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<th>The internet: new business opportunities for newspapers and magazines</th>
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<td><strong>Author(s)</strong></td>
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Paper No. 4
Business Opportunities for Newspapers and Magazines

1. Why is the Internet important?
2. What is happening out there in cyberspace?
3. How is the Internet different from other media?
4. What are the benefits of going online?
5. What is the best way of doing it?
6. What will happen tomorrow?
1. Why is the Internet important?

1.1 An historic example

1.2 Online vs. offline

1.1 An historic example

- Apart from the usual and well documented statistics and facts...
  - "fastest growing media since the invention of TV"
  - "young, rich, highly educated and influential users"
  - "world-wide reach within minutes"
  - "no space limitations"

- ...the Internet is a quick, cheap and bi-directional way of distributing information

- An historic example will illustrate the importance of this last aspect

Johann Gutenberg
1.1 An historic example (continued)

1450 Johann Gutenberg invents the first printing machine

1517 The distribution of the newly translated Bible triggers the Protestant reformation and Renaissance

1600 Around 40,000,000 books are circulating in Europe, information and knowledge are no longer the privilege of the elite

1789 French Revolution leads to the end of the Catholic dominance over politics, society, education and culture

1825 Beginning of the Industrial Revolution

1969 Birth of the Internet, an open and bi-directional media and means of communication

2000 ?

1.2 Online vs. offline

- Currently, all forms of paper based communication are exposed to strong competition from digital media

- Trends: increasing use of PCs at home and at work, decreasing prices for HW and SW
1.2 Online vs. offline (continued)

The following factors influence whether a print publication is more suitable for online or offline media:

- Readers do not have online facilities
  - "nice to know"
- Readers have online facilities
  - "need to know"
- Quickly outdated
- Not time sensitive

2 What is happening out there in cyberspace?

2.1 Online newspapers in the USA
2.2 A quick tour through Asia
2.3 Example 1: The Electronic Telegraph
2.4 Example 2: The Hindu Online
2.5 Example 3: The Electronic Newsstand
2.1 Online newspapers in the USA

![Graph showing the number of online newspapers in the USA from 1989 to 1995.](image)

2.2 A quick tour through ASIA

![Map showing the number of online newspapers in Asia.](image)

- No of online newspapers
  - □ over 20
  - □ 10 - 19
  - □ 1 - 9
  - □ 0
2.2 A quick tour through ASIA (continued)

- Bangladesh
  Daily Star
- Indonesia
  Republika Online
- Brunei
  Borneo Bulletin
- Iran
  Iran Business Digest
- Burma
  Latest News on Burma
- Japan
  Kyodo News
- China
  Beijing Review
- Malaysia
  The Star Online
- Hong Kong
  Hong Kong Standard
- Sri Lanka
  Daily News
- India
  India Times Online
- Thailand
  Bangkok Post

2.3 Example 1: The Electronic Telegraph

http://www.telegraph.co.uk

Founded in November 1994 ("grandmother among WWW newspapers"). The Electronic Telegraph is the online sister to the Daily Telegraph, one of the largest newspapers in the UK (readership 1 million)

The ET includes the same sections as the Daily Telegraph, articles are full-length versions

Free access, readers have to subscribe, financed by advertisements (eg. by Barclays Bank, BMW, United Airlines)
2.3 Example 1: The Electronic Telegraph (continued)

- Some statistics about the ET
  - staff of 10 editorial and production personnel
  - 98% of ET's editorial content consists of DT material
  - 235,000 subscribers, 17,000 readers each day

- Readers, responding by sending a letter to the editor

2.4 Example 2: The Hindu Online


- Founded in June 1995, The Hindu Online is the Internet equivalent of The Hindu (readership 3 million); financed by ads (business, classified), free of charge to the Internet community

- Full-text version including all sections from the print version, i.e. politics, business, stock quotes, weather reports, cartoons etc.

- Highly successful: 140,000 hits a day from readers in over 50 countries
2.5 Example 3: The Electronic Newsstand

- http://www.enews.com

- Founded in June 1993, The Electronic Newsstand is a virtual newsagent, that offers links to about 2,000 publications.

- It offers limited online versions of many print magazines, thus the ultimate purpose is to sell subscriptions to print magazines.

3 How is the Internet different from other media?

3.1 Two-way communication

3.2 Volume of information

3.3 Real-time

3.4 Position your publications accordingly
3.1 Two-way communication

The Internet causes a fundamental paradigm shift

"One to many"  "Many to many"

publisher

audience

3.2 Volume of information

- Unlike any other media, the amount of information you want to publish on the Internet is almost unlimited

- Best tool for readers are "hyper text links", the Internet equivalent of turning a page
3.2 Volume of information (continued)

- Publishers can offer added value to their readers by linking different articles from different issues as well as external resources by hypertext links.

- Beware: too many links will result in "virtual channel hopping".

3.3 Real time

- The Internet does not know any cycles of publication.

- Like the radio news can be published at any time.
3.4 Position your publications accordingly

"one to many"

little information

real time

much information

"many to many"

Who are my customers? Can I attract new readers with a new concept? What kind of information do I publish?

4 What are the benefits of going online?

4.1 Added value for readers

4.2 Use of new information sources

4.3 Decentralisation of operations

4.4 Links with other online companies

4.5 New audiences
4.1 Added value for readers

- Electronic classified ads will attract readers to your publications by immediately and cheaply linking supply and demand.

Other examples that will increase customer loyalty: mortgage calculators, insurance calculators, electronic archives, video clips, sound samples, crosswords etc.

4.2 Use of new information sources

- New sources of information will become available; both internally and externally.

For your own articles, readers as writers.
4.3 Decentralisation of operations

Streamline your organisation through mobile and home offices;
results: lower fixed costs, increased flexibility, better communication

publisher

on the road

at home

4.4 Links with other online companies

Reduce costs and increase speed by using online links with other companies

suppliers

printers

media companies

information providers

data, orders, invoices,
texts, pictures etc.
4.5 New audiences

- Reach new audiences through new topics, new features, greater regional / national / international distribution etc.

readers of print publications

readers of non-print publications

customised publications

publisher

5 What is the best way of doing it?

5.1 Three good reasons to go online
5.2 Financial aspects
5.3 Reader profile
5.4 The role of the publisher
5.5 Content/Access-Portfolio
5.6 Putting the pieces together
5.1 Three good reasons to go online

Not everybody is convinced that online publishing is the right direction for print publications:

"So far, online papers don’t work commercially or conceptually. With few exceptions, they seem to be just (...) expensive hedges against on-rushing technology with little rationale on their own."

John Katz, media critic

"The time for online publications has not yet come. Over the next years there will be no substantial threat for magazines, newspapers and books."

Günter Berg, publisher

So - should you really go online?

Future Customers: A recent survey among US teenagers revealed
5.2 Financial aspects

- Four main areas of finance

- Ads
- Online subscriptions
- Print subscriptions
- Charges for special services

Ads will remain main source of revenue; estimates for revenue generated by ads vs. subscription fees are about 10:1

5.3 Reader profile

- Link access to your publication to a (free of charge) password that is generated for the reader after he/she fills in statistical data

The generated reader profile can be used in order to attract advertisers to your publication.
5.4 The role of the publisher

- Most Internet users expect that any information online is free; the majority of newspapers/magazines on the Internet is free of charge.

- Is there a role for commercial publishing? Will people be ready to pay for information? Why should people pay?

(continued)

- Seven services and added values only a publisher can provide:
  - develop collective experience
  - guarantee authenticity
  - create context and links
  - offer stage for self-publication
  - offer news reader did not expect
  - make use of your established brand name
  - search, filter and assess information
5.5 Content/Access-Portfolio

- Three basic models
  
  1. free access
  
  2. online payment
  
  3. offline payment
     (e.g. pay per article/issue, additional payment linked to print subscription)

- Beware: charge only for exclusive material

5.5 Content/Access-Portfolio (continued)

- Finding the right balance between content and access depends primarily on the expectations of the readers

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5.6 Putting the pieces together

- A successful Internet publication must be carefully constructed with regard to the following nine factors

6 What will happen tomorrow?

- If you have not yet explored the Internet on your own, start tomorrow

- Use some of the starting points suggested during this presentation to find out what kind of opportunities there are for newspapers and magazines in cyberspace

- Do not get frustrated with traffic jams along the "information superhighway". Remember: the car was invented more than 100 years ago - and is still anything but perfect
What will happen tomorrow? (continued)

- The common denominator for telecommunication and computerisation will be growth ("cheaper, faster and better").

- Rapidly available, correct and customised information will replace capital and work as the most important production factors.

- More and more people will be using computers both at home and at work.

- With a pen, a mouse and a telephone line can become a publisher and reach hundreds of thousands of people.

- Owners of information will sell directly to people demanding them.

A turning point for the publishing industry?

"The challenge for you (= the publisher) will be perhaps your greatest ever. As a producer of newspapers, what you must do first is determine how you conceive yourself. Are you an organization that supplies newspapers or are you an organization that supplies information?"

Remington & Underwood saw themselves as being in the typewriter business. IBM saw itself as being in the word-processing business. The rest is history."

Michael Hooker, former President of the University of Massachusetts