

MONETIZATION

ESSENTIAL STRATEGIES FOR GENERATING VALUE FROM YOUR ONLINE AD INVENTORY



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INTRODUCTION

More than 500 years after Gutenberg unveiled the printing press and helped spread the written word by establishing a new medium for freely distributing information, the Internet has quickly put the future of print in jeopardy.



Advertising Before the Internet:

- ▶ Non-Interactive
- ▶ Hard to Measure
- ▶ Latent and Long-Tailed
- ▶ Static



The past few years have proven to be the most challenging years ever for magazine and newspaper publishers. On the bright side, publishers that have learned to embrace the Web have actually witnessed an increase in their total audience, driven by those who are consuming their content online.

Advertising Today:

- ▶ Interactive
- ▶ Measurable
- ▶ Targeted
- ▶ Personal
- ▶ Timely
- ▶ Viral



“IN THE NEXT 10 YEARS, THE WHOLE WORLD OF MEDIA, COMMUNICATIONS AND ADVERTISING ARE GOING TO BE TURNED UPSIDE DOWN -- MY OPINION.

NUMBER ONE, THERE WILL BE NO MEDIA CONSUMPTION LEFT IN 10 YEARS THAT IS NOT DELIVERED OVER AN IP NETWORK. THERE WILL BE NO NEWSPAPERS, NO MAGAZINES THAT ARE DELIVERED IN PAPER FORM. EVERYTHING GETS DELIVERED IN AN ELECTRONIC FORM.”

Steve Ballmer, Microsoft CEO
in recent Washington Post Interview

Microsoft®



- ▶ Know your audience
- ▶ Help advertisers understand who they are really reaching
- ▶ Reach identification
- ▶ Improve content relevance
- ▶ Establish acquisition programs
- ▶ Enhance targeting

The best publishing brands of today will still be the content leaders of tomorrow. A publishing company's brand equity is not solely tied to a distribution medium. Its value is in its ideas, ability to provide meaningful and accurate context and its people and customers. What it says, how it says and how people can access that information will change over time. Content is king and the technology and mediums will be ever changing. A publisher's content has been valued from its inception in radio to its adoption of TV and Web and it will continue to grow through social and micro messaging channels as well.

HOW CAN YOU MAXIMIZE YOUR MONETIZATION EFFORTS?



GET TO KNOW YOUR READERS

Leverage Behavioral, Demographic, & Transactional Data to Define Your Audience

Transactional, behavioral and search data can now be blended to better define and discover your true audience readership. What's more, the ability to leverage offline data such as retail transaction history and household-level demographics have created the most effective form of addressable media to date. With this level of data, publishers will be able to gain a deeper understanding of the types of consumers that actually make up their online readership.



Your Online Inventory
is valuable



Ultimately, publishers need to think more like retailers and look at their 'readers' as "customers" with RFM (recency, frequency, monetary) data and segmentation:

- ▶ When did this customer last visit?
- ▶ How often do they visit?
- ▶ How much value have they created (directly or indirectly)?
- ▶ How did my customers engage with and perform for our advertisers?
- ▶ How much more, therefore, can I charge in advertising for this customer / segment?

Capturing data – accurate data – will help publishers receive maximum value from their digital inventory.



TURN PERCEIVED COSTS INTO A SCALABLE PROFIT CENTER

Build and Sustain a Scalable Inbox Advertising Program

Email and display ads are quickly filling the gap left by reduced offline ad pages. Today's magazine reader is a multi-channel information consumer – not necessarily reading the entire magazine in any one format.

Advertisers have been quick to catch on to this trend. They've allocated budgets to where the readers are consuming digital content to gain more reach and more measurability.



Email is Media



TURN PERCEIVED COSTS INTO A SCALABLE PROFIT CENTER [CONTINUED]

Knowing the Answers to these Questions Will Help You Drive More Value from Your Customers:

- ▶ Who's consuming your content... website & inbox?
- ▶ Who's clicking on ads?
- ▶ Who is engaging with advertisers?
- ▶ When and how do customers prefer to engage?
- ▶ Have I the tools to see and leverage the difference?

In the meantime, some publishers have embraced the new online audience and have started to monetize their digital consumers in order to make up the shortfall. This has become so mainstream that the IAB and Datran Media collaborated on guidelines for audience monetization through email.

iab. EMAIL MONETIZATION BEST PRACTICES

ADVERTISERS

- ▶ Leveraging email newsletters to reach a valuable audience
- ▶ Using the email channel to test offers and promotions
- ▶ Driving leads & sales through stand-alone email advertising
- ▶ Criteria for choosing an email publisher
- ▶ Emerging trend of video in email campaigns

PUBLISHERS

- ▶ Revenue opportunities through sponsorship and ad units in email newsletters
- ▶ Pricing models for email monetization
- ▶ Inventory management
- ▶ Data collection
- ▶ Developing a video email campaign



TURN PERCEIVED COSTS INTO A SCALABLE PROFIT CENTER [CONTINUED]

The inbox is the epicenter of all communication and discovery online, a destination that consumers visit to chat with friends, read news and learn about products and services. According to the American Marketing Association, consumers ranked email ahead of traditional media such as newspapers, magazines and radio as a good way to learn about new products. What's more, a statistic by AdRelevance claims 59% of online advertising is in or around the inbox.

Unlike print, email gives advertisers more bang for the buck. Besides being able to personalize a message, advertisers can select relevant content to match their ads (or visa versa), thus increasing the chances to reach a more targeted audience. Also, email offers advertisers greater audience segmentation, and higher measurability than almost any other channel. Feedback loops including click-throughs, forwards, brand impact and conversions on internal and external products and services can be tracked instantly.



TURN PERCEIVED COSTS INTO A SCALABLE PROFIT CENTER [CONTINUED]

Establishing a successful inbox program to sell to advertisers is simple if you employ the following tips:

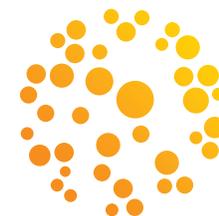
- ▶ Ask for email address and attract followers at EVERY customer touch point
- ▶ Articulate a fair value proposition
- ▶ Build a center of competency around privacy and compliance
- ▶ Link to examples of specific e-mails and frequency info
- ▶ Only collect vital info from new customers
- ▶ Send a confirmation message
- ▶ Append offline data with email address
- ▶ Find and leverage your voice across micro messaging, web aps and newsletters

Manage the inbox much like any other advertising channel and make sure there is strong continuity between the inbox and offline channels. Much like TV, large format email campaigns dramatically increase brand and ad awareness and will drive increased traffic through search and display channels.



INCREASE TRAFFIC TO YOUR WEB SITE

Newsletters are not just advertising vehicles, they are promotional channels. Develop an Inbox preference center so your content is designed and distributed to specific users; some may want breaking news alerts, others may want regional information. Doing this will help reduce attrition rates, drive increased traffic to your Web site and increase the value of your Web site inventory.



While many online publishers are in fact leveraging digital advertising, they are focusing more on print and still treating their online media as an afterthought. Publishers will not be able to survive the current media shift until they realize the inherent value of their online assets.

Despite the rapid increase in online readership, publishers continue to struggle with effective ways to monetize their online content. Employing a paid subscription model is one option, but the risk of alienating your audience is high. Instead, use the same methods that have fueled print success for so long: **advertising**.

▶ **PROVIDE FREE ACCESS TO YOUR ARCHIVES**

Letting anyone access most of your Web site content is a good start on the free model. Advocates of the freemium model believe free access breaks down obstacles to distribution of content and will grow your audience. If 5% of these free customers convert to paying—or freemium—customers, they will pay for the rest.

▶ **SEND OUT EMAILS OR MICRO MESSAGES THAT HAVE LINKS TO PREMIUM CONTENT**

You can find advertisers who will sponsor inbox messages and offset any planned revenue from Web site sales that you think you might have lost. Your advertisers love direct contact and will pay to subsidize your giveaways.

▶ **LEVERAGE GUEST BLOGGERS, TWEETERS AND CONTRIBUTORS NOT ON YOUR PAYROLL**

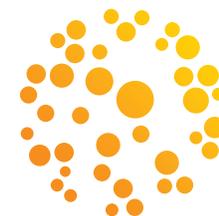
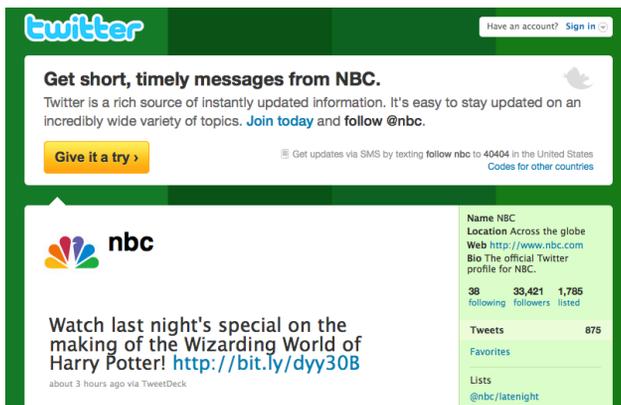
Celebrity authors and industry experts can help drive more page views and subscriptions. The Huffington Post is one of the best at these strategies, and the examiner.com is another example to follow.



PROMOTE YOUR CONTENT IN 140 CHARACTERS OR LESS

Be prepared to distribute content to consumers - regardless of the channel or application – where they choose to receive it.

Don't have a dedicated profile on Facebook? Set one up – now. It's as simple as that. Your audience will find you because this is where they are spending their time. But digital publishers should especially focus on the opportunities that lie with that familiar blue bird. Twitter is the best news distribution tool since the newsstand. It is deceptively simple. It allows its users to post pithy 140 character summaries of what they are doing, including links and pictures, from their computer, cell phone or similar device—all in one little box on screen. It's about the easiest thing to use that you will ever encounter on the Internet. This simplicity is a large part of why it has been adopted and why its subtle power is so misunderstood.



PROMOTE YOUR CONTENT IN 140 CHARACTERS OR LESS [CONTINUED]

Twitter usage revealed at Chirp, official Twitter developer conference, April 2010.



Twitter now has 105,779,710 registered users.

New users are signing up at the rate of 300,000 per day.



180 million unique visitors come to the site every month.

75% of Twitter traffic comes from outside Twitter.com.



Twitter gets a total of 3 billion requests a day via its API.

Average of 55 million tweets a day from Twitter users



37% of Twitter's active users tweet on their phone

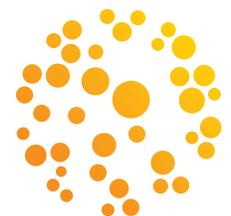
60% of all tweets come from 3rd-party applications.



PROMOTE YOUR CONTENT IN 140 CHARACTERS OR LESS [CONTINUED]

The good news for publishers in all of this is that many “Tweeple” consider themselves amateur journalists who pride themselves on their skills as newshounds. Needless to say, most of the news they produce is repurposed, all the better for publishers. Tweeple are self-described and anointed influencers who share news, articles and editorials compulsively with friends and acquaintances alike. Next to silly comments about what Tweeple are having for lunch, the next most popular thing is to post links to articles on the Web. If you harness their natural inclination to share—and that may mean breaking down some of your content protection barriers—you will see your followers post links to your article almost as soon as it has been written and posted on your Web site.

Twitter can drive more impressions and registrations for your ad or subscription-supported site if you let it work its magic. Cultivating a community of followers by posting news feeds from your site will grow your legion of Twitter followers. Consider posting promotional articles on Twitter that are freely accessible regardless of subscription status. You’ll encounter new readers and, quite probably, new subscribers.



An individual's media consumption habits will change over time depending on their location and amount of time they have to consume media. A consumer centric publisher will always be there for their customers, no matter when and where they are ready to engage.

If content is king, where is the castle? It's not regulated to one single channel. As we have seen, technology is enabling readers to consume content anytime anyplace. New devices like the iPad offer incredible opportunities for publishers to stay relevant. Be sure to keep up with new innovations and adapt to the changing landscape. Publishing brands that aren't flexible and consumer centric are pushing their agenda rather than caring about customer needs.

“MAGAZINES ARE IN PERPETUAL TRANSITION, CREATING AND RECREATING THEMSELVES IN A FAST CHANGING TECHNOLOGY DRIVEN MEDIA ENVIRONMENT.”

Donald D. Kummerfeld, President & CEO
International Federation of the Periodical Press (FIPP, 2009)



SUMMARY

▶ **PRINT CIRCULATION**

Consumers moving online

▶ **ADVERTISING**

Advertisers following consumers online

▶ **PRINT CONSUMER-VALUE & BUSINESS MODEL CONTINUOUSLY EVOLVES**

From “mass marketing” to media fragmentation to digital transformation

▶ **CONSUMER TRENDS, ALONG WITH TECHNOLOGY, EXERT PRESSURES TO CHANGE**

Fragmentation – Ever-increasing number of consumer interest segments

Consumer Control – Content (inc. consumer-generated), format, & time

Smart Phones & iPads - Strong sales growth and huge impact on content consumption

Perceived Price Points – Lower for digital content



CONTACT INFO

Datran Media
(888) 494-4ROI
www.datranmedia.com

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▶ **ADVERTISER TRENDS PARALLEL CONSUMERS’ DIGITAL ADOPTION**

Targeting - Follow to target consumers (via contextual & behavioral targeting)

Real-Time Data – Increases demand for real-time accountability, which also favors online media

▶ **PRINT CIRCULATION**

Alternative business models

Content & Value Creation – From repurposing content across formats to crowdsourcing

Organizational Focus – From medium to functional

Media consolidation -- Multimedia conglomerates emerge

More “direct dealings” with advertisers – Requires marketing services & accountability

Opportunity for publishers to develop their own ecommerce platforms

Mobile apps put content on-the-go

