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Sharing ideas. Inspiring change.

News Media Outlook: The Dimension Behind the Façade

Earl J. Wilkinson

Executive Director and CEO

International News Media Association (INMA)

@earljwilkinson

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BONNIER
SCHIBSTED MEDIA GROUP
MittMedia
sanoma
CXENSE
metro
RAM SHARPENS YOUR MEDIA
London Evening Standard
JP/POLITIKENS HUS
Eesti Meedia
The INDEPENDENT
De Telegraaf
BDZV
THE IRISH TIMES
ARCHANT
axel springer
HNA
telegraphmediagroup
Ringier
controlinveste conteúdos
DE PERSGROEP
RCS MEDIAGROUP
Hürriyet
protecmedia
ouest france
EidosMedia
The ChronicleHerald
THE GLOBE AND MAIL
Winnipeg Free Press
POSTMEDIA
TORSTAR
metrolandmedia
pressreader
McCLATCHY INTERACTIVE
CONDÉ NAST
The New York Times
digitalfirst MEDIA
A. H. BELO CORPORATION
GANNETT
TRIBUNE
COXMEDIA GROUP
NEWSCYCLE
REFORMA
Nuestro Diario
GRUPO EDITORIAL ALTAMIRANO
TIEMPO
GRUPO NACIÓN
DAWN
Jang Group
ABP
Khaleej Times
HT Media
প্রথম আলো
South China Morning Post
THE HINDU
Bennett, Coleman & Co. Ltd.
DAILY TRUST
dainikbhaskar
Dainik Jagran
ZEE MEDIA
PHILIPPINE DAILY INQUIRER
Nation Media Group
sph
KOMPAS GRAMEDIA
EL ESPECTADOR
INFOGLOBO
RBS Group
O ESTADO DE S. PAULO
FOLHA DE S.PAULO
Media24
EL MERCURIO
LA NACION
INDEPENDENT NEWSPAPERS
Grupo Clarín
The West Australian
McPHERSON MEDIA
APN NEWS & MEDIA
News Corp
Fairfax Media

What INMA stands for

World’s leading member network: revenue, audience, brand, strategy

Unrivaled international peer connections (P2P, C2C)

First-mover: distributed content, adblocking, Big Data, VR, video, mobile

Primary research and benchmark of members, third-party data

Connecting legacy media with digital media (+ major players worldwide)

No association, network, body has more ideas at fingertips than INMA

This presentation

- Transformation in context
- Great truths in media
- What does this mean for us today?
- Optimising and back-filling
- Where we are headed next
- Conclusions

TRANSFORMATION IN CONTEXT

“In trying to balance the new and the old, reporters and editors are sometimes left exhausted and confused. Simply put, we keep turning things on … ***without ever turning things off.”***

DEAN BAQUET, EDITOR, THE NEW YORK TIMES

What we added since 2009

- Ad blocking
- Big Data
- Culture change
- Distributed content
- Innovation
- Integrated advertising sales
- Integrated newsrooms
- Native advertising
- Paywalls
- Programmatic
- Smartphones
- Smartwatches
- Social media
- Tablets
- Video

Media revenue models

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Advertising
Brand creative
Pay-per-click
Pay-per-action/sale
List rental
Product placement

Affiliate
Pay-per-sale
Pay-per registration
Pay-per-download

Brand
Brand licensing
Sponsor fees
Branded products
Branded content

Classifieds
Listing fees
Transaction fees
Contextual advertising

Community
Membership
Pay-for-voting
Pay-for-messaging/SMS
Sales of community research

Content
Subscription
Pay-per-view
Pay-for-format
Customised content

Distribution
Syndication
Licensing
Custom feeds
API fees

Events
Conferences
Roundtables
Showcases
Access to buyers

Leads
Lead generation
Registration-for-content
Offers
Enquiry matching

Merchandising
Books/research
Music/video
Clothing

Partnerships
Revenue share
Profit share
Share of revenue increase

Platform
Sell distribution platform
License platform
Distribution fees
Serve advertising

Growth in past 25 years

New ventures

NASPERS

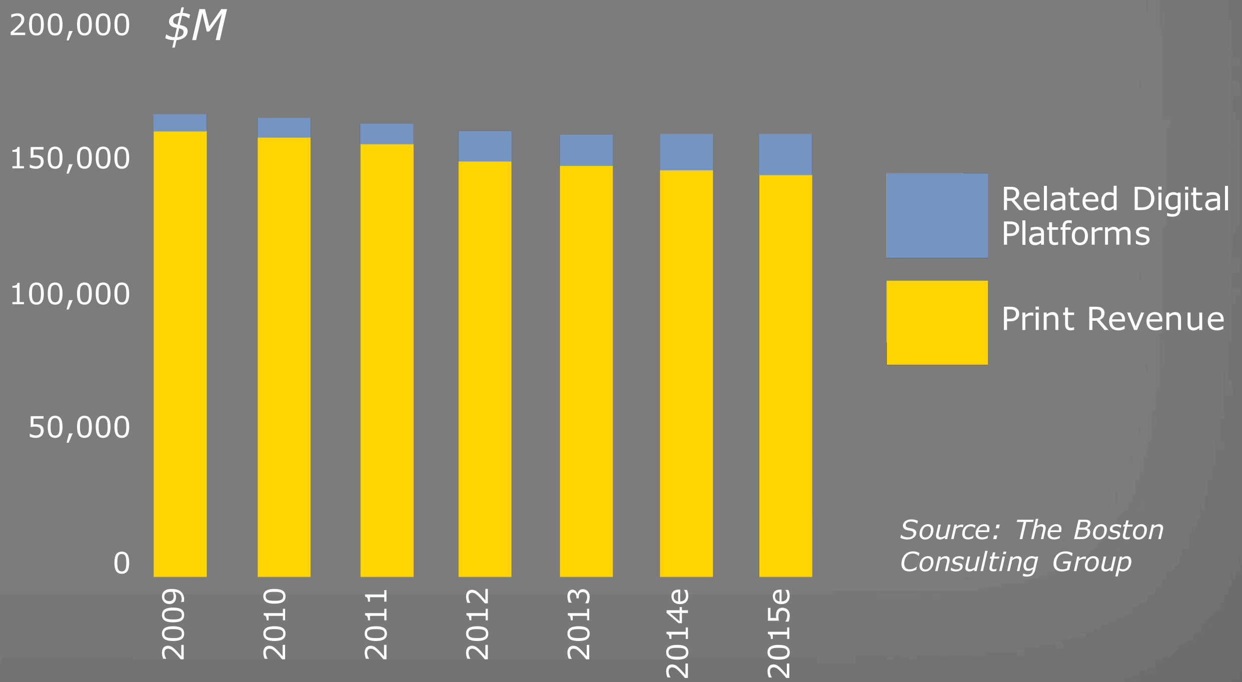
Adjacencies

Daily Mail

Reinvention of core business

sanoma

Global newspaper revenues



Source: The Boston Consulting Group

To transform or not to transform

Transform	Risks	Don’t transform
Participating in media economy	Wrong strategy	Extinction
Creating social/shareholder value	Loss of change-averse staff	Irrelevance
Building future-relevant brands	Loss of oldest readers	Brand destruction

Business as usual vs. constant change

GREAT TRUTHS IN MEDIA

Media value creation today

Scarcity + relevance = value

Content has less value than people looking at it

Advertisers buy audiences, not impressions

Data on users

What is agreement between brand and readers?

Ownership objectives must sync with strategy

Confronting new truths about your company

Digital will not profitably replace print advertising

Non-media revenues not developing fast enough

Newsrooms too large vs. revenue coming in

Scale matters to buy time or create capital for digital

Great talent matters at center of change, less at periphery

Media companies doing too many things simultaneously

Confronting truths about your readers

- Civic responsibility vs. restaurant reviews
- Consumer expects news to find her, won’t seek it
- Smartphone is where news is consumed
- Readers are out of touch with your brand (storytelling + world view)
- Relationship less emotional, more transactional
- Publishers risk white-label effect with rise of aggregators

Confronting truths about your advertisers

Advertising shift: experiences and metrics

Traditional digital advertising in decline

Data, video, mobile, native are rising

Brands are at risk to advertisers due to programmatic

Confronting truths about your ownership

- Owners motivated by high profits divesting
- Public companies “extending print runway”
- Nurturing billionaires trying to solve economics issue
- Local philanthropists, part of bigger portfolio
- Political and business influence
- Harvesters looking to cut to the bone and re-package
- Bargain hunters without a plan

WHAT DOES THIS MEAN FOR US TODAY?

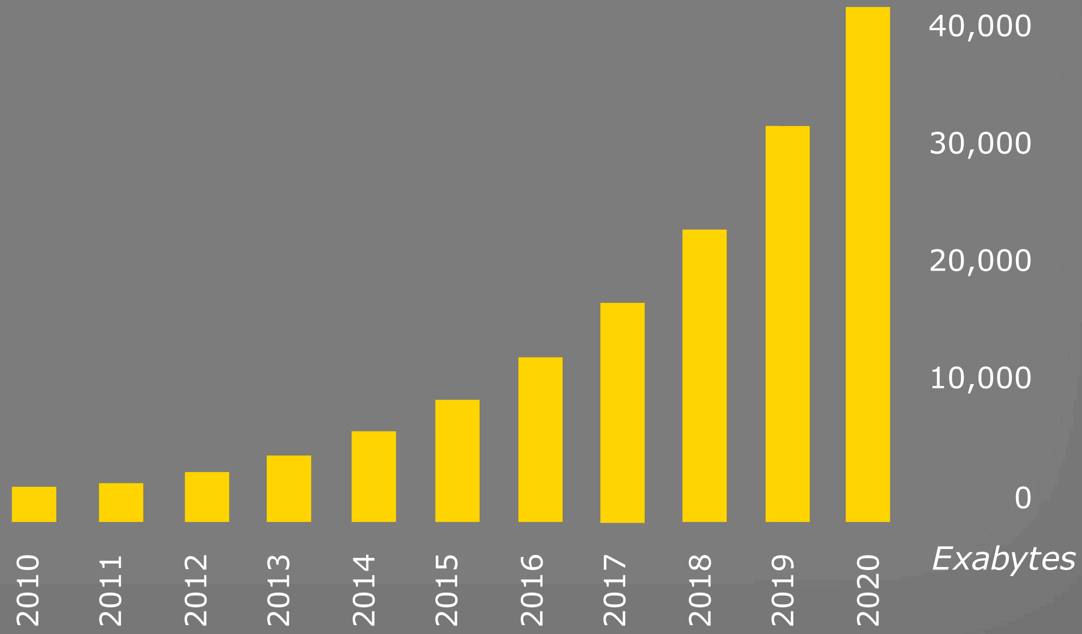
Today's context for media

Information production will triple in next 4 years

Time with news media (steadily rising) vs. social media (rapidly rising)

Mobile connection speeds +110% in next 2 years, mobile connections +33%

Global Digital Information



Source: IDC, EMC

Update on "burning rope"

Legacy

Moving on Big Data

Digital skill sets

Talent turnover

Audience struggles

7 of 10 most shared sites on Facebook

Managing down

Digital

Audience growth slows, stops

Inconsistent advertising revenue

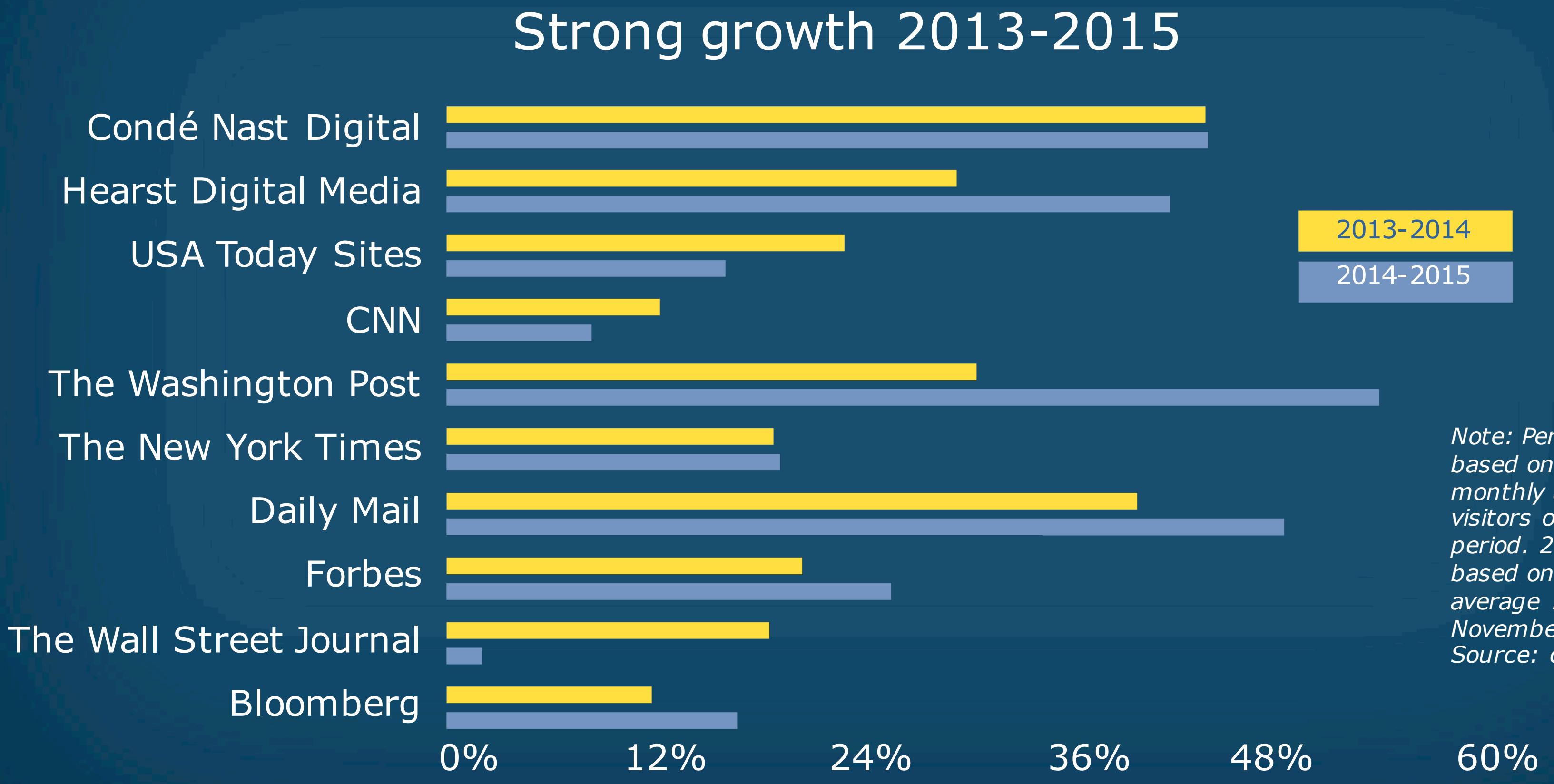
Pressure to sell builds

Missing growth goals

Skepticism grows among VCs

Managing up

Legacy traffic growth



Note: Percentages based on average monthly unique visitors over 12-month period. 2013 numbers based on 10-month average February-November.
Source: comScore

"At this point, there is no functional difference between (Hearst) and a Vox or Refinery 29 or any other next-gen player when it comes to tech, ad sales, or how to create content every day."

TROY YOUNG, PRESIDENT
HEARST DIGITAL MEDIA

What we know in 2016

- Mysteries of digital media melting away
- Media value propositions clearer
- Made your legacy vs. digital choices
- Made your breadth vs. depth choice
- Know whether you are multi-channel or omni-channel

2016-2017: optimising the road map

- Backfill more, extend less
- Prioritising the "add-ons"
- Talent acquisition and management
- Cultural infrastructure
- Execute content + sales strategies
- Success about execution more than strategy

OPTIMISING AND BACK-FILLING

Optimising and back-filling

Cultural infrastructure

Paywalls and paid content

Mobile

Distributed content

Big Data

Building cultural infrastructure

Seedling for ideas

BERLINGSKE MEDIA
The Dallas Morning News
The Economist
LA PRESSE
GANNETT
TORONTO STAR

Connecting to innovators

Chicago Tribune
THE IRISH TIMES
sanoma

Cultural accelerator

elCOLOMBIANO
DIE WELT
EXPRESSEN
INM Independent News & Media
Fairfax Media
MittMedia
storyful.
LET TRUTH PREVAIL
THE TIMES OF INDIA

Optimising and back-filling

- Cultural infrastructure
- Paywalls and paid content
- Mobile
- Distributed content
- Big Data

Paywalls: what we know

Value = unique/relevant content in scarce environment

General news = no commercial value

Paywall will fail without new value being added

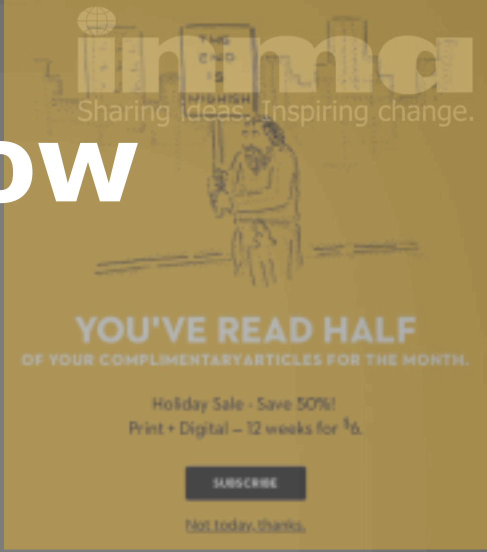
Where paywalls succeed, 5-20 article meter works best

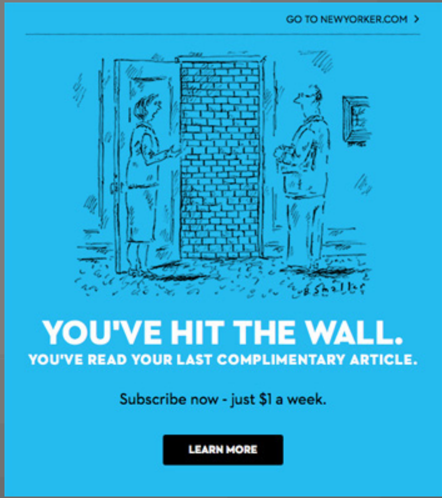
Quality news brands use metered paywalls

Popular tabloids use freemium model

National/global brands succeed, regional brands struggle

Value in bundling print, but execution clunky





National vs. regional paywall success

Nationals

Journalism basis
Original content
Intense reader relationship
Sign-up experience good

Regionals

Popular feature basis
Content from non-original sources
Many marginal readers
Sign-up experience poor

Paywall alternative 1: tablet app

La Presse free tablet app: next-generation everything

Aim: move print readers to digital walled garden

C$50 CPMs, very profitable

Toronto Star drops paywall, adopts La Presse app

Star Touch 200,000 downloads

La Presse “replacement” strategy, Star “augmentation” strategy

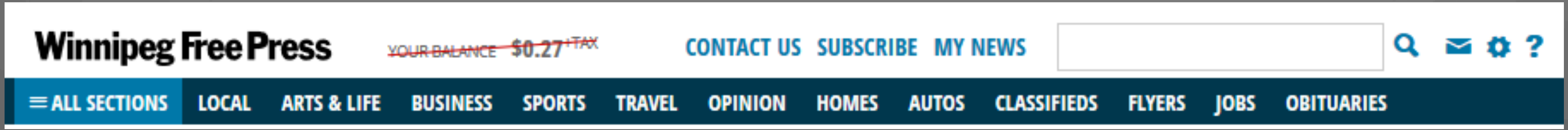
Paywall alternative 2: pay-per-view

Blendle, Netherlands

Unbundle journalism
All articles in 1 app, 1 paywall
Pay for articles read
"iTunes for journalism"
Early results: not a panacea, Millennials
NYT, Axel Springer-backed

Winnipeg Free Press, Canada

Read Now Pay Later micropayment
First 30 days free, total access
C$0.27 per article, post-pay
Digital engagement, print performance
6 months = 150,000 articles, C$40,500
Vendor: MPP Global



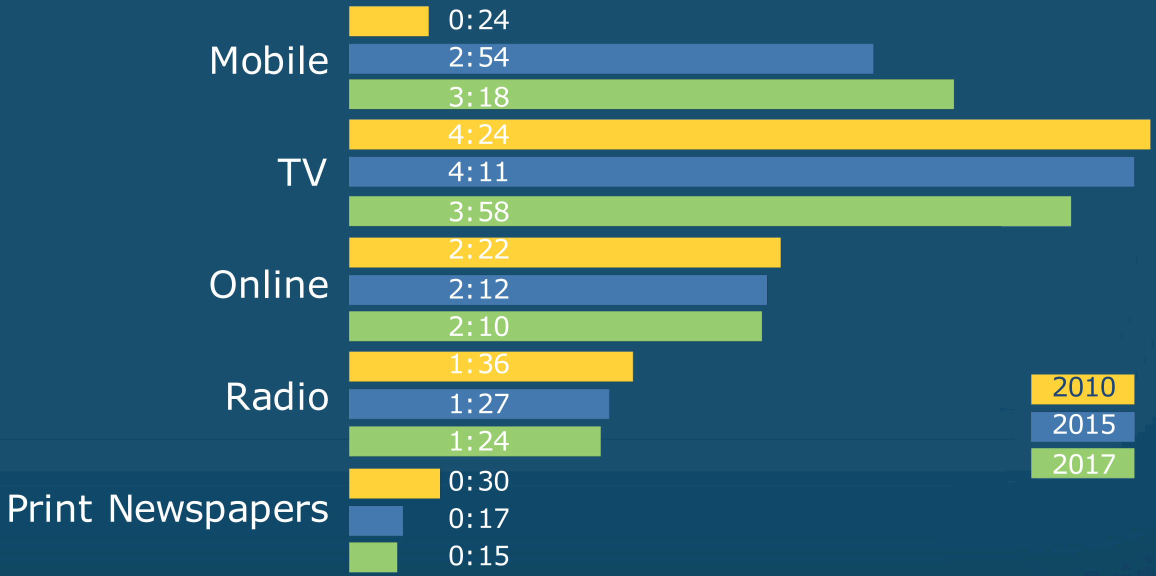
Optimising and back-filling

- Cultural infrastructure
- Paywalls and paid content
- Mobile
- Distributed content
- Big Data

OPTIMISING AND BACK-FILLING

Mobile and the great time shift

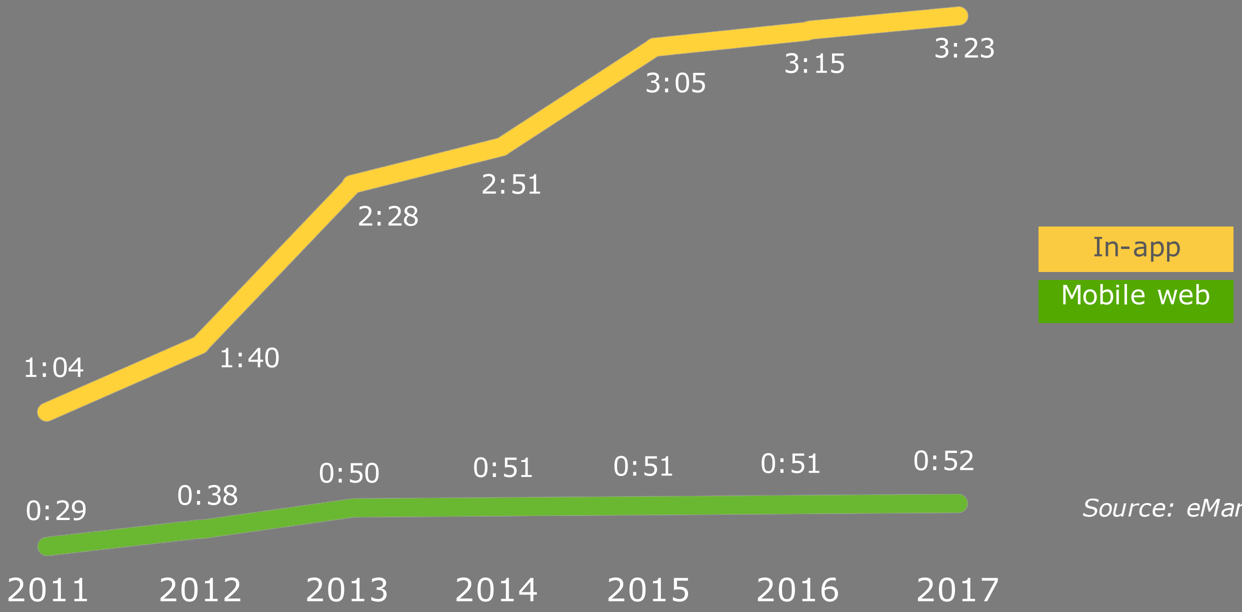
Time spent with media by U.S. adults 2010, 2015, 2017



Source: eMarketer, October 2015

OPTIMISING AND BACK-FILLING

Mobile apps vs. mobile Web



Source: eMarketer, October 2015

But … 84% of app users utilise only 4 apps (Forrester)

OPTIMISING AND BACK-FILLING

What’s next in mobile

- Rapid rise in mobile messaging apps
- On-demand mobile apps for services
- Slowing growth rates for time spent with mobile
- First generation of smartwatch a bust, look for 2.0
- Mobile for news: constant flow of information + curation
- Speed acceleration is a game-changer

Optimising and back-filling

Cultural infrastructure

Paywalls and paid content

Mobile

Distributed content

Big Data

Distributed content

facebook Google

Distribute or not distribute?

How to prioritise partnerships?

Distributed content

facebook Google

Distribute or not distribute?

Want to connect to new audiences?

Want to monetise those audiences off-platform?

Want to lure audiences to your brand?

Want to dramatically improve mobile load times?

How to prioritise partnerships?

Google AMP: no-brainer, do it

Facebook Instant Articles: yes, but be clear on objectives

Apple News: questionable experience, metrics

Snapchat Discover: too early for most publishers

Distributed content

Bleacher

20% of time/budget spent on distributed content

Naver

The great danger of becoming a white-label publisher

Optimising and back-filling

Cultural infrastructure

Paywalls and paid content

Mobile

Distributed content

Big Data

3 speeds of Big Data for media

Fast lane

Digital media companies

Analytics in DNA

More analytics staff than journalists

ESPN, Bleacher, Huffpost, Bloomberg

Middle lane

High end of legacy media

Data culture trumping legacy culture

Showing ROI crucial

Economist, NYT

Slow lane

Most media companies

First dashboards + staff

Little victories sought

Massive cultural struggles

Optimising and back-filling

- Cultural infrastructure
- Paywalls and paid content
- Mobile
- Distributed content
- Big Data

CONCLUSIONS

“(T)oday is the slowest rate of technological change you will ever experience in your lifetime.”

SHELLY PALMER REPORT, JANUARY 2016

Exponential vision through 2025

US$1,000 computer processes at speed of human brain

Internet of Things: 100 billion connected devices, each device 10+ sensors

8 billion people connected at speed of 1 megabit per second

Screens replaced by eyewear

Artificial Intelligence (AI): conversations, e-mails, biometric data

Heading toward “world of perfect knowledge”

PETER DIAMANDIS, ENGINEER, PHYSICIAN, ENTREPRENEUR

General Motors’ time horizon for visioning 2025

The road to autonomous driving

On-demand car rentals

Person-to-person sharing of vehicles

Automated highway driving

Intelligent infrastructure

Electrification

FRANKIE JAMES, GENERAL MANAGER OF
ADVANCED TECHNOLOGIES, GENERAL MOTORS

What GM has to do with media

No longer in “car business” … “mobility business”

Re-imagining value proposition

Fighting an old product culture

Technological disruption everywhere

Creating product that pays bills while re-inventing new ecosystem

Maintain commitment to excellence

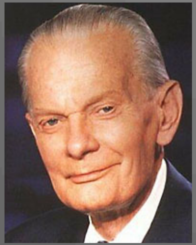
FRANKIE JAMES, GENERAL MANAGER OF
ADVANCED TECHNOLOGIES, GENERAL MOTORS

Re-arranging puzzle pieces for new value

GM and the mobility business

Airlines and everyday low pricing

O2: a brand that runs a business, not business that runs brand



David Brinkley and what changed the world the most

Media winners in "new value" game

FT
FINANCIAL TIMES

Fairfax Media

HT Media

LA PRESSE

NASPERS

russmedia

sanoma

SCHIBSTED
MEDIA GROUP

The Washington Post

How to shift strategy from “keeping the ball in play” to “winning”

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