

Disrupted by digital platforms: How should publishers react?





About me Journalist / Editor / Exec





Researcher Harvard / Oxford





Research Digital disruption
/ Rise of digital platforms
/ Business model innovation

WAN-IFRA | REPORT

Reality check – making money with Facebook

THE DIGITAL PLATFORM STRATEGY OF NEWS PUBLISHERS

**What was
the heaviest newspaper
that you have ever had
in your hands?**

The heaviest ever newspaper

Sunday, September 13, 1987

1,612 pages in total 5.4 kilograms in weight

420 news articles 125 comments & letters

783 display ads 194 pages of classified ads

The heaviest ever magazine was 'Shukan Jutaku Joho' of Japan (Jan. 10, 1990; 1,940 pages)



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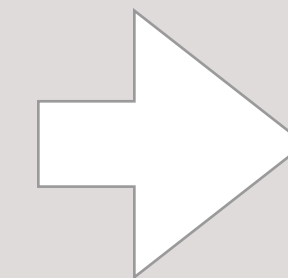
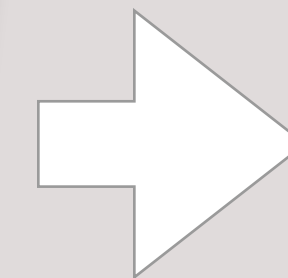
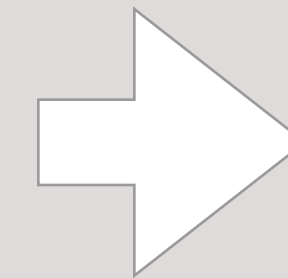
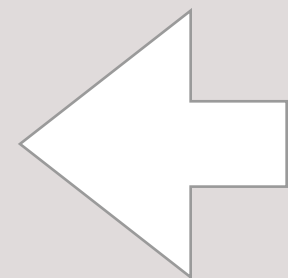
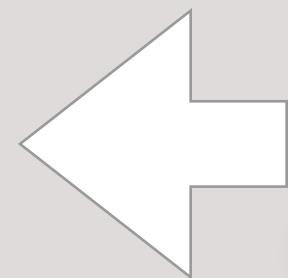
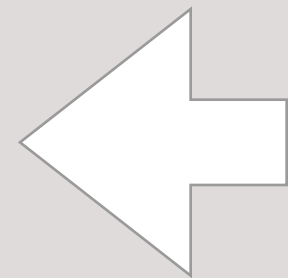
Source: Guinness World Records 2012

1st wave of digital disruption: unbundling

News sites

Opinion sites

Niche verticals
(around topics, personalities, communities)



User generated content
(blogs, boards)

Brand websites
(product, service pages)

Marketplaces

Unbundling news from marketplaces

Impact on U.S. publishers revenue

50,000

37,500

25,000

12,500

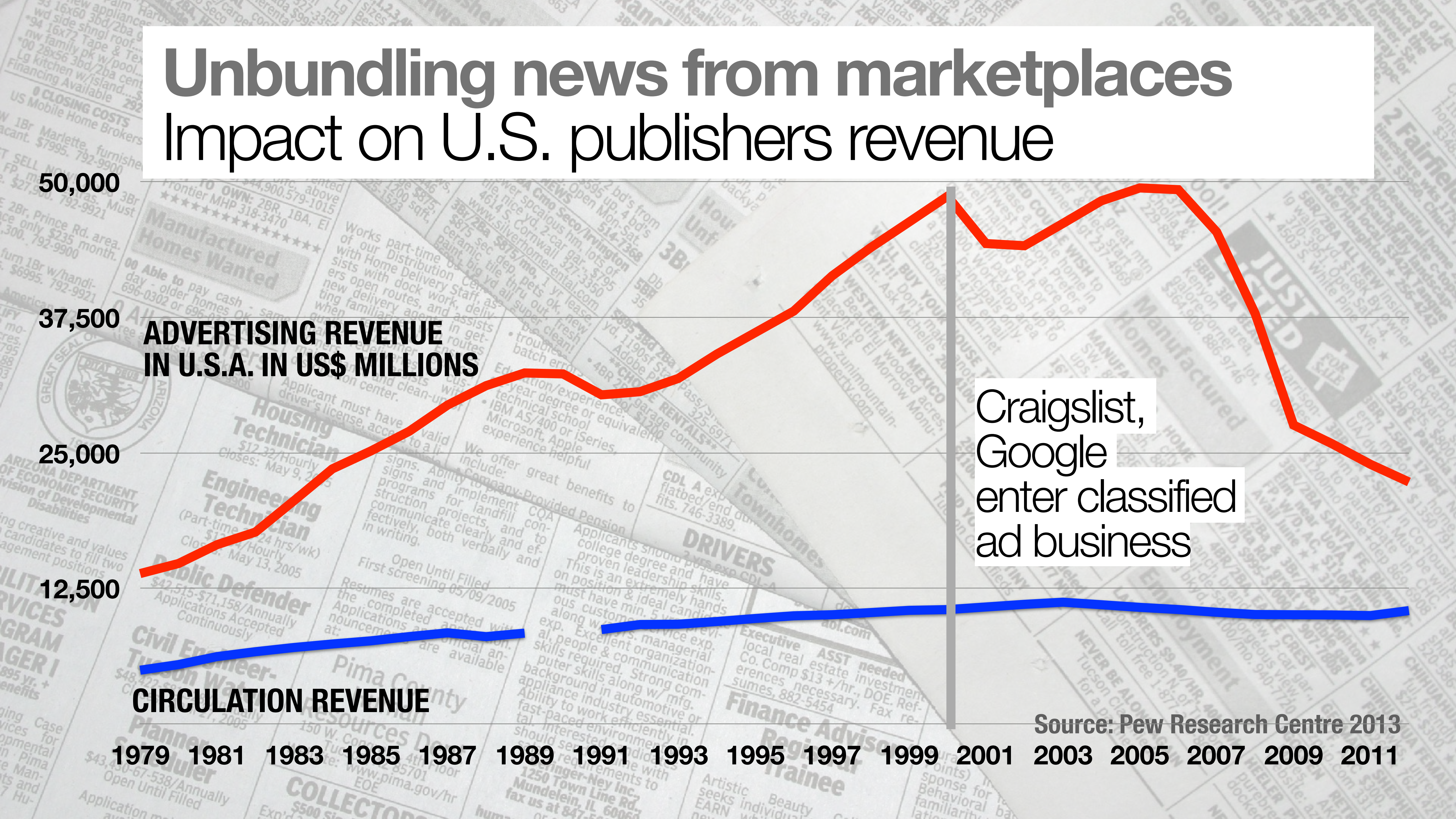
**ADVERTISING REVENUE
IN U.S.A. IN US\$ MILLIONS**

CIRCULATION REVENUE

Craigslist,
Google
enter classified
ad business

Source: Pew Research Centre 2013

1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011



... unbundling of individual stories

**Headline
of an article**

**JOHN PAUL ASSAILS
ECONOMIC PLIGHT
OF BLACKS IN U.S.**
LAUDS RIGHTS MOVEMENT
Bishop Tells Pope That 'Stain
of Racism' Is Chance for
Renewal of the Church

By ROBERTO SIRO
Special to The New York Times
NEW ORLEANS, Sept. 12 — Pope John Paul II denounced today the "economic deprivation" suffered by American blacks and praised the nonviolent tactics of the civil rights movement as divinely inspired.
Addressing a gathering of 1,000 black Catholics in an auditorium at the Superdome, the Pope said: "Even in this wealthy nation, consigned by the Founding Fathers to the dignity and equality of all persons, the black community suffers a disproportionate share of economic deprivation. Far too many of your young people receive less than an equal opportunity for a quality education and for gainful employment." [Text, page 12.]
Catholics must struggle to correct these imbalances because, he said, "the Church can never remain silent in the face of injustice."
Loyalty to Doctrine
Later, addressing Catholic college teachers and administrators, the Pope tacitly reaffirmed his requirement that theologians must adhere to church doctrine. [Text, page 11.]
At the gathering of black Catholics, the Pope listened as Bishop Joseph L. Howard of Biloxi, Miss., recalled a pastoral letter written earlier this year by black American bishops.

Text of an article


**Visual elements:
e.g. picture,
video, graphics**



**Text elements:
e.g. captions,
sidebars**

**Complements:
e.g. comments,
reactions**

**Recommended:
e.g. related, earlier,
similar stories**

																							Platforms used by publisher
		●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	19
	●	●	●	●		●	●	●	●			●			●			●	●	●			13
	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●		●	20
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	●	●	●	●	●	●	●	●	●	●	●		●	●	●			●	●	●	●	●	20

Driving prices down Top U.S. media brands distribute content across up to 22 platforms

Source: Tow Centre, Columbia Graduate School of Journalism 2017



2nd wave of disruption: disintermediation



Top non-music video ever
on Youtube: 621M views /
6.6M channel subscribers

Source: Youtube as of 03/2017

Commoditization Low barriers of entry / Suppliers' interchangeability / Pitfalls of attention-driven biz model



Trump's history of corruption is mind-boggling. So why is Clinton supposedly the corrupt one?

The list of things for which Trump is being let off the hook is staggering.

[WASHINGTONPOST.COM/BLOGS/PLUM-LIN...](https://www.washingtonpost.com/blogs/plum-line/)

Like Share Embed

Agnieszka Plizga, Maria Kruczkowska and 264 others



BREAKING: Pope Francis Just Backed Trump, Released Incredible Statement Why- SPREAD THIS EVERYWHERE

[WWW.DAILYPRESSER.COM](http://www.dailypresser.com) | BY THE AMERICAN PATRIOT

Like Comment Share Embed

125

Top Comments

3rd wave of disruption: decoupling



How decoupling works Consumers' decision making process vs. publishers' business model

For consumer

Value eroding



Value eroding



Value eroding



Value creating



Value eroding



Choose medium / brand

Visit a website / an app

Search for content

Consume content

Notice ads

For publisher

Value creating

Value creating

Value capturing

Built upon: T. Teixeira, Decoupling effects of digital disruptors, EBR, 2016

Decoupling Platforms, ad-blockers let consumers avoid value eroding activities or minimise pains

For consumer

Value eroding

Value eroding

Value eroding

Value creating

Value eroding

Choose medium / brand

Visit website / app

Search for content

Consume content

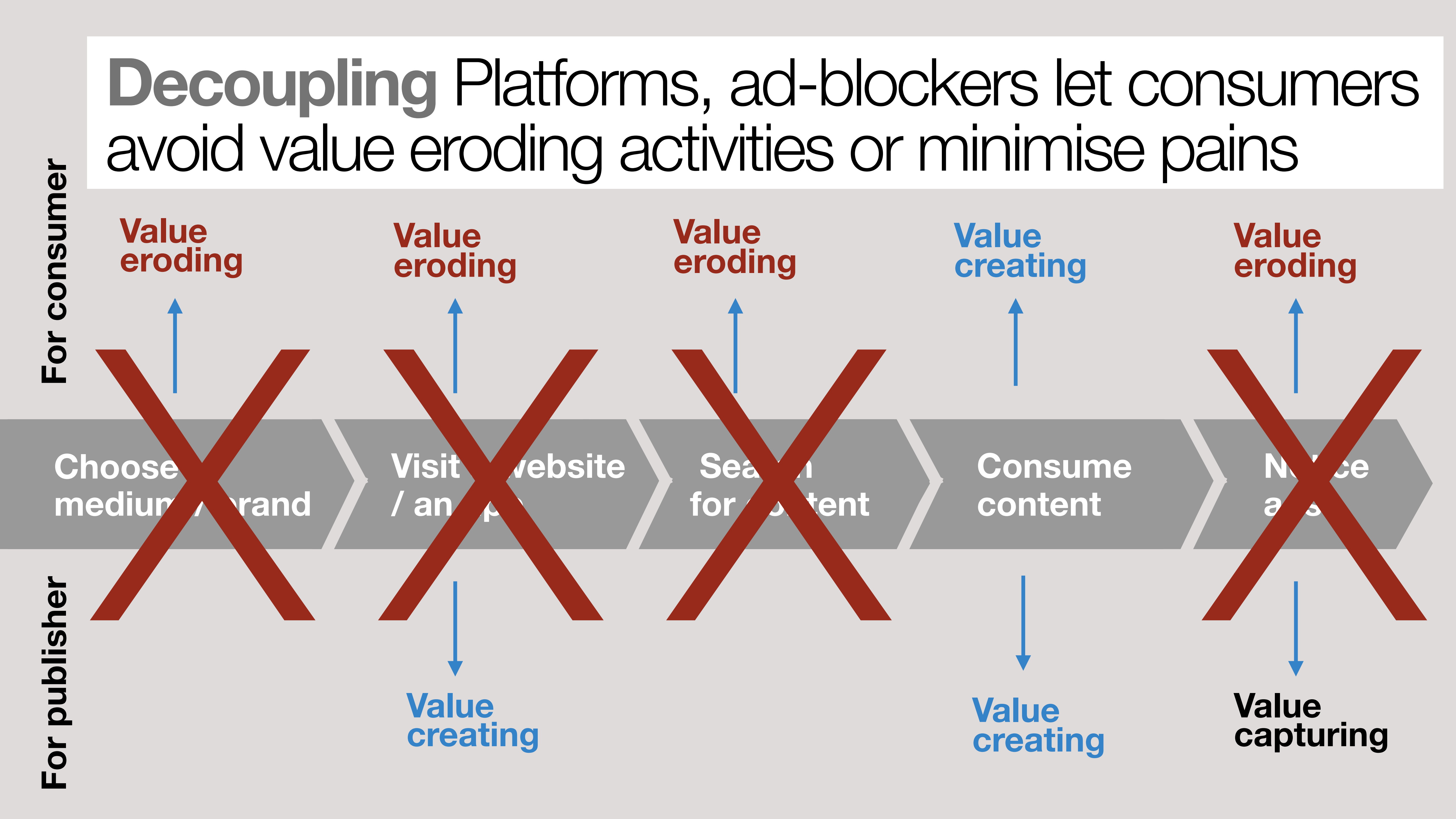
Notice ads

For publisher

Value creating

Value creating

Value capturing



In a survey, the world's publishers tell us

82%

Digital display advertising is our main business model

69%

We use Facebook mainly as a distribution channel for content

Source: WAN-IFRA 2017

Where's the money?

Winners of the attention economy Aggregate largest audiences & capture most of ad revenue

63%

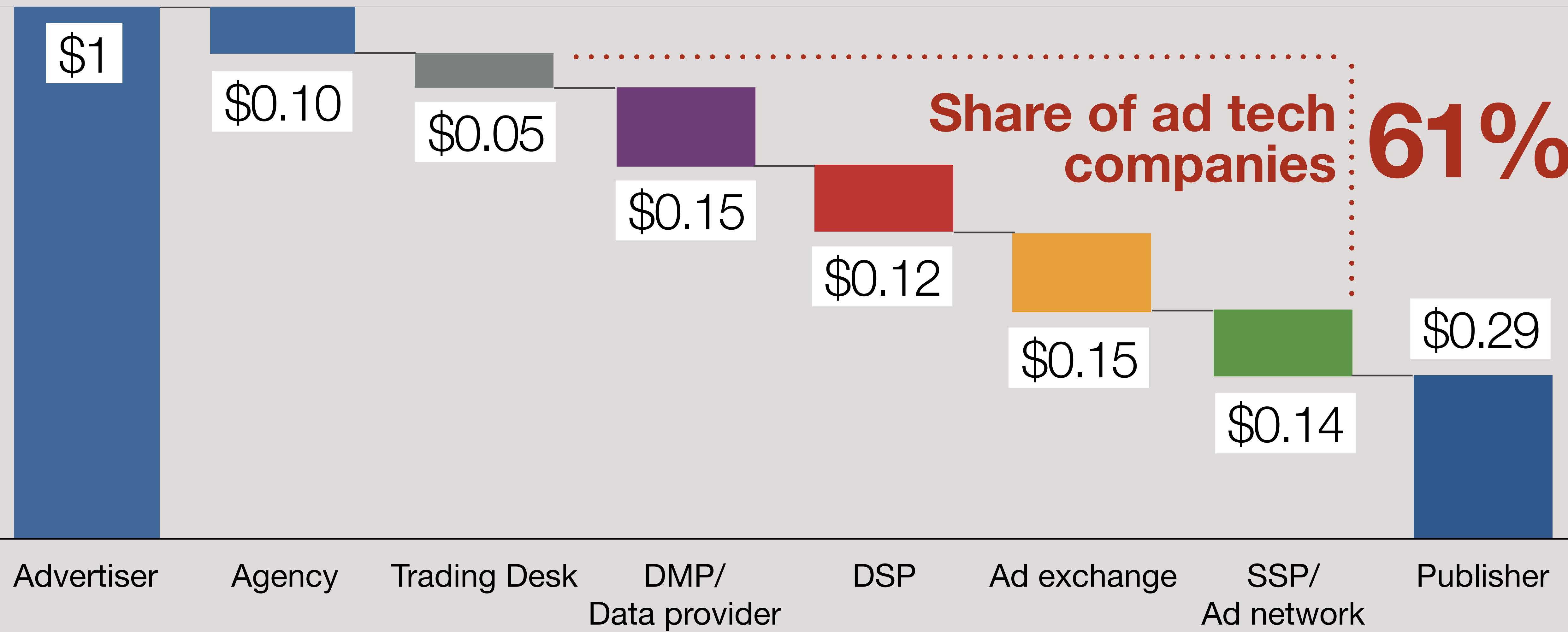
Combined share of Google and Facebook in U.S. digital advertising market in 2017

95%

Their share in new ad spend in 2017

Source: eMarketer 2018

Who captures \$ in digital ad ecosystem?



Source: AEMII / Future Media Lab / European Magazine Media Association 2016

How much do platforms share?

5-7%

Average share of Google and Facebook's contributions in publishers' digital revenue

Sources: surveys by Digital Content Next 2018, WAN-IFRA 2017

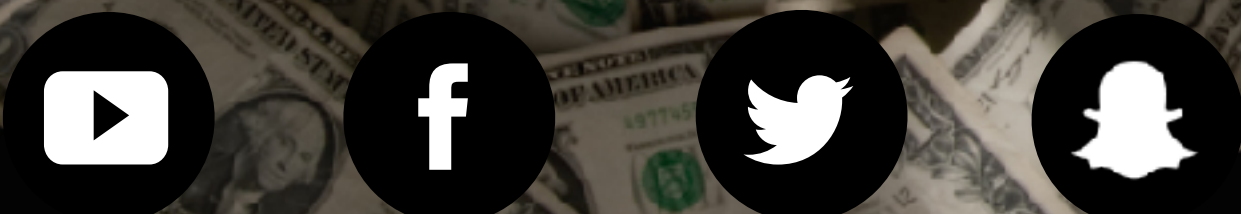
What kind of money the biggest guys get?

Survey of 20 top U.S. publishers

A person's hands are shown pouring a bucket of cash into a large pile of money. The bucket is tilted, and the cash is falling out, creating a large, overflowing pile of one-dollar bills. The background is dark, making the money stand out.

\$19m

Average annual revenue
from the four major platforms



Source: Digital Content Next 2018

So how to respond?

Lobby for regulatory interventions?

Launch your own platforms?

Build alliances to share data, technology, perhaps even customers?

Make users love ads?

What's the root problem? Decoupling

For consumer

Value eroding

Value eroding

Value eroding

Value creating

Value eroding

Choose medium / brand

Visit website / app

Search for content

Consume content

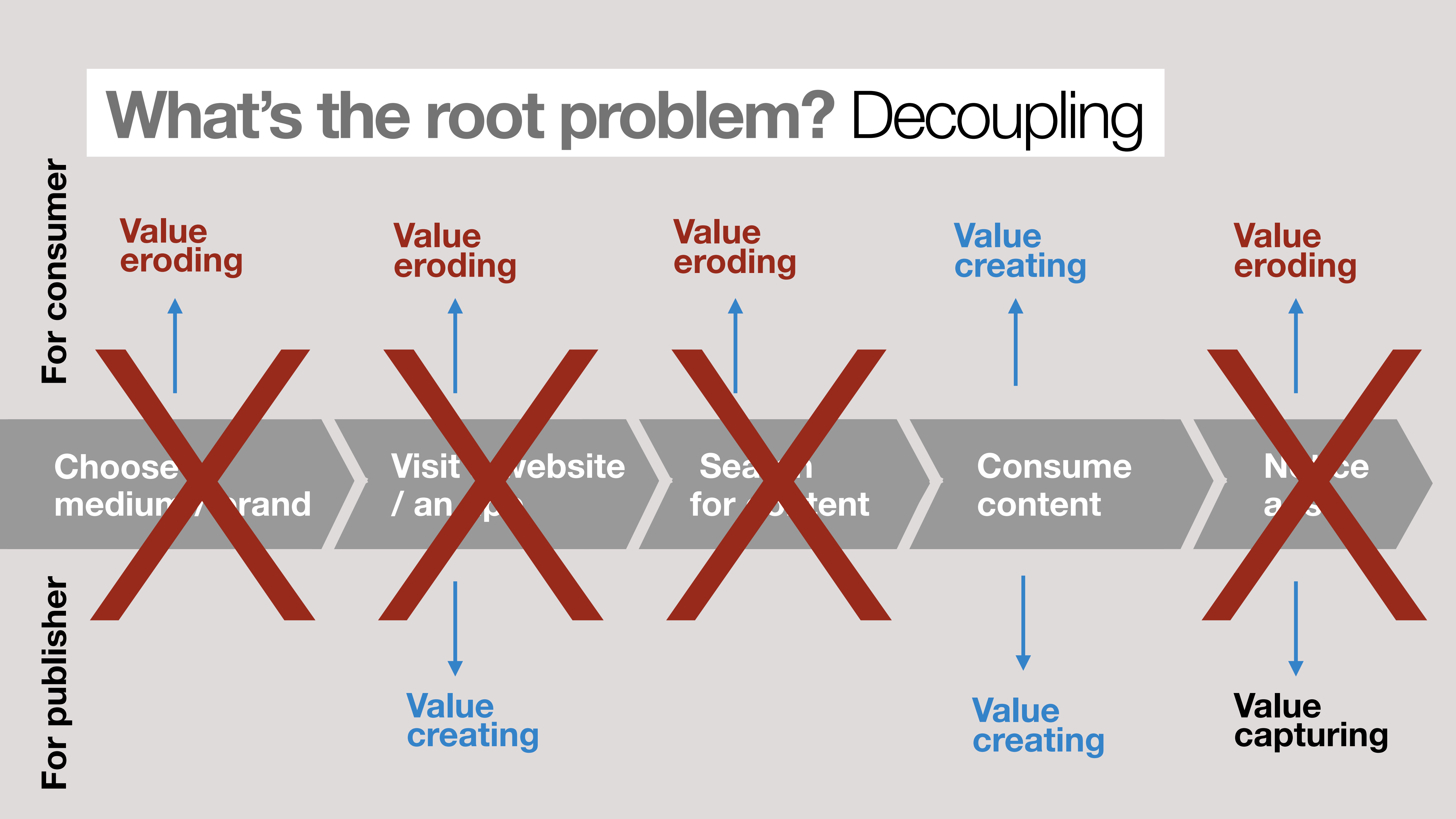
Notice ads

For publisher

Value creating

Value creating

Value capturing



**What about charging
other parties
for content itself?**

Who pays for digital content at the NY Times?

GET 40% OFF WITH ANNUAL

All Access

Insider

\$3.75 ~~\$6.25~~ / week
Billed as \$195 every year (Save \$130)

GET ALL ACCESS

Consumers

Content
marketeers

BUSINESS TRAVEL
AND THE BOOST TO YOUR
BOTTOM LINE

1919
First commercial flight from St. Petersburg to Tampa, Florida.



Donors

Retailers



Syndication

How much money may the Times make?

\$340m

digital-only
subscriptions

\$198m

digital advertising,
incl. branded content

\$108m

content syndication,
e-commerce, events

\$39m

digital branded content

Source: NYT Company, Q4 2017

What's the annual ARPU for the NY Times?

\$1.85

Visitor of NYTimes.com
(monetised with digital ads)

\$140

Digital-only subscriber
of NYTimes.com

\$1,000,000

Top sponsor of
student subs

Source: author's calculations based on NYT Company, Q4 2017; Nieman Lab 2017

Most common business models of publishers

82%

digital display advertising

73%

branded content

62%

events

50%

digital subscriptions

36%

e-commerce

Source: WAN-IFRA 2017

**We need more business
model innovation**

Product innovation
is not enough

**Don't be a slave
to any platform**

**Hire platforms
to work for you instead**

**Innovation is a process,
not an event**

**The sooner you start,
the quicker you learn**

What's the end game?

A stylized landscape illustration. On the left, there are grey, jagged mountains with white peaks. In the foreground, there are rolling blue hills. A light blue path winds through the hills. Several trees are scattered across the landscape: some are simple blue conical shapes, while others have rounded, cloud-like tops. The background is a plain light grey.

New pricing strategy



New pricing strategy

Redefined
business
model

A stylized landscape illustration. On the left, there are grey, jagged mountains. In the center and right, there are rolling blue hills of varying shades. Several trees are scattered across the hills: some are simple blue rounded shapes on brown trunks, and others are more detailed evergreen trees. The background is a light grey gradient.

Reinvented
company

Redefined
business
model

New pricing strategy



Questions?



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