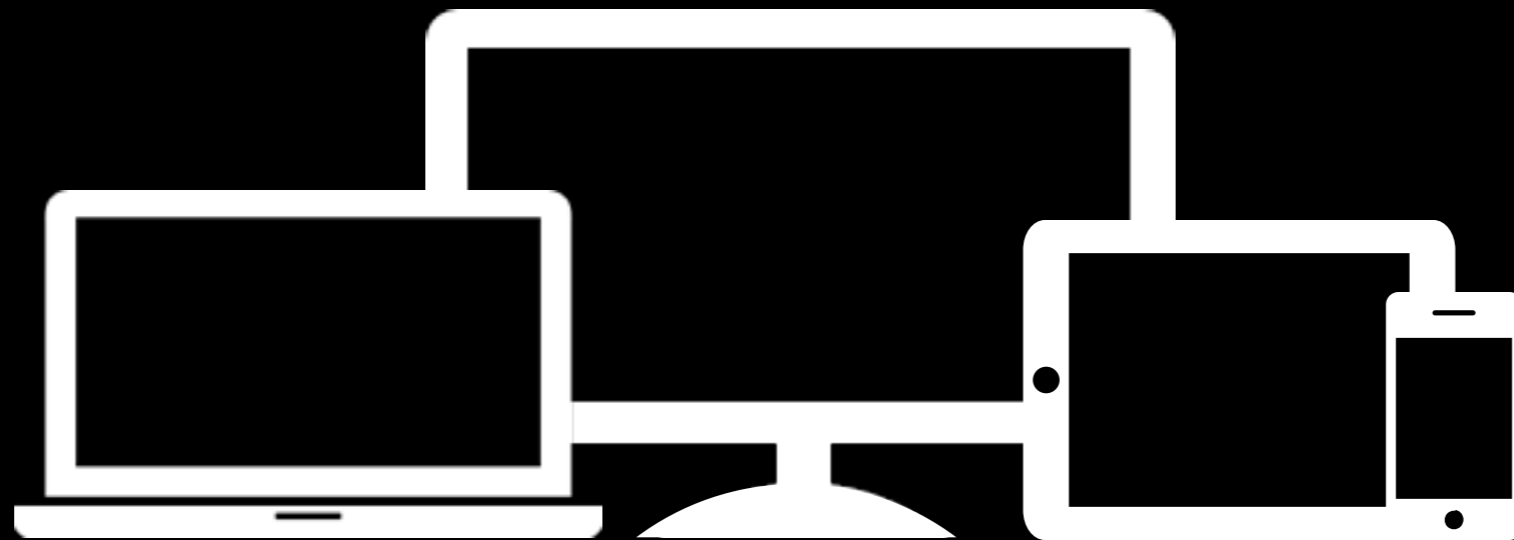


CNN NEWSOURCE

Selling Digital





1

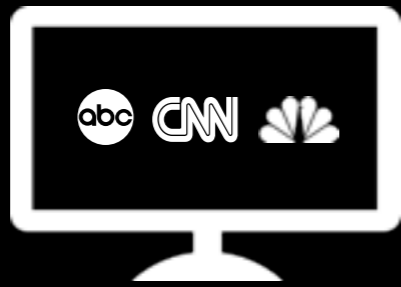
Why Digital is Important

Digital's Reach

Viewer Habits

TV viewers in the United States watch:

5



billion hours

week

YouTube viewers watch:

4



billion hours

month

Viewer Habits

Videos uploaded to YouTube:

72



Hours

minute

YouTube videos watched on Facebook:

500



Years worth

day

Largest Populations



China
1,349,585,000



India
1,220,800,000



Facebook
1,150,000,000



Twitter
500,000,000



United States
316,487,000



LinkedIn
238,000,000



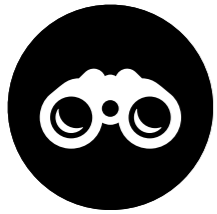
Brazil
201,009,000



Pakistan
193,238,000



What are we doing online?



Use a search engine
91%



Send or read email
88%



Map / driving directions
84%



Search hobby/
interest info
84%



Look for
medical info
83%



Check the
weather
81%



Product
research
78%



News
78%



What are we doing online?



**Pass the
time**
74%



**Buy a
product**
71%



**Watch a
video**
71%



**Use social
media**
67%



**Travel
reservations**
65%



**Online
banking**
61%



**Sports scores
and info**
52%

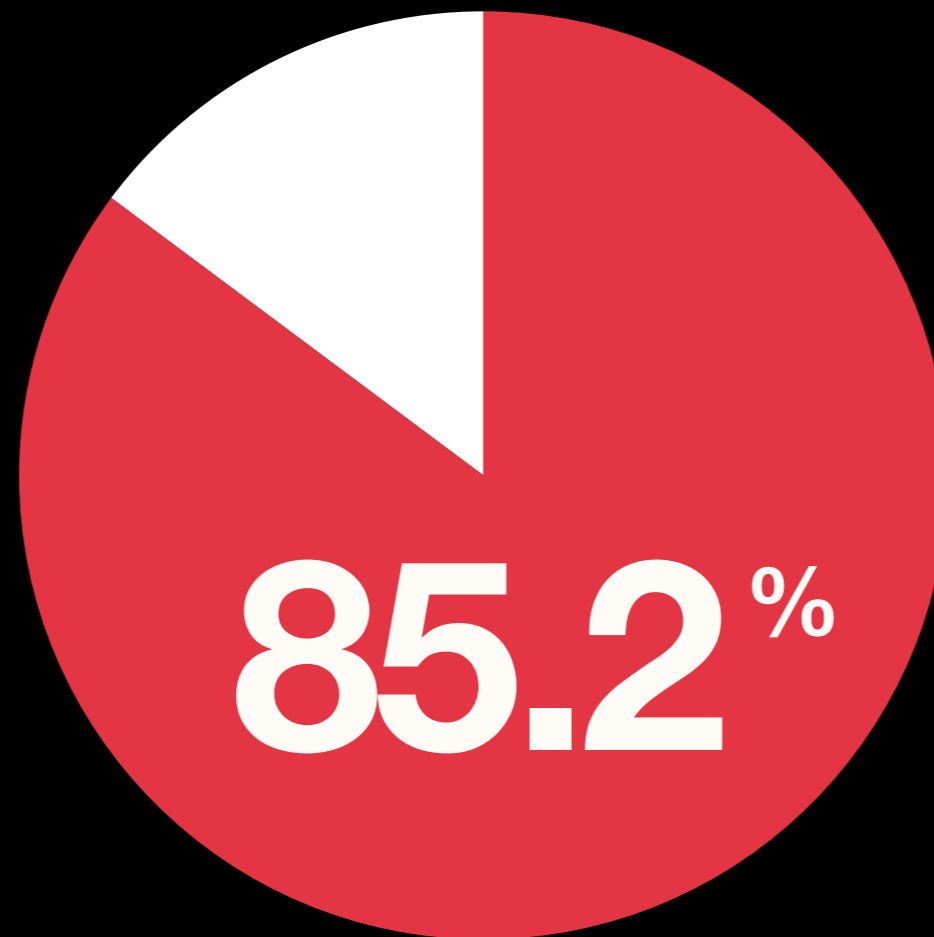


**Download
music**
43%



Video Viewers Growing Fast

In June 2013, **183 million** Americans watched more than **44 billion** online content videos, while the number of video ad views surpassed **20 billion**. That's **85.2%** of the total US internet audience.



Total US internet audience

Biggest Cable Network?

Netflix subscribers watched more than **one billion hours** of video in June 2012, averaging **80 minutes** per day.



That means that on any given day, Netflix is more popular than any single cable network in the U.S.

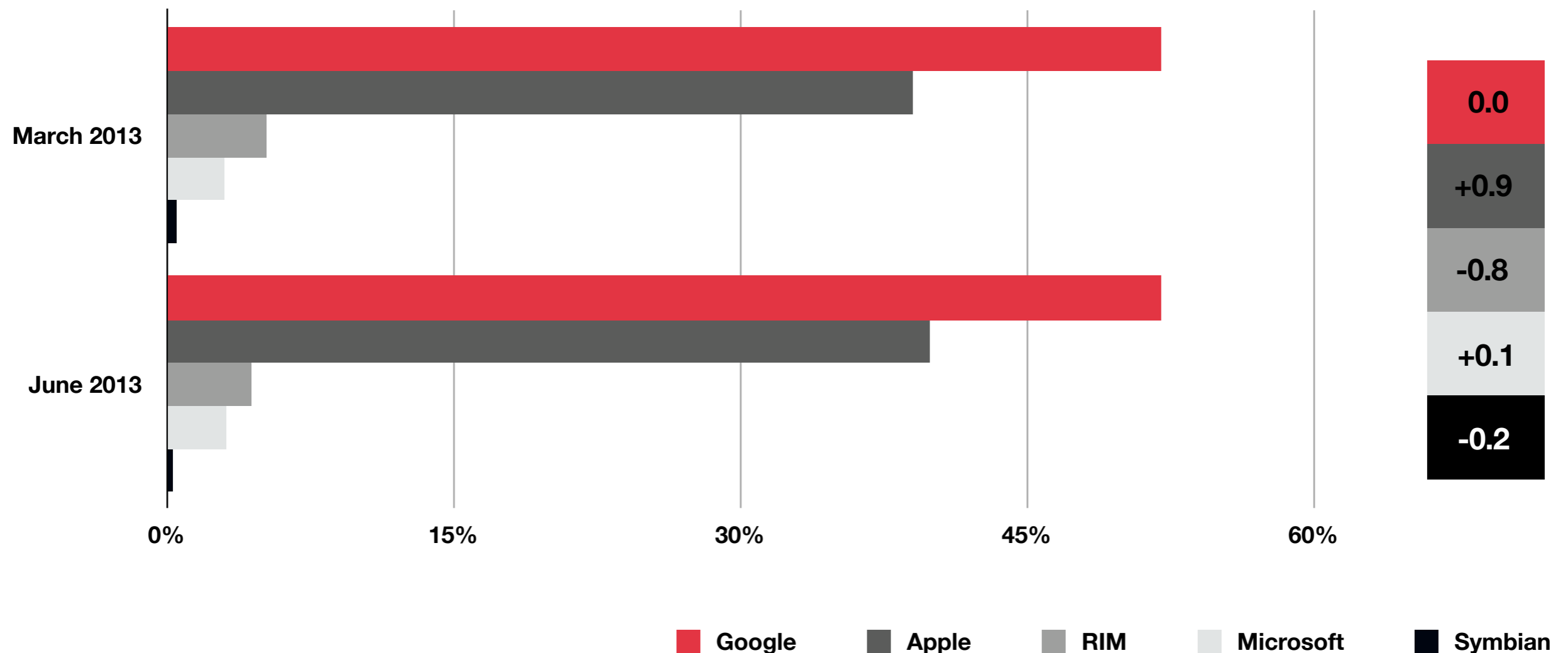
Smartphone Penetration

More than **60%** of mobile phones in the U.S. are Smartphones. Apple and Google dominate at the expense of RIM.

Top Smartphone Platforms

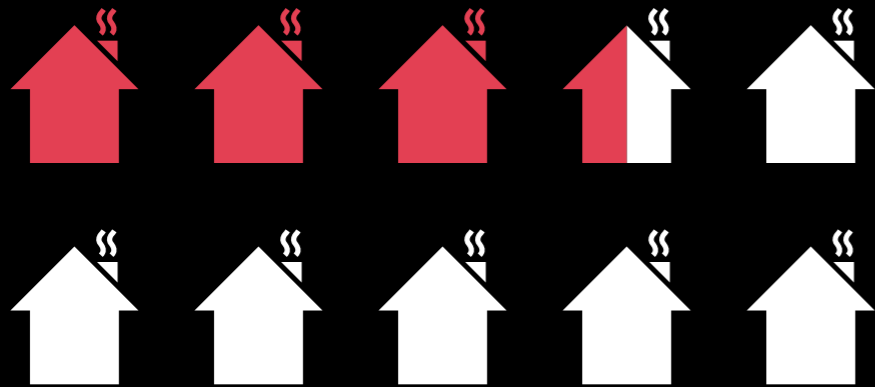
3 Month Avg. Ending June. 2013 vs. 3 Month Avg. Ending March 2013

% Change



Mobile Getting Bigger

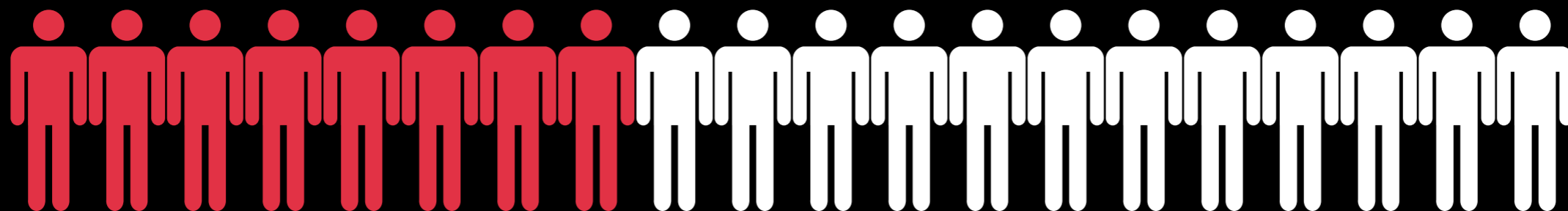
Tablets and readers are now in
~34% of homes



More cellphone subscribers in the
US than people



Almost 40% of the world's population are online

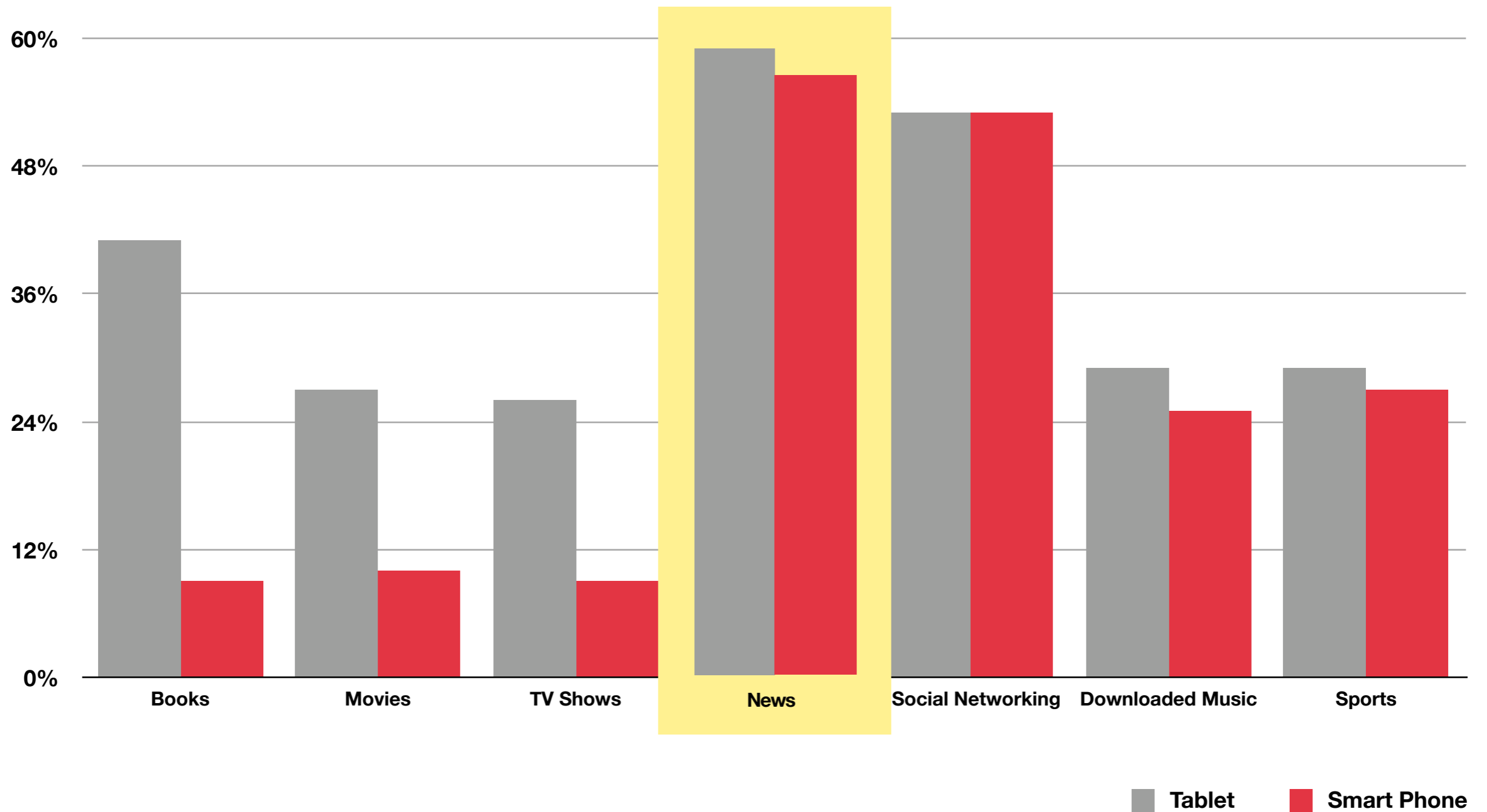


2.7 billion people



Bright Spot for News

Content Accessed Through Mobile Devices

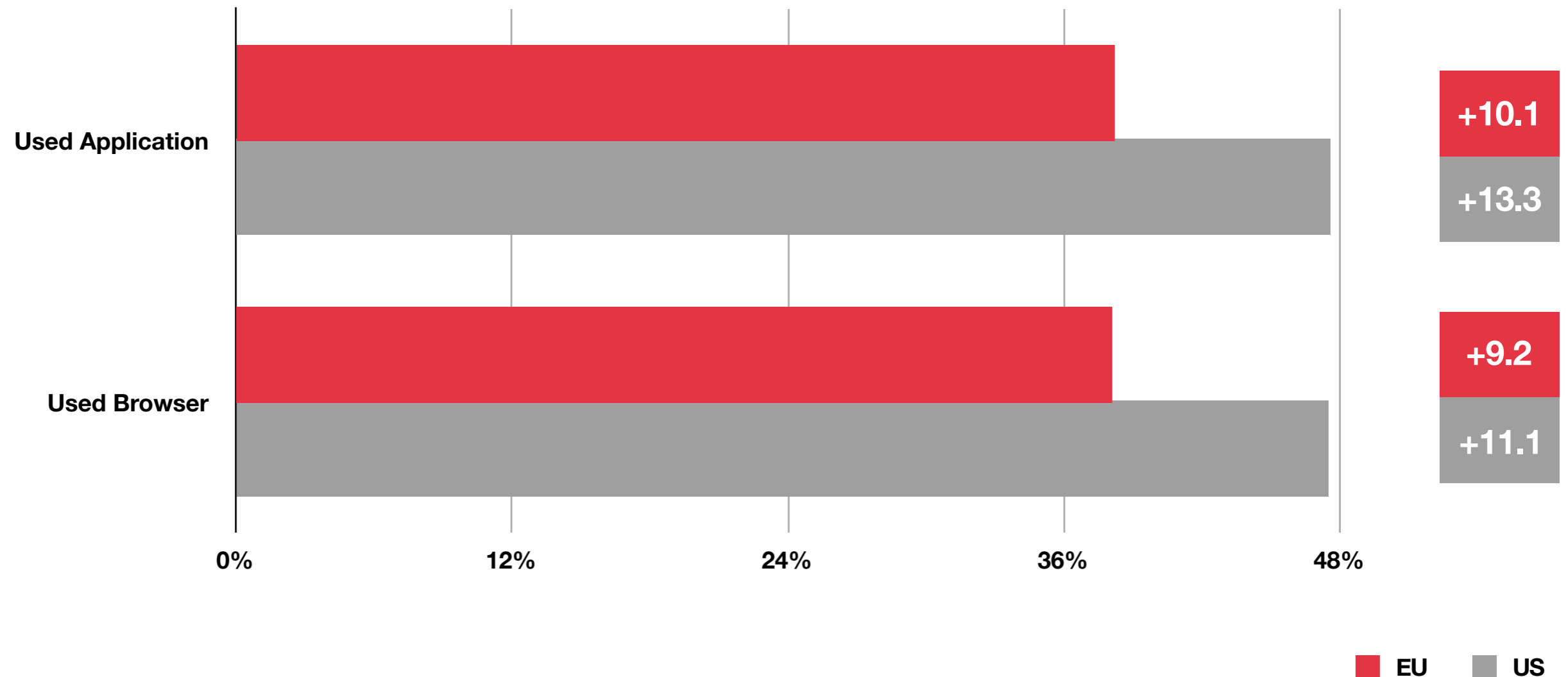


Apps vs. Mobile Web

Both remain important.

Percent Share of Browser & App Users Among Total Mobile Audience, Dec 2011

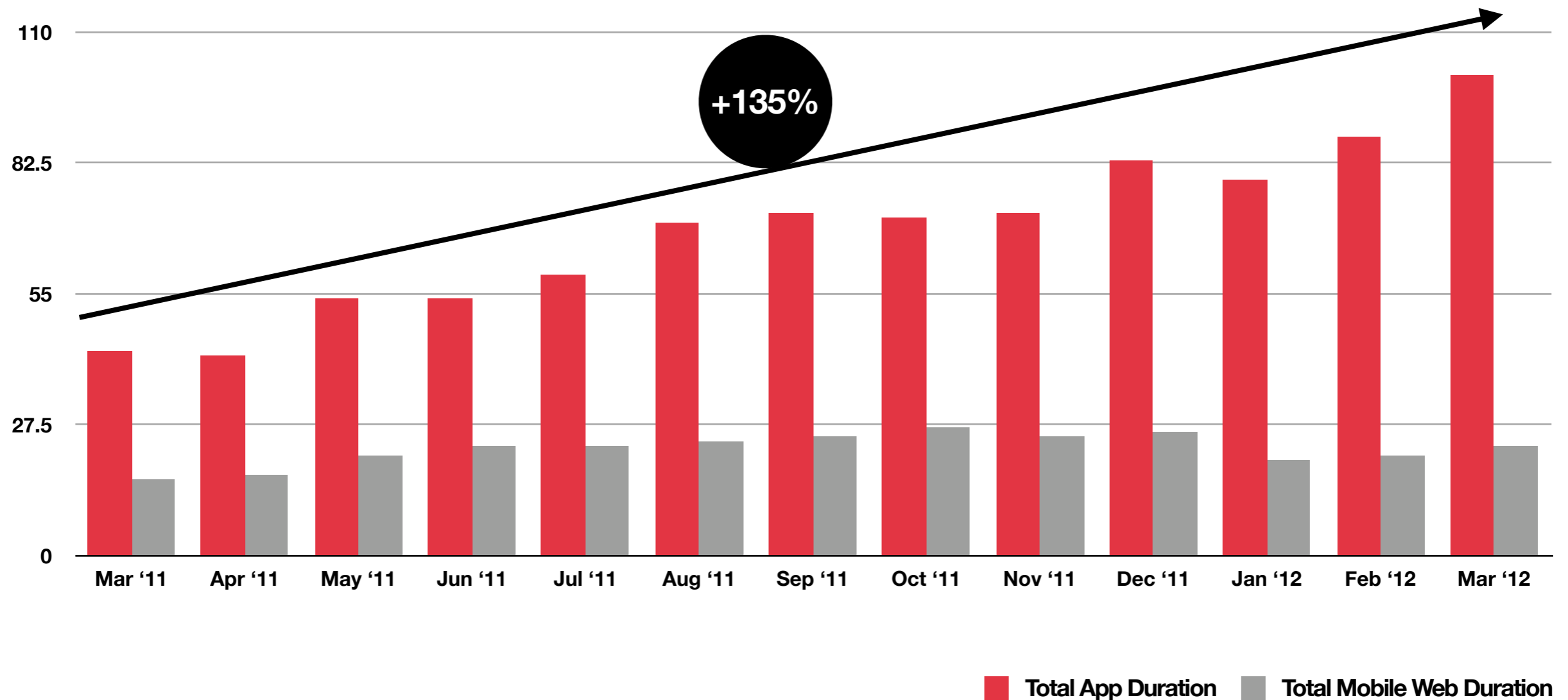
YOY % Change



Apps vs. Mobile Web

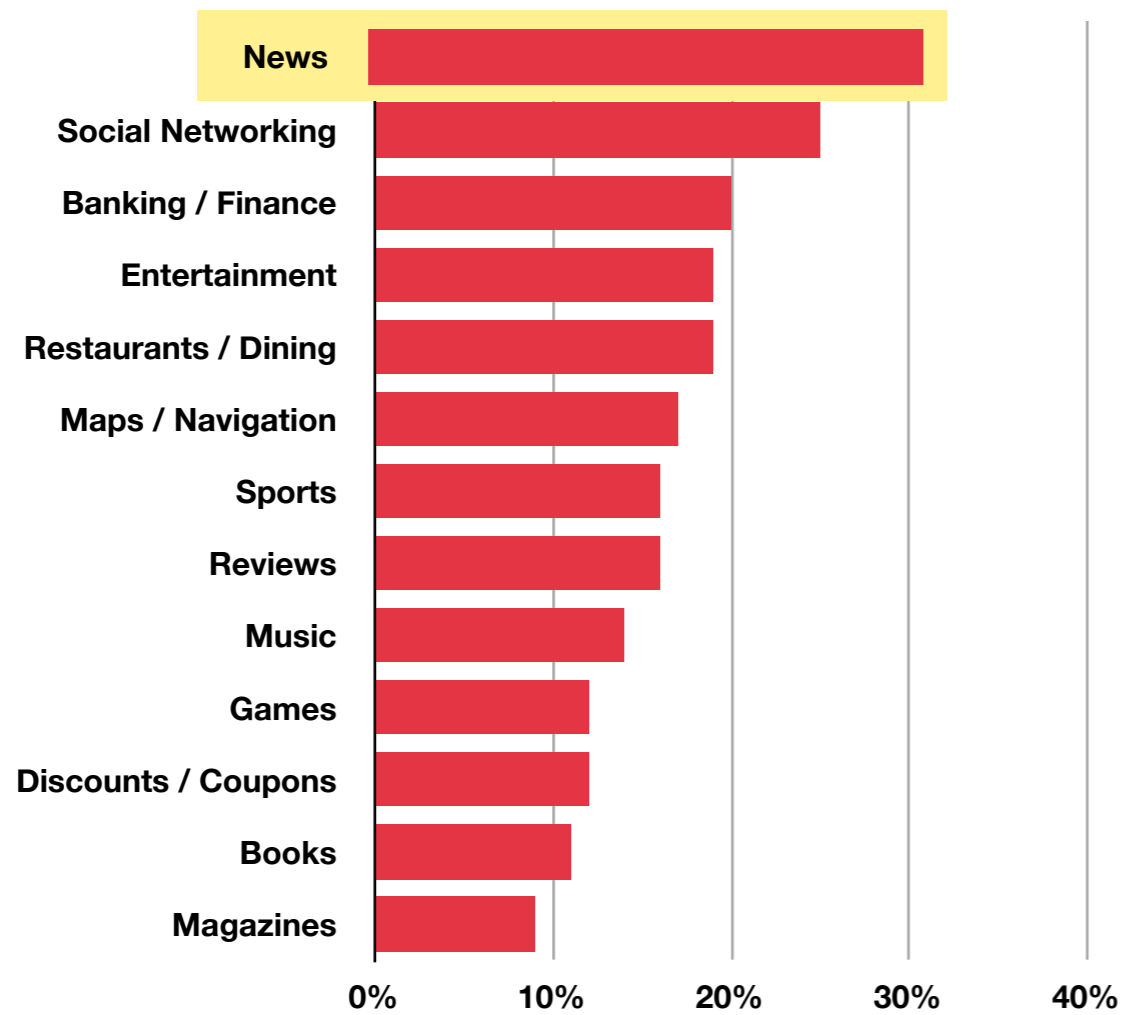
Duration of App usage outpaces Mobile web.

Total Mobile App and Web Duration on Android and iOS
(Billions of Minutes per Month)

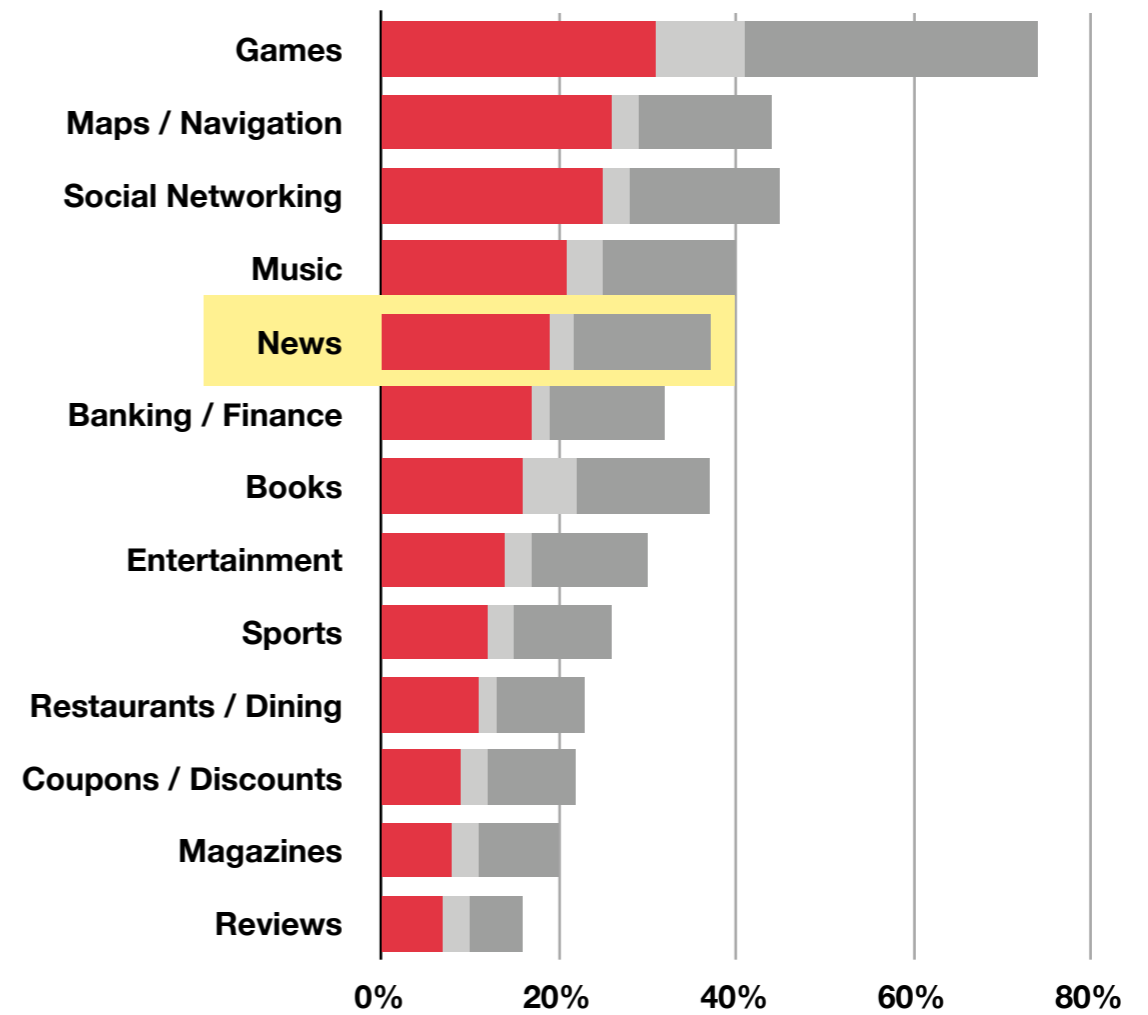


Bright Spot for News

Mobile Web Visited on Tablet or Smartphone
Q1 2012



Most Downloaded Apps By Category
(Smartphone & Tablet) Q1 2012

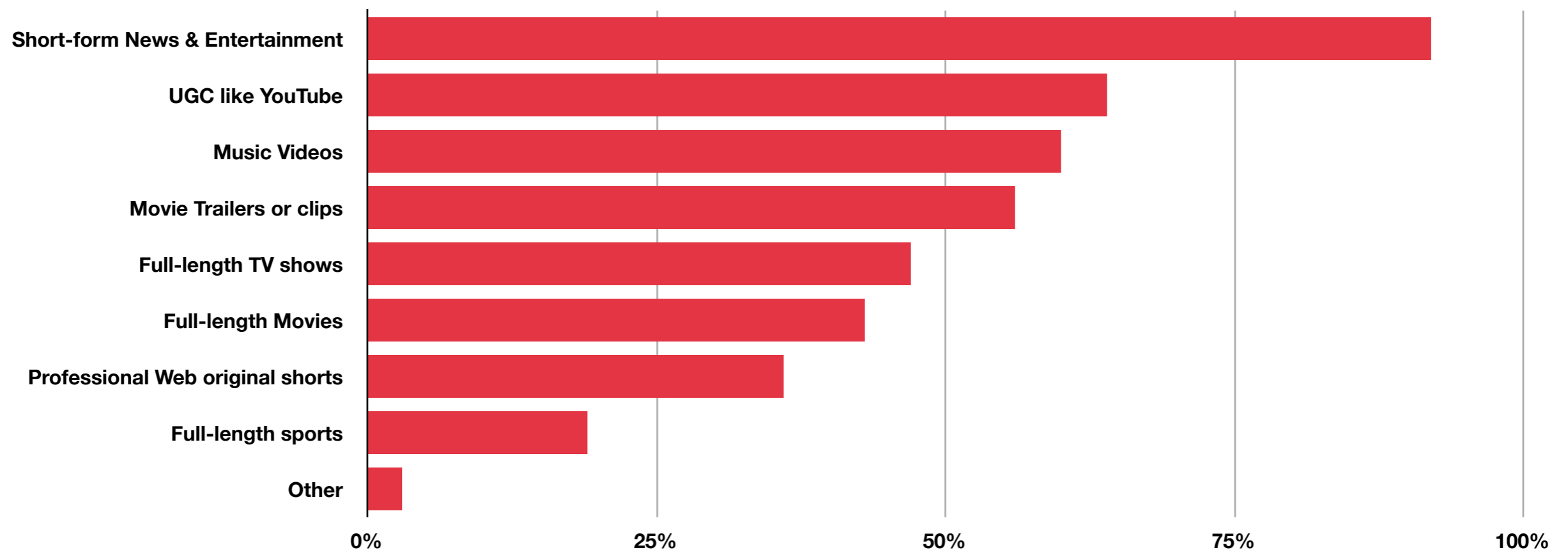


■ Downloaded both Free & Paid Apps
■ Downloaded Only Paid Apps
■ Downloaded Only Free Apps

Mobile Video

Tablet users are **three times** more likely to watch video than phone users, and they're watching more than just short-form...

Videos regularly watched on Tablets
(% of Tablet Users)



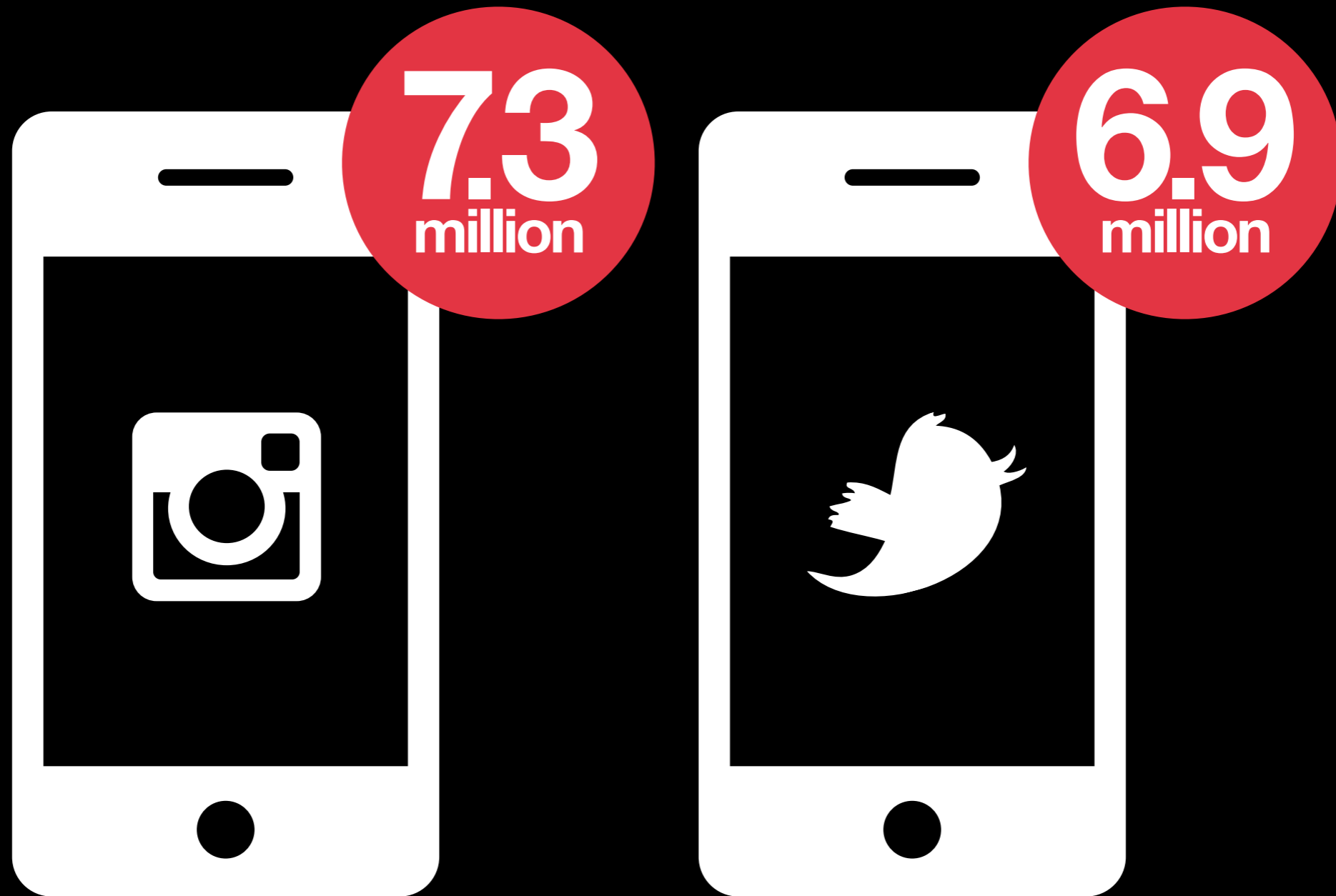
Mobile + Social

About **128 million** of Facebook's worldwide active users access the service using their mobile devices.



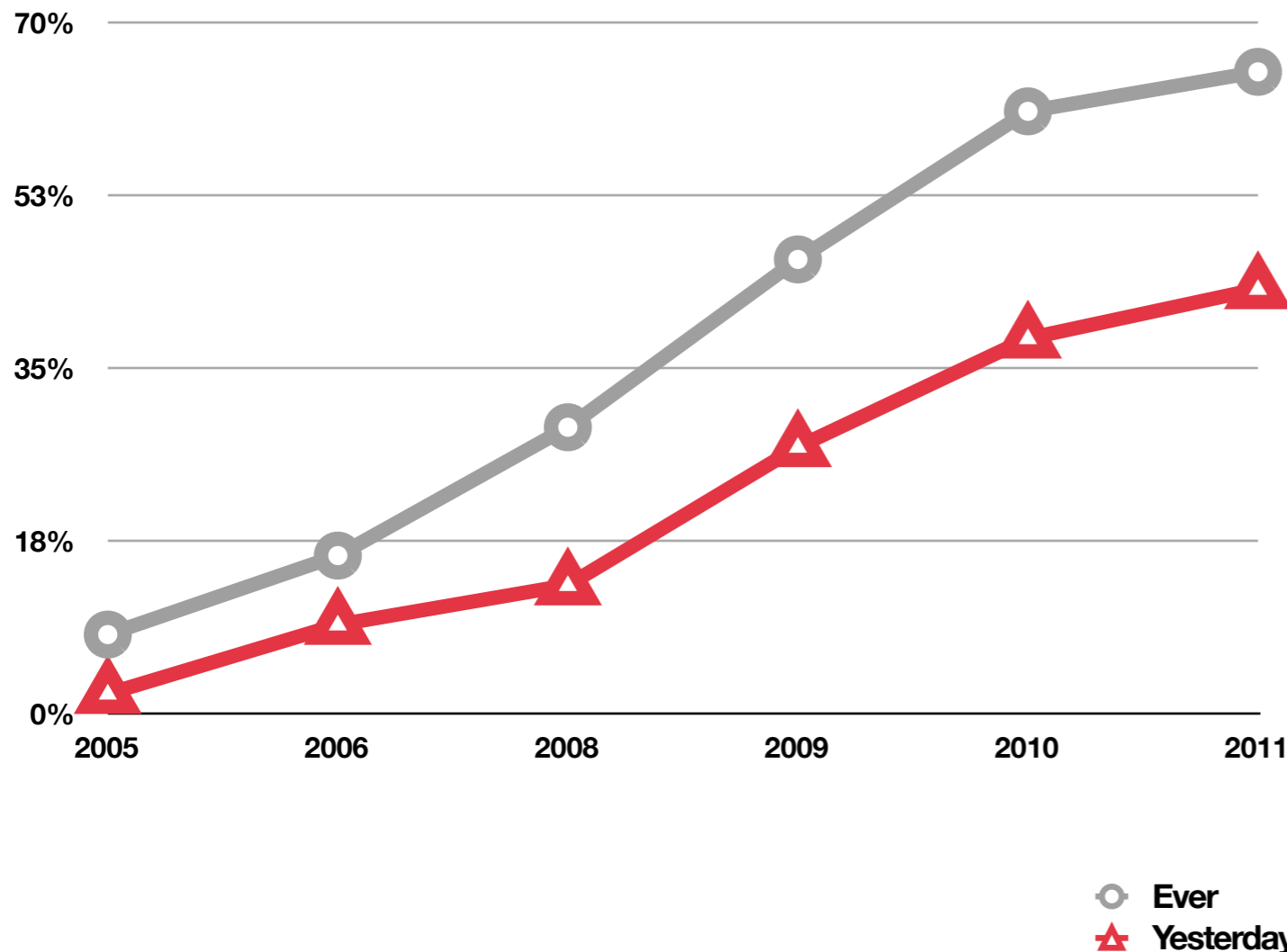
Mobile + Social

7.3 million smartphone users accessed Instagram each day in August 2012 and **6.9 million** used Twitter from their phone.



Social Networking Usage

The percentage of all adult internet users who use social networking sites since 2005

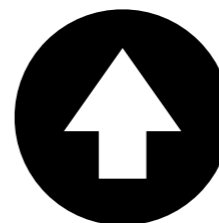


97

The % of online news consumers who use social network sites

71

The % of online consumers who get news forwarded to them through email or via social networking



People are 3.7x more engaged with news content when it's recommended

Facebook Stats



55%
Active any
day



2.5m
Integrated
websites

1+

Billion
Active Users

2x

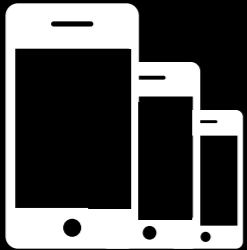


Mobile users
twice as
active as
non-mobile



Average
user has
234 friends

Twitter Stats



55%
Access via
Mobile



100_m
Monthly
active users

500

Million
Users



**More
female
than male**



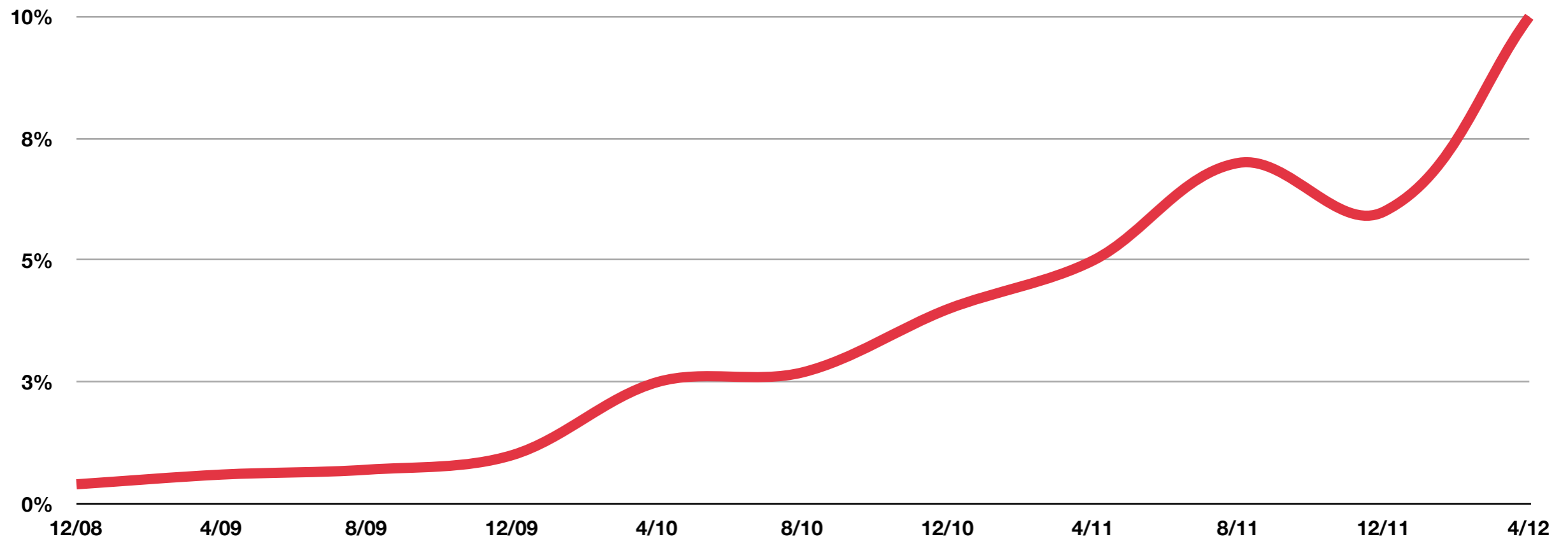
74%
25 or
younger

Digital's Future

Mobile Rapidly Growing

The number of **mobile-connected devices exceeds the number of people on earth**. By 2016 there will be 1.4 mobile devices per capita.

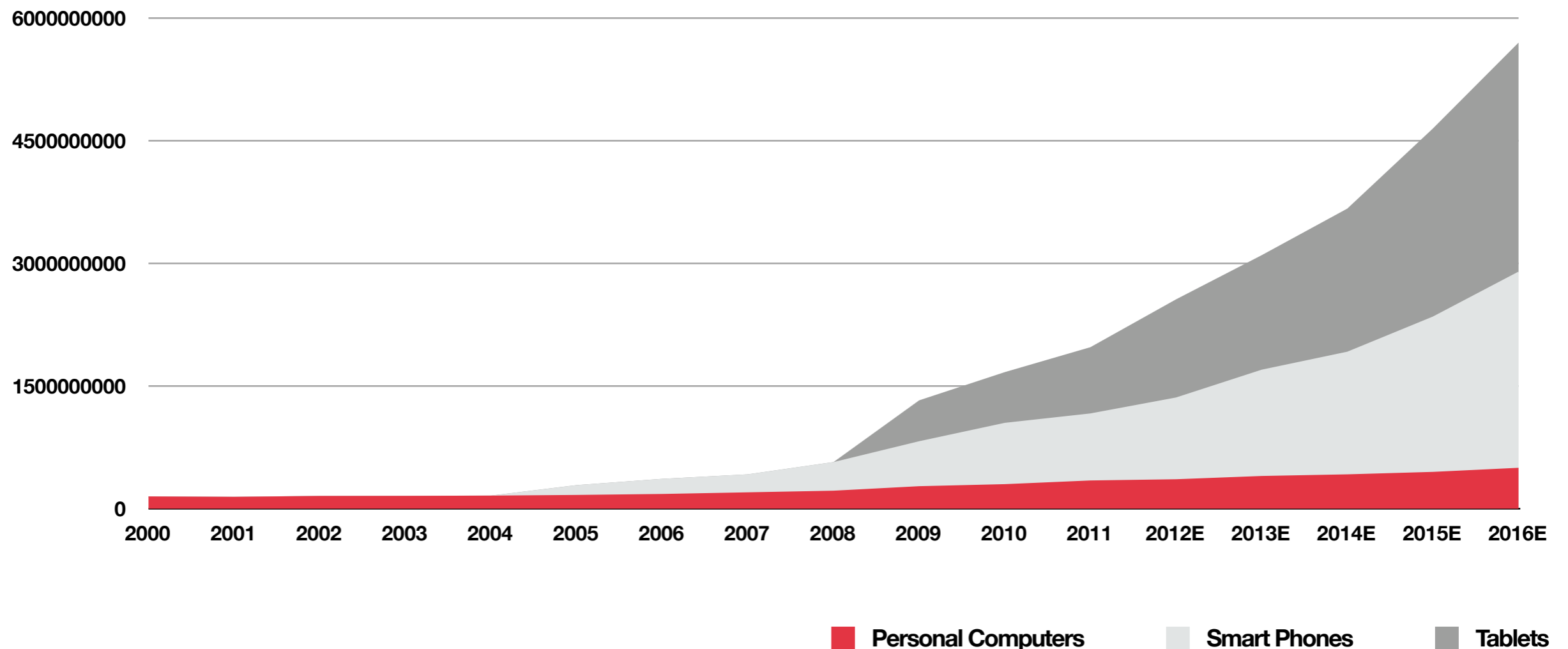
Global Mobile Traffic as % of Total Internet Traffic



Mobile Sales Outpacing PC

Mobile and smart phone sales have overtaken PC sales and are projected to continue at a steep incline.

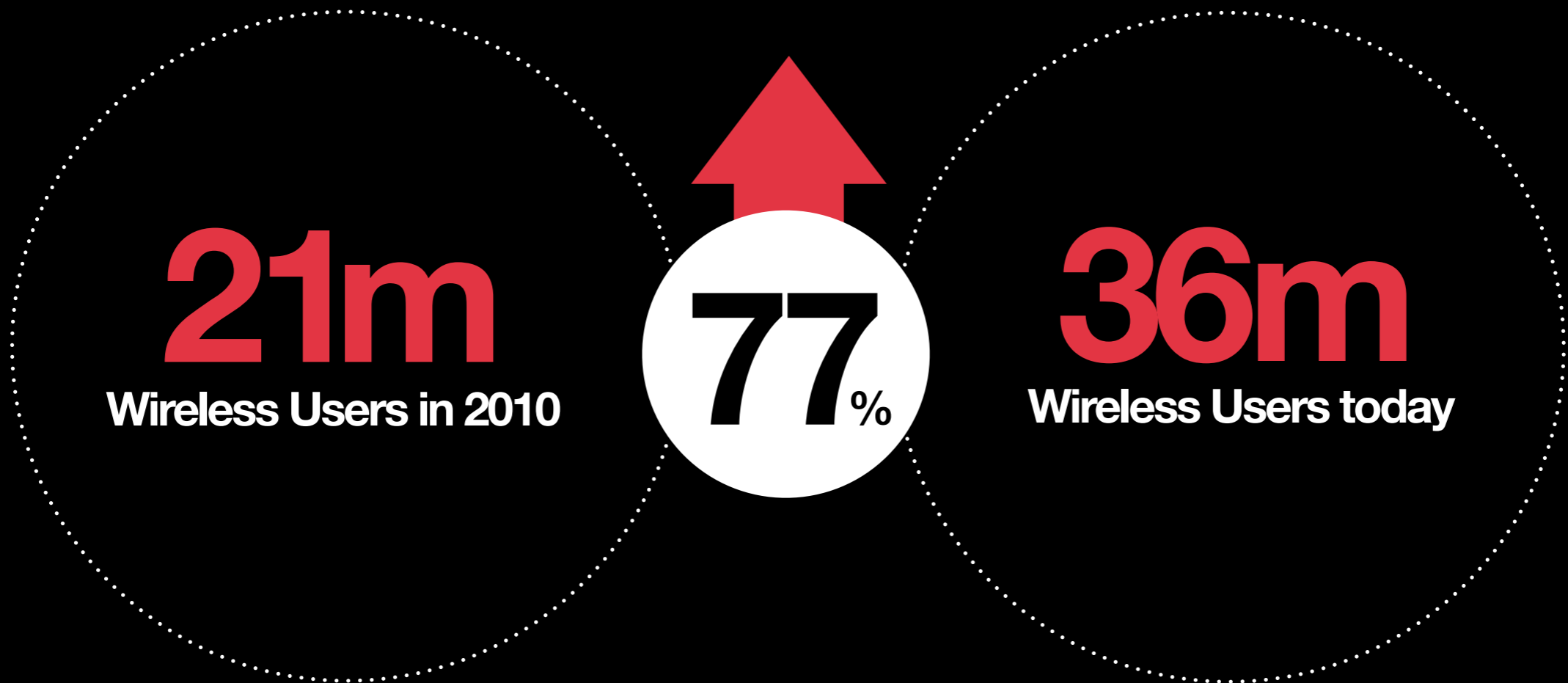
Global Internet Device Sales



Source: Gartner, IDC, Strategy Analytics, Company filings, BI Intelligence estimates

Mobile Video to Grow

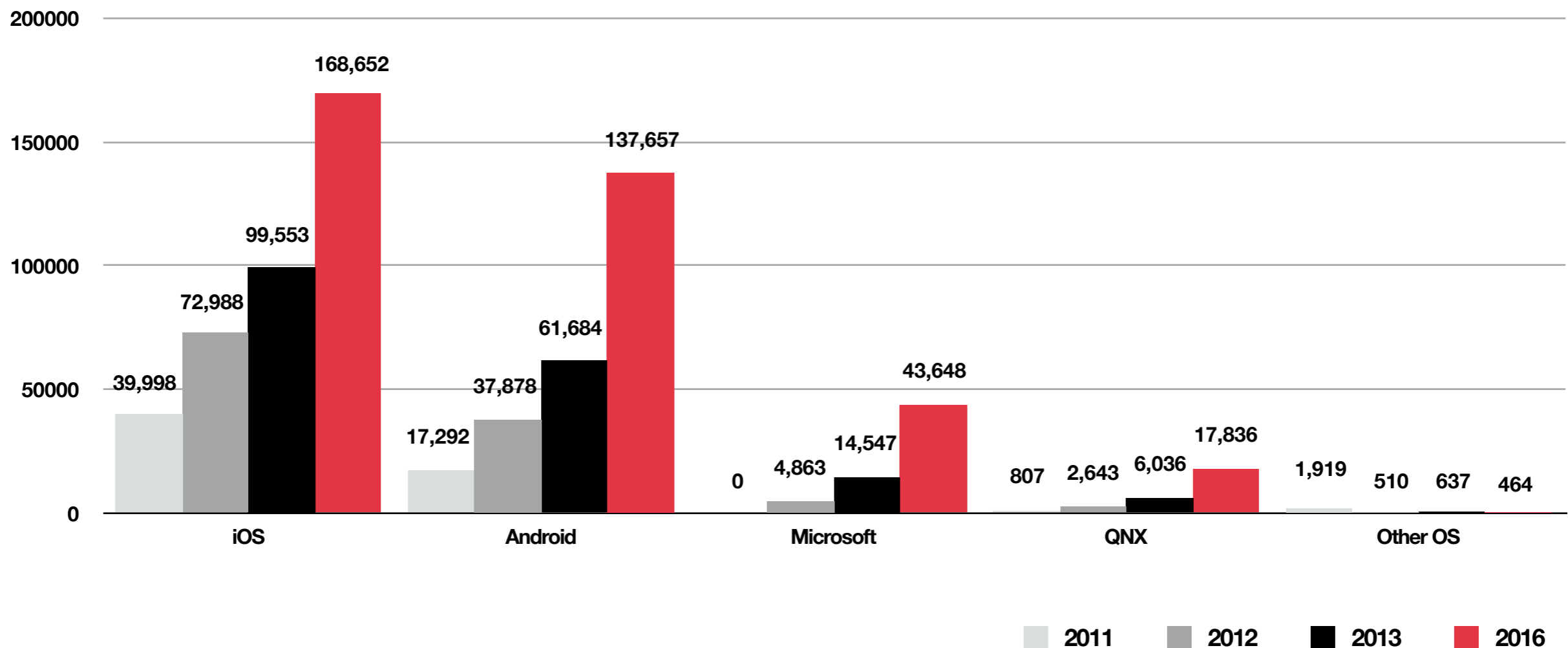
The U.S. mobile video audience grew **77%** over the past two years from **21 million to 36 million**. That audience is expected to rise to more than **50 million** in 2013.



Tablet Impact

Tablet penetration is expected to reach **47%** by year end, an increase from just **2%** three years ago.

Worldwide Sales of Tablets to End Users: 2011 to 2016 (000s)

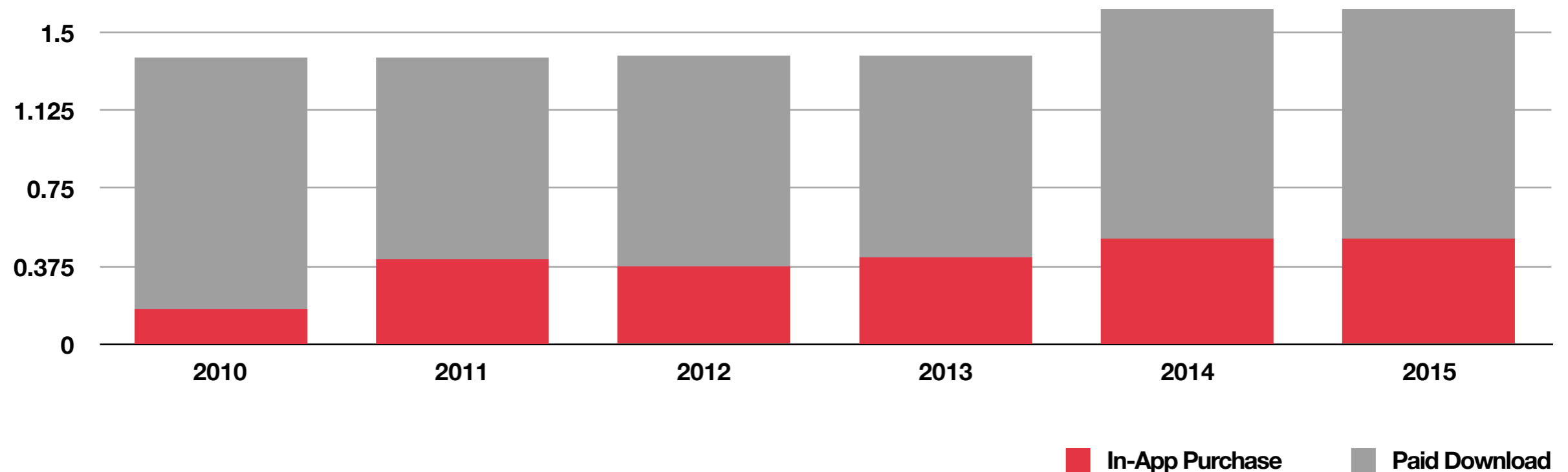


In-App Purchases to Soar

IHS predicts that in-app purchases will become the dominant way that app developers make money in the years ahead.

In-app purchases accounted for **39% (\$970 million)** of app revenues in 2011. By 2015, IHS predicts that number will grow to **64% (\$5.6 billion)**.

Worldwide Share of Smartphone App Sales Revenue by Percentage of Paid Apps vs. In-App Purchases



Points & Recommendations

Three Key Points

- 1. Digital remains a huge growth opportunity for news. 76% of users are consuming news online.**
- 2. Video has exploded in usage over the past few years and continues to be one of the fastest growing digital formats.**
- 3. Mobile consumption, while still in early stages, is rapidly expanding as more and more consumers acquire smart phones and tablets.**

Three Recommendations

1. Define your digital identity.

How will you extend your on-air brand in a way that takes advantage of the inherent value of each digital platform? How does your brand translate to social media and mobile devices and do they integrate into programming?

Consider how your digital initiatives may impact your news brand as a whole. Is it an opportunity to redefine yourself?

Three Recommendations

2. Research the local landscape.

Uncover who is spending money on digital. Identify who should be spending but isn't yet. Look at your competition to understand what they are offering.

Three Recommendations

3. Analyze and document your audience.

Look at your site metrics, identify trends that may be appealing to advertisers, consider ways you can package your audience segments. Do you currently skew more towards certain audience types? Determine how you can nurture what you already have and grow an existing base into a stronger segment.

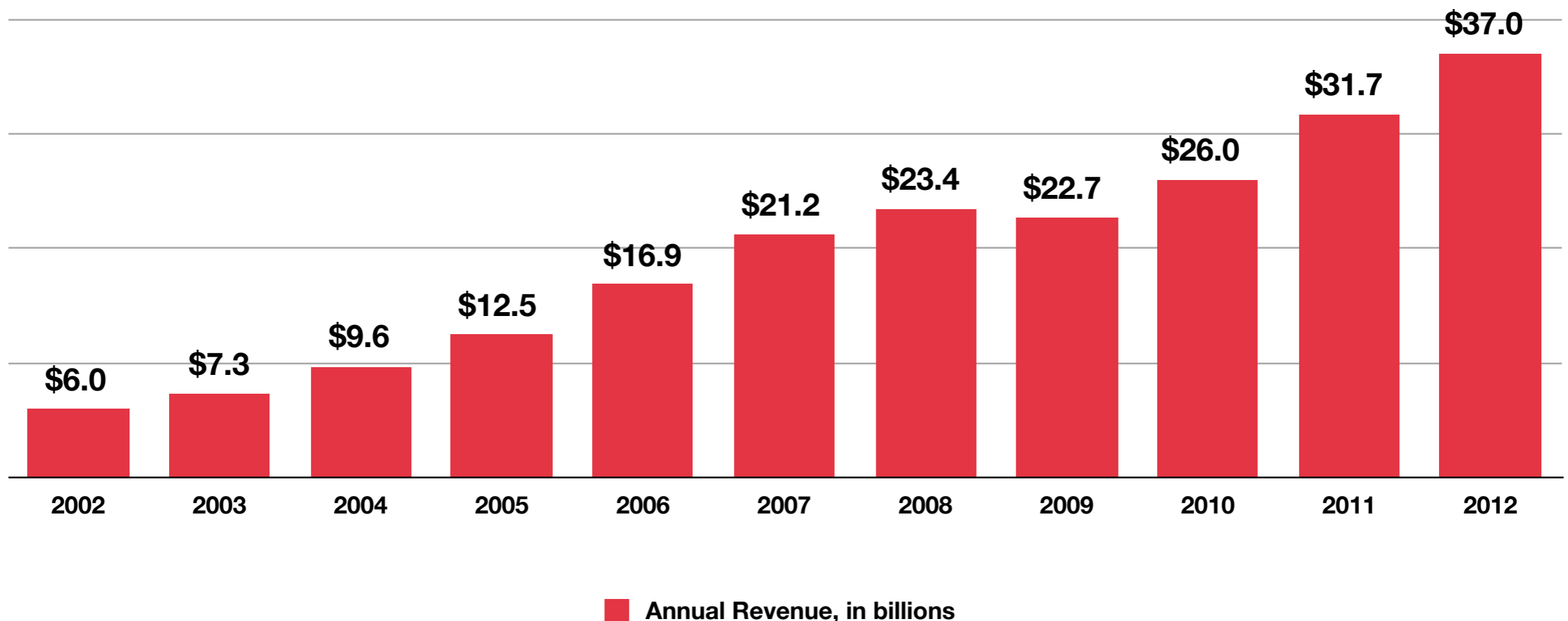
2 Digital Ad Sales by Numbers



Digital vs. Other Media

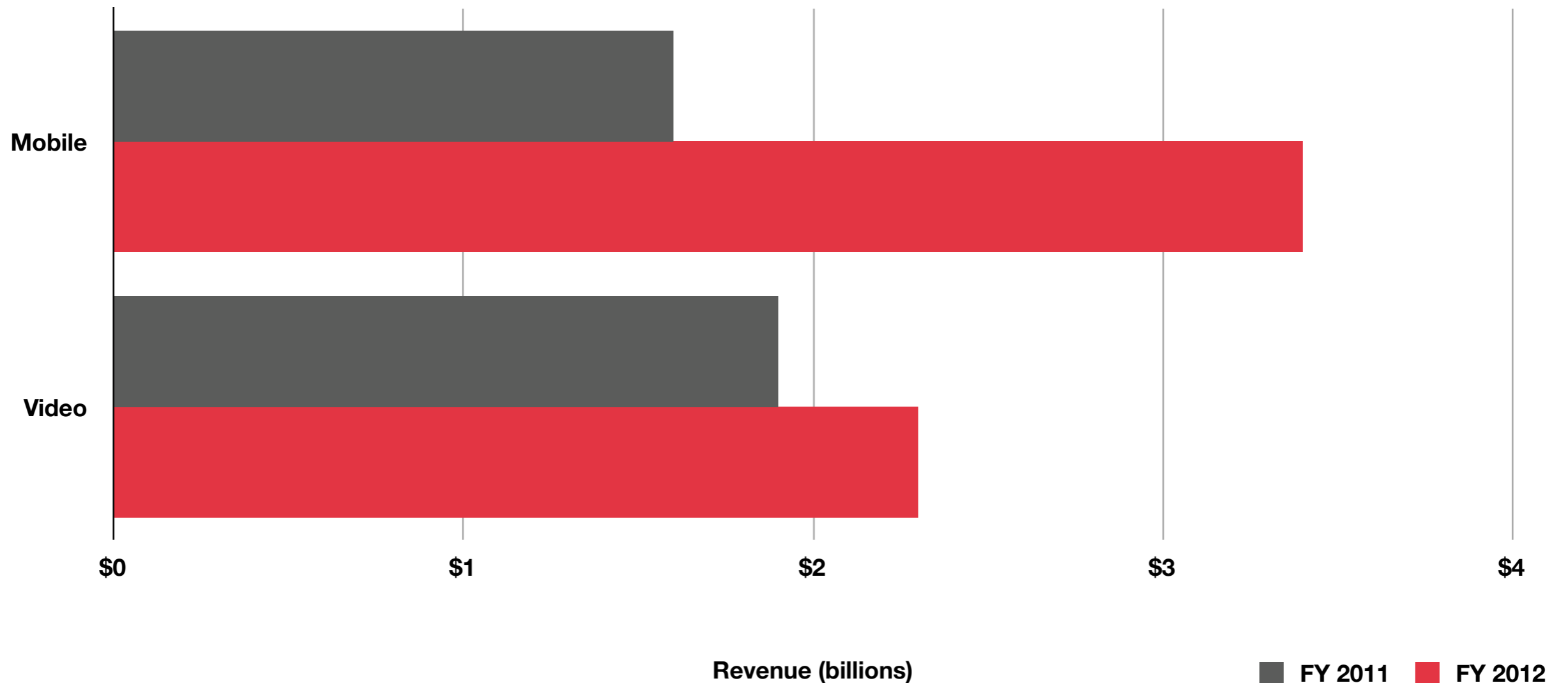
Online Ad Spending

Internet advertising revenues reached a record total of **\$37 billion** in 2012. That's a **15% increase** from the \$31.74 billion reported in 2011, and continues a trend of strong growth over the past 10 years.



Growth in Mobile & Video

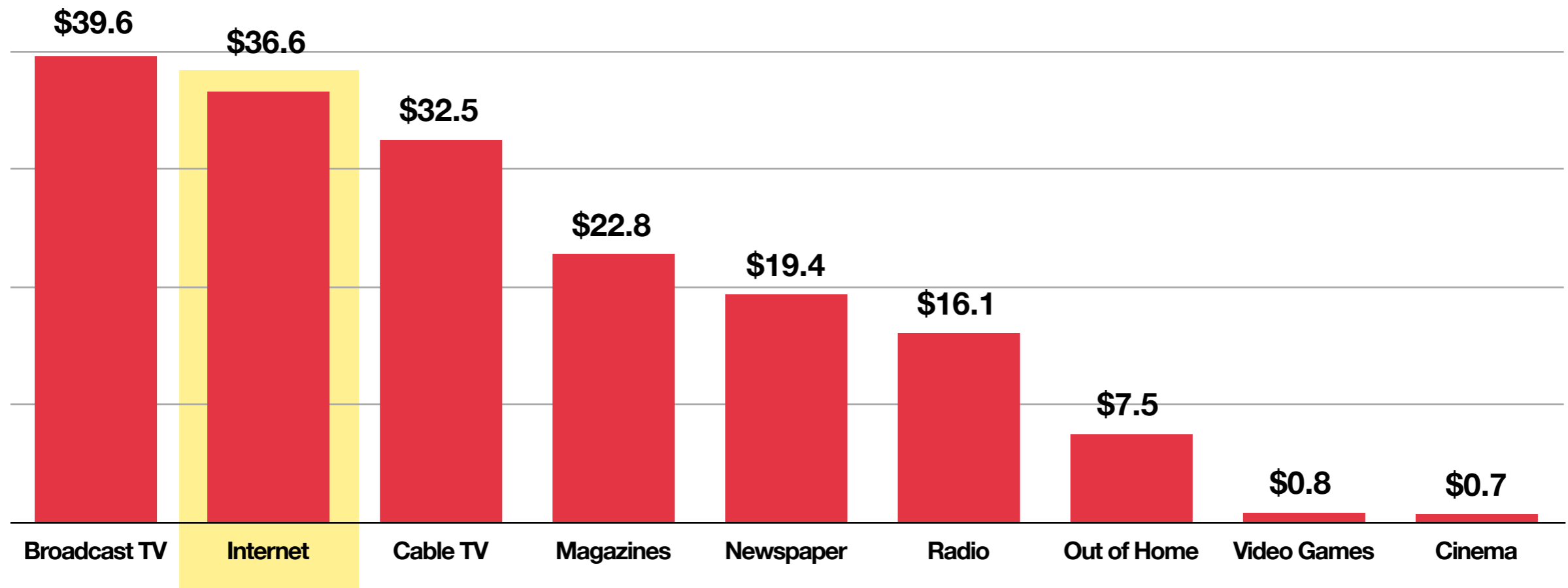
The same 2012 full-year report showed that mobile ad revenue grew **111%** year over year and totaled **\$3.4 billion**. Digital video advertising accounted for **\$2.3 billion**.



Compared to Other Media

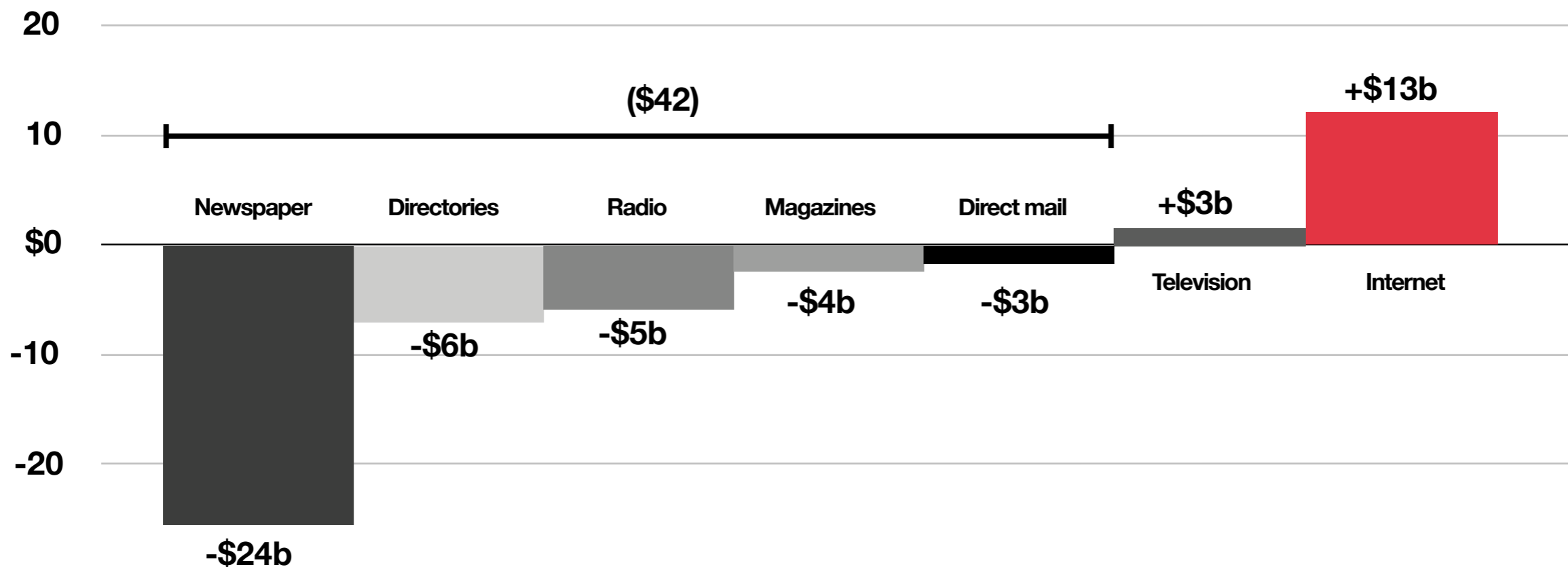
In 2012, Internet advertising revenues inched closer to broadcast TV advertising, and have long since surpassed those of Cable Television (including both National and Local).

Advertising Revenue Market Share by Media - 2012, in billions



Internet ad revenue growth outpaces all other media

In the U.S. between 2005-2010, “Old Media” **lost \$42b**, while **Internet gained +\$13b** (and TV gained +\$3b)



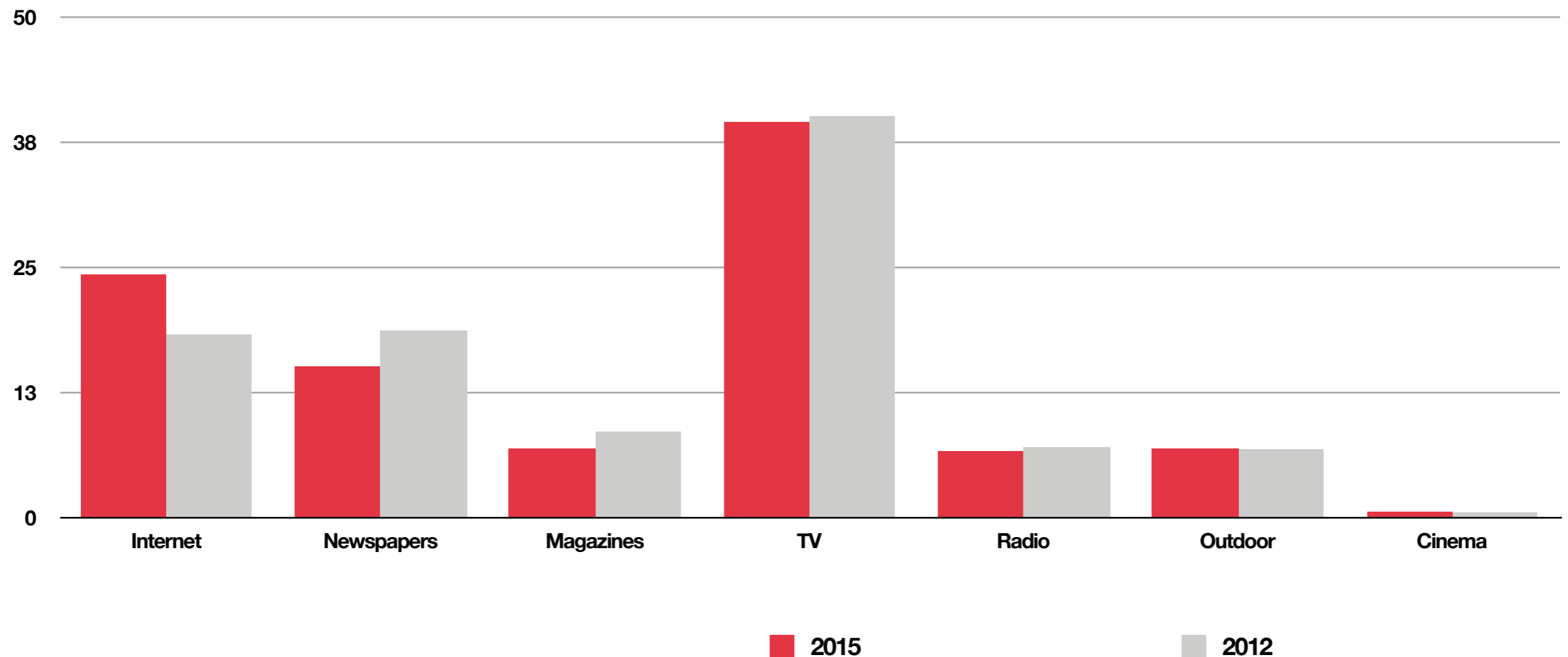
Digital Forecasts

Digital accounts for 20% of all ad spend, but nearly 70% of growth - the biggest contributor of new ad dollars.

Ad Spend Forecast

Internet ad spending is expected to continue on a steep incline through 2015.

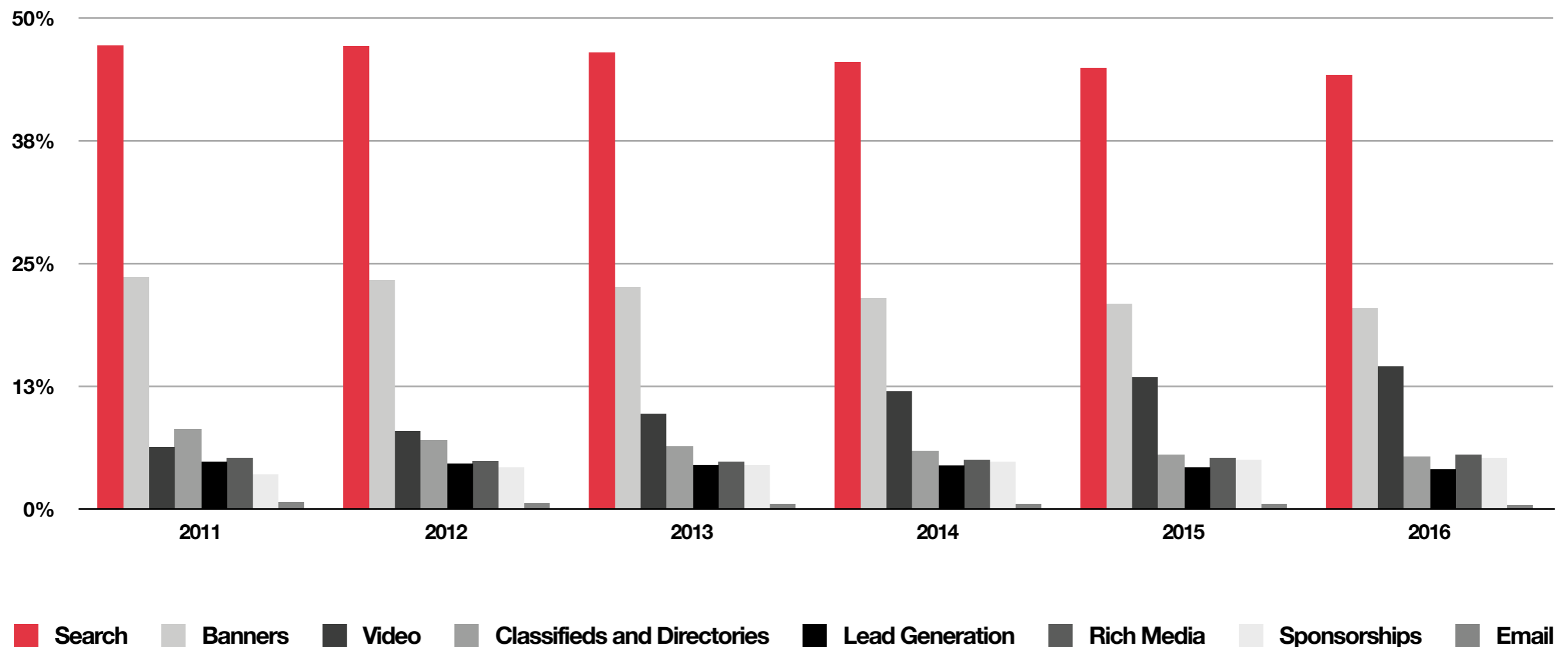
Projected share of global ad spend by medium in 2015 (%)



Online Spending Forecast

Paid search, banners and videos account for over **89%** of all digital ad spend by 2016.

U.S. Online Ad Spending Growth, by Format, 2011-2016
% of total and billions

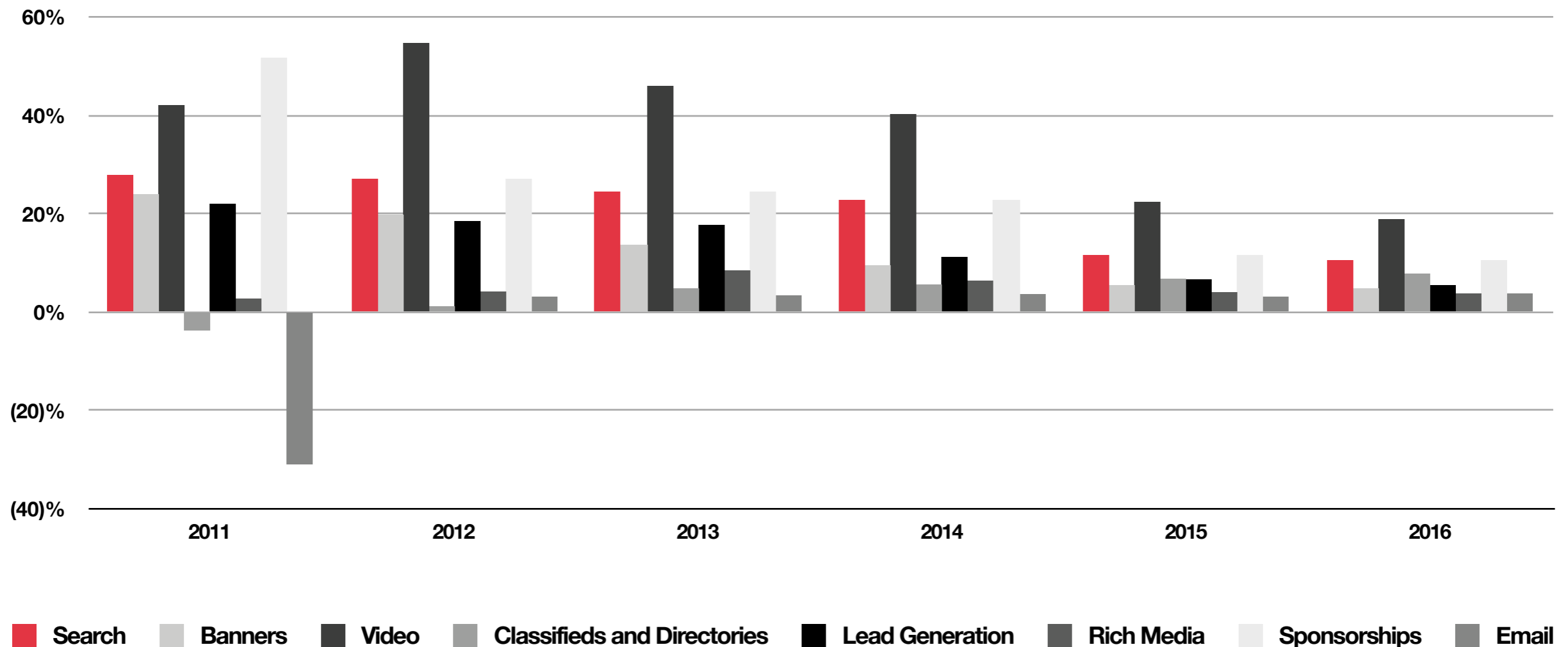


Source: eMarketer, September 2012

Online Spending Forecast

Video continues to be the fastest-growing ad format and will remain strong through 2016.

U.S. Online Ad Spending Growth, by Format, 2011-2016
% change



Source: eMarketer, January 2012

Real-time Bidding (RTB)

Audience targeting:

73%

buy
RTB in
2013

\$2

Billion
RTB Market

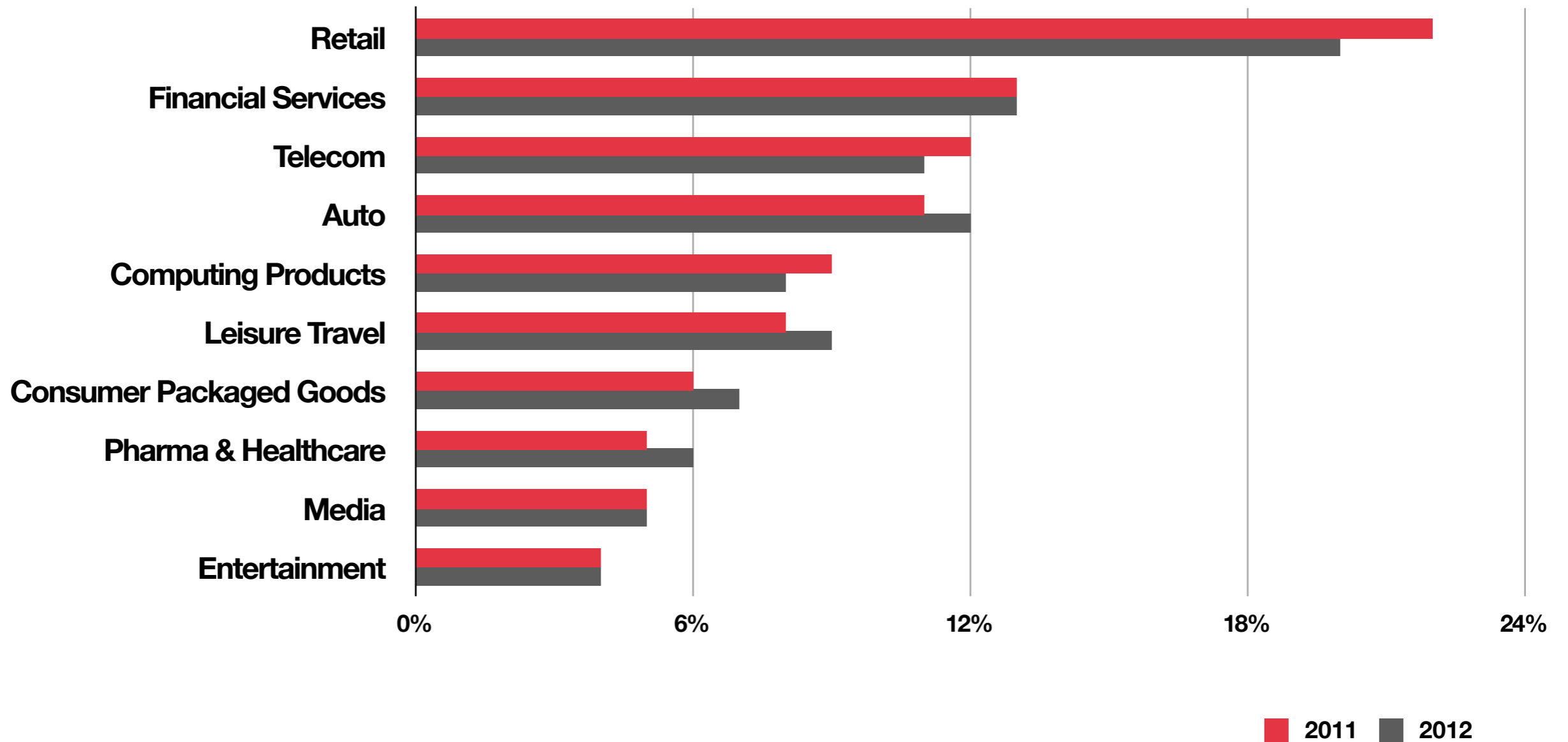
\$8.49

billion
in digital ad
spend by
2017

Spending by Industry

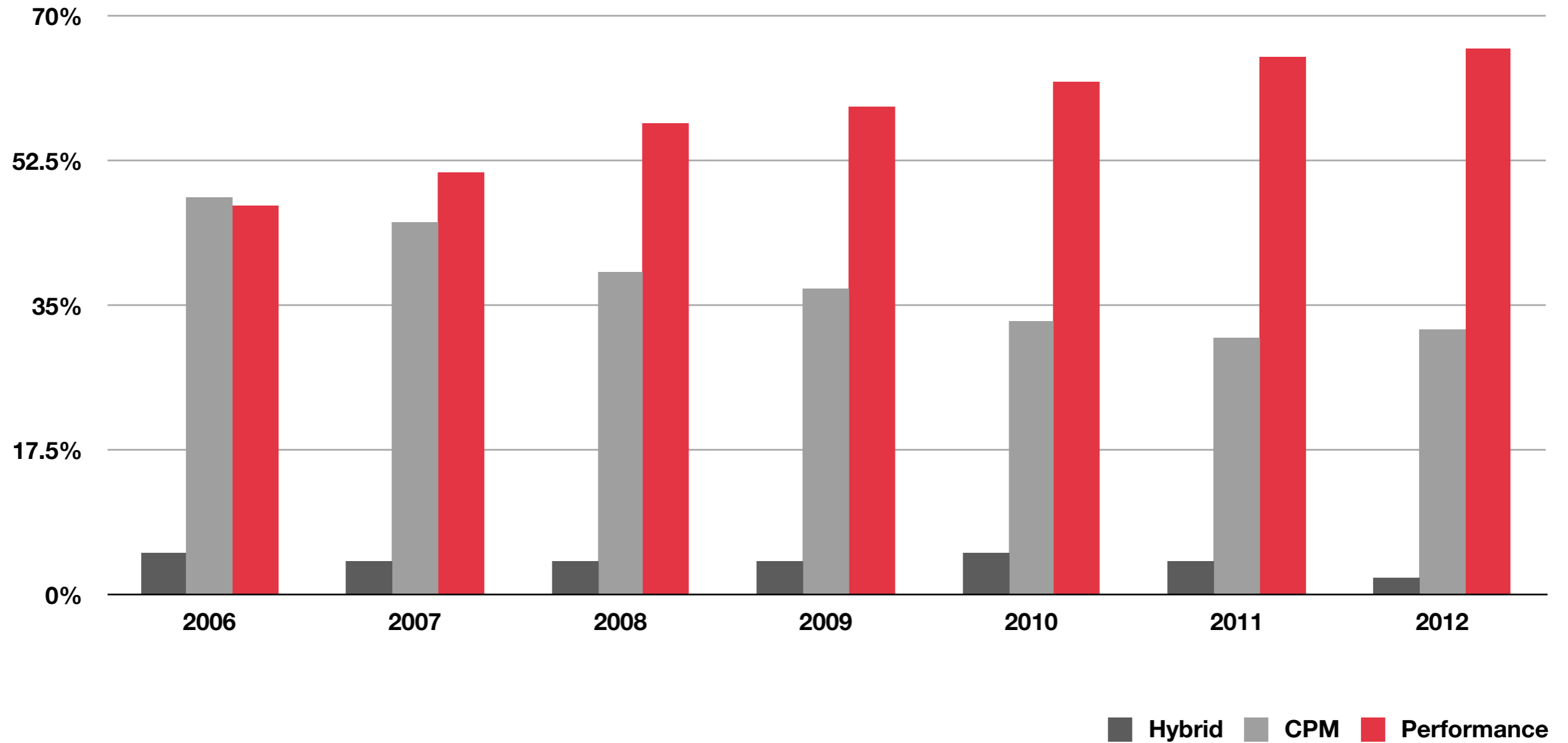
Who's Spending

Internet Ad Revenues by Major Industry Category, 2011 vs. 2012



How They're Spending

Internet Ad Revenues by Pricing Model,
2006-2012

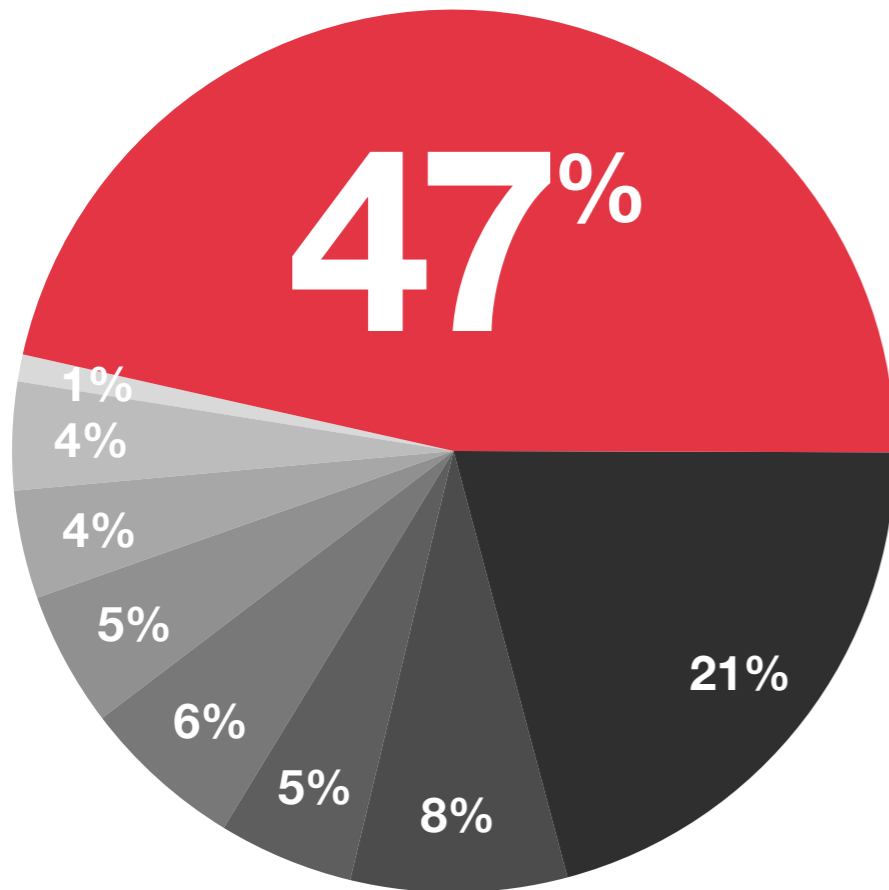


Key Platforms

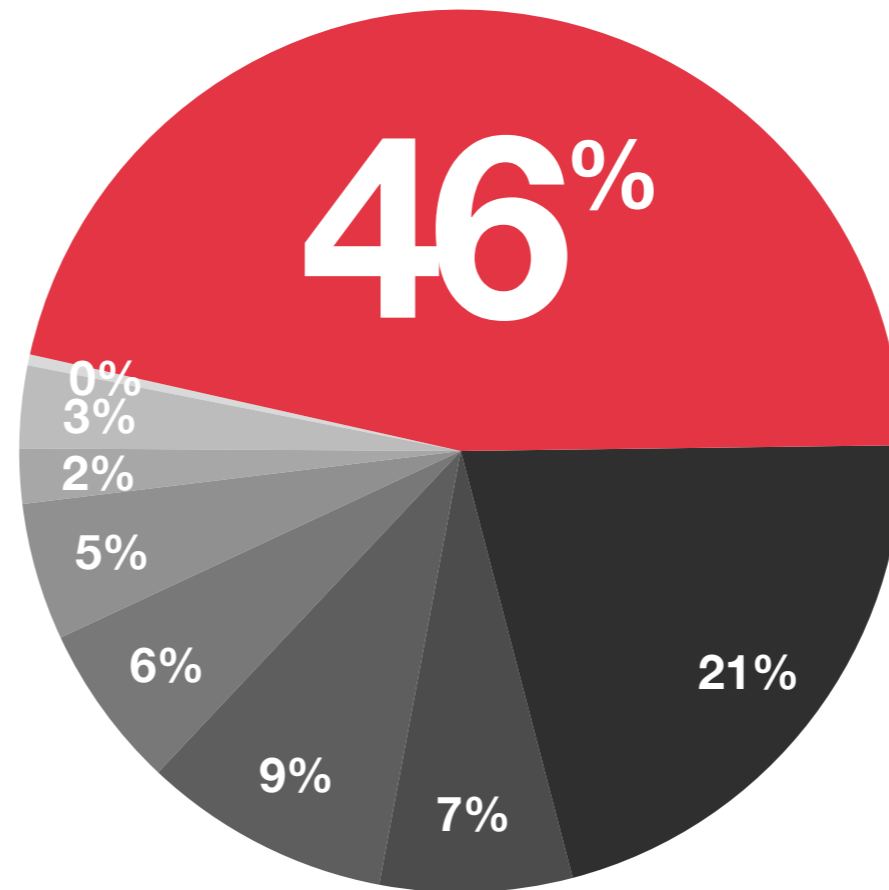
Revenue by Platform

Ad Formats 2011 vs. 2012

Ad Formats 2011
Total: \$31.7 Billion



Ad Formats 2012
Total: \$36.6 Billion



- Search
- Display/Banner
- Classifieds
- Mobile
- Digital Video
- Lead Generation
- Sponsorship
- Rich Media
- Email

What About...

In addition, YouTube and social networks are two other areas in digital that are in the early stages of ad development.



Because ad models are still being established at this time, we do not recommend that you focus a lot of effort here.

The Basics

Terms to Know

Run of Site (ROS)

When an advertiser purchases a banner size that can appear on any page of the site, rather than purchasing a particular section or page.

Click Through Rate (CTR)

The percentage of banner impressions that resulted in a visitor to the advertiser's site.

Cost Per Thousand (CPM)

The amount an advertiser pays for every 1000 impressions of their ad.

Cost Per Click (CPC)

The amount an advertiser pays for each click on their ad - typically used for SEM or Facebook ads.

House Ads

The ads a site runs that have not been purchased by an advertiser. Often used to advertise their own content/products.

Inventory

The amount of ad impressions a site makes available to advertisers for purchase.

Parties Involved

Ad Server

Serves the ads and uses “clicktags” to track user engagement and report analytics.

Rich Media Server

Often required to serve the rich media ads that load additional content after the initial ad load. Example: PointRoll.

Streaming Video Server

If an ad is video-only, sometimes a streaming video server/vendor can be used instead of a rich media server.

Media Planner/ Buyer

They decide which sites to run the ads on and make the purchase.

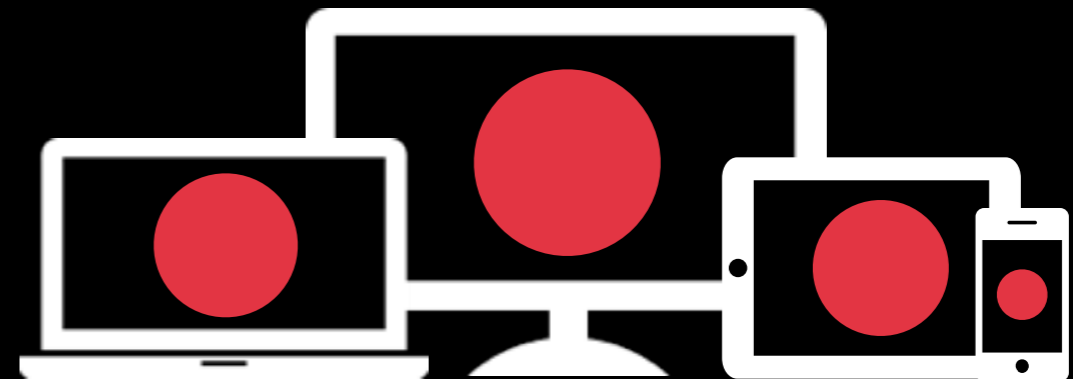
Points & Recommendations

Four Key Points

Spending online continues its upward trend, while many other media are in decline



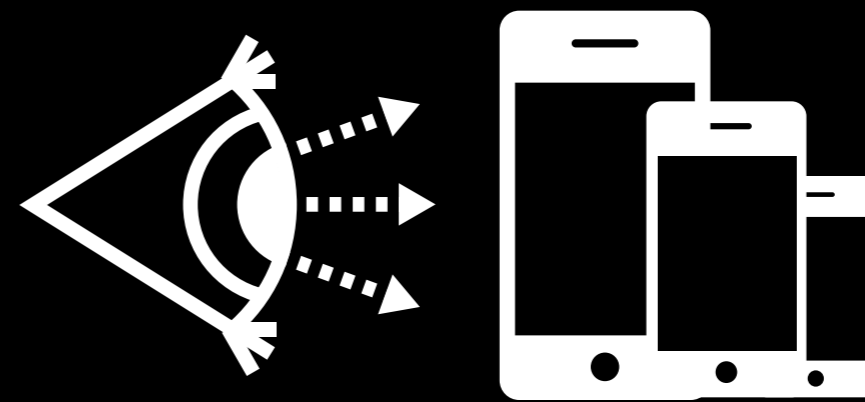
Ad models are ever-evolving, but brand strength & awareness is key



Video is emerging as a leading ad platform, particularly for brands that occupy the video space



Mobile advertising remains the focus of many brands due to increasing consumer penetration



Three Recommendations

1. Identify what can be sold now.

Look for existing editorial opportunities. Which areas of the site get the highest traffic and how can they be converted to a sales opportunity? Determine if there are any features that can be sold both on-air and online.

Three Recommendations

2. Dialog with editorial

Meet regularly with editorial to discuss what's on the horizon. Know what's resonating in the marketplace. Communicate back to editorial what you are hearing from advertisers. What types of content have the highest potential for revenue? Are there new sections that you might sell?

Three Recommendations

3. Plan your sales strategy.

Existing clients are the biggest opportunity for growth. Are there existing on-air deals that could be extended online for a larger package? Are there existing digital deals that can be extended to additional platforms like video or mobile?

Then develop your target list. Given the competitive landscape, which advertisers are likely to be most receptive to your calls? Are there new categories/industries you may want to pursue with a stronger digital offering?

3 Ad Platforms

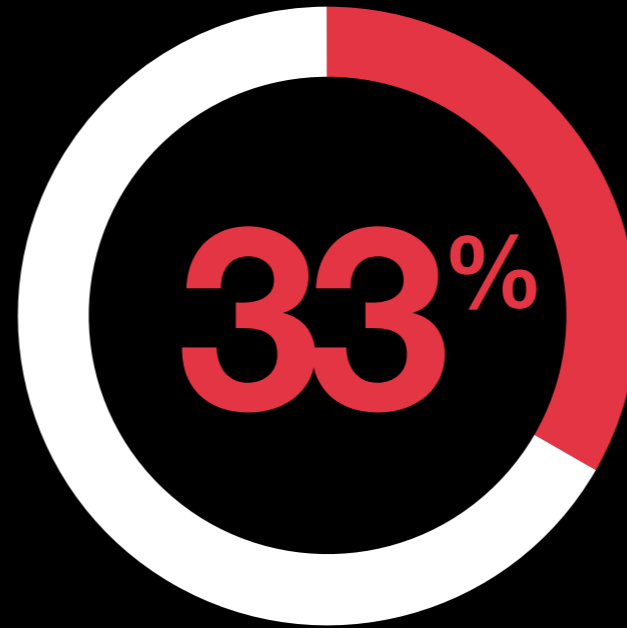


Display / Banner

Banner Ads to Grow



billions in advertising revenues for display banner ads in 2012

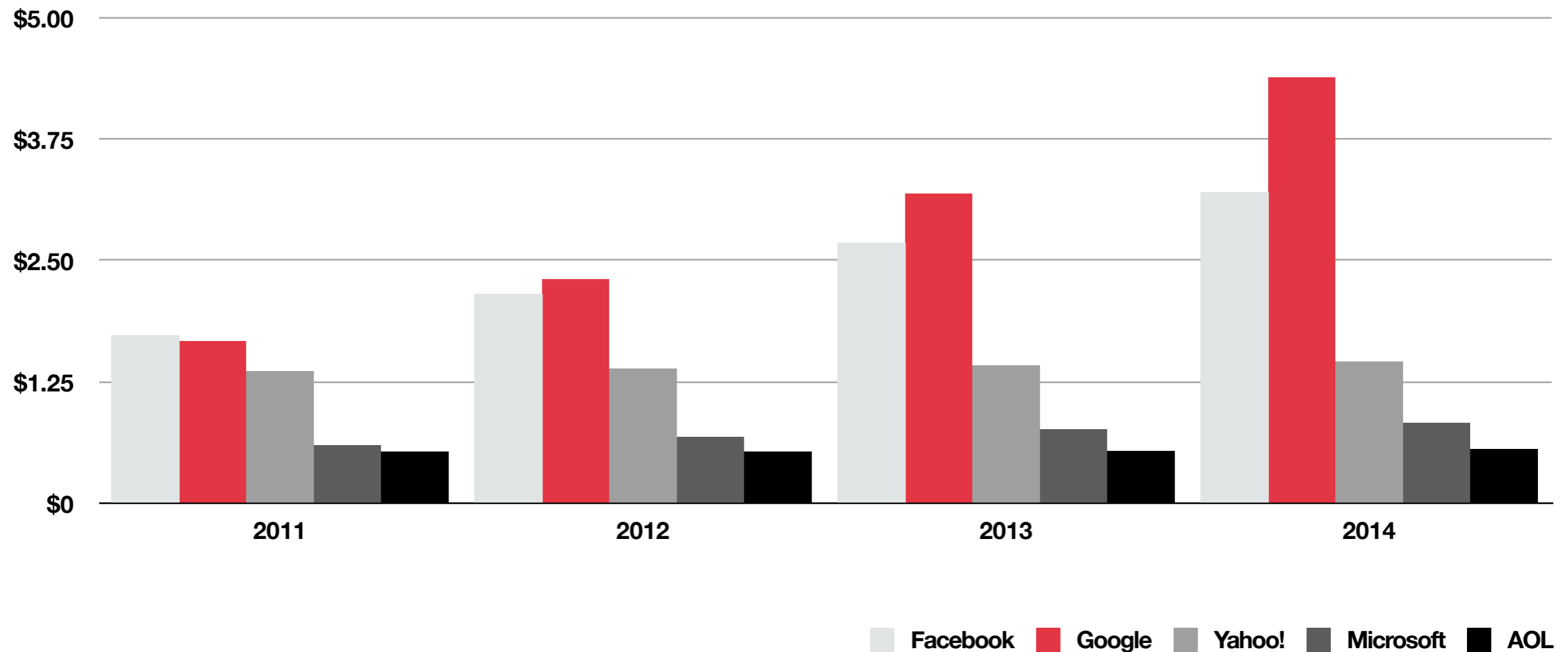


Those numbers are expected to rise by more than 33% year over year.

Display Share

Google and Facebook are expected to dominate the display ad marketplace through 2014.

Net US Digital Ad Revenues at Major Digital Ad-Selling Companies (billions)



Types of Display Ads

Most popular standard units for display ads:

Leaderboard

728 x 90

Message

300 x 250

Types of Display Ads

Most popular standard units for display ads:

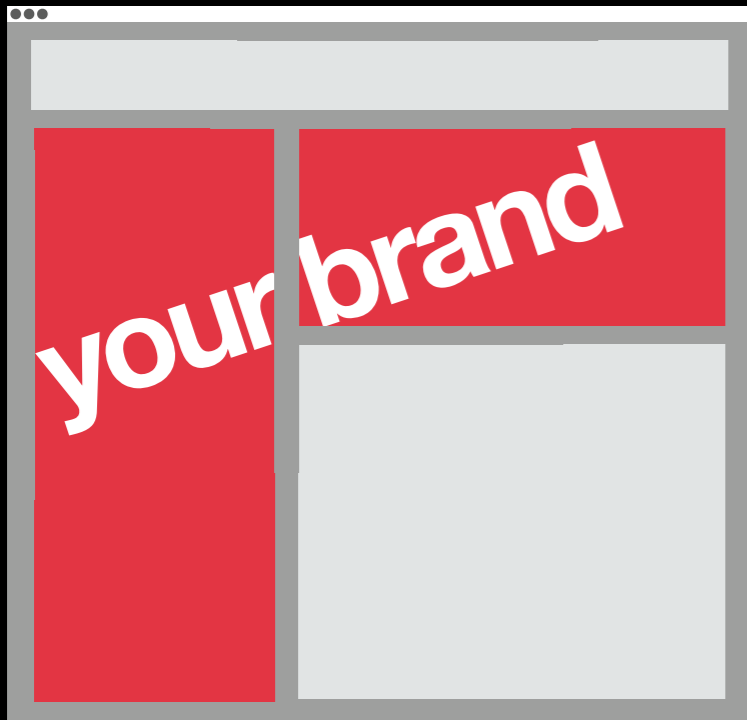


Skyscraper
160 x 600

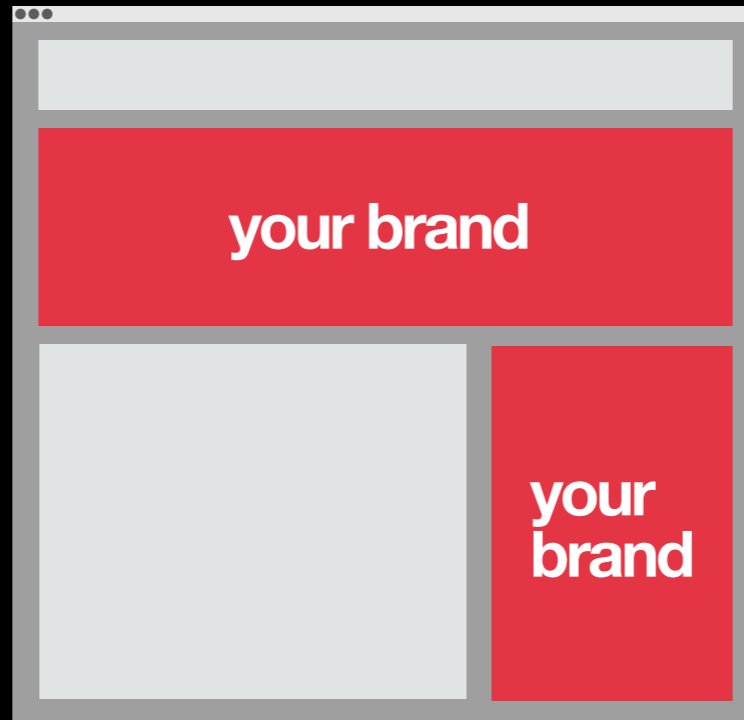


Half Page
300 x 600

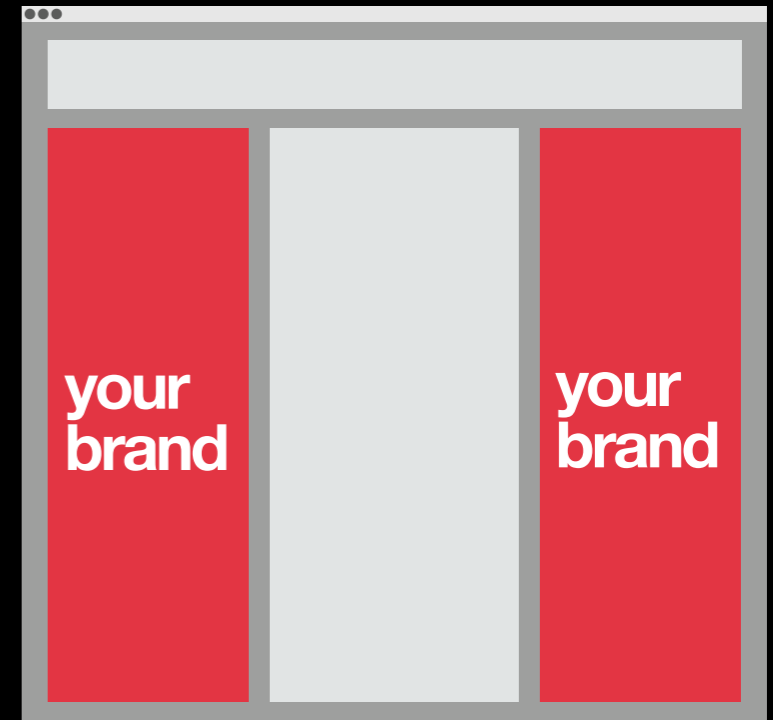
Types of Display Ads



Synced banners are linked ads that work together



Roadblock ads are all from the same advertiser



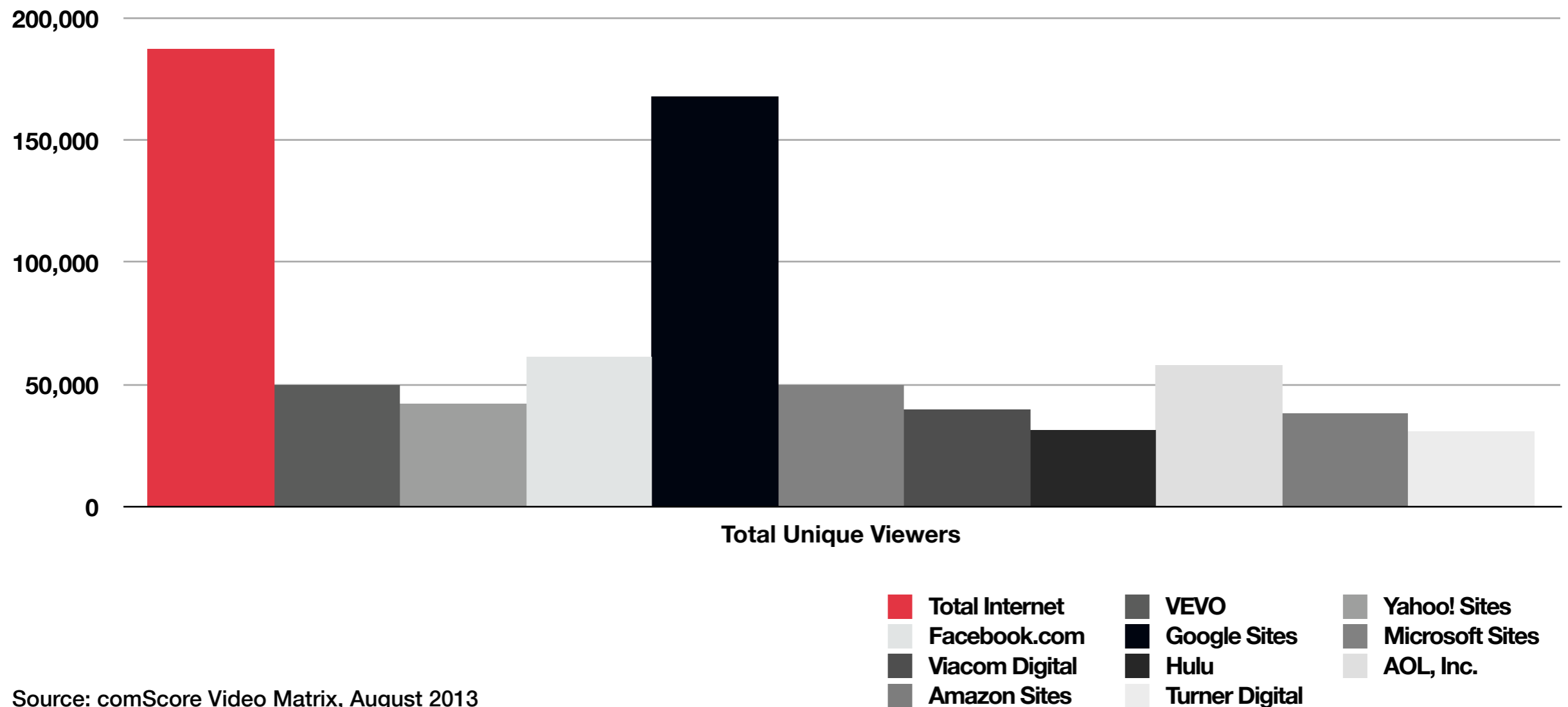
Side Panel is branding on either side of site content

Video

Video Ads Served

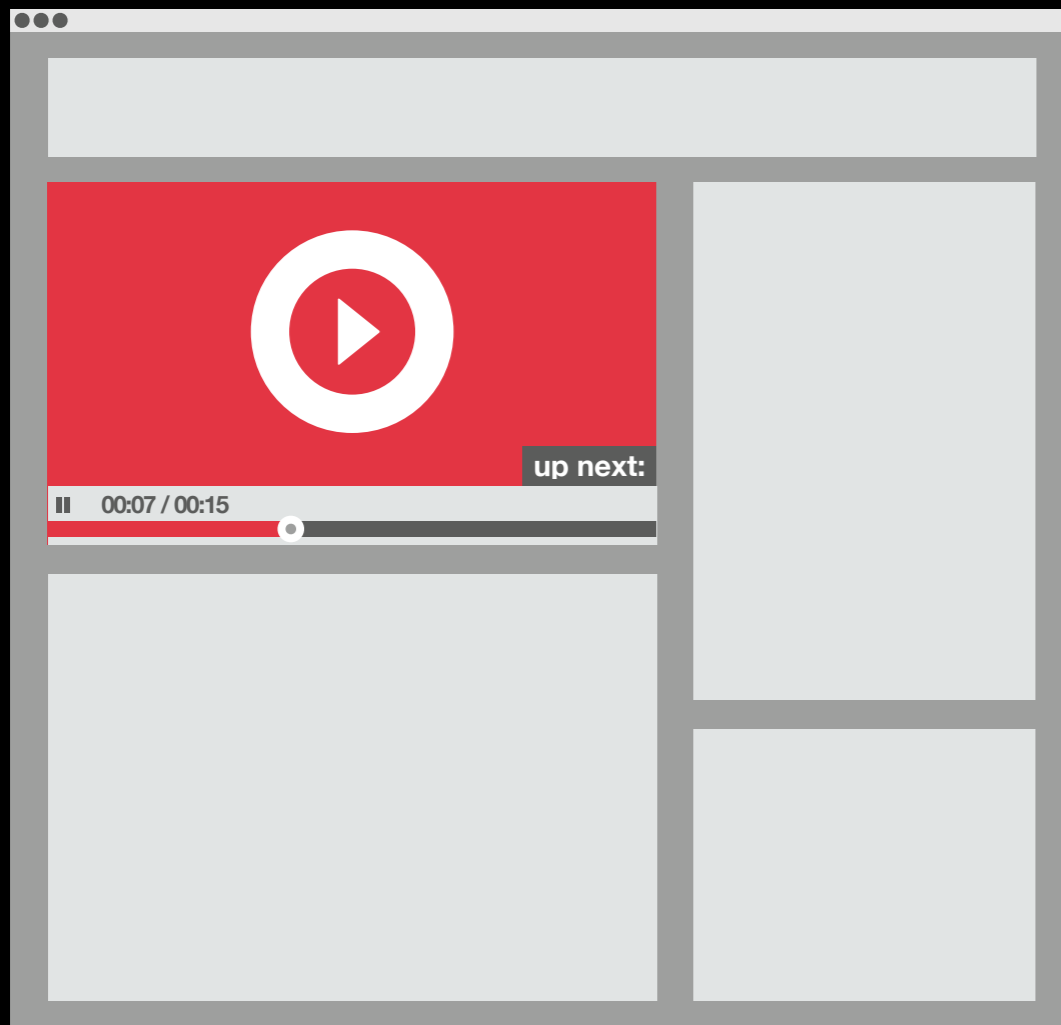
187 million Americans watched more than **48 billion** online content videos in July 2013, while the number of video ad views totaled **19.6 billion**

Top U.S. Online Video Content Properties Ranked by Unique Video Viewers, in millions

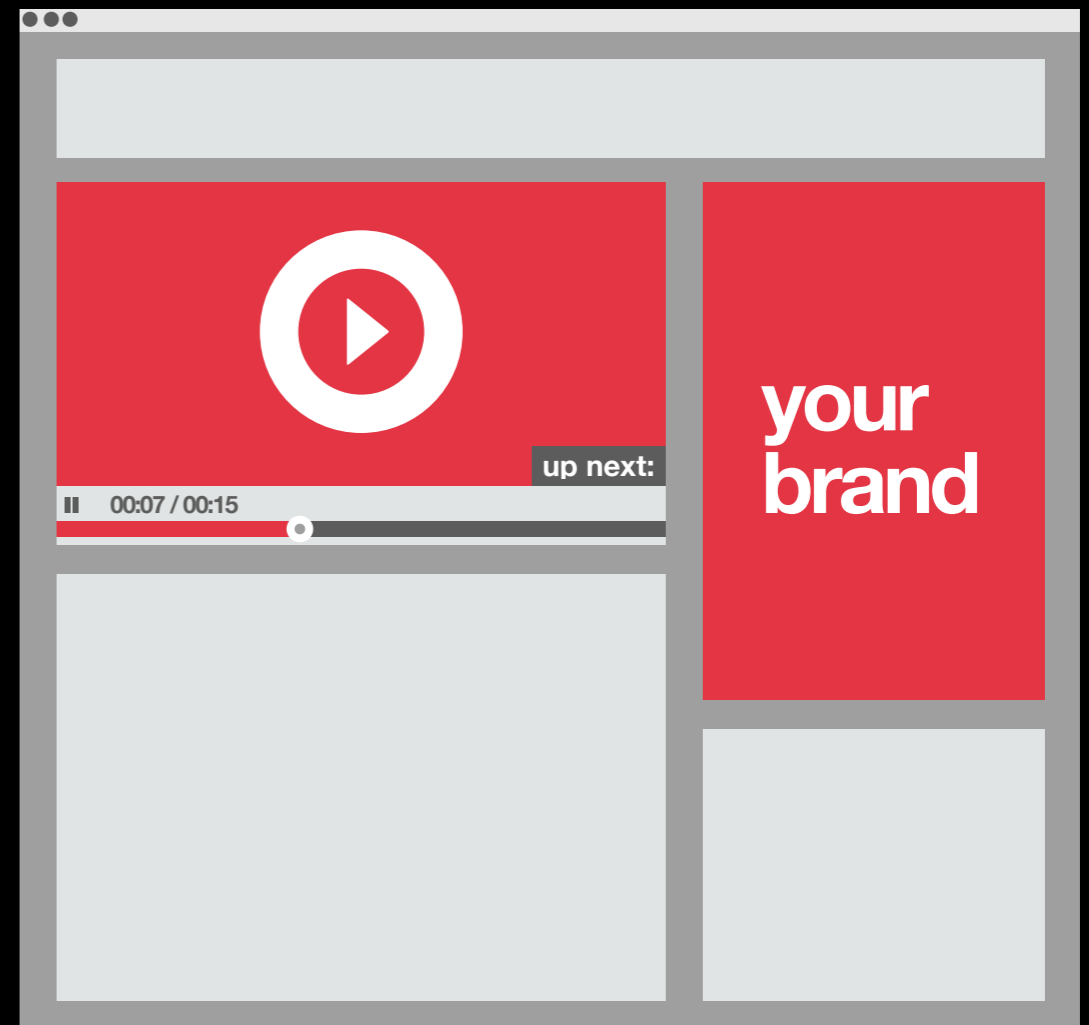


Source: comScore Video Matrix, August 2013

Types of Video Ads

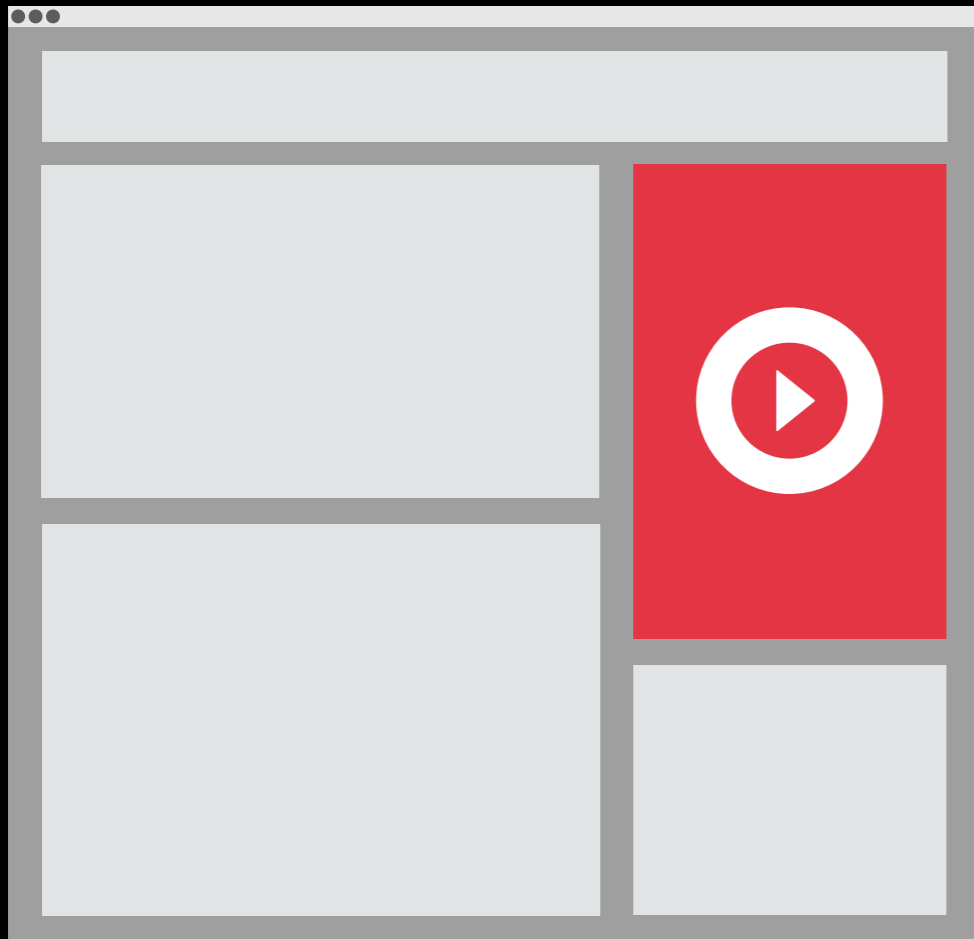


Pre-Rolls ads play before videos lasting either :15, :30, or 1:00.



Pre-Roll and Banners work together showing the same advertisement.

Types of Video Ads



In-banner ads play a short video clip within the banner ad.

Streaming video ads play longer videos that stream from a different server.



Mobile ads can be pre-roll ads or in-banner ads.

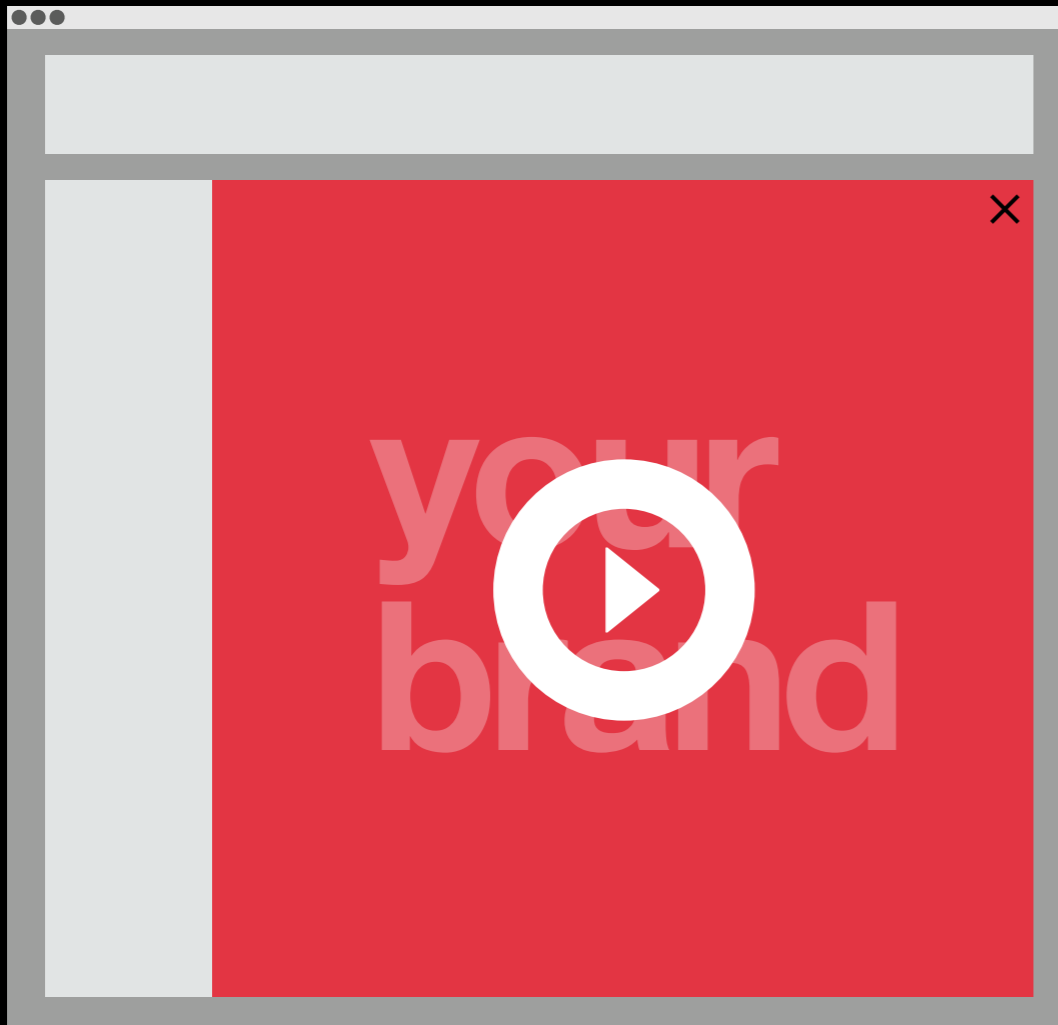
**Rich
Media**

Rich Media Revenue

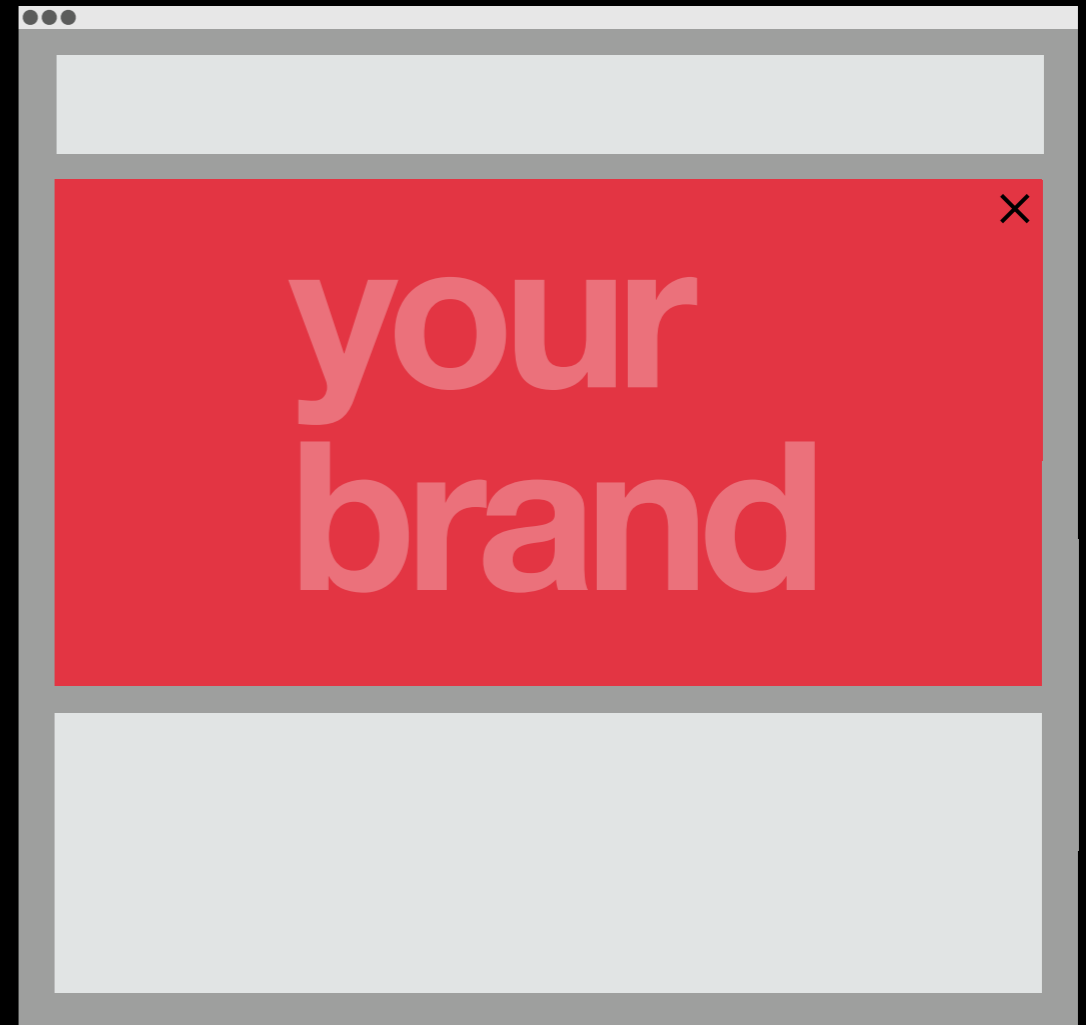
A rich media ad is an ad banner that loads additional video or data once the user begins to interact with it - either through a rollover or action click.

Advertising revenues for rich media ads in 2012 totaled **\$1.1 billion**, but this category may see a slight decline in favor of video and mobile advertising.

Types of Rich Media Ads

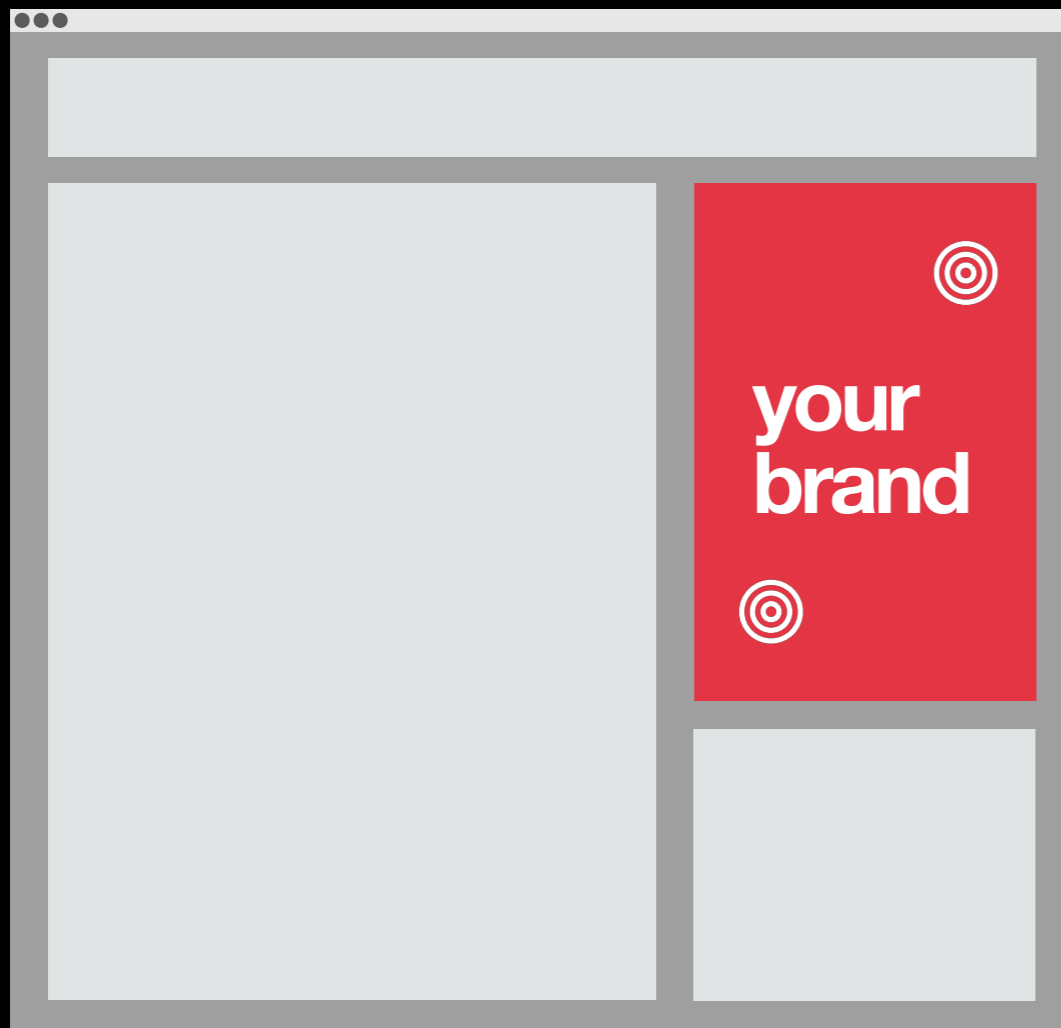


Video appears in ad and can interact on rollover.

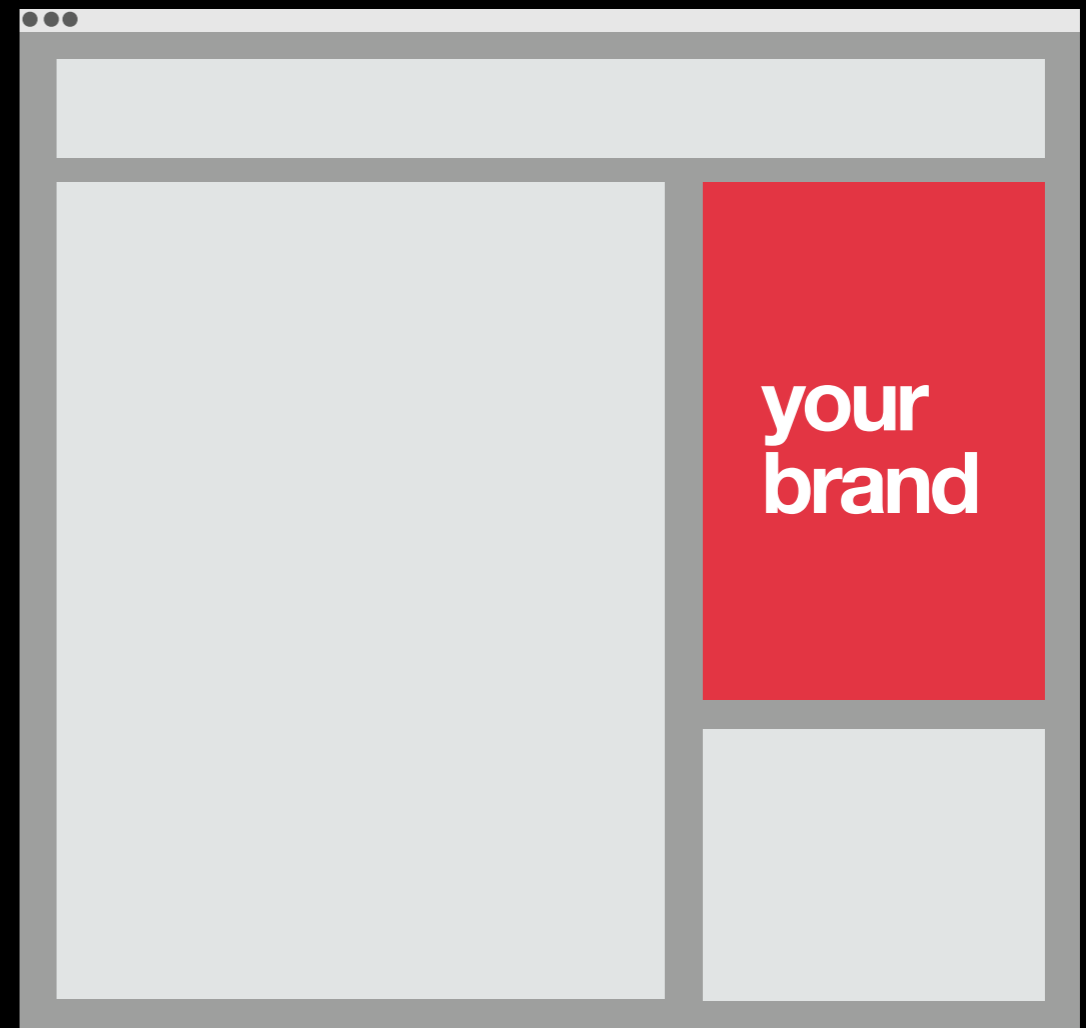


Expandable/Pushdown ad expands on page load or on rollover.

Types of Rich Media Ads



Inline Interactivity ads have interaction in ad rather than going to an advertiser's site.



IAB Branding Interactive Units that load additional content beyond first page load. ..

Sponsorships

Types of Sponsorships

Segment Based

CNN Heroes

Section Based

Tech Section

Event Based

2012 Election

Tool Based

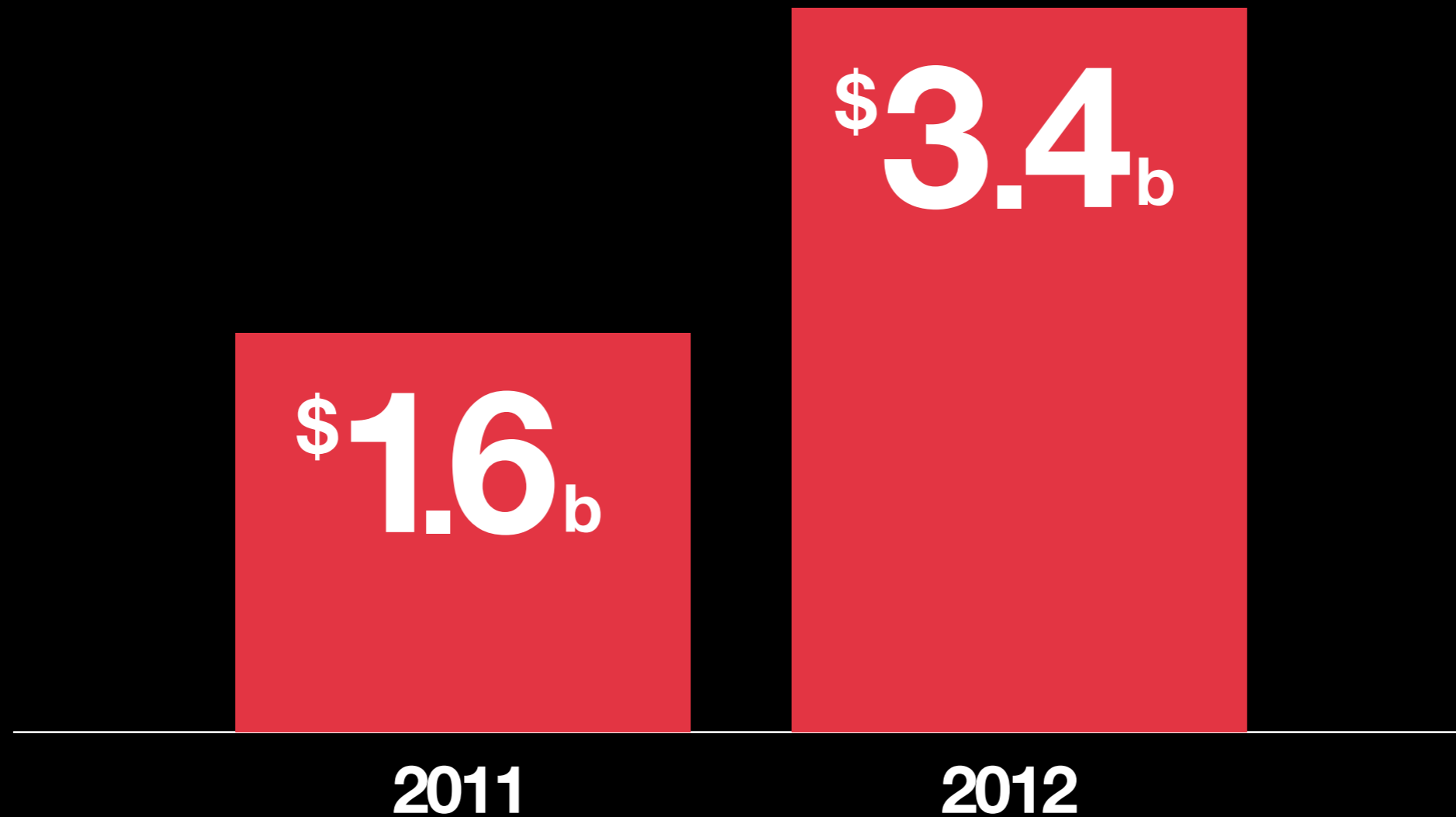
User polls

Sweepstakes

Mobile

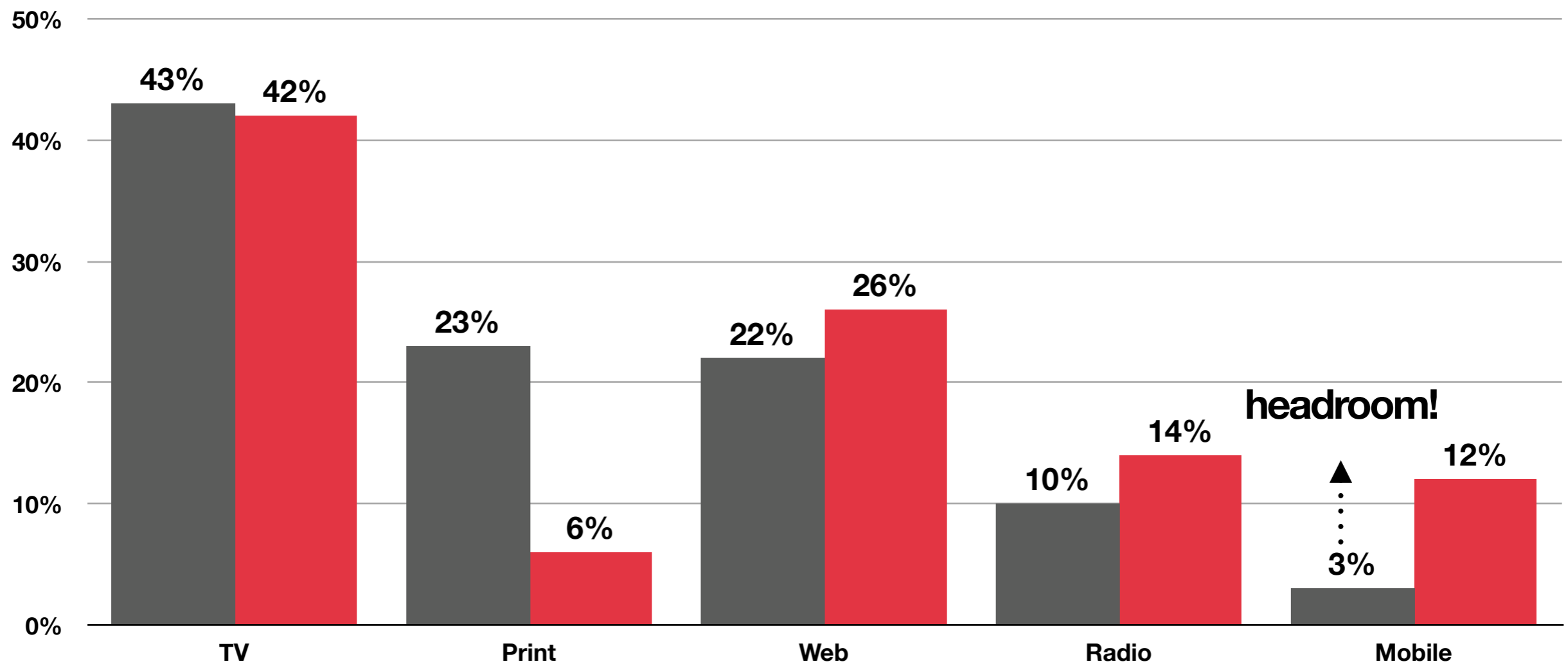
Market is Quickly Growing

In 2012, mobile ad revenues in the US totaled \$3.4 billion, up 111% from \$1.6 billion in 2011. It has seen triple digit percent growth since 2010.



Why We're Bullish on Mobile

% of Time Spent in Media vs % of Advertising Spending, USA 2012



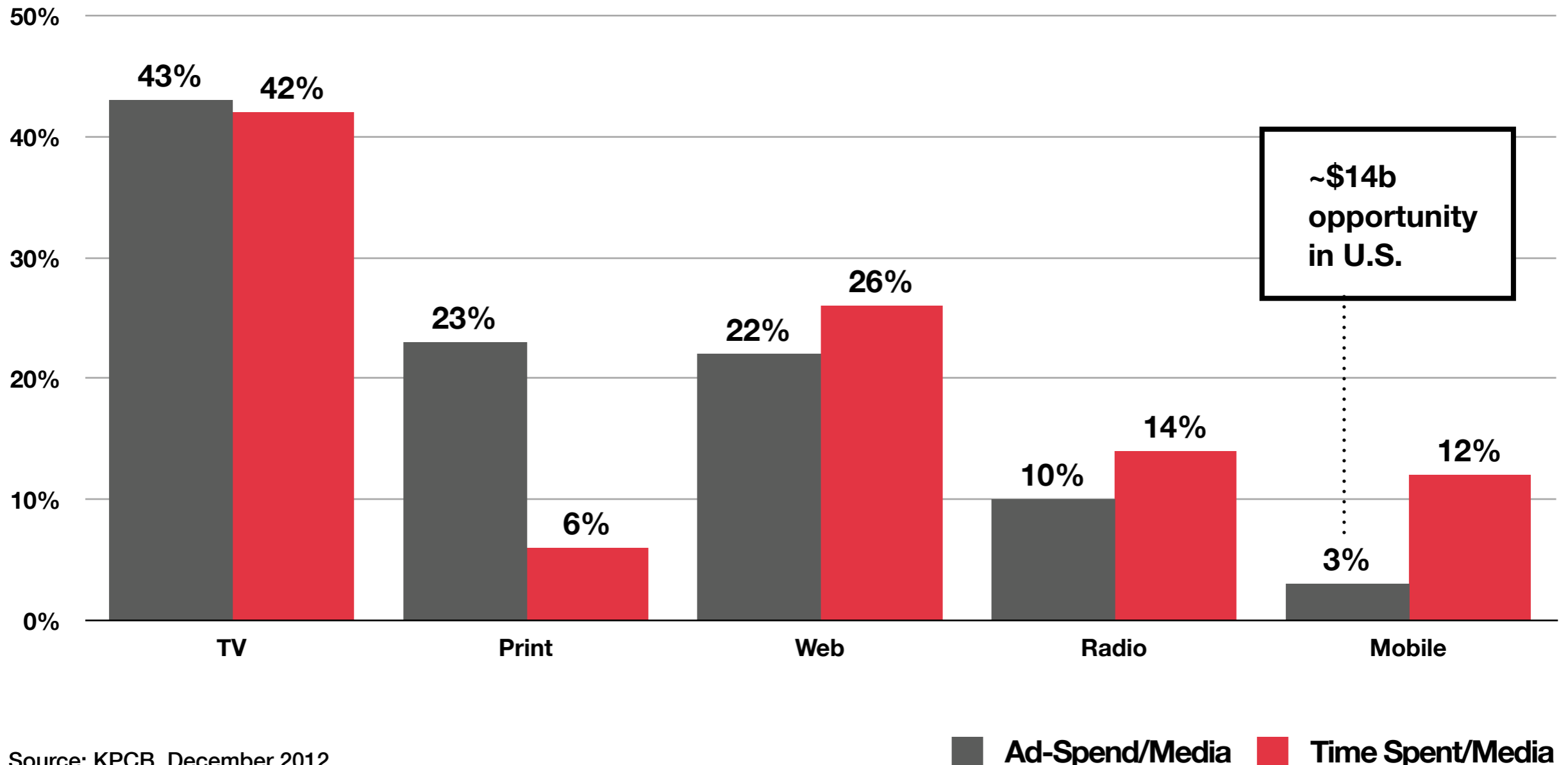
Source: KPCB, December 2012

■ Ad-Spend/Media ■ Time Spent/Media

Monetization Challenges

The material upside for Ad\$ catching up to time spent could represent a **\$14 billion** opportunity in the U.S. alone.

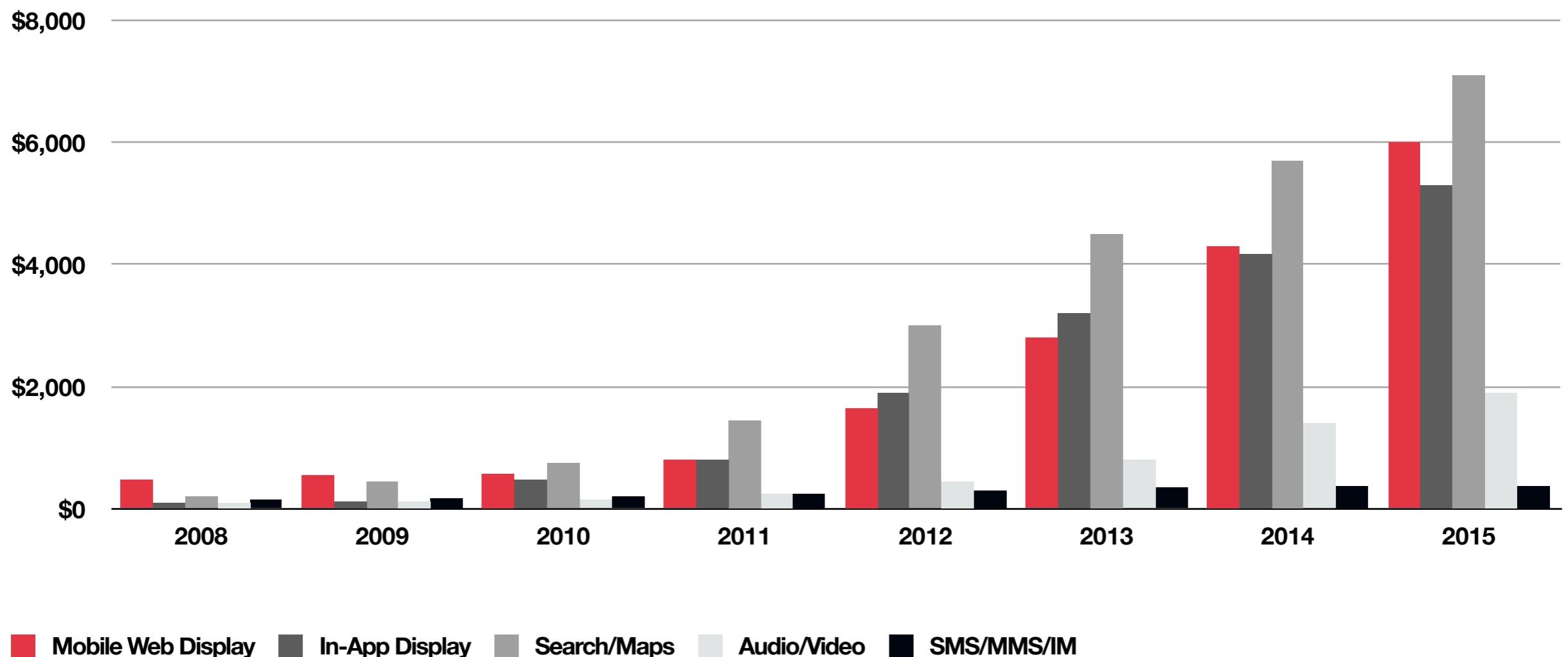
% of Time Spent in Media vs % of Advertising Spending, USA 2012



Market is Quickly Growing

While mobile advertising is a fraction of total digital ad spend, it is growing quickly, driven primarily by search, mobile web display, and in-app display.

Mobile Advertising Revenue by Type,
Worldwide 2008 to 2015, in millions



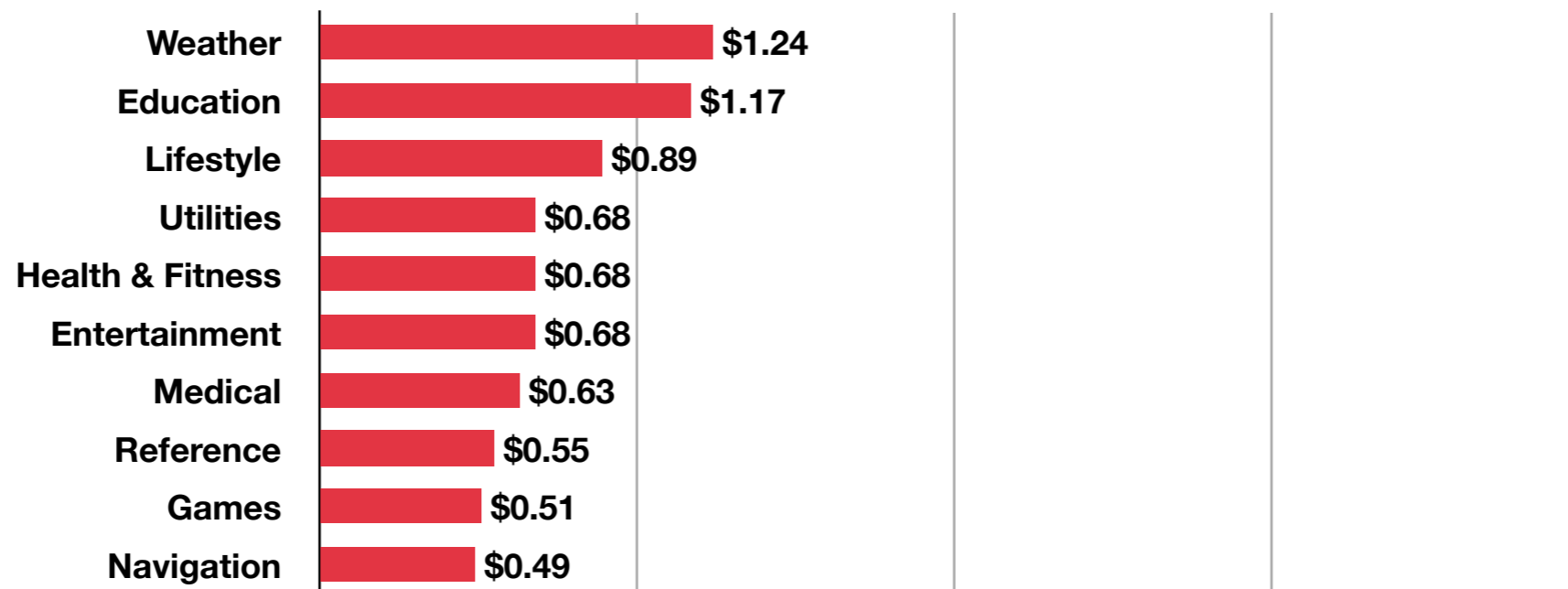
Monetization Challenges

Mobile CPMs are currently only about **1/5** of those for desktop.

Effective CPM, Desktop Internet vs. Mobile Internet



Mobile eCPM by Category



Other Emerging Platforms

Over the Top (OTT) Delivery

OTT refers to content that is delivered to a user's device without internet service provider (Comcast, AT&T) distribution. Examples of OTT are Netflix and Hulu.

This is a nascent area we are watching closely and expect ad models to develop in the coming years.

Points & Recommendations

Three Key Points

- 1. Established platforms and more aggressive integrations offered by Rich Media continue to be the strongest revenue drivers.**
- 2. Video offers the opportunity for contextually-relevant placements and typically has a higher CPM.**
- 3. While the ad spend on mobile remains small, the amount of time consumers spend on mobile devices means there is tremendous head room for ad growth.**

Three Recommendations

1. Know your technical capabilities.

Understand what your site is capable of supporting in terms of ad units. Are you able to sell and traffic video ads or mobile ads? Understand what kinds of rich media units can be integrated.

Identify any limitations or restrictions you need to be aware of. And know where there is more latitude to push the limits.

Three Recommendations

2. Develop your sales packages.

Think cross platform. How can you package a sponsorship across as many platforms as possible - TV, website, video, mobile, etc?

Put together your offerings and price them. Create mockups. Visuals are very powerful. Show advertisers what it might look like on your site.

Develop relationships with rich media vendors to understand what that cost might be to implement on your site. Rich media servers can be expensive, but some vendors have lower-cost alternatives.

Three Recommendations

3. Test, adjust, expand.

Test the waters. Start with one or two friendly clients and gauge response. Dialog with current and potential advertisers. Are there ways you can up the ante? Offer them options that your competition is not? Look for ways to create a strong long-term partnership rather than a one-time sale.

Stay on top of site analytics. Identify which types of ads are getting the highest response from users.

Communicate regularly with your advertisers. Be the partner that is always looking out for their best interests.



4 Success Metrics

Metric Expectations

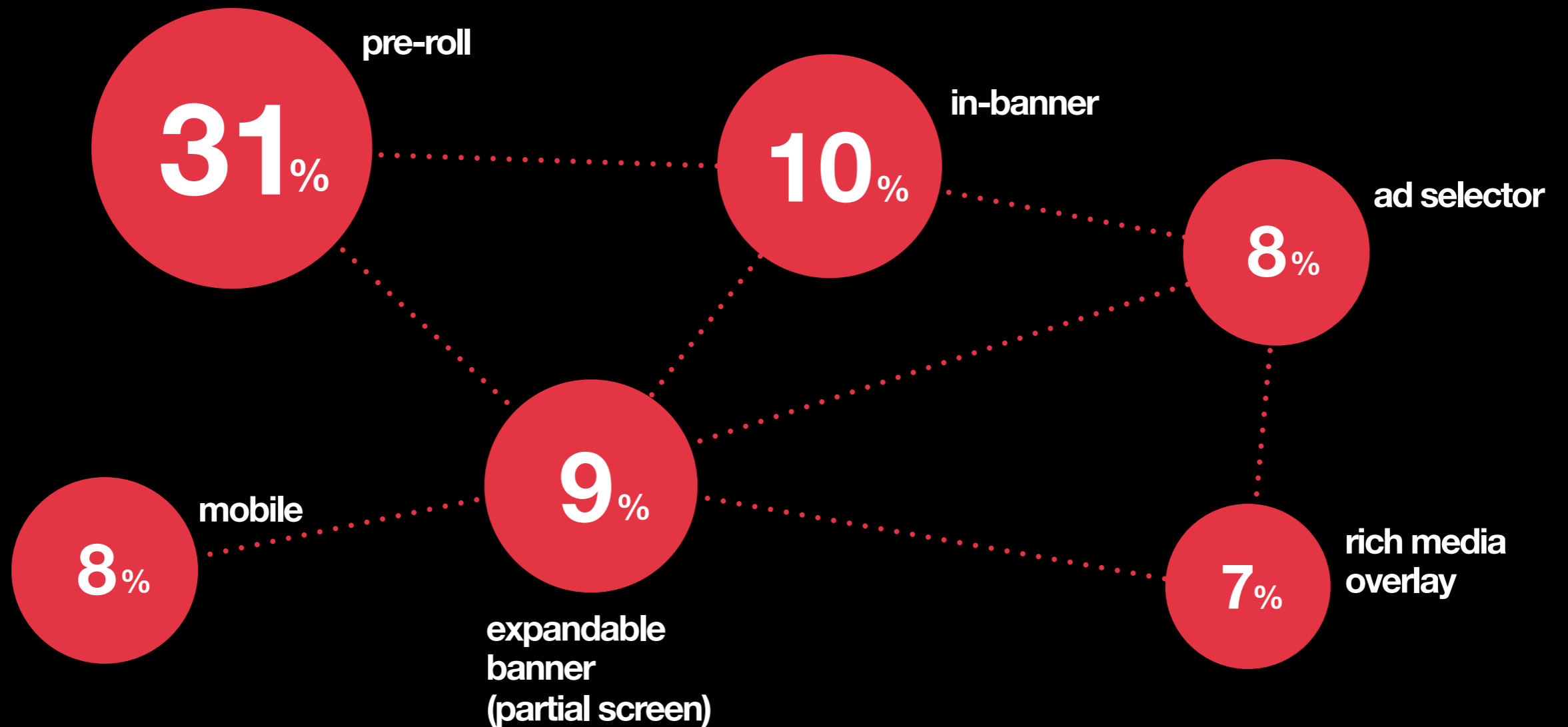
Standard metrics and rates for measuring success vary greatly by the site's reach, type of ad, type of marketer, and local marketplace.

There really is no magic number or rate. It's more about brand lift - how many eyeballs your services can deliver in order to raise brand awareness and intent to purchase.

Like the real estate market, it's best to understand what the going rates are in your market and set your rates competitively as they change frequently.

What Video Advertisers Prefer

Pre-roll has competition, but still takes the crown.



How Advertisers Measure the Success of Video Campaigns

39%

clickthrough rate

38%

actual product sales

35%

visits to the brand website

30%

brand awareness or recall

29%

video completion rate

22%

reached target audience

20%

social engagement

19%

time spent watching video

19%

number of times video was viewed

17%

intent to purchase



5 Key Takeaways

In General

Stick with IAB ad sizes and units.

Try to position ad units as close to editorial content as possible.

Develop content that will be seen as valuable to the advertisers in your market.

Consider having the same staff sell both TV and digital. That way you have consistent message and can create a packaged offering across TV, Web, and Mobile.

Best Practice Checklist

- ✓ Define your digital identity.
- ✓ Research the local landscape.
- ✓ Analyze and document your audience.
- ✓ Identify what can be sold.
- ✓ Dialog with editorial.
- ✓ Plan your sales strategy.
- ✓ Know your technical capabilities.
- ✓ Develop your sales packages.
- ✓ Test, adjust, and expand.

Thank You

CNN Newsource