Building the Future of Publishing:
The Fightback

LiveRamp®

Manifesto

For publishers, only an existential global pandemic and economic crisis could have made business any more challenging. And that's exactly what happened.

Anyone who has been in the business for a few years will recognise the predicament.

Walled gardens, led by Google and Facebook, are hoovering up an expanding majority of digital ad spend - due to be 63.7% in the UK next year, according to eMarketer - despite the larger part of consumer time being spent on the open web.

To compete, publishers unfurled an array of adtech, from open exchanges and deal IDs, price optimisation and header bidding. To a large extent, they have given publishers ad-sales super-powers. But, for all the promises, programmatic dreams for many have dissipated. Where, once, they owned their sales relationships with ad buyers, now many media owners feel sidelined by programmatic, distanced from their own advertisers by increasingly powerful platforms. All the while, the labyrinthine task of synchronising data across the

ecosystem - between CRMs, onboarders, DMPs, DSPs and beyond - makes creating a custom marketing campaign more time-consuming than in a closed buying environment.

Against this backdrop of advertising pressure, many publishers in the last decade doubled-down on media's other main revenue stream: paid content. With more than five million digital subscribers to The New York Times and more than 300,000 to the UK's The Times, for example, payment models are proving the doubters and sceptics wrong and providing an important additional income stream.

Amid advertising challenges, there has been a tendency for publishers to build a payments-driven audience business at the expense of deriving alternative forms of audience value, like advertising. Most publishers know that paid content, the growth of which may slow amid economic challenges, cannot be the only answer. The smart ones are now leveraging that same audience data to better monetise ad inventory.

Tectonic Plates Shifting

They are just in time. The established foundations of online advertising are disintegrating. The accessibility of data-driven targeting is being challenged. Laws like Europe's General Data Protection Regulation (GDPR) have redefined what is permissible, and now the cookie is crumbling.

Mozilla's Firefox and Apple's Safari have already blocked third-party cookies, the vital mechanism through which websites can create user cookies for other domains; Google's Chrome will have done the same by January 2022. Furthermore, in iOS 14, Apple has introduced new guidelines for its Identifier For Advertisers (IDFA) that will likely heavily restrict availability of the

identifier, a mechanism which has become critical for mobile attribution, giving users more control.

All of this is a forcing function for new methods, but – even for an industry used to perpetual disruption – this volume of change represents a significant strategic risk. When Firefox began blocking third-party cookies in September 2019 for example, publishers in Germany reportedly saw programmatic revenue decline 15% and the average ad bid rate on Firefox drop by up to 40%, according to Index Exchange.

And then along came COVID-19, throttling brands' ability to allocate marketing spend.

A Brighter Tomorrow

When disruption appears all around, when the familiar is crumbling in front of us, it can be hard to see the rays of a brighter future around the corner.

But, just as many businesses and perhaps society are endeavouring to imagine the pandemic as an opportunity for a reset, this moment carries with it the opportunity to finally harness the transformation that has always lain on the other side of these changes.

First, the recent dramatic increase in traffic to media owners has made audiences' thirst for **quality content** abundantly clear. In a febrile content environment, media owners have an opportunity to re-establish themselves as arbiters of truth with high editorial standards.

It isn't just audiences that are recognising publishers' value either. Whilst, in the early days of the pandemic, many ad buyers bypassed news sites in part or in whole, the industry's counter-campaigns appear to have borne fruit, establishing what will now become a valuable foundational understanding - that news is uniquely premium and its audiences don't negatively view brands adjacent to difficult news material. Smart publishers must ensure these messages resonate well with brands searching for trustworthy inventory.

Second, many publishers attempting to solve for cookies and IDFA are now coming to realise that the disappearance of cookies is not just a risk, **it is an opportunity.**

Whilst third-party cookies have long been the duct tape that holds together ad targeting, they have always been limited and problematic, and are no longer fit for the cross-channel demands of modern marketers. So much syncing is now required to match up device-specific cookies into a single user profile, that addressable reach - the proportion of known users for whom inventory is buyable - is generally no more than 30%.

No-one should cry over the cookie's demise. Rather, it carries with it the opportunity to make the step-change that was already required.

Awakening the Value of Audience

The confluence of GDPR's requirement for opt-in consent and the erosion of indiscriminate targeting are increasing marketers' desire for real relationships with users, relationships that many publishers already have. Ad buyers today want to target consumers based on known attributes - supplied actively and with permission.

Gaining and activating a user identity, either from an authenticated user-created profile within the publishing environment or from a marketer's own first-party data, is now the golden opportunity that can finally allow publishers to offer advertisers access to real people - not device IDs or proxies obtained through unscrupulous means like fingerprinting - and propel a new wave of identity technology to support publishers' ambitions in the area.

The new global opt-in standard that is arising will improve upon outgoing methods for all parties:

> Users will be guaranteed permission, trust, control and choice.

> Publishers will be returned to the driving seat, in control of their user and ad buyer relationships.

> Advertisers will see a smoother path to cross-channel executions and measurement, as authenticated first-party data transcends device limitations.

But the benefits are more than just in principle. People-based ad decisioning will drive up digital advertising revenue once again, because advertisers are willing to pay more to reach a real, known person.

After embracing tools like real-time bidding and, later, private marketplaces, buyers are increasingly demanding their agencies reach known individuals. This demand - and the increased effectiveness that identity offers - places publishers in a prime position to capitalise by connecting the audiences they've spent years cultivating and developing a relationship with to the advertisers looking to reach them.

The business implications could be profound. Making ad inventory addressable can drive better results, in turn producing better return on ad spend. For publishers, that could yield more attractive CPMs. A people-based approach represents a return to the old adage, "quality over quantity".

Better Balance

Furthermore, it could bring harmony between media owners' subscription and ad sales businesses. These two revenue lines sometimes suffer from operating in very different corporate lanes - two different worlds.

In recent years, publishers that have successfully levied payments have congratulated themselves for building a customer base. But, more than this, they also have been creating a known-audience base. Audience relationships do not have to start and end with subscriptions. Leading subscription-driven publishers like The Financial Times show how this same customer data can also be used to deliver more highly targeted ad campaigns.

Even for publishers that commit to remain subscription-led, the opportunity to capture real user data helps onboard non-paying users to the first step in a subscriber acquisition funnel. In the new, post-cookie world, subscription and advertising will be complementary strategies, each building on the other.

If publishers fear that asking users for profile details will push them away, they should consider how successfully walled gardens like Facebook have incentivised users to create accounts. In 2020, many media businesses, too, successfully run on registrations or by asking users to pay for subscriptions. To be successful, publishers must overcome their fear and, instead, focus on delivering effective value exchanges.

The Future is Calling

They must do so quickly. Not just because the pandemic's outlook for publishers demands it, and not just because cookies will finally disappear in a year and a half or less. No, with marketer demands and the regulatory environment already having moved from device targeting to audience targeting, the urgency as well as opportunities are already here - and the capabilities are already in-market.

Now is the time to allay marketers' concerns, and deliver greater effectiveness. Now is the time to offer audiences the trust and privacy they feel has been eroded.

Although the foundations around us may appear to be crumbling, the effort to build a better ecosystem has already begun.
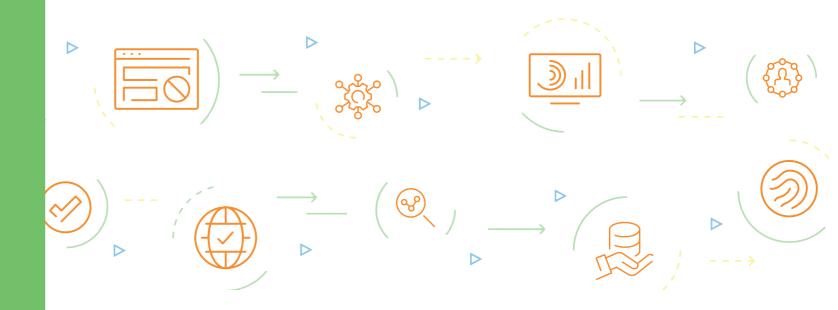
Overview

Who would be a publisher these days? After two decades of continuous digital disruption, media companies find themselves fighting technology giants for online revenue, ruing the broken promises of programmatic advertising platforms, lamenting ongoing supply chain concerns and managing growing consumer and regulatory demands for privacy.

Now they face two profound challenges - the up-ending of the familiar foundations of ad targeting and the impact of the COVID-19 pandemic.

On these counts and more, however, publishers believe a new day is dawning, lighting up a brighter tomorrow.

In a major piece of qualitative research, we talked with industry experts about the road ahead for publishing monetisation. They said that, whilst these changes represent significant upheaval, they also present opportunities to finally solve industry power imbalances, to roll out more-capable modern infrastructure and to establish a heightened sense of value amongst both readers and advertisers.

They declare themselves ready and enthusiastic to counter the looming deprecation of third-party cookies, with clear strategies already in operation for leveraging first-party data to command higher premiums, put audiences back in control and diversify their businesses.

For these publishers, the fightback has already begun. **So what do their experiences tell us about the way forward?**

Methodology

We conducted in-depth interviews with:

Nicholas Flood
Digital Director, Former
Dennis Publishing

Camilla Child
Head of Commercial Data Strategy
The Telegraph

Frances Hudson
Head of Digital Optimisation
The Guardian

Christopher Daniels
Chief Revenue Officer
Haymarket Automotive

Tina Lakhani
Head of Ad-tech
IAB UK

Ben Walmsley
Commercial Director, Publishing
News UK

Piers North
Group Digital Director
Reach

Ryan Buckley
Head of Programmatic, EMEA
Hearst Magazines

They represent large parts of the UK's major national and regional news publishing segment, specialist magazine publishers and the industry's representative body.

Key Findings

1   The crisis will accelerate digital transformation

2   Identity foundation will improve upon cookies

3   Leaning into identity jump-starts the cookie-less future

4   Enhanced effectiveness will drive premium returns

5   Paywalls and advertising will blur together

6   Creative value will capture audience data

1. Crisis will accelerate digital transformation

Coronavirus pressures and game-changing ad-targeting upheaval are acting as a rapid catalyst for reform, as publishers hasten pursuit of digital revenue streams.

Many were already reaching a digital tipping point. The Guardian now makes more revenue from digital than print, while The Times and FT now boast more subscribers online than in print.

So far, diversification has been "the biggest focus", according to Haymarket Automotive's revenue chief Christopher Daniels. Dennis Publishing shows why - its ecommerce site BuyACar and its USA-focused demand generation business Nowse each generate "many millions of pounds", according to former digital director Flood.

The pandemic might seem to dab the brakes on such re-invention - our experts report ad spending was pulled back amid brand safety concerns and shrinking newsstand sales. But the crisis also brings short-term opportunities and long-term transformation.

Publishers report a large influx of traffic. From higher engagement, The Guardian saw up to three times greater paid supporter acquisition than normal - an additional 50,000 new supporters in April alone. Meanwhile, programmatic yield has bounced back and early brand safety

concerns appear to have eased, leaving a recognition that "people want premium-quality content they can trust", according to Telegraph Media Group's (TMG) Child. She says internal research shows more ad engagement, not less, whilst Hearst's Buckley is having "more client calls than ever".

But all of that is just steadying the ship. 2020 is also fast-forwarding strategic change, accelerating the urgency of publishers to solve their advertising challenges.

Reach group digital director North says COVID-19 interrupted a four-year digital growth plan, pushing digital teams to gather more audience data, more quickly, exceeding targets set earlier.
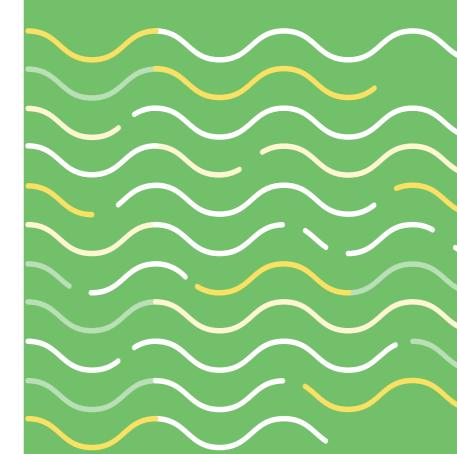
News UK commercial director Walmsley agrees: "It's shunted us down the path we were already on - all the initiatives to build a digital foundation for the future," he says. "Decisions that were put off are now being made quickly.

"Accelerants aren't a bad thing - they force you to make decisions faster than you would have done. Sometimes a catalyst is what you need to advance.

"We're at a critical juncture. There's an opportunity to build something that's more sustainable, rather than be at the mercy of big tech."

> "COVID-19 is making us do things in six to 12 months that would have taken three years. Our targets and ambitions had to come up. We are well ahead of where we said we would be."

Piers North, Group Digital Director, Reach

2. Identity foundation will improve upon cookies

Our experts see changes like the deprecation of third-party cookies as profound. "It's going to change everything," says News UK's Walmsley, while IAB UK's Lakhani expects the impact to be "quite huge".

But there is also acknowledgement that cookies have out-stayed their welcome. Walmsley calls them "out of date and creaking". Lakhani agrees: "No-one ever thought the cookie was a holy grail in the first place. They are ineffective because they can't carry across devices and matching tables are not an efficient way to sync data."

Awareness of the issues has grown, but there is a mixed assessment of the industry's state of readiness. An array of technologies are presenting themselves as cookie alternatives and Reach's North says there is "no clear path" - but publishers say simple replacements are both problematic and undesirable.

Unique identifiers, rooted in cookies, will be a short stop-gap, Christopher Daniels says. Fingerprinting technology fails IAB UK's criteria for adoption because it doesn't respect users' need for opt-out, Lakhani says. Walmsley thinks the DigiTrust

ID consortium, now shut, was flawed. For now, the industry imagines a mixed targeting ecology, and experts hope trade bodies can bring clarity.

But publishers are particularly optimistic about using real, cross-channel user identities, rather than inferred fragments. First-party audience data from publishers and marketers is opening up "people-based marketing", which naturally requires user permission and which brings publishers and advertisers closer together.
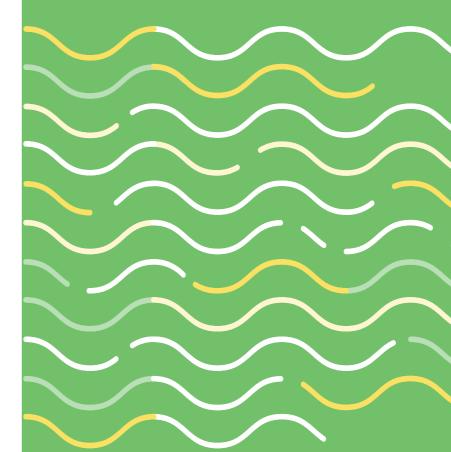
"Publishers I've spoken with think this is a massive area of opportunity," says IAB UK's Lakhani. Publishers in this situation win - it helps bring control and power back. Publishers hold the relationship with the consumer - that's the best place to be right now."

The approach could benefit users, too, by putting privacy controls at the heart of the relationship, rather than in invisible systems. "In a post-GDPR world, users now have a voice and publishers are collectively listening," says Hearst's Buckley.

Flood is optimistic: "It's a good opportunity to clean up the industry. You can't just let ad-tech run away with it."

"That trusted relationship between us as a publisher and users coming to our sites, you can't put a price on that."

Camilla Child, Head of Commercial Data Strategy, The Telegraph

3. Leaning into identity jump-starts the cookie-less future

The publishers best-placed to capitalise on the new opportunity are those which begin adopting the technology soonest and most enthusiastically.

News UK has been focused on identity solutions for three years, The Telegraph since early 2019. Haymarket Auomotive's Daniels is taking a "cautious" approach whilst vendors establish their durability. But publishers with strong direct audience relationships have already reduced exposure to upheaval. Dennis and Haymarket Automotive say 90% of their inventory is direct-sold. The Telegraph, similarly, says open marketplace activity is not a key revenue stream.

The move to the first-party future comes in two parts. First, publishers have adopted short-term mitigation methods, aimed at bolstering cookie match rates that have been tanking since Safari and Firefox blocked cookies.

Reach is at a key point in the journey.

Having aggressively pursued conventional audience scale, it is now aiming to quickly acquire and utilise first-party audience data. "We can't get a huge amount bigger," says Reach's North. So its "customer value strategy" is aiming to gather and thread together audience profiles from a diverse range of national and local titles, recruitment sites, football apps and more.

Propelled by COVID-19, the publisher hit its full-year customer registrations target of 2.5 million by mid-2020, and has extended its 2022 target from seven million to 10 million.

Dennis' Flood is concerned smaller publishers may miss out if they don't take steps now. Many point to the industry's Ozone Project, a display inventory pool, and IAB's Project Rearc, an effort to set new technical standards, as important collaboration points. But publishers that act early, quickly, positively and boldly, rather than waiting for the future to arrive, will likely reap the rewards soonest.

"The datasets are a differentiator. We're trying to enrich our dataset to make it more valuable, promote the things about our audience that are most valuable to our advertisers."

Frances Hudson, Head of Optimisation, The Gaurdian

4. Enhanced effectiveness will drive premium returns

Publishers' incentive to embrace first-party audience data is clear. Aside from regulatory compulsions and browser makers' insistence, enhanced capabilities will provide advertisers increased effectiveness.

"All the benefits I originally saw in GDPR never came to fruition - now they can really start to swing," says Haymarket Automotive's Daniels. Our expert panel says benefits include more accurate matching, reducing wasted ad exposures, deeper insights, campaign set-up as easy as Facebook and a new focus on creative messaging.

"With people-based marketing, you have the opportunity to be much more accurate and controlled," says The Telegraph's Child. She says frequency-capping a person's ad exposure to five times is faulty in a cookie environment because this is often interpreted at five times per device, rather than per person. Reach's North and The Guardian's Hudson agree frequency-capping will take a leap forward. News UK's Walmsley thinks leveraging a user's preferences, opinions and emotions will result in "more relevant ads and experiences". "People spend more time looking at ads in trusted environments," he says.
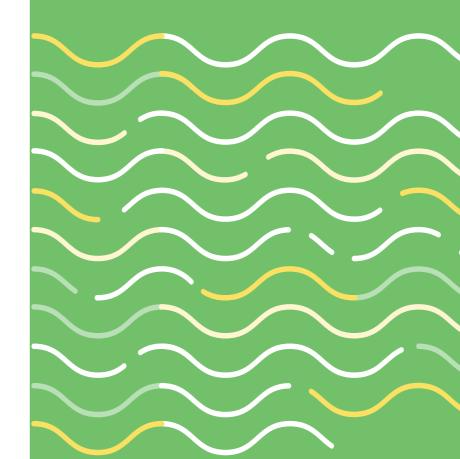
IAB UK's Lakhani cautions brands against focusing too narrowly on known audiences at the expense of driving broader awareness. But better advertiser performance can translate into higher publisher returns.

"We can sell at significantly higher yields than we'd ever get programmatically," says Flood. "For example, if we've got a registered user and they've said they're looking to buy a car in the next two weeks, we should be able to charge a premium on that user for us, for a segmentation process." That's why The Telegraph believes identity is "a premium offering". Some believe richer returns could encourage publishers to abandon the quest for cheap clicks.

Advertiser demand is increasing but, to achieve that tier, publishers need to find a way to articulate and prove the improvement audience data provides. "Buyers are now starting to ask for it," says News UK's Walmsley. "We're developing stories around that. There' s been a lot of work to change the buyers' mindset on this."

Publishers are attempting to flip the switch on three decades of ad measurement practices, to re-imagine the "click-through" on their own terms. The Guardian is attempting to find audience-centric, engagement-based metrics, whilst TMG has rolled out such a programme, called "Metrics That Matter".

As they do so, publishers may find audience data helps them offer marketers services that go beyond advertising. Haymarket Automotive, for example, mines its user data to provide car manufacturers and dealers with insights packages on buyer trends - perhaps, in future, even consultancy. Reader relationships are opening up a new palette of opportunities.

"We've got a really deep understanding of exactly what they're reading, what they're doing, how they're interacting online. We could share that back with the brands as a bespoke piece of insight for them."

Camilla Child, Head of Commercial Data Strategy, The Telegraph

5. Paywalls and advertising will blur together

A decade ago, publishers responded to an economy-driven advertising slump by leaning into paid content. Many have disproved initial scepticism - publishers' focus on subscription has made the model widespread.

In the process, however, their two main business models - payments and advertising - have often developed in isolation. Dogmatically, publishers have felt compelled to choose sides. Going forward, however, user identity is the key which can unlock a less-binary ecology, one in which the two models inter-link to enhance each other.

Publishers capturing user data for advertising are beginning to use it to drive their subscriber acquisition funnel. "A new strategy we've been exploring for the last 12 months is to move more of those anonymous customers to 'known' with the intention to drive subscriptions to our print and digital titles," says Nicholas Flood, formerly of Dennis Publishing. "User information feeds into our advertising products - but primarily that data is used to try and drive subscriptions."

Vice versa, subscription-oriented publishers are realising that their customer data
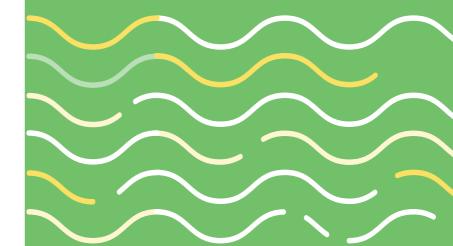
has a life beyond the paywall. "As we are acquiring more registered users and subscribers, Those records in our single customer view can ultimately feed into our advertising strategy," says TMG's Child.

This less-siloed, dual-use approach is even encouraging some publishers wedded largely to a single model to think more multi-dimensionally in pursuit of growth.

News UK's Walmsley says The Times will now pursue a "hybrid" model between the "healthy tension" of subscriptions and free, advertising-supported content. "There's only so many customers in the UK who can pay £26 per month for the Times," he says. "What if someone will never be a subscriber? Should there be elements of the site available outside the paywall? Should we look at a data wall where the first thing asked for is data?

"We're on that journey. There's scope to finesse and optimise the balance of that. That's what we're doing. The NewsIQ product builds the capability to do that. The ability to do this is crucial to the success of publishers in five to 10 years' time."

"Once you have a single customer view, once you understand what's right for them, it doesn't become a binary choice - paying for content versus having advertising. Successful publishing businesses are able to flex between the two wherever it makes sense. The customer profile capability fuels all those aspects."

Ben Walmsley, Commercial Director, Pushlishing, NewsUK

6. Creative value will capture audience data

If audience data is the new oil, media owners are currently in a prospecting rush. The key to success is knowing where and how to drill - in other words, how to encourage audience sign-ups.

The answer often depends on publishers' specific businesses, but a common imperative is engineering sufficient user incentives. "This has to be about the value exchange we can offer users in return for expressed loyalty to our brands," says Hearst's Buckley.

Whilst the typical concept of user data acquisition is a registration wall, some publishers either want to tread carefully for fear of discouraging users or otherwise see value beyond content itself.

Haymarket Automotive's Daniels says his "known audience strategy" aims to move digital users from "inferred" to "known" identities. Both Haymarket and Dennis' car brands have been pushing beyond digital content, into user-centric ecommerce and services, for some time, gaining an authenticated user when they are ready to research and buy a new car. But Daniels says he wants to acquire and augment these profiles earlier and more regularly,

through ancillary services that add value to consumers through their car ownership cycle, which would require sign-in.

The Guardian started testing optional user sign-ins in December 2019, clearly and openly stating its business case for data collection - in exchange for registering, users are enabled to receive personalised advertising or marketing, helping keep the publication's journalism free.

Despite its lofty targets, Reach will eschew the use of gated content to drive user sign-ups. We are not putting titles behind a registration wall," North says. "It wouldn't make any sense. We are not the FT." Rather, he says titles with mass-market and regional audiences must creatively develop incentivised engagement touchpoints like privileges to comment on articles and follow journalists, email newsletters, competitions, polls and email newsletters - some of which are also in The Guardian's mix.
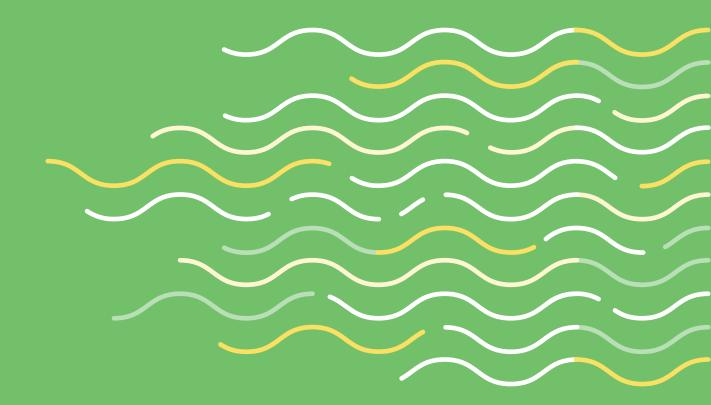
Publishers are still feeling out which levers will work best for attracting first-party identifiers. But they agree that a "test-and-learn" approach is the best way.

> " We need to test and learn along the way. Attracting the right audience is vital for us, so we put a lot of attention into search, to make sure we capture intent to obtain the user."

Ben Walmsley, Commercial Director, Pushlishing, NewsUK

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