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CHALLENGES TO NEWSPAPERS IN DIGITAL PLATFORM ECOSYSTEMS

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Abstract

Incumbent content providers such as newspapers experience radical changes in their business environment. Digital platforms are becoming increasingly important to innovate digital media services and business. The generativity of digital platforms afforded by digital technology offers new opportunities, but also new challenges. Digital platforms exist in an ecosystem of complex networks of actors and resources. In this paper we shed light on the challenges for incumbent content providers to adapt to and realize business opportunities in digital platforms. We do this from the viewpoints of newspaper management, platform provider and analysts of media business.

Keywords: Incumbent content providers, Digital platforms, Ecosystems, Generativity

1 Introduction

Newspapers of today are actors in a rapidly changing ecosystem. From having had a dominant position on the news market for more than 150 years, newspapers are now challenged by the digital economy. New digital technology, new media consumption patterns as well as new advertising models are changes that have challenged newspapers to innovate in digital media (Conboy and Steel, 2008; Picard, 2006). Undeniably, it has been very challenging to innovate news services, business models and adapt to the ecosystems that enable profitable business in digital media. Significant uncertainty exists related to the ecosystems of newspapers in digital environments. This uncertainty has even started a debate about the survival of traditional newspapers. Even so, it can be noted that up until now no new media has replaced another in the newspaper industry. That is, digital innovations adopted by newspaper organizations have not been disruptive in the meaning that they have replaced existing technology, but rather disruptive to their ecosystems as acknowledged by Christensen and Davis (2006). New digital innovations have changed or created new ecosystem relationships and disrupted socio-technical frames for decisions and value creation.

For incumbent content providers, such as newspapers, it has been proven challenging to innovate in digital media (Åkesson, 2009). Still, there are not many studies that explicitly have studied generativity and control in digital platforms and the business implications for newspapers. To advance knowledge on how media content business can transform to realize digital platform opportunities, we need to inquire into the facets of digitalization. That is, into the consequences of existing business practices in digital media, into the characteristics of digital media platforms, and into the business environment in digital ecosystems.

The objective of this study is to explore and shed light on the challenges for incumbent firms to adapt to and utilize business opportunities in digital platforms. More specifically, we have studied how newspaper organizations relate to challenges in digital platforms, and how platform actors relate to business practices of newspaper organizations. Although there is research suggesting that leveraging innovation in digital platforms requires balancing generativity and control (Eaton et al., 2015; Förderer et al., 2014), there are still few studies that have focused on the relationship between incumbent content providers and other platform actors. Further, there is a lack of research into the strategizing underlying decisions taken by ecosystem actors (Ghazawneh and Henfridsson, 2015). It can be assumed that

the rationality behind a new digital platform provider and incumbent content providers are different. However, we know little about what characterizes the challenges associated with decisions, and how the rationale behind decisions differ between platform ecosystem actors (Ghazawneh and Henfridsson, 2015). We therefore address the following overall research question: *How are incumbent content providers challenged in digital platform ecosystems?*

In this paper, we report from an ongoing research project in collaboration with the newspaper industry. The project is aimed at developing new insights on how the digital media ecosystem is changing, and how the newspaper industry is challenged by this change. Theoretically, we draw on previous research on generativity and digital platforms (see e.g. Yoo, 2013; Tilson et al., 2010) to understand how newspapers are challenged by digitalization of business. Empirically, we illustrate how newspaper management reason about digital media platforms and how other ecosystem actors construe newspapers practice. Finally, we interpret and discuss the results in the light of digital platform generativity (see e.g. Eaton et al., 2011).

2 Related literature

2.1 Background to changes in newspaper industry

The newspaper industry has been very profitable over time compared to other industries (Picard, 2003). Since the Second World War the print newspaper market has been mature and apart from evening press very few new newspapers have started or shut down since then. In other words, newspaper industry has up until recently existed in a stable and undisturbed ecosystem. However, during the latest decades, newspapers all over the world are suffering from decreasing print circulation and declining advertising revenues as readers and advertisers are turning to digital media (Picard, 2006; Stone et al., 2012). Even though newspaper services have been present on the Internet since the mid 90's and in mobile phone platforms since the end of the 90's (Boczkowski, 2004), newspapers have experienced difficulties to build digital business. The traditional business models of newspapers have not worked very well in digital media and the competition has been difficult to meet (Ihlström Eriksson et al., 2008). This situation has provoked a great need for innovation in the newspaper industry (Küng, 2008; Åkesson, 2009).

Driven by the shifting customer and advertiser behaviors, the media landscape is changing at an unprecedented pace. Media consumption is now less restricted to particular time and places, it is differentiated between different brands and media (Stone et al., 2012), and increasingly social and mobile. Indeed, people's increased physical mobility and the on-going diffusion and adoption of new mobile technologies are gradually transforming the way media is consumed. These changes are for example mirrored in decreasing print newspaper circulation and the radical increase in mobile news consumption (Stone et al., 2012). Advertisers are increasingly turning to digital media and they have need for more targeted and accurate advertising (Åkesson and Ihlström Eriksson, 2009). Accordingly, many newspaper organizations are putting more effort into digital media to find new business opportunities.

The confluence of these shifts drives newspaper organizations to engage with diverse actors thus bringing newspapers into a new ecosystem with implications on strategies and business models. The news media ecosystem is evolving into a complex network of interacting actors providing a broad range of news services to end-consumers and advertisers. Previous research suggests that business models in complex ecosystems go beyond individual firms in complex value networks of actors. To develop successful business models in complex ecosystems, firms need to carefully orchestrate inter-firm relationships, maintain and develop core competencies, and take network position and value creation into account (Chesbrough, 2006; Åkesson, 2009). This includes assessing ecosystem risks in order to establish more realistic expectations and profitable business models (Adner, 2006). Newspapers are engaged in networks of relationships with, among others, newspapers, publication system providers, advertising agencies, advertisers, and consumers. The complexities of the ecosystem increase in multi-fold as new actors are emerging, new relations are formed, and the traditional distribution of power is

shifted. Digital innovation has transformed and widened the relationships of newspapers. Newspapers have not been engaged with for example telecom providers until the opportunity of offering mobile news services on mobile platforms emerged. New digital services such as mobile Internet and social media are changing the relation between newspaper and consumer (Stone et al., 2012).

This has led to incumbents' inertia for the exploration of digital business. Some scholars argue that the newspaper industry has been infatuated by historical success (see e.g. Boczkowski, 2005; Picard, 2006), they have not been managed to explore digital opportunities in the pace required to transform from print to digital business. O'Reilly and Tushman (2004) highlighted in a study of the newspaper USA Today, that newspaper organization's capability to exploit the opportunities afforded by digital publishing depends on its ability to reinvent itself in parallel with exploiting the incumbent print business. Christensen et al. (2012) provide similar conclusions based an analysis of the newspaper industry suggesting that the industry requires the re-inventing of organizations to survive. This digital force continuously disrupts the fundamentals underlying newspaper business models, and challenges the culture and core identity of newspaper organizations (Åkesson and Ihlström Eriksson, 2009). The current pace of digitalization is faster than anyone could anticipate just a few years back (Christensen et al., 2012).

2.2 Ecosystems of digital platforms

Digital platforms have emerged as a dominant model of digital service innovation. A digital platform is a system of digital resources that can be used, re-combined and extended by a network of partner firms (Tiawana et al., 2010). A platform provider or owner can be a firm or a network of firms that provides the platform as a marketplace for content such as applications and media content (Ghazawneh and Henfridsson, 2015).

Digital platforms provide an open, collaborative, networked, and complex business ecosystem. A digital platform ecosystem is a collective of organizations having a common interest in leveraging digital service innovation (Ghazawneh and Henfridsson, 2015). Digital platform ecosystems are gaining increasing importance for content providers as digital innovation environments in which they compete and collaborate at the same time. In a platform ecosystem, firms can create value that no single firm could leverage alone (Adner, 2006).

Digital platform ecosystems are open and generative. A platform owner depends on other actors in the ecosystem to leverage value and innovation (Tilson et al., 2010). Generativity is at the hart of the innovative opportunities that follow digital developments (Yoo et al., 2012; Tilson et al., 2010). The term refers to the socio-technical system that defines how organizational resources (Avital and Teeni, 2009), and technological resources (Zittrain, 2006) can lead to the emergence of new digital innovations (Yoo, 2013).

The foundational premise for the generativity of digital platforms is the unique characteristics of digital technology (Yoo, 2013). As outlined by Yoo et al., (2010), first, digital technology is characterized by homogenization by the use of binary digits for all types of data. Second, digital technology is re-programmable, and third, self-referential. These three characteristics enable a layered modular architecture separating hardware (devices), network technology, services and content enables relatively independent new re-combinations and innovation within and between layers. This architecture makes content independent of physical limitations such as devices and geographical place. Taking the example of Apple, new apps and functions can be added to an iPhone or an iPad and thus re-configure the services and content without any changes to the device as such.

In this paper, we refer to generativity as an attribute of digital platforms enabling the capacity to provide new and varied re-combinations and a key source of value (Tilson et al., 2010; Yoo, 2013). Leveraging generativity involves innovating business models and creating new markets. However, the generativity of digital platforms also provides low entry barriers for new innovators compared to analogue media. Prices and performance of digital technology are relatively low compared to the investments needed for start-ups in analogue media, such as for example printing and distribution of news-

papers. In digital ecosystems, incumbent media content providers compete with new digital start-ups engaging in digital media platforms. The low barrier to entry makes it possible for firms to engage with heterogeneous actors in the eco-system to leverage service innovations in digital media platforms (Eaton et al., 2011). To appropriate generativity, the platform owner enacts control at the same time as too much control can restrain generativity. This balance is key to leverage value in digital platforms (Ghazawneh and Henfridsson, 2013; Förderer et al., 2014). Controlling generativity is therefore a strategy to create competitive barriers for rival platforms. The paradoxical relationship of control and generativity is that control that reduces generativity seeking to create barriers for emerging innovations, can also stimulate generativity. Similarly, the stimulation of generativity that can result in emerging and unexpected innovations can also create the need for increased control (Eaton et al., 2011).

3 Research approach

The approach to this study was qualitative (Orlikowski and Baroudi, 1991; Walsham, 1995). It was oriented towards content provider assumptions, knowledge, and experiences of digital innovation efforts. The study was done in the context of an on-going research project named New(s) Media Ecosystem. The project is a collaborative initiative with Swedish newspaper organizations with the ambition to cope with the transition from print to digital publishing. The overall goal of the project is to explore how newspapers can innovate in digital platforms. The project started in 2013 and will be finalized in April 2016. The initial participating newspaper organizations are Aftonbladet, Expressen, Göteborgs-Posten, Helsingborgs Dagblad, Mediabolaget Västskusten AB, MittMedia and Västerbottens-Kuriren. Some of these organizations have merged during the project due to the turbulent market conditions in the newspaper industry. The research team in the project consists of three senior researchers and two PhD candidates.

Since year 2000, Swedish newspaper circulation has declined by 40%. Advertising revenue has declined by 10-15% per year. Digital advertising revenue has increased but still, with few exceptions, is only 10-15% of the total advertising revenue. Digital readership has increased but revenues from digital consumers is not by far compensating for the loss of print circulation (Nordicom statistics).

During the project we have done interviews, group interviews and workshops with newspaper partners. We have also interviewed other actors in the ecosystem such as advertising agencies, analytics, platform providers, and newspaper readers. The main informants for this study are the project leaders appointed in each newspaper organization, analysts of media business, and the market director of a platform provider. The informants are presented in Table 1.

Informant id	Role	Organization	Data collection activity
NP1	Chief business developer (m)	Newspaper 1	3 group discussions (3 h each)
NP2	Private market director (f)	Newspaper 2	3 group discussions (3 h each)
NP3	Head of digital development (m)	Newspaper 3	3 group discussions (3 h each)
NP4	Head of development (m)	Newspaper 4	3 group discussions (3 h each)
NP5	Digital director (f)	Newspaper 5	3 group discussions (3 h each)
NA	Chief of analytics (m)	Newspaper association	Interview (2 h)
A2	Editor in chief trade magazine (m)	Analysts 1	Interview (1 h)
A3	Chief Analysts, CEO (f)	Analysts 2	Interview (1.5 h)
PP	Market director (m)	Platform provider	Interview (1 h)

Table 1. Overview of informants and data collection activities

The two authors collected the data reported in this paper. The group discussions with the project leaders from newspaper organizations were part of three different two-day meetings in the project. In the first group discussion we discussed future scenarios for newspaper content and business. In the discussions, the platform provider role came clear as having a key position in the ecosystems. Therefore, we conducted an interview with a platform provider. In the second group discussion with the project lead-

ers from newspaper organizations we presented and discussed results from the interview with the platform provider. The responses to the results guided the interviews with analysts. These interviews were semi structured and covered topics relating to incumbent content providers in the era of digital platform ecosystems. The analysts all have many years of experienced in the newspaper industry and have all been professionally employed by newspaper organizations prior to becoming analysts. Informant A1 is specialized on analytics of advertising in digital platforms. Informant A2 does research on the digital transformation of newspaper on a global scale. Finally, informant A3 is editor in chief for a trade magazine covering media business. In addition to these data collection activities we participated in two media conferences on the topic of digital business. At these conferences we interacted with different actors in digital media ecosystems.

All group discussions with the newspaper project leaders were recorded and partially transcribed. Small talk and topics not relevant for the inquiry were left out in the transcription. The interviews were all transcribed in full. The analysis of the empirical material for the purpose of this paper follows a descriptive and interpretive approach (Walsham, 2006). In the analysis, we treated the newspaper informants as one unit of data, the platform provider as one, and the analysts as a third. The overall directing question was how newspapers as incumbent content providers are challenged in digital media platform ecosystems. We first reviewed transcripts and notes of the collected data to identify statements by the three different types of informants relating to the opportunities and challenges for newspapers in digital platforms. From these statements we identified two themes of challenges for focused coding; identity crisis and balancing openness and control in digital platform ecosystems. Thereafter we compared and reflected on the different informant's accounts. Both researchers did the interpretations of the data material. The results are organized in three sections representing the three categories of informants. The interpretation and discussion is guided by the literature on digital platforms and generativity.

4 Results

4.1 The platform provider

The platform provider offers content providers of print media such as magazines, newspapers, trade magazines and comic books, to sell their content on the platform. The service is mainly offered to tablets and mobiles. The platform has customers in 100 countries. The revenue share is 30 % to the content provider and 70 % to the platform owner. The revenue model to readers is a fixed fee of 10 euros per month.

The platform provider predicts that media ecosystem will be under change for a long time ahead. One of the driving trends is platforms that package and bundle media content to the consumer convenience. There are according to the informant many examples such as Netflix, Spotify and Amazon. To leverage value, these platforms need to offer a variety of titles. The challenge is to build up enough content to be interesting to the media consumer. All these platforms have managed to pass that breaking point, and the informant regards their platform to have managed that with magazines. They have not managed to attract newspaper content providers to the platform:

We have a few newspapers testing the platform, but before we can take off we need more titles. It is a bit slow with newspapers. They are investing in their own individual platforms and might not see our platform to be interesting.

As the quote illustrates, the content provider is hesitant to newspapers interest in their platform. The informant continues to describe under what conditions he thinks newspapers might take an interest:

When the newspaper publishers realize that the print market is declining that also creates an interest for new solutions. The attitude has been a bit like do not fix it until its broken. But now the curves for print is only pointing down so we experience a bit more interest from newspapers, especially in Germany and England which enables us to provide a

large range of newspaper brands. But in for example Sweden there is still not much interest. But I think they will come to us too when they suffer enough losses in print.

The informant suggests that newspapers think they have a strong relationship to their readers and that they do not need to provide their content on outside their own individual platforms. According to the platform provider, newspapers are overestimating their relation to their readers, and under estimating the value of their content and brand. The paradox is that readers like to get their news from a well known brand because it is trusted and expected to provide quality content. If there are alternatives the informant does not think readers are loyal, so if the quality is compromised the readers are not loyal. The only loyal customers today are, according to the informant, old local readers. Another thing that the informant regards to be over estimated by newspaper is journalism:

Newspapers regard themselves to be a journalistic product, and not to be an edited product. Journalism is raw material to me, it can be bought on a market of media content and provided by readers. What makes a newspaper really good is to select, edit and present a good news service. That is what I think is the core value and what newspapers are best at, but they do not recognize that themselves.

The informant expects newspapers to have a role in the digital media ecosystem in the future. However, big actors such as Google or Apple, and new actors we do not know yet, will set the frames for how the ecosystem develops. New roles emerge, such as the broker role of platform owners, and the technology will be the driver of development. The basic media consumer needs are the same, according to the platform provider. The informant regards ownership structures, and reluctance to new co-operations, to be a risk for incumbent newspaper organizations in taking a role in the ecosystem:

A risk for the newspaper publishers is that they are too focused on ownership and only co-operate within their respective ownership structures. They forget that what is good for the readers is good for the staff, and that that is in turn good for the owners. If they prioritize the interest of the owners, the circle turns.

To leverage value in a digital platform ecosystem the informant considers co-operation in several constellations to be the necessary. There are many different actors in the ecosystem that can add competencies, infrastructures, markets etc. that one actor cannot build up on its own. This is according to the platform provider difficult for newspapers:

When we negotiate with newspapers they always want to take the dominant role. They are stuck in value-chain thinking and are unable to see how they can interact with other actors on equal terms. That is my experience. That is why we do not spend so much time to seek up newspapers, even though we know we can provide added value besides being a market place. We can provide aggregated and detailed information about reading patterns that can inform how to develop their products. We can offer them a younger audience then they have. But they do not see that.

The informant continues with a reflection on identity:

The biggest enemy for newspaper in the digital platform ecosystem is their inability to let go of the old identity as a dominant actor that rules the game. The time for that is over, and those who will make it the informant believes to be those who can size down and see themselves as one actor among others and join many different constellations in the ecosystem.

4.2 The newspaper informants

The newspaper informants provided a similar picture of the situation as the platform provider. In the group discussions the informants reflected on the content providers statements and of their future role in digital platform ecosystems. One of the informants had experience from negotiating with the platform provider:

We were in a discussion with the platform provider. We could not accept the share of 70/30, we think it should be the other way around. Compared to the margin of a printed newspaper this is nothing.

The statement was met by a question from another informant:

But then you do not have any distribution cost so how can you compare like that? I think the main problem is that they are in control of the customer relation. They bill the customer and know who they are, not we. That is the value we lose.

On the question of how they have approached new digital initiatives and offers by other actors, one informant described the following:

To be honest, we have not looked around us to see if there are any interesting collaborations. We have all been fumbling around looking for the Holy Grail. Is this the new digital business model, is that the one. Then we said, we need many complementing business models to cope with the transition. But have we really explored the ecosystem, or are we just fumbling around trying to do what we have always done?"

Another informant continued to describe that newspapers have been rigid and weighed down by the traditional print business model. He described they have been unable to act with the flexibility needed in digital ecosystems:

We are really stuck in doing business the print way. We say we have digital strategies, and that we are digital publishing companies but look at us. How digital are we really? Not very.

The informants were asked to respond to the platform providers statement on structures of ownership. One informant responded as follows:

The statement about ownership is so true. But at least we are starting to co-operate within our different owner structures now, and we have accomplished some new partnerships with digital companies. Still, we cannot see that it matters in figures yet.

Another informant described that part of the problem was related to the ability to join networked business and revenue shares:

I think we are scared to death that someone else will make a profit of our content. That is why we are so bad at networked business. We talk about digital transition. I do not think that is the core. The core is the transition from "every man for himself" to networked collaboration. It is not about technology.

One of the informants responded to this statement as follows:

Yes, I agree. If we had seen this development in time we would have a joint platform for newspaper content with a smart business model and convenient for readers and advertisers. We are so self-absorbed that we have all thought we can do it on our own.

The newspaper informants, however, took another stance than the platform provider regarding the role of journalism in value creation. They agreed upon that journalism is the core value they have to bring in the digital platform ecosystem, and that they can produce and offer quality content not only to readers but also to other actors in the ecosystem. They discussed this as an unexplored opportunity. One reason for this situation was, according to the informants, that they have to be too focused on providing content under their own brand. Another reason was that newspapers have not found their role and identity in digital platform ecosystems. One informant stated:

One thing that has been ambivalent for us is how we should define ourselves in digital ecosystems. Who are we, and who are our competitors. Sometimes we talk about Google and Facebook as competitors; sometimes it is computer games or even the local grocery store. I think we have an identity crisis. We do not know who our friends and enemies are and that makes it challenging to collaborate with other actors.

Another major challenge for newspapers in digital platform ecosystems was, according to the informants, the difficulty of charging readers for content. There have been a number of initiatives for pay walls, charging for specific services, but the revenues do not yet compensate for the loss of print revenues. The informants discussed this subject, how it affects the business models for services in digital platform ecosystems. As one informant put it:

One thing is for sure; if we cannot finance our own platforms with advertising revenues, we will be forced to join other platforms. Readers will not pay 10 euros per month for one brand, if they can have 100 brands for the same price on another platform. We can only keep our individual platforms if content is free to readers. That is what I think anyway.

On the topic of what has been the inertia for newspapers digital initiatives the informants discussed the dominant business strategy. The dominant business strategy was described as taking control over the value chain. One informant described the dominant strategy as follows:

The dominant business strategy is to be in control of the value chain. We have not been able to let go of that attitude and I think that is how our owners still strategize. The more control, the better. The more exposure and collaboration, the higher risk. If we can make it on our own we do, if we cannot we might consider some partnership. It has opened up, but we are still governed by this mind-set. When we assess a new initiative we compare to the print business, so the new initiative almost always loses. What business digital model could be as strong as the print model was? That is utopia.

4.3 The analysts

The analysts reflected on the future of newspaper publishers in digital platform ecosystems. Independence was put forward as important and valuable for newspapers. According to one informant, the content marketing trend on the advertising market is an opportunity to newspaper publishers. That is, if they do it well and not compromise reader's trust.

The value newspapers can build in digital ecosystems is to maintain independence in relation to advertisers. The problem is that the readers do not seem to care, so it is tempting to stretch the borders. But if they go too far they will lose trust and then the reader will go somewhere else. There is a balance here, how close can you integrate with advertisers, and how do readers value the trustworthiness of newspapers?

One analyst argued that newspapers spread their content too casually in social media (e.g. Twitter). If newspapers have the ambition to build strong brands in digital platform ecosystems, his advice was to be selective with where to spread content.

We are still in the childhood of these media. There is a lot of trial and error going on. The problem is though that I do not think they know why or why not to do things. Spreading things fragments newspaper content and makes newspapers lose control over the publishing context.

An important aspect of managing the transition to digital platform ecosystems is to attract a younger audience. Newspapers have, however, not managed to attract a critical mass of young readers in digital platforms. According to one of the informants, this is one of the most important factors if newspapers want to be attractive partners in the ecosystem:

Young people seem to be attracted by news media that is more entertainment oriented. That is not new. BuzzFeed is sometimes pointed to as the one who has managed to crack the youth code. Newspapers copycat their approach. What they need to consider though is that youngsters today have unlimited access to content and then they choose the candy instead of the veggies (veggies being traditional journalistic content). This is a major challenge if newspapers want to be attractive partners in the ecosystem.

Two of the analysts emphasized that it is very difficult for newspapers to enter other platforms with their content. They said not to be sure it is a wise strategy, as one of the informants stated:

I am not sure they (newspapers) should. Look at the music industry; the artists do not seem to be happy with the digital music platform business, do they? I think first and foremost newspapers should put their effort into renewal, but they are very conservative. They say they are not, but look at them. How many innovative digital initiatives have started with newspapers?

One analyst stressed the importance of anchoring on local markets. To have a position, newspapers need to be the best and the first. Otherwise grass root initiatives will emerge in the ecosystem and challenge the traditional newspapers. For society, the informant thinks both have a place:

I do not think it is good if there is no place for newspapers. Producing unique and relevant content is key, but the question is how to do that and how to finance that.

Attracting a large enough audience to be attractive for advertisers is challenging in digital platforms:

I think newspapers now must come to terms with that the golden age is over. They will never, ever again have as large proportions of local readers as they used to have.

One problem with the newspaper transition to digital platform ecosystems put forward is that they are too late to bring in the competencies they need:

They should have done what they do now 5-6 years ago, that is build up digital competence for mobile, web TV, advertising analytics etc. The strong old business model has blindfolded them. And when they have put in efforts, they put all eggs in one basket such as the tablet initiatives. That was an expensive experience for many of them.

Newspapers difficulty to collaborate was also described by the analytics:

They have been so occupied with competing and quarrel with each other, and between owners, that they miss the train over and over again. They have not managed to see themselves as complementary actors and together try to solve the problems and become more attractive to advertisers and other actors. Instead they fight each other.

One conclusion made was that it seems messy at this time, but that in time quality journalism will find its forms and business models in digital platform ecosystems. According to the three analytics there is a need for this. They also suggested that newspapers would not be the same news media we have been used to see (in print). As one of them put it:

Newspapers will rather be an exclusive content service. This opens for new businesses such as selling journalistic services to other actors.

5 Interpretations and discussion

With this study we aim to shed light on the challenges for incumbent content providers to adapt to and leverage business opportunities in digital platform ecosystems. With this aim we have studied how newspapers as content providers are challenged by the generativity afforded in digital platforms. The paradoxical relationship following the generative attribute of digital platforms challenges newspapers, and in particular this study display the challenges related to identity crisis and balancing openness and control. In the following we interpret and discuss these challenges in light of the generative attribute of digital platforms.

5.1 Newspapers identity crisis in digital platform ecosystems

Newspapers have had an identity of being in a dominant position and in control of the value chain. Now they struggle to survive in the digital ecosystem; dethroned, pressed to operate in the paradoxical relationship between the digital innovation opportunities and the historically well working traditional business model, while revenues are falling. As this study shows, this has led to an identity crisis, uncertainty of their role in the digital ecosystem, and to difficulties in explaining their role to others. While other key ecosystems actors (e.g. platform providers) recognize and embrace their identity, newspapers desperately seek to re-shape their identity and core business. This uncertainty is exacer-

bated due to increasing economical pressure, incumbent behavior and inertia in meeting digital platform opportunities (Christensen et al., 2012). A majority of the informants in this study state that newspapers have not been able to innovate neither technically nor business wise in such a way that they have enabled open and networked business models. Two plausible reasons for this inertia that this study points at is the unwillingness to accept the business conditions in digital platform ecosystems, and a “the more control the better” mind-set. While this unfolds, other ecosystem actors point out that newspapers have content, qualities and competence that is attractive and can provide value in the ecosystem. Content providers, for example, have incentives to enroll newspapers (content) in their platforms, but have experienced difficulties to engage newspapers. These difficulties can be related to insufficient understanding of the ecosystems' state and newspapers incumbent behavior.

One class of platform providers do not produce content, or at least to a limited extent. These platform providers act as brokers of media content. The actors that have control over the platform, and thus control the frames for business, have a key position in the ecosystem (Ghazawneh and Henfridsson, 2015). Newspapers are challenged by this architecture since they have built up solitary platforms for their own content, as it has for example the music industry. The newspaper informants express that the attitude is becoming more humble and open, and recognize that the past dominant position is part of the past. In self-reflection they see that they have not had any digital strategies in earnest, and have not had any strategies to build relationships with for example digital platform providers. This is partially explained to be a result of the history of control and the informants expressed that they are reluctant to any other actor profiting on their content. As discussed in literature (see e.g. Eaton et al., 2011), control in digital platforms can be a strategy to create competitive barriers for rivals, but this control can also result in unexpected new competition. The analytics point out that spreading and sharing content too willingly can lead to loss of control and open for innovative utilizing of newspaper content beyond newspaper's control.

5.2 Openness and platform control in digital platform ecosystems

In digital platform ecosystems content providers are challenged by the balance between controlling and stimulating platform generativity (Förderer et al., 2014). On the one hand newspapers have full and tight control within their own platforms, on the other hand their platforms are integrated in the open architecture of the Internet, and thus the content, if published without walls, accessible to anyone. This has since the introduction of digital news content in the 90s been challenging, and newspapers are still today struggling with it. The newspapers in the study recognize that there is a need to open up for networked business and that actors, such as the platform provider, are of interest to them. They do however also show difficulty in accepting the terms of networked business in the ecosystem.

The resolution of the previously tight coupling between distribution, media and content (Yoo et al., 2010) challenges newspapers in controlling digital initiatives and innovation. In digital platform ecosystems, the control is distributed among many different actors in complex and heterogenous networks (Eaton et al., 2015). These actors have divergent interests and driving forces, and in this business environment the previously firm centric business model of newspapers does not work in the same way. As suggested in literature, these new actors are disrupting but they can also be an opportunity to establish new relationships and leverage the innovation capability afforded by generativity (Tilson et al., 2010; Yoo, 2013).

In this study, the newspaper informants express an insistent need to explore digital platform ecosystems and the need to innovate and reflect upon how to build a portfolio of business models in the ecosystem. This is reflected in some initiatives for partnerships and cooperation. The analytics confirm this picture and state that newspapers did not see the changes in the ecosystem early enough to build up strategic partnerships for networked business. Now they are facing the same situation regarding advertising platforms. According to the analytics in the study, the newspapers have been too conservative, which has hampered innovativeness. However, the analytics recognize the challenge of profiting on digital newspaper content with the new competition and changes in the ecosystem. The resolved

coupling provides flexibility and potential for new re-combinations, new forms for distribution, new business models etc. This is one of the major driving forces behind digital innovation (Yoo, 2013) that can contribute to renew newspaper media. This opportunity also creates challenges in the form of competition from big and established actors such as Google, and new or unexpected competition from for example digital start-ups or grass root initiatives.

6 Concluding remarks

In conclusion, newspapers are challenged in digital platforms ecosystems as a consequence of the architecture and generative attribute of digital platforms which provides a contrasting business environment compared to the long history of the controlled business of print newspapers. This study contributes to literature (see e.g. Ghazawneh and Henfridsson, 2015; Förderer et al., 2014) by illustrating the relationships and reasoning behind the strategizing underlying decisions taken by incumbent content providers such as newspapers. We can conclude that the fundamental challenges associated with the complexity of balancing the old and new platform based business in a constantly evolving ecosystem is related to relational as well as technical aspects of digital platforms. In this study we have contributed by showing the challenges associated to identity in the digital platform ecosystem, and the balance between control and openness.

The generativity of digital platforms affords business opportunities of completely new character to incumbent content providers. One practical implication of the findings is that the balance of control and openness is an essential part of strategizing digital platforms, as is the identity in digital ecosystems. To follow the logic of digital platforms incumbent content providers need to re-evaluate their identity and their role in relation to other actors, as well as to communicate their identity to be better understood by others.

Future studies could address several limitations in our work. First, this study builds on accounts in relation to one type of content providers, i.e. newspapers. The challenges brought by the generativity afforded in digital platforms can be compared with other content providing industries such as magazines, books and films. Second, in this study there is only one informant representing a platform provider. Complementing insights on the relationship between content providers and platform providers can be gained by studying the relationship with more emphasis from the platform provider viewpoint.

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