

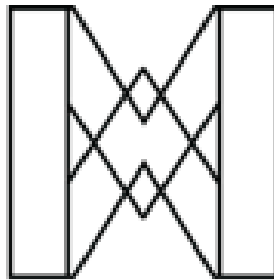
**Programmatic
Advertising for SmartWork Media**

Proposal by Sailee Sarangdhar

**A thesis submitted in partial
fulfillment of the requirements for the
Master of Science Media Management Program**

THE NEW SCHOOL

May 15 2017



CAPSTONE
MEDIA MANAGEMENT



Name: Sailee Sarangdhar

Capstone Project Title: Programmatic Advertising Proposal for SmartWork Media

Project Type: Management Solutions Research

Personal Goals: This project combines Sailee's interest in the changes occurring in the digital advertising landscape with wanting to help smaller publishers learn how to leverage their audience and digital ad space to create a steady revenue stream.

Capstone Project Goals: To help SmartWork media to further monetize their digital assets and sell remnant inventory. The company will have a better understanding of what their peers and competitors are doing for additional revenue streams and options for implementing programmatic advertising to their digital business model.

Audience: The SmartWork Media Management Team

Professional Profile: Sailee Sarangdhar is an experienced media professional with a background in journalism, public relations and content creation. She was previously Head of Content Marketing at Taskworld, a project management application based out of Bangkok Thailand and was Editorial Assistant for the Prism Content Factory, a brand under James Walter Thompson. She has Bachelors of Business Administration from Mahidol University International College Bangkok and a Masters in Media Practice from The University of Sydney.

Career Goals: To be a well-rounded marketing professional with an understanding of new digital advertising techniques that help publishers monetize their digital properties.

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EXECUTIVE SUMMARY

Steady declines in print advertising revenues are compelling traditional publishers to increasingly focus on digital mediums. Audiences value the immediacy and portability that digital content provides. Due to the capabilities of the digital environment, advertisers have the ability to uniquely target audiences using technology.

The introduction of programmatic advertising technologies in the last five years represents a significant advancement in how ad space can be packaged by publishers for clients. Programmatic enables the buying and selling of ad space inventory in a split-second, real-time bid. This allows advertisers to place the ads in a targeted environment based on the audience's profile and timing. This dynamic method of advertising can be highly rewarding for both the advertiser and publisher.

Legacy media brands such as The New York Times, News Corp, Hearst, and Conde Nast have implemented programmatic technologies to automate the monetization of their digital properties. Seeing this opportunity, small to medium size publishers like SmartWork Media are considering the benefits of applying this programmatic ad technology to potentially tap into a new source of revenue.

Publishers like SmartWork Media face the challenge of exploring this new technology for potential integration. For this reason, many publishers choose to work with independent programmatic service providers. These companies purchase and

bundle smaller to mid size publishers' inventory and directly sell them to advertiser. They also oversee all technical aspects of the transaction.

This proposal to implement programmatic advertising includes an assessment of viable options along with actionable recommendations for the management team at SmartWork Media. Key factors in determining the management recommendations were based on achieving benefits which allow SmartWork Media to:

1. sell off remnant inventory to increase digital ad revenue.
2. gain access to previously untapped advertisers from other industries.
3. develop and offer clients new programmatic ad products.
4. learn more from working with industry experts and improve their overall digital strategy.

MARKET ANALYSIS

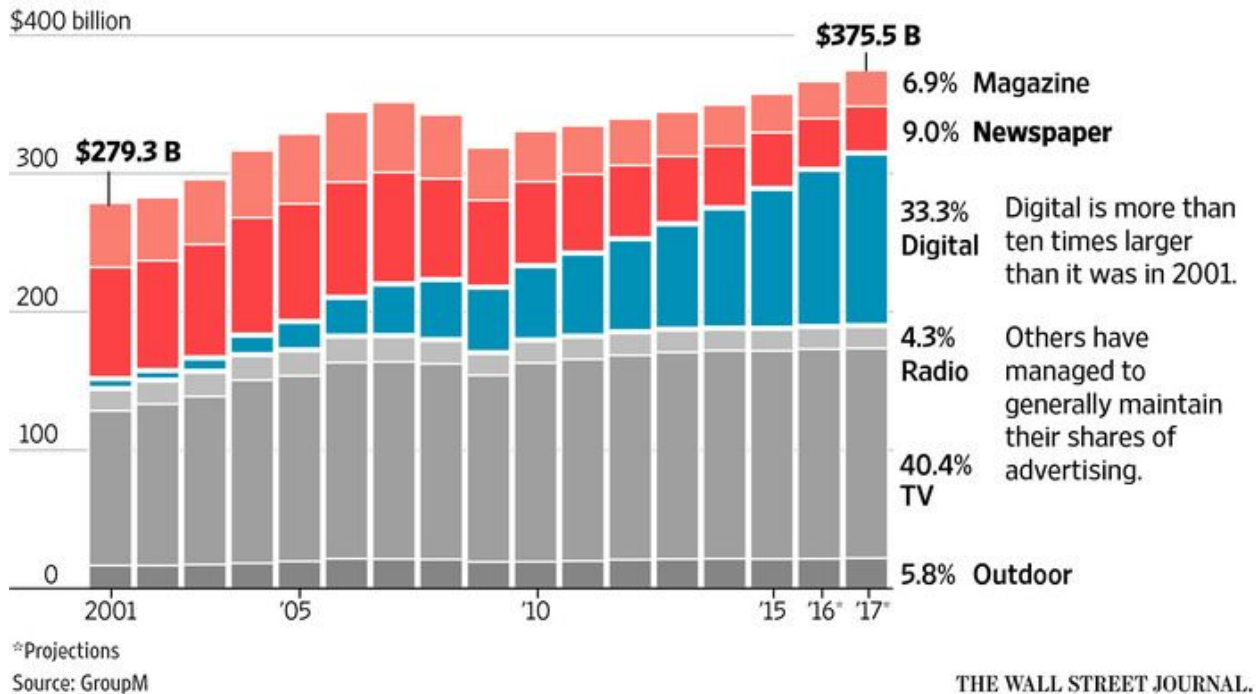
Decline in Print, Shift to Digital

The print industry has been experiencing a steady decline since the proliferation of the internet. Online media platforms offer audiences a much more advanced media consumption experience than was ever possible with print. Magazines only make up for 6.9% of global ad spending while digital accounts for 33.3%. As the digital medium has expanded to ten times its size from 2001, even the biggest legacy companies like NewsCorp, Hearst Conde Nast and The New York Times have allocated their resources to try and optimize their digital platforms.

Media Shifts

Newspaper declines in print advertising are accelerating, shrinking their share of media spending.

Global ad spending, divided by media share, inflation-adjusted



Source: Vranica, 2016

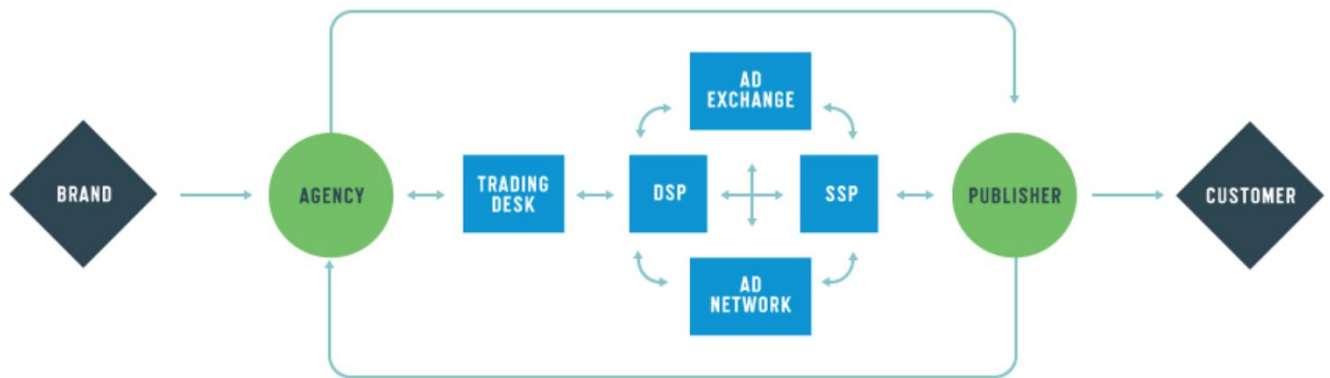
Programmatic Advertising

Programmatic media buying, marketing and advertising is the algorithmic purchase and sale of advertising space in real time. During this process, software is used to automate the buying, placement, and optimisation of media inventory via a bidding system. Automating the process means that it can be done in real time and does not rely on human touch, manual insertions or manual trading. (O'Sullivan, 2015)

This introduction of this technology has created an environment where a brand or advertiser is able to place their optimized digital advertisement in front of a targeted audience in the right context and at the right time.

Real Time Bidding

An ad is placed within a split second of an advertiser making a bid for inventory and a publisher displaying it to a user on its website.



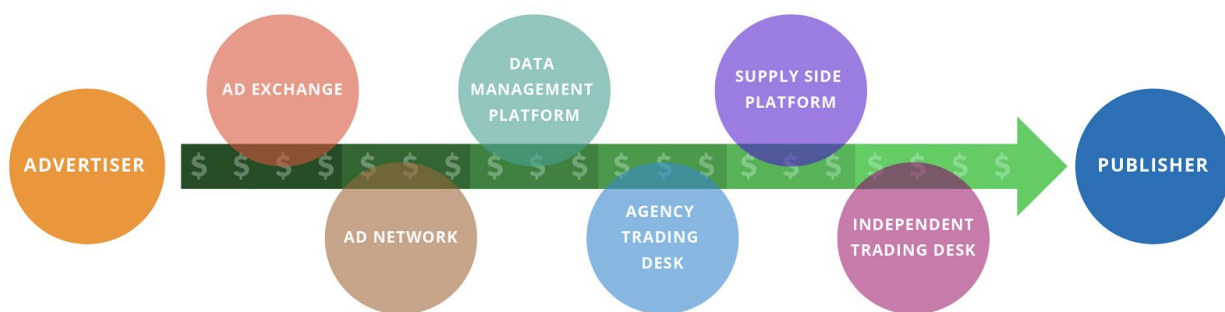
Source: Ackberg, 2017

The Programmatic Landscape

The programmatic advertising landscape is one that is still in flux. There are many players on the scene that provide similar functions at varying scales and levels of service and sophistication.

Programmatic Players

These are the various players in the programmatic ecosystem. Each player is an access point through which an advertiser is able to view, assess and purchase a given publisher's ad inventory and as such is entitled to a cut of the budget.



Source: Sailee Sarangdhar

Tools for Advertisers

One of the biggest driving forces within the industry is the advertiser's marketing budget. For this reason, the market is demand-driven and programmatic tools are focused on providing advertisers with highly granular targeting capabilities while running their campaigns. The publisher's role is to simply make their inventory available on the platform. Advertisers have quite a few options when it comes to selecting which of the enablers or what combination of enablers best suits them.

Ad Exchanges - These are essentially marketplaces where advertisers and publishers buy and sell ad spaces programmatically. Publishers make their inventory available and advertisers then bid for those ads, often in real-time, based on how much a particular visitor is worth to them.

Ad Networks - They aggregate inventory across multiple publishers and package it up, helping advertisers buy ads at scale more efficiently. However, they tend to be less sophisticated than ad exchanges.

Data Management Platforms (DMPs) - Advertisers use DMPs to collect, store, and leverage their first-party audience data. DMPs also aggregate data from third parties and make it available to clients to use in their advertising.

Demand Side Platforms (DSPs) - This tool enables marketers to bid on and buy ads from ad exchanges. There are a variety of these available to suit the advertiser based on their need for access to data, quality of reach and transparency.

Agency Trading Desk (ATD) - These are essentially the media buying and reselling arms of major advertising agency holding companies like WPP, Publicis, and Interpublic. ATDs reflect a mix of people and technology. While media is often bought programmatically using technology like DSPs and DMPs, it's then resold to advertisers as a managed service. (Breux, 2016)

Some of the biggest brand names in these services are Google, AppNexus, The Rubicon Project, Switch and Pubmatic. It should be noted that while these are big technology operations, their capabilities are still evolving and mostly keeping the advertiser in mind.

The online publishing scene is littered with innumerable small publishers that receive varying amounts of traffic to their websites. Providers of programmatic advertising technologies tend to have minimum traffic requirements when it comes to working with publishers. Because of such discrepancies, there are a gaps in the market.

Challenges for Small Publishers

The Scale Gap

The sizes of the players in the industry tend to vary. There are small, medium and large advertisers with their budget and the same goes for publishers with their audiences. It is important to note that while a given publisher might not have the numbers of impressions required to be considered by a platform, they might still have better quality traffic that would be able to convert visitors who have disposable income. Under the status quo, such publishers are unable to work with mainstream technologies because of their scale.

The Knowledge Gap

The relative newness of programmatic technologies has the obvious side effect of there being a lack of knowledge when it comes to their application, implementation and optimization. The advertiser has more incentive to try understand the system as they have the responsibility to try and maximize the number of impressions they receive per dollar spent. Publishers however, are less sophisticated when it comes to understanding how programmatic can be used to their advantage because there is so much inventory available on digital platforms.

The knowledge gap also presents a human resource management problem in the industry. As both sides learn more, there is a requirement for individuals that understand yield and campaign management, as well as have a hold on the technology aspect of these platforms.

Tools for Publishers

In order to alleviate the challenges they face in trying to selling ad inventory programmatically, publishers have some tools available to them.

Supply Side Platform (SSP)- This is a piece of software used to sell advertising in an automated fashion. SSPs are most often used by online publishers to help them sell display, video and mobile ads. They are designed by publishers to do the opposite of what DSPs do: to maximize the prices their impressions sell at. Similar technology powers both SSPs and DSPs. The idea is that by opening up impressions to as many potential buyers as possible — often through real-time auctions — publishers can maximize the revenue they receive for their inventory. Because of this, SSPs are sometimes referred to as yield-optimization platforms. (Bilton, 2015)

Independent Trading Desks or Market Makers- Market discrepancies allow for an additional kind of player in the landscape. These are firms that follow a leveraging business model. They purchase remnant inventory from a large quantity of small publishers, package and sell it to advertiser as a bundle, making a profit due to the difference in what they pay for the inventory and what they sell it for. They offer small publishers other services to help them make up for their audience size, unfamiliarity with the technologies and industry best practices.

It is important to remember that the programmatic landscape is still new and settling. The technologies being used by advertisers and publishers are still evolving. As a result change seems inevitable in the coming years as industry best practices,

processes and legislation all come into play. Taking this into account, it is in the best interest for small publishers to be early adopters of this technology.

CURRENT SITUATION

SmartWork Media is a New York-based media company that provides easy-to-understand business-building information to independent retailers worldwide. Currently, the company focuses on the production of three magazine titles, INSTORE, INVISION and most recently, Pets+. (smartworkmedia.com, 2017)

INSTORE is SmartWork Media's oldest title and is therefore the most well-known within its market. The magazine was first published in January 2002, and has since

garnered a reputation as one of the most noteworthy business to business jewelry publications. The magazine's content revolves around providing jewelry retailers with tips to improve their businesses as well as identify potential problems and discuss their solutions. INSTORE has a hardcopy circulation of 22,000 books per issue. (instoremag.com, 2017)

INVISION was launched in January 2014, and so is still a relatively new magazine both to the company and to its market where it faces older, more established competitors. It has however, managed to create a reputation as a prevalent eye care and eyewear business content provider to eye care professionals and retailers. They have a hardcopy circulation of 30,000 books per issue. (invisionmag.com, 2017)

PETS+ was launched in January 2017. The magazine provides business building content for pet store retailers, as well as industry news and solutions to their business issues. So far they have a hardcopy circulation of 30,000 books per issue. (petsplumag.com, 2017)

Each magazine has a corresponding website: instoremag.com, inversionmag.com and petsplumag.com. These websites not only hosts all the content in a given issue as individual stories, but also links to a full PDF version of the magazine, available for download. In addition to this, breaking news in the jewelry, optical and pets industries is added to the website on a daily basis. They are designed and uploaded to the web in Thailand, where the cost of production is lower than the United States. The content production however, is done by the editorial team in the United States where they are

also printed and distributed. Digital production of the websites and online ad placement is handled in Thailand under David Squires who is SmartWork Media Group Editorial Director.

Company Goals

While SmartWork is still predominantly print-focused, they do see that as the publishing scene develops with a digital focus, they must do the same.

“We are a print-centric business and obviously the pressure is to go digital is immense. Things don’t change so quickly in B2B so we have time but at the same time you know the future will be digital. It’s already counting for more than it did before. If we could monetize our remnant inventory and bump our revenue up by a couple of hundred thousand dollars, then we could bring another person on board and invest more in the digital category. We saw a drop in ad sales over the past couple of years for print but what we’ve been seeing is that digital has been making up for it incrementally. We are looking at a digital revenue that has grown significantly from the years before. So at some point, I would like to see it make up for 30% of the total ad revenue within the next two years,” said CEO, Matthijs Braakman.

This identifies the short and long term goals of the company as growing digital sales revenue to 30% within the next two years and optimizing their entire digital strategy, respectively.

Instoremag.com Audience Profile

Website Traffic

This information has been accessed from instoremag's Google Analytics account.

Date <i>One year period parameter</i>	March 23 2016 - March 23 2017
Sessions - <i>Total number of times a user engaged with the website</i>	767, 393 - Traffic to the website seems to average out at about 64,000 sessions per month.
Users - <i>Total number of users to have engaged with the content</i>	303,083 - About 25,300 users appear to engage with the content on a monthly basis.
Page Views - <i>Total number of pages viewed by users within a one year period</i>	1,257,328- The average page views per month are about 105,000.
Pages per Session - <i>The average number of pages a user engages with in a session</i>	1.64
Average Session Duration - <i>The average length of a session</i>	1:32
Bounce Rate - <i>The percentage of single page sessions in which there was no engagement with the website</i>	68.45%- This is a higher than average bounce rate (based on industry rule of thumb) but because this is not an e-commerce website it might not be indicative of a problem

New Vs. Return Sessions - What percentage of the audience is a return user of the website



Source: instoremag.com Google Analytics, 2017

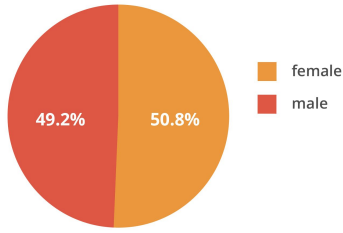
Demographics

Age Range	Percentage of Traffic
18-24	6.83%
25-34	20.21%
35-44	19.32%
45-54	20.29%
55-64	21.86%
65+	11.48%

Source: instoremag.com Google Analytics

Most of the traffic to the website is made up of people who are within the age range of 25 to 64. Although, it is worth noting that while only marginally higher, 21.86% of total traffic is seen by an older age range of 55-64, which is the demographic to visit the site most frequently.

Gender



Source: instoremag.com Google Analytics

The traffic to instoremag.com appears to be fairly gender neutral. This indicates that the content is equally applicable to male jewelry retailers as it is to female.

User Affinities

Affinity Category (reach) ?	Sessions ? ↓	% New Sessions ?	New Users ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?
	479,245 % of Total: 62.45% (767,393)	28.43% Avg for View: 38.11% (-25.38%)	136,267 % of Total: 46.60% (292,420)	67.85% Avg for View: 68.45% (-0.88%)	1.67 Avg for View: 1.64 (2.05%)	00:01:39 Avg for View: 00:01:32 (7.33%)
1. Shoppers/Shopaholics	324,503 (3.91%)	24.98%	81,055 (3.28%)	66.49%	1.75	00:01:47
2. Movie Lovers	305,300 (3.68%)	29.59%	90,351 (3.66%)	68.29%	1.68	00:01:40
3. News Junkies/Entertainment & Celebrity News Junkies	304,415 (3.67%)	29.28%	89,124 (3.61%)	68.52%	1.67	00:01:39
4. TV Lovers	270,570 (3.26%)	28.22%	76,348 (3.09%)	67.91%	1.69	00:01:43
5. Travel Buffs	258,416 (3.12%)	27.97%	72,283 (2.93%)	68.20%	1.68	00:01:40
6. News Junkies/Political News Junkies	244,569 (2.95%)	28.08%	68,685 (2.78%)	68.37%	1.65	00:01:35
7. Technophiles	243,280 (2.93%)	28.58%	69,528 (2.81%)	67.23%	1.72	00:01:45
8. Shoppers/Luxury Shoppers	233,469 (2.81%)	18.92%	44,179 (1.79%)	65.10%	1.87	00:01:58
9. Home Decor Enthusiasts	228,135 (2.75%)	28.69%	65,460 (2.65%)	68.75%	1.66	00:01:38
10. Shutterbugs	217,985 (2.63%)	32.07%	69,907 (2.83%)	68.46%	1.70	00:01:41

Source: instoremag.com Google Analytics


Traffic to INSTOREMAG.com while low in number, appears to be of high quality. The company's reputation as an established industry magazine means that it attracts a very niche audience of jewelry retailers who want business-related content. It can be assumed that this audience has a high disposable income and that targeting them could be lucrative for advertisers looking to target this kind of consumer.

Invisionmag.com Audience Profile

Website Traffic

This information has been taken from inversionmag's Google Analytics account.

Date - <i>One year period parameter</i>	March 23 2016 - March 23 2017
Sessions - <i>Total number of times a user engaged with the website</i>	229,508 - Traffic to the website averages out at about 19,100 sessions per month
Users - <i>Total number of users to have engaged with the content</i>	96,342- About 8,000 users regularly engage with the content on the website on a monthly basis
Page Views - <i>Total number of pages viewed by users within a one year period</i>	373,684- The website gets about 31,140 page views per month.

<p>Pages per Session - The average number of pages a user engages with in a session</p>	<p>1.63</p>						
<p>Average Session Duration - The average length of a session</p>	<p>1:23</p>						
<p>Bounce Rate - The percentage of single page sessions in which there was no engagement with the website</p>	<p>74.15%- This is a high bounce rate by industry standards, but once again, because this is not an ecommerce website, it may not be indicative of a problem.</p>						
<p>New Vs. Return Sessions - What percentage of the audience is a return user of the website</p>	 <p>A pie chart illustrating the distribution of visitor types. The chart is divided into two segments: a blue segment representing 'Returning Visitor' at 59.2% and a green segment representing 'New Visitor' at 40.8%. A legend at the top identifies the colors: blue for 'Returning Visitor' and green for 'New Visitor'.</p> <table border="1"> <thead> <tr> <th>Visitor Type</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Returning Visitor</td> <td>59.2%</td> </tr> <tr> <td>New Visitor</td> <td>40.8%</td> </tr> </tbody> </table>	Visitor Type	Percentage	Returning Visitor	59.2%	New Visitor	40.8%
Visitor Type	Percentage						
Returning Visitor	59.2%						
New Visitor	40.8%						

Source: instoremag.com Google Analytics

Demographics

Unfortunately, for the INVISION website, the Google Analytics Report for demographics was not being recorded and as a result, data is only available for the period between Jan

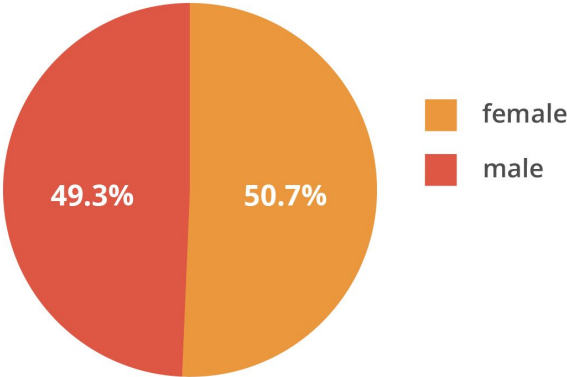
1 2017 to March 23 2017. However, this data is still indicative of what kind of audience the magazine has online

Age Range	Percentage of Traffic
18-24	8.62%
25-34	20.34%
35-44	24.31%
45-54	16.90%
55-64	17.41%
65+	12.41%

Source: instoremag.com Google Analytics

INVISION appears to receive most of its traffic from a slightly younger audience than compared to INSTORE. Most of the traffic appears to be aged between 25 and 44, making up for 44.65% of total traffic.

Gender



Source: instoremag.com Google Analytics

This website also receives an equal number of views from women as from men. The content is relevant to visitors of both genders.

User Affinities

<input type="checkbox"/>	Affinity Category (reach) ?	Acquisition			Behavior		
		Sessions ? ↓	% New Sessions ?	New Users ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?
		585 % of Total: 0.22% (266,397)	27.52% Avg for View: 41.64% (-33.91%)	161 % of Total: 0.15% (110,938)	73.50% Avg for View: 74.14% (-0.85%)	1.61 Avg for View: 1.64 (-1.79%)	00:01:22 Avg for View: 00:01:24 (-2.68%)
<input type="checkbox"/>	1. Movie Lovers	380 (4.09%)	28.42%	108 (4.05%)	74.47%	1.52	00:01:09
<input type="checkbox"/>	2. TV Lovers	341 (3.67%)	27.57%	94 (3.52%)	75.95%	1.55	00:01:20
<input type="checkbox"/>	3. Technophiles	338 (3.64%)	31.07%	105 (3.93%)	74.56%	1.67	00:01:10
<input type="checkbox"/>	4. News Junkies/Entertainment & Celebrity News Junkies	336 (3.62%)	27.38%	92 (3.45%)	73.51%	1.70	00:01:24
<input type="checkbox"/>	5. Travel Buffs	325 (3.50%)	29.23%	95 (3.56%)	75.08%	1.46	00:01:21
<input type="checkbox"/>	6. Shoppers/Shopaholics	300 (3.23%)	28.67%	86 (3.22%)	72.67%	1.70	00:01:22
<input type="checkbox"/>	7. Home Decor Enthusiasts	263 (2.83%)	25.48%	67 (2.51%)	74.52%	1.69	00:01:39
<input type="checkbox"/>	8. Music Lovers	263 (2.83%)	26.24%	69 (2.59%)	76.05%	1.50	00:01:23
<input type="checkbox"/>	9. News Junkies/Political News Junkies	253 (2.72%)	27.27%	69 (2.59%)	74.70%	1.49	00:01:18
<input type="checkbox"/>	10. Avid Investors	246 (2.65%)	25.20%	62 (2.32%)	73.98%	1.52	00:01:08

Source: instoremag.com Google Analytics

Because Google Analytics was not collecting this data until very recently, it is only based on 585 sessions, which represents 0.22% of total sessions.

Invisionmag.com receives significantly less traffic than even instore.com or other competitors in its segment. Once again the highly niche content on the website means that the traffic is mostly eyewear retailers looking for news, trends and tips. This implies that they have a high disposable income and might prove a lucrative segment for advertisers.

Inventory and Sales Analysis

INSTORE and INVISION currently provide an array of non-programmatic or targeted advertising inventory to its clients.

Website Ads

These are all the digital website products currently offered by SmartWork Media for instoremag.com and invisionmag.com

Name	Description	INSTORE Cost	INVISION Cost	Exposure	Size
Billboard	Make your mark with a responsive banner stretching across every page of our site.	Monthly: \$2,380 Weekly: \$800	Monthly \$1,590 Weekly \$480	Run of the site	1400x120 pixels
Masthead Button	Small but powerful, this is the perfect spot for an animated banner.	Monthly: \$1,840 Weekly: \$500	Monthly \$1,270 Weekly \$380	Run of the site	230 x 110 pixels
Side Skyscraper Banner	A towering banner that makes a serious impression.	Monthly: \$2,120 Weekly: \$700	Monthly \$1,340 Weekly \$420	Run of site or targeted content categories	300 x 600 pixels

Side Standard Banner	This classic format is a banner advertising workhorse.	Monthly: \$1,840 Weekly: \$500	Monthly \$950 Weekly \$290	Run of site or targeted content categories	300 x 300 pixels
Shine Top Banner Package (including email bulletins)	A special three-for-one deal that puts your brand all over the day's biggest news.	Monthly: \$5,330 Weekly: \$1,650	Monthly \$2,880 Weekly \$900	Banners on home page, individual stories and email bulletins	Homepage banner: 728 x 90 pixels, Headline banner: 728 x 90 pixels, Bulletin banner: 560 x 120 pixels
Shine Lower Banner Package (including email bulletins)	A special three-for-one deal that puts your brand all over the day's biggest news.	Monthly \$3,500 Weekly \$1,350	Monthly \$1,720 Weekly \$520	Banners on home page, individual stories and email bulletins	Homepage banner: 728 x 90 pixels, Headline banner: 728 x 90 pixels, Bulletin banner: 560 x 120 pixels
Content Well Top Banner	Put your banner in the main page story flow of the subject of your choice.	CPM \$80	CPM \$80	Run of site or targeted content categories. Home page available, but priority given to advertisers purchasing Shine Headlines Top Banner packages.	728 x 90 pixels
Content Well Lower Banner	Put your banner in the main page story flow of the subject of your choice	CPM \$80	CPM \$80	Run of site or targeted content categories. Not available on homepage.	728 x 90 pixels

Source: smartworkmedia.com, 2017

Email Bulletin Ads

These are all the digital email products currently offered by SmartWork Media for instoremag.com and invisionmag.com

Name	Description	INSTORE Cost	INVISION Cost	Exposure	Size
Bulletin Leaderboard	Be the first thing people see when they open our daily emails	Monthly \$6,330 Weekly \$1,670	Monthly \$3,520 Weekly \$940	19,000+ emails sent per day	560 x120 pixels
Daily Tips Banner	Show your fellow jewelry professionals you care by sponsoring INSTORE's Daily Tips.	Monthly \$3,200 Weekly \$940	Monthly \$1,760 Weekly \$480	9,000+ emails sent per day	560 x120 pixels

Source: smartworkmedia.com, 2017

Native Advertising- INSTORE and INVISION both offer clients the option to advertise sponsored content on both the website and via the email bulletin. The content can be created by INSTORE for a production fee or simply revised to ensure that it meets the magazine's standards if directly submitted by the client. The cost for this \$5300 per month. (smartworkmedia.com, 2017)

Full-width Video Ad Below Content- This is a very new product that has been added to the offering very recently and has been receiving high conversions. The video player employed is Wistia. "We are reaching out to clients who have strong videos and just trying to sell them on the idea. Basically it'll be sold on a cost per impression or performance model," explains David Squires, Group Editorial Director.

These products are fairly standard offering in the small online publisher market and do not yet offer sophisticated targeting to SmartWork Media clients.

Top Clients and Digital Billings

The top three digital advertising clients for INSTORE are as follows:

1. **Jewelers Mutual**, a jewelry insurance company that pay rate card rates for custom e-blasts (\$3500 per blast), a year long bulletin program in The Informer (\$3600 per year) and for a native advertising campaign that lasts 3 months (\$5300 per month).
2. **Overnight Mountings**, a jewelry mountings company that are only paying for a 12 month take over banner that appears when a user first visits the site (\$4500 per month for a year long program).
3. **Abbott**, a retail jewelry store management system is doing a year long native advertising campaign (\$5200 per month for a 3-month program) and a combination top and bottom side banner campaign based on availability (\$1500 per banner).

INSTORE Digital Billings

These are the revenue sources for instoremag.com's digital ad sales

	2016	2017
Email Blasts	\$44,408.75	\$67,270
Informer	\$6,187.50	\$3,900
New E-Bulletin	\$101,138	\$81,030
Tip of the Day	\$17,850	\$0
Instoremag.com	\$93,375	\$165,100
Total	\$162,959.25	\$317,270

Source: Krista Collins Walters

The revenue for 2016 was brought in by 62 different clients while the billings for 2017 revenue are represented by 37 clients so far.

The top three digital advertisers for INVISION are as follows:

1. **Essilor**, a French company that produces ophthalmic lenses along with ophthalmic optical equipment currently do banners, video hosted on the website

and imbedded in the e-bulletin, pre-stital ads, content marketing, and banners in both the e-bulletin, as well as on the website.

2. **Safilo**, an Italian company that designs, produces and distributes prescription frames, sunglasses, sports eyewear, ski goggles and helmets, and cycling helmets
3. **Vision Source**, an optometric service network of independent optometrists headquartered in Texas.

INVISION Digital Billings

These are the revenue sources for invisionmag.com's digital ad sales.

	2016	2017
Invisionmag.com	\$19,970	\$23,840
Orbit e-newsletter	\$46,458	\$7,040
Custom e-blasts	\$5,950	\$0
Total	\$72,378	\$30,880

Source: Mike Boucher

INVISION makes significantly less revenue compared to INSTORE but it is also likely to surpass its digital ad sales revenue from last year.

The total digital revenue for SmartWork Media over the past two years has been as follows:

	2016	2017
Total Digital Revenue	\$235,337	\$348,150

Source: Matthijs Braakman

Digital sales only account for 8% of the total revenue from ad sales for SmartWork Media. While SmartWork Media is already set to surpass digital sales revenue from last year, automating the sale of remnant inventory will only increase income for the company. Currently, they are selling to a small pool of industry-related clients via direct sales as their only strategy.

SmartWork Media SWOT Analysis

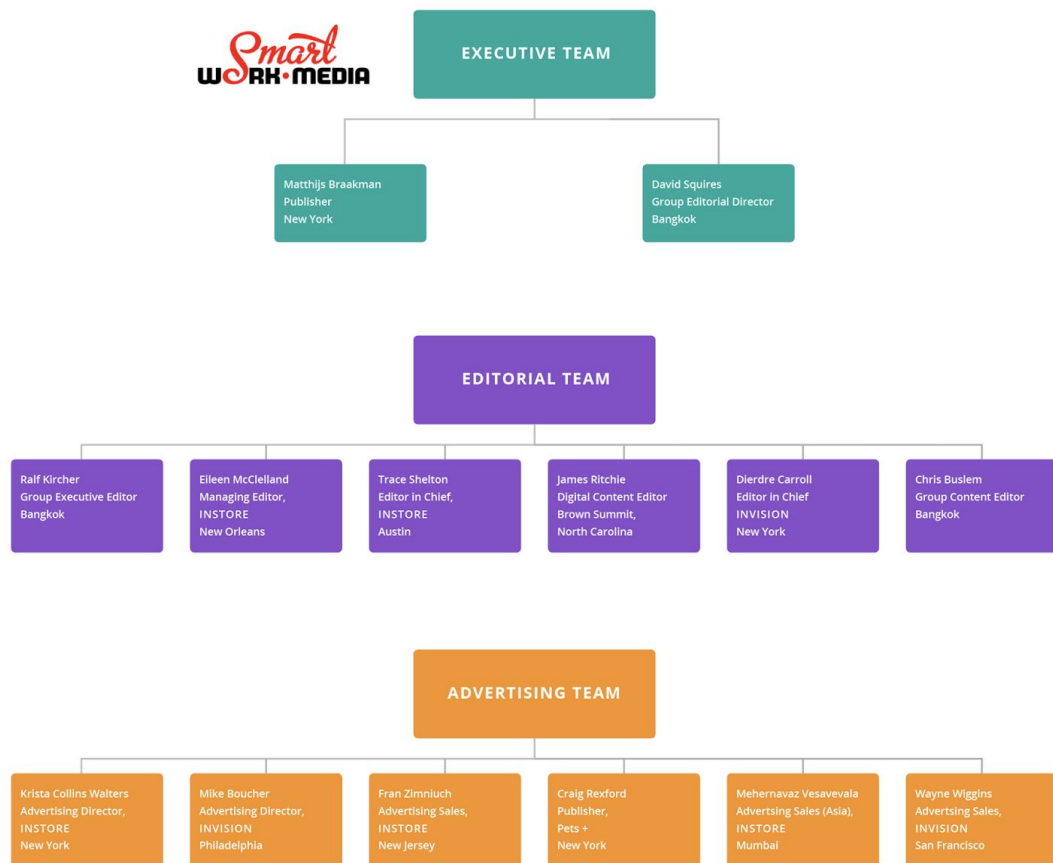
Strengths

1. High Quality of Traffic - The people coming to both websites are probably interested in jewelry and optical retail. Their highly niche content ensures this.
2. Email List - One of SmartWork Media's most lucrative digital assets is their first party data or email list. SmartWork Media has a list of more than 19,000 emails for the jewelry market and 9,000 for the optics market. One of the products offered by the company is their daily email blast which contains space for ads and sponsored content and is one of the biggest sources of income. This is also one of SmartWork Media's most important assets as it aggregates information on its audience base and has direct access to their emails.
3. Lower Cost Of Production - All the graphic design and content management takes place in Thailand, where the cost of labor is much lower as compared to the United States. This gives SmartWork Media a production cost advantage.

4. Lean and Remote Company Structure - SmartWork Media runs a tight ship with editorial and production functions taking place in different locations and the advertising and editorial teams both having members that work remotely and not at the company office in New York City.

SmartWork Media Organizational Structure

The following diagram illustrates the lean and remote organizational structure of SmartWork Media.



Source: smartworkmedia.com, 2017

5. Direct Sales Team - Currently the INSTORE and INVISION sales teams go about getting clients through the direct sales method. Because SmartWork Media is still primarily print-focused, direct sales is a point of great importance and so there is a dedicated Advertising Team to drive sales by contacting clients for their business. “What we try to do is try to get a better sense of what it is a specific company is trying to accomplish. Understanding what they do and how that fits in with the various media properties that we have. What’s happened over the past 5 to 7 years is that print advertising was the main mechanism that marketers were looking to utilize in order to connect with the target audience and as technology has evolved that’s changed quite a bit. Clients are looking for more of a ‘surround sound’ approach. The challenge with print is seeing how it performs and the nice part about digital programs is they can, in a straightforward way, see how they move the needle with metrics and analytics,” said Mike Boucher, Advertising Director for INVISION.

Weaknesses

1. Traffic Quantity / Scale Gap - The amount of traffic to the websites does not fulfill the minimum requirement of the bigger players in the programmatic landscape, limiting the methods by which SmartWork Media’s remnant inventory can be sold programmatically.

2. Lack Of Expertise/ Knowledge Gap - The three websites operate on a content management system called Joomla, which allows them to place ads via Ad Agency Pro. “We do have some capability to do some targeting with Ad Agency Pro. We can target by zip code or state or region. We just haven’t gotten there yet, that’s something we’d like to offer our clients at some point. We’re a B2B company and basically B2B companies are a little bit slow to work with data that we might have on readers or even targeting emails to different kinds of readers. It is something we’re beginning to work on but it is very much in the early stages now. I will say over the next year or two it is something we will be spending a lot of time on. We have not yet dipped into the full potential of the technology.” says David Squire. SmartWork Media is underutilizing its current technology set due to a gap in knowledge of yield management.
3. Only Direct Sales - While this makes sense for the more lucrative print arm of the operation, digital ads are usually presented as an added value proposition during direct buy negotiations to sweeten the deal or are only purchased for prime inventory. There is a large quantity of remnant digital ad space going unsold for SmartWork Media.

Opportunities

1. Diversified Monetization - By implementing an additional method by which its remnant inventory is sold, SmartWork Media could potentially automate an additional revenue stream.

2. Create New Products - By increasing its understanding of monetization strategies, SmartWork Media could start to market its products as of higher quality because they provide metrics and analytics to clients. They could even create products that allow clients to A-B test their products and specialize in metric reports on how the client's ads converted. Retargeting will also allow SmartWorkMedia to add additional products to their offering to clients.
3. Access to New Advertisers - SmartWork Media's current revenue structure is based on an advertising model. However, the revenue comes in from a very limited pool of jewelry, opticals or pet product or service providers who pay to have their ads displayed next to the Magazine's content. "For digital specifically, I would say each one of us account representatives have our own book of business, whether it be print or digital. So any number of clients within our book of clients is a prospect for digital sales. We started the magazine in print exclusively so digital was kind of built out of that. Basically we approach our book of business, we'll approach any number of prospects that we have within our territory, and the third way we get leads is with people coming to us so it's kind of a mix. We tend to go for the low hanging fruit which are clients who are already booking business with us and then trying to sell them larger programs by adding digital to their print programs," explains Krista Collins Walters, National Sales Director for SmartWork Media. Implementing programmatic advertising would give them access to a new pool of advertisers from outside their niche industry.

4. Yield Maximization - The application of programmatic technologies to remnant inventory would maximize inventory yield as inventory that would have been previously unsold could potentially host an ad, even if it is at a lower CPM.
5. Gain External Expertise - By working with a firm that has expertise in programmatic methods, SmartWork Media can expand its own knowledge of how to optimize its digital properties.

Threats

1. SMART Jewelry Show Cancellation - From 2009 to 2016 the company produced the 'SMART Jewelry Show' in Chicago. The annual event was an opportunity for jewelry manufacturers and designers to build relationships with jewelry retailers in a low-pressure environment. The show also contained education sessions, exhibition booths and SMART sessions that allowed industry players to display information about their various brands. They also had a big party night to allow for industry-insiders to interact and mingle. This gave SmartWork Media the opportunity to be a representative publication for a luxury trade. Though the show was successful for a time, it has recently had to be canceled due to the economics of the jewelry market. This combined with the print decline has led to it no longer being a viable venture for SmartWork Media. This represents a significant loss of an opportunity to make face to face contact with potential clients, contacts and advertisers in the jewelry retail trade.

2. Competitors - While none of SmartWork Media's competitors are going programmatic yet, they might do so and be an early mover in the B2B publishing industry.

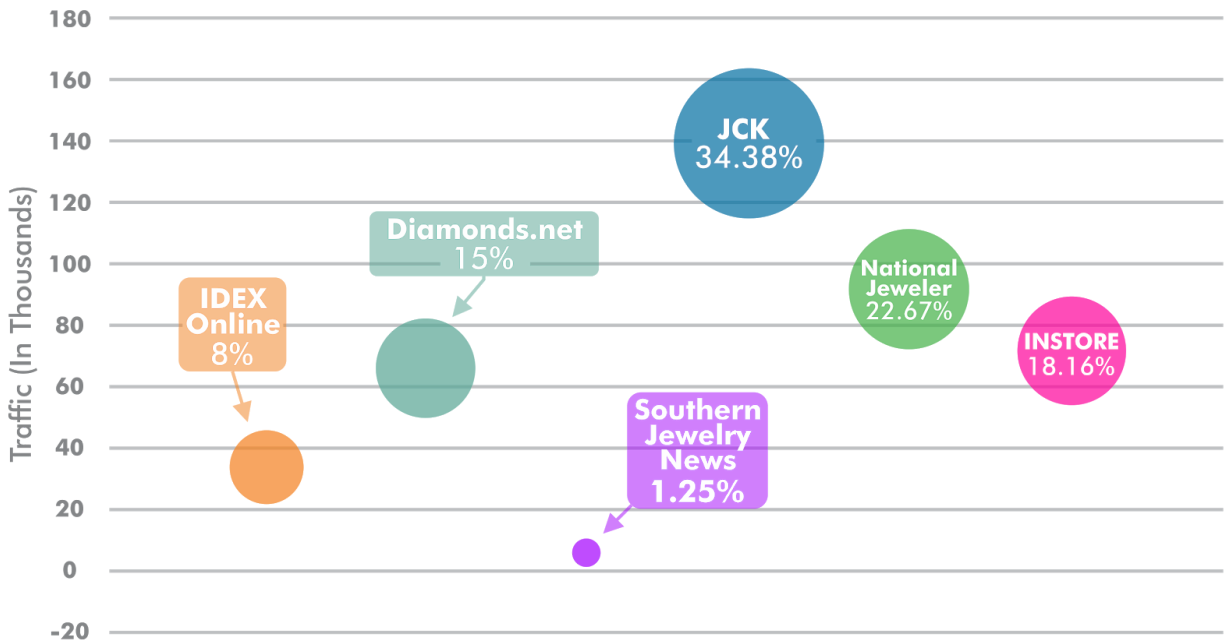
COMPETITOR ANALYSIS

B2B Jewelry Publication Market

The B2B jewelry trade magazine market has several competitors that are established print publications but also have a digital presence. JCK has the highest audience share with 34.38%. INSTORE is the third biggest competitor in this segment.

B2B Jewelry Magazine Audience Share

This competitor plot shows the traffic and percentage audience share for the B2B jewelry magazine industry.



Source: similarweb.com, 2017

JCK

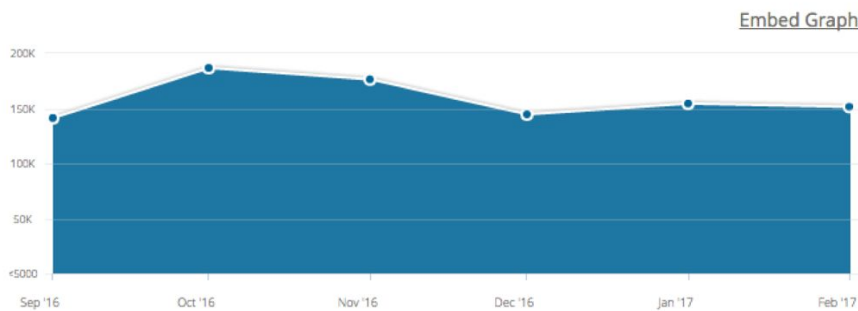
This is INSTORE’s biggest competitor in the jewelry B2B online publication market. They cover breaking news and consumer-led style trends that shape the jewelry industry, with in-depth content on everything from cutting-edge technology and retail practices to industry commentary and, the latest in design and fashion. The publication attempts to connect retailers, manufacturers, designers and other industry influencers who create the jewelry business and drive it forward. (JCK.com 2017)

JCK Web Traffic

This is the traffic and audience profile for jckonline.com

Total Visits ^①

On desktop & mobile web, in the last 6 months



Engagement

Total Visits	151.3K ▼ 1.95%
Avg. Visit Duration	00:01:22
Pages per Visit	2.13
Bounce Rate	64.56%

Audience Interests ^①

Categories ^①



Source: Similarweb.com, jckonline.com , March 2017

JCK receives significantly more traffic compared to INSTOREMAG.com and also has much more successful audience engagement. Their audience is business-focused and it can be estimated that their online ad sales strategy which is very similar to that of INSTOREMAG.com brings in a lot more revenue.

According to CEO Matthijs Braakman, “We have one real competitor in jewelry. JCK is part of Lead Expo, a multi-billion dollar company with many positions and conferences. They have resources at their disposal that dwarf ours. They have a digital

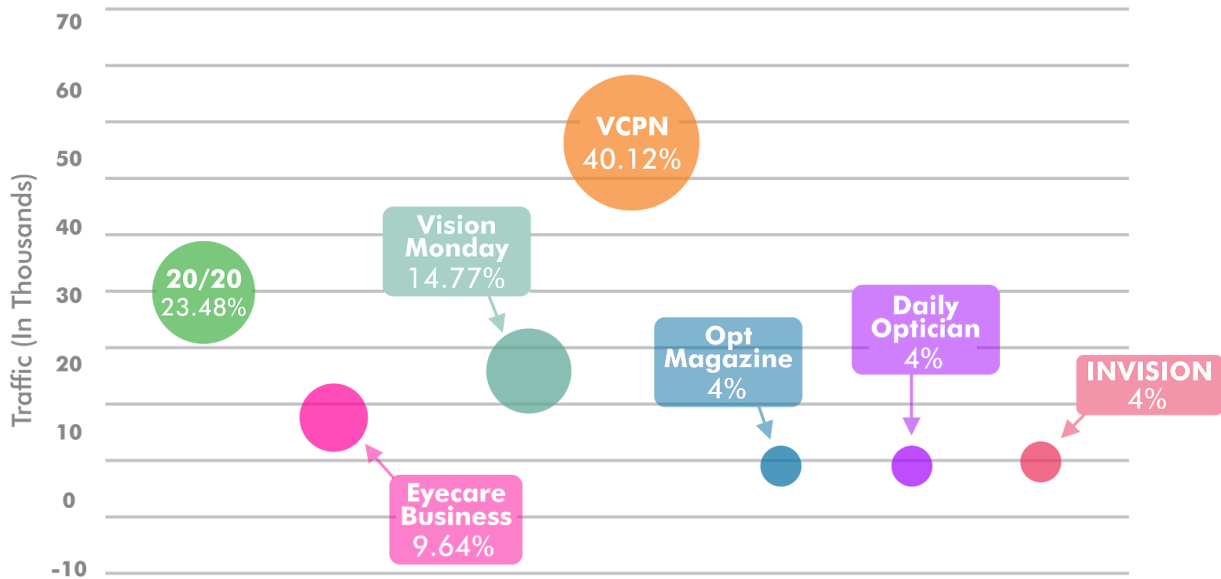
team that works across different industries and are highly sophisticated and also have this massive trade show that drives a ton of traffic and business to them. The assumption is that they make up to 1 to 1.5 million dollars in digital revenue. What's great about this is that it shows us the opportunity. What's missing is our ability to create products for customers, so it is exciting to see that.”

B2B Eyewear Publication Market

The B2B eyewear publication market is more saturated as compared to the jewelry market. INVISION is also only a recent addition to this market and so has stiffer competition.

B2B Eyewear Magazine Audience Share

This competitor plot shows the traffic and percentage audience share for the B2B eyewear magazine industry.



Source: similarweb.com, 2017

INVISION is one of the smaller competitors in the market with an audience share of only 4%. Their biggest competitor in the digital space is VCPN based on audience share, however, 20/20 Magazine can be considered a more direct competitor in terms of content and style of delivery.

20/20 Magazine

INVISIONMAG.com's most direct competitor in the space is 20/20 Magazine. As the world's leading optical publication, 20/20 inspires eyecare professionals, advertising clients and eyewear consumers to brave the eyewear and sunwear market. N20/20 has a circulation of 50,000 subscribers and a large social media following via Facebook, Twitter, Instagram, Pinterest and 2020mag mobile apps. 20/20 is established as a source of delivering fashion trending, branding, style, lenses and technology, product news and

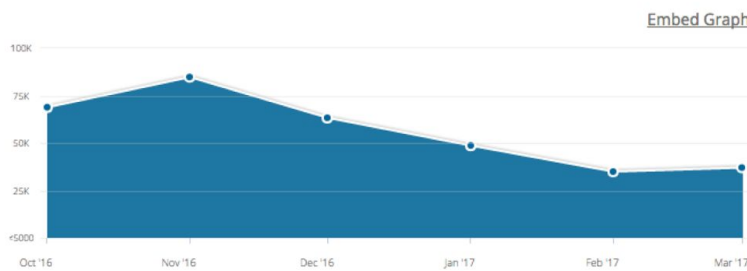
continuing education in the eyewear industry. They are the first optical publication to identify the universe of dispensing units in the optical marketplace. 20/20 has analyzed its circulation data to identify subscribers not only by individual names but also by unit locations. 20/20 is also the number one source for optical research and information through its statistical reports and unique MarketPulse surveys for the eyewear industry. (2020mag.com, 2017)

20/20 Web Traffic

This is the traffic and audience profile for jckonline.com

Total Visits [ⓘ]

On desktop & mobile web, in the last 6 months

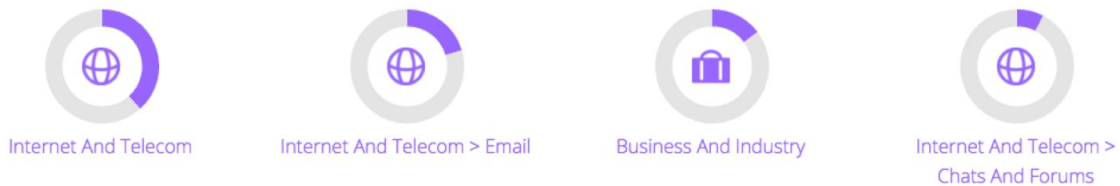


Engagement

Total Visits	37K ▲ 5.98%
Avg. Visit Duration	00:03:43
Pages per Visit	3.55
Bounce Rate	61.03%

Audience Interests [ⓘ]

Categories [ⓘ]



Source: Similarweb.com, 2020mag.com , March 2017

2020mag.com is probably the biggest competitor in the space as it receives much more traffic than invisionmag.com. Their audience is interested in online categories and for this reason, ads on their website probably convert well for their clients. 20/20 magazine is a product of Jobson Publishing and Eyecare Business. “They have significantly more products, magazines, web activity and e-mail addresses than we do. I’d estimate they each do over a million dollars in digital ad sales a year,” said Mike Boucher.

While both these direct competitors in the space are much bigger in terms of their audience offering to a potential advertiser, they are not yet making use of programmatic ad selling on their websites.

RECOMMENDATIONS

In-house: Hire a Yield Manager and Implement an SSP

Hire a dedicated yield manager with experience in optimizing content management systems for digital ad selling and implementing an SSP. This would fill the current knowledge gap that exists in the company. The ideal yield manager would have familiarity with figuring out how to get the highest price . The yield manager would work closely with David Squires to determine the best digital strategy and be responsible for maximizing ad sales programmatically. The evaluation and selection of an SSP also

depends on their willingness to work with a smaller client and the cost of implementing an SSP must also be considered. Some of the possibilities are Switch, Rubicon, PubMatic, Admeld and Appnexus, although they might be out of reach. A yield manager's salary would fall in the range of \$112,000 per year including taxes and insurance to handle programmatic ad sales. This is a more expensive option and requires SmartWork Media to hold a single person accountable for their entire programmatic ad sale process.

Outsource: Work with a Market Maker or Independent Trading Desk

Independent Trading Desks or Market Makers purchase inventory from small publishers at an agreed upon CPM and then sells it to an advertiser through real time bidding. The advantage a market making firm has in the programmatic landscape is based on the market maker spread, which is the difference between the price they sell the inventory for and the cost they paid for the inventory to the publisher.

While there are considerations for transparency to be made in such a business model, SmartWork Media can consider the simple selling of its unsold inventory to such a firm so that there is at least the opportunity for the inventory to be sold.

In addition to this, independent trading desks offer a variety of services in the capacity of a consultant to improve ad selling by improving overall hits, handling monetization of the websites, helping with direct sales, handling real time bidding,

handling malware issues, providing detailed reporting, and also handling billing and payments from advertisers.

IMPLEMENTATION

To implement programmatic ad technologies at SmartWork Media, I would recommend they employing the services of MediaTrader.

MediaTrader is the market-making, media trading and analytics business of MRP Advisers, the leading media and marketing strategy and operations advisory firm specializing in MRP™, Media and Marketing Resource Planning™.

MRP Advisers is a marketing and media consultancy focused on improving programmatic media and marketing performance efficiency, effectiveness and accountability. MRP Advisers' consultants help publishers fill the void caused by insufficient proven, relevant professionals and teams. MRP Advisers can help SmartWork Media to overcome the end-to-end challenges of evaluating, planning, deploying, and optimizing programmatic media and marketing resource planning (MRP) tools. They employ a team of subject matter experts that would allow SmartWork Media to have a top-down, bottom-up multidisciplinary, multifunctional approach to implementing programmatic ad tech. (MediaTrader.com, 2017)

BENEFITS AND OPPORTUNITIES

SmartWork Media stands to gain more than just the selling of its remnant inventory by working with a partner like MediaTrader. "When evaluating clients, we are looking for someone who is seeking a partner and not a vendor. Someone who has good communication with us, and where we can grow together and have trust in one another. We're looking for inventory that has quality and integrity. We are looking for consistency in the business priorities and communication. If this is only going to be a short

relationship, that is not helpful for us because we're trying to build a learning curve. It takes us months to learn how to optimize a given situation and if we're only going to have a very short relationship, or things are going to be chaotic where we're changing objectives all the time, that's not a good fit for us" says William Lederer, CEO of MediaTrader.

MediaTrader Offerings

Services

MediaTrader has the ability to handle monetization, reporting and analytics, data management platform, audience development, audience extension and ad operations for SmartWork Media. The cost for these services depend on how many websites they handle, their complexity, their technology needs, quantity of traffic, languages, time zones and existing capability. After evaluating what services SmartWork Media needs, they can choose what aspects they would like to work on with MediaTrader.

Inventory Sales

SmartWork Media can choose to sell inventory to MediaTrader in the following ways:

1. 30% of the revenue from the first dollar being generated
2. 50% above the current revenue being generated on a monthly basis.
3. Sell unsold inventory for an agreed upon cost per impression.

Expert Inventory Evaluation

As part of their evaluation, MediaTrader will analyze SmartWork Media's inventory to assess the following:

1. Is the inventory real or fraudulent?
2. Can it be resold?
3. Will a human being see it?
4. Will MediaTrader be able to make a profit from reselling the inventory?
5. Is there demand for this kind of inventory because of its audience, context, content or type of ad unit?

Ability to choose Advertiser Categories

SmartWork Media will be able to select the type of advertisers they host on their website. MediaTrader can give them the option to whitelist or blacklist clients based on certain kinds of brands, products or categories. Depending on SmartWork Media's preference, they are able to opt in and out of categories they feel would be relevant to their audience's interests. The categories available to them are Political, Children, Non-English Language, Non-U.S, Diet and Nutrition, Named Competitors, Financial and

Religious. This way, SmartWork Media has control over what kind of advertisers are able to display on their site.

Fill the Knowledge Gap

Many of the knowledge gaps to be found in SmartWork Media's current state can be easily filled by employing the services on offer by MediaTrader. This includes improving overall digital strategy including and not limited to the following:

Google Ad Words - MediaTrader could set up Google Ad Words for the websites based on tagged pages. Advertisers would pay when users divert their browsing to click on the advertising copy, and SmartWork Media would receive a portion of the generated income.

Ad Serving - MediaTrader's Google ad server is compatible with Joomla. The technical side of linking these two up will also be handled by MediaTrader.

Cookie Matching - MediaTrader would set up all the requirements for tracking users so that retargeting programs can be set up.

Implementation of Industry Best Practices - MediaTrader will help to streamline and optimize SmartWork Media's overall hits, monetization efforts, direct deals, real time bidding, malware issues, reporting and also handle billings and payments.

Retargeting using Email - Working with MediaTrader would allow SmartWork Media to further target their email list by identifying regular readers and then purchasing

programmatic inventory to retarget them when they visit other websites. This would be an additional product they could offer to clients during direct sales pitches as well as further utilize one of their most valuable assets.

Trustworthy Reputation

MediaTrader is dedicated to ensuring that their partners have a positive outcome when working with them. “It’s not just about money. There is a significant amount of service that is required and we have a team that’s big enough to support small to mid size publishers. We care about the smaller guys, the, many of these larger SSPs only want to work with the biggest publishers. The position I’ve made is that I pursue the long tail. I am interested in having hundreds of small publishers. There are literally tens of thousands of them and I think I can build a base for a diversified business treating little guys like their big guys and giving them access to resources that they can’t get any other way.”

NEXT STEPS

If SmartWork Media decides to take the above proposal into consideration, the next step would be to have MediaTrader do their initial inventory assessment. This will be done by them free of charge and would enable SmartWork Media to assess what the real-time-bidding value of its inventory is.

Following that, based on further negotiations, SmartWork Media can choose which of MediaTrader's services it requires in order to run programmatic ad selling on its websites. This can cost them between \$5000 to \$10,000 per month depending on what processes they would like to opt in for.

They could also negotiate the sale of their remnant inventory based on the three monetization options which are offered by MediaTrader as a partner:

1. 30% of the revenue from the first dollar being generated
2. 50% above the current revenue being generated on a monthly basis
3. Selling off remnant inventory based on an agreed-upon CPM.

Collaborating with MediaTader will also allow them to come up with new, programmatic products that they can offer in addition to their current inventory offering to clients during direct sales deals.

Overall, this partnership has the potential to be a beneficial one for SmartWork Media. Working with an external firm that has many clients, the company gets access to their expertise and can be sure that their recommendations will only help SmartWork Media improve their digital strategy in the long run.

ANNEX

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