

Routes to success for b2b publishers' websites

A survey by the International Federation
of the Periodical Press



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1. Introduction and objectives

FIPP has conducted a study of 35 successful websites operated by business-to-business publishers around the world.

The survey's objectives were:

- to examine good practice online
- to learn about the ways in which these publishers measured and achieved success
- to share some of the lessons about using the new medium in conjunction with printed publications

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 new online products, attracting subscriptions, or in any other way a publisher chose to measure success against defined objectives.

It was not part of the objective to draw a statistically representative sample of websites.



2. Summary of findings

1. Successful website operations were fairly evenly divided between those that were centralised (the whole company's online activities handled centrally) and those that were devolved (each publication developing its own website).
2. Almost all websites had multiple objectives. The most common ones, applying to most sites, were to expand the audience beyond the print publication's audience base and thus widen the brand's franchise; to use the site to attract new readers for the print products; and to create new revenue streams and profits in the long term. Other objectives which applied to around half of the websites were to increase the brand's product lines; and to provide web advertisements as added-value for advertisers in the print publications.
3. Three-quarters of these successful websites were updated daily, and sometimes throughout the day.
4. There were many different services on offer by the sites, but the four prime ones, available on about three-quarters of sites, were archive retrieval; selling subscriptions to the print publications; the provision of editorial content that is not in the print products; and emailed newsletters with hyper-links to more detailed information on the website.
5. About half the sites had e-commerce capability, where customers pay online. The most common things on sale this way were subscriptions to the printed products, subscriptions to online services, and conference/exhibition registrations.
6. About half the sites had a members-only area, accessible through a special subscription or through subscribing to the print publication. The main types of information in these areas were news updates, archives, other editorial material not in the magazines, and various databases.
7. Most of these successful websites attracted very worthwhile new audiences. Three-quarters reported that they had gained significant numbers of new users who do not read the print products – and most of these sites said the new web-only customers amounted to 20% or more of their print audience.
8. The services which attracted new web-only customers fell under three headings: those depending on speed of delivery and frequent updating (e.g. news); those depending on the web's infinite storage capacity (e.g. archives of past editorial content, or databases); and other editorial content not in the magazines (e.g. competitions).



9. The number of unique visitors per month, and page impressions per month, varied considerably from site to site. Some sites claimed between one and three million page impressions per month, while a few others claimed less than 10,000. Almost all of the successful websites reported that their audiences were growing compared with a year ago – mostly with gains of 20% or more.
10. There is no simple direct relationship between profitability and size of audience. Small audiences within key niche markets can be profitable, while large audiences on wider markets may not be.
11. 40% of websites said that on the internet they were mainly facing competitors who were not their familiar print rivals. The internet has a much wider array of information suppliers, and the perception of who is a competitor sometimes has to change. Often the websites' competitors included sites from the companies who were advertising in the print publications. Sometimes websites operated from another country were significant competitors.
12. About half of the total funding for our respondents' websites came from online advertising and sponsorship. With about one eighth of income coming from subscriptions from online users, these three sources of earned income (advertising, sponsorship, subscriptions) accounted for just over six-tenths of funding. For individual sites, however, the profile was often very different.
13. More than two-thirds of these successful publishers have gained advertisers on the web who do not advertise in the print products. The aspects which attracted the new advertisers were the wider audience (often including an international element); the fact that site visitors are good sales prospects because they are purposefully searching for relevant information; the interactivity, speed and flexibility of the web; the low cost of advertising; and the web's accountability.
14. Most B2B publishers were not judging success in terms of profitability at this early stage of exploiting and understanding the medium. Only about a quarter of sites are making a profit. A fifth of sites are breaking even. Almost a half of sites which are judged to be successful are making a loss.
15. Significant barriers to success with B2B websites were the initial low or negative return on investment; insufficient funds for web development; pressure to focus on printed products; and the bad image of the internet since the dot.com crash of 2000. There were also staff problems: resistance by existing employees who work on print products, and finding staff with the right skills to work on the web.



16. Informants volunteered a wide variety of lessons they had learned from their experience of developing successful websites. There were many detailed points, but some of the broader themes were: develop step by step, and keep expectations modest; don't expect a profit too soon; think carefully about whether to organise the web operation centrally or to devolve it to individual magazines/brands; investigate thoroughly what information the market wants delivered via the web; ensure that the web content is well integrated with the printed publications' content, so that each adds value to the other; and keep the site simple to use and navigate.
17. There is no single, simple way of achieving one's website objectives, because many of these successful publishers have taken different approaches from one another. Instead there are a variety of routes to success on the web, depending on the circumstances.

3. Method

Publishers were approached directly and via their national associations. Questionnaires were emailed to respondents, completed on-screen, and emailed back to FIPP. The fieldwork was conducted in autumn 2002.

A total of 35 questionnaires were analysed. They came from all major regions of the world: Europe, North America, South America, South Africa, Asia and Australasia. Numerically, Europe was the continent that was best represented.

A wide range of industry sectors were represented, including accountants, lawyers, hotels & restaurants, media & communications, customer care, iron & metal, engineering, financial services, transport & logistics, nursing, travel, education, IT, telecommunications, sports business, retail, agriculture, construction, energy, textiles, commercial property, automobiles, professional services, and manufacturing or business as a whole.

The survey was both quantitative and qualitative in nature. Some questions required boxes to be ticked, others asked for write-in replies in the respondents' own words. Reporting in this document is expressed in terms of broad proportions rather than percentages, since the sample size of 35 informants – while well up to expectations – is insufficient as a base for precise statistics.

For further technical information about the survey, please email guy@fipp.com



4. Organisation of web operations

The web operations were fairly evenly divided between those where online activities are handled centrally for the whole company by a single business unit with a dedicated web team, and those where each publication develops and manages its own website.

A minority used a combination of these two approaches, or some other arrangement. However in our sample there were no examples of online activities being mainly out-sourced – though in a few cases certain parts of the work was out-sourced.

5. Websites' objectives

Almost all the websites had multiple objectives, but sites varied in what those objectives were.

The most common objective, cited by more than four-fifths of respondents, was to expand the audience beyond the print publication's audience base, by creating an online audience which included non-readers of the publications. In other words, widening the brand's franchise.

Two other objectives were almost as popular. One was to use the website to attract new readers for the print products. The other was to create new revenue streams and profits in the long term.

A little over half of respondents had as one of their aims the intention of increasing their product lines, through creating such products as news flashes, archive retrieval, editorial supplementary information, and so on.

Around a half of websites wished to provide website advertisements as added-value for advertisers in the print publications.

Less common objectives, mentioned by under a third of respondents, were to form online partnerships with others in order to develop more powerful services; to create new revenue streams in the short term; and to discourage the print product's audience from drifting to other online sources such as those run by competitors.



6. Websites' content

Most of these successful websites made use of the internet's great asset of instant distribution of information. Three-quarters of sites were updated daily, which often meant throughout the day as distinct from just once a day. The remaining quarter of sites, almost without exception, were updated weekly.

There were four prime services offered by the websites, each service being provided by about three-quarters of sites.

One was archive retrieval, taking advantage of the web's infinite storage capacity. Another was selling subscriptions to the print publication(s). A third was the provision of editorial content that is not in the print products. The fourth was emailed newsletters which gave hyper-links to more detailed information on the website.

Rather less than half of sites offered a rapidly-updated newflash service.

Only about a quarter of sites provided offers and discounts exclusive to subscribers, or services designed for PDA/handheld computer access. Very few sites had services designed for mobile phone access.

Half the sites had e-commerce capability for online product sales, where customers pay online. Most of these sites sold subscriptions to the printed products this way. Around half of the e-commerce sites offered subscriptions to online services, and conference/exhibition registrations. A few sold archive or database material, or single copies of the printed magazines, and there was a scattering of other products which could be bought and paid for electronically, including books.

About one third of publishers charged users for access to some part of the website. Among those who did charge for access, the majority charged only for certain parts of the site, rather than the whole site. In a few additional cases the subscription to the printed magazine included access to a closed-off section. This meant that about half of websites had a members-only area.

The types of material in the members-only sections included news updates, archives, full-text searchable database, pdf versions of the printed publication (intended primarily for print subscribers living abroad), online features and columns, and even online software for modelling and data manipulation. On a few sites the full-length stories were subscription-only while the headlines and stand-firsts were free.



7. Audiences attracted

Within each industry sector, the types of individuals targeted can be summarised broadly as ‘decision makers’ – management, professionals, technical or engineering executives, and so on, as appropriate for the particular industry.

The websites are frequently attracting very worthwhile new audiences. Three-quarters of publishers reported that they have gained significant numbers of new users to their website who do not read the print products. Among these, two-thirds found or judged that their web-only new audience was 20% or more of their print audience size, while the other third said it was less than 20%.

One particular advantage of the web was reflected by the respondent who commented that “it gives us an international audience (50% of all visitors) for a local magazine”.

The online services which mainly attracted the new users who did not read the publisher’s own magazines can be grouped under three headings:

- Services depending on speed of delivery and frequent updating: daily news (especially when updated throughout the day), daily emailed newsletters and alerts (with hyper-links to the website), jobs, and information about deals.
- Services depending on the internet’s infinite storage capacity, and/or ease of searching: content archive going back several years, in-depth product research, industry research, benchmarks, directories of suppliers (in one case, with no disclaimer about accuracy but instead offering rewards if an error is found), other databases, and downloadable files.
- Other editorial content (not dependent on speed or storage capacity) which is not in the printed products, including competitions.

The number of visitors to the sites each month – ‘unique users’ – varied enormously, but nine-tenths of sites fell in the range 1,000 users to 100,000 users per month.

The number of page impressions per month varied considerably too. About a quarter of sites claimed between one million and three million page impressions, while at the other end of the scale two sites reported less than 10,000.

While a very large audience is obviously attractive, small audiences within key niche markets can also be profitable. In fact, no direct relationship was



found between profitability and size of audience: this is examined later, in the Profitability section.

The trend in audience numbers is very positive. No-one said the number of site visitors is currently lower than a year ago. About a tenth declared that the number was about the same as a year ago. Apart from one site that was less than a year old, the rest reported that their audience had increased – and of these, about three-quarters had increased by more than 20%.

The profile was almost identical for total page impressions.

8. Competitive websites

On balance, the publisher websites' online competitors are seen as being mainly the same companies as the publishers' print competitors, rather than mainly different companies. The split was about 60:40.

Nevertheless even 40% of websites saying they were mainly facing competitors who were not their familiar print rivals is a striking finding.

For printed magazines, the competitors are normally perceived as other magazines serving the same market with broadly parallel editorial content. By entering the new medium of the internet there is immediately a much wider array of information suppliers, and the perception of who is a competitor has to change. Moreover there are two markets in which publishers' websites are competing: the advertisement market and the information market. In the former, the competition is confined to those websites which carry advertising – still a wider group than print publishers alone, but narrower than the range of competition providing 'editorial' information.

As far as editorial content is concerned, the competition could be perceived as all those organisations within the relevant industry sector who are operating effective websites. For example, one respondent whose online target audiences include the legal and accountancy professions listed as his competitors "universities, Department of Finance, Department of Justice, different courts, etc"- the "etc" standing for a very long list of other types of organisation.

One or two respondents specifically mentioned software companies as being major competitors online. One said "our main competitor online only offers an online service and no regular hard copy product".



More generally, “the web has created opportunities for new competitors to emerge”.

Competitors include the companies who are advertising in the print publications: as another respondent wrote, “clients’ own websites are the competition”.

Online competitors may also come from abroad. While an industry’s print magazine market within a country may typically be confined to the home country, the online market may well have a strong international element, as several respondents reported – for example “international news services for the sector”.

Competitors are of course a source of ideas for one’s own use. One respondent wrote “our competitors have a much more serious online strategy which could be an inspiration for our future websites”.

The inspiration was going to be the other way round for another respondent, who remarked that “our direct [print] competitors are not online yet – giving us a huge advantage in both opportunity and market perception”.

9. Sources of revenue

About half of the total funding for our respondents’ websites came from online advertising and sponsorship.

About a quarter of the money came from internal funds provided centrally.

The remaining quarter was divided evenly between internal funds from relevant publications, and subscriptions from online users.

Grouping this information another way, earned income (advertising, sponsorship, subscriptions) accounted for just over 60% of funding, while just under 40% came from internal funds.

Most individual websites did not conform to this global profile however. Some were 100% funded by advertising and sponsorship, some were 100% funded by internal budgets, and there were varying profiles in between.

For the great majority of websites the proportion of total web income which came from advertising and sponsorship was roughly the same a year ago as it is now. For the future, a modest shift in the pattern was predicted. Fewer sites were expected to depend 100% on revenue from advertising and



sponsorship, and in general this source was anticipated to become rather less important as other revenue sources were built up.

10. The web's ability to attract new advertisers

Just over two-thirds of publishers have gained new advertisers on the web who do not advertise in the print products.

The new advertisers were attracted by several characteristics where the web has an advantage over printed publications:

- The wider audience offered by the website. In some cases this simply means more people from within the same industry sector. In other cases it can mean drawing in people from different but related sectors: "in different businesses than would be appropriate for our print publication". The wider audience sometimes includes a global aspect. For example, one respondent wrote "telecoms advertisers like the global reach of the site (the magazines are primarily European based)".
- Online visitors are seen as particularly good sales prospects because the web is mainly used for purposeful searching of information, and if they arrive at a certain page of the website it means they are very interested in what they expect to find there.
- Interactivity of the medium. One can go straight from the advertisement to the advertiser's own website, and take further action online (e.g. placing an order).
- Speed. Time-sensitive messages can be distributed. Advertisers can work on faster time-scales than with weekly or monthly magazines. The target audience can be reached on a daily basis, rather than weekly or monthly.
- The flexibility of the medium. For example a publisher's website for engineers and technicians has set up a database of CVs, to complement the focused job advertising on the site. New electronic products can be created. As mentioned above, links can be created for an advertiser between his advertisement in the magazine and his online content on the publisher's website.
- The low cost of advertising on the web.
- The accountability of the medium. It is easier to test and track one's own advertising. The advertiser can see immediacy of response, if the advertisement calls for it.

There is very little tracking of the extent to which readers of the print products are led directly from the printed page to the websites of the magazines' advertisers (as distinct from the publishers' own websites). Only



about a tenth of respondents claim to do this at all, yet the generation of such sales leads is one of the great services that business magazines can do for their advertisers.

11. Profitability

It will be remembered that our sample consisted of publishers who considered their websites to be successful, in whatever terms the publishers set for themselves.

For most sites success was not judged in terms of profitability, at this early stage of exploiting and understanding the new medium. Thus it is that only about one quarter of respondents claimed their website was making a profit at present – taking account of all relevant overhead and operating expenses.

A fifth of respondents said they were breaking even.

Almost half of these websites are making a loss.

A few informants said their accounting procedures don't show website finances separately.

There was no relationship between profitability and size of audience (unique users). When respondents' sites were ranked according to the number of unique users per month, and each site was coded according to whether it was making a profit, breaking even, or making a loss, there was no pattern. The profit-makers were scattered through the ranking in a more or less random-looking fashion, and the same applied to the breakeven and loss-making sites. To illustrate, the two sites with the largest number of unique users were making a loss. Among the three sites with the lowest number of unique users (all with 2,000 or fewer users), one was making a loss, another breaking even, and the third in profit.

It underlines again that a site with a very small but focused niche audience can be profitable if it has unique high-value information.

Over the last year there has been little change in one of the prime cost elements of operating a website: the number of man-hours invested in it. Almost a half of respondents said the current man-hours were about the same as 12 months ago. The remainder were fairly evenly divided between increased and reduced man-hours.



In the next 12 months just over half of publishers expected to expand their online efforts. The remainder expected to maintain their online efforts at about their current level. No-one expected to reduce their efforts – but then these are all self-declared successful websites, with the encouragement to press on.

12. Barriers to success

The questionnaire listed eleven potential barriers to success for B2B publishers in operating websites, and asked which ones are significant to the respondent.

The barrier most frequently chosen was the initial low or negative return on investment in the web: almost half of respondents were troubled by this.

Three problems ranked next, each selected by around one third of informants: insufficient funds for web development; pressure to focus on print products (hence shortage of time for the web); and the bad image of the internet since the dot.com crash of 2000.

About a quarter of respondents ticked two issues to do with staff: resistance by existing employees who work on print products; and finding staff with the right skills.

Just under a fifth found that one barrier was slow acceptance by internal management of the need for electronic products.

The other potential barriers on the list proved not to be serious ones in most cases, with only about a tenth or fewer choosing them: mastering the technology; rapid changes in the technology; rapid changes in one's sector's marketplace; and the sector being saturated with web offerings.



13. Lessons shared

The questionnaire closed with an open-ended request asking “what are the principal one or two lessons you would like to pass on about developing and operating your web strategy?”

There was widespread readiness to share experiences of operating websites. There was much agreement and a little disagreement. I have grouped the comments under a series of headings.

Develop step by step, and manage expectations

Many respondents advised developing in a well-planned step by step manner rather than investing very large sums and efforts from the beginning. Expectations should be managed carefully, toning down the natural high hopes of web enthusiasts. Comments included:

“Set expectations very low.”

“Take it slowly, step by step”

“Keep activities lean.”

“Don’t try to do too much at once. Technology needs constant and high levels of maintenance.”

“We found slower than anticipated acceptance of online product, due to the wait and see attitude adopted by traditional advertisers.”

“Developing an effective web offering does not have to cost thousands of pounds to develop but does require a very clear vision of what you want the site to achieve, and a commitment to make available the man-hours required to keep the content up to date.”

One respondent wrote at length about the reasons and rewards of a minimalist strategy:

“There are two ways to approach creating a website – investing a lot and taking a risk, or doing just enough to have a presence online. We chose the latter course and it has worked. It helped that we have no real competitor locally online. Make a decision to build a website based on a nil return for the first 18 months. Base your investment online on long term positioning and brand value only, and take a minimal approach at first. Spend as little as possible until your online readership base grows. It takes a long time to get visitor numbers to a steady number large enough to interest advertisers. The website

has helped our brand immensely and has assisted us to successfully launch a magazine in a market dominated by a competitor with a 50-year track record. The website made us look young and smart and the competitor look old and stale. Our magazine is now the largest retail business magazine in our country with triple the ad revenue of our competitor – and the website now pays for itself through sponsorship.”

Financial targets and discipline

Enthusiasm for the project should not lead to ambitious financial targets. Two informants advised:

“Don’t expect a profit too soon. In the early months keep advertising costs sensible, and dedicate resource to initiatives that make money, not nice-to-have/keep-up-with-the-joneses content.”

“It’s expensive and needs dedication and commitment for much longer than publishers are usually prepared for.”

Publishers should “run the business according to the ‘old economy’ rules.”

Organisation: centralise or devolve?

There was a degree of conflicting advice. One said “Centralise as much as possible.” Two others said:

“Moving responsibility for web operation from a central team to the various titles seems to be the right formula. We centralised only three years ago but in hindsight it was not the right thing to do. [Devolution] also increases involvement of editorial team, and ensures consistent brand equity and brand positioning.”

“Web operation is another way for us to distribute content, as are magazines and events. It works together, not separated. All employees must be able to work for web content, business, logistics, etc. Our people do not work just for web. There is not just a web operation. Web is everywhere, side by side with our offline products. All departments (editorial, business, IT, logistics, marketing) has web people thinking and working. These people are multi-function: they work for magazines, web and events.”

A fourth had found that the form of organisation needed changing from time to time:



“The way of organising web-production has to be changed much more frequently than in print-production. The organisation model that is successful in one period becomes a barrier for success in the next period.”

Management needs to maintain watchful control, for there is a danger of web enthusiasm getting out of hand. In one case:

“The portal was supposed to complement the magazine – instead it has a life of its own, whilst still being run by the original magazine team. In terms of work-hours, the portal is a bottomless pit.”

Content: assess what customers want

A customer-oriented investigation should be made of what information the market wants to have delivered via the web.

“Online expands the target group for print magazines,” and for the new audience it is necessary to “define the market” and “find out what they want quickly”.

However there was a warning about the need to assess whether what the online audience wants is really going to be profitable:

“The recipe for user growth is simple: news, news, news. But this recipe has only a vague connection to the recipe for commercial growth, which is services and conquest of selected electronic marketplaces.”

Size of audience is not necessarily directly linked to profitability.

Content: integration between print and website

Several respondents emphasised the need to make print and web products work together editorially:

“Aim for better integration between online and offline activities, between print products and website.”

“Added value to the magazines could be the right way to start an internet strategy. Do not copy your magazine but make services as added benefits for your subscribers.”

“Do not try to develop a website apart from your print magazine. Try to maximise synergies between them, to sell a complete product (print + online).”



The two media can also work together in cross-promotion, each encouraging users to go to the other.

Content: keep it simple to use

Many comments stressed that the content of a website is more important than clever graphics or functionality – for example, “Our site is more functional than graphically modern”. It is vital to make the site easy to use, simple to navigate, with fast loading pages and intelligent searching. Others emphasised the value of frequent updates to the information.

“Online is a separate medium with separate rules” which need to be understood and followed.

One respondent advocated developing electronic directories:

“Online directories are powerful if content is specialised, has depth and is accurate. Returns of 45%-50% pre tax profit as a percentage of sales makes it worth overcoming the hurdles.”

Another piece of advice was “do not give access for ‘nothing’ – collect data on visitors at the very least.”

