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Magazine publishers and their online strategies

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ABSTRACT

It seems as if magazine publishers have only haphazardly listed multiple goals for their websites, and have not carefully reflected on how to achieve them. We present a framework for defining a magazine's online strategy based on previous studies and on secondary data from the industry. We identify three steps in the strategy process. The first is to determine whether the magazine would actually benefit from online presence: although most magazines will never make money from their websites, a web presence may still be justified. The second step is to choose an optimal online strategy that matches the magazine's competitive strategy. Finally, we argue that magazine publishers should carefully consider to what extent they should allow their readers to be involved in the web pages. This interactivity could be seen as a key factor in exploiting the unique nature of the Internet. It is our understanding that virtual communities could, at best, be a way of creating more value for a magazine's readers, advertisers and editors, alike. We formulate a typology of five different online business concepts for magazines based on these three strategic steps.

INTRODUCTION

In the past ten years, the publishing industry has been facing one of its biggest challenges ever – the era of the Internet: Internet-only publications have virtually no traditional printing, paper or distribution costs, and compete with both revenue streams essential to magazines: consumer time and advertising revenue. In this millennium, after a few years of high-risk and high-profile Internet investments, a new perspective has opened up in the industry: it is realised that making Internet ventures profitable is more difficult than expected, and may even be impossible. Many ventures have been closed, or at least run down. What is left is confusion. How should the industry face the challenge of the Internet? This is the major issue facing the industry: according to Randle (2001), media professionals only ranked circulation economics more highly in 2001.

While online activities present multiple challenges to magazine publishers, money is clearly the biggest headache. In fact, in a global study by the International Federation of the Periodical Press (FIPP, 2003), only 26% of magazine Internet sites were found to be making money, whereas

38%, though judged to be successful by their publishers, were making a loss. Publishers chose not to define success in terms of profitability, but rather to focus on attracting new readers to the print magazine, developing online branding, creating new online products and attracting subscriptions. These objectives are, no doubt, essential, yet their importance is difficult to evaluate. They raise the question of whether publishers can actually afford to lose money online. Is a Web presence, in fact, so essential in today's media environment that the question could be rephrased in terms of whether they can afford *not* to lose money online?

The online competitive environment is different from that of the print world. Magazines face competition not only from other magazines' web sites, but also from related online-only companies and retailers. It is worth noting that only 50% of the magazine publishers who took part in an FIPP Internet study thought competition online and off-line featured different competitors (FIPP, 2003). Is it possible that the other 50% did not consider the Internet a powerful medium in itself, but saw it solely as a marketing channel for the print product? If this is the case, can you even expect magazines' Internet sites to be profitable?

Research on magazines and their online editions is a relatively new field of interest (Randle, 2001; Kaiser, 2004). Academic studies have mainly focused on the Internet presence of newspapers (e.g., Chyi & Sylvie, 2000, Saksena & Hollifield, 2002). While it is relatively easy to assess the customer benefit of getting the news online and on time, it is more difficult to argue the ultimate customer value of a magazine's online services. This paper discusses the strategic choices associated with the Internet from a magazine publisher's point of view. It is our objective to outline a framework for defining the magazine's online strategy, and to pose necessary questions and provide tools to facilitate the strategy process. We particularly refer to the potential of virtual communities as part of the strategy: it is our understanding that virtual communities could, at best, offer a way to create more value to readers, editors and advertisers alike.

The rest of the paper is structured as follows. First we discuss the current state of magazine publishers' online strategies. We then follow the classic views of Porter and Ansoff, for example, to derive a framework for the online strategy process. We identify three steps in defining a

magazine's online strategy and discuss each of them in detail. We conclude the paper with a discussion of the analysis and suggestions for future research.

DO PUBLISHERS ACTUALLY HAVE ONLINE STRATEGIES?

Magazine publishers have reacted quickly to the changes in economic conditions and the poor image of the Internet following the dot-com crash in 2000. Magazine websites that were first built at massive initial expense were stripped down or closed. In 2001 publishers began to look for low-risk revenue generators, varying from merchandising products to contracts for supplying content to third-party web sites (Posnock, 2001). The year 2004 represented a financial comeback for the Web (Smith, 2004), and online magazine editions are on the increase again. According to Folio Magazine, magazine websites are outstripping their print parents in ad pages and more subscribers are opting for electronic delivery (Posnock, 2004). Magazine publishers' objectives and strategies seem to be under constant modification. The main objectives of their websites, according to the FIPP, are presented in Table 1.

Magazine websites' objectives	% of websites with this objective
To attract new readers for the print products	92%
To expand the readership beyond the print audience by creating an online audience	81%
To create revenue streams and profits in the long term	77%
To have the means of communicating with the target audience on a more frequent basis	75%
To provide website advertisements as added-value for advertisers in the print publications	56%
To form online partnerships with others in order to develop more powerful services	54%
To increase product lines by creating products such as news flashes, archive retrieval and editorial supplements	50%
To create revenue streams and profits in the short term	38%
To discourage audiences from drifting to other online sources	27%

Table 1. Magazine websites' objectives (FIPP, 2003)

A clear majority of publishers have five or more objectives for their websites (FIPP, 2003). This could be interpreted in two ways: on a positive note, the Web seems to be flexible in fulfilling the different needs of the publishers. Then again, from a more cynical perspective, it could be that publishers are not focussing and have not yet captured the substance of their web strategy. Surprisingly many publishing firms have failed to ask themselves what they want their site to do, or what the core of their online strategy is.

Michael E. Porter (2001) has claimed that the Internet per se rarely gives competitive advantage. In his view, the general assumption that it would provide first-movers with competitive advantage was ill founded. Quite the opposite: the openness of the Internet, with its common standards and ease of navigation, makes it difficult for a single company to capture the benefits of

a network effect. The switching costs are likely to be lower on the Internet, and customers will be more likely to change suppliers at the mere click of a mouse. This also applies to a magazine's web pages: the competitor's web site is only one mouse click away. It does not matter who was there first; it is a question of whose web site is more attractive today, tomorrow and the day after tomorrow. Magazine publishers need to set clear online strategies to succeed. As we see it, the lack of a long-term web strategy is evident.

TOWARDS AN ONLINE STRATEGY

Referring back to Porter, we should keep in mind two other issues. First, it is important to be aware that the words Internet and strategy are often used inaccurately as synonyms. Indeed, Porter (2001) has argued that the deployment of the Internet is not a strategy; instead it could be seen as a toolbox which can be utilised to implement a strategy. Second, he emphasises the fact that Internet technology becomes strategically significant only when its practical application creates new value.

According to Lumpkin and Dess (2004, 167), the business model is "...a method and a set of assumptions that explains how a business creates value and earns profits in a competitive environment". Various authors have presented typologies of Internet business models. These include commission-based, advertising-based, subscription-based, or pay-per-use (see Randall 1997, Afuah and Tucci 2003, Lumpkin and Dess 2004). However, in many cases, the suggested Internet models have not yet fulfilled the criteria of a good business model, i.e. being both profitable and sustainable (for cases within the publishing industry, see e.g., Rich 2003).

Merrilees (2001) points out that the 'initial wave' of Internet research has not addressed strategic aspects of e-marketing. A classic problem has been that the firm has not taken competition into consideration: the business model is not a synonym for a strategic plan, and a more detailed competitive strategy should be formulated. This should explain how a firm can do better than its

rivals, and how it can create superior value for its customers and achieve the objectives and goals it has set for itself. In the case of magazines, two types of customer should be considered — readers and advertisers. Advertisers value circulation, so advertising demand and magazine demand are related. The relationship is also interrelated, as readers have distaste for advertising. (Kaiser, 2004)

The above-mentioned questions lead us to the core of the strategic planning within a firm. Strategy exists at multiple levels of the organization. Traditionally, a distinction has been made between corporate, business and functional levels of strategy (see e.g., Varadarajan & Yadav 2002). Whereas corporate strategy refers to the choice of businesses a firm is in, the business or competitive strategy should define how a single business unit chooses to compete in the market place. Under this competitive strategy are various functions, such as marketing, for which functional strategies are constructed. There are several classic tools and concepts, such as Ansoff's product-market expansion matrix, Porter's generic strategies, competitive market position and competitive advantage, which can be used to evaluate and/or develop strategies (e.g., Ansoff, 1965, Porter, 1985). According to Merrilees (2001), these kinds of competitive tools are also relevant online. By utilising the Ansoff framework, for example, we can see that the use of the Internet by a magazine publisher is not only a new channel, but also a market penetration or diversification depending on the customer segmentation.

Figure 1. shows the common steps in the strategic planning process of a business unit in parallel with the development of an online strategy for magazine publishers. In our opinion, the core of the online strategy, i.e. the business concept or model, should be defined in accordance with the firm's competitive strategy. It is also of importance in the development of functional strategies such as marketing and production to consider what interaction with online-readers can provide.

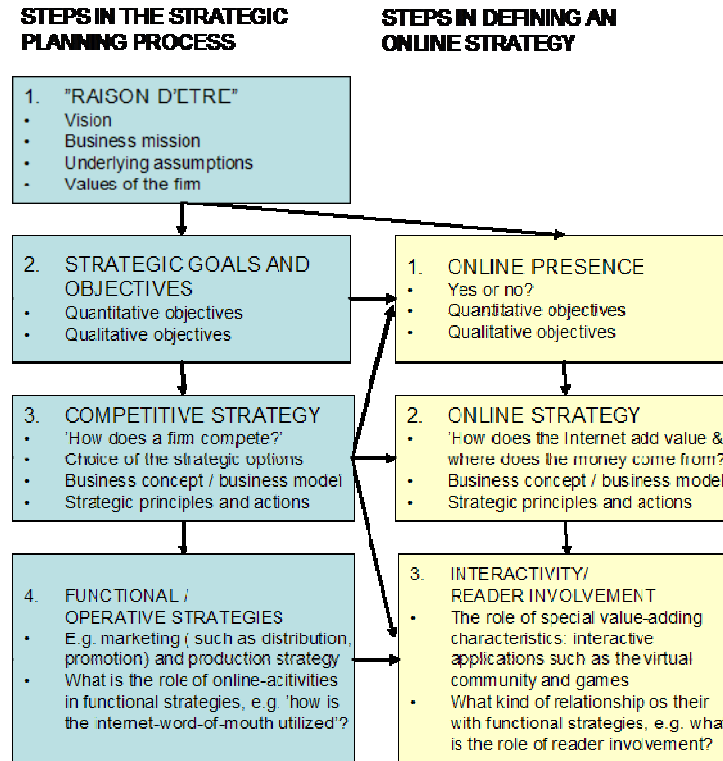


Figure 1. Steps in the strategy process

The focus in this paper is on three important steps in defining the online strategy of a magazine publisher, expressed in the following three questions. 1) Do you want your magazine to be present online? 2) What are the strategic options online? 3) How much do you allow your readers to be involved online? Each of these steps is more fully elaborated upon below.

Step 1: Do you want your magazine to be present online?

Reasons for being online

As we understand it, the Web offers a natural extension to the intimate relationship between magazines and their readers. As Table 1. shows, publishers have set multiple goals for their websites, the main one being to attract new readers for the print product. This goal is in accordance with the results of a recent study by the Online Publishing Association (2004): it was found that complementary brand usage is typical and cannibalisation minimal in media brand

websites. Although magazines' websites are mostly aimed at the same general audience as the print magazine, they do attract new audiences: 63% of the magazine publishers said that they had attracted significant numbers of new readers to their web pages (FIPP, 2003). Publishers are making contact with people outside of the reach of their print product. A website is also a means for communicating with readers on a more regular basis.

One function of a magazine's website is as a subscription channel. Compared with other marketing and subscription channels (telemarketing, direct marketing), it has relatively low marginal costs. Barsh et al.'s (2001) interviews showed that some technology magazines have reached an extraordinary 10% of print magazine's subscriptions generated by the websites. The audience is also gradually learning to use the Internet as a way of ordering subscriptions. PriceWaterhouseCoopers anticipates that 5% of all new paid subscriptions in the US will be made online (FIPP, 2004).

The main business models for any web page focusing on editorial content incorporate paid content, transaction-based revenues and advertising-based revenues (Kolo & Vogt, 2004). Today, most magazine websites focus on revenue models related to advertising: the solutions range from simple, low-revenue banner-ads and buttons to different, and more profitable, forms of sponsorship. On average, advertising and sponsorship revenues account for 31% of the website's total revenue (FIPP, 2003).

A majority (63%) of the magazine sites have e-commerce capability for online sales, although the main products sold this way are print subscriptions (FIPP, 2003). None of the websites in the FIPP survey charged users for access to the whole site, and only a minority (10%) charged for access to parts of the site. Paid content, at least not yet, is not a genuine revenue source for magazine sites. The situation may change in a few years, as Jupiter Research (2004) estimates that the paid content market will grow at an annual rate of 9% until 2009. Stahl et al. (2004) found that media companies offering the same content online and offline achieve only 46% of the sales of companies that offer their online content in a "repacked" form. What this means is that, instead of offering the same magazine content online for a fixed price, magazine publishers should either sell individual articles or theme packs of related articles.

Other benefits of having an attractive web page include the possibility of offering mixed-media campaigns to advertisers and attracting new advertisers who do not advertise in the print products. Advertisers value the low cost of Internet advertising and the flexible, interactive campaign opportunities. Audience quality and precise measuring tools are also among advantages that the Web offers to advertisers on magazine web pages. (FIPP, 2003)

A Web presence also provides magazine publishers with opportunities for establishing new partnerships (e.g., Barsh et al. 2001). Magazine sites can take the role of mediator or facilitator and partner with other companies selling related products; they can syndicate content to retailer sites; they can share links and promotions related to their theme; they can promote other magazines belonging to the same publishing house (Kaiser 2003), or form a joint site with other companies to create a vertical portal. EContent's year-end column anticipates that vertical content and vertical search will be amongst the most promising revenue streams online in 2005. Google cannot do it, but they believe that content experts managing the right search engines in partnership with other providers could (Smith, 2004).

The price of being online

However logical the Internet spin-offs of magazine brands may seem, a successful off-line magazine is no guarantee for online success. In fact, Kolo & Vogt (2004) found that differences in the off-line reach of magazines and newspapers only account for 10-30% of the differences in online success, measured in the number of users and the intensity of traffic. Making a success online calls for a profound understanding and management of the Internet as a distinct medium.

The advent of the Internet is by no means the first time the magazine publishing industry has been challenged by a new medium. As Randle (2001) summarizes it, this has been the case with the introduction of feature films, sound recordings, radio, television and computers. The World Wide Web is no exception. A new media cannibalizes existing ones, only this time the magazine publishers themselves are also on the competitors' side; they offer free content on their magazine brands' web sites, and thus take the risk of cannibalizing their own readers and advertisers.

A study conducted by Randle (2003) compared potential competition and displacement in monthly print magazines and their web sites. His results showed that the Web excels for cognitive, task-oriented uses, while magazines hold their ground for more affective, self-oriented uses. What is worth noting here is that Randle only compared themes that were available in both media and therefore did not address the most obvious interactive uses of the Internet. It is clear, therefore, that magazines' Internet sites do compete with the actual print magazines. However, magazine publishers can avoid cannibalization by considering carefully what content they provide online. According to the FIPP (2003) study, many publishers emphasize that the Web should not mimic the print product, but should rather take advantage of the Internet's potential in terms of interactivity, archives and forums. Yet, according to a survey sent to 75 newspaper or magazine publishing companies (Fetscherin & Knolmayer, 2004), 64% of the content is simultaneously provided in a physical and digital format today. This raises the question of whether or not publishers actually understand and leverage the Web's potential.

According to Barsh et al. (2001), most magazines will never make money from a website. They estimated the potential revenue streams and costs for two archetypical websites and concluded that even breaking even would be a challenge in most cases. This is in accordance with the results of the FIPP (2003) study: internal funding, provided either centrally or from the relevant publication, accounted for 49% of the websites' revenue. External funding, in the form of advertising and sponsorship revenues and subscriptions from online users, only covered 46% of the total funding.

Another problem associated with print-magazine websites is the fact that an old media organization is working according to the print magazine's rules. According to the FIPP (2003) study, a significant number of magazine publishers felt that three major barriers to operating successful websites arose from inside the organization: the pressure to focus on the print product (40% of the respondents), insufficient funds for web development (38%), and resistance from existing employees working on print products (36%). There is also a conflict of interest in terms of advertising sales: the magazine's advertising salespeople would rather sell advertising space in the magazine than on the web pages given the higher revenue – and higher provision. In addition

to overcoming internal barriers, magazine publishers also have to consider their sales-compensation systems if they are to accelerate Internet advertising sales.

A summary of the opportunities and related risks related to online operations in magazine publishing is presented in Table 2.

STEP 1: Do you want your magazine to be present online?	
Opportunities / goals	Risks
1. to attract new readers to the print product	- cannibalization of the print product
2. to expand the audience	- losing money
3. to create new revenue streams and profits in the long term	- harming the magazine brand if the attempt to create an attractive website is unsuccessful
4. to communicate with the target audience	
5. to provide web advertisements for advertisers	- internal resistance and barriers
6. to enter into partnership with others	
7. to increase product lines	
8. to create revenue streams and profits in the short term	
9. to discourage audiences from drifting to other online sources	
10. to communicate the fact that the magazine is 'modern' /of high quality	
11. to promote other magazines owned by the same publishing house	

Table 2: Opportunities and risks associated with going online

After defining the goals for its online operations, a publisher needs to define the means of competition. This relates to the strategic options, business concepts and strategy tools that are available to magazine publishers.

Step 2: What are the strategic options online?

Barsh et al. (2001) emphasize the risks of not choosing a strategy and sticking to it. According to them, many magazines have spent a lot of money building an attractive website, and have ended up with one that is too costly but not compelling enough to attract high traffic and revenue. It is evident that different goals can be reached more easily by following different strategies. Three alternative web strategies are presented in the following. We follow Barsh et al.'s (2002) definitions of *companion* and *destination site* strategies, and add one we have witnessed in reality, the *subscription site*.

Subscription site strategy

A subscription site is not exactly a magazine site, but merely a subscription form or an offer readers encounter when they type the magazine's name as the Web address. There is no editorial content at all. One publisher who took part in the FIPP online study shared their experiences as a cautionary tale. They ran an extensive and expensive online site for 18 months and then, because of low hit rates, eliminated everything from the pages beyond subscription and basic advertising information. "Essentially our web presence has replaced our printed-rate cards and data sheets, and has enhanced our subscription programme." (FIPP, 2003)

Companion site strategy

A companion site is close to what was called above the marketing arm of the print version. It "supports and enhances the print magazine by helping to build its brand and reach new audiences while adding an extra dimension to the existing brand". Its purpose is to extend the magazine's look to a new medium and offer a big enough taste of it to encourage people to subscribe. (Barsh et al., 2001)

Destination site strategy

A destination site could also be called an online publisher. It "aims to become the top site in its category, maximize value for users and extracts money from them by providing a complete and compelling experience. Such a site has unique content and applications that are continually

refreshed” (Barsh et al., 2001). According to Barsh et al., the destination site commonly develops a strong sense of community, both among the users and between them and the magazine website, and could ultimately become a vertical portal. In reality, they claim, it is hardly worth any magazine’s while to attempt to build a destination site, as it is not yet clear how to make them profitable.

It would be useful to compare the above-mentioned strategic options, thus Figure 2 below adopts the Ansoff matrix as a tool for classifying online strategies. Three of the strategies highlight one of the alternative Web strategies. The numbers presenting various objectives correspond with those in Table 2.

MARKET	NEW	MARKET DEVELOPMENT Companion site Main Step 1 objectives: 1. Attract new readers for print 2. Expand audience 4. Communicate with target audience (5. Provide web advertisements) 8. Create revenue and profits short term	DIVERSIFICATION Destination site Main Step 1 objectives: 2. Expand audience 3. Create new revenue and profits long term* 4. Communicate with target audience 5. Provide web advertisements 6. Partnerships 9. Prevent customer drifting 10. Brand enhancement 11. Promote other magazines
	OLD	MARKET PENETRATION Subscription site Main Step 1 objectives: 3. Create new revenue and profits long term 8. Create revenue and profits short term*	PRODUCT DEVELOPMENT (e.g. Net only publisher)
		OLD	NEW PRODUCT

* As most websites are currently making losses, it should to be noted that although the revenue-generating objective may be fulfilled, profit objective is harder to achieve.

Figure 2: Ansoff’s growth-strategy matrix alongside online strategies and objectives

Step 3: How much do you allow your readers to be involved online?

The final step in defining a magazine's online strategy is to decide how much it allows its readers to be involved online. It is in the nature of the Internet to enable and encourage contact between people. This is achieved in interactive forums, such as chat rooms and news boards, commonly called virtual communities. We argue that promoting interactivity between a magazine's readers could be one way of leveraging the Internet's unique potential and a step towards finding the ultimate customer benefit in a magazine's online presence.

In the most simple terms, an online community could be defined as a group of people who communicate with each other via electronic media (Romm et al. 1997, 261). Virtual communities take many forms: community members may interact with each other asynchronously (e.g., through bulletin boards and newsgroups) or synchronously (in chat rooms), while some communities take the form of a virtual world (MOOs and MUDs). According to Hagel & Armstrong (1997), the basis for the interaction is people's need to attend to four basic needs: interest, relationship, fantasy and transaction.

A magazine website's virtual community can be considered from many perspectives, and it seems surprisingly flexible in fulfilling various needs of the publisher. A virtual community can be part of the destination- or the companion-site strategy: as Barsh et al. (2001) mention, a destination site usually offers a strong sense of community. A community platform would therefore be an essential element. Barsh et al. also note that a companion site should provide a single unique interactive application, which could take the form of a simple discussion forum on which to build a community. Possible motivations for a magazine to build a virtual community on its website are suggested in the following paragraphs, and some of the risks associated with virtual communities are discussed in the final part of the chapter.

Opportunities with virtual communities

If successful, a virtual community can be a cost-efficient way of keeping a web page alive. Readers' input also serves as a source of editorial ideas: editors have the possibility to eavesdrop on conversations between their readers. Gerry McGovern (2001) argues that websites are not

about getting attention - they demand attention. Virtual communities could be seen as one form of giving attention to your readers. Catterall & Maclaran (2002) share this view and conclude that maintaining a strong Web community has become an important marketing activity for many companies: a virtual community helps to strengthen the brand and corporate images, and encourages customer loyalty.

The new medium has a tendency to both displace magazines and to cause increasing specialization (Randle, 2001). As Randle observes, this trend of increasing specialization is apparent in the magazine industry in the US: relatively general magazines are losing circulation while niche magazines are gaining. As we understand it, magazine websites with virtual communities can gain leverage from this phenomenon: they can gather information and multiple suppliers related to a specific theme. It seems quite natural to broaden a special-interest magazine into a community of interest.

Member-created content strengthens the potential of two new revenue streams. First, in addition to exchanging information, the community members often publish opinions in the form of product reviews and recommendations, which makes the community more attractive to e-tailer partners selling those particular items. There is even evidence that members of an active virtual community are more likely to buy products online (Rothaermel & Sugiyama, 2001; Franz & Wolking, 2003) The second potential business model arises from the activities within the community: in some cases the members are willing to pay a fee for the membership itself, or for extra features.

Even though Porter is critical of the network effects of the Internet, a successful Internet community may well witness positive feedback economics: advantages may accrue to the first movers, and critical mass is, well, critical (see, for example, Johansson, 2002; Shapiro & Varian, 1999; Jones & Rafaeli, 1999). Switching costs are higher in virtual communities than in content web sites, as it is a question not only of getting used to the website layout, but also of getting to know the culture and the members of the community. The acquaintance phase takes time, as trust in the community and its members develops gradually.

Virtual communities offer new opportunities for market research (Catteral & Maclaran, 2002), which many media companies have thus far not fully exploited: it could be a key to strengthening the relationship between the magazine and its advertisers. Another innovative idea is to integrate customers into media product development through virtual communities (Franz & Wolkinger, 2003).

Risks associated with virtual communities

There are obvious risks associated with virtual communities. Once you let your readers talk, the floor is theirs. The conversation is relatively uncontrollable and may even endanger the brand's reputation (McWilliam, 2000). It is not only a question of whether you decide to have an online community on your magazine website. You cannot "build" a community: a community will only develop if there are enough people with the same needs and interests. However, many researchers and practitioners have recently highlighted the need for active management of online communities (e.g., Rheingold 2000, McWilliam 2000).

STEP 3: How much do you allow your readers to be involved online?	
Opportunities / goals	Risks
+ to keep the webpage alive cost-efficiently	- Conversation is relatively uncontrollable, risk of harming the brand
+ new revenue streams: e-tailer partnerships or membership fees	
+ market research	- Risk of not achieving critical mass -> risk of harming the brand
+ observing target audiences for editorial ideas	
+ reader involvement in product development	- Managing an online community requires skills and resources
+ to strengthen the brand	
+ to give attention to your readers	

Table 3: Opportunities and risks associated with virtual communities

DISCUSSION

Three successive steps for defining a magazine's online strategy were discussed. Each of them is linked to the overall strategy process of the magazine publisher, and requires in-depth analysis of both the internal and the external factors influencing the decisions. The whole decision diagram is presented below.

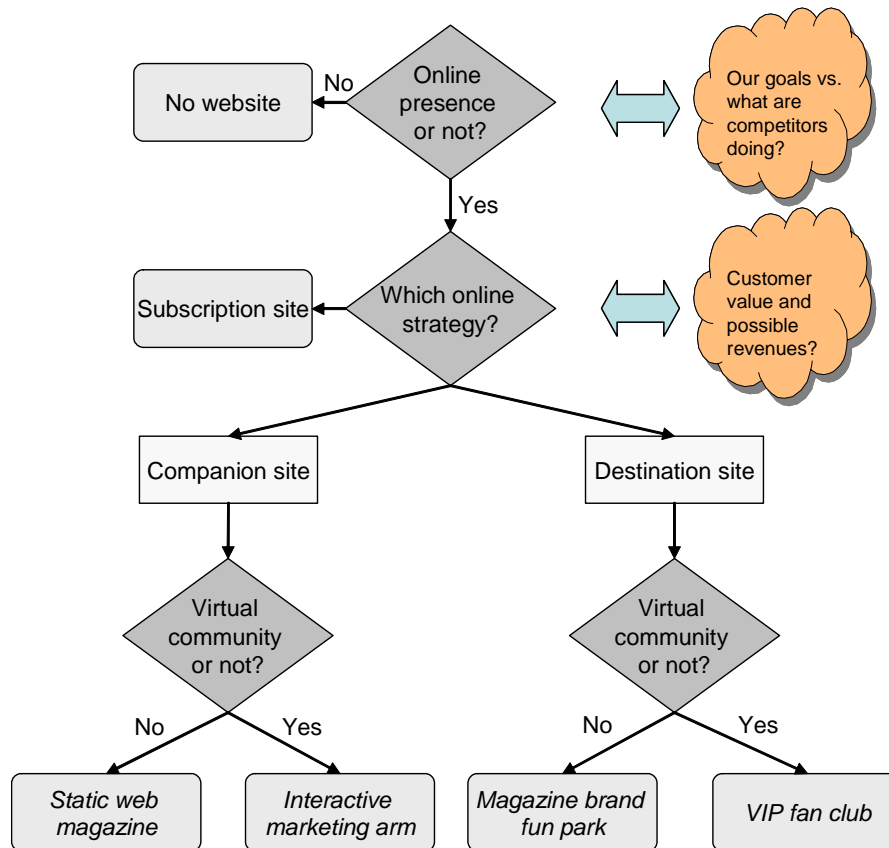


Figure 3. Decision diagram for defining a magazine's online strategy

These steps provide a basis for drawing up a typology of five different online business concepts. First, a web page can be used merely as a *subscription site*. The four other types also offer content: the *static web magazine* offers bites of the print version, but does not interact with the readers. An example of extending the magazine brand online while keeping all content under the editor's control is the Finnish version of Donald Duck (www.akuankka.fi). The *interactive marketing arm* fosters conversation between readers and hence is able to serve them something

extra online. Cosmopolitan (www.cosmopolitan.com) has several interactive features, including discussion forums that serve to promote the magazine. A *magazine fun park* extends the magazine concept beyond the print in terms of showy graphics and animations, online-only content and interactive games. Barsh et al. (2001) quote National Geographic (www.nationalgeographic.com) as a successful example of combining ecommerce, interactive map-making tools and web cameras in the magazine site. The *VIP fan club* also leverages a high sense of community among and between readers and the magazine. The discussion forums of a Finnish baby magazine (www.vauva-lehti.fi) receive over 6.5 million messages a year, and also host occasional invited guests and have other customer-club-like features.

Each of these business concepts only represents a generic way of planning the online presence. More detailed business plans are needed before they can be executed: for instance, the *static web magazine* has a more limited number of possible business models to apply than the *VIP fan club*. However, the costs and risks are higher with the *VIP fun club*.

In this paper we have tried to answer “Porter’s call” to integrate the Internet into the overall strategy of the firm. This paper represents a first attempt to integrate a magazine’s online strategy into generic strategic planning. It was our purpose to highlight the fact that a magazine’s online presence is part of the publisher’s strategy and needs to be carefully and systematically defined.

CONCLUSIONS

We have presented a framework for defining a magazine’s online strategy. The results of previous studies and secondary data from the industry suggest that magazine publishers have merely haphazardly listed multiple goals for their websites, and have not carefully reflected on how to achieve them. The Internet per se is not an answer: it is merely a tool that should be used sparingly. We have pointed out what questions a magazine publisher should ask itself when defining its online strategy.

We have identified three major steps in defining a magazine's online strategy. First, it is a question of whether the magazine would actually benefit from an online presence. This is clearly a double-edged question: the traditional economic perspective is not attractive and there are even risks of cannibalizing the existing print magazine. On the other hand, the Web does provide multiple opportunities for magazine publishers to better serve their stakeholder groups, readers and advertisers.

The second step is about choosing the optimal online strategy. We identified three alternative strategies — the subscription site, the companion site and the destination site — and compared them in terms of the goals they are fit to meet. While a subscription site is cost-effective, it is no strategy for growth. A companion site aims to support the print magazine, whereas a destination site is a more of an independent Web publisher.

Both companion- and destination-site strategies have room for yet another decision: how much you allow your readers to be involved in the website. A virtual community offers a natural extension to a magazine brand, given the existing relationship between the brand and the existing customer base. In our understanding, allowing and enabling interaction between the magazine's readers leads to enhanced value creation for readers and, if addressed wisely, for advertisers and editorial staff.

We are aware that the question of how to implement a virtual community on a magazine's web site needs to be examined further. What role should the magazine brand play, and how can you actually manage an online community? We believe that the guidelines given in this paper could be considered useful tools for publishers in the continuous process of building sustainable competitive advantage.

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