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The impact of social media features on print media firms' online business models

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The impact of social media features on print media firms' online business models

Abstract

Many newspapers and magazines have added “social media features” to their web-based information services in order to allow users to participate in the production of content. This study examines the specific impact of the firm’s investment in social media features on their online business models. We make a comparative case study of four Scandinavian print media firms that have added social media features to their online services. We show how social media features lead to online business model innovation, particularly linked to the firms’ value propositions. The paper discusses the repercussions of this transformation on firms’ relationship with consumers and with traditional content contributors. The modified value proposition also requires firms to acquire new competences in order to reap full benefit of their social media investments. We show that the firms have been unable to do so since they have not allowed the social media features to affect their online revenue models.

Keywords: *social media; business models; media organisations; Internet; innovation; impact of digital technologies;*

INTRODUCTION

As the Internet continues to evolve, it creates new challenges for most web-based information services, including those operated by newspaper and magazine publishers. These print media firms have a long offline history when they have been able to be prosperous without being innovative or entrepreneurial. However, Internet technologies transform their business environment and rapidly increase the importance of their online services (e.g. FIPP, 2005; 2007; NAA, 2007). Today, print media firms¹ find themselves in a radically different business environment where long-term survival is difficult without continuous and aggressive innovation.

One of the challenges print media firms have to face has emerged from online applications that allow Internet users to participate in the collaborative production and dissemination of information (e.g. Lerman, 2007; Salmenkivi and Nyman, 2007). These services are often referred to as social media applications and have been able to attract a large number of users and have captured a growing share of the online advertising market. Most providers of web-based information services have noted this development. In order not to lose users to the new competitors, they have tried to move their value propositions closer to the social media logic. Some traditional media firms have done this by acquiring already well-established social media applications, while other smaller firms have added various “social media features” to their existing online services.

During discussions with managers in the print media industry, we found that the reasoning behind their decision to add social media features to their online services often was relatively unclear. The primary motivation seemed to be a general fear of losing ground in the

¹ We will refer to the firms as *print media firms* even though the study is focused on their online services.

fierce competition rather than a sound plan of how social media would enhance their businesses and the shareholders' wealth. We do recognise that imitation or intuitive decision-making practice does not necessarily have to be a problem. Vicarious learning may indeed be an effective development strategy, and instinct can sometimes be a more appropriate decision-making model than lengthy analysis and planning (e.g. Khatri and Ng, 2000; March, 1981). However, based on gut-feeling or not, in the long term a firm's decisions will be judged by their actual contribution to the firm's business. Very little research has been conducted on how social media applications affect a print media firm's "traditional" online business model. The aim of this paper is to address this knowledge gap. We have designed a multiple case study with four Scandinavian newspapers and magazines. The data used during the study is primarily obtained from interviews with business developers at key positions in these companies combined with first-hand analyses of the online services they provide and a range of second-hand data. We use a business model framework to structure our study, which allows us to clearly present how the social media applications influence different parts of the firms' business models.

The structure of the paper is as follows. In the next section we discuss the main concepts and the frameworks used in the study. We continue by presenting the design of the study and by giving some details regarding the research methods. We then present our findings and show how social media applications have affected various areas of the firms' existing business models. Finally we discuss our findings, make conclusions, and suggest implications for practitioners and for future research.

CONCEPTS AND FRAMEWORKS

Social media applications and features

Küng (2008, p.86)² suggests that “social” media should be considered as a third content model emerging after the two older content models, “mass” and “niche” media. In relation to mass- and niche media, social media have three specific characteristics: (1) the applications are interactive; (2) the most valuable content is generated by amateurs rather than by professionals; (3) and the emphasis is placed on contact and community elements rather than on information per se (ibid).

Social media is closely linked to what during recent years has been promoted as “Web 2.0” – a term used to denote a family of Web based services that are more complex than the traditional relatively static information based web pages. Web 2.0 services are often full-fledged web-based software which enable users to socialize with friends and family, store and edit photos, listen and remix music, and many other things (O’Reilly, 2005). However, social media have a far longer history than Web 2.0. Early virtual communities and bulletin board systems, such as Stewart Brand’s and Larry Brilliant’s legendary “The Well”, started in 1985, easily meet Küng’s three criteria for being social media (e.g. Castells, 2001, p.53). These early online applications were interactive; the communication was more important than the content; and the users themselves generally generated the content that they shared.

For the purpose of this paper, we propose that social media applications may be categorized as either *services* or *features*. Services are stand-alone applications such as Facebook, Twitter, Flickr, YouTube, etc., while features are smaller applications or widgets, which are not able to exist as stand-alone services by themselves. There are numerous examples of social media features such as “feedback features” allowing users to comment

² Küng uses the term “peer media” instead of “social media”.

specific news items or “voting features” which allow users to express their opinion on different matters by simply choosing one of a number of pre-defined alternatives.

Since the purpose of the paper is to explore how social media applications influence print media firms’ online business models, we will not include the stand-alone social media services in the analysis but will focus on those social media features which print media firms have added to their online services.

Business model

In this study we use the “business model” concept in order to structure our analysis. The concept has been used in different contexts since the 1960s (Jones, 1960) but it did not move into the mainstream business vocabulary until the end of the 1990s when it was tightly linked to the Internet boom and bust (Morris et al., 2005). Nowadays, the term is getting increasingly accepted as a framework for analysing and describing business related activities. However, the definition of the concept varies significantly between different scholars (e.g. Afuah and Tucci, 2001; Amit and Zott, 2001; Gordjin, 2002; Hamel, 2000; Lumpkin and Dess, 2004).

Magretta (2002, p.87) assigns a very basic meaning to the business model concept such as “stories how enterprises work” or as frameworks for “making money”. On that level, the concept is primarily useful for describing a broad range of businesses such as “advertising-based business models” but it is of limited value for making analyses of specific firms or value propositions. Chesbrough (e.g. 2006, p.2) suggests that business models perform two functions, namely to create value and to capture a portion of that value.

Kuivalainen et al. (2007) identified two main streams of business model definitions: one following the Porterian value chain logic and focusing on functions of the organization and the second reflecting the resource-based view focussing on resources and assets.

In research on Internet-enabled business models it seems as the focus has been on transactions and possible revenues (e.g. Gallagher et al., 2001; Picard, 2006; Stahl et al., 2004; Vasisht and Gutierrez, 2004). Lumpkin and Dess (2004) identified for instance four activities that provide the basis for all different types of Internet business models, namely search, evaluation, problem solving and transaction.

In a review of a number of business model studies, Morris et al. (2005) found 24 different items mentioned as possible components of a business model. The most frequently cited components were the firms' value offering, economic model, customer interface, partner network, internal infrastructure, and target markets.

In this study we follow the Osterwalder, Pigneur and Tucci (2005) approach and adapt a relatively comprehensive definition, which will allow us to make a thorough analysis of individual firms' economic logic. We will use the business model concept as "a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm" (Osterwalder, Pigneur and Tucci, 2005). Osterwalder (2004) suggests that in order to make a business model a useful analytical framework, it has to consist of nine building blocks as presented in the table below.

----- Insert Table 1 About Here -----

After this introduction of the concepts and frameworks, which are most central to the analysis, the research design and methods used in the study will be presented.

RESEARCH DESIGN

Given our objective of exploring how print media firms have added social media features to their online businesses, we chose the comparative case study as our research approach. The value of case studies is that they emphasize the rich, real-world context (e.g. Yin, 2003), and closely adhere to the data (Eisenhardt and Graebner, 2007). Eisenhardt and Graebner (2007) argue further that case studies are valuable in developing constructs and propositions since multiple case studies enable comparisons that clarify whether an emergent finding is simply idiosyncratic to a single case or consistent within a number of cases (Eisenhardt, 1991).

Multiple-case studies apply replication logic. In other words, each case is treated as “an independent experiment” that stands on its own as an analytical unit (Eisenhardt and Graebner, 2007; Yin, 2003). One important decision concerns the case selection (e.g. Yin, 2003). For the purposes of this paper we followed a *literal replication strategy* (Yin, 2003), in other words, we chose four information-rich cases (cf. Patton, 2002) that from our initial evaluation had similar characteristics in that they all are Scandinavian newspaper and magazine publishers that have incorporated social media features in their websites. In order to protect the anonymity of the case companies, we refer to the cases as *The Fashion magazine*, *The Comic Magazine*, *The Business Daily*, and *The Regional Daily*. Table 2 below describes the cases analysed in this paper.

----- Insert Table 2 About Here -----

The data was primarily gathered through a number of semi-structured interviews with key people responsible for the firms’ online services. We used an interview guide consisting of five sections: 1) the competitive environment of the product, 2) current social media features, 3) product development, 4) organizational changes triggered by the use of social

media, and 5) subjective evaluations of their current online and social media features and services. The interviews, which lasted 60-70 minutes in average were recorded, with the permission of the interviewees, and transcribed. As is typical of case studies (Tellis, 1997; Yin, 2003), the interview data was triangulated with other data in the hope of avoiding incomplete and misleading results (cf. Christensen, 2006). The case websites were observed over a period of several weeks and field diaries were kept on the observations. We also collected diverse secondary data (statistics, annual reports, press releases, newspaper articles, for example) on each case.

Following Eisenhardt's (1989) and Yin's (2003) suggestions we built individual case studies based on the interview material together with the observations and secondary data in preparing the case descriptions. We then analysed the data for each case using template analysis (King, 2004) in order to identify and categorize the role of social media services in the different building blocks of the business model.

The coding of the material was made individually by both authors in order to ensure intercoder reliability (Neuendorf, 2002). While the material does not allow the calculation of recognized intercoder reliability coefficients, such as Cohen's kappa (e.g. Gwet, 2010), it is possible to conclude that the agreement between the two coders was more or less complete.

THE CASES

In this section we present the four cases and their use of social media features in their online services.

Case 1: The Fashion Magazine. The magazine is one of the oldest in its genre but is continues to attract the young female audience. The website and the paper magazine are

separately organized since 2005 and the traditional editorial online material from the paper magazine has essentially been replaced by social media features. At the core of the website lie a number of blogs written by fashionistas³ with strong personal brands, which resonate with the target audience (henceforth referred to as “fashionista bloggers”).

Young women are very active bloggers and fashion is one of the most common blogger topics (Kullin, 2008). In a step to embrace this active blogger community, the magazine early identified 200 of the most enthusiastic fashion bloggers in the country and invited them to be part of the magazine’s “blogger network”. It is difficult to define these bloggers (henceforth referred to as “amateur bloggers”) either as consumers, competitors or partners since they are all these things at the same time. Already before the network was established the amateur bloggers often linked to the magazine’s website from their own blogs, and after the network was launched, the magazine also regularly links back to some of the amateur blogs in the network. Besides sending traffic to the magazine’s website, the network is also used for beta-testing during product development, and the amateur bloggers in the network are involved in consumer contests and events. The magazine cultivates the blogger network in various ways, not only by linking to them, but also by inviting the amateur bloggers to real-life events where they are able to socialize with the fashionista bloggers. In addition, it is worth mentioning that although the amateur bloggers frequently infringe the copyrights of the magazine, it is usually very tolerant in these matters and does not ask the amateur bloggers to remove texts or images which they have copied from the magazine’s site.

Case 2: The Comic Magazine. The magazine is one of the most popular in the country, and is read not only by children but also by people of all ages. The website uses a wide range of social media features, such as a wikis, discussion forums, and blogs maintained

³ A devotee of the fashion industry; a wearer of high-fashion clothing (Fashionista, 2012).

by the editorial team, and it also offers some video material such as interviews with famous illustrators. Due to the young consumer demographics the magazine moderates the discussion forums before publishing the posts and limits the opening hours of participation in the discussion forums between 8 am and 9 pm.

The main rationale for offering the social media services has been to provide a new channel for the already existing comic enthusiast community to interact with each other. No direct revenues are expected, but rather the social media features are expected to create “positive enthusiasm” among the comic community. Also, the expertise of the consumers is valued: “Our consumers can show they are experts in this area”. Consumer knowledge is shared via a wiki devoted to information and trivia about the comic. This wiki has reduced the number of information requests that were often sent to the staff.

Case 3: *The Business Daily*. The daily is primarily targeted at decision makers in the business community. The website contains free content related to the print newspaper and online-only content with usage fees, and there are also active discussion forums and a collection of over 500 consumer blogs.

Consumers participate in the content production in many ways: they join the forum discussions, write blogs, comment on other blogs, and find links to external web material. Editors write a shared blog, and they comment on the comments they receive. The daily editorial post usually brings lots of consumer comments, sometimes as many as one hundred. The discussion forums are moderated with a very tolerant policy and company staff members respond to consumer feedback publicly online. There is also a blog for introducing all the blog software updates and for consumer feedback. Consumer produced material (selected “daily discussions”) are published in the print newspaper.

The Business Daily website was launched over 10 years ago, and Business daily has also more than 5 years of experience of social media features. It is clear that online services

are an important part of *The Business Daily's* strategy. There are no direct revenues linked to social media features and the staff noted how “difficult it is to commercialize social media services”. It should be noted, however, that *The Business Daily's* online services, on an aggregated level have been a profitable business for several years. At the moment, *The Business Daily* is satisfied with its current social media features: “It is great to note that our services are important and necessary for our consumers”.

Case 4: *The Regional Daily*. This newspaper, which is one of the largest regional newspapers in Scandinavia, has launched numerous new online social media features during the latest years. The newspaper has a clear strategy not to completely merge the social media features with the traditional news content but to keep the two areas separated. In the traditional area, several articles are equipped with a feature where users are encouraged to discuss the article in question. The tone of the article is often chosen specifically to stimulate user response and commonly, if the same article is published in the paper version of the newspaper, there are pointers asking consumers to go online and express their opinions.

Besides encouraging consumers to comment on traditional articles, the newspaper also asks consumers to upload their photos, videos, and other kinds of content that might enable the newspaper to cover a news event considerably closer than what would have been possible using their own staff. This is however somewhat controversial among the unionized journalists since it is seen as a way to take away the work from the editorial staff and since it is considered to damage the quality of the newspaper.

Separated from the traditional news content, the newspaper has acquired or created themselves a set of brands, which are allowed to develop new social media features somewhat more liberally. Most of these are targeted towards a younger demographic such as tweens, teenagers, young adults, or parents with small babies. Some of these initiatives are entirely driven by the content provided and uploaded by the users, while others also are based

on blogs written by freelance writers. In the case of the initiative focused on teenagers, there is also a close link between the paper product and the website, since there is a weekly section in the paper product which highlights the week's most interesting content and discussions published on the website. The purpose of this initiative is to get closer to the young potential consumers, and eventually to turn them into loyal users of their services.

IMPACT ON THE ONLINE BUSINESS MODELS

After the brief presentation of the four cases we will now use the business model framework to explore how the firms' social media investments have affected or transformed their online businesses. Table 3 shows how the firms have implemented social media features in the nine different business model building blocks.

----- Insert Table 3 About Here -----

Product. The study shows that social media features enhance and sometimes even radically transform the firms' value propositions. In line with the fundamental logic of social media, by adding social media features to their online services the firms are now able to offer their consumers a set of tools that allow them to get actively involved in the content production. This is a quite different value proposition compared to the traditional provisioning of information products intended for online readers to passively consume.

Consumer/Market. The transformation of the value proposition presented above obviously has implications on other parts of the firms' businesses. All firms in our study reported that involving consumers in the content creation has required them to develop a significantly closer and more active relationship with their consumers. While social media

features seem to have transformed all four firms' customer relationships in a similar way, there were some discrepancies between the cases in terms of how their social media investments had affected which customers they target and what channels they use for communicating with these customers. Two of the cases (*The Fashion Magazine* and *The Business Daily*) used social media to communicate with the same target customers they already had a good relationship with. In contrast, *The Comic Magazine* and *The Regional Daily* both used social media to get closer to new consumer groups and more specifically to young digital natives (Prensky, 2001).

Infrastructure. The firms' infrastructure in terms of key capabilities, partner networks, and value configuration were also affected by their social media initiatives. Since some of the firms reported that they have changed their value proposition, and at least in two of the cases also reached for new customers, it is reasonable to expect that the firms require new capabilities and competencies in order to cope with the new situation. This was also reported by three of the cases. For instance, in order to take advantage of the social media features the firms have to possess the capability to cultivate the social networks and stimulate active online discussions among their readers – a capability which traditionally is not part of the mainstream journalist's competence portfolio. We have already mentioned consumers' increased participation in content production and product development. This transformation has not only consequences for the firms' capabilities but it also has profound implications on the firms' partner networks and value configurations. As content contributors, consumers can now be considered to be part of the firms' partner network and to pivotal role in the value creation. This is way of thinking about your customers is something we will return to later in the paper.

Financial aspects. While social media transforms some aspects of the firms' online businesses, it was difficult to find evidence from the cases where their social media initiatives

had had an immediate impact on the firms' cost structure or revenues. The firms' report on the impact of social media on their cost structure is mixed and does not provide support for any general conclusions. Some of the informants stress the heavy technology investments that have been required in order to launch the initiatives. Others point to increased operational costs caused by the need to moderate and filter the content produced and uploaded by consumers. On the other hand there are also reduced costs such as fewer direct contacts and questions from the consumers since the social media features allow them to solve many of their issues together with other consumers, without contacting the magazine or newspaper. In addition, user-generated content is usually free or at least cheap while it at the same time is very valuable to consumers. Replacing traditional editorial online material with user-generated content should for that reason be considered as a reduction in content production and acquisition costs. In the online revenue model, the firms' reliance on advertising as their primary online revenue stream largely remains unchanged by their investments in social media features.

Table 4 summarizes the findings in the four areas, Product, Customer/Market, Infrastructure, and Financials.

----- Insert Table 4 About Here -----

DISCUSSION AND CONCLUSIONS

The objective of this paper was to explore if and how print media firms' investments in social media features affects their online business models. We conducted a multiple-case study and built our analysis on qualitative data. Based on our findings, we conclude that the firms' initiatives have considerable implications on some specific areas of their online businesses.

Although there are differences between the cases, we have found interesting parallels and similarities that have implications for researchers as well as for practitioners.

We were also unable to see any clear patterns in how social media impacts the firms' cost structure. However, we found that the firms have not allowed the social media features to have any immediate impact on their online revenue models. The basic advertising-based models, which are predominant in the online space, have not changed in any significant way due to these investments. For instance, none of the cases use any kind of memberships or subscriptions, which would have enabled them to collect data on the users' demographics and consumption habits. This would in turn have enabled them to target online advertising more efficiently and thereby to sell their advertising space at a higher price. The firms still primarily depend on a model focused on maximizing the web site traffic and encouraging users to click on as many links as possible. Consequently, we believe that there remains an untapped potential in firms' the social media investments which could be exploited to better meet the needs of advertisers and increase the value of their online advertising (cf. Wildman, 2008).

Turning to other parts of the firms' online business models, we have observed that the social media features have had important if not even radical consequences. For instance, by adding social media features to their online services the firms transform their online value propositions, which previously primarily were focused on providing content for passive consumption. Social media features add other values to the proposition, such as an opportunity for users to actively participate in the news production and to get recognition for their effort from their peers. For those users who choose not to upload content or to comment on articles, the user-generated content still has a value by providing unique perspectives on news events or by adding lively discussions to traditional articles (cf. Kuivalainen et al., 2007). The transformation of the firms' value proposition from providers of content for

passive consumption to providers of tools for active participation is of critical importance. In an environment where information is increasingly difficult to control, web-based information service providers have to try to create consumer value in other ways than by merely providing access to information that already is more or less universally available online free of charge. Transforming itself into a “toolbox provider” may actually be the way many information service providers are able to sustain their relevance and survive.

The new value proposition has consequences for other parts of the firms’ online business models. For instance, social media features have an impact on the firms’ target groups and on the firms’ relationships with these groups. We have reported how our cases use social media features to get closer to the younger consumer groups which otherwise turn their backs to firms’ traditional propositions (cf. Napoli, 2004). We also found that firms structure their consumers based on the level of involvement in the online content production. By understanding the customers as *contributors* of content rather than *consumers* of content it is possible to create a structure of contributors where the fulltime editorial staff and the passive consumer are merely two extremes. The illustration below gives an example of such a structure:

----- Insert Figure 1 About Here -----

It should be stressed that the illustration in figure 1 is an example of what such a structure might look like and it is not a strict result generated by the study. The relevant contributor categories as well as their specific order are likely to differ from one firm to another. This way of conceptualizing the “contributor market” also redefines the firms’ relationships with both the “journalist market” and the “consumer market”. The diminished distance between the traditional journalist and the traditional consumer makes the

relationship closer, more interactive, and more levelled. There are several benefits of being able to establish a closer relationship with the consumers. For instance, a closer relationship makes it possible to learn more about the audience and their preferences, which will increase the likelihood of creating new products that fit with actual consumer needs. Also, if cleverly managed, a close relationship with the consumers may lead to increased consumer loyalty, reduced churn, and thereby reduced costs in consumer sales and marketing.

The consumers' new role also has implications in the infrastructure-related aspects of the online business model. When consumers increasingly become contributors of content rather than merely consumers thereof, they also become part of the partner network and change the value configuration. In one of our cases presented above, this new consumer-partner network is manifested as the blogger network where consumers (enthusiast bloggers) contribute in the creation of content both enjoyed by themselves and by consumers who choose to be more passive media consumers.

The change of the partner network and the value configuration also has implications for the firms' key capabilities. The traditional key capabilities have not been made obsolete by the social media features, but the capability portfolio is expanded by the adding of new capabilities required to successfully cultivate the network of different kinds of creators (cf. Abernathy and Clark, 1985). In fact, Babu (2007) argues that it is those publishers who can adapt to this new two-way paradigm that will be able to survive. In the four cases included in the study we were able to observe how the informants recognized the need to build these new competencies. However, the informants also reported about the difficulty to build these new competencies within the traditional organizational structures. One of the cases had even created an entirely new organization in order to be able to work efficiently with their online proposition (*The Fashion Magazine*).

This study makes several contributions to the understanding of how online business model innovation is instigated by the development of digital technologies. We show how four print media firms have incorporated social media features in their online businesses and how these social media features influence and reshape their online business models. At the core lies the transformation of the firms' value propositions. This transformation has repercussions on the firms' relationship both with its consumers and its traditional content contributors such as journalists and freelance writers. The new value proposition also requires the firms to acquire new competences in order to be able to reap full benefit of their social media investments. Indeed, we showed that the firms have not been able to do so since they have not allowed the social media features to influence their online revenue models. We also presented a construct for conceptualizing various kinds of content contributors on a continuum, ranging from low-involvement contributors such as voters and commentators, to high-involvement contributors such as VIP bloggers and full-time editorial staff.

As with any research, there are limitations associated with this study; some of which point to promising directions for future research endeavours. First, the data is from four Scandinavian cases, and as such, some care should be taken in generalizing the findings to other markets. Secondly, the cases could naturally have idiosyncratic characteristics. Nevertheless, we believe these cases have shown the potential social media features have in the context of print media firms' online business models. Future studies could make deeper investigations regarding the financial aspects of social media. It would for instance be interesting to select a larger sample of publicly owned entities and assess their relative involvement with social media features and then to draw cost and revenue data from annual reports over a period of time before and after the introduction of social media. It would also be important to study the consumer perspective of social media features and examine the actual impact of the usage of such services to consumer loyalty and commitment.

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Table 1: A business model framework as a tool for analysing individual firms' economic logic (Osterwalder 2004).

Aspect	Building Block	Description
Product	Value Proposition	An overall view of a company's bundle of products and services. "What do we offer?"
	Channels	The various means of getting in touch with the customer. "How do we reach our customers?"
Customer/Market	Target Customer	A segment of customers a company wants to offer value to. "Who are our customers?"
	Customer Relationships	The kind of links a company establishes between itself and its customers. "How do we get and keep our customers?"
Infrastructure	Key Capabilities	A capability is the ability to execute a repeatable pattern of actions that is necessary in order to create value for the customer. "What are our key capabilities and resources?"
	Partner Network	Portrays the network of cooperative agreements with other companies necessary to efficiently offer and commercialize value. "Who are our main partners, suppliers, alliances?"
	Value Configuration	The Value Configuration describes the arrangement of activities and resources that are necessary to create value for the customer. "How can we visually describe how we operate, collaborate and create value?"
Financial aspects	Cost Structure	Sums up the monetary consequences of the means employed in the business model. "What are our costs?"
	Revenue Model	Describes the way a company makes money through a variety of revenue flows. "Which revenue streams do we have and how do we price our proposition?"

Table 2: The cases explored during the study.

Case	Industry	Social media features	Interviews
Fashion magazine	Magazine	Blogs	2
Comic magazine	Magazine	Wiki, discussion forums, blogs	4
Business daily	Newspaper	Discussion forums, blogs	3
Regional daily	Newspaper	Blogs, comments, polls, etc.	3

Table 3: The implementation of social media in the nine business model building blocks

		Fashion magazine	Comic magazine	Business daily	Regional daily
Product	Value Proposition	The new proposition is completely focused on the relationship and active discussion between consumers and bloggers, rather than on providing a journalistic service.	The comic magazine mainly offers books and magazines. The SMF allow consumers to be part of a community of comic enthusiasts.	The business daily provides business info and services online and offline. Social media features enable consumers to participate in the production of the services and feel as a part of community.	While keeping the journalistic material, the newspaper has added the ability to discuss the topics and contribute to the news production
	Channels	The blogger network may be considered as a new channel for reaching and communicating with a certain consumer segment.	The wiki provides a new platform for sharing comic information and trivia.	Discussion forums are used for communication about investor competitions, customer service issues, and product development.	No radical changes.
Customer/ Market	Target Customers	The blogger network is an example of a new way to segment the consumers based on how involved they are in the actual production of the proposition.	SMF are more narrowly targeted to different consumer groups. Main consumer groups using social media features are 1) 7-14 year olds and 2) hard core hobbyists.	Social media features target the same groups as the more traditional products.	The newspaper use the most "radical" social media features to reach those consumer groups which they are difficult to attract to the traditional products - primarily the young.
	Customer Relationship	Social media features facilitate a closer and more active relationship between the magazine and its consumers.	Social media features support an on-going discussion between the staff and the consumers. Possibility to contribute in the wiki and communicate with peers in the discussion forums fosters consumer commitment.	Mutual and open communication between staff and consumers via blogs and discussion forums supports commitment and consumer participation.	Closer; by allowing the consumers the ability to contribute in the news production.
Infrastructure	Key Capabilities	Previously, the key cap. were how to sell ad banners and how to adapt the material from the paper magazine to the web. Now two new key cap. are blogging and cultivating a blogger network.	The key cap. with comic books, magazines, website and social media is how to produce and package the comic world in a way that continuously interests the consumers.	Besides the traditional key cap. also require a new, more open working culture. Discussions cannot be controlled; consumers' critique and diverging opinions have to be respected.	In the social media area, a new key cap. concerns how to ignite and sustain an engaged debate among the consumers.
	Partner Network	It is difficult to categorise the bloggers in the network as either consumers or partners. As partners, the bloggers definitely are new key partners.	Consumers are more involved in content production and, to some extent, product development. Social media does not affect the relationships with other partners.	Consumers are important partners in content production and product development. Also new external partners (sponsors) because of social media features.	There are no major changes in the newspaper's partner network.
	Value Configuration	The blogger network is a new network for creating value – not only to the bloggers in the network but also to less active consumers.	When using social media features consumers are more empowered in the value configuration. They produce content and provide valuable information that supports the development of new products.	Consumers have a bigger role in creating the value and supporting product development and marketing.	Although consumers are more involved in news production, the difference between consumers and producers is not as blurred as in the other cases and there is no major change in the value config.
Financial aspects	Cost Structure	More freelance bloggers rather than full time editorial staff.	New costs associated with technical platforms and required staff. Social media features reduce some of the workload of the editorial staff (info requests) but require also new resources for moderation.	New costs associated with the technical platform and required staff.	Besides the tech investments required to operate the new services, the major implication on cost structure is the ability to get attractive content from users and consumers at a very low price.
	Revenue Model	The basic model is the same, but the blogger network has an indirect effect on revenues since they generate traffic to the magazine's website.	No revenues directly linked with social media. However, social media services support online advertising and eCommerce.	Social media has no direct impact on revenues. Online services, on the whole, are profitable.	In general, the basic revenue model has remained unchanged.

Table 4: Summary of the impact of social media on the four business model aspects

Business model aspect	Impact of social media features
Product	Social media features enhance and complement the value proposition.
Customer/ Market	Closer and more active relationship with the consumers mainly via new social media channels.
Infrastructure	Consumers increasingly act as producers of content, and thus can be seen as partners. Social media requires a new capability to cultivate the network and a new, more open working culture.
Financial aspects	No immediate effect on the revenue model but a more flexible cost structure with some new operational costs.

Figure 1: Contributors with varying involvement in content production

