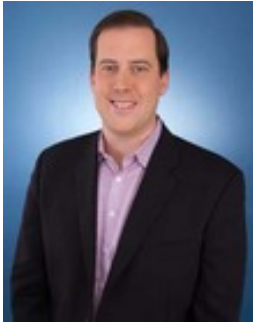


Why Few Publishers Build Data Businesses

Diverting resources from ad sales to data is a hard sell

INTERVIEW | **JANUARY 2018**

Ross Benes



An interview with:
Jeremy Hlavacek

Head of Global Automated Monetization, Watson Advertising
IBM

Few publishers have created new revenue lines out of their data, even though the **digital publishing industry is struggling** during a time when **data is alleged to be the new oil**. Jeremy Hlavacek is the head of global automated monetization at Watson Advertising, the division of IBM that includes its media properties like The Weather Company. Hlavacek spoke with eMarketer's Ross Benes about how Weather built a data business to complement its editorial product, and why few other publishers have gone down this route.

eMarketer:

The Weather Company has been in the data game **for years**, with products that let advertisers target users based on weather and location data. But you recently began allowing advertisers to **use Weather data outside your owned and operated properties** to make their own inventory purchases across the web. Why aren't more publishers doing this?

Jeremy Hlavacek :

It's a risky proposition for a lot of publishers because they use data to drive value in their own media sales. What we are effectively saying is there is more value in our data [being used] in the entire broader media ecosystem, as opposed to just using it on our properties. It wasn't so easy to get it approved, I will put it that way.

eMarketer:

What was the hardest part of getting the rest of the company to sign off on this?

Jeremy Hlavacek :

There was a little bit of tension in our sales organization where they were basically saying: "Wait a second. Why should we use our valuable data to help marketers buy ad inventory on other publishers' sites? Shouldn't we be using that data to drive marketers to buy our media?"

That is a valid argument. It's not a simple yes or no question. What we realized is that in our case, weather and location data are so pervasive and affect so many different media channels. It was a bigger opportunity to take the data off-property.

eMarketer:

Can you give me an example of how selling data opened up business you wouldn't have garnered otherwise?

Jeremy Hlavacek :

We've done partnerships with outdoor advertising companies. We are never going to be in the business of selling billboards. But location data is really useful to those companies.

If you are running an out-of-home [OOH] billboard campaign, you really have very little data on who is seeing the campaign or how many people were near it. If you can give those companies a little bit of insight into how many eyeballs walked past their billboard, that's incredibly valuable. We thought we could really help some of these other marketers. It is not threatening to [cannibalize Weather's media business]. It's just new marketers for us to create new business.

“Part of the reason we did this and got into this business is we feel it is pretty hard for other people to copy.”

eMarketer:

A lot of your value proposition is based on selling location data. But location vendors are **going to get thumped** by the European Union's **General Data Protection Regulation (GDPR)**, which becomes enforceable in May and states that people's data can only be used if they give a company explicit permission. How will you go about selling location data without getting hit with a stiff penalty?

Jeremy Hlavacek :

For us to give someone a weather forecast, they have to share their real-time location with us. And they are doing that through our app. We have a really clean, clear path to first-party location data. We are not pulling it through someone else's software development kit [SDK] or pulling it off an ad exchange. The data is coming directly from our users.

It's outlined in our privacy policy how we collect data, and we offer opt-outs to consumers. The general model is to be transparent and give consumers a choice.

Now if you're doing this in an underhanded way, where you are scrapping data off the ad exchange, or you don't own the app and you just have an SDK in someone else's app, I feel like those will be riskier businesses.

eMarketer:

A lot of people within the marketing tech world are sweating bullets over GDPR. You seem pretty calm.

Jeremy Hlavacek :

There are probably more opportunities in a GDPR-based world for publishers to start data businesses. With GDPR, the people who are able to own and control data and have businesses around it are those who have direct relationships with consumers.

I think that regulation will put a lot of pressure on middlemen. If you don't really own data, but you are trading it and selling it and repackaging it, your life will get more difficult if you don't have a direct relationship with the consumer.

eMarketer:

Weather is a unique publisher, in that its content lends itself to data collection and it is owned by a huge tech firm. Most publishers aren't in your position. What's your takeaway for those who aren't set up as well to start selling data?

Jeremy Hlavacek :

Part of the reason we did this and got into this business is we feel it is pretty hard for other people to copy.

Some media companies have such big legacy businesses and they have huge print sales businesses, so even if you see print sales slowing down, it is still really hard within the company to say, "We are going to pull resources off of our legacy ad business and go invest in this new space called data." It is just a tough sell. But it can be done—it's just hard.

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