



How do changes in media consumption affect newspaper revenue? Suggestions on earning more revenue, with a special attention to the Nordic region

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<p>Abstract:</p> <p>This thesis is concentrated on the changes in consumer's newspaper consumption and its impact on newspaper's revenue in order to find out how printed news can earn more money. This thesis has a special attention on the Nordic region newspaper industry. The aim of this thesis is to explain how changes occurred in news consumption habits of users has impacted on newspaper firms' revenue in order to find new strategies for newspaper firms for earning more money to remain survived. The research questions of this thesis are: 1. How has media consumption changed during recent years? 2. What was newspaper revenue before the change in media consumption? 3. How have newspaper companies responded to these changes? 4. How can newspaper revenue be increased in this situation? The methodology used in this study is qualitative research. Online interviews are conducted to ask standardized, open-ended questions to get answers to the research questions. The interviewees are newspaper managers and newspaper associations from four Nordic countries, Finland, Sweden, Denmark and Norway. In this thesis, eight articles used as the theoretical framework and those articles along with the other literatures were to completing, supporting or challenging the information obtained from the interviews. By analyzing the interviews, four new strategies are introduced, to help newspaper firms earn more revenue, namely, content marketing, native advertising, emergence of international, digital new brands, and concentrating on local content.</p>	
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1 INTRODUCTION

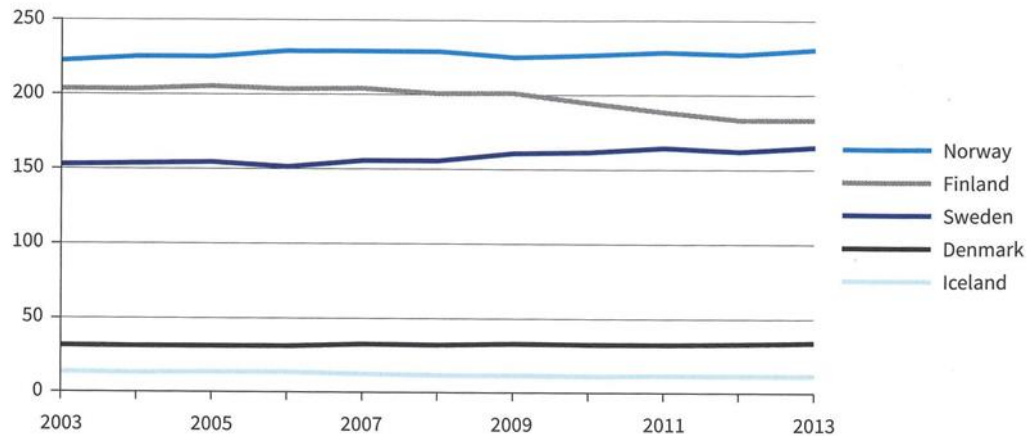
1.1 Background information

Due to the changes that have happened in consumers' news consumption habits in the Nordic countries and all over the world, newspaper companies have faced with many challenges originated from economic problems and loss of revenue. In this situation, finding a new revenue stream for newspaper firms is of paramount importance. In this master thesis, the aim is to help the Nordic newspaper companies in terms of gathering more revenue as well as overcoming their financial problems.

The Nordic newspaper sector saw a decline of 20% in newspaper circulation from 1997 to 2007 (Syvertsen et al. 2014, p. 61).

The number of newspapers published in the Nordic countries in 2003 and ten years later in 2013 was 623 and 621 newspapers, respectively. As can be clearly seen, the number of published newspapers has remained more or less stable. However, during this ten year period, Finland, has experienced a gradual reduction in the number of newspapers from 204 to 183 while this trend for Norway and Sweden remained almost stable. It is noticeable that, despite the decline, Finland stayed at the second position after Norway and as the second Nordic country with the most newspapers. The structure of newspaper market in Denmark is quite different with that of in Sweden, Finland and Norway with only 34 daily subscription newspaper in 2013. The newspaper structure in Iceland has the same position as well and is very different with all other Nordic countries. Market for newspaper in Iceland is limited. There was only one daily subscription newspaper in Iceland by the year 2013 (Ohlsson, 2015, p. 31-32) (Figure 1).

Figure 1. Number of paid-for newspapers in the Nordic countries, 2003-2013

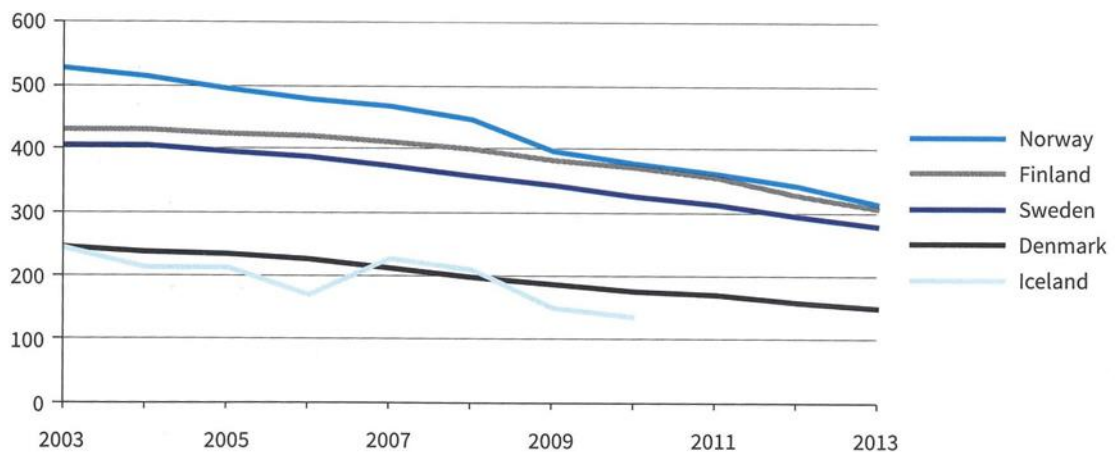


Source: Danish Bureau of circulations, Danish newspaper publishers' association, statistics Iceland, Finnish newspapers association, MediaAuditFinland oy, statistics Finland, Nordicom-Sweden.

Comment: the data comprise paid-for newspapers (subscription or single copy sales) published at least once a week.

While the difference in the number of newspapers in the Nordic region is quite clear, sales volume of newspapers show more similarities. In Norway and Denmark, newspaper sales declined about 40 percent in 2003. This number in Finland and Sweden dropped by 30 percent (Ohlsson, 2015, p. 33) (Figure 2).

Figure 2. Newspaper sales per 1,000 inhabitants in the Nordic countries, 2003-2013



Source: Danish audit bureau of circulations, Finnish newspapers association, MediaAuditFinland oy/ statistics Finland, statistics Iceland, statistics Norway, Swedish press subsidies council, Nordicom-Sweden.

Comment: the table illustrates the national sales of medium- and high-frequency newspapers (4-7 issues/week) in relation to population size. Data for Iceland are not available from 2011 onwards. Data for Sweden for the period 2011-2013 are estimates.

Newspaper companies used to earn most of their revenues from advertising in their traditional business model. But, in recent years the structure of advertising market has fundamentally changed and as a result, the business model of the newspaper industry is under pressure in the Nordic countries and all-around of the world. With the introduction of commercial broadcasting media, growth of free newspaper segment, development of online media, and limited competition from other media forms, all contributed to reduce advertising revenue. As it is shown in the table 1, the Nordic newspaper industries, except for Iceland, lost annual print ad revenue for 818 million Euro from 2007 to 2012, a 22 percent decline in total print ad sales. When it comes to market share of advertisements in printed news, Finland is the prevailing country in the Nordic region, however, in terms of ad revenue per capita Norway ranked first among the Nordic countries. Denmark, witnessed the most significant decline in its print ad revenue by losing 40% from 2007 to 2012 (Ohlsson, 2015, p. 37) (Table 1).

Table 1. Advertising sales in printed newspapers in the Nordic countries, 2007 and 2012 (million euros)

	Sales, million euros			Per capita, euros			Market share, %		
	2007	2012	%	2007	2012	%	2007	2012	+/-
Denmark	796	492	-38	146	88	-40	34	25	-9
Finland	708	538	-24	134	99	-26	42	36	-6
Norway	998	839	-16	212	167	-21	40	32	-8
Sweden	1 251	1 066	-15	137	112	-18	36	29	-7
Total	3 753	2 935	-22	153	115	-25	38	30	-8

Source: The Nordic advertising market 2012 (IRM) (calculation).

Comment: All sales are converted to euros. The table does not account for depreciation and conversion rate effects. Data for Iceland are not available. The per capita figures are the quotient of the total ad sales and the population size of the respective country.

1.2 Motivation for choice of research topic

As a child, many people might have the memory of sitting down for breakfast and looking at their fathers who were reading newspapers. In the past, reading newspapers was a habit for many adults and it was a motivation for younger generation to read newspapers and chose it as a habit. However, reading newspapers for children was more likely to be a kind of imitating their fathers. But when the time was passing and those children was

growing to be young adults, they could see newspapers in a different light and consider the newspapers' role in informing readers about the latest and the most important news along with just being entertained by reading some parts like comics or just imitating their adults.

Although many people do not pursue news by newspapers anymore, as it is available online for free, it is noticeable that they are not as satisfied as the way they were by reading printed ones. This idea was mentioned by Berger *et al.* in the article *paper or screen- differences in customer preferences*.

Newspapers have long been existed and meet the needs of their readers and made many memories for them when there were no online news and even no computer. Newspapers entertained people in the olden days when people did not have too much facilities in hands to be entertained with and did not have hobby. Newspapers have experienced many challenges during their lives and they are still struggling just for those who are truly interested in reading them. Newspapers have the basic role of informing people about the most important events happening locally, nationally and internationally along with so many other benefits they bring to our lives. Many people are still interested in reading printed news and believe that online news can never take place of the printed ones and life without newspapers cannot be as beautiful as it is now. All those afore-mentioned points are the incentives for choosing this topic.

1.3 Aim of the study

The most critical economic factor for news media is readership which makes it necessary to profoundly understand users' habits (Fortunati, 2015). The aim of this thesis is to inquire changes in newspaper consumption habits of users and advancing knowledge about the effects of this change on printed news' revenue. This thesis is to understand the problems of printed news as well as finding new ways of earning revenue for them with a special attention to the newspaper industry in the Nordic countries.

1.4 Research question

The main research questions which are tried to answer in this thesis are the following:

1. How has news consumption changed during recent years?
2. What was newspaper revenue before the change in media consumption?
3. How have newspaper companies responded to these changes?
4. How can newspaper revenue be increased in this situation?

1.5 Research methodology

This thesis is based on literature review and online interview with managers of newspaper associations and newspaper firms in four Nordic countries. The online interviews conducted From October to December 2015, with two interviewees from each country of Sweden and Norway and one interviewee from Finland and Denmark. By analyzing interviews which is conducted with the newspaper industry professionals, the aim is to reveal the most important changes has happened in the newspaper industry in the Nordic countries and in the world as well as the new unique strategies newspaper firms have applied according to the changes. The online interviews endeavored to image the fifteen-year outlook of the newspaper industry of the Nordic countries and the world. The interviewees' comments added perspective and insight to this thesis.

In order to answer the research questions, qualitative data collection was used. These days' people are as busy as ever and are quite difficult to catch. Therefore, the research questions sent by email to the interviewees who are managers of newspaper firms or newspaper associations in four Nordic countries, Finland, Sweden, Norway and Denmark. All the interviewees were asked to answer the same standardized, open-ended questions. The online interview, included 3 broad and challenging questions and at the end the interviewees had the opportunity to provide any other information they preferred to add. The interview questions were designed in the way to obtain as much information about the topic as possible.

According to Uwe Flick in the book *introducing research methodology: a beginner's guide to doing a research project*, among all methods of collecting data, interview is more open ended. Open questions allow interviewees to offer their personal views without

influencing on their ideas. In an interview, questions can be varied in their sequence and interviewees can use their own words and decide what they want to refer to in their responses (Flick, 2011).

In the interview method there must be a person known as the interviewer who asks questions and the other person or persons who are the interviewees and answer those questions. Interview can be in the form of direct personal investigation or it may be indirect investigation. The indirect interview can be conducted in some cases that is not possible or worthwhile to directly contact the interviewees (Kothari, 2004).

The method of collecting data through interviews, is mostly carried out in a structured way which means using a set of predetermined questions. The indirect interview by sending email to the interviewees has some major advantages such as: the possibility to contact important officials or executives under this method, mailing method is cheaper than face-to-face and telephone methods and enough time is given to respondents for answering the interview questions. Some of the weaknesses of mailing method are: lower rate of response, less flexibility and not being very quick in obtaining data (Kothari, 2004).

Those above-mentioned books provided the basic information about research methodology and used as a guide for writing this thesis.

The interview questions are as follows:

1. What are the most important recent changes in newspaper industry, according to your view?
2. What kind of new and successful strategies do you see emerging in the industry? In Nordic countries and the world?
3. How do you think the newspaper industry will look like in 2030? In Nordic countries and the world?

1.6 The interviewees and their organizations

In order to achieve reliable information related to the topic of this thesis, six professionals in the field of newspaper industry answered the interview questions. As it was mentioned before, two of the interviewees were from Sweden, two from Norway, one from Finland and one from Denmark. In the following, a brief introduction of each interviewee, their

organizations and their job positions, are explained in order to prove the reliability of the information they offered. It is important to mention that all the interviewees have allowed to put their names and viewpoints in this thesis.

The interviewee from Finland was, Jukka Holmberg. He is the executive director, editor-in-chief at *Suomen Lehdistö*, which is a Finnish newspaper association. It is a trade association for newspaper and city newspaper publishers and a member of the Federation of the Finnish Media Industry. The role of this federation is to protect the common interests of the media industry. Jukka Holmberg is the chef editor and executive director of the Finnish newspaper association and an experienced person in the field of the newspaper industry.

The interviewee from Denmark was Allan Sorensen. He was board member at *IAB Europe*, head of analytics at *Danske Medier*, online manager at *Folketidende*, and CEO at *Pro2 Webbureau* in the past and now he is head of digital in *Danish Media*, *IAB Denmark*. *Danish Media* or *Danske Medier* is the association of media in Denmark and Allan Sorensen is head of digital at this association and he is experienced in the field of news industry, particularly, in the field of online news.

Another interviewee was Paul Rapacioli, Managing Director at *The Local* in Sweden. *The Local* is the largest English-language news network in Europe with more than four million readers every month. *The Local* has local editions in Sweden, Germany, France, Spain, Switzerland, Norway, Denmark, Austria and Italy. Paul Rapacioli is the managing director and one of *The Local*'s founders and he was formerly a director of reed.co.uk. As Paul is now managing director of a digital news publisher, *The Local*, and one of its founders, he is experienced in the field of news industry. Therefore, the interview questions was sent to him in order to use his knowledge.

Another interviewee from Sweden was Tobias Hedström. He is chief analyst at *TU newspaper* in Sweden. *TU* is Swedish Media Publisher's Association. Tobias held the position as chief analyst at *TU* newspaper in Sweden. Before that he was head of research at the *Institute for Advertising and Media Statistics* for ten years and has a background in media and advertising agencies. Due to the longtime of working in the media industry in the past, and being a chief analyst in a newspaper firm in present, he asked to answer the interview questions to share his knowledge with anyone who might read this thesis.

One of the Norwegian interviewees was Johannes Bøyum, region leader of the *NIE*. *NIE* stands for news in education, means helping newspeople, parents and teachers work

together to engage young generation to read news. *NIE* tries to make children and young people be active digital or printed news readers and provide teachers with teaching materials and lectures in methodology and media related topics. Johannes is the region leader of *NIE* in Hordaland and his experience in managing the important task of engaging young generation to be active news readers in the future, was quite connected to the topic of this thesis and made it necessary to use his knowledge in writing it.

Another interviewee from Norway was Geir Engen, digital director at the *Norwegian Media Business' Association*. He is also the manager of *NettForum*, an organization for digital content suppliers, and head of *Mediebedriftenes Klareringstjeneste*, also a part of *MBL*, with responsibility for copyright protection. He is lecturer in Media Management and Innovation at Gjøvik University College. Due to all the experience and knowledge he has in the field of news industry, the interview questions was sent to him and his viewpoints was used in writing this thesis.

All the interviewees provide this thesis with unique ideas regarding the newspaper industry in the Nordic countries and in the world.

2 THEORETICAL FRAMEWORK

In this part eight scientific paper or book are introduced as theoretical framework. The most important and basic one used as theoretical framework is the book titled *new media world: Media welfare state: Nordic media in the digital era* written by Syvertsen, Trine, Mjøs, Ole J. In this book, the authors have explained many important features of The Nordic newspaper industry. For example, they have described that people living in the Nordic countries have long been interested newspaper readers and have been recognized by their high interest in reading news. Another important feature of this book was the shift highlighted from print news readership to online news readership.

As a whole, this book provided useful and supportive information about the newspapers in the Nordic countries and that is why it is chosen as the most important part of theoretical framework. This book was quite informative with the focus on the Nordic territories.

Seven other literatures used as a part of theoretical framework are not as important as the book *new media world*, but they are quite informative and instructive. In the following those articles are described:

One of those articles is a report, *The Nordic media market. Denmark, Finland, Iceland, Norway, Sweden* by Jonas Ohlsson. In this report the author has explained the reduction of print ad revenue and circulation revenue in the Nordic countries. This article is selected because of its clear explanation about the newspaper industry features of the Nordic countries and the provided statistics and informative tables being closely related to the thesis topic. This article was very helpful with a special attention it had on the Nordic countries.

Another article that is used as part of theoretical framework is authorized by Shrihari Sridhar, S.Sriram titled: *is online news advertising cannibalizing print advertising?*. This article was about newspaper advertising and the effects of online advertising on newspaper advertising revenue. This article is chosen as a part of my theoretical framework due to the importance of advertising revenue for newspaper firms and the effects online advertisings have had on printed news ad revenue during past years. Since the thesis topic is about newspaper revenue and ad revenue has been one of the traditional ways of earning revenue in newspaper firms, and it is still one of the important ways of

earning money for newspaper firms, print and online news advertising is discussed in several parts of thesis and it is brought into theoretical framework as well.

The third important article used in theoretical framework is the article written by Wasko Rothmann & Jochen Koch and the title of the article is *Creativity in strategic lock-ins: The newspaper industry and the digital revolution*. Since online news is one of the most important threats for newspapers, and this article is about online news and its differences in cost and revenue structures with printed news, this article is considered as a part of theoretical framework.

The last for articles used in theoretical framework are not as important as the above-mentioned book and articles but are still informative and helpful. One of the articles is *print versus digital in Norwegian newspapers* by Slaatta. In this article, the author, mentioned three factors of good management, innovation and subsidy system as the factors of good newspaper position in Norway. Those three factors, mentioned with the author, seemed quite interesting and new and that was the motive to use it as a part of theoretical framework. Bringing a rather successful model as an example along with its success factors, can be helpful especially as this model was in the Nordic region.

Paper or screen- differences in customer preferences and willingness to pay between traditional and digital content services by Berger, Matt, Steininger and Hess is another article used for the theoretical framework. This article was mostly about online news difficulties on earning money from readers and it might be induced that it does not have relevance to this thesis topic since this thesis focuses on printed news revenue not online news but two reasons are the motives of choosing this article as a part of theoretical framework. Firstly, online and printed news are tied and mixed together and they cannot be considered separately. Secondly, it cannot be improbable to diminish the pressure on newspaper firms by finding a solution to low consumers' willingness to pay for online news.

Another informative article is, *stability or rigidity: management, boards of directors, and the newspaper industry's financial collapse*, by John Soloski. In this article, unsuccessful management of newspaper companies, is considered as one of the reasons of the newspaper industry's financial collapse and then the author mentioned one way to cope with this situation. The reason for choosing this article as a part of theoretical framework was the new idea suggested by the author in his article. Several reasons have been counted

as the causes of the newspaper industry's failure, but defining the managements' default as one of its reasons was a new idea.

And finally, the last informative article that is brought into the theoretical framework was *News consumption in a changing media ecology: An MESM-study on mobile news*, by Samson Struckmann, and Veronika Karnowski. The authors studied changes in news consumption behavior of consumers by the rise of the Internet and explained how news consumption of users has changed after the invention of the Internet. The reason behind bringing this article into theoretical framework was the relevance of this article to the topic of this thesis since it has mentioned changes in news consumption habits of newspaper readers after the evolution of the Internet and online news as well as explaining the reasons for pursuing online news instead of printed ones.

All those afore-mentioned book and articles along with other literature have made the theoretical framework of this thesis by explaining changes happened in media consumption with the rise of the Internet, and problems online media caused for newspaper firms along with suggestions to overcome those problems. In the following all the above-mentioned articles introduced as the theoretical framework are explained in detail.

2.1 New media world, Media welfare state: Nordic media in the digital era

The key role of newspapers is providing news for their readers and one of the important substitutes of printed version of news, is the Internet news (Graham & Greenhill, 2013). Many convergences in media and devices is driving by the internet. Newspapers are progressively being produced and distributed in multi-media formats such as online, mobile and printed format (Graham et al. 2009). In all the Nordic countries, the Internet penetration is so high (Kammer et al. 2015, p. 3). Internet usage in the Nordic countries is so popular and 9 out of 10 people living in these countries use the Internet. Nordic countries were among the highest internet users in Europe by the year 2011. Spreading of mobile phones is one key indicator of consuming the Internet in these countries. Almost all people in the Nordic countries have a mobile phone and they have access to the advanced internet everywhere they are (Syvertsen et. al., 2014, p. 29). This high access

to the Internet in the Nordic countries has influenced the print news readership of people living in these countries.

Berger *et al.* have explained that when people have access to mobile devices to browse news, they are more likely prefer to read online news instead of printed news (Berger et al. 2015). Media user patterns in the Nordic countries is becoming more differentiated. Nordic population are now eager in online news consumption. They have deep commitment in reading newspapers but in the same way they chase online news as well (Syvertsen et. al., 2014).

The proportion of people who read online news in the Nordic countries in 2010 was as follows: 88% in Iceland, 78% in Norway, 74% in Finland, 63% in Denmark and 54 % in Sweden. The percentages showed that, the position of printed news in Sweden is better than other Nordic countries and online news is more popular in Iceland. As a whole, the progress of online news in the Nordic countries was quite outstanding in comparison with that of in the other countries and its market share has increased steadily compared to newspapers over the last few years (Syvertsen et. al., 2014, p. 33 and 61). Therefore, we can say that one of the specific features of the Nordic countries is their high Internet usage and online news readership.

Another specific feature of the Nordic countries is that they have been keen newspaper readers and reading daily newspapers in these countries is a tradition. It shows that how people in Nordic countries are interested in being up-to-date. Finland, scored as the first European country reading newspapers with readership figures high above the European average in 2011. Besides, 5 Nordic countries are among the top eight on Nordicom's 2010 list of daily newspapers. Education, income and sex does not have too much effect on newspaper readership in the Nordic region (Syvertsen et. al., 2014, p. 27). The number of newspaper copies published and distributed to readers in the Nordic countries is the highest in the world. For example, Norway is a country that almost all its citizens read newspapers and being a nonreader can be considered as stigma (Syvertsen et. al., 2014, p. 56).

According to Syvertsen *et al.*, it seems that it is not true to talk about the newspaper crisis as a worldwide phenomenon, since it has not occurred all over the world and with the same pace. Therefore, the concept of crisis might not fit everywhere (Syvertsen et. al., 2014, p. 65). By considering the situation of the newspaper industry in the Nordic countries, what Syvertsen *et. al* have claimed about the worldwide crisis seems to be right.

For example, scoring as the first European country reading newspapers by the year 2011 for Finland, it proves that the newspaper crisis does not occur in all countries with the same pace. Although the shift from print to digital has influenced the Nordic newspaper industry, the crisis had been slower in this region. However, Elaine Yuan was believed that, finally the traditional media would be replaced with online media as digital news media is becoming more popular (Yuan, 2011).

2.2 The Nordic media market. Denmark, Finland, Iceland, Norway, Sweden

At the early of 21st century, the printed news was still the number one medium for pursuing news in the Nordic countries. And now some of the Nordic newspaper firms still have healthy profits, but the position of the Nordic newspaper has been weakened since 2000. There are various debates which claim that the Nordic countries no longer are recognized by their strong newspaper industry. Print readership in this region is somehow being replaced by online readership, but the online news revenue cannot compensate the decreases happening in printed news revenue (Ohlsson, 2015). There is a shift from printed news which can be seen as a product to online news that can be seen as a service. This shift have been now accepted by many newspaper firms and they have moved to the Internet news provision (Graham and Greenhill, 2013). As mentioned before, while people living in the Nordic region read newspapers, they are also interested in reading online news and the percentage of online news readership in the Nordic countries have shown an outstanding progress.

Recently, the total revenue of newspaper firms in this region is falling, profit levels have been highly dependent on cutting costs and number of journalists is decreasing. Therefore, it does not matter if we concentrate on circulation, readership, profit, advertising sales or number of reporters, because the newspaper industry in the Nordic countries is in the state of decline. Besides, changes in the structure of advertising market, lead to reduction of newspaper firms' ad revenue. The ad revenue of the Nordic newspaper companies have dropped dramatically and among the Nordic countries Denmark has the worst situation in this regard. However, print advertising is still very important in this region, the press is not the number one medium for advertisers anymore.

Among Nordic countries, the position of newspapers among audiences and advertisers in Finland seems to be much stronger compared to others specially Denmark (Ohlsson, 2015, p. 43-45). Annet Aris explained that, another difference between printed news and online news is in the advertising scope. It is predicted that digital advertising will be able to make opportunities to gain higher marketing return on investment in comparison with traditional media advertising. The revenue of many traditional media companies have been lowered due to this assumption. However, some researches showed a different result. Some people believe that printed news advertising is much interesting than the online one (Aris, 2011, p. 272-273).

As a whole, the reduction of circulation, readership, profit and advertising sales all contribute to the reduction of newspapers total revenue. In this article, the author has explained newspaper industry of the Nordic countries in terms of the number of Newspapers, number of circulation, sales volume and ad revenue. He provided all those information with real values, charts and tables. The statistics he put in his report have provided the background information of this thesis and was quite helpful and is the reason for considering this report as a part of theoretical framework.

2.3 Is online newspaper advertising cannibalizing print advertising?

Advertising is the primary source of revenue for newspaper companies and circulation has the second importance degree of earning revenue, since advertisers follow audiences through circulation (Chyi et al. 2012). According to Jonas Ohlsson's opinion mentioned in the article titled *the Nordic media market*, in the past, newspaper companies were able to obtain most of their revenues from advertisements but nowadays the business model of newspaper companies in the Nordic region is under pressure due to the changes occurred in the structure of advertising market, and as a result, during past years, the Nordic print ad revenue has declined dramatically (Ohlsson, 2015). The printed news ad revenue witnessed a significant reduction and this loss cannot be compensated by the increase happening in the online ad revenue (Rothmann & Koch, 2013, p. 79). In the following, the main reason of the newspaper's ad revenue loss is explained:

The recent drop in advertising revenues of newspapers is due to the switch of ads from newspapers to the internet because the core business for newspapers is news and the substitute for the printed version of news is the Internet and online news (Graham & Greenhill, 2013, p. 7). Besides, when people read online news instead of newspapers, the ad revenue of newspapers will also go to the online news pocket.

Newspapers have long been introduced as a medium by which advertisers could have access to their customers, and as a result, newspaper companies could earn a large amount of profit. But digital media took the control of advertising market by offering newer, more effective and targeted strategies to promote products and services (Dekavalla, 2014, p. 109). These days, advertisers have accepted the Internet and the sellers of online advertising like: Google, Yahoo!, Facebook, and Microsoft. Moreover, due to the importance of the online advertising for sellers, the amount of printed news ad revenue has declined (Tennant, 2014, p. 3).

2.4 Creativity in strategic lock-ins: The newspaper industry and the digital revolution

During the 1990s, when the Internet raised as a mass medium, it provided newspaper firms with a quite new way to reach readers. Producing and distributing of news through the Internet is different from distributing news on papers in many ways such as cost structure. When producing news by the Internet, some of the factors that raise costs in printed news process become irrelevant here. For example, the cost of buying paper, technical production and cost for distribution of the newspapers (Rothmann & Koch, 2013, p. 78).

One feature of online news is their low production cost. Online users of newspapers have the possibility to use free content. The marginal cost of producing online content is almost nothing and that is why these days the increasing number of media companies are offering free online content to users and one of the most alarming progresses in the digital media scape is producing free content (Aris, 2011, p. 268).

The growth and expansion of commercial and digital competition influenced on different media systems in many ways. Those countries defined by a strong newspaper industry, during past few years, have had rapidly increasing problems related to the decline in

circulation, readership and advertising investment. Transition from analogue business model into digital business model is so difficult. This can lead to a cruel cycle, which means that readers do not read newspapers anymore since the content is no longer considered reasonably priced (Wadbring & Bergström, 2015, p. 3).

2.5 Print versus digital in Norwegian newspapers

The recent reading habits statistics in Norway believe that the reduction of print might be slowing. Newspaper reading by digital appliances like mobile devices is exploding at the same time and many newspapers are measured as gaining a larger number of readers than they ever have had (Slaatta, 2015, p. 131).

In Norway, newspaper has a generally strong sustainability and the decline in newspaper readership is not just made by readers interested in news offered in online and mobile platforms. It means that, it is not readers who make the problem, but the problem comes from the control newspaper companies need to apply over the advertising revenues and the pricing and payment solutions for digital content (Slaatta, 2015, p. 132). In another word, newspaper firms do not control the money they got from online advertising and they do not have pricing and payment strategy for online content. If online newspapers can find a successful strategy to earn money from online content instead of offering it for free, the newspaper readership decline will get slow. Marina Decavalla was believed that, there is a problem of how to earn money from online content and how to monetize online news (Dekavalla, 2014, p. 110). One way to monetize digital content is applying paywalls on the online news, which has been examined in recent years to clarify its effects on newspaper revenue (Arrese, 2015).

As it was mentioned before, Norway has high and stable number of newspapers and it is discussed that the most important reason for this stability is the Norwegian subsidy system. In an Indirect way, it seems that, Norwegian subsidy system support the development of a competitive market for the development of digital strategies as well (Slaatta, 2015, p. 124).

The Norway subsidy system is of course helpful for the stability of newspaper industry as it has some important positive effects on the newspapers in Norway like, the relative consistency in the numbers of titles and the little effect of the reduction in produced and

sold newspapers. However, the good situation of newspaper industry in Norway can be also explained by good management and innovative uses of new media as the most important reasons for stability in the number of titles and high newspaper readership (Slaatta, 2015, p. 128-131).

The reason for choosing the newspaper industry in Norway as an example in this part was the good position of the Norway's newspaper in the Nordic countries and all over the world. The newspaper industry in Norway has some good features like its high innovation rate, good management and its subsidy system that was worth mentioning. If other countries in the Nordic region can operate the positive points of the Norwegian newspaper industry, it might help their newspaper industry and lower the pressure they are suffering from. It requires more researches and experimentations to find out whether it is possible to use the Norwegian newspaper industry's positive points in the newspaper industry of other Nordic countries or not. It also needs to do researches to find the feasible plans for applying the features of the newspaper industry in Norway into other Nordic countries.

2.6 Paper or Screen – Differences in customer preferences and willingness to pay between Traditional and Digital Content Services

According to Berger *et al.* for news audiences, reading printed news is much more fun than reading it on electronic devices. However, the ownership of mobile devices influences on this preference and decreases interests in reading printed news (Berger *et al.* 2015, p. 2 and 8). It means that, when people have access to free online news on their mobile phones, it is more likely that they read news online instead of going to a newsstand to buy a newspaper.

Over the past years, the Internet has made a war against newspapers by raising interest in online news to consumers. Newspapers are struggling with the challenges the Internet and digitalization has made for them (Fortunati *et al.* 2015).

Media companies are forced by digitalization to deliver their content in digital formats like apps. One of the researches conducted to measure the preference of customers to pay for traditional and digital content showed that customers still like printed news more than the digital ones. One of the important issues that Berger *et al.* have investigated was the

willingness to pay (WTP). Academic literatures demonstrates that reading online news is an important operation for those who use the Internet but still the users' WTP is low for online news (Berger et al. 2015, p. 1-2).

One of the most important doubts for the future of online news is the user's WTP. Unfortunately the WTP for online news is restricted. For example, younger audiences are mostly keen to pay for online news (Kammer et al. 2015, p. 4). Besides, one way to earn revenue from online news are paywalls, but it is still in the step or phase of experimentation, in a trial and error process and there is still a long way to get the full adoption of paywalls (Arrese, 2015).

One research showed that, when it comes to WTP for digital news, the importance of price is three times higher than format. Another research revealed that, price of online news is a little more important than format for news customers (Berger et al. 2015, p. 1-5). It seems that, price and format of online content are the most important factors in consumer's perspective while reading online news.

WTP is considered as the most important cause of failing newspapers in selling online subscriptions. But, the reason for customer's low WTP for digital news subscriptions has not been identified properly in academic literature till now. It is just accepted that acceptance of digital newspaper and WTP between different formats is influenced by device ownership (Berger et al. 2015).

According to Dekavalla, one of the most important reasons for low WTP of online news consumers is the accessibility to free online news in other websites. It is claimed that, the paywall strategy would be improbable to thrive except for the time it is accepted by all players in the market. It requires more market research to find in what situation a reader might accept to pay for online news (Dekavalla, 2014, p. 110).

Why people should be interested in paying for news that can be read for free? Consumers' habit to read online news without paying any money is difficult to be changed and need a lot of time to take place. This article is brought into the theoretical framework part, since online news and printed news cannot be considered separately and online news is a part of the newspaper industry and an important part of newspaper firms. Newspaper companies can get better position in the market by earning more revenue from online content and this thesis is focused on generating more revenue for newspaper firms.

In my opinion, newspapers are also struggling with the problem of low WTP and the shift which has happened from newspapers to free online news, support this claim, but maybe

the situation for printed news is somehow better in comparison with online news. It means that, if people have to pay for news, they might be more likely to buy a printed news instead of an online news if they can get their papers at home. Therefore, due to the close relation of this subject with the topic of thesis and according to all valuable information this article provides, it is decided to be used as a part of theoretical framework.

2.7 Stability or rigidity, management, boards of directors, and the newspaper industry's financial collapse

As previously mentioned, printed news has been affected highly by the Internet and particularly by the online news. The management of newspaper companies have failed to overcome the economic challenges of the Internet and consequently their investors have lost billions of dollars. Therefore, the leadership and management strategies in these companies should be changed. This might be one way to upgrade their unfortunate situation and pass the crisis (Soloski, 2015, p. 5).

If we believe Internet is largely to blame for newspapers' financial problems, then one question will raise: Why management of newspaper companies did not predict the impact of the Internet on their companies. There were clear warnings of the possible impacts of the Internet on the newspaper industry at least 5 years before the crisis actually happened. One more interesting question that arise here is: why newspaper industry did not take advantage of the chances Internet offer to develop plans to be leaders in Internet advertising? Management, board of directors and the chair of the board are all blame for failing to deal with the Internet properly and paying a very high price for this failure (Soloski, 2015, p. 3).

In this situation newspaper firms need to change their top managers to hire expertise to plan a new strategic direction for newspaper companies. Survival of newspaper companies in such situations might be possible with radical and quick changes in leadership (Soloski, 2015, p.14, p.20).

Slaatta in the article, *print versus digital in Norwegian newspapers*, explained that, one of the reasons of good newspaper situation in Norway is good management (Slaatta, 2015). It is noticeable that, good management of newspaper companies in Norway can be considered as an exception.

In this article, the author, explains unsuccessful management of newspaper companies as a reason of the newspaper failure to defeat economic problems and determines changes in managers and directors of newspaper firms as a solution to this problem. These are different solutions suggested by John Soloski to open a new and unique discussion in the field of the newspaper industry collapse.

2.8 News consumption in a changing media ecology

Samson Struckmann and Veronika Karnowski explained how traditional devices limit news consumptions, whereas mobile devices increase news usage to a broad range of new situations, and completely penetrate into the everyday lives of users. Increase in usage of mobile devices leads to a reduction in the usage of traditional devices which mostly applies in special physical and social situations.

Media consumption behavior of consumers and more specifically, news consumption, has been investigated for decades. Nowadays, we are witnessing major changes in media consumption by the rise of mobile or online media, smartphones and tablets. Traditional media consumption of users has been influenced by their online media usage. Moreover, among traditional media, printed news is the one highly affected by digital media (Struckmann & Karnowski, 2014).

This idea is in accordance with Elaine as she explained, online and mobile news are going to be more interesting for users as a result the newspaper revenue is declining. It is probable that finally traditional media get replaced with new media (Elaine, 2011). Most processes in media companies need restructuring to be digitalized to stop physical production process in order to be successful. This means replacing paper with mobile devices (Aris, 2011).

One of the previous researches revealed that, the probability of using one media depends on different factors such as having access to other media, time and place. That research showed the probability of reading newspaper to get news decreases if radio, PC, notebook or mobile devices are available. In time dimensions, people mostly read newspapers in the early morning, but after 6 pm their usage decline as newspapers are not up-to-date anymore (Struckmann & Karnowski, 2014, p. 310-312).

On the other hand, the users' news consumption via PC or notebook is hardly influenced by the availability of other devices and it can be defined as an advantage or strong point of news consumption via PC or notebook in a situation where several devices are available. In another word, if users have an access to PC or mobile devices to pursue news, it is more likely to do so. Time and place do not have high influence on the usage of PC and mobile devices. They mostly be used at home or at work related places at any time of the day. The growing use of mobile devices is one reason for the decrease of traditional devices usage and as it was mentioned before, it seems that print newspaper is mostly threatened by mobile and online devices (Struckmann & Karnowski, 2014, p. 309).

This article demonstrates how access to digital devices affect newspaper consumption. Therefore, it is necessary to consider online devices and online news as one of the threats to the print news readership.

3 ANALYSIS

According to the interviews, seven main themes are created as the most important changes happening and the new strategies chosen in the newspaper industry. These main themes that are defined by interviewees include: 1) shift in ad market, 2) digitalization, 3) content marketing, 4) native advertising, 5) international and digital, new brands, 6) concentrating on local content, and 7) other issues in the newspaper industry. Three sub-categories with less importance, was created as well.

In the following, all the main themes mentioned by the interviewees are explained in detail. It is noticeable that, all the interviewees have permitted to put their names and their own perspectives in this thesis.

3.1 Shift in ad market

One momentous recent change of the newspaper industry is shift in ad market, which is mentioned by two interviewees.

Johannes Bøyum, region leader of the NIE in Norway, explained that newspapers' business model has collapsed. As a result of reader's escape from print to the net, advertisers pay less money for ads both in print edition and net edition. Ads through social media seems to be effective for advertisers, and big international companies like Google and Facebook have taken a huge part of the market in the last few years. The model has been in the way that ads pay journalism.

This Norwegian interviewee mentioned the reader's escape from newspapers to online news, as a result of changes in the business model of the newspapers. This opinion is in accordance with the literature provided in this thesis. Besides, as he explained, online ads are more interesting for advertisers compared to ads in newspapers and their expenses are covered by doing advertising.

Another interviewee from Norway, Geir Engen, Assistant Director at the Norwegian Media Business' Association, also considered shift in the ad market as one of the most important recent changes of the newspaper industry. He mentioned, global players such as Google and Facebook are earning a huge part of ad revenue.

The other important change is the shift in the ad market. Global players such as Google and Facebook have taken a central position. The digital ad spend has shifted towards these players, making it more challenging for the media houses to expand in the digital ad market. (Excerpt from interview, Geir Engen)

This Norwegian interviewee also provide the same information about the importance of the online advertising sellers like Facebook and Google and the position they have earned among advertisers these days. These two interviewees from Norway explained shift in ad market as an important factor of change in the newspaper industry and provided almost the same information in this regard. It might be indicative that shift of advertisers from print to online be one of the main challenges of the newspaper industry in Norway.

It is quite clear, the transition from print to digital has influenced on newspaper firms and the most powerful players in this regard are Google and Facebook, resulting in the newspapers' ad revenue reduction. As described earlier, the newspapers' business models have changed and the Nordic print ad revenue has declined due to the shift of ads from newspapers to online news. This shift of ads from print to digital news is due to the change in the advertisers' interest in online advertising, resulting in reduced number of printed news ad revenue. Some authors whose articles were used in theoretical framework mentioned the shift in ad market as an important change in the newspaper industry, e.g., Ohlsson, Rothmann, Graham & Greenhill and Tennant. According to the interviewees' answers and literature used in writing this thesis, shift in ad market is one of the main concepts in the newspaper industry.

3.2 Digitalization

Digitalization is highlighted as one of the main changes recently seemed in the Newspaper industry. Four out of six interviewees considered digitalization as a key factor affecting the newspaper industry. The interviewees' ideas regarding digitalization is explained below:

Jukka Holmberg, Executive Director and Editor-in-chief of *Suomen Lehdistö*, a Finnish newspaper, explained digitalization as the most important change resulting in a sensible decline in newspapers' incomes owing to the less interest of purchasing printed news by

readers as well as drop in advertisement revenue. The interviewee was believed that the reduction of ad revenue and circulation is a direct consequence of digitalization.

Paul Rapacioli, Managing Director at *The local*, a Swedish newspaper, expressed that there are changes in the way people consume news, including the shift to mobile as well as changes in the way news is found and consumed through social media. This interviewee considered the transition from print to digital as a significant difference in the way users consume media.

Another interviewee, Allan Sorensen, Head of Digital in *Danish Media*, IAB Denmark, explained:

The decreasing number of readers and subscribers due to a digital transition, is one of the most important recent changes in the newspaper industry. He mentioned fewer number of readers and less interested consumers are the result of transition from print to digital. His idea was parallel to that of the two other interviewees from Finland and Sweden. (Excerpt from interview, Allan Sorensen)

And finally, Tobias Hedström, Chief Analyst in *TU / Newspaper*, in Sweden, provided the same information about the shift of newspaper industry from analog to digital.

The most important change is not at a singular time but rather the ongoing trend of readers shifting from printed news to online or none at all. (Excerpt from interview, Tobias Hedström)

Tobias explained that readers leave newspapers to read online news or even do not read any news. His expression about no online or printed news readership, was not mentioned by other interviewees. Some questions will raise here: if some of the previous news readers are not interested anymore in news, then how do they pursue news? And why they are not interested in printed news nor online news, anymore?

Managers of media companies have faced the challenge of changing their current production process and archives from physical ones to fully digitalized ones. Most processes in media companies need restructuring to be digitalized to stop physical production process in order to be successful. Media companies need to hire some expertise from other industries to do the transition process. This process can be very expensive and difficult, but so crucial for media companies if they are striving to earn more profit.

On the other hand, digitalization has not been successful to make large amount of profit for newspaper industry like the way it has been worked for some other industries such as

film, book and music industry. Digitalization has led to promote creativity and producing completely new and unique products or business models in many industries but in newspaper firms it has not been prosperous and newspaper firms did not effectively face with digitalization due to the difficulties originated from the traditional business-models of the newspaper firm.

According to the interviewee answers, digitalization is included three sub-categories: distinction between free and paid news, selling combo subscriptions, and holding onto the print subscriptions.

3.2.1 Distinction between free and paid news

Geir Engen, one of the Norwegian interviewees, expressed the development of digital business models as the most important changes observed during the last couple of years.

For the last couple of years I think that the most important changes have been the development of digital business models. From a situation where there was a distinction between paper and digital, the distinction is now drawn between free and paid for content. (Excerpt from interview, Geir Engen)

People who has had long experience in this field were believed offering news for free is a bad business model apart from being online free news or printed free news. However, this business model has been applied for many decades. This transformation from paid to free, influenced on ad revenue of newspapers and that is why this topic is important for newspaper firms. While newspapers do not have a good situation, researches showed that free newspapers have good conditions. It seems free newspapers are interesting for advertisers and they can economically survive with the money earned from ads, resulting in the worse economic condition for paid newspapers.

It has always been an important task for newspapers to engage readers paying for news content and generating revenues for the press, considered as a basic part of newspapers' business model. It is a great challenge for newspaper firms to realize that in what situation a reader might be satisfied to pay for online news. Although, with the raise in Internet usage, the business logic of many newspapers has changed. Since readers have received their news for free on the Internet, newspaper firms are looking forward to earn revenue through advertising. Almost all newspapers have had the new business logic of offering

free online news to audiences for more than a decade; however, this attitude has been changing especially after the world economic crisis in 2008.

What this interviewee explained about changes in newspaper business model, emergence of free news and its important role in declining newspapers' revenue are all in accordance with the previous information provided by the literature used in writing this thesis.

3.2.2 Selling combo subscriptions

The Finnish interviewee was believed that selling both online and printed news at the same time would be a good strategy for newspaper firms.

The key thing is to get more digital incomes, both from consumers and from ad market. In Finland many newspapers have managed to sell well so called combo subscriptions which include both print and digital. So it is not one or the other, it can be both. (Excerpt from interview, Jukka Holmberg)

As it was explained before, earning revenue from digital content is probable by selling both ads and subscriptions, but it is a difficult task to engage readers to pay for online news and this is a hurdle to sell subscriptions.

Another interviewee from Norway had the same idea with the Finnish interviewee about selling both online and printed news to the consumers at the same time and he mentioned, the introduction of a digital first strategy have been important. Digital first strategy does not mean web only and does not mean killing the print, but it means just reducing print publication schedule. It means that newspaper firms will continue to sell printed news but in a smaller scale compared with digital news, which will be the first and the most important news resource.

Here the interviewees explained that, many newspapers have found their success in offering online content alongside with printed news and even some of them pay more attention to online news. This idea is the same with the idea of Graham & Greenhill in their article. They explained, some newspapers are positioned properly to go online and many of them have accepted and welcome the internet (Graham & Greenhill, 2013, p. 4). In the other articles provided in the theoretical framework, some other authors also protect the idea of offering online news to the readers and turning into digital can be a good strategy for newspaper companies.

3.2.3 Selling print subscriptions

While one Finnish and one Norwegian interviewee explained that, selling combo subscriptions would be a successful strategy for newspaper companies, Tobias Hedström, Chief Analyst in TU / Newspaper in Sweden, was believed that, holding onto printed news would be the best strategy since shifting from print to online will be expensive and offering both online and printed news will make more costs and less revenue for the newspaper firms; however, many newspaper firms have both now.

He added, those that are leaving print are not doing all that well right now and the best practice for the economy has been the ones that are still holding on to the printed circulation. He said, basically, news companies will only earn half of the advertising income from an online reader compared to a print reader (He crunched the numbers for the Swedish market so it's no rule of thumb).

Furthermore, online news will get virtually no income from e-paper, digital subscription, etc. This will of course change over time but for now, most readers that leaves the printed news substitutes it with free online sites (maybe the same newspaper but since most of the paywalls are fairly generous a lot of the readers will not pay for them) . The bulk of the online paying readers are people that have a printed subscription but gets an online one included in the price.

Previously, half of the newspapers income were come from the advertiser and half from the readers (In Sweden that is and on a global view, many of the markets have a bias towards one or the other). So, shifting from a printed news to a digital one will only generate a quarter of the revenue.

Meanwhile, the cost of distribution are certainly lower for a digital edition but you will still have to invest in hardware and a lot of technician/developers in order to have a good online product. And the journalist still cost the same. This Swedish interviewee said that, he does not have any figures for this but he believes if a quarter or a third of newspaper's cost can be saved, it still means they lose money shifting to an online circulation. And right now, most newspaper have both, i.e. a higher cost than before and a lower revenue than before. The newspapers that have experienced the least change or shift towards digital circulation can typically, even if they lose readers and therefore revenues, manage

best. However, this will of course not work in the long run and hence everybody search for a good digital strategy.

This interviewee discussed about a different strategy by explaining the disadvantages of selling online content alongside with printed subscriptions. He was believed, newspaper firms should stick to printed subscriptions and he counted some reasons to protect his ideas. He was believed that, not only digital news are not more important than printed news, but also newspaper firms should stop offering them.

While this interviewee was believed offering online news will make more costs for newspaper firms, it was previously mentioned that, production and distribution of printed news is quite different compared to the online news. The cost of making an online content is almost nothing and that is the reason many newspaper firms have shifted from printed version to the online news. For instance, the technical production and distribution cost of an online content is zero.

On the other hand, the idea of sticking to the newspapers is provided by one of the literatures used in the theoretical framework of this thesis. This article explains that it is not a good choice to raise online news instead of printed news. There is a fact that printed news are much older than online news and that is why readers have had more time to get used to the design of printed news (Fortunati et al. 2015). This author support the interviewee's answer in his article. It seems that focusing on printed news or offering both print and online at the same time is a challenging issue since two of the other interviewees who were from Norway and Finland was believed that offering both printed and online version of news together would be a good strategy for newspaper firms.

3.3 Content marketing

Two of the interviewees introduced content marketing as one of the new strategies emerging in the newspaper industry. One of them was the interviewee from Finland and the other one was Johannes Bøyum, region leader of the *NiE*, Norway. Jukka Holmberg from Finland, was believed that, Content marketing can be a good model for the future of the newspaper industry and it means stories and pictures which look like editorial articles but are paid by advertisers. It is important that readers always know if they are reading

journalism or a paid article. If this is not clear, there must be a label "ad" or "advertisement" to mark it.

The Norwegian interviewee explained, content marketing is a kind of marketing which its focus is on creating and distributing valuable, relevant, and consistent content to special target customer to attract them and as a result, to earn profit. Then he added that, some believe "content marketing" can generate new income and be one answer to the crisis. But he believed, this is a minefield because mixing journalism and ads can confuse and irritate the readers, and the editorial stuff can lose credibility.

In order to clarify the meaning of content marketing, an additional information is provided in the follow: A content marketing text is often written like a journalistic news article, and that is the ethical problem. When users read a journalistic article, they expect that this is product of freely motivated journalistic work, but in content marketing, they copy the journalistic genre. It looks like journalism, but is in fact advertising. Therefore, it is regarded very important that the newspapers makes it clear to their audiences what is journalism and what is advertising. If the readers are confused about the motivation behind a text, the newspaper will lose credibility and the readers will leave.

All in all, both interviewees mentioned content marketing as a new strategy emerging in the newspaper industry which might help newspaper firms with the crisis they are faced with. One important feature of content marketing was publishing contents that looks like editorial content but they are advertisements and newspaper companies take money to publish them. Here three important questions will raise: 1. as content marketing's goal is not to promote products, why businesses should be interested to pay for a story which is not with the goal of promoting their products and might not engage readers to buy their goods? 2. why advertisers should be interested to pay for publishing this content marketing ads in newspapers, while newspapers are not as attractive to readers as they were in the past and their readership are experiencing continuous decline? 3. How to make readers assure that the content provided by advertisers are true and reliable? In another word, how to make both readers and advertisers satisfied? Because content marketing might be able to make an opportunity to bring money for both businesses and newspaper firms if it does not go wrong, but operating it in a careless way can ruin the brand's value and position among potential customers and reduce the newspaper readers as well. These three questions illustrate basic characteristics that content marketing should work on to help newspaper firms being saved. As I mentioned before, this content is new in the

newspaper industry and no information about it was provided in literature used in theoretical framework.

3.4 Native advertising

Native advertising was a theme mentioned by two of the interviewees as an important evolution in the newspaper industry. Since native advertising concept is rather new in the newspaper industry, a brief introduction of it is provided here.

Native advertising is a type of advertising in which advertisers do not directly promote their products or services, but they provide readers with useful information which is related to their business. In fact, the goal of native advertising is offering useful and interesting information to a specific group of consumers. In another word, it is produced for a predetermined target customers and does not mean to disrupt the users' experience, but to offer them information that is helpful and similar to the other information on the site. Users are more engaged with native advertising in comparison with banner advertising, because native advertising is good for advertisers and since it offers truly useful information, it is good for readers as well.

One of the Swedish interviewees, Paul Rapacioli, expressed that:

I think the shift towards native advertising/sponsored content (as opposed to banners) is very important because it provides news brands with a revenue stream that is actually based on what they do best and is not just a race to the bottom of the value chain. (Excerpt from interview, Paul Rapacioli)

And the Finnish interviewee considered native advertising as a new successful strategy emerging in the newspaper industry. He said that, native advertising means, advertisers or sponsors pay for a story which doesn't promote their own products or services directly but they offer readers quality content which somehow connects to their business. Besides, it has to be transparent and clear to readers.

As it was mentioned before, the Swedish interviewee said that, native advertising is different from banners, the reason for this difference is in attention the readers pay to a native advertising. While in banners, visitors ignore anything they think is an ad or promotion, in a native advertising, users pay attention more to the content which contains native advertising. Native advertising is an online, social media marketing and has the

goal of promoting products. And it is considered as a revenue stream for news companies, which is a big deal for newspaper firms these days. Generating revenue by native advertising might lower the pressure on newspaper firms and solve their crisis. In the literature that was used as theoretical framework, there was no information about native advertising.

One of the important features of native advertising which makes it different from content marketing is that native advertising is an online marketing while content marketing can be online and print. Due to the digital nature of native advertising, it can help the digital part of newspaper companies and make revenue for that part but the problems that counted for content marketing are relevant here as well. For example, how newspaper companies will be assure the contents provided by advertisers are true and relevant? What are the advantages of publishing ads in online news for advertisers in comparison with other medium? How advertisers can be sure that readers will take time to read their ads completely when they notice it is not an editorial content?

3.5 Emergence of international and digital new brands

Paul Rapacioli, who is director manager at *The Local*, mentioned the emergence of new, digital, and international news brands as the most significant change in the newspaper industry.

I think the most significant change is the emergence of new, digital, international news brands. Most of these are American - *HuffPo*, *Business Insider*, *Politico*, *Buzzfeed* - but they have the potential to change the structure of the industry. Traditionally news has always been very national. But increasingly we live international lives and news must reflect that to be relevant. (Excerpt from interview, Paul Rapacioli)

Then this interviewee from Sweden added, an international strategy has great potential for the future of the newspaper industry. However, it needs to be built on efficiency, economies of scale and an understanding of the common characteristics of an international audience. Happily, news companies are realizing the value of investing in quality content now, which drives up the value of the native advertising that was

mentioned before. Then he added that he does not think the Nordic countries are leading the world in successful news strategies. Sweden has some very successful national papers but generally the news businesses there are too focused on their own country markets and do not have the ambition to look outside of those markets.

First of all a brief introduction of the above-mentioned digital, international news brands is provided here:

The *Huffington Post* is a politically liberal American online news aggregator and blog that has both localized and international editions. *Business Insider* is an American technology news website and an online newspaper based in New York City. *Politico* is an American political journalism organization based in Virginia that provides political news from all over the world which is distributed through television, the Internet, radio and newspaper. *Buzzfeed* is also an American Internet media company which provides users with news and entertainments. Its information is available in English, French, Spanish, German and Portuguese.

All those above-mentioned websites are American online news and their language is English and available to everyone in the global arena to read. These websites offer international news to readers and as the interviewee mentioned, their emergence is one of the most important recent changes in the newspaper industry since they have the potential to change the media industry's structure.

It can be deduced from the interviewee answers digital international news brand will be more important in the newspaper industry in the future and they will play more important role than they do right now. The number of international, digital news brand will increase and they will have readers from all around of the world. As Elaine Yuan also mentioned that new media would eventually take place of traditional media (Yuan, 2011, p. 3). Therefore, in conclusion, this Swedish interviewee was believed in the increase of international news, which means that the importance of national and regional news will decline. Besides, the news will be digital and it shows the importance of newspapers for audiences will be less than now and their readership will reduced. One big question which originated from this interviewee answers is that: will really the importance of national and regional news decline in the future? Why the importance of international news will be more important than national news for readers? And then where they can get national and regional news from?

He also mentioned that news in the future will be digital which means the decline or death of printed news. This idea of less printed news provided by many of interviewees and the literature provided in the theoretical framework. For example, the Finnish interviewee explained, in the future, the incomes of printed news will be smaller than today and the share of digital incomes will be bigger. Some newspapers will be published only in digital formats (web and mobile) but some will have also the printed version at least once a week.

3.6 Concentrating on local content

The Finnish interviewee was believed that:

Concentrating on local content has been the strategy for many newspapers, because you can't get that for free from national or international online services. And cooperation between newspapers has become more and more important. (Excerpt from interview, Jukka Holmberg)

Local newspapers play an important role to help people feel they are community members. Local news are important due to the information they offer about issues affect people's lives in the local and that information is not available elsewhere. Therefore, one of the successful strategies for the newspaper firms is offering local content.

According to Jukka Holmberg, local content plays an important role in the strategy of many newspaper companies, because they it is available online and it makes a great chance for newspaper firms to take the advantage of being the only resource of publishing local content.

In the literature provided in the theoretical framework part, there was no information about local content and its importance in the newspaper industry and among the interviewees just the interviewee from Finland pointed it as an important concept in the newspaper industry.

The interviewee properly explained local news and its importance for the newspaper industry, but an additional information about it is provided here to make it clearer. Local news, as an important concept in the newspaper industry can have several features which are necessary to be defined: First of all, local news can be explained by local people, who experienced and feel that news, and are eligible to share their views. So, in local news, not only people are not just passive news readers but also they can have an active role in

producing content. It can be a great feature for local content. Wikstrom & Ellonen was believed that, online applications allow users to participate in producing and disseminating of information and take part in content producing (Wikstrom & Ellonen, 2012).

It shows that how the rise of mobile phones' usage play an important role in producing local content by local people.

Second, the demand for local news might increase and the perspective towards news might be more localized in the future because of the lack of local news in national and international news. Even if there are local news in national news, they are not enough and do not cover all local news. As the Finnish interviewee also explained, local newspapers will be popular in the future due to the same reason.

Third, every local news is made of a particular culture, language and feeling of people living in that location. Therefore, when local news published as a part of a national news, or in a larger scale, an international news, it can be representing of the local features and makes it necessary to precisely produce local contents.

Last but not least, one important feature of any news is that all news are local before media makes them national and international and all the national and international news are composed of several local news. It shows the importance of producing relevant news at a local stage in order to have more relevant national or international news.

All those afore-mentioned factors, which can be considered as the features of local content along with the interviewee's idea explained local news and its basic role for the newspaper industry. Concentrating on local news might increase their readership and lower the pressure on newspaper firms as well.

3.7 Other issues in the newspaper industry

There are two other issues mentioned by the Finnish interviewee which cannot be considered as the main issues but should be explained due to their importance. Those issues are: 1) increase in distribution costs and 2) rise of VAT.

3.7.1 Increase in distribution costs

The Finnish interviewee explained that, increase in distribution costs as one of the important recent changes in the newspaper industry. According to a report from newspaper association in Finland for the year 2007, distribution cost of a print edition of a newspaper with 4–7 issues per week was about 21 percent of the total production costs and this number could be even more if papers appear less frequently (Finnish Newspapers Associations, 2007).

This report explains four producing costs categories of editing a newspaper, namely, editorial costs, technical production, distribution, administration and marketing. Technical production covers the greatest share of newspaper production costs, followed by editorial and distribution costs as the second and third greatest costs. Costs considered for administration and marketing are the smallest for newspaper production (Finnish Newspapers Associations, 2007).

Different strategies of distributing newspapers mentioned in that report were early morning delivery, regular postal service delivery, newspapers' own distribution, and newsstand sales. Early morning delivery to registered local addresses have been reported as the most significant share of the total volume of newspapers distributed (Finnish Newspapers Associations, 2007).

It is intelligible from the interviewee's answer and the report, by increase in distribution cost of newspapers, the total production cost will grow. As a consequence, its price for readers will increase, resulting in their higher tendency in reading free online news instead of spending more money on printed ones. Therefore, the final result of this cycle for newspaper firms is paying more and earning less. It is now obvious why the interviewee from Finland was believed the increase in distribution costs is important in the newspaper industry. It was due to the influence the increase in distribution costs has on the newspaper readership and its circulation revenue. However, no information in this thesis is provided about the distribution costs of the other Nordic countries.

3.7.2 Rise of VAT

The interviewee from Finland explained that, the increase in VAT for newspapers has made the situation for the newspaper industry in Finland more difficult.

In Finland also the long financial recession has made the situation more difficult, together with the rise of VAT of newspaper subscriptions from zero to 10 percent. (Excerpt from interview, Jukka Holmberg)

Value-added tax (VAT) is a consumption tax on the purchase of a product or a service. Both consumers and businesses pay VAT when they buy products. It means that, manufacturers pay VAT when they buy components necessary to create a product, and consumers pay it when the product comes to the market and they purchase it and pay its price. From the 1st of January 2012, the rate of VAT on subscribed newspapers in Finland are 10 percent and must be paid on the selling of single copies of newspapers at newsstands. The Finnish interviewee, considered this 10 percent rise of VAT as one of the most important recent changes of the newspaper firms in Finland. This number is 6 percent for newspapers in Sweden and 25 percent in Denmark. In Norway, newspapers do not belong to VAT.

According to the information the Finnish interviewee explained about the increase in VAT, it can be understood the pressure on Finnish newspaper firms has been increased and their situation will be more insecure in the future. While newspaper firms in Norway, should have better position since they do not pay VAT. The Swedish newspaper firms should have somehow a better position in Comparison with Finland and Denmark. And finally, it seems that Denmark has the worst position in this regard and its newspaper industry should be more threatened compared with other Nordic countries.

The Danish newspaper market is quite different with newspaper market in other Nordic countries. For example, the print ad revenue in Denmark has witnessed the most significant decline and the newspaper situation among both readers and advertisers in Denmark is the worst, while Finnish newspapers has the best situation with their readers and advertisers. Norway has the biggest number of newspapers and ranked first in terms of ad revenue per capita.

However the amount of VAT was not mentioned as a reason for having good or bad position for newspaper industry in the Nordic countries by any other interviewee except for the Finnish one, it cannot be irrelevant to think about it as one of the important factors in providing current situation for the newspaper industries.

4 DISCUSSION

The aim of this thesis was to investigate how news consumption habits of customers has changed due to the rise of the Internet, how the newspaper firms' revenue has been affected by this change, as well as finding new ways of earning revenue for newspaper firms. It is indicated that, one important successful strategy for the newspaper industry would be content marketing. Content marketing is rather a new strategy of earning revenue for the newspaper industry by creating valuable content to the target customers while its aim is not promoting a product. Content marketing was not supported or rejected by any of the literatures used as a part of the theoretical framework due to its novelty and it needs the passage of time to make sure about its effectiveness.

It was revealed that, one another important successful strategy for the newspaper industry would be native advertising which is to promote a product to the target customers but the promotion operates in an indirect way. Native advertising is also a new strategy of earning revenue for newspaper firms and since it is a new strategy, it is not clear whether it will be successful in making money for newspaper firms or not. Over time it will become clear if this new emerging strategy can help the newspaper industry in generating. Since it is a new content, no information was provided about it in the theoretical framework.

Furthermore, in this thesis it was indicated, the emergence of international and digital new brands is a significant change in the newspaper industry. The importance of these new brands will increase in the future of the newspaper industry. These new brands are online international news websites which offer news in English and might completely be replaced with national and regional news in the future or reduce their importance. It might also mean the death of printed news since these new international brands offers digital news and there might not be anyone who miss the printed news in the future. However, the idea of dying the printed news is an imagination about the future like what was explained about the chance of content marketing and native advertising to be succeed. The passage of time is needed to make sure about the prosperity of this strategy as well. Those newspaper companies that try to be first in making international news brands, might be able to obtain a better position in the newspaper market in comparison with their competitors especially if they do their job effectively.

Another strategy which was demonstrated in this thesis is concentrating on local content. It is named as a good strategy for newspaper firms since people cannot get local content

for free in national or international news. Therefore, newspaper companies can earn revenue by providing readers with local content. Lack of local content or offering not enough local content in national news, while its demand is increasing, is the reason for focusing on local content. Same to the other above-mentioned strategies, there was no information about the importance of offering local content in the literature provided in the theoretical framework.

It was observed that, digitalization and shift in ad market are two of the most important factors affect the newspaper industry. These findings are similar with that of Graham and Greenhill, who were explained that the switch of ads from newspapers to the Internet is the reason of reduction in newspapers' ad revenue.

Besides, it was revealed that, digitalization and the rise of the Internet have changed the news consumption habits of consumers and have been considered as an important factor in the newspaper industry. This idea is protected by Struckmann and Karnowski in the article *news consumption in a changing media ecology*, as they believed, traditional media consumption of consumers is affected by their online media usage and when people have access to mobile devices to pursue news, they are more likely to read online news instead of printed news. Berger *et al.* also explained, printed edition of a news is the most preferred format among all customer groups, but the ownership of mobile devices reduces this preference.

Furthermore, it was indicated that selling free news is one of the worst changes have affected the newspaper industry. It would not be a successful strategy for the newspaper industry to offer news for free. This idea is parallel with that of Syvertsen in his article: *new media world: media welfare state: Nordic media in the digital era*, as he explained, great changes have affected the press all-around of the world such as, increased marketization, global and transnational ownership and social fragmentation, but the biggest change that has affected the press is transformation from paid to free news and it does not matter if it is a free newspaper on the subway or an online newspaper (Syvertsen *et. al.*, 2014, p. 26). In this thesis it is explained that, offering news for free is not a good strategy and just has worsen the situation for newspaper firms. Changing this situation is not probable unless all newspaper firms decide to stop offering free new.

In this thesis it was observed that, there is a challenging strategy for the newspaper industry. Deciding about selling only print subscriptions or selling both print and online subscriptions at the same time is a challenge for newspaper firms. These two strategies

introduced as ways to the success of newspaper firms while they offer two completely different solutions to the newspaper firms' revenue loss. It is not easy to say that which of these two strategies would be better. Some newspaper firm welcome to the internet and sell both online and printed new and believe that their success depends on going online while others believe offering online news just increases costs without earning revenue and they prefer to stick to the print subscriptions. Both ideas were supported by interviewees and literatures used in the theoretical framework.

Several strategies were defined in this thesis in order to lower the pressure on the newspaper firms and help them in overcoming their obstacles. It was previously mentioned that, one of the positive points of the newspaper industry in Norway is its successful management. The management of each company plays an important role in its prosperity or default. The successful management of the Norwegian newspaper companies can be considered as an exception, since the management of many newspaper firms have not faced with their problems successfully. This idea was supported by John Soloski in the article, *collapse of the US newspaper industry*, as he mentioned the failure of newspaper firms in truly facing with their economic problems is a managerial mistake and changing the leadership in these companies would be a solution to solve the crisis. The inefficiency of managers and board of directors in predicting the future as well as their failure to deal with the problems Internet makes for newspaper firms were lead to lose billions of dollars of inventors' revenue. In this situation, the best solution might be changing top managers to hire expertise and save newspaper firms.

Furthermore, in this thesis, it was indicated that being innovative was one of the strength points of the newspaper industry in Norway. These days, the problem of the newspaper industry originated from the fact that newspapers are no longer distinctive, interesting and unique and it means the lack of innovation. This is the problem of the newspaper industry all-around of the world and one big question will raise here: what innovative idea can survive newspaper firms? Newspaper industry is struggling with several problems and each problem needs a special solution to be solved and operating only one innovative idea might not be able to solve all those problems. As a result several new, unique ideas might be helpful.

Besides, it was previously mentioned that the subsidy system which is operating in Norway is quite helpful for its newspaper industry. It might be a good strategy for the Newspaper industry in other countries in the Nordic region and all over the world to use

the subsidy system in order to help their Newspaper industry. However, it has not been studied so far whether operating the Norwegian subsidy system in other countries would be successful or not. More experiments and researches are required to investigate the potential positive and negative effects of operating the Norwegian subsidy system in other countries.

The three strategies of changing management of the newspaper firms, being innovative and operating subsidy system, which were all features of the newspaper industry in Norway, were not mentioned by the interviewees and were just a part of the theoretical framework.

5 CONCLUSION

This thesis provides valuable insights regarding problems of the newspaper industry after the Internet invention as well as introducing new strategies for generating revenue to help newspaper firms. It is indicated that with the rise of the Internet and online news, printed news readership has declined and newspaper firms have lost their readership. Newspapers' loss in terms of circulation and ad revenue, have made newspaper firms face with crisis.

Several strategies have been explained in the empirical studies, in order to help newspaper firms to lower their financial problems, namely, content marketing, native advertising, emergence of international, digital new brands, and concentrating on local content.

Alongside with empirical studies, some strategies have introduced in literatures used as the theoretical framework, such as, changing the managers and board of directors, being innovative, and operating the subsidy system.

All those above-mentioned strategies have chosen as the most important strategies introduced by literatures and interviewees due to their novelty, innovativeness, uniqueness, being executive and appearing effective.

Some of these strategies have been applied in the newspaper firms and their effectiveness have been proven, like the strategies introduced in the literature review. The strategies of hiring qualified managers, using new ideas as well as operating subsidy system, have been applied in the Norwegian newspaper industry and have been affirmed their effectiveness. On the other hands, the strategies have been emanated from empirical studies, like content marketing, native advertising etc. are all rather new and need to spend more time and energy to be known. More researches need to be done in order to clarify the results of using these strategies in a newspaper firm.

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