THE SWEDISH NEWSPAPER INDUSTRY- A MANAGEMENT PERSPECTIVE ON WEB 2.0 AND DIGITIZATION EFFECTS ON BUSINESS MODELS

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Abstract

The digital economy has brought with it an increase in the already rapid pace of change in all areas of business and life. Successful companies respond to these rapid changes by adjusting their business models, in order to do so they need to have knowledge about what is affecting their industry, and also have the right capabilities to innovate the business models when found necessary.

The digitization of media industries and the Internet have transformed today’s society and business into a digital economy, numerous industries are affected, one of them is the Swedish nationwide newspaper industry. Together with the development of Web 2.0, which is a social transformation that puts more control and interactivity of content to regular users, an interesting research of the Swedish nationwide newspaper industry can be conducted.

This research will investigate further how Web 2.0 technologies and the digitization of media industries are affecting business models in the Swedish nationwide newspaper industry. It will also investigate the problems related to business model innovation in this particular industry. The intention is to write a thesis through theoretical and empirical research, in order to educate business leaders in business model innovation and how Web 2.0 technologies and digitization is affecting the Swedish nationwide newspaper industry.

Theoretical research in business models, Internet business models, business model innovation, digitization of media industries and Web 2.0 was complemented with empirical data collected primarily through semi-structured interviews with four of the largest Swedish nationwide newspapers, which are Aftonbladet, Metro, Göteborgs-Posten and Svenska Dagbladet.

The conclusion of this research is that traditional business models related to print are losing their effectiveness. Changing reading habits are moving the Swedish nationwide newspaper industry to digital channels, where newspapers are struggling with creating value networks and business models that are profitable. Web 2.0 technologies make it possible for readers to be a part of the value creation process and readers are no longer only used for capturing value in business models. The interviewed newspapers lacked capabilities to innovate their business models, which is one explanation for the crisis in the Swedish nationwide newspaper industry.
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1. Introduction

The first chapter will introduce the background to the topic and develop a problem discussion where research questions are decided. This chapter will also give insight about the purpose of the research, delimitations and research structure.

1.1 Background

The 21st century has brought with it an increase in the already rapid pace of change in all areas of business and life. Flourishing companies have begun to respond to these rapid changes by adjusting and constantly evaluating their businesses on all levels. The process of constant adjustments and evaluations is vital for survival of companies within the hyper-competitive marketplace of the global, digital economy. Today’s world is experiencing a rapid shift in the location of economic value creating activates driven by an environment that has evolved greatly in global communications, technology innovations, market liberalizations and access to skilled labour in developing countries (Panteleo & Pal, 2008).

All for-profit organisations prosperity and survival is directly linked to their capability to capture and create value, which is the basis of the firms business model. Over the last decade the term “business models” have entered into the management vocabulary. The concept of business models has become quite trendy to discuss but many executives remain confused about how to use it. On the path of defining the term “business model” Shafer et al (2005) reviewed relevant literature and uncovered 12 definitions and 42 different business model components in established publications, which they analysed to identify patterns. Their result defines the business model as components of strategic choices, value creation, value capture and value network (Shafer et al, 2005).

Companies use their business models to commercialize new technologies and ideas. Firms may have processes and capital invested for exploring new technologies and ideas, on the other hand they have little if any ability to innovate the business models through which all inputs will pass. Different business models will yield dissimilar economic outcomes depending on the business model used, therefore it makes sense for companies to develop the capability to innovate their business models (Chesbrough, 2010).
Today there is an emerging focus on business model innovation amongst companies. In a fast changing world it is the firms’ ability to respond to and anticipate change that is the formula for sustained performance and success. Business model innovation is about rethinking the value proposition of the business, the way firms develop and deliver value, the financial model and the profit formula, and make necessary changes to core resources of the company. Driven by a variety of forces, firms explore new ways of creating and harvesting value. Business model innovation often starts with changes in underlying market conditions. These moments can be seen as threats or opportunities, companies that are able to adapt quickly are more likely to succeed. Understanding business model innovation will help companies of all sizes to analyze their competitive positions and spot opportunities for growth. Business model innovation is valuable when done right, creating new markets or transforming existing ones and gaining market value. Having control of the firm’s business model provides more than insight into management levers and metrics. It can help illuminate an important, underutilized form of innovation that goes beyond process and product innovation (Panteleo & Pal, 2008).

In the past 15 years digitization and the Internet have transformed today’s society and business into a digital economy. Today there are over two billion inter-connected people over the world. The digitization and Internet have transformed numerous industries such as media, retailing and entertainment products. Millions of people spend hours every day creating and accessing information online. There are new digitally enabled technologies that have facilitated more extensive application of many business strategies that had previously engaged the attention of economic theorists rather than business practitioners. Many previous practices such as auctions and price discrimination are now easier to utilize in digital contexts. Software operating on platforms has heightened the role of network effects and platform competition. Thanks to the Internet digital material is shared in a way that was unimaginable a few decades ago (Peitz & Waldfogel, 2012).

While the world is changing, different technologies are evolving, that companies can utilize in their business operations. The term Web 2.0 is becoming more popular. It describes the upgraded, modernized and improved World Wide Web that we are using today. The term applies everything from the expansion of social networking websites like YouTube and MySpace, to the rich, interactive software applications being served online, and also to specific programming technology tools and languages that make the “new” web possible.
Web 2.0 is a social transformation that puts more control and interactivity of content to regular users, not only to site owners. The Internet is an interactive computer application and not just a network. Web 2.0 is a broad concept but well suited to the scope of the revolutionary changes that are happening online. One of these changes is the development of social networks online and social media (Funk, 2009).

For the first time in history, in almost every industry simultaneously, new radical monetization and delivery models are developed. For industries such as entertainment and media, digitization is leading to a permanent shift in monetization methods after decades of stability. These changes are developing industries into using entirely new business models. Today 30 % of innovation efforts will focus on business models, and market outperformers are concentrating twice as much on business model innovation than underperformers (Panteleo & Pal, 2008).

An industry that has seen rapid changes in the last couple years is the media industry. Media industry is a collective term that represents the mass media in general including, newspaper, television, radio and Internet (ask.com, 2014).

Media businesses need to be sustainable, but their traditional sources of income, are in many cases, drying up. Existing business models of established media are losing their effectiveness and need reconsideration. This in turn required an understanding of the elements and nature of business models. People argue that the business models of media are broken because they do not produce the revenue that they did in the last two decades of the 20th century. New sources of income or the enrichment of current sources are now needed (Picard, 2011). A fundamental problem is that too many media companies are trying to sell 19th and 20th century products in the 21st century. In many cases firms are trying to do this without changing the value they provide, or the relationships within which they are provided (Picard, 2010). Traditional media contents were created in a different environment that no longer exist with different economic, technical, political and information grounds. Media companies that wants to develop. Must therefore revisit the foundations of their business (Picard, 2011).

The Swedish newspaper industry is going through a digital revolution. The change is not just the introduction of new technologies but also a great change in the newspapers business relations. Newspapers are suffering from declining readers in print and fading revenues from
advertising as readers and advertisers are turning to digital media. Even though newspaper services have been present on the Internet since the mid 90’s and in mobile phone platforms since the end of the 90’s newspapers have not been capable of building a strong digital business. The traditional business models of newspapers have not worked well in digital media and the competitions have been tough. Today, many newspapers are in a crisis, which is a revolutionary development in the newspaper industry (Åkesson, 2009).

1.2 Problem definition
Based on the above introduction research questions can be developed. The 21st century brought with it an increase in the already rapid pace of changes in all areas of business and life (Panteleo & Pal, 2008). Today, for-profit organisations survival is interlinked with their capability to capture and create value, which is based in the firms’ business model (Shafer et al, 2005). When market conditions change rapidly, companies needs to be able to innovate their business model in order to survive and succeed (Pantaleo & Pal, 2008).

It is important for companies to be on top of their business model and also develop capabilities to innovate the business model when the market changes. In the past 15 years digitization and the Internet have transformed today’s society and business into a digital economy (Peitz & Waldfogel, 2012). Technologies are evolving, that companies can utilize in their business operations. The term Web 2.0 is becoming more popular, and describes the modern World Wide Web that we are using today. Web 2.0 is a social transformation that puts more control and interactivity of content of regular users (Funk, 2009).

Companies needs to develop new radical monetization and delivery models to capture and deliver value, because of changing and developing markets. These changes are often so big that companies end up using entirely new business models, which is why 30% of today’s innovation efforts will focus on business models (Pantaleo & Pal, 2008).

From a theoretical perspective we can see how business model innovation and business models in general, are gaining importance in the business world today. Work around these elements will be vital for companies in order to survive on the market.

The traditional business models of newspapers have not worked well in digital media and they have to change (Åkesson, 2009). This thesis will investigate further how the digitization of media industries explained by Picard (2011) together with the development of Web 2.0
technologies stressed by O’Reilly (2005) will affect business models used by Swedish newspapers.

In order to form an interesting and geographically suitable research, the Swedish nationwide newspaper industry is chosen for collecting empirical data.

1.3 Research questions
1. How are Web 2.0 technologies and the digitization of media industries affecting business models in the Swedish nationwide newspaper industry?

2. What are the problems related to business model innovation in the Swedish nationwide newspaper industry?

1.4 Research purpose
The purpose with this thesis is to analyse how Web 2.0 technologies and digitization of media industries is affecting business models in the Swedish nationwide newspaper industry. The intention is to write a thesis through theoretical and empirical research on this topic, in order to educate business leaders in business model innovation and how Web 2.0 technologies and digitization is affecting the Swedish nationwide newspaper industry. The aim is also to understand the interconnection between business models, Web 2.0 and digitization of media industries in order to clarify how to properly use the opportunities is provides, dealing with emerging problems, while minimising the risk.

1.5 Delimitations
Developing Web 2.0 technologies is one factor for the changing business environment and digitization of media industries another. This research will analyse the effects that Web 2.0 technologies and digitization of media industries have on business models in a particular industry, the Swedish nationwide newspaper industry. In order to understand the effects that Web 2.0 technologies and digitization of media industries have on companies in the particular industry, this research will look into the business models that have been used in the past and those that are currently used and developing. This research will also focus on what problems that are related to business model innovation in the Swedish nationwide newspaper industry. The research will be delimited to related research in order to develop a relevant theoretical framework for analysing the empirical findings from companies in the Swedish nationwide newspaper industry. Research in this field is generally not industry specific or focused on
companies of certain sizes and structures. Therefore the research will be delimited as the research progress and where it is found necessary.

1.6 Thesis structure
The thesis will be divided into several chapters structured as follows: Chapter 1 will introduce a topic for the thesis, develop research questions and also explain the purpose of this thesis. This chapter will also explain how the topic is delaminated and describe the structure of this research. Chapter 2 will discuss relevant theories in the area of business models, Internet business models, business model innovation, Web 2.0 and digitization of media industries, in order to create a theoretical framework for this research. Chapter 3 will create a methodological framework for this thesis, including how this research will be conducted with different types of data and data collection. Chapter 4 will account for empirical data collected through interviews and secondary data. The empirical data will be collected from companies in the Swedish nationwide newspaper industry. Chapter 5 will put the theoretical framework next to the collected empirical data in the form of an analysis. The 6th and final chapter will answer the research questions, present concluding remarks and the main contributions of this research. It will also give advice for future research, related to this field of research. Following is an illustration of the thesis structure:

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2. Theoretical Framework

Following chapter represents the theoretical framework. The framework is divided into five areas. These areas are business models, Internet business models, business model innovation, digitization of media industries and Web 2.0.

2.1 Business models

Business models conceptualize the underlying business logic of an enterprise. Business models reveal company competences, how a company creates value through services and products, what sets it and its offerings apart from the competition, how it undertakes its operational requirements, how relationships are established and nurtured with customers and partner companies, and how it makes money (Picard, 2011).

When market conditions changes, companies are often forced to rethink their business strategy and business model in order to survive. Business models can be powerful tools for implementing, analyzing and communicating strategic choices. Yet, many executives remain confused about how to use the business model concept (Shafer et al, 2005).

The business model concept has become more popular because today’s managers are spoilt for choice when it comes to defining their value proposition, choosing partners, configuring their value network, looking for ways to reach the customers and other related decision. It has not always been like this and is essentially the outcome of the interaction between increasingly rapid technological change and globalisation (Archibugi & Iammarino 2002). However, new technologies, globalisation and a great number of choices to configure a business make managing an even harder task (Zahra & O’Neill, 1998).

In order to define the term “business models” several researchers has developed there own definitions, none of these definitions appears to have been accepted fully by the business community. The reason for this might be that the definitions origin from many different perspectives, for example from e-business, strategy and technology (Shafer et al, 2005).

Across 12 definitions analysed, 42 different business model components: unique building blocks or elements can be found. The result is that four major categories of what a business
model is are developed, which is strategic choices, creating value, capturing value and the value network (Shafer et al., 2005).

The term “business model” is fundamentally concerned with creating value and capturing returns from that value (Kaplan, 2012), the model is then basically a representation of reality. Together with the above diagram the business model is defined as following.

“We define a business model as a representation of a firm’s underlying core logic and strategic choices for creating and capturing value within a value network” (Shafer et al., 2005).

Core logic- The term suggests that a correctly made business model helps express and make explicit key assumptions about cause-and-effect relationships and the internal consistency of strategic choices (Shafer et al., 2005).

Creating and capturing value- These terms represent two elemental functions that all organisations must carry out in order to survive in the long run. Companies that are successful create value by doing things in other or new ways, which differentiate them from the competition. Through this companies might develop capabilities, core competencies, and positional advantages that are different from those of competitors. They can be used to perform work activities differently or to combine their work activities into business processes.
in a way that makes them unique. For-profit businesses needs to make money to survive in a certain market, their survival is related to both the value they create and to the way they capture value and finally generate profit (Shafer et al, 2005).

Value network- Value capture and value creation, both occur within a value network, which might include business partners, distribution channels, suppliers, customers, investors, technical solution providers, and coalitions that extend the company’s own resources. For example the value network of a new mobile news service may include relationships between content providers such as mobile phone operators, newspapers, advertisers and mobile phone users. A value network is initiated during the innovation process by a focal actor, generating the relations necessary to realize business opportunities of an innovation (Shafer et al, 2005) (Åkesson, 2009).

Businesses are able to create different relationships with any of the parties in the value network, even with the end customers. The decided role of a company in its value network is an important element of its business model (Shafer et al, 2005). Value networks are of complex nature and are closely interrelated to value and business models of an innovation. Value networks are not static; they change dynamically over time (Christensen & Rosenbloom, 1995). Constant improvements and developments of digital technology change network structures or even cause emergence of new value networks (Åkesson, 2009). The role of value networks is to link innovation potential to value mediated through the business model. Value networks are multilayered and interconnected in systems of value networks, they exist in parallel as well as in hierarchies (Christensen & Rosenbloom, 1995).

In order to get a better understanding of the business model and its role, it is important to explain how it is located in the firm. As mentioned, the business model is a conceptualisation of the money earning logic of a firm.
The business model may function as a conceptual link, forming a triangle between strategy, business organisation and Information and communications technology (ICT). According to Osterwalder (2004), there is often quite a substantial understanding gap between the three terms in the figure above, therefore the business model concept could serve as a forth element putting them all together. The figure also shows the pressure of external forces such as competition, social, legal, technological change and changes in costumer demand. It is the manager’s role to adapt or design a company’s business model by responding to these external forces.

The business organisation, business strategy and ICT see the firm from different perspectives and on different business layers. These categories also often regroup different groups of employees with different worldviews and experience. Business people positions the company in the market define the direction and formulate goals and objectives, whereby business process and ICT designers have to understand and implement these visions into something more concrete. In order to guarantee a smooth implementation of business visions and alignment between the different groups, companies need a clear communication of concepts and understandings between the concerned parties. This is where the conceptually defined business models gets in place. By using an ontological approach to business modelling, one can create a shared understanding of what a company does to earn money and assist
communication between people and heterogeneous and widely spread application systems (Fensel, 2001).

2.1.1 Business models in the media industry
During the first two to three decades of digitization, the business models of media remained relatively stable because newspapers, books and magazines continued to be printed on paper, recording of audio and video for retail distribution remained a physical good, all of these types of products continued to be distributed and sold in traditional ways (Picard, 2011).

The situation evolved rapidly since the mid 1990s, when changes in applications, software and connection capabilities began to transform computer networking systems that had previously required specialist knowledge and skills into the relatively easy to use Internet that we know today. The Internet has now become a general-purpose technology that can be used in a wide variety of ways and is transforming business and the economy on the same scale as older technologies such as mechanization, steam engines and electricity (Lipsey et al, 2005).

The technological networking of society affects business and is fundamentally changing the strategies of all type for firms (Evans & Wurster, 2000) (Shapiro & Varian, 1999). It has certainly affected the business models of so called legacy media (print and analogue broadcasting). It is bringing many new entrants into their markets, creating new types of content, and providing a wider variety of ways to access information, news and entertainment. It has broken the oligopolistic and monopolistic control over distribution mechanisms, and empowered consumers to share and seek content in new ways and to become producers as well as consumers of content (Küng et al, 2008).

Existing business models of established media are losing their effectiveness and need reconsideration. This in turn required an understanding of the elements and nature of business models (Picard, 2011).

People argue that the business models of media are broken because the do not produce the revenue that they did in the last two decades of the 20th century. Now new sources of income or the enrichment of current sources are now needed (Picard, 2011). A fundamental problem is that too many media companies are trying to sell 19th and 20th century products in the 21st century. In many cases firms are trying to do this without changing the value they provide, or the relationships within which they are provided (Picard, 2010).
Traditional media contents were created in a different environment that no longer exist with different economic, technical, political and information grounds. Media companies that want to develop must revisit the foundations of their business to ensure that they are providing the central value that costumer wants, and their products and services in unique or distinctive ways, and in ways appropriate for the contemporary networked setting (Picard, 2011).

2.1.2 A business model is not a strategy
Researches have struggled with defining what a business model really is. Therefore it will be simpler to explain what it is not. A business model is not a strategy; it involves testing, analysis and validation of a firm’s strategic choices, but it is not a strategy in itself (Shafer et al, 2005).

To clarify this confusion, and to test the relationship of a firm’s strategy and a business model, we will start with defining what a strategy really is. Strategy is a broad term as well but according to Mintzberg (1994) the term can be viewed in at least four different ways: as a plan, pattern, perspective or position.

Often, strategy is considered in a forward-looking sense. With the forward-looking perspective, strategy is often seen as a plan; a view that relates to choices about courses of action or paths, with a clear direction. On the other hand, strategy is sometimes in a backward-looking perspective, viewed as a pattern of choices made over time. Swaim (2010) has written about Peter Druckers research. The management guru Peter Druckers view on Strategy is more of a grand vision; strategy is seen as a perspective, choices about how the business is conceptualized. One of the leading strategists Michael Porter (1996), see strategy as a position, a view that relates to choices about which services or products are offered in which markets based on firms differentiation.

We can see that the views represented are different in many aspects. What they all do have in common is the element regarding making choices. Business models reflect these choices and their operating implications. Business models incorporate the testing, analysis, and validation of the cause and effect relationships that flow from the strategic choices that have been made. Sometimes, executives can best affect this by directly translating one set of strategic choices into a single business model, which they then test, analyze and validate. Executives may also wish to consider a range of business models simultaneously; thereby each business model will
be representing a different set of strategic choices, before drawing a conclusion about the best business model for the organisation (Shafer et al, 2005).

The business model can be used to help analyse and communicate strategic choices. A firm’s business model can be seen as the representation of a firm’s underlying core logic and strategic choices for capturing and creating value within a value network. The core logic should be as extensive as possible and not just have one or two components, the business model should be a reflection of the firm’s strategic choices. In order for executives to analyze and communicate strategic choices, they can use business models. It is crucial to have in mind that missing the business model concept can lead to numerous problems (Shafer et al, 2005).

2.2 Internet business models
The Internet continues to grow and evolve as a vital resource with which companies can upgrade their capabilities and grow their businesses (Lumpkin & Dess, 2004). In the past 15 years digitization and the Internet have transformed today’s society and business into a digital economy (Peitz & Waldfogel, 2012).

We will investigate how companies are leveraging the unique features of digital technology in order to gain competitive advantages.

First, we will look into what Internet activities that add value to a business. Michael Porter (2001) wrote in his article that Internet technology becomes strategically significant only when its practical application creates value. Companies are using the Internet to add value through allowing companies to conduct business on-line and use digital technologies to streamline operations; therefore the Internet is making it easier for firms to develop new value propositions.

Michael Porter (2001) found four related value-adding activities that are being revolutionized by the Internet, and how firms can use them to create competitive advantages and add value.

Evaluation- is the process of considering alternatives and comparing the benefits and costs of different options. Enhanced evaluation is a capability that adds value to the process of selling manufactured goods or products. By helping buyers to evaluate purchases, businesses on the Internet could improve their performance. On-line services with comparative shopping, providing product reviews, and catalogue costumer evaluations of performance have mad the Internet to a valuable recourse.
Search- is the process of identifying purchase options and gathering information. With the Internet it is easier to gather information, the speed of information gathering and the breadth of information that can be accessed is enhanced. The enhanced search capability has helped lowering switching costs by decreasing the cost of search, which has benefited both buyers and suppliers. The on-line search engines such as Google have accelerated the search process immensely.

Problem Solving- is the process of indentifying needs or problems and generating ideas and action plans to address those needs. Problem solving is normally used in the context of services. Different customers have different problems, problem solving often involves providing answers immediately. Companies from different industries are using the Internet and digital technologies to deliver new solutions. Many products combine both a product and service component, which might make both problem service and evaluation needed.

Transaction- is the process of finalising the sale, including negotiation and agreeing contractually, taking delivery and making payments. Different activities enabled by the Internet have contributed to lowering the aspect of overall transaction costs. Cost management and also changes in the cost structure of entire industries, is a key feature of the digital economy. The cost savings that companies make by using e-commerce are huge. Internet is speeding up the transaction processes and lowering the costs.

2.2.1 Business models used on the Internet
The Internet can be used as a platform for business activities, in some ways it has become like a new marketplace. Some business models are applied to the Internet context, while others have features that are unique to the digitally networked, on-line environment (Lumpkin & Dess, 2004). Scholars have discussed extensively the strategic value of the Internet. Concluding their thoughts the Internet allows a company to access global markets, provide mass customization, build strong business relationships, reduces marketing costs, develops business intelligence and improves costumer communication and service (Olmsted et al, 2003).

Advertising based models are used by firms that provide services and/or content to visitors, and sell advertising to businesses that want to reach those visitors. Similar to the broadcast television model where viewers watch commercials in between television shows. However,
advertising based models are better on-line since visitors can interact with both the ads and the content (Lumpkin & Dess, 2004).

**Subscription** based models are used by firms that charge a fee for providing a service or proprietary content. Magazines such as The Economist have been using this model for a considerable time (Ibid).

**Fee for service** based models, are used by firms that provide ongoing services similar to a utility company. Here companies only pay for the amount of service used (Ibid).

**Referral** based model are used by companies that steer customers to another firm for a fee. One example is the affiliate model in which a vendor pays an affiliate a fee each time a visitor clicks through the affiliate’s web site and makes a purchase from the vendor (Ibid).

**Markup** based models are used by companies that add value in marketing and sales by acquiring products, and increasing the price to sell with a profit. The model, also know as the merchant model is used by both retailers and wholesalers (Ibid).

**Production** based models are used by firms that add value through a production process by making value-added products from raw materials. The Internet adds value to this model because it lowers marketing costs by enabling direct contact with the end user and such direct contact facilitates customization and problem solving (Ibid).

**Commission** based models are used by firms that provide services for a fee. Usually it is a third part intermediary that charges a fee called commission, based on the size of the transaction. Services that put buyers and sellers together are for example stock and estate brokers (Ibid).

Different companies on the Internet use these models; they are also often combined in order to achieve competitive advantages and become successful (Lumpkin & Dess, 2004). In the consumer service/product sector, a total reliance on ads or e-commerce/retail revenue streams is insufficient. A mixture of multiple revenue streams that monetizes content/database, uses e-commerce, and cross-sells through multiple channels is the key to success, and the only area that can still rely on ads as the primary revenue stream would be in the niche area. Sometimes a hybrid business model is better than an on-line only model. More Internet companies are also investing in physical assets to complement their online assets, since the Internet is easy
for others to replicate. By contrast, traditional businesses have physical assets, infrastructure etc that is harder to replicate in a short time. While integrating Internet to a traditional business, a multi-channel, and multi-revenue streams business model, that uses Internet and traditional assets, seems to provide the best chance of success (Olmsted et al, 2003).

Internet business models provide a context for enacting value-adding activities mentioned earlier. The Internet and digital technologies have created new opportunities for firms to create value. Companies that want to benefit from these new value-adding approaches needs to ask how the Internet is affecting their current operations and how they might effectively implement Internet capabilities (Lumpkin & Dess, 2004).

When it comes to business models on the Internet there are different types of free business models where at least one substantial costumer segment is able to continuously benefit from a free of charge offer (Osterwalder, 2010). Non-paying customers are financed by other parts of the business model or another costumer segment. The costumer relationship needs to be computerized a low cost in order to handle large numbers of free users. Anderson (2009) categorizes four different free business models.

Direct cross subsidies- The business models is about products that attract customers to pay for something else rather than the actual product, the idea is the customers will pay, one way or another (Anderson, 2009).

The three-party market- This is the most common business model in today’s market. Free is seen as a three party system, one side of the party gets content and the service software for free, while the other pays for it. The initial idea in this business model is that free products or services generate high platform traffic that makes it more attractive for advertisers (Osterwalder, 2010). Newspapers, especially online, often use this business model, since they make money around free content (Anderson, 2009).

Freemium- This is one of the most used Web 2.0 business models developed by the venture capitalist Fred Wilson (Anderson, 2009). This business models is characterized by a large base of free service users, which are subsidized by a small base of paying users (Osterwalder, 2010). Users can enjoy a basic version of the service for free and have the opportunity to pay for a premium version that offers additional benefits, which often are niche features attached to the actual product. Many digital services follow a five percent rule, where five percent of
the users support the rest. Flickr and Skype are good examples of companies working with this business model (Anderson, 2009).

Nonmonetary markets- This business model means that people choose to give away something with no expectation or payment (Anderson, 2009). Firms hope to create a reputation and attention in order to give the customers the service or product for free.

2.3 Business model innovation
It is important for companies to be on top of their business model and also develop capabilities to innovate the business model when the market changes (Peitz & Waldfogel, 2012). Companies needs to develop new radical monetization and delivery models to capture and deliver value, because of changing and developing markets. These changes are often so big that companies end up using entirely new business models, which is why 30% of today’s innovation efforts will focus on business models (Pantaleo & Pal, 2008).

Companies use their business models to commercialize new technologies and ideas. Firms may have processes and capital invested for exploring new technologies and ideas, on the other hand they have little if any ability to innovate the business models through which all inputs will pass. Different business models will yield dissimilar economic outcomes depending on the business model used, therefore it makes sense for companies to develop the capability to innovate their business models (Chesbrough, 2010).

Basically, technology by itself has no single objective value. The economic value of a technology remains latent until it is commercialized in some way through a business model. Depending on the business model used, the technology commercialized will yield different returns. Sometimes, an innovation can successfully employ a business model already familiar to the firm, if not, a firm might have a business model that can make use of technology through licensing. In other cases, a potential new technology may have no obvious business model, in those cases, technology managers need to expand their perspectives to look up an appropriate business model in order to be able to capture value from that technology. It might be better to pursue a mediocre technology with a great business model to capture value than the other way around. Therefore it is important to find suitable business model to use new technologies, since a company has at least as much value to gain from developing an innovative new business model as from developing an innovative new technology. However,
many businesses today are much better at innovating technologies in their companies and have less knowledge about how to innovate business models (Chesbrough, 2010).

It is important to start pursue innovation that seems technologically unchallenging form many firms, that might require a new partnership network or value network.

2.3.1 Barriers to business model innovation
Organisations often fail with innovating the business models because they are so busy focusing on their current operations and business models, and therefore leave no time, attention, or resources to design, prototype, and test new ones. Much of today’s innovation focus is on new products and services delivered through today’s business models and on driving efficiencies into the current models. These are important activities, but not sufficient enough in a twenty-first century networked world where business models simply don’t last as long as they used to (Kaplan, 2012).

Many of today’s leaders focus almost exclusively on improving their current business models at the expense of exploring new ones. One positive is that leaders have really embraced innovation as a strategy for growth. The negative is that innovation initiatives are all over the place, everything is described as an innovation and everyone is an innovator. In this situation nothing is an innovation and no one an innovator. Most innovation efforts across industries and companies are focused on improving the performance of the current business model. They are either an effort to source or develop new services and products to create new revenue within the current business model or an attempt to deploy improved and new capabilities within the current model to decrease costs and increase revenue (Kaplan, 2012).
This above figure shows why most organizations fail with their business model innovation efforts. Most of today’s innovation efforts developed by consultants is about either developing a better mousetrap or a better way to create, make and sell today’s mousetrap. Corporate innovation efforts are rarely focuses beyond rhetoric on creating entirely new paradigms for controlling mice. Incremental improvements to a business model are of course important and must be captured, but they aren’t sufficient to avoid being disrupted (Kaplan, 2012).

Most organisations fail at business model innovation because of an overreliance on tweaks. It is not because the do not try. Almost every company has a great number of well-intentioned initiatives going across the organization. The initiatives are often redundant and rarely connected strategically. All parts of organisations are focusing on improving the performance of the current business model. Most set out initially to accomplish more than tweaks. But when senior executives leave and the real work begins, line management and risk adverse human behaviour sets in. Most projects are designed to deliver tweaks or incremental improvements to either product portfolio or organisation performance, they are however, constrained by the DNA and rules of the current business model (Ibid).
Firms innovation lenses need to expand beyond how to improve the efficiency of the current business model to how existing capabilities can be redeployed or new capabilities be deployed in new business model configurations to change the value equation of the customer. Companies often fail at business model innovation because their innovation practices and lenses never reach the upper right quadrant of the matrix to design, prototype, and test new paradigms for controlling mice (Ibid).

Other reasons for why companies’ fail with their business model innovation is because the CEO doesn’t really want a new business model or want to leave the problem to the next CEO. Organizations often fail with business model innovation because ideas never make it from the whiteboard into the real world. It’s hard to know with any certainty if a new business model concept is viable in the market (Kaplan, 2012). New business models have to be prototyped and tested in the real world. Business models require experimentation, and this is what entrepreneurs do, intrapreneurs are no different (Chesbrough, 2010). Business model experiments need to be both easy to start and stop; failing fast is a key requirement for successful business model innovation (Kaplan, 2012).

2.4 Digitization of media industries
Digitization is the process of changing content production, distribution, storage and consumption to a digital from an analogue base. Its most important characteristic is that it changes bases from physical form to binary electronic form (Picard, 2011).

Thanks to digitization, companies across industries are racing to migrate analogue approaches to customers, services, products and operating models to an always on, real-time and information rich marketplace. Every company in every industry will be affected by the digitization megatrend, and it will be the responsibility of the top teams to lead the charge by building the right capabilities for their companies to remain relevant in the digitized environment, achieve growth, and fend off competitive threats. New technology deployments and related investments will add up to more than even the largest and wealthiest enterprises can afford. Trade-offs will be required, and the risks of making the wrong choice will be high. The basis of competition will be set by the companies that embrace and deploy digitization in the right places at the right time. To not only survive the digitization megatrend but also use it to its advantage, companies need to be clear about their digital strategy and focus on the
digital capabilities they are going to build along the value chain (Strategyand.pwc.com, 2014).

By the year 2020, an entire generation, Generation C (Connected), will have grown up in a primarily digital world. The Internet, computers, mobile phones, texting and social networking are all second nature to members of this group. This generation’s familiarity with technology, reliance on mobile communications, and desire to remain in contact with large networks of family members, business contacts and friends will transform how people work and consume (Strategyand.pwc.com, 2014).

Digitization cuts costs by simplifying production. More content can be made and distributed by more enterprises and individuals than ever before. However, while the Internet creates opportunities for online content, it yields only limited monetization for news and general information providers (Picard, 2011).

Digitization affects all media but its effects on business models are not universal. For example print outlets, are now struggling with digital distribution and consumption challenges. The pursuit of cost savings and flexibility through digitization is pushing magazine, book and newspaper publishers toward e-readers as consumption platforms (Picard, 2011).

Moving from physical to digital distribution and consumption will reduce current industry costs by about half if printing is stopped and physical distribution ended. Producers will be able to capture more of the value produced by the content. Print and digital products of the same company are joint products and not independent, which will make the decision to end print production difficult for publishers (Picard, 2011). Therefore a decision like this would require careful economic and financial modelling (Picard, 2003). It is likely that many will make the decision to shift fully to digital platforms over the next two decades, a combination of declining print readership in developed nations, more e-readers, tablets and smart phones, and the cost of physical production and distribution make it more difficult to cover print costs without significant price increases (Picard, 2011).
This diagram shows the cost differences in Print and Digital Production. Operating costs for production and distribution alone are around 40-45 percent for newspapers, but they account for about 80 percent of the investment costs in facilities and equipment (Brody & Picard, 1997). Digital newsgathering reduces the need for much of the physical work and production and distribution savings are enormous, it reduces overall costs by 80-90 percent (Picard, 2011).

Companies are cutting costs to reduce operating costs; one reason for this is that print media penetration has been declining of a number of decades. This has led to a reduced incentive of advertisers to use newspapers and magazines to reach the public (Picard, 2011).

Digitization and convergence have crated new ways to access content on mobile devices. Around the world, smart phones and Internet equipped mobile devices are replacing computers as the primary means of digital content acquisition (Castells et al, 2006). However, these changes will not lead to the death of the PC in the near future, it still remains necessary for education, business, media production and health (Picard, 2011).
2.5 Web 2.0
Technologies are evolving, that companies can utilize in their business operations. The Internet, wireless communications and other digital technologies are having a major impact on the economy. They have done so by changing the ways firms interact with each other and customers. This has created many new business opportunities and also created an environment in which businesses must perform at a higher lever, faster, smarter and cheaper. (Lumpkin & Dess, 2004)

The term Web 2.0 is becoming more popular, and describes the modern World Wide Web that we are using today. Web 2.0 is a social transformation that puts more control and interactivity of content of regular users, not only web site owners (Funk, 2009).

For platform companies the key is to facilitate spaces, interconnection and infrastructure for user collaboration, creation and interaction. Web 2.0 thrives on network effects; application that get smarter with more users, services that get richer the more people interact with them, marketing that is driven by word-of-mouth and experience, and applications that interact with each other to shape a broader computing platform (Musser & O’Reilly, 2006).

O’Reilly (2005) wrote an article where he tried to define what Web 2.0 really is. According to him Web 2.0 conceives the network as a platform, spanning all connected devices. It is the Web 2.0 applications that make the most of the intrinsic advantages of that platform: delivering software as a constantly updated service that only gets better with more people using it, including individual users, consuming and remixing data from multiple sources, while providing their own data and services in a form that allows others to make changes. All of this is creating network effects through an “architecture of participation” that delivers rich user experiences, that differs from Web 1.0 (O’Reilly, 2005).

The Web 1.0 were just a collection of static pages, Web 2.0 on the other hand, sees the Internet more as a participatory platform among users. This following figure is explaining the concept of Web 2.0.
In the orange box O’Reilly (2005) is underlining the core of Web 2.0. The green bubbles are known examples of services on the web where users are key agents. The properties of the Web 2.0 technology are then characterized with some useful suggestions in the brown bubbles, which are useful to keep in mind while working with Web 2.0.

User-added value is one of the most discussed aspects of Web 2.0. The phenomenon includes user-generated content, user generated innovation, user generated creativity, and sources of revenue (Wirtz et al, 2010). Osterwalder (2010) stresses that value may be qualitative (design, customer experience) and quantitative (price, speed of service). User generated content is a trend that focuses on a range of institutes and businesses to integrate new application to meet second-generation Internet user demands. The age group 13-34 consider user-generated content to be one of the most interesting entertainment sources (Wirtz et al, 2010). Users are bringing a new perspective on established processes and approaches and help with creating innovative ideas for the future development of businesses. Users are becoming a critical part

Figure 5: Web 2.0 Meme Map (O’Reilly 2005)
of the development of products and service innovation. This is linked with user-generated innovation, which explains the vast amount of innovation taking place in the open software industry around the world (Wirtz et al, 2010).

There are great differences between Web 1.0 and Web 2.0. The Web 2.0 is not just a framework of technology and computer science like Web 1.0, it involves a sociological aspect to the environment, since Web 2.0 makes the user important. Examples are people sharing opinions, meeting in virtual communities, sharing information, discussing different topics and also reading and observing that information created by users (O'Reilly, 2005).

Other researchers have also investigated the Web 2.0 topic after (O’Reilly, 2005). Some of them will be discussed here to get a better understanding of the literatures view on Web 2.0 and to define the limits of this topic. Dearstyne (2007) helps with summarising the causes of the birth of Web 2.0 with identifying four trends, which have accelerated the growth of Web 2.0.

1. The first trend is the popularity and development of on-line social networks for exchanging personal information, videos, photos and other information such as Youtube, Myspace, Flickr etc.

2. The broadening availability of easy to use software

3. The search for techniques to promote more productive use of information

4. The rising importance of knowledge workers who have the right education, expertise, expertise and the primary purpose of their job involve the creations, distribution and application of knowledge.

In order to better explain new media and their associated technologies it is possible to contrast them to the old media. Old media-newspapers, magazines, radio and television are communication delivery systems. These are relatively independent, historical and static. Today, old media are often paired with new media, newspapers and magazines have online versions, own blogs and television networks produce a great deal of online content related to their programming. Some of this evolution has been due to the concern that the new media is growing at the expense of the old media, therefore old media has to evolve to survive (Friedman, 2008). Voithofer (2005) specially contrasts the new media with old media
counterparts by describing the “newness” of the media in terms of changes in production due to convergence of technology and media, storage (digitization and indexing), presentation (in a video display of sorts, and distribution over telecommunication networks. The following table displays some examples of old and new media.

![Old and New Media Table]

Figure 6: Old and New Media (Friedman, 2008, p.6)

Established and existing media is transforming due to new technologies, which is why organisations are changing in profound ways. The consumptions is also different in the age of new media, customers are showing a more active post-purchase behaviour in the form of media sharing (Friedman, 2008).

Linda and Hershey Friedman (2008) aggregate the characteristics of Web 2.0 in five main categories (the five C’s). The so-called new media technologies—often referred as Web 2.0—encompass a wide variety of web-related communication technologies such as wikis, blogs, online social networking, virtual worlds and other social media forms.

The wide range of characteristics of Web 2.0 technologies can be summarized by the 5 C’s, which are communication, collaboration, community, creativity and convergence.

New media technologies are concerned with communication in one form or another since media is communication modalities (Friedman, 2008). Blogs are a perfect example: bloggers do not only engage in one-way posting but many will cite and link to other blogger’s posts: this cross linking is resulting in the so called “conversational blogging” (Efimova & de Moor, 2005)
Collaboration is the following C. Most new media technologies enable collaboration over the Internet. The primary and definitive example of this sort of medium is the wiki. Wikis are a good example of collaboration and Google Docs is a good example of an application where users can collaborate and work on the same document. Another well-known example of a wiki is Wikipedia, the online encyclopaedia (Friedman, 2008).

Communication between Internet users is getting better. Many technologies with Web 2.0 have a social networking component (like Ebay) and the sense of belonging to a community has facilitated the democratization of the relationship on the web (Ibid).

A key feature of Web 2.0 is user-generated content. Users are no longer the passive receivers of the message, this together with the digitization has removed the limits imposed by the medium used and has promoted creativity (Ibid).

The fifth and last C, Convergence. Indeed, if anything can be said to the driving force behind new media, it is the notion of convergence. The past decades have witnessed a convergence of technology more fantastic than fiction. This is primarily due to widespread digitization and to the Internet, which itself can be seen as the convergence of digitization and telephony. Some of the results of this trend are: companies that produce printers are now in the camera business, long distance telephone calls use a broadband internet connection, photographs are transmitted via e-mail using a smart phone, several companies are competing for video-on-demand etc. There are many different types of convergence in the new media phenomenon, including convergence of technology, convergence of media, convergence of consumption, and convergence of roles (Ibid).

Managers need to be concerned with all these changes with constant learning and upgrading to make optimal use of the new web tools. This concept is also stressed by Gilchrist (2007).

Gilchrist (2007) was one of the first researchers in this area that attempted to look for the managerial implication of Web 2.0 for businesses. His work is stressing the need of specific managerial competencies for developing and using Web 2.0 in companies. Despite the fact that Web 2.0 tools are spreading fast, it does not mean that they are all appropriate for implementing in all types of businesses. Some of these technologies could be beneficial in certain areas of the enterprise, like communities. If a company starts to use theses
technologies significantly, or without careful planning, without proper knowledge, the results can be counterproductive and lead to failure.

Business managers and marketers might often think too much about them selves. In the end it is all about consumers, and whether the product suits their needs, solves their problems, and does it in an innovative manner. Thanks to technologies such as Web 2.0 the web is better than ever at putting power into the consumers’ hands. Today’s consumers are no longer passive receivers of a companies advertising messages. Consumers are sceptical, active, ask questions, and are seeking and have access to information, opinions and products that interest them. Interactivity is probably the single most important attribute of Web 2.0. The information users are receiving today is often data shaped upon users request and personal identity. People using the web now days, have the power to publish and create new content, some call it the “social web” or the “participatory web”. Today, Successful companies are embracing the power of the people and use it to enhance everything they do on the web (Funk, 2009).
3. Methodology

The following chapter describes the alternative methodological choices that existed, which was then selected and why. Furthermore, there is a discussion of the selection regarding companies and respondents. This chapter also includes data collection, the interviews execution, credibility of this study and finally method and source criticism.

3.1 Scientific approach
As the author of a scientific paper, a theoretical and empirical approach can be chosen. Then it is possible to divide the relationship between theory and empirical data in three ways and thereby get three methodological approaches to choose from. These are inductive method, deductive method and hypothetical-deductive method (Backman, 1998). The inductive method is based on that empirical data is collected first, and thereafter theories are formulated (Holme & Solvang, 1997). The deductive method is the opposite, where the theoretical framework is devised before any empirical data should be collected (Patel & Davidsson, 1991). The third method, hypothetical-deductive method, is a combination of both inductive and deductive method and involves a shift between the theoretical framework and empirical findings. A theoretical framework is shaped to begin with, and then empirical data is gathered in order to finally return to the theoretical framework again to adapt it to the empirical material that was collected (Wallén, 1993).

This report has a theoretical and empirical approach. Furthermore, a hypothetical-deductive method approach has been used. A theoretical framework was created, subsequently empirical data was collected, and finally the theoretical framework was examined again in order to adapt it to the collected empirical data. This method was chosen in order to get a stronger link between the theoretical framework and the empirical data collected.

3.2 Research method
There are basically two research methods to choose from, a quantitative and qualitative research method. The chosen method affects how the information is collected and is also based on how in depth the study should be (Merriam, 1994).
A quantitative research method is a more structured and formal method for collecting information compared to the qualitative method. A quantitative research method facilitates comparisons and is suitable for a large population (Johannessen & Tufte, 2003). For the quantitative research method, information is collected through a structured survey which takes advantage of information that can be handled statistically, and often consist of numerically expressed information. Such information can be collected in different ways and are usually collected through surveys for example, as well as standardized questionnaires (Bell & Bryman, 2005).

A qualitative research method aims to get a deeper understanding and has a primary focus on non-standardized information. Information is gathered through an in depth study that is less formal, and it requires an active participation of the object under examination. The information can for example be collected through an interview that also gives the possibility to analyse the object under examination (Merriam, 1994).

A qualitative research method has been considered to be suitable for the present report and was chosen in order to get a deeper insight to the research problem. The research calls for more in depth questions and interviews allows for definitions and concepts to be discussed. There are also opportunities for follow-up question if some data is missing. The risk for misinterpretations is also minimized through follow-up questions. Furthermore, it is possible to analyze the respondent in terms of accents and tone of voice, which can help analyse the data collected.

3.3 Interview method
In a qualitative research method, different types of interview methods can be used. There are three possible methods, which are structured, unstructured and semi-structured interviews, which are categorized by the degree of standardisation (Denscombe, 2000). Low standardisation implies a low degree of preparation, where questions are formulated during the interview without a specific order. The opposite is high standardisation that involves a high degree of preparation, where identical questions are used in all interviews and in similar order (Patel & Davidsson, 1991).

Structured interviews are structured in such a way that there are fixed answer options for the respondent. Unstructured interviews provide completely open answer options. A semi-structured interview is a mix of structured and unstructured interview methods where there
are predetermined areas, which will be discussed, at the same time the respondents are given space to speak from their own abilities and develop their own views within a certain framework (Eriksson & Wiedersheim-Paul, 1991). The degree of structuring determines the respondent’s answer space (Enroth, 1984).

A semi-structured interview method was chosen to allow for an interview in which the respondent communicates all the information he can and may tell for each area of discussion, and at the same time respond for each predetermined area. This allows for a closer relationship with the respondent and the discussion creates an openness, which can lead to more honest and credible information from the respondent’s side. Furthermore, there is the opportunity to go deeper in each area of discussion through supplementary questions.

The purpose of the interviews is to get respondents to speak from their knowledge, while they were developing their own views and thus allow for an interpretation of their responses. Since different nationwide newspapers will be interviewed, there is of great importance that all respondent answer similar questions, in order to gather comparable data. An interview template is designed with specific areas, which will then be used during the interview to get the information necessary. At any shortcoming of information there will be work made to add follow-up questions during or afterwards, in order to ensure that correct information is gathered from all respondents.

3.4 Selection
The selection is crucial, if wrong respondents are selected in relation to the original research question it will provide a result, which cannot be used, and the study thus become unusable. To make sure the respondents are selected in accordance with the original issue, it is therefore of great importance that the selection is done deliberately using the established criteria and not randomly. Selecting respondents in accordance with the research question and set criteria give access to respondents who are familiar with the area and possess the right knowledge, which contributes to more reliable information (Holme & Solvang, 1997).

3.4.1 Selection of companies
By analysing information from ts.se, that provides an objective view of the Swedish media landscape, it is possible to get an understanding of the broad range of newspapers in Sweden. There is a vast amount of local newspapers visible on this webpage. However, there are not as many nationwide newspapers in Sweden, which naturally are the largest newspapers as well
Orvesto Konsument is a large survey examining the Swedish media consumption, socio-demographics and consumption pattern annually in the population aging 16-80 years (tns-sifo.se, 2014). According to them the largest newspapers in regards of the daily number of readers in print are Metro, Aftonbladet, Expressen, Dagens Nyheter, Göteborgs-Posten, Svenska Dagbladet and Syd-Svenskan, in that particular order, Metro having the largest number of daily readers (metro.se/nyheter, 2013).

The aim of this report is to answer following research questions:

1. How are Web 2.0 technologies and the digitization of media industries affecting business models in the Swedish nationwide newspaper industry?

2. What are the problems related to business model innovation in the Swedish nationwide newspaper industry?

With the research questions in mind following selection criteria are developed:

1. The chosen newspaper needs to be a nationwide newspaper

2. The chosen newspaper needs to be one of the seven largest newspapers in Sweden, categorized by the daily numbers of readers in print.

With decided selection criteria, all of the seven largest nationwide newspapers according to the daily number of readers in print were contacted. A majority of the seven largest newspapers decided to participate in the research, including both the largest and the second largest newspaper.

**Newspapers participating in the in the research**

<table>
<thead>
<tr>
<th>Name</th>
<th>Ranking (number of readers in print 2013)</th>
<th>Number of daily readers in print 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro</td>
<td>1</td>
<td>1 293 000</td>
</tr>
<tr>
<td>Aftonbladet</td>
<td>2</td>
<td>863 000</td>
</tr>
<tr>
<td>Göteborgs-Posten</td>
<td>5</td>
<td>458 000</td>
</tr>
<tr>
<td>Svenska Dagbladet</td>
<td>6</td>
<td>435 000</td>
</tr>
</tbody>
</table>
3.4.2 Selection of respondents
The research questions in this report require a deep understanding of both the strategic and operational aspects of the company. In order to obtain as detailed and credible information as possible from the respondents, and cover the selected problem fully information wise, following criteria for the respondents were set.

1. The respondent shall have high overall knowledge of the company and industry in question
2. The respondent shall have an understanding of the firm’s operational work, as well as strategic work

With decided criteria potential newspapers for the research where contacted over the phone. It became clear that the CEO or another member of leading management for the newspaper was the right respondent for this research. They have a strong connection to the strategic work as well as insight to the operational work in the newspaper. The following table explain the interviewed respondents for each newspaper:

Respondents on each newspaper

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Newspaper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andreas Ohlson</td>
<td>CEO</td>
<td>Metro</td>
</tr>
<tr>
<td>Fredrik Lindén</td>
<td>Communication director</td>
<td>Aftonbladet</td>
</tr>
<tr>
<td>Lena Larsson</td>
<td>CEO</td>
<td>Göteborgs-Posten (Stampen media group)</td>
</tr>
<tr>
<td>Björn Hygstedt</td>
<td>Communications manager</td>
<td>Svenska Dagbladet</td>
</tr>
</tbody>
</table>

Table 2: (Own illustration)

All respondents are members of leading management in each newspaper. They all have necessary competence about the newspaper and insight in strategic as well as operational work. All respondents are members of leading management in order get information from the same perspective from each newspaper, the purpose of this is to gather comparable data.
3.5 Collecting data
Information collection can be made via primary and secondary data. The different types do not need to be mutually exclusive, but can complement each other to a large extent by confirming and/or verify each other. They can therefore be combined advantageously (Eriksson & Wiedersheim, 1991). Primary data is data, which is collected for the first time by the researchers themselves, and not documenter previously. A suitable method for collecting primary data is interviews (Lundahl & Skärvad, 1999). The data that is already available and is collected by someone else is called secondary data and is already processed information. Secondary data can be divided into three different parts, which are accounting data, process data and scientific data (Eriksson & Wiedersheim, 1991).

The following report is using a combination of primary and secondary data. The purpose is to collect information directly from the source, which is adapted to the report, and then be able to add to, confirm and verify primary data with secondary data consisting of already collected and processed information. Primary data will be collected through semi-structured interviews with carefully chosen respondents.

All categories of secondary data were used in this report. Scientific data used are research reports completed by researchers in the chosen area. Accounting data from different companies will be used. Process data used in the report are newspapers and magazine articles in the chosen area of research.

3.6 How the interviews were conducted
Before each interview several preparations were made with the purpose of creating a trust to the respondent and thereby form the right environment where trustful information could be shared. The respondents were contacted over the phone before the interview where the research question and purpose was presented. Furthermore information was provided about topics that would be discussed during the interview in order for the respondents to prepare the right information. Respondents were also given the opportunity to ask questions with the purpose of eliminating any uncertainties about the interview and investigated topic. Before the interviews a test interview was conducted with a person in the newspaper industry, with the purpose of testing the interview guide. Additionally newspapers were observed through available secondary data about each newspaper in the form of web pages and annual reports.
Each interview started with an explanation of definitions in the interview guide, in order to eliminate any misconceptions and ensure a common understanding of definitions. After a short introduction of the respondent, the interviews continued with open questions in each topic in the form of a semi-structured interview, where the respondents were able to speak freely within specific frames. Follow-up questions ensured that correct and comparable information was collected. All interviews were conducted over the phone and enough time was given to discuss each topic.

Each interview was recorded, thereby the interviewer could focus on the interview and observe the respondents reactions and tone and also see which questions interested them the most. These observations were later used while interpreting answers. All interviews were transcribed directly after the interview and all respondents gave the possibility to contact them again for any help with interpretations or follow-up questions.

3.7 Credibility of this study
The credibility of a study like this is discusses based on validity and reliability. However, it is difficult to test if the validity and reliability is high, since this study is based on interpretations (Patel & Davidsson, 1991).

In order for a scientific study to be valid it needs to be relevant and measures what it intends to measure (Patel & Davidsson, 1991). In order to validate a study the obtained information needs to be assessed to see if it is genuine (Kvale, 1996). A study with high reliability is credible and conducted in a credible manner. On the other hand, reliability is a measure of the study’s repeatability (Patel & Davidsson, 1991). In order for a study to be considered to have high reliability, the same results should be obtained if the research is made again with similar approach, and the method of measurement should have the ability to withstand small errors of different kind (Merriam, 1994).

3.7.1 Validity
The validity of this study is considered high because of following reasons. The interview guide was formed carefully with the purpose of working along with the research purpose, theoretical framework and problem formulation. Because of this there is a strong connection between the interview guide and the study in question. The interview guide was also tested beforehand with an interview with a person from the newspaper industry. Each respondent was contacted before every interview where the purpose of the study and topics were
discussed. This was made in order to facilitate the collection of relevant information. Each interview started with a short discussion of definitions in the interview guide, in order for the respondent to have the same view as the interviewer, which made it easier to collect relevant information. All interviews were made with respondents with the right competences to answer the questions in the different topics. All respondents provided the possibility to complement information after the interviews, if help would be needed with interpretations or to collect more information. The collected data was treated critically and questioned; however the respondents were perceived as honest and cooperative.

3.7.2 Reliability
The reliability in this study is considered to be high because the collection of accurate and credible data was made possible in numerous ways. The respondents were contacted before the interview in order to discuss the interview and topics, whereby the respondents could prepare relevant information for the interview. Furthermore, a common understanding of perspectives and definitions was ensured, which minimised the risks of misinterpretations. The respondents were given the possibility to examine the material before publishing and also the possibility to be anonymous, which led to a more relaxed attitude from the respondent, and to more credible information. However, no respondent decided to be anonymous.

The respondents were given enough time to analyse and think through their answers during the interview. The interviews were recorded and transcribed directly after the interview. No interview was complemented afterwards, since it was not found necessary.

Each respondent had relevant competences and knowledge in the investigated area, which ensured relevant information, provided by the respondents. The collection of credible and relevant information was also made by the semi-structured interview method. The chosen method had little effect on the respondent’s answers, due to the different topics each newspaper provided similar information.

3.8 Method criticism
The method chosen for this study can be partly criticized for a couple of reasons. The interviews were conducted over the phone due to geographical distances, which can be criticized since there was no possibility of interpreting the respondent’s body language and reaction like in a personal interview. This was however compensated by that fact that respondents were given enough time to think through their answers. The interviewer listened
carefully on the tone of the respondent and also tried to see what areas engaged the respondents the most. The information was analysed with extra caution, which ensured the quality of the information and minimised the disadvantage with telephone interviews.

The information would be even more reliable if more than one person would be interviewed on each newspaper, however it was not found necessary because of the similarity of the information provided by different newspapers.

The research and topics were discussed with the respondent before the interview, which made it possible for respondents to prepare. However all respondents may not have as much time to prepare for the interview, which might lead to a difference in information quality. However the respondents were perceived as equally prepared and reliable.

The interviews were recorded, which may also be criticized because the respondents can withhold sensitive information. The purpose of this research is however not to collect detailed information about sensitive topics. The respondents were given the possibility to examine the material before publishing and were given the possibility to be anonymous. All of this minimized the risks of the respondent to withhold information. All respondents were perceived as accommodating and open with their answers.

The usage of a semi-structured method can be criticised since it might lead to subjective information and inaccurate information because of misunderstandings between the interviewer and respondents. This risk was minimized through ensuring a common understanding of definitions and topics and through direct follow-up questions with the purpose to complement answers and ensure that collected information is relevant and comparable.

3.9 Source criticism
In the creation of a scientific report, it is important to assess the credibility of the sources used in the collection of both primary and secondary data. A credible source is free from systematic error variation, relevant to the research question and measure what it intends to measure (Patton, 1990).

The primary data is the empirically collected material, which might include both subjective and angled information from the respondents. However, the respondents turned out to be helpful and showed a great interest in contributing to the study. The answers of the
respondents followed a pattern and thereby mediated an overall picture of the newspapers view, as well as for the industry. All respondents were perceived as credible and mostly objective in their responses.

The quality and credibility of collected data was ensured through the usage of credible databases and the usage of relevant key words. Furthermore, the author has been critical to secondary data that has the risk of being subjective in nature. Research data does not have this problem to the same extent as other secondary data sources, which is also why it has been used more. Scientific articles have been collected mainly through the databases GUNDA, Libsearch and Google Scholar, with the purpose of accessing credible information and sources. The keywords used are for example; Web 2.0, business models, business model innovation, media business models, digitization in media industries etc. The keywords were formulated with regard to the research questions and purpose of this study. Internet sources was used less with the purpose of strengthening the reliability of the study. However, they could not be excluded because they provide timely information and create a perception of reality in the study. The information included is considered to be enough objective and reliable in order to be used.
4. Empirical Data

The forth chapter will begin with an introduction of the media industry and costumers in the Newspaper 2.0 environment, followed by material gathered through interviews with Metro, Göteborgs-Posten, Svenska Dagbladet and Aftonbladet. Together with material from annual reports and company websites, a complete picture will be provided.

4.1 Introduction to the Swedish newspaper industry
The newspaper industry is going through a digital evolution. The change is not just the introduction of new technologies but also a great change in the newspapers business relations. Newspapers all over the world are suffering from falling readers in print and declining revenues from advertising as readers and advertisers are turning to digital media. Even though newspaper services have been present on the Internet since the mid 90’s and in mobile phone platforms since the end of the 90’s newspapers have not been capable of building a strong digital business. Newspapers are forces to invest in digital technologies. Internet, mobile apps, e-papers and services such as Youtube is challenging the traditional ways of producing and distributing media content. The traditional business models of newspapers have not worked well in digital media and the competitions have been tough. Today, many newspapers are in a crisis, which is a revolutionary development in the newspaper industry (Åkesson, 2009).

The compound Sveriges Mediebyråer is a non-profit association whose purpose is to look after their member’s interests, which are Swedish media agencies. Through their Mediebyråbarometern it is possible to get a figure of how Swedish media investments has changed over the last years, which will give us important information about the changes in the Swedish media industry (sverigesmediebyraer.se/om-oss/, 2014).
The diagram above shows how investments in different media channels have changed over the years from 2006-2013. The most radical changes are seen in the television industry (green line), newspapers in big cities (red line) and Internet (turquoise line). To get a better feeling of these investments the television industry had SEK 5 227 445 465 (2013), newspapers in big cities SEK 1 300 255 434 (2013) and Internet SEK 2 117 463 284 (2013). Important to notice is that investments has stagnated/decreased in almost all media channels from 2012 to 2013, accept for Internet, which is the only channel that has increased significantly with roughly 18 percent from 2012-2013 (http://www.sverigesmediebyraer.se/mediebyrabarometern/, 2014).

4.2 Customers in the newspaper 2.0 environment
In 2010 Nielsen conducted a survey where they asked more than 27,000 consumers across 52 countries if consumer will pay for online news and entertainment they now get for free. A majority of consumers (85%), prefer that free content remain free. More than three out of four users believe if they already subscribe to a newspaper, magazine or television service they should have free access to content on the online news service. At the same time 71 percent of global consumer say online content of any kind will have to be considerably better
that what is currently free before they will pay for it. 79 percent of the consumers said that if online news sources started with subscription models or pay wall, they would no longer use the news service, because of the assumption that they can find the same content in other places for free. Regarding online only services, 31 percent would consider paying for them, which put emphasis on the challenges of a Web 2.0 news service face. Advertising alone is not enough for most media companies online. Some companies look to mass-produce media content through social network and profit from advertising through networks such as, YouTube, Twitter and Facebook. Other companies integrate ad-supported videos but in general the industry is starting to look for a mixture of direct payments and advertising. 47 percent of the respondents are willing to accept more advertising to subsidize for online content. A lot of consumers 64 percent have the opinion that pay models and advertising are mutually exclusive and agree that if you have to pay for online content, it has to be ad-free (Nielsen, 2010).

4.3 Company descriptions
The empirical framework will begin with a brief introduction of the interviewed newspapers, for the reader to get an understanding of the differences between the newspapers.

4.3.1 Metro
Metro was founded in 1995 as the worlds first free of charge newspaper and therefore challenged traditional medias. Today, Metro is Sweden’s largest paper with approximately 1.3 million readers daily. Metro is a politically unbound newspaper and their initial idea is to give readers an easy accessible overview over the latest happenings in about 20 minutes. Their target group is young urban readers in Sweden’s largest cities. The thickness of the paper is mainly controlled by the amount of advertising, which is biggest in November and December, and around payday each month (metrobusiness.se, 2014) (Ohlson, Interview).

The turnover increased a bit in 2012 and ended on SEK 155 million, while the operating profit decreased from SEK 16,8 million (2011) to SEK 10,3 million in 2012 (Andén, 2012)

4.3.2 Göteborgs-Posten
Göteborgs-Posten is a liberal newspaper and was founded in 1813; it is currently the largest newspaper in the western parts of Sweden and the second largest nationwide amongst subscribed ones, with news from all over the world but with a focus on Gothenburg and nearby regions. They reach more than 600 000 readers daily in their paper form, computer,
tablets and smart phones. Gp.se has around 500 000 unique visitors per week, and is also the place where you will find GP TV (info.gp.se, 2014) (Larsson, Interview). The paper had a daily edition of 190 700 in 2013 (ts.se, 2014).

The turnover decreased from SEK 1202 million (2012) to SEK 1092 million (2013). The operating profit (EBIT) was SEK -16,3 million (2012) and SEK -12,8 million (2013). They also downsized their staff from 274 (2012) employees to 229 (2013) (allabolag.se, 2014).

4.3.3 Svenska Dagbladet
Svenska Dagbladet was founded in 1884 and as a nationwide newspaper that provides qualitative journalism for all platforms with a strong position in the Stockholm area. The paper reaches almost one million readers daily through all channels and is Sweden’s third largest newspaper amongst subscribed ones. The political perspective is unbound moderate for Svenska Dagbladet and without any political tendencies on other parts (svd.se/special, 2014) (Hygstedt, Interview). The paper had a daily edition of 159 000 in 2013 and 174 400 in 2012 (ts.se, 2014) (Schibsted annual report, 2013).


4.3.4 Aftonbladet
Aftonbladet is the largest Swedish newspaper founded in 1830. Their political influence is unbound social democratic. Their strategy is to be where the readers are and they have 300 journalists in their editorial office (aftonbladet.se/koncernen/, 2014) (Lindén, Interview). The paper had a daily edition of 207 300 in 2012, which decreased to 176 475 in 2013 (Schibsted annual report, 2013).

The turnover decreased from SEK 2168 million (2012) to SEK 2066 million (2013). Divided in print and online the printed version decreased from SEK 1621 million (2012) to SEK 1443 million (2013) while the turnover online increased from SEK 547 million (2012) to SEK 623 million (2013). The operating profit (EBITDA) went from SEK 312 million (2012) to SEK

![Figure 8: Channels used by Aftonbladet (Rogberg, 2014)](image)

The diagram above represents the channels that Aftonbladet is using for their newspaper. The diagram shows how the reach per day has changed over the last four years. Under July in 2014, Aftonbladet had a total reach of 3,240,000 readers, which represents 43 percent of all Swedes in the age of 16-80 years. The digital edition is now bigger than the printed edition (Rogberg, 2014).

4.4 Swedish media industry from the respondents perspective
The Swedish media industry is facing changes; if we investigate the changes in the largest nationwide newspapers in Sweden we get following information.

The CEO of Stampen media group and Göteborgs-Posten (GP) Lena Larsson explain that one of the greatest changes in the industry is the decreasing interest for printed newspapers, which has affected everyone in the industry. The reason for this rapid change is found in changing reading habits, new technologies that enable readers to use different channels for reading news (Larsson, Interview). Svenska Dagbladet (Svd) feel that the greatest changes are changing reading behaviour and media habits amongst users, which they explain with the introduction of new technologies, and mostly the introduction of the iPhone 3gs in 2009, that allowed people to surf the Internet fast on smart phones, that is when reading habits started to
change fast (Hygstedt, Interview). Aftonbladet also describe that it is the digital transformation and changing reading habits amongst customers that are the greatest changes in the Swedish newspaper industry (Lindén, Interview).

Newspapers with subscribers on printed editions such as GP and Svd and without subscribers such as Aftonbladet and Metro, are all seeing a declining number of readers in print every year; it is also affecting the advertising business, which for the interviewed newspapers has been one of the most profitable parts of the business (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

The greatest change for Metro has been that the advertisers view of print as a media channel for advertising is changing, since they are a free newspaper. More people are using smart phones, computers and tablets to read newspapers instead of reading the printed version, which is a great concern for Metro because the printed commercial platform is loosing in value when it comes to advertising. “The perception of print amongst advertisers is changing” (Ohlson, Interview).

Industry changes are affecting entire business models. Relations with readers needs to become stronger and interest have to be created for advertisers to reach their target group; this was no problem five years ago. Companies in the newspaper industry are relying on more channels than before, where the fastest growing channel is the mobile phone business (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

The industry changes forces companies to be more present online. Aftonbladet was first in this transition and changed their work processes and moved their priorities online before their competitors (Lindén, Interview).

Due to problems with decreasing interest of the printed version Metro is feeling that the value of journalism is diminishing. The loosing value of the printed version and journalism is the reason for why Metro is focusing on complementing their product range on the Internet (Ohlson, Interview). On the other hand the market leader Aftonbladet believes that journalism is more important than ever before, and that it does not matter what channels are used to reach out with their journalism (Lindén, Interview).
Due to changing environments in the industry every interviewed newspaper agree on that they have to be more cost aware than before and adjust their costs to lower total revenues (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Aftonbladet is making savings on every part of the business, print is still profitable but they are losing about 12% of their readers annually (Lindén, Interview). All interviewed newspapers have decreasing income from their printed edition, both when it comes to a yearly-reduced number of readers but also when it comes to advertising. Because less people are reading the printed edition advertising are automatically willing to pay less for their advertising on that particular platform (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Hygstedt at Svd explains that advertisers are exploring an exiting development in the industry, they can advertise in more channels and be more creative use moving pictures, sounds etc online. Advertiser are getting closer to closing deals and through smart phones people can see adds everywhere (Hygstedt, Interview).

With a technological evolution going on in the industry it is natural to see that all interviewed newspapers are more present online than before the market changes, but Metro stresses that it is important to mention that the business online has started on very low levels. They claim that there is no newspaper that has been able to replace their print income with income online, and if someone claims that, it is a lie (Ohlson, Interview). People are not really ready to pay for digital newspapers yet, it is a matter of time according to Hygstedt at SVD. He says they need to work closely to their readers and make them pay for digital versions instead, which is in line with the technological evolution in the industry (Hygstedt, Interview).

The industry is seeing a reduced viewing of traditional newspapers in print. Metro is not worried about this, they just say that it is a fact and that they have to deal with it and come up with other ideas on how to make money (Ohlson, Interview). GP is not worried either, its a fact and something they have to adapt to. GP have to make I big journey to show their readers and also advertisers what they can offer them with the new platforms. The industry is in the middle of a transition; right now they are working hard to change the mindset of readers and advertisers (Larsson, Interview). Svd is not worried, but they say that it is a challenge because there is not as easy to change business models as fast as readers media habits has been changing, the industry is currently in a pretty exposed place where reduced income on the printed version is not compensated by the increased income digitally. In 10 years Hygstedt
believe that nationwide newspapers will have more than 80% of their business on digital platforms. There is only a possibility for very small regional papers to still have a functioning printed version; even they will face problems eventually (Hygstedt, Interview). Aftonbladet explains that it brings problems, and that they still want readers to read their printed edition, but they are focusing more on their online business and see it as an opportunity instead that the market is changing, since they have been faster in the transition than their competitors, which is one explanation for why they are market leaders (Lindén, Interview).

The costumer demand is changing in the industry. Customers still want to read newspapers, however they are doing it differently than before through new channels since new technologies are available (Ohlson, Interview). Readers are having new habits (Larsson, Interview). Svd also explain that reading behaviour and media habits are changing, readers want to read newspapers that suit there reading behaviour. Customers want to have everything digital, the problem is that they are not as willing to pay for it (Hygstedt, Interview). Aftonbladet explain that customers are more present online than ever, which why they also have to bee there (Lindén, Interview).

**4.5 Business models used by the newspapers**

Metros strategy is to give readers an easy preview over the last days happenings. They feel that it is harder to make money on journalism, which is why they are planning on diversifying their company and use their newspaper to leverage new customers services online, such as metro job, offerta, allastudier.se etc. All of these investments have little to do with journalism and more about buying companies online and making them better. Metro will continue with journalism as long as they can make money out of it, but they do not feel that they have to “save” journalism in Sweden. They worked with journalism because it was a good business, when it stops they will simply quit with journalism (Ohlson, Interview).

GP is the largest newspaper in the western parts of Sweden and their strategy is to have international and national news but put an extra effort into more local news from Gothenburg and western pars of Sweden. With the industry changing they are modifying their strategy, they want to be better with advertising clients and work closer to them. They are creating business models where advertisers are paying for effect and not for the thickness of the paper. They aim to build a platform online that is as interesting for advertisers to consider, as the printed version used to be (Larsson, Interview).
Svd is a nationwide newspaper that focuses on qualitative journalism on all platforms. Their strategy is to be truly nationwide, a digital platform helps them with that. They aim to carry more income streams in the future, so they do not end up in the same situation like this time. They want to offer an intelligent product and offer their readers a paper in many channels and give a complete range of products, they need to be where the readers are, in smart phones, tablets, computers or print. It does not matter, what a matter is being channel smart (Hygstedt, Interview).

Aftonbladets strategy is to be market leaders in their industry with a main focus on their online business, they see themselves as an online business with a printed paper, not the other way around. Their strategy is different from traditional newspapers; their online business is competing with Swedish television companies such as SVT and TV4 but also with YouTube (Google) and Facebook, since they want to be an information and entertainment channel. When it comes to journalism they are competing with the other Swedish nationwide papers, but when it comes to the digital transformation, they cannot compare to other newspapers because their competitors are too far behind (Lindén, Interview).

It is clear the business models are getting more important in this industry, and that newspapers needs to change their business models. Metro works actively with investigating and trying to find new business opportunities, and try to find synergies with what they are currently doing (Ohlson, Interview). Aftonbladet is also very fast with changing and improving their business model (Lindén, Interview).

Metro is focusing on putting strategies into their business models, which is where strategic choices are communicated and implemented (Ohlson, Interview). When GP creates new business models, they are always focusing on making them in line with their strategy, which illustrate that they use business models to implement strategic choices (Larsson, Interview). At Svd business models are also used to implementing and communicating strategic choices. Svd has a clear strategy that has been changed this year. New business models needs to work with the overall strategy. Having a clear strategy in the organisation ensures that employees know where the organisation is heading. Therefore leading management is not only communicating and implementing strategic choices through business models but also on meetings and conferences (Hygstedt, Interview). Aftonbladet is working a lot with updating their business models so they are in line with their strategy; much of the communication is
done when analysing a new business model. This means that they also use business models to implementing and communicate strategic choices (Lindén, Interview).

The newspaper industry is quite traditional; strategies are developed in the boardroom. And top management’s role is to create business plans that are in line with the owner’s directives, which is a structure visible in all interviewed newspapers business (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Metro creates value through their original business platform, which is their journalism. They use that asset for creating new business and help them grow. Metros value network is only getting larger due to their strategy, their value network is quickly broadening since they are diversifying their business, their network is far different from how the industry used to work with readers advertisers and other papers. Metro captures value mostly from advertising income when it comes to their newspaper, since it is a free newspaper. Due to their diversification they are creating and capturing value in businesses that has nothing to do with journalism or newspapers (Ohlson, Interview).

GP creates value through delivering journalism in different forms to their readers. Through different channels readers are able to follow up on international, national and regional news, that is the true value. Their value network consists of readers, which are subscribers and also creates traffic online, advertisers, which pays more if there is more traffic and readers. They also mention their editorial staff with journalists, which are making the paper, factory printing the paper and suppliers delivering materials. Their network is broadening slowly as they become more present online. But making a newspaper they have mainly two interests, readers and advertisers. That is how they capture value, through advertising income and subscriptions (Larsson, Interview).

Svd creates value through delivering qualitative journalism, and make it available on different channels. Their value network is similar to GP’s with staff, suppliers, factory, readers, advertisers etc, all are a part of their value network and equally important. Like GP their network is also growing due to their increasing presence on new channels online. Svd have their products on different channels, they capture value by getting paid by advertisers and subscribers both online and in print (Hygstedt, Interview).
Aftonbladet creates value through their journalism and information and entertainment business that they have online. They create value by delivering what their readers/viewers want to see, on whatever channel it is, it does not matter if it is moving pictures or print. Their value network is extremely broad with networks, partners, customers, journalists, advertisers etc. They are capturing value through income from advertising in print and online channels such as mobile site, web site and commercials in their TV channels. They are capturing value from readers through pay services online such as plus and premium, which are subscriptions, and also through selling printed papers in stores, for which they do not have subscriptions for private users, only companies (Lindén, Interview).

4.6 Internet business models used by the newspaper
The interviewed companies see it as a necessity to be available online on multiple channels since the printed edition is loosing readers and because reader preferences are changing. However the printed editions are still every newspapers greatest asset and income, even if its declining (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Metro is focusing on expanding online, they are adding value to their business by creating traffic on their channels online and through mergers & acquisitions, which is their new strategy. Going from over 30 % profit margin in the printed edition, to being as profitable online will according to Andreas Ohlson take time. They are currently trying to create and test new business opportunities online, in order to have multiple income flows (Ohlson, Interview). Lena Larsson stresses that being online will be very important in the future for this industry, because the behaviour today to gather and share information is strongly anchored online. GP has to create value through different channels, and these channels are online (Larsson, Interview). Svd has also understood the importance of digital channels, they say its like with all evolutions, they would only loose by not following the industry. Björn Hygstedt explain that in the future most of their value chain will be located online (Hygstedt, Interview). For Aftonbladet it is a necessity to be online if they want to add value or at least retain the value that they have, because the printed edition is loosing roughly 12% readers yearly. Their focus online is to improve their television channels, develop their plus service further (subscription online) and improve the mobile app, which is important for strengthening their market leader position (Lindén, Interview).
Metro explain how being online makes it easier to analyse and measure data in order to analyse customers habits, which they feel gives them more control than they used to have (Ohlson, Interview). GP just like the other newspapers still have a strong printed edition, where it is more difficult to analyse reader habits than online, they also explain that being online makes it easier to monitor traffic. As the transition process continues from print to online, Lena Larsson describe that they will have more control of customers in the future (Larsson, Interview). Björn Hygstedt at Svd says its clear that more and more reader prefer having their daily information flow online, as this part of the business grows, they will have access to more numbers to analyse customer habits (Hygstedt, Interview). Aftonbladet has been active online for a long time, together with introducing social media that gives access to readers opinions they have more control over customers than ever (Lindén, Interview).

The direct contact with customers is also improved by being online, and especially in combination with the usage of social media. Social media has turned into a bridge between readers and newspapers, where they are commenting articles, sharing articles and opinions. This direct contact creates value for both readers and newspapers (Ohlson, Interview). Lena Larsson agrees with Metro, and adds that costumer support works differently than it used to do, since much of the support is done through social media such as Facebook, where readers are able to discuss problems and questions directly with GP, these dialogs are important for improving the business. Lena says that social media, where readers are creating data on their web apps is great, because it adds that extra aspect to reading a newspaper (Larsson, Interview). Svd explain that it is easier for readers to get in touch with them than it used to be because of social media, they meet with readers in a way that was not possible before (Hygstedt, Interview). Fredrik Lindén at Aftonbladet state that they have direct contact with customers through social media, but that they have to be better at working with it. They will reorganise their work processes so that all of their employees will be better on using social media in their daily work routine (Lindén, Interview).

The transition that the industry is facing from print to online channels is changing the way newspapers are making money. Metro is a free newspaper so they have never made money on subscriptions. Andreas Ohlson explain that they have been very dependent on their advertising income from print and that the industry changes has decreased this income, which is a great concern. It is clear where the industry is going, from Metro’s position it is
understandable why they turn their focus away from journalism (Ohlson, Interview). Lena Larsson discuss that in 2006 GP sold adds for about SEK 900 million in their printed edition where 40% of the content consisted of advertising, most of their earnings came from advertising and not subscribers. Today they are making less on advertising in the printed edition and there is a more even distribution between subscriptions profits and advertising profits. Their online business is not making up for the losses in the printed edition (Larsson, Interview). At Svd the income has always been around 50% from subscribers and 50% from advertisers. With a less popular printed edition and growing focus online they are making more from advertising than subscribers. The big challenge for newspapers around the world is to get readers to pay for digital news, which is a great pedagogical challenge the industry is facing (Hygstedt, Interview). Aftonbladet is selling loose numbers in retail; the income from selling the printed edition is declining each year, like the advertising from it. In the printed edition they made more from advertising, which is also the case online, even if it is more evenly spread because of the introduced plus subscriptions to their online paper, that is growing (Lindén, Interview).

4.7 Business model innovation in newspapers
The newspaper industry is changing rapidly, which requires companies to innovate their business models in order to stay competitive and survive. Metro is constantly searching for new business opportunities, which requires to constantly innovating the business model, while working like this capabilities to innovate the business models are developed (Ohlson, Interview).

Metro’s greatest changes in their business models is that they no longer can use that same and only focus on print, since it is not as profitable as it used to be. Mainly leading management is working with making new business models; they are constantly improving existing ones and exploring new ones. The changes in the industry are happening so fast that Metro cannot be careful with radical changes in the business model. Going from pure journalism to what they are doing today, is quite radical according to Andreas Ohlson. They are forced to use their assets the best they can, and create new business opportunities that will be profitable in the future. So far they have managed to make profitable investments without major failures, even if some smaller projects have collapsed (Ohlson, Interview).
According to Lena Larsson at GP the market is changing much faster then they could have imagined, new technologies appeared and the industry changed. They did not have capabilities to innovate their business model as fast as the market changes, which is the reason for decreasing revenues and number of readers. The industry changes required to radically rethinking their business models and in order to survive they had to decide on how to make business in the long run. Lena Larsson say there was no way of preparing for this. Leading management and board members sat down and chaotically tried to solve this problem. This is when we analysed our competitors and really understood the loosing power of the printed edition, then their transition to different web apps took off, which were radical to many of employees in the decision process (Larsson, Interview).

GP’s business model is different in the way that they are available on many more channels than before, they cannot rely on their printed edition in the long run. They need to have a different flow of income from many smaller channels, to make up for the losses in the printed edition. However they are still keen on keeping a profitable business in their printed edition, they believe that some readers never will abandon the printed edition. Leading management is working more with business models than they used to and currently with a business model conversion to being better online. Business models are improved and new factors added to web applications, this work is new to them and time consuming with few visible results in the short run. Earlier the newspaper industry was quite static, there was subscribers and advertisers on a platform that both enjoyed. Now readers and advertisers, have trouble deciding which platform they want to use, this is why we are in the process of working with business models. GP are not afraid to make radical changes in their business models, Lena Larsson say that they have to learn how to be faster with major changes, and she is currently working with building an organisation like this. She believes that their biggest failure was missing capabilities for innovating their business models in the way they worked before, therefore whey were not able to adapt fast enough to market changes and lost both readers and advertisers interest on the way. She claims that the industry is tougher and that they need to work harder if they do not want to end up in a similar situation in the future (Larsson, Interview).

Björn Hygstedt at Svd explains how the industry turned from being static to changing rapidly. They have to make many changes in their business models, and leading management is
getting better on it. In the future they will be better in adapting to industry changes. They work on making the process from decisions higher up in the hierarchy and actions in the operating part more connected and faster (Hygstedt, Interview).

The greatest changes in their business models is that they are more focused on digital channels, which requires new business models than they are used to. They have to convert paper readers to digital readers, and make them want to pay for digital content, log-in and being active, that is the biggest challenge. Managers currently work with making decisions in the transition phase there in, where they are changing and adapting business models to make them suitable for digital channels. They are no longer careful with radical changes, they need to be responsive and brave enough to follow reader’s media habits. Svd is loosing 10% of their readers in print annually, in order to deal with the consequences they have to start investing more digitally. The perspectives are changing; in the future they will be a digital newspaper with a printed edition, not the other way around. Svd claim they have not really failed with any business model, even if some have been worse. They are not as experimental as many of their competitors, they believe it is the right decision for them, and they will see if it is a winning strategy in the future (Hygstedt, Interview).

Fredrik Lindén at Aftonbladet state that they have been better on working with business models and have had better capabilities to innovate them than their competitors, since they always been pretty agile. They have to improve on this like everything else, but they feel comfortable with adapting to market changes. Fredrik Lindén believes it is one of the reasons for why they are market leaders (Lindén, Interview).

Their greatest change in their business models is that they see their online business as a strategically more important part of the business than print, even if print is still important. The future is in their digital edition. It requires new business models and ways of working, but they feel they are getting there. They would like to have a team working specifically with business models, even if leading management together with the board are doing it fine. Because they are cutting down costs, the way of working with business models will not change, it works well enough as it is. Aftonblades has been brave historically speaking with radical changes in their business models, which is a part of their success. They are trying new opportunities first, which gives them the possibility of a leading position they currently have. They still understand the importance of nurturing what they already have. By exploring
opportunities they are also facing failures. However they do not feel it is too risky, since its mostly been about adding or improving parts of their business, even if a business model fails, they still have other parts of the business keeping them on top. This is why it is important to use many channels, and try new ones. Fredrik Lindén explain that the industry is different from others, it is harder for readers to see all changes, he compares it with releasing a new Iphone, ant that case Aftonbladet’s development is more fluent (Lindén, Interview).

4.8 Web 2.0 technologies in newspapers
The term Web 2.0 is becoming more popular and describes the social transformation that puts more control and interactivity of content of regular users. Metro is using a lot of Web 2.0 technologies and social media in their organisation, such as Blogs, Twitter, Instagram, Google +, Linkedin, Facebook etc. Andreas Ohlson explain how important it is for them to work with social media, it is comfortable to build up that sort of traffic to heir web page and also a fast tool to work with when users are generating content, sharing etc. The advertising market is small on this part but instead of using it as a marketing platform they use it to leverage their newspaper, readers are spreading articles and therefore generating more traffic (Ohlson, Interview).

GP is more conservative when it comes to social media. They are working more with web apps and currently using Facebook and Twitter, which they feel are the most important. Through social media they appreciate the dialogs, and that readers and advertisers can gather and share information, GP can have direct use from this information. The growth of social media is like the introduction of telephones, this is how people are communicating now and they have to adapt to it, GP will start using Instagram more an want to be present on all big channels where everybody is. They are mainly using social media for communication with customers and creating traffic on all the channels they are present on, they will see what opportunities it might bring in the future (Larsson, Interview).

Svd is using Facebook and Twitter, to a great extent. They also have many interesting discussions under articles where readers are sharing opinions. Social media is used as a storefront and space for contact, which traditional media is not as good at. It is a new way for newspapers to reach out to their readers. Employees are working more with Twitter where they add links and articles. More opinion-caged journalists are adding much of their work on social media. Social media is seen as traffic generators, Svd want to advertise them there and
bring readers to their digital channels, more traffic leads to page views and generates a more profitable advertising business. Svd’s aim is to be better at using social media, they want to start working with Instagram since they have great picture material to put there (Hygstedt, Interview).

Aftonbladet believes it is very important for them to engage in social media, they are active on all major social media platforms; Facebook and Twitter are becoming traditional and works great for them. However, they feel that they still have a long way to go with this. Web 2.0 brings an entirely new aspect to their business and industry, which all have to learn. Aftonbladet can spread their offer in a better way through social media, readers are on social media, which is why Aftonbladet needs to be there. An example of how powerful social media can be is Aftonbladets online TV channel brottscentralen, where they are fighting crime through tips and help from readers and viewers through social media (Lindén, Interview).

The negative with blogs is that many small blogs creates enormous amounts of traffic, this type of traffic is extremely cheap for advertisers. User generated knowledge is not always necessarily good, it is hard to keep up the quality. Only well know bloggers create traffic that advertisers are willing to pay for. In theory you are a winner if you produce as much traffic as possible as cheap as possible, this is not how advertisers resonate, and does not only apply to blogs. It is easier to target advertising online, the target group is just as important. Advertising will always be cheaper online, since traffic is only about price competition. By summing up all unique web pages and all the unique traffic, its up to 100 million unique visitors per week, the supply is practically endless, which puts a pressure to price (Ohlson, Interview).

There are a lot of advantages with Web 2.0, it helps Metro with communication with readers, collaboration between them, creates a form of community, enhances creativity and also different types of convergence (Ohlson, Interview). GP feels that Web 2.0 enables better communication with readers and advertisers, and creation of communities. It has many advantages overall, and that is why GP is using social media (Larsson, Interview). Svd’s costumer service is on Facebook and many departments have their own Facebook page, which are good examples of better communication, collaboration community and also convergence of tehnology (Hygstedt, Interview). Aftonbladet is using Web 2.0 differently depending on which part of the business it concerns. Depending on the use they are taking different
advantages whether its communication, collaboration etc. They are trying to take advantage of every opportunity Web 2.0 brings them. They want to be better online, the advantages given through social media is extremely important to learn more about, if they want to get the most out of it (Lindén, Interview).
5. Analysis of Empirical Study

The following section compares the empirical material gathered with the report’s theoretical framework in the form of an analysis, in which similarities and differences are discussed. The analysis is divided into five sub-areas, which are the Swedish newspaper industry, business models, Internet business models, business model innovation and digitization and Web 2.0.

5.1 Swedish newspaper industry
The newspaper industry is going through a digital evolution. The change is not just the introduction of new technologies but also a great change in the newspapers business relations (Åkesson, 2009). It is clear that all interviewed newspapers are going through a digital evolution (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Newspapers all over the world are suffering from falling readers in print and declining revenues from advertising as readers and advertisers are turning to digital media (Åkesson, 2009). This is also visible in the Swedish newspaper industry, Lena Larsson CEO of Stampen media group explain that one of the greatest changes in the industry is the declining interest for printed newspapers, which has a negative effect on the advertising revenues (Larsson, Interview). The advertising business has been one of the most profitable parts of the business for the newspapers, as this part of the business has been affected the most, Metro has been in a vulnerable position since they are a free newspaper, with no revenue from subscriptions and sales (Ohlson, Interview). According to Larsson (Interview), Hygstedt (Interview) and Lindén (Interview) the reason for his rapid change is found in changing reading habits, with new technologies enabling readers to use different channels for reading news. Hygstedt (Interview) explain that together with the introduction of the Iphone 3gs in 2009, the reading habits started to change fast.

Newspapers are forced to invest in digital technologies. Internet, mobile apps, e-papers and services such as Youtube is challenging the traditional ways of producing and distributing media content (Åkesson, 2009). All interviewed newspapers are investing in digital technologies and working with digital channels to reach their readers (Hygstedt, Interview).
Aftonbladet has been most aggressive in the transition from print to digital and is the market leader when it comes to digital channels (Lindén, Interview). To compare, Svd’s online turnover increased from SEK 67 million (2012) to SEK 82 million (2013), during the same period Aftonbladet’s online business increased from SEK 547 million to SEK 623 million (Schibsted annual report, 2013). Together with an analysis of how the media investments in Sweden has changed over the years, where it is visible that the Internet is the only channel were investments has increased, with roughly 18 percent from 2012 to 2013, it is understandable for why newspapers are investing in digital channels (http://www.sverigesmediebyraer.se/mediebyrabarometern/, 2014).

The traditional business models of newspapers have not worked well in digital media and the competitions have been tough. Today, many newspapers are in a crisis, which is a revolutionary development in the newspaper industry (Åkesson, 2009). This is clear in all interviewed newspapers; they all struggle with declining turnover and advertising revenues from the printed edition (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Not even Aftonbladet, who has the most promising digital business, has been able to cover the losses from the printed edition with their online edition (Lindén, Interview). The industry is in a phase where even the value of journalism is questioned, however only Metro is feeling that the value is diminishing, and is also the only newspaper that diversifies their business with non newspaper related activities (Ohlson, Interview). All interviewed companies agree on that they have to be more cost aware than before (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

In 2010 Nielsen conducted a survey where they asked more than 27,000 consumers across 52 countries if consumer will pay for online news and entertainment they now get for free. 85 percent preferred that free content remain free (Nielsen, 2010).

Even if this survey was conducted in 2010, it is visible that the problem remains. People are not really ready to pay for digital newspapers yet, it’s a matter of time according to Hygstedt at Svd. He says they need to work closely to their readers and make them pay for digital versions instead, which is in line with the technological evolution in the industry (Hygstedt, Interview). Aftonbladet and GP are also working with getting closer to their customers and to be where the readers are (Larsson, Interview) (Lindén, Interview).
Advertising alone is not enough for most media companies online, which is why companies in general are seeking for a mixture from both direct payments and advertising (Nielsen, 2010).

The interviewed newspapers have had most of their revenues generated from advertising in their printed edition (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). However, it is not enough online, which is why Aftonbladet for example, is working hard with implementing subscriptions on their digital channels, and making readers to pay for digital content (Lindén, Interview). Svd, GP and Aftonbladet are working with getting closer to their readers, by meeting customer needs; they might also make readers pay for their digital content (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview). However, Aftonbladet is the only newspapers that can be considered successful, with a growing number of online subscribers (Lindén, Interview).

5.2 Business models
When market condition changes, companies are often forced to rethink their business strategy and business model in order to survive (Shafer et al, 2005). This is what we currently see in the Swedish newspaper industry (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Yet, many executives remain confused about how to use the business model concept (Shafer et al, 2005), which makes it important to discuss this topic. Together with new technologies, globalisation and great number of choices to configure a business makes managing an even harder task (Zahra & O’Neill, 1998).

During the first two to three decades of digitization, the business models of media remained relatively stable because newspapers, books and magazines continued to be printed on paper, and the products continued to be distributed and sold in traditional ways (Picard, 2011). The situation evolved rapidly since the mid 1990s, when changes in applications, software and connection capabilities began to transform computer networking systems that had previously required specialist knowledge and skills into the relatively easy to use Internet that we know today (Lipsey et al, 2005). Today, new easy to use digital technologies are developing, which have changed reading habits and advertisers perspectives on advertising platforms. In order for newspapers to remain relevant and profitable, they have to change their business models (Hygstedt, Interview) (Lindén, Interview) (Ohlson, Interview). According to Picard (2011) existing business models of established media are losing their effectiveness and need reconsideration. By analysing the interviews, it is clear that some existing business models
used by newspapers are losing their effectiveness, especially those related to the printed edition, which is why the newspapers reconsider their business models (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Pressure from external forces such as competition, social environment, legal environment, technological change and changes in customer demand are shaping business models (Osterwalder, 2004). In the Swedish newspaper industry it is noticeable how technological changes, changing reading habits and the social environment is affecting newspapers business models (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

In order to analyse a business model it is important to understand that there are four major categories of what a business model consists of, which are strategic choices, creating value, capturing value and the value network (Shafer et al, 2005).

5.2.1 Strategic choices
A business model is not a strategy; it involves testing, analysis and validation of a firm’s strategic choices, but it is not a strategy in itself. However, the business model should be a reflection of the firm’s strategic choices (Shafer et al, 2005).

All four newspapers have clear strategies. Metro’s strategy is to give readers an easy preview over the last day’s happenings and diversify their business by using their newspaper to leverage new customers services online, many investments have little to do with journalism, which is a conscious choice (Ohlson, Interview). GP’s strategy is to have international and national news, with an extra effort into more local news from Gothenburg and western parts of Sweden, and also work closer with advertising clients (Larsson, Interview). Svd’s strategy is to deliver qualitative journalism on all channels where the readers are and to be truly nationwide (Hygstedt, Interview). Aftonbladet’s strategy is to be market leaders through an extensive focus on their online business, they see themselves as an online business with a printed paper. They want to be a true information and entertainment channel online (Lindén, Interview).

The business models used can be seen as reflections of the newspapers strategic choices. Metro is focusing less on journalism and more on buying companies online (Ohlson, Interview). GP is creating business models where advertisers are paying for effect and not for the thickness of the paper (Larsson, Interview). Svd focus on qualitative journalism and aim
to carry more income streams through using more channels (Hygstedt, Interview), and Aftonbladet is putting much effort online even competing with Swedish television companies, YouTube and Facebook (Lindén, Interview).

Business models can also be powerful tools for implementing, analyzing and communicating strategic choices (Shafer et al, 2005). The interviews suggest that newspapers business models are used for implementing and communicating strategic choices (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

5.2.2 Creating and capturing value
The term “business model” is fundamentally concerned with creating value and capturing returns from that value (Kaplan 2012).

If we look at the Swedish newspaper industry in general it creates value through delivering journalism in different channels to reach readers. By attracting readers through both print and digital channels value is created for advertisers as well (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). However, Metro is more focused on creating value through leveraging their original business platform in order to create new businesses, which makes them different from their competitors (Ohlson, Interview). Aftonbladet is also different, since they add the aspect of entertainment into their online business, with viewers on their online TV channels such as “brottscentralen” (Lindén, Interview).

Swedish newspapers are capturing value with revenues from advertising on both their printed edition and on different digital channels. They also capture value with revenues from subscriptions on their printed edition or online, or by selling loose numbers in retail. (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Metro is a free newspaper, which is why the only capture value from advertising, however due to their diversification strategy they also capture value in businesses that has nothing to do with journalism (Ohlson, Interview).

Companies that are successful create value by doing things in other or new ways, which differentiate them from the competition. Through this companies might develop capabilities, core competencies, and positional advantages that are different from those of competitors (Shafer et al, 2005). Metro and Aftonbladet are doing things a bit different from the
traditional newspaper (Ohlson, Interview) (Lindén, Interview). Which might explain why Aftonbladet are market leaders (Lindén, Interview).

5.2.3 Value network
Value capture and value creation, both occur within a value network (Åkesson, 2009). The decided role of a company in its value network is an important element of its business model (Shafer et al, 2005).

The value network of Swedish nationwide newspapers consists of readers, advertiser, editorial staff with journalists, networks, partners, factories, suppliers, online networks and channels, moving pictures etc. The interviewed newspapers have slightly different positions and role in their value networks, which is an important element seen in their business models (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Value Networks are not static; they also change dynamically over time (Christensen & Rosenbloom, 1995) Constant improvements and developments of digital technology change network structures or even cause emergence of new value networks (Åkesson, 2009). Improving digital technologies changes how readers prefer to access information, which is currently broadening value networks in the Swedish newspaper industry, because of newspapers increasing the number of online channels (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Metro and Aftonbladet are broadening their network the most and are working with creating new value networks that will be more suitable for the future of the online newspaper industry (Ohlson, Interview) (Lindén, Interview).

5.3 Internet business models
The Internet continues to grow and evolve as a vital resource with which companies can upgrade their capabilities and grow their businesses (Lumpkin & Dess, 2004). All interviewed newspapers focus more on using the Internet as a resource to improve their offer and grow their businesses (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). In the past 15 years digitization and the Internet have transformed today’s society and business into a digital economy (Peitz & Waldfogel, 2012). The digital economy is getting more presence in the Swedish newspaper industry, which is changing business models used by Swedish nationwide newspapers (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Internet technology becomes strategically significant only
when its practical application creates value. Internet is also making it easier for firms to
develop new value propositions (Porter, 2001). All interviewed newspaper are using the
Internet for their digital channels in order to create value for their business, therefore Internet
technology is strategically significant in the Swedish newspaper industry. The newspapers are
focusing on having their newspaper present on digital channels, thanks’ to the Internet these
companies are able to develop new value propositions for their readers/viewers (Hygstedt,
Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

The Internet can be used as a platform for business activities, in some ways it has become like
a new marketplace. Some business models are applied to the Internet context, while others
have features that are unique to the digitally networked, on-line environment (Lumpkin &
Dess, 2004). The newspapers interviewed are all working with updating/changing their
business models in order to make them suitable for the new market, where readers are more
present online. To read articles are now directly applied to the Internet context, however
newspapers are using new business models that are only possible in the digitally networked,
online environment as well. Readers are able to interact with articles through discussions in a
different way. Advertising models are different, where moving pictures are possible, even TV
channels are seen in the Swedish nationwide newspaper industry thanks to the Internet
(Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

The Internet allows companies to reduce marketing costs, develops business intelligence and
improves customer communication and service (Olmsted et al, 2003). The Internet allows
Swedish newspapers to market themselves both faster and cheaper than they were able to
before they started to use the Internet and social media in their business models. On the
Internet based channels newspapers are developing business intelligence that printed editions
did not provide. It is easier to analyse, monitor and measure data online, in order to analyse
customer habits, which Swedish newspapers feel gives them more control over their readers
than they used to have. The direct contact with customers is also improved by being online,
and especially in combination with the usage of social media. Social media has turned into a
bridge between readers and newspapers, where they are commenting articles, sharing articles
and opinions. This direct communication with readers creates value for both readers and
newspapers. Much of the communication with readers/viewers is nowadays made over the
Internet on online channels and newspapers are even moving their customer support to social
media channels such as Facebook. These dialogs on social media channels are important for improving the business on the Internet (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

The Internet and digital technologies have created new opportunities for firms to create value. Companies that want to benefit from these new value-adding approaches needs to ask how the Internet is affecting their current operations and how they might effectively implement Internet capabilities (Lumpkin & Dess, 2004). Actually new digital technologies have caused problems for Swedish newspapers, since their traditional business models are no longer effective. Therefore all interviewed newspapers work with implementing Internet capabilities into their business models (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Swedish newspapers are using advertising business models online (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Advertising based business models are also better online since visitors can interact with both the ads and the content (Lumpkin & Dess, 2004). It is obvious that it is not the case for all industries by analysing the Swedish newspaper industry. The advertising business model might be better for readers online, but newspapers are making less money on this type of advertising, because of the almost endless supply of online traffic, driving the prices down (Ohlson, Interview).

Together with advertising business models Swedish newspapers use subscription business models online accept for Metro, which is free online as well. In their online business models there is a more even spread between revenue from advertising and subscriptions, than seen in printed editions where advertising was the greatest source of income. No newspaper has been able to cover losses from their printed edition by higher revenues online, which explain overall falling turnovers. However, newspapers are still facing the challenge to get readers to pay for digital news (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview), even if Aftonbladet is ahead of their competition (Lindén, Interview).

Free business models are business models where at least one substantial customer segment is able to continuously benefit from a free of charge offer (Osterwalder, 2010). Of the interviewed newspapers Metro is the only one with a free business model in print, however all interviewed newspapers use a form of free business models on digital channels (Hygstedt,
Non-paying customers are financed by other parts of the business model or another customer segment (Anderson, 2009). In the newspaper industry online limited content is available for free, where companies make money from advertising and subscribing readers that have access to more articles (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview). This is called the three-party market business model. Free is seen as a three party system, one side of the party gets content and the service software for free, while the other pays for it. The initial idea in this business model is that free products or services generate high platform traffic that makes it more attractive for advertisers (Osterwalder, 2010). Newspapers, especially online, often use this business model, since they make money around free content (Anderson, 2009).

Companies on the Internet often use a number of business models combined in order to achieve competitive advantages and become successful (Lumpkin & Dess, 2004). This explains why Swedish newspapers are using a number of business models online and in print simultaneously, since they need to be successful online in the future (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

In the consumer service/product sector, a total reliance on ads or e-commerce/retail revenue streams is insufficient. A mixture of multiple revenue streams that monetizes content/database, uses e-commerce, and cross-sells through multiple channels is the key to success (Olmsted et al, 2003). Before the market changes, companies in the Swedish newspaper industry relied mainly on advertising revenues form their printed edition, which caused problem because it was their main revenue stream. Newspapers do not want to be in the same situation again, which is why they focus on creating more revenue streams through different digital channels and investments (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Sometimes a hybrid business model is better than an online only model. Traditional businesses have physical assets, infrastructure etc that is harder to replicate in a short time. While integrating Internet to a traditional business, a multi-channel, and multi-revenue streams business model, that uses Internet and traditional assets, seems to provide the best chance of success (Olmsted et al, 2003).

5.4 Business model innovation
Traditional media contents were created in a different environment that no longer exist with different economic, technical, political and information grounds. Media companies that want
to develop must revisit the foundations of their business to ensure that they are providing the central value that customer wants, and their products and services in unique or distinctive ways, and in ways appropriate for the contemporary networked setting (Picard, 2011). This is exactly where companies in the Swedish nationwide newspaper industry are today. It is clear that all interviewed newspapers are analysing the foundations of their business to make sure that they create the value that customers and advertisers demand (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview), even if Aftonbladet and Metro have made the greatest changes (Lindén, Interview) (Ohlson, Interview).

Existing business models of established media are losing their effectiveness and need reconsideration. This in turn required an understanding of the elements and nature of business models (Picard, 2011). Companies in the Swedish newspaper industry all have problems with their effectiveness of their business models that was focused on the printed edition. They are reconsidering them and moving efforts to where the readers are but they still struggle with effectiveness in their business models on digital channels (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

People argue that the business models of media are broken because the do not produce the revenue that they did in the last two decades of the 20th century (Picard, 2011). This is true, business models are broken and all interviewed newspapers have declining overall turnovers (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Now new sources of income or the enrichment of current sources are needed (Picard, 2011). The new sources of income will come from digital channels, it’s a matter of getting readers to pay for digital content and advertisers to get used to digital channels as an advertising platform (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). A fundamental problem is that too many media companies are trying to sell 19th and 20th century products in the 21st century. In many cases firms are trying to do this without changing the value they provide, or the relationships within which they are provided (Picard, 2010).

Following arguments show that companies does not innovate and adapt enough to market changes, being conservative might be a bad decision. Newspapers thought that readers will still come to them, now it is the other way around, and this is one the reason for the crisis that Swedish newspapers are facing.
Firms may have processes and capital invested for exploring new technologies and ideas, on the other hand they have little if any ability to innovate the business models through which all inputs will pass. Therefore it makes sense for companies to develop the capability to innovate their business models (Chesbrough, 2010). It is important for companies to be on top of their business model and also develop capabilities to innovate the business model when the market changes (Peitz & Waldfogel, 2012). The Swedish newspaper industry was a traditional one that did not change for a long time, companies did not need to develop extraordinary capabilities to innovate business models. The lack of the capability to innovate created problems for the industry when the market changed rapidly, this is why newspapers in the Swedish nationwide newspaper industry focus more on developing capabilities for innovating business models, than seen historically (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Companies needs to develop new radical monetization and delivery models to capture and deliver value, because of changing and developing markets. These changes are often so big that companies end up using entirely new business models (Pantaleo & Pal, 2008). All interviewed newspapers have made changes in their business models, however Metro and Aftonbladet ended up using entirely new business models, never seen in the Swedish newspaper industry (Lindén, Interview) (Ohlson, Interview).

According to Chesbrough (2010) a company has at least as much value to gain from developing an innovative new business model as from developing an innovative new technology. In the Swedish newspaper industry, its all about innovating business models to create value, no interviewed newspaper is developing innovative new technologies, because of the industry characteristics (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Organisations often fail with innovating the business models because they are so busy focusing on their current operations and business models, and therefore leave no time, attention, or resources to design, prototype, and test new ones (Kaplan, 2012). Thinking like this lead to the crisis, now Swedish newspapers are forced to change in order to survive in the long run. Leading management work with business models, which is high up on the agenda and it is clear that no interviewed newspaper is afraid of radical changes in their business
model anymore (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Much of today’s innovation focus is on new products and services delivered through today’s business models and on driving efficiencies into the current models. These are important activities, but not sufficient enough in a twenty-first century networked world where business models simply do not last as long as they used to (Kaplan, 2012). All newspapers still use outdated business models, related to the printed edition, since its still provides revenue, even if it is declining each year. The newspapers does not see any opportunities to drive efficiencies to the old business models, they all understand that business models in the industry will not last as long as it used to, therefore they are working more actively with creating new business models that suits market needs (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Many of today’s leaders focus almost exclusively on improving their current business models at the expense of exploring new ones (Kaplan, 2012). This is no longer the case in the Swedish newspaper industry, even if it was like this not so long ago (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Business model experiments need to be both easy to start and stop; failing fast is a key requirement for successful business model innovation (Kaplan, 2012). All interviewed newspapers are experimenting with new business models, and they do not feel any barriers for doing so, they even had problems mentioning any business models that have failed, possibly because business models experiments are easy to start and stop in the industry (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Organizations often fail with business model innovation because ideas never make it from the whiteboard into the real world. It is hard to know with any certainty if a new business model concept is viable in the market (Kaplan, 2012). It is a discussion about taking risks, and it has not been necessary in this industry historically speaking. Aftonbladet has been taking more risks than their competitors investing earlier in their digital channels, it seems like their strategy will pay off in the near future (Lindén, Interview). Incremental improvements to a business model are of course important and must be captured, but they are not sufficient to avoid being disrupted (Kaplan, 2012). Firms innovation lenses need to expand beyond how to improve the efficiency of the current business model to how can existing capabilities be
redeployed or new capabilities be deployed in new business model configurations to change the value equation of the customer (Kaplan, 2012). The interviewed newspapers demonstrate an understanding of this, however some are better than other on working with this (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Other reasons for why companie’s fail with their business model innovation is because the CEO does not really want a new business model or want to leave the problem to the next CEO (Kaplan, 2012). Actually this might be true, GP for example are behind competitors when it comes to using digital channels in their business models, they got their new CEO Lena Larsson in 2014, in order to make necessary changes (Larsson, Interview).

5.5 Digitization and Web 2.0
Digitization is the process of changing content production, distribution, storage and consumption to a digital from an analogue base. Its most important characteristic is that it changes bases from physical form to binary electronic form (Picard, 2011). By the year 2020, an entire generation, Generation C (Connected), will have grown up in a primarily digital world. The Internet, computers, mobile phones, texting and social networking are all second nature to members of this group (Strategyand.pwc.com, 2014). It is already obvious today, how the digitization and connected generation are changing the Swedish newspaper industry. The interviewed companies notice changing reading habits to digital platforms, especially to the mobile phone (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

To not only survive the digitization megatrend but also use it to its advantage, companies need to be clear about their digital strategy and focus on the digital capabilities they are going to build along the value chain (Strategyand.pwc.com, 2014). The respondents see how digitization is changing the industry, and they are prepared to adapt, however it is noticeable that the more conservative newspapers such as GP and Svd are still not fully convinced of their digital strategy (Larsson, Interview) (Hygstedt Interview), unlike Aftonbladet, that want to be a digital newspaper with a printed edition, not the other way around (Lindén, Interview).

Digitization cuts costs by simplifying production. More content can be made and distributed by more enterprises and individuals than ever before. However, while the Internet creates opportunities for online content, it yields only limited monetization for news and general information providers (Picard, 2011). In the current situation, newspapers have more costs
since they provide a printed edition at the same time as they develop digital channels, which explain the current focus on cutting costs. All interviewed newspapers also have problems to earn money online, since it is a matter of getting readers and advertisers to pay for that platform (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Later in the transition process of the industry from print to digital platforms, costs will decrease. Moving from physical to digital distribution and consumption will reduce current industry costs by about half if printing is stopped and physical distribution ended, whereby producers will be able to capture more of the value produced by the content (Picard, 2011)

Picard (2011) stresses that it is the cost saving and flexibility through digitization that pushes magazines and newspaper publishers toward e-readers as a consumption platform. However, the interviewed newspapers have a different perspective, they have the opinion that in order to stay competitive in the market, they have to follow their readers changing reading habits. Newspapers will have lower costs in the future, but at the same time it seems as digital channels will be harder to make money of, compared to the printed edition (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). It is likely that many companies will make the decision to shift fully to digital platforms over the next two decades (Picard, 2011). Since interviewed newspapers are loosing readers in their printed edition annually, with around 10-12 percent (Hygstedt, Interview) (Lindén, Interview).

Digitization and convergence have crated new ways to access content on mobile devices. Around the world, smart phones and Internet equipped mobile devices are replacing computers as the primary means of digital content acquisition (Castells et al, 2006). Readers are not only preferring digital channels, but it is clear that smart phones are more used than even computers on the digital platform according to Aftonbladet (Rogberg, 2014). The other respondents seem to have an equal understanding of the importance of mobile phone channels for the future (Hygstedt, Interview) (Larsson, Interview) (Ohlson, Interview).

Technologies are evolving, firms are interacting with each other and customers differently, therefore new business opportunities and a new business environment is created, where businesses must perform at a higher lever, faster, smarter and cheaper (Lumpkin & Dess, 2004). Players in the Swedish newspaper industry are testing new opportunities in the new business environment, and Lena Larsson (Interview) explain that the industry is tougher than
it used to, and that they simply have to work harder, which the other respondents would agree on.

When discussing digitization its also important to mention how the Web is changing. Web 2.0 thrives on network effects; application that get smarter with more users, services that get richer the more people interact with them, marketing that is driven by word-of-mouth and experience, and applications that interact with each other to shape a broader computing platform (Musser & O’Reilly, 2006). Newspapers online channels are all about getting more readers, with readers also spreading articles themselves through social media channels. Discussions will be created about articles at the newspapers channels but also in social media, which eventually creates valuable traffic for the newspaper. Therefore, the reader experience will be enhanced and so the created value by newspapers (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). The age group 13-34 consider user-generated content to be on of the most interesting entertainment sources (Wirtz et al, 2010). Which explain why Swedish newspapers work on making it possible for readers to create their own content on their digital channels, through comments, likes and sharing articles through Twitter, Facebook, Instagram, Google +, Linkedin and Blogs (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). User-added value is one of the most discussed aspects of Web 2.0. The phenomenon includes user-generated content, user generated innovation, user generated creativity, and sources of revenue (Wirtz et al, 2010). The interviewed newspapers agree that they have to address their focus to readers and use them for creating value; readers have to be a part of the value creation process (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). Thanks to technologies such as Web 2.0 the web is better than ever at putting power into the consumers’ hands. Interactivity is probably the single most important attribute of Web 2.0. Today. Successful companies are embracing the power of the people and use it to enhance everything they do on the web (Funk, 2009). In order to be successful on digital channels, newspapers need to put their readers first, which the interviewed newspapers are working on (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Linda and Hershey Friedman (2008) aggregate the characteristics of Web 2.0 in five main categories (the five C’s), which are communication, collaboration, community, creativity and convergence. By analysing the respondent’s answers it is evident that the Web 2.0
technologies used by Swedish newspapers have all the characteristics that Linda and Hersey Friedman are mentioning (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).

Web 2.0 tools are spreading fast, it does not mean that they are all appropriate for implementing in all types of businesses, using these technologies without careful planning or proper knowledge can lead to counterproductive results and failure (Gilchrist, 2007). This give an explanation to why GP and Svd are a bit slower with implementing Web 2.0 tools into their business models, they have less knowledge then Aftonbladet about how to use these tools in their organisation because its relatively new to them in comparison (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview).

Küng together with Picard and Towse (2008) stress that the oligopolistic and monopolistic control over distribution mechanisms are broken, consumers are empowered to share and seek content in new ways and to become producers as well as consumers of content. The interviewed newspapers represent the same picture (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview). New media is growing at the expense of the old media, therefore old media has to evolve to survive (Friedman, 2008). This is where the Swedish nationwide newspaper industry is today, according to the respondents newspapers have to change in order to survive (Hygstedt, Interview) (Larsson, Interview) (Lindén, Interview) (Ohlson, Interview).
6. Conclusion

Following chapter reconnects to the research questions and describes the concluding remarks that can be drawn from the analysis made in the earlier chapter. The contributions of this study will be found in this chapter together with proposals for further research, related to this field of research.

6.1 Research question 1
- How are Web 2.0 technologies and the digitization of media industries affecting business models in the Swedish nationwide newspaper industry?

The digitization of media industries is challenging traditional ways of making business in the Swedish nationwide newspaper industry, and traditional business models related to print are loosing their effectiveness. New digital technologies are changing processes and structures in the industry; today Swedish nationwide newspapers are struggling to create value networks and business models that are profitable in digital media.

Digital business models are generating revenue from advertisers and readers, like traditional business models in print. Due to developing technologies such as the smart phone, reader habits are changing, where they prefer to read news online. However, the problem is that readers in general are not willing to pay for digital content. Newspapers are working with getting closer to their readers, which is an attempt to make them pay for digital content. In order to get closer, newspapers are using Internet and digital channels, which enables them to develop new value propositions for the readers. Digital channels make it easier to analyse customer habits, which will give newspapers more control over readers in the future.

Advertisers are also paying less for advertising online because of their insecurity to digital advertising platforms and the nearly endless supply of online advertising space, driving the prices down, which has made the advertising business model used by newspapers less effective.
Readers and advertisers are leaving printed papers for digital channels, which is a problem for newspapers, since it has been a very profitable and stable platform. In order to keep two important players in the value network, Swedish nationwide newspapers are adapting their business models to the digital context.

Digitization of media industries are making subscription business models and free business models such as the three party market business model more important for Swedish nationwide newspapers, since they seem more suitable for digital channels. Newspapers use many more business models simultaneously, since the digitization of media industries is making advertising business models less effective.

The digitization of media industries is changing the traditional value networks in companies’ business models in the Swedish nationwide newspaper industry. New digital channels and services have broadened the newspapers networks, adding online networks, new partners and different digital channels to the value network. The Swedish nationwide newspapers are now struggling with forming the new value networks, in order to make the profitable and stable.

The digitization of media has changed how Swedish nationwide newspapers can create value. Today there are more ways than journalism and production processes in print to create value, newspapers are for example creating value through leveraging their newspaper for developing other e-businesses, using digital channels and online TV-channels.

Value is captured through revenues from advertising and readers. The digitization of media industries has moved readers and advertisers to digital channels such as web pages and mobile apps, where it has shown to be more difficult for newspapers to capture value in their business models.

Digitization of media industries will lead to cost savings in the future for the Swedish nationwide newspaper industry due to simplification of production processes. Currently newspapers still have costs for their printed edition, as well as costs for developing digital channels. Therefore, newspapers are focusing on minimizing their costs in their business models, downsizing staff such as journalists.

Web 2.0 technologies are also affecting business models, since these technologies allow readers to generate content. Web 2.0 technologies allow readers to comment on articles,
thereby adding knowledge to articles that was not possible in traditional media, which enhance the ability to express opinions and ideas.

Readers redistribute articles through social media networks such as Facebook, Twitter and Instagram. Reader’s work as “quality controllers” is central in today’s business models for Swedish nationwide newspapers since they produce additional value to the content itself. Readers also generate traffic through friends to newspapers digital channels, which is an important element of online business models.

The importance of Web 2.0 technologies is growing in the Swedish nationwide newspaper industry. The usage of social media improves direct contact with customers, which creates value for both readers and newspapers.

Web 2.0 technologies has put more power to the readers, newspapers address their focus on readers and use them to create value. Web 2.0 technologies made it possible for readers to be a part of the value creation process in Swedish nationwide newspapers and readers are no longer only used for capturing value.

6.2 Research question 2
- What are the problems related to business model innovation in the Swedish nationwide newspaper industry?

Earlier the Swedish nationwide newspaper industry could be considered as a stable and traditional one, since no radical changes in business models were necessary for several decades. Today in a networked world, business models do not last as long as they used to. Improving business models based on print, can no longer be made on the expense of exploring new ones. It is necessary for newspapers to explore entirely new business models because incremental changes are not enough.

Newspapers that want to develop must revisit their business models and make sure that they are providing the central value that customers demand, and rethink their products in order to make them suitable for today’s digital networked market.

It turns out that Swedish nationwide newspapers did not have capabilities to innovate their business models, simply because it was not needed historically seeing. The lack of knowledge of business models and capabilities to innovate them created problems for the industry when
readers and advertisers adapted to new technologies, which lead to fast market changes. In order to preventing it from happening again, Swedish nationwide newspapers are keen on improving their capabilities for innovating business models.

The second reason for failing with innovating business models can be that newspapers have been focused on their current operations and business models, and did not focus enough on analysing market changes and changes in reading habits, before it was too late.

The last and third reason for failing with innovating business models in the Swedish nationwide newspaper industry is because CEOs were put in a position were many fundamental changes needed to be made, that required a lot of work and taking risks. The possible ignorance by some CEOs of significant market changes did not lead to necessary business model innovation.

6.3 Suggestions for further research
For future research it might be interesting to perform a similar research, but instead of analysing large nationwide newspapers the other segment of more local newspaper could be analysed, in order to see if they have been facing the same problems as nationwide newspapers.

It could also be interesting to perform a similar research in other parts of the media industry, like the Swedish television industry or radio industry, in order to get a true understanding of the effects of Web 2.0 technologies and digitization of media industries.

The interesting thing is that different media have all had their own platforms like televisions, printed newspapers and radios. Today they are all moving towards sharing a similar digital platform on the Internet. It will be interesting to see if all media channels survive separately in the digital context.
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Appendices

Appendix 1 – Interview guide

Swedish media industry

The Swedish newspaper industry has been facing changes the last years, which are the greatest?

How have these changes affected you as a company?

Are you worried about the reduced viewing of traditional newspapers? How can it affect the industry?

Is the customers' demand changing? If so, how?

Business models

What is your business strategy? (Competitors, customers, branding, value proposition etc?)

How do you look at your strategy? (Plan, pattern, perspective or position)

Do you use the business model to implementing and communicating strategic choices?

How do you create value? What is your value network (Suppliers, customers, information flows etc)? How do you capture value?

Internet Business models

How can you use Internet to add value to your business?

Do you have a better control of your customers nowadays?

Do you have direct contact with your customers?

Do you make more money on advertising or subscriptions?
**Business model innovation**

The market is changing fast, are you working with the business model and developing capabilities to innovate the business model when the market changes?

How does your business model differ from 10 years ago?

Do you have a team that only works with business models? Improving existing ones and exploring new ones?

Are you careful with radical changes in your business model?

Have you ever failed with a business model?

**Web 2.0**

The term Web 2.0 is becoming more popular, and describes the modern World Wide Web that we are using today. Web 2.0 is a social transformation that puts more control and interactivity of content of regular users, not only we site owners (Funk, 2009).

Which Web 2.0 technologies are you using? (Blogs, Facebook, chats, etc)

Web 2.0 enables better communication, collaboration, community, creativity and convergence. Which of these are you taking advantages of?

Who is deciding what tools that are going to be used?
Appendix 2 – Interview with Andreas Ohlson CEO of Metro

2014-09-01 (Telephone)

Swedish media industry

MN- Let’s get started. The Swedish newspaper industry has been facing changes the last years, which are the greatest?

AO- The greatest change for metro has been the advertisers view of print as a media channel. We also see that more and more people are using smart phones, computers and tablets to read newspapers instead of reading the printed version, which is a great concern for us. The printed commercial platform is loosing in value, when it comes to advertising.

MN- How have these changes affected you as a company?

AO- The advertisers view on the media channels is one thing that have effected the most, the advertisers view on print as a platform for advertising. The perception of print amongst advertisers would be the proper thing to say. Since the printed version is loosing in value we are loosing the value of our journalism, which is why we focus on complementing our product range on the Internet. We have to be more cost aware then before and adjust our cost since we have lower incomes now.

MN- So you have lower incomes now?

AO- Absolutely in print but also in total.

MN- Don’t you have higher income on the Internet nowadays?

AO- Yes we do, but keep in mind that it has started on very low levels. There is no newspaper that has been able to replace their print income with income from online. If someone will tell you that, it’s a lie, that is something I can tell you right away.

MN- Okay, I understand. Are you worried about the reduced viewing of traditional newspapers? How can it affect the industry?
AO- Well, we are not worried since it’s a fact. We just have to deal with it and come up with other ideas on how to make money. The industry is facing great changes and to be honest, the journalism will probably suffer from this.

MN- Are you feeling that the customers demand is changing?

AO- Our customers still want to read newspapers, however they are doing it differently now then before since there are new technologies available.

**Business models**

MN- Could you tell me what your business strategy is?

AO- Well, we are Sweden's most read newspaper with about 1,3 million readers daily. We want to give our readers an easy preview over the last days happenings. Today we are doing more since we are also working topics like careers, education, fashion, health, pleasures and travel. Our target group are young urban readers in the largest cities in Sweden. Our strategy for the future is that journalism is not as easy to make money of so we are planning on diversifying our company and use our newspaper to leverage new customer services online such as, studentkortet, offerta, lottery, metro job, allastudier.se, metromode.se, klipster etc. And all of these investments have very little to do with journalism. We will continue with journalism as long as we can make money out of it, but we don’t feel that it has the value as it used to and we are not trying to save the journalism in Sweden. We have always been a commercial company working with journalism because we saw it as a good business. When it stops being a good business we will simply quit with journalism.

MN- Interesting. Who do you have working with developing your strategy?

AO- It is made in the boardroom. Our job in management is to create plans that are in line with the owner’s directives. They give us their directives and it is up to us to create plans that are in line with what they would like to prioritise and what they want to do with the company.

MN- Do you take use of your business model to implementing and communicating strategic choices?

AO- When you say business models it gets so theoretical, I understand what you mean. We are working actively with investigating and trying to find new business opportunities, and try
to find synergies with what we are doing today. So we are actually putting strategies into different business models, depending on the business opportunity.

MN- So everything has to fit in?

AO- For example when we bought Offerta, we saw a very strong opportunity to market it and build their brand and help them with driving traffic to their webpage. When we bought it the turnover was about 13 million and now two years later about 50-55 million. That is how we are building business nowadays. We are looking on how we can use what we have in the new business. It is important to remember that many companies are fighting for the same assets, therefore it is important to not pay overprice since it easily turns into an auction hysterical on the assets out there.

MN: How do you create value? What is your Value network?

AO- We create value through using our original business platform, the printed paper, were we still have many users. We use that asset into creating new business and help them grow. Our value network is getting bigger and is in the changing phase, since we are diversifying our business.

**Internet Business Models**

MN- How can you use Internet to add value to your business?

AO- As I mentioned earlier we are focusing very much on expanding online right now. There are many ways we can add value to our business, through mergers and acquisitions, and improving what we have today. Online services are important for us so we need to be there in order to add value.

To be honest, Metro was working best during 2011 and 2012, on only our printed version, we had a profit margin of over 30% and were making more than 140 million a year, it was a great cash cow. It takes time to build a business that is as big and profitable as that, and it will take us many years to reach those profits again. We are in a stage right now were we are focusing on profitability and good margins, we are also constantly trying to create and test new business opportunities to have different incomes. Being online is crucial for us.
MN: I understand. Do you feel that you have better control of your customers nowadays? Do you have direct contact with your customers?

AO: A great thing with being online is that data is stored and it is easier to measure it. It is easier to analyse their habits online, which is a factor of control. Our customers have more power through social media, which has turned into a bridge between them and us. They are commenting articles, sharing articles etc. They are helping us creating value since there are many people that like to participate in discussions, read users posts etc.

MN- Do you make more money on advertising or subscriptions?

AO- Since we are a free newspapers we do not have any subscribers. It has both a positive and negative aspect to it. On one side, we are very dependent on our advertising income from print, one the other hand we have a better chance of surviving, since its easier to reach a younger target group with a free newspaper than with one that costs money.

**Business model innovation**

MN- The market is changing fast, are you working with the business model and developing capabilities to innovate the business model when the market changes?

AO- I agree that we are seeing fast changes right now. As I told you before we are constantly searching for new business opportunities, which is why we constantly innovate our business model.

MN- How does your business model differ from 10 years ago?

AO- The greatest changes happened recently, and the difference is that we no longer can use the same business model and only focus on print, since its not as profitable anymore.

MN- Do you have a team that only works with business models? Improving existing one and exploring new ones?

AO- Its’ not really just business models, since that’s a theoretical concept. Our management is working with making new business, so we are constantly improving the existing business model and exploring new ones. Mainly the management does this.

MN: Are you careful with radical changes in your business model?
AO- Not really, we cannot be careful anymore since everything is changing so fast. Going from pure journalism to what we are doing today, is quite radical in my opinion. Its like the ground beneath our feat has started to fall. We are working hard to use our assets the best we can, and create new business opportunities that will be more profitable in the future.

MN- Have you ever failed with a business model?

AO- So far we have managed to make profitable investment, some are better than other. But I would not say that we have failed with anything worth mentioning. There are always some small projects that collapse.

**Web 2.0**

MN- The term Web 2.0 is becoming more popular, and describes the modern World Wide Web that we are using today. Web 2.0 is a social transformation that puts more control and interactivity of content of regular users, not only we site owners.

Which Web 2.0 technologies are you using? (Blogs, Facebook, chats, etc)

AO- As you explained Web 2.0 we are using a lot of it. Blogs, Twitter, Instagram, Google +, Linkedin, Facebook etc. These are used mostly online and less in the printed version. It is important for us to work with social media and we have to know about it. Its is quite comfortable to build up that sort of traffic to our online paper, it is also a fast tool to work with when users are generating content, sharing etc, on the other hand it does not matter if there is a small advertising market on a platform like that. But we feel that its more then a advertising platform, it’s a way to get help from readers spreading our articles, and more traffic is good.

MN- So its harder to sell this platform to advertisers?

AO- We have been working with bloggers in different forms for the last 5-6 years and we have experienced that the interest for so called private blog platforms with with 10 000 blogs where are players are small, but the traffic together is huge. That type of traffic is extremely cheap for advertisers. It’s only the absolute largest that can do it. On the other hand with professional blogers with known names is much easier to sell, if the traffic is right. User generated knowledge is no always necessarily good, its good, but it is hard to keep up the
quality and there are many types of blogs discuss sensitive subjects such as anorexia, doping, political freaks etc. Today’s blogging is very spectacular in many ways. It’s hard to make good money out of it from advertisers if you cannot control the quality.

It’s like always, it also depends on what you are measuring and which formats, that are functioning advertising carriers. You may think that all sights are good advertising carriers, that is not how advertisers resonate. You cannot just show up with huge traffic, and say, here it is. It’s a reason for why Di.se gets 10x more money on advertising than a blog platform. That is where the profitability is generated, when your traffic is worth more than others. It’s not as easy as people may think. In theory you are a winner if you produce as much traffic as possible as cheap as you can.

MN- Don’t you feel that you can target the advertising more online?

AO- Yes, but it will always be cheaper to buy network and cheaper advertising online, and spread banners as much as the network can. This traffic is only about price competition. A cheap CPM 1-3 kr, you get very little. Some that is taking care of their sights with a niche target group such as bukowskis, may even get up to 100 cpm.

MN- What is cpm?

AO- It’s cost per mill, the cost per thousand users. This with the web has shown that, that total space with people online of you look at kiaindex.se, that is the most important currency for third party controlled traffic. It is the advertisers currency, where you can see, companies are calling and saying that they have a portal with traffic, the proof is kiaindex. All serious players that offers advertising spots online, are there, Di, we, Aftonbladet, Gp etc. If you sum up all the unique web pages and all the unique traffic, its up to 100 million unique visitors per week, the supply is practically endless. This puts a pressure on price.

The largest players in the Swedish newspaper industry, aftonbladet, metro, GP, dn etc have all different numbers of journalists in their editorial office, but they still employ many people. Newspapers today are cutting down on staff such as journalists. Newspapers are starting to publish their newspapers online in moving pictures. When you can’t make money on journalism, web television may be a way to move into the television market. Its creative and smart but its definitely not what papers used to do, everything is changing in our industry.
With moving pictures companies are competing with existing television companies such as mtg, cbs discovery and bonnier tv4, it’s an oligopoly on that market, and they keep the television market tight.

There is a lot going on together with the expansion of the web. There is an enormous gap between what is happening in the reality and how consumers think it works. Big newspapers are taking over smaller local ones. Small are disappearing. Local advertisers are more loyal to print, since digital does not work as good for them. Mittgruppen have ultra local newspapers, it is also a newspaper that’s been extremely stable for the last five years, since they are only living of local advertisers. It’s different with us. The smart local actors works more with Google, building their own database, Facebook page, e-mail marketing and works more online and get closer to their core customers with better web pages that also work on mobile phones. An organisation, svergiesmediebyråer, each moth they are showing statistics over how the Swedish media investments are developing in their mediebyråbarometer, you should check it out.

MN- Okay thank you, I will check it out. Let’s go to the next question. Web 2.0 enables better communication, collaboration, community, creativity and convergence. Which of these are you taking advantages of?

AO- Well, as I have answered in previous questions, you may be able to find the answer there. I believe that the web 2.0 phenomenon you are taking about is helping us with all the advantages you mentioned. We still need to learn how to be better on getting the most out of it.

MN- Who is deciding what tools that are going to be used?

AO- That is up to a decision between us in the management, we discuss this with our operational staff and also with the board. There are tough decisions, since its hard to know what the effects and outcomes that will come out from it, I would say its risky but important, since we need to create new business opportunities. We need to be on our toes in order to stay competitive.

MN- Okay that was the last question, thank you for your time and interesting discussion.
AO- Don’t worry, I believe it might be hard to understand everything, just send me a text message if you need some, more help, and I will call you whenever I find time.

MN- Thank you, I will see, but thank you again and I will get back to you if I need to. Bye

AO- Ok great, nice to talk to you, bye
Appendix 3 – Interview with Lena Larsson CEO of Stampen media group (GP CEO)

2014-09-04 (Telephone)

Swedish media industry

MN- Let’s get started. The Swedish newspaper industry has been facing changes the last years, which are the greatest? And which has affected you the most?

LL- The decreasing interest for printed newspapers is a huge change. The reason for this is to be found in the reader habits, which has changed rapidly for the last five years because of new technologies such as smart phones that enables to read the newspaper without a printed one. The subscribers of our printed newspapers is declining and it is not only affecting the subscription business but also the possibility of making a good advertising business on the printed version, which has been the most profitable part of the business. This change has affected the entire industry and has also had a great impact on how we do business today.

MN- How have these changes affected you as a company?

LL- It’s affecting our entire business model. Our whole business plan is to redirect our organisation in a way that we improve the relation to the reader and makes it central, and in different ways creates an interest for advertisers to reach their target group. Let’s say five years ago, we didn’t have any problems with this and we could focus on printed versions, which were very profitable with many subscribers and advertisers practically bidding over each others to get the best spot in the paper for their add. Nowadays we are using many channels, and not just a subscribed newspaper. We use our mobile application, which we see is something that our readers are using more frequently. The plus side is that they have an always updated version of the paper, right in their pocket, we have different applications, a webb app, free distributed papers, magazines, instead of just having one paper in our hope for making a profit, we have a great number of products today to meet the requirements of our readers, which we are keen on keeping, and also keeping them closer to us than before.

MN- Okay, are you worried about the reduced viewing of traditional newspapers? How can it affect the industry?
LL- Well, you can always be worried but in this case it is a fact and something we have to adapt to, since its never going to be like it used to. We have to make I big journey to show our readers and also advertisers what we can offer them with our new platforms. The industry is in the middle of a transition; it has a big impact for us, right now we are working hard to change the mindset of readers and advertisers.

MN- Is the customers demand changing? If so, how?

LL- Yes of course it is, it comes from them changing their habits and how they read news these days.

MN- Yes, its like you explained earlier, we can go to the next topic which is about your business models and strategy.

**Business models**

MN- What is your business strategy?

LL- I am the CEO of Stampen Media Group, which is one of Sweden’s largest media groups with the ambition to drive the Swedish media industry forward, but it has it roots from Göteborgs-Posten, which is still our largest newspaper. We own many newspapers and businesses in the media sector. I guess you are talking about the strategy for Göteborgs-Posten?

MN- Exactly, that is the part of tour business that I am interested in for my thesis.

LL- Göteborgs-Posten (GP) is the largest newspaper in the western parts of Sweden, we have international news but our strategy is to always put an extra effort into more local news from Gothenburg and western parts of Sweden, which makes our paper unique for readers from this area. We reach more than 600 000 readers each day both in our paper form, in smart phones, computers and tablets. We have a more local strategy than many of the nationwide papers.

Since the industry is changing, we have to make some modifications in our strategy. We have to be much better to work with our advertising clients, and work closer to them. We are trying to find package solutions for them and to create business models where advertisers are paying for effect and not for the thickness of the paper of you put it like this. This is important because advertisers are not used to this new marketing platform. Earlier we had most of our
focus on readers, now it is important for us to have a strategy that is also putting a big effort into building a platform, that is interesting for advertisers to consider.

MN- How would you say that you look at your strategy? Is it a (plan, pattern, perspective or position).

LL- The strategy for us is the core of the business; all decisions we make must be in line with our strategy. And the strategy is not something that we can just change. The strategy is our core and we need to stick to it, in order to build a functioning organisation. It’s hard for me to put us in one of the theoretical perspectives that you mentioned. But after this interview you might be able to do it yourself.

MN- Yes, I understand that it is hard with answering like this, I use it more too explain what I mean about this question.

Do you use the business model to implementing and communicating strategic choices?

LL- As I told you, we always try to make decisions in line with our strategy. When we create new business models we always focus on making them in line with our business strategy. So strategy is definitely implemented into our business model.

MN- How do you create value?

LL- We are creating value through delivering journalism in different forms to our readers. Through our channels readers are able to know what is going on in the world and in our region that is the true value.

MN- So what is your value network then? (suppliers, customers, information flows etc) How do you capture Value?

LL- We have many important elements in our business, we have readers, which are subscribers and also creates traffic online, we have advertisers which pay us more if we have many readers and great traffic. We also have our editorial staff with journalists, which are creating our newspaper. We have a factory for printing the papers, suppliers delivering materials. Being online on different channels broadens the network even more. All are a part of the network, if that is what you call it. Buy making a newspaper we have two interests,
readers and advertisers. That is where we capture our value, through advertising income and through subscriptions.

**Internet Business Models**

MN- Do you feel that your online presence and usage of internet add value to your business?

LL- It definitely does, the printed version is getting less popular due to changing reading preferences of our readers. We need to start creating value with other methods than before, and the natural transition is to focus on being their four our readers on-line. Being on-line will be very important in the future four our industry, in my opinion. The Internet is a fact, and nothing that we can change. The behaviour today to gather and share information is strongly anchored online for the last couple of years.

MN- Do you have better control of your customers nowadays? Do you have direct contact with your customers?

LL- We know how and when people read our newspaper, its also easier to monitor traffic that is created online, on our different apps etc. It is tougher with the printed version, as we have a number of the total subscribers receiving the paper each morning, we also know who is ordering the paper. What we don’t know is if they read the paper, which articles are the most popular etc. In that sense, since more and more of our business is transitioning to being more online than before, I believe we will be able to have more control over their reading habits as well.

MN- And what about direct contact with your customers, does it differ from before?

LL- Especially customer support works differently than it used to do, much of the support is done through social media such as Facebook, where readers are able to get answers on their questions and problems. Other people are also able to read readers complaints etc, which makes it important for us to run a proper dialog with them, and try to solve their problems. We need to take care of this faster than before, since other readers are able to see the discussion, which is mainly a plus. Through social media, we have a totally different relationship with our readers than we used to have, they are commenting articles, sharing articles, liking etc. All of this where readers are creating data on our web apps is great, we
feel that it ads that extra aspect of reading a newspaper. Many people are as interested in joining discussions regarding articles, as reading them.

MN- Do you make more money on advertising or subscriptions, has this changed over the years?

LL- Let’s say, more than five years ago, our printed version was dominating. The printed version had about 40 percent advertising in its content and I might be wrong but in 2006 we sold adds for about 900 million. Our numbers are different nowadays. Most of our earnings were actually made by advertisers and not subscribers. Now, with a less advertising income from the printed version, due to changing reading preferences, and advertisers willing to pay less for adds on our web platform, there is a more even distribution between subscription profits and advertising profits than we have seen historically.

**Business Model Innovation**

MN- We can definitely sense that the market is changing fast, are you working with the business model and developing capabilities to innovate the business model when the market changes?

LL- Your are right, the market is changing, much faster then we could have ever imagined, new technologies appears, and sometimes it changes entire industries. This time it was out turn. 2-3 years ago we were in a chaotic phase, where we hade to do something radically different with our business if we wanted to survive. We haven’t really been working with developing specific capabilities to deal with a situation like we had 2-3 years ago. We couldn’t make incremental changes in our business model, in order to make it we had to rethink how we want to makes business in the long run. There is no way to prepare for a rapid change like this. Leading management and the board basically sat down and, here it is, a big problem, we need to solve it. This is what we did; we made necessary changes in our business model and strategy, which were very radical to some of us. We also saw what competitors started to do, and we understood the loosing power of printed versions, then our transition to different web apps really took off, even though we are still very keen on keeping a profitable business in our printed version, some readers will never abandon the printed version.

MN- How does your business model differ from 10 years ago?
LL- We are available on many more platforms than we used to, we cannot rely on only having a printed version anymore. We need to have a different flow of income, from many smaller sources, to make up for the losses in the printed edition.

MN- Do you have a team that only works with business models? Improving existing one and exploring new ones?

LL- Not really a team, but leading management is working more with this topic than they used to. They are working with a current business model conversion. We are constantly improving our business model and adding new factors to our web application, everything is still quite new to us, which makes more time consuming, with little visible results in the short run. Earlier the newspaper industry was quite static, you had subscribers and advertisers on a platform that both enjoyed. Now readers and advertisers, have trouble deciding which platform they want to use, this is why we are in the process of constantly improving the business model.

MN- Are you careful with making radical changes in your business model?

LL- Definitely not, I believe that we need to learn how to be even faster with major changes in our business model. We have learned the importance of being able to make fast changes, we need to build an organisation that will be able to do that, and this is some of the things I am working with currently.

MN- Have you ever failed with a business model?

LL- Not making changes fast enough and loosing both readers and advertisers interest was definitely a failure, which we will never make again. The industry is tougher and we simply need to work more and harder than we used to, at least for now.

**Web 2.0**

MN- The term Web 2.0 is becoming more popular, and describes the modern World Wide Web that we are using today. Web 2.0 is a social transformation that puts more control and interactivity of content of regular users, not only we site owners

Which web 2.0 technologies are you currently using?
LL- I told you earlier that we are working with more web apps than we used to. We are still quite conservative regarding this question compared to other newspapers, but we are currently using Facebook and Twitter frequently, we feel that both are important platforms for our newspaper. Social media is important for us to use, since we can have a dialogue through it, and readers and advertisers can gather and share information, which we can have direct use from.

MN- Web 2.0 enables better communication, collaboration, community, creativity and convergence. Which of these are you taking advantages of?

LL- We can communicate with our readers and advertisers through social media, we have communities there as well. It's hard for me to answer this question exactly like you want it but I can tell you that there are many advantages for us with using social media, this is a reason for why we do it. The other reason is that for 50 years ago when people were thinking about using phone or not, this with social media is how you communicate now and we have to adapt to it. We are also trying to use Instagram more, we are trying to be present on all big channels where everybody is.

MN- Can you make money directly from social media?

LL- Now we are mainly focusing on communicating with our customers and creating traffic on all the channels we are present, we will see what opportunities it might give us in the future.

MN- That was basically all that I had, do you have anything you would like to add?

LL- I think we have covered much of the work that is on our agenda right now, but you can get back to me if you have some more questions or need some more information. You can also google “Nya tidnings vd:n”, then you will find me in a similar interview earlier this year. It is an article in GP, maybe it can help you also.

MN- Thank you, I will have a look, than you for your time, and this interview with you will be great for my thesis.

LL- Glad to hear that. Have a nice day, bye.

MN- Thanks’ again, bye
Appendix 4 – Interview with Björn Hygstedt Communications manager at Svenska Dagbladet

2014-09-04 (Telephone)

MN- The Swedish newspaper industry has been facing changes the last years, which are the greatest?

BH- The greatest change is that people has changed their reading behaviour and media habits. At the same time when the Iphone 3gs was introduced in 2009, our industry started to see major changes in reading habits, due to the new available technology that allowed people to surf the Internet fast on smart phones.

MN- How have these changes affected you as a company?

BH- We are directly affected by the fact that peoples media habits are changing and the reading behaviour is changing. We have less subscribers each year and it is mostly because the printed version is getting old school, and people are not really ready to pay for digital newspapers yet, it’s a matter of time. We need to work closely to our readers and make them pay for digital versions instead, this is in line with the technological evolution in our industry and this is where we need to go.

MN- Are you worried about the reduced viewing of traditional newspapers? How can it affect the industry?

BH- No, we are not worried but it is definitely a challenge since all readjustments of production is a challenge, its not as easy to change business models as fast as readers media habits has been changing, the industry is currently in a pretty exposed place where reduced income on the printed version is not compensated by the increased income digitally. The reduced viewing of printed version will lead to a transition, and this is where we are today, newspapers needs to move to digital platforms. In 10 years I believe that nationwide newspapers will have more than 80% of their business on digital platforms. There is only a possibility for very small regional papers to still have a functioning printed version; even they will face problems eventually.

MN- How do you feel that advertisers are thinking about the changes?
BH- I believe that advertisers see this as an exiting development, they can advertise in more channels and they can have advertising campaigns that’s both digital and on paper, they can work with very interesting formats digitally with moving pictures in their adds, play music, the only thing they can’t do with a digital add is to get the smell, otherwise they can do everything. The digital revolution must be very interesting for advertisers and the thing is that many advertisers is getting closer to “closing deals” since possible customers can click on their banners etc and get redirected to their webpage. And with smart phones people can see adds everywhere, for example in a shopping store, where not as many bring a printed version, if you know what I mean.

MN- Is the customers demand changing? If so, how?

BH- As I told you, their reading behaviour and media habits are changing. This is the same thing as what they are demanding; of course readers want to read a newspaper that suit there reading behaviour. Customers want to have everything digital, the big problem is that they are not as willing to pay for it, they are used to the fact the Internet often provides everything for free. This is not enough for us since we still have high cost with many employees, journalists etc.

**Business Models**

MN- Can you introduce your newspaper shortly? What is your business strategy? (competitors, customers, branding, value proposition etc?)

BH- SVD is a nationwide newspaper that focuses on qualitative journalism on all platforms; we are reaching almost a million readers on all channels daily. We are based in Stockholm but we are also printing our paper in Gothenburg, to spread it in the western and southern parts of Sweden. Our strategy is to be truly nationwide, a digital platform truly helps us with that. We are trying to be more focused on qualitative journalism than any of our competitors, which are appreciated by our target group, which are the Swedish middle and upper middle class that wants to read a more sophisticated newspaper.

Our strategy is crystal clear and we need to carry more income streams in the future, so we do not get stuck in the same trap as this time, in a position where we will be without an advertising financed digital product, we have to offer intelligent products and we have to offer
readers our paper in many channels and give a complete range of products. We have to be where our readers are, if they are in the telephone, ipad, computer or paper form, it doesn’t matter for us. We just have to focus on being channel smart, which is something we use to say around here.

MN- How do you look at your strategy? (Plan, pattern, perspective or position)

BH- Our strategy is representing who we are, and where we are going, simply said. The decisions are made in the boardroom, and we in leading management need to apply it in our business.

MN- Do you use the business model to implementing and communicating strategic choices?

BH- We have a clear strategy, which has been changed recently but its clear. Our new business models are created in such a way that they work with our overall strategy. It is important for us to have a clear strategy, and make sure that we stick to it in all parts of our organisation. We have to work like this to make sure that our employees know where we are heading, and how we are planning on doing it, it’s a matter of teamwork. Therefore leading management is very clear with communicating any strategic changes to all employees, we do it on meetings and conferences where we all meat up.

MN- How do you create value? What is your value network (suppliers, customers, information flows etc) How du you capture Value?

BH- Our value is created through our organisation that delivers qualitative journalism, we make it available on different platforms and this is what we do. Our network is big with all our staff, suppliers, factory, readers, advertisers etc, all are a part of our network and each member if you can call it so, is equally important. Our network is also growing due to our increasing presence online, which will broaden our network even more.

MN- And how do you capture value?

BH- We have our products on different channels, and we get paid by advertisers and subscribers both online and in print. This is when we cash in for our hard work if you say so.
Internet Business Models

MN- How can you use Internet to add value to your business?

BH- Well Internet is where the digital development is going on, its on the world wide web where are the digital products are available. The Internet is critical for our digital platforms, its one of the reasons for why the industry is changing so much, and also the reason for why we have to be more present there. Its like with all evolutions, we cannot ignore it, since we would only loose by doing so. Sooner or later this is where most of our value chain will be located.

MN-Do you have better control of your customers nowadays? Do you have direct contact with your customers?

BH- We are trying to understand how our readers would like to read the newspaper, its pretty clear that more and more actually prefer having their daily information flow on-line. On our digital platforms we get numbers on everything, which is not the case with the printed version. This is like having an answer key that we never used to have. The question is whether we are using it to its full potential. So we know more about our customers and their habits then we used to, and it is easier to follow it on digital platforms.

MN- Do you have a more direct contact with them?

BH- Of course, its much easier for readers to get in touch with us than it used to be. We are use social media and this is where we meet with our readers, in a way that we never did before.

MN- Do you make more money on advertising or subscriptions?

BH- Our income has always been around 50% from subscribers and 50% from advertisers.

MN- Has your advertising income declined?

BH- Actually it’s the other way around. Since our printed version is less popular we are having more and more of our business on digital platforms. And in the digital world we have more income from advertising than subscribers, and this is the big challenge for all
newspapers in the entire world. Every newspaper is struggling with getting readers to pay for
digital news, it’s a great pedagogical challenge that the industry is facing.

MN- Do you feel that the journalism is losing its value?

BH- I would not like to say that since we feel that there is still a great demand for good
investigating qualitative journalism and questioning journalism, so we do not feel a threat of
journalism. On the other hand we feel that were in the middle of a crisis with great challenges
for our business models. We are also focused on very qualitative journalism, you might get
other answers from some of our competitors that have a different target group and a different
view on journalism.

**Business Model Innovation**

MN- The market is changing fast, are you working with the business model and developing
capabilities to innovate the business model when the market changes?

BH- This is totally new for our industry, since its used to be quite static. Now we need to start
working more with this, the industry its not what it used to be and we have to adapt to it. We
now that we will have to make many changes in our business models, and leading
management is getting more used to it. This is why I feel that we will be better in working
with industry changes and adapt quicker, than we did this time. We need to make the process
from decisions higher up in the hierarchy and actions in the operating part more connected
and faster.

MN- How does your business model differ from let’s say 10 years ago?

BH- The greatest change is that we are more focused on digital platforms, which requires
totally new business models than we are used to. A great change is that we have to convert
paper readers to digital readers, and make them want to pay for a digital content, log-in and
being active.

MN- Do you have a team that only works with business models? Improving existing one and
exploring new ones?
BH- We have managers that work with making important decisions in the transitions phase that we are in right now. Much of the transition phase is about changing and adapting business models and makes them suitable for the digital channels.

MN- Are you careful with radical changes in your business model?

BH- No we cannot be careful anymore, we have to be very responsive and we have to be brave enough to follow the readers media habits, the consumers are bossing here, is it like this that we are loosing 10% of our readers in our printed paper edition annually, well then we have to deal with the consequences and start investing more digitally. Swedish newspapers just like many other newspapers need to start being more of a digital newspaper that also has a paper product instead of the other way around, like it used to be, the perspectives has changed.

MN- Are you curious into entering the television market like some of you competitors? (Aftonbladet for example)

BH- We are already working a bit with moving pictures but we will not make any monumental investments like Aftonbladet, it would not fit our strategy, we might los our core business this way.

MN- Have you ever failed with a business model?

BH- I would not say failure, but we have definitely had ideas that have been both better and worse. We are not as experimental as many of our competitors; we will see if it is a winning strategy in the future, but I believe it is the right decision for us.

**Web 2.0**

MN-The term Web 2.0 is becoming more popular, and describes the modern World Wide Web that we are using today. Web 2.0 is a social transformation that puts more control and interactivity of content of regular users, not only we site owners

MN- Which Web 2.0 technologies are you using? (Blogs, Facebook, chats, etc) Is it important for you to use social media?
BH- We use both Facebook and Twitter, to a great extent. We are also having many discussions under articles, where readers are sharing their opinion on a given topic. Many interesting discussions are created here actually. Its very important for us to use social media as a storefront and as a space for contact, here I know that the so-called traditional media has been very bad on it. I don’t know if you know about a report that examined New York Times, but you should read it because its very interesting and describes the mistakes that they made, they believed that readers would still keep coming to them and that they didn’t need to reach out to the readers, they didn’t use the potential benefits of social media at all, and had to pay for it.

MN- Web 2.0 enables better communication, collaboration, community, creativity and convergence. Which of these are you taking advantages of?

BH- Our customer service is on Facebook, many departments have their own Facebook page, many co-workers twitters continually and adds links and articles and many working with a bit more opinion caged journalism add much of their work on social media. We work pretty hard with social media but we can be much better at it, I had an idea on start working more with Instagram, since we have such a fantastic picture material that we could put on Instagram.

MN- Do you see an opportunity to make money through social media in a different way?

BH-Through social media, we are able to increase traffic, social media is therefore traffic generators. If we get more readers on our digital channels and if we are more active with our advertising in social media we create more traffic, which leads to most of all page views and that generates higher advertising income etc.

MN- That was actually all questions that I planned to ask you, do you have anything you would like to add?

BH- I think that you have captured it pretty well I must say, we have talked about our greatest challenges and that is to deliver more complete products.

MN- Okay thanks for your time and help

BH- No worries, good luck with your project and have a good day, bye

MN- Thanks again. bye
Appendix 5- Interview with Fredrik Lindén communication director of Aftonbladet

2014-09-10 (Telephone)

MN- Could you start with a short introduction of Aftonbladet and explain how you differ from your competitors?

FL- We are market leaders in our field when it comes to journalism and the transformation and restructuring that’s going on in our industry. We have already restructured and we are on a good way to become a true online company, we look at ourselves as an online company that also produce a printed paper, that is quite radical in this industry.

Swedish Media Industry

MN-The Swedish newspaper industry has been facing changes the last years, which are the greatest?

FL- The greatest change is definitely the digital transformation and changing reading habits amongst our customers.

MN- How have these changes affected you as a company?

FL- It has affected our company in many ways, most of all when it comes to work processes, we have changed the way we are working on, we have reorganized, moved our priorities online and we are also forced to more savings. We are making savings on every part of the business, print is still profitable for us but its loosing about 12% of its readers yearly, we are still Sweden’s biggest newspaper totally but we see a substantial loss of income. These are the effects of the changes that I was talking about earlier.

MN- Are you worried about the reduced viewing of traditional newspapers? How can it affect the industry?

FL- We are not really worried, of course it brings problems, we still want them to read our printed paper, but we are focusing more on our online business and we see it as an opportunity that the market is changing, since we have been faster in the transition than our
competitors. In the long run printed editions will be smaller and smaller, print will loose over online in this industry.

MN- Do you feel that journalism is loosing its value?

FL- No, absolutely not, it is more important than ever before, journalism has been important since Aftonbladet was founded in 1830, there is not really a difference in what channels and platforms we are using to reach out with our journalism, we are simply just using different channels than we used to.

MN- Is the customers demand changing? If so, how?

FL- Yes, of course. Customers are more present online then ever, that is why we also need to be there. We need to reach out with our offer in journalism where people are and they are currently online, we just have to take advantages of the opportunities it brings us and be where our customers are.

**Business Models**

MN- What is your business strategy? (Competitors, customers, branding, value proposition etc?)

FL- Our strategy is to be market leaders in our industry with a main focus on our online business, we are an online business with a printed paper, not the other way around, that is how we see our selves. We are making money on our offer which is our advertising reach and journalism and a couple of pay services, premium services and also plus, where readers pay for our journalism online.

MN- So who are you competitors?

FL- When we look out our online business we are competing with television companies such as SVT and tv4 but also even with Youtube (Google) and Facebook, since we want to be an information and entertainment channel. When it comes to journalism we are of course competing with the other nationwide newspapers but when it comes to the digital transformation and the usage and how people read news, that behaviour, we cannot compare to other newspapers simply because they haven’t gotten so far yet.
MN- How do you look at your strategy? (Plan, pattern, perspective or position)

FL- Our strategy is what we are doing right now, so I guess that seeing it as an perspective or position would work for describing how we look at our strategy. It’s quite theoretical so it is difficult for me to answer that question.

MN- Do you use the business model to implementing and communicating strategic choices?

FL- We are working a lot with updating our business models and they have to be in line with our strategy, a lot of the communication is done when analysing a new business model, so I need to say yes, that’s a part of it.

MN- How do you create value? What is your value network (suppliers, customers, information flows etc) How du you capture Value?

FL- We create value through our journalism and information and entertainment business that we have online. We deliver what our readers want to read and see, on whatever channel it is, if its moving picture or in print it does not matter. Our newspaper is interesting and that is how we are creating traffic, which also brings us advertising income. Our value network is extremely broad, but everybody that’s involved with us is in our network such as networks, partners, customers, journalists, advertisers etc, the list is long.

MN- And how do you capture value?

FL- We get paid from our readers in different ways as I told you earlier and also through selling advertising spots in our paper, online, commercials in TV channel etc. So readers and advertisers.

**Internet Business Models**

MN- How can you use Internet to add value to your business?

FL- Its not a question if we can, we have to be online if we want add value to our business or at least retain the value that we have. The printed version is loosing readers yearly, it will not change, the only way for us to add value is to be great on what we do online, it’s extremely important for us.

MN- So what are you focusing the most on, being online?
FL- We are focusing on improving our moving pictures (TV) online, but also to develop our plus service further, which is a big strategic investment area, the mobile is also important to cherish and strengthen the market leader position that we have today. These are three important improvements, but we also have to redirect and optimize on all fronts.

MN- Do you have a better control of your customers nowadays? Do you have direct contact with your customers?

FL- We are more present online then before, so of course we have better control over our customers, you can track much more of their behaviour online. We have been active online for a long time, the latest years we are working more with social media, which is also providing us with information and opinions that we didn’t have access to before. Through social media we also have direct contact with customers, we have to be much better at this and this is something that we have to work with. We have to reorganise our work processes so that all of us will be better on using social media in our daily work routine, this is important for all our employees.

MN- Do you make more money on advertising or subscriptions? How has this changed?

FL- First of all we don’t have any subscriptions on our printed version, accept with some companies that we deliver the paper to. We are selling our papers in stores. We have introduced subscriptions on our online paper, which is our plus service. The income from selling papers in store is loosing year by years, and also the advertising income from it. In the printed version we made more from advertising, which is now also the case online, even if it’s more evenly spread.

**Business Model Innovation**

MN- The market is changing fast, are you working with the business model and developing capabilities to innovate the business model when the market changes?

FL- In comparison with out competitors, this is something that we have been pretty good at, I must say. We have always been updating our business model, and these are capabilities that we have in our company, of course we have to improve them like everything else. But we are good with adapting to market changes, so it’s not really a problem for us, which is why we are market leaders.
MN- How does your business model differ from 10 years ago?

FL- The great change is that we are looking on our online business and see it as a strategically more important part of the business than print, even if print is still important. There is where our future is, in our digital editions. This requires different business models and ways of working, but we are getting there.

MN- Do you have a team that only works with business models? Improving existing one and exploring new ones?

FL- It would be great to have a specific team only for this, following and analysing current business models etc. In a way that’s how we work in leading management together with the board. But as I told you earlier, we are cutting down on costs, so I don’t believe that we will do any changes in how we work with our business models, it works well enough as it is.

MN- Are you careful with radical changes in your business model?

FL- This was a good question, I would like to say that we have been very brave if you look historically speaking and this has been our success, we are not afraid of testing new things and opportunities, we are always trying first, and if you do that you have the possibility of a leading position, which we have. We are brave and not afraid of radical changes in our business model, but we also have to nurture what we already have.

MN- Have you ever failed with a business model?

FL- Of course, we are testing many new things and exploring opportunities. Some of those has shown to be less successful, but it hasn’t been to risky for us, since its mostly been about adding or improving parts of our business, if something works less like we hoped to, we still have other parts of the business keeping us on top. This is why it is important to use many different channels, and try new ones. Our industry is different, its harder for readers to see all changes, its not like we are releasing a new Iphone or anything like that, our development is more fluent.
Web 2.0

MN- The term Web 2.0 is becoming more popular, and describes the modern World Wide Web that we are using today. Web 2.0 is a social transformation that puts more control and interactivity of content of regular users, not only we site owners.

MN- Which Web 2.0 technologies are you using? (Blogs, Facebook, chats, etc)

FL- It is very important for us to engage in social media, but we still have a long way to go. We are active on all major social media platforms; those that are becoming traditional in a sense are Twitter and Facebook, which works great for us.

MN- Web 2.0 enables better communication, collaboration, community, creativity and convergence. Which of these are you taking advantages of?

FL- Well this brings an entirely new aspect to our business and industry that we have to learn how to use. First of all we can spread our offer in a better way, we need to be where our readers are, and they are out there in social media, which makes it important for us to be there as well. Social media is very powerful if used right. Like with our Tv programme online, brottscentralen, we are fighting crime and get help from readers and viewers through social media on finding those guilty people. So depending on the use we take different advantages, whether its communication, collaboration etc. Web 2.0 like you call it, we are trying to take advantage of every opportunity it brings to us. If we want to be better online, the advantages given through social media is extremely important for us to learn more about, and how we can get the most out of it.

MN- Okey, do you have anything that you would like to add, about what we have been discussing today?

FL- We are living in a very exciting time when it comes to the media industry, we are all looking forward for the future development and we feel that we have improved a lot, but that we still have a long way to go. Even if you are a market leader it is a great danger to feel comfortable with that position, we have to keep challenging ourselves if we want to be a head of our competition.
MN- Do you see any opportunities entering new markets? Like you did with your TV channels?

FL- Yes, we have many interesting projects going on like branditcontent, but we on Aftonbladet are working with many different partners, which may lead to interesting products. But first and foremost we have to produce good and interesting journalism. This is what we do, but we can always work with our partners to increase the value in our user/reader experience.

MN- That was all questions, and I am pleased with your answers

FL- I am glad to hear that

MN- Can I call you again if there is anything I would have to get explained?

FL- Feel free to call me, just send me a text message before so I can find time for it.

MN- Ok great, thanks for your time and participation

FL- The same, good luck with your project bye

MN- Thanks, bye