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Master's Programme in International Marketing Management (MIMM)

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**FINNISH NEWSPAPER GOING DIGITAL – EXPLORATORY CASE STUDY OF MEDIA
BUSINESS MODEL DESIGN UNDER CONVERGING MEDIA FIELD**

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ABSTRACT

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The purpose of this research is to develop a holistic knowledge of the situation of the newspaper and media industry. This study aims primarily to find out what kind of business models newspapers and other media companies will develop and implement in the future. The media industry has been disrupting for a long time due to the strong digitalization. Digitalization is breaking up existing business models and changes consumer behavior. Media business has gained increasing attention in academic research, and the most recent changes in the industry highlight the importance of managerial understanding especially in terms of digital business models. These factors strongly define the future development of the media business throughout the world. The empirical data of this study have been collected with theme interviews from key media operators in Finland. The research shows how strongly and quickly traditional newspapers and other media companies should move their businesses and operations to the digital environment. The traditional dualistic business model of media companies will be replaced by a multiplatform digital business. The future media will also utilize different kind of micropayments and revenue sharing models. The results address that utilization of consumer data will be a very important part of the digital media business. In addition, media companies' revenue models and channels will be diversified radically.

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Tämän tutkimuksen tavoitteena on kasvattaa kokonaisvaltaista ymmärrystä sanomalehti- ja media-alan tilasta. Tutkimus pyrkii ensisijaisesti selvittämään millaisia liiketoimintamalleja sanomalehdet ja muut media yhtiöt tulevat kehittämään tulevaisuudessa. Media-ala on pitkään ollut murroksessa voimakkaan digitaalisaation ansiosta. Media business on saanut kasvavaa huomiota akateemisessa tutkimuksessa, ja samalla viimeaikaiset muutokset ja trendit alalla korostavat johtotason ymmärrystä erityisesti digitaalisten liiketoimintamallien kehittämisestä. Se murtaa olemassa olevia liiketoimintamalleja sekä muuttaa kuluttajakäytöstä. Nämä tekijät määrittelevät voimakkaasti media-alan tulevaisuuden kehitystä. Tutkimuksen empiirinen data on kerätty teemahaastatteluilla keskeisiltä mediatoimijoilta Suomessa. Tutkimus osoittaa kuinka voimakkaasti ja nopeasti perinteisten sanomalehtien ja muiden mediayhtiöiden tulisi siirtää liiketoimintansa digitaaliseen ympäristöön. Mediayhtiöiden perinteinen dualistinen liiketoimintamalli tulee muuttumaan monikanavaiseksi digitaalisessa liiketoimintaympäristössä. Tulevaisuuden media tulee myös hyödyntämään erilaisia mikromaksuja ja tulonjakomalleja. Tulokset osoittavat, että datan hyödyntäminen tulee olemaan erittäin keskeinen osa tulevaisuuden medialtaloutta. Lisäksi mediayhtiöiden ansaintamallit ja kanavatarjonta tulevat monipuolistumaan ennennäkemättömällä tavalla.

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The MIMM program has truly prepared me for rest of my career. The next chapter begins now. It is time to take a next step towards future challenges.

24.8.2017, Helsinki

Aki Salonen

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1 Introduction

This master's thesis studies Finnish newspaper industry challenged by the digitalization. The introduction chapter prepares reader by conceptualizing main definitions regarding to this study and offering a first insight for changing media business.

1.1 Background: Media and Publishing Industry as We Know It Nowadays

Traditional newspaper and publishing industry has reached the mature stage throughout the developed world. At the same time, these mature markets have lost their growth potential. (Picard 2011b) Several statistics and studies has proved that the industry is laying in front of radical changes. Today, information and news lay everywhere. At least it is an expectation that most of the people carry the access on the internet in their pockets. News consumptions and content delivery systems have altered significantly due to digitalization and media convergence. The traditional concept of media is disappearing little by little. The consumption of digital media has increased remarkably while digital media services have shaped the traditional field of media. New routines of media consumption are strongly tied to time and context since consumers have an access to content anytime and anywhere. (VKL 2013) The news content is distributed more rapidly than ever before due to advances in technology (Picard 2006a). Basically, the trend in the media industry refers to a shift from scarcity to abundance of content (Snellman 2011) Therefore, media consumers have almost an endless amount of channels to choices his or her access to content.

The history of media has been pretty stable till the end of mid 1990s because newspapers, magazines and books, recording of audio and video remained still in form of physical goods. After that period of time, the internet has become rapidly a general purpose of today's media. Changes in software, applications and connection capabilities has allowed that no more special skills and knowledge are needed to use new technologies. In consequence, traditional media companies are about to face emerging entrants in their markets since new types of content can be provided through variety of ways to access news, information and entertainment. It means that traditional business models of media are evidently becoming under reconsideration. On the other hand, the business model knowledge is highly emphasized in today's media since traditional business models of media such as print

media are challenged more or less in the future. (Picard 2011a; Kung, Picard & Towse 2008)

Digitalization or digitization refers to the process in which content production, storage, distribution, and consumption are changing from analog to a digital form. Especially, the basis of these issues have become electronic instead of physical. In first phase, the appearance of television and radio reduced costs and time of production while improving capabilities in terms of storage for original content. Advances in binary technology have led digitalization into emerging technologies of distribution and consumption of media such as videotext, teletext and then CDs and DVDs. (Picard 2011a) Digitalization changes the ways of communication and distribution of different content and how they are conducted in the digital media landscape. The impact of digitalization has an influence on many types of industries, enterprises and activities due to improvements in computing technologies and telecommunications. Consequently, media, computing, and telecommunications industries have managed to combine these advances of digitalization to generate convergence of media that integrates and brings together different elements of communication. As a result, digital media increases the speed and flexibility while creating economies of scale and integration that finally changes the media industry. The distribution of content allows consumers to select, filter, search, control and participate in various means of communication. (Picard 2011a; Baldwin, McVoy & Steinfield 1996) The concept of media convergence will be defined more closely later in this study.

The impact of digitalization and media convergence has truly hit the industry. Most of the leading newspaper and content providers have already implemented digital technologies across their value chains. Even though, these companies are engaged with digital production and distribution systems, many companies will still maintain their physical elements of business model such as printed newspapers. However, thousands of new entrants worldwide are operating through digital-only platforms. (Picard 2011a) Traditionally, the oversupply of news and information have described the nature of media industries (Picard 2011b). Media convergence and digitalization have actually increased suppliers of news and other content, while reducing some of the monopolistic control over distribution and production systems. Those established media companies who have utilized that monopolistic position in the market will face difficulties since the changes in the industry increase the power of media consumers. (Picard 2011a)

Since the changes are proved to be permanent in the industry, companies must be able to adapt to it one way or another (VKL 2013). Even though, the shift is permanent, the fundamental part of revenues is still coming from subscriptions and advertising revenues (Antikainen & Kuusisto 2011; 2012). Since there are totally new setups at the media market in terms of competition, consumer trends and development in technology is continuously pushing the industry towards new possibilities (Seisto, Mensonen, Viljakainen, Aikala, Moilanen & Lindqvist 2013). The most vital changes in the industry lay still in the future (Snellman 2011) In the future, news companies should create content that is more precisely targeted according to consumers' differing needs. The future of news organizations is highly dependent on increasing value for various stakeholders. The value is increased by enhancing the content and relationships with consumers. (Picard 2006a) On the other hand, the producing of content itself might not be the biggest challenge but the monetization of that content will be (Picard 2011b).

Disruption of old business models in media and news industry is almost evident since several factors and industry trends shape the industry. It has expected that during the next two decades most media and news companies make a decision to shift digital-only platforms as costs of production and distribution of physical products are not covered by declining print subscriptions and advertising revenues (Picard 2011a). The future of newspapers and media companies will probably show us multiple creative and innovative solutions in terms of novel business and revenue models. News are always needed, but only the way how they are financed, consumed and distributed will change (Picard 2010).

1.2 Literature Review

This study can be divided into two main sections: converging media industry and the business model theory applied to that. Therefore, the literature review of this study consists of previous business model studies, media business model studies and secondary data such as national reports and studies of the media industry. The aim of the literature review is to improve comprehensive understanding of what have already known and studied of the chosen topics and what is the direction of future research. In order to build a descriptive study about new business model designs within media businesses, there should be a contribution of existing literature of media business models discussed in this study. Furthermore, the recognition of that previous studies are lacking to integrate these topics together can be seen as research gap of this study. Järventie-Thesleff et al. (2014) stress out that very little is known about how media organizations are trying to develop new

strategies and simultaneously manage change in multiplatform environment. The fact that digital technologies continue to develop further establish the relevancy of this study.

In general, business model is relatively young phenomenon according to Osterwalder et al. (2005). The concept of business model was first introduced in academic article by Bellman et al. in 1957 and then further studied by multiple authors (e.g. Teece 2010; Zott & Amit 2010; Osterwalder et al 2005; Magretta 2002). Even though the concept of business model has been relevant in trading and economic behavior through the history since pre-classical times (Teece 2010), the business model concept prevalent due to emergence of internet in the mid 1990s (Zott et al. 2010). During the 15-year period between 1995-2010 interest around the business model concept has significantly increased. Scholars and business practitioners have been conducting several publications, including articles, books, and book chapters in the business press and scientific journals around the concept. (Zott et al. 2010) Over the years, the business model research has reached the maturity, and the following progression (Figure 1.) of evolution in business model research has proposed by Osterwalder et al. (2005).

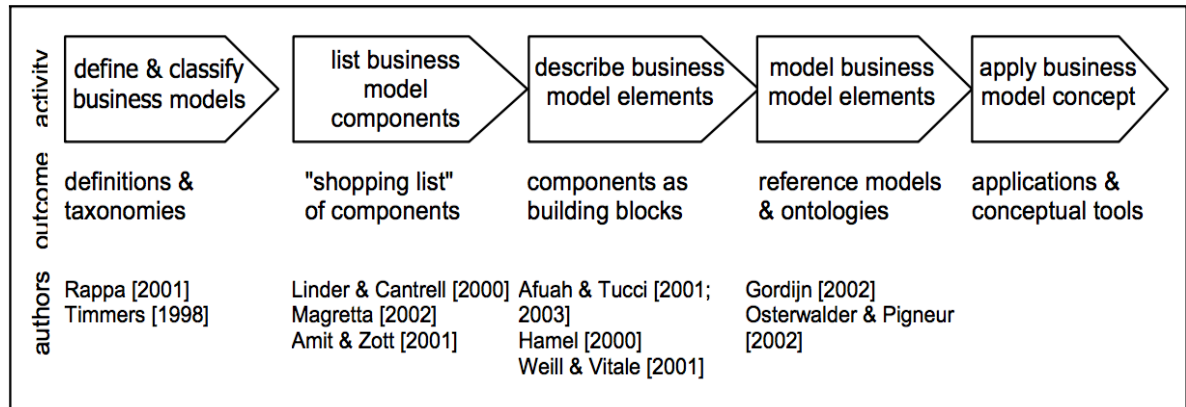


Figure 1. Evolution of the business model concept (Osterwalder et al. 2005).

This progression of the business model concept represents that researchers are not relying on each other's work and findings comprehensively (Osterwalder et al. 2005). This lack of consistency refers also to confusion, that promotes dispersion rather than convergence of different perspectives (Zott et al. 2010). Only at the final phase (Figure 1.), researchers have been applying business models in management and information system applications (Osterwalder et al. 2005). As Zott and Amit (2010) have previously recognized from the existing literature, the business model has been referred to a statement (Stewart & Zhao 2000), a description (Applegate 2000; Weill & Vitale, 2001), a representation (Morris,

Schindehutte, & Allen, 2005; Shafer, Smith, & Linder, 2005), an architecture (Dubosson-Torbay, Osterwalder, & Pigneur, 2002; Timmers, 1998), a conceptual tool or model (Osterwalder, 2004; Osterwalder, Pigneur, & Tucci, 2005; Teece, 2010), a structural template (Amit & Zott, 2001), a method (Afuah & Tucci, 2001), a framework (Afuah, 2004), a pattern (Brousseau & Penard, 2006), and as a set (Seelos & Mair, 2007). On the other hand, Peters et al. (2013) point out that scholars have been not only investigating why business models matter (Magretta, 2002) and what they do (Doganova & Eyquem-Renault, 2009), but also the linkage of business models to strategy (e.g. Seddon, Lewis et al., 2004; Casadesus-Masanell & Ricart, 2010; Teece, 2010) and the role of business models in innovations (Chesbrough & Rosenbloom 2002; Chesbrough 2010).

On the other hand, the literature review of Zott et al. (2010) reveals that the business model research is aiming to explain 1) e-business and the use of information technology in firms, 2) strategic issues such as value creation and competitive advantage, and 3) innovation and technology management. This direction of research relates to the context of this study because business model is needed for strategy and innovation since firms within the media industry are confronting with fundamental changes in their environment. (Aris and Bughin, 2005; Picard 2011). When applying business model theory in media businesses, in most cases authors have been focusing on the revenue models (Peters et al. 2013) Picard (2011) has recognized four different revenue streams for media companies: consumers, advertisers, sponsorships, and B2B payments. Authors have also emphasized the influence of other business model elements to the value proposition in order to design a viable and appropriate business model for media business (Aris and Bughin, 2005; Küng, 2008; Picard, 2011). By establishing the context of this study, the business model theory is an appropriate basis for the research setting.

The convergence of media has been commonly recognized and discussed in several studies. It causes new customer behavior and creates multiple opportunities for the media industry, and especially for the traditional newspaper business. It disrupts existing business models by utilizing modern digital technologies in business model design. (e.g. Picard 2003a; Lehtisaari et al. 2012; Teece 2010; Snellman 2011; Zott et al. 2010) In addition, national characteristics should be also included in the literature analysis process. Lehtisaari et al. (2012) and Snellman (2011) have conducted comprehensive reports of Finnish media industry and its dramatic changes due to media convergence. Literature is suggesting that many existing business models, practices, and procedures that have been pursued by mass media are no longer working (Järventie-Thesleff et al. 2014; Huang et al. 2006; Lawson-

Borders 2003; Vukanovic 2009). Therefore, the situation of a media industry strongly determines the direction and research setting of this study, especially when the development regarding to the case setting is extremely unpredictable and the research of media business models has not reached the mature stage yet.

Most of the articles and reports applied in this study have proved that the traditional dualistic business model of newspapers and other media organizations is going to be replaced in the future by the multiplatform model (e.g. Lehtisaari et al. 2012; Picard 2011; Snellman 2011). This multiplatform model will consist of smaller stream of revenue besides the subscription and advertising revenues. Newspapers around the media industry have been implementing various paywall strategies for charging their content (Sjøvaag 2016; Chiou & Tucker 2013; Casero-Ripollés & Izquierdo-Castillo 2013). Advertising revenue, in contrast, could be yielded by various means due to technological advances in terms of digital media (Argillander & Muikku 2013; Doyle 2013; Argillander 2015). Literature of newspaper and media business is often discussing on new advertising models (e.g. video advertising, content marketing, augmented reality), and how the advertising space is sold nowadays since automated systems and development of IT skills in media organizations has recognized also by many authors (Doyle 2013; Panda 2013; Argillander & Muikku 2013). This, in turn, has led media organizations to turn their strategies towards customer data analysis. Big data and data analysis studies in general are emphasizing the understanding of customer preferences in order to justify an appropriate business model design. Big data strategies as a part of media business model represents the modern essence of newspaper and media business (e.g. VKL 2013; Picard 2014; Doyle 2013; Nakatani & Chuang 2011).

Basically, all of the studies have recognized the death of print, while the multiplatform approach is becoming a dominant trend in the digital media. Studies consist of differences in channel choices regarding to the content produced by the media companies. That also becomes a vital unit of an analysis in this study due to relatively unique situation of the case company. Secondly, as the studies of Hayes and Graybeal (2011) and Argillander (2015) address that subscription and advertising models will be complemented by collaborative models and models outside from traditional journalism business. Therefore, in this study business model theory is adapted in a way of recognizing the most dominant and interesting elements of media business models now and in the future. Business models elements presented by Osterwalder and Pigneur (2010) reflect the fundamental basis of business model conceptualization in this study.

Identifying of the main research methods in previous studies establish the relevancy of qualitative research method. Most of the business model research are contributions of existing business model literature (e.g. Zott & Amit 2010; Osterwalder et al. 2005; Teece 2010), whereas the media business literature has an emphasis on real life cases such as explaining views of different newspapers and media organizations (Lehtisaari et al. 2012; Picard 2011; Snellman 2011; Doyle 2013). There are also quantitative studies (e.g. Yen et al. 2013; Sjovaag 2016; Karimi & Walter 2015) regarding to business model theory and media business, but since the objective is to build a descriptive and explanatory study of media business models the qualitative research is justified. Furthermore, qualitative research is useful for gaining deeper insights into complex social processes (Creswell 2013; Metsämuuronen 2003), such as in the particular case, which is characterized by technological and social interrelatedness and dynamic change in the industry (Holm et al. 2013).

1.3 Main Concepts and Definitions

This chapter briefly introduces the key concepts and terms used in this study. This will help reader to engage with key concepts that are used throughout this study. There will be more deeply discussion related to these concepts later in this study.

Mass Media: In order to define mass media, the mass communication should be defined first. Mass communication refers to any kind of form of communication that is delivered through a media (channel) that simultaneously reaches large number of audience. Therefore, mass media are the channels carrying on the mass communication. During the past several years it has become difficult to define the mass media since the emerge of new high-tech communication channels. This can be related to smart mass media which refers to introduction of smartphones, smart TVs and tablet that have access to the internet additionally serve the function of all other mass media. Every dimension of traditional media can be reach through one smart media device. So, in a new form mass media refers to: “any communication channel used to simultaneously reach a large number of people, including radio, TV, newspapers, magazines, billboards, films, recordings, books, the internet and smart media.” (Wimmer & Dominick 2013)

Newspaper and Publishing Industry: “The newspaper publishing industry is part of a larger news publishing market, which also includes news agencies, radio and TV broadcasters and online news publishers.” News industry can be also divided smaller parts

according to platforms, content and coverage. By bundling news content from different sub categories, in varied formats and sections, the role of newspapers is to aggregate news and information. (Leurdijk, Slot & Nieuwenhuis 2012)

"The mission of newspaper enterprises includes both commercial and social facets. Like most other media, newspapers play important roles as facilitators of commerce, promoting consumption by creating consumer wants for products through advertising, and serving the financial interests of newspaper owners as part of the competitive economic system." (Picard 2003a) Commercial function of newspaper is promoting consumption by creating needs for consumers through advertising while contributing financial interests of shareholders as part of the competitive economic system. From the social aspects of newspapers, they have much greater social and political expression than any other media. Newspapers creates discussion of contemporary events and issues by conveying information. (Picard 2003a)

Digitalization: Digitalization has been one of the most fundamental transformations of contemporary society by altering many elements of both business and everyday life. According to Businessdictionary (2016) digitalization refers to "Integration of digital technologies into everyday life by the digitization of everything that can be digitized". A central driver of broader effects of digitalization is the increasing use of mobile devices connected to the internet that has changed the consumer behavior.

Media Convergence: "Media convergence is more than simply a technological shift. Convergence alters the relationship between existing technologies, industries, markets, genres and audiences." (Jenkins 2004) It refers to the process in which certain boundaries between media, telecommunication and information technology are vanishing (Storsul & Stuedahl 2007). "Convergence refers to a process, but not an endpoint." (Jenkins 2004)

Business Model: "A business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value". (Teece 2010)

Revenue Model: "A revenue model refers to the specific modes in which a business model enables revenue generation." On the other hand: "It is the way in which the organization appropriates some of the value that is created by the business model for all its stakeholders." (Zott & Amit 2012)

Digital marketing: Digital marketing is nowadays a major part in the marketing activities and strategies in organizations since the technological advancement has increased rapidly. Digital marketing can be defined as “an adaptive, technology-enabled process by which firms collaborate with customers and partners to jointly create, communicate, deliver, and sustain value for all stakeholders”. (Kannan & Li 2016)

1.4 Theoretical Framework of the Study

The following theoretical framework of the study (Figure 2) expresses all the relevant theoretical concepts of this study. It combines traditional business model theory with the transition of the media industry. The business model theory indicates how several factors are changing and requiring a change in media and publishing business. Therefore, business model innovations are also discussed to achieve the ultimate results. As Barland (2013) states media economics has altered due recent digital transformations of the media landscape. So far, many media companies have struggled to adapt the dualistic revenue model to the new digital environment since the digital media markets work differently than the traditional media and newspaper markets (Barland 2013). Therefore, the theory of business model is applied in this study. Business model defines the structure by which the company is delivering the value to customers, and how company could meet customers' needs, and finally making profit out of it (Teece 2010). The arrow in the theoretical frameworks describes the progress of digital transition that the media industry is constantly going through. Finally, this digital transformation is creating new principles and boundaries for media business in the future.

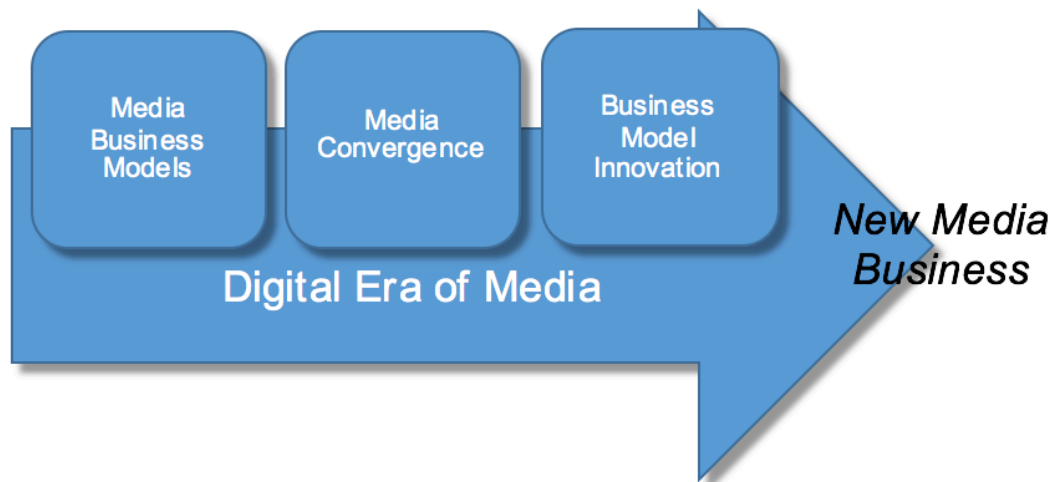


Figure 2. Theoretical Framework of the Research.

1.4.1 Delimitations

The focus of this study is to examine new media business and revenue models throughout the company's point of view. Firstly, the context description will concentrate on implications of changing media rather than defining different stages of the media convergence. Several studies have already examined the changes within different media industries and direct implications in general (e.g. Lehtisaari et al. 2012; Snellman 2011). Therefore, the initial objective is to study median companies' strategic actions as how they are adopting into new digital landscape since the new technologies have spread across the news and publishing industry inevitably and widened the scope from which the media industry today should be observed. Especially, the disruptive role of the printed media will be key issue in this study. Nevertheless, media consumers and advertisers have a significant role in this study and therefore there are several mentions of them and their changing behavior. Their actions are most fundamental drivers for the company's future actions. Factors behind the industry change is one of the key sub sections in this study.

Regarding to empirical part of this study, the focal point is delimited to newspaper and media business as a part of media industry in general. Today, all type of media channels, newspapers included, will be forming one large digital entity. Therefore, media industry and its altering environment should be discussed in more general level in order to make a clearance between different aspects of the changes in media, but still the most precise

study context is newspaper and publishing industry. Since the initial goal from the client company's request is to discover business model elements of digital media within Finnish media and newspaper industry, I am focusing on the Finnish media sector in the empirical section of the study. The empirical study is also delimited to examine business model within a national competition but innovative business and revenue models could be explored outside national boundaries. Furthermore, the media business models in this study are mainly focusing on digital business and revenue models since the case company's greatest aim is to implement digital features profitably in the future. The unit of an analysis delimits this study very focused. Therefore, the intention of this study is not to make suggestions for explicit media business model design but rather create open discussion and gaining knowledge around the digital media and its new characteristics.

1.5 Research Problem & Questions

The most initial issue in this paper to examine refers to disrupting business and revenue models in newspaper and media industry. New arising technologies are occurring media convergence that shapes traditional structure of media industry. Therefore, the exact unit of an analysis concerns the Finnish media company and its business models and revenue models. This research is basically a request from a client company, Finnish Viestilehdet Oy and their sub brand, weekly newspaper Maaseudun Tulevaisuus. Company is still strongly tied to their printed newspaper but they have been implementing digital news channels. Problems in the industry are generally arising from the decline in subscriptions and advertising revenues. Furthermore, the case is extremely interesting since the company is delivering content and news in terms of agriculture and forestry industry. Therefore, their target audience is pretty limited that supports company's main product, printed newspaper, even though the environment and traditional ways of doing media business is changing dramatically.

Physical media products such as printed newspapers and magazines are becoming costly while advertisers are looking for more inexpensive and effective channels to advertise. Therefore, business model theory is appropriate since business models express the way how value is created and delivered to customers, and the structure of business unit's costs and profits (Teece 2010). Consequently, to increase the knowledge around the research problem, the main research question is proposed by including the empirical context to key objective in this study:

- ***What kind of business and revenue models are going to be applicable in the future?***

Obviously, the main question should be completed with sub questions in order to aim for a more detailed analysis of the main issue of the paper. At first, understanding the factors of digital and converging media environment is needed to analyze future market conditions. Future of newspaper and media industry is highly dependent on digital solutions. The rapid development of digital technologies requires companies to reconsider their business models. Therefore, an analysis and reflection between existing and future business models is needed. Future business models in this study refers to advances in digital platforms. Results of sub questions can be discussed and applied both in general level and from the case company's point of view.

- ***How is news and media industry changing and what kind of factors are shaping the industry, and how this change the elements of newspaper business model?***
- ***What kind of business models exist and are emerging in Finnish news publishing and media industry?***
- ***How could companies within the Finnish news and media industry reconsider and innovate their existing business and revenue models in the digital environment?***

1.6 Structure

The figure below is (Figure 2) illustrating the structure of this master's thesis. There are two main sections in this study: the theoretical section (chapters 2 & 3) and the empirical section (chapter 5). Especially the context description (chapter 2) represents an essential role since the newspaper and media industry is still evolving.

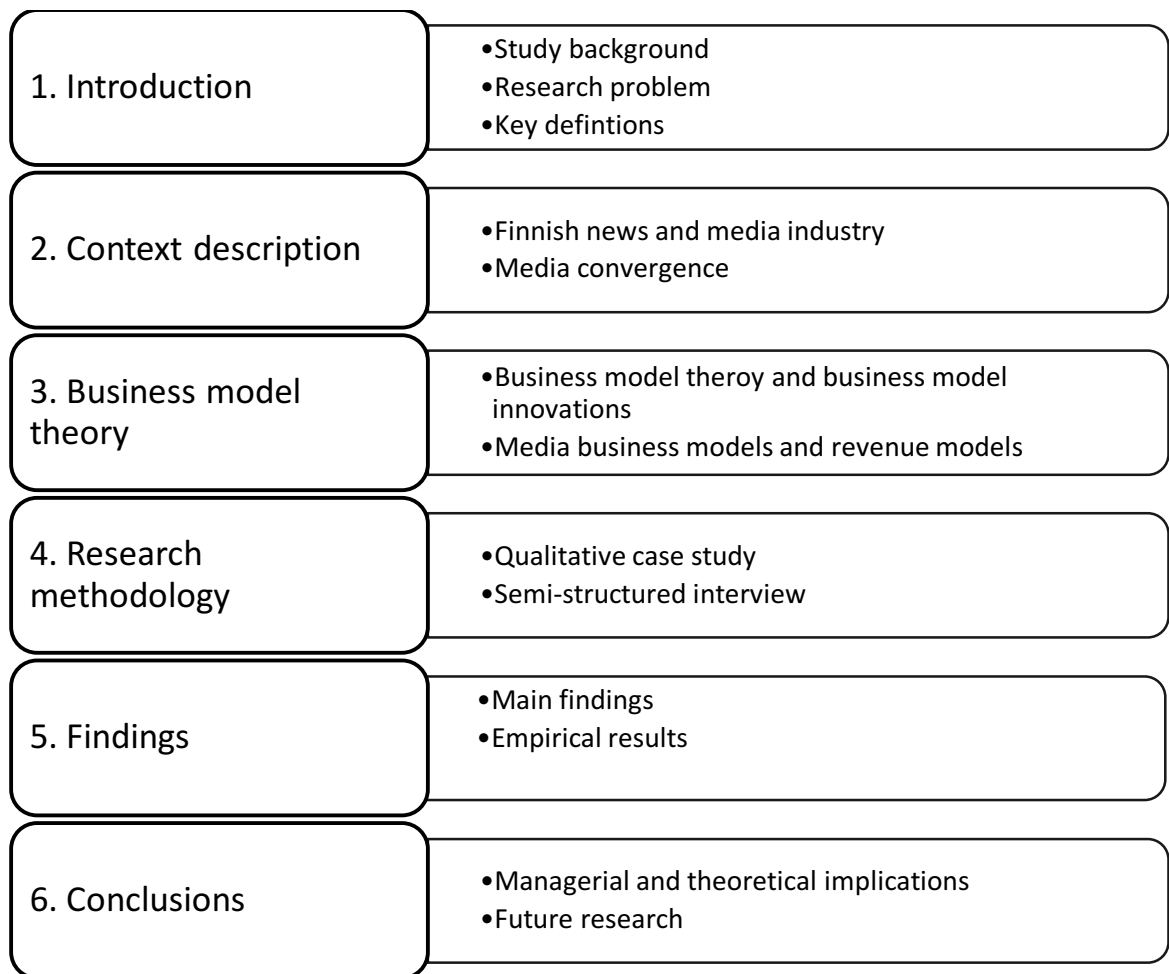


Figure 3. Structure of the study.

2 Context: Digital Era of Media Landscape in Finnish Newspaper Industry

From the 1990s, news media has experienced major structural changes as a result of the digitalization of content and changes of earning logics. The adaptation of the traditional revenue models to the digital news media business model has not been successful. (Hurmeranta et al. 2016) News media has responded to the breakthrough by cutting costs and increasing investment in the development of digital products and services. However, the overall effort to utilize print and digital products and services and to elevate revenue streams back to the old level is challenging, as there are no vanguards in the industry whose business and operating models or ideas could be used within the Finnish market. (Barland 2013; LVM 2014) The difficulties of traditional media around the world are largely based on advertisers' choices and the changing consumer behavior by the audience, largely due to the rapid development of digital technology and the emergence of new business models exploiting the opportunities offered by the Internet. (Lehtisaari et al. 2016)

In recent years, change has been further accelerated by the development of mobile devices and networks. Publishing companies in Finland and around the world have naturally tried to adapt to the new situation and have developed their own solutions. But so far, revenue from digital services has generally fallen to a lower level than the revenue losses of the printed media. (Lehtisaari et al. 2016) Internet has changed the world. In this context, it has changed the business. It creates new behavior and ways of working in every area of life. It destroys old business models. Nevertheless, it has become a basis of today's media business. The fundamental issue in this chapter is to address a conceptual description of the new media landscape and more precisely impacts on the Finnish news and publishing industry. The death of print media has been assumed in several studies already. The obvious trend in the newspaper industry is highly dependent on digital elements of the new business model of media. The digital media creates both opportunities and future threats for industry players. Publishers and other media companies should focus on more precisely their competitive environment and changing rules of the traditional media.

The goal of this chapter is to define the context of this study more precisely by characterizing a basic nature of digital media. The media industry is faced by several future threats that shape the nature of the media industry and determine the future success of companies. In this chapter, there is a high emphasis on the change that newspaper and publishing industry

has faced for recent years. Therefore, the aim is to build a reflection between conceptualization of changes in media landscape and required actions and adjustments by news and media companies. Firstly, the chapter discusses about a converging media and how it has shaped the traditional media and newspaper business. There is a brief definition and description of media convergence since it is a very determinant issue in this context. Multi-level effects of the convergence are also recognized since it has implications on multiple stakeholders of media companies.

2.1 What is media convergence?

Different elements of media have become fragmented for recent decades. This phenomenon can be related to media convergence. Media convergence refers to the situation where certain boundaries between media, telecommunication and information technology are vanishing (Storsul & Stuedahl 2007). Internet and digitalization have supported the convergence naturally by creating totally new environment for media business (Lehtisaari et al. 2012). On the other hand, it should be noticed that the term media convergence should be related to technological, industrial, cultural and social changes as well depending on the point of view (Jenkins 2006). Jenkins (2006) also argues against the traditional concept of technological aspects of convergence by addressing the convergence as a cultural shift towards world in which media consumers are making connections in fragmented media. Media convergence can also be seen as a process in which new media and information systems are adapted into existing industry infrastructure (Dwyer 2010).

According to Henry Jenkins (2006), the media convergence should be discussed through four dimensions: technological, economic, cultural and social. Technological dimension refers to digital transformation in terms of content production. Regarding to economic level of media convergence, media houses are aiming to concentrate the content producing under one brand horizontally. Combining varied content producing from broadcasting together increases synergy between different field of content producing. In turn, cultural convergence describes the power of audience to produce and make synthesis between contents in the new environment of media. Audience have a real opportunity to be involved and committed in content producing that refers to the concept of committed culture. Especially in terms of news producing, individuals might really challenge the traditional field of news industry. Social convergence, in turn, refers to the growing interactivity with audiences. Media houses change their existing business model due to technological and economic changes in the industry and at the same time cultural convergence has decreased

the threshold of audience to participate in the communication. Therefore, the fundamental core of the social convergence is redefying boundaries between the audience and the media. (Jenkins 1998; 2004; 2006; Gillmor 2004; Nikunen 2011)

Convergence in the journalism strongly refers to the fact that the internet and social media increasingly establish their importance in every day use of people. The growing importance of an instant access to online change roles of the media audience from users to producers of a content. This causes a fragmentation between a professional journalism and a content produced by amateurs. Most of all, convergence culture relates to breaking boundaries between different fields of media industry. In terms of a news journalism, the convergence culture basically refers to content producing through multichannel publishing for different kind of audiences. Consequently, the same content is delivered via multiple channels simultaneously in order to reach a wide range of audience but also to accumulate the audience through different channels towards the main product of news or content provider. The ultimate goal is, therefore, tie the audience around the certain news or media brand. (Nikunen 2011)

News and media industry is under continuous change and development. Emergence of the internet and digital technologies have changed the consumption of media. (Snellman 2011) Media's second competitive advantage, content, has been optimized over time in accordance with the end product and publishing pace. The format that worked in the printed newspaper may not work on the tablet anymore. (Pietilä 2016) The rapid change of media consumption is moving the industry from established business models towards diverging business environment. The whole industry has reached the breaking point, therefore it is hard to predict direction and scale of the change. Eventually, changes in consumer behavior are determining the direction of media markets and therefore incumbents are observing closely changing trends on the news and media industry. Simultaneously, differences between traditional media formats and platforms are fragmenting. For example, traditional newspaper organizations are starting to have video content on their web pages. Established terms, such as newspaper and television, are no more describing the nature of media and are slowly losing their traditional meaning. (Snellman 2011)

However, implications of media convergence should be examined on technology, industry, media content and journalistic practices level. It creates multiple possibilities for newspaper and media industry in terms of varied multimedia elements (text, photographs, video, graphics, social networks etc.) while distributing these elements combining them across

several media platforms. Furthermore, content delivery has become interactive that enables new forms of audience engagement and participation. Media convergence can not be discussed merely in technological boundaries. Societal factors, such as the structure of the newspaper industry are determining the convergence in different countries. For example, the Finnish newspaper industry is very exclusive within a European context with its printed newspaper's solid foothold in societal infrastructure. (Lehtisaari et al. 2012) Media transformation is not just a problem for the media industry, but it is a part of a bigger change that affects every company. It changes marketing and sales. (Pietilä 2016)

2.2 Empirical Context: Finnish Newspaper and Media Industry

In Finland, newspaper and magazine industry cover the biggest share of Finnish media sector. At the first phase, major part of the annual turnover was still yielding from traditional printed media even though the industry trend is moving towards an online content continuously. Few years ago, profits of print newspaper were still much bigger compared to digital content, nevertheless, print media and digital content were reaching almost an equal amount of readers. In addition, media consumers have discovered novel online content providers that are other than traditional media companies. Finnish media markets have special characteristics since the major share of newspapers and magazines are based on subscriptions. In many other countries and specially in the United States the situation is controversy, the decline of print newspapers and magazines has led to problems due to decrease in the single copy sales. (Snellman 2011) This chapter discusses the empirical context of this study that is Finnish newspaper and media industry.

2.2.1 Finland is exceptional market for newspapers

The convergence of media should also be analyzed through societal factors. Finland is said to be very exceptional market for newspapers since it has strong traditions in news reading. (Lehtisaari et al. 2012; Nieminen 2010) The effectiveness of subscription model of printed newspapers explains the strong foothold on the market. In addition, the subscription model in Finland is based on the home delivery that meets the needs of both readers and advertisers. Even though the media convergence is challenging traditional logics of media consumption due to novel online based services, the Finnish newspaper publishers have still managed to sustain profitability or even improve it. Finnish media industry is, nevertheless, in front of the trend that newspaper publishers have to find ways to adapt to

situation where costs are increasing and both the circulation and the advertising revenues are decreasing. (Lehtisaari et al. 2012)

One of the main concerns regarding to digital media relates to the fact that content is mainly provided for free for audience. Mostly, the online content is free from the consumer's point of view, even the content provided by newspapers. The situation is quite challenging since the consumption of print media is decreasing while the content in online seems to be increasing continuously. Simultaneously, major share revenues are coming from advertising sales. This kind of a dualistic business model, nevertheless, does not cover the losses due to decline of print newspaper sales. Therefore, many newspapers are intuitively searching alternative ways to develop their business models within digital and online context. Therefore, the fundamental issue for the news industry in the future is aiming to find balance and build sustainable revenue models between traditional print media and digital media. This concern can be identified internationally when newspapers have tried different ways of making revenue with digital content. Any profitable solutions, nonetheless, have not been developed yet despite sporadic signs of success. (Snellman 2011)

Within a global context, Finnish media brands have sustained their strong position in the online environment. Not even the biggest global news brands as well as the digital native media companies have threatened the favor of leading Finnish media brands. In general, the most successful stories regarding to online news have been written by well-known national news brands, such as *Ilta-Sanomat*, *Ilta-Lehti*, *Helsingin Sanomat* and *Yle*. Regional and free newspapers are still struggling with the online environment. The Finnish news and media industry have also managed to cope with the strong emergence of the social media as a new news channel. In addition, the Finnish news industry has the trustworthiness of the readers that is quite exceptional within the global context. (Reunanen 2016)

Since the media convergence is reshaping industry characteristics, publishers are forced to redefine their existing business models; creating, delivering and capturing value. These transformations, more defined, relate to customer segmentations, product and service offerings, platforms and channels, alliances and partnerships, activities, resources and competences, the cost structure and sources of revenue. (Osterwalder, Pigneur & Tucci 2005; Osterwalder & Pigneur 2009) The Finnish newspaper landscape can be divided into three sectors: national, regional and local newspapers. Media convergence in Finland is causing different things at the local and national level. (Lehtisaari et al 2012). Changes in

the newspaper industry are not equal within each sector. The national dailies are more sensitive for the convergence since they have already build multichannel newsroom organizations while small regional newspaper still rely on the traditional print newspaper (Lehtisaari et al. 2012). In addition, the largest media companies in Finland already have digital and online functions but the most challenging situation concerns the regional and the local press where advances in digital solutions and earnings around them have progressed slowly. (Harpf 2014) Therefore, changes in media landscape should be examined according to each category.

In general, there is a strong regional and provincial press in Finland. Nevertheless, the line between regional and national newspaper is quite blurred. (Lehtisaari et al. 2012) The national press in Finland covers 29 per cent of total circulation of newspapers (Jyrkiäinen & Savisaari 2003). For example, Helsingin Sanomat which is the largest national daily in Finland is considered national daily even though it mostly stresses the issues of the capital area. Future insights of Finnish dailies are two folded. On the one hand, the business of Finnish national newspapers seems to rather viable and successful, and dailies are still relying on the subscription model as well. News companies in Finland believe that printed newspaper will sustain its potential somehow in the future. The strong position of Finnish dailies is also explained by the reliable home delivery system and the retail sector as a remarkable advertiser. On the other hand, the converging media is causing unstable threats for the future as well. Circulation of newspapers is declining constantly and the advertisement markets of newspapers are strongly tied to global economic situations. At the same time, media companies are starting to implement cost-cutting strategies since costs of printing and distribution are increasing while digital solutions reduce to some extent people's tendency to pay for journalistic content. Although, revenues of digital content seem to stay modest in the future. (Lehtisaari et al. 2012)

The Finnish regional press covers newspapers published in provincial centers like Turku or Tampere. There might also be a blurred line between a regional and local newspaper. (Lehtisaari et al. 2012) Regional press in Finland are having 31 per cent share of the overall circulation in 2003. Regional press is also aiming to be full service provider with a goal of reporting national and foreign issues as well. (Jyrkiäinen & Savisaari 2003) Usually, the ownership of Finnish daily newspapers belongs to media companies that publish regional and local newspapers. Regional press in Finland has not been that vulnerable under the media convergence. Regional press believes the success of the subscription model as long as they do not need to struggle with major advertising losses. Rather than disrupting the

successful business model, regional newspaper has always trusted that localism is the major driver in the journalistic forms of regional newspapers. Regarding to competition between regional newspapers, the competition has always been quite modest within Finnish media landscape. Usually, they have been characterized by strong regional monopolies low competition with neighboring newspapers. Although, the media concentration into large media houses increase the competitive advantage of regional newspapers owned by the large media corporations. Additionally, due to a small linguistic area and restricted size of Finland, the regional press is protected from competition. Despite the relatively stable environment of regional press, the digital business environment will increase the competition with a large number of various content producers. (Lehtisaari et al. 2012)

Thirdly, the Finnish newspaper landscape has strong local press (Lehtisaari et al. 2012). In 2003, there were 170 local newspapers that cover 29 per cent of the overall circulation of Finnish newspapers. The ownership structure of local dailies is quite similar to regional dailies. In general, large full service media houses have nowadays an ownership of several local and city newspapers. (Jyrkiäinen & Savisaari 2003) Generally, the fundamental nature of local newspapers refers to strong and unique identities that characterize the local identity of a certain area or city. Impacts of media convergence seem to hit local newspaper sector two sided. Firstly, local dailies are characterized with their stable local advertising markets that is much more stabile under converging media trends than a broader advertising base. Therefore, local dailies are said to be independent on larger economic conditions. On the other hand, local dailies will be struggling when it comes to building sustainable revenue streams in digital and online environment. The problem relates to the general situation in the media industry, how to charge people for an online content that is used to be free. Itä-Häme, for example, is not having any certain strategy for online functions since the content in online is produced by the same employees that are operating with the printed newspaper. Although, larger media houses are bringing stability as backbones of local dailies. (Lehtisaari et al. 2012) Nevertheless, the producing of the digital content might probably require digitally experienced and oriented employees in order to reach a maximum potential.

The table below (Table 1) offers a selected sample of Finnish newspapers and media organizations. Sanoma Corporation and Alma Media are both big media groups and owners of various newspapers and media organizations. According to study by Dagmar (2017) Sanoma Corporation, and their weekly newspaper Helsingin Sanomat is gathering the largest circulation in Finland. Empty cells mean that the media company has not verified

The Finnish media market should be also characterized by its small linguistic heritage. As a small market and a small linguistic area Finland will meet its own restrictions regarding to groundbreaking innovations and ideas within digital media. Although, the small and restricted size of an area is considered to protect newspapers from multinational competitors. On the other hand, it could be more challenging introduce novel applications in a small market. Therefore, innovations are not having the same user potential that they would gather in a larger market. So far, the strong regional press and low competition between newspapers have characterized the Finnish media sector. Finnish newspaper companies have usually been benchmarking ideas for fresh business models outside domestic markets such as USA and Western Europe (Sweden, Britain and Germany primarily). Moreover, the most important source of novel ideas is still the other Finnish media companies. Larger newspapers are benchmarking both Finnish and domestic media houses, whereas smaller local news companies are concentrating to find ideas from Finnish newspapers and media operators. Nevertheless, the general trend in the industry prefers following the development around the world. Most of the examples, for example, from the USA might be difficult to implement in Finland. (Lehtisaari et al. 2012) This theme of finding business model ideas outside domestic market will be one of themes in the empirical research.

Despite the relatively weak overall economic development in the media industry especially in the USA, the Finnish media sector have managed to sustain some kind of profitability under changing conditions (Nikunen 2011). The following chapter (2.3.1) takes a brief and more detailed overview of the economic situation within the Finnish news and media industry. Although, the strong reading culture, wide subscription basis, reliable delivery system and stable news consumption characterizes the Finnish news and media industry. Furthermore, there are few large media corporations with the very robust position in the markets. Although, the competition has been said to widen slightly in the future. Regarding to the overall industry trend, the most significant growth within Finnish media industry during the recent ten years has appeared in digital communications. (Nikunen 2011) Even though the digital media have established its position as news channel, the Finnish reader still relies on the printed newspaper as well. Therefore, the daily news consumption is nowadays based on the combination of the traditional print media and digital media channels. Mobile devices, especially, have increased their popularity as a daily news channel in Finland. (Reunanen 2016) On the other hand, most of the content will become chargeable and revenues are coming from multiple different streams. (Nikunen 2011).

2.3 Factors behind the change

Sustainability of news organizations is today threatened by social and economic factors (Picard 2006). There are several simultaneous factors reforming the media business. At the same time, these factors shape core business models of the media industry. Media convergence integrates the traditional media industry with telecommunications and information technology. On the other hand, the new media environment forces advertisers to consider the changing economic situation and growing consumption of online media content. Suddenly, the whole media industry and printed media have become to the crossroads. Consumers, and especially younger generation have become more and more familiar with the digital media. The next decade will be time for dramatic changes in the newspaper and media industry. (Seisto et al. 2013)

These factors behind the change are also inevitably determinant drivers regarding to threats and opportunities within the newspaper sector. This chapter focuses on to discuss about the most important parties being involved in the change of newspaper landscape. In addition, the traditional way of consume news has faced dramatic changes. Due to digitalization, several different parties around the newspaper business should adapt their operations according to new conditions of the business environment. Finally, the existing business models of newspapers will meet new requirements since the combination of varied changes in the industry revise rules of the media business. The success in a digital era of media will depend on the ability of newspapers to modify their business models according to new digital requirements.

2.3.1 Economic Situation and Market Conditions as an Industry Determinant

The Finnish media market is suffering from a slight crisis that is expected to be more serious than thought before. This crisis is arising from cyclic and structural changes on markets. In addition, the relatively weak economic situation in Europe has reflected on Finnish media markets. The most apparent consequences relate to declining amount of advertisements and public notices in newspapers while advertising revenues from the commercial television are declining as well. The structural changes within Finnish media landscape is still the most vital concern regarding to the media convergence in Finland. Especially, the newspaper industry is front significant changes on revenue models in terms of both advertising and content. So far, traditional newspapers have managed to sustain their profitability but the trend is going to face its downturn rapidly in the future. In the long-term, revenues from the

digital services do not cover the losses from the traditional business model of newspaper. (Harpf 2014)

The recent economic crisis in 2008-2009 combined with crisis within journalism attached to the rise of an internet and social media will be crucial determinants for the industry development. Furthermore, the relationship between traditional print media and online media should be reconsidered under changing conditions. People are still deliberating their opinions of the new era of media. The strong declining in readerships and advertising revenues have led to cuts in several presses. Despite the declining in circulation and advertising revenues, largest Finnish media houses managed to stay profitable during the 2009 crisis. The 2009 economic crisis seems not to hit that dramatically on the Finnish media market even though there are obvious signs of desperate time. Finnish media houses reacted very fast under weak economic conditions. Almost 200 members of Union of Journalists were laid off due to economic crisis. These cuts made editorial offices much smaller and younger. Smaller editorial staff faced the same amount of work as before. These reactions of media houses reflect the strong influence of the economic capital without any journalistic motives or objectives. However, the economic crisis by itself has not challenged the news and media industry even though its implications has caused cuts in editorial offices. The rise of an internet and digital breakthroughs in terms of technology are the most determinant drivers in the media convergence. (Nikunen 2011)

At the same, the competition has become fierce within advertising markets. New industry players such as social media, search engines and online stores take their own share of advertising revenues in the digital era of media. Since the strong emphasis on advertising have moved to online environment, especially smaller media houses might struggle with the online earning logics. In addition, the recession has just strengthened the weak development of advertising markets. (Harpf 2014) Advertising markets have also become global and totally fragmented due to the increase of the advertising space across the internet. This fragmentation of media has decreased the value of advertising. Structural changes of advertising markets force media companies to reconsider their role as a advertising channel. (Snellman 2011) I will discuss about the advertising markets as dominant success factor of the newspaper and media industry in the next chapter (2.3.4).

Regarding to the traditional business model of print newspaper, the home delivery system in Finland is suffering from an own crisis as well. The most initial problem in this crisis refers to the amount of dispersed housing. Sparsely populated areas, which are typical for Finland,

are causing problems for the home delivery system from the economic perspective. Usually, the newspapers are delivered either with their own early delivery companies or with Itella's early delivery. Relatively weak profitability is common for all these delivery systems and what is more the unit prices for consumers are rapidly becoming more and more expensive. Furthermore, the overall circulation of newspapers has declined from the beginning of 2011 till the end of 2013 by one fifth. Declining of the circulation combined with the increasing in costs of delivery means that the unit prices are expected to increase even more in the future. This problem can not be solved by subsidies because this problem is not temporary but the situation is about to evolve even worse. There have been some efforts of cooperation within varied delivery systems, but if the trend around the delivery crisis seems to worsen it could be challenging to sustain profitability even within one delivery system especially in the most dispersed areas of Finland. In order to sustain the profitability of the traditional printed media, the delivery system should be secured for the future development. In addition, the Finnish consumers are still preferring read news from the printed newspapers rather than in the digital environment that makes the transition towards digital era of media even more complicated. (Harpf 2014)

2.3.2 Changes in Consumer Behavior

Changing consumer behavior is undeniably one of the most vital themes in this study. The reader has not only moved from print to digital, but has overcome the traditional media companies in many respects. Even a few years ago, a large number of newspaper and magazine shelves continue to decline and are already disappearing in many places. But the same trend partly affects digital media. An electronic newspaper is almost as dead as a paper product. (Pietilä 2016) Understanding this information should be utilized commercially according to time and context. Consumer's expectations are higher in digital environment since there are many options to access the media content. In the news and publishing industry, the power of mass media advertising is steadily declining since the amount of print subscriptions is declining as well. Changing consumer behavior affects straight to media companies by forcing publishers to adapt their publishing content and commercial content to consumers' ways of consume media. (VKL 2013) Lunden (2009) refers to the interview with Picard 2009, that content creation should be unique on every different platform in order to avoid cannibalizing company's own products or business models.

Impacts of media convergence require publishers to react and change radically their traditional concept. Since there is an enormous amount of channels, the news and commercial content should always be adapted according to consumer's expectation of every different channel. (VKL 2013) This demands publishers also to target content at specific customer groups in order to offer a better reach and coverage for advertisers as well (Seisto et al. 2013). Newspapers are not struggling only with concerns of publishing the content through multiple platforms. Consumers will expand their expectations and criteria of new media service. Therefore, the user experience becomes a vital element in new business model. (Argillander & Muikku 2013) In order to stay profitable, media companies should figure out how to enhance overall consumer experience, implement new distribution platforms or extend their revenue models (Berman et al. 2011). The converging impact on newspaper business models is discussed more closely in chapter 3 (Media Industry Through Business Model Mindset), whereas this chapter discusses about concrete changes in consumer behavior.

Digitalization and converging field of media appear obviously in a different way within distinct generations. New ways of consume news is gradually changing routines. Older generation is usually more committed to traditional routines whereas younger generation have ability adopt new routines faster (Reunanen 2016). Traditionally, middle-aged and elderly people characterize typical user base of media. Younger people are often related to social media, internet and technological capabilities and especially the internet has been seen as an incentive for the young people. It is more demanding to make news attractive in the eyes of younger media consumers. The continuous stress about the fact that younger people might disappear around the newspapers and traditional news media and simultaneously the growing impact of the social media forces news organizations consider some improvements to attract younger generations. (Nikunen 2011) Therefore, one of the biggest concerns is that the consumption of news within all generations is shifting to channels that are difficult to charge. In order to improve the sustainability and expand user base in a long term, news organizations should increase the percentage of young consumers. (Snellman 2011)

Furthermore, there has been a clear concern about consumers' willingness to pay for news content. According to VKL (2013), consumers are about to become more familiar with paying for quality online journalism. They also emphasize the easiness of payments since many media companies have so far struggled with the charging of the online content. This, in addition, should be managed to combine and optimize with the ultimate user experience

according to every platform in order to satisfy users. The user experience is especially important since the news consumption is no more based on the brand loyalty or emotional bonds. Especially younger consumers tend to changes from one digital service to another according to current trends. For example, few social media services have enjoyed relatively short periods of favor since their appearance. In order to publish quality journalism with the unique user experience, media companies should highlight consumer profiles and utilize them with commercial motives. (VKL 2013)

The digital disruption comes out of preferences of consumers' media usage. Traditionally, the most preferred channel for news has been newspaper or television. This has changed since people seem to prefer web pages of newspaper or the social media. Mobile devices, especially the growth of mobile phones, have seemingly boosted the favor of mobile news. And the transition to mobile news is most intense among the younger generation. Therefore, online news is the main source for news reading in Finland, but the social media is still relatively unfamiliar news channel in Finland. Nevertheless, the Finnish news reader usually consume both digital and printed version of newspapers. On the one hand, most of newspapers offer their content for free in online and subscribers of printed newspapers browse other newspapers digitally as well. On the other hand, the collateral use of printed and online news is common because most of the newspapers one subscription for both printed newspaper and an access for online news at the same price. (Reunanen 2016) Such a situation regarding to news consumption points out the inevitable need of multichannel approach in Finnish newsrooms.

Since the content published by the different media companies is delivered through multiple channels consumers are always able to choose the preferable channel according to current preferences. This had broken the traditional value chain of media and news industry. Most of the trends arising from the media convergence seem relatively positive from the consumers' point of view. On the other hand, media business is the most vulnerable party for industry trends. Digital media will offer a wide range of opportunities to access the content through multiple channels. The changing consumer behavior requires plenty of innovative solutions and investments by newspapers in terms of both content production and advertising selling. Although, the industry development enables media companies to reform profitable solutions for both B2C and B2B customers. For the Finnish newspaper industry, it is challenging task to predict the time when advertising markets show positive signs of the recovering from the downturn during the digital transformation. This development strongly depends on the consumer behavior which eventually determine

reasonable target segments of advertisers and thus suitable channels for marketing communication. (Agillander & Muikku 2013) As the growing share of peoples' wallets divides across the varied internet services and leisure time activities, consumer behavior will be determining the future development of newspaper business since the major traffic happens in online environment. This continuously changing customer behavior highlights the value of the customer data. Therefore, news and media organizations have to be able to measure and refine available customer data into valuable source of information (VKL 2013).

2.3.3 New Type of Competitors in Media Business

The competitive field of media has changed dramatically under the media convergence. Russ-Mohl, Nienstedt and Wilczek (2013) are referring Turner's study that none of the new features of digital advertising were not introduced by prevalent publishing companies since the establishment of new advertising functions was presented by new actors such as Facebook, Google, Amazon, Apple and AOL. Regarding to journalism, newspapers and magazines are competing against anyone who produces content (Lehtisaari et al. 2012). Therefore, in today's media, valuable content can also be found outside from the traditional media companies. The boundaries between different media producers are becoming fragmented in terms of diverse formats, contents, platforms or services. Origins of the content is not obvious anymore. (VKL 2013) The new competitive field of news media requires newspapers to reshape their earning logics according to each new marketing channel. Print media has lost its position as a main driver in advertising revenues. Many newsrooms are front of significant strategic changes. (Argillander & Muikku 2013)

The dramatic change of competition means that, for example, traditional newspapers are competing against global technology giants such as Google. The biggest competitive threat, thus, are coming outside the traditional media and newspaper operators. This, however, should be seen as an opportunity as well. As a consequence, the competition within media markets is wider than ever before. Internet has shaped traditional field of competition by lowering barriers to enter the market. (Snellman 2011) Google, Facebook and other digital native companies might have an advantage in capitalizing online advertising since they have been born in digital environment. These non-journalistic actors have an advantage in terms of size and scale as well. At the same time, these companies have an ability to target their advertising more accurately. (Lehtisaari et al. 2012) Companies like Google and Facebook are able to gather massive amount of data of their users and their actions due to

their enormous user base. This collected data and data analysis gives them a significant competitive advantage within digital environment. Since they offer their basic service for free for consumers they can keep their user base growing even larger while sustaining the positive image within consumers. (Argillander & Muikku 2013)

Media industry is evolving due to new technologies. Hardware and software producers combined together with different online services shapes the relationships between traditional media companies. Emergence of diverse operation systems, devices, platforms, online technologies and social media determine strongly the direction of developments within media industry. These global digital native organizations, such as Apple and Google have built an ecosystems of content to sell different solutions for content delivery. Usually, this means that these companies take a commission of selling content and in addition, these companies are gathering a significant part of customer data. Basically, content producers should consider content distribution between either using their own channels which they are having full control or sharing their content through external services. Independency of content, however, limits a coverage and reach of the content. (Snellman 2011)

2.3.4 Advertising Market is a Dominant Success Factor

The online advertising market since 1993 has always been linked to the use and development of new technologies. With the new technologies and possibilities created by the Internet, the media market has adapted to technological development. Business models are also changing as technology also drives new forms of supply and demand. (Gonzalves-Cabaañas & Mochón 2016) Advertising is the central source of revenue for commercial operators within news and media sector (Snellman 2011). Generally speaking, good advertising is adapted to the media and relevant content, and it engages with the audience as Kurnit (2014) points out. This chapter is discussing the nature of online advertising market as it is very crucial driver for the future media business. There are lot of development in the advertising markets that will be determinant for the media companies around the world.

Since there is a significant decline in usage of traditional mass medias, advertisers are relying more and more on their own channels, search engine marketing and social media. By using these channels, advertisers try to build a better direct connection between their customers. Mass media is also considered to be expensive alternative in general. Advertising companies are aiming to decrease their dependence of traditional mass medias

in order to achieve cost savings. (Snellman 2011) Furthermore, declining numbers of print readerships might increase the favor of niche media instead of mass media since advertisers are losing their incentive to use mass media for their targeted advertising (Picard 2011a). Argillander (2015) also points out that advertisers are eventually becoming content producers by themselves since they are also able to design very targeted advertising messages. Competition is becoming fierce since the role of the own media has apparently proved its potential. Advertisers might reach remarkable cost savings by using their own media channels and content produced by themselves. Although it may also require significant investments in own media channels and content production. (Argillander & Muikku 2013) Since news and media companies are offering highly targeted and segmented audiences for advertisers, advertising is becoming continuously updated and monitored. (Argillander 2015)

Media and news content is moving across multiple channels and platforms that creates tougher competition than in the past. Together, combined with the digitalization media convergence causes unstable conditions and challenges for media managers. (Picard 2011b) Incumbent newspapers in the digital environment are now competing against new rivals such as social media, and at the same time there is a general trend towards automated sales of advertising (Doyle 2013). Traditional leading media organizations are going to lose their market share since these new entrants are capturing the growing share of consumer value (Berman, Battino & Feldman 2011). All kind of content is relatively expensive to produce but inexpensive to reproduce or distribute due to emerging digital technologies. This together with abundance of content causes declining prices for media consumption that basically satisfy consumers but causes harm for media organizations. Media convergence and the strong abundance of information and channels are fragmenting audience smaller pieces that makes advertisers paying less for fragmented audiences. (Picard 2011b) And especially, when there does not exist any paywalls, digital readers are less attractive to advertisers than readers in printed media that naturally means lower prices for advertising (Evans 2009).

The largest share of advertising revenues in the internet are collected by international media organizations (Argillander 2015). When it comes to statistics of first quarter of 2017 within Finnish media market, there can be seen that global giants such as Google, Facebook and YouTube covers almost half of the digital advertising revenues (49,5%) and 16 percent of total media advertising in Finland (Figure 4). In addition, Facebook has growth with 37,6 percent compared to last year. (IAB Finland 2017a) Rummukainen (2017) refers the

analysis of Jason Kint, who has recently discovered that almost all (90 percent in 2015-2016) of total global growth of digital advertising belongs to Google and Facebook. Rummukainen (2017) continues that even though this development is more dramatic in the USA but Finnish media market should also be prepared for the dominance of these two global giants. This presence of global giants is showing a direction for the future development and proper reason for Finnish media companies collectively commercialize their operations. The other figure is also representing the overall share of media advertising in Finland in 2017 (Figure 5). The first quarter is also indicating the fact that trend in media advertising is still strongly growing in terms of digital media while advertising in printed media is declining. (IAB Finland 2017a)

	M€	Change-%
SEO marketing	26,3	5,2
Facebook	12,8	37,6
YouTube	1,9	0
Display	19,6	5,4
Native advertising	2,9	45,0
Instream Video	4,2	2,4
Mobile marketing	5,1	-3,8
Classified ads	9,9	12,5
Digital marketing in all	82,7	10,3

Figure 4. Digital advertising Q1 2017. (IAB Finland 2017a).

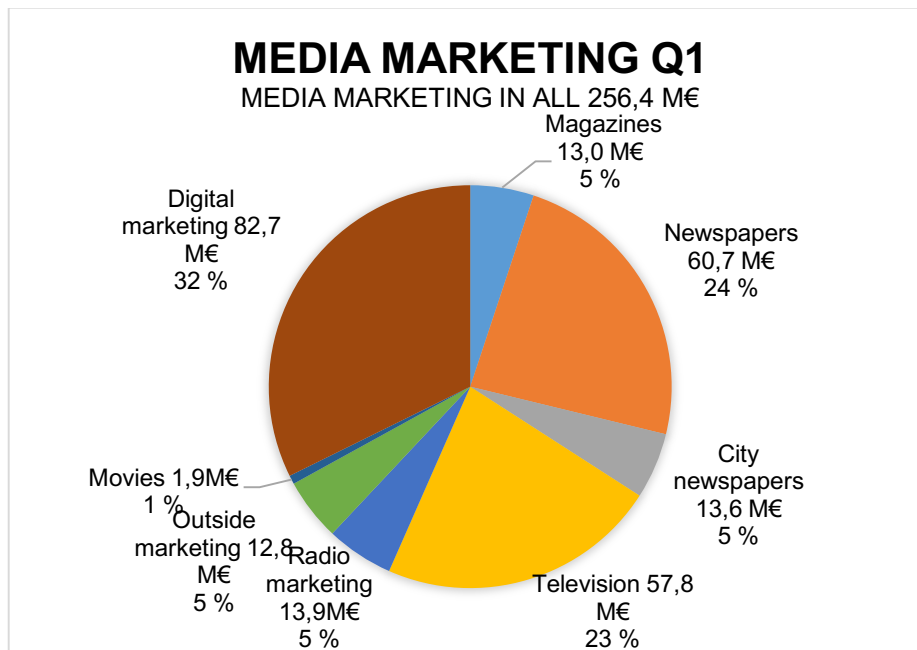


Figure 5. Media marketing Q1 2017. (IAB Finland 2017a).

From the advertisers' point of view, the most initial goal is to find best possible mix of media channels for advertising in terms of profitable revenue streams. Boundaries between different marketing agencies and digital media houses are fragmenting constantly that increase the competition in terms of digital skills and opportunities across the digital environment. (Argillander & Muikku 2013) Traditionally, printed newspapers have relied on the pretty established models of selling advertising space, but digital platforms have altered how advertising is bought and sold (Doyle 2013; Turow 2012). The transition towards dynamic media marketing creates new ways of designing marketing communications, and new skill requirements in terms of digital marketing (Argillander & Muikku 2013). Consequently, media companies are now struggling with the media fragmentation since advertisers are searching less expensive alternatives but more valuable marketing solutions. Therefore, the importance of content and business model redesign becomes vital in future's media business models, in order to attract advertisers and the rest of the audience.

2.4 Traditional business model meets new requirements

Digitalization is breaking traditional boundaries of newspaper industry and at the same time industry is facing challenges of making it profitable again in the digital environment. For example, the current business models of digital newspaper as such do not satisfy paying customers in the future. The future business model of newspaper is getting characteristic

of highly personalized service. At the same time, the overflow of content and advertising space decreases advertising revenues since the role of a single operator is diminishing constantly. Therefore, the former advantage in the industry does not count anymore since companies have to adjust their operations under constantly changing conditions. New technologies and gadgets are creating new opportunities for both newcomers and traditional industry players. (Snellman 2011) In the digital era of media, newspapers and media companies are prompted to find novel ways of making revenue since old revenue models are lacking profitability in the future. Establishing relationships with media consumers by making better and more valuable content has become one vital issue for media companies when building and rethinking new business models. (Schlesinger & Doyle 2015) Whatever the reason is behind the shift to digital platforms, these new business models are far from the traditional business models of traditional newspaper and media industry.

Since the most significant cuts are done in the editorial staff while, newspapers are victims of increasing costs in distribution and printing. Therefore, newspapers might lose their traditional advances in content producing. (Harpf 2014) At the same time, latest trends in advertising markets and changes in consumer behavior have a straight influence on media industry as stated earlier. Therefore, traditional media houses as well as individual newspaper are becoming multichannel providers. It means, that the same content is provided through multiple different platforms and devices. These changes within both consumers and advertisers obviate some intermediaries from current business models and bring new digital platform providers and news aggregators on market. To becoming a multichannel provider, it requires lot of new competences from the newspapers. Even though several new sources of dispersed content are mixing up the traditional newspaper and media business, the quality content is still highly appreciated. The overall opinion emphasizes deeper and more analytic articles since the current trend especially in the internet is based on short articles. (Argillander & Muikku 2013) It has been a clear challenge for newspapers to commercialize the content in the internet. In addition, new companies with novel ways to offer services in online makes it even more challenging for the traditional press to commercialize their online services. (Snellman 2011) Therefore, publishers have an urgent need to find novel ways to offer value for their customers while being attractive in the eyes of marketers (Viljakainen & Toivonen 2014).

Consequently, media convergence should be seen as a great opportunity to redefine the dominant values of journalism (Lehtisaari et al. 2012), while finding competitive advantage

under changing conditions of media landscape. Digitalization of contents, the fragmentation of audiences, and the increased popularity of mobile devices has evolved the journalism to more personalized direction from the golden era of the newspaper (Snellman 2011). Since the value proposition is delivered through multiple platforms, publishers are forced to build new linkages between them and the fragmented customer segments in order to satisfy consumers' varying needs (Lehtisaari et al. 2012). Newspaper, therefore, should follow regulations of new media. For example, most established social media services are combining various revenue models in their business models together. This kind of a revenue model consists, for example, advertisements, subscription fees, sale of concrete or virtual products, revenue sharing with key partners, risk financing, sale of user data, affiliate marketing and crowdsourcing. (Ahlqvist, Bäck, Halonen & Heinonen 2008)

It is usual that online services can not determine their revenue model at all or they offer their basic content for free for audience and maybe charge for premium offerings. In social media services, the value and thus the ability to price the service is usually based on established communities. Services are much easier to sell advertisers or subscribers once the company has built strong brand around the service and the audience is building value around the service. (Ahlqvist et al. 2008) The recognition of social media is vital since the competition has spread outside industry boundaries due to media convergence. Helsingin Sanomat, for example, is competing with the social media but it is not hostile to services such as Facebook, since Facebook is bringing multiple new visitors for the paper. Although, the problem is that these kind of news aggregators and other providers with free content are not generating any streams of revenue for newspapers. (Lehtisaari et al. 2012) In terms of marketing communication, social media increases the interactivity between company and end users. In addition, many social media services gather user data that can be further commercialized in marketing actions. User data can be used in very targeted marketing communication actions. It is going to be interesting that how this kind of a data analysis and commercialization find its potential in within Finnish news and media industry. (Argillander & Muikku 2013)

However, it is inevitable fact that active readers of newspapers will move online and digital solutions. The main concern of newspapers relates to transforming the increased online traffic into revenue in digital environment. In addition, in some cases the ownership structure of newspaper forces the paper continuously to justify its functions. Ownership structures might have a significant impact on journalism. Nevertheless, business models of newspapers need to be reconsidered despite the ownership structure. There is still trust on

quality journalism as a part of future business model. On the other hand, another vital challenge is to find more profitable solutions to gather revenues from online advertising since advertising in online environment is much cheaper. Kauppalehti, for example, believes on building sustainable packages for advertising that includes different platforms for the advertiser. (Lehtisaari et al. 2012)

3 Media Industry Through Business Model Mindset

In general, media organizations are usually stuck to their traditional and old business models. Therefore, they might be often late in recognizing and exploiting new opportunities. (Picard 2006b) The dynamic nature of the industry and all the predictions that are proved to be real are indicating that the industry is evolving under radical change. Newspapers and publishers among the industry should recognize their main revenue flows in the new media environment (Picard 2006b) and reflect them to their existing business models. In order to explore media business models, the deep nature and theory of business models should be examined first.

In terms of decision making, business models are valid tools for representing essential characteristics of reality and imaginary thinking. When developing and applying business models, high emphasis should be paid to the context. Since the context determines the validity and applicability of business models, changes in the context requires simultaneous development in terms business model. As a consequence, business models should be adapted to changing market conditions, in other words to the changing context. In the newspaper industry, conditions have changed since digital technologies have increased variety of channels to share information and on the other hand sources of revenue. (Picard 2006b)

The traditional balance between customer and supplier has changed due to developments in the global economy. New communication and digital technologies, and open global trading have increased the amount of choices for customers. This requires businesses to be more customer-centric, and in turn businesses need to re-evaluate their value propositions. Especially, internet businesses are struggling with customer expectations that internet based services should be free. (Teece 2010) In the context of this study, the media convergence has caused a structural change in the media industry (Zott, Amit & Massa 2010), that increases the relevancy of business model theory.

The essential goal of this chapter is to apply business model theory into media business. Business models have received substantial attention by academics and practitioners in recent years (Zott et al. 2010). Before applying the business model theory into media business I will open up the nature of business model through relevant studies by central scholars in terms of business model theory. In this study context, the central focus is on the different revenue streams and how the key value is created and finally how is that value

captured by the company. In other words, how is the digital environment utilized in the value creation.

3.1 Business Model Theory

All businesses have either explicitly or implicitly applied business model. Business model reflects to management's assumption of customers needs. Actually, it should describe how customers want their needs, and how company could meet those needs, and finally making profit out of it. Business model defines the structure by which the company delivers the value to customers, induces customers to pay for value, and turning these payments for profit. (Teece 2010) Business models have been an emerging unit of analysis in recent years. Business model theory address a holistic approach to explain how companies are doing their businesses. (Zott et al. 2010) The review by Zott et al. (2010) reveals that scholars are disagreeing on what the business model is. Although, a review of the business model literature generally is referred to the logic of how companies are creating and commercializing value (Osterwalder et al. 2005). The goal is to build a capable conceptualization of business model theory that can be applied into digital newspaper business. I will introduce few slightly divergent definitions of business models and then describe the more defined essence of business model. Then the paper moves on to examine the nature and power of business model innovations.

3.1.1 Conceptualization of Business Model

The emergence of the Internet has increased the interest around the business models from the mid 1990s, and has gathered momentum since then. Scholars and business practitioners have documented numerous publications, including articles, books, and book chapters in the business press and scientific journals concerning on ideas around the concept. Using the term "business model" in publications had virtually exploded between 1995 and 2010. (Zott et al. 2010) Since several management studies have recognized the notion of business models, the most of them are focusing on economics, finance, firm performance, and innovation processes (Osterwalder & Pigneur 2013).

Simultaneously, even though the interest around the concept has increased, the business models have been studied without an explicit definition of the concept (Zott et al. 2010). The fundamental problem is that business model is lacking of theoretical grounding in economics or in business studies. Business models have not established place in economic

theory and there is no any scientific journal published in the mainstream economic journals about business models in a sense they are analyzed nowadays. The study of business models, apparently, is an interdisciplinary and neglected topic even though the importance of business models is obvious. (Teece 2010) This blur around the concept might refer to confusion rather than convergence of perspectives (Zott et al. 2010). The table below (Table 1.) gathers few varying definitions of business model during the explosion of the study of business models.

Authors / Year	Definition
Timmers (1998)	"The business model is an architecture of the product, service and information flows, including a description of the various business actors and their roles; a description of the potential benefits for the various business actors; a description of the sources of revenues."
Amit & Zott (2001)	"The business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities."
Chesbrough & Rosenbloom (2002)	"The business model is the heuristic logic that connects technical potential with the realization of economic value."
Magretta (2002)	"Business models are stories that explain how enterprises work. A good business model answers Peter Drucker's age old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?"
Teece (2010)	"A business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value."

Table 3. Differing definitions of business model.

Unfortunately, the business model conceptualization is lacking some consensus. The term, business model has been used to explain different concerns in various contexts and even

in different management areas. Additionally, the term is used to describe different phenomena such as e-business, value creation or value capturing by companies. Therefore, the mess around the business model research is mostly based on the fact that scholars are using the same term to address various phenomena. In order to indicate the main analytical focus of research, scholars could adopt more precise labels, such as “e-business model archetype”, “business model as activity system” or “business modes as cost/revenue architecture”. More precise labels would increase the analytical focus and precision while decreasing potential vagueness. These three distinct themes could all be examined separately and in relation to each other as well. (Zott et al. 2010)

From the ancient Peter Drucker's times, a proper business model is seeking answers questions like “who is the customer?” or “what does the customer value?”. It also describes how the company is making money in certain business. Finally, it aims to summarize the core economic logic that addresses how company is able to deliver value to customers at an appropriate cost. Business model can be related to a story and the clarity is the key thing. It can be a basis for employee's communication and motivation. Everyone in the organization can be linked to a good story that address the value that organization is aiming to create. A good story is easy to comprehend and easy to remember. It helps employees to see their role in the organization within the larger context of companies goals. Therefore, employees can easier adjust their behavior accordingly. Business models describes businesses as systems that collect every element together. Although, a business model is not equal to company's strategy, even though usually these terms are used interchangeably. (Magretta 2002)

But maybe the most essential purpose of the business model is to support managers to capture, understand, communicate, design, analyze and change the business logic their organization. (Osterwalder et al. 2005) For more detailed purpose of the business model, Chesbrough and Rosenbloom (2002) divides business model into different functions: 1) determining the *value proposition* according to the value created for the users by the offering based on the technology, 2) identifying a *market segments*; who are users to satisfy with the existing technology and for what purpose, and clarify the revenue generation mechanisms for the company, 3) defining the structure of the *value chain* within a company in order to create and distribute the product offering, and then determine the other assets that are needed to support company's position in the value chain, 4) estimating the *cost structure* and *profit potential* of the product offering, value proposition and value chain structure, 5) describing the exact position of the company within a *value network*, and 6)

articulating the *competitive strategy* in order to achieve a competitive edge over rivals. The six attributed helps companies to justify the financial capital needed to realize a business model and then design a path to upgrade the business. (Chesbrough & Rosenbloom 2002)

Scholars put an emphasis on few distinct factors between business model and business strategy. Usually business strategies have a clear emphasis on competition while business model is focusing more on cooperation, partnerships and joint value creation. Furthermore, business model literature highlights value proposition and a role of the customer that is less pronounced in the strategy literature. The core logic of the business model is related to a company's revenues and costs, its value proposition to customers and value capturing systems whereas neither input resources or competition are not essential parts of the business model concepts. Despite the distinct nature of business model and business strategy, business models can play a substantial role for company's strategy. (Zott et al. 2010; Magretta 2002)

What ever the industry is, the criteria of good business model can be determined. Some business models meet customer needs and business environment better than others. A sustainable business model design and implementation process require both internal and external factors such as customers, suppliers and the broader business context. Designing a proper business model is highly situational and complex process. The good business model underlines company's value propositions that are tempting customers and at the same time it achieves advantageous cost and risk structures. It is also stressing a crucial value capture by the business that is generating and producing products and services. In order to succeed, companies have to design and implement their business models correctly and then refine a commercially viable structure for their costs and revenues. Viability of the business model is a challenge for the company since they have established their operations. (Teece 2010) But when new business model is changing economic characteristics of an industry, it might by itself generate competitive advantage (Magretta 2002).

As stated earlier, business model aims to describe core logics that support the value proposition to customers while expressing the architecture of revenues and costs delivering that value. It is more generic than a business strategy. Therefore, building an enterprise-level competitive advantage can not be achieved merely through the novel business model design. By coupling strategy analysis with business model analysis companies are able to protect competitive advantage resulted from new business model design. However, new business model or improvements of existing business model lead to reducing costs or

increasing the value for customers until some the new business model is copied somehow. Usually, after the implementation, new business models will face imitative efforts within few years or even after few months. It is often typical that various elements of business model might be transparent and very easy to imitate. Practically, successful business models often become shared by competitors at least some degree. (Teece 2010)

In order to establish competitive advantage through business model, the business model should be differentiated but at the same effective and efficient. The basic idea behind the new business model is not enough to protect the business model by itself. It should be, moreover, designed to meet certain customer needs. Therefore, a competitive business model should always be implemented through the strategic analysis filter. Barriers to imitating business models should be based on strategic decisions of a company. Coupling competitive strategic analysis together with designing a business models requires for example market segmentation, creating a value proposition according to each segment, and finally setting a system to deliver that value for each segment. In addition, companies should figure out several isolating factors in order to protect the business model from imitation by competitors. Strategic analysis is, hence, a vital step in designing a business model that will sustain its competitive advantage after the implementation. (Teece 2010)

Osterwalder and Pigneur (2010) have briefly describe the business model as a composition of how an organization creates, delivers and captures value. Together with Pigneur, Osterwalder has developed a tool called business model canvas. Authors and researchers today are still using the same components, but referring to them with different terminology (Peters et al. 2013). The list below illustrates these nine elements of business model canvas and brief function of each. (Yen et al. 2013)

- Value proposition: The product or service that is offered, its key features and benefits, what is its uniqueness considering the competition, size of the market opportunity or the minimum viable product that best illustrates the product as quickly as possible to receive customer feedback early enough.
- Customer segments: who is the customer and what kind of problems product solves.
- Channels: how is the product distributed and sold.
- Customer relationships: how is demand created.
- Cost structure: the needed amount of fixed and variable costs to operate your business.
- Key activities: the tasks company that are required to succeed.

- Key resources: for example, suppliers, commodities, and other essential elements of the business.
- Key partners: other vital enterprises needed to business success.
- Revenue streams: key sources and size of revenues and profits.

These elements together compose the relatively simple representation of value generating components of business. Although, there have been several efforts to investigate business models in strategic management, very little is known about interrelations between different business model elements. (Peters et al. 2013) According to Peters et al. (2013) business models are great tools to describe and determine value creation, but also to define interdependencies between these business model elements. All the elements are explicitly relating to each other in business model, but it is more or less a static description rather than describing the deep nature of the interdependencies. (Peters et al. 2013)

3.1.2 Business Model Innovations

As moving further in this study, the role of business model innovation as part of the nature of altering newspaper business can not be ignored. New media environment is becoming fragmented while companies should reconsider to renovate their different elements of business model. For example, the newspaper industry has had to re-evaluate the balance between advertising revenues and consumer-paid models with stronger emphasis on the latter one (Giesen et al. 2009). Business models might describe alternative future insights for a company. That is why companies can increase their readiness to innovate business models or react industry changes with stock of ready business models. (Osterwalder et al. 2005) On the other hand, business model innovation are often quite expensive and long lasting processes that require sometimes a significant upfront investment with an uncertain future potential (Zott & Amit 2012).

Companies can create a new market or allow them to exploit new opportunities in existing markets by innovating their business models. Business model innovation can be conducted by adding novel activities, linking activities in novel ways, or changing one or more parties. These changes in business model design can be subtle and they still might yield benefits for the company. Therefore, business models can be innovated both radically and incrementally. (Zott & Amit 2012) Companies can achieve remarkable competitive advantages through business model innovations if they are differentiated enough (Teece 2010). Especially in times of economic change, companies can achieve and create

appropriate value through business model innovations. In addition, these improvements in profits and revenues can be accomplished at relatively low costs since especially technological innovations within news and publishing industry can be deployed in innovative ways without significant commitments to R&D. (Amit & Zott 2010) Previous research has not managed to determine the best possible approaches for business model innovations. Commonly, the experimentation and hypotheses are emphasized despite the likelihood of failure. (Kaplan 2012; Osterwalder & Pigneur 2010; Chesbrough 2006a)

The successful timing of business model innovation depends on the multiple factors such as economic environment, the specific market or industry conditions as well as the mixture of internal organizational factors. Therefore, triggers for the business model innovation can be divided into internal and external drivers. Internal drivers relate to changes and in company's product or service offering, negative periods regarding to company's growth and performance, or company's available resources trigger the business model innovation. Externally, factors driving the need for the business model innovation refer to transformations in value chain, new entrants in the market, competitors' actions, changes within customer preferences, new emerging customer segments, disruptive technologies within industry or market, regulatory or legal factors, and social or environmental factors for sustainability issues. Especially, during the extensive industry and market changes, the radical reconsideration of business model innovation is needed or the demise of the business could be inevitable. (Giesen et al. 2009) Regarding to the context of this study, there are several external triggers to drive newspapers to shake up their business model and existing earning logics.

Giesen et al. (2009) continue to classify business model innovations into three sections: revenue model innovation, industry model innovation, and enterprise model innovation. Revenue model innovations relate to ways of how company changes its value proposition in terms of product, service, or value mix, and the pricing model as well. Industry model innovation, in turn, refers to redefining an existing industry, or moving into a totally new industry. The third model, enterprise model innovation spreads to whole operating level of the company; rethinking organizational boundaries of what is conducted in-house and what is done with collaborative partners. Industry model innovations are less frequent of these since these type of innovations are usually done by industry leaders with strong financial resources. Enterprise model innovation is the most prominent type of innovations whereas revenue model innovation is considered easiest but it does not guarantee financial interests due to lack of defendable and long lasting elements. (Giesen et al. 2009) Since the revenue

model innovations might not create as sustainable advantage as enterprise innovation model, newspapers should widen their innovation interests outside revenue models. Newspaper and publishing industry will offer an extremely interesting environment for business model reconsideration.

However, the most vital issue in order to succeed in business model innovation or adaption is to understand the importance of relations between each business model element and how they yield value. A successful business model innovation, therefore, needs alignment in terms of both internal with customer value proposition and externally within a network of customers, partners and suppliers. (Giesen et al. 2005) Furthermore, business model innovation by making substantial changes to a whole system of activities instead of optimizing single activities at a time requires systematic and holistic approach by managers. Therefore, managers might feel struggle about changing and reorganizing the whole activity system, especially during economic crisis or changing industry characteristics. For example, US and European publishers are constantly looking for innovative ways to revise business models in order to meet demand for creating and delivering digital content. (Zott & Amit 2012)

3.2 Media Business Models

Recent changes in behavior of media consumers and advertisers are causing challenges for long-term survival of newspaper industry. News and publishing organizations have an evident need for transformation and transition strategies. (Picard 2003b) Traditionally, the revenue in the news and publishing industry is coming from subscriptions and advertisements. However, the newspaper industry is suffering from the declining advertisement revenues and subscription fees. Since advertising revenues are declining, news organizations should find novel ways for news publishing and advertising. New faces of news consumption are changing the traditional revenue models and cost structures of new media. The fundamental problem comes from the fact that online advertising is much cheaper than in the print media. Furthermore, consumers have used to consume online news without any subscription fees. (Lunden 2009) As Lunden (2009) refers to Currah, there is a problem to replace declining ad revenues from the print with online advertising.

E-business and the use of information technology have been recognized one of the most central phenomena around the concept of business model. E-business refers to doing business electronically, and conducting it over the internet. The most tremendous driver of

the growing interest of business model concept is still the Internet. The rapid development of computing and communication technologies have created new opportunities for companies to create and deliver value. (Zott et al. 2010; Amit & Zott 2001, Magretta 2002) This has caused questions of how businesses are delivering the value to customers and how they are capturing value using new information services that have been traditionally expected to function without charge. For example, music and news industry are struggling to create viable business models since traditional business models are not functioning any more in the industry. For many businesses the internet is a new channel of distribution while allowing businesses and individuals easy access to massive amount of data and information. (Teece 2010)

Regarding to modern communications, business model needs to describe the essential resources of production and distribution technologies, content creation and acquisition, as well as recovery of costs for creating, combining and presenting the content. However, the long successful newspaper business model is now being challenged. Novel technologies on media markets push newspaper publishing companies to figure out a “way of thinking” which allows them to rapidly recognize opportunities. In order to stay top of the development, newspaper organizations should constantly scan and exploit the changing business environment and competitive landscape and act accordingly. (Picard 2006b)

Considering to study context, I will first very briefly describe the traditional business model of news and publishing organizations since the core objective of the study is to explore key elements of digital media and its opportunities regarding to newspaper business model in the future. Future business models will consist multiple flows of revenue compared to the traditional newspaper business model. Therefore, the initial aim of this “Media Business Models” chapter is to examine how news industry has reacted and what sort of business models can be recognized from the digital media environment.

3.2.1 The traditional media business model

During the last half of nineteenth century the media market began to alter due to urbanization, the industrial revolution, wage earning and literacy created social changes that resulted in wealth and discretionary leisure time among the growing amount of people. Newspapers were reacting to serve this larger mass audience. Since the papers were sold at relatively low price retail advertisers were interested in this large basis of mass audience. (Picard 2006b) From that time until recently (The Economist 2011), the dominant business

model of the traditional newspaper has been quite similar in all kind of media markets. A bundled value of traditional printed newspapers has been delivered to three major groups: readers, marketers and classified advertisers. The reader group is primarily interested in the different kind of relevant content offerings such as news, insights and other information. The marketers or traditional advertisers are those group of people who wants to reach potential customers through their advertising messages. The last group, classified advertisers in turn want to find buyers and close transactions for their main offering. (Holm 2013; Holm, Günzel & Ulhøi 2013) By this way, the traditional business model of media is based on the three value propositions for three customer segments. (Stähler 2009)

For a long time, the business model of traditional newspaper is based on the idea of “selling readers” to advertisers. Consequently, a typical share between subscription revenues and advertising revenues has been more or less 50-50 per cent. This two-sided newspaper business model has enjoyed an economic equilibrium and independence for decades, and have been adopted by the majority of newspapers across the world. Although, in the beginning of the 21st century the industry faced the strong decline in subscriptions and advertising revenues. (Holm 2013; Holm et al. 2013) Especially the revenue models need attention. It completes the business model design by enabling the revenue generation for the company and its partners. (Zott & Amit 2012; Amit & Zott 2001) Next chapter is focusing on the different approaches and revenue models that have been so far utilized or recognized in digital media and newspapers.

Many editors and managers, in general, have a clear vision that printed newspapers as well as the subscription model sustain their potential in Finland for several years. Most likely, the current subscription will be supplemented with smaller streams of revenues such digital subscriptions and micro-payments. The product range of future newspaper will be probably based on both paid and free content, and on the other hand there might be a potential to gaining incomes outside the traditional journalism. Therefore, the dualistic revenue model of subscriptions and advertising revenues will be replaced to multiple smaller streams of revenues in terms of both media products and services for consumers and businesses. Newspapers will also meet challenges to sustain the profitability of printed newspapers for as long as possible since the revenues from digital business models are still relatively marginal compared to printed newspapers. However, digital services are financially vital share of income, for example, for Helsingin Sanomat and Kauppalehti. (Lehtisaari et al. 2012)

3.2.2 Digital Media and Newspaper Business and Revenue Models

Barland (2013) correctly states that in digital publishing the traditional two-sided revenue model of media and publishing business needs to be further developed. In a big picture, there are four concrete revenue models that media organization can apply to their business models: revenues from content, indirect revenue models, transaction models, and licensing. There are several ways to implement revenue models for content in digital media. Indirect revenue models are usually based on advertising revenues. Transaction models refer to provision that media organization receive by providing an order or lead to an e-commerce operator. Licensing model, in turn, is based on the utilization of licensed content in other medias or merchandises. Today's business models of digital media will be build on various combinations of these revenue models. Internet and digital delivery will increase the freedom for designing business models. (Argillander 2015) Therefore, this chapter builds an overview of different digital elements of digital media. There is also discussed about the role of business model innovation regarding to digital media solutions. There are lot external triggers and opportunities in the industry to consider due to constantly evolving media landscape. Furthermore, the connection to business model elements is recognized in order to conceptualize how is the newspaper business model going to evolve in practice due to technological pressures.

3.2.3 Digital subscription models

Paid digital content shows a growing impetus within traditional print newspapers. Newspapers all over the world are now following first movers into paid digital services such as Sun and Telegraph in UK are tracing the path of Financial Times and Times. Some of the newspapers are implementing a mixed approach with some pursuing paid strategies while other trying to adapt more open ones. These differing approaches of digital newspaper business model represent distinctive changes in the consideration of digital strategies while there is an increasing interest of strategy involving news content. The traditional print media and digital media are being seen as distinct businesses requiring independent business strategies and content strategies. The wide range of different business models in digital newspapers means that the media industry will be even more segmented than in the past. The traditional model "something for everyone" is going to disappear since news providers aims to offer much more focused news service. This, as a result, will provide users much wider choice in terms of both type and range of content they consume. (Picard 2014a)

Throughout the literature review regarding to newspaper and publishing industry, there are several mentions of new elements that different news and media companies have began to implement to their reformed business models. All of the novel newspaper business model elements are relating to digital and technological advances in the industry. There does not still exist any single dominant business model for a modern digital newspaper. (Picard 2014a; 2010; Lehtisaari et al. 2012;) Usually, publishers within a newspaper industry offer some free digital content with an opportunity to pay for an additional content through subscriptions, and in addition with a premium paid access to specialized and more personalized news content and additional features such as tools and analysis service (Picard 2014a). Declining circulations within the newspaper industry force news organizations to increase payments for their loyal customers and offer free or less expensive payments for average users by offering a content through variety of platforms (Picard 2010).

Ever since, the culture of free content on the internet and especially the free of charge online news are making people resistant to paying for the news and other journalistic content (Franklin 2011; Grönlund & Björkroth 2011). In addition, some sort of quality gap between paid and free journalistic content can be identified since most readers might have lack of respect towards free journalistic content (Lehtisaari et al. 2012). Nevertheless, it is unlikely that the future newspapers cover their costs solely with the advertising revenue based business models (Sonnac 2009; Chyi 2005). On the other, some of the newspapers consider that the free access to news content could foster the news consumption and thus increase the attention by the advertisers (Anderson 2009). Free content model is the most common business model on the internet in which revenues are solely based on the advertising (Casero-Ripollés & Izquierdo-Castillo 2013).

On the other hand, a paywall is a digital mechanism for separating paid and free content on a website (Sjøvaag 2016). Usually, the payments of digital newspaper are based on the either single payment or a continuous subscription for a media content (Picard 2010). They can base on either content or frequency (Chiou & Tucker 2013). Some newspapers, for example, are building paywalls for specific or exclusive content such as commentary and financial news whereas others are charging for the frequency of how often users are accessing to the content (Sjøvaag 2016). There are several ways to implement paywalls in online environment such as yearly or monthly subscription but readers can pay per day or per article as well. (Casero-Ripollés & Izquierdo-Castillo 2013) In addition, the basic content of the newspaper has typically lower price than for an extended use of newspaper, which

represents a form of upselling (Picard 2010). Following models have been recognized by several researchers: the metered model is based on the limited amount of free articles, the hard wall means that all content is behind the paywall without an ability to social sharing, the soft wall, in turn, is requiring also a paid access but users can share content, and the “freemium” model combines both the free access to content at a basic level, but customer is then charged for premium access or services (Hayes & Graybeal 2011; Casero-Ripollés & Izquierdo-Castillo 2013; Picard 2014a; Sjøvaag 2016). Especially, the metered model encourages frequent readers to subscribe without putting off casual readers who attract advertisers (The Economist 2011). This kind of a paywall model would guarantee revenue streams from both significant stakeholders, readers and advertisers.

As there can be seen, paywalls can be implemented by various means as long as it is justified. The paywall strategy highlights the value of online news and at the same time it separates the online product from the printed newspaper by providing a different value for readers (Picard 2014; Sjøvaag 2016). In addition, readers tend to have more respect towards paid content and bigger expectations of quality issues compared to free of charge content (Lehtisaari et al. 2012). Nevertheless, newspapers have been implementing different paywall strategies, the financial effect seems still to remain insufficient and there is no single model for all incumbents (Sjøvaag 2016; Hayes & Graybeal 2011). One of the main concerns regarding to micropayments relates to lack of mass of users in Finland (Lehtisaari et al. 2012). In order to design an effective consumer-paid model, both the amount of payment and points where the payment is charged should be considered by the newspapers. Pricing preferences of media users are highly heterogeneous that should be utilized in business model design. (Berman et al. 2011) One considerable suggest according to research relies to monetization through handheld devices because people have been used to paying for the mobile content from the beginning (Goyanes 2014). Some Finnish regional newspapers believe that portable handheld devices such as smart phones and tablets, once again, might decrease readers’ threshold to pay for journalistic content. Although, it might be difficult to change the common trend since people are taught to have an access to free of charge online journalistic content. (Lehtisaari et al. 2012)

3.2.4 Digital advertising models

Advertising is keeping its central position as a central revenue model in digital media, but advertising will be applied in novel ways compared to traditional media. The digital media offers both the advertising space and customer data for advertisers. In addition, the ability

to measure and target advertising open lot of opportunities for advertising content and pricing. (Argillander 2015) Additionally, advertising model is becoming especially important in publications that readers are paying for, and more precisely in local and niche newspapers (Nygren & Zuiderveld, 2011). Digitally, advertising is nowadays sold through automated systems, where advertisers make their purchases according to demographic audience but the exact sites or outlets where the final advertising messages is going to appear is unknown. Naturally, there is a higher commission for associated advertising. This transition towards automated sales of advertising is causing challenges to incumbent media organization in terms of profitable revenue streams from digital advertising. Furthermore, there is a strong belief amongst most leading newspapers that digital advertising can be improved with investments in systems and skills needed in tracking the subscriber data (Doyle 2013).

Traditionally, pricing of media advertising has been based on the certain amount of contacts; for example, newspapers have been charging their advertisers according to circulation whereas media organizations have been taking a commission of providing advertising space. In terms of internet advertising, the pricing is usually based on the click (CPC, cost per click) or display (CPM, cost per thousand impressions) based revenue models. Furthermore, the price-level of advertising depends on how targeted the advertising message is and how likely that message leads to a transaction. On the other hand, Google changed the game by introducing the search engine driven advertising based on the action type of pricing. (Argillander & Muikku 2013) In a search engine like Google, the rank of the advertiser depends on both the bid price of certain keyword and the click through ratio, which means the amount of users who click a specific link in relation to all users who view the link. This means that the most relevant ads will be ranking higher while encouraging advertisers to use targeted ads and only bid on relevant keywords. (Panda 2013) Internet advertising is becoming more dynamic than ever before. Advertising space is sold and modified in real-time bidding according to reach of a campaign, feedback, and price changes. Changing prices, in turn, are evolving dynamically according to supply and demand of advertising space. (Argillander & Muikku 2013)

Following concepts represent relevant themes in digital marketing environment. The fundamental goal of these short descriptions is not to increase detailed technical understanding of each element but rather outline the palette of digital advertising models. Therefore, these themes are discussed more deeply again in the empirical section of this study as they need further attention regarding to future media research.

Mobile marketing/advertising: Effective mobile marketing is also challenging due to differences in devices and operating systems, and it should be adjusted according to limitations of mobile devices, such as screen and keyboard sizes. There are three major advances in mobile marketing from the strategic viewpoint, which are the fact that mobile devices are always with consumers and connected, the possibility of using location-sensitive offers, and the possibility of personalizing messages and offers. (Berman 2016)

Programmatic buying: “Programmatic buying refers to buying digital advertising in an automated manner. Programmatic buying differs from traditional direct buying in that it takes place in real time, and impressions are bought individually, often in an auction. One of the basic principles of programmatic buying is pursuing efficiency from the advertiser’s perspective. Compared to traditional direct buying, the role of data utilisation is particularly highlighted in programmatic buying.” (Alma Media 2017a)

Content marketing: Content marketing refers to sharing key information in order to increase engagement with customers. The most essential is the goal orientation that drives the content production and planning. By content marketing it is able to change the image, deepen the customer relationships, affect customers’ buying behavior or affect emotions. There are several ways to implement content marketing in digital environment such as: articles, blogs, videos, animations, reader competitions and so on. (Alma 2017b)

Rich media: Online rich media consists of a selection of interactive methods that are displaying motion and sensory traits like video, audio, and animation (Chabrow 2006). The term “rich media” relates to online content with multimedia elements including sound, video, or content that moves when a user is clicking on the page that features content (Shaw 2004). Statistics has shown that interactive rich media advertising has earned significantly higher click-through rates than the non-active rich media ads. In addition, the higher user engagement and user interactivity has been garnered. (Rosenkrans 2009)

Native advertising: Different brands have increasing opportunities for new and more efficient ways to put advertising message into the flow of information and news content due to new technologies and consumer touch points (Kurnit 2014). On the one hand native advertising can be defined as a desired marketing communication that appears in stream (Campbell & Marks 2015), but it could be described as a type of advertisement that is merged in the page content, and at the same time it is adjacent with the general form of the

page and the platform from the editorial point of view (e.g. Marius 2015; IAB Finland 2017c). Therefore, native advertising might feel and like like an original editorial content of particular online media. This, in contrast, has resulted concerns and debate over whether consumers are being confused or mislead due to nature of the native advertising. (Kurnit 2014) Campbell and Marks (2015) emphasize that native advertising should provide a clear source disclosure and offer similar value to context in which it is placed.

Augmented reality: Augmented reality (AR) refers to "The practice of displaying digital information over people's real-time view of objects, people, or spaces in the physical world - -. Augmented digital information may be viewed by users, for example, via smart phone screens, large video installations, or holographic projections." Augmented reality can be used to creating interactive advertising and packaging, and enhancing the overall customer experience, especially in terms of gaming industry. Researchers has found that there might be a huge potential to implement AR in integrated marketing programs. (Scholz & Smith 2016)

3.2.5 New business model elements complement the traditional dualistic model

These novel elements in digital environment of newspapers represent a modern essence of generating commercial value and revenue together with traditional subscription and advertising revenues. Besides these basic revenue models media organizations, today, are generating revenues and value from different sources. The purpose of this chapter is to introduce a few interesting and rising revenue models within digital media environment. Following descriptions have gathered attention in media business literature and national industry reports, while showing their potential as a part of the future media. For example, the utilization of customer data and increasing interactivity with users have been mentioned in several studies as a source of both challenge and of opportunity. Newspapers are able to gather information about reader preferences that can be further utilized for example in selling behavioral advertising and enhancing closer engagement with reader which in turn may yield additional forms of commercial revenue. (Doyle 2013). In terms of data analysis in digital environment, media organizations are discovering challenges how to measure the effectiveness and return of investment of their marketing activities (Royle & Laing 2014; Keegan & Rowley 2017; LeeFlang et al. 2014) Tools for web analytics that collect click-stream data, track users' navigation paths and process and present this data as useful information, are used to increase the understanding of online customers and best practices (Nakatani & Chuang 2011).

Since newspapers are turning their strategies towards big data, they are looking for better metrics instead of basic data, and increasing understanding of individual users across digital platforms (Picard 2014a). The importance of increasing the understanding of reader preferences clearly improves the value in shaping news and news related products while enhancing news distribution (Doyle 2013). The future success of news and media organizations is highly dependent on their ability to utilize the customer data for deeply targeted content offerings. The importance of the customer data will be increasing in the future but so far there have been only a limited amount of companies that have managed build sustainable business models around the data analysis. Refined customer data also draws attention by the third parties since not all of the news and media organizations are able to gather customer data by themselves. Pricing of the customer data will be mostly based on real-time bidding or other kind of public pricing principles. (VKL 2013)

Big data: Big data and variety of its applications refer to different strategies and tactics involving massive sets of data and technologies that are yielding reasonable and useful information. The big data trend represents the importance of automated data analysis processes and demand of hiring and training data analysts. The big data seems to be a remarkable opportunity for media companies, but they have not yet reached the maximum potential from big data strategies. Media organizations need to consider the volume, velocity, variety and value of data in order to extract business insights and revenues from data. (Stone 2014)

Collaborative models: And when it comes to delivering the main value proposition to mobile devices newspapers should often cooperate with sales intermediaries such as Apple's iTunes or the Android market which charge a commission through their stores, and including subscriptions as well. Furthermore, there is a growing need for third party standards, specifications, alterations and modernizations since software and hardware are often proprietary to various third parties. (Holm et al. 2013) On the other hand, newspapers have begun to build partnerships for the news sources of income. These partnerships are built between either competitors or non-competitors both within and outside the media business. Especially, among the media group, different medias are commonly using affiliate marketing (using a website to drive traffic to another) to share revenues. (Lehtisaari et al. 2012) Revenue sharing is not a revenue model itself, but it is a way of utilizing the partnerships to address the customer and share resulting revenues (Osterwalder et al.

2005). For example, smaller niche media can different partnerships in order to reach larger audiences.

There are few examples of Finnish newspapers how they are considering partnerships part of a future business model of newspaper. Aamulehti, for example, believes that building new forms of partnerships with their advertisers is inevitable; in the future, the value chain should be renovated longer while advertisers should be performed in a broader sense. In addition, new ventures and fusions are believed to be found outside traditional media business, such as social services since the service journalism seems to be one of the key incentives for readers in the future. Uusi Suomi emphasizes the importance of long-term partnerships with significant advertisers. They have been trying to implement corporate blogs and other solutions in order to increase visibility and reach of advertisers. For the local newspapers, nurturing the relationships usually means building trust with the society of local area. Itä-Häme, for example, plays very important role for the local identity. (Lehtisaari et al. 2012) This proves that there is a strong evidence to build and develop partnerships for different purposes.

Non-journalistic content: It is generally agreed across the Finnish newspaper sector that newspapers need to innovate new digital products and services since there are multiple possibilities to develop business models around the newspaper business. Sooner or later, the most fascinating developments in the industry will be seen most likely outside the traditional publishing business. For example, Kauppalehti has lot of services outside traditional field of journalism such as B2B marketplace information services. This belongs to the strategy of Alma media of selling journalism to consumers by adding different digital functions for both consumers and corporations. Non-journalistic content provided by Kauppalehti consists for example market information and online advertorials as part of their services. Non-journalistic products can also be related to cooperation with local entrepreneurs, different digital applications, online-stores and so on. However, anything too commercial is considered ambiguous by the journalists. (Lehtisaari et al. 2012)

The role of content: In terms of content, digital newspapers will meet certain requirements and challenging issues. Digital news production is often differing from the traditional routines and practices of daily newspaper production (Domingo 2008). In order to achieve a certain level of reader engagement, the content should be updated frequently to satisfy online readers. This kind of a dynamic online experience has been considered a challenging task in many news offices. News content on the internet should, per se, be dislocated from its

traditional and original setting and strip the content of printed newspaper. (Doyle 2013; Picard 2011a) According to Thurman and Schifferes (2012) online content should be matching with customer data, and thus reflecting these adaptations based on the data analysis of user preferences of web usage. Regarding to paywalls, newspaper should be able to offer more valuable content if they are charging for the content. If they are not able to provide value-added content for online subscribers, the business model is not properly followed by the newspaper. Although it should be recognized that all type of content can not be monetized. (Sjøvaag 2016) Usually, paid-strategies and digital paywalls suit for content such as niche media that is unlikely to meet free substitutes or competitors (Hayes & Graybeal 2012).

Unbundled content: Implication from the consumer survey proves that the role of media brand might play a minor role in terms of digital media and especially when searching for specific topics. Therefore, customers are more interested in searching for single articles instead of an entire newspaper and in receiving personalized content based on their preferences. Unbundled content, therefore, refers to aggregating customers niche topics from single brands according to individual preferences in the form of new product or via certain platform or application. Most aggregators are free and hence gather revenues mainly from advertising or partnerships. This model, in turn, is causing disadvantages for publishers since they might lose control over the placement and distribution of their content. (Dennstedt & Koller 2016)

User-generated content: New technology and digital platforms enable media companies to develop their relationships with readers. User-generated content refers to increasing discussion and debate with readers. (Lehtisaari et al. 2012) It covers all types of content creation using a digital technology such as videos, blogs, forums, podcasts, social media sites, photography, wikis and so on (Rojas et al. 2015). Consumers might become essential for the publisher by creating user-generated content themselves or contributing the content with comments and sharing. By including UGC into business model, media companies might accomplish with higher brand loyalty or willingness to pay for digital content. (Dennstedt & Koller 2016) But still the biggest concern among the previous studies relates to uncertainty, quality issues, and ambiguity of user-generated content (e.g. Lehtisaari et al. 2012; Dennstedt & Koller 2016; Leurdijk et al 2012). The role of user-generated (UGC) content has varied a lot among the Finnish media houses (Lehtisaari et al. 2012). Still the tools that change the traditional value proposition of delivering content for passive

consumers by enabling active participation of consumers in content creation (Wikström & Ellonen 2012) should be seen as an important factor for the future business models.

The strong segmentation between heavy users and average users means that newspapers have to build different kind of services for heavy users in order to satisfy their changing needs (Picard 2010). Newspapers are now building palette of smaller streams of revenue in order to replace the traditional dualistic model of subscriptions and advertising revenues by bundling different platforms and devices together since the usage of portable devices is increased constantly (Lehtisaari et al. 2012; Picard 2014b; Reunanen 2016). Even though the printed newspaper is still generating relevant streams of revenue, many newspapers consider themselves as digital multiplatform entities. Adopting a cross-media or multiplatform approach is seemingly a common way to extend content distribution to include both digital delivery and traditional print newspaper. (Doyle 2013) In a nutshell, multiplatform publishing and service modeling, reader engagement, crowdsourcing, and amateur professionalism are becoming standards once media brands are being created in the future media landscape. This kind of a digital cross-platform strategy often requires newspapers to design different strategies, business models and even target groups on every different platform for each product of the catalogue (Lehtisaari et al. 2012). Multiplatform approach, although, encourages news organizations in terms of innovations and experimentation in processes of value and revenue generation (Doyle 2013).

The ongoing development in the media industry highlights the attention for three business model elements: value proposition, delivery channels and revenue structures (Holm et al. 2013). New value propositions can be developed by using new capabilities in terms of mobility, interactivity and information access (Berman & Bell 2011). The traditional customer value proposition of media business aims to delivering useful information and differentiating its content from competitors. Since media consumers have changed their expectations, the digital media should offer an added value compared to printed media. Managers within media business need to innovate their customer value proposition in order to generate revenues from sales and advertising. (Dennstedt & Koller 2016) In terms of a business model mindset, media organizations should reconsider the most vital business model elements besides the new value propositions.

3.3 Media business model innovations and resource reallocations

Usually within mature industries such as newspaper industry, technological discontinuities have been recognized as major triggers for business model innovations (West & Bogers 2011; Benner 2010; Teece 1986). At such times, all the industry parties are aiming to determine the most valuable strategic competencies and value proposition in the industry and then trying to adjust their business models according to best practices (Gambardella & McGahan 2010; Henkel 2006). In order to create value for customers and then capture that value, companies need to design their business models within new technological paradigms (Zott & Amit 2010)

For example, at the FT group which is the publisher of Financial Times, reallocation of resources refers to the fact that major share of readers are digital subscribers. They have reallocated their workforce towards digital delivery systems while emphasizing the in-house development in terms of digital environment. At the same time newspapers are recruiting specialists in IT, graphics and data analysis. News International which is the publisher of the Times and Sun is aiming to build an integrated newsroom in order to ensure more effective adjustment to a digital cross-media publishing by investing in in-house development of workforce, integration between digital teams and an enhanced Content Management System (CMS). CMSs enables an integration between different digital news production elements and facilitating a degree of automation in news production by providing an access to archives of content, pictures and video material. The research conducted within an UK news industry highlights that the successful digital strategy might usually struggle due to lack of integration between editorial, IT and commercial functions. Therefore, integration amongst these separate groups is necessary in order to encourage experimentations and innovations on digital services. (Doyle 2013)

When it comes to low-tech industries such as newspaper industry, the concept of openness shows its relevancy by achieving competitive advantage and innovating business models through experimentations (Holm et al. 2013). Even though there is always a likelihood of failure in experimentations, Chesbrough (2006a) emphasizes invaluable learning opportunities that can be applied in the future. In terms of open innovations, Holm et al. (2013) has adapted from previous studies that especially following external factors have resulted considerations for the newspaper industry: increasing amount of delivery channels, the entry of new competitors, the emergence of handheld devices, an overall decline in advertising revenues during the financial downturn, and changing consumer behavior

especially by the younger generations. Open innovations are based on the idea that valuable ideas might come from either inside or outside the company. This requires companies to open up their business models to exploit external R&D resources and seek revenue opportunities from widened markets as well. Newspapers can utilize open business model innovations to creating better value by leveraging external ideas and reaching a better value capture by exploiting company's own key assets, resources and positions, but also other companies' similar ones. (Chesbrough 2006a; 2006b; Holm et al. 2013) Openness is increasing connection and dependency on third parties' assets, and therefore careful consideration is always required; failure might lead disruptive revenue streams and breaking up the connection to consumers and traditional partners. (Holm et al. 2013)

Openness in business model innovations can be discussed through four fundamental dimensions that explains the notion of increasing reliance on third party assets in value creation, delivery and capturing. On the one hand, the distinction between broad and deep openness relate to searching for external innovations, whereas inward and outward refers to source of innovations. Broad openness refers to focal company's dependency in various degrees on multiple partners to perform parts of its business model, and in deep openness company depends in one or a few partners. Inward innovation, in turn, refers to acquiring third party assets in order to implement their business model. Outward innovation means ways of providing assets to other companies in order to support their business model implementation. Regarding to newspaper industry, the broad inward openness is relating to acquisition of content from multiple suppliers, such as news agencies, freelance journalists or crowdsourcing. Especially, due to constantly emerging internet technologies, news organizations are forced to cooperate with various software and hardware third parties, adding the need for ICT competencies. Deep inward openness would mean for example outsourcing of printing or IT skills. (Holm et al 2013) Chesbrough and Prencipe (2008) are suggesting to find those partners to company's network which will later provide important resources for the business model, mainly in terms of IT capabilities. Broad outward innovation refers to actions such as delivering content for news providers and aggregators whereas deep outward innovation means providing considerable advertising space to one or a few advertising intermediaries. (Holm et al. 2013)

Furthermore, achieving a competitive advantage in newspaper industry can be discussed from the resource-based view (RBV), in other words through company's dynamic capabilities. Karimi & Walter (2015) has adapted their notions from previous studies of dynamic capabilities as a source of business model innovations into newspaper industry.

Theory of dynamic capabilities can be seen as an extension of resource-based view. It represents the rate of changes as well as involves the long-term commitment to specialized resources in contrast to organizational ordinary capabilities. Newspapers are responding, on the one hand, to the disruptive technological shift and also integrating e-business transformation and connecting with customers and suppliers in response to disruptive innovations. (Karimi & Walter 2015) Across the studies, the concept of dynamic capabilities has been linked to the capacity firms might have to be able to adjust their resources and operational processes in reaction to changing environmental and industry conditions, in this case the emergence of digital technology. (Helfat & Peteraf 2003; Kay 2013; Teece, Pisano & Shuen 1997)

Developing unconventional digital products requires digital platform capabilities in order to succeed. Digital platform capabilities are serving standards, connectivity, rules, IT capabilities, search, and delivery of digital content across the digital media business model. However, digital strategy does not always mean the death of print and only web-based offering. Instead, it should be aiming for continuous development around the digital media in order to guarantee up-to-date content on websites and mobile platforms. (Karimi & Walter 2015) Furthermore, there is strong belief amongst most leading newspapers that digital advertising can be improved with investments in systems and skills needed in tracking the subscriber data (Doyle 2013). Company's capacity to build, integrate and reconfigure company's intangible and tangible assets may often lead to possibility to exploit arising opportunities (Jantunen et al. 2013)

4 Research Methodology

From the beginning, the most initial goal of this study is to come up with detailed and comprehensive description of digital media business models. The purpose of this chapter is to address and define an appropriate research method for the study, and describe how the study is conducted. Research approaches are detailed method for data collection, data analysis and interpretation that expand the research from broad assumptions (Creswell 2013). Creswell (2013) also address that the selection of research approach should be based on the research problem that is stated in the beginning of this study. Therefore, in every study there should be a clear linkage between the context and the research approach.

4.1 Qualitative study method

Usually, the empirical research can be divided into quantitative and qualitative study. Since the key issue in this study distinguishes with contemporary findings in media business models and factors inducing industry transformations, the qualitative research is an appropriate approach for exploring and increasing understanding around particular subject (Creswell 2013). Furthermore, the key objective according to Hirsjärvi, Remes and Sajavaara (2004, 152) is to gain in-depth understanding of the real-life phenomenon or situation. The complexity of media industry needs a qualitative approach since the objective is to find out the deeper nature of the topic and how the things are going to evolve over time (Morgan 1998). Qualitative research takes into account different viewpoints and practices of the context because they are based on different subjective perspectives and social backgrounds (Flick 2009). The chosen method is appropriate with the case setting because the changes within the media industry are relatively badly understood, and better understanding is calling for explanatory data-driven analysis (Stake, 2003; Moisander & Valtonen, 2012) and descriptive as well.

According to Yin (2003) case studies are being preferred when authors are looking answers to questions of “how” and “why” and when the authors are having only a slight control over events, and usually with the focus on contemporary real-life issues such as the constantly evolving media industry. Usually case studies can distinguish between real-life events such as industry maturation or organizational and managerial processes by retaining the holistic and meaningful characteristics. (Yin 2003) Furthermore, case studies are considered the most common qualitative research method (Metsämuuronen 2003, 171). Case studies can

be used for three different purposes: exploratory, explanatory and descriptive. (Yin 2003) The main research question in this study is aiming for exploratory and descriptive results of digital media business models. But there is also a clear need for more explanatory research approach in order to explore detailed knowledge regarding to the study context. Saunders, Lewis & Thornhill (2007) point out that the research can have multiple purposes; in other words, research questions can be both descriptive and explanatory. According to Yin (2003) there is four type of design for case studies: single-case (holistic), single-case (embedded), multiple-case (holistic), and multiple-case (embedded) designs. Regarding to this study context the single embedded case study is the most appropriate method since the research should be broaden outside the core unit of an analysis.

In single embedded case study design the same case study can consist of more than unit of an analysis. In this study these subunits refer to other media organizations named by the case company, and the larger case is the case company itself and changing media business models. The ability to explore subunits within a larger case is persuasive because the data can be examined individually, between the various subunits, or across all of the subunits. With that deep analysis even better understanding for the case can be reached, but single embedded case study design shows also its pitfalls as focusing on the separate subunits too much and neglecting to return to the larger case. (Yin 2003) Case study in this context is aiming to gain understanding of activities and practices through which employees of chosen media organizations are convincing, developing and executing strategies under continuously evolving media industry (Järventie-Thesleff et al. 2014)

4.2 Data collection

The data collection of this study is divided into semi-structured interviews and the examination of secondary data given by the subunits. In first phase the case company, Viestilehdet Oy was interviewed with an objective to increase the knowledge of company's personal interests and motives for the study. But the most important phase in data collection was the interviews with other media organization in order to broaden the study scope across the Finnish media field. These interviews represent the primary data of this study whereas the secondary data in this study refers to examining digital media from different sources such as webpages and different platforms of other media organization from national and international perspective as well.

The purpose of the semi-structured interview is to explore the views, experiences, beliefs and motivations of individuals on particular issues (e.g. key drivers and factors behind the media convergence). Interview as a qualitative data collection method, is believed to broaden the understanding of social phenomena. Therefore, interviews are most adequate where little is already known about the study context or where detailed information are required from individual participants. Usually semi-structured interviews consist of several key questions around the research problem and main context, but also allows the interviewer or interviewee to intercept in order to add something relevant or to reach more detailed view as referred by Gill et al. (2008). Saunders et al. (2007, 320) suggest using a predetermined list of questions, but at the same time they should be adaptable according to each interview like in this study.

The following palette of interviews is consisting of representatives of most central media companies within a Finnish media landscape (Table 3). Selection of interviews is based on the discussion with the case company and their request for having most central Finnish media companies and also a sample of local and special media companies.

Interviewee	Company	Position
Olli Kantola	Maaseudun Tulevaisuus	Marketing Director
Peetu Öunap	Alma Media	Director of Product Development
Tapio Mehtonen	Fonecta	Digital Transformation Professional
Santtu Kottila	Sanoma Corporation	Creative Marketer
Hanna Ukkola	Etelä-Saimaa	Digital Sales Manager
Jonne Ansamaa	Kauppalehti	Digital Team Manager
Jarmo Lipiäinen	360Insight	Head of Customer Insight, COO

Table 4. List of interviews

Questionnaire was sent in advance to all the interviewees that they have possibility to get familiar with the context and be prepared for the interview. The interview questions were open-ended questions and they were divided into separate sections which gave the interviewees freedom to express their thoughts and most importantly experiences without guiding them into a specific direction. These questions were based on the research

questions, theoretical ground of this study and the situation within media industry. The list of questions can be found from the appendices. This in result, widen and deepens the palette of answers and enables the open discussion. And if necessary, the following-up questions were asked in order to specify particular issues during the interview. Before each interview, the research problem was explained briefly and interviewee was guided if necessary; and the questions were adapted regarding to the situation of each interviewee (e.g. own questions for special medias). All the interviews were recorded and then transcribed afterwards, in order to protect against bias, and to guarantee a permanent record of interview (Gill et al. 2008). As recommended by Creswell (2013) during all the interviews notes were taken to secure the interview and the most relevant information.

4.3 Data analysis

First phase in the data analysis process refers to preparing the context description and theoretical basis for the interview (chapters 2 & 3). Therefore, it is much easier to begin processing the empirical data gathered via interviews and secondary data. Since the data collected via interviews was transcribed into a one document, it was faster to go through and starting to make key findings. Creswell et al. (2013) states that is extremely vital to read all the transcribed data in order to get sense of the whole. All the irrelevant information was disregarded during the transcription process before the final writing process. In result, the primary data was reflected to key themes in this study in order to discover rising themes and to compare similarities and differences between different units. Therefore, empirical findings represent the deep nature of data analysis process by reflecting the theoretical basis and central characteristics of the industry in empirical findings.

4.4 Reliability and validity

Reliability and validity are important factors in this study since they represent trustworthiness even though they are taking a slightly different meaning in qualitative research than in quantitative research (Golasfhani 2013). Reliability refers to the extent to which the study is offering objective results whereas the validity, in turn, refers to the capability of the selected research method to assess the contemporary factors. (Tuomi & Sarajärvi 2009) Reliability and validity need emphasis in research design in order to reduce the possibility of receiving answers in incorrect sense (Saunders et al. 2007).

In qualitative research results and answers could easily vary when repeating the interviews, because it is based on individual's subjective views and can not be separating out of the context. Furthermore, interviewees are not always truly honest with their answers or they can misunderstand the questions. (Tuomi & Sarajärvi 2009) In this study, the reliability is partly increased with the saturation of the interviews. The saturation refers to the point where answers and results are starting to repeat themselves (Alasuutari 1995). In qualitative research, the correct amount of empirical data depends on the research problem and context. However, it is hard to evaluate the saturation level since the media industry is still under transformation and new business models are being developed constantly. Although, by interviewing Finnish media houses, the certain level of saturation can be reached within national level of new business models. In order to determine the level of saturation, the research problem should be stated accurately. (Eskola & Suoranta 1998) Alasuutari (1995) continues that reliability can be further improved by not clarifying the essential and theoretically correct meaning of key concepts in the interviews. Therefore, interviewees were only guided if necessary. In this study the objective was to find out the wide scope of answers by sustaining the subjectivity in the interviews.

Validity in qualitative study is often much more discussed concept than the reliability. Validity of the research can be arising from the in-depth study design, and how accurate and realistic are the answers. There might always exist mistakes how the researcher is evaluating results or researcher can not ask correct questions. (Kirk & Miller 1986) In other words, validity in this study measures if the research method chosen is accurate and if it measuring as it is supposed (Golasfhani 2013). Key principles in qualitative research are focusing on how the findings are conducted in empirical research and how properly the methods for the chosen case were applied in practice (Flick 2009). Furthermore, the usage of secondary data slightly improves the validity of the research because Tuomi and Sarajärvi (2009) indicate that the triangulation utilizes the use and combination of multiple research sources. Therefore, this study has been designed carefully with appropriate intensions in terms of theory and context delimitations. As long as the final goal of this study is not to generalize the results, conclusions or theory (Saunders et al. 2007), but rather conduct a descriptive and explanatory study around the media industry, the validity seems not to be a key concern.

5 Empirical Results and Findings: Implications of Media Convergence in Finnish Media Industry

Empirical research reinforces the theory and concretely demonstrates what are the most important and most relevant factors in digital transformation. As Jenkins (2006) points out, media convergence needs to be discussed through economic, social, technological and cultural dimensions. This chapter will analyze the results of empirical study based on the theoretical framework and for the chosen topics. In addition, the results will present other findings that appeared to be relevant for the study context. At the first presenting the case helps reader to understand what are the most important factors for special media such as Maaseudun Tulevaisuus. After the presenting the case company and its situation related to the media convergence, the results are discussed and analyzed through existing literature following the order of the theoretical part of the study. The results can be divided into two sections: the first part is discussing of the situation of media business in Finland and factors that are shaping the industry in general, and the second part is mostly focusing on the media business models in digital media business.

This chapter will highlight several times the importance of understanding consumer behavior and how the data is reflected in almost every aspect of the future of the media business model. As a result, a strong change in consumer behavior is seen both as a threat and a great opportunity for the media business. Empirical research reinforces the theory and concretely demonstrates what are the most important and most relevant factors in digital transformation. Empirical research reinforces the theory and concretely demonstrates what are the most important and most relevant factors in digital transformation. When analyzing the results, it is important to remember the specific target group of the case company and also take into account the size of the company compared to the largest media players in Finland, let alone global giants.

5.1 The case: Maaseudun Tulevaisuus – Niche media among the big players

The client company of this research is Finnish Viestilehdet Oy and their sub brand, weekly newspaper Maaseudun Tulevaisuus. Maaseudun Tulevaisuus has its strong traditions in their printed newspaper. But things are turning upside down, as Öunap (2017) points out that printed media is becoming a supportive channel for media companies due to

digitalization. However, they are enjoying a monopoly position in the agriculture business by offering a special media for that certain target group. Maaseudun Tulevaisuus is the leading publishing house in Finland in the agriculture business, which is also written in their vision. It is a vital media for them who are operating within agriculture and forestry industry business. The other strength lies in the fact that Maaseudun Tulevaisuus is a national newspaper and their circulation is declining slower than the industry average.

But it is just a matter of time, when digitalization truly hits the company as well. When Lauri Kontro became editor in chief of the company in 2000, a conscious rebranding of a 100-year-old newspaper was launched. Maaseudun Tulevaisuus is today in a very different position than it once was. It has taken a lot of time and effort, but the achievements have been good so far. By this far, Maaseudun Tulevaisuus has managed to sustain their print business despite the turbulent change in the media industry. However, the advertising markets are also changing dramatically, that is something to company has to adapt to. The company has recently reacted by recruiting the digital consultant Liisa Kotilainen to directing digital business. Kantola (2017) also acknowledges that, at some point, the company must be able to gather a bigger share of advertising revenue outside the agricultural business. This strategic move represents a conscious business model reconsideration and brand updating by the company. (Kantola 2017)

All the interviewees have a slightly different focus at the topic due to their differing job positions and the nature of each media company. Alma Media and Sanoma Corporation are representing two leading Finnish media organizations with biggest market share in terms of circulations. Whereas Fonecta is offering a fresh insight as a recently fully digitalized media company outside the traditional media business compared to other participants. Etelä-Saimaa, in turn, represents a smaller regional media from eastern Finland. Finally, Insight360 is offering tailor-made segmentation and incomparable target group knowledge and human understanding (Lipiäinen 2017; Ihminen360). In other words, they are aiming to be operator who could help media companies to commercialize their audience (Lipiäinen 2017).

5.1.1 The role of printed media

For several years now, traditional newspaper readerships have been declining and the trend is obviously going to last in the future (Öunap 2017). Traditionally, newspapers have been grounded on two pillars: circulation and advertising revenue. Once these two pillars are

being cut down, newspapers should start figuring out something in order to survive in the digital environment. In addition, In Finland the role of printed newspapers has always been extremely emphasized. (Mehtonen 2017) Nevertheless, there were some sort of disagreeing in results regarding to the potential of printed media when asking about the future of traditional printed newspaper.

“These new generations will not assume the function of traditional printed newspaper. Even the age groups over 70 years have been starting to use digital channels partly due to useful services. - - In 2030 we live in totally different world.” (Mehtonen 2017)

“Newspaper is no more the only source for the news and information.” (Kottila 2017)

“The role of newspaper has diminished but it is becoming more valuable for the readers. It still offers quality journalism. It is objective as well.” (Ansamaa 2017)

The debate about the death of printed media is one of the key questions regarding to converging media industry. These distinctive expressions show what kind of influence the background of the company might have on differing views. For example, almost fully digitalized Fonecta represents some kind of digital revolution within Finnish media industry (Mehtonen 2017). Öunap (2017) is also questioning people's willingness to pay for the printed newspapers in the future. He also states that advertising segment will be disappearing due to loss of print readership. Advertisers have started to use their own channels and direct marketing instead of media companies. For example, S-ryhmä and few home electronic segment represent those companies which traditionally have been the basis for the media advertising that does not support print publishing. (Öunap 2017) In addition, postal service in Finland is continuously struggling that have a straight influence to newspaper business (Mehtonen 2017). Empirical research shows that according to previous literature (Lehtisaari et al. 2012), a trusted Finnish distribution system as well as a trusted retail sector as an advertiser, are no longer the backbone of news and media business. Some interviewees are also considering that the role of printed newspapers is clearly much smaller than it is today and especially before. Ukkola (2017) is discussing about shortening delivery cycles less frequent than 7 days a week home delivery, that represents actions of which many Finnish newspapers have done for recent years.

Although, newspaper has its own role for certain groups despite the digitalization. As Kottila (2017) and Ansamaa (2017) both state that the printed media is just one channel for the

media consumption and therefore every channel should have its own purpose. Among the interviewees, there is a strong agreement that certain age groups and users are keeping the printed media alive in the future. Some of the interviewees also praise the interface of printed newspaper since it usually gathers wide range of quality journalism together (Kottila 2017; Ansamaa 2017). Regional newspapers and special media are more likely able to continue the print publishing a bit longer (Ukkola 2017; Ansamaa 2017). Ukkola (2017) believes that locality of the certain community or city area combined to the local news supports printed news publishing. She adds that the strong regional community is a vital incentive for the local advertising segment. These notions are matching with the study of Finnish media industry in sense that the media convergence is progressing slower in regional press. Major advertisers and locality are keeping the printed regional press alive until the digital development reach the next stage at regional press. Instead, the digital development and building sustainable business models in digital environment are being seen as a major challenge for the regional and local newspapers. (Lehtisaari et al. 2012) Even though there is relatively strong culture of regional newspaper, the locality in digital media is threatened by news aggregators and social media. Regional and local newspapers need to build a sustainable brand in order to sustain its position among the digital competitors. (Öunap 2017)

Reflecting to other Nordic countries, different views of the future of printed newspapers in Sweden are emerging in discussions, although the print still yields a major revenue for the newspapers. Mittmedia's assumption is that the profitability of the printed media - due to fixed costs - will be too low in 2020 that there are only a few readers that are willing to pay a price that covers the cost of the media. On the other hand, Norwegian media representatives also do not believe in the paper's death in the near future. However, there is a perception that, in a few years, there may be, for example, a decline in the number of appearances. As the emphasis on digital publishing has increased, the nature of the traditional printed newspaper has changed. For example, in Norwegian Dagbladet, the printed newspaper now includes more perspective content, columns, and putting news into the context. (Lehtisaari et al. 2016)

Printed newspaper is still having some value for the readers despite its diminishing role for the traditional media business. It is much about realizing the future role of printed media as a part of media business model. Kottila (2017) sees that in the future newspapers should offer background information and deeply explain the nature of current topics. The analytical side is often forgotten since people are facing a massive amount of short topics constantly.

Therefore, this should be seen as a great possibility for the printed newspaper, and media companies should utilize it in a right manner (Kottila 2017).

5.2 Traditional media business meets challenges

Traditionally, media business has been based on consumer sales and advertising money. Both of these income streams will surely remain, but the relationship between them will certainly change depending on the media house. However, it becomes challenging to convert the loss of print revenues to the digital media. (Ansamaa 2017) According to Öunap (2017), the current state of the media industry makes working particularly interesting. He considers the public is the core thing around which every media company should build their business. The readers should be given some reason to stay with a certain brand. He says that there should be an earning logic at each meeting point with the reader. Kottila (2017) also emphasizes the role of customer focus in future media planning. This is especially difficult for the media players of the previous generation who are used to being separated from the everyday lives of people. Today's business is about either listening to the customer or the vision of the company to test something new and then listen to the customer. However, there is an ongoing change in progress and people have a strong expectation of media content. (Kottila 2017)

For example, OP in Finland is a good example of how a traditional bank can expand its business beyond the traditional service. They were the first to brought the European DriveNow car sharing franchise business to Finland. (Lipiäinen 2017) How this relates to media business, is the fact that the companies should be able to react quickly when the traditional business model and core services are no longer sufficient in traditional industries. Kottila (2017), therefore, is calling for a more courageous and experiential culture for Finnish media companies. This chapter is about to distinguish between different elements regarding to future business model of media and publishing business. It, for example, highlights the pivotal role of consumer data as a determinant success factor for future media business as the data allows the development of various digital business models.

5.2.1 Disrupting Media and the Role of the Own Media

All the interviewees agree that the traditional media business is under a strong disruption. Öunap (2017) states that the media industry is converging and disrupting more strongly than every other industry today, and the convergence within media industry is stronger than

ever before. The ongoing media convergence is just escalating all the time. In addition, the development of the media business in Finland is lagging almost two years behind other Nordic countries. Even the largest media operators in Finland are considered to be a bit too clumsy under this change. Therefore, much more reactive and courageous attitude is needed across the media field. (Lipiäinen 2017) Kantola (2017) and Lipiäinen (2017) both are repeating the role of programmatic buying. In other Nordic countries even 75 percent of digital media spend is contributed through programmatic buying (Lipiäinen 2017). Despite the dramatic change of the media business the situation regarding to Maaseudun Tulevaisuus is slightly better since as a special and niche media they consider to having a preferable life cycle (Kantola 2017). Lipiäinen (2017) also recognizes the relatively stable situation of Maaseudun Tulevaisuus, but it is about to change when even more of digital behavior meets the company. Therefore, Kantola (2017) also sees digitalism as their major challenge when print revenues are declining even further.

Although, Ansamaa (2017) points out that the core function and role of media business will sustain its position despite the industry transformation. Media should be still seen as a provider of information and content for a certain audience, but for a smaller audience than before. On the other hand, the growing supply side of media will diminish the role of a single media company. Readers are in touch with several medias at the same time that make them less dependent from a single media. (Ansamaa 2017) Kottila (2017) continues that the traditional newspaper is not the only media for getting information. Nevertheless, most of the interviewees still realize the power of the readers and the audience. The bond with the readers is the strength of media companies, and their willingness of pay for the media consumption determines the reason why they choose one media instead of other media companies (Öunap 2017). This, on the other hand, refers to the fact that media companies should be able to offer some additional value for the readers after they have found their preferable media company (Öunap 2017).

Regarding to factors that are shaping the media industry, interviewees are considering digitalization and new technologies as the most concrete and strongest driver within media industry. The emergence of digital channels has enabled an appearance of new kind of media businesses (Ansamaa 2017). The digitalization has also increased the number of delivery channels and cost-efficiency (Ansamaa 2017). Digital channels also make everything real-time, and readers appreciate easiness and agile availability of information (Mehtonen 2017). According to Mehtonen (2017) digitalization has just met the break of dawn regarding to digital development. As Snellman (2011) states that the emergence of

internet and digital technologies have changed the way of media consumption. She points out that changes in consumer behavior will be determinant for the future direction of media markets. Kottila (2017) is also discussing about the flood of media content that shapes the consumer behavior and how online environment enables the real time communication around the clock. Despite the nature of background of interviewees, they all are agreeing that the digitalization combined to changed consumer behavior have the most intense influence to the industry transformation.

This change resulting from the digitalization is called a media fragmentation that shapes the media field and creates new behavior. The core issue is the fact that content can be consumed through several platforms and channels all the time. Therefore, everything should be build from a consumer's point of view. (Lipiäinen 2017) According to Ansamaa (2017) consumers are more influential since they have a possibility to decide how they consume media at the time. Since there are multiple channels for news and other media content, consumers' expectations are getting higher in digital environment (VKL 2013). Therefore, it means that media companies should be much more adaptive towards consumer needs. In this sense, Mehtonen (2017) is talking about humble attitude towards consumers, and he also addresses that in some point legislation should also listen consumers. Media companies should recognize those channels which consumers wants to use and then utilize that information in their offerings. Therefore, it is useless to offer the same content for each channel and for each consumer segment. (Ansamaa 2017) In the flood of media content, traditional news media should be able to pay to attention meaningful and current topics and use that as a curative power. In other words, traditional media have a possibility to be distinguished as an analytical story teller. (Kottila 2017) This changing consumer behavior will expose media companies to continuous business model reconsideration and industry monitoring.

When it comes to future threats of media industry, interviewees have an emphasis on relatively varied issues. However, almost all the interviewees are mentioning the increasing threat that is coming from global media giants such as Google and Facebook. Interviewees are discussing on massive resources and research and development capabilities of these global giants. Öunap (2017) points out that during the first quarter of 2017 only 11 percent of digital advertising was performed by the traditional media companies while the rest of belongs to Google and Facebook. In other words, the fragmentation of media industry has caused a situation where Finnish media market is also becoming global. (Lipiäinen 2017) Therefore, the emergence of international players such as Google and Facebook will be

mixing up the Finnish economy in general. For example, this relates to the fact that Finnish retail sector is using international media companies for their advertising instead of Finnish media companies. (Mehtonen 2017) In fact, people can be a media since they are able to gather a massive amount of audience (Lipiäinen 2017). And even the question like 'what is the media?' is causing a rather fundamental problem for media business (Mehtonen 2017). Therefore, Lipiäinen (2017) is wondering what is the role of the traditional media in this.

As a consequence, the polarization and fragmentation of Finnish media industry is decreasing the dependency from a single media company (Mehtonen 2017). Even the disposable time of consumers is fragmenting. The question is how to get your message through in this flood of information. (Lipiäinen 2017) Mehtonen (2017) continues that the only thing that matters is that advertisers meet their potential customers at the right time with the right message while the context and place is becoming irrelevant for the advertisers. This although, sounds relatively exaggerated because the context and placement matter in advertising even though there is a clear trend towards cheaper options in media markets (Kantola 2017). If the significance of quality media diminishes at Finnish media markets, advertising revenues of each media will be shrinking that is an inevitable future threat for the traditional media business (Mehtonen 2017). These empirical findings strengthen and define the situation of media markets. Previous literature also proved how vital success factor the advertising market will be in the future when polarization truly hits the industry. The expansion of competition is one of the main themes of this study and therefore it is repeated many times in this study.

Digitalization has come with an unexpected impact on media industry that was clearly seen by everybody. For a long time, media companies were believing that they could manage the industry change with their existing business models until they woke up to a reality. (Kantola 2017) Something has to be done. Large media companies do not turn quickly their strategies. Much of debate about what should be done is going on across the Finnish media houses, but even more agility and risk avoidance is still needed by Finnish media companies. (Lipiäinen 2017) Most likely, in the long run, media business models are characterized by the digital earnings (Mehtonen 2017), and especially data-driven business models are emphasized by the majority (Lipiäinen 2017). Mehtonen (2017) considers that when generations are changing also in policy-makers, the traditional media will be challenged even further. In terms of agriculture, media advertising and audiences are declining that means media companies like Maaseudun Tulevaisuus should enhance their operations regarding to advertising outside the agriculture and forestry business by moving

on to an competitor's territory of traditional newspapers and global operators (Kantola 2017). Therefore, the most important thing is to focus on one's own business (Lipiäinen 2017).

As Pietilä (2016) states, the need for knowledge and entertainment has remained the same, but the way to satisfy those needs has changed substantially and irreversibly. Since almost everything is driven by the consumer behavior, media companies should constantly understand consumer choices and motives of behavior (Lipiäinen 2017). This change of consumer behavior is still affecting a bit slower from the point of view of Maaseudun Tulevaisuus (Kantola 2017). On the other hand, consumer behavior might often be overestimated still at some points and, in turn, the influence of a life situation is underestimated (Kottila 2017). Kottila (2017) means that there are many factors like family, time and values that are changing at certain stages of life and age. It is comforting that even younger consumers are willing to pay for online content, as is the case with, for example, the success of Spotify and Netflix (Lehtisaari et al., 2016). Ansamaa (2017) also sees similar signs of consumers' online behavior.

Some of the interviews are still talking about possibilities of some counteractions that might emerge in the future. But what would be the possibility of that kind of a kickback since the development of technology is progressing all the time. Already this range of interviews varies opinions about the future success of traditional media companies. Certain themes such as disruption of traditional media business, digitalization and role of consumer data gather agreement among the interviewees. But the future of printed media and paywalls are still concepts of disagreement. It is obvious that the background of the interviewees can be seen from the following results.

5.2.2 Media business in Finland and Nordic countries

This chapter provides an overview of the business, development and operating environment of the Norwegian, Swedish and Danish newspapers and the changes that have taken place in recent years in the Nordic countries. At the turn of the millennium, the press was still the most important source of news in the Nordic countries for the audience and for advertisers as well. Since then, there has been a lot of happening in the newspapers' operating environment. As a result of digital transformation and online media growth, advertising in traditional media such as newspapers has declined sharply, and a strong growth in online media advertising has characterized the post millennium in all Nordic countries. (Lehtisaari

et al. 2016) The following perceptions of the Nordic colleagues are based on the recent research conducted by Katja Lehtisaari, Mikko Grönlund, Mikko Villi and Carl-Gustav Lindén.

The Danish newspaper market is clearly different from the other Nordic countries because Denmark is much smaller in size. In addition, In Denmark, however, the number of paid newspapers is low compared to other Nordic countries, but the number of free newspapers is relatively high. The Norwegian and Swedish newspapers are characterized by a strong regional and local press. Norwegian media market is pretty similar to other Nordic countries, especially Sweden. Particularly, there are many local and regional newspapers in the Norway, while the media and news are used largely, reflecting the overall wear trend in media consumption.

The change in the media's global operating environment has also had an impact on the structure of the national media markets. National and even local media have to compete with global and often non-traditional media companies such as Google and Facebook. For example, as a part of the development of Schibsted's new products, they have the startup center called Schibsted Growth Media. It consists of 20 companies to which Schibsted invests and then gets the accumulated expertise for the Schibsted Group. And what comes to automatic news production, Dagens Nyheter in Sweden believes that certain types of news, mainly sports news and finance news, can be automated, but this type of model mainly replaces the content produced by news agencies. Mittmedia, in turn, has determinedly invested to have automatic news coverage in the near future to partly replace journalists' work. Schibsted is also building its own platform for advertising, customer data, and content in order to challenge Facebook and Google. In developing your own platform, Schibsted is succeed in the use of location information (geolocation), and different kind of user profiles are being developed to identify, for example, the gender and age of users. (Lehtisaari et al. 2016) Media companies are striving for clear business model reconsideration to meet the demands of the new business environment and competition.

There is a lot of development in digital advertising in Norway. For example, in Aller, experiences of content marketing are promising. In addition, the Swedish Mittmedia has developed a do it yourself tool called Reacher for advertisers based on user's geo location and behavioral data. The idea is that an advertiser can find a proper and suitable customer group from twenty alternatives. Finally, the purpose is to provide an alternative to Facebook and Google, which also have advertising tools for small and medium-sized enterprises. On

the other hand, the Nordic media representatives are very much agreeing that users should pay for the digital content provided by news media. Some of the media outlets were happy about how well the digital content was initiated. Both national and local newspapers in Norway have tried different type of digital pricing models. For example, Schibsted says that the price of so-called premium content is now higher than ever. However, the consumer behavior is difficult to forecast. (Lehtisaari et al. 2016) This theme of paid content and paywall is raising very much debate also in the empirical study of Finnish media markets. The difficulty of forecasting also concerns the development of the digital advertising market. Even though the peak of development relates to digital media, newspapers are still living largely from the revenues of printed products. In the advertising market, Google has been very successful and, moreover, the digital competition is increasingly becoming more international. (Lehtisaari et al. 2016)

The lack of a good business model in the new digital business environment is basically a challenge for all the newspaper operators. Revenue from digital operations - despite the rising number of readers - are growing too slowly, in order to compensate the decline in printed product revenue side. Printed products continue to yield most of the revenue, but digital revenues are expected to rise somewhat over the next five years. However, many believe that subscription and advertising revenue will not be enough to maintain the media business in the future, but a new kind of business models are definitely needed. In summary, a key concern in Swedish media companies relates to media companies' balance sheet and equity, since the ability to withstand losses, as investments in the next few years will be large, while cutting costs and abjuring operations is necessary. The other major challenge for Swedish newspapers is the same as in other Nordic countries: it is necessary to reduce old operations and at the same time to develop a new business models.

In Finland, key players in the media sector are Sanoma Corporation and Alma Media. Both are large media groups that currently focus on digital publishing and services. In addition, Sanoma Corporation produces content on many channels such as TV, radio and traditional news content in print and digital. (Sanoma Oyj 2017; Alma Media 2017) From the national perspective, YLE is the second largest media in Finland, even though it is a public tax-based media organization YLE is operating under market conditions and competition. Other commercial media organizations consider YLE as a significant competitor in terms of content and news production since YLE is offering its offering for free. (Clark 2002; Seppänen & Väliaverronen 2012) YLE is a major challenge for other media companies in

Finland, since it is operating with an about 500 M€ budget per year and producing quality content for free (Kantola 2017).

The traditional role of newspapers in Finland is changing because newspapers such as Helsingin Sanomat is losing their monopoly position in Helsinki due to new entrants (Mehtonen 2017). Traditionally in Finland, the competition within media industry is characterized by national competitors (Kottila 2017). Even the Finnish language has seen as a protective factor for the media business. The disruption in competition is extreme and boundaries are fragmenting at media markets. (Öunap 2017) Therefore, media companies outside the traditional newspaper and publishing business such as Fonecta are creating a new kind of competitive threat in terms of advertising markets. Today, Fonecta, for example, is fully digitalized media company to offering digital sales and marketing solutions for B2B companies (Fonecta 2017). The ultimate threat lies in the fact that Finnish media companies are seeing each other as only competitors, even though the most alarming threat is coming from international players (Kottila 2017). Google and Facebook have growth extremely large operators in terms of media business. In other words, they have changed the whole ecosystem of media business. (Kantola 2017) Therefore, by considering the market share between national operators, media companies will ruin their businesses (Kottila 2017).

Öunap (2017) states that the most serious issue is that Google and Facebook do not produce any content by themselves. It is the converging factor in the media business today that traditional media companies do not gather advertising revenues even though they still are producers of all news and other content. In Finland, statistics of digital advertising spend show that Sanoma Corporation and Alma Media are still slightly ahead of Google and Facebook. This changing competition is becoming a paradox in media business. Traditionally strong boundaries have characterized the competition. For example, Aamulehti in Tampere have battling against other local newspapers but today, Google and Facebook have entered to same markets. Nevertheless, they should be called frenemies, since they are taking revenues and content but at the same time they are bringing audience and advertisers for newspapers that, in turn, allows to widen one's target group and business in general. (Öunap 2017)

5.3 Readers a still a vital source of revenue

In the future, the audience is still an important source of revenue for the media business. This chapter studies how the Finnish media companies serve the most important target

group of the media - the audience. On the other hand, it is also important to study how strongly media content will become fragmented, and what will become key channels.

5.3.1 Multiplatform publishing and service modeling

The printed media is still offering value for certain target groups for some time. But in order to serve both new and older generations, media companies should adapt distinct strategies for both target groups. (Lipiäinen 2017) Therefore, media companies can be seen to change their strategies towards a multi-channel publishing, as the public has to be served across multiple channels around the clock. This means that the relationship between print and digital media has to turn slowly towards digital production, as the future of print is based on a very limited target group and locality (Ukkola 2017, Kantola 2017, Ansamaa 2017). Many of the interviewees also stress that the future media is rather a comprehensive service that is listening to and serving the audience at every turn. These findings are very strongly in line with the previous research. Since the sale of media content alone has almost come to an end, media companies in Finland should also consider the service business. Therefore, media companies should be able to sell the service around the basic service. For example, Fonecta has interesting projects related to, for example, leasing the marketing manager or offering entrepreneur packages. Consequently, earnings will become more diversified and the number of revenue streams will increase in the future. (Kottila 2017)

The role of service business in future media buses will be crucial. News content is always available online but the largest audience is still in the newspapers and publishing companies. Whilst the media company has a high-quality service business while having large audiences ready, the audience will enjoy the media also in the future. This means that the media company needs to share less content elsewhere. But it is never going to happen that one media company would not have to share traffic elsewhere. Therefore, newspapers and media companies should constantly develop their businesses towards service modeling. This requires building an additional value for readers after they have found and established connection between the media. Actually all the media companies should build revenue models to every step they meet the customer. For example, in Alma media, the original business has widened to multiple services outside the journalistic content that is the core function of every media company. They, for example, have services such as Etuovi and Vuokraovi for housing business and even these services have been extended to insurance selling and cleaning services. The ultimate goal is build a path for customers after they have stepped in to an original service. (Öunap 2017) The consumer purchase process

will be shortened considerably if he or she is able to make the purchase within the media. (Ansamaa 2017) The extra service business will certainly engage the reader more and more in the media company. Therefore, all services such as Oikotie are good and thus reasonably involved in the overall business. (Ukkola 2017)

Obviously, the media business is moving towards a multi-channel approach. For example, Sanoma Corporation tries to bundle radio, television, traditional print paper, and finally tries to drive consumer traffic from one media to another. (Mehtonen 2017) Consequently, in the future, media companies are more than just news media, merely considering the added value for the advertisers (Ukkola 2017). Nevertheless, to make a service business profitable business is a different matter. Traditionally, putting advertisements into the newspapers has been a profitable business, but when it comes to service business, the margins are considerably smaller. And not all the service business is scalable as well. Unless it is a digital service. The future challenge for media companies is to get the same revenue with new means, but at the same time, new skills and organizational development are needed. (Kottila 2017) The use of different platforms also involves the question of how the media company could better understand what kind of content is attracting people directly to their own pages and which materials would be best to feed through social media. (Lehtisaari et al. 2016)

There are also varying thoughts about the media content comparing digital news and content production versus printed production. Usually printed product are considered to be more conservative and somehow boring than digital content production since people are often looking for more entertaining and lighter content when browsing online (Kantola 2017). On the other hand, Mehtonen (2017) considers that there does not exist even a big difference in content production. The most concrete changes, instead, concern business models and pressures to form round-the-clock offices to monitoring the world (Mehtonen 2017). Therefore, many media companies are considering alternative ways to increase the time that audience is spending with the media (Kantola 2017). But when it comes to content, the most decisive factor is that who is able to produce the most relevant content for group of certain interests and context (Mehtonen 2017).

Multichannel media consumption is a consequence of the media convergence mainly affected by digitalization. The fragmentation of media content and channels is highlighted in both the theoretical part and the empirical study. In the theoretical part, it was stated that the traditional two-sided revenue model of media business needs to be further developed

in the digital environment. Mehtonen (2017) was also discussing in the empirical findings that newspapers and other media companies should be developing their revenue models when those two traditional pillar are being cut down in order to survive in the digital environment. The monetization of the content is becoming a major challenge for media companies, but according to empirical research there is still some potential to implement a sustainable paywall for content production.

5.3.2 Paywall Strategies

Free content usually characterizes digital media that has placed challenges for media companies around the developed world. Throughout the literature review the paid online content is considered as one of the main concerns for digital media business. Ananny and Bighash (2016) refer to previous studies that usually paywalls, however, generated only a fraction of the industry revenue, estimated to be about 1 percent in within US media markets and a maximum of 10 percent internationally. On the one hand, free content itself does not cover the losses due to the decline of print newspapers (Snellman 2011). At the same time, Finnish media companies are enjoying relatively exceptional trustworthiness of the readers (Reunanen 2016) that can be seen potential when implementing paid models for the content. From the very beginning of the internet, the lack of any kind of digital charging systems has slowed down the emergence of paywalls. In addition, anyone can produce content in the digital environment that makes the news and digital content monetization difficult under the culture of free content. Therefore, today majority of media business models are advertising based, and especially Google and Facebook are fully based on advertising revenues. (Kottila 2017) Kantola (2017) is also mentioning the challenge of a free content especially in digital context. Although, the issues around the paywalls will be one of the main threats in the future.

Different paywall strategies have caused lot of debate throughout the developed and digitalized media landscape. The same trend also characterizes the interviews that can be seen from following quotes.

” There won’t be such a thing as paywall. It won’t work. Once you have quality content and audience, all you need is to commercialize that audience. Why would you need a paywall when you can earn much more without paywall by selling consumer data?” (Lipiäinen 2017)

"I don't want to be unconditional, but I won't see possibilities with paywalls. What does have that great value of putting it behind a paywall. – An there are always alternative channels to get the almost same information for free." (Mehtonen 2017)

"It is a good thing when implemented correctly. You can't share all the content for free, but it is difficult since people have used to have free content in internet. Especially the younger generation is a challenge. And would it be metered or hard paywall. - - The content must be quality and offer some additional value for the reader." (Ukkola 2017)

Ansamaa (2017) points out that it becomes vital in Finnish media companies to find digital channels and produce quality content via them that can be charged correctly. He also emphasizes that the main challenge regarding to this refers to attitudes towards paid content in digital and online environment. Especially interviewees outside the traditional media sector are skeptical about the paywalls. Lipiäinen (2017) stresses that no paywall is needed as long as a media company is able to commercialize its audience by itself or through cooperation. Mehtonen (2017) is also strongly questioning the future of paywalls, since almost the same free content is always available across the internet. Nevertheless, the vast majority of media companies as content providers believe that high-quality content can be charged as long as the paywall is correctly build up. In this case, the aim would be to distinguish unbiased quality journalism from all available content. The development and testing of paywalls relates also to the fact that media companies have to come up with smaller revenue streams in order to replace the decline of two traditionally significant income streams (revenue from content and advertising).

In the big picture, paywalls can be divided into hard and metered paywalls. In Finland, Helsingin Sanomat and Kauppalehti are currently relying on a metered model, which is also being introduced in the fall by Maaseudun Tulevaisuus (Kantola 2017). There are many variations in paywalls, but many media companies are investigating where the limit of irritation goes regarding to willingness to pay. Therefore, it is related to the point at which stage it is worth placing the paywall in front of a reader. (Ansamaa 2017) When implemented, the paywall should be really effortless for the customer and in the future it will probably be possible to implement it through the use of artificial intelligence (Öunap 2017). In addition, paywalls might be complemented with various micropayments of exclusive content with the aim of further deepening the customer's experience (Kottila 2017). A good paywall can also be to give a shortcut to the certain article through the advertiser in that way it does not annoy the consumer. For example, it might be an article sponsored by the

advertiser or, in turn, paywall can also be configured so that the reader must have an ad-blocker turned off. At Forbes readers must at first whitelist the page in order to access the actual page. (Ansamaa 2017) Therefore, the extremely great customer knowledge is needed in order to configure a justified paywall.

However, the interviewees' general opinion about paywalls is currently very tense since one clearly applicable paywall in the media business has not yet been found. Various experiments by incumbents internationally and a wide range of different kind of paywalls indicate the turbulence that the whole media business is suffering from. For example, in 2014, the Boston Globe implemented a metered paywall in order to find out the optimal balance between a free ad-supported business model and a premium consumer-paid model. The Boston Globe spokeswoman said he strongly believes in experiments. (Lichterman 2016) Ananny and Bighash (2016) have examined various US newspapers that have dropped the paywall temporarily or permanently to test, for example, to learn how and why to configure the walls of the payment in a way that corresponds to the organization's mission, strategic plans and the dynamics of the audience. On the other hand, the media representatives in Norway are strongly agreeing the need for users to pay for the digital content provided by news media. Among the Norwegian interviewees, there is a view that advertising revenues are steeply declining in the future. Therefore, developing the pricing models for the digital content is necessary. (Lehtisaari et al. 2016) Since the whole media business is still looking for a new position in the digital transition, according to the interviewees, there will certainly be a variety of changes and variations in terms of paywalls.

5.4 Advertising models change their nature

Advertising, the another key pillar of the media business is changing heavily due to constant changes in consumer behavior. This chapter focuses on how traditional media advertising, such as display advertising, gets along with new forms of advertising. This will force media companies to change the existing business models, and at the same time to adapt to the change in the media industry. As the empirical study shows, winners are those who are able to serve all target groups comprehensively. The chapter first discusses about new and emerging trends in the media industry and then moves on to the discussion of key drivers of the future media business. More precisely, the empirical research shows how strongly consumer data is enabling and driving several operations regarding to media business.

5.4.1 New technologies and current trends in media business

As Pietilä (2016) states, the transformation of media industry is changing traditional marketing and sales. Maybe the most vital pillar of media, the advertising, is getting new faces in the digital environment. The following figure is adapted from the media study produced by Dagmar Oy. It represents the most relevant trends regarding to media marketing. There are multiple issues such as programmatic buying, data, targeting, multichannel, and interactivity that are all repeated many times by the interviewees. The nature of media advertising will change and in digital advertising revenue streams will break down into smaller parts. Digital advertising today emphasizes interactivity and precise targeting of advertising content to just the right audience. And in addition, since the advertising is a key determinant for media business, media companies should also widen their palette of advertising models (Kottila 2017). Traditional advertising is no longer enough, but rather it needs to be more in-depth. The digitalization of the media and the flood of information are causing advertisers challenges to become recognized with their own message. And the market share can no longer be considered solely between Finnish media operators. (Kottila 2017)

The interactivity and effectiveness of advertising can be strengthened by a varied range of rich media advertising. Functional rich media campaigns can utilize mobile phone features such as the camera, GPS location, shaking, swiping and video. The average engagement rate of mobile-rich media campaigns is more than six times higher than that of static material. (Alma 2017c) Especially, the mobile environment and the different forms of content marketing are increasing their popularity. The increase in popularity of mobile and content marketing is partly due to the decline of traditional display advertising. Advertisers want to make more effective advertising and guide consumers towards their own media. Therefore, video and various rich media elements will change the traditional story narrative. (Öunap 2017) Much of the online readers in the Nordic newspapers still accept advertising on the sites they follow, but ad blocking is spreading quickly (Lehtisaari et al. 2016). The popularity of ad blockers has also increased the different forms of content marketing and native advertising since ad blockers do not usually reach inside the frames (Kantola 2017).

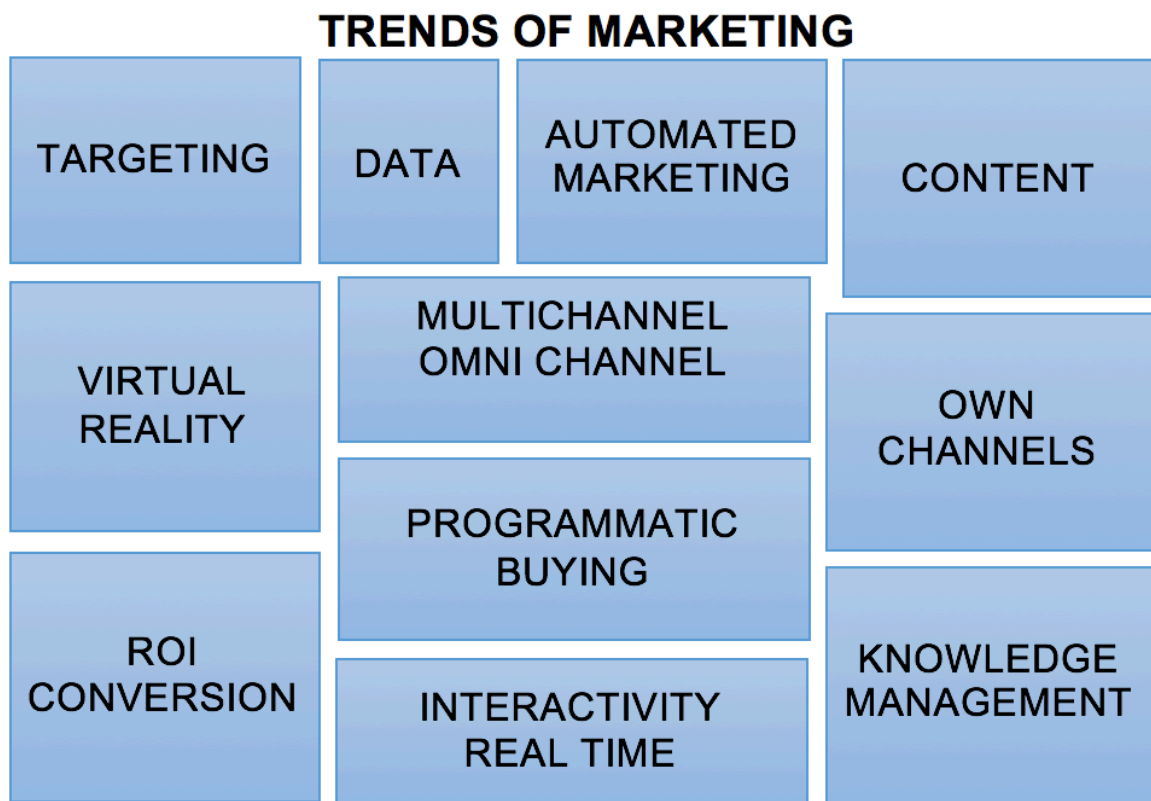


Figure 6. Trends of media marketing and advertising (Dagmar Oy 2017).

The role of artificial intelligence in the future media business was raised in almost every interview. For example, various smart devices and smart packages using an artificial intelligence are going to be a major data provider. When artificial intelligence is used in devices and packaging, it enables building a profile of each consumer that, in turn, can be further commercialized. (Mehtonen 2017) Also according to Lipiäinen (2017), most of the innovations in the media sector will be related to an artificial intelligence. As Kantola (2017) cites Finnish economist Bengt Holmström, Finnish education and research should focus primarily on artificial intelligence. However, the artificial intelligence is still cautious issue as its true breakthrough in the media sector is still to be expected.

“What can be automated will be automated. And the artificial intelligence will explode to take on the role. According to Gardner’s research, by the year 2022, 13 million B2B sellers of the 119 million in the US market will lose their jobs.” (Öunap 2017)

“We are going to see that the artificial intelligence spreads everywhere. -- Smart devices and smart packaging will be an extremely large data provider. They create a profile of you that can be commercialized.” (Mehtonen 2017)

“Then it becomes even more interesting when you start talking about artificial intelligence.

What it means from the point of view of media and advertising is not yet known. --

Innovations in the media industry in the future are all related to artificial intelligence, and they come with a rush” (Lipiäinen 2017)

And what comes to programmatic buying, media companies should consider how to make the purchase as easy as possible for the buyers (Kottila 2017). According to Lipiäinen (2017), in the other Nordic countries, 75 percent of media spend is already contributed through programmatic buying systems media independently. Programmatic buying is a form of an automated online advertising that utilizes systems for buying advertising. The systems provide tools for real-time purchasing, targeting and optimization of all kinds of online visibility (display, mobile, video). At best, programmatic buying allows the use of real-time consumer data to be utilized for precisely targeted advertising. (IAB Finland 2017b) Programmatic buying provides advertisers opportunities, for example, to use their own data and bundle it to an advertising campaign without using the media company's data (Ansamaa 2017). Additionally, the advertiser can buy the advertising space from wherever they want independently and still through the RTB (real time bidding) at the best possible price. Here, too, it will be that the data starts to drive programmatic buying, depending on where to best reach the consumer at the time. (Lipiäinen 2017) With the data and powerful tools, the consumer can be identified through different meeting points and the message tailored to suit every situation (IAB Finland 2017b).

Ansamaa (2017) confirms that the role of mobile advertising will grow definitely in the future. However, mobile advertising poses challenges as mobile display is considerably smaller than the traditional desktop. Also, the Norwegians will experience a small mobile device screen a challenge (Lehtisaari et al. 2016). Therefore, Ansamaa (2017) discusses the challenges arising from the mobile earnings, because each channel should be profitable and valuable. In mobile products and services, media companies must also decide whether they are trying to develop their own application or use applications developed by others (Lehtisaari et al. 2016).

5.4.2 Data driven business models is the future

Media industry has come to a point where there exist multiple business models. But the merging factor in the media industry will be the utilization and commercialization of consumer data. Ansamaa (2017) confirms that it is by far the most important thing in the

media industry. Everyone are collecting consumer data that companies attempt to identify for different purposes. With consumer data, the better quality advertising and service modeling can be produced by the different operators within media industry. Therefore, readers can experience much better and personalized media content and advertising. Since the consumer data will be one of the key drivers for the media business, operators will need more and even better identified data. (Ansamaa 2017) According to the interviews, many media companies in Finland are very conscious with the utilization of the consumer data but still international operators are still a way ahead of Finnish operators. Aller is a good example of commercialization of data in Finland. They are the first to open up their user data for sale to everyone, and it is a new business for media companies. (Kantola 2017; Lipiäinen 2017)

Data business will become a key part of targeting and selling advertising. The data allows marketing messages to be better delivered to the right people at the right time in the messenger. It is particularly important to understand that people are in different segments simultaneously. In other words, advertising starts from understanding the audience, after which companies can make the correct media channel choices and customize the content accordingly. (Lipiäinen 2017) According to the interviewees, data business will increase the transparency and cooperation among media companies. Not every media company or advertiser is able to collect enough high-quality and valuable data by themselves. For example, the role of companies such as Insight360 will grow in the future. Insight360 makes different kind of segments that can be attached to the data of media companies. Then, the data can be sold forward with the revenue sharing model and eventually the advertiser will receive properly targeted data for advertising (Lipiäinen 2017).

Traditionally, it is thought that selling a data is something out of the business itself. Although as a matter of fact, media companies should only create the means to sell data. Additionally, media companies should learn to identify their readers more accurately so that data can be charged for a higher price. (Kantola 2017) The quality and significance of consumer data will increase even further. Ansamaa (2017) considers that the possibilities of consumer data are almost limitless in the media industry, and all the potential has not yet been discovered. However, in some cases the processing of data is going too far, when aiming to reach very niche target groups (Ansamaa 2017). Öunap (2017) also states that the problem is when the data is to be used as a tool for specialization, so it often goes too far. When utilizing consumer data, much emphasis should be placed on identifying the consumer's life cycle and hence targeting the service or advertising in the right place according to that data.

(Ansamaa 2017) For example, the Financial Times has a chief data officer on the board of directors, which address how important the customer and data-focused approach is in today's media business (Davies 2016). Similarly, Lipiäinen (2017) doubts that in many Finnish media companies' data units are still back office operations.

Data is wanted, data is enriched by media companies and other players, but above all media companies are having unique and valuable data. For example, visitors to Aamulehti's online site offer more information of people living in Tampere region than any other site. This represents the strategy of Alma Media having many services, in order to gather a lot of information from their readers. (Öunap 2017) Especially, the more and the more complex consumer data - the media company is able to collect - is highlighted in the commercialization of the data business. Although, there are still some challenges regarding to data business. The new data protection law coming next year is also posing challenges for media companies since it should be more consumer-protective and can lead to penalty payments in case of misuse (Öunap 2017).

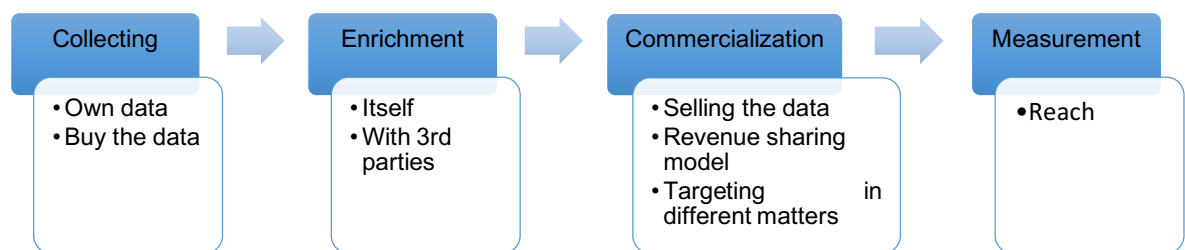


Figure 7 Process of data utilization (adapted from interviews)

The figure (Figure 7.) above summarizes the process of data utilization as a part of future business model of media and publishing business. By properly utilizing the consumer data, media companies are able to strengthen their different operations and create new business opportunities. Naturally, it starts by collecting the data properly by various means. Lipiäinen (2017) highlights the importance of enriching data as it makes data much more valuable. In addition to the traffic information, values, attitudes, media usage, or brand preferences can be added to a specific segment. In addition, measurability of data-based advertising campaigns is completely possible in an online environment. (Lipiäinen 2017) Almost all the interviewees recognize the value that data could for the media business. The value creation in media sales will increasingly happen through the valid contact with consumer. Therefore, the role of media companies is to change consumer interests and preferences valuable,

and at the same time to be sure of contact's preferences. (Mehtonen 2017) Finally, this process of data utilization should be implemented by respecting the consumer privacy. While media companies need to better understand their audience, consumer are willing to have a better privacy and do not want media companies to observe everything they are doing online (Lehtisaari et al.2016). In utilization of the data wheat from the chaff will be separated when the media company is able to justify the disclosure of the data for the consumers (Lipiäinen 2017).

5.4.3 Collaborative models are inevitable

According to interviews, the recognition of some sort of cooperation of media companies is almost inevitable. There are already some advertising networks in Finland, where certain media companies are working together. But these networks are implemented as a guaranteed network so that advertisers get certain guaranteed displays. But what comes to revenue streams of the data driven advertising sales, it poses some challenges for the traditional advertising sales. These different forms of cooperation in advertising sales show how the media spend is divided among different operators. Traditionally, media companies have captured the entire advertising revenue for themselves, but nowadays some of that same revenue goes to several intermediaries such as data processors or programmatic buying systems. (Lipiäinen 2017) Kottila (2017) is also wondering why there is a little cooperation of Finnish publishers against global giants in order to make digital buying very easy for advertisers, especially for smaller companies and entrepreneurs. Öunap (2017) and Mehtonen (2017) are discussing about alliances that relate to data exchange between different operator in terms of both media companies and other companies.

“ I would like to see more cooperation between media companies in Finland as currently too much money is flowing to overseas.” (Kottila 2017)

“Data alliances, data exchange and data pools. But outside media companies there are multiple interesting opportunities. I have been wondering how to generate earnings from those.” (Mehtonen 2017)

“Cooperation among local newspapers is almost inevitable.” (Öunap 2017)

Various models of cooperation of media companies are also essentially related to the revenue models. On the earnings side, co-operation often means different revenue sharing

models. For example, when enriching data, a data operator usually takes its own share of the enriched and targeted data (Lipiäinen 2017). The research of Lehtisaari et al. (2016) is also discussing about cooperation with technological giants such as Google and Facebook, as their ability to utilize user data in addition to technological and financial resources is supreme. While Schibsted is securely developing an own platform as a counter attack to the international technology giants, it has also highlighted a proposal for closer cooperation between media companies. Aller, on the other hand, wants to try out cooperation with Google and Facebook in support of their own solutions. (Lehtisaari et al. 2016) However, these findings from both empirical research and previous media studies show that there will be required at least some kind of cooperation. In other words, if the required knowledge is not found by the media company itself, it is quite understandable to apply for help elsewhere. According to the views expressed in the research by Lehtisaari et al. (2016), future media companies must be part of a larger ecosystem that helps others to grow and share revenues.

5.4.4 The future media business model

The foundation of the media business is still based on the same principles as during the era printed newspaper. The customer is at the center of everything. Therefore, the first principle is to identify the customer. Media companies must be extremely interested in their customers' actions and then collect the data accordingly. Only in this way will customer knowledge grow even faster compared to those lazier competitors. Thus, media companies are able to serve customers even better and thereby finally earn their trust. (Hämäläinen 2016) As can be seen from interviews and recent media studies, the role of data is a particularly important part of future media business. In other words, data will create a completely new business and refresh the traditional business to serve the consumer even better. The number of channels will increase, so the content supply will be fragmented around the internet. Therefore, media companies need to identify an important audience for the company and tailor the content accordingly. The major change in advertising relates to the increase in targeted and customized advertising. All this requires data.

Most likely, the future media business model will consist of several different dimensions in terms of both revenue streams and channels. Nevertheless, future scenarios still emphasize that the traditional print subscription model is most likely complemented with all of these smaller streams of digital subscriptions and other kind of micropayments. (Lehtisaari et al. 2012) This is true as all the interviewees see some kind of role print media

will be having in the future media business. Already, all the major newspapers in Finland are generating a significant share of revenue from digital services. (Lehtisaari et al. 2012) These different revenue streams will be determining the mixed approach for future business model of newspapers. The figure below is adapted from the media business literature and the empirical results with a strong emphasis on digital elements of the newspapers. Scholars and interviewees have recognized and categorized different type of revenue models in terms of subscriptions and advertising. In addition, this mixture of business model elements will spread outside traditional industry boundaries. (Lehtisaari et al. 2012; Picard 2014a, 2010; Berman et al. 2013; Hayes & Graybeal 2011; Lindqvist et al. 2010; Casero-Ripollés & Izquierdo-Castillo 2013; Argillander & Muikku 2013)

As stated earlier in this study, media companies should widen their interests outside revenue models regarding to business model innovations. Giesen et al. (2009) classifies business model innovation into three sections: revenue model innovation, industry model innovation, enterprise model innovation. According to empirical study, media companies in Finland are facing the changes in the industry characteristics. Enterprise model innovation is the most prominent type of innovation model in this context – considering the fact that the whole operating level of media companies needs reconsideration – as Giesen et al. (2009) states. Changing only the nature of revenue models will not guarantee as sustainable advantages as enterprise model innovation. In this context, it is particularly important to emphasize the increased transparency of media business highlighted by several interviewees. Consequently, traditional publishing companies and media companies in Finland are gradually transferring their operations to the digital environment.

The media business seems likely to be very different in 10-15 years from what it is now, still maintaining its basic function. The figure below (Figure 9) gathers all the viable business model elements from existing literature and empirical results around the newspaper and media business. It is important to note that both traditional income streams of the media, advertising and revenues from content, are changing their character. For example, the paywall is still searching and will continue to search the right model to implement appropriately. In addition, print and digital subscriptions will be supplemented with various micropayments. Advertising is also posing challenges for Finnish media companies, as the global technology giants such as Google and Facebook are slowly captivating the domestic advertising market. Mobile marketing, content marketing, and programmatic buying are the most repeated themes in the empirical research. The circle in the middle of the figure (Figure 9) gathers the rising trends regarding to media business. Considering the business

model theory, revenue models are changing remarkably and at the same time media business in Finland is asking for cooperation and strong customer relationships in order to survive in the turbulent industry. Finally, the value proposition of media companies is largely driven by consumer data in different matters. Compared to the situation of the media industry a few years back, the media industry has become much more complex environment. Business models are changing and traditional boundaries are fragmenting.

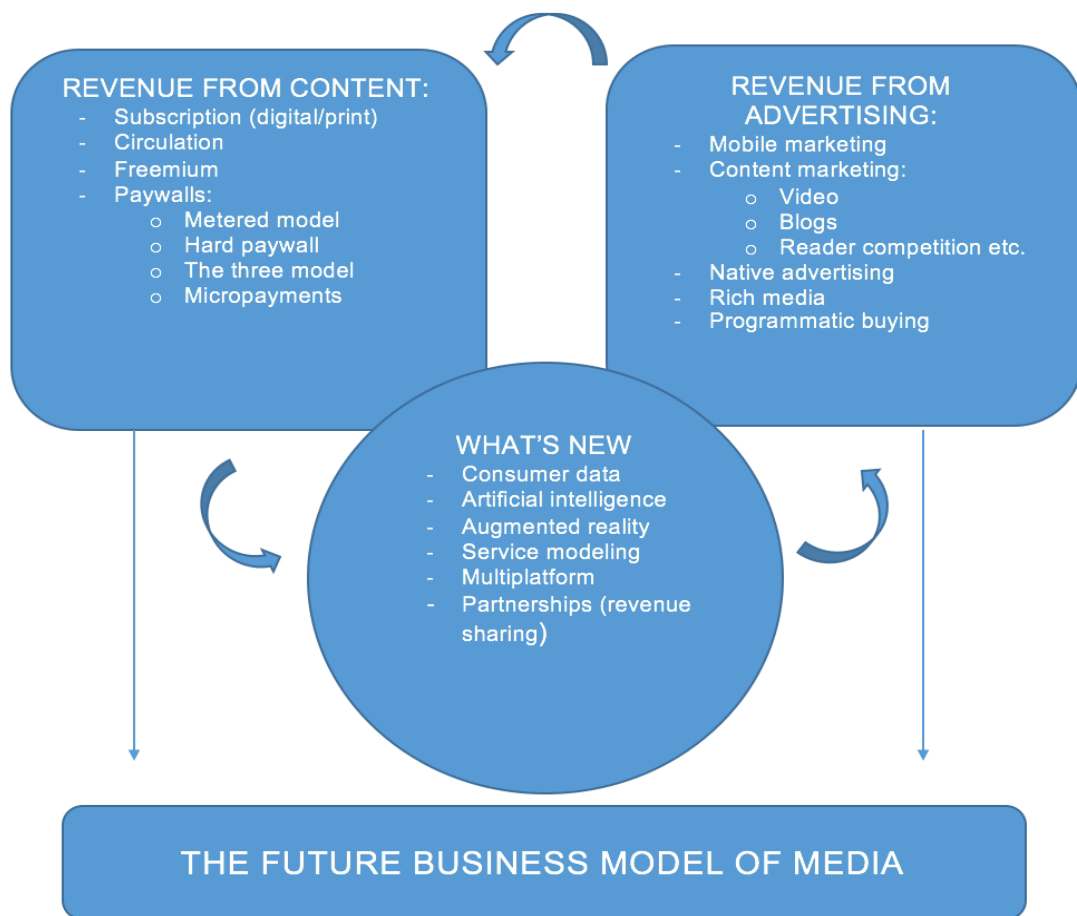


Figure 8. The future business model of media.

6 Conclusions

The initial purpose of the final chapter is to summarize the results of empirical research and to answer the set research questions. More synthesis is tried to create in order to gain comprehensive understanding in terms of media business today. Summarized results are continued with the managerial contributions and theoretical implications. Finally, limitations of the study should be identified and address the direction for further research.

6.1 Summarized results and conclusions

The aim of this study is to outline the direction in which the media business is developing in the future, especially in terms of business models. At the same time, the researcher is trying to create a picture of today's media business environment, and describe the media disruption from the point of view of traditional media companies in Finland. This study truly reveals the transition towards digital and data driven strategies. These results are based on the empirical research of Finnish media companies. In addition, the development in the other Nordic countries show the future direction for the Finnish media business. This chapter is classified according to the research questions. First, the sub-questions are leading towards and contributing the main research question by analyzing the changes in the media business environment and asking what kind of actions are required from media companies. Lastly, the main research question tries to match what is likely to be the future business model of the future.

6.1.1 RQ1: How is news and media industry changing and what kind of factors are shaping the industry, and how this change the elements of newspaper business model?

The media sector is indeed experiencing challenging but interesting times. The disruption and the collapse of traditional business models are inevitable, and it is said to be bigger than what the media industry has ever seen. In addition, Finnish media operators are behind the international incumbents of the media for a couple of years, that definitely highlights the effects of the digital transition. Consequently, traditional media business is in the front of permanent changes, as old media business models no longer work due to digital transformation. Firstly, the disruption of media causes fragmentation of the media field. Fragmentation increases the amount of content and channels available, which in turn

generates independency from a particular media. Therefore, independency makes the traditional media business even more challenging. In other words, how media companies are able to serve both consumers and advertisers since the supply of a content and alternatives of channels are increasing. In addition, consumers are expecting to have the digital content for free, and advertisers, in turn, are expecting more customized and tailor-made advertising solutions.

According to this study, a strong change in consumer behavior is one of the most important transformational factors for the media business. It will force media companies to listen to the audience and adapt accordingly to change more and more. Changing consumer behavior is one of the most significant drivers for the future media business, as most of the audience reaches the media throughout the online and mobile applications (VKL 2013). New ways of consume media and news content change traditional routines, which is particularly emphasized in media use by younger and future generations. Lipiäinen (2017) emphasizes in particular that media companies should constantly understand consumers' decisions and motives. The younger generation and digital native consumers especially are less willing to pay for digital media. However, services such as Spotify and Netflix are indication that even a younger generation would be willing to pay for online and mobile content.

The second key change force can be considered as increased competition and the fact that in Finland the media market is also global today. Expansion of the competition also means that media companies have to compete with almost everything in online. Advertisers are less dependent on the context as long as they reach the right audience at the right time. This means that the competition is opening up, and changing the traditional advertising market. In particular, social media channels and search engines are able to offer really well targeted advertising space to advertisers. International media and technology pioneers such as Google and Facebook have already devastated a significant part of digital media advertising without even producing their own content. These non-publishing companies offer an alternative platform for advertisers that naturally increase the competition further. In addition, large companies have begun to produce their own content and create their own channels for various content. This relates to the concept of own media of which through companies are able to reach their target audience much more economically, but it often means significant investments in content production (Argillander & Muikku 2013). But almost everyone can produce content today and finally commercialize it properly. This means the real transformation and disruption of the media and newspaper business.

6.1.2 RQ2: What kind of business models exist and are emerging in Finnish news publishing and media industry?

According to the study, Finnish media companies are aware that they are in the big picture lagging behind the international media pioneers. As has been stated on many time, the digital transition has progressed slower in Finland. This is related to how traditional newspapers and other media companies around the world have been able to move traditional business profitably in the digital environment. Finnish media companies are currently struggling with the challenges posed by digitalization and strong change in consumer behavior. These changes are posing challenges for media companies to develop their services, especially in digital media, to serve both readers and advertisers. In Finland, however, media companies such as Sanoma Corporation and Alma Media are already producing good services and solutions regarding to digital media. More worrying is how small local and regional media companies are able to follow bigger media companies. In Finland, fortunately, there are strong journalistic traditions and a strong local newspaper culture, which still protects the position of these media companies for some time.

Obviously, the disruption of traditional business models is clearly evident, but the change has not yet reached its heaviest peak according empirical analysis. In Finland, however, there are also strong signs that advertisers are beginning to abandon traditionally strong and profitable advertising formats such as newspaper advertising and display advertising. At this point many will surely wonder about the future of print media and its potential in digital transformation. Printed media will retain its own role as one of the media channels as long as it serves a specific audience. But probably it will experience some change and it may become an elitist product, as Kottila (2017) and Kantola (2017) state. Finland is a very exceptional market for printed newspapers globally, so its future is also protected as part of the media companies' business model. However, the print volumes and distribution density will certainly be decreased in the future in terms of printed newspapers and magazines. The local and regional presses still have strong preferences of printed newspapers, while the rest of the potential of printed products is based on the quality journalism and content as Kottila (2017) and Ansamaa (2017) are pointing out.

The biggest Finnish media companies are aware of the threat of the global media market, which forces media companies to dramatically develop digital business models. Business model innovations are related to both charging the content and advertising revenue models.

This research also shows that the potential of paywalls strongly shares views among the interviewees. The culture of free content on the internet and especially the free of charge online news are making people less willing to paying for the news and other journalistic content according to previous research (e.g. Franklin 2011; Grönlund & Björkroth 2011). Since here is no one clearly prominent model for paywalls, so media companies are trying to and will be continuing to test different versions of the paywalls. Nevertheless, it has already been stated in previous research that the future newspapers are not able to cover their costs solely with the advertising revenue based business models (Sonnac 2009; Chyi 2005). Empirical study shows that the proper model of the paywall needs to be developed especially for the quality content. According to Picard (2014) and Sjøvaag (2016) the paywall strategy highlights the value of online news, and at the same time it separates the digital content from the printed product by providing a different value for readers.

But when looking at business models at a general level, it can be noticed that the traditional dualistic business model of newspaper and media business is disappearing. Media content, today, is produced on multiple channels and devices, which disrupts traditional revenue models. Sanoma Corporation and Alma Media in Finland, for example, are producing content in newspapers, TV, radio, and online connected devices, while implementing advertising solutions on each platform. In addition, there already advertising networks – so called market place for advertisers – in order to compete against the global threat of advertising markets. Google and Facebook are starting to gather a massive share of Finnish advertising revenues which is very remarkable threat for the Finnish economy. However, there are proper media business model innovations and innovativeness in the Finnish media landscape. Data and segmentation company Insight360 is one indication of what kind of operators the Finnish media field needs. Companies like Insight360 are processing and enriching the data from media companies and advertisers more valuable. For media companies, it means increasing the cooperation if data can not be commercialized and utilized well enough on their own. Fonecta, is also representing a strategy for strong emphasis on digital business models. They abandon their traditional printed phone book this year (2017) and focus solely on digital media solutions. These fully digitalized media companies represent the most extreme school of the development.

6.1.3 RQ3: How could companies within the Finnish news and media industry reconsider and innovate their existing business and revenue models in the digital environment?

Changes in business models have been discussed in this study through business model innovation theory. Business model innovations can be implemented by adding new activities, linking activities in a new way, or by changing one or more elements in a business model. Even subtle innovations might yield significant results, so business model innovations can be implemented both subtle and radically. (Zott & Amit 2012) This study shows how Finnish media companies are already innovating their business models by increasing their distribution channels, which in turn increases the number of revenue models. In the media industry, external drivers are a clear reason why a business model innovation is needed throughout the industry. External drivers in this case mean increased competition, changes in consumer behavior, new technologies, and changes in the value chain (Giesen et al 2009).

Business model innovations are classified in this study as revenue model innovations, industry model innovation, and enterprise model innovations (Giesen et al., 2009). According to this research, the enterprise model innovation is the most suitable to describe innovations regarding to media business as it spreads strategically to the entire operating level of the company. Finnish media business needs courage and an open-minded attitude towards business model development and innovations. Lipiäinen (2017) emphasizes that especially with the commercialization of data, Finnish media companies have been extremely cautious although no risk exists. It should be noted, however, that the pressures to develop business models caused by the disruption of media spreads differently to different size and type of businesses. In Finland, leading media companies should be the target of benchmarking for smaller newspapers and local press. However, it is clear that a courageous and innovative culture should be instilled into Finnish media companies. Innovation in newspapers and media companies is almost obliged if these companies want to stay in the development of the media business.

6.1.4 The main research question: What kind of business and revenue models are going to be applicable in the future?

It is inevitable that the traditional business models of the media will experience a radical change in the future. All the interviewees are very unanimous that the ongoing digital disruption is harder than ever before in the media industry. This digital transition will probably change the nature of traditional media business more than can be even imagined. However, the core function of the media will remain, but traditionally profitable revenue streams will be replaced and complemented by new business models. As the empirical

research and many studies show, the number of readers and revenue streams are in a downturn, and at the same all the signs of recovery of the media business are thin. Especially the Finnish media sector, and especially the newspaper business has faced the digitalization more strongly than expected. First, media companies will become multi-channel content providers, while the traditional printed media will change its role to supportive media over time. Of course, the scope and intensity of the change are limited by the industry and the target group of each media company.

The future business model of media will most likely combine multiple different features and elements of digital and online environment. The previous literature is also suggesting that in digital publishing the traditional two-sided revenue model of media and publishing business needs to be further developed (Barland 2013). In a digital environment, the reader can be engaged interactively and in real time more deeply, and at the same time media companies should collect data from these consumers. Therefore, a strong change in consumer behavior drives media companies to build their future business purely around the data. In other words, media companies are starting to drive their business through consumer data. The data needs to be properly collected and managed so that it can be commercialized for the benefit of all parties. Consumers will face meaningful content for them. Advertisers will receive tailor-made and targeted advertising. As many interviewees say, the potential of utilizing the data is almost endless.

The relevance of digital marketing should be emphasized since the Internet advertising is becoming more dynamic than ever before according to Argillander and Muikku (2013). In terms of advertising, business models will be further developed on the digital side as traditional newspaper and display advertising decreases throughout the developed media markets. Internet and digital delivery systems will increase the freedom for designing business models as Argillander (2015) is pointing out. The digital environment allows completely new and participatory forms of advertising. This research highlights multiple times the importance and potential of content marketing in today's media business. Content marketing can be implemented through various rich media formats such as video, image, and different interactive features. In addition, the increasing popularity of mobile content and services should encourage media companies and advertisers to further develop contents and advertising in the mobile environment. From ten to fifteen years, media business will be in a really different position from what it is now. The interviewees of this study agreed all along the line that artificial intelligence and augmented reality will play a

key role in the media business in the future. However, what kind of business models can be build on them is still quite obscure.

6.2 Managerial implications

This research provides a number of managerial implications regarding the future media business. However, the size and nature of the case company somehow restricts managerial implications. This study enhances the comprehensive knowledge of media business especially in terms of business models and data driven media business. The figure (Figure 8) at the end of the empirical results summarize the new principles of media business. Data, maybe as the most important factor is becoming a key pillar for many innovations related to the media business. Based on this study, the paywalls will be highly dependent on the context and the nature of the media. As mentioned by Lipiäinen (2017), no paywall is needed if the media company has a sufficient audience to commercialize by the right manner. At that stage, there is a shift within the traditional media spend, that means there will be emerging revenue sharing models. Therefore, these mentioned changes will be often meaning increasing transparency and the building of various forms of cooperation, that is currently lacking in Finnish media business.

In the future, media companies will be required to continuously evaluate and monitor the business environment and question their own business models accordingly. Although the basic function of the newspaper business will remain the same, media companies still have to expand and widen their skills in digital media business. According to this study, the digital media is much more complex environment, as it has become global. At the same time new technologies enable multiple opportunities and challenges for media companies throughout the media markets. Advertising sales, for example, are changing their character due to programmatic buying systems and new technologies. Programmatic buying enables an automation of advertising sales and competitive pricing for advertisers. In Finland, programmatic buying should be made so easy that even smaller companies and enterprises are able to buy advertising space from digital media independently. The development of programmatic buying systems will be particularly emphasized in the battle against Google and Facebook's programmatic buying systems. In addition, the programmatic buying should be adapted according to each marketing channels, since the digital media offers a totally new environment for advertising in the future.

6.3 Theoretical contributions

The current trend of media business certainly raises among the research, which also indicates the relevance of this study. This research is partly in line with previous literature, as it outlines the media business at the conceptual level but qualitative research adds a subjective dimension to research. Therefore, the scientific purpose of this study was to increase understanding of media business models through the qualitative study method. In addition to the traditional business model theory, the previous literature and previous studies of media business were also used. Although, part of the previous media literature is no longer so topical as the media business is changing really fast. The objective of the study was to observe and describe the future business model of media companies rather than build a theoretical model. As a result, this research provides quite a few theoretical contributions.

The conceptual understanding of the media business model is truly important. This research shows how strongly digitalization will shape the traditional business model of media. Traditionally, media business and newspaper business have been based on a dualistic revenue model - but as this research together with previous literature - shows that the media companies' revenue models are becoming more and more diverse. The dualistic revenue model of newspaper and media business is gradually changing towards multi-sided revenue model including all kind of micropayments and revenue sharing models. Therefore, this study contributes to the theory of the media business model by examining how different factors influence and change the traditional media business model. In particular, this research emphasizes the role of customer focus and customer data in the future business model. Another key contribution to this research is the change in media value creation processes. In the future media business, the value should be created and served in various channels to various stakeholders simultaneously.

6.4 Research limitations and Future research

The purpose of this study was to describe what kind of business models will be applicable in the media industry in the future, rather than to give concrete recommendations on how media companies should act as the change in the industry progresses. The importance of customer data became one of the most important themes in the results, which undoubtedly highlights its importance in the future media business. Additionally, due to the novelty of

research field and the nature of the explorative case study approach, this study is posing several research limitations, that limit generalization of the results. The results of this study are limited by the fact that empirical research focuses only on Finnish media actors. On the other hand, the research shows that media business has also become global, as the importance of international media players is also emphasized in the Finnish media business. Media research is also in constant change, which also limits the generalizability of this research. In addition, empirical research could be enriched by involving more media companies, advertisers and other key players for further research. It would also be interesting to study the presence and profitability of digital business models with a quantitative research approach.

The media industry has previously been studied conceptually, but the constant change in the media gives a reason for further research. There would be several interesting possibilities for the further research in this field due to the novelty of recent changes in the media industry. For example, the artificial intelligence and augmented reality will open up new business opportunities for media companies, that should be studied further as they truly emerge the media business (Mehtonen 2017; Lipiäinen 2017). Lehtisaari et al. (2016) has also recognized the potential of novel technologies. Depending on the point of view, the next step in the Internet, which is already in progress, is called the Internet of Things or the Internet of everything. Although the development of the stage is accelerated by the various new technological solutions related to mobile technology, cloud services and sensor technology. The key to this development is the rapid development and expansion of platforms combining different functions and services in virtually all industries. The next stage of development is already the connection between the platforms, on which, on the one hand, the boundaries of the industries are further blurred and even disappear. While the most innovative players are developing completely new forms of business. (Lehtisaari et al. 2016)

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Appendices

Appendix 1. The interview

The media convergence

1. How would you describe today's media? What are key players in Finland? What kind business models can be recognized? And how about the competition?
2. How has the role of traditional newspapers changed? Why the business is changing?
3. What are the most determinant drivers and factors behind the transition, and how does they are affecting to the media business?
4. How have the above-mentioned change factors influenced the supply of content of different media or business models in general? Has the media industry already disrupted?
5. How long the printed media will survive? And what are the factors that are keeping it alive?
6. What are the most crucial threats for the media business and especially for digital media business?
7. What are chances of traditional newspaper and media companies in the future?

Business model and revenue models

8. How do you feel that the value creation process of media players is changing? What will be the key drivers for the media business? Why?
9. How does the strong segmentation of target groups appear in today's and future business models? And how does this affect to channel choices?
10. Regarding to changes, what will be the key revenue streams? I.e. What types of revenue models can now be identified and what are they like to be in the future?

11. And what kind of revenue models have you found foreign media companies using?
And especially the similar ones (e.g. special media companies)?
12. How would you describe your innovation processes? There have been a lot of debate about open innovations, how could media companies increase openness in terms of utilizing opportunities and different forms of cooperation?
13. What will be the role of media companies in service business?
14. Chargeable content divides views. What will be the future of paywalls? What kind of paywalls can now be identified?
15. What kind of forms of cooperation will be seen in the future between of both media companies and companies outside the media business?
16. How would you see the potential of consumer data and data utilization in media business?
17. Describe the future business model of media in 10-15 years.
18. How does the nature of special media affect the business model design and development? Does it differ from the traditional one?
19. Free discussion.