

Print possibilities gives you wings
The workshop against gravity !



ICMA 2011 – Dublin - Workshop

Background: Vorarlberger Medienhaus Group (VM Group)

- HQ: Vorarlberg, Western Austria
- Headcount: 1.300 FTE
- Business focus:
Newspaper, Classified, Online
- Austria: Regional newspaper, Online, Radio, ISP/Telephony
- Hungary, Romania, Ukraine:
Regional Newspaper, Online, Free Sheets
- Germany: Classified Print and Online, Online Verticals
- Family owned
- **Strategy: Online**



Background:

VM Digital – Internet Group

Venture Capital Investments



Oldtimer-Portal



Mothers-Community



Globale Expatriate Community



Lead-Gen./Advertising for local SMBs

Portals



Hire / Rent Portal (D, UK, US)



Motorcycle Portal



Market place for caravans and mobil homes



Marketplace Commercial Vehicles



Marketplace horses

it's my life



Wedding magazine

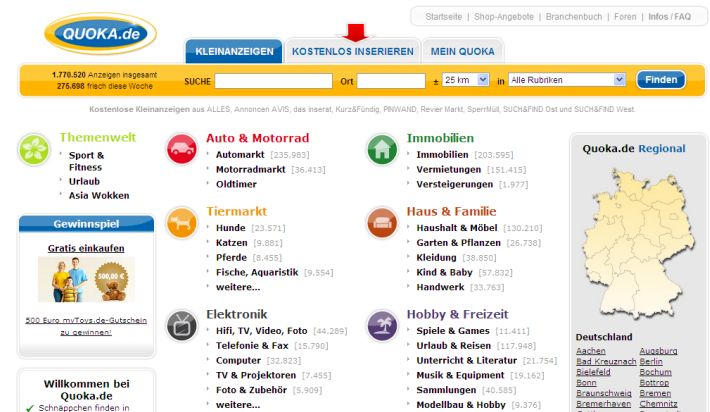
Background: Quoka



- Founded 1983, HQ: Mannheim, 140 FTE
- Marketleading General Classified Portal Germany www.quoka.de

- > 11 Mio. Visits/Mth
- > 120 Mio. PIs/Monat
- > 4.000.000 private Ads
- > 800.000 reg. Users

- Marketleader in Classified Papers
 - 18 weeklies, 6 special interest magazines, 30 local freesheets
 - 600.000 copies per month
 - production: 1400 pages/week
 - Call Center with 60.000 onbound calls/mth for 240.000 private ads, 36.000 upsells per month
 - > 12.000 commercial customers





Classified Print ?

Classified papers shut down in Spain, Italy, Sweden, Netherlands,

Quoka – print evolution 2004-2011

Copy Sales	Ad Sales	Headcount
2004: 8,2 MEUR	2004: 11,0 MEUR	2004: 350 FTE
2011: 1,1 MEUR	2010: 3,2 MEUR	2010: 90 FTE
-87%	-71%	-74%

New Business Print generates 1,8 Mio. Euro

Print is profitable in 2009 - 2011

Online makes 50% of revenue



Business, that lost 90% of old business
over the last 10 years

Innovator's dilemma: Invent & print strategy: Squeeze the lemon

Print

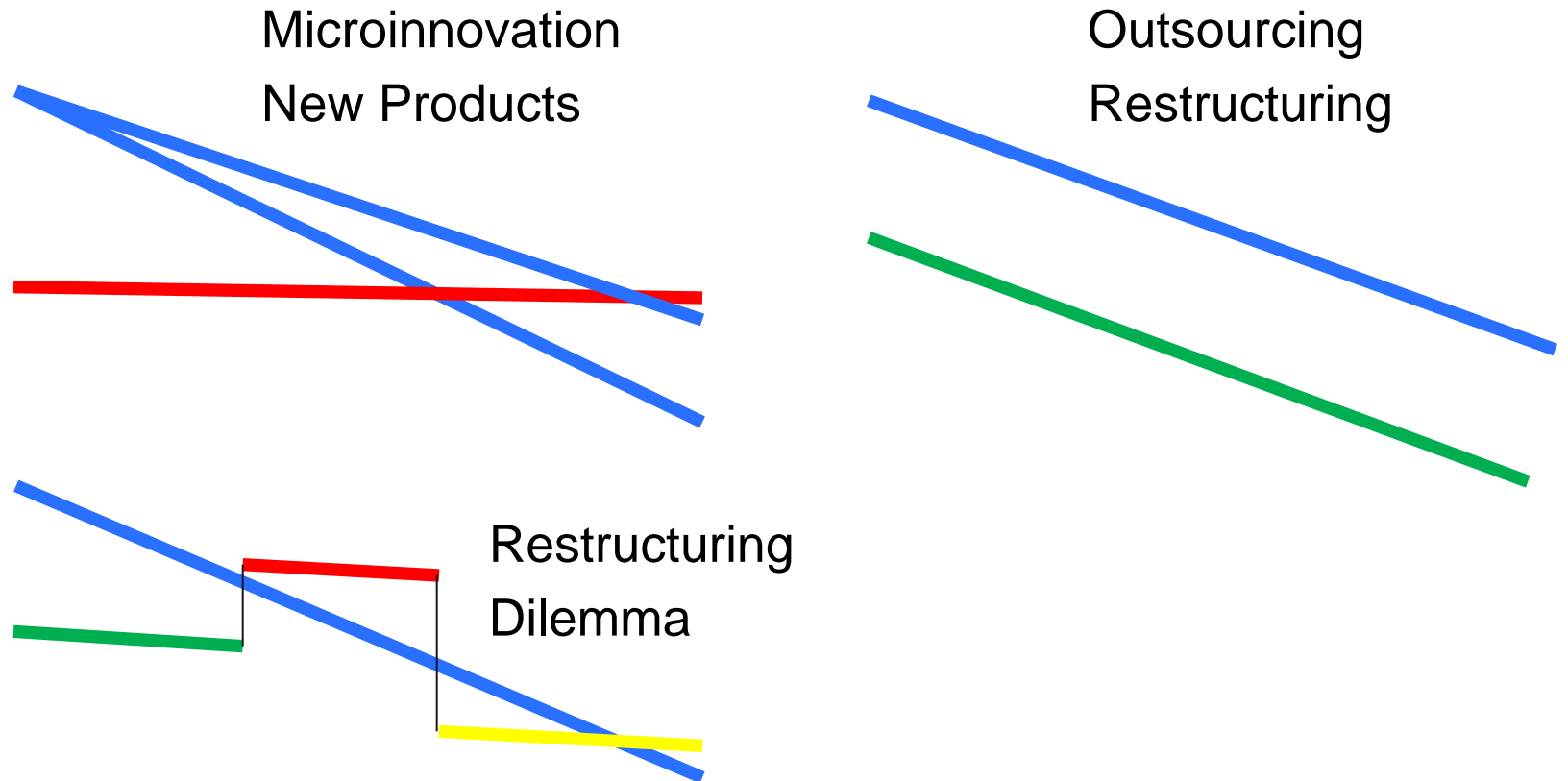
Profit



VS



Logic: Variabilize costs






Prepare to be a niche - principles

- a) Renegotiate anything**
- b) Outsourcing**
- c) Invest in people and automation**
- d) Jack Welch: 20/70/10**
- e) Manage margins – cut editions**
- f) No product invest without immediate payback**
- g) Separate Print and Online**



Measures against gravity - topics

- a) **Product**
- b) **Copy Sales**
- c) **Ad Sales**
- d) **Private Ads**
- e) **Processes and Automation**



Microinnovations business model and product

- a) **Editions: From paid to free**
- b) **Editions: From national to regional or local, from horizontal to vertical**
- c) **Editions: from twice weekly up-to bi-weekly, join editions**
- d) **Product: Colour, Limit volume**
- e) **Product variation – new business has to generate positive margins from edition 1:**
 - **local freesheets**
 - **regional monthly freesheets**
 - **special interest one-shots**



Copy Sales

- a) Increase prices vs. decrease prices**
- b) Increase distribution vs. decrease distribution**
- c) Marketing costs: product is marketing**
- d) Free distribution: Samples and local Add-ons**
- e) Cut anything that is not absolutely directly product related**



Ad Sales

- a) **New Products: Business Card, Directory, Frequency**
- b) **Regain Customers: Tour de Baden**
- c) **Make realistic plans – success means motivation**
- d) **KPIS: Performance in calls, new business, minimum transaction**
- e) **Training / Coaching**
- f) **Commission model: super-comission vs. reduction**
- g) **Sales Competitions: Christmas Rallye, World Championship, Team Rallye > Individuals vs. Team**
- h) **Cross media print & online**
- i) **MOST IMPORTANT:
Sales managers manage not only revenue but product margins**



Private Ads Monetisation and Call Center

- a) Taking 240.000 private ads on the phone per month
- b) Upselling 26.000 transaction per month
- c) Call Center was a cost center
- d) Call Center is a profit center generating 15% EBITDA
- e) Upselling features
 - Base fee for categories
 - Selling Print and Online features
 - Position and appearance offers
- f) Service Provider for other classified players



Process automation

- a) Automated production for papers (1,5 FTE for 27 editions per week)**
- b) Automated online invoicing with DRM**
- c) Fully integrated payment management**
- d) Full integration of online and print**



Discussion