

# **Catching the Next Wave of Revenues**

Rick Edmonds  
The Poynter Institute  
Mega-Conference  
Orlando, February 23, 2017

How is digital transformation like surfing?



**RT**

Fanning said that he had an eerie sense that “something (big) was behind me.”

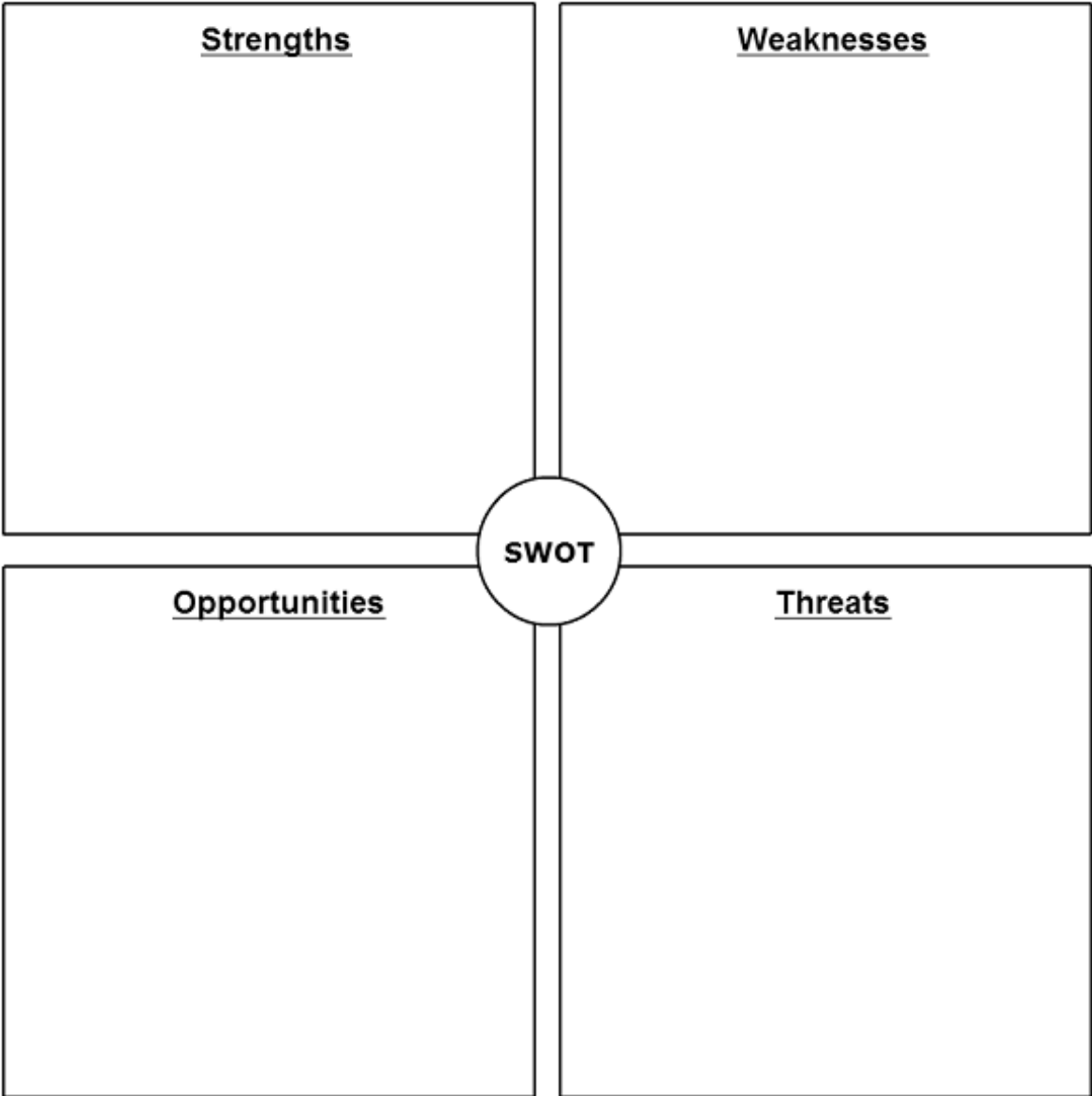
At the same time, surfers are finding bigger and bigger waves including the largest ever



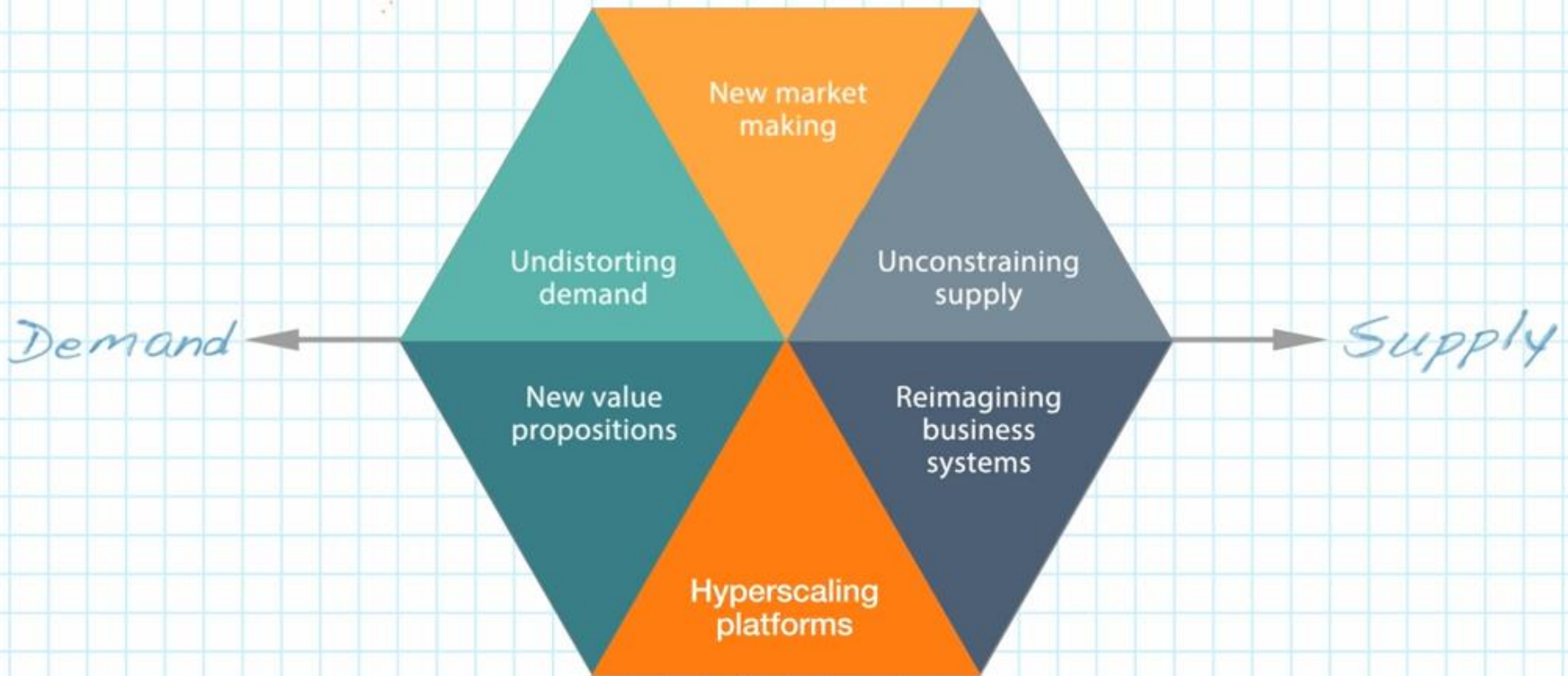
“These days, something of a mix of the fear of sharks and the thrill of big-wave surfing pervades the executive suites we visit, when the conversation turns to the threats and opportunities arising from digitization. The digitization of processes and interfaces is itself a source of worry. But the feeling of not knowing when, or from which direction, an effective attack on a business might come creates a whole different level of concern”  
McKinsey, April 2016.

McKinsey is using the language of  
“threats” and “opportunities” –  
a.k.a SWOT analysis.





*Modest degree of change*



*Extreme degree of change*

# Car insurance example

- Plenty of clear and present challenges – streamlining processes, dueling value propositions.
- But what else could be challenged but hasn't yet? Much more targeted info on the driver and her habits. Precision pricing and features. Maybe a car company could enter the space. Self-drive cars much safer?

# The Unbundling Problem

You may be in trouble if:

- Your customers have to cross-subsidize other customers.
- Your customers have to buy the whole thing for the one bit they want.
- Your customers can't get what they want when and where they want it.
- Your customers get a user experience that doesn't match global best practice.

# In summary....

- Many businesses are in the same boat.
- A framework (this one or another) may help with strategic thinking.
- A response should include both catching up to present challenges and anticipating what could come next.

# Top threats entering 2017

- Print ad declines – more of the same as second half of 2016.
- Many different added revenue streams needed to make up the difference.
- Facebook (and Google) suck up almost all the growth and dominate on mobile.
- Amazon a co-conspirator as it kneecaps retailers.

## One more threat for later...

- Will print reach the end of its run in the near future?

## One expert opinion

“It will take decades for analog print and broadcast to decline, and TV will continue to be very profitable for many years....”



## One expert opinion

...but in the long run, the internet will win. In the long run, the internet always wins.”

*Jonah Peretti, CEO of BuzzFeed to staff, December 2016*

# Seven thoughts on thriving

# I. Opportunities are compounding

- Last year VR, 360, augmented reality.
- This year voice – voice apps for Google home, Alexa, etc.
- Still in the pipeline – video, audio and paid digital subscriptions, digital marketing services, native ads.
- Early 2018 – all of the above plus something newer

## II. Abundant models to harvest

- Three from our innovation tour.

# NPR One

- Much more and more exact data, can find out best mix of local/national, story types that are winners.
- And discovered that one type of NPR lede always underperforms.
- Can expand time per session, sync to follow listener into his house.

# NPR One Takeaways

- Good reader/user data is editorial gold -- can make stories and the content mix better.
- The digital learning also points the way to improving the legacy product.

# Atlantic events

- They now do 150 + per year, events team staff of 50, managing editor directs events as content/story-telling, opportunities to partner and be present in many cities.

# Atlantic events takeaways

- A new kind of content.
- Thinking even bigger
- Generates web and magazine content spinoffs.
- Branding for all



# Thrive Global

- Launched Nov. 30, 2016. Concept – get enough sleep and take care of yourself. Celebrity (Arianna) branded.
- Business model is training programs, large and small + direct sales.
- NY Times' Wirecutter similar idea.

# Thrive Global takeaways

- Now may be the time for something completely different.
- Revenue out there beyond charging users + advertising.

### III. Quality and brand are on our side.

- Editorial excellence -- Clear mission, importance and relevance to local readers is a skill set we should own.
- Branding matters -- Sure, there are competitors, but your brands still speak to journalism and business quality.
- Can't beat Facebook and others on audience size and targeting, but they don't stand for publishing.

# ...and flexibility too

- We can serve distinct print and digital audiences.
- We can reach audiences story-by-story.
- We can aggregate.
- We can rebundle (newsletters, for instance).
- We can create compelling user experiences.

## IV. Reader-focused opportunities

- American Press Institute – content strategy/metrics for news.
- Identifies “passion topics” particular to local communities.
- Reshapes coverage (shedding some less needed stories).
- Involves continuing dialogue with staff and readers.

# Audience as editor/contributor

- Draw out experiences – say with health care insurance.
- Hearken! – A system for involving readers.
- History – roots in political organizing.
- New all the time – BuzzFeed chatbot and Washington Post robot.
- Better content (cheap) and better engagement

## V. The magic of sponsorships

- Events, newsletters, sponsorships, special sections – all can break through clutter and fit current marketing climate.
- Keep in mind the appeal of anniversaries and awards.
- Ok to try some that disappoint or fail

# Sponsorships (continued)

- Sweet spot – both audience friendly and sponsor friendly.
- Events advance the brand; newsletters pull readers to content.
- Is there a potential for overload?



# VI. Cracking the innovation code

- “Are we there yet? No, but getting closer.
- Try, try again. Newsroom culture, for instance.
- A business-side analog?
- Consider the Adobe innovation kit.

# VII. A serenity prayer on issues

- Change what can be changed, accept what can't.
- Facebook, for instance. Accept that they have a great product with wide acceptance. What do news buys add?
- Ad blocking, for instance. Industry experiments with offers, blocking the blockers. But for sure, improve load times and weed out the clutter.

# Three final questions

- How do we get the pace of experiment and innovation right? Execution and avoid the roulette wheel syndrome.
- What am I missing about threats and opportunities?
- What is the best way to spot those unknown future disruptors? One answer, what has been around but could catch fire. Another – go outside the box



# Thank you!

Rick Edmonds

The Poynter Institute

727-553-4298

[redmonds@poynter.org](mailto:redmonds@poynter.org)