



Transforming advertising
and marketing production

Hearst Corporation Case Study

Hearst Newspapers saves costs
and improves turn times through
Affinity Express ad production services



“All the feedback I have for Affinity Express is positive... The outsourcing relationship is working very well for us. In fact, our error rate is actually lower now than before we started using Affinity Express.”

Michael Fogel
Vice President, Technology Development
Hearst Newspapers

Hearst Corporation owns several of the country's major daily newspapers.

U.S. newspapers had already been facing numerous challenges, and the economic downturn exacerbated the already dire state of the industry. Total newspaper advertising revenue fell 16.6% in 2008, 27% in 2009 and another 6% in 2010. Classified advertising, which is under a lot of pressure from online ventures like Craigslist, fell 30%, 38% and 9% in the same years.

Challenges

Until 2008, Hearst had disparate processes and tools across the enterprise with mostly internal design staff and some external suppliers for production services. The company wanted to significantly reduce the costs of ad production and streamline and centralize processes across the organization.

In response to the industry and internal challenges, Hearst took decisive action with a multi-pronged strategy. Hearst newspapers doubled, tripled and, in some cases, quadrupled circulation pricing. Consequently, circulation has become a larger percentage: advertising represents about 70%, while circulation is 30% of revenues today. And Sunday home delivery rates are actually up.

Hearst also decided to outsource print and online ad production, a critical revenue-generating function that held the most potential for cost savings and increased business efficiency.

Challenges

- Decline in print advertising revenues
- Increased competition online
- Disparate processes and tools
- Imperative to reduce costs and increase efficiency
- Need for opportunities to generate digital revenues

Affinity Express Solution

- Design services for digital and print ad production, marketing collateral and creative design for commercial clients
- Easy-to-use web technology
- Change management support from sales through delivery

Why Affinity Express

- Transaction-based ad production pricing
- Design capacity and skills
- Complete range of digital services, including directories, websites, video and social media
- Structured processes
- State-of-the-art technology with no capital outlay

Results

- More than 50% reduction in production staff and 40% savings in ad production
- Turn times of 12 hours or less
- Streamlined workflow integrated to Hearst systems
- Efficient processes and increased productivity
- New range of digital products for a greater share of customers' wallets

“Hearst is surviving and even thriving in the digital world. The company was very close to realizing a year-over-year revenue gain in October. To my knowledge, no other news publisher can say this.”

Michael Fogel, Vice President, Technology Development, Hearst Newspapers

The Affinity Express Solution

In 2008, Hearst selected Affinity Express to provide a comprehensive solution for advertising services. There were several reasons why Hearst considered Affinity Express the right strategic partner:

- **Flexible transaction-based pricing:** Affinity Express enables clients to switch from the traditional fixed costs to variable, so that the client pays only for the ads produced, ensuring a guaranteed and quickly realized impact on the bottom line.
- **Design capacity and skills:** As the leading provider of outsourced advertising and marketing services, Affinity Express has the skills, experience and capabilities to deliver services in accordance with the client's expectations.
- **Minimized risk:** Affinity Express manages the delivery of designs to agreed-upon service levels covering creative quality and turn times.
- **Structured processes:** The structured delivery methodology at Affinity Express, including configuration workbooks, training tools and user documentation, had proven results for approximately 100 newspaper properties in just the year prior to Hearst's outsourcing decision.
- **Access to state-of-the-art technology:** Clients use the Affinity Express Service Bureau (AESB), a Software-as-a-Service (SaaS) technology, without any capital expenditures or maintenance costs. Clients also benefit from ongoing enhancements to AESB.
- **Disaster recovery:** Affinity Express provides business continuity support for both technology and services.

Client Benefits

Hearst uses Affinity Express design services for online and print ad production, marketing collateral and creative design for commercial clients. Affinity Express produces more than 100,000 ads annually for Hearst.

The partnership with Affinity Express has brought Hearst significant benefits:

- **New products:** With Affinity Express design services, Hearst has been able to offer new digital services to clients. Affinity Express also expanded to handle layout and page design for a monthly publication and is taking on a monthly gloss piece.

- **Cost savings:** Hearst achieved more than 50% reduction in production staff and more than 40% savings in the ad production process.
- **Quick turn times:** The bulk of files are produced overnight, within 12 hours from input to output. The balance is typically completed during the same day.
- **Assured quality:** The workflow supports quality output with automated interfaces to order booking, preflight software for quality and file validation, electronic proofing and approval tools.
- **Optimum utilization of in-house skills:** By outsourcing production to Affinity Express, Hearst was able to focus internal staff on more critical projects.
- **Efficient processes and increased productivity:** All Hearst properties use the same processes and workflow, job functions and measurements for performance. The centralized workflow allows shared production between all client properties, increasing both service levels and staff utilization.
- **Change management:** Affinity Express has supported critical change management from sales through delivery and provided user training.
- **Relationships with advertisers:** With support from Affinity Express, Hearst has reinforced relationships with existing advertisers as well as add new ones for its websites.

Value Delivered

Affinity Express set up efficient processes and state-of-the-art technology that enabled Hearst to reduce costs, reallocate staff to other critical projects and gain access to new technology and tools. Most importantly, Hearst is assured that products delivered by Affinity Express will meet the newspaper group's exacting standards and specifications.

As a result of this relationship, Hearst has strengthened ties with its advertisers and also added new advertisers, all resulting in a transformation of operations for multiple newspaper properties.

About Affinity Express

Affinity Express is the leading onshore and offshore provider that is 100% dedicated to high-volume advertising and marketing design services.

For more information, contact Affinity Express at (847) 930-3205 or visit www.affinityexpress.com.



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