

Commerce content providers and the new digital paradigm



Profile of a Commerce Content Publisher

As opportunities for generating revenue from direct-to-consumer online sales have grown, many publishing companies have created differentiated units to focus on commerce content. Separating them creates a distinction relative to traditional revenue creators such as subscriptions or advertising, while establishing a pool of specialized resources.

For the purposes of the survey, **“commerce content”** was defined as digital content published by an independent media organization that offers readers an opportunity to discover and learn more about the goods and services that the media organization’s editorial team stands behind. The content may include **product reviews, gift guides, how-to guides, buyer’s guides, and product comparisons**, among other formats. Commerce content monetizes this content through sponsorships and affiliate links.

Survey respondents were screened for their knowledge of their organization’s commerce content business, and 87% say they have a dedicated commerce content team (consisting of at least one person). The rest tend to assign staff from other publishing functions to work part-time on commerce content.

The scale of commerce content operations varies widely across the industry, reflecting different strategies for pursuing this revenue source. The number of active brands ranges from one to 500. The median firm has about 150; 22% have 30 or fewer; about one-quarter have 300 or more.

But only about half of these dedicated teams say they carry out each of seven specific tasks included in the survey. The most common are content creation (53%), managing content distribution (53%), and creating and developing content ideas (51%). Not far behind are the remaining tasks including analyzing performance data (50%), developing/managing brand (47%), identifying/researching partnership audiences (45%), and identifying/researching brands (44%).

Additionally, only 11% say their commerce content team carries out all seven activities, and fewer than half (47%) report conducting at least three of them internally. Respondents from the largest companies are more likely to report that the commerce content team conducts nearly every activity.

Much of the apparent outsourcing is likely conducted within the publisher’s organization, but outsourcing to freelancers or independent firms has been shown by other studies to be a growing aspect of the broader content marketing industry.

The figures are nothing short of astounding: In 2020, more than 2 billion people—that’s every fourth person on the planet—bought goods or services online, spending \$4.2 trillion in the process.

The COVID-19 pandemic certainly helped spur the 25% increase in digital commerce over the course of the year, but this profound change in the way people shop may very well be permanent.

The explosion in digital commerce has coincided with a huge demand for reliable intelligence about the online marketplace. Consumers are displaying a voracious appetite for trustworthy information and insights. As a result, digital publishers are feeling the need to scale up commerce content programs—and monetize them more effectively. This has spawned an array of new strategies, such as creating original content types and formats, establishing new partnerships, and seeking more distribution channels.

To gain insights into the strategies and tools that publishers have found most effective for driving growth in commerce content, in June and July of 2021 FORTUNE Brand Studio and impact.com conducted a survey of 200 digital media executives and professionals from around the world and interviewed additional executives who offered expertise in this area. The results of the survey and these conversations helped identify the best opportunities for organizations looking to enhance their commerce content strategies.



According to our survey, digital publishers are bullish about their business. Over half (57%) expect that revenue from commerce content will grow by at least 25% each year for the next two years. Some respondents are even more optimistic: Thirty-two percent of them foresee an annual growth rate of more than 50%.

The ROI on Commerce Content



45% Higher Total Revenue



41% Improved Cash Flow



34% Increased Profit Margins

The executives' confidence is well supported by solid financial returns resulting from their commerce content programs. They cite higher total revenue (45%), improved cash flow (41%), and increased profit margins (34%) as the top three financial gains they've derived from these endeavors.

Chloe Reznikov, general manager of commerce content and strategy at media conglomerate Meredith Corporation, can attest to the power of commerce content. "Over the past three years, Meredith has seen more than 100% year-over-year growth in revenue [thanks to commerce content]," she reports. "During the 2020 holiday season, Meredith drove \$35 million in Prime Day sales and \$36 million in Black Friday/Cyber Monday sales via our commerce content program."

The Benefits of a Partnership Economy

Our survey also indicates that commerce content generates indirect benefits for digital publishers.

Commerce Content Has Indirect Benefits for Digital Publishers

45% say that it makes their own brands more recognizable to the public

40% say that their digital content keeps their audiences more engaged

36% say it expands their audiences



Rewarding readers deepens your relationship with them

Existing relationships with brands are also improved: More than one-third of respondents say this is likely because they provide links or offer incentives such as coupons to direct readers to brands' websites. Significantly, too, more than one-quarter of respondents say that commerce content gives them greater access to audience data and insights—a trove of valuable information in an age where data-fueled customer experiences

are paramount. What's more, the impact of commerce content on sales becomes more transparent as analytics become more refined and available. As a result, more companies are recognizing the power of commerce content and attributing these indirect contributions to sales.

These growth statistics and the benefits identified in the survey data indicate that commerce content has come of age, says David A. Yovanno, chief executive officer of impact.com. He points to the fact that one major global retailer, which partners with Wirecutter, the *New York Times*'s e-commerce vertical, has seen its revenue expand year over year by more than 470%. He

One global retailer has seen its revenue expand 470% YOY

credits commerce content, which he says has clearly edged out advertising as the go-to source for authoritative advice when consumers are ready to buy.

“When mass media first started—a time of few channels and choices—the consumer was never really respected,” Yovanno says. “Advertisers dominated the entire experience. Those days are over: Now brands have a challenge—and quite frankly, an opportunity—to recognize and appreciate that today’s consumer will source information and make buying decisions in their own way. They are in full control.”

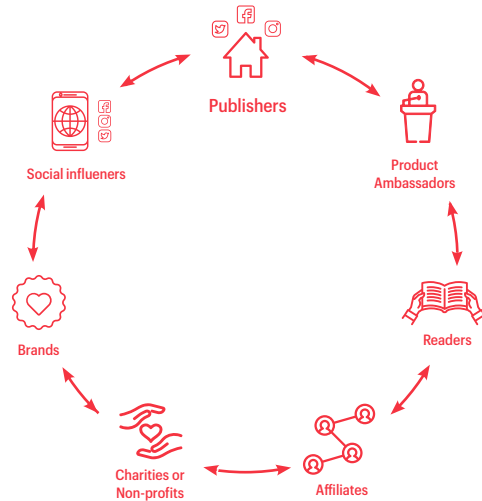
In his view, there’s a reason commerce content is such a powerful tool for cultivating and growing audiences. A dynamic exchange of information in real time engages people online at a visceral and often entertaining level. They’re looking for genuine connections—something advertising can’t provide or compete with.

Still, he warns, commerce content is only effective when both the publisher and the content provider keep their voices authentic. Trust is foundational. And when that trust is secured, publishers, influencers, affiliates, and readers come together to create what he calls a “partnership economy,” which is made up of the people, services, and technologies that enable entities to generate revenue by working together.

Typically, these include brands, charities or nonprofits, affiliates, social influencers, product ambassadors, and more. They create a loop of collaborations and synergies in which all parties receive payments or other incentives for their expertise, influence, and authority.

The partnership economy depends on leveraging trusted relationships with specific customers or audiences, using all available technological means. For example, if the makers of cookware want to grow their customer base, they might partner with a popular chef with a strong digital and social media

The Partnership Economy



presence who is willing to vouch for the cookware’s quality. Technology, which can be harnessed to identify overlapping consumer interests, exposes these potential synergies and partnerships. The effect is exponential, and the goal is clear: to attract new customers for everyone involved.

“Our partners are key to our growth,” says Leilani Han, head of business development and partnerships at Wirecutter. “We work with merchants who are as focused on customer service as we are on reader service—that’s the key to our mutual success. [What] we bring to the partnership [is an] ability to drive new customers, deliver higher than average order value, and [provide] the stamp of approval that comes with winning share of voice. Wirecutter doesn’t only drive conversions—it’s an indicator that the merchant is prioritizing a shopping experience with the reader’s best interests in mind.”

It’s evident that once trust is established, the partnership economy almost guarantees that trust will be maintained. All parties in the partnership earn loyalty and respect when commerce content is reliable. Conversely, everyone stands to lose market share when it isn’t.

Against this backdrop, as the partnership economy evolves, respondents say their profit margins have become bigger, business volatility has decreased, and nearly 90% expect online direct-to-consumer sales to grow. Seventy-eight percent of the respondents also say that commerce content will contribute to a larger portion of their publishing revenue in the future.

The Return on Trust



Share Data to Strengthen Partnerships and Drive Growth

Partnerships flourish when members of the alliance share appropriate data about clicks and conversions that bolsters all their interests. For their part, publishers are becoming more sophisticated about accessing value from the data their commerce content generates. About one-quarter of the firms represented in the survey (27%) are using at least four monetization methods, suggesting that they have succeeded in negotiating with brands beyond the traditional percentage of referred sales. Still, nearly one-quarter of the respondents continue to use just one monetization method.

Hanan Maayan, CEO of Trackonomics, an impact.com company that offers a data management platform for publishers in the commerce content industry, says that when properly applied, the latest technological tools are highly effective in helping publishers use the data they gather to explore other means of monetization and to shape editorial material. Information such as article tags, headlines, bylines, the date a consumer accessed a story, and how the consumer was referred to it can be gathered with every click. Publishers can then look at this data in the context of site traffic, search engine optimization effectiveness, and more, to get a 360-degree view of a piece of content's performance.

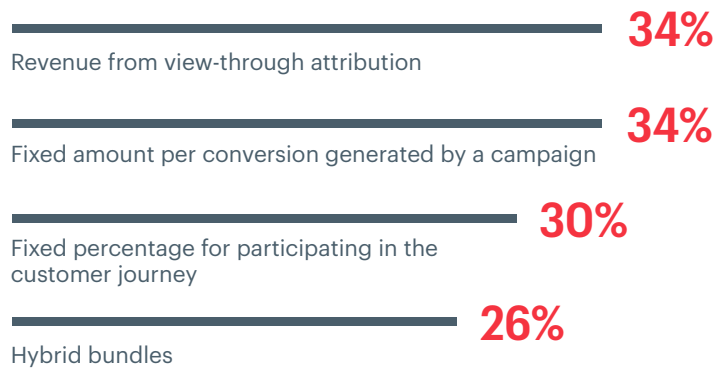
"The latest technology allows publishers to get granular statistics on every article, review and page," Maayan explains. "This can be extremely useful in helping publishers decide what kind of writing they'll feature and help point them to potential partners across all segments and platforms."

Data Preferences Vary by Job Function

Respondent preferences for tools to assess audience interests tend to be strongly influenced by their job functions, reflecting the diverse challenges each group faces. For example, professionals engaged in business strategy/analytics are most likely to say that third-party audience data (45%) is most effective, but only 14% of marketing/sales specialists agree. For their part, marketing/sales people strongly favor brand sales data (57%), whereas only 30% of creative/editorial/media specialists feel that way.

The survey suggests that publishers are prepared to take advantage of these tools and have broadened their monetization techniques. While a percentage of referred sales (41%) remains the most common means of monetization, roughly one-third are using several other methods, especially those that capture contributions to a campaign prior to the last click.

Other Monetization Methods



"Data is at the core of many decisions, including but not limited to content coverage, optimization, and digital products," Han of Wirecutter says. "It's an incredibly important signal for us to understand whether we are delivering on our mission of being as helpful as possible."

Monetization Techniques Vary by Country

The uptake of monetization methods varies by country, which may, to some extent, reflect differences in data privacy regulations. Methods that pay for referrals as a percentage of revenue from sales are more common in the United States than in the United Kingdom, Australia, or Germany. This includes the percentage of revenue from referred sales, revenue from view-through attribution, and hybrid bundles. Conversely, respondents in the U.K., Australia, and Germany more frequently report using fixed percentages, per-click referrals, fixed-fee sponsorships, and white label content.

This difference in revenue sources may explain why U.S. respondents are twice as likely as those in the U.K. to report increased profit margins (50% vs. 24% respectively). On the other hand, U.K. respondents more frequently point to improved relationships with brands (50% vs. 38% in the U.S.), and Australian respondents are slightly more likely to report improved access to audience data and insights (34% vs. 30% in the U.S.).



A Unique Content Strategy Will Differentiate Your Brand

Today, it is easy for competitors to use available technological tools to monitor a successful publisher's site, study the content, then emulate it. Publishers can help prevent content poaching, says Bryce WidELITZ, vice president of publisher innovation at impact.com, by defining the parameters of their own brand. "A publisher's unique content strategy is its differentiator," he says. "Having a well-delineated niche makes it harder for poaching to happen."

The Role of Data

Another major obstacle to scaling, according to publishers, is overreliance on one or two merchants that generate an outsized portion of revenue. Analytical difficulties in measuring content-level revenue is also a potential issue. However, both can be addressed with improved data-collection technology. With more data about their audiences, publishers can use it to attract a larger base of merchants.

Even with growing merchant bases, maintaining profitability at scale can be a challenge when it's hard to know what turns a click into a sale—an ongoing question that's difficult to answer, says Yovanno.

"There's no hard and fast rule," he stresses. "We can provide all the data insights and all the tracking capability for brands and their agencies. But they have to make their own decisions about how they're going to attribute credit for sales. For example, we have clients who pay differently for new versus returning page visitors, if an influencer was involved, and whether there was an earlier touchpoint."

What digital publishers do know, however, is that relevant content directed at the right demographic determines the success of their commerce content endeavors. Analytics can identify nuances such as how or why a person has landed on a site. When aggregated, it helps publishers determine if incentive strategies

like coupons, discounts, or special offers result in purchases. "Sometimes people go online with a specific purpose—they want advice on the best mattress for side sleeping, for example," says Katy Peer, head of content marketing at SellWell, a real estate firm. Peer was formerly the director of the StackCommerce Brand Studio, a hub of freelance writers that produces hundreds of commerce articles. "Those people aren't necessarily looking for a deal. By contrast, with content that you're not searching for—stuff that pops up on whatever you're reading that day—you're likely attracted by a sale, a discount, a unique attribute, or something you haven't heard about before. But in every case, there needs to be a strong storyline that's catching your eye, bringing you in, and encouraging you to purchase."

Publishers use a variety of data-driven techniques to target commerce content to the most interested audiences, the most effective being: search engine data (42%), brand sales data (41%), and audience surveys (40%), according to our survey.

WidelITZ, who helped launch CNN's commerce content vehicle Underscored, adds that the effectiveness of commerce content is often a matter of determining which brands are resonating with readers.

"Brands with high conversion rates are visibly popular with your audience, he says, "so they should probably appear in more content."

As well as catering to their audience's interests, publishers must align their content with brand marketing strategies. Two approaches stand out as their top choices, showing highest agreement levels (strongly agree/somewhat agree) with the following statements: (1) evaluating existing channels to identify opportunities for integrating content for new brands (86% agree) and (2) creating new content relevant to prospective brands (79% agree).

A substantial minority (35% agree strongly) also say they experiment with different types of content. They also calculate audience interest to pursue brands their viewership wants to see featured.

"Many major platforms favor original content, as do social platforms, where new trends and fresh, exciting content catch and hold readers' attention," says Meredith's Reznikov. "Even when it comes to evergreen buying guides, it's important that the products and services remain relevant."



Timeliness Is Critical

As they expand operations, commerce content publishers are scrambling to keep up with shifting audience preferences. The survey findings suggest an ongoing need for timely, event-focused content. Respondents rank sales and special discounts as the most effective means of engagement, along with custom deal-specific content and seasonal/event-focused content. Search engine rankings and trend analysis—both methods of tracking rapidly changing interests—are ranked in the top four. Notably, however, newsjacking/current events is near the bottom of the list, along with evergreen articles.

“Timely content is extremely important for a few reasons,” says Widelitz, “One is how easily a story can be searched. Search engine algorithms prioritize content that is regularly updated, so something that was written a year ago will be deprioritized because it’s no longer relevant.”

Widelitz also says fresh copy can be important from an audience perspective.

“Things change,” he points out. “The item case you reviewed six months ago may no longer be the best one on the market. And because you want to keep your audience coming back, it’s really important to be ready when a new product is announced so you can be the first to evaluate it.”

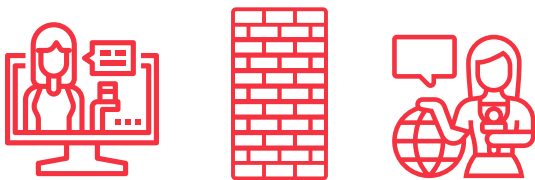
At the same time, says Han: “We update our content and publish new articles daily, but we’re very deliberate in the purpose for which they are written, rather than simply trying to trigger a new time stamp to game SEO rankings.”



Professionals in creative/editorial/media specialties are more likely than other respondents to react positively on this issue. Nearly all (91%) say that they focus on ensuring that their content is authentic and relevant, so audiences won’t be concerned about conflicts. Creatives are also more likely than all other job functions to say that they maintain a firewall between editorial and commercial content (91% vs. 83%).

“Our credibility in maintaining a strict separation between editorial and business interests has absolutely been the key factor in our ability to drive sales to our merchant partners,” says Wirecutter’s Han. “Our readers are very savvy, and we’ve been successful in being primarily supported by affiliate revenue from day one because of their trust, so it’s critical that we create meaningful content that isn’t compromised by business interests.”

This approach is generally shared by survey respondents: Only one-third of publishers polled say the leaders of their commerce content teams report within the editorial hierarchy. More commonly, they report to a revenue or marketing executive. In fact, over a third of respondents say that promoting collaboration between commerce content and ad sales (i.e., revenue and marketing) is their preferred strategy for expanding the commerce content business.



The Separation of Church and State

Digital publishers seem to have largely resolved the issue of balancing the perceived conflict between editorial and commercial objectives. The vast majority agree that their focus on authentic and relevant content means that audiences are not concerned about this potential conflict (84%). What’s more, respondents agree that they maintain a firewall between editorial and commercial content (85%). In part, this reflects the fact that 70% say that their commerce content business is managed outside of the editorial team’s purview.

The Scale Challenge

Most respondents express one concern, however—their ability to function at scale. Efforts to find and secure their audience niche, to have that audience grow, to gain a meaningful presence on critical platforms, and to improve their margins can take a demanding toll on their time and capital. As well, operational challenges in creating and maintaining optimized affiliate links and difficulty establishing effective partnerships with merchant brands are both cited by 25% of respondents.

Publishers can face down those challenges by offloading some of these responsibilities to number-crunching services, says Maayan of Trackonomics. “This frees them up to put their scaling energies into ensuring their affiliates deliver superior content—the best use of their resources.”

Time and resources required to develop new content (33%) is the top mention keeping respondents up at night. The following five obstacles mentioned carried equal weight, averaging 26% of respondents, and included a mix of various concerns, including content poaching, overreliance on a few vendors generating most of the content, difficulties measuring content revenue, operational challenges in maintaining affiliate links, and conflicting needs with partnering merchants.

Difficulty getting senior management buy-in to invest (18%) and culture clashes between commerce and editorial (16%) are the least-mentioned obstacles to growth.

Meeting the Data Shift

For years, third-party data that cookies provided was the primary way that brands tracked, targeted, and courted consumers. But large internet companies are phasing out cookies. This presents an opportunity for digital publishers, who have access to highly valuable first-party data that they can share with brands, allowing them to expand at scale by using the intelligence already residing in their systems. And they are poised to take that opportunity. Some 78% of survey respondents agree that in the future, commerce content publishers will find ways to make more effective use of third-party data.

So what’s the path forward?

The strategic path to growth features the key ingredient of collaboration as a move in the right direction. Among survey respondents, the top growth strategies include promoting collaboration between commerce content and ad sales teams (35%). This was followed by refreshing content based on contemporaneous data about consumer behavior (34%) and introducing direct-to-consumer sales (33%). Only a quarter of respondents point to using paid acquisition or syndicating or licensing content to merchant brands.

Also driving growth is the study’s other recurring theme: relevance. Tools that help publishers personalize content (32%) and track user identity (30%) were reported as contributing to successful efforts to scale.

Skills that Drive Commerce Content Success



35% Marketing skills for brand-building



34% Partnering skills to manage more brands



33% Collaboration skills to build more effective partnerships



31% Sales skills to make deals for complex offerings

Conclusion:

Commerce Content Should Be a Business Plan Imperative

The survey insights have shed light on the industry shift away from traditional advertising and toward commerce content initiatives where its benefits have been acknowledged. Digital publishers are recognizing concrete benefits and prodigious revenue boosts, even as they stretch to adapt to evolving conditions in the field. But adapting is key. Staying on top of new opportunities, potential affiliations, and emerging markets will prove to be the difference between success and failure in this market.

Publishers can meet the challenge in the following ways:

- **Ensure monetization efficacy.** Cultivate small-scale and big-name influencers and publishers to drive awareness and traffic to your commerce content. Five hundred people with 100 followers can generate just as much traffic and, hopefully, sales as one person with 50,000 followers—and maybe even more.
- **Create commerce content relevant to prospective brands.** The more clearly you distinguish yourself as a publisher, the more you will attract a well-defined audience, which will in turn attract lucrative brands.
- **Grow your audience/readership.** Seek and find the best affiliates and influencers in your domain who can tap into large audience pools of their own to further support your reach and credibility.
- **Upskill your sales team.** Or hire outside channel experts who know how to attract readers to specific commerce content vehicles. Some 31% of respondents indicate they need to upgrade sales approaches to keep up with emerging channels.

The most important advice of all is based on two recurring themes throughout the study:

Remain authentic and be relevant.

Keep your voice authentic, as it's foundational to trust to help keep the "partnership economy" intact.

Stay close to the data — and use it to inform strategy.

The rich information provided by your analytics partner(s) will help you come up with strategic plans. It can help define which brands have a natural synergy with your content and suggest cross promotions that can expand your partnership ecosystem. Audience data can help you understand what commerce content is resonating best, which can inform your overall content strategy.

The accelerating growth of commerce content is irrefutable evidence that the partnership economy is here to stay. The question, now, says Yovanno, is whether publishers are equipping themselves to take full advantage of the rapidly evolving e-commerce landscape. The key, he believes, is to keep a constantly trained eye on your niche, your viewership, and your commitment to honest reporting.

"Think about your audience before you decide to partner with a brand or advertiser," says Yovanno. "Sure, they may be willing to give you a big commission for driving sales, but if it's not a product you can stand behind, or if it's not enhancing your existing content or resonating with your readers' lives, they aren't going to buy it and they aren't going to trust you. A great partnership is one that makes sense, pure and simple."



Methodology

FORTUNE Brand Studio and impact.com conducted an online survey of 200 executives and professionals in digital media publishing companies in June and July 2021. All respondents were located in the United States, the United Kingdom, Germany, or Australia. Job functions represented include analytics/business strategy, commerce/business development, creative/editorial/media, and marketing/sales. At the time of the survey, all respondents were actively involved in commerce content creation or distribution.

