

# Mx3 BERLIN

DISRUPT

## POST-EVENT REPORT

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## Specialist media trends: the take-outs

**MX3**, held in Berlin on October 19-20 2022, delivered a platform for some of the most influential voices in world media to share their take on the future of the industry.

Over two days informal, yet often robust discussions were held in which business leaders from media companies as diverse as Axel Springer, the FT and Espresso TV from Ukraine highlighted opportunities, discussed potential problems and spoke of the challenges that were concentrating the minds of media exec teams.

In addition to a series of fireside chats and interviews MX3 also featured roundtable discussions hosted by key Di5rupt industry partners that enabled the delegates to take a dive deep into issues such as subscriptions, sales and technology.

Chatham House Rules, in which the participants speak off the record and remain anonymous, were observed, but we are able to share some of the general findings of the groups here.

First, 12 take-outs, and then we look more in-depth into conversations around the following five topics:

- ☀ First-party data
- ☀ Subscriptions
- ☀ Advertising
- ☀ B2B sales
- ☀ Big Tech



# 12

## KEY INSIGHTS

01

### Market trends and challenges

The economic and political environment for specialist media is challenging, with advertising weakening, talent shortages worsening and paper prices spiralling. But in difficult times, business and specialist audiences need quality information more than ever, so by staying closer to our customers and becoming adaptable and flexible, specialist media can evolve and thrive.

02

### Diversify revenues

Specialist media owners are already thinking laterally to discover new revenue streams to serve their audiences.

- ☀ **Communications agency** – tapping into changes in B2B marketing spend – incremental revenue but harder to scale and less predictable than publishing





- ☀ **Virtual events** – although many events have gone back to face to face, in some markets customers prefer virtual
- ☀ **E-learning** – German publishers offering self-paced digital modules augmented with group sessions
- ☀ **Audience data** – tracking insights and behaviour on audiences and selling as a separately priced research package to advertisers (not individual data)
- ☀ **Membership** of free entry level communities that nurture people towards paid-for propositions or paid memberships that encourage engagement and contribution to content
- ☀ **VIP or premium memberships** offering high level networking to senior executives
- ☀ **Workflow solutions** – many German publishers are developing online checklists,

professional development platforms, legal summaries or recruitment tools that are digitally delivered and integrated into subscribers' daily workflow.

### 03

## Print to digital

For many publishers, digital is now over half of ads and reader revenue. While older readers may be accustomed to print, younger readers prefer digital only. Digital formats such as newsletters are a low-investment route for NPd. Rising print prices (up to 60% yoy) are accelerating decisions to switch away from print. Several publishers have reduced frequency significantly.

Print may be retained as an optional, premium subscription. In specialist consumer, print still has greater utility and can be collectible. Cover prices may need a significant adjustment upwards. Analogy with vinyl in the music industry.

04

## Subscription growth

Most specialist media are investing in growing subscriptions, to increase stability of revenues. News content alone is rarely sufficient for paid subs. In depth analysis, or exclusive content has greater value. Briefings or insights that are future focussed, that help readers with their daily work tasks, can achieve a premium price.

Data-driven or pricing information that is fundamental to commercial success commands the highest subs rates – typically €10k or more. B2B publishers are focussing on corporate or enterprise subs that provide team access to services. Once the budget holder is identified, corporate subs provide better retention and stability when readers change jobs.

05

## Event innovation

Market leading events (or those that aspire to market leadership) have to lead, to innovate, and deliver exciting and inspiring experiences for delegates. Post pandemic, the appetite for human interaction to learn or do business has returned. Organisers need to surprise, challenge, and inspire. Repeating a format year after year is a recipe for long term decline. Premium ticket prices for delegates force organiser to deliver an excellent experience, rather than serve the needs of exhibitors. Delegates are becoming more selective in attending events, but there is scope for highly relevant quality conferences.

06

## M&A

M&A activity in media is growing. Along with traditional trade or strategic buyers, private equity is increasingly interested in specialist media. While some sellers prefer trade buyers who will provide a career path and benefits for their staff, PE usually pays more. PE buyers will intensely manage new businesses, taking a forensic approach to KPIs and procedures. They prefer management with prior experience of PE, and the attrition rate is high. Advice from an experienced CEO is to build relationships with the entire investment committee, and proactively inform them of



market changes and challenges. Most will plan to sell within 3-5 years. How to prepare your business for sale to make it more attractive to a buyer? A market leadership in a strong growing market, high retention, good audience insight, developed processes and KPIs, and ability to apply your business model to new markets all help.

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07

## Data

All publishers must invest in building first-party data, to establish stronger direct relationships with customers and better insights into behaviour and topics of interest. Analytics are invaluable in planning content development and also have a value to advertisers. A large UK publisher uses Adobe Target to offer tailored online offers to “unknown” readers based on their content behaviour to encourage them to sign up for specialist newsletters or events. They plan to grow the proportion of readers where they have data from 30% to 60% over the next two years.



08

## New content forms

Publishers are exploring new forms of content beyond traditional articles.

- ☀ Newsletters are resurgent, and provide an intimate connection with readers as well as a low-cost route for NPD
- ☀ Podcasts can build brand authority and personality with a good host. While numbers are low, engagement is high, and there are more routes to monetise from sponsorship to licensing or events.
- ☀ Audio and video can work for niche audiences – in Germany there is a “radio station” for craftsmen and TV for plumbers. Zetland has built its success on audio versions of its articles
- ☀ Repackaging content can extend the reach and life of original editorial. One UK niche publisher is growing its US audience through a dedicated team who repackage editorial into evergreen and multi-media formats, focussing on best practice and take outs, and using SEO and social media to reach new audiences.

09

## B2B marketing

The keys to successful B2B marketing are relevance, science (ie data), content to gain earned media, and measurement. Buyers prefer to self-research before talking to a sales person, so marketers must provide online information to guide them through the marketing funnel. Before selecting your tech platforms, audit your current marketing, and work out how to deliver effective processes manually before you automate. If starting from scratch, hire in an experienced market leader, then expand the team with part-time specialists and bright digital natives willing to learn new skills.



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## Product thinking

User focus is at the core of product thinking, and a willingness to adapt products to suit changing needs. A good product manager has to negotiate requirements of the business, the user and the tech team. But out of conflict, magic and innovation can arise. Product teams must be empowered by senior management. Outsourced tech teams add to the challenge – so communication and shared culture are even more important. Media businesses starting from scratch would do well to hire in an experienced product lead from another sector.

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## Metaverse and web 3

Media businesses may feel they are in the “trough of disillusionment” on the metaverse. But some start-ups are gaining traction offering specialist e-commerce or using gaming platforms like Fortnite to co-create content for brands. The collapse of crypto was a setback, but UX is improving and there are more opportunities to purchase using credits cars or apple pay. When will it take off? Maybe two years, maybe ten, but a good place to experiment and test is augmented reality (AR) around events or magazines.

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## Gen Z

Contrary to assumptions, Gen Z like to consume long form, documentary, and factual content. They are more wary of social media and suspicious of misinformation than Millennials. They are highly aware of diversity and inclusion issues and may shun brands or organisations not taking it seriously. They may seek new routes into the workplace such as placements or apprenticeships, rather than university. B2B media need to develop new ways to attract talent from Gen Z, both for their own businesses and to advise the organisations who read their titles.



# 05 SPECIALIST INSIGHTS

01

## FIRST-PARTY DATA

Publishers need to understand the potential of first-party (and indeed zero-party) data. In order to attain it though they must engage in organic conversations with their readers being explicit about the value exchange.

Throughout the conference, many presenters discussed the growing importance of first-party data particularly to specialist and B2B media companies.



This round table, helmed by CredSpark, looked at the different types of first-party data, how it is obtained and how publishers can optimise the way they use it.

The roundtable kicked off by looking at the differences between zero and first-party data. Zero party data is defined as data an individual provides deliberately and willingly; first-party data is information gleaned from a user but perhaps not through a direct question/answer process.

The group further made a distinction between behavioural data (assumptive, based on patterns and actions) and declarative data (definitive, based on questions asked and answered). Both have value, especially when layered together, but behavioural data is by its nature less precise/certain than declarative data is.

The participants then discussed a few key rules of engagement for gathering 0/1PD. These ranged from being a trusted brand, taking the transition slowly and steadily (for example



asking for 11 fields of data in order to download a white paper may be too intrusive for some audience members) and using the data for good to deliver real value to both buyers and sellers.

One theme that constantly emerged was the importance of being explicit about the value exchange. Audiences subscribe or make a purchase because publishers are providing value to them, not because they are interested in helping them achieve Q4 stretch goals. If media companies want something from consumers, they must give them something in return, and that value should be commensurate.

The participants then discussed the importance of scale - looking at the potential of customisation and how by dividing an audience into segments and providing each one bespoke content/information the segments enable publishers to create off-the-shelf “custom” solutions, saving time, money, and energy and enabling scale.

Finally, the group pressure-tested its recommendations against a metaphor of media

companies being akin to a really good bartender: the best ones get to know their customers in authentic, easy, conversations. They learn what a customer likes before making suggestions for other drinks or brands. They help the customer see the value of the product they’re purchasing and they enable scale by having both highly customisable individual recipes at a higher price point as well as quick-serve, pre-packaged, off-the-shelf content. The group seemed to think this metaphor made sense in the context of the ‘tit for tat’ value exchange inherent in B2B audience relationships.



## SUBSCRIPTIONS

Subscriptions are a top priority for many specialist media companies, but publishers need to focus on ensuring that the type of content they create is worthy of the investment.

Inspired by the success of the New York Times, the Financial Times and others, subscriptions have become a huge topic for media owners. One of the key ongoing trends in 2022 is the way in which specialist media is now following news media in exploring subscription-based strategies.

Much of the discussion focused on the type of content that media companies would need to develop to power effective subscription offerings. For example, due to its ubiquitous and easily accessible nature, news content is rarely sufficient for paid subs.

Rather in depth analysis, or exclusive in-depth content has greater value. The delegates heard from Nick Vinocur, editor of Politico Pro, who claimed that briefings or insights that are future focussed, that help readers with their daily work tasks, can achieve a premium price.

Data-driven or pricing information that is fundamental to commercial success commands the highest subs rates – typically €10k or more.

The discussion also touched on how more and more B2B publishers are focussing on corporate or enterprise subs that provide team access to services as these deliver larger returns and are obviously easier to manage than individual subscriptions.

At Di5rupt events speakers have disagreed about types of subscription pricing models with some arguing companies need to make the offering simple and transparent while others were pushing a tiered and more nuanced approach.

These discussions resurfaced at MX3 with delegates concluding that different subscriptions pricing structures need to be optimised for different types of media businesses and that a single approach is not fit for purpose across a diverse and dynamic industry.



## ADVERTISING

As attractive as subscriptions might seem to publishers, media companies need to be careful not to avoid jettisoning advertising as a core monetisation strategy. Attention Management Monetisation and First-party data underpinned by AI will create new opportunities.

The rush to subscriptions is understandable. Yet is there a way to monetise users, using attention as a metric, driving up not only Average Revenue Per Subscriber but also monetising that significant component of users who do not become subscribers?

This was the overarching theme of the round table hosted by InsurAds where the delegates looked at what companies could do to monetise the 98% of their visitors who would never consider a subscription.

One important debate is whether publishers need to start thinking more like telco/utilities/ b2c operators who invariably have a very clear idea of the worth of every second of use and engagement in their network. This ultimately delivers an accurate consolidated knowledge of ARPU (Average Revenue per User) that goes beyond traditional publisher approaches of just subscription revenue performance data or Ad Sales RPMs (Revenue per 1000 page views).

With this consolidated information for every unique user, media companies can design, implement and deliver accurate hybrid monetisation strategies that will integrate all users' spending capabilities, information desires, leveraging publishers' subscriptions, consumption, or digital advertising models.

The participants then discussed how this scenario might evolve pinpointing two key trends which could potentially act as a catalyst for the growth - namely attention monetisation and first-party data powered by the use of Artificial Intelligence technology

Combined they could create the perfect conditions to fully optimise "case-by-case, user-by-user", by automatically choosing the best way to show (and not close) the content to the user while generating the most revenue to our business.



## B2B SALES

When media companies embark on a subscription strategy they are sometimes slow to realise the potential of B2B sales. In chasing individual subscriptions they may often overlook how B2B offers an important direct-to-consumer (corporate) sales channel for specialist media.

In the round table at MX3 hosted by Pressreader the participants looked at how creating a lucrative B2B sales funnel can be transformative for both B2B And B2C media brands.



The participants acknowledged the obvious that corporate sales are becoming increasingly important to media brands as they yield much more significant returns than sales to individuals. Some representatives within the group reported they don't want to sell individual subs as they are too time and resources intensive to manage.

One delegate relayed the story of how they had started a subscription system during the pandemic. They admitted that if they were able to launch again they would have focussed solely on supplier/partner members from day one.

The issue for some companies though is that the shift from selling to an individual to a corporate sale is often a long and tedious process. There are however a variety of tactics that brands can use to shift the balance toward corporate sales. In particular, it would be very useful to have tech that identifies the best prospects for upgrade based on companies with large bases of individual users. The key is to find out who the budget holder is in the business and approach them.

In tandem with this, companies should not downplay the role that individual subscribers can play in the development of corporate sales. If a person feels that a media brand is enabling them to do their job more efficiently and effectively they may then become an advocate

on a corporate level. Finding out who these individuals are and being able to leverage their enthusiasm is a challenging process though.

Other delegates spoke of how they had adopted different sales techniques to secure corporate subscriptions. One told how they had proactively offered an expert from the media brand to deliver a presentation at a potential corporate customer's office. Not only had the interaction delivered sales but it had significantly deepened the relationship between the brand and the company.

One final thought was that consumer brands need to take corporate sales more seriously. They need to be aware of the potential of corporate sales and act proactively to ensure that any company that works in their industry is aware of their corporate offering.



05

## BIG TECH

Specialist publishers are increasingly confident that quality content and first-party data means that they hold the cards when it comes to their relationships with big tech.

Over the last decade publishers have embarked on a somewhat eventful relationship with big tech companies. While they have delivered new and often lucrative revenue prices for media companies, the tech giants have also compromised publishers' ad strategies with ever more money heading toward Silicon Valley.

This relationship is often even more fraught for smaller specialist media brands, who need to weigh up whether agreeing deals with the likes of Google is a sustainable tactic or a route to disaster.



The roundtable at MX3 hosted by Glide did however find many smaller publishers in an optimistic mood confident that they have insightful, engaging content that the tech publishers don't have.

Specialist publishers have been developing ever-deepening relationships with their consumers for years now. They have the experience and the tools to build on these bonds.

In particular, several of the participants highlighted how the growing importance of first-party data enables them to take engagement to deeper levels thereby creating the potential for new revenue streams.

The group also discussed how the relationship with big tech differs across the globe. In Germany for example, publishers are protected by copyright law as well as being able to access a conduit that advocates for publishers with big tech.

Ultimately though the participants agreed that they remain wary of big tech and feel that they will never get a completely fair deal from the companies. In a show of hands all the publishers in the room acknowledged that the payments they are currently receiving from big tech enterprises amount to little more than a bribe. 🙋



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