

## **16<sup>th</sup> Annual International Symposium on Online Journalism**

**Day 1, April 17, 2015: Morning Session - 9:30-11:00 a.m.**

### ***Reformatting the Business Model: Native Advertising, Crowdsourcing, Paywalls and Revenue***

**Chair & Presenter: Jennifer Preston**, Vice President, Journalism, Knight Foundation

**Panelists:**

- **Tim Griggs**, Publisher and COO, **Texas Tribune**
- **Jim Moroney**, Publisher and CEO, **The Dallas Morning News**
- **Maria Ramirez**, Co-Founder and Co-Editor, **El Español, Spain**
- **Joy Robins**, SVP of Global Revenue and Strategy, **Quartz**
- **Chia Ting Ting**, Head of Advertising & Digital Marketing, **MalaysiaKini, KiniBiz & KiniTV, Malaysia**

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**Tim Griggs:** Nice to see all of you. And all of those of you that I saw last night at the mixer, I was the one with the infant at the bar. [laughter] So, that was probably a dumb move on my part.

I'm going to talk today about how to make money from serious journalism, which I think everybody in the room will agree is really hard. It is a difficult task. *The Texas Tribune* has found a model that is working for it, and so I'm going to talk a little bit about what makes that successful.

But first of all for those of you who are not familiar with *The Texas Tribune*, we're based here in Austin, about five years old. We are non-profit, non-partisan. And we cover exclusively state politics, public policy, and government. So, that's things like public education, higher education, transportation, energy, water issues, which are big here. We don't cover things like sports, style, barbecue — big issues in Texas, but not on *The Tribune's* plate.

We do this primarily in three ways. News, of course, which is coverage of all those issues I just mentioned. We actually have the largest state house press corps, so the largest group of reporters covering any state in the country, by any organization, for profit, non-profit, or otherwise. We now have about 23 reporters and editors who cover these subjects full time.

The second way is through data. And so, *The Tribune* has sort of been known for, since its launch, taking complicated data and making it accessible to people. So, an example of that is Public Education Explorer. So, if you want to know what the student-to-teacher ratio is in your school district or you want to know what test scores have looked like in trends over time, we can sift through that [and] help you sort through [and] find what information that you want, and so on.

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And then lastly, events. So, *The Tribune* produces a large number of free to the public, on the record, public, live events that are also live streamed around the state for those who can't make it.

OK. So, how do we make money? I'm going to walk through each of the major areas of revenue for *The Tribune* and sort of what makes them tick. The first is corporate. And so by that, I mean sponsorships. This is more like public media underwriting than, say, transactional advertising. But these are sponsors who pay to reach folks via our website or our other additional products like email. And primarily we are talking about advocacy and brand, again, as opposed to, you know, Nike ads.

The second is events—the aforementioned big part of our business. These range from a one-hour conversation with a newsmaker all the way to a multi-day, very elaborate, 3,000-4,000 attendee, multi-track festival that's sort of like the Super Bowl for policy wonks held here on the UT campus, which is a major endeavor. All of our events are about news. OK? They are live journalism essentially. They happen to also generate quite a bit of revenue for us, because sponsors want to be in front of that audience. And in the case of the festival, we also charge for tickets, but they are primarily news events. We don't do things like, say, a wedding expo.

OK. Foundations. So, this is a philanthropic support. Foundations pay *The Tribune* either for general operating expenses or for innovation to experiment around a certain topic or to fund an initiative to get it off the ground. So, a great recent example is the Hewlett Foundation has funded *The Tribune's* first full-time Washington D.C. bureau chief to keep tabs on the Texas congressional delegation, which needs keeping tabs on. The second philanthropic bucket is individual gifts. So, these are wealthy donors, major donors, \$5,000-and-up, who support *The Tribune* because they believe in our mission. They believe that smarter Texans make for a better Texas and support *The Tribune* as a charitable cause essentially.

Consumer revenue. So, this is smaller-dollar contributions. Basically, three things. Smaller-dollar, one-time donations, so things like crowdfunding, which you're going to hear about in a really big way in a minute. So, for example, we did a kick-starter campaign to fund all of the live streaming capability that I talked about before. The second type of consumer revenue is membership. So, that ranges from \$10 for students all the way up to multi-year \$1,000 pledges, very much again along the lines of the public media model, where people pay because they want to be part of the cause. They want to feel like they are part of the team. There are benefits that are associated with that. And then the third type of consumer revenue is sort of the pay model, the subscription business. *The Tribune* has one digital pay product called *Texas Weekly*, and subscribers pay because they need *Texas Weekly*, this insider blog, email, etc., to help them do their jobs better

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primarily. And then lastly, and a very small portion of the revenue now, is through syndication revenue content licensing. That sort of thing.

I love this quote. It's kind of the heart of what I'm saying, which is a piece of Nieman that's at *The Tribune* is, "The poster child for revenue diversity." So, why does that even matter? Why do we care about revenue diversity? Why not just focus on one thing and do it really, really well? Well, there's a bunch of reasons.

First, it protects against market forces. So essentially, risk mitigation. If you have one line of business that tanks, you'll be okay. And a great example of that is what happened to some newspapers who had a really heavy reliance on classified advertising, and Craigslist came along, which seems like an eternity ago, but Craigslist came along and other digital disrupters. That line of business collapsed, and in some ways, several major newspapers collapsed with it. Having multiple lines of revenue protects you against that. Of course, I should caveat all of this with, pushing for revenue in lots of areas also has its own set of risks, which is execution risk. You know, it's easy to get distracted. So, there's a fine line.

The second reason it's important, it can help you stay focused on being entrepreneurial. So, in the case of non-profit newsrooms like ours, it is important for us to drive revenue that extends beyond philanthropy. Not that philanthropic revenue isn't really important. It is. It's just unpredictable. In fact, philanthropy has helped us innovate in ways we might have been able to do otherwise. But long-term, our sustainability depends on what we call *earned revenue*, so essentially operating more like a for-profit in that sense than a non-profit. So, [it's] having a relentless focus on not just optimizing the revenue streams you have, but in taking short-term risks to see if you can develop long-term gains from a revenue perspective is really important for us. And again, that is true of most organizations beyond news organizations.

Lastly, and I think most importantly for us and probably for many of the newsrooms represented here, it can protect against influence. OK? A great example of that, Ross Ramsey, the gentleman on the left in this photo, who's one of the founding editors of *The Tribune* and the architect of *Texas Weekly*, the product I mentioned earlier, he agreed to moderate a corporate panel, a corporate forum in Dallas, in exchange for an honorarium or a speaker's fee that would go to *The Tribune*. That's a pretty common practice for us. Essentially a speakers bureau. Only instead of the individuals getting those dollars, it goes to *The Tribune*. We do it all the time. The sponsor sent him in advance a list of questions to ask panelists, which of course Ross said, "Hell no! I'm not gonna ask your questions. I'm gonna ask my questions or I'm not gonna do it." They said, "Well, we want you to ask our questions." We said, "OK. Let's just not do this." And if you were so heavily reliant on one line of business, it makes it really hard to say, "No." So having the ability to turn down a corporate sponsor or turn down a foundation or turn down a major

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donor because they are attempting to influence what you cover, the way you cover it, is really critical for us.

Last thing I'll say, this is from my three points about revenue diversity—and we'll talk more about it—is, where is Jake Batsell? Is he in the room somewhere? There he is, OK. So, Jake is going to be speaking later. Jake just released a report. Two things you should know about. One is a report specifically about all of the things I just said about *The Tribune's* success. He's waving it right there. That was released by Knight. That was part of Jake's *Texas Tribune* fellowship, funded by the Knight Foundation, called "Earning Their Keep." I highly suggest [KnightFoundation.org](http://KnightFoundation.org). Look for that document if you have any interest in sustainability for your organization, not-for-profit or for-profit. There are great tactical examples in there that you should look at. The other thing is Jake has a book out about engagement that you should [read]. I swear I'm not getting a cut of any of this. [laughter] It's important. Thank you.

[Applause.]

**Jim Moroney:** So, I am optimistic about newspapers surviving and finding a model. Just like Tim was talking about, we're trying to find a sustainably profitable business model at scale. And I think it's doable, but it's going to take rethinking about what it is that we're trying to do. But let's just start with why it's important.

In the United States today, you can pick on this number a little one way or the other, but more than half of the reporting about city, county, and state government is being done by local news media organizations formerly known as newspapers. Newspaper companies are doing this. And if we go away, so does this reporting. The television stations are not going to pick it up. I ran television stations for 15 years. They've got 40% margins. They are not going to pick up the journalists that go away when newspapers go away. And why does that matter? Because it is not good for democracy. That's what gets me up every morning. That's why I think this is an important battle that U.S. newspapers need to win to maintain the scale of resources they are putting against government reporting among other things.

So, let's start here:

["96 Tears" starts to play and then stops.]

We're not going to do it. OK. There was music, but there's not going to be music. So, this was going to go along with the song "96 Tears," which is meant to say, I am tired of people crying about what happened. Let's get focused on the future. That funny line that someone said, "Time to quit complaining about the rain and start building an ark." You know? I mean, we've talked about this bad news for long enough, so let's stop. A couple of years ago, I said, "You know what our industry needs? It needs a lot less

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Eeyore's and lot more Tigger's." I've got all the complainers. "Oh, it's gonna be awful."

So, this is the problem. Back in the day, we had scarcity. We were the only sort of newspaper of like distribution in our markets, and we could raise rates as high as we wanted to go and people would pay them. But what happened now is we are in the Internet age, and there is now abundance. We've gone from scarcity to abundance, and with that has gone a decline in rate.

Tony Haile, the Founder and CEO of Chartbeat put it this way, "We're living in a world of infinite inventory. In that world, prices always tip towards zero, and that is our challenge." And that is the challenge in the Internet age. [Song "Money" plays as Mr. Moroney talks.] So, if you're one of these guys, you've got scale. You've got billions of users, billions of added pressure, but that's not what happens with us. [Music stops playing.]

You've got to have that kind of scale in digital advertising in order to win, but this looks more like us. Can you find Dallas in there somewhere? It's a little red dot. OK? This is the problem local news organizations face, in my opinion: Local news and information does not scale in a way that digital advertising can sufficiently pay for newspaper newsrooms. That's the problem. We just don't scale the way that you can scale BuzzFeed and Vox and Snapchat and Instagram and so forth. We are geographically confined by people who are interested in what goes on in North Texas and in the state of Texas. And we have expatriates, but they are not enough to scale nationally and globally.

So, this is *The Dallas Morning News* newsroom. It's a \$30-million enterprise. That's what I spend on reporters, photographers, [and] all the things that support them. That's what we spend. So, let's do this real quick. Five million ads. If you serve five million ads and you manage a six-dollar CPM, which would be nice, by the way, and you would get \$30-million. Last year we served 1.2-billion ads. I've got to somehow scale my news and information over three times at least, and probably during that interval, the CPMs are going to come down, so I've got to do more. I don't think we're going to get there quickly enough to offset the decline in print ad revenue.

[Song "Trouble" plays.]

So, what else are we doing? Digital-only subscriptions do not appear to be a sufficient answer. We did a survey at a mega-conference in Atlanta recently, and here's what we found out. [Music stops playing.] 84% of the responding newspapers said... Follow me with this. If I had 100,000 print subscribers, what is the ratio you have of digital only subscribers? 84% of the newspapers that responded, about 104 newspapers (medium, small, large) said that they had 15% or less digital-only subscribers to the print level of subscribers they had. So, they had like 15,000. If you had 10,000 print subscribers, you had

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1,500. And we're seeing a leveling off of the digital-only subscriber base over the last couple of years. It's not growing much past that.

So, this is what it looks like. 0%—those are the people that don't have a paywall. 1-to-5%. I can't read this here. But that's 43% are in the 1-to-5% range. That means if they had 10,000, they're down to like, you know, 500 and so forth. So, 15%, yeah, they've got 16% or more, but that's not the problem. It's this 84%. We're not getting enough digital-only subscribers.

Let me give you *The Dallas Morning News* as an example. We [have] 250,000 paid subscribers. That would yield you at \$9.95 a month—by the way, that's the prevailing price in the newspaper industry today for a digital-only subscription—so, you would get 30,500 subscribers, and that would get you, at \$9.95 a month, that would get you for 12 months, \$4.5-million a year! What's wrong with \$4.5-million? That's a lot of money! Well, the problem is, that's 5.5% of *The Dallas Morning News's* print circulation revenue a year. For the math majors that are already there, we have \$82-million paid to us by people who still buy the print newspaper. And I get to trade that for 5.5% of that. Not a good trade. [Music plays and stop.]

Oh, wait! Total advertising. That's going to do it, because those audiences are growing like wildfire. And it's going to be the answer. In fact, look at this. This is from an organization that we belong to that's about one-quarter magazines, one-quarter newspapers, one-quarter cable and television stations, and one-quarter digital pure plays. So, it's a combination. It's not just newspapers. And look how much ad revenue has been growing through much of last year. That's great, right? You've got to love that! Yeah, well, there's a problem. Look at those CPMs. Three bucks. Three dollars. And probably going south from there.

So, let's do what I call a mobile reality check. Let's just say I had 100-million page views on mobile. And let's say that I had an average of one ad per page and I sold 100% of them, which nobody does. The industry average is probably about 70% sell through. And if I did that at a \$3-CPM, I'd have \$3.6-million. Once again, what's wrong with \$3.6-million? Well, what's wrong with it [is] that's less than 2% of *The Dallas Morning News's* total revenue. Not making a real big dent, y'all. [Music plays.]

So, here's the problem. Our industry is focused on digital advertising. By the way, I'm all for it. Get all of it you can. Get it by the wheel-barrel full. I just don't think that when you add that [music stops] to digital-only subscription revenue and you kick in mobile as well, you're going to be swamped by the decline in all of your revenues that are still tied to the paid-print edition. Print advertising, display advertising, pre-prints, classifieds, and also your subscription, because the volumes are going down. [Music plays.]

So, what do you do? Step one, you have a funded, dedicated resource. [Music stops.] You stand behind it. Don't cut it. Sustaining innovation

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process. This is not the same thing as disruptive innovation. Sustaining innovation is where you take your organic resources and you build a brand-new product. You take an existing product like a magazine and extend it into other brands off the core brand, or you just take a current business that you have and you improve it enough that it drives new incremental revenues. All coming out organically from inside your organization.

The second thing you do is.... We've yet to do this. The newspapers in this country cannot outrun the pace of the decline of print-ad revenues and the things associated to the decline in the print volumes by doing organic alone. I think you have to go to step two, which is, establish again and fund permanently a business development organization that's meant to go out and acquire businesses to help you grow your revenue and that helps you offset the decline in print ad revenues. And let me show you what we've done.

Here are the things we've done in sustaining innovation. We had these niche products that we've had that are niche print products. We had these three magazines. One was a luxury magazine, *FD*. We extended it to *FD Love*, that's a wedding edition. It comes out twice a year. This year we launched *FD House*. It come out four times a year. It's all about home and home furnishings and so forth.

*Proven Performance Media*. I can talk about it later, but it's a business that we started. We've now sold and licensed this business to *The San Diego Tribune* and *The Seattle Times*. By the way, Digital is our small and medium business digital marketing services agency that we founded in 2012. Of course, we all have the web. We all have apps. We have Speakeasy, a content marketing company. We own 70%. A full-service agency called Slingshot owns the other 30%. And we established that in 2012. We have 75 customers today. We broke even in a year-and-a-half and we're profitable. I love that.

Crowdsource is our event marketing company. Unlike Tim, we don't just do news things. We do news thing. But tomorrow after you've been to ISOJ, if you go about 25 miles outside of Austin, there is the Untapped Beer Festival. There will be already, I know, 4,500 people there, because we've sold 4,500 tickets. We own and have been propagating the Untapped Beer Festival. We are now in Dallas, Denton, Fort Worth, Houston, opening in Austin tomorrow, and then we're taking it to San Antonio. I can explain later why we're doing it, but we are making a lot of money. It is untapped, meaning, craft beer with Indie music. What better place to do it than in Austin?

And finally, these are a couple of companies that we bought in January. The first one is Vertical Nerve. It's one of the very few Google premium, platinum certified, search organizations in the southwest. We needed to take our service that we were offering in Search to a different level and distinguish us from all of the other people out there selling search. And the final one is Distribion. It's a marketing automation platform that is particularly focused

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on email marketing. We have 70-million records of consumers that we can slice and dice over 350 different ways demographically. A very powerful marketing platform.

So, what has happened? [Music plays.] So, this is what's happened. Here's where we were in 2010. [Music stops.] Oh, it's getting better. Some music finally came on. Here's where we are. The positive stuff came out. So, in 2015, the big changes, the blue is the core advertising type of print. You can see that it's declined, not only of itself, but this isn't all about the pie shrinking [that] I'll talk about in a minute. But the one that's increased the most is the 7% and the 2%, into 17 and 3, up to 20%. That's really our marketing services and other marketing channels. Businesses that we've been building and acquiring very strongly since 2012.

So, let me put it in some numbers. The first I call Declining. Reality check. It's declining. Get over it. So there it is. It's gone, though, from being 46%—if I'm reading this without my glasses right—to about 30-some, 31%, I think. And then I call it Sustaining (sort of). It's kind of staying equal. It's a little going down. Maybe a little going up. It's going to ultimately decline, but right now it's kind of stable. And then I've got our Growth, digital advertising and marketing services, going from 7% to 17.

But what I want to point out at the bottom, the Total Revenue and Index. If you took all the revenue we had, total revenue as a company in 2010, we have 91% of that still in 2015. That's pretty good for the newspaper industry to go five years [and] only lose 9% of your total revenue. This is called a CAGR. You know, a Compounded Average Rate of Growth. Well, we have [what] I'll call a CARD, Compounded Average Rate of Decline. OK? That's like almost sort of funny. [some laughter] But you can see that our CAGR or our CARD is only -1.8%. Last year we finished—we're a publically traded company—we finished down 1% in total revenues for our company. And for a major metropolitan newspaper in the United States, you know, that's sort of like down one is the new up. I mean, that's really good. [laughter] I'm really proud of what our team has done. And we are hopefully going to get better.

But then it comes down to, why do we do this? And I'm going to end right here. So, I would go to places, and someone would walk up to [me] like they do to you, and they'd say, "What do you do?" And I would say, "Oh, uh, I'm in the newspaper business." And they would go, "Oh. Are you okay?" [laughter] They're [acting] like, god, I have cancer. What? I don't know.

So, anyway, I changed things. And this is kind of what I do now. This is one of my favorite cartoons [that] I watch with my kids called *Pinky and the Brain*, because I love the way it started every morning. Pinky would say, "Gee, Brain, what are we gonna do tonight?" And Brain would say—every show—every show at the beginning—he would say, "The same thing we do every night, Pinky! We're gonna take over the world!" OK, I like that. That's a bold statement. So, this is what I do. This is Mike Wilson, our editor. It

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says, "Gee, Jim, what are we going to do today?" And this is what I say to people when they ask me what I do, "Same thing we do every day, Mike. We save democracy." Thank you.

[Applause.]

**Maria Ramirez:** I'm very happy to be here, because it really all started here for us in Austin in this room. Last year, I came to the symposium with Eduardo Suarez. We were working for the Spanish newspaper *Mundo*, and we decided to start a blog here on media innovation. We were really inspired by this place. The blog is called #nohacefaltapapel, meaning, you don't need print. Something like that. It's quite provocative, I know. And well, Rosental with his super powers said to us, "You come back to Austin next year, and you come back with a project." We didn't know then that he was correct, because nohacefaltapapel became a publishing company. That's the name of the company that is publishing now *El Español*. It's a new digital project.

We launched it last January in beta, sort of, to do some reporting and to start a crowdfunding campaign. We were very successful. We were surprised actually by our success, because in less than two months, we got more than \$3-million--[applause]--from more than 5,000 people. And it was actually, as far as we know, the world record for crowdfunding in journalism. That's something pretty new in Spain; although, I have to say that in Europe it's becoming sort of a trend. Because, in fact, the previous record was held by the Dutch *De Correspondent*. That's a digital newspaper, too. There are several examples in Europe, all around Europe, of very successful crowdfunding.

Our crowdfunding, though, was a bit different than their crowdfunding. In fact, it was equity crowdfunding, meaning that readers are actually shareholders of the company. It has a bit of legal/financial obligations for us. It's not very easy to do, but we think that it's part of our success—the fact that the readers are really the owners of the company. And we didn't do it with Kickstarter. We chose a local platform. We prefer it that way. A small platform from Barcelona. And they were very happy with the success.

The minimum that you could invest was around \$100 and the maximum was \$10,000. And well, the money came in pretty fast, especially at the beginning and at the very end. We broke the record in the last 15 days of the campaign. And the last weekend especially was really amazing. One of the lessons for any crowdfunding is that you really have to push at the very end, because that's when people are rushing.

We did a lot of graphics and videos with the new shareholders. And I think that helped, too, because it encouraged other people to do the same. We had some fun, like, people like to put their money in in the morning. I don't know why. It's a high preferred traffic [time] online, maybe, and well, especially from big cities in Madrid, Barcelona, and most populated regions, and also

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from outside Spain. Actually, because of the laws in Spain, we couldn't accept crowdfunding money from people outside the European Union. We had some people in America that wanted to invest but they couldn't. But we still had some money from outside Spain, especially from the UK.

Well, the big question: How did we do it? We were surprised by the result, and we were, I think, very.... One of the things that really helped us was the Spanish context. So, that's probably a unique case or particular case in Europe. You have to understand that in the last five, six years of crisis in Spain, there has been a lot of disappointment with institutions; any kind of institution actually. So like, big parties, the Royal family, and also legacy media, maybe unfairly, but there is a lot of criticism of legacy media saying that maybe they hadn't done their job properly. And well, the fact that we actually introduced ourselves like as a factor of really trying to pursue the truth no matter who is uncomfortable with it, that really helped us.

And of course, it helped us a lot, the fact that our editor is a very popular journalist in Spain, and he has become part of a victim, I say, of the problems in Spain. He was fired twice. First in the 80's after publishing a big scandal for the Socialist government, and then last year after publishing a big scandal—this time for the Conservative government. So, he has been a bit controversial over the years, but in the last year, he sort of became a symbol of what happens to you in Spain if you publish uncomfortable things for the government or the Royal household. And well, that message really came across. And that was one of the reasons why people wanted to support the project, to ensure we were free of, as Tim said, of the unduly influences. So, that was really part of it.

And well, it was very easy for us to reach people thanks to social media. That was absolutely a tool. And although we had little content, we have a blog, so we could show what kind of stories we'd like to do and that really, really help. Because other projects didn't have maybe a content, but even if we were a really small newsroom, we decided to have this blog to show what we wanted to do. And also, we had a newsletter, a weekly newsletter. It's something very traditional by email, but it really worked for sending content and for asking [for] money. It really worked for us.

And well, the strategy in social media that helped us to ask for money was a bit of a novelty in Spain. We were very successful. This is our first tweet. We actually announced the name of the project and the name on New Year's Eve just after midnight on Twitter. This was our first tweet with "The first day of my life." And we were very, very active on Twitter sharing content of others. We had discovered that curating is actually a good tool and, of course, asking for money and sharing our content.

We were really all over the place always with a touch of humor. That worked well, too. So, this is to try to recruit people for our newsroom with super powers with a funny picture of President Obama. We were in all kind of social

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networks: Instagram, showing the development of our newsroom. We even have a soundtrack on Spotify that we are doing with the help of our readers, and that's quite fun.

Why did we do it? Of course, to raise money. That was important for us. But we as a team also were explaining we're obsessed with diversify. So, we are going to have also ad revenue, and we are going to have subscribers. The fact we did crowdfunding actually helped us to have early subscribers, because the shareholders are subscribers by default. So, that really, really helped.

But the main thing that we actually did -- the main reason that we chose to do crowdfunding was [it] was also an early way to try to engage our community to reach the people to just try to get people involved. And in fact, they are now in a way our spokespeople around the world. And that's really useful. So in a way, crowdfunding is a business model, but we discovered that it could be a very, very powerful editorial tool. And that's why also we are very happy with the result.

[Applause.]

**Joy Robins:** Thank you so much, Jen, and thank you so much to ISOJ for having me here this morning. As Jen said, I'd love to actually see a show of hands, who has heard of Quartz in this audience? [QZ.com](http://QZ.com). Wow! That is excellent! I don't actually usually present to crowds that know us that well. So really, really encouraging.

Quartz is a digitally native business site that was launched in 2012 by Atlantic Media. We are dedicated to covering the global economy. And the way that we set up our business model is quite differentiated from a lot of traditional news sites. As I mentioned, we are completely digitally native, so we don't have any offline extensions, with the exception of our events group. And I think unlike a lot of the people you heard from today, we're just at the beginning of our revenue diversification path.

So right now, about 90% of our revenue is ad revenue, and all of it is native. When we launched in 2012, in addition to creating a product that was truly differentiated in our design and editorial strategy, we also decided to completely forgo the IAB standard ad, for all of the reasons that you heard here today. The ECPM is declining. The mobile ad CPM is even worse. So what we thought was, if we could actually build scarcity, from the very beginning, we could actually build sustainable business model. And so much of that is obviously rooted in super-serving our audience. Serving them in engaging advertisements and obviously serving the audience. So, what we really built our business on was native advertisement for the business executive.

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So, what I want to talk about first is the promise of native advertising. The promise of native advertising, particularly, as it relates to reaching a C-level executive, is a simple matter of supply and demand. On the supply side you have brands. Brands have so much content which are a product of their expertise. It's a by-product of their many years of research, insights, and investment. And on the supply side you have this C-level executive, who are inherently interested in what these brands have to say, because remember these people are running companies. They are actually going to benefit from these expertise. So, it's really a matter of this latent market. And to unlock it, we must connect supply with demand.

But how? First, you need to identify the relevant content. On any brand website, you have dozens of white papers and research, but ultimately, it's our job as publishers to really help these brands identify, what is going to be the most relevant for their target audience?

Next, you need to make it consumable and high quality. We all know and have seen the white papers that are distributed sometimes or the ads that lead you to a dozen-page white papers, 300-page white papers sometimes. The key is making that content snackable and therefore more appealing to the target audience.

And finally, getting it in the right place. Because I think what these brands need to understand is, their audience isn't going to them. They're in any one of their social feeds within their email or on our sites. So the real trick is to actually get them to their audience. And through that, you can create a truly engaged audience.

So, what we did about a year ago, probably today, was field what we called The Quartz Global Executives Survey. And that was really looking at our audience of executives around the world and understanding [that] we always promised when we launched Quartz that we would follow their needs and trends. We knew that technology was going to move so quickly and that we had to really evolve with it. Well, that serves for our advertising as well.

So, what we really looked at with The Global Executives Survey was, it documents the changing content consumption and sharing behaviors of the world's business leaders. And you can find the full results here: <http://insights.qz.com/GES>. I'm not going to go through our methodology; although, it is really interesting. And I think when you're looking to try and engage and get answers from some of the world's smartest, busiest people, the average online survey of hundreds of questions that isn't actually mobile optimized is really not the way to go.

We actually were able to get nearly a thousand senior level executives to respond to 65 questions. It took about 16 minutes to create—to take—sorry. And we really had some very, very impressive executives take this and really

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give some insights into their behaviors, and more importantly, some of their attitudes towards native advertising and what they want from brands.

So, some of the findings are: 44% of these executives do most of their news consumption in the morning. Like, 30% are checking throughout the day. 61% of these executives are using a mobile phone to consume news. So, I think the inexorable shift to mobile is obviously over. It's not building global optimized sites, but actually experiences or moments, as Bonita talked about, to really engage this audience.

The inbox has become the new homepage. I think one of the things that we realized early on when we created Quartz was the traditional homepage experience was over. Looking at that as your front door, thinking that your audience is going to come into your front door every single day, was quickly becoming something of the past. And I think one of the places that we saw that really happening was in *The New York Times* Innovation Report last year. They lost almost half their homepage traffic in two years.

So, what we really need to do is create experiences for these users to both understand that no matter where they come in, they are going to get a similar experience, and especially what's old is new again. Recreate the inbox experience. Quartz has launched *The Daily Brief* email newsletter. If you're not signed up, I highly recommend it. And it was really something that we thought about reinventing the newsletter experience.

Our newsletter is not only a bunch of links to our stories and our sites. It's actually a curation of different news articles around the web that are going to be really, really important to any business executive before they start their day. Quality content gets shared. So, when you're helping advertisers create native content, if it's good, it's almost as good as getting shared by some of these influential individuals.

And 86% of these executives are genuinely interested in content from brands. It's back to that recognizing that these brands have content that is essentially extremely valuable and particularly if that content is a reflection of the brand's expertise. So when we surveyed these executives, we asked them, "What do you want to hear from brands?" And in the top three quadrants was: industry analysis, new products and innovation, and leadership insights. Again, all of these things can help these people run their businesses more effectively.

And I think what this really proved to us was [that] one of the biggest concerns and challenges is native advertising within news. Where does it fit? How do you make it something that's relative to your audience? How is it respectful? And I think if it's something—and what we've seen [is] if it informs the audience, it's better and it's well received.

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And finally, native ads are twice as likely to be remembered as banner ads and almost five times more likely to be remembered than full-screen interstitials. This is something that we really wanted to look at. So, we all know that as CPMs have gone down on the web, advertisements have gotten more annoying. So, whether or not they push down, expand, or simply block you from actually reading the content that you came to receive, when you look at the advertisement, what the executive response on this is, actually, they don't remember these ads. They just remember trying to find the 'x' button, which I'm sure a lot of us here have had the experience of doing. So, again, if you create something that is truly differentiated and more organic and lends itself to being more polite, it is something that will be more noticed.

So where do we go from here? This executive survey has helped us really identify our guiding principles when it comes to native advertising: produce quality, be relevant, respect habits, iterate, optimize for mobile, optimize for social, and be transparent. Some of the examples I want to show you are as follows:

When it comes to quality, if you look at the quote that you see on your right-hand side, it's from Ben Rooney, who's a former tech editor from *The Journal*. He talked about how he hated to say this, but the native advertising on Quartz that we did for UPS was better than some stories that you actually get from tech sites. We go for this type of response with every single piece of content marketing that we do.

The reason that Quartz decided to integrate our native advertising or content marketing on behalf of brands right within our stream is because we truly believed that we could help our partners create content that is as good as or sometimes better, in the best of cases, than actual pure editorial. And I think it's something [that] as journalists we need to not be afraid of, because I think in order to build a sustainable model of advertising, to get high double-digit CPMs the way that we do at Quartz, you need to create something that is valuable to the audience and, again, stands out as something differentiated, not only in the content and written word, but in the display.

As I mentioned, no IAD standard ads. And these are the only types of ads that we serve on Quartz: full screen, multimedia, HTML-5 units that appear between stories that we call our *engage ad*. Now, obviously, this takes quite a bit of curation and engineering, which is why our sales team is about one-fifth the size of our marketing team at Quartz. But again, something like these ads sort of sells themselves, and the performance speaks for itself and also allows us to maintain our high CPMs.

*Be relevant.* So, help advertisers make sure that they are putting that content that's really relevant in front of your audience. So, every year, Goldman Sachs produces and publishes their macroeconomic outlook. And they publish it on Quartz, because ultimately our audience realizes that what

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Goldman Sachs has to say is incredibly relevant. It's not just the product of a bunch of researchers and writers. It's the experience of a 150-year-old organization under the leadership of people who've gone on to run the World Bank. Our readers see this as important. This is probably one of our most successful pieces of content. And it's really not all that sexy. It's a bunch of videos; some of them much longer than we traditionally would recommend, but brilliant content built for the right type of audience.

As I mentioned to you, the email newsletter is often the first thing that executives look at in the morning. So while we have maintained that dedication to serving our users through this daily brief email newsletter, it's maintained about a 40-50% open rate. And we're now at 120,000 readers around the world. What we see with the advertising is, again, integrating it similar to our other ad models. And we see the click-thru rates very similar to a lot of the actual editorial stories within this content.

When you're creating content for advertisers, you don't want to just set it and forget it. I think one of the things you want to make sure that you're doing is watching and monitoring the audience. We use a tool called Simple Reach to look at who is actually sharing our content. For instance, with Adobe, they were really looking to reach CMOs. We watched, "If content is king, video is heir to the throne." Really not doing a lot in this CMO category. Once we changed the headline, we actually saw it really reach the audience. So, I think AV testing of headlines, of images, of the way that you're using content in the articles is really important.

*Optimize for mobile* should go without saying. One of the things we did though over the last year, when we redesigned in August, we actually made the mobile ad bigger. So, our first iteration of our mobile ad was that engage ad where you see it very small on the screen. The video experience was actually very poor on mobile, and you didn't see a lot of engagement. When we reformatted the ad to actually take up a full screen—however, [we] integrated the touch points so you didn't accidentally back-finger the ad—we saw a lot more engagement within these ads. And our mobile ads have exactly the same CPM as our desktop ads. So, we've been able to maintain that.

*Optimize for social.* Making sure that you're looking at the newest social tools. So, knowing that we just launched Quartz India last year, a lot of our audience happens to be in India, we were one of the first publishers to launch the WhatsApp tool on our site, which also got noticed.

And finally, the most important thing, and I think it's something especially in news that there's a bit of hand-wringing about: *Be transparent*. Nobody wants to be fooled, especially an intellectual, smart audience. So, one of the things that we do on all of our content is we make sure that we identify it as sponsor content in several places throughout. So, if you're coming to it on

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social, you're not fooled. You don't think you're coming in to read an organic editorial piece. But again, it lives up to the standards of other editorial.

And what we've seen over the last two-and-a-half years is hockey stick growth, both in the number of advertisers—we're running almost 100 blue chip advertisers to date—as well as within our revenue.

So while we recognize, I think, [that] we need to start and have already begun diversifying ad revenue, obviously, looking at events, foundation revenue, content studio, we've built a really, really solid base purely on the fact that digital advertising can be Super Bowl advertising as well. And it's upon all of us to really make sure that we're demanding that quality both from advertisers and from ourselves. Thank you.

[Applause.]

**Chia Ting Ting:** Good morning, everyone. I would like to thank the Knight Foundation and also [thank] the foundation for inviting me here today. Basically, I'm very excited to share what we have done based on across the platform, which is actually we have a streaming website on the MalaysiaKini Groups. Number one, [MalaysiaKini.com](http://MalaysiaKini.com), is as what Jennifer shared. We have 15 years launch in Malaysia. And we are the first independent media that [was] launched in 1999. And until today, we are still number one website, which is actually from ComScore in Malaysia. We have been actually the top, even though it is actually a subscription site, but we have been actually maintained at number one website in Malaysia.

So, website number two that we launched is basically 100% economy and in business, which is [KiniBiz.com](http://KiniBiz.com). And website number three that we launched three years ago, KiniTV is purely online video. And it's the topic that KiniTV is actually across industry. We did carry a lot of native advertising formats and also we covered culture. We also cover topics in business.

And basically, back to [MalaysiaKini.com](http://MalaysiaKini.com), it purely is political content, like what Jim had shared [at] *Texas Tribune*. Basically, we are the same in online. The content is actually fully politics. I think the number one thing that I wanted to share and mention here, as a website that purely produces political news, we come to a business. A lot of government link [with] company[s] in Malaysia, and also corporate company[s], although they are quite afraid to associate or to spend money on a political site. Because they don't want to be seen that they associate with political content site.

So, that is actually the main business challenge that has been faced by our sales team over the past 15 years. But I'm proud to let you know that we have managed to lock in a top prime minister. Three top units is under Prime Minister office, which is actually a telecom. And also we did have mainstream. Why and how we did that, right? That is the main thing that I wanted to share during the panelists discussion.

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And number two, based on the topic today from the organizer that actually put in for it, it's reformatting the business model. Basically, we have four very -- actually, it's very rich, it's very -- we call it very important topic, but these four I wanted to showcase how we actually implemented all these four at the same time across MalaysiaKini platform.

So, number one is what Joy has shared—how we actually understand native advertising. So, she had actually shared a lot of successful native advertising production, right? The content. But basically, how we look at native advertising, for me, two important aspects. Number one, we are talking about content. The content needs to involve [the] editorial team, because we understand what our audience wants. We understand better than brands what kind of content is interest[ing] [and] what kind of problem that we have to address.

So, how do we actually make sure the content will go viral, will get shared, and will get high engagement, right? Beyond advertising. We know actually a display banner ad will be going -- will go away as what the economist [projects]. He believes that only ads, especially display banner ad will go away very soon. But how will we actually evolve when people actually start introducing native advertising? But how will we actually survive concurrently?

Actually, a three-way model. Number one, display banner. Number two, how we actually start adopting native advertising. Number three, how we actually also make sure that our subscription model can actually continue success at the same platforms.

So, our content has involved production of editorial associate, and number two, we are looking at delivery. How you deliver the piece of native content to your audience is also very important. You have to lead them to actually make sure that it's actually.... It flows naturally in your editorial news. So, it's not actually seen good at ad banner position, because it's become a blind spot most of the time. If your audience comes back very frequently to consume your articles, it's very easily they will overlook the ad banner position. So, we have to make sure the content of native content needs to be full. It's mixed up or messed up to get over your editorial content.

But as what Joy also mentioned, you have to declare and say that it's a sponsored article. People, actually, we have influence. We have built a trust between our content editorial with our audience. We don't want to let people see that. We actually, you know, [are] involved in writing article for brand. We have make sure that we are fair, and fair in reporting news.

So, the next one actually I wanted to showcase or share with you three reasons current the leaders native projector have been down in Malaysia on MalaysiaKini. So, number one, actually during the Chinese New Year, we have actually come up with a few topics that [are] consumed by audience.

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We get all these sponsored by the advertiser. And basically, there are a few things that I wanted to mention from this project is, the advertiser, they're on board. 10 of them. We have 10-shot video. 10 of them. Actually, it's the first time they advertise on MalaysiaKini, and all this while, they are not actually spend[ing] money, because they don't want their brand to be seen as we share the political content. So, when we actually launch native content, it's something that [is] beyond political content.

We believe our audience is subscribed to us and they come to MalaysiaKini. They are not only consuming political content, but we want them to consume more. So, we want them to actually spend -- most of them actually spend, let's say, 20 minutes on MalaysiaKini side a month, but we want them to spend 25 minutes. The extra five minutes, basically, is to consume content beyond politics. So, native come in. It's to produce content that is beyond politics, but actually all sponsored, paid for. So, we managed to lock in all the first-time advertisers that are not there to come in before to run advertisements, but they did actually sponsor the native content, right?

So, number, two, which is actually views. So, understand MalaysiaKini audience demographic is basically -- they might actually, in the situation... and they are actually C-level people. So, we wanted to -- when they actually come to....

The next project we did is in conjunction of World Sleep Day. We actually get one of the companies to sponsor a topic addressing a topic about sleep problem. And also to share the tips of sleep hygiene tips. How to make sure people actually sleep well. And actually, basically, this piece of video [is] an article being sponsored by a company that's supplying the supplement actually to help you sleep better. So, we also....

Basically, for me, we have to understand the problem. We have to address a problem of the society, and we have to actually also know that what kind of interest an audience has. Are these just two angles? Is it important that we...? Without knowing the interest or the issue that's facing your audience, you wouldn't get, you know, producing a good piece of native advertising. We are talking about relevance. You have to be relevant to their problem and their interests.

So, number three, I think the project that we are going to launch [is] how we actually move ahead with our native advertising. So, we know native is about content. Native content is about how you deliver the content. But what is beyond that? So, we have to track the data collection at the campaign level. Yesterday, we spent a whole day talking about how we track the audience metrics, how we segment our audience, right? But that is actually at the website level. It's useful for [the] editorial newsroom to understand, what is my audience demographic behavior? And what is the psychological? That's all, right?

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But at [the] campaign level, [it is] how we actually collect all the engagement and interaction of our audience with particular advertisement and native content. And we actually track the data. We collect the data at campaign level. And actually, how we ask the advertisers to continue to spend and buy ad[s] based on the data they collected. Then we call the next step *retargeting*. We are moving them to continue to spend with us. The strategy that we actually implemented here is actually *always on*.

So, I wanted to mention a little bit about how we collect data, what kind of data we collect, and how we make sure the advertiser continues to spend. So, number one, the connective that actually is going to launch in May and June is basically the whole social hub that we are going to do. So, this social hub basically is across brands. And this social hub is about, let's say, Parents Day. And we know Parents Day is basically people concerned about senior citizen's diseases. It's the concern of... You know, the topic relevant to this project could be family values.

So, you can actually have so many different topics and it can [be] sponsored by different brands or come to one hub. We call [it] the social hub. And from here, we cross all these -- we actually have to -- the distribution has to [go] across screen. And at the same time, we're actually starting [to] collect data. And the data that we collect is demographic data, and also social data, and also behavioral data. How all these data actually can help [the] advertiser to actually at first launch something and collect the data. And you follow by retargeting a campaign and to actually let those data be put into use. With your native advertise, native content, you are starting collecting and put them in the cookies and you put them into a basket. We call it segmentation. Segmentize.

So, when people consume, example, the sleep problem article or video, and most likely, they are actually facing sleep problem, right? Then you start actually collecting the cookies. And the company of those sponsored for the first native ad, you can run a banner ad to retarget back those cookies that you collected in the following month.

So, we are moving now the whole funnel. Number one, you are doing the big shout-outs, a banners campaign. You educate them why you have native content at the middle funnel and how that you want them to become your consumer. Because most likely they face sleep problem and most likely they are becoming your buyer. And after you go to all these funnels, you do retargeting. You have to go one more round, one more time, and continue to make sure that they are continue [to] buy your product and they are not going to buy your competitor product. So, this is how we actually collect the data and do all this retargeting and always on strategy.

So, a quick one, I wanted to actually, number one, topic number two that I wanted to showcase here is actually we have crowdsourcing in terms of content. We basically have letters which are sent in by our readers and also

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we have opinion, which is columnists that contribute to building the content. And also YourSay is the most popular segment or section actually on our website, which is we're actually compiling all the comments and also we're republishing it on our site. So, we actually added... As a website, we are not only actually publishing content, but also we [are] supposed to be a platform that collects the voices of the citizen. So, we republish it as YourSay. It's getting a lot of hits.

So, number two, crowdfunding. We also did crowdfunding last year, but it's not so [successful]. We can't beat Maria definitely. So, we actually had 1,041 supporters and we have raised 1.6-million within a year. So, I will...

OK. Paywall. Basically, we have launched subscription, MalaysiaKini.com, in 2003. And recently, we also launched the Chinese section in 2011. So, we have been actually 12-13 years of subscription. Now, KiniBiz also launched subscription model last two years. We have launched our magazine two days ago. And we had the opportunity that we currently have 250,000 subscribers. We have unique visitors 2.5-million a month. So, that is 10 times potentiality or possibility for growth in subscription.

Definitely, we face a few challenges. Number one is actually a lot of competitors. Independent media is offering the free content. But we are the only one subscription-based online news and we are still number one.

So, the strategy. We are actually going to implement it. And some of it is already implemented on our site. We are going to... We believe everyone actually can read free and fair articles. So, we wanted to actually give everybody, the 2.5-million of unique visitors, a free x-number of articles every month. And also, we actually wanted to set free for certain breaking news articles for the first three hours of publications. So, by these two, we believe we can actually increase the visit or frequency and also the share rate. People will share the article and all that.

So, we also actually launched auto-debit plans. Those are micro-buying plans, which is a credit coupons kind of base. So, the credit can be transferrable, and also they can kind of like pay in advance, and also pay-on-demand kind of model.

And number four, is a sign-in option. So, we launched single sign-in, single log-in, because we don't believe in... You have your own user name. You have your password. Essentially, it's very difficult for people to remember a password. There are so many different passwords in their life.

So, a quick one. Only two more things I want to share. We actually launched a new ad charging model. As everyone knows, CPM, CPC is going to decline. So, what kind of new charging model that we can launch beyond native sponsorship model? And also, how are we actually going to produce a next-generation content? CPE, Cost Per Engagement. How will we actually...? How

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does CPE compete with CPM and CPC? E is mean engage. The first 20 seconds people stay on the medium rectangle, the ad unit, we don't charge you. But once they stay here more than 20 seconds, the ad will expand. And I charge you \$2-U.S as for one expansion. And when it expands, it will reveal your whole site, and you can build your microsite in it. And people can share and everything. You can actually tuck in all sorts of media.

So, this is the engagement format that we actually launched since last year. And this actually revenue that will overtake what Google paid us, and network company paying us CPC and CPM. So, model number two, because ComScore, they also say that MalaysiaKini have been ranked number one in time spent compared to the rest in news category. So, since last year, we have been the top time-spent website in Malaysia. And we know CPH, cost per hour or cost per minute, it could be the best on our platform. So, we actually as well checked it again.

We featured Tony [Haile, CEO, Chartbeat]. He said that actually time spent is equal [to] the attention that you attracted, the attention of readers. And the attention means the better thing is here. It's the quality of your content. If your content is quality, you will get a lot of attention. You will actually get a lot of time that people spend on your site. And the traffic. A lot of partners and media are media friends that I met in Southeast Asia. Basically, their site actually is very small, especially for independent media. It's not easy for you to survive in advertising revenue. So basically, time [on] website, very small traffic is suffering in CPM. It's suffering in CPC, right? It's suffering in cost per duration, CPD. So, what actually is important for them? If they launch CPH, traffic is no more matter, but the content is crucial, the content is key, because you can charge lots.

All right. So, these few things that [are] actually in our content strategy that I don't mention in detail. We have new Pictorial News, how we use Poskad, how we use Cheat Sheet infographic, how we actually use Listicle. So, that is the summary. We have built here a very strong trust and also the engagement with our audience. Now, it's actually how we actually make sure that we have loyal readers. They are paying a subscription. We also have so much of casual readers. How we actually get money from casual readers, which is make them to consume ads and native content.

Thank you very much.

[Applause.]

### **Q&A Session**

**Jennifer Preston:** One question I have for Jim is, how might—see, that design-thinking, principle way of beginning a sentence—how might some of what you've learned in Dallas, how might that be replicated in other -- at other regional newspaper markets around the country?

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**Jim Moroney:** I think it just starts with strategy. If you're going to build a strategy, you have to be looking to the future, and so you have to have assumptions about what the future will be. And if our industry would use as an assumption that print advertising revenue is going to continue to decline at the same rate of decline it has for the last three years, that their digital advertising revenue growth isn't going to be any greater next year than it was the last couple of years, and that their digital-only subscription revenues are going to kind of plateau out, then they're going to project that out. They're going to realize they're not going to have revenue growth, and they're going to have to look for different ways to drive revenue. And if they would just put those assumptions in, bake them into their strategy, it will drive a different set of answers and get our industry looking for other sources of revenue.

**Jennifer Preston:** Thank you. One question I had for Joy and for Ting Ting, because obviously there's a lot of controversy in some newsrooms about the role of native advertising and also formerly called advertorials. So, how do you manage content decisions about advertorials? About native advertising on your site? So, Ting Ting and Joy, have there been any discussions with the journalists? With the editorial side? Have there been any disputes? And how have you resolved them?

**Joy Robins:** So, I think one of the major things—just to put it out there for courts—our journalists don't touch any of our native advertising. However, one of the things that we do before we publish anything, it goes through our legal department [and] our coms department. And obviously, the journalists are very aware of the content that runs on the site. So, quite honestly, if our editor-in-chief sees something that he just doesn't feel is up to our editorial standards, he will flag it for us. Ultimately, what we have to adhere to, though, is making sure that our content both adheres to our specs—we have an 800-word maximum—and obviously is edited correctly. So, no spelling mistakes. And obviously, we have a really, really rigorous process for creating native advertising. But I think, you know, the reason that we have a content team assigned to this internally—

**Jennifer Preston:** Separate.

**Joy Robins:** —separate—completely separate from the journalism, from organic journalism—is because they take their cues from our journalists. So, we see what works on the site, and we really try and replicate that in terms of feeding back best practices to our advertisers. We haven't come up against something where... You know, ultimately we want to not influence any of the journalism. So, Goldman Sachs is a very, very key advertiser for us. They publish a lot of content with us. But that would never dissuade any journalist from ever publishing news about Goldman Sachs. So, you have to maintain that line for sure.

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**Jennifer Preston:** And one of the things that Ting Ting also mentioned, which was super interesting, is how you share data with your advertisers about how their ... work.

**Chia Ting Ting:** I think there are essentially two things that I can share here. Number one, essentially, what is the bottom line between [the] business team and also editorial when we actually come to a same space, which is our website. The space is here. The site is here. The layout is here. And how you actually commute it. One is paid content. Another one is editorial content. And basically come to a production, right, production of the piece of the native content. We do need to have dependence, because they're communicating every day with our audience. They know what this audience wants and the behavior and what kind of article can get viral. And so, during production, let's say, when [the] business team goes out and meets potential sponsors and we want to talk about the sleep problem in Malaysia, and we've all studied sleep and everything, we actually will ask the TV senior producer to come and [get] involved in [the] storyline. So, what kind of issue, who we can interview, and how we can address this issue, from what angle.

And then actually the storyline, the production, actually, we have to involve editorial. But during the execution, we actually outsource ... freelance or freelance writers and production house. And basically, [we] went back to before publishing the piece of native content. Our producer will come in and actually quality check again. And we actually will publish at the same space, which is content, the editorial column. We have no choice, because the native concept is basically we are sharing the same space with that particular advertisement because [the] audience doesn't share ad, it doesn't consume ads, but they did consume [the] article or information, informative to them, useful to them, and interest them. And you're addressing my problem. So, that is actually a key thing, a main point.

But how [do] these two departments actually work together? At first, as Joy mentioned, we have to decline. We have to declare, "And is it sponsored? By who?" And also, basically, if you declare, "Sponsored by who?" it doesn't get journalists directly involved in production, but quality check. Then they say, "OK." We have to make sure, actually, you know, as editor, as the publisher, besides you are running your everyday production of your produced content, you have to think of the possibility. How these two actually can come, can work together, and also can sustain together.

So, second question is, basically, what the advertiser is paying for. I'm paying what is valuable to me. What is my hour, right? Basically, you are collecting data to me. So, I actually can save money to do so much market research. I wanted to know how people respond to my brand [and] how people respond to the sleep study that I'm actually offering to the society. So, I'm actually solving something. It's a supplement, health supplement. But I do not know the market issue, the society issue. So, we go, as a media,

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we go out and interview people. We address the issue. And you now understand, what is your market? No problem. Your industry problem. And your brand perceptions, right? So, we actually get -- the data is important toward the dollars that they spend in native sponsorship. So, data is important. The three data are important to them, not only demographic, but how they share, how they read the behavior side. So, data is important for us to produce, and we collect, and it's the charge. The charging, basically, we charge based on the data that we collected.

**Jennifer Preston:** Thank you. I'm going to turn it over to a question from the audience.

**Chris Anderson:** Hi. Chris Anderson, City University of New York. The question is specifically for Tim. As you were talking, I was going back and rereading the Nieman Lab piece that got written on your fifth anniversary. And sort of the general theme of that piece is—and it echoes what you were saying—you know, *Texas Tribune* has been successful in a variety of ways, and now it needs to take it to the next level. So, my question is sort of a stupid question, but why? You're successful. Why not? I mean, lots of people here would want to be successful. Why not just do what you're doing?

**Tim Griggs:** Why be more successful? [laughter]

**Chris Anderson:** Yeah. [laughter]

**Tim Griggs:** Wow! That's a great question that, honestly, has never once crossed my mind! [laughs] I would look at it not like, how can we do more of what we've done, or should we do more of what we've done? But what's the next challenge for us? And so, you know, if you look at the five-year history of *The Tribune*, which has been phenomenally successful from day one, the first couple of years were really about how do we innovate around content? How do we collect some of the best reporters in the state?

**Jim Moroney:** Don't take any more of mine.

**Tim Griggs:** [laughs/laughter] We've stolen a few of Jim's. And how do we create...? How do we help solve part of the problem in this state, like in many others, which is a lack of coverage about state government and lack of accountability in state government and policy issues? So, there's a lot of innovation in that and in, how do we create great storytelling? The next couple of years were about, how do we innovate in the business model? Some of the things I spoke about earlier. But for us, I think, the next couple of years are innovation around audience. And so, *The Tribune's* next challenge is to understand at a really deep level its audience, which we've started to do over the last several months. Understand our prospects. Who should be a *Texas Tribune* reader, but is not? We've actually sized how many people are out there.

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One of my first questions is, you know, OK, we're reaching x-number of people. How many should we reach? So, we can now answer that question. And then be really systematic in how we go out and attract that audience. Not by being something other than what we are, but by making sure that we're delivering our mission by informing and engaging with people in Texas. So, the next challenge is around, you know, being really smart and sophisticated using data, and in particular, predicted analytics. Asking questions of our audience and trying to understand what motivates them, so that we can essentially do what we do, but do it for more people. So, that would be my answer to the, "Why? Why do it better?" Take what we're doing and do it for more people.

**Jennifer Preston:** Thank you. We're going to take a question from our audience over here. Please come down if anyone else has a question.

**Emilie Lutostanski:** Thank you. My name is Emilie Lutostanski. I'm with Community Impact Newspaper based here in Austin. And my question goes back to native advertising. Some people... I know you spoke about, Joy, sponsorships. If it's a sponsored ad, you know, letting people know that's exactly what it is. There may be some out there who don't think that's going far enough. So, what are maybe other ways to ensure readers that we are keeping integrity in our content and keeping those two departments separate enough? So, they can really trust the news that's being produced by journalists. And I guess a second part to that—sorry—would be—and that goes kind of to data collection as well—if we are collecting data about the users who are visiting our site, do we owe it to them to tell them that we're passing that along to advertisers?

**Jennifer Preston:** Great question.

**Joy Robins:** Yeah, that is a great question. I mean, I think, in terms of going further, first of all, I think that we give a lot of credit to our audiences. You know, I recently sat on a panel with someone from *The New York Times* that was talking about this. Looking at a lot of these surveys where people might have been confused by native advertising, there is a certain demographic that was a lot more confused than others. And I think that we all as publishers have really gone quite far, especially in light of some of the things that have gone on, where, you know, there [were] things that should not have gone out there in manners that should not have gone out there. You know, we identify at Quartz through, you know, colors, through consistent messaging just when something is via a sponsor content. And to date, we really haven't received anything that was troubled by the line. And again, we do keep the integrity of the newsroom and the business room completely separate.

In terms of data, data isn't something that we're currently collecting as it relates to retargeting and things like that. But I think that that's another.... I mean, there's a lot to be debated there as well. So, I think data can really

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help advertisers and publishers alike really personalize experiences [and] get people more of what they want to see. So, I think it's a bit of a two-way street.

I think obviously in the EU, you've seen what they've done. You obviously always have to check 'yes' to say that you understand that cookies are being collected. I think that, you know, it's definitely something that continues to evolve, but something that ultimately can be used for a good purpose.

**Jennifer Preston:** I just have a question for Maria and then we'll turn to our audience again. So, wow! \$3-million! You can really get something started with that. What lessons do you think that news organizations thinking about taking a similar approach could learn here from your experience?

**Maria Ramirez:** Well, first, I think that, well, [chuckles], you have to have a very clear proposal, clear message to readers. And I think the most powerful message is really the fact that your strength depends on what readers can do to support you. Like your independence is at stake there. That's the most powerful message, really, that you can work.

And secondly, be very persistent, especially on social media. We were inspired by what NPR does and WNYC. They're really, really persistent. And in the end, it works. Especially, as I said, [at] the end of the campaign, you have to push it. And maybe some people will be annoyed, but in the end, it works if your message is powerful enough and your content, of course.

**Jennifer Preston:** Great. Thank you. Thank you. So, one more question. Andrew, from the MinnPost.

**Andrew Wallmeyer:** Hi. I'm Andrew Wallmeyer. I'm publisher of MinnPost, similar to *Texas Tribune*. Up in the state of Minnesota, however. And I think there was a great point that you kind of went over, Tim, when you said, "The greatest risks of revenue diversification is an executional risk as you focus on all these things." I'd be particularly interested in hearing your thoughts, Jim and Tim, on how you guys think about allocating your time and your focus as you try to go beyond these things. And specifically, any advice that one might have, other than plunk down a lot of money or find a generous foundation to help you do that, to go and bring someone on board to do something from scratch.

**Tim Griggs:** Yeah, I'll start. I think there are two ways to do it. Both are going to sound very obvious. The first is people. The one advantage that we have—not *The Tribune*, but as news organizations, is access to great, very, very smart people. Many of the smart people who work at *The Texas Tribune* are in the room, so you should all raise your hands. OK. *The Tribune* hires very smart people who are risk takers by nature, who sort of got out of legacy media organizations or were outside of media because they wanted to be risk takers. They wanted to experiment. They wanted to fail. And so, *The*

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*Tribune* fails a lot and learns from its mistakes. And I think that's primarily because it has people who fundamentally believe in that. That that's your culture.

The second is in process. And so, one thing we're trying to do at *The Tribune*, and I think have been pretty successful at it, is in adapting sort of an agile methodology that you find in technology, but to everything we do. And that has to do with how you allocate resources, how you prioritize things. You know, moving in sprints, so that you don't get too far down a track and realize that it's something you shouldn't be spending time on. So, short answer: people and process.

**Jim Moroney:** So, I don't know if this helps MinnPost, but for the legacy publishers out there, if you're a Star Trek fan, you'll understand this better. There's this concept in Star Trek called the Borg. And it's this all-encompassing one-consciousness. If you're going to start things up, get them out of the legacy business. Get them out of the building if you can. Get them completely separately funded. Don't let them become part of the collective consciousness of the traditional media company. It will devour them. It will impede them. It will try to stop them. Get them out! And give them their resources, and let them go. And give them independence, and great things happen.

**Jennifer Preston:** Wow! Thank you for such an inspiring panel!

[Applause.]