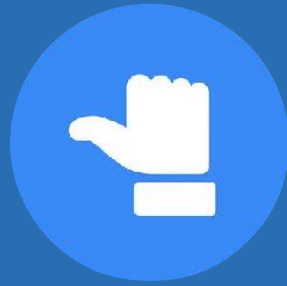


Disrupted by digital platforms: How should publishers react?



**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

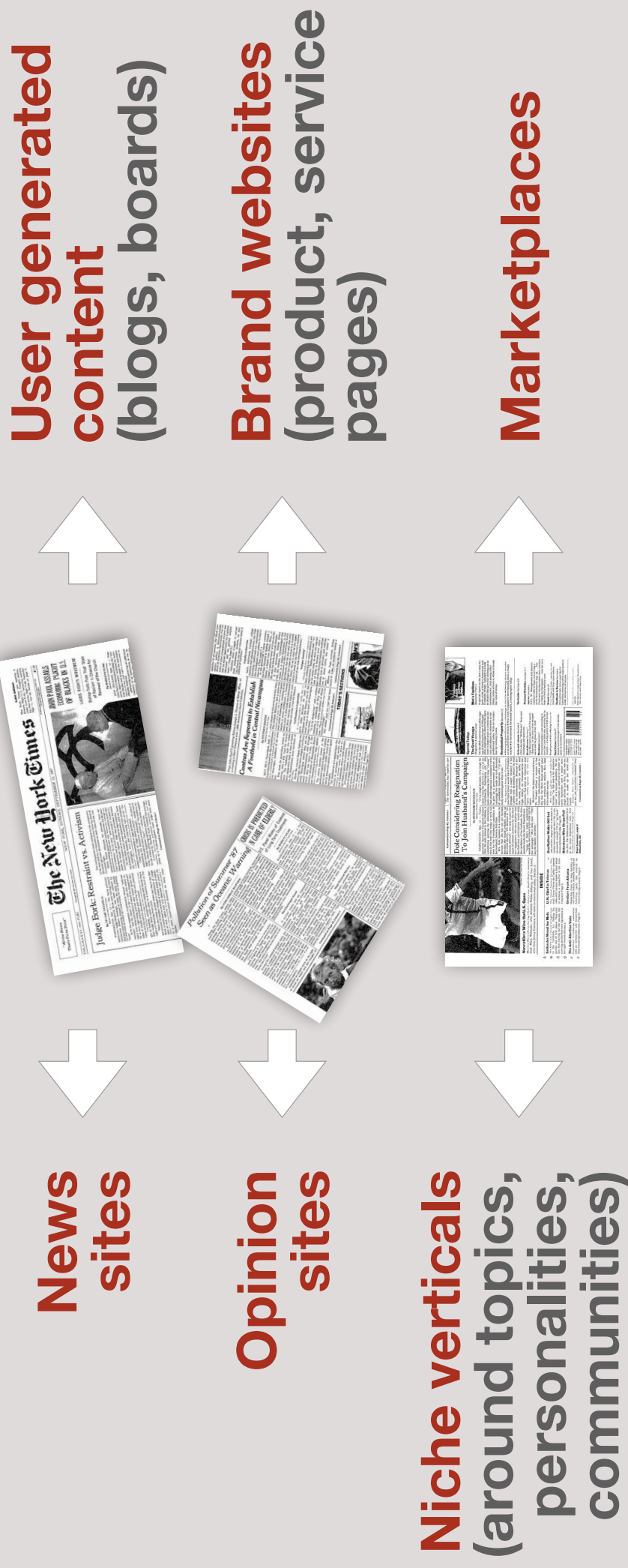
The heaviest ever magazine was 'Shukan Jutaku Joho'
of Japan (Jan. 10, 1990; **1,940** pages)



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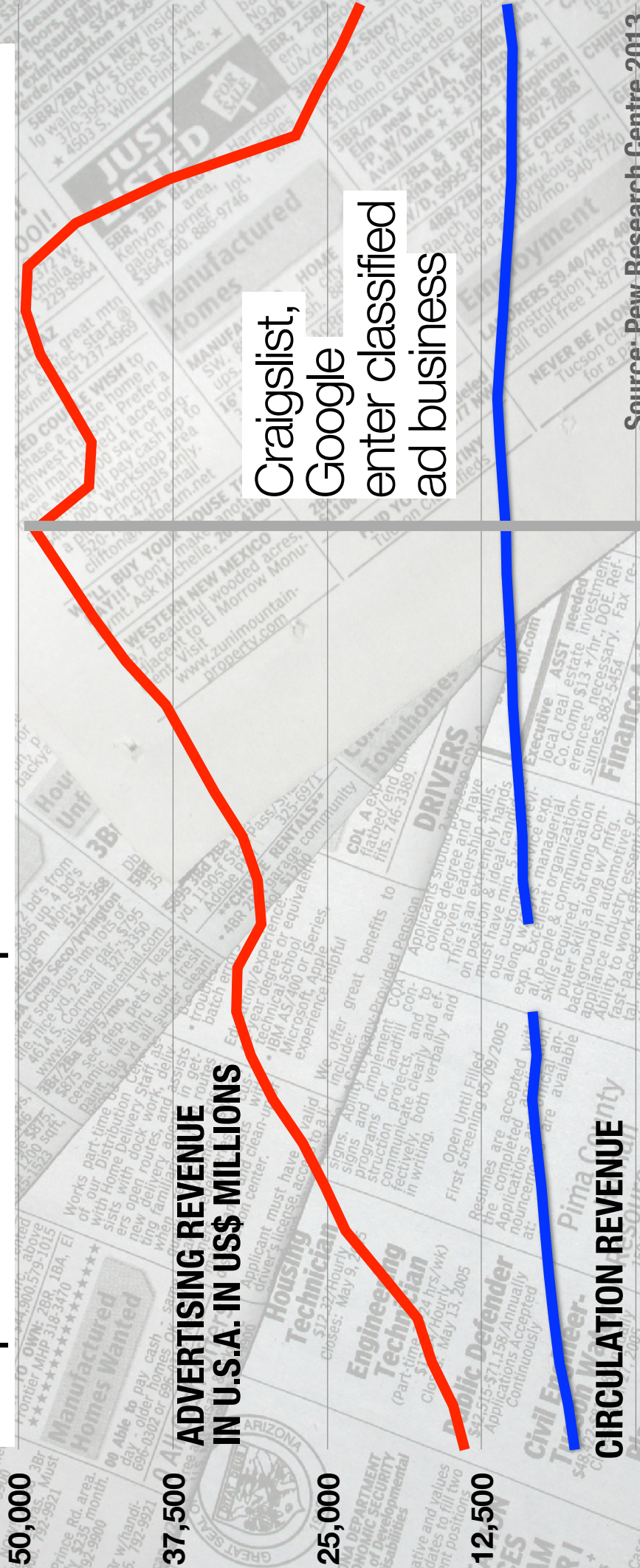
Source: Guinness World Records 2011

1st wave of digital disruption: unbundling



Unbundling news from marketplaces

Impact on U.S. publishers revenue



Source: Pew Research Centre 2013

... unbundling of individual stories

Headline
of an article



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

	Amazon Alexa	Apple News	Apple Watch	Facebook	Flipboard	Google AMP	Instagram	Next Article (Facebook)	Message	kik	LinkedIn	LINE	LINE (The iOS App)	Message (Facebook)	Mobile app	Pinterest	Smartphone Discovery	Snapchat Stories	Spotify	Twitter	WhatsApp	YouTube	Platforms used by publisher
		●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	19
	●	●	●	●		●	●	●	●				●		●			●		●			13
	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	20
	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	16
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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 / Suppliers' interchangeability / Low barriers of entry / Attention-driven biz model / Pitfalls of attention-driven biz model



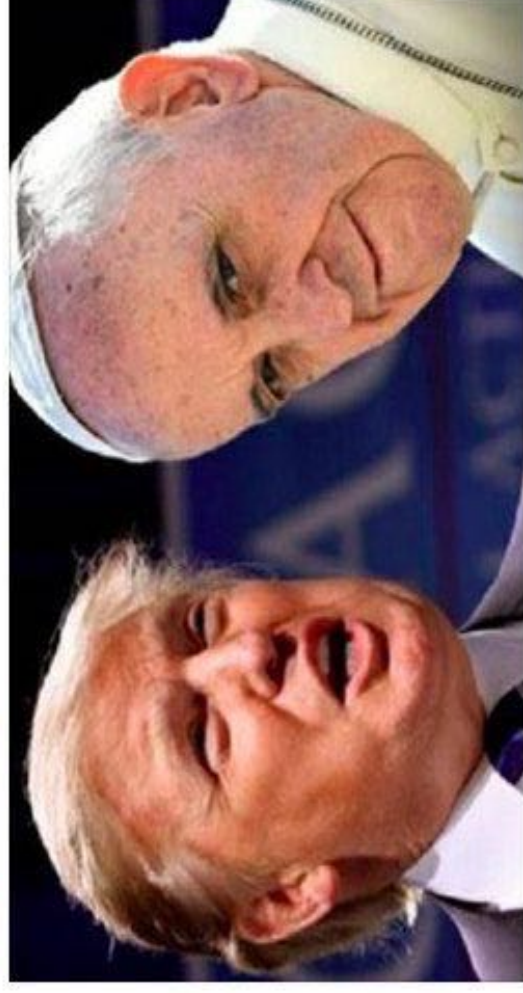
Trump's history of corruption is mind-boggling. So why is Clinton supposedly the corrupt one?

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

WASHINGTONPOST.COM/BLOGS/PLUM-LIN...

Like Share </> Embed

Agnieszka Plizga, Maria Kruczowska and 264 others



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

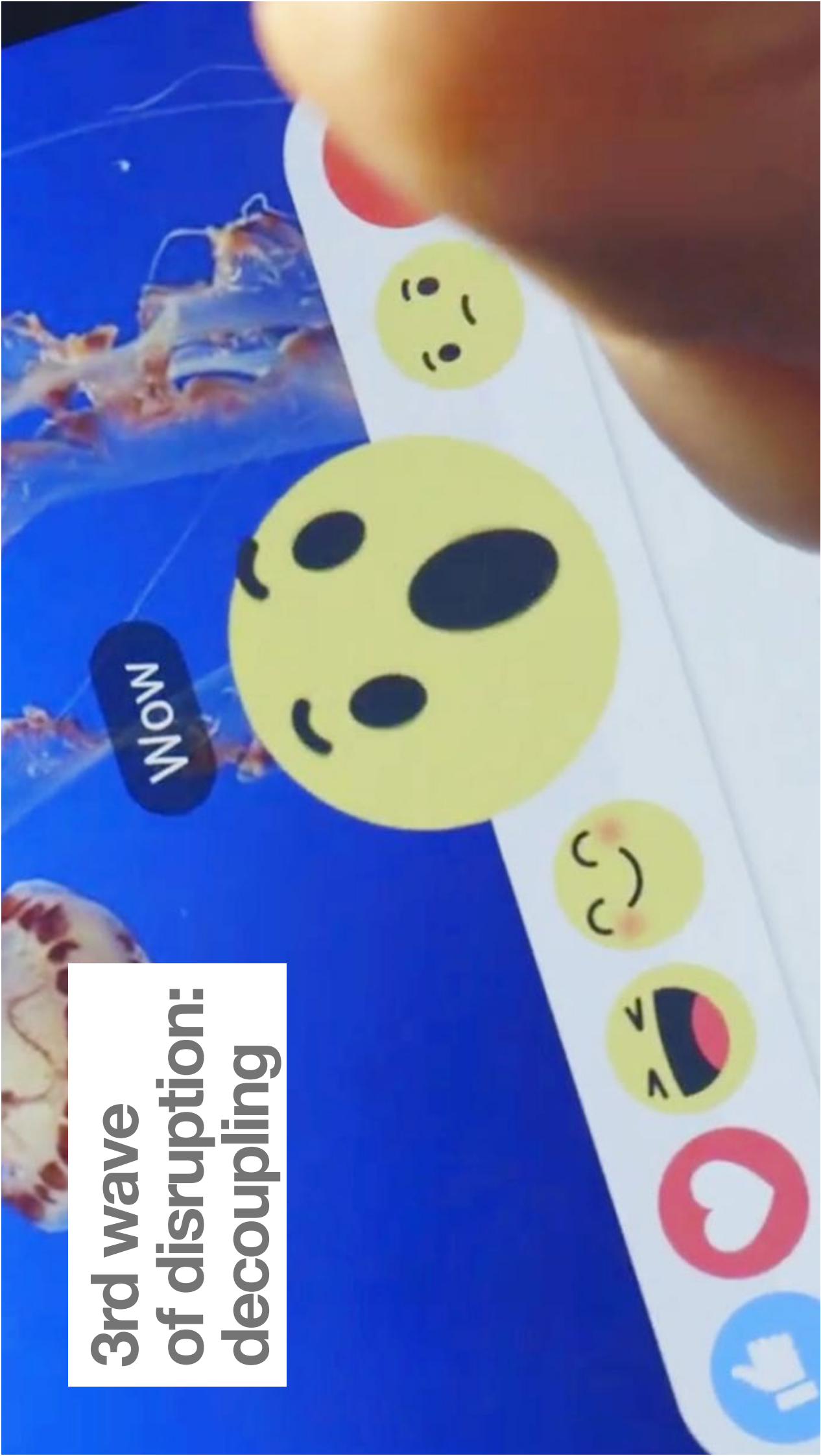
WWW.DAILYPRESSER.COM | BY THE AMERICAN PATRIOT

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

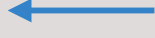
Value eroding



Value eroding



Value eroding



Value creating



Value eroding



Choose medium / brand

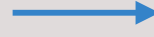
Visit a website / an app

Search for content

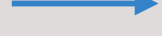
Consume content

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

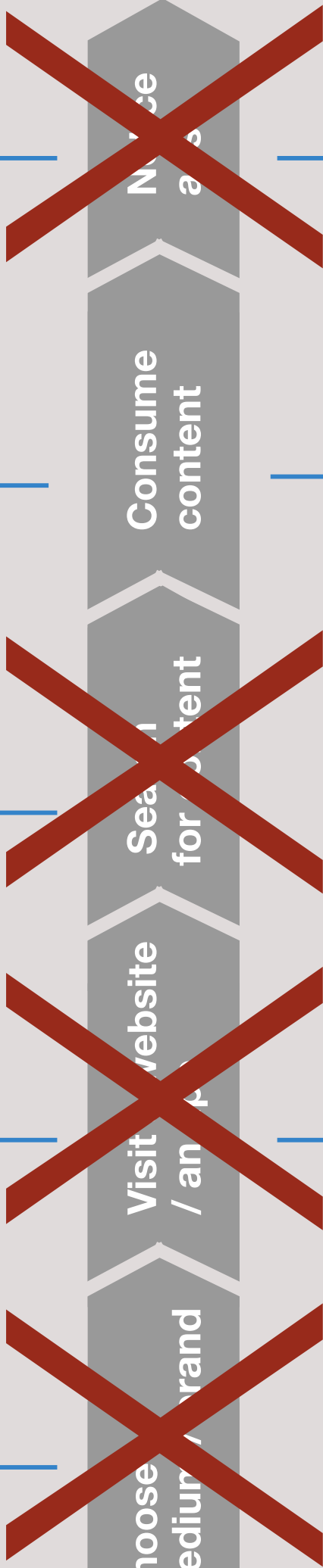
Notice ads

For publisher

Value creating

Value creating

Value capturing



In a survey, the world's publishers tell us

82%
69%

Digital display advertising
is our main business model

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%

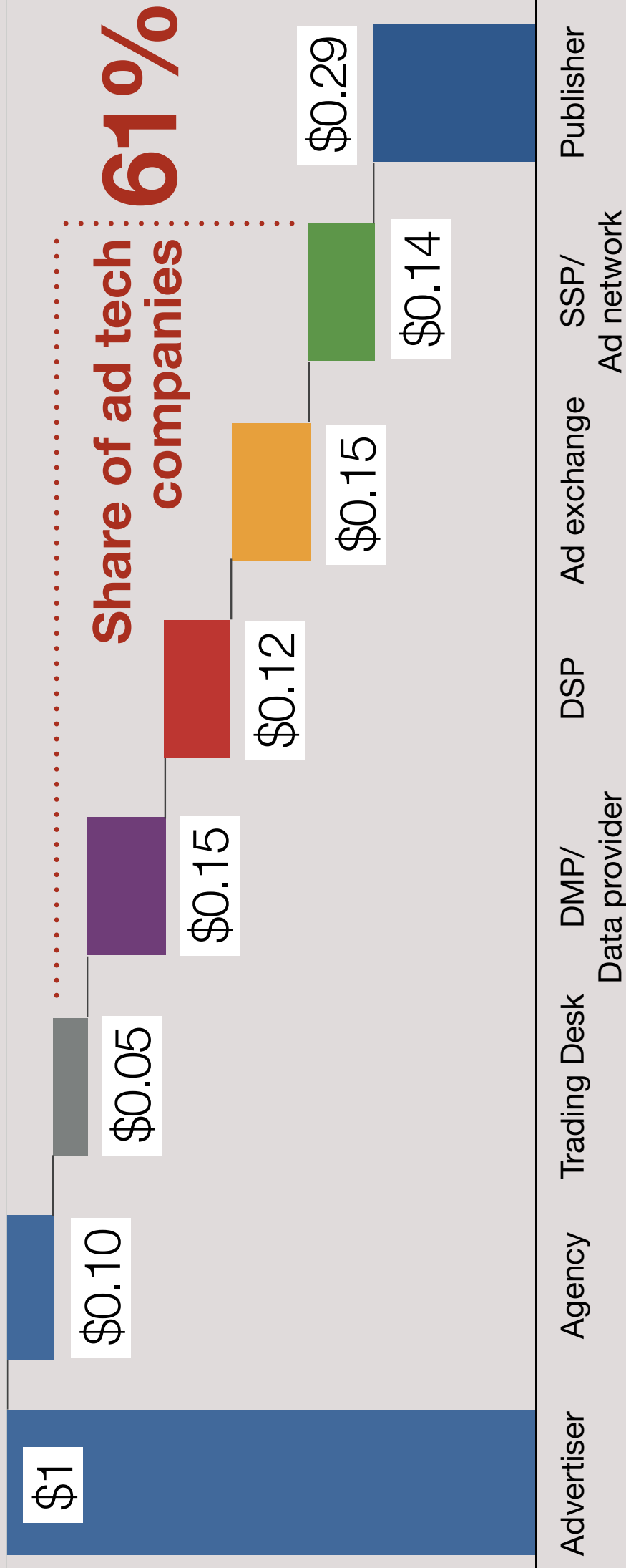
Combined share of Google and Facebook in U.S. digital advertising market in 2017

Source: eMarketer 2018

95%

Their share in new ad spend in 2017

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



\$191m

Average annual revenue
from the four major platforms



Source: Digital Content Next 2018

Let's imagine Facebook shares it all

\$40bn / 100m
Facebook's ad
revenue in 2017
Page
publishers

Source: Facebook 2018

= \$400



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

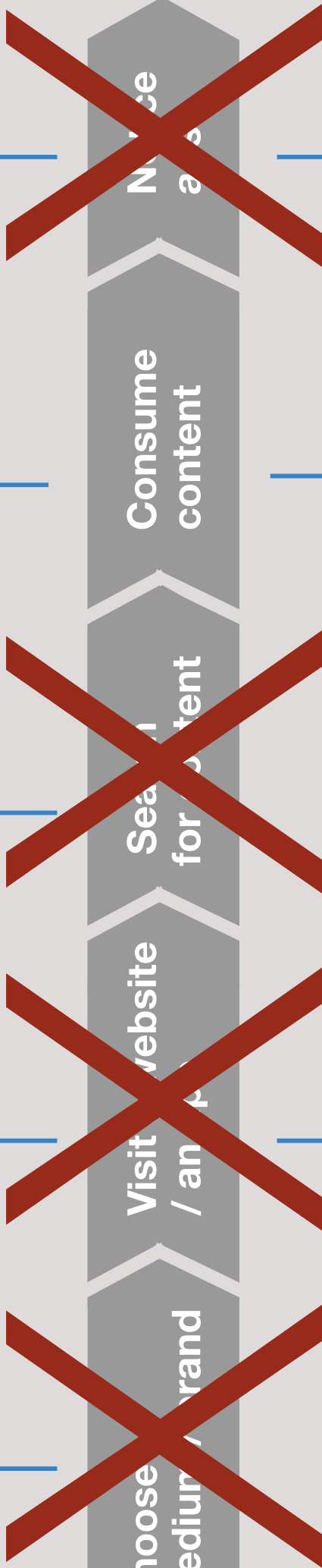
Notice ads

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

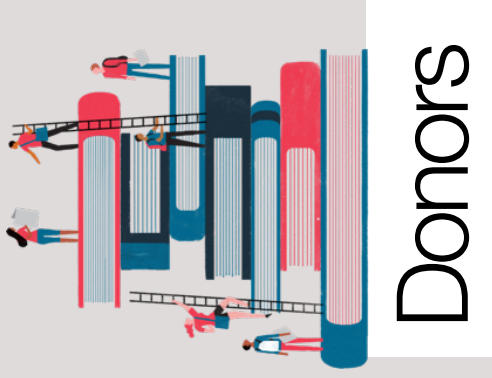
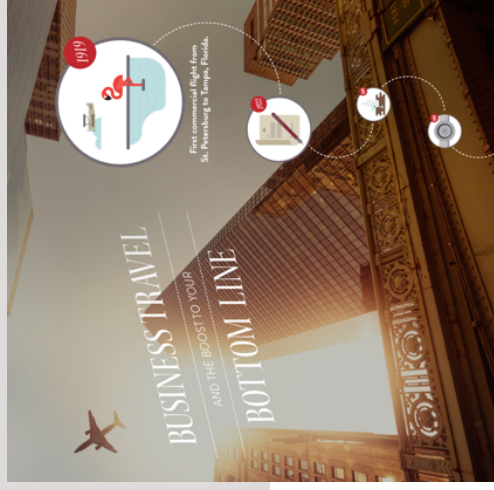
\$3.75 ~~\$6.25~~ / week

Billed as \$195 every year (Save \$130)

GET ALL ACCESS

Consumers

Content marketeers



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

\$60m

digital branded content

Source: NYT Company, Q4 2017, author's estimates

What's the annual ARPU for the NY Times?

\$1.85
\$140,000,000

Visitor of NYTimes.com
(monetised with digital ads)

Digital-only subscriber
of NYTimes.com

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

How come the most profitable European airline loses money on actual flights?



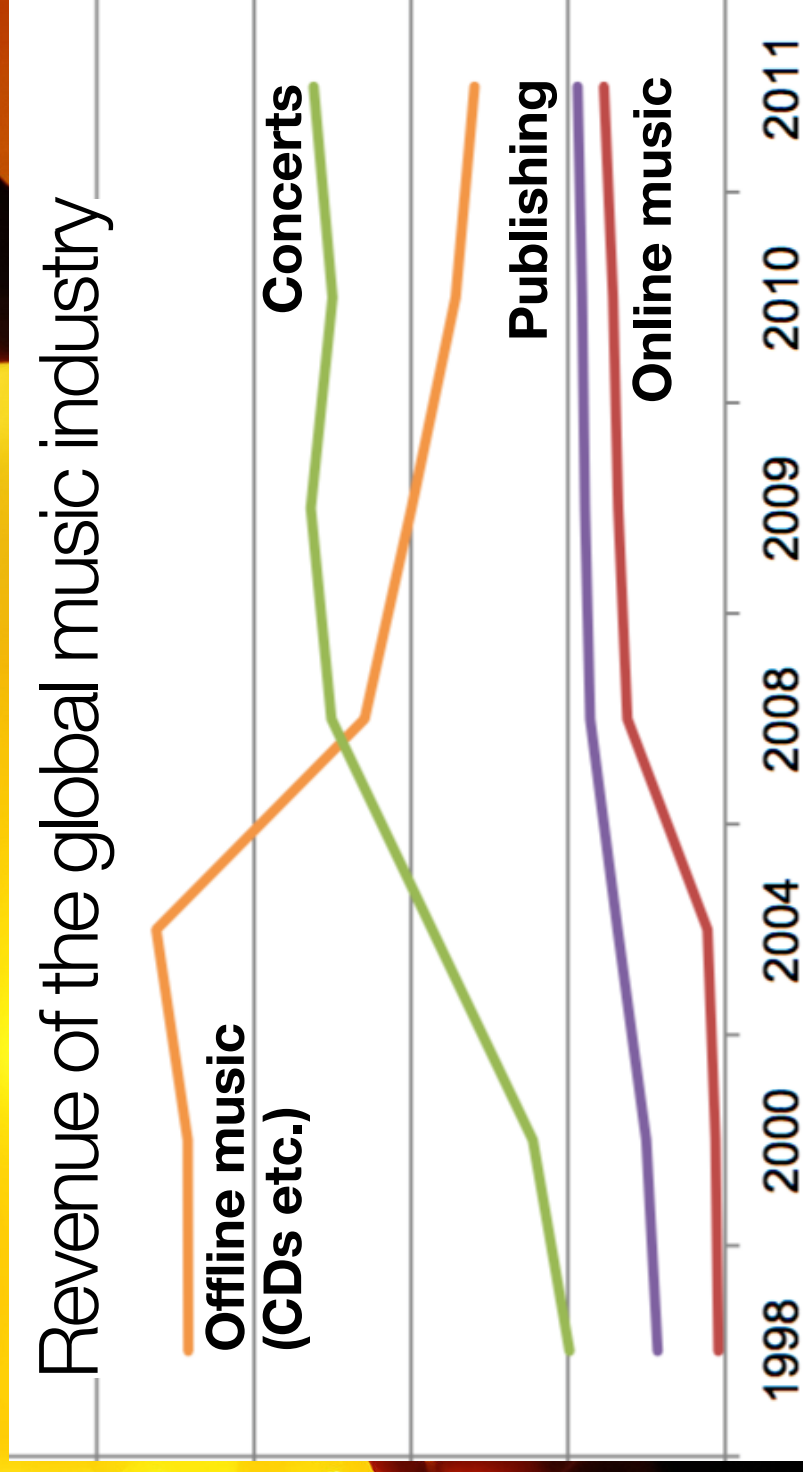
Source: Ryanair 2016, Ideas Works Company 2017

How come major supermarket chains lose money on actual sale of goods?



Source: Costco 2016

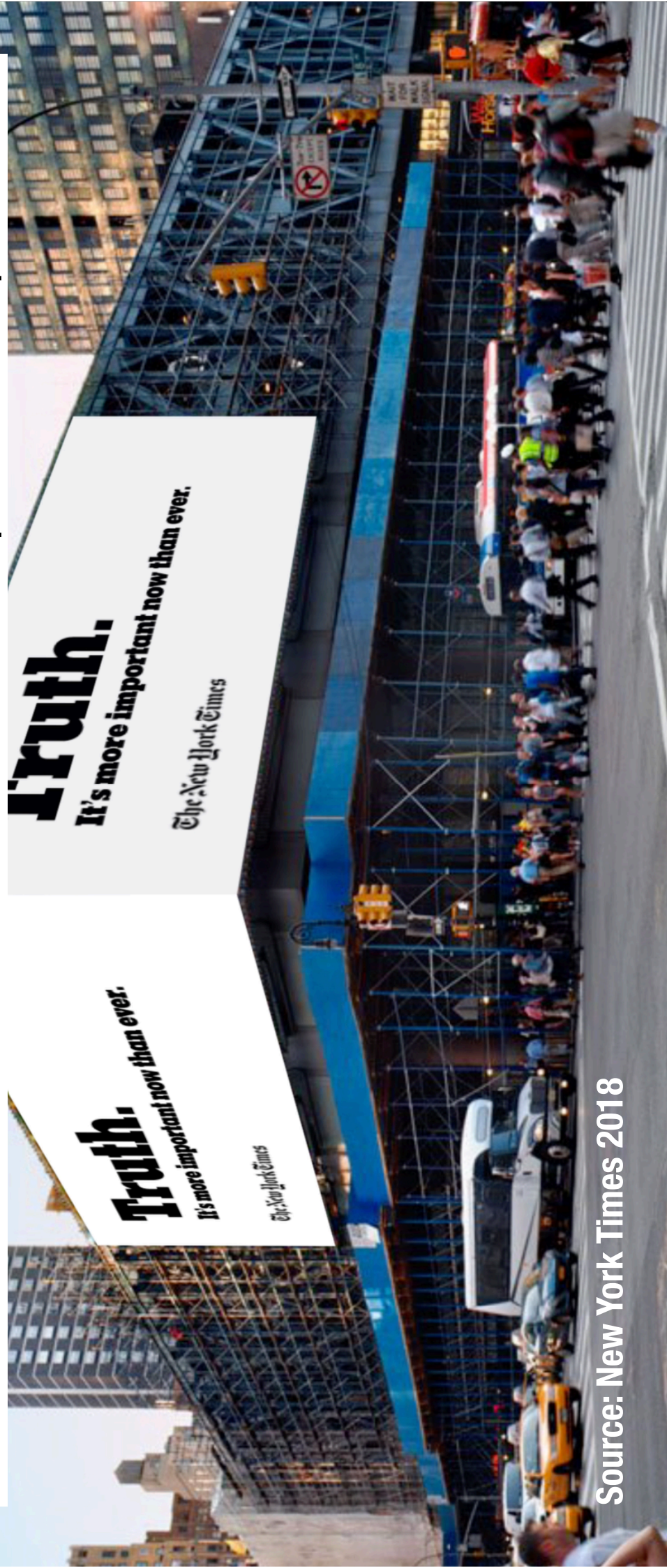
How come the music industry revenue grows despite decline in record sales?



Source: LSE 2013

Learn “platform sumo”
Use the platform’s size
as a leverage to attack

NY Times demonstrates brand values It tells stories behind stories, offers meet-ups with reporters



Source: New York Times 2018



Ukrainian RIA **verifies** all the ads Sends staff to provide real photos, removes fake ads from sites

Source: RIA 2018

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

**Hire platforms
to work for you instead**

Australia's Fairfax Media outsources
all digital advertising inventory to Google
and focuses on premium ad products, key
client relationships and innovative solutions

Source: Fairfax 2017



gazeta
W Y B O R C Z A

WTOREK, 24 CZERWCA 2014
RĘKOPISZĄCY: ANUSZKI OLEJNICZAK

gazeta
WYBORCZA.PL

MALGORZATA BRAUNEK - WIELKA AKTORKA BEZ MASKI. „ŚMIERCIEŚ...”
Obsadzenie jej jako Olenki w Sienkiewiczowskim „Potopie” Jerzego Hoffmanna wywołało ogólnonarodową dyskusję. Malgorzata Braunek zmarła 23 czerwca we Frankfurcie w wieku 67 lat. Zmagala się ze złośliwym nowotworem. Podbiła publiczność jako Olenka z „Potopu” i Izabella...



Podsluchujący kelnerzy jak grupa przestępcza? Pluskwa mogła być w pilocie
Prokuratura rozważa postawienie sprawcom nielegalnego podsłuchiwania najwyższych urzędników zarzutu...

NIE BĘDZIE DYMISJI NAGRYWANYCH

Mamy do czynienia z kryzysem politycznym dotychczas nieznanym - mówi premier. Odpowiedzialnych za podsłuchy nazywa zorganizowaną grupą przestępczą. Premier tylko dlatego, że ich grzechem jest nieuczciwa nagrywanie polityków czy urzędników chce zyskać zorganizowali te podsłuchy - mówi Donald Tusk. Mamy do czynienia z kryzysem politycznym...

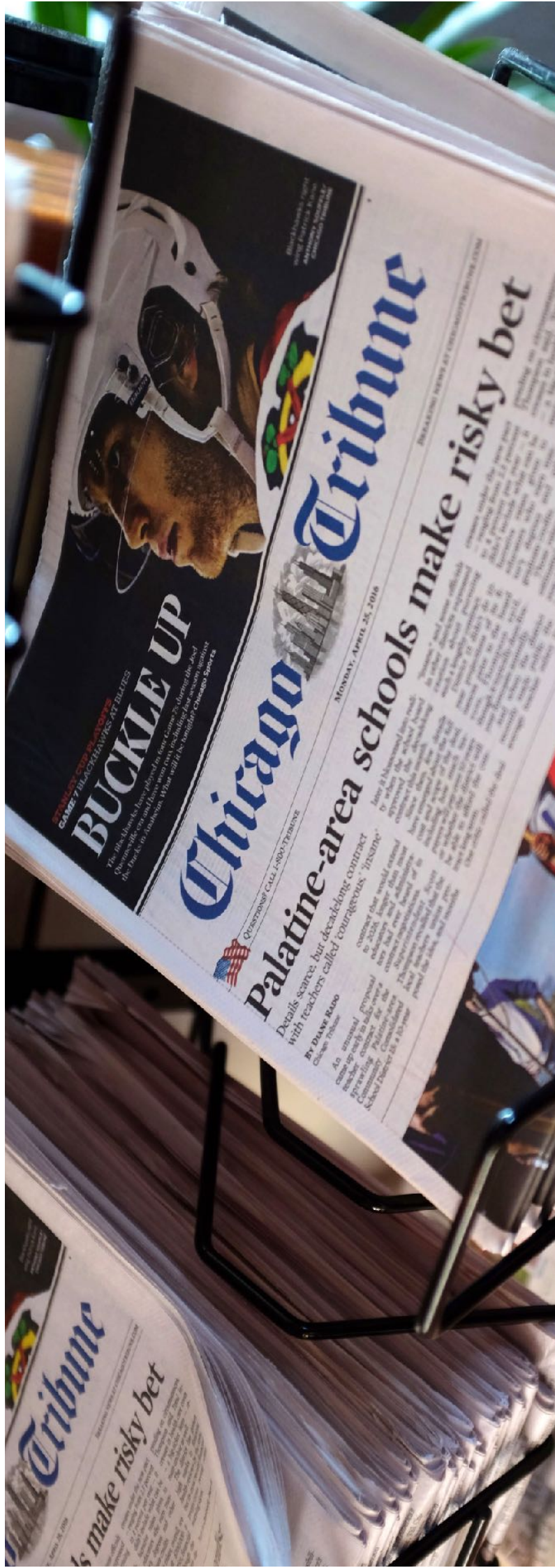
Niespodziewany rozejm na wschodzie Ukrainy

Separatyści przerywają ogień do 27 czerwca - zapowiedział w poniedziałek samorządowy premier Donieckiej...

Facebook — the top source of new digital subscriptions Poland’s Gazeta Wyborcza boosts sales to 133,000 with granular targeting on Facebook

Source: Agora 2018





3.5x reduction of churn of digital subscribers
US-based Chicago Tribune automates activation of
“starters” and “sleepers” via Google and Facebook

Source: Tronc 2018

Become customer-centric
Innovate around
the best customers you have



The Dallas Morning News

Integrated digital ad and marketing services
It's **40%** of US-based Belo Corp.'s ad revenue

Source: Belo Corp. 2018



Up-selling media users New Zealand's Fairfax sells video streaming, broadband, electricity, health plans

Source: Fairfax Media 2018



Questions?



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Research Associate, Harvard Business School
Former news editor, Gazeta Wyborcza



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