



Digiday Publishing Summit

Key Biscayne, Fla
September 24–26, 2018

Nobody knows if consumer revenue, branded content, commerce, or events will make up for losses in the display ad market. But that isn't stopping publishers from trying. At Moguls and the Digiday Publishing Summit in Key Biscayne, Fla., strong interest in alternative forms of revenue stood out: News publishers leaned into commerce working groups; lifestyle publishers talked about launching their own lines of wellness products; and legacy media giants discussed turning their super-fans into consumers.



WHAT WE LEARNED

Publishers are still struggling to turn a profit on video

Even though some publishers are years into a pivot to video, few are satisfied with the money they're making. Though many remain hopeful on the medium, particularly OTT, nearly all attendees admitted to having a scale problem, both on their own sites and on the growing galaxy of distribution platforms.

- A few publishers have gotten enough scale on short-form video to turn a small profit, but many continue to struggle. One publisher admitted to producing a slick-looking series for Facebook Watch not for the ad revenue but to attract more branded content dollars. Another was exploring technology that would make its videos shoppable.

- Scale and quality are hard to find anywhere online, and that is especially true for video content. That makes it especially difficult for publishers creating video content aimed at niche or B2B audiences.

THE BOTTOM LINE

Publishers remain committed to video as a medium, but they're being forced to monetize it in non-traditional ways.

There is a white-label dilemma

Publishers launched branded content studios to build direct relationships with brands while offsetting declines in digital display. Now, some brands want to take things to the next level: White-labeled content, site design and other services delivered by the publisher's content studio or agency.

Some publishers see a chance to deepen relationships that have been building for years. Others see this as the end of the premium they once charged for content aimed at their audience, often bearing their imprimatur and endorsement. The good news for some is they will have many chances to figure out a strategy: "100 percent of our clients are dragging us into it," one publishing exec said.

- The range of services brands are asking for varies widely. One publisher CEO said they'd built an entire site and portfolio for a bank. Another executive mentioned their employer had recently finished its first 30-second television commercial for a long-time advertiser. A third attendee developed an entire short-form video series.

- This is not a problem for every publisher. While almost every large publisher has some kind of content studio, not all of them have relationships that are serious enough to negotiate this kind of terrain.

THE BOTTOM LINE

Starting to act like an agency may mean having to function as one, putting up with increased competition, lower margins and more challenges.

The hunt for consumer revenue is on

The bazaar filled with goods and services created by publishers hunting for consumer revenue is growing bigger — and weirder — by the month. Hot sauces; gravity blankets, fitness apps, high-end magazines about weed are just a few of the new ventures from publishers.

The bad news is that most of these are just incremental revenue. The good news is that many publishers are capitalizing on their authority and reach to create products that can drive as much as eight figures in revenue.

- Growing subscription revenue is still hard. Subscription-curious attendees admitted to having trouble even figuring out what kinds of content their audience would pay for; others admitted they had trouble figuring out who they should be using.

- Affiliate commerce revenue feels like something that, while promising, remains in an early stage. Publishers that have managed to talk brands into direct deals admitted to flying blind in trying to set rates for those commissions.

BOTTOM LINE

Not every publisher can put up a paywall, but consumer revenue, as a broad category, looks like something everybody can pursue.

SPEAKER HIGHLIGHTS

Angus Macaulay, chief revenue officer of Stat News, a subscription publication for healthcare professionals, delivered a standalone presentation on the subject. Three key points:

- It is vital to investigate how big the addressable market is for a subscription product; its size will affect the product's shape.
- Pricing strategy need not be defined solely by one's competitive set. When Macaulay was trying to figure out the price for Stat, he looked at publications from the New England Journal of Medicine to The Wall Street Journal.
- Creating a subscription product is a marathon, not a sprint. Building the infrastructure and talent necessary to deliver a full set of features can take years.

OVERHEARD

"[With video], there is no life after Facebook."

"We're still struggling to get that 300x250 GroupM viewability. I feel like we were talking about this six years ago. The pharma clients tend to run a 300x250; how do you get sponsorships without completely bastardizing the user experience? It feels like something that'll never end."

"Six months in, we'd made \$600. It was like, 'Why are we doing this?'" — New York Post chief digital officer Remy Stern, on Apple News

"'Hammer' is the technical term." — Henry Embleton, head of revenue at Ellation, on the extreme ad loads inflicted on users who don't subscribe to Ellation's services

"I don't think regular people really have a good feel for [how advertising works]. If people knew what Criteo was doing with their data, they would freak out."

"Display is falling off a cliff. We're starting to reconsider our investment in websites."

Eric Gillin, digital GM of the lifestyle group at Condé Nast, who oversees titles including Architectural Digest and Epicurious, talked about how he thought about incubating and developing new digital brands inside. Two things that stood out from his presentation:

- There's nothing wrong with starting from scratch in digital media because being small can work to one's advantage, particularly if you want to focus on community-building and engagement.
- It's possible to use existing editorial and marketing resources to develop new brands.

CHALLENGE BOARD CONFESSIONS

Attendees anonymously shared some of their most pressing concerns and challenges, including:

- "Difficulty reinventing a legacy publishers; internal politics"
- "VIDEO ROI"
- "Sustainable revenue generation and diversification in a competitive, post-Facebook world"
- "Paid subscriber metrics to accelerate growth"
- "Scaling PMP"
- "Monetizing AMP to get RPMs on par with mobile web"
- "Convincing editorial that SEO is not a bad word"
- "Role of sponsored content"