Bachelor's thesis

Degree Programme in International Business

Innovation and Technology Management

2014

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PRINT MEDIA COMPANIES IN THE NEW MEDIA ENVIRONMENT

- a study of companies and consumers in Finland

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BACHELOR´S THESIS | ABSTRACT

TURKU UNIVERSITY OF APPLIED SCIENCES

Degree Programme in International Business | Innovation and Technology Management

2014| 46 pages

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Media environment has changed dramatically over the past two decades due to the popularization of internet and major steps taken in the field of technological development. Internet has enabled consumers to easily access larger amount of content of their interest supported by technological mobile solutions – such as smartphones and tablets – making it possible to access the desired content almost anytime, anywhere.

This development has posed serious threats against companies operating in print media publishing industry whose clienteles have long consisted of people within certain regions anddemographic groups for whom the local newspaper and magazine long served as the only daily source of written journalism. Internet changed all that, destroying the role print media previously had and forcing publishers to rethink their business models in order to adapt to the new media environment.

The main purpose of this thesis is to discuss the changes in position of print media in the new media environment, identify the solutions that have been made by print media companies, and determine how they fit the consumers' preferences in Finnish market. A general outline and predictions regarding the future of the industry and its role are also established.

The research is implemented through observing practical cases and their correlation with consumer responses to a questionnaire designed particularly for this research. Practical case examples of experiences of publishing companies in which measures have been taken and business models have been reconsidered and altered, give valuable information to other companies facing similar challenges and supports comprehensive understanding of the issue.

KEYWORDS:

Print media, Publishing, Media environment

OPINNÄYTETYÖ (AMK) | TIIVISTELMÄ

TURUN AMMATTIKORKEAKOULU

International Business | Innovation and Technology Management

2014 | 46 sivua

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PAINOMEDIAYHTIÖT UUDESSA MEDIAYMPÄRISTÖSSÄ

Mediaympäristö on muuttunut merkittävästi kahden viime vuosikymmenen aikana internetin yleistymisen sekä teknologisessa kehityksessä otettujen edistysaskelten myötä. Internet on mahdollistanut kuluttajille helpon pääsyn suureen määrään heitä kiinnostavaa sisältöä, jota tukevat teknologiset mobiiliratkaisut – kuten älypuhelimet ja tabletit – tehden mahdolliseksi päästä käsiksi haluttuun sisältöön lähes missä vain milloin vain.

Tämä kehitys on asettanut todellisia uhkia painomedian julkaisualan yrityksille, joiden asiakaskunta on pitkään koostunut ihmisistä tietyillä alueilla ja demograafisissa ryhmissä, joille sanoma- ja aikakauslehti pitkään toimivat ainoina kirjoitetun journalismin lähteinä. Internet muutti kaiken tämän, tuhoten painomedian aiemman roolin ja pakottaen julkaisijat miettimään liiketoimintamallejaan uudelleen sopeutuakseen uuteen mediaympäristöön.

Tämän opinnäytetyön tarkoituksena on käsitellä painomedian asemassa tapahtuneita muutoksia uudessa mediaympäristössä, kartoittaa painomediayhtiöiden toteuttamia ratkaisumalleja sekä tarkastella, kuinka hyvin niiden tavoitteet vastaavat kuluttajien toiveisiin Suomen markkinoilla. Käsittelyssä on myös asioita koskien alan yleiskuvaa sekä mahdollisia tulevaisuuden näkymiä.

Tutkimus toteutettiin havainnoimalla käytännön tapauksia ja niiden vastaavuutta tuloksiin kuluttajakyselystä, joka suunniteltiin erityisesti tätä tutkimusta varten. Käytännön esimerkit julkaisuyhtiöiden kokemuksista ja heidän edesottamuksistaan liiketoimintamallien suhteen tukevat yleistä ymmärrystä kyseessä olevasta aiheesta sekä antavat arvokasta tietoa muille mahdollisille yrityksille, joilla on edessään samankaltaisia haasteita.

ASIASANAT:

Painomedia, Printti, Julkaisutoiminta, Mediaympäristö

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LIST OF ABBREVIATIONS (OR) SYMBOLS

HS	Helsingin Sanomat
TS	Turun Sanomat
HBL	Hufvudstadsbladet
WAN-IFRA	World Association of Newspapers and News Publishers.

1 INTRODUCTION

1.1 Research background

Print media is an age-old business which for long maintained its position as the number one form of conveying information. Since the 19th century the potential of print media was recognized by marketers and for long print media ruled as the most effective and wide-spread advertising channel and even maintained its significance as the television emerged in the turn of 1940 (e.g. Croteau et al 2012). It was not until the invention and popularization of personal computers and internetwhen the position of print media became seriously threatened. Since the beginning of the new millennium the internet has dramatically taken over ground in the fields which print media traditionally ruled, putting print media into an ever-increasing turmoil.

Companies in the print media industry have truly started to feel the impacts of the increasing rivalry. Subscriptions to especially newspapers and magazines have been steadily decreasing and especially the younger generation has embraced the new technologies and sources of information and gotten accustomed to constantly changing, up-to-date flow of information with easy access(Picard 2004; Holmberg et al 2013).The decrease in newspaper and magazine subscriptions has also had a negative effect on the attractiveness of print media in the eyes of advertisers. Print media with its high production and delivery costs in the field of newspapers and magazines has for very long enjoyed a great deal of its income from the advertisers due to its efficiency in reaching the large public (Kipphan 2001; Picard 2011) Due to the decline in amount of reached consumers, the advertisers have been shifting their focus from newspapers and magazines to other alternatives thus causing severe negative impact in the economies of print media companies. (Kung et al 2008)

For long the websites of newspapers and magazines were considered to be merely supporting the print version which was still clearly the main product.

Online versions were considered to be a side service to which a part of newspaper's or magazine's news pieces and articles were uploaded with no additional content or meaning. Mostly this is no longer the case. (Villi 2006; Hopponen 2009) The focus of especially younger generations is starting to take a lean towards the online version. It is no longer enough for an online version of a newspaper or a magazine to be a platform of print version's information in digital form.

Print media companies can no longerrest comfortably in the leader position but must seek for new ways in which the print version and digital version would support each other offering more than just overlapping material and services. This is the key challenge in keeping the print attractive in the eyes of advertisers and consumers also in the future.

1.2 Research motivation

Print media – mostly in forms of newspapers and magazines - has always been a congenial source of information and entertainment to me. Personal respect towards printed word has always existed to some extent, no matter what my personal opinion regarding the content of the text or the agenda of the writer may have been.

In the times of the increasing popularity of internet, it has been unfortunate to witness how newspapers and magazines in increasing numbers have ended up decreasing more and more the amount of quality journalism and quality content due to issues of financial unprofitability.

However, print is not dead and despite the negative tones in the industry it still remains profitable as a business – especially in Finland (Ketonen 2013). The situation of print media in the near future is not hopeless but in order to ensure its position as a noteworthy player also in the long run, it must accept its place as a cooperator with digital media forms and seek to develop alongside it into medias of mutual support in both ways. The content in print must serve a different purpose than that of digital sources – it must have a distinguished value as opposed to something that is offered e.g. online. (Picard 2003)

Print media being a close personal interest of mine, it is truly intriguing to investigate what actually are the key challenges faced by print media industry today and most of all: how companies have been able to respond to those challenges, what sort of solutions have been found and how are companies planning to keep tackling these challenges in the near future. These issues can be researched by investigating companies' actions and consumers' thoughts on the matter.

Research objectives

The purpose of this research is to address the major challenges faced by print media companies and identify their solutions in these times of turmoil as digital media is taking over more and more space form print media's traditional areas of strength and consequently disturbing its customary revenue logic. The challenges will be discussed through observing this change caused by "the new media" (Kung et al 2008) and contemporary marketing communication technologies.

Focus of the research is on Finland regarding the possible solutions. Consumers'opinions in response to these solutions will also be examined to determine the market's reaction and the effectiveness of such solutions.

The aim of the process of writing this thesis is to address the following questions:

1. What are the reasons of the change in the position of print media?
2. What initiatives have been taken by print media companies to balance the losses in traditional print, and how do they correlate with consumers' preferences?
3. What are the predictions and potential expectations for the future?

2 LITERATURE REVIEW

2.1 Print media and media environment

The gradual development of print media began from Johannes Gutenberg's invention of movable type printing in the mid fifteenth century (Kipphan 2001). The word *media* is the plural form of *medium*, which derived from the word *medius* – *middle* in Latin. The communication media are the different technology process that facilitate communication between the sender and receiver of a message. *Print media* refers to such communication media in printed form. (Croteau et al 2012.) Today print media covers a large range of products and items that fall into its category – the main ones being books, newspapers, magazines and other periodicals along with brochures and even product packaging (Kipphan 2001). The focus of this paper is on newspapers and magazines – and more precisely on companies associated with publishing of journalistic information through these particular print media forms.

The changes in the print media industry have been closely observed by various scholars and instances during the past decades. The research regarding this subject has been essential as companies have tried to adapt to the new media environment caused by the major steps taken in technological development which has dramatically changed the whole game within the industry (Kipphan 2001).

2.1.1 The new media environment

According to Tandon (2007), the *new media* refers to "the new means of information publishing and dissemination, and includes web sites, news portals, blogs, email and podcasting" - among others.

Internet has had a major impact on the media environment by offering people with a new way to access information and forming the very way people communicate with each other (Picard 2004). People are no longer tied to sources of information operating physically close to them but can access a basically infinite web of data which is being modified constantly and actively. The amount of news content accessed digitally is constantly increasing along with the populari-ty of mobile services in media consumption (Holmberg et al 2013).

Rather than merely offering another separate way for conveying and accessing information, the most significant phenomenon created by modern information technology and internet is the digitalization of content and the way it has brought the different media channels closer together (Picard 2004; Villi 2008; Bakker & Sadaba 2008). In the old media environment – before internet – the different channels operated very much on their own terms, served different kinds of purposes and reached people for different kinds of reasons. Even though newspapers and magazines did compete with television and radio channels over advertisers and attention, they all still served their own specific purpose and offered people with distinctive types of experiences (Jenkins 2006).

2.1.1.1 Convergence

The consequences brought by the appearance and popularization of internet have been widely researched and the influence of bringing the different media channels closer together has been conceptualized in theories of convergence. In the context of media industry, the convergence refersto the unification of different media channels and the blurring of distinctive lines between the impacts of individual channels (Picard 2004; Villi 2008; Jenkins 2006; Seppänen & Väliverronen 2012). The concept of media convergence is to great extent a result of digitalization – created by information technology development. Digitalization of content enables converting different types of media content into “ones and zeros” and then distributing it in convenient format to offer different sorts of experiences to a receiver. (Villi 2008; Croteau et al 2012.) A simplified example of this is a webpage of a newspaper in which one can find the actual news text and an imagine but also possibly audio-visual material along with comment/discussion section and links to related content – among other features

(Seppänen & Väliverronen 2012). Kopecka-Piech (2011) divided the concept of convergence into three main categories – technological, economic and content convergence. This approach notifies that the convergence takes places on different levels and is not all simply an outcome of media content becoming greatly digitalized. Even though the digitalization is the ultimate connecting particle, there are other factors which have enabled the convergence to happen to this extent. The main categories distinguished by Kopecka-Pech (2011) describe the general interrelatedness of the phenomenon quite well. Technological convergence points out the development of information technology which has enabled the entire creation of digital World Wide Web in the first place along with the creation of various devices and solutions with which the content in it can be accessed in an increasingly convenient and efficient fashion. The category of economic convergence distinguishes the convergence-enhancing changes within industry and corporate market such as cooperation between media firms or even fusions of single-channel media companies into large integrated media houses. The third category of content convergence represents the increasing digitalization of media content which has enabled the unification of available content and consequently made media users a significant influencing part of the equation. (Kopecka-Pech 2011.) The convergence has not only occurred between the different media channels alone but also between the channels and the users. The users' impact in the provided content in the media used to be much smaller when users had less to choose from, were less demanding and the change in content based on their preferences was gradual and rather slow. (Bakker & Sadaba 2008; Croteau et al 2012.) Because of this complexity behind the forces of convergence, the impact of individual user choices can grow extremely significant when accumulated making the phenomenon very unpredictable (Picard 2004) and basically "uncontrollable for any human instance", as Jenkins (2006) put it.

The concept of convergence relates to basically everything in the media environment change phenomenon. The blurring of the lines between not only the roles of different media channels but also between media and its user are among the core reasons for the change (Finnmedia 2013). The channel between a media providerand a receiver used to be more or less a one-way street, before internet opened a reciprocal way for interaction (Bakker & Sadaba 2008; Croteau et al 2012). This interaction has since resulted in increased influence of consumer preferences (Croteau et al 2012) and left consumers with a desire to engage in interaction as a part of their media experience – which has also been encouraged by the providers (Holmberg et al 2013). Internet users are increasingly demanding and seem to expect very specific service solutions to meet their needs - one solution to one issue is no longer sufficient in today’s world (Bakker & Sadaba 2008; Croteau et al 2012; Finnmedia 2013).The obtained powerful position of consumers through convergence and the trend of interaction has resulted in situation where technological achievements no longer set the bar for what people should expect as standard but the other way around - the state of technology must adapt to the needs of the consumers (Bakker & Sadaba 2008).

2.1.2 Effects on print media companies

The reading rates of traditional printed newspapers and magazines have been steadily declining during the past two decades (Picard 2004) and change has been the most notable in the younger generation’s consumption ofall the traditional media forms – print along with television and radio (Bakker & Sadaba 2008). Based on this, concerns regarding print’s future customer base are justified, as already the majority of current print subscribers in Finland represent the age group above 50 years (Holmberg et al 2013).

The decline in readership and subscriptions has been extremely damaging to print media companies in two major ways – causing loss of revenue from both subscriptions and advertising. Lower rates of readership decrease the attractiveness of a newspaper or a magazine as an advertising channel. (Salman et al 2011.) Advertising has traditionally been a significant source of revenue for print media companies (Croteau et al 2012). The negative impact on both subscription and advertising revenues has led to a destructive cycle: decline in readership rates makes print less attractive to advertisers, which consequently causes decline in advertising revenue. This loss of revenue combined limits a company's ability to tackle the primary issue of decline in subscriptions. (Picard 2004.) There is no end in sight for the current development: according to Statistics Finland (2012), online advertising has been in steady growth over last years – reflecting the also increasing share of digital media in general – whereas the amount of print advertising continues to decline year after year.

As a result of convergence, newspapers and magazines for example are not only competing with each other. The internet has brought an immense amount of new competitors and in its own way also intensified the existing competition over people's attention between print, television and radio as well (Picard 2004). The competition over people's attention is among the core challenges for all the media companies due to its decreasing nature. People have an increasing amount of operators in media industry offering a wide range of choices to focus their interest on but at the same time people's social lives have become busier especially in modern societies (Picard 2004). Picard (2004) reports that sleep and work alone take approximately up to two-thirds of an individual's time of a day, leaving only one-third for everything else, including possible family-related responsibilities and free time activities.

Saul Kaplan (2012) introduces a new term *netflixed* – deriving from his new verb *to netflix.* The term comes from the American on-demand online streaming media company Netflix Inc. which Kaplan uses as an example of how a company without distinguished technological advantage as opposed to its competitors managed to beat the market leader – movie renting company Blockbusters – through changing its business model to embrace the modern media environment while its competitors kept focusing on the their existing models. The new term is defined as follows:

"to netflix"; "to be netflixed"

1. to cause disruption or turmoil to an existing business model
2. to destroy a previously successful business model
3. to displace the way value is currently created, delivered, and captured
4. to be disrupted, destroyed, or displaced by a new business model

The definitions Kaplan (2012) laid for his newly invented term describe very well what has happened to the traditional media forms – including print media – after the popularization of internet.

Some of the challenges faced by print media companies in the new media environment are not directly a cause of any external operator. Especially in a case of an established company, some potential threats can occur from within the company itself. A characteristic for established companies has been the inability to acknowledge the magnitude of the media change at hand which long deterred them from major investments in reacting to the change in the environment. (Day & Schoemaker 2000.)

Another threat from within an established company has to do with the concept of cannibalization which refers to a phenomenon in which a company’s new product or service begins to cause destructive impact on the same company’s existing product or service (Day & Schoemaker 2000). In the case of print media publishing companies the fear is that major investments in engaging online business and digital services will eventually lead to lack of interest towards print and destroy it (Hopponen 2009). The issue of embracing the digital world of publishing effectively and keeping the print as a relevant and competitive part of their business at the same time is a common challenge to the companies in the industry.

2.2 Business models in digitalized world

Digitalization is the phenomenon of integration of digital technologies into everyday life (Business Dictionary 2014). This phenomenon happens as a result of digitization which refers to “the process of changing content production, storage, distribution, and consumption from an analog to a digital base. Its most important characteristic is that it changes these bases from physical form to binary electronic form” (Picard 2011). The terms digitalization and digitization are often used as synonyms to each other, although some insist separation between the uses of these two. Academic world is rather divided in the matter of when it is justified to use which term. In this paper, the term digitalization refers to the entire phenomenon described above. (Picard 2011.)

Generally speaking, digitalization has not created a new way of communicating but changed the way content is being distributed and how it is perceived by a receiver. Enhanced communication between people and sharing different types of content have resulted in higher networking of people. This networking and faded physical restrictions are having an impact on all types of businesses and forcing companies to change their business models, some more than others. (Picard 2011)

Gaining competitive advantage in the digitalized world through business model innovations is essential for print media companies as the technology with which they compete against all media channels is shared. So far there is no publishing company possessing a distinguished technological innovation which would be superior to others and therefore the competitive advantage must be gained through other means. (Kaplan 2012.) It can be said that simple solutions regarding changes in business models are not enough to compensate the loss of subscription revenue for print media companies anymore. For a long time in history, newspaper and magazine publishers were able to compensate minor declines in subscriptions by intensifying the sales of advertising space. That is no longer possible in modern media environment in which decline has been so deep and number of competitors fighting for advertisers' attention is immense. (Olkinuora 2006)

2.2.1 Business model

Morris, Shindehutte and Allen (2005) defined **business model** as "a concise representation of how an interrelated set of decision variables in the area of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets".

Media business model – according to Picard (2002) – is defined as “the resources of production and distribution technologies, content creation or acquisition, and recovery of costs for creating, assembling, and presenting content”.

Before the change in media environment it was very common that companies within same industry had almost identical business models to one another. Copying the model of market leader was what most companies did in the times when sectors were clearer and companies and market shares were well-defined between the different operators within sector. Traditional business models remained unchanged even through generations – a situation very different from that of today. (Kaplan 2012)

In changing media environment, companies must make sure that what they are offering the central value desired by consumers and that the content is up-to-date with the modern standards and consumers’ expectations. Business models must be updated to match the new era. This means that it is necessary for traditional media companies to adapt to digitalized world and move from mere physical to digital distribution to some extent. Embracing digitalization – and adapting business model accordingly - does not only cause nuisance for newspaper and magazine publishing companies but actually offers potential for cost savings and increased flexibility as devices for reading digital content such as e-readers, tablets, and smart phones, allow more features than the old paper format and physical distribution costs would be eliminated. (Picard 2011)

Business models call for revision in this changing digital age, yet, there is no clear indicator showing how to manage the situation specifically: consumers’ demands and preferences are increasingly fragmented but a single operator cannot satisfy all the needs (Picard 2004). That is why cooperation and coproduction between media companies – across the traditional channel borders due to convergence – can be expected to increase in the future as not every single company can invest their resources in all kinds of areas possible (Olkinuora 2006; Holmberg et al 2013). The likely essence of business models within traditional media companies – particularly in Finland – will be about integrating the purposes of traditional media forms with the online world and managing that comprehensive multimedia entity, as simplified by Hannu Olkinuora (2006). As Jacob Mathew – the President of WAN-IFRA – summarized the situation: “There is a need for print companies to move from a mono media approach to multimedia to become a “Smart Media” company that understands the changing habits of its audience and adapts its offerings accordingly. These companies create a portfolio of publications or products that serve the mass as well as the niche audience.” - quoted in Innovation in Newspapers World Report 2012.

Moving from physical to digital channels offers certain opportunities. Print media publishing as it is has rather high costs for the production and distribution of the product (Hopponen 2009; Holmberg et al 2013). In Finland, those costs for a newspaper – for example – cover up to 50% of the total costs (Finnish Newspapers Association). When companies start to shift the emphasis away from print, such amount of resources becomes available and is effectively invested in other functions, significant advantage can be gained (Olkinuora 2006; Holmberg et al 2013). Choosing in which to invest and making drastic business model changes is obviously very challenging, especially in the case of established print media publishing companies who often have profound and slow-reacting structures and a certain market position along with heavy investments attached to production machinery. All these issues cause cautiousness and hesitation regarding making major reforms in business model. (Olkinuora 2006.) In addition, data on media users: their interests, needs and patterns of information search and purchasing has become increasingly available due to technological features of the digital environment. This offers media and businesses new opportunities in targeting potential consumers, as consumer insights are conveniently captured in such data. (Macnamara 2010.)

2.2.2 Four business models for media companies

Pavlik (2008) identifies four likely main bases of business models for media companies to sustain their businesses: Advertising-supported digital media, On-demand services, Sponsored digital media, and tackling costs created by content.

Advertising-supported business model is already common and has long enabled online companies to offer their content for free when revenue is gained from advertisers. The basic idea is to expose a user to commercial content when engaging in digital news material for example. (Pavlik 2008.) Macnamara (2010) introduces the concept of *Advertising 2.0,* in which he notes the possibilities of advertising with increased consumer engagement and personalized targeting – and consequently higher prices can be asked. In the future advertising is likely to include even more audiovisual material and require participation from the target – like the so-called advertisement games do. The increasingly enhancing programs for user data collection such as clickstream analyzers will continue enabling more and more specifically targeted advertising. (Macnamara 2010.)

Another model is embracing **premium on-demand services** which refers to media content that a consumer can buy and then access whenever through an internet connection (Pavlik 2008). Such premium content available after paying for it could be considered as a way of transferring the print media's traditional subscription-based business model to the online world.

Sponsored digital media is a form of advertising but without using the traditional advertising messages. Such sponsored content could be a subtle product placement within an article – for example –without underlining it with advertisement jargon. Some companies may sponsor the production of entire magazines, films or music videos that are then filled with visual experience of certain company's products – for instance. (Pavlik 2008.)

The fourth business model related issue Pavlik (2008) mentions has to do with **tackling the content creation costs**. Companies can increase the share of their content they provide in digital form or become exclusively digitalized. This way, a company can reduce costs caused by physical production and distribution of a newspaper or magazine. The resources released from physical management can then be used in improving the digital content's quality and creating new features. (Pavlik 2008)

2.3 Transformed media consumption

The popularization of internet and technological developments has resulted in major changes in the way people consume media. Napoli (2003) suggests the two key phenomena driving the transformation of media audience are*media/audience fragmentation* and *audience autonomy*. Media/audience fragmentation refers to the fact that audience's attention is spreading out due to the wider range of delivery platforms and content options. Audience autonomy relates to consumer's greater control over what, how, when, and where he/she consumes media. (Napoli 2003.)

2.3.1 Free content

Major threat facing traditional print media companies in digitalized world is the fact that content offered online is to great extent free of charge. This free content-based model has been the norm in new companies who have embraced solely internet as channel for publishing journalism. (Bakker & Sadaba 2008.) However, business models based on offering free content did not born as a result of internet. For example ad-financed commercial radio stations were established already in the 1920s. (Seppänen & Väliverronen 2012.)

Anderson (2009) sees several potential reasons for the dominating trend of free content in online world. One of the reasons is the shier amount of offered content online which is considered so immense that people simply do not have time to filter the selection of providers and decide which one would be worthy of paying. As a result, the content providers are afraid of intimidating potential customers with payment requests and decide to offer the content free – which is made possible by advertisement-based financing. Another possible reason – suggested by Anderson (2009) – is rather simple: some people – possibly even majority – only consider a tangible/physical product to be worth paying for when it comes to media content. These people are not yet familiar or comfortable with paying for digital content. It is also said that there might be something more than consumer preferences behind the free content norm. Anderson suggests that availability of free content actually serves interests of computer and mobile device producers as it makes their products more desirable. Once a person purchases a device, a lot of content can be consumed through the device for free without constant further costs. (Anderson 2009.)

The issue for established companies is in how to manage with the pressure to offer free content and whether or not to embrace it in their business model. After all their business model with printed media has traditionally been based on paid subscriptions, in other words: people have paid for the content. (Bakker & Sadaba 2008.)

2.3.2 Consumers' role, perception and preferences

Consumers' role in and their perception of media as an entity has changes significantly due to development in information and communication technology, internet and digitalization. Perception of and expectations from media differ between generations, especially what comes to the younger generation that grew up along with the media environment change. (Seppänen & Väliverronen 2012.) Seppänen and Väliverronen (2012) note that the older generation has a tendency to see media as a much greater authority than the younger generations do. Younger generation, on the other hand, yearns for more participative and tailored media experience where interaction, criticizing and opinionating are appreciated. (Seppänen & Väliverronen 2012.) The young are also less prone to forming any emotional attachment to certain media sources and although some are preferred based on positive experiences, their loyalty towards any certain provider is rather low (Finnmedia 2013). For the younger generation, different media channels – across channel borders – are a part of larger media entity or media experience and are mostly not consumed exclusively. The young also more often consider themselves as media users rather than as media audience that merely passively receives information. Nowadays people have easier access to create and convey self-made content and/or function as a medium themselves for example by sharing links and interacting in social media. (Seppänen & Väliverronen 2012.) The content – through various different channels simultaneously – is desired to meet very personalized preferences and to serve very distinguished needs (Bakker & Sadaba 2008; Croteau et al 2012; Seppänen & Väliverronen 2012; Finnmedia 2013).

What often causes inaccuracies when assessing consumers' media use is the fact that media consumption is not quite as clear as it may once have been. People do not take time to read a newspaper or watch the news the way they used to but are consuming multiple different channel simultaneously throughout their day. Internet is commonly used at work as well and people may occasionally consume some work-related or non-work-related media during their work day which fades the lines of active media consumption. (Seppänen & Väliverronen 2012.)

Differences in media perception between generations are generally speaking rather notable. In all generations there are people very well familiarized with the modern technology but content-wise there are certain perceptional habits towards media in the older generations which will on their own part define the pace of convergence progress or at least have an impact on its nuances to some extent. (Seppänen & Väliverronen 2012.)

After the turn of the new millennium, readership rates of newspapers have dropped in all age groups. The biggest drop has occurred among teenagers and young adults. In Finland, the people of 15 to 24 years of age consumed media in a form of a newspaper the least, whereas the majority of people above 45 years of age followed at least one newspaper regularly. However, this does not mean that teenagers and young adults would not consumer readable media, but instead of print, they are increasingly preferring internet as the source and do not have difficulties in transferring their general reading habits to a digital source. (Näsi & Räsänen 2013.)

Näsi and Räsänen (2013) concluded that preference differences are notable between age groups. Young adults increasingly prefer their media content online whereas older generation still appreciates printed content. However it is emphasized that even though modern technology and new media environment have altered media consumption, the traditional media sources are still managing themselves quite well alongside the new media dimensions. (Näsi & Räsänen 2013.)

3 METHODOLOGY

3.1 Research methodology

Research is the systematic collection and interpretation of information with a clear purpose, to increase understanding and knowledge over a certain subject. The information consists of data which can be categorized based on occasion for which it has been collected and the nature of it. (Saunders et al 2012)

Data can be described as *primary* or *secondary* based on whether it has been specifically collected by the researcher for a specific topic and purpose or if was originally previously collected for another separate research. Primary data is collected directly from whichever chosen source to answer certain specific questions according to objectives of a certain research that is being undertaken (Saunders et al 2012). Researches often have to also utilize data which has been originally collected for some other purpose but can still be relevant for other purposes as well. Such data is called secondary data which “can be further analyzed to provide additional or different knowledge, interpretations or conclusions” (Saunders et al 2012).

Another way of categorizing data is based on how it has been conceptualized for analysis – being *quantitative* or *qualitative*. Quantitative data refers to data of numerical sort or data which been quantified i.e. expressed as a quantity. On the other hand – simply put – qualitative data means non-numerical data or data which has not been quantified (Saunders et al 2012).

This research undertook the deductive approach, meaning data was collected to test existing theories (Saunders et al 2012). Concepts regarding print media, changes in media environment, and media business models were collected as theoretical background for bases of the thesis. A mixed research method combining both qualitative and qualitative data collection was applied in order to get the most comprehensive answer to all research questions. Qualitative data was collected via secondary sources, including interviews, case studies, and other research-related documents; a questionnaire was also conducted to gather quantitative data.

3.2 Research design

Research design is a “framework for the collection and analysis of data to answer research question and meet research objectives providing reasoned justification for choice of data sources, collection methods and analysis techniques” (Saunders et al 2012).

The data gathering of this research was executed in two stages. The first stage consisted of collecting secondary data from interviews with notable professionals with extensive experience from Finnish print media publishing industry, in combination with case study of companies from other research-related sources. The interviews were originally conducted for other research purposes and were executed by another instance. The data offered insights ofknowledgeable people’s visions and experiences in Finnish media publishing industry. Data from case studies on media publishers were used as evidence to support the ideas and conclusions taken from the interviews. The qualitative secondary data is justified as the data is investigated in search of common characteristics among the professional opinions.

The second part consisted of primary data, collected through a questionnaire which had a main purpose to gain information on consumer level. The second part was executed after the first and questions included in the questionnaire were designed based on the first part’s findings, as this part aims to see if what is suggested by companies and the industry experts are in correlation with consumer’ perspective.

The combined result from these two parts aim to (1) discuss the changes in position of print media, (2a) identify the initiatives that have been made by print media companies, (2b) determine how those initiatives correlate with the consumer’s preferences, and possibly (3) outline certain future expectations.

3.2.1 Stage 1: Secondary data

The changes in media environment and the occurred challenges have been broadly researched in the recent past due to the rise of new media platforms and channels. The research on print media specifically has been narrower especially when it comes to Finland. However some high-quality researches have been executed that indeed touch the topic of this particular bachelor's thesis as well. Many of those research papers – however – are focused on investigating and making conclusions that mostly apply to the specific cases at hand, although some relevant reflections to existing theories and general environment had indeed been made. The focus has been on portraying case-specific situations. This thesis investigates those previous studies and attempts to point out the common challenges faced by print media companies. The aim is to provide a general outline of what has been done and whether or not the undertakings of companies as a reaction to the change have shown signs of success. The amount of existing data from cases regarding significant Finnish media houses will indeed give comprehensive picture of the situation and will provide a chance to make some general conclusions and outlines to help companies in which the discussed turmoil – in terms of internal changes - is still on an early stage or has been considered less acute so far.

Such secondary data in forms of case studies on significant Finnish media houses and interviews with their key people in charge is the corner stone of this thesis as they provide first-hand information and opinions from knowledgeable people with a lot of experience in the industry. The interviews – originally conducted by Toni Hopponen in 2009 – provided a broad view to the future of the Finnish print media industry in general sense without specification of a particular quoted person and included the following Finnish media professionals: Kaisa Ala-Laurila, Current Business Director at Sanoma Media Finland; Kari Hurtola, Development Manager at Alma Media; Mikael Jungner, Former Managing Director at YLE; Minna Nissinen, Current Senior Vice President at Alma Diverso; Hannu Olkinuora, Former CEO of Hufvudstadsbladet; Mikael Pentikäinen, Former CEO of Sanoma News; Jukka-Pekka Raeste, Former Editor-in-chief at

Taloussanomat; and Juha Ruotsalainen, Former Managing Director at Aamulehti. The information taken from these interviews were combined, aiming to identify the most significant points that all these professionals had agreed upon. These key ideas then developed further using cases studies of large traditional media companies in Finland. Such information was undertaken of industry publications and reports such as those of leading organizations including Next Media – A tivit programme, Cava Interactive, Sanoma Oyj, and Åbo Akademi University; and media industry data and surveys such as those of Finnish Newspapers Association, Media Audit Finland, and Finnmedia.

Gathering data of equivalent relevance, extent and quality would take an immense amount of time from the undersigned, not to mention it would be unnecessary as relevant usable information for the topic already exists to such great extent. Therefore the utilization of secondary data regarding industry professionals in this particular thesis is justified and necessary in order to achieve the maximum relevance and usefulness.

3.2.2 Stage 2: Primary data

The point of the research questionnaire was to gather information from media consumers and gain knowledge over their behavior. The questions were designed to give information about consumers' reading habits, preferences regarding the format/channel in which they access media content and for what sort of content they would be willing to pay for and how much. Details about the questionnaire are found in Appendix 1. Demographic questions regarding age and gender were also included in order to see if – and how much - the responses vary between age groups and genders. The questionnaire was meant to gather information from Finnish media consumers' preferences and attitudes. For this purpose the questions were posed in Finnish which was considered to narrow down the target group sufficiently. English translation of the questionnaire can be found in Appendix 2.

The data collection for the questionnaire was conducted through a form of non-probability sampling known as haphazard sampling. According to Saunders et al (2012) “haphazard sampling occurs when sample cases are selected without any obvious principles of organization in relation to your research”.

The potential questionnaire participants were approached in two ways – via social media and in person. The invitation to participate and a link to the online questionnaire were shared to the author’s Facebook contacts which at the time were a total of 408 people – out of which approximately two-thirds are Finnish. In addition, ten contacts were personally requested to share the invitation forward. The majority of the author’s contacts in this particular channel fall within an age group of 18 to 30.

In order to reach the age group above 30 years, the second approach was used. Random participants were selected in person in public places and requested to answer the questionnaire voluntarily. The questionnaire was in this case provided in printed paper form. In both cases, the answers were collected anonymously.

Data collected through haphazard sampling is not often given especially high rate of credibility – in general. However, Saunders et al (2012) point out that samples collected in this fashion “often meet purposive sample selection criteria that are relevant to the research aim”.

Over a period of five (5) days, the questionnaire designed for this research received a total of 123 responses, out of which 116 were completed – 7 responses being partially answered. Out of all responses, 83 were done online – out of which 76 were completed. In addition, 40 responses were completed in paper form in public.These two response sources where then combined for analysis. Only the results from completed responses were used in the research data analysis.

The questionnaire included two demographical questions about gender and age. Out of 116 completed responses almost 40% (46 people) were female, about 54% (63 people) were male and 6% (7 people) chose not to reveal their gender. More than half of the completed responses were given by people under the age of 30. 42 people fell into the age group 18 to 24 – being the largest age group participated. Almost a quarter of all the respondents were between 30 to 45 years of age, leaving slightly more than 18% of all the respondents being older than 45 years.

3.3 Research limitations

Due to time limitation, the research was only able to analyze the most significant ideas gathered from the interview of the industry professionals. Even though largely generalizable, the views of the industry professionals and the examples of companies' undertakings must be evaluated with some caution as any research should be.

The sampling of primary data collected from consumer's perspective also has some limitation that should be taken in consideration. A large portion of the data was collected online, meaning that those respondents who answered in digital format have certain level of familiarity with technology and digital platform. This could potentially result in bias considering the content of the questionnaire. However, as the data reflected similarities with other studies in national level, its validity can be highly regarded.

One should also keep in mind that the media environment is in constant change, making it highly unpredictable in the first place. The research findings are most accurate at this point in time, from both companies and consumers' perspective.

4 FINDINGS AND ANALYSIS

This chapter reveals the results from analyzing secondary data collected on companies' perspective (section 4.1) and primary data from consumer questionnaire (section 4.2).

4.1 Company's business model adaptations

The interviews with Finnish professionals done by Toni Hopponen (2009) included question regarding what can be the solutions for print media companies. Theindustry professionals acknowledge the necessity of moving from print to digital and adapting to the latest platforms.Common responses of companies to the change in media environment have more or less been convergence-driven and embraced the multimedia trend to some extent. This trend is also showed in case studies that had been found on Finnish publishers.

Among these responses, two types of common business model approaches can be distinguished. One approach has to do with the increasing exploitation of existing mobile services and the development of new ones, in forms of site-specific applications for particular mobile devices. The progress regarding this approach is particularly active and in constant change as print media houses are trying to push applications to the market that are specifically designed for browsing the online version of their paper with maximum convenience for all the different kinds of mobile platforms and formats. An additional characteristic to the print version's online applications is the increasing demand for additional features and services, other than merely offering the printed content in digital form.

Another approach has to do with the creation of so-called Premium customer base which basically means that a company seeks to gain advantage by offering differing special content to a group of consumers who are willing to pay for premium access, instead of trying to appeal to consumer group as big as possible with free content. So-called *paywalls* are the trending concept in this kind of business model which is a complete opposite to the idea of offering free content to increase readership and gain revenue only from the advertising fees – an approach which was highly popular within new companies when internet first started to gain popularity (Anderson 2009).

Based on these insights from the professionals, case studies and examples of companies who have adapted these two approaches were found as evidence to support these ideas. Details on each approach are explained in following sections.

4.1.1 Mobile service applications –advertising supported model

Applications for smartphones and tablets hold significant potential and this has been widely acknowledged by print media publishing companies, which can clearly be seen in their actions over the past couple of years – acknowledgement also reflected in the interviews of Hopponen (2009). These mobile services are seen as an excellent way for reaching large amounts of people but at the same time targeting advertising extremely accurately to desired groups. This is indicating Finnish companies' gradual adapting to the digitalized world, and taking advantage of the potential of handheld devices which was pointed outby Picard (2011).

Mobile service applications offer significant advantages as an advertising-supported business model. For instance, applications that would reveal user's location would for example enable advertising those services that are near to the targeted one's physical location. Such advertising is taken to almost extreme in being personalized and therefore such advertisements can be a lot more highly priced. Getting paid better for the highly personalized advertisements, traditional print media houses can balance the loss of revenue that was originally caused by decrease coverage i.e. the reached consumers with more vague and generalized marketing. This indicates that companies have been able to transfer one of their traditional revenue sources – advertising – to the digital world, and received results suggested by Macnamara's (2010) concept of advertising 2.0.Personalization is the key word both in ad targeting- and content-wise according to interviewed professionals and the potential for increasingly intensifying personalization is seen as a crucial part of the future of the business. The mobile services and basic content is considered best to keep free of charge while profiting through advertising revenue along with paid subscriptions by premium customers and paywalls which will be discussed later in this paper.

Additionally, rather than intensively focusing on the mere development of the mobile applications, many companies have found it beneficial to develop the print, the simple online version and special mobile applications hand-in-hand with each other – mutually covering each other's possible deficiencies.

In Finland, Helsingin Sanomat (HS) successfully introduced the tablet application for their online content in 2010. Part of HS's approach has focused on being available and keeping themselves up-to-date with the latest platforms. Currently the company has application for all the major platforms and through which it reaches up to half a million visitors a week. Especially the tablet application has been well-received and has over 40 000 users (Ketonen 2013). In general - in HS's case – tablet application among others can be considered valuable and worth investing as currently ten times more page views are received through mobile applications than through regular mobile website visits. (Aalto 2013.)

Another Finnish example is Hufvudstadsbladet (HBL) – Finnish newspaper in Swedish language - which started to significantly diversify its services from 2010. Until 2009, HBL offered its content in three forms. These included the print version along with a digital replica of it, and their website. In 2011, a pilot of an application for mobile devices was launched in cooperation with Aalto University. The pilot program received positive responses and interest towards convenient tablet application was notable. Based on this experiment, HBL decided to engage in two projects. One was to develop an application for iPad and Android with which they desired/desire to serve their current readers but also to reach readers in logistically distant areas.In 2012, this project resulted in releasing of eHBL – a new mobile version of print replica - later that year. Less than a year since it was launched, eHBL had around 8000 active users and 45 000 single issues sold. In comparison, the old version of print replica attracted around 500 users a day.

The other HBL project launched as a result of the 2011 pilot, aiming to continue developing a more niched version of tablet application in order to attract especially new audiences. This project led to creation of digital magazine called HBL+, which was a collection of content from various Finnish newspapers in Swedish language in one comprehensive service. However, this particular service did not enjoy people’s interest to wished extent and was cancelled in the beginning of June 2014. Nevertheless, it should be noted, that even though HBL+ did not succeed, the new digital print replica eHBL has had positive results, especially considering that native Swedish speakers are only 5,5% of Finnish population and as HBL is focused on news in Finland, its attractiveness e.g. in Sweden is rather limited. HBL launched a new digital magazine called HBL Kväll in the beginning of 2014. (Holm et al 2014.)

Turun Sanomat (TS) has also been developing a new kind of news service application, primarily for tablets. The new service is meant for both old and new audiences but in particular TS is trying to attract people under 45 years of age in South-West Finland who are not willing to subscribe to the traditional print version. The new service has been tested in Owela Open Web Lab – online environment for innovation process support – through which it received positive responses. More news regarding local issues and phenomena were hoped from the new news service along with greater possibilities for personalization.(Kalliokoski & Mensonen 2013.)

A Finnish weekly magazine Me Naiset has also received positive responses to its mobile application called Me Naiset Plussa. The application was launched in the April of 2013 and is designed for iPad and iPhone’s Adobe Digital Publishing platform – being one of the first magazines in the world to have a smartphone application in this particular platform. Before this application, the magazine was available digitally only as a basic replica. The new service specially designed for mobile devices has been viewed positively in e.g. App Store and was one of the top downloaded applications in the region when it was launched. (Lahti 2013.)

According to the interviewees, the most significant slowing issues when it comes to mobile service versions of newspapers and magazines have been the investments and risk-taking those require. The technology does exist and its launching is not a high risk in itself but the limited financial resources along with the unclearness of the revenue logic in this new environment cause hesitation among industry. This issue along with the fact that mobile services often poorly offer any additional value to consumer compared to the printed version, is – however – a characteristic to the situation in Finland among some others, not in all countries. Internationally the situation of print media has been much worse and in steep decline for a long time and therefore also the responsive actions business-wise are on a further stage, which can be beneficial to other companies in terms of knowing what to expect and preparing oneself.

4.1.2 Paywalls and Premium subscribers

The strategies of the old business models are not directly applicable to the online world of business. Print media companies are trying to find approaches in which they could utilize knowledge – to some extent - from the old model while efficiently addressing the characteristics of online business as well. Common solution embraced by many companies around the world has been focusing on gaining so-called premium customers and establishing so-called paywalls to their online digital content.

A paywall is defined as a “system that prevents internet users from accessing webpage content without paid subscription” and separates “content that one has to pay for from the rest of the content on the net.” (Myllylahti 2014). According to Myllylahti (2014),four types of paywalls can be distinguished:

- hard/full paywalls – no access to content without subscription
- soft paywalls – some free content
- metered paywalls – restricts number of free articles

- freemium paywalls – some free content, charges for premium content.

The effectiveness of the system is based on the much emphasized personalization – an idea of not offering everyone with the exact same content but letting customers tailor the service to match their interests. Offering diversified content to please people with varying interests has of course been slightly easier to huge international newspapers due to their resources.

Helsingin Sanomat made complete revision on its digital strategy about five years ago. Their basic website as a source of media information had been continuously updated to be convenient in various platforms including mobile browsers align with applications for tablets and smartphones. However, all the content was offered free of charge. Only the basic digital replica of the daily paper had subscription costs. (Cava Interactive 2013.) In November 2012, HS introduced apaywall to the digital. HS's approach represents a so-called metered model where the number of free articles is limited. An unsubscribed visitor on HS.fi can read 5 articles per week for free, however it seems that a great deal of HS's existing customers are in fact willing to pay 14,90 euros a month for the premium package which allows access to all content and archives without limitations. HS's combo subscriptions – combination of home-delivered print version and premium digital access - have been positively received: in 2013, 45% of HS's customers choose to pay for the digital as well. (Aalto 2013; Ketonen 2013)

For HS, paywall's impact has been pleasant. In 2013, the paper announced over 10% year-over-year growth in online advertising and over 30% year-over-year growth in digital subscription revenue. (Aalto 2013)

Hufvudstadsbladet has also introduced paywalls for their digital content. The aforementioned eHBL – launched in 2012 – with over 8000 users, costs 17,42 euros per month for a one year subscription (Holm 2012).

Even though the abovementioned cases from Finland are quite recent, asking payment for digital news content is not a new phenomenon in Finland either. For example – an economic newspaper Talouslehti has had partial paywall-like subscriptions since 1996. In 2011, Talouslehti introduced a paid application for iPhone and iPad. Another economic newspaper Kauppalehti has also been offering paid content primarily to companies and organizations since the 1990s. In 2012, Kauppalehti introduced a paywall for individual users as well. (Aitamurto 2009.)

4.2 Media consumption habits and preferences

In this part, the results from primary data collection will be analyzed and reflected with the concepts mentioned in section 2.3, in regard of traditional print media, digitalization, and two main business model approaches that have been identified in secondary data findings: mobile devices application and paywalls and premium subscription. This analysis aims to draw the correlation between what have been done by companies and consumers' preferences.

4.2.1 Consumers' reading channel preferences

The first and the second question focused on consumers' reading habits and their preferences regarding readable media. Respondents were asked about their tendencies in accessing news pieces, articles and other journalistic material among the following channels: in print version, on a website of a publisher and/or through and application in a mobile device. This was followed by a question regarding the frequency of use of each channel and content type. The main goal was to identify positions of different media channels in consumer's reading habits, as well as to see how mobile service application approach received by media users.

Overall, website was the most chosen reading platform of new pieces, long articles, as well as other journalistic content. Mobile application, according to the questionnaire's respondents, is the second most often used channel for news pieces. However, it is not so commonly used in browsing longer journalistic content. Use of print media appears to be significantly lower than of web-based platform, and has a competitive position with mobile application according to respondents' rate. This outcome is demonstrated in Figure 1.

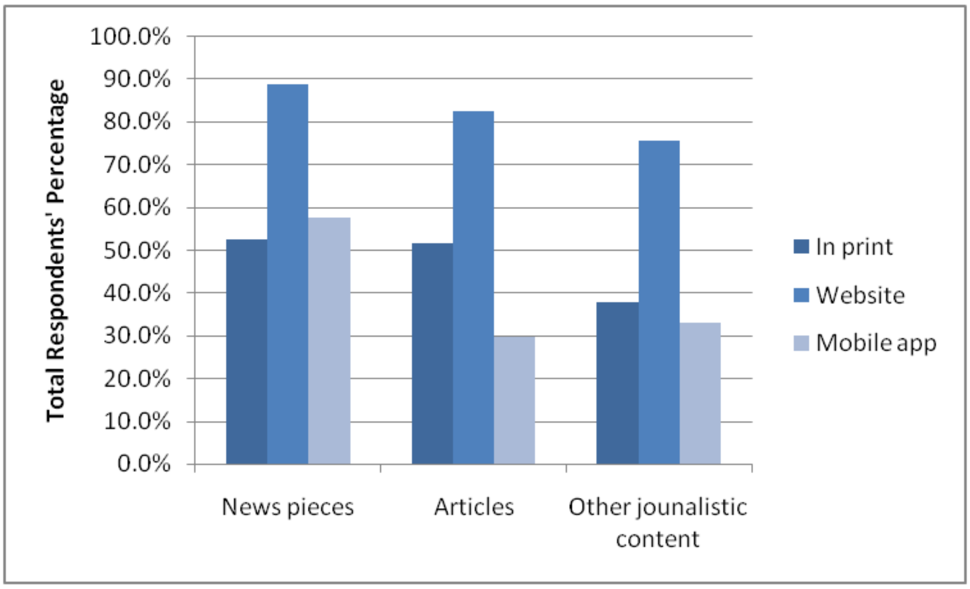

Figure 1. Respondents’ reading channel preferences

Comparing results from different age groups (Figure 2), print appear to be the least favorable and website as the most preferred source for young adults, whereas people above 45 years of age do not show dramatic difference between the using frequencies of these two channels. For people from 30 to 45 years of age, print comes in second after website, but does not significantly exceed the popularity of mobile device applications.

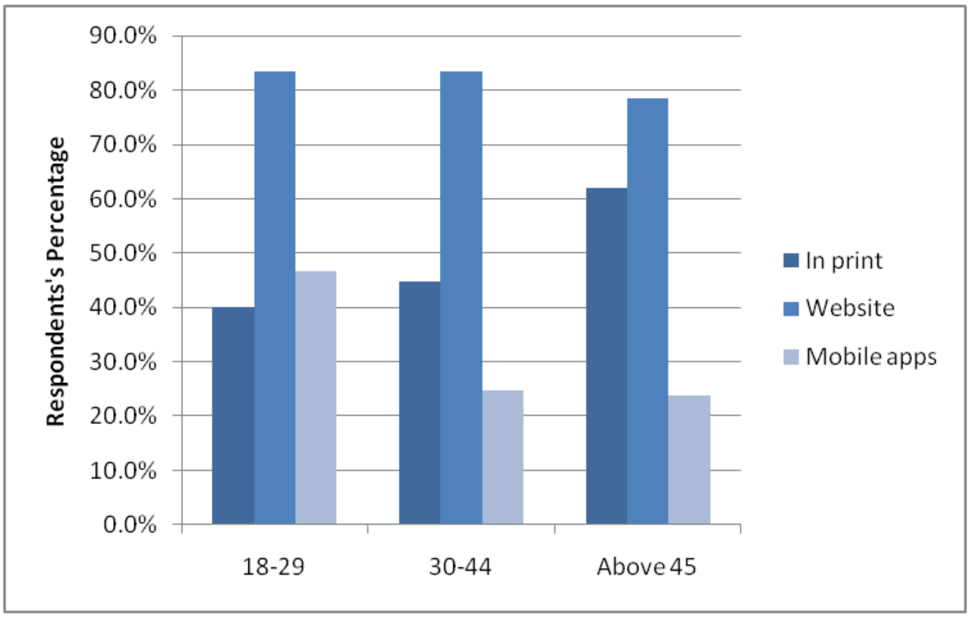

Figure 2. Reading channel preferences in general by age groups

Responses for the second questions indicated similar reading consumption habits within the age group of 18 to 29. This age group appeared as the least frequent reader base of a print version – only about 20% of them answered to read print daily. Readership of print was considerably higher in people above 29 years of age: about 40% of respondents from 30 to 45 read print daily and up to 70% of respondents above 45 years of age stated daily use.

These results clearly illustrate prior researchers' conclusions that were mentioned in section 2.1.2 of differences in consumers' preferences among generations. They support Picard's (2004)suggestion about younger people's disinterest towards print and what Näsi and Räsänen (2013) stated that preference differences are notable between age groups. These numbers also reflect Holmberg and others' (2013) note that a majority of Finnish print subscribers are above 50 years old.

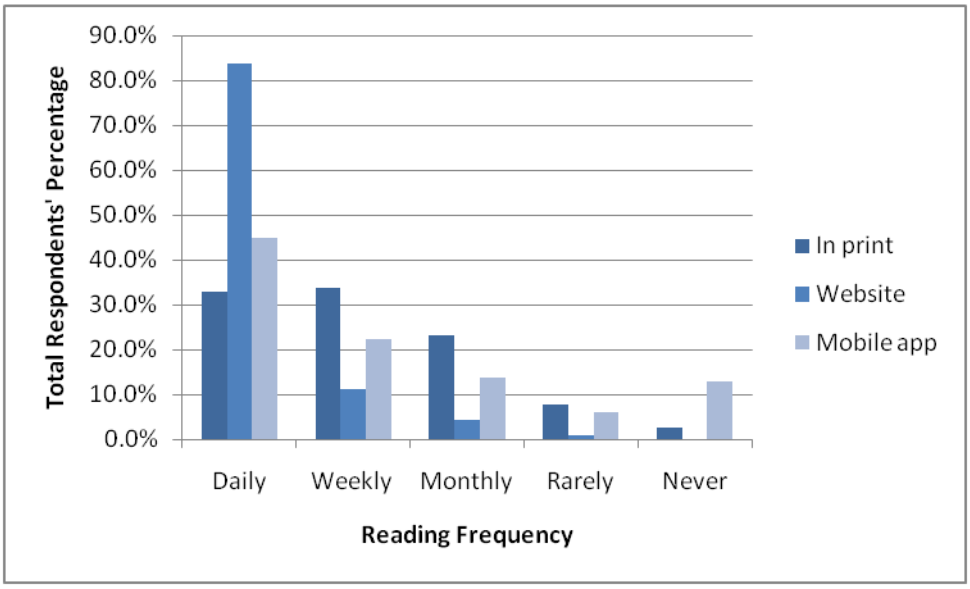

Figure 3. Respondents' reading habits using three media platform

However, the questionnaire's results show that even though the young adults – 18 to 29 year-olds – are not avid print users, the consumption of news, articles and other journalistic material is active through others channels: almost up to 87% of them stated daily consumption through content publishers' website. In fact, access to readable media through a website was the most popular form of consumption in all age groups with an average of 83% of people reading news, articles and other content through this channel on daily basis. Generally within all age groups, the frequency of website access was twice as high as the frequency in the use of mobile device applications as an access channel, and almost three times higher than the use of print. The difference between user habit of website access and print access was largest among 18-29 year-olds (87% daily vs. 18% daily), whereas people in the age group of 45 to 65 had less than 7% difference in daily and weekly use of print and website access. This domination of journalistic website channel shows that digitalization has become the norm, and at the moment is the essential part of a media provider's business.

The use of mobile device applications as a way to access readable media was most popular among young adults (18-29). However the differences between age groups regarding mobile applications are not large and these users – to varying frequency – occur in all age groups. The total responses indicated that reading through mobile applications is equally popular as print, or even more among younger age groups. More than 50% of the respondents use mobile applications as a reading platform for news pieces; this number is around 26% for longer articles and more than 30% for other journalistic content. This implies positive attitude of consumers toward mobile service applications as a reading channel, meaning that the companies – as predicted – have taken a right path applying this business model alteration. However, it is worth mentioning that there are more than 10% of the respondents who "never" use mobile applications as a journalistic reading platform; this portion were divided among all age group: significantly lower in people age between 18 to 24, but similar among other age groups.

4.2.2 Consumers' attitude toward media subscription

In the questionnaire, people were also asked about their willingness to pay for readable media in different forms. According to collected data, approximately 70% of the participants in the questionnaire are currently paying for readable content. In order to identify if people already or would like to pay for journalistic subscription, respondents were also asked questions regarding their willingness to pay. Following Figure (3) illustrates the result.

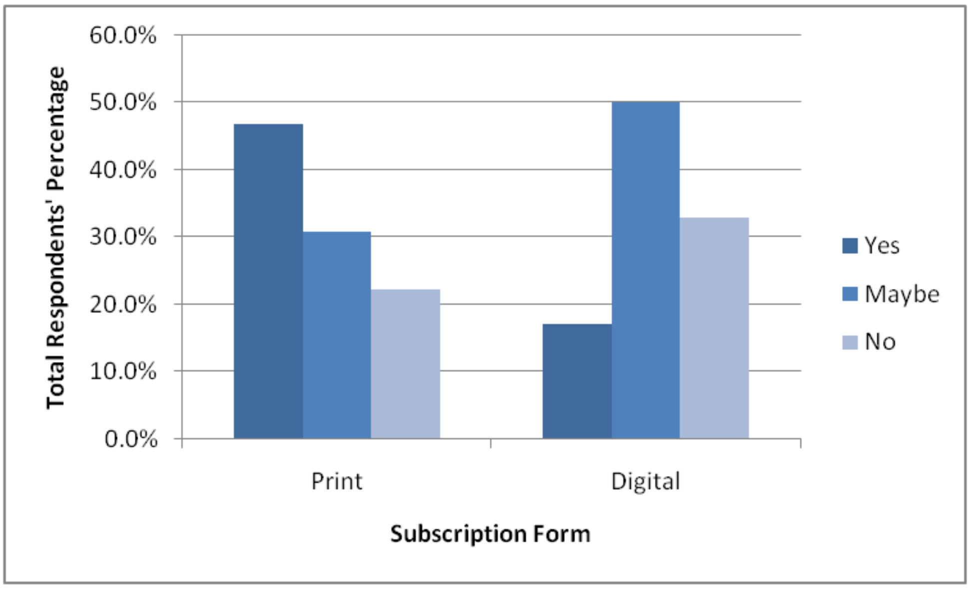

Figure 4. Respondents' willingness to pay for print and digital content

The result shows almost 80% of respondents are either willing to or would consider paying for print media subscription, about 10% higher than that is for digital subscription. It also indicates that respondents were more assertive about paying for print than digital content, as half of them answered “maybe” for digital subscription.

Questions regarding respondents' budget, if they would subscribe to either print or digital content, were also included. When asked how much they would be willing to pay for a subscription to print, the most commonly answered price category was 10-15 euros per month – representing approximately 28% of the respondents. The next commonly chosen answers were not far behind: about 20% chose the category 15-20€/month and about 18% were willing to pay less than 10€/month. People willing to pay more than 20 euros per month for print subscription were in clear minority in this questionnaire (see Figure 5). The results from different age groups showed that the respondents above the age of 55 years were all willing to pay for print subscription and were also the ones willing to pay the highest prices. On the other hand, the majorities (~77%) of respondents in the age group of 18 to 24 year old were also willing to pay but at a cheaper price than the older respondents – mostly preferred a monthly payment of less than 15 euros. Whatever the preferred amount, these figures indicate similar results to the Finnish National Readership Survey from 2013 (Yle 2013) regarding people's interest towards traditional print.

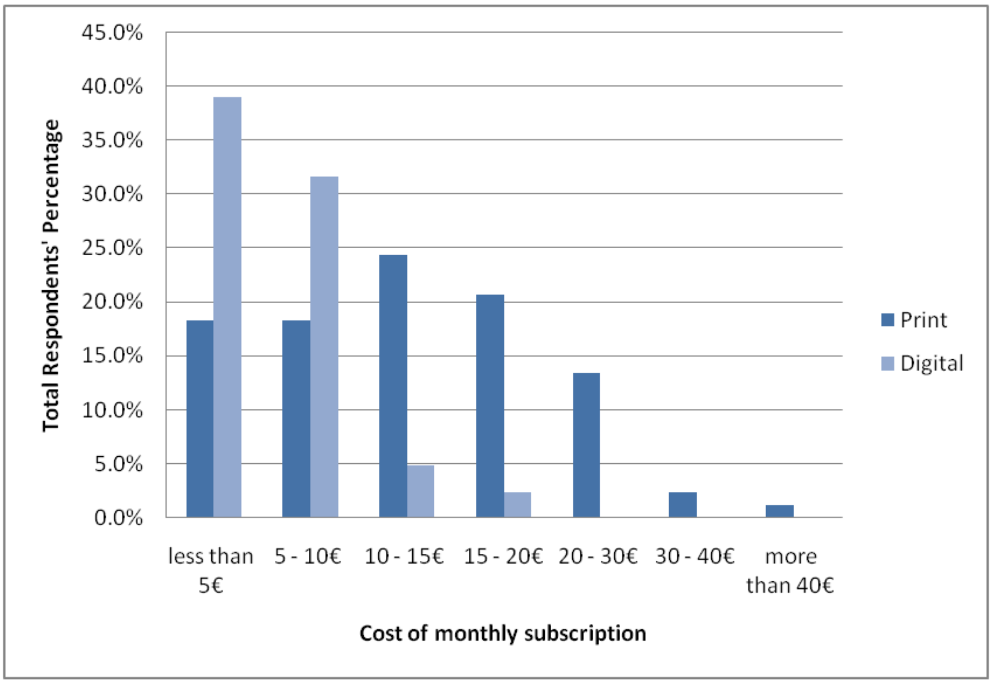

Figure 5. Respondents' budget for print and digital subscription

People were also asked if and how much would they be willing to pay for a subscription to digital content – for example to access certain special content on a website or in a mobile application. Approximately 78% of respondents of all ages were willing to pay at least something for such digital subscription. The differences in amounts – that respondents were willing to pay – were much smaller between age groups than in print's case, even though older people chose slightly higher amounts. Nevertheless, it was only 7% of respondents of all ages who showed willingness to pay more than 10 euros per month for digital subscription.

All in all, despite the existence of free-content concept in the new media environment, these data clearly indicates that people are willing to pay for quality content. The positive attitude toward subscriptions of content in print format suggests that there is still place for traditional print media in Finnish market. This is possibly influenced by the Finnish habit of subscribing to a newspaper or a magazine and it being delivered to individual's home – a tradition not-so-common in most other countries where newspapers and magazines are bought from shops, newsstands or on the street. It is apparent that people are more willing to pay for content in printed form and at higher price range than content in digital format. The idea of free-content in digital world and the fact that some people value tangible paper higher (Anderson 2009) can be used here to explain this difference.

4.2.3 Factors influencing consumers' media choices

In the questionnaire, people were asked, which factors affect their choice of platform regarding readable media. People were free to select multiple choices. The most commonly selected factor was the availability and easy access to the content – selected by about 73% of respondents. This indicates that companies are indeed making a good decision when investing in mobile services and in being available on different kinds of platforms. The second and third most common selections were using convenience (~68%) and content's quality and quantity (~61%). Price of the content was the least common selection among the defined choices, but was still selected by almost every other respondent (~45%).

The final question of the questionnaire was an open one. People were asked to describe for what sort of readable media content (printed or digital) they would be willing to pay. A notable characteristic in a great deal of answers had to do with content on some specific field – e.g. specialized material of industry they work in or a hobby. One might say that this is partially a consequence of people having careers based on their deep personal interests, rather than just jobs to which they go to make a living. This however, cannot be proven by this research nor was it in the core of it. General papers reporting news on current events were mentioned a lot less frequently and even when they were mentioned, more profound and investigating material was desired from them.

Among frequently occurred concepts were also high quality, critical journalism and larger articles with background research regarding current phenomena of the world. In this open answer, only two respondents stated refusal to pay for any kind of readable media content.

The results of the questionnaire imply similar indications to those expressed by the industry professionals and what has also been seen in attitudes and approaches of companies. There seems to be demand for more profound and exploratory journalism. People are not so willing to pay for light news material with solely entertaining purpose, even though they might consume it on ad-financed websites. One could say this is one reason for the decline of printed tabloid newspapers(Media Audit Finland 2011; 2012; 2013).In addition, the answers regarding what affects their choice of platform/format indicate desire for high availability and accessibility – something companies have indeed invested in.

5 CONCLUSION

5.1 Outcomes and implicationsof the research

The state of newspapers' and magazines' print versions in Finland can be considered rather good in the near future based on relatively high subscription and circulation rates along with positive indications in companies' conduct during the past couple of years.

There seems to be a demand from people for readable media content to become more exploratory, profound, insightful and multi-leveled.The content offered by different channels must vary and cannot aim at serving the same purpose.

In Finland, print is still profitable business which has caused established companies in the industry to be uneager for dramatic changes in their traditional business models.Another issue that is holding back established companies regarding their eagerness to change is also the risks and uncertainties in the development of online services – requiring a great deal of a company's resources when done effectively. The companies must daringly develop services that increase customer benefit and consequently increase customers' willingness to pay for those services, despite the uncertainties in the industry.

All in all, it can be concluded that the focus of business for traditional established print media publishing companies cannot be solely on the print if they wish to exist in the future. What is vital for print's digital content's coexistence is diversification of the type of content they share and having different purposes to serve. Online content can no longer be the content of the print version served in digital form – or the other way around. Different channels – of a same company/media house - must support and complete each other. The emerging technologies in modern media environment made it easier for this mission to be accomplished. New implementation concept of technologies such as QR code, augmented reality, or e-paper,can be used to integrate traditional and digital media channels and deliver a model based on consistent management (Ernst & Young LLP 2011).

Younger generations are very familiar with journalistic content in digital form and show high rates of readership in that area. Studies also indicate that consumers are indeed willing to pay for digital content – even in this era of large extent of free content available – if the content is seen valuable enough and is of high quality. Large public has not been intimidated by introduction of paywalls for premium content. Good response to paywalls along with increasing consumer online behavior analysis tools has enabled more accurate targeting and greater personalization of the content directed to customers. This has at the same time increased customer benefit and made advertisers willing to pay higher prices for such highly personalized targeting of a potential customer – balancing the loss of revenue caused by decrease in print sales to some extent.

This research gives a good overall view over the current situation and near future of Finnish companies involved in newspaper and magazine publishing. Besides anyone who is interested in this particular topic, this research is particularly beneficial to regional – perhaps smaller – newspaper and magazine publishers who have not yet fully embraced the digital potential of their business.

5.2 Suggestions for further research

Apart from the exact scope of this particular research, one might suggest more thorough research on smaller regional newspaper and magazine publishing companies in order to see how the change in media environment has influenced them, if the impact has been similar to national ones and how what they have done to tackle the challenge. The topic discussed in this research of course remains an infinite source for more investigation in today's world where practically all businesses have the possibility to operate globally, development of services is increasingly customer-driven and technological development constantly creates new solutions after another for people's convenience. This research only investigated the two popular approaches companies have taken regarding their business models. Future research can target other solutions for traditional media companies suggested by scholars, regarding both business models and technological innovations.

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LUETTAVA MEDIA JA KANAVAMIELTYMYKSET

Sukupuoli

○ Mies ○ Nainen ○ ---

Ikä

○ alle 18
○ 18 – 24
○ 25 – 29
○ 30 – 34
○ 35 – 45
○ 45 – 55
○ 55 – 65
○ yli 65

1. Miten/ minkälaisissa formaateissa yleensä luet uutisia, artikkeleita ja muuta journalistista sisältöä?

	Printti-/paperiversiona	Verkkosivuilla	Mobiililaitteella sovelluksen kautta
Uutisia	☐	☐	☐
Artikkeleita	☐	☐	☐
Muuta journalistista sisältöä	☐	☐	☐

2. Kuinka usein luet uutisia ja/tai artikkeleita?

	Päivittäin	Viikottain	Kuukausittain	Harvemmin kuin kuukausittain	En lähes koskaan
Printti-/paperiversiona	○	○	○	○	○
Verkkosivuilla	○	○	○	○	○
Mobiililaitteella sovelluksen kautta	○	○	○	○	○

3. Maksatko tällä hetkellä jostakin lukemastasi sisällöstä?

○ Kyllä ○ En

4. Maksatko tai olisitko valmis maksamaan sanoma- tai aikakauslehden paperiversion kestotilauksesta?

○ Kyllä ○ En ○ Mahdollisesti

5. Kuinka paljon olisit valmis maksamaan paperiversion kestotilauksesta?

- ○ En mitään
- ○ alle 10€ / kk
- ○ 10 - 15€ / kk
- ○ 15 - 20€ / kk
- ○ 20 - 30€ / kk
- ○ 30 - 40€ / kk
- ○ yli 40€ / kk

6. Maksatko tai olisitko valmis maksamaan sanoma- tai aikakauslehtien sähköisestä sisällöstä? (Julkaisijan verkkosivujen tai niille suunnitellun mobiililaitesovelluksen kautta.)

○ Kyllä ○ En ○ Mahdollisesti

7. Kuinka paljon olisit valmis maksamaan rajattomasta lukuoikeudesta julkaisijan sähköiseen sisältöön?

- ○ En mitään
- ○ alle 5€ / kk
- ○ 5 - 10€ / kk
- ○ 10 - 15€ / kk
- ○ 15 - 20€ / kk
- ○ yli 20€ / kk

8. Mitkä asiat vaikuttavat valintaasi sen formaatin suhteen, jossa luet uutisia ja artikkeleita?

- ☐ Sisältö on helposti saatavilla
- ☐ Erityiset, henkilökohtaiset mielenkiinnonkohteet
- ☐ Käyttömukavuus ja helppokäyttöisyys
- ☐ Sisällön hinta
- ☐ Sisällön laatu ja määrä
- ☐ Muu

9. Kertoisitko vapaasti, minkälaisesta luettavasta (sähköisestä tai painetusta) sisällöstä maksat tai olisit valmis maksamaan?

Kiitos! Valmista tuli! Suuret kiitokset vastauksistasi!

CHANNEL PREFERENCES IN READABLE MEDIA

Gender

○ Male ○ Female ○ ---

Age

○ under 18
○ 18 – 24
○ 25 – 29
○ 30 – 34
○ 35 – 45
○ 45 – 55
○ 55 – 65
○ above 65

1. How/in what kind of formats do you usually read news, articles and other journalistic material?

	In print/paper version	on a website	with a mobile device through an application
News	☐	☐	☐
Articles	☐	☐	☐
Other journalistic material	☐	☐	☐

2. How often do you read news and/or articles?

	Daily	Weekly	Monthly	Less frequently than monthly	Almost never
in print/paper version	○	○	○	○	○
on a website	○	○	○	○	○
with a mobile device through an application	○	○	○	○	○

3. Are you currently paying for some content you read?

○ Yes ○ No

4. Are you currently paying or would you be willing to pay for a print subscription of a newspaper or a magazine?

○ Yes ○ No ○ Possibly

5. How much would you be willing to pay for a subscription of a print/paper version?

○ Nothing

- less than 10€ / month
- 10 - 15€ / month
- 15 - 20€ / month
- 20 - 30€ / month
- 30 - 40€ / month
- more than 40€ / month

6. Are you currently paying or would you be willing to pay for digital content of a newspaper or a magazine? (On the publisher’s website or through a mobile device application)

- Yes
- No
- Possibly

7. How much would you be willing to pay for a subscription of unlimited access to digital content of a publisher?

- Nothing
- less than 5€ / month
- 5 - 10€ / month
- 10 - 15€ / month
- 15 - 20€ / month
- more than 20€ / month

8. Which factors influence your choice of format in which you read news and articles?

- [ ] Content available and easily accessible
- [ ] Special personal preferences
- [ ] Using convenience
- [ ] Price of the content
- [ ] Quality and quantity of the content
- [ ] Other

9. Please describe in your own words, for what sort of readable content (printed or digital) are you currently paying and/or you would be willing to pay for.

Thank You for your answers!