

EXECUTIVE SUMMARY



The unified and transparent story of the online publishing industry as the 20 top industry leaders see it develop over the next two to three years.



Participants at the IP Masters in Zurich, January 2003, from left: **Bent Nordbø** (Director Business Development, **Aftenposten Multimedia**, Norway) | **Torry Pedersen** (Managing Director/Editor-in-Chief, **Verdens Gang Multimedia**, Norway) | **Marcel Sennhauser** (Managing Director Online, **Tamedia**, Switzerland) | **Steve Yelvington** (VP Strategy and Content, **Morris Digital Works** Morris Communications, USA) | **Roselien Huisman**, Publisher, **Automobil Revue**, **Espace Media**, Switzerland) | **Otto Sjøberg** (Publisher, **Expressen Online**, Sweden) | **Anna Masera** (Managing Editor, **La Stampa Online**, Italy) | **Mathias Müller von Blumencron** (Managing Editor, **Spiegel online**, Germany) | **Simon Waldman** (Director of Digital Publishing, **The Guardian**, UK) | **Niels Roine** (Vice President, **20 Minutes Holding**, Norway/Switzerland) | **Derek Fattal** (Director Internet Business Development, **Ha'aretz**, IL) | **Neil Budde** (Former Editor Interactive Edition, **The Wall Street Journal**, USA) | **Julie Rutherford** (Director of Internet Services, **International Herald Tribune**, France) | **Claes Toft Nielsen** (Director Internet **Politiken** (Denmark) | **Bruno Patino** (CEO, **Le Monde interactif**, France) | **Meredith Artley** (Until November Associate Editor, **NYT.com** now editor with **IHT.com**, France) | **Jan Lamers** (Uitgeversbedrijf, Vice President **European Newspaper Publishers' Association**, Belgium) | **Wolfgang Frei** (Executive Director New Media, **Neue Zürcher Zeitung/NZZ**, Switzerland) | **Frank Gaube** (Managing Editor, **F.A.Z. Electronic Media GmbH**/Frankfurter Allgemeine Zeitung, Germany)

Executive Summary

8 years after the first European newspapers and magazines appeared on the Internet, we are faced with a widespread insecurity about the future of interactive publishing. Budgets are cut, focus is moving away from the growth areas of the last decade.

The reality of a still growing user base and the ever more reliable technical infrastructure is not reflected in the strategic outlook of the publishing industry at this moment. The considerable difficulties in the traditional publishing sectors are further detracting attention and energy.

But what is really happening in the online publishing industry? What are the true beliefs and goals of the decision makers, on which the industry has to move forward?

The best way to provide guidance is to gather some of the most influential minds in online publishing: 20 leaders who have a financial responsibility for their online publishing ventures and have a strong influence on the future of online publishing within their company and often within their country. Interactive publishers who pool their wisdom for other interactive publishers.

The objectives were:

To aggregate an industry wide view on the perceived realities and potentials of online publishing today and tomorrow: What do the leaders of this industry really believe will happen to the online publishing industry in the next two to three years? What view of the future is at the base of their decisions?

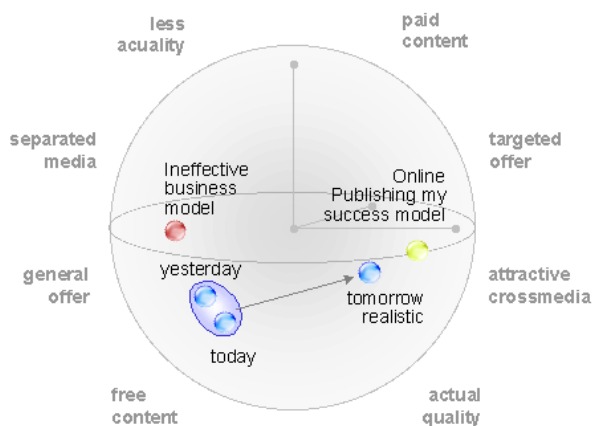
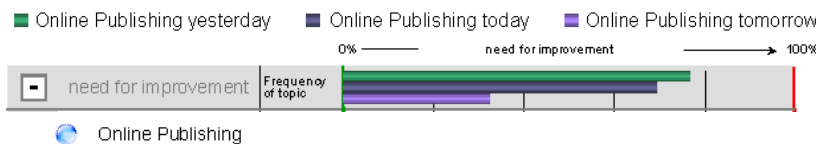
To get a clear understanding of the key success factors and most likely stumbling blocks as perceived by the industry itself: What will move this industry forward, what will hinder its development and what is the relative importance of the main factors?

To share some of the practical successes: What is the best practice of each participant? What has proven successful?

To provide a strategic framework that helps define the course of action over the next 12-36 months for all parties involved. As an industry and as individual companies.

General Outlook

The general outlook is optimistic. The next two to three years will bring online publishers much closer to what they think is the ideal business model. This change towards a successful model will be many times faster than the changes we have seen in the last two to three years — and it will be effected on a structurally much deeper level.



The relationships between the various online publishing perspectives: ineffective, ideal, yesterday, today and tomorrow realistic

Moderation tools and software by nextpractice

This ideal model they describe will have its own media specific content. It will be embedded in a cross media strategy, be much more targeted than today to please the advertisers as much as the users. It will manage to open up a range of revenue options, including payment of content, but be strongly advertising supported in general.

On the way to the successful model of two to three years from now an integrated media approach is a key factor. Here the group sees great advances in areas ranging from staffing, to in-house communication and integrated marketing efforts.

IP Masters participants are split into the two groups of „Optimists“ and „Pessimists“. We see a difference in their assessment of speed towards the ideal online publishing model but we also see agreement on the fact that it can and will be achieved.

Experts are convinced that only 20-30% of the revenue potential for their companies has been realized in the online environment.

Up to which degree do you think the potential to earn money online is already tapped ?



The positive key strategic dimensions

Paid content, targeted offerings, attractive cross media and actuality/uniqueness are the most important dimensions.

There is a growing sense that the advertising industry is underestimating the brand building value of advertising on online publishing sites.

However, the experts agree that the industry needs to develop standards, measurements and products to enable better targeting for advertisers and that the future successful players will have invested in this area and cooperated internationally and nationally.

The experts foresee a better understanding of the mixed revenue potential throughout the industry in the next two to three years. This understanding only developed marginally in the last two to three years.

Stumbling blocks are found in top management. Most participants agree that there is a generation change pending which will introduce people who have grown up with Internet into the top positions.

Key weaknesses of the online publishing industry today

The content is too general and aimed at mass reach (is mass oriented). It lacks actuality and what experts called the entertainment factor. Both quality and credibility of online content need to be improved considerably.

The fact that offline content and online content are often the same creates redundancy. It leads to a product that is not original and only the reproduction of existing media.

IP Zurich Report:

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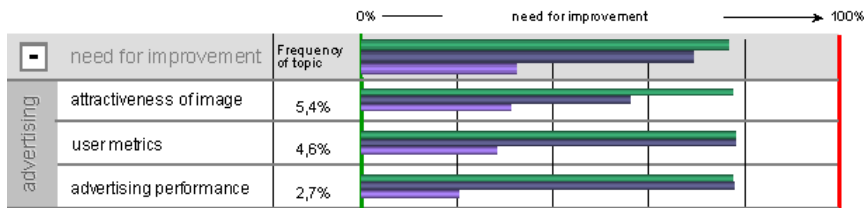
<http://www.interactivepublishing.net>

Leadership in media companies is holding on to its old business models and is not flexible enough to change the overall strategy to a much more integrated approach.

The black/white discussion of paid vs. free is a weakness. There is not enough focus on either revenue stream (advertising or paid) and the experts find the pricing for each too simplistic.

Key development potentials

There is good potential for higher advertising revenue through flexible, targeted, efficient and consequently higher priced ad placements.



Differentiation must be achieved through unique, original, exclusive, useful content, media-coherent journalism i.e. through a new language for this new media.

There is a general understanding that certain content needs to be paid for while traffic levels have to be maintained, better developed.

There is agreement that multiple revenue streams will be the base for success in the next two to three years and we find a conviction that both, paid-for content as well as advertising, will have to be the key revenue sources.

A better integration between print and online across all functions is the concept credited with the most potential while providing also the most sustainable benefits.

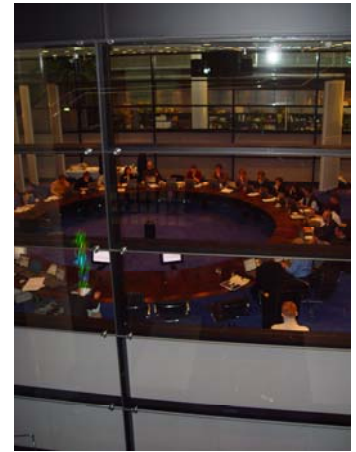
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Get an in-depth look into the perspectives and convictions of successful online publishing executives. Looking back from 2005, what will they have done? Which issues are most pressing and how will they be solved?

Norbert Specker, Prof. Dr. Peter Kruse, Dr. Stefan Knoche, Andreas Dittler
 IP Zurich Report, Interactive Publishing Industry 2003 - 2005, February 2003
 56 pages, 28 Illustrations, Euro 830

(Euro 630 for members of supporting industry associations)

<http://www.interactivepublishing.net> | <mailto:info@interactivepublishing.net>



Success story:

Otto Sjöberg from *expressen.se* says "We introduced SMS in the newspaper as a way for our readers to "write" letters to editor. Each day we publish the best of them in the paper. It has become very popular among readers and it generates new revenues for us from letters to the editor. A bonus is also that the letters become short and concise because of the SMS limitation of maximal 160 characters."

