



MEDIA MOMENTS 2018

WNP
WHAT'S NEW IN
PUBLISHING

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PODCAST

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INTRODUCTION

We're delighted to launch Media Moments 2018, an in-depth look at the key publisher trends of this year and what publishers might expect in 2019.

Although summarising a year's worth of publishing developments and innovation into a single report is a formidable task, the team at Media Voices – Peter Houston, Esther Kezia Thorpe and Chris Sutcliffe – have done a superlative job of extracting those trends that publishers need to know, right now. This shouldn't be any surprise; after all, this is the same team that brought us the renowned State of the Media Report from The Media Briefing.

We'd also like to thank this report's sponsor – Sovrn – whose participation has made its publication possible.

2018 has been another year of profound disruption and innovation. Whilst we can expect more of the same next year, we were relieved to hear Google's Ronan Harris say at the recent AOP Summit, *"We are now at a phase of maximum disruption but in a few years' time things will be different as tech complexity fades into the background – allowing marketers and publishers to go back to focusing on the creative aspect of telling their stories."* Let's hope so.

Whilst tech disruption is acute, it has also opened up new opportunities for publishers. In July, The Guardian announced that its digital revenues had overtaken print for the first time. This, it is claimed, was the result of a transformation plan that included a new advertising model and a new data and insights team to support editorial and commercial innovation.

We can all learn from this. The emergence of AI and machine learning into genuinely useable tools has meant that publishers are able to derive meaningful insights and outcomes from their data. This provides new opportunities to analyse user behaviour and engagement to more accurately target ads and deploy ad units more efficiently.

Paywalls have also become big news. Previously sneered at by publishers solely chasing traffic and ad dollars, this year saw Bloomberg, Wired and Medium all deploy them to maximise revenue from their online content.

While higher revenues, steady income and increased reader loyalty are the prize for those that get it right, paywalls are not a magic bullet. Pay heed to Long Island's daily, Newsday.com, which spent \$4 million to implement a paywall, then ended up with only 35 subscribers in three months. Hopefully Media Moments 2018 will help you avoid this particular fate.

Enjoy the report,

Jeremy Walters

Editor, What's New in Publishing



Jeremy Walters
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WE'RE ALL IN THIS TOGETHER

It has been an exciting year in ad tech, and we like what we've seen. Industry-wide, publishers and advertisers have continued to embrace the importance of trust, quality, and brand transparency: ads.txt has grown in popularity, ads.cert is on its way, and in 2018 we led major exchanges in supporting a clear, unambiguous set of rules for governing efficiency, transparency, and fair market values in programmatic advertising. Advancements like these aren't just good for publishers, and they're not just good for the advertising ecosystem – they're good for everyone who loves the internet.

Together, we've taken some big steps towards a very lofty goal. But the industry is ever-changing, and there are always more challenges – and more opportunities – ahead. It's one of the reasons why we're proud to sponsor Media Moments 2018. Not only do we get to be part of a community of intelligent professionals dedicated to their craft, but we get to hear directly from you: the people who make the difference. Who pour themselves into making the content that drives publishing.

You're here because, like us, you're autonomous and free-thinking. Like us, you believe in the power of storytelling. You understand that when publishers thrive, we all thrive – and that we're all responsible for keeping the publishing industry full of inspiring, independent voices.

Thanks for being here, and thanks for everything you do. We're looking forward to working with you to change the future of digital advertising for the better.

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Ad Operations Services
Business Services

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FROM THE WRITERS

Hosting the Media Voices Podcast every week, we challenge ourselves to keep a close eye on the news. The one thing we can be guaranteed of, week in week out, is that it's never boring, so much so that we often find it challenging to distil the stories into a succinct round-up.

Technology is evolving at a speed never seen before, leaving some publisher and media organisations frantically scrambling to keep up and others eyeing the next big thing. This year has been no exception, with developments in platforms and advertising that have shut down some businesses and opened up incredible opportunities for others.

Media is an amazing business, because amongst the chaos there are always shining examples of innovation, and organisations smashing growth and revenue targets across all areas of the industry. We're lucky that we get to speak to some of the people leading these changes every week on the podcast, and ask them directly about the opportunities and challenges that their organisations are facing, as well as the trends they're keeping an eye on over the next few years.

We've chosen to focus on eight topics for this report. We could probably have added another 10, but we have tried to zoom in on areas that saw significant change this year and a level of change that will directly impact on media operations. In each section we have provided an overview of key events in the year, a brief analysis of the current state of play and our take on what we might expect in the future.

We hope that you find the report both informative and encouraging. If we've missed anything, we hope you'll let us know and we'll try to address our omissions in the podcast.

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Advertising's journey of self-discovery has found it a new place in publisher strategies

The advertising landscape is dominated by a few huge players. 2018 saw publishers reappraising the role advertising can play in their overall revenue model

It's easy to forget that the first banner ads only went live on HotWired in 1994, when publishers jerry-rigged makeshift measurements of the ads' success, even to the point of taking raw counts from the server log file to figure out how many times it had been viewed. Despite a huge increase in the sophistication of measurement tools since then, it's fair to say that digital advertising has never truly delivered on its promise.

So if 2017 was the year in which the absolute dominance of the Duopoly of Facebook and Google really began to bite into publisher revenue models, 2018 was the year in which it became apparent that ads alone cannot sustain most digital publishers. In print, as circulations for most mass-market titles continue to decline, their ad revenue potential has been similarly stunted.

Consequently this year has seen a transformation in publishers' philosophy with respect to what advertising can offer to their businesses. This rapid shift has seen advertising become less central to digital publishers' strategies. Despite that, there has also been the realisation that advertising can still offer publishers a significant source of cash – if they get creative in execution and delivery.

What happened in 2018

2018 saw the escalation of a number of long-term trends around how ads are sold and created.

While digital advertising alliances have been around for a number of years – long enough for some high-profile retreats, as with Project Juno – this year proved that they can be viable, provided a number of criteria are reached. For some alliances, like KPEX in Australia or buymedia.be in Belgium, it requires that a critical mass of the largest publishers in a protected region sign up, providing ease of use at scale. For others, including Pangaea or the Premium Video Alliance, it requires that the members set aside their premium inventory to ensure a quality market.

It is all, in part, an attempt to differentiate publishers' inventory from that which makes up the majority of Google and Facebook's stock-in-trade. TrustX's co-founder David Kohl described its purpose as the route to a new, premium buying behaviour among advertisers in addition to the established Google and Facebook buying behaviours.



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\$273
billion

eMarketer's predicted global digital advertising spend for 2018⁷

Ad blocking in 2018

Ad blocking may feel like old news, but it hasn't gone away and is still costing publishers millions in revenue. eMarketer has a number of [research papers on the impact of ad blocking](#) across Europe this year which take a deeper dive.



But there are publishers who feel they are large enough to benefit from those indiscriminate buying behaviours. BuzzFeed, for example, had long eschewed programmatic advertising in favour of the more bespoke native advertising, that had served as the key tenet of its marketing. But in July, after having spent a few months transitioning away from direct-sold advertising, the digital pureplay decided to go programmatic only on its BuzzFeed News property¹.

It was in part motivated by BuzzFeed's own priorities, and partly to counter the fact that native and branded advertising was stumbling somewhat in the middle of the year, with both the New York Times' and Guardian's in-house branded content studios having a wobble. Also in July, Hearst UK launched a new metric specifically to prove that branded content works, with Clare Gorman, its chief operations director, noting that it had to be an industry-wide endeavour².

As has been demonstrated by the closure of ad-based sites like Little Things and even The Outline, which took a bespoke approach to digital ads, advertising alone is extremely unlikely to sustain any publisher of a significant scale.

The year also saw further proof that digital advertising as a whole is fighting to shake off the problems that have plagued it since inception. The grim realities of the incentives to create enough video content to satisfy advertiser desires became apparent in 2017 as a scandal broke around ads placed against bizarre algorithmically-generated videos and extremist content. However, with depressing inevitability, very little appears to have changed in 2018, as a CNN report in April found that such practices were ongoing.

Similarly, while a survey published in April from the Chief Marketing Officer Council and Viralgains found that 24 percent of marketers were pulling spend from Google and Facebook, it doesn't appear to have had any tangible impact on those companies' success for the year.

However, for areas where there is significant room for advertising growth, some media companies are refocusing to take advantage of the potential. With the advent of connected cars and audio devices, for instance, podcast advertising is set to have its day in the limelight. Consequently Panoply – the audio-focused Slate spinoff – announced it was getting out of the content game in September to focus on its Megaphone marketing platform.

Where are we now?

Unsurprisingly most of those new publisher ad priorities mentioned above were largely in response to the Google-Facebook duopoly's continued dominance of the market. In 2018 total digital adspend was forecast to reach \$273 billion, according to eMarketer's May predictions - and there is still a way to go until digital adspend is commensurate with the amount of time people spend on digital platforms. According to Mary Meeker's 2018 Internet Trends Report, there is still a \$7bn+ opportunity surrounding mobile digital advertising, for instance³.



"I want to restore to the consumer, to the media buyer, and to the publishing community what was special about premium content. It's meaningful. That's what I want."

David Kohl, CEO, TrustX



The yet-to-be-realised opportunity around mobile advertising in the US alone⁹

However, 2018 was also the year in which predictions that the Duopoly would not be able to sustain their rate of growth would be proven accurate. Amazon and Snap (mainly the former) have made inroads into their dominance, with eMarketer finding that search advertising's market share declined to 46.2 percent from 47.7 percent in 2016, with expectations that this trend will continue over the next few years. Despite that, Google reported its ad business was up 23.8 percent year over year for the second quarter of the year, so it's not a zero sum game.

All this has left publishers in the position where, squeezed by everything from overstuffed adtech systems to the overwhelming dominance⁴ of the Duopoly, they are considering advertising as an increasingly marginal part of the mix and simply one of many revenue strands. In April, even Mark Zuckerberg hinted at the possibility of an ad-free, subscription-based version of Facebook⁵. Even with the coming-of-age of alliances and potential decimation of the Lumscape due to GDPR, advertising has decreased in priority for publishers over 2018.

Despite that, it is still a large part of that revenue mix, and only those publishers with incredibly strong subscription propositions can even consider divesting themselves of digital advertising entirely. For the others, efforts are underway to find a way to escape the cesspool of low-quality, low CPM advertising, whether that's through investment in new formats, premium alliances, or investment in in-house branded content studios.

What can we expect in the future?

As audience consumption habits continue to change in favour of digital platforms – particularly round mobile and video content – the relative proportion of adspend on those mediums will increase as well. 2018 was the first year in which adspend on digital was greater than on television, for instance.

But as 2018 is finally laid to rest, publishers will not be the primary beneficiaries of changing adspend. Instead it will be the platforms that will continue to receive the lion's share of growth. What will change over the next few years is the power dynamic between those platforms: Amazon, for years the sleeping giant of the advertising world with its incredibly robust user data, will fully join the ranks of the Triopoly, for instance.

Due in part to the increased availability of connected devices, it's likely that we will also see much more prominence given to voice ads on the likes of Alexa. The platforms have been wary to do much with ads on those devices to date, but 2019 will undoubtedly see experimentation in that space.

\$659 million

US podcast ad revenues in 2020, according to IAB/PwC research – more than double that recorded for 2017



Decline in advertising spend on television in the US this year, with much of that spend moving to digital sources



ADVERTISING



CASE STUDY

Buzzfeed

In September of 2017 BuzzFeed turned on the programmatic advertising spigot on its main site using Google's AdX and the Facebook Advertising Network, having been almost religiously native advertising focused until then. That process was then ramped up in late 2017 and early 2018 with the expansion of its programmatic sales team, until BuzzFeed News went programmatic only in July of this year. While the main site is still monetised mostly through native advertising, it's all in service of broadening BuzzFeed's over-reliance on native formats which aren't seeing universal growth across the industry.

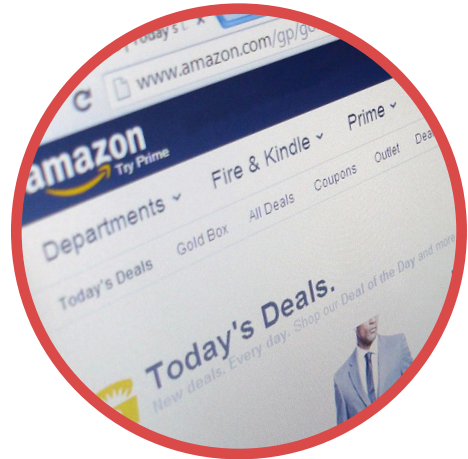


Alexa Schirtzinger

CASE STUDY

Amazon

Amazon had been the Yellowstone supervolcano of the digital ad world - long dormant, but making enough rumbles for Google and Facebook to eye it uneasily⁶. It finally began to erupt in 2018, finally accelerating its unparalleled user data powered ad efforts to the point where the Duopoly will soon be cracked open to create the Triopoly. Its results, published midway through the year, demonstrated that its advertising revenue had blown up to \$2.2 billion for the first quarter, up 130 percent compared to the year before. Additionally, it has begun placing ads more widely across its acquired products like Twitch, suggesting that the Amazon ad explosion is only just getting started.



CASE STUDY

Refinery29

Branded content went from contentious to omnipresent in record time, even for an industry that evolves as rapidly as publishing. Only a few years ago, the idea of a strict wall between editorial and commercial content was seen as sacrosanct - now digital publishers like Refinery29 have made access to editorial staff part and parcel of their branded content strategy. However, as more players become capable of creating it, 2018 has seen a widespread acknowledgement that the overall quality of branded content has suffered reputationally, and advertisers are withholding their spend as a result. Consequently, Refinery29 spent summer 2018 exploring more brand licensing deals to broaden its revenue streams.



Publishers rediscover their oldest revenue line in subscriptions, memberships and donations

As dreams of Facebook-fuelled riches turned to nightmares, the publishing industry went back to its roots, asking digital audiences to pay for the content they've become used to getting for free

2018 finally saw publishers accept the painful fact that third-party platforms were never going to fix their bottom lines. Although the realisation that distributed content wasn't delivering game-changing revenues had been dawning slowly, Facebook's January demotion¹ of newspaper and magazine content was the final wake up call.

After a brief panic at the prospect of a total traffic collapse, the ever-resilient publishing crowd switched gears and moved reader revenues centre stage. Premium publishers in particular identified the looming traffic crisis as the perfect opportunity to rediscover direct audience relationships.

The stark change in focus highlights a range of digital-subscription success stories that have been developing for years, particularly at leading global newspaper publishers. And, as the year has brought regular news of major wins, more and more publishers have found the courage to start charging their readers for content that they had previously been distributing for free.

Unlike so many other publishing pivots, the focus on reader revenue is likely to continue as, rather than being a tech-driven fad, it plays to publishing fundamentals quality content and audience satisfaction².

Few publishers will abandon social reach or scale-dependent advertising income completely, but 2018 cemented publishers' respect for a stronger commercial mix, with reader revenues set to play an increasingly important part.

What happened in 2018

2018 was the year that publishing began to believe that reader revenues could work. The biggest stories of the year came around some of the big reader revenue numbers reported. Way out in front was the New York Times. Legacy media's paywall poster child reported 2017 subscription revenues of \$1 billion early in the year, with digital subscriptions posting annual average growth of almost 50% since the paywall was introduced in 2011. Subscription revenue growth for 2018 is estimated at 20%³.

The Financial Times, while not achieving the scale of its New York cousin, is closing in on 1 million subscribers, almost 80% of them digital. The FT has been playing the paywall game even



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Guardian forecasts see donations accounting for

20%

of total revenues by 2020⁶.

People will pay

Ev Williams, Twitter co-founder and current CEO of Medium sets out his vision for a future where consumers pay for content bundles the same way they do for Netflix. Read more in [The rationalization of publishing](#).

longer than the NYT, introducing digital subscriptions in 2002, but growth, starting in 2015 with the introduction of a low-cost trial designed to get readers hooked with a month's access for £1, picked up in 2018. Forecasts of 1 million paid subscribers are in place for next year⁴.

Other leading UK newspapers had a good reader-revenue year too. The Times and Sunday Times scored big with their combined subscriber base reaching 500,000 for the first time⁵. Recording their best year since moving behind a paywall in 2010, the News UK titles saw digital subscriptions grow 20% to surpass print subscriptions for the first time in July.

Without a paywall, The Guardian managed to convince 570,000 members to make regular financial contributions and a further 375,000 supporters to make a one-off contribution. Sticking firmly to its open journalism principles, the paper tells readers that 'while you're here' they should put some money in the pot to keep the paper going.

Inspired, and possibly a little threatened by the progress of newsbrands, a raft of magazine titles chose 2018 to introduce their own paywalls. At Condé Nast, Wired gated its content in January, with editor Nicholas Thomson describing it simply as building a more "stable financial future" around content that people will pay for. Vanity Fair followed suit in April⁷.

In the UK, the New Statesman⁸ joined the Spectator⁹, enjoying the biggest year in its 190-year history, behind its own paywall. The Economist leads the news weeklies with 1.4 million subscriber globally, with paid subscriptions up 14% year on year, maintaining reader revenues as the brand's biggest income line¹⁰.

Most of the publishing brands early into the reader revenue space have a long track record in developing digital subscriptions or a very clear market position. But mass market media brands aren't shying away from entering the field. The Independent announced its 'Independent Minds' paid section in September. The Telegraph-style premium-content scheme will offer subscribers an ad-free experience, editorial exclusives, ebooks, tickets to events and "closer interaction" with journalists for £55 a year¹¹.

A similar scheme dubbed The Beast Inside from the Daily Beast in the US goes further and could become the template for brands overlaying a value-added membership scheme on top of a commodity news product¹². The \$100 annual fee gets members exclusive content, but also a new daily newsletter to give analysis and a deep dive into the day's biggest story; a new podcast called Omnishambles; a reported crime series called The Beast Files; early Friday-access to the biggest story of the weekend; and the ability to post comments, which non-members can't do.

Where are we now?

Charging people to read what you've written is the industry's original business model. But securing revenue from readers isn't easy - a simple paywall proposition won't cut it in an online world where alternative information sources are readily available.



"When we first introduced subscriptions, people thought

we were crazy. But it seemed very logical to us that journalism costs money, and you have to pay for it one way or another."

Alan Hunter, The Times and Sunday Times' Head of Digital

Talking on the Media Voices Podcast



The New York Times

MILESTONES IN 2018:

4 million
subscribers

\$1 billion
subscription revenues

50%
annual growth since 2011

The turmoil in world politics led in 2016 and 2017 to a wave of spending on reliable information from trusted newspaper and magazine brands. But in 2018, the Trump Bump and The Brexit Bounce have settled and publishers are having to work out their strategies for retaining paying readers.

There has been a trend for tightening paywalls, giving readers less content for free – the New York Times cut their free allowance from 10 to 5 a month¹³. Conversion and retention marketing efforts have also become more sophisticated, leveraging audience behaviour data to target marketing messages according to geography, content interests and even inferred demographics.

With churn rates for consumer publishers averaging 30% in 2017¹⁴, retaining subscribers, rather than capturing new converts, has been identified as a priority at many reading publishers. Research from the FT showed that it is four to five times cheaper to retain existing users than acquire new ones¹⁵.

Audience engagement has been identified as the key to success in retention. The Times and Sunday Times have seen the benefit of restructuring their news coverage into three daily editions to increase engagement. Both the Guardian¹⁶ and the Economist re-designed their core apps this year to boost usage, with the Economist re-designing its digital app to make it easier for readers to explore the full breadth of content subscribers have access to.

What can we expect in the future?

Given the pressure on both print and advertising revenues, the reader revenue revolution is likely to continue and more content will be held behind the paywall. The Telegraph has already increased the percentage of premium content to about 50%¹⁸.

Data will play a more prominent role in marketing efforts, both in acquisition and retention efforts. Data-driven marketing efforts at Norwegian newspaper Aftenposten have been reported to return conversion rates 5 times higher than standard cold calling¹⁹.

A more flexible approach to non-subscribers is also likely to develop from greater use of behavioural data. This will provide non-subscribers with the best possible free experience to support the return visits that fuel advertising sales, and to set them up for future conversion efforts. The Wall Street Journal's flexible paywall scores visitors and delivers content based on past behaviours and estimates of their propensity to subscribe²⁰.

Tighter reader profiling inside the paywall will also become more common as publishers attempt to deliver the best possible value they can per individual to keep them subscribed.

Where competition for reader revenues is tight, or where core commodity content can't be gated, publishers will get increasingly creative, inventing added value products that will incentivise readers to pay. The Pool's newsletter is an excellent example of a paid product delivering exclusive value to paying readers, while the majority of content remains free and ad funded²¹.



30%



Churn rate for consumer publishers



“People who engage with digital products are more likely

to re-engage with their subscriptions”

Denise Law,, Head of Product, The Economist¹⁷



NZZ is adding between **10,000-12,000** registered users a month



CASE STUDY

Wired

The February introduction of Wired’s paywall set the tone for 2018²². Introducing a four-article-a-month limit to an online magazine may not seem like a defining moment, but this was Wired, the information age bible that has spent a good part of the last quarter century trying to convince the world that information wants to be free. Introducing the paywall, editor Nick Thomson said, “It is my strong sense that paywalls are an essential part of the future of journalism.” For him, Wired hasn’t abandoned the magazine’s information-age ethos, just adopted a ‘smart business plan that will help it navigate the next 20 years’.



CASE STUDY

Correspondent.com

Dutch ad-free news site De Correspondent is set to leverage its local-language success on the world stage. With 60,000 paid members in Holland²³, Correspondent.com made its first hires this year in New York as it prepares for an English-language launch. Securing runway funding from the Omidyar network, the management team is looking to roll out the same membership model pioneered with De Correspondent. Journalists focus on a smaller number of stories, in depth, and share ideas with members before they write them, involving the community in content creation, making the reporting better and securing reader loyalty.



CASE STUDY

NZZ

Paywalls are a simple proposition... in theory. Charge for access to your content and, if people want it enough, they’ll pay. The problem lies in getting people to realize they want your content enough to pay for it. In the battle for reader revenue, personalization is being used more and to maximise conversions. Newspaper publishers from the Wall Street Journal to Switzerland’s NZZ have been flexing hard paywalls to target subscription messages directly at individuals. How those messages look depends on increasingly sophisticated data rules, A/B testing and machine learning. NZZ uses up to 150 rules across reading history, device and time of day to target its subscription messaging²⁴.



Publishers have finally fallen out of love with platforms, but it has been a hard lesson to learn

In a year dominated by headline-grabbing failures from Facebook, many news and magazine brands have learned the hard way that third-party platforms ultimately only have their own interests at heart

If 2017 showed signs of a strain in the relationship between publishers and the platforms which had promised to save them, this year put the final nail in the coffin. Few of us could have predicted the chaos that Facebook in particular would cause this year, starting with a major algorithm change and ending with inflated video metric scandals and a hefty ICO fine.

Distilling such a tumultuous year into a chapter which covers all the major platforms is a challenge, and much of the focus must be on Facebook given the extent to which it has dominated the discourse around platforms and media.

But if 2018 taught publishers anything, it's that platforms simply can't contribute to the long-term stability or revenue that the industry needs to sustain itself.

What happened in 2018

The year didn't get off to a great start, with Zuckerberg outlining a series of changes to Facebook's News Feed in a post that temporarily wiped \$3.3 billion off the value of the company. He stated that users would see less public content like posts from business, brands and media, and instead would focus on 'meaningful interactions'¹.

Things only went downhill for Facebook from there. Every month has brought a new scandal, from the infamous Cambridge Analytica revelations in March² to the security breach affecting 50 million accounts at the end of September³, and a number of public figures calling to #deletefacebook. Ironically, Zuckerberg threw a little money back to publishers by taking out full-page adverts in UK and US newspapers to apologise⁴.

The media world closely followed Zuckerberg's subsequent Congressional appearance in April, and it's likely that governments on both sides of the pond will look to bring in regulation, with a number of key figures making proposals in subsequent months⁵.

Paradoxically, as Facebook was turning down the dial on referral traffic to publishers, it also launched a Local News Subscriptions Accelerator in February, a \$3 million pilot program in the U.S. to help local newspapers 'take their digital subscription business to a new level'. This has been extended to 14 newsrooms, and will be transitioning to a retention focus in 2019⁶.



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44%

of 18-27 year olds have deleted the Facebook app in the US

Stay up-to-date

The Tow Center for Digital Journalism has produced a definitive timeline of all the key developments on tech platforms used by journalism publishers, going back as far as 2000. It's being constantly updated, so for a comprehensive overview, visit ['Platforms and Publishers: A Definitive Timeline'](#)

A few other events are worth noting in relation to Facebook. Firstly, 'Trending' news was removed in June to make way for 'future news experiences'⁷ such as Breaking News labels and Facebook Watch, their new TV-style service which will be rolling out globally. They claim impressive figures from initial tests in the US, and have promised attractive revenue splits for publishers⁸, but such promises should be met with a hefty dose of skepticism.

The other notable development in video platforms was the launch of IGTV, Instagram's long-form video service. Uptake has been slow, with Meredith being the only publisher to make any significant investment so far⁹.

Google's mission to speed up the web made progress this year, beating Facebook Instant Articles which unsurprisingly has seen quite a drop in the number of brands actively using the format. In contrast, Google's AMP project is going well, with a third of publishers seeing clear evidence of a traffic increase from AMP¹⁰. Google's shift to mobile-first indexing in its search results in July also seems to be having benefits, as the work it has done over the past couple of years to convince publishers that mobile-friendly websites are worth the effort has actually resulted in 71% seeing an increase in traffic since the switch.

Where are we now?

Many publishers have resigned themselves to Facebook's algorithm changes, instead choosing to focus on reader revenue, subscriptions and paywalls.

But the effect of the algorithm changes may not be as bad as expected. NewsWhip recently released a report on the impact of the algorithm change, and found some publishers actually benefited from this decluttering of the News Feed¹¹. "The shift in focus to personal updates forced digital creators to focus on building meaningful relationships with their audiences," says the report, with CNN, NBC, Fox News, Daily Mail, New York Post and others seeing impressive gains in engagement. Of the so-called 'viral publishers', LadBible and UniLad saw sharp growth from May this year, although what impact the recent buyout will have on how the two companies publish online remains to be seen.

Facebook's Instant Articles seems to have stumbled, with one report suggesting that more than half of the launch partners for the format have now abandoned it. The format has been criticised for "underwhelming monetisation, limited user data, and underwhelming options for subscription-based outlets"¹².

Growth is also a worry area for both Facebook and its advertisers at present. The Pew Research Centre published a report in September showing that Facebook is haemorrhaging users, with one in four users in the US electing to delete the smartphone app¹³.




Even in the past month there has been trouble over Facebook knowingly inflating video metrics, which contributed to the 'pivot to video' earlier this year. There's still heated debate about the extent to which the falsified figures directly influenced those decisions and subsequent job losses¹⁴, but a new lawsuit¹⁵ suggests

KEY EVENTS THIS YEAR




JANUARY


 Facebook announces Newsfeed overhaul, deprioritising publishers

FEBRUARY


-  Facebook launches the Local News Subscriptions Accelerator
-  Snap stock plummets as Kylie Jenner derides Snapchat
-  Twitter turns its first quarterly profit

MARCH



-  Apple acquires digital magazine service Texture
-  Google announces a \$300m 'Google News Initiative'
-  Whistleblower Christopher Wylie breaks the Cambridge Analytica scandal

 Facebook shuts off 3rd-party targeting


APRIL

 Zuckerberg is brought before Congress to explain scandal




MAY

-  Snapchat rolls out redesigned app
-  Medium abruptly cancels its membership program




JUNE

-  Trending is removed from Facebook sidebar
-  Instagram launches IGTV to mark 1 billion user milestone



JULY

-  YouTube puts \$25 million toward news initiatives
-  Slow user and revenue growth sends Facebook stock tumbling 21%
-  Twitter purges fake and spam accounts, sending user growth tumbling but revenues hold steady




AUGUST

-  Snapchat loses 3 million users
-  Facebook injects an extra \$4.5 million into its local news accelerator
-  Facebook Watch launches globally



SEPTEMBER

-  Instagram's co-founders resign
-  Facebook suffers an attack, exposing 50 million accounts

OCTOBER

-  Facebook debuts Portal
-  Google closes Google+ following a security lapse
-  Snapchat launches original shows

NOVEMBER

-  UK and Canadian governments issue a joint call for Zuckerberg to face them
-  Snapchat loses a further 2 million users

that they may have known about inaccuracies as far back as 2015. It remains to be seen whether it will affect how many brands get on board with Instagram's IGTV.

Apple are continuing to play the long game when it comes to wooing publishers. A tactical acquisition of digital magazine service Texture in March¹⁶ raised hopes that its News app would soon incorporate subscriptions functionality, and according to reports, was in talks with select US newspapers in early autumn¹⁷. Many publishers have highlighted Apple News as having brought in the numbers this year, but there are limited examples of where the revenue has followed.

Reddit has made friendly moves towards publishers this year, hiring a dedicated Head of News and Journalism alongside a growing media partnerships team¹⁸. It's developing tools and features for publishers to share and track content, but despite its vast user base, there are concerns around brand safety, and how well 'Redditors' will respond to an increase in adverts on the site.

What can we expect in the future?

Facebook's growth plans have taken some major knocks and will likely continue to do so in early 2019. But the company is hardly in trouble as Instagram, now with former News Feed head Adam Mosseri in the driving seat, is providing some stunning growth figures, and will soon drive the majority of the company's ad revenue growth¹⁹.

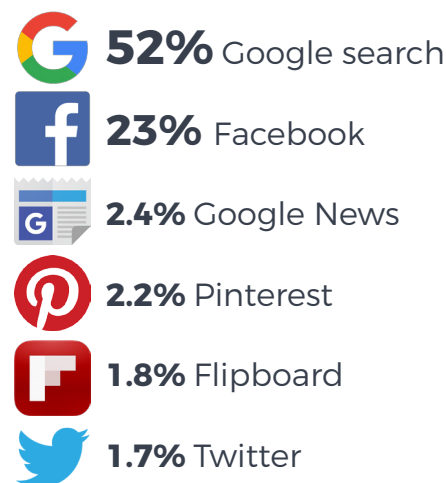
Instagram is planning to further solidify its position in e-commerce with a standalone shopping app, which could go both ways for publishers²⁰. For those with an established ecommerce business and mass-market items, this would be an opportunity to reach people at the point they're looking to purchase. But for publishers with more editorially-led propositions, notably those with affiliate revenue streams, this could be more problematic.

Now for the one to watch. It was a surprise for many of us to find out over the summer that Flipboard, now with 145 million active monthly users, had crept up to become the fifth most popular external referrer to publisher sites. The platform, which has evolved from hosting all the content themselves to a referral app, is looking to strengthen their relationship with publishers²¹.

There's also been a growing shift to sharing articles and links in private messaging apps like Messenger and WhatsApp, rather than publicly liking, commenting and sharing. This is likely to bring significant challenges next year; on top of the existing issues with the rapid spread of fake news on private messaging platforms, it is much more difficult for publishers to track and attribute what is now called 'dark social' traffic.

One platform which won't be a top priority for publishers next year is Snapchat. The platform has struggled since a redesign, with 5 million abandoning the app between Q1 and Q3²². If Snapchat continues hemorrhaging users, expect to see publishers quietly but significantly pulling back on it.

THE TOP SIX REFERRAL PLATFORMS TO PUBLISHER SITES

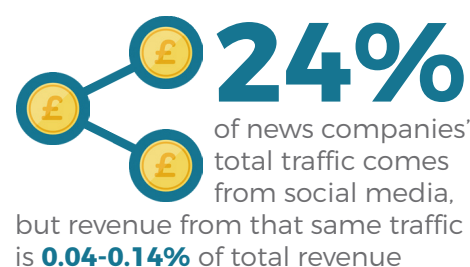


[Parse.ly referrer dashboard, November 2018](#)



“We are not interested in talking to you about your traffic and referrals anymore. That is the old world and there is no going back.”

Campbell Brown, Global Head of News Partnerships, Facebook



CASE STUDY

Meredith

Meredith is the only publisher so far to make a firm investment into Instagram's IGTV. The publisher is developing ten 'original series' for IGTV based around their magazine brands²³, with EatingWell premiering a vegan cooking show, Travel + Leisure putting together a travel show starring Instagram influencers, and Real Simple airing a beauty show. This could be just the boost IGTV needs to encourage other brands, and therefore advertisers to use the format, but will it be enough to overcome mistrust in the Facebook-owned platform after the recent video metric furore?



CASE STUDY

Slate

Slate published a damning article in September²⁴ suggesting that Apple News might not be quite up to the job of saving publishing. They revealed some of the challenges of selling ads within the app, and highlighted that the mass reach figures were quite a way off correlating with revenue. They also disclosed that Slate makes more money from a single article that gets 50,000 page views on its site than it does from the 6 million page views it gets from Apple News in the average month. "If news organisations want to be sustained by Apple News, they better hope it starts getting serious about ad sales soon - or that other benefits, like a boost in subscriptions go from theoretical to concrete," concluded Slate's senior technology writer Will Oremus.



Natalie Matthews-Ramo, via Slate

CASE STUDY

Twitter Media

Twitter has had an excellent year for revenue, and has also been taking advantage of dissatisfaction with Facebook to launch Twitter Media, a new website for smaller publishers to learn how to get the most out of the platform. The site focuses on how to produce content, including live and on-demand videos, and crucially looks at how to make money from it. It's a smart move from a platform that can be challenging to use, and shows that Twitter care about the smaller publishers who can't yet benefit from the attention of their partnerships team²⁵.



Print discovers a complementary niche alongside the digital media that was supposed to kill it

2018 might just be the year that publishers finally stopped talking about the Print vs Digital Death-Match and started talking about how the two formats can be stronger together

If you bought the hype five, 10, 15 years ago, print should be dead and buried by now. Like a bad Roald Dahl pastiche, digital people told print people: “We’re smart, you’re dumb; we’re right; you’re wrong; we’re the future, you’re history, and there’s nothing you can do about it.”

But print media is still alive and kicking and, according to some takes, ‘smart and cool’ again¹.

The Guardian called the growth in independent print magazines a ‘modern publishing phenomenon’ in its coverage of June’s ‘Print! Tearing It Up’ exhibition in London. Citing a five-year tripling of the number of independent print titles, the Guardian paints the indie magazine scene as a ‘stylish stand against the march of technology and the fast pace of the digital age’.

As if to reinforce the print-is-cool point, digital behemoth Facebook launched its own print magazine in June, complete with bearded hipster cover star². Maybe Facebook staffers got a taste for print when they ran data-breach apology ads in several leading newspapers in March³.

With even weighty printed catalogues from online retailers like Wayfair keeping their place in the marketing mix⁴, the print party is far from over.

That doesn’t mean there aren’t pressures. Circulation figures are still taking a beating and with both newspaper and magazine consolidation continuing, future sell offs and layoffs are likely.

But in 2018, the print story is finally settling, less a tale of extinction, more one of adapt and survive.

What happened in 2018

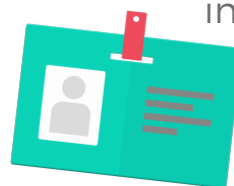
Looking just at the numbers, 2018 has been another year of print decline.

The Metro, free to commuters, was the only UK newspaper to post any circulation gain in the August ABC report. It’s tiny 0.2% rise was more than offset by declines at DMG stablemates the Daily Mail (-11%) and the Mail on Sunday (-13%), although DMG management said retail sales were holding up and the drop reflected the cancellation of bulk sales, a move made by the Telegraph and the Mirror too.



Peter Houston
@flipping_pages

Full-time print journalists
in the UK have
fallen by
25%



Ceci n’est pas un magazine

Brands producing magazines is not a new phenomenon, but after the launch of Facebook’s quarterly magazine ‘Grow’, their PR team insisted it was merely a piece of marketing collateral. Cameron Clarke’s piece for The Drum on **‘When is a magazine not a magazine?’** is worth a read.

Finer points of newspaper distribution aside, circulation was down across the spectrum - from -3% at the FT to -15% at the Daily Star⁵.

Print magazine circulations were a little more of a mixed bag, but there are more losers than winners. In the women's monthly market, Cosmopolitan did worst in August figures, posting a 25% YOY drop⁶. In women's weeklies it was a bloodbath with Now magazine suffering a 42% decline and several other titles losing over a quarter of their paid circulation. Men's titles are similarly down, with Men's Health the biggest loser at -16%⁷.

News magazines did better generally. The Economist and The Spectator posted growth and the Week Junior grew its circulation by almost 30% despite its parent title dropping 12%⁸.

Where are we now?

The uptick for quality print titles, especially in current affairs, relates to the uncertainty of the times we live in. GQ editor Dylan Jones spoke earlier in the year about the impact that global political upheavals have had on media markets. Jones said "I think [recent] political turmoil has put far more of an emphasis on quality well-commissioned, well-written, well-edited, well-printed content and that's a huge issue⁹."

That focus on well-made magazines underpins the rising independent magazine sector, as The Print: Tearing It Up exhibition showed. The exhibit was a wonderful excuse for every media writer in the UK to write a column on what can mainstream media learn from indie print. The overwhelming consensus was a focus on the product, from niche content to stand-out design and premium printing.

If that consensus is right, niche print is the future. Unfortunately, that may not help people working in the broader commercial publishing sphere – there won't be too many jobs for journalists, designers, editors and sales people if publishing turns into a farmers' market of DIY titles¹⁰.

A government commission set up in 2018 found the number of full-time print journalists has fallen by over 25% since 2007, from around 23,000 to 17,000 in 2017. The Cairncross Review was launched to examine ways to sustain access to high-quality news journalism despite a decade-long decline in print circulation and advertising revenues.

The commission is expected to report early next year, but a preliminary study showed a quarter of all regional and local newspapers have closed in the past decade, while print advertising spend fell by 70% in the same period.

What can we expect in the future?

If the numbers are worrying, the sentiment around print is more positive and there are signs that industry and government are still looking for a sustainable future.

The PPA's Press Pause Campaign brings major publishers together to promote magazines as a positive way to relax and get some



"Digital is not a threat to print. In our experience, digital has led to renaissance of print"

Fraser Nelson, Editor, The Spectator

2018's print magazine winners and losers

Dennis' The Week Junior magazine

+29%



TI Media's NOW magazine

-42%

August 2018 ABCs

much-needed personal ‘down time’. Time Inc., Future Publishing and Bauer Media have given over advertising and editorial space in their titles, both print and online, to spread the message. The hope is that a younger demographic will take to print titles in the same they have with vinyl records¹¹.

In the US, probably the world’s most advanced digital economy, print continues to generate the largest chunk of revenue for most legacy publishers. Print advertising accounted for 62% of the \$16.6 billion in US magazine advertising revenue in 2016, according to PwC’s most recent research; 87% of circulation revenue came from print products. Heading into 2018, businesses like Bauer and Meredith got between three quarters and two thirds of the revenues from print¹².

And in both the newspaper and magazine sectors, print is evolving into a trusted, legacy format, a place where people turn to reduce the white noise of digital media, to save them from misinformation and give them a break from the relentless social stream.

Although the commercial realities of mass-market print newspaper production and distribution are difficult, maybe even unsustainable long term, papers from the New York Times to the Guardian are managing a blend of digital and print output that will carry them into the foreseeable future.

And there are still print magazines launching out there, and not just from the back bedrooms of page-sniffing print fanatics.

Bauer Media is the most aggressive player in the new print field, introducing three new titles in 2018. Its TV Choice magazine team launched a new title celebrating TV through the decades. TV Years: The Eighties was published in September, with the rationale that nostalgia for the Eighties has lasted longer than the actual decade.

Earlier in the year, the team at Bauer’s Empire movie magazine introduced Pilot TV to spotlight the best in cinematic TV created and shown by OTT providers like Netflix, Amazon and Sky. And for women over 40, Bauer added the monthly Simply You to a ‘true-life’ portfolio that already includes weeklies Take a Break and That’s Life.

So for the future, maybe think less print, but better print. Beautiful indie-style niche titles and newspapers bundling convenience of digital during the work week and the lean-back luxury of print at the weekends. A match made in heaven... finally.



87%
of circulation revenue comes from print products



“In this increasingly digitised world, you cannot underestimate how much people just want to feel something real.”

Terri White, Editor-in-Chief, Empire

CASE STUDY

The Spectator

The world's oldest weekly, The Spectator, achieved record print sales this year. In its 190th year and becoming the first weekly to print a 10,000th edition, it reported record sales of almost 63,000 in February's ABC figures. While that's great news for the Spectator, the interesting fact is how editor Fraser Nelson laid print sales success squarely at the door of the magazine's digital presence. "Digital is not a threat to print. In our experience, digital has led to renaissance of print," he said, explaining a 11% rise in subscription on the introduction of a discounted web-based subscription trial¹³.



CASE STUDY

Look

In May, Time Inc announced it was closing the 11-year old Look magazine, citing 'continuing pressure on sales'. Once selling 300,000 copies a week, the magazine used its final issue to call on readers to support its surviving rivals: Cosmopolitan, Stylist, Marie Claire, Women's Health, Red and Grazia. It gave over a page to its former competitors, alongside the hashtag #savemagazines it read "As we say goodbye to Look, we're taking a moment to champion just a few of the incredible print titles on the newsstand... Ladies, if you have a top read, go out and buy it, otherwise the closure of our beloved brands will continue¹⁴."



CASE STUDY

Integrated marketing

For marketers, faced with viewability issues ranging from bad metrics to outright fraud, there is an increasing sense that everything is back on the table, especially print. Trusted, with a heritage that brings authority and the right audience, print was the perfect place for Facebook's apology. Quoted in a Drum article on Facebook's print buy, Australian marketing academic Mark Ritson says: "In all the calls for a digital-first approach and the subsequent responses to defend traditional media, most marketers miss the bigger integrated point. You should use whatever tools help get the job done, irrespective of how they are labelled¹⁵."



Beset on all sides, news publishers are hang-gliding over the hell of a public trust crisis

In the middle of a monetisation crisis, publishers are rediscovering that trust is a catalyst for payment – but the enemies of the free press are marshalling against them

‘Trust’ is a woolly term. It has any number of definitions when it comes to the media, from affinity with a news brand that reflects an audience’s prejudices, to the safety net that comes from believing that a paper’s reportage is accurate, to the surety that comes from a long and storied history.

Regardless, newspapers and broadcasters have always talked a big game when it comes to their audiences’ trust. Their business model relies on the public trusting them, after all, nobody would choose to consume news from a source they didn’t believe.

Unfortunately the media industry has been staring down a widespread lack of trust, in what Poynter describes as “decades of declining trust in the press”. In the United States, trust in the media peaked in the mid-1970s and has been tailing off since, while in the UK a summer study by the Pew Research Centre found that only 48 percent of the public believe the media is doing a good job getting its facts straight. Over the past few years that lack of trust has been exploited by politicians from across the political spectrum, resulting in a more acute trust crisis.

Despite that, 2018 saw the beginning of some green shoots in public trust in the media, suggesting that the volatility of the past years has thawed audiences’ mistrust, and that there is a way for the media to claw back its place as an effective fourth estate.

What happened in 2018

As the year opened, figures from the Edelman Trust Barometer demonstrated that trust in the media in general was flat at 32%, and also demonstrated that a significant proportion of the public was flat-out seeking to avoid the news altogether. The survey demonstrated that fully a third of those news-avoiders do so because of a perception that the media in general is too biased and, scarily, that over a quarter do so because they believe the news agenda to be controlled by those with ‘hidden agendas’.

Those perceptions are due in no small part to the machinations of the powerful, who would prefer little oversight of their activities. In the US, the Republican Party and Trump frequently attack the media for its perceived bias against them, while in the UK politicians on both sides of the spectrum have denigrated the press using the term ‘fake news’, which here means ‘news that they don’t like’. It is no coincidence that the utter nadir of US



Chris Sutcliffe
@chrimsutcliffe



1 in 5 people avoid the news completely

according to the 2018 Edelman Trust Barometer

The T3 Commission

The London School of Economics’ Truth, Trust and Technology Commission (T3) is exploring the crisis in public information and what opportunities are available to solve the challenges caused by online misinformation. The Commission’s report with key recommendations will be launching at the end of November, so keep an eye on [T3’s website](#) to learn more.



public trust in the media was in 2017, in which a Gallup poll found that only 32% had a positive reaction to the question ‘in general, how much trust and confidence do you have in the mass media such as newspapers, TV and radio when it comes to reporting the news fully, accurately and fairly?’¹ This was the year in which Trump’s anti-media efforts came home to roost².

There was no better demonstration of the ongoing effects of those efforts in 2018 than an incident during Trump’s July visit to the UK. In response to a question from a Sun journalist regarding a taped interview in which Trump had criticised UK prime minister Theresa May’s Brexit trade deal that Trump had subsequently described (surprise surprise) as “fake news”, May advised the president “Don’t worry, it’s only the press”. The pair were reaping the benefits of the public lack of trust in the media, which they had sown.

Additionally, fringe and extremist sites have benefitted from and exploited that lack of trust by offering ‘alternative’ voices that were enabled by social networks, which until very recently fiercely denied any editorial responsibility. In fact, it was only in September that Twitter permanently banned the alt-right news site Infowars and its associated accounts.

(Incidentally, a plot point in the third season of Netflix’s Daredevil, released in October 2018, has supervillain the Kingpin make a speech vilifying the press for ‘silencing’ him for daring to speak ‘truth’ to power, in a way that is reminiscent of both the fringe site’s appeal to paranoia and Trump’s demonisation of the press.)

However, as 2018 progressed there were signs that public trust in the media is rebounding – ever so slightly. While public trust in local media has remained consistently high compared to national titles, numerous pieces of research demonstrated it is growing yet again. A survey published by Yougov in March found that 74 percent of British people trust the news in their local titles (print and digital), while an August release from the Poynter Media Trust Survey found 73% of Americans have confidence in local newspapers.

Even more encouragingly, continued strong growth in subscriptions and memberships at quality newspapers suggest that the broadsheets’ rhetoric that people will pay to sustain news outlets they trust is accurate. To return to that Edelman Trust Barometer from January, while trust in media overall was flat, the better news was that 61% of UK respondents said they trusted traditional media (broadcasters and publishers) – the highest level since 2012.

Where are we now?

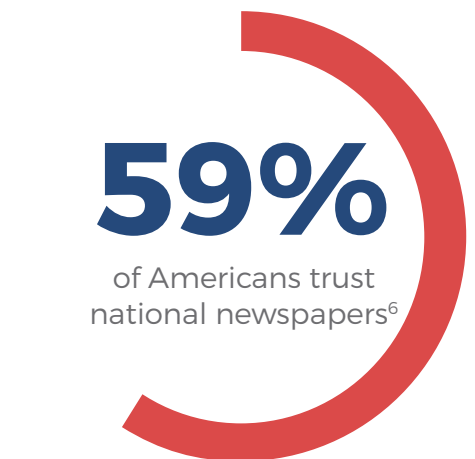
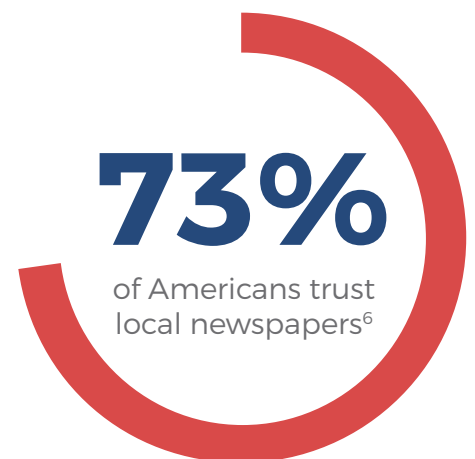
It would be naive to argue that the trend back towards public trust in the media is inexorable.

The perception that a subset of the media peddles ‘fake news’ is now ingrained in the public consciousness, reinforced by the coverage of the same politicians who espouse that view. Even with the recommendations from both the Reuters Institute for



“They don’t have to be believed to succeed – they merely need to sow enough doubt in enough minds that a large slice of the population no longer knows who to trust.”

Mark Thompson, CEO, The New York Times



TRUST



the Study of Journalism in the summer and the UK government in October that journalists and politicians stop using the unhelpful term ‘fake news’, it could be too little too late. Newspapers gave the term legitimacy by covering (and frequently using) it.

Happily, it seems like 2018 was the year in which we saw the trend to news consumption on social networks – which are frequently unvetted and unverified – halt. This year’s edition of the Reuters Institute Digital News Report found that the use of social networks for news discovery was down six percentage points in the United States, (and also down in the UK and France), and that fewer than a quarter of those surveyed said that they trust the news they find there³.

And while it’s incredibly hard to measure ‘trust’, a few proxy measurements like raw subscription and membership numbers suggest that the public will indeed pay to support the newspapers towards which they have an affinity. At the time of the publication of the Digital News Report, 16% of the US population paid for online news, and in October the Guardian revealed it had over 900,000 paying members (both one-off and recurring).

And, most encouragingly of all, some news publishers are making transparency – and the trust that results – a central tenet of their subscription marketing.

What can we expect in the future?

As publishers refocus around subscriptions, it’s very likely they’ll use the issue of trust to reignite the relationship between publishers and audience. Capitalising on the swing back towards favorability towards newspapers and broadcasters, the rhetoric in subscription marketing will hew closely to the idea that journalists can be trusted far more than the politicians they cover⁴.

Platforms and providers, in fear of increased oversight and sustained criticism, will likely continue to make small but significant steps towards removing extremist and flat out misinformation sites as happened with Infowars. In the wake of the Tree of Life synagogue shooting, the ‘alt-news’ site Gab – a favourite of the shooter – was effectively removed from the internet after its web hosting and domain provider suspended its accounts.

It will take many years for the public trust to rebound to mid-1970s levels, if it ever truly does. In the meantime publishers will try any number of methods, such as the Wikitribune-like community verification to increase editorial transparency, to rebuild the trust needed to sustain their businesses.



1 in 4

people in the UK trust the news they find on social media⁵

Trust in public news media is higher than trust in private media in

EIGHT

Western European countries





CASE STUDY

Platforms

Google, Facebook and (to a lesser extent) other platforms were the ground zero for online misinformation. In September 2018, after a period of washing their hands of responsibility for its spread, the platforms succumbed to outside pressure and agreed on a number of initiatives designed to combat what they're still infuriatingly calling 'fake news'. In order to avoid more formal oversight Facebook, Google et al. adopted a voluntary code that involves closer scrutiny of advertising on accounts and websites where misinformation appears, and working with fact checkers to filter it out. However, the NYT's Mark Thompson has said Facebook still doesn't *understand* news - so it remains to be seen whether these endeavours will be effective.



CASE STUDY

De Correspondent

Traditional print publishing methods – a one-way communication model – haven't necessarily been a great fit for digital, where audiences expect much more of a dialogue. While many legacy publishers are belatedly realising that, digitally native sites like De Correspondent are built from the ground up to be, in the words of analyst Jay Rosen, 'optimised for trust'. By focusing on connecting engaged and collaborative audiences with experts, it ensures there's engagement between the two and, crucially, mutual trust.



Roger Cremers

CASE STUDY

The Masthead

'Engagement' is a woolly term in itself, but it is a necessary precursor to trust. Newsrooms including The Times and the Guardian are peeling back the curtain to allow members and subscribers a look at how editorial decisions are made and allowing more direct contact with journalists. The Atlantic's Masthead subscription-tier is based for the most part around allowing its audience to indirectly influence editorial coverage – the idea being that more regular contact will encourage greater trust between audience and editorial staff.



Events and e-commerce lead the alternative revenue field, with publishers leveraging audience insights

Increased focus on reader relationships has created opportunities to deliver unique audience experiences and recommend products that audiences will love

Readers have been the biggest revenue focus in 2018. Digital subscriptions have dominated the headlines from the rolling success of the New York Times to fresh paywall introductions from Wired to the New Statesman.

But paid content alone won't protect against threats to fragile advertising revenue. Former chief business officer at Condé Nast, Jim Norton, told Digiday in March. "You can't say, 'If we're down 10% on advertising, we can make it up through subscriptions!'"

So in the quest for audience cash, publishers are looking beyond charging for content to a range of products and services that will allow them to swap added value for income. Events and experiences top the list, but ecommerce is very much in the mix.

What happened in 2018

The developing uncertainty in digital advertising, added to the long-term decline of print income, has cranked up the pressure on publishers to find alternative income streams. In a year of stark realisations, 2018 was maybe the year publishers realised there is no silver bullet when it comes to securing revenues².

A long-term favourite in the non-traditional revenue stakes, events have continued to be popular among newspaper and magazine publishers. In 2017, the FT ran over 200 events in 44 countries, placing FT Live at the centre of the broadsheet's drive for 1 million subscribers³.

Time Out has used events around the world to drive ecommerce revenues from ticket sales and sponsorships. In 2017 it was involved in 800 events with 150,000 attendees, and in 2018 offered readers experiences as diverse as drag queens in the London Eye, or a Mac & Cheese Smackdown in New York⁴.

Events are not a quick fix, margins can be low and scaling can be a problem. "Value is a feature of scarcity," Richard Gillis of sports and entertainment agency Cake told Digiday. But that scarcity can be turned to publisher's advantage in developing niche opportunities.

DC Thomson's The Scots Magazine, enjoying increased interest in all things Scottish in the US following on from the 2014 Independence referendum. In Scotland, Scots Magazine Live involves



Peter Houston
@flipping_pages

Dennis is forecast to make
\$83 million
through online car sales by
the end of 2018⁶, 40% of its
entire revenue



What does an ideal revenue mix look like?

Single or even double income-stream publishing is increasingly a thing of the past. But what does a healthy revenue mix look like? This piece from Publishing Executive on ['How Publishers Can Achieve an Ideal Revenue Mix'](#) breaks down the options.

ALTERNATIVE REVENUES

Highland photography workshops and hikes with magazine staff. In the US, the title is selling through Barnes & Noble and online, is promoting a range of Outlander themed content and merchandise to take advantage of interest in the TV show⁵.

Ecommerce is an increasingly popular non-traditional revenue play – from affiliate deals to licensed merchandise, publishers are selling stuff.

One of the UK's biggest and best-known ecommerce plays in British media comes from Dennis Publishing. The company's Buyacar website, launched in 2016, is on track to generate £60 million in 2018, almost 45% of total revenues⁶. Ambitions for the site see it growing from selling 450 cars a month to 1,000. "We want to massively scale the business... Next year, I believe we'll make £100 million," said Dennis Digital MD, Peter Wootton.

Dennis has a direct transactional relationship with car buyers, avoiding the risk that affiliate partners, like platforms, could move the goalposts. But affiliate revenue is still big business for publishers.

BuzzFeed is working with online retail platform Shopify to increase the visibility of its merchants in return for a commission of up to 25% of every referred sale⁷. Publishers from Meredith with its Homes & Garden's portfolio, Hearst in Sport and Fitness and Future in tech and gadgets follow a similar business model, drawing audiences in with review content that is then monetised through affiliate marketing programmes.

The need for more direct marketing support is fueling the continued rise of content studios. With advertising being an increasingly tough sell in 2018, publishers are holding valuable marketing budgets through audience-focused content creation. The big beast in the space is the New York Times' T Brand Studio, now expanding across Europe after launching in London in 2015⁸.

Launching its content studio directory in June⁹, the IAB highlighted the strengths publishers bring to content branded content creation:

- They know their audiences best
- They have strong creative skills
- They are adept at distributing content

But yet again, content studios are not an easy fix. Some have closed because although they carried the requisite editorial cachet, they didn't have the infrastructure, especially around client service, to succeed in the long term. Others are finding themselves drawn into agency work, producing and servicing content for use on competitor sites¹⁰.

Where are we now?

Publishers seem to be leaving behind the 'throw everything at the wall and see what sticks' phase of their response to the revenue disruption. Recent efforts are about building on developing reader relationships and the insights they bring.

FT LIVE IN NUMBERS



Buzzfeed predict that their range of kitchen tools for Tasty will make up



"Diversification is really important... but actually diversification into other products has also led us to grow our core brand"

Sally Hampton, Consumer Magazines Publisher at DC Thomson

Talking on the Media Voices Podcast

A recent Reuters Institute survey reports an increasing focus on a limited number of alternative plays¹¹. While most of the publishers responding to the survey confirmed they were 'pursuing multiple revenue streams', they see an average of six different options very or quite important.

With no single revenue stream delivering sustainability, the 'mix of six' will become crucial for publishers securing their survival. Building the right portfolio from the massive range of potential revenue opportunities will require keeping a close eye on the core business. Rather than chasing unicorns, publishers should take care of the business that they know best, layering in value to both readers and advertisers¹².

What can we expect in the future?

The future will force greater creativity, and deeper integration in revenue generation.

As publishers continue to enter the events and ecommerce spaces, greater need for differentiation will force teams to come up with propositions more tightly targeted at unique audience needs. Increasingly, diverse reader revenue plays will be tied together with membership schemes bundling access to content with discounted event attendance and ecommerce deals.

Similarly publishers will leverage the deep audience insights that they are developing through reader revenue programmes to deliver added value to advertisers and sponsors. While the adoption of a paid-content strategy puts paid free-wheeling volume ad placements that are still common outside the paywall, deeply targeted, discrete ads and sponsorships are likely to play well with paying customers and advertisers chasing premium audiences.

An interesting long-term play from the FT has the paper offering free online subscriptions to schools around the world, sponsored by the Bank of Tokyo-Mitsubishi. The newspaper is giving students aged 16-19 and their teachers free access to content to help in their studies. The scheme is also positioned as helping 'improve performance in interviews for university and employment' - setting them up nicely to be the FT subscribers of the future¹³.

1 in 10

publishers are actively planning for a future with **little or no** display advertising

THE TOP TEN CHOICES FOR A MIXED REVENUE STREAM

- *Subscriptions*
- *Video advertising*
- *Branded or sponsored content*
- *Display advertising*
- *Events*
- *Membership*
- *Ecommerce & affiliate*
- *Related businesses*
- *Donations*
- *Micropayments*



CASE STUDY

Women's Health

Hearst's Women's Health is pushing hard in events, planning a big multi-day event for next year, but also delivering smaller experiences like 'Fit Night Out'. The evening event taps into the trend of women socialising through exercise – a group of girls to get together and go to a boutique gym, do a class, and then go out for a glass of prosecco afterwards. Promising the perfect balance of wellness and fun, the most recent 'Fit Night Out' brought together 500 readers in London to participate in celeb-lead workouts, listen to talks and enjoy a (healthy) drink or two¹⁴.



CASE STUDY

The Strategist

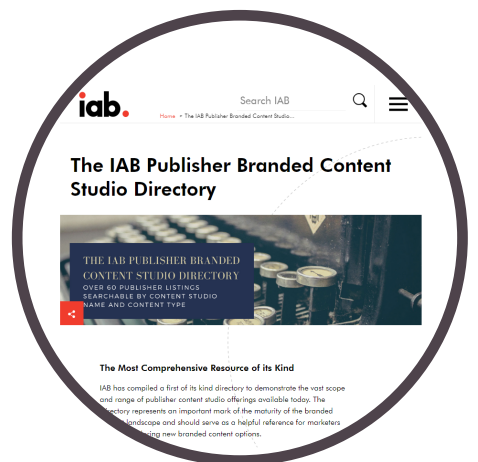
The Strategist is the product recommendation section of New York magazine. Pointing readers at products across nine categories, from beauty and fitness to electronics and travel, it links reviews directly to affiliate partners. This November through December, Strategist editors are taking their favourite brands into the real world and into a pop-up store in New York's SoHo district in a holiday-season experiment. Although they intend to sell, the real driver is to get the Strategist brand in front of more people. "The space is getting quite crowded and competitive, with more publishers getting into the product review space. We need to differentiate ourselves with the right marketing tactics," said Camilla Cho, GM e-commerce at New York magazine¹⁵.



CASE STUDY

IAB Publisher Content Studio Directory

In a sign that content studios are here to stay, the IAB has launched its Publisher Branded Content Studio Directory. The directory demonstrates the range of content services offered by publishers and is designed to provide a starting point for brands exploring branded content options. The listings cover services relating to editorial, including video; podcasts; games; influencer marketing and a catch-all category that includes experiential. The IAB hopes the directory will help position publishers as the perfect content-marketing collaborators: "Leveraging insights and creative resources to inform smart storytelling, plus the scale to drive multi-platform targeted distribution."



Legislation has driven control of audience data firmly back into publishers' arms

Without question, this year has been absolutely key for redefining our relationship with data, mainly driven by GDPR and greater awareness among the public about the value it holds

It's impossible for any business to have escaped the GDPR frenzy this year. The legislation, which applies to any company that collects data on EU citizens, dominated the conversation for the first half of the year, and its effects have been carefully scrutinised in the latter half.

As with many occasions where such challenges have come up, many media organisations have found new ways to take back control of data and put it to use in innovative ways.

What happened in 2018

In the run-up to May, organisations of every size were bombarded with reminders about the incoming GDPR regulations. One of the biggest issues was confusion over many aspects of the regulation, which still has areas that haven't been clarified. Most European publishers have implemented strategies to deal with processing and subject access requests, as well as appointing dedicated data officers, but many are waiting for the first cases to find out exactly how grey areas will be enforced, and how severe the fines will be in practice.

The world did not end on the morning of May 25th, but that very day a number of key lawsuits were filed, the most prominent being from Austrian privacy activist Max Schrems looking to fine Facebook €3.9 billion and Google €3.7 billion¹. Although both companies have rolled out new policies to comply with GDPR, many critics argue that these haven't gone far enough, and it's unclear how the ICO will handle the situation at present.

Despite having had two years to prepare, a number of US publishers still didn't comply in time, and instead took the unexpected move of shutting off their sites to EU users². European visitors to Tronc's news sites, which include the New York Daily News, Chicago Tribune and the LA Times were met with a message which read, "Unfortunately, our website is currently unavailable in most European countries. We are engaged on the issue and committed to looking at options that support our full range of digital offerings to the EU market."

What's more surprising is that as we approach the end of the year, more than 1,000 US news sites are still unavailable in Europe. Many of these are operated by Tronc, Lee Enterprises and GateHouse Media, and as the months draw on, it looks less like a



Esther Kezia Thorpe
@EstherKeziaT

The number of web trackers operating in the EU since the introduction of GDPR has declined by

31% 



temporary solution to a missed deadline, and more of a strategic decision, with Lee Enterprises saying it has no plans to comply³.

But the US is starting to catch up with data laws, with the California Consumer Privacy Act being signed into law over the summer⁴. This act has many similarities with GDPR, as it allows consumers the right to know what information companies are collecting about them, why they're collecting it and who it's being shared with. However, the legislation doesn't come into effect until 2020, and may get altered or watered down in that time, if lobbyists for business and technology groups have their way.

Inevitably, data breaches must be mentioned. Both Google and Facebook had significant breaches throughout the year; the former discovering that a bug in the API for Google+ had been allowing third-party app developers to access the data of users and their friends⁵. Google chose not to disclose the bug, which was discovered in March, until later in October when it also announced it was closing its Google+ network as a result.

Facebook faced its own data breach in September, where it discovered that nearly 50 million accounts had been exposed to hackers, which also affected any apps or services that people logged into using their Facebook credentials⁶. Although the scale of the breach is still being assessed, this could land the company a fine of around \$1.63 billion⁷.

This year has also seen publishers come together to tackle some of the challenges that come with competing with Facebook and Google. The Ozone Project was announced in June⁸, which brings together News UK, the Telegraph and the Guardian in an alliance which sees them offer joint inventory and audience data across The Sun, The Times, The Daily Telegraph and The Guardian from one sales point. Reach - formerly known as Trinity Mirror - joined in September⁹, meaning that the Ozone Project will give advertisers access to a 42.5 million-strong British audience, a figure that the project claims is on par with Facebook's UK monthly reach. Projects like this are also beneficial in ensuring publishers get the money, rather than it being lost in a chain of ad tech.

Where are we now?

There's still much we don't know about the true impact of GDPR, but it looks like the legislation has forced organisations to think much more carefully about who is responsible for data, even if they aren't necessarily compliant yet. One estimate suggests that as many as 70% of global companies are failing to comply with requests for personal data within the required one month¹⁰.

This pressure has led an increasing number of publishers to adopt consent-management platforms to ensure compliance. CMPs store consent information and pass it on to the publisher's programmatic partners, and are increasingly valued as a way of getting consumer consent rather than falling back on legitimate interest. There is also evidence that GDPR has caused a rise in programmatic ad rates, with some vendors and publishers reporting that the average CMPs for ad impressions that have consent strings attached have risen between 20-100%¹¹.

Data breach complaints are up

160%

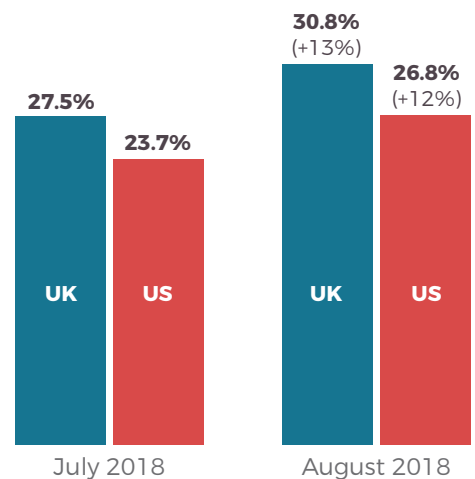
since GDPR came into force



“GDPR is forcing everyone to look at their operations, how they use and store data, and the value of that data...but you're allowing customers to tell you exactly what they do and don't want, and that's valuable for the business.”

Kimberly Karman, Head of Data Science, New Scientist

Talking on the Media Voices Podcast



Publisher CMP uptake
(Source: Adzerk)

There have been other tangible benefits to the legislation for publishers, with the Guardian, News UK and Business Insider all claiming a noticeable increase in requests for second-party data partnerships¹², where advertisers mingle their own first-party data with publisher's customised audience data sets, allowing them to target similar audiences across the publisher's sites.

On the world stage, tech companies are now facing a 'privacy paradox'¹³, caught between using data to provide better consumer and advertiser experiences, and violating privacy. But a more ironic impact of GDPR is that Google seems to be getting access to even more data. A study of half a million websites in Europe showed that small advertising trackers lost between 18-31% of their reach after May 25th, while Facebook's trackers declined by just 7% and Google's actually increased slightly by 1%¹⁴. Whether this is because Google has the resources to do this in a compliant way, or publishers choosing to play it safe, remains to be seen.

What can we expect in the future?

Fines! Publishers have so far escaped any significant fines, although it's very early days in terms of the legislation's implementation. We can almost certainly expect to see a couple of landmark cases around GDPR implementation that will shape how many publishing companies comply, and decisions around Google and Facebook's lawsuits also have the potential to change current interpretations of data protection policy.

It's certainly unlikely in the short term that we'll see the US sites who are currently blocking access to EU users reach a solution. Lee Enterprises, which is the fourth largest newspaper group in the US, has said that web traffic from over 30 countries in the EU just isn't high enough to justify compliance¹⁵. Their position is also justified from a financial standpoint, as international web traffic isn't as valuable to their more localised advertisers.

But how much longer will sites like this be able to get away with non-compliance? One positive outcome of the Cambridge Analytica scandal is that governments around the world are looking at ways to implement similar policies, particularly in the US. Following Mark Zuckerberg's appearance before the Senate Commerce and Judiciary committees over the Cambridge Analytica scandal, Congress is putting plans in place to introduce its own privacy laws. There are complex discussions about what forms these would take, and how to construct legislation to give it teeth, but the foundations are in place for some robust discussions and action over the next couple of months¹⁶.

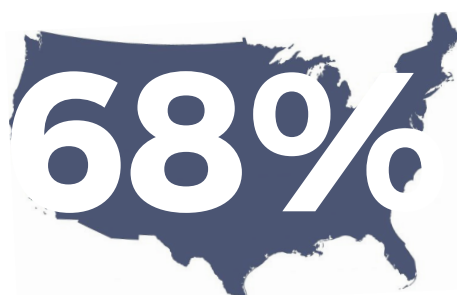
We're also likely to see more publishers grouping together for data and advertising alliances, such as the programmatic-focused Pangaea Alliance¹⁷, or Nonio in Portugal¹⁸, as a way of challenging the Duopoly's dominance. It will take time for such projects to grow enough to get any real momentum, but if the big tech companies end up tied down with regulation, there will be an opportunity for publishers to offer a serious challenge, especially if they work together.



"This year, you've shown the world that good policy and political will can come together to protect the rights of everyone. It is time for the rest of the world, including my home country, to follow your lead."

Tim Cook, Apple CEO

[See the full transcript from his speech to the European privacy commissioners](#)



of internet users in the US support GDPR-style rules for US sites

The ultimate GDPR resource guide

What's New in Publishing has its own comprehensive guide to the GDPR for publishers, which as well as being a hub for information on privacy notices and consent management platforms, also has a news feed collecting the key stories on publishers and the GDPR. For more, visit ['GDPR: The ultimate resource guide for publishers'](#).

CASE STUDY

Project Nonio

Portugal's publisher alliance launched in March this year¹⁸, with six of the country's top media companies coming together to get users to register and pool data. Global Media, Cofina, Media Capital, Publico and Renascença have been pushing users to register to access their sites, which pools the data into Nonio. Since its launch, 500,000 people have registered, of which 150,000 are daily users. Registration isn't yet mandatory, but eventually Nonio aims to have almost 70% of Portugal's internet population in their database, and therefore provide an attractive pool of data to advertisers.



CASE STUDY

The FT

In October, the FT launched a tool to make better use of its audience data. "FT subscribers are knowledge-hungry, but sometimes they struggle with context, knowing what to read next and why," said group product manager James Webb. As a result, they've developed the Knowledge Builder, a tool which will track the articles that subscribers read, will give them an indication of the amount of information they have read on a topic, and will suggest further reads to them. By allowing readers to track their progress on topics, Webb says that it puts them in control of their own knowledge-building. Initial estimates suggest that this could be worth an extra £1.5 million a year to the FT if it gets disengaged users to visit more topics¹⁹.



CASE STUDY

The Wall Street Journal

Paywalls may have been a hot topic this year, but those that are truly ahead of the game are publishers using variable paywalls. The Wall Street Journal has been developing one for four years using AI technology, which adapts to reader behaviour and decides how many free articles they should get access to. The algorithm measures reader activity across 60 variables including visit frequency, devices and content types. John Wiley, head of the WSJ's analytics team says that the adaptive paywall "allows you to pick the threshold based on past patterns of engagement," on the principle that in real life, a salesman would have different ways of approaching different types of people²⁰.



Tech is creating new touch-points for bold publishers to reach audiences

The internet has allowed publishers more storytelling options than ever before – but choosing where to place their remaining chips is an ongoing challenge

The Black Swan Theory holds that certain seismic events can occur without warning, have a major effect and subsequently be rationalised with the gift of hindsight. Without doubt, the single most important Black Swan of the past century has been the rapid and inexorable rise of widespread internet access.

As the other sections of this report demonstrate the internet has had a fundamental impact on journalism, from how it is disseminated to how it is funded. It would be hard to argue that the prevalence of internet access and the vast explosion of information sources which the public now has at its fingertips has been wholly beneficial to publishers: In fact, most of the straits in which publishers now find themselves are a direct result of third parties figuring out how the internet would be monetised far in advance of the media.

However, as 2018 draws to a close there are still huge opportunities afforded by the reach and media mix offered by the internet. Throughout this report we have touched on what to expect in 2019 around advertising, subscriptions and platforms. This section will dive deeper into the new opportunities around content types and distribution methods that publishers should look to explore next year.

What happened in 2018

Publishers are just as subject to Amara’s Law – that we overestimate the impact of new technology in the short-term and conversely underestimate it in the long-term – as any industry. That’s to blame for the headlines around mediums like podcasting and VR ‘disappointing’ early investors and early adopters. Happily, 2018 finally saw some ‘new’ mediums reach a state where investment in them wasn’t seen as an experiment or moonshot, but as a viable means of reaching new audiences and generating real revenue.

Take podcasting, for starters. Despite the prevalence of the idea that Serial began a podcasting boom in 2014, in reality podcast listenership has been growing steadily since their introduction. This shouldn’t have been a surprise, but it took the industry more than a few false starts to realise the monetisation potential of podcast audiences. In September, the Guardian seemingly forgot



Chris Sutcliffe
@chrimsutcliffe

US podcast advertising revenue is expected to grow to

\$659 million

by 2020



Keep up with 2019

What’s New in Publishing is committed to keeping you updated with all the most important news and analysis in publishing. We also do a weekly newsletter, just [visit the site](#) to sign up.

that it had previously taken a few stabs at weekly news podcasts when it announced its latest go at the idea, despite the press release correctly noting that the publication had been publishing podcasts for more than a decade. This was quickly picked up on by commentators, who lamented that a wealth of previously learned lessons were being discounted.

Despite that, the Guardian effectively rejoined the stable of many high-quality publishers who make podcasts one of the central pillars of their membership packages. The UK-based current affairs magazine *The New Statesman* considers its podcasts to be integral to its subscription package, and the New York Times notably publishes a huge range of podcasts including its flagship commuter-length show *The Daily*, which had 6.5 million monthly listeners in 2018.

As a result of those soaring listener numbers, everyone and their dog wanted in on the podcasting boom. Comics publisher Marvel, in collaboration with Stitcher, launched a serialised story based on its character Wolverine in March of this year.

Perhaps the poster child for podcasting success in 2018 was Slate, which predicts around 40% of its revenue for 2019 will come from podcasting, and its affiliated Panoply network, which has moved away from original content into providing the architecture for advertising on podcasts¹.

However, it wasn't all roses for the podcasting industry. In September BuzzFeed shuttered its internal podcast production team, moving instead to an outside 'as and when' production model².

And despite being burned by Facebook's ad metrics controversy in the great Pivot To Video Bloodbath, it's undeniable that digital video is a growth industry³. This year's Mary Meeker slide deck reaffirms that there is an \$7bn+ advertising opportunity around that space in the US alone and, as platforms like Google take steps to bump the functionality of ad-targeting on YouTube, it's clear that the message hasn't been lost on the ad giants. Consumers are still hungry for video, just perhaps not of the sort publishers originally thought.

As a result publishers are creating more video content to reach those new audiences and broaden their reach. Snap, which has had a troubled year, is nonetheless seeing a modicum of success in luring US and UK publishers onto its Shows platform, with an announcement in November of this year that Channel 4, The Guardian, Sky News and Vice are among the publishers readying content⁴ to reach 10 million viewers, as was reported to have been the audience in Q3.

As you might expect for a year that saw the pivot to video punished, there were relatively few great experiments with live-streaming and virtual reality as publishers stopped throwing everything at the wall to see what sticks. There were a handful of standout examples of publishers using those mediums well – and livestreaming platforms like Twitch have continued to make smart investments and perform well – but 2018 was a year of



“Mic very much came up in an era of distributed media, which

I've fully been a proponent of. Meet audiences where they are, find them, engage with them in a way that's very native to those environments”

Cory Haik, Publisher, Mic

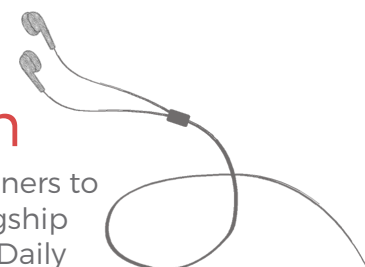
Talking on the Media Voices Podcast



of advertisers are shifting funds from TV budgets to digital video advertising

6.5 million

monthly listeners to the NYT's flagship podcast *The Daily*



bubbling under for the more nascent new mediums.

Where are we now?

At the tail end of 2018 many media companies are beginning to reap the benefits of their experimentation with those innovative mediums – though the returns are still relatively nascent. In June the Internet Advertising Bureau's second annual podcast revenue study predicted that podcasting ad revenue will hit \$659 million by 2020 which, while tiny compared to radio, demonstrated the audience appetite for the medium and publishers' desire to capitalise on the same. This is, of course, helped by the relatively low cost of entry enjoyed by podcasters.

However there have been a few notable launch failures for new mediums. In May it was reported that BuzzFeed News was to begin livestreaming regularly on Twitch, with Andrew Kimmel, head of live video at BuzzFeed News, who leads a live video team of five people. "It feels like the time is right. Publishers are able to push out streams not directly related to video games to a whole new audience. That's new territory to explore." Since then the channel has gone very quiet.

However, The Washington Post has continued to publish to Twitch, due in no small part to both entities' affiliation with Amazon, and in June the BBC broadcast a 500-episode Doctor Who marathon on the platform, suggesting that publisher experimentation will continue.

What can we expect in the future?

The great strength of audio content is its mutability. Radio, music and podcasts can all exist on the same apps with very little alteration required. As a result podcasting is just as likely to benefit from the rise of connected devices and connected cars as those mediums. The trick is working out how audio ads on those devices will work: Amazon, the sleeping ad giant, has been very slow in rolling out ads on Alexa, though a number of supremely creepy patents it has filed suggest its efforts in that space will accelerate in 2019.

It remains to be seen whether publishers will be coaxed back into producing video solely to meet the demands of its platform partners. The lessons learned from the 'pivot to video' seem to be sticking, but the fact remains that audience demand for video is high and we'll undoubtedly see publishers trying small-scale experiments to reach them.

While new mediums like VR and AR are tipped to be huge in certain sectors⁵, they have yet to find a place in media and journalism. There were almost no examples of publishers using VR either for marketing or storytelling in 2018 – though the marketing industry is steaming ahead with investment in VR experiences, suggesting that publishers emboldened by reader revenue success might try to re-enter the space in 2019.



\$25 million

The amount YouTube is putting towards news as part of the Google News Initiative



paid **\$90 million** for part-exclusive rights to the esports Overwatch League

CASE STUDY

Panoply

Slate's sister company Panoply made an abrupt volte-face in its podcasting strategy in September, moving from a content producer to a solely infrastructure-led company⁶. Only a week after announcing a new slate of shows, it instead announced most of its podcasts would be moving to Slate as it reorganised around its Megaphone marketing platform that provides Panoply's podcast hosting, analytics, and monetization technology. There's room in every emerging market for infrastructure – and Panoply clearly believes it can be the platform of choice for the burgeoning industry.



CASE STUDY

Twitch

The livestreaming platform's activities around brand building continued apace in 2018⁷. It has been expanding its programming from its core of gaming livestreams to include more live action and real life streaming for some time, but this year it partnered with both the BBC for a 500-episode Doctor Who marathon and with the anime streaming service Crunchyroll. It is also investing in exclusive esports content in recognition that the lucrative audience is continuing to grow, as the BBC, BT Sport and the Premier League have also noticed.



CASE STUDY

Vox

Audience demand for high-quality video content isn't going away any time soon, so Vox's partnership with Netflix is one that appears to be mutually beneficial: Netflix needs original content as competition increases, and Vox has a history of explainer journalism that sits well on the platform⁸. Consequently a first season of 20 episodes of 15 minutes each was launched in May of 2018 – though commentators noted that while the deal appeared mutually beneficial, it failed to provide a definite path to sustainable digital video news on OTT services.



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