

LAPPEENRANTA UNIVERSITY OF TECHNOLOGY
School of Business
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Jenny Larikka

FUTURE OF NEWSPAPER BUSINESS MODELS IN FINLAND

1st Supervisor: Professor Hanne-Kaisa Ellonen, LUT

2nd Supervisor: Professor Liisa-Maija Sainio, LUT

ABSTRACT

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The purpose of this Master's thesis was to study the business model development in Finnish newspaper industry during the next ten years through scenario planning. The objective was to see how will the business models develop amidst the many changes in the industry, what factors are affecting the change, what are the implications of these changes for the players in the industry and how should the Finnish newspaper companies evolve in order to succeed in the future. In this thesis the business model change is studied based on all the elements of business models, as it was discovered that the industry is too often focusing on changes in only few of those elements and a more broader view can provide valuable information for the companies.

The results revealed that the industry is affected by many changes during the next ten years. Scenario planning provides a good tool for analyzing this change and for developing valuable options for businesses. After conducting series of interviews and discovering forces affecting the change, four different scenarios were developed centered on the role that newspaper will take and the level at which they are providing the content in the future. These scenarios indicated that there are varieties of options in the way the business models may develop and that companies should start making decisions proactively in order to succeed. As the business model elements are interdependent, changes made in the other elements will affect the whole model, making these decisions about the role and level of content important for the companies. In the future, it is likely that the Finnish newspaper industry will include many different kinds of business models, some of which can be drastically different from the current ones and some of which can still be similar, but take better into account the new kind of media environment.

TIIVISTELMÄ

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Tämän tutkielman tarkoituksena on kartoittaa liiketoimintamallien kehitystä Suomen sanomalehtialalla seuraavan kymmenen vuoden aikana skenaariosuunnittelun avulla. Tavoitteena on nähdä miten liiketoimintamallit kehittyvät alan monien muutosten keskellä, mitkä tekijät vaikuttavat muutokseen, mitä vaikutuksia näillä muutoksilla on alan toimijoihin ja miten suomalaisten sanomalehtiyritysten tulisi kehittyä menestyäkseen tulevaisuudessa. Tässä työssä muutosta tutkitaan kaikkien liiketoimintamallien elementtien suhteen, koska todettiin, että alalla usein keskitytään vain muutamiin elementteihin ja että laajempi näkökulma olisi yrityksille hyödyllinen.

Tulokset osoittivat, että ala kokee monia muutoksia seuraavan kymmenen vuoden aikana. Skenaariosuunnittelu tarjoaa hyvän työkalun muutoksen analysointiin ja vaihtoehtojen kehittämiseen yrityksille. Haastattelujen ja muutosvoimien tunnistamisen jälkeen luotiin neljä eri skenaariota, jotka perustuvat sanomalehtien ottamaan rooliin ja niiden tarjoaman sisällön tasoon tulevaisuudessa. Nämä neljä skenaariota osoittivat, että on erilaisia vaihtoehtoja miten liiketoimintamallit voivat kehittyä ja että yritysten tulisi tehdä jo nyt ennakoivia päätöksiä menestyäkseen. Koska liiketoimintamallin eri osat ovat riippuvaisia toisistaan, muutokset joissakin osissa vaikuttavat koko malliin. Tästä syystä nämä päätökset roolin ja sisällön tason suhteen ovat tärkeitä yrityksille. Tulevaisuudessa on mahdollista, että Suomen sanomalehtialalla on käytössä monia eri tyyliä liiketoimintamalleja, joista osa eroaa suurestikin nykyisistä liiketoimintamalleista ja osa on samankaltaisia, mutta paremmin uuden mediaympäristön huomioon ottavia.

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TABLE OF CONTENTS

1 INTRODUCTION	8
1.1 Background	8
1.2 Research Problem and Objectives	10
1.3 Research Questions	11
1.4 Definitions	11
2 LITERATURE REVIEW	13
2.1 Utilizing Scenario Planning in Business Strategy	13
2.1.1 Futurology as a Part of Business Strategy	13
2.1.2 Basis and Models for Scenario Planning	17
2.2 Business Models in Newspaper Industry	25
2.2.1 Purpose and Structure of the Business Model	26
2.2.2 Newspaper Business Models	31
3 THEORETICAL FRAMEWORK	44
4 RESEARCH METHODOLOGY	48
4.1 Research Approach	48
4.2 Research Method	49
4.3 Data Collection	50
4.4 Data Analysis	55
4.5 Reliability and Validity	57
5 CONTEXT DESCRIPTION: NEWSPAPER INDUSTRY IN FINLAND TODAY	60
6 FINDINGS	68
6.1 Identified Key Factors and Driving Factors	68
6.1.1 Overall Industry Development	68
6.1.2 Value Proposition	69
6.1.3 Customer Segments	70
6.1.4 Channels	70
6.1.5 Customer Relationships	71
6.1.6 Cost Structure	72
6.1.7 Key Activities	72
6.1.8 Key Resources	72
6.1.9 Key Partners	73
6.1.10 Revenue Streams	73
6.2 Selecting Driving Factors by Ranking Key Factors and Driving Forces	73
6.3 Scenario Logics	77
6.4 Developed Future Scenarios	79
6.5 Description of Future Scenarios	80
6.5.1 Future Scenario 1: <i>Local Discussion Board</i>	80
6.5.2 Future Scenario 2: <i>Expert Friend</i>	81
6.5.3 Future Scenario 3: <i>Areal Influencer</i>	81
6.5.4 Future Scenario 4: <i>National News Provider</i>	82
7 DISCUSSION	83
7.1 Comparing Different Scenarios and Their Implications	83

7.2	Leading Indicators and Signposts	87
7.3	Lessons from the Future	89
8	CONCLUSIONS	93
8.1	Main Findings	93
8.2	Suggestions for Management	95
8.3	Suggestions for Further Research	97
9	REFERENCES	100
APPENDICES		
	Appendix 1: Interview Guide	
	Appendix 2: Interview Questions in English	
	Appendix 3: Interview Questions in Finnish	

LIST OF FIGURES

Figure 1: Methods Utilized in Futurology

Figure 2: Different Approaches to Scenario Building

Figure 3: Business Model Elements in the Value Chain

Figure 4: Process of Changing a Business Model

Figure 5: Theoretical Framework

Figure 6: Scenario Logics

Figure 7: Chosen Future Scenarios

LIST OF TABLES

Table 1: Examples of Scenario Planning Processes Depicted by Different Researchers

Table 2: Differences between Old and New Media

Table 3: Review of the Recent Articles on Newspaper Business Models

Table 4: List of the Interviewed Experts

Table 5: Process of Data Analysis

Table 6: Predetermined Forces

Table 7: Driving Factors and their Ranking

Table 8: Comparing the Different Scenarios according to Business Model Elements

1 INTRODUCTION

The following section will discuss the backgrounds of business model change in Finnish newspaper industry and suggest a way for developing new business models that are able to respond to the changes happening in the industry. After that, a research problem, objectives and questions are discussed in detail. In the end, definitions for key concepts used in this thesis will be given.

1.1 Background

There is an underlying consensus that the media landscape and consumer media consumption are changing rapidly (Johansson 2014; Della et al. 2008; Romaniuk 2012; Stephen & Galak 2012) and the audience times given to traditional news sources like newspapers are declining as a result. Still, the need for news remains, so the changes are rather happening in the way the news are financed, distributed and consumed and the how the organizations continue to function. (Picard 2010) As a result, the traditional newspaper companies are in a situation where they need to change their business models in order to stay competitive (Casero-Ripollés 2010; Casero-Ripollés & Izquierdo-Castillo 2013; Holm et al. 2013; Lehtisaari et al. 2012; Hayes & Graybeal 2011; Wikström & Ellonen 2013; Doyle 2013).

Over the past two decades, the change has been dominated by major trends of media convergence and digitalization. Convergence refers to media coming together as the information systems, telecommunications and media technologies are becoming increasingly linked and media is becoming more and more digitalized. Digitalization has affected all areas of the industry from production to distribution technologies and audience reception. Now media is more mobile and interactive. (Storsul & Stuedahl 2007; Chan-Olmsted 2006; Wirth 2006) Accordingly, consumers are increasingly using and being challenged to learn the use of new media and they take part in content creation like never before (Delia et al 2008). Advertising industry is following these developments closely (Romaniuk, Beal & Uncles 2013) and media expenditure is shifting from traditional to nontraditional media (Kim & Patel 2012). Consequently, both revenue streams of newspapers, consumers and advertisers, are affected negatively (Casero-Ripollés & Izquierdo-Castillo 2013) and the companies have to increasingly compete against new media companies (Stephen & Galak 2012). These rapid changes have been difficult adjustments for newspaper and magazine publishers alike, (Gershon 2013; Johansson 2014) because as a result their previously profitable business models are becoming

outdated (Holm et al. 2013), referring to the methods of how companies are supporting themselves, making revenue and positioning themselves in the value chain (Rappa 2010).

As the newspaper business models are becoming out-of-date, there is pressure to venture to new areas (Holm et al. 2013). Finding a new business model is never easy, as one needs to do predictions that the traditional market research might not help seeing (Teece 2010) and even develop new products and services that do not exist yet (Johanson 2014). Venturing into new media can be seen especially difficult, since the new innovations are already approaching when the industry is still trying to learn about the last ones (Romaniuk 2012) and, for example, companies are still struggling to make use of social media sites that have become extremely common universally (Kane et al. 2014). As everywhere in the industry, Finnish newspaper companies have also had difficulties in capitalizing new media. During the second half of the 1990s, many started to develop new forms of web-based publications. As they were unsuccessful at gaining revenues from these, they were forced to cut down on these activities. Currently, a second wave of new product development is going on and Finnish newspaper companies are yet again trying to find a way to gain the profits from the new media. (Lehtisaari et al. 2012)

Even if change is always risky and difficult, finding these new ways of doing business in the newspaper industry seem worth exploring, as the alternative is going out of the business (Chermack et al. 2001). Faced correctly, the convergence could create all new possibilities by allowing the newspapers to create content that combines multimedia elements and to distribute this content across various media platforms. These technologies can also have a positive effect on advertisement sales, because companies could offer more variety and increase the prices. (Lehtisaari et al. 2012) As there is not a one solution on how to redefine the newspaper business model successfully in the converged environment (Lehtisaari et al. 2012), one has still ability to do experimentation and companies should proactively try to figure out which development path is the most profitable for them. The ability to develop new models and spot the relevant trends can also set them apart from their competitors and might even help them recover from the changes that have already happened. (Chermack et al. 2001) In the end, it is very likely that the changes are so rapid that there will not be one sustainable model, but several ones (Lehtisaari et al. 2012).

Furthermore, business literature suggests that analyzing the future development of the industry can be beneficial (e.g. Chermack et al. 2001) and in some ways the history of media industry can be seen as a proof of how the traditional media companies would have

not struggled so much in case they could have predicted some of the changes in their environment and prepared for those changes by having stock of business models ready (Osterwalder et al. 2005). At the moment, a lot of the research about the business models discusses the responses and approaches the companies have had in the newspaper industry (Hayes & Graybeal 2011, Lehtisaari et al. 2012, Holm et al. 2013, Casero-Ripollés 2010, Casero-Ripollés & Izquierdo-Castillo 2013, Doyle 2013, Picard 2014, Picard 2010), instead of utilizing the existing scientific ways of picturing the future and giving businesses valuable information on how to develop their business models.

One good way to study the future and explore where the business models might be going is scenario planning. Since scenario planning emerged as a formal methodology, it quickly made its way to a prime tool for analyzing the future (UNEP 2002). It is a scientific, disciplined method for picturing and analyzing the future and it can be used for wide variety of issues. Scenario planning takes into consideration the range of possible occurrences and by organizing the data into easily understandable narratives, it can challenge the prevailing knowledge. (Shoemaker 1995) Hence, it does not predict one certain future, but rather looks into what might happen and how people will react to it, resulting often in surprising and innovative insights (UNEP 2002). These results can lead to professionals changing their basic assumptions of their business and having the needed information to encourage and counteract certain events and trends (UNEP 2002). Therefore, it can predict things which normal market research cannot, but would be beneficial in business model development (Teece 2010).

As the literature has shown, companies should be proactive in their business model development and even have a stock of business models ready at use in case the industry is facing changes (Osterwalder et al. 2005; Chermack et al. 2001). For purposes of this research it is, thus, suggested that scenario planning offers a great and proactive tool for analyzing the possible development of business models in the newspaper industry and giving the professionals some ideas on how to develop their companies further and be able to make money in the future amidst all the changes.

1.2 Research Problem and Objectives

Most researchers agree that media landscape is and will be changing rapidly till the unforeseen future (Johansson 2014; Della et al. 2008; Romaniuk 2012; Stephen & Galak 2012). At the moment, the growth of new media channels and constant new innovations are making it hard for the all the media companies and to stay competitive (Romaniuk 2012), but especially the traditional newspaper industry has been struggling and declining

(Gershon 2013). However, the change can also offer new possibilities for development and profit making if the companies manage to take advantage of these future developments (Lehtisaari et al. 2012) and, thus, they should actively study the future developments to beat the competition in these changes (Chermack et al. 2001).

This research will utilize scenario planning, a scientific way of studying the future, to see how the business models are going to develop in Finnish newspaper industry during the next ten years and what trends are affecting the development. The goal is to develop easily understandable narratives that help the Finnish newspaper publishers adjust to the changes that have already taken place at their business environment and to further plan their businesses activities. In the end, the objective is to have many usable implications and development suggestions so that companies can actively prepare for the upcoming changes and so that the changes will not affect them as badly as the previous ones but rather provide them with interesting new opportunities to do business.

1.3 Research Questions

The objective of this research is to develop a picture of how the business models in newspaper industry are going to develop in Finland during the next ten years. The primary research question in this Master's thesis is directly drawn from this research objective:

1) How are business models in Finnish newspapers likely to develop by 2025?

Furthermore, following sub questions are supporting the primary research question:

1) What are the factors mostly affecting the development of business models in Finnish newspaper industry?

2) What are the implications of changing business models in newspaper industry for advertisers, newspaper publishers and newspaper owners?

3) How should the Finnish newspaper companies evolve in order to succeed in the future?

1.4 Definitions

Business Model "is a conceptual tool that contains a set of elements and their relationships and allows expressing a company's logic of earning money. It is a description of the value a company offers to one or several segments of customers and the architecture of the firm and its network of partners for creating, marketing and delivering this value and relationship capital, in order to generate profitable and sustainable revenue streams." (Osterwalder 2004,15)

Digital Convergence means the trend in technology, where previously analog products in consumer durables, media and entertainment are converted into digital products (Mohr, Sengupta & Slater 2010).

Driving Forces are political, economic, technological, environmental and social forces in the macro-environment that will affect the key issue in the scenario (Chermack et al. 2001).

Futurology / Futures Studies is the “science of the future”, where tools and theoretical principles are used as a support to understand the future (Lee 2012, XII).

Key Factors are issues in the local environment that will affect the success or failure of the decision or topic researched in the scenario (Chermack et al. 2001).

Open Business Model performs the same functions as a normal business model but it create value by leveraging variety of external concepts for ideas and by using key assets, resources and positions from both companies own business and other companies businesses (Chesbrough 2006).

Scenario Planning is a disciplined technique for imagining and telling stories about potential futures with the purpose of improving firm’s strategic planning (Shoemaker 1995; Chermack et al. 2001).

2 LITERATURE REVIEW

This literature review is seeking to prove that scenario planning offers a good tool for analyzing the uncertain future and future business models of the newspaper industry. The first part of this literature review will be analyzing futurology and more specifically that one tool within futurology, scenario planning. Secondly, business models and their usage in newspaper industry are discussed from a theoretical standpoint.

As this thesis will focus on a Finnish newspaper industry, a more specific context description will be presented in Chapter 5.

2.1 Utilizing Scenario Planning in Business Strategy

The following section focuses on futurology, covering its ideological foundations in strategic planning and discussing various methods for conducting it. The section also takes a closer look in one of the methods for researching the future, scenario planning. This technique has perhaps the best ability to make sense of the complexities of today's world (MacKey and McKiernan 2006) and has, thus, become increasingly popular both in research and in practice (Bradfield et al. 2005).

2.1.1 Futurology as a Part of Business Strategy

The changes in the past three decades have demonstrated how tricky it can be to forecast events in such a time scale. There have been enormous social, economic and political changes, like the oil crises of the 1970s, the end of China's isolation and the collapse of the Soviet Union. These all were not predicted and maybe even could have not been, but at the same time they have shaped what life is like today. (UNEP 2002)

Since the world is constantly changing and progressing more and more into the knowledge age, businesses are forced to respond to changes quicker than ever. As the business environment is changing rapidly, the business leaders need to pay attention to the uncertainty surrounding them. As the changes are often external to the organizations, businesses need to adopt a systems view of the business to cope with them. If the global complexities and changes continue to develop in the current way, the future of business environment needs to be analyzed even more thoroughly as the time goes by and possible solutions to the problems need to be considered beforehand in order to succeed. The ability to notice and react to these changes might be the factor that sets the business apart from its competitors (Chermack et al. 2001) and rewards the businesses with a competitive advantage (MacKay and McKiernan 2006).

A common method for preparing and coping with future changes has been strategic planning (Chermack et al. 2001). Van der Heijden (1996) suggests that there are three schools of thought that have arisen in strategic planning and that are helpful when trying to understand the background of different methods of analyzing the future. These are rationalist, evolutionary and processual schools of thought.

The first school of thought, *rationalist school*, focuses on codifying thought and action separately. First the task is to find one best solution, so here strategist's job is to get as close to this solution as possible and figure out what is an optimal strategy for the whole organization. When the optimal way is found, then action is considered next. This school of thought is still very popular and is seen clearly in the literature. On the other hand, *evolutionary school* sees the complexity of organizational behavior being out of the reach for rational thinking and here the winning strategy can only be seen in retrospect. The ones that are to survive are those that were best fitted to do so. So, instead of predicting what can be done, here strategy is formulated by random experimentation and getting rid of the unsuccessful elements. Thus, proactive management does not usually go for the evolutionary approach, since it does not give them power to change things. The third school of thought, *processual school*, is placed in the middle of these two. In this approach it is suggested that one cannot work out an optimal strategy with only rational thinking, but managers can develop processes that make the organization adaptable, agile and able to learn from the mistakes made before. Therefore, in processual approach one looks for successful evolutionary behavior to test the successful processes, but at the same time believes that management can influence what is going to happen. (Van der Heijden 1996) As the schools of thought clearly have differences in how they believe the future can and should be assessed and faced, they will definitely influence on how the organizations approach planning their future.

There are different tools for forecasting the future that are seen in business research and the schools of thought are visible in these methods. In rationalist tools, one tries to forecast the most likely future as described above. Here one can use experts, which are considered more knowledgeable about the future than others (e.g. used in Delphi technique), to develop the likely future. Additionally, forecasting can be statistical extrapolation of variables, developing simulation models and doing sensitivity analysis. In case one uses probabilistic assessment of different futures instead of just one, this typically also falls into rationalist tools. On the other hand, evolutionary school looks at the past and sees series of old events as a pattern, their strategy. As evolutionary school is not popular in practice, where people assume they can change things, not so many tools

exist. Finally, processual tools are focused on improving the fitness of the organization by creating processes, which help to utilize the available resources. One such method is scenario planning, which looks into many futures treated with equal plausibility. (Van der Heijden 1996)

What is common for all future studies is that they all try to find or invent, assess or estimate, and propose or market possible, probable and even desired futures (Ratcliffe 2002). Slaughter (1995) has also proposed that they:

- Try to raise issues of concerns that are overlooked when looking at the future only in short-term
- Seek to highlight dangers and give alternatives and choices that should be considered before it is too late
- Try to publish an emerging picture of the medium-term future so that public would be involved in the decision-making
- Attempt to identify the dynamics and policy implications that are needed to make the transition
- Facilitate the development of social innovations
- Aid people at becoming empowered to participate in the process of making the future
- Help organizations to evolve in response to the changes in global and local environments

As a part of the Millennium project, connecting futurists around the world (The Millennium Project 2014), Aaltonen (2009) tried to develop a comprehensive tool, which gathers together all the methods presented in the *Futures Research Methodology – Version 3.0* and simultaneously provides information about the properties and relationships of the methods used today in futurology. This tool can be seen in Figure 1.

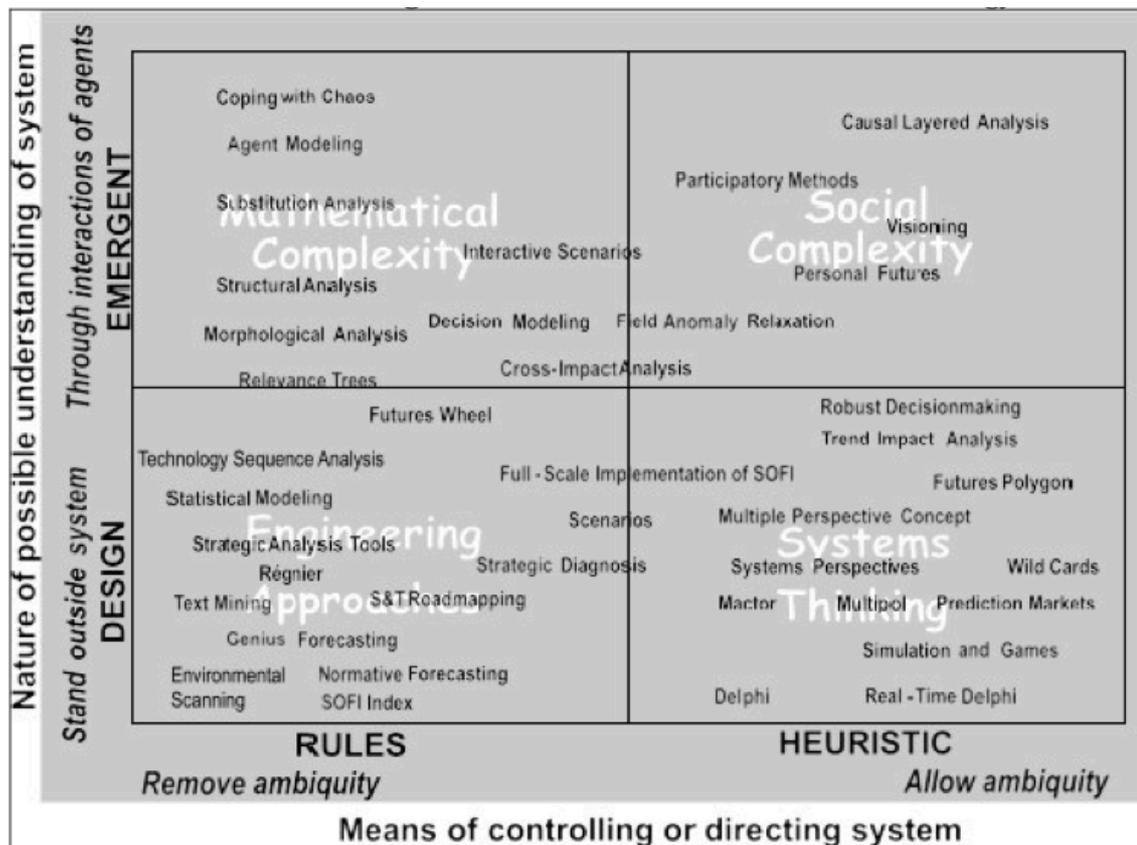


Figure 1: Methods Utilized in Futurology (Aaltonen 2009,6)

Aaltonen's analysis revealed that most methods are designed to remove ambiguity and bring new knowledge for the decision-making. Moreover, most methods are developed outside the system in order to bring new knowledge in. Other popular methods seek to find information of possible futures. Here there is an underlying consensus that there is a possibility to find causalities and design inventions that will lead to desirable future. Additionally, in the models, one can see that methods placed in the upper half of the model represent those models where action is triggered by interaction of local agents and causality is assumed. Here, the future is seen as dependent on the actions of other actors and if the single actor adapts, new possibilities and constraints will follow. As there are less of these models than the ones in the bottom part, this view is seen as less popular in the futures research. The smallest number of methods is placed in the social complexity corner, as those methods with more ambiguity are not so popular. (Aaltonen 2009)

Currently, many of these forecasting techniques are widely used in government and private businesses. These include, for example, trend analysis, market predictions and scenario planning. (Bradfield et al. 2005) Traditionally statistical forecasting used to be the most popular one, as it is powerful over a short run and during periods of stability, but it

has been moved to a supporting role as it is challenged by the complexity and uncertainty of the modern business life. On the other hand, scenario planning is a technique that perhaps has the best ability to make sense of the complexities of today's world. (MacKey & McKiernan 2006) Consequently, this technique has experienced a new growth, which can be seen as an increase in the amount of articles and conference papers on the topic. This also reflects the state of uncertainty that the market is in, as the uncertainty is correlated with the popularity of these techniques. (Bradfield et al. 2005) One can understand the need for techniques like scenario planning by looking at the recent results, which show that traditional planning approaches based on causality are no longer enough in the quickly changing industries, as the tasks that businesses need to perform might not exist yet. Thus, also effectual logic utilizing people's experiences, networks, ideas and "gut-feelings" is needed to be innovative. (Johansson 2014) As scenario planning uses these, it allows businesses to increase their innovativeness.

After examining different future studies techniques, a scenario planning technique is chosen for further examination due to its ability to function in a complex and uncertain environment, like the newspaper industry examined in this Master's thesis.

2.1.2 Basis and Models for Scenario Planning

Scenarios are a prime technique in future studies, which has been utilized by government planners, corporate strategists and military analysts for a long time as a powerful tool, which aids decision-makers amidst all the uncertainty (Ratcliffe 2002). There are various ways how to define scenario planning. Michael Porter (1998, 234) defines scenarios as "discrete, internally consistent views of how the world will look in the future, which can be selected to bound the probable range of outcomes that might feasibly occur." Shoemaker (1995,25) offers "a disciplined method for imagining possible futures that companies have applied to a great range of issues", whereas Ringland (1998,2) defines the term as "that part of strategic planning which relates to the tools and technologies for managing the uncertainties of the future". On the other hand, UNEP (2002, 320) describes them as "descriptions of journeys to possible future. They reflect different assumption about how current trends will unfold, how critical uncertainties will play out and what new factors will come to into play."

Although definitions vary, they all somehow refer to options or possibilities of the future, which may occur. Thus, one should understand that scenario planning is not forecasting as such (Chermack et al. 2001), since instead of pointing out one single possible future, scenario planning tries to display wide range of possible futures or journeys there in order

to get the decision maker to see things he would otherwise ignore. The richness of different possible futures is organized into narratives, which makes it easier to process than great volumes of separate data. (Shoemaker 1995) These futures are treated with equal plausibility, reflecting the uncertainty of the future. The purpose of scenario planning, thus, is not supposed to be prescriptive, but to help the organization develop their processes so that they are able to mobilize resources for greater inventiveness and innovation. (Van der Heijden 1996) Hence, the relevant question for scenarios is not what will happen but what could happen and how will and can people react to particular events and trends (UNEP 2002). Popularly, scenario planning is also considered as an iceberg. Here the events are the part that is seen, but there are many unseen factors like the basic structure of the issues and ongoing trends, which undeniably will affect how the events will turn out but can only be guessed. (Chermack et al. 2001) Therefore, decision makers should utilize this tool for developing ideas but not expect it to provide all the answers.

The main characteristics of scenarios can be summarized as such:

- They show alternative images instead of only assuming trends from the present situation continue as they were
- Scenarios utilize both qualitative methods and quantitative data
- They allow for evaluation of even sharp discontinuities
- They require the people in charge to re-evaluate their basic assumptions
- They create an organization that is able to learn and possesses a common vocabulary and an effective base for communicating complicated, sometimes paradoxical, conditions and choices (Ratcliffe 2002)

Besides their other characteristics scenario planning techniques are also very flexible. One can use the technique for almost any field, which contains some kind of uncertainty. Although most known cases are found in corporations for high-level, global and long-term use, scenario planning techniques can also be applied to some really specific purposes like some small issues in competitive strategy, marketing and organizational capability. (Verity 2003)

Although fitting many purposes, there are also specific circumstances where organizations should apply scenario thinking. These include situations where organizations have reasons to believe that:

- Its future business context, meaning products, customers, distribution channels, suppliers, competitors, technology and governmental regulations, are going to change from what they are today

- A set of alternative futures, which differ from the environment in which they currently operate, should be seen as a part of their decision making
- Even if the future is likely to be affected by the prevailing trends, there can be surprises or uncertainties that may affect the operating environment in the future (Fahey & Randall 1998)

As the practice has shown that futures research is always more popular when markets are getting increasingly volatile (Bradfield et al. 2005), the practice is here following the theory quite well.

There is also no single way to plan scenarios and, in fact, different ideas exist on why, how and when scenarios should be build and used (Verity 2003). Differences usually exist in their emphasis on predictability of the future meaning what one can presume to know and in how they randomly include developments and discontinuities in their thinking meaning things one cannot or do not know yet. Moreover, there are differences in the degree to which these approaches take the uncertainties of the future into account. (Kosow and Gaßner 2008)

Masini and Vasques (2003) divide these approaches of building scenarios into three main categories:

1. Intuitive approaches, which utilize intuition rather than formal models
2. Heuristic approaches, which rely on processes and the knowledge and creativity of the participants
3. Statistic approaches, which utilize mathematical tools.

Based on this division, Figure 2 demonstrates which approaches some of the researchers cited in this Master's thesis follow.

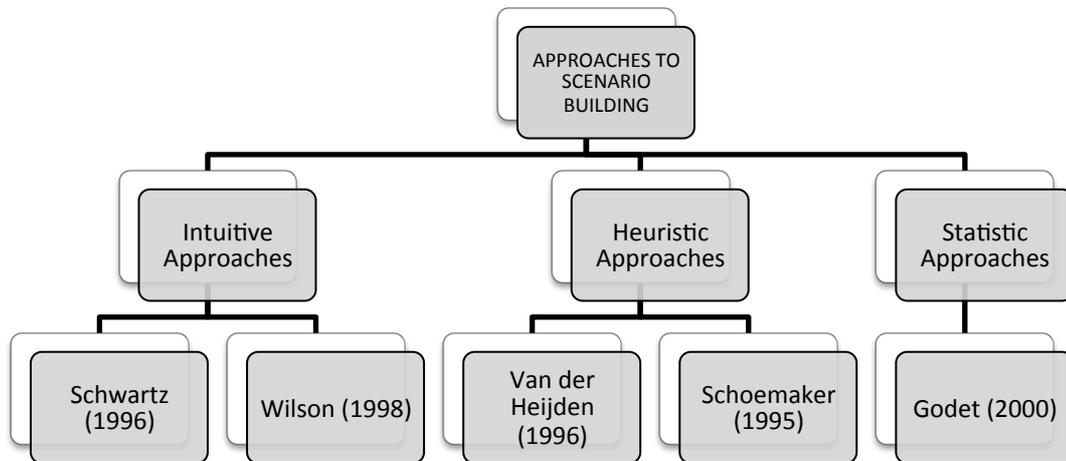


Figure 2: Different Approaches to Scenario Building (Adapted from Masini & Vasques 2003)

Offering slightly different categories, Bradfield et al. (2005) divide the methods into Intuitive-logistics models, La prospective models and Probabilistic modified trend models. Content of the categories is somewhat similar to the one of Masini and Vasques (2003). There the Intuitive-logics models refer to building models in qualitative manner based on e.g. brainstorming techniques, La prospective models mean mixture of qualitative and quantitative techniques where interviews with experts are studied in structural manner using sophisticated computer tools, and Probabilistic modified trend models signify quantitative ways of recognizing trends (Bradfield et al. 2005).

Besides dividing scenario techniques based on their school of thought, according to book compiled by Fahey and Randall (1998) they can be divided by their focus point in a following way:

- Global Scenarios are those that give information about distinctive future environments, which have differing effect on long-term investment, operating decisions and option analysis
- Industry scenarios provide alternative states for the industry and explains differences between them, offering information about how the industry might develop and what organization has to do to succeed within each possible future
- Competitor scenarios are a method that identify and test possible strategies that competitors might take in various situations

- Technology scenarios help managers to make better decision about technology, as they seek to understand opportunities, risks and options in the turbulent future market

Although there are various ways of doing the scenario planning and the planner can basically decide on how the process is applied and how the principles and final contents of the stories are formed (Van der Heijden 1996), there are some common features in many of these methods, such as brainstorming, examination of plausibility and testing driving forces in different positions to see how scenario changes. Common methods of creating scenarios include listing key patters and trends, preparing influence diagrams with causal relationships and ranking the driving forces by unpredictability and impact. (Chermack et al. 2001) After reviewing many of these different scenario methodologies, Chermack et al. (2011, 23-24) name some critical characteristics that are needed in building majority of the scenarios: “the use of systems thinking, challenging the microcosm of decision-makers, the telling of multiple stories, broad-based scope, examining seemingly unrelated forces, requiring knowledge of management’s deepest concerns, and focusing on re-perceiving reality.”

Moreover, the process of scenario planning is often described having specific phases that are completed sequentially (Bood & Postma 1997), but the number and content of the phases varies based on the researcher. Examples of different processes and their phases can be seen in Table 1. As seen from the table, although the phases may vary from e.g. 4 to 10, most of them include some kind of definition or identification process in the beginning. Finding the relevant causes for the change and building the actual scenarios follow this. In the end, the process is linked to the strategy of the firm by finding implications and tools to help the decision-makers. However, in practice, constructing scenarios is almost always “an iterative process wherein people move back and forth between the interrelated phases” (Bood & Postma 1997,4).

Table 1: Examples of Scenario Planning Processes Depicted by Different Researchers

Author	Process Description
Phelps, Chan & Kapsalis (2001)	1) Defining scope, 2) database construction, 3) building scenarios, and 4) choosing strategic options
Kosow & Gaßner (2008, 25)	1) Identification of the scenario field, 2) identification of key factors, 3) analysis of key factors, 4) scenario generation, and, if necessary, 5) scenario transfer

Bood & Postma (1997, 634)	1) Problem identification and demarcation of its context, 2) description current situation and identification relevant factors, 3) classification, valuation and selection of scenario-elements, 4) construction of scenarios, 5) analysis, interpretation and selection of scenarios, 6) supporting strategic decision-making with scenarios
Shoemaker (1995)	1) Define the scope, 2) identify the major stakeholders, 3) identify basic trends, 4) identify key uncertainties, 5) construct initial scenario themes, 6) check for consistency and plausibility, 7) develop learning scenarios, 8) identify research needs, 9) develop quantitative models, 10) evolve toward decision scenarios
Schwartz (1996)	1) Identify the focal issue or decision, 2) pinpoint key forces in the local environment, 3) list the driving forces, 4) rank key factors and driving forces by importance and uncertainty surrounding the factors, 5) select scenario logics, 6) flesh out the scenarios, 7) discover implications, 8) select leading indicators and signposts
Godet (2000, 10)	1) The problem formulated / the system examined, 2) diagnosis of firm, 3) key variables internal-external, 4) dynamics of firm in relation to its environment, 5) environmental scenarios, 6) from identify to visions and projects, 7) evaluation of strategic options, 8) from project to strategic choices, 9) plan of action and implementation

All scenarios are presenting possible futures based on certain relevant key factors and, thus, there is wide amount of possible variables available. These developments and key factors are not happening in isolation from each other, but issues are interlocked and the end result is often not easy to trace back to individual source. (UNEP 2002) Consequently, one should understand three things in the process of deciding the key factors. First of all, as the resulting scenario is not a comprehensive idea of the future, it basically makes the decision makers focus on one or more specific segments of the possible future. As such, some factors and events are chosen to be included and some not. Secondly, the researcher also makes decisions about these key factors in regards to time horizon. This also constitutes as a construct for the research and means that certain events are deliberately taken into consideration and they are brought into the study to interact with other assumedly relevant events. These can be also restructured if needed. Thirdly, each scenario construct is full of assumptions of how the future will develop, so what directions trends will have, which developments will remain the same and which

developments will change during the course of the scenario. To summarize, as the scenarios are based so much in assumptions, they supply a hypothetical answer to the questions on how future will look like and it should not be treated as a true knowledge. (Kosow and Gaßner 2008) Undeniably, the quality of the results will, thus, highly dependent on the researcher starting out with intelligent set of assumptions (UNEP 2002) and doing wise choices during the process.

Scenarios can be told in many ways, both qualitatively and quantitatively. The two most used ways of presenting the results are descriptive, written narratives (qualitative method) and tables and figures including numerical data, which is often generated by sophisticated computer models (quantitative method). These approaches have their own strengths and weaknesses and their relative value has been up to much debate. In qualitative approach, scenarios may study different relationships and trends, where no numerical data is available. This could mean e.g. shocks and discontinuities. By doing this, studies may reveal something about human motivations, values and behavior and also capture the imagination of the people in charge by creating interesting stories. On the other hand, quantitative scenarios have more discipline, precision and consistency. In fact, their assumptions are unambiguous, allowing the reader or client to trace the conclusions back to the assumptions. Hence, the effects of the changes can be more easily tested and important uncertainties noted. Quantitative approach may then provide estimates about the size of the magnitude in the past, present and future trends and it is, thus, utilized often in population growth, economic growth or resource use. (UNEP 2002)

There are, however, some rules on how the end result in scenarios should look like, even if there seems to be also disagreements in the area. Van der Heijden (1996) and Wilson (1998) suggests that at least two scenarios are needed for the uncertainty to be reflected and that more than four would not be practical for the organization. On the other hand, Wack (1985a) agrees that more than four is unmanageable, but suggests that three scenarios are ideal so that one of them is a surprise-free view and other two represent different kinds of future, which take into consideration the uncertainties. Additionally, each scenario should be, for example, plausible, logical, different and not just a variation from the same theme, internally consistent, relevant, useful, comprehensive, and able to produce a new perspective on the issue (Van der Heijden 1996; Wilson 1998). Scenarios can only help managers to understand and structure uncertainty if they are based on sound analysis of the reality and they are able to change the decision maker's mind on how the world functions and make them rethink the reality (Wack 1985b).

Scenario planning has many benefits for the organizational culture of strategic decision-making. It helps to find answers to very complex and intangible issues on strategic level, which arise as individuals are making assumptions on the past, present, and future (Bergman 2005). It also allows people to have and discuss different viewpoints on the matters without having the pressure of immediate decision-making. Then in the end it brings people together with shared understanding and ability to make decisions when needed. (Van der Heijden 1996) Thus, scenario planning can provide genuine competitive advantage, if the ability to think in this manner and develop plausible scenarios becomes part of the organizational culture, as it is not easy to copy (Van der Heijden 1996).

Scenario can also be seen benefiting the survival and development of organizations, as it enhances the learning of organizations and allows them to continue towards desired future (Marsh 1998). In fact, it forces them to be aware of the purpose, business idea, strategy and objectives of the organization. It makes the organization alert and able to read the signals of structural change early on in the business environment, to assess their own relation to the changes and to see also the opportunities besides the threats. This makes them able to do suitable decisions on which action to take and to adapt more quickly and effectively to changes than their competitors. (Van der Heijden 1996)

Although clearly having many benefits, there are reasons why scenario planning as a technique is sometimes questioned. For example, since there is so much flexibility on where to use the technique and which school of thought should be applied, the acceptance of scenario planning in organizational use has suffered as a consequence (Verity 2003). Moreover, as scenario planning is all about making people think and benefitting from the results, it is in actuality difficult to prove that there is a relationship between any specific scenario planning project and the strategy that is pursued the end (Van der Heijden 1996). Additionally, in many instances scenario planning has failed to notice weak signals amongst all information overflows and, thus, some important developments of events and behaviors were left unpredicted. Top-down approach in some methods may also lead to results that are too global and generic in nature. (KacKey & McKiernan 2006)

In the end, one should realize that having good scenarios is not enough. It is argued that full benefits of scenario planning can be achieved only when the organization has made scenario thinking the dominant strategic thinking style and there has been persistence and consistency for management side to do this. This is because organizational change

cannot be achieved overnight and people cannot succeed in the organizational game if they do not have this forward-looking thinking. (Van der Heijden 1996) Thus, top and middle management must be thoroughly involved in the process for it to be effective and the organization must be willing to face and understand uncertainty. This might require an almost revolutionary transformation especially in large organizations. (Wack 1985 b)

To summarize, scenario planning offers a good tool for analyzing the future and developing strategies following the findings, especially in the situations where the business context of the firm is changing or can be expected to change in the future. As the method is flexible in the way it is used and for what purposes the results are utilized, it can be used in many different situations. As this Master's thesis will focus on newspaper industry, which is rapidly changing and needing new ways of doing business, it is argued that scenario planning offers an interesting and fitting tool for finding those new business models.

2.2 Business Models in Newspaper Industry

Media industry has been amid variety of changes and the researchers agree that the rapid change is still continuing (Johansson 2014; Della et al. 2008; Romaniuk 2012; Stephen & Galak 2012). The changes in the industry include “the digitization of information, digital convergence, cross-media management, the emergence of the internet, Web 2.0, Web 3.0, Web 4.0, Web X.O, dramatic increases in computing power and bandwidth capacity, IPTV, Internet TV, Mobile TV, Cable, TV.” Clearly, this amount of change requires the businesses working in the area to adapt and create new, innovative and profitable ways to create content and catch the viewers' interest. (Vukanovic 2011, 64-65)

The change has led a rise of new kinds of business models, meaning methods of how companies are supporting themselves, making revenue and positioning themselves in the value chain. Besides new models, some of the old ones like auctioning and brokering have regained new life as they have been reinvented and gained a new form online. (Rappa 2010) The design and implementation of these different kinds of business models is becoming as critical to technological success as the technology itself, as it defines how the value is generated from the new technology (Yen et al. 2013).

These developments in the industry and technology have also made previously profitable businesses like newspaper companies to reconsider their position in the media environment, as their old business models are starting to become outdated and pressure to venture to new areas is increasing (Holm et al. 2013). Today, they are seen struggling

to find profitable ways to do business online and competing against the new media companies (Hayes & Graybeal 2011).

This section will look more in detail at the theory behind business models and explain what kind of business models are at use in the newspaper industry.

2.2.1 Purpose and Structure of the Business Model

Although widely accepted and discussed term, business models can have fundamental differences in how they are conceptualized. Kuivalainen et al. (2007) recognize two different theoretical directions, which can be seen in literature. First, there are those definitions that follow Porterian value-chain thinking and describe the functions of the organization in a meaningful way. Secondly, there are those definitions that focus on resources reflecting the resource-based view. For the purposes of this research, a value-chain thinking of the business model is adopted, because it allows looking at the different functions of the of the newspaper, as it is known that, for example, delivery methods are changing due to technology (e.g. Holm et al. 2013; Lehtisaari et al. 2012). Thus, a definition falling in the first category is used: “A business model is a conceptual tool that contains a set of elements and their relationships and allows expressing a company's logic of earning money. It is a description of the value a company offers to one or several segments of customers and the architecture of the firm and its network of partners for creating, marketing and delivering this value and relationship capital, in order to generate profitable and sustainable revenue streams.” (Osterwalder 2004,15)

Probably the main benefit that business model concept has, is it's ability to help managers to capture, understand, communicate, design, analyze and change the business logic of their company (Osterwalder et al. 2005). Moreover, business models have other very clear purposes: 1) they specify the value proposition, so how company is creating the value for the users with certain technology, 2) they explain the market segment, so who are the users of the technology, why the technology is useful and for what purpose it is used and how the revenue is generated from the use of it, 3) they clarify the structure of the value chain as well as what are the complementary assets needed to support the company in this chain creating and distributing the offering, 4) they estimate the cost structure and profit potential for the offering given the chosen value proposition and value chain, 5) they describe the position of the firm within the value network and 6) they formulate a competitive strategy by which company may win its rivals (Chesbrough & Rosenbloom 2002). Business model may also play an important role in the legal domain, as business models can increasingly be patented (Osterwalder et al. 2005).

Osterwalder and Pigneur (2010, 44) developed a tool called “Business Model Canvas” that divides business models in nine clear elements. Yen et al. (2013, 83-84) offer a good summary of these different elements:

1. Value Propositions: what is the product or service offered, what are its features and benefits, why it is unique compared to the competition, what is the size of the market opportunity and the minimum viable product that best illustrates the product as quickly as possible so that feedback is received.
2. Customer Segments: who is your customer and what problems the product solves for them.
3. Channels: how the product is distributed and sold.
4. Customer Relationships: how demand is created.
5. Cost Structure: what are the fixed and variable costs that are needed to run your business.
6. Key Activities: the tasks that are needed to succeed.
7. Key Resources: e.g. suppliers, commodities, and other essential elements in the business.
8. Key Partners: other businesses that will be essential in order for the business to succeed.
9. Revenue Streams: sources and size of the revenue and profits.

Although not many studies are done on exactly how these business model elements are interrelated, it seems that they are very interdependent and relationships between the business model elements are important in understanding how the business models work in practice. For example, partnerships can have a noticeable effect on value proposition. (Peters et al. 2013)

As Osterwalder and Pigneur represent the Porterian value-thinking (Kuivalainen et al. 2007), it is possible to see that the elements of the business model are having a huge impact on the primary activities of the company meaning inbound logistics, operations, outbound logistics, marketing and sales, and services. As seen in the Figure 3, revenue streams are the only element that falls outside primary activities in margin, which is used to describe the profits that the company gets. (Porter 1985, 59-61) Changing the elements would, thus, change the value chain of the company. This allows the researchers to see the effects of new business models on e.g. the complexity and width of the value chain.

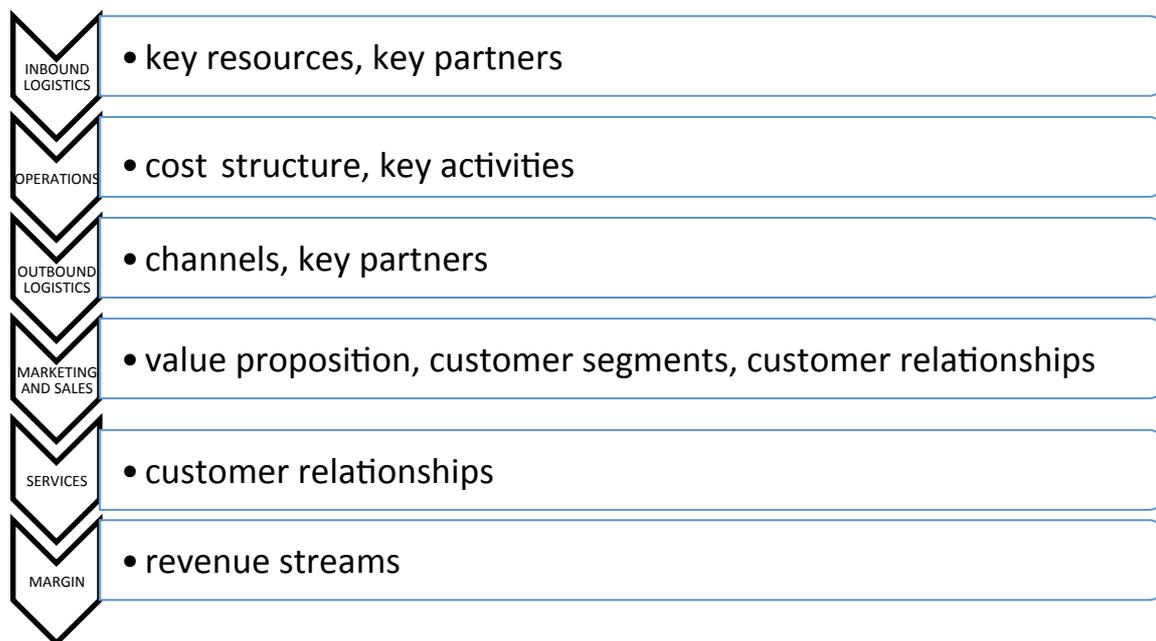


Figure 3: Business Model Elements in the Value Chain (Adapted from Porter 1985, 60; Osterwalder & Pigneur 2010, 44)

There are many things that can trigger business model change, external and internal. Changes in these external factors and industry are driving a need to change: shifts in the value chain, new entrants, competitor action, changes in customer preferences, new customer segments emerging, disruptive new technologies, changes in regulatory and legal environment and social and environmental sustainability factors. Internally, product or service innovation might require a new business model, declining performance or negative growth might trigger a change or one simply might have resources available that allow the change in the business model. (Giesen et al. 2009, 8) Additionally, Teece (2010) argues that the business model pioneers possess, develop or accidentally stumble into a deep understanding of the changes and are, therefore, able to develop a successful model.

Companies should have an active approach in designing and innovating their business model. Business model represents an often-underutilized source of future value and competitors can find it harder to imitate or replicate an entire new way of doing business than just one new product or a process. Thus, if the model is sufficiently differentiate and had to replicate by incumbents and new entrants alike, it can translate to sustainable competitive advantage. (Amit & Zott 2012; Teece 2010) This also means that companies should look outside current competition, as a new business model coming from outside the current industry might also affect the balance of the company (Amit & Zott 2012).

Moreover, a business model can help to foster innovation and increase the company's readiness to react to changes in the environment and, thus, prepare for the future. Based on Allen's law of excess diversity in evolutionary theory, Osterwalder et al. further argue that companies should maintain a portfolio of different business models in their stock so that they are ready for the future. Having these business models ready would allow them to cope with change. (Osterwalder et al. 2005) This suggests that proactive designing is better than reactive one.

Business model innovation may be either radical or incremental (Amit & Zott 2012) and the research has recognized several ways in which business model innovation can occur. For example, business model innovation can appear by adding novel activities e.g. through forward or backward innovation, by linking activities in a novel way, or by changing one or more parties that perform those activities. Thus, content, structure and governance are design elements, which can spark innovation. (Amit & Zott 2012) Likewise, the need for experimentation is often described when it comes to business model innovation (e.g. Osterwalder & Pigneur 2010; Chesbrough 2006; Teece 2010).

It is also suggested that company can be innovative and more effective at capturing value by opening up their business model. In an open business model company relies more on cooperation and it will create value by leveraging many external concepts and ideas and rely both on its own key assets, resources and positions and those of other's. This collaborative model will give them access to more innovation and ideas. (Chesbrough 2006) This is, however, completely not problematic as it makes companies connected and dependent on third parties and their assets. This means that openness is something that must be carefully considered, as failure to do it correctly may lead to, for example, disrupted revenue stream and decoupling the company from its consumers and traditional partners. (Holm et al. 2013) Broad openness of a business model can result in a more complex business model. Although it can cause potentially higher transaction costs, the benefit is that company is less dependent on the assets from a single partner. Deep openness can decrease the control that company has in its activities and gives more power to single third-parties, most likely leading to revenue-sharing approaches. (Holm et al. 2013)

Furthermore, Cavalcante et al. (2011) distinguish four different ways in which business model can be changed: 1) business model creation, 2) business model extension, 3) business model revision, and 4) business model termination. In business model creation, the entrepreneur is creating the business model without relevant previous working

practices. In business model extension activities are added to business model or the existing core processes in the model are expanded. In business model revision something is removed from the existing business model and replaced with a process that modifies the business model. This can be done, when e.g. new commercial opportunities require new ways of doing business, the business model is not effective anymore as the products and services do not fit customer's needs, competitors are developing new processes that might capture company's share of the market or new entrant companies have introduced completely new ways of meeting the existing demands. Lastly, business model termination refers to abandoning existing processes. (Cavalcante et al. 2011) Although any change between 2 and 4 is possible for traditional companies like newspaper companies, the outdated business models (Holm et al. 2013) in these industries requires mostly business model revision and developing new business models.

Osterwalder et al. describe the process of developing a business model in a simple, very understandable way. The process starts by management analyzing the business model's adequacy due to environmental pressures and when they notice that business model is not adequate a new business model becomes a goal, which should be achieved. This is followed by planning, changing and implementation stage. In the planning stage, they should try to capture and visualize a new model as well as possible, as this makes the rest of the process easier. (Osterwalder et al. 2005, 22-23) The process is shown better in the Figure 4 and it takes further into consideration the need for having many business models in stock, as in the planning stage multiple models are created.

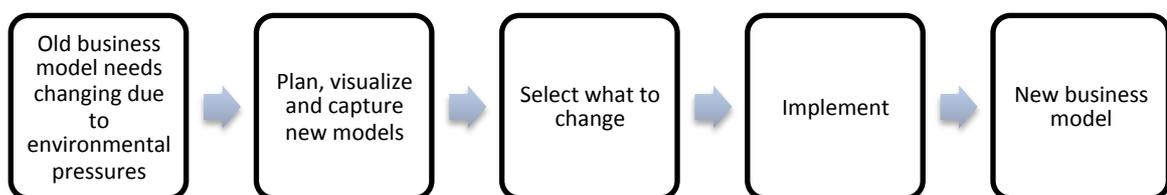


Figure 4: Process of Changing a Business Model (Osterwalder et al. 2005, 22-24)

However, it should be understood that developing a new business model is not easy as one needs to be able to distil ideas about customer desires, customer assessments, the likely behavior of costs and capabilities of competitors when they try to find a commercially viable model. Traditional market research is not likely to be enough for this as there is a need to identify unarticulated future needs and emerging trends. (Teece

2010) Thus, it seems like one should be able to predict the future to see if the new business model will be viable.

As mentioned, for the purposes of seeing how the newspapers are adapting their business models, value-chain thinking shall be adopted and the different functions of the business model shall be considered. Accordingly, all the nine business models are analyzed: value propositions, customer segments, channels, customer relationships, cost structure, key activities, key resources, key partners and revenue streams (Osterwalder & Pigneur 2010, 44). Furthermore, this thesis will look at the creation of new business models as a process like Osterwalder et al. (2005) and argue that even if it is not an easy task (Teece 2010) companies should apply a proactive business model development and even make a stock a possible business models, as it can give them tremendous benefits and a competitive advantage against competitors (Amit & Zott 2012; Teece 2010; Osterwalder et al. 2005).

2.2.2 Newspaper Business Models

As in many traditional industries, the disruptive technologies and technological discontinuities are changing the newspaper industry and they represent both a treat and an opportunity for this mature industry (Picard 2002). For a long time, the newspaper industry has had for a special way of operating in dual product market, where the same product is sold to both consumers and other businesses (Albarran 2002). Additionally, printed newspapers around the world have used the same working business model, a multi-sided business model, for over a century. This business model delivers value to three major customer segments that are readers, marketers and classified advertisers. The readers are mostly interested in content in forms of news, comments, insights, background stories and other information. On the other hand, marketers want to reach their potential customers in the most effective and cost-efficient way possible and classified advertisers want to find buyers and close transactions for their products. The business model has bundled the interest of all these parties and the interaction between them is complementary. Until recently, the business model was successful, but now it has started to face pressure to change as the advertising and subscription rates are on the decline and there is pressure to venture to the new media as the technology changes. (Holm et al. 2013)

The pressure to venture in new media is largely due to media convergence. Media convergence refers to the overall trend, in which the boundaries between media, telecommunications, and information technology are becoming increasingly blurry.

Consequently, different sectors of media are more interconnected and everything is increasingly digitalized. (Storsul & Stuedahl 2007; Chan-Olmsted 2006; Wirth 2006) This is affecting the behavior of both revenue streams of the newspapers: consumers and advertisers (Casero-Ripollés & Izquierdo-Castillo 2013). However, for newspapers, convergence and new technology also create possibilities to create content, which combines different multimedia elements like text, photographs, audio, video, graphics and social networks. This content can be then distributed across different media platforms. This is challenging the concept of traditional one-way communication seen in newspapers previously and pushing the newspaper publishers to follow the rules of the new media. Consequently, they are venturing into Internet, for example, by offering web-based publications. (Lehtisaari et al. 2012) This has resulted in a stage where news are still a highly desired product, but the business and industry model need to be redesigned (Holm et al. 2013), which will lead to many companies changing in the future. Hence, one can increasingly see new newspaper business models forming and the companies facing the same struggles as newer media houses in their attempts to generate profits from online products (Hayes & Graybeal 2011).

There are fundamental differences of doing business between old /traditional media like newspapers and new/ social media, which are beneficial at sheading a light to the difficulties newspaper companies are facing while trying to benefit from the new media. Both traditional and new media can reach audiences of various sizes, but many differences exist in terms of distribution, production, technology and market targeting. In these, the competitive advantage is often in favor of the new media. (Vukanovic 2011) The differences are further listed in the Table 2.

Table 2: Differences between Old and New Media (Vukanovic 2011, 63-64; Naldi & Picard 2012; Snellman 2011)

	OLD / TRADITIONAL MEDIA	NEW / SOCIAL MEDIA
PRODUCER	<ul style="list-style-type: none"> Industrial media dominantly produced by large multinational corporations 	<ul style="list-style-type: none"> Personal media primarily produced by internet users
CONTENT PRODUCTION	<ul style="list-style-type: none"> Top-down content production Stronger journalism background 	<ul style="list-style-type: none"> Bottom-up content production Usually less researched stories, less journalism Physical news room might be missing
DISTRIBUTION	<ul style="list-style-type: none"> Centralized framework for organization, production, and dissemination of media One to many content distribution 	<ul style="list-style-type: none"> Decentralized (network and on-demand) based media Many to many content distribution
INTERACTION	<ul style="list-style-type: none"> Linear, One-way media 	<ul style="list-style-type: none"> Interactive and immersive media

	<p>communication</p> <ul style="list-style-type: none"> • Reaching the audience • Passive users - Users as Recipients • Static media • Economies of scale • Content is the king • One-sided platform distribution 	<p>communication</p> <ul style="list-style-type: none"> • Connecting the audience • Active users - Users as participants • Mobile media • Economies of scope (Long tail Economics) • User is the king • More diversified multi-platform (hypermedia and multimedia) distribution, less hierarchical, and distinguished by multiple points of production and utility
ACCECCIBILITY	<ul style="list-style-type: none"> • Less available and accessible to the public, distribution costs and viewing is more expensive 	<ul style="list-style-type: none"> • Generally available and accessible to the public at little or no cost
TIME FRAME	<ul style="list-style-type: none"> • The time lag between communications produced by industrial media can be long (days, weeks, or even months) 	<ul style="list-style-type: none"> • Capable of virtually instantaneous responses; only the participants determine any delay in response
ABILITY TO EDIT THE CONTENT	<ul style="list-style-type: none"> • Once created content, it cannot be altered (once a magazine article is printed and distributed changes cannot be made to that same article) 	<ul style="list-style-type: none"> • Easily altered content by almost instantaneously editing and writing comments
CREATIVITY	<ul style="list-style-type: none"> • Less creative content creation 	<ul style="list-style-type: none"> • More creative content creation
STORABILITY	<ul style="list-style-type: none"> • Storage capacity for media content is relatively low 	<ul style="list-style-type: none"> • Storage capacity for media content is very high • Acts as an online database
CONTENT CATEFORIZATI ON AND SHARING	<ul style="list-style-type: none"> • Low level of content categorization and sharing 	<ul style="list-style-type: none"> • High level of content categorization, annotation and sharing: • Widgets, collaborative tagging, social classification, social indexing, and social tagging, folksonomy
ROLE OF THE USER	<ul style="list-style-type: none"> • Less peer-to-peer power • Publisher-Centric • Can produce content in only small sections like letters 	<ul style="list-style-type: none"> • More active • Peer-to-peer power • User-Centric Model • UGC – User generated content
TECHNOLOGY	<ul style="list-style-type: none"> • Analogue 	<ul style="list-style-type: none"> • Digital media • Digital convergence • Mobile and wireless media • Ambient media • Augmented media • Widget(ized) media • Tagged media • Folksonomy
DIMENSIONS	<ul style="list-style-type: none"> • Two-dimensional media 	<ul style="list-style-type: none"> • 3D media
TARGETING	<ul style="list-style-type: none"> • Traditional market targeting (B2C and B2B marketing) 	<ul style="list-style-type: none"> • Better and more efficient market and consumer marketing (B2C and C2C) • Nicheization • Social network and online communities

Related to their traditional way of doing business, the knowhow in newspaper industry is traditionally built on strong editorial staff, sales, distribution and in many cases printing, although sometimes printing is outsourced. Content in the newspaper is usually provided by their own news agency and other agencies. Additionally, the users have provided some content but in the traditional newspaper this has usually meant reader's letters and, thus, only a small part of the whole paper. Although the content is usually similar online, there are some new features like commenting the articles that are not possible in the traditional paper and, thus, readers participation in journalistic activities is growing. (Snellman 2011; Naldi & Picard 2012; Picard 2010; Ala-Fossi et al. 2008) As the operations online are growing and newspaper business models changing, it is questionable whether the current strengths can be utilized in the future and whether the current knowhow and structure of the company are enough for the online operations (Snellman 2011; Doyle 2013).

At the moment, there is not a one solution how to redefine the newspaper business model successfully in the converged environment (Lehtisaari et al. 2012). Most likely the printed newspaper stays as the prominent product for the years to come, (Ferguson 2006, Lehtisaari et al. 2012) but it is clear that that Internet is taking over some functions from the newspaper. Some newspaper publishers follow a cautious strategy and believe more in the vitality of the newspapers avoiding risks and costs, as others are doing riskier experimentations with Internet for the opposite reasons. (Ala-Fossi et al. 2008) There are, also, two interesting main developments in the business model change that can be seen. Firstly, the traditional model based on single delivery channel i.e. the printed newspaper is being disassembled and companies are instead going for multiple distribution channels utilizing digital technologies. Secondly, companies are highly experimenting with alternative sources of revenues and collecting customer data from these experiments. Thus, especially three components of business model need and are getting special attention in the current change: the value proposition, delivery channels and revenue structure. (Holm et al. 2013) In the end, it is very likely that the changes are so rapid that there probably will not be one sustainable model, but several ones (Lehtisaari et al. 2012).

The problems for changing the business model to include online activities profitably can be traced back to two main causes: the abundance of free online content and inability to produce a feasible formula for generating income from online activities. Thus, there is a paradox where the news consumption online is increasing, but the newspaper companies are not able to monetize the increased audience. These moves to develop the business models have been mostly defensive and done late compared to other companies, making newspaper companies to stay behind in the business model development. (Casero-

Ripollés & Izquierdo-Castillo 2013) However, a profitable business model can be found. There are some successes of newspapers focused on specialized content, such as Financial Times with their economic news, who has been able to make the consumers pay for the products online. This same specialized information could also be the key for local media, as the specialized information concerning the local news is not available free in many other websites and local newspaper can function as a official journal of the events in the community. (Casero-Ripollés & Izquierdo-Castillo 2013; Ferguson 2006) Here one can see that with a right kind of value proposition it is possible to deliver the news also via Internet and gain revenue. Kuivalainen et al. (2007) further suggest that following factors can aid in making the company's internet strategy a success: Web site is complementing and not substituting the print, special online features are innovatively leveraged and site does not only imitate offline activity but brings lifelike dimensions to the print product, customer feedback and development in the competitive environment are used to incrementally develop the site, and online services should be valued and exploited alongside the development of the print product, e.g. by utilizing the discussion forums. Eventually it is likely that the industry will become more segmented than ever as now newspapers can specialize if they want whereas in print they needed to have something for everyone. Most likely there will be mass-market tier of providers that have free and premium content and those that will focus on a more niche group with high values, as well as those that stay between the two, offering multiple bundles of content at different prices. (Picard 2014)

Due to the low online advertising revenue tried in the beginning, many newspapers have also tried other ways of gaining revenue online (Casero-Ripollés & Izquierdo-Castillo 2013). One popular way to divide Internet based models is 1) advertising models, 2) subscription models, and 3) transaction models (Hayes & Graybeal 2011; Laudon & Traver 2008; Enders et al. 2008). Although this categorization can be used to other internet sites as well, it is also depicting the spectrum of models that newspaper companies have utilized in their attempts to develop a profitable online business model (Hayes & Graybeal 2011). Advertising model can gather profits from advertisement in the media, for example, from direct sales, banner advertising, affiliate advertising or cash flow from steering traffic to other sites. To be successful, this requires usually a large or highly specialized viewership. (Laudon & Travers 2008) Furthermore, advertising might be the source of revenue even in a model which is not so common yet like cross media narrowcasting model, where providers distribute news and ads via multiple channels to a range of specific audiences like air passengers or visitors in sport event (Ala-Fossi et al

2008). On the other hand, subscription models charge the users a fee for the access on content or services (Laudon & Travers 2008). This strategy has been adopted by e.g. major financial and business newspapers and in the future might be complemented with mobile, e-mail and SMS premium services (Ala-Fossi et al. 2008). In the transaction models there is a platform that collects revenue for facilitating or executing a transaction (Hayes & Graybeal 2011). Outside these three common models there are also other options and e.g. Ala-Fossi et al. (2008) suggest that one way of developing online newspapers is to make them local portals or e-commerce platforms.

The review of the recent literature in the newspaper business models (list of the selected studies and the business models mentioned in those studies can be found in Table 3) enlightens the current stage of the business model development. Overall, the approaches to business model development are similar in many countries, as studies conducted in e.g. Spain, Denmark, U.K. and Finland show similar online strategies. For example, the traditional one-way distribution is mostly abandoned and multi-channel approach is becoming more a norm as most newspapers have online products. Additionally, the problems making revenue online are similar everywhere and the solutions tried for this like pay-walls and freemiums are repeated in basically all the studies. Differences exist, though, in how much the content varies between the print and online channels and how the value is created there. Some companies provide the same content separately, some combine everything into one integrated product and some provide completely different content online. (Casero-Ripollés 2010; Casero-Ripollés & Izquierdo-Castillo 2013; Holm et al. 2013; Lehtisaari et al. 2012; Hayes & Graybeal 2011; Wikström & Ellonen 2013; Doyle 2013; Picard 2010) The similarity of the approaches is, however, not surprising as studies include interviews in which newspaper editors explain that they do pay close attention to what other newspapers are doing with their business models especially in Western Europe and in the U.S. (Casero-Ripollés & Izquierdo-Castillo 2013; Lehtisaari et al. 2012).

Although terminology does not always include the aforementioned terms advertising, subscription and transaction models, in all the studies the models would fit one or all the categories (Casero-Ripollés 2010; Casero-Ripollés & Izquierdo-Castillo 2013; Holm et al. 2013; Lehtisaari et al. 2012; Hayes & Graybeal 2011; Doyle 2013, Picard 2014; Picard 2010). However, the studies also bring in ideas that could be put in as additional categories. Although having differences in if they discussed it as a business model, most studies discussed some collaborative action or open business models, where companies would rely at least part of their business model to other companies or create partnerships and alliances to deliver additional value. (Casero-Ripollés & Izquierdo-Castillo 2013; Holm

et al. 2013; Lehtisaari et al. 2012; Hayes & Graybeal 2011; Picard 2014; Picard 2010) This is a very new kind of venturing for newspapers in some sense, because for example in Finland partnerships were previously not so utilized, but e.g. local newspapers were operating alone and usually without much competition (Lehtisaari et al. 2012). Moreover, the analysis also revealed that some newspapers have either attempts or interest in expanding the business model outside journalistic activities, for example, to e-commerce, retailing, gaming or lecturing (Lehtisaari et al. 2012; Holm et al. 2013; Doyle 2013). This reveals that newspaper companies are ready to find innovations from even unusual sources.

Based on the review of the recent articles (Table 3) and for the purposes of this study, the possible paths for the newspaper business model development are divided into following categories:

- Advertising Models
- Subscription Models
- Transaction Models
- Open Collaborative Models
- Outside Journalism Models

It should be, however, understood that as in the traditional model, revenue streams could come from multiple sources like advertising and subscriptions. These chosen categories then reflect merely the focus point through which company is trying to make money.

Furthermore, as seen in the Table 3, most studies have adapted quite a limited view of the business models. When the business models in the recent articles were compared to the list of business model elements by Osterwalder & Pigneur (2010, 44), one was able to see that the mentioned business models were linked to only part of these elements. Also noticed by Peters et al. (2013), the revenue stream is in the most cases the main focus and other components are either in the background or not discussed. Additionally, most models covered the product or service offered, meaning the value proposition. Some cases focused on channels or partnerships and others could be seen linked to customer segmentation as they had different value propositions for different customers. These results are somewhat consistent with Holm et al. (2013) as they state that the value proposition, delivery channels and revenue structure are changing the most, but based on the chosen studies also key partners and customer segmentation can be added to the list. Especially recent study by Peters et al. (2013) show that due to the interdependencies between the business model elements, the partnerships are effecting the value

proposition tremendously in the media industry. All in all, besides showing the focus points of most companies in the business model change, these results in this literature review also demonstrate that there are differences in what can be said to be a business model and even in academic literature business model examples may be similar to revenue models or look at the term otherwise in a limited fashion. Thus, this study makes a deliberate decision to look at business models in a broader perspective, trying to see how all elements are affected in the change.

Table 3: Review of the Recent Articles on Newspaper Business Models

AUTHOR	ARTICLE	BUSINESS MODELS USED IN THE ARTICLE	BUSINESS MODEL ELEMENTS* AFFECTED	BUSINESS MODEL CATEGORY ASSIGNED
Hayes & Graybeal (2011)	Synergizing Traditional Media and the Social Web for Monetization: A Modified Media Micropayment Model	<ul style="list-style-type: none"> • Direct Sales • Banner Advertising • “Freemium” • Newspaper Subscription • Online Subscription • Free Content Website + Separate Premium Website • Micropayment online • Modified Micropayment model • Cash flow from traffic to other sites • Affiliate Advertising 	2, 9 6, 9 1, 2, 6, 9 4, 9 1, 3, 6, 9 1, 2, 3, 4, 6, 9 3, 6, 9 3, 6, 9 6, 8, 9 6, 8, 9	Advertising Models Subscription Models Transaction Model Open Collaborative Models
Lehtisaari et al. (2012)	Media Convergence and Business Models: Responses of Finnish Daily Newspapers	<ul style="list-style-type: none"> • Subscription & home delivery of the newspaper, complimented by advertisement • Paywall • Digital subscription package: Combines paper and digital order • Separate online and print subscription • Low-cost free content, revenue from advertisement and corporate partnerships • Freemium: some free, premium order costs • Single-copy sales • Micro-payment model • Partnerships • Multiple revenue streams also outside journalism 	1, 2, 3, 4, 6, 9 1, 3, 6, 9 1, 2, 3, 6, 9 1, 2, 3, 6, 9 1, 6, 8, 9 1, 2, 6, 9 1,9 1,9 1, 7,8 1, 6, 9	Subscription Model Advertising Models Transaction model Open Collaborative Models Outside Journalism Model
Holm et. al.	Openness in	<ul style="list-style-type: none"> • Separate print and online subscriptions 	1, 3, 6, 9	Subscription model

(2013)	Innovation and Business Models: Lessons from the Newspaper Industry	<ul style="list-style-type: none"> • Multichannel product • Free-sheets, financed entirely by advertising • Online advertising • E-commerce • Partnerships • Revenue-sharing models • Outsourcing key functions 	<p>1, 3, 6, 9</p> <p>8, 9 7, 9</p> <p>1, 6, 9</p> <p>1, 8 7, 8, 9 7, 8</p>	<p>Advertising model</p> <p>Outside Journalism Models</p> <p>Open Collaborative models</p>
Casero-Ripollés (2010) (as translated in Casero-Ripollés & Izquierdo-Castillo 2013, 67)	Prensa en internet: nuevos modelos de negocia en el escenario de la convergencia	<ul style="list-style-type: none"> • Free content supported by advertising • All paying (pay-wall): Subscriptions or pay-per-use • Metered Model: Free for limited number of articles, later a fee • Freemium: Free for a last-minute news, payment for high value-added news • Donations: Income in voluntary contributions 	<p>8, 9</p> <p>1, 6, 9</p> <p>1, 6, 9</p> <p>1, 2, 6, 9</p> <p>7, 8, 9</p>	<p>Advertising Models</p> <p>Subscription Models</p> <p>Transaction Models</p> <p>Outside Journalism Models</p>
Casero-Ripollés & Izquierdo-Castillo (2013)	Between Decline and a New Online Business Model: The Case of the Spanish Newspaper Industry	<ul style="list-style-type: none"> • Sales through copy sales and home delivery • Pay-walls (not utilized in Spain) • Digital Newstands • Freemium • Alliances 	<p>1, 2, 3, 4, 6, 9 1, 6, 9</p> <p>1, 3, 9 1, 2, 6, 9</p> <p>1, 7, 8</p>	<p>Subscription model</p> <p>Transaction models</p> <p>Open Collaborative Models</p>
Doyle (2013)	Re-invention and Survival: Newspapers in the Era of Digital Multiplatform Delivery	<ul style="list-style-type: none"> • Multiplatform delivery and subscription • Digital subscriptions • Paywall • More targeted advertising through customer data • Propensity model • Metered model: free access for limited articles, 	<p>1, 3, 6, 9 1, 3, 6, 9 1, 6, 9</p> <p>1, 2, 6, 9</p> <p>1, 2, 6</p>	<p>Subscription Models</p> <p>Advertising Model</p> <p>Transaction Model</p>

		<p>after that a fee</p> <ul style="list-style-type: none"> • E-commerce • Games • Membership Clubs • Competitions • Online retailing 	<p>1, 6, 9</p> <p>1, 6, 9</p> <p>1, 2, 4, 9</p> <p>1, 4</p> <p>1, 6, 9</p>	Outside Journalism Model
Picard (2014)	New Approaches to Paid Digital Content	<ul style="list-style-type: none"> • Premium paid access to specialized news, tools and personalized news and analysis services • Subscription Model • Membership Strategy • Bundled products • Soft paywall with paid access but availability to share stories and limited access to search engines • A hard paywall with paid access and no ability to share stories or access search engines <ul style="list-style-type: none"> • Basic paid news, access to additional material by single access • Single-access every time • Some content paid / Mixed Strategy <ul style="list-style-type: none"> • Significant contributions of experts and public 	<p>1, 2,4,9</p> <p>3, 6, 9</p> <p>1,2,4,9</p> <p>1, 3, 6, 9</p> <p>1, 3, 6, 9</p> <p>1, 3, 6, 9</p> <p>1, 9</p> <p>1, 9</p> <p>1,9</p> <p>6, 7, 8</p>	<p>Subscription model</p> <p>Transaction models</p> <p>Open Collaborative Models</p>
Picard (2010)	The Future of the News Industry	<ul style="list-style-type: none"> • Consumer payment model –subscription • Audience access through payment for media time • Payment for clickthroughs and business leads <ul style="list-style-type: none"> • Consumer payment model – single use • Low cost for basic + higher price for extended use <ul style="list-style-type: none"> • Sponsorship (B2B) • Licensing content • State funding or state-enforced funding 	<p>3, 6, 9</p> <p>8, 9</p> <p>8,9</p> <p>2, 9</p> <p>1, 2, 9</p> <p>1, 8, 9</p> <p>6, 9</p> <p>7, 8, 9</p>	<p>Subscription model</p> <p>Advertising model</p> <p>Transaction model</p> <p>Open collaborative models</p>

*1) Value Propositions, 2) Customer Segments, 3) Channels, 4) Customer Relationships, 5) Cost Structure, 6) Key Activities, 7) Key Resources, 8) Key Partners & 9) Revenue Streams (Osterwalder & Pigneur 2010, 44)

As there is not one single solution, there is a need to do experimentation with these different types of business models to find innovation. There are many ways to get innovation for models which to try. Many newspaper companies seek innovation by looking at other newspaper companies in other countries. (Casero-Ripollés & Izquierdo-Castillo 2013; Lehtisaari et al. 2012) In some cases, the market might be so small that it is not profitable to launch completely untested innovations, but it is better to see how consumers have reacted to new business models in larger markets. For some smaller companies the local big players are the ones that they follow for innovation, as the resources do not allow researching companies in other countries. (Lehtisaari et al. 2012)

Additionally, literature shows that social media is having an effect on print media companies and their business models especially online (Vukanovic 2011; Wikström & Ellonen 2013). In order to compete with the other companies online, print media companies have tried to move their value propositions closer to that of the social media by acquiring already well-established applications or by adding different kinds of social media features to their existing online services. In practice, this can mean, for example, blogs, discussion forums, wikis or active user participation in content creation. Thus, one can see that the impact of these features might even transform the value proposition of the company, thus, acting as a source of innovation. Also other building blocks of the business model are affected than the product: channels might increase, segmentation can change, customer relationship evolve to become closer and more open, new key capabilities might be found, partner network expands, consumers become more involved in creating the value and cost structure might change due to new technology and less costs from content creation. Interestingly, in most cases the revenue model building blocks remain unchanged and, thus, the social media features have not solved the problems of getting revenue online. In some cases the social media functions might bring in some indirect revenue, but in other cases they just add value, increase traffic and spike enthusiasm. (Wikström & Ellonen 2013) Therefore, it is hard to see if social media features can help finding a profitable business model, but they certainly will affect how it will look in the end.

Moreover, Holm et al. (2013, 336) propose that for originally low-tech industries, such as traditional newspaper industry, opening a business model is relevant when it comes to innovating and changing the business model. Thus, instead of achieving competitive advantage through R&D, innovation management and technological innovation, they can achieve it through experimentation. The researchers suggest that there should be distinction between broad and deep openness and between inward and outward

innovation. In broad openness, a firm depends in various degrees on many partners to perform some of its business models, whereas in deep openness the focal firm depends on one or few partners. In inward innovation, the firm acquires third party assets that it implements in its business model and in outward innovation the firm will provide the assets to other companies in exchange for revenue or assets. In terms of newspaper industry, broad inward innovation then means e.g. acquisition of content from many suppliers like news agencies and crowdsourcing. Deep inward innovation would refer to e.g. outsourcing printing or IT. On the other hand, broad outward innovation would mean that company is e.g. delivering content for third parties like other news providers. Lastly, deep outward innovation could refer to provision of substantial advertising space to one or few advertising intermediaries like Google. (Holm et al. 2013, 336) This suggests that if the companies are willing to open their business models, there are many routes they can take to innovate their model. As the analysis of the current stage of the business model development showed, many newspapers are considering partnerships and alliances and, thus, going into this direction with their innovation (Casero-Ripollés & Izquierdo-Castillo 2013; Holm et al. 2013; Lehtisaari et al. 2012; Hayes & Graybeal 2011; Picard 2014).

To conclude, the technological changes and rapid adoption of online and mobile technological platforms has created many opportunities for newspaper publishers, as the existing physical product i.e. the newspaper is transferred to other platforms. However, the practice has shown that this does not guarantee sustained or even increased revenues and the change is having a considerable impact on the existing ways of creating and capturing value. In order to find a new and proper sustainable business model, the companies need ability to continuously reassess the adequateness of the constituent components of their current business model and (Holm et al. 2013) and even develop stock of possible business models which they can begin to use if the situation so requires (Osterwalder et al. 2005). There exist many different routes through which the business model may be developed and there are many elements of business model (Osterwalder & Pigneur 2010, 44) that may need changing. The consequent model may be based on e.g. advertising, subscriptions, transactions, collaboration or altogether outside journalism activities. In the end, it is very likely that there is not only one sustainable model, but several ones (Lehtisaari et al. 2012). This thesis seeks to adapt a proactive and more comprehensive than usual view of the business model development, in which many possible routes and the resulting effects on the business model elements are analyzed in the process.

3 THEORETICAL FRAMEWORK

Although the environment in which newspaper operate have changed tremendously, the literature review revealed that in the past newspaper publishers have been passive at developing their business models. The moves have been mostly defensive and done late compared to other companies, making newspaper companies to stay behind in the business model development. (Casero-Ripollés & Izquierdo-Castillo 2013) Most of the time the attempts to change the business model follow the lead of other companies and they are similar everywhere, but not one successful formula is yet found (Casero-Ripollés 2010; Casero-Ripollés & Izquierdo-Castillo 2013; Holm et al. 2013; Lehtisaari et al. 2012; Hayes & Graybeal 2011; Wikström & Ellonen 2013; Doyle 2013). As seen in the research done in Table 3, models that are developed often take on a very limited view of the business model and focus on, for example, just revenue streams out of the business model elements recognized by Osterwalder & Pigneur (2010,44).

However, as the current models are not considered sustainable in the long term (Lehtisaari et al. 2012), newspaper publishers should take a more proactive approach to business model development. It is argued that companies should not only be proactive in designing one new business model, but they should maintain a portfolio of different business models in their stock. This would make the companies better equipped to deal with future changes in the industry and their business environment. (Osterwalder et al. 2005) This is not easy, as this requires understanding the future needs and developments in a way in which the normal market research cannot properly help (Teece 2010).

In this research it is suggested that a scenario planning technique should be applied to develop possible scenarios of how future business models will look like in the newspaper industry in Finland. It fits the newspaper industry well, as the industry faces those specific situations found in literature review, where scenario planning should be especially used: in future business concept meaning products, customers, distribution channels, suppliers, competitors, technology and governmental regulations are going to change from what they are today, a set of alternative futures that are different from the environment today should be seen as part of their decision making, and even if the prevailing trends are affecting the future, surprises or uncertainties may materialize. (Fahey & Randall 1998)

Furthermore, besides fitting the situation of newspaper industry, scenario planning is a technique that perhaps has the best ability to make sense of the complexities of today's world (MacKey & McKiernan 2006) and, thus, it would be helpful amidst all the changes newspaper industry is experiencing. As it provides a wide range of options (Shoemaker

1995) it would support the idea of having a portfolio of different business models in their stock (Osterwalder et al. 2005). Scenario planning would provide that array of different possible models and, on top of that, make the organizations alert and able to read the signals of change early on in the business environment, to assess their own relation to these changes, to see opportunities besides the threats and to develop their processes so that they would be able to mobilize resources for greater inventiveness and innovation. This makes them able to do suitable decisions on which action to take and to adapt more quickly and effectively to changes than their competitors. (Van der Heijden 1996) Therefore, by utilizing the scenario planning technique newspaper companies would have not only a portfolio, but also signals that help making the decision faster.

Utilizing the idea of scenario planning, theoretical framework was build, which demonstrates the effects of scenario planning in a process of new business model development. The framework utilizes the process of developing a new business model partly according to the work of Osterwalder et al. (2005, 22-23), so it shows six different steps: 1) the old business model, 2) changes that initiate the need for change, 3) planning, visualizing and capturing new business model options, 4) selecting between the developed options, 5) implementing a new business model, and 6) finally having a new business model in practice. Although Osterwalder et al. (2005) only slightly refer environmental pressures in the step two of his process, in this thesis a slightly more comprehensive term was assumed. Thus, in the step two in the process seen in this theoretical framework, one can see the change triggered by key issues in the local environment and driving forces in the macro environment as in the work of Schwartz (1996).

Additionally, in this theoretical framework one can separately see the nine business model elements, which are partly or completely changed in the process (Osterwalder & Pigneur 2010, 44). These elements are included in the beginning stage and the end stage of the process in the theoretical framework, as it is known that the better the new business model is visualized the easier the process is (Osterwalder et al. 2005). Thus, they help to pay attention to all the parts of the business model in the process. The decision to include the nine elements was also based on the findings done in literature review. There it was noticed that business models in the literature do not often consider the whole spectrum of elements but might be just limited to one or couple of business model elements (see Table 3) Thus, in this thesis a deliberate step to look at the whole business model concept was taken, in order to notice possible changes in all the elements.

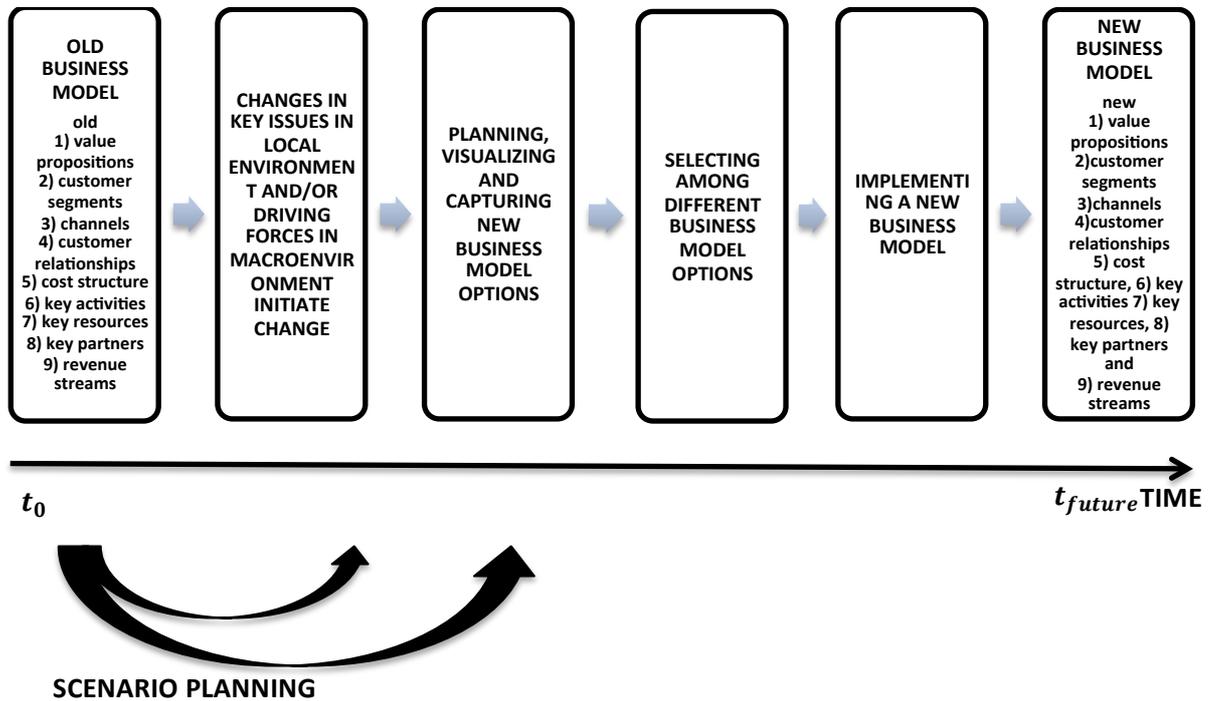


Figure 5: Theoretical Framework (Adapted from Osterwalder & Pigneur 2010, 44; Osterwalder et al. 2005, 22-23; Schwartz 1996)

In this theoretical framework (Figure 5), the new business model development is seen as happening over time. As scenario planning involves developing possible futures based on changes in the environment (UNEP 2002), the change drivers in the step 2 can be predicted ahead of time, and planning, visualization and capturing in step 3 can be already done in the present time, t_0 . As scenario planning includes building signposts for looking at the environment and seeing which forces will be dominant (Van der Heijden 1996), a decision maker could skip steps 2 and 3 faster than those who have not used scenario planning and select the best fitting business model from the options developed. In this way the company would be well prepared for the future changes in the industry, they would have the ability to see the changes in a very early stage and they would possess the stock of business models ready as recommended by Osterwalder et al. (2005). Therefore, scenario planning would be a good and more proactive approach to developing a business model in the newspaper industry and it would speed up the process compared to competitors.

To summarize, this theoretical framework in the Figure 5 utilizes the works Osterwalder & Pigneur (2010, 44), Osterwalder et al. (2005, 22-23) and Schwartz (1996) to demonstrate the business model development over time and shows the benefit of conducting scenario planning in the process of planning the business models. This theoretical framework assumes a wider perspective of business models than often done in the literature by utilizing Osterwalder & Pigneur's (2010, 44) nine business model elements within the framework. By doing so, it is hoped that more comprehensive scenarios of the future business models can be created.

4 RESEARCH METHODOLOGY

This research seeks to answer how the business models in Finnish newspapers are likely to develop in the future by utilizing scenario planning. The purpose of this section is to outline how the study was conducted and delineate the methods for performing the research. It will start by explaining the research approach and the method and go through the data collection and analysis. In the end, the reliability and validity of the research are analyzed.

4.1 Research Approach

According to Yin (2009,10) “the first and most important condition for differentiating among the various research methods is to classify the type of research question being asked”. Questions that start with “how” and “why”, as the primary question in this thesis, are explanatory and require an approach that suits that purpose (Yin 2009). This exploratory nature of this thesis and the desire to thoroughly understand the reasons and outcomes of the business model change in newspaper industry were reasons for choosing a qualitative research methodology.

Qualitative research methodology is useful when trying to understand why things are as they are and in which way they are likely to evolve over time (Morgan 1998), which explains why many of these scenario planning techniques utilize qualitative methodology (categories e.g. by Masini & Vasques 2003; Bradfield et al. 2005). Moreover, it is appropriate to use qualitative research design, for example, when a complex problem or issue needs to be explored and understood in a deeper level, there is a need identify variables that cannot be easily measured, or the researcher wants to empower individuals to share their knowledge (Creswell 2013). As the objective is not just to test what is already known but also to uncover and develop something new (Flick 2009), it fits the purpose of seeing the possible future of newspaper business models and uncovering new knowledge from the participants (Chermack et al. 2011). In addition, qualitative research also allows writing in literary, flexible style that conveys stories (Creswell 2013), so makes it possible to organize the information into narratives as done in scenario planning (Shoemaker 1995).

By nature, this research is inductive. Although all the concepts used in this study are influenced by previous theoretical knowledge and that theoretical background is used to analyze the results from the empirical study, the purpose is to develop a theory of how the future of newspaper industry looks like. Thus, this research does not follow traditional

deductive methodology where theoretical model and research questions or hypothesis drawn from it are tested against the empirical evidence. (Flick 2009)

4.2 Research Method

In this study, scenario method is used to anticipate the future state of newspaper business models in Finland. Scenario approach fits the newspaper industry well, as the industry faces many specific conditions where the application of scenario planning is recommendable. For example, the business context in newspaper industry is changing from what it is today, there are possible alternative futures that are different from today's environment and which should and will affect the decision making of the company as well as there are uncertainties even if the future would follow the prevailing trends. (Fahey & Randall 1998) Moreover, compared with the other futures research methods, scenario planning has perhaps the best ability to work in a complex environment like the one in which newspaper industry is operating (MacKey and McKiernan 2006).

For the purposes of this thesis it was decided that the method will be similar to that of the Global Business Network. The Network gathers experts together in different ways to find the driving forces and uncertainties behind the change. The insights from experts are then collected into alternatives about the future. (Ringland 1998) This method fit this thesis well because it is able to provide answers to the research questions and provides many practical results and recommendations for the future. Other important criteria for choosing the method were that it allowed doing a qualitative study and collecting material through interviews in a time scale that fitted the schedule of this thesis.

Peter Schwartz developed the chosen method and the following list of steps is summarized from his checklist from the book "The Art of the Long View":

1. Identify the focal issue or decision. Start with a specific decision or issue and then continue to build a broader environment.
2. Pinpoint key forces in the local environment. List the key issues of affecting the success and failure.
3. List the driving forces. Here one can research, for example, cover markets, new technology, political factors and economic forces, and the task is to find major trends and trend breaks. Some of these forces are predetermined and some of them can be uncertain. See how these driving forces in the macro-environment influence key factors identified in the step 2.

4. Rank key factors and driving forces by importance and uncertainty surrounding the factors. The task is to see two or three that are most important and most uncertain. Scenarios cannot differ on the predetermined forces.
5. Select scenario logics. Here one selects the axes in which the eventual scenarios will be different. The task is to have only few scenarios whose differences will be important for the decision makers.
6. Flesh out the scenarios. The logics are used to distinguish and help to accomplish a skeletal scenario. The skeletal scenario is made more complete by returning to the key factors and trends and they are given some attention in each scenario.
7. Discover implications. At this point one will return to the focal issue and look at it in the light of each scenario.
8. Select leading indicators and signposts. It is crucial for the decision makers to know which one of the scenarios is likely to happen. The researcher should find indicators and signposts that help to know which one of the scenarios is in actuality becoming true. (Schwartz 1996)

As done by the Global Business Network (Ringland 1998), expert insights are collected especially when it comes to the driving forces and uncertainties.

4.3 Data Collection

The conceptual part of this Master's thesis is based on secondary data retrieved from books, academic articles and publications available on future research and scenario planning, business models and current situation in Finnish newspaper industry. These sources were chosen on the basis of relevance and availability through databases, Internet and library system. As the literature especially within business models is still forming, there was a deliberate decision to include at least some recent studies. This secondary data, such as articles about the business models in media industry, are utilized to support the scenario process and to reduce biases of the primary study results.

The empirical research in this Master's thesis was done in newspaper industry in Finland. Primary data focuses on future trends, uncertainties and driving forces and it was gathered through interviews. Interviews were chosen to be the best method as it is appropriate when little is known about the phenomenon under study and there is a need to get detailed insights from the participants like in this case. The interviews also have a power to provide deeper information than questionnaires and this is beneficial in building the scenarios. (Gill et al. 2008)

For sampling the interviewees a theoretical sampling was used. The principle behind the theoretical sampling is to select cases based on concrete criteria in their content instead of using abstract methodological idea. Thus, the sampling was done based on relevance of the interviewees instead of representativeness and the sample size was not defined in advance. (Flick 2009) In this thesis, the initial sample size was five relevant respondent that were known in advance. This selection was purposive instead of random, as there was a decision to select critical cases meaning the experts in the field (Patton 2002), because they are able to make more educated guesses about the industry development than those without their experience. Supporting this decision, similar selection of experts is used by also others doing scenario planning (Ringland 1998). In order to be accepted as an expert in this thesis, the interviewee needed at least five years of work experience in the newspaper industry. Moreover, the criterion of convenience was also used, meaning that the interviewees were relatively easy to access (Patton 2002). Thus, interviewees were located geographically close to the interviewer and they were able to meet within the needed time frame. To get enough respondents, the sampling continued from the five initial respondents by utilizing snowball method, where the initial respondents were asked to refer to other possible respondents that fit the selected criteria (Biernacki & Waldorf 1981). As done in theoretical sampling, the sampling finished when the theoretical saturation was reached (Flick 2009). Thus, the interviews continued until the interviews started to be repetitive (Alasuutari 1995) and there was enough information for making the scenarios (Patton 2002).

The interviewees are kept anonymous in this thesis. However, the order of the interviews and information about the interviewee's background are provided in Table 4. In the table, their work experience is rounded to the nearest number that can be divided by five. In this thesis, the interviewees are then later referred to with their order number, e.g. the first expert is cited as "Interviewee 1". In the end, 12 interviews were held. The saturation level was reached approaching 10 interviews, but there was a decision to conduct rest of the scheduled interviews. The interviewees were from different backgrounds working in all types of newspapers around Western, Southern and Western Finland. The roles were varied and included e.g. top management, editors-in-chief, owners, sales directors, marketing directors and journalists. Interviewees also included people active at Council for Mass Media in Finland and at Finnish Newspaper Association as well as a person that has experience from the regulative government bodies in the industry.

Table 4: List of the Interviewed Experts

Order of the Interviewee's	Years Working in the Industry	Roles Working in the Industry
Interviewee 1	Around 25 years	Entrepreneur, editor-in-chief, sales, marketing, journalist, freelancer, publisher and regional director
Interviewee 2	Around 30 years	Editor in-chief, associate editor, journalist, producer, active at Council for Mass Media in Finland and at Finnish Newspaper Association
Interviewee 3	Around 30 years	Editor-in-chief, associate editor and journalist
Interviewee 4	Around 25 years	Editor-in-chief, CEO, managing editor and journalist
Interviewee 5	Around 25 years	Sales director, sales manager
Interviewee 6	Around 40 years	Owner, editor-in-chief, sales, marketing, journalist, experience in regulative government bodies
Interviewee 7	Around 25 years	Editor-in-chief, associate editor, journalist, active at Finnish Newspaper Association
Interviewee 8	Around 20 years	Journalist
Interviewee 9	Around 25 years	Marketing director, sales and marketing, events and collaboration agreements, journalist
Interviewee 10	Around 25 years	Editor-in-chief, journalist
Interviewee 11	Around 35 years	Editor-in-chief, owner, CEO, publisher
Interviewee 12	Around 15 years	Editor-in-chief- associate editor, journalist

The interviews were semi-structured interviews. Semi-structured interviews typically have several key questions that help in gaining the needed information, but they also allow the interviewer a flexibility to pursue an idea or response in more detail. This flexibility is

needed when building the scenarios, as some of the interviewees may need probing. Also, this approach allows the interviewer to gain information s/he has not considered beforehand and may, thus, help in building more comprehensive scenarios. (Gill et al. 2008) In order to have all the interviews following same standards, an interview guide was created. This can be seen in Appendix 1.

These interviews were chosen to be held face-to-face, because this would provide a more reliable source of information, as the interaction between interviewer and interviewee would be greater and the concepts can be explained if necessary. Moreover, face-to-face interviews tend to be longer than e.g. self-completion techniques and they allow the researcher to control the setting so that the researcher can be sure that the interviewee is concentrating the whole time and does not give up or start hurrying up the answers halfway through. Because these questions require out-of-the-box-thinking and require the interviewee to really think about the answers, face-to-face interviews would also allow researcher to see the nonverbal cues of the respondents and see if there are times when more probing is needed. They also allow the interviewees to focus on discussing and being innovating when they do not need to write down answers. (Phellas et al. 2011) Additionally, they would offer a better chance to get to know the experts.

However, it is also acknowledged that face-to-face interviews have downsides. They tend to expensive due to the travel costs and, thus, limit the geographical coverage of the sampling, but it was decided that there are enough experts in the industry in the nearby area to get relevant results. In face-to-face interviews, interviewers may also introduce bias, which affects the reliability of the results. (Phellas et al. 2011) Developing an interview guide, which gives instructions to the manner in which interviews should be held, helps keeping the interviews in a similar way counteracting this downside.

The interview questions in this Master's thesis were drawn from the theoretical background in scenario planning and business models seen in the theoretical framework and they are represented in the Appendix 2. Because the interviews were kept in Finnish, also a translation of the questions is provided in Appendix 3. As explained, the interviews were done face-to-face and they were semi-structured, so the interviewer could ask additional questions in case the answer was not satisfactory. In the beginning, the interviewer started with the introductory questions about the interviewee's background and ideas of the current situation in newspaper industry and newspaper business model. This was done in order to make the interviewee start thinking about the topic more thoroughly and it is also a good strategy to start with easy questions that make the respondents to

relax (Gill et al. 2008). As the main purpose of the interviews was to get expert insights about the key forces and uncertainties and get ideas for the scenario development, the next phases focused on key issues and driving forces in the micro and macro environment based on the work of Peter Schwartz (1996). The interviewees were prompted to name as many as they can and these forces were utilized in building the scenarios. In the last phase of the interview the questions focused more on the specific business model elements (Osterwalder & Pigneur 2010) and how they are likely to change in the next ten years. Here, the reasons behind the change and possible directions of the business model were asked. This was done to see which parts of the business model are likely to change the most and to get ideas for the scenario development. As the reasons for specific changes were asked, the interviewee could name more key issues and driving forces than in the previous phase.

After making the interviews, a following improvement for the question set would be recommended: the questions concerning the customer, both customer groups (readers and advertisers) should be mentioned separately. In this thesis, this need for improvement was noticed already in the first interview and all the interviewees were asked about the customers separately. Moreover, the question about the partnerships made all the interviewees start with newspaper collaboration and most of them needed probing to look at the partnerships beyond newspaper industry. Thus, maybe separate questions for each kind of partnership would be beneficial.

All the interviews were recorded and audio files were transcribed into text files, as this protects the interviewer against bias and provides a permanent record of the discussion, which can be later revisited. As this thesis does not require the information on the linguistics of the interviews, only the content that was relevant for the purposes of the thesis is transcribed to save time and energy. (Flick 2009) In the transcription, (...) was used to mark a conversation that was deleted due to irrelevancy or to hide the identity of the interviewee. Moreover, (-) was used for one deleted word and (--) for multiple deleted words, as some words needed to be deleted to keep the interviewees' identity. Specific situations as phone ringing were explained in parenthesis e.g. (phone ringing).

The interviewees were informed in the beginning that the interviews were recorded. The interviewees were also told that the interviews are related to a Master's thesis and that the thesis will be a public document. In this thesis, the firm names and names of the interviewees are not revealed and the interviewees are informed about the anonymity and confidentiality.

4.4 Data Analysis

Data analysis in this thesis was done in accordance with the scenario planning method developed by Peter Schwartz (1996) and the whole data analysis process can be seen in Table 5 step by step.

Data analysis started by preparing a context description focusing on the focal issues meaning Finnish newspaper industry. This context description can be found in Chapter 5. It focuses on the particularities of the Finnish newspaper industry, which differs from its foreign counterparts e.g. by having a more subscription based business model than elsewhere (Snellman 2011).

As seen in the Table 5, data analysis continued by conducting interviews with industry experts. The purpose was to see which key issues are affecting the change in newspaper industry. As in Schwartz's method, after the interviews the key issues in the local environment and the driving forces and major trends in the macro-environment were listed (Schwartz 1996). They could include forces from many categories: social, technological, economic, environmental and political (Ogilvy & Schwartz 1998). The whole list of forces and issues are gathered in a table placed in Appendix 4.

Table 5: Process of Data Analysis

Analysis Phase	Analytical Goal	The Analytical Process Used and the Outcome
Phase 1	Identify Focal Issue or Decision	A context description is created about Finnish newspaper industry and it can be seen in section 5.
Phase 2	Pinpoint Key Forces in the Local Environment	Interviews with experts are carried out to pinpoint the key forces and issues. All the recognized forces and their frequencies in the interviews are listed in Appendix 4.
Phase 3	List the Driving Forces (some forces may be predetermined)	All the forces found and listed in Appendix 4 are divided into main themes. Those forces that are predetermined are marked in a separate Table 6 and driving forces are listed in another Table 7.
Phase 4	Rank Key Factors and Driving Forces by Importance and Uncertainty	The Table 7 that includes forces which are not predetermined is ranked from 1-5, 5 being the most uncertain and most important.
Phase 5	Select Scenario Logics	Scenario logics are based on the two most uncertain and

		important issues. They are represented in Figure 6.
Phase 6	Flesh Out Scenarios	Next four very different points were selected on the axis and the scenarios were named in Figure 7. The scenarios were briefly described at the end of chapter 6.
Phase 7	Discover Implications	In the chapter 7 the scenarios and how they differ in business model elements are gathered in a Table 8. Implications of these finding are then discussed in the section 7.1.
Phase 8	Select Leading Indicators and Signposts	The leading indicators and signposts are shown in the section 7.2 and they are given to each of the 4 scenarios. Suggestions for management and further research are given in Chapter 8.

This method continued in a deductive way (Ogilvy & Schwartz 1998) and as seen in the Table 5 the next step was to analyze the found forces and issues thematically. This means that repeated patterns and related ideas, both implicit and explicit were organized under the same theme (Guest et al. 2012). This decision was done, because altogether 215 forces and issues were recognized and they are easier to manage in larger themes. As the thematic analysis of interviews allows for comparing code frequencies (Guest et al. 2012), those were included in the table.

After arranging the forces and issues into themes, predetermined forces in which the scenarios will not differ are taken away and represented thematically in a separate table. These are, for example, slowly changing phenomenon, constrained situations, trends that are already in the pipeline and seemingly inevitable collisions (Ogilvy & Schwartz 1998). In this research, the predetermined forces were issues where the newspapers have no or little control over a force, but where most of the interviewees agreed that the direction is clear.

After taking away the predetermined forces the remaining driving forces were gathered in a table. Then they were ranked by importance and uncertainty according to Schwartz's (1996) method to see which forces are most likely to change the nature or direction of the scenarios (Ogilvy & Schwartz 1998). A ranking system from 1-5 was used, where the number 1 represents the least important and most certain and number 5 presents the most important and most uncertain. The values were given intuitively e.g. based on how much it affects the core business, how many times they were mentioned in the

interviews, how much the interviewees stressed them when being asked and how apparent they are in the reviewed literature. (Schwartz 1996)

After the ranking usually the two or three most important and most uncertain are recognized (Schwartz 1996). In this research, these were narrowed down to two, as it makes the scenarios simpler and easier to understand and represent in a matrix form (Ogilvy & Schwartz 1998). When these two most uncertain and most important factors and driving forces were recognized, scenario logics were selected meaning the axes in the matrix in which the eventual scenarios will be different. Then skeletal scenarios were built based on these. These scenarios are not different on predetermined forces that effect all the created scenarios. (Schwartz 1996)

As the researchers in the field agree that more than four scenarios are unmanageable (Van der Heijden 1996; Wilson 1998; Wack 1985a), the target was to have 3 or 4 different scenarios in the end, in which the differences are relevant for the decision maker. These scenarios were done more complete by returning to the other key factors and trends. Each of them was given some attention in the scenarios. (Schwartz 1996) In this thesis, the scenarios reflect the changes in the nine business model elements by Osterwalder & Pigneur (2010, 44) as explained in the theoretical framework. This means that each of the elements was analyzed in the light of the scenario logics and they were gathered in a table, which reveals the differences between the scenarios in all the elements (Schwartz 1996).

In the end, implications were considered for both managers and researchers. In addition, leading indicators and signposts were developed, as they will inform the decision makers if the scenario is coming true (Schwartz 1996). The purpose was to develop useful tools for newspaper companies for reacting to future changes in the industry.

4.5 Reliability and Validity

In qualitative paradigm, the reliability and validity take on a slightly different meaning than they do in quantitative paradigm, but they are still relevant concepts and they represent trustworthiness, rigor and quality (Golafshani 2003).

To ensure reliability in qualitative study like this one, trustworthiness becomes crucial (Golafshani 2003). In this study, part of the reliability comes from the saturation of interviews. According to Flick (2009), sampling and integrating further material can be finished when nothing new emerges from the interviews. At this saturation point the interviews begin to repeat each other and the interviewer can already start to guess the

answer before hearing it. In these cases where several informants are referring to same thing and there is no special reason to believe otherwise, the information can be considered relatively reliable. (Alasuutari 1995)

Moreover, as the Table 3 in the literature review demonstrated, even in academic literature the definition of business models is changing from article to article and some views are narrow and might only cover the revenue streams of business models. According to Alasuutari (1995), if the respondents are not told the meaning and function of the particular questions, the answers can be considered relatively reliable. In order to avoid the interviewees' own definition of business models from disturbing the answers, the interviewees are not explained the background and theory behind the selected interview questions. As further explained in the interview guide in the Appendix 1, the interviewees were told that the topic of the thesis is to see how the newspaper industry is changing and the business models were not mentioned in the beginning of the interviews at all. The only question that considered business model concept in particular was asked at the end of the interview unless the interviewee started talking about it earlier. By doing so, the interviewees were kept discussing the issue at the same level and the reliability of the study was increased.

Although more in terms of quantitative methods, repeatability is an important feature of the reliability of the study (Golafshani 2003). Although the following study is qualitative and making the scenarios requires making assumptions (Kosow and Gaßner 2008) and are, thus, researcher specific, steps were taken to make the study as repeatable as possible. In this study, both the framework and questions are enclosed and a fairly detailed description is provided on how the study was conducted. To increase the repeatability of the interviews, an interview guide is added as an appendix (see Appendix 1), which includes guidance on how the interviews should be conducted.

With regards to validity, it measures usually if the means of measurement are accurate and if they measure what they are supposed to measure (Golafshani 2003). In qualitative research, the validity of the study is assessed based on the object under study, so it does not simply follow the abstract academic criteria of science like it does in quantitative research. In qualitative research the central principles focus on how the findings are grounded in empirical material and how well the methods are selected and applied. Moreover, validity is based on the relevance of the findings and reflexivity of the proceedings. (Flick 2009) In this research the framework was developed based on the

literature review and the research questions are directly related to the framework. Additionally, the findings will be discussed against the theoretical background.

Additionally certain forms of triangulation were used in the validation process. Triangulation of data refers to combining data from different sources and at different times, in different places and from different people (Flick 2004). The results in this thesis utilize both the interviewees' answers and the trends predicted in the literature to develop the scenarios. The interviewees were interviewed at different times and places. Triangulation of theories means approaching the data having various perspectives and hypothesis in mind and having many theories that can be used when analyzing the results (Flick 2004). In this thesis, the results were analyzed based on the many theories presented in the literature review. Investigator triangulation refers to having different observers to balance out the subjective influences of individuals (Flick 2004). In this thesis there was only one researcher. Nonetheless, the supervisor had access to all the material and the supervision adds, thus, investigator triangulation. When it comes to triangulation, it should be, however, noted that in today's qualitative research it is more adding a strategy for justifying and supporting the study by giving additional knowledge. Thus, it should not be seen as a definite validation strategy. (Flick 2004)

All in all, the research has been designed in a way that it should provide reliable and valid results.

5 CONTEXT DESCRIPTION: NEWSPAPER INDUSTRY IN FINLAND TODAY

In Finland, newspapers and magazines represent the largest media in terms of revenue. Most of the revenue comes from the traditional newspaper, but the growing amount of their content and operations are now also online. Consequently, there is another medium where the newspaper companies have to compete for the time and money of the consumers. (Snellman 2011)

The Finnish newspaper industry is very concentrated as a country with a population of 5.4 million is small market and it represents a distinct small language area (Lehtisaari et al. 2012; Karppinen et al. 2011). In fact, top three companies in newspaper industry, Sanoma, Alma Media and Keski-suomalainen, have 50% of the market share (Karppinen et al. 2011, 124) and the four biggest newspapers control 75% of the circulation in the whole country (Nikunen 2011, 24). This is unlikely to change, as a small linguistic area offers some protection especially against harsh international competition (Lehtisaari et al. 2012). Nonetheless, there is wide variety of newspapers published. For example, in the Finnish Newspaper Association there are around 200 member newspapers, which include all the important newspapers in Finland. (Snellman 2011) Most known brands comprise of Helsingin Sanomat, Aamulehti and Turun Sanomat (Snellman 2011).

Finnish newspapers can be divided to three main categories: national, regional and local newspapers. Strong provincial and regional press can characterize the market, but the line between national and provincial papers is somewhat blurry. For example, Helsingin Sanomat can be considered a national daily even if it concentrates on the capital region. There are nine national dailies in Finland, all of which are published in the capital region and they have of 29 per cent of overall circulation of Finnish newspapers. (Lehtisaari et al. 2012; Jyrkiäinen & Savisaari 2003) On the other hand, the regional newspapers published in provincial centers like Tampere and Turku, have 31 per cent of overall circulation (Jyrkiäinen & Savisaari 2003). The local newspapers are also strong and there exists 170 local newspapers (Lehtisaari et al. 2012) that have 29 per cent of the overall circulation (Jyrkiäinen & Savisaari 2003). The newspapers can also be divided to dailies and non-dailies, one-quarter being dailies and three quarters being non-dailies (Lehtisaari et al. 2012).

Newspaper business has so far been a profitable business. The operating margin of the daily newspaper publishing companies has been around 12 percent since the year 2000. On the other hand, the margin for the non-daily newspapers has been approximately 10 per cent. Moreover, the median net result, meaning net income before extraordinary

items, was for the daily newspaper publishing companies almost 8 per cent and for the non-daily newspapers also over 5 percent between 2004-2008. Although the financial performance was weaker and turnover decreased due to the economic recession in 2009, the performance was still fairly good. The majority of newspaper companies have a good or excellent equity ratio (50 percent for the daily and 70 per cent for the non-daily) and they have sustained the losses from the recession well. This means that their solvency is good, referring to the ability of the entity to pay its debts, meet its long-term fixed expenses, sustain losses and accomplish long-term expansion and growth. (Grönlund & Björkroth 2011)

Ownership structure plays a big part in profit expectations and resource allocations. Those newspapers that belong to stock exchange listed company usually have to abide by strict resource policies, while the local newspapers face lower profit expectations. Whereas the larger newspapers might have targets of having profit margins of even 20 per cent, the local newspapers can operate on with even 5 per cent profit margins. On the other hand, having a bigger organization brings stability and protection to the finances. As the Finnish newspaper industry tends to be concentrated, most newspapers are likely to operate within the tighter financial scrutiny and higher profit expectations. (Lehtisaari et al. 2012, 29)

Traditional and most typical business model for newspapers in Finnish market is the subscription model, as 90 per cent of the newspaper sales are based on subscriptions and they are delivered home (Grönlund & Björkroth 2011). This model utilizes regular subscription fees of the newspapers as a main source of revenue and additional revenue is received from advertising. This traditional model has been very profitable, as the subscription rates of the newspapers are very high in Finland and people have a high tendency to read newspapers. Although the model is not seen working in the long term, as the web-based services are getting increasingly strong foothold, it still allows newspaper publishers to make good profits and it is seen as a prime business model for years to come, even for two decades. This model is estimated to be complimented by other models for getting income like digital subscriptions and micro-payments. In the future, the product palette can consist of many paid and unpaid products and even incomes from outside traditional journalism. However, besides subscription model, there is also another kind of business models. A newspaper called Uusi Suomi relies on quality journalism provided free in online media. The content is produced with low-cost model, emphasizing user-generated content. Revenue is then received from advertising revenues and corporate partners. (Lehtisaari et al. 2012) Moreover, there are two national tabloids which

newspaper sales are only based on single-copy sales, representing a stark contrast for the other papers that sell single copies only marginally (Grönlund & Björkroth 2011).

The Finnish newspaper industry has experienced many changes during the last couple of years. The changes are a result of both the economic downturn and structural changes. The structural changes are seen in many areas: the earnings logic and therefore business model is changing gradually, distribution is experiencing problems and technology is developing and causing problems in management and cost side. (Harpf 2014; Casero-Ripollés & Inzquierdo-Castillo 2013) Additionally, public policies have changed negatively affecting the whole industry (Harpf 2014). Positively, the changes in the environment have also brought new collaboration, which might lead to more desired outcomes (Lehtisaari et al. 2012).

In the economic side, the downturn in Europe has been continuing longer than expected and this has had more severe effect in Finland than first predicted. In the newspaper industry this has affected especially the profits coming from advertisement (Harpf 2014) and newspapers are known for being quite highly dependent on advertising income (Picard 2002). The effect has been largest for the regional newspapers, whose advertising revenues are following the overall development of GDP. On the other hand, the local newspapers are not as dependent on larger economic currents, as their advertising market is more stable and the local advertisers are considered faithful. (Lehtisaari et al. 2012)

The earnings logic has changed dramatically in the newspaper industry during the recent years (Harpf 2014). As mentioned before, traditionally the income in the newspaper industry comes from advertising and subscriptions, advertising bringing in almost half the profits. At the moment, many advertisers are trying to get less dependent on traditional advertising and are experimenting new ways of doing advertising, which in practice means cutting the newspaper advertising and decreasing the sales of newspapers. (Snellman 2011) Thus, advertisement is no more solely done in the newspaper, but the social media, search engines and other websites share the same market. In every case the income from advertisement is expected to decrease considerably in the newspapers, although the speed of the decline is uncertain. (Argillander & Muikku 2013; Harpf 2014) Consequently, the digital advertising is becoming more popular also in newspaper companies and represents now one tenth of all advertising. For most newspapers, digital advertising merely means banners in their electronic paper, but during the recent years there has been some new ideas and increasingly targeted advertising leading to direct sales.

(Snellman 2011) In online advertising, the competition is only expected to increase in the future as more options to do advertising are developed. Thus, the newspapers will face increasing competition outside their traditional competitors when they try to get similar profits from advertisement as before. (Harpf 2014; Argillander & Muikku 2013) Newspapers are, nonetheless, in a good position to compete for advertisers money, as the research shows that Finnish people tend to prefer printed newspapers as a favorite source for advertisement (Sanomalehtien liitto 2014a).

As the subscribers are an important source of profit in Finland, the changes in subscription rates are a source of interest for all newspapers. In Finnish market, newspapers have greater amount of regular subscribers than in most other countries where buying a single paper is more common. This has meant regular profits for the companies and it has protected Finnish newspapers so far from such dramatic changes in circulation as the industry has experienced e.g. in the United States. As the consumption is slowly moving online, the amount of print subscribers is nonetheless expected to decrease and the companies need to consider how to make profits online. (Snellman 2011) Most of the companies are already providing electronic version of their newspaper, although often offered in bundles, and this has led to balancing between their print and electronic products (Snellman 2011; Picard 2014) At the moment, traditional print newspaper is far more profitable than the electronic version, although they both reach similar amount of readers or the electronic paper might even have more. In the traditional newspaper, profits come from both the aforementioned subscriptions and advertisement, whereas the content online has usually been free of charge and the profits have come solely from the advertising, which also still less profitable than in the print. Thus, if the amount of subscribers for the print decreases as expected, the online versions at their current stage are not able to cover the losses from the traditional newspaper. Finding a proper business model for operating online is a problem to where newspapers around the world are trying to find a solution for, but not a single right formula is yet found. This is because the consumers are used to not paying for online products and so much free compensatory content is available that consumers have utilized those when companies have tried to charge for their products. (Snellman 2011) As previously mentioned, businesses see the subscription business model to stay prominent in the year to come (Lehtisaari et al. 2012), but changes are necessary as the current business model is not viable at the long term.

At the moment, as the profits from advertising and subscriptions go down, the losses have been mostly compensated by raising the subscription prices and cutting the costs

(Lehtisaari et al. 2012). For newspapers, it is typical to have high fixed, production and distribution costs (Picard 2002). As the newspaper companies often cannot affect these costs from printing and distribution, the cuts are done in the content of the newspaper (Harpf 2014). Since the Millennium, the number of employees has declined almost 20 per cent (Grönlund & Björkroth 2011). This is decreasing the strengths that newspapers used to have in strong content and journalism (Harpf 2014). Interestingly, in one study advertisers were asked how the newspapers should develop themselves to become more interesting for the advertisers and in many answers newspapers were asked to provide deeper content and more analysis in comparison to internet, where content is usually much shorter and less researched (Argillander & Muikku 2013). Clearly, the direction of cutting the costs in content is going against these wishes. This also demonstrates the balancing act that newspaper companies need to do when competing in two different types of channels, as online content requires different kind of core competencies. Moving online, besides offering shorter articles, there is variety of options how to provide content. In fact, new companies are founded constantly with new ideas how to provide content for the consumers, so this will make it harder for the traditional press to commercialize their own services online and it requires them to stay on top of the development. (Snellman 2011)

Overall, one can see that becoming a multichannel provider requires new kind of competencies from the newspapers. Selling multichannel advertisement, developing business models to get money from both print and online versions and creating content for both channels are very different from the traditional operations of the newspaper companies. In fact, print paper might not be the main product in the end and this is something that companies need to adjust to. Thus, companies need to change their operations and cultures in order to succeed. (Argillander & Muikku 2013)

In Finland, early morning delivery is a common practice. Everyday, approximately 1,5 million newspapers are distributed early in the morning with a goal being between 6-6.30am. Out of all the subscribed newspapers, around 70% are distributed this way. (Sanomalehtien liitto 2014b) The problem in this distribution system is the amount of dispersed settlements. Finland has a lot of areas, which are sparsely populated, and this makes the distribution from economic point of view almost impossible. The newspapers are usually distributed either in their own early delivery companies or through Itella's early delivery. Common for all these delivery systems is that their profitability is weak and the unit prices for customers are increasing fast. On the other hand, circulation is decreasing constantly, from the beginning of the year 2011 till the end of the year 2013 by one fifth.

When the increases in the cost of delivery are combined with the decreasing circulation, the unit prices are expected to increase even more. Because this is known, there has been some attempts to cooperate within different delivery systems, but if the development continues as it is, even one system might find it hard to be profitable especially in the areas where the country is most dispersed. This means that if the newspapers are going to be printed still in the current width, the delivery has to be secured in the future. Furthermore, most studies show that consumers want to read their newspaper in print and not in electronic version, which makes the transition to different delivery modes difficult. (Harpf 2014)

A need to renew the technology is also apparent in the Finnish newspaper industry. Besides going online, the companies have needed to develop new publishing systems. The traditional publishing systems and processes are planned for one format and they are not allowing publishing to different channels like tablets. Thus, companies have needed to invest in multichannel publishing systems, which require a lot of resources making the big players even stronger. Moreover, also print business requires investments even if it is decreasing. Most of the printing machines have become so old they need to be renewed. (Snellman 2011) However, new technology might also provide help for the distribution issues in the future, as newer technologies allow faster processing and distribution (Albarran 2002). Technology wise many Finnish newspaper companies are already ready for the electronic delivery even in sparsely populated areas. Here, the problems are mostly posed by the prices and the capacity of the user interfaces as well as the ability of the users to use them. In the longer term, some new technological solutions like e-paper might bring a solution to the delivery problems, as the usability is far better than in the current technologies. (Harpf 2014)

Newspaper environment is also strongly affected by the public policies and lately the changes have been negative. Compared to other Nordic countries, the subsidies for media are currently the lowest in Finland and they are in actuality almost non-existent. Although Finland used to have the highest amount of subsidies in Nordic countries, Finland has been abandoning the system whereas the other Nordic countries have been increasing the support for the industry. (Harpf 2014) In practice, this has meant cancelling the policy, which allowed newspapers to be exempted from VAT and from 2012 a VAT of 9 per cent was introduced. Secondly, the Finnish government was forced to give of cross-subsidizing the newspaper delivery costs from other postal income, as it was against EU regulation. Further, many media houses need to compete against public service media company YLE, which receives its funding from taxes. This is commonly seen as distorting

the markets as YLE does not have to pay so much attention to financial logic as they introduce their services and many newspaper publishers name it as a major worrying issue for them (Lehtisaari et al. 2012)

As the competitive situation and business environment are changing, cooperation between traditional newspaper companies has increased. Now the companies are realizing that they are no longer only competing against each other, but the biggest threats come from outside the traditional actors. The cooperation leads to new opportunities that might benefit the whole industry. For example, one cooperative program has been "Next Media" that plans to increase the Finnish media's presence in international field. There has also been an idea of making a new digital marketplace online as an option for the global giants, but this has not progressed, as the laws about competition have not allowed it. (Snellman 2011) Moreover, especially big Finnish newspapers are constantly seeking new ideas and innovations in services and business models from the USA and Western Europe like Sweden, Britain and Germany. The smaller companies are more reliant on domestic media houses for their example in innovations. It is, however, acknowledged that besides offering protection the small linguistic area of Finland also brings some restrictions on the user potential. Pioneering new applications and ideas might not be profitable in Finland, as the amount of users is so small. (Lehtisaari et al. 2012)

Although it is known that there is no perfect form of newspaper ownership (Picard & van Weezel 2008) it affects the possibilities of newspapers to survive. As a distinctive feature of Finnish newspaper industry is concentration and polarization, the changes are not going to have the same effect on all newspapers. The big newspapers dominating the industry will not be as badly affected as the smaller ones. The larger newspaper companies are far more equipped to deal with the new technology and many of them already have business in the digital side. Currently, the leading newspaper brands are also leading the online advertising sales and the newspapers with higher circulation are also having better changes of getting revenue from online. Also tabloids have been responding to change better than the industry average. Thus, the biggest challenges are going to face the provincial newspapers, whose digital technology and the earnings from them are developing more slowly. (Harpf 2014; Snellman 2011)

To summarize, the environment in which newspapers are operating in Finland is changing quickly and newspapers are expected to be suffering in case they cannot expand properly from print to other media like Internet. The success will require adaptability and changes

to current operations and strategies as well as new competencies from the workers. (Argillander & Muikku 2013) A new sustainable business models must be developed and explored, as the current business models based on subscriptions are not viable in the long term even if they might stay as the prominent ones for the years to come (Lehtisaari et al. 2012).

6 FINDINGS

Findings will start by discussing the key issues and driving forces found in the interviews (Appendix 4) within the overall newspaper industry and within all the different business model elements: value proposition, customer segments, channels, customer relationships, cost structure, key activities, key resources, key partners and revenue streams (Osterwalder & Pigneur 2010, 44). Then the issues will be organized in themes and seen which of them are predetermined and cannot be affected and which of the issues will drive the change. After the driving forces are selected, they are ranked and two of the most uncertain and important factors are chosen to represent the scenario logics. Based on scenario logics, four different scenarios are created and they are briefly discussed in the end of the chapter.

6.1 Identified Key Factors and Driving Factors

From the 12 interviews altogether 215 key issues and driving forces were discovered. These issues and their frequency being mentioned in the interviews are collected in Appendix 4. Surprisingly, although the interviewees were from quite different roles and even newspaper types, there were similar issues that came across in many of the interviews. This subsection will briefly discuss the main issues in the interviews when it comes to overall industry development and the business model elements.

6.1.1 Overall Industry Development

Interviewee 11 summarized the problems within the newspaper industry well by stating that journalism is not itself in crisis, but the business and business models are. As seen in the Appendix 4, most of the interviewees agreed that the industry would still be viable in the future, as long as correct choices developing the channels and products are done. With wrong choices, the future outlook is not very positive and even with correct ones it is possible that the industry overall becomes smaller but profitable. This means that changes are likely to happen in fundamental ways in which newspaper companies are conducting their business and they will be experimenting with different options during the next few years. Most of the interviewees thought that it is possible to find the correct solutions, as newspaper companies have strong finances even with the currently decreasing income levels.

What was apparent in the industry development is that concentration of ownership continues. New technologies and product development there require resources that smaller newspapers do not have and belonging to a large corporation offers the needed

support and finances. That said, mergers and acquisitions will be very common the future. However, finding a small niche market might make it possible for a small company to stay profitable.

Whereas some interviewees thought that the amount of newspaper brands is likely to stay quite stable even with all the ownership changes, some of them said that in the highly competed areas the amount of newspapers needs to decrease. It was also mentioned that the prime newspaper in the area is more likely to succeed than the second one.

Although the ownership is concentrated, the corporate governance is likely to stay is areal or medium sized level. In the Finnish newspaper environment it was common to have giant corporate governance, but the trend has been back towards medium sized one and the interviewees thought that this trend is likely to continue.

For more information see Appendix 4.

6.1.2 Value Proposition

As seen in the Appendix 4, many of the respondents felt that the traditional values like trustworthiness, locality, quality, contemporariness and usefulness behind the newspapers operations are valid now and might be even more so in the future. Compared to e.g. Internet and social media, which are full of inaccurate information, newspapers are considered to be trustworthy. As the media environment becomes increasingly fragmented, need for such a media grows. Additionally, the interviewees predicted that consumers become tired with the flood of information out there and might enjoy again news that are already compiled in a form that is easy to read and understand. This does not mean that newspaper companies will not become more dynamic and adapt to new technologies, because they will. As interviewee 5 said, the goals and values stay the same, but there might be different actions in the grassroots level. This means that changes are likely to happen in what form the business is conducted, but newspapers are likely to still rely on their well-established, trustworthy brands and maintain the same values in their businesses.

This value question also raised some concerns, as seen in Appendix 4. Some interviewees predicted newspapers having to give up with some underlying journalistic values and some said that unfortunately this has already happened. The others stated that the competitive advantage is lost if this becomes reality. Thus, it seems that maintaining the values in this new environment is an important factor companies need to consider.

For more information see Appendix 4.

6.1.3 Customer Segments

As seen in Appendix 4, many interviewees stated that newspapers are and should be for everyone. This means that content is provided for everyone and all the segments are or should be targeted at the same time or at least in timely manner. However, this seems to be especially true when it comes to the print. Even if there are concerns that the worldview of people in general will become narrower, when the news are offered based on reader's interest, the electronic channels make careful segmentation possible. Consumers are increasingly tracked, advertisement is increasingly targeted and now new technologies allow more personal distribution of news. In the future, the technology may even be so advanced that it will offer the news based on moods, not just preferences. Thus, many interviewees thought that the product offering will continue to grow and in the future people are able to make more personalized orders. This means that segmentation will become more important especially in electronic delivery. When it comes to the print, some interviewees thought that printed newspaper would become a premium or luxury product for those that have higher income. If this becomes reality, it will of course affect the segmentation and content of the paper.

When it comes to the other customer group, advertisers, segmentation is seen as much clearer. Those that do not advertise will be targeted. However, it is important for newspapers to have local advertisers or advertisers that are otherwise relevant for their readers, so the focus will be on those. Additionally, it is recognized that the types of advertisers will change in the future and e.g. search-based businesses will move to online advertising, so this will affect which firms are targeted.

For additional information see Appendix 4.

6.1.4 Channels

Channels are among business model elements that are likely to change the most as seen in Appendix 4. Electronic delivery will grow in importance compared to print, but print will survive for the next ten years in some form.

All the interviewees agreed that no matter what new technologies and channels will come, newspapers need to be ready with channel free technologies and react promptly to stay ahead in the industry. The exact form of new technology is not clear. Some interviewees thought that the main channels might have already become reality and now the new

channels are something between those. Some said that the direction is towards smaller devices like mobile. Some considered that with already technologies allowing consumer tracking and overall high measurability of human body, it is not far reached if the news will become so personalized that they are based on moods and each morning the technology will suggest interesting topics for the reader to see. Moreover, with already existing 3D and 4D technologies, livelier virtual environments may become reality. All in all, the digitalization will continue but speed is not set in stone.

In Finland, the morning delivery has been an important part of the newspaper business model and Finnish people require their papers early. This is not likely to change, but the price will increase for those who want their order in print. Companies may also try to decrease the area where they will offer morning delivery, as it is more profitable to purposely drop those orders and decrease circulation than to deliver the paper early. Another common factor has been that newspaper companies are founding their own distribution systems, as Posti has increased its prices. The interviewees see that this will become a common practice, although some stated that it does not make sense that three different deliveries are done throughout the day to the same address and at some point these systems will have to start to cooperate and decrease it to one or two.

To see more, read Appendix 4.

6.1.5 Customer Relationships

In both customer groups, interviewees see the relationships becoming closer.

When it comes to readers, their opinions will be more taken into consideration and the two-way-communication will increase. As seen in the Appendix 4, almost all interviewees thought that the reader content will increase and crowdsourcing in all content will become more common, as there has been and will be cuts in journalistic staff. Contradictory, due to new channels there is less direct contact with the reader and many interviewees saw that the content from the readers is not as trustworthy as needed or that the content from e.g. social media channels will not reveal the whole truth.

In advertiser relationships, the interviewees also saw the relationships will evolve more closer. Many of them used a term “partnership”, where the newspaper will offer more comprehensive services and even training for the advertisers.

Also sponsorships will become more carefully considered and more partner-like, meaning that the sponsored parties need to provide something back in return.

For more information about customer relationships, see interviews in Appendix 4.

6.1.6 Cost Structure

All the interviewees agreed that strict austerity and cost cutting have become part of every day operations in newspapers. This will not change and there will be a constant thrive for effectiveness. However, as seen in Appendix 4 many interviewees thought that if more cuts were done in journalistic staff the quality of this key business would start to suffer and negative cycle would begin. The cost of print and delivery has been considerable for a long time and as long as printed newspaper is delivered they will stay so and even continue to increase. Increase of electronic delivery will decrease them, but new electronic channels will require new kind of personnel working with them and is not free either. So interviewees agreed that costs are likely to stay the same or even increase, but where they are coming from will change as the delivery channels change. For more information, see Appendix 4.

6.1.7 Key Activities

Not much change was expected in key activities, as seen in Appendix 4. Only major change is that that function related to electronic channels will grow and people hired to work there will increase. If the crowdsourcing becomes more common as interviewees expect, this would also mean new kind of activities for the newspaper companies even if they were not particularly mentioned in the interviews. Another point made in the interviews was that producing and packing content is the key business of newspapers and everything else can be seen as a supporting function. Thus, its importance will grow and everything else could potentially decrease in value or be outsourced. Some interviewees pointed out that as selling content will grow compared to advertising, also sales might experience cuts. For more information, see Appendix 4.

6.1.8 Key Resources

As seen in the Appendix 4, interviewees saw that the resources are not likely to increase, but the current policy of cost cutting will decrease the people working in the industry and will require the rest to be able to multitask and have many skills. If the amount of journalists will continue to decrease, crowdsourcing and freelancers were seen as an option. The decreasing incomes also mean that there is less and less money to spend. As the newspaper companies are traditionally wealthy, they are, nonetheless, going to have money to spend on product development online. Some interviewees also stated that with

the power of media it is possible to help the local economy and, thus, advertisers, improving the environment in which they operate. For more information, see Appendix 4.

6.1.9 Key Partners

As seen in Appendix 4, the key partners for newspapers are often found in the same industry. Cooperation with articles and advertisement is already done to great lengths and this cooperation is expected to increase even more. Content wise the cooperation is also likely to increase with universities, association and other not-for-profit organizations. Moreover, the companies will start to look for partners outside the traditional industry and possible partners or acquisition targets may be found from e.g. small new media companies, which will have some kind of knowledge that will benefit the newspaper's development. For more information, see Appendix 4.

6.1.10 Revenue Streams

Traditionally, the revenue streams have come from subscription and advertisement. As seen in Appendix 4, the interviewees think that the revenue from selling content is likely to increase in importance compared to the advertisement. When it comes to selling content, one of the biggest industry question marks seems to be how to make the internet operations profitable and what should be the relationship of free and paid content. Problem has been that the consumers are used to getting everything online for free, but some signs suggest that the willingness to pay is increasing as all the internet companies need start charging in order to survive. The right answers to exact revenue models do not exist yet, but everyone agrees that the ability of the content to be relevant and unique is what makes people pay for the content online. Overall, the paywalls will become more common and the electronic side will start to bring in revenue increasingly. Besides these main pillars of income, there are possibilities of getting other kinds of revenue as well, but the interviewees agreed that none of these possibilities will be as big as the main pillars subscription and incomes have been. These options of additional revenue's were e.g. income from delivery related products, income from selling technology to other similar companies and income from expanding to new businesses outside the traditional newspaper like e-commerce. For additional information, see Appendix 4.

6.2 Selecting Driving Factors by Ranking Key Factors and Driving Forces

According to Schwartz's (1996) method, identified driving forces are ranked by importance and uncertainty following the factors. The task is to see two or three that are most

important and most uncertain (Schwartz 1996) to see which forces are most likely to change the nature or direction of the scenarios (Ogilvy & Schwartz 1998).

As the end scenarios cannot differ on the predetermined forces (Schwartz 1996), the first step was to take away the predetermined forces from all the issues discussed in the interviews. They can be seen in the Table 6, where they are organized in themes. Generally predetermined forces are e.g. slowly changing phenomenon, constrained situations, trends that are already in the pipeline and seemingly inevitable collisions (Ogilvy & Schwartz 1998). In order to be counted as a predetermined force the force had to be something that newspapers have no or little control over or a force where most of the interviewees agreed that the direction is clear. For example, the trends and changes in consumer behavior, political environment, legal environment and economic development are something that newspapers are following carefully and that are important for them, but that are inevitable overall phenomenon in society and likely to happen regardless of newspapers' own behavior. In addition, the interviewees felt that the technology development, fragmentation of media and increasing amount of the competition are already expected trends and they will just react accordingly. Moreover, although all the interviewees felt that the print will stay in some form, all of them agreed its role and circulation are decreasing.

Table 6: Predetermined Forces

Predetermined Force	Themes within the Predetermined Force
Technology will continue to develop and newspaper companies need to be able to utilize it	<ul style="list-style-type: none"> • Digitalization continues in delivery channels and publishing systems • Understanding, developing and utilizing the new channels and technologies is essential • Channel free technologies needed • Extreme personalization and more lively content presentation possible • Robotics in content not likely to take over although technology exists
Retired population growing	<ul style="list-style-type: none"> • Preferences in print • Easier technologies needed for electronic delivery
Competition is increasing	<ul style="list-style-type: none"> • More competition for advertisers' money and readers • Small language area protects Finnish companies
Price of Print will Increase and Circulation Decrease	<ul style="list-style-type: none"> • Higher price and cost • Print will survive but with smaller circulation • Print might become a premium product
Media Increasingly Fragmented	<ul style="list-style-type: none"> • Flood of information makes people tired • Too much fragmentation will benefit print and some new media companies will cease to exist.
Trends will Affect the Content of the Paper	<ul style="list-style-type: none"> • Finnish industry follows other Western Countries • Rising trends seen in content: beauty, well-being, safety, interior design • People are interested in stories

Newspapers Success Will Follow the Overall Economic Development	<ul style="list-style-type: none"> • Economic situation affects media in all levels (circulation, advertising, buyer power, buyer behavior) • Advertising grows with better economy • Regional differences
Newspaper Success is Affected by Political and Legal Changes	<ul style="list-style-type: none"> • Unfairness of government policies with YLE • Increase or decrease of VAT affects circulation and profitability • Laws were just renewed, legal environment is likely to stay stable
Newspapers Will Follow Consumer Behavior Carefully	<ul style="list-style-type: none"> • Habits support morning delivery and subscription model • Need for products exists, but exact channel, content and form preferences differ more than ever • Consumer behavior follows technological changes and societal changes • Print has some major benefits compared to online • Traditional values and product preferences may make a return • Willingness to pay online grows • Consumer tracking

Also the driving factors were organized in themes. As seen in Table 7, the driving forces are closely related to business model elements and are, thus, among aspects of business that newspapers can make decisions on and affect the end result greatly with that decision.

As explained in methodology, a ranking system from 1-5 is used, where the number 1 represents the least important and most certain and number 5 presents the most important and most uncertain. The values are given intuitively e.g. based on how much they affects the core business, how many times they were mentioned in the interviews, how much the interviewees stressed them when being asked and how apparent they are in the reviewed literature. (Schwartz 1996)

Table 7: Driving Factors and their Ranking

Main Theme	Possible Directions and Main Issues Within the Theme	Importance*	Uncertainty**
Collaboration Increases	<ul style="list-style-type: none"> • Industry collaboration with content • Outside industry collaboration with content • Mergers, acquisitions & partnering outside industry • Sponsorships as partnerships 	3	2
Role of Newspapers and Journalists in Producing News in the Future Media Environment	<ul style="list-style-type: none"> • Expert role of newspapers and journalist • Newspapers as discussion panels and users of crowdsourcing • Cost cutting affecting quality and trustworthiness • Need to be contemporary • Freelancers • Blurring lines between media types • Traditional values and their role in the future • Power of media 	5	4
Level of the Content	<ul style="list-style-type: none"> • News as general bulk products • Need for local news and advertisement 	5	5

Provided (General/ Local/Personal)	<ul style="list-style-type: none"> • Personalization & hyper localization • Sponsored content • Need to focus on core competencies 		
Alternative Revenue Sources	<ul style="list-style-type: none"> • Multiple revenue streams model • Expanding outside traditional income • Other content and publishing based incomes • New advertising related business opportunities 	2	3
Advertisement and It's Role will Change	<ul style="list-style-type: none"> • Decreasing advertising income • Centralized decision making of advertisers • Changes in advertisers • Becoming a partner for advertisers • Increasing competition • Targeted advertising and package offerings • Measuring the effectiveness of advertisement • Benefits of newspaper • Advertising following economic development 	3	4
Changes in Ownership / Concentration	<ul style="list-style-type: none"> • Concentration of ownership • Large corporation offering resources to succeed • Benefits of medium sized corporate governance 	3	3
Delivery Channels will Change	<ul style="list-style-type: none"> • Increasing delivery channels and new technologies • Electronic channels increase compared to print • Changes in delivery area, circulation and times • Own delivery companies and income there • New wave of print possible • Wider product, channel and price offering • Paid online content common • Correct channel depends on the newspaper • Evolution of newspapers • Ecologic concerns 	5	3
New Employee Skills Needed	<ul style="list-style-type: none"> • New channels requiring resources and personnel • Skill requirements changing • Still need for strong journalistic skills • Staff education and training 	4	2
Culture of Strict Austerity	<ul style="list-style-type: none"> • Rising overall cost • Strict austerity, effectiveness and expenditure cuts • Negative cycle from cost cutting • Electronic delivery as cost saver 	5	2

* 1 = Not important, 2 = Somewhat important, 3 = Moderately important, 4 = Important, 5 = Extremely important

** 1 = Not uncertain, 2 = Somewhat uncertain, 3 = Moderately uncertain, 5 = Uncertain, 5 = Extremely uncertain

After the ranking usually the two or three most important and most uncertain are recognized (Schwartz 1996). In this research, these are narrowed down to two, as it makes the scenarios simpler and easier to understand and represent in a matrix form (Ogilvy & Schwartz 1998).

As seen in the Appendix 4, many of the interviewees stated that regardless of channels, making content is the core of newspaper companies' business and key to its success and basically everything else can be considered as supporting function. Although income is likely to come from alternative sources as well, like advertisement or altogether new small

sources of revenue, the focus should be especially on the content that they provide and rest will follow. Thus, the great variances and uncertainty in content related issues seen in the interviews considered seen as highly important. Here it was also recognized that this decisions on content will affect all the others elements, e.g. the content will determine a proper segmentation and channel and how the employees are trained. Accordingly, the role that newspaper assumes providing the content and the level at which it delivers it were chosen to be aspects at which the scenarios will differ.

Out of the driving forces also distribution and advertisement related issues where noticed to be relevant on both their importance and uncertainty, but they where not selected to be among scenario logics for couple of reasons. As seen in the answers in Appendix 4, distribution is an important issue that the newspapers all struggle with, but even if the correct answer is not clear basically all the interviewees agreed that electronic delivery will grow compared to print and that print will become more expensive and it's circulation will decrease. Moreover, the technology change is a predetermined force even if the speed and specific technologies are unclear. Thus, almost all the newspapers are going towards multichannel delivery and they will try to adapt the new technologies when they come. Thus, here the uncertainty is more about the speed and form than about the direction. When it came to advertisement related issues, there was much discussion amongst the interviewees about the possibilities. Although some of the directions were unclear and it could be possible that the importance of advertisement grows again in better economic situation and if the newspapers manage to market themselves better, most interviewees saw that the income from advertisement will continue to decrease relative to selling content, which is the main business. Also, the interviewees can already now predict that certain advertisers will decrease their buys and that online advertisement will grow, so the direction is quite clear even if it is displeasing in the light of the old business model.

6.3 Scenario Logics

In this thesis, the scenario logics were chosen around the core business of newspapers: content creation. In these scenario logics, the axels will be the role that newspaper assumes providing the content and level at which the content is provided.

In the horizontal axis the role of the newspaper company and its journalists is differing. As seen in Appendix 4, several interviewees referred to a saying "Everyone is a Media", meaning that now people tend share the news and take willingly part in creating the stories. Also, crowdsourcing is seen as means of getting news and pictures as cuts are made in journalistic staff. Many interviewees further see that ability to bring readers into

the process of making the newspapers online or offline will make them closer to the newspaper and its brand. If the newspaper decides to follow this strategy and build a business model around crowdsourcing and close interaction with the readers, it will require the journalists to become more moderators of content, selectors of stories and checkers of facts. Also the whole company needs to start building new key functions that make the crowdsourcing possible meaning that they need to develop technologies that allow crowdsourcing effectively, decide on partnerships and start making more contact with the readers from early on. All this requires resources and the end result of the news will differ much from the value provided today. On the other hand, some interviewees predicted that the quality, trustworthiness and thoroughness of the journalism will be more appreciated in the future than it is now, because the media is becoming more and more fragmented and people are getting tired of the flood of news and want something that is preselected to their needs, analyzed and given more background information. This strategy follows more the traditional ideal of journalism and makes the newspaper so called expert provider of well-researched stories. Compared to the crowdsourcing option, this means that journalists themselves will focus on making a quality content and really take time making the news. This business model requires whole different kind of operations and roles from the journalistic staff than the other option. Moreover, as these two directions will lead to very different kind of end product, the other sources of income will develop accordingly.

In the vertical axis is the level at which the news are provided, changing from general news to more local news and then extremely personalized news. All of these were mentioned as options in the interviews (Appendix 4) and they also affect all levels of the business model, because companies need to make decisions on which topics they make the news on, how they are making the segmentation and what kind of technologies to use for providing news in this format.

The scenario axis can be seen in Figure 6.

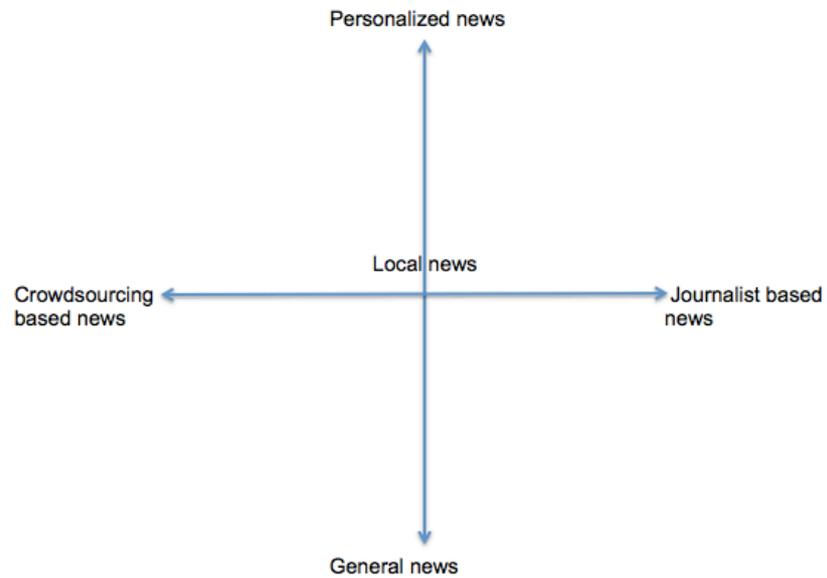


Figure 6: Scenario Logics

6.4 Developed Future Scenarios

The next step was to flesh out the scenarios (Schwartz 1996). Here the researcher chose four different kinds of scenarios, which were different in many aspects, but could provide possibilities to do business. They are shown in Figure 7.

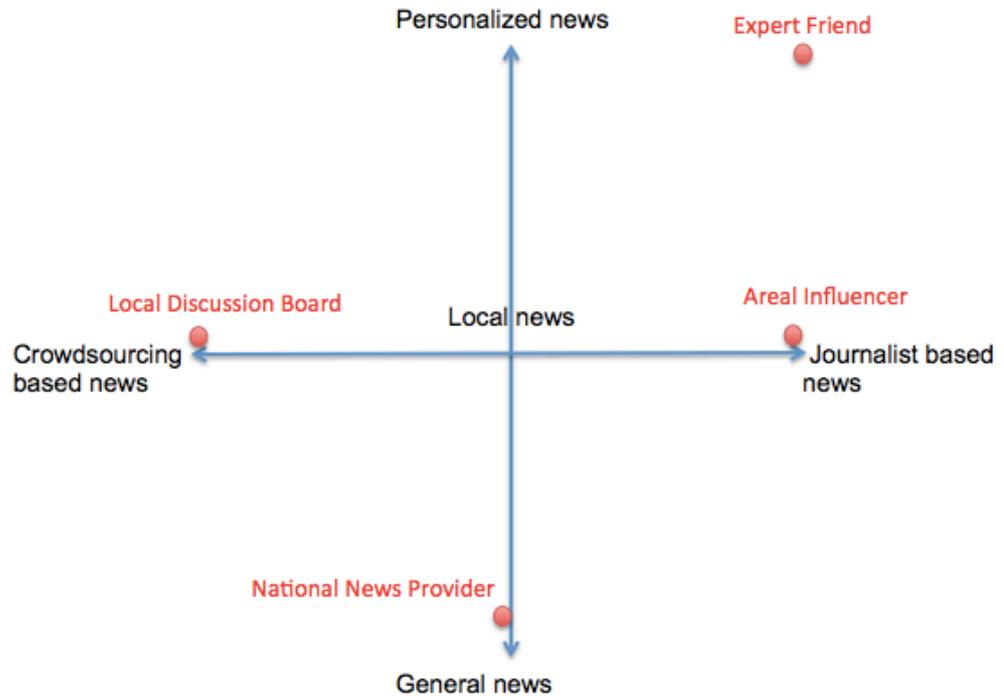


Figure 7: Chosen Future Scenarios

Here the researcher acknowledged that although this particular axis could provide other possibilities to do scenarios, it is not recommendable to build more than four scenarios (Van der Heijden 1996; Wilson 1998; Wack 1985a). These particular scenarios were deemed the best choices as e.g. general crowdsourcing based news are likely to represent some kind of general chat room and very personalized crowdsourcing site could be more an example of lifestyle or hobby related website.

6.5 Description of Future Scenarios

This section will include a brief description of each of the scenarios. The business model elements within each scenario are seen more thoroughly in Table 8 located in Section 7.1.

6.5.1 Future Scenario 1: *Local Discussion Board*

This newspaper focuses on being the source of actual news in their community, which effectively utilizes reader-based content to give even hyperlocal information relevant to the

readers fast. News are done with channel free-technologies only in electronic format and the newsfeed is likely to update in the medium of reader's choice constantly. As they rely on crowdsourcing the journalists are more being moderators, checking the facts and commenting on the stories than doing the actual stories. Besides this, journalist will focus on actual, real-time local news from the area that are then immediately commented by the members. News are done a lot according to their shock value as this drives readers to view the channel and order the newsfeed. This newspaper operates in low cost manner, where most of the personnel are outsourced and the ones that are left are multitasking. Some additional money will come from hyperlocal advertisement especially focused on local events and sales. Instead of quality, this newspaper focuses on quantity and they are not likely to be expensive. One possible way to do orders could be a monthly Spotify type subscription and the reader will choose the content that he/she will want to read.

6.5.2 Future Scenario 2: *Expert Friend*

This newspaper is likely to be a premium or luxury choice and one of the most expensive options among the newspapers. It is targeted to those who have high income, are socially active and want to have access to well-researched news and stories in the topics they find most interesting. This newspaper offers great amount of facts and background information collected in easily consumable format and the reader chooses which he/she wants to get. Reader can choose from various options based on personal preference and the key word is quality. This newspaper may also be a specialty newspaper, which focuses on something like economics and offers personalized subscriptions related to the field that the subscriber is interested in like IT. It is likely to utilize all the latest technologies especially when it comes to personalization and the subscriber is able to choose in which format he/she wants to read the news in and when. News are possibly offered based on moods etc. and the customer is able have an access to very lively news, that could possibly include 3D environment, provide scents and so on. Price is calculated personally and will be based on content and desired delivery methods. Advertisement is providing some extra income, but it is content that can be decided by the reader e.g. he/she may choose to advertisement for interesting theater shows, events or products nearby.

6.5.3 Future Scenario 3: *Areal Influencer*

This newspaper type will try to go through the most traditional route and keep the power of media in the area in their hands. This newspaper will be a product of many mergers and acquisitions happening in the field, have big and efficient organization as a support, and it is developed so that it efficiently serves the area it operates in. They might offer couple of

most important general news, but they will compete mostly on local quality stories and telling stories of local people. Although some content might be blog style entries from locally interesting personalities, news are done mostly by journalists. Anything that does not focus on local content production can possibly be outsourced and strict austerity is still used as they try to compete in cost and value against other areal medias. Bigger newspapers in this sector might have combined their forces with a local radio stations and offer thus multimedia services and options for advertisers. They are otherwise also very present in their local community, doing partnerships locally and offering variety of help to local companies. They are using the almost the latest technologies, but they are likely to buy them from the first movers. Subscribed papers are medium priced, depending on the distribution methods and the sections ordered, print being the most expensive option. Free newspapers will still rely on advertisement, but their distribution is only done in a low cost manner and to places where it is profitable. This type of newspaper is likely to be the last one still using print, but for the subscribed papers the publication days for print versions are likely to decrease.

6.5.4 Future Scenario 4: *National News Provider*

As today, not many newspapers will decide to go on the general route in their content, but some still exist. These newspapers are the most likely to find partners or acquisition targets from the other media like TV and radio and become multimedia companies. They will focus on combining news and interesting writers across the world and Finland into an easily consumable format. News are done in a general level and they are not focused on a specific geographical area other than Finland, but readers are able to order also specific sections. This newspaper is the least segmented one and supposed to be for everyone. It is available in all the newest technologies and allows the very lifelike presentations of the news. Also print version still exists, but has become expensive. Advertising will follow more general level but is very targeted through consumer tracking. Advertisers are allowed multichannel packages and they will include e.g. Internet companies that need to reach their customers also in other channels. They will gain extra income from selling news content to other firms, by doing extras, organizing big events and can have multiple other businesses like e-commerce stores under their umbrella brand.

7 DISCUSSION

The discussion will begin by comparing the different scenarios and their implications by reflecting the findings to the literature in the field and context description. Then leading indicators and signpost for noticing the paths leading to these scenarios are discussed. In the end, the lessons learned from these scenarios are discussed more broadly.

7.1 Comparing Different Scenarios and Their Implications

The findings represented in the Chapter 7 demonstrated that newspapers have many important decisions to make in what kind of content they want to provide in the future and what kind of role they want to take. Whereas now most companies rely on the subscription model that has been deemed unsustainable in the long term (Lehtisaari et al. 2012), in the future the field will have more variety in what kind of business models are used. The different business model options recognized in this thesis are compared in the Table 8 within all their elements.

Looking at the answers in the interview (Appendix 4), resulting scenarios in Table 8 and comparing it's results to the Table 2 discussing differences between old and new media, it became evident that most newspapers are no longer just following the rules of traditional media, but are actively taking elements of new media in their operations. In fact, some future business models represented in Table 8 are very much following the rules of new media, meaning they are e.g. more personal, interactive, user-centric and can be done for niches (Vukanovic 2011, 63-64; Naldi & Picard 2012; Snellman 2011). Vukanovic (2011) suggested that these differences are beneficial at sheading a light to the difficulties the newspapers are facing while trying to utilize new media and that the two different media types have many differences in distribution, production, technology and market targeting. This implies that those newspaper companies that are wishing to pursue a strategy where they are changing their company to be more like new media, they need to be prepared to make changes in all those areas. This supports an idea of making a decision about the content and role soon. As the competitive advantage is often in the favor of new media (Vukanovic 2011), pursuing a strategy like **Local Discussion Board** could be advantageous when done correctly.

Table 8: Comparing the Different Scenarios according to Business Model Elements

	SCENARIO 1: <i>Local Discussion Board</i>	SCENARIO 2: <i>Expert Friend</i>	SCENARIO 3: <i>Areal Influencer</i>	SCENARIO 4: <i>National News Provider</i>
1) Value proposition	<ul style="list-style-type: none"> ▪ Contemporary ▪ Cheap ▪ Closeness ▪ Shock value 	<ul style="list-style-type: none"> ▪ Luxury product ▪ Highly trustworthy ▪ Well-researched ▪ Personal 	<ul style="list-style-type: none"> ▪ Areal companion ▪ Locality ▪ Trustworthy ▪ Traditional 	<ul style="list-style-type: none"> ▪ Trustworthy ▪ Accurate ▪ Global ▪ Dynamic
2) Customer segment	<ul style="list-style-type: none"> ▪ Geographic ▪ Lifestyle ▪ Young adults ▪ Lower Income 	<ul style="list-style-type: none"> ▪ Higher income ▪ Socially active ▪ Well educated ▪ Lifestyle 	<ul style="list-style-type: none"> ▪ Geographic ▪ Middle-class 	<ul style="list-style-type: none"> ▪ Least specific segmentation ▪ Middle-class
3) Channels	<ul style="list-style-type: none"> ▪ Only electronic but there multichannel ▪ Adopts new channels following industry leaders when it's cheaper 	<ul style="list-style-type: none"> ▪ Latest technologies ▪ Industry leaders in personalization ▪ Customer choice ▪ Expensive, premium channels ▪ Print as an option 	<ul style="list-style-type: none"> ▪ Multichannel delivery ▪ Will follow the lead of industry leaders ▪ Last one to stay in print to large extent 	<ul style="list-style-type: none"> ▪ Tries to be an industry leaders in distribution technology ▪ Multichannel approach ▪ Print as an option
4) Customer relationship	<ul style="list-style-type: none"> ▪ Two-way relationship to readers ▪ Readers as content providers 	<ul style="list-style-type: none"> ▪ High focus on the reader ▪ Excellent customer service ▪ Low focus on advertiser 	<ul style="list-style-type: none"> ▪ Medium strong for readers ▪ Strongest with the advertiser ▪ Strong with local players 	<ul style="list-style-type: none"> ▪ Weakest relationship with the reader and advertiser ▪ Strong with other newspapers
5) Cost structure	<ul style="list-style-type: none"> ▪ Low cost model (HR, distribution) ▪ High IT ▪ Low price, high volume sales ▪ Quantity matters 	<ul style="list-style-type: none"> ▪ High cost structure (HR, IT, distribution) focused on quality ▪ Quality over quantity 	<ul style="list-style-type: none"> ▪ Medium cost structure (HR, IT, distribution) ▪ Austerity ▪ Cost saving using freelancers 	<ul style="list-style-type: none"> ▪ Medium cost in HR and distribution ▪ Austerity ▪ High IT
6) Key activities	<ul style="list-style-type: none"> ▪ Proofreading, checking, posting and moderating the content ▪ Initiating discussion ▪ Utilizing crowdsourcing ▪ No print distribution ▪ Active sales team 	<ul style="list-style-type: none"> ▪ Focus on content production ▪ Sophisticated IT department ▪ Key account management ▪ Print distribution bought or own/ main issue reliability 	<ul style="list-style-type: none"> ▪ Local content production ▪ Traditional journalism ▪ Community management ▪ New media team grows ▪ Medium sales ▪ High print and distribution 	<ul style="list-style-type: none"> ▪ Journalism ▪ Translating general news ▪ Multichannel publishing content and ads ▪ Medium to high sales force ▪ Product development and IT
7) Key resources	<ul style="list-style-type: none"> ▪ Crowdsourcing ▪ Freelancers ▪ Journalists as editors 	<ul style="list-style-type: none"> ▪ Highly specialized journalists ▪ Specialized partners 	<ul style="list-style-type: none"> ▪ Own journalists ▪ Freelancers ▪ Local opinion leaders 	<ul style="list-style-type: none"> ▪ Journalists ▪ Correspondents ▪ Freelancers ▪ Other newspapers
8) Key partners	<ul style="list-style-type: none"> ▪ Readers ▪ Bloggers ▪ Associations ▪ Low cost e-commerce etc. 	<ul style="list-style-type: none"> ▪ Expert partners like universities, economists etc. ▪ Possibly other high end brands 	<ul style="list-style-type: none"> ▪ Local associations ▪ Local advertisers and entrepreneurs 	<ul style="list-style-type: none"> ▪ Other newspapers ▪ International newspapers ▪ Radio, TV etc. ▪ IT companies

9) Revenue streams	<ul style="list-style-type: none"> ▪ Short subscriptions ▪ Advertisement like targeted sales 	<ul style="list-style-type: none"> ▪ High value subscriptions ▪ Relevant ads ▪ Expert services to other newspapers ▪ Reader events and seminars 	<ul style="list-style-type: none"> ▪ Possibly radio ▪ Local events ▪ Local e-commerce ▪ Selling local knowledge ▪ Marketing help ▪ Sponsored ads ▪ Distribution 	<ul style="list-style-type: none"> ▪ Targeted ads ▪ Selling news to other newspapers ▪ Selling technology ▪ E-commerce ▪ Publishing ▪ Themes /extras
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In the literature review it was suggested that business model development in newspaper industry seems to follow five different directions: subscription models, advertising models, transaction models, open collaborative models and outside journalism models (see Table 3). In the interviews, these results were partly confirmed. As seen in the Appendix 4, subscription model is seen as a strong option, as Finnish people are used to subscribing their papers. This model is also likely to continue strong for still some time as the role of advertising is seen as diminishing and many older Finns are loyal and traditional customers, but overall the subscriptions are becoming more electronic and personal in nature. When it comes to advertising model, it will continue especially in free newspapers, but even some previously subscribed papers might become free and advertising-based, if their circulations continue to decrease enough. This combined with possibly increasing amount of advertisement in better economic situation could potentially lead to more advertising based models, but many interviewees saw the importance of advertising to decrease. Transaction model was also discussed, but probably based on the strong traditions using subscription model, this was not given as much thought as the other ones. As this particular research suggested adding open collaborative business models and outside journalism business models to the list of common business models used in newspapers, it was interesting to compare the interview results (Appendix 4) and created scenarios (Table 8) to these. Open collaborative business model seemed to be a valid idea, because the concepts of broad and deep openness and inward and outward innovation (Holm et al. 2013) were all covered in the interviews in some form and the meaning of openness was seen as an important part of the newspapers success in the future. Thus, scenarios like **Local Discussion Board** could be possible in Finland, but might apply for other countries too as they are going more towards partnerships and alliances as well (Casero-Ripollés & Izquierdo-Castillo 2013). Finally, the interviewees discussed many of the outside journalism models, but many of them felt strongly that journalism is the key activity in the future. Thus, the findings seem to suggest that although outside journalism models are beneficial at bringing additional revenues, their role is and will remain small. For more comparison see Table 3 and Appendix 4.

The context description in Chapter 5 already revealed that Finnish companies are trying to become more innovative with their business models. For example, there is already a newspaper called Uusi Suomi, which is producing the content with a low-cost model, emphasizing user-generated content. (Lehtisaari et al. 2012) Interestingly, the user-generated content was also a constant theme in the interviews (see Appendix 4) and a big part of one the new business models represented in this thesis (see Table 8). Some newspapers are also already taking first steps to become more personalized (see Appendix 4), so one can see that at least some newspapers are moving towards more specific segmentation, which was also predicted by Picard (2014). Eventually, this can lead to models like **Expert Friend** or something more low cost but personal.

In the literature review it was also seen that business model innovation can be either radical or incremental (Amit & Zott 2012) and the business model can be changed by business model creation, business model extension, business model revision and business model termination (Cavalcante et al. 2011). When comparing the different scenarios created in this thesis, **Local Discussion Board** and **Expert Friend** are models that differ more from the current ones and they have taken a step away from the traditional journalism where news are provided with little segmentation and without taking personal preferences into account. They, thus, represent more radical innovation (Amit & Zott 2012) and this kind of models can be created when the companies start to create completely new kinds of models or revise the old ones radically time after time (Cavalcante et al. 2011). On the other hand, **Areal Influencer** and **National News Provider** represent more traditional models that do not differ so much from the current ones, but where the role becomes more clarified. The latter two are more incremental (Amit & Zott 2012) and safer options to take in the short run, as they do not require drastic measures and so much more new competencies as the first two. Here the change is done more by incremental business model extension or revision (Cavalcante et al. 2011). They also relate to some interviewee's opinions that the change is likely to be slow in the business models in this field, as newspapers have the funds and enough loyal subscribers to wait, and that there could even possibly be a trend where the traditional newspaper becomes trendy again. All in all, these options also represent the need for experimentation (Osterwalder & Pigneur 2010; Chesbrough 2006; Teece 2010), as these innovations cannot be found without trying to change the model in some direction.

As described in the literature review, Picard (2014) has also made predictions that there will be mass-market tier providers that have free and premium content and those who focus more on a niche group with high values, as well as those who stay in the middle and

offer multiple bundles of content at different prices. These results show similar kind of developments, as e.g. **Expert Friend** clearly goes for the niche group and offers them high value and **Areal Influencer** is more medium priced option, which is located in the middle.

To conclude, the results of this thesis reveal many possible development paths for Finnish newspaper companies (Table 8) and now dominant subscription model (Lehtisaari et al. 2012) can change in some cases radically and in some cases incrementally (Amit & Zott 2012). All in all, one can assume to see more variety in the business models in the future, even if the final models are not yet certain.

7.2 Leading Indicators and Signposts

This following section will look at the each scenario in Table 8 and try to provide some leading indicators and signposts that might suggest a company is choosing to go for that particular scenario.

In scenario 1, **Local Discussion Board**, these indicators should suggest that a strategy like this is chosen:

- Company is developing and adapting automated crowdsourcing programs, where they can get user-generated stories and pictures efficiently.
- Company is hiring people that have website administration skills to moderate the conversation.
- Journalists are trained to having more two-way communication and producing news together with the reader. They are becoming more like intermediaries and spend increasing amount of time checking the user-generated stories.
- Company will have increasingly active presence in social media.
- Company site will start having active blog portal and discussions.
- Journalist will start more initiating a conversation and asking for opinions than writing a story.
- Partnerships search will happen in a micro level and many locally interesting people are asked to take part in the new kind of media.
- Company will move more of their distribution online and might discontinue the paper delivery as a consequence early on.

In scenario 2, **Expert Friend** these following indicators and signposts suggests that this model is likely to become reality:

- Company will stop making cuts in journalists and might train them intensely.
- Company is hiring people from various backgrounds, e.g. economists are hired to give quality background information for economic articles.
- Company makes investments on quality and will start producing increasingly well-researched news.
- Company will start offering its products through high-end channels.
- Company will try to offer luxury experience for its customers. Attempts could start from improving the quality and colors of paper in the print product and continue with increasing amount of expensive, premium channels that are of the newest technologies.
- There will be more reader seminars and other meetings focused on niche topics.
- Prices are rising and readers can choose the best option for them among many high-end product options.
- Company will start targeting only the highly earning population.

In scenario 3, ***Areal Influencer*** these following indicators and signposts are supporting the development into this direction:

- This company will focus on producing local content and everything that is not relevant to locality will be outsourced or done in cooperation with other companies.
- Company will start building stronger partnerships with locally important players and advertisers.
- With strict austerity, this company will try to find an organization that supports the local content production the best. Cuts are done in the areas that are not endangering the main business.
- Targeting continues as more general.
- Company continues with more traditional journalism.
- This company will focus on adapting new channels, not creating new technologies.

Lastly in scenario 4, ***National News Provider*** these following indicators and signposts suggests that the business model is chosen:

- This company will start aggressively building even wider network of contacts with foreign companies.
- News and segmentation will stay more general and focus on Finland instead of certain areas only.
- This company will aggressively develop new technologies.

- This company tries to take a big role among the newspapers and sells technology and stories to others.

As stated before, in the end it is very likely that there is not only one sustainable model, but several ones (Lehtisaari et al. 2012). Thus, in the future we can see newspaper companies choosing these different development paths and it is very possible that even all of these models can be seen in some form in the future Finnish newspaper industry.

7.3 Lessons from the Future

The theoretical part of this Master's thesis discussed utilizing scenario planning as a strategic tool as well as the theory behind the business models in newspaper industry. Comparing the results of the interviews (Appendix 4) and the resulting scenarios (Table 8) to the theory reveals many lessons that can be learned from the future scenarios.

It was discovered that most of the recent studies in the newspaper business models still adapt quite a limited view of business models and focus on only some of the elements of the models (see Table 3). However, based on the interview results (Appendix 4) and developed scenarios (Table 8), many of the elements are going to change in the future. As the elements are interdependent (Peters et al. 2013), the future scenarios suggest that these interdependencies should be carefully considered when planning the new business model. For example, Peter's et al. (2013) discovered that due to the interdependencies e.g. partnerships are effecting the value proposition greatly especially in the media industries. The importance of these interdependencies can be easily understood by comparing, for example, the partnerships a low cost provider like **Local Discussion Board** would make in comparison to **Expert Friend** (for more see Table 8). Figure 3 also supports this in literature review. It revealed that changes in business model elements would affect the whole value chain of the company (Porter 1985, 60; Osterwalder & Pigneur 2010,44), making these decisions extremely important. These results demonstrate that when companies are planning their business models, having a more broad view of the concept is beneficial as the end result will be coherent and all the elements will serve the same purpose.

The literature review also demonstrated that companies should be active at designing their business model, as it is hard for competitors to copy entire ways of doing business (Amit & Zott 2012; Teece 2010) and they can be even increasingly patented (Osterwalder et al. 2005). This was supported by the findings of this thesis, but as in literature the extent of innovation can differ. In some cases like small markets it is not profitable to

launch completely untested innovations but it might be wiser to follow the lead of other companies. (Lehtisaari et al. 2012) In the scenarios created in this thesis **Local Discussion Board** and **Expert Friend** represent more radical innovation and **Areal Influencer** and **National News Provider** more incremental innovation (Amit & Zott 2012). Here, for example, in the case of **Areal Influencer** much of the innovation comes by following the others as their market is already geographically so small that not too much resources can be spend on business model innovation.

According to Michael Porter (1985), in order for the companies to have above-average performance in the long run they need to have sustainable competitive advantage. There are three kinds of generic strategies that firms can rely on to achieve this: low cost leadership, differentiation, and focus. When it comes to focus, it can have two variants, cost focus and differentiation focus. In order to achieve one of these, companies need to make fundamental decisions on what routes to take in their business and they will not be able to be successful by trying to achieve more than one strategy. As the business models are important part of the competitive strategy (Chesbrough & Rosenbloom 2002) and they can translate to a sustainable competitive advantage (Amit & Zott 2012; Teece 2010), it was alarming that in the interviewees (Appendix 4) were describing these routes in a mix, where e.g. cuts were made in journalists but trustworthiness and good quality were seen as value propositions also in the future. These findings referred to a situation where companies are still unsure of what decision to make and they are stuck in the middle, ultimately not achieving the competitive advantage in either one of these and being at a disadvantage, as the cost leaders, differentiators and focusers will be better positioned to compete in any segment (Porter 1985). Thus, this research introduced four scenarios, in which **Local Discussion Board** represented low cost leadership strategy, **Expert Friend** differentiation focus strategy, **Areal Influencer** cost focus strategy and **National News Provider** overall differentiation strategies. By this, this research seeks to demonstrate that the decision on a specific choice and route should be taken and company should avoid being stuck in the middle. This means that even if the resources are small and in the market it can sometimes make sense to follow the others in radical innovation (Lehtisaari et al. 2012), companies can still make critical decision on what kind of things to apply to their own model.

Economic theories also demonstrate that the companies that are able to make the decisions first can gain a first mover advantage, e.g. through leadership in product and process technology, preemption of assets and development of buyer switching costs. For example, in many markets there is no room for more than limited amount of companies,

as some of them will establish such a good positions in geographic or product space so that latecomers are not able to become profitable. (Lieberman & Montgomery 1988) When it comes to newspaper business models predicted through scenarios, one can easily understand that not many similar newspapers can exist at the same time in the same area and, thus, those that have resources to innovate instead of following (Lehtisaari et al. 2012), are in a good position.

Another important concept for models like **Local Discussion Board** is critical mass. Overall, technological innovations need to reach critical mass meaning the point where there are enough users so that the adoption of service is accelerated and the service becomes self-sustaining. For e.g. social networking sites the critical mass is the point where the adopter will think that there are enough members of the community with whom he/she can associate. (Sledgianowski & Kulviwat 2009) For model based on interacting and networking like **Local Discussion Board** it is, thus, critical to attain that critical mass in the certain geographical location. In a country as dispersed as Finland, there cannot be too many similar services in the same area that can reach that critical mass. For a newspaper that would be like **Expert Friend**, it can be important to reach many high-end customers, with whom the others want to relate to, meet in the seminars and share the same well-researched information. This fact supports the idea of making the decision fast and starting to build that critical mass. Those who are able to first acquire the crowd from a certain geographical location for their crowdsourcing will have an advantage and in this case the buyer switching cost (Lieberman & Montgomery 1988) would increase, as the consumer would become close to the service through the crowdsourcing.

As the scenarios in this thesis were differing in the role that newspaper and it's journalists are taking in the media landscape, the companies should realize that the path they choose will affect e.g. its employee relations and HR policies in the future. In case the company decides to choose a business model like **Expert Friend**, they are more likely hiring journalists or employees that are knowledgeable in specific areas and able to provide extensive background information for the news. For **Local Discussion Board**, the journalists need talents like moderating and sparking conversations. This means that also the training provided for the employees will differ in these cases. A new concept relevant for especially business models in new media environment like **Local Discussion Board** is Employee Advocacy. It means investing, empowering and utilizing programs in where employees are being advocates for the company they work for. For social business initiatives this can help e.g. strengthening the brand, providing awareness, getting feedback and helping employees to be active and building strong community

relationships. (Fanzo 2014) This means that for a business model like ***Local Discussion Board*** it might be extremely relevant to start these kinds of programs.

To conclude, the future scenarios provided many interesting links to theory, demonstrating the importance of business models to a company and benefits of considering the business model in broader manner.

8 CONCLUSIONS

This section will present the main findings of this Master's thesis and give recommendations both for management and for further research.

8.1 Main Findings

This thesis focused on studying the business model development in Finnish newspaper industry through scenario planning. The purpose was to find answers for how the Finnish newspapers are likely to develop by 2025, which factors are mostly affecting the change, what implications the changing business models will have for the advertisers, newspaper publishers and newspaper owners, and how should the companies evolve in order to succeed in the future. The process of developing the scenarios gave answers and provided interesting ideas for all these questions.

Already the literature review in this thesis revealed that the environment in which the newspapers are operating is changing tremendously (Johansson 2014; Della et al. 2008; Romaniuk 2012; Stephen & Galak 2012) and as a result newspapers are trying to change their business models, but not a right formula is yet found (Casero-Ripollés 2010; Casero-Ripollés & Izquierdo-Castillo 2013; Holm et al. 2013; Lehtisaari et al. 2012; Hayes & Graybeal 2011; Wikström & Ellonen 2013; Doyle 2013). These findings also suggested that many recent studies present a limited view of business models and focus on only some elements like revenue (see Table 3) even if theories exist with broader view of the business models (e.g. Osterwalder & Pigneur 2010,44). It was also proposed that although one popular way to divide the business models in the industry is 1) advertising models, 2) subscription models, and 3) transaction models (Hayes & Graybeal 2011; Laudon & Traver 2008; Enders et al. 2008), there seems to be other options to take like open collaborative models and outside journalism models (see Table 3).

In the interviews (see Appendix 4) it was discovered that altogether more than 200 key issues are affecting the change in the Finnish newspaper industry. Many of the changes are predetermined or outside the control of newspaper companies, for example, in the field of technology, politics, legislation and consumer behavior, meaning that all the companies in the industry will be exposed to various changes even if they try to avoid them. There are, however, change factors where companies can make their own decisions and these most driving changes are happening in collaboration and partnerships, role of the newspapers and journalist, level of the content, sources of the revenue, advertisement, ownership, delivery channels, needed employee skills and use of

the resources. This confirmed the theoretical findings that although the changes in business models also relate to revenue, they are not limited to it.

The interviews (Appendix 4) further revealed that changes are going to affect everyone linked to the industry: advertisers, newspaper publishers and owners. For the advertisers, there will be many more choices available and media field will become much more fragmented. Thus, the competition for advertisers will increase and all media companies and newspapers alike will try to develop new, interesting and more and more targeted advertising solutions for them, many of them seeking to become much more like partners for the advertisers. Nonetheless, the significance of advertisement as a source of revenue is expected to decrease and the revenue will come more and more from selling the content. This means that publishers need to develop all their operations so that they still manage to stay profitable and start making money increasingly from content sales. In practical level this can mean changes in all the business model elements (Osterwalder & Pigneur 2010, 44). For owners, there will also be many difficult decisions when they try to figure out the optimal ownership structure and organization for operating in the field. The interviewees predicted that there will be many changes in the ownership and although the ownership is becoming more and more concentrated in Finland, the organizations are now becoming more medium sized, as the trials with gigantic organizations were not so successful.

When it came to the driving change factors, two of them seemed extremely critical in importance and uncertainty: the role of the newspapers and the level at which they will provide content for their readers in the future. All in all, four different scenarios about the future business models were created: **Local Discussion Board**, **Expert Friend**, **Areal Influencer** and **National News Provider**. Couple of these scenarios were radically different than the current ones and couple of them were more refined versions of the current business models. For these scenarios it is noteworthy that they reveal that companies can evolve through very different kinds of paths based on the decisions they make along the way. E.g. some of them may choose to still rely on print for a long time and some of them may choose to make radical decisions on moving completely to electronic delivery and developing more crowdsourcing based models. These also further support the findings from literature review, which suggested that business models might take new forms like open collaborative models and outside journalism models. As the scenarios differ in all levels of business model elements (Osterwalder & Pigneur 2010, 44), they require very different operations and knowledge from the companies in the end. Due to the interdependency (Peters et al. 2013) of the business model elements

(Osterwalder & Pigneur 2010, 44) it is, therefore, implied that companies should become more proactive at developing their business models and make clear decisions about which direction to take. These and other managerial implications will be discussed further in section 8.2.

To conclude, findings from the literature review, context description and conducted interviews (Appendix 4) all demonstrate that the newspaper industry is under lot of change and it will be considerably different by the year 2025. Scenario planning and the scenarios created in this thesis provided a good tool for seeing that besides all the predetermined forces and changes, there are areas where the companies themselves are able to make decisions on how their business will evolve. In the end, the Finnish newspaper industry is likely to be even more concentrated when it comes to ownership, but filled with very different kinds of newspapers that all share the concentration on content and news. Differences may exist in all the levels of the business models, but overall one can see that channels, partnerships, segmentation, targeting and sources of revenue are all increasing and areas like technology and distribution will change drastically. Whereas now most companies rely on the subscription model that has become unsustainable in the long term (Lehtisaari et al. 2012), in the future the field will have more variety on what kind of business models are at use.

8.2 Suggestions for Management

The findings of this Master's thesis revealed many practical suggestions for the management in Finnish newspaper companies.

Main suggestion resulting from the findings was that management should decide the strategic direction and the business model that they want to pursue, in order to avoid being stuck in the middle and not gaining competitive advantage. This will also help them focus on their currently decreasing resources in a pursue of this specific model and stop wasting their resources on doing things that would be unnecessary for the business model in the end. (Porter 1985) When the end goal is known, it will be also easier to e.g. hire right kind of new people and make partnerships with right kind of organizations. As value chain is also dependent on business model elements (see Figure 3), these decisions will have an effect on its design. It should be noted that the decision should be done even in those cases where the resources allow only following others in their business model development, like in some very small markets (Lehtisaari et al. 2012).

In case companies take the active approach at designing their business models as recommended, they should know that besides being able to offer sustainable competitive advantage (Amit & Zott 2012, Teece 2010) business models can increasingly be patented (Osterwalder et al. 2005). Thus, companies should see if there are possibilities to legally protect their business models.

In the literature review it was also suggested that companies should have stock of business models ready (Osterwalder et al. 2005) as a part of their business model development. As the results of this thesis (Table 8) discussed four very different kinds of business models that require distinctive skills and operations, it does not still really make sense for a company to have stock of models ready that are so different from each other. Alternatively, the business models could all follow the e.g. the same main strategy of cost leadership, differentiation or focus, but have options within that which to take in case of some specific change (Porter 1985). Although the scope of this thesis did not allow discussing separately how could companies change their business model in case some of the threats mentioned in the interviews (Appendix 4) become true, it still makes sense for the companies to prepare in advance for a situation where e.g. VAT would increase again and have a plan on how to revise their business model (Cavalcante et al. 2011) accordingly.

As the open business model concept (Holm et al. 2013), user-generated content and partnerships (Appendix 4) and crowdsourcing-based business models (Table 8) were discussed in this thesis on numerous occasions, it is necessary to give recommendations about how to open the business model and how to look for partners. As discussed in the literature review, opening a business model can be problematic, as some of the power is given to third parties (Holm et al. 2013) and even now it has become important that partners represent the values of the company (Appendix 4). Thus, partnerships and the crowdsourcing are issues that need to be carefully considered and companies need to make strategies on what issues they need to keep the control in their own hands and in what issues it can be trusted to a third partner. In the end, partners might be in an important position in the business model (Table 8). So, even if much of the recommendations have to do with being fast at developing the business model, these issues related to opening a business model need to be a result of careful consideration.

One of the suggestions is improving the training of current staff. In the interviews (see Appendix 4), it is suggested that employees need to constantly be able to adapt to changes, multitask and learn new technical skills. Employees also feel that there is

uncertainty in the workplace and they cannot easily see how their work affects the results and finances of the company. By offering the employees an option to train and improve their skills, the newspapers can reduce the employees' uncertainty about their technical skills and even give them an ability to keep their work when cuts are done. Moreover, when the employees e.g. in sales staff are more knowledgeable of all the products and channels the company is providing, they are better able to sell them. Another point made was that journalists overall may have little idea of company finances and if they understand more how profits are made online and how the news they write can improve these, they will be able to adjust their style when writing to different types of channels. Additionally, especially for companies that decide to open their business models and rely on crowdsourcing, it might be relevant to consider employee advocacy programs (Fanzo 2014), although they are relevant for even the other types of companies.

Last suggestion relates to marketing. In the interviews (see Appendix 4), the interviewees stated that newspapers have been unsuccessful at marketing their superiority and that other medias are purposefully and successfully trying to dilute newspaper's power and suggest that the marketing they are offering would be better. As a result, many new marketing executives do not even consider the traditional paper as an option, even if the results from marketing through more traditional channels would more effective. Thus, the interviews suggest that newspapers should be more aggressive at marketing their services and especially their excellence, as they still have many benefits as a marketing medium that others cannot even compare for (e.g. areal presence and reader preferences to read advertisement in print). Moreover, many of the interviewees stated advertising should become more targeted and measurable, so newspapers should invest in improving these at their channels.

8.3 Suggestions for Further Research

The literature review in this thesis revealed some suggestions for further research especially when it comes to business model research.

First of all, the review of the recent literature in the newspaper business models (Table 3) revealed that there are great differences in what level the business models are discussed and instead of discussing business models according to their different elements, the focus often goes to revenue and revenue models. As the results of this thesis revealed, there is a threat that by focusing on only one element, the companies risk not noticing how this decision affects all the other elements and they risk being stuck in the middle by trying to go to two different directions with their action (Porter 1985). Thus, results of this Master's

thesis suggest that a more broad view of the business models should be also applied when looking at business models in specific industries like newspaper industry. If the academia will follow the theories and look at the concepts thoroughly, this could possibly improve the understanding of the complexities of business models also within businesses.

Another point made in the literature review was that business model development in newspaper industry seems to follow five different directions: advertising models, subscription models, transaction models, open collaborative models and outside journalism models. This was partly confirmed by the findings. It would be interesting to see more research and comparisons of newspaper industry to other industries to see what paths are taken in business model development and how industries can learn from other industries.

Looking at the end results of this Master's thesis, the scenarios, one should understand that forecasting the future is never easy. Instead of giving one right answer, scenario planning provides many alternatives on how the industry might change (Shoemaker 1995). Thus, the results are not as certain as in many other researches, but will at their best provide some ideas about the future and how the companies could evolve in order to be successful during the next ten years. This particular research demonstrated well that companies will not be able to focus on everything while at the same time cutting costs and resources, but they will have to focus on one strategy and seek to find competitive advantage there. With more resources it would have been interesting to build scenarios on more axes, taking more into consideration the third most important and uncertain driving force. Additionally, interesting findings could be found by completely focusing on a topic of technological development in newspaper industry, as the technological possibilities seem to be especially interesting in nature.

Besides the uncertainty due to the many alternative futures, the main limitation of this Master's thesis is that the researcher is not working for a big company nor an organization focused on futurology. This means that the resources to fulfill the research are relatively small when compared to some other similar researches. As the scope of this research as a Master's thesis is not large, the researcher could not, for example, do scenarios for different types of newspapers (local, regional, national) separately although she tried to have at least few interviewees from each type of paper to hear as many different perspectives as possible. As there are differences in how these different types of newspapers function and organize their business model elements now, it would be interesting to see more clearly what kind of differences exist in their path. One of the

interviewees also referred (see Appendix 4) to evolution of newspapers from subscribed to eventually free newspapers and this could be interesting to test against theories and practice.

Another limitation in this study was the geographical limitations to do the interviews. Although the interviewer was recommended interviewees all across the Finland, the interviewees were mostly from Southern and Eastern Finland. As the context description in Chapter 5 and interviews (Appendix 4) revealed that distribution in especially dispersed settlements is a great issue, it would have been interesting to hear also views from e.g. newspapers in Lapland. Moreover, as the interviewees (Appendix 4) discussed areal differences as one of the key issues within success, one could also look at these developments more in the lights of social development and see if there will be more evident differences between the areas in the future. Another interesting comparison point would be the development in the Finnish newspaper business models against those in other countries, as the Finnish market already differs so greatly from many other Western newspaper industries with its high tendency to read and subscribe newspapers (Lehtisaari et al. 2012).

Lastly, as the interviewees often referred to changing consumer behavior (see Appendix 4), it would be interesting to see how the results of this Master's thesis or similar would compare to the studies about consumer behavior and if the possible development paths are suitable responses for the changes in consumer's media usage.

To conclude, newspaper industry offers an interesting setting for researching business model development with so many changes happening in the field. Thus, there are still many areas that can be further researched in the future.

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APPENDICES

Appendix 1: Interview Guide

Scheduling the Interview:

- When setting up the interviews, the interviewees are explained that they are interviewed as a part of a Master's thesis for Lappeenranta University of Technology and that it is examining the change in newspaper industry during the next 10 years in Finland.
- Interviews are designed to take approximately one hour. Interviewees are asked to reserve at least that hour for the interview.
- Interviews are held in a place where there is no disturbance in the middle of the interview e.g. a private room.
- Interviewees can decide the place for the interview if it meets the criteria for privacy. Otherwise they are kept in a previously selected location.

During the Interview:

- In the beginning the interviewees are explained again that the interview is done as a part of a Master's thesis for Lappeenranta University of Technology and that it is examining the change in newspaper industry during the next 10 years in Finland. Moreover, they are informed that the purpose is to build scenarios and that the experts are used to notice the factors affecting the change. Thus, they are prompted to name as much change factors as possible.
- In the beginning, the interviewees are informed about the anonymity and confidentiality of the research as well as the fact that the interview is being recorded. They are told that only their years and roles working in the industry are published.
- Main topic, meaning the business model concept, is not mentioned at all until the last question.
- Interviews are held in Finnish with interview questions translated in Finnish.
- Interviews are semi-structured. The purpose is to start with the introductory questions and then proceed to the next questions. Answers for all the interview questions are needed, but the order of the questions being asked is free. Only exception is the question about the business models, which is supposed to be asked the last unless the interviewee starts talking about it unprompted during the interview

(continued)

- Questions do not need to be asked word to word, as long as the interviewee understands the point. If s/he does not, the interviewer will explain the question better.
- The tone of the interview is conversational. This means that the interviewer follows the conversation and where the interviewee takes it. If the interviewee starts talking about an issue that would have been later in the questions, the interviewer jumps there. If the answer to a question comes unprompted, the question does not need to be asked.
- Interviewer can prompt the interviewee to tell more, specify what s/he means and elaborate the issue discussed. Moreover, the interviewer can ask about the importance of the issue mentioned.
- Interviewer can help the interviewee get started by explaining the interview questions better or by making the issue more specific by asking the interviewee to focus on e.g. the technological aspects first. (Options: social, technological, economic, environmental and political) Interviewer cannot give examples of the specific forces, as this would disturb the results.
- If the interviewee starts talking about an unrelated issue, the interviewer will discuss this issue as long as needed but tries to get the interviewee to focus on the topic again by asking a new question after a while.
- Interviews are recorder with an iPhone recorder. Additionally, interviewer takes notes especially on the factors mentioned.
- In the end the interviewees are asked to recommend one or two possible people who could be interviewed after them and who would have more knowledge about the issues discussed.
- Moreover, in the end the interviewees are informed that they have an access to read the Master's thesis when it is ready.

After the interviews:

- Interviews are transcribed to text files. The unrelated discussions are left out from these files.

Appendix 2: Interview Questions in English

Introductory Questions

1. How long have you worked in the newspaper industry and in what roles?
2. How would you describe the newspaper industry today?
3. Is the newspaper industry going to change during the next ten years and to what direction?

Key Issues and Driving Forces

4. In the Finnish newspaper industry, what are the issues currently affecting the success or failure of the newspaper companies?
5. Are these issues going to change during the next ten years and how?
6. What forces (e.g. social, technological, economic, environmental and political) in the whole industry are affecting the change and how?
7. What trends or trend breaks are likely to affect the newspaper industry?

Business Model Elements

8. Does the value proposition of the newspaper companies need to change during the next ten years, how and why? Are there also other possible options?
9. How are the customer segments of the newspaper likely to change during the next ten years and why? Are there also other possible options?
10. How the channels of distribution are likely to change in the next ten years and why? Are there also other possible options?
11. How do the relationship between newspaper and its customers change during the next ten years and why? Are there also other possible options?
12. How is the cost structure of the newspaper developing during the next ten years and why? Are there also other possible options?
13. Are the key activities of the newspaper going to change during the next ten years and why? Are there also other possible options?
14. Are the key resources of the newspaper companies going to change during the next ten years and why? Are there also other possible options?
15. Are the partnerships of the newspapers likely to change during the next ten years and why? Are there also other possible options?
16. How the revenue streams of newspaper companies are likely to develop during the next ten years and why? Are there also other possible options

(continued)

Overall Business Model Change

17. Overall, how do you see newspaper business model now and how does it change in the future? Based on all the factors affecting the change discussed today, which ones do you see being the most relevant when it comes to business model change?

Appendix 3: Interview Questions in Finnish

Johdantokysymykset

1. Kuinka kauan olet työskennellyt sanomalehtialalla ja millaisissa rooleissa?
2. Miten kuvailisit sanomalehtialaa nykypäivänä?
3. Tuleeko sanomalehtiala muuttumaan seuraavan kymmenen vuoden aikana ja mihin suuntaan?

Avainasiat ja vaikuttavat muutosvoimat

4. Mitkä ovat avainasioita, jotka vaikuttavat nyt sanomalehtiyritysten menestymiseen ja epäonnistumiseen Suomessa?
5. Tulevatko nämä asiat muuttumaan seuraavan kymmenen vuoden aikana ja jos niin miten?
6. Mitkä muutosvoimat (esim. sosiaaliset, teknologiset, ekonomiset, ekologiset ja poliittiset) vaikuttavat muutokseen koko alalla ja miten?
7. Mitkä trendit ja trendien muutokset oletettavasti vaikuttavat sanomalehtialaan?

Liiketoimintamallin elementit

8. Täytyykö sanomalehtiyritysten muuttaa arvolupauksiaan seuraavan kymmenen vuoden aikana. Jos niin miten ja miksi? Onko muita mahdollisia vaihtoehtoja?
9. Miten asiakassegmentoinnit tulevat oletettavasti muuttumaan seuraavan kymmenen vuoden aikana ja miksi? Onko muita mahdollisia vaihtoehtoja?
10. Miten jakelukanavat tulevat oletettavasti muuttumaan seuraavan kymmenen vuoden aikana ja miksi? Onko muita mahdollisia vaihtoehtoja?
11. Miten sanomalehtien ja sen asiakkaiden suhde tulee oletettavasti muuttumaan seuraavan kymmenen vuoden aikana ja miksi? Onko muita mahdollisia vaihtoehtoja?
12. Miten sanomalehtien kulurakenne tulee oletettavasti muuttumaan seuraavan kymmenen vuoden aikana ja miksi? Onko muita mahdollisia vaihtoehtoja?
13. Miten sanomalehtien avaintoimet tulevat oletettavasti muuttumaan seuraavan kymmenen vuoden aikana ja miksi? Onko muita mahdollisia vaihtoehtoja?
14. Tulevatko sanomalehtiyritysten resurssit muuttumaan seuraavan kymmenen vuoden aikana? Miten ja miksi? Onko muita mahdollisia vaihtoehtoja?
15. Miten sanomalehtien yhteistyöasiat tulevat muuttumaan seuraavan kymmenen vuoden aikana ja miksi? Onko muita mahdollisia vaihtoehtoja?

(continued)

16. Miten sanomalehtiyriyten tulovirrat tulevat oletettavasti kehittymään seuraavan kymmenen vuoden aikana ja miksi? Onko muita mahdollisia vaihtoehtoja?

Liiketoimintamallien yleinen kehitys

17. Yleisesti, miten näet sanomalehtien liiketoimintamallit nyt ja miten ne tulevat muuttumaan tulevaisuudessa? Tänään keskustelluista muutostekijöistä, millä kaikilla näet olevan suurin vaikutus liiketoimintamallien muutoksessa?

Appendix 4: Driving Forces and Key Factors in the Interviews and their Frequency

Driving Forces/ Key Factors	I1	I2	I3	I4	I5	I6	I7	I8	I9	I10	I11	I12	Overall frequency
Changes in design	X	X	X							X			4/12
Changes in technology/Digitalization	X	X*	X	X	X*	X*	X*	X*	X	X	X	X*	12/12
Rising distribution costs per unit of printed paper	X	X			X	X	X	X	X	X	X		9/12
Rising HR costs	X									X			1/12
Going online partly or completely	X	X	X	X	X	X	X	X	X	X	X	X	12/12
Rising overall costs	X*				X					X			3/12
Smaller margins	X												1/12
Higher prices for the consumer in subscribed print papers	X	X	X	X	X	X	X	X	X	X	X	X	12/12
Smaller circulations in print	X	X	X	X	X	X	X	X	X	X	X	X	12/12
Decreasing subscription rates	X*	X	X			X		X	X				6/12
Cuts in journalistic staff	X	X		X		X		X		X		X	7/12
Outsourcing journalism	X												1/12
Outsourcing sales	X												1/12
Cuts in sales	X					X				X	X		4/12
Cuts in editing staff						X		X		X			3/12
Morning delivery becoming too expensive/ cuts in delivery area	X	X	X		X	X	X	X	X	X			9/12
Multiple delivery channels and amount is increasing / consumers choose which to use	X*	X	X	X	X	X	X	X	X	X	X*	X	12/12
Retired population growing	X												1/12
Older population are used to and prefer reading print in the future	X	X	X				X	X	X	X	X		8/12
Easier technologies can make older people change the delivery channel		X						X			X		3/12
Strict austerity, drive for effectiveness and expenditure cuts	X	X*	X	X	X	X	X	X	X	X	X*	X*	12/12
Combining journalistic staff or collaborating with stories (mutual story banks)	X	X	X	X	X	X	X	X	X	X	X	X	12/12
Line between newspaper/media types becoming blurry	X					X							2/12

(continued)

Wealthy companies and big corporations have money to make changes, small entrepreneurship in the industry harder	X		X							X			3/12
Balancing act between print and online	X				X		X			X			4/12
Trustworthiness and quality will suffer if too much cuts in journalism	X*	X	X	X	X	X		X					7/12
Stories become less researched and opinions show more on content	X					X							2/12
More competition for advertisers' money	X*	X	X	X	X	X	X	X				X	9/12
More competition for readers	X	X		X	X	X	X	X				X*	8/12
Buyer power increases	X												1/12
Finnish people prefer orders to buying single copies	X	X											2/12
Finns are used to morning delivery and require it	X		X		X				X	X	X	X	7/12
Finnish people are and will stay traditional	X												1/12
Trends from Western World will Affect	X	X											2/12
Chains etc. making their own newspapers and advertise in their own websites	X					X							2/12
Newspaper are likely to merge	X*		X		X	X	X	X		X	X		8/12
Merging cannot continue forever, need for more than one media								X					1/12
Advertisers will change	X*	X			X	X					X		5/12
Advertising budgets of companies are getting smaller	X*		X							X			3/12
Private advertisers have less money	X		X		X					X			4/12
Concentration of ownership	X		X								X		3/12
Partnerships /merging with radio & TV industry	X												1/12
Packages in different channels for advertisers	X		X	X	X							X	5/12
Package deals for end users	X	X	X							X		X	5/12
Young people are not used to reading newspapers	X											X	2/12
Young people prefer	X	X	X				X	X	X	X		X	8/12

new media													
Content cannot be same in print and online										X			1/12
Young people read news and sometimes even print but do not order the print themselves			X		X		X	X	X	X			6/12
Competitions and rewards common	X		X										2/12
Sponsored content likely to increase, but readers should be able to see it's an advertisement	X						X			X	X	X	5/12
Freelancers become more commonly used	X	X						X					3/12
Multiple revenue streams	X	X	X	X	X	X	X	X	X	X	X	X	12/12
Outsourcing common	X												1/12
News as bulk product	X												1/12
Need for localization and local news and ads in newspaper	X*	X	X	X	X		X	X	X		X	X	10/12
Localization is expensive and requires work	X												1/12
Localization as core competency	X*	X*	X	X	X		X	X	X		X	X	10/12
Fragmentation of media		X			X*	X		X	X		X	X*	7/12
Some new media will not survive as there's too much fragmentation					X	X							2/12
Good, interesting and beneficial content critical		X		X	X			X	X		X	X	7/12
Finding the own place in the market / specialization		X	X		X					X	X	X	6/12
Media has to be humble		X			X								2/12
Media has to be equal		X											1/12
Economic situation affects media in all levels	X	X	X	X	X*	X	X	X*	X	X	X	X	12/12
In bad economic situation the circulation decreases		X	X	X	X		X	X	X	X			8/12
Evolution from subscribed to free newspapers if the circulation decreases		X			X								2/12
Flood of information		X			X			X		X		X	5/12
Force-feeding ads online makes consumers tired		X			X								2/12
Privacy concerns online might decrease its use		X											1/12
People prefer ads in		X	X							X			3/12

print													
People prefer to read news from preselected form and package		X									X		2/12
New wave of print possible		X	X	X	X		X					X	6/12
Print will survive for the next ten years in some form	X	X	X	X	X	X	X	X	X	X	X	X	12/12
Robotics in news making possible, but small language area protects		X											1/12
Finnish market is quite protected from international competition		X					X						2/12
Families and middle-aged people still interested in newspapers		X			X							X	3/12
Focusing on core competency / newspaper possible solution		X	X									X	3/12
New technologies and channels (e.g. electronic paper)		X	X	X	X	X*	X*		X	X	X*	X	10/12
Usage of electronic channels grow in relation to print	X	X	X	X	X	X	X	X	X*	X	X	X	12/12
Coverage regionally is a benefit for the newspapers		X			X				X			X	4/12
Search based businesses will move to advertise online e.g. car sales, apartment deals, real estate and job advertisement.		X			X	X							3/12
Internet companies will start using print for advertising		X									X		2/12
Associations will advertise less		X	X										2/12
Personal ads will decrease more					X								1/12
Journalistic principles still important or event more so	X	X		X	X			X	X		X	X	8/12
Need for an independent media		X						X	X			X	4/12
Trustworthiness of newspaper becomes even more important compared to other media	X	X	X	X	X			X	X		X	X	9/12
Reader participation		X	X		X		X		X	X	X	X	8/12

increases in producing stories													
Reader participation increases providing ideas		X	X	X	X	X	X	X	X	X	X	X	11/12
Journalist may become more editors of texts and moderators of discussion with crowdsourcing					X							X	2/12
Crowdsourcing providing pictures increases		X	X								X	X	4/12
Cost cutting already approaching the limits where paper starts to suffer and negative cycle begins		X	X		X	X		X					5/12
Some papers will decrease days when they are published		X				X	X						3/12
Free newspapers are the last ones standing		X											1/12
Free newspapers may decrease the circulation		X								X			2/12
Free newspapers all over Finland will try to be delivered even if the consumer has a sign "No advertisement"										X			1/12
Free newspaper might not be delivered but placed in stands (USA model)		X											1/12
Selling knowledge e.g. specified knowledge /old news as packages		X											1/12
Extras and themes more common		X					X				X		3/12
Health, beauty and well-being as content		X			X			X					3/12
Safety related issues as content					X								1/12
Telling stories as content increases					X			X					2/12
Need and possibility to do a more personalized content		X		X			X		X		X	X*	6/12
Hyperlocal content possible		X		X	X							X	4/12
Cooperation with magazines		X		X			X						3/12
Globalization will bring more international advertisers		X											1/12
International ad agencies possible		X											1/12
More targeted		X									X		2/12

(continued)

advertising													
Electronic delivery will decrease print and delivery costs		X	X	X	X		X	X	X		X	X	9/12
Small language area protects from international competition		X											1/12
Fragmentation of electronic media will benefit print		X*			X				X		X	X	5/12
Papers need to improve marketing		X							X			X	3/12
Traditional papers have many benefits compared to new media		X	X	X	X				X			X	6/12
Industry need to be excited and adapt to changes		X										X	2/12
People drawn to read sensational, short stories			X										1/12
Readers are increasingly critical and demanding			X	X							X		3/12
Less jobs where people get to focus on one thing			X					X		X		X	4/12
Employees need multiple skills and ability to do varied tasks			X			X		X		X		X	5/12
Less direct contact with the client			X							X			2/12
Newspapers as positive messengers in areal issues			X										1/12
In bad economic situation the advertisers have no money			X		X		X			X	X		5/12
Development of SME's will affect the advertising highly			X		X								2/12
Development of dispersed population centers will affect the small, local newspapers			X										1/12
Posti's development affect	X	X	X			X	X		X	X	X		8/12
Paywalls becoming common / Need to make money from Internet	X		X*	X	X			X	X	X			7/12
Understanding, developing and utilizing the new channels and technologies is essential		X	X*	X*	X	X	X	X*	X*	X	X*	X	11/12
Companies ahead in								X					1/12

new technologies continue to succeed													
Traditional values and product preferences may make a return even with young people		X	X	X	X			X	X			X	7/12
From giants to more medium sized corporate governance			X						X				2/12
Internet not a solution for all		X	X									X	3/12
There is a market demand for e.g. good email address listing of consumers but in Finland people do not want their information to be given to third parties					X								1/12
Own delivery companies are more common at newspaper companies			X		X	X	X		X	X	X		7/12
Need to combine delivery with other companies or find products to deliver with the morning paper					X	X			X		X	X	5/12
Newspapers might become small advertising agencies or write stories for publications of companies			X			X	X			X	X		5/12
Power of media can be a tool to make positive changes			X					X			X		3/12
Ecologic concerns with paper grow			X					X					2/12
Electronic channels will require more resources and people working within them in the future			X	X	X	X	X	X	X		X	X	9/12
Print is still made for everyone (no segmentation other than location or one specific thing)			X	X	X	X	X	X			X		7/12
Careful segmentation is possibility due to electronic channels				X	X	X	X	X	X		X	X	8/12
Journalist have huge responsibility of seeing that all segments are targeted at some point and that customers keep ordering					X				X				2/12
Selling the subscription and the wanted			X								X		2/12

channels (e.g. tablet)													
Staff education/training in new channels needed			X	X				X		X		X	5/12
The weight of advertising income decreases in relation to subscription income or income from content			X	X			X				X		4/12
Newspapers will provide more researched, quality stories compared to other media			X	X				X		X	X		5/12
Newspapers will provide background information, analysis and explanation for the news				X				X			X		3/12
Newspapers as "experts"								X			X		2/12
Journalists as "filter"								X					1/12
Journalists need solid skills and expertise in writing news								X			X		2/12
Advertisement cooperation (e.g. Kärkimedia) continuer or increases			X				X		X				3/12
More collaborative advertisement campaigns with multiple advertisers			X										1/12
Combination orders for digital and print orders may increase			X				X			X			3/12
Local newspaper likely to be the last users of print			X				X					X	3/12
Timespans of news are shorter				X	X			X					3/12
Less supporting functions	X			X		X		X			X	X	6/12
Less travel for journalists								X					1/12
Publishing systems are electronic				X				X	X	X			4/12
"Everyone is media" thinking increased				X			X						2/12
Newspapers will become more efficient using new channels		X	X	X	X		X	X	X	X	X	X	10/12
First newspapers in the area will survive, second ones suffer				X									1/12
Current politics are unfair and their development will affect the industry and				X*	X		X			X			4/12

companies' ability to succeed													
Increase in VAT was difficult and further increases a threat				X	X			X			X		4/12
Government support for YLE is unfair and YLE and disturbs the markets in the future								X					1/12
Overall societal changes e.g. developments in jobs will affect where people live and how they consume in the future			X	X	X			X	X				5/12
Trends like home and interior decorations will show in content				X									1/12
Information needs to be contemporary			X	X			X	X	X			X	7/12
Consumers might be willing to pay for real-time information on important events/meetings								X					1/12
With good story journalists may make an impact on amount of visitors and therefore sales from online								X					1/12
Paper delivery twice a day in electronic form possible							X	X					2/12
Newspaper need to be close with its readers / two-way-communication			X	X	X	X	X	X	X		X	X	9/12
New channels provide new markets from larger geographical area				X									1/12
Wider product offering and price range due to electronic channels				X	X				X				3/12
Providing options for marketing in Russia bring income				X	X				X				3/12
Channel free technologies for providing content needed				X					X				2/12
Advertisers as partners instead of clients (e.g. newspaper providing training)				X	X								2/12
Overall closer relationship with advertisers				X	X			X				X	4/12
Sponsorships become rarer, more carefully				X					X				2/12

considered and they will be more like partnerships													
Cooperation possible with internet publishing companies or alike				X			X						2/12
Instead of long subscriptions the subscriptions become shorter and more personalized				X									1/12
People will get interested in societal changes and politics again								X		X			2/12
Timespan / Contracts have become shorter within advertisement					X								1/12
Advertisers can realize the benefits of traditional media and consistent marketing again					X			X			X		3/12
Media as weapon					X								1/12
Traditional values do not need to change				X	X		X	X	X			X	6/12
Decision about advertising is often done in chain-level or in capital region and they do not have the local knowledge					X				X				2/12
When economy improved, weight of advertising grows					X				X				2/12
Differences in regions and their economy become more visible			X		X	X				X			4/12
Selling the technology that is developed (e.g. publishing technology) to non-competitors										X			1/12
Laws were just renewed, legal environment is likely to stay stable						X							1/12
At the moment, even with smaller circulation newspaper reach more people than ever							X		X				2/12
Direction towards mobile or similar small channel						X	X	X					3/12
Spotify type of channel where you buy access to all newspapers is a possibility							X						1/12
Uncertainty in work has								X					1/12

increased													
Publishing business could grow or at least provides income: books other papers etc.							X					X	2/12
Changes in consumer behavior due to new technology		X	X	X	X*		X	X		X	X	X*	9/12
Need for new kind of employees that understand electronic world						X	X	X	X		X	X	6/12
Content or ads in co-operation with associations, universities etc.			X								X	X	3/12
Newspapers start doing or cooperating with e-commerce							X				X	X	3/12
Print might become premium /luxury product							X		X			X	3/12
Need to track the advertisers' ROI					X							X	2/12
Free content online rarer overall												X	1/12
Consumer tracking increases					X		X				X	X	4/12
Health and well being apps and constant measurability of human behavior may open opportunities like news targeted with moods					X							X	2/12
Social media's culture of sharing						X	X		X		X	X	5/12
Social media/ online content not so trustworthy			X		X	X		X	X		X	X	7/12
Young generation wants news everywhere and all the time							X	X				X	3/12
Narrower world-view due to disinterest in society and focusing only on news of personal interest or shares from friends is a threat					X				X			X	3/12
News will not reach everyone anymore					X							X	2/12
Specialized content easier to sell in electronic form (e.g. economic news)												X	1/12

Game-like 3D virtual reality where news content is provided and shopping is made is a possibility												X	1/12
Fragmented society /not so much common factors for people												X	1/12
New generation marketing managers might not consider newspapers as option / Need to improve the marketing									X			X	2/12
Profits from event management							X					X	2/12
Blogs might increase											X		1/12
Traditional media's power is decreasing						X	X						2/12
Willingness to pay online grows								X					1/12

*Mentioned among the most important issues