




Building stronger digital teams

**Trends in online advertising and content
Strategies for online newspapers**

Executive coaching: Digital Training Academy

Danny Meadows-Klue
Chief Executive
Digital Training Academy & Digital Strategy Consulting
Danny@DigitalStrategyConsulting.com
+44 (0) 20 72449661



Playing to win: smarter, sustainable strategies

Digital Publishing Strategy Academy
www.DigitalTrainingAcademy.com

About this handouts

These notes are to accompany the training workshops on internet advertising sales strategies for online news media groups

They are drawn from the one week Digital Publishing Strategy Academy

Academy participants should also use our booklets:

- Digital Media Sales Academy: Tips from the executive classroom
- A dozen digital drivers: foundation principles in next generation content
- Email Danny@DigitalStrategyConsulting.com for your copy

Use the online classroom we have created for you

www.digitaltrainingacademy.com/publishingstrategyclassroom/enter_your_digital_training_ac

Executive summary

- **Trends in growth**
Massive growth continues
- **Trends in market share**
Share leaps over other media
- **Trends in formats**
Video and rich media evolve
- **Trends in acquisition**
Results of the acquisition frenzy
- **Trends in buying**
More complex, new structures
- **Trends in media supply**
Massive increases, different form and structure
- **Trends in targeting**
More complex, new structures

Building stronger leadership teams

The future of online advertising
Digital Publishing Strategy Academy

Executive coaching: Digital Training Academy

Key trends in online advertising

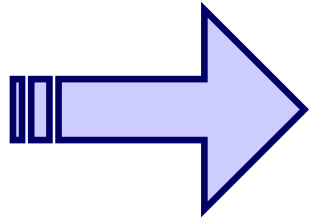
Lessons from the Digital Publishing Strategy
Academy and the Digital Media Sales Academy
2006-2008

Find out more at
www.DigitalTrainingAcademy.com

Trends in online advertising

7 groups of trends we're tracking

- 1. Trends in growth**
- 2. Trends in market share**
- 3. Trends in formats**
- 4. Trends in acquisition**
- 5. Trends in buying**
- 6. Trends in media supply**
- 7. Trends in targeting**



Trends in growth

Online advertising trends

Growth: Online advertising outlook '08

“Doubles in five years” - Yankee Group

- Online ad market will hit \$50.3 billion by 2011 - more than double 2007
- 2011 – Web advertising hits almost 25% of all media

“Local ads: top \$9bn by 2012” - Jupiter

- U.S. local online advertising will grow at CAGR of 13% from 2007 to 2012
- Reaches \$8.9bn by 2012
- Online: local classifieds will grow at a faster rate than the overall online ad sector

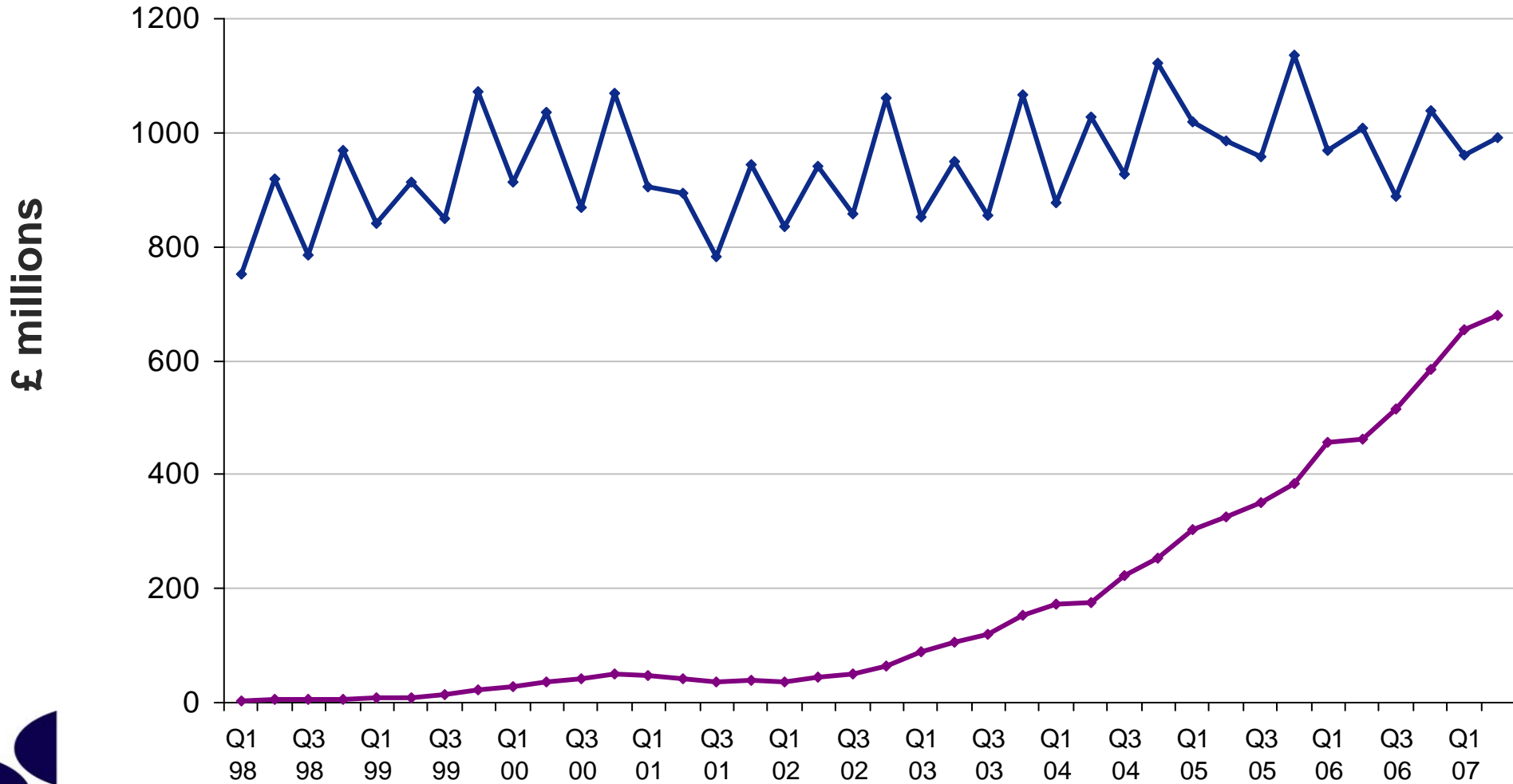
“Bigger than TV” - Digital Strategy Consulting Group

- U.K. online ad market will top TV by end of Q1 2010
- Will take over 22% of total advertising spend
- UK will remain Europe’s lead online ad market

“Following patterns of the high market share countries”

- UK, Sweden, Denmark, Netherlands

UK: overtaking TV by Q12010



N.B. WARC Recruitment data included from 2003

Source: PricewaterhouseCoopers / Internet Advertising Bureau / Advertising Association / Radio Advertising Bureau / WARC

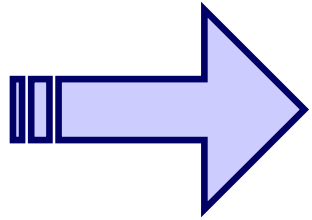
Coaching digital newspaper directors: Digital Publishing Strategy Academy

Web succeeds in tough economy

Switch to online media dominates marketing thinking

Global economic slowdown drives migration to search

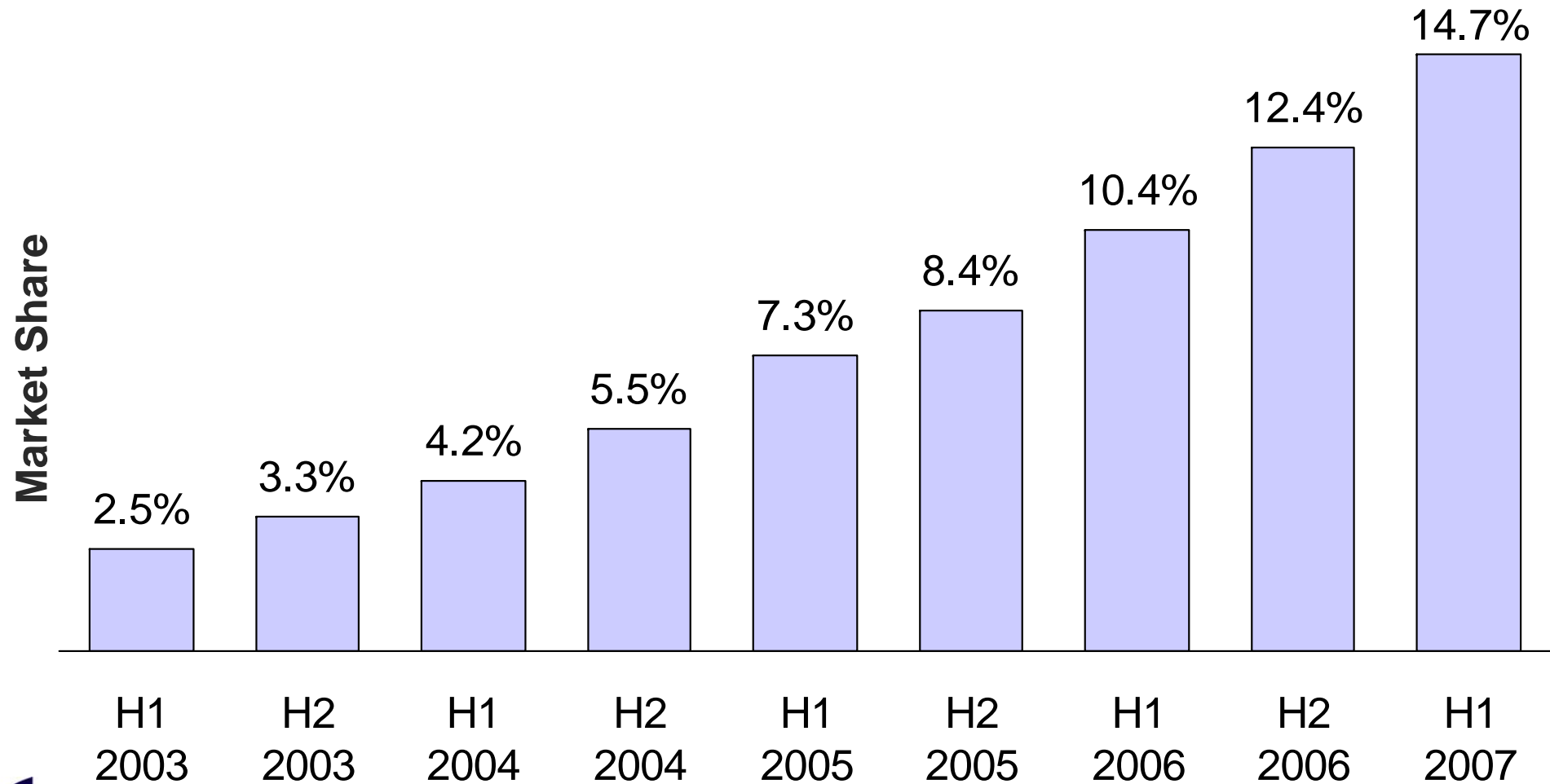
The switch is unstoppable



Trends in share

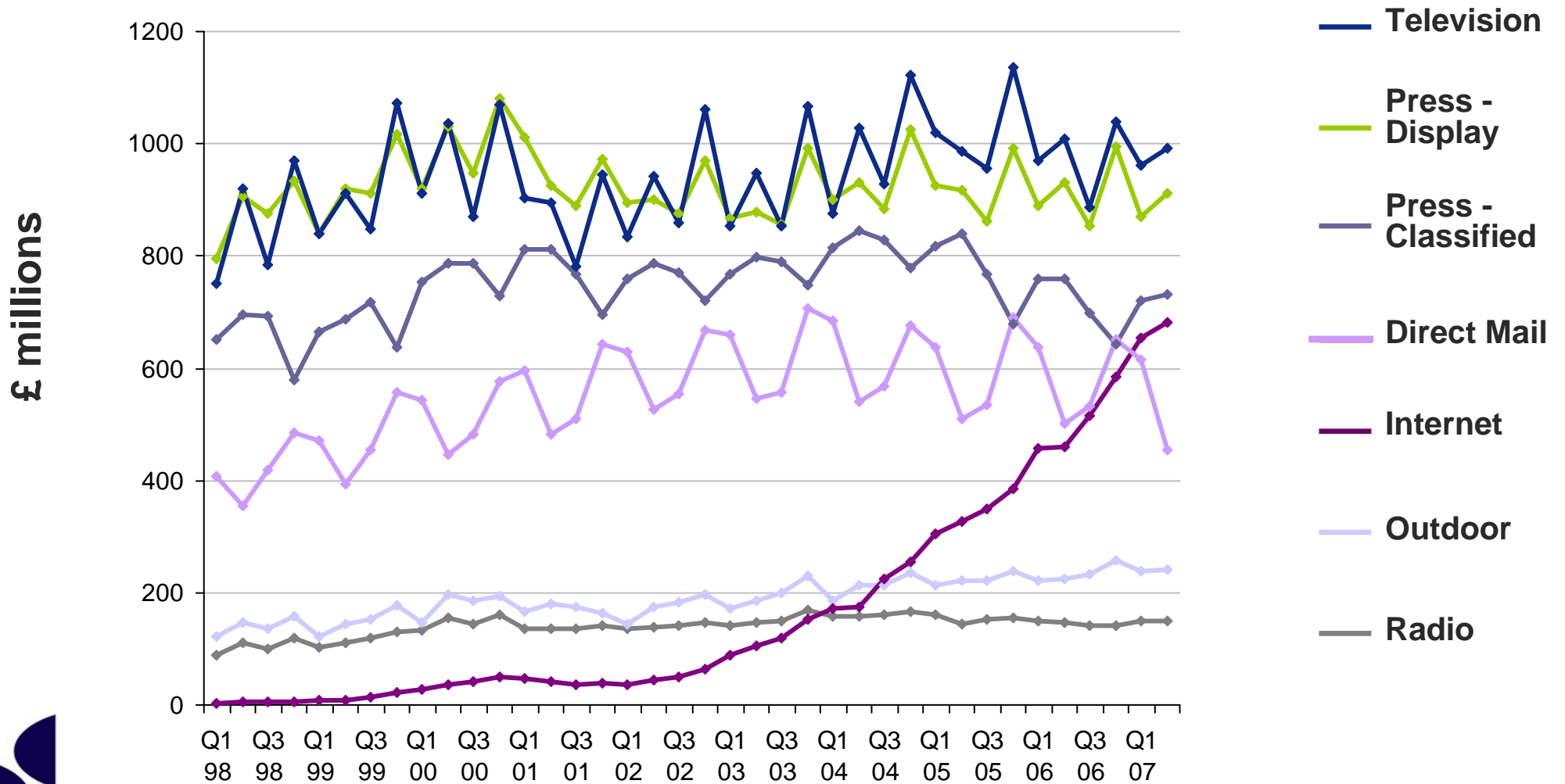
Online advertising trends

UK online share growth accelerates



Source: PricewaterhouseCoopers / Advertising Association / Internet Advertising Bureau / WARC

UK: switch to online



N.B. WARC Recruitment data included from 2003

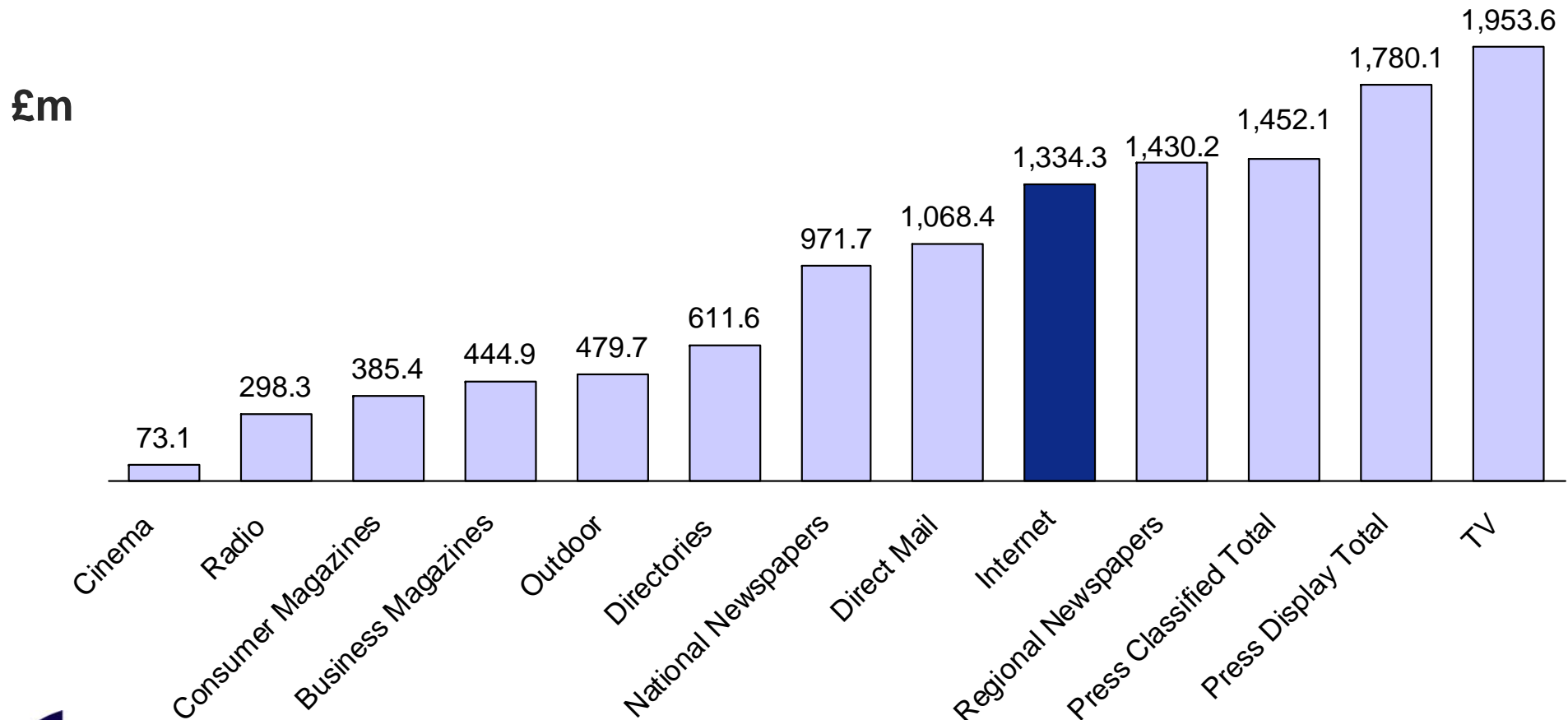
Source: PricewaterhouseCoopers / Internet Advertising Bureau / Advertising Association / Radio Advertising Bureau / WARC

Coaching digital newspaper directors: Digital Publishing Strategy Academy

© 2007 Digital Strategy Consulting & Partners. All rights reserved.

Online overtakes Direct Mail

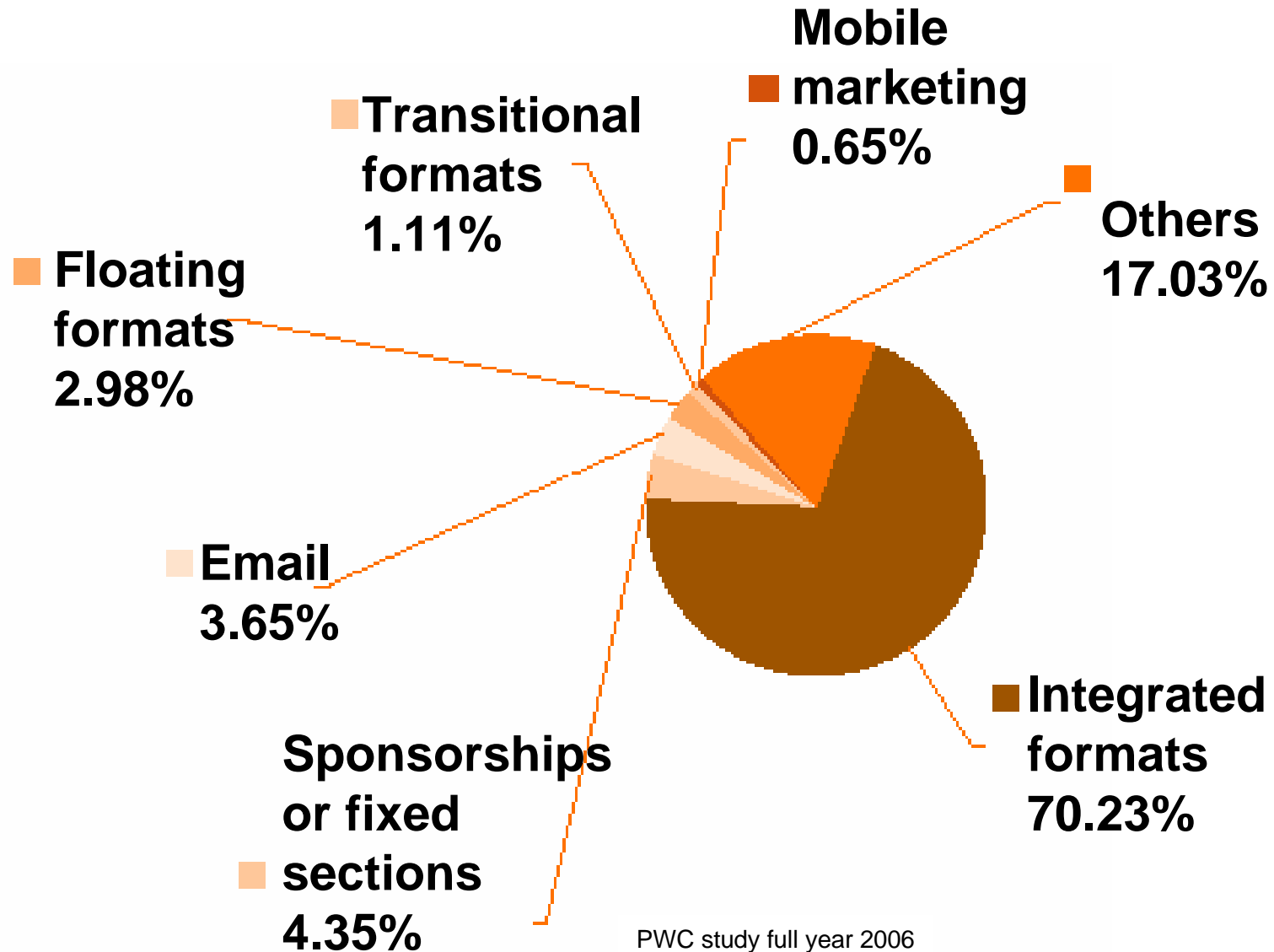
First half 2007



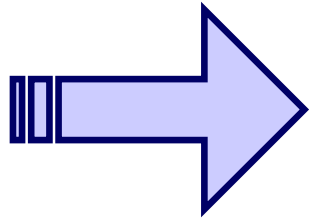
Source: PricewaterhouseCoopers / Advertising Association / Internet Advertising Bureau / WARC / Radio Advertising Bureau. Directories are estimated

The Spanish digital advertising pie

% share of revenues by formats for 2006



PWC study full year 2006



Trends in formats

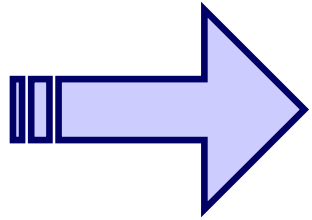
Online advertising trends

Trends in formats

- **Larger formats**
 - Larger canvass
 - More rich media
 - Greater intrusion in ad media
- **Online advertising effectiveness: bar gets raised**
 - Online brand campaigns: effectiveness declines two years in a row
 - Research from Dynamic Logic
 - Over the last two consecutive years, those ad dollars are having less of an impact
- **Ad interruption models: another backlash**
 - Interruptive media driving users away
- **In-stream video: another backlash**
 - “Users tune out as the commercials switch on”- Research from Burst Media
- **Standards battles**
 - Slow to resolve, entrenched interests
- **New models**
 - Facebook and Beacons
 - Google Video Ad Units
 - Google Ad Gadgets

Streaming ad formats

- **Video boom**
 - Sudden arrival of video ad streams
 - Fusion with IPTV: Italy and Asia first
 - New models for advertising syndication from Google: Google Video Ad Units
- **“Half display advertising revenue” - Digital Strategy Consulting Group**
 - U.K. online streaming ads will take half online display market within five years
 - Early 2007 to early 2012
 - UK will remain Europe’s lead online ad market for online video
- **Video growth rapid - Research and Markets (Ireland)**
 - Streaming audio and video ads \$1.38bn (2007) forecast rise 40%
 - Streaming audio and video ads \$990.3 m (2006) rose 128%
 - Streaming audio and video ads \$433 m (2005)
- **Pre-roll vs embed formats - Data from Research and Markets**
 - Estimates pre-roll ad revenues: 26.7 percent of gross video expenditures in 2007
 - Estimates pre-roll ad revenues: 28.5 percent of gross video expenditures in 2008
 - Embedded units made up an estimated 58.8 percent last year (falling to 55.9% in 08)
 - Billings of gross pre-roll ads are estimated to be between \$36-\$43 million per month last year

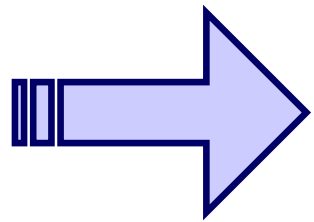


Trends in acquisition

Online advertising trends

Immediate web ad trends

- **Acquisition frenzy in 2007**
 - Google bought DoubleClick
 - Microsoft bought aQuantitative
 - Yahoo bought RightMedia
 - AOL bought Tacoda
 - WPP bought 24/7RealMedia
 - Premium pricing of transactions
 - Little left to acquire!
- **Consolidation leads to similarity**
 - All formats will be served by all players
 - All targeting will be deliverable by all players
 - All interface designs will be adopted by all players
 - Product development in key areas of metrics, contextual and behavioural targeting will be copied
- **Also paves way for ad fusion model**
 - Classifieds/display/search/video all mashed together



Buying trends

Online advertising trends

Planning and buying trends

Growing up and diversifying...

Chaos

- **Eclectic: many techniques all at once**
- **CPM, CPC, CPA, CP-everything!**

'Not the basics'

- **Many agencies leaping to advanced web 2.0 models**

No media in the media plan

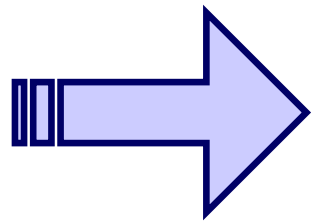
- **Looking for alternative models**
- **Client sites and messaging through social network**

Fusion

TV models: reach and frequency

Integration



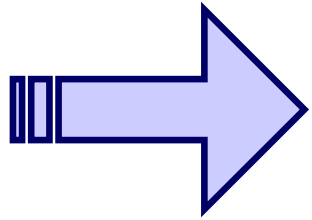


Supply of media

Online advertising trends

Supply of media

- **Massive increase in supply**
 - **New categories**
 - **New entrants**
 - **New forms of consumption**
 - **New times, spaces and places**
- **Social media fuels growth**
 - **New type of customer experience**
 - **New communication models**
 - **Different responsiveness of advertising**
- **Outstripping ad demand**
 - **Potential for price instability / pressure**



Targeting trends

Online advertising trends

Targeting trends

Critical to yield improvement

Increasingly complex

- **Multi-layered**
- **Multiple networks and partners**

Behavioural targeting

- **Another revolution**
- **Migration to new models on the back-end**

Strategic risk to newspapers

- **Profiling no longer linked to content**



Building stronger leadership teams

Disintermediation and the yield challenge
Digital Publishing Strategy Academy

Executive coaching: Digital Training Academy

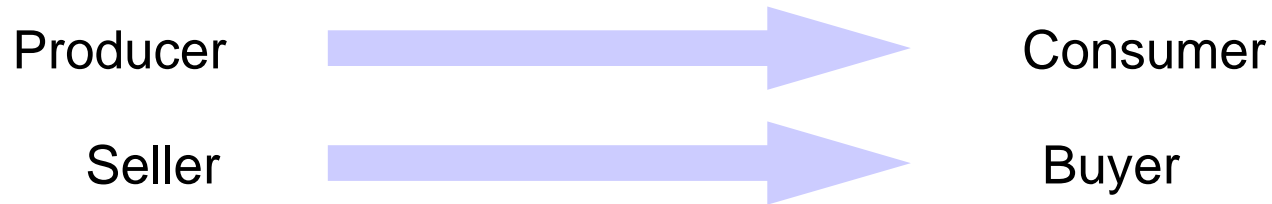
In the digital networked economy companies have the opportunity to easily deal direct with other parts of the supply chain. This removal of intermediaries can challenge media groups and the first wave of those challenges is being felt in the falling volumes and yields of recruitment advertising in North America and Western Europe.

Disintermediation: Keep on innovating

Lessons from the Digital Publishing Strategy
Academy 2006-2008

Find out more at www.DigitalTrainingAcademy.com

Simple value chains

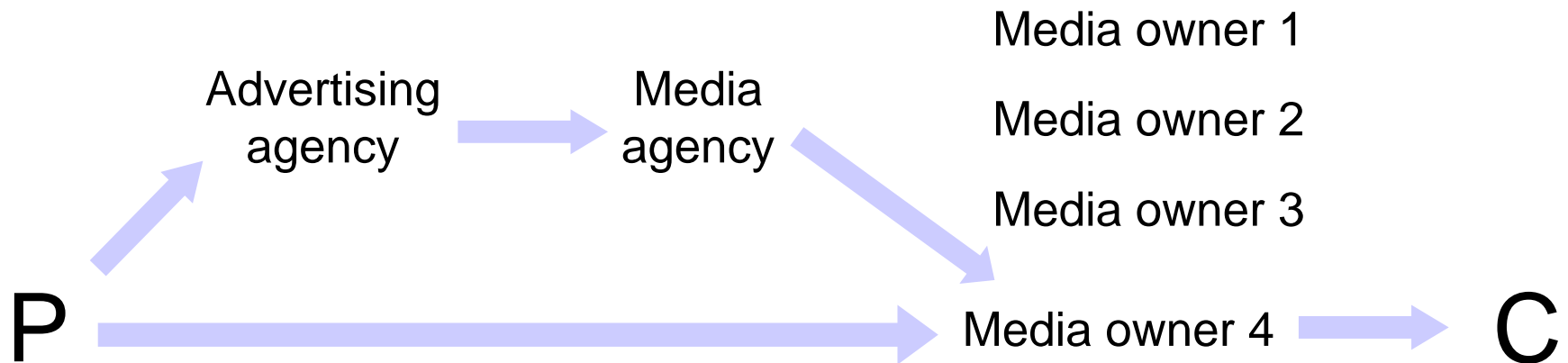
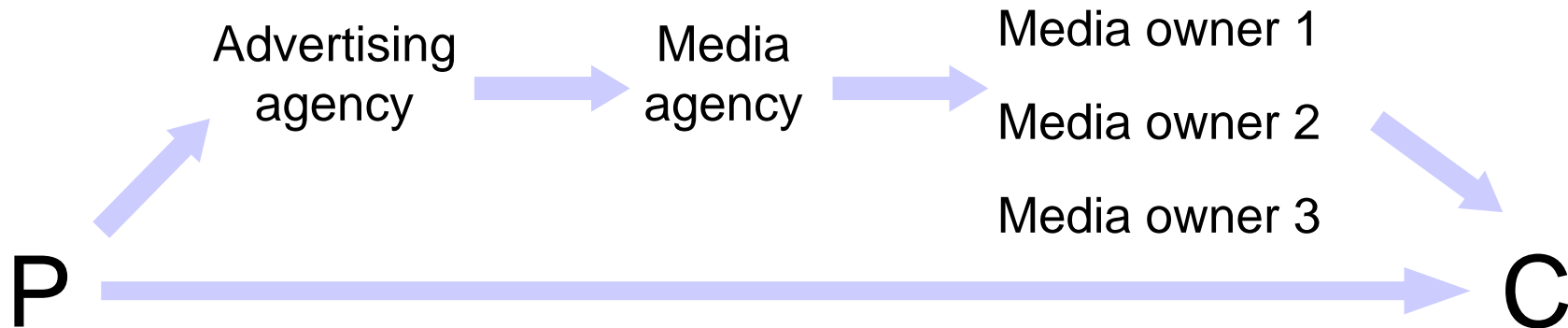
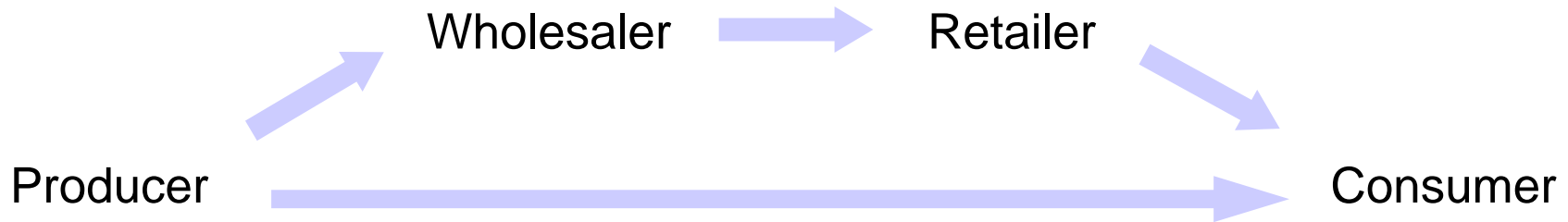


Advertising
agency

Media
agency

- Media owner 1
- Media owner 2
- Media owner 3
- Media owner 4

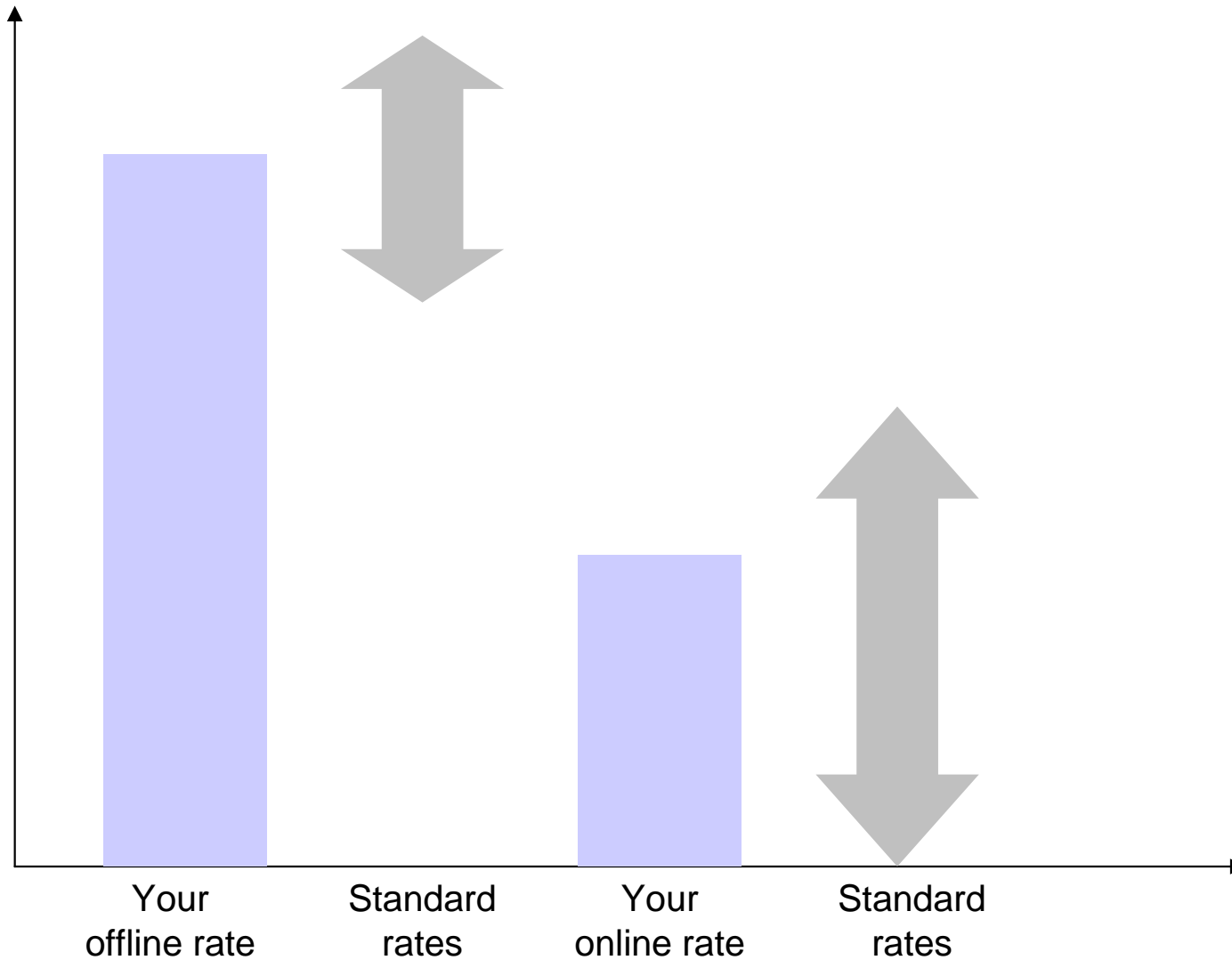
Disintermediation



The 5:1 problem



The 5:1 problem



Takeouts

- **Large yield differences between print and online**
- **Step-change in transparency**
- **Massive change to accountable results online**
- **Balance of value in the client's eyes changes as transparency shows the link to results**
- **Don't 'shout at the waves'**

A group of people is skiing down a snowy slope. The sun is bright in the sky, creating a lens flare effect. The background shows a line of trees.

Where can we help?

www.DigitalTrainingAcademy.com

Where can we help

- **Digital strategy and publishing coaching**
- **Designed for online newspapers and magazines**
- **45 courses for media groups**
- **Topics: From coaching a board of directors, to online product development, to training print sales teams to sell web advertising**
- **Email Danny@DigitalStrategyConsulting.com to see if we can help boost your revenues**

Media in the digital networked society

Get in touch!

Danny Meadows-Klue
CEO, Digital Training Academy
CEO, Digital Strategy Consulting

Trainer | Commentator | Strategist | Coach

Danny@DigitalStrategyConsulting.com
+44 (0) 20 7244 9661





Building stronger digital teams

**Trends in online advertising and content
Strategies for online newspapers**

Executive coaching: Digital Training Academy

Danny Meadows-Klue
Chief Executive
Digital Training Academy & Digital Strategy Consulting
Danny@DigitalStrategyConsulting.com
+44 (0) 20 72449661