

Innovation of New Revenue Streams in Digital Media

Journalism as Customer Relationship

Jens Barland

Abstract

Recent digital transformations of the media landscape have altered media economics. Media outlets are experiencing a decline in newspaper circulation and are struggling to develop new revenue streams within digital media. Newspaper publishers are accustomed to a two-sided revenue model geared towards readers and advertisers. In digital publishing, such two-sided revenue models must be further developed. This article describes a model in which journalistic content functions as an engine for digital traffic, and how that market position is used to promote other commercial digital services. Unlike earlier advertising models, the media company itself has become both the advertiser and the owner of the promoted services. This article's contribution is a description of how new revenue streams are being developed around digital journalistic products. A case study of the Schibsted Media Group, including examples from the media outlets VG (Norway) and Aftonbladet (Sweden), is used here as the empirical source.

Keywords: journalism, digitalization, media management, media economics, media innovations, revenue model

Introduction

Media companies are experienced operators of the two-sided market model. The core of their traditional revenue model is producing journalistic content that attracts readers who purchase newspapers, becoming targets for advertisements sold to companies and published in those newspapers. So far, media companies have struggled to adapt this model to the new digital publishing landscape because the digital market works differently than traditional newspapers. This is one of the main reasons for the recent erosion of income encountered by the media industry as it has entered into the digital age (Krumsvik 2012; Picard 2011: 139ff).

Much has been written about the recent precipitous economic decline that has beset the industry, along with the resulting commercialization of the media, but less has been said about the specific ways in which the media act as commercial news actors. This article will contribute additional insight in this area, oriented towards elucidating specific new revenue streams. Among many responses from the media industry aiming to handle this situation, one move is to attempt to strengthen the effort to innovate new revenue streams related to digital publishing. One such innovation is the development

of a new kind of two-sided revenue stream model that benefits from the ways in which journalistic content is used to attract readers. The aim of this article is to describe some aspects of this innovative process.

In this article, a case study of Schibsted Media Group (henceforth Schibsted) will be presented. This case features a revenue model built on how media companies utilize journalism to achieve digital traffic, and on how this traffic is used as a marketing channel to expose other digital services that media outlets offer to users. Compared with the traditional model, where such traffic and ad space are sold to external advertisers, the difference here is that the media company is itself the owner of the service it is promoting. Alternatively, these services are organised within a group of connected media. The case of Schibsted is elaborated with data from two of their media outlets: VG and Aftonbladet. These were selected due to their leading roles with the largest online news websites in Norway and Sweden,¹ and because they are considered forerunners in the industry concerning commercial innovation in online publishing in Scandinavia. Due to the case study design, the research is mainly limited to Schibsted, with a few views on other actors. Within these limits, the research question will aim to uncover how this new digital revenue stream model works and the ways in which it is developed.

First, the article will present some discussion of theories of media management and innovation connected to the case study. Then, the context of the digital transformation for these media companies will be presented, followed by a description of the strategies and the concept of the revenue model, including a section on the history of the emergence of these services. The ways in which these commercial digital services are connected to or independent from journalism will be explored, and a few examples will be used to illustrate these services as a growing phenomenon in the media market. Finally, the conclusion will be given, and – as a suggestion for further research – the question will be raised as to whether such a model will influence journalism's role in society.

The present study builds on material from a recent research project I conducted, published in *Journalistikk for markedet* (*Journalism for the Market*), where this model was one among many observed phenomena (Barland 2012a). Since that piece's publication, I have conducted further research on the specific two-sided model presented here, including further data collection and analysis, which were completed in May 2013. Some of the described services have been tested, and a key player in the industry has been interviewed as part of continuing research. Business seminars in the media industry have also informed the study.

Media Management and Innovation

Theories for this study come from the fields of media management and innovation. Below, three theoretical discussions are presented ahead of the case study. The first is whether the digital transformation challenges basic principles in media management. The second concerns multiple-market models in media economics. The third is on how product development in the media can be considered innovative.

In media management, the media sector is considered to have characteristics that differ from those of other industries. These include: a) the perishable commodity of the media product, b) highly creative employees, c) specific organizational structures, d) the public service role of the media and e) the blurring of lines separating traditional media

from new media (Albarran et al. 2006: 3; Picard 2001, 2002, 2004; Doyle 2006). The common explanation for the traditional media industry's struggles is that it has been difficult to transfer the traditional revenue model of readers and advertisers into the digital era (Krumsvik 2012: 55). Digital news media are doing many experiments and engaging in innovations to develop new digital revenue streams (Rasmussen 2006: 138ff, 176ff). Further, developments in the media industry must be understood in a wider context of economic pressure on the media (Sparrow 1999) beyond the digital transformation.

The first discussion is whether actual changes and developments in media, such as the revenue model in this case study, fit within or challenge the basic principles in the established theories. The digital transformation fundamentally changed the economics of the media industry. Does this mean that the principles of media economics need to be changed as well? Two early texts by Robert Picard (2001, 2002) connect to the issues named above. In these texts, Picard stated that the trends in the industry are changing relatively slowly, despite their chaotic impression. Another point is that we often underestimate how challenging the economic conditions were for media managers in the past. However, in Picard's book, *Strategic Responses to Media Market Changes*, he considered the speed of industry changes in a different way. He argued that media houses accustomed to the old model will struggle when entering into new and unknown situations in which experimenting with new strategies is necessary. With these changes, complexity will increase, as well as the speed of innovation and level of risk (2004: 2f). Related to the case study below, whether the digital transformation will lead to changes in the basic principles in theories on media management can be considered.

Further, newspapers are combined, or dual, products, including editorial content and advertisements. The main feature of such a two-sided market model is that results in one market are the conditions for achievements in the other market, in accordance with the theory describing how media firms simultaneously operate in different markets (McManus 1994: 20ff; Doyle 2006: 12). The transformation of such a dual-revenue model for the media into the digital landscape is described as challenging. Sylvia M. Chan-Olmsted wrote:

The need to identify a hybrid business model that generates sufficient revenues from both sources and capitalizes on the unique characteristics of a new media technology presents a tremendous challenge. (as cited in Albarran et al. 2006: 258)

This new revenue model can perhaps challenge the traditional theories as well.

The second discussion is based on McManus' (1994) recognized multiple-market models for news production. There, news production serves the markets of readers (or audience), advertisers, sources (or reputation), and owners (or finance). McManus gave an overall description of the economics of news journalism, whereas the current article is limited to revenues from a specific model that is one among many within a media house. The question is whether this actual revenue model can be described within McManus' larger and older model. There are a couple of challenging points. McManus has a concept of advertisers, and of how a media firm's relations to advertisers may influence its news department (1994: 30). In these terms, how will journalism be influenced when the media firm itself is the advertiser? Alternatively, the role of the media firm in McManus' model (1994: 24ff) can be redefined to include using journalism to sell other media products. Another scholar, Terje Rasmussen, discussed how journalism in digital media may be

affected when it is closely connected to digital shops, where the aim of journalism is to transform readers into customers (Rasmussen 2006: 143). Further, elements in the McManus model are under debate. McManus suggested and asked for further research, although the phenomenon considered in the actual case study here is not specifically mentioned (McManus 2009: 230f).

The third discussion is connected to innovation. In this article, *innovation* refers to the tradition that assumes that innovation is a basis for economic growth and development (Fagerberg et al. 2005). The debates on media innovation claim that the concept should include gradual changes and not just fundamental novelties. Here, media innovation differs from innovation studies in general. Media products are published frequently, or continuously. Changes can emerge over time as a result of many small steps. Such emerging changes can be considered innovation in media studies (Storsul & Krumsvik 2013: 17). The question is whether this case study can serve as an example in this debate on the concept of innovation.

Digital Transformation

VG and Aftonbladet have succeeded in garnering large online audiences, though they faced similar challenges in digital business to those faced by other media companies. Although they still have leading positions in digital publishing in Norway and Sweden, as newspapers, VG and Aftonbladet have lost close to 60 per cent of their circulation since their peak about ten years ago, and they are still losing around 10 per cent annually. Even so, in 2012, 75 per cent of both companies' total income came from paper-publishing revenues. VG and Aftonbladet have thus experienced a stronger and more dramatic decline than other categories of newspapers. Nevertheless, VG and Aftonbladet have invested more than their competitors in digital business development. Evidence of their commercial success is the fact that, despite the economically challenging climate in 2012, both companies achieved profits of around 15 per cent over their total operating revenues (figures from Barland 2012a: 93; Schibsted 2013a).

Another aspect of this new, challenging environment is concentrated ownership. Schibsted, founded in 1839, has grown over the last 20 years to be a leading media group in Scandinavia, recognized for its competitive performance in digital media, running its business in 29 countries. A reason for this strategy has been the need to be stronger in digital competition with global actors, such as Google, concerning things like advertisements. Another effect of this business strategy is that media houses' parent companies have taken a more prominent role concerning the development of their business strategies. Traditionally, media outlets operated more autonomously. Now, however, centralised decisions influence how media houses develop their portfolios of media products, which become a continuously changing framework for their newsrooms and journalism (Barland 2012a: 288ff).

Another feature of this new digital landscape is the ways in which media products combine editorial content and advertisements. This mix of interests can be a threat to the public's sense of trust in journalism. Professional codes of ethics have historically been developed to protect journalists' independence (Brurås 1997). Simplified, according to the *Code of Ethics of the Norwegian Press*,² which is similar to the practice in Sweden, the use of journalism to create relevant and attractive context for advertisements is accepted,

though connecting specific ads with specific editorial articles is not. Digital publishing has resulted in new and ethically challenging practices concerning such limitations (Barland 2012b). Due to this ethical concern, most of the services described in the case study have been promoted by advertisements, though there are exceptions, as described below.

The Strategy: Using Editorial Traffic to Promote Digital Services

In this section, the aforementioned digital services and their variations will be presented. In a 2010 interview, Anna Settmann, Aftonbladet's CEO, explained the business strategy that underlies Aftonbladet's development of these commercial digital services, promoted by the heavy traffic to Aftonbladet's online issue:

We have capitalized on our journalism, which has built good volume in our online traffic. That traffic is capable of building new business that we never would have conceived. We utilize journalism as our engine. Journalism builds traffic, which is pushing forward new business. (Barland 2012a: 138, translation mine)

Aftonbladet's portfolio at the time consisted of many different services, such as *Blocket* [Notebook], *BytBil* [ChangeCar], *Destination*, *E24*, *Hitta* [Find], *Jobb24* [Job 24], *Kundkraft* [Consumer's Electricity], *Lendo* [Loan], *Mötesplatsen* [Dating], *Prisjakt* [Price Hunting], *Resdagboken* [Travel Diary], *Se.nu* [TV program guide], *Utbildning* [Education], *Viktklubb* [Weight Club], and *TV.nu* [TV program guide]. This richness of titles and services illustrates the growing complexity of the digital market (Picard 2004: 3).

Aftonbladet and VG are well-connected through mutual ownership and cooperative operations. Due to Schibsted being a majority owner of Aftonbladet, successful digital services can simply be spread throughout the operation. The matter of such ownership is therefore crucial for the opportunity to scale up. Rune Røsten (2013), Investment Manager at Schibsted Vekst, in a research interview for this study explained the concepts in more depth. He explained the distribution, as well as why these services are supposed to have a different revenue model than selling space for advertisements.

First, concerning distribution, the point is to take advantage of the heavy online traffic that media houses have achieved; this traffic has been earned by journalistic content. Aftonbladet started online publishing in 1994. Its main competitor, Expressen, did not prioritize the digital competition until some years later. Aftonbladet has kept its leading digital position, and today has around five million unique users weekly,³ a figure double that of Expressen, the second-largest online newspaper in Sweden. VG is the most-used news website in Norway, with more than 1.5 million unique users daily.⁴ Second place in Norway is held by the public broadcaster NRK, which receives a third less than VG.

Concerning the decline in newspaper circulation and increasing online traffic, Røsten described in the research interview the challenges as follows:

The media houses have to search for other revenue streams. They are in a privileged situation. They have heavy online traffic, and will be powerful actors on the Internet. I think they have not fully seized this opportunity. They have sold themselves too cheap so far.

With few exceptions, online editions have not achieved advertising revenues on a level matching paper editions. Schibsted has been recognized for developing online classified

ads. However, these services are literally separated from the traditional media outlets publishing editorial content, in that they are published on separate pages from hard journalism. In online newspapers, a significant share of advertisement revenue is earned on the home page. Digital editions have been published with huge space allocations for advertisements, but are difficult to exploit commercially. The use of this capacity is at the core of the concept of this two-sided market model. Journalistic content is produced and published in the newsroom, while the business departments of media outlets and/or parent companies get access to the advertisement space to promote their services. The difference from other advertisers is that the parent companies and media houses are also the owners of the promoted services.

Second, the promoted services ought to have a revenue model other than merely generating more space for advertisements. According to Røsten, that is the main criterion, although with exceptions. Due to the huge capacity for online advertising space, the media outlet has sufficient advertising space. They need to fill and use this capacity commercially. The aim is to use online advertising space to build revenue streams that are different from those that produce even more space for advertisements. Such a different revenue stream can, for instance, be a fee as a result of connecting a consumer and a supplier. Services with such a business model will work well in this concept. Røsten explained:

It may be a one-to-one business model. If you get 100 users to the site, maybe two will be customers, and you have cash at the end of the day. What we are striving for is to find or improve business models where the relation between traffic and earning is apparent.

In Swedish terms, the word *konverteringsbolag* means that the aim of the service is to convert the readers of editorial content into customers via economic transactions. A parallel is how a director of the French newspaper *La Tribune* said that the aim of the online newspaper was to transform readers to customers (Rasmussen 2006: 143).

As mentioned above, there are cases where a media company can accept a business model that produces more advertising space. In Sweden in 2005, Schibsted launched the website E24.se (first named N24.se). The main content was well-respected business journalism from *Svenska Dagbladet*, and E24.se was promoted on Aftonbladet.se, which functioned as a traffic engine. Due to its editorial content, this service was promoted as news and editorial content, not as advertisements. With this strategic move, these two Schibsted-owned media companies grabbed the leading position for digital business news in Sweden, a position they were far from achieving in traditional newspaper markets. This formula was repeated similarly in Norway in 2006, where the website E24.no was established by Aftenposten and VG. In terms of media business, they launched a new website that took a leading niche position, and their editorial content and readership gave them the opportunity to sell their advertisements for a higher contact price than their own online newspapers.

All of the services, efforts, and means of competition mentioned in this section fit into theories in media management in terms of market power, differentiations, media as geographical products, the use of competitive advantages, branding, and so on (Picard 2011: 155-169), even if many of these examples represent quite new products and trends.

Variations of Digital Services

Different variations of the concept of digital services have emerged. These can be classified into three main categories: *user-paid services*, *problem-solving services*, and *services that connect consumers and suppliers*. The categories can overlap. The following examples illustrate how media's differentiation strategies result in niche products targeting specific audience groups (Picard 2011: 158).

A user-paid service is where the revenue stream is the user's payment for access to the digital service. An example is the digital dating service *Møteplassen* [Meeting Place]. Further, VG's digital club concepts, such as *Dyrebar* [Precious], for people interested in pets, and *Vektklubb* [Weight Club], for those interested in weight reduction, are examples of services for which users buy memberships to get access to the activities these clubs offer. However, these clubs also include journalistic material, which is a mix of editorial content and commercial services. Because these are included in the portfolio of editorial products, they can be promoted as editorial content, similar to news, and, according to ethical rules, can be promoted in journalistic articles. As business concepts, it does not matter if these are an editorial product promoted as news or the promotion of a commercial product in advertisements. Either way, the crucial point is that they are promoted in online editions with large-scale traffic, and that a certain number of readers will buy memberships in these clubs.

Problem-solving services give users access to useful digital tools for specific problems. They can be user-paid services, or they can be free. An example is the service *Husleie.no* [Rent], where you get access to digital tools for managing rental property. According to information on the website, for a monthly cost of 199 NOK, the service will automatically send invoices to the tenant, perform accounting processes, send reminders, and even terminate the tenancy contract. This service is promoted on Schibsted's portal for rental housing. This illustrates how online classified advertisement services can also be used to build other commercial services. Even if this article's starting point is that journalism is utilized to create digital traffic, journalism does not have an exclusive role. A media group has a wide range of media outlets that generate traffic that can be used to promote and build up other products or services.

According to Røsten, services connecting consumers and suppliers are what these companies are currently spending the most time and resources on developing. These are represented by many different services where the aim is to connect the consumer with the supplier in a new way. Traditionally, consumers have used Yellow Pages catalogues or search engines, like Google, to locate companies, products, or services. Up to this point, the consumer has been satisfied with finding a supplier. With new digital services, however, consumers are given an overview of several suppliers, allowing comparisons: they are given contact information and reviews of services, with the goal of eventually connecting the consumer and supplier. An example is *Lendo*, through which the user can apply for a consumer loan or refinance earlier loans. Banks that are partners in the service may come up with an offer. The revenue model at *Lendo* is a commission fee if the user's request and the bank's offer result in a deal. Having a number of competing banks as partners in this service ensures that the consumer will probably get a better offer compared with a situation where the consumer applies at one or two brick-and-mortar banks. Few other digital services achieve similar average revenues per user to *Lendo*. For Schibsted, the business strategy was to connect the service to and promote it

on Aftonbladet.se. *Lendo* grew as a result of Aftonbladet's ability to publish journalism, attracting a large audience. Sverre Munck (2012), Schibsted's Executive Vice President for Strategy and International Editorials, stated in a June 2012 industry seminar presentation that the combination of Aftonbladet's traffic and *Lendo*'s services is an excellent example of this new two-sided revenue model.

To ensure the functions of services connecting consumers and suppliers, these companies must offer a quality different from that of their competitors. According to Røsten, in this case, the key is to compare suppliers and assist the consumer in the decision-making process. In this manner, such services differ from those that just list potential suppliers, or from a Google search. In different services in this category, users are invited to evaluate the supplier they selected, allowing subsequent users to obtain information about the market's experiences with actual suppliers. In some services, the supplier can pay a fee for being a partner, or can alternatively pay partners for access to beneficial functions within the service.

The Starting Point Was BytBil.se

What is the origin of these services, and how have they been developed throughout the years? In Schibsted and their media houses, the origin is regarded as the online classified advertising service *BytBil*, following its purchase by Aftonbladet in 2002.

However, as early as 1995, Aftonbladet developed classified advertisements in their online edition, including cross-publishing in a newspaper section. Schibsted joined Aftonbladet as owner in 1996, followed by Svenska Dagbladet in 1998. Different digital services were developed. Even though the results varied, Aftonbladet gathered experience in such operations. Norwegian regional media houses with connections to Schibsted successfully developed the service *Finn* [Find] for online classified advertisements. Schibsted then launched a Swedish version of this service. However, in 2001, the dot-com crash struck the emerging digital business. Aftonbladet had developed a good business in online publishing, based on advertisements and investment in other digital companies; the dot-com crash caused a collapse of existing revenue streams, and digital partners evaporated. Users, however, continued to consume digital media. That situation created a need to find new strategies for digital revenue streams, and Aftonbladet's management were especially concerned with user-paid content in digital publishing (Barland 2012a: 135ff).

In these circumstances, Schibsted cancelled the Swedish version of *Finn*, and Aftonbladet bought *BytBil* in 2002 and the online classified advertisements service *Blocket* in 2003; both were well-established in the Swedish market. Aftonbladet paid approximately 240 million SEK for these two services. Their competitors were reportedly shaking their heads at the high price. However, Aftonbladet had the opportunity to promote these services heavily, and was able to realize the potential that *BytBil* and *Blocket* would not have reached on their own. Aftonbladet quickly achieved good results, and continued to buy or develop digital services for promotion in the online newspaper.

Over the years, revenue streams have developed further, and Schibsted has reorganised its subsidiary structure to improve its control over these emerging and growing revenue streams. In 2008, *Blocket* and *BytBil* were moved away from Aftonbladet, and, as subsidiaries, were organised into Schibsted Sweden. Later, Schibsted was reorgan-

ised into two operating areas: media houses and online classifieds. Advertising services such as *Finn*, *Blocket*, and *BytBil* were placed in the online classifieds area. The other services were mainly placed into a subsidiary in the area for media houses: Schibsted Vekst [Growth] in Norway and Schibsted Tillväxtmedier [Growth Media] in Sweden. Through this arrangement, the management of these commercial services is centralised, and emerging digital revenue streams are, compared with the earlier phase, moved further from editors and directors in the media houses.

Some figures from Schibsted's (2013a) *Annual Report 2012* illustrate the significance of these services. The *Finn*, *Blocket* and *BytBil* services were built up in the media houses, but are now reported in the business area for online classifieds. These three entities had about two billion NOK of operating revenues in 2012, out of Schibsted's total of 14.8 billion NOK. The profit from these services, measured in operating margin, was around 50 per cent. The French version of these services, *Leboncoin*, reported an operating margin of 68 per cent. For the Norwegian subsidiary Schibsted Vekst, such figures or results are not reported. From the Swedish Schibsted Tillväxtmedier, operating revenues were reportedly one billion NOK. Further, the *Interim Report Q1 2013* (Schibsted 2013b) stated that such digital commercial services in the segment of personal finances experienced a 54 per cent increase in operating revenues.

The examples in the three subchapters above illustrate how innovations in media can emerge or change gradually over time, or appear as a more fundamental change in one step, as discussed in the introduction (Storsul & Krumsvik 2013: 17).

Extension of Journalism

It is a simplification to say that journalism only contributes to Web traffic. There is a deeper connection between journalism and commercial services. Media houses' brands serve as this connection due to how journalistic content provides a customer relationship between media companies and their readers or users.

Former editor-in-chief for Aftonbladet's digital media, Kalle Jungkvist (in Barland 2012a: 138f), pointed out that, from the reader's perspective, the content in these commercial services is close to journalistic content in traditional media. He described the growth in service journalism, where the aim has been to be useful and helpful to readers. This trend appeared contemporary with the development of online publishing. In terms of technology, digital publishing enables more opportunities than traditional newspapers. According to Jungkvist, that is an explanation that can be used for editorial services like *Viktklubb* [Weight Club], as well as commercial services without journalistic content.

Further, according to Jungkvist, the issues related to commercial services are selected due to their relevance and content closeness to the brand associated with Aftonbladet's journalism. His argument is that, when Aftonbladet publishes articles about how to save money on a household electricity bill, or on how to organise a garage sale, it is a good idea to offer *Kundkraft* [Consumer's Electricity] or *Blocket* [Notebook] for selling the items used.

These commercial services are not journalism. However, they cannot be isolated from journalism in the actual products. The connections are obvious. First, these are developed by the use of online traffic, and by the relevant content that journalism builds into customer relationships that improve how the services hit their target groups. The second

connection is how the issues or the content in these commercial services can be associated with the brand used in the journalism in the actual online edition. The third connection is that economic results from these services can contribute to the media houses' total finances, even if the latter restructuring of subsidiaries in the present cases makes this last point less reliable. It is obvious that the role of the media firm, in McManus' terms, is challenged (1994: 24). In this new competition, the media company acquires a more enriched agenda of interests to maintain, probably influencing its own journalistic work. Further, these dynamics among editorial and commercial content illustrate how the wall between the sales department and the newsroom is weakening (Sparrow 1999: 94f).

A Spreading Phenomenon

Schibsted and two of its media houses are used here as case examples to present a larger current phenomenon in the media industry. Schibsted's processes are quite clear, and similar development is taking place with other actors. In Norway, the media ownership group Amedia, along with its 78 local media companies, has established a new central unit, *Vekst* [Growth], to invest in and develop such services. In Sweden, Bonnier has established *Accelerator*, in a similar strategy, to be a tool connecting it to entrepreneurs with promising projects. Examples outside Scandinavia are not systematically researched in this study.

In Norway, the digital media company Nettavisen has drawn attention to itself by its development of digital commercial services, even if they are very small compared with Schibsted's. In a seminar for the industry on November 1, 2012, Nettavisen's Development Manager, Pål Nisja (2012), explained that, during the last four years, Nettavisen launched 28 such services, 11 of which were good enough to survive. During the same period, the revenues from these services increased from 5 million to about 25 million NOK annually. Nettavisen's gross revenue was 85 million NOK in 2012,⁵ meaning that these services now account for 30 per cent of Nettavisen's total income.

Nettavisen has integrated its services closer to its editorial content than have other actors. Therefore, Nettavisen has challenged journalistic ethics more than the cases in Schibsted. As a result, in 2009, the Secretary General of the Norwegian Media Council took the initiative to review the commercial services *Gullvekten* [Gold Weight] and *Sølvtorget* [Silver Marketplace] in the Media Council.⁶ The Council found that Nettavisen's practice was promotional journalism and violated journalistic ethics due to the lack of a clear distinction between editorial content and advertisements. As a result, Nettavisen was obliged to change its presentation of such services. At the same time, it should be mentioned that VG's *Vektklubb* [Weight Club] was reviewed in 2005 by the Council due to claims that the service was promoted in journalistic articles in the newspaper.⁷ VG was found not guilty of breaking ethical rules because the service itself was considered to be journalism, made in the newsroom under the editor's supervision (Rasmussen 2006: 147; Barland 2012a: 204). These examples from Nettavisen and VG illustrate challenges with defining the limits of journalism, especially when the content is commercial material and not independent journalism. This discussion illustrates one of the problems with this two-sided revenue model considered from the journalistic perspective.

Discussion and Conclusion

The research question considered the ways in which this new model for a digital revenue stream works and how the model was developed. Further, three discussions were introduced. Here, these three discussions and the article are concluded. In addition, I will introduce some facets of how this new revenue model can influence journalism's role in society as a suggestion for further research.

The first discussion was whether recent changes in media, such as the actual revenue model, fit within or challenge the basic principles in the established theories. The empirical data in this article confirm Picard's points concerning speed and the increased level of challenges that will challenge established firms (Picard 2004). The digital transformation leads to fundamental changes in the media industry. However, basic principles still serve as theoretical tools. My suggested conclusion is that principles on a higher level will survive, but, due to how media management is defined as a contextualised field (Albarran et al. 2006: 3), theories on a lower level will continuously change.

The second discussion is on McManus' recognized multiple-market models for news production. He developed his model by researching TV stations in the U.S., though he is generalized to other media as well (1994: 183ff). The model is of course a simplification. I mentioned above the possibility of discussing how this new digital revenue stream could affect relationships with advertisers, as well as the concept of advertisers. In this case, the media company is its own advertiser. However, my suggested conclusion is that the media company should target the interests of the media firm itself, as McManus described it (1994: 24). He presented a long list, ending with "and so forth". The case study above illustrates how the media company is publishing a range of products in a growing portfolio of products, in accordance with all the experimenting going on in digital news media now, and including use of complex networks among media actors (Rasmussen 2006: 186-192). The way to sell is by marketing services through different products, which are efficient channels in digital markets. As mentioned, McManus suggested further research on changed economic conditions in the actual development of the media industry (2009: 230f). It could be useful to add to the case study a discussion of McManus' model concerning media firms, including how product development is initiated and executed, and how that affects the content in journalistic products. Concerning revenue models in multiple markets, new theories on media economics describe the trend where earlier simple models with few revenue streams are replaced with many more complex revenue streams (Krumsvik 2011: 60ff; 2012: 55ff), as observed in the actual case study.

The third discussion was on the concept of innovation that usually is connected with specific criteria, such as degree of importance, degree of novelty, or other clear categories (Fagerberg et al. 2005: 4ff). This definition draws attention to specific clear changes. Researchers on media innovations have claimed that the concept of innovation should also include gradual changes, due to how media products often are changed gradually by many minor steps over time (Storsul & Krumsvik 2013: 17). The examples in this article illustrate how both fundamental and gradual changes can be considered innovations.

Journalism's role in society related to this new digital revenue stream should be considered. That is outside this study's scope but has appeared as a very clear topic during my research, deserving some attention. Theories on media management assume that one characteristic of the media industry is its critical role in society – to provide information to the public (Albarran 2006: 3; Picard 2004: 12). In my earlier research, I showed how

media managers argue that good economic results for media outlets benefit journalism (Barland 2012a: 147ff). One assumption to be made, then, is that economic results are linked to journalism, which is not compulsory. In this article, I described the ways in which media outlets have developed some commercial services, and how later these services were moved over to other subsidiaries within the same media owner group. In this way, the parent company takes better control over development and revenues, and it becomes more difficult for the media company to use these revenues for their own development. On the other hand, it is not certain that the media company would be capable of developing these services further. If that is the case, it becomes a moot consideration and a strong conclusion becomes difficult. It would be an interesting case study on behalf of journalism if it were possible to find a case where such new revenues were used to finance journalism.

An ethical aspect of this question is whether journalists and editors would prioritize online traffic and revenues from these services over journalistic ideals. Due to the ownership of the services within the same group of media houses, the “customer” here is not an external actor. It can be more difficult for an editorial staff to act independently of these close interests. Media researchers have described a trend where the walls between the newsroom and the media house’s business departments have thinned (e.g., Sparrow 1999: 94f; Barland 2012a: 173ff). When the advertiser is an internal actor, we can suspect that they are in a position to influence editorial priorities to support their own advertisements, or further, how editorial products are developed to attract segments of readers as new customers. This problem is seemingly parallel to the discourse about how advertising revenues influence the content of media. Within this context, I will suggest further research on the connection between media economics and journalism’s role in society, and on whether journalism has been reshaped to be a means of building customer relationships for other media businesses.

Finally, the research question was developed. The importance of the researched issue is that, due to radical changes in the media landscape, news media must develop new revenues as they transform into digital media. So far, the problems with digital revenues have been serious and fundamental, deeply affecting journalism and the media industry. The traditional two-sided revenue stream model in commercial media, with income from readers and advertisers, is difficult to adapt into digital markets. However, among many new kinds of revenue streams in digital media, a version of this two-sided model is developing. This study has used the media owner Schibsted and two media companies, VG and Aftonbladet, as a case study to explore these issues. Through several projects and a series of steps in recent years, they now have significant revenues from commercial digital services. These revenue streams are built mainly upon digital traffic garnered via journalistic content, in that these media companies have used journalism as a traffic engine and a means to build customer relations to develop digital businesses. The aim of this study was to contribute, by means of an industry-based case study, a description and an analysis of the ways in which media companies are currently developing new digital revenue streams.

Notes

1. Statistics for online traffic for websites in Norway and Sweden are continuously published by TNS Gallup (http://www.tnslistene.no/?list_id=9&list_type=2) and in the Swedish KIA index (<http://kiaindex.net/>), last visited November 30, 2013.

2. *Code of Ethics of the Norwegian Press*: <http://presse.no/Saker/CODE-OF-ETHICS-OF-THE-NORWEGIAN-PRESS>, last visited November 30, 2013.
3. Statistics for online traffic in Sweden: <http://kiaindex.net/>, last visited November 30, 2013.
4. Statistics for online traffic in Norway: http://www.tnslistene.no/?list_id=9&list_type=2, last visited November 30, 2013.
5. News article, 'Nå tjener Stavrum penger' ('Now Stavrum makes a profit'): <http://www.kampanje.com/medier/article6682158.ece>, last visited August 30, 2013.
6. Case number 191/09 in the Media Council in Norway: <http://www.pfu.no/case.php?id=2222>, last visited August 30, 2013.
7. Case number 123/05 in the Media Council in Norway: <http://www.pfu.no/case.php?id=1936>, last visited August 30, 2013.

References

- Albarran, A.B., Chan-Olmsted, S.M., Wirth, M.O. (eds.) (2006) *Handbook of Media Management and Economics*. New York: Routledge.
- Barland, J. (2012a) *Journalistikk for markedet: Redaksjonell produktutvikling i VG og Aftenbladet på papir og nett 1995-2010* (Journalism for the Market: Editorial Product Development in VG and Aftenbladet on Paper and Online 1995-2010). Oslo: University of Oslo.
- Barland, J. (2012b) *Tekstreklame i en digital tid* (Promotional Journalism in the Digital Era). Oslo: Norwegian Editors Association.
- Brurås, S. (1997) *Journalister til salgs? En rapport om sponsing og tekstreklame i media* (Journalists for Sale? A Report on Sponsoring and Promotional Journalism in Media). Volda: Volda University College.
- Doyle, G. (2006) *Understanding Media Economics*. London: Sage.
- Fagerberg, J., Mowery, D.C., Nelson, R.R., Asheim, B.T., Bruland, K., Grodal, S. (2005) *The Oxford Handbook of Innovation*. Oxford: Oxford University Press.
- Krumsvik, A. (2011) *Medienes privilegier: en innføring i mediepolitikk* (The Media's Privileges: Introduction to Media Policy). Kristiansand: IJ-forlaget.
- Krumsvik, A. (2012) 'Hvorfor er det så vanskelig å tjene penger på nettjournalistikk?' ('Why is it so difficult to make a profit in online journalism?'), in Eide, M., Larsen, L.O. & Sjøvaag, H. (eds.) *Nytt på brett og nett: Journalistikk i forandring* (New to the Tablet and Web: Journalism Is Changing). Oslo: Universitetsforlaget.
- McManus, J.H. (1994) *Market-Driven Journalism: Let the Citizen Beware?* Thousand Oaks, California: Sage Publications.
- McManus, J.H. (2009) 'The Commercialization of News', in Wahl-Jørgensen, K. & Hanitzsch, T. (eds.) *The Handbook of Journalism Studies*. New York: Routledge.
- Munck, S. (2012) Oral Presentation at the conference NONA12 (Norwegian Online News Association), June 11, Oslo, Norway.
- Nisja, P. (2012) Oral Presentation at a seminar organised by NONA (Norwegian Online News Association), November 1, Oslo, Norway.
- Picard, R.G. (2001) 'Strategic Responses to Free Distribution Daily Newspapers', *The International Journal on Media Management* 2(3):167-171.
- Picard, R.G. (2002) *Evolution of Revenue Streams and the Business Model of Newspapers: The U.S. Industry between 1950-2000*. Turku: Turku School of Economics and Business Administration.
- Picard, R.G. (2004) 'Environmental and market changes driving strategic planning in media firms', in Picard, R.G. (ed.) *Strategic Responses to Media Market Changes*. Jönköping: Jönköping International Business School.
- Picard, R.G. (2011) *The Economics and Financing of Media Companies*. New York: Fordham University Press.
- Rasmussen, T. (2006) *Nettmedier* (Digital media). Bergen: Fagbokforlaget.
- Røsten, R. (2013) Research interview, April 30.
- Schibsted (2013a) *Schibsted Annual Report 2012*. Oslo: Schibsted.
- Schibsted (2013b) *Schibsted Interim Report Q1 2013*. Oslo: Schibsted.
- Sparrow, B.H. (1999) *Uncertain Guardians: The News Media as a Political Institution*. Baltimore, Maryland: Johns Hopkins University Press.
- Storsul, T., Krumsvik, A. (eds.) (2013) *Media Innovations: A Multidisciplinary Study of Change*. Göteborg: Nordicom.