



NEW PRODUCTS AND SERVICES - AN OVERVIEW
„INNOVATIONS AND TRENDS IN PAID CONTENT “

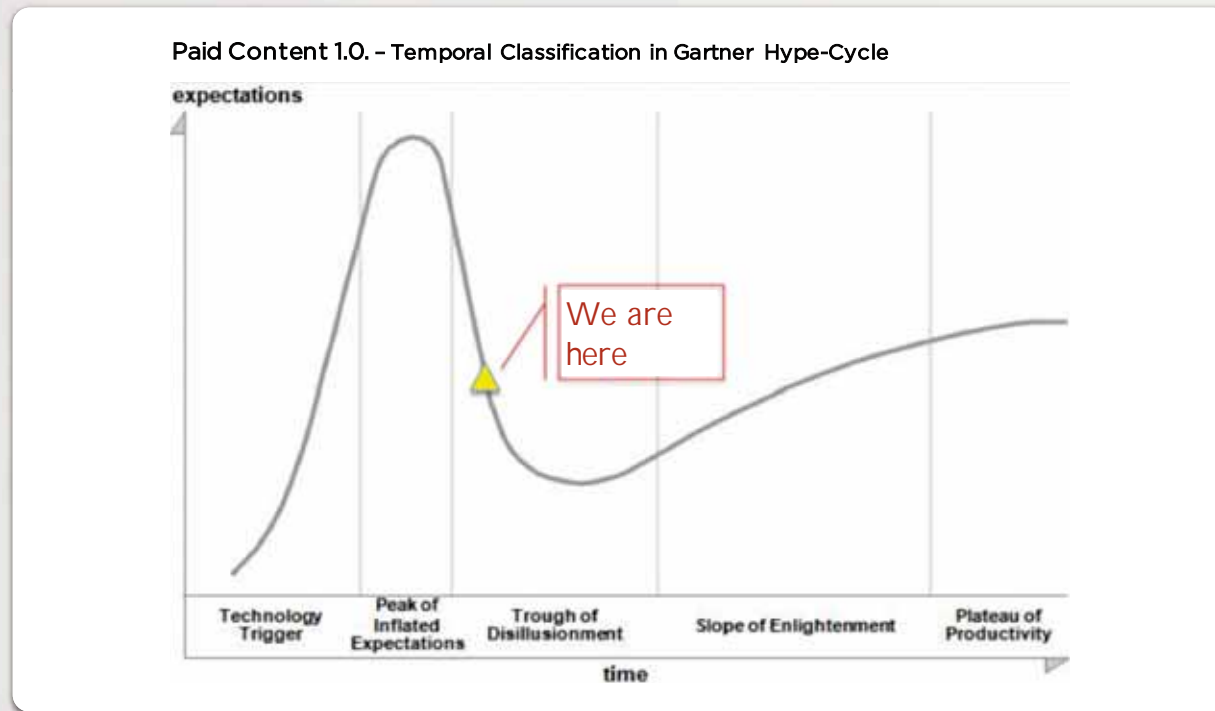
BARI, JUNE 21ST 2016

AGENDA:

(1) PAID CONTENT - STATUS

Paid Content is „not easy“! Secondary exploitation of “print-workflow” based content does not work – globally!

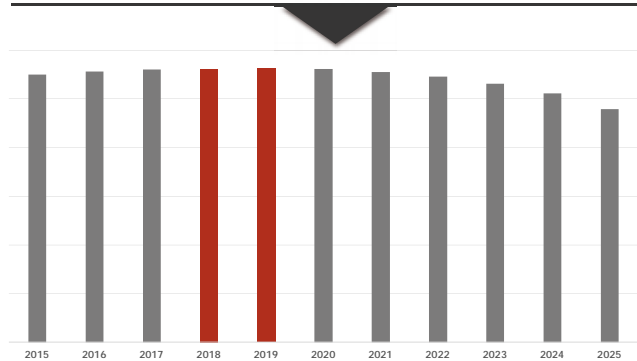
Paid-Content runs through the den typical Hype-Cycle that all innovations must run through



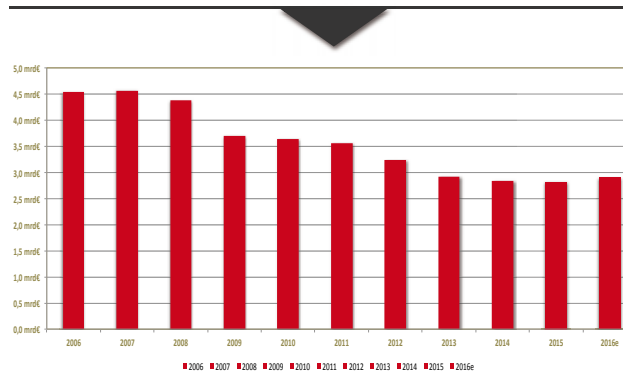
Without Paid Content there is no „advertising based business model for independent quality journalism – as even the Guardian has learnt the tough way
 Print circulation revenues peak even at “slow-transforming” markets like GER
 Desktop adspend shrinks – the only rise is in mobile (at much lower CPMs)

Real Case – Print Revenue Structure Germany

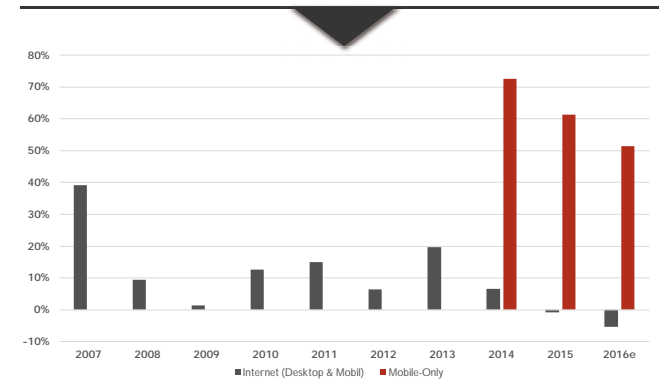
Print Circulation Revenues shrink



Print Advertising Revs shrink



Desktop Advertising Revs shrink



when print circ revenues drop – it is either „ad & cost cutting“ or „ad & paid content“

the truth

there is **no silver bullet** in paid content
globally

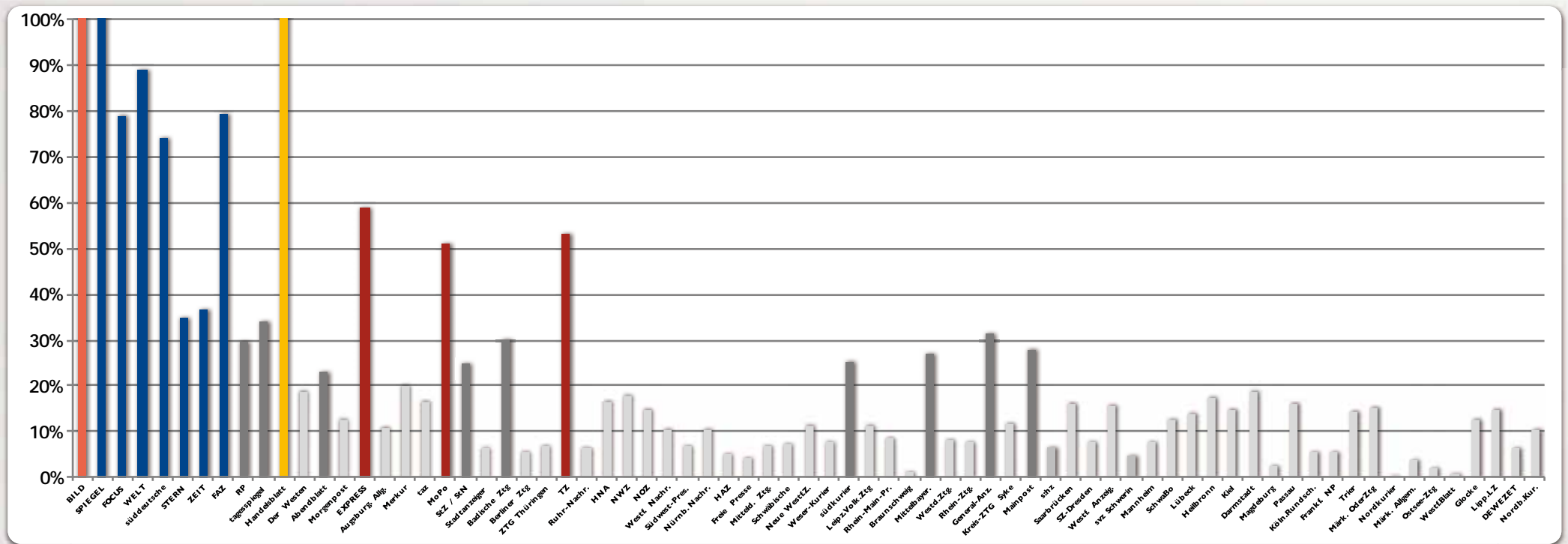
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(1) PAID CONTENT – STATUS

(2) TREND – FOCUS ON LOYALTY, RATHER THAN REACH

The **result of 20 years chasing for traffic – and digital ad money** in Germany
 Only 3 market leaders (quality – yellow – business) have achieved more loyal users than paying subscribers --- regional papers with a massive digital challenge
 NYT, FT, Economist, Aftonbladet with more digital subscribers than print

KPI „Digitization-Success“ (D.S.) = How many loyal digital users compared to (loyal) print users



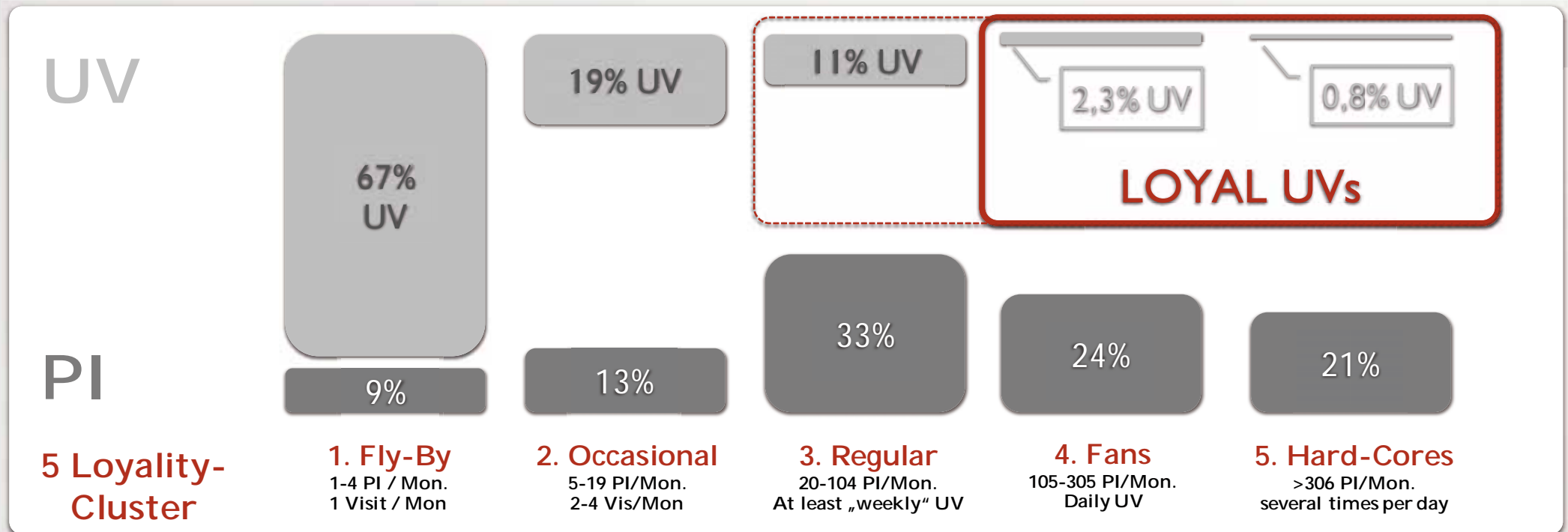
If your „Digital Strategy“ aspires to ever be successful - **focus on „loyal users“**

There are **5 loyalty clusters** a serious Paid Content Publisher has to

(a) identify & attract loyal users – to deliver **relevant content for them** to on a daily base

(b) design a **user journey** to „loyalize“ them from one cluster to the higher one

Distribution of UVs in a given market (Germany) according to website-usage (PI) over different Loyalty-Cluster AGOF Q4/2014; IVW 12/2014



Focussing all paid content activities on **loyal users ... where the money is**
Stop chasing for reach – reach-oriented traffic with ever declining CPMs

Value of Online Users: CPMs Desktop/Mobile – Prem./High/Mid/Low – Split 68%-32% -- 15€-8€-3€-0,5€ / 8€-2€-0,5€-0,1€ (Germany)



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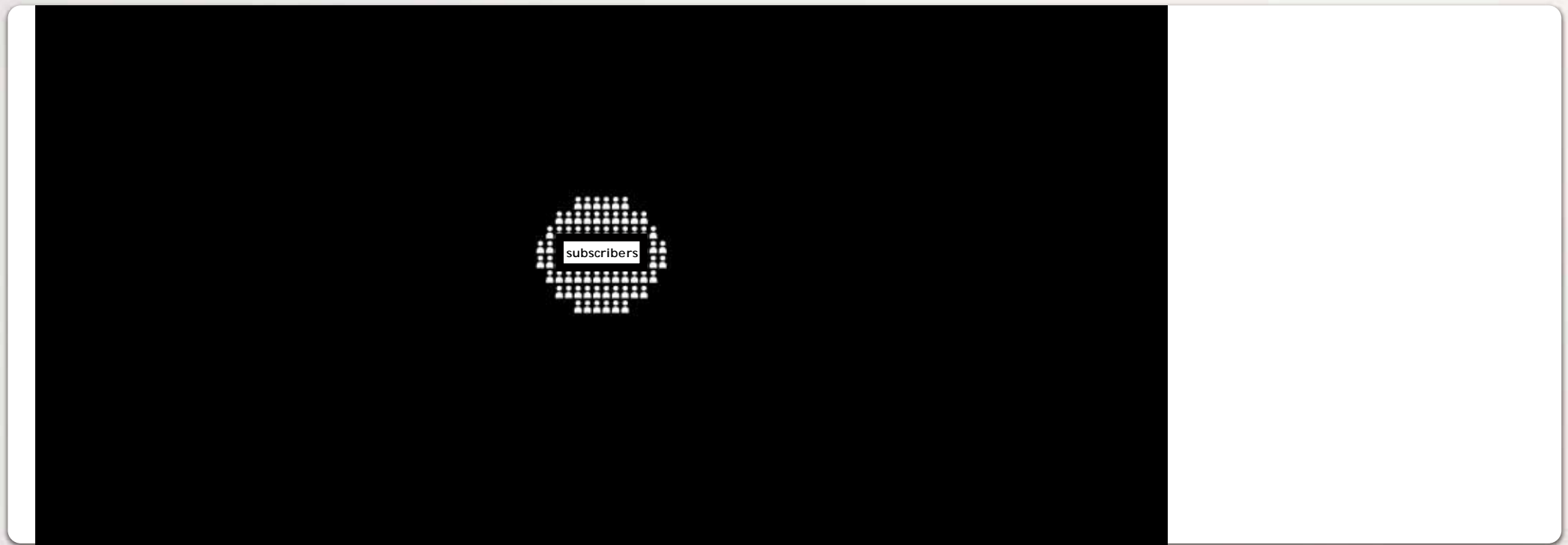
(2) TREND – FOCUS ON LOYALTY, RATHER THAN REACH

(3) INNOVATION – PAY-PER-USE & UNBUNDLING:
MONETIZING ALL INTERESTED ONES ... ON TOP OF LOYALS

Blendle – the business logic

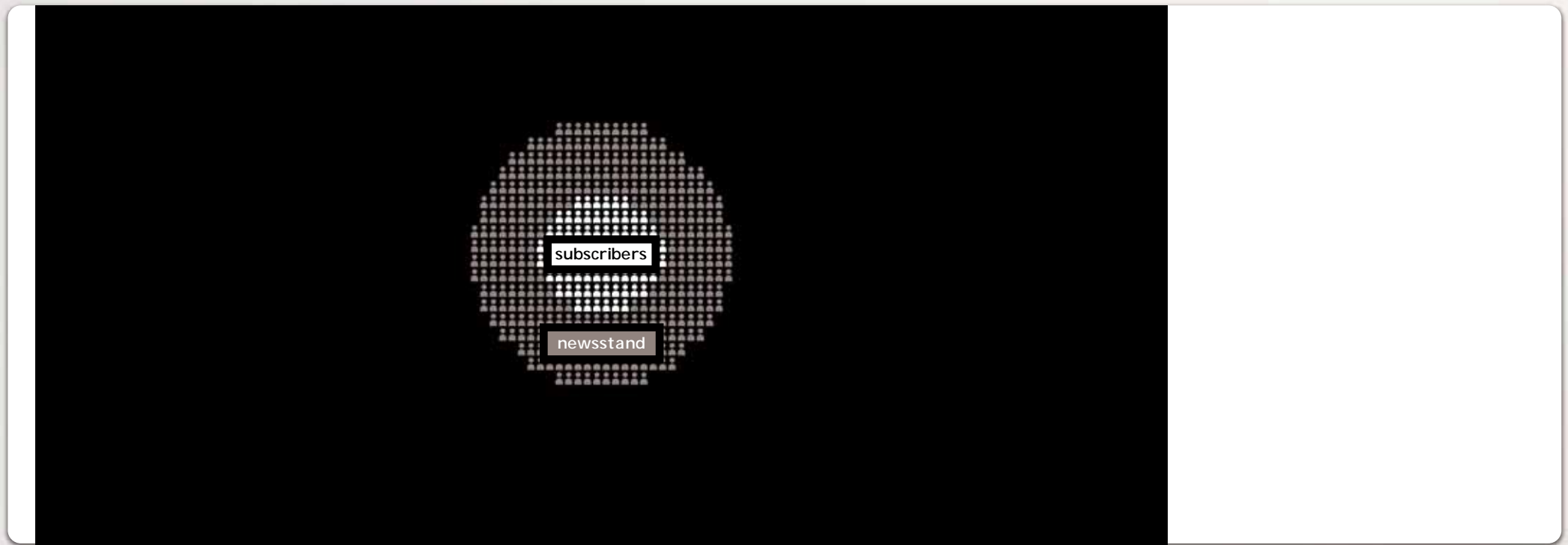
publishers own their **most loyal audience - subscribers**

the reader's market



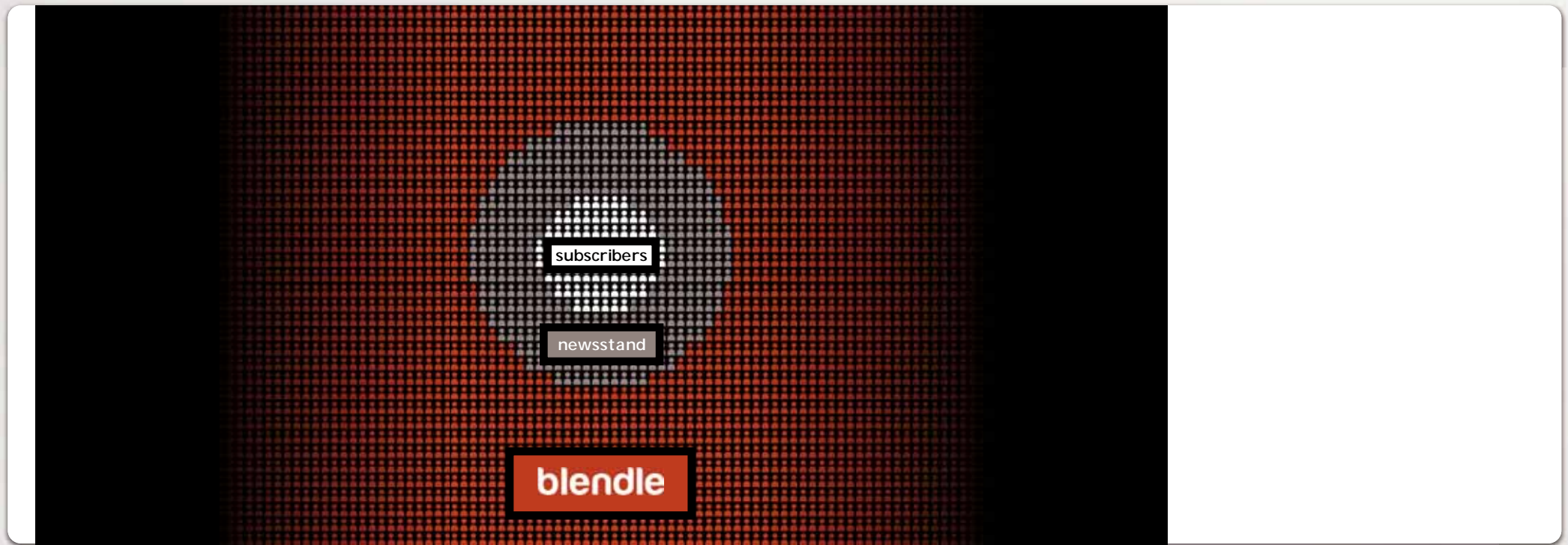
Blendle – the business logic
publishers own their **very loyal audience** – newsstand-buyers
(newsstand-buying is a habit!)

the reader's market



Blendle – the business logic
there is **yet a massive audience** out there ...
... unreachable for subscription & newsstand

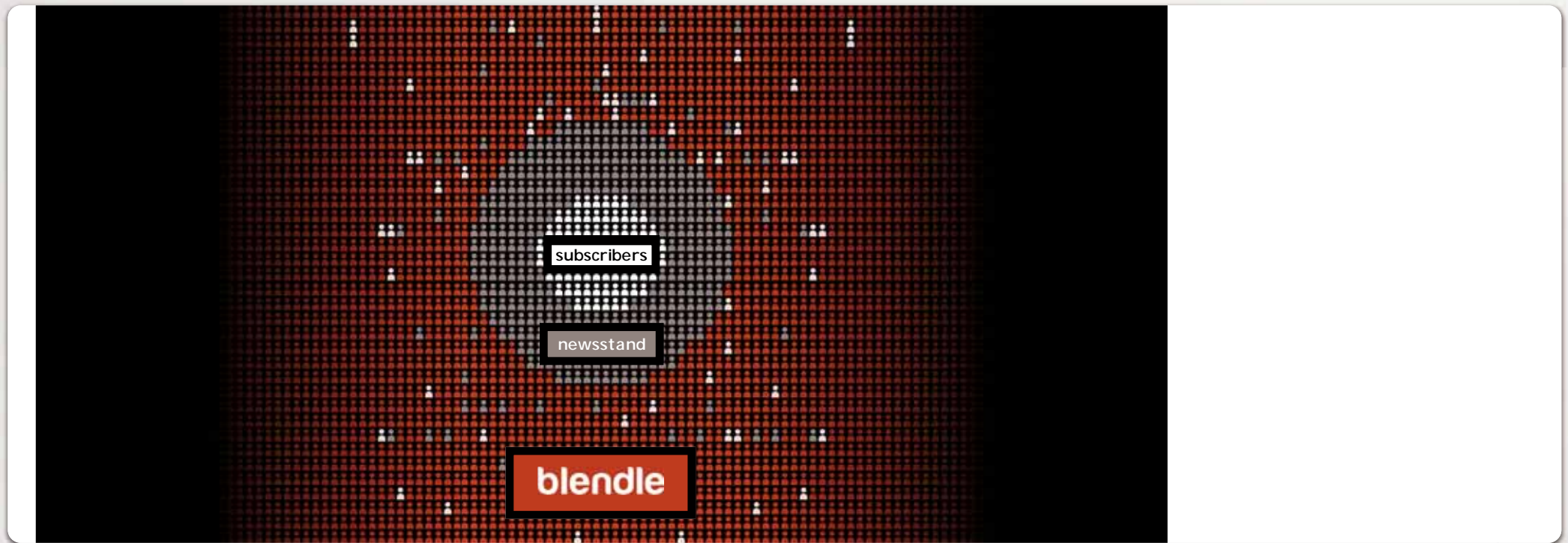
the reader's market



Blendle – the business logic

... **willing to buy** ... **specific** articles or **specific** editions ...
... as long as it is **convenient** and has a **great user experience**

the reader's market

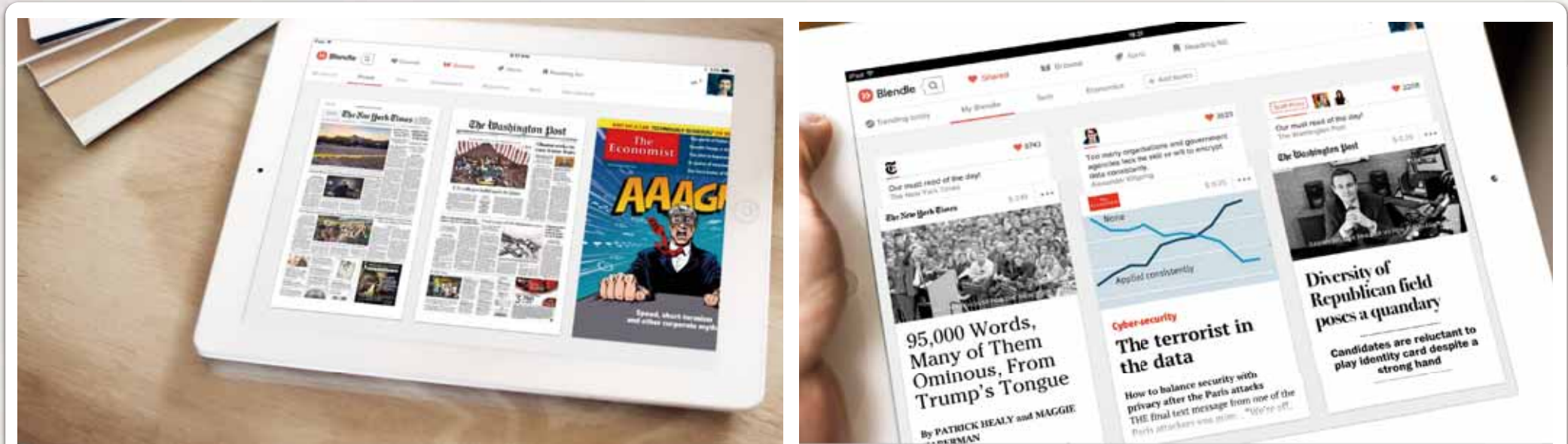


Blendle – the product

Aggregation of PRINT-editions of national and intl. Publishers

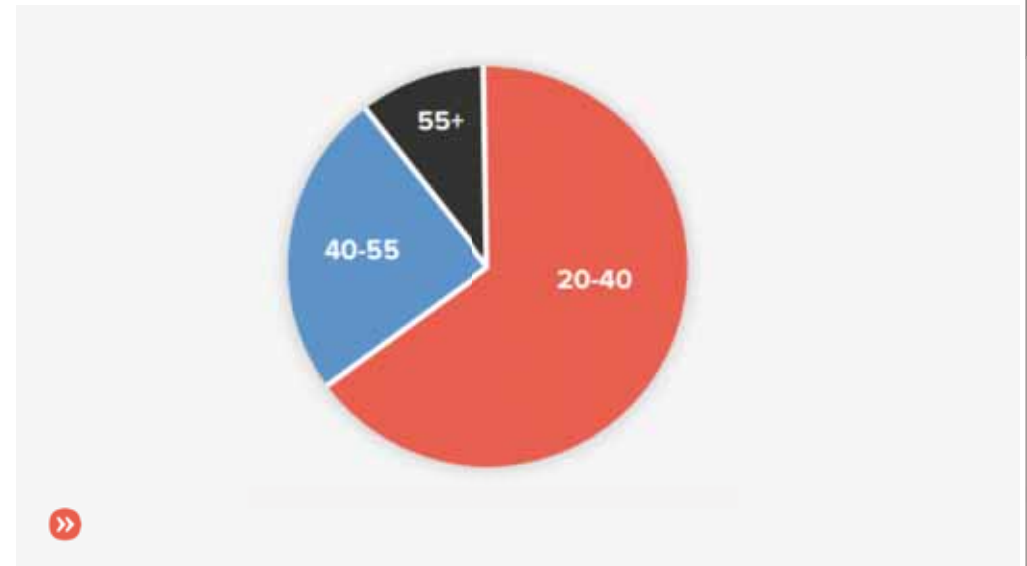
Debundling of PRINT-articles – selling at publisher's price-points with a money-back-guarantee

blendle – the product



blendle – the product
massive invest in user experience
attracts and engages a very young audience for PRINT articles !

blendle – the product: Mobile and audience-split



blendle – the learning

well researched articles – rarely „general interest news“ -

blendle is **picking and choosing the most exciting journalistic pieces**

the target group is basically price-insensitive under 1 €

blendle - charts

1. „Läuft ihre Zeit ab?“ – Die Zeit, Jochen Bittner, 2208 words, 89 Cent, exciting analysis
2. „Die Geisterschiffe“ – Die Zeit, Wolfgang Bauer, 4664 words, 89 Cent. Longform reportage
3. „Warum ich kapituliere“ – Cicero, Bassam Tibi, 2366 words, 35 Cent, essay
4. „Bordell Berlin“ – Welt am Sonntag, Michael Behrendt und Wolfgang Büscher, 2425 words, 35 Cent Longform-Reportage
5. „Es heißt Studenten! dierende!“ – Die Zeit, Anna-Lena Scholz, 1198 Wörter, 59 Cent, Pro – Con - Discussion
6. „Zucker: unser Feind auf dem Teller“ – Geo, Christian Schwägerl, 4477 Wörter, 95 Cent Reportage on an Self-test
7. „Mein Bruder würde sich im Grabeumdrehen“ – Handelsblatt, Florian Kolf, 1130 Wörter, 35 Cent - Interview
8. „Zwischen uns ist diese seltsame, aber stimmige Distanz“ – Süddeutsche Zeitung Magazin, Gabriela Herpell 4068 Wörter, 79 Cent Double-Interview
9. „Die terroristische Persönlichkeit“ – Der Spiegel, Tobias Rapp, 1997 Wörter, 75 Cent Analysis piece
10. „In the depths of a digital age“ – The New York Review of Books, Edward Mendelson, 4325 Wörter, 35 Cent Longread

blendle – the future

blendle will soon offer its
aggregation- & **pay-per-use** payment-technology
for **debundled**
not only for PRINT content
but **also for**
ONLINE content

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(2) TREND – FOCUS ON LOYALTY, RATHER THAN REACH

(3) INNOVATION – PAY-PER-USE & UNBUNDLING:

MONETIZING ALL INTERESTED ONES ... ON TOP OF LOYALS

(4) TREND – MASSIVE VIDEO INTEGRATION / EXPANDING THE TARGET GROUP FROM „HARD CORE“-LOYALS TO „REGULAR“ LOYALS

Key Findings Paid Content Summit: Paid Content is established & growing

(1) “Which Model” or “How to acquire Users” is no longer the question

(2) Now it is about optimization and attracting new audiences

The Leading Paid Content-Publishers

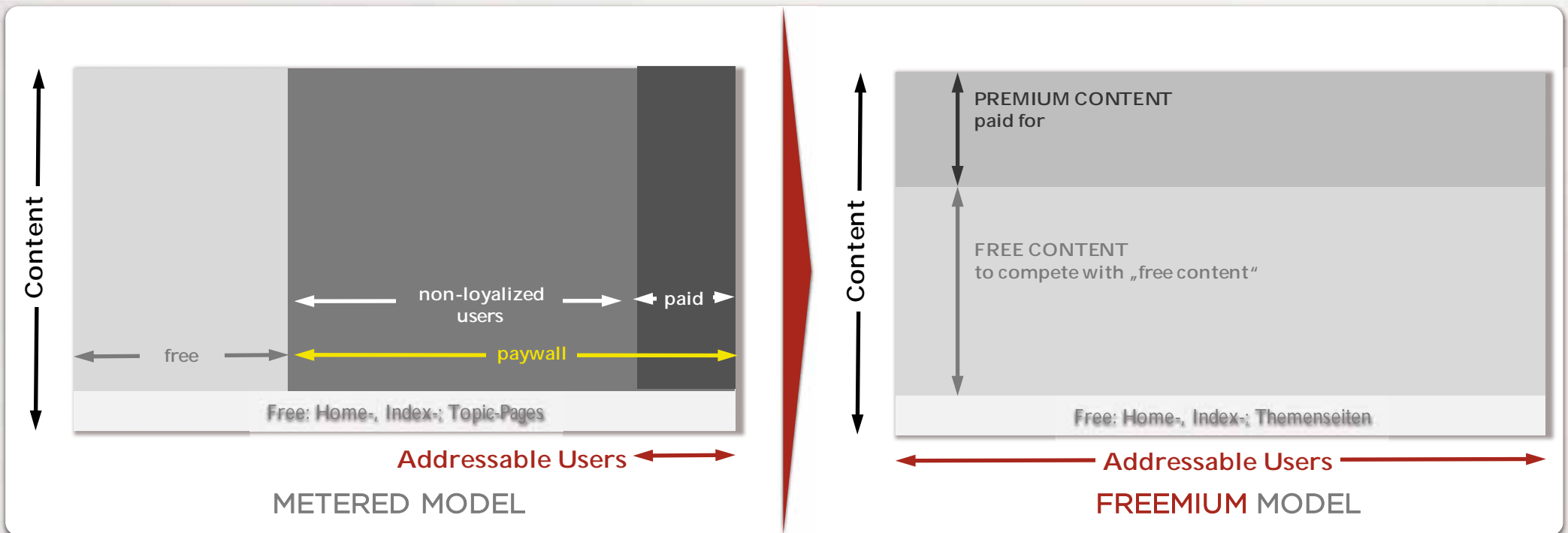
PAID+CONTENT
International Paid Content Summit
hosted by axel springer

NEXT KEY QUESTIONS

- ▶ **Data**
 - what data make sense – which don't
 - how to define a „loyal“ user
- ▶ **Distributed Content**
 - how to use distributed content ...
 - ... without cannibalizing paid content
 - how to „measure THIS reach“ and how to monetize and „loyalize“
 - platformspecific „content“
 - „platformspecific ed. teams“
- ▶ **Video**
 - massive growth of video
- ▶ **Audience Management**
 - applying target group science
 - applying eCommerce-Know-How

Successful Paid Content Publishers have completed their homework: dedicated editorial „digital first“-workflows, differentiating content-strategy. Now they test **freemium out of strength – no longer out of fear** of losing PIs (i.e.: **focus on enlarging the addressable user-base** – because the product is great)

The Leading Paid Content-Publishers



Successful Paid Content Publishers' video strategies eat TV network's lunch

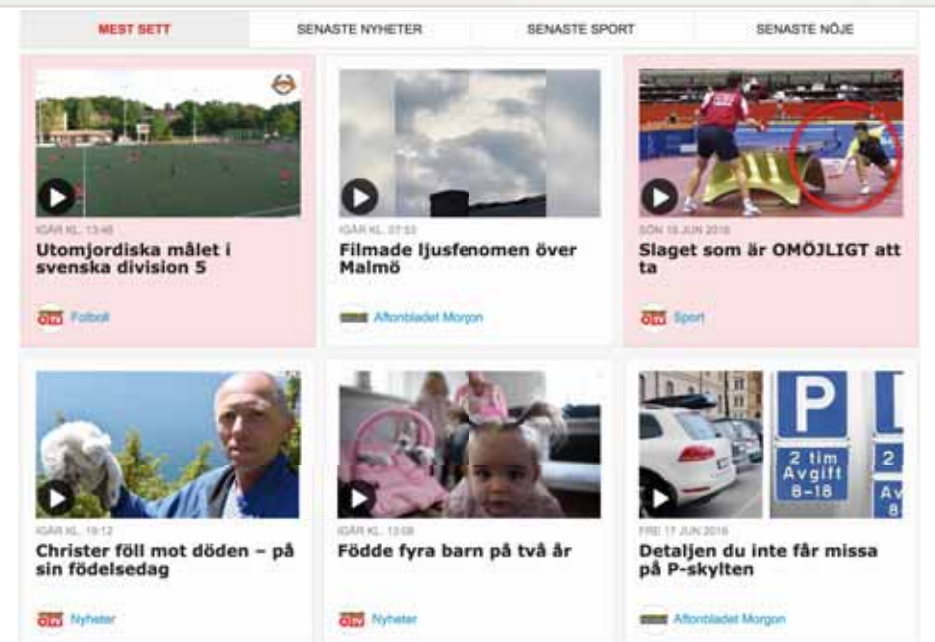
WELT N24 – buying and integrating a free TV broadcaster

AFTONBLADET/VG – building up a TV-broadcaster ... for the second time

The Leading Paid Content-Publishers



WELTN24.de (beta)



AFTONBLADET.TV



*Thank you very much
for your kind attention*

FOR ALL QUESTIONS PLEASE CONTACT:

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Key learnings for paid content success:

First: Target Groups – Product – Content

Second: Organization – Culture – Sales

Third: Technology

- (1) Partisans of the „print way“ and the „real quality product“ in **endless power-games** with promoters of the „digital way“
- (2) Successful digital business implies a **parallel digital organization** due to different cultures (cost- versus user-orientation)
- (3) Newsrooms don't accept that **re-selling print content does not work globally.**
- (4) Online & Mobile's **storytelling is different** to print-storytelling as the first is based on „actuality“ followed by different „bites“ / „takes“ of a story as it develops and the last is „one complete story“
- (5) Digital's target group's **perspective on a topic is different** to print audiences perception of things (value orientation)