

**CLASSIFIED ADVERTISING:  
THE CASE OF RP-ONLINE**

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## **RHEINISCHE POST: FROM NEWSPAPER TO MULTIMEDIA**

For Hans-Dieter Baumgart, Rheinische Post's Managing Director, one thing is clear: the newspaper business will require significant changes to remain profitable in the new century. Worldwide newspaper circulation has been declining in the past decade and, according to analysts like Forrester Research, U.S. newspapers are expected to lose 20% of their classified revenues by 2003. The management at Germany's Rheinische Post is fully aware of these trends. That's why they are placing their bets on RP-Online, the online edition of the newspaper.

The traditional Rheinische Post is a successful publication. Its distribution area covers 3.8 million inhabitants in Düsseldorf and the surrounding zone. The paper has a circulation of 420,000 copies on weekdays, 520,000 copies on weekends and features 29 regional editions. But Mr Baumgart has no intention of sitting on his laurels. He argues the paper's dominant position doesn't guarantee it will be able to exist for another decade without a thorough transformation. "That's why we have decided to make the internet a real business for us."

RP-Online isn't only an online version of the newspaper. It's a multimedia platform that touches several business areas. RP-Online includes newspaper content, of course, but also features internet services such as web design and consulting. It also acts as a platform for e-commerce activities such as advertising and classifieds.



# **HISTORY OF RP-ONLINE: STRUCTURE, ORGANIZATION AND TARGETS**

RP-Online has had a fairly short life. The joint venture, which is 88% owned by Rheinische Post and 12% controlled by Neuss-Grevenbroicher Zeitung (NGZ), first began in 1995. But the site didn't get online until early 1996.

At the time of the launch, the editorial staff operated out of separate offices from the paper edition of the Rheinische Post. News stories were updated 24 hours a day by RP-Online's own editorial staffers.

## **MORE THAN A NEWSPAPER WEBSITE**

Rheinische Post set out to create something more complete than a newspaper website as it wanted to create a real online community. "So we began to offer e-mail services in addition to around the clock news", said Willi Hoenscheid, RP-Online's Publishing Manager.

From the beginning, RP-Online organized itself along three business lines: content, services and e-commerce. The site included both original content and stories from the paper edition. "Original content means very high production costs," Hoenscheid says, "that's why we decided to syndicate it to other websites." The site also features links to NGZ, RP-Online's other owner, to bring in some local Neuss content.

The services offered range from website design and consulting to internet access. The e-commerce division handles the advertising on the site and the classifieds. The site also features a virtual shopping mall. "There used to be just shops on the internet, but we brought them together to create groups of shops and malls," Hoenscheid says.

## **DESIGN**

Design stayed the same for four years, but was recently revamped to use the space available on the page most effectively. Before March 2000, RP-Online focussed on keeping the site clear and uncluttered for the eye. The left side featured a table of contents proposing different news topics such as stock market, sports, local news and weather. The right side of the page remained bare. In the center, on the main part of the page, RP-Online used to put a headline from the top story right under the RP-Online title. This headline was followed by a lead and a small photo on the right hand side. Other headlines appeared right under, requiring visitors to click to read the full stories. In short, the site was easy to understand and linear in its layout, but tended to waste a lot of space on the page.

On the new page design, worldwide stock quotes, discussion group links and reader survey options appear on the previously bare right side of the page. The company has also replaced the simple RP-Online title with the official RP-Online logo to better brand the site.

The top stories still appear with a photo and the lead paragraph. Other headlines have now been put into categories such as politics or sport. The left side of the page continues to feature the table of contents, but several items have been added such as a keyword search at the top, an e-business section and a services category. All in all, the new design allows RP-Online to pack a lot more information and services onto the site, without sacrificing clarity or legibility.

## **RP-ONLINE TODAY**

Today, RP-Online has 21 employees and 15 freelancers. Around 500 news stories are featured on the site everyday. The number of visitors to the site tends to increase during the high points of soccer season and Formula 1 racing. Traffic has grown steadily since the site launch four years ago but has risen four-fold in the last 24 months. Around 500,000 people clicked on to the site in January 1998. Today, an estimated 2.5 million people visit the site a month, with visitors looking at an average of three pages.

Rheinische Post is currently seeking new partnerships. RP-Online has begun to work with local banks which are to co-sponsor certain parts of the site. "The site will only develop if we continue to provide new services and update the information available," says Hoenscheid. The site already has a partnership with T-Online, a popular German site run by Deutsche Telecom. T-Online is the country's biggest portal and RP-Online benefits from its high traffic.

Other projects in the works include a joint venture with a software company aimed at developing new interface programs for RP-Online clients.

Dr. Willi Hoenscheid  
*Publishing Manager*  
RP-Online

## EDITORIAL CONCEPT AND PROSPECTS

RP-Online isn't just the online version of a newspaper, Stefan Felten, Editor and Project Manager says. "It's an independent, permanently updated news website, comparable in terms of speed to radio or television," he says.

This has made RP-Online Germany's second biggest website belonging to a daily newspaper, with seven million page impressions and 2.5 million visitors.

### EDITORIAL CONTENT

RP-Online's goal is to help readers make sense of the large amounts of data available on the internet. "We don't just reproduce news service news such as Reuters," Felten says. "We screen, sort the information out and make it into something meaningful and relevant for our readers".

News is broken down in several categories including politics, the economy, sports, people, multimedia, science, cars and traffic and local news from 33 different cities.

The site also includes seasonal categories such as gardening. It features advice on garden pests and other tips for green thumbs. Other seasonal topics include the *Karnaval* during the winter months. The site covers *Karnaval* events with live audio/video. Page traffic tends to increase during these times, as it does when a very important story breaks. "The site got significantly higher page views during the Helmut Kohl financial scandal", Felten recalls.

The sports scores allow sports fans to check out scores and topical information while watching another game on television. Formula 1 specials have been particularly successful. The site featured statistics on the teams and drivers in addition to a Formula 1 photo gallery. RP-Online also covers American football through NFL Europe, a group of 6 American football teams playing in Europe. The site also organizes moderated internet chats on sporting events or with famous personalities such as sport stars or actors.

RP-Online also covered the International Space Station through its "space forum". The site included live video of the space shuttle *Endeavor*.

### REGIONAL NEWS COMPONENT

RP-Online is working on developing more local news content. In the future, visitors from Duesseldorf, Duisburg or neighboring Krefeld will see different local information on the front page. RP-Online is currently in the process of setting up 40 different local login possibilities.

"The idea is to make the RP-Online portal into a community for Duesseldorfers and residents of other cities," Felten says.

The local sites will include up-to-the-minute news, a weather forecast, traffic information, and train and flight schedules. The city guide section will feature restaurant and hotel suggestions and a yellow pages service. Other highlights include a mapping and routing program, local chats, a message board and a free e-mail service for each community.

Starting in the summer of 2000, RP-Online will launch Duesseldorf's own portal site, to be named *Duesseldorf Today*. This will be the first local portal, but Rheinische Post plans to create portals for other cities within its region of coverage in the future. *Duesseldorf Today* will be an independent site with its own domain name. This regional portal is scheduled to be upgraded with e-commerce possibilities shortly.

## **EDITORIAL RESOURCES**

Seven editors, three volunteers and about 15 freelancers publish the 500 or so news items that appear on the site every day. The items, whether they are text, photo or video clips, are updated between 7 a.m. and 8 p.m. RP-Online attracts a different type of journalist than traditional media. "Staff members are more like those found in the multimedia business than in the newspaper business", Felten says.

News sources include Deutsche Press Agentur, Associated Press, Rheinische Post, and SAP for sports news. Additional photos are sometimes purchased from other sources.

The editorial office checks, investigates and revises agency news items. The teams provide additional context thanks to background articles and hyperlinks to relevant sites. "RP-Online staff adds pictures and slide shows to stories and up to 12 video clips to the articles everyday", says Felten. Video images are available in three formats: Apple's Quick Time, Real Media and Microsoft's Mediaplayer.

A live ticker is used in the case of special news or sporting events. Yearly sporting events such as the Tour de France or Wimbledon tennis championship generate a range of special offers.

RP-Online is now available via portable phone thanks to Wireless Access Protocol, or WAP technology.

## **POTENTIAL PROBLEMS**

The publication of Rheinische Post stories on the website hasn't brought any frictions with the journalists unions yet. "Copyright hasn't been an issue with worker unions yet, but we aren't sure if that will last," Felten admits.

M. Stefan Felten  
*Editor, Project Manager*  
RP-Online

## GENERATING REVENUE

Rheinische Post set itself three marketing goals. The firm wanted to make the news service an income-generating part of the company. Secondly, it wanted the RP-Online site to become a platform where different companies could market products through banners, buttons or sponsoring. And finally, the company aimed to use RP-Online as a springboard for other marketing platforms such as the local site *Duesseldorf Today*.

RP-Online began by organizing its site according to marketing area. The four categories chosen were news, shops, auctions and classifieds.

### BANNERS AND SPONSORING

Banners were one of the first ways for the site to generate income. In 1998, banners brought in more than 50,000 euros in revenue. This has climbed steadily and is expected to reach 200,000 euros in 2000. But revenue from banners should see more moderate growth in coming years with sponsorship becoming a more lucrative form of commercial partnership.

For example, RP-Online has a sponsorship deal with the Krombacher brewery. They use some of the brewery's colors and layout style in Formula 1 stories on the RP-Online site and organize contests involving the brewer. Though the revenue expected to be generated thanks to similar sponsorship deals should represent only 50,000 euros this year-- around a quarter of the revenue to be generated from banners -- sponsorship is expected to top banner revenue in coming years.

### AUCTIONS AND SHOPS

Banners and sponsoring have worked well for RP-Online, but the auctions have been less successful, admits Juergen Degethoff, RP-Online's Marketing Manager. "There were a lot of products on offer with E-Bay, but not many people were bidding," he says. "People want to see a used good before they buy it." Though auctions aren't expected to garner any significant revenue for RP-Online this year, the company expects this will change in the future. RP-Online is looking into setting up meeting places to allow potential buyers to see and touch the goods offered at the auctions.

RP-Online shopping has also seen a slow start. The shops should bring in around 20,000 euros in revenue this year. RP-Online expects that figure to rise four-fold in 2001. Despite the lackluster start, Rheinische Post has high hopes for both auctions and shop sales on RP-Online. "We expect both forms of marketing to experience significant growth in the coming years," Degethoff says.

## **REVENUES ACCORDING TO PRODUCT LINES**

RP-Online has also broken down its revenues according to product line. In 2000, ads such as advertising banners brought in the most money, followed by microsites. "Microsites are banners leading to another home page," Degethoff explains. "They pay a monthly rent in order to be linked to our site since they take traffic away from us." These peripheral entries, or links to other sites such as the yellow pages, are expected to bring in a little less than 90,000 euros in 2000, but that figure should double by next year. Other microsite links include the local news servers like *Duesseldorf Today* and *Regiomax Niederrhein*.

## **COST OF RP-ONLINE DEVELOPMENT**

The cost of developing RP-Online has thus far always exceeded the revenues generated, but that gulf is narrowing. Last year, RP-Online required a 2 million euro investment and generated around 250,000 euros in revenues. In 2000, RP-Online should collect 500,000 euros in revenues for the 2,250,000 euros spent on the service.

Dr. Juergen Degethoff  
*Marketing Manager*  
RP-Online

# ON SERVICE PROVIDING AND WAP TECHNOLOGY...

Rheinische Post does its best to stay ahead of technological innovations. "You shouldn't wait for the new technology to arrive, you have to anticipate and start learning about your customers' needs and lifestyles today," says Dr. Willi Hoenscheid, RP-Online's Publishing Manager.

## SERVICE PROVIDING: NOT A CORE BUSINESS

But RP-Online doesn't try to be a leader on all fronts. That's why the company never set out to become one of the top providers in Germany. "Because of the strength of Vodaphone, T-Online and AOL, we knew service providing couldn't be our core business," Hoenscheid says. The solution now lies in joining forces with others, something RP-Online expects to do in the near future, he said.

## PRESSURES TO INVEST IN NEW TECHNOLOGY

The company has found that the pressures to invest become heavier with every technological innovation. "When we were just about to break even, we discovered that our capacity had become too small and that we had to invest more," Hoenscheid recalls. The speed at which internet technology advances makes it impossible to stay relevant in the internet world without investing substantial amounts regularly. Hoenscheid considers that the world is entering the third internet generation in five years. "The first generation featured home pages that were essentially static, the second allowed interactivity and some transactions, and now we are entering the third internet generation," Hoenscheid says. It will allow for multichannel strategies including portable phones with internet access, videophones and personalized content for internet readers.

## WAP

The technology the internet world is most interested in now is WAP, or Wireless Application Protocol. It allows the users of specially designed mobile phones to access the internet.

RP-Online expects there will be about 50 million WAP mobile phones on the market in 2001 and that more than half of the mobile phones in circulation will use WAP technology three years from now. The company estimates there will be more than 200 million WAP phones in the world by 2004. The WAP technology could come in several forms. These include internet videophones, personal computers, hand-held computers and web televisions.

The WAP phone technology is just taking off in Germany, but has already met with some success. "There has been good WAP response on our current web site," Hoenscheid says. "There are a lot of traffic jams in this region, so people log on and type in the number of the motor way to see how traffic is moving ahead." The service costs 39 pfennings per click.

Consumer response to WAP phones has been so enthusiastic that there is a shortage of the devices in Germany. The phones, which are being sold for 99 DM (50 euros), are highly subsidized. It's estimated they would cost 1000 DM without the subsidy. RP-Online classifieds section has also been affected by the WAP craze. RP-Online has sold three hundred phones in partnership with mobile phone companies. RP-Online was responsible for advertising and marketing, while the mobile phone companies handled orders, deliveries and the warranty. Around 80% of these were sold through the online classifieds and only 20% from Rheinische Post's paper edition.

RP-Online is fully aware WAP phones may be overtaken by another technological improvement in a matter of months. "What's important isn't the specific technology," Hoenscheid argues. "What's important, is that we keep up with the changes and that we have a WAP offer whether it be a product application or a service."

Dr. Willi Hoenscheid  
*Publishing Manager*  
RP-Online

## CLASSIFIEDS: NATIONAL AND LOCAL

Classified advertising is seen as having a bright future at RP-Online. Though classified generated hardly any of the revenues collected two years ago, this has changed dramatically. Classified revenues on the site are expected to reach 335,000 euros in 2000 and 500,000 in 2001.

Rheinische Post knows that the classifieds business of the paper edition is endangered and that the future will depend on how RP-Online positions itself in regard to online classifieds. "At this point in time, it will be the first companies to act in the market who will have the business advantage," says Juergen Degethoff, RP-Online's Marketing Manager. That's why Rheinische Post is staking its bets on two different arenas: local and national online ads.

RP-Online is also betting that an integrated strategy – that is, one that offers consumers a full product offer – will be the key to the success of its internet classifieds. "We expect to be able to make more money from these classifieds because we will provide not only the car, but also the car insurance and other car services," says Hans-Dieter Baumgart, the Rheinische Post's Managing Director. "All that is added value and we will be getting commissions for offering these services."

### LOCAL CLASSIFIEDS

Thus far, real estate ads and motor vehicle ads have dominated the local classifieds found on the RP-Online site. The company expects these will bring in 125,000 and 150,000 euros of revenue, respectively, this year, while job classified are seen bringing in only 50,000 euros. But job ads should topple real estate and motor vehicle classifieds in the coming years. "The car market will lose some of its importance and the real estate market will grow at a lesser pace," says Degethoff. "But internet job classifieds are going to explode."

The growth of internet classified advertising has taken some of the revenues from the paper edition. But Rheinische Post does its best to make sure it loses this business to its own online service, rather than to other internet-based classifieds. To ensure this, Rheinische Post has 'tied' ads, which appear both in the paper edition and the online edition.

"Online *only* classified have had a slow start, but we expect them to dominate in the future," says Degethoff. RP-Online has been charging for online classifieds since 1997 to show that internet ads have a real value. This has been verified in practice since 90% of motor vehicle ads and 60% of real estate ads lead to transactions, RP-Online says.

"Though there are separate sales departments for the paper and online classifieds, the two teams work closely together in order to develop common marketing strategies," says Dagmar Nürnberg, Rheinische Post's Assistant Manager of Classifieds. RP-Online has five full-time sales people devoted to classifieds.

## **ISM.AG – A NATIONAL CLASSIFIEDS PORTAL**

RP-Online has retained a share of the national online classifieds market by becoming a member of a Germany-wide classifieds portal. The portal goes under the name ISM.AG and brings together publishers such as Medien Union, Axel Springer Verlag, Muenchener Zeitungs-Verlagsgesellschaft, Rheinisch-Bergische Verlagsgesellschaft and Westdeutsche Allgemeine Zeitungsverlag. This German alliance is similar to other portals developed in Europe, Degethoff says. "In Britain, you have *Adhunter*, in Switzerland you had *Swissclick* – all these have been created by newspaper classifieds." *Adhunter* has since been renamed *Fish4*.

The ISM.AG has organized itself along the following business lines: real estate, motor vehicles, jobs and marketplace. The last category includes ads such as personals, health services and the like. RP-Online has found that some ads are particularly well suited to the internet, namely real estate ads because they allow consumers to look at house plans.

Business ads in ISM.AG's marketplace category are expected to experience important growth. "Online ads destined for online businesses are seen as a high growth area in the next two years," Degethoff says. Because even if online businesses aren't necessarily making a lot of money now, they will be the source of large profits in the future, he argues.

## **HOW RP-ONLINE COMBINES ITS NATIONAL AND LOCAL CLASSIFIEDS**

RP-Online sees itself as a regional classifieds portal and ISM.AG as national portal for consumers. ISM.AG is being developed as a national brand, marketing national products and with its individual URL address. RP-Online meanwhile, acts as the regional classifieds source. It offers direct regional access to local and regional products. Under this system, ISM.AG is the main brand, but RP-Online remains one of the strong local brands that make up the national one.

Consumers looking for a product or service first look at what's available on the regional portal. If they can't find it, they head to the national portal, which is co-branded by RP-Online. "It's in this way that we will develop the brand identity of RP-Online classifieds," Degethoff says. Consumers can either access RP-Online to get to the national portal, or access RP-Online classifieds from the ISM.AG national portal by clicking on a map of Germany.

## **CHALLENGES AND DIFFICULTIES**

RP-Online admits it has had some technical problems with its online classifieds. It isn't enough to simply import the ad from the paper edition of the newspaper. "It's important that the ads are

adapted for the internet search," says Baumgart. "You need to have the right software so that readers can find the car by typing in the color, price and age of the car they are interested in."

Of course, speed is also of the essence. RP-Online wants all of its ads to be available by 10 a.m. on the site and wants them to be fed into the national system within 90 minutes - deadlines are challenging to say the least. "Meeting these deadlines has been difficult, but we have made good progress," Baumgart says.

Making sure the ads available are current is also one of RP-Online's priorities. "many of the ads available on the internet today are grossly out of date," baumgart says. "Our objective is to put only the most up-to-date ads on our site." It's for this reason that ISM.AG has limited the number of regional partners joining the national portal. The group wanted to make sure all the portal members had the resources and willingness to ensure the ads on offer are as fresh as possible.

## **TARGETS FOR 2000**

RP-Online's targets for 2000 include getting more people to use the site, finding new ways to target both individual users and business customers and otherwise developing its regional classifieds portal. The goal is to become not only a conduit for classified ads but also a provider of services related to these ads. To do this, RP-Online continues to look into developing new partnerships and alliances and finding new products to improve its classifieds offer. Meanwhile, the ISM.AG alliance intends to develop vertical cooperation with banks, insurance and regional traffic companies. According to Baumgart, RP-Online and its classified partners must move quickly before their project becomes obsolete.

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## **WWW.IDNES.CZ : BRANCHING OFF INTO THE CZECH REPUBLIC**

RP-Online has moved to expand in the Czech Republic. Its most important project is *Idnes.cz*, the online edition of the Czech paper MF Dnes. The site is now the most visited czech daily newspaper on the internet. In March 2000, the site registered more than four million visitors. The site is one of the top ten most visited sites in the Czech Republic. In recent months, the site has even surpassed the national Czech press agency web site in terms of number of pages viewed and the number of different internet protocol (IP) addresses logged in.

"The project started as a type of godchild of RP-Online," says Jan Kubicek, the Publishing Manager. "When we started two years ago, the site was a one-man show. Now we have around 25 editorial staffers".

### **WHY THE SUCCESS WITH CZECH READERS?**

Timely would be the best way to describe the *Idnes.cz*. News items are continually updated from 6 a.m. to 1 a.m.. High priority news items such as stories on the war in Kosovo are updated around the clock. "We developed a lot of reader loyalty during the war in Kosovo," Kubicek says. "We had correspondents in Belgrade and our news stories were even picked up by other agencies."

*Idnes.cz* tries to keep its stories as dynamic and interactive as possible. Most news items feature a multimedia component, whether it be video, audio or a photograph. "There is also a strong emphasis on reader participation through chats, surveys, games or competitions," Kubicek says.

Some of the more successful interactive elements have included virtual press conferences with a variety of well-known personalities in the *Idnes.cz* newsroom. Both Vaclav Klaus, the Chairman of the Czech parliament, and Milos Zeman, the government leader, have participated. During these exchanges, readers are free to pose questions under real or assumed names. Discussion topics are completely open. Only vulgar or illegal questions are suppressed. These aren't public relations stunts; real hard-hitting questions are asked during these press conferences, Kubicek says.

### **SPORTING EVENTS**

*Idnes.cz*'s coverage of sporting events has also increased the site's popularity. The site provides real time scores and commentary online and tabulates complete results faster than any other media, including television.

In addition, commentators analyze key situations while the game is going on. The site encourages readers to vote and comment on the games. "The sports coverage allows readers to watch one game on television while following another on the internet simultaneously," Kubicek says.

## **RELATIONSHIP WITH PAPER EDITION**

Both newsrooms share office space which greatly improves communication and collaboration on stories. The newspaper provides an endless source of content for *Idnes.cz*. The internet site reciprocates by providing multimedia news for the paper edition. The two also cross-market their stories and exclusives. "Thanks to the free advertising agreement we have with the newspaper, we advertise for *Idnes.cz* in the paper edition and plug the newspaper's scoops on the site," Kubicek says.

The paper and online edition also try to collaborate on special offers whenever possible. One of these involves receiving virtually free internet access with a subscription to the paper edition. "That was a very successful promotion, it had the competition scared stiff," Kubicek recalls.

## **TECHNOLOGY**

*Idnes.cz* has tried to train a new breed of news journalists. "On our site, there are no specialists, writers not only write, but also process audio, video and even digital photographs," Kubicek says. The site is in the process of developing its own editorial software, called ORIS, for publishing on the internet.

The technology allows content to be filed from anywhere in the world. The system is also equipped to accept different languages.

## **COMMERCIAL POLICY**

"A web site will only be successful if it has good marketing," Kubicek maintains. *Idnes.cz* has also concentrated on testing non-traditional forms of advertising such as internet games and targeted web ads. It occasionally will do an exclusive promotion with a company such as a page dedicated to that specific client.

Revenues have climbed steadily since the site began two years ago. They reached 1,000,000 crowns in March of this year, a figure five times higher than in March of 1999.

## **OUTLOOK**

*Idnes.cz* intends to create a separate site dedicated to classifieds. The site will include both the ads appearing in the paper edition of the newspaper and ads placed directly online by internet users. The site will also propose services related to the ads, whether they be car, help wanted or for sale classified ads.

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## **DEVELOPMENT AND VISIONS**

When Rheinische Post first went on line, it thought it could make money just by being present on the internet. "The only company that makes money in this way is the Wall Street Journal Online," says Hans-Dieter Baumgart, Rheinische Post's Managing Director.

But by trial and error, RP-Online has since found what works and what doesn't, and has become one of the most successful portals in Germany. What started out as a product to improve the image of the core newspaper business, has become a separate business in its own right. But RP-Online refuses to sit on its laurels; it intends to keep improving the service to stay ahead of the competition.

### **INTERNET DEVELOPMENT: A CONSTANTLY CHANGING SET OF PARADIGMS**

RP-Online has to keep adapting because internet paradigms have completely changed since 1995 and they are sure to change again, Baumgart argues. Five years ago, RP-Online started as a hobby, before turning into an electronic version of Rheinische Post. Now, it has a life of its own.

In 1997, the company started adding revenue-generating services to the site. Partnerships with other companies came in the following year. One of RP-Online's first partnerships was with the Duesseldorf savings bank. "A leading bank linking up with a leading newspaper adds credibility to the venture," Baumgart says. "When a store offers something online, people believe it just wants to sell things, but if a bank and a newspaper do, they automatically appear credible."

Now that RP-Online has reached critical mass, e-commerce will be the next challenge. "Now we have the content on one side, the classifieds on another, but there are a lot of other services that can make money and create value," Baumgart says.

### **KEYS TO SUCCESS**

Firstly, to be truly active, a site needs critical mass, Baumgart says. "Look at Yahoo, for example, its market capitalization is bigger than that of any newspaper." The way to achieve critical mass is to set up partnerships with other groups. RP-Online has sold banners to companies that covered the entire country such as Coca-Cola and Mercedes through its online marketing service. RP-Online has been able to do this with classifieds thanks to its alliance with national classifieds platform ISM.AG.

Secondly, an internet business must retain its flexibility at all times. "It's a business where the fast will eat the slow and where the flexible will eat the less flexible," Baumgart says. The key is

to move quickly before the project or the technology become obsolete. For example, the ISM.AG national classifieds alliance will allow RP-Online to cooperate with banks, insurance companies and regional traffic companies. The idea is to get the different actors to cooperate so that RP-Online can sell the car, the car insurance and a variety of car products through its classifieds.

Thirdly, success in the internet world requires its actors to think differently at all times. "In this respect, the internet business is completely different from the newspaper business or a carpentry shop," Baumgart says. The internet forces the market actors to think about media convergence, internet and information technology convergence. "Look at what the Orlando Sentinel did," Baumgart points out. "They combined paper, radio and television to their online activities." They were able to do this by having the editorial staff process all these different mediums. At the Orlando Sentinel, Baumgart notes, reporters carry cameras, something that is only possible in a non-union shop.

The internet business also requires that different departments be integrated and that external partners be associated with the work of the company. RP-Online replaced its mainframes a couple of years ago, but the technology the company put in them will need to be updated soon. "When we do that we can't be thinking in terms of separate departments such as content, sales or advertising," Baumgart says. Everyone must use the new tools and the external partners must have access to them somehow too, he says.

## **THE FUTURE**

To succeed in this business, one always has to think a couple of steps ahead. "We need to imagine how things will be in the future, not how the market is today," Baumgart says. In the coming three to four years, RP-Online will concentrate on becoming an actor in the business transactions rather than just a vehicle for advertising.

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