

## Chapter 2.19

# Business Models for M–Services: Exploring the E–Newspaper Case from a Consumer View

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### ABSTRACT

This article presents the consumer view of an innovative m-service, that is, the e-newspaper, which is published for a mobile reading device equipped with an e-paper display. The research question of this article is: What are the implications of the consumer view of future m-service innovation on business models? In this article, we present empirical results from an online survey with 3,626 respondents representing the consumer view. The

factor analysis revealed three aspects of consumer preferences, that is, Ubiquitous access, Prestige of news source and Local anchorage and advertising. These were then correlated with media behavior and e-newspaper preferences to indicate three possible market segments. We then discuss the implications that these consumer views could have on developing new business models, followed by a comparison to earlier research. Finally, we propose an integrated e-newspaper business model framework consisting of three models, ubiquitous, local, and prestige.

## **INTRODUCTION**

Today, the market for mobile e-services (m-services) has expanded in a wide range of areas, including the newspaper industry. There are two ongoing trends that influence the newspaper industry and related m-service initiatives.

*First*, the media industry is converging and boundaries between different media domains are blurring (Fidler, 1997). For example, newspapers have become media houses, offering content and services in multiple channels such as the Web, radio, mobile phones, PDAs, and TV (Åkesson & Ihlström, 2006a). Companies often merge their businesses with free newspapers (Chan, 2004). *Second*, the newspaper industry faces structural change due to declining subscription and advertising revenues as well as new competition from companies attracting advertisers to digital channels, for example, Google and Yahoo. This is forcing the newspaper industry to explore new revenue opportunities (The Economist, 2006).

M-services have attracted growing interest from the industry over the last couple of years due largely to the high penetration of mobile phones and the possibility of reaching new and younger audiences (The Swedish Newspaper Publisher's Association, 2007; IFRA 2006). The mobile phone penetration in the UK, Sweden and Italy already passed 110% in 2006 (Wallace, 2006), as teenagers and young adults in Sweden are in general more frequent mobile users than elderly (Westlund, 2006).

In Japan, the mobile channel has been the most common point of access to online services for years (Ratcliff, 2002). However, the adoption of m-services has not taken off as expected in Europe (Hammond, 2001; Carlsson et al., 2006). A growing body of research into m-services and m-commerce has sought to understand the reasons for this disappointing development (Amit & Zott, 2001; Pedersen et al., 2002; Samtini et al., 2003; Sarker & Wells, 2003; Vrechopoulos et al., 2003; Constantinou et al., 2005; Mallat et al., 2006). Among the explanations are *business*

*model related factors, usability factors and technological factors.*

The newspaper industry has experienced problems finding successful business models for mobile content, mainly due to the revenue split with mobile operators, the difficulty of attracting advertisers and the low adoption rate of m-services among readers (Ihlström, 2005). Moreover, it has been challenging to offer a quality news reading experience on small screens. However, a technological innovation, e-paper technology (further described in section 2), has the potential of offering a quality news reading experience because this technology gives the same reading experience as on print. Incorporated in a mobile reading device, e-paper has the potential of revolutionizing the m-service market for this industry, with its core business of the "written word," but the challenge of finding suitable business models remains. If planned carefully, the e-newspaper introduction could also address the challenges of revenue splitting and attract advertisers in new and innovative ways.

In addressing this challenge, we present empirically the consumer views on this particular future m-service. The core research question of this article is: *What are the implications of the consumer view of future m-service innovation on business models?*

The purpose of this article is twofold, theoretical and practical. The first objective is to contribute to existing literature on business models for m-services by illustrating the consumer view on a possible future m-service innovation. The second objective is to provide knowledge useful for the content providers to develop business models for the introduction of the e-newspaper.

The article is structured as follows; section 2 outlines the importance of e-newspapers, followed by the theory used in section 3. The methodology and data collection is presented in section 4, and the consumer view is presented in section 5. Section 6 discusses the findings and concludes the article.

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