

# Ad Tech Inquiry

## Australian Competition and Consumer Commission

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### Issues Paper Submission: Country Press Australia

#### Introduction

Country Press Australia (CPA) is the representative body for 140 independent Regional and Local newspapers throughout Australia. Our members range from owner/operator businesses in small rural communities to larger businesses who may operate multiple mastheads and employ a sizeable workforce in larger regional areas.

This diversity and subsequent availability of resources, often reflected in the size, if not importance of the communities served, is a strength of our 100 year old organisation.

However as a result, it does also incorporate vastly different skillsets and knowledge of Ad tech amongst our membership.

Although the size may vary, the commitment and ethos is shared. Our member newspapers are an extension and the voice of their communities.

They are committed to both readers, clients and the communities they serve, reflecting the opinions, lifestyles, aspirations, concerns and personalities of the community and helping to grow the businesses of their many advertisers.

Member newspapers and websites, all focussed on their communities, offer a platform for informed public debate and proudly produce hyperlocal public interest journalism that usually no other medium in these 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:

The scale of all CPA members has made it difficult to master the technology of today's modern ad tech. Many of our members, particularly standalone and smaller publishers, have limited knowledge, understanding or commercial usage of modern ad tech.

The scale of search and social providers is so large and members' so small comparatively this has meant that they have had little or no contact or voice with Google or Facebook in relation to monetising their content. Some members 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 they have no connection other than as a customer or user of the platform. Interactions with Facebook as publishers are largely non-existent or take place using online forms or reading their blog.

Regarding Facebook, members are limited to reselling their on-platform products as a third-party sales agent and they 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 members' social channels is prohibited under Facebook's terms and conditions of use.

Normally learning about how to use these Ad Tech platforms as small publishers is relegated to using a search engine, online knowledge base or discussion board to try to learn how to utilise the platforms.

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 small publishers this has added pressure on their ability to pivot 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 display advertising across web sites.

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 online traffic into a model that is largely unsuitable without the revenue from members' print advertising channels.

Some of our members 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. Those members who use the AdSense network 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.

The trafficking software, GAM is incredibly powerful, and as small publishers members 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.

Many of our members have recently entered into a partnership with an ad agency that specialises in providing a seamless pathway to online inventory and the project to configure member websites 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.

The utilisation of data that captures audience behaviour has largely eluded members due to the lack of knowledge, experience and resources available to develop expertise in the space.

The audiences our members serve are typically described as local, community or even hyper-local. Where agencies are looking for mass audiences, members' digital offerings 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. 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.

Much discussion has been had 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.

Similar changes to Facebook feeds and the policy or algorithm used by social platforms may impact online traffic in a negative way and without any input or ability to defend against practices that make publishers 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 members' chances of sustainability.

Members do benefit from search and social driving traffic back to 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 publishers' expense and disadvantaged us due to our inability to compete at scale.

### **Solutions:**

As a representative of independent regional and local publishers 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.

Our members provide a unique and vital service to their communities primarily as a printed product. To help secure a digital transition that is commercially viable for publishers and scalable to suit the needs of the vastly different communities they serve, a combination of a value exchange, technology support and digital training in partnership with digital platforms is supported by CPA for the greatest public benefit.

### **Country Press Australia**

Bruce Ellen - President