



Michiel Buitelaar

(COO Digital Media - Sanoma)

“Publishers have ink in their genes”

“My predecessor Paul Molenaar was both COO Digital Media at Sanoma and CEO at Ilse Media. When I arrived here, the two jobs had been separated again. Too much work for one person, I guess. Ilse Media is an independent organization, to a certain extent, and for Sanoma I have to deal with a lot of international issues. Those are two separate jobs, even though Ilse Media is getting closer to Sanoma. Their expertise with digital media is used throughout our company. All websites in the domains of fashion, living, automotive and the rest are supported by Ilse Media. Even editorial assistance is supplied by Ilse Media.”

“We do not build our own sites. We take care of the architecture, we do the design and we coordinate the infrastructure, but most construction work is outsourced. I have a preference for centralized models, although I’d rather speak of professional or specialist models. In my view it is better to bring all specialists together. That is why our

technical expertise is concentrated at Ilse Media. And why the priorities are set here.”

“At Sanoma, we are aware that advertising expenditures are getting reduced. That affects our magazines, some more than others. In digital advertising the growth has stopped. The results are not as good as we had planned, which forces us to mind our costs. But we did not have to reorganize for now. My focus this year is on operational improvements. We can organize ourselves better, make our expertise work, measure and analyse our performance better, enhance recycling of our content, and embed more video in our websites. We have some 200 websites and we need a smarter network. I also want to do more with affiliate marketing to push our traffic in the direction of transactions. Another priority is to develop more concepts that are attractive to advertisers.”

“Display advertising is not dead, but some companies are selling display at huge discounts. I talked to a colleague who works in commercial television, and their websites do not earn. Basically because they have not got a clue as to how to improve their performance and sell better. I am not putting them down, because this is not an easy job. We are simply better at it, so it may be a good idea to make our expertise available to others and include their sites in our network. I think we are able to improve their banner performance, especially in interest domains that are already covered by Sanoma.”

“I have divided all our websites into three categories, based on their commercial potential. Category three, for instance consists of those websites that exist because a magazine needs an online presence. Because of its readers, the market position of the title or the competition, it is very difficult to make any money with those sites. That is why we have put them in the fridge, so to speak. They get almost zero attention. Category one includes the websites that have matured successfully. They reach an attractive audience and make money. In the middle we have a category that consists of websites with potential. Those are the ones that we want to develop further, because they can contribute to our growth.”

“Almost 90 percent of our online income is from advertising. Branded content and e-commerce do not contribute much. We really depend on advertising. But in our ad stream, the share of cost-per-click has become big. Display revenues are growing, because we can make banners and buttons context sensitive. Autoweek.nl is a perfect way to reach an affluent male target group, while for instance Viva.nl and StyleToday.nl can be used for campaigns that need a specific Umfeld. For advertisers that want maximal exposure we can do a run-of-network based on the classical cost-per-mille. Those campaigns are relatively cheap, while campaigns in a specific context are more expensive. But also much more effective.”

“Campaigns are even more effective when you include behavioural targeting. To give one example: we know who is looking at flatscreen televisions on our review site Kieskeurig.nl, which enables us to confront those visitors with a relevant ad on Nu.nl the next day. Or the next hour! Contextual and behavioural advertising will develop even further, because we are getting better at targeting. We are experimenting a lot to smarten up our network. Some of our

pilots are dramatic failures, but others are successful. We have seen click-through rates exploding tenfold! But we are not pushing our targeting expertise too much. Most advertisers, media buyers and advertising agencies prefer to play safe. They are not ready for smart marketing yet. Many still live in the age of mass marketing, so Sanoma has to conform.”

“That is also why advertising sales for our print activities and digital media are largely not integrated. I know other publishers are putting their teams together, but we prefer to separate those streams. We do make occasional combinations on individual accounts, but magazines and websites are two different platforms. I do not want to mix these, unless advertisers ask for an integrated effort. That is now happening in automotive and home deco, while advertisers in the food industry are more traditional.”

“With some 200 websites we are ready for smart marketing. I am an evangelist for intelligent networks. The data we collect on one website can be used for the next. The whole network is more than the sum of all individual sites. Since we started promoting content from one website on others, traffic has gone up. The network approach gives us a unique selling proposition to advertisers. Together we can be much more action oriented. We are pushing advertisers from cost-per-mille via cost-per-click to cost-per-lead or even cost-per-sale. This requires a different approach to advertising. We have to ask more questions. Who do you want to reach? What are you selling? When? Why? Did you know that two-thirds of all bikinis are sold in one month? If we know to whom and why, we can improve our targeting.”

“E-commerce is big but still in its infancy. The convenience of online shopping gives e-commerce great potential. So far, we have only seen the beginning. I am a real believer in e-commerce. At Sanoma however, we do not get involved as an e-tailer. Our skills lie in supplying context, not commerce. We do not want to stock products and we do not want to sell them. But we do want to put in place all stepping stones, from inspiration to information and eventually transaction.”

“Another domain that has started to move now is mobile media. We have not published any numbers yet, but Nu.nl’s mobile news channel could easily be market leader in this fast growing media segment. We see a steep growth in page views, currently (summer 2009) at a level of 30 million a month - almost half of them on iPhones - from 700,000

unique visitors. Some people look at their mobile news pages day and night. The problem is that, so far, advertisers show little interest in mobile marketing. Maybe we should push that a bit more. Mobile marketing is new territory for everybody. We do not pretend to know it all, when even Nokia has not found a working model yet.”

“Talking about new territories: we are currently looking at the potential of ebooks. These might be useful to distribute magazine content, although we still have to find out what magazines should look like on mobile phones, ebooks and other devices. One simple truth is that you cannot simply transfer content from one platform to another. Magazines, websites, mobile media and ebooks all have their own dynamics. We are now looking at the possibilities within our interest domains rather than for individual titles.”

“Magazine publishing is a traditional business. For Sanoma, I travel abroad a lot. What I cannot help noticing is that this business has a very local character. It is each publishing company for itself. Ilse Media has reached a good level of online maturity that can be used elsewhere in Sanoma. I see too many publishers trying to copy their magazines to websites. We know that the best websites are usually the ones that have created their own relevance. Viva.nl is not a copy of the magazine! We have to accept that different media behave according to different rules. But newspaper publishers and television channels are making the same mistakes. They try to transfer old media into new media. Publishers have ink in their genes. To make use of new media, we need to adapt and evolve further.”

“We are involved in the national debate on the future of the press. My impression is that we should not confuse the survival of the big newspaper publishers with the survival of journalism. We all know that the big dailies have failed to invest in new activities when they were making huge profits. We are not in favour of public fund injections into an ancient system that basically implies pushing around an enormous amount of paper every day. Surely our daily news can be delivered in a more contemporary way. Our democracy is not threatened by the demise of the dailies, although I do think debate and investigative journalism should be supported.”

“We have suggested considering alternatives comparable to fundamental scientific research, funded from public means. A good example is Zembla, a programme in public broadcasting. That is investigative journalism. In our view however, investigative journalism that is funded through public means should be made available to all media. I would like to see Nu.nl being given access to their findings. Not just to the end result, but also to the underlying data.”

“The whole debate does not really affect Sanoma. We supply news via Nu.nl, but most gathering is outsourced to ANP news agency. To be honest: I do not think Sanoma is going to return to newsgathering itself. User-generated content might be an exception. But at Sanoma we focus more on lifestyle publishing. Our interests are in fashion, food and living.”