



The revenue challenge

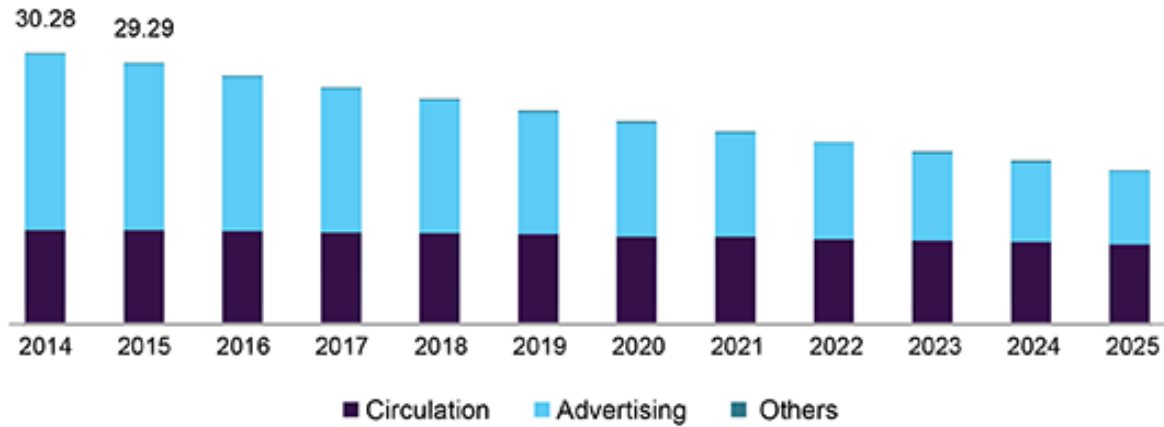
MEDIA COMPANIES SEEK TO DIVERSIFY IN A VARIETY OF WAYS

PRESENTED BY MARK VINCIGUERRA AT NEACE CONFERENCE 11-14-19

The revenue challenge

- ▶ We will cover—
- ▶ 1) Current state of revenue –industry/larger publishers and smaller publishers
- ▶ 2) Revenue stream diversification ideas
 - *paywalls—including various types
 - *membership models
 - *Events
 - *Broadcasting
 - *Digital marketing services reselling
 - *Addition by subtraction
 - *Print lives too!

U.S. newspaper market size, by revenue generation, 2014 - 2025 (USD Billion)



The
revenue
challenge

The revenue challenge

- ▶ The New York Times Company generated more than \$709 million in digital revenue last year, growing at a pace that suggests it will meet its stated goal of \$800 million in digital sales by the end of 2020.
- ▶ Online subscription revenue gained nearly 18 percent to reach \$400 million in 2018, while digital advertising rose 8.6 percent, to \$259 million.
- ▶ The company hit another revenue milestone: Digital advertising surpassed print advertising for the first time in the fourth quarter, jumping 23 percent to \$103 million. Print advertising fell 10 percent, to \$88 million.
- ▶ The revenue gains will allow the company to spend more on its newsroom operations.
- ▶ “Our appeal to subscribers — and to the world’s leading advertisers — depends more than anything on the quality of our journalism,” per Mark Thompson, CEO.

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- ▶ From last month's 3rd quarter earnings report from New Media Investment Group Inc.
- ▶ “During the third quarter, organic same store revenue trends were lower than expected, but we saw positive trends in subscriber growth and with revenue in our events business. Our circulation strategy showed continued progress with a rise in total subscribers, driven by growth in digital subscriptions, which grew to 217,000, up 64.9% to prior year. In addition, events had another strong quarter with revenue up 49.6% to prior year. Organic same store revenue was down 7.9% to prior year, reflecting some disruption among our employee base on account of the anticipation of the Gannett transaction, which was announced on August 5, 2019. However, performance improved toward the end of the quarter”

The revenue challenge

- ▶ “yeah, but those are the big boys and girls”
- ▶ Diving deeper....
- ▶ There are plenty of examples of news publishers moving into new revenue streams that support and serve the communities they reach with the news. For example, The Pilot, a community newspaper in Southern Pines, N.C., gets just 25% of its revenue from print advertising today, thanks to investments made in businesses ranging from podcasts to a community bookstore, said Penny Muse Abernathy, the Knight Chair of Journalism and Digital Media Economics at the University of North Carolina.
- ▶ If you're in a market that is relatively affluent or it has economic variables that are in line with the U.S. average, and you have a publisher that is very strategic, disciplined, and creative, you have a better than average chance of surviving, Abernathy said. But it's not about diversifying from print to digital. Its diversifying your income.
- ▶ Local, community publishers are increasingly seeking new revenue streams to diversify their businesses.
- ▶ (per Editor and Publisher)

The revenue challenge

- ▶ Is a 2,000-circulation local community paper small enough to highlight?
- ▶
- ▶ <https://www.theatlantic.com/notes/2019/10/new-approach-local-journalism/600817/>

The revenue challenge

- ▶ Key take away's: (per James Fallows, the Atlantic)
- ▶ Digital paywalls, even in small pubs---"We still fight the battle every day, of people saying on Facebook, 'What, do I have to pay for this?' And we're on there constantly saying, 'Yes, you do, and here's why.' It's taken us this long to get people who are willing to pay for content." Through the efforts of their publisher, Amberly Jane Campbell, the system has grown to include four other regional publications: the *Delaware Hudson Canvas*, the *Livingston Manor Ink*, *Hudson Valley Livelihood*, and the *BKAA Guardian*. "We have proven the model works for our newspaper," Campbell said, "and it can be adopted by any independent publisher, without having to reinvent it for themselves."

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- ▶) *A subscription-and-micropayments business model.* As you'll see if you register (for free) on the paper's site, NewsAtomic, after an introductory-offer period, articles from the paper for nonsubscribers cost 25 cents apiece.
- ▶ Subscribers to the paper, for as little as a few dollars a month, get unlimited access to its articles. Occasional visitors can sample the stories for a low price, with the hope and expectation that some of them will be attracted to become long-term readers and subscribers.

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Paywall metrics---from Scott Geiser, of Wallit....

- ▶ Hi Mark,
- ▶ > I think the best story to tell relates to those organizations that are sticking with a paywall strategy. For our partners that have been with us for at least two years, we see an average Year Over Year revenue increase of 58%.
- ▶ > Day Pass sales have increased by 53% over the previous year, but the revenue earned on that subscription type isn't very significant. The trick for our partners is to convince this segment of purchasers to move up the ladder to a recurring subscription (note our One Month recurring subscriptions have increased by 71% over last year).

The revenue challenge

- ▶ Show of hands...how many publications have paywalls?
Hard?
- ▶ Metered—set at what limit?
- ▶ Allow micropayments?

- ▶ Marketing to digital subs---
- ▶ Do you do at all? How often? Weekly? Monthly? Quarterly?
- ▶ Do you segment by content viewed?
- ▶ Area where reader came from?
- ▶ Number of stories viewed?

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▶ Membership models—

This feels like a natural moment to refresh our collective memory on the distinction:

A subscription model requires audiences to pay money to get access to a product or service. Subscription conveys a transactional relationship. Product-oriented, pay-to-play exchanges work well for many sites. Yet the trend in for-profit general interest news sites pitching exclusive content and experiences as membership has the potential to confuse audiences.

A membership model invites audiences to give their time, money, connections, professional expertise, ideas, and other non-financial contributions to support organizations they believe in. Membership in its thick version represents two-way knowledge exchange between staff and members. By knowledge exchange we mean examples like ProPublica's readers tipping off an investigation into IBM layoffs; De Correspondents reader Rolodex; and Reveals crowdsourced hate report.

Why is using these terms interchangeably a problem? Subscription and membership aren't the same, and the difference is more than semantics.

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- ▶ One of the most innovative membership models I've seen...
- ▶ <https://idyllwildtowncrier.com/membership-signup/>
- ▶ Includes
- ▶ **MEMBERSHIP BENEFITS**
- ▶ Subscriptions to both printed and online issues of the Town Crier.
- ▶ Nice-looking "Town Crier Member" window decals, which we very much hope you will display so as to encourage others to join us.
- ▶ Recognition of your Membership in the Town Crier, unless you request anonymity.
- ▶ Invitations to what we hope will be the annual Town Crier Membership Party.
- ▶ And most important and valuable of all: You will receive the satisfaction and pleasure of knowing that you are doing your part to support a real newspaper on our Hill for the benefit of our entire community.

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- ▶ Events have become commonplace at many publications throughout the nation. The variety of these events is wide and includes:
- ▶ Sports banquets
- ▶ Home shows
- ▶ Best of contests
- ▶ Food truck festivals
- ▶ Health fairs
- ▶ Deep dives into community issues/community conversations
- ▶ And many more...Next slides show some examples...

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- ▶ Examples of events...
- ▶ <https://www.eventbrite.com/e/2019-berkshire-all-star-awards-gala-tickets-58390745291?aff=erelexpmlt>
- ▶ (Sports awards)
- ▶ <https://www.berkshireeagle.com/stories/body-mind-soul-expo-aims-to-help-get-you-to-a-good-place,560802>
- ▶ (Health event)

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The advertisement features a central green circular logo with the text "BEST OF GREENE COUNTY" and a landscape illustration. Surrounding the logo are four circular images: a platter of food and beer, a gnome figurine, a burger, and a waterfall. At the top, the "GREENE COUNTY Chamber of Commerce" logo is displayed. The text "The Daily Mail" is positioned below the logo, and "Voting has begun!" is written in large bold letters. Below this, a call to action asks for nominations of local businesses, and a website URL is provided at the bottom.

GREENE COUNTY
Chamber of Commerce

**BEST OF
GREENE COUNTY**

The Daily Mail

Voting has begun!

Nominate your favorite Greene County Businesses,
and help them move onto the finals!

Log on to www.hudsonvalley360.com/bogc

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Food Truck Festival video

- ▶ <https://drive.google.com/file/d/1dtuCQBtlelcaECWPTwtR-U4rhzOFVaBw/view?ts=5dc082eb>

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- ▶ On the more 'cutting edge' side, several local publishers are creating podcasts and even video/broadcasts of various sporting events, talk shows, etc...
- ▶ Some examples—
- ▶ <https://www.hudsonvalley360.com/video/press-box-ep32>
- ▶ <https://www.facebook.com/BataviaDailyNews/videos/1688512671283036/>

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- ▶ Media companies of all types continue to make inroads by leveraging their already-solid, LOCAL relationships with Small and Medium sized businesses in their areas and selling digital marketing services.
- ▶ Examples of programs that can be sold in the digital world include, but this is only a partial list...

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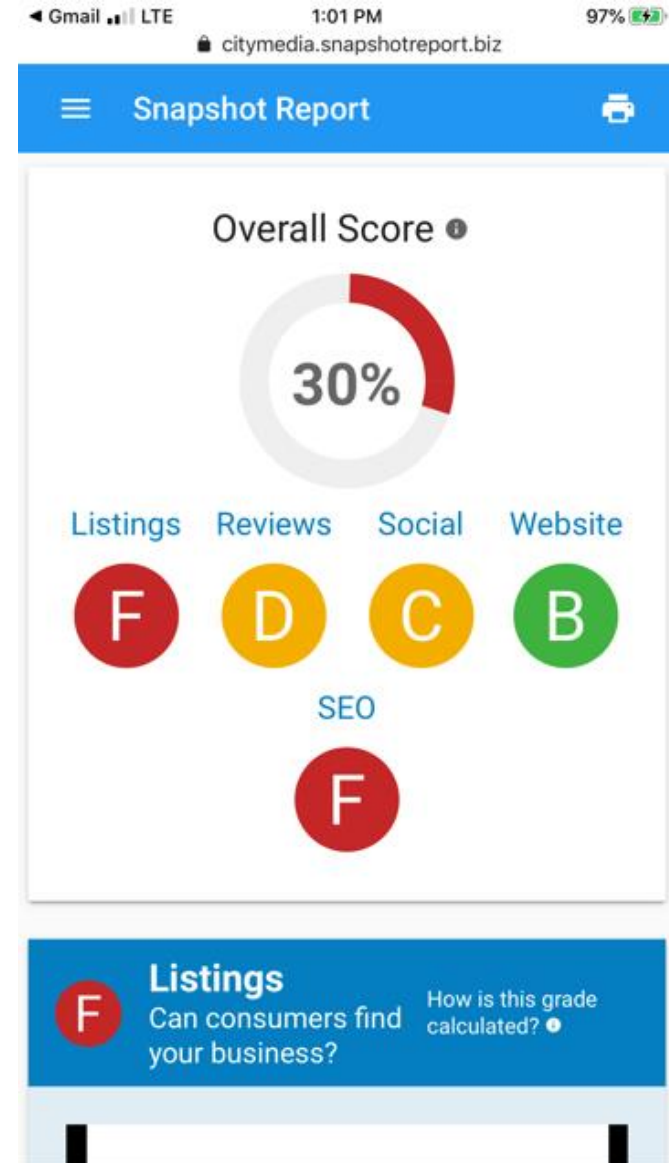
- ▶ Advanced Audience
- ▶ Run Of Network (formerly ERON + MRON)
- ▶ Contextual (Keyword & Topic)
- ▶ Website (aka Category)
- ▶ Search Retargeting
- ▶ Site Retargeting
- ▶ Native
- ▶ Pre-Roll: RON, Channel or Audience
- ▶ Addressable Geo-Fencing (Adding Conv. Zones available at no additional charge and at same CPM)
- ▶ Addressable Geo-Fencing + Audience (Adding Conv Zones available at no additional charge and at same CPM)
- ▶
- ▶ **Mobile Only**
- ▶ Hyper Local Mobile Plus (Inc. TLS look back)
- ▶
- ▶ Event Targeting
- ▶ Conversion Zones
- ▶

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- ▶ Digital scorecards
- ▶ These are 3 newspapers here today...and how they “score” digitally on a variety of subject areas.
- ▶ I’ll protect their names in public, but if you’d like to know if its your newspaper, see me afterwards. Or if you’d like me to provide this scorecard for your paper, see me as well.

The revenue challenge

- ▶ Digital scorecards...



Overall Score ⓘ



Listings

Reviews

Social

Website



SEO



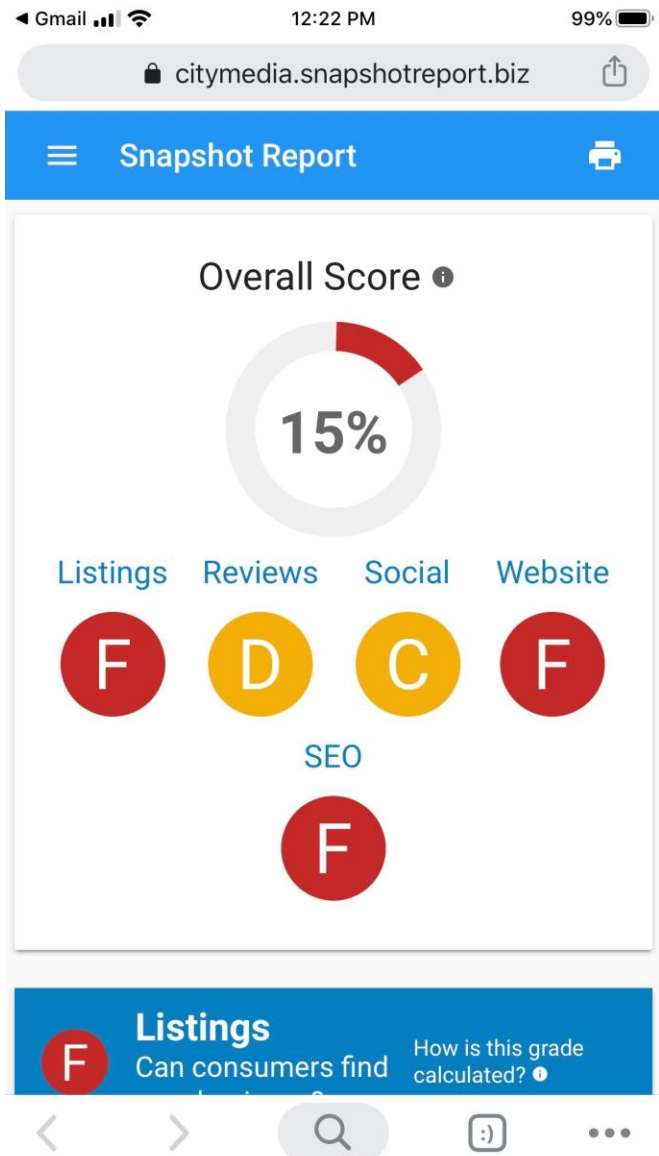
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Listings

Can consumers find your business?

How is this grade calculated? ⓘ



The revenue challenge

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- ▶ Addition by subtraction---as you know, many newspapers are trying to cut their way to profitability or overcome other issues plaguing them....
- ▶ Example of recent announcement from Olean NY
- ▶
- ▶ <https://buffalonews.com/2019/10/28/olean-times-herald-to-cease-sunday-publication/>

The revenue challenge

- ▶ Of course, diversification of revenue is what I've stressed today. But let's not forget the core product-printed publications.
- ▶ And I'd like to cite one company doing particularly well in growing print across the nation! Opening up new markets all the time...
- ▶
- ▶ <https://communityimpact.com/corporate/press-release/news/2019/10/25/atlanta-metro-is-next-stop-for-community-impact-newspaper-expansion-plans/>

The revenue challenge

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- ▶ Thanks!