

Beyond the Printed Word '99
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INTRODUCTION

Over 450 newspaper executives from around the world gathered in Amsterdam for the third annual 'Beyond the Printed Word' conference on electronic publishing. This year, many speakers pointed out that the internet was actually about the three 'Cs': content, commerce and community, and indeed, many speakers addressed those topics. Several others, however, focused on what could be called the three 'Ps': portals, partners and possibilities.

Portals: What strategies should newspapers adopt to ensure readers not only log onto the internet via their sites, but stay on them as well? Is the term 'sticky' portal more appropriate?

Partners: Where are the gaps in newspaper services and expertise? Can collaborating with complimentary partners — even competitors — close those gaps and lead to sites and services both readers and advertisers will come to rely on?

Possibility: the internet is an evolving medium. What new doors, new business models, does this technology-in-progress makes possible for newspapers?

The speakers rarely spoke about one topic without addressing at least one other: after all, it's difficult to adopt a portal strategy without partners. Likewise, it's impossible to test new multimedia opportunities without partners as well. Perhaps this was the essential message of the conference: the internet is not only a new player in the information game, it changes the rules of the game itself, and it's up to newspapers to adapt. What follows are the summaries of presentations made by newspaper executives who are doing just that — and more.

THE IRISH TIMES: A VERTICAL PORTAL

Search engines are becoming true content providers, so it's time for newspapers to beat them at their own game by adopting portal strategies. This is precisely what the Irish Times did in March 1999, when it turned its three-year old newspaper site into the portal Ireland.com, an internet address, it had bought in 1996. "We wanted to pre-empt other players and see that the growth of the internet in Ireland would be to our interest," says Seamus Conaty, the paper's New Media Director. Nonetheless, "there are inherent contradictions in the term 'portal', which suggests a gateway but aims to be a one-stop shop. Perhaps the term 'sticky portal' is more apt."

To ensure users 'stick' to the site once they log on, the paper has followed a clearly defined strategy. First of all, it has aimed to be number one in its core local market, and thus has relied on the brand of the Irish Times to "build an association of values for our audience," he says. Moreover, the paper has taken advantage of the huge "Irish interest" marketplace, the millions of Irish expatriates throughout the world, and others whose interest in the country has been spurred on by the success of the Celtic tiger economy. "Our Irishness is our defining — indeed our unifying — characteristic," Conaty continues. In a sense, it is going after both a local mass market and a worldwide niche market, and using both emotional appeal and a more rational type of branding, which focuses on providing solutions to customer needs, to win over users. "Brand differentiation has been the cornerstone of our strategy," he continues, a focus which filters down to all elements of the site. "Even an Ireland.com e-mail address is a change from the more typical hotmail or Yahoo addresses."

The site itself includes a breaking news service, expanded sports coverage, a city guide to Dublin, racing information, sites on business and technology, and microsites on specific topics, i.e. European Affairs. Another key part of the site is a calendar of seasonal events — carol singing, fund raisers — which seek to foster a sense of community.

Partnerships are key to providing such a wide range of content. The Times works with companies such as the Travelers and Diners' Guide, Computer Publishing Group and the internet Broadcast Company, which provides audio and video feeds. "We look at partnerships that are mutually beneficial, both in terms of technology and content," he explains. The company is particularly on the lookout for content that will provide time-saving services for its users — personalised TV listings, for instance. All information is then organised in database format to facilitate online searching.

Of course, hosting a portal means major investments not only in information technology, but also in promotions, Public Relations, mailings, exhibitions, search engines, advertisements and event marketing, i.e., transmitting the eclipse live, which attracted much traffic as well as a lot of media attention (unfortunately, the site had trouble handling the traffic).

The results have been worth all the efforts. Page impressions have increased 28% in just nine months, from six million per month in October 1998 to 8.4 million per month in July 1999 — "and that's excluding free e-mail," Conaty says. Interestingly, 5.5 million of this monthly viewership is for Ireland.com products, while the rest is for the Irish Times. Moreover, "we are finding a regular usage pattern, with 89% logging on at least once per week. Of those, 34% are using it once per day," he says. Some 51% have clicked on a banner, and 53% have bought online, which bodes well for planned e-commerce options on the site. Best of all, Irish usage of the site has risen to 41% from 17%, which Conaty believes is a reflection of not only marketplace growth but the wider range of services available.

To ensure the site does not stay complacent in its lead, Conaty says his team is now developing fee-based premium services, as well as an expanded range of content through partnerships, particularly in special interest such as law and property. The company is also beginning to experiment with WAP technology to deliver content to mobile phones — another initiative in market development.

"Don't wait until you have the perfect product to launch," he stresses. "The window of opportunity is limited. If you are first to market, you will gain a strong competitive advantage." Finally, Conaty stresses the importance of not underestimating technology requirements: "your bandwidth and server capacity will have to be able to respond to increases in traffic," he concludes.

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ADOPTING A REGIONAL PORTAL STRATEGY IN BERLIN

The Berliner Zeitung is one of the few newspapers in the world not to have spent the last few months contemplating the potential benefits of going portal. And why should it? Its site, BerlinOnline, has been a regional portal since its very inception, when four of the city's publications — Berliner Zeitung, Berliner Kurier, Berliner Abendblatt, and Tip magazine, Germany's oldest city magazine — braved the reigning conventional wisdom and created a separate brand. "Our marketing people were horrified: it was not their brand! Plus, we were doing this in a very competitive market, where 10 newspapers were fighting for leadership," recalls site manager Lars Eichhof.

Today, the wisdom of this decision is apparent. Fully 22.4% of Berliners are aware of BerlinOnline, making it the city's best known site. Interestingly, more users come from the former West part of the city, while the ratio is the reverse for the Berliner Zeitung (internet usage is slightly higher, 25.3%, in the west, while it is 21% in the east), who used to be a newspaper for East Berlin before 1989.

Eichhof attributes the site's success in large part to its independence from the established brand, both in terms of organisational structure — it has a dedicated staff of 10 people, which includes sales people, managers and production staff — as well as independence in terms of content selection for the home page.

"It's the only way we could be successful," he maintains. "This independence did create some conflicts with the newspaper staff, though, especially in the classified area — an area where we could tell print what we felt they were doing wrong."

This independence, however, does not carry over to full editorial independence. First of all, "we do not have a separate internet team producing news," he says. Nor is the site encouraged to alter the news in any way, which Eichhof says is an issue faced by many newspaper sites in Germany. "As long as we take news from yesterday's papers, then it's OK. But editorial teams have established practices, and they object to seeing their content being dealt with differently."

BerlinOnline's main mission is to maintain the newspaper's classified market. Given their overall importance, "the property ads which appear on Saturday in the paper are on the internet on Friday evenings," he explains. Just recently, the site developed a micro-site for automotive classifieds, which increases the scope of the print classifieds by offering photo possibilities — all for a small increase in the cost of the newspaper ad (which also carries the BerlinOnline logo). The service is unique for German newspapers. "This is a new classified concept. We include photos of the exterior and interior of cars, the name of the dealer where they are being sold, and links to the city map. We also offer information about the dealer," he says.

The third important classified sector is jobs, including outside Berlin, a market in which the Berliner Zeitung has a share of only 20%. BerlinOnline, however, gives the paper an opportunity to gain lost ground; after all, it does have Berliners on its site.

If classified is king, it clearly isn't enough. The site seeks to become a true city service, so in addition to offering users 100% of the Berliner Zeitung content (and 100% of the other publications' contents as well), it offers extra information through restaurant guides, bus routes, metro maps, movie listings and city maps, which are very important to a city currently undergoing massive change due to construction. The site also features a ticker of daily topical news from five wire services, free e-mail as well as e-commerce options, enabling users to buy books, computers and tickets to local events. Eichhof says his team is looking at the possibility of a City Guide for tourists, to be translated into two or three languages.

For the time being, the site gets most of its revenues through banners and buttons, though it is starting to get a few sponsorships. Eichhof also sees opportunities to develop partnerships with city officials. "They don't know how to deal with users, nor do they know how to prepare editorial content," he says. Whether Eichhof and his team pursues this avenue depends on how its marketing strategy evolves — not to mention how open-minded city officials would be to such a partnership.

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ADDRESSING A COMMUNITY WITH SAIL ONLINE

The French, Brittany-based, newspaper Le Telegramme has taken an altogether different approach to portals. It has created a joint venture with web-hosting company CyberOuest (in which it now has a majority stake) to focus on a single subject which holds much fascination throughout this maritime region : sailing.

Why a sea-related portal? "To begin with, 15% of France's population engages in some sort of marine activity," says the site Director Christian Dumard. "Sailors like Eric Tabarly and Florence Arthaud are national heroes, and France is a leader in the nautical industry." Le Telegramme also employs a number of journalists who are specialists in this field. Finally, Dumard notes that French television does little justice to this spectacular sport, leaving a void which he believes the site can fill.

As a result, Sail Online's content is devoted to real-time news of the sport's major events — the America Cup, the Rum Route and many others. "Users can follow the races zone by zone," he explains. Of course, the site uses the latest technology to retransmit the races in 3-D images. "Today, using real-time video, satellites can give us the boats' actual positions. These show up on screen as virtual images." News is now updated three, four — sometimes up to ten times per day in the heat of key events, which requires a lot more resources. The team now has two project managers — one French, the other a native English-speaker — four journalists, one sales director, one sales person, two developers, one secretary and a pool of freelancers.

Since the sailing community is just that — a community — Sail Online has partnerships with the pertinent sports federations, be they sailing or diving. These organisations can input and update their own material on Sail Online itself, which then aggregates the content at the portal level. Games also contribute to community building. "The users play in real time, and see their virtual boats in a match race. During the game, the French player will get a French banner, while the player from New Zealand will get a banner from that country," Dumard explains. The point is to get players hooked: they can have ten free games, which last about two and a half hours. If they want to continue, they have to buy supplementary hours. Of course, these games also enable the company to constitute an e-mail listing. For the moment, the games require little bandwidth, though users do need a Pentium III capable of sending 25 images per second. Anywhere from five to 10,000 players can play simultaneously.

Sail Online has explored many other avenues besides games to strengthen its vocation as the sailing portal. It offers a directory of related sites, updated marine weather reports, and a boutique where users can purchase small-ticket sailing material as well as documents. The site's profiling tools also enable users to configure their own personalised sites (My Sail Online). "For instance, we can e-mail someone building a nine or ten metre boat just the ads that correspond to his particular needs," Dumard says.

Offering these services is one thing; marketing them is another. To give Sail Online the high profile it needs, the site carries out online and offline promotions, and undertakes deals and contracts with other portal sites such as Microsoft, Yahoo, France Télévision, TF 1 and Nomad, a portable telephone offering. Partnerships with key community players — the French World Cup team, the organisers of the Brest 2000 and the Rhum Route race, the Paris Boat Show — are a final and important part of the marketing mix.

Such efforts bring the site some 500,000 page impressions per month — a figure which ballooned to three million viewers over 15 days during the 1998 Rum Route race. The site also e-mails 180,000 news updates per month. Its goal today is to generate 15 million page views during the major events, and 300,000 e-mails per month by early 2000.

Today, such figures are bringing the site some revenues; Dumard says he expects the site to break even within two years. For the time being, buttons and banners work well, even "if our cost per thousand is a bit high," he says. These will have to be customised if they are to continue being a substantial source of revenue. Meanwhile, e-commerce is developing rapidly, and Dumard expects it to contribute significantly in the future. Sail Online also rents its highly qualified listing to third parties who carry out online campaigns. Finally, it also offers business services to companies such as Benneteau, a large French boat builder: Sail Online manages classified ads for the company's 400 agents in the world.

Today, Sail Online is working on its international development, and is experimenting with new services using WAP technology for mobile devices. Dumard says he also looks forward to the day when broadband enables the site to broadcast more video.

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COMMUNITY PUBLISHING PLAN CREATES LOYALTY IN NEW JERSEY

New Jersey Online, owned by US media powerhouse Advance Publications, seeks to be the state of New Jersey's primary online news and information source. A key tool for fostering audience participation and loyalty is a community publishing plan it calls Community Connection. "We have 4,000 groups now on Community Connection," says Peter Levitan, Editor of New Jersey Online. They cover the full range of activities: schools and sports, the Red Cross and breast cancer support groups, the Alliance Francaise and Mrs. Flynn's second grade class.

"We are a free service. These groups get to build a free website, on a highly visited New Jersey portal site. We can help expand their group's reach and facilitate the distribution of information. It's efficient and it saves them money," says Levitan. The site, therefore, must be "as easy to use as e-mail," he says. "They have to be able to build a seven to nine page site themselves."

The biggest challenge for Levitan is getting the word out. "We market often," he says. "We have brochures and someone available to answer questions everyday. We also advertise in the company's New Jersey newspapers." In parallel, users get a twice-monthly newsletter to inform them about what's new on the site, while online clubs provide a forum for members of specific groups (i.e. baseball clubs, of which there are about 100 in the state).

In addition, Levitan says he attends many conferences, which he sees as 'hands-on' opportunities to educate community groups about the site. Community Connection is now getting involved in auctions. "Most community groups know someone who can offer free hotel nights, meals and so on, to auction off," he notes.

Meanwhile, New Jersey Online makes an effort to integrate Community Connection deeper into its contents. For example, a story on animal cruelty will include a link to the site of an animal rights group. New Jersey Online will also run stories about community groups when they do something interesting; likewise with reviews of amateur theatre, which run in the entertainment section.

New Jersey Online also makes efforts to reach communities that are not necessarily organised into groups. Fans of Bruce Springsteen, for instance (a New Jersey native) recently benefitted from a dedicated site, which included news and reviews from newspapers, fantasy concert builders, feature stories and photo galleries — including the first available concert photos and videos from his most recent tour. In a similar vein, New Jersey Online has developed a New Jersey shore site, where three cameras located on the beach enables users to zoom in on one person — as if they were there! Levitan says his team is currently taking a camera and putting it on a New Jersey building to zoom in on New York City.

Though the site has been successful — in January, it averaged 10,000 page views, a figure that was up to 30,000 by October — Levitan concedes the site is not a big money maker. Community groups, after all, are not rich and have little or no ad budgets. The site does, however, have a number of sponsors.

Lack of control over content is another issue. "While we can't control their content, we do edit: if something is not valuable, we try not to put it up. One problem is that community groups are not trained to update their sites every day," he says. "If content is not updated, it's pointless." Consequently, Levitan's team has developed software that will alert him to outdated information. His worry now is this: "What will I do if I find that 200 groups haven't updated in a month? Chances are, they'll ignore my e-mail as well."

GAINING KNOWLEDGE, LIMITING RISKS WITH ALLIANCES

Alliances are critical for newspapers on the internet. "Alliances make sense when one plus one equals three," says Howard Finberg, Group Technology Director at Central Newspapers in the US. Not only do newspapers not have all the skills required, they don't have unlimited resources either. Newspapers would do well, however, to remember that alliances mean a certain loss of control. "You need to give up something to get something," he adds.

This \$800 million company is storming into the e-economy thanks to the alliances it has forged with partners who share the desire to work with others but differ in their purpose and structure. "It takes a lot to make alliances work: they're like marriages," says Finberg. However, newspapers cannot afford lengthy courtships. "You don't have months to decide on your alliances — you have weeks" he says.

Finberg strongly advises clarifying expectations and goals before entering into alliances. "Most importantly, you must decide what kind of typology your alliance falls into," he says. Friends, for instance, are like-minded allies against a common enemy. For their part, partners work towards a common goal, while affiliates play off the power of the network. Strategic alliances can also be investments. As for alliances with competitors — well, why not? "We do not own the world. It's a new medium, so old world of competition no longer applies," he maintains.

Central Newspapers is no stranger to any of these types of partnerships. In the 'friends' category is Classified Ventures. Grouping 140 newspapers in 44 States in the top 35 US markets, Classified Ventures builds single product sites (i.e. cars.com) which enable local newspapers to leverage their classifieds into a more national brand. Such an approach "enables us to compete against other classified aggregators such as Auto-by-Tel," says Finberg. In this case, local newspapers are responsible for classified sales. He notes that such alliances can create some conflict, especially with regards to revenue sharing.

Partnership alliances allow like-minded colleagues to share information; the group Central Newspapers is involved in, PAFET (Partners for Exploring Technology), is a perfect example. "It's a place where we look at other newspapers as our 'own', not as competitors. We share real business information on how our websites are doing. The information shared is in-depth, detailed, and confidential," he explains. PAFET also runs workshops on web-usability, e-commerce and web strategy.

Real Cities, a partnership with Knight Ridder, is a primary example of an affiliate, alliances which allow you to build something that is part of a network. Real Cities, for instance, is a city directory site that offers more than listings and a search function. "Consumers are looking to search beyond key words so we give them guided tours of specific topics," he says. The Real Cities alliance required Central Newspapers to give up some control over the project. "We gave

up control of 'look and feel'," he says. Nonetheless, the paper has a commitment to participate in and develop the network. Another alliance, which in fact is part alliance, part e-commerce, is Event 411, which is a 'sticky tool' for event planning (Wedding 411 is its lead product).

The alliance with AOL and Digital Cities, which allows Central Newspapers to trade content for traffic, is in fact the company's first alliance. "When we first established our alliance with AOL, we thought, 'why join with competitors?'" he recalls. However, "we don't see them only as a competitor but as the leading Internet Service Provider in the world. If they can help with traffic, all the better," he says. AOL's several marketing deals, i.e. with Mapquest, also are a benefit in drawing traffic.

Finberg suggests newspapers enter alliances to: learn how others view customers and the marketplace; leverage their investments to influence how specific products evolve; get in on a new area before rest of industry does; hedge bets on new technologies; see how things are done outside the newspaper industry; and finally, keep a closer watch on customer habits — a key aspect because ultimately, "they are the optimal drivers," he says.

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TAKING ADVANTAGE OF SYNERGIES WITH A MULTIMEDIA NEWSROOM

Orlando Sentinel Communications (OSC), the Tribune-owned multimedia company in central Florida, has based its growth strategy on two key premises: first, it needs the advertising market to survive, and second, it needs to be present in all venues where people get their information.

And where do people get local news? "From newspapers AND television AND radio," says John Huff, Editor for New Technology at the company's flagship publication, the Orlando Sentinel. "So we set out to become THE source, THE brand — regardless of the medium."

The company didn't go this route alone; it sought alliances with companies who could offer complementary skills and strategic synergies. Its principal alliance is with Time Warner, with which it first experimented on an interactive TV project. Though the project never went beyond this initial stage, it set the foundation for a more long-lasting partnership in CFN 13, a 24-hour local cable news channel jointly owned by the two companies. OSC also works with all major radio stations in the region, though on a smaller scale.

The innovative part of these ventures is that they rely on the newspaper's journalists to provide a substantial part of the content — a radical approach that generated some initial concerns (though not from unions: the company is not unionised). "We have standards and values and we were concerned that convergence might contaminate those values," says Huff. Nonetheless, all print journalists were encouraged — though not obliged — to make the transition to 'personal convergence' and work for online, radio and TV as well as for print. "There are more formal expectations now. Our job descriptions now include the idea that you might write for the internet or stand before a camera," he explains.

To facilitate this convergence, Orlando Sentinel Communications created a multimedia desk, where all key editors sit. A deputy managing editor of multimedia not only notifies partner media channels about important stories, he acts as a pipeline from these partners as well. Each news item is assigned a deadline for each media served. For example, a reporter may be asked to send in a brief news item for the online service at 11, do a radio or television spot updating the status of the report at noon, then have the story turned in for the newspaper by five. The news budget also indicates whether a story requires graphics, photos, or video, and it outlines whose responsibility it is to obtain them.

Training is an essential component of this strategy. Reporters "are trained to be comfortable onscreen", with sessions on on-camera performance, voice training and writing for television. Today, fully one-third of the staff has been trained on how to stand before the camera. For their part, photographers are equipped with both a digital and a traditional camera, allowing them to create content for both newspaper and television.

This transition hasn't been easy, but it's been facilitated at each new step along the way by a lot of group work, which has allowed journalists to put their ideas and concerns on the table. "This has had a cleansing effect; it has required people to think about what might happen to them," he continues.

Huff is clearly pleased with the results. "We have launched new products, both on the web and in print...we've also closed the gap in time. We are now a 24- hour source of news." There have been a lot of incremental benefits to this approach as well. "For one thing, we're getting better at finding the news," he explains. Indeed, as reporters become increasingly recognised through their multiple media appearances, citizens are more likely to call them up with leads. "We've also become better story tellers. "

Today, the company is producing a television sports show, with the print journalists acting as sources and on-screen personalities, and selling the show to a network distributor. Its journalists speak several times a day on more than a dozen radio stations in its region. It is now looking at content management systems that would enable it to move content from one Tribune newspaper to another — all electronically.

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HELPING ADVERTISERS WITH E-COMMERCE IN SWEDEN

Lokalhandla.com, a local e-commerce site spearheaded by Sydostpress in the south east region of Sweden, is a perfect example of how media companies can adapt to the e-marketplace. The company's three papers, each of which has its own web site, spent half of 1998 thinking how they would satisfy their local advertising clients' e-commerce requirements. "We wanted to help them get started without having to make large investments," recalls Charlotta Ehring, Project Manager.

The company started by taking into account several factors. First, Sweden has one of the highest internet penetrations in the world, with fully half the population between the ages of 12 and 79 connected in September '99, and 35% of those visiting shopping sites. The second factor it considered was that small and mid-sized companies were bound to get a lot of competition from the internet. "People still come to shop and look, but then they go and buy 20% cheaper online," she continues. Sydostpress decided it could offer its customers the most value by helping them sell their wares online. In fact, it's actually helping them get ahead of the game. "E-commerce hasn't really started yet in Sweden," says Ehring, adding that people are still wary of buying online (only 2% of commerce occurs on the internet in Sweden, she says). Lokalhandla puts them at ease. "You know your local paper, you know the Post Office, and you may well know the shop as well," she says.

Sydostpress already had technology that it could use to build a user-friendly shopping site. What it lacked was logistics, so it approached a partner: the Swedish Post Office. The two now share responsibilities for the site: the Post Office handles business development and sales, while Sydostpress provides technology, content as well as ad sales.

The site is divided into three regions, which correspond to the three newspapers; users must first click on one of the three. Their home pages feature new products, which appear on a rotating basis. Users can also use the navigator on the left side of the screen, click on a company name and get access to ten more of their products. A click on each of these brings up the terms of sale, specifications, colour and so on. The viewer can then purchase the item, and then go back to the front page. The Swedish Post delivers the item to the customer, who pays on delivery. "This way, the customer feels safe," she says.

Of course, the site has to market itself, and does so through direct marketing, posters on postal trucks, T-shirts for Post personnel, banner ads on newspaper sites and portals, radio spots and full page ads in the newspapers. The ads themselves highlight one product from each shop to show the range of items being sold on the site. In itself, this ad is a revenue-generating opportunity: "the customer doesn't pay yet, but will pay soon to appear in the ad," she explains.

To date, Ehring is pleased with the results and the strategy. The site registers 1,000 visits per day —3,000 in strong marketing periods — and averages 10 transactions per day. So far, its top-selling items include football support products, records, computers and toilet seats (though she was at pains to explain why!). The group is also trying to gain a foothold into the Post Office's national shopping site.

Sydostpress is now looking to add value to its customer relationships. The company can work with local web companies to provide customers with larger scale solutions if they are ready to move to this stage. At the same time, the site is generating valuable marketing information on its audience, which it is looking to package for one-to-one marketing purposes. "Our customers can see who bought TVs from them in the last six months," she says.

ONLINE AUCTIONS AS A LOGICAL OUTGROWTH OF ONLINE CLASSIFIEDS

Can auctions save our classifieds and provide new revenue streams, or are they hype? Melinda Gipson, New Media Director for the Newspaper Association of America (NAA), is certain: auctions are indeed the logical next step to newspaper classifieds. Why? because they are fun, simple, and they work.

According to Gipson, auctions today — exemplified by the wildly successful eBay — are about price, entertainment, community and trust, she says. Word of mouth is a key success factor: "People brag about price they got on eBay," she says. And of course, it's about volume: «More people sell on eBay because more people visit...The sheer scale of the web population is rearranging economics of retail," she continues, adding that it will take Amazon three years to reach 150 million in sales, something Wal-Mart achieved in 15.

Gipson trots out a few statistics to convince the audience. If global e-commerce spending in 1998 was \$50 billion, it will reach \$1.3 trillion by 2003. Some 14% of all music will be sold online by 2003. Europe's share of web commerce in 1998 was 11% but it will rise to 33% by 2003. The number of online shoppers in the US is expected to grow from 8.7 million households in 1998 to 40.3 million in 2003. Finally, 1.2 million surfers bought via a business to consumer web auction in 1998.

Of course, not all auctions function according to the same business model. Some sites are business to consumer auctions, while others group individual purchasers to obtain bulk discounts. Others still enable consumers to submit their prices online and it's up to the business — for example, an airline — to accept or not.

Nonetheless, the largest category today remains consumer to consumer, and it's dominated by E-Bay. The site has 5.6 million registered users and boasts two million items on sale at any given time. It is the leading consumer retail site on the internet and moves \$2.7 billion in merchandise per year. Most items sold through online auctions are hardware, software and collectibles (a vintage 1957 Thunderbird, for example, went for \$23,000, while elusive concert tickets are a hot item, proving that scarce resources are a natural for web auctions).

Regardless of whether visitors actually buy online, auctions are generating significant traffic. "People come back to the site in order to check the status of their bids, which creates traffic," Gipson says. Moreover, she provides figures that show that an even greater number of people (from 7% of internet users to 11%) would buy if they could be convinced that online auctions brought them better product warranties, lower prices and better customer service.

How can newspapers make money with auctions? "There are various strategies," she says. eBay, for instance, charges a small fee for listings and takes a 5% commission on products sold. Newspapers can adopt this strategy, but they can also build their fees into a classified upsell. In fact, "they can build auctions into a layered retailer advertising package," she says. "In the end, the revenue model depends on how you believe transaction fees will pan out."

Why go into auctions at all? Gipson goes on to use the Boston.com site as an example. She quotes its director, Lincoln Millstein, who says: «We believe that online auctions are a powerful activity, especially at the community level. The transaction of goods and services from neighbour to neighbour, facilitated by a trusted intermediary such as The Boston Globe's web site, will be a 'killer app' for us.» Of course, they also have to ward off the likes of eBay, which is probably as good a reason as any.

The site employs a full-time product manager to drive users to the site. With its 2.5% transaction fee for successful sales, it sells for 22K (22,000 US Dollars) of goods per week, with profits of \$550, evenly divided between its vendor partner, FairMarket, and the Boston Globe — clearly, it's not a cash cow. Profits are expected to grow as volume reaches critical mass — most likely through associations with other similar ventures. The site is currently developing an enhanced e-mail targeting program to losing bidders, whereby advertisers can target individuals according to the items they bid for, and provide them with special offers on similar items they actually sell in their stores.

Of course, there are questions associated with auction sites: Who will provide customers service? Handle complaints and billing? Who protects the franchise? "You can put up great disclaimers, but in the end, it's still up to you to ensure a climate of trust or why do it?" she says. There are also issues related to technology: in addition to being scaleable, the system must be maintained. Finally, Gipson suggests that newspapers look for ways to get users to 'opt in': get their permission to market pertinent offers to them on a regular basis.

Gipson concludes by offering the audience some advice. Leverage the brand and use print-plus packaging to optimum effect. She also suggests facilitating advertisers' e-commerce activities in any way possible, by building shopping guides, rewards programs and stores. She also suggests linking your solutions to those of other newspapers.

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THE INTERNET AS A BUSINESS TOOL

Badische Verlag, owners of the Badische Zeitung, a large regional subscription newspaper based in the German city of Freiburg, has a multiple solutions approach to revenue generation on the internet, and it has created a wholly owned subsidiary, FreiNet, to oversee it. Freinet, its six-year old internet venture, is actually a registered Internet Service Provider, and currently employs three people. In addition to hosting the newspaper's site (badische-zeitung.de), it offers similar services to an online classified site (Schnapp.de), the city's official site (freiburg.de) as well as for a regional e-commerce portal site (regioshop.de) This hosting activity accounts for 60% of its turnover. In addition, its team offers web design, ad sales and web marketing services, and is now trying to move into auctions.

As a result of these activities, the publishing group can generate revenues from relatively classic sources, i.e. banner ads and special content (i.e. archives), but also through site development activities, and from commissions on e-commerce transactions in the Regioshop site.

Revenues, however, are only part of the equation. "Having an online presence enables newspapers to pursue long-term relationships with customers. So the real question should be 'what kind of added value can I offer my readers online?', " says Ulrich Dörflinger, Project Manager of Freinet. He is adamant that newspapers must be online: "There really must be a co-existence between the two products, because soon, if newspapers are not available online, readers will go elsewhere. It's key, therefore, to make regular reference to the online product in the paper and vice versa. "

Dörflinger also suggests that newspapers abandon once and for all their 'loss prevention' approach to the internet and get fully involved.

"By fulfilling customers' demand for information, we can add value," he says. Indeed, by providing online venues for both advertisers and consumers, newspapers can contribute to creating marketplaces where all players can interact. "The goal is to get the consumer and the company on the same platform," he explains, though with such an approach, security remains an issue.

Newspapers can go a long way in facilitating this task by creating linked databases amongst the different services they offer. For instance, the internet is becoming an essential business-to-business tool. "Some companies send their ads and PR releases through e-mail," he says. Putting such information into a central database makes it possible for newspapers to then provide information on the company, including job offerings, products and events on sites such as Regioshop. "Although this requires that many departments keep this information up to date, it does enable you to increase contacts with the customer," Dörflinger says.

Dörflinger went on to talk about the benefits different players get from a single communication campaign. Let's say the company — a real estate company — uses a combination of newspaper and FreiNet online options to communicate its real estate listings, job offers, information on projects and company news. Consumers can look these offers up on both the newspaper site (for ads) as well as the Regioshop site (for company information). Meanwhile, employees from the company can go directly into the Regioshop database to update information such as news and job offerings.

Today, the site is looking to develop new applications such as auctions, city maps and community publishing systems in order to increase traffic. To conclude, Dörflinger reminds the audience that the internet is a fully complementary medium that must be taken advantage of. Moreover, "if a large number of newspapers were to agree to common interfaces, they would get a larger piece of the pie," he says, citing as example OMS, which regroups German regional newspapers' online ad sales.

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CAPITALIZING ON BANNER ADVERTISING AT THE NEW YORK TIMES ON THE WEB

Publishers may well have revenue-generating opportunities beyond the banner, but this traditional form of advertising still holds a lot of merit on its own. "Let's not minimize the impact of banners," says Christine Cook, Commercial Director for the New York Times on the web. She explains that research carried out on its web site clearly demonstrates that perceptions of a brand's quality and service increase subsequent to viewing banner ads. "The reality is that online advertising works at the point of contact," she maintains. "You need to get proper value for the exposure you give, and proper credit for driving traffic." This is especially critical given the trend towards payment based on click-through rates. "Our click rates tend to be lower than for sites such as MSNBC, CNN and USA Today, but we have the ability to deliver qualified contacts," she says.

Of course, the NYT's ability to drive such qualified contacts derives from much more than the high quality environment these banners appear in. Indeed, it is the data the site has on its 9.5 million registered users, which is used to deliver more targeted and more relevant advertising, that makes the banners so successful. "We get at least the subscriber's ID and e-mail address during registration; we may also ask for key bits of demographic information," Cook says. The data is then used in aggregate, something which is clearly stated in the site's privacy policy.

The New York Times on the web offers several types of banner packages. One of them, called Site for a Day, involves the placement of a single banner on each section front page for a day. "That way, someone who logs on directly to sports page sees the ad, just as he would had he logged on through the home page," she says.

Another offering is the "fifth column" advertisement, a spot it created in response to one-to-one focus group research that highlighted the fact that readers do not like animated banners. This non-traditionally-sized banner, set against 'deep content', allows advertisers to put across a wider number of messages.

Advertisers also have the possibility of fixed buttons, such as the one DVD and video seller Big Star places on the Arts section. The button has consistent placement on every film review, allowing users to request that Big Star send them an e-mail when the film in question comes out on video or DVD. In this instance, Cook says the site would place the e-mail address in a smaller window, where readers can confirm their interest in receiving this e-mail and indicate the type of e-mail they can receive (text or HTML). Such 'permission marketing' mechanisms also enable the site managers to use e-mail in a controlled manner. "Avoid large spams, which lower quality," she advises. Nonetheless, campaigns that combine banners with e-mails heighten the users' receptivity to the message and create opportunities for continued communication with customers who have pre-qualified themselves by responding.

Another customer, a local university seeking new student registrations, ran a banner across the site in content areas that highlighted news and politics. The banner ran for one month and generated over 14,000 clickthroughs. The site also sent 12,800 e-mails to users who, during registration, had indicated their receptivity to e-mails from NYT on the web advertisers. Some 900 people contacted responded. In total, the university transformed more of these responses into actual student enrolments that it did from either its TV or print campaigns.

Sponsorships, which offer permanent placement possibilities, are another effective means of placement. The Lexis-Nexis banner in the archives section, which offers viewers the possibility to expand their search, generates click rates of over 7% — considerably higher than the widely reported 0.2% banner click-through average. Northern Light, a business search engine, also has a permanent button in the site's business section, and users who click on it are sent to a micro-site, where articles are available free of charge for a longer period of time than they are on the NYT site itself. However, "we can't use editorial links to drive traffic to sites like these," she says.

Underpinning the success of this site is Real Media, with whom it developed a proprietary version of Open Ad Stream. This allows advertisers to target according to four distinct dimensions: environment; technical requirements (by browser type, operating system, etc.); demography (age, income, etc.); or special handling requirements (by time of day, day of the week, etc.). It also allows the site to determine if there's been a reaction or a non-reaction to the banner.

"Demography is key," she says. "We can target only women, or only certain areas." Indeed, the site can target by isolating any of the criteria it has in its registration data. The site is also capable of looking at advertising effectiveness, defined, she concedes, quite narrowly as the number of click throughs on banners.

One advertiser, for instance, ran four campaigns, with banners placed in a combination of technology and business sections of the site. Results showed it was doing well in only one campaign, and even then, particularly among older men, which was not really their target group. "We suggested they run throughout the site, but only target men and women under 50," she recalls. As a result, the fifth wave was significantly more effective, with a cost per response of \$4.21 instead of an average of \$12.56 for the first four. "They could not have done this without our help," she maintains.

Another advertiser, from the cosmetics field, ran a campaign to drive female traffic to their retail locations in a specific geographic area. The campaign ran for a week and delivered 500,000 banner impressions. Over 10,000 women responded to the ad, and when they clicked through, they were asked if they'd like to receive more information. Two days later, they were e-mailed a follow-up message with an additional call to action, including coupons with the names and addresses of retailers. The client reports that this promotion had the highest response in terms of in-store sales of any coupon promotion.

Are such opportunities available to newspapers that do not have the aura of the NYT and do not register users — most newspapers, in fact? "People have relationships with newspapers, so every one has a specific value. People like advertising in papers," she maintains. Finally, she reminds the audience that newspapers have a lot of opportunity to provide added value. "Readers like film reviews, but they also want to know where it's playing and so on," she concludes.

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NEWSPAPERS CAN BE INTERNET CATALYSTS IN THEIR LOCAL MARKETPLACES

Many local advertisers still see the internet as a many-headed monster rather than as a useful tool. Instead of having these customers turn to a local webmaster to establish a presence on the web, why should they not turn to their local newspapers? After all, trust can be leveraged to gain new business, maintains Stuart Garner, President and CEO of Thomson Newspapers.

In fact, the internet makes it possible for newspapers to play a role that many have spent years trying to become: true business partners capable of linking buyers and sellers in a more direct fashion than has been the case for classic in-paper advertising. Until now, newspapers have been a passive medium. «The closest we've come to interactivity is through couponing, which has given advertisers a free database built from responses, » he says.

Garner says his group is now preparing to offer its advertisers e-commerce links. This approach is "far removed from shoveling information onto the Net, or repeating classified and display ads without any enhancement," he says.

He is not advocating, however, that newspaper companies get to where they want to go on their own — why reinvent the wheel? Rather, he suggests developing partnerships and alliances and share experiences and revenues. Technology, for instance, is very expensive to develop and thus a likely venue for partnerships: but it is far from being the only one. Garner uses the Globe and Mail and Toronto Star alliance as an example. "These two traditional rivals came together to create a jobs and marketing alliance. By adding their pool of 7,000 and 5,000 jobs respectively, the two created a classified venue that is four times the size of Monster.com. in Canada, " he says.

But above all, Garner says the goal of any internet venture — partnership or not — must be to make money "Start with advertising and revenue generation, rather than with editorial, " he advises. Thomson's goal has been to get on the fast track to profit, and maintain these profits while growing new business. "The two media offer complementary assets. Newspapers provide audience and brand awareness, while the internet offers precision, ability to search. Newspapers must give their customers this alternative so that they can make choices, he adds.

Garner has good news for those newspapers who have yet to get on the bandwagon. Yes, "the internet is headed your way, but there is plenty of time still to design a strategy and prepare your business to profit from it," he says. Though there are some 45 million internet users in the US — probably more — distribution is patchy. Household penetration of home computers ranges from one-fifth to three-quarters, depending on the region. Moreover, in spite of forecasts that online retail sales will mushroom by 2003, today they are still only 6% of all US retail sales. Finally, there are major variances in the number of companies with web sites. In some areas, this figure is

only 10%. "So much for those who say that internet has transformed the economy," he comments.

Instead, newspapers should focus on a few marketplace realities. "Around 85% of newspapers in the US have circulations of 50,000 and below," he explains. In local and regional markets, most advertisers are small businesses, for whom even electronic transmission of ads would be a big issue. Many are simply not internet-savvy. "So newspapers do have an opportunity to be a catalyst in the market place. After all, they have heritage of being leaders," he notes. Why not consider becoming an internet general contractor, offering customers turnkey arrangements? Garner suggests using existing classified and display ads to jumpstart the process.

In many ways, this is exactly what Thomson Newspapers has done. Today, this \$1 billion division of Thomson Corp. delivers a vast amount of information online in Canada and in 11 US states. The Globe and Mail, Canada's largest newspaper, has a number of websites, and is among the top five internet operators in Canada. The Globe Fund.com, for instance, manages share portfolios for 138,000 subscribers. In 1999, the Globe's internet activities will generate 24 million page impressions per month and \$10 million Cdn. The site recently hit an all-time high of 900,000 page impressions per day.

Of course, Thomson Newspapers is more than the Globe and Mail. It includes some 57 dailies as well as a number of weeklies and magazines. Most titles are managed in strategic marketing groups (SMGs), which enable Thomson to provide multi-product solutions that satisfy the full range of advertising needs.

"We are committed to print/online as part of our strategy," he says. Revenue growth of 8% per year is the clear objective, and "we've beat this handsomely in last two years." The company now has an internet division called Thomson Interactive, which acts as an umbrella to the company's 115 websites. The division develops tools to be used across the board, and sells these to external companies as well. The company developed its own classified search engine, and the SMGs are making profits on the Net as well. Moreover, a new product division also seeks niche opportunities in both print and online.

"The web gives you recurring revenue opportunities in multiple ways," he continues. Garner suggests making full use of search engines and directory software, as well as the Encore site builder, which allows the sales executives to design web sites for small business customers in just 15 minutes. Garner suggests that newspapers can deliver another 15% to the bottom line using such tools, as well as with directories, guides, banners and so on.

However, the sites must be locally focused, not nationally. "Most people use classified for local purposes. Most won't move very far to change jobs. Classifieds is a local process for most elements of the business and that is our skill set: providing local services of a high trust level," he continues.

Next steps for Thomson include major research on what users are doing on the internet, and what they want from newspapers in that medium. After several years of experimentation, the company is now going to reexamine its 115 sites, and see to it that they're deeply rooted in local economies. "We will have to ensure they have an e-commerce flavor to them," he says.

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DOOM AND GLOOM FOR NEWSPAPER CLASSIFIEDS? NOT QUITE....

In spite of ever-increasing market challenges, newspapers are employing a lot of creative ways to maintain their classified advertising revenues, says Marsha Stoltman, Vice-President for Marketing Relations for industry trade publication Editor and Publisher. Nor is the market as dire as some experts would have it. Consider these figures: some 17.9 billion dollars were spent in print classifieds in 1998, and the prognosis for 1999 is bright, with classified revenue rising 4% in the second quarter of the year.

No doubt many industry worries have been spurred by research firms Forrester and Jupiter, who both issued reports on the near demise of newspaper classifieds. Forrester, for instance, predicted that newspapers will lose \$11 billion in display and national classified ad revenues by 2004. Meanwhile, Jupiter has said that newspapers will lose \$200 million from print classified next year. "This seems unlikely, with latest industry figures showing a 3 to 4 % growth each quarter," she maintains. With these two firms shuffling for attention, Stoltman suggests that "perhaps the real victim may be the very subjects they research....Though both do provide substantive research, it should be taken with a grain of salt. It's very speculative to predict what's going to happen....For all the talk about the growing importance of online classifieds, they probably won't represent even 10% of overall classified spending five years from now," she says.

Yet newspapers do have legitimate reasons for concern. If newspapers have benefitted from the 29-year low unemployment rate that is driving the surge in job ads, internet classified have benefitted even more, which has led to significant — and unreported — activity in the sector.

Stoltman starts, however, with a few stories that did make headlines. Hotjobs.com, one of the key classified sites, spent \$2 million of a single ad at the Super Bowl — fully half their revenues. "When Hotjobs ran its \$2 million ad, traffic to its site did increase, plus they got a lot of PR from the ad. The site's revenues have increased 82% since they ran the spot," she says. "As a result, Hotjobs will run two ads in the next Super Bowl."

Partnerships also made the news. There were a number of instances of competing newspapers joining hands with web classifieds: for instance, Knight Ridder and Belo creating DFW.com, (where Dallas and Fort Worth newspapers collaborate online); and Hearst, Cox, Belo and E.W. Scripps pooling the classifieds of 18 newspapers in Texas. Meanwhile, AdOne announced that six more press groups invested in it.

Other trends, however, never made it to the front pages. Classified sites have been enhanced to be more useful to consumer, adding more search criteria and using sophisticated tracking

technology to record user behavior. "This information was not easy to get a few years ago. Even today, most sites are still flying blindly. This is especially true for editorial," she says.

Should newspapers publish editorial around classified on the web — even though they don't in print? Stoltzman advises newspapers to recognize that companies like Yahoo, AOL and Microsoft never ask themselves this question. "This is why everyone is adding mortgage calculators to their real estate sections: it's important," she continues.

Asking 'do we have enough listings?' is another pointless question. "Volume doesn't necessarily make you the leader in traffic. Monster.com, for instance, gets more hits than CareerPath, which has more volume," she says. It should be noted, however, that CareerPath has grown through a sizeable ad campaign. Not only has it taken advantage of space in its 100 newspaper partners, it has also promoted itself heavily across media. Cars.com (from Classified Ventures), among the top three site in terms of traffic, has also spent millions of dollars on advertising and distribution agreements with the likes of AOL.

Another major trend in 1999 was full recognition of the internet's interactivity. Online classifieds now come with video, graphics, 360-degree photos and 3-D tours of real estate, enabling new revenue streams. Newspapers can be big players in the online recruitment field, but "why just put listings up when you can be a virtual job center? Offer viewers virtual job fairs, where you describe work environments, with live or recorded interviews," Stoltzman suggests.

Stoltzman concludes her presentation with some important lessons. Know your competition, she advises. "Both local and national portals have done an amazing job of generating customer awareness," she says. Electronic directories and city guides are proving to be worthy competitors at one end of the competitive spectrum, while at the other, pure internet players such as Monster.com are becoming very aggressive. What's a newspaper site to do? Go local, local, local, she says. "In the simplest terms, leverage your content and brand" she continues. "Use them. Your competition is still struggling with providing the deep kind of content you already have in print. They are challenged at experiencing repeat business once the car is bought or the guitar is sold."

Understand your customers, she continues: why are they going online?. Today, some 30% of households in the US do not subscribe to newspapers, but half are online, and by 2003, 60% of them will be, simply because they find the internet to be useful for saving time and money.

"This needs to be your marketing message: your site must meet their needs by providing content as well as commerce — the ability to shop," she advises. "Establish partnerships wherever there are gaps in your service....Arm your sales force, train them. Send them out with a message of what you can do for customers. Finally, provide excellent customer service, because your competition does not."

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BROADBAND WILL ENABLE TRUE CONVERGENCE

Broadband will enable communication at speeds that are ten times as fast as what today's modems will allow, thus making it possible to view broadcast quality television alongside current internet content. It will also provide users with instant access, as well as a connection that is always on. But what does broadband mean to a content company like Reuters New Media?

Reuters New Media clients are redistributors who are looking to generate extra revenue by hosting Reuters content. "Our role is to help them generate that extra revenue and in exchange, we expect a share of that revenue while retaining our brand presence," explains Greg Pasche, director of the New Media services.

"Broadband enables Reuters' clients to fully exploit the Reuters multi-media rainbow, from text, pictures, graphics and animated graphics, financial data on through to video," he says. In fact, many Reuters customers have been benefitting from these services for many years, thanks to the company's own proprietary broadband network.

Today, subscription revenues are limited to exclusive niche content sites, classified advertising is becoming the focus of specialized services and the infamous banner ads are going to portals, he continues. Moreover, end users expect to receive most types of content for free. This makes sense, he thinks. "If tourists go to Zermatt, they won't pay for the privilege of being there but for the travel, hotel etc. Infrastructure makes it a successful resort," he says by way of illustration. Likewise, the internet is useless without a destination. "Content providers are e-commerce enablers and that is the basis for paying for content.... Content is the means to attract, retain and guide users to direct revenue generating opportunities. Content may not be king, but it is key," he remarks.

That's why broadband is so important to companies like Reuters. Broadband, which is not a medium but an enabler, will make true convergence possible.

"Convergence is about diversity, about providing seamless links from one device to another: it's not about converging all media services through one device," says Pasche. Indeed, convergence does not occur around one medium, but around one individual. "We should be talking about linking these devices together so that they are aware that I am one and the same person, with multiple information, entertainment and communication needs," he continues, calling this 'IP anywhere'.

This cross-referencing is important as it provides users the ability to move from one device to the next and content providers with the means to follow users across the media. Broadband will also make it possible to adapt the level of service to the requirement (entertainment or time-critical applications need a high level of Quality of Service, while e-mail and file exchanges do not).

In addition to using broadband delivery for its own services, Reuters invests in companies developing technologies for content acquisition, management, distribution and transactions through its Greenhouse Fund. "New technologies obviously represent a risk to our business and our clients' businesses. The Fund provides an effective way to hedge that risk by investing in embryonic, potentially 'displacing' technologies, with the option of adopting those technologies at any time," he notes.

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EXPERIMENTING WITH NEW WAYS OF DELIVERING MULTIMEDIA INFORMATION

Helsinki Television Ltd, a subsidiary of the Helsinki Media Company, has been experimenting with an innovative high speed service offering called Integrated Multimedia Publishing (IMU), which allows users to access personalised content from both newspapers and TV on their computer screens via cable television infrastructure. According to Pekka Jaakola, manager of the service, the IMU allows users to read newspaper reviews of movies, watch the appropriate clips and then buy tickets if they so wish.

The project is an ambitious one, requiring the development of software tools capable of working in high speed, multimedia networks that call on evolving technologies such as WAP (Wireless Application Protocol) and ADSL (Asynchronous Digital Subscriber Line). It also involves integrating TV and newspapers to personalise content, not to mention an extensive field trial with a sufficient amount of households. Finally, it involves Helsinki Television partnered with three newspapers (Aamulehti, Turun Sanomat and Keski-suomalainen), two television stations (YLE and MTV3) as well as with Nokia to develop the project.

The system rests on an active proxy server which relies on metadata (information about data) to personalise contents. This server downloads, digitises, classifies, paginates and interlinks the media content for ease of use. The resulting text content (from newspapers) comes through over the internet, while video images are streamed through a high speed ATM link. Both then meet on a cable TV ADSL line, to appear on the users' computer screen. According to Jaakola, the IMU allows users to obtain news information from different newspaper sources, and then get the related TV news story as well.

The trial has involved 62 household users over nine months. "We looked at prime time, short and breaking news. We asked people what they considered to be their most important news source. Daily newspapers came in first, but the IMU scored higher than the web. However, it did score less well than text-TV, which is big in Finland," Jaakola says. In fact, IMU users considered the service as enhanced text-TV.

Today, the company is earning some revenue through the IMU from access fees, as well as by selling cable modems. However, Jaakola believes the service will really take off when it's available on the television set rather than on the computer screen.

Technically, however, the service works. "The active proxy server was key; it brought added value," Jaakola continues. And though it's an understatement to say that commercialisation of the IMU is still a bit in the open, the company is forging ahead and looking to develop the IMU for new TV and mobile platforms.

E INK BRINGS DIGITAL POSSIBILITIES TO GOOD OL' PAPER

In spite of the widespread use of the internet, media revenue is still largely paper-based. "Electronic displays destroy every wonderful thing about paper...People like paper because it beats both laptops and video screens on ease of use criteria such as portability, legibility, resolution and weight. Plus, it requires no batteries. In fact, paper is the true key to user acceptance of digital media. "

So says Jim Juliano, president of E Ink corporation, an MIT spin-out which is ready to launch electronic ink. "This is not silicon snake oil," he says. Rather, it's a novel display technology that offsets ink's biggest drawback: its unchangeability. Of course, paper has other drawbacks as well: it's very expensive to produce, restricted by inventory, has a fixed publishing cycle and fixed content. E-ink, on the other hand, is a dynamic service that can change itself, and combines the advantages of digital media with the ease of use of paper. It requires no inventory, involves minimal distribution charges, has global reach and is easily customised.

It works something like this: Take white paper chips, dip them in enamel and mix them in a dye. This 'ink' is then laminated onto a conductive material, which looks like a thick paper, but is connected to a network. A built-in, wireless pager programs either a negative or positive charge via a web interface, which moves the particles either to the top or the bottom of the material's surface, creating large, white letters on a dark surface.

Even if the technology is still in its early days, it already provides a lot of benefits to customers. E-ink on a flat screen offers users a 130° viewing angle, requires no power, and particles only have to be nudged 100 microns to be read, Juliano says. It can work on very thin and lightweight non-breakable plastics, and because the ink is procured in large vats, it's a naturally scaled technology.

According to Juliano, e-ink has a lot of potential applications. Currently, it is being used in large surface devices, using large characters, and thus "bringing the internet to billboard applications," he says. Indeed, e-ink makes for a wonderful advertising platform because it makes it possible to reach purchasers in different areas with targeted messages. The company is now doing a pilot where it broadcasts messages to 1500 JC Penney signs, simultaneously. "Normally, only one quarter of billboard signs are effective. With e-ink, it's 100%. Plus, you can change the messages 90 seconds, " he adds.

Moreover, as the technology evolves, it will be used in a much wider host of information appliances, such as personal digital assistants or displays on wristbands. Of course, the ultimate goal is electronic publishing.

Today, the company has eight paying customers trying the technology out.

E-Ink is venture financed, but Motorola, Hearst and Interpublic are investors, as is a chemical company. "We think we're first to market, and have about 75 patent applications," he says. Will it replace paper? Juliano doesn't believe it will. "It's not archivable, so there is a place for paper," he says.

The company will make e-ink available in bi-chrome colors next year, and is working on improving its resolution. «We need to get to the resolution of a laptop (72 dpi). Our immediate goal is 150 dpt, and we've demonstrated 200 dpi, » Juliano adds.

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DATA WAREHOUSING AS A TOOL FOR GAINING CUSTOMER KNOWLEDGE

Newspapers are under pressure to propose increasingly complex sales offerings, both to readers and to advertisers. The only response is better knowledge of customers, and the most effective tool for gaining this knowledge is through data warehousing.

" Data warehousing will allow you to better allocate resources and thus improve performance, " says Mathieu Puhl, Managing Director of the French regional newspaper Le Républicain Lorrain. But it goes beyond that: "Data warehousing has cultural consequences for newspapers, enabling them to become service companies. "

Puhl says it's a tool that too few newspapers take advantage of. "The decrease in advertising revenue has put pressure on margins, so we've invested less in marketing tools which would allow us to better know our customers, " he says. As a result, most publications are "finding it difficult to adapt their content to meet evolving requirements. "

Moreover, such tools would allow newspapers to answer key questions: How do we segment our market? What profit can we expect by segment? Where should we put our efforts? Does our offer correspond to expectations? Which distribution channels should we use to obtain the best performances?

Having quick access to such information would, on the one hand, allow newspapers to develop sociological, economic and demographic subscriber profiles, and help them identify buyer behaviour trends. Secondly, data warehousing would give newspapers a more precise understanding of their costs: how much 'churn' they have, what the cost of retaining subscribers is and so on.

Newspapers armed with such information could then finetune their sales process by reducing the number of unsold copies, optimising channel performance, handling seasonal variations, minimising the cost of acquiring customers, and focusing on profitable clients.

On the editorial side, such information would enable newspapers to develop new products for the most profitable and high-growth reader segments, both by developing derivative products and by developing multiple sales offerings — i.e., CD-Roms, merchandising offers — to customers which offer the best profit opportunities.

These were the reasons that pushed Le Republicain Lorrain to adopt a data warehousing solution. Le Republicain Lorrain has 12 editions, 200.000 copies per day and employs 150 journalists. Among regional French dailies, it enjoys the fourth largest readership on the internet. Nonetheless, "we needed to move from a reader concept to a customer concept, " Puhl recalls.

"We are using data warehousing to reduce costs and improve efficiency; to develop sales; and better manager customer relations and loyalty. "

Like many papers, it was facing an increasing amount of competition: from the likes of France 3, RTL 9, M6, private local television and radio stations for readers and ads, and from free sheets for ads as well.

The information it receives comes in through various channels: sales, direct marketing, internet, internal business development, external research sources — even from the people who have regular contact with customers. Without a data warehousing system, "we have to consolidate data, which is difficult because they are not referenced in the same fashion, " Puhl says. As a result, any global analysis is long and costly.

Having a data warehousing system, however, does enable the paper to consolidate information from different sources, and thus use it in many areas.

"We can detect possible anomalies. We have information on results, duplication and impact, for instance. Or, we can visualise the number of unsold copies by geographic zone, which allows us to refine our print run," he explains.

The paper can also analyse pertinent information by geographical segment — even in an editorial context. For instance, "if the village is not cited often enough in our news pages, we get an alert. We can do an editorial follow-up of a village, " Puhl continues.

Of course, there are risks involved in such wide-scale data warehousing projects. Indeed, the main risk is the considerable volume of data that has to be handled. "We have to structure our analytical framework very carefully. We have to look closely at the business opportunities and advantages we can expect to get, " Puhl stresses.

Other risks include starting on too small a scale, or on the contrary, too wide. "It isn't necessary to start the project off with a big bang. You can target somewhat initially," he maintains.

Puhl concludes his presentation with a few words of advice.

- Don't get overwhelmed by technology. "We must be diligent in our technology choices and consider the organisational aspect," he says. Choose future-safe and proven technologies.
- Make sure the project does not become one gigantic free for all. Data must be reliable, and the project's architecture must be adapted.
- Be selective in your choice of data. Establish rules as to how you're going to extract data and structure the analysis.

- It's better to have an iterative approach, he says. Proceed by field, department, and so on. Once you have a prototype that works, apply it to related fields.
- Finally, the Managing Director must be both pilot and driver of the project.

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Should online publishers focus on creating portals and expanding their traditional news focus?

Will online classifieds completely overtake print, and are newspapers doomed to lose this lucrative market?

These questions and others were addressed at “Beyond the Printed Word”, the world’s premier electronic publishing conference for newspapers, co-organised by Ifra and WAN.

This publication features reports on the online experience of companies including The New York Times, Ireland.com, Chicago Tribune, Berliner Zeitung, Reuters, E-Ink and Thomson Newspapers.