

Business Model Innovation – Challenges and Opportunities in the Swedish Newspaper Industry

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MASTER THESIS



Business Model Innovation – Challenges and Opportunities in the Swedish Newspaper Industry

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Abstract

The digital era has mercilessly affected the media landscape by changing the way information and news are disseminated and consumed. This has led to an increased need to move activities online and an outdated business model among newspapers. The Swedish newspaper industry has so far struggled to do business in the digital world. Hence, the need for business model innovation is greater than ever. If newspapers cannot find a new sustainable business model to be able to provide independent and qualitative journalism, it poses a threat to democracy.

This study aimed to explore challenges and opportunities with business model innovation in the Swedish newspaper industry. Sixteen interviews were carried out with people working at eight different newspapers to get an overall picture of the innovation work in the industry. The empirical findings were analysed based on a theoretical framework built around innovation, business model and media.

This thesis presents nine challenges and five opportunities of business model innovation in the Swedish newspaper industry. The identified challenges are; *developing the unique value in digital, developing new revenue streams, having 150 years of legacy, interlinking the parts of the business model when all parts have changed, running an established printing business in parallel, competing with actors from outside-industry, playing an important role for a democratic society, establishing an innovation strategy and not having anyone to take good examples from.* The identified opportunities are; *increasing innovation efforts regarding partnerships, focusing on qualitative journalism, continuing to increase the collaboration in the industry, accentuating the democratic purpose and visualising how the business model has developed to enhance the understanding of it and assess innovation efforts.* Newspapers operating on the Swedish media market must innovate their business models, and should take these findings into consideration while doing so. The findings contribute to theory by filling the gap in literature on new media from the perspective of innovation theory.

Keywords: business model innovation, media, newspapers, Swedish newspaper industry

Sammanfattning

Den digitala tidsåldern har hänsynslöst påverkat mediebranschen genom att ändra hur information och nyheter sprids och konsumeras. Detta har ökat behovet av att flytta aktiviteter online och lett till en inaktuell affärsmodell bland tidningar. Den svenska tidningsindustrin har hittills kämpat för att få sin affär att gå ihop i den digitala världen. Behovet av affärsmodellinnovation är därför större än någonsin. Om tidningarna inte kan hitta en ny affärsmodell för att kunna förmedla oberoende och kvalitativ journalistik är risken att demokratin står hotad.

Syftet med denna studie var att utforska utmaningar och möjligheter med affärsmodellinnovation i den svenska tidningsindustrin. Sexton intervjuer genomfördes med personer från åtta olika tidningar för att få en övergripande bild av hur industrin arbetar med innovation. Resultaten analyserades med hjälp av ett teoretiskt ramverk byggt kring innovation, affärsmodeller och media.

Den här masteruppsatsen presenterar nio utmaningar och fem möjligheter med affärsmodellinnovation i den svenska tidningsindustrin. De identifierade utmaningarna är att; *utveckla ett unikt värde i den digitala världen, utveckla nya intäktsströmmar, ha ett arv på 150 år, sammanlänka delarna i affärsmodellen när alla delar har ändrats, driva en existerande verksamhet i parallell, konkurrera med aktörer utanför industrin, spela en viktig roll för ett demokratiskt samhälle, etablera en innovationsstrategi och att inte ha någon att följa*. De identifierade möjligheterna är att; *öka insatser vad gäller partnerskap, fokusera på kvalitativ journalistik, fortsätta att öka samarbetet inom industrin, framhäva det demokratiska syftet samt att visualisera hur affärsmodellen har utvecklats för att förbättra förståelsen för den och bedöma innovationssatsningar*. Tidningar i den svenska mediebranschen måste innovera sin affärsmodell och bör ta till sig studiens resultat vid detta arbete. Resultatet bidrar till teorin genom att fylla en del av gapet kring litteratur gällande den nya typen av media från ett innovationsteoretiskt perspektiv.

Nyckelord: affärsmodellinnovation, media, tidningar, Svensk tidningsindustri

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First, we would like to thank all of the seventeen people working in the Swedish newspaper industry who we had the great pleasure of talking to. Our conversations have been the backbone of this study and without your help, this would not have been possible. We really hope the results will give you some new insights and prove helpful in your work.

We would also like to express our sincerest gratitude to our advisor at Lund University, Malin Olander Røese. Thank you for your support, confidence in us and all the positive energy you have contributed with every time we have met. Getting a bit of a turbulent start, it was fantastic to get your advice and bigger perspective on innovation within media. You really helped us to see that what we thought were obstacles were opportunities instead. In summary, we very much enjoyed working together with you this spring.

Lund, May 2017

Josefin Andersson and Louise Lyckvik

List of acronyms

business model	How an organisation manages incomes and costs through the structural arrangement of its activities
business model innovation	Changing or renewing the business model
daily newspaper	An organisation that historically printed a newspaper sold through subscriptions and distributed to the customer's door in the morning, at least once every week, but most commonly on a daily basis
disruptive innovation	An innovation that throws an industry or a market into disorder by changing the rules of the game and providing different attributes of performance than the ones already out on the market
evening newspaper	An organisation that historically printed a newspaper distributed to resellers in the evening and most commonly sold per copy
paywall	Limits access to certain content via a payment solution

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1 Introduction

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1.1 Background

1.1.1 The digital era in the media landscape

The digital era has mercilessly affected the media landscape by changing the way information and news are disseminated and consumed. New information transmission technologies such as smartphones and tablets have changed the way people communicate and consume news and media (Peciulis, 2016). Information is available anywhere at any time, with users seeking information in new alternative ways (Praprotnik, 2016). There are no longer any gatekeepers who decide what to access and when, which has led to a shift in power from news producers to consumers ('A new democracy for new media: challenges to traditional media and adapting to modern consumers', 2016). Media's role in society has thus changed from a vertical to a horizontal communication system with a participatory audience and a different perception of news as a source of relevant information. This has led to an increased need for media companies to move activities online (Syvertsen et al., 2014) and a traditional media crisis (Peciulis, 2016).

Subsequently, newspaper printing companies are having a hard time nurturing their print edition that historically has been their main source of income through subscriptions and advertising, while simultaneously investing in new digital solutions (Sjovaag, 2014). In addition, the revenues generated through online platforms are not yet close to as profitable as the printed press used to be, neither in regards to subscriptions, nor advertising (Sjovaag, 2014; Beckett, 2008). The two-sided revenue model must therefore be developed (Barland, 2013). Still, the printed newspaper possess great value in the form of brand recognition, though the consensus appears to be that future revenues will be generated online (Sjovaag, 2014). As a result of digitalisation and new user habits, there is a significant need

for renewal and to rethink journalism to survive in the rapidly changing media environment ('A new democracy for new media: challenges to traditional media and adapting to modern consumers', 2016).

1.1.2 Decreasing trustworthiness and declining revenue streams

The way digital media generates revenues through clicks that attract advertisers is heavily affecting the trust in media, which has reached an all-time low (Ingram, 2016). Barland (2013) states that the way media mixes interests when combining editorial content and advertisements can be a threat to journalism and the public's sense of trust in it. With alarming stories about "fake-news", made up news with a headline that makes people want to click on it and thereby be exposed to advertising (Mosesson, 2017), as well as the extraordinary American election of 2016 with just appointed president Donald Trump stating that "The FAKE NEWS media (failing @nytimes, @NBCNews, @ABC, @CBS, @CNN) is not my enemy, it is the enemy of the American People!" on twitter (Svahn, 2017), media's role in society is unavoidably top of the agenda all over the world.

However, Trump may be surprised to note that the number of subscriptions of both the *New York Times* and the *Wall Street Journal* (including both print and digital newspapers) actually increased as a result of the election (Huddleston, 2016). The reason might be that people are unable to deal with the endless flow of information and are looking for alternatives not to "drown in the ocean the content of questionable value" (Peciulis, 2016), thus turning to the traditional news providers.

Nevertheless, the willingness to pay for news in general has dramatically dropped due to the ever increasing amount of free online content (Sjovaag, 2014). In Sweden, the number of newspapers circulations has decreased with more than 15 percent in the last eight years. More importantly, the number of people with a newspaper subscription varies hugely between generations. Less than 30 percent of the people born in the eighties and onwards has a newspaper subscription, compared to older generations where the numbers vary from 43 up to 85 percent (Findahl & Davisson, 2015). According to Beckett (2008), the fundamental problem for mainstream news media is that the current audience is decreasing simultaneously as the future audience is completely disappearing. Fewer subscribers mean a less attractive alternative for advertising. As a result, digitalisation is inevitably driving traditional printed newspapers out of business (Barland, 2013).

1.1.3 Changed Swedish newspaper market

Newspaper printing companies are operating in a declining market which has forced them to cut costs. To cut cost, a common method is to merge with or acquire another

newspaper in the same situation, as in the case of *HD-Sydsvenskan* that went from two companies into one in 2014 (Satz & Kalin, 2014). Another way to rationalise is to look for a buyer among the large media houses, as in the case of *Hallands Nyheter* which was acquired by Stampen in 2005 (van den Brink, 2007). This has resulted in the Swedish market retaining approximately the same number of newspapers, but with an ownership concentrated to only a limited number of players (Ots, 2012). Subsequently, the presence of local newspapers has dramatically decreased resulting in an unattended environment for local politicians to reign free in. A media investigation carried out in 2016 suggests that municipalities without any journalistic supervision should receive financial support from the state. The proposal is, among other things, based on the fact that 43 percent of Swedish citizens claim that they do not get enough information about important local events (Djerf, 2016).

For the last part of the twentieth century, media companies have thrived in a prosperous environment with margins higher than in most other industries. For newspaper printing companies, the reason is that they often develop a monopoly in local and regional markets since a large number of subscribers generates big advertising revenues (Sjovaag, 2014). Newspaper printing companies have been experienced operators of a two-sided revenue model consisting of consumers and advertisers (Barland, 2013). Value have been created and captured through informative, educational and trustworthy journalism (Syvertsen et al., 2014), leading to a relatively consistent design of their business model. The historically high margins testify for a successful design, with better-than-average net profit and dividend yields. However, in comparison to other industries, the newspaper industry has shown weakness in engaging in long-term planning and company development (Picard, 2006).

1.1.4 The need for business model innovation

As for any industry, innovation is a fact of life and so also for the newspaper industry. Newspaper companies have always needed to innovate, although the bulk of innovation often have been associated with content creation. As digitalisation has brought significant change to the media landscape, with technology contributing to an accelerated content creation rather than being an enabler of it, innovation is needed more than ever (Küng, 2013). This implies shifting focus from print to online services and converting traditional content into digital products, which requires a change of business model (Storsul & Krumsvik, 2013; Zeng, Dennstedt & Koller, 2016).

So far, newspapers have struggled to adapt their revenue model to the digital landscape (Barland, 2013). Efforts have proved to be an insufficient response to the digital era, which could be considered the greatest disruptive innovation in the newspaper industry since the invention of printing (Zeng et al., 2016). In addition,

with an increased creation of individual content by consumers, newspaper printing companies are also forced to question their role as deliverers of news and their fundamental existence (Peciulis, 2016). Subsequently, business model innovation is both needed to respond to the digital era as well as redefining their identity (Beckett, 2008). However, their core business, to distribute information, still plays an important role in advocating for democracy in society, why the fact that they might be forced to look elsewhere for revenues is alarming.

The practical problem thus lies in the change of how media and news are being consumed, in a decreased willingness to pay for content and in an inexperienced industry within business model innovation. The way newspapers once did business is no longer profitable because of the digital transition (Barland, 2013) and they are therefore forced to renew themselves, which constitutes the point of departure of this master's thesis.

Storsul and Krumsvik (2013) state that media researchers always have been concerned with media change. This applies to new media, new genres and a new way of using media (Storsul & Krumsvik, 2013). Moreover, much has been written about the recent economic decline in the media industry (Barland, 2013). However, there is a lack of research in relation to new media grounded in theory about innovation (Storsul & Krumsvik, 2013) and the specific ways in which media act as new commercial actors (Barland, 2013). It is therefore interesting to explore how newspapers are currently working with renewing their business models to face the digital era of media.

1.2 Purpose

The aim of this thesis is to create an understanding of the challenges and opportunities with business model innovation in the Swedish newspaper industry. To fulfil this purpose, the thesis aims to investigate what drives innovation in the Swedish newspaper industry and find out how the Swedish newspaper industry is currently working with business model innovation. The focus will be on capturing the change that the digital era has brought to the industry over the last five to ten years.

1.2.1 Research questions

Based on the chosen field of research and the purpose of the study, one main research question is to be addressed:

Main research question: What are the challenges and opportunities of business model innovation in the Swedish newspaper industry?

To answer this research question, the two following sub-questions should be answered:

Sub-research question 1: What drives innovation in the Swedish newspaper industry?

Sub-research question 2: How is the Swedish newspaper industry working with business model innovation?

1.3 Delimitations

This report is a part of a master's thesis at the Faculty of Engineering at Lund University which implies that there is a project time limitation of 20 weeks. Hence, the research, as well as the data collection, will be scaled thereafter. Moreover, although digitalisation has effects on the entire media industry, a delimitation of the study is to focus specifically on newspapers that have formerly been relying on printing newspapers as their core business.

Although digital innovation is highly prioritised by companies globally, Sweden alongside with six other countries (Finland, Switzerland, Israel, Singapore, the Netherlands, and the United States) are remarkably ahead in terms of digital innovation performance. The characteristics of these top-performing countries can therefore be regarded as potential drivers to succeed with innovation in the digital era: very high levels of business information and communications technology use, good business and innovation environment as well as in individual technology usage

(Baller, Dutta & Lanvin, 2016). With this in mind, alongside with the geographic location of the master's thesis and the origin of the authors, the Swedish newspaper industry is chosen as the focus of the study.

Innovation can be examined from many perspectives and the reader should be aware that this study is focused on how newspapers are working with innovation rather than how they try to stimulate an innovative culture within their organisation.

Within the performed delimitations in mind, any generalisation of the study's findings should, therefore, be carried out with great caution.

1.4 Thesis outline

Chapter 1 Introduction

This chapter gives the reader an introduction to the research field and this master's thesis. It starts with a description of the background, how the interest for the research field arose and the issue of it, and then states the purpose of this master's thesis. Lastly, the chapter provides a discussion on delimitations and presents the thesis outline.

Chapter 2 Methodology

This chapter demonstrates how the research process was conducted when performing this master's thesis. It presents the chosen research strategy and design and explains how data was collected and analysed. Furthermore, it gives an overview of the work process and elaborates on the trustworthiness of the study.

Chapter 3 Theory

The theoretical framework presents existing theory on the three areas innovation, business model and innovation in the media industry. The theoretical framework will be used when analysing the study's findings on what drives innovation in the Swedish newspaper industry, how the industry is working with business model innovation and lastly what the challenges and opportunities in the industry are.

Chapter 4 Empirical findings

In this chapter the empirical findings of the study are presented. As an introduction, the Swedish media landscape in regards to the newspaper industry is described with a short explanation of the traditional business model of newspapers. Then, the compiled result based on the interviews with people working at different newspapers in the Swedish newspaper industry is presented.

Chapter 5 Analysis

This chapter presents the analysis of the empirical findings based on the theoretical framework. The structure of this chapter stems from the two posed sub-research questions and brings up challenges and opportunities continuously. Finally, a concluding analysis addresses eight specific insights that arose during the analysis phase.

Chapter 6 Conclusions

This chapter presents the conclusions of this master's thesis. Firstly, it provides the answers to the research questions. Then, the study's contributions to theory and practice are discussed as well as further reflections and recommendations. Lastly, areas for future research are suggested.

2 Methodology

This chapter demonstrates how the research process was conducted when performing this master's thesis. It presents the chosen research strategy and design and explains how data was collected and analysed. Furthermore, it gives an overview of the work process and elaborates on the trustworthiness of the study.

2.1 Research strategy

Research can take on either a qualitative or quantitative approach or a mix of the two (Locke, Silverman & Wyrick Spirduso, 2004). A qualitative approach is appropriate when the research aims to fill an unexplored field of study regarding certain concepts, conditions and implications (Starrin & Svensson, 1994). Qualitative research is conducted to understand behaviours from the perspective of the studied units and be able to explain their views (Hennink, Hutter & Bailey, 2011), which was the intention of this study. Moreover, since limited research has been carried out on new media in relation to innovation (Storsul & Krumsvik, 2013), a qualitative research strategy was considered suitable and thus chosen when conducting this master's thesis.

The approach can also be defined based on the purpose and characteristics of the study. It can be either descriptive, exploratory, explanatory or problem-solving. The purpose of a descriptive approach is to investigate and describe, exploratory to deeply understand how something works, explanatory is to look for reasons or explanations of how something works and lastly, the purpose of a problem-solving approach is to find a solution to an identified problem (Höst, Regnell & Runeson, 2006). Since the purpose of this study is explore the challenges and opportunities with business model innovation in the Swedish newspaper industry, an exploratory approach was chosen.

In addition to choosing a qualitative and exploratory research strategy, a reasoning approach can be either inductive, deductive or abductive. An abductive reasoning approach is about the continuous interaction between ideas and observations as well as between specific areas and the growing research field. When using a qualitative research strategy, the process of discovering and understanding an emerging field of knowledge is often achieved using abductive reasoning approach (Starrin &

Svensson, 1994). Therefore, an abductive reasoning approach was considered appropriate for this study.

2.2 Research design

A research design is described by Yin (2003) as “the logical sequence that connects the empirical data to a study’s initial research questions and, ultimately, to its conclusions” (p. 20). The main purpose is to make sure that the evidence addresses the initial research questions. Höst, Regnell and Runeson (2006) suggest four different types of research design methods; experiment, survey, action research and case study (Höst et al., 2006).

A case study is a commonly used research form when doing qualitative research (Locke et al., 2004). It is appropriate when the aim of the study is to understand how an organisation works, which aligns with the purpose of the thesis. A case study is a flexible research design which allows the researcher to, for example, revise the research questions and adapt to changing conditions throughout the study (Höst et al., 2006). Since ideas and observations was planned to interplay in an iterative manner, a case study was considered the most suitable research design for this master’s thesis.

However, a case study is often misinterpreted as an *easy* design method. This is not true since it lacks routine data collection methods. A case study is by nature an iterative work process. Hence, it involves the challenge of taking advantage of unexpected opportunities but at the same time avoid getting side-tracked (Yin, 2003). Nevertheless, a case study was considered the most appropriate research design and the risk of getting side-tracked was mitigated throughout the study by continuous collaboration with the supervisor.

2.2.1 Case study design

A case study can be either single- or multiple-case and take on either a holistic or an embedded approach in each variant (Yin, 2003), see Figure 1. The choice between single- or multiple-case should be made with the purpose to best address the research question. Since the research questions of this master’s thesis relate to the overall Swedish newspaper industry, the industry itself was regarded as the studied case. The case design was therefore considered as a single-case, but with multiple subunits consisting of selected representatives from different newspapers within the case industry.

A study of multiple subunits aims to optimise description and generalisability but also implies considering the trade-off in between the two slightly contradictory objectives. The trade-off revolves around four issues; the degree to which the data

collection should be structured, the number of selected units, the length of time spent collecting data at each unit and emphasising site-specific or issue-specific reporting (Herriott & Firestone, 1983). In comparison to a single-unit study, a multiple one often requires more resources and time (Yin, 2003). Overall, a study of multiple subunits is regarded as more robust than a single-unit study, why it is worth striving for more than one unit (Herriott & Firestone, 1983). Hence, multiple subunits were chosen for this study.

Considering an embedded or a holistic design, the former is recommended when the study involves more than one unit of analysis while the latter is proposed when no logical subunits can be found (Yin, 2003). Since multiple units were chosen for the study, the appropriate approach was considered to be embedded. A common pitfall with the embedded design is that the study may lose its sense of direction while focusing on subunits and thereby fall through on returning on the main unit of analysis. However, if the holistic picture is kept in mind throughout the entire study an embedded design can contribute with opportunities to extend the analysis and add to the understanding of the cases (Yin, 2003). This was kept in mind throughout the study.

In summary, the chosen case study design was a single-case with an embedded approach, see Figure 1.

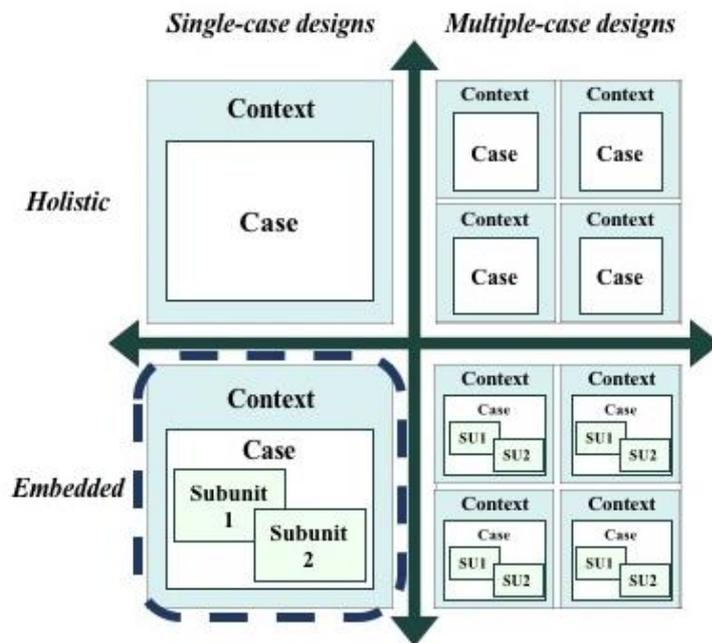


Figure 1. Case study designs (authors' own figure inspired by Yin, 2003)

2.2.2 Choice of units in the case industry

Case study units can be chosen through theoretical sampling aiming to replicate or extend emergent theory (Eisenhardt, 1989). Each unit should be selected so that it either predicts similar results or contrasting results but for predictable reasons (Yin, 2003). In general, selection through theoretical sampling is a beneficial sampling method for a case study since it limits extraneous variation and facilitates the work with defining delimitations in regards to transferability. Furthermore, theoretical sampling focuses efforts on theoretically useful cases (Eisenhardt, 1989) which was favourable given that this thesis was conducted with time constraints.

Theoretical sampling means selecting subunits so that they are likely to have the experiences of interest (Magnusson & Marecek, 2015). Since the study aimed to explore the innovation work in the industry, theoretical sampling was deemed suitable, as this allows targeting people holding these experiences of interest. However, according to Magnusson and Marecek (2015), the selection of units should be performed so that it includes the full range of such experiences, which was kept in mind during the selection.

When selecting subunits, the major media operating companies Schibsted, Bonnier and Stampen were targeted as a first step in the sampling process. These corporate groups are all well-established on the Swedish market and have a history of printing newspapers as a core business. As a second step, eight newspapers were selected for further studies within these media corporations as well as a freestanding local newspaper which does not belong to any corporate group. Since the aim of the study was to give a full range picture of the newspaper industry, the chosen newspapers constituted a mix of evening newspapers and national, regional and local newspapers with a somewhat even distribution in between. The reason was to achieve a good representation of the Swedish newspaper industry as well as to explore potential differences in regards to innovation approaches and drivers between the kind of newspapers.

The criteria used when selecting newspapers within the case industry are presented below:

- Newspaper formerly (or still) relying on printing newspapers as their core business
- Newspaper operating on the Swedish market
- Newspaper formerly (or still) earning a substantial part of the revenues from print editions
- Newspaper formerly (or still) having a two-sided revenue model consisting of news consumers and advertisers

Based on these criteria, free newspapers such as *Metro* and *VarbergsPosten* were discarded since they were considered to have a different type of revenue model than

was set out in the criteria. The chosen newspapers for the study were: *Svenska Dagbladet*, *Aftonbladet*, *Göteborgs-Posten*, *Hallands Nyheter*, *Dagens Nyheter*, *Expressen*, *HD-Sydsvenskan* and *Skånska Dagbladet*.

As a third step in the sampling process, representatives at each chosen newspaper were selected to serve as interview objects. The initial intention of the overall sampling process was to let the chosen newspapers be regarded as units of analysis. However, after finalising data collection, the authors regarded each interviewee as a unit. This was because the aim of the study was to give an overall picture of the newspaper industry and a majority of the interviewees expressed responses that were considered to reflect the whole industry rather than the respective newspaper. The interviewees' responses often reflected and contained formulations such as "us", defined as "us that are working in the industry". For example, wordings like "of course I mean this newspaper, but this goes for the whole industry" were used. Moreover, the responses often contained a broader perspective, for example, by saying "the entire industry has this challenge" instead of limiting the responses to their own newspaper. This was also underlined by the fact that many of the interviewees had been working at more than one newspaper during their career. The aggregated number of years of experience within the newspaper industry among the interviewees was approximately 260 years.

Hence, the interviewees were somehow considered to be representatives of the newspaper industry rather than ambassadors of the respective newspaper they work for. The interview results are therefore presented so as to give an overall picture of the newspaper industry in Sweden, based on the views of people working for a variety of newspapers, as this was regarded more accurate.

2.3 Data collection

The collection of data can be either quantitative, qualitative or both combined (Eisenhardt, 1989). Quantitative data can be counted or categorised as, for example, a number, distribution or size. Qualitative data is characterised by words or descriptions and includes details and nuances (Höst et al., 2006; Hennink et al., 2011). Since the research strategy was qualitative and the study aimed to describe a complex, unexplored field, the appropriate type of data to best support the approach was qualitative.

Case studies generally include one or several of the data collection methods archives, interviews and/or observations (Höst et al., 2006; Locke et al., 2004). According to Yin (2003), interviews are an essential data collection method for a case study since interviews allow the researcher to view a certain situation from the perspective of specific respondents holding valuable insights. It allows the interviewee to take advantage of emergent themes and unique case features (Eisenhardt, 1989). Subsequently, the selected method for data collection was

interviews. Nevertheless, when choosing interviews as the data collection method, researchers should be aware that the data will consist of merely individual perceptions and that in order to identify a range of issues, several interviews will be required (Hennink et al., 2011).

According to Höst et al. (2006), there are three ways to carry out an interview; structured, open or semi-structured. Structured interviews are based on a predefined questionnaire that is to be followed precisely during the interview. Open interviews allow the interview to go in any direction that the interviewee wants to take it and the only limitation is to keep within the field of study. Semi-structured interviews are based on questions that support the interviewer. However, the order or wording of the questions may be changed according to the specific situation (Höst et al., 2006). The semi-structured interview format makes sure to focus the interview on the researched field, yet encourages interviewees to offer comments, stories and associations but also to bring up new topics (Magnusson & Marecek, 2015). For this study, the chosen interview format was semi-structured interviews. This was because it allowed the researchers to adapt to the setting and pose follow-up questions but at the same time make sure that all relevant areas were covered.

To ensure full coverage of the chosen research field and the necessary level of detail, an interview guide was designed prior to the interviewing. The interview guide should encourage interviewees to share their experiences in their own wording and should not constrain the result by classifications imposed by the guide itself. Moreover, when designing an interview guide, researchers deepen their knowledge within the underlying interview elements and need to clarify for themselves the intention with the posed questions. This process might also prove helpful later on since a good understanding of the purpose of the interview will help to keep track when performing the interview (Magnusson & Marecek, 2015).

According to Magnusson and Marecek (2015) preparing an interview guide is an iterative process. It takes several drafts to design an interview guide that is fully understandable for the interviewee, is creating the right setting and keeps the flow of conversation. A pilot test interview can help fine-tune the interview guide or revise the research questions. It also provides an occasion to practice interviewing and build confidence for following interviews (Magnusson & Marecek, 2015). Hence, the interview guide was elaborated on in a thorough manner, both through feedback from the supervisor and then through pilot testing. The pilot test interview was followed by an exhaustive reflection based on the course of events at the interview as well as the obtained result in terms of data. The interviewee was also prepared and encouraged to provide feedback after the interview. As a result, several modifications, clarifications and improvements were done after the pilot testing. The final interview guide can be found in Appendix A.

2.4 Data analysis

Data analysis is about processing and transforming the collected data into something insightful (Gibbs, 2007). It is a process of immersion of data, through which experiences of the study are identified and interpreted in order to form an evidence-based understanding of the research issues (Hennink et al., 2011). Qualitative data analysis aims to create a structure for the collected data and important variables are the existence and/or frequency of words, concepts or descriptions (Höst et al., 2006).

When performing qualitative research there are certain distinctive features to consider. For this master's thesis, the principles that guided the data analysis are summarised below:

- Data analysis should be conducted according to a circular process, which implies conducting a series of tasks repeatedly in order to enable a deeper understanding (Hennink et al., 2011). Some activities such as reviewing interview transcriptions, for example, were hence repeated several times to create a greater depth of understanding of the collected data.
- There should be no separation between data collection and data analysis, which means that the activities should be performed concurrently (Gibbs, 2007; Höst et al., 2006). Data was therefore analysed both during and after it was collected.
- Data analysis tends to increase the volume of the data rather than reduce it (Gibbs, 2007). An effort was therefore put into organising and summarising the data throughout the analysis phase in order to keep the volume at a manageable level.

2.5 Work process

2.5.1 The Qualitative Research Cycle

Qualitative research is characterised by an iterative work process. Hennink, Hutter and Bailey (2011) suggest that it can be broken down into three interlinked and individually repetitive cycles; the design cycle, the ethnographic cycle and the analytical cycle. The work process of this research, illustrated in Figure 2, was organised and inspired by these three overall cycles, but was tailored to suit the purpose of the study.

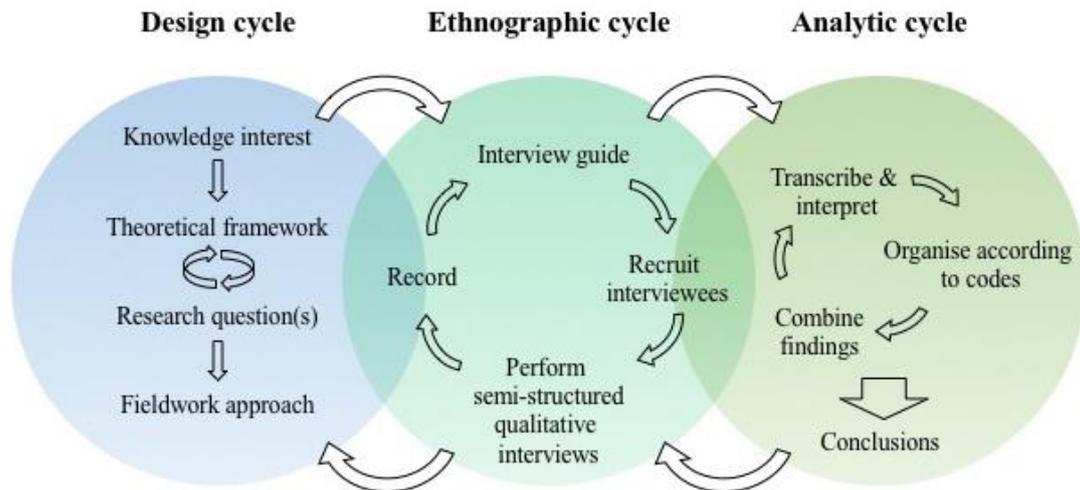


Figure 2. The work process of this study (authors' own figure inspired by The Qualitative Research Cycle by Hennink et al., 2011)

The work process started in the design cycle with a knowledge interest in innovation and the effects of digitalisation on the Swedish newspaper industry. Based on this, a theoretical framework was developed by reviewing existing literature while simultaneously forming the research questions of the study. Thereafter, a fieldwork approach was selected which was in-depth interviews.

The ethnographic cycle started with designing a research instrument, in this case, an interview guide. Then, interviewees were recruited and semi-structured qualitative interviews were performed and recorded. The recordings then served as the point of departure for the next cycle.

The third part of the overall qualitative research cycle is the analytic cycle. It is closely interlinked with the design cycle since the conclusions are based on previous concepts and theory. In this case, the analytic cycle took off by transcribing and interpreting the interviews. Thereafter, the findings were organised according to codes derived from the themes in the interview guide. Lastly, the findings were combined and analysed. This was done in an iterative manner and resulted in a revision of the research questions as well as several conclusions.

As illustrated in Figure 2, the qualitative research cycle allows activities to be carried out in a flexible way which was deemed appropriate for this study.

2.5.2 Literature review

A literature review was performed through an iterative process containing the choice of keywords, search, sampling, evaluation and collocation of information. Initially, the aim of the literature review was to gain knowledge and identify previous research within the chosen field of study. As sub-questions emerged, additional and more subject-specific literature was located. Finally, in order to benchmark the results of the study, returning to the literature review provided a tool to compare and consolidate the findings (Höst et al., 2006). Both conflicting and similar literature were consulted in order to raise theoretical level (Eisenhardt, 1989).

The studied literature consists of books, e-books, academic journals, published insights of well-reputed consultancy firms, articles in well-known journals, etcetera. Literature related to methodology was primarily found using the list of references in published master's theses but also through recommendations from supervisors at the Faculty of Engineering at Lund University. To help build the theoretical framework as well as support the result, Lund University's own research database, LUBSearch, was the primary tool. Literature covering the areas of innovation, business model and media was targeted, see Figure 3.

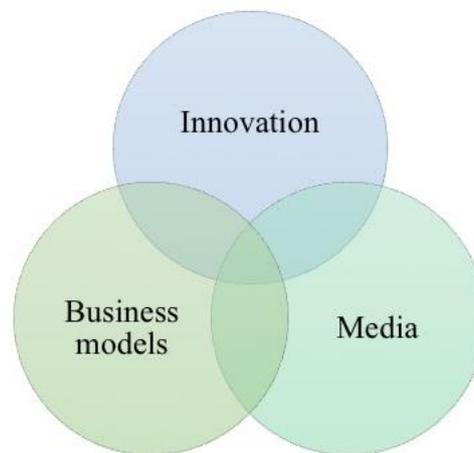


Figure 3. The three areas covered by the literature review (authors' own figure).

First, relevant keywords in accordance to these topics were identified and formed the basis of the literature search. The keywords were modified along the way when searches came up either blank or overwhelming or when new interesting concepts

were discovered. The literature search was limited to publication dates ranging from year 1995 till the most recent. The reason being that year 1995 is considered to be the year when digitalisation was truly initiated as internet access and usage started augmenting in Sweden as well as in other parts of the world (Findahl & Davidsson, 2015; Bergström & Wadbring, 2005). After finding relevant literature based on keyword research, further literature was found using the reference list in the found books and academic journals.

2.5.3 Qualitative interviews

When recruiting interviewees it is important to recall the underlying research questions to be answered (Magnusson & Marecek, 2015). The research questions were therefore taken into consideration when reaching out to potential interviewees. Only people considered to hold valuable information to help answer these questions was approached. Moreover, the screening questions “How long have you been working at the newspaper?” and “Are you working with innovation and/or do you have insight into the innovation work at the newspaper?” were both placed in the initial part of the interview guide and helped verify that the interviewee indeed were relevant for the study.

According to Magnusson and Marecek (2015), it is beneficial to choose members of an organisation holding different positions since this enhances the likelihood to access the full range of perspectives and experiences within the setting. With this in mind, the aim was to interview two or more people from each newspaper. The interviewees that were targeted held positions such as:

- Editor-in-chief
- Chief Executive Officer (CEO)
- Vice President Innovation (or similar)
- Chief Technological Officer (or similar)

All the interviews were carried out using an interview guide which can be found in Appendix A. The overall structure of the interview guide was built around five distinctive themes in order to collect data in relation to the research questions. The five themes were; the situation of and challenges within the industry, approach to innovation, customers, value proposition and lastly infrastructure. The three last-mentioned were categorised based on the underlying themes of the conceptual framework business model canvas. However, the interview guide sections played a small role during the interviews in order not to restrain the interviewee. Before the interviews, the interviewee was prepared for the interview through a preparatory email explaining the context of the thesis briefly and the themes to be discussed.

Magnusson and Marecek (2015) state that the appropriate number of interviews depends on several circumstances and that there is no such thing as an ideal number.

Above all, the number of interviews depends on the posed research question. The research question also has an impact on the scope of each interview and the level of detail of the analysis. A small number of interviews could serve the purpose of a study well if the interviews and the analysis are carried out in an exhaustive manner (Magnusson & Marecek, 2015). Since qualitative research itself aims to create an in-depth understanding, the chosen number of interviews at each *type* of newspaper was somehow based on saturation, a principle guided by the collected data starting to repeat itself (Hennink et al., 2011). Two to four representatives at each chosen newspaper were selected as interview objects. This applied for all newspapers except for one, where only one person participated. In one case, the interviewee, working at a higher strategic level, was considered to represent two newspapers within the same corporate group.

The interviews were carried out either in person, through a video call or over the phone. During the interviews, one of the researchers was leading the interview and the other was taking extensive notes. However, all interviews were recorded to ensure not to miss any important information. All interviews except for one consisted of one person being interviewed at the time. This was because the two interviewees that were interviewed together were part of the same team and held equal positions. During the interview, they took turns answering the questions and filled each other out when needed. These two people were therefore regarded equal to one interviewee. Consequently, seventeen people were interviewed but the number of interviewees was regarded sixteen.

The distribution of the interviewees among the different types of newspapers can be seen in Table 1.

Table 1. The distribution of the interviewees among the different types of newspapers.

	Daily	Evening
National	5	3
Regional	4	
Local	4	
Total:		16

2.5.4 Analysing the data and combining the findings

During the analytical phase, the recorded interviews were first transcribed into neat textual data. This is especially useful when working in teams to create a mutual interpretation of the interview result (Gibbs, 2007). To preserve the interviewees' anonymities, identifiers such as names and locations were removed from the transcripts. To ensure the transcripts' accuracy and that the conclusions were drawn on veritable data, the interviewees were encouraged to provide feedback on the result of the transcriptions (Höst et al., 2006).

The textual data was then organised in relation to the five themes that constituted the interview guide. The five themes could be seen as codes, which offered a structured way to organise the data (Gibbs, 2007). Thereafter, the textual data from all interviews was shortened and merged into one document using a spreadsheet. Consequently, the data could more easily be reviewed. Each of the themes' results was combined in various ways, compared and analysed. The focus was on capturing the change that the interviewees communicated that their newspapers have been going through during the last five to ten years and how they had been working with innovation. The way of doing this was to describe the findings, identifying recurring themes as well as deviant answers.

Through the entire analysis, the theoretical framework served as a benchmark in regards to the empirical findings. Specifically, the theoretical framework business model canvas was used to map the innovation efforts communicated by the interviewees. This way, areas in the business model where a lot of innovation efforts had been made as well as where efforts had been more or less successful could be identified.

2.6 Trustworthiness of the study

Trustworthiness refers to the degree of trust in the collected data, interpretation and methods used to ensure the quality of the study. According to Cope (2014), the most commonly used criteria when evaluating qualitative research are dependability, confirmability, authenticity, credibility and transferability. These criteria are also brought up by Connelly (2016), who states that these criteria are accepted by many qualitative researchers.

As for this study, dependability, which is defined as the stability of data over time and conditions and depends on the nature of the study (Connelly, 2016), was considered low. This was because of the fact that the Swedish media industry is operating in an ever-changing landscape highly affected by digitalisation. Hence, the study represents the circumstances of a specific point in time. The second criterion is confirmability, which refers to which degree the researchers demonstrate that the data represents the interviewees' responses without researcher's biases or

viewpoints (Cope, 2014). Confirmability was ensured through an iteration of the interview transcript with the respective interviewee. Also, the study's findings were sent to three selected interviewees to confirm neutrality. This was also a part of enhancing credibility and a description of this process can therefore be found below. Moreover, rich quotes from the interviews were used in this study which can enhance confirmability as it exemplifies how the findings were derived from the data (Cope, 2014). The third criterion, authenticity, relates to the extent to which researchers show a range of perspectives in a fair and thorough manner (Connelly, 2016). This was achieved through a selection of appropriate interviewees, of which a description can be found in the section *Work process*. The last two criteria, credibility and transferability, are considered particularly relevant for this case study and are therefore elaborated on below.

2.6.1 Credibility

The credibility of the study relates to the truth of the data or the views of interviewees as well as the interpretation and representation of them in the study (Cope, 2014). It is therefore the truth of the study itself (Connelly, 2016). A way to enhance credibility is to describe the context in which the researchers have been operating, which was done in the case of this study and can be found in the section *Delimitations*. Another measure to enhance credibility is to verify the findings of the study with the interviewees (Cope, 2014), which was done rigorously. To ensure that the interpretation of each interview reflected the interviewee's point of view, the interview transcription was sent to the interviewee for reviewing. In addition, in order to verify the given picture of the newspaper industry, the compiled result from all interviews was sent to three chosen interviewees after finalising the data collection. The three chosen interviewees were selected based on their exhaustive and long-term experience within the Swedish newspaper industry.

2.6.2 Transferability

Transferability is about to what extent the result of the study can be transferred to other contexts. It can be enhanced by providing a detailed description of the context of the research (Höst et al., 2006). Since the chosen research design of this master's thesis was a case study taking on a qualitative approach for a specific industry, namely the Swedish newspaper industry, the aim was to understand a specific case in a specific setting. Because of this, the results are considered fairly distinctive and are thus not considered having high transferability to other types of industries.

However, although the focus of the study is on the Swedish newspaper industry, the results are considered somewhat internationally applicable in relation to foreign newspaper markets. The reason is that the current situation in Sweden can be regarded as a foregoer when it comes to digital development in terms of factors,

policies and institutions that enable the country to fully leverage information and communication technologies (Baller, Dutta & Lanvin, 2016). Still, the relatively small number of interviews limits the transferability since more detailed information about the specific case industry could be obtained if more interviews were conducted.

The results from the study are considered to be transferable in order to build on to the study and do more research in relation to the chosen field. Moreover, the study is transferable in regards to each of the newspapers that have been a part of it as well as other newspapers on the Swedish market. The results are based on an overall picture of the interviewees' perspectives and therefore offer an industry perspective, regardless of corporate groups or specific newspapers. According to Cope (2014), a study is transferable if the findings have a meaning to individuals not partaking in the study. This criterion can be considered met by this study, as the results can be transferred in terms of understanding different approaches to innovation and learning about challenges and opportunities in the industry, both on an individual or organisational level.

3 Theory

The theoretical framework presents existing theory on the three areas innovation, business model and innovation in the media industry. The theoretical framework will be used when analysing the study's findings on what drives innovation in the Swedish newspaper industry, how the industry is working with business model innovation and lastly what the challenges and opportunities in the industry are.

3.1 Innovation

3.1.1 Definition of innovation

Innovation comes from the latin word *innovare*, which means renewal or to change (Storsul & Krumsvik, 2013). A lot has been written about the concept, resulting in various definitions. For example, Dodgson, Gann and Salter (2008) define innovation as the successful commercial exploitation of new ideas, while Linda Hall (2015) describes it as something new that is also useful. It should not be confused with the concept invention, which is defined by Rogers (1983) as the process by which a new idea is created. The difference between an invention and an innovation is that the former is regarded as a new idea or a theoretical model, while the latter is “the implementation of the invention in a market or a social setting” (Storsul & Krumsvik, 2013, p. 14). An innovation is thus an extension of an invention where the conversion of new knowledge into a product, service or process is also adopted and put into actual use (Johnson et al., 2015; Rogers, 1983).

Although the definition or type of innovation may vary, scholars have agreed that innovation is necessary to ensure the long-term survival and prosperity of any kind of organisation (Dodgson, Gann & Salter, 2008; Johnson et al., 2015). Innovation has thus always been necessary for all types of industries to stay competitive, although focus and priorities may have varied.

3.1.2 Innovation strategy

To innovate successfully, it is essential to have an innovation strategy (Pisano, 2015). A strategy could be defined as the long-term direction of an organisation.

The definition comprises three elements; the long term, direction and organisation. The long term refers to the importance of having planned activities not only for the following year but for many years ahead. An innovation strategy is a strategic choice of what direction to move (Johnson et al., 2015).

According to Pisano (2015), companies in a broad range of industries rarely articulate innovation strategies and neither do they align them with their business strategies. The lack of an innovation strategy can result in conflicting priorities within the organisation since different departments will have different perspectives on what is important in regards to innovation. Even though diversity is critical to successful innovation, there is a need for alignment around innovation priorities which cannot be pursued with a business strategy alone. Furthermore, efforts to enhance innovation risk to remain nothing but frail attempts to adapt best practice, for example, open innovation or crowdsourcing, if there is no innovation strategy in place to guide in trade-offs or which project that should receive funding. An innovation strategy begins with understanding and formulating objectives in line with the organisation's long-term competitive advantage. More specifically, the innovation strategy should answer the questions of *how innovation will create value to the customer* as well as *how the company should capture some of it*. Pisano (2015) also states that "one of the best ways to preserve bargaining power in an ecosystem and blunt imitators is to continue to invest in innovation".

Strategists can strive to lead or to follow innovation. Both options have advantages and disadvantages, where a first-mover advantage can be described as benefits obtained by being first on a market with a new product, process or service. Benefits can, for example, be a rapid accumulation of experience with the innovation and thus expertise, pre-emption of scarce resources and an enhanced reputation. On the other hand, by being second to a market, or a fast follower, one can learn from mistakes made by the first-mover and imitate the innovation at a lower cost (Johnson et al., 2015).

3.1.3 Sources of innovation

There are several kinds of innovations. An innovation can be incorporated into a product, service, process or a new way of organising and it can be either incremental or a breakthrough (Hill, 2014). Innovation can also come from different sources. Johnson et al. (2015) argue that strategists have to make decisions regarding four fundamental issues in relation to these sources, see Figure 4.

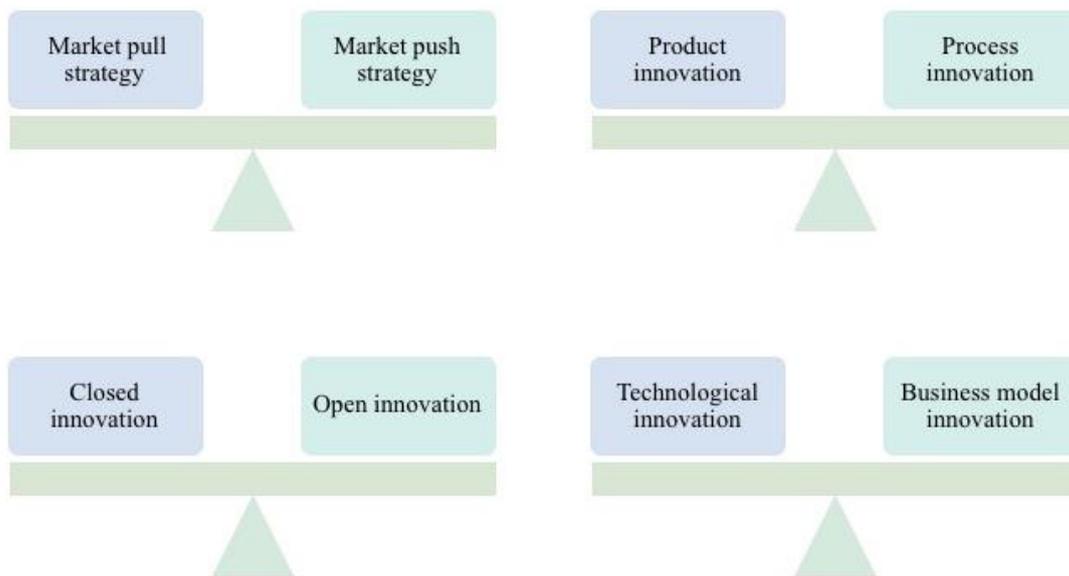


Figure 4. Sources of innovation that need to be balanced (authors' own figure inspired by Johnson et al., 2015).

The first issue involves managing the balance between a market push and a market pull strategy. Innovation can often be seen as driven by technology, why a market push strategy also can be called a technology push strategy. Technology push sees new knowledge attained by technologists and scientists as a source of innovation and then convert this knowledge into a product, process or service that is pushed to the market. On the contrary, a market pull strategy starts with the user needs and emphasise the importance of the actual use of the innovation. In this case, people's behaviours and actions in the marketplace is seen as the source of innovation rather than the research and development laboratory. It is important to note that what is seen as the source of innovation does not mutually exclude one another and that the issue relates to finding the right balance in between (Johnson et al., 2015).

The second issue relates to whether to focus on product or process innovation. Product innovation is about product features and relates to the final product while process innovation is about efficiency and relates to how the product is produced and distributed. As industries evolve over time, the focus usually changes. In the early history of an industry, the source of innovation is normally product innovation. As the industry later coalesces around a dominant design, the source of innovation often switches to process innovation when competition increase around how to

produce and distribute this product in the most efficient manner (Johnson et al., 2015).

The third issue is about using a closed or open innovation approach. Traditionally, organisations have been quite secretive when innovating, relying on in-house competence to generate innovations. As the business environment has changed, an opposite innovation approach has emerged, namely open innovation. Open innovation is about “the deliberate import and export of knowledge by an organisation in order to accelerate and enhance its innovations” (p. 187). Ideas are thus exchanged more openly with, for example, users and competitors with the motive to produce better products more quickly (Johnson et al., 2015).

The fourth and final issue concerns technological or business model innovation. New science or technology can be seen as sources of innovation but so can the recombination of already existing business activities (Johnson et al., 2015). A key to understanding the concept innovation is that it implies introducing something new, but that what is new is not necessarily an invention. An innovation is not seldom based on existing knowledge and/or technology and the recombination of it. Already existing ideas, competences and resources can be combined and implemented in a new context, thus forming an innovation and open up for new business opportunities (Storsul & Krumsvik, 2013). The reorganisation of business activities can be described as renewing the business model and thus as a form of business model innovation (Johnson et al., 2015).

3.2 Business model

3.2.1 Definition of business model

A business model is described by Johnson et al. (2015) as “how an organisation manages incomes and costs through the structural arrangement of its activities” (p. 188). It could also be described as the rationale of how an organisation creates, delivers and captures value and intends to make money (Osterwalder & Pigneur, 2010). Hence, there is no universal consensus on the actual definition of the concept and it varies depending on the purpose for which it is used. For example, a business model can be used as a tool to analyse and communicate strategic choices (Lambert & Davidson, 2013).

According to Osterwalder and Pigneur (2010) the business model concept needs to be “simple, relevant and intuitively understandable” (Osterwalder & Pigneur, 2010, p. 15). This poses a challenge since the function of any given organisation, in reality, is relatively complex and the business model should not disregard these complexities (Osterwalder & Pigneur, 2010).

The scope of a business model varies widely and can, for example, include company internal activities, possibly including the surrounding value network, focus on the value the business model brings or on the company's interaction with other actors, among other things (Lambert & Davidson, 2013). According to Osterwalder and Pigneur (2010), innovative business models are transforming industry landscapes at an unprecedented scale and speed.

3.2.2 Business model innovation

Business model innovation is an extension of the concept business model and is about reorganising the business activities into new combinations (Johnson et al., 2015). The concept can be described as changing or renewing the business model, and has developed into a major driver of a company's competitiveness and performance in many industries in recent years (Zeng et al., 2016). Osterwalder and Pigneur (2010) state that business model innovation is about creating value and replacing outdated models.

While business model is a several decade old concept, research on business model innovation is a fairly new. The idea that the business model can be seen as a potential unit for innovation was first discussed in 2003 by Mitchell and Coles. They suggest that a business model comprises the combined element of *who, what, when, why, where, how* and *how much* and that business model innovation is about improving these (Mitchell & Coles, 2003). Research on both business model and business model innovation has evolved during the last two decades, although literature on the former has expanded more massively (Foss & Saebi, 2017).

Regarding the fourth issue in relation to innovation sources, organisations have to carefully balance their innovation efforts between technological and business model innovation (Pisano, 2015; Johnson et al., 2015). Technological innovation is traditionally seen as a source of economic value creation and a driver of competitive advantage. However, a multitude of companies, for example, Uber or Netflix, has during the last decades showed that business model innovation can prove very profitable (Pisano, 2015). Since the digital era is a disruptive technological innovation itself, causing a media landscape in disorder, digitalisation could be seen as a driver for business model innovation (Bleicher & Stanley, 2016). Research evidence also shows that external forces such as industry transformation cause a need to change business model (Lambert & Davidson, 2013).

Bleicher and Stanley (2016) presents critical factors for business model innovation when facing the digital era. Essential factors are the understanding of the current business model as well as finding the existing and potential digital value drivers in order to identify new business opportunities. Osterwalder and Pigneur (2010) state that business model innovation should start with a shared understanding of what a business model is. In the light of a fundamental industry change, Lindgart and Ayers

(2014) suggests a reinventor approach where the customer-value proposition is reinvented and business operations aligned to profitably deliver the new offering.

According to Johnson et al. (2015), there are two overall areas for potential innovation: the product and/or the selling. Regarding the product, business model innovation is about redefining what the product or service is and how it is produced. As for the selling, it is about changing the ways in which revenues are generated (Johnson et al., 2015). Küng (2013) states that “the majority of successful business model innovations are the combinations or the recombinations of existing elements” (p. 10). However, the business model should represent the logic of how a company intends to make money, why all the elements are interlinked and must work together (Osterwalder & Pigneur, 2010). Zeng et al. (2016) claim that the most critical factor for successful business model innovation is to understand the customer; its current and future needs. For the newspaper industry, this implies developing the business model so it meets the desires and expectations of tomorrow’s reader so customers are sustained (Zeng et al., 2016).

3.2.2.1 Challenges with business model innovation

Nevertheless, executing business model innovation strategy is not easy. Established companies often have a hard time understanding their current business model, evaluate if it would suit or hinder an opportunity as well as creating a new one (Johnson, Christensen & Kagermann, 2008). Christensen, Bartman and van Bever (2016) claim that attempts are unsuccessful because companies lack understanding of how business models develop through predictable stages of time, and incorporating that understanding into key decisions about their business. Evaluating if a business model innovation is consistent with business priorities is of high importance since it drives decisions about where the initiative should be carried out, how it should be measured and how resources should be allocated to support it (Christensen, Bartman & van Bever, 2016).

Since business models often have a lot of standardisation in mature industries (Johnson et al., 2015), are quite stable by nature and become less flexible over time (Christensen, Bartman & van Bever, 2016), business model innovation is challenging in a landscape highly affected by a disruptive innovation. Moreover, a challenge is also that the business model concept must be simple and relevant, while not oversimplifying the complexities of how an organisation functions. If it is not simple, it hinders the understanding of it and limits the opportunities to innovate successfully (Osterwalder & Pigneur, 2010).

3.2.3 Business model canvas

The business model canvas is a useful framework when working with business model innovation. It was created by Alexander Osterwalder and visualises nine building blocks in order to describe, assess and change a business model, see Figure 5. Ideas for innovation can be generated in any of the building blocks in the framework (Osterwalder & Pigneur, 2010).

Key partners	Key activities	Value propositions	Customer relationships	Customer segments
	Key resources		Channels	
Cost structure			Revenue streams	

Figure 5. The business model canvas (authors' own figure inspired by Osterwalder and Pigneur, 2010)

The business model canvas consists of the following nine building blocks:

Customer segments

No business can survive long without customers, why the customer segments building block can be seen as the heart of the business model. Osterwalder and Pigneur (2010) describes the block as “the different groups of people or organisations an enterprise aims to reach and serve” (p. 20). There can be one or several customer segments but they should be determined with care. Once the customer segments are set, the rest of the business model can be designed to address their specific needs in the best possible way. There are different types of customer segments, for example, mass market, niche market, segmented, diversified and multi-sided platforms. (Osterwalder & Pigneur, 2010).

- For whom are we creating value?
- Who are our most important customers?

Value proposition

The value proposition is the reason why customers turn to one company instead of another. It is the offering that creates value and provides benefits to the customer segments in the way it solves a customer problem or serves a customer need. A value proposition is a bundle of products and/or services that may be innovative and new, but could also be similar to existing market offers but with added distinguishing features (Osterwalder & Pigneur, 2010).

- What value do we deliver to the customer?
- Which one of our customer's problem/need are we trying to solve/satisfy?

Channels

A business needs one or several channels to be able to communicate, distribute and sell the value proposition to the targeted customer segments. This building block is the interface between the enterprise and its customers and aims to handle the customer contact before, during and after the delivery of the value proposition (Osterwalder & Pigneur, 2010).

- How are we reaching our customers? How do they want to be reached?
- How are our channels integrated? How cost efficient are they?

Customer relationships

The type of relationship a company decides to establish with its customer segments will influence the overall the customer experience. Relationships can range from personal to automated and can be driven by different motivators; customer acquisition, retention or upselling (Osterwalder & Pigneur, 2010).

- What type of relationship does each of our customer segments expect us to establish and maintain with them?
- Which ones have we established?

Revenue streams

This building block represents the cash flow from the customer segments to the company. The revenues are generated when customers are willing to pay for the value proposition and the size of revenues is subsequently proportional to the value added (Osterwalder & Pigneur, 2010).

- For what value are our customers willing to pay?
- How would our customers prefer to pay?
- How much does each revenue stream contribute to overall revenues?

Key resources

To be able to create and offer a value proposition, reach markets, manage relationships and capture the monetary value, a business needs key resources. Key resources can be described as the most important assets required to make a business model work. They can be physical, financial, intellectual or human and either company owned, leased or acquired from key partners (Osterwalder & Pigneur, 2010).

- What key resources do our value proposition, our distribution channels, customer relationships and revenue streams require?

Key activities

To make their business model work and operate successfully, companies must carry out various activities. This building block aims to define the most important activities to create and offer a value proposition, reach and maintain relationships with customers and earn money. The key activities vary with the type of business model, for example, produce the product or perform the service to be sold (Osterwalder & Pigneur, 2010).

- What key activities do the rest of the business model building blocks require?

Key partners

Partnerships are increasingly becoming a cornerstone of the business model. Key partners could be seen as a network of business partners that make the business model work. The reason behind forming partnerships could be to optimise the business model, reduce risk or acquire resources (Osterwalder & Pigneur, 2010).

There are four types of partnerships: strategic alliances between non-competitors, strategic partnerships between competitors (coopetition), joint ventures to develop new businesses and buyer-supplier relationships (Osterwalder & Pigneur, 2010).

- Who are our key partners?
- Which key activities do partners perform?

Cost structure

This building block represents all the costs that emerge for operating the business model. The total cost can be derived from the rest of the building blocks in the business model canvas and should naturally be minimised. Cost structures can be characterised by economies of scale, i.e. cost advantages as a result of big volumes that decrease cost per unit (Osterwalder & Pigneur, 2010).

- What are the most important costs inherent in our business model?
- Which key resources and activities are the most expensive?

3.2.3.1 *Limitations of the business model canvas*

Although well-known and much used worldwide, the business model canvas do have some limitations. The framework suggests a static view of the business model and can therefore not be used to investigate the effects of business decisions. Moreover, the model does not take into account the competitive advantage of the business model or the industrial phase that the business model is operating in (Peters, van Kleef, Snijders & van den Elst, 2013).

3.3 Innovation in the media industry

3.3.1 **Definition of the traditional media industry**

Media could formerly be described as a public communication system. It could be defined as a mass communication from one point out to many, shaping a passive mass audience (Peciulis, 2016), and has historically been a vital building block of the welfare state in the Nordic countries. In Sweden, the idea of media could be seen as cultural institutions, important for the well-being of citizens and to foster democratic participation, aiming to educate and inform the citizen rather than serving as a vehicle for entertainment (Syvertsen et al., 2014). Newspapers constitute a part of what could be referred to as the traditional media and have especially played an important role to establish the perception of the Nordic countries as open and democratic. Moreover, the Nordic population have always had a keen interest in reading them (Syvertsen et al., 2014; Weibull, 2005).

3.3.2 **The digital era as a disruptive environment**

The digital era can be described in various aspects. It proceeds the analogue era and can, for example, be explained as the digitalisation of analogue information storage and the emergence of web society (Peciulis, 2016). The development of information and communication technologies has led to a change in how people interact, thus the way of doing business, from an analogue to a digital state.

There is a distinction between *digitisation* and *digitalisation*, where the former can be defined as “the process of digitising; the conversion of analogue data into digital form” (Praprotnik, 2016), and the latter as “the adoption or increase in use of digital or computer technology by an organisation, industry, country etcetera” (Praprotnik, 2016). As for this thesis, the focus will be on how digitalisation has affected the media landscape.

Since the diffusion of the internet started to accelerate around the year 1995, the usage has increased dramatically in the most developed countries. Sweden has

especially high numbers when it comes to internet usage in comparison to the rest of the world with above 90 percent of the population over the age of twelve years using the internet (Findahl & Davidsson, 2015; Syvertsen et al., 2014). This has, for example, resulted in Sweden netting first place on two global indexes in 2012; network readiness and digital economy. Sweden was thus regarded as the world's most networked country and advanced information society (Syvertsen et al., 2014). With an increased part of the population gaining access to the internet, information becomes available for anyone, anywhere and at any time.

3.3.3 How the digital era has affected the media industry

As new technologies such as smartphones and tablets have led to changes in communication skills, the role of media in society has changed. The way people consume media has changed, which has resulted in an identity crisis and less impact from traditional media (Peciulis, 2016).

The whole media landscape consisting of media corporations, distributors and consumers of media information, is radically changing (Praprotnik, 2016). The former vertical media communication system has been replaced with horizontal social networks. A new type of digital media has emerged with audience-generated content and new media platforms (Syvertsen et al., 2014). The hierarchy of mass communication has been destroyed with an increased professionalism and ability among the former passive mass audience to influence and create content themselves (Peciulis, 2016). The old gatekeepers, who controlled and dictated what news was provided and when, are gone which is causing a shift in power from producer to consumer ('A new democracy for new media: challenges to traditional media and adapting to modern consumers', 2016). The shift can be described as the replacement of *mass media* by a *mass of media* (Peciulis, 2016).

Media as a public communication system could today more accurately be described as an interactive communication system, where a changed perception of news is a distinctive feature. The former privileged status of news information as a source of relevant information has changed, with an increased ability among users to seek information in alternative ways (Praprotnik, 2016). As a consequence, newspapers have from around the late 1990's, for example, made several efforts to increase their customer centricity in order to make the newspaper as "reader friendly" as possible (Sternvik & Weibull, 2005).

The decreased boundaries between news producers and consumers (Praprotnik, 2016) can be seen both as a threat or an opportunity to traditional newspaper companies. In a case study performed at the Israeli newspaper *Yedioth Ahronoth* by Ashuri (2013), the managers chose to embrace the entrance of the internet as an opportunity to get their readers to assist the journalists as fact checkers or news item providers and moreover, provide unlimited news content. However, problems

concerning professionalism of media production, transparency and accountability arise.

The emergence of the digital era has, as a result, forced traditional media all over the world to increasingly move activities online (Syvertsen et al., 2014). Nevertheless, news consumers can experience an inability to deal with the entire flow, leading to a split attention among many objects (Peciulis, 2016). Media firms can solve this customer problem by tracking customers' interactions with media and generate data-driven, tailored experiences. However, traditional media is behind on providing these experiences ('A new democracy for new media: challenges to traditional media and adapting to modern consumers', 2016).

A characteristic of the digital era is free-of-charge circulations, which in media terms can be associated with the challenge of the audience reluctance to pay for content they can get for free (Peciulis, 2016). For example, statistics show that newspapers such as *Aftonbladet* have lost 60 percent of their print circulation since their peak around the year 2000, and are still losing about ten percent each year (Barland, 2013).

The digital era has increased the speed of news production, which poses a risk to journalism standards. It causes a competition in the media industry to deliver news as fast as possible, leading to expectations on journalists to be more efficient and thereby spending less time on reviewing sources. Moreover, the digital era has led to an increased amount of generated information. However, it has not necessarily enlarged the volume of valuable information, but rather changed the system of dissemination in the media landscape (Praprotnik, 2016). A majority of the online content is still based on press associations and/or traditional media, it is just distributed through more channels and formats (Praprotnik, 2016; Beckett, 2008). The fact that old and new media is so closely interlinked might have severe effects on the number of primary information sources there will be left (Beckett, 2008).

The former mass media with gatekeepers controlling the distributed content could be assumed to shape a *homogeneous society with a uniform reasoning*. On the contrary, the new digital media is claimed to embody the true freedom of speech and is seen as a perfect place for open debates. However, digitalisation has replaced the public debate in media with conversations between like-minded, which draws the end of democracy closer. A risk with the overwhelming access to information and the ability between news consumers to search for information is that they only search for confirmation of their own opinions. This in return may lead to an audience divided by topic, gender, sex, etcetera, form closed groups and generate a *democracy of the like-minded* (Peciulis, 2016).

3.3.4 The need for innovation in the media industry

Historically, the innovation work of traditional media firms such as newspapers has been associated with content-creation. The focus has been quite narrow with often absent innovation or research and development departments. The centre of attention has been to foster and apply creative skills and capabilities, with technology being an enabler of it. As technologies needed for content creation has developed quite stable over the years, the challenge of innovation has on the whole been fairly manageable (Küng, 2013).

However, as the digital era has entered the media industry, technology has developed into a contributor of content creation, with content being created and distributed through various channels, leading to an increased focus on innovation (Küng, 2013). In addition, Facebook and Google are challenging revenue streams on the ad market (Storsul & Krumsvik, 2013). Subsequently, innovation has leap-frogged up the strategic agenda, with media firms turning into technology firms (Küng, 2013).

In 2013, Ashuri proposed that the entrance of networked technologies within mainstream media could be seen as a disruptive innovation or disruptive technology. Disruptive innovations are characterised by their way of throwing an industry or market into disorder by changing the rules of the game and providing different attributes of performance than the ones already out on the market (Ashuri, 2013). By creating new groups of customers or by undercutting the cost base of existing business models, disruptive innovations can create dramatic growth (Johnson et al., 2015). The opposite, sustaining innovations, have more or less permanent attributes which will be gradually developed by the producers as the innovation gets better understood, controlled and diffused in the market. The fact that the media industry is currently facing a disruptive innovation will require a different approach to innovation than the traditional (Christensen, 1997). The need for innovation in the media industry is pervasive (Küng, 2013).

In the media landscape, innovation is especially needed because:

- “Media products and services are changing
- The processes of production and distribution of media are changing
- The ownership and financing of media are changing
- The roles of users are changing
- The idea of media is changing” (Storsul & Krumsvik, 2013, p. 13).

Küng (2013) states that in the media landscape, the type of innovation that is critical to success involves combining content and technology as well as innovating the business model. Storsul and Krumsvik (2013) also state that media innovation includes a change in several aspects, for example, developing new media platforms and renewing the business model. As for the newspaper industry, the type of media

innovation mostly required because of the digital era can be described as paradigmatic. As print circulations are decreasing with more focus on online services, newspaper companies are forced to search for a new sustainable business model (Storsul & Krumsvik, 2013). Beckett (2008) states that the business model of news media will have to be exhaustively re-structured since it is under attack in almost every possible way. Therefore, small innovative steps will not do the trick to solve this challenge of historic proportions that the newspaper industry is facing (Beckett, 2008).

3.4 Summary of the theoretical framework

The theoretical framework has introduced the three areas innovation, business model and innovation in the media industry.

Innovation means renewal or to change (Storsul & Krumsvik, 2013) and is necessary to ensure the long-term survival and prosperity of any kind of organisation (Dodgson, Gann & Salter, 2008; Johnson et al., 2015). According to Hall (2013) and Pisano (2015), it is essential to have an innovation strategy in order to innovate successfully. However, companies in a broad range of industries rarely articulate any or align them with their business strategies (Pisano, 2015). Strategists can strive to lead or follow innovation (Johnson et al., 2015). Moreover, Johnson et al. (2015) argue that strategists have to make decisions regarding four fundamental issues in relation to four innovation sources; market push versus market pull, product versus process innovation, closed versus open innovation and technological versus business model innovation.

A business model is defined by Johnson et al. (2015) as “how an organisation manages incomes and costs through the structural arrangement of its activities” (p. 188). Business model innovation, which can be seen as an extension of the business model concept, is about reorganising the business activities into new combinations (Johnson et al., 2015). Business model innovation has in many industries developed into a major driver of a company’s competitiveness and performance in recent years (Zeng et al., 2016). Bleicher and Stanley (2016) suggested that digitalisation could be seen as a driver for business model innovation and Lambert and Davidson (2013) that an industry transformation could result in a need to change the business model. Bleicher and Stanley (2016) stated that understanding the current business model and finding existing and potential digital value drivers are critical for successful innovation and Osterwalder and Pigneur (2010) underlined that all the elements are interlinked and therefore must work together. Lastly, a lacking understanding of the current business model (Johnson, Christensen & Kagermann, 2008), the fact that business models become less flexible over time (Christensen, Bartman & van Bever, 2016) and making the concept simple and relevant (Osterwalder & Pigneur, 2010) were brought up as challenges with business model innovation.

Media could formerly be described as a mass communication system from one point out to many (Peciulis, 2016). In the Nordic countries, media has historically been a vital building block of the welfare state, important for the well-being of citizens and to foster democratic participation (Syvertsen et al., 2014). The digital era has changed the way people consume media, which has resulted in an identity crisis and less impact from traditional media (Peciulis, 2016). There has been a shift in power from producer to consumer ('A new democracy for new media: challenges to traditional media and adapting to modern consumers', 2016). Media could today more accurately be described as an interactive communication system, where a changed perception of news is a distinctive feature (Praprotnik, 2016). The new digital media claims to embody the true freedom of speech, but draws the end of democracy closer (Peciulis, 2016).

Historically, the innovation work of newspapers has been associated with content-creation. However, the media industry is currently facing a disruptive innovation, which will require a different approach to innovation than the traditional (Christensen, 1997). In the media landscape, innovation is especially needed because media products and services are changing, the processes of production and distribution of media are changing, the ownership and financing of media are changing, the roles of users are changing, the idea of media is changing" (Storsul & Krumsvik, 2013, p. 13). Newspapers are forced to search for a new sustainable business model (Storsul & Krumsvik, 2013).

Overall, the theoretical framework has interlinked the three areas innovation, business model and media. The areas are in some ways overlapping, which is illustrated in Figure 6.

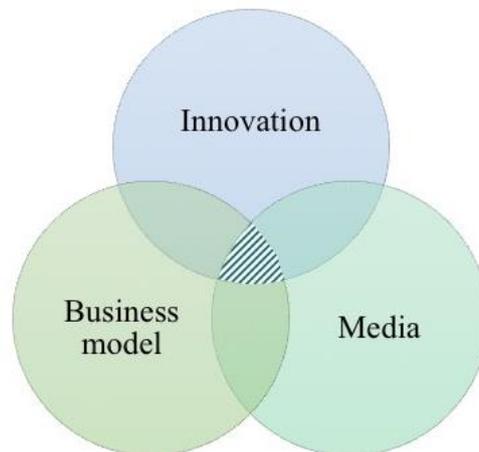


Figure 6. The areas in the theoretical framework is somewhat overlapping (authors' own figure).

4 Empirical findings

In this chapter, the empirical findings of the study are presented. As an introduction, the Swedish media landscape in regards to the newspaper industry is described with a short explanation of the traditional business model of newspapers. Then, the compiled result based on the interviews with people working at different newspapers in the Swedish newspaper industry is presented.

4.1 Introduction to the Swedish newspaper industry

In year 1605, the first noted printed newspaper, which's name was *Relation*, was published in Strasbourg, France. Nevertheless, it was not until in the late 19th century that the modern daily newspaper experienced a real breakthrough on the Swedish market as a part of the political landscape (Weibull, 2005). After the second world war, the Swedish newspaper printing market started to form through a consolidation of titles and then stabilised in the 1970's (Sternvik & Weibull, 2005). In the end of the same decade, local radio arrived in Sweden and this was the first big competitor to the newspaper as it offered the same value, providing local news. Another competitor, morning television, was introduced in the early 1990's and posed a threat to newspapers since it offered a morning routine that possibly could work as a substitute to receiving printed news every morning. In year 1995, the free newspaper *Metro* was distributed for the first time on a morning in Stockholm and thereby started a process which tried to shift the morning routine away from home (Bergström & Wadbring, 2005). Until this time, the mid-1990's, the number of newspapers on the Swedish market had been fairly intact but then started to decrease again. The foremost reason was the entrance of the internet in most Swedes everyday life which took place around 1995 and which changed the setting in which Swedish newspaper printing companies are operating in fundamentally (Sternvik & Weibull, 2005).

During the past ten years, that is the focus of this study, the media landscape in Sweden has gone through a turbulent period, to say the least. The past decade has been marked by cost- and employee-cutting programs to increase efficiency and save money as a result of the digital transition (Ots, 2012). The media investments in daily press have since the year 2006 gone down with approximately 44 percent, mainly because of the advertising prices, which are decreasing steadily (Sveriges

Mediebyråer, n.d.). Almost all newspaper printing companies have been, and still are, going through tough times, which has led to a reformation of the Swedish newspaper landscape. However, the number of newspapers titles has remained relatively stable, whilst the ownership of these newspapers has been substantially consolidated. Strategic mergers and acquisitions have resulted in fewer players on the Swedish media market (Ots, 2012).

Subsequently, the presence of locally owned and published newspapers has dramatically decreased resulting in an unattended environment for local politicians to reign free in. A media investigation carried out in 2016 suggests that municipalities without any journalistic supervision should receive financial support from the state. The proposal is, among other things, based on the fact that 43 percent of Swedish citizens claim that they do not get enough information about important local events (Djerf, 2016). The suggestion is a development of the press subsidy from the state (*statligt presstöd*) that has existed in Sweden since the early 1970's. The purpose has been and still is, to support smaller newspapers and enhance local competition (Sternvik & Weibull, 2005).

In parallel and integral to this process of concentrated ownership, powerful newspaper groups, most notably Schibsted, Bonnier and Stampen, are going through strategic transformations (Ots, 2012).

Schibsted Media Group was founded as a publishing company 1839 in Norway and has over the years developed and grown into an international media corporation operating in 30 countries. Today, the company consists of three main elements: Classifieds, Growth and Media houses (Schibsted, n.d.a). In Sweden, the newspapers *Aftonbladet* and *Svenska Dagbladet* are the core of Schibsted's activities (Schibsted, n.d.b).

Bonnier also started as a publishing company, but in 1837 in Sweden (Bonnier, n.d.a). The company has grown into a big media corporate group operating in 15 countries and within six different business areas: Books, Broadcasting, Business to Business, Growth Media, News and Magazines. The corporation is still today owned by the family of the founder Albert Bonnier and have a strong history of publishing and independent journalism. The business area News consists of the Swedish newspapers *Dagens Nyheter*, *Dagens Industri*, *Expressen* and *HD-Sydsvenskan* and the printing company Bold (Bonnier, n.d.b).

Stampen Media Group origins from the Swedish newspaper *Göteborgs-Posten*. *Göteborgs-Posten* was established in 1813, but Stampen was not formed until 1988 when it started as a newspaper corporation. Today, Stampen is a media corporation consisting of 14 newspapers, digital marketplaces, an advertising agency and distribution and publishing activities (Stampen, n.d.a). All 14 newspapers have their residence on the Swedish west coast and belong to the business area Stampen Media. Among these newspapers, *Göteborgs-Posten*, *Hallands Nyheter* and *Hallandsposten* exist (Stampen, n.d.b).

A common thread among these media groups is that they all origin from a newspaper printing businesses but have transformed and grown into media corporations operating in other business areas in addition to their core newspaper business. They proclaim themselves as digital or tech media firms with additional value-creating activities beyond journalism. Still, the recent turbulent years within the media landscape are reflected in the financial reports of the media groups. In 2016, Stampen filed for a company reconstruction due to high debts, thus describing 2016 as the year of crisis. Stampen still managed to deliver a positive result, yet reduced compared to 2015 (Törner, 2017). The CEO of Bonnier also stated that 2016 was a tough year with a reduced result compared to 2015, mainly because of large investments in technology. He argues that focus was not on profit maximisation but rather a digital transition (Frick, 2017). However, in comparison to both Stampen and Bonnier, Schibsted Sweden reported a record result for 2016 with an increased turnover (Rislund, 2017).

4.1.1 The traditional business model of newspapers is challenged

Before the digital era, newspapers in Sweden have operated according to a business model based on revenues from two types of customers. On the one hand, news consumers, i.e. people reading the newspaper, have been regarded as customers while generating revenues from either subscriptions or the purchase of a single copy of the printed newspaper. On the other hand, advertisers have been seen as customers while paying for ad space in the newspapers. The value proposition has been to produce independent and qualitative journalism, emphasising local news for local newspapers and sensational journalism for evening newspapers, to attract news consumers and thereby becoming a target for advertisements. Furthermore, a part of the revenue has also been generated from classifieds from individuals wanting to reach out to the newspaper's readers, for example, to announce a marriage or sell a piece of furniture. Customers have naturally turned to the newspapers when searching for information and to consume news, why the value proposition could be considered to have been created from the inside and out and as a sort of market push. To sum up, the newspaper industry has been a wealthy industry for over 150 years, which has resulted in a strong tradition and a consistent business model. However, the digital era is challenging the traditional business model of newspapers and the need for innovation is greater than ever.

4.2 Interview results

The aim of this study was to explore challenges and opportunities with business model innovation in the Swedish newspaper industry. To be able to do so, two research sub-questions were posed; *What drives innovation in the Swedish newspaper industry?* and *How is the Swedish newspaper industry working with business model innovation?* Interviews have been conducted with sixteen people working at eight different newspapers in the Swedish newspaper industry. The interviews aimed to collect data to answer the two research sub-questions and the interview results will therefore be presented in relation these.

During the interviews, specific questions regarding innovation work in relation to the business model canvas were asked. Hence, the interview result regarding the second sub-question is presented according to the four underlying themes of the canvas: value proposition, customers, infrastructure as well as costs and revenue streams. Customers represent the building blocks on the right side of the canvas, whereas infrastructure represent the blocks on the left side of the canvas.

Since the aim of the study was to give an overall picture of the Swedish newspaper industry, the interviewees have been regarded as sub-units for analysis whereas the whole industry has been regarded as the case. The interview result is therefore presented as the compiled answers of the interviewees. When considered relevant, the interviewee's newspaper descent in the form of either evening or daily, national, regional or local has been pointed out.

For the quotations, each interviewee was given a code name. In the case when the interviewee was given a double code (A3/B1), the interviewee represented two newspapers within the same corporate group. The list of interviewees can be found in Appendix B.

4.2.1 What drives innovation in the Swedish newspaper industry

From the interviews it became clear that the digital era has caused and is still causing a disruptive business environment to operate in, changing the rules of the game in the media landscape. One interviewee mentioned that, as opposed to historical recessions and tough financial years, what the newspaper industry is facing now is a **structural change** rather than a conjuncture. Hence, the digital era has led to an outdated business model for newspapers. Nine interviewees described the newspaper industry's challenge as business related. Six interviewees said that the **current business model is unsustainable** and five that the entire industry is searching for new solutions and business models. A challenge was described in the fact that most of the newspapers have about 150 years of legacy within print media, which now ought to be turned into competence on how to reach their audience digitally, and that almost overnight.

“The newspaper industry thrived during the eighties and nineties, which probably made the industry believe it was stronger than it actually was.”

– H1, local newspaper

Furthermore, the last years have been characterised by **declining overall revenue streams** for most parts of the Swedish newspaper industry, specifically for newspapers’ print editions which historically was, and in some cases still is, one of the main income sources. This was identified as a challenge by a few interviewees who said that even though print is still an important channel, it quickly gets very costly to produce as the number of subscribers, and thereby attractiveness for advertising, decreases. One interviewee said that it is challenging to focus all the development efforts on digital development whilst still producing and receiving the main income from a printed product.

However, four interviewees working for different newspapers said that even though the financial numbers have been poor for a while, the coverage of their newspaper is at an all-time high which they consider very positive. What they need to do now, is turn the high coverage into revenue. And this should be done even though the possibilities to generate revenue digitally was described by many interviewees as very limited and not enough to compensate for the loss of revenue elsewhere. Five interviewees said that they experience that consumers are **unwilling to pay for journalism** today. Consumers have gotten used to, and now expect to, get news for free.

“Fundamentally it is not a problem related to journalism but related to our business model. We reach a lot of people and very many want our content, both motion, written and picture. But we have not managed to find a business model that supports it. No one has.”

– D2, evening newspaper

Half of the interviewees mentioned that the digital era has led to **new customer behaviour**. Four interviewees mentioned that there is tough **competition in regards to news consumers’ time** compared to five to ten years ago. One interviewee described it as competing with an infinite number of small and big actors on a market with new possibilities to consume news and entertainment.

“The product [newspaper] has received disruptive competition from many directions.”

– B2, evening newspaper

Another interviewee said that their customers have moved from print to digital, and then from desktop to smartphones, in a pace that they did not think was possible. The **transition between channels** have occurred at an accelerated pace and newspapers have had a hard time to keep up. With consumers reading news in channels such as desktop and smartphone, there is less space for ads which means less money to the newspapers.

“[Regarding ad space] If you had 100 SEK in print it became 10 SEK in desktop and then 1 SEK in the mobile phone. That is the challenge in the business model.”

– D2, evening newspaper

Moreover, the digital era has opened up to a greater advertising market. Advertisers can reach news consumers through other channels than primarily newspapers, for example, through Google and Facebook. This has led to an **increased competition on the advertising market** with outside industry threats and less revenue being generated from ads.

Two interviewees stated that the **value proposition in digital differs from the one in print**. Digitalisation has enabled newspapers to add more value to their offering in addition to content, for example, through a personalised feed or a smooth payment solution. However, one interviewee said that they still do print media, only now they have put it online. Therefore, they have a hard time competing with tech companies that are continuously providing new formats and platforms that the newspapers need to adapt and react to.

Half of the interviewees mentioned the increased importance for the industry to learn from each others' mistakes in order for each newspaper not to make the same ones. In relation to this, half of the interviewees said that the digital era has led to an increased openness within the industry. However, one interviewee mentioned that it is hard for each newspaper to be profitable when there is an extreme duplication of effort related to journalistic content in the newspaper industry. Producing the same type of content is highly inefficient in terms of resources, why the interviewee stated that this behaviour needs to change.

“Another challenge is that we have an extreme duplication of effort within the industry. Many newspapers in Sweden, as well as in the rest of the world, produce the same type of content. So when the Swedish national soccer team, for example, is hosting a press conference, one could question why there are 30 journalists there to report on the exact same event. Is there any other industry that has been affected by the internet that allows this kind of inefficiencies?”

– A3/B1, national daily newspaper/evening newspaper

As a summary, the drivers of innovation in the Swedish newspaper industry were:

- Structural change
- Current business model unsustainable
- Declining overall revenue streams
- Unwillingness to pay for journalism
- New customer behaviour
- Competition in regards to news consumers' time
- Transition between channels

- Increased competition in the advertising market
- Different value proposition in digital and print

4.2.2 Business model innovation in the Swedish newspaper industry

4.2.2.1 Approach to business model innovation

All of the interviewees said that innovation and renewal are relevant to their respective newspaper and that they have been or are currently **working with business model innovation**. One interviewee from a national daily newspaper explained that they set out a clear business model innovation strategy five years ago and that they have been working with renewal in all parts of it since. Innovation was described as content creation, generation of new revenue streams and forming a meeting place for advertisers and readers.

Another interviewee explained that the **innovation focus had shifted from merely content creation into product development, format, presentation, advertisements and sales** as well. The need for product innovation has increased as newspapers have become more digital since a product never can be considered finished online. One interviewee claimed that they are good at idea generation but have tried to speed up the product development process. Another interviewee said that they are currently working iteratively with many small projects at the same time to generate business ideas for the future. The pressured situation that the entire industry is experiencing has made them agiler and prone to make fast decisions.

Four interviewees mentioned a **shift of development focus from print towards digital**. Two interviewees said that digital development has become a higher priority within the entire organisation and now is involving all departments and levels in the company.

“Previously, we were a media house that produced a print product and had a department that was doing digital ‘stuff’ on the side. Today that has totally changed - now we are a media house producing a digital product, and then we have some people still working on the printed product. It is a digital mindset.”

– A1, national daily newspaper

On the other hand, one interviewee believed that the printed newspaper will maintain as the prime income source in the future and that digital only will serve as a complement. To reach a broader audience and make up for the ageing print subscribers, investing in free newspapers was seen as an alternative strategy for innovation.

One interviewee representing an evening newspaper stated that innovation is more needed within advertising. On the other hand, an interviewee representing a national daily newspaper explained that innovation is about balancing the divided consumer

audience; the conservative print readers, the group of people with new media habits and the group of people not reached yet. To reach new customers, the interviewee said that they might need to innovate their journalism.

The interviewees from evening newspapers stated an increased tech-driven approach to innovation. Their strategy has been to be first out on all relevant digital platforms, the reason being not to miss out on any potential audience and to learn how to operate on the platforms through an iterative process in order to find a sustainable business model.

“We are very keen on establishing our presence at new platforms quickly because you never know if it can become something important to us as well.”

– D1, evening newspaper

Two interviewees distinguished between optimisation and innovation. They claimed that both processes are necessary but that the time perspective differs. Optimisation is needed in the short term and innovation is needed in the long term. Two other interviewees from regional newspapers stated that they **only been able to work with innovation in the short term** due to heavy cost reductions in the past years. One interviewee from a local newspaper stated that they cannot be the pioneers for innovation within the industry since they **lack critical mass**. One interviewee from a national daily newspaper mentioned that they **have a critical mass to invest in innovation** within their business model. However, with more than 150 years of legacy, the interviewee described it as a challenge to be innovative.

“Despite the criticism I have expressed, I would argue that we are innovative. It is just that we have 175 years of legacy behind us that makes it hard for us to put ourselves in the user position and to examine the work we do.”

– A3/B1, national daily newspaper/evening newspaper

Moreover, the view on innovation differed hugely among the interviewees representing regional daily newspapers. One of the interviewees stated that they are only working with innovation from a business model perspective on a corporate level, while another interviewee explained that they have three different levels of innovation, all integrated within the newspaper organisation, as well as an outspoken innovation department. The levels of innovation were product, organisation and business model.

In summary, the Swedish newspaper industry has:

- Worked with innovation within the business model
- Expanded innovation focus from merely content creation
- Experienced an increased need for product innovation since the newspaper became more digital
- Shifted development focus from print to digital

- Had different preconditions to invest in innovation

4.2.2.2 Value proposition

All of the interviewees claimed to speak about customer value at their respective newspaper.

The three most common definitions of the value propositions were:

1. **Qualitative journalism**, which was brought up in terms of trustworthiness, independence, investigating journalism, opinion, etcetera.
2. **News**, international or local, and a possibility for the customer to keep up to date.
3. **Entertainment**, which was mentioned by three interviewees, coming from three different corporate groups and out of which one was national, one regional and one an evening newspaper.

In regards to qualitative journalism, many interviewees described it as the core of the company and therefore an area out of question for compromises. One interviewee explained that the core of what they are selling has not changed, but so has everything else; their revenue model, distribution and product in both print and digital. It was pointed out that **quality in journalism is of increasing importance** in today's society. Two interviewees commented that their readers are increasingly questioning their journalism and independence and hence, that it is more important than ever to stand for their underlying values and core business. Moreover, one interviewee from an evening newspaper said that they have shifted focus towards delivering investigating, qualitative journalism rather than sensational stories, simply because that is what their customers demand. Another interviewee described that they are communicating how they are working with qualitative journalism to a greater extent. This is a result of the augmented competition and customer power, forcing the newspaper to become more humble and transparent towards the readers. In addition, six interviewees said that they are increasingly working with brand stretch, expanding their value proposition to business activities related to journalism, for example, events or educations.

For local media, the local and **unique content** is still considered as the **main value proposition**. One interviewee stated that it is hard to measure the value created to the customer. The interviewee explained that value creation formerly has been related to printing and distributing the newspaper. This has now shifted to producing unique journalism in relation to competitors. To measure the value digitally, the utilisation of services and raw data such as the number of page views and the average time spent reading an article was brought up.

“There is no value unless we have unique content. That is the baseline.”

– C2, national daily newspaper

One interviewee spoke about consumer benefits and that they try to write about what attracts and engages the consumer. At the same time, the interviewee explained that they produce content that the consumer might not know that they need, which is a part of their democratic role in society. The value proposition is an ethical balancing act and important for their trustworthiness.

“It is fun but really demanding to work in this industry. One cannot be 100% commercial, it is an ethical balancing act. If we would be able to be 100% commercial we would be solidly profitable by tomorrow.”

– F2, regional newspaper

The interviewee explained that they are increasingly trying to communicate the value they deliver to the consumers in terms of their democratic role, i.e. explain to the readers what will happen if the newspaper does not surveil politicians and other decision makers. One interviewee said that it is hard to make people understand what journalism really is as opposed to social media and fake news when new news providers such as Facebook does not make the difference clear to the reader.

Three interviewees said that they have increased their dialogue with customers today to create value. One of them commented that the way the newspaper worked five to ten years ago was pushing out whatever they thought the customers should want. Today, the newspaper **listens to customers, both consumers and advertisers, and thereby try to meet the market demands**. Especially interviewees from evening newspapers pointed out that they are working more with motion content. This has been driven by the increasing demand among consumers for this type of format, which the newspaper has realised observing behaviour on social media providers such as Facebook.

“We used to have mainly 7-day-subscribers on our print edition. We were afraid of offering a weekend subscription because that could lead to decreased reach of the newspaper, and thereby cause advertisers’ reactions. But in the meantime that was a rather strange way of looking at it since in other markets, companies usually try to meet demands whilst we were doing the opposite. So in that way, we are smarter today and try to listen to the readers and then try to find out how to get paid for what we do through the pricing of our products.”

– E1, regional newspaper

On the other hand, one interviewee said that their product development is primarily user focused today, working somehow inspired by tech companies such as Google or Facebook, creating user behaviours and then capitalising on them.

Overall, the perception of the **customer value has shifted from “one fits all” to a more customised offering**, for example, through the ability for a customer to determine an individual consumption ratio of print versus digital news. One interviewee said that their newspaper has identified two main types of customer

value. The first value is similar to the print edition with information being packaged and sent out at a specific point in time, in print to a household and in digital through an electronic newspaper. The second value is characterised by providing a constant flow of information in real time. Regarding advertisers, the increased amount of reliable consumer data generated online has also led to an **increased ability among newspapers to offer relevant advertising possibilities**.

Five interviewees stated that the **value in print and digital differed** and that it had taken some years for them, as well as for the rest of the industry, to realise that. The value in print did not only relate to content but also to format. In digital, the value was extended to searchability, to be able to sort content and to get a personalised feed. Features such as a smooth payment solution, push notifications or motion picture were also considered to increase the value to the customer. One interviewee argued that the younger audience value a highly functional and optimised mobile news app. Moreover, the speed of delivery but without neglected quality was mentioned as value to the news consumer. Overall, the digital era has enabled newspapers to add much more value to their product.

One interviewee claimed that they try to communicate their printed newspaper as a reasonably priced product because of the fact that it is produced, printed and delivered to every reader's household. Nevertheless, the quality and service have impaired during the years due to heavy cost-cutting, which makes it contradictory to still argue that it is value for money.

“Our business idea: to deliver a product to a household on a daily basis, and what is more, to promise it will be there before 6 in the morning. That idea... There is no one that would start a business today with that service.”

– G2, local newspaper

Regarding the printed product, one interviewee mentioned a very high churn of digital subscribers and that a challenge is to prove that a digital subscription is value for money. Consumers often only request one specific article behind the paywall and not the entire product. Another interviewee said that they have increased communication about what the digital product contains in order to make people understand what they are paying for.

In summary, the Swedish newspaper industry has:

- Emphasised and communicated qualitative journalism and unique content more as core value
- Listened more to customers to meet market demands
- Changed focus from a “one fits all” to a more customised offering
- Increased their ability to offer relevant advertising possibilities
- Realised a difference between value in print and digital

4.2.2.3 Customers

4.2.2.3.1 Customer segments

The interviewees defined two customer segments: news consumers and advertisers. The actual customer segments have not changed but so has their habits, needs and behaviours. Both news consumers and advertisers have become more digital.

Five of the interviewees brought up the issue of an ageing population consuming the printed newspaper. One interviewee stated that when they first introduced their digital offering, the audience in print and digital was somewhat the same. Many interviewees pointed out that this has changed, with digital consumers now representing an overall younger audience. Another interviewee claimed that the transition from consuming print to digital is within all target groups, regarding both gender and age.

“Earlier, people in their thirties to forties were recruited to become print subscribers, nowadays they become digital readers.”

– H2, local newspaper

Three interviewees stated that their newspaper has a greater interest in their customers’ needs and behaviours today. To understand customer behaviour, traditional methods such as focus groups and reader surveys were mentioned. However, twelve interviewees stated that they during the past ten years have gained a **greater understanding of what their news consumers’ needs and behaviours**, thanks to a large amount of available news consumer data online. Eleven interviewees said that they have worked more with data analysis and thereby got to know their customers’ needs and behaviours better because digital data is more trustworthy.

One interviewee explained that they define customers segments in terms of digital maturity. The needs of the consumers have changed so that some want to consume content in print, some digitally and some prefer a combination. Many interviewees, representing national daily and evening newspapers, expressed that they are currently working to convert their customers from their printed products to their digital ones.

“We are trying to make the customers walk the bridge from the analogue to the digital side, to make the digital customer journey.”

– A1, national daily newspaper

Regional and local newspapers did not express that they are intentionally converting consumers from print to digital.

Two interviewees, from different newspapers, stated that their target group consists of the entire Swedish population. Two interviewees, coming from one national and

one regional newspaper, stated that they are now reaching customers nationwide to a greater extent. However, the focus of the local newspapers remains to target a geographically limited group. Both interviewees from evening newspapers as well as from both national and regional daily newspapers declared that they are trying to **define more niche customer segments**. One interviewee clarified that this goes hand-in-hand with becoming an attractive target for advertisement.

Regarding the advertisers, two interviewees explained that the needs of advertisers have become more digitally oriented since media is being consumed in new digital channels.

In summary, the Swedish newspaper industry has:

- Gained a greater understanding of their news consumers' needs and behaviours
- Defined and niched their customer segments to a greater extent

4.2.2.3.2 Channels

All the interviewees responded that they have a printed newspaper edition and at least two digital channels through which they reach their consumers. The interviewees offered **different views on the balance between print and digital channels**. Interviewees from national daily newspapers portrayed a process where they are trying to transfer news consumers from print to digital channels. Interviewees from local newspapers argued that they wanted to preserve the number of readers in their printed channel. Interviewees coming from evening newspapers described a focus on reaching news consumers through several digital platforms and considered themselves as being at the forefront of testing new digital channels. Five interviewees, coming from different types of newspapers, described that their main channel today is their smartphone application. Moreover, the interviews made it clear that social media has become a more important channel.

During the interviews, it was discovered that **the number of available channels has increased** and four of the interviewees said that customers are moving from one channel to another at an accelerating pace. One interviewee said that their newspaper is forced to focus their efforts on multiple channels at the same time because they do not know where the main focus shall lie next.

“Our readers have moved from print to online to a great extent, at a pace we did not expect. No one thought it would go that fast. At first, they moved from print to desktop, and we started to learn that... And just when we started to figure that out, and make the business model work, they moved on to the smartphone.”

– D2, evening newspaper

One interviewee explained that even though their main focus has shifted from print to digital, print is still an important channel due to recognition and brand. Another interviewee gave the perspective that they are still financially dependent on the print business, but that they believe it has an end and that digital channels will be their future. A third interviewee said that they are working with a multi-channel strategy involving both print and digital in order to meet customers' individual needs.

In summary, the Swedish newspaper industry has:

- Kept the print channel
- Different views on the balance between print and digital channels
- Faced the fact that the number of available channels has increased in different ways

4.2.2.3.3 Customer relationships

During the interviews, it became clear that the interviewees **experience their customers as less loyal** today. Five interviewees argued that their print consumers are, and always have been, more loyal and that they have a closer relationship to them than to their digital news consumers. Six of the interviewees stated that they today have, and put a lot of efforts into keeping, a **constant dialogue with their news consumers**. One of them said that the digital customer relationships are yet to be defined and that they are currently working on improving how they **communicate with their digital news consumers** in particular. Communication is primarily done in the digital sphere through social media where an increased direct contact with the interactive audience takes place daily.

Three of the interviewees stated that they are **working to become more individual and relevant in their customer relations**. One interviewee argued that by getting more personal towards their news consumers and working with personalised content, they hope to augment customer loyalty in the digital world.

During the interviews, it became clear that the customers, both news consumers and advertisers, have gained in power and that **newspapers therefore are being more attentive** towards them. One interviewee described it as a change of attitude.

“I worked at [...] and then we used to complain about going by metro, having to be seated next to lots of readers. Now that attitude is gone and instead, you are reading over their shoulder to see what people are doing, what applications they have on their home screen and so on. So our viewpoint has definitely changed.”

– A3/B1, national daily newspaper/evening newspaper

Another interviewee concluded that they used to get annoyed when readers got in touch with them but that they nowadays listen attentively and appreciate all the feedback they can possibly get.

Moreover, the interviews made clear that the relationship to the advertisers has become more complex as the number of channels and the amount of available customer data, that can be used to target advertisements, have increased. Newspapers are therefore taking on more of an **advisory role towards their advertisers**.

In summary, the Swedish newspaper industry has:

- Experienced their customer as less loyal
- Started to communicate more with their news consumers in general and digital news consumers in particular
- Worked to become more individual and relevant in their customer relations
- Become more attentive towards their customers
- Taken on an advisory role towards their advertisers

4.2.2.4 Infrastructure

4.2.2.4.1 Key activities

Historically, the key activities in the Swedish newspaper industry have been related to the printed product. The activities have been to produce journalism, sell advertisements, print a newspaper and distribute it. Today, these activities are still carried out but have been **complemented by more activities in order to produce and sell digital products**, for example, developing websites and applications. Three interviewees said that they are **working more closely between departments** or that they have created cross-competence teams. Among other things, integration between analysts, product development and editorial staff was mentioned.

In summary, the Swedish newspaper industry has:

- Complemented their key activities with activities related to digital products
- Worked more cross-functionally

4.2.2.4.2 Resources and competences

The interviews made it clear that **editorial competence is considered a core competence**, both historically and today. Editorial competence is related to writing content that attracts and makes the reader willing to pay for it, to have a unique journalistic note and to be good at scrutinising executives. Two interviewees argued that the **ability to know what news consumers want to read about** is more important today since the newspaper is a more commercial and questioned product. One interviewee pointed out that journalists have to work at a **much faster pace** today. Another interviewee mentioned that being a journalist today is much more about being a **multi-journalist**, which in addition to producing content also involves, for example, shooting videos and taking photographs. Moreover,

flexibility and willingness to change were brought up by one interviewee as an increasingly important competence.

Moreover, it became clear that personnel experience a **much greater need of digital competence** in their work. Two interviewees specified that they did not have any outspoken departments for digital business development or data analysis three years ago but that they do today. One interviewee mentioned that even if they spoke of digital competence ten years ago, it is **more specialised** today.

“The change is that we have put on a layer of technical competence. We are fewer in total but we have hired more people with competences that we lack: developers, statisticians and data scientists.”

– F2, regional newspaper

A theme discovered during the interviews was an increased need and importance of user experience (UX) competence. Seven interviewees considered this competence as the most important and they either represented an evening newspaper or a national daily newspaper. One interviewee explained that there is an increased need to understand the audience and hence there is an **increased need for competence to analyse and compile user behaviour**. Furthermore, competence within social media and new tech platforms was referred to as an important competence. Another perspective that was brought up was that it is becoming more important to keep competence in-house.

In summary, the Swedish newspaper industry has:

- Kept editorial competence as a core competence
- Increased the importance of understanding what the customers want, being able to work at a faster pace and carry out multiple tasks
- Experienced a much greater need and specialisation of digital competence
- Experienced an increased need for competence to analyse and compile user behavior

4.2.2.4.3 Partnerships and collaboration

During the interviews, it became clear that collaboration within each corporate group was common. The collaboration ranged from exchanges of experiences to technical solutions and development. Only one of the corporate groups collaborated internally in regards to news content. Two interviewees said that they are **collaborating more within their corporate group** and five interviewees said that they have seen an **increased collaboration and openness in the entire industry**. One interviewee explained it as an initiated journey towards a more open-minded approach towards other actors in the industry but added that they still have a long way to go. The interviewee also mentioned that increased collaboration within the industry could be a possible solution to find a new sustainable business model.

“Before it was merely talking. Maybe we are better at it today because we need each other within the entire industry. We cannot afford to build walls between us, we need to share valuable experiences.”

– E1, regional newspaper

The interviewees offered **various perspectives on their respective newspaper’s relation to the “American giants”**, most remarkably Google and Facebook. One evening newspaper considers them as partners and has increased their collaboration with them. Another evening newspaper is collaborating with them only to a small extent, and doing so cautiously. Also among the daily newspapers, the attitudes towards these companies varied. One keeps a close dialogue and run projects with both of them and another consider Facebook as both their biggest competitor but also a collaborative partner.

One interviewee said that they are successfully **collaborating with external consultants** who possess competence they lack in-house, for example, on payment solutions. This way, the interviewee explained, the newspaper’s employees can focus on what they do best, create content. On the other hand, another interviewee explained that they are **increasingly gathering the competences they lack in-house**.

Lastly, two interviewees brought up an expanding collaboration with media agencies specifically.

In summary, the Swedish newspaper industry has:

- Started to collaborate more within their corporate group
- Increased the collaboration and openness within the industry
- Various perspectives on their relation to Google and Facebook
- Had different approaches to insourcing versus outsourcing

4.2.2.5 Costs and revenue streams

During the last decade, the newspaper industry in general has **worked a lot with cutting costs**, direct and indirect, increasing efficiency and prioritising investments carefully. As put by one interviewee:

“In reality, we should not exist today. Most people would probably say that it would be impossible to save as much money as we have.”

– H1, local newspaper

The interviews made clear that today Swedish newspapers have **focused on how to innovate their revenue model** more than cost model, which was considered as being saturated.

In relation to declining revenue streams, Facebook and Google were brought up as a big reason to why advertising revenue has steadily been decreasing. Another reason was the ageing customer group for print editions.

Revenue strategies ranged from only focusing on advertisements, trying to maximise the reach, to earning the main revenue from digital subscriptions, and all combinations in between. Six newspapers out of eight have either tried to, are still or plan to offer digital subscriptions, limiting parts of the online content to paying consumers. The interviews made it clear that **the focus on digital subscriptions, in general, has increased.**

On the other hand, four interviewees, coming from one local daily and one evening newspaper, stated that their respective newspapers currently have no intention of implementing a paywall. One interviewee explained that their experience is that it is easier to get advertising revenues than news consumers revenues digitally.

“Advertisers are willing to pay for a potential relation to the newspapers’ consumers or insights into their behaviours and preferences. Thus, the newspaper generates revenue through transferring consumers from the newspapers’ own channels to their advertising customers in a ‘digital ecosystem’.”

– D1, evening newspaper

The interviews made it clear that the newspapers have **to a greater extent understood what their news consumers are willing and not willing to pay for.** Half of the interviewees mentioned that their customers are willing to pay for qualitative journalism in terms of qualitative, reliable and all-covering information.

Moreover, there was a common understanding among the interviewees that the willingness to pay for “breaking news”, news on big incidents which concern a lot of people, was very low or not existing. One interviewee stated that the customers are less willing to pay for belonging to a community today. Another interviewee said that they have discovered that digital consumers are more willing to pay for content if the technical performance is high, in regards to, for example, a smooth payment solution.

Seven interviewees said that their **customers are more willing to pay for news** in general today. Four out of these interviewees remarked that the **willingness to pay has increased more for digital news** in particular. The interviewees, working at three different newspapers, stated that they are now experiencing a growth in digital subscriptions. One interviewee explained that this is possibly thanks to the growing influence of premium media providers such as Spotify and Netflix that has made the market mature. Moreover, societal changes and a growing debate on freedom of speech, fake news, etcetera, were mentioned as reasons for the growth.

“Five to ten years ago everything was supposed to be free digitally, but today there is a willingness to pay that ranges from younger generations to elder. That shows.”

– C2, national daily newspaper

However, the willingness to pay was still described as generally higher among print edition subscribers than digital subscribers.

In summary, the Swedish newspaper industry has:

- Worked a lot with cutting costs
- Focused on how to innovate their revenue model
- Split views on generating revenue from advertisers and/or news consumers
- In general increased the focus on digital subscriptions
- Understood news consumers’ willingness to pay
- Experienced an increased willingness to pay for news in general and digital news in particular

5 Analysis

This chapter presents the analysis of the empirical findings based on the theoretical framework. The structure of this chapter stems from the two posed sub-research questions and brings up challenges and opportunities continuously. Finally, a concluding analysis addresses eight specific insights that arose during the analysis phase.

5.1 What drives innovation in the Swedish newspaper industry

According to Küng (2013), the bulk of innovation in the media landscape has formerly been related to content creation. As the digital era has disrupted the industry, technology has enabled content creation and distribution through various channels, resulting in an increased focus on innovation (Küng, 2013). It was confirmed during the interviews that the digital era has caused a structural change also in the Swedish media landscape specifically. Swedish newspapers are therefore forced to renew themselves far beyond content creation to adjust to the new setting.

Beckett (2008) concludes that the business model of news media is under attack in almost every possible way and hence needs to be exhaustively re-structured. Lambert and Davidson (2013) explained that external forces such as an industry transformation result in a need to change the business model and this was also the view that the interviewees offered. The main driver for innovation in the Swedish newspaper industry seems to be the fact that newspapers have been forced to a digital transition which has led to an inadequate business model. Swedish newspapers are now required to renew it.

According to Storsul and Krumsvik (2013, p. 13) innovation in the media industry is driven by the facts that; “media products and services are changing, the processes of production and distribution of media are changing, the ownership and financing of media are changing, the roles of users are changing and the idea of media is changing”. The interviews revealed the presence of all of these drivers. The need for innovation was especially big in regards to the value proposition due to the fact that the product, i.e. the newspaper, does not create the same value in the analogue and digital world.

Storsul and Krumsvik (2013) brought up Facebook and Google as competitors on the ad market specifically. Storsul and Krumsvik (2013) also stated that as print circulations are decreasing with more focus on online services, newspapers are forced to search for a new sustainable business model. This was confirmed during the interviews. Technology has led to new consumer behaviour causing decreasing revenue streams and exposed the industry to competitors from outside industry such as Facebook and Google. This has led to an increased focus on innovation to generate revenues from customers and to gain attention in the new media landscape. The search for a new business model and the fact that no one claims to have found a sustainable solution yet could, therefore, be considered to drive innovation in the Swedish newspapers industry.

5.2 Business model innovation in the Swedish newspaper industry

5.2.1 How the business model has developed

A business model is a rationale behind how an organisation intends to make money. It starts with the customer and is designed to serve its needs through several building blocks (Osterwalder & Pigneur, 2010). The traditional business model of newspapers in the Swedish newspaper industry can be visualised as in Figure 7.

Business Model Canvas, ~ year 2007

Key partners	Key activities Journalism Produce newspaper Print newspaper Distribute newspaper <i>Sell advertising</i>	Value propositions Qualitative journalism Breaking news Entertainment Marketplace Community feeling	Customer relationships Loyal customers	Customer segments Geographically limited Middle & upper class
	Key resources Journalists Developers Paper press <i>Sales representatives</i>	<i>Very high coverage in geographically limited area</i>	Channels Print Website	<i>Geographically limited</i>
Cost structure Journalists Print operations Distribution Maintenance of website		Revenue streams News consumers - print subscriptions & single copies <i>Advertisers</i>		
<i>News consumers (normal)</i>		<i>Advertisers (italic)</i>		

Figure 7. The business model of Swedish newspapers around year 2007 (authors' own figure).

According to Osterwalder and Pigneur (2010), innovative ideas can be generated in any of the building blocks when working with business model innovation. The interview result revealed that the Swedish newspaper industry has worked with innovation in all parts of the business model. Using the business model canvas as a tool for analysis, the development of the business model over the last ten years could be mapped out as in Figure 8.

Print & Digital – Business Model Canvas, year 2017

Key partners + Corporate groups + Coopetition + Facebook & Google + Printing and distribution partners + Media agencies	Key activities Journalism Produce newspaper - Print and distribute newspaper + Cross-func. work + Development of digital products Sell advertising	Value propositions Qualitative journalism Breaking news Entertainment - Marketplace - Community feeling + Features + Motion content <i>- Very high coverage in geographically limited area</i> + Coverage all-time high + Targeted advertising	Customer relationships - Loyal customers + Attentive towards customers + Dialogue	Customer segments - Geographically limited - Middle & upper class + Ageing (print) + Younger audience (digitally) <i>- Geographically limited</i>
	Key resources Journalists Developers - Paper press + Ability to know what news consumers want to read about + User behaviour analysts Sales representatives		Channels Print Website + Smartphone application + Myriad of channels	
Cost structure Journalists Print operations Distribution + Maintenance of digital products		Revenue streams News consumers - print subscriptions & single copies (less) + News consumers – digital subscriptions Advertisers (less)		
<i>News consumers (normal)</i>		<i>Advertisers (italic)</i>		<i>- Disappeared</i> + New

Figure 8. The development of the business model of Swedish newspapers between the years 2007-2017 (authors' own figure).

Customer segments and value propositions are the most vital parts of a business model since they build up and have consequences for the rest of the business model (Osterwalder & Pigneur, 2010). Based on the interview result, the innovation focus seems to have centred on the right half of the model. Innovation efforts have mainly been carried out in relation to the value proposition, the three underpinning blocks of customers (customer segments, customer relationships and channels) and revenue streams, see Figure 9.

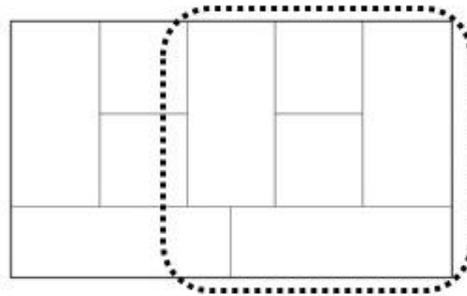


Figure 9. Innovation focus for Swedish newspapers between the years 2007-2017 (authors' own figure).

Innovation efforts have been fairly limited regarding the left side of the business model. The interviewees expressed a wish for the industry to become more united, but the industry has up until today not worked too much with innovating their key partners. According to Osterwalder and Pigneur (2010), key partners are increasingly becoming an important part of the business model and could, for example, be used to optimise the business model or reduce risk. A type of partnership is cooperation, which is a strategic partnership among competitors (Osterwalder & Pigneur, 2010). Increasing innovation efforts regarding partnership could, therefore, be an opportunity to optimise the business model in the Swedish newspaper industry.

Sternvik and Weibull (2005) state that newspapers have made several efforts to increase customer centricity. Zeng et al. (2016) claim that the most critical factor for successful business model innovation is to understand the customer, which the Swedish newspapers have undoubtedly put a lot of efforts into doing. Johnson et al. (2015) state that innovation can be driven by a market push and/or pull strategy. Swedish newspapers have historically worked according to a market push strategy but the findings of this study show that they are increasingly going towards a market pull strategy.

Innovation efforts regarding customer relationships and channels were considered as successful. Relationships have become more personal, CRM-systems (Customer Relation Management systems) have been put in place and customers are reached through more channels. Overall, Swedish newspapers have become more attentive towards customers. Moreover, successful efforts have been put into innovating key resources, since new channels and relationships require new types of competences. The actual customer segments served were not considered to have changed very much. Innovation efforts regarding this block were thus considered limited, although the interview results showed increased efforts to segment customers. The

challenge of business model innovation seemed to relate to the fact that the customers' needs have changed and a reduced willingness to pay. Thus, Swedish newspapers have focused on but struggled to innovate the value propositions and revenue streams. Innovation efforts have so far led to an increased focus on the core value of qualitative journalism, which Swedish newspapers recently claim to have experienced an increased willingness to pay for. Qualitative journalism could, therefore, be regarded as an opportunity to create unique value. Areas in the business model where innovation efforts have been successful or less successful are illustrated below in Figure 10.

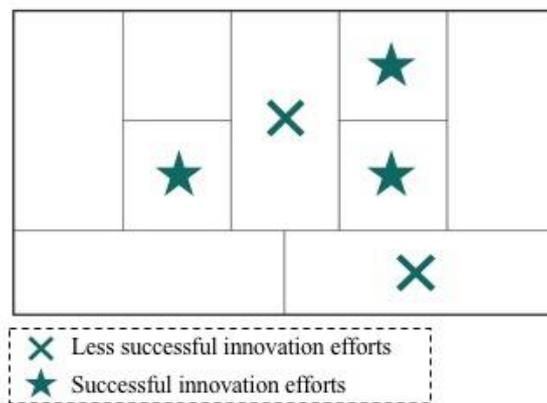


Figure 10. Successful and less successful innovation efforts between the years 2007-2017 mapped out in the business model canvas (authors' own figure).

5.2.2 Business model innovation is hard with 150 years of legacy

According to Christensen, Bartman and van Bever (2016), business models are quite stable by nature and become less flexible over time. Moreover, Johnson et al. (2015) conclude that business models in mature industries often have a lot of standardisation. This was confirmed during the interviews with people from the Swedish newspaper industry. It became clear that their approximately 150 years of legacy, operating according to the same business model poses a challenge to business model innovation. It also became clear that a challenge faced by the newspapers is how to re-think their product, i.e. the newspaper, which more or less has looked the same way for more than a hundred years.

Furthermore, Johnson, Christensen and Kagermann (2008) state that established companies often struggle to understand their current business model as well as creating a new one. Christensen, Bartman and van Bever (2016) claim that business model innovation is unsuccessful because companies lack understanding of how

their business model develop through predictable stages of time. This was also found during the interviews and the explanation could be that being a company established very long ago, the current business model has not been designed from scratch but has developed into what it is today. The changes that the industry has been going through has disrupted the way Swedish newspapers do business and therefore it seems like the development of the business model has not been fully understood. Moreover, Christensen, Bartman and van Bever (2016) state that companies fail to incorporate an understanding of the business model into key decisions about their business. The interview results reflected this lack of overall direction in what can be considered key decisions, such as whether to have a paywall or not, which raises the question of how well the business model aligns with the overall business decisions?

5.2.3 The traditional business model has developed into several

Business model innovation is about creating value (Osterwalder & Pigneur, 2010). When searching for a new business model in the digital world, it seems like Swedish newspapers have started from the old business model without a clear understanding of how the new digital one should work. Peciulis (2016) state that traditional media is going through an identity crisis. This could be confirmed for the Swedish newspaper industry as the interview results showed that Swedish newspapers have struggled to know what and how to create value in the digital world. It has thus been a challenge to innovate the business model. At first, Swedish newspapers thought they could sell print in the digital world. Then, they realised that it was more than solely the channels that differed between the two business models.

For a business model to function, it is of essence that all blocks are interlinked and work together (Osterwalder & Pigneur, 2010). Since the value propositions in digital have been vaguely defined, it has been a challenge for the Swedish newspaper industry to innovate the rest of the model. As a result, the blocks in the current business model lack alignment and do not work optimally together, which can be explained by the fact that the core has been hard to define. Moreover, the seemingly unrelated blocks could also stem from the fact that the current business model is a mix of print and digital incorporated into one. However, they differ and the traditional business model has developed into two separate models, see Figure 11.

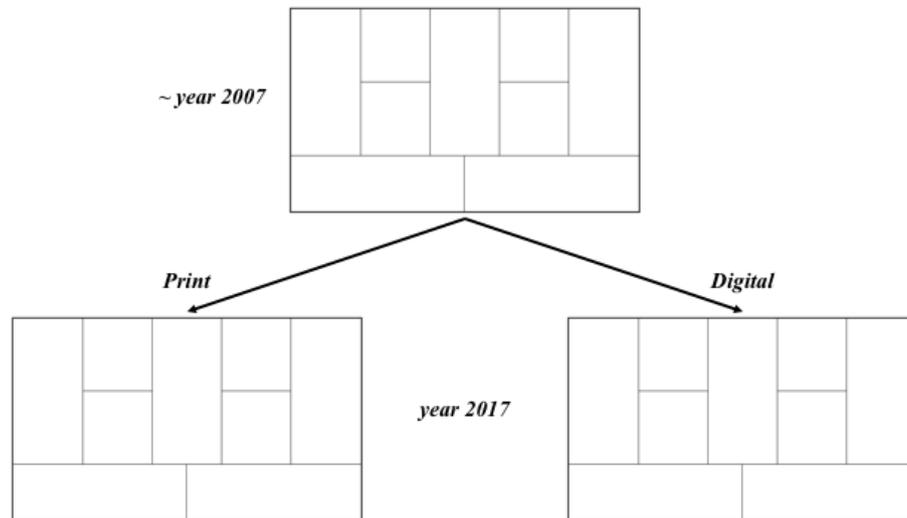


Figure 11. The traditional business model has developed into two separate business models, one in print and one in digital (authors' own figure).

Osterwalder and Pigneur (2010) state that business model innovation is about replacing an outdated model. However, it seems like the industry not necessarily has replaced their old traditional model. As Swedish newspapers have realised that the value propositions in print and digital differ, they have instead started to operate according to two business models but with no clear separation. Today, some efforts are put to innovation in print and some in digital. The empirical findings showed that the Swedish newspaper industry mainly focuses on digital development although the business in print is still important. It cannot be concluded whether there is a need to choose paths, but the split focus creates a challenge to do either of it wholeheartedly. A clearer separation might simplify the business model concept and make it more relevant, which according to Osterwalder and Pigneur (2010) is an essential factor for successful business model innovation. Figure 12 and 13 are examples of how the separate business models in print and digital can be visualised.

Print - Business Model Canvas, year 2017

Key partners + Corporate groups + Coopetition + Printing and distribution partners + Media agencies	Key activities Journalism Produce newspaper - Print newspaper - Distribute newspaper <i>Sell advertising</i>	Value propositions Qualitative journalism - Breaking news Entertainment - Marketplace - Community feeling - Very high coverage in geographically limited area	Customer relationships - Loyal customers + Attentive towards customers	Customer segments - Geographically limited - Middle & upper class + Ageing - Geographically limited
	Key resources Journalists - Paper press + Ability to know what news consumers want to read about Sales representatives		Channels Print	
Cost structure Journalists Print operations Distribution		Revenue streams News consumers - print subscriptions & single copies (less) Advertisers (less)		
News consumers (normal)		Advertisers (<i>italic</i>)		- Disappeared
				+ New

Figure 12. The business model in print around year 2017 (authors' own figure).

Digital - Business Model Canvas, year 2017

Key partners + Corporate groups + Coopetition + Facebook & Google + Media agencies	Key activities Journalism + Cross-functional work + Development of digital products <i>Sell advertising</i>	Value propositions Qualitative journalism Breaking news Entertainment - Marketplace - Community feeling + Features + Motion content - Very high coverage in geographically limited area + Coverage all-time high + Targeted advertising	Customer relationships - Loyal customers + Dialogue	Customer segments - Geographically limited - Middle & upper class + Younger audience - Geographically limited
	Key resources Journalists Developers + User behaviour analysts + Ability to know what news consumers want to read about Sales representatives		Channels Website + Smartphone application + Myriad of channels	
Cost structure Journalists + Maintenance of digital products		Revenue streams + News consumers – digital subscriptions Advertisers		
News consumers (normal)		Advertisers (<i>italic</i>)		- Disappeared
				+ New

Figure 13. The business model in digital around year 2017 (authors' own figure).

Furthermore, a challenge with business model innovation is that companies often lack understanding of how business models develop through predictable stages of

time, why innovative attempts often are unsuccessful (Christensen, Bartman & van Bever, 2016). It was found during the study that the digital channel is built up out of a myriad of channels. It might therefore not be sufficient to distinguish only between a business model in print and digital. The digital era may not require only one but many different business models, one for each digital channel, which poses a challenge to business model innovation as new channels keep appearing all the time.

5.2.4 Competition from outside industry is threatening the value propositions

Peculis (2016) concluded that the role of media in society has changed due to changed ways to communicate through new technologies and called it a traditional media identity crisis. The former vertical communication system has been replaced with horizontal social networks (Syvertsen et al., 2014). Moreover, the former privileged status of being a source of relevant information has decreased with alternative ways for users to seek information (Praprotnik, 2016). The interviews confirmed these views and it became clear that the competition in regards to the traditional value propositions of newspapers has increased dramatically, making Swedish newspapers unsure of the value they bring to the customers. For example, functions such as delivering a community feeling or providing a marketplace have been remorselessly replaced by Facebook.

According to Zeng et al. (2016) business model innovation has developed into one of the main drivers for competitiveness, why an increased competition in the industry has made it more necessary than ever. However, newspapers have struggled to adapt their revenue model to digital platforms (Barland, 2013; Osterwalder & Pigneur, 2010). Furthermore, Facebook and Google challenging revenue streams on the ad market (Storsul & Krumsvik, 2013). Therefore, innovation has gained in importance with media firms turning into technology firms (Küng, 2013). However, traditional media is behind on providing data-driven, tailored experiences ('A new democracy for new media: challenges to traditional media and adapting to modern consumers', 2016). It was found during the interviews that some of the newspapers indeed regarded Facebook and Google as competitors and some considered them as sources of inspiration. In regards to the latter, Swedish newspapers are increasingly collecting and using customer data to provide a superior value proposition, even if it seems like they consider themselves one step behind. Another approach to these "American giants" was to consider them as partners. Noteworthy was that not one of the interviewees were specifically asked about neither Facebook nor Google, and still both of them were mentioned in all interviews. The reason might be that they pose a major challenge when competing about both consumers' and advertisers' time and money. Regardless, these formerly outside industry actors could be seen as potential drivers of what has made the newspaper industry become more united. Swedish newspapers may see each other more as partners rather than competitors

within the industry in relation to what may have become their common main competitors. Since these players have already substituted parts of the traditional value proposition, what says that they will not try to take it all?

5.2.5 The democratic purpose puts challenges to the value propositions

The value proposition is by definition something that serves a customer need (Osterwalder & Pigneur, 2010) and in the case of the Swedish newspaper industry, this is an ethical balancing act. Swedish media can be considered as cultural institutions that foster democratic participation (Syvertsen et al., 2014). This distinguishes the Swedish newspaper industry from other types of producing industries, especially in regards to the value proposition. The challenge is that consumer needs cannot be fulfilled to the point where only the most requested information is provided, which would neglect the democratic role of newspapers.

According to Peciulis (2016) digitalisation has replaced the open debate in media with conversations between the like-minded. Peciulis (2016) also stated that the overwhelming availability of information might lead to news consumers only searching for confirmation of their own opinions and that this poses a risk to democracy. The digital era has increased the number of channels and formats in which the same information, still coming from traditional media and/or press associations, is distributed (Praprotnik, 2016; Beckett, 2008) and this might have severe effects on the number of primary information sources there will be left (Beckett, 2008). This issue was addressed during the interviews as a concern on what will happen if the number of Swedish newspapers decreases. This might have negative effects on the democratic society since this would mean, among other things, even less local surveillance of decision makers.

The traditional value proposition of Swedish media, an opportunity to get educated and informed (Syvertsen et al., 2014), was during the interviews found to be decreasingly attractive as news consumers today have a wide range of news providers to choose between. Media consumer behaviour has changed and resulted in less impact from traditional media (Peciulis, 2016), which was described by the interviewees in terms of customers being less loyal and willing to pay for subscriptions today. Still, the willingness to pay seem to be on the uprise due to the circulation of fake news and the forerunners Spotify and Netflix. An opportunity for Swedish newspapers may therefore be to focus on communicating and marketing what makes their value proposition unique, that is, that they have a purpose beyond the commercial one, to maintain a democratic society. Imagine a marketing campaign based on posing provocative questions such as “Are you willing to pay 149 SEK per month to live in a democracy?” or “Did you know that newspapers play a strong role in maintaining this country’s democracy? Our readers do”. This could be an opportunity to consolidate the purpose of newspapers role in society.

5.3 Concluding analysis

Visualising the development of the business model can enhance the understanding of it

An essential factor for business model innovation is the understanding of the business model (Bleicher and Stanley, 2016; Osterwalder & Pigneur, 2010). Moreover, assessing if innovation efforts align with business priorities is of high importance (Christensen, Bartman & van Bever, 2016). By visualising the business model, it can be more easily described, assessed and changed (Osterwalder & Pigneur, 2010). Based on the findings of this study, the business model of Swedish newspapers has developed extensively during the last ten years (Figure 8). However, it seems like the Swedish newspaper industry has not fully understood this development. Visualising how the business model has developed is an opportunity to enhance the understanding of it and assess innovation efforts. This raises the question if anyone has explicitly tried to visualise it?

Interlinking the parts of the business model is complicated when all parts have changed

Ideas for innovation can be generated in any of the building blocks of the business model canvas. If one block changes, this has consequences for the rest of the blocks (Osterwalder & Pigneur, 2010). The study shows that all parts of the business model in the Swedish newspaper industry have changed (Figure 8). Innovation has been more or less required in all of the building blocks at the same time. This poses a challenge to business model innovation. Swedish newspapers have not had the opportunity to tailor the rest of the business model from solely one block. It is therefore explicable why the parts in the current business model are not interlinked.

Business model innovation is difficult when running an established business in parallel

Business model innovation is about replacing an outdated model (Osterwalder & Pigneur, 2010). According to Beckett (2008), the challenge that the newspaper industry is facing will not be solved only through small innovative steps. Furthermore, for a business model to work, all parts of it should be interlinked and work together (Osterwalder & Pigneur, 2010). This poses a huge challenge for Swedish newspapers, as their businesses are constantly running and have been doing so in the same way since a long time ago. Therefore, the operating business model cannot be completely replaced by a new one with new interlinkages, even if the current one appears outdated. According to Osterwalder and Pigneur (2010), the business model should be designed so it addresses the needs of the customer segments. As the customers' needs have changed, the focus among Swedish

newspapers seems to have been retention of print customers rather than how to get new ones. Hence, redesigning the business model has been very challenging. The Swedish newspaper industry's work with innovation has not started from a blank sheet.

It is hard to establish an innovation strategy in a disruptive environment

An innovation strategy is essential to innovate successfully (Pisano, 2015). It is a strategic choice of what direction to move (Johnson et al., 2015). Furthermore, an innovation strategy should align with the organisation's long-term competitive advantage (Pisano, 2015). In this study, it was clear that the newspapers which have set out innovation strategies have in general been more successful with their innovation efforts. However, as Swedish newspapers are operating according to an ever-changing business model in a disruptive environment, establishing an innovation strategy is challenging. While going through a structural change, knowing in what direction to move has been close to impossible. Moreover, since Swedish newspapers' long-term competitive advantage has remained unclear, aligning the innovation strategy with it has been unfeasible for most of the Swedish newspapers.

There is no one to take good examples from

According to Johnson et al. (2015), one can lead or follow innovation. Since this study shows that no one has found the solution to a sustainable business model yet, there has not been anyone to follow in the Swedish newspaper industry. Follower advantages such as learning from mistakes made by a first-mover have thus been limited. However, smaller newspapers tend to follow bigger newspapers who lead innovation in the industry because of their critical mass. Moreover, the study shows that newspapers in the Swedish newspaper industry are increasingly trying to learn from each others' mistakes. Still, the industry challenge could be described as not having a guiding principle of in what direction to move or how this should be done.

Different preconditions among Swedish newspapers has led to different approaches to innovation

Innovation in the media industry has historically been fairly manageable. As the industry has been disrupted, innovation has become a top priority (Küng, 2013). The findings of this study show that the different types of newspapers in the Swedish newspaper industry have had different preconditions when managing business model innovation. Some have had limited ability to make investments, which has led to short-term actions and only doing what is absolutely necessary. Some have had better starting points, which has led to them being at the forefront of innovative actions. For example, evening newspapers have historically worked with sensational

journalism, which is more applicable to the new type of media landscape. Moreover, evening newspapers have had a different revenue model compared to daily newspapers, with revenues generated per sold copy and not per subscription. The instant feedback in terms of sales figures per day may have given evening newspapers a better starting point because of a traditionally more flexible work approach.

Business model innovation when facing competition of unimaginable scale

The business model canvas does not take into account the competitive advantage of the business model (Peters, van Kleef, Snijders & van den Elst, 2013). However, competitiveness is of ever increasing importance for the Swedish newspaper industry today. According to Peciulis (2016), free-of-charge circulations can be associated with news consumers reluctance to pay for content available for free. Nevertheless, the Swedish newspaper industry does not consider free newspapers as important competitors. The reason being they have other competitors to worry about, and that they are not at all offering the same value. The value propositions are defined as the reason why customers turn to one company instead of another (Osterwalder & Pigneur, 2010). However, the business model canvas does not cover the case when the value proposition gets disruptive competition on an outside-industry level. According to Praprotnik (2016), the perception of news has changed and media could today more accurately be described as an interactive communication system. What if the new generation of news consumers rather spend their time on social networks receiving news on family and friends than on traditional news? As what we consider as news has changed, Swedish newspapers has been exposed to a competition of unimaginable scale which poses a challenge to business model innovation.

Newspapers' business model does not only intend to make money

According to Osterwalder and Pigneur (2010), a business model is a rationale behind how an organisation intends to make money. Nevertheless, in the case of newspapers, the business model does not only serve a purpose of making money but also to contribute to a democratic society. When carrying out business model innovation, a customer-centered approach is recommended (Zeng et al., 2016). However, the Swedish newspaper industry's principle of delivering qualitative journalism poses a challenge to this approach. Swedish newspapers want to provide not only what the customers want but also what they think they need to be informed citizens. In what other industry does a company take so much responsibility for its customers that it takes on an almost parental role? It indeed makes it harder to satisfy customer needs, when the customers are not aware that they need it, at least, until it is gone.

6 Conclusions

This chapter presents the conclusions of this master's thesis. Firstly, it provides the answers to the research questions. Then, the study's contributions to theory and practice are discussed as well as further reflections and recommendations. Lastly, areas for future research are suggested.

6.1 Answers to research questions

The study was conducted to find the answers to one research question and two sub-questions. In this section, the answers to these questions are presented.

Sub-research question 1: What drives innovation in the Swedish newspaper industry?

The main driver for innovation in the Swedish newspaper industry that was found in this study is an inadequate business model.

Sub-research question 2: How is the Swedish newspaper industry working with business model innovation?

Based on the results of this study, the Swedish newspaper industry has been working with innovation in all parts of their business model. The focus has been on innovating the right half of the business model canvas. Successful innovation efforts have been carried out regarding customer relationships, channels and competences. Limited efforts have been carried out regarding key partners. A lot has been done to reduce costs. The Swedish newspaper industry has so far struggled to innovate the value propositions and revenue streams.

Main research question: What are the challenges and opportunities of business model innovation in the Swedish newspaper industry?

The challenges of business model innovation in the Swedish newspaper industry that were identified in this study are:

- Creating a unique value in the digital world, i.e. developing the value propositions
- Developing new revenue streams

- Changing the business model with 150 years of legacy, operating according to the same business model
- Interlinking the parts of the business model when all parts have changed
- Running an established printing business in parallel, not starting from a blank sheet
- Competing with outside industry actors who threaten the value propositions due to a changed perception of news
- Playing an important role for a democratic society and therefore not being able to entirely focus on customer needs, i.e. the ethical balancing act
- Establishing an innovation strategy in a disruptive environment
- Having no one to take good examples from as no one in the industry has found sustainable model yet

The opportunities for business model innovation in the Swedish newspaper industry that were identified in this study are:

- Increasing innovation efforts regarding partnerships
- Focusing on qualitative journalism, which there is an increased willingness to pay for
- Continuing to increase the collaboration within the Swedish newspaper industry
- Accentuating the democratic purpose in order to consolidate the unique value that newspapers bring to society
- Visualising how the business model has developed to enhance the understanding of it and assess innovation efforts

6.2 Contributions to theory and practice

This study has identified challenges and opportunities with business model innovation in the Swedish newspaper industry. Newspapers operating on the Swedish media market must innovate their business models, and should take these findings into consideration while doing so. If Swedish newspapers are aware of the challenges and opportunities, they could be more likely to succeed with business model innovation. The findings contribute to theory by filling the gap in literature on new media from the perspective of innovation theory.

Moreover, the findings of the study can be used by decision makers in the media industry, for example, when deciding about financial support in regards to media innovation efforts. It was, for example, found that local newspapers experience difficulties to invest in innovation due to a lack of critical mass.

The mapping of the development of Swedish newspapers' business model is considered a contribution to both theory and practice. The mapping shows the current state of the business model and provides a summary of how it has changed over the last ten years. Newspapers in the Swedish newspaper industry can use this mapping to better visualise the business model in order to understand it better and develop it further.

The study is also a contribution to theory in terms of an opportunity to develop the framework business model canvas further. The study shows that the framework is not fully applicable when partly addressing a societal need. The model can thus be developed by separating between value related to customers needs and societal needs, see Figure 14.

Key partners	Key activities	<i>Related to customer needs</i> <i>Related to societal needs</i>		Customer relationships	Customer segments
	Key resources			Channels	
Cost structure			Revenue streams		

Figure 14. Suggested development of The Business Model Canvas with separated value propositions related to two types of needs (authors' own figure).

6.3 Further reflections and recommendations

After finalising the study, the Swedish newspaper industry could be described as confused. The empirical findings revealed a variety of approaches to innovate the business model and a sometimes parting, sometimes united view on the situation in which Swedish media is today. The common factor seemed to be a confusion related

to the understanding of the development of the business model. It is therefore recommended that newspapers in the case industry try to visualise their own business model and its development in order to enhance the understanding of it.

Nevertheless, visualising the development of a business model is very challenging when all parts have changed extensively. This is based on the authors' own experiences when drawing the business model canvas. It has been fascinating to gain insight into an industry that after approximately 150 years of flourishing business has been disrupted and forced to adapt to new circumstances, but it has been hard to grasp and incorporate all of the changes into one picture.

Moreover, it has been a challenge to assimilate all of the insights that the authors have got the honour to take part of during the qualitative interviews. Presenting the result of the empirical findings was very challenging as the authors aimed to provide a clear and justified picture of the case industry and incorporate as much given data as possible. An insight is thus that the presentation of qualitative data is very dependent on the authors and how they decide to interpret it while avoiding to reflect any subjective views. In addition, the fact that innovation is a vaguely defined term has also been a bit of a challenge when conducting the interviews. Different people have very different perceptions of innovation and the word in itself might impede conversations as it is relatively academic. In order to get around this problem, the authors used synonyms such as change, renewal, etcetera, when interviewing.

The authors would like to encourage the seemingly increased openness in the industry and recommend newspapers in the industry to unite even more. The study shows that key partners in the business model have room for improvement, while Osterwalder and Pigneur (2010) stress that partnerships are increasingly becoming a vital part of the business model. Sharing ideas and approaches to innovation more openly could be a way to find a sustainable business model faster, as well as strengthen the barrier of entry against outside industry competitors.

It is also recommended that the Swedish policy- and decision-makers take the findings of the study into consideration. As different newspapers have different pre-conditions to invest in innovation, the newspapers with limited ability run the risk of being forced into bankruptcy unless given financial support. It is the authors' beliefs that qualitative journalism will be valued by customers in the future, but the form in which this value is to be created and captured remains unclear. To be able to continue this search and to preserve democracy, policy- and decision-makers might consider investing in the innovation work of especially exposed newspapers.

A final reflection is that this research field is a very relevant topic. Since no one claims to have found the solution to a sustainable business model yet but the industry is putting a lot of effort into innovating it, it has been a very interesting point in time to study Swedish newspapers' work with business model innovation. Moreover, the fact that newspapers play an important role for democracy in the Swedish society made the study even more interesting, as this differentiates the newspaper industry from other industries.

6.4 Suggestions for future research

The area of business model innovation in the Swedish newspaper industry is considered as relatively unexplored. In this study, a selection of the newspapers operating on the Swedish market participated. Further data collection including more and other newspapers would improve the overall representation of the industry. This is especially relevant considering the qualitative case study design of this thesis. For example, the views on innovation coming from the two local newspapers that took part in this study might differ from other local newspapers in Sweden. The findings of this study made it clear that there are differences both in regards to preconditions and approaches to innovation between the types of newspapers, for example, between evening and daily newspapers. Therefore, a similar study going more into detail and focusing on only one type of newspaper is one suggestion for future research. Furthermore, the consolidation of ownership on the Swedish market might have consequences on the innovation efforts, as these not seldom are performed on a corporate level. Hence, it would be interesting to study specific corporate groups on the Swedish market as well as the possible effects of belonging to a corporate group or not.

As there was a media investigation carried out in 2016, which is currently (May 2017) being reviewed by the Swedish parliament, it is too early to predict the effects of it. However, the investigation relates to, among other things, the press subsidy from the state (Djerf, 2016) which directly affects newspapers' revenue streams. Hence, it might be interesting to conduct further research on Swedish newspapers' work with business model innovation, once the outcome of the investigation is clear.

Another area that would be interesting to build onto is the future of the printed newspaper. The interviewees' opinions parted on whether the printed newspaper will exist in the future or not and the development could according to this study's findings go both ways. Therefore, future research could aim to identify signs within the media industry that speaks for and against the printed newspaper's extinction.

Lastly, newspapers' work with business model innovation can be extended far more than to the Swedish market. The digital era has had effects on newspaper industries worldwide and just as the innovation efforts differ between types of newspapers, they are likely to differ on a country level too. In addition, this study's findings have shown that the Swedish newspapers are increasingly trying to learn from each others' mistakes. Future research on business model innovation outside of Sweden could enable learning from other newspapers, also on an international level.

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Appendices

Appendix A – Interview guide

Appendix B – List of interviewees

Appendix C – Project plan and outcome

Appendix A – Interview guide

Opening questions

1. How would you describe the Swedish media and newspaper industry and its challenges today?
2. What is your role at *the newspaper*?
3. How long have you worked at *the newspaper*?

Approach to innovation

4. Is innovation a relevant concept to you at *the newspaper* and do you talk about innovation and/or ability to innovate?
5. Have you worked with or do you currently work with innovation based on your business model?
6. Do you work with innovation and/or do you have insight into the innovation work at *the newspaper*?

Based on the answers to these questions, the following questions are adapted to the interviewee.

Customers

7. Who are your customers today?
8. How have your customers changed compared to 5-10 years ago?
9. How do you know what the customers want and how do you work to understand them?
10. Has this changed during the last 5-10 years ago?
11. What channels do you reach your customers through?
12. Has this changed compared to 5-10 years ago?
13. How would you describe your relation to your customers today compared to 5-10 years ago?
14. Do you have different types of customer relationships?

Value proposition

15. Do you talk about value to the customer and if so, in what terms?
16. What is customer value according to you?
17. What are you selling?
18. How has your value proposition changed during the last 5-10 years and what do you think has driven that change?
19. What activities do you perform to create value to the customer today?
20. How have these activities changed during the last 5-10 years?
21. What value are your customers willing to pay for?
22. Has this changed and if so, how?

Infrastructure

23. What is the most important competence to you today?
24. How does this differ compared to 5-10 years ago?
25. Do you collaborate with actors outside of your organisation to create value?
26. If so, how?
27. How does this differ compared to 5-10 years ago?

Closure

28. *In the case of spare time:* How do you perceive the development of the media industry in the future?
29. Is there something you would like to add or something that we have forgot to ask? Any reflections?

Thank you!

Appendix B – List of interviewees

Code	Type of newspaper
A1	National daily
A2	National daily
A3/B1	National daily/Evening
B2	Evening
C1	National daily
C2	National daily
D1	Evening
D2	Evening
E1	Regional
F1	Regional
F2	Regional
F3	Regional
G1	Local
G2	Local
H1	Local
H2	Local

Appendix C – Project plan and outcome

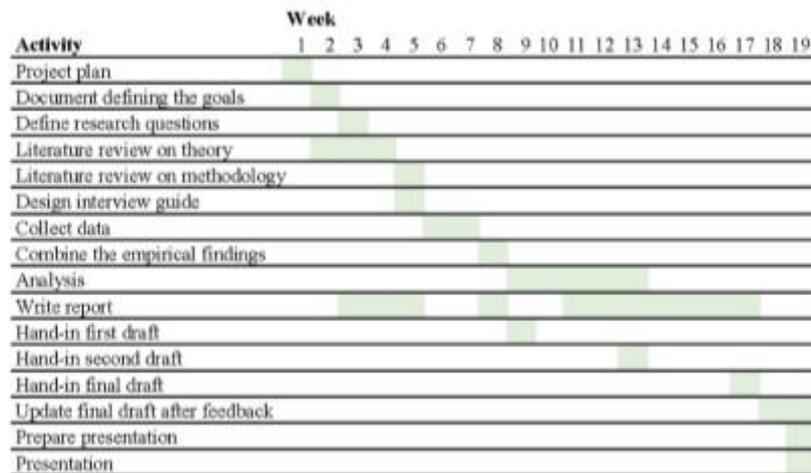


Figure C. 1 Project plan.

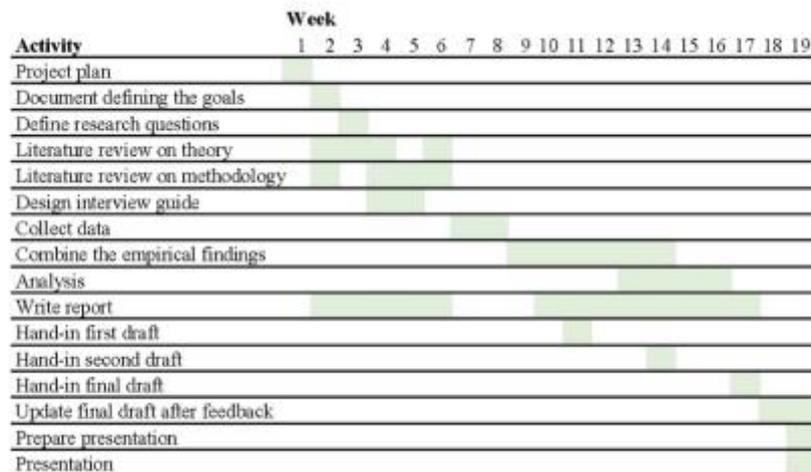


Figure C. 2 Outcome.

The project was performed almost in accordance with its initial plan. The literature review on methodology began earlier but took more time than expected. The combination of the empirical findings also demanded more time than set out in the project plan. Hence, the analysis phase was postponed from week 9 to week 13. The writing of the report started earlier than expected and was done continuously during the project. However, the first and second draft of the whole report were submitted later than projected. Still, sections of the report were submitted to get feedback from the supervisor more often than planned. In total, the project was finished on time with the final draft being submitted on the predetermined date.