

I.

Good afternoon. And thank YOU for being here today. I'm excited to see so many people in the room with an interest in content.

I've been interested in content for a long time, although it wasn't called content then. It was called writing, or news. For our purposes here today, we can also call it information.

Slide: Here I am as a budding newspaper man in 1984. This is where and when it first occurred to me that I could get paid to write, and that's been my path pretty much ever since.

As an editor and entrepreneur, I also want to pay people for *their* writing, and see others who I don't even know succeed in reaching an audience that will support them.

We all need goals in life and mine are pretty clearly laid out before me. Write because I love it and get paid for it, so I can do what I love.

II.

Most of us have probably heard the phrase, "Information wants to be free." How many of you *believe* that information wants to be free?

Okay...we have some believers here today.

But information is inanimate. *It* doesn't want to be free anymore than it wants to take a walk in the park or have sushi for dinner.

So, what do we mean when we say information wants to be free? And how did this thinking taking hold in our culture?

Before we can discuss the future of paid, we need to explore the past for answers to these questions.

Slide: And what better place to revisit than California in the 1960s? This is Stewart Brand in the 1960s. Brand is a graduate of Phillips Exeter and Stanford. He's the founder of Whole Earth Catalog and The WELL, which stands for Whole Earth 'Lectronic Link and it's one of the oldest online communities in existence. Stewart Brand also hung out with some of my heroes--Ken Kesey, the Merry Pranksters and Grateful Dead. Not too many people have "Organizer of the Trips Festival" on their CV, but Brand does.

The personal computer revolution has rightly been traced to members of the counterculture and even today we see signs of that early idealism. But it's an idealism that's been tempered, and in some cases, improved by time.

Slide: This is Stewart Brand in 1984 when he first uttered his now famous “information wants to be free” words to Steve Wozniak of Apple. He said these words at the first ever Hacker’s Conference, conducted in rural Marin County, California. Let’s give Stewart Brand his due and pay close attention to what he *actually* said 27 years ago:

Slide: “On the one hand information wants to be expensive, because it’s so valuable. The right information in the right place just changes your life. On the other hand, information wants to be free, because the cost of getting it out is getting lower and lower all the time. So you have these two fighting against each other.”

It’s interesting to me how only the free part got picked up and became a meme. Because for writers, editors, videographers and all other content producers, the first part is the part that matters.

“On the one hand information wants to be expensive, because it’s so valuable.”

Slide: Chris Anderson, Editor of *Wired* and author of *Free: The Future of a Radical Price*, says Brand’s declaration is “probably the most important—and misunderstood—sentence of the Internet economy.” Anderson also says, “There are really two markets: free and everything else. And the difference between the two is profound.”

III.

We all want things for free. Free is awesome.

At the same time, “Free” can mean “proceed with caution.” If it’s free, there must be something wrong with it, because nothing comes for free and you definitely get what you pay for.

Slide: But online, many pixelated and digitized things do indeed come for free. Entire record collections come for free. Did you know 90% of all downloaded music is pirated? That’s a lot of money that’s not changing hands. Even so, the recording industry continues to make \$4 billion dollars a year. Which tells us what? It says that Free and Paid co-exist, maybe not happily, but they co-exist.

Slide: Let me give you a pre-digital example of free and paid happily co-existing in the music business. Grateful Dead encouraged its fans to tape their live shows and to freely trade the tapes, an act which bought the band a lot of good will, while also working to spread the band’s music far and wide. Generosity might not be the first thing you think of when you hear the words, “Grateful Dead” but by correctly identifying the opportunity in free, the band ended up making a lot of money.

Slide: We’ve all heard about how newspapers are falling apart. But the fact is “news organizations” are not going to disappear. Book publishers are not going to disappear. Book retailers will not altogether disappear. Instead, they will mutate to survive. That’s what survival is -- the ability to adapt.

One of the things content companies are busy adapting to is the fact that ad-sponsored content is not paying the bills online. Thankfully, newspaper execs are finally coming to their senses and asking their readers to pay, just like readers always have. In my opinion, many newspaper execs misinterpreted Stewart Brand's "information wants to be free" sentiment 15 years ago, when they were first started putting up online editions, and they've been suffering ever since.

Slide: Let's untangle the meaning in "Information wants to be free" a bit more. In 1990, free software advocate Richard Stallman, said, "I believe that all generally useful information should be free. By 'free' I am not referring to price, but rather to the freedom to copy the information and to adapt it to one's own uses... When information is generally useful, redistributing it makes humanity wealthier no matter who is distributing and no matter who is receiving."

Free isn't about price after all, it's about an iterative process that hackers need to make better software programs. Free doesn't mean zero cost, it means able to alter for one's own uses.

Slide: I think most newspapers can live with the mashup (a.k.a. the ability to alter to one's own uses), and increasingly they're demystifying their own paid content riddles. The Boston Globe, for instance, last month introduced a unique paid model by splitting their online brand into two -- Boston.com is the free site and BostonGlobe.com is the paid site. One has it all and one doesn't, and online readers are free to pick the one that works for them.

Eventually, I believe most city newspapers will move to some form of reader-supported revenue model for their web editions. While there are upstarts in the local news space like Patch, replicating the expertise and authority of the local newspaper is no simple thing. And I believe local news *is* worth paying a modest fee for.

IV.

Startups unburdened by the legacy issues found in newspapers, publishing, the music industry and Hollywood have been able to go from zero to one hundred a whole lot faster.

There are all kinds of content-based businesses that are finding a way, by combining free and paid. People gather around the free, often in significant numbers. The task is to convert a portion of those visitors into paid customers. So, if you have 1000 regular readers, ask yourself what you can get 100 of them to buy. Or what can you get 10 of them to buy. Even 1% of your readers can help support you when there are enough of them, and the product or service they're buying has a decent profit margin.

Let's run through a few examples of content providers that have managed to create successful paid offerings...

Slide: GigaOM Pro subscribers pay \$199/year for "premier market research" in industry verticals like Green IT and Mobile. Over 10,000 people have a hunger that Om Malik and company is filling. 10,000 subscribers at \$199/year equals \$1,990,000/year in revenue, just for that one offering.

Slide: *Ad Age* and many other media companies package up their “market intelligence” and sell it as white papers, special reports and the like. Often for hundreds of dollars per report.

“On the one hand information wants to be expensive, because it’s so valuable.”

Which explains why content providers who focus on solving problems for people are able to charge for their thinking, *one way or another*.

Slide: *The Economist* conducts a series of events each year. Their readers pay big money to attend a series of talks, not unlike the talks happening under this roof now.

Slide: Media companies are also providing services today. *Men’s Health* Personal Trainer is at once paid premium content *and* media as a service for \$19.95 a month.

Slide: Media companies are also opening up online stores in partnership with more seasoned retailers. *Esquire* and JC Penny are about to launch Clad, which will sell garments from the designer brands that advertise in *Esquire*.

Slide: The popular blog, LaughingSquid provides a service related to its content -- web hosting for \$6, \$8, \$12 and \$16/year.

Slide: Blair Ens is a consultant to small ad agencies. He helps them “Win Without Pitching” by learning to focus, and trade on, their specialty. He wrote a book about it, but he also offers live podcasts with Q+A, once a month, plus his archives of previous shows, for \$395/year.

Slide: Some content providers are successful merchandisers. Hack5.org makes \$5000/month by selling merchandise like t-shirts and stickers from its site.

Slide: Sites like The Denver Egotist that have active Job boards, serving a highly defined local need are finding that online classified advertising can work. While only one or two people in one thousand click on a display ad, it’s a different story when the person is seeking a job and the ad is the listing is from a site they trust.

Slide: Finally, some content providers are offering paid email newsletters as an additional offering to the free stuff they give away on their blog. Gwen Bell does this, and she charges \$25/month for her newsletter.

Slide: This is a testimonial for Bell’s newsletter. It’s from Sarah J Bray and it says: I love getting Gwen Bell’s “The Bell”. Paying for things that have profound meaning and depth feels good. Free is not always a gift.

That’s a profound statement and a wonderful endorsement for “you get what you pay for.”

I also have a paid newsletter called Hungry for Gumbo. If you’d like to subscribe, please visit HungryforGumbo.com. It’s only one dollar a month right now, which I plan to change soon because, as Chris Anderson explains in his book *Free*, “If you charge a price, any price, we are forced to ask ourselves if we really want to open our wallets. But if the price is zero, that flag

never goes up.” He calls this “The Penny Gap” and it is a strong argument against micro-payments.

V.

Now, I’d like share a few of my own struggles on the path to paid.

I started publishing my writing online in 1999 after learning to code basic html. It was exciting time. No more sending out my poems and stories to small press editors who rarely returned an inquiry. I had what we all have now--a platform to share and be heard.

As I moved from hard coding a site to the power of “push-button publishing” thanks to blogging software like MoveableType and WordPress, the DIY empowerment thing just kept getting bigger and bigger.

But could I make any money at it? That’s the eternal question, isn’t it? Most serious writers and artists come face-to-face with this question many times in their lives: “Can I make money at it?” And its twin, “Can I make a living at it?”

Slide: I’m happy to say my answer is yes, I make money at it. I’ve been a copywriter since 1995, which is a profession that pays pretty well when you can stay employed. For me, the agency business has been a roller coaster of highs and lows, but clearly, I love it enough to not only keep doing it, but to create a site where we poke and prod it, promote it and generally work to make advertising better, and the industry a better place to be.

For our efforts on AdPulp.com, we receive a trickle of income from display ads served by Google’s AdSense, from sponsorship deals, text links, Job listings, advertorials, fundraising campaigns, Kindle subscriptions and our Amazon affiliate account. All these trickles combine to make a small but steady stream, which my partner in the site, Shawn Hartley and I split.

Another important thing that AdPulp does is open doors. Every day we work on the site, we earn a bit more social capital, or what Cory Doctorow calls “Whuffie.” Because we provide free content that people value--and have done so consistently for seven years now--our readers pay us back by taking meetings, answering the phone when we call or an email when we write. In short, they pay us with their attention.

So, AdPulp’s real value isn’t in the income generated from the site itself. The real value is two-fold. One, we’re building a media brand that could be sold to a larger media fish someday. The other thing we’re doing is creating a content practice. That’s what Bonehook is. Bonehook is my marketing services company and AdPulp is the media company. They’re two sides of the same coin, because media is a marketing service today, and AdPulp is proof of concept for my clients who need to tell their most compelling stories and truly connect with an audience.

Which brings me to two words: Content Marketing.

People avoid *ads* but they seek out the *content* that they find useful or entertaining.

Which would you rather interact with?

Smart brands are now busy figuring out how to deliver on Stewart Brand's "right information in the right place" equation. They may not change their customers' lives with this information, but they hope to change their minds.

Slide: *Format Perspective* is a documentary movie about skateboard photographers brought to life by Carhartt WIP (Work in Progress), because skaters wear their clothes and the film is a way of saying thanks.

Slide: Whole Foods Market created not just a film but a traveling film festival called "Do Something Real" which helps deliver on the company's activist positioning.

Slide: Palladium Boots sells boots but one look at their website and it's obvious that no, what they're actually selling is a lifestyle, and they're using content to deliver that in spades.

Slide: Red Bull might be the king of packaged goods companies using content to create better connections with customers. This is the cover of *Red Bulletin*, the company's newsstand magazine, that again, delivers the lifestyle associated with the brand.

Brands from Denny's to IBM are working with a larger palette than the 30- or 60-second commercial affords. Now, it's about episodic content that viewers can snack on for two-to-three minutes.

VI.

Slide: One of the reasons the Content Marketing opportunity is so large is because of this little equation right here: EC=MC, or Every Company Is A Media Company.

Slide: Technology reporter, Tom Foremski, captured this truism a couple of years ago. He argued, "It doesn't matter if it makes network gear or diapers, every company needs to publish to its various communities, its customers, its staff, it's neighbors."

It's worth noting here that out-of-work journalists can help brands tell their stories in their owned media channels. Take *Red Bulletin* ... the same freelance reporter who sells her work to ESPN or Sports Illustrated can also sell to Red Bull.

Said reporter in some cases won't even need to cross over to the dark side, because media companies like Meredith and Time Inc. have marketing services arms. In Meredith's case, the company has been at it for a long time, and I think they have a lot of credibility when they sit down with a household brand, like Kraft Foods, and say to them, "We know your customers better than your ad agency does."

So, media companies are marketers, and marketers are media companies. Marketers who are embracing media as a marketing service are transforming as they learn what it means to be a media company. To me, this is one of the most exciting aspects of the changes underway. Like newspapers, marketers are now courting a daily dialogue with prospects and customers, and that daily dialogue is the basis for the relationship between brand and customer.

In other words, content marketing is also relationship marketing. Here HONESTY, TRUST and TRANSPARENCY are front and center, and that's a big part of why this is an exciting time to be in media and marketing right now.

VII.

So far, I've neglected to say much about display advertising, but I'd like to wrap up with a few positive notes about the future of ad-supported content.

There are some promising developments on the display ad front like Real Time Buying (RTB) and creative customization of campaigns on the fly. No longer does the agency and its client make a banner ad and call it a day. Now, with the help of real time data flowing in and the ability to learn from it, brands are making literally hundreds of variations of each ad and delivering the "right information information in the right place."

There are privacy issues here, but I think most people will trade a degree of online privacy for heightened relevancy.

Slide: I would be remiss if I failed to mention just how well some of the top content entrepreneurs are doing with income from display ads. Heather Armstrong, a.k.a. Dooce, of Salt Lake City is a mommy blogger and photographer who makes half a million a year from her site, mostly through display advertising.

Successful content providers like Dooce deliver excellence on a consistent basis. By excellence, I mean they have an ear for what their readers want, and the ability and the drive to give it to them.

My advice for content creators in the room: Don't be afraid to charge for your expertise and unique point of view. If it's useful or entertaining, there's a market for it.

My advice for content marketers in the room: Develop an active editorial calendar based on your company's deep story and commit the resources needed to properly and consistently execute.

My *request* for the content customers in the room: Seek out premium content that helps you do your job, or content that makes you laugh or smile, and support it by paying for it.

Thank you.