State of the Media Industry 2016

Everyone is a producer now

As we near the mid-year mark of 2016, consumers are increasingly vocal that their preferred medium wherever they are is video. It's also clear that both traditional media publishers and new players in digital media need to deliver it to them on their terms.

Consequently, the media industry, which in many ways is still in the early days of a massive transformation from print to digital, is now undergoing another concurrent and rapid sea change. New technologies, platforms and competitors are arriving while the lines between video and advertising content continue to blur. Media companies both large and small are starting to think and act like video producers, and adapting the skill sets and technologies of broadcasters to remain relevant.

This report looks at the current media landscape and at what lies ahead this year.

Lights. Camera. ACTION.

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CONSUMERS

In this age of instant access, audiences who grew up on print are making the shift to digital in growing numbers. Meanwhile the digital natives, a.k.a. Millennials and Generation Z, are seeking the next hot forums to consume and share content, particularly video. Wherever people fall on the digital consumption spectrum, it's increasingly clear that their future is mobile, social, and on demand.

> "Although print is declining publishers have never been read by more people...The growth of devices has been at the forefront of this shift from traditional paper-based consumption to mobile, tablet and desktop consumption."
>
> **– Jonathan Barnard, Head of Forecasting at ZenithOptimedia, as quoted in *The Guardian***

Digitally Dominant

While 21-39 year-old Millennials remain heavy digital users, 40-51 year-old Generation X and 52+ year-old Baby Boomers have both embraced content on these platforms as well. In fact, a recent BuzzStream and Fractl survey revealed that **Baby Boomers spend more time each week engaged with digital content** than their Millennial or Gen X counterparts. Baby Boomers still comprise **two-thirds of newspaper audiences**, while Millennials **get their news** through a mix of digital publications and social media feeds. They're **news junkies** who prefer not only **visual** content but up-to-the-minute, shareable video that one-dimensional print publications can't offer. Media giant Meredith has recognized this, recently partnering with Unconventional Studios to produce lifestyle videos for its digital magazine **targeting Millennial women**.

Today, **more people** are consuming media content than ever before. Smart traditional media companies and digital native publishers alike are building environments that cater to the audiences of today and tomorrow. Indeed, The Independent recently became the U.K.'s first national newspaper to move to a **digital-only future**.

Look for the upcoming U.S. presidential election and the Summer Olympics to once again serve as quadrennial catalysts that push the boundaries of digital and social media innovation and analysis. This activity will particularly impact the culturally influential, mobile Millennial audiences who permeate the space and want to stay connected via easily shareable, quickly consumable real-time news and video.

> One in three voters follow a candidate on social media. More than half also watch online videos about the candidates.
>
> **– RadiumOne Presidential Elections Survey 2015, as published in *Adweek***

Mobile First

It's no surprise that mobile screens, with their always-on access and portability, are rapidly becoming the first choice for digital content viewing. Consumers have been moving to phones and tablets for some time; in fact, the ***Ooyala Q4 2015 Global Video Index*** reported that since 2011, combined tablet and smartphone video plays have a compound annual growth rate (CAGR) of over 116%. Recent comScore data shows that **desktop internet use might have peaked last year**, and is in a steady decline in favor of mobile.

The **gap** between mobile consumer usage and advertising spending is slowly closing as well, as the viewing experience and personalized targeting abilities for mobile improve. With this activity, many media companies are launching **mobile-first content** (as in Hearst's joint content deal with Verizon for the Go90 video service) to stay abreast of consumer wants and ahead of the competition—particularly mobile and video-savvy social platforms.

Multicultural audiences are also a force to be reckoned with, as populations such as Hispanics drive digital content consumption on mobile devices. **Univision.com**, for example, sees 78% of its views on mobile devices. Media sites are recognizing this; last summer, CafeMom launched the **mobile-first platform, Vivala**, to reach Millennial Hispanic women.

Similarly, publishers are determining where they now fit on the digital newsstand: as a **mass or niche** player. Look for them to explore new ways to build and monetize their brands and create more loyal followings among fickle consumers, who continue to change habits with each coming generation.

> "Nielsen's most recent Cross-Platform Report found that Hispanics are spending 39 percent more time than the overall population watching video on their smartphones every month."
>
> **– *Adweek***

Generation Next

The media world is embracing new constituent—and not just the audiences but creators as well. **Digital newsrooms** within publishers like *Bustle*, *DailyDot*, and *Refinery29* are adapting to the work and content-creation habits of Millennials. These companies are supporting activities like cross-collaboration, peer-led training, and exploration of stories that might be outside of assigned beats—altering how news is gathered, disseminated and consumed going forward.

Looking beyond the Gen Y Millennials, serving the under-21 Gen Z is a whole new ballgame. Although their preferences for **newspaper websites** is the same as Millennials according to the 2015 *Nielsen Global Generational Lifestyle Survey*, Gen Z's content consumption habits are different in notable ways. They want to be a part of the content **creation** experience, in addition to just absorbing it, and they're even more socially and tech-savvy than their predecessors. Moreover, they already spend more time on **smartphones** and **tablets** than Millennials, so look for publishers to prioritize personalization of both short-form and long-form video for their mobile devices.

These new consumers promise to have a strong influence on innovative content approaches and the industry at large as they continue to come of age in the year ahead.

> Gen Z teens watch 2x as many videos on mobile than any other demographic.
>
> – **VisionCritical**

TAKEAWAY

Audience habits are changing with the rise of mobile as the screen of choice across generations and demographics. Media companies who can successfully attract (and monetize) new, digital-savvy viewers with relevant, discoverable and shareable content will stay ahead of the pack. Look for 2016 to be a year of innovation in the space with major global events driving publishers to focus on increased personalization and socialization of content.

INDUSTRY

Consolidation and expansion are occurring in equal measures. Publishers are looking to build synergies, find new audiences and revenue sources, and fill their content arsenals. But they also see competitors multiplying while their own growth may be hitting a ceiling. It's a dilemma: Should they reach out to crowded new markets where they have less expertise? Should they use social platforms to distribute their content, gaining vast reach but losing control of their brand experience? Or should they stay put within their owned destination sites and find other ways to grow? And, business models are clearly changing as the impact and opportunities for video come into view.

> "We have to own up to the fact that the way people read us is different."
>
> **– Dean Baquet, Executive Editor, *The New York Times*, as quoted in *The New York Times***

Partnerships Expand

Traditional media publishers are making a variety of strategic moves to position themselves for the future. Online revenues still haven't **offset declines** in print revenues, and **standalone apps** aren't gaining the needed traction for most media brands. Venerable publishing brands around the globe, like *The New York Times*, are **shifting** monetization strategies, **cutting costs**, **trimming staff**, and as Australia's *The Age*, **retooling their newsrooms**.

At the same time, publishers such as ***The Telegraph*** are expanding video content. In fact, a 2016 Reuters Institute Digital Leaders survey revealed that 79% of the digital leaders polled are **planning to invest more in online video** than they did in 2015. They are also expanding their digital infrastructures to support video, and reaching out to new platforms and markets. ***The Wall Street Journal***, for example, recently increased content within their print and digital editions in Asia and Europe to spur more international viewership. Publishers are also turning to partnerships and **acquisitions** to fill voids in content, audience growth, financing, and distribution.

The Washington Post, for example, has joined forces with several publications including the *Dallas Morning News* to offer **added-value products** to their subscription offerings and increase its own reach. Meanwhile, *USA Today* has **offered to buy** the *Los Angeles Times* and the *Chicago Tribune*, while *The Daily Mail* in the U.K. is looking at partners to help them **expand to new markets**

via acquisitions. Hearst agrees with an acquisition strategy; its joint venture with Verizon has led them to purchase **Complex Media** for its Millennial-targeted, pop culture lifestyle properties, and a growing video focus.

At the core of all of this: the realization that publishers are not in the business of selling newspapers and magazines today. They're selling information. And, they need to engage with that information in new ways—such as through video, the medium of the day.

Other companies are aligning with **television** providers to co-produce original video content, with the hopes of leveraging their respective brands and expertise to drive Millennial audience engagement and advertiser budgets. Many are also attracting financial investments from major broadcasters looking to expand their own revenue, video offerings, capabilities and reach to the places where Millennials have moved in lieu of TV. These companies include NBCUniversal, which in the last year has **invested** in both *Vox* and *Buzzfeed*. Interestingly, Millennials make up 40.7% and 58.7% of their respective **audiences**, according to data published in *The Hollywood Reporter*.

And **retail partnerships** such as the one between Vice Media and Apple Music are *en vogue*. Look for more creative collaborations between players from all sides of the content table, leveraging technology, infrastructure and video production capabilities to help drive eyeballs and revenue.

> "PwC forecasts total global internet advertising spend will grow from $135.4 billion in 2014 to $239.9 billion in 2019, a compound annual growth rate (CAGR) over the period of 12.1%. Video is the fastest growing internet advertising segment, with a predicted CAGR of 19.5% from 2014 to $15.4 billion in 2019."
>
> – ***Business Insider***

Subscriptions Evolve

Publishers today are faced with the conundrum of how best to monetize audiences who may not grasp the value exchange that keeps digital companies afloat. That's particularly true with the myriad of content options now in play, free content viewing habits already ingrained, and the rise of ad blockers. Some, like *The Guardian*, are **charging more for print subscriptions** to help subsidize their offerings, which are seeing shifts in advertising to social platforms. On the whole, the market currently employs **multiple methods**, many of which are in some way looking to bring the traditional model of print subscriptions into the digital space.

A recent **study** by the American Press Institute found that among newspapers offering digital subscriptions (including 78% of U.S. newspapers with circulations over 50,000), 63% use a metered model, 12% a **freemium** model, and 3% a hard subscription model. Outside of the U.S., London's *The Times* has the latter model, but it also offers an **international app** to cater to out-of-market readers, and a variety of packages. With personalization becoming ever more important to digital audiences, **micro payments** for specific content–the model that Holland's *Blendle* employs—are a transactional option to add to the mix.

Traditional magazine properties are experimenting with their subscription models as well. Time, Inc., for example, has embarked on a **paid digital content strategy** whereby non-subscribers coming to the company's websites such as *Entertainment Weekly* have a metered model: Beyond the reading limit, a paywall with paid options kicks in, including fee-based apps, a monthly unlimited web access pass, **bundles** including print and digital subscriptions, and more. *Variety*, on the other hand, took down its paywall and has seen growth by investing in content and **adding video**, thereby increasing advertising and sponsorship revenue. Some publishers like **Condé Nast** still see sales for their prestige print titles flourish, but these could ultimately end up being the vinyl records of the publishing world: for high-end, mature bibliophiles.

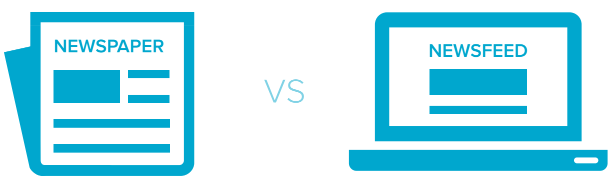
Look for analytics to help refine these business models, which will increasingly become hybrids that combine subscriptions, advertising and transactions—to maximize revenues and lessen the impact of ad blockers on advertising-only models. Video will also continue to become a key part of these offerings going forward, as the worlds of broadcasters, publishers, and social media companies collide.

> "As of 2015, 77 of the 98 papers we examined have some form of a digital subscription plan that requires readers to pay for unlimited online access. Seventy-one of those 77 have been launched within the past 5 years...When registering, new digital subscribers are not asked to provide information about their interests or demographics at any of the 77 newspapers with subscriptions."
>
> – **American Press Institute**

Platforms and Destinations Collide

The Atlantic and others have lined up with **Facebook** in much the same way broadcasters have with **YouTube**: with a mix of anticipation and anxiety. The reach of social platforms is too big to ignore today, even if the economics are far from ideal. This situation is particularly true for public publishing companies playing the short game on profits, with their audiences spending more time on **social media**, and native mobile **apps** not moving the needle for digital subscriber gains or stemming revenue loss.

Media companies like **News UK** are investing heavily in video not only on their own sites but also on platforms like **Snapchat Discover** and Facebook to expand audiences, test content and grow revenue. These two companies each garner **eight billion daily video views** and are now calling the shots on publisher-partner revenue share and brand placement, a situation much like the one the music industry has faced with Apple. ***Buzzfeed***'s success can be partially attributed to its focus on spreading **data-driven**, sponsored content tailored to particular environments (yet still on brand)—and monetized across platforms. Less of a focus for them? Ads whose CPMs are dependent on traffic to its owned properties.



However, there are risks with this distribution approach. At stake for everyone looking at a platform strategy: data and **content control** loss, potential **revenue split shifts** and loss, owned website value decline, and dilution of brand names. This is particularly onerous for **news** publications, some of which have been in business over a century, as news can have a short shelf life and is increasingly becoming a distributed content commodity. Regional patterns come into play here: *The Reuters Institute Digital News Report 2015* noted that countries like Denmark and Finland are more apt to see branded websites as **news gateways** while social media tends to be the starting point for news in places like Brazil and Australia.

Organizations that want to focus on their owned sites must think about their goals and unique service proposition (USP). They then need to leverage that USP to pull audiences in, build brand value, maintain relevance, and hone content targeting within their own ecosystems. *The New York Times*, for example, has strategized on activities like tapping into their vast content **archive** for new purposes, services and monetization opportunities. Grupo Reforma in Mexico **focuses on hyper-local content** for its news publications and has community editorial boards to advise on strategy.

Look for this distribution vs. destination debate to heat up over the next year, with publishers exploring innovative alternatives to the social tech giants. Expect to see **hybrid**, blended models that can be used to experiment with content and satisfy business needs while mitigating risks, and data-driven technologies that **track** how content moves across the web.

> "Facebook clearly plays an important role as a gatekeeper to news. Nearly half of American Internet users said they got news about politics and government on Facebook during the course of a week, almost as many as got such news from local television **according to a survey last year by the Pew Research Center.**"
>
> – ***The New York Times***

TAKEAWAY

Creative collaborations are increasing as publishers try to survive and thrive. Meanwhile, some attempts to expand reach to platforms may end up trading short-term gains for a great long-term cost. Monetization is changing and will continue to evolve. Look for more innovative hybrid models to rise in response to all of these challenges, while data and video remain vital pieces of the puzzle.

TECHNOLOGY

New technologies have changed processes throughout the publishing chain, from news gathering and production to distribution, dissemination, measurement and personalization. Data is the through line and cornerstone for publishers of the future, where digital content is sure to become much more immersive and personalized.

> "I've often said the problem with many newspapers is that they are run by people who are in love with newspapers."
>
> **– Audrey Cooper, Editor-in-Chief of the *San Francisco Chronicle*, as quoted in *Fast Company***

Data is Driving Change

Data is a fundamental component of any digital business today. Without it—and systems to analyze it—media companies are flying blind in a world of constant disruption. Publishers are looking to fully understand how audiences engage with their content and ads—across content sections, devices, dayparts, markets, etc. They must be able to slice and dice the data to fit their individual needs and show the value of their content and audiences to brands for ad-supported business models.

Based on deep customer research, *The Times* and *The Sunday Times* in the U.K. have moved towards set times for daily website **editions**, to more closely align with reader daypart habits and mirror traditional print newspaper releases. Some publishers are working towards integrating analytics into their existing newsrooms and content workflows—and understanding how to best to use the data they collect, such as time spent engaging with particular video content in specific regions. Others, like *The Guardian* and the *Financial Times*, are farther ahead—they're using **editorial analytics** to drive audience development and social engagement, test out creative and support key business decisions.

Meredith is one publisher looking at the data from the video players across its slate of digital magazine properties (including *Parents* and *Better Homes and Gardens*). They are doing this to determine content and advertising performance, device usage, optimized player placement on web pages, and more. Look for companies to embrace audience data like never before in the year ahead, particularly news media outlets selling political ads and organizations that want to attract audiences to deeper and more immersive experiences.

> In the 2016 Reuters Institute Digital Leaders Survey of 130 leading Editors, CEOs and Digital Leaders, 76% said it was extremely important to improve the use of data in newsrooms.
>
> ***– Reuters Institute for the Study of Journalism: Journalism, Media and Technology Predictions 2016* report**

Virtual is the New Reality

Hollywood studios are not the only ones getting into the virtual reality (VR) game. The immersive technology is booming. Given that key VR categories include travel, **news and gaming**, it's no surprise that publishers like ***National Geographic*** are embracing the format for their audiences. Look for citizen journalism to rise as VR moves into the hands of consumers who want to document real-time events happening around them.

USA Today's newly-announced **VRtually There** channel is billed as the first branded VR news channel. The company will be working with a variety of newsrooms and advertisers to develop content for the channel. Condé Nast Entertainment, the publisher's eponymous video arm, recently partnered with Jaunt Studios to produce a **scripted sci-fi VR series**, while *The New York Times* co-produced a **VR film** with Vrse on the making of an art installation featured on the cover of *The New York Times Magazine*. The company is bullish on the format; it has a **NYT VR app** and famously distributed Google Cardboard **VR glasses** in 2015 to readers of the magazine.

Look for other publishers with strong financial backing, partners, and an eye on technology to follow suit. VR brings them closer to their audiences (and audiences closer to their brands) in more meaningful and personal ways than ever before.

> CNBC recently reported a Goldman Sachs analyst estimate that by 2025 VR could become an **$80 billion industry**.

Personalization is the Present... and the Future

The media industry has been moving away from the traditional approach to helping viewers find content via recommendations based on editorial content selections (such as most popular videos by region) through a manually-fixed playlist. Smart discovery engines today make one-to-one recommendations, offering up videos that a viewer is likely to enjoy based on what other viewers with similar consumption patterns watched, such as travel or news videos. This helps the viewer explore content libraries in new ways. True personalization takes this one step further, by tailoring video to the individual viewer.

For example, Mode Media, which publishes websites including Glam.com and Foodie.com, utilizes a mix of human curation and technology to offer its audiences a **personalized feed** based on their influencer preferences and interests. News reader apps like **Lumi** curate news stories based on personal social browsing habits.

Look for continued refinement in video personalization and for publishers to mirror how SVOD companies like Netflix are **testing content and user experiences** to personalize them, as machine learning becomes advanced enough to deliver content based on real-time mood, location, and device.

The ***Ooyala Q1 2015 Global Video Index*** looked at publishers using Ooyala's Discovery recommendation engine and found that when recommended videos were presented, an additional video play resulted up to 58% of the time.

TAKEAWAY

Drilling down to individual preferences for content consumption is inevitable for all media companies that hope to succeed in a digital-first world. Look for more publishers to prioritize data-driven approaches to content selection and delivery, and offer more opportunities for audiences to literally become part of the stories they tell.

CONTENT

Just as the TV industry learned in its move to digital, media companies are realizing that differentiated content of all shapes and sizes is key to building a strong brand in the cluttered digital ecosystem. With the rapid ascent of social video companies, original live video is a lynchpin in their future content strategies.

"Storytelling with video can take the emotional engagement of stories to a whole other level—that is why we're heavily investing in the space."

– Dominic Carter, Chief Commercial Officer at News UK, speaking about *The Sun*, as quoted in journalism.co.uk

Short-Form Leads

Snackable, mobile-friendly content is growing in popularity among media companies looking to increase engagement and revenue. Indeed, Ooyala recently took a look at the **most popular digital videos** of 2015 across our publisher network and found that 95% of the videos tracked for the research were under 5 minutes in length, with the sweet spot being around 2.5 minutes. Recent Parks Associates research also noted that around 70% of Americans watch **short-form videos** daily on their smartphones.

Buzzfeed's video division, for one, has been focused on a variety of content including Millennial-friendly **short-form videos** that drive views and social conversation. *The Economist* has its **Economist Films** group focusing on short-form documentary features and series.

Look for this wave to continue as more media companies dip their toes into the video waters, experimenting with formats, lengths and monetization models that best resonate with their audiences. For example, the *Financial Times* is **exploring both short and long-form video,** hedging its bets with pieces that build brand awareness across social media and those that offer more in-depth coverage, along with on-going testing to optimize its output.

A new Brookings Institution study found that by adding audio or video to stories, companies can see 36% more overall engagement, 81% more views, and 84% more shares.

– ***Mediapost***

Long-Form Grows

Long-form is indeed rising as well; audiences today are becoming more used to watching it on mobile devices as screen sizes have grown, and as connected TV (CTV) usage has grown in the home. In fact, a new study from The NPD Group noted that over half of internet homes in the U.S. have at least one **CTV**.

For publishers, long-form content can be a prime point of brand differentiation, as well as an efficient use of production resource as companies can create short-form clips from one piece of longer content for a variety of purposes and platforms. Long-form content keeps audiences around **longer**, thereby increasing ad units served, CPMs and revenue.

Companies are leveraging their experiences with short-form video formats across longer-form TV series and films. For example, Time, Inc. just announced the People/Entertainment Weekly Network, an **ad-supported over-the-top (OTT)** video channel serving up long-form content consistent with the two publishing brands.

Look for more publishers with the financial resources and production means to explore similar premium, long-form projects, and even **consider** replicating the move that ***Vice*** has made to TV with its Viceland network.

Vox is thinking of this. Moreover, expect to see companies expanding their content reach to new and international markets and stepping deeper into the dynamic world of live video.

> "A recent study conducted by YuMe and Digiday has found that 84% of publishers believe video is vital to their publication's future success."
>
> – **VideoElephant**

Live Takes Off

Live streaming is booming globally as audiences demand more real-time connections to their favorite content on their preferred devices. That's particularly true in top (and topical) media categories like news and **sports** where content has far more value **delivered live** than via on-demand replays. Meanwhile, social media companies understand the rising value in live video as well. For example, Facebook now allows premium content publishers to bring their official live streams to the **Facebook Live** platform, via media partners including Ooyala. Momentum for it is growing: *BuzzFeed* counted 800,000 concurrent Facebook viewers tuning in to watch a 45-minute live feed on **how many rubber bands** it takes to explode a watermelon.

All of this activity continues to bring more content, competition and experimentation to the digital media space. **AOL**, for one, is focused on creating content that aligns with how audiences are consuming video, so it segments content into long, mid and short-form lengths optimized for devices; live content is bucketed into short-form content that viewers can turn to when they are on mobile devices. Look for live video to take a greater share of viewing time and advertising revenue in the year ahead as technology improves to deliver high-quality, real-time experiences continuously.

> Facebook sees its audience spending over 3X the video viewing time on live video vs. non-live.
>
> – **fb.com**

TAKEAWAY

Media companies are employing video in a variety of lengths to drive engagement and value. Look for publishers to prioritize original live video to stand out in a sea of offerings, as the web continues to look more like a super-sized TV channel lineup.

ADVERTISING

The explosion of ad blocking in the media industry today is hampering traditional ad-supported business models around the world. At the same time, it's challenging the industry to create better ad experiences. Publishers are turning to alternative message formats and data-driven platforms to stay connected to vocal audiences who want a choice in how they experience and subsidize content.

> "What works is high-quality content. And I think it's a fundamental wake-up call for advertising as a whole: The idea that you can force people in a digital environment to look at poor content or to force them through an adjacency to give their attention to something that doesn't really work for them, isn't relevant—that's on the way to being over."
>
> **– Mark Thompson, CEO, *The New York Times*, as quoted in *Business Insider***

Ad Avoidance Increases

While the digital ad market is increasing and will soon **surpass TV**, a growing problem looms: Digital audiences have turned to ad blocking in force. It has grown into a huge global challenge driven by Millennials—and in some ways, by the industry itself, which has allowed cluttered, poor-quality ad environments, privacy issues, and irrelevant ad experiences to grow at the expense of the viewer. A recent Millward Brown study noted that over 60% of online video viewers would be more agreeable to advertising if they could **control** the ads they see, and over 40% responded favorably to personalized ads. The same study showed that nearly 50% of mobile users dislike ads in video content.

Media companies employ a variety of tactics to confront the issue, from passive consumer education to actively blocking content until an ad blocker is disabled (**.** preferred method). The French newspaper *Le Figaro* recently ran a trial that progressively blurred their website pages to discourage ad blocking. As a result, 20% of their ad blocking audience **whitelisted** the site, while 5% opted to pay a premium to avoid ads.

The publisher is also turning away €2 million in ad revenue by removing intrusive ads—all in the name of creating a better viewer experience.

Many publishers use technology that actively unlocks video ad inventory. Still others include a mix of these methods and monetization models, creating more compelling and interactive **ad** environments, or turning to personalized and native ads that are more insulated against blockers. For example, **ad blockers** currently work on native ads delivered through an ad server, but do not yet work on native ads that are delivered as content, nor are they as effective in native app environments.

Look for the battle to heat up, particularly in **mobile** environments, where viewer patience with ad load times and poor experiences is slim to none. In fact, a RocketFuel study noted that **mobile bounce rates** are about 10-20 percent more than desktop.

> "Last month, the Internet Advertising Bureau found that **22% of Britain's adult web users were using software to strip ads** from digital content, up from 15% eight months before."
>
> – ***The Guardian***

Native Rises

As the lines between content and ads continue to blur, **native video ads** that closely align with owned editorial content are becoming a select method for publishers looking to avoid ad blockers, satisfy brands, and curate engaging experiences for their audiences.

Still, **challenges** persist. These include the issues of creation costs and building scale for native ads, and determining the clear dividing **line** between editorial content and advertising. Interestingly, *The Independent* is hiring writers **to do both**. The FTC recently stepped in to help clarify things by **setting guidelines** for native ad placements. Look for native methods to be refined, move more towards mobile, and become more personalized with **data-driven** and **programmatic** technology, as so much of advertising is nowadays.

> "In line with its promise, RBC estimated that Facebook would sell $700 million worth of autoplay native video ads in 2015 alone."
>
> – **SocialMediaToday.com**

Programmatic Matures

Publishers continue to shift towards more automated ad transactions that have data at their core. Indeed, a new study by global research firm MTM, sponsored by Ooyala, suggests that companies with premium non-broadcaster video inventory (which is often in short supply), are **moving more quickly** than many broadcasters into programmatic because they are looking to differentiate their offerings and build scale, and because their video business models are not yet as established.

Private programmatic marketplaces (PMPs) and automated guaranteed trading methods have become popular **programmatic** tactics for premium inventory, as they most resemble traditional direct video ad sales, help drive favorable ad yields, and satisfy buyer demands. They also offer more control over inventory, rates, and trading partners. **Fraud and viewability** are still big problems for publishers globally, but increases in premium video inventory and better metrics are slowly helping to allay these concerns.

The Enthusiast Network (TEN), which publishes an array of sports and automotive sites, has seen positive returns since implementing its PMP, as has ***Forbes***. French publishers have created the **La Place Media** programmatic cooperative to build data and scale. Expect to see more publishers, particularly those competing for audiences and advertisers with the likes of Facebook, to embrace programmatic technology going forward.

Also, look for **mobile video programmatic** to increase as mobile advertising matures. Media companies will also begin to prioritize holistic interactions between their programmatic and ad serving platforms. This will enable optimal consumer targeting and ad decisioning in the future—where video content, data, and technology will continue to merge.

> "Overall, 2015 was a big year for programmatic advertising with **eMarketer** saying U.S. programmatic digital video ad spending topped $2.91 billion, about 39% of the digital video ad spend in the U.S. last year. In 2016, that number is expected to increase nearly 85% to $5.37 billion, and to $7.43 billion in 2017. **Mobile video** programmatic spend is expected to grow to $3.79 billion in 2017 from $1.14 billion in 2015."
>
> – ***Ooyala Q4 2015 Video Index***

TAKEAWAY

Digital advertising has both dynamic challenges with ad blocking and data-driven opportunities via new formats and technologies. Look for further advancements in these areas as mobile grows into its role as the primary screen for both video and ads.

CONCLUSION

The media industry is barrelling towards a dynamic and busy future, and also one that is uncertain in many ways. What is more certain is that data-driven video is becoming a more central part of the digital experience, and the winners will be the storytellers who can profitably provide must-have, personalized experiences which transcend the vehicles that deliver them.

> "If you want to grow as a media company, you have to have TV as part of the equation…Scale is going to come from mobile, but money is going to come from TV, and if you can combine those two and have a huge online presence, then I think you have won."
>
> **– Shane Smith, Co-Founder and CEO, Vice Media, as quoted in *Variety***