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CASE STUDY

OFERPLAN



An innovative business model
Coupons that leverage the prescription
power of regional dailies

“ By going beyond a mere relationship provider-client, we work faster and seamlessly. ”

Roberto de Celis, Director of Online Business at Vocento

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1 Introduction

Vocento is the leading multimedia communications group in Spain. Its 12 local dailies and a national newspaper have a share of 24% of total circulation.

This document describes how Vocento innovated by leveraging the coupons business model with the strengths of its traditional business, how Paradigma helped Vocento launch Oferplan and what are the results after 2 years of working together.



24% OF TOTAL CIRCULATION OF NEWSPAPER IN SPAIN

About Vocento

Common to all newspapers worldwide, Vocento waded through the crisis of the dailies: the evaporation of classifieds revenue, the drop of large advertisers and the decline of their base of subscribers.

The challenge

The revenue of print advertising is dropping every year. The drop is partially compensated by the growth of online advertising.



Vocento's network of 12 regional dailies are dominant in their local markets. They set Vocento apart from the rest of the print industry in Spain, composed by national newspapers with poor audience at regional level. The 12 dailies enjoy a large, robust market share combined with a great prescription power among its readers base.

The big question was 

- **How to leverage this strength without cannibalising the existing revenue?**

While searching for new revenue streams, Vocento looked into the potential of the business model of coupons and its weaknesses: short-term capacity of small businesses and poor targeting resulting in small retention of end-users.

2 What is Oferplan?

Oferplan is a coupon platform that features discounted gift certificates usable at local companies.



Vocento dailies have a great influence in the prescription of local products or services. Readers of regional dailies are traditionally attached to their newspapers and they trust the brand, the medium and its content.

Oferplan's platform displays banners on the online version of the newspapers and on the print version. Readers redeem the voucher and check out the purchase directly with Vocento, not with the merchant.

Vocento retained Paradigma to create Oferplan

Vocento considered various alternatives: developing Oferplan in-house or relying on a technological partner. When it was decided to develop the platform externally, Paradigma was chosen for two reasons:



Experience



Flexibility

Paradigma Tecnológico has a vast experience in large or international web development projects. Specifically in the coupons industry, Paradigma developed deal-of-the-day websites for Metro International in Sweden, Save My Day. The project went so well that it was exported to the websites of Metro in Chile and Mexico.

In addition to experience and flexibility, Paradigma contributed in the early stages of the project with strategic consultancy. Paradigma's consultants provided insights and their knowledge of the market to help Vocento define the offering of Oferplan.

Paradigma took Oferplan as an opportunity to leverage its experience with coupons in a few international markets and to contribute to create new business models for print newspapers. The value of the proposition was not its capacity to deliver software projects at any scale but critically, to help a client evolve its business from traditional media to Internet.

3 Development of Oferplan

Paradigma carried out the whole development cycle with Vocento from A to Z. It did it so by adopting an extreme flexibility to implement Vocento's requirements. This allowed to shorten the software development cycle significantly.



The platform was rolled out in November 2011 for **El Norte de Castilla**. Following its immediate success, the scheme was extended in a few months to other media titles, including the regional flagship, **El Correo**.

Since then, the development included a seamless integration with logistics operator via API, ad-hoc connectors to accounts via SAP and a back-office with a nation-wide clearing house.

A team of experienced developers set up a system to distribute the workload and keep the customer supported at all times.

Value proposition of Oferplan to the market

Vocento thinks of Oferplan as a sales channel, not as traditional display advertising. The commission on sales shapes up a true partnership with merchants. The selection of merchants considers their capacity to delivery and the interest offering for the dailies' readers.

Other coupons schemes by nationwide newspapers fail to leverage the prescription influence of the regional dailies of Vocento. While other national or international propositions of coupons exploit the push model, Oferplan enjoys the pull both from the readers base and from the local merchants.



Merchants see Oferplan as a factor contributing to flatten their curve of demand over time. Oferplan allows them to rotate their inventory how and when they need to without eroding its margins or saturating the existing channels. Vocento is a predictable source of new revenue free from extra operational expenditure or administrative burden. Purchases are cleared directly with Vocento, not with the end-users.

4 Results of Oferplan for Vocento

1M € EBIDTA additional to the revenue of the Vocento group

A stand-alone business unit adding a new revenue stream without any cannibalisation

Contribution of Paradigma to Oferplan

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The contribution of Paradigma to Oferplan is three-fold:

- *Their remarkable knowledge of how Internet really works*
- *Their proven track record of development of coupon platforms online*
- *Their capacity to integrate teams and processes. By going beyond a mere relationship provider-client, we work faster and seamlessly*”



*Roberto de Celis, Director of
Online Business at Vocento*

5 Conclusions

Oferplan managed to re-think the traditional newspapers and media business. It proved that innovation needs to leverage exiting off-line strengths and combine them with the scalability of online platforms.

New business units can operate as de-facto start-ups within large corporate conglomerates enjoying both the agility of small operations and the economies of scale of the holding company.

Software development can be a powerful way of adding true and significant value to large clients if complemented with strategic consultancy. Only such partnerships accommodate the peaks and troughs of the launch of new services.



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