

A case study by Jason Ukman

# Women.com

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**Women.com**

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**Women.com**

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# Introduction

*“In theory, ‘women’s culture’ sounds like a good idea; women doing and buying what they want, no longer having to get dressed up and go out and pretend to be enthralled by some guy’s pontifications. Surely that’s the sentiment behind the current ads for Women.com. In the TV spot, a computer cursor types ‘Women can’t resist powerful men,’ then deletes ‘powerful’ and in its place types ‘gingerbread.’ The apparently subversive subtext running beneath this — and beneath so much of the new women’s culture — suggests that women, tired of being denied power in a man’s world, have decided to take their toys and play elsewhere.”*

— Francine Prose, “A Wasteland of One’s Own”<sup>1</sup>

4 In June 2000, a woman using the screen name Saandii posted a message to “The Divorce Board” on Women.com, a mammoth Web site for wired women. Saandii was unhappy in her marriage. Her husband of eight years seemed distant, and she felt alone. She thought divorce was inevitable and she wanted advice from other women — perfect cyber-strangers who may very well have had similar experiences. Within days, readers started writing Saandii, ending their notes with comments such as, “Sorry this is long but I hope that it helps some,” and, “I can completely relate to how you feel.”

That a woman would turn to the Web for sincere relationship advice — and that others would respond with heartfelt suggestions — speaks to the changing nature of the Internet and the way in which women are using it. At the center of that change is Women.com Networks, an immensely popular site that has striven to define an online community for a population with a booming Internet presence. Every day the site hosts thousands of women exchanging advice, posting messages, reading content and dipping their toes into the burgeoning world of e-commerce. Such online interaction among women would have been highly unlikely, if not unfathomable, only a few years ago. But since its inception, Women.com has crafted strong corporate alliances and a coherent business strategy to capitalize on demographic trends. The site has consistently ranked among the top 50 Web properties by Media Metrix, the Internet and digital media measurement firm.



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<sup>1</sup> Prose, Francine. “A Wasteland of One’s Own,” *The New York Times Magazine*, Feb. 13, 2000.

# The network

Women.com Networks, based in San Mateo, Calif., comprises more than 100,000 pages organized into 19 topical channels such as entertainment, food, family and fitness. Much of the content comes from Hearst Magazines, a division of Hearst Corp., which maintains a 47 percent stake in the network. Because content comes from a range of magazines — from Cosmopolitan to Redbook — the site caters to a large sector of the online female market. The median age of users is 36. The network, which also includes original content, claims it has more than 7 percent of the Internet audience.

Access and membership to Women.com is free. Users who become members receive privileges such as special discounts, newsletters and the right to post to message boards. The network also includes a shopping channel to encourage e-commerce and draw retailers. In April 2000, Women.com had 3 million members, up 300 percent from the previous year, according to the network.



# The history

Ellen Pack was fresh out of business school in 1992, a recent Columbia University M.B.A. who left New York for Northern California — Silicon Valley in its formative years. Pack was no computer expert. Though she had owned a computer since college, she landed in Palo Alto for her business skills, not her technological prowess.

While chief operating officer at a small software company, Pack discovered the Well, a Sausalito-based computer network that, as part of its service, offered a women's-only computer conference. That forum was unique in 1993 since, at the time, men represented an estimated 85 to 90 percent of users online.<sup>2</sup> Soon Pack discovered how few women shared her interest in computing and set out to change the way women accessed online information.

To do so, she teamed up with Nancy Rhine, a Midwesterner-turned-Bay Area resident, who worked as a special-projects manager at the Well. Rhine was also hooked on online communication and she was slightly more technologically savvy. She had operated computers since the 1970s, when she was at a Tennessee commune, working on a database for the Midwife's Association of North America.

Together, Rhine and Pack would become pioneers for women online. Although at least two other groups (the Well and a New York network called East Coast Hangout) encouraged women to communicate via computer, none was exclusively dedicated to women's issues.<sup>3</sup> When Rhine and Pack launched The Women's Information Resource & Exchange, or W.I.R.E., in October 1993, the co-founders created the first computer network specifically designed for women. It was a risky venture since few women actually knew how to log onto electronic communication networks. The co-founders had financed the project largely through investments from friends and business associates. They hoped to have 5,000 to 10,000 subscribers after a year.

Women's W.I.R.E., as it was later known, was a dial-up subscription service that offered a mix of news, entertainment, bulletin-board conversations and electronic messaging. Subscribers paid \$15 per month for two hours of use, with additional time billed at \$2.50 an hour. From the beginning, Rhine and Pack saw the project not only as a center for information about women, but also as a community.

"People are helping each other get through all sorts of situations," Pack told the *Los Angeles Times* in 1994. "A woman recently signed onto the forum devoted to children and said her daughter had been diagnosed with severe learning disabilities and

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<sup>2</sup> Langberg, Mike. "This Wire Just In: Women Urged to Log On," *The Phoenix Gazette*, Oct. 11, 1993. (Originally published in the *San Jose Mercury-News*).

<sup>3</sup> Evenson, Laura. "New Computer Network Puts Women's Issues Online," *The San Francisco Chronicle*, Oct. 1, 1993.

she didn't know how to cope. She heard from other mothers who suggested groups to work with, recommended special schools and told her how they had dealt with similar problems.”<sup>4</sup>

By 1995, Women's W.I.R.E. took to the budding World Wide Web. Operating an independent dial-up service for a small audience wasn't financially feasible and didn't allow enough room for growth.

By the following year, the Web site was getting more than 7.5 million hits a month, representing 300,000 individual visitors.<sup>5</sup> Original content was being repackaged with Reuters wire stories, and advertisers, including national sellers like Levi's, were beginning to sign on to the project.

Distribution relationships and corporate partnerships (SEE STRATEGIC PARTNERSHIPS) thrust Women's W.I.R.E. into the online spotlight. More users and advertisers made the site one of the most popular destinations for women online. In October 1997, the company changed its name to reflect its current URL, Women.com Networks.

A merger between the network and Hearst New Media & Technology Home Arts.com in 1999 helped Women.com Networks reach an even larger audience.

Under the terms of the agreement with Hearst Corp., one of the world's largest diversified communications companies, Women.com Networks had access to content from the media giant. Marleen McDaniel, then and still Women.com CEO, said the deal enabled the network to “take advantage of Hearst's promotional properties such as television, cable and magazines,” which she said reached 48 million women each month.<sup>6</sup>

Indeed, for Women.com, access to Hearst magazine articles has been one of a long line of benefits to partnership. E-commerce firms backed by the communications giant have started advertising — and selling — on the network's shopping channel. Hearst-syndicated TV programs such as “B. Smith With Style,” a half-hour lifestyle series, have joined Women.com. And network users frequently send in questions for columnists and experts from Hearst publications.



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<sup>4</sup> Koenenn, Connie. “Practical View: Chatting the High-Tech Way, On the Women's Wire,” *Los Angeles Times*, Feb. 24, 1994.

<sup>5</sup> “Women's Wire Gets Serious About Business,” *The Tampa Tribune*, Aug. 19, 1996.

<sup>6</sup> Oldham, Jennifer. “Women.com, Hearst to Build Site for Women,” *Los Angeles Times*, Jan. 29, 1999.

# Women on the Internet

Pack and Rhine were the ultimate victors of time and place. Not only did they geographically situate themselves in what was to become the global locus of technological innovation, but they also did so just before women started to truly discover the online world.

Since the mid-1960s, the female market has always been a difficult one to penetrate for media companies. Women, who have historically been the primary caretakers of the home, have entered the labor force in growing numbers. The combination of full-time employment, household responsibilities and childcare never left much room for the digestion of media. Since the 1980s newspapers and television stations have focused on bringing back time-starved women.

The Internet and the Web also started as male-dominated domains. But along with the astronomical growth of e-world has come a broader, more diverse audience. Online communication has been marketed by the business world as a tool that can be both entertaining and a productive use of time.

Although research data vary on the exact ratio of male-to-female online users, many consulting and measurement firms, including Media Metrix, declared in early 2000 that half of all users were women. A spring 2000 study conducted by New York-based Mediamark Research Inc. found near gender parity in Internet use at home and at work (SEE EXHIBIT 1).

In May 2000, The Pew Charitable Trusts released a study that found 9 million women had gone online for the first time within the previous six months (SEE EXHIBIT 2). The study, which also found numerical gender parity, stated that the Internet gender gap was still pronounced in some ways. Women were more likely than men to seek health and religious information, play online games and research new jobs. Men were more likely to go online to get news, seek financial information, participate in auctions and access government Web sites.<sup>7</sup>

Women are also starting to buy online, although not necessarily in the same numbers as men (SEE CHALLENGES AND PROBLEMS). With more women learning how to use the Internet, start-ups over the past several years have made a mad dash to secure a niche in the marketplace. There are now sites for women in science, women in sports and women in business.

“Underneath this otherwise inexplicable new eagerness to give women what they want are surveys proving that an exponentially growing number of traditional and e-commerce consumers are female,” wrote Francine Prose in *The New York Times Magazine*. “A Jupiter Communications study predicts that by 2003, women will be

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<sup>7</sup> “Tracking Online Life: How Women Use the Internet to Cultivate Relationships with Family and Friends,” The Pew Charitable Trusts, May 10, 2000.

spending a cool \$53 billion per year on Internet purchases. Were it not for the promise of money to be made, women's culture would be arousing about as much attention as, say, Uzbek culture."<sup>8</sup>



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<sup>8</sup> Prose, Francine. "A Wasteland of One's Own," *The New York Times Magazine*, Feb. 13, 2000.

# Strategic partnerships

While its alliance with Hearst Corp. may have helped Women.com secure staying power in an increasingly competitive market, the network has consistently made corporate partnerships an integral part of its business strategy. Partnerships have allowed the site to not only increase its marketing presence, but also to deliver more content to a larger audience.

Women.com's distribution relationships with America Online, Microsoft's WomenCentral and Yahoo! made the network's content available to millions of additional users.

The network also has used corporate partnerships to access supplementary content. An editorial agreement with USA Today Online allowed the two media organizations to launch a series of complementary cross-links and share content in areas such as news, entertainment and books.

Critics have charged Women.com and other all-women sites with trying to do too much for too large an audience (SEE PROBLEMS AND CHALLENGES). The sites have also been lambasted for failing to provide quality information in such an array of topics.

"The big myth is that these sites should attract every woman," one Internet analyst told the *Los Angeles Times*. "It's not about gender, it's about what your interests are."

Women.com Networks has thus depended on a strategy of "bringing in the experts." Within its investing channel, for instance, the site uses content and commentary from Bloomberg News, with whom it partnered in 1998.

More recently, corporate alliances have led Women.com into international markets. Agreements with foreign media companies have given the network a presence in Japan, Korea, Malaysia and Latin America, allowing it to deliver its content around the globe. In June 2000, Women.com announced a joint venture with a Hearst subsidiary in the United Kingdom to establish an overseas version of the network. The company's new site will be uk.women.com.

# Online competitors

Women.com might be the oldest girl on the block, but she isn't the only one around. In fact, the recent boom in Internet use among women has been accompanied by a boom in sites suiting their needs. Relative newcomer Oxygen.com, the Oprah Winfrey-backed network billed as "A woman's view of the world," threatens to grab some of Women.com's audience. And iVillage.com, based in New York City, runs neck and neck with Women.com as the most popular Web site targeted exclusively at women.

## **iVillage.com**

iVillage.com and Women.com Networks are the Salon and Slate of women-focused Web sites. They publish similar content and entice users with chat rooms, personalized e-mails and bulletin boards. Each is defined by 18 topical channels.

Both iVillage.com and Women.com rely on how-to and self-help articles, horoscopes and advice columns. They have each followed the lead of women's magazines, offering the same sort of content that sells in the newsstand glossies, only now in a more interactive environment.

The similarities between the sites are reflected in comparable traffic statistics. iVillage.com has oftentimes been ranked queen among its field, usually only slightly edging out Women.com. In May 2000 iVillage was ranked by Media Metrix the 33rd most visited Web property, three spots ahead of Women.com. But by July 2000, the sites had flip-flopped: Women.com grabbed the No. 32 spot and iVillage.com the No. 35.

Candice Carpenter, former president of QVC's offshoot network Q2, and Nancy Evans, the creator of *Family Life* magazine, founded the site in 1995. Since then, online traffic at iVillage.com has grown tremendously, especially between 1999 and 2000. Membership, which is free, swelled from 1.6 million in the first quarter of 1999 to 4.9 million only a year later.<sup>9</sup> (Women.com registered 3.9 million unique users in the first quarter of 1999 and 5.1 million users in the first quarter of 2000).<sup>10</sup>

Although most of the site's revenue comes from advertising, executives have tried to integrate e-commerce into their business plan. In 1999, more than a quarter of the company's revenue came from e-commerce.<sup>11</sup> Big-name retail partners include Gap and Nordstrom. iVillage has also developed partnerships with AOL, NBC and Unilever.

The site's deal with NBC, in which the TV network grabbed a 10 percent stake in

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<sup>9</sup> "iVillage Loss Widens Despite an Increase in Revenue," *The Wall Street Journal*, April 29, 1999.

<sup>10</sup> Women.com News Release, April 12, 2000. Data from Media Metrix.

<sup>11</sup> Seo, Diane. "Rivals Battle to Be New Online Force," *Los Angeles Times*, July 23, 1999.

the online venture, was partly an attempt to draw more users through advertising. Under the agreement, iVillage received an estimated \$25 million of prime-time advertising on NBC.

In the first half of 1999, according to *Advertising Age*, iVillage spent \$6.9 million on marketing. (In the same period, Women.com spent \$2.5 million).

### **Oxygen.com**

Oxygen.com is the online counterpart to the cable TV network of the same name.

Launched in the summer of 1999, the site had the benefit of experience and star power. Former Nickelodeon president and Oxygen CEO Geraldine Laybourne has frequently been heralded as one of the most powerful women in television. And with Oprah Winfrey as one of the co-founders, the network's site had an almost guaranteed audience before it was even launched. Still, the fledgling site is weighing in against competitors with established reputations. In December 1999, Oxygen registered 658,000 users while iVillage.com and Women.com registered 4.7 million and 3.7 million, respectively.<sup>12</sup>

Oxygen.com's sites, or topical channels, seem to target what one reporter called a "younger, hipper demographic."<sup>13</sup> The health section is called "ThriveOnline"; the finance section is called "kaChing," as in "the sound of money making sense."

Women.com has had to compete with Oxygen for attention on America Online. In March 2000, Oxygen expanded a distribution and promotional agreement with the giant service provider. Under the agreement, the women's site received high-profile placement on five of AOL's channels.

Oxygen has had the advantage of pairing its cable network and Internet site for marketing purposes. C.J. Kettler, Oxygen's president of sales and marketing, told *Advertising Age* the company was a "point of convergence" where the Internet and TV met.

"One of the things we offer as a brand new network that has two mediums is a way to work very closely with our advertising partners to find the right way to market to our users, combining two different platforms," Kettler said.<sup>14</sup>



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<sup>12</sup> Weise, Elizabeth. "Oxygenating the Women's Market," *USA Today*, February 3, 2000.

<sup>13</sup> Ibid.

<sup>14</sup> Kaplan, David. "Passionate Oxygen Execs See Web Link as Key Role for Consumers, Advertisers," *Advertising Age*, May 15, 2000.

# Challenges and problems

Despite rapid growth, Women.com, like many online start-ups, still faces a frightening bottom line. As of mid-2000 the company had yet to turn a profit. The network's former chief financial officer said he didn't expect the firm to reach profitability until the end of 2001. That meant Women.com would need to either dramatically boost its revenue or "raise money from increasingly skittish capital markets."<sup>15</sup>

All of which seems slightly unexpected. When Women.com first declared a \$58.5 million public offering in October 1999, the future seemed promising.

By November, the stock had soared 80 percent above its initial offering price. But stock of Women.com later plummeted to half of the IPO.

Meanwhile, the company has remained in the red. In 1999, the network lost \$57.1 million on revenue of \$30 million. (iVillage.com didn't fare much better, losing \$116.6 million on revenue of \$44.6 million during the same time).<sup>16</sup> Since its 1995 inception, Women.com's losses have steadily outpaced its revenue (SEE EXHIBIT 3).

Some critics have said part of the problem for women's sites is that their users are still reluctant to purchase online, forcing a company like Women.com to rely on advertising revenue. Advertisers, in turn, are unwilling to deal with Internet ventures that don't attract buyers.

A January 2000 survey by Forrester Research showed only 7 percent of women, compared to 12 percent of men, made online purchases in 1999, according to the *Los Angeles Times*.<sup>17</sup> In addition, male shoppers typically spend more online than women.<sup>18</sup>

Like iVillage, Women.com has also been attacked for catering to an overly diverse audience. Indeed, the companies have tried to attract a group that now accounts for roughly half of all those online. Such strategies have opened the door for a new round of women's sites catering to special interests.

It's telling that one of the emerging Web sites, Totalwoman.com, calls itself a gathering point for all niche sites for women. Only a few years ago, there were no niche sites for women. And although many of the specialized sites remain small today, they could eventually develop into formidable competitors for Women.com, drawing away users. And when the users go, advertisers will be tagging along, not far behind.

Aug. 1, 2000



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<sup>15</sup> Piller, Charles. "Sites Struggle As They Connect Women To Web," *Los Angeles Times*, May 30, 2000.

<sup>16</sup> Gilbert, Jennifer. "Sites Play to Women's Specialized Interests," *Advertising Age*, May 1, 2000.

<sup>17</sup> Piller, Charles. "Sites Struggle As They Connect Women To Web," *Los Angeles Times*, May 30, 2000.

<sup>18</sup> Himelstein, Linda. "I Am Cyber-Woman. Hear Me Roar," *Business Week*, Nov. 15, 1999.

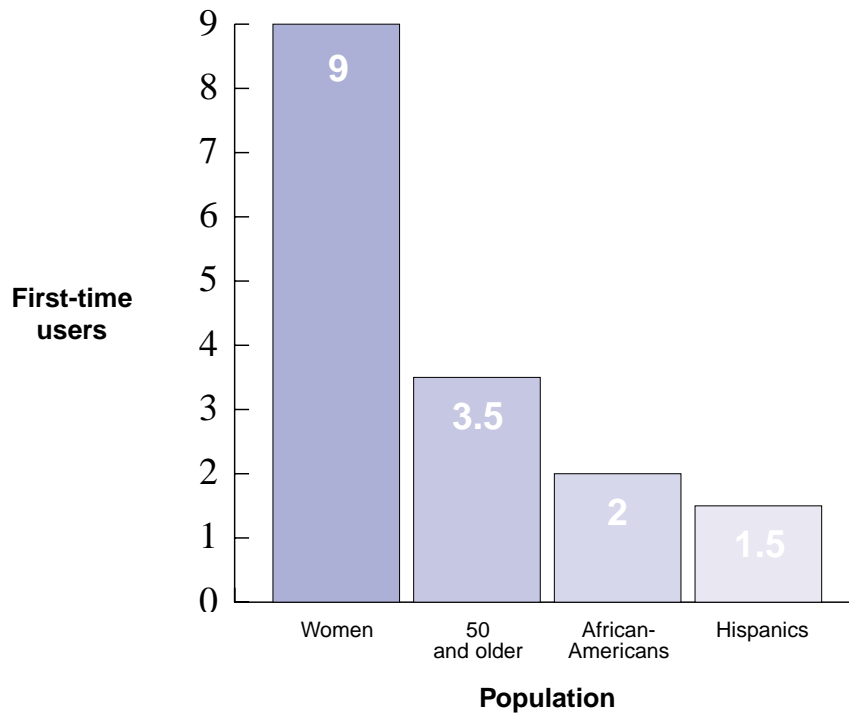
# Appendix

**Exhibit 1:** Internet access and usage, percent of adults, 18+, in spring 2000

Item	Total Adults	Any online usage	Have Internet access			Used Internet in last 30 days		
			Home/work	Home	Work	Home/work	Home	Work
<b>Total Adults</b> (000)	199,438	90,458	112,949	77,621	50,476	86,289	65,471	40,449
<b>Men</b>	48	49.8	48.5	49.3	52.3	49.8	50.1	52.7
<b>Women</b>	52	50.2	51.5	50.7	47.7	50.2	49.9	47.3

Source: MRI CyberStats, spring 2000  
Copyright 2000, Mediamark Research Inc.

**Exhibit 2:** The changing face of the Internet: First-time users in six months prior to May, 2000



Source: Pew Charitable Trusts

**Exhibit 3**

**Women.com networks**

Revenues and losses (x1000)

	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
<b>Statement of Operations data</b>					
Net revenues	\$128	\$729	\$2,798	\$7,247	\$30,023
Net losses attributable to common stockholder	(\$1,942)	(\$2,987)	(\$6,612)	(\$13,615)	(\$57,068)

**Source:** Securities and Exchange Commission