

Packing a punch online, Daily Mail moves for Yahoo

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Shortlisted as a potential buyer of US Internet giant Yahoo, the Daily Mail has made an online empire out of the kind of content readers can't resist clicking on.

The parent company of the tabloid founded in 1896, Daily Mail and General Trust (DMGT), confirmed this month that it is in talks with interested parties regarding a bid for the struggling Yahoo.

Though DMGT boasts revenue of some £1.8 billion (\$2.6 billion, 2.3 billion euros), it is still short of Yahoo's \$5 billion.

But experts told AFP that the British group has cleverly expanded into the online world already through its Internet portal MailOnline, while keeping the circulation of its paper version at a respectable 1.6 million copies daily.

"The MailOnline is quite different to the newspaper in most respects," said London School of Economics professor Charlie Beckett.

"It's much more about celebrity... people don't go there for a sort of serious information, they go there as a snack.

"They are going there usually for five or 10 minutes during their working day, or when they are bored."

MailOnline has on occasion crossed a line.

A row broke out after US actor George Clooney accused the newspaper of fabricating an article about his then-fiancee Amal in 2014.

The online newspaper has also been accused of bigoted language in its coverage of the migrant crisis in Europe—particularly with a cartoon published in the wake of the November attacks in Paris that showed a caricature of Muslims entering Europe along with rats.

Pascal Lechevallier, media consultant at What's Hot, told AFP that MailOnline has a "populist and popular" recipe for success that gives people "what they are looking for on the Internet: entertainment".

Its audience speaks for itself: MailOnline says it is the most viewed online newspaper in English, with more than 200 million hits a month, divided equally between Britain, the United States, and the rest of the world.

Challenge of video

The online content often differs from the Daily Mail and is generated by a separate team of 800 people.

"It's like a factory. They take material from loads of different sites," Beckett said, adding that it has young and speedy workforce.

Yet although the site generated nearly £73 million in revenue last year, mainly through advertising, DMGT admits the freely accessible site is not yet profitable, saying it needs to tip the £100 million mark.

Online advertising also faces the road bumps of ad-blocking software and the smaller space available on smartphones and tablets.

Competition is fierce from sites such as BuzzFeed and Vice, which have

proved to be highly skilled in creating video content—a rapidly growing area.

"Integrating video is very expensive but people want more and more of it," said Lechevallier. "We're in a kind of race that makes this business model totally unstable."

MailOnline "is definitely ahead of the others but it still doesn't have the perfect business formula".

Making a move to buy Yahoo can be explained by the fact that the maturing Internet continues to reward research and analysis services, which could help MailOnline to grow.

The US Internet giant has also itself absorbed new gems such as microblogging site Tumblr and the image sharing website Flickr, which the British group could hope to leverage to drive more traffic to its site—while relying on the large assets of Yahoo to achieve economies of scale.

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