

**Revenue Generation for
Thought-Leader Publications:
Monetizing Quality Content in Integrated
Advertising Sales**

by

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B.A. (Communication), University of Ottawa, 2007

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Abstract

This report showcases *The Tyee* not only as a successful, independent, online magazine in British Columbia, but also as a competitive environment for advertising. Offering quality journalism for free provided by paid journalists requires an innovative revenue strategy, one that is constantly evolving. This report highlights *The Tyee's* current advertising strategy in a larger revenue generation structure. It delves into the relationship between editorial and advertising; more specifically, it explores the obstacles and opportunities presented by integrated advertising bundles contingent on editorial moments. After a close look at how *The Tyee's* content and advertising co-exist, the possibility of editorial planning for a fast-paced, online publisher is explored through the lens of a case study. The report concludes with the identification of strengths and weaknesses of the project, suggestions moving forward, and the relevance and application for other publishers.

Keywords: Magazine publishing – online; magazines – case studies; online journalism; progressive media; business models for websites; online advertising

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Table of Contents

Approval.....	ii
Partial Copyright Licence.....	iii
Abstract.....	iv
Acknowledgements.....	v
Table of Contents.....	vi
List of Tables.....	viii
List of Figures.....	viii
Glossary.....	ix
Introduction.....	1
<i>The Tyee</i> Reader Profile.....	3
Chapter 1: Thought-Leader Publications Online.....	5
<i>The Tyee's</i> Place in the Ecosystem.....	7
Chapter 2: <i>The Tyee's</i> Revenue Structure.....	9
Investors.....	10
Master Classes.....	10
Readers.....	11
Advertising.....	13
Challenges.....	15
Advertising and Sponsorship Initiatives of Peers.....	16
Chapter 3: <i>The Tyee</i> As A Competitive Advertising Space.....	19
Early Days.....	19
Working with OnTrack Media.....	21
Tyee Delivery Software and Ad Services.....	21
Three-Pronged Ad Sales Approach.....	29
Direct Client Interaction.....	30
Agency Clients.....	30
Remnant Inventory.....	31
How These Services Were Sold to Vancity and LOCO BC.....	32
Chapter 4: Using Content to Sell Ads.....	36
Chapter 5: Evaluation of Case Study and <i>The Tyee</i> as an Overall Ad Environment.....	43
Conclusion.....	47
References.....	49
Books & Journals.....	49
Newspaper, Magazine, Blog Articles.....	49
Online Sources.....	52

Interviews and Personal Correspondence.....	53
MPub Project Reports.....	54
Unpublished Documents.....	54

List of Tables

Table 1: The Tyee’s revenue by fiscal year, 2008-2012	13
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List of Figures

Figure 1: The Tyee’s Revenue Sources in the 2001-2012 fiscal period	9
Figure 2: The Tyee Master Classes as inspired by Guardian Masterclasses	11
Figure 3: The Tyee’s Builder registration page	12
Figure 4: Visual Stella Artois sponsorship on The Walrus Laughs	16
Figure 5: Example of a direct mail piece sent out by Grist.....	17
Figure 6: Comparison of Grist’s Featured Friend as emailed to participants in their “Friends With Benefits” program and The Tyee’s featured Builder, as emailed to all Tyee Builders	18
Figure 7: The Tyee’s home page that shows all advertising zones after the 2011 redesign	23
Figure 8: Example of The Tyee’s e-Newsletter featuring weekly headlines and the “Inside Scoop” section	25
Figure 9: Example of The Tyee’s e-Newsletter featuring the weekly poll	26
Figure 10: Example of a Tweet on behalf of an advertising client	26
Figure 11: Example of a Facebook event created on behalf of an advertising client.....	27
Figure 12: Example of a Wufoo page created on behalf of an advertising client.....	28
Figure 13: Examples of creative business listings in East Bay Express and The Stranger	33
Figure 14: Examples of ad templates used by LOCO BC to promote their business mixers	33

Glossary

above the fold	term adapted from print newspapers; refers to the part of a website visible on a computer screen without having to scroll down
B2B	acronym; denotes category of commercial activity as 'business to business'
big box ad	standard ad size available on <i>The Tyee</i> , measures 300x250 pixels
blue sky	to identify goals in a theoretical, ideal situation, or best of all worlds scenario
channeling	advertising service provided by <i>The Tyee</i> ; allows niche visibility to advertising clients within certain topical areas of <i>The Tyee</i> site
click-through rate	measures the success of an online ad campaign. The rate is expressed as a percentage, calculated by dividing the number of clicks an ad receives divided by the number of times it was visible
curtain-raiser	term used by <i>The Tyee</i> to define a piece of editorial that highlights an event or initiative before it happens
editorial moments	scheduled or anticipated piece of editorial set to run at a publication
expandable banner	type of web advertisement; expands into a larger format when the reader rolls over the ad with their cursor
geo-targetting	an advertising service provided by <i>The Tyee</i> ; allows an advertising client to target their campaign to readers in specific geographic areas only
HTML	acronym; Hypertext Markup Language, a standardized system used to tag text and other information visible on webpages
HTML5	the fifth revision of the HTML(see above) standard; provides better support for multimedia and makes content accessible over all devices
invocation code	allows a publisher to generate ad tags. These tags are implemented into the HTML(see above) of a website so an ad server can deliver ads to designated zones on a website
in-banner video template	type of video ad; runs inside a pre-determined ad banner on a website

in-house only button ad	standard ad size available on <i>The Tyee</i> ; used to promote <i>Tyee</i> initiatives only; not sold to advertising clients
leaderboard	standard ad size available on <i>The Tyee</i> ; measures 728x90 pixels
paywall	system put in place by a publisher; forbids access to online content without a paid subscription
pre-roll	term used to describe the type of web advertisements that roll before a feature video
remnant inventory	Unsold or leftover advertising inventory on a website
rollover	term used to describe the action of a reader's cursor rolling over an advertisement. This action is usually followed by a programmed reaction in the ad

Introduction

The Tyee is a success story. Founded by David Beers in 2003, it was born of the Internet and, aside from one special edition print product,¹ has remained at home on the Web. It is independent, thus not owned or directly affiliated with any other media outlet. Often referred to as a blog or online newspaper, *The Tyee* self-identifies as an online-only magazine. It has a publishing schedule of four feature stories a day, and also produces a handful of short blog pieces, posts video, and is active over social media. It strives to engage in media democracy by offering open access, solutions-based investigative journalism to British Columbia and beyond.

This report will situate *The Tyee* in the media landscape and look at advertising as a component of its revenue structure. It will speak specifically about a case study as well as *Tyee*-specific and, where relevant, other industry examples to illustrate the practical application of advertising strategies.

The featured case study is an annual advertising contract signed in 2011 between *The Tyee*, Vancity Credit Union, and LOCO BC. This three-way partnership utilizes all aspects of *The Tyee*'s ad services, and pilots some new ones. The campaign itself borrows from the concept of local business listings in newspapers; it applies a more engaged, digital spin that makes advertising space accessible to small businesses by way of a consistent, rotating ad template.

The report's introduction discusses *The Tyee*'s staff, overall report perspective, and profiles *The Tyee*'s audience. Following the introduction are five main chapters. Chapter 1 places *The Tyee* in a group of thought-leader publications and discusses their collective role as content providers in 2012. Chapter 2 explores the revenue structure of *The Tyee* and the innovative ways it generates revenue. One of these forms of revenue generation – advertising – is discussed in Chapter 3, where *The Tyee* is explored as a competitive advertising environment. This chapter will walk through the history of

¹ In 2010, *The Tyee* published a hard copy, print-on-demand book compiled of its own content. This print product (no longer available) was called "Harvested Here."

advertising at the publication, as well as current sales strategies and services offered to clients. It ends with an explanation of the case study, which pulls together many of *The Tyee's* services as an advertising provider. Once these things have been established, Chapter 4 will expand on the possibility of leveraging content to sell ads. Because the case study addressed in this report was contingent on planned editorial, it becomes a useful tool to explain the ethics that accompany this use of content and the need for and use of an editorial calendar. Focusing specifically on the case study, Chapter 5 will evaluate the strengths and weaknesses of the sales strategy, execution of the campaign, and the partnership itself. It will then broaden this critique to *The Tyee's* overall approach to advertising. The conclusion will pull together all chapters, discuss the relevance and application of the case study for other publishers, and touch on the road ahead for online advertising.

At the core of *The Tyee* is its dedicated staff. Housed in a loft-style office in Vancouver, full-time employees include: editor-in-chief Beers, business director Michelle Hoar, front page editor Geoff D'Auria, community manager Shannon Smart, and advertising manager Meaghan MacDonald (author). Aside from these roles, part-time positions fill administrative and bookkeeping needs. Each member of the team is responsible for a specific portfolio but is also regularly involved in projects that overlap.

In her thesis published in spring of 2011, Smart addresses staff capacity at *The Tyee* in this statement, "An advertising sales manager is desperately needed, and an assistant editor would make Beers' job much more manageable" (2011, 15). Positions at *The Tyee* have evolved in response to the publication's growth, both in readership and influence. In the summer of 2012, staffing was restructured to include an acting managing editor, filled by Robyn Smith.

This report is written from the perspective of the advertising manager. An advertising internship to begin in April 2011 at *The Tyee* was secured after having completed the coursework component of the Master of Publishing Program at Simon Fraser University (SFU). The summer months served as a crash course in the business of independent media. The result was a full-time position that began in September 2011 managing advertising and media sponsorships. This report is the direct result of the author's ongoing experience at *The Tyee*, supported by a thorough look at new research, internal *Tyee* documents, and generous first-person interviews.

***The Tyee* Reader Profile**

To understand *The Tyee* and its options for revenue generation, it is imperative to know its readers. *The Tyee* conducted its first reader survey in 2008, garnering 2,861 responses. It did so again in 2011. The questions for the most recent survey were created with editorial planning, community management, and advertising clients in mind. Respondents to the survey were given the chance to win a getaway to a Tofino resort, part of an ad purchase by a client who looked to promote their resort. The 2011 survey achieved 3,319 completed responses; success was credited to the value of the prize.

The responses illustrate a reader demographic and psychographic. Readership is split equally between genders. Nearly 70 percent of respondents are over forty-five years of age; three-quarters reside in British Columbia. Half of all respondents live in the Lower Mainland. These numbers are confirmed site-wide by Google Analytics. Of note, 94 percent of readers have a post-secondary education of some kind, and 31 percent have obtained post-graduate degrees.

Tyee readers are eager to learn about and engage with their communities. They are culturally aware and avid consumers of investigative journalism. Visits to the site are frequent; 90 percent of respondents indicated that they visit the site more than once a week. In terms of subject matter, readers are most interested in politics, followed by rights and justice, and the environment.

There is a recognized bias in the types of readers inclined to answer a survey. They are likely the most avid readers, ones who presumably have an attachment to or social investment in the publication. If nothing else, *The Tyee* has a solid base of dedicated, loyal readers. In a 2006 article, Beers refers to them collectively as “justice oriented citizens” (2005, 120). As justice oriented citizens, they are not passive readers, but active. They participate in text. In a paper written for *The Journal for Electronic Publishing*, Alexander Hay describes this as a ‘hyperreader’, or, “Someone who uses the online environment to give as well as to receive. He or she has a more sophisticated reader-text relationship than traditional readers have with text...they are not only selecting the pathways, but are shaping and influencing them”(2010).

With over 15,000 registered commenters, threads on *The Tyee* are filled with opinionated and (mostly) intelligent conversation. Many of these comments provide external links that support arguments, which broaden the discussion. Stories are also

shared readily on social media platforms. As of August 2012, *The Tyee* held nearly 20,000 Twitter followers and more than 2,000 Facebook fans. Between the daily and weekly e-newsletter, 20,000 readers have opted to receive Tyee headlines directly to their inbox.

Readers value *The Tyee's* content and consider it reliable. Discussed more in Chapter 2, many go as far as to reach into their wallets to support it. These people are integral to the survival of *The Tyee*; it exists because they exist. This rapport creates a unique situation for advertisements. The potential for strong engagement is equally matched with the possibility of strong pushback. Advertising thus requires a thoughtful strategy as opposed to one that sees advertising as a means to an end.

Chapter 1: Thought-Leader Publications Online

The role of publisher has taken many different forms online. Where, then, does *The Tyee* fit? This chapter situates the publication in the always-growing media landscape and addresses its purpose within the publishing context.

Lucia Moses, discussing *The Atlantic's* success, uses the term “thought-leader” to describe the publication. Alongside others like *The New Yorker* and *The New Republic*, Moses deems these as “better known for their intellectual contributions than their commercial value” (2011). This is fitting for *The Tyee* as well.

Publishers of all shapes and sizes have experienced the obstacles and opportunities presented by online content. Due to constant changes in the platform and delivery methods for content, publishers recognize the need to adapt their business models as both innovation and the market demand. In an article for *The Maytree*, where *The Tyee* is named as a leader in effective narrative, Alan Broadbent paraphrases Frank Sharry to say, “The key to creating an effective narrative is ‘volume and velocity’. By volume he means both amount and loudness. He means that we have to keep our story coming at people so quickly, so regularly, and so audibly that they can’t miss it” (2012).

Both volume and velocity are key components to successful journalism in 2012. When it comes to investigative reporting, publishers are challenged now more than ever to be accessible on multiple platforms, accountable in their reporting, and active in publishing relevant, timely stories. *The Globe and Mail* has responded to these needs by restructuring their management positions. New positions, including that of a public editor, are meant to address “increased emphasis on digital, growing multimedia and interactive news, and creating a more transparent and accessible newsroom” (Alzner 2012).

The Internet is not a new phenomenon. The online world, however, is always in flux. In an interview with *Politico*, Larry Kramer of *USA Today* describes the digital era of content enthusiastically, “This is like a Gutenberg moment. We’re reinventing

storytelling on a digital platform. Suddenly, we can use every form of storytelling in one place — pictures, graphics, words...We see a new art form that's going to be a much more dominant form of storytelling. That's the exciting part for me" (2012).

With so many new and expanded opportunities for storytelling, it seems logical that options for revenue generation must also be broadening.

Balancing multi-faceted sources of revenue while achieving both volume and velocity can be precarious, especially in the business of free content. In November 2011, thought-leaders in Vancouver gathered for Media Democracy Days to share their opinions on the future of journalism. Linda Solomon, publisher and editor-in-chief of the *Vancouver Observer*, moderated the discussion. Fear of corporate ownership and media concentration, challenges of economic viability in a free market, reader engagement online, and the future of investigative journalism were all central to the conversation (Uechi 2011).

Beers said of *The Tyee's* place in the media, "I feel that we are still just edging our way forward, without any clear map at all" (Uechi 2011). Trial is often followed by error, and even though *The Tyee* seems to be flourishing, not everyone is so lucky. Beers mentions the collapse of *Public Eye*, a peer publication of independent thought and investigative journalism. Sean Holman, publisher and editor of the publication, wrote a last goodbye to his loyal readers in fall 2011. Holman explained that despite his appreciation for reader contributions, advertising revenue, and support from media colleagues, his site was no longer financially sustainable (2011). Many in the journalism community in British Columbia were impacted by this loss, including *The Tyee*. *Public Eye* had been a site acclaimed for its dedication to balanced reporting and investigative journalism as free content. How is it possible that a publication with so much inherent social value cannot pay the bills?

In an article Holman wrote for the Canadian Centre for Investigative Reporting, he spoke to why he was forced to shut down. He ran through the list of challenges faced as an independent, investigative reporter, and how his various revenue sources often butted heads. For example, layouts placed reader contributions beside paid advertisements, which did not sit well with readers; they complained when ads contrary to their values appeared. There is an underlying understanding that advertisements adjacent to content subsidize the cost of said content. Despite ad placement differing

between print and on the Web, the unwritten agreement between reader and publisher remains the same.

This forced the question, "...if the public doesn't want to donate to the media and if some of its members believe advertisements can compromise an outlet's coverage, how exactly should online journalism – especially of the watchdog or independent variety – be funded?"(Holman 2011).

The answer to this question is pertinent to *The Tyee* and one that desperately seeks attention. The remainder of this report will attempt to dissect this issue and find a viable solution.

The Tyee's Place in the Ecosystem

At a staff meeting in May 2012, Beers compared the media to an ecosystem. This analogy is spot on; media is a community of moving parts working symbiotically.

The Tyee establishes a precedent for what is possible in Canadian independent media. Its place in the media ecosystem is three-fold: a quality reporting benchmark, a thought-leader with social impact, and a competitive advertising space. *The Tyee* has been the recipient of several prestigious awards, most recently Best Online Magazine at the Western Magazine Awards (2012) and two Canadian Online Publishing Awards: gold for best online-only article or series, and silver for best news coverage (2012). *The Tyee* also became the first online publication in Canada to win an Edward R. Murrow Award, a competition open to all of North America, in both 2009 and 2011 (*The Tyee* 2011). Consistently recognized alongside big names in Canadian and North American publishing, *The Tyee* sets the bar for quality reporting.

The Tyee isn't just writing well; it is writing well about issues imperative to a well-rounded view of the world. In The Knight Commission's report, *Informing Communities: Sustaining Democracy in the Digital Age*, it is stated that, "Individuals and communities depend on news as a critical element of the information ecology, and effective intermediaries are critical in gathering and disseminating news" (2011). As an influential part of this information ecology, *The Tyee* strives to report on "viewpoints banished from corporate media and shine a light on corners of the province Big Media ignores" (Beers 2012). By its very nature, it offers an alternative to mainstream media, thus challenging and enlightening the community. In this way, *The Tyee* has a true social impact. The

Knight Commission also writes, “Community co-ordination cannot exist without shared news. The dissemination of information, debate, and analysis is central to problem solving” (2011). The mission to solve problems is embedded right into *The Tyee*’s logo: “B.C.’s home for news, culture, and solutions.”

Quality reporting with social impact has created an audience considered valuable from many angles. One of these is from an advertiser’s perspective. Stacey Fowles, director of circulation and marketing at *Walrus Magazine*, said of *The Tyee*, “Our ads performed far better on *The Tyee* than they did with major Canadian and American newspapers”(Tyee Media Kit), and E.J. Hurst, marketing co-ordinator for New Society Publishers shared that, “Response to our ads on *The Tyee* has been extremely positive...Even in tough times, *The Tyee* is one ad that is consistently on our list” (Tyee Media Kit). In an interview with *J-Source*, Beers communicates that, “This year, we’ve seen a lot of interest from Internet advertising networks wanting to include us as a key buy. So that’s very promising for smaller, independent online media” (McKeon 2011).

To deal with the increased demand from advertisers, *The Tyee* has developed a new sales strategy in regards to workflow. This is explained in more detail in Chapter 3.

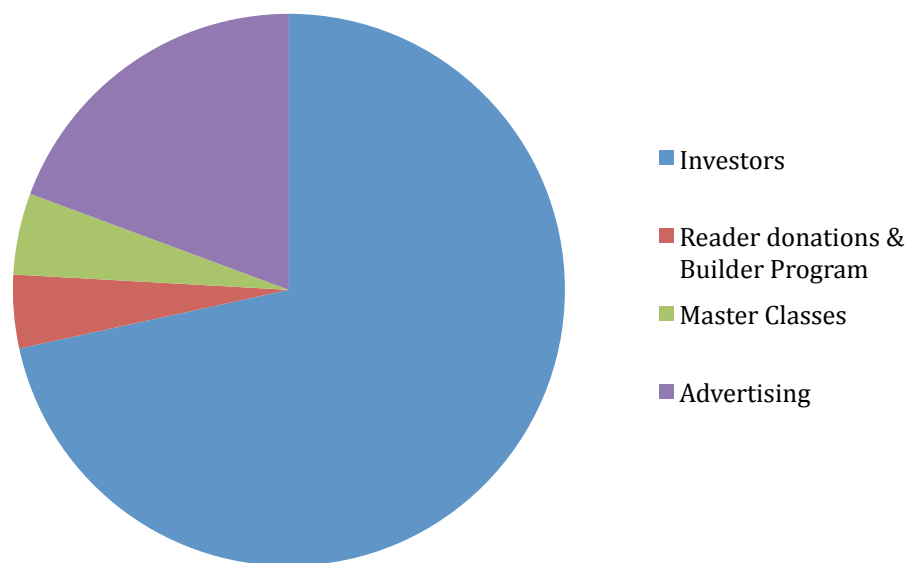
With an identity, a purpose, and the ability to be self-sufficient, *The Tyee* emerges as a valuable part of Canadian media. There is a growing need for publishers not only to be strong creators of content, but also strong mentors in business. *The Tyee* aims to conquer both worlds. Why not publish quality content and also be business savvy?

This chapter established *The Tyee* as a thought-leader publication. It described the publishing context and explained how *The Tyee* sustains its position in the media ecosystem by providing a quality reporting benchmark, content with social impact, and a competitive advertising space.

Chapter 2: *The Tyee's* Revenue Structure

While content is central to its existence, a strategic business model is required to maintain a valued place in the industry. This chapter lays out each aspect of *The Tyee's* revenue structure in the 2011-2012 fiscal year. It will detail the balance between investors, special projects like its Master Classes, reader contributions, the new Builder Program, and, of course, advertising.

Figure 1: *The Tyee's* Revenue Sources in the 2011-2012 fiscal period



Source: Chart made by Meaghan MacDonald using internal *Tyee* documents

Now in its ninth successful year, *The Tyee* is a for-profit entity that operates under the business name Countercurrent Media Ltd. To promote transparency, a detailed explanation of *The Tyee's* funding structure was added to the “About” page of the site in April 2012.

Investors

In 2006, Beers said of *The Tyee's* funding, "I have sought and received funding from labour unions, philanthropists, and socially responsible venture capitalists in British Columbia and launched *The Tyee*...The goal is to fold in revenue from select advertising and readers' contributions to develop a long-term sustainable future" (2006, 119).

The site launch in 2003 was made possible by funding from Working Enterprises and the British Columbia Federation of Labour. In 2006, Eric Peterson and Christina Munck also became integral investors by way of the Tula Foundation (Halpape 2011, 6-7); over half of ongoing revenue comes from these two investors. Total funding from investors remains the same annually at \$450,000. In their eyes, this base allows *The Tyee* to grow the community around their investment. *The Tyee* is a for-profit business, but only (narrowly) made a profit for the first time in the 2011-2012 fiscal period. Investors have committed to putting all profit back into the publication and have vowed not to sell. It should also be noted that investors play no role in the direction of editorial content.

Master Classes

Following in the footsteps of *The Guardian*, *The Tyee* broke new ground in the spring of 2012 by offering a series of classes in their newsroom.

Figure 2: The Tye Master Classes as inspired by Guardian Masterclasses



Source: *Guardian* Masterclasses online and *The Tye*

Tye contributors considered masters of their respective domains were brought in to teach classes. Full sponsorship was obtained from Whole Foods for catering and seven British Columbia wineries for wine. Prices per student ranged from \$195-\$395 depending on length, and class size was 20-30 students. In its trial year, the Master Class program brought in revenue that represented roughly 5 percent of operating expenses (*The Tye* 2012). Success of the initiative rippled through the online community. *Masthead Online* opened their article on the subject with the statement, “*The Tye*, an independent award-winning magazine in Vancouver, is doing something a little different to generate revenue” (2012). The *Nieman Lab* wrote in their article that, “The Vancouver news site is known for being somewhat experimental in its approach to funding and producing its work, so hosting what they’re calling “master classes” in their newsroom just sort of fits” (Ellis 2012).

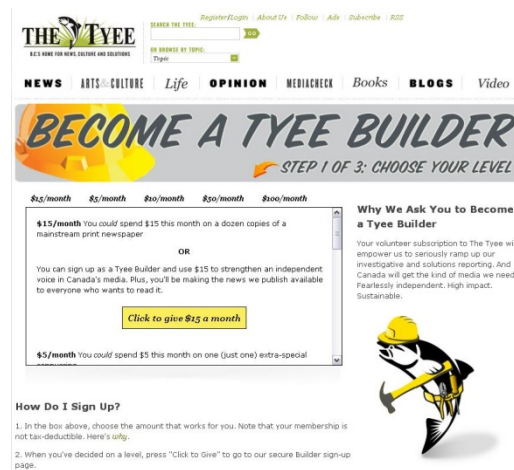
Readers

Another source of revenue for *The Tye* is its readers. Two donation drives have been executed to boost funding specifically for provincial election coverage. In 2009,

Beers appealed to readers to help double the reporting budget for election-related coverage (Beers 2009). The venture brought in \$25,000 in eight days (Halpape 2011, 9). Faced with an impending election in the fall of 2011, *The Tyee* again turned to their readers for financial support. This effort received support of roughly \$15,000 (Beers et al. 2011). It was clear at this point that *The Tyee* could work together with its readers to produce even more investigative reporting. *The Tyee* is currently building a robust election coverage portal for the 2013 provincial election, and have hopes of attaining a similar sponsorship for the initiative.

The success of the election drives encouraged *The Tyee* to create an optional, monthly subscription model. First explored in a Master of Publishing report, "Finding Friends For *The Tyee*: A Plan For A Reader-Supported Journalism Program" by Jan Halpape, what is now called *The Tyee* Builder program represents the fruit of several years of labour. Readers donate a recurring monthly amount to become an official Builder. Editor Beers describes the program as a "voluntary subscription—with extra benefits for you as well as for *The Tyee* and our national conversation" (Tyee 2012).

Figure 3: *The Tyee's* Builder registration page



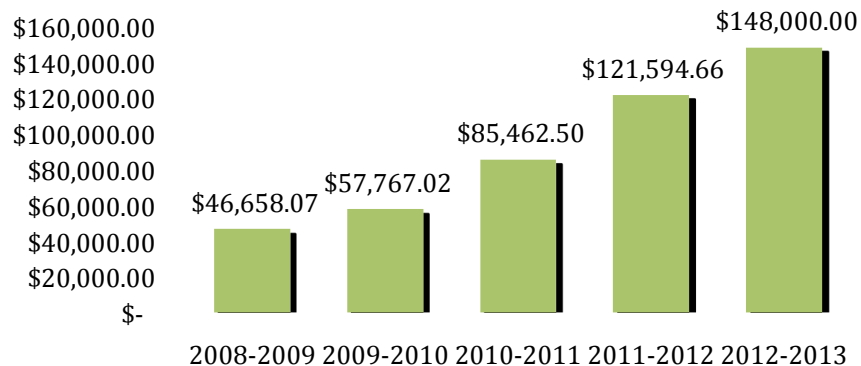
Source: *The Tyee's* Builder page

Backed by Canadian celebrity endorsers and with a big push through various channels, the first few weeks of the program saw nearly five hundred Builders pledge a shared commitment of \$73,420 for long-term Tyee reporting (Smart and Beers 2012).

Advertising

As a result of steady increase in traffic, media influence, and staff capacity, advertising revenue has risen consistently each year. In the 2011-2012 fiscal period, advertising represented roughly 17 percent of operating revenue (*The Tyee* 2012).

Table 1: The Tyee's revenue by fiscal year, 2008-2012



Source: Graph made by Meaghan MacDonald using internal *Tyee* documents

This is a very comfortable position for advertising to hold at *The Tyee*, but increased revenue here and in other areas is crucial to continued reporting and projects at the publication.

While change in 2012 occurs at a rapid pace, the old business model for magazines had remained largely unchanged for decades until the widespread use of the Internet. As explained by The Knight Commission:

In the 20th century, advertising compensated for much of the shortfall because advertisers were willing to pay substantial sums to newspapers and local broadcast stations to reach their audiences. The Internet and the fragmentation of media markets through the proliferation of new outlets have undermined this business model (15).

Fragmentation of media markets has indeed put the old business model in its place: the past. The truth is, a top-down model would never work in 2012. Content

online opens the door for a relationship, a conversation, and a community. The Internet has created new avenues of opportunity for advertisers to reach their audiences. The integration of various platforms to an overall marketing strategy is made much more fluid on the Web. On this subject, David Hallerman, eMarketer's principal analyst, says that "advertisers' comfort level with integrated marketing is greater than ever, and this is helping more advertisers - and more large brands - put a greater share of dollars online" (eMarketer 2012).

In print, newsstand price is determined by the amount of revenue brought in by advertising and other sources. The creation of a paywall for customers to access content online, for instance, is the direct result of decreased print advertising sales; however, to inhibit one platform because of the failure of another is no way to succeed. *The Tyee* as a stand-alone online property does not have the same costs as a print magazine. Its free content is a part of its mission, but also a privilege granted by successful ad sales and alternative revenue sources.

Ads are seen as a necessary evil in many intellectual circles. At *The Tyee*, their function is often to inform readers of upcoming social or cultural events, educational courses, or politically driven initiatives. In an arena of political and creative action, advertisers need places where they can exchange ideas and messages just the way that editorial does. Advertising shows desirability, catches the eye, and makes things interesting. It shows that people outside the community want a piece of it. It acts as a roadside attraction, enticing new people to join that community to see what all the fuss is about. Companies and organizations, whose purpose is to sell products, services, or ideas, do not choose where to advertise haphazardly; locations are selected because advertisers believe their message or brand will have traction in the community that resides there. Ads thus serve as an indicator or a tool for measuring success of a publication; when it and the community it holds becomes relevant to people who make high stakes decisions – businesses with marketing budgets to spend - it becomes a fertile advertising environment.

Advertising also has a positive disciplining effect on editorial by forcing it to be fact-based, relevant, and credible. Beers said bluntly in an interview, "If people didn't want to advertise with us, we wouldn't be here" (2012).

Challenges

To sell advertising online, ad salespeople must often explain how digital advertising works before attempting to make a sale. They are “tasked with selling both the concept and the product—at least until businesses become better acquainted with the new world” (Alzner 2012). There are many businesses and organizations that are still learning the ropes when it comes to online marketing, ones that represent valuable partnerships for *The Tyee*. Convincing clients of value can be tricky. Stephanie Botelho elaborates, “In print, monetizable advertising impressions are calculated based on circulation, pass-along, number of issues, and advertisements per issue,” says a *Scout* news statement. “For digital, the monetizable advertising impressions are calculated based on the ads per page view and the consumption patterns of the audience as profiled in previous research” (Botelho 2011).

The pass-along statistic is difficult to prove, as is a comparison between print and online advertising at all. Engagement with print ads is based on generous assumptions, whereas response to Web ads can be tracked by metrics. The ability to track metrics can be both a strength and a weakness. In response to his lecture at the AppNexus Summit, Felix Salmon discussed online advertising in a Reuters blog. He argued that because the original selling point of online advertising was its ability to track metrics, advertisers became and still are caught up in the numbers. Because of this, states Salmon, “The online ad industry has missed the real power that advertising can have, and its practitioners tend to sneer at old-media ad money as being largely wasted, in contrast to the carefully quantified campaigns one sees online” (2011).

This “real power” is the potential that exists beyond display advertising. Metrics are helpful, but they are not the be-all and end-all of a campaign. Effective advertising is not always black and white. The case study between *The Tyee*, LOCO BC, and Vancity discussed in Chapter 5 exemplifies the power of an integrated campaign that offers something extra.

Ideally, revenue comes from multiple sources. In an interview with *J-Source*, Beers comments on *The Tyee*’s business model, “*The Tyee*’s balance of many revenue sources is probably the future” (McKeon 2011). The multi-faceted nature of this revenue structure ensures complete editorial independence. No one source totals more than 50 percent of revenue, meaning that *The Tyee* is not accountable to any one group and can continue to produce journalism that enhances dialogue in the public sphere.

Advertising and Sponsorship Initiatives of Peers

The Tye is constantly learning from peers and appropriating ideas that have traction. This is a crucial practice for all publishers. The following revenue generation examples represent ideas that *The Tye* would like to pursue or has already appropriated in some way.

In 2011, *The Walrus* launched a humour blog. In search of sponsorship, the magazine approached Toyota, Wind Mobile, and Labatt. While the first two proposals were turned down, Labatt's *Stella Artois* brand agreed to a sponsorship of \$20,000 (Cleland 2011, 25). The visual brand positioning is prominent, and the copy indicating the relationship is hard to miss.

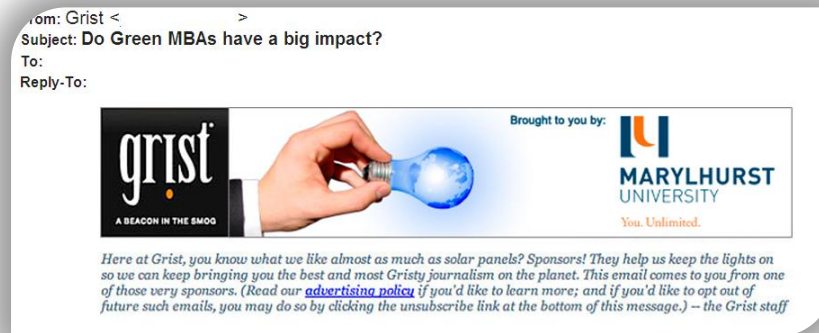
Figure 4: Visual Stella Artois sponsorship on The Walrus Laughs

The image shows a screenshot of a website interface for 'The Walrus Laughs' featuring a Stella Artois sponsorship. At the top left, the title 'The Walrus Laughs' is written in a handwritten font above a cartoon illustration of a yellow walrus. To the right is a dark rectangular box with the Stella Artois logo and a glass of beer. Below the illustration, there are three columns of text: 'DRINK IT IN' (Stella Artois presents funny words, pictures, sights, and sounds from Perry Rosemond, The Walrus magazine, and you the public), 'VOTE YOUR OPINIONS' (Show approval by clicking the Grin; express distaste by clicking Lil' Flat Face. Rankings change on the fly), and 'SHARE YOUR LAUGHS' (Send us your funny prose, poetry, images, or sound and video clips. Fame, prestige, and bragging rights could be yours. Submit here). Below this is a row of social media sharing buttons for Facebook, Twitter, Google+, and ShareThis. At the bottom, there are three sections: 'PERRY'S LAUGHS' (Curated by comedy producer Perry Rosemond), 'MAGAZINE LAUGHS' (Culled from the archives of The Walrus), and 'YOUR LAUGHS' (Collected from the great washed masses).

Source: *The Walrus Laughs* home page

Another peer that inspires ideas is *Grist*. They send out direct-mail pieces to their mailing list, which means that they give an advertiser access to their list on numerous occasions.

Figure 5: Example of a direct mail piece sent out by Grist




Source: Email from *Grist's* subscriber mailing list

After seeing this executed successfully, *The Tyee* added an opt-in to receive emails from values-aligned advertisers within the Builder registration process. Aside from this, *The Tyee* has already appropriated another portion of *Grist's* donor e-newsletter, which features a short blurb and picture of one of their "Friends With Benefits." In *The Tyee's* first Builder e-newsletter, a photo and quote from a selected donor was featured.

Figure 6: Comparison of Grist's Featured Friend as emailed to participants in their "Friends With Benefits" program and The Tyee's featured Builder, as emailed to all Tyee Builders

This month's Featured Friend

"Our family gives to Grist because we value current and informative articles involving the 'green' movement. We also appreciate new ideas on how to conserve and improve our daily goal of living a more sustainable life. Despite all the discouraging news of politicians sacrificing the environment in favor of big business and greed, Grist still gives us hope because we know there are others out there like us who will continue to challenge these politicians every step of the way."



-- **Tama B.**, Stage 5 tree-clinger, San Diego.

Who's a Builder?

Miriam Stuart, that's who. She says:

"The Tyee is one of the few sources that gives in depth coverage of real issues without sensationalism. It's local and independent and mostly reflects my values. Great writers!"



-Miriam Stuart, Vancouver

Source: *Grist* and *The Tyee* mailing list

There are plans in the works for a staff trip to Seattle to visit the *Grist* offices. Media that works independently but is also open to collaboration in this way is imperative to the health of the industry.

This chapter has looked at the many facets that make up *The Tyee's* revenue structure and also highlighted how it has appropriated ideas from other publishers. It is clear that advertising, a complex entity in itself, is only a part of *The Tyee's* overall business model. Investors present from the onset of the publication, special projects such as this year's Master Classes, and reader contributions are all necessary to keep *The Tyee* running. Without these sources, new initiatives and continued investigative reporting would not be possible.

Chapter 3: *The Tyee* As A Competitive Advertising Space

In its nine-year existence, *The Tyee* has come a long way. This chapter will showcase *The Tyee* as a competitive advertising environment. It will track its advertising evolution from inception to present, and discuss the strategies and services related to ad sales. It will introduce a unique approach to workflow, and end with an explanation of how the case study incorporates all things learned.

Early Days

The Tyee's inception was motivated by a desire to do social good by way of investigative journalism; it did not start out with a mission to make money. When it came time to engage in the business of values-based commercial activity, it required a unique business model.

For a start-up, it is imperative to avoid doing too many things too soon. *The Tyee* was wise about this. As a small, online-only publication, it was important to strip away the traditional components of newspapers and magazines and to focus on doing one thing well. This was and still is solutions-based, investigative journalism. The only business priority for the first few years was to appeal to and engage with a particular community of people in a way that demanded attention from decision-makers. Initially, it was understood that there would be no time devoted to ad sales. The site architecture wasn't set up to deliver ads, and low staff capacity meant that the cost of sale exceeded any possibility for profit. Every dollar had to go to journalism.

As *The Tyee* matured editorially, its business model soon followed; the potential to garner revenue via advertising and other means became a reality. It was necessary to show investors that the publication mattered to the outside world. Advertising was critical in making this case and in getting *The Tyee*'s annual budget increased. Interest from advertisers was proof that *The Tyee* and its audience were meaningful.

By the fourth year of operations, Hoar had become full-time, and the infrastructure to support ads was in place. Among other responsibilities, she started to offer advertising services. In 2006, *The Tyee* facilitated an educational approach to advertising for book publishers.² A \$20,000 funding arrangement between The Association of Book Publishers of British Columbia and the Canada Book Fund, then known as the Book Publishing Industry Development Program, allowed publishers to learn about and experiment with Web advertising on *The Tyee*. Funding allowed book publishers a 50 percent discount on advertising, making both the idea and cost of Web advertising accessible. It also leveraged the content in the then strong Books Section of *The Tyee*, which was launched in June 2006. Rummaging through old *Tyee* folders and binders, an editorial calendar for the Books Section was found. This calendar mapped thematic content by month. It was meant to “give publishers plenty of advance notice so that they can consider specially targeted advertising during those times” (*Tyee* internal document 2006). Chapter 4 contains further discussion on possibilities that could arise as a result of implementing a site-wide editorial calendar

The time-consuming logistics of this arrangement made the cost of sale quite high, but it did allow publishers invaluable coaching on how to put together campaign creative and why to make it a consistent part of the marketing budget. This initiative also instigated a long-running advertising partnership with Douglas & McIntyre, who, at the time of writing, had remained as annual contract advertisers at *The Tyee*.

Advertising was handled as one of Hoar’s many tasks until 2009, at which point *The Tyee* filled a position for a full-time ad salesperson. The ad salesperson left her post within a year; reasons for frustration within the position at that time were lack of resources, inexperience in Web advertising, the absence of a clear advertising strategy, and a poor skills match to the position. The position was not filled again until summer 2011, when it became a priority to re-evaluate advertising and develop a new strategy. For *The Tyee*, a full-time ad salesperson can only be supported if revenue generated exceeds the amount paid out for wages and commission.

² All information pertaining to this advertising initiative comes from an in-person interview with Michelle Hoar; Specifics are cited in the References section of this report.

Working with OnTrack Media

The Tyee accepted they weren't champions of advertising and turned to a local consultancy for their expertise in early summer 2011. Specialists in niche publications, "OnTrack Media is the leading integrated advertising strategy resource for magazine publishers" (OnTrack Media 2012).

As a first step, the team at OnTrack asked *The Tyee* for their sales records for the previous twelve months and for what they perceived to be their top three competitors in advertising sales. This information, together with the discussion that ensued from several strategy calls and training sessions, produced a hearty sales strategy document that included an advertising toolkit containing: a case study template, best practices for a publisher's media kit, an ad sales checklist, client email templates for different stages of the sales process, and an industry-specific client lead list.

Tyee Delivery Software and Ad Services

The Tyee is an intricate whole of many moving parts. Without systems and programs running smoothly backstage, neither success nor innovation would be possible. In this section, a brief summary of the delivery software, as well as an explanation of how their functionality contributes to various advertising services, will be discussed.

The Tyee's main asset is its content. Content is managed in Bricolage, an open-source publishing system. Within this content management system, a site infrastructure was created that supports both editorial and ad zones.

The website has undergone several redesigns to improve aesthetics and/or usability. The most recent, in summer 2011, was undertaken to specifically improve the sellable advertising zones within the space available. To do this, the overall landscape was evaluated and compared to other successful online properties. The optics of the content-advertising relationship were also assessed. Brainstorming sessions with staff and consultants skilled in editorial, technology, and advertising developed a new blueprint for *The Tyee*. With this blueprint, invocation codes for ad zones were adjusted in the content management template and the proposed changes became a reality.

In the redesign, two short vertical banners were converted to a big box ad space, and another small floating vertical banner on the home page was replaced with a wide skyscraper ad zone. Changes were made to adhere to the guidelines set by the Interactive Advertising Bureau³ and in response to advice from Shannon Ward of OnTrack Media. In an email to Tyee staff, she stated that:

Small ads do no favours to advertisers as they do not allow enough room for good creative and therefore are typically less successful. Low ROI leads to advertiser turnover and a vicious cycle is created of capturing small, low value advertisers that typically take the same resources to service as a larger account. Focusing on larger ad units alleviates this problem and hopefully attracts larger, more consistent advertisers (2011).

This particular redesign also ensured that big box zones were visible on every page of the site. This increased the overall impressions available to the zone, further monetizing the ad unit. *The Tyee* prides itself on its clean design; having fewer, larger ad spaces better adheres to the overall aesthetic and allows for more efficient space to foster copy and branding.

All changes made, there are now six different ad zones: an in-house only button left of the Leaderboard, the Leaderboard itself in the most prominent zone above the fold, three big box zones boasting the best engagement rates on the site, and one wide skyscraper that resides only on the home page and topic index pages.

³ The Interactive Advertising Bureau is a not-for-profit association that, among other things, works to create and promote digital and interactive advertising standards and best practices.

Figure 7: The Tye's home page that shows all advertising zones after the 2011 redesign



Source: *The Tye's* home page

Ads are currently served to the site via Google's Double Click for Publishers (DFP) Small Business. Previous to that, *The Tye* used OpenX as its ad server. Moving to the new server aimed to make channeling and geo-targeting more efficient using custom criteria presets. It would also introduce better trafficking and a built-in system for inventory management. Much like Google's other products, DFP's usability is straightforward and it has the ability to interact with other Google accounts like AdWords and Analytics.

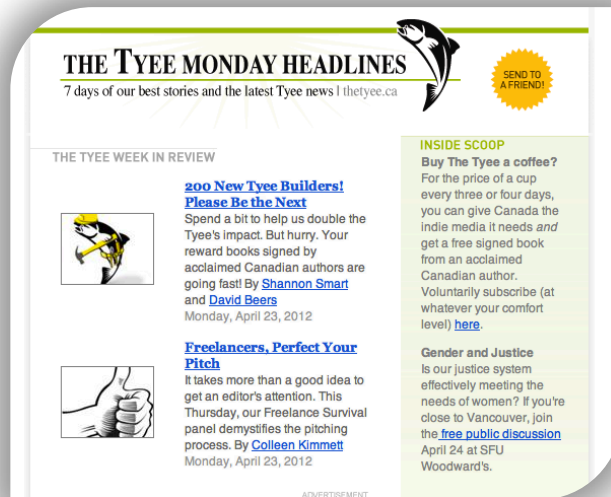
Currently, ads can be targeted to readers in specific geographic locations, or channeled to appear only on a chosen section of the site.⁴ This is appealing to advertisers who have a target audience in mind or who do not have the budget to extend a campaign site-wide.

Since 2011, expandable and rollover in-banner video ads are available to clients who want to further visual storytelling in their campaign. Videos are served through a third party platform called Jivox, and offer great sharing and tracking tools within the ad.

The Tyee also offers visibility in its coveted e-newsletter. One ad zone per week affords exclusivity to clients. Unfortunately, ads for the e-news are still served through OpenX as DFP doesn't support the software necessary to integrate the ad into the e-newsletter. A robust email marketing platform called WhatCounts provides distribution of e-news. It is not ideal to use two ad servers but it is the only option at the moment. An "Inside Scoop" section of the e-news, consisting of a few sentences and used to inform readers of events or initiatives, is also available. This is sometimes used to inform subscribers of *Tyee* initiatives or events, but it is also offered to advertisers with the right fit. This option is not included in the ad kit, but is extended to some clients to promote events.

⁴ Current channels offered through *The Tyee's* advertising services are: "Home," "Arts & Culture," and "News & Views."

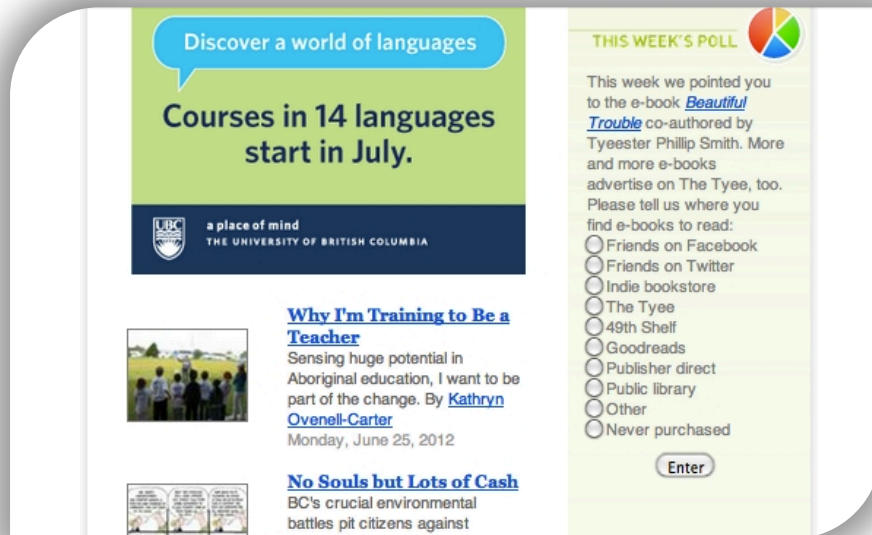
Figure 8: Example of The Tyee's e-Newsletter featuring weekly headlines and the "Inside Scoop" section



Source: Tyee e-Newsletter

Every week, Tyee e-news subscribers are polled on a timely subject and delivered the poll results from the previous week. Advertisers with the right fit have been given the opportunity to pose a question to subscribers. Direct access to readers in this way has proven to be valuable to advertising clients. When approached by a publisher to promote e-books, the option of the e-news poll was presented. *The Tyee* did not present the question as pertaining to the ad client specifically, but instead referred to a book that had been discussed recently on the site and asked subscribers exactly what the client wanted to know: where Tyee readers find their e-books.

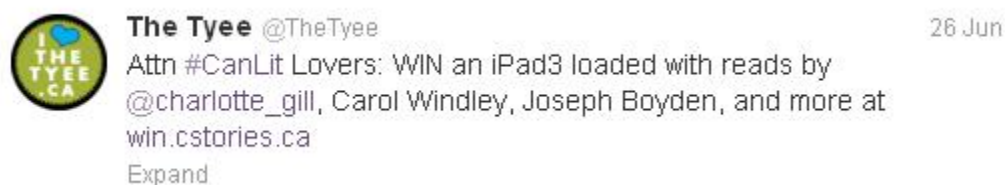
Figure 9: Example of The Tye's e-Newsletter featuring the weekly poll



Source: *The Tye's* e-Newsletter

Social media such as Twitter and Facebook can also be used as a value-added feature for client campaigns. It is used only for campaigns where there is a direct or obvious benefit to the reader, usually to promote contests or relevant events.

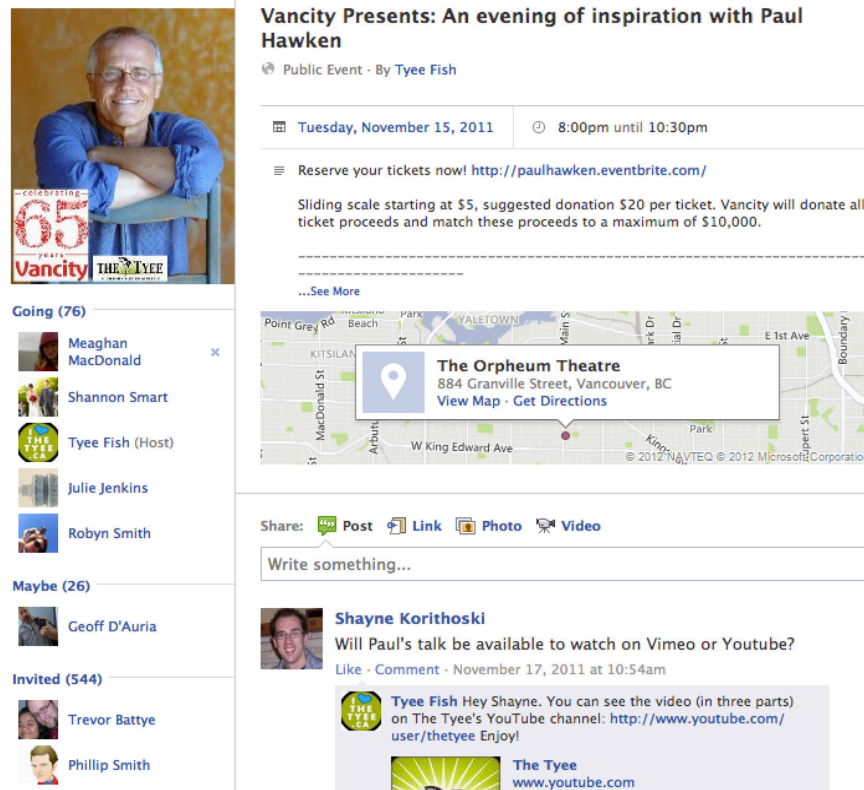
Figure 10: Example of a Tweet on behalf of an advertising client



Source: *The Tye's* Twitter account

In November 2011, *The Tye* partnered with Vancity to promote a speaker event at the Orpheum Theatre featuring environmentalist and author Paul Hawken. One of the strengths in *The Tye's* pitch to Vancity was in *The Tye's* ability to create and share an event using an established social media account.

Figure 11: Example of a Facebook event created on behalf of an advertising client



Source: *The Tye's* Facebook account

In this instance, the subject matter of the event – environmental sustainability – resonated with readers, and the call-to-action over Facebook and Twitter included a book and ticket giveaway. Vancity was pleased with the turnout to the event, and impressed that *The Tye* played a part in making it such a success. The creation of a partnership for this event set a precedent for what was possible between the two businesses, and surely played a role in Vancity's willingness to take part in the case study discussed in this report. When launched, the local business campaign featured in the case study will also make use of *The Tye's* strength in social media.

Some clients are dissuaded from using *Tye* social media. As an example, when Car2Go asked to have their campaign promoted on *The Tye's* Twitter and Facebook accounts as they had done with other Vancouver publications, the request was denied. Car2Go is a progressive company and a great advertising client, but this particular campaign was deemed by staff to be inappropriate use of its social media channels. To

keep the partnership positive, an alternate campaign that used display ads on the site and in the e-newsletter was proposed to better suit this particular client/reader rapport.

The creation of custom-branded microsites for contest delivery is another popular option. Microsites are created in Wufoo, a customizable, HTML form builder. The campaign bundles *The Tyee's* assets, namely display ads and social media promotion. On the microsite, readers are prompted to fill out contest details, absorb the advertiser's message, and opt in to the client's mailing list. Wufoo was used for Vancity's Hawken event. *Tyee* readers were prompted through display ads and over social media to win tickets and a signed copy of Hawken's book, which led to the Wufoo content page.

Figure 12: Example of a Wufoo page created on behalf of an advertising client

The image shows a screenshot of a Wufoo contest page. At the top left is a photo of Paul Hawken, an older man with glasses, wearing a blue shirt, sitting in a chair with his arms crossed. To the right of the photo, the text reads: "Be a 'thought-full' Leader!" with "thought-full" in a green script font. Below this is the Vancity logo. The main heading is "An Evening with Paul Hawken Giveaway Copy". Below that, it says "Vancity is bringing Paul Hawken to town. Enter to win tickets and his latest book!". The text continues: "Vancity is giving away 20 pairs of tickets to their presentation of 'An evening of inspiration with Paul Hawken.'". The event details are: "When - Tuesday, November 15th, 7-9:30 pm" and "Where - The Orpheum Theatre, Vancouver". A note says: "(Plus, an autographed copy of Paul's latest book, *Blessed Unrest*. FREE for every winner.)". There is a section titled "Enter Here to Win!" with a "Name" field (split into "First" and "Last") and an "Email" field. Below the form, it says: "Click SUBMIT at the bottom of the page to complete your entry. Check your email for confirmation. If you don't receive an immediate email confirmation, double check your junk mailbox. Good luck!". At the bottom, there is a "Submit" button and a logo for "THE TYEE". To the right of the form, there is a promotional graphic for Paul Hawken's book "Blessed Unrest" and a "65 years Vancity" anniversary logo.

Source: *The Tyee's* Wufoo account

There are also several new initiatives that provide opportunities for new advertising services: a daily video component of the site, a mobile site readable on all phones, and a free HTML5 application (D'Auria 2011). The embedded video fixture was added to the site at the beginning of December 2011 (Beers 2012). Video is embedded through *The Tyee's* YouTube channel. It remains to be seen whether pre-roll ads are something that *The Tyee* would consider, but the option of sponsorship of a particular video series or type of programming is definitely in the plans. There are plans to offer mobile ads as part of the overall ad package once mobile traffic has grown and shows consistency. Similar to the problem with e-news ads being served through DFP, mobile ads will also have to be served through the OpenX ad server.

Three-Pronged Ad Sales Approach

Even with a full-time employee designated to advertising, managing ads for a publication with a reach of up to one million page views and 300,000 unique visitors each month is a challenge. Between pitches, proposals, sales, invoices, customer relations, inventory management, trafficking, and reporting, there is only so much that one person can do.

In fall 2011, a three-pronged strategy was developed in order to best serve *The Tyee's* inventory. The first prong is direct client interaction by a *Tyee* salesperson; the second prong is management of agency sales by Western Media Group's (WMG) ad network; the third prong is management of all remnant inventory sales by Olive Media's network. (WMG, Olive Media, and their relationship to *The Tyee's* ad sales will be explained further later in this section.) In an article for *Folio* magazine on this topic, Alysson Wesner says:

...the partners must be willing to work together toward a common goal, so it's important that this factor be part of the selection process. Once the partners are in place, the publisher must clearly communicate these goals in quantifiable, measurable terms (2011).

Several meetings and contract revisions with all parties clearly communicated goals and respective responsibilities. The role of each member of the powerhouse team as well as an explanation of the compensation scenario for each follows.

Direct Client Interaction

The Tyee handles direct client interaction and custom campaigns. This includes maintaining established relationships as well as building new ones via lead generation. The focus here is on meaningful connections with clients who do not operate through ad agencies and have an in-house marketing person or team. Examples of long-term clients that *The Tyee* interacts with frequently include University of British Columbia (UBC) Continuing Studies, Douglas & McIntyre, Vancity, and Capilano University. The salesperson can tailor services specific to a client's campaign needs. This includes but is not limited to building microsites for contest administration, involvement in events as a media sponsor, social media, and geo-targeted and/or channelled campaigns.

The salesperson is one of five, full-time staff on payroll and is paid a modest base salary bi-monthly as well as a commission on sales. Revenue realized from the sale of ads exceeds the expense of salary and commission. This revenue, as well as the security of establishing long-term, happy clients is essential to the three-pronged approach.

Agency Clients

In October 2011, *The Tyee* signed a contract with WMG. Their company mission statement promises to, "facilitate dynamic partnerships between advertisers and diverse media suppliers by effectively allocating advertising investments" (2012). As a media supplier for WMG, *The Tyee* is the beneficiary of these advertiser investments.

The Tyee was approached by WMG as a prospective property for their BCInfonet advertising vertical in the summer of 2011. Their website defines the vertical as "the most complete and locally-based community news and information network available to advertisers in BC. Local issues, local interests, local news, geo-targeted to the communities they serve" (2012). Essentially, it integrates *The Tyee* into a list of other properties in the province that a media buyer can then purchase as a package on behalf of a client.

The partnership has proven to be beneficial to both sides. *The Tyee* offers traffic from a valuable audience, and WMG has a list of clients who operate behind agency walls and are otherwise very difficult to connect with. These fast-paced, transactional buys do not generally conflict with the work that *The Tyee* does on its own. Many of

WMG's big name clients would not seek out *The Tyee* independently, but purchase exposure on the BCInfonet network, which includes *The Tyee* in the package. Examples of WMG clients who have advertised on *The Tyee* are: BC Parks booked through NOW Communications, Toyota booked through Elevator, and Telus booked through Cossette. These clients would not have been attainable without WMG. *The Tyee* and WMG split revenue from these sales at 30/70 percent in favour of *The Tyee*.

Remnant Inventory

The first two prongs mentioned above address sales with a guaranteed amount of exposure. Advertising at *The Tyee* is sold on a CPM, or cost per thousand, basis. Clients thus purchase a certain number of page views, also called impressions, over their desired campaign period. Because traffic at any given time is always an estimate, not every bit of ad space can be sold. The remainder is referred to as "remnant" space. It is this leftover space that Olive Media, a digital sales representation company, fills. This arrangement became official in October 2011. *The Tyee* is a part of the Olive Brand Response program: a direct response, brand-safe network of sites sold to top-tier clients. It uses behavioural and content targeting to achieve safe brand fits for advertising clients within their network.

Before the agreement with Olive Media, *The Tyee* used this space for self-promotion, value-added features of paid campaigns, or as pro-bono. It also commissioned third party affiliate sites like Google AdSense and Commission Junction. These services did not result in a great deal of revenue, the ads did not fit the aesthetic of the site, and the clients weren't always the best matches. As stated in *Folio Magazine*, "The typical online startup sees Google AdSense as the cornerstone of their revenue strategy. That's fine for a passion project, but not a business builder" (Voltolina and Kinsman 2009). As a business builder, *The Tyee* felt it had matured as a potential advertising environment and wanted to experiment with something new.

Similar to WMG, Olive Media takes a percentage of the net sale from the onset. The revenue split is 40/60 percent in favour of *The Tyee*. Pricing is at the discretion of Olive Media, but charging the highest possible CPM rate is of benefit to both sides. Payments are made to *The Tyee* monthly, net 30 days. In the first six months, revenue generated from the partnership with Olive Media exceeded those made by Google AdSense and Commission Junction.

The combined efforts of three separate parties working to generate the most ad revenue places *The Tyee* in a favourable position. In *The Tyee*'s 2011-2012 fiscal period (June 1- May 31), overall advertising revenue exceeded targets by 15 percent.

How These Services Were Sold to Vancity and LOCO BC

The following case study is a real-life business transaction. It is a culmination of everything discussed thus far and uses the tools and knowledge gained as a maturing publication. The case study discusses an advertising partnership between three parties: *The Tyee*, LOCO BC, and Vancity Credit Union. A quick summary of both Vancity and LOCO BC will be followed by a thorough look at the project.

Vancity is Canada's largest credit union. As stated on their website, "Vancity is about helping each of our members get to a good place with their finances, while improving the place we call home" (2012). With a mission to promote social and environmental sustainability, their current efforts to refresh their brand focuses on community impact storytelling. Over time, Vancity has created a friendly business relationship with *The Tyee* based on mutual values and goals. In fact, both businesses were recognized as recipients of the BCBusiness Top 10 Innovators in BC Award in 2009 (BCBusiness Editors and Richard 2009).

LOCO BC is a relatively new pillar in Vancouver's local business community. Headed by Amy Robinson, the not-for-profit entity supports small- to mid-sized businesses "by promoting buy local, by fostering business networking, and by ensuring businesses are on the path to sustainability" (LOCO BC 2012).

The idea for this partnership was conceived by Hoar at *The Tyee* and Robinson of LOCO BC. In 2011, LOCO BC worked with Vancity's Community Investment chapter on a grant proposal to help grow LOCO BC membership. While brainstorming initiatives to strengthen LOCO BC's value to current and potential members, the idea of bundling advertising space into the membership price came up. Many local businesses in the city are not able to pay standard rates for Web ads, but if there was a way to subsidize the cost, Web ads could become a reality. After several discussions with Hoar, the benefits of exposing both the LOCO BC brand and its business members to *Tyee* readers prompted Robinson to return to Vancity with an altogether different proposal in tandem with *The Tyee*.

Inspired by print advertising programs in the business sections of city papers in Seattle, Chicago, and Berkeley, LOCO BC wanted to give the concept of local business profiles a digital spin.

Figure 13: Examples of creative business listings in East Bay Express and The Stranger



Source: East Bay Express and The Stranger

This would involve the creation of an ad space on *The Tye* to highlight local businesses and their initiatives. Within an in-banner video template, featured businesses would be profiled on rotation throughout the year. LOCO BC has been running a simplified version of this on *The Tye* to promote monthly business mixers.

Figure 14: Examples of ad templates used by LOCO BC to promote their business mixers



Source: Ads provided by LOCO BC that ran on *The Tye*

A Vancity grant would allow LOCO BC to commit to a year-long ad campaign on *The Tyee's* website on behalf of their members. This type of ad template (Figure 14) has a consistent campaign feel but can be changed easily to feature a new business when desired. For this particular campaign, both Vancity and LOCO BC would be connected to the initiative and given recognition in the ad template. For *The Tyee*, the commitment would support overall revenue growth. This idea built on the strength of and relationship between the three parties and, if successful, would showcase LOCO BC members and make visibility on *The Tyee* accessible.

Over late summer and early fall 2011, *The Tyee* and LOCO BC put together a robust business proposal for Vancity. In October 2011, the proposal was submitted. The details of the proposal, delivered with three ascending price points as assessed over a one-year period, are discussed here.

Included in the first and least expensive level: guaranteed, geo-targeted banner inventory in a big box ad zone for one year, remnant and topic index page inventory for Vancity, remnant ad space for LOCO BC events, in-house ads and editorial promoting the launch of the initiative, inclusion of the new service on *The Tyee's* ad pages, and a six-part editorial series on local business relationships.

Commitments at the second level included everything from the first, but with a higher share of voice for impressions, and an in-banner video versus static ad template.

The third level included everything from the first two levels with the addition of a crowd-sourced forum on local business preferences and relationships of Tyee readers. The connection to LOCO BC and Vancity would be made transparent, and results of the conversation would prove useful to all parties involved.

Viability for this project was strong overall as Vancity was already familiar with *The Tyee*, had run successful ad campaigns on the site, and recognized its potential as a medium. The proposal was accepted; the amount of grant awarded fell between the first and second levels. This money will be awarded to LOCO BC, and then paid over several invoices to *The Tyee* as an advertising buy.

To date, the campaign has yet to launch on *The Tyee*, as LOCO BC'S video ads are still in production. The use of editorial in this partnership is discussed in detail in Chapter 4 and an evaluation of the case study can be found in Chapter 5.

This chapter presented *The Tyee* as a publisher that offers competitive advertising services. It tracked its evolution as an advertising provider, and detailed its

current assets. It explained the three-pronged advertising strategy that encompasses all necessary ad sales to maintain satisfactory ad revenue, and ended with a practical example of how *The Tyee* leveraged these services to close a deal.

Chapter 4: Using Content to Sell Ads

There are many different ways that advertising appears in or interacts with content. For publications that purport to have a strong moral compass, there are additional challenges when it comes to the public perception of the relationship between advertising and content. This chapter will analyze the advertising/content relationship and discuss how *The Tyee* leverages specific content to bring in ad dollars. Using the featured case study as an example, it will explore content that complements advertising and explain how the sale of an ad contingent on an editorial moment is completed. The ethics of this treatment of content and the possibility for an editorial calendar are also discussed.

Can advertising and editorial learn anything from each other? Both aim to communicate a message, to inform, persuade, or engage. Joe Marchese, a blogger for *MediaPost*, suggests that it makes more sense to invest time and development into revenue models that avoid revenue from ads. He argues that, “advertising will never be true content because the goal of great content creators is to create a product that people value, while the goal of great advertising creators will always be to sell products and build brands” (Marchese 2010). Fellow *MediaPost* blogger, Dave Morgan, rebuts, “Ads and the information they contain or the emotions that they evoke are just as much a part of media communications as any editorial content” (2010).

The Tyee and other publications known to cover particular types of issues can face criticism from readers for the ads it puts up. *The Tyee* is known to be left-leaning and largely features pieces on politics and the environment. Ads that appear on the site, even when completely distinct from content, sometimes receive negative feedback. The number of complaints compared to the number of ads that run overall is quite low, but any concern from readers is taken seriously.

An ad that received negative feedback recently was that of an oil company. It appeared on the site through Olive Media’s network and happened to run the same week as a particularly negative story on the environmental impact of an oil spill. The

irony was difficult to ignore, and a handful of readers posted comments or emailed in complaints. Concerns were addressed promptly; it was explained that the ad was served through a third party and that *The Tyee* did not currently have a policy around the types of clients or campaigns it accepted. There has yet to be any client turned away from advertising on the site for moral- or values-based reasons; pending available space, anyone is welcome to advertise as long as they pay the bill.

A pro bono booking through WMG for a Christian children's charity also received negative feedback due to controversy surrounding the organization. This issue was evaluated internally, and a policy was established to forbid pro bono campaigns with any affiliation to religious or political groups.

These examples create an interesting paradigm. Ads cannot be seen as too closely correlated to editorial, but they also can't contradict messages in editorial.

When it comes to advertising seeming too close to editorial for comfort, the conversation is an old one. Most formal guidelines related to "advertorial", a term in the industry that refers to advertisement disguised as journalism or other credible content, are only applicable to print publications. As a result of an industry task force, Magazines Canada released a new version of their advertising/editorial guidelines in October 2010. These guidelines apply to consumer and B2B print publications only, with an aim to expand guidelines to online publications as those magazines develop (*Masthead* 2010). In January 2012, the guidelines went through a re-brand, becoming Canadian Magazine Industry Code of Reader and Advertiser Engagement (Magazines Canada 2012). Failure to adhere to the Code could result in loss of membership to Magazines Canada and disqualification from the National Magazine Awards (*Masthead* 2010). These guidelines are not particularly helpful to online publishers, despite the fact that they are encouraged to become members of the organization.

The desire from advertisers to appear closely connected to quality editorial is nothing new, but the methods in which this is now possible have changed. Whether it's referred to as paid, branded, or custom content, this type of editorial is now considered the fastest-growing medium in marketing (McDonald 2011). With so much interest, there must be a solution that balances the needs of readers, investors, advertisers, and publishers alike.

Is the line between church and state not quite as clear online as it is in print? In an article written for *GigaOM*, Matthew Ingram speaks to this, saying that there is a "very

real risk of the gray area between sponsored and traditional content becoming a giant ethical morass, both for readers and advertisers — and that’s not going to do anyone any good”(2010). This ethical morass is something *The Tyee* aims to avoid. It keeps a transparent record of funding and partnerships as well as open communication with disgruntled readers. Considering the consistent growth in online content, perhaps the only rule is that there is no umbrella rule; each publication and reader hold unique values. When it comes to *The Tyee*, it believes unequivocally that advertising, as it pertains to its publication, is not content. That said, quality editorial can be leveraged to create a hospitable advertising environment and values-aligned advertisers can enhance the overall content of the site.

For *Folio*, Jason Fell says, “While I’m not a proponent of ceding edit space to advertisers (I’m an editor—why would I be?), I am a fan of publishing companies making more money if the execution is right” (2010). Proper execution is unique to each publication. The idea is to take what is so successful about paid content and adapt it to a model that works morally and logistically. Instead of ceding editorial space to advertisers, as Fell puts it, what has become common in print is the release of a special issue publication. These special issues create a lucrative and acutely targeted advertising environment. They tackle the idea of using content to leverage advertising dollars and also having planned editorial pillars or moments.

A popular equivalent online is a sponsored blog. Condé Nast’s *Wired.com* hosts *Insights*, which is sponsored by IBM but edited by a *Wired* freelancer. Of this initiative, *Wired* says, “We’re not creating push-style content; what we’re really doing is trying to create conversations that engage the community. These are a new way for us to connect brands with consumers” (Moses 2011). Condé Nast has been careful with their luxury brands, but uses the progressive *Wired* as a testing ground for new revenue-generating ideas.

The Tyee’s content and resulting audience is innately marketable. Using bits and pieces of what works for print and for other online publications, *The Tyee* is testing the waters in using planned editorial moments to sell advertising.

What to make of an editorial calendar? Is it possible for a fast-paced, daily publisher? An adaptation of print’s editorial calendar is necessary to work with *The Tyee*’s schedule. The offer of thematic channels and sponsorship of topical index pages acted as an experiment to address whether advertisers were interested in appearing

next to or having direct association with specific editorial. Uptake for both these options has been strong.

The Guardian, a publication that *The Tyee* often looks to for innovation, has announced they will start pre-planning roughly 30 percent of their editorial. The idea comes from the Schibsted Group in Sweden, who now plans 50 percent of content each week for one of their flagship newspapers. The notion of planning news seems contradictory, but Schibsted claims that most news is predictable and that there are editorial moments that do not have to be written last minute (Ellis 2012).

This is an intriguing idea. Half of all content might be a stretch, but predictable editorial moments do exist. Elections, policy changes, labour movements, Aboriginal education, summer reading lists, housing prices...many of these news items can be written into a calendar. Further, if a writer is working on a multi-part series, it is crucial that the sales team is aware of it. Editorial in the pipeline is the strongest selling point to an advertiser as it establishes both a context and anticipated audience for calculated brand positioning.

To make this work, *The Tyee* sales team often sits in on editorial meetings. This allows the business side a look into what writers are talking about and the overall vibe of upcoming content. It also allows for a direct line of communication between teams. Once communication becomes regular, a salesperson might suggest a brainstorm for a story idea with the potential to entice a big advertising client. For example, why not plan a summer series on eco-tourism featuring local, sustainable tourism operators in BC? Content of this nature opens a wide range of possibilities when it comes to approaching advertisers.

The Tyee is at work on establishing a permanent structure for long-term editorial planning. At present, content is mapped out each week at the editorial meeting. Using repositionable notes, stories are placed on a wall-sized calendar according to when they will be published. Beers will poke his head into the business office and give the salesperson a heads-up on content coming in the next few months. In formalizing this process, using Google Groups or another interactive document-sharing tool would be the ideal way to nurture an editorial calendar for *The Tyee*. From there, the sales team can approach advertisers they think would be interested in planned content, and eventually an active calendar could be put up in the advertising section of the site for clients to view pro-actively.

A booked advertisement buy in conjunction with planned editorial brings with it a new level of accountability. If a piece isn't ready on time, it suddenly affects more than it used to. Conversely, in print, content can be pulled last minute if ads haven't been sold to run adjacent. This is true of *Readers Digest*, who also produces what they call, "custom editorial columns that are more 'synergistic' with advertisers' promotional goals" (Kinsman 2009). This dependence is not an issue for online-only publishers, as ads do not necessarily run alongside specific content. Because *The Tyee* sells page views to an advertiser for a given campaign period, the ads will no longer be visible once the campaign period ends. Similarly, archived content can appear next to new ads. Whatever campaigns happen to be booked when a reader decides to look at a given article is what will be visible to them regardless of a story's publish date. Web advertising is ephemeral in this sense. It is technically possible to target an ad to one specific story page with no end date, which allows it the permanence of its print counterpart; however, this is not the norm for how inventory is sold online.

It is important to note that *The Tyee* exerts full editorial control at all times. The approach to inform clients of editorial moments is publisher-to-advertiser as opposed to the other way around. These sales are commitments contingent on, or made inherently more valuable because of, scheduled editorial. This means that accountability is in the commitment to publish content as scheduled, alongside the campaign. Overall, this practice makes *The Tyee* more hospitable as both an editorial and advertising environment. The editorial that enticed Vancity to confirm the sale in the case study explores the creation of an editorial pillar. It will act as a pilot test on how to manage this type of service.

The case study, discussed most in-depth thus far at the end of Chapter 3, was successful largely due to the guarantee of a relevant editorial series. The role of content in this sale will be discussed in as much detail as possible.

The biggest editorial commitment in the proposal presented to Vancity was the publication of a six-part editorial series highlighting local business relationships. This was of specific interest to Vancity, as their marketing strategy is to engage in storytelling around members. If appropriate, some of Vancity's business members will be featured in the series; this will be at *The Tyee*'s discretion. Other businesses introduced in articles represent potential new business members for Vancity and LOCO BC alike. As such, this content side of the offer was a critical selling point.

For the launch of the actual advertising campaign, discussed in Chapter 3, *The Tyee* committed to publish an article introducing the new service and explained the partnership with Vancity and LOCO BC. Set for late fall 2012, this will start a conversation around the importance of support of local business and inform readers of *The Tyee's* role in the arrangement. Similar “curtain-raiser”-type outreach has been implemented for other *Tyee* initiatives or sponsored events, including Vancity’s successful Hawken event.

In terms of content-producing logistics, *The Tyee* will contract a writer for the series, and it will unfold over a few weeks after LOCO BC is ready to launch the in-banner video aspect of the ad campaign. The content will serve the same purpose as all other content: to inform readers and to provide solutions to problems that lead to a more sustainable future for British Columbians. It will explore the larger impact of consumers and local businesses buying local.

The idea for the editorial series was initiated by *The Tyee*. It was clearly stated that it would not serve as advertorial for Vancity; this is the type of article that *The Tyee* would produce regardless of the business partnership with them, although it was created with advertising potential in mind. If the theme and tone remain consistent to regular content, there is nothing shameful for a credible publication to take the initiative to plan editorial they think may entice advertisers. There is an obvious connection between buying local and banking local; the reader is free to connect those dots.

In a discussion of the power of online advertising, Salmon shares a statement gleaned from the technology company Percolate that he believes to be particularly true:

In a digital world, we believe brands can be signals. Pointing consumers to valuable information that is not necessarily about the brand directly, but speaks to the brand promise and consumer mindset (2011).

This is the anticipated result of an editorial series. A discussion about an idea or a concept not only has the potential to point readers toward an intended message or brand, but also aligns that brand with content they want to be associated with. This type of strategy assumes intelligence of readers, which is a regular practice for *The Tyee*.

This chapter analyzed the relationship between content and advertising, assessed some methods of monetizing content, and ended with an example of how *The Tyee* used a planned editorial moment as a selling point in a business transaction. The

next chapter serves as an evaluation of the case study as well as *The Tyee* as an overall advertising environment.

Chapter 5: Evaluation of Case Study and The Tyee as an Overall Ad Environment

Chapters 3 and 4 looked at how *The Tyee* managed and served advertising, including how content was integrated into sales. The case study provided a look at how *The Tyee* sells advertising, carries out its services, and integrates content into an ad sale for the first time. This chapter will build on those before it. It will look critically at the case study with Vancity and LOCO BC and discuss the overall strengths and weaknesses of *The Tyee* as a competitive advertising environment.

It must be noted that due to some setbacks, mostly in producing the video component for LOCO BC's campaign, the project has yet to launch on *The Tyee*. For the sake of this report, the evaluation discusses progress and challenges as of summer 2012. Feedback is meant to serve as a constructive starting point for future endeavours at *The Tyee* and as insight for other publications that seek to learn from this experience.

The unique nature of the three-way partnership, admittedly what made it so interesting, caused a handful of complications. The proposal was a pitch to Vancity and the recipient of the grant money would ultimately be LOCO BC. Under normal circumstances, the ad client would have been LOCO BC. In this case, *The Tyee* wanted to put forth an offer that was appealing to both parties; a proposal designed for separate audiences was innately challenging.

One of the main weaknesses of *The Tyee*'s execution was that the levels within the original proposal, explained in Chapter 3, were not presented in an effective value-structured way. The lowest level had the largest discount, and as the levels increased, the discounts decreased. This is not how *The Tyee* usually quotes advertisers, nor is it a wise way to entice a client to spend more.

The reason for this was that some of the highest hard costs for *The Tyee* were offered as a "bonus" (i.e., no charge) and were included at every level. Certain components held different value for each party and *The Tyee* wanted to create an integrated campaign that was appealing to everyone. The six-part editorial is a great example. While it was one of the main reasons the sale went through, reporters get

paid, which makes content a hard cost for *The Tyee*. On the other hand, an increased amount of page views for display ads has an associated cost, but its monetary value is arbitrary in some sense; there is no revenue directly lost by extending a discount on inventory. The only time this would be false is in the rare case that another high profile client wanted to buy all available inventory at full price.

The ascending levels offered a new component, but what that component was and how the price was set could have been managed better if timing and experience allowed.

Another slight obstacle was that the amount granted by Vancity fell somewhere between the first two levels. The in-banner video ads that LOCO BC decided would be most effective for their campaign were priced out in the second level. To run these video ads on *The Tyee* meant that some additional fundraising was required on LOCO BC's side.

Vancity has a mission to invest in the community by way of grants like this one, and LOCO BC is driven to grow membership. The potential gain for LOCO BC is endless, while *The Tyee's* gain is largely fixed.

Aside from the project with Book Publishing Industry Development Program in 2006, discussed in the first section of Chapter Three, this is the largest client-oriented advertising project to date, largest as a combined result of the labour involved and revenue brought in. The similarities between the two large-scale contracts are notable. The cost of sale for both initiatives was quite high.

With all constructive criticism evaluated, the value of a learning experience cannot be underestimated. The most straightforward benefit for *The Tyee* is the security of a set amount of ad dollars guaranteed over a one-year period. Now that the contract is official, time spent to manage the campaign post-launch should be significantly less intensive than the search for smaller buys with various clients to total the same amount.

Another perk for *The Tyee* is the exposure to new ad clients and readers. Current and prospective LOCO BC members may have been unfamiliar with *The Tyee* before participating in the subsidized service, but if their experience is positive, there is the chance for future ad buys once budget is available.

The long-term benefits of the perception of *The Tyee* as a strong business partner, resource for innovative ideas, and fertile advertising space cannot be

overstated. This partnership is proof that *The Tyee* is growing as a publication and has only tapped the surface of other options to be explored.

The critiques made above are specific to the case study. When it comes to an evaluation of *The Tyee* as an advertising space overall, there are a few more observations to be made.

In a nutshell, *The Tyee* must be doing something right. There are several advertisers who commit to annual contracts on the site and continue to be pleased with campaign performance. The stability of a renewed and familiar space on *The Tyee* creates a sense of recognition and trust with readers. This is something easy to sell and the amount of repeat ad clients is constantly growing.

Another strength of *The Tyee* sales team is that they often work with clients on campaign strategy and can operate as a part of their creative team. If an advertiser lacks experience in online advertising and/or is looking for suggestions, the sales team often fuels ideas for events, sponsorship, and campaigns. If a particular display ad does not receive an ideal click-through rate, alternative copy with a stronger call-to-action is suggested. This acute attention to detail and needs is something that a larger publication or a transactional agency cannot provide. The delegation of certain aspects of ad sales to different prongs has afforded *The Tyee* this luxury. This very personal service is not only a strength but also a competitive advantage.

When it comes to both content and advertising, *The Tyee* holds an enthusiasm for experimentation. Philip Smith, a digital publishing consultant who works regularly with *The Tyee*, describes this strength as being “nimble.” With his help, staff is regularly involved in a low risk/high reward project. These small, generally inexpensive trials of new ideas are what keep the publication afloat. This includes initiatives like the Master Classes, Builder Program, the HTML5 application, the mobile site, and frequent site alterations. All these projects open the door for increased advertising revenue.

There should always be room for growth at a publication and *The Tyee* is no exception. If time and money were not an issue, several things on the site could be improved. In a “Blue Sky” planning session in June 2012, staff discussed making the site infrastructure more fluid. An interesting point was made that in print, there is the flexibility to change the size and amount of columns, where pictures go and how big or small they appear, placement of ads, etc. Layout online, at least for *The Tyee*, is quite rigid. The overall width of the site and the columns within it are fixed without room for

play. The flow of pages is thus restricted to the same look and feel at all times. Once a story is a day old, there is no way to know when reading it what the “front page” looked like on a given day. This is to say, there is no visual hierarchy or history of content layout. In addition, there is very low contrast between elements on the site. Ideally, there would be higher contrast between site navigation, headlines, content, and ads. Flexibility with layout means more flexibility for display ads and sponsorship of special initiatives.

Another area for improvement is the acceptance of pro bono campaigns. *The Tyee* is approached weekly for free media sponsorship and participation in events. There is always a lot of great charitable work undertaken by organizations in Vancouver, but it is crucial to draw the line regarding involvement. With such a small staff, the human hours required to fulfill some of these requests can be very time-consuming. It would be extremely helpful to have a policy or application process to help determine the campaigns *The Tyee* will service without charge.

The Tyee has started to think of itself as a content provider and as a business with something to offer. Instead of pitching to advertising clients that their advertising dollars help support independent journalism, it positions itself as an asset that should be valued. *The Tyee* is finally at a place where partnerships are mutually beneficial.

This chapter looked constructively at *The Tyee*'s experience as a competitive advertising space. It analyzed the case study with Vancity and LOCO BC, and also touched on the strengths and weaknesses of the publication as an overall advertising provider. This type of evaluation is important to move forward in the most effective way possible.

With the mass of information online, publishers of quality content need to sell themselves as a valuable property where journalism thrives and audiences flock. *The Tyee* has found an advertising strategy that works; one that will surely grow and change as demanded by the medium in which it lives.

Conclusion

The Tyee was introduced as a forward-thinking, independent media outlet, a respected voice in the Canadian media landscape. From the insider's perspective of the advertising manager, this report talked broadly about revenue generation and more specifically about advertising, its relationship to content, and the obstacles and opportunities it presents at *The Tyee*. It pulled from relevant online research that pertained mostly to investigative journalism and technology, as well as published and unpublished documents, and in-person interviews at *The Tyee*.

Five chapters helped to shape this report overall. Chapter 1 placed *The Tyee* into the current publishing context as a thought-leader publication. It proved without a doubt that online publishing is a competitive place that demands innovation. Chapter 2 discussed *The Tyee's* revenue structure, touched on investors, Master Classes, readers, and came to focus on advertising and its tactical challenges. Chapter 3 highlighted *The Tyee's* progress and developed a complete picture of how the publication handles strategy and logistics as they relate to advertising. This chapter ended with the practical application of all things learned, with a focus on the case study between *The Tyee*, Vancity, and LOCO BC. In Chapter 4, the report took a hard look at the relationship between advertising and content. It analyzed the optics and ethics of ads as they appear next to or are integrated with content. This chapter then presented a solution to the tumultuous relationship, using the case study to illustrate the concept of content that complements advertising and the opportunity presented by an editorial calendar for online publishers. Chapter 5 served as an evaluation of the case study and *The Tyee's* general strengths and weaknesses as an advertising environment.

Advertising might not work for every magazine or online publisher, but hopefully this report shed some light on the innovative ways it can be implemented into a larger revenue model. As a publication with various revenue sources, which includes its readers, *The Tyee* is a publication with unique challenges and opportunities. It is also

one that can act as an example for small, online, independent publishers looking to grow.

Display ads and various other ad services offered in-house and via WMG and Olive Media represent a robust but growing advertising model. The case study between *The Tyee*, Vancity, and LOCO BC built on this established model and demonstrated that great content can be leveraged to close a large-scale, integrated ad buy. With much more to learn from this and other initiatives it undertakes, *The Tyee* is dedicated to success.

The take-home narrative of *The Tyee* is to start with one thing done well. Build on and strengthen that one thing until it is rewarded with an audience. Once those readers exist, get to know them. Know how they like to be communicated with, what they are receptive to, and what boundaries can be pushed. Look for aspects of content and the relationship to readers that can be monetized.

Advertising that best serves the readers is also what best serves advertisers. With investigative reporting as its core, *The Tyee* proves it is possible to be independent and committed to journalism, while also monetizing content as a part of an overall revenue generation strategy.

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