

HEARST

About Hearst:

Hearst is one of the nation's largest diversified media, information and services companies with more than 360 businesses. Its major interests include ownership in cable television networks such as A&E, HISTORY, Lifetime and ESPN; majority ownership of global ratings agency Fitch Group; Hearst Health, a group of medical information and services businesses; 30 television stations such as WCVB-TV in Boston and KCRA-TV in Sacramento, Calif., which reach a combined 19 percent of U.S. viewers; newspapers such as the Houston Chronicle, San Francisco Chronicle and Albany Times Union, nearly 300 magazines around the world including Cosmopolitan, ELLE, Harper's BAZAAR and Car and Driver; digital services businesses such as iCrossing and KUBRA; and investments in emerging digital and video companies such as BuzzFeed, Vice, Complex Networks and AwesomenessTV.

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About Google News Initiative:

The Google News Initiative is our effort to bring everything we do in collaboration with the news industry – across products, partnerships, and programs – to help journalism thrive in the digital age.

Learn more about how you can partner with Google at g.co/newsinitiative.

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Our holistic approach to partnering with Hearst Newspapers to meet its business needs

Introduction

Since 1887, Hearst has grown from a single newspaper into one of the nation's largest media, information, and services company with over 360 businesses in more than 150 countries. Today, Hearst Newspapers employs over 4,000 employees across the nation, and publishes 24 dailies and 64 weeklies reaching more than 42 million unique visitors across the U.S. with related mobile websites and digital products.

With local news content becoming increasingly essential to the broader health of the information ecosystem, Hearst Newspapers has been an important strategic partner to Google's mission of building a more informed world. Their work is also critical to our recently announced Google News Initiative, whose mission is to help journalism thrive in the digital age.

That's why in 2016, we launched a "One Google" approach that would bring together everything we offer as a company – across products and programs – in service of Hearst Newspapers' most vital business needs. We designated a dedicated partner manager whose mission was to deeply understand Hearst Newspapers' business and technology needs and to uncover new opportunities where Google and Hearst Newspapers should partner more closely together across product areas and functions.

By simplifying our approach with how we engaged with Hearst Newspapers and taking a partner-first mindset, we were able to more effectively meet the growing needs of Hearst Newspapers across the value chain – from storytelling to distribution to monetization.

Since the introduction of this holistic partner approach, we've seen our partnership with Hearst Newspapers deepen in service of their goal to evolve its digital properties into a portfolio of diversified subscription and ad-supported sites. This approach is working: Hearst Newspapers has grown their overall subscriber base through increased investment and sophistication in digital and deeper usage of Google's key product offerings including DoubleClick, Google Analytics, and Google Cloud Platform.

The strength of the One Google approach is allowing Google to better respond to the unmet needs of news organizations across the value chain. Here are a few of the key stories from our partnership with Hearst Newspapers over the past year.



San Francisco Chronicle Building

RESULTS

Our partner-first approach with Hearst Newspapers helped drive the following key results in 2017:

- **Accelerated Mobile Pages:** provided AMP consulting services that led to AMP revenue growth of 128%
- **Cloud Machine Learning:** With the Natural Language Processing API, Hearst Newspapers has automated the content tagging of 3,000 articles a day and more intelligently created ad offerings
- **DoubleClick for Publishers:** Programmatic ad revenue from AdX grew 20% year-over-year with a 10X increase in revenue from new programmatic ad products such as Exchange Bidding
- **GA 360:** Completed integration with DoubleClick for Publishers to enable new analytics insights, better reporting and ability to seamlessly create and target audience segments
- **News Lab:** Conducted digital skills training for 25 journalists across 5 Hearst Newspapers newsrooms
- **Newsstand:** Launched Newsstand Streaming Editions for 12 Hearst Newspapers properties

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Our holistic partnerships approach created the opportunity to break down silos and really hone in on how we could align our partners' needs with the best of what Google has to offer. Our work with Hearst set a new precedent for how we work with news partners and we've scaled out this model throughout the world.

BONITA STEWART
VP OF GLOBAL PARTNERSHIPS, GOOGLE

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Diversifying Revenue Beyond Advertising

While publishers still generate the bulk of their digital revenue from advertising, alternate sources of revenue continue to grow. A study by Reuters suggests that the percentage of people who would be willing to pay for news is approximately 1/3 of total readers in the United States. Affiliate marketing revenue represents 15% of the digital media industry's revenue.

Google has worked with Hearst Newspapers to diversify their revenue in a number of ways. First, we worked closely with Hearst Newspapers to better monetize their lesser engaged consumers by implementing to Google Analytics Surveys solution across 20 Hearst Newspapers local publications. Second, we created a scalable analytics dashboard based on the Google FUSE project (the original framework that led to [News Consumer Insights](#)) that enabled Hearst and other local news publishers to identify the highest value audience segments and assess their performance against industry peers. By combining audience and monetization insights from DFP and GA360, Hearst was able to get a clearer picture of their audience, better target newsletter sign-up and subscription paywalls, and ultimately move more readers down the subscription funnel.

Hearst Newspapers has also been engaged as an early trusted tester to Google's Subscription product development process and working group. As a result, we have been working closely with Hearst and a handful of other publishers to co-develop, test and refine an industry solution to better optimize subscription offerings based on users' propensity to subscribe. The future of news publishers' revenue mix will likely look much different than it did in the past, but with close partnership and collaboration, we are working on developing new and improved business models.

Improving User Engagement and Efficiency Using Machine Learning

Machine learning has proven to be a promising tool to help publishers tackle hard problems including engaging readers, increasing profits, and making newsrooms more efficient.

By aligning Google's priority to help businesses access and adopt machine learning with a deeper understanding of Hearst Newspapers' most pressing business needs, we've been able to identify areas where machine learning can bring instant impact.

We partnered closely with Hearst to help them become an early adopter of the Google Cloud Natural Language API to enable them to tackle the difficult problem of content classification. Before our partnership, sorting, labeling, and categorizing an average of 3,000 new articles every day was a manual and time consuming process, and Hearst’s teams often had to prioritize certain content and leave other articles unclassified just to keep up.

Using Google Cloud Natural Language API to enable content classification with powerful machine learning models in an easy-to-use REST API, Hearst Newspapers is now able to automatically understand what its content is about, regardless of how it is structured and presented on the company’s many websites. It’s made a difference.

As Naveed Ahmad, Senior Director of Data, attests: “In the newsroom, precision and speed are critical to engaging our readers. Google Cloud Natural Language is unmatched in its accuracy for content classification. At Hearst Newspapers, we publish several thousand articles a day across 30+ properties and, with natural language processing, we’re able to quickly gain insight into what content is being published and how it resonates with our audiences.”

Not only is Hearst using machine learning to better understand and engage with audiences, it’s also able to more intelligently create content and audience packages for advertisers. Combining content classifications and entities from the Natural Language API with ad impression and revenue data from DoubleClick for Publishers, has enabled Hearst Newspapers to improve its advertising offering in new and efficient ways that are exciting to see. While it is still early in the news industry’s adoption of machine learning, we expect to see more partners like Hearst test, scale, and generate ROI from investing in machine learning.

Finding More Users on Mobile

As content consumption moves to mobile, it has become increasingly important for news organizations to adapt and more effectively engage their readers where they consume content. Google launched the Accelerated Mobile Project (AMP) in response to the industry wide demand for a faster, stronger mobile web. Working alongside the industry, we helped champion a format born of the open web that takes less than half a second to load. As a point of comparison, the average load time for mobile sites over 3G connection is 19 seconds.

As part of this initiative, Google worked hand-in-hand with Hearst Newspapers early on to provide technical consultation on how to best implement AMP across its properties to provide their users with a quality mobile web experience and build loyalty with users. In 2017, we conducted two custom AMP audits to help Hearst Newspapers maximize revenue and optimize content for AMP and also provided a training for their ad sales team to help them incorporate direct sales for AMP.

Now, all Hearst Newspapers publications publish AMP pages and in 2017 overall AMP revenue grew by 128% and programmatic AMP revenue grew by 218%.



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Google’s AMP pages have raised the bar for user experience and performance, and we’ve taken a page from their playbook by rebuilding and redesigning our mobile experiences to deliver a stronger user experience across the board. Our new mobile web product will be rolled out to our markets throughout the year ahead, with the goal of growing our audiences, driving loyalty and creating more opportunities for engagement.

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SVP CONSUMER PRODUCT, HEARST NEWSPAPERS

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In addition to our partnership on AMP, we brought the full focus of our Play Newsstand team to support the launch of Hearst Newspapers' streaming editions for 12 publications. This included a mix of ad-supported publications – Chron, CTPost, MySA, SeattlePI, SF Gate, NH Register, Gametime CT, GreenState – and subscriptions based publications like the Times Union, Houston Chronicle, SF Chronicle, and San Antonio Express News. No matter where readers are and how they access content, we have partnered closely with Hearst to build user experiences and performance that is best in class.

Growing Ad Revenue Through Programmatic and Smart Analytics

The dual explosion of programmatic advertising and mobile devices have ushered in a new digital era where growth can be fueled by data. In the last couple of years, Google's DoubleClick for Publishers and Ad Exchange product has helped fuel news partners' digital revenue growth through new innovations such as Exchange Bidding, First Look, and Native Advertising. In 2017, we worked closely with Hearst to adopt these new ad technologies and also provided several consulting reviews over the year to identify additional revenue optimization opportunities in their programmatic ad business.

In addition to surfacing worth millions of dollars of new revenue optimizations, we collaborated with Hearst Newspapers to transfer their advertising data to Big Query for more efficient inventory management, forecasting, and revenue attribution. Integrating Hearst's DoubleClick data with Google Analytics and Cloud unlocked a new opportunity to improve their subscriptions targeting and optimization.

The result drove 20% year-over-year digital ad revenue growth, and a 10X increase in new programmatic ad revenue sources from our Exchange Bidding product. In the months to come, we will also be surfacing more revenue opportunities to publishers through intelligent recommendations powered by Google machine learning that will automatically suggest ways to maximize yield and ultimately support a thriving news ecosystem.

Just the beginning

While we focused on a few highlights in the case study, our partnership with Hearst continues to grow deeper and evolve – from providing digital newsroom trainings from our News Lab team to experimenting with ways Hearst's content can show up on Google Home. We believe our holistic "One Google" approach is vital to strengthening the creation and distribution of quality information in the digital age, and we are looking forward to partnering more closely with news publishers in the years to come.

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As we continue to deepen engagement and focus on loyalty across our brands, Hearst Newspapers' strategic partnership with Google and the adoption of their key products has allowed us to build intelligent and predictive products. This intelligence allows us to be more nimble, enabling us to provide the right experiences to build habits around our premium content, open up new channels for monetization, grow our digital subscriptions and further our journalistic mission.

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