Tim Cain

is managing director at the UK Association of Online Publishers (AOP), the industry body representing online publishing companies that create original, branded, quality content. AOP champions the interests of companies from newspaper and magazine publishing, TV and radio broadcasting, and pure online media. The AOP raises awareness and addresses concerns relating to all areas of online publishing to industry and government, covering topics such as paid-for-content, online subscription models, data protection, copyright, content management, new technologies and audience measurement. AOP publishes original research including the annual Census. It also hosts forums, conferences and events, where members can debate issues, meet peers and network.

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

Data management and applications driving forces

Tim Cain
Association of Online Publishers,
The Media Business Centre,
18 Soho Square, London,
W1D 3QL, UK
E-mail: Tim.cain@ukaop.org.uk

Business Intelligence

AOP Organisation Census 2014

Tim Cain

Received (in revised form): 12th May 2014

Abstract

Publishers are responding to the challenges of the new digital platforms for content with an enhanced focus on data and data skills. This article reports on the results of the sixth annual survey of AOP members about their investment plans, pressures on their businesses and distribution strategies.

Journal of Direct, Data and Digital Marketing Practice (2014) **16**, 19–23.
doi:10.1057/dddmp.2014.45

Methodology

The Organisation Census is now in its sixth 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. At its core, the Organisation Census covers a number of areas including growth of products for the coming 12 months, people issues, investment in development and technology, revenue focus and future challenges for the forthcoming 12 months.

A total of 32 organizations, representing well over 700 respected publisher brands and publications, from AOP Board, Associate and Affiliate membership, completed the survey this year. 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/datamonetisationkeypriorityforpublishers4740.html>).

Investment focused on data

The highest priority for more than one in two UK digital publishers this year is data monetization. The importance of data permeates the survey findings this year — 89 per cent of those surveyed plan to grow their investment into data technology in 2014. The survey also revealed that hiring staff with data skills has grown in importance over the past year. In total, 58 per cent of publishing houses are looking to hire data and data analytics personnel in the next 12 months, up from 30 per cent last year. The overarching impact of data in digital publishing is also expected to impact partnerships over the coming months, with 57 per cent of

Figure 1: Expected areas of digital growth 2014 v 2013

those surveyed expecting to develop technology partnerships in data management this year — coming above anticipated partnerships in mobile or tablet apps.

Organic growth and new launches

Once again, the digital publishing industry will continue to innovate and new product launches remain high on the agenda in 2014, with seven out of ten publishers expecting to have new product in the market this year, while almost nine out of ten are looking for growth from core products (see Figure 1). The appetite for acquisition appears less strong, with 14 per cent of publishers expecting to acquire this year compared with 24 per cent in 2013.

No international acquisitions in sight

In terms of international intentions, a third of publishers are looking to launch into new markets and one in two to grow their core business overseas, although none currently see overseas acquisition opportunities in the pipeline. As last year, almost two-thirds of publishers responding to the Census suggest that they see those international audiences as either of growing importance or already very significant in terms of traffic, while more than one in two feel the same about international revenues, a growing figure year-on-year.

Mobile and tablet consumption rising

There has been major growth in audiences consuming content by mobile and tablet platforms, with 60 per cent of publishers reporting a major increase in tablet traffic and 71 per cent a major increase in mobile (smartphone) traffic (see Figure 2). The continuing focus is on publishers expanding their digital businesses across multiple platforms to meet the increasingly diversified means of reaching audiences where and how they want to consume media. Recent reports show that mobile is becoming the first screen for internet consumption and that the time spent daily consuming media on mobile devices is higher than tablet, laptop and even TV.

Figure 2: The changing digital audience in last 12 months

Figure 3: Areas of focus for business expansion

Desktop holding its own

Publishers moving towards paid-for content

Once again, the Census reports that mobile sites and tablet apps are high-priority areas of expansion but we are still seeing a focus on desktop, actually ahead of tablet apps and on a par with mobile in 2014 (see Figure 3).

Paid content continues to be an area of growing opportunity — eight out of ten publishers expect to increase the number of paid elements in their portfolio as the recognition that good content can't be created and distributed for free continues to grow in momentum among publishers. *The Telegraph* and *The Sun* are two high-profile examples of news brands that have adopted a payment model in the last year.

**Programmatic ads
nearly on a par with
direct**

The opportunity to increase paid elements is seen to be highest via tablet apps — one in two publishers are looking to increase monetization that way — ahead of smartphone apps and the desktop, both seen by a third of publishers as the area of opportunity.

Despite the move towards more paid access to content and services, advertising is still seen as the revenue growth priority for the majority of publishers, with one in two suggesting that display formats or creative solutions are a key source of growth. The focus on growth from programmatic advertising is now almost as high as direct sell, with seven out of ten seeing it as a priority area of growth compared with eight out of ten for direct sell.

**Native ads gaining
interest**

Despite the focus on ads, one in three have subscription revenue as a key priority. Perhaps surprisingly, given the scale of audience adoption, only one in four have mobile up there, too, behind the latest advertising phenomenon of native, which almost one in two see as a clear area of priority, although, of course, that is not to say native ads on mobile sites are not being considered. Data-driven revenues are seen as a key priority for four out of ten publishers now.

**People skills an
emerging challenge**

Although this year's Census shows a positive outlook for 2014, publishers continue to recognize the challenges growing in their businesses. This year sees a shift in focus from last year, with most publishers finding the degree of investment in the digital business, new product development and people skills development the biggest challenges they will face, compared with last year, when tablet apps/digital editions development, people retention and maintaining/growing market share were the biggest challenges.

**Publishers becoming
technology businesses**

Publishers are becoming technology businesses as well as media businesses as distribution via multiple platforms pushes user experience to the forefront of challenges, which continues to pose two big challenges — one around acquiring and developing the necessary skills to increase proficiency with technology and the other around the degree of investment required in technological development, either from in-house development or in partnership with external providers.

Investing in people

This year sees a renewed enthusiasm to expand, with a growing number of publishers increasing their recruitment of new staff, which 65 per cent of publishers expect to do this year. Similar to last year, there is an importance in growing technology areas within business, with advertising operations (programmatic), analytics and database/data analysis as the key areas of focus. Traditional areas of recruitment are showing lower expectations of growth in ad sales roles. Recruitment in the editorial area is on the rise, a clear shift from last year when the number of publishers focusing on that area was less than half of what it is now.

**Technology investment
in-house**

Building technical teams in-house has led to development expenditure mainly happening within the business, rather than externally. However, this year there is a slight shift towards more publishers (just over a third) allocating spend externally. Nine out of ten publishers overall are suggesting that they will increase their investment in technology in 2014 (see Figure 4). Most partnerships for technology development will be on data management, ahead of mobile and tablet site and app

Figure 4: Changing focus of technology investment in 2014

development, video and measurement, which all see similar levels of investment to last year.

Publishers gaining control of data

With the increasing reliance on data to assist in the development of content — identifying opportunities to create new products or interest streams and increasing personalization for users — together with the necessity to grow audience data to maximize advertising sales opportunities, particularly via programmatic trading, the partnering of publishers with data management platforms is an area of focus and expansion for the majority. Increasingly it is about publishers being in control of their data and managing it to maximize the value of their audiences and media brands.

Data usage growing sophisticated

Conclusion

To sum up, data has been talked about in terms of its importance for a long time, but we are now seeing real focus dedicated to driving its collection, analysis and interpretation as it permeates every aspect of the digital business from content creation to marketing and revenue generation. We can expect to see growing sophistication in its usage going forward.