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RE-INVENTION AND SURVIVAL: NEWSPAPERS IN THE ERA OF DIGITAL MULTIPLATFORM DELIVERY

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ABSTRACT: Drawing on empirical research into the strategies of leading UK newspaper groups, this article examines the means by which such firms, through processes of attrition in old and investment in new resources, have gradually re-invented themselves as digital multiplatform entities. It analyses how the adoption of a multiplatform distribution strategy is affecting organization of production activities, content and business models in the newspaper industry. While strategies for renewal based on adoption of a multiplatform approach can vary considerably from one firm to the next, the experience of leading players in the UK national newspaper sector indicates some communalities of experience that offer potentially valuable lessons for media and publishing businesses more widely. Findings highlight the crucial importance to the success of a digital multiplatform strategy of effective integration between IT, commercial and editorial functions and a willingness to experiment and innovate in relation to harnessing the benefits of two-way connectivity.

KEY WORDS: Multiplatform; paywalls; convergence; news production; digital delivery; creative destruction; factor reallocation

The rapid spread of digital technology and of internet usage have acted as catalysts for transformation in many industries in recent years but newspaper publishers, whose outputs are well suited to circulation via digital platforms, have been especially affected and many have found themselves at the epicentre of forces akin to those described by Schumpeter as 'creative destruction'. On one hand, innovative new products such as the *Huffington Post* have rapidly achieved popularity and success at an international level (Steel and Garrahan, 2013). On the

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other, traditional print titles have suffered extensive losses in readership and revenues to the point where some have undergone or faced the prospect of closure (Hume, 2012).

Numerous earlier studies and economic surveys offer general support for the Schumpeterian vision that the phenomenon of constant restructuring, replacement and renewal of the old with the new is an endemic aspect of how industries innovate in response to technological change and one that acts as a positive spur to economic growth (Aghion and Howitt, 1992; Caballero, 2006). Business writers and scholars working in the area of media economics have noted the potential relevance of this framework to developments in the media sector (Chan-Olmsted, 2006: 253; Küng, Picard and Towse, 2008: 25-6). The concept of creative destruction appears especially apposite in considering the profound and potentially disruptive impact of recent technological changes on the newspaper industry (Nee, 2013). As digitization and growth of the internet have diminished levels of readership and advertising for print in developed media economies, great pressures bear upon incumbent newspaper groups to find ways to innovate and to adapt in order to secure their future survival (Mitchelstein and Boczkowski, 2009; Picard, 2011).

A common response amongst newspapers has been to adopt a cross-media or multiplatform approach to supplying content i.e. to extend distribution to include online and mobile digital delivery as well as the traditional print product. Focusing on leading firms in the national (as distinct from the local) sector of the UK newspaper industry, this article examines the migration of newspaper publishers towards distribution of content across multiple platforms and the impact that this approach has had on resources, on organization of news production and on strategies being deployed to create value and build revenues.

The ways in which changing technology has brought transformation to the newspaper industry have been the subject of many earlier studies (Bressers, 2009; Casero-Ripollés and Izquierdo-Castillo, 2013; Mitchelstein and Boczkowski, 2009; van Weezel, 2009). Several have highlighted how journalism and news production practices have changed and the ways this is affecting content (Boczkowski, 2010; Erdal, 2011; Fenton, 2010). The implications for journalism, news content and democracy, although an important theme, are not the focus in this article. Instead a key concern here is how the rise of multiplatform delivery has impacted on resource allocation (as exemplified by job and investment flows) in the newspaper industry. In what ways is a converged multiplatform approach to production and distribution changing the composition of resources involved in supplying news content and improving the management and exploitation of those resources? This adds to earlier work which, at a critical time of change, interrogates the connection between patterns of investment and resource usage within newspaper firms and their ability to adjust, perform successfully and derive new revenues in the digital environment

(Krumsvik, 2012; Picard, 2011; Tang, Sridhar, Thorson and Mantrala, 2011).

This article also considers, from a managerial and business perspective, the challenges involved in integrating new and existing resources and systems. In examining how a multiplatform approach is affecting the organisation of work activities and the challenges, opportunities and costs involved in making the transition from print to digital multiplatform publishing, it builds on extensive earlier work about convergence and changes in newsroom practices, routines and cultures of news production (Achtenhagen and Raviola: 2009; Deuze, 2004; Domingo, 2008; Spyridou et al, 2013) and implications for innovation in the newspaper industry (Boczkowski and Ferris, 2005; Mico, Masip and Domingo, 2013).

A final concern is how newspaper publishers are utilising multiplatform expansion to develop and diversify their revenues. Many earlier studies have drawn attention to the 'crisis' in newspaper publishing (McChesney and Nichols, 2010; Siles and Boczkowski, 2012) and accompanying need for new business models (Holm, Günzel and Ulhøi, 2013; Kaye and Quinn, 2010; McChesney and Pickard, 2011; Picard, 2011). Looking at the experience of leading players in the UK national newspaper sector, this paper considers the extent to which the interactive dimension of digital delivery is encouraging innovation and experimentation in processes of value and revenue generation as part of a multiplatform approach.

The research work which underpins this article was carried out as part of a project funded by the Economic and Social Research Council involving interviews with senior personnel at UK newspaper groups News International (publisher of the *Times*, *Sunday Times*, *Sun* and *Sun on Sunday*), the Telegraph Media Group (*Telegraph*, *Sunday Telegraph*), Associated Newspapers (*Daily Mail*, *Mail on Sunday*) and the FT Group (*Financial Times*). It draws on original empirical research involving both interviews with senior management at these organisations and analysis of each company's financial data carried out in 2012 and 2013.

FACTOR REALLOCATION

One way of capturing and assessing the extent to which processes of creative destruction are underway and triggering renewal in an industry is to examine, in the context of adjustment to technological change, the incidence and magnitude of investment in new resources (such as equipment, job functions etc) and the erstwhile attrition and disappearance of others that have become obsolete. By looking, for example, at the intensity of investment in new job activities versus diminution of roles in other areas that no longer serve a useful purpose, it is possible to gain insights into how companies are re-inventing themselves and how the business as a whole is being transformed as the

nature and composition of factors required to participate in that activity are changing.

The importance of resources as a potential source of competitive advantage for firms has long been recognized in the resource-based view (RBV) of strategic management (Penrose, 1959; Barney, 1991; Wernerfelt, 1984). To the extent that individual firms can equip themselves more speedily and effectively than rivals with tangible and intangible resources (including systems, routines and capabilities) that are more highly attuned to the demands of their environment then this will create advantages, although how long these last depends on how easily resources that are distinctive may be replicated. The concept of dynamic capabilities refers to the capacity that firms may have to evolve - to innovate and reconfigure - in the face of changing environmental conditions (Tece, Pisano and Shuen, 1997; Helfat and Peteraf, 2011). Following the Darwinian viewpoint that, in the interests of survival, adaptations in response to environmental change which yield success tend to be reproduced, the evolutionary approach to economics and strategic organisation suggest that firms - including newspaper publishers - that are possessed of dynamic capabilities will seek to adjust their resources and operational processes in direct response to changing environmental conditions - in this instance, the spread of digital technology - and competitors concerned with their own survival will naturally try to follow suit if they can, thus triggering renewal across the whole of the industry in question (Kay, 2013).

Examining factor reallocation is a method that has been used in a number of earlier economic studies, for example of US manufacturing industries, with changes in job flows acting as a proxy for measuring the intensity of creative destruction (Davis, Haltiwanger and Schuh, 1996). As far as the media industry is concerned, an earlier preliminary study of factor reallocation as a marker of creative destruction showed how, in the context of the television broadcasting industry in the UK, efforts to reconfigure for the digital era have resulted in loss and attrition of jobs in some areas while, at the same time, investment in the number of employees engaged in multi-media and online activities has increased markedly (Doyle, 2010). A similar approach is adopted here in considering the extent to which the efforts of newspapers to transform in response to digitization and growth of the internet can be documented and understood through analysis of patterns of factor reallocation in this particular industry.

Evidence gathered through interviews at case study organisations suggest that, while print newspapers remain highly relevant especially in terms of revenue creation, all now regard themselves as digital multiplatform entities. For example at Associated Newspapers (owners of the *Mail* titles), the Group Managing Director (MD) confirms that the company is now 'as comfortable in digital distribution and digital products as we would traditionally have been in newspaper publishing'. Likewise at Telegraph Media Group (TMG) which publishes the

Telegraph titles, the Executive Editor for Digital says:

We are not a newspaper company. We are not a digital news company. We are *both*.

A steady ongoing re-orientation towards multiplatform distribution has entailed a significant impact on the nature and the mix of resources needed to successfully run a news publishing business. Lack of transparency and consistency in financial data reporting across differing firms impedes in-depth comparative quantitative analysis. However, evidence gathered directly from senior figures at leading UK newspaper groups provides an instructive account of how key indicators such as job flows are changing.

The TMG provides a fairly typical illustration of how patterns of staff activity have shifted broadly in recent years. According to the Digital Editor, the total number of staff in the newsroom has remained relatively stable from 2007 to 2012 – see Table 1. However, in that same period, a pronounced re-direction of resource has occurred in favour of delivery of the *Telegraph* across the internet and on other digital platforms. An estimated 25% of staff effort was devoted to digital distribution at the end of 2012 versus less than 10% five years earlier. A further re-organisation of resources to remove overlapping job functions and invest in 50 new jobs, in the words of the Digital Editor, ‘to scale up on the digital side of the operation’ was announced in Spring 2013. Thus, the process of resource reallocation at TMG is still very much ongoing.

Table 1: Changes in staffing at Telegraph

Year to December 31	2007	2012
Telegraph Media Group		
Total employees in newsroom	540	550
Staff effort devoted to print edition (%)	90%+	75%
Staff effort devoted to digital editions (%)	<10%	25%

Source: Estimates based on information provided by company

A similar pattern can be found at other UK newspaper groups. Faced with downward pressure on readership and revenues many have ‘battoned down the hatches’ and pared the size of their workforce while also re-directing resource towards digital activities. Unlike most other newspaper groups in the UK, Associated Newspapers has opted to run its digital and

print operations relatively separately and as complementary businesses rather than seeking to closely integrate production across both print and digital. Even so, its workforce has undergone changes that are broadly similar to those of competitors in that significant investment has been made in additional editorial staff for digital products and in data analysts but, at the same time, reductions have been achieved in print production and in back-office functions. The Group MD estimates that whereas in 2007 digital platforms accounted for some 10% of costs ‘we are now [in late 2012] talking about 20-25% of the overall costs and growing fast’.

At the FT Group (publisher of the *Financial Times*), the newsroom workforce has remained relatively stable at 6-700 over recent years but the spread of job functions has changed as emphasis on digital delivery has increased. In-house training has helped journalists adapt their skills to the sort of writing needed in the digital environment. At the same time, as the MD of *FT.com* confirms, more specialists have been recruited in IT, graphics and in data analysis. An estimated 50% of staff effort at the *Financial Times (FT)* was devoted to digital as opposed to print delivery at the end of 2012, a proportion which is well ahead of other UK newspaper groups, and this percentage continues to grow. The Managing Editor of the *FT* explains that ‘we are now going past integration into a rebalancing of our resources... to have more devoted to digital platforms than to print’. This re-weighting in resources is matched by the fact that at the end of 2012 and for the first time a majority of subscribers to the *FT* were digital subscribers and, more broadly, the revenues earned by FT Group derive increasingly from digital activities – see table 2. The success of the *FT* does, of course, reflect the specialist nature of the product (with higher willingness to pay amongst users of specialist financial news content) and the fact that the company has very consciously pursued a strategy of international expansion of its readership. At the same time, whereas earlier research suggests a link between sustained investment in conventional news production resources and the ability to earn digital revenues (Tang, Sridhar, Thorson and Mantrala, 2011), the experience of the *FT* underlines the importance of focusing new investment specifically on digital resources.

Table 2: Changes in revenue at FT Group

Year to December 31	2008	2012
Total revenues (£m)	£390m	£443m
Proportion from other (%)	69%	50%
Proportion from digital & services (%)	31%	50%

Source: Pearson plc Annual Report & Accounts

The experience of UK newspaper groups provides abundant evidence that the sector is adapting to technological advances through attrition and disappearance of jobs in some areas while, in functions related to digital delivery, the flow of new jobs has increased markedly over recent years. In terms of editorial content production, some of the main areas of expansion have been digital page editing, video production, interactive graphics, and contributions to blogs. More specialists have been recruited with skills in IT and digital product development. In addition, teams of analysts are employed to collect and interpret information gathered via the return path about patterns in consumption and usage of digital products. The process of reorganization and renewal of staff competencies has involved shrinkage too with the loss of a number of jobs in conventional journalism, production and printing.

Evidence of factor reallocation can be found not only in changing job functions but also in wider investment flows. At News International (NI) which publishes titles including the *Times* and *Sun*, the Head of Digital Products explains that the company is investing in a project entitled 'Newsroom 360' for implementation in 2013 the purpose of which is to secure more effective adjustment to a digital multiplatform publishing environment by investing in re-training of staff, better integration of digital teams and an improved Content Management System (CMS). CMSs, which have been a major focus for new investment right across the UK newspaper industry in recent years, provide the interface for journalists as they input text and facilitate a degree of automation in processes of creating, editing and publishing content across platforms. According to the MD of Commercial at NI, 'in terms of editorial production, the content management system is everything'. This sentiment partly reflects the vital role CMSs play in ensuring that the way stories are constructed and written up is conducive to publication across multiple delivery platforms but also their role in improving cost-efficiency within production. The Digital Editor at TMG confirms that new CMSs provide journalists with access to archives of content, pictures and video material so that, instead of just writing text, they can also decide what elements to include in packages that make up a story. This 'power in the hands of journalists' signals a change from even the recent past where creating text, taking pictures, creating headlines and assembling or producing the final article were functions carried out by separate specialists.

In summary, the general weight of evidence garnered from this group of companies clearly points to an ongoing and as yet incomplete process of factor reallocation characterised by (a) a progressive strengthening of digital skills amongst the workforce and (b) more investment in the CMSs that facilitate distribution across multiple digital as well print delivery formats.

ADAPTING TO DIGITAL

Interactivity is a key feature of digital platforms and harnessing interactivity effectively is regarded by senior managers across the UK national newspaper sector as a major source both of challenge and of opportunity. From a business perspective, the reported benefits of two-way connectivity include improved information about reader preferences, the availability of user data for purposes of selling behavioural advertising, and opportunities for closer engagement with readers which, in turn, may yield other forms of commercial revenue.

Two-way connectivity has enabled editors to understand better the preferences of their readership. Echoing the findings of other recent research (Turow, 2012), the experience of UK newspapers suggests that, as relationships with readers are conducted to an increasing extent across interactive platforms, the ways in which reader preferences can impress themselves over what is supplied are manifold and in some cases very immediate. In the newsrooms of leading UK newspapers such as the *Telegraph*, screens relaying real time data about which stories are trending and receiving most attention both on social and other media and, especially, on the newspaper's own site are a significant and prominent presence. The results of real time analysis of consumption patterns amongst the newspaper's digital users provides a constant feedback loop which, in turn, editors and journalists may respond to via instantaneous adjustments in the positioning given to stories and how much coverage they get.

Indicative of the extent to which a converged multiplatform approach to news production has become embedded is the fact that, for the vast majority of UK national titles, daily news conferences are organized as a single event that covers both print and digital editions. Here again web analytics play an influential role in shaping the product. At the *Telegraph* for example, selection of stories is now strongly informed by data 'on what is doing well on Google, on Twitter, on Facebook, on our own site'. At the *Financial Times* the Managing Editor explains how the way daily news meetings are conducted has changed and the growing importance of return path data:

Before, the editor would open up the paper and go through the paper. But now there's a screen and a mouse and he's looking at how well we did on this story and is this in the right place? He'll *start* with the web ...

The ability to understand the preferences of readers at an ever more refined level of granularity is clearly of value in shaping news and news-related products and improving their delivery. At the same time, the general consensus amongst UK newspaper executives is that editors and journalists remain responsible for deciding what is newsworthy and for exercising their own professional judgment in this respect. For the *FT*'s

Managing Editor, it is important to avoid placing too much emphasis on how stories perform with digital audiences:

We have got be careful about that really. We are very resistant to editing by numbers. We have to have our core news values and what we think are good news stories ...

Even without intervention by an editor, content delivered on digital platforms can be and in some cases is configured to respond automatically to data about user preferences so that what is served up, say, to any individual computer or device, reflects adaptations based on analysis of the patterns of web usage of that device's owner (Thurman and Schifferes, 2012). Even so, senior executives express skepticism about how far strategies of personalization should be taken and in part this reflects the view that the function newspapers carry out in selecting and editorializing content is integral to their commercial *raison d'être*. In addition, the MD of Commercial at NI cautions that, despite the shift to multiplatform delivery, the high production costs involved in news publishing are such that business must remain centred around achieving mass audiences:

[although] we have got be agnostic about which platform you consume us on, we still have got be a *scale* business. Otherwise our business doesn't make sense.

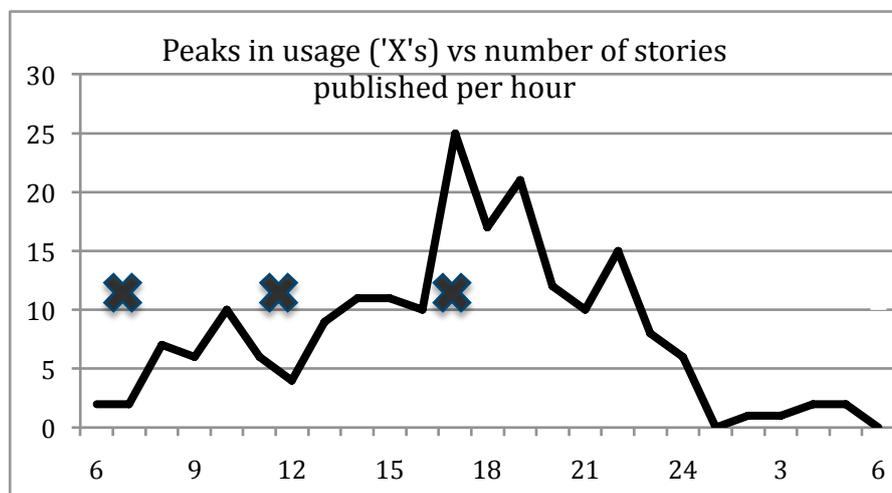
In order to avoid unnecessary replication of costs, a converged approach to production of news content for both print and digital, with CMSs helping to tailor content to specific platforms and formats, is the preferred *modus operandi* at most UK national titles. At the *FT* not only is news production for different platforms fully integrated but 'digital first' is the ethos guiding news journalism. But, as earlier newsroom studies have indicated, embedding a fully integrated approach to content production is not without its challenges (Bressers, 2009; Erdal, 2011). The appetites and consumption preferences of digital and print readers are not always identical and so attempting to produce news that simultaneously satisfies all or that prioritises digital users can be challenging. And digital production does not always sit comfortably with the established routines and practices of daily newspaper production (Domingo, 2008).

Earlier studies of news production have shown how the massive logistical challenge involved in publishing a newspaper every day is rendered more manageable by a reliance on a shared understanding of news values and on daily work rhythms and routines (Schlesinger, 1977; Tiffen, 1989). Central to the daily rhythm is a publication deadline for the print edition that typically occurs in the evening and around which production activity is organised. But multiplatform publishing involves what the MD of Commercial at NI calls 'multiple touch points' in how readers want to consume news content which, in turn, necessitates a

different approach not only to how but also to *when* content needs to be produced. Despite knowing this, most UK daily newspapers continue to operate on an hour-by-hour publication cycle for online content that, rather than refreshing content regularly, is heavily weighted towards the early evening when the publication deadline for the print newspaper falls. Despite access to vastly increased amounts of data about consumption trends on digital platforms, 'changing the workflows to respond to these data' is, as the Digital Editor at TMG concedes, 'an entirely separate issue'.

The *FT* Managing Editor affirms that, in order to sustain a paid model for digital news content, the relationship forged needs to be such that readers feel motivated to make multiple visits every day. To achieve that level of engagement, content needs to be refreshed often and including at times that fall outside the traditional window when journalists are at their desks. But getting journalists to fully adjust to catering to the needs of online readers who want frequent updates and, as the Managing Editor describes it, 'a kind of interactive dynamic experience online that is very different from the newspaper' is challenging. The peak periods of usage of *FT.com* by readers centre around morning and lunchtime in the UK and USA - see figure 1 below. But by contrast the frequency of online publication of new stories is skewed towards the early evening when the print edition of the newspaper is approaching its production deadline.

Figure 1 Online publication cycle versus consumption peaks at *FT.com*]



Source: Estimates based on information provided by company and on analysis of online publication data for March 6, 2013.

This misalignment, which is by no means confined to the *FT*, shows how even for companies that are committing to a 'digital first' approach, overcoming the conventional rhythms of print production can be a struggle. Other UK press groups also acknowledge that ensuring online content is

refreshed at such times and with a frequency that encourages high levels of engagement amongst digital users is very challenging. Looking beyond the UK, the *Wall Street Journal* in Spring 2013 conducted an internal analysis which likewise showed how, even though the peaks of online consumption occur elsewhere during the day, journalists at *WSJ.com* are still publishing online copy in accordance with traditional print deadlines (Romenesko, 2013). This state of affairs echoes the findings of earlier research which suggests that, notwithstanding the efforts of newspapers to adjust and innovate for the digital era, adherence to the traditional routines and values associated with print journalism can at times impede innovation and adjustment (Siles and Boczkowski, 2012: 1378; Mico, Masip and Domingo, 2013).

According to senior figures at the FT Group, TMG and NI, another way in which the predominance of conventional journalistic culture can manifest itself to the detriment of development of a successful digital strategy is through lack of effective integration between, on the one hand, editorial and, on the other, IT and commercial functions. Given the many ways that digital platforms differ from print, there is a widespread belief that forging the circumstances under which innovative digital news products may be developed and new ways of deriving commercial income from the audience traction surrounding news content might be identified should involve the combined efforts not only of editorial staff but also, crucially, of IT personnel and commercial strategists who understand the digital environment. Integration across these groups is seen as essential in encouraging experimentation and innovation on digital platforms. Yet, according to interviewees, this has been difficult to achieve, not least on account of the perceived supremacy of journalistic culture. According to one Commercial Director at a leading national newspaper group:

When I came here first I was amazed that there was such a distance between the two [editorial and commercial]... There is a danger when your only experience is the print industry that that is all you really think about. And there is a lot happening within and outside the UK that completely transforms and disrupts this business. So unless you are prepared to disrupt it yourself, I think you do have a massive challenge going forward.

Attitudes towards integrating digital specialists within production activities and within the re-design of news products are another area where change has been necessary. At the *Financial Times*, the view taken by the current editor is that in order to develop a digital product that works for users it is essential to integrate IT alongside editorial and commercial functions. Even so, arriving at the position where IT personnel are fully included within strategic and commercial as well as ground-level operational decision making – a position successfully achieved by the *FT* – has necessitated a change in culture, as indicated by this sentiment from an IT product developer:

When I came here I felt I was talking to dogs who had been whipped too many times. They [IT specialists] were an elaborate Help Desk. They didn't come out with ideas. They were told what to do, how to do it and when it had to be delivered. They didn't seem engaged with the business, in helping shape what the commercial drivers are...

Likewise at NI the attitude toward digital and web specialists who used to be 'on the outer perimeter' has improved substantially 'but the culture and the workflow around the newsroom still hasn't really embraced these teams' which is why re-positioning and closer integration of IT is one of the priorities to be addressed as part of the Newsroom 360 project, according to the Head of Digital Products. The potential for clash between the embedded cultures and routines of traditional news production and the emergent contingencies of digital publishing has been highlighted in earlier research (Domingo, 2008; Spyridou et al, 2013). Reflecting the fact that networks of relationships, as opposed to mere issues of physical positioning and proximity, are integral to how predominant practices and cultures of news production sustain themselves (Bechmann, 2011; Mico, Masip and Domingo, 2013), achieving the improved levels of integration between IT, commercial and editorial functions which UK managers are apt to regard as being ideally conducive to processes of innovation and adjustment remains, in practice, a complex challenge. In short, recognizing the need for integration is 'only the first step toward improved performance' (van Weezel, 2009).

BUILDING REVENUES

Digital subscriptions

The reluctance of users to pay for online content, including news content, is a well recognised problem and has been evidenced in earlier studies about consumers' attitudes towards paying for print versus digital newspapers (Chyi, 2012). Anderson (2009) has advanced the argument that on the internet information 'wants' to be free. But countering this, the MD of Commercial at NI points out that 'creating content is expensive' and so if the news production industry is to survive readers must be prepared to pay for content, including on digital platforms.

The difficulty of securing payment for online news partly reflects the impact which the widespread availability of free news content has on willingness to pay – a problem exacerbated in countries such as the UK where well-resourced PSB organisations have become prolific providers of high quality news on digital platforms. Reluctance to pay also reflects the problem that as consumption shifts to digital platforms and becomes more personalized and demand-led, one of the core functions performed by media organisations – that of selecting and organising content into attractive parcels on behalf of audiences – is losing its potency and its

value. Whereas with physical editions the value added through editorialising content is immediately evident, news content that is accessed via the internet is often dislocated from its original setting. In this respect the internet strips magazine and newspaper content of the bundled value imbued in print (Picard 2011: 10).

However, the arrival and rapid growth in popularity of tablets is seen by many senior executives in the UK national newspaper sector as, in the words of the Chief Financial Officer at the *FT*, a 'game changer' in terms of encouraging a shift in attitude towards payment for digital news content. The Head of Digital Products at NI agrees that better packaging and an improved user experience have added much to the perceived value of newspapers in app format.

The *Financial Times* was, in 2007, the first newspaper in the UK to introduce charges for online content. For generalist newspapers, charging for online content is more challenging. Nonetheless, the *Times*' titles introduced a pay model in 2011 and, in March 2013, the *Telegraph* followed suit. These moves signify both recognition of the need to extend digital revenues and, on account of the growing popularity of tablets, increased faith in willingness to pay.

Interactivity on digital platforms has facilitated experimentation in the approaches taken by some newspapers towards attracting digital subscribers. At the *FT* and the *Telegraph*, a metered system has been adopted whereby users have free access to a certain number of articles per month and then, once that limit is reached, a subscription is required. In the case of the *FT*, the journey towards the trigger point where a subscription is required involves two stages. In the first stage, users have free access to a very small number of articles per month after which, to obtain free access to a larger number of articles per month, registration is required. Registration entails providing some personal data that, in turn, makes it easier for the *FT* to monetise attention through sale of targeted advertising. The Online Product Development Manager explains that the way registered users navigate the site is tracked in order to spot and act on moments when, based on the behavioural patterns of previous subscribers, it is judged that a prompt to subscribe is most likely to be successful.

Advertising

Where no paywall is in place, online newspapers can in some cases build very large volumes of readers, as is amply demonstrated by the international popularity of the *Mail Online*. Generic digital 'eyeballs' are less attractive to advertisers than print ones and will command a lower price (Evans, 2009). On the other hand, news publishers are becoming increasingly adept at collecting and using the return path data to track reader preferences and behaviours and, on this basis, to sell targeted advertising (Turow, 2012). The Group MD at Associated Newspapers explains:

The team that we have on the network sit in front of data - data in real time - and their job is to look at the behavioural information and begin to spot when is the right opportunity to put a commercial message in front of that anonymised individual.

Ongoing investment in the systems and skills needed to exploit return path data at most leading newspapers reflects a belief that yields from digital advertising can be improved. However, as noted by the Chief Operating Officer for Digital at TMG, incumbent newspapers are threatened in the digital environment by greater competition from new rivals including social media and by a general drift towards automated sales of advertising. Established media companies have traditionally relied on selling their advertising inventory to clients who want and value an association with their brand. But digital platforms have transformed how advertising is bought and sold (Turow, 2012). As the COO for Digital at TMG explains, an increasing amount of online advertising is now sold on an automated basis where, from the advertisers' point of view, what is purchased (from an intermediary such as Demand-Side Platform or a Supply-Side Platform) is a given quantity of access to an audience of a particular demographic profile but, importantly, the specific sites or outlets where a commercial message is going to appear are unknown. Advertising based on association commands a higher premium than advertising which is anonymised so the drift towards automated sales poses new challenges to incumbent newspapers in terms of maximising income from digital advertising.

Other digital revenue streams

The demise of print readership revenues has placed great pressure on newspapers to find new ways to generate value and revenues (Kaye and Quinn, 2010; Nel, 2010). The experience of the UK companies considered in this study suggests that strategies being deployed at present to derive extra commercial income on digital platforms are in many ways reminiscent of those that typify the past: aside from the mainstays of circulation sales and advertising, other principal sources involve retailing, membership clubs, games and competitions.

A lack of radical change in approaches to income generation lends some support to the view that the main threat confronting newspapers stems not so much from declining revenues as from a tendency to be focused on 'trying to sell 19th and 20th century products in the 21st century' (Picard, 2011: 8). But even if, amongst incumbent newspapers, there is little evidence so far of a fundamental departure from core business models, there is no doubt that digital platforms have encouraged experimentation in the use of two-way connectivity as a means of conducting business more efficiently and of building revenues. For example the use of data-driven marketing tactics in the 'propensity' model developed by the FT Group involves adoption of ideas and

practices which, in the context of newspaper publishing, are innovative and which have helped boost digital revenues.

For generalist newspapers, e-commerce is a vital source of additional digital income and each title generally tends to perform well in e-commerce in thematic areas where it already has an established foothold and performs well in advertising, e.g. for the *Mail*, travel; for the *Telegraph*, fashion and culture. So, in the digital environment, commission on sales of goods and services remains a key component of commercial revenues.

The immediacy with which communities of shared interest can be brought together from within the digital readership base of a newspaper title provides other sorts of opportunities to build commercial revenue, for example, through subscription-based clubs such as the *Sunday Times* Wine Club or through interactive games. Using games and competitions as a lure for readers is a relatively well-trodden path in newspaper publishing and fostering clubs as a means of deriving supplementary commercial income also long predates the arrival of digital platforms. Even so, the immense popularity of, for instance, the *Telegraph's* Fantasy Football or the *Sun's* Dream Team (which, according to the company, currently has 1.1m users) demonstrate how well-placed some titles are to funnel sizeable constituencies of readers towards experiences in the digital space from which small but cumulatively significant commercial revenues can then be harvested.

Some companies have sought to increase their income from e-commerce by creating new websites in areas of business that complement their titles. For example, as the Head of Digital Product Development at NI explains, in 2012 the *Sunday Times* launched a website focused on premium cars which draws on reviews and other content from the newspaper but, while heavily linked with the *Sunday Times* brand, it also functions as a separate stand-alone classified car portal and a business that sells cars. Experimentation with online retailing raises questions about blurring of the lines between editorial and commercially-driven content (Yang and Oliver, 2004) and, potentially, about the independence of journalism which future research may well need to address. It also raises potential questions in relation to strategic coherence since, as another Digital Manager at a national newspaper group put it, the specialist skills needed to design an appealing shopping experience or, for that matter, an attractive gaming experience in the digital space 'are not native to newspaper publishing'. However rather than expecting online retailing or gaming *per se* to become integral to news publishing, most UK newspaper groups take the view that support for news production activities in future will be drawn from, in addition to subscriptions and advertising, a diversified range of commercial activities of this sort which enable the user traction around news content on digital platforms to be converted into revenue.

CONCLUSIONS

The experience of leading UK newspaper groups suggests that a very typical response to the problems faced by the industry of gradual erosion in levels of print readership and print advertising has been for organisations to switch from purely print to multiplatform publishing. This approach, although widespread, is by no means the only possible response to a perceived dissolution of the traditional business models underpinning newspaper publishing. The Digital Editor at TMG argues that, instead of trying to fully address the decline in traditional revenues through new digital ones, newspapers should recognise that in the digital era news publishing involves ‘a low cost, low revenue model and not a high cost, high revenue model...’. As earlier studies have shown, if publishing is predicated only on digital distribution and consumption rather than digital plus print this naturally reduces costs by a significant margin (Thurman and Myllylahti, 2009). However, for the UK newspaper groups examined as part of this research, and consistent with the findings of recent research on Norwegian news industries (Krumsvik, 2012), faith in the ongoing value of print remains strong and therefore the preferred approach to technological change has been to adopt a multiplatform approach. According to the Chief Technology Officer at TMG:

One of the key things that we set out to do from a business perspective but also from a technology perspective is to make sure that you don't throw the baby out with the bathwater. So rather than just do big, full steam ahead at only digital, it's making sure that there is a package of stuff that in terms of experience makes sense across platforms – and that *includes* print.

Multiplatform delivery is enabling publishers to maintain their relevance at a time when audiences and advertisers are shifting to digital platforms. But migrating to this approach has entailed a substantive overhaul in the sort of resources needed to sustain a successful news publishing business. The findings of this study show how, through attrition in old and investment in new job functions and equipment, leading companies in the UK national newspaper industry have gradually re-invented themselves as digital multiplatform entities. Adaptation through factor reallocation constitutes a fairly typical marker of processes of creative destruction (Klimek, Hausmann and Thurner, 2012) and the evidence of this study suggests that these are operating with some intensity in the newspaper sector and that the process is still ongoing.

The current migration towards a multiplatform approach has altered not just the composition of resources required in news publishing but also, the processes, routines and rhythms involved in production of news and, more fundamentally, it has re-configured the ways in which content is now being conceptualized (Deuze, 2004; Erdal, 2011). Characteristic of

this change is the way that content decisions increasingly are being shaped by the potential to generate consumer value and returns via distribution of that content across multiple platforms and, also, the influential role played by digital return path data. Even so, the traditional routines and values associated with print production continue to exert sway, as is evidenced by a mismatch at titles including *FT.com* between recognised peak periods of online news consumption and hourly patterns in online publication of stories by journalists.

Nonetheless, the experience of UK newspaper groups suggests that conceptions of what role journalists need to perform are changing with more emphasis not only on ‘thinking cross-platform wherever possible’, in the prescient phrasing of former BBC DG (Thompson, 2006) but also more emphasis on thinking about how to harness the technological and commercial opportunities associated with new sorts of relationships with readers. Thus, echoing the findings of earlier work on adjustment to a multiplatform approach in the television broadcasting sector (Bennett and Strange, 2012), this research suggests that a similar journey underway in newspaper publishing has entailed challenges to the prevailing orthodoxy that the traditional cultures of production reign supreme.

While strategies for renewal based on adoption of a multiplatform approach can vary considerably from one newspaper group to the next, the experience of leading players in the UK national newspaper sector indicates some communalities of experience that offer potentially valuable lessons for media and publishing businesses more widely. At a time of immense change and opportunity, a willingness to experiment, especially in relation to harnessing the benefits of two-way connectivity is vital and so too is the need to achieve close integration between IT, commercial and editorial functions.

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