



## Digital News Media - A Business Case

The Newspaper Industry is entering another stage in offering digital content to its customers. The initiatives are prompted by the desire to offer additional products and services to customers in order to improve revenues. **How can that be done?**

This marketing paper is based on statements of industry executives about what is important to both their customers and their companies. It adds our view point at Soquel Technologies to the debate about this exciting business area.

Newspaper companies are convinced that their

content has great value. Especially the publishing side of each newspaper has been fighting hard to maintain high-quality journalism amidst the relentless cost cutting over the last two decades.

How can that great content be paid for?

The purpose of this article is to propose some specific food for thought on this issue. We would like to show some example **market segments** and highlight some **business opportunities**. Within this paper we will substitute the term "reader" with the term "consumer", in order to fully cover the possibilities that the transition to digital media offers: In addition



Figure 1

to reading journalistic content, the consumer can also listen to audio programs or view videos, all from their trusted source.

## The Digital Menu

Why will consumers choose your media site, and when would they pay for products ?

We have been told that the answer to the first question is **differentiation**. The general answer to the second question is that consumers will happily pay, when they can obtain an **excellent value**. That value, for example, could be presented in a well-selected collection of journalistic stories. Or it could be an in-depth analysis of a topic that has **high professional or personal relevance** to a consumer. Such high relevance that they are prepared to pay a higher price, because it would either not be practical or even impossible to obtain the same information through another source.

We would like to be far from suggesting actual pricing. Some circulated industry information emphasizes "digital dimes". However, there is a big range from dimes to a few dollars for an in-depth review, for instance, of a travel destination. And even in that case **local matters**. A review done by a local journalist could focus on standards that are important within her local community, and can often draw comparisons that local consumers would be familiar with. That in itself increases the value of the information and therefore it in turn increases consumer satisfaction.

Figure 1 shows a possible segmentation of content,

each with **opportunities for differentiation**. An important business consideration is where to seek differentiation and where to rely on high-quality commodity content. The term commodity is used to signify standard content rather than low value. Much like with industrial commodities, high quality is paramount in order not to jeopardize consumer satisfaction.

A **great advantage of digital is packaging** for the benefit of the consumer. The right column of Figure 1 shows various packaging options that we thought applicable. Each media company is in the best position to evaluate content categories and content packaging options, based on their business, available content and consumer preferences.

Soquel Technologies has the following thoughts:

- **General News** may be best presented in a bundled product that is well organized
- **In-Depth Journalism** may be presented in a wide variety of products, including
  - Category subscriptions, with unlimited evergreen category content
  - À-la-carte research reports
  - Products with multiple tiers, either according to the level of detail or by their comprehensiveness
  - Various bundles mixing the products above, e.g. access to several categories; extended archives; discounts on à-la-carte reports; bundles of several à-la-carte reports

- **Entertainment** may be best sourced from business partners, and perhaps includes local journalistic review or recommendations. It has the same product packaging opportunities as the in-depth journalism category. We would like to point out that this includes the opportunity to also advertise printed content, such as books.
- **Marketing Solutions** are best presented based on the requirements of advertisers and with consideration for consumer preferences.

### The Digital Transition

A lot of uncertainty in the industry clusters around the transition from free digital content to paid products. However, looking through the proposed segmentation of journalistic and entertainment content above, not much of that had previously been offered for free in that form.

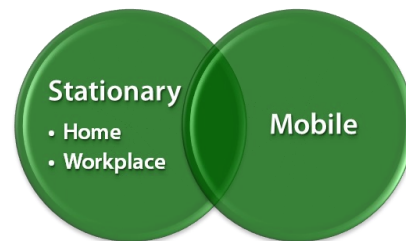
It is helpful that many media companies are embracing paid business models at the same time. However, that is not essential. **Differentiation** on the other hand is key. Even if some media companies will distribute commodity content for free in an advertising-supported model, the possible variety of **differentiated, non-commodity products** is great, and Figure 1 is only an example of that variety. Many advertisers also prefer to advertise alongside a paid product. Alternatively, even if taking complete sponsorship of a product, they would prefer to have the value known to the consumer.

Among several possible segmentations for

marketing of paid products to **consumers**, we thought the following might be useful:



An unrelated segmentation, which drives a lot of consumer satisfaction considerations, is the primary intended consumption location of the digital media products:



A very important benefit from the subscriber perspective is that she will have access to exactly the **information that she is interested in**, whether it is local, regional, national, or international. And she will have it **wherever she is at that point in time**, and with the **most current information** available, whether it is news, business, politics, travel, technology, or other. And she can save it on her access device, so that she can **find it again at a later time**, when needed. And, if in addition to high-quality journalism, which is in the author's opinion worthwhile entertainment on its own, there are **additional entertainment options** offered, she might stay a little longer on that site. And, if she likes a few of the entertainment pieces, she might even **buy a digital copy** for herself to keep.

## Summary

There is consensus in the industry that **publishing brands are very important**. From a consumer perspective, the following attributes are desirable:

Relevant

Accurate

Safe

Entertaining

Partnering with other brands with similar characteristics may provide for additional high-quality content that can be included in paid subscriptions for the benefit of consumers.

In the end everybody wins: the subscribers, the advertisers, the publishing companies, and the content producers.

We know there is an excellent business case for Digital Media Companies. We also know that we can substantially contribute with our Xpress II® Auction and Subscription Delivery Solutions. With a relentless focus on operating costs, proven product quality and a rich feature set, we support your business.



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