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2007

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Recommended Citation

Ihlstrom, C. and Kalling, Thomas, "Proposing a Business Model Framework for the E-Newspaper Introduction" (2007). *ECIS 2007 Proceedings*. 58.

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PROPOSING A BUSINESS MODEL FRAMEWORK FOR THE E-NEWSPAPER INTRODUCTION

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Abstract

The newspaper industry is facing a new innovation, i.e. the e-newspaper published on e-paper technology, which holds the potential of replacing the printed newspaper in the future, heavily reducing production and distribution costs, thereby catching the interest of the industry. As the newspaper firms lately have experienced declining subscription and advertising revenues, they have been forced to seek other revenue sources, e.g. by providing online newspapers and mobile news services. Thus, the traditional business model from print has not been successfully transferred to digital media. In this paper, we have used the Business Model Construct to analyze the empirical findings from 19 interviews, 9 workshops and 4 brainstorming sessions with newspaper representatives to propose a business model framework for the e-newspaper. This framework includes four typical business models: International Newspaper, the Interpress Newsagent, Community Micronews and Local Newspaper and corresponding business model components.

Keywords: Business models, e-paper, media industry.

1 INTRODUCTION

For centuries the newspaper industry has built its business on selling news to readers and exposure to advertisers. In this business model, the newspaper companies have control over production, distribution and customer relations. Though, the whole industry of newspapers in print is challenged due to falling circulation and declining advertisement revenues (The Economist, August 26, 2006), which has forced newspaper companies to seek new opportunities.

At present, many newspaper companies are organized as media houses with a multiple channel publishing strategy. The online newspaper channel has found its place in the media house organization, with a form and content of its own (Ihlström & Henfridsson, 2005). Currently the media houses are exploring the mobile service market for media content as an alternative source of income, but the revenue split between the media houses and the telecom operators is not optimal from a media house point of view. When entering the digital market, most media houses could allow themselves to experiment without too much pressure on return on investment. But lately, it has become essential to find alternative business models.

However, the business model from print has been difficult to transfer to digital channels. The experience from getting online showed that readers expect content online to be free, and initially there was a scepticism among advertisers to advertise online. As the online newspapers have matured, the advertisers have followed on to the net, generating revenue. Though, the scepticism among advertisers is still the case for the mobile channel, and it has been difficult to attract an audience to mobile news services (Ihlström, 2005).

Today, a new technical innovation is entering the market, i.e. the e-paper technology, which has captured the interest of the industry [1;2]. E-paper is a reflecting display technology with properties very close to print on paper, giving the same reader experience (such as high contrast with 170 dpi, and the possibility to read in sunlight) and is portable, thin, flexible and non-sensitive. Thus, an e-newspaper, i.e. a newspaper service published on an e-paper device, holds the potential of offering a high quality news reading experience anytime and anywhere (this is not to be confused with the e-newspaper offered online, which is a digital replica of the printed edition in 72 dpi resolution). With this in mind, the e-newspaper raises hopes in the industry to be a future replacement for print, thereby heavily reducing production and distribution cost, still preserving the qualities of news reading. Moreover, e-paper technology is developing rapidly and many actors invest in “plastic electronics” [3;4], predicted to become a multi million industry [5].

The potential of the e-newspaper has been studied in DigiNews, a two year collaborative project, including several major technology firms, media houses and universities across Europe, aimed at exploring research and development issues for an electronic newspaper of the future. One of the ambitions of the project was to perform “an investigation into the various potential business models enabled by the digital newspaper”.

While there is a growing body of literature on business models for online media and online newspapers, there is of course less on the topic of e-newspapers. Given the novelty of the technology and the shortage of theoretical models to interpret the situation, the purpose of this paper is to shed light on business models for e-newspapers in comparison to traditional newspapers, online newspapers and mobile news services. We choose to use business models as a concept describing the strategies, resources and activities of companies within the industry. We have used, in particular, the business model framework suggested by Hedman and Kalling (2002, 2003), because of its holistic scope, including not only products, services, markets and market segments (which is typical for much business model literature, e.g. Timmers, 1998; Alt & Zimmerman, 2001; Rappa, 2002), but also resource-bases and activities, as well as competition on both the product and factor market.

This paper contributes to existing e-business research by proposing a business model framework, including four distinct types of business models for the e-newspaper introduction, distinguished by geographical coverage and degree of bundling, and also by the components of the business models respectively.

2 THEORY

The business model concept is frequently used by practitioners and academic researchers. Among academics, business models have been discussed as a substitute for strategy (e.g. Schumpeter, 1934; Normann, 1977; McGrath & MacMillan, 2000). The concept has also been used frequently within research on electronic business models (e.g. Timmers, 1998; Amit & Zott, 2000; Alt & Zimmerman, 2001; Rappa, 2002), and, specifically, on the online media and news sectors, which we shall return to below.

In this study, we have used Hedman and Kalling's (2002, 2003) generic business model construct, which is based on established business strategy theory such as the resource-based view and the industrial organization framework. In their framework, the construct can be applied either to entire firms or individual offerings, depending on the degree of diversification and the purpose of analysis. Hedman and Kalling claim business models include six causally related firm-internal and -external components. Internally, firms consist of resources (e.g. Barney, 1991; Peteraf, 1993) which are activated and organized (e.g. Porter, 1985) to generate offerings (Porter, 1980). This requires that firms interact with the factor market (e.g. Barney, 1986; Porter, 1991) to secure resources, and, of course, that customers (Porter, 1980) are made to prefer the offering over those of competitors (Porter 1980). Figure 1 describes the construct graphically.

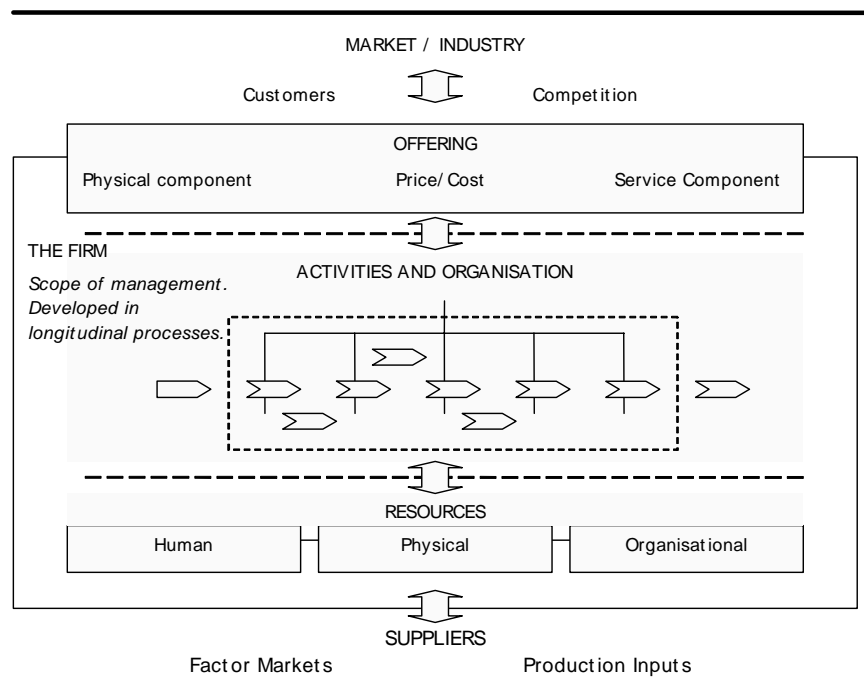


Figure 1. The Business Model Construct (Hedman & Kalling, 2002, 2003)

The business model construct can be used as a cross-sectional model to describe firms in their entirety. The construct allows the analysis of the relation between a business and its environment and the relations between organization-internal factors, and it explains causal relations between components: resources are acquired on factor markets, activated and organized and converted into offerings. Offerings are demanded by customers in light of competing offerings. Change in organizations can occur either endogenously or exogenously, both requiring the modification of all business models aspects to succeed. Below we discuss the business model components and link in current literature on online media.

- **Customers.** Customers impact firms by their pressure to increase the quality/price ratio (Porter, 1980). Understanding current and potential customers is absolutely central and includes segmentation and individual customer knowledge in terms of preferences, price sensitivity, demographics, quality requirements, switching costs, locations, market position, and so on. It is central to understand also how these customer characteristics impact other components of the business model. Within online media, *readers* and *advertisers* are the most central customers (Walter & Stolarova-Ornek, 2001; Clemons *et al.*, 2002). Issues identified in research include *lock-in* aspects (Sääksjärvi & Santonen, 2003), *niche-marketing* possibilities (Kreuger & van der Beek, 2004) and the tendency to demand *commoditized media products* – for *free* (Chyi, 2002).
- **Competition.** Competitor features that make a difference and must be understood include scale and size, product range, cost structure, customer relations, competencies, value chain configurations, organization structure, locations, barriers to entry/exit, switching costs, and growth pace. However, competition has received relatively scarce attention in literature on online media. Clemons *et al.* (2002) claim advertising has low *barriers* to entry whereas news has higher barriers due to credibility and reputation gained over years of news publishing. Punie *et al.* (2001) anticipate increasing *consolidation* in the sector, due the fragmentation of actors.
- **Offering.** The offering has a cost and a price, and it has tangible and intangible features that customers compare with competing offerings. Price and volume are determined by customers. Cost depends on how well resources are activated and organized. Understanding the needs that the product or service fulfills is important, as is analyzing the features of the offering that are central to perceived quality and uniqueness. The online offering is a well-discussed phenomenon in literature (Chyi, 2002; Punie *et al.*, 2002; van der Beek *et al.*, 2005; Ihlström & Henfridsson, 2005). Because online news is now often *free*, alternative sources of revenue include *differentiating certain news* for paying customers, *loyalty programs*, and advertising. Personalisation, archiving and versioning become important (Ihlström & Palmer, 2002). In terms of features, online media must consider *content* matters, *ads*, *design*, *branding*, and *complementary products*, but also a range of *technical issues*. For mobile services the screens, batteries, security, usability, technology ownership, hardware and software stability, speed and capacity are particularly important (Tsalgatidou & Pitoura, 2001).
- **Activities and organisation.** Value-chain configuration includes sequences of activities, links to outside stakeholders and between internal activities, as well as structure and means of control. Furthermore, it requires a detailed analysis of drivers of cost and differentiation. Metrics one can use include productivity, effectiveness, and perceived quality of output. In literature, the organization of online media activities is frequently assumed to resemble a traditional newspaper. Clemons *et al.* (2002) say it is basically about *creating*, *producing*, and *authenticating news* – confidence is an important feature of online news providers. Furthermore, *advertising* will become more important, given that it is not the typical core competence of newspapers.
- **Resources and factor market interaction.** Resources such as competencies, brands, image, and proprietary technology are the building blocks of firms. Resources that matter are valuable and unique, and understanding why they are valuable and unique is imperative. This includes how individual resources are activated and their links to offering features. Resources also need to be acquired and sourced in a cost effective manner. This requires being close not only to product markets but also to factor markets. In literature, strong *customer and advertiser relations* are identified (Walter & Stolarova-Ornek, 2001), as are *reputation*, *brand name* and *advertising* (Clemons *et al.*, 2002). Reputation and recognition are important (because readers can turn anywhere to find news) and often characterized by time compression diseconomy (Dierickx & Cool, 1989).

The above discussion serves as the theoretical background to this study. As indicated, given the limited attention to e-newspapers, the literature on online media and mobility strategies is used as a

study platform, acknowledging that they are not the same, yet realizing they are the results of interdependent sequential developments of the media product (Ihlström & Henfridsson, 2005). As the objective is to identify distinctions to e-newspaper strategies, we need it for comparison.

3 RESEARCH METHOD

This research can be classified as qualitative Information Systems research (Orlikowski & Baroudi, 1991) in that it is orientated towards people's assumptions, knowledge, and experience of newspaper media and IT. More specifically, it is an example of a multi-method approach (Mingers & Gill, 1997; Mingers, 2001), and was conducted within a two-year European project called DigiNews (ITEA 03015), which ended in mid-year 2006. The project included partners from Belgium, Spain, Netherlands, France and Sweden and consisted of several major technology firms, media houses and universities. Our part of the project mainly concerned e-newspaper design and corresponding business models and was conducted in several parallel sub-projects. The study presented in this paper concerns business models, and reports from a sub-project including interviews, workshops and brainstorming sessions with partners from the media houses, i.e. the Swedish newspaper partners Aftonbladet (AB), Göteborgs-Posten (GP), Nerikes Allehanda (NA), Norrköpings Tidningar (NT), Sundsvalls Tidning (ST), Sydsvenskan (SS), Östgöta Correspondenten (ÖC), and European partners Concentra Media (CM), De Telegraaf (DT) and Le Monde (LM).

Different types of data collection methods have been used (Table 1), i.e. 19 interviews and 9 workshops with newspaper representatives from management, IT, marketing and design, and 4 brainstorming sessions with the e-paper steering group (ESG) (consisting of representatives from the Swedish Newspaper Publishers' Association and eight Swedish newspaper managers).

Interviews	Workshops	Brainstorming sessions
NT1 (Aug 25 th 2004) Editor-in-chief new media	GPw1(Jun 2 nd 2004) – 6 participants	ESG1(Aug 25 th 2004)
ÖC1 (Aug 25 th 2004) Business developer	SSw1 (Sep 17 th 2004) – 8 participants	ESG2 (Mar 8 th 2005)
SS1 (Sep 16 th 2004) Marketing manager	STw1 (Oct 6 th 2004) – 5 participants	ESG3 (Sep 29 th 2005)
SS2 (Sep 16 th 2004) Layout director	ABw1 (Oct 20 th 2004) – 3 participants	ESG4 (Feb 6 th 2006)
ST1 (Oct 6 th 2004) Quality Assurance Manager	STw2(Oct 7 th 2004) – 4 participants	
ST2 (Oct 7 th 2004) Editor	STw3 (Nov 24 th 2004) – 5 participants	
ST3 (Oct 7 th 2004) Web publisher	CMw1 (Oct 26 th 2005) – 4 participants	
AB1 (Oct 20 th 2004) Editor-in-chief new media	DTw1 (Nov 22 nd 2005) – 10 participants	
AB2 (Oct 20 th 2004) Layout director	LMw1 (Feb3 rd 2006) – 3 participants	
GP1 (Oct 27 th 2004) Development director		
GP2 (Oct 27 th 2004) Managing Development Editor		
ST4 (Nov 24 th 2004) CEO		
CM1 (Mar 23 rd 2005) Head of research		
NT2 (Apr 27 th 2005) Head of Editorial Department		
DT1 (Nov 22 nd 2005) Director of new media		
DT2 (Nov 22 nd 2005) Development officer		
DT3 (Nov 22 nd 2005) Editor		
LM4 (Feb 3 rd 2006) Chief Operations Officer and Managing Director		

Table 1. Data collection activities

The *interviews* included a total of 19 respondents and were about 60-90 minutes in length. All respondents had key functions within each newspaper, e.g. editor-in-chiefs, managers, or designers (see Table 1). The interview guides used at all sites facilitated the consistency of data collected between sites and interviewees. While allowing individual perspectives and experiences to emerge, the semi-structured interview guide used at all sites provided a means of delimiting issues discussed (Patton, 2002). It covered a variety of topics as outlined in the theoretic framework, such as market demands, competition, offerings, organization and strategic resources. There were two interviewers present at each interview, one leading the interview, and one taking notes and making sure that all topics were covered. The interviews were all transcribed. The future *workshop* (Jungk & Müllert,

1996) approach was designed to be carried out during a three hours session, including three different phases; a visioning phase, a scenario building phase and a mock-up phase (Ihlström *et al.*, 2005), with at least three researchers present at each workshop, one leading the activity and the others documenting the activities. These sessions were designed to initiate new ideas of future services and business models for the e-newspaper. The whole session was recorded on tape and film. The sequential *brainstorming sessions* with the ESG all lasted between two and three hours, and were used to attack problems and bring out new ideas (Osborne, 1953), especially concerning the e-newspaper introduction. These sessions were lead by the first author of this paper. The sessions were recorded and transcribed.

In order to categorize the data collected, patterns were identified in the transcribed material (Miles & Huberman, 1994). Excerpts in the transcribed material were marked with assigned colors, facilitating data categorization according to corresponding themes. Within these themes, we scanned the data material for similarities and differences, providing input for re-examining the initial themes. The empirical presentation in this paper is structured around theoretic themes, and uses key quotes (followed by ID keyed out in table 1) from different empirical activities to illustrate our reflections of significant aspects of each of the theoretic themes.

4 EMPIRICAL RESULTS

4.1 Customers

We have identified three factors that distinguish the e-newspaper. One is the possibility to intensify *niche marketing* towards *readers* who have had limited access to the printed edition, and also to those who prefer content personalization. For instance, it is possible to bundle personalized e-newspapers consisting of sections from different (potentially competing) newspapers, e.g. sports, local news, feature material etc. Furthermore, the e-newspaper could reach new target groups, e.g. young people, expatriates, immigrants with different cultural backgrounds etc.

Secondly, *niche marketing* also works in relation to *advertisers*. With the possibilities to identify the e-newspaper reader follows unique opportunities to understand the impact of ads. This allows a more surgical means of pricing ads in relation to its performance, which in turn enables a reach of new advertisers. In order to attract advertisers it is essential to be able to show reach.

"The ads will change due to interactive possibilities, to get direct feedback. There will be more targeted advertisements. One will know so much more about ones subscribers."[NT1]

A common aspect of niche marketing is the local approach: while being as global as the online media, the e-newspaper has the possibility to attract very local readers and advertisers. Community journalism (where readers provide content, e.g. by means of text and photo) will become increasingly important in this setting.

A third factor is related to *customer reading habits*. The central concern for media houses is to target the "calendar voids" of readers, to provide a ubiquitous update anywhere, anytime. Media houses believe that succeeding with this will command a price premium, in world where online readers are getting used to news for free.

4.2 Competition

E-newspapers face three competitive dimensions: over content, time and distribution. Considering *content*, the obvious factors include other media houses and content providers (e.g. book stores) that choose to publish on the eReader (i.e. the e-paper device). Here, traditional media factors such as content, credibility, and reach are important. Furthermore, the degree of collaboration between e-newspapers is going to be a key question, given the cost advantages of sharing standard technologies,

while still aiming at unique offerings. Free newspapers (e.g. Metro) constitute a second category of content competition, and here, the main advantage is the reach.

Secondly, competition over the reader's *time* is important. To e-newspapers, targeting the time available throughout the day for media use will be of utmost importance. Of course, content is continuously updated and dynamic throughout the day. By adding another channel, the media houses also compete with their own printed and online editions.

For printed editions, media houses typically own their *distribution channels*. For mobile and internet services, this includes telecom and Internet providers. Since the digitization of media, media houses have experienced revenue model problems in relation to digital services, where telecom operators have appropriated revenue disproportionately – in the eyes of the media houses. This poses a completely new challenge, and to media houses, it is absolutely central to own and control distribution.

“I think it is very important that the newspapers think this through and set a joint strategy. In different regions, one can bundle different papers together, for example one morning paper and one evening press.” [ST4]

Both Internet service providers and telecom operators could be interested in subsidizing the eReader by locking the reader in for a period of time, cf. mobile phones. In turn, digital distribution creates new competition between local morning papers, national dailies and evening press. The key advantage of local morning papers is the distribution to people's homes in the mornings. The removal of this advantage, i.e. when all e-newspapers are available anytime, allows the customer to choose between much larger selections.

“It will be much intense competition with the distribution advantage gone. It will be like going to my mailbox in the morning, and there is a pile of newspapers, and I choose the one I am feeling for today” [ESG1]

4.3 Offering

The e-newspaper offering has distinctions in relation to other media: price, device features, and content features. *Price* is a key concern, as the industry is strongly intent not to provide the services for free the way online media does. Pricing includes both the content and the device, and providers are prone to offer devices for free and let subscribers pay for content. This way, newspapers hope to be able to lock-in customers. Currently, the price of the device is roughly €450, but is expected to decline fast. This puts a tremendous stress on media houses to rationalize production and distribution of printed editions. Yet, the actors are optimistic:

“The savings we can make in reduced print and distribution cost could be used to subsidize the technique. If the customers wants to have both e-paper and paper, one could subsidize the eReader, or arrange an additional subscription. 2/3 of the revenue has to come from advertisements.” [GP1]

Apart from price, personalization of the offering appears imperative regarding content, advertising and *device features*. With the mobile phone industry in mind it should be possible to personalize your eReader by for example skinning. The possibility of interacting with the eReader through a stylus or touch screen and a return channel are essential to support interactivity. The standards that will be established are important as well as to provide a device with secure transactions. Another option is to brand the actual device with e.g. the logo of the e-newspaper.

An alternative to constant updates 24/7 is to release several editions a day, e.g. a morning edition, a lunch edition and an evening edition, which is an important *content feature*. From a reader perspective it is essential to be able to buy multiple newspapers to one eReader. It should, for example, be possible to have a subscription of your morning paper and to buy single copies of evening press. A bundled subscription model has been discussed, i.e. an e-newspaper through the week-days and the printed edition during weekends. The updating or several edition capabilities enable timezoning, dayparting and seasoning both regarding content and advertisements.

In a household with more than one reader, the different parts of the printed edition are usually divided between the members. How will that be solved with an e-newspaper? Another issue concerns archiving, and the possibility to search and save editions or articles.

4.4 Activities and Organization

There are several challenges to the value chain of newspapers: distribution, and workflows are being changed, and new activities emerge.

As discussed above, *distribution* ownership is a hot issue for the actors. The media houses have discussed a joint venture in order to keep the distribution within the branch.

“I think a shared infrastructure among content providers is to prefer. It is important not to become dependent on one or two operating companies that can hold the content providers hostage as their business model.” [DT1]

The *editorial* and *advertising workflows* will immediately change with the e-newspaper. The possibilities of constant updates or several editions a day challenge the deadlines of the printed edition.

“There will be changes in working roles and also mental changes. There will be a need for more technicians. Paper-boys will disappear, the editors in today’s sense and the news desk will be different.” [NT1]

With regards to advertising, a lot will be demanded, given the need for niche marketing. For conservative advertising sales functions, the launch of the e-newspaper will challenge existing skills, relations and even norms about advertising.

Concerning *new activities*, companies have realized that they have to find additional sources of revenue, and should use their capacity to offer new services, such as ticketing, travel services, online music, housing brokerage and more. This is already happening online, but can be leveraged further with the anytime, anywhere character of the e-newspaper. A new moderator role to support community journalism could also emerge.

4.5 Resources/ Factor Market interaction

The e-newspaper faces at least three challenges to its resource base, in relation to the journalist, advertising skills and perceived credibility.

The multimedia possibilities of the e-newspaper will create a need for multimedia *journalists* not existing today. Typically, a journalist works with text only, whereas the e-newspaper allows for multimedia such as audio interview strings, video clips etc. Locally, the individual journalist will have to take responsibility for a lot more than just writing.

“In the future there will be a need for multimedia journalists. But there is resistance against this, both from the union and from journalists.” [AB1]

There will also be increased pressure on the sales organization to master yet another arena for *advertisements*. As discussed in theory, editorial work will still be important and a competence unique to experienced newspapers. Advertising, however, is a skill not monopolized by media companies: in fact, other actors and channels are potentially better at digital advertising.

A third issue refers to *perceived credibility*. Identification is important, and established brand names with strong reputation will continue to attract readers and advertisers. This is an entry barrier to competing media companies.

5 DISCUSSION AND CONCLUSION

Indeed, there are a lot of challenges associated with the e-newspaper introduction. Taking the e-paper advantages serious, but with the online newspaper evolution and the mobile initiative in mind, the media houses are determined not to repeat some of their initial mistakes by going digital, while planning for the e-newspaper introduction. In this study we have tried to identify some of the most important business model concerns to e-newspapers – which in a way are virgin territory. Table 2, below, summarizes the findings in relation to business model components, and we believe that the 16 factors identified are the most important aspects when the e-newspaper market is being established.

However, taking the discussion further, we also claim that there are basically four kinds of viable

business models for the e-newspaper sector. Two dimensions help us structure the typology of different business models: the input side of news distribution, i.e. the degree of bundling, and the output side, i.e. geographical coverage (see figure 2). There are two reasons for this. Firstly, it is a simple way of describing any activity in terms of input, process and output, especially when we deal with phenomena as infant as e-newspaper introduction. Secondly, when analyzing the factors important for the different business model components, it became evident that the character of the factors (see table 2) differed depending on geographic coverage and degree of bundling (cf. table 3). Hence, we have both a theoretically and empirically synthesized logic behind structuring the typology of e-newspaper business models. Furthermore, one might suggest we have a third dimension, related to the quality of input of news, yet this is subjective and difficult to assess – albeit we believe table 3 might give some indication in this area.

Customers	Competitors	Offering	Activities and Organization	Resources / Factor market interaction
Nichemarketing, readers	Content	Price model	Distribution	Multimedia journalism
Nichemarketing, advertisers	Time	Device features	Editorial workflows	Advertising skills
Customer reading habits	Distribution	Content features	Advertizing workflows	Perceived credibility
			New activities	

Table 2. Summary of findings

Given their backgrounds in terms of geographical coverage, and degree of bundling, we argue that there are four typical business models (figure 2). The “International Newspaper” refers to the global actor who provides its own news, without bundling news from multiple sources. An example here includes e.g. the likes of New York Times, companies with a global brand name and fully controlled editorial workflows. The “Interpress Newsagent” has a global coverage yet sources its content from a wide array of local providers. The “Community Micronews” actor has a very strong local approach, and covers local news in great detail, using a community journalism approach, not necessarily using own journalists. The “Local Newspaper” resembles very much the ordinary local, regional or national newspapers of today.

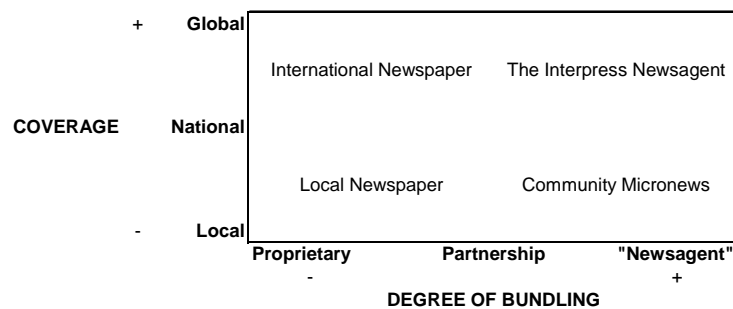


Figure 2. Four typical business models

The four types of business models described in figure 2 have certain distinctions in relation to the business model components identified above. Table 3, below, summarizes the four typical business models and the most important aspects with regards to customers, competition, offering, organization and activities, and resources.

The purpose of this paper was to shed light on business models for e-newspapers in comparison to traditional newspapers, online newspapers and mobile news services. Every channel has its own benefits, thus, the e-newspaper holds the potential of merging the best of three worlds, i.e. a) readability, overview and navigation from print, b) constant updates, multimedia and interactivity

from the web, and c) anytime, anywhere access in a portable device as in mobile services, allowing for mobile in-depth reading. For the first time we are facing a technology that could replace ink on paper, the e-paper display technology with the same high readability as newsprint, which eventually could revolutionize the newspaper industry.

	<i>Empirical findings</i>	International Newspaper	The Interpress	Community Micronews	Local Newspaper
Customers	<i>Nicemarketing, readers Nichemarketing, advertisers Customer reading habits</i>	Global, brand-aware readers Global advertisers "Global readers" Anytime, anywhere	Global readers Global and local advertisers Source awareness Anytime, anywhere	Community readers Community advertisers Local awareness Traditional, routine readers	Regional readers Regional advertisers Dedicated readers
Competition	<i>Content Time Distribution</i>	Other int. media houses 24/7 Distribution ownership	Local + global newspapers 24/7 Distribution network	Morning Distribution network	Other local newspapers Regularity Distribution ownership
Offering	<i>Price model Device features Content features</i>	Price premium Prestigious devices Uptodate worldnews	Reader price pressure Advertising price premium News wholesale Standard device Uptodate worldnews	Low price Standard device Extremely local news and ads	Subscription rate Branded device Local news and ads
Activities and Organization	<i>Distribution Editorial workflow Advertising workflow New activities</i>	Supply chain mgmt 24/7 Global advertisers	Provider relations 24/7 Differentiated advertising Umbrella branding Legal functions	Local provider relations One edition Micro advertising New mediator roles Umbrella branding	Owner of distribution Several editions Local and national advertisers New mediator roles
Resources / Factor market interaction	<i>Journalism Advertising skills Perceived credibility</i>	Well recognized journalists Global brand name Additional channel Serious journalism	Source reach Global and local brands Advertising networks Recognized wholesaler	Community journalists Multimedia journalists Local brands Local relations, small firms Authenticity	Multimedia journalists Local and national advertisers Additional channel Established brand

Table 3. *An e-newspaper Business Model Framework*

We believe that the media houses will be forced to choose one strategy for their e-newspaper introduction (because they are relatively different in terms of resources and organization), but that certain incremental changes to a chosen strategy are easier to implement. For instance, it is easier for the global to become local due to a recognized brand name, and for the same reason it is probably easier to increase the degree of bundling if you can use the brand name. More sophisticated distribution networks among the “newsagents” could however obstruct such strategic moves. However, the e-newspaper introduction have implications for the media houses depending on strategy chosen. Among the most challenging is the changes in organization needed (both physical and mental), i.e. lack of fixed deadlines into 24/7 publishing, need for multimedia journalists, new way of thinking regarding competition (e.g. bundling newspaper sections from different newspapers, missing the advantage of home delivering etc), and meeting customer and advertiser demands on personalization.

To conclude, in this paper we have contributed to e-business research, by describing a business model framework for emerging e-newspaper initiatives. Thus, not only do we contribute by presenting four typical business models, we also contribute by outlining business model components that are relevant in a discussion of e-newspaper strategies. We firmly believe, based on the limited empirical material presented here, that there are opportunities for media houses to grow and develop their services, and we also believe, due to the potential that follows with new technology, that media houses will be able to choose different strategies, and different business models. These choices are likely to be dependent partly upon the historical sediments of the media houses, and partly upon niches and opportunities provided by technology and new demands.

Because there is no explicit theory on this phenomenon, we have little to pattern-match with at this stage. Instead, this paper should be seen as a more or less speculative directory on virgin territory. This paper is still biased towards the supply side of the e-newspaper market, targeting those who provide news and media. The obvious next step in this research is to generate a robust understanding of the preferences of potential media consumers. Therefore, future research involves the audience perspective of the e-newspaper introduction. Again, the infancy of the phenomenon means empirical research, using a variety of methods and empirical samples, is hopefully likely to appear in abundance. Though, only the future will show which business models are actually formed and which will survive.

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