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Keywords: AOP, mobile, data, tablet, smartphone, publishers, revenue

Business Intelligence

AOP content and trends Census 2013

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Received (in revised form): 21st October 2013

Abstract

The new Association of Online Publishers Content and Trends Census sees publishers shifting emphasis to the value of data to drive their businesses. Concerns are revealed about the risk of loss of control of data when it is requested by agencies. Programmatic trading is expected to increase and will create more exposure of first-party data.

Journal of Direct, Data and Digital Marketing Practice (2013) **15**, 155–159.
doi:10.1057/dddmp.2013.52

Methodology

The Content and Trends Census is now in its fifth year and has evolved over time to give a deeper view of the key drivers within the digital business of many of the UK's leading publishing companies. It acts as a benchmark for the digital publishing industry in terms of where publishers are currently at and also captures their intentions for development over the next 12 months. The central theme of this Census is content models and platforms and, in particular, a focus on mobile and tablet activity. Online video and social media interaction are also covered, along with a number of key commercial criteria and an overview of the major opportunities, threats and challenges digital publishers are facing.

A total of 34 organizations, representing well over 700 respected publisher brands and publications and around £1bn of digital revenue, from Association of Online Publishers (AOP) Board and Affiliate membership completed the survey this year, carried out in July and August by AOP's head of research and insight, Tim Cain. AOP members represent the broad range of newspaper and magazine publishing, TV and radio broadcasting and pure online media in the United Kingdom: producers of original, branded, premium and quality content. (AOP members can access the full report via <http://www.ukaop.org.uk/news/aop-finds-agency-data-demands-a-challenge-for-publishers.html>.)

Growing recognition of data's value

Original content creators enjoy a strong relationship with their audiences, building loyalty based on the style and quality of content that reflects the audience's interests and beliefs. That leaves a highly valuable data trail in the

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Audience data a premium for publishers

online world that allows digital publishers to tailor content and advertising to reflect the individual characteristics of their audience. AOP chairman John Barnes has commented that ‘first-party data establishes the value of a publisher’s inventory to advertisers and, along with their editorial content, and overlays of third party data are their “crown jewels”’. Ownership of that data is a premium, enabling publishers to build dynamic content propositions and increasingly in demand by agencies and others in the advertising eco-system looking to match efficiency of buying media with better results. Maintaining control of that data is a key.

Publishers need to avoid data leaking to agencies

Through AOP’s surveys, we have seen increasing concern expressed by publishers about retaining control over their audience data — 36 per cent of publishers believe agency demands for their first-party data pose the biggest challenge to the industry. Barnes says: ‘Agencies and networks don’t have audiences — they rely on third-party behavioural and intent data to target users — whereas publishers have a trusted relationship with readers that delivers first-party data. Publishers need to protect this data, stop leakage and find ways of demonstrating its value without giving away key information’.

One in two pursuing programmatic buying**Ad trading present opportunities — And threats**

So, as buying becomes increasingly automated, publishers could lose control. As agreements with agency trading desks become more common — one in two publishers are expecting to do more in the coming 12 months — the question of data and ownership will be at the forefront of publishers’ commercial strategies. The more ardent supporters of programmatic trading among publishers are seeing an opportunity, though, in using their first-party data to target audiences offsite and extend the value of their commercial proposition. Almost one in two will be pursuing that policy more over the coming 12 months.

First-party data increasingly exposed

As publishers acknowledge the demand for automated trading, driven primarily by the buy-side agency and advertiser community, they are increasingly looking to unlock value from their audience data by exposing more first-party data. Aligned to this, they are increasingly likely to participate in private marketplace activity where they can exercise greater control over access to their inventory. Two-thirds of publishers expect to increase private marketplace activity over the coming 12 months and almost as many are committed to exposing more first-party data.

The scale of opportunity afforded by programmatic is creating an interesting and split view among publishers, with 39 per cent saying it offers a major opportunity and 42 per cent only seeing it as a small one. It will be interesting to check on how that view has moved in another 12 months when we will have seen significantly more commercial deals going down this route.

Publishers optimistic about ad revenues**Bullish ad market for 2014**

Advertising growth is expected to continue at a bullish pace into 2014, with a third of publishers predicting growth of 6–10 per cent, against

two-thirds predicting double digit growth, including the most optimistic third who see revenues exceeding 20 per cent growth over the next 12 months. The survey has found that the move towards programmatically traded advertising models is accelerating, with three-quarters of publishers expecting to engage more in real-time bidding over the coming 12 months, compared with less than half who agreed with the same sentiment in last year's Census.

If we move on from commercial to content models, we see that 62 per cent of publishers are charging for content somewhere in their portfolio or will be during the next 12 months. In fact, for one in four paywalls are in place on all or the majority of their sites. At the same time, of course, that also means that more than one in three (38 per cent) are not charging. Totally free access will be the prominent model in around 30 per cent of cases, a reduction year-on-year, inevitably as more experimentation is introduced to find value that consumers recognize and accept.

Between free access and subscriptions

So, if at one end of the spectrum we have around a third offering free content access models, at the other extreme we have 15 per cent applying subscription packages, most often combining on and off-line products. In between, freemium is the model showing most growth, with one in four publishers suggesting it will be the most prominent model in the next 12 months — more than are currently applying it and more than twice as many as will apply a metred model before subscription.

Changing access devices for content

Publishers looking to product-centric culture

With the emphasis firmly on multi-platform delivery, we can expect publishers' focus on investment and business priorities to be driven heavily by mobile and tablet development, enabling great mobile experiences and monetizing mobile proposition (Figure 1). Revenue diversification is being delivered by monetizing cross-platform, audience growth, creating revenue per user and having more paid content. In that respect, publishers are committed to greater application of HTML5, responsive design and focusing strongly on user experience and developing a product-centric development culture.

Need for seamless delivery across platforms

Among publishers, 70 per cent have the majority of their portfolios optimized for mobile now — a growth of over 10 per cent year-on-year — and 27 per cent have m.sites across the majority of their estates. Ensuring seamless delivery of content on mobile and tablet is clearly important. As last year, overall the revenue opportunity via mobile is seen to be hindered mainly by agencies' attitudes or focus, formats and reporting (both mentioned by one in two publishers) and the dependency on low-yield ad networks and creation of interactive ads (one in three publishers). For tablets, the size of audience is the clearest inhibitor, followed by agency attitudes and creation of interactive ads (both one in four). The most significant revenue generation models for mobile are seen to be unique mobile ad formats (56 per cent) and sponsorship (47 per cent), ahead of in-app ads (41 per cent), while for tablet it is also unique ad

Figure One: Opportunities

Figure 1: Tablets offer major opportunities to publishers

Figure Two: Main issues affecting apps and mobile/tablet development opportunities

Figure 2: In-house skills and resource is a real issue to exploiting opportunities

Mobile internet and tablets are opportunities — and challenges

formats (50 per cent) ahead of digital editions (44 per cent) and in-app ads and sponsorship.

In keeping with previous Census results, mobile and tablet are seen as the biggest areas of opportunity and also challenge (Figure 1). The most prominent opportunities noted for the next 12 months are iPad/tablets (84 per cent) and mobile advertising and content marketing,

both recognized by three-quarters of publishers — the latter two becoming more prominent compared to previous studies. Mobile internet generally, and apps and digital editions for tablets specifically, also features in the top five perceived opportunities for the coming year. Four out of five publishers see mobile web generally as the priority for content delivery, with other priorities away from desktop being iPad/tablet fully integrated apps (68 per cent) and smartphone apps (56 per cent).

**Skills and resources
affecting development**

The main issues affecting mobile and tablet development are seen to be in-house skills and resource (56 per cent), integrating mobile with current sales teams, and implementing responsive design (both 41 per cent) and device fragmentation (38 per cent) (Figure 2).

Summary

Bullish view of growth

Overall, this year's Content and Trends Census presents another bullish view of growth by digital publishers over the coming 12 months. The challenge will increasingly be technology-led as publishers are striving as ever to deliver great content with great user experience, while drawing fair value for their content and finding new models for advertising that reflect the platforms that audiences are using.