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CASE STUDY: [HTTP://DERSTANDARD.AT](http://derStandard.at) – INTERNET SUCCESS IN NEWS PUBLISHING

Abstract

DerStandard.at was set up in 1995 as the first German speaking newspaper on the internet. Its constantly developing website has set standards in Austria. Incorporated in 1999 as a separate entity, it became profitable in 2004 with revenues of 4,1 million EUR. Online advertising and online classifieds are most important and represent almost 90% of total turnover. Given the increasing market share of online in advertising and classifieds, further growth with double digit rates is assured for the next few years.

Case Characteristics	
Full name of the company	Bronner Online AG
Location	Vienna, Austria
Sector	Publishing
Year of foundation	1995
No. of employees	70
Turnover in last financial year	4,1 Million EUR
Primary customers	919.000 unique users (Source: ÖWA März 2004)
Most significant market	Online advertising and online classifieds
Full name of the company	Bronner Online AG
E-Business Focus	
Online advertising and classifieds	ä ä ä
Content management solutions	ä ä ä
ä = in implementation stage; ä ä = used in day-to-day business; ä ä ä = critical business function	

Background and objectives

Austria's daily quality newspapers with nation-wide distribution are represented by four newspapers: *Der Standard*, *Die Presse*, and the *Wiener Zeitung*, all of them published in Vienna, as well as the *Salzburger Nachrichten*, which is published in the region of Salzburg.

It is the traditional media who dominate Austria's web community. The internet offer of the quality daily of *Der Standard*, <http://derStandard.at>, is the leading online quality

medium and its constantly developing website has set standards in Austria. Second to move was the ORF, who created ORF-ON as their web brand, which is now the most visited online site in Austria.

<http://derStandard.at> started back in 1995 as the first German-speaking newspaper on the internet. In 2003, the printed version reached 5.8% of the Austrian reading population, i.e. 390,000 people (Austrian Media Analysis, 2003). Its online version was able to attract more than 830,000 unique users, 4.5 million visits and 32.3 million page impressions (Austrian Web Analysis – ÖWA, May 2005). Meanwhile, derStandard.at is constituent part of the Austrian digital information culture landscape, offering a broad scale of services. derStandard/Web is visited most frequently, with the channels derStandard/Politik (politics), /Panorama (chronicle), and /Investor (economy) are the runners up. The sectors sport, media/advertising, culture, and science follow neck and neck.

E-business activity

Value propositions in the advertising market

70 employees of <http://derStandard.at> achieved a turnover of 4.1 million EUR in 2004. Ten years ago, 230,000 people were using the internet in Austria on a regular basis. Today, there are more than 3.1 million users, making the internet significantly more important for advertisers. Having a broad and attractive user base, DerStandard.at can benefit directly from the growth of online advertising and online classifieds markets.

Exhibit: <http://DerStandard.at>

From revenues of 4.1 million EUR, online advertising accounted for 60% of overall turnover, online classifieds (mainly job advertisements) accounted for 28%, and the business field 'Content solutions' for 12% (see below).

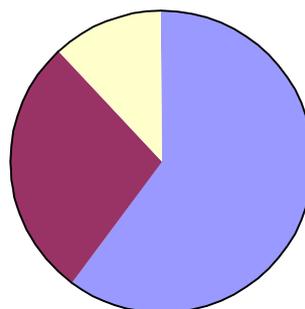
derStandard.at employs the whole range of online advertising forms such as dynamically placed banners, skyscrapers, rectangle, big-size banner, and pop-ups, static buttons, advertorials, site link, content ad, newsletter, or topic add-ons. Ad placement allows for optimal spread of its campaigns and perfect target-marketing to achieve optimal media effects.

In the classifieds market, derStandard.at/ *Karriere* (career) has a leading position in the online job market. Targeting the upper end of the market, it is one of only a few newspapers internationally which is able to compete successfully with pure online plays in the job market. Furthermore, derStandard.at operates in real estate (derStandard.at/Immobilien), automobiles (derStandard.at/Autos) and dating (derStandard.at/ ZuZweit).

Content solutions

In terms of content, derStandard.at offers two channels: the 'Newsroom' channel A: *Politik* (politics), *Investor* (investment), *Web*, *Sport*, *Panorama* (weather, miscellaneous), *Etat* (media), *Kultur* (culture), *Wissenschaft* (science), and the 'Livingroom'-channel B, offering *LeichtSinn* (fashion, literature), *Reise* (travel), *Karriere* (jobs), *Immobilien* (housing), automobiles, chat, and *ZuZweit* (dating). This kind of contextual

Share of turnover (2004)



advertising can be used to track an individual user's surfing behaviour. All forms of advertising are smoothly integrated with editorial content provision.

derStandard.at/ContentSolutions started in 1999. In the beginning, this business field dealt with selling web content from DerStandard.at to commercial customers such as banks, insurance companies, telecommunication companies and internet service providers. Today, derStandard.at/ContentSolutions also exclusively produces prime content for business customers and offers its mature web experience as Application Service Provider (ASP) to third party customers on a licence basis. DerStandard.at thus offers long-term know how in web publishing, applications developed over time, generated content, and technical infrastructure.

There are three components of its ASP solution:

- (1) Content Management System;
- (2) Content Presentation System;
- (3) Content Hosting System.

Data input and content management is achieved by a web-based editorial system with a reporting and statistics tool, content presentation runs via a web-based database to generate content dynamically. Hosting runs via a SQL database and web-servers. Successful examples for ASP content solutions of DerStandard.at are www.cyberschool.at and www.ecaustria.at.

Mobile services: derStandard.at offers PDA and WAP versions, both of which comprise the newsroom channels of DerStandard.at. Additionally, DerStandard.at offers SMS and MMS news, supported by increased internet and mobile media bandwidth to deliver multimedia content. These services are offered for a subscription fee. The fee is payable with the monthly invoice from the mobile carrier.

derStandarddigital.at is a product bundle consisting of an archive (some 250,000 articles since October 1996), the newspaper web edition, the e-paper edition and the Avantgo-version, the last three of which are different digital newspaper versions. Subscription is only open for the entire product bundle. E-paper, the web edition and the Avantgo-version use advanced processing software by Comyan. Newspaper data is taken directly from the editorial system and converted into these three editions. The presentation of the web edition and the archive were developed in-house.

Email services: derStandard.at posts a variety of email newsletters. There are some 100,000 newsletter subscribers, receiving some 150,000 newsletters. In total, the service comprises three weekly newsletters, eight daily newsletters (containing a news overview of all news channels) and an ad-hoc breaking news service. The newsletters also contain advertising and as such are part of online advertising.

Forum: Here, derStandard.at was highly innovative and in 1999 attached forums right to the article where the users could post their comments and opinion. This resulted in total postings of 700,000 in 2004. Another technical innovation concerns automated classification of postings. This project has been developed co-operatively with the Austrian Institute for Artificial Intelligence. DerStandard.at moderates the chat rooms to keep editorial quality on high levels and to avoid legal problems. Formerly, the moderation was done manually – i.e. each posting was read by the editorial staff and then published or cancelled. Now, software preselects postings and only 30% of all postings have to be processed manually. This saves time for the editorial staff. Furthermore, 70% of all postings are published immediately.

User demand: As far as user demand for online provision of editorial content is concerned, target groups of online content offers are to be differentiated alongside sex, age, education, job, purchasing power, and disposable income. In this context, up-to-date media data for our case study derStandard.at has revealed the following: more

males (6.1%) than females (4.7%) are reached by its online offers, the 30-39 year olds are reached in greatest numbers (24.6%), its majority have higher education levels (34.7% with higher education, 27.3% with university education) and are more affluent, showing higher disposable income levels (3.000 EUR and more per month).¹

Impacts and lessons learned

The annual result of <http://derStandard.at> has turned positive for the first time in 2004. It is one of the first online media to achieve a positive result. Defying the economic crisis battering the newspaper industry, DerStandard.at was able to improve revenues from 1.7 million EUR in 2000 to 4.1 million EUR in 2004.

Georg Zachhuber, Board Member of derStandard.at, commented as follows:

- *“well established and well managed online media are profitable,*
- *due to the increasing market share of online advertising and online classifieds, online media can achieve double digit growth rates for at least the next few years,*
- *fears that online would ‘cannibalize’ print have not come true, since each of the two media covers distinctive users demands, and*
- *being an independent company was a prerequisite for DerStandard.at to unleash its full innovative power”.*

References and acknowledgements

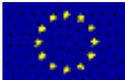
This case study was conducted by Paul Murschetz (empirica) on behalf of the *e-Business W@tch*.

References

- Interview with Georg Zachhuber, Board Member, <http://derStandard.at>, February, 25, 2005.

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¹ 'Media Daten', DerStandard.at, available at: <http://derstandarddigital.at/?url=/?ressort=Intraprintneu>. Data are based latest empirical findings from 'Media Analyse 2004' and 'ARGE Media Analysen'.