

Rupert , you didn't ask my opinion on this, but since when has that ever stopped me.

First the good news. You can sell content on the internet. People pay for content on and off the internet every second of every day. It's easy to do. If you do it right. But before I get to the how to, let me throw out some interim suggestions:

#### 1. **Block aggregation sites that point to your content.**

Too many that's heresy. The conventional wisdom suggests that all traffic is good traffic. Every page view is more money. Why not take it ? Because its limited and you aren't selling it.

The value of the traffic sent by most sites is minimal at best. Lets look at your best friend Michael Wolf's site [Newser.com](http://Newser.com). According to Quantcast he gets about 24k unique users every day. If 1 pct of those users went to a Fox Site, say the NY Post, and each looked at 5 pages, that would be a total gain of 1.2k Page Views. If you were able to sell 100pct of those at \$15 CPM, which you can't. You would make \$18 per day. About \$ 6.5k per year. Best case.

More likely, in this economy, you are not selling 90pct of the inventory he sends you. Heck, you aren't selling a big chunk of the inventory that you get on your sites anyway, so the marginal value of the traffic sent by Newser.com might be about zero.

Why would you help a site, that is a direct competitor for minimal incremental revenue ? It's not worth it. You know what is worth it ? When someone is sent from the site, let them fall on a page that lets them know that you don't consider Newser.com a valid news or reference site. Newser.com has chosen to front end our content and we don't appreciate it. As a result, we are blocking access. To get up to the minute news, please go directly to NYPost.com (or whatever site). Of course Newser.com will quickly stop sending you traffic. But the loss will be theirs. There will be stories that you cover better than anyone. Michael will have to find someone else.

The real question of course is whether other major news site copy what you have done ? What if the NY Times and the Washington Post do the same thing ? What if CNN, Tribune Papers and MSNBC join in ? I will tell you what happens. The aggregator sites that try to front end the content you invest a ton of money to create will find themselves all relying on AP, Reuters and individual bloggers.

This is where all the netizens jump in and tell me Im crazy. That news sites won't ever do this. Thats not the internet way. Which of course is exactly how they respond to every business question involving the net. The major news sites are keeping the aggregators that don't originate news content alive. From Drudge Report on down. You are crazy to do so. Let the search engines send you traffic. Block the rest. Your revenue impact will be minimal. The competitive impact significant.

**2. Other than the WSJ, don't ever sell content ala carte.** It only works for content that impacts company's and individuals bank accounts in real time. The Wall Street Journal can sell subscriptions because if a businessperson or trader doesn't have the information the minute its published, they could be in serious financial trouble. The WSJ moves markets. You can charge for it. Page 6 doesn't move markets. Foxsports doesn't move markets. People won't pay for it by story. They won't pay for a general interest or newspaper, tv or sports website by the day, week or month unless they absolutely have to know what you publish for business reasons. There aren't enough of those people around to pay the bills per site.

So what should you do to sell your online content ?

The first thing you have to do is realize that internet consumers are only fine with paying for content when the following two criteria are met:

1. It is easy to buy.

2. It is easy for any consumer to assign a "perceived value" to the content and you charge less than that amount.

2a. Remind yourself that just because you assign a specific value, doesn't mean the consumer will. Case in point are newspaper sites. Consumers might adamantly believe that your writers are better than AP writers. They might believe that your site uncovers news that MSNBC.com doesn't, Unfortunately for you, because it's all free to this point, they aren't saying to themselves "wow, the only way I have EVER been able to get this is news is by paying \$2.99 a week and now I can get it from Fox for only \$ 2 per month. It's not going to happen. Instead, it will be "I like the NY Post. I love Page Six. But I'm not going to pay to get what I have always gotten online for free. Not going to happen.

So what Fox, and any media conglomerate has to do is find DIGITAL or INCREDIBLY HIGH MARGIN products that have a perceived value to the consumer, that you can bundle with your online content.

Let me give you an example.

You could offer a "Newsjunkies Subscription" that includes:

**a. Access to every Newscorp news website from around the world** (excluding the wall street journal). From the NYPost to the UK's Sunday Times, Sun and [more](#).

**b. Your choice of any 2 books from our Harpers Collins collection.** That's right. Pick any [2, from our Best Sellers list](#), or from the [special list](#) we have put together specifically for newsjunkies like you. Its your choice if you want them in hardback, paperback or e-book format.

**c. A subscription to our news magazine, [The Weekly Standard](#).** The choice is yours whether you would like it delivered to your mailbox, printed and mailed to you or both !

**d. A \$99 credit at a special edition of The Fox Store that we put together [exclusively for our News Junkie Subscribers](#).** You can pick from newly released to DVD movies or from our classics. Its up to you !

So to summarize. In addition to Fox websites from around the world, a \$ 79 dollar annual value, you get:

2 books from our Harper Collins collection, with a value of up to \$79.

a subscription to the Weekly Standard, worth up to \$ 64 (in a deal with its new owner)

a special \$99 credit at The Fox Store where you can pick from an amazing selection of movies and tv shows.

For a total value of \$ 321.

Because our Fox News Junkie Subscribers are critically important to us, we are offering this special package for a limited time only. This amazing package can be yours for the low low price of only...

**\$ 9.95 per month with a minimum commitment of 15 months !**

Add a subscription to the Wall Street Journal Online for \$ 5 more per month, or get both the WSJ online and daily delivery to your home for an additional \$9.95 per month.

This example should serve to make the point. Its of course stealing a page from the old record and book clubs. Give the subscriber a significant start up value. The hard cost of all the products involved is probably close to \$ 100. With some tweaking and limiting of product selection, it can be pushed dramatically lower. The important take away is that you can acquire subscribers for lower marketing costs and probably generate just as much money in margin dollars in the first year as you would selling subscriptions to the NY Post or UK Sunday Times outright.

Of course you could put together movie and tv lovers packages that you use to sell Rotten Tomatoes. You could put together sports lovers packages that you use to sell foxsports.com and other sports related sites.

Once you have the subscriber, the onus is on Fox to keep them happy. It's really not that hard. This is where you use digital assets with a minimal marginal cost of delivery. You could let movie lovers, as part of their subscription, have a download to own title from a selection that you make available quarterly. You know which titles aren't making you money on sell through. So why not use them to increase the value of your subscription ? Or given the number of DVD returns that are repackaged and sold at a discount, why not offer them to subscribers first ? "For subscribers only, first crack at our returned DVDs, pick 1 title a month and pay only for shipping and handling. Or if you are really in the mood to watch some great movies, pick any 10 titles for a one time charge of \$19.95, plus S&H.

For sports lovers, you could do the same with sports movies. Free Fantasy Sports and other value adds. You could have chats limited to subscribers. Sponsor get togethers with athletes around the country that are limited to subscribers.

Im sure the people at News Corp are a lot more creative than I am.

I don't know the culture of News Corp. But i can guess with the best of them. At this point, my guess is that everyone who works there is saying. "Yeah, it all sounds great, but you know what the chances of all these divisions working together are ?. They have their own P&L that they are responsible for. They aren't going to help the internet group sell subscriptions. " And there in lies the rub.

The challenge to Rupert and company is not whether or not they can charge for their content and make money. That is actually not the hard part. The hard part, as it always is for big, publicly traded conglomerates is to align all of their business units to a common goal. I know they can sell their content if they package it right. I don't know if they can take care of corporate politics.

And while Im on the topic of Fox/NewsCorp, lets jump over to MySpace. Here is my suggestion for MySpace. You have a strong (although appearing to weaken) position in Music. Take a close look at the economics of music and see how you can leverage them to your advantage. In this day and age, it seems like no one makes money from music. In fact, the "pundits" say no one should make money from music. They all should give it away and make their money touring. Well, its not my money, but I think MySpace should spend some money on music. I would take a page from Walmart. Walmart buys exclusives of CDs from artists that fit their target demo (older and still buying CDs). I think they have a deal with Foreigner coming up for their first CD in more than 10 years. They guaranteed them a minimum number of units with no returns (if its like other deals I have read about ). You will only be able to buy the CD from Walmart.

So why wouldn't MySpace do the same thing with artists that fit their demo ? i don't know how much money the artists on the Billboard lists will make in a given year from the sale of their music, but they all have a number. I would find out what that number is, and for the artists that match your demo, see if its economically feasible to buy them out for a one time payment and offer their music exclusively on MySpace. Then you can offer a subscription to their music for some number that seems ridiculously low. Say \$1.49 per year for all the music the band releases in the year. Since you paid some finite amount (with some probable volume bonuses only if you make money), your mission is to sell enough subscriptions to cover the cost of to the band/label and then some.

At this point, MySpace's core competency becomes arbitraging its ability to buy and sell music to its user base. The user base thinks they are getting a great deal, and the bands have a source of revenue that they are paid up front. I dont know if it will work, but it is sure worth exploring !