATA TO DRIVE MORE REVENUE

Demographic data by content type can provide far more actionable insight than a ranking of URLs with the most page views, allowing you to squeeze more revenue from your data. Knowing how many, say, men aged 25-34 who visit your site is one thing; knowing how many of them specifically consume automotive content is a powerful tool to command ad revenue from advertisers, who can then target an audience they know will be receptive.

*PubExec*



SLATE

# THE CLUB BUSINESS MODEL

"A subscription model requires audiences to pay money to get access to a product or service. A subscription conveys a transactional relationship. A membership model invites audiences to give their time, money, connections, professional expertise, ideas, and other non-financial contributions to support organisations they believe in."

— Kate Myers, Executive Director/Revenue and Operations at First Look Media, a US-based journalism organisation

**F**or starters, membership is not:

- A subscription by another name
- A branding campaign you can launch when revenue flags
- A strictly American media kind of thing
- A consultancy buzzword

## What is it?

"In membership, there's a different social contract or value proposition between the site and its members," wrote Staff Writer Christine Schmidt for the journalism think-tank Nieman Lab. "At the basic level of: What do you give? What do you get? Subscribers pay their money and get access to a product. But members join the cause and participate because they believe in it."

# KEY NUMBERS

## 5-10%

The median percentage of unique visitors who become members is about .05%, according to the Lenfest Institute. However, over time, as publishers build their membership bases, the top performers typically can convert 5-10% of their unique visitors into paying members. *Lenfest Institute*

## 6,000

The free version of Slate's Slow Burn podcast generated 1.5 million downloads per episode, and the podcast as a whole drove 6,000 memberships in 2018. Slate's strategy: Provide enough value to attract and engage consumers in the free content, while offering premium, behind-the-scenes content as an added benefit to members. *Lenfest Institute*

## 1,000,000

In 2019, The Guardian in the UK had 650,000 regular paying members, 360,000 of whom are recurring paying members and 290,000 pay for print papers and digital memberships, according to the publisher. In 2018, it received more than 364,000 single contributions from around 318,000 contributors. In the last three years, the title received 1 million paid donations — a mix of one-offs, recurring paying members, and print sales. *INMA*

## 80%

Media organisations in other countries are often way ahead of US and European outlets in developing membership. Many outlets in Latin

America are earning between 20% and 80% of revenue from membership, according to Ariel Zirulnick, Director of The Membership Project's Membership in News Fund. *Nieman Lab*

## £1,200

At The Guardian members pay £1,200/year, "patrons" get access to exclusive events, backstage tours, member-only newsletters and, if they commit to double the contribution, access to a morning editorial conference. For £5.99-£11.99/month, "subscribers" get an upgraded user experience in an app (two extra curated feeds, ad-free) or an e-paper edition. *INMA*

## 4 months

Those who participate in at least one survey tend to stay members for, on average, four months longer than those who don't. The closest that another touch-point comes to this is commenting on an article. It has a similar effect: they last for three months longer. *The Engaged Journalism Playbook*

# KEY INSIGHTS

## FIRST, SURVEY TO DETERMINE NEEDS

To develop a value proposition, identify your "whales"—your most enthusiastic and engaged readers. Once you find them, go out and speak with them. Figure out why your publication is so important to them, what they care about, and how well your brand satisfies their needs. Really listen for what gets them emotionally charged. Next, validate what you heard in those interviews with a quantitative survey of your broader email list. — *Rob Ristagno, Founder and CEO of the consulting company Sterling Woods Group PubExec*

## THEN CREATE A VALUE PROPOSITION

Based on consumer feedback, determine what tangible problems you can solve, plus which emotional benefits you can provide (eg, we will make more confident, more recognised, more connected, more developed personally or professionally, or more entertained). Then put together a value proposition that addresses your readers' needs and wants. *Ristagno/PubExec*

## CREATE THE PROGRAMME TO DELIVER ON YOUR PROMISE

Now figure out how you take all your content, data, access to experts, and access to communities and turn it into something that fulfils the value proposition. Think beyond content. You don't need a boatload of features. Just two or three things on top of a subscription is enough. Just make sure these offerings solve the tangible and emotional needs of your "whales". Consider:

- Access to experts or editors in a monthly live, interactive webinar
- Tools that make it easier for subscribers to do their jobs: templates, diagrams, graphs, charts, etc. National Journal, for example, provides members with useful PowerPoint presentations that can help streamline report creation
- Tools that make it easier for subscribers to pursue their hobby: calculators, charts, maps, or indexes, depending on your niche
- Charitable contributions to a bigger cause
- Educational resources, like videos and ebooks

*Ristagno/PubExec*

## A MEMBERSHIP FUNNEL IS ESSENTIAL

Create a "trust funnel" by using qualitative and quantitative audience data to develop hypotheses on how to build trust, cluster members (ie by value or activity), set up a measurement framework, and create engagement activities. *Engaged Journalism Accelerator Program*

## MEMBERSHIP-LIMITED CONTENT BEATS PAYWALLS

A study of sites running closable models such as premium and hard paywalls, and non-closable models such as meters or memberships, found that locked content had a median monthly conversion rate 14 times higher, according to subscription software company Piano. *INMA*

## THE BIGGEST MISTAKE

"The biggest and most common mistake is to take a pile of your existing products and throw them together into a membership programme, then sit back and expect an enthusiastic response. This lacklustre approach yields lacklustre results." *Ristagno/PubExec*

## A TWO-PRONGED STRATEGY

Similar to Slate, The Guardian uses a dual-pronged approach: 1) Provide enough value to attract and engage consumers in the free content, while offering premium, behind-the-scenes content as an added benefit to members, and 2) When the company publishes a story that holds truth to power and generates a lot of attention, it is paired with a highly active membership drive. *Lenfest Institute*

## MEMBERSHIP-DRIVEN TURN-AROUND

"On August 15, 2018, we announced the start of membership for the Daily Maverick. At the time, we weren't entirely sure how we were going to fund December's payroll. [A year later], with more than 7,000 members joining us and a 75% growth in headcount since we started, things look a lot brighter. Building a recurring and significant revenue stream has been liberating." — Styli Charalambous, cofounder & CEO, Daily Maverick, Cape Town, South Africa *Nieman Lab*

## MEMBERSHIP IS OWNED BY COMMERCIAL AND EDITORIAL

The Guardian decided membership would be more than a "marketing play" — it would be owned in equal part by the newsroom. The Guardian appointed one of its editors to be in charge of membership and to help define the membership strategy in partnership with the commercial team. *Lenfest Institute*

# THE E-COMMERCE BUSINESS MODEL

“[What] smart publishers end up doing well is to become a discovery platform for their readers. The best sites aren’t just talking about deals... it’s really about what types of products are out there that reach this bar of ‘we want to write about it.’”

— Stackcommerce VP/Business Development Ben Gafni speaking to WhatsNewInPublishing

-commerce and mobile commerce (m-commerce) together enable both the instant creation of a need and then the instant satisfaction of that need. Media companies’ brick-and-mortar pop-up stores do the same thing.

The media company as a retailer business model can also serve every level of the sales funnel. Media companies whose trusted editorial teams give readers expert reviews of products fulfil a consumer’s need for product-purchase information at the beginning, middle, and end of the funnel.

In both cases, the success of publishers’ e-commerce and m-commerce initiatives proves

TOTAL WORLDWIDE ECOMMERCE SALES  
IN TRILLIONS OF US DOLLARS



— Worldwide ecommerce sales (Image source: Shopify)

the power of a media company to deliver results to partners and advertisers while also creating two new and potentially robust revenue streams: 1) Direct or commission revenue from product sales, and 2) Advertising revenue from brands who purchase native ads and branded content around the service journalism.

# KEY NUMBERS

## 95%

95% of purchases will be made online by 2040.  
*Nasdaq, 2019*

## 28%

Although women are stereotypically assumed to dominate online shopping, men actually do, spending 28% more than women shopping online. *Kinsta*

## 43%

43% of online shoppers have reported making purchases while in bed, 23% at the office, and 20% from the bathroom or in the car. *Kinsta*

## 10%

10% of customers report they have made a purchase drunk. *Kinsta*

## Top 10

The US is often considered the largest e-commerce market. It isn't. By a large margin! Here are the top 10 largest ecommerce markets, *eMarketer, 2019*:

1. China: \$1.9b
2. USA: \$587m
3. United Kingdom: \$142m
4. Japan: \$115m
5. South Korea: \$103m
6. Germany: \$82m
7. France: \$69m
8. Canada: \$50m
9. India: \$46m
10. Russia: \$27m

## 70%

About 70% of shopping carts are abandoned. In 2006, the average abandonment rate was 59.8%.  
*Baynard Institute, 2018*

## 30%

When business send abandoned shopping cart owners emails, 71% are influenced by those emails (Adobe). Almost 30% of ecommerce revenue comes from abandoned cart emails.  
*Salecycle*

## 60%

More than 60% of customers say that they prefer digital self-serve tools, such as websites, apps, or chatbots to answer simple inquiries. *American Express*

## 60%

Almost 60% of people who own a virtual assistant have used it to make a purchase through voice command. Voice commerce sales reached \$1.8b in 2018, with the potential to reach \$40b in 2022. *apolicious.com*

## 80%

By 2020, 80% of businesses will be using chatbots. *Business Insider Intelligence*

## 16%

Globally ecommerce sales will increase to 16% of all sales in 2020. This would be an increase of 19%. *InternetRetailer*

## \$3.46T

Global e-commerce sales were anticipated to hit \$3.46t by the end of 2019, up 17.9% from 2018's figure of \$2.93t. Further, by 2022, e-commerce sales are expected to reach \$892b in the US alone. *InternetRetailer*

## 72.9%

The majority of first-time digital buyers used their mobile devices; by 2021, mobile e-commerce could be \$3.5t, 72.9% of e-commerce sales.  
*Emarketer and FIPP*

# \$8.2b

Affiliate programmes, in particular, are lucrative for digital publishers with large audiences. By the year 2022, affiliate marketing is expected to generate a whopping \$8.2b in revenue in the US alone. *Business Insider Intelligence*

# 14%

According to data from the US Census Bureau, e-commerce in the US grew by +14% in 2018 following on a +16% growth rate in 2017. However, growth appeared to have decelerated further in 2019 as the sector rose by just 5% in the third quarter of that year. *US Census Bureau*

# 18%

China's official government statistics service indicated online retail sales of physical goods were up 25% in 2018 versus 28% in 2017. Sales slowed further in the first quarter of 2019, rising 21%, and just 18% in the first half of 2019. *China Ministry of Commerce*

# 13%

Meanwhile, in Europe, they experienced a 13% growth there in 2019, up from +12% in 2018. *European ecommerce Report*

## Top 5

Top five e-commerce tools *WebPublisherPro*:

1. StackCommerce
2. Shopify
3. Amazon
4. WooCommerce
5. Pretty Links

# 72%

Future Publishing saw its revenue from e-commerce increase by 72% in 2018, with that strand now making up 15% of its total revenue for the year.

# KEY INSIGHTS

## THE BIGGEST CHANGE TO E-COMMERCE

"I suspect machine learning will be the biggest change to e-commerce since it began — image recognition in particular. What happens when you can wave a phone at something and say 'I like this'?" — *Media Analyst Benedict Evans speaking to WhatsNewInPublishing*

## THE IMPACT OF VOICE SEARCH

The rise of voice search has implications for publishers looking to sell products and services on devices like Alexa, although Comscore found that consumers are still less likely to purchase through such devices than via mobile or desktop. *WhatsNewInPublishing*

## TRUMP'S BIG TRUCK

The President and the Big Boy Truck started out as a listicle written by a BuzzFeed News reporter and was turned into a book when a Facebook comment suggested it and received many likes.

## SHOPPABLE RECIPES

In August 2020, BuzzFeed's food vertical, Tasty, launched a partnership with Walmart that provides Tasty app users with "shopable recipes," allowing them to add the ingredient lists from any video directly into an online Walmart grocery cart for pickup or delivery. "This is different from advertising. It is very much down-funnel and integrated with content." *Nilla Ali, BuzzFeed VP/ Strategic partnerships, speaking to Folio*

## CHURCH AND STATE DEBATES

While lucrative and growing fast, affiliate models continue to challenge church and state traditions. Talk of optimising conversions against content are still fighting words for many editors and will always raise questions about the integrity of content decisions. *Folio*

# THE EVENTS BUSINESS MODEL

The increasing benefits from events are being driven by the growth of the “experience economy.” According to the FIPP 2019 Events in Magazine Media report, 78% of millennials choose to spend money on a desirable experience rather than a material product. “People have so many digital experiences these days, they’re craving that live experience more and more.”

— Michael Caruso, Editor-in-chief at Smithsonian Magazine.

Media companies have a leg up on almost everyone else in the events space. Maybe two legs!

OK, most media companies do not employ an army of event planners; many don’t even have one event planner on staff. But that’s the kind of expertise you can buy.

Media companies DO have almost everything else needed to run a successful event:

- Relevant content
- Niche expertise
- A loyal following in that niche

- A targeted mailing list
- A niche customer database
- Existing relationships with potential event sponsors
- Media platforms with large followings to promote events

That is the kind of stuff you CAN’T buy! Magazine media companies who do run events say events:

- Deepen the company’s connections with its readers
- Attract new readers and subscribers
- Attract new advertisers who might not be interested in a print or digital relationship
- Deliver new revenue from fees and sponsorships
- Raise awareness and brand recognition
- Make news
- Create content

# KEY NUMBERS

## 78%

According to FIPP's 2019 Events in Magazine Media report, 78% of millennials choose to spend money on a desirable experience rather than a material product. "People have so many digital experiences these days, they're craving that live experience more and more," says Michael Caruso, Editor-in-Chief at Smithsonian Magazine.

*FIPP*

## 70%

Revenue averages for a readers' choice awards event are:

- Year 1 revenue: US\$80,000, with an attendance of about 300
- Year 2 revenue: US\$150,000, with attendance of about 500
- Average profit margin: 70%

These expectations from Lyndsi Lane, Vice President of GateHouse Live Events and Promotion are conservative, she said, as these events have very high profit margins. "If you're in a larger market, you're going to blow these away," she said. Anniversary years also provide big opportunities for special recognition packages to award recipients. *Lane speaking at an INMA Webinar in Autumn '19*

## 30%

Revenue averages for an expo are:

Year 1 revenue: US\$100,000, with an attendance of about 2,000

Year 2 revenue: US\$150,000, with attendance of about 5,000

Average profit margin: 30% *Lane/INMA*

## 20%

Revenue averages for a celebrity event:

Year 1 revenue: US\$150,000, with an attendance of about 800

Year 2 revenue: US\$200,000, with attendance of about 1,100

Average profit margin: 20%

*Lane/INMA*

## 1.3M

Hearst Live is Hearst UK's 30-person events agency that in 2018 ran 100 events catering to an audience of 1.3m people, doubling attendance levels compared with the previous year. *FIPP*

## 15

How far in advance you need to plan all depends on the type and size of event you're running, according to Thomas Howie, chief operations officer and one of the founding members of Evessio.com, specialists in event management software. "Smaller events that might be replicated a number of times throughout the year might only need a few weeks," he told FIPP. "Larger events might need 15 months (such as an awards); three months to have all the questions, categories, branding and collateral sorted and then 12 months to promote and make sales etc. Bigger international events might be two years plus in the making." *FIPP*

# KEY INSIGHTS

## HIGH-END EVENTS

The niche content site, The Information, organises high-end events with VIP prices starting at US\$1,500. Subscribers get on-stage acknowledgments, guest passes, and VIP lunches with influential people. *FIPP*

## RUNNING EVENTS FOR CLIENTS

Bonnier and Hearst Live run events for other brands. "As events have now become an integrated part of marketing plans, we have diversified to also offer the creation of events on behalf of other brands," said Victoria Archbold, Managing Director of events and sponsorship at Hearst Live. *FIPP*

## IT'S NOT ABOUT PRICE ANYMORE

"The four Ps [price, product, promotion, place] are not as important as they once were to consumers," said Archbold. "When it comes to experience, we are seeing them shift to the five Ws — Where am I? Who am I with? What am I doing? Which channel shall I share it via? Why am I or they (the organiser) doing it? These are all questions to bear in mind as you start planning." *FIPP*

## A NEW WAY OF THINKING ABOUT EVENT SPONSORS

"The sponsorships vary greatly. We are now beginning to think about, for example, could we have an official auto of (the event) 'Journal House'? Everywhere we are, that automotive partner is there providing shuttle services. Now that it's become more of a franchise, I think we can think bigger about sponsorship," said Josh Stinchcomb, the Global Chief Revenue Officer at WSJ, talking to The Drum.

## MEDIA COMPANIES CHECK ALL THE EVENT BOXES

The number one thing to keep in mind is that most media companies already possess the right tools to move into events — and turn a profit while they're at it. A well-defined target audience? Check. Existing channels for promotion? Check. A loyal following? Check. Bags of relevant content and expertise? Double check! *FIPP*

## CREATING DEEP PERSONAL CONNECTIONS

National Geographic's live events team, National Geographic Live, aims to create deeply personal connections with attendees. "Customers who experience Nat Geo Live events are some of the most loyal customers to our brand, and most likely to recommend our brand to others," Natali Freeling, Director of Marketing, told *FIPP*. "The majority of our respondents report that attending our events increases their interest in watching our channels, subscribing to our magazines, purchasing one of our books, booking travel with us, or shopping on our website."

## PROMOTE WAY IN ADVANCE

Having a user-friendly website and promotions up and running 12 months before the event will help maximise returns and shine a spotlight on your event rather than competitors', Thomas Howie, Chief Operations Officer and one of the founding members of Evessio.com, specialists in event management software, told *FIPP*.

# THE NON-PROFIT BUSINESS MODEL

“But while the overall funding for non-profit news sites presents a ‘robust picture’ according to a recent Institute for Non-profit News survey of 88 of the network’s media members, large donations by rich philanthropists and foundations generally have benefited only a handful of new startups and nationally focused nonprofit media.”

— Bill Birnbauer, Lecturer, School of Media, Film and Journalism, Monash University, Australia

t ain’t easy. Unless you are one of the established big non-profits, you are left with the crumbs and little chance of breaking into the big time to get significant foundation support. To supplement whatever funding you do get, your best chances for survival are to find other sources of revenue, including individual donors, memberships, and e-commerce.

Philanthropic funding of journalism is happening, but it’s barely a drop in the bucket and what little is happening is heavily concentrated in the United States with a sprinkling in Europe and virtually nothing happening anywhere else in the world.



More than 93% of journalism-focused grant money goes to US-based organisations, leaving just 6% for Europe, and only about 1% for media outlets in the developing world, according to Media Impact Funders (MIF) and the Foundation Centre.

# KEY NUMBERS

## 925 v. 300

Journalism-focused philanthropy in the US has nearly quadrupled since 2009, when just under 300 funders made \$69 million in grants to just over 300 recipient organisations. By 2017, more than 1,200 funders made over \$255 million in journalism grants to 925 organisations. *Media Impact Funders*

## 200

Today, the US has more than 200 non profit newsrooms and growth is accelerating.  
*Institute for Non-profit News-INN*

## \$1m

More than 50% of the non-profit US media organisations generated revenues of \$500,000 or more in fiscal year 2017 and well over a third generated \$1 million or more. */INN*

## €315,000

In 2018, ECPMF became the EU's intermediary to provide grants totalling €315,000 for cross-border investigative journalism (IJ4U) — a rare case in which teams of journalists could get their hands on EU money for actual reporting.  
*European Journalism Centre*

## 8

The European Centre for Journalism recently funded eight news organisations across six European countries. *European Journalism Centre*

## €497b

There are more than 146,000 "public benefit" foundations in Europe. They have accumulated assets of at least €497b, and an estimated annual expenditure of €51b. A tiny fraction of European foundation funding goes to core support for journalism, especially in comparison to the US. Yet all of those foundations rely on the enabling environment a robust media provides in order to deliver their programmes. *Adam Thomas, director of the European Journalism Centre*

## 90%

The US non-profit media field is still highly reliant on charitable giving, with grants and donations accounting for 90% of total revenue. Efforts to diversify revenue streams, a key indicator of financial stability, are evident: More than half of media non-profits have three or more revenue streams, and one-third have four or more. */INN*

## 70%

Still, individual donors and particularly major donors are relatively undeveloped revenue sources for news non-profits, making up one-third of total revenue for the organisations in the INN Index. By comparison, individual donors provide more than 70% of revenue for all non-profits across the US, according to Giving USA. */INN*

## 40%

In the US, three national news organisations — ProPublica, the Center for Public Integrity and the Center for Investigative Reporting — took in US\$185.4m, or 40% of funds for media non-profits. *Bill Birnbauer, School of Media, Film and Journalism, Monash University on The conversation.com*

## \$423m

The 20 largest US non-profit media operations amassed the vast majority of the funds: US\$423.1 million. *Birnbauer*

## 2%

By contrast, the 20 least-funded non-profit organisations eked by on just US\$8.6m over these five years — less than 2% of all money raised. *Birnbauer*

## 34,000

Even individual donors follow the big players: For example, the small US non-profit FairWarning had 200 individual donors; by contrast, one of the largest non-profits, ProPublica, received almost US\$7 million from 34,000 donors.

*Richard Tofel, ProPublica's president, speaking to The Conversation*

## 2,200

The 180 members of the Institute for Nonprofit News have a total staff of about 3,000 — including nearly 2,200 journalists — and combined annual revenue approaching \$350 million. *Institute for Nonprofit News INN*

# KEY INSIGHTS

## NOT A SAVIOUR BUT A CONNECTOR

In Europe, neither engaged journalism nor foundation funding will save the media industry. However, both will give European journalism organisations an essential opportunity to reconnect with audiences and plot a new path towards sustainability. *Adam Thomas, Director of the European Journalism Centre*

## FROM FRAGILE TO FINANCIALLY STABLE

The field has moved from precarious financial footing to a measure of stability and growth. Though many individual outlets remain financially fragile, more than half of the US non-profit organisations generated revenues of \$500,000 or more in fiscal year 2017 and well over a third generated \$1 million or more. *INN*

## WEANING YOURSELF FROM THE FOUNDATION

Because of the uncertainty of foundation funding, many non-profit news sites are attempting to ramp up their incomes through membership programmes and boost the donations they get from individual donors. That strategy makes them less dependent on foundations and other big philanthropies. *Birnbauer*

## BRINGING EUROPEAN FUNDERS AND MEDIA TOGETHER

The Journalism Funders Forum (JFF) in Europe is an initiative that brings philanthropic foundations and public-sector institutions together with journalists and news organisations in order to exchange best practice and to develop new pathways for supporting an independent and quality-oriented journalism sector. *European Journalism Centre*

## YOU HAVE TO BE BLUNT

"People see the 'Donate' button, but they don't click on the button. You have to tell them: 'If you value us, please donate to us.'" *Christina Shih, COO of the News Revenue Hub*

# THE AGENCY BUSINESS MODEL

**“One day we might be working with a 10-person small business and the next day we might be working with the largest telecom provider in the country.”**

— Tom Needham, *Business Journals Content Studio executive director*

t's hard. It's expensive. It's time-consuming. It's fraught with ethical church-state issues. But it is also one of the fastest growing sources of revenue for media companies.

What makes a successful agency?

- Knowledge of a desired audience
- Knowledge of the brand's customers
- Access to and a relationship with the desired audience
- An audience database second to none
- Exquisite storytellers. Expert videographers
- Media tech expertise
- Proven, sophisticated design capabilities

- Multimedia, multi-platform, multi-channel expertise
- Proven marketing expertise
- A nuanced understanding of how to build sophisticated multi-platform campaigns

Does that list sound like a media company to you? Sure sounds like a media company to me.

The expertise inside media companies is looking like an agency to more and more brands around the world. Many have given up trying to create branded content and media campaigns on their own, or even with traditional legacy agencies.

As a result, many media companies that have created in-house agencies are seeing results that have come to represent from five to 60% of total revenue!

# KEY NUMBERS

## 90%

Our research suggests that branded content will continue to grow over the next few years, with 90% of publisher survey respondents saying they expect branded content revenue to increase moving into 2020. *WhatsNewInPublishing*

## 40%

Another research by branded content platform Polar found that publisher branded content revenue grew 40% YoY from 2017 to 2018. *Polar*

## 33%

One-third of publishers cite convincing advertisers to buy branded content from them instead of their competitors as their greatest obstacle. Scaling content production is the next stumbling block, followed by proving the effectiveness of content. *PressBoardMedia, 2019*

## 50%

According to HubSpot, publishers win only half of all RFPs they respond to, and our experience indicates it could be even lower. The difficulty: Publishers are competing against other sites in their niches as well as more traditional products like TV and display ads. *PressBoardMedia, 2019*

## 35%

Only 35% of respondents said they take a data-driven approach when pitching ideas to clients. *PressBoardMedia, 2019*

## 14%

Almost all publishers measure traffic (90%) — defined as reads or views—and engagement (95%) — time spent and scroll depth — when reporting on the success of their campaigns. Contrast this with the fact that only 14% use studies to show brand lift or recall. *PressBoardMedia, 2019*

## 600

As of 2018, the number of publishers building out branded content offerings had reached 600 from 15 just a few years ago. *DigitalContentNext*

## 16%

The global content marketing industry will grow at an annual rate of 16% per year through 2021. *Technavio*

## 86%

86% of B2C brands now employ content marketing. *Content Marketing Institute*

## 75%

According to a subscriber survey at Business Journals (publisher of more than 40 locally oriented sites like L.A. Biz), more than 75% of their readers would like to see more branded content on their platform. *Business Journals*

## 78%

Seventy-eight percent of Business Journals subscribers would like to see more branded content on the platform. *Business Journals*

# \$5,000-\$70,000

Since it launched its studio in 2016, The Business Journals Content Studio has experienced 213% revenue growth. (It declined to disclose revenue.) Its standard content packages range from \$5,000 to \$70,000, and it projects to publish 1,800 pieces of branded content this year, a 29% increase in two years. *Digiday*

## 10%-40%

“Five years ago custom content was probably 10% of our business. Now it’s closer to 40.” — Richard Russey, VP and publisher of Inc. Media. *Digiday*

# KEY INSIGHTS

### USE YOUR DATA TO GUIDE THE WHAT, WHERE AND WHEN

“Every Guardian Labs project is designed to resonate with and target readers wherever they may expect to see a type of content,” Adam Foley, Guardian Labs Dir./Sales & Strategy told Digiday. “That’s partly thanks to the commercial team getting access to in-house data-analytics tools used by the editorial team.” The Labs has an audience team of editors who analyse data to determine where, when and how content should appear in order to be of interest to the right target.

### CONTENT MARKETING BOOMING

“Ad spending is declining across the media industry, except in content marketing. From native posts to ebooks and even lush print magazines, the form is booming,” wrote Tony Silber, former VP at Folio, in *Forbes*.

### IT CAN BE HARD AND EXPENSIVE

However, creating branded content can be hard and expensive. Brian Tolleson, Head of Content at branded content studio Bark Bark said, “Great branded content is really tough. I’ve been in this space for 15 years and the biggest mistake I’ve made or seen people make is thinking that it’s simple.” *FIPP*

### IT CAN BE TIME-CONSUMING AND EXPENSIVE

These campaigns also require multiple steps of approval, which complicates and extends the process. Further, clients and agencies demand high-quality multimedia content, which in turn requires expensive equipment and writers.

### DON’T SERVE CRAP

“While creating great content might look easy, it’s not. And just as people will hate your brand if you bombard them with annoying ads, they’ll feel exactly the same if you waste their time serving crap content.” — Stéphanie Thomson, Editor and Content Strategist at Google speaking to *Digiday*

### A DELICATE BALANCING ACT

“In some situations, the content really over-emphasises the brand and makes it all about them,” said Thomson. “That can end up sounding like a repurposed press release. It’s also possible to fall short on the other side of the equation, where you’re telling a really great story but there’s no connection to the brand. The idea is to fall in the middle, where your content provides value to the audience while also having a clear brand connection.” *FIPP*

### AVOID BRIGHT SHINY THINGS

Sometimes the allure and pressure of including bright shiny new things can be tempting. Graham McDonnell, Creative Director at The Times’ T Brand Studio said, “Some clients come to us and say they want AR and VR. They want all the bells and whistles, and all the flashy toys. But we tell them it’s much more important to think about the story first, and then how to tell it.” *FIPP*

# THE BRAND LICENSING BUSINESS MODEL

“Robust brand extension strategies are vital to maintaining relevance in today’s hyper-competitive marketplace. To a degree, brand extendibility represents the most logical way to achieve profitable brand growth, however, many companies struggle with how far to stretch, where specifically to extend, and how to ensure success.”

— Mitch Duckler, Managing Partner at Full Surge, a brand strategy consulting firm, told WhatsNewinPublishing

Manufacturers are increasingly willing to partner with publishers to make branded products because of their digital properties (ie, compelling content and robust social media accounts), according to Business Insider. Additionally, publishers also possess the first party data of millions of customers.

“Brand extension strategies are a fantastic



Brand Licensing



way to spread the impact of your company into new areas and products. Used correctly, brand extension can reinforce the credibility of your company, help you connect with new audiences, and even strengthen your image around the world,” Steve Harvey, Co-founder of Fabrik-Brands a creative and branding agency, told WhatsNewinPublishing.

# KEY NUMBERS

## \$23.2b

The top publishing companies by brand licensing revenue: Meredith (\$23.2 billion in retail sales in 2017), Playboy (\$1.5 billion) and Hearst (\$500 million), but well ahead of Condé Nast (\$150 million). *License Global*

## 2nd

In the US, Meredith generated \$25.1 billion in retail sales of licensed merchandise in 2019, second only to The Walt Disney Company's \$54.7 billion, according to License Global.

## \$25.1

Meredith 2018 branded sales numbers:

- \$25.1B, 2018 branded sales
- 3K+ SKUs, Better Home & Garden (BHG) products at Walmart
- 12K+ BHG Real Estate professionals
- 3K+ SKUs, Southern Living products at Dillard's
- 17K+ Grocers sell EatingWell frozen entrees
- 1K+ SKUs Real Simple products at Bed Bath & Beyond

## 1m

A Tasty consumer promotion helped one refrigerated beverage advertiser gather an additional 1 million millennial customers, a BuzzFeed spokesperson said.

## 10 & 10

For the second year, Esquire has co-created 10 items of clothing and accessories with 10 different retail partners. The collection took between six and nine months to create. The capsule collection is meant to feature all the winter wardrobe essentials, including a pair of shoes by Crockett & Jones for £420 (\$513) and socks from The Workers Club for £20 (\$24).

*Digiday*

## 5-25%

Margins in prepared foods are typically as low as 1% or 2%, according to Karina Masolova, the executive editor of the Licensing Letter, which tracks the licensing industry. Margins for other products can be higher; a BuzzFeed spokesperson said that the royalty rates it earns on brand-licensed products range from 5% on foods to 25% in publishing. *Digiday*

# KEY INSIGHTS

## DO YOU KNOW THE QUESTIONS TO ASK?

Publishers should ask themselves the following questions before making a plunge into extending their brands, according to Steve Harvey, Co-founder of FabrikBrands, a creative and branding agency:

1. Is there a desire for the new product? Can you find a USP that will sell your extension?
2. Is the extension natural for your brand, or does it seem forced?
3. Is your existing brand reputation strong enough to support a new product, service or marketplace?
4. Do your customers trust you enough to see the value in your offering?

### A POTPOURRI OF PRODUCTS

In 2019, BuzzFeed's Tasty launched:

- A suite of ice cream flavours created in partnership with Nestle
- Spice blends created with McCormick
- A set of meal kits produced in partnership with Mistica
- A cake decoration product with Wilton
- A set of wines with Wines That Rock
- A line of kitchen appliances with Cuisinart
- Pre-made side dishes with Food Story
- Expansion of Tasty's kitchenware outside the US, in partnerships with kitchenware manufacturers Fackelmann in Europe, the Middle East and Africa and Continente in Latin America

### ARCHIVAL PHOTOGRAPHY AND PERSONALISED FRONT PAGES

The New York Times is currently selling branded apparel (sweatshirts, t-shirts, caps, etc...), books, archival photography, and personalised front page reprints. To control quality, the publisher holds its own stock. *Reuters Community*

### A WINNING FORMULA

"When you combine the insight we can glean from hundreds of millions of consumers, the relevance of iconic brands in our stable and the power of our distribution platforms, I like our chances in any market environment." — *Josh Stinchcomb, Chief Experience Officer, Condé Nast.*

### SAME BRAND, NEW SETTING

Looking from the publishers' perspective: "It's a chance for digital media companies to reach their audiences who would recognise their brands in these new settings," said Diana Gordon, Director, Shop+ at Mindshare North America.

### ALL THE RETAIL, NONE OF THE OVERHEAD

These partnerships also allow media companies to get into retail and reach more customers without investing in the expensive overhead of a store, according to Arnaud Simeray, VP of Strategic Partnerships at pop-up location platform company, Storefront.

### THIS IS NOT A TREND

"This is the way retail and the shopping experience is moving forward." — *Arnaud Simeray, VP of Strategic Partnerships, Storefront*

### THERE HAVE BEEN SOME NOTABLE FAILURES

The failure rate of brand extensions can be as high as 80-90%, according to Mitch Duckler, Managing Partner at Full Surge, a brand strategy consulting firm. He gives the example of Kentucky Fried Chicken's (KFC) 'Finger Lickin' Good' edible nail polish that was launched in 2016. It was supposed to taste like fried chicken and was a flop. The Huffington Post described it as "your worst nightmare coming true".

### FAILING AT THE FINISH LINE

"What most advertising platforms miss out on are the final 20 metres of the 100-metre dash," Eric Karp, BuzzFeed's global head of licensing, told Digiday. "A campaign creates awareness, drives urgency, but once folks get into those stores, the message is lost, and you simply see your typical retail displays. If we can take elements of the campaign we've created and dress that point of sale, and remind folks of the content we create in the first place, and do so in a way that's authentic, we can drive conversion at point of purchase." *Digiday*

### FITNESS FITS THE MISSION

The Stylist Group has opened a fitness studio in London, called Stylist Strong. The gym runs five 45-minute classes each day of around 20 people, before work, at lunch and after work, focused on strength training. Classes cost £17 (\$22.23). Once a week, it runs talks with key speakers in the fitness arena covering the psychological and practical elements of strength training, like learning how to push through barriers in the gym and at work. *Digiday*

# THE IT PROVIDER BUSINESS MODEL

“The Washington Post is one of several companies selling a content management platform. WordPress, whose parent company Automattic raised \$300 million from Salesforce earlier this month, is perhaps the most well known. Vox Media, which owns The Verge, Recode, Eater and is acquiring New York Magazine, licenses its Chorus publishing platform to media outlets such as the sports site The Ringer.”

— Nat Levy, Geekwire.com

# B

eing an IT provider is to be a member of a very exclusive club.

Only the largest, best-funded, and most established publishers can create and then sell or license technologies and, as a result, tech sales and licensing was the least common revenue source for publishers in a Digiday 2018 survey.

Most publishers lack the resources to build tech products because it takes lots of expensive talent and lots of time to build market-ready technologies.



Purch, for example, started in 2015 and took four years to build its \$24 million ad platform for publishers, according to Digiday.

It also takes big investments, like Amazon CEO Jeff Bezos's purchase of The Washington Post, which then built Arc and Zeus, its content management platform and advertising platforms, to license to other publishers.

# KEY NUMBERS

## \$100M

The Washington Post's Arc editorial system expects to generate \$100 million in annual revenue within the next three years, according to Shailesh Prakash, Chief Information Officer and VP of product development. Prakash sees Arc becoming the Post's third major revenue stream, rivalling subscription and ad revenue. *Bloomberg*

## 250

The Washington Post has about 250 employees working on Arc. *The Washington Post*

## 600

Arc has primarily focused on the needs of major news publishers, and its clientele comprises publishers of more than 600 websites worldwide, including The Boston Globe, Tribune Publishing, and Raycom Media. *The Washington Post*

## 150

The Vox Chorus CMS team has grown to more than 150 full-time employees. Vox said its team would grow by 50% by the end of 2019. *Vox*

## 25%

Purch — a commerce-focused publisher — made 20% of its 2018 revenue from ad tech products that it licenses to 25 publisher clients, according to Purch CRO Mike Kisseberth. *Digiday*

# KEY INSIGHTS

## A SMALL FRATERNITY

The Washington Post is one of just a few companies that sell publishing technology. Another is WordPress.com, whose parent company, Automattic Inc., raised \$300m in the autumn of 2019 from the tech giant Salesforce.com Inc. Another is Vox Media Inc., owner of the Verge, Eater and Recode websites, which licenses its publishing platform, called Chorus, to more than 350 media outlets such as the Ringer, led by Bill Simmons. *Bloomberg*

## MEMES, VOTES, POLLING & PERSONALITIES

Advance Local's Alpha Group has four products — the Elsewhere app (a video meme creator); Pigeon (users vote on the best content via a Facebook Messenger chatbot); the Tylt (a social polling site explaining two points of view on polarising topics and asks people to vote); Project Text readers to pay for texts from their favourite media personalities. *AdExchange*

## ADVERTISING SOFTWARE ALTERNATIVE TO GOOGLE & FACEBOOK

In the autumn of 2019, The Washington Post launched Zeus Prime, a product that allows companies to buy automated ads in real-time, similar to Big Tech platforms. Zeus also supports a new ad network that will include other publishers. Advertisers complain that they would like an alternative to buying ads on Google and Facebook — where the content isn't always vetted — but there are no other places where they can buy ads as quickly and efficiently in real-time. The Post hopes Zeus will change that, and put more ad money in publishers' pockets. The product will allow publishers to open their ad space to marketers directly through a real-time buying tool, similar to what Google and Facebook offer, across the network of publishers' websites and apps. *Axios*

# THE EDUCATOR BUSINESS MODEL

“Masterclasses started in 2010 to offer classroom-style sessions taught by an expert. These classes and workshops tend to have a higher price point than our Guardian Live events, because of the educational content provided. A masterclass could be three hours long, and over the course of one day, a weekend, or even running over six weeks.”

— Lyndal Reed, Head of Strategy and Development for the *Guardian Live*

## The Guardian Masterclasses

The Educator business model might sound a lot like a subset of the Events business model. But it's a horse of a different colour, wholly separate from the consumer-oriented festivals, awards dinners, travel excursions, bridal expositions, beach parties, and such that make up the bulk of media company events. Events with an educational focus are much more substantial and require a very different approach.

For example, in 2010, the *Guardian* launched its Masterclass series.

“We boast a diverse programme of courses across a variety of disciplines, including journal-

ism, creative writing, photography and design, film and digital media, music and cultural appreciation, social media and data visualisation, business skills and wellbeing,” said Lyndal Reed, Head of Strategy and Development for the *Guardian Live*.

“[These are] classroom-style sessions taught by an expert. The classes and workshops tend to have a higher price point than our *Guardian Live* events, because of the educational content provided,” she said. “A masterclass could be three hours long, and over the course of one day, a weekend, or even running over six weeks.

“We now have a very diverse classes and workshops portfolio, covering topics from digital media, photography and copywriting, to self-improvement and even foraging!” she said. “As long as the subjects align with our key verticals – for example, arts and culture – we would consider it a good fit.”

# KEY NUMBERS

## Dozens

The Guardian's Masterclasses offers a diverse programme of dozens of courses every month across a variety of disciplines, including journalism, creative writing, photography and design, film and digital media, music and cultural appreciation, social media and data visualisation, business skills and wellbeing.

\$7,344  
-\$31,398

Cabin rates range from \$7,344 to \$31,398 (per person!) for the Forbes Cruises for Investors, not including another \$540 per person for port fees. *Forbes*

## 12

Crain's New York Business brings the New York business community together with political and elected officials 12 times a year for Business Breakfast Forums about key topics, changes and insights that affect the economy.

## 5

Since launching in 2015, Crain's Leadership Academy is part-time and presented over five Friday sessions. Crain's Academy provides powerful and experiential professional development programming, including personal development, professional growth, business and leadership best practices, thought leadership and civic outreach customised for every stage of your career path. *Crain's*

# KEY INSIGHTS

## PERSONAL & PROFESSIONAL DEVELOPMENT

The Guardian Masterclasses programme "is aimed at anyone interested in personal or professional development, be that refining your skills, focusing your ambition, networking with like-minded individuals, or simply broadening your mind and gaining inspiration." *The Guardian*

## EDUCATING AROUND ISSUES

The New York Times' conferences aim to "bring readers closer to our journalism through more than 100 in-person events around the world." At each of these events, celebrated speakers engage with award-winning journalists to address the wide range of most pressing topics in current news. [bizzabo.com](http://bizzabo.com)

## AN EVENING'S EDUCATION

The NYT's "Conversations" event series is a collection of smaller events that tackle specific issues for an entire evening. For example, Smarter Living and The Digital Future are two subjects explored. Conversations takes place in multiple cities around the world on a regular basis. [bizzabo.com](http://bizzabo.com)

## BIG PICTURE EDUCATION

The Economist offers a series of educational events around themes:

- Global Treasury Leaders Summit
- Climate Risk Summit
- Open Source Data Collection
- War on Cancer Europe
- General Counsel
- Sustainability Summit
- Future of Business
- Western Balkans Summit
- Sports Business Summit
- Global Illicit Trade
- Humans 2.0

# THE INVESTOR BUSINESS MODEL

**“I think big media companies that are looking for paths forward are wise to participate, even if modestly, in the startup world. The visibility and signals the market sends can be immensely valuable in thinking through approaches that might benefit a larger group.”**

— Marcus Brauchli, co-founder and managing partner of North Base Media, a media investment firm

**B**eing an investor, like being an IT provider, is not for the feint of heart or those with thin wallets.

Most media companies' resources are either insufficient to be making big investments or are tied up in reinvesting in the company itself.

But some of the legacy media companies still have the wherewithal to make substantial investments in a wide variety of companies in a wide

variety of industries. Usually, however, the investments are made with an eye either toward gaining a foothold in a new area of media or in a promising industry related to the media company's expertise.

But for those who do invest, the results can be both financially lucrative and immensely beneficial for both the media mission and the business mission of the company. Investing provides perhaps a potential new source of revenue and almost certainly unique insights into new technologies, new markets, and new (and potentially competitive) businesses.

That said, they can also tank, resulting in the loss of all or most of the money invested. Proceed with caution.

# KEY NUMBERS

## 120

Hearst Ventures has made 120 investments since it started investing in 1995. Its most recent investment at press time (late Feb. 2020) was on Feb. 5, 2020, when Maven Machines raised \$7M. Hearst Ventures made 10 investments in 2019 and three so far in 2020. Examples below in the Nuggets section. *Crunchbase*

## 37

Bertelsmann has made 37 investments since it started investing in 1999. Its most recent investment as of press time was on Oct. 11, 2019, when Club Factory (a cross-border e-commerce corporation) raised \$100M. Bertelsmann made three investments in 2018, two in 2019, and one so far in 2020. *Crunchbase*

## 41

Axel Springer has made 41 investments since it started investing in 2008. Its most recent investment was on Nov. 1, 2019, when OZY Media raised \$35M. It made six investments in 2018, and nine in 2019. Examples below. *Crunchbase*

# KEY INSIGHTS

## HEARST VENTURES INVESTMENTS

A selection of investments in 2019-2020

*Crunchbase:*

- Maven Machines: A leader in mobile-cloud technology for transportation safety, operations, and compliance. Pittsburgh, Pennsylvania
- Insurify: The most comprehensive insurance quotes comparison platform in America. Cambridge, Massachusetts

- Aver Inc.: A health information technology company. Columbus, Ohio.
- SparkCognition: An artificial intelligence technology startup. Austin, Texas
- Zendrive: Zendrive leverages mobile sensor data to provide actionable insights that improve safety for passengers and drivers. San Francisco, California
- The Plum Guide: A marketplace of the world's best holiday homes. London, England
- FreightWaves: A global freight forecasting platform. Chattanooga, Tennessee

## BERTELSMANN

A selection of investments in 2018-2019

*Crunchbase:*

- Dashbot: A bot analytics platform that enables developers to increase engagement, acquisition, and retention through actionable data. San Francisco, California
- Scroll: Creating a sustainable experience that puts amazing content in front of engaged users without all the noise. New York, New York
- Licious: An online meat and seafood ordering startup that follows an end-to-end business. Bengaluru, Karnataka, India
- InvolveSoft: An Instagram-like interface to communicate with workforces and collect AI-driven intelligence from sales and customer conversations. Santa Monica, California

## AXEL SPRINGER

A selection of investments in 2018-2019

*Crunchbase:*

- OZY Media: A premium media and entertainment for curious people — across TV, events, podcasts and news. Mountain View, California
- Fineway: An advanced SaaS platform to plan and book the perfect trip. Munich, Bayern, Germany
- Anzu.io: An in-game advertising platform that brings real-world brand ads to video gaming and esports. Yafo, Tel Aviv, Israel
- Wunderflats: An online platform that enables users to find and rent furnished apartments. Berlin, Berlin, Germany
- DigitalCounsels: A platform that allows legal service providers to digitize their business model. Zürich, Zurich, Switzerland
- PurpleBricks: An online real estate agent that helps its clients to sell, buy, and let their properties. Solihull, Solihull, United Kingdom
- Tokabot: An engagement platform for fans in the sports and entertainment domain. Chatbot @ user side — and a marketing platform @ business side. Kfar Saba, HaMerkaz, Israel

# THE NOSTALGIA BUSINESS MODEL

“You’re monetizing it [your archives] from the advertising side and the consumer side. You have the long tail of people buying it as a single copy. We also push it out to subscribers. And advertisers love them — they can own it entirely.”

— *New Yorker* Publisher Lisa Hughes speaking to *Digiday*

ublishers are sitting on a gold mine.

Your archives.

Don’t get too excited: Revenue from selling archived materials is not going to replace lost print advertising income or compete with revenue from events.

But your archives are assets that you have already paid for, so aside from handling, it’s clear profit.

The biggest market is old photos and collections of previously published material in themed print and e-book collections.

In The New York Times’ Innovation report, one of the big missed opportunities called out was the use of its archived content, wrote Lucia Moses of Digiday. “It’s one of the big advantages legacy publishers have over digital upstarts: access to years of high-quality content — content that can be resurfaced or repackaged and sold to both readers and advertisers.

“The New Yorker has long repurposed its archives as print anthologies on topics ranging from cats to food,” wrote Moses. “[It has also taken the] coffee-table book approach digital. Since 2011, it’s published eight single-topic e-anthologies, drawing from already published material. Readers have downloaded them hundreds of thousands of times. Some are single-copy purchases of \$2.99 each and up; the rest were downloaded as part of a subscription.”

# KEY NUMBERS

## \$0.15-\$4

According to data from his own work at Gado Images, Co-Founder Thomas Smith found that a professionally digitised and managed historical archive can generate between \$0.15 and \$4.00 per image, per year in sustainable revenue for its owner. *Gado's Smith*

## 50%-100%

'Archive' articles marked as 'Premium' can drive 50–100% more conversions than Archive articles alone, especially when the call-to-action involves "getting access to our Premium and Archive articles." *Jamatto*

## 75%

You can turn your archive management and sales over to a third party. But the downside with professional licensing companies such as Getty Images or Alamy is that they take a percentage of your image sales, sometimes up to 75%. *Gado's Smith*

## 3.5%

Across Gado's experience, they have seen that 100% of a typical archive's revenue comes from 3.5% of their images. *Gado's Smith*

# KEY INSIGHTS

## ONE MILLION SUBSCRIBERS

The New York Times' Cooking and Crossword verticals leverage their new and previously published food and puzzle material to sell to a combined one million subscribers who pay \$1.25 per week (Cooking) and \$0.81/week. *Crossword*

## PRINT & E-BOOK ANTHOLOGIES

The New Yorker repurposes its archives as print anthologies on topics ranging from cats to food. They also convert those coffee-table books to digital single-topic e-anthologies. Readers have downloaded more than a million copies, some paid (\$2.99 and up) and some as part of a subscription offer. *Digiday*

## ARCHIVAL ISSUE SALES

For The Economist, as much as 20% of its digital single copy sales have been archival issues. *Digiday*

## ALL ACCESS DRIVES SUBSCRIPTIONS

"Harvard Business Review's content archive, which goes back more than a quarter century and has more than 4,000 articles, is incredibly valuable to our audience... [We] decided to include the archive in our 'All Access' subscription and it proved to be a wise choice. 'All Access' quickly became our most popular subscription offer and it's an important factor in why people renew." — Harvard Business Review Senior VP Sarah McConville speaking to Folio.

## OUTSOURCE ARCHIVE SALES & FULFILMENT

"In my experience, the much higher exposure and per-sale revenue from working with a professional image licensing company more than outweighs the cost of commissions. Add in the staff time required to do image sales in-house, and working with a professional licensing partner makes even more sense for many organizations." *Gado Images Co-Founder and CEO Thomas Smith writing on Medium*

## HIRE EXPERTISE

"Working with an experienced archiving partner is vital, as a partner with industry experience can often predict which of your materials will be most valuable before you begin your digitisation/annotation projects, enabling you to digitise and store only those items most likely to sell." *Gado's Smith*