

Ad Tech Inquiry

Australian Competition and Consumer Commission

Issues Paper Submission: Star News Group

Introduction

Throughout its more than 110 years history Star News Group, a small independent family owned news media business, has always connected with people and communities and is proud of its commitment to both clients and readers. Star News Group has always been committed to the communities it serves; reflecting the opinions, lifestyles, aspirations, concerns and personalities of the community and helping to grow the businesses of its many advertisers. The company has 21 news mastheads, numerous specialty publications and websites, all focussed on its communities offering a platform for informed public debate and proud to be producing hyperlocal public interest journalism that usually no other medium in those communities provides.

Please accept this written submission to the Ad Tech Inquiry regarding issues and potential solutions in Australian ad tech and ad agency services markets.

Comments:

1. Our scale as a small publisher has made it difficult to master the technology of today's modern ad tech.
2. The scale of search and social providers is so large and ours so small comparatively this has meant that we have had little or no contact or voice with Google or Facebook in relation to monetising our content. As of today, we have developed a dialogue with Google through the Google News Initiative and this has opened new opportunities to learn and grow, but has not provided any meaningful benefit as of yet in terms of the value exchange. With respect to Facebook we have no connection other than as a customer or user of the platform. Interactions with Facebook as a publisher are largely non-existent or take place using online forms or reading their blog.
3. Regarding Facebook, we are limited to reselling their on-platform products as a third-party sales agent and we do this to help pivot to digital. Otherwise the FB platform is very restrictive for allowing publishers of content the ability to monetise content promoted on Facebook. Careful adherence to the Facebook terms and conditions is necessary to avoid the risk of being removed from the platform. Placing advertising on our social channels is prohibited under Facebook's terms and conditions of use.
4. Normally learning about how to use these Ad Tech platforms as a small publisher is relegated to using a search engine, online knowledge base or discussion board to try to learn how to utilise the platforms.
5. Over the years Ad Tech software has continued to evolve and become more user-friendly, however the skills required to maintain competence for the users is always a challenge when we consider our scale makes having internal Ad tech expertise impossible to afford. As such knowledge and expertise is best described as "best-effort" as opposed to our desire for "best-practice". Very recently Google has reached out to a select group of eager small publishers to offer some Ad tech

auditing of our processes with the aim of assisting in helping to optimise our environments.

6. Our small scale makes it impossible to effectively develop our own in-house ad trafficking tools and therefore we have adopted Google Ad Manager in order to traffic online advertising in our markets.
7. Programmatic advertising has become the norm and this has driven down ad CPM's to the point where selling local direct campaigns is difficult and unprofitable. As a small publisher this has added pressure on our ability to pivot our advertising customers to digital as the value of our inventory is diluted to the point where it is difficult to employ staff to produce content for an online audience based on the very small amount of revenue that is possible from selling our display advertising across our web sites.
8. Local advertisers in some cases have shifted their online spend to paid search, programmatic for display and social media to reach audiences. This has driven the potential for monetising our online traffic into a model that is largely unsuitable without the revenue from our print advertising channels.
9. Across our group the value of online display advertising as a percentage of total revenue would be less than 10%. In some of the communities we serve the combination of pressure on advertising spend is such that our revenue from online display is less than 1%.
10. We, like many small publishers have opted into providing advertising through the Google AdSense network. Within GAM it is possible to make the unfilled inventory available through the Google run AdSense network. This has been a blessing and a curse. The unfilled inventory sold through AdSense is paid on a per click basis (CPC). However, the per click is exactly as it is described and the publisher is effectively only compensated for the click. What this means is an advertiser is effectively benefiting from the branding campaign running on the web sites for FREE and only when the ad is clicked is any value exchanged for the publisher. This means ad impression rates are zero \$ CPM and zero \$. This in turn has contributed to the deterioration of the value of the inventory and ignores the value that branding provides for customers. AdSense uses the term Impression RPM and this is meant to reflect the impression revenue per thousand impressions (RPM) is the average earnings per one thousand impressions of viewable ads, but the result is the revenue earned from these network ads are very low. Again, we are grateful for even small amounts of revenue and the simplicity that AdSense provides, but the commission seems high considering the level of automation utilised during programmatic buying.
11. The trafficking software, GAM is incredibly powerful, and as a small publisher we benefit from access to the platform, however configuring, optimising and maximising the system to deliver effective display advertising has proven difficult when we consider the complexity of delivering to the multiple screen sizes: desktop, tablet, mobile and apps. In general, the knowledge and skills found amongst small publishers in mastering GAM has only come from trial and error. It is true that a paid premium GAM version with support is available, however added expenses for the software have proven difficult to afford for small publishers.
12. We have recently entered into a partnership with an ad agency that specialises in providing a seamless pathway to our online inventory and the project to configure our web sites is underway, however the initiative is largely intended to support advertisers that are only able to afford to execute online campaigns where the inventory can easily be accessed and booked, however CPM rates for these campaigns continue to be very low.
13. The utilisation of data that captures audience behaviour has largely eluded us due to the lack of knowledge, experience and resources available to develop expertise in the space.

14. The audiences we serve are typically described as local, community or even hyper-local. Where agencies are looking for mass audiences, we often fall short with small overall online audience figures. Thus, making the value of CPM campaigns very low. The combination of small audiences and low CPM's makes providing public interest journalism an even greater challenge. Our journalists and photographers still have similar wage costs and expenses; however, the cost is so much more difficult to support with so little of the online revenue spend available.
15. In almost all of the instances our weekly community newspaper publications are free to the communities we serve. Our audiences have shown a great desire to consume our content online, but little willingness to pay for online subscriptions. Just one of our publications has a cover price and after more than 5 years after offering the paid digital edition our subscribers online for this product remain at less than 3% of the paid readership.
16. It is often suggested we place a paywall between audiences and our online content, but again because our publications are intended to serve the public good and provide a maximum benefit for our online display advertisers it is in the best interest of the online presence to maintain the same free access to that provided by our printed editions. Again, in the one instance where we have a publication with a cover price, we have only seen a modest uptake of the online subscription using our Leaky Paywall which provides for a number of free stories per month before a weekly price of \$1 is charged. Revenue from online subscriptions average less than 1% of the monthly revenue earned from the print product. In our experience only the most successful content products backed by the largest global publishers have been able to effectively monetize online subscriptions.
17. Our next initiative will be to ask our audiences for online donations to help support our core service which is public interest journalism.
18. Much discussion has been made about the impact that algorithm changes can have on publishers. For small publishers the complexity of these aspects of online are beyond the resources we have available to understand, prepare or adapt to changes that might impact our business in a negative way and with no recourse.
19. Similar changes to Facebook feeds and the policy or algorithm used by social platforms may impact our online traffic in a negative way and without any input or ability to defend against practices that make us both dependant on the social platforms for referral traffic, but also at risk should the platforms choose to make changes that have a negative impact on reaching audiences putting further pressure on our changes of sustainability.
20. We do benefit from search and social driving traffic back to our properties, but the reality is the juggernauts have made us dependent on these platforms that have been globally adopted and where the exchange of revenue has continued to dwindle for small publishers. The global platforms have enjoyed unabated access at our expense and disadvantaged us due to our inability to compete at scale.

Solutions:

As a small publisher in Australia we seek to work productively with the ACCC, search and social platforms to find an effective solution that is of benefit to our audiences and forms an approach that builds a more sustainable future for publishers and public interest journalism.

It is our belief that the combination of a **value exchange**, **technology** support and **digital training** in partnership with search and social alongside meaningful dialogue will see a result that is fair and in the best interest of the public.