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The Next Chapter: Audience Economy

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When the full story is written on the digitization of the media business, the next chapter will describe a world in which the current publisher organization is almost unrecognizable. It may be hard to see it today, but just around the bend, publishers will have complete and real-time knowledge of the profile and value of each visitor behind every impression on their Web properties.

Publishers: If these "early days" of moving your businesses online have seemed uncomfortable, perhaps even a tad disorienting, you had better brace yourselves. The Audience Economy is coming.

This new era of perfect audience clarity promises to thrust publishers into a position of renewed strength in the online ad ecosystem but it also foreshadows a dramatic shift, if not a complete upheaval in the way they do business. Indeed, a complete retooling of the publisher organization – new systems, new processes, new strategies and business models, and ultimately NEW PEOPLE – will be required to take advantage of – and fully leverage – real-time audience data for each impression served. The big winners will be those publishers who aggressively take steps now and can make the tough decisions to update their organizations for digital success.



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Online audience monetization: In the beginning...

Despite the rapid pace of change in the last few years, this evolution hasn't happened completely overnight. Over the last decade or so, publishers have made the somewhat hesitant leap to a world where they have started to create online revenue streams.

It hasn't been easy. In fact, the power shift in the online ad eco-system has knocked many for a loop. Armed with a ton of online data, Google and all the other traditional ad networks and ad exchanges can offer publishers better fill rates and help monetize unsold inventory. Although a win-win on the surface, peeling the onion reveals that because these networks have a better understanding of the true value of an impression, the publisher, in effect, gets squeezed and the networks play an arbitrage game to garner the lion's share of the value.

But, as we close out the early chapters of the digital media story, change is upon us. The online world now accounts for over 30% of media consumption yet only 15% of ad spending, and with more eyeballs moving online every day, a growing pool of publishers are finally beginning to embrace the inevitability of the end of their print businesses and warming to the massive potential to ramp and diversify online sales. Data-driven insights are enabling publishers to understand who is viewing every impression before they give it away for pennies, and surfacing entirely new ways to monetize their online audiences.

In short, many publishers are already in the early stages of reinventing themselves to compete and thrive in the audience economy. But, the biggest changes lay just ahead. What needs to happen to thrive? Here are some things publishers need to start thinking about or ignore at their own peril.

So much data, so little time

By definition, perfect audience clarity necessitates a ton of audience data. Publishers need to get ready for it. They will need systems to store, manage, track, analyze, and make actionable all the newly found data now at their disposal. Most large publishers are already thinking about this, and some have already implemented data management platforms (DMPs) to begin tapping the value of their data. However, with an increasing proliferation of available solutions, picking one of the winners may prove difficult.

The punchline: A technology-injection is table-stakes to prepare for the audience economy but choosing the right path is not for the faint of heart. Acknowledging this risk in the selection process will set up the right approach, selection, and risk mitigation strategy.

You know your audiences but how are you going to sell them?

Knowing the value of an impression is one thing. Actually *securing* the value of that impression (by selling it!) will necessitate a mindset shift across the organization. The conversation needs to shift from *How many leaderboards remain in the June inventory?* to a more holistic, more strategic conversation with advertiser clients regarding how you can help them *reach and engage their targeted audiences online*. A new agenda will take hold in internal sales strategy discussions that will probe such questions as *Which audience segments is the advertiser trying to reach?*; *How can we effectively demonstrate during the sales process that we're uniquely positioned to reach that audience?*; *What is the demand for that audience across all of our advertisers?*; and *How can we proactively demonstrate that we're hitting an advertiser's goals and go further to measure the full impact their campaign?*

And, here's a question publishers should be asking themselves: *Is my sales team asking these questions today...and have I given them what they need to know the answers?*

Marketing people, not placements

Given the technologies and data at their disposal (RTB, Ad Exchanges, DSPs to name a few), advertisers are arguably ahead of the curve – leading rather than being led by the publisher – in terms of how they want to market their brands online. However, as publishers begin leveraging that first look at every impression and knowing the profile behind each impression served, they will be equipped to innovate and deliver new solutions to advertisers – solutions that exceed the boundaries of what advertisers thought possible. So, even as publishers begin segmenting their audiences a dozen different ways and make strides to productize new offerings, they will also need to alter their current approach to marketing in order to successfully create awareness and demand for these new solutions.

Today, an advertiser can go to a publisher and choose – from a fairly canned rate card – any number of products (e.g., ROS advertising, newsletter sponsorship, dedicated email blasts, Webinar sponsorship, etc.) that are essentially identical to those offered by every other online publisher on the planet. Since offerings are fairly undifferentiated, the need for market education is fairly minimal. This will change drastically in the new audience economy, because each audience is – or can be – unique. Publishers will need to flex their marketing chops to reach, educate and inspire their target advertisers to think in entirely new ways in a world of perfect audience clarity.

The organizational DNA conundrum

Data and insight will bring the potential to package and productize countless new offerings to meet the very specific needs of advertisers. But, what exactly are those solutions? How should they be priced? How do you size the associated market opportunity? What is the cost-benefit of productizing one potential offering over another?

Publishers need to ask themselves: “Are we equipped to effectively tackle these kinds of product management and marketing initiatives based on the makeup of our current organization?”

In fact, the common thread across all of these moving pieces is PEOPLE. As publishers journey further into the new audience economy, they will need to do a hard assessment of their existing talent base. Fundamentally, are the people currently on staff the *right* people to develop, market, sell, and support data-driven products that perfect audience clarity will make possible? The publishers that are prepared to ask those tough questions and take action are in for a wild ride -- but likely a happy ending – as this story continues to unfold.

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