BUSINESS MODEL INNOVATION IN THE ONLINE NEWS INDUSTRY

Differentiation as a strategy for sustainable revenues

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Abstract

The Internet disrupted the news industry's traditional business models. Technology enabled new forms of production, aggregation, distribution and valuation of content. Once costly, limited in terms of amount and timing, the information online has become mostly free of charge, abundant and provided in real-time. The Internet was turned into the main source of information and it is also increasingly being converted into the main source of revenues. But it also lowered the barriers for new entrants, increased competition and augmented the bargaining power of consumers. This fragmented and highly competitive environment urges online news companies to innovate their business models in order to acquire a superior strategic positioning.

In order to examine how online news companies can differentiate themselves to gain a competitive advantage, this research conducted eleven best practice case studies on ventures from six different countries. The significant findings indicate that the role of the consumer has become very significant in the news industry. Hence, news organizations should seek for specialization, embrace new forms of relationship with their users and try to implement different revenue sources as a pathway to monetizing their businesses on the medium and long terms.

Key words: online news media, strategic positioning, differentiation, business model innovation, sustainable revenues.

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1. Introduction

Almost twenty years after most newspapers went online, there is no doubt that Internet disrupted the news industry's traditional business models (Grueskin, Seave, & Graves, 2011; Siles & Boczkowski, 2012; Sirkkunen & Cook, 2012). As in other media sectors, technology enabled new forms of production, aggregation, distribution and valuation of content. Once costly, limited in terms of amount and timing, the information online became mostly free of charge, abundant and provided in real-time: readers are now basically one or two clicks away from a multitude of messages presented in different angles and ways (Anderson, 2010; Lowrey, 2011; Mitchelstein & Boczkowski, 2010; Schudson, 2010; Siles & Boczkowski, 2012).

Conventional news media was slow to perceive transformations, fully embrace technology and provide different formulas to substitute the old model based in advertising linked to content (Lowrey, 2011; McChesney & Pickard, 2011; Sirkkunen & Cook, 2012). Nowadays, advertising money is increasingly shifting from print to online (Albarran, 2010), a larger and very fragmented environment where competition was intensified, revenue share was reduced and legacy media has already been forced to cut editorial staff or even close newsrooms all around the world (Grueskin et al., 2011; Meyer, 2009; Picard, 2001; Siles & Boczkowski, 2012).

Since conventional media outlets still have to deal with the costs of print distribution and audience, there is very little hope that they will be able to innovate their business models in order to sustain themselves the way they once did (Siles & Boczkowski, 2012). Briggs (2011) points out that those organizations suffer from the 'innovators dilemma': they are too busy trying to protect their old business instead of looking for ways to reinvent it. On the other hand, online-only news companies can compete in the digital environment without previous commitments and no necessity to make trade-offs.

The utilization of Internet and mobile devices to get news is increasing year after year (Mitchell & Page, 2014) and users say the web brought advantages in terms of learning and the amount and diversity of information available (Purcell & Rainie, 2014). However, so far, online news media was not able yet to completely shift the usage of legacy media towards digital platforms (Van der Wurff, 2011). Traditional news displacement, though, may be mostly a matter of improving accessibility and creating new habits (Van der Wurff, 2011).

This situation opens an opportunity for online news companies to create new value on generating new products, business models, and establishing stronger connections with readers (Picard, 2008). In other words, the path to it would require larger doses of

differentiation strategies, something that for years has been minimally employed within the media landscape (Gal-Or & Dukes, 2003)**.**

This research takes the perspective of these newer players on the online news industry and studies how they incorporate innovative features in their business models in order to differentiate themselves to acquire a strategic position in the highly competitive online news market. There is little doubt that traditional business models have become outdated, but it is still uncertain how online media can replace them and reach sustainability.

The main question for online news media is yet how emerging outlets, embedded in a vast amount of competitors and free of charge content, can be funded (Downie & Schudson, 2009; Kaye & Quinn, 2010; Sirkkunen & Cook, 2012). Thus, the main research question of this study is formulated as:

"How can online news companies differentiate themselves in order to generate sustainable revenues?"

In order to answer this research question, this study employed the business model canvas designed by Osterwalder and Pigneur (2010). The right side of the model – which is more focused on the consumer – provides five components to be analysed in the online news companies selected: customer segments, value propositions, customer relationships, channels and revenue streams.

Under the umbrella of differentiation, the analysis also led to the answer of the following sub-research questions:

How can online news companies better target different customer segments?

What value propositions can online news companies create and deliver?

What kinds of relationships can online news companies foster with their customers?

How can online news companies innovate their channels?

Which revenue models can online news companies adopt to sustain their business models?

This study is scientifically relevant because it examines the paths to strategic positioning in the competitive online news market and it is able to improve knowledge of the business model innovation originated in this process. Research on the online news media is vast but the focus on the business models has been only recently developed after scholars and journalists realized the business of journalism is in crisis (Siles & Boczkowski, 2012).

Although some scholars have made broad analyses on business models from online news companies recently, there is still plenty of uncertainty on how they can figure creative ways to propose new strategies to reach sustainability. Since companies have to reassess their business models periodically in order to face constant emerging challenges of the digital environment, frequent studies should be done to help managers inspire themselves and state the reasons and consequences of these evaluations (Grueskin et al., 2011).

Scholars realize that, unlike it happened in the past, Internet and its dynamics will not allow a one-size-fits-all formula to lead companies to rebuild the news market (Van Tuyll, 2010). In this sense, successful cases can serve as benchmarks for already established companies and possible new entrants.

There are great expectations for the outcome of the transformations the emergence of the Internet started on news. Shirky (2009a) reminds us that there were also disordered and dramatic changes on the way information was handled before the invention of the printing press. The author does not believe something less chaotic will happen in the next years.

Some scholars trust the work as 'the vigilant of democracy' will probably be still needed (Jarvis, 2013; Shirky, 2009a), while others argue that journalism has been losing this importance in the recent years (Levy & Nielsen, 2010). Either way, the kinds of people (professional journalists?) that will dominate the information production, the standards and the platforms they will establish remain unknown and only subject to still questionable predictions. This study humbly aims to enlighten a little more how companies can differentiate themselves in order to sustain their businesses in the foreseeing future.

2. Theoretical Framework

2.1. The changing environment of the news

In order to analyse the strategic position of the outlets in the online news industry, it is essential to understand the changing process of news production and distribution. Media markets have been customarily defined by its product and geographical dimensions before the emergence of the Internet (Picard, 1989).

Before the emergence of the Internet, a single news media corporation could be able to control all the steps of the news value chain – from the occurrence of a news event until the point they would get to the users and advertisers (Jarvis, 2014a; Van der Wurff, 2012). They are creation, packaging, reproduction, distribution and marketing & sales. Creation refers to the production of news content by journalists or other authors; packaging is related to the selection and aggregation of news items into a product (i.e. an edition of a newspaper or a magazine); reproduction is the process of creating copies from the master copy of the product; distribution refers to how this product is going to reach customers; and the final step explains how a news company markets its product not only to readers, listeners or viewers but also – and sometimes, mainly – to advertisers.

All around the world, the news market used to be organized in oligopolies and even monopolies, and news corporations could define the pricing over content and advertising: "The single force that powered their empires was scarcity: control over the precious resources of production and distribution" (Jarvis, 2014a, p. 31).

In this environment, there was a huge concern to define what was news. Fuller (1996) stated that it was "a report of what a news organization has recently learned about matters of some significance or interest to the specific community that the news organization serves" (p. 6).

Galtung and Ruge (1965) created a taxonomy of 12 news values: frequency (events with a similar frequency to news mediums are more likely to be selected than a social tendency that unfolds in a longer period), threshold (impact on news selectors), unambiguity (the more clear is the understanding about an event), meaningfullness (events related to certain significant frames in the point of view of selectors), consonance (when an event occurs as predicted), unexpectedness (rare events), continuity (the possibility an event has of drawing attention in the following days after it became a headline), composition (a news outlet needs to find a balance between points of view), reference to elite nations, reference to elite people, reference to people, reference to something negative. The more a subject

attended these items, the more it was likely to become published and, therefore, to be considered news (Galtung & Ruge, 1965).

Some scholars tried to update those values. Vasterman (1995) drew attention to the point that journalists rebuild a reality with the selection of facts and statements: in this sense, news are not reported but produced. Hall (1973) added that news values were not neutral or routine practices, but were part of a deeper structure, a process of creation of an ideology to make sense of the world.

Bell (1991) argued that other four factors could influence the production of news: competition (the dispute for a scoop), co-option (the possibility that it can be continued over more than one edition of the outlet), predictability (news media tend to prefer covering pre-scheduled events), and pre-fabrication (the convenience of press releases and news agencies' feeds to their publication by news outlets). Harcup and O'Neill (1996) augmented the list of reasons for some subjects to become news citing their relation to entertainment, their reference to something positive, their reference to elite organizations and institutions, and their relation to agendas, promotions and campaigns.

Fuller (1996) remarked that, even though there were many attempts to form classifications, the definition of what is news was still very subjective and mentioned the elements of timeliness, interest for a given community and significance. Anyway, "the journalist's report of reality is likely to be fundamentally biased" (p. 7).

However, the emergence and dissemination of the worldwide web created new challenges for this system. There is no longer a separate market – or a 'silo' – only for newspapers or broadcast television, for example. News companies now look for the attention of users and advertisers in a cross-market environment (Albarran, 2010). This atmosphere still comprises offline mediums but, as already stated in this study, the interest (and money) of readers and advertisers is increasingly shifting to online ones. Recently, the United Kingdom became the first country where half the spending on advertising is directed to online media (Sweney, 2015). While the digital advertising market is expected to grow 12% by the end of the year, the print market for ads will fall 4% (Sweney, 2015).

The pre-Internet news market has been reconfigured and the news have become more easily accessible in many different platforms – online versions of newspapers, online-only outlets, blogs, news aggregators or even social network sites (SNS) – and from a great range of distinct technological devices, such as desktops, laptops, tablets and smartphones. "They all contribute to a large ecosystem of information" (Jarvis, 2014a, p. 34).

Access to information is not an issue anymore, but the same cannot be said about its overabundance (Shapiro & Varian, 1999). Simon (1971) is considered to be the first scholar to understand the effect of this overload: "A wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it" (p. 41).

Online, the consumer base is more segmented, there are more sources of information available, and geographic borders play a less important role (Esfahani & Jeon, 2013; Stanyer, 2009), even though languages and readers' interests in local realities still influence news production and distribution (Grueskin et al., 2011). But while traditional news companies are restricted by national legislations variable from country to country, digital ones take advantage from a less regulated environment that alters significantly the nature of competition between news providers (Stanyer, 2009).

Legacy media conglomerates still have a significant dominance on the power structure of news creation (Sirkkunen & Cook, 2012), but this is just the first and the costliest step in the news media value chain (Albarran, 2010). Users of social media, for instance, are also creating, packaging, and disseminating news (Van der Wurff, 2012), playing an important role on the selection of what is relevant and influencing the agenda-setting – once a monopoly of legacy media's professional news editors (Lee & Ma, 2012). Consequently, the digital environment is becoming dominated by huge technology companies such as Google and Facebook, which provide valuable services such as search and networking engines as well as targeted advertisements that hamper news organizations to profit as they did before – in this context, if they intended to quit print to become online-only right now, they would change dollars for dimes, as Grueskin et al. (2011) state.

Conventional news companies have lost the complete control over the packaging, reproduction, and distribution – the ones that have become the more profitable parts of the value chain (Grueskin et al., 2011). During this process of 'democratization of the news value chain', the customers' perception of what is news and its values changed as well.

> *"News is a stream of events, questions (and sometimes answers), debate, increasing information, and evolving understanding. News became a product only because it had to — to fit into publishers' and then broadcasters' space and time and production schedules. Now news can revert to nature. News never starts. It never ends. In the image of technology* pioneer *Dave Winer, news is a river. It flows" (Jarvis, 2014a, p. 59).*

Every year, consumers spend less time – and consequently money – on news (Jarvis, 2014a) and the role of the professional journalists seems to be more and more questioned and distrusted (Levy & Nielsen, 2010; Picard, 2009; Skoler, 2009). Legacy media failed to genuinely engage people and readers tend to trust more in their friends' recommendations of newsworthy content on social media – where conventional news companies mainly focus their strategies in driving traffic to their websites but not in fostering relationships by conversations with theirs users (Skoler, 2009).

Online, the news industry is running towards vertical disintegration. Following the steps of the technology companies already mentioned, today's promising news businesses can be only in charge of one step of the value chain – not necessarily the content creation (Jarvis, 2014a; Van der Wurff, 2012). "More specialist players with heterogeneous backgrounds and different strategic orientations compete with incumbent news providers for access to audiences and a share of the profits" (Van der Wurff, 2012, p. 233).

One of these players now is, for instance, Blendle: the Dutch website that offers basically all the Netherlands' print press articles in an online platform and charges for them individually. The company is only responsible for a distinct way of packaging and distribution and its investors hope it will be able to change significantly the news consumption habits of its users (Levine, 2014) – a matter of acquiring a strategic position.

2.2. The importance of strategic positioning on the Internet

The abovementioned specialized and vertically disintegrated landscape adds significant complexity to the news industry: it stimulates more intense competitiveness and threatens companies' long-term sustainability and ability to keep performing their jobs (Van der Wurff, 2012). In this sense, acquiring a strategic positioning means surviving in an ever changing and extremely difficult industry.

According to Porter (1996), strategic positioning is an attempt to gain a sustainable competitive advantage with the distinctive features a company can provide. It is the process of realizing new positions that can seduce customers from established positions or even bringing new customers into the market (Porter, 1996).

Finding strategic positioning usually requires creativity: the key may be in noticing exclusive positions that were simply ignored by established opponents (Porter, 1996). It is a process of moving beyond just image-making, but at the same time being appreciated and understood by the target market (Zineldin, 1996). Finding a unique and valuable position,

making trade-offs and creating fit among the firm's activities are the three basic rules of strategic positioning (Porter, 1996).

In order to sustain a strategic positioning, a company should be able to respond strategically to competitors (Porter, 2008). The Internet alters the correlation of the five forces that shape strategy – bargaining power of buyers, bargaining power of suppliers, threat of new entrants, threats of substitute products or services and rivalry among existing competitors – proposed by Porter (1996). In general, the Internet tends to intensify the competition, break down the barriers for new entrants and increase the bargaining power of the customers (Porter, 2001).

Besides increasing the size of the market, it also has a tendency of reducing profitability, levelling practices and diminishing companies' capacity to sustain an operational advantage. Hence, online strategy becomes even more important than in business from the pre-Internet era (Porter, 2001).

The Internet offers new opportunities and especially new entrants should be able to take advantage of them, since it would be easier for them to realize a new way to compete and they have no need to make trade-offs with their existing activities (Porter, 2001). The assumption is confirmed by specific literature about the online news market (Picard, 2008).

According to the Theory of the Niche, "a new medium will compete with established media for consumer satisfaction, consumer time, and advertising dollars" (Dimmick et al., 2004, p. 22). Dimmick, Kline and Stafford (2000) suggest that, in this sense, new online news outlets should be able to substitute at least some functions of established ones, which can be excluded, replaced or displaced – being this last one the most frequent outcome.

In this sense, according to the innovation-diffusion framework, individuals would be stimulated to adopt online news outlets while they are informed and persuaded by the advantages of the innovation (Rogers, 2003). This process is formed by five steps: knowledge, persuasion, adoption decision, implementation and confirmation. Past studies have stated some of the advantages that contributed for the adoption of online news. Convenience – e.g. availability 24 hours a day and ease of access while using other online features – seems to be the most relevant of them, followed by the quantity and the quality of news (Conway, 2001; Salwen, Garrison, & Driscoll (2005).

Nguyen (2010) stresses, though, that the steps taken after the adoption decision are as relevant as the ones taken before, since they are related to socio-psychological aspects such as a change of behaviour and the institutionalization of the innovation as a part of the user's routine. "This point is particularly important for online news because in the

multipurpose online medium, as much as news is easy to try and use, it can quickly become an unimportant or unnoticed part of users' experience" (Nguyen, 2010, p. 226).

The author found that displacement of traditional news sources is still very limited. Only 10% of news users reduced their usage of conventional news sources – in this sense, magazines seemed to be the most affected medium (Nguyen, 2010). On the other hand, immediacy is apparently the essential reason why people turn to online sources of news, even though users also expect quality content, customization of subjects for their individual needs, the opportunity to combine news with other online purposes, and accessibility at no cost (Nguyen, 2010).

Those findings offer particular concerns for online news outlets. Their main focus, as Porter (2001) suggests, should be acquiring profitability rather than growth, and the only way to reach that would be gaining in cost or establishing a price premium. Though, these two possibilities are apparently highly unviable for these kinds of businesses, since there is a call for investing more resources focused on the development of technological capacities and in the improvement of the quality of content at the same time neither users nor advertisers seem to be willing to pay for these services (Nguyen, 2010).

Despite agreeing it is more difficult to news providers to get compensation for news production, packaging and distribution, Canavilhas (2012) points out that payment is becoming a habit for users of mobile apps. This could also mean an opportunity for news companies, and the World Association for Newspapers (WAN) warned its members that they should be prepared to generate income of the great potential of paid mobile applications for news (Canavilhas, 2012).

Although it is still a remarkable article for online strategies, Porter (2001) faces criticism from scholars that do not totally agree with the point of view that Internet requires just a reinterpretation of the traditional strategies. Hamilton (2007) argues that companies should address Internet as a stand-alone entity that demands new strategic approaches.

Sharp and Dawes (2001) also criticize the assumption made by Porter (1996) that that strategic positioning would lead a company to necessarily command premium prices. This mainstream view is considered by the authors a simplification and can lead to thoughtless strategic decisions (Sharp & Dawes, 2001).

Despite those remarks, in order to gain a strategic position in the market, companies are advised by Porter (1980) to pick one from three generic strategies: cost leadership, focus and differentiation. Focus is finding a specific target group to offer products. However, after that, a company should basically apply one of the other two possibilities: cost leadership is

based on the offering of the lowest price possible for consumers by lowering costs in the production process, while differentiation refers to offering products with unique value propositions.

These generic strategies were also target of criticism, mainly because they would be too static in times technological developments are constantly challenging companies (Moran & Ghoshal, 1999). Porter (2001) recognized the necessity of a more dynamic strategy to address the changes caused by the Internet and suggested that differentiation would be more appropriate to online companies since cost leadership can be easily imitated.

2.3. The differentiation strategy

Differentiation is the creation of unique value (Porter, 2001). It has been related, in the literature, to reduction of price sensitivity and distinguishing from competitors or reducing their competitive strength (Sharp & Dawes, 2001). Differentiation may occur in every step of the value chain. The complete definition for the authors is:

> *"Differentiation is when a firm/brand outperforms rival brands in the provision of a feature(s) such that it faces reduced sensitivity for other features (or one feature), through not having to provide these other features the firm has an avenue to save costs. The firm benefits from the reduced sensitivity in terms of reduced directness of competition allowing it to capture a greater degree of exchange value"* (Sharp & Dawes, 2001, p. 755).

Hamilton (2007) states that Internet allows a much higher degree of personalization due to the technological progress already accomplished. Clemons, Gu and Spitler (2003) call it hyperdifferentiation. According to them, new technologies enabled companies to analyse an incredible variety and amount of data from their customers. This way, they can develop products and services that increasingly attend individuals' preferences. Or, using the authors' own terminology, companies can offer products or services that delight consumers' personal predilections (Clemons et al., 2003), since "delight is personal; we do not all love the same things" (Clemons, Spitler, Gu, & Markopoulos, 2005, p. 5)

Delight-based strategies should be perfect to customers' expectations, perfectly fit their desires or offer a completely unexpected extra bit of service for their amazement (Clemons et al., 2003). In order to deliver delight, companies should be able to estipulate a super-premium price extremely focused on niche players – capturing, this way, greater gross

margins –, to get the customer involved in the creation of the product or service as a co-designer, or even to support different niches at the same time to offer all consumers an option especially tailored for their needs (Clemons et al., 2003).

Hyperdifferentiation does not only take into account information about customers' behaviours and preferences, but also that consumers themselves are now able to get information about products and services like never before. "Good, solid, likeable, average, middle-of-the-range new products that consumers neither love nor hate will not sell. As consumers become better informed about the nature of the products they are buying, this relationship will be strengthened" (Clemons, Gao, & Hitt, 2006, p. 167)

A successful differentiation strategy should be able to make customers see a product as the only one in a market segment without direct competitors or even no competition at all (Clemons et al., 2003). It would stimulate customers to repeat transactions with the same company – in what Amit and Zott (2001) call lock-in – and even increase their willingness to pay for its products. In this sense, differentiation should be able to give a company some kind of monopoly, even if a very minimal or weak one, something the authors refuse to see as a negative aspect of a market.

On the other hand, no differentiation would result in sub-utilisation of the company's resources and less benefits for the customer (Sharp & Dawes, 2001). News media companies used to neglect this logic, as we are going to see in the following section.

2.4. Differentiation in the online news industry

Minimum differentiation is something that has been seen in the conventional media before the emergence of the Internet and a trend these news companies have constantly attempted to bring to the online environment over time. Since it considers its customer segments as a vast and relatively homogeneous group, mass media tend to commodify news: outlets cover the same kind of events and occurrences their competitors do (Grueskin et al., 2011; Jarvis, 2014a; Picard, 2010) – offering similar value propositions. In this sense, differentiation was not stimulated because, for long time, companies had more control of the packaging and distribution and had drawn sufficient return from this scheme (Gal-Or & Dukes, 2003).

Conboy and Steel (2008) ponder, though, that newspapers primary objective has never been producing news but readers. In this sense, they have been trying to implement a specific kind of differentiation strategy at least since the 19th century: political bias. In this sense, selecting news that would be tailored for the interests of a particular audience was

considered to be a path to reaching profitability (Conboy & Steel, 2008).

The industrialization enabled this first notion of tailoring news for a particular audience during times of incredible economic growth and the possibility of mass printing and distribution by train (Conboy & Steel, 2008). The key to addressing a particular readership, however, was not technological but the role of the editor: this professional was responsible for the articulation with the audience so that it could identify itself with the political positions and social identity of the medium (Conboy & Steel, 2008).

Gentzkow and Shapiro (2010) made a study confirming that news outlets still primarily try to attend readers' ideological predispositions as a matter of differentiation. In fact, tailoring the content to customers' opinions is the only determinant reason found to explain the mediums' slant, since there was no evidence of influence of the news companies' owners in determining it as well as pressure from incumbent politicians or even the reporters' political views (Gentzkow & Shapiro, 2010).

Anand, Di Tella and Galetovic (2007) suggest that this situation can be explained by the verifiability or not of news reports. The more verifiable and contextualized is a news item the less biased and commoditized the news coverage tends to be. It means that opinion spaces are more likely to be biased – and, consequently, to attend the supposed taste of the audience – than reports of facts (Anand et al., 2007).

Political bias is still, for example, the controversial differentiation strategy employed by FOX News nowadays. But, even though the company continues to be the market leader, its audience is getting smaller than it used to be (Holcomb, 2014). Conboy & Steel (2008) state that the news environment is passing by a transformation that enables other possibilities in the employment of differentiation strategies:

> *"Apart from moments of radical intervention, the majority of newspapers have, in their appeal to audience, been responding to the primary imperative in a capitalist era of production, offering optimal engagements with the latest configurations of capitalist culture for well-targeted sections of the national community. What we might be witnessing at the start of the 21st century is the continuation of ritual by other, technological, means"* (Conboy & Steel, 2008, p. 653-654).

The authors' statement can hold even more truth nowadays because there is a particular trend of connected people to be less identified with political groups (i.e.

Republicans or Democrats). They tend to recognize themselves more in causes based on social identities such as race, religion, and gender than in partisanship (Huddy, 2013). And the connection to people with similar interests and companies that attend them is made through the Internet.

In this sense, Deuze (2001) points out that technology can make online journalism more differentiated than any other previous types of journalism. The differentiation started with the possibility to select the kinds of formats that were going to be employed to tell certain stories (text, photos, videos, etc.). At the same time, online news companies could open better channels of direct communication with the audience to interact on content or even allow users to offer their own views on news events with the so called user-generated content (Deuze, 2001).

The emergence of Web 2.0 added new dimensions to this situation mostly with the new possibilities of social media (Skoler, 2009). New companies created since then provided novelties that are still tricking traditional and online news companies, such as the usage of algorithms to content curation and distribution (Rader & Gray, 2015) or even turning audience into a mass of reporters like Twitter does (Hermida, 2010).

The final objective of the differentiation strategy is value creation (Porter, 1980). The 'democratization of the news value chain', though, took part of the process of value creation from the hands of the news companies. According to Jenkins, Ford, & Green (2013), audiences are packaging and reframing content for their own purposes and occasionally also in ways that were not imagined by news companies (Jenkins et al., 2013). Those are the activities that used to produce the news companies' primary values (Picard, 2012). This rearrangement means these organizations should be able to create new values by renewing their strategies (Picard, 2012; Wirtz, 2010). The problem is that, as opposed to how it used to be in the past, a single strategy does not seem enough for news companies to keep their core business and, at the same time, to find an approach to this new reality. The main difficulty lies in finding a balance in attending different stakeholders when they usually require different kinds of values (Picard, 2012).

Those developments enabled and are still enabling new functions for news media and, consequently, new possibilities of differentiation, such as verification of online sources, fact-checking, data-driven journalism, visualizations, presentation of timelines, contextualization, and many others we are not even aware yet (Jarvis, 2014a). Hence, Jarvis (2014a) suggests that news companies should start understanding their business as a service to individuals and communities. Service firms have a high degree of interaction with

customers: any uncertainty they put into the process has to be confronted by the companies (Skaggs & Youndt, 2004).

A single theory alone is not able to clarify the potential of value creation in e-business (Amit & Zott, 2001). The authors suggest that the business model construction integrates entrepreneurship and strategic management perspectives in a single unit of analysis that captures the value creation from multiple sources (Amit & Zott, 2001).

The next part of this theoretical framework is intended to explain how differentiation strategies can be expressed into business models taking into account this context of the news industry.

2.5. Business model innovation

The business model is the strategic mechanism that depicts how a company creates, delivers, and captures value (Osterwalder & Pigneur, 2010). "In essence, a business model embodies nothing less than the organizational and financial 'architecture' of a business" (Teece, 2010, p. 173). It illustrates the way organizations will be structured in order to take advantage of business opportunities (Amit & Zott, 2001).

The business model should be the essential step after a company has determined its strategic position in the market. Some scholars tend to consider business models to be part of a company's strategy, but strategy and business models are more frequently considered different but linked parts (Magretta, 2002). This way, strategy should take competition into account (Magretta, 2002), while the business model states how the company intends to profit and sustain along time (Stewart & Zhao, 2000), which is one of the main goals of this study.

Teece (2010) states that the Internet changed the logic of the markets: customers now have more alternatives and information available to make their selection – often motivated by the lowest cost and, specifically in the case of information, largely obtained without the need to pay for. In this sense, business models should be more than a systematic approach to doing business but primarily attend customer needs and address the difficult task to find a way to make profit on this relationship (Dubosson-Torbay, Osterwalder, & Pigneur, 2002; Teece, 2010).

An essential part of business model innovation is the company asking itself how it intends to deliver more value to its customers (Dubosson et al., 2002). According to the authors, Internet and its technological developments offer a great potential to customer support and customer relationship management. It is easier for companies to work in a

networked environment with more coordination and less transaction costs (Osterwalder, Tucci & Pigneur, 2005).

But companies tend to believe that technological innovation per se will foster value creation. Teece (2010) ponders, though, that extraordinary innovators may fail if their propositions are not able to captivate customers. In this sense, business model design and implementation are as important for economic growth as technological innovation (Teece, 2010). Both are considered complementary and technological developments will only produce sustainable profitability accompanied by an effective business model configuration (Teece, 2010, Osterwalder et al. 2005).

The author remarks that a strong business model may be not enough to guarantee competitive advantage. Thus, companies should be focused in developing differentiated business models that are difficult to be replicated by competitors (Teece, 2010).

Companies can also use a business model as a concept to evolve it into a different configuration (Osterwalder et al., 2005). "Similar to the argument about improving change and increasing reaction capacities in the firm, we believe that a formal and modular business model approach can foster innovation" (Osterwalder et al., 2005, p. 16).

Business model innovation can refashion industries (Amit & Zott, 2001). Nonetheless, the probability that a well-established organization is able to strive on it is small (Briggs, 2011; Johnson, Christensen, & Kagermann, 2008). Firms usually face difficulties when trying to change their ways to 'go to the market' and tend to lose the battle against inaction (Teece, 2010).

Thus, this study will make use of the business model canvas (Osterwalder & Pigneur, 2010) to analyze online news companies strategic features. The canvas was developed as a template for designing and analyzing business models and, as a whole, it is formed by nine blocks that explain how an organization will generate value propositions, make profit, segment customer targets, improve customer relationships, employ distribution channels, deploy key resources, determine its key activities, collaborate with key partners and define its cost structure (see Figure 1).

The left side of the business model canvas is related to the company's own structure. The right one is dedicated to explain the value created by an organization in relation to the customers. Since this study is focused on how news companies can innovate their offer for users, only the latter will be analyzed, as also highlighted in Figure 1.

Figure 1. Business model canvas (Osterwalder & Pigneur, 2010)
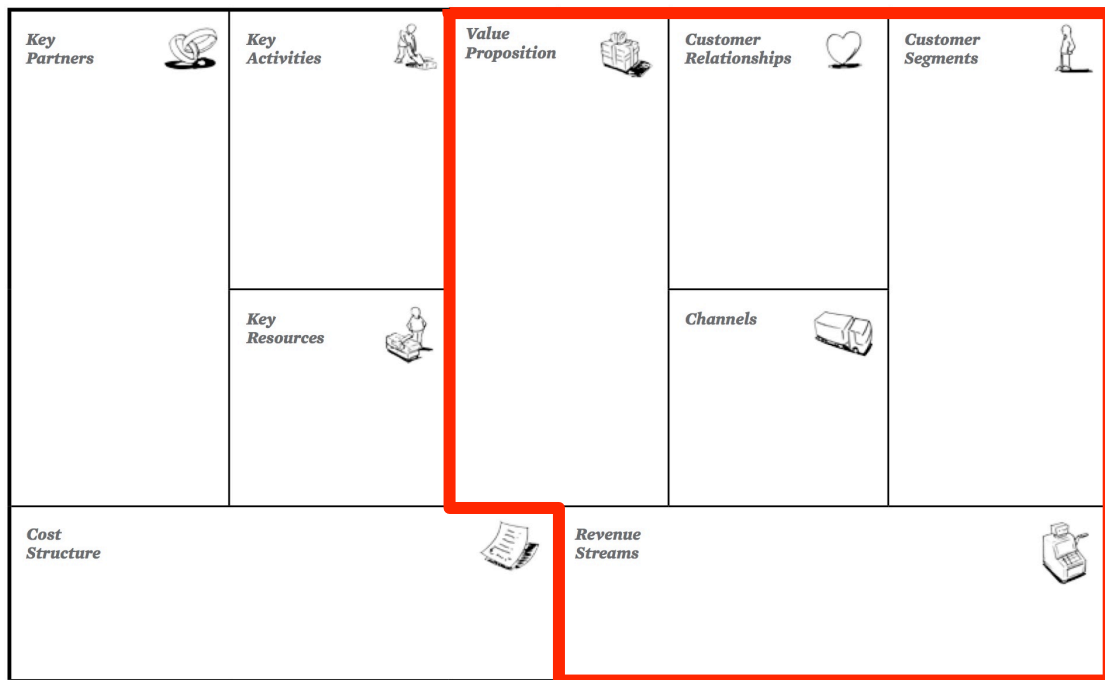
2.6. Central elements for the online news industry

The part of the business model focused in creating value for the customers consists in the five elements aforementioned. Generation of value for them is the most important feature of the differentiation strategy (Amit & Zott, 2001) and these elements are central for the online media companies analyzed in this study. In this sense, value propositions acquire a great importance.

However, as this study already showed, online news companies can use other features of the business models in order to create unique value for customers. If they follow Jarvis (2014a) suggestions of working not as content producers but as service providers, all the other elements related with the customers – such as customer relationships, customer segments and channels – become also important sources of differentiation.

The final and not less significant element of the business model canvas that is important for online news companies is the revenue streams. It is also directly related to the customers: it shows if they are somehow generating any income for the company in exchange for the service provided (Osterwalder & Pigneur, 2010). There is a theoretical explanation for each of these five elements below.

2.6.1. Customer segments

The customer segments element refers to the groups of consumers a company

target to reach. A firm can best satisfy its consumer's needs if it defines who they are (Osterwalder & Pigneur, 2010). Media companies can target customers segments such as mass market (huge scale), niche market (specialized segment), segmented (a part of a market with very special needs), diversified (unrelated customer segments) or multi-sided (two or more interdependent customer segments).

No matter what segment or combination of them an online news company decides to focus on in order to reach differentiation, it should take into consideration that Internet allows better marketing segmentation, as already stated in this research (Clemons et al., 2003). Technology-based media companies, such as social network sites, started **aggregating and analyzing data** before news organizations – even though a considerable amount of the content was not produced by them but only shared on their platforms, as already stated in this study – and the result is that they were able to acquire a competitive advantage for users and advertisers (Thurman & Schifferes, 2012).

Recently, online news outlets are being able to increasingly adopt this trend in order to track their desired audience as well – also by examining their profiles on social media channels. Data on customer behaviors (i.e. most used websites, time spent on the Internet, kinds of content consumed, etc), though, tend to provide better insights than basic personal data (i.e. user name, birth date, localization, etc.) because they reveal personal interests and they are more useful to predict consumption (Simonite, 2013). Customer segmentation tends to lead to the offer of differentiated and innovative value propositions.

2.6.2. Value propositions

Creating value is crucial for every business strategy and for acquiring competitive advantage (Amit & Zott, 2001). Value propositions are descriptions of how companies can satisfy their customers needs and differentiate from their rivals in the market (Johnson et al., 2008). Value propositions should deliver unique values to the customers (Porter, 2001). Osterwalder and Pigneur (2010) list some elements that may help companies to develop their value propositions, such as newness, customization, design, brand/status, price and convenience.

Traditional and new media provide different types of gratifications for the users. Dimmick, Chen and Li (2004) list content, time and space as traits of a medium. In this sense, Internet satisfies more the users' needs than any other conventional media. Legacy news outlets supply audience with limited content, only in predetermined times, and using specific mediums (e.g. newspapers, magazines and broadcast television), while online news

ones provide a far greater amount of content in many forms (text, photo, video) and delegate more control on when and how accessing the content to the audience (Dimmick et al., 2004). Ultimately, these gratifications should affect the amount of time audience spend on a medium and, consequently, the revenue the outlets will be able to make – generally, the longer a user remains on a medium, the more advertising money the company will earn, although, in fact, other factors may influence this correlation (Dimmick et al., 2004; Goldhaber, 1997; Iskold, 2007). The following value propositions tend to be important for companies seeking for differentiation in the online news environment:

2.6.2.1. Curation

A valid proposition for online news companies in order to reach differentiation is to do the curation of all information available to provide the consumer with the kinds of news that are relevant for or valued by them (Jarvis, 2014a). It is the kind of value proposition that already made itself present in journalistic practices since the 19th century, as stated in this study. Its focus now, though, is to reach engagement in order to make people spend the more time possible accessing the news of their own interest (Doctor, 2014c).

The greater novelty is that news companies are now able to make a more accurate curation than ever, since they can develop tools to understand their audiences in a richer level of detail. Now news outlets can not only know about a user individual interest, but also be aware of the most favorable time and localization for he or she to receive new information – turning the news consumption also into a matter of context (Doctor, 2014c).

Facebook's increasing relevance in the traffic of news outlets shows how consumers are getting more reliant in algorithmic curation (Rader & Gray, 2015). Though, the consequences of its implementation sometimes are hard to predict, and users still show a great degree of variation in their perceptions about the algorithms (Rader & Gray, 2015). There is still a lot of incomprehension about its operation, though, what makes some users scared with this technological development. Hence companies interested in its implementation should take that possible negative outcome into account (Tufekci, 2014).

Doctor (2014c) states that getting the context right probably requires a combination of algorithm and human judgement made by professional editors. The exact combination may vary from one proposition to the other, but the author believes even a very small human influence in this process can make a big difference.

2.6.2.2. Specialization

It also seems clear that news companies with recognized brands and expertise in some areas will be able to create value on their propositions of specialization (Grueskin et al., 2011). Outlet specialization is the proposition that takes into consideration that distinct audiences can access the Internet to seek for specific content related to single subjects (Tewksbury, 2010). Keeping niche news outlets is one of the first trends of the online environment and it was largely considered one of the ways to survive in this changing market (Grueskin et al., 2011).

Jarvis (2014a) states that media invented the idea of a mass media. It made sense before the emergence of the Internet especially to captivate advertisers to give money to media outlets that reached the bigger masses. But right now, in terms of news, it does not make sense to keep believing companies can satisfy all customer segments (Jarvis, 2014a).

Tewksbury (2010) points out that users tend to focus greater part of their attention in specific topics of news and only search for a superficial knowledge in the rest. In this sense, the Internet stimulates audience specialization and their selectivity is a point that should be taken into account by online news companies in their quest for differentiation.

News companies can also specialize themselves in providing a specific type of coverage. Houston (2010) states that a valuable proposition to companies may be focusing in investigative journalism: original reporting based on a large and rich set of documents and/or interviews. The author observes that this stream of journalism, clearly focused on the public interest, has lost ground in the newsrooms of established companies but it has reappeared with different approaches on online news propositions. Another recent valued stream is explanatory journalism, which is focused in providing context to some of the most important picks on the wide flow of daily news (Doctor, 2014b; Ingram, 2014b).

As already mentioned in this study, the specialization in specific steps of the news value chain can also become a source of competitive advantage for companies (Van der Wurff, 2012). Packaging and distribution are stages of the news value chain that have left the control of the news media, making companies from other backgrounds to benefit from the specialization on them to acquire a strategic positioning (Van der Wurff, 2012).

2.6.2.3. Localization

Not every news company has the kind of intangible capital necessary for specialization. Hence, differentiation may be found in focusing attention to its immediate community, the practice of localization (Grueskin et al., 2011) or hyperlocalization (Kurpius,

Metzgar, & Rowley, 2010). This value proposition consists in "geographically-based news organizations that operate largely in big metropolitan areas and cover a narrow range of location-specific topics" (Kurpius et al., 2010, p. 360). This situation was stimulated by the technological, economical and professional shifts already stated in this study that made traditional media reduce its editorial staffs in specific areas, opening a gap in the news coverage that benefited segmentation and has been increasingly occupied by online outlets (Anderson, 2010; Kurpius et al., 2010; Van der Wurff, 2002).

These hyperlocal outlets highly rely on collaboration from citizens through news content, blogging, etc. Anderson (2010) explains that local media allows more people to contribute to the public discourse. In this sense, hyperlocalization would help news companies to apply lock-in strategies (Van der Wurff, 2012). It also has a considerable influence in local political outcomes, what could be verified by the research of Larreguy, Marshal, & Snyder (2014) that found that local coverage on corruption had significant effects on people's electoral sanctions to incumbent mayors in Mexico.

A study from the Pew Research Center, though, ponders that news entrepreneurs should pay attention to the local characteristics before betting all their chips in hyperlocal endeavors. Characteristics like level of education, race, and access to the Internet still play an important role in defining how a person seek for local news – on traditional or new media (Ellis, 2015b). These readers also tend to search for specific subjects like the weather, recent events, crime and education (Ellis, 2015b).

2.6.2.4. Mobility

Audiences are fragmenting in terms of behavior and another form of differentiation may be targeting people that are more inclined to consume information while commuting, for example. Hence, offering mobile news services may also be a valid value proposition (Grueskin et al., 2011). Doctor (2014a) believes mobility offers a great possibility of establishing a competitive advantage.

Seward (2014) states that pull media (the one a user has to access by himself) is being increasingly substituted by push media (the one that accesses the user). The advantage of mobile news propositions is that they can also use for news purposes all the tools these devices enable for different applications (Filloux, 2014; Westlund, 2013). Accelerometers, sensors of motion and vibration and microphones combined with push notifications can find the user when he or she is more willing to get informed (Filloux, 2014).

With the help of these sensors, news media can explore some of the main

determinants of news consumption on mobile devices: immediacy and mobility, what allows users to stay updated even 'on the go' (Chan-Olmstead, Rim, & Zerba, 2013). Van Damme, Courtois, Verbrugge, & De Marez (2015) state that their advantage is that they enable a 'contextual' and individual consumption of news: it happens when the user is more predisposed to it – not only 'on the go' but in any place the consumer has time available to do it. In this sense, focus on customization of content and breaking news also seems an appropriate proposition for these devices (Westlund, 2013).

2.6.3. Customer relationships

Understanding news production and distribution as a service (Jarvis, 2014a) opens new possibilities and necessities for media companies. Skaggs and Youndt (2004) state that service firms can employ basically three differentiating alternatives in order to improve the relationships with customers: co-production, customer contact and customization.

Co-production refers to the smaller or bigger amount of effort – even creative – a customer should make in the production of the service (Skaggs & Youndt, 2004). Some online-only news outlets have developed ways of enabling readers' co-production in the recent years. It is what scholars call 'participatory journalism': employment of user-generated content (UGC) as news. Bakker and Paterson (2011) argue that UGC may increase the reach and foment more discussion about subjects, what should affect traditional news production and distribution in a positive way. However, most of the news companies are still very cautious about relinquishing control over the production of content and UGC is usually relegated to a less relevant plan (Neuberger & Nuernbergk, 2010). In terms of packaging and circulation of news, though, companies tend to largely rely on the participation of users that increasingly share their content in social network sites (Van der Wurff, 2012).

Customer contact is related to the amount of interaction a business keeps with the consumer (Skaggs & Youndt, 2004). Rosen (2006) remarks that there was a shift in the power of news media. Once the readers were mostly receivers of information and let the outlets decide what was important to be reported for them. Now they do not only co-produce news, but also want to give opinions on the production made by journalists and even question the angles news media usually addresses subjects in general (Rosen, 2006). At large, journalists are struggling to deal with this new reality (Ingram, 2014a).

Jarvis (2014a) states that measuring pageviews and opening articles to comments that will not be answered by the outlet is not enough in terms of customer contact for online news companies. They should foster engagement, collaboration and even a sort of

co-ownership: in a nutshell, building relationships further than the mere economical ones that sustained news media for decades but seem incapable of continuing to do it (Jarvis, 2014a). Ingram (2014a) ensures that interaction helps journalism to improve its quality. Moreover, the author points out that journalism, like many other businesses, is becoming much more related to person-to-person interaction (reporter-to-reader) and relationships than business-to-consumer (Ingram, 2014a). News readers are increasingly following journalists on social media and exchanging impressions, trying to feel connected, keeping a relationship with them (Ingram, 2014a).

Hence, **customization** – or personalization – is essential. It is based on the extent a company is able to personalize the offer for individual customers (Clemons et al., 2003). One more time, data plays a crucial role, and news companies should be able to collect and analyze them in order to adapt and deliver the content in order to improve customers' satisfaction (Thurman & Schifferes, 2012). In this sense, though, data can be also actively provided by the users, who can customize the products according to their interests and even moods.

2.6.4. Channels

2.6.4.1. Owned platforms

For long, online news media has relied on its **own websites** in order to reach its readers with content and advertisement. Large teams and daily discussions were taken in order to format and update the homepages in an attractive way to the user. But due to the crescent importance of social media to the traffic of online news websites, the homepage is increasingly losing relevance in terms of bringing audience to online news outlets (Flock, 2014; Seward, 2014; Thompson, 2014). Some of them had already even discussed about not having a homepage at all, but most of them are still cautious in taking such a radical approach (Flock, 2014).

They are, though, constantly evaluating new functions to the homepage as part of their differentiation strategy. Some are using it as a feature to provide personalization to users – they can select interests in the news coverage and items on these topics will appear there. Some are recruiting writers. Others may find it interesting to make it a platform for interaction with readers (Flock, 2014). The fact is that keeping a team to decide which stories will be highlighted in the homepage is increasingly making less sense, but companies should still try to focus their efforts in trying to make them relevant somehow (Flock, 2014).

News companies may find it important to provide their propositions in **mobile applications** as a way to reach differentiation. More than half of the American population already has a mobile connection to the Internet through a smartphone or a tablet (Mitchell, Rosenstiel, Santhanam, & Christian, 2012). And they are more likely to look for news in their mobile devices: 64% of tablet owners and 62% of smartphone owners said they do it at least once a week – more than 40% of them tell they are also getting more news and 33% that they are finding new sources with their mobile gadgets (Mitchell et al., 2012). Mobile readers are already responsible for more than half of the audience of some news outlets in 39 of top 50 news sites in the US (Mitchell, 2015). It is definitely a fast-growing market that allows every year more people to consume news (Sassen, Olmstead, & Mitchell, 2013).

Mobile apps usually offer better user experience than mobile web browsers (Charland & Leroux, 2011). Hence, there is no surprise that an average person tends to spend much more time with mobile applications than with browser-based websites (Spence, 2014). Apps are also easier to develop than browser-based propositions: they tend to function with more quality and refinement in all the different devices and operating systems available (Charland & Leroux, 2011).

After being forgotten for a long time during the social media emergence, nowadays almost every online news outlet also provides a **newsletter** service again. Geere (2014) explains it by three reasons: new spam filters and categorization tools enabled by email providers made the it a more practical feature, they are a way of curating the overload of information available on the Internet, and the RSS became an outdated technology after Google disabled the Reader, which was the most famous and practical RSS aggregator.

Publishers are experimenting new formats on newsletters from the overload of links to a more explanatory feature (Ellis, 2014). The newsletter also becomes another channel to provide publishers data about their subscribers. It is already known, for example, that people are not used to click in the links in the first half of the email at the same time they do get interested by opinion articles and curiosities (Benton, 2013). Online news companies can also use these data to address new customer segments, like business executives, which are known for highly relying in this type of channel (Carr, 2014).

Websites, mobile applications, newsletters: the large amount of owned channels a news company can employ to reach its users confirms theoretical propositions made by Albarran (2001) and already mentioned in the beginning of this study. The author states that nowadays media companies are becoming multi-platform, which can also be a source of differentiation for news organizations.

2.6.4.2. Social media

As largely addressed in this study until now, lately, third party companies that are not in charge of the production of content have gained more control over the other steps of the news value chain (Bell, 2014; Jarvis, 2014a; Van der Wurff, 2012). They are not only aggregators of news content, such as Google News, Yahoo News or the Huffington Post – the first of these organizations to come to light –, but also social media platforms, like Facebook and Twitter (Grueskin et al., 2011). Facebook and its algorithm – that no other organization know how it works – is in charge of approximately 20 percent of their traffic (Somayia, 2014). Sometimes the most popular SNS of the world can even drive 70% or 80% of the traffic to specific online news sites like Buzzfeed (Warzel, 2013).

Some companies are trying to take advantage of this situation; others are concerned with the increasing power of a single player in the total distribution of news (Bell, 2014). Recently Facebook offered some news outlets the possibility to host their content inside the platform in exchange of a portion of the revenue the company makes in advertising (Benton, 2015). Jarvis (2014a) suggests that publishers may benefit themselves with these kinds of partnerships. Other scholars ponder that these deals can risk news companies' sustainability (Salmon, 2015), and journalists are scared with the outcome of Facebook's domination of the news distribution landscape (Kirkland, 2014). The fact is that, today, news companies cannot ignore that they are probably lost without existing on social media.

2.6.5. Revenue streams

This section is particularly important to answer this study's research question and present one of the greatest issues of online news businesses nowadays: funding (Downie & Schudson, 2009; Kaye & Quinn, 2010; Sirkkunen & Cook, 2012). Revenue streams refer to the money generated by the customers segments a company decides to explore (Osterwalder & Pigneur, 2010). A business model can implement basically two kinds of revenue streams: transaction revenues from one-time consumer payments or recurring revenues from ongoing payments. Osterwalder and Pigneur (2010) remark that there is not a single manner of getting income, although the most common one is "selling ownership rights to a physical product" (p. 31). Internet, though, made a great amount of customers believe most of the products and services could be obtained for free, and this situation offers great challenges for enterprises (Dubosson-Torbay et al., 2002)

For decades, news companies relied in **advertising** for generating income. These companies tried to bring this model to the Internet, but it did not show as effective as

before (Feldmann, 2002). Print advertising is falling year after year (Edmonds, Guskin, Mitchell, & Jurkowitz, 2013), while online ads are growing and already account for 30% of the total spent (Sweney, 2015). 37% of the total spent in online ads was destined to mobile advertising in 2014 in the United States, up from 25% in the previous year (Mitchell, 2015). There was a growth of 78% in mobile ads from 2013 (US$ 10,7 billion) to 2014 (US$ 19 billion) in the country. A considerable part of these expenditures, though, is directed to giant technology companies like Facebook and Google (Peterson, 2014)

This situation makes online news companies look for other sources of income to differentiate themselves. Some attempt to make online users become subscribers. **Subscription**-based models on the Internet are typically based in paywalls that charge heavy users of news after they have read a certain amount of free articles (Edmonds et al., 2013). Some news outlets are having considerable success in this strategy, but Mutter (2013) criticizes the fact that companies in general are only trying to monetize the relationship of their old readers instead of finding new ones.

A differentiated way of finding new readers and generating income on them may be **micropayments** – small payments for individual articles or other news pieces. Some previous attempts, though, did not work and some scholars are pessimistic about its long-term success. Shirky (2009b) states that this kind of revenue stream is based in an illusion publishers have to reestablish control over news distribution. Ingram (2009) remarks that micropayments are possible only for companies that hold a monopoly of a content market.

Jarvis (2014a) lists opportunities to be developed in **other revenue streams**, such as memberships; commerce; events; crowdfunding, etc. Ultimately, the combination of some of those revenue streams should be essential to reach differentiation and sustainable revenues. According to Osterwalder et al. (2005), that should be the outcome of a business model and it is related to acquiring profit in order to maintain the company. Dichter (2009) states, from a very practical point of view, that a sustainable revenue stimulates stakeholders' confidence that the organization will be able to keep existing and delivering its propositions in the future and it will have available funds to project its long-term strategy and enforcement.

2.7. Conceptual framework

Figure 2 provides an overview of the conceptual framework, which derives from the theoretical propositions mentioned over this chapter. The Internet caused the disruption of traditional news media's business model and forced them to shift their focus to the online

environment, where competition has intensified, barriers for new entrants have been lowered, revenue share has been reduced, and the bargaining power of customers has been increased. This situation urges established and new players to innovate their business models in order to acquire a superior strategic positioning using differentiation strategy. The conceptual framework illustrates how news companies can transfer those concepts to the building blocks of their business models examined in this research.

Figure 2. Conceptual framework

Online news environment

- Increased competition
- Lower entry barriers
- More bargaining power for customers

Strategic positioning

- Increase value
- Gain competitive advantage

Differentiation

Business model innovation

Innovation of customer segments	Innovation of value propositions	Innovation of customer relationships	Innovation of channels	Innovation of revenue streams
• Data aggregation and analysis	• Curation • Specialization • Localization • Mobility	• Co-production • Customer contact • Customization	• Owned platforms • Social media	• Advertising • Subscription • Micropayments • Others

3. Methodology

3.1. Qualitative approach

In order to answer the exploratory research and sub-research questions proposed, this study takes a qualitative approach. Qualitative methods enable the possibility to analyze phenomena of social realities that cannot be measured by statistics (Silverman, 2011; Strauss & Corbin, 1998). As opposed to quantitative research, which is usually used to draw more generalizable conclusions, qualitative procedures offer a deeper understanding of the reasons for certain situations without losing sight of their context (Berg, 2004).

Qualitative research also offers more flexibility to the researcher, making it possible to investigate practices that might not be already spread by news companies and, consequently, are not richly mentioned in the theory of the sector yet (Bryman, 2012). This kind of approach allows the researcher to accurately answer "how" and "why" research questions (Berg, 2004). Hence, it particularly fits appropriately the objective of this study, which is to comprehend *how* online news companies are operating and innovating their business models in order to reach sustainability in an increasingly competitive and fragmented industry.

3.2. Research design: multiple-case studies research

Case study research is the chosen methodology for this study because it is considered one of the most appropriate methods for discovering meanings from real-world phenomena without losing the connection to their rich context (Yin, 2013). This research intends to describe business practices from news companies under the pressure of the constant changes that affect the industry since the emergence of the Internet and this type of method should be able to enlighten what are these practices. Case studies is also the most used research methodology to address business organizations (Berg, 2004; Eisenhardt & Graebner, 2007).

According to Yin (2013), the case study research conducted here can be considered of an exploratory nature. It means "the intervention being evaluated has no clear, single set of outcomes (Yin, 2013, p. 46). The description of these situations and their relation to previous literature is likely to collaborate to the scientific debate offering knowledge about business modeling best practices in the news industry.

In case studies, "[...] the data provide the discipline that mathematics does in formal analytic modeling" (Eisenhardt & Graebner, 2007, p. 25). In this sense, multiple case studies offer advantages in relation to a single one, since it provides much more analytical

possibilities: conclusions from multiple case studies tend to be more solid, provide more in-depth information (Yin, 2013). With a larger and deeper amount of data, multiple-case studies also permits comparison from similar cases, which is the intention of this study.

3.3. Case selection

Making a good case selection has essential importance to draw best practices from the news industry using the case study research. In this sense, the selection of the cases should take into consideration the amount of information available about them and also if they are likely to provide an answer to the research question proposed (Eisenhardt, 1989). Hereupon, this study has selected 12 cases for evaluation, an appropriate quantity for a multiple-case study research (Eisenhardt, 1989). For the selection of the cases, this study used strict criteria related to the research subject, as stated below:

• *The cases are news companies that create, and/or package and/or distribute news*
An organization simply cannot keep the control of all the steps of the news creation, packaging and distribution anymore (Jarvis, 2014a; Van der Wurff, 2012). In this sense, for this study's case selection, a news company was broadly considered one that has a part in at least one of these steps of the news value chain.

• *The cases are news companies founded since 2005:*
Because the phenomena described in the theoretical framework have deepened in the last decade and scholars consider that new entrants in the news industry are more likely to provide alternatives to the outdated business models of (print and broadcast) news media.

• *The cases have to be online:*
Internet enabled technological advancements and behavioural changes that disrupted the news business model. This way, new models are being presented online (including mobile), and therefore it is appropriate for this study to examine these kinds of propositions, the ones that are exploring the new possibilities of the Internet in the last years to differentiate themselves.

• *The cases have differentiated themselves and reached popularity:*
This study searched for terms such as 'successful', 'market leader', 'dominant', and 'innovative' at the same time it tried to gather information about the cases' high figures on

readers, subscribers, and followers on social media channels in relation to their target markets. Since some legacy media companies are also proposing new, online-only and popular products, these specific propositions could also be selected for this study.

• *The cases have sustainable revenue streams*

This study proposed a research question that addresses the ability of online news companies to sustain their business along time and plan their long-term strategy. Hence, propositions that did not demonstrate in their platforms any clear revenue streams or did not have any sources of income stated in documents during the desk research could not be selected for this study's analysis – even though they fit in all the previous criteria.

Hence, the cases are stated in the list below:

Case 1: Vox (USA)

Vox.com was funded in April 2014 with the intention to contextualize, explain the news. The American news website currently has reached an audience of over than 23 million monthly unique visitors, what is highly regarded by the own company to its presence on social media, especially Facebook (Thorman, Hunt, & Hoffman, 2015). The most popular social network site (SNS) of the world drives approximately 40% of the total page views of the site – one fourth of it is driven by the page of its editor-in-chief Ezra Klein on Facebook (Thorman et al., 2015).

Case 2: BuzzFeed (USA)

Founded in 2006 as a viral lab by Jonah Peretti – co-founder of the Huffington Post –, BuzzFeed turned into "a social news and entertainment company" (BuzzFeed, n.d., para. 1) that reaches a global audience of more than 200 million monthly unique visitors in its website at the same time their videos have more than one billion views a month in their social media channels (Frank, 2015; Robischon, 2015). The company packs content from many sources on the World Wide Web into potentially viral posts on many social network sites. It also has an arm dedicated only to news with hired journalists, and it was considered by Thompson "the most important news organization in the world" (2015, para. 40).

Case 3: Bellingcat (England)

Funded in 2014 by the English blogger Elliot Higgins after a Kickstarter campaign, Bellingcat

uses the same kind of premises from Storyful to do investigative reports: from social media to open source data in general. In the year of its foundation, their work was praised by other news outlets after discovering that Russia had been using artillery in Ukrainian territory in the summer (Meduza, 2015). Higgins assures that the website makes half-a million visitors during high-traffic days (Massie, 2015), proof that its citizen journalism proposition is increasingly getting popularity among an audience interested in investigations.

Case 4: News Republic (France)

News Republic was launched in 2009 only in France by Gilles Raymond as a mobile app that aggregates and curates more than 50.000 articles per day from more than 1,100 news publishers all around the world (News Republic, 2015). More than five years later, it now has news from all over the world and reaches approximately 2.6 million monthly unique viewers worldwide (Doctor, 2014c). The News Republic app reportedly filters licensed news sources according to users interests for free and provides "a cure for infobesity" (Dredge, 2011, para. 1). Its main source of income is advertising, but News Republic is also responsible for powering HTC devices' first-screen news in 42 countries (Doctor, 2014c).

Case 5: The Economist Espresso (England)

Even though The Economist is the most famous magazine about economic news in the world, it also has faced problems of print circulation and revenue just like other important legacy news outlets all around the Globe. The print circulation fell 16,6% in the second half of 2014 in relation to the previous year (Smith, 2015) and the operating profit was down 13% (The Economist Group, 2014), The digital edition sales increase of almost 300% is, in fact, helping the company to offset print losses (Smith, 2015). That led the British magazine to launch the Espresso in November 2014. It is a daily news summary (by subscription) delivered by email or mobile app that was already downloaded more than 600.000 times (Lichterman, 2015).

Case 6: Blendle (Netherlands)

Despite the disbelief some scholars showed about a micropayment proposition for news, the Dutchmen Alexander Klöpping and Marten Blankesteijn launched Blendle in 2014. Their idea is to sell individual articles from all the news outlets of the country in a single user-friendly platform with the likes of a social network site where users can get recommendations from the company's staff and their own friends. Known as "the iTunes of the news", Blendle

reached more than 250.000 users – only 20 percent pay for access, though – after one year of its foundation (Klöpping, 2015a), and received three million euros in investments from the German publisher Axel Springer and the New York Times in the end of 2014 in order to expand the business to other countries (Smith, 2014).

Case 7: De Correspondent (Netherlands)

Dutchmen Rob Wijnberg and Ernst-Jan Pfauth had the idea to offer an online news website to focus on background, offer analyses and investigative reporting in subjects that were being overlooked by the traditional media. In 2013, they launched a crowdfunding campaign in order to raise money to launch De Correspondent. They gathered one million euros, what is still considered the world record for crowdfunding in journalism, and De Correspondent released its first articles in the end of September (Pfauth, 2013). Every contributor became a subscriber and now, almost two years after its launch, De Correspondent managed to grow its base of subscribers from the initial 18.933 to approximately 35.000 (De Correspondent About, n.d.).

Case 8: eldiario.es (Spain)

Eldiario.es is a Spanish news website created in 2012 to dedicated to the coverage of political, economic and social subjects (Zona Crítica, 2012). It was founded by Ignacio Escolar as an independent company, and more than 70% of the organization is told to be part of the own members of the newsroom (Eldiario.es que es eldiario.es, n.d.) Currently it counts with more than 10.000 contributors, people that pay 60 euros per year in order to help the website to keep its sustainability. In exchange eldiario.es says it will take contributors' participation suggestions into greater consideration and the company was considered one of the top 5 most innovative news propositions in Spain by a ranking elaborated by the Miguel Hernandez University in 2014 (Carvajal et al., 2014).

Case 9: Jot Down (Spain)

Founded in 2011, Jot Down has been recognized by Spanish Academia and audience as one of the best new journalistic propositions that emerged recently (Flores, 2013). The idea consisted initially of a general culture online magazine with long-form articles. Lately, after doing some success on the Internet, it also became a print black and white magazine published every three months in a luxury edition (Koch, 2012). Their aspiration is to become

a Spanish New Yorker and their audience seems to be growing steady to more than 800.000 readers a month (Koch, 2012).

Case 10: Catraca Livre (Brazil)

Catraca Livre is a Brazilian platform founded in 2008 by a renowned journalist called Gilberto Dimenstein, a columnist in some of the most prestigious newspapers in the country. Its proposition, at first, is to empower the citizen by telling him or her what are the main cultural attractions, services and entertainment available with popular prices in his or her city (Predicta, n.d.). Over the time, it became also a source of news about characters, trends and projects that may inspire innovative and inclusive community solutions all over the world (Catraca Livre, n.d.). Now Catraca Livre has more than 4 million followers at Facebook and provides a network for users to participate with information and suggestions related to the core subjects covered by the platform.

Case 11: Pública (Brazil)

Pública is a non-profit Brazilian website focused in investigative reporting about the great issues of the country (Pública quem somos, n.d.). Funded by the Ford Foundation, Omidyar Network, Open Society Foundation, among others, crowdfunding projects, and individual donors, Pública makes all its articles available for other news media companies for free by creative commons licensing (Pública quem somos, n.d.). Its page on Facebook is followed by almost 90.000 people and it had received several journalistic awards in almost four years of history (Pública quem somos, n.d.).

3.4. Data collection

The information for this research was provided, first, by desk research. The procedure consists on gathering secondary data from statements, corporate reports and news articles from various sources (companies itself, journalism foundations and specialized media) that can provide relevant and reliable information about the cases. Then, the researcher made direct observation of the platforms and social media channels of the news companies selected. Hence, it was possible to gather data from different sources of evidence to avoid bias by what scholars call 'triangulation': the combination of different views in order to obtain a more profuse collection of meanings (Berg, 2004; Yin, 2009). According to Denzin and Lincoln (2005), triangulation also allows "researchers to be more confident of their

results; (…) it can lead to thicker, richer data; and to the synthesis or integration of theories, as well as uncover contradictions" (p. 42).

3.5. Operationalization

During the desk research and the observations on the cases' platforms, this study took measurements based on the business model elements presented on the theoretical framework (Osterwalder & Pigneur, 2010) according to the following operationalization:

Customer Segments	
Data aggregation and analysis	***Platform research***: measured by the presence of cookie policy notices or log in options in the platform. All cases were observed on May 3, 2015, at 7 PM. ***Desk research:*** Measured by the mention of data aggregation and analysis (i.e. increased visitor rates, cost per click revenues, etc.) in press releases, corporate reports or articles published by specialized media.

Value Propositions	
Curation	***Platform research***: measured by examining if and how the company is providing recommendations for users (i.e. editor's picks or by subjects of interest) and/or promoting curation in its platforms. The observation for all cases was taken for 10 days, from May 5 to May 14, 2015, at 3 PM. ***Desk research:*** measured by the mention of (algorithmic or human) curation in press releases, corporate reports or articles published by specialized media.
Specialization	***Platform research***: measured by observing if the news outlet platforms are focused in specific topics (i.e. politics, economics, entertainment, sports, etc.) and/or journalism sectors (i.e. investigative, explanatory, etc.) and/or specific steps of the news value chain. The observation for all cases was taken for 10 days, from May 5 to May 14, 2015, at 3 PM. ***Desk research:*** measured by the mention of specific topics of actuation and/or journalism sectors and/or steps of the news value chain in press releases, corporate reports or articles published by specialized media.
Localization	***Platform research***: measured by the presence of different editions according to the location of the user and/or locally relevant content (i.e. specific metropolitan areas like São Paulo or London) in its platforms. The observation for all cases was taken for 10 days, from May 5 to May 14, 2015, at 3 PM.

	Desk research: measured by the mention of localization in press releases, corporate reports or articles published by specialized media.
Mobility	*Platform research*: measured by the observation if the company provides mobile applications to its users and whether it uses push notifications, geolocalization and or any other of the vast amount of sensors available on smartphones and tablets in its provision of the service. The observation was made during the installation of the application for all cases on May 3, 2015 as well as the next 9 days, from May 4 to May 13, 2015, at 3 PM. *Desk research:* measured by the mention of these features in press releases, corporate reports or articles published by specialized media.

Customer Relationships	
Co-production	*Platform research*: measured by the observation if the company provides a space for user-generated content and/or participation with sources and ideas in its platforms as well as buttons for social media sharing. The observation for all cases was taken in the front page and the last 10 articles linked on it from May 5 to May 14, 2015, at 6 PM. *Desk research:* measured by mention of co-participation in press releases, corporate reports or articles published by specialized media.
Customer contact	*Platform research*: measured by the observation of the company's responses to users on the comments section of its platforms and on its social media channels. The researcher observed the last 30 news articles published in the platform and the last 30 posts on its pages on Facebook and Twitter on May 6, May 9, and May 11, 2015, at 10 AM (four cases were examined on the first two days and three in the last day), as well as if the company hosted a 'contact us' page in its platforms during the same days. *Desk research:* measured by the mention of customer contact possibilities in press releases, corporate reports or articles published by specialized media.
Customization	*Platform research*: measured by the platform's availability of actively customized features to users (i.e. selection of subjects of interest, possibility to turn on and off notifications, possibility to change the position of topics in the homepage according to interest, etc.). The observation for all cases was taken from May 5 to May 14, 2015, at 5 PM. *Desk research:* measured by the mention of active customization features in press releases, corporate reports or articles published by specialized media.

Channels	
Owned platforms	***Platform and desk research**: at this step, the research made an inventory of all the platforms each of the selected news companies uses to reach the customers.
Social media	***Platform and desk research**: at this step, the research made an inventory of all the social media channels each of the selected news companies used to reach the customers.

Revenue Streams	
Advertising	***Platform research**: measured by the presence of advertisements on the front page as well as in 10 articles promoted by the company's platforms front page. The observation for all cases was taken for 10 days, from May 5 to May 14, 2015, at 12 PM. ***Desk research:** measured by the explicit mention of advertising as a revenue stream in press releases, corporate reports or articles published by specialized media.
Subscription	***Platform research**: measured by the offer of a monthly or yearly subscription option to users in the company's platforms. The observation was taken on May 4, 2015, at 3 PM. ***Desk research:** measured by the explicit mention of subscriptions as a revenue stream in press releases, corporate reports or articles published by specialized media.
Micropayments	***Platform research**: measured by the possibility of paying for a single piece of news content in the company's platforms. The observation was taken on May 4, 2015, at 3 PM. ***Desk research:** measured by the mention of micropayments (or transaction based) as a revenue stream in press releases, corporate reports or articles published by specialized media.
Other revenue stream	***Platform research**: measured by the promotion of different revenue streams (i.e. events, crowdfunding, memberships, research, etc.) made by the company in its platforms. The observation was taken on May 4, 2015, at 3 PM. ***Desk research:** measured by the mention of alternative revenue streams in press releases, corporate reports or articles published by specialized media.

3.6. Data analysis: Pattern matching

Five different types of units of analysis resulted from the data collection during this study: 1) documents from various sources; 2) (screenshots of) articles from the news companies selected; 3) (screenshots of) the front page structures from these companies; 4) (screenshots of) settings pages from news companies platforms; and 5) (screenshots of)

posts from the news companies' Facebook and Twitter profiles. The analysis of these data was focused in finding patterns on the companies' practices and comparing them into each one of the five relevant building blocks of the business model canvas: an analysis technique called pattern matching.

Pattern matching is considered the most popular analytical technique for qualitative case studies (Yin, 2013). It follows a procedure that highly corresponds to thematic analysis since it is basically used to theory testing (Yin, 2013). The idea of the procedure is to realize if an observed pattern matches with theories or not as it was done in this study (Yin, 2013).

Over the theoretical framework, this research proposed drivers of strategic positioning in the news industry through differentiation strategies. They led to directions for business model innovation. The case studies patterns that coincided to literature have the desired effect of strengthening internal validity of this study (Yin, 2013).

Moreover, in this chapter it was made an accurate description of all the steps taken in the data collection. Yin (2013) states that the documentation of these procedures is important in order to guarantee the reliability of the study. Despite that, because of its interpretative approach, the author also emphasizes that is not guaranteed that a second researcher would draw the same conclusions as made here.

4. Results

This chapter presents the results of the analysis of the 11 cases examined in this master thesis. It follows the order of the business model elements presented in the theoretical framework: customer segments, value propositions, customer relationships, channels, and revenue streams. In each of the sub-sections this research is going to present how the factors of value creation provided in the theoretical framework were found in the business models of the selected cases and how they are related to the theory already introduced.

4.1. Customer segments

Clemons et al. (2003) emphasize that the Internet enabled better customer segmentation by allowing the aggregation and analysis of a bigger and better amount of data. Traditional news companies started to widely focus on this business practice, though, only after social media platforms have already mastered it, what in general led to a loss of control in the distribution step of the news value chain (Thurman & Schifferes, 2012). All the news companies examined in this study are, in a way or another, collecting and analyzing different data regarding users. The reasons for it, though, may vary and are part of the answer of the first sub-research question proposed in this study: *How can online companies better target different customer segments?*

Eight of the 11 cases are able to collect personal information (i.e. name, email address, date of birth, gender, postal code, country) in their platforms. The Economist Espresso, Blendle and De Correspondent have an advantage in those kinds of data because user registration is mandatory to access their services. Vox, Buzzfeed, News Republic, eldiario.es and Catraca Livre actually depend on users own will to register, since they can basically also access the services anonymously, without logging in. Bellingcat, Jot Down and Pública do not collect this type of data from users nor provide a space for registration in their websites, according to the observation made in this research.

Companies tell users these data help them to improve services, and, in some cases, even personalize them to customers (News Republic privacy policy, n.d.), what can be a motivating factor for users to register in their systems. Other justifications to gather personal data from users are order fulfillment, sending renewal and service notifications, and complete functioning of the services in different devices or Web browsers, among others (The Economist Group privacy policy, 2015).

As already stated in this study, scholars tend to consider personal information, though, less important for companies than behavior data (Simonite, 2013). Aware of that

situation, all the cases collect – to different extents – behavior information from their users. Vox calls it 'usage data' in its terms of use: "For example, each time you visit the services we may automatically collect your IP address, browser and computer type, access time, the Web page you came from, the URL you go to next, and the Web page(s) that you access during your visit" (Vox Media privacy policy, 2014, para. 2).

All cases implement cookies[1] in order to start collecting usage data. Some of them, like Jot Down and Buzzfeed, make explicit reference to analytical tools like Google Analytics for monitoring and analyzing traffic in their platforms (Jot Down aviso legal, n.d.; Nguyen & McCollum, 2015). It is the kind of tool that lets Jot Down understand, for example, that readers stay, on average, 53 minutes on a page, and the website has more than 400.000 unique views every month (López Trujillo, 2012; Martín, 2013). Moreover, Google Analytics can show the most searched topics on a company's website as well as if users got to the page by searching engines or from social media, for instance (McGruer, 2012).

Those tools make it possible for managers to realize if the ideas they had about their customer segments are correct or if they need adjustments. That is what Carles Foguet, one of the founders of Jot Down, says: "Internet is so big that it allows great segmentation and it shows us that there is enough critical mass out there for us to make things like we do at Jot Down. We had the intuition that we could do journalism in a different way" (Pellicer, 2014a, para. 7).

Blendle, on the other hand, prefers a tool called Mix Panel and explains it is supposed to be more convenient to its needs since it places a persistent cookie in the users' devices in order to extract usage data to its systems (Blendle privacyverklaring, n.d.). Blendle's founder Alexander Klöpping remarks that data on pageviews may not be significant enough for customer segmentation, since readers can stay only for a very short amount of time on each page accessed, for instance, without really reading anything (Klöpping, 2015a). In this sense, data from its paywall now add a more qualitative dimension of usage based in the correlation of two parameters: "1. How much revenue did the stories generate in micropayments? 2. How many people asked for a refund after reading the stories? If one goes up and one goes down, a publisher is doing great" (Klöpping, 2015a, para. 27-28). The company also realized it is selling stories for people that have never been subscribers of any newspaper: "My friends have never paid for music and movies, until

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[1] Cookies are "small pieces (text) of information that a server sends to the application or browser with the intention to recognize a device whenever an user returns to the service" (Blendle privacyverklaring, n.d., para. 14). Usually they can be placed in a device not only by the news media company that owns the service visited, but also by its business partners (i.e. advertisers) in order to track the site usage.

Spotify and Netflix. And with Blendle, they're paying for journalism, often for the first time in their lives" (Klöpping, 2015a, para. 17).

BuzzFeed is the only case that also discloses in its privacy policy – or any other document available – the usage of a web beacon. "Web beacons allow ad networks to provide anonymized, aggregated auditing, research and reporting for us and for advertisers. Web beacons also enable ad networks[2] to serve targeted advertisements to you when you visit other websites" (BuzzFeed privacy policy, 2014, para. 20). As it is possible to deduce from the company's explanation, this data-mining tool does not benefit readers from the platform, but only advertisers, a customer segment for which users' data are extremely relevant. Vox and The Economist Espresso also state in their privacy policies that they allow advertising networks to collect users' data from their news services with the purpose to offer targeted advertisements (Vox Media privacy policy, 2014; The Economist Group privacy policy, 2015).

The practice to serve advertisers with consumers' data is consistent to what Rochet and Tirole (2006) remark in relation to two-sided markets. According to the authors, advertising-based business models tend to aggregate and analyze as much consumers' data as possible to provide not only targeted content but also mainly targeted advertising. Consequently, advertising-based companies tend to develop specific strategies on data aggregation and analysis in order to persuade advertisers that they have the best alternatives to reach particular customer groups.

Analysis from specialized media and interviews from the company's main executives demonstrate that BuzzFeed is possibly the case examined in this research concerned the most with data mining. The company has been doing frequent investments in acquiring technology to aggregate and analyze data, like when it bought Torando Labs in the end of October, 2014, with the purpose to enhance their data engineering infrastructure (BuzzFeed, 2014). Highly reliant on content being spread on social media, the company recently presented to advertisers its 'Process for Optimizing and Understanding Network Diffusion' (Ellis, 2015a). In the words of its publisher Dao Nguyen, "It follows propagations from one sharer to another, through all the downstream visits, even across social networks and one-to-one sharing platforms like Gchat and email" (Ellis, 2015a).

Also highly reliant on social media, Catraca Livre's business model set great importance to data mining. Besides usual analytical tools, the company employed a

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[2] According to Karpinski (2010), ad networks are companies that match up marketers and websites looking to host advertisements. They offer inventory and audiences together for marketers to buy impressions online faster and more efficiently.

partnership with Ibope, a Brazilian polling institute, in order to understand the social impact of its content (AdNews, 2013). Hence, in addition to audience data and reach of its content on social media platforms, the company concluded that more than half of its users are attending more cultural events due to the website's coverage. Because they are reading Catraca Livre, 41% of the users interviewed also say they are reading more books and 67% feel more integrated to the cities they live (AdNews, 2013). These are definitely different data that serve to appeal to advertisers more concerned to social bonds.

On the other hand, Pública tends to give less importance to data collection and, consequently, customer segmentation. That is related to the company's non-profit nature that makes its founder and director Natalia Viana believe it has no target audiences. "Pública is not a news website, so we do not have target audience. We are an NGO whose mission is to produce and foment quality journalism. We always say that our website is a mean-outlet but not an end-outlet. We put all our production there to be 'stolen' by partner news companies" (Castilho, 2012). Curiously, though, on its website the company presents data on their reach in order to convince users to contribute to its crowdfunding campaigns at the same time it also highlights the amount of users that approved and shared its news pieces on social media channels (Pública retrospectiva, 2014).

Overall, the analysis of the cases shows that data analysis and aggregation is an important factor for customer segmentation, even though the extension of the data mining may vary from one company to another. This finding confirms theoretical statements from Clemons et al. (2003) and Thurman and Schifferes (2012). Also according to the theoretical assumptions made by Rochet and Tirole (2006), companies that work in a two-sided market tend to be more focused in data mining since they have a greater necessity to establish a competitive advantage in the increasing quest for advertisers. In this sense, being able to provide statistics on scale of their audience is not enough, and companies try to develop strategies and technology to also gather and draw conclusions on behavior data. On the other hand, companies focused on users tend to make use of customers' data to offer a service more tailored to their needs, as it will be explained in the next section.

4.2. Value propositions

This study has identified four value drivers for the creation of unique value propositions in the online news media. In its second sub-research question this study asked *what value propositions can online news companies create and deliver*, and expected to find those

drivers in the business models of the selected cases, which were examined according to the order that follows.

4.2.1. Curation

Curation was the first value proposition driver for online news companies to be identified in literature. Especially during these times of information overload, news media should be able to organize the flow of news in order to provide consumers with the news pieces that are relevant and valued by them (Jarvis, 2014a).

By the observation of the cases platforms, it was possible to find that ten out of the 11 cases examined do content curation in order to present their users with specific news sets according to different preferences – including personal ones identified on data analysis. Bellingcat is the only news company observed that does not present any possibility of curation to its readers in its own platform. It means the company is basically highlighting all the content it produces in a chronological order on its homepage – which is organized in a very simple way, with an offer of articles on the left side and an offer of guides to make investigations on the right.

Scholars emphasize that news companies nowadays are able to provide users with a sharper curation than they used to do in the past. That is explained basically by two reasons: they have more data from users habits (and, consequently, their tastes) on the Web at the same time there are technological means available – like computational algorithms – to offer recommendations according to their preferences (Rader & Gray, 2015). Just two cases, though, are providing algorithmic curation and, consequently, a more personalized offer of content, to its users: News Republic and Blendle.

News Republic actually promotes its curation system backed by an algorithm and semantic and learning intelligence as the best available in the world (Farooqui, 2014). In the words of the company's founder and CEO Gilles Raymond, "my News Digest filters out the excess noise, delivering only the most interesting news content, instead of bombarding people with tons of irrelevant information. No one else offers this level of custom curation" (Yahoo Finance, 2014, para. 4). And that is not the only recommendation feature provided by the application, which can also filter news by favourite topics, and suggest the top and trending stories inside those subjects, as perceived during the observation of the case (see Figure 3).

During the observation of Blendle's platforms, it was possible to notice a mobile application made exclusively for trending articles and also that users can make choices based on picks from the company's editors, their own interests, favorite outlets and even

follow recommendations from other users in a system with the likes of a social network. In addition, the company's founder Alexander Klöpping says that users can also see articles endorsed by personalities of their preference, such as artists, journalists, politicians and radio DJ's (Klöpping, 2015b).

Figure 3. News Republic News Digest
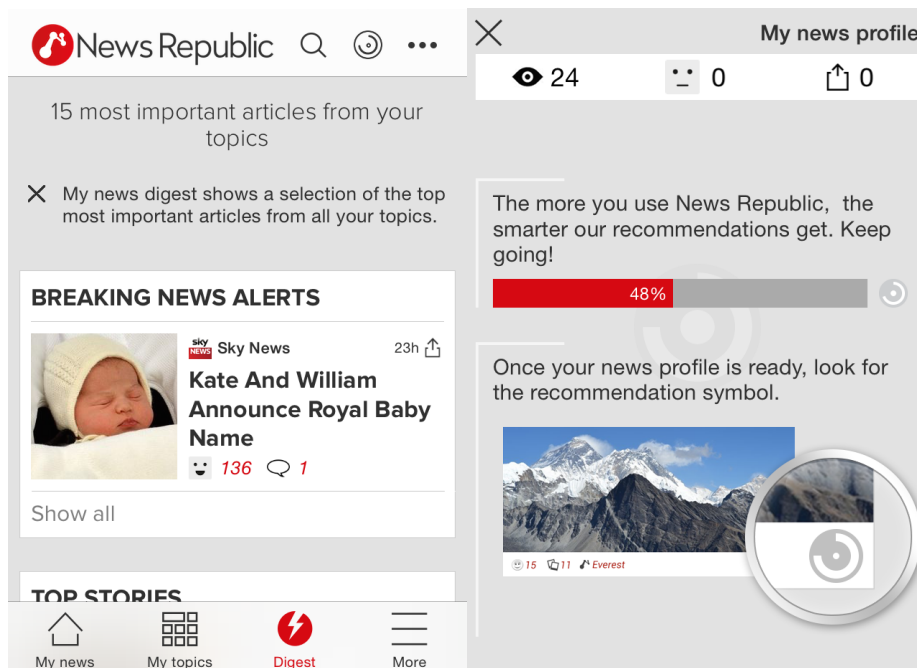
The business models of News Republic and Blendle are definitely the ones in this study that have a greater reliance in this value driver. It can be justified by the nature of the services provided by the two companies: basically focused on the distribution of content from already established media players – in the case of News Republic, more than 1.100 news organizations from all over the world (News Republic, 2015), while Blendle delivers articles from all news providers in the Netherlands and started recently to do the same with content from the New York Times, the Wall Street Journal and the Washington Post (O'Reilly, 2015).

In general, most companies use less sophisticated curation features that rely mostly on human judgement. That is the case of Vox, BuzzFeed, The Economist Espresso, The Correspondent, eldiario.es, Jot Down, Catraca Livre and Pública. Even so, it does not mean they cannot propose some interesting curation tools. Vox, for instance, offers plenty of alternatives. Besides its daily e-mail newsletter, the users can look for news according to their favorite authors, explanatory guides provided by the website on specific topics, latest articles, a section called Xpress (for understanding news faster) and the interesting

'StoryStream', a feature showed at the end of some articles that puts the story just read in a timeline of recent related events (see Figure 4). "Think of a StoryStream as an organizational unit. It collects a bunch of smaller stories within a larger overall topic. The word 'story' is in the title for a reason: it allows us to tell a story as a situation unfolds" (Parham, 2012).

Figure 4. Vox StoryStream
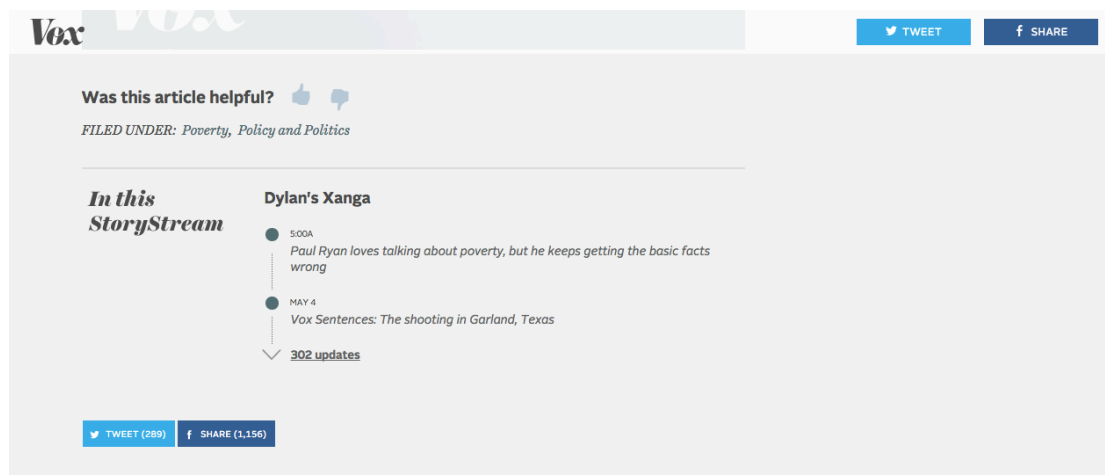
Eldiario.es presents a simple but also very effective curation alternative on the top of its homepage. It is a bar called 'themes of the day' ('temas del día' in the company's native language) that highlights some of the most relevant news subjects being explored by the company. This way, a reader can even access the outlet's homepage once a day and have an idea of the topics he or she should not miss (see Figure 5).

Figure 5. Eldiario.es themes of the day

The Economist Espresso is a unique daily product (see Figure 6) in the portfolio of The Economist Group – known by its world famous weekly magazine. It bets in human curation with a set of seven short-form stories delivered every morning to the user mobile device or e-mail box. According to the company's deputy editor for digital Tom Standage, the company wants to sell "an antidote to information overload (…), a finite, finishable, very

tightly curated bundle of content. (…) We'll tell you what matters in the world" (Ingram, 2015, para. 2).

Figure 6. The Economist Espresso curation
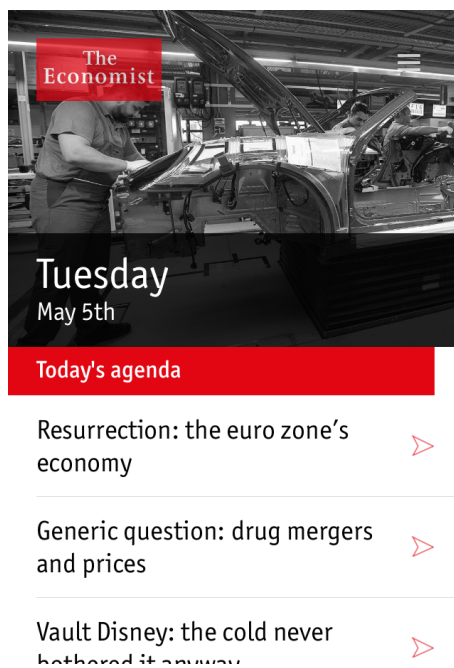
Doctor (2014c) states that even technology-based curation systems might be improved by the contribution of human editors – what can be considered a final and important touch for recommending especially what is relevant, surprising and not only what is popular and desired. Finding the right combination between these two factors, in the opinion of the author, is the condition that can give a news company a competitive advantage over the others. While News Republic's curation is totally made by an algorithm, Blendle is the only one of the 11 cases that tries to provide a combination of both human and algorithm insights to its platform.

Social media is also a cheap and effective tool that can be used to content curation. The problem, according to Bell (2014), is that the companies lose the control over it since the functioning of algorithms in social network sites like Facebook is still obscure – and curation, in this sense, is not primarily based in journalistic values. The majority of the cases examined in this study use social media as curation tools. Vox, BuzzFeed, and Catraca Livre, though, tend to publish several posts a day. This, in fact, may only contribute to the information overload.

In a nutshell, the news companies examined in this research realize the importance of curation as a driver to strategic positioning as stated by Jarvis (2014a). Not many of them,

though, invest in algorithm curation, a trend addressed by Rader and Gray (2015) that can improve their strategic positioning. Most companies still value only the knowledge of editors about the audience, which have increased due to the data-mining tools now available to online news outlets, as stated in the first sub-section of this chapter. In this sense, Blendle is apparently a step further from the rest of the cases since it is the only one that bets in a combination of computational and human curation in order to try reaching the perfect fit to its value proposition. It is also justified by the nature of its business model that heavily relies in the distribution of massive content from other sources.

4.2.2. Specialization

Another vector for unique value propositions found in literature is specialization. According to Tewksbury (2010), specialization takes into account that distinct audiences go to the Internet to search for specific topics of content. There are also some areas of expertise that outlets may be specialized at, such as, for instance, investigative (Houston, 2010) or explanatory journalism (Doctor, 2014b; Ingram, 2014b). In addition, Van der Wurff (2012) states that news companies are nowadays becoming specialists in just one or two of the five steps of the news value chain – creation, packaging, reproduction, distribution and marketing & sales – and they are creating value only over this specific expertise. If we take into account this broader picture, all the cases examined in this study invest in at least one of these three dimensions of specialization.

Three of the news companies analyzed primarily bet on the more traditional aspect of specialization that focuses in a reduced range of specific topics. The Economist Espresso follows the editorial line of its parent magazine – global economic and political issues. Eldiario.es also focuses on economy and politics, but its founder and director Ignacio Escolar states that its coverage is centered "in what affects more the people than political parties or markets" (Hola, 2012, para. 6). Jot Down is a cultural digital magazine specialized in long-form articles and deep analysis (Koch, 2012).

The Economist Espresso is the only one of those also focused in a growing area of expertise of journalism dedicated to explain the news (The Economist, 2014). This focus is shared with new players on the market like Vox, another bastion of the so-called explanatory journalism (Vox Media brands, 2015). "The media has always been excellent at reporting the news and good at adding commentary on top of it, but Vox is the first organization genuinely dedicated to explaining developments as they unfold" (Vox Media, n.d., para. 1).

Bellingcat, De Correspondent and Pública primarily drive their efforts to a stream of journalism that has been losing ground since traditional media started to be weakened by lack of resources: investigations and backstage stories (Houston, 2010). Inside that area they also try to focus in more specific topics. Bellingcat provides "rigorous, evidence-based examinations of extremely specific questions, such as the geolocation of the 'June Russian Buk Convoy in Millerovo (…), complex subjects that would be highly dangerous or even impossible to cover on the ground" (Massie, 2015, para. 2).

Each journalist from De Correspondent is specialized in a different subject such as media, politics and philosophy; contemporary visual arts; sports, technology and surveillance; among others (De Correspondent correspondenten, n.d.). The company also intends to have a very strong explanatory component in its articles (Pfauth, 2015a). And Pública, during the first years of its existence, opted to focus its efforts in subjects of relevance to the Brazilian reality – namely human rights – in relation to mega investments being made in the Amazon forest, the story of the country's military dictatorship (from 1964 to 1985), and events such as the World Cup of football 2014 and the Olympic Games 2016 (Pública quem somos, n.d.).

BuzzFeed and Catraca Livre realized a unique value proposition would rest in specializing in the so-called social news, an area widely overlooked and still discriminated by the traditional media (Jenkins et al., 2013). The former clearly states its proposition as a driver on easily spreadable news (BuzzFeed about, n.d.), while the latter bets in a more sophisticated slogan on its quest for vast audiences: "communicate to empower" (Comunique-se, 2015, para. 1). It reflects the company's intention to help the readers to take advantage of the cultural possibilities of their cities (Comunique-se, 2015). In this sense, reaching a larger audience would help more people to be empowered (Winman, 2014).

Blendle and News Republic are specialized in specific steps of the value chain: packaging and distribution, both with highly curated systems already explained in this chapter. They have all the articles provided by their news sources in their archives, but the ones that are going to be seen by each user depend on his or her own preferences.

In brief, these cases confirm theoretical assumptions stating that specialization is an important driver for value proposition innovation. It is important to notice, though, that some cases go further in the understanding of specialization not only as a way of limiting the subjects of coverage in order to address specific niches (Jarvis, 2014a) but also as a distinct form of doing journalism. This form is usually not compromised with the coverage of breaking news but focused on giving contextual analysis and/or enlightening audiences

about specific facts that were left unrevealed by legacy media's coverage. Specialization on topics or areas of journalism is apparently considered impracticable to cases specialized in specific steps of the news value chain like packaging and distribution because this would reduce their offer of content – and, consequently, reduce the sources of income.

4.2.3. Localization

Localization was identified by this research as a driver for value proposition innovation. Scholars tend to relate localization to value creation for customers, since it can provide them with a service more tailored for their needs (Grueskin et al., 2011; Kurpius et al., 2010). At the same time, traditional news media has been largely failing to provide this kind of service due to economic constraints, what opens the opportunity for online outlets to benefit from this segmentation (Anderson, 2010; Kurpius et al., 2010; Van der Wurff, 2002). Kurpius et al. (2010), then, emphasizes that companies should value the possibility of offering hyperlocalization propositions: the ones focused in specific metropolitan areas and a narrower range of location-specific topics.

Despite theoretical assumptions, most of the cases examined in this study overlook hyperlocalization. Only eldiario.es and Catraca Livre provide this kind of proposition to its users. It particularly seems to fit the strategy of the latter, focused on helping users to take advantages of the cultural possibilities of the cities they live in, as already mentioned. The Brazilian platform serves hyperlocalized content for users from 12 metropolitan areas in the country since 2013 (Winman, 2014). This hyperlocalization, though, is not automatic. The user has to make the selection whenever he or she accesses the company's platforms (see Figure 7). Eldiario.es larger offer of content is based on the national economic and political scenario, but as a bonus it also provides specific content about 12 Spanish regions (see Figure 5), but this is based on collaboration from associated local outlets (Pellicer, 2014b).

Even though some of the other cases examined in this research have the means to collect automatically the localization of the users' devices, apparently that does not lead them to offer hyperlocalized content. The observation of the platforms demonstrated that the localization proposition from four of them is strongly related to the language of the services provided. The absolute majority of Blendle's content is delivered in Dutch – only recently it started to offer news articles from the New York Times, the Wall Street Journal and the Washington Post, as already mentioned –, while 100% of the news highlighted by De Correspondent, Pública and Jot Down are in the native languages of its founders and writers (respectively, Dutch, Brazilian Portuguese and Spanish). In those specific cases, providing

content in such languages means, in a considerable scale, targeting it to the specific audiences of their home countries. Pública's founder and director Natalia Viana even emphasizes the focus on the company's country in an interview: "Our agenda is defined by the subjects we consider extremely relevant for the moment and forthcoming future of Brazil" (Costa, 2014, para. 5).

Figure 7. Catraca Livre hyperlocalization

Vox provides its content only in English, a language widely spoken around the world, and it also focuses its coverage mostly on subjects from a specific country – in case, the United States. None of these five companies offer the users the possibility of selecting another localization and receiving a different set of news more appropriate to their location.

That is the kind of localization – in different scales – proposed by the four remaining cases. The observation made in this research found that BuzzFeed offers local editions for nine different countries. Bellingcat divides its editions in Africa, Americas, UK & Europe, and Rest of the World (see Figure 8). News Republic has 11 regional editions in six languages (News Republic, 2015). And The Economist Espresso publishes its daily morning briefing in only three broad editions for the Americas, Europe and Asia – but still only in English (The Economist, 2014).

The limitations in the employment of hyperlocalized news content, in general, are not followed by the cases that also offer advertisements to their users. Five from the six news companies examined in this condition provide hyperlocalized advertisements in the language and with targeted subjects based on the user location. This tendency can be explained by the work of ad networks (i.e. Google AdSense), as already mentioned in the previous sub-section of this study. It was observed on the platforms of Vox, BuzzFeed, News Republic, eldiario.es and Catraca Livre (see Figure 9). The only exception was The Economist Espresso.
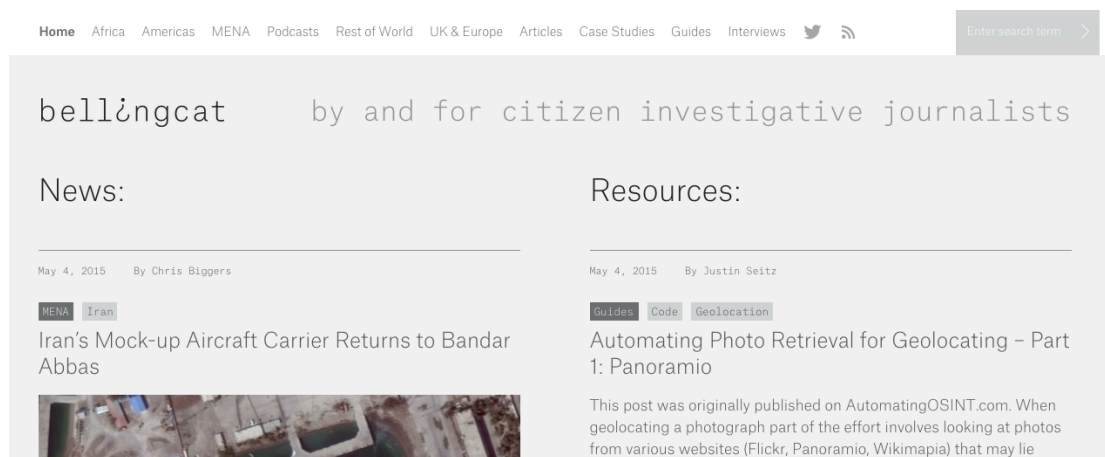
Figure 8. Bellingcat limited localization

Figure 9. Hyperlocalized advertisements

The analysis of cases like eldiadio.es and Catraca Livre confirms theoretical assumptions that hyperlocalization can be valuable as a value proposition, but in terms of news content the short offer of this driver also corroborate with the reflection made by Ellis (2015b) that hyperlocal endeavors should follow some specific conditions – for instance, users' level of education, race, and access to the Internet in the area as well as the kinds of topics readers tend to seek in these kinds of propositions. The same caution, though, is not taken in relation to hyperlocalized advertisements, a trend used by almost all the sites that bet in ads as a revenue stream.

4.2.4. Mobility

Over the theoretical framework, this study emphasized the importance of exploring the amount of sensors and features from mobile devices in order to provide differentiated value propositions for news (Filloux, 2014; Westlund, 2013). Mobile devices now also work as trackers of users behaviors and news companies should be able to take advantage of that situation in order to provide products that consider the customers' availability and interest at a certain moment of their day to consume information (Van Damme et al., 2015). Four of the 11 cases examined offer mobile applications that benefit from those advantages in a limited extention: Buzzfeed, News Republic, The Economist Espresso and Blendle.

The simplest of them is definitely The Economist Espresso. Since the proposition only has a limited amount of content and it is meant to be read in the morning, it may provide the user with notifications – at the same hour every day, which constitutes a limited employment of the feature. The Economist Espresso assumes every user has the same kind of needs for news consumption (Ingram, 2015). If a user wants to change the time of the notification to a moment that suits better his or her availability for news consumption, it is not possible.

Something a bit different is possible with BuzzFeed, News Republic and Blendle. According to the observation of the applications made in this research, their propositions allow some sort of customization of the notifications. Blendle bases its notification procedures in the curation process already mentioned in this study. When the user receives an alert – usually twice a day –, it consists of a curated offer mixing what is trending on the platform, staff picks and personal interests already revealed.

News Republic offers a bit more options. Its advantage is that it can send notifications for breaking news, for example. This way, the application benefits from immediacy, a determinant of news consumption on mobile devices, according to Chan-

Olmstead et al. (2013). The user can also decide the subjects of notifications, if he or she will receive a daily notification with the main news from his or her news digest and also what are the hours of the day that notifications from the application are not welcome (see Figure 10).

Since BuzzFeed still does not have a mobile application focused solely on news, apparently there are no notifications on breaking news – at least none was made during the 10 days of analysis and nothing about it was found during the desk research.

Figure 10. News Republic notification options
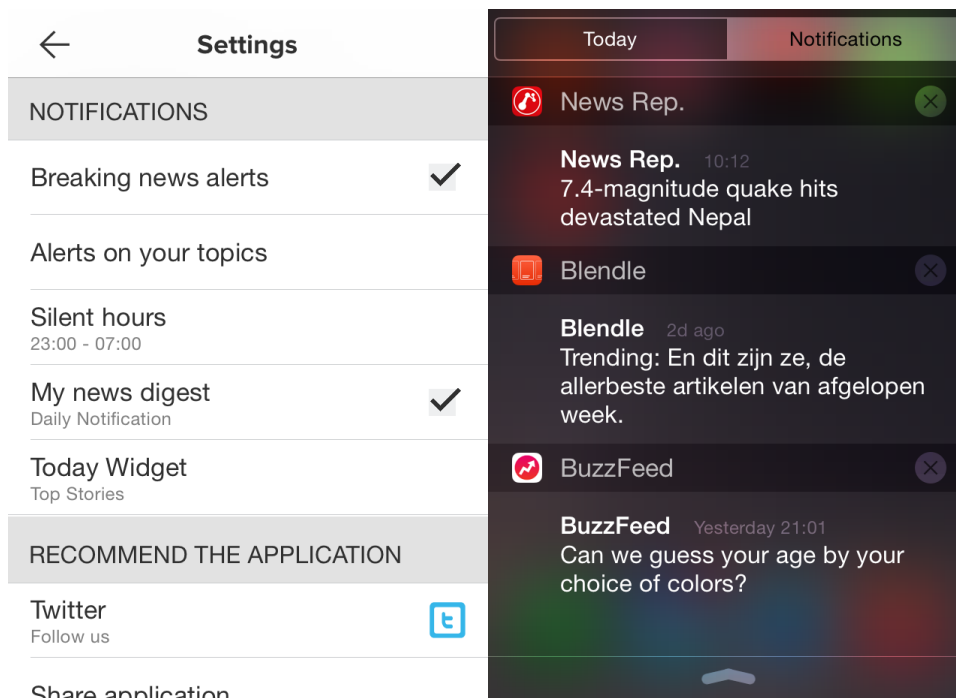
The analysis showed, though, that the uses of the mobile devices sensors made by the cases to provide news and differentiate themselves from competitors can still be largely improved. The minority of the cases examined offer mobile applications and even the ones offered do not make a wider usage of the sensors of these devices as proposed in the theoretical framework.

4.3. Customer relationships

For long time, traditional media has managed to keep distance from customers, providing them only with the information editors and news companies' owners decided it was relevant for them. But the highly connected reality of the last two decades requires from organizations a different approach to its users, and Jarvis (2014a) states that they should understand their work as a service. In this sense, this research asked *what kinds of*

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relationships could online news companies foster with their customers in its third sub-research question. Skaggs and Youndt (2004) suggest three value drivers for customer relationships differentiation: co-production, customer contact and customization. This building block of the 11 cases' business models was examined as follows.

4.3.1. Co-production

Co-production is understood as the effort made by the customers in the production of the service (Skaggs & Youndt, 2004). It is usually taken as the employment of user-generated content (UGC), what is generally called 'participatory journalism' in this industry. Bakker and Paterson (2011) state that UGC should be able to increase the reach and foment more discussion about subjects, affecting news production and distribution.

Only three of the cases analyzed open space for users to tell their own stories, make their own news content on their platforms: BuzzFeed, Bellingcat and Catraca Livre. But the possibilities they open are interesting and important for their businesses. The former's space for UGC is called BuzzFeed Community, it is highlighted in the company's front page and it is open for every user interested in submitting content the way it is produced and published by the case. "If an editor selects it, the story can get featured on BuzzFeed's home page and receive extra lift from the site's viral wizardry. BuzzFeed says the tool has taken off of late, with an average of 45 user-submitted stories per day in August" (Roberts, 2013, para. 5-6).

BuzzFeed's participation tool exists since 2007. Its content management system (CMS) was build primarily to test potential hires to the staff, but now the community stimulates competition among users to see who is going to get published more often. "Success generally comes to those who enjoy making post after post, learning the audience and predicting what they will like. (…) Active, productive, and successful community members are the kind of people who are Internet-obsessed" (O'Donovan, 2013, para. 5). The users that get to be published more often and drive more audience to the website are highlighted in a leaderboard (O'Donovan, 2013). Ironically, the company also rates its community members by 'cat power' (see Figure 11), clearly a joke on people who criticize BuzzFeed for publishing too many posts about cute cats to drive traffic to the website (Wirminghaus, 2014).

Until recently, even brands were able to publish content on BuzzFeed's community, but the case banned free advertising from the platform in the beginning of March 2015. (Gesenhues, 2015). The same limitation is not placed at Catraca Livre's Rede (from the Portuguese, Web). The site allows any user to provide information about low-price cultural

events (they can cost the maximum of R$ 16 or around 5 euros) in 46 Brazilian cities in 12 metropolitan areas or also news content related to its editorial line even from other publications that may want to drive traffic to their own websites like Vice (Catraca Livre Rede, n.d.).

Figure 11. BuzzFeed community badge

The advantage for publishers and users is that the content can be shared by Catraca Livre on its incredibly popular social media channels – on Facebook, for example, the company has more than 4,6 million followers. Brands cannot, though, make direct advertisements on these kinds of contents (Catraca Livre Rede, n.d.). If contributions are approved by Catraca Livre, they are published with a seal that identifies that the user or company is part of the Rede (see Figure 12). Catraca Livre even provides a mobile application for the Rede's members to make contributions more easily.

Interestingly, Bellingcat is not only itself a space for contributions but also tries to guide its users to make the same kind of tricky investigations using open source data its staff publishes (Gorey, 2014). This participatory element of the platform is in its slogan – "By and for citizen investigative journalists" – and it was a motivation to open the company, according to its founder Eliot Higgins: "Really it was two main things, bringing together great writers who work with open source information, and showing other people how to do it. It seemed like a vast, untapped resource, and I wanted to get more people working with it" (NewsMeBack, 2014, para. 4).

Figure 12. Catraca Livre stamp for its Rede members

Pública gives users the chance to participate in a different way. In the last two years, the company promoted crowdfunding campaigns in order to raise funds to produce investigative reports. Users who donated to the campaign were able to choose the subjects of the reports undertaken by the case's reporters (Catarse, 2015). They also receive updates from the writers during the investigation on a private group on Facebook. The company promised to promote hangouts with the donors and reporters for exchange of impressions, and people who donated more than R$ 130 (around 40 euros) can even participate on workshops at the company's headquarters in São Paulo (Catarse, 2015).

Another common form of co-production is opening comments sections for users on their owned platforms. Ten cases employ it – the only exception is The Economist Espresso. On Vox, though, users are able to make comments only if they have something negative to say about an article and the remark is not made visible for other readers. On Blendle, users can only make comments if they like an article.

De Correspondent has a policy of stimulating comments. In fact, the founders of the company seem to believe that users can give journalistic feedback and even be sources for articles according to their expertise. "In our custom-built editor Respondens, we have a special field called 'Oproep' (which translates to 'Call-up'). Correspondents can use that field to make explicit what they would like to know from their readers. The call shows up underneath the article and steers the contributions in the direction the correspondent finds journalistically most relevant" (Pfauth, 2014b, para. 16).

The site's editors assure that this feature already helped the team to tell important stories. "When we investigated money flows in the porn industry, data scientists and hackers provided us with information in the contributions section. Also, a porn actress joined in and we interviewed her about how she got paid. We value this kind of expertise as much as academic knowledge" (Pfauth, 2015a, para. 12). Apart from that, users can also be invited to write articles as guests if a correspondent understands that he or she has a very important journalistic contribution to give (Pfauth, 2014b).

It is noticeable that BuzzFeed and Pública outsourced their comments sections to Facebook, where users receive badges such as 'top commenter'. Pública's readers can also make remarks on a comment hosting called Disqus, which provides user profiles and moderating tools as well as social media integration.

Contributions from users are also valuable in the packaging and distribution steps of the news value chain by their voluntary participation in sharing and disseminating news on social media channels (Van der Wurff, 2012). In this sense, all the cases examined largely rely on user co-production as a driver for dissemination of content. They all try to stimulate users to share stories by providing buttons for social media close to the articles. The cases with more followers on Facebook and value propositions focused on social news, BuzzFeed and Catraca Livre tend to take more advantage of that situation, as we can derive from the words of the latter's general manager Lia Roitburd: "We have made the content free to use to encourage the sharing of information by as many people as possible. In doing so we believe that this will bring us a little step closer to improving of quality of life in our cities" (Winman, 2014, para 19). The Brazilian platform boasts its level of engagement as one of the best among news media outlets, only losing to worldwide famous companies like National Geographic, CNN, BBC News and The New York Times (Revista Visão, 2014).

Overall, the forms of co-production employed by the cases examined vary widely. It is interesting to perceive that companies that bet on UGC and active channels of participation like the ones provided by Pública tend to look for a sense of community. Since these forms of participation are not the most popular ones among the cases from this study, it is possible to confirm theory stating that news companies are still wary about giving up on total control over the content they provide on their platforms despite its potential to foster differentiation on the news industry (Neuberger & Nuernbergk, 2010).

4.3.2. Customer contact

Customer contact is considered by scholars a crucial value driver for customer relationships in the news industry. As a service provider, news companies should be able to confront uncertainties brought by customers to its processes ((Skaggs & Youndt, 2004). In this sense, Ingram (2014a) states that interaction with users – on companies' owned platforms or social media channels – helps the news providers to improve the quality of their service.

In general, just a minority of the companies analysed really invest their efforts in interacting with users on their own platforms or social media channels. However, Bellingcat, De Correspondent, Jot Down and Pública interestingly try to provide answers to users questions and argumentations posted online. The approach differs from one to another.

De Correspondent, in this sense, is the case that apparently better assimilates customer contact as a pillar of its business model. The company's first contact with prospective users of the platform was made during the crowdfunding campaign that made the organization possible. Then, the contact started to be done inside the page with the members. "At De Correspondent, we believe that journalists should work together with readers. (…) We see our journalists as conversation leaders" (Pfauth, 2014a, para. 14). Curiously, the conversations between the correspondents and readers are not called comments but 'contributions' (Pfauth, 2014b).

Over the observation, this research noticed 74 answers from correspondents to a total of 1.067 comments made on the 30 last articles posted until May 9, 2015. De Correspondent's founder and editor-in-chief Rob Weijnberg provides an interesting example of journalists interaction with users: he posted nine answers to 108 comments on his column from May 8 (Weijnberg, 2015) – this number may have increased after the observation was made. Authors of all the other analysed texts from De Correspondent replicated his behaviour (see Figure 13).

On Facebook, though, De Correspondent used only its institutional profile to give 25 answers on promotional posts – the ones advertising its subscription plan. On Twitter, the number of responses was even smaller: only five. This situation demonstrates the complete focus of De Correspondent's customer contact to its actual subscribers.

The same routine of answers was not observed at the other three cases that responded users questions on their platforms. The analysis found that some authors from Bellingcat, Jot Down, and Pública do interact with readers, but there is a significant difference from author to author. That happened even on Pública's website (see Figure 14),

the company that had the best percentage of author responses in relation to the total of comments – 13,30% compared to De Correspondent's 6,93%, Bellingcat's 1,32% and Jot Down's 0,96%. This can be possibly explained by the widespread use of outsourced labour (i.e. freelancers) in the production of articles for these three companies (Costa, 2014; Massie, 2014; Pellicer, 2014a) – it should be more difficult to align a customer contact strategy if the journalists are not working in day-to-day business inside the companies. The action of answering users comments in these cases apparently depends more on individual initiative.

Figure 13. De Correspondent customer contact
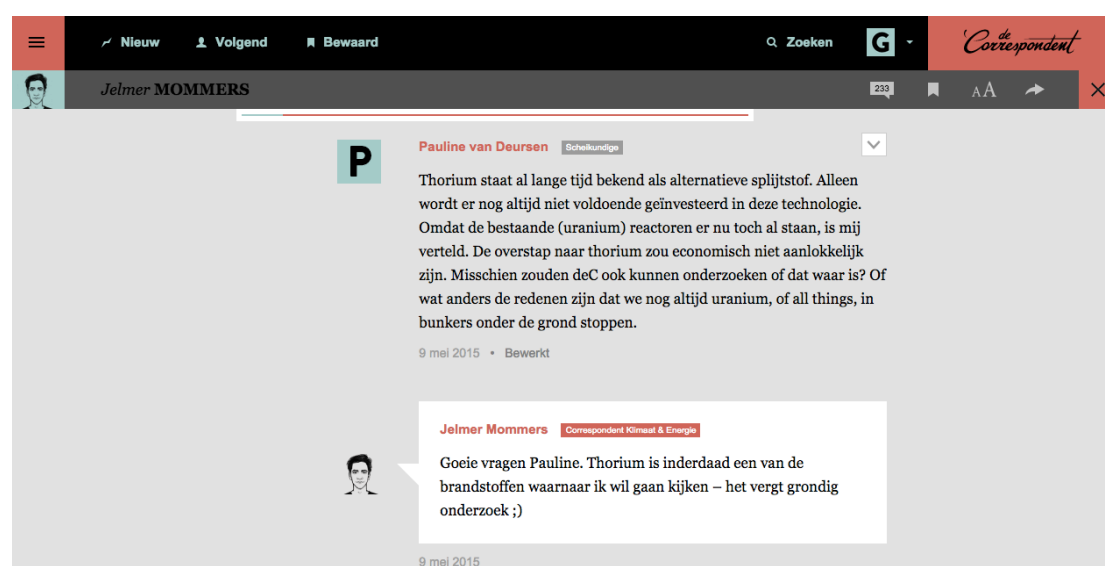
Jot Down answered 16 questions on the last 30 posts on Twitter, but none on Facebook. Pública did not answer any question on Twitter, but two on Facebook. Bellingcat did not reply any comment on Twitter and do not hold a page on Facebook. The other cases replies on Twitter and Facebook are inexistent, according to the observation made.

Despite its lack of customer contact on articles and social media, Blendle provides an innovative tool for instantaneously confronting uncertainties brought by users of its platform: an automatic 'money-back guarantee'. "When a reader asks for a refund, Blendle always asks why they want their money back, a feature that [founder Alexander] Klöpping said has already shown some worthwhile insights. For instance, many readers thought they were paying too much for short articles" (Lichterman, 2014, para. 4).

The other cases simply offer a contact page. Vox has a particularly interesting one that allows users to give a good description for their contact with sentences like 'I have a hot tip for the Vox team' and requests like 'summarize your tip in one sentence' before he or

she really starts to write about anything (Vox contact us, 2015). Customer feedback, in fact, was important for the company's development since it launched the website without having all the features available. The company's top journalists Klein, Bell and Yglesias summarized this situation on Vox's welcome letter to readers: "We have some exciting ideas about how to do a better job explaining the news. But right now, those ideas are untested with the audience. And that's the only test that matters. Our theory is simple: the quicker we can launch, the quicker we can start learning" (2014, para. 5).

Figure 14. Pública lack of answers to questions from user

In general, still only a small amount of the cases really incorporated customer contact as a value driver for their services. The ones that did, though, seem to be benefiting from the theoretical assumptions that interaction improves quality and creates a sense of belonging to a community of interested users in news (Ingram, 2014a).

4.3.3. Customization

Customization refers to the extent a company is able to personalize its offers to the customers (Clemons et al., 2003). A first dimension of the concept was analysed into the curation driver at the value propositions section, while here it is going to be explained how it could also be taken as a customer relationship driver – in the sense a user can actively set up a product according to his or her individual options to consume news.

In this sense, the case that invests more efforts in providing customization as a driver of customer relationship is News Republic. Besides its algorithmically curated News Digest, the company offers a user a wide range of different alternatives to consume news (see Figure 15). The user can decide to utilize the News Digest or customize his or her experience by combining a degree of direct inputs (selections of subjects) according to his or

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her intention. It is also possible to make a selection of content providers, choose the edition according to 11 areas, opt for downloading images, and select what kind of notifications one is going to receive and even the hours of the day one is not available for them. According to its founder and CEO Gilles Raymond, 60% of the users customize their news consumption, while the others only take what the company's algorithms offer (Doctor, 2014c).

Figure 15. News Republic customization
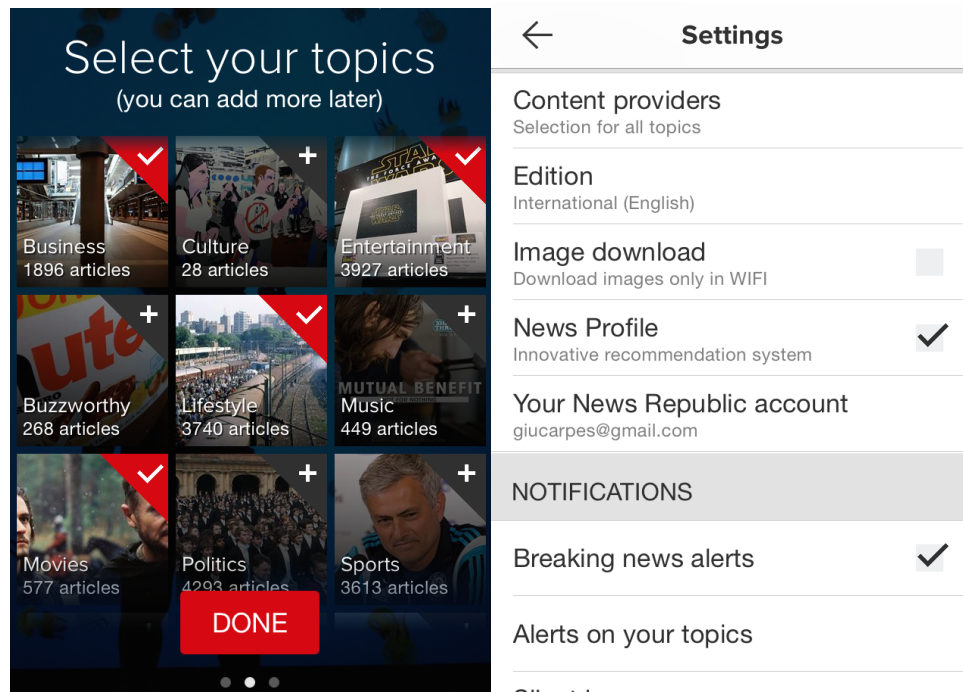
Besides setting up notifications, on the mobile application the user of BuzzFeed can also select a widget according to his or her personal preferences on topics. It will be the cover of the app, in which it is also possible to choose a location from nine options, as already stated in this research. Beyond the curation options already explained, a user of Blendle can also set up alerts for specific authors or topics and decide if he or she prefers to browse freely on the proposition or choose specific topics of interest.

On De Correspondent, customization is still limited to choosing favourite authors and subjects, but until the end of the year the company assures it will let its users become editors of their own collections of stories. The intention, according to Pfauth (2015a), is to help users make connections on articles from different correspondents and keep their attention on subjects that will leave their radar in a day or two if they use the normal navigation of the website. Bellingcat, The Economist Espresso, eldiario.es, and Catraca Livre

limit their options of customized features only to localization, while Vox, Jot Down and Pública do not attempt to have customization as a relationship driver with their users.

The large number of cases that totally ignore or employ it in a limited way shows that customization is still a customer relationship value driver that needs to be improved. However, there is also the perception that some cases are already thinking and trying to develop innovative ways to have a closer relationship to the user in this sense.

4.4. Channels

This section is intended to be an inventory of the channels used by the news companies examined in this research in order to acquire a strategic positioning as directed by the fourth sub-research question of this study: *How can online news companies innovate their channels?* Scholars point out that news companies are focusing their strategies in providing a diverse and functional portfolio of owned platforms – a multi-platform offer (Albarran, 2010) – at the same time they keep a presence on social media. The options taken by the cases examined in this research are described in the following sub-sections.

4.4.1. Owned platforms

The rich portfolio of owned platforms proposed by scholars can contain the obvious option for a website and a homepage (Flock, 2014), but also mobile applications (Charland & Leroux, 2011), and email newsletters (Geere, 2014). All the cases examined in this study have **websites**. The News Republic is the only one that uses it just as an institutional tool with the function to present the proposition, explain how it can be downloaded onto mobile devices, offer job vacancies and publish news about the company in a blog.

All the rest of the cases provide their whole services on their owned websites – taking into account that the browser-based proposition of the Espresso is The Economist website, of course. Hence, with the exception of News Republic, all the others basically use their online homepages to offer a set of the most important and recent news produced and/or distributed by the case. In this sense, according to the observation and what has already been mentioned in this research, Blendle is the only case that uses its online homepage for a more personalized offer of content following a suggestion of innovation made by Flock (2014).

Only five of the total amount of cases offer **mobile applications** to their users: BuzzFeed, News Republic, The Economist Espresso, Blendle, and Catraca Livre. Unlike the others, Catraca Livre does not provide news articles on its mobile proposition: it is solely

focused on allowing members of its web of collaborators to upload suggestions of low-price cultural events. These cases are the only ones therefore to provide a better user experience on mobile devices as explained by Charland and Leroux (2011).

An interesting trend undertaken by most of the cases examined is the use of e-mail **newsletters**. Bellingcat is the only news company analyzed that does not provide the user an option to subscribe to this kind of service. The information provided by the newsletters may not even be from the website that sent the email and come in external links. Vox's editor-in-chief Ezra Klein told Ellis (2014) that he did not care if its newsletter drove traffic back to the online news outlet: his intention was to provide a service and be recognized by it.

However, even companies that provide fields to subscribe to newsletters did not send any e-mail during the 10 days of analysis, what demonstrates they do not have a frequent offer – this is the case of Jot Down and Pública. It implies that these companies are losing the opportunity to create and analyze more data from users, what would help in customer segmentation (Carr, 2014).

Interestingly, **print editions** are also offered by eldiario.es and Jot Down. Both companies decided to produce paper magazines every three months for different reasons. In the case of eldiario.es, it is a form of returning the support of the contributing members with a medium that provides deeper analysis about subjects being addressed on a daily basis on the online website (Pellicer, 2014b). Despite that, there was no way, insists its director and editor Ignacio Escolar, to have a proposition only on print these days: "the Internet is the best medium to launch an independent and sustainable outlet" (Hola, 2012).

Jot Down, on the other hand, offers a luxury edition of its articles on print to readers that want to keep a collection of their high-quality work. Its founder Carles Foguet emphasizes that it does not matter the platform, the company should be able to distribute their content in a way valued by users. "We are multi-platform because there is no other way to do it. For us, it is the same thing to distribute our content online or on print if we have an audience for that" (Pellicer, 2014a)

4.4.2. Social media

Social media can drive from 20% to 80% of the traffic of a news website (Somayia, 2014; Warzel, 2013). Platforms with such a power cannot be ignored by the news media and specific strategies to deal with them should be designed (Bell, 2014; Jarvis, 2014a). All of the cases examined in this research have profiles on social network sites and rely on them to

drive traffic for their propositions – The Economist Espresso does not hold an account, but it is mentioned daily at least once by its parent magazine profiles.

All cases are on Twitter and frequently post headlines there. Jot Down seems to have the most personal approach. The company opted for a more informal tone to interact with followers of its channels. It also uses classic pictures and films to greet them and also backstage pictures from its interviewees to stimulate conversations and create an expectation for the articles to come (see Figure 16).

Figure 16. Jot Down personal approach on social media

Only Bellingcat does not hold a Facebook page. According to the observation made in this study, Catraca Livre has an interesting approach to both social network sites: it offers 12 different profiles on the platforms with different sets of posts according to the city the users live in. It means the company replicates its hyperlocalized value proposition to the social media realm.

On may 13, 2015, just a couple of days before the end of the data collection for this case study research, BuzzFeed announced that part of its content would start to be hosted inside Facebook (Nguyen & McCollum, 2015). It means that a user that clicks on a news article from BuzzFeed on Facebook would not be redirected to the content producer's website anymore. The initiative's main goal is to make the user experience of consuming news on Facebook faster and richer especially on mobile devices (Reckhow, 2015). "To date, however, these stories take an average of eight seconds to load, by far the slowest single

content type on Facebook. Instant Articles makes the reading experience as much as ten times faster than standard mobile web articles (Reckhow, 2015, para. 2).

Facebook Instant Articles fit the overall strategy of BuzzFeed for content distribution for 'making content for the way people consume media today', what means "we would be indifferent to the platform where our audience views our content as long as (1) it's a good experience for the user, (2) we get data and insights back, and (3) we're able to build a great business" (Nguyen & McCollum, 2015, para. 5). The case's founder and CEO Jonah Peretti explains this is a strategy to become BuzzFeed's content more omnipresent (Kakfa, 2015).

In addition to Facebook and Twitter, the cases examined also hold profiles in a myriad of other social network sites. Youtube is the favorite platform for video distribution. It is used by Vox, BuzzFeed, News Republic, The Economist Espresso, eldiario.es and Pública. Vimeo is also used for video by De Correspondent and Jot Down. BuzzFeed, News Republic, The Economist Espresso and Pública make usage of the popular Instagram, used for upload of pictures and short videos. News Republic, though, did not post any picture so far.

BuzzFeed also uses Pinterest. News Republic has a profile on Linkedin as well as The Economist. And Jot Down make its pictures available on Flickr. This dissemination of profiles on multiple social network sites shows that news companies are trying to make the best of their availability of channels to get to their audiences.

4.5. Revenue streams

The last building block of the business model canvas addressed by this research refers to revenue streams. Scholars stated that news companies usually employ three main forms of income generation: advertising, subscriptions and/or micropayments. Other less popular but complementary options of funding (i.e. memberships, events, e-commerce, crowdfunding, etc) were also found in the literature and mentioned in the theoretical framework (Jarvis, 2014a). In this sub-section, the revenue streams implemented by the cases examined in this study are going to be described in order to demonstrate *which revenue models can online news companies adopt to sustain their business models*, the fifth sub-research question proposed in this study.

Feldmann (2002) considers the use of **advertisements** insufficient for an online news company to keep a sustainable business model, but it is still the most popular revenue stream for the cases examined in this research. Seven of them employ advertisements to generate income for their companies: Vox, BuzzFeed, The Economist Espresso, News

Republic, eldiario.es, Jot Down and Catraca Livre, and it is the main source of revenue for five of them – the exceptions are the Espresso and Jot Down.

The observation of the cases found that Vox, News Republic, eldiario.es and Jot Down mostly still employ the old-fashioned banners linked to content on their front pages and articles pages as a way to advertise. News Republic shares these revenues 50-50 with its news content providers (Doctor, 2014c). Eldiario.es disclosed that 72,35% of its earnings come from this source last year (Escolar, 2014), while at Jot Down advertising sums only 25% of the company's income (Pellicer, 2014a).

These cases are all looking for other sources of revenue or, eventually, developing new ways to persuade advertisers to opt for their propositions. News Republic made a deal to power the first-screen news application on HTC mobile devices in 42 countries (Doctor, 2014c). Eldiario.es completes its budget with the sale of its **print** magazine (2,15% of the total revenues) and **memberships** – 25,5% (Escolar, 2014). Its 10.600 members pay 60 euros per year in order to support the publication's independence and get privileged access to specific news articles, interviews with personalities and receive gifts like books and tickets to the movies, as its director Ignacio Escolar explains: "Our members make us independent. They are our first clients. There is no single advertiser that pays as much as they do. That shields us from the pressure of the advertisers" (Breiner, 2015, video interview). Jot Down is surprisingly funded mostly by the sale of its print luxury magazine – 75% of the total income – and, at the same time, bets on a lean structure, as its founder Carles Foguet says: "It's a simple model, we have very low costs. We do not own a newsroom or any infrastructure like a conventional news business" (Pellicer, 2014a, para. 12).

Vox is trying to develop its **branded content** offer (Vox advertising, 2015), even though nothing related to it was found during the data collection. Recently, the company hired a team of designers, storytellers and developers to help brands produce content directly on its praised content management system called Chorus (Castillo, 2015). The company also started working with Facebook in order to produce targeted videos for brands on the social network site (Sloane, 2015).

Branded content (also called sponsored content or native advertising) is the approach to advertisements that explains BuzzFeed's relentless growth and the popularity of the company among investors (Ingram, 2013). The company has an approach that makes it difficult for users to draw a line separating what is editorial content and advertisements (Joseph, 2014) and explores its incredible expertise on spreadable content to assist brands boost their presence on social media (Ingram, 2013). It allowed the company to have a

turnover of more than US$ 100 million for the second consecutive year and become profitable (Alpert, 2014). The observation of the case's platforms confirmed what was stated by Joseph (2014) – see Figure 17 – but also found that sometimes the company mentions its partners on pieces of promoted content (see Figure 18).

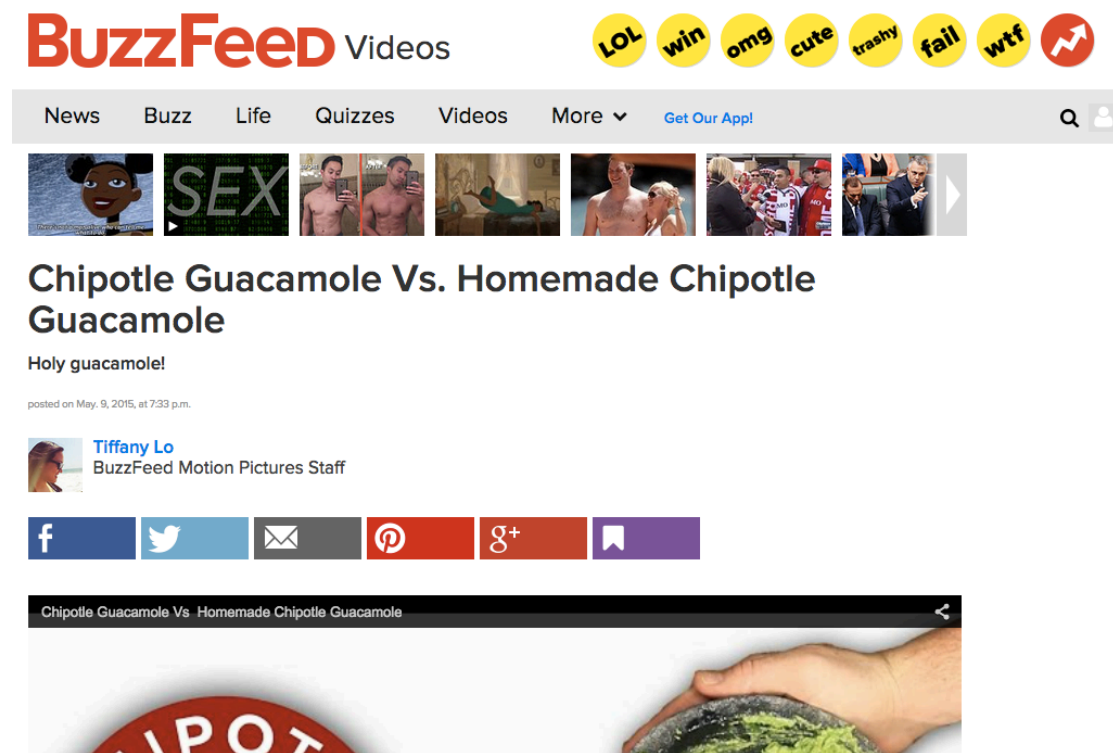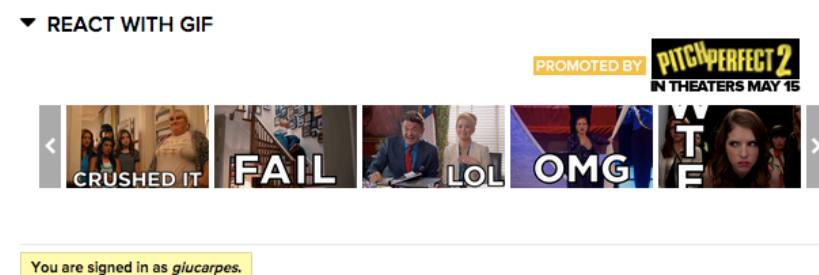**Figure 17. BuzzFeed branded content approach I**

Figure 18. BuzzFeed branded content approach II

Catraca Livre branded content proposition is similar to BuzzFeed's. The case stamps the name of brands on sponsored content (Korin, 2015) at the same time it "develops solutions that create news ways of relationship between people and brands. We develop

relevant content projects capable to create values shared by advertisers and society"
(Catraca Livre comercial, n.d., para. 1). These projects can also be **events** like one called 'Rua
Livre' (Free Street from the translation from Portuguese): "According to the brand's needs,
we create an event that takes place on a street. The idea is creating an emotional bond with
the client that increases the perception of the brand" (AdNews, 2014, para. 4).

The Economist Espresso's branded content – during the data collection it was
observed a partnership with Microsoft – is just a complement of its **subscription** model that
charges a non-subscriber of its print magazine US$ 3,99, as explained by its deputy editor for
digital Tom Standage:

> *"The Economist has taken the view that advertising is nice, and we'll
> certainly take money where we can get it, but we're pretty much expecting it
> to go away. So we're switching toward what we call thought leadership,
> which is we sell sponsorship of conferences, with white papers, with online
> advertising as well. But essentially it's not straightforward display
> advertising. It allows advertisers to associate themselves with particular
> topic areas, or raise their profiles in particular areas. And it's not native
> advertising either, because the crucial thing for me is that we're not serving
> this out of our editorial CMS. For me, that's the line that we won't cross.
> When the ads are coming out of the same CMS as the editorial, which is one
> definition of native advertising — we won't do that" (Lichterman, 2015, para.
> 22-23).*

Subscriptions are also the main revenue model of De Correspondent. The company
has more than 34.000 subscribers (De Correspondent calls them members) that pay 6
euros/month or 60 euros/year in order to get full access to its website (De Correspondent,
n.d.). They allowed the company to be sustainable and hold a staff of 14 full-time employees
and a network of 22 contributing journalists (De Correspondent, n.d.). Its next goal is to
reach 50.000 subscribers (Pfauth, 2015b)

Probably the most striking feature of the company, though, is that it was born from
a **crowdfunding** campaign that raised US$ 1.7 million with the contribution from 18.933
backers, which became its first subscribers (Pfauth, 2013; Pfauth, 2015b). Until recently it
was known as 'the world record in journalism crowdfunding', what inspired the company to
reveal some lessons learned during the process. Maybe the most important of them are to

invest in maintaining a community and keeping the backers updated about the company's finances (Pfauth, 2015b). This is the kind of knowledge that assisted the company to plan its long-term strategy: "So let's see crowdfunding for what it is: just a kickstart. An incredibly good one, sure, but before kicking off the campaign, think about how you'll turn it into a sustainable business" (Pfauth, 2015b, para. 26).

Maybe inspired by De Correspondent, Bellingcat also bet on crowdfunding to launch its website (Massie, 2014). The intention now is to employ it to be able to pay for the work of the 'citizen journalists' it highlights, as stated by its founder Elliot Higgins: "I soon plan to implement crowdfunding for individual contributors with Uncoverage[3], so readers can support their favourite Bellingcat contributors directly" (Massie, 2014, para. 8).

Pública uses crowdfunding in a different way: yearly campaigns to fund a set of relevant investigations that will enhance its mission of covering human rights in Brazil (Costa, 2014; Pública quem somos, n.d.). In the first one the company collected almost R$60.000 (around €17.800) to publish 12 investigations, while in the second it gathered R$70.000 (around €20.500) that will result in the publication of 14 articles over the year (Costa, 2014; Catarse, 2015). The money raised is used to fund more investigations and not to keep the business, which is mostly maintained by **grants** offered by foundations such as Ford, Open Society, Omidyar Network and Climate and Land Use Alliance (Costa, 2014). Bellingcat is also looking for grants to keep its business running (Massie, 2014).

Blendle is the only company analysed that relies on **micropayments** (see Figure 19). According to its founder Alexander Klöpping, users do not want to be forced to buy bundles anymore (Klöpping 2015a). In this sense, the company offers them the possibility to pay per article – mostly cost from €0,15 and €0,30 (Klöpping, 2015b). In a deal similar to the one held by News republic, the publishers take 70% of the revenue, while Blendle keeps 30% - with 250.000 users, that means the company is able to generate "a very decent amount of money" (Klöpping, 2015a, para. 16) and refuse, at least for now, the lack of confidence in this revenue model as expressed by Ingram (2009) and Shirky (2009b).

Other less important revenue streams were found during the observation of the cases platforms. Frequently journalists from De Correspondent participate on discussions about specific subjects of their coverage in Amsterdam (De Correspondent evenementen, n.d.). There is a section for the promotion of them on the website and the company's subscribers usually receive discounts on the tickets for these events, which are different from the ones promoted by Catraca Livre and already mentioned in this section.

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[3] Uncoverage is a platform (www.uncoverage.com) intended to help journalists fund their investigations with the help of crowdfunding.

De Correspondent, eldiario.es, Jot Down, Catraca Livre and Pública offer **e-commerce** sections on their websites. Generally they sell books in these sections, but Catraca Livre's platform particularly differs from the others: it is a market place for selling and exchanging used goods (Catraca Livre, 2015). Some cases like De Correspondent and Jot Down also accept **donations** of any amount from users on their websites.

Figure 19. Blendle micropayments
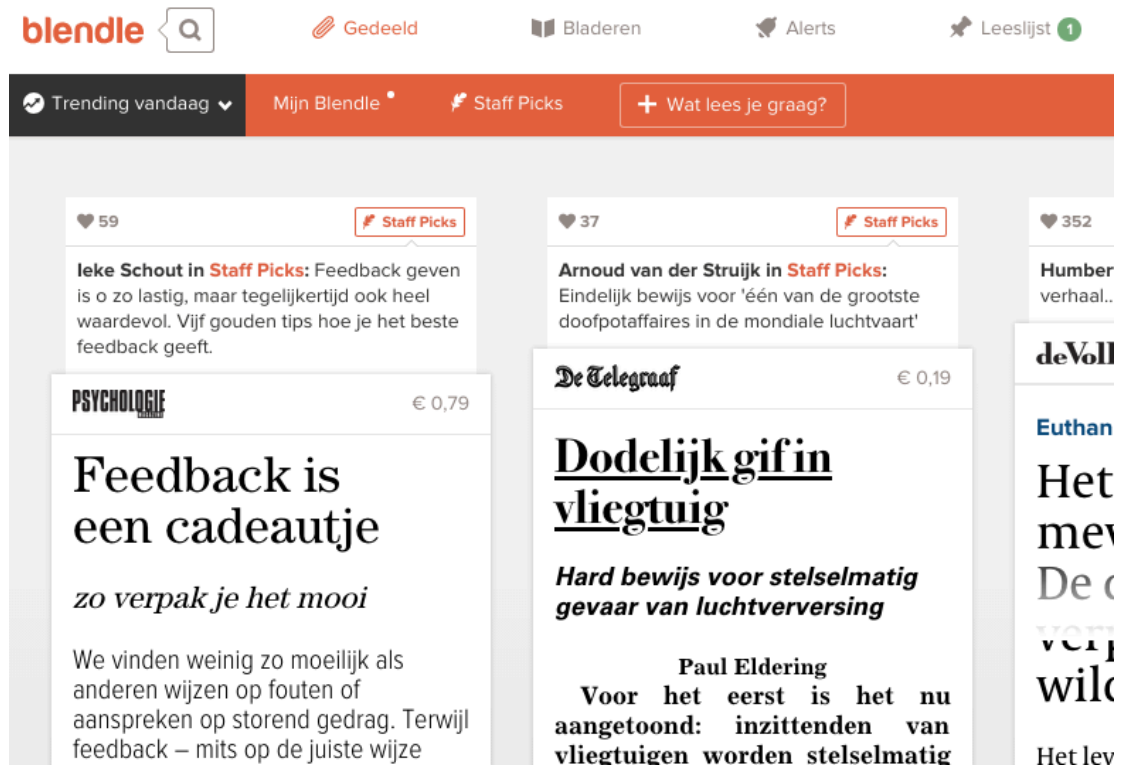
The findings on the cases' revenue streams confirm the theoretical understanding that online companies should attempt to combine different revenue streams in order to deal with the fragmentation of the market for advertising, which in general is still the most important source of income for news companies (Jarvis, 2014a). The cases examined are not only trying to combine the most popular revenue streams found on literature, but also trying to innovate and develop a myriad of opportunities of income on events, e-commerce, crowdfunding, events, grants and donations.

5. Discussion and conclusion

The starting point for this study was the recognition from scholars that the Internet disrupted the news media's traditional business models. During the last 20 years, it intensified competition, lowered the barriers for new entrants and increased the bargaining power of customers, turning it more difficult and even more essential to news companies to acquire a strategic positioning. The theoretical framework of this research suggests that differentiation is a strong determinant of business model innovation for news providers in search of gaining a sustainable competitive advantage in the online environment. Since funding and keeping their business rolling is considered to be the main challenge for these organizations, this study proposed the following research question: *How can online news companies differentiate themselves in order to generate sustainable revenues?*

The analyses of the selected cases led to the finding of best practices employed by news companies in order to improve their business models. These practices can be considered value drivers for differentiation and, consequently, they offer answers to the main research question of this study. The main findings can be divided in three main tracks: specialization, relationships and revenues. It is noteworthy that the three of them have a considerable relation with the role of the user, which is no longer a passive figure but now actively assists news organizations to shape their business models. The tracks are described in the next section.

5.1. Significant findings

5.1.1. Specialization

The first component found in the analysis of the cases is related to a company's knowledge in a particular field. It covers more than a single value proposition driver addressed in this study, but specialization should definitely be considered the kickoff for entering this strategic path towards differentiation. The cases of this study demonstrate that news companies that intend to differentiate themselves should be able to take advantage of their expertise in a specific set of topics (Tewksbury, 2010), an area of journalism (Doctor, 2014b; Houston, 2010; Ingram, 2014b), or steps of the news value chain (Van der Wurff, 2012). Their specialization is usually intended to satisfy niches of audience (Jarvis, 2014a).

Specialization is a matter of booting an escalation somehow. The words from Jot Down's co-founder Carles Foguet explain this 'mandatory path' for new entrants of this environment:

"We opted for a niche strategy because it is the only one possible. There are still considerable differences among outlets. Jot Down is growing at the margins of a forest that is undergoing a brutal deforestation. We are a small project and the others, despite everything, are still very large. Journalism is going through a time of transition when the old did not die yet and the new did not grow enough to take its place" (Pellicer, 2014a, para. 11).

Some cases examined in this study are only concerned with the distribution of news content. Others are specialized in investigations, contextualization, or social news. These ones can even add to their focus economic, political or cultural questions. At a first glance, the ones focused on social news appear not to be concerned with attending niches but still in the old idea of massification – providing news to a huge audience with potentially the same interests. Nevertheless, Jenkins et al. (2013) explain that, in fact, 'spreadable media' takes into account an increasingly participatory culture that permeates the connected societies. Participation will be further discussed in the section devoted to relationships in this chapter. But it is important to understand, though, that the notion of 'spreadability' differs from massification because it is focused in a feature that unites the different niches: people's predisposition to share content (Jenkins et al., 2013).

Moreover, according to the analysis of News Republic and Blendle, distribution is the one dimension of specialization that apparently repels the other two – specific topics or area of journalism – because they would limit its offer of content and, consequently, sources of revenue. Thus, if a company is specialized in distribution, curation also becomes an essential driver of differentiation. It is considered to be the service of selecting for the users only the news pieces that fit their interests or the ones that are relevant to them (Jarvis, 2014a). The companies specialized in distribution analyzed in this study employ sophisticated curation tools with the usage of algorithms and/or human editors. In this sense, this offer would contribute to customer lock-in, a concept that add to the company's ability to acquire strategic positioning by ensuring user loyalty (Amit & Zott, 2001).

It is noticeable that even audiences attracted by specific topics or areas of news coverage are able to value curation as a tool to making an effective selection of what is important and relevant in times of information overload. This way, curation may also be valuable for the other cases that focus on specialization. Their demonstration, though, is that a less sophisticated curation tool can be enough, and creative thinking may be all it

takes to offer an interesting service – Vox's StoryStreams and eldiario.es' 'temas del día' are interesting examples related to it.

Having a specific focus on the online news environment means investing in getting to know deeply the company's customers. In this sense, the analysis of the cases demonstrated that data mining is a mandatory practice for customer segmentation and personalization of the offer of news. The better companies showed to know their customers, the better they were able to focus on their news consumption needs with their expertise and curation propositions.

In brief, a news company should be able to establish a specialization path to address its selected customer segments and reach differentiation. Consequently, this path asks for a certain degree of curation. And that leads to the necessity of employing particular relationships to an activity that for long considered the consumers a passive mass and ignored the value of their contribution to the strategic positioning of the organizations.

5.1.2. Relationships

The second source of differentiation found during the analysis of the cases selected for this study lies in the relationships the news companies are able to develop with their users. Just like specialization, this track was also considered an important source of business model innovation in the online news industry. Most of the examined cases were able to present co-production to an interesting degree, while customer contact and customization, on the other hand, were left to a more limited extent.

In accordance to Bakker and Patterson (2011), co-production is perceived by some of the cases as a source for increasing reach of news and fomenting discussions about their topics. Within their strategies, though, only a small amount of cases open channels of contribution for users to do the exact same job of journalists, like writing lists and quizzes for BuzzFeed, doing investigations on open source data for Bellingcat or providing articles on low-cost cultural events for Catraca Livre. The vast majority still prefers to limit users contribution to the packaging and distribution steps of the news value chain. In this sense, being able to leverage social media channels and the sharing potential of news items is essential for the companies in general.

In addition, some cases are including the comments section of their platforms as a source of differentiation for their business models. This section, if developed, could also become a place for customer contact and an important pillar for some news companies' strategic positioning, according to some scholars. In accordance to Ingram (2014a), an

example like De Correspondent demonstrates that interaction could turn into a driver for more quality on the news coverage. The company stimulates its journalists to become conversation leaders and see the users of its platform as source of expertise in multiple subjects – sometimes themes of a guest writer's article or the on-the-record explanation about an investigation being held by the publication. This close relationship to users – as already stated during the analysis, they made the company possible by funding it – clearly also contributes to customer lock-in as stated by Amit and Zott (2001).

The best practices of relationship found in this study, though, are still part of the business models of a minority of the companies analyzed, what confirms theoretical assumptions made by Neuberger and Nuernbergk (2010). They stated that, in general, organizations are still cautious about giving up on total control of the news production processes.

But the success achieved by the leading companies in the relationships track of this study demonstrates that taking a stand in opening channels for interacting with the users can become a more valued strategic positioning driver in the future. These improved relationships may contribute to the confirmation of theoretical assumptions that news companies should focus their efforts in providing services (Jarvis, 2014a) – consequently, being able to confront the uncertainties brought by the consumers and satisfy their needs. In general, though, developing these relationships to a step further than co-production is something that is not perceived as a very important driver for most of the companies examined in this study as a course of differentiation right now.

5.1.3. Revenues

This study found revenues as a third important source of differentiation for news companies. In accordance to Jarvis (2014a), the fragmentation of the online news environment made the income from advertising – once its uncontested primary source of revenue – to be reduced and this situation stimulated most of the companies examined in this study to try other revenue streams. The analysis showed that this innovation on the news organizations business models is already bringing positive outcome in the sustainability of their businesses.

Despite still reputing advertisements as a considerable source of income, only a minority of the cases employ it in the old-fashioned way – banners linked to content. Even most of the ones that do use banners are trying to combine these ads with other revenue streams (i.e. memberships in the case of eldiario.es, selling of deluxe print magazines as Jot

Down does, or deals with smartphone manufacturers like News Republic) or develop more sophisticated forms of advertising, like branded content in the cases of Vox, BuzzFeed, The Economist Espresso, and Catraca Livre.

The also old-fashioned subscription model seems to be receiving important updates when combined to other forms of relationships. The cases of De Correspondent and eldiario.es demonstrate that calling members the paying users of a news proposition cannot be considered an overstatement anymore, since companies are really fostering ways of including them in their daily routine not only as backers but also participants and some sort of co-owners. That gives another dimension for the act of paying for a subscription, a dimension that does not only consider the service received but also includes a sense of being part of a greater mission – funding journalism focused on the public interest, for example.

The same statement can be made in relation to the use of crowdfunding. Companies that employ this revenue stream usually tend to stimulate a sense of community and co-ownership among its donors. In this sense, it is noticeable that crowdfunding was used as a kickstart for companies (De Correspondent and Bellingcat) or in specific projects integrated to the core business of the case (Pública). There are doubts, though, about its potential to provide a steady source of income.

Scholars tend to demonstrate pessimism regarding micropayments, Shirky (2009b) considers it a desperate attempt to reestablish control over news distribution and Ingram (2009) corroborates his view while complementing it is only possible when a company holds a monopoly of a content market. But Blendle is showing that micropayments can become an attractive revenue model when combined with an specific set of value propositions and relationships with the users – its money-back guarantee, for example, seems able to provide an effective deal on the company's offer of relevant content. According to its founders, micropayments is also convincing people from an specific customer segment – the one that consists in youngsters born and raised during the transformations caused by the Internet – to pay for news for the first time in their lives. The potential of this revenue stream to address new customer segments, hence, cannot be ignored.

Jarvis (2014a) lists opportunities in other revenue streams, such as memberships; context-wise mobile applications; commerce; events, etc. Most of them have appeared in this study – some of them, like events, only timidly. Others, such as grants, were considered by scholars mainly in the realm of non-profit organizations and found in this research as well. Bellingcat, though, does not see itself as a non-profit organization and may implement

this revenue stream in the upcoming future. This context shows the possibility for news companies to attempt reaching differentiation in many innovative revenue streams – and, consequently, by combining different ones.

5.2. Theoretical implications

Most of the significant findings mentioned in this study correspond to the theoretical discussion made in the beginning of it. Still some of the results demonstrate that news companies tend to give less emphasis to some of the value drivers for strategic positioning that are highly considered by scholars. Consequently, this research indicates further implications for theory.

The analysis showed that hyperlocalization, for example, has only a limited potential to work as a value proposition for online news companies differentiation. Catraca Livre is the only company examined that highly relies on it – eldiario.es offers an option for searching for news on 12 metropolitan areas, but its main approach is national – despite assumptions made by Van der Wurff (2012) that hyperlocalization would contribute to the news businesses' lock-in strategy. The explanation for this may lie in the nature of the content provided by the companies. As observed by Ellis (2015b), users of hyperlocalized propositions tend to value specific types of content – recent events, weather, crime and education – and their behavior is influenced by indicators like their access to the Internet, race, and level of education. A news company that is not focused in these kinds of subjects or target different customer segments will not benefit from hyperlocalization in order to acquire a strategic positioning. This way, it makes more sense for them to cater for broader audiences and provide some sort of localization based on languages and national editions, which was the most implemented option of localization observed in this research.

Mobility is another value proposition addressed enthusiastically on theory, but that did not confirm its great importance for driving strategic positioning in practice. The news companies examined are in general still not investing many efforts in developing their own mobile applications but only to provide responsive websites that can adapt to mobile browsers. Even the ones that do have mobile applications are not completely exploring the technological potential of these devices. Users' geolocalization, moves and behaviors during a day – easily captured by the myriad of sensors in these devices –, for example, are not being used by news companies' applications in order to improve their news consumption experience. These findings contradict theoretical assumptions made by Courtois et al.

(2015), Filloux (2014), Westlund (2013), authors that stated the advantages of being able to provide more context to the users news consumption.

Closely related to what was found about mobility, customer contact and customization are also still very limited value drivers for strategic positioning in the online news industry. Answering customer uncertainties seems to take too much effort from companies for the return it may give for their business models. In addition, even though cases are aggregating and analyzing a considerable amount of data from customers, as Clemons et al. (2003) and Thurman and Schifferes (2012) suggest, they are providing just a limited amount of customized features to users in general – specially when the case does not have a mobile application.

Customer contact and customization are two of the three differentiating alternatives that news companies could employ in their repositioning as a service, according to Skaggs and Youndt (2004). And maybe because of that news companies are not able to employ it in a broader manner yet: generally they do not recognize themselves as service providers, but mostly as content producers (Jarvis, 2014a). In this sense, features like mobility, customer contact and customization would demand these companies investments in areas that are not part of their core businesses. Because of that, the best employment of mobility and customization, for example, was found mainly in companies specialized in the distribution step of the news value chain, such as News Republic and Blendle.

5.3. Limitations and suggestions for further research

This study opted for selecting cases from several distinct media markets like the United States, the United Kingdom, the Netherlands, Spain and Brazil. The advantage of this approach is that it gets a broader research perspective on what is being done in order to innovate news business models. But the limitation is that differentiation strategies should consider the geographical dimensions of the markets, even though Internet has limited the influence of national borders (Esfahani & Jeon, 2013; Stanyer, 2009). Local languages and realities still play a role for news production and distribution (Grueskin et al., 2011) and a business model that works perfectly in an European country with large access to the World Wide Web and high level of education may face difficulties in a scenario of limited connectivity and low level of education commonly found in Latin American countries. Maybe there is not either a customer segment willing to pay for an online proposition focused in deeper analysis and investigation in Brazil like there is one in the Netherlands. This way, research on business models implemented in specific countries is required to provide

answers to the most recommended differentiation approaches within their socio-economical realities.

This research also opted for analyzing business models from relatively new to very new players on the news industry. According to Briggs (2011) and Siles and Boczkowski (2012), they are the ones more likely to create business model innovation in this sector because they do not have to make huge trade-offs like the ones legacy media will still be obligated to do. Hence, this research may have ignored interesting business model innovation blooming inside already established news media. In this sense, it is important to take into consideration that this constantly changing market may prompt companies analysed in this research to make iterations in their business models, even in some building blocks this study identified best practices. It also means that theoretical assumptions not confirmed as drivers of strategic positioning here may become important in the future, according to the evolution of their markets.

In relation to that, effects from some specific sources of business model innovation in the news industry also need more focused research. One particular example is branded content. Even though it was found as a more elaborated way of addressing advertisements by some successful companies – i.e. BuzzFeed and Catraca Livre –, other cases, such as The Economist Espresso, clearly rejected the idea of opening their content management systems (CMS) for brands. Jarvis (2014b) considers this kind of approach to advertisement a fraud, because it is deliberately trying to dodge the news consumer. Hence, it is important for news companies and scholars to develop further research on how users are receiving this ambiguous content in specific regions.

It is also going to be interesting to follow the next steps of companies like Blendle. It relies on micropayments despite pessimistic forecasts about the viability of this type of revenue source on a larger scale. Later this year they are scheduled to expand to Germany. Will it continue to be a source of sustainable revenues? Only time and further research can tell.

The prevalence of the typical advertising as a revenue source for online news companies – even on mobile, where it is increasing – may also be at risk. The dominating mobile operating systems are now authorizing the development of tools to block ads (Greenberg, 2015). Desktop web browsers already allow users to do it for a while and 40% of the people already use them nowadays in some countries (Filloux, 2015). Further research can address the effects of this trend in the business models of news companies.

It is remarkable to realize, though, how the role of the consumer is becoming more significant to online news companies. The cases examined on this study are, in a way or another, trying to focus their business models to attend their needs, developing relationships and, consequently, using their assistance for sustaining their businesses. Differentiation in the news industry nowadays basically means finding a way of creating value for users and this should be the main concern for news companies on their quest for strategic positioning on the market.

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