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MEDIA/PUBLISHING

Advertising is a dirty word today: Adweek CEO

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The way that content is being consumed has changed. Image credit: Valentino

By SARAH JONES

NEW YORK Media brands can no longer support themselves on advertising alone, requiring additional forms of revenue to see success.

Publishers have put a renewed focus on revenue streams including subscriptions, while television companies are toying with their business models as on-demand content takes a greater portion of viewers. During a presentation at Luxury FirstLook, the CEO of Adweek and Brandweek laid out some of the top trends within the media and marketing fields.

"Advertising is a dirty word today," said Jeff Litvack, CEO of Adweek and Brandweek. "It was not when I grew up. I don't know about you, but I looked forward to looking at ads on the television, in the newspaper.

"But today, the millennials and others kind of treat it the wrong way because of how disruptive it's been," he said.

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Advertising alternatives

One of the key trends in the media business is firms doubling down on subscription bases.

The New York Times now sees two-thirds of its revenue come from paying readers. Meanwhile, companies such as NBC, Disney and Apple are getting into the television streaming game.

Firms are also becoming more creative with how they serve ads, taking into account modern consumer behavior.

For instance, in December Hulu announced a binge watching ad model for viewers who take in three or more episodes in a row via an ad-supported subscription. The streaming service will reward these viewers with a free third episode or a promotion from an ad partner.

Maker's Mark binge viewing ad for Hulu. Image credit: Hulu

Binge watching is common, with about three-quarters of consumers having watched multiple episodes in a row.

Media companies are also adapting to on-demand consumption habits by launching podcasts. This is now a lucrative form of content.

Per respondents to the Ipsos Affluent Survey USA Q2 Barometer, 13 percent of affluent males spend five or more hours per week listening to podcasts. Twenty-one percent said they were willing to pay for podcasts making them three times more likely than affluent females (6 percent) to be willing to pay to access content (see story).

Aside from podcasts, media companies are turning to other forms of revenue, including creating retail platforms and experiences that directly connect readers with brands.

Even though advertising may not be as widely accepted as it used to be, two-thirds of consumers will still choose an ad-supported model for a service to avoid paying a subscription fee.

Digital advertising in recent years has been dominated by Google and Facebook, which together own about 60 percent of online ad revenue. However, Mr. Litvak sees Amazon and TikTok as major challengers for ad dollars in the coming years.

Amazon has the benefit of retail data, while TikTok has a booming billion-wide audience of predominantly young people.

Leadership

Across both media and marketing, consolidation is changing the landscape. Big marketing groups are reconsidering how many brands are within their stable, which could potentially lead to rebrands.

Another trend has been companies taking marketing in-house, rather than using an agency. Mr. Litvak said that this migration appears to be slowing, but it was driven by issues such as how much agencies were charging.

Within organizations, the chief marketing officer role is either vanishing or evolving. Today, companies that have a CMO are tasking these individuals with overseeing the entire customer experience, closely monitoring the revenue impact of these activities.

Companies also have to adapt with changing laws, as governmental regulations and consumer demand are calling for more privacy.

Luxury brands and retailers will now have to contend with California's consumer privacy regulation in addition to the European Union's GDPR and Canada's data privacy law, titled the Personal Information Protection and Electronic Documents Act (PIPEDA).

Alongside California, other U.S. states have their own privacy regulation: Colorado with its Protections for Consumer Data Privacy law and Vermont's data broker law. But these two states do not contribute as much to luxury marketers' bottom lines as California does, with its Silicon Valley wealth, Hollywood celebrities and industrial clout (see story).

"California is the size of many countries," Mr. Litvak said. "If you're not prepared already for CCPA, it went into effect on Jan. 1, you're going to be in a lot of trouble. Your brand could be exposed to huge problems."