Accelerate Local

REINVENTING BUSINESS MODELS FOR NEWS

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Google News Initiative Data Lab: How six local media companies leveraged data to grow revenue

Data maturity assessments lead to short-term wins and long-term objectives

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About the author

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Introduction

The six local media companies in the Google News Initiative (GNI) Data Lab, a partnership of the Google News Initiative, Deloitte Consulting and Local Media Association, have made notable progress in their strategic data use.

Data Lab participants, including *The Seattle Times*, WFSB-TV (Meredith Corp.), *The Philadelphia Inquirer*, WNBC-TV, New York (NBC Universal), *St. Louis Post-Dispatch* (Lee Enterprises), and *Tampa Bay Times*, tackled new data-based initiatives such as increasing digital ad yield, improving sales effectiveness, evolving organizational structure to embrace data, and adopting a data-infused, decision-making mindset with the passion and fortitude it takes to drive their business with this vital cultural change.

The Lab has concluded, but work at each company continues. Making meaningful change to underlying data capabilities is a long process, but progress is possible with dedication and focus on the key areas featured in this report.

Background

Participants first underwent a 12-week program to understand their underlying data capabilities[1] and how to improve them. The Lab also intensely focused on initiatives to drive digital ad revenue by smartly using data. Google, Deloitte and LMA conducted more than 75 interviews with key business leaders as part of in-person visits at each of the media companies in May-July, 2019, across key data dimensions: culture and ways of working, skills and abilities, technology and data. Every company needs strength in each of the key data dimensions to attain the highest level of strategic data use success. Nailing every aspect, however, does not happen overnight. It happens gradually, with week-to-week, short-term wins that accumulate into a groundswell movement.

In the second half of 2019, each Data Lab participant selected and tackled a handful of strategic initiatives, based on that company's respective Data Maturity reports and discussions at a July cohort meeting at the Google offices in Chicago. Second-stage follow-on work in the remainder of 2019 placed a big focus on creating more value from owned-and-operated audience segments, and growing revenue with better direct sales and programmatic performance.

Several themes emerged through the ongoing work.

Segmentation dominates: consumers, businesses, salespeople

Smart companies lean heavily into understanding their customers' individual needs and wants, developing different solutions and services for different customer segments based on that knowledge. For media companies, that customer set breaks down into consumers, who access the news and information, and businesses, who benefit from marketing to those consumers. Savvily gathering data for each customer type leads to better decision-making on how to best serve those customers, and where media companies should

[1] Any company can self-assess its data maturity with the Google Data Maturity Benchmarking Tool, produced in partnership with Deloitte Consulting and the Google News Initiative.

place their bets. For example, allocate resources where you will make the biggest impact, and invest less where you won't.

A notable emerging trend is salesperson segmentation. Just like with customers, not all salespeople are the same. They each have different revenue-generating abilities and, importantly, levels of digital acumen. Rather than provide all salespeople the same training, tools and other resources, some Data Lab companies are having success grouping their reps by ability and skill level, then adapting performance improvement programs to best fit the needs of each group. Revenue per salesperson, a key sales data metric, is rising as a result.

Persistence pays

According to Deloitte, media companies globally lag in data maturity; they tend to have good data strategies, but struggle to operationalize data. The Data Lab participants have some notable pockets of success, though, with strong future plans backed by their newly gained insights. What has been most admirable in this Data Lab process is each organization's dogged persistence in building a more data-rich working environment.

For example, early ambitions outpaced an organization's change capacity in one case, forcing them to pull back on initial, too-aggressive goals. Keeping that long-term, strategic data vision in mind, though, helped that organization's awareness of organizational and technology gaps that they are now addressing. This business demonstrates a constant thirst to do better with data, which will perpetuate better outcomes.

The power of cohorts and benchmarking

Data Lab companies repeatedly mention the intrinsic value of inter-company collaboration. Benefits often come from more general idea exchanges or best practice sharing, as well as from KPI benchmarking. An exercise as simple as having a neutral third party gather each company's data points for a particular metric, then aggregating and reporting out cohort averages, has had a powerful impact. Ultimately, companies gain insight faster and deeper than they would if they were to try to figure out every issue and challenge on their own.

Results and plans

Each participating Data Lab company made notable progress in advancing its data strategies following in-field reviews with Google, Deloitte and LMA. In the areas of data foundations, system and tool optimization, key performance indicators (KPIs), experimentation, sales effectiveness and audience segmentation, we detail how the participating companies have made efforts to mature their data strategies. While some have yielded immediate fruit, others serve as important building blocks for the future.

Data foundations

- *The Seattle Times* has developed some leading edge, data-driven audience development capabilities in the past few years. What is changing now is the added strategic data emphasis on advertising, resulting in a more balanced overall strategy. Notable organization changes include adding two new members to the company's executive team, including a second advertising leader.
- *The Seattle Times* continues its recent push to add important tech and data resources to support advertising, as it has done so well on the consumer side of the business. To help forge common understanding across all key functions, the Times held an educational workshop where advertising leadership presented its challenges and opportunities to the product development team, to help product and business intelligence functions craft informed new strategies.
- *The Seattle Times* sees big business-to-business demand and opportunity in entertainment, food and drink businesses, and is beginning to align data-informed content creation in those high-potential areas to build relevant audience.
- *Tampa Bay Times* unified its direct and programmatic operations management, a big step to improve yield in both channels. This change was already being contemplated earlier in the year, but ratified during the Data Lab review and executed soon thereafter. Positive early results began in August and continue.

- *Tampa Bay Times* is considering a new, separate business with deeper analysis of customer data. With as little as one month of results after tagging the customer's site, the customer's site visitor profile emerges. This is similar to the approach taken at *The Virginian-Pilot's* Cranium Tap research unit, which conducts custom, quantitative and qualitative studies about brand segmentation and offers methods to help companies better understand their customers.
- *The Philadelphia Inquirer* is instituting regular strategy meetings with cross-functional leadership to break down silos between various functions, such as sales, news, finance and senior management.
- CEOs that "walk the walk" drive cultural change. Lee Enterprises and the *St. Louis Post-Dispatch* attribute their success using Domo "because our CEO likes it and looks at it every day." Domo is a cloud-based data warehouse that Lee uses to bring in data from a variety of systems across the company, normalize it and present in analytically insightful ways.

System and tool optimization

- Data Lab participants face similar process and reporting simplification challenges:
    - "Different people internally are working in different systems that are difficult to get talking to one another." — *The Seattle Times*
    - "Every software we have comes with different report-writing tools." — *Tampa Bay Times*
    - "We have multiple reports, multiple dashboards … it's too much." — *The Philadelphia Inquirer*
- Meredith has streamlined its programmatic technology stack and aggregated 10 reports into one. Changes included moving away from tag-based partners at each site. The next step is to tie together programmatic and direct-sold results into a single report. They are also pursuing programmatic for high impact ads.
- Lee Enterprises continues to work with Burt.io to automate programmatic reporting, improving efficiency, along with data timeliness and completeness. More than 70 data reporting connections for programmatic partners are to be made. Close to 100% of programmatic is now connected.

- *The Seattle Times* is moving ahead with a new order management system, Lineup. The system change had been pursued in prior years, to no avail. The new platform will result in the elimination of four major ad systems, which are not integrated currently and cause significant manual processing and inefficiencies.

KPIs

- In September, all NBC-owned local TV stations, including Telemundo, changed from using traditional ratings points to measure campaign effectiveness, in favor of cost-per-impression (CPM), an industry-leading data strategy. The move dramatically improves audience measurement and accountability, and better aligns linear TV with digital. Other local TV and radio companies followed suit, with more expected in 2020.
- *The Seattle Times* has focused recently on site speed and display ad viewability, dual key issues. The objectives are to ensure the delivery of a quality user experience, convert more visitors to paid subscribers, and optimize programmatic ad yield and revenue. *The Times* sees promise in *The Washington Post's* Zeus to manage ad and content calls, which can help improve viewability and site speed. Zeus may also interface with major programmatic partners. Differences in viewability gradations, meanwhile, translate to significant programmatic yield differences.

Experimentation

- With its implementation of *The Washington Post's* Arc Publishing CMS, *Tampa Bay Times* now has more sophistication to execute A/B testing in areas like article headlines. They also benefited appreciably from a recent *Seattle Times* presentation of its Analytics Hub, which enables reporting for article performance and tracking, subscription conversions by article category, and more.
- *Tampa Bay Times* also conducted a Google Analytics audit of its website through AdSwerve. They set up Google Optimize to do A/B testing and inform data-driven design enhancements. They have run dozens of tests, typically two-week tests on 5% of traffic. The GNI Subscription Lab benchmarking KPIs, available in a report released by LMA, have added helpful outside perspective as well.

Sales effectiveness

- *St. Louis Post-Dispatch* is re-imagining its entire sales approach approach for digital, especially for multi-media sales reps. They are instituting much heavier training towards digital, developed by their agency, Amplified Digital. The first priority is St. Louis, but the program could extend to other Lee Enterprise markets. They have now created four of seven modules, with certification. One major objective is to grow direct-sold eCPMs. They have not set quantifiable goals or timeline yet, but aim to at least match the Data Lab cohort average eCPM, which would mean a significant increase for the *Post-Dispatch*.
- Also as part of its training cadence, St. Louis holds weekly "Bagels with Bob" training sessions. Bob Rose, *Post-Dispatch's* vice president of digital content and strategy, teaches an understanding of analytics, terms, e-newsletters, news coverage and audience development, typically with 20-25 sales reps. This program is akin to one *The Seattle Times* developed 2-3 years ago and has continued every week since, to which they attribute much of their digital revenue growth success.
- Lee Enterprises has also revamped its high-impact web display units. Across the company, Lee focused all December digital sales efforts on selling high-impact ad units at higher rates by training on the value and performance of the click-thru rate. The revenue results were notable. High-impact rates grew 8% while selling 64% more impressions into high-impact ad positions. This drove high-impact revenue results +76% in the month (+$456k). The ad positions focused on were not IAB units, so Lee was able to open more total avails to the exchanges. A big benefit of the Data Lab for the *Post-Dispatch* has also been the new ability to see hard data from programmatic to better inform direct sales, including for high-impact, rich media ads.
- *The Philadelphia Inquirer* set an ambitious direct sell-through rate goal, while also increasing direct eCPM. Better, smarter contextual targeting will be a key driver, along with empowering sales reps with audience segment knowledge and ad performance results in owned-and-operated digital properties.
- Meredith's newly improved programmatic reporting is providing data transparency to direct sales management. "Some clients say they are

already buying on the website [via programmatic] and there is no way to see how much they are buying." Per one Meredith sales manager, that situation is now changing.

- *Tampa Bay Times'* new data insight informed sales training and product packaging changes, to improve sales efficiency. Some lower-performing products were dropped, with focus more on fewer, higher-value core products. They also conducted sales rep knowledge testing, then used results to separate salespeople into three different groups based on digital knowledge level. Training was adapted to skill level. The combo of process simplification and more effective, targeted training has resulted in early deal wins and rising effective CPMs.
- *Tampa Bay Times* also created some internal competition with loosening of rules of engagement among its sales team, moving away from rigidly set and bounded sales territories (a best practice seen among some tech companies, not typically in media).
- A tool called Resonate, a consumer intelligence platform, helps demonstrate how well TampaBay.com's audience matches up with the customer's target audience for prospective campaigns. The whole analysis process also demonstrates the depth of knowledge that *Tampa Bay Times* has about its audience, effectively re-positioning the media company as the local consumer data expert. While *Tampa Bay Times* started off with smaller customers, they are now targeting "big fish" with Resonate, and have closed a number of deals.
- *The Seattle Times* does role-playing with new sales rep hires to gauge digital acumen and selling ability.

Audience segmentation

- Google is conducting a full audit of *Tampa Bay Times'* Google Analytics setup, in part based on what the *Times* had learned from *The Philadelphia Inquirer* at the Chicago cohort meeting. One key output: creating valuable audience segments for direct sales to target. Somewhat similar to *The Seattle Times*, *Tampa Bay Times* identified entertainment and events as an initial early opportunity. A new ticketing capability, coupled with *Tampa Bay Times'* regular marketing services, provides a valuable service to the event promoter, and *Tampa Bay Times* with complete visibility into marketing campaign effectiveness.

- One of the data-driven considerations among several newspaper websites was that they should lift the paywall in certain site sections to optimize the consumer/advertising revenue balance. Understanding the tradeoff of consumer subscription revenue vs. ad revenue per user type is paramount. One of the early diagnostics being worked: quantifying the ad revenue per individual site visitor for paid digital subscribers, frequent non-paying site visitors and infrequent site visitors, to play against digital subscription revenue per sub.
- Similarly, several Data Lab participants are investigating data-driven ways to optimize audience shifts better throughout the year. Some see more predictable surges in out-of-market unique visitors due to professional sports or tourism-inspired local audience spikes, while others have more unpredictable weather or unusual news spikes. Several situations represent premium pricing opportunities for both programmatic and direct-sold, while others lend themselves to highly targeted business categories.
- *The Philadelphia Inquirer* is improving its contextual targeting capabilities through current products (Clavis/Arc) and potential outside help (Peer39, MOAT/Grapeshot) and beginning to work on digital subscription propensity in order to more effectively drive conversions. Clavis is technology that categorizes stories by topic, and assigns keywords to each. It also applies that process to readers and flags their interests based on articles they've read. Clavis then pairs readers with articles that match their reading history. Peer39, MOAT and Grapeshot all contribute to matching programmatic ads to content keywords, while MOAT provides deep marketing campaign performance analytics.
- Rather than simply take the traditional view of customers ranked by total spend or year-over-year spend change, *The Seattle Times* dug deeper with its data, revealing insights into its customer base. *The Times* segmented customers based on product purchase history, using some of its recently implemented advertising-related data capabilities. The team learned that customers buying digital marketing services spend 4.5 times as much as customers that do not purchase any digital marketing service products. This data point, combined with a few other factors, has led the *Times* to add to its digital-only staff to further tap demand, profitably.

Conclusion

It takes time and perseverance for companies in any industry to attain what Deloitte refers to as leading maturity status. The typical local media company is even more challenged, coming from a point of relatively lower maturity in at least some key areas of the foundational pillars: culture and ways of working, skills and abilities, technology and data.

Companies need to talk openly about their data strategy and execution, the vision, the current state, and where they see gaps. Awareness, alignment and a drive to transform all lead to positive change, then growth. Every company needs a thorough and sincere self-assessment, followed by a thoughtful, bold plan to upgrade.

Make no mistake about it. You win with data. And you need data, consistently done well, to win sustainably.