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The Economist Espresso:

An interview with Michael Brunt (CMO), and Tom Standage (Deputy Editor)

“*Espresso* was my fault,” laughs Tom Standage, Deputy Editor at *The Economist*. In response, Chief Marketing Officer Michael Brunt carefully suggests *Espresso*, the name for the magazine’s daily issue, is unlikely to turn out to be a mistake. In November 2015, *The Economist* launched this app, though an e-mail version is also available for less mobile-savvy readers. The daily issue a first since the magazine’s foundation in 1843, and although it is far from its first foray into mobile technology, this strategic move is possibly the most forward looking. For this *Advertising & Society Review* interview, Brunt and Standage kindly agreed to clarify their thinking behind the new product.

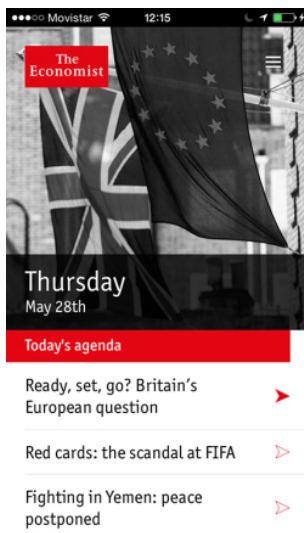
As a weekly, *The Economist* has always benefited from a loyal following. The secret lies in the magazine’s promise to its subscriber: “You spend an hour and a half reading us on Saturday morning,” explains Standage, “and we’ll tell you what you need to know about this week’s events.” In the age of information overload, the magazine’s “finishability”, easily consolidated into a weekly routine, is a powerful Unique Selling Proposition (USP). Yet even the strongest of brands needs to reevaluate its advantages in light of developing technologies and an expanding competitor space in order to find ways in which to remain relevant beyond *The Economist* moment.

Espresso was designed to fulfil the same role as the weekly, but it plays out in the quotidian news landscape. An accompaniment to your breakfast routine, it promises a quick but complete-enough news briefing. The app is, of course, not *The Economist's* first foray into digital. Yet the web articles, the occasional newsletters, and podcasts don't embody *The Economist's* "finishability" quite as clearly as *Espresso*. Nor is the app a repackaging of the weekly; *Espresso* "chunks" are contained and forward news pieces of 150 words (about the length of what you can fit on a mobile screen). The reader who requires more analytical depth is directed towards the original product.



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The European Commission proposed a plan to relocate within the EU as many as 40,000 migrants who are expected to cross the Mediterranean from north Africa and land up in Greece or Italy. The plan applies to

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Figures 1-3.

The launch page, home page, and a story page. Navigation is straightforward: swipe down to read, left for the next 'story'.

For these reasons, developing *Espresso* turned out to be a bigger challenge than previous digital products: it not only required a *new way* of presenting content, but also a *new form* of content itself that couldn't be led just by editorial or technological requirements. The fit with current subscribers needed to be right, as well as its potential to attract new customers—and all, of course, without becoming a major drain on resources.

Made possible by digital

Acting as Digital Editor at the time of the launch, Standage had been entertaining the notion of a daily for a while. The moment, however, needed to be ripe: without the right technology, it would be difficult for *The Economist* to issue content that remained loyal to the weekly's spirit. A print version had been, and still is, impossible to do. But the proliferation of mobile news aggregators provided the needed inspiration for Standage to start imagining what opportunities lay in app-land for *The Economist*.

Constructing the first prototypes himself, he subsequently teamed up with Emma Duncan, then Deputy Editor, to brainstorm on the daily's content. Proto-daily issues were sent around the office for input and feedback to get it just right. By the time of the app's launch, the team had been producing full issues (complete with charts and links) for a full month. The product had been honed considerably before subscribers ever heard of its existence, and Standage admits that he just wanted to try something new without asking customers what they wanted. As the dictum goes, they often don't know.

Key to this process, Standage insists, was the formation of a cross-functional team that was both embedded within regular *Economist* staff, but retained start-up-like freedom. Stepping into new spaces can be challenging for incumbents, such as *The Economist*, because they face challenges start-ups usually don't have, such as established editorial and business teams that don't necessarily complement the new venture. The establishment can act as a constraining force, so forming an insular team to bring the project to viability was crucial.



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Figures 4 – 5.

A cheeky insertion: swipe to the end without reading everything, and *Espresso* reminds you how many you have left “to go.” Complete your morning reading, and you’re rewarded with a thought-provoking quote.

True to the brand

Incubating a dedicated start-up team, however, didn’t extend to keeping their editorial efforts separate from the main business. On the contrary, editorial staff is responsible for all *Economist* content. It is one of the ways in which they ensure a stable voice throughout their publications, from the weekly to their web presence. The brand remains unified, recognisable, and above all, trustworthy. It is, perhaps, their biggest asset.

Curated with what they call the “*Economist* sensibility,” Standage and Brunt agree that what they deliver is a “trusted filter, a finishable bundle,” with the key terms being “filter” and “finishable.” With the increase in information sources and, inevitably, of information “noise,” the finite and curated product acts as an “antidote” for the informed but time-constrained reader—something which, according to Standage, Nick D’Aloisio of *Summly* and *Yahoo News Digest* fame has also caught onto. *The Economist* readers tend to have established reading routines and, combined with the need for more finishability in the daily news landscape, *The Economist* was in a prime position to develop the trusted news app. “*Espresso*,” says Standage, “gives you permission to do something else for the rest of the day.”

A subscription-based model

Being the solution to a widespread problem is all very well, but ultimately it is *The Economist's* subscription model that keeps the boat afloat: "People *pay* us to save them some time" (emphasis added). Brunt, who is responsible for all subscription revenue including *Espresso*, admits that their subscription rates are the highest in the field. *The New Yorker*, which is probably their most expensive competitor, is about two to three times cheaper. Yet this premium pricing is uncompromisingly maintained as an asset.

Down-pricing, explains Brunt, was adopted as a strategy by competitors to retain their readers. Yet several years down the line, this pricing turns out to be both unviable and impossible to come back from. Stuck with lower subscription rates, lower revenue, and sometimes both, newspapers and magazines that went down this path have had difficulties making ends meet. Hence, of course, the industry's heavy reliance on display advertising.

But this is a route *The Economist* is extremely wary of, steadfastly refusing to rely on it for the bulk of their revenue. Standage goes in depth on his views in a [recent interview with the Nieman Lab](#), but in short, his view is that there are too many obstacles for page-view models to become profitable. Not even the widely read *Huffington Post* has managed it, and given the growing popularity of filtering apps such as Adblock, and the systematic haggling of programmatic buying, there seems little room for improvement. If anyone has been successful, it's because they are able to accurately match target audience to advertising content: we're looking at you, Facebook and Google.



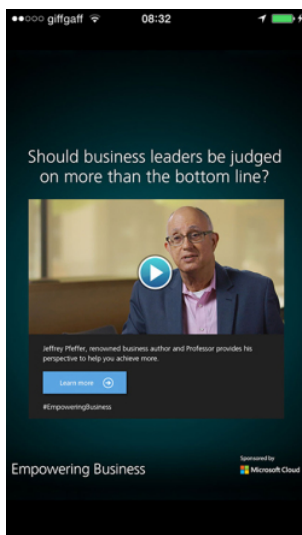
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Figure 6.

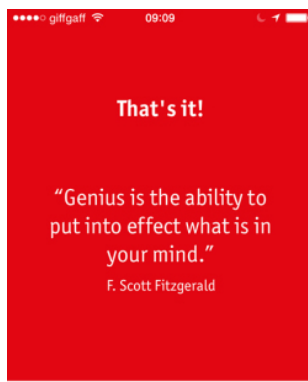
Add-ons such as Adblock remove undesired ads from view. Some websites that rely on advertising revenue, such as *Wired*, kindly request the reader to disable the app.

The publishing industry, on the contrary, knows next to nothing about its readers. This makes many a CMO’s job, whose primary task is to “build audiences advertisers want to reach,” and then match them, particularly urgent. Also Brunt was asked to keep an eye on this objective, but luckily, *The Economist* is more interested on retaining and increasing value for current subscribers. His efforts can therefore be spent elsewhere—*Espresso*. They are happy to take revenue from advertising where they can get it (see **Figures 6 & 7**), which both Brunt and Standage add matter of factly, but not at the cost of corrupting their content. *The Economist*’s “separation of church and state” policy towards advertising keeps the editorial team well away from any advertising demands and safeguards the publication’s trustworthiness. At most, *The Economist* provides “media services,” a mild version of content advertising in the shape of conference sponsorships and the like.



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Today this app is sponsored by



Editor's note:
Espresso is produced entirely by *The Economist*.
Sponsors have no prior knowledge of the content.



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Figures 6 – 7.

Ads by Microsoft Cloud: an insertion between news items (top), a mention on the homepage and on the end page (bottom). The editor's accompanying note restates *The Economist's* "church/state segregation" policy lest anyone thinks Microsoft has a hand in the editorial content.

Fostering readership

From Brunt's point of view, *Espresso* has two functions: first, to add value to current subscribers, whilst inserting the brand into their daily lives; second, to reach new readers and to act as a potential stepping stone to the weekly issue. Getting the brand to play in these new arenas and remaining visible on a day-to-day basis is just part of how the publishing landscape is changing. But importantly, *Espresso* is meant to add value to the loyal subscriber. Indeed, a respectable 30 percent have downloaded the app in the seven months since its launch.

Although solid enough to have value as a stand alone—and there are readers who only subscribe to the app at \$3 per month—*Espresso* is clearly meant as a companion piece to its weekly sibling. Simple mechanisms, such as the occasional link to past *Economist* articles at the bottom of the 150-word blitz, cue readers as to where they can find more analytical depth. It's a clever way to reinforce the brand: current subscribers are reminded of the information trove lying in their magazine basket, while app-only subscribers are teased with content as yet out of their reach.

As an entry product for younger subscribers, *Espresso* is part of an experimentation to sense what future audiences might want from their news providers. These readers might eventually take to the print weekly, but the format might also fall out of favour. Mobile, video, engagement, and—of course—digital are

becoming central to the habits of this new generation of readers. To avoid irrelevancy, *The Economist* is experimenting in those spaces with *Espresso*, the launch of *Economist Films*, and a revamped *Economist Debates*—an app that will allow readers to comment and discuss. The team is keeping a pulse on what readers might come to expect from a news agency.

In practice, extending reach digitally also means expanding globally: *Espresso* is issued in editions across the Americas, Europe, and Asia, respectively. In a telltale sign of shifting reading horizons, the number of downloads also highlight the reality of geographical difference. North America accounts for more than half of subscribers, followed by Europe, which is heavily skewed towards the UK. Asia sees a much smaller but very engaged following. This spread is partially characterised by where the bulk of weekly subscribers are situated, but the maturity of the market in terms of paid content also plays a large role. In the US, and to a similar extent in the UK, consumers see the value of an iTunes-like model: the convenience of easy downloads in exchange for a small fee trumps messing about with illegal downloads. The notion of a curated news filter for \$3 per month isn't that big of a leap. But in China, this model hasn't quite caught on yet, so *Espresso's* adoption is understandably slower.

Leveraging digital

So the results are encouraging. Having coordinated the launch marketing that propelled the app into visibility, Brunt seems pleased with *Espresso's* trajectory so far. Though the app is, of course, something to be proud of in itself, the marketing behind it is also testament to the team's resourcefulness. Launching it wasn't too expensive, as *The Economist* first and foremost leveraged its "owned media" by promoting the app in the weekly and on the website—a sure way to reach their current subscriber base inexpensively.

A blast of publicity, generally in the form of interviews in other media outlets, carefully timed right around the app's launch, "earned" the project awareness and further drove subscribers to the download page. An important note: none of the social media was paid for, but, true again to the trustworthiness of the brand, was all "home-grown." Brunt laughs he sent Standage on a slew of interviews to increase coverage.



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Figure 6.

Standage informs his Twitter following of *Espresso*'s launch. A quick search reveals a considerable number of related tweets and re-tweets, and notably of The Guardian's introductory article. Months later, users are still taking to Twitter to share the bite-sized news items.

Finally, what seems to have been one of the most successful marketing moves is using—yes—targeted advertising through Facebook and Google. No more messing about with advertising that doesn't reach the right kind of prospective reader. Last year, Brunt recalls, the cost of acquiring new subscribers was reduced by 20 percent. Given his "primary objective is to grow profitability and size of circulation," this is no small feat indeed. In *The Economist's* view, selling advertising may not be good generator of revenue, but buying intelligent advertising certainly is.

Towards the future

The picture isn't completely rosy, however, as there is still considerable uncertainty on the path consumers will follow in these new technologies. Although adoption rates might have been very positive and reasonably low-cost, there is no way of knowing whether these app-only subscribers will ever upgrade to the weekly. The cost may be too high. So in order to encourage *Espresso* to grow, the next step will be to test, with market research, what readers do and don't like. We can therefore expect some changes in the app driven by user insights—perhaps, given its popularity, integration with bitesized videos?

Neither Brunt nor Standage are solely dedicated to *Espresso*, of course, so I asked them what the future might have in store for *The Economist*. As CMO, Brunt is intrigued by potential of cross-platform metrics to better understand consumer habits. The constant switching from desktop browser, to reader, to smartphone is a way of life for most of us, and apps are beginning to support these transitions. Lots of data could be collected there, lots of insights derived in terms of reader habits.

As Deputy Editor, Standage is curious about the potential of messenger systems. Snapchat has “a media portal tacked on to it,” which is “ok,” but Facebook and Hangouts are exploring further innovations. Also Virtual Reality is bound to change the game in the coming decades, and by the looks of it, Standage can’t wait to see how. One wonders, then, how *The Economist*, with its emphasis on knowledge, finishability, trustworthiness, and routine, will carve itself a space in these as yet uncharted territories.

Astrid Van den Bossche

Astrid Van den Bossche is a doctoral student in Management Studies at Saïd Business School, University of Oxford. Under the supervision of Professor Linda Scott, her research spans across marketing history, consumer culture theory, and branding. Prior to beginning her studies at Saïd Business School, Astrid obtained a Master of Studies in Film Aesthetics at the University of Oxford. She then taught as an Alumni Tutor at her undergraduate college, University College Maastricht in The Netherlands, before completing a Master in Management at London Business School. Her particular interest in branding and marketing was awakened during her work experience as a brand strategist.

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Michael Brunt

Michael Brunt has been with the Economist Group since 2006. He has been the Group marketing director for Asia, managing director for *The Economist* businesses in Continental Europe, global head of marketing for the EIU, and head of circulation for the Americas and global marketing for *The Economist* digital.

Tom Standage

Tom Standage is Deputy Editor of *The Economist*. He is also responsible for the newspaper’s digital strategy and the development of new digital products, including Espresso and Economist Films. He joined *The Economist* as Science Correspondent in 1998 and was subsequently appointed Technology Editor, Business Editor and Digital Editor. He is the author of six history books, including “Writing on the Wall” (2013), “The Victorian Internet” (1998) and “A History of the World in 6 Glasses” (2005). He studied engineering and computing at Oxford University and has written for other publications including the *New York Times*, *Daily Telegraph*, *Guardian* and *Wired*, taking a particular interest in the internet’s cultural and historical significance.

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