



**LocalMediaConsortium**

A PARTNERSHIP OF POWERFUL LOCAL MEDIA

# The Local Media Consortium

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# The Past is Prologue

# In the beginning...



## Executive Summary: May, 2007

*A broad consortium of newspapers including Belo, MediaNews Group, Hearst, Morris, Scripps, Cox, McClatchy and Lee has been in active negotiations to form an industry-wide partnership with Yahoo!, the No. 1 global internet network. This partnership will extend the relationship already in progress with Yahoo! Hot Jobs. The Newspaper Consortium (NPC), representing over 300 papers, and Yahoo! have reached agreement on deal terms in three critical areas.*

## Components of Deal

1. **Ad Serving Technology and Network:** The NPC will move all ad serving business to the Yahoo! ad network platform. Local newspaper sites and Y! will have the opportunity to cross-sell each other's ad inventory.
2. **Search:** NPC will integrate Yahoo! Web Search, Sponsored Search, Content Match and Y! Toolbar into each newspaper site.
3. **Content Integration:** NPC will be treated as a "trusted source" in Yahoo! News Search resulting in increased traffic to NPC sites. Local news content modules will appear on critical section fronts of Yahoo! including the Front Page, Y! Mail, Finance, Sports, etc. Parties will continue talks on deeper content integration including content hosting.

**Term of Deal:** 6 ½ years with renewal negotiated separately for each track. Each Member free to negotiate renewal independently. All of a member's affirmatively-controlled daily (4+ days) papers are bound to the agreement. Weeklies optional.

# Scope of Partnership

Ad Network	Content	Recruitment	Search	Future
<ul style="list-style-type: none"> <li>➤ Ad Serving               <ul style="list-style-type: none"> <li>• Optimization , reporting, yield mgmt, targeting, self-service tools</li> </ul> </li> <li>➤ Ad Sales               <ul style="list-style-type: none"> <li>• Y! sells Newspaper remnant</li> </ul> </li> <li>➤ Reseller               <ul style="list-style-type: none"> <li>• Newspapers sell local Y! inventory</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Distribution throughout Y! Network</li> <li>➤ Mobile distribution</li> <li>➤ Premium placement in Yahoo! search (IY Placement)</li> </ul>	<ul style="list-style-type: none"> <li>➤ HJ local partner for selling HotJobs products               <ul style="list-style-type: none"> <li>• HotJobs provides superior online product offering</li> </ul> </li> <li>• Newspapers provide sales teams and local customers</li> </ul>	<ul style="list-style-type: none"> <li>➤ Y! becomes primary provider of search on Newspaper sites:               <ul style="list-style-type: none"> <li>• Web Search</li> <li>• Sponsored</li> <li>• Content Match</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Local               <ul style="list-style-type: none"> <li>• Maps</li> <li>• Local Search</li> <li>• Events</li> </ul> </li> <li>➤ Reseller               <ul style="list-style-type: none"> <li>• Search Keywords</li> <li>• Local listings</li> </ul> </li> <li>➤ Travel</li> <li>➤ Shopping</li> <li>➤ Classifieds</li> <li>➤ Real Estate</li> <li>➤ Autos</li> <li>➤ Social Search               <ul style="list-style-type: none"> <li>• Answers</li> <li>• Flickr</li> </ul> </li> </ul>

# Benefits of the partnership

- ❖ Master's course in digital, audience-based selling
- ❖ Peer comparisons – and competition – led to stronger digital sales efforts
- ❖ Ongoing training from Yahoo! and member-company ninjas
- ❖ Upgraded sales materials, processes and even org charts
- ❖ Alignment of ad taxonomies across the Consortium
- ❖ Standardization of ad sizes and, in many cases, placement (ATF, etc.)
- ❖ And, of course ...





# Benefits of the partnership





- ❖ For some, 50/50 revenue share for selling Yahoo! ads was a sticking point – or an institutional excuse – for not selling
- ❖ As members moved to metered access to content, “giving headlines away” became a point of contention
- ❖ Ability to buy nonguaranteed (NGD) display inventory through agencies and networks became a “good enough” option for some audience-extension sales
- ❖ Building an ad platform from scratch was not without its challenges
- ❖ Over seven years, a lot can change – technology, economics, media ownership
- ❖ But mostly ...

# Challenges of the NPC

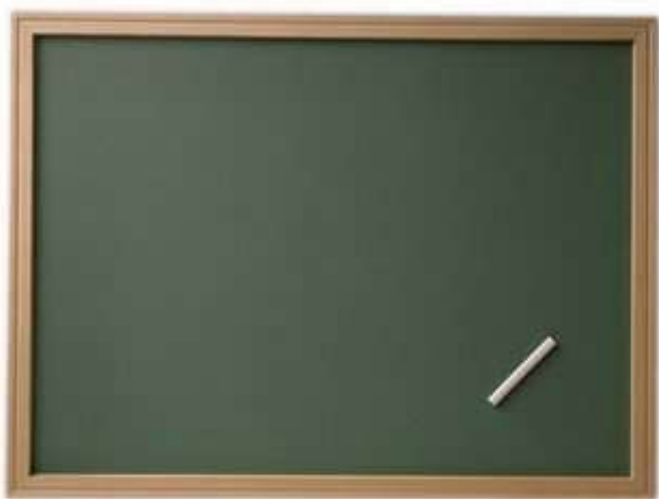


02

## Beyond NPC

# Renew or Re-imagine?

One year before the contracts were set to expire October 15, 2013, Newspaper Consortium members and Yahoo! sent mutual notice that neither side would renew existing contracts, clearing a path to re-imagine what the Consortium could be.



- ❖ Grow beyond newspapers to include all local media
- ❖ Remove exclusivity from our vocabulary
- ❖ Pursue large- and small-scale partners
- ❖ Explore investment opportunities
- ❖ Leverage the scale of the industry



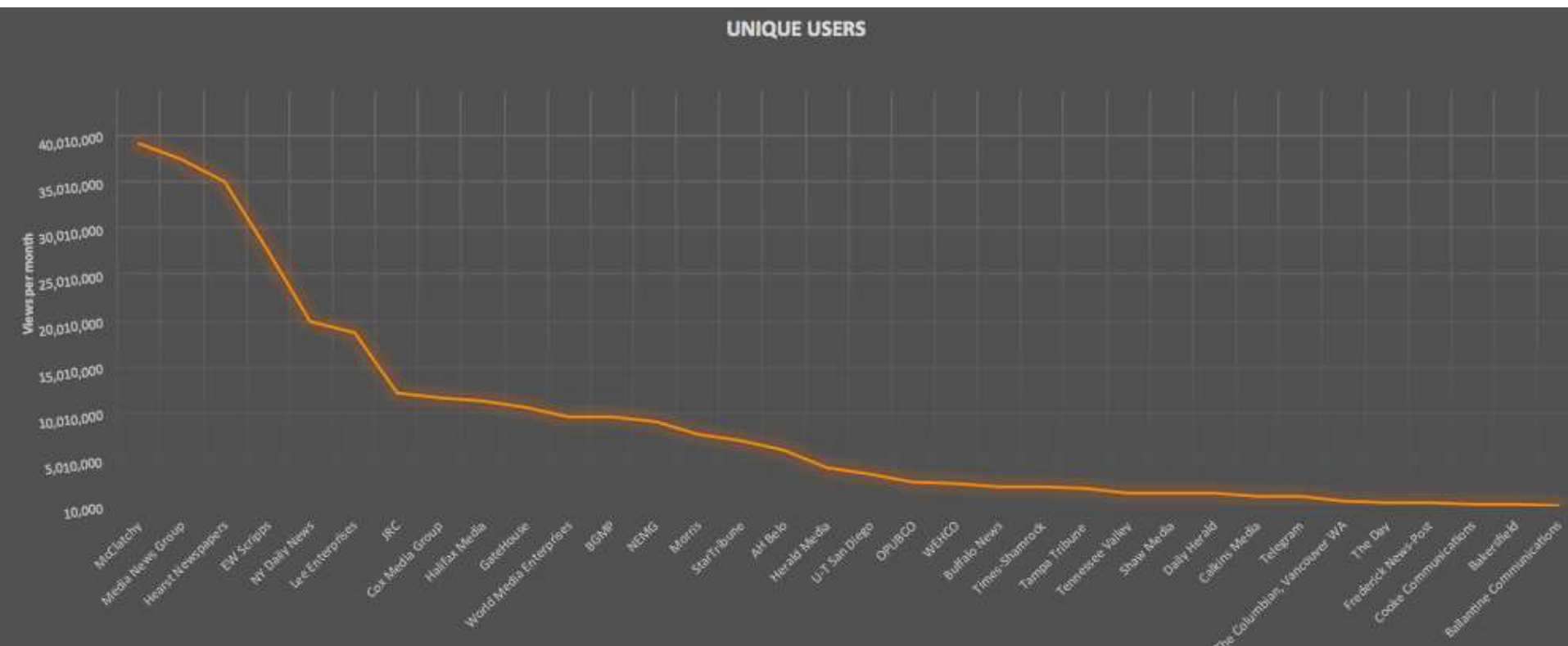
The Newspaper Consortium was defined – in governance and in much of its contract language – by newspaper-specific metrics: Circulation, DMA, etc.

DIGITAL INVENTORY	
CATEGORY & QUESTION	
<b>GENERAL INVENTORY</b> (figures are aggregate for all sites in your portfolio)	
Total Aggregate Sellable Impressions / month (Display + Mobile + Video):	
<b>DESKTOP INVENTORY SNAPSHOT</b> (figures are aggregate for all sites in your portfolio)	
Total Number of Newspaper Websites in your Portfolio:	
Unique Users (Desktop):	
Pageviews (Desktop):	
Total Sellable Display Impressions (Imp/Month):	
Desktop Display Remnant Network(s) Used:	
<b>MOBILE WEB INVENTORY SNAPSHOT</b> (figures are aggregate for all mobile web sites in your portfolio)	
Total Number of m.Websites in your Portfolio:	
Total Sellable Mobile Web Impressions (Imp/Month):	
Mobile Web Ad Server:	
Mobile Web Remnant Network(s) Used:	
<b>MOBILE APP INVENTORY SNAPSHOT</b> (figures are aggregate for all Mobile Apps in your portfolio)	
Number of Mobile Apps in your Portfolio:	
Total Sellable Mobile App Impressions (Imp/Month):	
Mobile App Ad Server:	
Mobile App Remnant Network(s) used:	
<b>VIDEO INVENTORY SNAPSHOT</b> (figures are aggregate for all Video Inventory in your portfolio)	
Total Sellable Video Impressions (Imp/Month):	
Types of Video Ads Sold (pre-roll, mid-roll, etc.):	
Types of Video Content (short-form, long-form, live stream):	
Are you Selling/Serving Mobile Video:	
Video Player (in-house / outsourced):	
Video Player (if outsourced):	
Video Ad Server:	
Video Remnant Network(s) Used:	
Number of YouTube Channels:	
Number of YouTube Streams / Day:	
<b>WEBSITE PORTFOLIO</b>	
Property Name	Website URL
Newspaper Name	<a href="http://www.newspaper.com">www.newspaper.com</a>
Newspaper Name	<a href="http://www.newspaper.com">www.newspaper.com</a>
Newspaper Name	<a href="http://www.newspaper.com">www.newspaper.com</a>

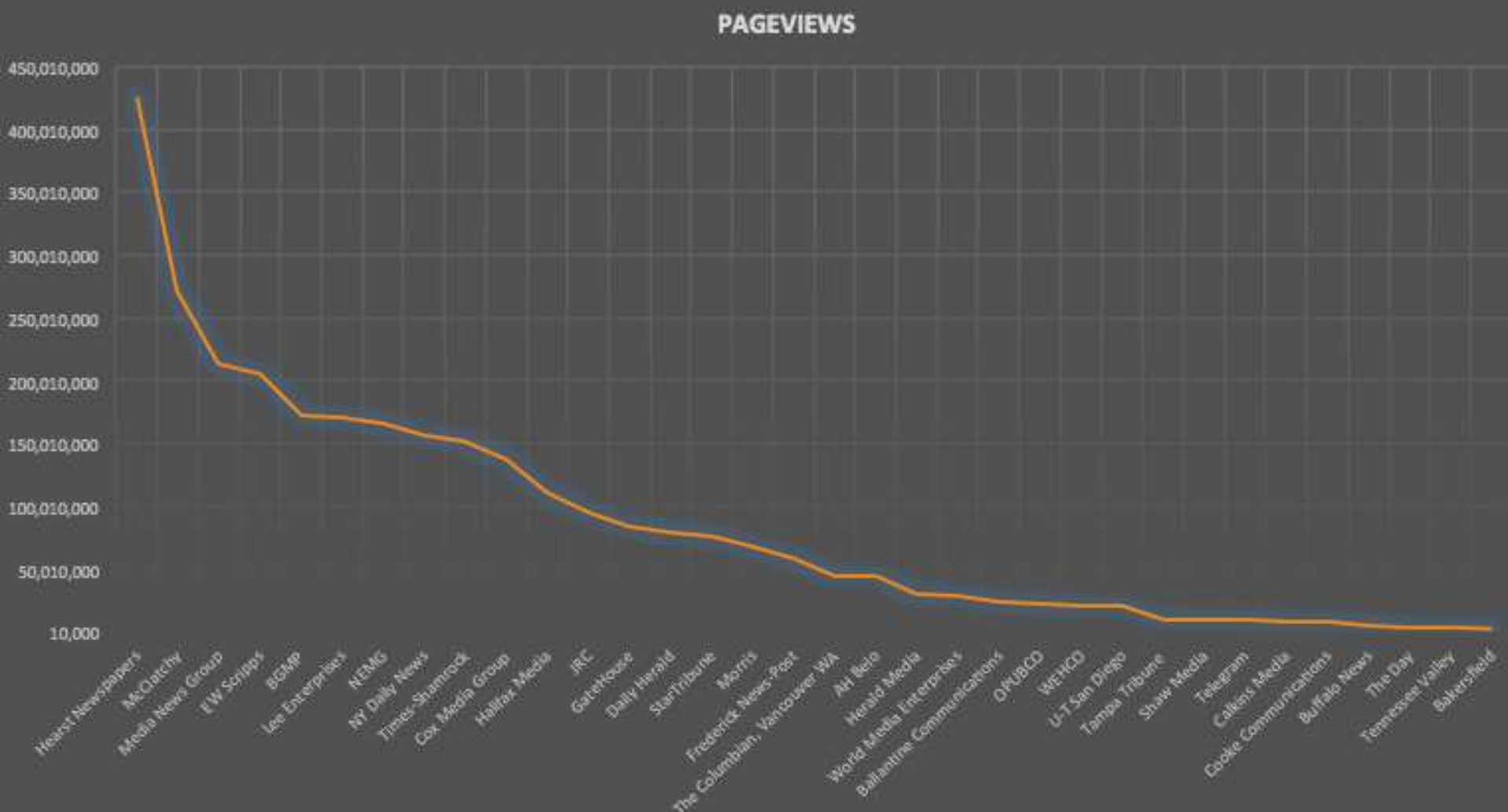
Clearly, we needed a new metric.

- ❖ NPC census distributed February 2013
- ❖ Monthly pageviews, by platform
- ❖ Monthly unique users, by platform
- ❖ Monthly ad impressions, by platform
- ❖ Monthly video streams, by channel
- ❖ Titles: Sites, m., apps
- ❖ Current providers: technology, remnant

The results of the digital footprint census were eye-opening, particularly regarding the collective heft of the “torso and tail” of the membership.

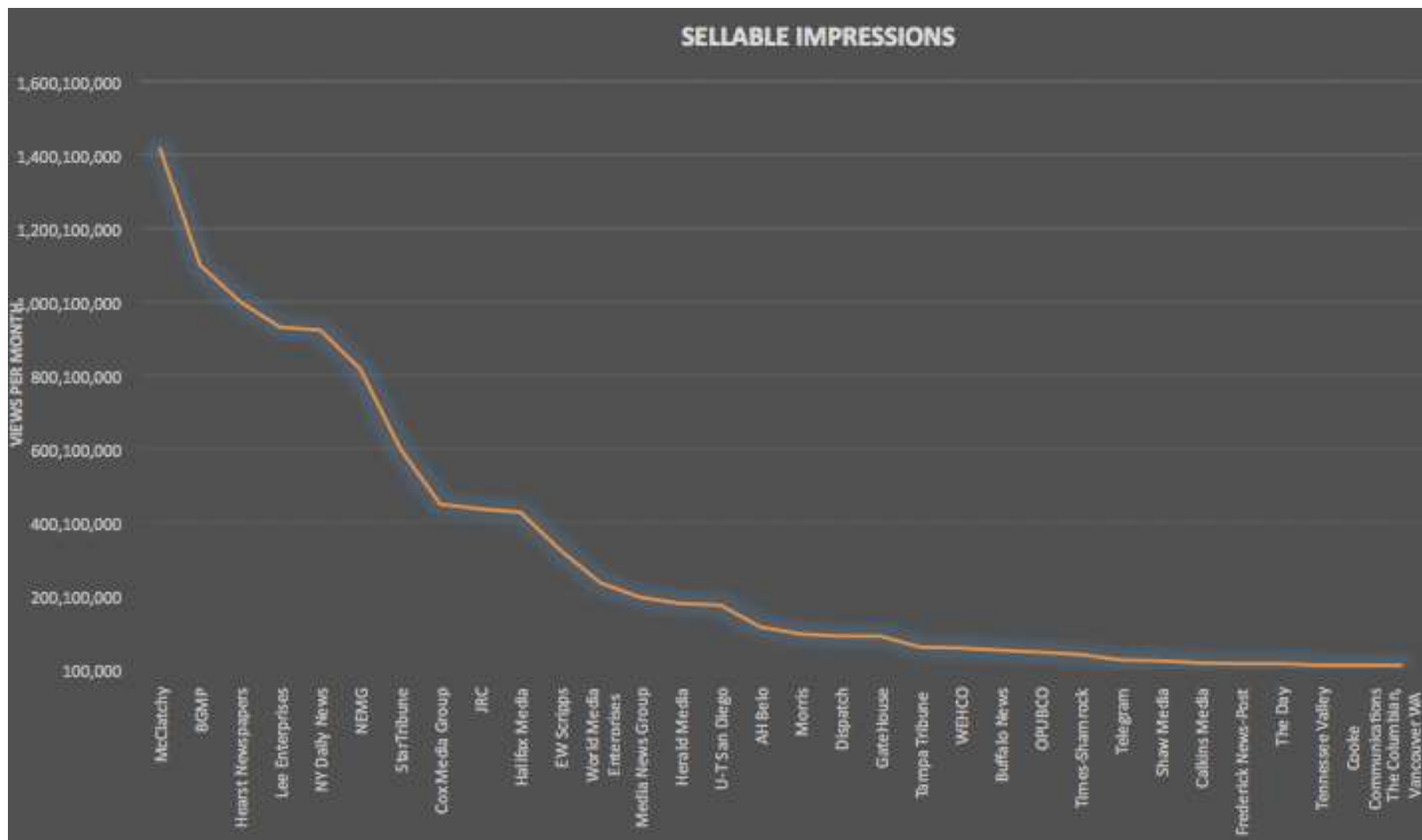


220 million unique monthly users



2 billion pageviews per month





10 billion monthly ad impressions



“A LONE BATTLESTAR, LEADS A RAG-TAG FUGITIVE FLEET”

BATTLESTAR GALACTICA

LEE STRINGER, 2004

Legal fees associated with the original Newspaper Consortium agreements with Yahoo! were very costly. The Executive Committee elected to use a team of in-house counsel to create the new Governance Agreement, then use outside counsel for final review.



AllPosters

- ❖ Leverage in-house expertise
- ❖ 13 drafts of Governance Agreement before sending to Dow Lohnes (now Cooley)
- ❖ Kept legal fees below \$20,000
- ❖ Now using distributed work model for communications, audience measurement and other areas

The new Consortium Governance Agreement created a new paradigm, putting LMC membership ahead of any individual partner or deal.



- ❖ LMC contract is 5-year term
- ❖ One member, one vote
- ❖ Membership is independent of any specific deal or partnership
- ❖ Dues are based on a member's "share" of the total scale of the LMC

	Circ per 2012 survey	Monthly ad impressions	Monthly pageviews	% of Total Circ
Bakersfield Californian	43,493	8,134,000	2,680,000	0.2853%
AH Belo	587,302	142,000,000	44,000,000	3.8527%
Deseret Digital	114,598			0.7518%
Boston Globe & Worcester Telegram	279,302	983,600,000	166,500,000	1.8322%
Buffalo	161,003	53,272,000	4,630,000	1.0562%
Calkins	133,318	28,410,000	8,800,000	0.8746%
Columbian Printing Company	32,581	3,272,000	2,692,000	0.2137%
Cooke Communications	43,713			0.2868%
Cox	605,682	450,259,000	137,295,000	3.9733%
The Day Publishing	50,695	19,365,000	3,550,000	0.3326%
Dispatch	159,619	102,730,000	17,000,000	1.0471%
Erie Times - News	52,394			0.3437%
Freedom	312,043			2.0470%
Gatehouse	683,641	360,000,000	95,000,000	4.4847%
Hearst	847,701	1,080,000,000	425,000,000	5.5609%
Herald Media	116,428	213,000,000	30,000,000	0.7638%
JRC	449,782	450,540,000	94,906,000	2.9506%
Lee Enterprises	1,257,665	985,049,000	170,520,000	8.2503%
McClatchy	1,916,995	1,500,000,000	218,000,000	12.5755%
MediaNews Group (MNG)	2,302,423	251,655,000	213,116,000	15.1039%
Morris	389,300	105,745,000	68,560,000	2.5538%
New York Daily News	411,500	964,000,000	157,000,000	2.6994%
Halifax Media Group	638,262	446,289,000	110,348,000	4.1870%
Oklahoma Publishing	134,237	45,000,000	440,000	0.8806%
Paddock	100,621	32,900,000	6,280,000	0.6601%
Paxton	252,070			1.6536%
San Diego Union-Tribune	215,373	109,469,000	26,713,000	1.4128%
Santa Rosa	82,836			0.5434%
Scripps	609,991	242,426,000	80,654,000	4.0015%
Shaw	86,396			0.5668%
Ballantine Media	8,233	12,000,000	2,500,000	0.0540%
Star Tribune	331,878	630,000,000	55,000,000	2.1771%
Sun Times News Group	396,079			2.5983%
Tampa Tribune	189,828	50,000,000	11,500,000	1.2453%
Times Shamrock	143,927	50,000,000	12,597,000	0.9442%
Tribune Total Media	208,457			1.3675%
Frederick News-Post	28,553	15,250,000	3,500,000	0.1873%
Berkshire - Hathaway	522,354	244,176,000	28,800,000	3.4266%
Tennessee Valley Printing	45,000			0.2952%
WEHCO	298,659	56,552,800	13,544,000	1.9592%
<b>TOTAL</b>	<b>15,243,932</b>	<b>9,635,093,800</b>	<b>2,211,125,000</b>	<b>100%</b>

The Newspaper Consortium's dues structure was based on a member's "share" of total circulation. That worked great then, but...

## Defining a digital metric for dues

- ❖ New census focuses on digital
- ❖ Blended digital metric: monthly uniques, pageviews, ad impressions
- ❖ Factor for broadcast holdings
- ❖ Seek to align with industry 3<sup>rd</sup>-parties
- ❖ Will redefine dues structures mid-2014



The Consortium is led by an 8-member Executive Committee, elected by the full membership.

## Local Media Consortium Executive Board

The Local Media Consortium board is made up of executive digital leadership from 6 of the member companies including: The McClatchy Company, Lee Enterprises, Digital First Media and Morris Communications.



Christian Hendricks  
The McClatchy  
Company



Michael Romaner  
Morris Communications



Arturo Duran  
Digital First Media



Tom Sly  
E.W. Scripps



Richard Jones  
A.H. Belo



Greg Schermer  
Lee Enterprises



On September 30, 2013, the Local Media Consortium announced 30 companies representing more than 800 local media outlets had joined the new Consortium. It now numbers 41.





- **AH Belo**
- **Bakersfield Californian**
- **Balantine Media**
- **Berkshire-Hathaway**
- **Boston Globe Media Partners**
- **Buffalo News**
- **Calkins Media**
- **Cooke Communications**
- **The Columbian**
- **Cox Media Group**
- **The Day**
- **Deseret Digital**
- **Dispatch Company**
- **Frederick News-Post**
- **Freedom Communications**
- **Gatehouse Media**
- **Halifax Media**
- **Hearst**
- **Herald Interactive**
- **Journal Register Co/DigitalFirst Media**
- **Lee Enterprises**
- **McClatchy Company**
- **MediaNews Group/DigitalFirst Media**
- **Morris Communications**
- **New York Daily News**
- **OPUBCO**
- **Paddock Communications**
- **Paxton Media**
- **UT San Diego**
- **Sonoma Media**
- **E.W. Scripps Co.**
- **Shaw Communications**
- **StarTribune**
- **Tampa Tribune**
- **Tennessee Valley Printing**
- **Times Shamrock**
- **TribTotal Media**
- **WEHCO Media**



03

# Wiring & Plumbing

On April 16, 2013, Executive Committee members met to discuss term sheets from Yahoo! and a statement of interest from Google. What emerged was a more proactive – and defining – approach for the Consortium: An RFI.

## | Components

- ❖ Advertising Systems
- ❖ Analytics
- ❖ Search
- ❖ Content
- ❖ Non-locally sold NPC inventory
- ❖ Unsold network ad inventory

## | RFI recipients

- ❖ Yahoo!
- ❖ Google
- ❖ AOL
- ❖ Microsoft
- ❖ Others



# Planks of LMC negotiations

Every Master Service Agreement is negotiated between the potential partner and the LMC, leveraging the full scale of membership. Service Orders are with individual companies.



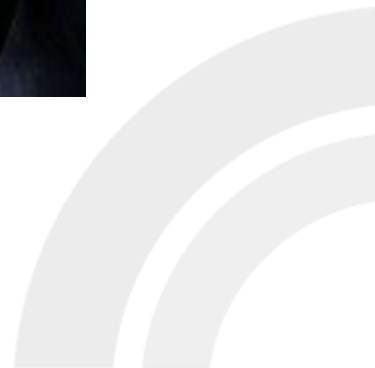
- ❖ All deals favor greater scale.
- ❖ The more members that sign up, the better the economics.
- ❖ Members can pick and choose among Services.
- ❖ Adds greater flexibility among diverse business models while encouraging alignment.

# While correcting for this





# Review, negotiate, repeat



# Review, negotiate, repeat





04

Google

On Saturday, February 8, the Local Media Consortium executed the Google DFP/APA contract.  
On Wednesday, February 12, the Local Media Consortium executed the Google GSA contract.

- ❖ Master Services Agreements are with the LMC, signed by the Executive Director.
- ❖ Areas included:
  - ❖ Doubleclick For Publishers: Premium and SB
  - ❖ Search functionality and monetization
  - ❖ AdX: Ad Exchange
- ❖ Members can then sign individual service agreements, independent of each other.

When the Consortium issued its RFI seeking a partner for ad-serving technology, about half of Consortium members were already using Doubleclick For Publishers Premium.

- ❖ DFP economics based on serving fees – pennies per thousand ads served
- ❖ Consortium members had negotiated their own deals, each unique, with CPM serving rates all over the place
- ❖ At first, Google had tepid interest in entering a large-scale, industry deal: "Our sweet spot is dealing with individual companies."
- ❖ Further, interest in the industry's "torso and tail" was weak – small companies simply didn't meet thresholds that made economic sense for Google



Then we shared our census data, showing that the torso and tail of the industry, if rolled up, delivered a very large wallop.

- ❖ Google pricing reflects scale of Consortium and improves economics for ALL members – including those with existing contracts
- ❖ Improved pricing across all spheres – serving, rich media, etc.
- ❖ DFP Service Order includes incentives for growing Consortium
- ❖ Non-Consortium Members or those who leave the Consortium will see a degradation of rate from Google
- ❖ Solves for Members who did not meet DFP minimum thresholds
- ❖ Also solves for Members who want to remain on DFP SB (free)

The LMC Executive Committee chose Google as the most optimal partner for search capability (web and site) and search monetization – text ads.

- ❖ AFC: AdSense for Content: Enables publishers to earn revenue by displaying Google text ads on content pages. Ads are contextually targeted.
- ❖ AFS: AdSense for Search: Enables publishers to place a custom search engine to provide site and web search. Search results page display relevant ads by Google.
- ❖ AFS and AFC revenue shares tiers are based on aggregate monthly gross revenue of participating Consortium Members
- ❖ Revenues improve as search/traffic volumes improve across the Consortium.
- ❖ Estimate 2x to 4x revenue increase from competing services



Why this is important for the Consortium – and the industry.

- ❖ Increase CPM on unsold LMC inventory and bypass middlemen while creating LMC premium, private exchange
- ❖ End data leakage and establish higher floors by providing non-locally sold LMC inventory and associated user data through private exchange
- ❖ Top-drawer service and consultation that recognizes the power of LMC's several-billion impressions as aggregated within the network
- ❖ First-rate administrative UIs, which allow fast adaptation to advertisers' needs
- ❖ Close the numerous back doors to LMC inventory, which is destroying value



Pooling unsold LMC inventory to create a cohesive, premium, private network will allow the industry to close back doors into its inventory, manage its data and battle rate leakage.



The LMC has begun working with Google to define the Local Media Consortium Network, inventory pooled from members and to be branded on the open market.

- ❖ Chris Norman of McClatchy leads twice-weekly calls with Google and LMC representatives to create FAQ, operating rules, etc. for members
- ❖ Areas covered:
  - ❖ Taxonomy development
  - ❖ Functionality
  - ❖ Pricing strategy
  - ❖ Content categories
  - ❖ Ad sizes, placement (ATF)
  - ❖ CPM minimums, etc.
- ❖ LMC counsel has outlined processes assuring propriety in the governance and mechanics of the network

# 05 Yahoo!

The Consortium/Yahoo! partnership has driven hundreds of millions of dollars since its inception, driven by sales of Yahoo! inventory by local sales teams.

- ❖ Internally known as GASO: Graphical Ads Service Order, this is the sale of Guaranteed, often behaviorally targeted display ads on Y!
- ❖ A sticking point for some sales teams during the original NPC contract was the 50/50 revenue share on those sales
- ❖ New contract – now being finalized – is moving from rev share to wholesale/retail model, giving publishers higher reward and limited risk
- ❖ Members also can sell non-guaranteed inventory on Yahoo!
- ❖ To incent sales, members who sell above baselines will receive bonus inventory

The screenshot shows the Yahoo! homepage with a focus on San Francisco. The top navigation bar includes links for News, Sports, Finance, Weather, Science, Groups, Answers, and More. The main content area features a large image of the Golden Gate Bridge with the headline "San Francisco". Below this, there are several news stories, including "Napitano rejects 'border trigger' in immigration proposal", "DUI: gay marriage opponents of high court Tuesday", "Obama to celebrate Passover with White House seder", "Chris Christie is a popular politician, but is he presidential material?", "SpaceX Dragon cargo ship leaves space station", "Luchini, gunman robs C. African Republic capital after coup", and "New North Korea video shows 'defeat' of U.S. troops". The right sidebar shows the San Francisco weather (98°F, Partly Cloudy) and a map of the city. At the bottom, there are sections for "Featured Videos" and "Pick" (a collection of images).

- ❖ LMC content on Yahoo!
  - ❖ LMC content ingested into Yahoo!, then sorted by personalization algorithm
  - ❖ LMC Members have first right of sales in their primary & adjacent DMAs, with Y! selling out-of-market users
  - ❖ Stories on Y! will not outrank stories on LMC sites in search results
  - ❖ LMC Members can include other links on story pages – such as subscription offers

Recommended for you

Powered by Yahoo

Kate Middleton Slimmer Than Ever at London Poppy Day Event

Experts Select Best Credit Cards of 2014

Senate news vote on gay

Recommended for you

Powered by Yahoo for shadeed9

**AP Source: Tom Brady sprains left knee**  
Associated Press

**Jets' Ryan says Smith has 'brutal' day at practice**  
Yahoo Sports

**Altidore's hat trick leads US to 4-3 win vs Bosnia**  
Yahoo Sports

**See the Secret Price on New Cars in California**  
AdChoices

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Yahoo Shine

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## ❖ Content recommendation engine

- ❖ Widgets on LMC sites
- ❖ Serves LMC recommended content, driven by Y! algorithms
- ❖ Also can blend LMC content, Yahoo! content, native content
- ❖ Personalization based on user's content activity
- ❖ Drives traffic for LMC members – including cross-LMC
- ❖ Revenue share for ads on Y! and Y! native content



06

## Beyond Plumbing



Now that the major “plumbing” issues nearly are complete, the LMC is looking to the next phase of opportunities.

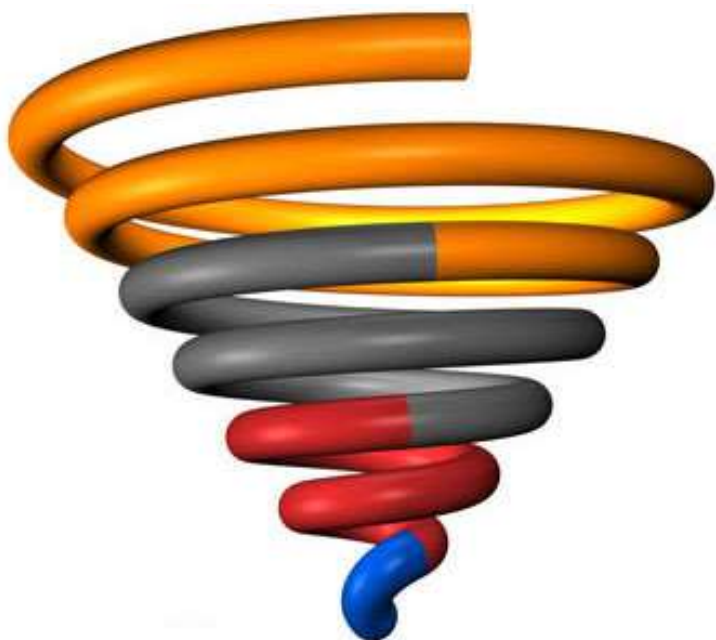
- ❖ LMC charter calls for leveraging overall scale to solve pain points and pursue common opportunities
- ❖ By focusing on common needs, the LMC can raise all boats
- ❖ Partners, vendors, investments

## How it works:

- Members polled on needs; results prioritized
- Topics slotted on a quarterly calendar looking out 18 months
- Calendar rebuilt annually based on fresh polling
- Ad-hoc Task Force created for each topic
- Task Forces solicit vendors for its topic
- Task Forces review vendor proposals on its own or in conjunction with presentations to the Executive Committee
- Task Forces zero in on a preferred vendor and develop a proposed deal
- Task Forces recommend a vendor deal to the EC
- Approval of the deal by the EC followed by legal review and implementation



## Initial topics to be polled:



- Private exchange placement tools
- First-party data partner
- Native advertising & content strategies
- Obituaries
- Real estate vertical
- Auto vertical
- Legals vertical
- Video
- Mobile
- Digital agency
- Other





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LEE STRINGER, 2004

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