



MUNICH 2006 GM – PUBLISHERS’ MEETING NOTES

Chaired by Sally Winfield, MD of Loot, UK

Session 1

Sally welcomed everyone to the meeting and asked each delegate to briefly introduce themselves and state what they hoped to get out of their participation. The responses were broad and wide-ranging, from product issues (core, niche, free, paid), to concerns about circulation (how to attract young readers), to increased customer focus (readers/users, advertisers, retailers/wholesalers), to staffing (engaged customers from engaged employees), to the ever-present issue of online (Web 2.0, online and print working together, profitable web operations), to re-structuring the business and transitioning from print to online by being pro-active not reactive.

Sally then ran through the agenda for the day with a number of questions for delegates to reflect on whilst she made her presentation:

1. How do we restructure/downsize our businesses for make them more efficient and effective?
2. Should we collaborate with each other or other online businesses?
3. Is technology more important than people?
4. What print initiatives are working? For instance, are niche publications more successful than core or generalist titles?
5. If local is our USP, how are we promoting this?

During her comprehensive presentation on recent developments at Loot (you can download the Powerpoint from the Downloads database), Sally fielded a number of questions from participants. Loot has now moved from a 5x a week publishing schedule to 3x per week, but has found that total commercial advertising revenue remained steady. Property, Loot's biggest section and its most time-sensitive, was also supported by the vertical free-distribution title, Rentals. She talked in detail about the work that had taken place on www.loot.com and strongly recommended that all participants carry out usability testing on their websites (Loot's cost GBP 11K, took 2 days, provided video proof of users' actions, and will be repeated every 6 months). The main recommendations that came out of the usability exercise was that the registration process required way too much data (much of which was irrelevant and never used by Loot), and also that the registration came at the end of the ad-taking process (users were concerned that the ad that they had just invested time and effort in, would be lost).

With regard to the product portfolio, Loot had taken a long hard look at their autos product, Loot Wheels and decided that the combination of expensive production values, small circulation and the free-distribution model simply didn't add up to a profitable product. This was in sharp contrast to Rentals, which is printed on newsprint, 60-100,000 copies, all paid ads, and employed a variety of free-distribution methods to reach its target audience. Loot had also



completely revised its ratecard and abandoned the distinction between private and commercial advertisers which had resulted in 'small traders' falling between the call-centre and commercial sales teams. Sally also urged participants to practise 'ratecard reality' and align their pricing accordingly, Loot had dramatically reduced the length and simplified the complexity of their ratecard.

In just 6 weeks, Loot set up, staffed and trained a new call centre in Manchester with a greatly reduced staff head-count in smart new offices in the centre of the city. The location was a deliberate decision as Loot's unfavourable site in north London had significantly contributed to its staffing turnover problems. Also in London, the average bonus earned by a call-centre operative was GBP 1000 (property agents earned GBP 2000) compared with just GBP 650 in Manchester. Sally acknowledged that Loot's strategy of automating the processing of as many inbound calls as possible would probably cost approx. GBP 100K p.a.

On a strategic level, Loot feels that it has learned two major lessons from the past 5 years. First, that Loot needs to be run like a small company and have the appropriate culture, Associated is a large corporate company and did not initially take this on board. Secondly, the print business was prioritized over online. Scoot ignored loot.com for two years before selling to Associated, and it was a further three years after Associated's purchase of Loot before a proactive online strategy was implemented.

Session 2

This session opened up the floor to participants to debate some of the key issues that Sally had highlighted when she started her presentation.

Is technology more important than people? How can we attract and retain the best people?

Sally asked delegates if they had difficulty recruiting and retaining the right people, almost everyone raised their hand. At Loot, it's estimated that the cost of losing a member of staff is approx. GBP 1000.

David Waghorne of Northcliffe Newspapers has attempted to address this issue with an increase in basic salaries and an improved commission structure, plus the development of a clear career path in sales for staff who do want to stay. He asked "who are the lifeboat people in your organization?" i.e. the people that you would definitely not want to lose.

Sidharth Gupta of Free-Ads India pointed out that technology is often an important factor for people when they choose their jobs, and can actually give some companies an advantage in the marketplace.

In South Africa, the issue is retaining, not recruiting, good staff. Felix Erken believes this is simply the nature of the call-centre job, and he accepts that many of his staff (after training) will be



poached by the larger newspaper groups as what they see a natural second step in their careers. Junk Mail's policy is not to take them back as the position has usually been filled, they have (possibly) failed at the newspaper group, and they will not contribute positively to the Junk Mail culture (it's not just about the money that each rep brings in, it's about their contribution to the team).

Franco Ucelli di Nemi of Primeiramao in Sao Paulo has many of the same issues as Junk Mail, he personally meets all employees who have decided to resign to try to understand why, and will re-employ the good ones once only. In Brazil, the volatile economy means that people will often leave for money as wages rise sharply.

Carla Chase of the Yorktown PennySaver noted that the main reason for leaving was not usually financial but due to poor management and communication so effort was put into these areas in an attempt to reduce turnover. The challenge of how to grow employees is pretty constant...

Sally asked the group what proportion of their cost base was presented by personnel costs, and most people indicated that this was their largest single cost line.

4 people (10% of the group) have a 'Head of Talent/People', with mixed results. Felix found that both managers and staff tended to use the person as a 'bitching' board (both complaining about the other), and so now that responsibility has been delegated back to the line managers (he also brings his managers to GM's to keep them happy!). Sally said that Loot's head of talent/organizational development was newly appointed and her role and responsibilities were still being worked out.

Sidharth offered a practical approach, the sales person's commission is paid monthly (to aid cashflow), but actually awarded annually. So if someone leaves mid-year, they have to forfeit that commission.

Ivan Mraz of Avizo in the Czech Republic has the happy position of a very low staff turnover indeed which he attributes to fair and even-handed treatment of his staff.

Gerald Coniel of Junk Mail observed that technology stays whereas people come and go (that's the nature of things).

Alexander Evseev of Pronto Petersburg told participants that in his 20 years of publishing, when the headcount of employees had increased from 20 to more than 400, 25% of the original employees are still working for him. Ad-entry people are the most susceptible to turnover as they are mostly young girls working to put themselves through college. He was very impressed with Loot's model of middle-aged women working in the callcentre! There are many more opportunities for better-educated people in Russia nowadays, and he would actually like more staff turnover so that he can re-energise the company (sometimes people can't change as fast as he would like).



Eero Korhonen of Sanoma described the situation in Estonia which posed its own problems. The unemployment rate there is so low that all the talented and educated people are working for sexy companies like Skype.

John Whelan of Buy & Sell Ireland felt that retaining good staff was not an issue, the real need to is to identify, recruit, train and get good people up-and-running as soon as possible. Buy & Sell have employed a part-time recruiting/training person to pre-qualify applicants in order to save management time.

In South Africa, job-hopping is very much a culture. So in the short-term, people are more important than technology, but in the long-term, the reverse applies.

Josef Kogler of Inform Media Group in Hungary/Romania has struggled with recruiting outside managers to his group as the internal culture is so strong that many just don't 'get it'.

In Russia, Sergey Kochurin of Camelot recognizes that the lack of management opportunities and the high quality training that Camelot provides for its staff, mean that there will always be some natural attrition.

Helmut Pollinger of Ocasiao in Lisbon had a novel take on the issue. Portugal is quite a conservative society and men (especially) felt that they wanted a career from a job. As Ocasiao couldn't offer this, most of the men eventually left and were replaced by women who (largely) simply wanted the economic independence that a decent salary offered them. So Helmut, Ramon and a few other lucky guys are the only men in a company of 75 persons...

Sally only recruited full-time employees when setting up the call-centre in Manchester. This was because part-timers often impact negatively on the company culture (not there for meetings, communication issues etc.).

A quick round-robin of ideas for making our companies the 'employer of choice' and more fun to work for...

Sally runs a cinema night once a month, cost is GBP 200 to hire a cinema, and sometimes popcorn's thrown in too. Loot also operates a book-club and a DVD club for staff.

Dan Rindos of Bargain News rewards all his employees with an apple every time they hit a target, and then bobs for them in a bucket as sheer entertainment.

Felix takes as many people as want to to play football every Wednesday night and offers them a drink and a chocolate bar (take-up doubled when this was added).

Quokka in Perth has its own currency (Q-cash) where reps can earn voucher points to 'spend' on a list of prizes.



Martha de la Torre of El Clasificado rewards her staff with ice-cream if two goals are met, and pizza if a record is broken.

Sally's favourite is allowing her reps to leave at 3.30pm on a Friday if their weekly target is hit (often people work through lunch to achieve this).

If local is unique, how are we promoting it?

Dan reflected that Bargain News simply did not promote its localness and this is something that he would be reviewing when he returned.

Rob Paterson of Friday-Ad noted that technology can be used to increase localness of experience (e.g. including name of town in each ad). A brand audit had shown that users did indeed perceive Friday-Ad as local.

Eero uses his national publications and auction site to compete against eBay, local is not seen as an advantage.

Sidharth echoed Rob by making the very good point that localness is more of a perception than a physical location, and can be achieved through smart distribution and technology such as voice services.

Rob argued that even the best technology is imperfect, and thus Oodle's 'local' search delivers results with imperfect geographical spread.

Gerald commented that local depends on what you are looking for e.g. a bike versus a classic car. It's more important for print to be local as it is not so easily searchable, whereas online, local is just a click away.

Genevieve Lebrun of Trader Corporation pointed out that being local is now an expected USP and doesn't necessarily add value.

Rob disagreed, saying that our ability to define the levels of localness in response to the user is what adds value online.

Gerald observed that in print it is the publisher who defines the parameters of the content, whereas online, it is the user (a version of user-controlled content?).

Eero said that despite the small size of the Finnish market, they had found uptake and engagement with the product better in at a local level than at a national level.

Josef's group is trying to capitalize on exactly this and identify the local content that it controls in order to differentiate itself from Google.



Helmar Hipp of Quoka Verlag defined his mission as providing a local forum and structure for our users and advertisers, and that the main question is what value can we add?

Felix now operates a national call-centre which handles 70% of the 50,000 ads taken per week, and he believes that this national operation has lost a local feel.

Sally agrees, in Manchester, they run quizzes for call-centre staff on London geography and local knowledge.

Gerald related the story of his 16-year-old tech-savvy son selling his bicycle (Gerald having promised to make up part of the cost of a new bike if his son managed to get a minimum of EUR 250 for the old one). Gerald resisted offering any advice on how to sell the bike, but when his son came back with the EUR 250 a few days later, he couldn't help asking how he had sold his bike. It turned out that all he had done was to take a photo of the bike and post it downstairs in the large apartment block in which they lived, in fact reaching out to his 'community'.

Franco pointed out that some content is local and some necessarily not.

Should we collaborate with each other or other online businesses?

Rob revealed that Friday-Ad has done a deal with Oodle.com in order to get the use of their API (Application Programming Interface). So now Oodle.com can crawl Friday-Ad's content and Friday-Ad can use the Oodle.com API to reverse fill a search request from Oodle.com's listings (only when Friday-Ad can't fulfil it from its own listings).

Sally withdrew Loot from their deal with Oodle.com due to its initiative with the Sun newspaper, but now Loot is delivering 100 ads per week to Oodle to test response.

Jill Armer of Buy & Sell has set up a partnership with a recruitment site in order to better compete against the local paper.

Josef was very clear in his thinking, he would not collaborate for two reasons: they are the leader in their market, and secondly, it is hard to develop trust between competing publishers.

Christian Wieselmayer of Bazar Vienna co-operates with the largest auto association in Austria which provides new content for Bazar, thus enabling it to compete better.

Sally felt that co-operation with verticals was much more appealing as the risk was lower. Ivan agreed, saying that he also focused on non-core competitors.

Koen Vandaele of Koopjeskrant argued that anything which boosted response was good for the customer and thus for the publisher.



However, Felix felt that any co-operation created a dependency within the business. If my customers are getting response from other media, how does that benefit me?

Rob wondered if we were being a little naïve, saying that the issue isn't black and white and maybe the key is to look at how the big online players compete/collaborate with each other (e.g. eBay/Yahoo!, Google/eBay, MySpace/Google etc.)

Genevieve agreed, saying that YPG (the parent company of Trader Corporation) has partnered with Google but largely because they regard their offerings as complementary.

Maybe online has changed our perspective...

Session 3

Marketing workshop – led by Ivan Mraz of Avizo

What's new? What works?

1. The group discussed the advantages of TV and radio and concluded that TV was probably too fragmented to be a valuable media channel
2. The idea of 'bundling' the paper purchase with coffee and a bun added value to the decision to purchase
3. Sampling was also being extensively used, Buy & Sell are circulating 60,000 copies with the Daily Mail in Ireland. Likewise Junk Mail had done a deal in South Africa where 10 pages of branded classifieds are published in specialist vertical title such as a PC magazine (17,000 circulation)
4. Branding was being used in Internet cafes and Loot was also refitting job centres and retailers stores with branded merchandise
5. Bazar Vienna kept their message very simple – place your ad plus the telephone number
6. Sharing of content deals were being done whereby daily newspaper website got a feed of ads from the classified paper, thus driving traffic to the classified paper
7. Avizo sponsored football teams which worked well locally
8. The conclusions of the group were to focus on the right message at the right time

Competitive landscape – led by John Whelan of Buy & Sell

Who are our next competitors? Where will they come from? Why will they be a threat? What can we do to prepare?

1. Specialist vertical groups such as estate agents who might choose to produce their own publication, or motorcycle clubs who start doing their own website instead of partnering with a local publisher
- 2.



3. Free-free sites offering storefronts such as Kapaza.be which are threatening Koopjeskrant's market, will they launch in print?
4. 'Stairwell' retail store boards
5. the eBay magazine, distributed to offices in Belgium
6. ethnic verticals, London and Ireland have seen recent launches of Arabic, Turkish and Polish titles to serve those communities, Buy & Sell have actually recruited Chinese-speakers to take and translate those ads. TMP has already had a successful experience in doing the same for Spanish ads in California
7. risk for MySpace if they start advertising, this is not their primary purpose
8. broadband uptake will create further pressure on paid circulation model
9. entry of directory and other media companies such as Schibsted into classified marketspace – their focus is on an annual not periodic campaign

Mobile – led by Felix Erken of Junk Mail Publishing Group Pty

How are you using it? How important is it in your portfolio offering?

1. low proportion of actual users in this workgroup, ironically, those not yet using this come from markets with the highest % of mobile penetration
2. recommended first action is for ad placement, then ad alerts, ringtones/logos, ad-searching, price-comparisons, upselling, payments, re-booking (a Croatian publisher was achieving an 80% conversion rate)
3. common concern was fear of the technology although mobile is actually much simpler than the web

Younger reader – led by Dan Rindos of Bargain News

How do we successfully communicate with and capture this all-important age-group?

1. 25 and under don't read print and feel alienated from the traditional classifications that we use
2. they use SMS (texting) more than email and they're a generation that's accustomed to getting stuff for free, therefore very hard to reach with a paid offering
3. things they value: communities (MySpace), video (YouTube), immediacy (RSS) and chat
4. Franco bought a junk car, painted it up with the Primeiramao brand, installed a big sound system, drove it to the college campus and conducted his own guerrilla marketing whilst handing out samples of the print product
5. the group agreed that we need to be more scientific as our competitors are, or just hang out at the beach all day like Franco ;-)
6. Sally added that Loot sponsored the Urban Music Awards to raise its profile amongst younger potential readers



Following this session and close, Sidharth Gupta was nominated to chair the Publishers' Meeting in Lisbon on Saturday 5 May 2007.

Many thanks to Sally and all the participants for such a great job!