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Content Partnerships 101

Why you need commerce content — especially now

Contents

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CHAPTER 1

What publishers face in today's constantly changing universe

Oh the times, they are a'changing. That old adage has never proven more true for publishers than it has over the past several years.

- Privacy regulations have been in a constant state of flux, particularly since 2018's GDPR, with new policies and legislation popping up seemingly overnight.
- The "cookie apocalypse" is finally here, which means that modern targeted advertising as it has been known is changing in ways that are detrimental to many publishers. While many have heralded this industry shift over the past ten years, it seemed as though it would never actually arrive.

Now, however, it appears the time has come.

Two ways publishers feel the changes

In the midst of all this regulatory and technological shifts, publishers are also feeling the burn from economic challenges brought about by a rapidly changing advertising technology landscape.

Publishers are feeling the burn of these industry changes in two major ways. First, with ad revenue on the decline during periods of weak demand, such as early in the pandemic, and hypercompetition on programmatic channels, many publishers have been forced to either pull out inventory from programmatic auctions or even remove advertising altogether* to maintain a steady value of cost-per-mille (CPMs). While this is a workable short-term solution, it can hurt in the long run.

The second point of difficulty is that publishers are only pocketing a smaller and smaller fraction of the advertiser spend because of the ad tech tax. In the early days of advertising, advertisers and agencies worked directly with agencies, and nearly all of the advertiser's spend ended up in publishers' revenues.

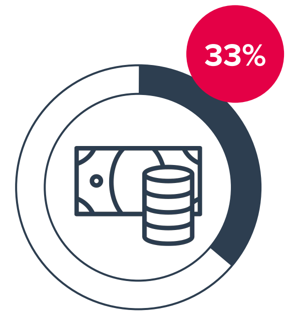
Ad revenue decline = removing ad inventory

The crowded ad tech supply chain cuts into profits

* Tim Peterson, "Publishers pull ad inventory from programmatic markets to protect ad prices," Digiday, May 8, 2020. https://digiday.com/media/publishers-pull-ad-inventory-from-programmatic-markets-to-protect-ad-prices/

With the rise of programmatic, hundreds of new adtech vendors inserted themselves into the supply chain — effectively disintermediating the advertiser from the publisher.

Each of these new intermediaries in the supply chain captures a portion of the CPM an advertiser paid for an impression on the publisher's website.



The ad tech tax has ballooned to capture almost 33%* of advertisers' spend

This is commonly known in the industry as the ad tech tax, and it has ballooned to capture almost 33%* of advertisers' spend, while publishers only pocket 67% of the original spend.

What's a publisher to do?

So, how are publishers going to not just survive, but thrive amid all of the change and the difficulties it presents? This ebook takes a closer look at that question and reveals the reasons why content partnerships are easily emerging as the top choice in the new world order. Publishers are standing at the threshold of a tremendous opportunity — but only if they understand how to make the most of it.

* Amy He, "eMarketer's new ad tech tax estimates show one-third of spending goes to intermediaries," Digiday, May 8, 2020. https://content-na1.emarketer.com/emarketer-s-new-ad-tech-tax-estimates-show-one-third-of-spending-goes-to-intermediaries

Get to know content partnerships

Content may be key to commerce these days, but unlocking its power isn't always an easy task. Content partnerships, sometimes referred to as commerce content partnerships, offer a smart, efficient way for publishers to escape the traps of traditional advertising and forge a better, stronger path for the future.

What exactly is a content partnership? In short, it's a mutually beneficial relationship between an enterprise and a publisher — the enterprise leverages a publication's audience's trust to deliver relevant brands and services through editorialized content.

This form of audience engagement is more authentic, targeted, and a stronger driver of conversions for brands, which translates into a highly desirable offering that publishers have at their disposal.

The ability to tap into audience engagement is more important than ever.

CHAPTER 2

Four reasons why the tide has turned down for traditional advertising

Before we delve deeper into content partnerships, let's take a step back. The tide has long been turning away from traditional advertising models, and it's important to have a full understanding of the whys behind this trend. In short, it comes down to four key pieces of the puzzle:

1. Publisher revenue is declining

Publisher revenue has been in decline even before the pandemic[1]. According to a few key studies and research done by Digiday[2], publisher revenue has had a tough 2020.

While site traffic has gone up for most publishers over the course of the past year, revenue has gone down, and the impact has been varied.

Programmatic and direct-sold ads have been the worst hit, along with in-person events.

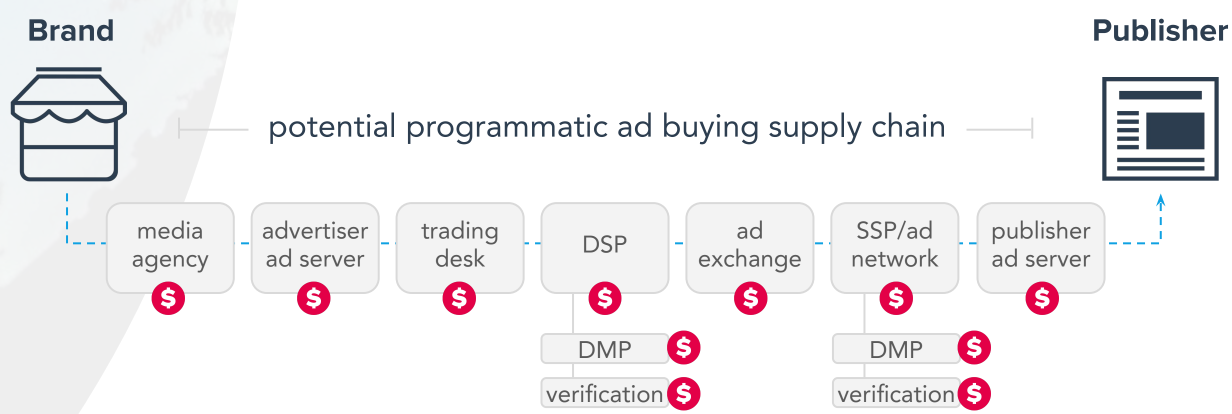
1. Mustafa Mirreh, "Digital publishers experienced decline in ad revenue prior to pandemic," INside Performance Marketing, May 20, 2020. https://performancein.com/news/2020/05/20/digital-publishers-experienced-decline-in-ad-revenue-prior-to-pandemic/
2. Shareen Pathak,* "Publishers expect revenue to return to pre-coronavirus levels in 2021," Digiday, May 26, 2020. https://digiday.com/media/digiday-research-report-publishers-expect-revenue-to-return-to-pre-coronavirus-levels-in-2021/

2. CPMs are falling

Contracts and terms involving CPMs have come to be viewed as unreliable predictors of ROI, with many advertisers trying to move away from these deals. This creates a challenge for publishers, and many have been forced to remove inventory as advertisers are cutting and/or pausing spending.

3. Distance between advertisers and publishers is increasing

Programmatic advertising, while theoretically efficient, is increasing the gap between publishers and the brands with whom they work, while simultaneously taking up a larger percentage of advertising revenue. For publishers operating with advertising revenue as a main channel, much of the margin is sucked up by middlemen, which leads to a smaller bottom line.



4. The Google/Facebook duopoly isn't going anywhere

Google and Facebook are capturing an immense amount of revenue when it comes to advertising, and even the biggest of publishers are relatively small fish compared to the two giants. Direct competition against this duopoly makes it highly unlikely that publishers can capture a disproportionate amount of growth in the space.

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CHAPTER 3

How content partnerships solve the modern publisher's challenges

So, why are content partnerships a viable solution for publishers? The idea itself is not new, but there are a few critical trends that point to the need for publishers to double down efforts in content partnerships.

1. Traffic numbers are increasing with better audience insight

With more people working from home and paying close attention to current events, they are reading, viewing, and consuming immense amounts of content. This matches a similar trend seen back in 2008 and 2009 when consumers were trying to pinch pennies where they could, and publishers were producing content around how to shop online and save money.

Both are examples of instances in which consumers were looking for content online but for two different reasons. These trends exemplify how publishers can capitalize on situations where there is increased traffic by producing smart, relevant content with the right partners. The increased readership gives publishers an added opportunity to produce more popular content for expanded audiences.

The publisher's partnership with an advertising brand or enterprise also allows publishers to obtain additional audience purchase insight because they are able to fire an action tracker on the advertiser's website. This solves the age-old problem of a lack of visibility caused by traditional advertising, in which advertisers generally do not allow publishers to place a conversion pixel for CPM-based campaigns.

2. Consumer spending habits are changing

As just explored, with all of the increasing views on websites and pages come clicks and conversions. Consumers are ordering more items, shopping online more frequently, and perhaps even picking up new hobbies. In fact, the U.S. Census Bureau cited an increase in online purchases from 11 percent to 16 percent, which is a sizable jump.

Many people search Google product reviews before making a purchase, and often land on a listicle or piece of content giving in-depth reviews. Given that many consumers follow this line of product review, publishers can feel confident that they can drive a lot of traffic and conversions by creating content around goods and services they know their audience will enjoy.

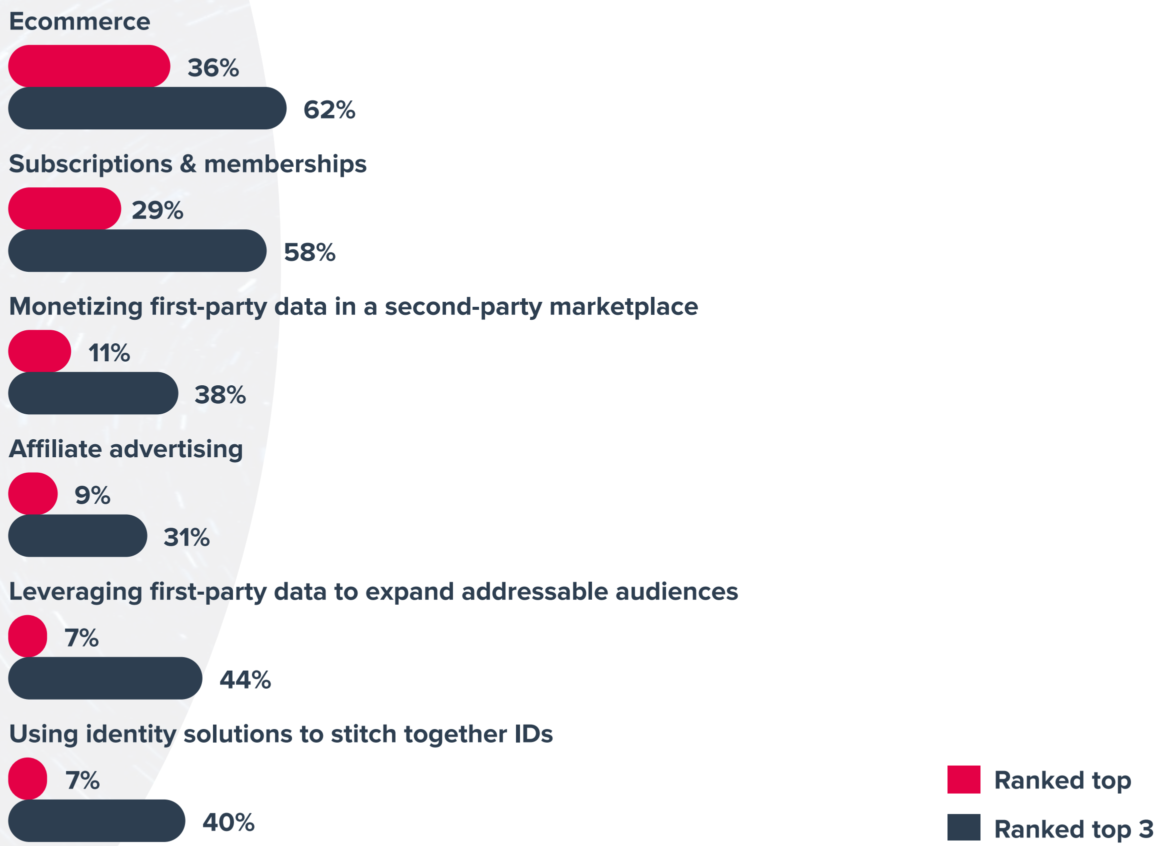
3. Commerce content as a revenue channel for publishers gets results

Commerce content — split across "ecommerce" and "affiliate advertising" in the graph that follows — appears to be a major source of revenue for more than a third of all U.S. publishers — and nearly two thirds of them rank it as a top three revenue source.

Commerce content as a revenue channel for publishers gets results *(con't)*

Largest expected sources of revenues in q1 2021 according to U.S. publishers

% of respondents, Dec 2020



Note: n=45
Source: Lotame, "Beyond the Cookie: The Future of Advertising for Marketers & Publishers," Feb 17, 2021
eMarketer | Insiderintelligence.com

4. Direct deals with brands cut out middlemen

Content partnerships allow publishers to work directly with brands. This enables publishers to bypass a long train of adtech middlemen. They avoid the need to rely on programmatic technologies, each slicing off their share of revenue before the publisher gets paid — which is often a fraction of what the advertiser originally spent.

Additionally, direct deals enable the brand and publisher to choose and agree on different performance deals like cost-per-click (CPC) or cost-per-acquisition (CPA). This makes it possible to more closely align the incentives of the brand and publisher versus CPM, which can create misaligned expectations for all parties. Direct deals allow publishers and brands to have honest conversations about exactly what they are paying for and for what price, all backed up by data that is able to be shared between the two.

5. Once-and-done content is a thing of the past

Compared to a CPM or a fixed price/sponsorship deal, CPA-based deals provide tremendous upsides for publishers. In short, a well-written and well-liked piece of content in a content partnership is the gift that keeps on giving, which means the publisher can keep earning when it continues to drive purchases. Conversely, traditional advertising places a clear cap on potential earnings and discourages any form of longevity — and that's by design.

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CHAPTER 4

Common types of content partnerships

Content partnership opportunities come in a variety of different forms for publishers, but the most common is commerce content, which includes several use cases.

Commerce *experiences*

What is commerce content exactly? It's when a publisher can use audience and trend data to inform their editorial team on what pieces of content to write based on changing social events, trends, media, and beyond. From there, the publisher can surface the most competitive deals they can find to include in their articles.

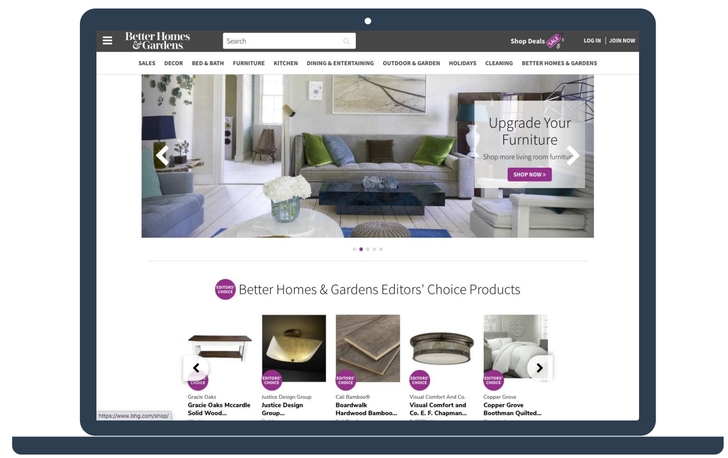
In some cases, a brand or enterprise will notice the number of conversions a publisher has for a specific product and will want to engage in a direct content partnership with the publisher.

Commerce content comes in a variety of different forms.

Shopping experience within the media property

Some publishers have designated sections within their website or publication that allow consumers to shop for products, just as they would on a brand website. These products are often editors' suggestions and are not paid advertising. These products have been hand selected often because they match up with the content from the publication and resonate with the audience.

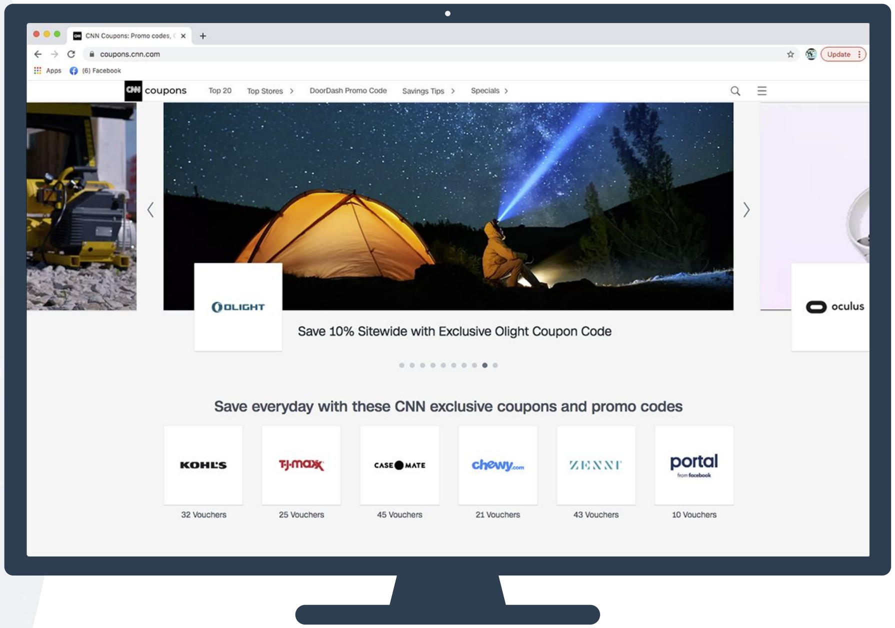
This example is taken from *Better Homes & Gardens*. On their homepage, within the left navigation dropdown menu, there is a “shop” button that will take a reader to this page. Below each product, *Better Homes & Gardens* tells the consumer which brand is selling the product.



When the consumer clicks out, they are taken to that brand’s website via the affiliate link where they hopefully convert.

Publisher-exclusive promo codes

Some publishers have separate pages built out with house coupon codes that are branded as the publisher "exclusive" promo codes. See this example from CNN.com below:

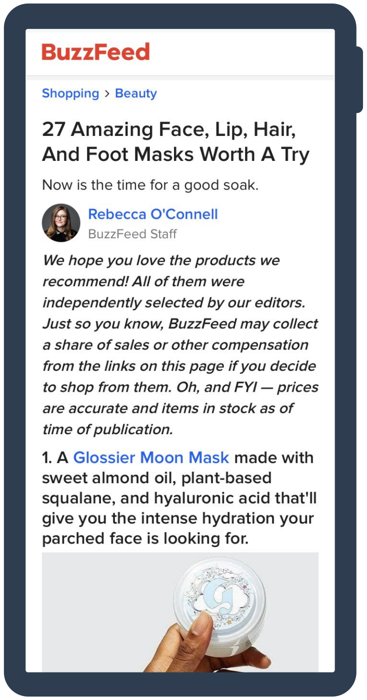


These pages operate in a similar fashion to your coupon and deal sites when clicking on the coupon and going to the advertiser's page.

Common types of content partnerships

Commerce *content*

Commerce content follows a more traditional format, the type of content that consumers would see on a website like PCmag.com or Buzzfeed. These are reviews, lists of products, buyer's guides, and other types of content that are written with the audience in mind. However, in the case of actual content, the editorial team and writers are not producing the pieces with commerce content monetization as a first objective. Rather, they are producing content they want to write and they know their readers will appreciate.



The example below comes from Buzzfeed — it outlines 27 beauty products Buzzfeed editors have suggested their readers try. It's important to note that these are not paid placements by brands. As the paragraph at the top of the image states, "all of these products are independently selected by our editors."

Commerce *content (con't)*

Buzzfeed receives a commission for any sale of these products through the affiliate links in the articles. These links came from Buzzfeed's commerce content team reaching out to advertisers to see if they have an affiliate or partnership program so they can then convert relevant product mentions into affiliate links.

Commerce content examples can be applied in virtually any stage of the consumer purchase funnel as well:

- New product launch (awareness)
- Listicles (awareness)
- Seasonal content (awareness)
- How-tos (education)
- Product roundups and gift guides (education)
- Buyers guides (consideration)
- Comparison articles (consideration)
- Internal search — "best Chrome books" (consideration/validation)
- Reviews (validation)

CHAPTER 5

What does the content partnerships ecosystem look like?

The content partnerships ecosystem consists of several key players, each with their own goals and objectives. Let's take a look.

Advertisers (enterprises/brands)

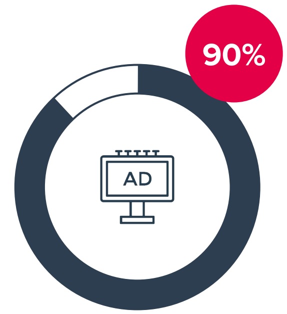
A **brand or enterprise advertiser**'s goal is to drive awareness and purchase intent higher up in the funnel through the affiliate/partnership channel — content partnerships is a great way to do that.

Content partnerships enable enterprises and brands to prioritize and align their incentives with publishers, engage in different forms of performance contracting models (versus a high-risk, low-return CPM advertising model), and achieve a larger digital footprint from "outsourced" content marketing.

For **brands**, the goal is to generate awareness and purchase intent from the consumers who are going to a publisher's website. With content partnerships, they want their product or service to appear as a natural fit with the content rather than a traditional ad placement. They work with publishers because they know the publisher is providing solid content that will organically push consumers toward their brand.

Agencies

Agencies oftentimes work with brands and act as the middleman between publishers/media houses and the brands themselves. An agency might work with a brand to help that brand establish content partnerships with different types of publishers.



In a hypercompetitive ad industry, Google and Facebook captured 90%* of the growth

Publishers

Publishers consist of websites or apps that have amassed a following of readers from the content that they produce. Publishers had felt squeezed from a revenue standpoint given a combination of things, such as falling CPM prices from the commoditization of ad inventory with the rise of programmatic advertising, a hypercompetitive ad industry where

Google and Facebook captured 90%* of the growth while everyone else (including publishers) fought over the meagre spoils, and advertisers cutting back on ad spend during the pandemic. Many publishers started establishing commerce content initiatives to light up a new revenue stream for their business. Commerce content has long served as a minor revenue stream for many publishers' organizations, but it has only been over the past two years when more publishers recognized the massive opportunity of commerce content to double down on their investments.

* Sarah Sluis, "Digital ad market soars to $88 billion, Facebook and Google contribute 90% of growth," Ad Exchanger, May 10, 2018. https://www.adexchanger.com/online-advertising/digital-ad-market-soars-to-88-billion-facebook-and-google-contribute-90-of-growth/

In a publishing organization, there are two main teams involved in a commerce content operation:

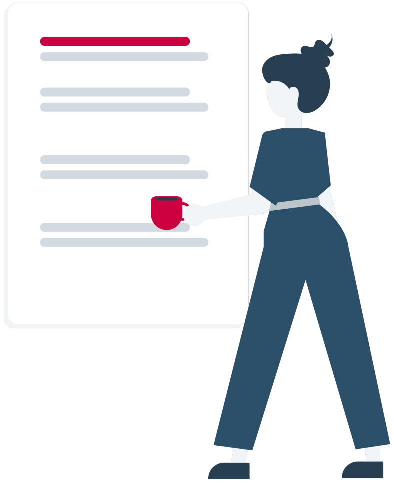
- **Editors**

  The editorial teams at publications and media houses are directly responsible for the content that the company produces. The editorial team (in most cases) has full control on what they choose to research, write, and produce.

  Most of the time, when producing articles and content on products, like reviews or listicles, they are independently selecting these products and not writing specifically to appease brands or companies. It's important that editors retain this unbiased approach as readers place their trust in editorial agnosticism.

It's important that editors retain an unbiased approach as readers place their trust in editorial agnosticism.

- **Commercial teams**
  Commercial teams work with their editorial teams to forge partnerships with brands the editors choose to cover in the commerce content they produce. They look for the most attractive contractual offers across affiliate programs and networks, and configure affiliate links based on who can maximize their page's yield.



For instance, for a comparison article featuring different espresso machines, the commercial team may have a varied set of affiliate programs from different retailers, from big marketplaces like Amazon, eBay, and Target to more focused home, appliance, and consumer electronics retailers like Best Buy and William-Sonoma, to choose from.These retailers' affiliate programs may exist across independent programs on SaaS platforms, like Impact's, or programs run by affiliate networks.

Generally, the commercial team will look at a number of variables, from the retailer's pricing and promotions for the product, to their historic click-to-conversion rate, to their (hopefully optimized) mobile experience to their commission rate. They then leverage commerce content automation tools such as Trackonomics to control who their affiliate links send their outbound traffic to.

CHAPTER 6

A publisher's big question: How do I develop a content partnerships strategy?

Content partnerships can be far more effective than traditional advertising for publishers given the sophistication of the modern consumer. While traditional advertising can be easily affected by an advertiser's buying decisions and the fluctuation of CPM prices, content partnerships are a steadfast and reliable channel capable of providing revenue through thick and thin.

The ultimate goal is to generate revenue by monetizing the audience you have already worked so hard to build.

By working with brands and merchants, you can provide your consumers with premium content and the ability to buy products that you choose to stand behind directly from that content.

The right tools to build your content partnerships

Building partnerships step-by-step can seem like a tedious task, but the right technology can turn it into a scaleable, efficient, revenue-generating machine. Whether you are looking to grow an existing program or considering starting one from scratch, a partnerships platform can help you make the most of your plans.

1. Connect with advertisers

One person or even a single department filtering through infinite potential partners? A complete time-suck. Using technology to help you gain access to thousands of brands and enterprises and the ability to work with them all from one place? That's the power of the right centralized tool.

2. Earn additional revenue

Yes, it really can be that simple. Working with a platform tool can empower you to facilitate additional streams of revenue and earn bigger chunks of revenue from advertisers compared to the advertising supply chain, where revenue is siphoned off by adtech middlemen.

3. Understand your total value

Using advance tracking and consumer journey insights, you're able to determine the value of your partnerships and the ability to provide context and data to bolster contract negotiations. For example, conversion data that was being passed to [Ziff Media Group] allowed them to see exactly where in the funnel each type of content they produced would be the most effective.

4. Get paid faster

In the traditional adtech world, you as the publisher are often the last to get paid, with some cycles stretching as long as six months or more. With a platform in place that cuts out the additional, unnecessary parts of the supply chain, you can get paid as fast as the brand can work.

In the end, it all adds up to this:

The future of traditional advertising may be up in the air, but one thing holds true: good content produces good results. And publishers who know how to leverage partnerships technology with a centralized platform can stay ahead of the competition and deliver exactly what their audiences want.

About Partnership Cloud

Impact's Partnership Cloud™ provides an integrated, end-to-end solution for managing all of an enterprise's partnerships throughout the world.

From discovery, recruitment, and contracting to tracking, protecting, and optimizing — through the entire partner life cycle — the Partnership Cloud helps you drive revenue growth from every type of partner, including traditional affiliates, influencers, strategic partners, app-to-app partners, premium publishers, and more.

To learn more, please visit https://impact.com/partnership-cloud/ or contact grow@impact.com to schedule a free demo.

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