



# Routes to success for consumer magazine websites

A survey by the International Federation of the Periodical Press  
Compiled by Guy Consterdine



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# Introduction and objectives

The International Federation of the Periodical Press has conducted a second study of successful websites operated by consumer magazine publishers around the world – following a survey in 2003.

The survey's objectives were:

- To examine good practice online, among successful websites
- To learn about the ways in which these publishers measured and achieved online success
- To share some of the lessons about using the new medium in conjunction with printed magazines

Whether or not a website was successful was left to the judgement of the publisher. Success could be defined in whatever terms the publisher chose: making a profit, generating significant online revenues, developing online branding, creating successful online products, attracting subscriptions, or in any other way a publisher chose to measure success against defined objectives.

Clearly the sample was not intended to be representative of all consumer magazine websites: the aim was to learn from those who had achieved success.

A total of 71 websites are included in this survey, up from the 48 submitted in 2003. Where possible, comparisons have been made between the 2005 and 2003 results, to look for trends.

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# Summary of findings

This is a survey about successful consumer magazine websites. Success is defined in whatever terms the publisher considers relevant – online branding, profit, new revenue streams, new products, new audiences, or any other relevant defined objective. This 2005 survey follows a survey conducted in 2003 and is based on the results of 71 sites submitted.

## Organisation and objectives

About half of the websites surveyed are operated by the individual publication but working under a central corporate strategy. Most of the rest of the sites are handled centrally for the whole company by a separate business unit.

The two principal objectives of the websites are to expand the publication's audience beyond the print audience base by creating a new online audience (84% of sites), and to use the website to attract new readers for the printed magazine (81%). These are linked to the fourth-ranked objective, building a community around the brand (67%).

The third-ranked objective is to create new revenue streams and profits in the long term (76%). This is twice as important as creating revenue and profits in the short term (40%).

These publishers are putting increasing efforts into their successful website operations. Just over half (55%) have increased the man-hours devoted to the website compared with 12 months ago. Moreover 82% expect to expand their online efforts in the next 12 months. There is greater optimism and investment than was found in FIPP's equivalent survey in 2003.

## Funding

Internal funds account for half the income of these websites; these are evenly divided between money from the relevant magazines and money provided centrally. Nearly all the remaining half of funds (45%) comes from earnings on the web – and advertising revenue is about two-thirds of this.

Comparing the situation two years earlier in 2003, the proportion of funds coming from internal sources is the same in 2005 (half of the total), but within this the role of central funds has reduced while funding from the individual magazines has risen. Online advertising/sponsorship accounts for the same proportion of total income in both years.

## Audiences

The average number of site visitors ('unique users') received each month in 2005 is about 115,000 per website, but this varies enormously from site to site. The trend in audiences is very strongly upwards.

The types of audiences that publishers are targeting for their websites are similar to the audiences to the printed magazines (as was also the case in 2003). Websites are not trying to attract new kinds of audience, but rather the existing print audience and other consumers similar to the print audience who happen not to read the printed magazine.

The overwhelming experience of these websites is that they have attracted significant numbers of new audiences who do not read the brand in print. For many sites, the new audiences equate in size to 20% or more of the print audience.

For some sites, the new audiences tend to be rather younger on average than the print audience. For certain sites, some of the new readers come from other countries.

### **Website content**

The new audiences are believed to be attracted by time-critical information, interactive content, searchable databases and archives, and personalised content.

Most of these successful websites (72%) are updated daily, including in some cases continuous updating during the day. There has been a trend towards more rapid updating, compared with 2003.

Among the interactive facilities offered, the most common are print subscription requests (89% of sites offer this) and chat room or message board discussions (60%). Approximately half the sites sell other products or services via e-commerce. There are many other interactive facilities which are available on smaller proportions of sites.

Electronic newsletters, emailed to recipients, are popular. 75% of sites provide these, a rise on the figure of 65% in 2003.

The great majority of sites include information that has not appeared in the printed magazine, and the proportion has risen slightly from 2003. The most common example is hourly, daily or weekly news.

Some 30% of sites offer Really Simple Syndication (RSS) feeds. (RSS is a lightweight XML format for syndicating news and the content of news-like sites). Most of these are news-related.

Most sites (80%) give free access to the whole site, but there are a minority who charge for access to certain parts of the site – charged either through subscribing to the printed magazine (i.e. subscriber-only areas) or through a separate payment.

In the survey, 22% of website publishers also produced a digital edition of the magazine – that is, an exact reproduction in digital form.

### **Advertisers**

Most sites have gained new advertisers on the web who do not advertise in the print products. The proportion has risen from 53% in 2003 to 66% in 2005.

The web-only advertisers are attracted by a range of factors. These include the interactive possibilities, the ability to receive sales leads or direct response, the size of the audiences available, the new/different audiences on offer, and the measurability of the internet audience. Speed of delivery and updating is another attractive feature.

20% of the sites offer contextual advertising – that is, relating the ads shown on-screen to the keywords that surfers employ when using search engines.

There has been a rise in the proportion of sites which offer mixed-media print-plus-web advertising packages to advertisers. The 2003 figure of 65% has risen in 2005 to 77%.

### **Marketing and search engines**

The principal means of marketing the websites is promotion within the magazine hosting the site: virtually all do this. Promotions and links (free and paid-for) from other websites are also very

important. Promotional events are significant marketing tools too. This pattern is broadly similar to 2003.

Respondents consider it necessary to constantly optimise visibility on search engines. This can be tackled in part by designing the site so that the search engine 'spiders' pick up more material and thus push the site higher up the rankings. Visibility can also be increased by buying keyword contextual advertising on the search engines: 31% of the sites do this.

There is limited, but only limited, concern that search engines may direct surfers away from one's own website to rival sites, and that the search engines may also divert advertising revenue away to themselves.

### **Competitors**

A narrow majority of publishers believe that their online competitors for site visitors are mainly the same as their competitors to the printed magazine.

In a third of cases, the view is that the competitors are mainly different types of company. These new kinds of competitor are non-magazine organisations with websites or portals which specialise in the same fields as the magazine. Some of these competitors are only or primarily involved in the internet (e.g. eBay, Yahoo, AOL), while some have other origins: software houses (e.g. MSN), multimedia news services, television companies, radio broadcasters, daily newspapers, manufacturers, retailers, and so on.

### **Profit and loss**

Far more of these successful sites are making a profit than are making a loss. More than half (54%) are in profit, 18% are breaking even and only 17% are losing money.

This is a healthy advance on 2003, when only 26% of successful websites were making a profit and 38% were said to be losing money.

### **Obstacles and lessons**

The most important difficulty faced in developing the websites is insufficient funds: this is a significant factor for half the sites. Other common obstacles are resistance by existing employees who work on the print products; and pressure to focus on the print products.

The only other widespread problem is the initial low or negative return on investment in the website: this troubles a third of these sites. Nevertheless this is an advance on 2003, when 60% of sites were worried about it.

Respondents offered a variety of advice and lessons based on their own experiences. These are listed in the report under five headings:

- Clear goals and realistic financial planning
- Marketing
- Content: interaction with the printed magazine
- Communication with colleagues
- Advertisers

# Method

The universe for the survey was publishers of consumer magazine websites, where the publisher considered the site to be successful (in the terms defined in the Introduction).

In order to invite publishers to participate in the survey, if they qualified, FIPP approached publishers directly and through their national magazine associations. FIPP's database of association and corporate members was the principal sampling frame.

An online questionnaire was used. Potential respondents were emailed details of the survey and the URL of the page where the questionnaire could be found.

Fieldwork ran from 9 February to 15 April 2005. A total of 76 responses were received, but five were rejected as ineligible (for example, because the magazine was a business-to-business magazine instead of a consumer magazine), leaving a usable sample of 71 websites – well up to expectations and includes some of the industry's most successful websites. Nevertheless this is rather a small base for percentages, so the percentages should be regarded as guides rather than precise measurements.

## Characteristics of sampled websites

The magazines represented by the websites in this survey cover a very wide range of consumer categories. They include major segments such as news magazines, women's fashion & lifestyle, men's fashion & lifestyle, motoring and motorcycling, computers and computer games, general interest, and classified advertising titles. They also include a variety of specialist interests such as photography, sports, music, health, educational, personal finance, and so on.

All regions of the world are represented: Africa, Asia, Australasia, Western Europe, Central & Eastern Europe, the Middle East, South Africa, South America, Central America and North America. Within Europe, 16 countries participated.

Most of the magazines are published monthly (61%: very similar to the figure in the 2003 survey), with most of the rest published weekly (29%: again, similar to the 2003 proportion).

Respondents represented a range of sizes of publishing company. At the larger end of the scale, they included some of the best-known magazine publishers in the world.

Although responses to the survey are confidential, some respondents stated that they were prepared to have their company listed as having participated in the survey. A list of 48 companies is shown in an appendix to this report.

# The findings

## 1. Organisation of website operations

The most common way in which successful publishers' websites are organised is for content to be created by each individual publication but under a centrally developed corporate strategy. 47% of respondents' sites are organised this way. In 39% of cases online activities are handled centrally for the whole company by a single business unit. For most of the rest of respondents (11%), each publication develops and manages its website on its own.

The change since the survey in 2003 is that there appears to have been a shift from magazines developing and managing their sites on their own (23% of sites in 2003, 11% in 2005) towards all online activities being handled centrally for the whole company (26% in 2003 but 39% in 2005).

For the great majority of the websites in our sample (88%), the company operates more than one site (similar to 2003), and most (73%) operate five or more sites. Indeed, almost half (48%) operate ten or more sites. However few (13%) have more than 25 websites.

## 2. Strategy and objectives

What are the major objectives for the websites? The questionnaire listed 12 possible objectives and asked respondents to mark those that applied, up to a maximum of six.

Two objectives are shared by more than 80% of sites: to expand the publisher's audience beyond the print audience base by creating a new online audience (84% of sites); and, in the reverse direction, to use the website to attract new readers for the printed magazine (81%). These are linked to the fourth-ranked objective, building a community around the brand (67%).

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### Major objectives for the website

	%
Expand your audience beyond the print audience base by creating an online audience	84
Use website to attract new readers for the printed product	81
Create new revenue streams/profits in long term	76
Build a community around your brand	67
Communicating with the target audience on a more frequent basis than the magazine can do	57
Allow your audience access to your content at times and in places that are most convenient for them	42
Create new revenue streams/profits in short term	40
Increase your product lines (e.g. news flashes, archive retrieval, etc)	33
Provide website ads as added-value for advertisers in print publications	27
Form online partnerships with others, to develop more powerful services	22
Discourage your audience from drifting to other online sources	18
Other	3

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The third-ranked objective is to create new revenue streams and profits in the long term (76%). This was cited almost twice as often as the creation of revenue and profits in the short term (40%).

Two other objectives which draw substantial support are very user-oriented: communicating with the audience on a more frequent basis than the magazine can do (57%), and allowing the audience to access the content at times and in places that are most convenient for them (42%).

The only other objective to attract at least a third of the votes is to increase the publisher's product lines (33%).

None of these objectives received higher scores than in 2003, but the question was not asked in precisely the same way. Even so, two of the listed objectives are notably less important in 2005 than two years earlier: providing website advertisements as added-value for magazine (was 56% in 2003), and forming online partnerships with others in order to develop more powerful services (was 54% in 2003).

### **Trends in online efforts**

None of the sites have reduced the number of man-hours devoted to the web operation, compared with 12 months ago. 45% have maintained about the same level of man-hours. The remaining 55% have increased their man-hours: this splits into 34% for whom the man-hours have increased by 20% or more, and 21% for whom the increase is less than 20%.

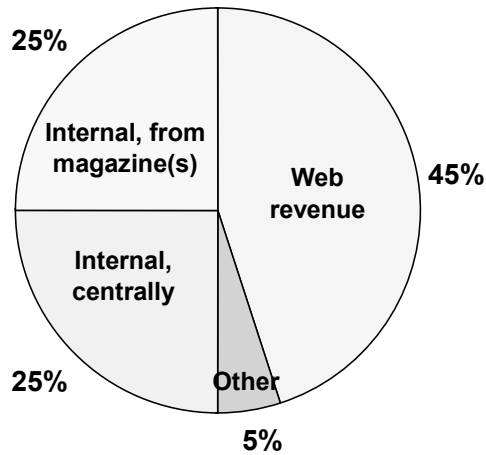
Looking to the future, the great majority (82%) expect to expand their online efforts in the next 12 months. The rest (18%) expect to maintain their online efforts at about their current level. None of these successful websites are expected to reduce their online efforts. The difference in 2003 was that there was an even balance between expansion of efforts and maintaining current efforts; the explanation for expansion taking precedence in 2005 may be that there is greater optimism now than two years ago, when the effects of the dot com crash were still keenly felt.

## **3. Funding**

For these successful websites, almost half of their revenue (45%) now comes from earnings on the web. Internal funds account for half of the funding, evenly divided between funds from the relevant magazines (25%) and funds provided centrally (25%).

This overall picture does conceal some variations from one website to another. Some sites earn little revenue from the web and rely almost entirely on internal funding. A number of others are heavily dependent on income from the web. Most sites benefit from a mixture of sources.

## Funding of web operation



### Profile of web revenue

Revenue earned from the web is dominated by advertising revenue, which accounts for 64% of it. Most of this (54% of web revenue) is from display advertising. Almost all the sites receive income from display advertising, though the proportion varies widely across the scale, from 10% to 90% of web revenue.

The other 10% is made up of three types of advertising. Recruitment advertising is 4% of web revenue. Other classified advertising accounts for 5%. Both these types of classified advertising apply only to a small minority of sites. The other 1% is search advertising: advertising that is shown on-screen when someone uses a relevant search term. Although very small at present, this type of advertising is expected to grow substantially in the near future. However among our sample of websites, only one in ten sites receive any income from search advertising, and for each of these sites it only accounts for about 10% of all web revenue.

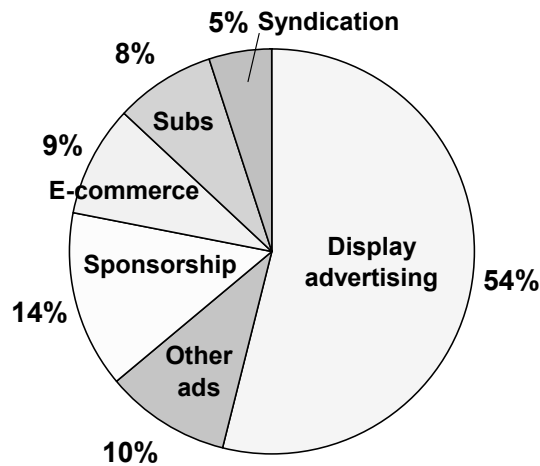
After advertising, sponsorship is the next largest source of revenue from the web (14%). Almost half of the sites receive income from sponsors.

E-commerce attracts 9% of web revenue, but little more than a quarter of the sites report significant revenue from this source.

Subscriptions paid online form 7% of web revenue, and added to this figure is a further 1% from one-off payments for other content, such as individual articles. Only a minority of the sites earn significant money in either of these ways.

Finally content syndication produces 5% of web revenue, overall. However it is only just over a fifth of the sites which do this, and for them it yields up to 30% of their web revenue.

### Profile of web revenue



### Comparison with 2003

Since web revenue is 45% of total funding, one can multiply the profile percentages of web revenue (in the chart above) by 0.45 to express them as the percentage of the total income which is funding these web operations. For example, since advertising forms 64% of web revenue, it is 29% of all the income funding these sites.

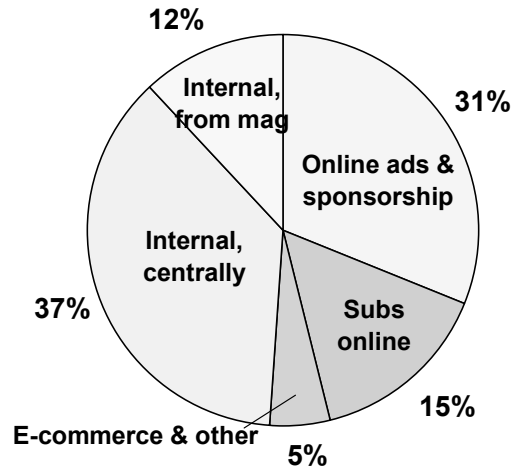
Similar calculations, and some re-arranging of the 2003 and 2005 data to create comparable groupings, make it possible to indicate the changes over the two years. The two pie charts on the next page present the data for both years.

Online advertising and sponsorship account for very similar proportions of total income in the two years.

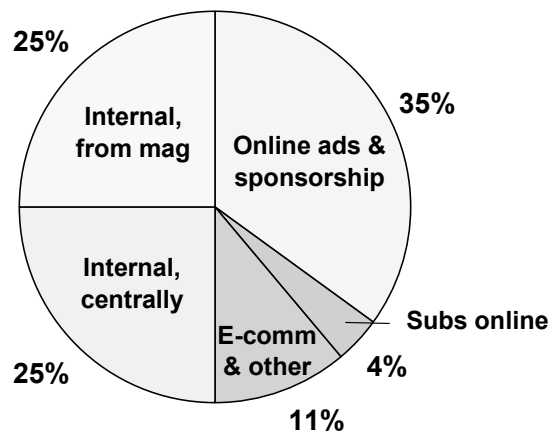
Subscription revenue collected online has diminished as a proportion (though not necessarily in absolute terms, since total funding has increased – i.e. the cake is bigger), but this is balanced by an increase in revenue from e-commerce, content syndication and other sources.

Funding from internal sources is the same for both years, namely half of all income. However by 2005 the funds from the individual magazines' own resources have grown in importance, from 12% to 25%, allowing companies' central funds to play a reduced role: down from 37% to 25%.

## 2003 funding



## 2005 funding



## 4. Audiences

The number of site visitors ('unique users') received each month varies enormously. 26% of sites receive less than 50,000 visitors a month, while 18% receive more than one million. The average (median) is about 115,000.

The trend in audiences is very strongly upwards, as one would expect. For 67% of sites, visitors have increased by 20% or more in the last 12 months, and most of the rest (20%) have experienced increases but less than 20%. Only 13% have stayed about the same, and none of these successful sites have found site visitors falling.

The number of page impressions also varies a great deal. 16% of sites receive less than 100,000 impressions a month, while 18% of sites generate 10 million or more impressions. The largest block is the central 1.0 - 4.9 million range, in which 42% of the sites fall.

These variations in audience size reflect, in part, the varying nature of the magazines concerned – from niche magazines in relatively small markets, to global brands with a broad appeal in large countries and which are also attractive to a vast new worldwide audience.

The audiences that publishers are targeting for their websites are similar to the audiences to the printed magazines (as was the case in 2003). Rather than trying to attract a new type of audience, the objective is to serve the existing audience, and other consumers like them who happen not to read the printed magazine.

The overwhelming experience of these websites is that the sites have in fact led to significant numbers of new audience who do not read the print products. Although just over a quarter of respondents do not know whether or not there has been a gain in audience, among those who do know 94% say their audience has increased significantly (higher than in 2003, where the percentage was 70%). This is made up of 56% for whom the new audience equates to 20% or more of the print audience, and 38% who estimate it to be less than 20% of the print audience.

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### Gained new audience?

	%
Yes, 20% or more of print audience size	56
Yes, but less than 20% of print audience size	38
No, not gained significant new audience	<u>6</u>
Base: those who can answer	100

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Respondents were asked to describe the new audiences. Amid the great variety of write-in replies, there were two main themes, though neither of these themes was mentioned by a majority of respondents. For some sites, the web-only audiences tend to be younger than the audience to the host magazine. One respondent wrote "Generally younger people read less, but they are used to working with the internet; their average age is five years younger than the print readership." Another wrote "General teen population that spend a lot of time online but don't

necessarily buy magazines.” The other main theme was that the site attracts people outside the home country: either ex-patriates who want to keep in touch with what’s going on back home, or foreigners with an international perspective who are interested in the topic.

A few people mentioned that the new audience includes readers of rival publications.

One respondent commented “our knowledge of their existence [the new web-only audience] comes from an online poll we did about whether our online users buy the magazine or whether they simply visit its website”. Asking questions online like this is a simple technique which any publisher can use in order to learn more about the electronic audience.

## 5. Website content

### What attracts the new audiences?

What is it that attracts these new audiences who do not see the magazines? Reduced to its simplest, it is content which is designed to work best in a web environment – time-critical information, interactive content, searchable databases and archives, and personalised content.

- Time-critical information mentioned by many respondents includes news on the subject area – updated daily in some cases. Online classified advertising was a pull for several sites. For a personal finance magazine “the key driver of traffic is our daily investing and market news and commentary”. The ability to sign up for free electronic newsletters was mentioned by several respondents as being an attractive feature. One respondent remarked that the content of each issue of the magazine is put online, and thus “the possibility to read it the evening before the printed version is on sale” is believed to be appealing.
- Interactive content includes online gaming, quizzes, competitions, polls, bulletin boards and e-commerce. Some sites offer downloads of music, pdf files or other material, and it is normally possible for users to save photographs or text onto their own computers.
- Searchable databases and archives: The internet allows for the storage of much more information that can be put into any one issue of a magazine – for instance, more product reviews (cars, computer games, fashion, etc), and more ideas (recipes, decorating hints, etc) and in greater depth. For the personal finance magazine “the other key driver of traffic is our archive of ‘how to’ articles” which are specially re-written to be shorter than the lengthy articles in the magazine. Moreover “although it is an archive we keep the content up to date, so the site functions as an easy-to-use online resource.” Picture galleries are popular for many sites.
- Personalised content: Some of the interactive material is personalised to a significant degree, such as chat rooms and instant messaging. There are examples where the form of personalisation depends on the nature of the magazine; thus a title dealing with art has a facility for users to upload their own work to an online design gallery for all to see.

One respondent stressed that it was the total online package that was appealing: “it is a unique place for the market in my country for men’s lifestyle content.”

It is also attractive to audiences that the content on almost all consumer websites is free – unlike the host magazine which must be paid for.

### Frequency of updating

Since timeliness is a key characteristic of the internet, most of these successful websites (72%) are updated daily, including continuously updated throughout the day. Most of the rest are updated weekly (17%), though 11% are updated monthly or less often.

There has been a trend towards more rapid updating. Only 60% were updated daily in 2003 compared with the 72% in 2005, while the proportion updated weekly has fallen correspondingly, to 17% from 29% two years earlier.

### Interactive facilities offered

Bearing in mind the internet's revolutionary ability to allow easy and rapid two-way communication, the questionnaire provided a list of ways in which visitors to a website might interact directly with the site's publishers and/or other visitors. Respondents were asked which were provided on their own site.

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### **Interactivity: what the site provides**

	%
Print subscription request	89
Chat room or message board discussion	60
E-commerce, selling products/services where customers pay online	48
Offers/discounts exclusive to members/subscribers	38
Articles or blogs submitted for publication (not paid for)	34
Other interactive facilities	34
Hyperlinks to relevant external sites, proposed by visitors	29
Classified ads from site visitors	28
Online subscription to members-only area	26
Paid-for online articles, reports, features	18
Special interest clubs which visitors may join/subscribe	15
Online auctions	3

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Two facilities are offered by more than half the sites. 89% of sites enable visitors to subscribe online to the printed magazine, and 60% offer a chat room or message board discussion forum.

Just under half the sites sell products or services (excluding subscriptions to the printed magazine) via e-commerce, where customers pay online. In addition 38% have special offers or discounts which are only available to members or subscribers. However only a low proportion of sites (26%) have members-only areas which require an online subscription. A few sites (15%) run special interest clubs which visitors may join.

A third of sites (34%) are prepared to publish articles or blogs submitted by visitors for publication without requiring payment, but only 18% pay for visitors' online articles, reports or features. 29% are prepared to introduce hyperlinks to relevant external sites which are proposed by visitors.

28% of sites run classified advertising where some or all of the advertisements are supplied by visitors. But online auctions are a rarity: only 3% of sites.

A third of sites offer other interactive facilities which were not listed in the questionnaire. The most popular is opinion polls and surveys. In one case the site runs reader surveys for the print magazine.

Another facility offered by several sites is the ability to submit questions online to be answered by the site's experts. The answers are published on the site, and in at least one case selected responses are also published in the printed magazine – an example of traffic in the opposite direction to the usual one. The types of experts mentioned ranged from fashion and beauty editors to veterinary specialists and personal finance advisors.

Online competitions are provided by a number of sites. In one case the site runs sponsored competitions, in which the answers are provided via an SMS phone messaging service which the players pay for.

Other interactive facilities mentioned by one or two respondents include downloading wallpaper, downloading pdf files, sending e-cards to friends, personal messaging service to friends, online photo gallery to which visitors can contribute, a jargon buster (a searchable database glossary of terms about consumer electronic products), personalised recipe features, and a private home-page service.

For the several interactive facilities where comparisons are possible with 2003, the figures are in close agreement. For example, 90% offering print subscription requests in 2003 and 89% in 2005.

### **Other services offered**

The questionnaire listed a number of other services which a website might offer.

### **Other services provided**

	%
Emailed newsletter linked to website	75
Archive retrieval	51
Online games	32
Services designed for mobile phone access	25
News flash service	18
Services designed for PDA/handheld computer access	11
Search engine which searches external sites as well as own	8

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The most popular of these services is emailed newsletters linked to the website, which are provided by 75% of the sites. This is up from 65% in 2003, and indicates a growing popularity of these newsletters.

Less common are news flash services (18%), services designed for mobile phone access (25%) PDA/handheld computer access (11%). These are all broadly similar figures to 2003.



Just over half the sites (51%) provide archives for searching. However search engines which search external sites as well as one's own are uncommon (8%).

Online games are provided by 32% of sites.

### **E-commerce: products & services for sale**

As already reported above, 89% of sites sell subscriptions to the printed magazine(s). On 34% of all sites this is supplemented by sales of individual copies of magazines.

35% of sites sell own-brand goods, and 22% sell other branded goods. A few sites also sell unbranded goods (mentioned under 'other products/services') such as T-shirts, toys, garden plants, and decorating and cooking accessories.

There are also sales of online content: some is sold through a subscription, and some is sold as one-off purchases such as archives, articles and reports.

Sales of tickets or registrations for events such as conferences, exhibitions, concerts and shows are limited to a small minority of sites.

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### **E-commerce: products & services for sale**

	%
Own-brand goods	35
Individual copies of print publications	34
Subscriptions to online services	32
One-off paid-for online content (e.g. archives, articles, reports)	22
Other branded goods	22
Other events, concerts, shows - tickets/registrations	12
Other products/services	8
Conference/exhibition registrations	5

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### **Information that has not been published in the magazine**

The questionnaire asked to what extent the site takes information that has not been published in the printed magazine, and edits/packages it for visitors to search on the website. One would expect the great majority of successful websites to do this, and so it proved. 86% do this (up from 77% in 2003). Only 14% of sites do not edit/package information that has not appeared in the magazine.

58% of sites edit such information to a 'limited' extent, while 28% say they do it 'extensively; a significant part of site's content'.

The most frequently cited example of producing information that has not appeared in the magazine is hourly, daily or weekly news. Other examples include a database of kitchen food, a 'hot spot' finder, cities guides and countries guides, and online-only classified advertising. One respondent quoted specially-written investing, personal finance and real estate columns, and an investment portfolio Q&A. Another stated that the site contains far greater depth of information on car models than could be published in a printed magazine. For some websites 80% or 90% of content is written exclusively for the site.

### **RSS feeds**

RSS stands for Rich Site Summary, or alternatively Really Simple Syndication. It is the facility to automatically supply registered users with continually-updated headline information about topics defined by the user as relevant.

30% of sites offer RSS feeds.

The most common example of RSS content is news services – including news for specialised interests such as daily film news. One site offers not only news headlines but also a summary of all fresh content that appeared on the site that day. Other types of RSS content provided by at least one site include magazine content; branded blogs; all on-site articles; a variety of sections of the site such as foreign affairs, the economy and politics; and weekly motivational messages to registrants of various clubs.

### **Charging users for access to any part of the website**

80% of these websites give free access to the whole site. At the opposite end of the scale, one site charges before any part can be viewed.

19% of sites charge for access to parts of the site – including cases where only subscribers to the printed magazine can access certain areas. This is a rise on the 2003 figure of 10%.

The proportion of the site which is either paid-only or print subscriber-only varies, but tends to group into two extreme clusters: a very low proportion of total pages (5%-10%) and a very high proportion (80%-90%). In one case it is only the classified advertising which is restricted, whereby magazine subscribers can access it a week earlier than non-subscribers.

### **Digital edition of magazine**

Although not necessarily connected with the website, 22% of publishers of successful websites also publish a digital edition of the host magazine – that is, an exact reproduction in digital form.

## 6. Advertisers and sponsors

### Web-only advertisers

Most publishers of successful consumer magazine websites have gained new advertisers on the web who do not advertise in the print products. 66% have done so, while 26% say they have not. 8% of respondents don't know.

It is encouraging that the proportion of sites attracting new online-only advertisers is rising: 66% in 2005 compared with 53% in 2003.

### What attracts the new advertisers?

The main factors attracting new advertisers can be grouped as follows:

- Interactive possibilities. For example, the ability to click on a link and go straight to a detailed advertisement or to the advertiser's own website. "They want clicks they can't get through print", one respondent wrote. An advertiser can also sell goods through e-commerce. Advertisers can also offer customised and completely branded games, quizzes, competitions, etc – when enjoying these entertainments, users are continuously exposed to the brand name, with associated hyperlinks nearby.
- Sales leads. Those site visitors who click through to an advertiser's advertisement or website are highly valuable because they have shown themselves to be hot prospects – "ready to buy" as one respondent put it. They have proved they are not only interested in the general subject area of the magazines' website, but are also specifically interested in the advertiser's products or services. The internet can be an excellent direct response medium.
- Audience size. Some sites attract very large audiences – in some cases more than one million unique visitors per month, and/or 10 million page impressions a month. Sites with smaller audiences may be able to present the numbers as very significant in relation to the size of the relevant market. It is also possible to sell ads on the basis of a guaranteed audience.
- Different audience. Websites can attract large numbers of people who do not read the host magazine, and thus they offer a different audience but one which shares similar interests to the magazine readers. There is also a perception that the web audience tends to be younger than the print audience, which appeals to advertisers.
- Audience measurability. Added to these attractive features is the measurability of the audience, which enables website owners to prove not only the number of visitors but also the click-through rates for advertisements.
- Speed in delivering marketing communications, and being able to update them instantly.

Other positive points mentioned by one or two respondents were the relatively low cost of advertising on the internet; the flexibility of the medium; the scope for animating the advertisements; and the power of contextual advertising (discussed in the next section below).

## **Contextual advertising**

Contextual advertising is the placing of advertisements on the screen according to key words used by surfers while using search engines to locate information on the internet. A given key word brings up one set of advertisements; a different key word brings up a separate set of advertisements. This means that the advertising seen by the surfer is likely to be of some personal relevance. To the advertisers it means that the displays of their advertising are confined to people with a high chance of falling within their target audience, and therefore they are not paying for wastage.

Incidentally, this is one of the similarities between the internet and magazines. Magazine advertising has always been 'contextual advertising', particularly in specialist magazines. There are countless illustrations, such as advertisers of photographic equipment appearing in photography magazines, or manufacturers of expensive fashion design clothing placing their ads in glossy fashion magazines.

20% of our successful consumer magazine websites offer contextual advertising.

Among this 20%, nearly all regard contextual advertising as either 'quite important' or 'not very important', with an even split between these two options.

All respondents were asked if they themselves buy contextual advertising on other sites, such as Google, Yahoo or other search engines, to drive traffic to their own site. 31% do so.

## **Mixed-media packages: print plus internet**

77% of the sites create advertising and/or sponsorship opportunities across both print and web brands, and/or with similar brands elsewhere in the company. Thus prospective advertisers or sponsors can be offered mixed-media packages. This is a rise on the 65% figure in 2003.

## **7. Marketing of website**

The websites are marketed to consumers in a variety of ways, but the principal method of course is promotion within the magazine hosting the site. 98% do this.

Promotions and links (both paid-for and free) from other websites are also important (67%). About 40% of sites take advantage of promotion within sister magazines owned by the same company, and/or run promotional events.

Paid-for display advertisements in magazines, newspapers or other mainstream media such as television and radio are not a widely used means of marketing: only 9% do this.

This pattern is broadly similar to the one reported in 2003.

## How the website is marketed to consumers

	%
Promotion within the printed magazine(s) hosting the site	98
Promotion & links from other websites (paid-for and free)	67
Promotion within other magazines owned by the company	41
Promotional events	38
Paid-for ads in magazines, newspapers, TV, radio, etc	9
Other	5

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## 8. Opportunities and dangers of search engines

The write-in methods mentioned under 'Other', in the previous table, were search engine marketing/sponsored keywords.

There is some limited concern about the possibility that search engines such as Google may reduce visitor traffic to the website by directing internet users to alternative information on other websites. 20% agreed that they were concerned, against 80% who said they were not.

In explaining their concern, the 20% saw search engines as a battleground where website publishers must fight. (It is a little like television advertising for manufacturers of fast moving consumer goods, where many manufacturers feel that they have to advertise on television, not only because it can be effective but also because their competitors are advertising there.)

Respondents remarked that it is necessary to constantly optimise visibility on search engines. This can partly be done by designing the site so that the search engine 'spiders' pick up more material to push the site higher up the rankings. One respondent said his site needed more investment to make it more 'search engine friendly'. Another respondent was concerned at his lack of understanding of how Google decides its ranking of sites when a surfer does a search – and consequently his lack of knowing how best to design his site to maximise his ranking.

Visibility can also be increased by using search engines for marketing – buying key words on Google, for example. A danger was that competitors might have bigger marketing budgets and outspend one's own site, with the result that they were more effective in harnessing the search engines to direct visitors to the competitive sites. One respondent stated that he had no money for spending on Google but knows his competitors do it.

Asked if they were concerned that search engines may reduce advertisement revenue, by attracting some of that ad revenue to themselves, only 9% agreed.

There were several comments explaining the concern of the 9%. Search engines are soaking up ever-increasing proportions of online advertising budgets. For one respondent there was also a worry that Google is perpetuating a pay-per-click performance-based advertising cost structure, whereas he preferred a mix of branding-based and performance-based fees. On the positive side, there was a belief that the internet advertising pie would get much bigger, leaving a good revenue stream for non-search engine advertising.

## 9. Competitors

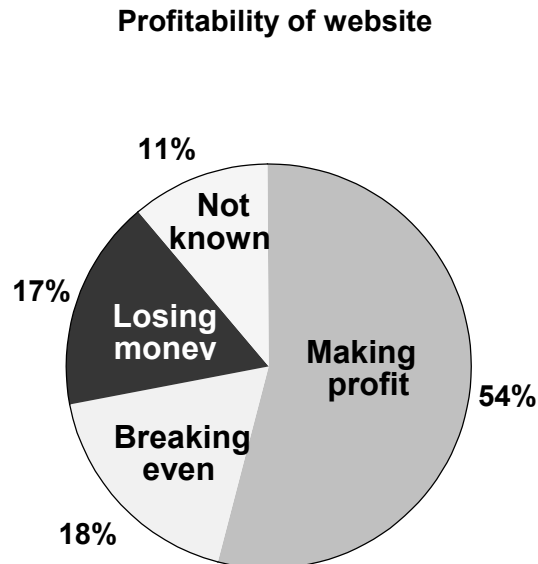
Most publishers (56%) believe that their online competitors for site visitors are mainly the same as their competitors to the printed magazine. However a substantial minority (33%) find that they are mainly different competitors. A further 11% say their online competitors are about evenly divided between the two.

Who are the different competitors? They are non-magazine organisations with websites or portals which specialise in the same fields as the magazine. This includes companies which are only or primarily involved in the internet (e.g. Google, AOL, Yahoo, eBay, fan sites, and many specialised sites such as SASoccer), and organisations with other origins, such as software (e.g. MSN), multimedia news agencies, television companies, radio broadcasters, and so on – including even the German postal service. The websites of daily newspapers were often mentioned. Some retailers and manufacturers also have appealing sites which compete for visitors' time.

## 10. Profitability

Profitability is only one of several possible criteria on which we asked potential respondents to judge whether their website was 'successful'. We made it clear that it was possible for a site to be losing money and yet to be considered a success because of its performance in other respects. In the event far more of the successful sites are making a profit than are making a loss.

Taking account of all relevant overhead and operating expenses, 54% of the sites are making a profit. 18% are breaking even, while only 17% are losing money. There is a further 11% who don't know or whose accounting procedures don't show the website's economics separately.



This is a healthy advance on the situation in 2003. Only 26% of sites were making a profit then, compared with 54% now. Correspondingly 38% were losing money, compared with only 17% now. The proportions breaking even are similar for both years, and the same is true for the 'not known' category.

## 11. Significant barriers to success

The questionnaire listed nine potential barriers to success for consumer publishers in operating websites, and asked respondents which ones were significant for them.

The most important is insufficient funds for web development: this is a significant factor for 52% of respondents. Not far behind (45%) is resistance by existing employees who work on print products. For 40%, pressure to focus on the print products is significant. The only other factor that is a widespread barrier is the initial low or negative return on investment in the web (34%).

Problems with the technology – mastering it or adapting to rapid changes in it – are not widespread, nor is the bad image of the internet since the dot com crash in 2000. Changes or saturation in the relevant sector's marketplace are also quite minor problems.

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### Significant barriers to success

	%
Insufficient funds for web development	52
Resistance by existing employees who work on print products	45
Pressure to focus on print products	40
Initial low or negative return on investment in web	34
Mastering the technology	15
Rapid changes in technology	11
Rapid changes in your sector's marketplace	9
Your sector's market is saturated with web offerings	9
Bad image of internet since dot com crash	8
None of these	18

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The principal change compared with 2003 is that in 2005 there is much less concern about initial low or negative returns on investment in the web. In 2003 60% of respondents were worried about it, compared with only 34% now.

Another difference is that insufficient funds for web development has increased as a concern: 52% in 2005 compared with 38% in 2003. Since more effort and investment is in fact being poured into websites now, this may reflect the existence of more ambitious plans which the funding struggles to keep up with.

The other difference of note is that the image of the internet has improved. A bad image due to the dot com crash concerned 30% of respondents in 2003 but only 8% in 2005.

## 12. Lessons shared

The final question for respondents was an invitation to write down the principal lessons they would like to pass on about developing and operating a website strategy. Many respondents were willing to share their experiences. Their comments are grouped under a series of headings below. Some of the advice is contradictory, naturally enough!

### Clear goals and realistic financial planning

- Keep focused, and don't get derailed by the fact that you are inside an old company with archaic beliefs!
- Plan for permanent investment – plan across five years, not one, and ensure there are enough resources across the period.
- Ensure enough funds, and enough staff to run the site.
- New ideas must be tested on the site, and some will fail: the finances must allow for this.
- Keep careful control of costs – keep it simple, and the cost-base low.
- But do not make revenue the be-all and end-all of the strategy – you are in it for the long term.
- Allow for the fact that audience and revenue build-up may be slow.
- The investment required may be only 10%-20% of what a similar project in print would be.
- Treat your web strategy like building a house extension: double the price you expected to pay, and twice as long as predicted to get it done.

### Marketing

- The importance of having a proper marketing budget.
- Give a clear message to the target audience: it must be made obvious what the site offers.
- Branding is vital: the power of your offline brand will play a huge role in attracting visitors and advertisers to the site.
- Ensure the URL is on all marketing communications for the brand, including within the printed magazine and when promoting the magazine.

### Content: interaction with the printed magazine

- Recognise that online is a totally different product from print. Don't just pour the magazine into your site.
- For the web editors, it's a different type of work, where quickness and closer synergy with the audience is necessary.
- Maximise the interaction between print and online.
- Ensure you update the online information quickly enough, as this is a key complementary factor compared with magazines.
- Updates need to be daily, or at least every second day.



### Communication with colleagues

- Continually communicate with colleagues – the publisher, the editorial staff on the printed magazine, and the commercial people. Make them aware of the website and its benefits, and win their willing co-operation. Get buy-in from the whole team.
- The editor of the print magazine is often the best driver of the online version. The editorial staff need to feel 'ownership' of the website.
- Do not set up a separate department for running the website.
- An alternative view: the editing of web content should be done by a separate dedicated team.

### Advertisers

- Get traffic high before you start trying to attract advertisers.

## Appendix

### Some participating publishing companies

The survey respondents' names and their answers are confidential. The questionnaire did however conclude with the request "If you would be prepared to have your company listed simply as having participated in the survey, please indicate by writing in the appropriate company name". The majority of respondents did so. The list of participants is as follows:

Arnoldo Mondadori Editore, Italy	Meredith Corporation, USA
Axel Springer AG, Germany	Motorpress Lisboa, SA, Portugal
BBC Magazines, UK	Motor-Pressé Stuttgart, Germany
Bonnier Tidskrifter, Sweden	MP Ediciones, Argentina
Condé Nast, Italy	National Magazine Company Ltd, UK
Economist, UK	Pacific Magazines, Australia
Editorial Atlantida S.A., Argentina	PC World Communications, USA
Editorial Televisa, Mexico	Ramsay, Son & Parker (Pty) Ltd, South Africa
Egmont Tidskrifter AB, Sweden	Reader's Digest Association, USA
Elsevier, Netherlands	Reader's Digest México
Emap Active, UK	Ringier ÈR, Czech Republic
Future plc, UK	Rogers Publishing Ltd, Canada
G+J EMS, Germany	R-PRESSE, spol. s r. o., Czech Republic
Grupo Zeta SA, Spain	Sanoma Budapest Publishing Ltd, Hungary
Hachette Filipacchi 2000, Czech Republic	SPH Magazines Pte Ltd, Singapore
Hachette Filipacchi Hong Kong Limited, China	Spotlight Verlag, Germany
Hachette Filipacchi Media, USA	Summit Media, Philippines
Haymarket Publications Ltd, UK	Time Out Group Ltd, UK
Incisive Media, UK	Touchline Media, South Africa
InfoPro, Lebanon	United Advertising Publications, UK
IPC Media, UK	VNU, UK
Landbouweekblad, South Africa	Vogel-Burda Medya, Turkey
Liberis Publications S.A., Greece	Which?, UK
Magnet Magazines, Belgium	Zdorovie (Health) Publishing House, Russia



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