

ScrippsCommerce

SPECIAL REPORT

Bringing the Cyber Mall to Main Street

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'In the local markets, we intend to be a leading media franchise for many, many, many, many years to come.'

— **Rich Boehne**
executive vice president



Illustration by Barbara Livingston

By MARK ALAN BRAAM

Welcome to the cyber mall. Web sales tents are popping up on the Internet at a frantic pace, each site hoping to lure customers away from established merchants and suburban brick-and-mortar malls with promises of cheaper wares and greater convenience. Amazon.com, eBay, eToys, Shopping.com, Quixtar and many others. Each online vendor clamors louder and louder, touting services and flaunting prices. No wonder: Some crystal balls foresee a \$380 billion electronic market by 2003 — up from an expected \$31.2 billion for this year.

And now, into this often chaotic and suddenly crowded world of electronic commerce, steps The E.W. Scripps Company.

After many months of preparation, the company has officially taken a corporate-wide plunge into e-

commerce, rolling out a new custom-made software application — simply called ScrippsCommerce — that will enable all Scripps properties to work off the same platform and build their own electronic marketplace.

And, if things go as planned, it will also establish the media firm as the major player in a new and vital niche: local market e-commerce.

“We’re essentially putting together a Chamber of E-Commerce for the local community,” says Phil Harris, Scripps new media manager/Internet sales & strategic development. “Why? Our papers and broadcast stations derive income from these local retailers and every year the retailers face more and more competition, not only from the local Wal-Mart, but now from people who are selling online.

“Well, the local guy has trouble competing with that. And if he has trouble competing, he brings in fewer dollars for himself — and has fewer dollars to

spend with us when advertising.

“So, we can come to him as a friend and say, ‘Listen, we know it’s tough and, hey, you are important to us because you are our lifeblood. We want to help you compete — here’s what we’re going to do for you ...’”

But before explaining what Scripps is going to do, let’s delve into what the company was — and still is — facing.



The Knoxville News-Sentinel’s Lady Vol’s Web site, begun as an experiment in e-commerce, has sold more than \$200,000 in merchandise and \$25,000 in subscriptions through mid-October.

From the Beginning:

When companies first got the bright idea to sell items on the Internet, it often was nothing more than the primitive postings of a few product lists — maybe with pictures — accompanied by prices. Client-customer communication was still frequently done by phone or fax and payments made by check. Close a deal with a credit card online? Not likely. Consumers didn’t trust existing credit-card security systems - and rightly so. That didn’t stop online retailers from trying and even flourishing, but alert observers noted that if a way to advance security technology was ever found, then there were fortunes to be made. And, duh, where there are fortunes to be made, a way *will* be found — and was.

So the e-commerce boom began.

This was not during the Dark Ages, but just a few short years past. Expectations for e-commerce have accelerated wildly; what was first seen as a novelty is now seen by some as a major market force, soon to trample all traditional

E-CommerceSpeak

From Scripps’ e-commerce manuals

A *Ads: advertisements in the form of banner ads, which the mall administrative can show on merchants’ administrative pages.*

B *Bill by flat fee: a static amount that the mall charges the merchant every month.*

Bill per product: an amount that is charged for every active or inactive product.

Bill per transaction: a billing method that charges a flat fee for each sales transaction.

Bill by % transaction: a billing method that charges a percentage of the transaction (excluding tax and shipping/handling charges).

Business card site: This site consists of one page of information, including store name, motto/slogan, address, hours of operation, descriptive text, promotions/sale items, and news about the business. This site does not sell merchandise or accept payment online.

C *CGI location: the location of Common Gateway Interface scripts, which are used to perform basic functions such as counting the number of times a Web page is accessed.*

Comparisons: the ability for the mall administrator to compare products from different merchants.

Cookie: a file that is written to the hard disk when a user accesses certain Web pages. The file contains certain information, such as a user’s personal information that he entered when he logged on. The next time the user accesses this

page, a check is done to see if the cookie exists.

D *Directory: the location on the hard disk of a PC where files such as merchant images and documents are stored.*

E *E-commerce site: This site offers unlimited pages of information, including store name, motto/slogan, address, hours of operation, descriptive text, promotions/sale items, news about the business, and links to four additional pages. It is the only site type that allows sale of products and payment online.*

H *HTML location: the place where hypertext markup language, a text-based language used to construct World Wide Web (WWW) pages, is located.*

I *Images location: the place where graphic images are located.*

Impression: the number of times a page of a Web site has been selected and viewed.

Informational site: This site offers up to five pages of information, including store name, motto/slogan, address, hours of operation, descriptive text, promotions/sale items, news about the business, and links to additional pages.

K *Keywords: descriptive words used by search engines to categorize and rank a site.*

M *Maximum number of products: the number of products the mall determines each merchant is allowed.*

P *Page impression: the number of times a page of a Web site has been selected and viewed.*

R *Root location: the highest point in the directory structure at which a user can access the files.*

S *Sample image: the identifier of the graphic example of the theme.*

Shopper’s club: a group of shoppers who can get special discounts and prices from each merchant in the mall.

Shopper’s club products: a merchant’s goods that are included in the shopper’s club discount structure.

Spider: a search engine that obtains its information by starting at a specified Web page and checking each Web page that has a link to it from the current page that the spider is accessing.

T *Tax authorities: the amount of tax a country or state requires for merchandise that is being sent to the country or state.*

Theme: a topic or subject that identifies a merchant site.

U *Uploads: the option that allows merchants to upload their products interactively or in a pre-defined format.*

retail and ad outlets before it. Businesses are tripping over each other in their scramble to become e-commerce-enabled. Entrepreneurs with deep pockets are shoveling money at assembling megalopolis.com shopping malls with literally thousands of stores apiece. Amway jumped on board in September with Quixtar. Amazon.com has gone from selling just books to opening zShops and hawking, well, just about everything from a horde of stores. Hot on zShops’ tracks is

search-engine firm Lycos, which launched an Amazon-style shopping mall called LYCOShop in November.

Articles on e-commerce’s effects on the economy have become the hot media topic: Business Week had numerous special reports solely on e-commerce; The New York Times in September created a 70-page ode to the topic; Presstime dedicated an issue to the phenomenon.

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'We've got something pretty special'

— Neal Fondren, vice president, new media

Whole Web sites are devoted to nothing but e-commerce news (for example, ecommerce-Internet.com/, www.ecomworld.com, www.ecmedia.com and www.computer-world.com/emmerce/). There's even a Web e-commerce encyclopedia to keep the unhip up on the latest buzzwords (e-comm.Web-opedia.com/).

E-commerce rapidly gained the rep as *the* boon of the future to large and small businessmen alike — but, unfortunately, as a bane for traditional media companies.

Why? As more and more companies move into "new media," more and more of their ad dollars are predicted to move away from old media outlets, such as newspapers and broadcast television.

Dire warnings from marketing research firm Forrester Research in October noted that marketers are "no longer dabbling in online advertising and have moved far beyond the experimental stage." And, the funding for that new online advertising is not being created out of thin air — old budgets face some draconian shifts.

"Marketers we interviewed will spend 8 percent of their advertising budget on the Web in 1999," says Forrester. "This will grow roughly threefold by 2003.

"And by 2004, a shift of ad dollars to the Net by traditional marketers will siphon \$27 billion — or 10 percent of total U.S. ad spending — from traditional media."

Ouch.

Forrester says those reductions will come from:

- Direct transfers of ad funds to the Internet;
- Pricing pressures (At the same time it steals dollars, the Internet will put downward pressure on ad rates. A classified ad in a newspaper is far more expensive than an online listing); and
- New ad forms such as interactive TV.

Forrester's advice? "Traditional media should retrench. Rather than sit back and count nickels,

old media should invest strong cash flows into new Internet businesses via direct investments, promotion for equity deals or new e-commerce start-ups."

That advice from Forrester to the world came in late October. And was hardly new information for Scripps, which has been quietly researching — and retrenching — since early this year.

"In the local markets, we intend to be a leading media franchise for many, many, many, many years to come," says Rich Boehne, Scripps executive vice president. "But if we are not willing to transform as technology and society transforms, then we are apt to lose those franchises.

"So you have to be willing to take part in the evolution and, at times, what appears to be a revolution, in media."

The Evolution:

E-commerce is not new at Scripps. Several non-traditional media properties, such as category

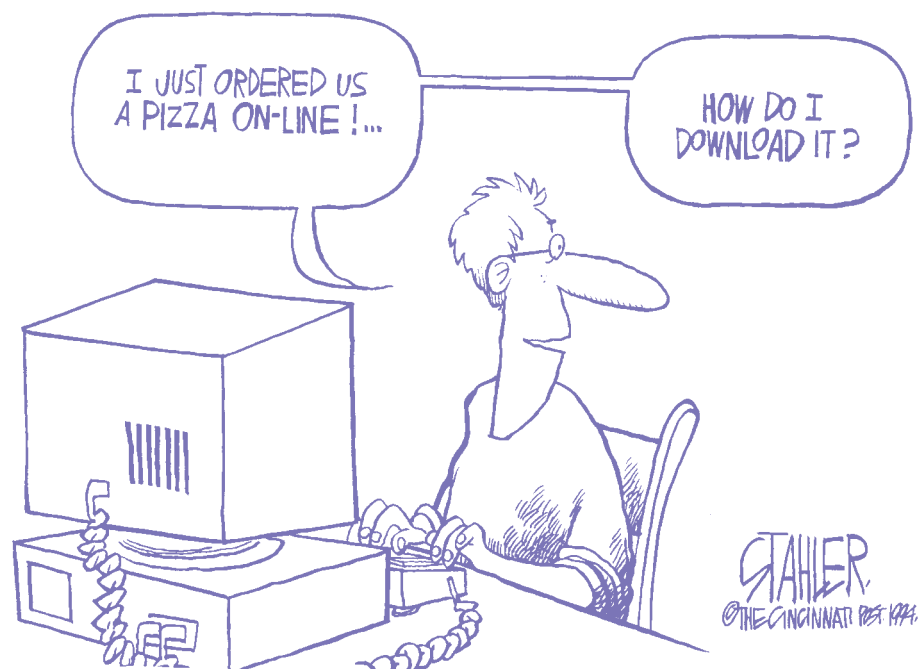
TV's HGTV (wnt.hgtv.com/hgstore/) and Food Network (www.foodtv.com/cgi-bin/Webmerce.cgi?page=store.html), plus the Scripps syndicating arm of United Media (www.unitedmedia.com/), have their own stores and malls, some actually quite intricate — and quite profitable.

But at the "destination portals" (newspapers and broadcast TV)? Not much. Several properties had experimented on their Web sites with various degrees of enthusiasm and success. Some sites had nothing more than an online gift shop selling coffee mugs and baseball caps decorated with the newspaper's name and the Scripps light-house.

Others stumbled into mini-gold mines when they discovered niche markets of their very own. In Knoxville, for example, The News-Sentinel had the good fortune — and then the good sense — to take advantage of powerhouse University of Tennessee football and women's basketball teams.

Knoxville kicked off The NEWStore (ic.knoxnews.com) as a way to practice selling its own mini-mall. "We decided to set up our own store, so that when we talked to merchants we would have experience in the things that they would be doing and asking," explains Jack Lail, Knoxville's online publishing director. "We weren't expecting success; we just wanted insight for selling to our customers and maybe to make some money to pay for the software." In 1997, the paper sold maybe \$4,000 in merchandise.

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The Talk On 'Main Street'



Liz Foreman, Internet site manager for CincinnatiNow.com at WCPO-TV in Cincinnati:

On competition: "If we had purchased an off-the-shelf product, we would have more problems and so much more expense. Our competitors are stuck with a pricing structure that ties their hands as to how they can set up stores and what they can charge them. Scripps has absorbed a pretty big cost and that helps us with flexibility. We have room to figure it out — which we need, because we have a lot of competition fighting for the same customer base."

Bringing customers to the site: "How will we drive people to our site? We are trying to be Cincinnati's site, not just a TV site. We want to be known for our journalistic efforts, plus we have arts and neighborhood sections, for example, and these kinds of things will all round out our offerings and lure in people. We will promote this fact heavily."



Rick Welch, Evansville Courier & Press advertising sales manager:

On available e-commerce funds: "Many people are predicting that there will be a lot of money out there next year for merchants to invest into online stores because a lot of businesses had so much money budgeted for Y2K fixes in 1999. Now, will managers making out new budgets for 2000 cut back since they don't have Y2K fixes any more? Or will they think about reinvesting next year into the Internet? When was the last time you saw a manager willingly take a budget cut?"

On in-house support: "The biggest key (to Scripps' e-commerce success) has to be a total buy-in at each of the papers at all levels. It's there now, but has to be stepped up, because over the next two years e-commerce will grow and we need to be ahead of the curve. We have the trust of the community; they would rather deal with us. They could go elsewhere, but why let them do it?"

Jack Lail, Knoxville News-Sentinel online publishing director:

On marketing stores: "You need an audience that is interested in your product. If you had a Web site about fly-fishing, you could sell flies — but wouldn't be able to sell lingerie."

On needing an e-commerce solution: "We needed to have a solution whether it be this or something else. We are not hung up on software; we just needed a solution. We have always been trying to find the magic Internet sales because it is clear the Internet is where people will buy. And newspapers must do it to help to keep alive."

On selling to small businesses: "The people we are dealing with aren't that sophisticated about the Internet yet. Saks, Wal-Mart, etc., are designing their own solution — the small businessperson is very busy trying to make a living. They don't have the time to surf around and see what is on there and explore. You have to make things real simple for them. They know that they need to be on the Internet, but they don't know what they are supposed to do."

On content vs. advertising placement: "This move will require us to think differently; we will have to think like the Amazon.coms and still maintain editorial credibility. I'm not sure what the rules are right now. We wouldn't put a link in a biz story about a sale. But even the New York Times and Washington Post put Amazon.com ads next to a book review. And even in our papers we put garden ads next to garden stories. So should we be able to do that now? What's advertising and what's a reader service?"

On e-mailing customers: "The key to Internet sales is about narrow niches and targeting products to an audience that wants to know about them. Makes it better than junk mail. We have been successful promoting things with e-mail. We send University of Tennessee sports headlines teasing to news stories on GoVols.com, then add a UT apparel tease at the bottom. We don't believe in spamming; these go to a subscription list of people who signed up for the service."



Gloria Bensen, Corpus Christi Caller-Times Internet account executive:

On why e-commerce is a smart buy for stores: "One of my clients sells herbal products, including something called Herbal V — essentially a herbal Viagra. He thinks that people would be much more likely to buy it from the privacy of their homes rather than go into a store and have to ask for a Viagra-like product in person."

On rate structures for merchants: "A flat fee. At least in Corpus Christi, if you mention percentage of sales to a merchant, they say, 'You know where you can take that.' They want to pay a flat fee."

On the opportunity: "If Scripps hadn't jumped into e-commerce soon, then they would have lost out. Then all the businesses would go elsewhere. If they come to us before they have a chance to go elsewhere, we've got them — we've got them."



Danny Reagan, Abilene Reporter-News director/new media & technology:

On competitor size: "Our local competitors are small. They don't have the traffic we do. But on the megalopolis.coms, you're just one of the faceless hordes. People here just trust us. The analogy there is,

"Do you want a store where most of the people in the market are going to know it or trust it, or do you want to be somebody that's just going to be a needle in the haystack?"

Bob Sandy, Naples Daily News new media director:

On local e-commerce: "My little boy wanted a bunk bed. After a lot of hunting, my wife asked, 'Why aren't we looking on the Internet?' We searched using all the keywords we could think of for bunk beds in Florida . . . and didn't find anything that made sense. If it was from another city, it would have cost more to ship it than to buy it. So we shut the computer down; it was my first real experience of not being able to find something for my family. I shared this story with my staff. We agreed that somebody would get rich if they put together a search engine that would search in your own backyard. We talked about it, and said we could do that by having links and listings and e-mail. Now we have the new Scripps technology to add to what we had."

On megalopolis.coms: "We are not going to try to compete with Amazon.com. I wish them well, but the local businesses know that there are people here that will use a local shopping site if it is available."

On implementing the system: "There is a learning curve, of course, and we will run into things we don't know how to do, but Scripps has put together a manual. They've been very thorough and did a wonderful job of implementing and coordinating."

On the uniqueness of each city: "The other properties will have to look at their own market and find their own niche; Naples' method may not work everywhere. If you went to a college town, a shopping district like ours with lots of expensive apparel shops may not be the answer. That's why Scripps can't dictate to each property or set terms on how every site must run. There has got to be a good way for each site, but not necessarily our method"

A sales point: "This is not big money for merchants, not even like your phone bill; there is no heavy overhead."

On encouraging merchants to update their own sites: "We are starting classes for our merchants. For an additional one-time fee of \$100, we'll sell four vouchers for four hour-long seminars on how to run your site, change and update it and learn how to use site management functions."





WCPO gives shoppers assurance that online shopping is secure by using links on the home page of its CinciNow Holiday Mall. Check it out: www.cincinow.com/sites/holidaymall/index.html.

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In February 1998, they added a few Lady Vols items and, by the end of NCAA March Madness, they had sold \$7,000 more. That success led to adding a few News-Sentinel books and mail subscriptions online, plus some more Vols merchandise to go along with their GoVols.com fan site. “By last November of 1998 we had sold \$30,000 of items where we had not planned to sell any,” says Lail. “Then UT went to the SEC football championship, so we added some special shirts and special collector’s issues of the newspaper. Then before we went to the Fiesta Bowl, we added a whole other line of items – and sold \$50,000 in that one month.”

Then Tennessee won the national championship. “The day after the Fiesta Bowl alone, we sold \$20,000,” says Lail. “We were overloaded for the whole month of January. We had administrative assistants from other departments pulled in to help process and send deliveries out. We even hired temps to keep up.” From there, business has boomed. Knoxville has sold \$215,000 worth of merchandise through mid-October – including \$25,000 in mail subscriptions – even though the Vols had already lost a game.

It was Knoxville’s success last January that partly lured Scripps into giving a harder look at e-commerce, says Kate Chichester, Scripps’ project coordinator for e-commerce. “They did a great job in just a very small time period, despite

using using software that is very inflexible both functionally and graphically,” says Chichester. “It was an overwhelming success.”

So if Knoxville can put at least moderate e-commerce dollars up on the scoreboard using other software, why does Scripps want to mess with success?

Think of it as building a football dynasty with a new pro franchise.

One by one, over the next season, rookies will be introduced into the ScrippsCommerce game-plan to play with some established veterans. They all will be learning a new, intricate playbook. With lots of practice and despite a few fumbles, the team can be competitive with all its foes – some of whom have been playing the e-commerce game for a lot longer and spending a lot more money. If the foundation of the team – the players and the playbook – is solid, then there is no reason for the success to stop building in

following seasons. Scripps has its eye on its very own Super Bowl.

“Everybody feels like this thing is really, really starting to be big,” says Neal Fondren, Scripps vice president/new media. “I don’t think any of us had any inkling of how big and massive e-commerce is going to be.

“But just how large we can’t be sure yet. So the important thing today is to build the mechanism, because one day it *is* going to be very large and it is important that we plant those seeds today. Moreover, it’s not only the correct posture to help our advertising clients into a new medium, it helps us to expand our franchise. We *really* look at the new software as a tremendous opportunity to expand our franchise into new areas and in new directions that we’ve never been able to go to.”

But how will it do that? Here’s how Phil Harris explains to Scripps operating units why they will all eventually be using the new ScrippsCommerce software:

“No. 1, we needed a product that’s going to put us in a competitive advantage for all of our markets, as opposed to some things that we can buy that would set us in the hole \$700-\$800 to pay for licensing the software every time we put up a new store. This new software? It’s ours. We built it. We really have no additional costs. Every time you want to add a store at property level, you don’t have additional costs.

“No. 2, in the short term, we needed to provide them with an easy solution for putting up an e-

e-Trivia www.e-trivia.com by Rick Broadhead

According to the Consumer Electronics Manufacturers Association, 35 percent of online shoppers have visited a land-based retail store to “see and learn about a product” only to leave and purchase the same product later from an online retailer.

Today’s question:
What type of consumer is most likely to exhibit this type of behavior?

Related Web site:
<http://www.cemacity.org>

Answer: A Gen-X shopper

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Visitors to The Destin Log's site (www.destinmall.com) can holiday shop, vacation plan, read the latest news, place an advertisement, and hundreds of other things under the Florida sun - without leaving their computer.

commerce site. It doesn't take a rocket scientist to do ours. A lot of these things can get very complicated very quickly.

"And No. 3, we needed a way to be able to track what people were spending at each store and location. In other words, at John's Apparel Store, we needed to know what John has sold, so that if we want to, we can sell him an e-commerce site for a percentage of his transactions. This software will allow us to track it, with full reports, and set up billing in several different ways.

"But No. 4, in the longer-term issue - and this is the main reason we are doing it - we wanted everybody on a common platform. Down the road, as we get more and more stores online, we'll be able to aggregate those stores into a national mall or regional malls. And, if we're all on a common platform, that becomes much easier. So, if I'm in Naples and Stuart has 10 stores that I'm interested in having in my mall, it's easy as clicking a couple of buttons and, boom, they're there."

So What Is It?

That's why Scripps is doing it. But what is ScrippsCommerce? And how does it work on a practical basis?

Each of the properties will decide what format and look they want their e-mall to take and how they will sell virtual storefronts to local clients. Some operating units will have intricate store designs that will take special customizing; they want to tweak the storefronts into following the

designs already used on the news content side of their site. Others will take the templates offered by Scripps verbatim. Some will charge flat fees for building and maintaining Web stores; others will bill clients for a percentage of online sales. Some will encourage merchants to update their own stores and grant them easy access to the software. Others want merchants to keep hands off and will do all their maintenance for them.

So far, no site has picked a method or look identical to any other city's.

"Here's a basic scenario," explains Harris. "Right now, at all of our properties, they all have the ability to create Web sites for advertisers. ScrippsCommerce is a method to give them a way to commerce-enable those Web sites.

"An e-commerce site is built from templates and all the product data is hosted in a central database. The Web site just calls up the data into those templates. So you can make the store look any way that you want it to, but the structure of the database is always the same.

"It all resides in the database. The database sits on *our* system. And if we want to add a feature, it's not difficult to add - it's completely expandable. So, if you own a store and you are willing to use one of the templates that we've created, we can have your store up selling 10 products in a matter of a couple of hours. That's commerce-enabled, behind a secure server - the whole thing - in just a couple hours.

"And that's about as simple as we can make it."

Despite the data being centrally located, Fondren assures the operating units that there are no edicts from the corporate tower on how specifically to run each site: "Most decisions are made at the local level with the publishers and station managers; what we do is become facilitators and a resource that they can use. The autonomy is there. The marketing and promotion can be done by them. They have their own specific budgets that they work with."

So is the move into ScrippsCommerce optional?

"Actually, it is. But in most cases, our solution is so advanced and the pricing so much better, it's a no-brainer for most people. Most people have looked and said, 'This is a great opportunity; how can I get it?'"

"However, while we will still allow nearly all decisions to be made at the local level, this is different than a newspaper . . . a newspaper can be a very stand-alone operation. On the Web, there

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How to Fill Those Carts

A checklist from the Evansville Courier & Press:

1. Create impulse buys on the home page and throughout the site to encourage shopping.

2. Provide customers with search options to make shopping easy.

3. Incorporate seasonal promotions such as Back To School, Mother's Day, etc., that address the way real shoppers shop.

4. Allow selling throughout the site with an eye toward compelling content.

5. Personalize the offer by creating a sense of belonging with verbiage such as "my account" or "my stuff" where customers can have ownership of information and accounts they have created.

6. Build loyalty programs into your offer through a gift reminder service or address book that keep shoppers coming back.

7. Think gifting! Include use of wish lists, express gifts, gift certificates, gift searches/finder, corporate gifting, gift registry functionality and gift wrap.

8. Create contests with a registration component that provide excitement and encourage shoppers to register on your site.

9. Use targeted e-mail to promote repeat shopping that includes links to special offers and unique merchandising.

10. Build a frequent buyer program to create customer loyalty by rewarding shoppers with special discounts and incentives to shop often.

11. Occasionally survey customers to learn more about demographic make-up, wants and needs.

12. Offer interactive features that are fun and make shoppers feel involved to keep them on your site longer.

13. Provide a sense of local community for users, such as relevant chats and bulletin boards.

14. Don't compromise customer service. In fact, use customer service to turn dissatisfied shoppers into return visitors.

15. Most importantly, update your site frequently for the benefit of regular customers.



Some ideas from other Scripps units:

- Build templates for industries.
- Design window stickers.
- Design house ads that focus on merchants.
- Prepare the merchants and your sales staff with Internet knowledge for calls that will come.
- Build stuffers.
- Build spec stores.
- Write a target list for all the stores and industries you want to go into.
- Design point-of-sale merchandise.

are reasons to have similar applications; there is a need to have a consistent method of content delivery.”

Back to that Local Angle:

Scripps admits that it is not the first into the game, nor will it be the last. If it is to survive in e-commerce – and, via e-commerce, help the core franchises to survive – then it had to decide on a plan not already copied by hundreds of others.

“Lots of commerce is conducted locally,” says Boehne. “People choose to buy many things locally instead of buying it through a catalog. If there is a reason for people to buy locally, we see that as our principal marketplace.”

“Even with our category TV networks and United Media and the fact that we are an equity owner in Garden.com – a Web site that sells garden supplies and is also a national marketplace – we will focus on the local marketplaces. That is certainly our niche for our TV stations and newspapers because they are local businesses.”

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“It is the newspapers and TV stations, rather than the category TV, that need defending. That is a primary reason for going into the local marketplaces with e-commerce and trying to re-establish our advertising relationships.”

In some cases, it’s a matter of educating clients as to how important that relationship is, even as the technology changes.

“Just about everybody and their dog is getting on an e-commerce site,” said Danny Reagan, the Abilene Reporter-News director/new media &

technology (shop-abilene.com). “We got a call from a bank that wanted to back out of a relationship because ‘my son is now in the Internet business.’ Well *my* son, who is 6, could learn how to build a site in a day. But people don’t understand that you have to have a vehicle to drive people to the business. My 6-year-old wouldn’t be able to get people to look at the site.”

“The big challenge is explaining to people that e-commerce is just like the real world. You can build your own ad, but are you going to take it from door to door? You need the newspaper for that; now, you need the newspaper’s Web and e-commerce sites.”

Part of the lure to the local merchants, says Rick Welch, Evansville Courier & Press advertising sales manager, (evansvilleshops.com), will be the flexibility of the software.

“The new program is really slick in that it lets *us* sell online, but lets the merchant go in the back door and update their stores at *their* convenience,” says Welch. “The biggest complaint you hear from store owners on other giant e-commerce sites is that, ‘Everything is so formatted and the Web designer is hard to get a hold of, so we can’t get our site updated.’”

“However, we are open 24-7 (24 hours a day, seven days a week). Want to change out a product or price? The online forms are easy to fill out and the changes are almost immediate. The simplicity is such that merchants won’t be intimidated by the technology. We will still fix things up for them if they want, but many won’t want to.”



Here’s an example of a simple templated site with a custom logo (www.stores.scripps-commerce.com/stores/bloomindales). Scripps’ sites will link to this.

was \$9 million, our expenses \$12 million, so we lost \$3 million. This year we’re on track to do slightly better than that on the cash side. Our expenses are \$14 million and the loss is going to be less. So do I feel good about that compared to our peers? You bet I do. We have been very practical compared to others; we’ve seen numbers like \$80, \$90 million that people are losing. We’ve been very practical about this. We took great pains to strategically place ourselves where we wanted to be. We’ve been very careful. And I don’t apologize for it.

“A lot of people believe it’s a sprint because things happen so quickly, but I think most people around this building will agree with me that it’s much more of a marathon – and very, very early. You can become so frantic that you throw dollars and resources at everything; someone has said before, ‘There will be billions spent chasing millions.’ We, though, are strategically targeting our resources to accomplish things. It is a more managed pace.”

“It’s not slow, however. Believe me, where these guys upstairs in newspapers are on a calendar year, we’ll experience two or three years’ growth in one year. It’s that kind of frantic pace. But it doesn’t mean that we’re not managing the pace too, because as this marathon starts picking up speed, it’s going to be important that we can at least stay in the position where we can see the lead runners out there.”

“No question about it, it will require a greater investment of Scripps. However, there will also be revenue opportunities that come with that – such as e-commerce.”

Continues on page 12

e-Trivia www.e-trivia.com by Rick Broadhead

The average chargeback rate to merchants for credit-card transactions on the Internet is about 15 percent, according to research from GartnerGroup. But contrary to popular belief, many chargebacks on Internet purchases are due to customer disputes, not fraud.

Today's question:
According to market research firm ActivMedia, what percentage of Web merchants say that fraud is *not* a problem on their online stores?

Related Web site:
<http://www.activmedia.org>

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The Competition:

If not to Scripps properties, that money will go to the competition. How does Scripps stand among its peers in e-commerce? “Are we ahead of our peers? I don’t think we are behind our peers,” said Fondren. “If we are behind, we certainly aren’t very far behind – and many of those have spent a lot more money than we have. Some of them have spent more money in one year than we have in four – or lost more money.”

“In 1998 our Web revenue

The Start-Up: What To Expect

You are at a Scripps' property and you want to get started in e-commerce. How do you go about it? We talked to Kate Chichester, Scripps' project coordinator for e-commerce:

Q: Who will go first in getting the new software?

KC: Generally, we are approaching all the operating units on a need basis: Which sites are out selling stores? Which sites have clients who are really interested in building a web presence? So far, the process has been very simple. A site manager will call or e-mail me and we begin mapping out their needs, their options and the time frame in which it must be accomplished. Then we set a date for me to come out to the property and get started.

Q: What can be done before the site visit?

KC: A lot. We can talk about what the property's needs are, what their clients are expecting, how they are going to market e-commerce and when they want to launch. How big do they anticipate the mall being? How many stores do they plan to sell prior to launch? We try to take into consideration things like, are they going to be putting together a mall site that is very intricate or graphically complex, or will the mall be based on the very basic mall prototype that we've created? Are they trying to integrate the concept with existing efforts like GoShop? Already, sites are taking vastly different approaches to how they build and promote e-commerce. By asking a lot of questions and determining a plan of action before I'm ever on-site, I can be better prepared when I arrive and site managers will be more likely to meet their desired launch date.

Q: How long will you be on-site?

KC: Depending on the size of the property and what we want to do, the time spent at each site will really vary.

There are three main aspects to launching e-commerce: sales, administration and design. I think it's very important to spend some real time with the sales staff, showing them how the product works and what the selling points are. If they're not comfortable with the concept, their customers will sense that. I also bring along some printed materials for their reference, including instruction manuals for the application, industry reports about the growth of online sales and articles detailing the necessity of small businesses establishing an online presence.

The goal is to introduce e-commerce in a very circumspect manner — to provide them with not only information about the product, but as much information as I can about e-commerce in general as an industry. That's because e-commerce is not something many people are very familiar with yet; ad reps hear about it and they have clients who ask about it, but for the most part it's not something that they really know much about yet. Sometimes it's helpful to go on sales calls with



Kate Chichester, Scripps' project coordinator for e-commerce, conducts a training session at WCPO in Cincinnati.

account executives and talk to their clients with them. That way I can be on hand to answer any questions right away.

Administration is another critical aspect of an e-commerce launch, with a focus on the technical capabilities of the application and how to develop and maintain both the mall and merchant sites. That's when I'll sit down with the site manager and the person who will be designated as the administrator and go through the mall and merchant administration page by page, detail by detail. There's a big, big backend to this thing and someone at the site needs to be comfortable operating it.

We do a lot of training. It's not hard at all, but it's very detailed. A quick run-through of all the backend functionality on a site could take anywhere from about five hours to a whole day. That means you'll hit every function and try everything. It's pretty intensive, but it's also intuitive.

The mall administration is not something that requires a complex knowledge of HTML or anything except how to work your way through a site. A lot of sites are probably going to hire someone along the lines of a data entry person to handle that part of it.

The level of work a mall administrator will have to do will vary greatly depending on what the site is trying to do. There are a lot of sites, Naples for example, who will give the merchants the opportunity to learn how to add products and photos and do things with orders and e-mails and create special shoppers clubs that give

discounts. The stores can do that — again, it's not hard, it's intuitive.

But then there are a few other sites, like Tampa, who have no plans to allow their merchants to get on the site and do anything. All the changes will have to go through the site administrator.

Then there's the design aspect of a launch. Usually, the part with the designer takes the longest because there is a pretty hefty amount of information that goes into developing a template or custom site. It's not terribly complicated, but it can be a little tricky at first. There are some designers who look at it and say, "That's cake." Others take a bit longer to catch on. We get both ends of the spectrum.

My take is, if I can figure this out, they definitely can.

Q: How many people would it take to comfortably run an e-commerce site? What is the bare minimum to run a site?

KC: One person, if they were not at a huge property, could certainly administer the mall and create templates and build stores. But then they would probably have someone else doing the sales, though e-commerce sales alone probably wouldn't be that person's full-time job.

Three would be ideal, because then you'd have an administrator and a designer, plus a sales person. But you'd have to have a pretty substantial market to justify a staff of three — places like Denver or TCPalm (the Treasure Coast area of Florida).

In some places, jobs will be absorbed into people's existing positions and they may hire someone to help cover the load.

Now things may run a little tight as a staff is launching this and trying to do a good job while covering all the other bases. But, as the project really takes off, I don't think it will be a burden. Particularly when the revenue starts coming in.

Q: If someone called today, when would they get scheduled?

KC: It absolutely depends on the urgency. If they have an interest in e-commerce and want to find out what it's all about, then I'd probably schedule them for about a month and a half from now. Now, if they called me and said, "Hey I just sold a site for \$2,500 a month and the client wants e-commerce," you can be darn sure I'm on a plane next week.

Q: When do you want to have everyone on?

KC: In my fondest hopes, I want to have the bulk of our newspaper and TV web sites up and running with raging success by this time next year.

Boehne agrees: "Wall Street is funding Internet start-ups that don't have to worry about making money. Since we are actually up-and-running, taxpaying companies, we have to worry a little more about actually showing profits. So that makes the playing field a little bit difficult for the

guys came calling and I said, 'Here's something that we're looking at doing.' I also showed them an e-commerce site that we liked and gave them a list of objectives from the functional side that we would like to be able to do. And they said, 'Oh, we already have that completed and we can have

somewhere else to use," estimates Harris.

"Here's a good example. There was an article the other day about this company called Evolv. The premise was that these guys going into the e-commerce business were going to enable people to put a store up within a few weeks — custom-designed and e-commerce-enabled — and they were going to do it for between \$5,000-\$8,000. Well, we can take a client and do a fully customized store in less than a week — and charge a fraction of that amount. Plus, we'll be able to drive traffic to the site through using our other Web sites.

"We've got something pretty special."

Liz Foreman, the Internet site manager for cincinnati.com at WCPO in Cincinnati, thinks so, too. "We have the flexibility and the pricing to set it up the way we want to. That's very important to all of us setting up malls, because the Scripps market is so varied; this software can accommodate the big cities that have all the technological bells and whistles and the low-tech cities who are barely on the Web. This will make everybody happy."

But how does it affect me?

This new technology, over the next year, will be enhancing every property. Many news-side employees won't notice it, because, truthfully, to



'We're essentially putting together a Chamber of E-Commerce for the local community.'

— Phil Harris, new media manager/Internet sales & strategic development

traditional media companies. But, over time, that will even out. The market is rational over time and those of us who do produce profits will over time have the same opportunities as those that just rushed to the market.

"I don't think anyone is still wondering if e-commerce will make money. The eyeballs are there. And where there are eyeballs, the dollars will follow."

Building a Better E-Trap:

It's certainly a lot easier to adopt an established software e-commerce. Scripps decided to custom-build one and take on the inherent risks in doing so. Forrester's October report even warns that such sites "risk delays caused by the famous slippery schedules of software development projects. The prospect of missing out on holiday season revenues because of a blown October deadline drives decision-makers toward pre-built solutions."

So how did Scripps end up in the construction business?

"We looked at no fewer than, I'd say, 20 e-commerce products with the intent that we would buy one," says Fondren. "Either we liked the product and the cost was going to be prohibitive to our clients or the price was acceptable, but the flexibility and functionality were not."

The international search for a solution then ended with a hometown company: Cincinnati-based Cadre Resources.

"We had done a little business with Cadre on and off in the past," says Harris. "One of their

(a customized version) finished in two months.'

"Well, it took longer to get it the exact way we wanted, but we got it completed. We gave them a list of things that it *had* to do. Then we micro-managed it and tweaked it from our level.

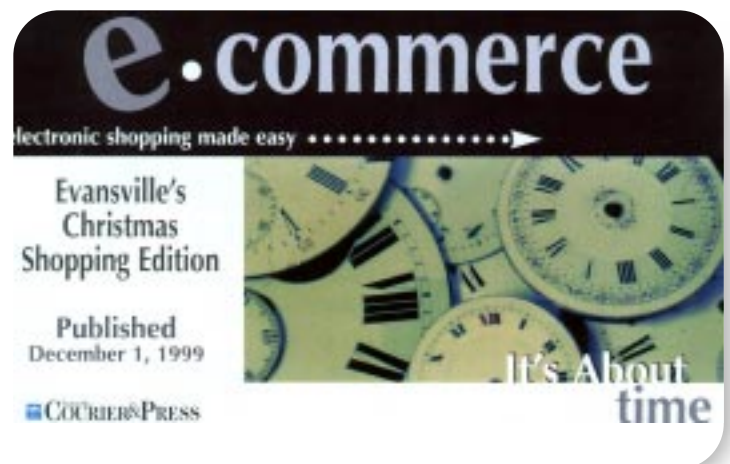
"But what we ended up getting is a piece of software customized to the way that we want to do business. And I think we probably would've paid two to three times as much for the same software (elsewhere), so we really have gotten a bargain with this."

Says Fondren: "It's built for destination portals, but not for just anyone's . . . just Scripps' destination portals. For us, it's going to be far more effective than buying something off the shelf."

How much more effective? Harris was given this scenario:

Let's say that a client went to one of Scripps' peers right now and wanted to do the same thing — start by getting a store up and selling 10 products or so. How long do you think it would take at most places?

"I would say probably two weeks or more — if they jumped on it right then and started working on it and they bought a piece of software from



The Evansville Courier & Press used a tri-fold brochure to tell advertisers about the advantages of reaching consumers through its electronic shopping center and e-commerce Christmas catalog. Advertisers were also invited to attend an e-commerce seminar, presented on two consecutive Thursdays by Rick Welch, Courier & Press advertising sales manager.



The Evansville Courier & Press e-commerce site (www.evansvilleshops.com) already offers hundreds of items, including a scentless toilet seat from the Sniffer Company for \$349.

them it will just be one more “Web thing” in a plethora of Web things going on in various new media departments. Some might dismiss it as a sales department gimmick. However, this has the potential to further entwine the three departments.

“We had determined early on that we had an approach to the Internet that was different than other newspaper companies,” says Boehne. “Many of them started out by saying ‘We have to put up as much content as we can. Just content, content, content. Put up as much as we can and we’ll see what happens later.’

“Early on, though, we said that we have two sides to our business: the advertising and the content. The two seemed to work in print together extremely well. We know that people read the news and then also like to see the ads, and we know that some people read the ads, then read the news. Why should that be any different on the Internet? So from Day 1, we were determined to develop a whole package that involved the commerce side serving advertisers and then at the same time developing the news content.

“If you look at some of our sites and compare them to others in the newspaper industry, we have some really tremendous local Web sites that lead the industry. That’s because we started out from Day 1 developing both sides.”

Fondren is even more enthusiastic.

“This is the greatest thing for our properties because we finally get to combine the Web more with core products. For the last three years the Web, which has been foreign to most of our properties’ cultures, has sort of stayed over in the corner and been fed and nurtured. Now new media is starting to exist on its own and being

brought into the core product — especially as the people at the core products are educated about the Internet.

“So two things have happened: We raised up the Web sites and there’s been this cultural shift — which is great. Now you’re seeing the advertising side take a keen interest in the Web advertising and the content people take over ownership of the Web’s content. It’s really exciting to watch this.

“Now the advertising people say, ‘I get the e-commerce thing because now I will combine a print sale with an e-commerce sale and that’s super. That something I never had before.’ They’ve got a new message. They can go to a client and say, ‘You know, Mr. Smith, I love your bookstore here, but I’m a little worried about you because if you go away, I go away. Let’s talk about this Amazon thing, which is going to take our dollars away from Naples, which is where they should be.’ It’s a great opportunity for the sales side.

“As far as the content people, there’s going to be a slower culture shift there. There’s a very healthy debate going on, but the conflict will be resolved when the content people understand that the e-commerce will become a piece of their lives and they are going to learn how to use it to drive people back to the content.”

Rolando Ortuzar, The Destin Log information systems manager (www.destin.com), buys into that notion. “Eventually, we think in order for newspapers to survive, print and online must collaborate — or die. Content, ad and Web people are fighting, but there have to be ways to bundle it and still be happy.”

One way of making employees happier would be more jobs to handle increased workloads. Does Scripps-Commerce mean more hires?

“We solved a lot of our problems with technology,” says Fondren. “However, it’s not going to solve all of our problems and it does take people. The biggest resource we have draining on us is a personnel resource. That’s because a lot of things can’t happen with an automated process. We *will* need more people, but right now we’re very fortunate to have a lot of

people who are very committed and are motivated by far more than money right now. They’re motivated to see a great product come out. And most of the people who are working on this are enjoying it; they’re having the times of their lives.”

Will ad staffs at least grow? Hmm, maybe.

“Ideally, we turn this over to our print folk and use the existing advertising force to go out and sell,” says Harris. “But that doesn’t always work; there are issues there with knowledge base. Do the print people understand about the Internet or are they equipped to sell an e-commerce package or any kind of Internet package? Some are, some aren’t.

“So far, the success we’ve had has been with a separate sales force. In Naples we have a separate Internet sales force. In Knoxville we do. Anyplace where we’ve made significant in-roads, we’ve done it that way. But the times they are changing . . . and we hope that we’re going to be able to integrate print sales forces. Right now? We’re thinking the way to do that is to have just a support staff at the property level; maybe it’s a couple of people who are e-commerce or Internet specialists who can go on the sales calls, make a four-legged sales call with the print people and get some of the integration done.”

What About the Big Boss ... The Shareholder?

Scripps has been rolling out a number of new

See “ScrippsCommerce” on page 34

e-Trivia www.e-trivia.com by Rick Broadhead

Don't underestimate the importance of word-of-mouth when creating your e-commerce strategy! According to a study by Opinion Research Corporation, Internet shoppers are more likely to tell people about their online shopping experiences than their favorite restaurants or films.

Today's question:
A typical Internet user tells how many other people about their online shopping experience?

Related Web site:
<http://www.opinionresearch.com>

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