Internet Marketing Strategy for Publishers

How to Transform your Book, Magazine or Newsletter into a Niche Media Empire by Refining your Website Marketing Strategy

Don Nicholas
and the Mequoda Group

MEQUODA DAILY

Helping Publishers Make Money Online

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Table of Contents

Preface
The Mequoda Method
History and Methodology

> 66
>
> *I have been*
> *involved in*
> *Internet marketing*
> *and publishing*
> *since 1995.*

I have been involved in Internet marketing and publishing since 1995, when I was running an agency called Blue Dolphin Direct—primarily a print direct marketing and editorial consulting firm for a variety of magazine and newsletter clients. It was during that time when the folks at *Computerworld* had the revolutionary idea that we could sell subscriptions to their print magazine via the Internet. The program took about eight months to develop and was successful, in that we were able to sell print subs at a cost per order of about $65—a little below their average cost per order via direct mail. And that was the beginning of our journey.

In early 2000, we converted the agency into BlueDolphin.com, which was an early, successful online retailer of print magazine and newsletter subscriptions—albeit a hub-less site. And although we became very good at mining our database, we were not so good at building it through the kind of frictionless sources that we see successful integrated media companies using today.

In late 2003, we concluded that the action was not in managing a centralized retail site for the print magazine and newsletter community but, instead, in helping individual publishers build their own portals, or hubs. So three of us formed Digital Media Advisors—still not having a clue about what we now know as Mequoda Methodology.

We spent 2004 researching successful online companies and, discovering similarities among them, began to label the approach they seemed to be following as the "Media Quote Daily

> *By mid-2005, I found myself running the Mequoda Group, an Internet marketing research team of 20 people—most of whom have been working on the Internet for five to ten years and who now use the Mequoda Method as a backdrop for finding high-performance, integrated media companies.*

Methodology." That was quite a mouthful, and—rather quickly—the shorthand version emerged: "Mequoda Methodology." In early 2005, we decided to change our company name to Mequoda Group and rebrand every product we produced under the Mequoda label—including *Internet Media Review* which, along with SWEPA, was the precursor to the current Mequoda Library.

By mid-2005, I found myself running the Mequoda Group, an Internet marketing research team of 20 people—most of whom have been working on the Internet for five to 10 years and who now use the Mequoda Method as a backdrop for finding high-performance, integrated media companies.

What's a high-performance, integrated, media company? At Mequoda Group, we define it as one that:

1. Generates more than 10 percent of its total revenues online; and
2. Successfully integrates and dedicates resources to its Internet operation, which is growing.

While 10 percent may seem like a rather low cutoff in this day and age, we have bumped into only a few media companies that actually meet that threshold. We have, however, identified a handful of media organizations that are earning a disproportionate amount of their annual revenue—20, 30 or perhaps 40 percent—online and have a growth history over the last five years of 30, 40 and even 50 percent.

> 66 *The most impressive example of a good-sized, high-performance, integrated media company that we've found so far is Agora, Inc.*

The most impressive example of a good-sized, high-performance, integrated media company that we've found so far is Agora, Inc., which has grown from $1 million in online revenue in 1999—four percent of its total revenue—to an estimated $110 million in 2005, which will represent more than 52 percent of the company's total 2005 revenue. The secret to Agora's success, of course, is its free Internet hub, DailyReckoning.com, through which visitors can subscribe to the company's free, daily email newsletters. The subscriber names then become a robust marketing database of loyal, qualified individuals to whom Agora markets its print newsletters, books and events.

Another successful high-performance example is *Forbes*, which basically took its offline magazine brand and made it the centerpiece of a free online operation. Forbes.com is not limited to the content and frequency of the biweekly print magazine but includes a plethora of stories that are free to the visitor and refreshed daily. As a result, the number of unique visitors to Forbes.com jumped from 11 million in January of 2005 to 14 million just 11 months later. And because perhaps 80 percent of its online revenue comes from third-party sponsors, that is the important metric for *Forbes*.

Other successes that we've discovered include America's Test Kitchen, PC World, the Book Report Network, The Goals Guy and a dozen or so more.

> 66
> *The successful Internet business practices of these high-performance media companies, therefore, became the basis of the Mequoda Methodology.*

We found certain similarities among all these examples:

- A robust Internet hub
- Frequent, well-edited, free, controlled circulation email newsletters
- A large marketing database generated from the free email newsletters
- Senior personnel involved in the online operation
- Substantial revenue generated online
- Impressive growth rate

We also began to understand that there was no required revenue mix. We did notice, however, that the seriousness with which they dedicated resources to their Internet hub seemed to be the single most-important definer of a high-growth, integrated media company that was doing well online—as compared to a company that was bringing in only five or 10 percent of its revenue from online sources. The successful Internet business practices of these high-performance media companies, therefore, became the basis of the Mequoda Methodology.

What's particularly fascinating about the Mequoda strategy that we've defined is that it's business model agnostic. It doesn't matter whether you want to generate revenue by selling sponsorships or by selling information products—and it's size agnostic and industry agnostic, as well. The Internet is an information distribution model that, unlike any media that came before, is an extremely flexible format. And the high-frequency email newsletter, which is so important to the Mequoda Methodology, is a flexible, fluid platform.

So now, just as anthropologists search for the missing link, our Mequoda Group research team is constantly on the lookout for all manner of media websites that fit the criteria to observe, review, profile and critique them in order to affirm, tweak, update and improve the Mequoda Methodology.

—Don Nicholas

Part 1
Best Practice
Guidelines

2.1
Introduction to the Mequoda Method

> *The Mequoda Method is a collection of media management behaviors that, when operated as a repeating cycle, create an audience-driven, continuous improvement, media management system.*

The Mequoda Method is a collection of media management behaviors that, when operated as a repeating cycle, create an audience-driven, continuous improvement, media management system. To discover and document the Mequoda Method, the Mequoda Research Team has studied the management strategies and habits of hundreds of successful (and not-so-successful) media organizations to arrive at seven best practices, or organizational habits, that comprise the most current version of the Mequoda Method.

The media case studies you will find in Part 2 represent the best examples of the seven integrated new media management habits the Mequoda Research Team has codified as the Mequoda Method 2006. While the organizations we have reviewed don't excel in all seven habits, each does in several, and some, in all.

The Seven Habits of Highly Successful Niche Media Empires

1. Implement a Strategic Management System
2. Build a Mequoda Media Pyramid
3. Build a Mequoda Website Network
4. Organize Content Around the Customer
5. Create User-Centric Websites
6. Implement the Mequoda Marketing System
7. Make Metric-Driven Decisions

The Mequoda Method, when executed with passion and accuracy, can transform any special-interest magazine, newsletter, book, website, blog, forum, TV show, radio show or newspaper column into a multi-million dollar niche media empire.

Habit 1
Implement a Strategic Management System

Habit 7
Make Metric-Driven Decisions

Habit 2
Build a Mequoda Media Pyramid

The Mequoda Method™

Habit 6
Implement a Mequoda Marketing System

7 Best Practices of Highly Successful Website Publishers

Habit 3
Build a Mequoda Website Network

Habit 5
Create User-Centric Websites

Habit 4
Organize Content Around the Customer

Understanding the Method

Over the past 10 years, media companies have spent billions of dollars trying to figure out how to make money on the Internet. The most basic question: Is the Internet a media product or a marketing channel? The answer, we now know, is "both." It is a marketing channel for existing media products that include magazines, books and newsletters, and it is a medium in its own right that allows us to create all manner of websites, email newsletters and other digital information products.

Publishing companies, perhaps because of their rich archives of available content, embraced the Internet rather early. Confusion about the role of the Internet in an existing media organization led to big losses and infrequent success. For some publishers, that situation has now changed. In fact, the very nexus of a number of today's most successful media companies—some large, others small—is the Internet.

We have cataloged case studies on more than 200 media organizations that made money on the Internet in 2005. Some generated as much as 100 percent of their revenue online, and many traditional print publishers more than 30 percent. Perhaps most surprising is the fact that in most of the 200 case studies we've done, more than 80 percent of the publisher's revenue comes from the sale of physical products (magazines, newsletters, CDs, DVDs, events, etc.), while only 20 percent comes from digital products like online advertising and membership website fees.

At the Mequoda Group, we have kept a watchful eye on the changing Internet landscape over the last decade, observing the

> 66 *We isolated the key behaviors practiced by the Internet's most financially successful special-interest media companies. Then, using that research as a basis, we devised a cohesive model of best practices for successful Internet business management.*

ways various companies have employed the "new media" with more or less financial success. The successful online publishers appear to have one thing in common: whether consciously or simply intuitively, they achieve success through a consistent management system that includes key business practices, or behaviors, that strengthen and support each other and are repeated over and over.

Our research team examined, reviewed and/or profiled hundreds of successful (and not-so-successful) Internet publishers and media marketers, and isolated the key behaviors practiced by the Internet's most financially successful, special-interest media companies. Then, using that research as a basis, we devised a cohesive model of best practices for successful Internet business management.

The result is the Mequoda Method, an Internet-centric media management system comprised of seven organizational habits. It's important to understand, however, that these seven habits are not isolated best practices. Rather, they are elements of a unified management system. When exploited completely and repeated consistently, the habits reinforce each other and, ultimately, create a continuously improving, audience-driven media management system.

Successful integrated media management in the 21st Century boils down to creating happy users and healthy profits. Without accomplishing both, no media organization will exist for long.

Whether your purpose is to launch a new media property or to manage, maintain and improve an existing media brand, the Mequoda Method is an effective media management system that can help you turn your special-interest magazine, newsletter, book, website, blog, forum, TV show, radio show or newspaper column into a multi-million dollar media empire.

Case Study Summary: Agora, Inc.

> " *Agora, Inc. is the best example that we've found to date of a reasonably good-size company that generates a disproportionate amount of its revenue online and that has a robust Mequoda Internet Hub with a large controlled-circulation subscriber file and a high-frequency email newsletter attached to it.*

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• Daily Reckoning.com is the Internet Hub of Agora Financial Group, the largest of five independently operated businesses based in Baltimore (and several other companies located overseas) and owned by Agora, Inc., a holding company.

• *The Daily Reckoning* is Agora's flagship newsletter—a free, permission-based email newsletter that establishes user loyalty for the company and, at the same time, creates a database of qualified subscribers to whom Agora can market its products—books, print newsletters and events—on several Mequoda Marketing Satellite websites.

Until the mid-1990s, Agora generated all of its revenue through the sale of print products—primarily daily newsletters—sold via direct mail. It was about that time that Bill Bonner, Agora's owner and chairman, saw the inevitable competition that the Internet would soon present to print publications.

By 1999, *The Daily Reckoning* email newsletter was born—a lengthy, meaty, financial publication published daily by Agora and distributed free to anyone who furnished an email address. That single move effectively positioned Agora as an online publisher. In

1999, the company generated about one million of its $25 million annual revenue from online sources.

> " *In 2005, Agora estimates it will generate $210 million in total revenue, with more than half—an estimated $110 million—produced by products that the company markets and sells online.*

Whether Agora realized it at the time, the Internet is a terrific, almost frictionless environment for communicating with customers. And the special thing that DailyReckoning.com did (and continues to do today) was to treat people who hadn't paid any money but had surrendered their email address as if they were loyal customers. Agora also took the free email newsletter very seriously, filling it with timely, worthwhile information, written in an amusing style—a good read.

The Daily Reckoning today runs a colossal 16 pages per issue, on average, and is distributed to 500,000 readers every weekday afternoon. In addition, the company has replicated the newsletter twice. *The Rude Awakening* is a free, early morning edition and *The Daily Reckoning* weekend edition, also free, summarizes all the previous week's news. Agora's online revenue has grown steadily from the $1 million generated in 1999 to $65 million in 2004—for a total of $250 million in online revenues over the period. In 2005, Agora estimates it will generate $210 million in total revenue, with more than half—an estimated $110 million—produced by products that the company markets and sells online.

The seven organizational habits, or best practices, described in this chapter—which are commonly and consistently used by highly successful Internet publishers and marketers—comprise the powerful, self-reinforcing Internet-centric media management system called the Mequoda Method.

Habit #1:
Implement a Strategic Management System

> *When running a media business, it is vital to implement a strategic management system.*

When running a media business, it is vital to implement a strategic management system, as opposed to operating an old-fashioned, command-and-control management system. Strategic management treats the enterprise as an information producer, and employees are valued for their creativity. Conversely, command-and-control management (your father's management) treats the enterprise as a machine, with employees viewed as replaceable parts. Strategic management involves setting specific goals, aligning those goals with the organization's values, vision and mission, supporting those goals through your day-to-day activities, and finally measuring the success of the overall plan. Implementing a strategic management system in a media environment greatly increases productivity and economic output.

Components of a Strategic Management System

Habit #2:
Build a Mequoda Media Pyramid

> 66 *Building a Mequoda Media Pyramid is an exercise through which you dig down and determine exactly how you're going to run your company.*

The Mequoda Media Pyramid is the core of the seven Mequoda Method habits. Building a Mequoda Media Pyramid is an exercise through which you dig down and determine exactly how you're going to run your company. In a Mequoda media enterprise, the commonality is not the platform; rather, it is the expertise in, knowledge of and in-depth perspective about the subject at hand. And those capabilities can, and should, expand across several different kinds of media that are marketed to targeted, qualified prospects and distributed from a master production operation. That is as true for publishers with one print newsletter and seeking additional revenue streams, as it is for publishers with many products—newsletters, magazines, websites, events, etc., and multiple revenue streams. The pyramid provides a method for organizing content to maximize profit.

Whether as products, subscriptions, events, services or something else, the various media are marketed to increasingly specific audiences at progressively higher price levels that offer considerably more valuable margins to the publisher. That is the essence of the Mequoda Media Pyramid.

The pyramid (top to bottom):

- Services
- Events
- Memberships
- Subscriptions
- Products
- Advertising
- Internet Hub

Message Distribution

Free Media	Paid Media
(PR, SEO, Web Feeds, Link Building, Radio, TV and Books)	(PPC, Affiliate Marketing, Co-Registration, Internet Advertising, Direct Mail and Print Advertising)
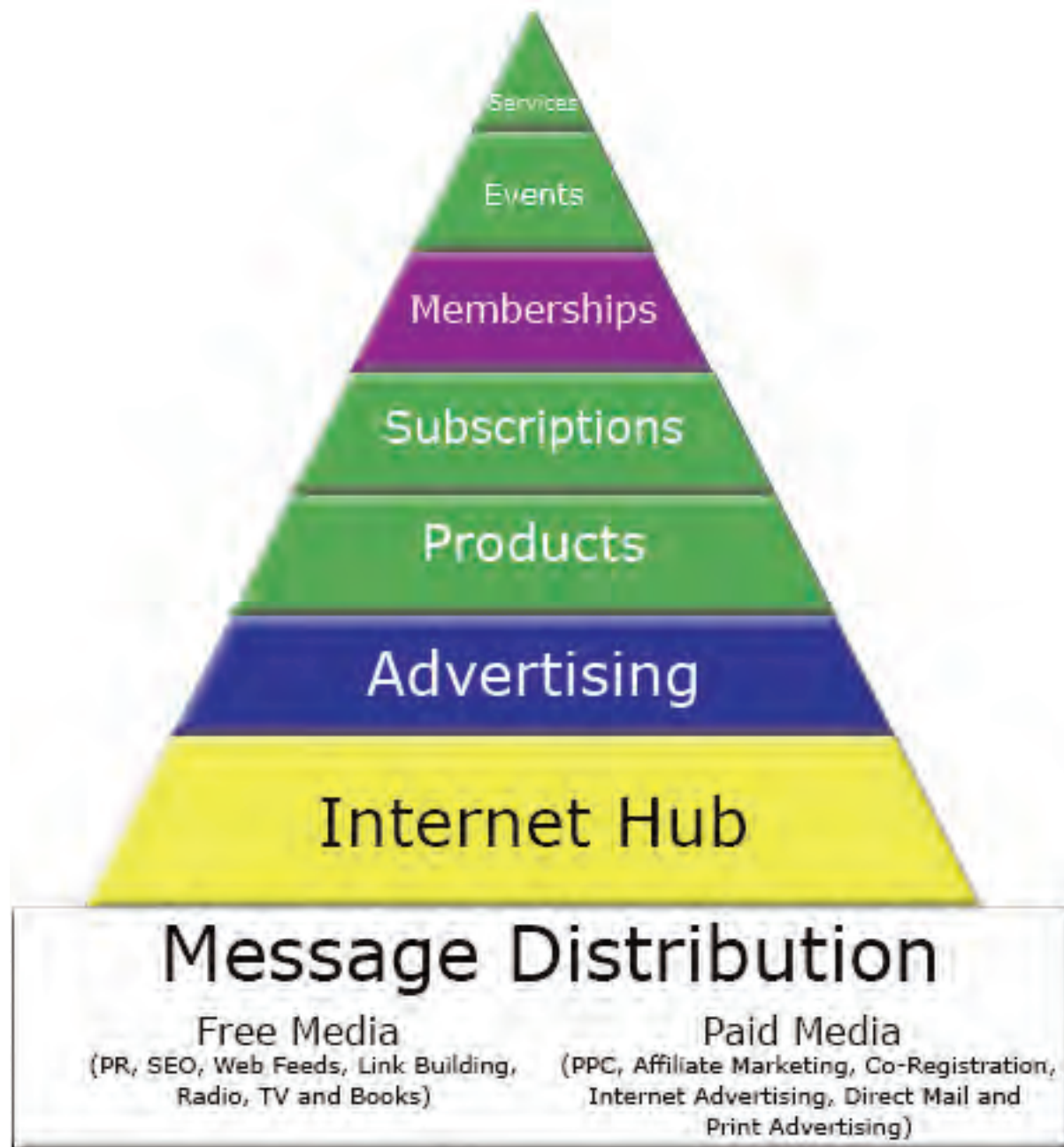
Habit #3:
Build a Mequoda Website Network

> *When it comes to website publishing, some publishers have a clear strategy and others are still confused—the solution lies in the Mequoda Website Network.*

When it comes to website publishing, some publishers have a clear strategy and others are still confused. But all website owners can increase conversions and improve the user experience. The solution lies in the Mequoda Website Network—the all-important centerpiece of the Mequoda Marketing System—which defines and determines the organizational architecture required for a 21st century media company to compete effectively and profitably.

A Mequoda Website Network represents the product portfolio of a media company. The network architecture comprises a free, content-rich, relationship-building Internet hub that is surrounded by—and feeds traffic to—one or more marketing satellites (any of the six website archetypes), where the users can be monetized.
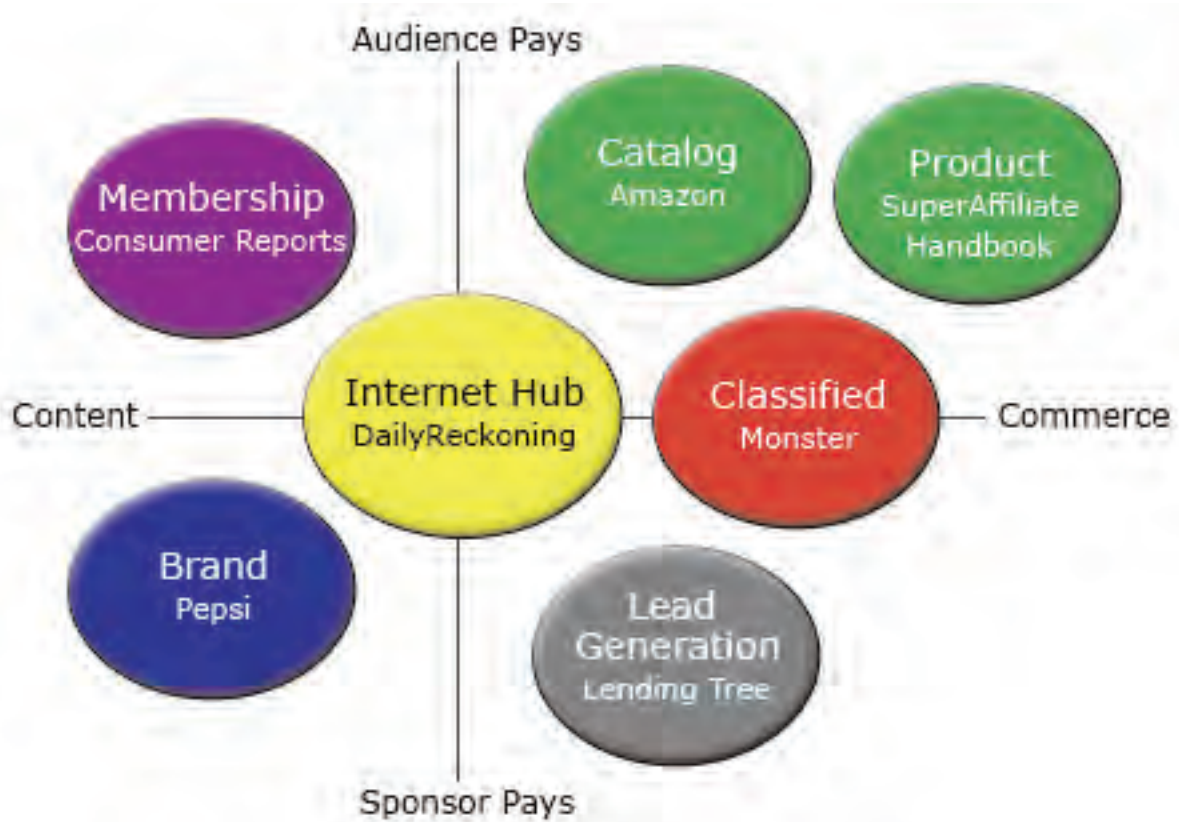
Mequoda Website Archetypes

Habit #4:
Organize Content Around the Customer

> *" Publishers who use the Internet to recycle, reuse and republish information in many different formats are the ones who will succeed.*

Periodical publishers have historically considered content to be disposable—generated once for use in a periodical or book and then discarded. Publishers who use the Internet to recycle, reuse, and republish information in many different formats (periodicals, books, email newsletters, blogs, wikis, digital libraries, courses, events, DVDs, CDs and more) are the ones—large, small or independent—who will succeed. Also, customer-driven content management will be common in the very near future, allowing a diverse community of online users to engage and be engaged in many different ways compared to simply subscribing to a magazine or buying a book, and the resulting environment will be much bigger and more sophisticated than in the past. Organizing content around the customer, therefore, really means organizing content efficiently and effectively to extend your brand and drive both revenue and profit.
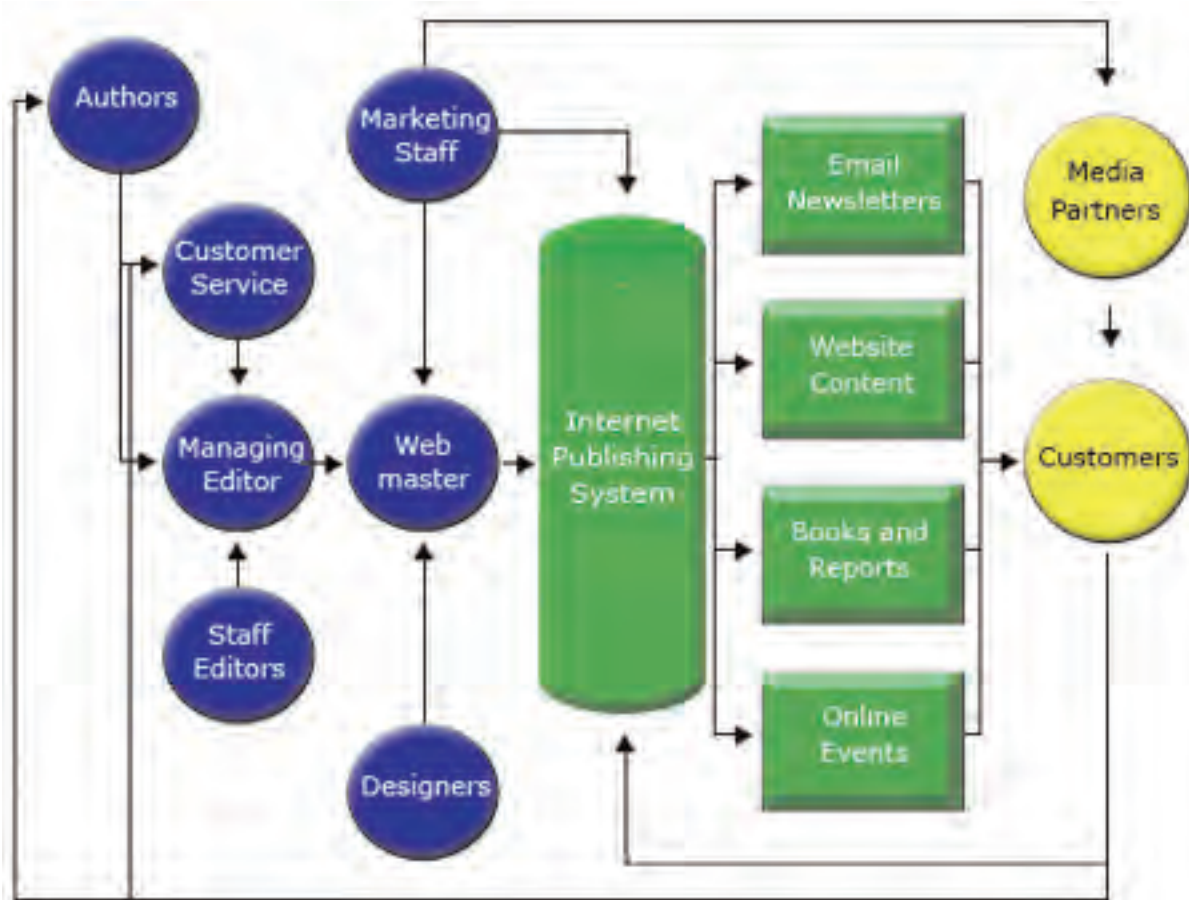
Mequoda Organigraph

Habit #5:
Create User-Centric Websites

> *Creating user-centric websites begins by following the 14 Mequoda Website Design Guidelines for successful website design.*

Usability and design are two key factors in publishing great websites. You may have a clear strategy and great content, but if your site is unusable and unattractive, it will be difficult for users to find what they're looking for, difficult for you to get users to do what you want them to do and difficult to get users to become loyal customers and revisit again and again.

Creating user-centric websites begins by following the 14 Mequoda Website Design Guidelines. After reviewing hundreds of websites, interviewing dozens of website publishers and conducting a series of expert usability reviews and actual user tests, we developed these 14 best practices for creating user-centric websites—along with a Mequoda Website Scorecard that you can use to evaluate the overall effectiveness of your own site.

Mequoda Website Scorecard™

Mequoda Certified Reviewer: Terri Edmonston
Review Date: October 25, 2005

www.eskyguide.com

	Best Practices Index	Grade	Comments	Points
1.	Strategic Intent	C	Too many actions to be taken	2.00
2.	Content Webification	B	Some use of Web-based technology	3.00
3.	Relationship Building	F	No personalization devices	-
4.	Community Building	D	Community involvement devices hidden	1.00
5.	Persistent Navigation	B	Is confusing or has too many levels	3.00
6.	Task Depth	C	User was able to complete two tasks	2.00
7.	Affordance	B	Most links/buttons have clear affordance	3.00
8.	Labeling and Language	B	Some confusion in taxonomy for labels	3.00
9.	Content Density & Readability	B	Does a reasonable job balancing graphics/text	3.00
10.	Content Organization	A	Marketing quadrants exploited, navigation OK	4.00
11.	Content Freshness	C	New content is available weekly	2.00
12.	Page Load Time	B	Under 25 seconds on a 56k for text	3.00
13.	Aesthetics	B	Confused with user's mental model	3.00
14.	Brand Preference	C	Subjugates the brand to higher authority	2.00
	Overall Mequoda Score	C		2.43

A sample Mequoda Website Scorecard

Habit #6:
Implement a Mequoda Marketing System

" The use of free media to drive online traffic, then, is the distinguishing element of—and represents the power of—the Mequoda Marketing System.

The way in which a publisher prioritizes sources that drive traffic is a major differentiation of the Mequoda Method vs. traditional publishing models. Traditionally, magazine or newsletter publishers have generated 95 percent of their publication's revenue by spending money on paid media. While paid media sources certainly may remain a viable part of an integrated media empire's promotional mix, no equivalent paradigm exists in print publishing for online brand-building methods that successfully drive traffic, such as distributing free media, using search engines and link-building.

The use of free media to drive online traffic, then, is the distinguishing element—and represents the power—of the Mequoda Marketing System. We have isolated eight free and six paid examples of external media sources that can effectively drive traffic to the media empire's Mequoda Internet Hub and Network, along with six database marketing channels that marketers can use to bring in money.
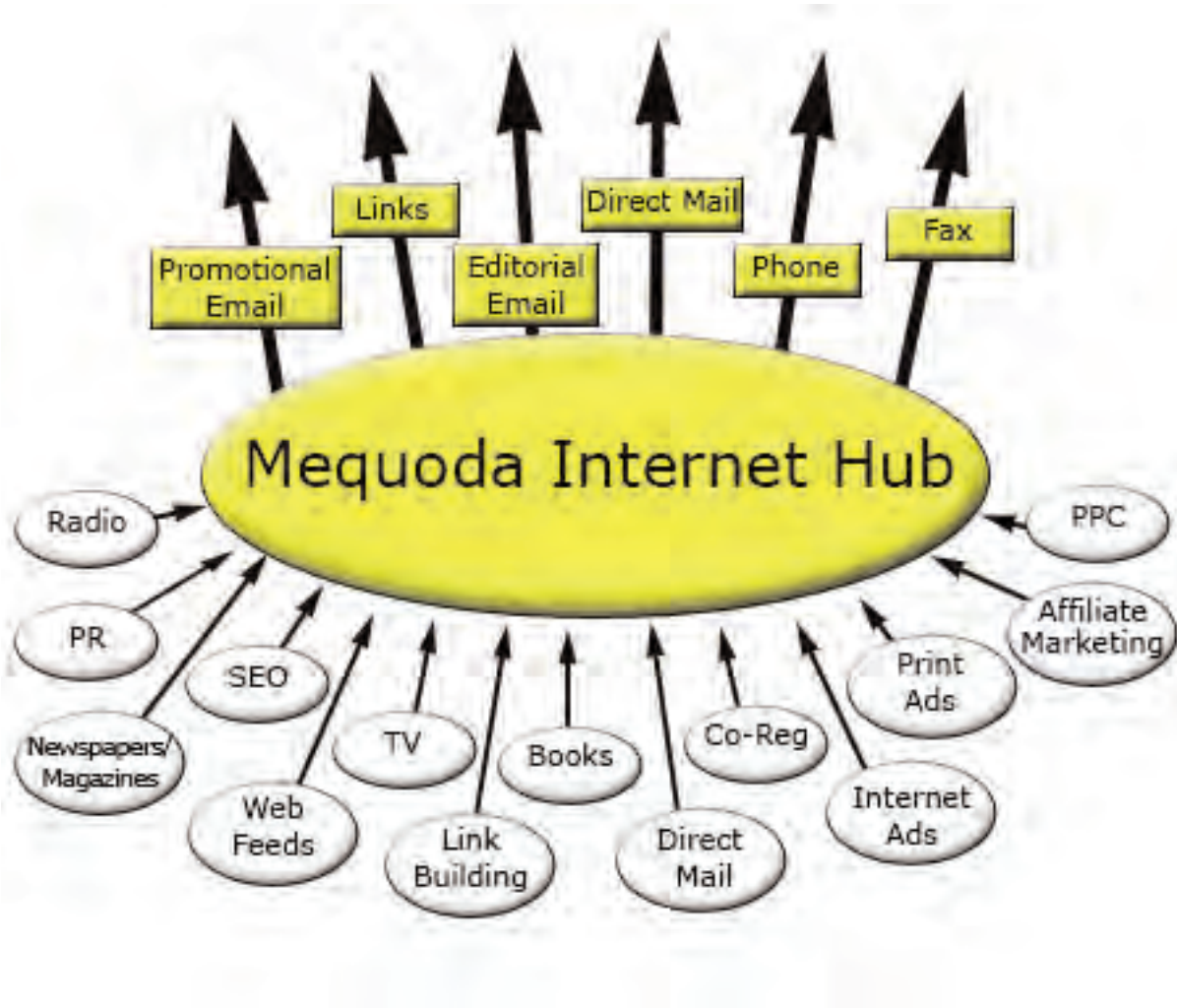
Habit #7:
Make Metric-Driven Decisions

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Implementing a metric-driven plan for your integrated media empire will help you determine your direct profit and loss.

Key metrics are numbers that, when multiplied together, determine costs or revenues generated and their respective effect on profit and loss. For websites, some metrics are more important than others, depending on the site's business model. Knowing which key metrics to use can be confusing—and many site owners find themselves paying attention to the wrong ones. Implementing a metric-driven plan for your integrated media empire will help you determine your direct profit and loss, as the key drivers behind user-driven sites (and the most important profit-impacting variables) will affect your website's bottom line.

	A	B	C	D	E	F
				MequodaKeyMetricsCaseStudy.xls		
1	Mequoda Advisory Network					
2	Mequoda Strategy Model 3.3					
3	Key Metrics Summary					
4	December 13, 2005					
5	1. Subscriber Assets	Free eLetter Subscribers	Paid Library Members			
6	Balance from prior year	85,000	2,800			
7	Annual retention rate	65%	70%			
8	Annual contact frequency	240				
9	Annual page views per subscriber	192				
10						
11	2. eLetter Retention & Acquisition	Cost/Unit	Subs/Year	Total Cost		
12	SEO/PR/Links	$ 4.00	30,000	$ 120,000		
13	Co-registration	$ 6.00	20,000	$ 120,000		
14	PPC Advertising	$ 10.00	5,000	$ 50,000		
15	Total New eLetter Subscribers	$ 5.27	55,000	$ 290,000		
16	Renewals	$ -	55,250	$ -		
17	Total eLetter Subscribers	$ 2.63	110,250	$ 290,000		
18						
19	3. Product Revenue	Revenue/M	Emails/Year	Total Revenue	Avg$	Units Sold
20	Mequoda Library Memberships - Renew	NA	NA	$ 292,040	$ 149	1,960
21	Mequoda Library Memberships - New	$ 30.00	26,460,000	$ 793,800	$ 89	8,919
22	Mequoda Handbooks	$ 20.00	26,460,000	$ 529,200	$ 99	5,345
23	Mequoda Audio Conferences	$ 10.00	26,460,000	$ 264,600	$ 149	1,776
24	Mequoda Summit	$ 10.00	26,460,000	$ 264,600	$ 895	296
25	Affiliate Commissions	$ 5.00	26,460,000	$ 132,300	$ 50	2,646
26	Total Revenue	$ 75.00	26,460,000	$ 2,276,540	$ 109	20,942
27						
28	4. Variable Costs	Cost/Unit	Units/Year	Total Cost		
29	eLetter Subscriber Acquisition Costs	$ 2.63	110,250	$ 290,000		
30	Credit Card Processing (3%)	3.00%	18,296	$ 64,327		
31	Hosting Cost (per Paid Member)	$ 2.98	10,879	$ 32,451		
32	Hosting Cost (per M Page Views)	$ 0.54	21,168,000	$ 11,431		
33	Email Broadcasting Costs (per M Sent)	$ 2.50	26,460,000	$ 66,150		
34	Total Variable Subscriber Costs	$ 4.21	110,250	$ 464,359		
35						
36	5. Financial Summary	Revenue or Cost per Unit	Units/Year	Profit/Loss		
37	Revenue	$ 20.65	110,250	$ 2,276,540.00		

A key metrics case study of the Mequoda Network.

Conclusion:
Repeat the Continuous Improvement Cycle

> 66 *The seven organizational habits of the Mequoda Method, institutionalized as a media management system, give you the power to succeed and, perhaps, to dominate any special-interest audience segment you choose to target.*

The seven organizational habits of the Mequoda Method, institutionalized as a media management system, give you the power to succeed and, perhaps, to dominate any special-interest audience segment you choose to target. You must, however, continually evaluate user needs in the context of your competitive marketplace and, of course, validate and fine tune your media and marketing mix, your organizational structure and your business processes. You must continue to look for new ways to leverage your content and diversify your sources of targeted website traffic. Explore new media products that can extend your brand, measure your progress... and begin the cycle again.

One thing to keep in mind is that the Mequoda Method is, and always will be, a work in progress. The Internet is the biggest, fastest, most extraordinary communications and marketing tool we have ever known—and it is relatively young. As the Internet matures—and these new media empires along with it—the seven organizational habits that we have determined will be reviewed, fine-tuned, tweaked, overhauled and/or extended, as required. Just as you need to constantly review and revaluate your media empire's business model, we plan to continually revisit the Mequoda Method media management system, add new case studies to the Mequoda Library and present an updated version of *Internet Marketing Strategy* annually.

In the meantime, may you find happy users and healthy profits on the road ahead!

2.1.1
Habit #1: Start With a Strategic Management System

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> *Employing a strategic management system means setting clear objectives that align with your organization's values, vision and mission—then supporting those activities through your day-to-day activities.*

Setting up a strategic management system simply means determining your core values, defining your vision, stating your mission—and then clearly and effectively communicating those basics to everyone inside and outside your organization. Employing a strategic management system means setting clear objectives that align with your organization's values, vision and mission—then supporting those activities through your day-to-day activities.

• Having a strategic management system can make a significant difference in the overall success of any business.

• This is particularly true for Internet businesses, given the immediacy of the medium and its global reach.

• Because a substantial amount of content may be user-generated or gathered from partners or other sources outside of your direct control, strategic management systems become more important.

• Strategic management is a relatively new way of operating a business.

• Like all new developments, it may take some adjustments to your usual way of managing your business, but rest assured, the effort will prove worthwhile.

Introduction

> " *Strategic management for an Internet organization requires a somewhat unique approach.*

Implementing a strategic management system involves setting specific goals that give your organization a competitive advantage, aligning your interim objectives and day-to-day activities to meet those goals, and then measuring the success of your overall plan.

In the past, the accepted management style for most businesses meant that a few senior executives determined an organization's agenda, target audience and overall processes and policies. We refer to that as a "command-and-control" management style, in which employees, mostly manual laborers, were considered replaceable parts.

Strategic management, a very different paradigm that values people for their creativity, surfaced 20 or so years ago and has rapidly evolved to the point where organizations expect managers at every level to set the strategy for their respective areas of responsibility. For an Internet organization, this process extends well beyond individual managers. A successful website integrates traditional employees, content contributors, customers, marketing partners, hosting partners and a host of additional contractors and contributors who provide technical services, content or other critical functions. Strategic management for an Internet organization, therefore, requires a somewhat unique approach.

To help Internet business owners understand how to set goals for their organization—and how to align objectives and activities towards a given goal—following is a basic primer on implementing a strategic management system for an Internet business. As Internet business owners, we are not running a factory or a

Strategic Management System Basics

" As Internet business owners, we are not running a factory or a manufacturing business. Rather, we're in the information business and operating a creative enterprise.

manufacturing business. Rather, we're in the information business and operating a creative enterprise. In an old-line, command-and-control factory environment, the ratio in terms of output between the least productive worker and the most productive worker might have been five to one. For an Internet company, on the other hand, that ratio could be as high as 1,000 to one between the person who generates the most value in terms of intellectual property—or intellectual capital being converted to dollars—and the person generating the least value. Microsoft, for example, is on the record as saying that research shows its most productive product managers are worth 1,000 times more than managers whose products don't do well.

So how do you manage an Internet business? Do you drag people in at nine, give them a list of things to do, and then cut them loose at five? Probably not, as that management style is akin to the old command-and-control method. The organizations that are succeeding in the Internet space employ a strategic management system. Everyone in the organization—every editor, marketer, production person, technology person, etc.—is keenly aware of the organization's values, vision and mission. Everyone is also clear on his or her individual importance to the group as a whole.

Involving people in the enterprise and ensuring that they understand its values will increase their flexibility, creativity and productivity. As a result, your Internet business will be more successful.

A strategic management system also emphasizes the areas that

"Organizations in the Internet publishing industry should be particularly sensitive to the need for creating core values.

separate a business from its competitors, thereby providing an advantage in the marketplace. Your competitive advantage may be the product(s) you sell, the content you produce or the functionality of your website. It could also be a cost advantage or a niche market advantage.

Building a strategic management system for your organization starts with these three steps:

1. Core Values

You must begin by determining your core values. In a few words or phrases, pinpoint the common principles, philosophies, attitudes, guidelines, etc., that describe the cultural characteristics of your organization. During that exercise, focus on the following:

- Qualities that are important to your organization,
- Ways that are fundamental to conducting your business and
- Behaviors or qualities that you consider important.

Organizations in the Internet publishing industry should be particularly sensitive to the need for creating core values, since substantial content posted on the company website(s) emanates from outside sources—including customers or viewers. Internet publishers should further ensure that everyone—inside and outside the company—knows and understands its values so the organization can focus on fulfilling its primary objectives.

2. Corporate Vision

> " *A strategic mission statement defines goals that may be attainable in, say, five to 15 years.*

Your corporate vision explains the kind of enterprise your organization aims to become, defines the organization's culture and infuses it with a sense of purposeful action and a position in the world marketplace. A well-crafted corporate vision provides long-term direction that, in turn, empowers your company to move forward in the market at a rapid pace. Basically, your corporate vision answers the question: Why do we exist as an organization?

If your organization is an online extension of a traditional media or retail company, your vision should be aligned with the parent company's corporate vision—focusing, as well, on the benefits to the global enterprise as the Internet becomes an increasingly key marketing and distribution channel.

3. Strategic Mission Statement

A strategic mission statement, which typically applies for a shorter term than the corporate vision, defines goals that may be attainable in, say, five to 15 years. Each website should have its own strategic mission, and each mission statement should reflect these key components:

- Your target audience
- The relevant content/product(s) to deliver to that audience
- Your measurement of success

Missions and Values of Successful Companies

> ❝ *It's not something you do once and put on a shelf.*

You may be convinced that developing core values and a mission statement for your business is a valuable undertaking and a project worth some of your time. It's not, however, something you do once and put on a shelf. The results of this exercise become the foundation of your strategic management system, a powerful business tool that, once incorporated into your business, your entire organization shares and communicates each and every day.

Company	Mission	Values
Yahoo!	To be the most essential global Internet service for consumers and businesses	Excellence, innovation, customer fixation, teamwork, community and fun
Yahoo! is one of the largest Internet hubs that we've encountered, and Internet hubs, of course, play a vital role in the Mequoda Marketing Method.		
The Motley Fool	To educate, enrich and amuse individual investors around the world	Teamwork, transparency, freedom to make mistakes, fun and pride in what we do
The Motley Fool, admittedly, is different from most companies. You don't normally see the word "amuse" in a mission statement. Notice, too, "freedom to make mistakes" a.k.a. "the right to fail" as a core value, which is another way of embracing "innovation." Another interesting value is "transparency," which refers to open-book management. All numbers, losses, failures, profits, problems, etc., are shared with everyone and anyone throughout the company.		
PC World	To enhance the quality of human life by being the world's leading source of information on technology	Respect the individual, invest in people, produce high-quality products, provide excellent customer service, remain close to customers, respond to change, maintain a lean corporate staff, foster innovation and embrace decentralization
PC World, interestingly enough, is a traditional print company that has made a successful landing in dot.com land. Its mission is pretty lofty stuff, but its long list of values is quite traditional. For a huge company, it's very decentralized, perhaps 500 business units worldwide, each of which is autonomous.		
America's Test Kitchen (ATK)	To develop the best recipes and cooking techniques, recommend the best cookware and equipment and rate brand-name pantry staples for home cooks	Community, teamwork, rigorous testing, independence from outside influence
ATK, which began with a single magazine called *Cook's Illustrated*, is now a small-scale media empire. Words in the mission statement (e.g., recipes, cooking, cookware, cooks) clearly indicate ATK's audience. And among rather normal values, ATK has also included some rather unusual ones; for example, "rigorous testing" defines and clarifies a major activity of the organization and "independence from outside influence" is really a code for "no advertising."		

Strategic Management Linkage

" Strategic objectives are the outcomes required to achieve your mission and vision. They are also the source of your competitive advantage.

A solid set of core values is not only the basis of an effective strategic management system—it is also a solid foundation for the organization employing such a system. Core values:

• Form moral and ethical limits, or guidelines, as a reference point for employees or associates when they pursue the organization's objectives;

• Inform the organization's employees, associates, customers and vendors about how they should conduct themselves in their daily activities on the organization's behalf; and

• Outline milestones (strategic goals) that can be measured by key indicators and accomplished in a specific time frame.

Once you've determined your core values, which develop into your corporate vision and define your strategic mission, the next equally important step is to link those basic guidelines to specific objectives, day-to-day activities and strategic goals.

Strategic objectives are the outcomes required to achieve your mission and vision. They are also the source of your competitive advantage. Of course, the ways in which you employ the Internet, in terms of both product and marketing, are key to those objectives.

> 66 *Strategic activities are the behaviors required to achieve and align with your strategic objectives.*

• Center each strategic objective on an area where you can create and maintain a sustainable strategic advantage over your competitors. For example, if your organization can do something better, cheaper or faster than, or different from, your competitors, that represents a strategic, long-term advantage.

• Your strategic objective must walk the fine line between attainability and aggressiveness. With the rapid growth of Internet traffic—along with the transition of information from traditional sources such as magazines, newspapers, books and television—objectives that might have seemed outrageous to an existing company (whether media or retail) may be absolutely attainable online. Incredible growth rates are part of doing business on the Internet, so clear, well-planned objectives will obliviate any risk of imploding.

• A strategic objective must have a practical timetable. It is not enough to say that you want to have 10 million unique visitors come to your website each month. You need to decide when you want to achieve that objective and then set a path to make it happen.

• You must track your progress, using key indicators, to see if you are meeting your objectives.

> **"** *When you actually set strategic goals, you may not have any idea how to (or even if you will) meet them.*

Strategic activities are the behaviors required to achieve and align with your strategic objectives. These are the key day-to-day activities of every stakeholder in your organization.

• Strategic activities are typically unique, actionable, and measurable—and, as examples, might include creating content, choosing marketing partners, and designing your website's features, functionality and usability.
• When your stakeholders (management, staff, contractors, vendors, partners) understand your values, vision, mission, and strategic objectives, they will come up with innovative and unique ways to reach those objectives. And that's the incredibly powerful 1,000 to one leverage in productivity that Microsoft appears to be fostering.
• Your strategic activities are organizational capabilities—skills that your people use to make things happen—that ultimately set your organization apart from its competition.

Strategic goals are milestones that are measurable by key indicators and that, by focusing on strategic activities, help you progress toward fulfilling your strategic objectives. When you actually set them, you may not have any idea how to (or even if you will) meet them. Author Jim Collins refers to them as "big, hairy, audacious goals." Strategic goals, however, have certain commonalities:

   • They must be clear and specific.
   • They must have a specific time frame.
   • They must be measurable.
   • They must be aligned with strategic activities/objectives.

Components of a Strategic Management System

> ❝ *We view a strategic management system as a pyramid, a wonderfully stable structure that absolutely depends on the strength of each component.*

We view a strategic management system as a pyramid, a wonderfully stable structure that absolutely depends on the strength of each component, built one level at a time, so that each level sits solidly on the one below it.

• Values, which must always be ethical, form the base, or foundation, of the organization. They establish the organization's credibility and move the company toward its overall objectives.

• Vision and mission, which are supported by values, must be allowed to change and evolve over time.

• Objectives, employee activities and user activities are the daily interactions—which evolve and improve continuously—that reflect and are aligned with the organization's values, vision and mission.

The pyramid diagram, from top to bottom, contains the following levels labeled along the left side as "Key Indicators":

- User Activities
- Employee Activities
- Objectives
- Mission
- Vision
- Values

Objectives, employee activities and user activities evolve and improve continuously to reflect the organization's values, which remain core to the company's vision and mission.

Values form the core of the organization. They are never unethical, they establish the organization's credibility. Values form the company's vision and mission, which the organization must be willing to let change and evolve.

Components of a Strategic Management System

Advantages of Strategic Management

Internet publishing organizations that develop and embrace a properly functioning strategic management system can expect to experience a variety of advantages.

Internet publishing organizations that develop and embrace a properly functioning strategic management system can expect to experience a variety of advantages. For example:

Empowerment

By clearly understanding the organization's values and mission, stakeholders—whether inside or outside the company—will feel empowered to work toward meeting its strategic objectives. Further, they will develop individual behaviors to reach those objectives. Those stakeholders also include users, who, once involved, will contribute in various ways—not the least of which is content. Empowerment, therefore, becomes a huge advantage to a strategic management system.

Amazon's mission is to be "Earth's most customer-centric company," and toward that end, has incorporated into its website a unique book-review opportunity through which visitors can post their own opinions. By empowering users in this way, the site is enriched with valuable additional content, the individuals posting the information feel an affinity to the company, the customers benefit from candid product reviews and both users and customers are more inclined to return again and again. Amazon, of course, takes a giant step closer to meeting several of its strategic objectives.

Awareness

When the entire organization is aware of the strategic objectives, those individuals will be more aware of new opportunities that will help the company improve and will be quick to point out possible problems that may hinder progress.

" *Thanks to strategic management, a much higher percentage of employee time and effort is spent pursuing the organization's objectives instead of their own.*

eBay had a strategic objective to broaden its trading platform and provide more product areas, but "used cars" had not been targeted directly by senior management as an area for expansion. When one enterprising employee noticed that eBay's users were using the system to buy, sell and trade used cars, she brought it to the attention of senior management. eBay Motors was born, and eBay now operates the largest online used car sales operation.

Alignment

Individuals in an organization often have their own agendas, problems and issues that deter them from being aligned with the objectives of the organization. Thanks to strategic management, employees spend a much higher percentage of time and effort pursuing the organization's objectives instead of their own. Employees begin to feel that they are part of a larger plan and will spend more time and energy supporting fellow employees, customers and management. This added enthusiasm can have a dramatic impact on an organization's ability to get work done and move forward in the marketplace.

The Internet Movie Database, or IMDb, is a site for movie fans that is operated by movie fans, with information flowing both ways, and the site's employees are some of the site's most hardcore users. The weekly staff meeting is lunch and a movie. The folks at IMDb also pay close attention to how people are using the site and carefully scrutinize user feedback. Based on that information, continuous adjustments are made to the size and placement of links, the ordering of pages and the introduction of new features.

IMDb logs 25 million visitors per month—an enviable statistic by anyone's measure.

> *A proactive organization never forgets its values, vision and mission.*

Proactiveness

When the leadership of an organization feels that they can pursue new and innovative activities—even if those new things fail—there is forward movement, supported by an open, proactive approach to change and development in products, services and the overall business environment.

Jim Collins, in *Built to Last,* talks about protecting the core values and objectives of an organization while embracing change. A proactive organization never forgets its values, vision and mission. As its objectives evolve, however, that organization is compelled to take a proactive stance in the marketplace to ensure that it is taking a role of market leadership—as opposed to just following.

Flexibility

When an opportunity presents itself that didn't exist when you wrote your business plan—and you jump on it—that's flexibility at work. A strategic management system allows that to happen and, thereby, furthers the company's ability to fulfill its strategic objectives. At the same time, it allows the company to distinguish which opportunities are appropriate and which are not.

Flexibility is a Jack Welch favorite, but he calls it "strategic opportunism." Welch, author of *Winning*, talks about strategic opportunism as a key to General Electric's success. Because everyone at GE understood its overall strategic management sys-

tem, the organization felt that it could move quickly and effectively when an opportunity presented itself.

> **"***Unforeseen circumstances might slow you down, but you can still set your course and even how fast you'd like to move.***

Measurability

Clear, simple metrics allow you to know how to proceed with your organization. While you may not meet all of your goals, you want to have a good idea of where you're headed with regard to your most important entities, and a good indication that you are moving in the right direction. Key indicators help managers guide their time and resources toward activities that have proven to be beneficial to the organization.

My Navy captain once said, "You can set direction but not speed." Unforeseen circumstances might slow you down, but you can still set your course and even how fast you'd like to move.

Conclusion

Setting up a strategic management system can be a simple process: determine your core values, define your vision, state your mission, then clearly and effectively communicate these basic elements to everyone inside and outside your organization.

66 *Your system must be simple enough for everyone in the organization to understand.*

Next, define your key indicators (metrics) and, starting from the top down, determine who is responsible for which of those indicators, and communicate that information to the responsible individuals consistently and frequently. Then, modify job descriptions to relate to your key objectives, key activities and the key indicators, and implement a reporting system that allows each member of the organization to make timely updates as to the status of the key indicators for which they are responsible. Given the nature of Internet businesses, regardless of the business model, reporting can be accomplished in real time.

Your system must be simple enough for everyone in the organization to understand. Every member of the organization, every partner, every vendor and every user must also understand the linkage between the organization's objectives, activities and measurements of success.

2.1.2
Habit #2: Build a Mequoda Media Pyramid

> 66 *The various media—whether products, subscriptions, events, services or something else— are marketed to increasingly specific audiences at progressively higher price levels that offer considerably more valuable margins to the publisher. That is the essence of the Mequoda Media Pyramid.*

Building a Mequoda Media Pyramid is the core of the seven Mequoda Method habits—an exercise through which you dig down and determine exactly how you're going to run your company. In a Mequoda media enterprise, the commonality is not the platform; rather, it is the expertise in, knowledge of and in-depth perspective about the subject at hand. And those capabilities can, and should, expand across several different kinds of media that are marketed to targeted, qualified prospects and distributed from a master production operation.

The various media—whether products, subscriptions, events, services or something else—are marketed to increasingly specific audiences at progressively higher price levels that offer considerably more valuable margins to the publisher. That is the essence of the Mequoda Media Pyramid.

- Media products have a natural hierarchy in terms of price, content and trust.
- Outside media is a way to acquire new customers.
- Use content to build a permission database.
- Create many products in many formats.
- Pull customers up the media pyramid to maximize profit.

Introduction

> 66
> *The Mequoda*
> *Media Pyramid is*
> *the core of the*
> *Mequoda*
> *Method—and*
> *building one is an*
> *exercise through*
> *which you dig*
> *down and*
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> *how you're going*
> *to run your*
> *company.*

The Mequoda Media Pyramid is the core of the Mequoda Method—and building one is an exercise through which you dig down and determine exactly how you're going to run your company. Designing your enterprise in a Mequoda Media Pyramid format, however, is a dramatic departure for most media companies, which, in the past, were horizontally integrated as magazine, newsletter or book publishers—or radio and/or television companies.

Traditionally, those companies produced only one particular type of media product. Over the last 30 or so years, we've seen special-interest media evolve and, along with that, a trend toward vertical integration, in which the goal is to produce media in, and for, a variety of content platforms.

While many media companies are well down the path of achieving vertical integration, others find it daunting to break out of the known (e.g., print magazine or newsletter publishing) and into the unknown (e.g., video seminars, a TV show, book publishing). The way many are facilitating the move into new media spaces, however, is through outsourcing or partnering with companies that are expert in the medium that's new to them and, in return, value their expertise in areas that may be beyond the outsourcer's own capabilities.

In addition, vertical integration is a constantly moving target—a new paradigm that is still working out the kinks as new patterns rise to the surface or recurring patterns appear.

> 66 *Despite fluctuations or improvements in the method as a whole, the Mequoda Media Pyramid remains its core.*

Each time we find a company that recognizes this trend and has embraced it with particular success, we also tend to unearth something new or something unique to embellish or improve the Mequoda Marketing System.

Despite fluctuations or improvements in the method as a whole, the Mequoda Media Pyramid remains its core—a pyramid in which the foundation is the means by which you draw prospects into your customer base (or Internet hub) and build relationships. Then, level-by-level, you monetize those individuals by pushing them up the pyramid to product levels that are increasingly more valuable to them, and certainly more profitable for you.

Services

Events

Memberships

Subscriptions

Products

Advertising

Internet Hub

Message Distribution

Free Media
(PR, SEO, Web Feeds, Link Building,
Radio, TV and Books)

Paid Media
(PPC, Affiliate Marketing, Co-Registration,
Internet Advertising, Direct Mail and
Print Advertising)
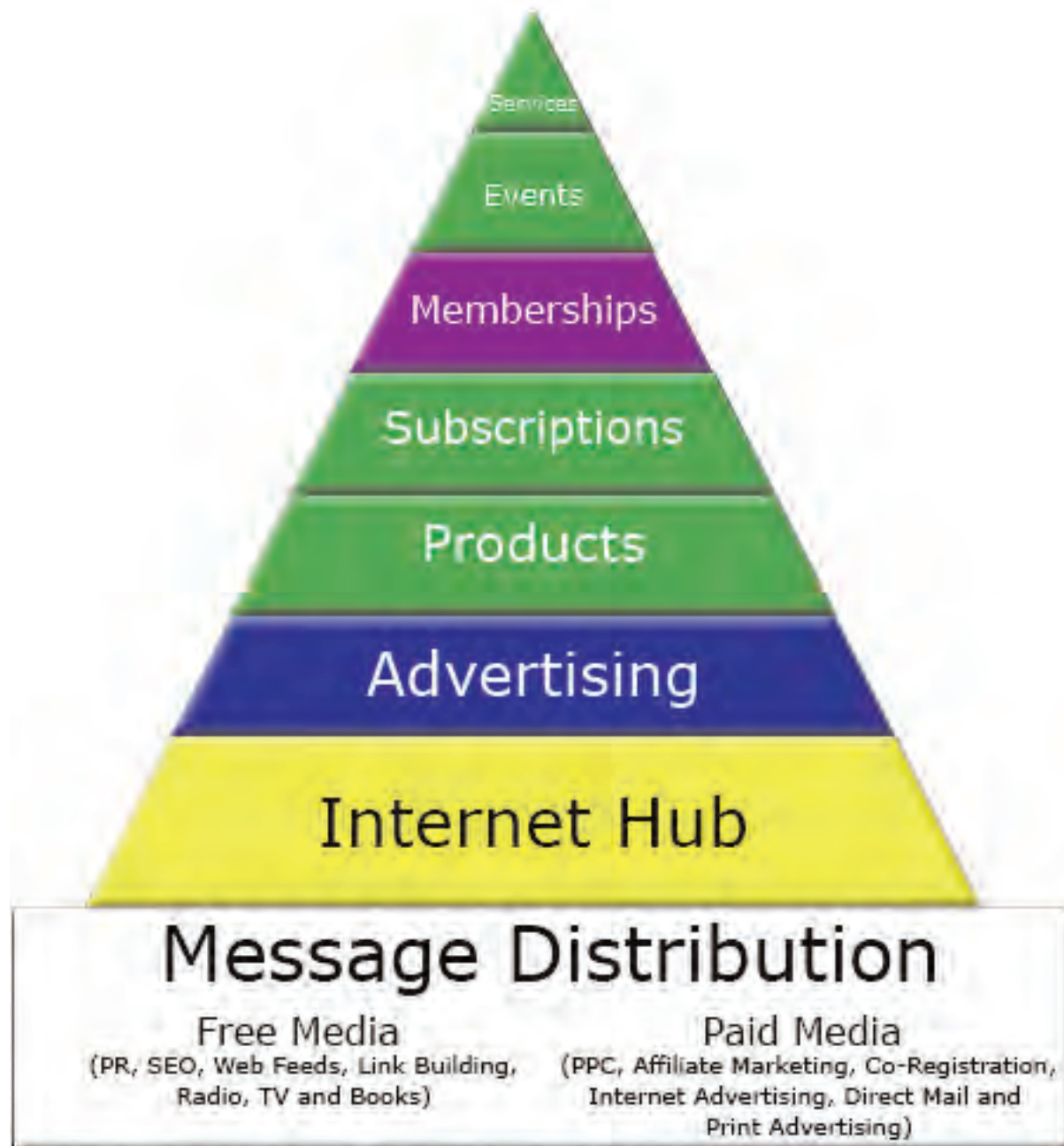
Message Distribution

> *We have isolated 14 discreet, branded message distribution methods—both free and paid media sources—that can be used to drive traffic to your website—targeted, qualified prospects who are interested in building a relationship with your organization.*

All Internet marketers require some method of driving traffic to the Internet hub. Many companies now recognize that message distribution is the strategic link to the Internet hub. By giving away free content—or perhaps producing a radio or TV show or creating books—they can drive traffic to a companion website and then have an opportunity to build a relationship with each of those individuals. Message distribution, therefore, is the foundation of the Mequoda Media Pyramid.

We have isolated 14 discreet, branded message distribution methods—both free and paid media sources—that can be used to drive traffic to your website—targeted, qualified prospects who are interested in building a relationship with your organization. Some very successful media empires still rely on only one source rather than the 14 that we've identified. The idea that you can build a $20, $30, $40... $100 million business from a single media source indicates that Internet marketing is an immature business. Imagine what could happen if they were to use more!

Paid Media Sources

- Pay-Per-Click
- Affiliate Marketing
- Co-Registration
- Internet Advertising
- Direct Mail
- Print Advertising

Pay-per-click advertising, affiliate marketing, co-registration with

> 66 *In the paid-media world, the primary source of new customers has been traditional direct mail. In the online world, the equivalent to traditional direct mail is pay-per-click advertising, or search-engine marketing.*

compatible sites, Internet advertising, traditional direct mail and print advertising are all effective ways to drive traffic to your site that involve payment of one sort or another to interest the prospects.

In the paid-media world, the primary source of new customers has been traditional direct mail. In the online world, the equivalent to traditional direct mail is pay-per-click advertising, or search-engine marketing.

Many successful direct-marketing companies have simply redirected their direct-mail methodology to pay-per-click advertising. The companies typically leverage their direct-mail components into sales letter landing pages on their websites, coupled with an order flow that is similar to a direct-mail order form.

For a few cents or a dollar or two per click, site owners can purchase a word or phrase on a search engine such as Google. It is not unlike buying names on a list, but certainly more dynamic, as the site owner can control its rating on the search engine through the words selected and the price paid per word.

As visitors register online or sign up for a free email newsletter, the company then utilizes that relationship to generate advertising impressions and market revenue-producing products.

Free Media Sources

❝*Public relations opportunities represent a fairly basic free content-distribution method, while search-engine optimization, Web feeds, blogs and link building are all distribution methods that are unique to the Internet.*

• Public Relations

• Search Engine Optimization

• Web Feeds

• Link Building

• Blogs

• Newspapers and Magazines

• Radio and TV

• Books, CDs, DVDs

Public relations opportunities represent a fairly basic free content-distribution method, while search-engine optimization, Web feeds, blogs and link building are all distribution methods that are unique to the Internet. Bringing traffic to your website through any of these sources enables you to build a relationship with those individuals by offering free content—an email newsletter, for example—and to capture the names in your marketing database. Incidentally, we know of no better way to begin a relationship in the current marketplace than through a free email newsletter.

Blogs have recently gained popularity in publishing. Users particularly like blogs because they create a community. While the advent of blogs may appear to be a subtle change, it represents a dramatic change in the timing of periodical publishing. Uniquely, and for the first time in the history of publishing, letters to the editor appear in real time and on the same page as the author's article. Moments after an article is published, readers can post comments, ask questions and add value to the copy.

> ❝ *Radio and TV shows, which we earlier placed farther up the Mequoda Pyramid as revenue-producing products, may not be monetized and, in that case, can become extremely successful free content distribution vehicles.*

Book programs—including paperback books, eBooks, CD-ROMs, DVDs and other software—represent another method for driving traffic when priced to be self-liquidating and self-financing. Your pricing model should be geared to mass distribution, not profit. The purpose, of course, is to maximize the reach of your multimedia programs and to drive that ever-important traffic to your website.

Radio and TV shows, which we earlier placed farther up the Mequoda Pyramid as revenue-producing products, may not be monetized and, in that case, can become extremely successful free content distribution vehicles. Both the America's Test Kitchen TV show on PBS and The Motley Fool radio show on NPR drive massive amounts of traffic to their companion websites, where viewers register to access recipes on AmericasTestKitchen.com, for example, and articles or email newsletters on Fool.com.

AmericasTestKitchen.com Case Study
The major method of message distribution for America's Test Kitchen (ATK) is its TV show on PBS, which has nearly three million regular viewers, but brings in no revenue (other than sponsorships, which cover production costs). Viewers, however, are encouraged to visit the show's companion website and register to access the archive of recipes from the shows. Having that relationship, ATK can reach out instantaneously to those individuals in its database and offer them a wide array of products—magazine subscriptions, site memberships, one-shot cookbooks and more.

About 650,000 site visitors have signed up to receive ATK's free monthly email newsletter. *Cook's Illustrated*, a print magazine and ATK's original product, has 675,000 current subscribers, while some 80,000 people also pay to access the membership area of CooksIllustrated.com. And ATK produces at least one new cookbook each year.

ATK's Media Pyramid

Internet Hub

> 66 *Your Internet hub is a search engine magnet. Its architecture is designed to pull in traffic from search engine optimized free content, from free links to other sites, blogs and other message distribution sources.*

Early on, we considered a company's email newsletter to be its likely Internet hub. And the email newsletter content was usually unavailable on the site itself. About two years ago, search engine optimization (SEO) struck us like a lightning bolt. As we began to understand SEO, we determined something more could be done with the tremendous amount of free content being generated for email newsletters. By redeploying that content online and optimizing it for search engines, the architecture requirements of the Internet hub became clear.

In fact, your Internet hub is a search engine magnet. Its architecture is designed to pull in traffic from search engine optimized free content, from free links to other sites, blogs and other message distribution sources.

At the same time, the architecture of these hubs is designed to push them out to independent product areas or sites, but the process must be smooth and simple. The average website visitor is a lousy website user. If site navigation is complicated or unclear, their eyes will glaze over, and you've lost them. On the other hand, they will love your site if they can get around easily and find what interests them.

WebMD.com Case Study
Visitors to <u>WebMD.com</u> are welcome to peruse page upon page of medical information for free and are also invited to subscribe to free email newsletters on a variety of medical topics.

> 66 *All in all, WebMD appears a little confused in terms of whether it is reader-driven or sponsor-driven, but the company generates an enormous amount of traffic through its affiliations and is definitely making money.*

WebMD.com, the largest health portal, also is a major provider of content to other large portals (e.g., My Yahoo!) and charges heavy fees for that service. Those other portals, in turn, pull traffic back to the WebMD site. As for monetizing those visitors, no WebMD books have been produced—which is a surprise—but we wouldn't be shocked if a "WebMD Family Medicine" book showed up one of these days. The company does, however, publish *WebMD* the magazine, which is a controlled-circulation publication (with paid advertising) that is sent to physicians for free. They also sell LifeScript Vitamins, a line of products that is sold on a subscription basis rather than as one-shots—another interesting twist. Moving up the pyramid, a Weight Loss Clinic is the company's largest membership product for which members pay $4.99 per week. Additionally, some ad-sponsored events occur from time to time. All in all, WebMD appears a little confused in terms of whether it is reader-driven or sponsor-driven, but the company generates an enormous amount of traffic through its affiliations and is definitely making money.
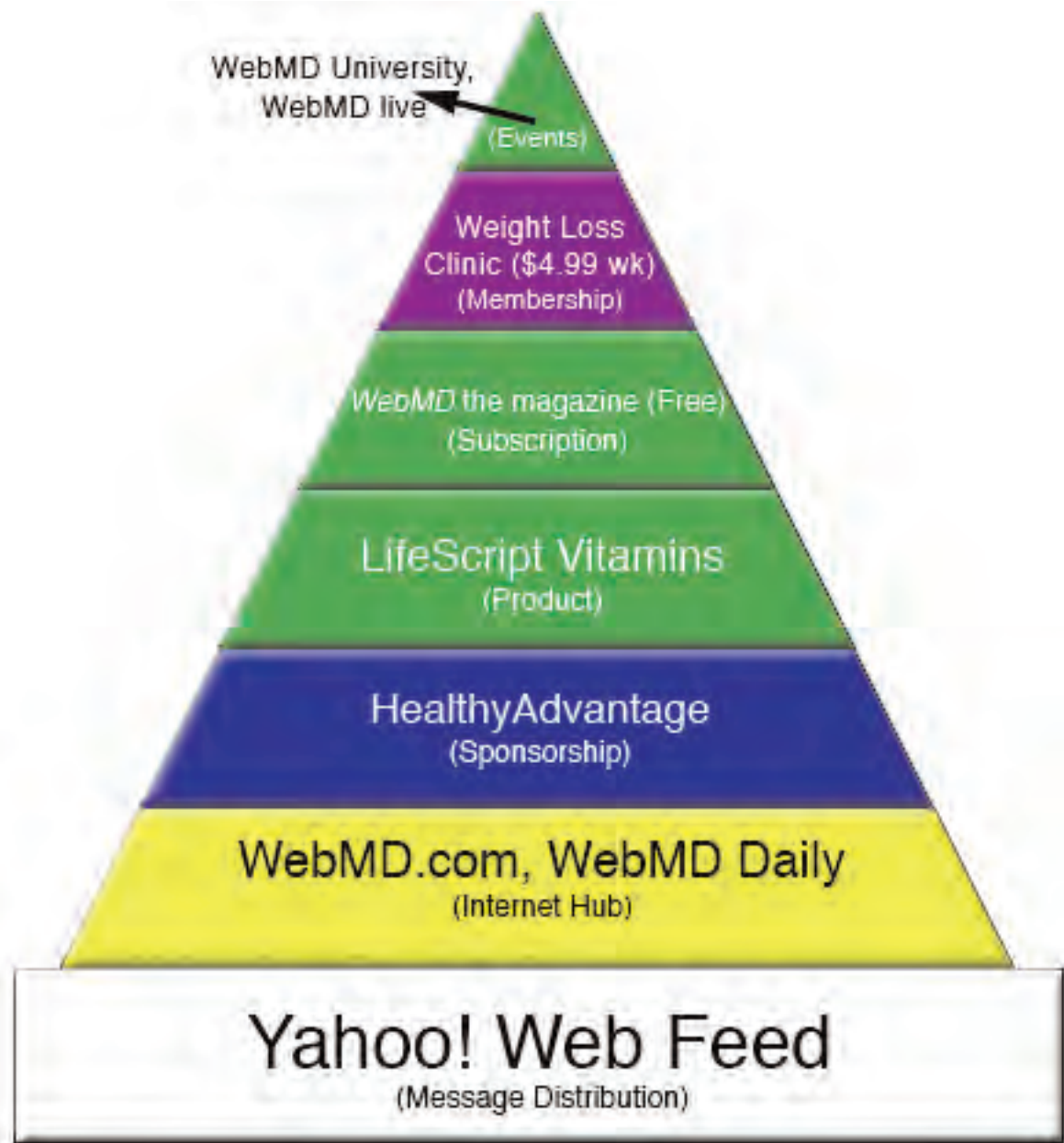
WebMD Media Pyramid

Advertising

> 66 *There are ways other than Google AdSense to sell online advertising. Perhaps the most sophisticated, large-scale, advertising sales operation today is on Forbes.com.*

Moving up the pyramid and into the monetization levels, advertising is the easiest way to make money online—and the easiest advertising program to run is Google AdSense. Google sells the advertising, places it, collects the money and sends you a check. All that's required is to open a block on your site for the Google ads, and they do the rest. And if you think you can't make a lot of money doing this, think again.

AsktheBuilder.com, a single individual's website, has about 2,000 pages of content, many of which are reused newspaper columns for which the author retains the copyright. This year, he expects to earn $800,000 to $900,000 from Google ads placed on that website. And because he understands the Mequoda Media Pyramid, he also packages those columns into eBooks to generate another $400,000. So he is giving content away for free on his website to bring in the traffic and making a boatload of money through advertising. Then he adds value by packaging the same material into eBooks, which he sells for $12. This is one guy monetizing his content three times. Think what you could do!

There are ways other than Google AdSense to sell online advertising. Perhaps the most sophisticated, large-scale, advertising sales operation today is on Forbes.com.

Forbes.com Case Study

Jim Spanfeller, CEO of Forbes.com, recognized early on that he couldn't just shove *Forbes* magazine content online and call it a website. He knew there had to be a better way to monetize Web users and differentiate them from the magazine readers. So he went against the grain and made all content free, with the goal of making money strictly through CPM advertising. This strategy has landed Forbes.com as the number one business site in the world— and Forbes has experienced triple-digit revenue and traffic growth year over year for the past three years. Forbes has an advertising targeting engine not unlike Google's, which targets ads from various companies to particular pages of content on Forbes.com. Forbes expects to sell about $60 million in advertising this year (about half the advertising revenue of its sister print magazine) through this activity—and at a CPM that appears to be greater than $50 (compared to the usual CPM of $20 to $25 in the financial services area). The smaller and wealthier the target, of course, the higher the CPM will be.

> *The smaller and wealthier the target, of course, the higher the CPM will be.*

The Forbes Risk Management Forum ($795)
(Events)

Real Time Streaming Stock Portfolio ($15) (Membership)

Forbes ($19.99 year), *All Star Fund Trader* ($199 year) (Subscription)

Forbes.com CEO Book Club ($3.49 and up) (Product)

Fidelity, Sponsored Links (Sponsorship)

Forbes.com, Daily News Roundup, Email Stock Alerts (Internet Hub)

Yahoo! Web Feed, *Flat Tax Revolution* by Steve Forbes (24.95) (Message Distribution)

Forbes.com Media Pyramid

Products

> 66 *The products to which we are referring here are non-renewal products: books, eBooks, CD-ROMs, DVDs and other one-shots. If you question the value of a one-shot sold online, try this simple test: offer the same item as a renewable and a non-renewable product.*

The products to which we are referring here are non-renewal products: books, eBooks, CD-ROMs, DVDs and other one-shots. If you question the value of a one-shot sold online, try this simple test: offer the same item as a renewable and a non-renewable product.

• Offer a single one-shot—a book, binder or loose-leaf service—in which you deliver all the information at once and charge immediately.

• Using the same pitch, the same set of benefits, the same landing page, etc., offer the same product as an ongoing renewable product. Tell them you're going to charge them today, keep it up to date and charge them again in 12 months.

The response rate will be significantly higher for the one shot. Human beings, it seems, don't like commitment.

Fool.com Case Study

Consumers use the information on Fool.com to make money, yet they're not professionals who make their living as financial advisors. Because that allows the publisher to charge more for its products, we call these site users "pro-sumers." The Motley Fool radio show on NPR is the publisher's primary message distributor, and listeners are encouraged to visit Fool.com to view free content (some 700 pages added each month) and sign up for free newsletters. Using the resulting database, the company sells a number of products online. One-shots such as the *TMF Blue Chip Report*

($49), a print product, account for $6-$8 million in annual product sales. And a premium online subscription product, TMF Money Advisor ($200 per year), brings in about $5 million per year.

When the dot-com bubble burst a few years ago, the company launched (with a publisher partner) six paid-circulation print newsletters—amounting to $23 million in subscription revenue in less than three years. Advertising, which was the original business model, generates another $10 million per year.
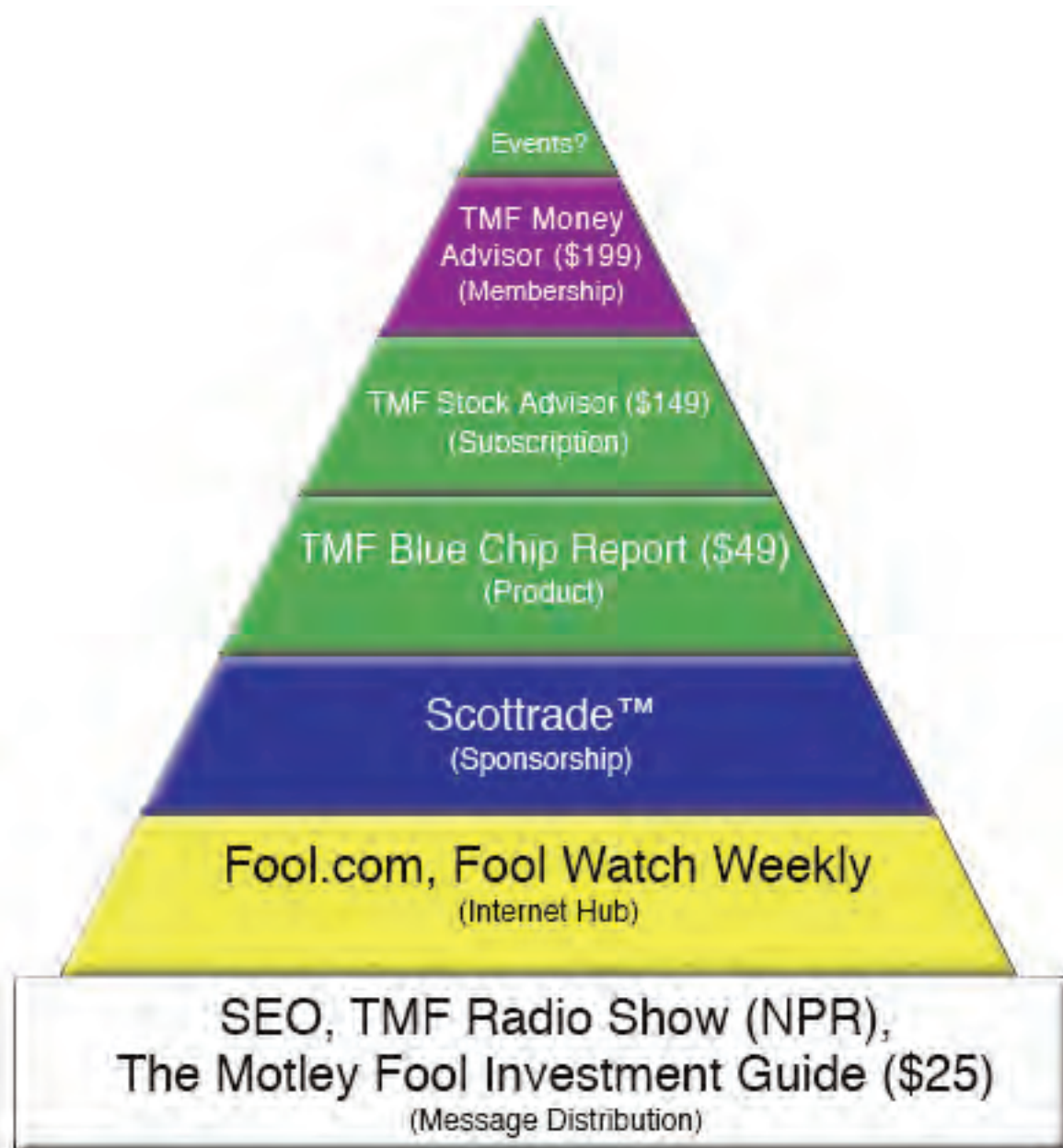
Fool.com Media Pyramid

Subscriptions

> 66 *Selling subscriptions to magazines and other specialized products— including email or print newsletters— can be a valuable enterprise. The content in the paid subscription products must be significantly more valuable, richer and fresher than that included in the free email newsletters.*

While online sales of magazine and/or newsletter subscriptions— the physical, deliverable print products—can be extremely cost-effective compared to traditional offline marketing methods, selling one-shots is easier and can be more lucrative for the reason mentioned above. Hence, "Subscriptions" belong on a higher level than "Products" on the Mequoda Media Pyramid.

Nevertheless, selling subscriptions to magazines and other specialized products—including email or print newsletters—can be a valuable enterprise. The content in the paid subscription products must be significantly more valuable, richer and fresher than that included in the free email newsletters.

WSJ.com Case Study

WSJ.com has been a paid-membership site from its inception, a practice that certainly ran against the grain in the early days of the Internet, and one that was viewed skeptically by other publishers in the industry. A complex and well executed website, WSJ.com has been highly successful at generating significant revenue from subscription sales for its print namesake—despite the fact that the print content is duplicated online. The results seem to prove the oft-cited "fact" that subscribers do, indeed, value the feel of hard copy in their hands and the portability of print. Many of those same people, however, value online access to that same material and are willing to pay a hefty price for the privilege.

In addition to selling *The Wall Street Journal* newspaper subscriptions online, the website provides a base for the parent company's catalog of other print magazines, including *Barron's* and *Smart Money*. WSJ.com also drives revenue from CPM advertising, directory and affiliate sources.

WSJ.com Media Pyramid

Memberships

> 66 *Content delivered free through the Internet hub is immediate, timely and involving—but superficial compared to the paid membership areas of a site, which have much more depth and include more products.*

Selling memberships to access a paid website is a harder sell than selling subscriptions to a print magazine that offers the same content. Given the choice, subscribers seem to prefer having the content in print. They'll pay for online access to that content, however, for these two important user benefits: searchability and immediacy. Content delivered free through the Internet hub is immediate, timely and involving—but superficial compared to the paid membership areas of a site, which have much more depth and include more products. A notable exception is *Consumer Reports*, which includes the same content in both its print magazine and on its ConsumerReports.org paid membership website.

ConsumerReports.org Case Study

ConsumerReports.org, the largest paid-subscription website in the world, has done "medium modality studies," which ask how users use each medium. *Consumer Reports* has 4.1 million print subscribers, and ConsumerReports.org has two million paid members. About 600,000 are subscribers to both products. Even though the content is the same, the modality of usage for the website and for the print product are completely different. People who read the magazine are looking for mastery of the subject. They may not be buying a lawnmower today, yet they read about lawnmowers when their issue shows up to be knowledgeable about the product when, and if, they decide to buy one. The person who subscribes online wants specific decision-making assistance immediately as insurance against paying too much for the wrong product.

Also interesting, the price points for both the print magazine (subscriber or newsstand prices) and the online membership (annual or monthly) are the same. And most members (80 percent) purchase the annual membership, just as most readers of the print magazine purchase a subscription rather than a newsstand copy.

ConsumerReports.org Media Pyramid

Events

> 66 *Many publishers are now in the events business—live online events. The bulk of online event marketing—especially for B2B publishers—is now being accomplished through electronic databases.*

Many publishers are now in the events business—live online events. The bulk of online event marketing—especially for B2B publishers—is now being accomplished through electronic databases. Perhaps the best example is the online audio teleconferencing events that Harvard Business School Publishing, as well as many NEPA members, produce. The sole method of promoting the online events is email message distribution to the database, which means that the marketing cost is essentially zero. Margins average 83 percent and sometimes reach as high as 95 percent, depending on the cost of securing the content for the event (e.g., speaker fees). So if you're not already hosting online events, you should certainly consider adding them to your product inventory.

Folio.com Case Study

B2B publishers are far more advanced than other publishers because they already tend to be vertically integrated. The bottom of a B2B pyramid used to be a paid subscription newsletter, but no more. For *Folio:*, message distribution is heavily old-fashioned direct mail an activity that they do very well. Red 7 Media, the parent company, has yet to develop online marketing efforts to drive traffic. While the publishing industry, which is *Folio:'s* target audience, is a small market, they would undoubtedly benefit by adding Web feeds, optimizing their site for search engines and employing link building strategies. In addition to Foliomag.com, *Folio:'s* Internet hub includes the M10 Report, a free email newsletter that used to be a paid product costing about $600 a year. Advertising and sponsor revenue represent the backbone of this company.

> 66 *As for products, all the books from the Folio: library are available, and some are being updated.*

As for products, all the books from the *Folio:* library are available, and some are being updated. *Folio:* magazine is now a controlled-circulation publication sent free to subscribers. *Folio:* also sponsors several annual awards that very much resemble membership programs, because they require an entry fee of $199 to participate. Sitting at the top of their pyramid are events. The *Folio:* Show is a traditional, long-standing trade show, that pulls in several hundred attendees at $1,000 or more per admission. Coupled with the show is an exhibit room with 100 or more booths priced at $4,000 or more each. So the annual show is extremely profitable, generating one-third of the company's revenue and about half its profits. The events couldn't exist without the lower levels of the pyramid, from which the customers are harvested.

Folio: Show ($1075)
(Events)

Folio: Awards ($195)
(Membership)

Folio: the magazine (Free)
(Subscription)

Accounting & Finance Book ($69.95)
(Product)

deSilva+phillips
(Sponsorship)

FolioMag.com, M10 Report
(Internet Hub)

Direct Mail
(Message Distribution)

Folio: Media Pyramid

Services

> **"** *High-end services offered by some publishers are at the top level of the pyramid. These services may start off in the $50 to $100 range, but can easily reach tens of thousands of dollars—particularly for B2B publishers.*

High-end services offered by some publishers are at the top level of the pyramid. These services may start off in the $50 to $100 range, but can easily reach tens of thousands of dollars—particularly for B2B publishers.

DailyReckoning.com Case Study

Via its DailyReckoning.com Internet hub, Agora Financial Services offers a premier lifetime advisory service product that sells for $5,000 a year. Of course, the company is not selling that premium product to the people who sign up for a free email newsletter on DailyReckoning.com—which produces five versions of its newsletter twice daily for 500,000 subscribers around the world, more than 120,000 of whom have purchased one or more of the company's information products. Rather, Agora is selling its premium service to someone who has bought one of its higher level products. As in fundraising, you don't find your million dollar donors through your cold direct-mail prospecting efforts. You find million dollar donors in your list of $1,000 donors, from your $1,000 donors your $100 donors and from your $100 donors your $20 donors. And that, in fact, is the essence of the Mequoda Media Pyramid.

DailyReckoning.com Media Pyramid

Conclusion

> 66 *Mass media—or free content—is the foundation of the pyramid and includes the message distribution system and the Internet hub, which is fed by the message distribution system.*

Following, as a quick review, are key concepts of the Mequoda Media Pyramid:

1. Media products have a natural hierarchy in terms of price, content and trust.

Mass media—or free content—is the foundation of the pyramid and includes the message distribution system and the Internet hub, which is fed by the message distribution system. Moving up the pyramid, as products are pushed from the Internet hub, the company begins to monetize its inventory of offerings. On each higher level of the pyramid, the products become increasingly more specialized in terms of scope and target audience and more valuable in terms of price.

2. Outside media is a way to acquire new customers.

We leverage free media, and while free media may be hard to measure or monetize, one way is to consider negative customer-acquisition costs. You earn money by acquiring new customers for your products. For example, considering the cost to develop free content and distribute it through the major portals as news feeds, and the customers that are acquired as a result, the average ROI may run between 400 and 600 percent. That is very impressive, and that's the kind of thinking that may be required.

3. Use content to build a permission database.

Spend money to acquire content and either charge a nominal fee for it or distribute it free through portals. Then track it, track it, track it so that you know what it costs to acquire a customer, and you won't acquire a handful of customers. As in controlled circula-

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> *While a lot of the Mequoda Method is automated, customers don't, on their own, blithely wander up the pyramid to higher and more valuable levels.*

tion, you can expect 50, 60 and 80 percent market penetration. Compare that to conventional methods of distributing paid products, where a five to 10 percent market penetration is good. When every target customer in your universe is receiving your free email newsletter and giving you permission to talk to them, you have full market penetration. Then, you're done.

4. Create many products in many formats.
Think of the Mequoda Method as a "re" system of publishing—recycle, reuse, republish. Use content written for, deployed to and even contributed by readers to create additional products of ever-increasing value.

5. Pull customers up the pyramid to maximize profit.
While a lot of the Mequoda Method is automated, customers don't, on their own, blithely wander up the pyramid to higher and more valuable levels. It's hard work. But once you have a database, user relationships and a wide array of products to sell, that is the tipping point that will make you a successful, vertically integrated marketer. The goal is to build a database, to encourage relationships by distributing free content and then to get those prospects to step up and buy something... and then buy something else... and buy something else.

2.1.3
Habit #3: Build a Mequoda Website Network

> " *A Mequoda Website Network—the all-important centerpiece of the Mequoda Marketing System—defines and determines the organizational architecture required for a 21st century media company to compete effectively and profitably.*

Once you understand the relevance and importance of the Mequoda Media Pyramid to publishing success, the next step is to understand the relevance and importance of building a Mequoda Website Network in order to synchronize your various online business units and make them work to your advantage.

A Mequoda Website Network—the all-important centerpiece of the Mequoda Marketing System—defines and determines the organizational architecture required for a 21st century media company to compete effectively and profitably. Essentially, the Mequoda Website Network represents the product portfolio of the media company. The network comprises a free, content-rich, relationship-building Internet hub that is surrounded by—and feeds traffic to—one or more marketing satellites, where the users can be monetized. It is critical, therefore, to understand the unique architecture of a Mequoda Internet Hub and the individual archetypes of the various kinds of Mequoda Marketing Satellites that, when combined, become a Mequoda Website Network.

• Any information product or event that a media company produces is likely to have a presence on the Internet—we have concluded that the Internet can and should be the focus of a company's overall marketing strategy.

• Some publishers are mistakenly content with creating a single corporate website that integrates all of its various business units, resulting in an incredibly complicated "uber-site."

66 *The key to building a successful Mequoda Website Network lies in first building a Mequoda Internet Hub.*

• A Mequoda Website Network comprises multiple websites—each with its own URL, separate purpose, and unique functionality—that all serve the same audience with a variety of informational and retail services.

• The key to building a successful Mequoda Website Network lies in first building a Mequoda Internet Hub and then understanding the different information architecture standards—Mequoda Website Archetypes—between and among the hub website and the marketing satellites within the network.

• Like most things, it's all a matter of perspective; it's also the nature of the World Wide Web and today's digital reality.

Introduction

" In addition to making site navigation significantly easier for visitors, a Mequoda Website Network allows the publisher to leverage content, advertising, product sales and more.

As the Mequoda Marketing System has evolved, we have come to understand that a media company's Internet strategy cannot and should not be isolated from that company's global marketing strategy. Rather, the media company's Internet strategy is tightly intertwined and, in fact, synonymous to a large degree with its overall global marketing strategy. Why? Simply put, any information product or event that a media company produces is very likely to have a presence on the Internet. Therefore, we have concluded that the Internet can be—and in many cases should be—the focus of a company's overall marketing strategy.

In the not-too-distant past, publishers were content with creating a single corporate website that integrated all of its various business units, products, content, commerce activity, advertising... everything. For many publishers, that's still true today. A single-site strategy, however, results in a kind of uber-site (particularly for multi-title publishers), that is incredibly complicated in terms of both content management and user navigation.

More and more publishers have come to realize the opportunities and advantages in setting up a Mequoda Website Network—an Internet hub and satellite sites for each publishing or product unit—with unique URLs for each satellite. In addition to making site navigation significantly easier for visitors, a Mequoda Website Network allows the publisher to leverage content, advertising, product sales and more. We call this strategy "knowledge-based publishing," by which you gather content and build customer relationships once, then distribute throughout the network.

The goal, then, is to avoid incorporating too many layers of functionality into one website. A Mequoda Website Network comprises multiple websites—each with its own URL, separate purpose and unique functionality—that all serve the same audience with a variety of informational and retail services. A network of websites provides robust functionality that, if incorporated into a single site, would be too confusing and too complex for the average user to navigate. Clarity of purpose and ease of use lead to optimal success when fostering customer relationships and to optimal conversion rates when closing sales.

Mequoda Website Archetypes

> 66 *The Mequoda Internet Hub is a Web-only entity—a single website— that is designed to be an online search magnet and to build relationships with great numbers of individuals who will, in turn, become loyal to the brand and to whom the publisher can then sell anything— inexpensively, in any format—via its marketing satellite sites.*

The key to building a successful Mequoda Website Network lies in first building a Mequoda Internet Hub and then understanding the different information architecture standards—Mequoda Website Archetypes—between and among the hub website and the marketing satellites within the network. (See next page for graphic.)

Mequoda Internet Hub

A Mequoda Internet Hub is a publishing company's channel to a successful marketing future and the means by which that publisher can limit its reliance on outside media. The Mequoda Internet Hub is a Web-only entity—a single website—that is designed to be an online search magnet and to build relationships with great numbers of individuals who will, in turn, become loyal to the brand and to whom the publisher can then sell anything—inexpensively, in any format—via its marketing satellite sites. The Mequoda Internet Hub is the Holy Grail of Internet marketing.

Mequoda Internet Hub

A Mequoda Internet Hub is a simple, easy-to-use, fully optimized website that offers free, useful content to users. The hub's primary goal is to build a permission-based relationship with each visitor. That may be accomplished by offering a free email newsletter, a Web feed (RSS), a blog or a forum in return for the individual's registration information. That resulting relationship establishes user loyalty and creates an opportunity for the site owner to use its robust database to monetize those individuals via offers from one or more Mequoda Marketing Satellites.
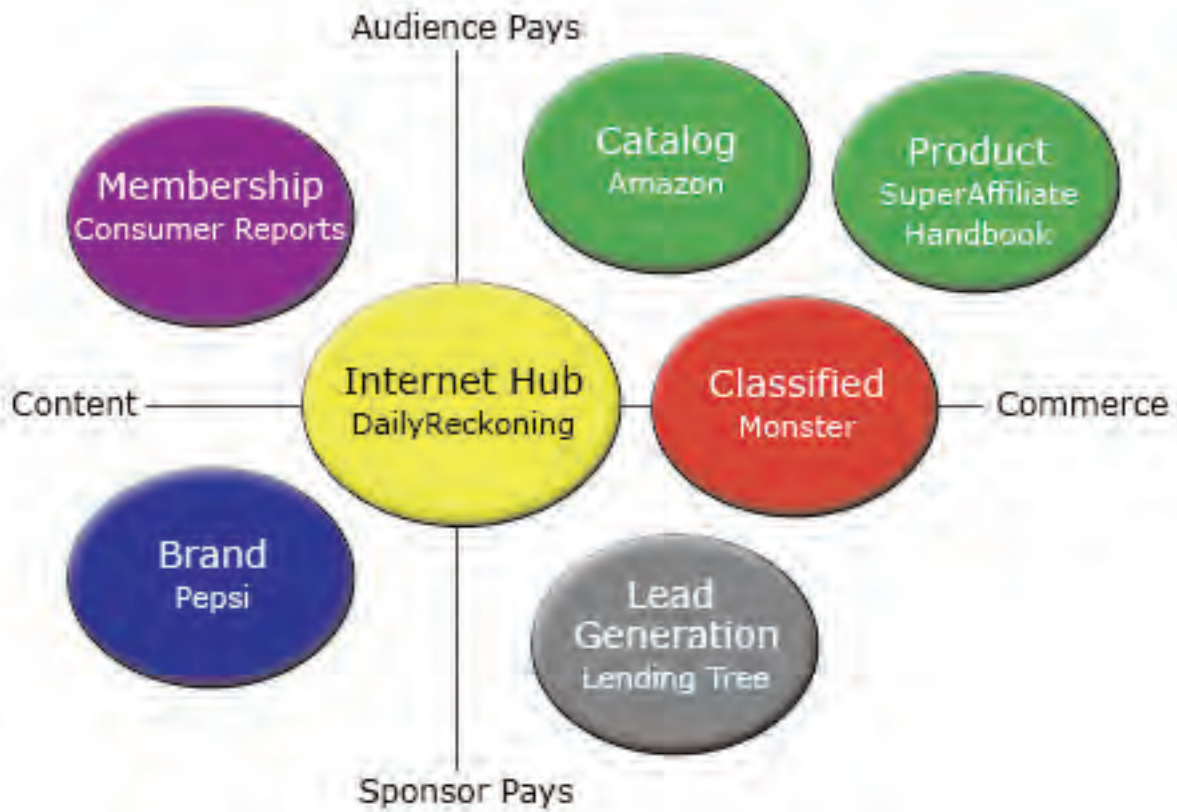
Mequoda Website Archetypes

> 66 *Mequoda Marketing Satellites are the individual, revenue-producing sites that are based on redeployed content from offline media products and then, most importantly, are used to monetize the subscribers, members, customers, clients and/or visitors who reside in the publisher's online marketing database.*

• Strategic Intent: Build an audience database
• Media Cousins: Free postal newsletters
• Examples:
    • DailyReckoning.com
    • AmericasTestKitchen.com
    • BookReporter.com
    • Fool.com

Mequoda Marketing Satellites

Mequoda Marketing Satellites are the individual, revenue-producing sites that are based on redeployed content from offline media products and then, most importantly, are used to monetize the subscribers, members, customers, clients and/or visitors who reside in the publisher's online marketing database. The information architecture standards of a media company's Mequoda Marketing Satellites will vary, depending on whether the satellite site is 1) content-based or commerce-based, and 2) user driven (users pay) or sponsor driven (sponsors pay).

A Mequoda Marketing Satellite may be defined by one of the six different types of Mequoda Website Archetypes that we have isolated to date—or as a hybrid model, where the site combines two or more of the archetypes. Each satellite archetype is described below.

Mequoda Product Marketing Website

> ❝ *A Mequoda Marketing Satellite may be defined by one of the six different types of Mequoda Website Archetypes that we have isolated to date—or as a hybrid model, where the site combines two or more of the archetypes.*

Product-marketing websites and catalog-marketing websites, which are familiar to most everyone, are expected to generate $150 to $250 billion this year for their site owners. Commerce-based and user-driven, a Mequoda Product Marketing Website features either a single physical product or very few products which, for publishers, are usually books, CDs, DVDs, music, events, etc. Similar to offline direct-mail offers, visitors to single-product marketing sites arrive at a sales landing page and are then converted to a sale through a single order flow, with no distractions or options to "keep shopping."

Many publishers with several products to sell make the mistake of using catalog-marketing functionality, when they really should build a series of single-product sites that are tied into the marketplace page on their Internet hub. A single-product model—or a series of single-product sites—is much less complex than a catalog-style marketing retail site and will perform 29 to 40 percent better in terms of conversion rates.

- Strategic Intent: Sell a single product or service
- Media Cousins: Direct-mail packages
- Examples:
  - PennyStockFortunes.com
  - SuperAffiliateHandbook.com
  - HealthResPubs.com

Mequoda Catalog Marketing Website

Much more complex than a single-product marketing site, the Mequoda Catalog Marketing Website offers a multitude of prod-

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>
> *While similar to a print catalog or a brick-and-mortar store, catalog sites that sell information products (books, reports, periodicals, music, etc.) have a competitive advantage over their offline retail cousins in that they allow shoppers to sample products easily in an online, 24/7 environment.*

ucts or services for sale to a targeted group of users. Also commerce-based and user-driven, it is the shopping cart model. While similar to a print catalog or a brick-and-mortar store, catalog sites that sell information products (books, reports, periodicals, music, etc.) have a competitive advantage over their offline retail cousins in that they allow shoppers to sample products easily in an online, 24/7 environment.

Typically, visitors to a special-interest website are not shopping for multiple magazines, books or other products. Instead, they're usually shopping for one item—particularly if they are first-time visitors. Hence, the success of a single-product marketing website mentioned above in maximizing conversions rates for publishers with a limited number of products and consumers that are directed buyers and not shoppers.

Amazon is an extremely successful catalog-style model for a company with hundreds or thousands of SKUs; the average publisher, however, is more likely to have only five, 10, 30, 40 or so products.

- Strategic Intent: Sell a vast array of products or services
- Media Cousins: Catalogs, brick-and-mortar retail stores, cable shopping networks
- Examples:
    - Amazon.com
    - MarthaStewartOmnimedia.com
    - Ragan.com
    - BulldogReporter.com

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> *A Mequoda Membership Website is a gated, content-based site that requires registration and payment in order to view the content (or most of the content). Similar to subscriber-supported print magazines or newsletters, membership sites are considered user-supported—although many also include advertising.*

Mequoda Membership Website

A Mequoda Membership Website is a gated, content-based site that requires registration and payment in order to view the content (or most of the content). Similar to subscriber-supported print magazines or newsletters, membership sites are considered user-supported—although many also include advertising. These sites compare to a book, an encyclopedia or a library that is online, frequently updated and available 24/7. A publisher with great quantities of valuable, searchable, well-organized content is a prime candidate for a Mequoda Membership Website.

Membership sites are relatively expensive to build compared to other site models. Once set up with a good content management system, however, they can become an excellent revenue opportunity for the publisher/site owner. The best ones include forums and, as a result, foster a dedicated community of members—a place where like-minded people come together online to find out what's new, do research and communicate with each other—whenever they wish—on topics of mutual interest. Even if you have a print product with similar material, users are often willing to pay for online access to searchable archives. Typically, the overlap between print and online versions of the same or similar material is 15 to 20 percent.

- Strategic Intent: Acquire and serve members
- Media Cousins: Newsletters, magazines, software, user groups, clubs
- Examples:

- ConsumerReports.org
- IMDbPro.com
- AccountsPayableNetwork.com
- SSWUG.com

Mequoda Classified Website
Architecturally, the Mequoda Classified Website is quite unique when compared to the other types of websites. And, much to the chagrin of newspaper publishers, this commerce-based model is popping up all over.

The bulk of the classified sites—perhaps 60 to 80 percent—advertise jobs, real estate or cars. In the usual model, the seller pays to list a product for sale or an available job; a less common model is where the buyer or employer pays for listings. Monster.com, for example, generates about one-third of its revenue by selling access to its resume database to employers—an entirely new revenue stream that is unavailable to classified advertisers in the offline world. The classified model, therefore, is both sponsor-driven and user-driven.

Directory sites, traditionally B2B models, are a variation of the classified archetype. The directory version is a list of resources, similar to a phone book's yellow pages, in which every company that qualifies may or may not receive a basic listing for free but definitely must pay for enhanced listings.

From a user's standpoint, both variations look the same in terms of functionality, because the classified site visitor is looking for

> *Architecturally, the Mequoda Classified Website is quite unique when compared to the other types of websites. And, much to the chagrin of newspaper publishers, this commerce-based model is popping up all over.*

something to buy or sell or, in the B2B directory version, trying to find a vendor or consultant.

> " *The classified model, therefore, is both sponsor-driven and user-driven.*

- Strategic Intent: Connect buyers and sellers
- Media Cousins: Directories, classified newspaper ads, shoppers
- Examples:
    - Monster.com
    - Motors.Ebay.com
    - AutoTrader.com
    - ForSaleByOwner.com
    - AliBaba.com

Mequoda Lead Generation Website

A Mequoda Lead Generation Website is commerce-based, but information-rich and earns revenue by generating leads for other businesses. This sponsor-driven model is the online equivalent of a card deck, bingo card or telemarketing boiler room. The "lead gen" site attracts users who are interested in buying a product (e.g., mortgage, insurance) and are willing to fill out a free online application with detailed, personal information. The application is then forwarded to a number of companies, each then pay a finder's fee to the "lead gen" website owner.

- Strategic Intent: Generate qualified leads
- Media Cousins: Card decks and bingo cards
- Examples:
    - LendingTree.com
    - Insurance.com

- BuyerZone.com
- BitPipe.com

> 66
> *A Mequoda Lead Generation Website is commerce-based, but information-rich and earns revenue by generating leads for other businesses. This sponsor-driven model is the online equivalent of a card deck, bingo card or telemarketing boiler room.*

Mequoda Brand-Building Website

A brand-building site is content-based and sponsor-driven. It sings, it dances, it flashes, it flips the company's product around... it involves site visitors by telling them about the company's products. Unlike many product manufacturers, media companies usually don't have brand-building websites. In fact, a direct marketer, at first glance, might determine that a brand-building site offers nothing. But a Mequoda Brand-Building Website builds traffic and can build brand loyalty by, say, offering a free email newsletter.

Media companies should consider brand-building sites as clients—other site owners that will pay to have your traffic sent to their sites. Usually, no products are sold on a Mequoda Brand-Building Website, but the users may be pushed to retail stores or retail catalogs. The Book Report Network, for example, has built about 100 branded websites into its network—sites that have been custom-built by The Book Report Network for author clients—and that are maintained by The Book Report Network. The author sites include biographies, book lists, etc. Visitors interested in buying one of the author's books are driven to Amazon, Barnes and Nobles and other online bookstores.

- Strategic Intent: Build brand loyalty
- Media Cousins: Advertisements
- Examples:
  - Pepsi.com

- Levi.com
- McDonalds.com
- IProduction.com

Mequoda Hybrid Website

> *A brand-building site is content-based and sponsor-driven. It sings, it dances, it flashes, it flips the company's product around... it involves site visitors by telling them about the company's products.*

The architecture of a Mequoda Hybrid Website is much more complicated than any of the single-archetype models. It is possible to build a good hybrid website if it is limited to no more than two or three archetypes. Combining four, five or six models into one interface will make website navigation too difficult for the users.

When a hybrid site combines both free and paid content in a single interface, it is most important to have a clear delineation between the two models. Otherwise, it will be confusing to the user and is likely to generate consistently high levels of complaints.

- Strategic Intent: Combines strategic intent of two or more archetypes
- Media Cousins: Newspapers and magazines
- Examples:
    - WSJ.com
    - DailyWord.com
    - RealSimple.com
    - Variety.com
    - Morningstar.com

Components of a Mequoda Website Network

> *Each separate satellite site has a unique architecture and, preferably, a completely separate URL, or nameplate. When the URL of the satellite site is different from the URL of the hub, the site owner has license to change the architecture and the navigation of the satellite site—and the consumer is more likely to follow along.*

The Mequoda Internet Hub and the six revenue-generating Mequoda Marketing Satellite models are the building blocks of a Mequoda Website Network. A fully deployed Mequoda Website Network has a central Internet hub, which attracts traffic, sorts and parses it and builds a relationship with the visitors, then drives users out to one or more revenue-producing marketing satellites where those individuals can be monetized.

Each separate satellite site has a unique architecture and, preferably, a completely separate URL, or nameplate. When the URL of the satellite site is different from the URL of the hub, the site owner has license to change the architecture and the navigation of the satellite site—and the consumer is more likely to follow along. When the URL of the satellite site is simply a sub-domain nameplate, perhaps with color tabs for navigation, consumers are more likely to get lost or give up. Following are varying examples of successful Mequoda Website Networks:

The Daily Reckoning Network

The Agora Financial empire has five separate networks, one of which is DailyReckoning.com and each of which is comprised of only two kinds of websites: a central Internet hub and several (as many as 35) single-product marketing sites. Each of the five massive networks is aimed at a different special-interest group, but the networks are aligned so that they become each other's affiliates and can consistently be utilized for cross-marketing purposes.

In 1999, Agora was a $25 million print newsletter marketer that

> 66 *The company created a Mequoda-style Internet strategy and expects to generate $210 million revenue in 2005—more than half online—from sales of its print newsletters, books, and live events.*

expected to wither and die due to the dot-com bubble, fearing that everyone would be able to access information online for free. Instead, the company created a Mequoda-style Internet strategy and expects to generate $210 million revenue in 2005—more than half online—from sales of its print newsletters, books and live events.

Even more amazing is that four of the five Agora sites are not search engine optimized. (The Oxford Club hub is the exception.) Rather, the primary online source of Agora's traffic is pay-per-click advertising. Imagine the additional millions of dollars that could be generated if (or when) SEO were to be employed!

America's Test Kitchen Network

America's Test Kitchen has a single-product marketing satellite, a membership satellite, a lead generation satellite and a brand-building satellite surrounding its Internet hub, which is a companion to the company's TV show on PBS. The hub site, which attracts traffic, is the primary source of the company's robust marketing database. Interestingly, America's Test Kitchen owns its hub, its product-marketing site, and its membership site—however, its brand-building and lead generation sites, while very much satellites of the Internet hub, are owned by outside companies.

America's Test Kitchen is a good example of successfully building a network and owning only the hub, which is the most valuable part of the network, and perhaps one or two satellite business units. Many publishers justify this strategy by aligning themselves

with companies that might have been considered competitors in the past and using the hub to drive traffic to their sites—for a fee.

America's Test Kitchen Website Network

The Book Report Network

> *The Book Report Network generates the largest share of its revenue from the creation and maintenance of the author-specific websites it builds and implements for a fee, along with product placement fees from publishers whose books are featured across the network.*

BookReporter.com launched in 1996 as an online community through which people who love books could share their thoughts and opinions. BookReporter.com is now the Internet hub of The Book Report Network, which includes four content-rich, brand-building sites, a classified (directory) satellite and a hybrid satellite comprised of a product-marketing archetype (selling customized website-building services) and more than 100 customized, author-specific, mini-sites that generate significant revenue by driving traffic to sites like Amazon. The Book Report Network generates the largest share of its revenue from the creation and maintenance of the author-specific websites it builds and implements for a fee, along with product placement fees from publishers whose books are featured across the network.

The Motley Fool Network

The Motley Fool's Internet strategy revolves around Fool.com, its Mequoda Internet Hub that exists primarily to drive customers to the company's eight revenue-generating products—seven print newsletters for personal investors, which will generate $22 million in 2005 revenues, and The Motley Fool Money Advisor, a membership website. Access to Fool.com is free, of course, but registration is required to access free stock ideas, free commentary and free email newsletter subscriptions.

The company publishes more than 700 free articles a month on its website and via email in an attempt to convert free relationships

The Book Report Network Website Network

into paid relationships. Its giant database, currently more than three million registered users, has netted more than 150,000 active, paid subscribers to the monetized products—a conversion rate of approximately five percent.

Fool.com Website Network

Conclusion

> 66 *Publishers who are user-driven, but also have products to sell, are likely to incorporate product marketing, catalog marketing and membership sites; ad-driven publishers may be more likely to incorporate classified, lead generation and other brand-building sites.*

Once you fully understand the unique characteristics of a Mequoda Internet Hub, how it works and what it can accomplish, you are then in a position to select anywhere between one and six of the Mequoda Marketing Satellite archetypes (or a hybrid version) that will effectively allow you to transition your business model online. Publishers who are user-driven, but also have products to sell, are likely to incorporate product marketing, catalog marketing, and membership sites; ad-driven publishers may be more likely to incorporate classified, lead generation and other brand-building sites.

Not to confuse you... but we also want to mention that it's possible for the same website to be both a hub and a marketing satellite, of someone else's website. For example:

- WebMD.com is an Internet hub that drives products to its own marketing satellites.
- WebMD.com is, at the same time, a marketing satellite of Yahoo.com, as WebMD pays a fee to Yahoo! for driving traffic to its WebMD.com hub via links or Web feeds from Yahoo.com.
- WebMD.com, therefore, is both its own Internet hub and a marketing satellite of Yahoo!

Like most things, it's all a matter of perspective. It's also the nature of the World Wide Web and today's digital reality.

2.1.4
Habit #4: Organize Content Around the Customer

> " *Customer-driven content management will be common in the very near future, allowing a diverse community of online users to engage and be engaged in many different ways compared to simply subscribing to a magazine or buying a book.*

Customer-driven content management will be common in the very near future, allowing a diverse community of online users to engage and be engaged in many different ways compared to simply subscribing to a magazine or buying a book. The resulting environment will be much bigger and more sophisticated than in the past. People instinctively want to be heard, to express themselves, to contribute, to belong—basic human needs that are addressed by organizing content around the customer.

The point, of course, is to create many user-centered products; to embrace the Mequoda organigraph as a dynamic map of the company's functions, critical interactions and relationships; to recognize the system's leading roles and supporting players; and to understand the key media management concepts for building a special-interest niche media empire.

Media Management Key Concepts

> 66
> *A special-interest niche media empire is a customer-driven, content-management system in which content can be published and republished, monetized and re-monetized, in many different formats.*

Special-interest niche media empire

A special-interest niche media empire is a customer-driven, content-management system in which content can be published and republished, monetized and re-monetized, in many different formats.

Customer-driven content management

Content is organized in such a way that it becomes easy to manipulate into different formats. The Mequoda Organigraph, unlike a static organization chart, shows how information can be managed in a dynamic way. The people who operate within an organigraph structure comprise leading roles and supporting players.

Content-driven job descriptions

A content-driven organization must have content-driven job descriptions. Whether for authors, editors, marketers or CSRs (customer service representatives), it's all about content!

Introduction

> 66 *As sophisticated as publishers are, though, in terms of providing content and selling advertising, most haven't fully grasped the idea that they should also be using that content to create and sell books, reports, CDs and DVDs.*

The popular wisdom among publishers is—and always has been—that the customer drives the business. As in other industries, perhaps 99 percent of all special-interest publishing focuses on identifying a particular customer group, figuring out their shared needs and presenting a relevant product with the hope that at least 60 to 70 percent of them will conclude, "Hey, that interests me!"

Historically, however, periodical publishers have considered content to be disposable—generated once for use in the magazine or newsletter and paid for by either the subscriber or, in the case of a controlled circulation book, the advertiser. In this fast-paced day and age, when the Internet allows anyone to publish anything, traditional publishers must consider themselves on notice that the meek are virtually positioned to inherit the Earth, and content is the means to that end. Publishers, traditional or otherwise, who present content that customers need in the most organized, interactive way are the ones—large, small or independent—who will succeed. So organizing content around the customer in today's market really means organizing content efficiently and effectively and reusing it to create many user-centric products.

As sophisticated as publishers are, though, in terms of providing content and selling advertising, most haven't fully grasped the idea that they should also be using that content to create and sell books, reports, CDs and DVDs, offering subscriptions to membership websites and hosting or sponsoring events, both online and offline. The number of publishing organizations that actually are involved in all these profitable ventures is relatively small, indeed.

Create Many User-Centered Products

> 66 *The idea is to create many user-centered products and, in doing so, extend the Mequoda Pyramid to generate more revenue from increasingly targeted customers who are willing to pay a progressively higher price per item.*

Publishing companies customarily operate a single website, with free content organized into various product or service areas. Customers with common needs and requirements invariably visit and revisit the same area of the site, with movement to other content areas unlikely—or at least rare—simply because the customer interest doesn't exist, the product is irrelevant and/or the suppliers or price points are different.

The Mequoda Method of content management advocates breaking up the single website into a Mequoda Internet Hub and several independent, yet interrelated, Mequoda Marketing Satellite sites. The Internet hub, a central repository of free content, provides a systematic way to generate both a robust customer database and a rich databank of content. The satellite sites offer products or content targeted to specific customer groups.

Organizing content around the customer directly relates to the concept of strategic management, to empowering employees and users. The idea is to create many user-centered products and, in doing so, extend the Mequoda Pyramid to generate more revenue from increasingly targeted customers who are willing to pay a progressively higher price per item.

Here's the progression to follow to create user-centered products:

> *Each bit of information given away for free should become a unit of content with several lives—created once and used, repackaged and reused many times and monetized over and over again.*

1. Discover your audience's common information needs.

The first step for publishers is to figure out the common needs of your audience. Identify what interests them, what they want to learn, what they want to buy—basically, what they are looking to your site to produce for them.

2. Build an Internet hub with valuable content.

Then, build a free website—an Internet hub—filled with valuable, useful content that fills those audience needs—management tips, case studies, product reviews, news analyses, etc., inside information your customers deem valuable—and give that core content away for free.

3. Invite visitors to subscribe to a free email newsletter.

Add value to the site experience by inviting visitors to your hub to subscribe to a free email newsletter, perhaps sign up for a free RSS feed or otherwise sign up for something where they surrender an email address. This results in a rich database of users with whom you now have a relationship.

4. Mine the resulting database with revenue-generating offers.

Mine the names in your database to direct targeted users to your satellite sites, where you can sell relevant products of increasing value: a paid newsletter, a premium membership website, a book or report, a conference or event, etc. You are then in a position to derive a hefty ROI from what you initially gave away for free.

5. "Re" system of publishing: recycle, reuse, republish.

Each bit of information given away for free should become a unit of content with several lives—created once and used, repackaged and reused many times and monetized over and over again. In this "re" system of publishing—recycle, reuse, republish—a publisher also uses content written for, deployed to and even contributed by readers to create additional products. Further, the content can be used for marketing purposes rather than spending money on costly media such as direct-mail lists, television ads, billboards, pay-per-click, etc.

Embrace the Mequoda Organigraph

> 66 *In the late 1990s, when the dot-com boom was peaking, Henry Mintzberg and Ludo Van der Heyden together derived the 'organigraph'—an intriguing new way to view the organization of company operations.*

In the late 1990s, when the dot-com boom was peaking, Henry Mintzberg and Ludo Van der Heyden together derived the "organigraph"—an intriguing new way to view the organization of company operations. At the time, Mintzberg was the Cleghorn Professor of Management Studies at McGill University in Montreal and a professor of organization at INSEAD in Fontainebleau, France; Van der Heyden was Solvay Chair for Technical Innovation and the Wendel/CGIP Professor for the Large Family Firm at INSEAD.

A traditional organization chart simply connects managerial job titles in a vertical chain of authority within a single silo (e.g., headquarters, department or branch office). By contrast, an "organigraph"—also a pictorial tool—uses a hub-and-satellite system to map a company's functions, critical interactions and relationships. It depicts the "what" and "how" of each job or activity rather than individual titles or positions and, as a result, helps managers recognize untapped sources. The organigaph, therefore, is an especially valuable approach to use to understand integrated special-interest publishing in the online era.

The four components of an organigraph are a set, chain, hub and web:

1. A set consists of items that often share common resources but also may operate on their own (e.g., the blue circles on the next page).
2. A chain connects sets or groups of items (the arrows in the sample).
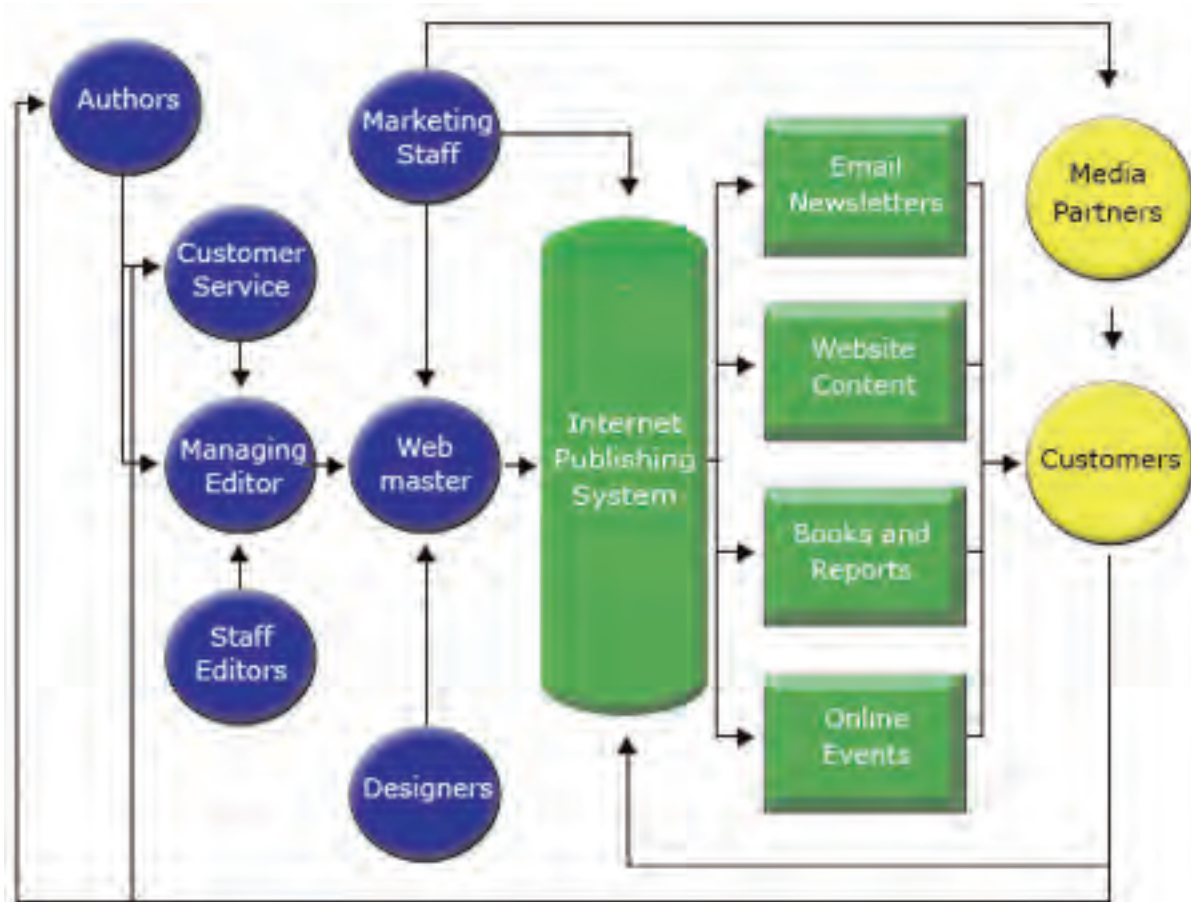
Mequoda Organigraph

> *The organigraph presents a more accurate view by including all creative and administrative people—whether full-time, part-time or project-oriented—and attaching them and their input to the hub: the Internet Publishing System.*

3. A hub is a coordinating center, or group of functions, which may be either a physical or conceptual point at which people, things or information move; sets connected by a chain converge in a hub (the Internet Publishing System in the sample).

4. Numerous hubs comprise a web—a coordinating center, which allows open-ended communication between and continuous movement of both people and ideas to and from a focal point.

In the Mequoda Organigraph depicted:

• The blue circles at the left represent individuals who are on staff but also may be contractors or freelancers. Publishers, of course, have always accommodated this kind of staffing option but don't normally reflect it in their organization chart. The organigraph presents a more accurate view by including all creative and administrative people—whether full-time, part-time or project-oriented—and attaching them and their input to the hub: the Internet Publishing System.

Notice that the organigraph does not depict a "publisher." In this system, the publisher doesn't have a day-to-day job. Rather, the publisher becomes an "enabler," whose job is to build and lubricate the system to enable the process to continue and allocate assets to ensure that everyone else can complete their day-to-day activities. In this system, the publisher must get out of the way and let the system work.

❝ It's also important to note here that publishers who buy content should, for logistical reasons, buy all rights in order to be able to use that content elsewhere and often.

• The Internet Publishing System (the large green rectangle at the center) is the center of the universe and provides the content management interface. A piece of content entered into the system may be deployed later and monetized in many different ways (the smaller green rectangles). For example:

 • An article may first appear in a magazine issue.
 • Subsequently, the article (or an abstract of it) may be broadcast in an email newsletter, presented on the free part of a website, delivered to a premium online subscriber, included as a tease in a promotion piece, released in an RSS feed, used in a book or report or incorporated in a speech.
 • This practice allows publishers to generate increasing amounts of revenue from the same block(s) of content.

It's also important to note that publishers who buy content should, for logistical reasons, buy all rights in order to be able to use that content elsewhere and often. That means, of course, that writers may demand higher fees—perhaps 10 to 20 percent more—but that's a small premium to pay for the right to recycle and reuse that material.

• The yellow circles to the right represent two key groups of constituents: Customers and Marketing Partners.

 • Customers are obvious constituents and include readers, uses, viewers, attendees, etc.
 • Marketing or media partners represent interesting new relationships. The publisher may exchange content for exposure, or build an affiliate network and share revenue

> ❝ *Marrying content to the ability to comment about it generates daily activity, which represents real power.*

when something is sold, or create any number of scenarios that are complex kinds of partnerships when compared to simply exchanging money for placement or for a mailing list.

And when you see the customers circling back to the authors and to customer service and even to the Internet Publishing System, that movement indicates that customers are also supplying massive amounts of content.

For example, a publisher who deploys content via an email newsletter or a blog is smart to provide a public feedback area on the site, where users—in real time—can post comments, communicate with other users or question the author. Marrying content to the ability to comment about it generates daily activity, which represents real power. Even though statistics indicate that only three to five percent of those who register for a forum or blog actually post a comment, a blog with 10,000 registered visitors might have 300 to 500 individuals actively generating commentary on the site. And when comparing the feedback to the actual length of the content being discussed, a response ratio of 10 to one is not uncommon. That's a lot of new content.

When users participate interactively—with a professional moderator and/or author to guide them—the resulting commentaries become original and valuable additional content residing in the publisher's databank. A smart publisher, of course, owns the rights to everything being posted on the site.

> 66 *An audience-driven-content-management system is organic and dynamic and, therefore, is best depicted through an organigraph. It fosters beneficial relationships with customers and marketing partners.*

Best of all, the publisher will always have at hand quantitative and qualitative data to verify the relative interest in a particular topic or subtopic generated online. Major publishers spend thousands of dollars several times a year to validate the popularity of various bits of content. The theory is that better quality articles result when the publisher is tapped into a user base that adds and validates the content ahead of time. And by pulling up a statistical report at will, the publisher is able to select topics of interest to the audience. The system, therefore, becomes the equivalent of a test budget through which the publisher explores and experiments with new topics that are backed up by immediate feedback, equivalent to a comprehensive statistical analysis.

An audience-driven-content-management system is organic and dynamic and, therefore, is best depicted through an organigraph. It is a system that creates opportunities for recycling and reusing content. It fosters beneficial relationships with customers and marketing partners. It puts cumulative data at the publisher's fingertips to help guide future content and products. And the heart of the integrated publishing activity—the Internet Publishing System—becomes the nexus of an organization of peers. A simple print magazine or newsletter begins to seem a little hollow compared to the rich communication that can be achieved through this system.

Leading Roles & Supporting Players

> 66
> *An audience-driven-content-management system creates an exciting synergy among authors, each of whom has a unique voice and personality, and users, who become full participating players.*

An audience-driven-content-management system creates an exciting synergy among authors, each of whom has a unique voice and personality, and users, who become full participating players. The publisher, meanwhile, earns powerful customer loyalty. And the enormous amount of content gained may become a kernel of inspiration or background material—probably more than can ever be used—for subsequent articles or repurposed into revenue-generating products.

The leading roles and supporting players in an integrated Internet publishing system:

• **Authors** still play the leading role in creating content. They pull together into articles the raw material gathered online and through in-depth research. They organize discreet bits and pieces of information or commentary, craft them into a cohesive product, edit it, verify or validate it, and massage it into great content. These are the writers, the storytellers, the entertainers and the individuals who provide the real content for your products.

• **Editors** are the supporting players on the editorial side. The managing editor is the line or supervising producer of all things that show up on the network. Staff editors don't write. They edit. They recognize a good story idea, research it, assign it to an author and manage the production of the article or project.

• **The Webmaster** is the absolute wizard of an audience-driven-content-management organization, the "go-to" person who is a combination production director, graphic designer, art director and

fulfillment manager all rolled into one. The webmaster must be expert in usability and online communications, in addition to having a great graphic sense and training in HTML, database architecture, linking strategies and search engine rankings. The webmaster is the liaison between the editorial and IT departments and is the glue that holds the entire organigraph together. Supporting the webmaster, of course, are the design and technical staffs—either or both of which can be outsourced to freelancers or services.

> " *Customer Service takes on new importance vis-à-vis content management. Along with the typical responsibilities, the role of CSRs in the new world of integrated publishing becomes that of a 'content guide,' similar to docents in a museum.*

• **Customer Service** takes on new importance vis-à-vis content management. Along with the typical responsibilities (e.g., taking orders, processing payments, handling renewals, troubleshooting problems, and helping with technical questions), the role of CSRs in the new world of integrated publishing becomes that of a "content guide," similar to docents in a museum. CSRs help users navigate around the site without getting lost in the system, and that requires a depth of knowledge about content that CSRs haven't needed in the past. The CSR may also set up complimentary trials, monitor customer activity and close deals. The added responsibilities completely change the CSR role and should effectively raise their salary levels and opportunities for advancement. In fact, customer service operation should have its own P&L.

• **Marketing Staff**, whose traditional functions in publishing are acquisition and retention marketing, must also present new and non-traditional skills. The marketing manager in an integrated publishing organization needs to be:

> 1. A search engine optimization (SEO) expert to maximize site traffic and build links;

2. A public relations expert to create and promote events using the site's unique design and architecture; and

3. A database marketer to maximize interactivity within the content and/or paid products.

For some campaign-type operations, such as pay-per-click management and affiliate-program management, the marketing could be outsourced. But it's not wise to outsource the marketing of functions that are tied tightly to editorial, such as link-building and basic FDL (Free Documentation License).

So these are definitely not "your father's publishing jobs." It is imperative for each staff member in this new world of publishing to understand the whole content management and recycling operation—that content is used to attract users, users are invited to contribute content—then that content is massaged and redeployed in various formats and in all sorts of different ways. Support staff must have new or different skills than they would have presented even five years ago, when managing online publishing was largely a technical job. Today, the support staff must be as knowledgeable as the editors with regard to content.

> 66 *It is imperative for each staff member in this new world of publishing to understand the whole content management and recycling operation—that content is used to attract users, users are invited to contribute content—then that content is massaged and redeployed in various formats and in all sorts of different ways.*

Conclusion

> 66 *Organizing interactive content around the customer, admittedly, is a much more complex operation than the traditional publishing model of the past. At the same time, it is cost efficient and jumpstarts many new revenue streams.*

Customer-driven content management will be common in the very near future, allowing a diverse community of online users to engage and be engaged in many different ways compared to simply subscribing to a magazine or buying a book. And the resulting environment will be much bigger and more sophisticated than in the past. People instinctively want to be heard, to express themselves, to contribute, to belong—basic human needs that are addressed by organizing content around the customer.

Of course, the inherent danger of this system is publisher inflexibility, an unresponsive website or disrespect of the user's privacy. Should users become dissatisfied, they can—and will—quickly and easily find someplace else to go. The same can be said for staff members, who must be allowed to grow with the organization and move it in a direction that meets the needs of the audience while fulfilling themselves. Staff is on the front line, exposed to customers on a day-to-day basis. Success—a.k.a. profits—depends on both happy customers and happy employees.

Organizing interactive content around the customer, admittedly, is a much more complex operation than the traditional publishing model of the past. At the same time, it is cost efficient and jumpstarts many new revenue streams. Less money is required for marketing, for example, because website content is used to build a customer database. In return for the fees paid to authors, the publisher uses the content generated to gain user feedback and validation at no cost.

And that commentary can be reused in newsletters, magazine articles, books, reports, CDs, DVDs, online conferences and live events. The redefined 21st century publisher is a multimedia producer of content that is organized around and satisfies the needs and interests of readers, users and customers alike.

2.1.5
Habit #5: Create User-Centric Websites

> 66
> *Usability and design are two key factors in publishing great websites.*

Usability and design are two key factors in publishing great websites. You can have a clear strategy and great content, but if your site is unusable and unattractive, it will be:

1. Difficult for users to find what they're looking for,

2. Difficult for you to get users to do what you want them to do, and

3. Difficult to get users to become loyal customers who revisit again and again.

We have developed the Mequoda Website Scorecard, which includes 14 design guidelines that we use to review websites:

- Strategic Intent
- Content Webification
- Relationship Building
- Community Building
- Persistent Navigation
- User Task Depth
- Affordance
- Labeling/Language
- Readability (Content Density)
- Organization
- Content Freshness
- Load Time
- Aesthetics
- Brand Preference

Using the criteria we've determined for each of these 14 guidelines, you can easily evaluate your own site's usability and design. By reviewing your site's Mequoda Website Scorecard—the scores for each of the 14 guideline items and the average score—you can clearly see the overall effectiveness of your site and easily understand the areas that operate well and those that need work.

Introduction

> 66
> *Through our extensive Mequoda website usability testing activities, we have determined that many websites today are rather mediocre.*

Through our extensive Mequoda website usability testing activities, we have determined that many websites today are rather mediocre. Furthermore, website mediocrity is pretty much a universal problem—global, that is.

The Mequoda Group is not the only organization to have come to that conclusion. Not long ago, Forrester commissioned a study of selected American and Japanese websites, using its own evaluation methodology, and found that the average score of the American websites was 6.5 on a 25 point scale, while the average Japanese site scored 4.25.

Part of the problem may be due to the limitations of technology—that is, the technology that the bulk of Internet users have at their disposal. Despite the phenomenal growth of the Internet and its overwhelming acceptance, website designers must focus their efforts on the lowest common denominator to ensure that the bulk of the users can use the site to find what they are seeking.

Then, in an effort to keep up with changing technology, websites are often remodeled over and over, which usually results in a complicated, daunting, inefficient mess that defies common sense. Brand integrity, clear messages, easy-to-use order flows and intuitive navigation are often the victims in this scenario.

Again, in our own testing of websites, we've found that the average user's task completion rate falls in the range of 70 percent when we offer five tasks. For some sites, the score is below 50 percent. When a user fails to complete a specific task half of the

> **"** *Our research indicates that complex websites will function much better when untangled to create a network of websites, each with streamlined functionality that the user can learn to use effectively.*

time—for any reason—that's a miserable experience for the user, a miserable result for the site owner and usually points to a miserable website overall.

Our research indicates that complex websites will function much better when untangled to create a network of websites, each with streamlined functionality that the user can learn to use effectively. Therefore, we view each website with a critical eye to ensure that:

- The interface is intuitive and uncomplicated
- Site navigation is simple and quick
- Site variations target specific audiences
- Online tasks are easy to understand
- Responses or orders are easy to facilitate

We've come up with a Mequoda Website Scorecard, including 14 Mequoda Website Design Guidelines that we believe are essential to consider when evaluating websites. When reviewing each website, the experts in our usability labs use a simple 4.0 grading system, assigning a letter grade (A, B, C, D or F) to each important design component. This evaluation system is easy-to-understand and can be easily used by different reviewers. It can be used by you, as well, to evaluate your own website.

1. Strategic Intent

> *When a user lands on your homepage—or any webpage, for that matter—it should be immediately obvious what that user can do, see or find on that page.*

When a user lands on your homepage—or any webpage, for that matter—it should be immediately obvious what that user can do, see or find on that page. To communicate your strategic intent, you must know: 1) what your users are trying to do at your site and 2) what you want them to do at your site. Clear strategic intent is easier to achieve when the website has simplified functionality. Complex websites confuse users. Strategic intent is, perhaps, the most important of the 14 guidelines. If users can't figure your website out, they leave and don't come back.

Strategic Intent Scoring Criteria

A   Clearly indicates the action to be taken

B   Action to be taken is present

C   Too many actions to be taken

D   Fuzzy about what can be done

F   Can't do anything
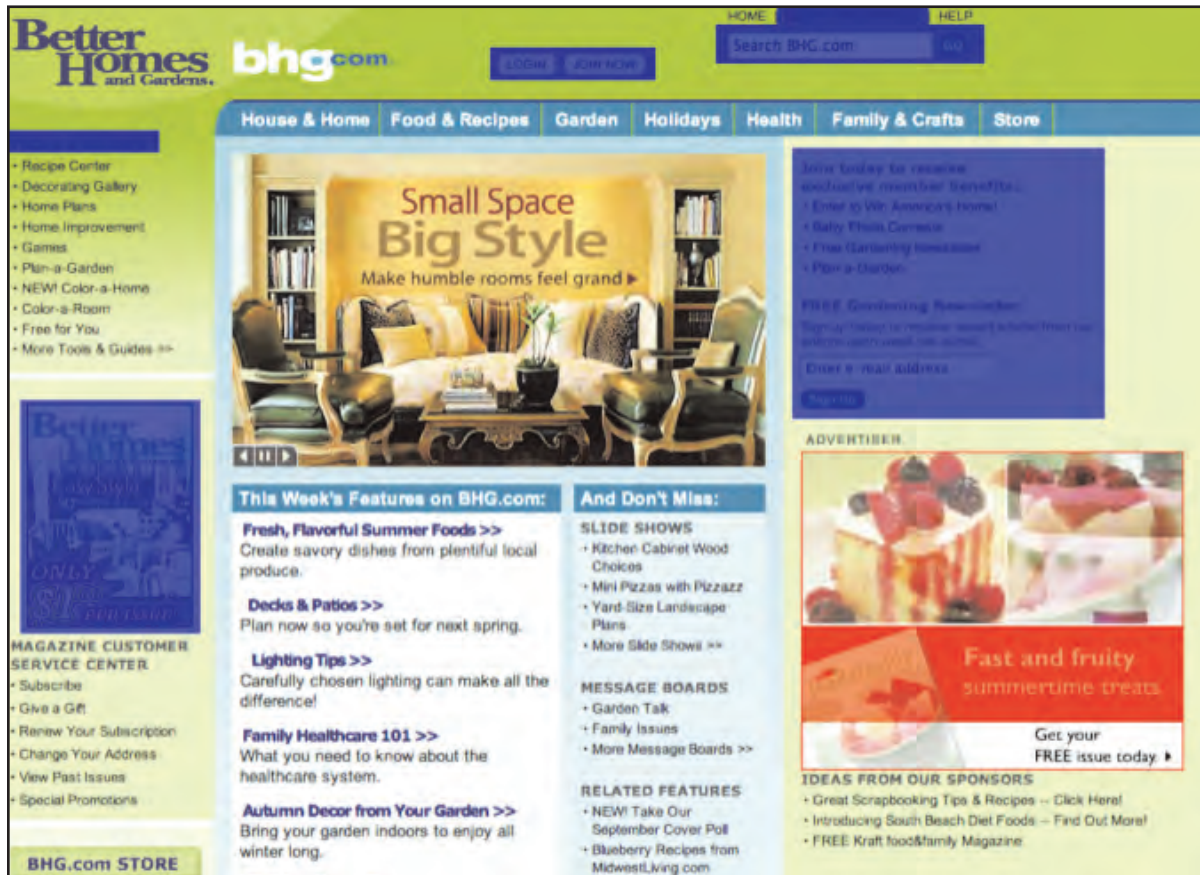
BHG.com does an excellent job of communicating their strategic intent. The three top things we get from this site, in order of importance, are: they want us to get the magazine, they want us to sign up for some newsletters and they want us to save recipes and designs on their website so we will come back.

Any reader or advertiser understands the business model from page one. Computerworld has even been innovative with their award-winning Partner Zones for advertisers.

Nowhere on this homepage is it clearly expressed what this site is about, what people can do here and why they should care. As a matter of fact, when we reviewed the site we noticed that the most prominent headline, "CMS releases FAQs about HIPAA security," has nothing to do with HCPro and following the information trail took us off-site to a government website for the Center of Medicare & Medicaid Services (so shouldn't that be CMMS?). Right underneath this headline was a large red block seeking advertisers.

2. Content Webification

Publishing on the Internet is not the same as publishing a book, magazine or newspaper. Nor is it the same as presenting content/products on TV, at a live event or in a brick-and-mortar store. The Web is a unique medium. Content posted online should be executed in short blocks of type, perhaps with bullets or other graphic elements for spacing. The content should be interactive and take advantage of multimedia technology. Successful website publishers use content to create unique user benefits.

Content Webification Scoring Criteria

A	Innovative use of interactivity and multimedia technology

B	Some use of Web-based communication technology

C	Text and graphics have been webified

D	Website resembles a book, magazine or other print media

F	Website content is nonexistent and/or difficult to consume

WebMD is webified and fun. Innovative interactive features were present, promoted, and for the most part, well executed. The first, and our favorite, is the symptoms check. This is an attractive and simple 3D rotating image of the male and female body at the top of the page. Visitors who have a problem, but don't know where to start searching, can use this tool to find the right content.

With the exception of the changing visuals and the gray fade-out transitions that accompany each click of a navigation link, there is no use of audio or video on the site. A short video of the firm's founder, Jerry Stein, could have personalized the site. Short audio testimonials from satisfied clients could add impact to the testimonials many have contributed.

3. Relationship Building

> ❝ *Website success depends hugely on providing incentives that encourage visitor email registration.*

Website success depends hugely on providing incentives that encourage visitor email registration. Email registration, in turn, permits the site owner to follow up with those individuals at a later date through alerts, blogs or newsletters—i.e., build a relationship. If a website does not attempt to capture the visitor's email address, the user may never revisit, and the relationship is lost. Some site archetypes are more oriented toward relationship building than others. For example, a simple brand-building website, where the purpose of the site is to deliver a message about the company or product, could have some level of success without doing a great job at relationship building. On the other hand, relationship building, along with attracting traffic, is a primary mission of an Internet hub. An Internet hub that doesn't do a good job of relationship building would be considered a failure.

Relationship Building Scoring Criteria

A	Clearly invites visitors to personalize website
B	Content personalization devices are present
C	Content personalization devices are available but not prominent
D	Content personalization devices are hidden
F	No personalization device

TheBookStandard.com offers three—count 'em—three different free email newsletters, including The Book Standard Bestsellers Chart Alert, a free weekly e-zine with news and sales rankings.

Very prominent on the homepage is an invitation to sign up for Moneylaundering.com's free weekly email alerts, in order to receive the latest breaking money laundering news and analysis in your inbox every Thursday.

The site needs to employ a "push" strategy to create relationships with visitors. It must give visitors an opportunity to register, and in doing so, provide the site operators with valuable insight into the nature and characteristics of site visitors, while offering value in return. Note the implied exchange. Value for value.

4. Community Building

> 66 *Websites that encourage a feeling of belonging among users and offer users mechanisms for being involved in the site—and motivate them to become involved— are good at community building.*

Websites that encourage a feeling of belonging among users and offer users mechanisms for being involved in the site—and motivate them to become involved—are good at community building. For membership websites, in particular, providing a space for members to communicate with one another and interact with the association or site editors is a major priority. Some of the Internet's most successful non-membership websites, however, enable their users to generate more than 99 percent of the website's content. Monster.com, eBay.com and BookReporter.com are examples of websites that build community by letting the users provide the content. User forums, such as the one at Spirituality.com and the user product ratings and reviews at Amazon.com, are two other ways to build a user community.

Community Building Scoring Criteria

A	Clearly invites visitors to become involved with other members

B	Community involvement devices are present

C	Community involvement devices are available but not prominent

D	Community involvement devices are hidden

F	No community involvement device

The number and activity of specialized Firehouse.com forums is a major community builder. Dozens of forums address specialized aspects of the emergency services: fire safety, EMS extrications, health, training, staffing and new technologies. A testament to the success of the Firehouse.com forums is the fact that, on a recent Sunday morning, over 100 members were online at one time!

Where The Accounts Payable Network clearly excels in community building is with the Accounts Payable Certification Programs it has developed with IOMA, the Institute of Management and Administration. The training program and certification plan is designed to help AP professionals meet high standards and recognize those who, by possessing related work experience and passing a comprehensive exam, have met stringent requirements for mastering the accounts payable body of knowledge. AP managers can pursue three levels of professional certification.

In contrast to sites like Firehouse.com that attempt to build close relationships with visitors by offering a variety of community tools, like forums, question-and-answer opportunities, classified ads and daily surveys, Entrepreneur.com is primarily one way (site to visitor). This is not to discount the value (quantity or quality) of the articles that can be accessed, but the exclusive focus on top-down communications puzzled us.

5. Persistent Navigation

> 66 *Persistent navigation is the simple concept of ensuring that the navigation to complete an online activity is the same each time the user returns to the site to pursue that activity.*

Persistent navigation is the simple concept of ensuring that the navigation to complete an online activity is the same each time the user returns to the site to pursue that activity. Five years ago this was a real problem, as the navigation changed frequently and the user was constantly lost or having to figure it out. A website is really an interactive piece of software that should be relatively simple to use. If you change the paradigm—the menu system—from visit to visit or from page to page, the users will find a site with a better system and ignore yours.

So while persistent navigation is now rather common, you must not become complacent. Be sure your navigation is consistent within, and between, your websites even if the respective content is very different, so that users of your site(s) are crystal clear about where they are, where they can go and how they can get back to somewhere they've been.

With the exception of certain processes, such as order flows, users should be able to navigate to all major areas of your website from anywhere within your website. Your navigation should be intuitive, reflect the depth and breadth of your content, provide quick and easy access to customer service, and be consistent throughout your site.

In cases where the navigation for one of your sites or one of the pages on a site must be significantly different, our research indicates that the best way to treat that is to change the nameplate and the URL of the site or page that requires the different navigation.

Persistent Navigation Scoring Criteria

A	Does an excellent job of letting users fulfill goals
B	Is confusing or has too many levels
C	Is either not persistent or not consistent
D	Changes without any perceptible reason
F	Isn't persistent or universal

The persistent navigation on the Discover.com site is exceptional. The sidebar navigation covers the site-wide navigation and there is a contextual menu that appears as breadcrumbs and a horizontal ribbon above articles, helping the user navigate, or take action with, the article.

The Personnel Policy Service site leads the user off in too many directions without a clear path back. In some cases, the hypertext links connect to other websites owned by the company, where separate products are offered and sold from their own shopping carts. That would be acceptable if the hub and satellite model were used consistently, but it is not. This configuration is a hodgepodge. Many pages at the Personnel Policy Service site don't even include a link back to the homepage.

6. User Task Depth

> " *To succeed in user task depth, your website should encourage the user to take a next step, such as request more information or make a purchase.*

A user will commonly want to complete just five or six tasks on your website, and that accounts for 80 percent of the online activity. And those tasks—browse, search, find an article, sign up for a email newsletter, buy a product, etc.—differ for the various website archetypes. Browsing and searching are common to all types of websites. For example: for content sites, the top task is to get more detail on a news headline; for commerce sites, the user is most often trying to complete a purchase; for retail websites that involve the shipment of physical products, users are increasingly seeking to take care of customer service tasks at the website—canceling or returning an order or reporting a problem with delivery. To succeed in user task depth, your website should encourage the user to take a next step, such as request more information or make a purchase. Often, we have found that users will complete a task in an unanticipated way. And that's good, because it means that your global architecture is good enough to provide multiple paths to the finish line.

User Task Depth Scoring Criteria

A	Test user was able to complete all four tasks
B	Test user was able to complete at least three tasks
C	Test user was able to complete at least two tasks
D	Test user was able to complete at least one task
F	Test user was unable to complete any tasks

There was never a problem doing questionnaires or going through the steps to get to the offer or content we sought.

No problems were encountered when obtaining information, subscribing to the newsletter, locating content or subscribing to—or updating—a subscription to the print version of Entrepreneur Magazine.

The Term Life Insurance quotation calculator was impossible to complete. A pop-up kept asking to enter family history information, although there was no place to provide this data. None of Insurance.com's companies are currently writing health insurance in Massachusetts. Does this count as completing the task? Could an agency that owns the URL Insurance.com represent some additional companies? Or are there absolutely no companies writing new health insurance policies for individuals residing in the Bay State? Similarly, getting a quote on homeowner's insurance was impossible.

7. Affordance

> **"** *Affordance simply means that something does what it looks like it will do, or behaves in the way you think it should behave.*

Affordance simply means that something does what it looks like it will do, or behaves in the way you think it should behave. If you see a round doorknob, for example, you expect it to turn. Once users become familiar with a few websites, they build a mental model of how a website should work. When they learn how to search at Google, that's the way they think search should work. Or when they learn how a product page works at Amazon, that's how they think a catalog page should work. You can either fight the convention or go with it. But unless your site is big enough or strong enough to change a user's mental model, you should ensure that the links and buttons on your site include good affordance. Proper affordance also requires a website publisher to consider how different age groups expect a website to behave.

Affordance Scoring Criteria

A	Links and buttons clearly do what they "afford"
B	Most of the links and buttons have clear affordance
C	Some of the links and buttons have clear affordance
D	Links and buttons are inconsistent and confusing
F	Links and buttons clearly violate Web conventions

While the Motley Fool site is packed with content, the user is never confused about navigating the site. All links are text links. The site makes exclusive use of the standard blue underlined link labels. The site follows the absolute dictum—never make it the user's problem. The visitor is never put in the position of having to guess where to go next or how to get there.

With the exception of the Douglas Publishing site's occasional appearance, the Briefings.com site held few surprises.

This site suffers from inconsistent identification of hypertext links. Especially egregious is the inconsistent use of underscoring for links. Additionally, the links do not change color after having been visited. The designer has made the links change color when moused over, but the color is the same red that is used for other text on the site—not a good choice.

8. Labeling and Language

> *Far too many websites use language that is better understood by the site's sponsoring organization than by its audience.*

Far too many websites use language that is better understood by the site's sponsoring organization than by its audience. Attention must be paid to the labels used in navigation and in page titles so that they are consistent both within the site and with the audience's mental models for the content. B2B websites are often the biggest offenders of labeling and language, believing that the site users understand the jargon. Meanwhile, the users often haven't a clue. Determining common language among Web users can be easy and absolutely free. Simply enter a word in the Overture Keyword Selector Tool, and it will show you the frequency of that word on search engines. The relative ranking of popularity will indicate the best word to use. The added bonus here is that key phrases and words that your audience understands will also improve your ranking in search engines, as they have been designed to evaluate relevancy as a "human" would.

Labeling and Language Scoring Criteria

A   Audience-centric, with good representation of keywords and phrases

B   Some confusion in taxonomy for labels

C   Uses jargon or language reflective of the organization, not the user

D   Labels are inconsistent and confusing

F   Poor language and labeling overall

The subject matter of the Element K Journals publications can be highly technical. The content needs to be relevant and "technical" enough to convince visitors that these publications are credible. This site does a good job of balancing these competing requirements.

As is often the case, people who provide services to a specific industry or sector assume that everyone in that business shares the same language. This is generally not the case.There are always new people coming in and seldom is one person an expert in every aspect of that business or discipline.HCPro uses some language that is confusing..

9. Readability (Content Density)

> 66 *In print, we know that the effective use of white space, the number of columns, use of bolding, margin size, etc.—increases reader pleasure. The same design principles apply on the Web.*

In print, we know that the effective use of white space, the number of columns, use of bolding, margin size, etc.—increases reader pleasure. The same design principles apply on the Web. Actually, employing Gestalt principles of continuity, similarity, and proximity become even more important when formatting news content for the Web, because Web users tend not to read whole pages to determine if the content is relevant to their information search. Instead, they scan the page seeking information or clues to where they might find what they are looking for. The readability message, therefore, is to avoid cramming too much stuff on the page. And don't make the content too dense or messy. Overloading the space makes the content hard to read.

Readability (Content Density) Scoring Criteria

A   Uncluttered, adequate white space, column width, type size and face

B   Does a reasonable job balancing graphics to text

C   Too many graphics, too much text, or too many columns

D   Cluttered, jammed and confusing

F   A total mess

This site employs a good balance of graphics to text.

This site is uncluttered. It uses adequate white space and employs good column widths, type sizes and typeface. Some of the headlines are in all caps, which I don't recommend. Curiously, BottomLineSecrets.com is built on a narrow table measuring only 160 pixels wide. This makes it exceptionally easy to read, even though it creates an unusually wide right border. You get used to it quickly, however, and it doesn't distract from the site.

Here, finally, is eBay's Achilles' heel. The site's pages are simply too crowded. In an attempt to derive additional income for special "featured" auction items, the designers have crowded everything possible onto nearly every page. You might argue that clutter is unavoidable on a site presenting this much content, but I disagree. eBay is dizzying.

10. Content Organization

> *Using primary marketing quadrants to generate brand-related revenue or build relationships and communities with users is the sign of a well-designed site.*

Finding space to provide important marketing links can be a challenge on content-heavy websites. Actual eye-tracking tests have revealed that people use a "Z"-shaped scanning pattern when scouring webpages for information. More importantly, they are less likely to scroll down the homepage than they are to move to pages that are several levels into the site. Keeping critical marketing information and contextual navigation "above the fold" is essential. Using primary marketing quadrants to generate brand-related revenue or build relationships and communities with users is the sign of a well-designed site.

Content Organization Scoring Criteria

A	Marketing quadrants are appropriately exploited, navigation OK
B	Primary links in only one top quadrant
C	Primary task links present but obscure
D	Primary task links missing
F	Total lack of organization

Right away they make great use of real estate by offering an opportunity to subscribe in the upper right-hand quadrant. Since this is their primary goal, they have positioned the sign-up box perfectly. Their secondary goal is to establish a relationship with the casual visitor by offering a free newsletter and they have positioned this offer in the lower left hand quadrant.

All four quadrants above the fold are well exploited for primary links, content and marketing tasks. Content, of course, is in all four sectors as it is in the center of the page. The upper left, right and lower right all contain both house, and advertiser, ad space, using banners and text. The lower left quadrant is used for additional content navigation and internal feature promotions.

The organization of these pages is so haphazard and poor that I could find little on which to award points. I get the feeling that there is a lot of information here, but the organizing principle eludes me. When one clicks on one of the items in the "Information Center," the same information comes up... rearranged. To what purpose is anyone's guess.

11. Content Freshness

> *The Internet is a 24/7 medium. Websites, therefore, should be considered works in progress that are constantly updated, if only so that they don't bore repeat visitors.*

Website credibility plummets if the homepage promotes an event that occurred two months ago. The Internet is a 24/7 medium. Websites, therefore, should be considered works in progress that are constantly updated, if only so that they don't bore repeat visitors. Users expect to see fresh content on a website. Weekly updates are the absolute bare minimum; daily are good; hourly are better. Research indicates that websites with a high update frequency generate more repeat visits per month per unique user. With the average number of websites per user going down and the average time spent on the Web going up, it is imperative that the content on your website be as fresh as possible. It takes a lot of content to refresh your site frequently. If you don't have or don't generate lots of content, then blogs—user-created content—can be your secret weapon. For every story you post on a blog, users will post five or ten items and update your website for you.

Content Freshness Scoring Criteria

A   New content is available throughout the day

B   New content is available daily

C   New content is available weekly

D   New content is available monthly

F   The update schedule is infrequent or unclear

It is member-provided content that keeps folks coming back to this site. However, there are plenty of articles that are constantly being added to the website, as well as events in the Event Calendar, press releases and, of course, the personal stories in the "Advice & Inspiration" section. This is more than enough fresh content to keep visitors coming back.

Nowhere on the site am I given any indication of how often products are updated on the site. Even in the News portion of the site, they don't provide any dates, so you're not entirely sure when the article was written or posted.

12. Load Time

> " *About 40 percent of Internet users are still on 56K modems, so that remains the standard when determining load time.*

About 40 percent of Internet users are still on 56K modems, so that remains the standard when determining load time. Broadband has dramatically shortened download time, but even those with broadband don't want to wait three, four or five seconds for a webpage to load. Their eyes begin to dart around, and they become impatient. So your main entry pages, in particular, must load quickly. The conundrum, of course, is that your entry page is your homepage 20 to 30 percent of the time. And most site owners load up the homepage with lots of material and lots of graphics, making it the slowest page on the entire website. The Web Page Analyzer™ is a great tool for benchmark testing of your site. It can be helpful to the site designers in diagnosing what's wrong, but does not provide a 100 percent accurate measurement of load time. In order to measure a true, worldwide user experience, you would need to test your site every 15 minutes or every half hour with every type of connection, all over the world. This would be very expensive in terms of both time and money, so the Web Page Analyzer™ offers the next best thing. Go to the site and check it out.

Load Time Scoring Criteria

A   Under 15 seconds on 56K for text, low graphic load

B   Under 25 seconds on 56K for text, low graphic load

C   Under 50 seconds on 56K for text, moderate graphic load

D   Over 50 seconds on 56K for text, moderate to heavy graphic load

F   Gave up waiting

This is a reasonably fast-loading page. When tested using the Web Page Analyzer, the page downloaded in 19.63 seconds over a 56K connection.

The Web Page Analyzer clocks the AdAge homepage as loading in 55.60 seconds at 56K. The total number of images on the homepage is 57 on a typical day. The total size of the homepage is nearly 278,000 bytes. This is a very hefty load and far from optimal, but my guess is that subscribers 1) are willing to wait and 2) generally access the site from businesses equipped with higher speed Internet access (cable or ISDN).

13. Aesthetics

> *Your site design doesn't need to be pretty, but it should be appropriate for the people that your website serves. Layout, colors, and typefaces determine the site's personality and image.*

The average user expects professional websites to be clean-looking, information-rich, and intuitive. Users respond best when the aesthetics of the site support the purpose of the site and are consistent with the user's mental model. Your site design doesn't need to be pretty, but it should be appropriate for the people that your website serves. Layout, colors, and typefaces determine the site's personality and image.

Aesthetics Scoring Criteria

A   Supports the purpose of the site and is consistent with user mental model

B   Supports the purpose of the site but is confused about user mental model

C   Disregards user's mental model

D   Totally ad-driven

F   Totally ugly

The aesthetics of this site are very appropriate to its audience. It speaks their language.

In general, the site is clean looking and information rich. I absolutely loathe their little trumpet-nosed mascot. Some of the banner ads—particularly the mortgage-selling ad featuring the undulating pig—are hideous and quite distracting.

14. Brand Preference

> **❝** *In a world where search is the most common way to be found, brand matters. The paradigm has shifted.*

Websites often have a strong brand with roots in the physical world, but the brand can also cause confusion. Some online marketers even say brand doesn't matter. In a world where search is the most common way to be found, brand matters. The paradigm has shifted. We no longer push ourselves at the consumer. A great many of our new customers will find us. So presenting a brand that causes them to want to play with us is important. According to a benchmark study done by Corey Rudl on his direct marketing sites, the average new customer had visited the site seven times before making the first purchase.

Brand Preference Scoring Criteria

A   Clearly supports and builds brand preference; encourages return visits

B   Supports and builds the brand but…

C   Sends confusing messages or subjugates brand to higher authority

D   Sells something else

F   Doesn't support the brand at all

With a classified site, advertising can sometimes become an issue—but with AutoTrader, they very wisely put their ads in right hand column, improving the brand preference of the site.

From button-down, peer-reviewed medical journals to colorful consumer magazines to drug company marketing sites to herbal remedy advocates, online medical information sources are endless. The publishers of these sites have a wide range of goals, and a savvy consumer knows that trusting the source is imperative when your health is on the line. That's why "Brand" is perhaps the most important criteria for this particular review. I trusted WebMD.

All of the consumer magazines we selected for our Consumer Magazine Website Design article had great brand recognition. So we were surprised when any of them did poorly with respect to honoring the brand, in particular Bon Appétit, which redirected us to a food (and travel) site called Epicurious.com—not a term that springs to mind when one thinks of subscribing to Bon Appétit.

Mequoda Website Scorecard

> 66 *The goal is to emphasize the importance of balanced, usable websites. A single website may follow one guideline very well but be lacking when it comes to another. Your goal, then, is for your website to achieve respectable scores in all areas.*

The Mequoda Website Scorecard allows you to score your website on each of the 14 Mequoda Best Practice Guidelines, average them together, and arrive at a score. A perfect "A" Mequoda Website Score is 56 or four points for each of the 14 Best Practice Guidelines. The goal is to emphasize the importance of balanced, usable websites. A single website may follow one guideline very well but be lacking when it comes to another. Your goal, then, is for your website to achieve respectable scores in all areas.

Following are the Mequoda Website Scorecards of a few representative websites, along with examples of pages in which they are effectively employing one Mequoda Website Design Guideline and others where they should be, but aren't.

Conclusion

> 66 *In today's highly competitive online market, well-designed websites have a powerful advantage.*

In today's highly competitive online market, well-designed websites have a powerful advantage. Considering appearance, content, links, navigation, consistency, organization, etc., designing a user-centric, intuitive website can be a daunting task. The Mequoda Website Scorecard is a helpful tool that you can use to evaluate your website and pinpoint the areas where it is effective and any areas that need improvement.

Aim high and do well!

2.1.6
Habit #6: Implement a Mequoda Marketing Model

> ❝ *By offering free content through a variety of free and/or paid media sources, a publisher can entice interested individuals to a website—a Mequoda Internet Hub.*

The major differentiation between the Internet marketing strategy of the Mequoda Method and that of traditional publishing models is the use of *free content* to drive online traffic. By offering free content (e.g., email newsletter subscriptions, HTML webpage access, eBooks or eReports, blogs or Web feeds) through a variety of free and/or paid media sources, a publisher can entice interested individuals to a website—a Mequoda Internet Hub.

Once on site, the individual must provide an email address in order to receive the free content. That contact information becomes part of a huge marketing database, which the publisher can then use to market products of value. We describe eight examples of free media sources that can effectively drive traffic to publisher websites. We also describe six database marketing channels that publishers can use to bring home the bacon.

Introduction

> ❝ *The way a publisher prioritizes sources that drive online traffic is the major differentiation between the Mequoda Method Internet marketing strategy and traditional publishing models.*

The way a publisher prioritizes sources that drive online traffic is the major differentiation between the Mequoda Method Internet marketing strategy and traditional publishing models. The power of the Mequoda Internet Marketing System resides primarily in its unique concept of using *free content* to drive traffic.

The offer of free content through various media sources—free and/or paid—attracts visitors to the publisher's primary online venue—the Mequoda Internet Hub. As a tradeoff for receiving that free content, site visitors must provide at least an email address. The contact information then becomes part of the publisher's online marketing database.

Worthwhile content that can be distributed for free and for which site visitors should be willing to give up an email address include:

- Email newsletter subscription(s)
- HTML webpage access
- eBooks and eReports (PDFs)
- Blogs
- Web feeds

Usually an email address is sufficient to distribute the free content, or links may be employed. Over time, as the customer relationship develops, the marketing distribution channels may expand to postal mail, telephone and fax.

The chart on the next page illustrates:

> 66 *There are 14 media sources: eight free and six paid sources (and there are certainly more)—that a publisher can utilize to drive people to the company's all-important Mequoda Internet Hub.*

14 Media Sources: eight free and six paid sources (and there are certainly more)—that a publisher can utilize to drive people to the company's all-important Mequoda Internet Hub.

The Mequoda Internet Hub: the online facilitator for gathering the names and email addresses that become part of a huge pool of qualified prospects.

Six Database Marketing Distribution Channels: links, promotional email, editorial email, direct mail, phone or fax, which the publisher can use to contact the people in the database and drive them to one of the company's marketing satellites to be monetized.
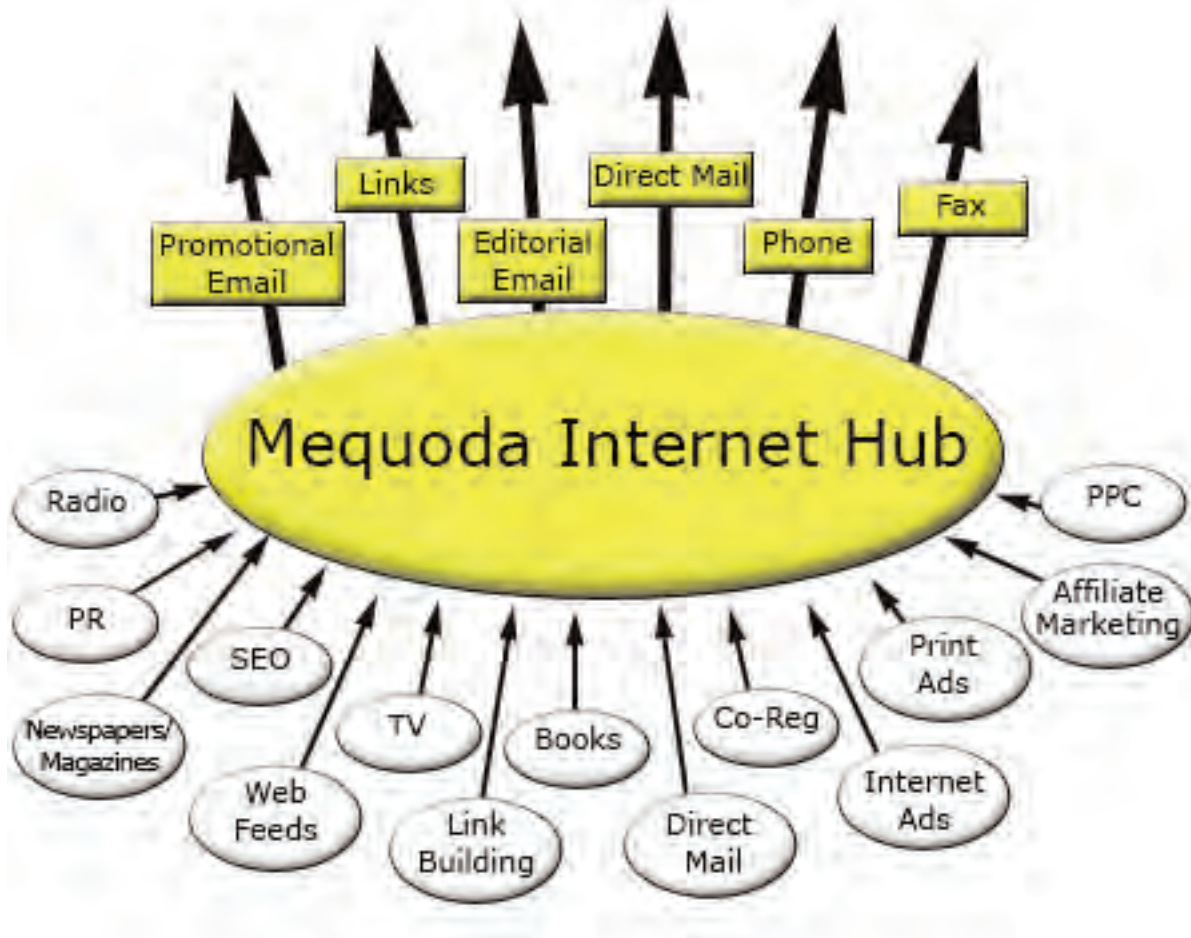
Mequoda Internet Marketing System

Eight Free Media Sources

> 66
> *A publisher using the Mequoda model could build a complete marketing campaign around free content distribution without spending a dollar on paid media; or the publisher could combine free media sources with some paid media sources.*

A publisher using the Mequoda model could build a complete marketing campaign around free content distribution without spending a dollar on paid media; or the publisher could combine free media sources with some paid media sources.

The free media alternative is basically a cluster of sources, or opportunities, that a publisher can use to drive people to a webpage by offering something of value for free (e.g., a free report, free membership, free download) simply for registering and providing an email address. The goal, of course, is to build a relationship with each of these people that implies (or includes) permission to contact them in the future. Here are eight examples of free media sources that can effectively drive traffic to your site.

1. Public Relations

Traditional press releases, as we know, are used to get a message out. We write them hoping a reporter will call back or pick up the story. On the Internet, however, press releases take on a new meaning and provide an additional marketing opportunity that only some industries have figured out—search engine visibility. Now that the public can read press releases directly on various Internet news portals such as Yahoo! News or MSN News, it's becoming more important to optimize press releases for online distribution. They must be keyword-rich and they must provide extensive links back to your site or article.

This is a press release that we submitted to TheOpenPress.com.

> *It's in a site owner's best interest to set up and enforce a standing set of search engine optimization policies to ensure that each article posted on the website is optimized, page-by-page, for a certain set of keywords that relates to the site's broader strategy.*

For example, you might include:

• A list of items that is so extensive that the journalist won't try to reprint the list in its entirety but, instead, will reference it with a link;

• Graphics or illustrations with enough depth and complexity that the journalist will want to provide the link.

• Keyword-rich headlines, keyword-rich body copy and keyword-rich links.

• A reason for readers of the press release to come back to your site—for a free eBook, newsletter or article.

Some online PR distribution services are free and some are paid. PR Web, for example, offers free distribution, which only includes PR Web distribution, SEO and RSS feeds. Alternatively, you can opt to pay up to $80 to be included in Google News, Yahoo! News, eMedia Wire and others.

It is also important to note that journalists will normally avoid referencing retail sites, but often will point to sites that offer useful information that is free. This reinforces the idea that every online industry, even if primarily retail, should be giving away free content.

2. Search Engine Optimization (SEO)

It's in a site owner's best interest to set up and enforce a standing set of search engine optimization policies to ensure that each article posted on the website is optimized, page-by-page, for a certain set of keywords that relate to the site's broader strategy.

This is an example of a content upload page in our content management system. Note the separate fields for meta keywords, meta description and URL keywords.

> **❝** *Web feeds (a.k.a. RSS, Really Simple Syndication) involve the publisher pushing syndicated content to huge portals such as Yahoo!, but also providing it to small sites or even individual users who agree to place the feeds on their homepages.*

SEO can be complicated, as fully optimizing your site may involve hundreds of keywords or terms. Each individual page, however, will have only a handful.

Optimizing pages for search purposes allows your site—on its own merit—to rank highly with Google, Yahoo!, MSN and other important search engines. The higher your site is ranked, the higher percentage of clicks you are bound to receive as a result of a search. Some 85 percent of all people searching on Google click on one of the first ten results that appear on page one. In fact, 99 percent of all clicks go to one of the first three pages of results. Therefore, if your link shows up on page four (or beyond) of the results of a Google search, you're effectively invisible from a traffic standpoint.

Search engine optimization, by the way, must be legitimate and organic. It does not involve planting keywords through trickery or finagling, and it's not at all associated with a pay-per-click effort.

3. Web Feeds

Web feeds (a.k.a. RSS, Really Simple Syndication) involve the publisher pushing syndicated content to huge portals such as Yahoo!, but also providing it to small sites or even individual users who agree to place the feeds on their homepages. Placing your content on the homepage of even a few thousand relevant sites through a syndicated feed can generate some significant traffic. So you can syndicate up and you can syndicate down in terms of driving traffic.

Yahoo! RSS

"Publishers who employ link-building techniques should experience increased traffic, an improvement in their search engine rankings, and, in turn, even more increased traffic.

4. Link Building

Building links to your site may be construed as a reader service; at the same time, it is a legitimate way to drive traffic. The community vote is crucial to the Internet culture, and not everyone's vote is equal with regard to search engine rankings. Getting into "the club," therefore, can be challenging.

Sites with great content that are linked to certain keywords (or keyword phrases) earn, over time, a position of authority in the search engine world. By legitimately linking their sites to yours, they effectively share their authority with you. In the eyes of the search engine spider, each link counts as a transfer of authority.

Publishers who employ link-building techniques should experience increased traffic, an improvement in their search engine rankings, and, in turn, even more increased traffic.

5. Radio and TV

Publishers who also offer (or are visibly associated with) a radio or TV program can effectively tie that program to an affiliated website. Driving listeners or viewers to the website for free information—programming or scheduling information, further details or additional material related to a particular program, interviews with or background on, personalities, topical news and views, etc.—allows the publisher to build a rich database of prospective customers for other product lines. The key here is to require visitors to register on the website—at no charge—in order to access, download or otherwise receive the information.

America's Test Kitchen's homepage.

> 66 *By requiring free registration to access the recipes, the company builds an enormous permission-driven database in which they market their various products.*

An example of a publisher implementing this strategy on radio is The Motley Fool Radio Show on NPR. Executives will admit the program doesn't necessarily pay them much, but it does provide a hefty ROI considering all the traffic they send to their main website, Fool.com. Using this strategy, coupled with other innovative strategies, Motley Fool has built a database of over three million people, of which 150,000 are paid newsletter subscribers.

An example of a publisher implementing this strategy on TV is America's Test Kitchen on PBS. Boston Common Press, publisher of *Cook's Illustrated* magazine and various cookbooks, and producers of the America's Test Kitchen show, invite viewers each week to go to AmericasTestKitchen.com to get the recipes featured on that episode. By requiring free registration to access the recipes, the company builds an enormous permission-driven database in which they market their various products.

6. Books

Most people assume a writer is supposed to make money authoring and publishing books—regardless of the book's price. We all recognize that books are great for image and can lead to other business opportunities. What most publishers and marketers have not realized is that mass-market books have a much different purpose than previously assumed. Paperback books, for some publishers, are simply a way to generate a database.

An example of an author who uses paperback books as a database and aggregator is information-marketing guru Fred Gleeck. For his massive 150-website media network, paperback books are a "neg-

> " *Today, we realize the importance of the website as a hub and using it to build a rich database of qualified prospects.*

ative acquisition cost" lead-generation source for his weekly email newsletter: *Fred Gleeck Insights*. He authors four plus books per year with the goal of driving prospects to one of his many websites (he creates a new one for every book) and getting them to subscribe to his weekly newsletter. Fred Gleeck's early mass market books all include a section at the back that is a mini-catalog of his other information products: seminars on CD and DVD, Web Marketing Magic (a turn-key web marketing system that he uses) and information on how to contact him about consulting. Each year Fred now generates thousands of new email subscribers from his books. His business is growing at a rapid rate as he produces more mass-market books and more high-priced products to sell to his free email newsletter subscribers.

7. Newspapers & Magazines

This source can be viewed in two ways. One way is to understand the importance of using whatever you have in print to promote your website. For example, when the Internet was getting legs in the mid-1990s, publishers put a major emphasis on publicizing the Web addresses associated with their print publications. The idea was to draw people into the site—to increase the "online eyeballs"—in order to sell banner ad space. Later, when banner ads showed only marginal success, some of the sites added "storefronts." Today, we realize the importance of the website as a hub and, using it to build a rich database of qualified prospects.

Publishers never think twice about using unsold space in their periodicals—and often in their books—for house ads that promote either the brand or ancillary products of value. An excellent use of

> *The second way to use newspapers and magazines to build an online database is to get your own syndicated newspaper or magazine column.*

that unused ad space, however, would be to create a house ad that offers something free (e.g., a report, newsletter or download) with the only requirement being the interested individual must go to the website and provide an email address. Additionally, it's smart (and easy) to dedicate a small area on (or a page after) the table of contents in your print product, where you list or describe current articles available for free on your website—email address required, of course.

The second way to use newspapers and magazines to build an online database is to get your own syndicated newspaper or magazine column. As long as you, or the expert in your organization has enough knowledge to share on an ongoing basis, this can be a very profitable way to build an email database. One example of a highly successful syndicated newspaper columnist is Tim Carter from AsktheBuilder.com. Carter got his start as a newspaper columnist and has taken all of that content and repurposed it into a website that generates over $1000 a day selling eBooks. He also generates a lot of money using Google's AdSense program.

8. Retail

Publishers sometimes forget—or perhaps don't even realize—that they are retailers. Unlike the editorial side of the business, publishers sell subscriptions, memberships, books, ancillary products, events, etc. Therefore, it's smart to think like a retailer—get people into your store, where they can become customers.
If they are customers, get them to come back. Your "store," of course, is your website, your hub.

> *If they are customers, get them to come back.*

• Make sure your URL—the website address of your hub—appears on anything that is being shipped to a customer.

• Include in the shipping box—as well as in bill and renewal envelopes—an insert card promoting a free email newsletter that relates to the product purchased. Word the text on the insert card to indicate that receiving the free email newsletter is a benefit of buying the product.

Six Paid Media Sources

❝Print magazine or newsletter publishers traditionally generate 95 percent of their publication's revenue by utilizing paid media—particularly direct mail, but also insert cards, billing and renewal inserts, card decks, perhaps some TV, and other direct-marketing sources.

Print magazine or newsletter publishers traditionally generate 95 percent of their publication's revenue by utilizing paid media—particularly direct mail, but also insert cards, billing and renewal inserts, card decks, perhaps some TV, and other direct-marketing sources. When these publishers establish an online presence, most continue to rely on paid media—particularly email offers to rented email address lists—as a major part of their promotional mix to drive traffic.

In fact, paid media works. And it's easier to buy website traffic than to rely on free media. A further advantage of buying traffic is that the publisher can pretty much control where and when the traffic will land on the site.

Here are six examples of paid media sources than can effectively drive traffic to your site:

1. Pay-Per-Click
Pay-per-click advertising involves buying specific keywords or keyword phrases on selected search engines. Buy three-, four-, and five-word keyword phrases, which typically cost as little as 10 or 25 cents, and often convert better than two-word phrases costing $1 or so. Set the keyword phrases to drive traffic directly into your individual product satellite site's "sales letter" landing pages. (See the Google sponsored links, next page.)

2. Co-Registration
Co-registration simply involves asking visitors on someone else's website to visit the free area of your website. It's a primary driver

Google.com's Sponsored Links

> " *Affiliate marketing, which may involve text, graphics, email, or some other kind of content, is really space advertising, but on a revenue-share basis.*

for building an email database and the counterpoint to lead generation. Sign up occurs on the other website, and the leads are forwarded to you. (See the graphic, next page.) A fee or commission of 25 cents or so per name may be paid to the site owner on gross names (the number that the site actually drives to your site) or net names (those that actually email a confirmation effort to you). Depending on the quality of the website, confirmation rates may run from 35 to 85 percent. ROI will never be as good as driving traffic via the free media on your own site, because the individuals are signing up with little information—but being so cheap a source, it often works. And you get to communicate with them. The key is to make sure your offer is as clear as possible regarding what the user is signing up to receive.

3. Affiliate Marketing

Once a website has individual product satellite sites, building an affiliate network is a great idea. Affiliate marketing, which may involve text, graphics, email or some other kind of content, is really space advertising, but on a revenue-share basis. Some sites pay their affiliates a commission, based on either customer referrals or actual sales. Amazon, for example, created an affiliate program early on. Over the years, its hundreds of thousands of affiliates have played an important part in increasing Amazon's sales. A valuable by-product of Amazon's affiliate program has been its improved search engine ranking. Having lots of affiliate links on your sales letter landing pages will provide a reasonably good chance of boosting your ranking as well—perhaps giving you a shot at being in the Top 10 when someone types in your exact keyword.

This is an example of what co-registration looks like.

4. Internet Advertising

Buying advertising space—links, banners, text ads—on someone else's website will, of course, drive traffic directly to your sales letter landing pages. While the click-through percentage may be low on banner ads, so is the cost of the space. Text ads usually work better than banner ads, as do paid links on relevant sites.

> " *Buying advertising space—links, banners, text ads—on someone else's website will, of course, drive traffic directly to your sales letter landing pages.*

5. Print Advertising

Print advertising can drive website traffic directly to a selected landing page, particularly in niche markets. The ROI can be particularly attractive for those site owners, because print magazines in niche markets generally have low cost-per-thousand advertising rates.

6. Direct Mail

Many publishers still rely heavily on direct mail to sell subscriptions, memberships and other products. Add a simple line, a paragraph, or more, inviting the recipient of the direct mail piece to log on to your website and to get something relevant to the direct-mail appeal for free—e.g., an email newsletter, a report, a download. Once on the site, of course, the person must provide an email address before receiving the free content.

Internet Advertising: Samsung on Forbes.com

Six Database Marketing Channels

> *Having a healthy amount of site traffic is certainly an important goal. It's equally important, however, to keep those visitors coming back for more.*

Having a healthy amount of site traffic is certainly an important goal. It's equally important, however, to keep those visitors coming back for more. Repeat visitors are loyal, loyal visitors become customers, and repeat customers are your most valuable customers.

Successful online marketing requires a combined marketing and editorial plan with specific and clear objectives. Emailed newsletters, promotions and notifications are powerful tools that, when utilized properly, can establish an inexpensive, ongoing relationship between site owner and site visitor. That relationship can lead to continuing interaction, through a variety of channels, over an extended period of time, and those interactions can be used to solicit both primary and ancillary revenues.

Here are six database marketing channels, beginning with the easiest, quickest and least expensive.

1. Editorial Email

Editorial email newsletters are the core of the Mequoda marketing model—the backbone—and will amount for 80 to 85 percent of revenue generated from your database. Getting someone's email address into a database, however, is only a small part of the battle. The major effort requires training or conditioning those individuals to open your email communications—every time they arrive—with the excitement of a child on Christmas morning. And, of course, recipients should be given the option of signing up, or registering, along with an easy method of opting out.

> *Links from your hub to your various satellite sites probably amount to another five or 10 percent of your marketing communications.*

2. Promotional Email

Promotional email is just as important as editorial email because this is where you get your prospect to spend money. However, your promotional email frequency should be far less than your editorial email. Two editorial emails for every one promotional email is suggested. One to one is acceptable for daily newsletters, but more will fatigue response rates and hurt lifetime value. Of course, prospect behavior would vary depending on B2C or B2B and a number of other variables. The key to success with promotional email is to always keep it relevant.

3. Links

Links from your hub to your various satellite sites probably amount to another five or 10 percent of your marketing communications. The sales letter landing pages of your satellite—or product—sites are where you want those contacts to land. That is where you monetize those individuals.

4. Postal Mail

If you only provide a free digital product, you probably don't know the postal address of the individuals in your database. A buyer's postal address becomes known—and you can add it to your database—when you ship a physical product purchased on one of your satellite sites. Then, along with your online marketing initiatives, you can market additional products to those customers through your offline direct mail campaigns. It's here that we begin to see a re-integration of electronic and postal direct marketing.

> *Fax is being used less and less as a distribution channel, as email has almost totally eclipsed its viability as a marketing tool.*

5. Phone

Once a prospect becomes a customer—a buyer who uses a credit card to purchase your product online—you are entitled to request additional information such as a phone number. Whether you use that phone number for telemarketing purposes is a business decision that depends on your past marketing experience vis-à-vis that product.

6. Fax

Fax is being used less and less as a distribution channel, as email has almost totally eclipsed its viability as a marketing tool. Fax is still an option, however, if the recipient is already your customer and has provided both a fax number and permission to use that method of communication.

Conclusion

> 66 *Using content to drive traffic isn't just a theory. For leading-edge publishers, this is happening today. Unfortunately, individuals who are (or who remain) unaware of this new operating method happen to be running a huge segment of the publishing industry.*

Using content to drive traffic isn't just a theory. For leading-edge publishers, this is happening today. Unfortunately, individuals who are (or who remain) unaware of this new operating method happen to be running a huge segment of the publishing industry. Rather than embracing this method, they are instead wringing their collective hands and saying, "Hey, I'm going to focus on the fact that paper and postage costs are going up!" or "I'm going to focus on how the Internet is chewing away at my readership!" These folks are in a state of mind similar to that of the people who ran the railroads when commercial airplanes started to fly.

Many publishers today also fail to understand the power of user-centric content. At its most elemental, the idea is to open up a channel of communication with a qualified user—someone interested in the particular subject—and then maintain that channel by giving away a certain amount of valuable free content. Because the wisdom of investing by giving something away for free is such a radical departure from spending an equal amount of money on direct mail campaigns, postage or paid ads in other people's media, it may take 20 years for this notion to become common practice. But rest assured, it will.

So... if you like change, this is a wonderful time to be a publisher. If you don't, perhaps it's a good time to consider early retirement!

2.1.7
Habit #7: Make Metric-Driven Decisions

> **"** *For purposes of this article, we are focusing on metrics that are key to user-driven sites. Those sites are run by that hearty group of traditional, circulation-driven magazine, book and newsletter marketers who have decided to sell information products online.*

Key metrics are numbers that, when multiplied together, determine costs or revenues generated and their respective effect on profit and loss. For websites, some metrics are more important than others, depending on the site's business model. Knowing which key metrics to use can be confusing and many site owners find themselves paying attention to the wrong ones.

First, it's important to decide whether your site implements a sponsor-driven or user-driven business model. For purposes of this article, we are focusing on metrics that are key to user-driven sites. Those sites are run by that hearty group of traditional, circulation-driven magazine, book and newsletter marketers who have decided to sell information products online.

• "User-driven site" describes only three of the Mequoda models: the editorial hub, the membership site and certain retail sites.

• The key driver of a user-driven site is not traffic—not the number of site visitors, nor the number of impressions, nor even the number of paid members—the key driver is the free email newsletter.

• The Mequoda Strategy Model is a dynamic modeling tool that will help information marketers understand the effects of the key driver, the key variables and the key metrics that affect a particular business.

• We cite links to two downloadable examples of the Mequoda Strategy Model: the Mequoda Advisory Network case study and the Mequoda Strategy Model blank grid.

• The Mequoda Strategy Model effectively summarizes the results the targeted business experiences in a given period, and it may be implemented to serve different purposes: a reporting tool, a modeling tool or a planning tool.

Understanding Key Metrics

> ❝ *Metrics are numbers that, when multiplied together, determine costs or revenues generated and their respective effect on profit and loss.*

What about metrics? Metrics are numbers that, when multiplied together, determine costs or revenues generated and their respective effect on profit and loss. And for websites, some metrics are more important than others, depending on the site's business model. Knowing which key metrics to use can be confusing. As a result, many site owners find themselves paying attention to the wrong ones.

First of all, it's important to decide whether the site will implement a sponsor-driven or user-driven business model—but not both, as it's hard enough to master one. Then, understanding the metrics for that model can significantly bias the odds towards economic success. The reverse, of course, is also true.

Sponsor-Driven vs. User-Driven Sites

> *Sponsor-driven sites account for, perhaps, 60 to 70 percent of profitable websites, because they are also the least complicated way to make money online. On the other hand, 'information marketers' operating a user-driven site can pretty much forget about Web traffic.*

When operating a sponsor-driven site (e.g., the Mequoda brand or lead-generation business models), Web traffic (e.g., unique visitors, page views) is a key metric. Traffic drives the business. Ad-sponsored or lead-generation sites, in fact, are the easiest online businesses to understand in terms of metrics, because success simply depends on the number of impressions and the amount to charge per impression, less the cost per impression. Basically, one multiplies the number of page views (or leads, in the case of lead-generation sites) times a cost-per-thousand figure to determine revenue.

The traffic and CPM variables, then, become key metrics for this business model. And knowing those figures determines how much the site owner can expend on traffic-generating activities, such as pay-per-click ads, email newsletters, etc. Sponsor-driven sites account for, perhaps, 60 to 70 percent of profitable websites, because they are also the least complicated way to make money online.

On the other hand, "information marketers" operating a user-driven site can pretty much forget about Web traffic. The publisher and editorial director of Agora Financial, Inc.—one of the Internet's most successful information marketers—is on record about not giving a hoot about traffic.

> *Why count the number of customers going into the store?*

"I don't even know the number of unique visitors our site has in a month," says Addison Wiggin. Agora Financial's flagship information product is *The Daily Reckoning*, a free daily email newsletter that reaches 500,000 global subscribers who sign up for it on DailyReckoning.com.

"We're not interested in and don't really pay attention to—or even trust—the data that we get regarding website visitors," Wiggin adds. "Why count the number of customers going into the store? We're more interested in those customers who buy."

Focus on User-Driven Sites

66 While the barriers for entry are higher, a user-driven site—when it works and works well—is definitely a more worthwhile enterprise than a sponsor-driven site if only in terms of the business's resale value.

For purposes of this article, we are focusing on metrics that are key to user-driven sites—that hearty group of traditional, circulation-driven magazine, book, and newsletter marketers who have decided to sell information products online to end users—and who have eschewed ad sponsorship. User-driven sites are definitely not for the faint of heart, as operating them economically and successfully is decidedly more complicated than is the case for their sponsor-driven cousins.

"User-driven site" describes only three of the Mequoda models: the Internet hub, the membership site and certain retail sites. The information marketers who have chosen this harder path produce the rich content required to run a Mequoda hub. While the barriers for entry are higher, a user-driven site—when it works and works well—is definitely a more worthwhile enterprise than a sponsor-driven site if only in terms of the business's resale value.

Key Drivers of User-Driven Sites

> *The key driver of a user-driven site, then, is not traffic.*

The key driver of a user-driven site, then, is not traffic—not the number of site visitors, nor the number of impressions, nor even the number of paid members. Oddly enough—and this is definitely an "aha" moment for most information marketers—the key driver is the free email newsletter. And the most important, profit-impacting variables driving the user-driven website are:

1. The number of subscribers who have opted to receive the free email newsletter and

2. The retention rate of those free subscribers.

Key Variable Number One:
Free Email Newsletter Circulation

The free email newsletter is the 'holy grail' for the rest of the organization.

Perhaps nine out of 10 traditional publishers who have never managed a controlled-circulation product will have difficulty understanding:

1. Why they should give away 15 percent of their very best content in a free email newsletter?
2. Why are the subscribers to that free email newsletter their most valuable asset?

The answer to both questions, of course, is "the Internet." Having someone surrender an email address, thereby agreeing to receive continuing messages online, is incredibly valuable in terms of the opportunity to monetize that activity. A free email newsletter—particularly a daily email newsletter—enables a personalized relationship between the information marketer and the subscriber. The free email newsletter is the "holy grail" for the rest of the organization. And whether the email newsletter has 50,000 or 100,000 or 500,000 subscribers, that circulation becomes an absolutely key metric and an easy number to analyze over a day, a week, a month, a quarter or a year. For example:

- How many subscribers did we have at the beginning of the period?
- How many did we add?
- How many did we drop?
- How many did we have at the end of the period? (And please tell me it's more!)

Key Variable Number Two:
Free-Subscriber Retention Rate

> " *Unlike print subscriptions, which generally have a minimum one-year term, it's easy for an online reader who loses interest or becomes bored—or who is offended or even insulted—to unsubscribe to an email newsletter or, worse than that, simply hit the dreaded 'spam' button to block further messages.*

Anyone who has been involved in subscription marketing knows that the publisher will always try to convince the circulation staff that they are in charge of retention rates. At the same time, any circulation director worth his or her salt knows that the editor has more influence on retention rates. While the circulation director may be able to beef up retention rates by 3, 4, 5 or even 10 points, the editor has the ability to move a renewal rate from 10 to 70 points—particularly in an online environment—by making the content more entertaining, captivating and/or enlightening.

Unlike print subscriptions, which generally have a minimum one-year term, it's easy for an online reader who loses interest or becomes bored—or who is offended or even insulted—to unsubscribe to an email newsletter or, worse than that, simply hit the dreaded "spam" button to block further messages.

It's clearly the email newsletter editor, then, who most influences the retention rate of online publications. For that reason alone, the free email newsletter must include the best content, written by the best writer(s) and overseen by the best editor. At Agora, for example, *The Daily Reckoning* is written and edited by the company's top executives, who are all world-class journalists and copywriters.

Mequoda Strategy Model

> ❝ *The Mequoda Strategy Model effectively summarizes the results the targeted business experiences in a given period.*

Any site owner will recognize the need to have strategic control over items that impact revenue. The Mequoda Strategy Model is a dynamic modeling tool that will help information marketers understand the effects of the key driver, the key variables and the key metrics that affect a particular business. This versatile model can be used to track business activity for any selected period of time (e.g., day, week, month, quarter or year).

Included at the end of this chapter are links for two downloadable examples of the Mequoda Strategy Model:

1. **Mequoda Advisory Network case study.**
The case study has sample numbers inserted to show the effect of key variables and the relationship of key metrics. The cells with blue numbers are "hot," so any changes made to those numbers will recalculate appropriate results in linked cells.

2. **Mequoda Strategy Model blank grid.**
The blank version allows you to plug in unique numbers appropriate to a particular business. Again, the cells with blue numbers are "hot," so the figures entered into those cells will calculate appropriate results in linked cells.

The Mequoda Strategy Model effectively summarizes the results

the targeted business experiences in a given period. It may be implemented to serve different purposes or fulfill certain needs:

> 66 *Used as a planning tool, the model quantifies the value of new ideas or projects in development.*

• Used as a reporting tool, the model quantifies past performance.

• Used as a modeling tool, the model quantifies the impact of any modifications or variations of key drivers.

• Used as a planning tool, the model quantifies the value of new ideas or projects in development.

Go to http://library.mequoda.com/i/pdfs/MequodaKeyMetricsCaseStudy.xls to download the Mequoda Strategy Model/Mequoda Advisory Network case study

Section-by-Section Highlights

> ❝ *The following highlights of the Mequoda Advisory Network case study illustrate the key metrics (in boldface) of particular importance to information marketers and the key variables (in italics) that drive the user-driven website and can be leveraged to influence profits.*

When used as a reporting tool, the Mequoda Strategy Model answers the question: How did we do this year, or week or month or quarter? The following highlights of the Mequoda Advisory Network case study illustrate the key metrics (in boldface) of particular importance to information marketers and the key variables (in italics) that drive the user-driven website and can be leveraged to influence profits. (Corresponding spreadsheet cell numbers are identified in brackets.)

1. Subscriber Assets
    • The period starts with 85,000 subscribers to the free email newsletter [6B] and 2,800 paid Library members [6C].
    • *Retention rate: 65% of email newsletter subscribers [7B] and 70% of Library subscribers [7C].*
    • Daily (5X) email newsletter, sent 48 weeks per year, generates 240 emails annually per subscriber [8B].

2. Email Newsletter Retention and Acquisition
    • *Additional 55,000 new subscribers acquired:*
    • 30,000 via search-engine optimization, public relations efforts, and links to other sites [12C];
    • 20,000 through co-registration [13C]; and
    • 5,000 through pay-per-click advertising [14C].
    • Acquisition cost of 55,000 new email newsletter subscribers is $290,000 [15D].
    • **Acquisition cost per new email newsletter subscriber is $5.27 [15B]**.
    • *Renew 55,250 email newslettersubscribers [16C].*

• *At the end of the period, total free email newsletter circulation equals 110,250 [17C].*
• **Total acquisition cost per email newsletter subscriber (including renewals) is $2.63 [17B].**

3. Product Revenue

• *At the end of the period, total free email newsletter circulation equals 110,250 [17C], which doubles as a database for marketing purposes.*
• Total revenue from in-house and affiliate product sources is $2,276,540 [27D].
• At the rate of 240 emails per subscriber per year [8B], 26,460,000 total subscriber emails are sent annually [25C].
• **Total revenue per thousand subscriber emails sent is $75 [26B].**

4. Variable Costs

• *At the end of the period, total free email newsletter circulation equals 110,250 [17C].*
• Total variable costs—including $290,000 in subscriber acquisition costs [29A] and credit card processing [31B], hosting [32B and 33B] and email broadcasting costs [34B]—equal $464,359 [34D].
• **Total variable costs per subscriber amount to $4.21 [34B]**

5. Financial Summary

   • *At the end of the period, total free email newsletter circulation equals 110,250 [17C].*

   • **Total revenue per subscriber is $20.65 [38A].**

   • **Total variable costs per subscriber amount to $4.21 [39B]**

   • **Gross profit for the period is $16.44 per subscriber [40B].**

   • **Operating profit per subscriber is $8.27 [42B].**

Conclusion

> 66
> *Looking over the above highlights, it becomes obvious that the number of free email newsletter subscribers and the subscriber retention rate, are the key variables that directly affect the key metrics that, in turn, affect profits.*

Looking over the aforementioned highlights, it becomes obvious that the number of free email newsletter subscribers and the subscriber retention rate, are the key variables that directly affect the key metrics that, in turn, affect profits. By digging deeper than the basic financial results, the leverage points also become easily apparent. The exercise then begs questions such as:

• How can we impact the key variables to make the business perform better during the next period?

• How much more (or less) are we willing to spend to acquire a new subscriber?

• Should we spend more (or less) on certain subscriber acquisition methods?

• What happens if the retention rate increases by 2, 3, 5 or 10 points?

• Can we improve the retention rate by spending more on editorial?

• What is the effect of increased product pricing?

• How will a lower rate for credit card processing affect variable costs?

At this point, simply plugging different numbers into the key variable positions, the reporting tool becomes a modeling tool—an intelligent game of "what if."

For example, changing the retention rate from 65 percent to 70 percent in the case study would result in an additional $70,000 of annual profit.

What efforts costing less than $70,000 might make the retention rate increase by five points?

> *In essence, the Mequoda Strategy Model offers information marketers a concrete way to bridge the past and the future. And don't forget the model's other strategic use—using key metrics as a development tool, based on key variables, to determine if that new idea you have in mind is worth doing.*

We have created a Mequoda Strategy Model, using the Mequoda Advisory Network as a case study, to illustrate the importance of key metrics and how manipulating them can affect the bottom line. We have also created a blank modeling tool for you to use to evaluate and review the key metrics of your own businesss and, in turn, to manipulate them dynamically to see how certain changes could affect your bottom line.

In essence, the Mequoda Strategy Model offers information marketers a concrete way to bridge the past and the future. And don't forget the model's other strategic use—using key metrics as a development tool, based on key variables, to determine if that new idea you have in mind is worth doing.

To download the interactive Mequoda Strategy Model/Mequoda Advisor Network case study and/or Mequoda Strategy Model/blank spreadsheet, go to the URLs below..

http://library.mequoda.com/i/pdfs/MequodaKeyMetricsCaseStudy.xls - Mequoda Advisory Network case study

http://www.mequodalibrary.com/i/pdfs/MSM.xls
Mequoda Strategy Model blank spreadsheet

Part 2
Appendices

2.2.1
Mequoda Method Glossary

> 66 *Mequoda is a term first used by Internet entrepreneur and website developer Don Nicholas to describe a method for designing and managing websites and website networks.*

Mequoda is a term first used by Internet entrepreneur and website developer Don Nicholas to describe a method for designing and managing websites and website networks. The term is an acronym for "media quote daily," which is core to Nicholas's approach to building website networks that includes seven specific website types. A Mequoda Website Network always includes a free Mequoda Internet Hub surrounded by one or more Mequoda Website Satellite Archetypes. Mequoda is now used to describe a wide variety of Internet publishing and online marketing terms that extend the Mequoda philosophy.
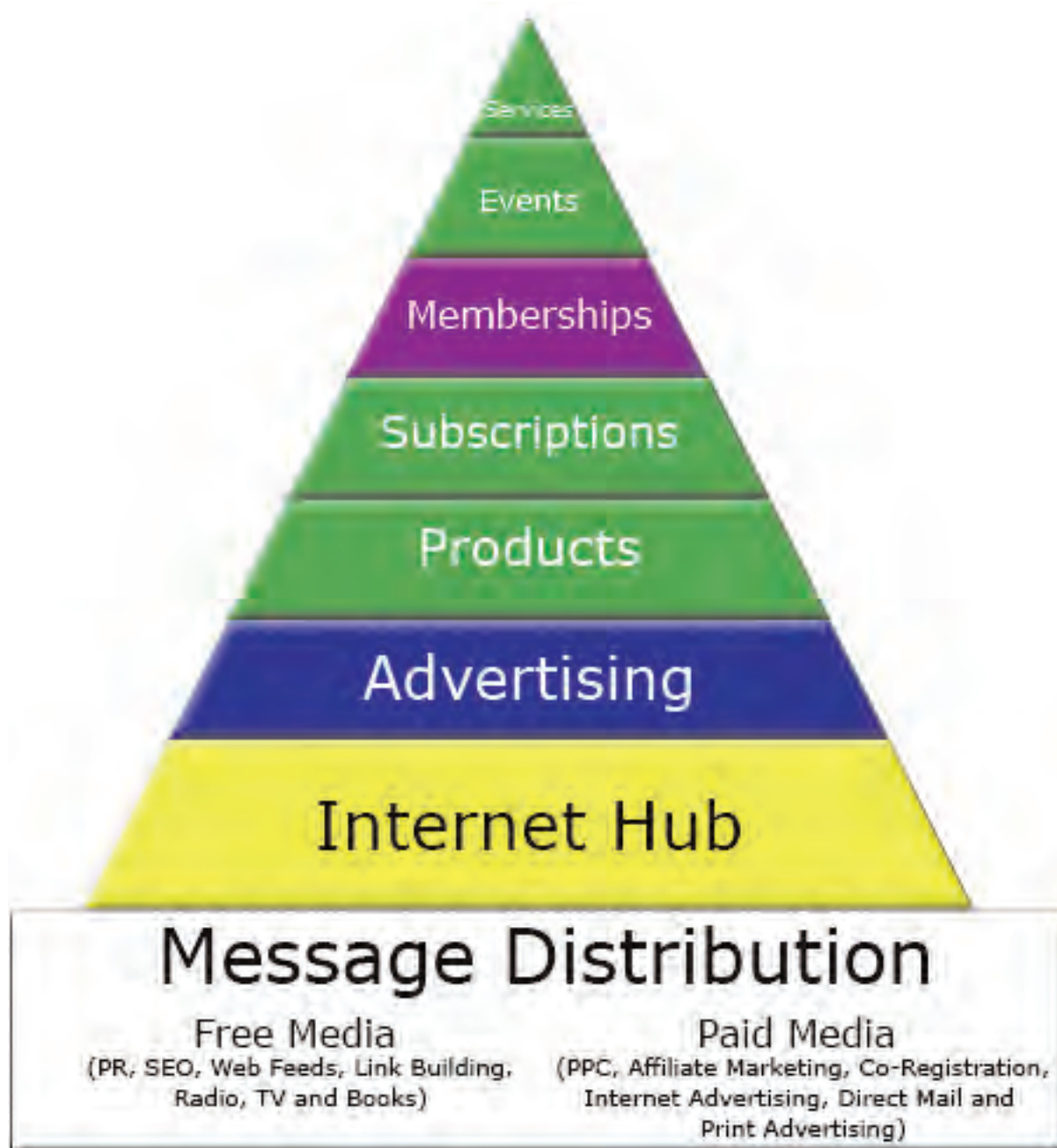
Mequoda Method

> ❝ *The Mequoda Method, when run as a repeating cycle of management behaviors, creates an audience-driven, continuous-improvement media management system.*

The Mequoda Method, when run as a repeating cycle of management behaviors, creates an audience-driven, continuous-improvement media management system. To create the Mequoda Method, the Mequoda Group studied hundreds of successful and not-so-successful website publishers to arrive at the seven best practices that make up the Mequoda Method. This system helps publishers, Internet marketers and web designers learn how to turn their special interest magazine, newsletter, book, website, blog, forum, TV show, radio show or newspaper column into a multi-million dollar niche media empire.

The Mequoda Method™

7 Best Practices of Highly Successful Website Publishers

- **Habit 1** Implement a Strategic Management System
- **Habit 2** Build a Mequoda Media Pyramid
- **Habit 3** Build a Mequoda Website Network
- **Habit 4** Organize Content Around the Customer
- **Habit 5** Create User-Centric Products
- **Habit 6** Implement a Mequoda Marketing Model
- **Habit 7** Make Metric-Driven Decisions

Mequoda Media Pyramid

> 66 *Designing your enterprise as a Mequoda Media Pyramid is a dramatic departure for most media companies, which historically have been horizontally integrated as magazine, newsletter or book publishers.*

The Mequoda Media Pyramid is the core of the Mequoda Method. The foundation of the pyramid is the means by which you draw prospects into your customer base and build relationships. Then, level by level, you monetize those individuals by pushing them up the pyramid to product levels that are increasingly more valuable to them and certainly more profitable for you. Designing your enterprise as a Mequoda Media Pyramid is a dramatic departure for most media companies, which historically have been horizontally integrated as magazine, newsletter or book publishers. Over the past 30 years, we've seen special interest media evolve toward vertical integration, in which the goal is to produce media in and for a variety of content platforms.

The Mequoda Media Pyramid supports the notion that media products have a natural hierarchy. Media companies implementing this vertically integrated strategy use outside media to acquire new customers, leveraging "free media" first. They use content to build a permission database. They create many products in many formats and recycle, reuse and republish content. Finally, they are able to pull customers up the pyramid to maximize profit.

Mequoda Website Network

> *" A minimum of two websites, where one is a free Mequoda Internet Hub and the other is one of the seven Mequoda Website Satellite Archetypes.*

A minimum of two websites, where one is a free Mequoda Internet Hub and the other is one of the seven Mequoda Website Satellite Archetypes. Websites in the network may be owned by a single organization, but may include websites owned by many organizations bound together through affiliate-merchant agreements. Separating one complex website into several simple websites increases usability, which drives user satisfaction, brand loyalty and long-term profits. Mequoda Website Networks work for organizations who practice knowledge-based publishing, gathering information once and distributing it everywhere.
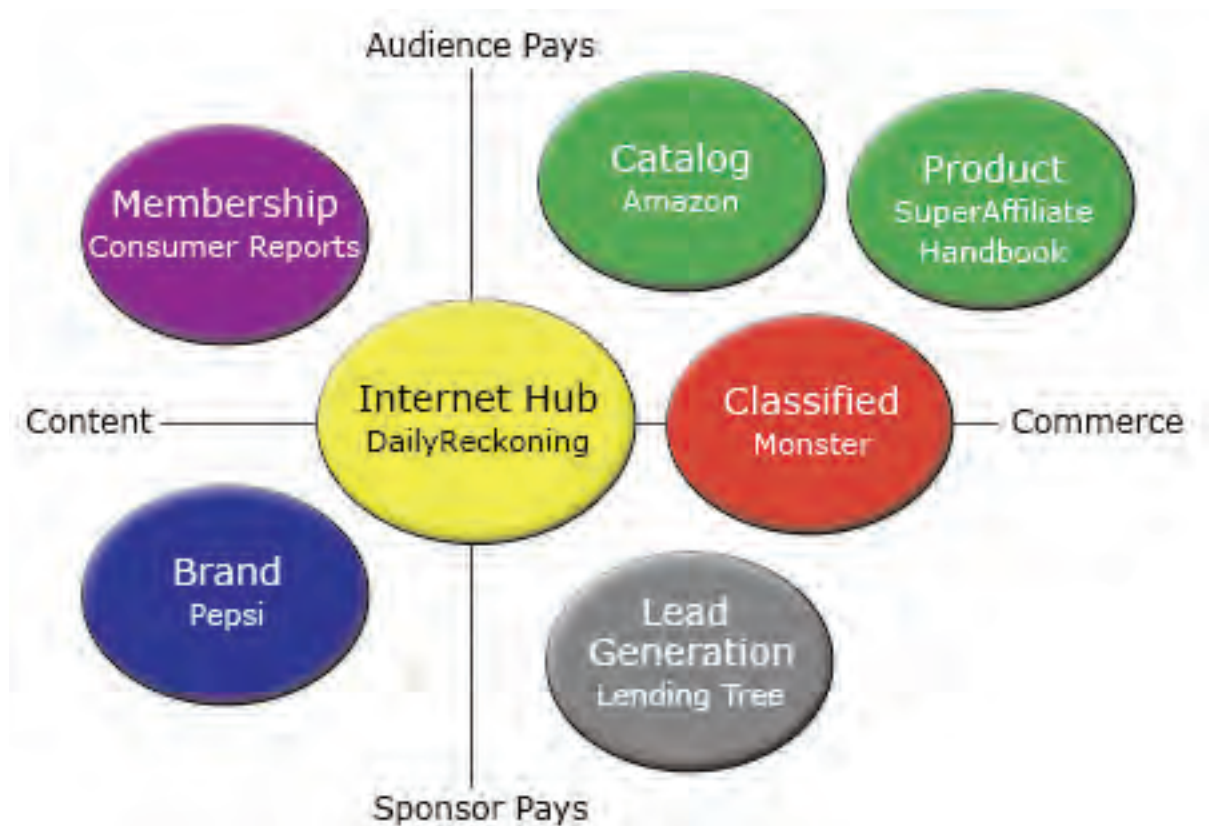
This image demonstrates the relationship within the Mequoda Website Network. The Internet Hub always sits at the center, while any one, or all seven, of the revenue-generating Mequoda Website Satellite Archetypes branch off the Hub.

Mequoda Internet Marketing System

> " *The Mequoda Internet Marketing System is a two-step marketing program that uses a Mequoda Internet Hub to attract new customers, capture email addresses and build customer relationships that support a robust multi-channel database marketing program.*

The Mequoda Internet Marketing System is a two-step marketing program that uses a Mequoda Internet Hub to attract new customers, capture email addresses and build customer relationships that support a robust multi-channel database marketing program. The 13 media sources sitting under the hub are paid and free sources a publisher can utilize to drive people to the company's all-important Mequoda Internet Hub. Once names are gathered, publishers use six database marketing distribution channels—links, promotional email, editorial email, direct mail, phone or fax—to contact the people in the database and drive them to one of the company's marketing satellites to be monetized.
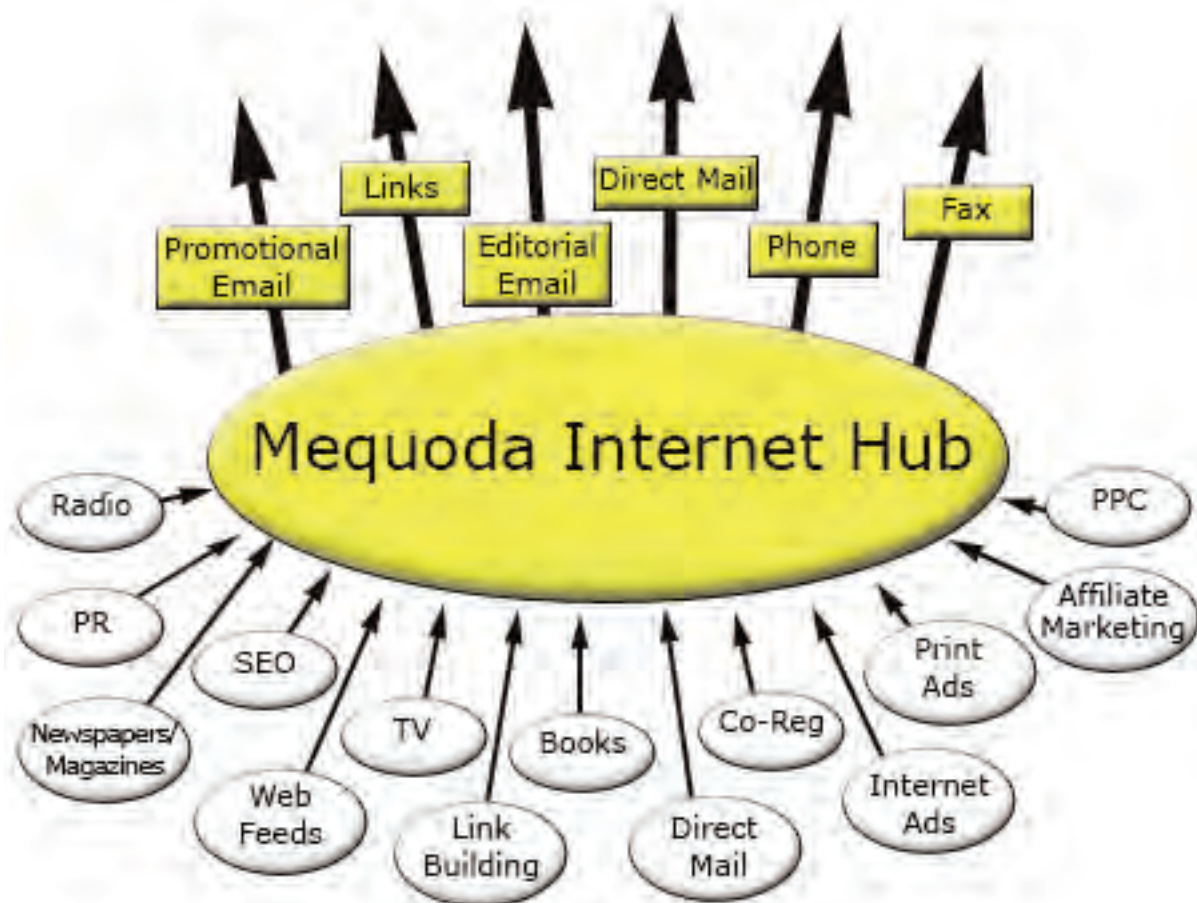
Mequoda Internet Hub

> **"** *A simple, easy-to-use website that offers users free content and community in return for registration and brand loyalty.*

A simple, easy-to-use website that offers users free content and community in return for registration and brand loyalty. The website earns money by referring loyal users to one or more Mequoda Website Satellite Archetypes in their Mequoda Website Network. The hub's primary goal is to build a permission-based email, bookmark or RSS relationship with each visiting user. The Daily Reckoning is a best practice Mequoda Internet Hub.

Mequoda Website Satellite Archetypes

> 66 *One of seven website types (Membership, Brand Marketing, Lead Generation, Classified, Catalog Marketing, Product Marketing, Hybrid) that are considered Mequoda Method best-practice websites for Internet-based information marketing.*

One of seven website types (Membership, Brand Marketing, Lead Generation, Classified, Catalog Marketing, Product Marketing, Hybrid) that are considered Mequoda Method best-practice websites for Internet-based information marketing. Each website has its own best practices for content development, user interface design and marketing.
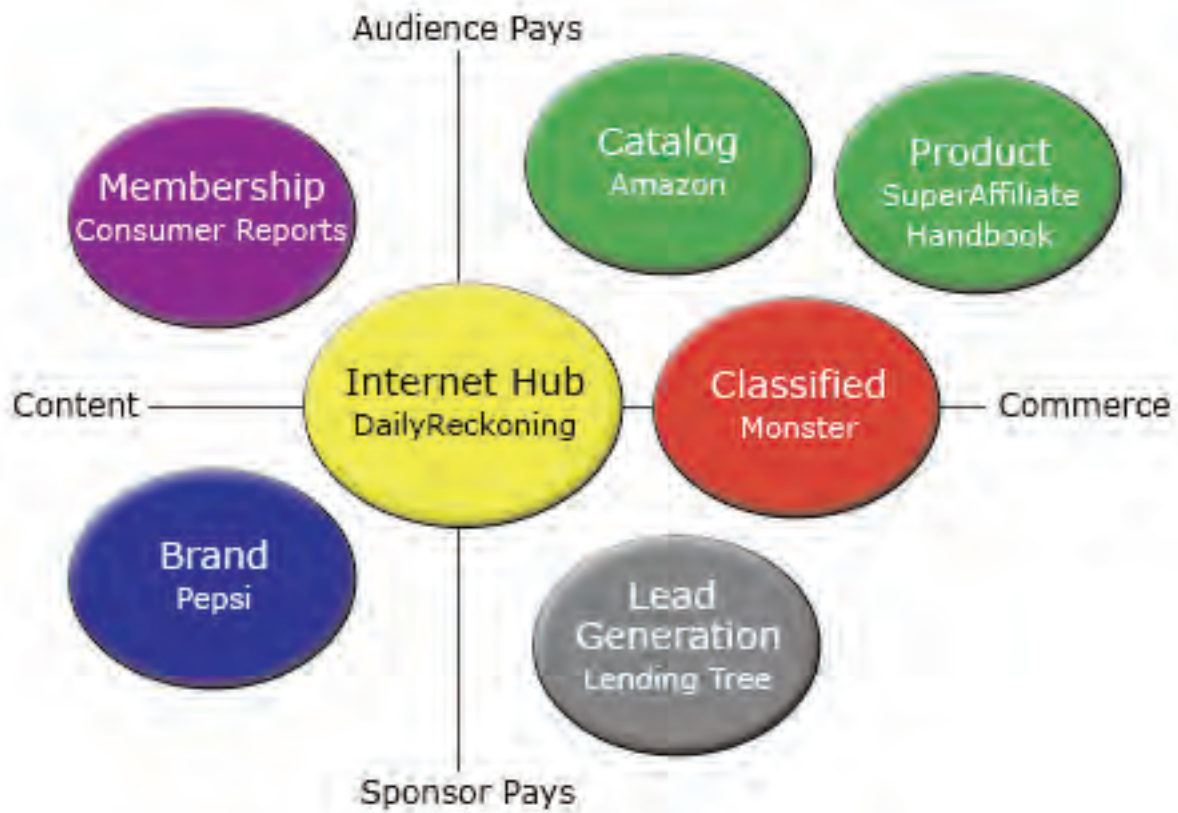
Mequoda Membership Website

> 66 *A Mequoda
> Website Satellite
> Archetype that
> generates the
> majority of its
> revenues from user
> access fees.*

A Mequoda Website Satellite Archetype that generates the majority of its revenues from user access fees. This website business model is similar to a print newsletter or magazine that accepts little or no advertising, relying primarily on user support. These websites often sell other branded information products, which might include books, events and print periodicals, at special member-only rates. ConsumerReports.org is a best-practice Mequoda Membership Website.

ConsumerReports.org is the flagship example of a highly successful Mequoda Membership Archetype. With 2 million paid subscribers, it is the largest subscription website in the world. The revenue source for membership websites is very simple: they make money by charging for access to their content.

Mequoda Brand Marketing Archetype

> 66
> *A Mequoda Website Satellite Archetype that exists primarily to build brand. This website economic model is similar to billboard advertising.*

A Mequoda Website Satellite Archetype that exists primarily to build brand. This website economic model is similar to billboard advertising. Brand marketing websites don't necessarily generate any revenue from the website. No transactions take place, no email acquisition takes place—the site exists solely to build brand. Pepsi.com is a best-practice Mequoda Brand Marketing Archetype.

Pepsi.com is a great example of a successful Mequoda Brand Marketing Archetype. Much like billboard advertising, the message is free for the user or buyer. The site exists solely to build brand and provide product and company information.

Mequoda Lead Generation Website

> 66 *A Mequoda Website Satellite Archetype that generates revenues by supplying sales and marketing leads to its sponsors.*

A Mequoda Website Satellite Archetype that generates revenues by supplying sales and marketing leads to its sponsors. B2C examples are similar to card decks and information request forms offered by magazines. High end B2C and B2B Mequoda Lead Generation Websites compete with travel, real estate, insurance and other professional agents and brokers. LendingTree.com is a best-practice Mequoda Lead Generation Website.

Lending Tree is the best practices case study for Mequoda Lead Generation Websites. These websites help users shop for information about various products and services and are plentiful in both the B2B and B2C spaces. Mequoda Lead Generation Publishers get paid only when a user actually completes a transaction.

Mequoda Classified Website

> 66 *A Mequoda Website Satellite Archetype that generates revenues by facilitating commercial transactions between buyers and sellers. B2C classified sites are similar to print newspaper classified sections in their business model and process.*

A Mequoda Website Satellite Archetype that generates revenues by facilitating commercial transactions between buyers and sellers. B2C classified sites are similar to print newspaper classified sections in their business model and process. Many focus on employment, housing and cars. B2B classified sites also focus on employment that may include job listings plus freelance and supplier directories. While many only make money by charging the seller for listing fees, others facilitate and track the actual exchange of funds and take a percentage commission on each completed sale. EBay.com is a best-practice Mequoda Classified Website.

eBay is the principle example of a Mequoda Classified Website. Classified websites make money from listing fees and commissions on the products for which they facilitate a sale. This model shares similar characteristics with TV shopping channels and the classified listings in print newspapers.

Mequoda Catalog Marketing Archetype

> *A Mequoda Website Satellite Archetype that generates its revenue by selling a multitude of products or services to users.*

A Mequoda Website Satellite Archetype that generates its revenue by selling a multitude of products or services to users. This website business model is similar to a catalog or brick-and-mortar store that sells one or many products to a targeted audience group. Mequoda Catalog Websites that sell information products (books, reports, periodicals, music, etc.) have an advantage over both catalog and brick-and-mortar competition: their products can be easily sampled in an online, 24/7 environment. A shopping cart order flow is used to sell products. Amazon.com is a best-practice Mequoda Catalog Archetype.

Amazon is the flagship example of a successful Mequoda Catalog Marketing Website, as the world's largest, with 6.3 billion in sales in 2003. The catalog audience shopper is in search of low prices and the convenience of 24/7 online access. Catalog marketing websites make money by selling products.

Mequoda Product Marketing Archetype

> 66
>
> *A Mequoda Website Satellite Archetype that generates revenue from a single product sale.*

A Mequoda Website Satellite Archetype that generates revenue from a single product sale. Similar to a direct mail package, users are brought to a single page that describes one specific product in detail. Users are then brought through a single order flow with no distractions or options to keep shopping. It is much less complex than a catalog site and will tend to increase conversion rates for single product sales. SuperAffiliateHandbook.com is a best-practice Mequoda Product Marketing Archetype.

SuperAffiliateHandbook.com is one example of a Mequoda Product Marketing Website. The goal of product marketing sites is to make the sale on a single information product. It could be a book, a single newsletter, a DVD, an event or an audio conference. There are no distractions, no additional options. One product supported by a single order flow.

Mequoda Hybrid Website

> 66 *A Mequoda Website Satellite Archetype that combines the strategic intent or goal of two or more website archetypes.*

A Mequoda Website Satellite Archetype that combines the strategic intent or goal of two or more website archetypes. A print example would be newspapers or magazines that generate revenue from subscription sales and advertising. Many publishers use this model online and make a lot of money. The challenge with this archetype is designing the website's architecture to be simple and effective, to avoid user confusion. WSJ.com is a best-practice Mequoda Hybrid Website.

WSJ.com is a prime example of a successful Mequoda Hybrid Website. WSJ.com is one of the world's most successful newspaper websites. It derives revenue from a hybrid of sources: membership access fees, print subscription sales and CPM advertising. While WSJ.com is a very robust example, all Mequoda Hybrid Websites derive significant income from two sources, users and sponsors.

2.2.2
About Mequoda Group, LLC
Helping Publishers & Authors Master the Internet

Mequoda Group is dedicated to helping publishers and authors master the Internet. The Internet is a revolutionary medium for marketing and distributing special-interest content. Our 30-person team teaches publishers and authors how to transform their special-interest brands into niche media empires. Our in-depth research and best practice guidelines are made available to publishers and authors through a variety of formats including newsletters, handbooks, websites, seminars and professional services.

Publishers

Mequoda Group publishes the *Mequoda Daily*, a free email newsletter that highlights Mequoda's latest research and provides free tips and techniques for publishers and authors on Internet strategy, Internet marketing, landing pages and website design. The Mequoda research team has authored nine books on media management including *Internet Strategy for Publishers and Authors*, *Internet Marketing for Publishers and Authors*, *Website Design for Publishers and Authors* and *Creating Landing Pages That Sell*. A comprehensive collection of their work is available at the Mequoda Library.

Teachers & Seminar Leaders

Mequoda Group has led seminars and workshops on media management and is a frequent program leader for the MPA (Magazine Publishers of America) and NEPA (Newsletter and Electronic Publishers Association). Their five programs, *Internet Strategy for Publishers and Authors, Internet Marketing for Publishers and Authors, Website Design for Publishers and Authors*, *Creating*

Landing Pages that Sell and *How to Use the Web, Email, Blogs, Wikis, RSS, PDFs and Podcasts to Extend Your Media Brand* are available as live seminars and will soon be available on CD and DVD. Mequoda Group also hosts the Mequoda Summit, an annual event dedicated to helping publishers and authors master the Internet, featuring the industry's leading publishing executives.

Media Consultants

Mequoda Group helps publishers supercharge their new media strategy with one-on-one coaching and consulting in the areas of content development, information product design, marketing, economics, mergers, acquisitions and organizational development. Mequoda Group consults directly with the management teams for 12 Mequoda Media Networks in a variety of B2B and B2C markets teaching them to use the Internet to expand the reach of their media brands. Their current clients include Aspire Media, *Business & Legal Reports*, Campus Marketing Services, First Class Flyer, Golf Odyssey, Grace Intelligence Group, Ogden Publishing, Socrates Media, Taunton Press, Unity, University Health Publishing and World Publications.

Sites in our Network

MequodaDaily.com

MequodaLibrary.com

MequodaVideo.com

MequodaSummit.com

Mequoda.com

2.2.3
About Don Nicholas

Don Nicholas is a popular media consultant, author, editor, motivational speaker and media entrepreneur. He is a leading expert on Internet media strategy. *The Newsletter on Newsletters* has dubbed him "a publisher's publisher" and the [Newsletter and Electronic Publishers Association](#) (NEPA) calls him one of "America's leading experts on website publishing strategy."

Lead Internet Marketing Consultant

Nicholas is Managing Director for Mequoda Group and the firm's lead Internet marketing consultant. Over the past 30 years, he has guided the marketing strategy for hundreds of companies in the areas of content development, information product design, economics, mergers, acquisitions and organizational development. He has a special talent for identifying new media business opportunities and creating media strategies to pursue them.

Some of his current and past clients include: the American Ceramics Society, Aspire Media, Baum Media Group, Business & Legal Reports, Campus Marketing Services, *Consumer Reports*, Dark Intelligence Group, First Class Flyer, Harvard Business School Publishing, Harvard Health Publishers, IDG, Morningstar, The Motley Fool, Ogden Publications, *Ohio* Magazine, Unity School of Christianity, University Health Publishing, Socrates Media, Taunton Press, Tech Republic, Time Inc., and *USA Today*.

Nicholas is the creator of many popular Internet marketing strategies, concepts, terms and tools that are now widely used by the media industry. They include the Mequoda Method (a concise sys-

tem for building and managing "niche media empires"), the Mequoda Internet Marketing System (an online content-driven direct marketing system) and the Mequoda Internet Marketing Model (a budgeting and forecasting system for Internet marketing and publishing professionals).

Nicholas is a member of the Magazine Publishers of America (MPA), Newsletter and Electronic Publishers Association (NEPA), Society of Professional Journalists (SPJ), and The Executive Committee (TEC). He is the principle founder of Lighthouse Software, *MagazineWeek*, Blue Dolphin Group and Mequoda Group. Don has also held senior management positions with Bayland Media Group and *Sacramento Magazine*.

Popular Journalist, Author & Editor

Nicholas writes an Internet marketing case study each week for the Mequoda Daily and is editor for the Mequoda Library, where he is also a regular contributor. During his 30 years in marketing and media, Don has served as editor and/or publisher for *American Writers Review, Editorial Strategies, Internet Voyager, MagazineWeek, Writer & Editor* and *Writing for Money*.

Don has authored hundreds of articles and industry reports for leading business magazines and journals, plus four books on consumer behavior, media strategy and information technology. His fifth book, *Internet Strategy for Publishers & Authors* will be published in April of 2006, along with a companion Video Seminar on DVD and Audio Seminar on CD by the same title. Nicholas and his team are currently working on four additional Internet market-

ing reference books that can all be accessed via the Mequoda Library.

In 1989, Don created the Editorial Excellence Awards, which became the magazine industry's largest editorial awards program. His journalism career began as a writer-producer for the Armed Forces Radio Network (AFRN) while serving in the United States Navy.

Experienced Educator & Corporate Trainer

Nicholas has led hundreds of educational programs for leading universities, trade associations and corporations on Internet marketing, media strategy, website design, information technology and strategic management in the United States, Canada and Europe.

Thousands of marketing and media industry professionals have attended his programs, including his popular Mequoda Internet Strategy Boot Camp. Don also leads the annual two-day Mequoda Summit, which explores current best practices for media strategy, Internet marketing and website design.

Nicholas received his B.A. in Journalism from California State University, Sacramento. He studied Film & Television at Rice University and received his M.S. in Organizational Management from the Capella University Graduate School of Business.

2.2.4
About Jane E. Zarem

Jane E. Zarem is a freelance editor, researcher, and writer. She has contributed numerous articles to B2B magazines such as *Folio:*, *1to1 Magazine*, *Customer Support Management* and *Catalog Age* and is currently a contributing editor to The Mequoda Library, the online subscription resource dedicated to helping publishers build better websites.

For several years, Jane was editor of *The Qualified Source*, the bimonthly newsletter of the National Trade Circulation Foundation Inc., an association of B2B circulation professionals, and editor of *Ancillary Profits*, a monthly newsletter that was targeted to publishers and ultimately became a quarterly column in *Folio:*. She also researched and wrote "Travel Solutions in CRM 2003," a 62-page special report published by PhoCusWright and Hershel Sarbin Associates.

In addition to her focus on business topics, Jane currently contributes travel articles to several print publications, interviews physicians for a monthly feature in *Physicians' Travel & Meeting Guide*, updates guidebooks for Fodor's Travel Publications, and writes quarterly reports on global real estate issues and trends for Cendant Mobility. She also researched and compiled the Connecticut Citizen's Handbook, a guide to state government published by Globe Pequot Press.

Jane received her B.S. from the Boston University School of Management. Her base of operations is in Weston, Connecticut. Contact Jane.

What Your Colleagues Are Saying About Don Nicholas'
Internet Marketing Strategy for Publishers and Authors

"Publishers are in the unique position to use the Internet to slice, dice and republish content, as well as to sell that content through the Web. Don Nicholas, who has been a top-rated speaker at publishing and marketing conferences, shares the secrets of successful Web publishing and marketing that he has learned over years of working with publishers in his new program, *Internet Marketing Strategy*. At a recent NEPA event, one attendee summarized Don's session as "an interesting take on what a lot of us are trying to figure out piecemeal."
—Patti Wysocki, Executive Director, Newsletter & Electronic Publishers Association

"I predict *Internet Marketing Strategy* will become the 'Bible' for the publishing industry on how to sell information products on the Internet. It is essential learning for every serious publisher who wants to make money online."
—Bob Bly, Author, The Copywriter's Handbook (Henry Holt)

"To learn how to profit from the Internet, you can either invest several thousand dollars in travel, lodging, and seminar expenses—and hope you sit at the right table at mealtime—or you can buy this program."
—Roger C. Parker, 32 Million Dollar author, *Looking Good in Print*

"*Internet Marketing Strategy* should be on every publisher's list. Seven best practice guideline is a tutorial, full of examples on how to be successful at Web publishing. For anyone who's serious about publishing on the Web, get a copy of this and invest a weekend with it as I did. I guarantee you'll be paid back 10-fold, 100-fold, or more."
 —Ed Coburn, Publishing Director, Harvard Health Publications

"If this information was available seven years ago, the DOT BOMB would never have happened. In the past ten years, we have implemented almost 4,000 web sites. Without exception, publishers who utilize the Mequoda Method have lower site development costs and greater revenues than other sites. The Mequoda Method minimizes changes during the development cycle because publishers are clear about their strategic intent. They build definitive business models and know how to measure success. I highly recommend the Mequoda Method to all of my customers."
—Steve Laliberte, President, Internet Production, Inc.

"I have known Don for over 20 years, as my friend, business partner and con-

sultant. His strategic brilliance has been a constant throughout that time. Now he has turned his sights on the Internet and produced the most important work to date on Internet business strategy and created a must-have for every publisher. The list of best practices will change your understanding of this exciting new media. Pay close attention and Don will put you on the path to a most successful Internet strategy."
—Stuart R. Jordan, C.O.O., University Health Publishing

"We want to put this product in the hands of every member of our team. We need this kind of guide to bring new colleagues up to speed, and to keep the rest of us focused. It provides the information and inspiration we need to optimize our Internet strategies."
—Bryan Welch, Publisher and Editorial Director, Ogden Publications, Inc.

"Even though I have been in the online publishing business since 1996, this program was simply impossible to put down. Each section goes through concepts that are very relevant to our business. I like to go to a seminar or read a book and get a few good ideas. This program gave me several pages of great ideas. Congratulations on a terrific effort."
—Stuart Hockwert, President, Ampere Media, LLC

"Don Nicholas has an unquenchable thirst for learning and applying new technologies. He is also a gifted and passionate teacher. Combine those attributes with over twenty years in the publishing business, and you will understand why I tell you that this program is a "must-buy" for anyone involved in the development or management of a modern publishing enterprise."
—Greg Jones, President, Granite Bay Media, Inc.

"Internet-based business models seem to change hourly—which makes it challenging to know what's working and what's not. That's why *Internet Strategy for Publishers and Authors* is a must-have. It overflows with the essentials for Web-publishing success. It teaches the business techniques needed to launch and sustain a Web publishing enterprise. It opened my eyes to the business secrets and strategic innovations that explain why companies as different as Forbes.com, LendingTree.com, and ConsumerReports.org all report spectacular growth in members and profits. For the money, *Internet Marketing Strategy* is a must-have for anyone conducting business over the Internet."
—Robert L. Michel, Publisher, GRACE REPORT