WEEKLY INSIGHT

The Financial Times' website to charge its content

FT.com expects to introduce a new premium service in May for specialised content with possible access to archives, columns and analysis as well, such as part of the daily Lex share-analysis column. The newspaper will charge users up to 140 dollars annually for its premium online content and hopes to get 10% of its revenues from the paid content by the end of this year. From Europemedia.net. [Full Story]

Highlights

- The Pearson Group, the owner of the Financial Times, reported a 12% fall in pre-tax profit for 2001. Although the group considers its flagship Financial Times crucial to its overall business strategy, the newspaper accounts just for 19% of editorial business volume.
- Given the operating profit at the Financial Times fell 62%, some other publishers have let it be known that they would be interested in buying the FT. In talks with Wall Street Journal, Pearson CEO Margaret Scardino said the Group had received no approaches and announced that the newspaper aims in the next five years to boost its Asian circulation.
- The FT Group’s internet enterprises include FT.com, economist.com and CBSMarketwatch. In 2001, these websites achieved revenues of £51m (about €82m), but losses were £60m (some €97m).
- Pearson has spent an estimated £200m (about $325m) on the site. However, costs at the site have been slashed by £80m (some €130m) over the last year.
- FT.com has built up a user base of 2.7 million. The company hopes subscription revenues will make up 10% of the site’s income by the end of the year, with syndication contributing with 25% and advertising the remaining 65%.

Press Review

From The Guardian
"The decision is likely to spark a rush towards subscription among other newspaper sites, many of which have been dabbling with the idea by charging for crosswords and horoscopes."
[Full Story]

From The Wall Street Journal
"For the full year, advertising volume at the FT was down 29% and ad revenue was down 20%; sales were up 24% at the Pearson Education unit, and up 9% at its Penguin Group consumer publishing unit. Pearson shares rallied on the company’s prediction of a “significant recovery” in per-share profit in 2002, which would come partly from substantial cost savings at the FT, including a 15% reduction in newsprint costs. It added that it will begin charging for more content from its FT.com Web site, including some items from the popular Lex stock-analysis column, though the basic news will remain free.
Media analysts who follow Pearson say that while the newspaper has become a smaller part of the company’s overall business, it is nonetheless important to Pearson’s strategy of using the valuable FT brand to promote its other units."
From Revolution
"Joanna Manning-Cooper, FT.com's head of communications, said: 'We will be adding a range of exciting new content services and starting to charge for them. The bulk of our daily news will continue to be free of charge, more specific content will be charged for.' (…) 'It was always part of our business plan to grow our brand and reach critical mass before introducing new products that we can charge for', added Manning-Cooper.

Commentary by...
Susanna Arasa, content manager at EBCenter PwC&IESE
Time for paid online newspapers
The kingdom of free content on the Internet is coming to a close. Very soon we will pay, not only for the Internet access, but for most of the content served through it. Over the last five years, daily newspapers have watched an avalanche of new Internet entrants snatch up their audiences - audiences, which have, up until now, belonged only to them. Still worse, they have done this providing their content for free. Traditional newspapers have been trying to answer with a journalistic label of quality, making readers loyal with a complementary product, despite a cannibalization of their own sales in paper format. However, user mass growth, together with the urgent need to recover investments in the context of an advertising crisis, has forced newspapers to seek out formulas similar to the ones they implement in their off-line realms - basically paid subscriptions or newspaper stand sales. Meanwhile, some things have changed. Newspaper audiences, traditionally regular readers of certain headlines for ideology, inertia or other reasons, have become nomadic users. They have evolved into audiences similar to those of television, in the sense that they acquire information more quickly and "flip channels" compulsively. Today's internaut has become accustomed to selecting from among a vast array of contents which have particular interest to him or her, and to receiving this information in a customized and free format in via e-mail. Media leaders must learn how to place their own offerings in this new context and make them appealing enough for new users to fill their shopping baskets with virtual contents. That is, compel users to pay for information, or at least a part of them. But, what are those premium contents for which users would be willing to pay? By now, research points to entertainment, education and communication services delivered through broadband and wireless devices. Not so clear is the future of text content. Nevertheless, providers will have to insist on in-depth treatment of information and its exclusivity. And thanks to the Internet, newspapers can now add constant advances and updates to their quality information.
Whether this product will be enough for Internet users to pay for, remains to be seen. Certainly, it won't be easy after years of obtaining content completely free. But such is life, in the so-called Internet commerce age towards which we are heading.

EBCENTER ARTICLE
Which brands are having success with their Internet business?
By Carlos Mora, EBCenter research assistant
Traditional companies selling through the net are generating more confidence and security than their dotcom rivals amongst users, given that they can rely on a prestigious and well-established brand name.
REPORTS

Internet gets more serious and functional

Title: Getting Serious Online
Source: Pew Internet & American Life Project
Date: February, 2002
Abstract: As Internet users gain experience online, they increasingly turn to the Internet to perform more serious and functional tasks.

Based on 1,501 interviews held in March 2000, March 2001 and January 2002, the survey shows that, in 2002, about 55 million people, now go online from work, up from 43 million who reported using the Internet at work in 2000. The number of Internet users who have ever bought anything online grew 45% between 2000 and 2001 from 40 million to 58 million. Purchases of travel services grew 59%, from 29 million people who said they had made such a purchase to 46 million. Growth in online banking and participating in online auctions were also strong, with 79% and 83% more people, respectively, saying they had done these activities.

Moreover, people are somewhat less likely to praise its social advantages. In March 2001, 79% of Internet users said that the email was "very" or "somewhat" useful for keeping in touch with family, which is a decline from the 88% of the same respondents who said this in March 2000. [Full Story]

Online Advertisement: better Audio or Video than banners

Title: Internet 8: Advertising vs. Subscription- Which Streaming Model Will Win?
Source: Arbitron
Date: February, 2002
Abstract: Approximately 9 million consumers who have ever listened to Internet audio would be willing to pay a small fee to listen online audio. The study also revealed that 4 in 10 audio streamies - those who have listened to Internet audio - would be willing to pay a small fee for commercial-free content, high-quality audio or content they can't find anywhere else.
The study also confirms a continuing decline in the number of online Americans who are responding to banner ads. The proportion of those who have clicked on a banner ad in the last month plunged from 31% in January 2000 to 14% in January 2002. In addition, many consumers said that banner ads are more annoying than online audio or video ads. When asked which they find more annoying between banner ads and audio ads on the Internet, more than 52% of online Americans said banner ads are more annoying and 30% said audio ads are more annoying. When asked whether banner ads or video ads were more annoying, more than 53% of online Americans said banner ads were more annoying while only 25% chose video ads. The study also shows significant growth in the regular use of online audio and video. Approximately 40 million Americans listened to audio or watched video in a typical month. [Full Story]

40.6% of US High Schools Use e-Learning

Title: Online Courses and Other Types of Online Learning for High School Students
Source: Apex Learning and Blackboard
Date: February, 2002
Abstract: Apex Learning and Blackboard has surveyed 345 district administrators at United States public school districts responsible for secondary education and 447 U.S. public school principals responsible for secondary education.

According to the study, 35.3% of public school districts responsible for secondary education and 40.6% of public schools responsible for grades 10-12 have adopted online courses for high school students. Both district administrators and school principals indicated the highest levels of interest for online preparation for high-stakes testing, online class planning resources for teachers and online professional development courses.
The major reasons for adopting online courses are delivering broader curriculum cost-effectively, expanding college preparation, providing equal access to curriculum for schools with limited resources.
and resolving scheduling conflicts. District administrators and school principals pointed to an accredited curriculum, the affordability and capability to customize it with the needs of grades 9-12 as the factors in the choice of the retailed course. [Full Story]

COMPANIES

Amazon CFO to resign
Amazon.com sought to assuage investor concerns over the resignation of Warren Jenson, its chief financial officer. According to analysts, Mr Jenson's departure this year may be a tacit admission of Amazon's lackluster growth prospects after it reported its first-ever quarterly profit in January. From Financial Times. [Full Story]

Barcelona.com must be transferred to Spanish city
A U.S. court has declared that the operators of a tourism portal at Barcelona.com are cybersquatters, and that the Internet address they registered in 1996 should be awarded to the Spanish city of Barcelona. Judge Claude Hilton has ordered the domain Barcelona.com to be transferred to the government of the Spanish city "forthwith" after ruling that a couple had attempted to profit by waylaying Web surfers who would be expecting to find an official government site at the dot-com address. From Newsbytes. [Full Story]

Vivendi takes write-down
Plagued in recent months by concerns about its debt levels and financial transparency, Vivendi, the world's second largest media group after AOL Time Warner, reported an $11.8 billion (13.6 billion euro) net loss after a goodwill write-down of $13.2 billion. It also confirmed forecasts for sales growth of 10 percent this year and core earnings of around $5 billion. Vivendi said EBITDA (earnings before interest, taxes, depreciation and amortization) in its core media and communications activities had risen to $4.38 billion, in line with forecasts. From News.com. [Full Story]

US regulators vote to approve HP-Compaq merger
The US Federal Trade Commission gave its approval to Hewlett-Packard's hotly contested merger with computer maker Compaq, HP said in a statement. According to the company, the FTC has closed its probe of the merger and is taking no action to oppose it. The European Commission earlier had decided it would not oppose the merger. From New York Times. [Full Story]

WE RECOMMEND

The reasons of Excite@Home failure
Excite@Home officially goes out of business, marking the final chapter for a networking and content giant that just a few years ago had a market capitalization of some $35 billion and was considered a serious rival to America Online. News.com has elaborated a special report about the reasons for Excite's demise. According to the interviewed analysts, Excite@Home was silly to allow AT&T assume majority control of its board of directors. From News.com. [Full Story]

Useful technology trends
*Fortune.com* gathers the trends that will strengthen business connections over the next few years. According to the author, getting all the pieces of corporate technology in sync is the top priority. The key is connecting the **back end** (databases and manufacturing and financial systems) with the **front end** (Web-based sales and marketing applications that touch customers and employees). Other buzzwords of the year are **web services** and **collaboration software**. More useful technologies: **software to process** massive amounts of **data about customers** and **protecting computer systems** from hackers and viruses.

Finally, a dark-horse technology has emerged that will truly make a difference to businesses. It's called 802.11, or **Wi-Fi** and it's a simple way of wireless communication. That's why experts predict that it will become extremely important. From *Fortune*. [Full Story]

**EU data privacy law affects US**

Data privacy is becoming a global concern with transnational implications. And so is its legislation. For instance, EU privacy laws are very **restrictive with regard to the transfer of data to countries outside the EU**. There are several ways to accomplish these transfers legally, but none of them are easy. Asking authorities for approval of the transfer or getting each customer's consent could be two possibilities. Fortunately, the EU and the U.S. have negotiated a "safe harbor" agreement that allows U.S. companies to transfer data if they comply with safe harbor principles set forth by the U.S. Department of Commerce. From *CIO*. [Full Story]

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