



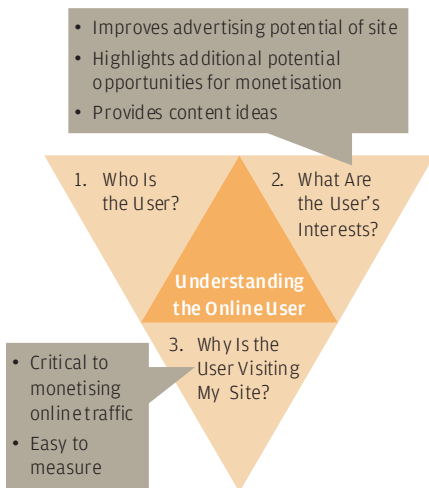
HAVING YOUR CAKE AND EATING IT TOO

Driving Online Profit Growth

DRIVING ONLINE PROFIT GROWTH

Media companies can often step change online profits – in our experience by 50% to 200%, depending on the maturity of the online business. The trick is to pare back your content and development activities so that they are targeted at the needs your users want and expect to be fulfilled by your site. Master this trick and you could drive revenues with the same or indeed, smaller online cost base – in short, you can have your cake and eat it too.

THE TRICK



Most media companies research their users and develop content and applications that are appropriate to them – their demographics and their interests. For example, celebrity news and gossip sites may branch out into financial products and wine clubs because these products appeal to their users and consumer magazine sites may start comparison shopping, restaurant review and booking sites. And what's wrong with that?

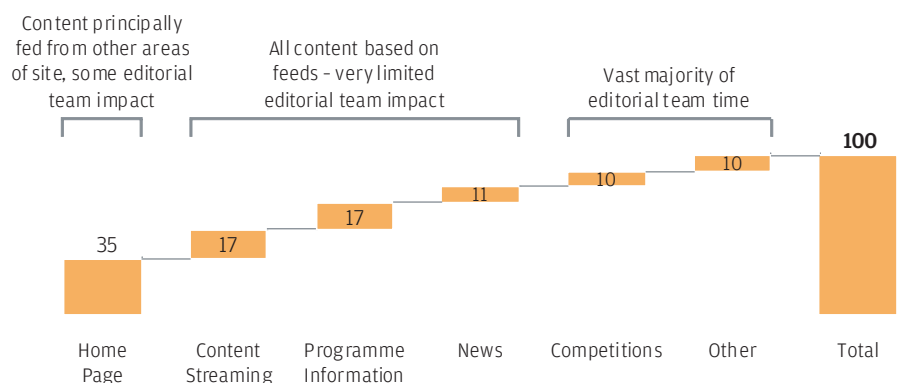
Well, it fails to acknowledge that users typically go to a site to fulfil a need. They want to read the news, they want to watch their favourite programme, they want to listen to their favourite radio station, they want to entertain their children, they want to find something to buy, and so on.

Content and applications that are closely related to that need may delight users and offer revenue growth opportunities, especially if they are being created with a

clear commercial end in mind and are not just the content or development team's latest, greatest idea. But content and applications that are unrelated to the core need users are seeking to fulfil at the site are unlikely to increase audience, page impressions or return visits significantly, however appropriate to the typical user's demographic and interests they may be. Investment in such content and applications is at best inefficient. Most likely, it is unprofitable. After all, most media companies have more page impressions than advertisers want to buy (at least, not for more than a few pence). Competing against well established, dedicated and well funded destination transactional sites, meanwhile, is highly challenging.

Paring back content and development activities that are not targeted at the needs users want and expect to be fulfilled from your site, can therefore be profit enhancing.

Usage by content area – disguised client example % of page impressions

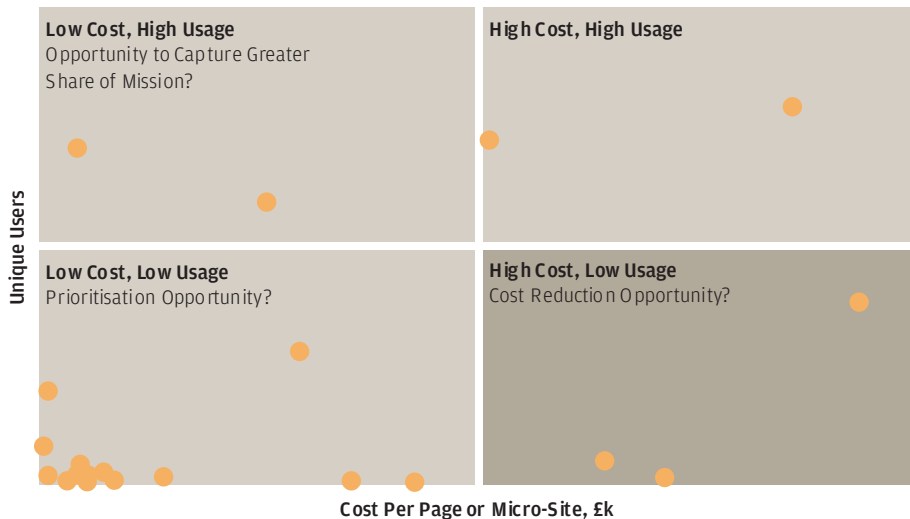


THE METHODOLOGY

Delivering profit growth by identifying and cutting commercially unpromising content and development activities can be challenging. We employ a five step process:

1. Analyse usage data to identify content and applications that appear to be fulfilling user needs ('high usage' content) and content that appears to be tangential ('low usage' content) and likely to stay that way
2. Validate understanding of user needs and expectations via user research and site comparisons (and make sure that the usage data isn't simply a product of the quality and extent of what's available on the site)
3. Compare the cost of creating both 'high usage' and 'low usage' content and applications with the revenues associated with each, and identify any commercial rationale for investing in what is 'low usage' content today, over the near and long term
4. Develop cost savings plan and identify the potential benefit from redeploying resource against commercially promising activities
5. Execute cost savings / revenue enhancement plan

Cost of content vs content usage - disguised client example



THE BENEFITS

What's the benefit of streamlining content and development activities to focus on commercially promising activities? Simple. Significant profit increases, ranging from 50% to 200% depending on the maturity of your online business, and a clear commercial prioritisation of activities in both the short and long term.

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