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A translation of the table of contents of the original publication is also included as an appendix.
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the **internet** has emerged as the dominant medium



"This report gives an overview of current online income sources of publishing companies and their contribution to sales, including case studies from Europe and the United States."

Foreword

During the past decade, the internet has emerged as the dominant medium for mass communications, generating a significant amount of online advertising and transactions. Moreover, a constant decline in the price of online applications, together with active participation by all stakeholders, is giving rise to numerous new ventures.

Almost all publishing companies are actively using the internet to understand the online behavior of their target groups and to tap emerging sales opportunities.

This report gives an overview of current online income sources of publishing companies and their contribution to sales, including case studies from Europe and the United States. Potential opportunities and risks are also discussed. The study reveals the strategic and operational orientation of publishing companies and offers insights into the industry's view of itself.

It reveals that publishing companies are right in relying on a mix of different sources of revenues, especially as

They realize that growth can come (a) through their own media brands and traditional business models (such as advertising sales) and (b) by launching new brands and adopting new business models (such as e-commerce, online travel agencies, fair and conference management, and price search engines). They realize that the internet offers the potential for additional income sources, which is particularly attractive at a time when companies are struggling with stagnant or falling revenues from their core businesses. However, it is not clear how much these alternative sources can contribute to overall revenues.

the current economic environment is affecting online businesses as well as traditional businesses. Although conventional online advertising still generates the lion's share of companies' online revenues, performance-based advertising and e-commerce are expected to grow significantly. It also shows that apart from making investments to widen their reach and increase their sales, publishing companies are adopting a number of cost-cutting measures to ensure a healthy bottom line.

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Executive Summary

The study highlights the importance of digital media and their contribution to the overall revenue of publishing houses. A questionnaire was sent to 440 members of VDZ (Verband Deutscher Zeitschriftenverleger, the Association of German Magazine Publishers) and responses were received from 78 board members, managers, and heads of publishing houses, divisions, or departments. The response rate was 17.5 percent, which was in line with that of the previous year and underscores the industry's interest in the subject.

In general, the surveyed publishing companies are still skeptical about the recovery of turnover from traditional sources, such as advertising, distribution, and businesses with limited advertisements/classifieds. Although advertising was the largest contributor to the total revenues of publishing companies in 2007 with a 46.4 percent revenue share, the percentage is expected to decrease during the next few years. This is primarily due to two reasons: (a) The shift of advertising budgets from traditional communi-

the importance of digital media

For the study, we classified companies on the basis of size (such as large, middle, and small publishing companies) and segment (such as specialized publishers, trade publishers, newspaper publishers, and publishing houses for parochial newspapers and magazines).

The study covers current market estimates and forecasts, classifies online income sources of publishing companies, and identifies potential turnover risks. Furthermore, it analyzes the measures publishing companies have taken, or are planning to take, to increase their turnover and reduce costs in the digital space. In addition, the digital strategies of some major international publishing companies are also examined.

cation media to the internet and (b) the conversion of alternative marketing strategies. The future revenue potential of enterprises lies undoubtedly with internet-based business segments. In 2007, publishing houses on average achieved only 5.4 percent of their overall turnover through these channels, though this share is expected to reach 13 percent in 2011.

In 2007, conventional online advertising was the most important online income source, followed by online subscription generation. Publishing companies see immense growth potential in the online video advertisement and e-commerce segments, whereas the mobile business segment is predicted to have only a moderate market potential.

Opinions vary on the efficiency of paid content models in revenue generation. This may be due to the varying relevance of paid content across different genres. Although many companies make their archives available free of cost, exclusive, value-added professional information understandably comes at a price.

The possible cannibalization of print media by online media, often raised as an issue in the past, is no longer perceived to be a threat. All interviewees view the current economic conditions as the most

In addition, almost 40 percent of these publishing houses have adopted a centralized advertisement marketing system for all of their online properties. This enables these companies to market not only the leading media brands, but the entire package of publications relevant to the target group, thus positively influencing their revenues.

To further raise their efficiency in the digital arena, many media houses are still investing in the development of new business fields and new digital

serious challenge faced by the industry. Furthermore, increasing competition among companies that are vying for business on the internet is perceived to be fraught with risk for their own commercial interests.

Most publishing companies develop their strategies to increase sales, widen their reach, and optimize costs. Among these strategies, search engine optimization as a means to increase online reach is gaining importance. A number of innovative and interesting developments are taking place in the field of advertising and marketing. Nearly two-thirds of the surveyed publishing companies stressed the importance of joint printed and online media marketing ventures to save costs and facilitate cross-media campaigns.

technologies through collaborations and mergers & acquisitions.

Publishing houses are developing into integrated media houses that can offer services through all media channels. They are also branching out from the business of marketing content, to serve new business segments and generate profit through new business models. They are developing strategies that differentiate them and extend their value chains.

Case Studies of International Publishers

Publishers globally are seeing their revenues from print advertising decline. To be sure, these publishers also generate some revenue from online advertising, but the percentage is small compared to overall online spending – for example, in the United States, only about 7.5 percent of all advertising revenue is generated online.

New marketing structures are being developed to boost ad revenues. For example, the US publishing house, Condé Nast, has shifted towards

In December 2007, it attracted about 17 million visitors, while Google received more than 115 million unique user hits, Yahoo! 110 million, and YouTube more than 65 million.² Various strategies have been developed in order to attract visitors. At the top of the agenda is the enhancement of existing online sites by adding such features as blogs, podcasts and videos. Some publishing houses, like the UK-based Guardian Media Group, bundle all site traffic by offering one main website through which viewers can

New marketing structures are being developed

industry-based marketing. Their advertising spaces are now marketed to specific industries—such as food, lifestyle or travel—on a cross-brand, rather than website-specific, basis.¹

Nevertheless, an increase in the number of viewers is still essential for improving the marketability of online ads. Although on the rise, viewership at the largest newspaper websites is still no match for that of the major commercial websites. Take, for instance, *The New York Times* website (NYTimes.com)—one of the largest and most visited newspaper websites in the world.

access the websites of all the group's different publications.

Currently, the development of mobile services is another hot issue. In the United States, for example, demand has yet to be created, unlike in Asia, where mobile usage is much more diversified. Some US publishers, such as the Hearst Corporation, which has nine mobile sites and is one of the largest publishers of mobile content in the United States, have been making progress in this area.



Attracted by the prospects of **higher** revenues



- 1 Kontakter "Salomon führt Vermarktung nach Branchen ein" 8.8.2008
- 2 "New Media USA – Trends & Insights", emediaSF Newsletter, July-August 2008

The New York Times Company— The “Gray Lady” as Online Pioneer



The New York Times Company, headquartered in New York City, is one of the world's largest international media groups with about 12,000 staff globally and annual revenues of US\$3 billion in 2008. This publishing group includes not only *The New York Times*, *The Boston Globe* and *International Herald Tribune*, but also 16 local newspapers, WQXR-FM radio station and a large online portfolio of more than 50 websites (e.g. NYTimes.com, Boston.com, the Boston Globe website and About.com, the online

online business early on: *The New York Times* website went live in 1996. Today, NYTimes.com is the most frequently visited news page in the United States and also a market leader globally, with 21.3 million hits in May 2008.⁵

Further expansion of the internet business should absorb economic problems caused by a drop in share price and a slump in print advertising. In its strategy, the New York Times Company focuses on maintaining quality and expanding its print media, and also on

through the acquisition of additional websites, such as Calorie-Count.com (a nutrition and dieting community), UCompareHealthCare.com (a site providing comparisons of healthcare services) and ConsumerSearch.com (an online consumers guide with product rankings). According to Nielsen Online, About.com has an average of 39 million visitors per month in the United States alone, and 63 million visitors per month worldwide.⁶

It is also part of the company's strategy

advice website). By 2007, online business was responsible for as much as 10.3 percent of group revenue. The figures looked even more promising in 2008, when online earnings had grown to 11.9 percent of group revenue.³

Also known as the Gray Lady, *The New York Times* is the centerpiece of the publishing group and one of the most prestigious and influential daily newspapers in the world. Selling 1.1 million copies a day (and 1.5 million Sundays)⁴, it has the third highest circulation in the United States after *USA Today* and *The Wall Street Journal*. The New York Times Company started its

acquisitions and product expansion in the online sector. In 2006, it decided to sell the group company, Broadcast Media Group, consisting of nine regional TV stations, and place more emphasis on developing the newspaper and online business.

In 2005, the Group acquired the About.com advice website for US\$410 million. On this site, more than 770 freelance advisors publish information on nearly 70,000 topics, which can be viewed by visitors free of charge. The range of About.com services was subsequently expanded

to expand the range of existing online services.

Permanent innovation is the name of the game for The New York Times website, where new features are constantly being added. The company's objective is to create an interactive news and information resource in order to become even more attractive to potential advertisers. One means of achieving this is acquisitions, including the purchase of Baseline Studio Systems' database in August 2006. Also, The New York Times editorial office is pursuing a continuous news desk strategy,

- 3 The New York Times Company reports 2008 fourth quarter and full-year results, New York Times press releases, January 28, 2009
- 4 www.nytimes.com, durchschnittliche Verkaufszahlen März 2008
- 5 VDZ emediaSF: New Media USA – Trends & Insights, July – August 2008
- 6 OneSource, Global Business Browser, March 2009
- 7 *Tages-Anzeiger* article: “New York Times - von der Zeitung zur Webseite,” 9 March 2008
- 8 *Tages-Anzeiger* article: “New York Times - von der Zeitung zur Webseite,” 19 March 2008
- 9 Spiegel Online: “Die Graue Lady blickt in die Zukunft,” 23 May 2008
- 10 *The New York Times*, national edition: “The Times and I.H.T. Study A Merger of Their Web Sites,” 24 June 2008
- 11 *Information Week*, 15 February 2008, “Newspaper Chains Join Forces To Offer Online Ads; Hearst, The New York Times, Tribune Co., and Gannett launched quadrantONE to sell online ads for almost 200 Websites”

unlike *The Washington Post* and other newspapers’ strategy of letting print and online editorial departments compete.⁷ News is constantly updated on the internet and processed in parallel with the next day’s print media articles.⁸ As a part of the same strategy, the print and online sales departments have been combined to create synergies. Since health, business and technology were of particular interest to advertisers in the 2007 financial year, investments in the website focused primarily on

September 2007. Since then, all articles and online archives from 1985 have been accessible free of charge. In addition, almost the entire *The New York Times* archive from 1851 has been digitized. This archive, known as “TimesMachine”, is a paid service but several samples are accessible free of charge.

Today, mobile services are developed whenever a new application is rolled out. In January 2008, a click-and-select service was added to the website, enabling people to receive text messages

them more attractive to advertisers.¹⁰

The New York Times Company decided that the best way to grow its online business would be to join hands with rival publishers Hearst Corporation, Tribune Co. and Gannett Co. and market their advertising spaces through a strategic alliance. Known as QuadrantONE, the new joint venture sells advertising space on more than 200 websites operated by these publishing houses. It is therefore in an excellent position to offer customized advertising

Permanent innovation is the name of the game

these subject areas. At the same time, new content and features—including articles, videos, podcasts, slideshows and web columns—are always being introduced in order to attract and retain users. At present, there are more than 50 blogs contributed by *The New York Times* journalists on NYTimes.com. Other products, such as newspaper articles linked to Google Earth, are in the planning stage.⁹ The company has therefore abandoned its paid content initiatives, including “TimeSelect” which had been in existence for less than two years when it was discontinued in

on breaking news on their cell phones. Another new feature is an application that allows readers to read *The New York Times* articles online or offline and view photos using their iPhone. They can even personalize the service to increase their viewing enjoyment.

Although there has been some talk of combining *The New York Times* and *International Herald Tribune* websites, a decision has yet to be made. Stephen Dunbar-Johnson, publisher of the *International Herald Tribune*, has argued that the combined website would extend the global reach of both papers and make

campaigns with maximum reach. According to Dana Hayes, Interim CEO of quadrantONE, these web pages give advertisers simultaneous access to millions of people in the country’s most lucrative markets.¹¹



expanding it's **online** presence



12 www.hearst.com/magazines, 12 August 2008
13 www.hearst.com/magazines, 8 July 2008
14 www.hearstdigital.co.uk, 13 August 2008

The Hearst Corporation-

Focus on Mobile Content

The Hearst Corporation, founded in 1884 with registered offices in New York, is one of the world's oldest and largest media groups. Traditionally, Hearst Newspapers and Hearst Magazines formed the company's largest business segment. This segment publishes 16 daily newspapers including *The Houston Chronicle* and *San Francisco Chronicle*, several periodicals and 18 life-style magazines such as *Cosmopolitan*, *Esquire* and *Marie Claire*. With more than 150 additional international editions (59 of which are *Cosmopolitan* editions) and 20

healthcare and electronics, are regarded as meaningful additions to its portfolio. In the 2006 financial year, the Hearst Corporation, with almost 17,000 staff, generated US\$4.5 billion in revenues. The Hearst Magazines sector alone contributed US\$2.1 billion.

The Hearst Corporation has an extremely diverse portfolio of products, yet even it is affected by radical changes in the print industry. To counter this, the company concentrates on expanding its online presence, diversifying it by acquiring websites and creating localized content

viewers globally— one in every ten internet user in the target group.

In addition, Hearst Magazines, in cooperation with MSN, is developing Delish.com, a website on recipes and food-related information. Immediately after its launch in the autumn of 2008, it was said to rank among the ten most-visited food sites on the internet. Advertising space on the website is sold by the MSN sales department. John Loughlin, Vice President of Hearst Magazines, expects to increase coverage considerably by working

diversifying by acquiring web sites and creating localized content

titles published by the British subsidiary, National Magazine Company, Hearst Magazines is one of the world's largest publishers of monthly magazines.¹²

The company has long placed importance on expanding the scope of its business and owns more than 26 TV and radio stations (including the ESPN sports TV channel), plays an active role in the production and distribution of TV and radio shows, and operates Hearst Business Media, a sector with more than 20 professional information services, online databanks and publications. Even investments in sectors which are not directly related to the company's core business activities, such as IT services,

for local newspaper websites.

Since March 2006, the Digital Media arm of Hearst Magazines has been developing online and mobile strategies for Hearst Magazines brands. It has already created, revised or acquired 23 websites and nine mobile sites. The shopping community, kaboodle.com, where users can exchange product information and obtain advice, and the entertainment platform, UGO.com, were among the online acquisitions. UGO.com, which includes movies, sports, games, women and comics as subject areas, predominantly addresses the coveted target group of men between 18 and 34. UGO.com reaches 28 million

together with MSN.¹³

The Hearst Corporation's subsidiary, National Magazine Company, has a particularly interesting strategy. The company founded Hearst Digital to offer wide-ranging content and thus increase sales of advertising space. The British editions of *Cosmopolitan*, *Harper's Bazaar*, *Good Housekeeping* and other publications are bundled on hearstdigital.co.uk where they receive 40 million monthly clicks from around four million women in the United Kingdom and Ireland.¹⁴



When expanding its existing online presence, Hearst places particular importance on developing and marketing mobile services. Hearst Magazines Digital Media owns nine mobile websites—such as *Cosmopolitan*, *Esquire* and *Marie Claire*—making it the largest publisher of mobile magazine content in the United States. Combined, the Hearst Corporation group's mobile sites receive more than four million hits per month. In February 2008, Hearst Magazines Digital Media announced that it would join the Nokia Media Network,¹⁵

which, in 2007, generated an additional six million clicks per month. Another example is the website of the *Albany Times Union*, a Hearst newspaper. The Albany sports stadium sells its tickets exclusively through this site, thus expanding the user group beyond existing readers. Hearst Newspapers also hope to prolong visits to its local sites by introducing user generated content in the form of videos and blogs.

Hearst companies are also intensively testing technical innovations, even if they require large initial investments. For

LLC together with MediaNews Group and Lee Enterprises. Kaango develops software for creating and administering small ads. There are plans to develop the kaango.com website into an online marketplace for small ads similar to eBay subsidiary Kijiji or Craigslist.¹⁹ Hearst is also involved in the Newspaper Consortium—a network comprising 779 local newspapers (the equivalent of almost 32 percent of all US daily newspapers) that cooperates with Yahoo!. Each daily newspaper distributes its content on the Yahoo! network and

a marketing network for mobile websites that can reach more than 100 million cell phone users.

Unlike Hearst Magazines, Hearst Newspapers relies on the regional focus of its portfolio when carrying out its internet activities. It plans to eventually combine the websites of each local newspaper into regional websites. Hearst Newspapers plans not to focus solely on the classic function of news websites, but to obtain a specific understanding of each local market and to reflect that knowledge on the websites.¹⁶ As such, The Houston Chronicle website has a local news section for regional high school sports,

example, the 75th anniversary issue of *Esquire* magazine came with a limited-edition electronic ink cover, with moving words and flashing images.¹⁷ A mini battery supplied the cover with enough electricity for 90 days. In the long term, this technology could make it easier and cheaper to publish information, but at present it is still in the development phase. 100,000 issues of a total 725,000 anniversary issues of *Esquire* were published with electronic ink covers.¹⁸

Hearst also enters into strategic alliances with other media companies in order to develop its online business. One example is the acquisition of Kaango

thus achieves higher visibility for its website and markets its products via search engines. *The San Francisco Chronicle*, a Hearst newspaper, recorded a 40 percent rise in sales revenue in the search engine marketing sector since joining this consortium. The formation of quadrantONE is the latest development in the area of strategic partnerships. The agency was founded in cooperation with rivals The New York Times Company, Tribune Co. and Gannett in February 2008, in order to market the participating publishers' advertising spaces across different markets (see previous section on the New York Times Company).



placing particular importance on **mobile** services



15 www.hearst.com/magazines, 11 February 2008
16 www.hearst.com/magazines, 13 August 2008
17 www.egsquire.com, 8, September 2008
18 <http://www.foxnews.com/story/0,2933,419021,00.html>
19 www.hearst.com/magazines, 13 August 2008

The Guardian Media Group-

Growth by Globalization

The Guardian Media Group is one of the United Kingdom's leading media groups. Founded in 1821, its first publication was the liberal *Manchester Guardian*. Since 1936, the company has been owned by Scott Trust, which was founded to protect the newspaper from political and financial influences. Today, the group's headquarters are in London and it employs just under 7,250 staff. The publishing group's portfolio includes national and regional newspapers, local radio stations, magazines, websites and

following *The Sun*, which is the market leader with an average circulation of 3.1 million, *The Daily Telegraph* (858,000) and *The Times* (612,000).²¹ The guardian.co.uk website is the news site with the largest coverage in the United Kingdom with a record of 20.5 million unique hits (June 2008). GMG Regional Media publishes 41 regional newspapers and their websites, including *The Manchester Evening News*, and also operates regional TV stations such as Channel M for Manchester.

leading international specialist publisher and event company, Emap.

It is part of the group's strategy to develop its existing online presence and to invest in multimedia offers with future prospects. By diversifying its portfolio, it hopes to no longer rely on income from national print media and the small ads market. Since 2007, the group has owned thinkproperty.com and several software providers for independent real estate agents. Carolyn McCall, Manager and Chief Executive of the Guardian Media

on the way to **changing**

professional services. In the 2007/2008 financial year, which ended on March 30, 2008, the group generated sales revenues of 502.1 million British pounds (GBP). Revenues from digital businesses amounted to GBP85.1 million.

The liberal daily newspaper, *The Guardian*; the Sunday paper, *The Observer*; *The Guardian Weekly* magazine; and the internet site, guardian.co.uk, are published by Guardian News and Media. *The Guardian* is the group's flagship publication and, with an average circulation of 347,000 copies²⁰ (June 2008), has the ninth largest circulation of daily newspapers in the United Kingdom,

Trader Media Group, which publishes the automobile advertising magazine and website, Auto Trader, and other publications and websites, is another sector of the Guardian Media Group. The autotrader.co.uk website is Europe's largest automobile small ad website with up to 10 million viewers per month (March 2008). For the second year running, this sector has generated the largest share of its sales revenues from digital transactions. In 2007, the group decided to sell 49.9 percent of its stock to the private equity firm, Apax Partners. It used the proceeds—again in cooperation with Apax—to acquire a

Group, stated in the 2008 management report that the Group was on the way to changing from a publisher of printed media to a multimedia corporation.²²

The Group's next goal is to increase the international coverage of the guardian.co.uk website. Just under 60 percent of guardian.co.uk viewers (more than 12 million in June 2008) access the site from outside the United Kingdom. There is also growth potential for online advertising income. The "Guardian America" column, containing content for the US market, was introduced in order to make news and comments



from a publisher of printed media to a **multimedia** corporation



20	ABC Group Reports: "Guardian Media Group," June 2008
21	Audit Bureau of Circulations (ABC) sales figures for daily national newspapers in July 2008
22	Guardian Media Group, "Annual Report and Accounts 2008"



the group's website can be seen as an **innovative** forerunner

- 23 New Media Age, "The Guardian seeks mobile agency to broaden small-screen offerings," 15 May 2008
- 24 ABC Group Reports: "Manchester Evening News," November 2007
- 25 www.timesonline.co.uk, "Historical landmarks at The Times," 15 August 2008
- 26 www.guardian.co.uk, 14 August 2008

more interesting for American readers. A new partnership with Reuters, which was formed to sell advertising space to US clients, is one more step towards achieving global coverage. In 2007, the group invested GBP19 million into restructuring the news site and re-introduced the website network with a new design and improved functionality under the name of guardian.co.uk. Since 2007, The Guardian and The Observer archives, which include articles from the time the newspapers were launched, in 1821 and 1791 respectively, to 2000,

website in the United Kingdom outside London.²⁴ Much of the new content on this site is largely regional. In January 2008, thejobsmine.co.uk, a search engine for jobs in the Manchester region, went online. There are further plans for a regional real estate site as well as local entertainment sites containing “What’s on” sections.

In comparison to rival publishers, the Guardian Media Group started its online activities relatively late. Its network of group websites, Guardian Unlimited,

have been available on the website for a fee. According to media reports, the group also plans to expand its mobile site guardian.co.uk/mobile.²³

The Guardian Regional Media sector focuses on developing local special interest content, as opposed to globalization attempts by national publications. Since they were re-designed, traffic at the 17 news websites published under the parent site, manchesteronline.co.uk, have increased considerably. Manchesteronline.co.uk, which has just under 1.5 million visitors and more than 9 million page impressions, is the largest regional

went live in January 1999. In that same year, *The Times* sites, which had been launched three years prior, published a story online before it appeared in print.²⁵ By March 2001, however, Guardian Unlimited had grown into the most popular news website in the United Kingdom with 2.4 million users.²⁶ Since then, the group’s website can be seen as an innovative forerunner with features such as forums, a dating service, RSS feeds and e-commerce. Since 2004, The Guardian and The Observer have been available as digital editions, and the “Comment is Free” blog, established in 2006, is now the leading commentary blog in the country.

Agora S.A.–

From Revolutionary Paper to Multimedia Group

Agora S.A. Group, founded in 1989, is a Polish media company with headquarters in Warsaw. Listed on the Warsaw and London stock exchanges since 1999, the group recorded 1.28 billion Polish zloty (PLN) in revenue in 2008 and employs 3,500 staff. Poland's most influential daily newspaper, *Gazeta Wyborcza*, is part of the group. Its foundation harks back to the talks at the "round table."²⁷ The first edition of *Gazeta* appeared four weeks before the elections, shortly after the communist leaders allowed the

and publishes 23 local editions. The *gazeta.pl* website is one of the most visited websites in the country with more than 6 million visitors and 430 million clicks per month.²⁸ In addition to traditional news, the site offers features such as forums, dating, user-generated blogs, e-mail services and a jobs search engine. Since June 2007, headlines and commentaries from *Gazeta Wyborcza* have also been available online in English. A mobile site, *gazeta.mobi*, was launched in January 2007

well as a broad spectrum of themed sites with additional audiovisual content (e.g. *Sport.pl*, *Tivi.pl*). In June 2008, Agora acquired *Trader.com*, comprising four advertisement websites and six advertisement publications for automobile and real estate advertising, and thus expanded its content even further. In 2008, online advertising revenue amounted to PLN15.2 million, a 36.9 percent year-on-year growth.³⁰ Still, revenue from online advertising accounts for only 1.7 percent of the



Solidarnosc to establish an opposition paper. Agora's portfolio also includes the free paper, *Metro*, 15 magazines with a combined monthly circulation of 13 million (2007), book and DVD collections, advertising papers, radio stations and several websites. AMS, the largest provider of external advertising in Poland, is the second pillar of the group.

The liberal *Gazeta Wyborcza* is the group's flagship with an average circulation of 411,000 (2008). It is the second largest national daily paper in Poland after the tabloid-style *Fakt*, published by Axel Springer Verlag. Today, the paper employs around 800 journalists

Both the printed and online versions of *Gazeta* are popular with advertisers. In 2008, revenues from advertising in the printed version was approx. PLN485.8 million accounting for about 43 percent of the entire printed advertising market in Poland.²⁹ Online ad revenues from the *gazeta.pl* website accounted for the largest part of the company's digital sales revenues.

The group's online portfolio includes a total of 65 internet services, including the news site, *Gazeta.pl*, several small ads and community sites (e.g. *Autotrader.pl*, *GazetaPraca.pl*, *GazetaDom.pl*) as

group's total sales revenue of PLN916.1 million. This, however, is expected to grow this current year in light of the fact that the internet has been the sixth most important advertising resource in Poland since 2006, and 3.9 percent of national advertising income was generated by online advertising.³¹

The group's president stated in the 2007 annual report that Agora "will add new revenue streams and change the Group's revenue structure, so that in three years the majority of our revenues will come from activities other than newspaper publishing."³² The group hopes to achieve this by gradually expanding its existing

portfolio and acquiring and developing further internet services and themed products. The acquisition of Trader.com and the introduction in 2007 of the internet TV station, Tivi.pl and the internet radio station, Tuba.fm, were the first steps in this direction.

Thomasz Jozefacki, who is the Agora board member responsible for the internet segment, sees the company's future in the development of content for all media channels: print, online and mobile. Jozefacki states, "We see

site Photoblog.pl in order to increase its coverage of internet users between 15 and 24. Furthermore, it cooperates with VideoJug.com, one of the world's largest real-life video sites and, since the summer of 2008, it has been providing mobile content for cell phone companies PTK Centertel and PTC Era-Tmobile Poland.

In the initial years, Agora will not pursue globalization, but will focus on the Polish market. At the most, it will invest in neighboring countries such as Ukraine.

- 27 Discussions at the "round table" in 1988 - 1989 were essential for Poland to transform from a communist country to a democratic republic. The governing Polish United Worker's Party, opposition union Solidarnosc, representatives of the Catholic Church and other groups took part in these talks
- 28 Premium Publishers Online, Newsletter 05/2008
- 29 Agora Group report for the fourth quarter of 2008 19-02-2009
- 30 Ibid
- 31 The Polish online advertising market 2007/2008, VDZ, September 2007
- 32 Agora S.A. Management Discussion and Analysis for the year 2007 to the Financial Statements
- 33 Horizont, "Coca-Cola-Formel für Print," 5 June 2008
- 34 DPA-AFX, 31 July 2008

development and content for all **media** channels

ourselves as 'content creators' and seek tight cooperation with providers of internet services that a media house does not necessarily have to invent and provide itself."³³

One example of this is the cooperation with Microsoft. Since 2008, Agora has been the only marketing company for advertising space on MSN.pl. In Jozefacki's opinion, digital social networks are the best way to generate traffic and coverage for his own advertising-related online sectors. In May 2008, for example, Agora started to cooperate with the popular photo

This is notable as Agora itself does not remain unaffected by foreign publishers' globalization efforts. In particular, the German publishing house, Axel Springer Verlag, became a major competitor by expanding into the Polish market where it is now a key publisher. At the moment, Axel Springer seems to be interested in acquiring a stake in the small Warsaw TV station, Superstacja, which Agora is also interested in.³⁴

Time Inc.–

The Future is Online Video

The publishing house, Time Inc., is part of the world's largest media group, Time Warner Inc., which includes Warner Brothers film studios, several TV stations such as HBO and CNN, and the internet provider, AOL. At the beginning of 2008, Time Warner Inc. acquired the social network, bebo.com, for US\$850 million and integrated it into AOL's product portfolio. In addition, Time Warner Inc. holds a majority share in the second largest US cable network provider, Time Warner Cable Inc.

With just under 120 globally published

steadily. Martin said that in 2008, digitally generated earnings accounted for almost 15 percent of Time Inc.'s total sales revenue. The group therefore hopes for growth through digital activities in the future.

Unprofitable publications such as *Teen People*, *Business 2.0* and the renowned *Life* were discontinued. In addition, the Time4Media and Parenting groups, including 18 niche publications, were sold to a subsidiary of the Swedish media company, Bonnier AB. This was based on the strategic decision to develop only

addition to content from the printed magazines), videos and communities.

Compared to their domestic and international competition, Time Inc. started its online activities relatively late. Until 2005, most of its magazine websites did not have ads. In recent years, however, it has invested heavily in their digital business and has transformed from a magazine publisher to a publisher of quality digital and printed content.

In January 2008, the *Time* magazine website, Time.com, was remodeled in

growth through digital activities

titles such as *People*, *Time*, *InStyle*, *Sports Illustrated* and *Fortune*, Time Inc. is the largest magazine publisher in the United States. Through its subsidiaries, IPC Media and Grupo Editorial Expansión, it is also among the leading publishers in the United Kingdom and Mexico. In the 2008 financial year, sales revenue from the publishing sector amounted to approximately US\$4.6 billion. This was a 7 percent decrease from the previous year, due partly to a 10 percent (US\$279 million) decline in advertising revenues. This was offset somewhat by an increase in online revenues (\$57 million), led by People.com, CNNMoney.com and Time.com.³⁵ According to John Martin, CFO of Time Warner Inc., earnings generated by the digital business sector are increasing

the core magazine brands digitally and to divest smaller fringe products.³⁶

In March 2008, Time Inc. recorded a total of 28 million users on its websites, a year-on-year increase of 45 percent.³⁷ The *Time*, *Sports Illustrated*, *People* and *Fortune* websites were particularly successful.

Time Inc. does not invest in diversifying its portfolio like other publishing houses, but concentrates on expanding its existing online contents. These will be developed into leading websites with a wide range of extra features for the sports, entertainment and financial sectors. Their development focuses on practical tools and personalization, in-depth and online-only content (in

both design and breadth of services. New blogs by *Time* journalists commenting on political and cultural subjects were introduced and the complete *Time* archives from 1923 was added as a free service. These improvements seem to have had an immediate impact judging from the increase in unique hits to 5.1 million in April 2008, up 28 percent from the same month of 2007.³⁸

A majority of Time Inc.'s online advertising income is generated by the *Sports Illustrated* and *People* magazine sites, si.com and people.com. In 2007, Time Inc. acquired the sports community site, FanNation.com and integrated it into si.com. This acquisition had increased

- 35 Time Warner Inc. reports results for 2008 full year and fourth quarter, press release, 4 February 2009
- 36 Advertising Age, "Moore power to you, Ann," 5 March 2007
- 37 New Media USA - Trends and Insights, emediaSF Newsletter July - August 2008
- 38 New Media USA - Trends and Insights, emediaSF Newsletter July - August 2008
- 39 Digital Media, "Desmond preps Time Inc. for social future," September 2007
- 40 The option to download digital video material on demand from an Internet content or service or to view it directly via video stream using appropriate software
- 41 Kontakter article: "Batman rettet die Bilanz. Weil Kino und TV prosperieren, sollen nun auch die Zeitschriften Filme produzieren," 11 August 2008
- 42 FolioMag.com, "Time Inc.. Digital Revenues Up US\$20 Million, Offsetting Weaknesses in Print," 1 May 2008

si.com's monthly hits to more than 4 million by September 2007.³⁹ People.com is the leading entertainment news site in the United States with approximately 750 million clicks and 8.6 million visitors per month. In addition to its English-language site, People now has a bilingual site, PeopleEnEspañol.com, targeted primarily at Spanish-language speakers in the United States.

Online videos are at the core of the publisher's online strategy. Time Inc. Studios, founded in 2007, is a company-owned studio for the

comprising the contents of Time Inc.'s finance magazines, Fortune, Money and Fortune Small Businesses, had recorded almost 19 million video requests per month compared to an average of one million requests in the previous year.⁴² On the InStyle.com website, the number of videos viewed also increased from an average of 70,000 in February 2007 to more than 600,000 per month at the beginning of 2008.

Health Magazine's Health.com was also expanded and re-introduced with new features at the beginning of 2008.

in the United Kingdom. In 2007, IPC Media, the group's British subsidiary, acquired TrustedReviews.com, which provides product ratings for consumers. The company introduced its own websites, including HouseToHome.co.uk, which provides tips on interior design, decoration and products. In June 2008, it acquired the online game site, mousebreaker.com, which offers more than 200 internet games free of charge. IPC Manager Eric Fuller believes this to be a strategic investment, as site visitors are predominantly young British



production of digital video content for Time's various online services. The studio produces videos for websites as well as content for mobile, TV and VoD (video on demand) services.⁴⁰ By producing content in-house, the company seeks to compete with TV stations for advertising income. The videos also encourage users to spend more time on the company's websites. The company also has plans to produce movies and documentaries based on printed articles in cooperation with the production companies, The Collective and XYZ Films.⁴¹

This video strategy has already proven successful. Several websites have been recording a rapid rise in viewership. By the beginning of 2008, CNNMoney.com,

Online content now includes medical reports and information, videos and a community. The new Health journeys, which can be viewed on the website, are particularly innovative. The most viewed ailments (e.g. breast cancer and diabetes) are illustrated from the recognition of symptoms via the development of the disorder to recovery, complemented by content such as doctors' recommendations, experience reports and clinical information. In the United States, more than 50 million people a month inform themselves about health issues—and Time Inc. wishes to have a share in this target group.

The development of digital business is also important to Time Inc. operations

men—an attractive target group for advertising clients.

In April 2008, Time Inc. was awarded the Publishing Innovator of the Year prize by the American professional journal, Publishing Executive. The award pays tribute to innovative ways of supporting the print industry such as the newly developed subscriber service, Maghound. Readers can subscribe online to magazines and choose several publications at the same time (e.g., three for US\$4.95 or five for US\$7.95). The advantage is that readers can change their choice of publications on a monthly basis and are not bound by long-term subscriptions.



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