

#### Digital Advertising Essentials: A Profitable and Simple Plan

**RICHARD E. BROWN** 

Board Member | Executive News Revenue Development Consultant | Contributing Writer

#### Introduction and Overview

#### **Professional Roles:**

 Led renewal and digital sales at LPi, directed digital sales operations and sales at Omaha World-Herald and Milwaukee Journal Sentinel, managed digital subscriber churn at Gannett | USA Today Network, and recently served as the former Senior Director of Retention at The Daily Beast. Columnist for Editor & Publisher Magazine and contributing writer for Digital Content Next and currently a coach for CUNY's Emerging News Leadership program the head of Ads & Sponsorships Lab at News Revenue Hub.

#### **Achievements:**

Achieved a 40% reduction in paid subscriber churn, generated \$2M revenue from digital ad initiatives, secured \$40M in renewal ad sales, trained over 200 media sales executives, and recognized in News Media Alliance's "Rising Star Award."



Instructor: Richard E. Brown
Executive News Media
Revenue Consultant

### Overview

This presentation aims to provide a fundamental exploration of digital advertising tailored to the context of news media organizations. We'll dive into the traditional basics of digital advertising and examine how these principles apply to the landscape of digital news media today. The objective is to guide you through a strategic approach for enhanced longevity, sustainability, and profitability. The content will cover:

- 1. Foundations of Digital Advertising
- 2. Pivot & Application
- 3. Optimizing for Sustainability

#### DIGITAL ADVERTISING ESSENTIALS





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Welcome to Tuesday RICHARD,

Gov. Gretchen Whitmer celebrated Earth Day by announcing \$290 million to <u>upgrade water and sewer systems</u> across the state. Photos were taken. Hands were clapped.

But the money wasn't new, and while it will help some areas, experts say much more is needed.

In fact, local governments asked the state for \$3.5 billion to fund water systems last year. Officials were barely able to accommodate a quarter of those requests.

Meanwhile, there's a different kind of line going underground in northern Michigan. DTE Energy plans to lay down 20 miles of pipeline to get natural gas to some rural communities there.

That could mean big lifestyle upgrades for local residents still heating with propane or wood stoves.

But there are risks, too: Natural gas leaks can contribute to climate change, and like coal before it, it's a finite resource.

"What they're calling a bridge fuel — really, it's a bridge to nowhere," said the leader of one local environmental group.

More stories to start your morning:

- 'Fake electors,' real court. Michigan's so-called fake electors are due back in court Tuesday as a judge considers whether to send the Republicans to trial on forgery charges. It's the latest front in a national attempt to hold accountable people who tried to overturn the 2020 presidential election, including former President Donald Trump himself.
- Mapping morels: Rejoice, mushroom hunters! Morel season is here. And if you don't yet have your own secret spot, the state put together a map showing recently burned areas where the delectable fungi are <a href="https://lineargoline.google.g
- Ren Cen shadows: General Motors' plan to move from the Renaissance Center to the former Hudson's site in Detroit means developers may fall short of job creation promises that spurred a \$80 million government tax incentive. One economist predicted the development could be a "net loser."
- Turkey flu: The bird flu is back, and its latest victims include more than 67,000 turkeys at a commercial farm in Newaygo Courty. That follows a poultry outbreak in Ionia Courty. Officials are urging preventative measures to keep wild birds away from farms.

Our spring fundraiser is underway, so as you enjoy our state's beauty in bloom, please consider <u>a donation</u> to our nonpartisan, nonprofit newsroom. Readers like you help make our reporting better.

- Jonathan Oosting

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### **Definitions**

**Digital display advertising** utilizes visual elements such as images, banners, or videos to promote products, services, or brands on websites and social platforms. Similar to print media, its measurements are expressed as height-width ratios in **pixels**, the smallest measurable points on a screen.

Common ad sizes include 300x250, 728x90, 970x250, and 300x600 (among others not mentioned for brevity). Measurement and delivery are quantified through "**impressions**," counting each time a digital display banner ad loads on a webpage.

A "click" occurs when a user interacts with the ad by hovering over and selecting it. The click-through rate (CTR) is the ratio of clicks to impressions, expressed as a percentage—providing a key metric for ad engagement.

## Application

Digital advertising involves delivering digital displays, measured by impressions and quantified through a cost per thousand (CPM) metric. For instance, if you quote an advertiser a \$10 CPM to deliver 50,000 digital display banner impressions on your website, the cost for the campaign's duration would be \$500. In practical terms:

- **Objective:** Deliver a specified number of impressions (e.g., 50,000).
- Metric: CPM represents cost per thousand impressions.
- Calculation: Multiply the CPM by the thousands of impressions (e.g., \$10 CPM \* 50 = \$500).
- Quote: Communicate the cost to the advertiser for the desired impression volume.

#### The Dilemma

The conversation dilemma arises when transitioning from the traditional printfocused approach to a digital landscape, particularly when defining success through metrics and associated value. The challenge lies in the pivot, where we move from a structured pricing model to a more nuanced discussion about the success of digital initiatives.

#### **Key Challenges:**

- 1. Shifting Metrics
- 2. Varied Value Assessment

## Transition to High Impact

One of the most affirming and validating strategies discovered in the last decade and a half of delving into digital advertising is the shift from a traditional impression volume model to a more impactful approach.

#### **Key Insights:**

- Structural Alignment:
  - The strategy involves aligning our approach more closely with delivering high impact.
- Associated Value:
  - Emphasizing the value associated with high impact positions in digital advertising.

## Defining High Impact

Transitioning from impression counts to impactful strategies involves focusing on ads that boost visibility and drive traffic. This is achieved through takeovers, larger ad dimensions, and strategic placement on highly niche or targeted content, often at a premium. The goal is to enhance overall perceived value, ensuring a more effective and memorable digital advertising experience.

Opting for high-impact ads improves communication, emphasizing campaign impact and reach. Flexible pricing allows quick, seamless flat-rate provision, reducing complexity. It enhances brand visibility, benefiting targeted campaigns and newsletters, fostering sustained profitability and sponsor retention.

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45 years ago, my cousin was killed in a car bombing in Milwaukee. Now,

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Marquette University tuition will top \$50,000 next school year

A big Harbor District walkway needs more cash. Work to begin this year

Max Klesmit makes sure Badgers continue home dominance over Indiana

Q&A: Former FBI agent Joe Pistone, aka Donnie Brasco, on infiltrating the Milwaukee Mafia

Advertisement

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## Newsletter & Email

Utilize platforms like Mailchimp or Constant Contact for setting up newsletters and email marketing. While effective, be mindful of legal and security considerations. Key metrics to consider include the open rate. Note that there are usually limited spaces available, emphasizing the need for impactful and concise content to maximize engagement and effectiveness.

<u>Capabilities example:</u>



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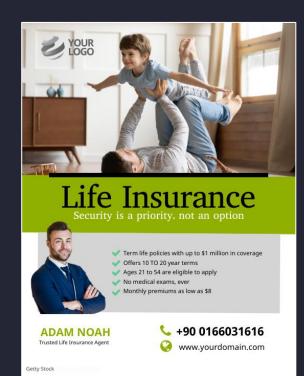
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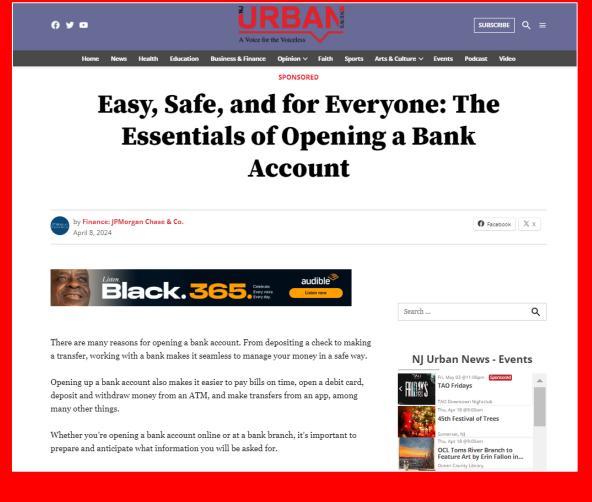
See other newsletter optic



# Branded & Sponsored Content

Sponsored content involves creating niche or specific content with exclusive premium sponsorship opportunities. It aligns with premium high-impact placement, benefiting the organization, the audience, and the sponsor alike.

**Sponsored Content example:** 



## Leverage & Benefits

- Positioning and Prominence: Emphasizing strategic ad placement for visibility.
- Sponsorship and Exclusivity: Utilize sponsorships explicitly for exclusive, impactful experiences.
- Enhanced User Experience: Prioritize improved engagement and interaction for users.
- Profitability: Aim for increased profits through strategic high-impact approaches.
- **Perceived High Impact:** Strive to deliver an advertising experience akin to traditional print's perceived impact.
- **Seamless Implementation:** Pivoting from ROS to sponsorship (exclusive)

## Pricing for Profit

The core of a sustainable digital advertising strategy hinges on understanding margins. Begin with straightforward metrics, considering factors like ad design time, associated costs, and seller compensation.

Aim for a margin of 75 to 90%, recognizing adjustments may be necessary based on scenarios and markets. The goal is to ensure that the cost of delivering a digital ad never exceeds incoming revenue, ensuring profitability and sustainability.

Rate card example:

## Role & Approach

As a consultant, your primary role is to drive the audience to sponsors' front doors. The content they advertise on your site is as crucial as the method of advertising.

Consider transaction averages in your digital strategy approach. This helps determine which sponsors to approach and why. Tailoring your strategy based on transaction size ensures a more targeted and effective engagement, maximizing the impact and profitability of digital advertising efforts.

#### Thank You - Q&A

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