

‘Media Transformation: Top 3 Trends’

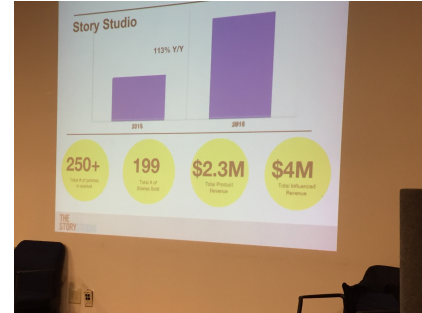
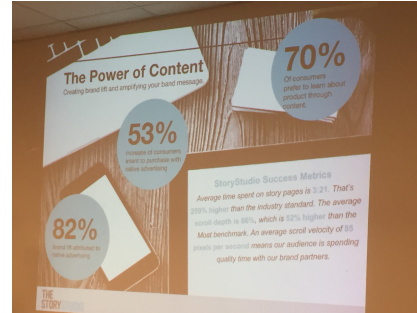


Nancy Lane, President, Local Media Association

Virtual Advertising Conference, July 26, 2016

Top 3 Trends In Media Transformation...

1. Native Advertising
2. Digital Marketing Services (digital agencies)
3. Events

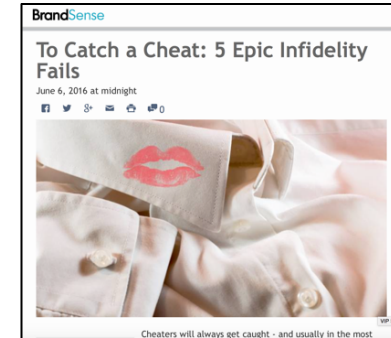
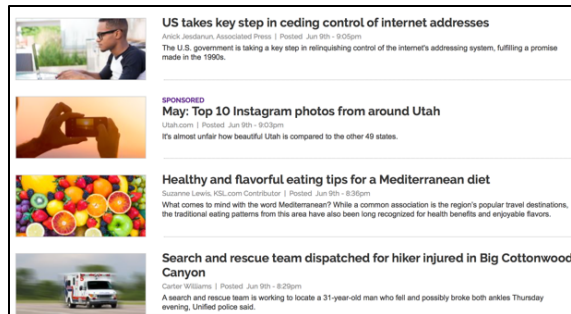


Native Advertising/Sponsored Content

Progressive local media companies are launching native advertising strategies; we believe this model is here to stay

Companies such as BuzzFeed have set the bar high (it's 100% of their business model and they employ 10 data analysts to work on these campaigns)

Who's doing it well? Victoria Advocate (TX) – 30K circ., Deseret Digital, Evening Post Publishing Group



Native Advertising/Sponsored Content†

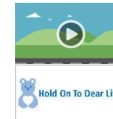
Best Practices:

- Clearly label as sponsored content
- Incorporate video into the story
- Figure out your best content strategy
 - Lots of great outsource partners or DIY
- Content must be high quality
- Never allow a sales pitch
- Charge a large premium
- Don't sell one-time packages
- Content should be evergreen
- Must be displayed in native format



Video: How to choose the right helmet for your kids

By Intermountain Primary Children's Hospital | Posted Jun 21st, 2016 @ 9:03pm



Primary Children's Hospital Helmet Safety

This story is sponsored by Intermountain Primary Children's Hospital
Hold On To Dear Life — the Child First and Always.

Helmet safety is not just for kids; it's for everyone in your family. Use the video above to find the perfect helmet to protect yourself and your loved ones every time you lace up their roller blades, hop on a bike or kick off on a skateboard.

Once you've found a helmet that fits your head the best, here are common questions and answers you may have about helmets in general.

How do helmets work?

Typical bicycle helmets are composed of two parts: the hard outer shell and the foam inner liner. These work together to keep your head safe in case of an accident. Upon



MOST VIEWED

1. 2 critically injured in 6-car crash on Bangerter Highway, intersection closed
2. Young mother of 2 dies on pioneer trek in Oklahoma
3. Documents: Former teacher says he used to trade grades for sex
4. Police ID hiker found above Alta
5. 'America's Got Talent' judges praise BYU alumni 'Cinematic Pop

Digital Marketing Services/Digital Agencies

Digital services represent 42% of the \$714B U.S. marketing spend (Borrell Associates)

Who is killing it?

- GateHouse/Propel Marketing - \$50 million in 2016
- Nexstar Broadcasting - \$33 million (now represents 1/3 of their digital revenue)
- Dallas Morning News – over \$40 million in 2015
- Advocate Digital Media – seven figures and growing
- San Francisco Chronicle – two agencies 46Mile and LocalEdge

Digital Marketing Services/Digital Agencies

The larger companies are making big bets in this area and the smaller companies are starting to figure it out as well (after a lot of trial and error!)

Companies such as GateHouse, Hearst, Gannett, Entercom Communications, Hubbard, Digital First Media and more have set the bar high

Who's doing it well on the small side? Victoria Advocate (TX) , Big Fish Works (MN), Informed Interactive, Fusion Farm (IA), WSPD (KY)



Digital Marketing Services/Digital Agencies

Winning Strategies:

- Treat as a separate business unit with separate P&L
- Employ a dedicated staff or digital experts at the very least (most are using a combination of digital-only experts and existing staff)
- Invest in this new business unit
- Provide world-class training to the staff (must be ongoing; the digital world changes daily)
- Name your agency but also leverage your media brand – best of both worlds
- Facebook must be part of your strategy (Propel Marketing went from \$0 - \$7.5 million in the last 12 months; FB ads now represent 15% of their revenue and growing)

Digital Marketing Services/Digital Agencies

Consider Strategic Acquisitions:

- GateHouse's Propel Marketing just purchased *ThriveHive*, a platform that addresses the needs of very small businesses (10 employees and less). They are now in the process of aggressively staffing a call center in New Hampshire (hiring 100 FTE's) to grow this new line of business. They are also looking at other strategic investments and acquisitions in areas that might surprise you.
- Cordillera Television's Informed Interactive is also making strategic acquisitions as the next phase of their growth plan. Ackmann & Dickenson is a web and mobile application development agency that was acquired in April of this year. They bring a staff of 60 including engineers and this allows them to work with companies in new and interesting ways. In 2014 they acquired a creative agency and they are expected to make a few other strategic acquisitions yet this year.
- The Dallas Morning News acquired three marketing companies in 2015 and partnered to launched Speakeasy in 2012. By the end of 2015, revenue from digital marketing services represented 27% of their total advertising revenue.

Events – 3rd Leg of the Media Transformation Stool

Must be treated as a separate business unit
Delivering profit margins of 30-50%



John Newby @THETIMESOTTAWA · Nov 10

Events bring in 40-50% profit margins. How does that stack up with your core and digital? Might be worth some effort! [#2015eventsummit](#)



1



2



Who's killing it?

- GateHouse Media (live and virtual)
- Chicago Tribune (\$5 million & growing)
- Metroland Media (Toronto)
- Cedar Rapids Gazette
- Utah Media Group (\$7 million & growing)
- Townsquare Media (radio – just bought a Carnival company!)
- Emmis Communications – Incite (radio – focus on cause marketing)

Events – 3rd Leg of the Media Transformation Stool

Best Practices:

- Treat as a separate business unit (don't expect existing staff to handle this too!)
- Hire someone in your market with event planning experience
- Pick the right events for your market
- B-to-B events represent a huge opportunity w/ higher profit margins
- Dining and food events are easy to sell and manage
- Create separate P&L's for each event and aim for a minimum profit margin of 30%
- Bringing a cause into events can increase ticket and sponsorship sales while doing good for the community at the same time (Emmis Communication's Incite division gets 30% of their revenue from non-profits)
- Tie events in with promotions and contests (Second Street works with a lot of media companies using this strategy – especially for “Best Of” promotions)

Digital Agency Summit

MAKING A BUSINESS OF DIGITAL SERVICES – LMA and Borrell Associates have teamed up to produce this 1.5 day summit (August 17-18 at the Gleacher Center in downtown Chicago).

Highlights:

- **Facebook keynote:** Youssif Abdulhamid, SMB Growth (will talk about how to manage Facebook ads at scale and the advantages of working with a tech partner (their recommendation) vs doing it yourself. He'll also share which solutions drive the best results for local businesses and more information on the Facebook Marketing Partner Program)
- **Case Studies:** GateHouse Media/Propel, Cordillera Television/Informed Interactive, Hubbard Radio/2060 Digital, Dallas Morning News

Information/Registration: <http://www.localmedia.org/digital-agency-summit/>

Save the Dates!

Native Summit: November 9, 2016, Gleacher Center, Chicago

- Will feature a wide range of case studies from companies small to large across all media platforms
- Who's doing it well and how are they structured?
- Opportunities with video, programmatic, combining with print/broadcast and more!

Events Summit: November 10, 2016, Gleacher Center, Chicago

- Faculty members from companies that are KILLING it with events
- How to get to 50% profit margins
- Picking the right events – pros and cons of each type

Questions?

nancy.lane@localmedia.org



LocalMedia
Not your
average association

