Media Convergence and Business Models: Responses of Finnish Daily Newspapers

Katja Lehtisaari, Kari Karppinen, Timo Harjuniemi,
Mikko Grönlund, Carl-Gustav Lindén,
Hannu Nieminen and Anna Viljakainen

Publisher:

Communication Research Centre CRC, Department of Social Research,
University of Helsinki

Author:

Katja Lehtisaari, Kari Karppinen, Timo Harjuniemi, Mikko Grönlund, Carl-Gustav Lindén, Hannu Nieminen and Anna Viljakainen

Title of the Publication:

Media Convergence and Business Models: Responses of Finnish Daily Newspapers

Type of the Publication:

Research Report

Keywords:

Media, convergence

Publication series:

Media and Communication Studies Research Reports 4/2012

ISSN:

ISSN-L 1799-7933
ISSN 1799-7933 (printed)
ISSN 1799-7941 (electronic publication)

ISBN:

ISBN 978-952-10-8276-4 (paperback)
ISBN 978-952-10-8277-1 (PDF)

Printer:

Helsinki University Print
Helsinki 2012

Electronic Publication:

http://helsinki.fi/crc/julkaisut/index.html

Writers

Mikko Grönlund, Research Manager, Business and Innovation Development BID, University of Turku.

Timo Harjuniemi, Researcher, Communication Research Centre, University of Helsinki.

Dr. Kari Karppinen, Senior Researcher, Communication Research Centre, University of Helsinki.

Dr. Katja Lehtisaari (former Koikkalainen), Senior Researcher, Aleksanteri Institute, University of Helsinki.

Dr. Carl-Gustaf Lindén, UNU-WIDER, Helsinki.

Prof. Hannu Nieminen, Department of Social Research, University of Helsinki.

Anna Viljakainen, Research Scientist, VTT Technical Research Centre of Finland

TABLE OF CONTENTS

1. CONVERGENCE TRENDS IN FINNISH MEDIA

The purpose of this paper is to study how the newspaper industry in Finland responds to the challenges arising from technological change and socio-economic transformation. For the newspaper industry, media convergence represents enormous challenges but also possibilities to utilize new platforms and contents to serve new consumer needs. Characterized by the rise of the Internet, the digitalisation of information and the dissipation of boundaries between media platforms, convergence changes the socio-economic field in which newspaper publishers operate. Traditional newspapers – with their factory-like manufacturing procedures and a tight attachment to a society with a clear temporal structure and a division between labour and leisure – are having troubles coping in a society that is characterized by omnipresent real-time media and the fragmentation of lifestyles. In this paper, we examine industry responses to the challenges of media convergence by looking at selected Finnish daily newspapers and their strategic choices. More specifically, we look at the new requirements set on newspaper publishers' business models; the ways in which value is being created, delivered and captured (Osterwalder & Pigneur 2009).

In a broad sense, media convergence refers to the general trend where the boundaries between previously separate sectors of media, telecommunications and information technology have become increasingly blurred and different sectors of the media industry have become more interconnected (see Storsul & Stuedahl 2007). This convergence is particularly promoted by the Internet and the digitalisation of all media content, but its implications can be discussed on several levels, including technologies, industries, media contents and journalistic practices. For newspapers, convergence has created possibilities to create content that combines different multimedia elements (text, photographs, audio, video, graphics, social networks, etc.) and to distribute these products across different media platforms. Many of these new forms of media production also challenge the traditional conceptions of one-way communication and create new modes of audience engagement and participation (see e.g., PEJ 2011). It should be noted that the largest media companies in Finland actively developed new forms of web-based publications during the second half of the 1990s, but the lack of revenue that would support the new ventures forced them to cut down on these activities. What we see now is the second wave of innovation.

Convergence can also involve the emergence of new companies and/or technologies in order to develop new business models and standard digital delivery forms (see e.g., Media convergence 2011). The active use of multimedia technologies and features can potentially increase the audience of newspapers and result in decentralized forms of content creation and broad-based participation (OECD 2010). As a result, implementation of multimedia technologies can affect advertisement sales positively, due to additional offerings on digital platforms, increasing prices and the use of multimedia forms of advertising (for example, video advertisements on online resources).[1] However, the effects can also be negative due to fragmentation of the audience and the disruption of established business models.

Of course, convergence cannot be understood solely in technological terms. Such societal factors as the structure of the newspaper industry have to be noted when analysing media convergence in various countries. Finland has, for example, strong traditions in newspaper reading (Nieminen 2010). Within a European perspective, Finland is an exceptional market for newspapers. This is because subscriptions of printed newspapers have such as solid foothold on the market. The subscription model is based upon the system of newspaper home delivery, which serves not only the readers but also the advertisers for which the home-delivered newspaper is an efficient marketing channel. Daily newspapers still continue to see the largest share of total advertising spending (Statistics Finland 2011; Finnish Advertising Council 2012). Finland is a market in which newspaper publishers have still been able to retain or even improve good profits despite the convergence trends that are challenging the logics of media consumption through the emergence of web-based services.

1 See also Alan Albarran's (2010) vision of current media market trends.

2. OVERVIEW: FINNISH MEDIA AND COMMUNICATIONS POLICIES IN 2010-2012

In order to place the Finnish newspaper industry into a wider context, a brief overview of the Finnish media and communications policy will be presented. The Finnish media landscape has experienced some major changes in the years 2010-2012. The development has been somewhat contradictory:

- On the one hand, liberalisation and de-regulation of the media have proceeded in many areas of media and communications policy;
- On the other hand, the position of public service broadcasting has been strengthened against the campaign by its commercial competitors.

Public subsidies withdrawn

In 2010, it was still possible to conclude that compared with the rest of Europe, public subsidies to the media were the highest in Finland (see Nielsen & Linnebank 2001). However, in 2011-2012 this situation changed rapidly as the Government took drastic measures in two directions. Firstly, the long-standing policy according to which the newspapers were exempted from VAT (a 0-rate VAT) was cancelled and from 2012 a VAT of 9 per cent was imposed. Secondly, following the implementation of the EU Postal Directive, the Finnish Government decreed that the previous policy of cross-subsidising the newspaper delivery costs from other postal income was classified as illegal state aid according to the new EU regulation (see Pursiainen 2010).

At the same time, the newspaper readership has been in rapid decline. The total newspaper circulation (number of subscriptions) dropped from 3 047 000 in 2005 to 2 695 000 in 2011 (Finnish Newspaper Association 2012a). Additionally, the advertisement income has diminished from EUR 575 million in 2005, to EUR 486 million in 2010 (Finnish Mass Media 2011, 33).

Together these changes have meant that the newspaper industry has had to adapt to a new situation where on the one hand the costs are increasing, and on the other, both the circulation and the advertising income are declining.

Expansion of commercial television

Compared to newspapers, the future of the television business looks much brighter. At the same time that the newspaper industry has been suffering, radio and television have survived rather well. The time spent daily on watching television has increased slightly from 169 minutes in 2005, to 178 minutes in 2011 (Finnpanel 2012). Moreover, the advertising income has increased from EUR 231 million in 2005, to EUR 266 million in 2010 (Finnish Mass Media 2011, 33). Although pay television is not (yet) a major player in Finland, it has been quite profitable for the main pay-TV players (MTV3 and Nelonen).

There is even some expansion in television. A new commercial free-to-air channel started in spring 2012 when Fox International bought an operating license from a failed channel (SuomiTV, having less than 1 per cent daily audience share). The announced aim of the Fox channel is to open the way for a Fox pay channel, to be launched in later years (FOX 2012).

In the field of radio broadcasting, the process of national consolidation continues. In spring 2012, the leading Finnish media company Sanoma Group bought the Metroradio Finland, which operates several local radio chains throughout Finland. At the same time, SBS – the owner of several similar chains – is streamlining its operations, which amounts to less local contents (SBS 2012).

All commercial free-to-air television operating licences will expire in 2016. There is much speculation about what the policy of the Government will be after this. It seems likely that some content-based licence conditions will remain, mainly to protect national, cultural and societal values and to keep some control against the influence of the big international players.

New funding scheme for YLE

After several years of political stalemate and a public campaign by the commercial television operators, in December 2011 the Government finally reached an agreement on a new funding model for the public service broadcasting company YLE.[1] According to the new Act, from 2013 onwards YLE is to be funded from the state budget. A new YLE tax, linked to a person's earned income and capital income, will be introduced to this effect. The tax is less than 0.7 per cent of a person's income. This means a minimum of EUR 50 and a maximum of EUR 140 per year, depending on the level of income. Minors and those remaining under a certain income level will not be subject to the tax (see LVM 2012b).

Telecom operators conquering new areas

The field of telecommunication has experienced a turbulent period of expansion. The rapid development of wireless communication and the adoption of new high-speed technologies (4G mobile technology) have created high expectations for new profitable commercial operations. At the same time, the national policy for the expansion of high-speed broadband (fibre-optic) network, adopted in 2008 (LVM 2008), has severely stalled because of the lack of interest by the big telecom companies (TeliaSonera, Elisa,

1 On the position of the commercial television companies, see the statement of the Finnish Federation of the Media Industry at http://www.vkl.fi/files/1986/120412_VKL_Yle_uudistus.pdf.

DNA) to offer household connections outside the most profitable business areas, mostly the city centres. Only smaller regional companies in Central Finland (Finnet Group) have been willing to offer reasonably priced high-speed connections outside central business areas.

Simultaneously, the telecom operators in their role as Internet service providers have expanded their activities to the television services. Many operators have started to offer Internet-TV services (pay television services) and IP-television services (channel packages).[2]

Additionally, the Government has decided on the auctioning of a new band of radio spectrum later in 2012 or early 2013. The new auction will concern the 800 MHz frequency, part of the most wanted "sweet spot" frequencies, and it will be allocated to new 4G networks. The terms of the auction are still being negotiated, but expectations for substantial financial benefits for the State are high (LVM 2012a).

Increasing pressure for content controls on the Internet

As an attempt to rein in the illegal use of copyrighted content, the association representing the biggest content providers, the Finnish National Group of IFPI,3 asked the court to order the Internet Service Providers (DNA, Sonera, Elisa) to block the access of their subscribers to The Pirate Bay, a domain accused of allowing the delivery of illegal material through its uploading services. The court complied and ordered the ISPs to deny their subscribers access to the Pirate Bay services. The exact technology for blocking is, however, yet to be ruled by the court (see IFPI 2012).

2 DNA: http://www2.dna.fi/tv-palvelut/kanavapaketit?gclid=CIWa7Z23zbACFcotmAodgDHyXQ; Elisa: http://elisa.net/elisatv/tvjaradio/tv/ohjelmat.tv; Sonera: http://soneraviihde.fi/?s_kwcid=TC|6650|sonera%20tv||S|e|8733895230.

3 See the home page of IFPI: www.ifpi.org.

3. FINNISH NEWSPAPERS IN COMPARISON

In 2011, approximately 200[1] paid-for newspaper titles, of which one-quarter are dailies and three-quarters are non-dailies, were published in Finland. The total circulation of newspapers peaked in 1990 with 4.15 million copies. Since then, the amount has dropped substantially to 2.8 million copies in 2010,[2] but is still among the highest in the world per capita (Finnish Newspaper Association 2012a; Grönlund & Björkroth 2011).

The share of daily newspapers from the total media market was 22 per cent in 2010 and 27.5 per cent in 2000 (Statistics Finland 2005 & 2011). The global financial crisis meant a significant drop in the revenues of newspapers (Statistics Finland 2011; Grönlund & Björkroth 2011). For example, in 2009 advertising spending in Finland dropped 16 per cent, while spending in newspaper advertising plummeted by 22 per cent (TNS Media Intelligence & Finnish Advertising Council 2010). In 2010, newspaper revenues were already better but still approximately at the same level as in the beginning of the 2000s (Statistics Finland 2011). Circulation revenues of daily newspapers (published seven days a week) had increased by 1.5 per cent, and advertising income by 2.8 per cent from 2009 to 2010 (Finland's Press 2011, 23).

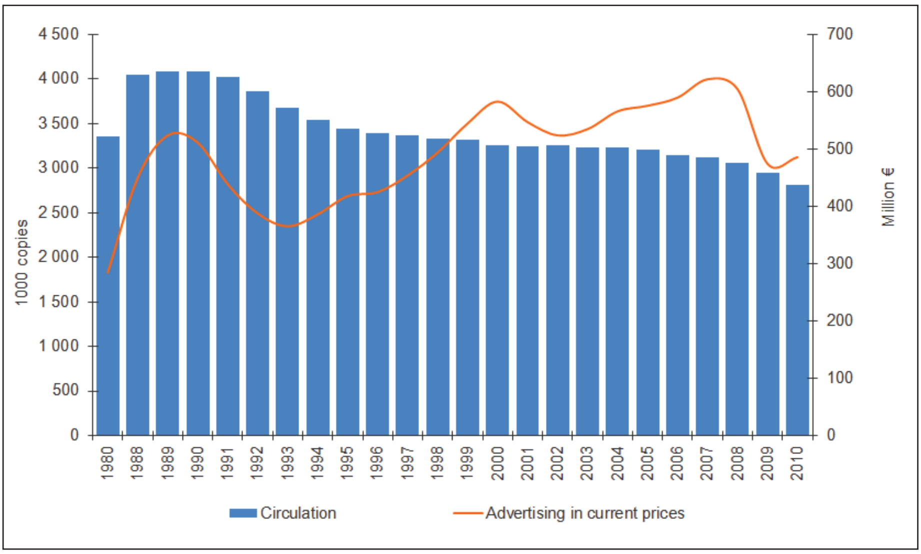

Figure 1. Development of newspaper circulation and newspaper advertising between 1980 and 2010. (Source: Finnish Newspaper Association and TNS Gallup Group)

1 This figure includes only the member publications of the Finnish Newspaper Association.

2 The Finnish Newspaper Association data covers the member publications of the Association, but excludes free papers and some other very small local newspaper titles. The data from the FNA covers more than 90 per cent of all newspaper titles and more than 95 per cent of the total newspaper circulation in Finland.

The Finnish media market is relatively concentrated due to the small size of the market (in a country with a population of 5.4 million) and the distinct language area. Four companies or chains (Sanoma, Alma Media, TS-Group and Keskisuomalainen) control 75 per cent of the circulation of newspapers (Nikunen 2011, 24). In addition, 34 newspapers co-operate in sales, marketing and promotion through Kärkimedia Company (Kärkimedia 2012); this co-operation has been approved by the Finnish Competition Authority. A national level perspective on newspaper markets overlooks many important nuances of competition, such as the strong regional character of the Finnish newspaper landscape. The Finnish newspaper landscape is often cited as a successful model characterized by a strong regional and local focus – although there are a few newspapers that can be described as national newspapers. Among the 20 biggest newspapers, there are 14 provincial dailies, but on the other hand, half of the ten biggest newspapers can be classified as being national (Grönlund & Björkroth 2011, 25).

Finland could be described as a newspaper nation. Even though reading has, to some extent, decreased among the Finns, they are still quite avid readers with reading habits that have gone largely unaffected by the rise of electronic media. In 2011, during an average week 96 per cent of Finns had read printed newspapers (Finnish Audit Bureau of Circulations 2012). Newspaper reading is a widespread, commonplace activity and the circulation per 1000 population is still one of the highest in the world (Grönlund & Björkroth 2011, 26). However, the age when people start to subscribe to a newspaper is rising. Like in OECD countries in general, newspaper readership is usually lower among younger people who tend to give less importance to print media (OECD 2010).

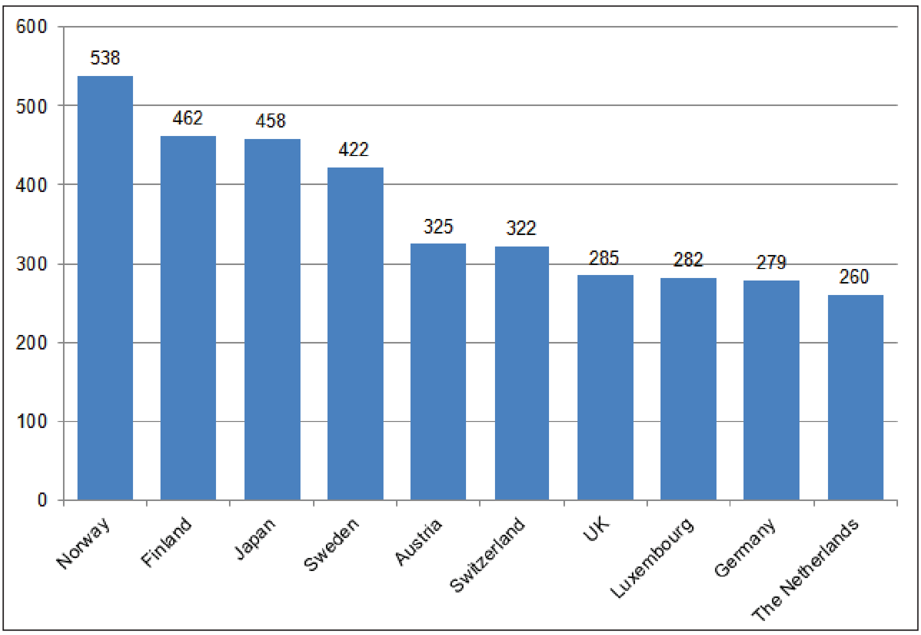

Figure 2. Newspaper countries, 2009. The circulation of newspapers per 1000 inhabitants; includes newspapers that offer subscriptions and are published at least four times a week. (Source: Finnish Newspaper Association)

The factors behind avid newspaper reading are deeply socio-economical. The welfare state model, a strong public education model and a widespread network of libraries, for example, are among the factors that have led to high rates in literacy. Local and regional newspapers have also been elemental in the emergence of local and political identities (see e.g., Tommila 2003; Jyrkiäinen & Savisaari 2003).

The Finnish media system is usually considered to represent the "democratic corporatist model" in terms of Hallin and Mancini's (2004) categorisation: there is strong state intervention, reconciled with well-developed media autonomy and professionalisation (Karppinen, Nieminen & Markkanen 2010, 2). The position and composition of the press has always been deeply embedded in societal conditions. The class-based politicization of the Finnish society in the late 19th century took place in a situation where a collective public sphere was non-existent (Nieminen 2012). The (political) press supported the process of political organisation, but it failed in constructing a shared public sphere where different societal groups could exchange ideas about a shared societal reality through a shared language. Thus, the Finnish press has traditionally been strongly politicised with all the major political groups publishing their own national and regional papers. It was not until the 1970's and by 1980 that the regional papers attached to bourgeois parties declared their "independence". The same era saw numerous left-wing papers going out of business. Nieminen (2012) states that this development had to do with the common national project: the shared ethos of the welfare state was narrowing down political differences (see also Tommila & Salokangas 2000, 38-55). However, the decline of party press and the commercialization of the media gradually saw Finnish media sliding towards an ethos of consensus characterized by the importance of such imperatives as national competitiveness and public service efficiency. Today, the democratic corporatism is seen as giving way to a market-based model of media and communications policy (Nieminen 2009, 245).

Newspaper economy

Since 2000 the operating margin of daily newspaper publishers has been approximately 12 per cent (Grönlund & Björkroth 2011, 36). Newspaper publishing still remains a profitable business in Finland, but this does not mean that the industry does not have its own difficulties. The Internet and the emergence of free-of-charge online news have affected people's willingness to pay for journalistic contents (Grönlund & Björkroth 2011, 26).

The characteristics of the Finnish newspaper landscape include the strong subscription model that had been subsidized with a zero VAT rate until 2011[3] and the home delivery system, which is exceptional from an international perspective. Ninety per cent of newspaper sales are based on subscriptions and home delivery. The only exceptions are the two national tabloids, which are sold as single copies. For other newspapers single copy sales are marginal (Grönlund & Björkroth 2011, 31-32).

3 In November 2011, the Finnish Parliament voted to increase the VAT rate on newspaper and magazine subscriptions from the zero rate to the reduced VAT rate of 9 per cent. The new 9 per cent VAT rate came into effect on the 1st of January 2012.

The efficient Finnish system of early-morning home delivery has traditionally meant that Finnish newspapers have been deeply interlocked with the local retail business. The big retail stores have been important advertisers for the (local) Finnish newspapers, just as in other countries (e.g., Jyrkiäinen & Savisaari 2003, 65). It is an important customer segment for all media, since one quarter (23 per cent) of total advertising spending in Finland comes from the retail business (TNS Media Intelligence 2012). In 2011, the share of retail advertising was 38 per cent of newspaper advertising, while the brand advertising took 45 per cent and classifieds 18 per cent (Finnish Newspaper Association & TNS Media Intelligence 2011). The big Finnish retailers also represent an attractive customer segment for the global players in the online advertising sector.

Newspapers operate in a market where they gather their revenues from subscriptions as well as from advertising. In two-sided markets, successful newspapers get both readers and advertisers 'on board'. In competition for the consumers' interest and for the advertising expenditures, the pressure on newspapers stems from intra- (between newspapers) or inter-media (newspapers vs. other media) competition (Grönlund & Björkroth 2011, 25). However, the structure and portions of these revenue streams have changed. Whereas in the 1970's and 1980's advertising revenue comprised about 75 per cent and subscriptions 25 per cent of the total revenue, at the end of the 90's the story was completely different – advertising income comprised about 56 per cent and subscriptions 44 per cent (Jyrkiäinen & Savisaari 2003, 65). In 2010, the share of advertising revenue was about 49 per cent and the share of subscriptions was 51 per cent of the total revenue (Finnish Newspaper Association 2012b).

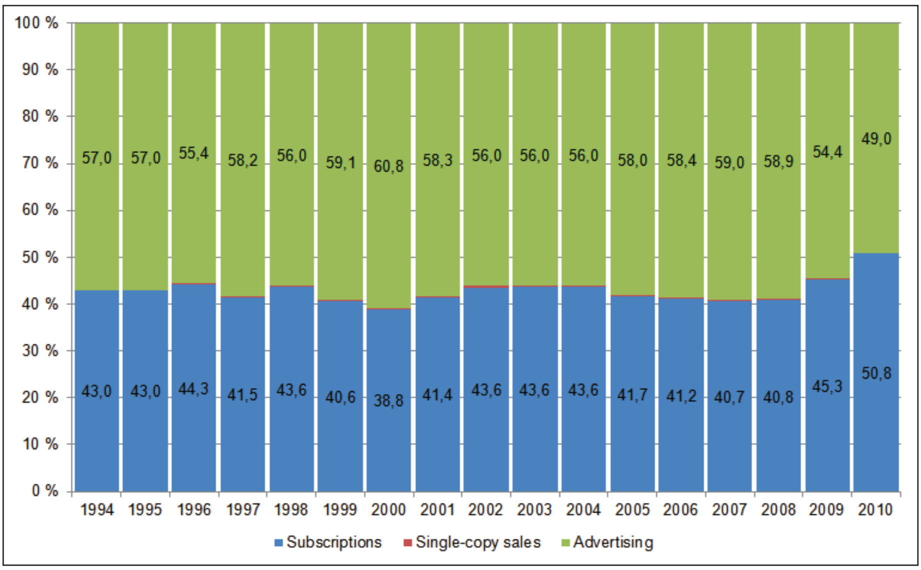

Figure 3. Revenue structure of the newspapers between 1994 and 2010. (Source: Economic Statistics of the Graphic Arts Industry – Printing and Publishing and the Finnish Newspaper Association)

The transformation of the revenue structure is interesting. The circulations are declining, while the incomes gathered from subscriptions are on the rise. This is largely explained by the fact that newspapers have been able to compensate for declining circulations and drops in the advertising market by raising subscription prices and through cost-cutting.

Print media represent two-thirds of the total media revenue in Finland, while the share of newspapers constitutes around one-third. The value of the mass media market amounted to around EUR 4.25 billion in 2010 and the combined value of print media – newspapers, magazines and periodicals, books, as well as directories and direct mail – was EUR 2.271 billion. The newspaper market is comprised of subscription and single copy sales of newspapers and revenues from advertising. The latter market was worth EUR 1.181 billion or 28 per cent of the total volume in 2010 (Statistics Finland 2011b). The council for media marketing, in its turn, counts that media advertising was worth EUR 1.4 billion in 2011, of which the share of newspapers was 503 million (TNS Gallup 2012).

In 2010, advertising spending started to rise. Advertising spending being highly sensitive to market economy fluctuations, the Finnish media companies have striven for synergy and additional value-gaining possibilities (economies of scale and scope) through corporate fusions and horizontal expansion (Lindblom 2009). Big media publishers are, in many cases, transforming into media conglomerates, for which convergence offers a chance to diversify their portfolios and secure multiple revenue streams.

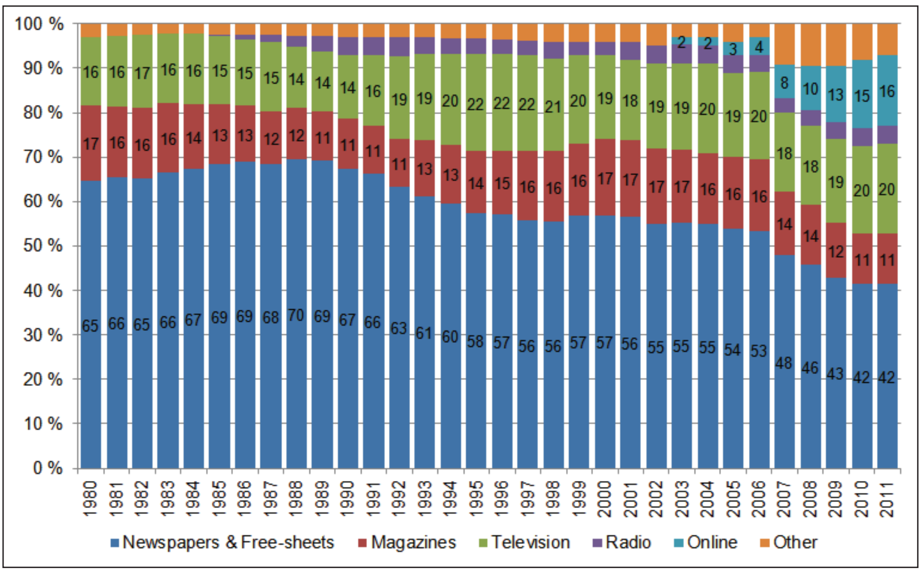

Figure 4. Media advertising by sector 1980-2011. (Source: TNS Gallup Group)

The development of newspapers during the second half of the 20th century took place in an environment in which advertising revenues increased dramatically and newspapers were able to maintain their position as the primary advertising medium, never falling below half the total expenditures, even after the development of commercial television and radio (Picard & Grönlund 2003). During the last two decades the total turnover of the newspaper publishing industry grew steadily and recovered after the depression in the early 1990s to meet its pre-depression levels by the end of the century. After a minor economic recession in the early years of this century, the newspaper publishing industry was again growing moderately. In 2008, the growth of the industry stopped and in 2009 the total turnover of the industry decreased.

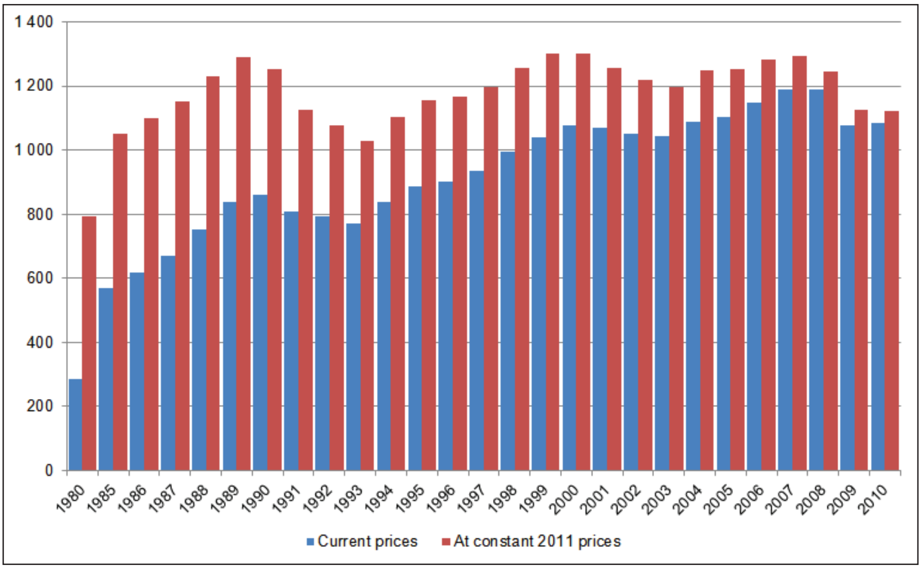

Figure 5. Total turnover of newspapers 1980-2010. (Source: Statistics Finland)

Despite challenges in the media markets, the majority of the newspaper publishing companies are financially solid and profitable. For example, operating profit that measures the profit after operational costs (goods and services and personnel costs) as a percentage of turnover has been on a moderate level for a decade. Since 2000, the operating margin of the daily newspaper publishing companies has been approximately 12 per cent (e.g., the operating profit of Sanoma corporation was 14.2 per cent of net sales in 2010, and 13.9 per cent of revenue in Alma Media the same year). The profitability of the non-daily newspaper publishing companies has varied around 10 per cent. After a minor drop in 2009 (7.5%), the median operating margin of the Finnish newspaper publishing companies increased to slightly over 11 per cent in 2010.

The net result, also known as the net income before extraordinary items, is the profit where all regular revenues and costs are taken into account. A company's cumulative net result should be positive for it to be considered profitable. Since the economic recession in the early 1990s, the majority of the newspaper publishing companies have been very profitable. Due to the economic recession in 2009, the financial performance of the newspaper publishing companies was weaker, but still fairly good (4.5%). In 2010, the median net profit increased to 6.5 per cent. One remarkable observation is that the median net profit margin of the publishers of the seven days a week newspapers in 2010 was the highest since 2000, over 11 per cent.

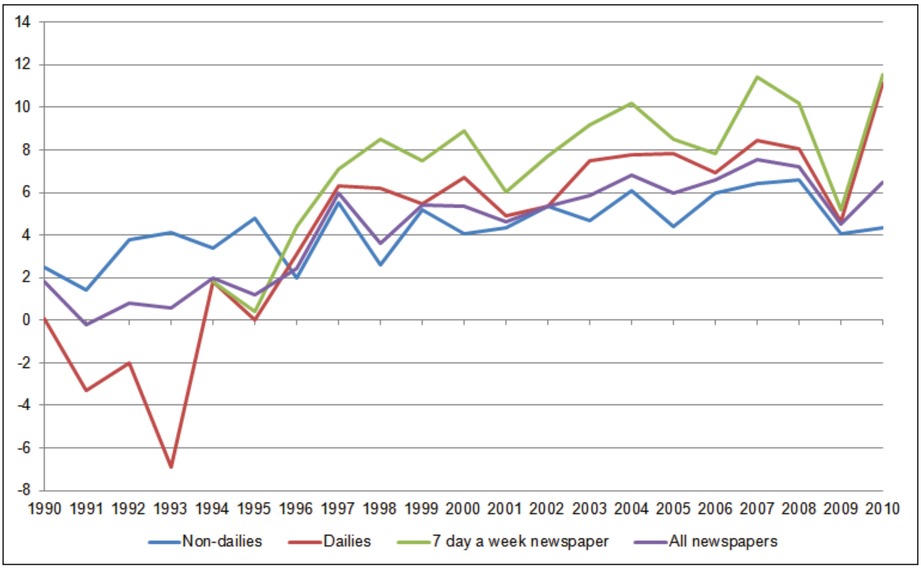

Figure 6. Net results of the newspapers between 1990 and 2010. (Source: Economic Statistics of the Graphic Arts Industry – Printing and Publishing)

Solvency is the ability of an entity or individual to pay debts, to meet its long-term fixed expenses, sustain losses and to accomplish long-term expansion and growth. The majority of newspaper publishing companies in Finland have a good or excellent equity ratio and they have sustained losses under the current economic recession. In 2008, the median equity ratio of non-daily newspaper publishing companies was already 70 per cent. The median equity ratio of the daily newspaper publishing companies has been declining for the last couple of years and in 2010 it was still over 50 per cent. Therefore, the solvency of the majority of the newspaper publishers is very good.

The cost structure of Finnish newspapers is currently changing. While distribution costs are rising, cost savings are made mainly from editorial costs – increasing cooperation between newsrooms and laying off staff (Antikainen & Kuusisto 2011). In 2006, editorial costs accounted for 27 per cent, and distribution costs for 23 per cent of total newspaper production costs (Finnish Newspaper Association).

Finland has very high Internet penetration, which gives good perspectives for online solutions. In 2008, over 72 per cent of Finnish households had an Internet connection (Nordicom 2011, 37) and in 2010, the penetration of Internet access was 86 per cent (Statistics Finland 2010). In comparison, in 2009 the Internet penetration in Russia was 32 per cent and 66 per cent in Germany (Nordicom 2011, 96).

According to estimations (KOTEK 2011), altogether approximately 100.000 iPad's and other tablet computers were sold in Finland in 2011. However, less than two per cent of Finns read newspaper content from tablets during an average week in 2011 (Finnish Audit Bureau of Circulations 2012). In 2008, all daily newspapers had an online edition and also around 75 per cent of all other newspapers had an online presence (Finnish Mass Media 2009, 175). In general, the leading news providers offer a variety of news formats from traditional newspapers and broadcast news to online and mobile services (Karppinen, Nieminen & Markkanen 2010, 12). Newspapers have also started seeking revenues from the Internet and some of the dailies have started charging their readers for their online edition. The online editions have, however, so far been mostly available for free or offered at a minor rate for the subscribers of the paper edition (Karppinen, Nieminen & Markkanen 2010, 4). The trend to move from broadsheet to tabloid format is strengthening, one of the reasons being that the smaller format fits better for tablet computers. Thus, the format change is connected to striving for cost-cutting and stopping the decline of readership (Antikainen & Kuusisto 2011).

Convergence and the rise of the Internet can also be seen as an opportunity to reshape the dominant values of journalism. Debra Reddin van Tuyll (2010), for example, argues that the fragmentation of audiences and the post-modernization of our lifestyles have brought an end to the one-size-fits-all journalism. Van Tuyll argues that journalism should embrace the diversity of the current public sphere and make itself relevant in the life sphere of its readers. This notion is clearly interlocked with the discussion about journalism finding its place in local networks (see Heikkilä et al. 2010) and about participatory citizen journalism (see Franklin 2010). The report of the Finnish Ministry of Transport and Communications (2011) sees that the digitalisation of contents, the fragmentation of audiences and the popularity of mobile devices will lead us to an age that is characterized by journalism that is more personalized than the journalism of the golden era of the newspaper.

New revenue models

The value proposition of a newspaper is increasingly manifested in strong *media brands* offered and consumed from different platforms – paper, online, offline (such as events), mobile and e-reading devices. Relevant in this development is the fragmentation of the audience: there are differing needs and media-use habits in an increasing number of consumer segments. Resources are invested to get a deeper understanding of the role of different media in consumers' lives and the motives behind media-use (see e.g., Viljakainen et al. 2010). Publishers are forced to create new links between themselves and the different customer segments to satisfy these needs. Relationships are formed around strong media brands both online and offline. This development forces publishers to replace their dualistic revenue model (subscriptions and advertising income) with a large number of small streams of revenue from both media products and services offered to consumers and businesses.

Over a short period of time, Facebook has become a large – even the largest – online service in Finland; it has over two million Finnish users, and the penetration of the online population is close to 50 per cent.[4] Newspaper publishers are increasingly pushed to follow the rules of new media. For example, most established social media services combine different revenue models, such as advertisements, subscription fees, sale of concrete or virtual products, revenue sharing with key partners, risk financing, sale of user data, affiliate marketing and crowdsourcing (Ahlqvist et al. 2008). Some services do not have any revenue model at all, or they offer the basic service for free to get the audience and charge for premium offerings (c.f. freemium services). In social media services, it is acknowledged that the value of the service, and thus the ability to put a price tag on it, comes with people – when communities are established. It is much easier to sell advertisements or subscriptions or services with better prices once you have a strong brand and the audience building the value of the service. Most established social media services went on for years with risk financing, without any business model. However, following our findings, currently digital initiatives in the selected newspaper publishers expect to break even, or even make profits, almost immediately after the launch of a new product or service. There is only a small number of those privileged with deep pockets.

Newspaper publishers are building partnerships in the quest for new income. Quite often, these partnerships are formed between competitors and non-competitors both within and outside the traditional publishing business. For example, it may very well be selling their own content through partners' channels, or selling partners' products and services through their own channels (such as online stores) and taking cuts from sales. Both of these practices include the development of revenue sharing models. Affiliate marketing – using a website to drive traffic to another – is common, especially among media brands belonging to the same media group. Video content is spreading rapidly. A lot of emphasis is put on developing mobile and tablet content and services, which will be exclusively charged for. Initial steps have been made to start recycling and cashing old published content through media archives. Similarly, recent technological advancements have brought about new ways to combine print with digital. Hybrid media offers publishers completely new possibilities to offer interactive elements (e.g., 2D codes, augmented reality) both in editorial content and advertisements (Lindqvist et al. 2010). Journalism is dividing into two, since it seems there will be consumers that are willing to pay for high-quality journalism behind a paywall or exclusive printed paper, as well as those that need bite-sized online media content offered for free.

Multi-platform publishing and service creation, reader engagement, crowdsourcing, co-creation and amateur professionalism are becoming the norm when online and offline communities around media brands are being created. They will open completely new doors and the most interesting developments to be seen will most likely be outside the publishing business.

4 Socialbakers.com, accessed March 2012.

4. LANDSCAPE OF CONVERGENCE IN FINNISH DAILY NEWSPAPERS

From the Finnish perspective, convergence in newspaper production means different things at the local and national level. While national dailies build multichannel newsroom organisations, newspapers in small towns still mostly rely on the traditional paper format.

The analysis, presented below, is based on semi-structured interviews with media managers and editors in Finnish daily newspapers (see the list of interviews at the end of the article). Altogether, 12 interviews were conducted in seven daily newspapers between November 2011 and January 2012. The selection included national dailies (*Helsingin Sanomat* and *Kauppalehti*), a national online-only daily (*Uusi Suomi*), regional dailies (*Aamulehti* and *Turun Sanomat*) and local dailies (*Borgåbladet* and *Itä-Häme*).[1]

Title	Type	Ownership	Circulation 2010 (2011)	Operating margin 2010
Helsingin Sanomat	National, quality	Sanoma Corporation	383 361 (365 994)	13%
Kauppalehti	National, business	Alma Media	70 118 (68 252)	19%
Aamulehti	Regional	Alma Media	131 539 (130 081)	25%
Turun Sanomat	Regional	TS Group	107 199 (103 314)	12%
Borgåbladet	Local	KSF Media	7 798 (7 523)	-6%
Itä-Häme	Local	ESS	10 719 (10 427)	15%
Uusi Suomi	National, online-only	Main owner Niklas Herlin	-	-46,8%

Figure 7. Sample of Finnish dailies.

The aim below is to map the interviewees' views on the changing business models of newspapers. A business model is understood here as "the method by which a firm builds and uses its resources to offer its customers better value than its competitors and to make money doing so" (Afuah & Tucci, 2003, 4) or "the rationale how an organisation creates, delivers, and captures value" (Osterwalder & Pigneur 2009, 14). Thus, a firm's business model has different components, or building blocks, that go beyond the mere source of revenue (see e.g., Chesbrough et al. 2002, 2010; Osterwalder et al. 2005; Osterwalder & Pigneur 2009). In the changing business environment newspaper

1 A daily newspaper is defined here as a newspaper that comes out at least three times a week. According to Statistics Finland and the Finnish Newspaper Association, newspapers that come out four to seven days a week are daily newspapers and the ones that come out one to three days a week are local newspapers. However, the local dailies selected for this study come out five to six times a week and also fit the category of daily newspapers. A "local newspaper" is defined here according to its main geographical readership area.

publishers are forced to redefine their every act of creating, delivering and capturing value. More specifically, these modifications relate to customer segmentations, product and service offerings, platforms and channels, alliances and partnerships, activities, resources and competencies, partnerships, the cost structure and the sources of revenue (Osterwalder et al. 2005; Osterwalder & Pighneur 2009). The following sections present the key findings in respect to these elements.

4.1 NATIONAL DAILIES

4.1.1 Business environment

Finnish newspapers can be divided into three categories: national, regional and local newspapers. The Finnish newspaper landscape is characterized by a strong provincial and regional press. Thus, the line between national and provincial papers is rather blurry. For example, *Helsingin Sanomat*, the largest daily in Finland with a circulation of 366 000 in 2011 (Levikintarkastus 2012) is considered a national daily even though the focus of the paper is mostly on the issues of the capital region. There are nine national dailies in Finland, all of which are published in the capital region. The share of national dailies is 29 per cent of the overall circulation of Finnish newspapers (Jyrkiäinen & Savisaari 2003, 66).

The Finnish national dailies studied in this phase of the study seem to have mixed feelings about the state of the newspaper industry. On the one hand, the business has been successful for the national dailies; the newspaper business looks to be pretty viable in Finland and the newspapers continue to trust the Finnish subscription model. Newspapers believe that the printed newspaper – which still is, business-wise, superior compared to online business models – will stay potent in the future, in some way or another. The overall position of newspapers is still holding strong, thanks to the efficient early-morning home delivery system that pleases both readers and the retail sector that is a large advertiser.

On the other hand, there are threats on the horizon. The circulation decline is a fact acknowledged by the national dailies, and the advertisement market of national papers is somewhat volatile and dependent on global economic situations. And at the same time, the revenues gathered from online functions – online advertising, digital subscriptions – remain modest. Even though media companies have been able to retain high profitability, they have resorted to cost-cutting and redundancies. In this sense, convergence is also seen as a cost-cutting strategy. At the same time, such costs as distribution and printing are going up while Internet and mobile media devices have, to some extent, affected people’s willingness to pay for journalistic content (see e.g., Grönlund & Björkroth 2011).

The Finnish newspaper market’s idiosyncrasy is that competition between newspapers is rather low – the Finnish market is divided rather peacefully between the media companies and their newspapers. Rather than competing with other newspapers, Finnish newspapers have to compete with other leisure activities. In advertising, for instance, national newspapers are facing a tightening competition from Google and Facebook, who can provide the advertiser with targeted marketing. In journalism, national dailies are – in an Internet-driven era – competing with anyone who produces contents.

4.1.2 Sample

The national dailies chosen for case-study analysis are *Helsingin Sanomat* and *Kauppalehti*, and the online newspaper *Uusi Suomi*.

Helsingin Sanomat is the largest daily newspaper in Finland. It belongs to Sanoma News, which is a subsidiary of Sanoma Corporation, and comes out seven days a week. Sanoma Group is Finland's leading media group and the second largest media company in the Nordic region. The Group is comprised of four[2] divisions operating in versatile fields of media in over 20 European countries.

Helsingin Sanomat	2008	2009	2010
Circulation of the printed edition	412 421	397 838	383 361 (2011: 365 994)
Operating margin*	15%	7%	13%
Net profit margin*	16%	4%	11%
Sources of income, Advertising/ Circulation	61/39	52/48	53/47
All employees	699	623	543
Editorial employees	353	323	312

Figure 8. Helsingin Sanomat. (Source: Bureau van Dijk Orbis database; Finnish Newspaper Association; Finnish Audit Bureau of Circulations) * 2008 data from Helsingin Sanomat Oy and 2009-2010 data from Sanoma News Oy

The strategy of *Helsingin Sanomat* is built on two pillars. The first is to take good care of the printed newspaper. The quality of daily editorial work together with a well-functioning distribution are key issues for customer satisfaction, says publisher and editor-in-chief Mikael Pentikäinen. There is also a need to strategically develop the print edition in order to maintain it as a competitive product. Secondly, the paper is building a multi-platform presence, where it operates on all platforms that are valuable to readers and advertisers.

According to Pentikäinen, *Helsingin Sanomat* survived the last recession better than expected. The paper was able to adjust just enough without too many cuts, and the company was ready to invest again when the economy improved. During 2010 and early-2011, the company performed better than expected until the most recent economic downturn in the second half of 2011, which came as a surprise, Pentikäinen says. He

2 As of January 2011, Sanoma integrated its Sanoma Magazines and Sanoma Entertainment divisions and formed a new Sanoma Media division. After this arrangement, the Sanoma Group comprises four divisions: Sanoma Media, Sanoma News, Sanoma Learning & Literature and Sanoma Trade.

states that “in the next few years though, I see mostly tears, pain and more tears. I can't foresee much of anything positive. Of course, a good leader should turn adversity into a new beginning, but right now the near future looks extremely dismal.”[3] At the same time, he holds the view that *Helsingin Sanomat* has really invested in the journalistic resources and the management of the editorial work, which has kept the content in good shape. In addition, he says the paper is many steps ahead of the competitors in smart phones, e-readers, convergence with television and other electronic media.

Still, capitalizing better on the digital business is an on-going challenge. According to Marja-Leena Tuomola, chief digital officer at Sanoma News and Sanoma Media (subsidiaries of Sanoma Corporation), the online revenues are much below television, magazines and newspapers, and that is changing very slowly. The problem is that more and more of the time spent with media is shifting online, but the money spent does not seem to follow. Sanoma Corporation has launched numerous digital initiatives since the early 2000s and the aim for each project has been to break even or be profitable. Thus, Sanoma is working hard to find working business models and to make money with digital content. However, the development has been slower than hoped for. Advertising alone will not be enough to sustain the concept of *Helsingin Sanomat* and its cost structure. According to Pentikäinen, perhaps there can be some new sources of revenue, like conferences, magazines and books. This suggests that the paper is willing to venture outside journalism. For domestic innovations[4] outside media houses, *Helsingin Sanomat* cooperates with the Start-Up Centre of the Aalto University.

In Sanoma, they see that it is clear that online advertising will lag behind print advertising for a long time. The view is that the kind of quality journalism that *Helsingin Sanomat* does, including extensive coverage of public affairs, is so expensive that it can never be covered by online advertising revenue alone. Thus, subscriptions are needed. A qualitative gap between paid and free-of-charge contents is also identified: readers tend to treat paid contents with an attitude that bears more respect than the attitude towards free-of-charge contents. The paper is seen to need an integrated model where the paper and online versions support each other and this includes a strategic choice of which contents will be offered for free and which will be charged for. When media convergence strengthens, television will be more integrated into the same model. In addition, *Helsingin Sanomat* has been experimenting with tablets. In April 2012, the paper started to offer a fixed-term subscription package comprising digital newspapers and an iPad (Sanoma 2012).

Sanoma has a digital, cross-platform strategy for all the products, where the roles of all different platforms for that particular product are figured out. The company no longer introduces any print products without a digital element. All products are seen as a totality that may have different strategies, business models, and even different target groups online and on other platforms. The digital only products are mostly games, but even there fantasy sports games, for example, could potentially cooperate with newspapers' sports sections. The strategy is to consider how to sell products and

3 The interview was conducted in November 2011.
4 An innovation can be defined as 1) the introduction of something new, 2) a new idea, method, or device (Innovation 2012).

services in conjunction. The key is to think about what the consumers are interested in and how they get all the information they need from various platforms.

In 2007, *Helsingin Sanomat* started a digital edition, which is subject to a charge and can be subscribed to either as a stand-alone subscription or combined with a print subscription. In 2011, the company had approximately 141 000 subscribers paying for the digital services (the majority of them are subscribers of the paper edition, paying an additional small sum for digital services). Classified ads are the most profitable digital service, and display ads online are also a significant source of revenue. As a whole, all the digital services counted together are also profitable both within Sanoma News and in the whole corporation. The company has 380-400 people working exclusively on digital services (counting journalists, sales, etc.), which makes Sanoma the biggest locus of digital media in Finland. Also in mobile services, the company is the largest content provider in Finland.

The site for classified ads (*Oikotie*) has been a success for *Helsingin Sanomat*. Also, *HS.fi* and the websites of other newspapers of the company have really been successful in the sense that they rank among the top ten – even top three – of all websites in Finland. The fact that established news sites are among the most visited sites is quite unique to Finland.

According to editor-in-chief Pentikäinen, *Helsingin Sanomat* should have fought against the circulation decline more aggressively, by investing more in marketing: "We should have focused more on charging for content and less on the number of visitors online." He also sees that classified ads should have been kept even more closely integrated to the newspaper in the company. In addition, *Taloussanomat* (financial newspaper) and *Nelonen* (channel) should have been integrated into *Helsingin Sanomat* earlier. He also states that *Helsingin Sanomat* should have changed into a tabloid format and invested more in marketing that. The current plan is to move to the tabloid format in January 8th, 2013 (Helsingin Sanomat 2012a & b).

According to the interviews, a challenge is that Sanoma is competing with companies that "don't follow the normal rules of market economy" (public service companies) or with companies like Google, whose global scale enables them to divide investment costs globally and dump their services on the Finnish market without really having to worry about making a profit on the Finnish market alone. *Helsingin Sanomat* competes with direct advertising in retail advertising, television and magazines in brand advertising, with Google and others in classified ads, and with Facebook for people's time. For local readers in the Helsinki area, the paper competes with *Metro* (which belongs to the Sanoma Corporation as well) and other free sheets. In opinion material, it competes with social media. However, *Helsingin Sanomat* is not hostile to services like Facebook because it brings the paper new visitors. News aggregators and other providers of free content, on the other hand, do not bring any revenue. In analytical journalism, the paper is seen to compete with the *Financial Times* and other international quality newspapers. In domestic news, it competes with YLE and regional newspapers. The attitude towards the public service media company YLE is rather aggressive. YLE is considered to distort markets by not having to pay any attention to the financial logic of introducing new services.

For Sanoma, global competition is an important challenge because the company has to make all of its profit in Finland or the other markets where it operates. Thus, Sanoma is selective about which services to launch and it analyses the market and competition carefully in each case. It emphasises the need to think about how new services support or complement the existing operations. It would make little sense to start developing new search software, for instance, when the competitors have huge benefits of scale. Sanoma will continue to invest especially in original Finnish content and in localizing foreign contents.

Helsingin Sanomat has tried some journalistic innovations that have been made possible by digitalisation. In HS Open, the paper has made various databases available to hackers and asked them to visualize data or combine information from various databases. For instance, they gave stockbrokers' public notifications of their own trading to an intern and asked readers to help dig out information on insider trading; what they were able to find out was much more than even the regulatory authorities had been able to do.

The second national daily in the sample, the business daily *Kauppalehti* is based in Helsinki; it belongs to Alma Media. Alma Media has three business areas: Newspapers, Kauppalehti Group and Marketplaces. The Newspapers business area includes the publishing of the national afternoon paper *Iltalehti*, five regional papers and 29 local and city papers.

Kauppalehti	**2008**	**2009**	**2010**
Circulation of the printed edition	86 654	78 731	70 118 (2011: 68 252)
Operating margin	15%	15%	19%
Net profit margin	10%	11%	13%
Sources of income, Advertising/ Circulation	58/42	44/56	45/55
All employees	193	166	171
Editorial employees	96	70	74

Figure 9. Kauppalehti. (Source: Bureau van Dijk Orbis database; Finnish Newspaper Association; Finnish Audit Bureau of Circulations)

Kauppalehti has been online since 1996, and its online platform is a crucial part of the company strategy. The newspaper states that being online and charging for online contents ever since the online launch has been crucial in creating a viable online business model.

Kauppalehti has established its own technical platforms for online functions, and the paper has a lot of coders working for it. This makes the development and maintenance of online operations smooth. CEO Juha-Petri Loimovuori says that the brand and subscription base of *Kauppalehti* are strong. One of the subscription models of *Kauppalehti* is the so-called all-access model with which the reader gets access to every platform, including the traditional newspaper, but also different digital services. *Kauppalehti* has a lot of faith in new mobile devices, the iPad and contemporary smart phones. They create the possibility to consume news totally ubiquitously, which for the production process means that there has to be a constant feed of new material.

Kauppalehti sees interesting perspectives in online contents that are subject to a charge. The key issue is to be able to produce useful journalism for which people are willing to pay (the same principle of utilitarian journalism is also prevailing in the other Alma Media newspaper, *Aamulehti*, in this study). *Kauppalehti* sees that as a business daily, it needs to provide people – like ordinary readers or stockbrokers – with information they can turn into profit or a better quality of life. The paper was the first one in Finland to introduce a paywall. Starting from May 2012, a visitor can read up to 25 news items per month for free, after which a monthly fee is charged (Alma Media 2012).

The paper is very business oriented; the company is seen to be in the business of making money from news journalism. News journalism is seen as an excellent traffic generator, around which different businesses can be built. Already now, *Kauppalehti* is not doing only business journalism, they have b2b marketplace information services as well. In addition to selling journalism to consumers, the Alma strategy is to build different digital functions for customers and corporations. *Kauppalehti* offers, for example, non-journalistic contents like market information and online advertorials as part of their services.

When it comes to journalistic content, *Kauppalehti* has recently strengthened the divergence between online journalism and the printed paper. Online journalism will be rapid and spread to different mobile devices, whereas the printed paper will function more as a tool for the readers, who mostly consist of people working in the business world. *Kauppalehti* has got an iPad version, but it is like a pdf version of the paper; they have not yet seen the introduction of new functions for the iPad as relevant.

The journalists work with both online and printed contents. Some years ago journalists were reluctant to do online shifts, but now it is considered to be natural. In spring 2012, the production process was changed towards an even more converged model, where for every news story the “right” place for it will be considered, be it in the newspaper or online – usually stories are no longer going to be written in two versions (for online and paper), but the roles of different platforms are going to be differentiated more.

User-generated content is an essential part of *Kauppalehti* online. Discussions about the stock exchange have been and still are important. Commenting on news is possible solely using one’s own name, which is not only a quality issue, but also a resource issue as moderating takes time and resources. *Kauppalehti* also has sponsored blogs (written by experts) that are popular. In the future, community building will be even more important, and it could be done, for example, using moderated discussions.

For *Kauppalehti*, the USA is a country to be looked at for new online innovations, but it is basically quite Europe oriented. The Nordic business newspapers have an active partnership in developing ideas. *Kauppalehti* also features a system of promoting and harvesting innovations inside the company; the personnel are involved in the development of new activities.

The third newspaper in our sample of national dailies is *Uusi Suomi*, an online newspaper that was established in 2007. The number of weekly visitors has stabilized and is over 300 000. The paper has been running at a loss all the time, but according to the owner and publisher, Niklas Herlin, he is determined that *Uusi Suomi* has to be able to make itself profitable. Originally, the company expected to be unprofitable for at least three years, but the cash flow has been even worse than expected. For example, the recession of 2009 wiped out almost half of the advertising market. The business environment of *Uusi Suomi* is highly volatile. As *Uusi Suomi* gathers its revenue from advertising, economic downturns have a major effect on the paper.

Uusi Suomi	2008	2009	2010
Circulation of the printed edition	-	-	-
Operating margin*	N/A	N/A	-46,8%
Net profit margin*	N/A	N/A	-50,5%
Sources of income, Advertising/ Circulation	N/A	N/A	N/A
All employees	10	10	10
Editorial employees	N/A	N/A	N/A

Figure 10. Uusi Suomi. (Source: Bureau van Dijk Orbis database; Finnish Newspaper Association; Finnish Audit Bureau of Circulations)

Uusi Suomi, a paper operating with a small journalistic staff, has managed to outsource a lot of content and traffic generation to bloggers. *Uusi Suomi* sees itself not as competing with a particular news media, but with everyone who is producing content on certain topics on the Internet, be it journalism or not. Printed newspapers or television are not seen as competitors since they have their own way of doing journalism and serve different needs.

One of the assets of *Uusi Suomi* is that as a small, flexible organisation it is able to adapt new tactics quickly and, if needed, get rid of them. For example, in the beginning, *Uusi Suomi* tried to invest in arts and culture journalism and hired a lot of freelance writers for that. The expectations proved to be too optimistic and they started with a cost structure that was too high. Although this experiment was unprofitable, it helped build up the brand.

4.1.3 Business models

The Finnish national dailies with a printed edition still place their trust in the viability of the subscription model. So far, newspapers have been able to compensate for the decline in circulation through raising subscription prices.

While emphasising the importance and viability of the traditional model of paper subscriptions and home delivery, the newspapers acknowledge the need to come up with new, sustainable business models. The main problem is, obviously, how to convert Internet traffic into revenue. In this case, newspapers seem to have faith in paywalls (even though many of the interviewees oppose the word paywall as too negative) and different forms of digital subscriptions or combined subscriptions of digital and paper products. National papers with a print edition seem to agree on charging payments for journalistic contents: an increasing amount of journalism will be subject to a charge in the future. However, the convergence of business models does not restrict itself solely to journalistic products. The large media conglomerates can see themselves venturing outside the journalism business.

It seems that the business model of *Helsingin Sanomat* is in a certain rupture. While the subscription model still seems strong, the paper is hungry for sustainable online business models in order to capitalize on the fact that the activity of the readers is moving online. So far, *Helsingin Sanomat* has not been able to turn it into a business model that could replace paper subscriptions – even though the digital subscriptions are becoming more and more substantial.

How does being a part of a large media organisation affect the economics of *Helsingin Sanomat*? One could argue that it has two dimensions. First of all, a larger organisation brings a certain amount of stability into the finances. As the traditional business models of journalism diminish and sustainable new ones are yet to appear, media organisations can decentralize their functions and gather revenues from multiple sources and sectors. Secondly, ownership structures can have a serious impact on journalism. The national printed dailies studied in this research – *Helsingin Sanomat* and *Kauppalehti* – seem to be under tight financial scrutiny. This goes to show that the ownership structure of the newspaper does carry certain financial power regimes with it. What these rationalities – an ownership structure with tight financial expectations and convergence as a cost-cutting, rationalizing strategy – mean for journalism should also be discussed. However, in the interviews, the opinion is also raised that more clever solutions have to be found within all kinds of ownership structures.

Kauppalehti has been successful in economic terms in the recent years, but it still faces the need to be more efficient in the near future and to constantly develop its results. The ownership structure of *Kauppalehti* – being part of a stock-exchange listed organisation – forces the paper to rationalize its functions constantly; however, there is a strong belief in quality journalism as the base of the journalism business. About one third of the revenue comes from online functions; in 2011, maybe even 40 per cent. The business operations of *Kauppalehti* are divided into three sectors: selling contents, selling ads and selling b2b information services. Information services are completely network based, and when it comes to the advertising revenue, about one-fourth of the revenue comes from online sales.

The biggest challenges in the future for *Kauppalehti* have to do with declining advertising revenues, as there are new, cheaper advertising options on the Internet. For example, the retail sector is starting to look for new opportunities. Advertising has gone down, and in 2010, more revenue came in from the selling of different contents. CEO Juha-Petri Loimovuori says that in the future, *Kauppalehti* needs to do better in building suitable packages – possibly consisting of different platforms – for the advertiser.

Kauppalehti is an exception in the sense that it has been able to turn online traffic into viable business models. *Kauppalehti*'s b2b information services, corporate blog services and digital subscriptions are examples of functioning online business models. Journalism is still at the core of the brand and is highly important as a traffic generator, but business-wise the role of journalism is diminishing. In this sense, two conceptions of media convergence come to shake hands at *Kauppalehti*. Convergence is seen as an opportunity to widen the product into a variety of platforms and channels and also an opportunity to streamline the editorial process. However, the improvement of financial results is seen as ensuring strong and independent journalism.

Owner and publisher of *Uusi Suomi* Niklas Herlin says that even though the costs are kept low, he has still had to fork out money from his own pocket. The operating loss is getting smaller though. The paper already expected to break even in 2011, but it did not happen since they made more investments and the economy turned down. However, Herlin says that with the brand, status and number of visitors they have been able to gain, he would easily get his money back if he was to sell the company.

Uusi Suomi stresses the importance of long-term partnerships with considerable advertisers and co-operative arrangements with companies. *Uusi Suomi* has tried corporate blogs and other solutions where companies pay them to get visibility and a medium through which they can reach people to update their own headlines or post offers. Generally, the revenues need to be gathered from multiple small streams. Banners and display advertising were making a little more money again in autumn 2011, but they are sensitive to economic fluctuations. According to editor-in-chief Markku Huusko, the paper is now in a challenging position because of the current economic uncertainty, so anything from making a profit to full catastrophe is possible in 2012.

Herlin is not in awe of mobile devices such as the iPad, because converting journalistic content into a mobile device requires lots of input. He does not see too much commercial potential in iPad news since the mobile device is a difficult platform from an advertising perspective. And, unlike many other establishments, *Uusi Suomi* is not planning on implementing paywalls or subscriptions on its site. Now the paper is investing in developing reader participation and blog networks. Herlin underlines the importance of doing things in their own way. *Uusi Suomi* has outsourced lots of its content creation to readers in the forms of multiple blogs. Nowadays, the paper requires people to register with their own name, which is one way to ensure the quality of discussions. Thus, user-generated content plays a vital role in the development of the paper. Herlin says that the way *Uusi Suomi* combines expert blogs, reader participation and journalistic work is a completely new way of doing journalism that they have not copied from anywhere else. According to editor-in-chief Huusko, the journalists monitor and participate in the discussions and if someone comes up with a good idea, they can take it further by checking the facts or calling politicians for a comment or otherwise taking the story to a more journalistic direction.

4.2 REGIONAL DAILIES

4.2.1 Business environment

The Finnish regional press consists of newspapers published in provincial centres, such as Tampere or Turku. From the overall circulation, the share of regional papers is 31 per cent (Jyrkiäinen & Savisaari 2003, 67). However, in some cases the line between a regional and a local newspaper is blurry. Jyrkiäinen and Savisaari (2003, 67) state that regional papers are newspapers that aim to be full service providers, which means that they also report on national and foreign issues. The ownership of regional Finnish dailies is concentrated on media companies that publish regional and local newspapers. For example, *Aamulehti*, the second largest daily newspaper in Finland – if not counting the tabloid press – with a circulation of about 130 000, is published by Alma Media, a media group that publishes over 30 newspapers.

According to the interviewees at regional newspapers, Finland remains a good milieu for publishing newspapers. The fact that Finland is a small linguistic area offers protection against the harsh international competition. Newspapers do not believe that Google, for example, would take over Finnish regional journalism – the advertising for local businesses that is one of Google's new core activities was not brought to discussion. It is also stated that due to its restricted size, Finland is a difficult market for journalistic innovations.

All in all, the interviewed representatives of Finnish regional papers see that the newspaper industry is in good shape. Newspapers have been able to react to circulation decline by raising subscription prices. *Aamulehti* emphasises that the newspapers have been able to cope with economic downturns for a long time without having to cut journalistic resources. However, Alma Media, the publisher of *Aamulehti*, announced in June 2012 that over 100 vacancies will be cut from the regional and local press operations of the company (Alma Media 2012b). The looming danger is the possibility of a drastic decline in advertising revenues. Regional papers acknowledge that business looks good – as long as they do not have to cope with major advertising losses. The regional papers also acknowledge that losses in subscription rates do affect the amount of advertising as well.

Despite the slight optimism, regional papers seem to recognise that they are in a new situation. The decline of circulation seems to be an inevitable, unquestioned fact. Newspapers are in a situation in which the financial future does not promise abundant prosperity. As one informant puts it: "Media companies haven't needed to do much product development before, let alone cuts, because it has been such a good business. In that sense, this is a new situation." This is why the informants at regional Finnish newspapers believe that localism will play a major role in the journalistic forms of regional newspapers.

Traditionally, the competition between regional newspapers has been modest in the Finnish media landscape. Regional papers have enjoyed strong regional monopolies and clear market-area distributions between neighbouring newspaper companies.

The strong development of media concentration into large media groups has ensured that regional newspapers face very little competition from other newspapers. However, the ubiquitous nature of modern media technologies has led the newspapers into competing with an endless number of content producers. Newspapers are in a business where the competition revolves around leisure activities.

One of the interviewees states that television and online sites are their main competitors, not the other newspapers. One of the informants sums up the competition situation: “There is more competition over people's time and attention in general. Mobile phones, broadband connections, computers, pay-TV, newspapers all compete with each other for the families' media budget.”

4.2.2 Sample

The sample of regional dailies consists of two newspapers: *Aamulehti* and *Turun Sanomat*. Of these, *Aamulehti* belongs to Alma Media. It is a regional daily, based in Tampere and serves readers in the Pirkanmaa region and can be described as a regional champion (Lindén, forthcoming). *Aamulehti* has had an online strategy since 2007. In addition, in 2012 Alma Media launched a digital unit that will conceptualize and create online solutions for the whole corporation. Online contents and services are all part of the editorial staff. All the journalists are working with both paper and online platforms.

Aamulehti	2008	2009	2010
Circulation of the printed edition	139 130	135 293	131 539 (2011: 130 081)
Operating margin*	28%	27%	25%
Net profit margin*	26%	24%	23%
Sources of income, Advertising/ Circulation	62/38	55/45	56/44
All employees	252	245	241
Editorial employees	161	152	141

Figure 11. Aamulehti. (Source: Bureau van Dijk Orbis database; Finnish Newspaper Association; Finnish Audit Bureau of Circulations)

In *Aamulehti*, the size of investments in online production is about EUR one million per year. According to the editor-in-chief, if half of the investments pay off, that is a massive success. In *Aamulehti*, one major problem with the new media investments is that the technical side of things is still a bit clumsy and expensive. The expensive price comes from the fact that much of the maintenance is outsourced. Thus, it does not pay to be a pioneer in new media innovations, but *Aamulehti* sees that it is better to watch and learn and then adapt to the situation. The iPad, for example, has lucrative opportunities, but so far it is seen as a niche product, although *Aamulehti* has also recently launched an iPad version.

Turun Sanomat is a regional daily, published in Turku by TS Group. *Turun Sanomat* was one of the first newspapers to go online in 1995. At the end of the 90s, the company came up with a multimedia concept, including local television and radio channels, which was further strengthened in 2011 when all the units moved to the same building. As editor-in-chief Kari Vainio says, otherwise they have been more in the back row when it comes to new services, although *Turun Sanomat* did launch an iPad version in 2011. In addition, there are projects that come and go, like the hyper-locality experiments.

A challenge is the need for new kinds of know-how on the interface between technology and journalism, so that the company does not have to buy all of its software applications from outside. Some things can be done within their own development unit, but too often the development projects are stalling because of the technology and because of the need to hire an outside company to design the software. In that sense, *Turun Sanomat* is more nimble in developing the print version than digital services.

Turun Sanomat	**2008**	**2009**	**2010**
Circulation of the printed edition	111 845	109 504	107 199 (2011: 103 314)
Operating margin*	20%	6%	12%
Net profit margin*	7%	-4%	0%
Sources of income, Advertising/ Circulation	65/35	58/42	61/39
All employees	635	552	468
Editorial employees	165	155	114

Figure 12. Turun Sanomat. (Source: Bureau van Dijk Orbis database; Finnish Newspaper Association; Finnish Audit Bureau of Circulations) * Data from TS Group.

The recent economic recession puts additional pressure on *Turun Sanomat* to think about the future, but when looking back, the last few years have not been a catastrophe, as the editor-in-chief formulates it. The printing house business within the TS Group is doing much worse, while the actual media business is still doing quite well.

4.2.3 Business models

Regional newspapers acknowledge the need for new business models, but do not seem to have a crystallized idea about them. For *Aamulehti*, the first decade of the millennium was an era of steady growth – until the year 2008. The financial crisis of 2008 and 2009 meant a significant drop in advertising, but *Aamulehti* was able to handle the situation without drastic cuts. Editor-in-chief, Jouko Jokinen, says that *Aamulehti* was able to cut off the "fat" collected during the good years. Coping with the current economic difficulties is done by further rationalizing operations. Jokinen does not see any dramatic difficulties in the near future – unless the advertising market, which follows the development of the GDP, collapses. When it comes to circulations, *Aamulehti* sees the slow decline as a fact that they have to deal with. So far, *Aamulehti* has been able to react to this with moderate raises in subscription prices.

Regional newspapers see that the future of the newspaper seems pretty bright. It is also mentioned that there are structural and societal factors in favour of the printed paper: the fact that Finland has a strong tradition in newspaper reading and newspaper subscription combined with the efficient method of newspaper home delivery. However, it is acknowledged that newspapers need to come up with fresh business models as the circulations are declining. What these fresh business models will be like is still rather ambiguous. Newspapers acknowledge that in the future, revenues need to be gathered from multiple small streams. *Aamulehti*, for example, sees that selling merely journalistic contents will not be enough in the future and that they will have to seek revenues from non-journalistic sources as well. *Turun Sanomat*, for example, remains sceptical about micro-payment models and tablet form journalism, because the market in Finland is seen as simply too small for high-volume sales.

Furthermore, regional newspapers state that a bigger share of online news will be subject to a charge. *Aamulehti*, for example, believes that subscriptions that combine the printed paper with online access will have a financial significance in the future. Regional papers believe that the online milieu and formats of digital newspaper consumption – such as tablets and smart phones – could work as environments where readers could, once again, be taught to pay for journalistic content. This is because it is generally acknowledged that the strategy of distributing online news for free has been a mistake.

When asked if something should have been done in a different way, the editor-in-chief of *Aamulehti* answers that everything should have been done in a different way. One of the problems had to do with timing. Before the dot-com bubble burst, Alma Media had it all – the new media, the games, the music. But back then, investments in new media were far too expensive and the technological platforms were not ready. However, the base for mounting user numbers was laid then.

Regional papers believe that sources of revenue need to be decentralized to areas that do not fall into the traditional realm of media business models. One of the informants acknowledges that the newspaper business has been too profitable: the newspapers have had no need to conceptualize new revenue models and are now in a hurry to re-adjust their business logics. *Aamulehti*, for example, sees that it is inevitable that the newspaper comes up with new forms of relationships with their advertisers. Simple advertising is not enough, the value chain needs to be made longer and the advertiser needs to presented with broader solutions. Besides expanding into new areas of content business through corporate mergers and fusions, the organisations might even consider venturing into such areas as social services. Service journalism seems to be one of the ways to keep the readers. In the future, *Aamulehti* will have to seek revenues from non-journalistic sources as well. Online stores and marketplaces, new forms of co-operation with the customers and even services for senior citizens might have to be taken into consideration. When it comes to brand extensions, *Aamulehti* is going to be involved in different web store projects.

One informant says that the biggest challenge is to find business models that are sustainable in the long term. He says that newspapers can muddle through a couple of years by rationalizing and cost-cutting, but eventually they need to come up with new long-term business models. It is also possible that the printed newspaper becomes an exclusive, elitist product. One of the editors-in-chief believes that the implementation of the VAT in 2012 will strengthen the development in which people with lower incomes will stop subscribing to printed newspapers. One of the informants foresees that readers will divide into two groups: one of them will be formed by people who are perfectly content with the printed paper, but the other half will require the analytical quality of a printed paper in an online format.

The main challenge for *Turun Sanomat* is the need to hang on to readers and paying subscribers. The printed paper is the main product. Although about two-thirds of the revenue comes from advertising, when the circulation goes down it will also have an immediate effect on advertising revenue. Keeping costs down is also a challenge in the situation of VAT being introduced for newspaper subscriptions and increasing prices of newsprint and distribution, but despite the economic outlook the paper sees the need to look ahead and make investments.

Regarding advertising revenues, new sources have to be gathered in addition to banner advertising. Online advertising space brings in only about 1 per cent of the revenue at *Turun Sanomat*, and thus the paper has developed more comprehensive solutions and co-operation models with advertisers. For example, the paper has got a deal with the shipping line *Silja Line* where people can book their boat trips on the *Turun Sanomat* website.

When it comes to the discussion about free and paid content, the editor-in-chief of *Turun Sanomat* sees that it is a mistake to put everything on the Net free, thinking that it will strengthen the brand. This has taught people that everything online is free, which is now difficult to change. He argues that *Turun Sanomat* could and should have had a clearer strategy of how online and print versions support each other. Another issue is to try to create a more innovative and dynamic image in order to get people to see *Turun Sanomat* as an attractive alternative in the app store. Vainio is sceptical of online paywalls. One possibility would be easy-to-use micro-payment systems, but he cannot find examples of a working system in Finland because of the lack of mass of users. In tablets, there is the possibility of creating a stronger business model since people are not used to getting everything for free.

For a regional daily like *Turun Sanomat*, free content online and aggregators like Ampparit.com are significant competitors because they are said to directly erode the newspaper business. *Helsingin Sanomat* or regional newspapers in other parts of Finland are hard to see as competitors because there is so little overlap in the circulation areas in Finland (however, on the Internet the situation is different). For *Turun Sanomat*, the hope is that people are still interested in local content about the Turku area, and that is something that other sources, including TV, do not have. One problem is that they are not so sure if the younger generation is that interested in local affairs anymore.

As Finnish regional newspapers state that the closed nature of the Finnish media market is an advantage for them, localism, that is prioritizing local matters, seems to play a major role when regional newspapers sketch the forms of future journalism. *Aamulehti* states that it should be the number one media for the people of Pirkanmaa. This should be, according to the newspaper, achievable by sticking to the core values of journalism: reliability and relevance. Also, *Aamulehti* states that the newspaper should adopt an attitude that could be described as utility journalism. This means that journalism should be able to provide readers with information and know-how that helps them in organising and living their day-to-day lives. The paper firmly believes that the reader should be engaged in creating journalism and it has also gone to lengths in segmenting its audience with the help of the RISC Monitor Method (Research Institute on Social Change), a widely used market research tool that increasingly is applied by media for audience-oriented news (Hujanen 2008). According to one of the interviewees, this requires that journalists abandon the mind-set that sees journalists as the guardians of information and readers as the targets of enlightening. *Aamulehti* believes that professional journalists should function as moderators of debate journalism that harnesses the expertise and knowledge of the readership. Debate journalism is, according to *Aamulehti*, a step forward from current online debates that go on unmoderated. In debate journalism the moderator-journalist steers the discussion, takes initiatives from participating readers and uses his or her professional abilities and journalistic tools to take these initiatives further.

However, as with fresh business models, the concrete forms of local journalism remain a bit ambiguous. *Turun Sanomat*, for example, states that is has had initiatives for creating new forms of local journalism – portals dedicated to a certain neighbourhood, for instance – but so far these initiatives have not been too successful. One experiment is a "roaming reporter" who goes around town with a camera, interviewing people and doing stories for the online platform, radio and television. However, there are no guarantees about whether local journalism – neighbourhood portals, mobile roaming reporters doing quick metro pieces – is the right way to go. If localism does not work out, they need to be ready to try something else. Especially when resources are limited, one can always ask whether one should invest in anything new at all or just stick to what the company knows best.

Aamulehti has a lot of expectations for the digital subscription package that combines the paper version with the digital version of *Aamulehti*. They believe that in a few years it will have financial significance. Editor-in-chief Jokinen sees that the print product and online contents will differentiate from each other and, eventually, the online *Aamulehti* will be a competitor for the printed version of the paper. Also, the logics of social media are a big question. What will be the role of Facebook, for example, in news creation and distribution? News editor Matti Posio states that *Aamulehti* has the opportunity to be the social media of the Tampere region. This is because *Aamulehti* is deeply connected with the people of the area and the readers are located geographically close to the newspaper. Posio states that the role of journalism gets neglected in the discussion about future media. The core values of journalism apply for online journalism as well: fact-checking, relevance, reliability.

4.3 LOCAL DAILIES

4.3.1 Business environment

Finland is a newspaper market with strong local elements. In 2003, there were 170 newspapers in Finland that could be described as local newspapers. Local newspapers comprise 29 per cent of the overall circulation of newspapers (Jyrkiäinen & Savisaari 2003, 67). The landscape of Finnish dailies – and of newspapers in general – is characterized by the concentration of ownership as publishers have mutated from solely newspaper publishers into large, full-service media houses (see e.g., Jyrkiäinen & Savisaari 2003, 72). Alma Media, the second largest media group in Finland, has 29 local and city newspapers. The third biggest newspaper publisher, Keskisuomalainen Group, has not only four provincial or regional newspapers, but also 16 local newspapers (Grönlund & Björkroth 2011, 27).

According to the interviewed representatives of Finnish local dailies, the views on the business environment and opportunities seem to be twofold. On the one hand, local dailies – with their characteristically local advertising markets – are not as vulnerable in times of economic hardships as newspapers with a broader advertising base. On the other hand, local newspapers are struggling when it comes to making money with online journalism. As one informant explains: “The biggest challenge the newspapers are facing is how to make money from online functions. Or, how to make money with the printed product as long as possible, because the revenues gathered from online functions are so marginal. It is also a pedagogic problem, as people are used to reading free-of-charge online contents.”

Government media policies have also played a role in terms of financial success. One of the informants says that the financial framework of the newspaper is a lot tighter than it was five years ago, which has mainly got to do with the changes in public funding of newspapers.

Local newspapers do not seem to be too dependent on larger economic currents. The interviewees tell us that the advertising market is pretty stable (similar results have been found in a larger study on local Finnish newspapers, Ojajärvi 2012, forthcoming). Local advertisers make up a faithful source of revenue; the risk of losing, for example, one hypermarket as an advertiser is not discussed, although it would cause a lot of harm to the publisher. In this case, local newspapers do seem to be in stark contrast to the regional papers, for which the informants see the advertising revenues as following the overall development of GDP.

4.3.2 Sample

The sample consists of *Borgåbladet* and *Itä-Häme*. Local newspapers do have strong, unique identities, which makes it hard to describe them as a monolith. Some of the local papers, like *Itä-Häme*, are in a tight relationship with the society of the area. *Itä-Häme* emphasises that the newspaper has a very important role for the local identity. The other local newspaper in our sample, *Borgåbladet* thinks that it should be more active in communicating with the local citizens. In addition, *Itä-Häme* is the main newspaper in its delivery area, while *Borgåbladet* presents a newspaper targeted for Swedish-speaking readers. Differences also occur when it comes to innovating business models for the newspapers. Even though *Itä-Häme* has a solid reader base for which the paper version of the newspaper is the primary choice, the newspaper is active in innovating small sources of revenue. Different online applications and co-operations with the local entrepreneurs are commonplace. At *Borgåbladet*, the development tends to revolve around journalism and has to do with such ideas as making better use of the archives of the newspaper, for example.

Borgåbladet	**2008**	**2009**	**2010**
Circulation of the printed edition	7 967	7 923	7 798 (2011: 7 523)
Operating margin*	2%	3%	-6%
Net profit margin*	-2%	0%	-8,3-8%
Sources of income, Advertising/ Circulation	52/48	48/52	46/54
All employees	N/A	30	30
Editorial employees	17	18	18

Figure 13. Borgåbladet. (Source: Bureau van Dijk Orbis database; Finnish Newspaper Association; Finnish Audit Bureau of Circulations) * Data from KSF Media Ab (company).

Borgåbladet is part of the newspaper company KSF Media. According to news editor Stefan Holmström, being a part of a larger media group, KFS Media, has made the editorial process of *Borgåbladet* smoother as sharing contents, for example, is easy. Holmström thinks that the three papers belonging to the same organisation will become more integrated online – both layout and content-wise. So far *Borgåbladet* has a website, an online e-paper, an iPad application and different kinds of competitions and votes for the readers. The website is operated together with the *Västra Nyland* newspaper that belongs to KSF Media as well.

The online strategy of KSF Media consists of, for example, projects for which *Borgåbladet* seeks outside funding. They have had an iPad project with the Finnish postal service provider Itella. Almost all new-media related development and content is done while working with the daily routines. The reporters write online contents themselves, but the news editor works as a coordinator. The paper has hired some additional staff – “1.5 workers” – for the online side. Some of the projects have been successful but still, the website is seen as not generating enough traffic. This might be due to the demographic differences inside Uusimaa. The western side of Uusimaa is seen to be a lot more homogeneous than Porvoo, and the *Västra Nyland* paper also has a stronger foothold in its area than *Borgåbladet* has in its area.

The development of the online presence has been difficult in this local newspaper as the know-how has been limited inside *Borgåbladet*. An opinion is expressed that maybe newspapers should not have been so eager in rushing online, as it has turned out to be expensive and not as profitable as expected.

User-generated content (UGC) has quite a small role in *Borgåbladet*. The paper would like to have more stories written by the readers, for neighbourhood portals for example. Part of the problem is that the professional journalists tend to have a sceptical attitude towards UGC. In order to get closer to people, one idea that has occurred at *Borgåbladet* was to establish a pop-up-editorial room – consisting of a journalist with a laptop and maybe a webcam – from which they could cover the daily lives of the community. It is also seen that newspapers should be more spontaneous, instead of turning everything into a big project. Things should be tried out; however, this is limited in a smaller publication due to scarce resources.

Itä-Häme is a local daily newspaper, based in Heinola, near Lahti. It belongs to the ESS Media Company. *Itä-Häme* does not have any specific online strategy, and at the moment the online contents are being made by the same people who work on the printed paper.

Itä-Häme	2008	2009	2010
Circulation of the printed edition	11 752	11 215	10 719 (2011: 10 427)
Operating margin*	20%	10%	15%
Net profit margin*	9%	2%	6%
Sources of income, Advertising/ Circulation	52/48	46/54	45/55
All employees	24	22	21
Editorial employees	16	16	18

Figure 14. Itä-Häme. (Source: Bureau van Dijk Orbis database; Finnish Newspaper Association; Finnish Audit Bureau of Circulations) * Data from Esan Kirjapaino Oy (publishing company).

Editor-in-chief of *Itä-Häme*, Jari Niemi, says that in financial terms, the last five years have gone according to plans – or even better. One of the reasons is that being a part of a larger media company has brought some stability into the functions of *Itä-Häme*. One of the advantages is that the Finnish local press is able to operate with lower profit expectations than bigger media houses.

Compared with *Borgåbladet*, the readers of *Itä-Häme* are active in content-making. *Itä-Häme* has a page that is written by the readers. SMS's intended for publishing in the printed newspaper are also highly popular, as well as pictures taken by the readers. *Itä-Häme* is active on Facebook. Niemi sees that the paper has a very vital role in the local identity of its region and that *Itä-Häme* needs to be active in engaging with its readers and creating new forms of local journalism.

4.3.3 Business models

The printed paper still plays the most important role in the local news sphere, while a big part of their (elderly) readers do not use computers for reading newspapers. All the advertisements and classified ads on the *Itä-Häme* web page are directly organised through the ESS Media group. In addition, *Itä-Häme* produces a customer magazine for a local sport/resort centre and a magazine for the local businesses and entrepreneurs. These kinds of partnerships are something in which *Itä-Häme* may focus more resources in the future. The vision of *Itä-Häme* is that in the future, the revenues must come from multiple, small streams. The newspaper has already created a photo service for its readers. The trips and journeys that the paper arranges for the readers are very popular. In the bigger picture, the income revenues from online contents are still marginal in *Itä-Häme*. However, the new media can have an important role when it comes to engaging with citizens of the region. Also, the mother company of *Itä-Häme* has been active in implementing new media platforms into its newspapers.

It is felt that the subscription model of the printed newspaper will stay potent for a long period of time. The editor-in-chief of *Itä-Häme* also has faith in young people, feeling that newspapers will play a vital role in their lives as they get older. He says that the newspaper is very active in co-operating with the local businesses and schools, for example. Furthermore, he states that the newspaper is a workplace preferred by journalists who could easily find work at bigger newspapers. A small newspaper can offer the journalist a wider spectrum of professional tasks, whereas in a larger newspaper the journalist would be attached to his/her desk.

Borgåbladet is contemplating a more intelligent version of an e-paper that could, for example, contextualize news with statistics or older news items. With this solution, the paper could still work as a journalistic gatekeeper – a function that still has a lot of demand – and at the same time make use of the digital platform and, for example, the digital archives. This way, the old material could be, sort of, re-packed and re-sold. So far, the payment for different digital subscriptions and functions has been a bit problematic. When payment is done via mobile, the operator takes a rather big cut. The paper is looking for a simple payment method for which the reader could get a paper subscription with a digital subscription. At *Borgåbladet*, new forms of digital advertising are sought after but not yet really conceptualized. News editor Holmström thinks that Finns have spent far too much on hasty online operations and a slower implementation strategy might have been a better solution.

For *Borgåbladet*, Swedish local newspapers offer a relevant point of comparison. Managers of the paper have visited a similar kind of chain of regional and local papers in Southern Sweden as KSF Media is in Finland. Something important was learned from Sweden: when local papers started working together and sharing contents they lost the connection to their local audiences. Even though the material might have been better in journalistic quality, it lacked the local feeling that was highly appreciated by the readers. After the damage had been done, it was very difficult to repair the trust between the local paper and the local audience. One innovation that could be borrowed from Sweden is feature packages. For example, the Swedish papers have been successful with their features about the Royal family. Of course, this exact example as such is not directly fitting the Finnish market (with no own Royal family).

In local dailies, the VAT implementation was planned to be taken directly into subscription prices. For example, *Borgåbladet* has confidence that the readers will stay despite the price increase.

5. DISCUSSION: CHALLENGES FOR BUSINESS MODELS

The interviewees from printed newspapers emphasise the role and vital financial meaning of the printed newspapers also in the future. This is symptomatic of the fact that most Finnish newspapers have not been able – or have not needed to – replace the printed product with a revenue model that would be as successful in creating revenues. So far, the circulation levels, and the subsequent advertising income, have been sufficient to maintain the current state.

The decline of printed newspaper reading is not yet too steep, so media companies can go a couple of years more at a time by cutting costs and rationalizing, as long as newspaper coverage stays at a sufficient level for advertisers. But at some point there is a need for something genuinely new, as one of the editors formulated it.

The interviews show that there is a need for the redefinition of the newspaper business model in a converged environment. And, since changes can be rapid, there probably will not be one sustainable business model, but several ones. It is still unclear in the Finnish media houses where the main sources of web-based income are going to be in the future, and thus new insights are needed. In the future, newspapers have to be able to build up quality premium contents for the web versions: contents and subscription models for which people are willing to pay (compare with Stenvall-Virtanen et al. 2010, who argue that the media market is characterized by the increased power of the media consumers). According to informants, newspapers need to be able to package journalism in a way that suits the mobile contemporary citizens with diverse lifestyles and needs. Also, they need to be in touch with new forms of journalism that challenge the boundaries between digital and printed media.

This discourse that demands journalism to function with multiple platforms and in a constantly updating online world means that journalists are presented with a new kind of requirements. According to the informants, future journalists need to be equipped with a diverse professional toolkit. They need to cope with different technological platforms in a professional framework that is characterized by the need for speed and effectiveness (see also Jyrkiäinen 2008). Journalists are required to be more professional and analytical (they need to embrace the core values of journalism) and at the same time they need to cope with the transforming milieu of social media in which journalists need to function as moderators and bloggers.

One of the informants states that journalistic working routines will go through a major change in the near future. This is to say that more journalists will be required to work outside the normal daily shift, which might lead to a conflict of some kind with the trade union representing Finnish journalists. According to Jyrkiäinen's (2008) survey of Finnish journalists' attitudes, journalists tend to be highly critical of the ever-increasing demands, and more broadly they also hold quite a pessimistic view of the future. Thus, it needs to be noted in general that the views of the editors-in-chief and managers interviewed here may be quite different from the views of ordinary journalists.

According to some interviewees, to some extent, non-profit foundations might take on funding responsibilities, for example, funding the Swedish speaking minority media in Finland, but it is not seen as a broader model.[1] In this sense, Finland is different than, for example, Germany, where non-profit foundations are seen as an alternative way to fund newspapers in a way that ensures stability and protects the newspapers against harsh cost-cutting (see Esser & Brüggemann 2010). So far, the Finnish media houses have been successful in financial terms, but the redundancies of Finnish journalists have shown that media corporations are under heavy financial pressures. Some of the informants state that the fact that Finnish media houses have been successful in a tough economic climate has to do with the fact that journalists have been laid off.

According to the interviewees, online advertising keeps growing, but it is still on a different scale than in the print media. Online advertising money is also split among many more actors than just traditional media houses: Google, Facebook and others who have been born in a digital environment and are possibly better at it than media houses. The interviewees state that the range of competition is bigger than ever. In advertising, newspapers are competing with multiple non-journalistic operators (such as Google) that have clear advantages in terms of size and scale. For such operators as Google, Finland is a peripheral market for which the prices can be kept low. Advertisers for whom newspapers used to be an obvious choice are presented with new options that are more affordable and possibly better customized for reaching the preferred target audience.

What is generally accepted in the interviews is that newspapers need to come up with new, digital products and services. Managers and editors see that it is perfectly possible that some of the revenues will come from non-journalistic products (such as co-operation with local entrepreneurs), from different digital applications, online-stores, etcetera. Different (commercial) companionships can be built around journalism. However, the informants say that journalists in the newsrooms tend to be quite sceptical about anything too commercial.

When it comes to the recent economic recession and its effect on local newspapers, it had a limited effect on advertising. This has to do with the fact that their advertisers are mostly local businesses, which are stable advertisers. Also, local newspapers have enjoyed rather steady rates of circulation. Some of them have even been able to enjoy increases in circulation numbers. In advertising, the biggest problem for local newspapers is that it is hard to get a decent price for online ads. For example, some advertisers have been asking for online advertisement pricing models that could be linked directly into the success of the ad – in the form of a concrete purchase taking place (cost-per-action, CPA). It seems that some of the advertisers do not see online advertisements as carrying the same value as printed ones, but are sceptical towards online advertising. Advertisers often want the online ad as a supplement to the printed advertisement. This is why it is also more difficult to gather substantial revenues through online advertising.

1 However, from May 29th 2012, the largest owner of Sanoma Corporation is Jane and Aatos Erkko Foundation (Sanoma 2012b).

5.1 FUTURE OF THE SUBSCRIPTION MODEL

The subscriptions of printed newspapers have a solid foothold in the market, and thus the newspaper publishers have still been able to make good profits or even improve them despite the convergence trends that are challenging media consumption through the emergence of web-based services. There is some kind of balance between hopefulness and threats in the views of the informants interviewed for this study. Whilst they see that the current business model will not work for a long time, they see that their own business is in relatively good shape. In general, many editors and managers agree that the printed paper and the subscription model of a printed newspaper will stay potent in Finland for years, even for two decades.

The subscription model is estimated to be complemented with small streams of income like digital subscriptions and micro-payments. The product palette can consist of paid and unpaid products, and some also see potential in incomes outside traditional journalism. A challenge is how to make money with the printed product for as long as possible, because the revenues gathered from online functions are still marginal for many companies. However, in financial terms, digital services already form a significant revenue stream, for example, for *Helsingin Sanomat* and *Kauppalehti*.

Most of the interviewed managers and editors agree that it was a mistake to start news services on the Internet by providing the contents for free, and they are of the opinion that journalism needs paid contents in order to create quality contents. It is also commonly acknowledged that mobile devices – such as tablet computers and smart phones – can form a platform in which readers can be taught to pay for journalism once again. The most "oppositional" view comes from *Uusi Suomi*, where they rely on the success of quality journalism, provided for free in online media. *Uusi Suomi* produces journalistic content with a low-cost model, emphasising user-generated content. The business model is based on advertising revenues and corporate partnerships.

5.2 PRODUCTION CHAIN AND INNOVATIONS

Even though the feeling may be that digitalisation has changed everything, it is not such a revolutionary thing, as some informants remind us; papers have been made digitally since the early 90's. However, back then journalists did not realise that digitalisation could be used for other purposes as well. It is only now that there are digital distribution platforms that are competitive with paper and attractive to consumers. In the future, digital paper and other paper-thin devices may proliferate quickly, which opens up many new opportunities, as one informant states. Until now, distribution has been the bottleneck. Digitalisation has eradicated scarcity and barriers to entry: sources of content as well as platforms and devices are seen as limitless.

According to one interviewed editor, the roles of the journalists in charge, like news editors, have changed the most in the online era since those journalists are online all the time. The news should be written first for online platforms, not for the printed newspaper. In most newsrooms, there still prevails the tendency to operate with a print media mind-set in the online sphere. Online advertising, for example, should be something different than just banner-selling. Online journalism should also be done differently than printed journalism – meaning that the rhythm of news is completely different. The informants state that there is a gap between the younger and the older generation of journalists. For younger journalists it is commonplace to operate with a diverse journalistic toolkit: they find it easy and normal to complement journalism through shooting video and having a blog, for example.

Some of the informants see that attitudes towards the Internet and new media should be more flexible and open among the journalists. Video material, for example, should be used more. However, some editors, especially in large newsrooms, agree that journalists are already there in the online age. For example in *Aamulehti*, in many cases, young journalists have a lot of responsibility and even more young journalists – who work fluently online – are needed in leading positions in the near future according to the editor-in-chief. One of the informants, however, notes that while attitudes towards adopting new media should be more flexible, lack of time often prohibits the initiatives of doing something new.

Although the editors and managers support the idea of continuing innovations and experiments, many of them say that usually it is wiser to wait and not to be among the first ones in new services and solutions. This strategy is said to save money and time. For example, at *Aamulehti* and *Turun Sanomat* most of the technical work regarding online solutions development is outsourced. The attitude towards innovating seems to be rather ambivalent. On the one hand, many of the interviewees emphasise the importance of trying new applications and techniques without any prejudice. On the other hand, some claim that being on the frontline of innovation is not a value *per se*. One of the interviewees states that a lot of money has been wasted on online-presence and online-functions without really thinking about the financial or journalistic rationale behind going online in such a rapid fashion.

As a small market and a small linguistic area, Finland also places its own restrictions when it comes to pioneering applications and ideas. The interviewees acknowledge the fact that a small area offers newspapers some protection against global competition. Google is not likely to do journalism in the Pirkanmaa area, as one of the interviewees puts it. However, informants claim that the restricted size of the market makes it more difficult to introduce fresh products to the market.

The small linguistic area means that innovations do not have the same user potential as they would get in a larger area. So far, the Finnish media landscape has been characterized by strong regional press and low competition between newspapers.

Finnish newspapers usually look at the USA and Western Europe (Sweden, Britain and Germany in the first row) for examples concerning innovations in services and business models. However, other Finnish media are the most important source of ideas. The large media houses are following both foreign and domestic media houses, while the local ones are looking more at mainly Finnish examples; for the Swedish-language press, even the local one, Swedish companies are something to follow. What is specific for Sanoma Corporation (*Helsingin Sanomat*) is that after the US, they follow the Netherlands (since Sanoma operates there). Many of the editors and managers see that they could follow the development around the world even more, but some state that often the examples from the US, for example, are quite difficult to put into practice in Finland.

5.3 USER-GENERATED CONTENT AND READER-JOURNALIST-RELATIONSHIP

The role of user-generated content varies a lot among the Finnish dailies. While the online discussions and blogs are an essential part of a business paper (*Kauppalehti*) and an online-only newspaper (*Uusi Suomi*), in local papers the use of UGC is still something to be strengthened, even in outlets with a relatively strong online presence (e.g., *Borgåbladet*).

The online-only *Uusi Suomi* is a prime example of adopting a new kind of content-making process that relies heavily on user-generated content. The paper operates with a skeletal journalist staff comprising of the editor-in-chief plus a news editor and a few reporters. A big part of the *Uusi Suomi* website is formed by the popular blog section, which is used for traffic generation. *Uusi Suomi* also scans the blogs in order to generate news out of the topics debated in the blogosphere.

For the business daily *Kauppalehti*, blogs and discussion forums are important in community creation. The interviewees at *Kauppalehti* take pride in the fact that readers with expertise take part in the economic discussions in the forums. Blogs also play a role in revenue creation in the form of advertorial blogs operated by, for example, analysts at Finnish banks or other financial institutions. Blogs, forums and increasing interaction have changed the position of the journalist. The interviewees state that whereas in the past, the journalist would write his/her piece and then forget it, now he/she has to be ready to face criticism and increased feedback from the readers. According to the interviewees, journalism is becoming more and more interactive, and the job of the journalist is also to keep in touch with the audience in ways made possible by the social character of new media.

Many of the informants agree that new technological platforms provide newspapers with opportunities to build contacts with new readers. For example, this is a clear goal for regional daily *Aamulehti*. The goal of *Aamulehti* is to open everything for readers, not just in terms of commenting on single news items, but in terms of encouraging people to participate in the journalistic process. They see that in the future we will see more moderated discussions between the readers and the journalists. *Aamulehti* sees that the future of newspaper journalism is heading into the direction of debate journalism – which means that the journalist is no longer the all-knowing subject, but more of a moderator who works in a tight-knit connection with the readers taking part in the debate process. In this sense, *Aamulehti* sees that debate journalism is in stark contrast with "traditional" journalism in which the journalist is the ruling subject who pours his or her knowledge into the audience. Also, in the printed paper, the reader will have a more vocal role. The aim is to have more space devoted to readers' reactions and opinions.

As some of the informants point out, media use has fundamentally changed. News is shared in real time and continuously, and consuming news is no longer tied to a time and place. It used to require conscious action to choose to use media, but now it requires conscious action to turn off the constant torrent of news and other content that we see. The change in the media environment involves changes in journalism itself too, but the opinion was raised that no one seems to know exactly how. According to one interviewed editor, this can also work as an excuse to do nothing and stick to the old routines. However, as one of the interviewees puts it, journalists who are willing to adapt to this transformation of news logic will have more tools to create quality journalism.

Some of the interviewees suggest that the profession of journalism will become increasingly demanding. While the scarcity of information lessens and citizens can access primary sources of information without the journalist working as the gatekeeper, journalism needs to gain its added value from forms of journalism that are more analytical and, for example, as *Aamulehti* sees it, more interactive. One informant suggests that journalists might get divided into two categories: journalists who write “bulk news”, and journalists who can concentrate on the more demanding reporting.

Thus, journalists have lost their role as the gatekeepers of information. In principle, this is seen as a good thing, but the opinion remains that journalists are still needed as filters of information. As one of the interviewees states, human nature has not changed, so 90 per cent still read, 9 per cent comment and 1 per cent write. It may be that the generation of digital natives will change that, but so far it is clear that not everyone wants to participate actively. However, in many cases, readers are better experts than journalists and now they also have the opportunity to be heard. For those journalists who are active and learn to live with this, it is seen as an enormous opportunity to find real experts (through crowdsourcing, for example) and new perspectives on topics. The job of the journalist is more to facilitate debate, and not pretend to be experts themselves.

5.4 REGULATION

One aspect of the story is that the processes of convergence are highly influenced by regulatory regimes, which are partly national, partly transnational (e.g., EU- and WTO-based). In Finland, there are two major issues that worry daily newspaper publishers: financing of the national broadcasting company YLE (in December 2011, it was decided to move to tax-based financing instead of license fees) and VAT for newspaper subscriptions, which was introduced in 2012.

Surprisingly, the largest publishers were the most worried about the VAT change and talked about a possible sharp decline in their subscription rate, while the local newspapers were stating that they have a very steady readership and the increase in the price will remain relatively low in euro. The informants from the local and regional level felt that those local papers that have experienced economic difficulties may suffer from additional problems due to VAT, but those with a stable economic situation were

expected to be on the safer side. Also in online daily *Uusi Suomi*, VAT discussion was seen as exaggerated and not having much influence, at least on large companies.
When it comes to the competition between daily newspapers and YLE, many persons stated that it is very unfair that one medium can develop converged products (including online news) by tax-based financing while others are working in market conditions.

5.5 ROLE OF JOURNALISM IN THE JOURNALISM BUSINESS

"Our goal is not to finance news journalism; our goal is to make money, possibly with news journalism. And if that does not work, the investments will go somewhere else."

This comment made by one of the informants is, in a way, self-evident but it also crystallizes the current mood of the newspaper business. Even though newspaper publishing still seems relatively profitable, it seems that media publishers are looking for fresh sources of revenue. Journalists and executives admit that the two pillars of the journalism business – circulation and advertising – are declining. The decline might be slow and steady, but it is still a decline. Even though the informants do not see journalism as a field of growing business opportunities, the role of journalistic contents still remains vital. However, some of the interviewees do consider journalism as a traffic generator. Thus, journalism is seen as a tool to gather traffic and interest that can then be used for different purposes.

Even though Finnish newspapers seem to have faith in the subscription model and home delivery, they do want to expand their operations. The fact that advertisers and news consumers have attractive, cheap alternatives to newspapers has had newspapers looking for new business milieus. Online stores and marketplaces, new forms of co-operation with the customers and even services for senior citizens might have to be taken into consideration.

One of the most debated issues in recent media studies has been the commodification of news and the pressure journalism is facing from shareholders and corporate executives. Esser and Brüggemann (2010), for example, state that media houses and newspapers are faced with increasing profit-expectations and rationalizing demands. They state that these non-journalistic demands have been a major factor when media houses have downsized their editorial staff. Journalistic resources have been cut in order to meet the increasing profit expectations. The downsizing of editorial staff has been a heated debate in Finland as well (see e.g., Nikunen 2011).

Scholars have also noted that such phenomena as tabloidization have a clear impact on analytical journalism. Lindblom (2009) asks whether media houses are becoming merely content factories whose sole purpose is to produce contents in a way that suits paradigms of efficiency and speed. Herkman (2005) states that the birth of large media groups has led to an increase in the cross-promotion of media contents, for example. Herkman also notices that the media are more likely to report on other media in a positive way if the two media are located in the same organisation.

According to the interviewees gathered for this study, downsizing and cuts seem to be in contradiction to the way they talk about the importance of resourcing quality journalism. At the same time, the managers see that the digitalisation of information and reader contribution will provide journalism with new tools to contribute to societal debates. Corporate comments seem to reflect another realm than the one in which journalistic resources are being downsized. The comments made by interviewed editors-in-chief and managerial staff seem to emphasise not only the importance of quality journalism, but also the importance of efficiency and the ability to adapt to the new forms of journalism. Many of the interviewees state that there are multiple opportunities for journalists who are willing to embrace the online world and re-model their attitudes. Journalists are confronted with a double discourse – on the one hand, they should work as moderators of debate journalism or citizen journalism, but on the other hand, journalists are still needed as professional filters between the flood of online information and the citizen.

The journalistic job description is also shifting in a way that makes the journalist more public and visible. Journalists are encouraged to be present in social media and their work is under constant scrutiny from online citizen journalists and fact-checkers. As one of the informants put it, "the reader has come closer than ever, and we would not have it any other way". Going to social media, for example, is seen as something inevitable.

In addition to seeing technology and the Internet as a way of improving journalism, some of the interviewees recognised fresh problems brought by new technology. One of the interviewed editors-in-chief notes that, paradoxically, it is easier to try out journalistic innovations in the printed paper than it is online. This is due to the fact that the initiatives are often slowed down by technological hick-ups. Tackling these hick-ups might turn out to be difficult if the staff do not have the proper technological expertise. The ability to resolve technological issues – whether they are hardware- or software-related – seems to divide the newspapers researched in this study. Some are more on the side of the positive discourse that sees the journalist transforming into a sovereign controller of the online news realm that is constantly updating. Meanwhile, there are also concerns about how the constant need to update one's capabilities might lead to a situation in which journalists struggle with dysfunctional media while stress and the lack of time erode the quality of journalism (compare with Helle 2009).

5.6 OWNERSHIP STRUCTURE

The ownership structure and the business model of the newspaper seem to play a part in profit expectations and resource allocation. The newspapers belonging to a stock-exchange listed company might have to abide by strict resource policies, while an editor-in-chief at a local newspaper says that they are able to operate with lower profit expectations than bigger media houses. He holds the opinion that Finnish local newspapers have been used to operating with profit margins that are about 5 per cent, whereas larger newspapers need to have a profit margin of even 20 per cent. As Esser and Brückemann (2010) claim, high profit expectations placed upon newspapers and media companies have been one of the reasons for the recent lay-offs of journalists, at least in Germany. However, many of the interviewees in Finland state that they have been able to cope with the financial difficulties without having to cut journalistic resources. Still, many of the media companies have cut their personnel during the last years.

Some scholars (see Esser & Brüggemann 2010) have stated that different forms of ownership could possibly secure journalistic resources in times of economic hardships. The argument goes that newspapers that are owned by foundations of consortiums founded by workers, for example, might be able to secure journalistic resources, whereas larger media houses are more likely to resort to cutbacks. Our informants do not seem to believe that foundations could be a vital model for financing Finnish journalism, since they do not think that Finnish foundations could secure the basics of independent journalism.

One of the newspapers researched in this study, the exclusively web-based *Uusi Suomi*, is an interesting exception in terms of ownership. It was founded in 2007 and has been making a loss ever since. The publisher and main owner Niklas Herlin is, however, determined to make the newspaper profitable and a sort of contrast to large media groups who are struggling with the changing media sphere. Herlin sees that the rise of the Internet and the ruptures in journalistic cultures are viewed as threats by the established publishing houses. He argues that the established media industry wants to preserve its own "superiority" and is terrified by the fact that there are other ways of making or organising journalism. However, the owner's deep pockets have not saved *Uusi Suomi* from scarce journalistic resources. □□The web-only newspaper is funded mainly through advertising and small revenue streams such as corporate blogs.

6. CONCLUSIONS

In Finland, the basic structure of the newspaper industry is seen as healthy, even if the challenges ahead keep mounting. The main challenges for the business model, identified by media managers and editors, are convergence-related changes, revenue structure, economic uncertainty (recent financial crisis) and the recent change to VAT for newspapers. However, there is a commonly agreed view on the importance of quality journalism as the base of the newspaper business also in the future. Managers and editors from seven Finnish daily newspapers that were interviewed for this study see that people are willing to pay for up-to-date content, archives, background information and various other things.

In Finnish newspapers, there are several examples of large convergence projects. The large companies have the most resources. The ability to resolve technological issues – whether they are hardware- or software-related – seems to divide the newspapers researched in this study. The larger companies usually have more technological resources of their own. National and regional dailies have more innovations and converged solutions and practices than the local ones; the innovativeness of local dailies depends a lot on the personal interest of owners and managers. Many of the local dailies are very passive on the Internet, showing only contact information or other static text, while the most active ones have launched news feeds, e-papers, blogs, etcetera.

According to the interviews, online advertising keeps growing, but is still on a small scale compared with the print media. Some of the interviewed managers and editors raise the opinion that Finnish news media may have been slow to change because they have done so well in a protected market. The adaptation to new media has been slow. Newspapers are also said to follow what other Finnish media are doing too much without developing anything of their own, and not understanding the possibilities of new technological platforms. Although the basis for the traditional sources of income is decreasing as the readership of paper newspapers is diminishing, it is still widely agreed that the subscriptions for a daily newspaper form a major income source and will continue to do so for some years to come. Thus, although there is the risk of a sudden collapse when the profits will eventually decline, the newspapers still see themselves as quite protected in the market.

7. BIBLIOGRAPHY

Afuah, A., & Tucci, C.L. (2003) *Internet business models and strategies* (2nd ed.). New York: McGraw-Hill.

Ahlqvist, T., Bäck, A., Halonen, M. & Heinonen, S. (2008) *Social Media Roadmaps. Exploring the futures triggered by social media*. VTT Research Notes 2454. Helsinki.

Albarran, Alan B. (2010) *The Transformation of the Media and Communication industries. Media Markets monographs*, issue 11, 2010. Media management Department, School of Communication, University of Navarra.

Alma Media 2012 = Kauppalehti uudistuu tänään. Alma Media press release 7.5.2012. http://www.almamedia.fi/tiedote?tiedote=654883 (read 9.6.2012).

Alma Media 2012b = Alma Media tiivistää alue- ja paikallislehtiensä yhteistyötä - Henkilöstön määrä vähenee Alma Aluemedian toimintamallin uudistamisen vuoksi 103,5 henkilötyövuodella. Alma Media press release 12.6.2012. http://www.almamedia.fi/tiedote?tiedote=666814 (read 13.6.2012).

Antikainen, Hannele & Kuusisto, Olli (2011) *Viestintäalan nykytila ja kehitystrendit 2011–2012*. GT-raportti 1/2011. VTT:n mediatekniikan asiantuntijapalvelu.

Chesbrough, H., & Rosenbloom, R.S. (2002) *The role of the business model in capturing value from innovation: evidence from xerox corporation's technology spin-off companies*. Industrial and Corporate Change 11:3.

Chesbrough, H. (2010) *Business model innovation: Opportunities and barriers*. Long Range Planning, 43, pp. 354–363.

Esser, Frank & Brüggemann, Michael 2010. The strategic crisis of German newspapers. In David A.L Levy & Rasmus Kleis Nielsen (eds.). *The changing business of journalism and its implications for democracy*. Reuters Institute for the Study of Journalism, Oxford.

Finland's Press 6-7/2011. Finnish Newspaper Association.

Finnish Advertising Council 2012 = Mainonnan neuvottelukunta: Mediamainonta kasvoi lähes neljä prosenttia. Press release 24.1.2012. http://www.tns-gallup.fi/doc/uutiset/Lehdistotiedote_24_1_2012.pdf (read 2.5.2012).

Finnish Audit Bureau of Circulations (2012) *The national readership survey* (KMT Lukija) 2011 http://www.levikintarkastus.fi/mediatutkimus/KMT%20lukijatiedote%20maaliskuu%202012.pdf

Finnish Mass Media 2009 (2010) Helsinki: Statistics Finland.

Finnish Mass Media 2011. (2012) Helsinki: Statistics Finland.

Finnish Newspapers Association 2012a = *Total circulation of newspapers 2001–2010. Sanomalehtien kokonaislevikki 2001–2010*. http://www.sanomalehdet.fi/index.phtml?s=116 (read 20.3.2012) & *Total circulation of newspapers 2002–2011. Sanomalehtien kokonaislevikki 2002–2011* http://www.sanomalehdet.fi/index.phtml?s=116 (read 26.6.2012).

Finnish Newspapers Association 2012b = *Revenue structure of newspapers 2010. Sanomalehtien tuottorakenne 2010*. http://www.sanomalehdet.fi/index.phtml?s=128 (read 20.3.2012)

Finnpanel 2012. http://www.finnpanel.fi/tulokset/tv.php

FOX 2012 = FOX International Channels (FIC) Nordic Launches FOX in Finland. Press release March 15th, 2012. http://www.foxinternationalchannels.com/about/press/fox-international-channels-(fic)-nordic-launches-fox-in-finland (read 26.6.2012)

Franklin, Bob (2010) The future of journalism. *Journalism Studies* 11 (4): 442–463.

Grönlund, Mikko & Björkroth, Tom (2011) Newspaper market concentration, competitive pressure and financial performance: The case of Finland. *Journal of Media Business Studies*, Vol. 8; No.3. p. 19–51.

Grönlund, M. & Pönni, V. (2010) *The economic statistics of the graphic arts industry 2009 – Printing and publishing*. Publications of the Federation of the Printing Industry in Finland and The Finnish Newspapers Association, Turku.

Hallin, Daniel C. & Mancini, Paolo (2004) *Comparing media systems: Three models of media and politics*. Cambridge: Cambridge University Press.

Heikkilä, Heikki; Kunelius, Risto & Ahva, Laura (2010) From credibility to relevance: Towards a sociology of journalism's "added value". *Journalism Practice*, Volume 4, Issue 3, 2010, p 274–284.

Helsingin Sanomat 2012a = Sanoman hallitus otti aikalisän Hesarin tabloidi-hankkeessa. Helsingin Sanomat 6.6.2012. http://www.hs.fi/kotimaa/Sanoman+hallitus+otti+aikalis%C3%A4n+Hesarin+tabloidi-hankkeessa/a1305573056254 (read 9.6.2012)

Helsingin Sanomat 2012b = HS:n lehtiuudistus toteutuu tammikuussa: Suomen suurin päivälehti siirtyy tabloidikokoon 8. tammikuuta 2013. Helsingin Sanomat 1.8.2012, A5.

Herkman, Juha (2005) *Kaupallisen television ja iltapäivälehtien avoliitto*. Vastapaino, Tampere.

Hujanen, Jaana (2008) RISC monitor audience rating and its Iimplications for journalistic practice. *Journalism Practice*, 9, 182-199.

IFPI 2012 = Helsingin käräjäoikeus: Myös DNA:n ja TeliaSoneran estettävä pääsy Pirate Bayhin. Musiikkituottajat 11.6.2012. http://www.ifpi.fi/uutiset/ (read 26.6.2012)

Innovation (2012) In Merriam-Webster. Retrieved June 12, 2012 from http://www.merriam-webster.com/dictionary/innovation

Jyrkiäinen, Jyrki & Savisaari, Eero (2003) Sanomalehdistön nykytila. In Nordestreng, Kaarle; Wiio, Osmo A. (eds.) *Suomen Mediamaisema*. WSOY, Helsinki.

Jyrkiäinen, Jyrki (2008) *Journalistit muuttuvassa mediassa*. Tampereen yliopisto, Tiedotusopin laitos. Julkaisuja sarja B50/2008. http://tampub.uta.fi/tiedotusoppi/978-951-44-7385-2.pdf

Karppinen, Kari; Nieminen, Hannu & Markkanen, Anna-Laura (2010) Finland: High professional ethos in a small, concentrated media market. *Media for Democracy Monitor*.

KOTEK 2011: Älypuhelin ja taulutietokone joulun toivelahjat. Bulletin, November 25, 2011. http://www.kotek.fi/tiedotteet/kotek-aelypuhelin-ja-taulutietokone-joulun-toivelahjat/

Kärkimedia 2012 = www.karkimedia.fi (read 13th June 2012).

Levikintarkastus 2012 = www.levikintarkastus.fi (read 26th April 2012).

Liikenne- ja viestintäministeriö 2011. *Viestintä muutoksessa. Niukkuudesta yltäkylläisyyteen*. Liikenne- ja viestintäministeriön julkaisuja 33/2011. http://www.lvm.fi/c/document_library/get_file?folderId=1551284&name=DLFE-12989.pdf&title=Julkaisuja%2033-2011

Lindblom, Tomi (2009) *Uuden median murros Alma Mediassa, Sanoma Osakeyhtiössä ja Yleisradiossa 1994–2004*. Viestinnän julkaisuja, Helsinki.

Lindén, Carl-Gustav Expansion strategies at Aamulehti: From political newspaper to regional champion. *Journal of Media Business Studies*, volume 9, No. 2 (Summer 2012), pp. 27-42.

Lindqvist, U., Aikala, M., Federley, M., Hakola, L., Mensonen, A., Moilanen, P., Viljakainen, A. & Laukkanen, M. (2010) '*Hybrid media in packaging – printelligence*.' VTT Working papers 142.

LVM 2008 = *Laajakaista kaikkien ulottuville*. Liikenne- ja viestintäministeriö 2008. http://www.lvm.fi/web/fi/viestinta/strategiat/strategia/-/view/1127095 (read 26.6.2012)

LVM 2012a = Timetable for spectrum auction to be brought forward - draft act out for comments. Press release, Ministry of Transport and Communications 24 April 2012. http://www.lvm.fi/web/en/pressreleases/-/view/4107891 (read 26.6.2012)

LVM 2012b = "Parliament reaches consensus on YLE reform", Press release, Ministry of Transport and Communications 16 June 2012. http://www.lvm.fi/web/en/pressreleases/-/view/4114935 (read 26.6.2012)

Mass media market 2009 (2010) Statistics Finland. Published 10 December 2010. Read 7 February 2011 from http://www.tilastokeskus.fi/til/jvie/2009/jvie_2009_2010-12-10_tie_002_en.html.

Media convergence (2011) In *Encyclopædia Britannica*. Retrieved February 8 2011 from http://www.britannica.com/EBchecked/topic/1425043/media-convergence

Nielsen, Rasmus Kleis & Geert Linnebank (2001) *Public support for the media: A six-country overview of direct and indirect subsidies*. RISJ: Oxford. Retrieved from http://reutersinstitute.politics.ox.ac.uk/fileadmin/documents/Publications/Working_Papers/Public_support_for_Media.pdf.

Nieminen, Hannu (2009) Public interest in media policy: The case of Finland. *Interactions: Studies in Communication and Culture*, volume 1, number 2. Pp. 233-250.

Nieminen, Hannu (2010) The unravelling Finnish media policy concensus. In Levy, David A.L. & Nielsen, Rasmus Klein (eds.). *The changing business of journalism and its implications for democracy*. Reuters Institute for the Study of Journalism, Oxford.

Nieminen, Hannu (forthcoming 2012) *Tiedollisten yhteismaiden lyhyt historia: tiemerkkinä Suomi*.

Nikunen, Kaarina (2011) *Enemmän vähemmällä. Laman ja teknologisen murroksen vaikutukset suomalaisissa toimituksissa 2009–2010*. Tampere: University of Tampere, Tampere Research Centre for Journalism, Media and Communication. Available at http://tampub.uta.fi/E/enemman_vahemmalla_2011.pdf.

Nordicom 2011: *A sampler of international media and communication statistics 2010*. Göteborg: Nordicom.

OECD 2010 = *Working Party on the Information Economy (2010) The evolution of news and the Internet. OECD*. Retrieved February 10 2011 from http://www.oecd.org/document/48/0,3343,en_2649_33703_45449136_1_1_1_1,00.html

Ojajärvi, Sanna (2012, forthcoming) *Report on local Finnish newspapers*.

Osterwalder, A., Pigneur, Y., & Tucci, C.L. (2005) *Clarifying business models: Origins, present, and future of the concept*. Communications of AIS, 15.

Osterwalder, A. & Pigneur, Y. (2009) *Business model generation: A handbook for visionaries, game changers, and challengers*.

PEJ 2011: *The state of the news media 2011*. Pew Research Center's Project for Excellence in Journalism (http://stateofthemedia.org/2011/overview-2/, read May 29, 2011)

Picard, R. & Grönlund, M. (2003) *A 50 year business history of the Finnish newspaper industry*. A research paper presented at the 15th Nordic Conference of Media and Communication Research, Kristiansand, Norway, August 15–17, 2003.

Pursiainen, Harri (2010) *Postilakiehdotus ja lehtijakelu. Selvitysmiehen väliraportti*. Liikenne- ja viestintäministeriö 16.3.2010. Retrieved from http://www.lvm.fi/c/document_library/get_file?folderId=964902&name=DLFE-10645.pdf&title=Postilakiehdotus ja lehtijakelu. Selvitysmiehen väliraportti

Sanoma 2012 = Helsingin Sanomilta ensimmäisenä mediatalona Suomessa iPadin ja lehden yhdistelmätilaus. Press release 23.4.2012. http://www.sanoma.fi/arkisto/uutiset-ja-tiedotteet/helsingin-sanomilta-ensimmaisena-mediatalona-suomessa-ipadin-ja-lehden-yhdistelmatilaus (read 9.6.2012).

Sanoma 2012b = Arvopaperimarkkinalain 2 luvun 10 §:n mukainen liputusilmoitus. Stock exchange release 29.5.2012. http://www.sanoma.fi/tietoa-sanomasta/sanoma-lyhyesti/uutiset/arvopaperimarkkinalain-2-luvun-10-n-mukainen-liputusilmoitus (read 13.6.2012).

SBS 2012 = Radio City laajenee neljälle uudelle alueelle. Press release June 11st, 2012. http://sbs.fi/index.php/press (read 26.6.2012)

Stenvall-Virtanen, Sari; Grönlund, Mikko; Norberg, Aarne; Pönni Veijo & Toivonen, Timo E. (2010) *Digitalisoitumisen vaikutukset luovien toimialojen liiketoimintamalleihin*. Luova Suomi/Cupore 2011, Luovan Suomen julkaisuja 4.

Statistics Finland 2005 = *Tilastokeskus 2005. Joukkoviestintämarkkinat kasvoivat vuonna 2004*. http://www.stat.fi/ajk/tiedotteet/v2005/tiedote_076_2005-12-20.html (read20.3.2012)

Statistics Finland 2011 = *Tilastokeskus 2011. Joukkoviestintämarkkinat 2010*. http://www.stat.fi/til/jvie/2010/jvie_2010_2011-12-16_tie_001_fi.html (read 20.3.2012)

Statistics Finland 2011b. Press release from Statistics Finland: Mass media market growing slightly, preliminary data 2010. May 26, 2011, http://www.stat.fi/til/j...vie_2010_2011-05-26_tie_001_english, accessed June 20, 2011

Storsul, Tanja & Dagny Stuedahl (eds.) (2007) *Ambivalence towards convergence: Digitalisation and media change*. Nordicom: Göteborg.

TNS Gallup 2012. http://www.tns-gallup.fi/doc/uutiset/Lehdistotiedote_24_1_2012.pdf

TNS Media Intelligence & Finnish Advertising Council 2010.

Tommila, Päiviö (2003) Sanomalehdistön historia. In Nordestreng, Kaarle & Wiio, Osmo A. (eds.) *Suomen Mediamaisema*. WSOY, Helsinki.

Tommila, P. & Salokangas, R. (2000) *Tidningar för alla: den finländska pressens historia*. [Newspapers for everyone: The history of the Finnish press]. Göteborg, NORDICOM.

van Tuyll, Debra Reddin (2010) The past is prologue, or How nineteenth-century journalism might just save twenty-first-century newspapers. *Journalism Studies*; Aug2010, Vol. 11 Issue 4, p. 477–486.

Viljakainen, A., Järvinen, P., Siltanen, P., Kuukkanen, H., Lindqvist, U., Pajukanta, J. & Peltola, J. (2011) *Building exchange rates for media currencies*. Final report. Next Media, a Tivit Programme.

LIST OF INTERVIEWS

Arno Ahosniemi, Editor-in-Chief, Kauppalehti. Interviewed 3.1.2012 by Katja Koikkalainen and Timo Harjuniemi.

Niklas Herlin, Owner/publisher, Uusi Suomi. Interviewed 15.11.2011 by Kari Karppinen and Katja Koikkalainen

Stefan Holmström, Vice Editor-in-Chief, Borgåbladet. Interviewed 7.12.2011 by Katja Koikkalainen and Timo Harjuniemi.

Markku Huusko, Editor-in-Chief, Uusi Suomi. Interviewed 17.11.2011 by Kari Karppinen and Katja Koikkalainen.

Jouko Jokinen, Editor-in-Chief, Aamulehti. Interviewed 9.12.2011 by Katja Koikkalainen and Timo Harjuniemi.

Juha-Petri Loimovuori, CEO, Kauppalehti. Interviewed 22.12.2011 by Katja Koikkalainen and Timo Harjuniemi.

Jari Niemi, Editor-in-Chief, Itä-Häme. Interviewed 2.12.2011 by Katja Koikkalainen and Timo Harjuniemi.

Tiina Okko, Director of reader marketing, Turun Sanomat. Interviewed 29.11.2011 by Kari Karppinen and Katja Koikkalainen.

Mikael Pentikäinen, Publisher/Editor-in-Chief, Helsingin Sanomat. Interviewed 30.11.2011 by Kari Karppinen and Katja Koikkalainen.

Matti Posio, News editor, Aamulehti. Interviewed 9.12.2011 by Katja Koikkalainen and Timo Harjuniemi.

Marja-Leena Tuomola, Chief Digital Officer, Sanoma News & Sanoma Media. Interviewed 1.11.2011 by Kari Karppinen and Katja Koikkalainen.

Kari Vainio, Editor-in-Chief, Turun Sanomat. Interviewed 29.11.2011 by Kari Karppinen and Katja Koikkalainen