Digital Revenue Models-Pt 2

Revenue to support digital news comes in many forms and from many sources.

This point of view will help bring you up to speed on what tools you have at your disposal, and outline some areas to watch in the months ahead.

Syndication/ Revenue Share

Up until now we've been focused on revenue generated by bringing the audience to your site. But that's not the only place to find value.

Any place you can share or host content you can generate and share revenue.

Yours, Mine and Ours

There are two primary ways to earn shared revenue:

Syndicate

Place content you own on other sites and collect a split of the revenue generated there, usually by ads.

or
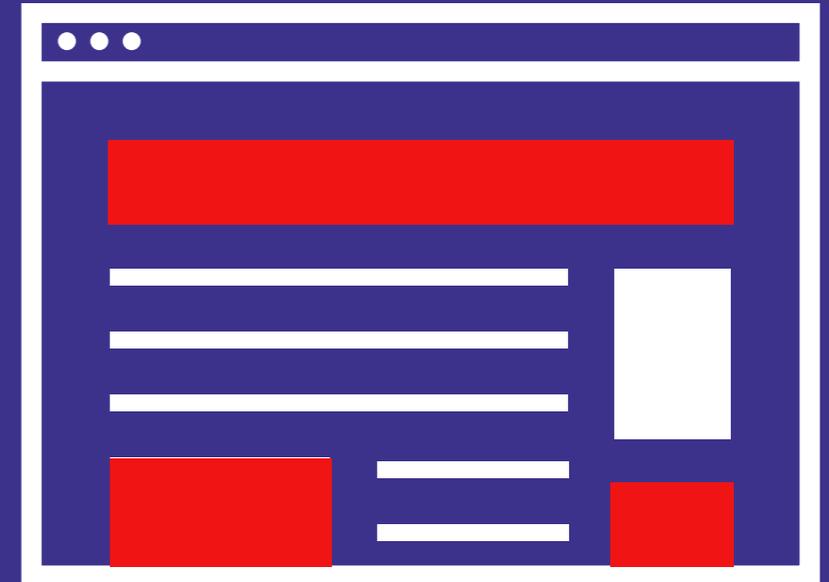
Publish

Bring in content from other publishers on your site and share your revenue with them.

Video is a natural

As the shared revenue model expands, all types of content find their way from site to site and platform to platform. While text and image stories were the first to be distributed, video lends itself well to the process due to the engaging nature of the content and its ability to stand out and attract users.

CNN's Revenue Share Video Platform

CNN Video Affiliate Network (VAN) is a great example of hosted revenue sharing. CNN provides the technical infrastructure for affiliates to host CNN videos on their sites, then sells ads on the videos, sharing the revenue with you, the publisher, and the content rights holder.

CNN Ad Sales

CNN Content

Local News Content

VAN

Group News Portals

Local News Websites
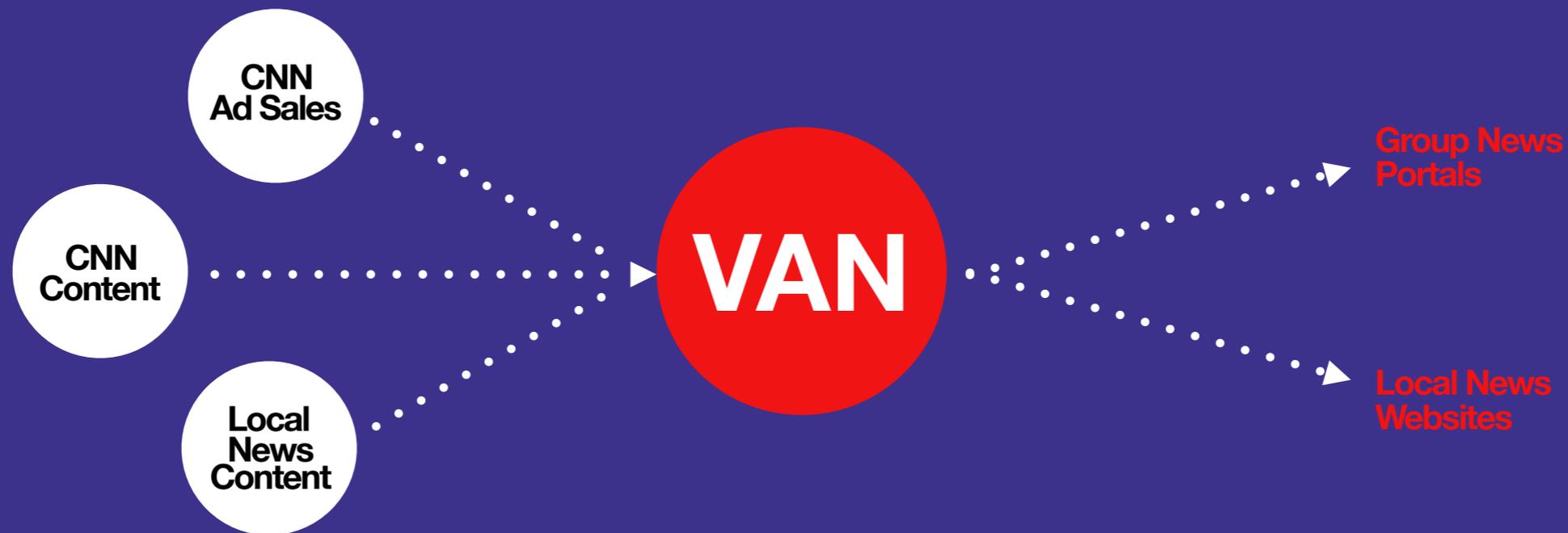
CNN Ad Sales

Bundles and manages all available inventory into a national network to sell to national advertisers.

Content Hub

Aggregates, normalizes and synchronizes content from CNN and local news providers.

Local News Orgs

Manage their own local inventory and monetize at their discretion.

Things to Watch

Digital Competition

Competition comes from all fronts now, not just the traditional sources. This especially is true when it comes to digital advertising.

Google and Facebook dominate

Together, the two online giants took about two-thirds of all digital ad revenue in 2017

	$35.00							
42.2%	$17.37							
	20.9%							
		4.3%	4.3%	1.5%	2.0%	1.0%	0.9%	0.5%
		$3.60	$3.60	$1.21	$1.65	$0.81	$0.72	$0.45
Google	Facebook	Microsoft	Oath	Twitter	Amazon	LinkedIn	Yelp	IAC
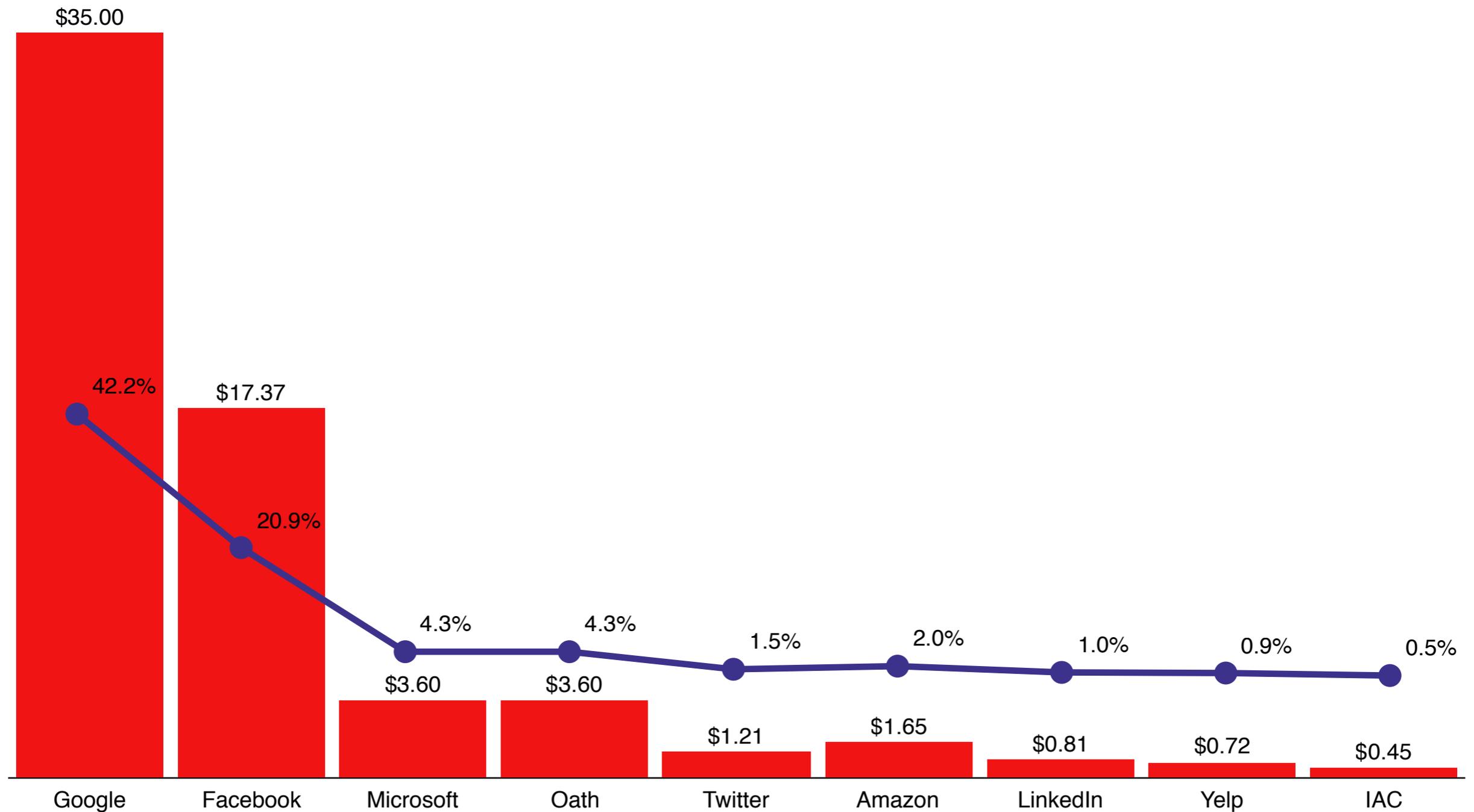
US Display Ad Spending (includes banners ads, rich media, and video)

Source: eMarketer, August 2017

■ Billions

% of total ad spending

"GoogleBook" invading local market

Both Google and Facebook are actively pursuing more local advertising for products like Google Maps and Facebook Order Food app.

The ads are integrated into the functionality for a seamless and non-intrusive experience.

Competing with GoogleBook

Despite this fierce competition, local news outlets have some advantages national networks do not:

Existing relationships with advertisers make publishers a logical starting point for transition to digital ad buys.
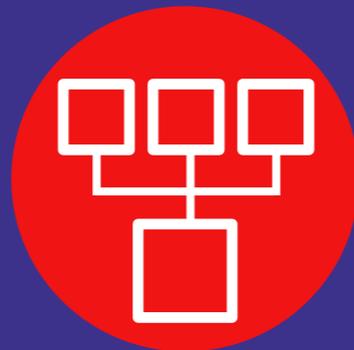
Bundling across TV, web and mobile for single local channel property or duopolies.
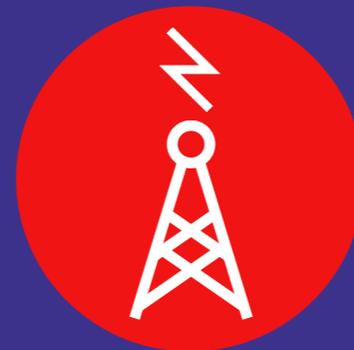
Ability for local publishers to extend inventory digitally, either on their own or through using services like CNN's VAN.

You also can place your content on Facebook and Google properties to grab some of their local share of advertising.

Beyond advertising, social networks and other digital competitors have been aggressive in going after news audiences.

Facebook beefs up local news

In response to the fake news crisis, Facebook has changed what users see in their feeds, including adding more local news stories shared by friends.

More local news on Facebook: How does it work?

Is this domain local?

To determine if a domain is local to you, we look at where its readers on Facebook co... If you live in the same area as the majority of those people, it is considered local t...

Messenger
Watch   14
Marketplace

Shortcuts
The Gun Problem ...
CNN Alumni   20+

Explore
Events   4
Pages
Groups   3
Fundraisers
Friend Lists
Order Food
On This Day   4

10 mins · 🔀

This poses both a threat and opportunity. High quality content from established news brands should get more prominence, but the feed is becoming more crowded with news, making it harder to stand out.

Key I-70 exit in Wentzville ...re than a month

The closing affects the exit to southbound Route 61/eastbound Interstate 64 from eastbound I-70.

STLTODAY.COM

Another competitive front?

Facebook also is adding a news section to its Facebook Watch live video platform, populated with video from "legacy and digital-first publishers."
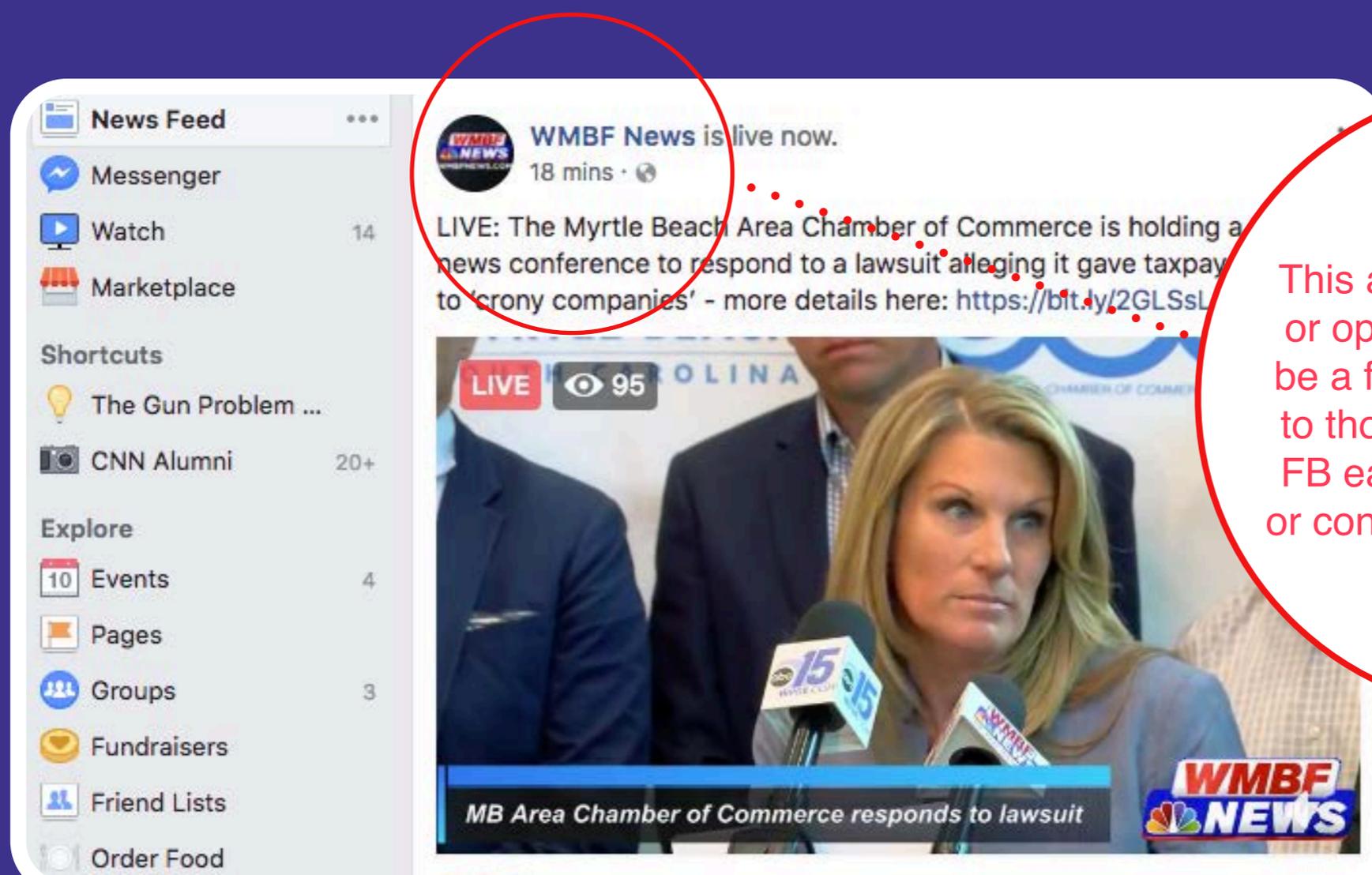
This also could be a threat or opportunity. There may be a first-mover advantage to those who team up with FB early if space is limited or constrained in some way.

Apple adds "Texture"

Another major player, Apple, has acquired Texture, a service that allows users to subscribe to multiple magazines online for one monthly cost—think of it as Netflix for magazines.
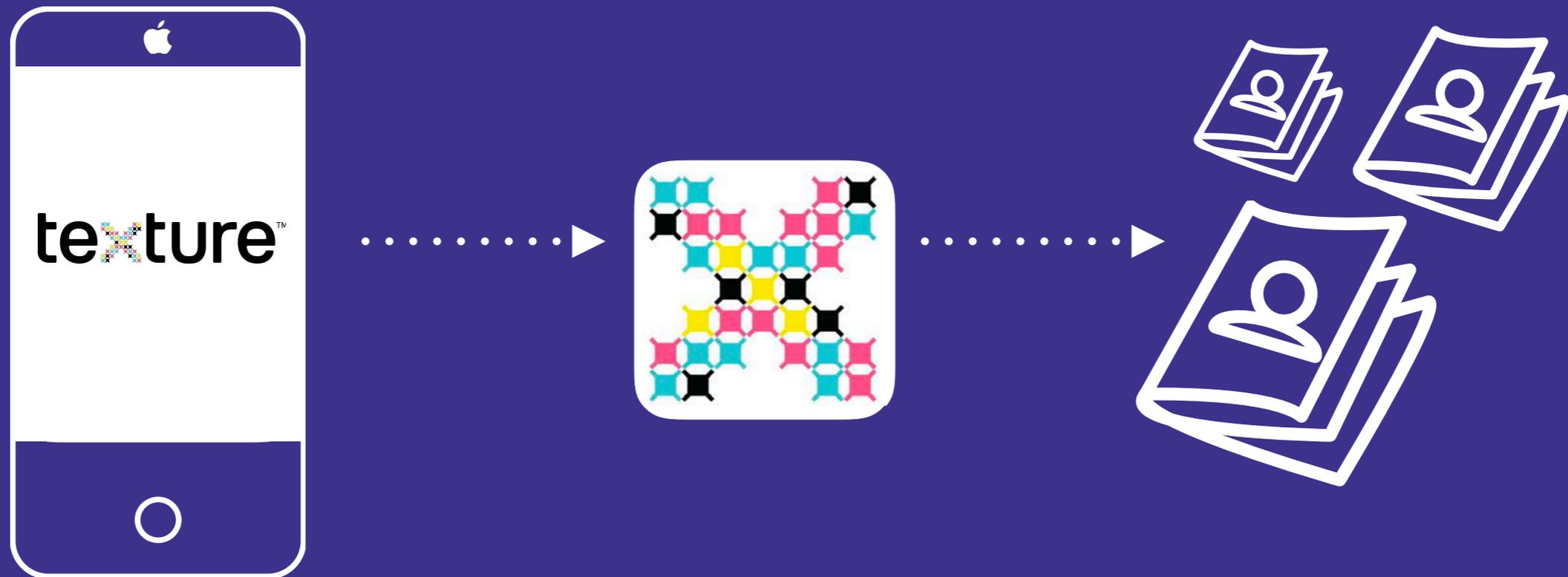
It's not yet clear how this will effect the Apple News product, or other content services offered by Apple.

And don't forget Amazon

Audio news served through Echo devices is a fast-growing content area.
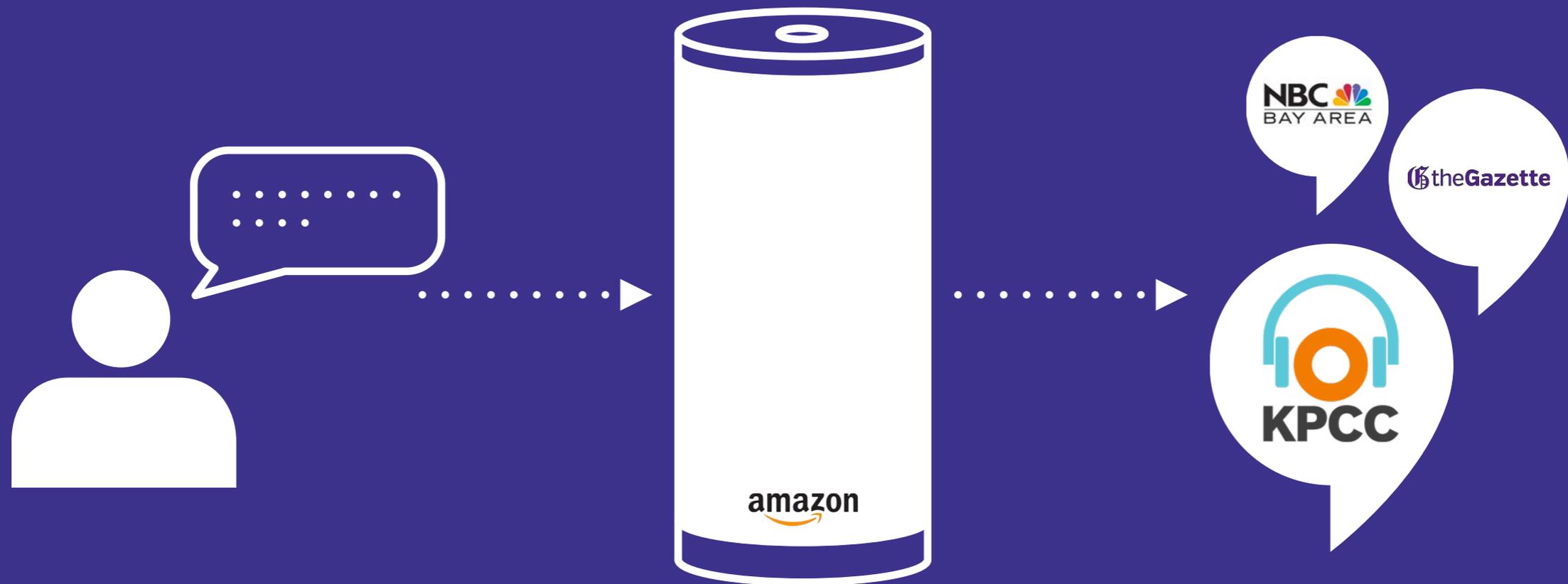
First focused on a few national news brands, multiple local news sources now are providing headlines in many markets, extending their brands to audio-only activities

Autoplay Blocking

In a response to consumer complaints, Google's latest Chrome browser blocks videos that auto play when a page loads.

Giving users more control

The new Chrome browser will stop videos from autoplaying unless they are muted or meet certain other conditions.
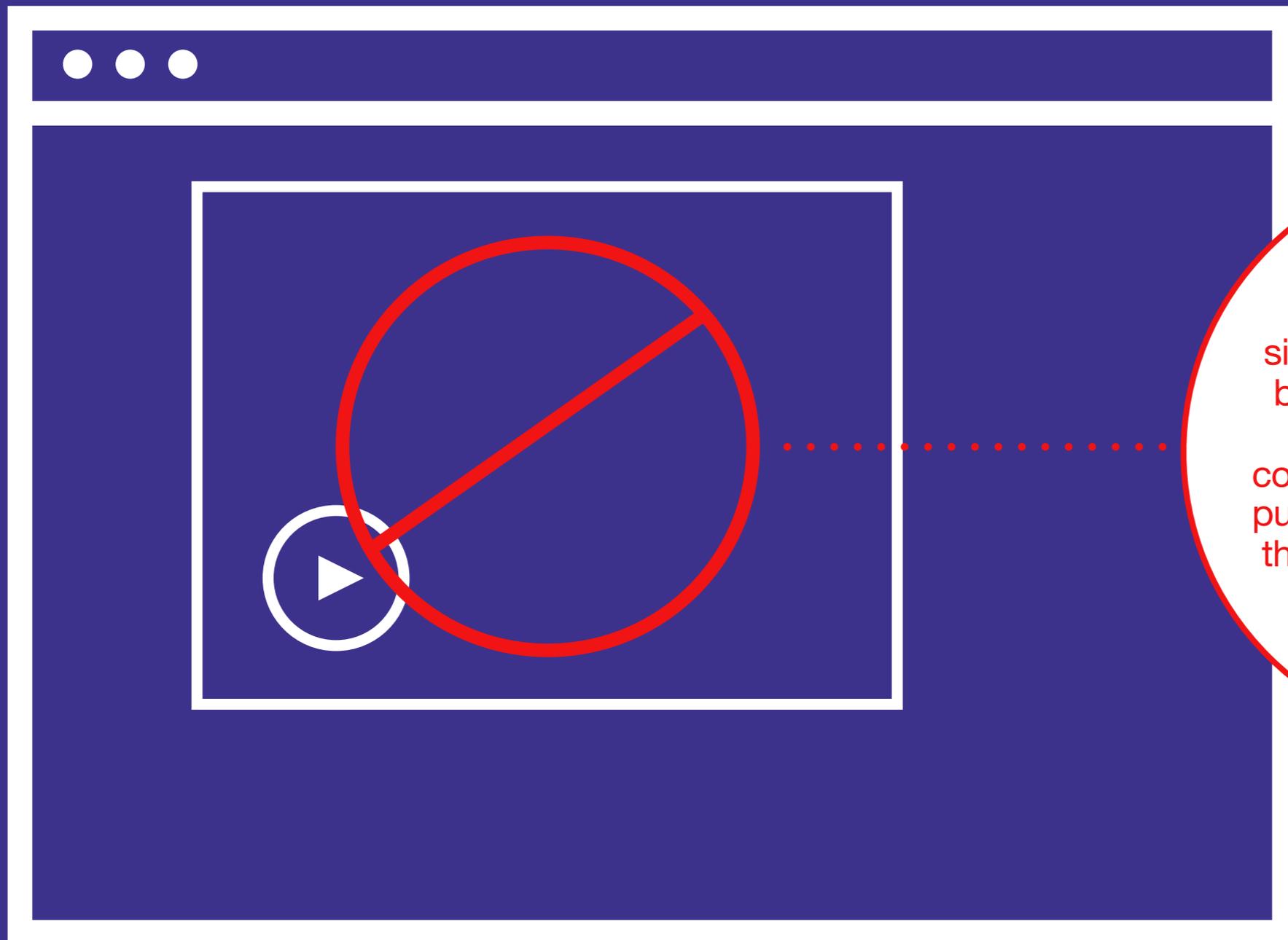
Apple is implementing similar controls in its Safari browser, both companies aim to stop what they consider bad practices from publishers when it comes to the often invasive media of video and audio.

Using auto-play effectively

For publishers who still want to use auto-play, Google offers some guidelines:

1

Use autoplay with discretion. Autoplay can be a powerful engagement tool, but it can also annoy users if undesired sound is played or they perceive unnecessary resource usage (e.g. data, battery) as the result of unwanted video playback.

2

If you do want to use autoplay, consider starting with muted content and let the user unmute if they are interested in exploring more. This technique is being effectively used by numerous sites and social networks.

3

Unless there is a specific reason to do so, Google recommends using the browser's native controls for video and audio playback. This will ensure that autoplay policies are properly handled.

4

If a publisher is using custom media controls, ensure that the website functions properly when autoplay is not allowed.

Augmented Reality/ Virtual Reality

Augmented reality and virtual reality (AR and VR) overlay information on a picture or video, or provide an immersive level of interaction for the user with a photo or video.

Augmented reality ad examples

Advertisers have embraced using ubiquitous smartphones to add context, details and fun to campaigns and in-store experiences.

American Apparel used AR to provide an interactive shopping experience in stores, prompting customers to explore all aspects of a product while they are trying it on.
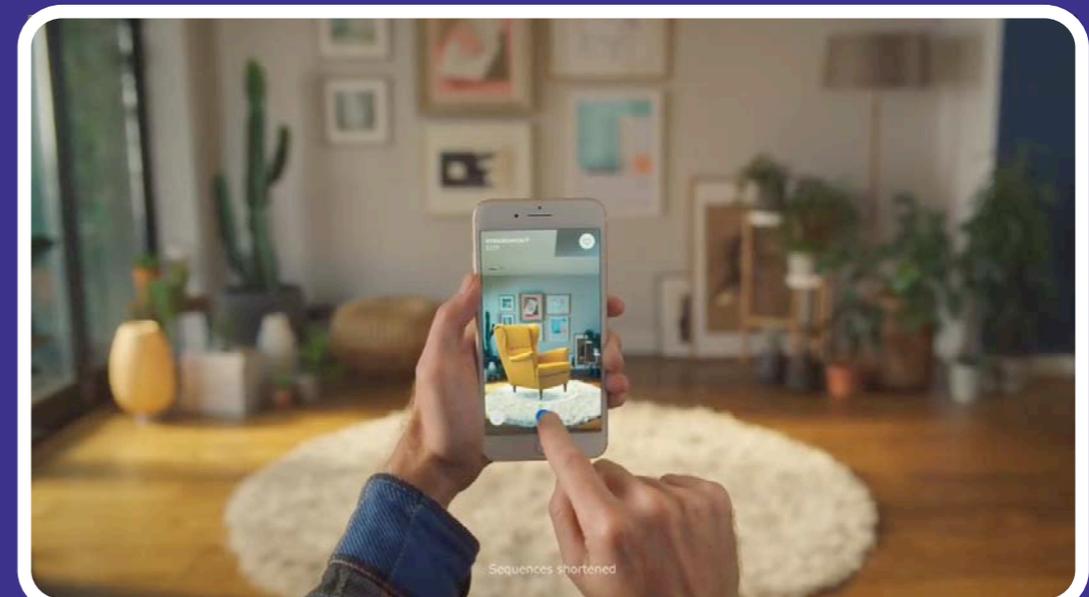
Using Apple's ARKit, IKEA brings the store to your home, allowing a customer to "try out" furniture in various rooms and positions.

Ads have a place in virtual reality, too

Inserting ads into the immersive world of VR is easy. The challenge is to make the ad experience just as engaging as the virtual one.

On 2D platforms, like web browsers, most VR advertising takes the form of 360 video, like this tour through a creme-filled cupcake world from Oreo.

When headsets or other hardware devices are available, the immersive worlds are more detailed, and valuable, like this tie-in between Nissan and Star Wars.

Why VR/AR?

Aside from the wow factor, are there business reasons to implement?

1

Local by Nature

AR ads are ideally suited for a local audience. Place-based information, such as specials at a local restaurant, only work in a user's immediate setting.

2

Connection to Other Revenue

As seen with the American Apparel and IKEA example, AR advertising often is a direct link to commerce and other revenue. Publishers can share in that additional revenue stream.

3

Premium Sales

Since AR and VR experiences tend to be session-based, rather than reliant on other metrics, publishers often can charge a premium for these ads and the immersive experiences they create.

4

An Engaging Experience

Just as you try to make your content as engaging as possible, creating an engaging advertising experience beside it helps deliver on your brand promise.

Getting started with AR/VR

While some for the examples shared here are the result of large budgets and strategic partnerships, those aren't necessary to dip your toe into AR/VR. Here are some ways to get started:
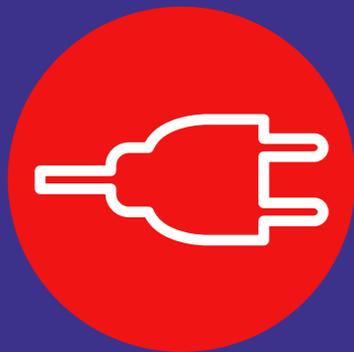
Get up to speed on standards

The Internet Advertising Bureau (IAB) is constantly updating it ad standards used throughout the industry. Those standards now include AR/VR guidance. You can download a copy of the IAB standards here.

Learn from existing platforms

Before jumping in to a big AR/VR investment on your own site, experiment on Facebook, Snapchat or Instagram to leverage their tools and learn what kind of AR/VR works best for your content.
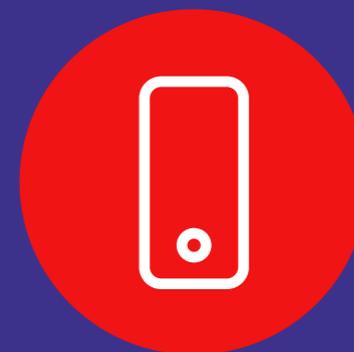
Try mobile first

Apple's ARKit and Google's ARCore already are in wide adoption and provide many tools and examples with which to learn.

Internet of Things (IoT)

Internet of Things Next?

The Internet of Things (IoT), common household and personal items connected to the Internet, could be the next frontier. Growth in usage, the personal nature, and pervasive placement of IoT items may make them irresistible to advertisers.

Ads, yes, but content too

Imagine an army of devices, all connected to the internet and each a short reach or glance away.
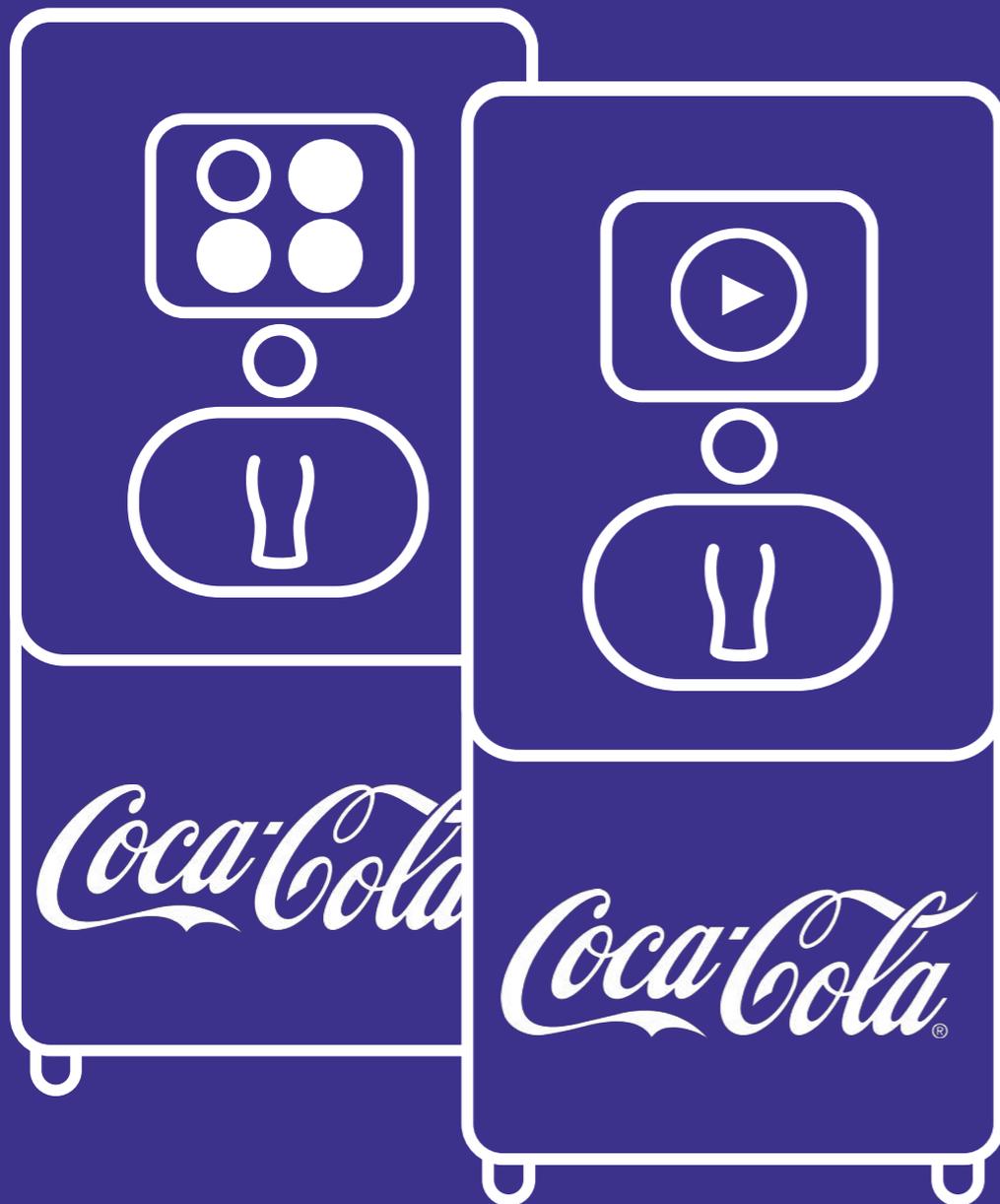
Coca-Cola's Freestyle Fountain not only gives users a multitude of choices, but also can serve video and data along with the drinks. Picture a short video news update from your brand on the screen while someone gets a drink.

Ads, yes, but content too

They offer great potential for ads, but don't forget the content syndication possibilities as well.

74°

Or a smart thermostat that not only controls the home, but also shows your meteorologist's video weather forecast for the day.

These uses don't exist yet, but something like this will soon, providing even more outlets and ways to monetize your brand.