

**CREATING A LOCAL PORTAL:  
THE CASE OF EDICOM,  
SWITZERLAND**

**This report is published as part of the READY project, generously sponsored by Cepiprint, the association representing the newsprint and magazine papers industry sector within the Confederation of European Paper Industries ; PubliGroupe, the Swiss-based international advertising and promotion group ; Telia, the Sweden-based international telecommunications company ; WRH Marketing, the marketing and distribution organisation of Swiss-based WRH Walter Reist Holding AG, which includes the Ferag group of companies ; and MAN Roland, a leading world company for newspaper production systems.**

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**This report is based on presentations and discussions at a One Day Visit to Edicom organised by the WAN Newspaper Management and Marketing Bureau in April 99.**

## Introduction

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Industry watchers and players have identified the portal as the online publisher's best prospect for attracting and holding Internet users— and the likeliest way to profitability. But what is a portal? A portal is a site which offers viewers such a full range of information, entertainment, practical and interactive services that there is no reason for them to go anywhere else on the Web.

This was the strategy chosen by Edipresse when it launched its Edicom Web site on February 1, 1996. Edipresse, the major press group in the French-speaking part of Switzerland, has three daily newspapers, eight magazines and capital shares in another daily as well as in three other magazines. Group executives discussed their successes and challenges with several other European publishing executives at a WAN-organised one-day visit, during which the following topics were discussed: the Group's Internet strategy; its resources; its decision to create an entirely new brand; its collaboration with existing publications; and its experiences with classified ads, cyber editions and e-commerce. Edipresse and Edicom executives highlighted the challenges they face as long-standing print publishers in a multimedia environment.

Long before Edipresse even thought about its Web strategy, group executives were faced with a very simple question: why be on the Internet at all? "Why are trains not the preferred way to travel in America, in spite of the massive rail infrastructure?" asks Théo Bouchat, Managing Director of Edipresse. Simply because railway owners thought they were in the rail business when in fact, they were in the transport business. "The same can be said of newspapers," he continues. "Are we newspaper publishers or are we in the communications industry?" Edipresse went with the latter definition.

In fact, says Bouchat, newspaper publishers have no choice but to reframe their business paradigms. The Internet today is attacking the heart of the print publishing business, both in terms of content and in terms of advertising. This 'offensive' coincides with a pull away from print by the younger generations. Newspaper publishers, then, cannot ignore the Internet, but most don't have the deep pockets to invest massively at a time when the medium itself is not on solid financial ground. As a result, the only realistic option for newspaper publishers is to learn to walk the fine line between staying on the forefront and not losing too much money in the short- and medium-term. "This balancing act is the only realistic response for newspaper publishers," says Bouchat.

The first balancing act Edipresse had to undertake when establishing its Web strategy was deciding on the site's structure. "Should we create as many Web sites as we had publications?" Bouchat recalls. That would have been a costly option: though Web publishing requires relatively 'low' investment, "multiply your investment by 11 and it could lead to disparities as well as hidden costs related to security issues," he adds.

The second option, and the one chosen by Edipresse, was to create a whole new brand, Edicom, that would not only handle all Edipresse publications on one platform, but which could serve as a local portal and eventually become a profit centre in its own

right. Once this was defined, the next question was: what content would the group put online? "Should we give away free what our print customers were paying for? If we did, what would happen when our customers realised this? Would they give up the paying service in preference for the free?" asks Bouchat. Edipresse decided that its Web site would complement the group's titles, rather than compete with them.

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## WHAT IS A COMPLEMENTARY WEB SITE?

Edipresse decided on a complementary Web site for more than just financial reasons; it was a philosophical approach that also took into consideration the inherent strengths of each medium. For instance, it would offer online viewers news headlines and summaries, thus encouraging them back to the print publications for the full story. Conversely, it would publish long articles for which print had no room for, and distribute information specifically targeted to smaller groups. "Why publish information for 100,000 people if it's only of interest to a few?" asks Jaunin.

Indeed, the interactive nature of the Web makes it possible to obtain the personal information from viewers — usually through processes such as registration — that is required to design and offer such individualised services.

Edicom is being used as a test zone for one-to-one information. For instance, Swiss insurance companies are currently overhauling their various health insurance contracts. Newspapers are busy explaining what these changes entail and what repercussions they will have, but with this information alone, "you still don't know how much you're going to pay next January," says Jaunin. To complement and personalise this information, Edicom is making it possible for viewers to input information on a variety of criteria, and then gives a comparative listing of the costs of the relevant insurance contracts.

In the same vein, Edicom uses sophisticated search engines to provide tailored information to small groups of viewers, i.e. scores of only certain sports. It also provides other interactive opportunities such as games, competitions, debates and quizzes (its chat room has yet to go online). Other Internet strengths Edipresse committed to making the most of include immediacy (it updates its news headlines every 10 minutes) ; its potential as a vehicle for classifieds; its e-commerce capabilities; and its interactive, 'democratic' nature, which allows viewers to participate more fully in the content creation. Finally, Edipresse wanted its Web site to be a trail blazer, which required a certain commitment to technology.

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## CREATING THE SITE

Edicom was born and on February 1, 1996, with these guidelines in mind and for a specific and relatively small target market: the French-speaking part of Switzerland. (There are only 1 million or so people in French speaking Switzerland, and some 20% are on the Internet.)

Edipresse immediately faced two challenges. One was to create a brand name. "Most publishers tell you to use your brand name to promote the site, but we built the brand name, with some success," says Jaunin — and with little promotion. "We had one generic campaign in the beginning," says Frédéric Spycher, Editor of the Edicom site. Moreover, group publications initially had web addresses such as [www.edicom.ch/LeMatin](http://www.edicom.ch/LeMatin), which didn't hurt the brand's recognition. Today, "we use the newspapers to promote it. Or, we'll do campaigns on specific parts of the site," Spycher adds.

The next challenge, which remains considerable, was to create content. Edipresse started with the simplest - what it already had: news, which it uses as an 'apéritif' to the print publications. In addition to the summaries of each Edipresse newspapers' key stories of the day, it negotiated a deal with ATS, the Swiss press agency, that would enable it to update its news headlines every 10 minutes.

"Upgrading is very important; it's a thankless task, and we've invested a lot of effort into it. In a new media, you cannot afford to have mistakes in your copy or people don't come back. They are much less forgiving of a new media," says Spycher. The two other content areas where Edicom is devoting significant effort is the coverage of big events, for which it often creates special sites (i.e. Nagano 98 Olympics, Formula 1 racing), and the development of new sections.

Another critical aspect of the site's content is e-commerce. "Our goal here is not really to sell goods, but to learn enough to create a new marketplace that will allow us to save our own advertising market share," says Jaunin. After all, with e-commerce

affecting retail sales and manufacturers selling more online, advertising levels are eroding.

Edicom is also testing the possibility of offering a teaching tool on its Web site. It recently worked in close collaboration with a leading technical school, a bank and PubliGroupe, the Swiss ad sales house, to develop a module which can be used to teach a variety of subjects. The bank is using this module for in-house training, PubliGroupe is using it to train its employees on LotusNotes, the technical school is using it as a follow-up for graduates, and Edicom is about to use it to coach senior high school math students. "This is an online laboratory," explains Spycher.

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## THE EDICOM SITE

The Edicom home page gives viewers not only a wide selection of options but a choice of how they want to access information. News summaries from each of the three dailies (La Tribune de Genève, Le Matin, 24 Heures) can be accessed directly by clicking on the publication name in the top horizontal tool bar. Viewers can also access all of the group's magazines.

Just underneath this tool box is a larger, more colourful tool box that opens the door to each of the site's four main headings: News; Aujourd'hui (Today), which has listings and a host of practical information for daily living; Boutiques, the e-commerce part of the site; and Salon, which is the interactive game and (soon-to-be) chat part of the site.

Below the tool bars, a small box on the left includes the latest headline — a service which is updated every 10 minutes. Just underneath is the headline and news photo of the day (changed daily). Meanwhile, on the right-hand part of the screen is a scrolling column of stories and services which are being promoted that day from each of the four sections. Banners, which are managed through Open AdStream, appear along both top and bottom.

**News:** Here, viewers can choose to access news through either the 40 or so headlines or through the thematic listing on the left (International news, Local politics, etc.). News in this part of the site is obtained from the ATS. Viewers can also click on a feature submitted by Edipresse publications. From the news home page, viewers can zoom in on one particular headline and get a summary. This is also where viewers will find the latest sports results. When there are no special events, Edicom's news service is the one which generates the most traffic — some 500,000 page views per month.

"When an event is really important, we'll build a new site with a new look," says Spycher. The Formula One site, for instance, was built in collaboration with one

Edipresse publication. It features 500 pages and includes a history of the event, a competition, information on pilots and a lot of links, all chosen by the editors. A Nagano '98 Olympics site was sponsored by Novartis, the pharmaceutical firm. Though the bulk of the site is in French, editors worked closely with the Tages Anzeiger newspaper to produce a German version of the site.

**Aujourd'hui (Today):** This practical information part of the site offers viewers extensive listings in TV, cinema, cultural and sports events — even emergency numbers. Edicom seeks to keep viewers on the site with a full range of information relative to daily life. Its cinema listings, for example, also include summaries, ratings, links to external cinema databases and reader ratings, though these are controlled first by Edicom editors, who see everything that appears on the site. (Monitoring reader input takes one employee about one half day of work per week). Health is another growing section. Viewers have access to information on alternative medicines, dieting tips and parenting advice, amongst others.

The left column allows viewers to link to other sites, check the weather and their biorhythm curves, and verify such practical information as train schedules and currency exchange rates. This latter part is a co-branded site (Oanda), for which Edicom pays an annual fee. Edicom, however, keeps the full share of the revenue if it sells a banner advertisement.

**Boutiques :** This e-commerce part of Edicom hosts sites for sellers of CD-ROM's and music CD's, an investment house, a bookseller, a travel reservation service and a wine merchant. CD-ROMs are the only area where Edicom acts as retailer itself. "Here, we sell 2500 titles in 10 categories. Viewers can look at the CD-ROM back cover, and we integrate reviews. Because we have no inventory, margins are 30 to 35%," says Spycher.

Invest Corner was built and co-developed with Pictet Fund Management. It includes news from Bilan, Edipresse's business magazine, as well as information such as performance indicators and comparisons on some 50 funds. Viewers also get more in-

depth information, including reports written by specialists (which can be downloaded as PDF files), on 15 funds selected by partners, who pay to have these highlighted. Viewers, however, cannot buy the funds online: they must contact the bank for purchases. Edicom hosts and promotes the section, and is now looking to open it up to other partners.

La Cave, the site's wine merchant, was developed with one partner as means of testing the market. Today, it has 48 partners (both wine producers and importers), and represents some 1500 different wines. Spycher says that having a number of competitors on the same site — a factor which scared the initial partners — is very much an advantage because it creates a marketplace. Viewers can access the information on the wines in a number of ways; producers can also present their companies. Logistics is organized by a third party- this way, if a viewer orders wines from three producers, the producers send their wines to the logistics party, who then forwards them to the customer. However, if a viewer orders wines from a producer and then from an importer, the customer will receive two packages (in Switzerland, importers and producers use different distribution mechanisms). Edicom, for its part, checks the credit cards and centralises billing. The cost of appearing on the site is either a fixed fee or a percentage of the sale, or a mixture of both. Edicom offers its partners the possibility of tracking their monthly orders.

Gate 1 is the site's travel service. Built in collaboration with Artou, a travel agency, and the Amadeus reservation system, it allows viewers to book their travels online. Artou and Edicom designed the site, Artou operates it and Edicom hosts it. They then split the margins. "We'd like to develop a fare-driven facility, but it's very difficult," says Spycher.

Salon : This is the lounge area of the site, where viewers can play games and, eventually, chat. "We've used simple games, like Tetris from the Web. It gets 300,000 page views per month. Interestingly, a lot of people are playing from their offices!" says Spycher. Edicom is now heavily promoting its new game, Ralph, which it designed itself. (You are in a submarine. You have amnesia and Ralph the robot has

to help you look for the clues that will lead to your identification.) This fully HTML-coded game includes built-in advertising opportunities. In its first two weeks, Ralph garnered 1050 registered users and generated 400,000 page views. Spycher believes such options will benefit from greater bandwidth which will make the Internet faster in the future.

**Advertising Strategy:** As in many other countries, the market for online advertising in Switzerland is still in its infancy. The total Swiss online ad market is some five or six million Swiss Francs (1 SF = 0.7 USD). Some three million SF is obtained through PrintPlus sales of classifieds throughout Switzerland, whereby for an extra five SF, customers get their classified ads published both in print and online. Edipresse gets 300,000 to 400,000 SF of this amount.

Edicom is working primarily with MMD (the Real Media agent in Switzerland) for ad banner sales, though it is not an exclusive arrangement. The site's two banner positions are taken by big institutions such as banks, car manufacturers, etc. Edicom is currently charging 80 SF for 1000 page views plus 20% extra for each specific requirement (advertisers can have up to five specific requirements, i.e. on the home page only, only on Mondays, only for Mac users, etc.)

"We're now looking to create a national database for real estate ads called Swiss Immo" says Jaunin, and having to face certain local difficulties. Swiss Immo was to be a revenue share service where the agency putting the ad online and the agency selling the real estate would share in the revenues. But this was such a change in the way real estate is traditionally sold in the country that it didn't work. The site is now being developed with only certain real estate agents.

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## RESOURCES

From just four people in 1996, Edicom has grown to employ 20 people (actually 22 for 18 posts), of which 12 are in editorial. (Interestingly, only one has a traditional journalistic background.) Four others are technical people: one network administrator, two developers and one system engineer — all of whom are very customer-oriented, says Spycher. Finally, there is one graphics person responsible for giving the site a unique visual feel, two back office people and one administrator. Unlike in a print publication, all these people must work closely together to develop the product. "In print, those skills do not all interact," says Spycher.

The technical people working on such a site are, of course, highly solicited: after all, a Web site depends heavily on its computational infrastructure. This is often an issue: they can spend virtually all of their time troubleshooting technical problems and not enough time on developing new applications.

Though much of the site's news comes from Edipresse's print publications, they do not share networks, mostly for security reasons. "There is a human interface to put the electronic information from their network into ours," explains Spycher.

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## TRAFFIC IS ON THE INCREASE

If Edicom started with 400 pages in 1996 — which generated some 125,000 visits per month — today the site boasts 600,000 static pages, several databases, and four million page impressions per month, which come from 350,000 posts. The site's home page alone now gets 200,000 page impressions per month. March brought another eight million thanks to the Breitling Orbiter balloon (which flew around the world), whose site was housed on Edicom, bringing the total up to 12 million.

"When we created the site, the name Edicom did not exist," recalls Jaunin. Now, the site enjoys a certain notoriety, obtained without a major advertising campaign. Jaunin illustrates this with an anecdote. "When the Swissair crash occurred in the early hours of the morning, the Tribune de Genève put its special edition right on the Net. We built a specific area devoted to the issue on the Edicom site," he recalls. "When we looked at the figures to identify whether people had gone to the Tribune's page or to Edicom's, 90% had gone to Edicom, and only 10% to the Tribune."

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## CURRENT PROJECTS

A Web site is an ongoing endeavour, and today, Edicom is working hard on two particular areas: classified ads, and a cyber edition of one of its publications. Edicom, in partnership with three other papers and PubliGroupe, collaborated to create an online classified advertising service called SwissClick.ch, which includes services such as Auto.click, Job.click and Immo.click. Since the service was created, 63 other publications have joined the project.

Jaunin says Edicom is trying to position this service as an obligatory passage for anyone publishing a classified ad, though competition is stiff (there are 30 platforms for classified ads in Switzerland). The ads are sold on a PrintPlus policy. Of course, users are free to go online only, but Jaunin says prices are high in order to preserve the print market share. With respect to jobs, the Swiss national Manpower was willing to create a site within the Job.click as a special file.

Edicom is also looking to classifieds to generate new revenues bases. For instance, a real estate agent could buy the names of people looking for houses in a specific price range, or a user could be notified of key information when it becomes available, i.e. a cheap apartment is suddenly for rent at a specific location.

The second experiment Edicom is involved in is a cyber subscription to Edipresse dailies. This service, designed primarily for expatriates, is basically a visual representation of the exact newspaper. Viewers get their home page in two frames; a larger, right hand frame which features the front page of the paper, and a smaller left hand column which offers much smaller vignettes of all other pages. Viewers can click on the vignettes to call up the page in full; they can then click on a specific article to get an HTML version. (Photos and tables cannot be zoomed.) The edition runs 20 to 30 pages each night, with 40 on a Sunday.

"We will use a push system to get the cyber edition to subscribers, but calling up the vignettes is a pull function," says Jaunin. For the time being, the cyber edition is

being sold for 20 SF per month for non-subscribers of newspapers, which is still less than the 300 SF per year Swiss subscribers pay for their print version.

For their part, ads that have been designed into a text page will stay in the cyber edition, but full page ads will not be sent. "It's very easy to process this edition through an index. Very soon, we should be able to offer your daily edition," says Jaunin, who adds that the company will no doubt make tests in that direction very soon.

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## FINANCIAL RESULTS

If Edicom was set up to be a profit centre, in actual fact, it remains very much a cost centre. "We allow for a yearly, pre-determined deficit (one million Swiss francs per year). This loss guarantee is seen as the commitment we need to make to achieve our goals," says Bouchat.

Revenues for Edicom were 1.194 million SF in 1998, and are forecast to rise to 1.570 million SF in 1999, with the biggest increase coming from advertising revenues. Indeed, ad revenues are estimated to climb to 878,000 SF in 1999, from 465,000 SF in 1998. E-commerce revenues are conservatively estimated at 260,000 SF (almost the same as last year), though Jaunin expects these to actually be higher. Revenue from developing and hosting sites is estimated at 434,000 SF in 1999, slightly down from 474,000 SF in the previous year. "These tend to be big contracts. If you win them, good, but if you lose...." he says. Jaunin added that Edipresse did not consider Web hosting as a core business.

Total expenses were 2.963 million SF in 1998, and should be just slightly lower in 1999 (2.9 million). Payroll in '98 was 1.528 million SF (1.635 million SF in '99); goods were 68,000 SF (116,000 SF in '99); direct costs (agencies and the like), 372,000 SF (388,000 SF in '99), structural costs (infrastructure etc.), 838,000 SF (630,000 SF in '99), and depreciation was 157,000 SF (131,000 SF in '99). Contributing margin, then, was -1.769 million SF in 1998 and should be -1.330 million SF in 1999.

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## CHALLENGES ON THE HORIZON

- **Database creation:** One aspect that Edicom is keen to develop and refine is its database capability, which should not only simplify the management of its data but open up new revenue and content opportunities.

"Two years ago, when we had a fourth daily which has since merged with another, we had five special correspondents, all of them gathering cinema listings. That means, five people calling up the same person to get the same information. So, Edicom created a database for cinema, one for TV and, as of next month, a huge one on all cultural events and health phone numbers," explains Spycher. The next step will be to centralise these databases into a single source.

Having such a database is critical to allowing Edipresse to take advantage of a forthcoming technological development: the convergence between the Internet and mobile phones. "Pretty soon, I'll be able to look for a restaurant using a mobile phone while I'm in my car," he says.

Edicom is also building a database of its own customers. "But we've done this smoothly. We never oblige people to register. We try to show an advantage to doing so," says Spycher. A centralised user database, however, is critical to the site's development, particularly with regards to its e-commerce facilities. Currently, shops are not linked together. "We built the site piece by piece. We didn't think we'd have to cope with so many service aspects," says Spycher. "We can't tell if Mr. X buys CD's and buys wine and plays Ralph."

- **Investment:** There is still much too big a gap between the medium's development speed and the speed of return on investment. Things are moving so fast, says Jaunin, "we cannot take the time to do what we really want. We always have to develop things very quickly, then we try to stabilise things and improve them."

- **Breaking away from tradition:** The new skill set is also difficult to manage. "It is difficult to make three different types of skills — contents, design and technology — coexist. Each try to pull in their own direction," says Spycher. In a similar vein, "it's

also very difficult for people coming from print to see viewer input as having the same value as the publisher's input." So far, only Salon offers true interactive possibilities (viewers can also submit their ratings in the Cinema part of Today).

- **In-house development or outsourcing:** A true portal houses much external information, but the decision as to what content should be bought and what created internally is not always self-evident. "For train schedules, it's normal to be a portal," says Jaunin — you're not going to reinvent such an extensive wheel. But what about weather forecasts? "We made our own because we could sell it to a customer," he explains.

- **Getting ready for cable:** Fully 80% of Switzerland is connected to cable TV, and they have a big capability to offer internet connection. "So we're looking to be present on the intranets of several cable companies," says Jaunin. If you're connecting to the internet via phone line, then you pay for the connection. But if you're accessing Internet through cable TV, then it becomes like another channel — there at all times.

- **Measurement:** Not everyone uses the same tools to measure audience, so it is difficult to determine market share. There is a market study of Internet users in Switzerland, but not for specific sites. "Our market is not really big enough to sell on reader profiles," says Spycher.

- **Competition:** Finally, be wary of competitors with deep pockets. "Swiss Telecom is not only an ISP, it's a major content provider who can control billing," Jaunin says. Newspapers, however, have a critical asset: content. It's up to publishers not to sell their content to telecom operators if they want to maintain that advantage.

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