Institutional limits to service dominant logic and servitisation in innovation efforts in newspapers

Joaquin Cestino and Adele Berndt

Abstract

This paper explores the implementation of service-orientated strategies within newspapers using SDL and servitisation as theoretical departure points. This perspective helps to interpret the advancements and barriers in the current marketing innovation activities in the industry. Based on the exemplary case of the award-winning Svenska Dagbladet, we show that use is made of servitisation and SDL to the extent allowed by some strategic determinants of institutional nature. While some components of SDL have been implemented successfully others – customisation, resource development and coordination, and dialogue-based marketing communication – present managerial opportunities to increase value co-creation. But for this to happen the industry may need to consider changes in some of the institutional components of qualitative news that today act as institutional limits to innovation.

Introduction

In the current changing environment of the media industry, many service aspects are becoming increasingly critical and visible yet analysing media as a service has been “rare in media management studies” (Viljakainen & Toivonen, 2014). This paper intends to address this important gap and explores these service-oriented strategies in newspapers from the marketing theoretical perspectives of service dominant logic (SDL) (Vargo & Lusch, 2004, 2008, 2016) and servitisation (Akram, 2012; Baines, Lightfoot, Benedettini, & Kay, 2009; Vandermerwe & Rada, 1988) in its focus on value co-creation among various actors, always including customers (the readers). While servitisation is a mid-level theory with a clear priority for the analysis of service implementation managerial strategies, SDL aims to achieve a marketing grand theory status, favouring a high level of abstraction. In this paper, we combine SDL and servitisation perspectives to facilitate a better grasp of the organisational implications in newspapers of their service aspect. This analytical approach, we argue, is fruitful to assess the potential impact and barriers of many of the current innovation activities in the newspaper industry.
Servitisation has received a great deal of research in the manufacturing sector (Baines et al., 2009, 2009; Kowalkowski, Gebauer, & Oliva, 2016; Militaru, 2015; Vandermerwe & Rada, 1988) yet it has not received the same attention in the media industry apart from the study of Fließ and Hagenhoff (2016). And although SDL has arguably become the new dominating paradigm in marketing studies, no research has, to our knowledge, explored current innovation activities in the media industry from a SDL perspective.

This paper supports the view that the current challenges and strategic changes the newspaper industry faces cannot be properly addressed without accounting to the service dimension thereof. Accordingly, this research attempts to join and promote a scholarly conversation on newspapers as service providers and link to existing service theory. We base our analysis in the exemplary case of The Pyramid in the Swedish newspaper Svenska Dagbladet (SvD), a project that has received accolades from the International Newspapers Marketing Association (INMA) 2016 and that therefore has attracted attention as a state-of-the-art role model in innovation in the newspaper industry. The Pyramid is an initiative that explicitly aims to boost payed content and subscriptions in SvD as part of an emerging strategy that attempts to connect current trends in customer needs with the brand values of SvD. The approach intends to develop a competitive SvD positioning specifically focused on the business opportunities that the digitalisation of the business brings. Despite the fact that the Pyramid gives priority to the circulation revenue stream and only partially addresses the advertising side of the SvD’s business model largely as a side effect of an improved customer experience, INMA has described the initiative as a strategy that was designed for success, with “excellent brand positioning and outcomes” (McMullan, 2016). Although we are aware that the case largely addresses only one side of the current business model of newspapers, the significance and prominence of the case suggest that it still deserves a close study, which we do from servitisation and SD logic perspectives.

Equipped with our combined theoretical tools of SDL and servitisation, our research of the SvD case supports the claim that newspapers have added services without “developing a deeper understanding of the service relationship” (Viljakainen & Toivonen, 2014) capable of fully transforming their business. Additionally, we suggest that this limitation possibly results from some current institutions in the news provision industry that integrate and condition the value creation process of newspapers. Institutions provide meaning and certitude, a shortcut to cognition, communication and judgment (Vargo & Lusch, 2016, p. 11), and because they can sustain themselves, result in persistent structures that condition organisational and individual behaviour (Scott, 2013). In this sense, our service sensitive analysis allows us to expose some shared beliefs, values and ideals behind the aggregate dimension of “qualitative news” that define clear cut boundaries for what it is possible (and not) in the innovation efforts in the newspaper industry.

Our approach, we argue, opens interesting avenues for conceptualising a better integration of the role of institutions in the discussion of servitisation and SDL. In doing so within the newspaper industry, this paper also provides some practical implications to news providers. While the previous research has focused on identifying strategies that newspapers currently consider in their design and implementation of service offerings connected to existing products or core competencies (Fließ & Hagenhoff, 2016) or on how legacy news organisations develop new digital news products and the motivations driving these projects (e.g. Cornia, Sehl, and Nielsen
(2017)), our approach also offers clues about how the industry may also move forward. Since, in the SDL view, “customers alter their roles, improve their capabilities, and contribute their own resources to the process of creating value” (Michel, Brown, & Gallan, 2008), this paper suggests how newspapers could increase their own capabilities and those of their users through customisation, resource development and coordination, and dialogue-based marketing communication resulting in co-creation of value. As we analyse in our discussion, this possibly requires the reconsideration of some of the institutional components that today compose the current understanding of qualitative news. This, in turn, will possibly imply the end of knowledge monopolies (Chesbrough, 2003) – and watchdog and trust monopolies too –, and the adoption of new meaningful interactions between newspapers and the audience, blurring the traditional lines between the two.

**Theoretical framework**

**Service aspects of media organisations and challenges in the industry**

Media organisations present information, ideas and culture with the purpose of informing and entertaining (Achtenhagen, 2012; Blank, 2010). These organisations have been described as unique, as they are associated with media’s task in reflecting cultural and societal values while also being subject to the preferences of that culture (Achtenhagen, 2012; Chan-Olmsted, 2006). Their offering is also unique in content and in dissemination (distribution) in a variety of different formats (Chan-Olmsted, 2006, p. 3). This industry is also required to connect with consumers as well as advertisers (Achtenhagen, 2012). All of these characteristics reflect a task as a service provider (Blank, 2010).

The media industry, and in particular newspapers, is undergoing rapid change (Küng, 2008, 2015). The digital revolution is transforming consumer practices and advertising patterns, challenging the traditional revenue streams of news organisations and opening the news market to an almost limitless number of competitors due to low entry barriers. The traditional newspaper business model was built upon low consumer selling prices, high circulation and a strong dependency on advertising but as readers have shifted their attention to an ever-expanding array of online news media, advertisers have followed them. Thus, currently many newspapers are facing the paradox of reaching a bigger than ever audience thanks to their free online activities, but with plummeting advertising revenue. The revenue from online readers is growing slightly, thanks to relatively successful metered paywalls and digital subscriptions (Mitchell, 2014), although recent rallies in this trend are largely restricted to the called “Trump bump” in the US (Newman, Fletcher, Kalogeropoulos, Levy, & Nielsen, 2017). But, in most developed countries traditional print advertising declined by 50% in the past decade and even increasing online digital advertising, with its stress on efficiency, cannot compensate for this decline (Anon, 2015).

While newcomers to the industry are potentially bringing fresh approaches to the field but with uncertain economic returns, legacy journalist organisations and especially newspapers, caught in the “innovator’s dilemma” (Christensen, 2013) have, so far, failed to reshape their business models (American Press Institute, 2005; Mitchell, 2014) and
create sustainable growth (Barthel, 2017), and therefore many of them face an extremely difficult economic outlook (Newman et al., 2017). Challenges identified include changing customer needs and fragmented audiences, the quality of the virtual environment and trust in the media (Viljakainen & Toivonen, 2014). Consequently, there have been numerous calls to legacy newspapers to behave more innovatively with regards to their marketing. Küng (2015, p. 92) identifies a feature common to successful journalistic organisations today: “they know what they are trying to do, which audiences they serve, and how to create value for them.”

In this rapidly changing context of the newspapers industry, there has been a growing interest to investigate alternative strategies that can increase customer value, thus impacting the profitability of these organisations. Both servitisation and SDL have conceptualised and suggested, from different perspectives, how customer value is created and can be captured by closer and more complex relationships with the customer. In fact, many newspapers are currently involved in a process of servitising their value proposition (Viljakainen & Toivonen, 2014), although this has yet to result in a viable new business model for the industry (Anon, 2015; Wikström & Ellonen, 2012).

**SDL and its impact on organisations**

Vargo & Lusch’s SDL transcends practice oriented approaches to marketing, such as servitisation, and brings a potential paradigm shift to the market and Marketing which serves as a new approach to define and understand businesses where “customers do not buy goods or services: they buy offerings which render services which create value.” SDL (Vargo & Lusch, 2004, 2008, 2016) suggests that all economies are service economies and that products serve as the distribution mechanism for getting services to beneficiaries. In its latest version, this perspective unfolds in 11 foundational premises (FP), 5 of them with axiom status (AS) (Vargo & Lusch, 2016).

SDL challenges some of the normative assumptions of goods-centred marketing, particularly the standardisation and qualities of the offering and the separation of production and consumption, which servitisation approaches do not necessarily overcome.

Vargo and Lusch (2004) suggest several key practical implications of this new perspective, including a very different approach and relative importance of (1) offering customisation, (2) resource development and coordination, (3) process of consumption and use, (4) self-service vs. marketplace, (5) marketing communication as a dialogue and (6) value propositions to the market.

Fundamental to this approach is the concept of co-creation of value (Grönroos, 2011), which suggests that value is done together with the consumer, who determines the time and space for consumption of the service while also selecting the most suitable method of access (or device) (Andjelic, 2008; Vargo & Lusch, 2016). While co-production is optional, co-creation is a positive statement that highlights that value creation cannot happen from the activities of a single actor but takes place through the integration of resources provided by many sources (Vargo & Lusch, 2016). The current digitalisation of the news provision service is fundamentally transforming the possibilities for value co-creation in newspapers.
Value co-creation as a multi-actor phenomenon of integration of resources, implies that for SDL customisation, communication as a dialogue (particularly relevant with customers) is paramount. Customisation is a concept associated with a process where in order to co-create value with the customer, the offering needs to be tailored in terms of time, place and price (Gordon, 1998). In the case of media, customisation can be potentially implemented online, with relevant content being presented depending on the target customer. Communication from a SDL perspective is characterised by an ongoing development of “dialogues, with micro-markets and ideally markets of one” (Vargo & Lusch, 2004, p. 14).

**SDL in the media industry**

Although, to our knowledge, no empirical research has studied the innovation efforts in newspapers from a SDL perspective, the associated implications are not alien to the industry. The American Press Institute (2005) has advised newspapers to identify opportunities in important, unsatisfied consumers and advertiser “jobs” and develop potential solutions to address them. Dua and Hilton Segel (2007) have suggested that different groups of consumers have different attitudes about new media products, and that newspapers should segment their offering accordingly. Picard (2014) has proposed journalistic organisations focus on the functional, emotional and self-expressive benefits they provide for consumers, so that they can create value in innovative ways. Finally, Küng (2015) identifies a feature common to successful journalistic organisations today: “they know what they are trying to do, which audiences they serve, and how to create value for them.”

All these “solutions” stress the need for stronger integration of editorial, technological, sales and marketing activities, and share a similar sensibility to marketing concepts such as target market, value proposition and segmented offerings. These prescriptions strongly resonate with some of the above mentioned practical implications of SDL as it emphasises that value is determined by the beneficiaries (Vargo & Lusch, 2016), which in the case of media organisations, tends to be the consumer. This requires the offering to be customised depending on the needs and preferences of different users, resulting in different value propositions to the market. For this to happen, organisations need to reconsider their approach to resource development and coordination, opening their activities to new cross-functional interactions (e.g. journalism, technology and marketing) and their operant resources to new sources of value (e.g. customers). This requires a different approach to marketing communication, so that it becomes a two-way productive dialogue among organisations, users and other stakeholders. This approach, when fully implemented, fundamentally alters the process of consumption and use, and potentially redefines the marketplace of news.

**Servitisation**

In this section, we introduce the key concepts in servitisation, and review how they have been referred to and used by extant media management literature. This provides the opportunity to investigate servitisation activities and the extent to which they reflect SDL.
The service continuum

The product-service continuum proposes the identification of products, services or any combination of these (Wilson, Zeithaml, Bitner, & Gremler, 2012) and it highlights the way in which organisations define their services (see Figure 1). Service has changed its meaning in that it used to only refer to a category of offerings made by an organisation (in contrast to a product). While this perspective still exists, an additional perspective has been added to a service, namely that of value creation (Edvardsson, Gustafsson, & Roos, 2005), providing an expanded perspective.

The nature of servitisation

Servitisation is a term that describes the process of creating value for consumers when the organisation adds services to products (Baines et al., 2009) and reflects the movement of the organisation from being “product-centric” to “service-centric” (Kowalkowski, Gebauer, Kamp, & Parry, 2016, p. 5). These services are not viewed as “add-ons” (Gebauer, Gustafsson, & Witell, 2011, p. 1270) but rather as an important manifestation of the organisation’s desired to provide customer value. Based on an examination of the extant literature, Baines, Lightfoot, Benedettini, et al. (2009, p. 555) define servitisation as “the innovation of an organisation’s capabilities and processes to better create mutual value through a shift from selling product to selling Product Service systems (PSS).” The implementation of servitisation requires the organisation’s core offering to be viewed as that of a service, and that the organisation is viewed as a service provider by customers (Gebauer et al., 2011; Oliva & Kallenberg, 2003), thus what is offered can be viewed as a service solution (Gebauer, Paiola, & Saccani, 2012). This results in movement towards the services end of the services continuum to increase customer value.

Much of the research undertaken in this area has examined how manufacturing organisations can add services to an existing product line such as Rolls-Royce and GE (Gebauer et al., 2011, 2012; Oliva & Kallenberg, 2003) and limited research among service industries (Fließ & Hagenhoff, 2016). Servitisation is a consequence of the increased use of technology within organisations (Akram, 2012) enabling customisation and increased customer value. Servitisation requires both innovation on the part of the organisation and a new perspective on capabilities and processes with the resultant effect on corporate culture (Akram, 2012), and the managers themselves (Kowalkowski et al., 2016), thereby improving differentiation and competitive advantage (Gebauer et al., 2011).

The challenges of servitisation within the organisation

While servitisation can contribute to value co-creation, previous research has also indicated the organisational challenges of servitisation, especially where the logic of these services is not always clearly understood (Akram, 2012).
Three challenges associated with servitisation include service design, organisational strategy and organisational transformation (Akram, 2012). Service design is linked to the challenges of services due to their characteristics (Wilson et al., 2012), and the involvement of the customer as a co-creator in this process is essential (Kowalkowski et al., 2016). From an organisational strategy perspective, the implementation of servitisation requires the organisation to focus on value-creation from the perspective of the customer, developing a clearly defined customer focus which also requires organisational transformation due to the placement of service culture at the forefront of the organisation (Akram, 2012). This can result in the organisation being viewed as a service provider (Gebauer et al., 2011), which has strategic implications and brings about organisational change and intendent resistance, despite its inherent importance to the organisation. The proof of success of servitisation is found in way in which it creates customer value (Kowalkowski et al., 2016).

Servitisation in the media industry

Prior to the Internet, it was possible for media organisations to have a relatively low level of innovation or entrepreneurial activity (Wikström & Ellonen, 2012). This is since the product offered was largely a print newspaper in the hands of the reader, thus access to multiple sources was limited. However, native digital players, like Buzzfeed and Quartz have entered the scene, built around an innate understanding of technology and bringing revenues produced in other areas of their business, technological knowhow and top talent to their news operations.

It is necessary to examine the potential associated with servitisation within the media industry. It can be advantageous for media organisations as service revenues are more stable than product revenues and has been suggested that it can also increase customer loyalty (Fließ & Hagenhoff, 2016; Gebauer et al., 2011). The reason for this could be the increased value derived by the customer. Increased customer loyalty is beneficial due to the lower costs associated with retaining customers while also increasing profitability (Heskett, Jones, Loveman, Sasser Jr, & Schlesinger, 2008; Reichheld, 2003).

Previous research has suggested several different servitisation strategies can be implemented to increase value co-creation. These strategies can be grouped around the services continuum, social media and technology. Strategies linked to the services continuum include (a) intensive cross-selling of products; (b) creating new product offerings or new combinations of existing offerings; (c) service offerings linked to existing products; (d) service offerings linked to the core knowledge of the organisation (or brand); and (e) new product designs (Fließ & Hagenhoff, 2016). By introducing these additional service aspects (whether new or existing), media organisations have attempted to not only add value to customers but also adapt their business strategy to increase greater levels of servitisation.

Strategies linked to social media have been identified where studies have reported on the adding of social media aspects to web-based services of Scandinavian newspapers and magazines and how this has affected their business models (Wikström & Ellonen, 2012). Social media impacts involve the communication between customers and media organisations in applications such as Twitter and Facebook, which allows for immediacy and direct contact. The effect of this was to “transform their online value propositions” while having little effect on the revenue of the media organisations
The strategies were largely product related except for client-related services (e.g. hotel bookings) (Fließ & Hagenhoff, 2016).

Other technology-based solutions such as advanced CRM systems which enable the organisation to monitor and analyse customer consumption patterns (consumption modelling) have been suggested to develop personalised services, and increased customer value.

The implementation of servitisation and specific servitisation strategies can thus contribute to the perception of value for both organisation and the customer. Understanding how this is done by media organisations becomes critical to identify and interpret the advancements and barriers in the current marketing innovation activities in the industry. We base our analysis on the exemplary case of the award-winning Svenska Dagbladet.

**Methodology**

Qualitative case studies are a widely used method suitable for studying emerging trends (Gebauer et al., 2011) and case study research strategy is also particularly suited to interpret “the dynamics present within single settings” (Eisenhardt, 1989). We believe that this methodological approach is particularly appropriate to research the emerging phenomena of service dominant business innovation and servitisation in newspapers.

Because the case study is a systematic research tool (Yin, 1981, 1989) only if it transcends mere story-telling (Miles, 1979), we base our research on a single exemplary case analysis. In the theoretical selection of our case, it was critical the combination of two factors. First, the identification of an indisputably innovative media organisation serving as a role model for other newspapers. Second, the availability of rich secondary information about the case and the accessibility to key actors in the design and implementation of the innovation strategies we analyse. We believe SvD successfully combines both conditions, and provides a close fit for our analytical purpose. SvD’s initiative (“Pyramid”) received the “Best-in-Show” award in the INMA Global Media Awards 2016, and since then has received increasing public attention in specialised and general media. Also, thanks to the connections available at our research centre (Media Management and Transformation Centre, Jönköping University), we were granted direct access to key actors in SvD.

Rich and qualitative empirical material generated in close contact with the field of study may provide better grounds for addressing the problems of the “real world” by generating quality insights (Alvesson & Sköldberg, 2009) that help interpretations beyond the obvious – and therefore unreflective- analysis of data. In this light, we have extended our data gathering for 11 months (from September 2016 to July 2017) and have included a diversity of primary and secondary sources. Our primary sources consist of five semi-structured interviews and direct observations made at SvD headquarters in Stockholm, plus a high number of clarifying follow up emails. The in-depth interviews were conducted after a careful examination of available secondary data and included conversations with highly knowledgeable informants from the current management of SvD. Interviews were arranged with the CEO, Head of Communication (HoC), Editor in Chief (EiC) and Head of Marketing (HoM) of SvD. The interviews were transcribed to facilitate a detailed analysis of first order concepts arising from both
the interviews and other materials. The observations made at the SvD headquarters were annotated during the visit and later revised in contrast with the collected corporate materials on The Pyramid. Secondary sources have included press coverage on the INMA prizes and the award to The Pyramid case, corporate presentations about The Pyramid and other SvD’s internal strategic documents, interviews to the CEO of SvD available in news sites and blogs on industrial trends in the media.

The selection of evidence and the resulting analysis of our findings have carefully implied a triangulation of all available sources. Our analysis was organised in stages leading to the shaping of propositions as a result of a concept sharpening process (Eisenhardt, 1989) as depicted in the following lines. We began our analysis by identifying first order concepts related to activities resulting from the Pyramid case in SvD. These concepts allowed us to aggregate information present in most of the available sources under specific terms as they appeared in the referred empirical material. Once all nodes were identified, we resorted to marketing literature to select those relevant for servitisation and SDL theory, discarding the others, and aggregating the remaining ones under theoretically informed concepts or 2nd order themes (namely: Customisation, Value Co-creation, Dialogue with Customers and Resource Development and Coordination). An analysis was then performed for every first order concept to assess its relationship with the 2nd order theme (or themes) it belonged to. Relationships could be positive or negative (shown as “+” and “−,” respectively, in Figures 5 and 6). A given relationship was assigned exclusively when there was a unanimous direction arising from all available sources and references. In those cases with contradicting evidence, no specific relationship was assigned (shown as “±” in Figures 5 and 6). Relationships were analysed not based on current achievements of the Pyramid case, but as potential imaginable developments that, to the understanding of SvD’s management, the Pyramid case could bring about or facilitate in a foreseeable future. As some of the first order concepts arising from the data closely resonated with current newspapers’ shared beliefs, values and ideals, these first order concepts were additionally analysed from a different perspective: its contribution to the aggregate dimension of Qualitative News. Again, these first order concepts were aggregated under specific second-order themes (Social Cohesion, Independent Monitor, Tell the Truth and Brand Values). These emerging Qualitative News themes embrace all the emergent 1st order concepts under consideration, while also minimise their overlapping (see Figures 5 and 6). To facilitate the visualisation of every step of our analysis we make “explicit citations of particular pieces of evidence” (Yin, 1981, p. 63) in the form of exemplary quotes that we include in the tables reporting the constructs emerging from our data. Sources organisation and the analysis of data from emerging first order concepts to secondary order themes were helped by Nvivo software. The complete structure of nodes, sources and relationships is available upon request.

We organise our findings section in two parts. First, we present how, with the goals of gaining economies of scale (Chan-Olmsted, 2006), increasing income, and adapting to changing customer needs and increased competition in the sector, SvD has expanded its portfolio not only to include other formats (Picard, 2012) but also other services. Our results help to organise different lines of servitisation in newspapers and discuss how they satisfy customer needs (Vandermerwe, 1990) and increase customer value (Viljakainen & Toivonen, 2014). This analysis sets the context in which The Pyramid
was conceived and organised. In a second part of our findings, we closely study The Pyramid, its strategic rational, key activities and resources, and implications on the customer segments and go-to-market strategy for SvD. In our analysis, we interpret all these aspects of the project from both servitisation and SDL perspectives. This approach allows us to unearth some newspapers’ determinants of institutional nature and how they interact with remaining opportunities for servitisation and SDL informed strategies.

**The case selected: the pyramid of SvD**

In this section, prior to our service sensitive analysis of The Pyramid of SvD, we introduce our case and its selection for the Best in Show award in the INMA Global Media Awards 2016. This aspect is key to sustain the theoretical sampling of our case.

**The INMA global media awards: creating role models in legacy newspapers**

The International News Media Association (INMA) is a non-profit organisation dedicated to the advancement of marketing in newspapers. The association defines itself as “a global community of market-leading news media companies reinventing how they engage audiences and grow revenue in a multi-media environment” (McMullan, 2016). The organisation has today around 7000 members in more than 80 countries. INMA pursues its vision by identifying and disseminating global best practices for news media companies in general, particularly newspapers. The annual INMA Global Media Awards have taken place since 1935 and are aimed at the above-mentioned mission of identifying and divulging best initiatives. These awards generate immediate role models that are rapidly replicated by many organisations in the industry. With these awards INMA intends to honour “the world’s most innovative initiatives to grow audience, revenue, and brand in the emerging multi-platform ecosystem” (McMullan, 2016) and reward the six activities considered to be “key to commercial and brand success at media companies, [i.e.] Energising brands; Creating new products; Growing, engaging, and monetising audiences; Growing advertising revenue; Developing customer insights; and Instilling innovation” (McMullan, 2016).

In 2016, there were 699 entries from 264 news brands in 40 countries and the prizes largely represented what the industry considers today as innovative and successful. The awards are decided by an international jury of 41 executives from 19 countries “representing the world of media and marketing” (McMullan, 2016). Within an array of 40 first-place initiatives by media companies, Sweden’s SvD business model “Pyramid” won the “Best New Paid Content or Subscription Initiative” prize, and got the “Best in Show” award. This signified that SvD’s initiative was considered the best among the almost 700 entries in the INMA Global Media Awards 2016 competition.

According to INMA, The Pyramid is:

A sophisticated road map boldly designed to thrive in the news media ecosystem [and has] ‘delivered in-depth insights on customer segmentation and the implementation of a
The Pyramid case in SvD also exemplifies the recent interest in data-fuelled freemium and hybrid models in digital subscriptions, a new gold standard that seems to be emerging from Scandinavian publishers and is getting much attention everywhere else (Wilkinson, 2017).

In the following passages, we detail, through a combination of primary and secondary sources, the principal aspects of The Pyramid.

**The SvD case: the pyramid**

SvD, apparently due to the financial crisis, had been facing diminishing returns since 2008, but it was not until 2012 that the board of directors grasped the structural dimension of their declining performance. It was the dramatic rise of social media in 2011–2012 that made the top management in SvD realise the need for a strategic shift. By August 2012, the strategic goals were redesigned with an overarching aim: “to secure a future for SvD.” Consequently, from 2013, SvD started to test different paywall approaches to monetise online readership. Metered paywalls were still a rare practice in European newspapers at that time. The long-term perspective of “securing a future for SvD” was soon articulated into the following multimedia strategic goals: (1) increase digital revenue, (2) increase readers and advertisers’ engagement, and (3) level out the drop in SvD print circulation and keep it profitable. This new set of strategic goals was conceptualised at the top management level as a “new business logic” to the organisation. The Pyramid project – initiated soon afterwards – was understood in SvD as a reflection of this “new logic.” The project was built upon the following pillars:

1. Digital simplicity, always updated context, keep a factor of “surprise me” and intellectual respect for the reader, but always with a strong loyalty to the brand values of SvD: reliable, engaged, relevant and brave. (SvD’s CEO, Gunilla Asker)

These strategic pillars and brand values were to guide, according to top managers in SvD, both the core content of SvD but also the development of additional services that could be incorporated to the business.

In the above-mentioned context, The Pyramid was intended to operationalise an immediate boost in online paid content and subscriptions by increasing digital review and engagement (both from customers and from advertisers) while also contributing to profitability. The Pyramid, therefore, needs to be understood as being strongly embedded in the interaction of SvD’s (1) long standing brand values, (2) new understanding of its business opportunity in the current changes of the market, (3) customer needs and trends, and (4) the potential competitive advantage at reach (see Figure 2).

According to its promoters, the plan was organised around the following drivers: (1) Increased reader engagement orientated to make the readers more willing to pay for content regardless of the channel, (2) a heavily promoted subscription initiative, (3) “profusely awarded winning journalism,” (4) a well thought-out multi-channel strategy, (5) a better understanding of customer needs, (6) a sharp customer segmentation, and (7) a business model orientated to digital readership growth. Additionally, through the
involvement of all employees in project groups, workshops, creative meetings … (8) department boundaries were to be erased and new partnerships born.

One of the main implications of the “new logic” resulting in The Pyramid was a clear distinction among customers based on their level on engagement and monetisation potential (see Figure 3). The ultimate goal of this logic was online readership monetisation, as the following statement of SvD’s CEO Gunilla Asker suggests:

The Pyramid describes well how important print readers are but also works to convert digital readers to digital-paying readers.

Figure 2. SvD’s multichannel strategy.

Figure 3. SvD’s new business logic adapted to the market changes.
This logic, new to SvD according to its top managers, prepared the ground for a customer segmentation based on group needs which is at the core of explicit attempts to customise SvD’s offering differently among different channels and platforms.

The segmentation developed by SvD for The Pyramid, which was intended to match distinct needs in different segments, is shown in Figure 4. The Pyramid organises SvD’s customer segments depending on the combination of how four different needs (discuss topics, see the whole picture, summarise present and be updated) are prioritised by different users.

**The benefit for the newspaper**

An immediate outcome of this segmentation strategy, according to SvD managers, is how the online edition of the newspaper is organised for readers under a three columns new form: a first one for customer offers and functions, a second one with a clear, direct flow of SvD’s selection of news, and a third one of popular contents (e.g. most read, shared lists ...). Advertising formats have been reduced to contribute to the premium feeling of SvD online while its volume of potential impacts still increases for maximum monetisation. How this potential is customised for specific advertisers is not mentioned in the specifications of The Pyramid and interviews with SvD top managers suggest that by the time of our field research there has still been little advancements in this area.

Today, the most advanced implication of this segmentation approach on the customisation of SvD’s offering has been the “Allt om/snabbt om” choice offered to online readers. By clicking on “allt om,” readers can access all content related to any piece of news. This feature allows them to read in all SvD’s available content on any specific subject of their interest. The “snabbt om” option offers to readers the possibility of an updated and quick look at relevant information on any specific topic.
Due to The Pyramid, SvD has engaged in an extensive use of social media to promote SvD content. This is done by a dedicated team that distributes story outlines (tastings of key content), raises awareness of topics covered by SvD and attempts to participate in the shaping of public opinion in social media. Despite the declared interest in bringing journalism closer to the field and the obvious increased participation of readers who help journalists with tips and corrections, no specific initiatives have been developed so far, within or aside from the Pyramid project, to encourage, measure and control readers and journalists’ interactions in a meaningful dialogue. Rare exceptions are ad hoc initiatives such as a recent invitation to readers to test and review a finance services app or the “jag minns” project, a collection of memories submitted by readers that will appear in book form in late 2017.

According to the SvD top management team, the implementation of The Pyramid required a strong focus on organisational education and IT investment. Today, SvD’s journalists produce multimedia content that is assigned to different formats depending on big data on customer engagement and its potential online revenue. As both newsroom and management positions share responsibility in key performance indicators, many functions are now organised by cross functional teams and middle management has been empowered to the pursuit of working goals. This has been operationalised mainly through the Schibsted editorial technology platform: a CMS solution that combines algorithms and big data and it is currently used by SvD staff to organise basic editorial and marketing tasks. Also, the combination of customer engagement big data and online revenue has crystallised in a predictive customer churn model that will increasingly lead managerial and editorial decisions in SvD.

SvD’s CEO attributes to this initiative the fact that, since 2015, SvD has become the biggest morning daily online in Sweden in total mobile and laptop readership. The initiative, according to SvD, has also been critical in driving digital revenue and bringing back total revenue growth for the organisation already during 2016. Additionally, SvD assigns the brisk increase in online subscribers to The Pyramid, and although this trend has been common to many legacy newspapers in the recent years, what sets SvD apart from other players is that – according to internal data – the rise of digital subscriptions is currently offsetting the margin decline in print circulation revenues.

Findings

Interpreting the pyramid from a servitisation strategy perspective

From a servitisation perspective where services are added to the organisational offerings, The Pyramid focuses on increasing revenues by driving digital behaviour and converting print customers with digital access to digitally active customers (mainly subscribers to all SvD channels, but also digital only SvD subscribers). Securing a large base of visitors to SvD.se, even if without potential to become subscribers, is also intended. In the different initiatives organised to accomplish this, we can identify various servitisation strategies.
Strategies linked to the services continuum

With the focus on altering the nature of the service, SvD summarises it as follows: “we succeeded to implement the cliché ‘Digital first’ in the newsroom and at the sales departments. We went from a printed newspaper making a site to a digital organisation that also produces a printed newspaper” (McMullan, 2016). The Pyramid focused on the amount of paid content and a subscription initiative which reflects on the diverse SvD audience (including both digital and print). Intensive cross-selling of products was implemented to convert online readers to online subscribers and, importantly, all SvD channels. In 2015, a 79% increase in digital subscriptions, specifically from March through to December was arguably the best for SvD in modern time, and were attributed to a “smart paywall” and an “acclaimed digital storytelling that has made readers pay for content” (Marklund, 2016). Other strategies included creating new product offerings or presenting a new combination of existing offerings as two new supplements have been launched. A special site was developed for students, teachers and parents to assist them in their school studies. Included in this site is a collection of editorial manuals for teachers to “steal with pride.” Access to SvD Junior requires additional payment (10 weeks for SEK199) but its success was seen in the development of 11,000 subscribers within a few months. New product designs have also been implemented as part of The Pyramid as there has been a redesign of their product concept, e.g. the actual print newspaper has experienced one important restyling and new ones are planned, and the online version follows the above-mentioned three columns form. The organisation of content within the new templates is made possible through a new IT infrastructure that uses both algorithms and real-time big data.

Strategies linked to social media

Increasing engagement and customer value has involved the use of social media including LinkedIn, Twitter, Google, Facebook, Instagram and Buzzfeed. Premium customers can share content but SvD also promotes content to raise awareness of topics, provide a preview of stories and inform public opinion. Journalists are also able to raise interest in trending stories through social media.

In sum, The Pyramid has significantly moved SvD towards servitisation, particularly with intensive cross-selling of products; the creation new product offerings and new combinations of existing offerings; additional service offerings linked to existing products; and product designs. While strategies associated with technology, such as advanced CRM systems have been initiated, when compared to other consumer industries they are not as evident in the current state of The Pyramid.

Finally, although not part of the Pyramid project, SvD has also developed service offerings linked to the core knowledge and brand of the organisation, such as a new line of business to business SvD live events. These events, which only in 2016 included four summits – investors, bank, energy and insurance summits – and 1 forum – financial, were organised in collaboration with Insight Events and aimed at the industry’s top executives and decision makers. Importantly, these events were articulated around SvD’s core capabilities such as developing high quality content and picking up relevant topics, as a corporate sales help of SvD’s acknowledges:
With high quality content and relevant topics, we collect the most important people and take up the most urgent issues in a variety of industries. We offer your company the opportunity to participate [in our events] as a sponsor and a unique opportunity for marketing products and services to a specific audience. Each event offers personal meetings and new business contacts with decision makers from both the private and the public sector. All with an editorial setting and market best editors on the scene.

However, despite the significant novelty that SvD’s new strategy arguably brings to the newspaper industry along different and comprehensive lines of servitisation, a service sensitive analysis would be incomplete without a careful consideration of these activities from the perspective of SDL.

**Interpreting the pyramid using SDL**

Media products, and particularly newspapers, are obvious examples of goods as distribution mechanisms for service provision. And SvD’s segmentation developed in The Pyramid seems accurately designed to match distinct needs in different segments. As shown in Figure 4, The Pyramid organises SvD’s customer segments depending on the combination of how four different needs are prioritised by different users. These needs impact how and in which ways the customer interacts with SvD.

Equally, SvD’s strategy seems to emerge from an implicit understanding of how different customers use and benefit from their offering differently among diverse channels and platforms (see Figure 3). Thus, service, currently masked by indirect exchange only in the case of print subscriptions, is properly understood as the fundamental basis of exchange. And because all SvD’s economies are properly conceptualised today as service economies, the organisation – in its pursuit of strategic benefit – has accordingly focused on fine-tuning and reinforcing its (self-declared) most relevant operant resources: marketing and journalist staff, IT process and CRM.

From this perspective, the SvD’s strategy has remarkable merits, particularly in its efforts to gain further understanding of the needs of different target groups. However, a more detailed analysis of the potential implications of a SDL suggests some possible limitations in the current approach of the Pyramid project. We argue that, although perhaps not exclusively, this is particularly the case in the following aspects: (1) customisation, (2) resource development and coordination, (3) marketing communication as a dialogue with customers, and therefore (4) value co-creation.

Although, the new SvD spins on better understanding consumer needs, and great advances have been delivered in this area, individual customers remain untagged to different segments and need bundles. Also, although SvD has improved in interactive features potentially able to advance customisation, apart from the “Allt om/snabbt om” feature, they still amount to little more than a few graphic and database technics for improved information reading and occasional readers´ participation initiatives. This has a clear impact in an internally static logic of the business as the following press clipped quote from SvD’s CEO highlights:

The proper receipt is [still] about making a product filled with content that advertisers and readers are prepared to pay for. (SvD’s CEO Gunilla Asker)
Finally, the development of a special site for students, teachers and parents part of the Pyramid case harkens back to previous efforts of newspapers in scholastic journalism that have been common in the industry. Despite its refreshing approach and success as both a source of income and subscribers, it can hardly qualify as truly innovative in the industry.

All in all, these customisation efforts suggest that although innovative to the field of newspapers – such as the “Allt om/snabbt om” feature – the approach in the Pyramid case still results in a customisation of SvD that is largely led only by different subscription alternatives (digital only vs. all channels), within which radically different customers still get the basically same undifferentiated offering.

In a similar line, a Social Media (SM) marketing manager makes extensive use of SM to promote SvD content (tastings of stories, raise awareness of topics, shepherd public opinion …), and journalists keep an eye on SM to pick up stories and assess the public interest. However, despite the huge amount of views and data provided by readers that transcends customer service remains untapped, and the claim of the head of communication that “together with the reader we can create news” is not substantiated in any specific monitored and managed dialogue activity with customers with a significant impact on the value proposition of SvD.

Finally, resource development and coordination are strongly, although indirectly, limited by the low involvement of customers. Despite the massive (and largely successful) effort to generate new organisational capabilities in IT and marketing, and to coherently integrate these newly acquired resources within the traditionally strong editorial skills of SvD, the newspaper still considers customers as largely passive beneficiaries. Customers are still not thought of as a valuable resource. They can click on “Allt om/snabbt om,” and if they are premium customers they can share content, but the role assigned to customers by SvD (even if they are called under the news strategy “digitally active customers”) has largely remained unchanged. From a SDL perspective, value co-creation does not necessarily lead to value co-production and the role of the reader as a co-producer of news meets resistance when it goes beyond side-line projects that do not impact the core of news provision as a sole responsibility of journalists. If this is a reflexively conscious self-imposed limit to the business of SvD, the absence of co-production will not necessarily be problematic as long as the newspaper strategies align with the premise that “value is co-created by multiple actors, always including the beneficiary” (Vargo & Lusch, 2016, p. 8).

However, in our analysis (Figures 5 and 6), we infer a few shared beliefs, values and ideals strongly engrained in the journalistic practices of qualitative news that limit, from a SDL perspective, the potential impact of SvD’s strategies on customisation, resource development and coordination and marketing communication. Qualitative news, under the form of brand values for non-journalist members of SvD, comprises different conceptual elements, some of which show a negative relationship with SDL premises. The value of making society homogeneously and commonly understandable and the belief that clusters of readers do not communicate, combine to articulate the value proposition of “social cohesion” that qualitative news incorporates. These two components (that in our analysis emerge as the first-order concepts of “non-understanding news” and “non-communication between clusters”) bring limits to the possibilities of customisation of news. Similarly, the ideal of possible non-hidden agendas and total transparency, and the belief that dialogue among readers is largely restricted to emotional exchanges (that we code as
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<th>Relationship</th>
<th>2nd order SDL themes</th>
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| Tailored offers                        | "Everybody is welcome to our base. The base is the recruiting area, where we have to tailor our offers so that they will be more and more personalized and more attractive to the readers, so we can adapt them to their needs and make them stay with us." (CEO)  
"If we don’t think that this combination of algorithms and big data will produce a different offering to different customers? A. Well, no. Not always." (CEO) |              | -                    |
| Non-understanding news                  | "But don’t think that we will see, at least not here, a site that’s completely personalized. I think our strength is to sort, to explain, and to make the society and the news a bit more understandable." (EIC)  
(Repeating the previous quote) "That’s our core. That they can scan a lot of data, a lot of buzz and make that understandable. Give the readers the most important content they need to get a deeper understanding of their own life and the society." (EIC) |              | -                    |
| Multichannel                           | "If they want digital, they should have it. If they want a 7 day print paper, they should have that. You need to be multi-channel." (CEO)  
"We need to have them in a multi-channel way, we can’t have print forever, if they decide they don’t want print anymore, they should choose Svenska Dagbladet in the digital channels not the competitor." (HoM) |              | -                    |
| Different combinations of content       | "We can’t publish all the journalism in the same way. We expect that everybody is going to want to combine (content)." (CEO)  
"Could you imagine a newspaper that is different depending on the reader?" A: "Yes, to a certain extent." Q: "To which extent?" A: "We need to be relevant, but it’s also about a matter of not only content but how you package and present it. Maybe we can package and present it different to different groups." (HoM) |              | -                    |
| Geographic segmentation                 | "Customization is geographically. We launched a newsletter today focused on Gothenburg." (HoC)                                                                                                                         |              | -                    |
| Non-communication between clusters     | "You see the cluster of tweets, they are very clustered, so they don’t communicate often enough." (HoC)                                                                                                              |              | -                    |
| Change headings                        | "The journalists can see how their articles are being more read, for example change in the heading can improve the reading figures." (CEO)                                                                              |              | -                    |
| All about - Quick about                 | "All major news events are divided into: 'All About' and 'Quick About' to fit the reader’s different needs. When choosing 'Quick About', you will get the most relevant selection built upon our own algorithm. When choosing 'All About', it searches for relevant articles regarding the topic." (CEO) |              | -                    |
| Editorial work for customer type        | "We’re talking about how we work with this editorially. We’ve done some things about that, but you can go even further, and you could also type the customers and […] visitors, and have different customer profiles structured. We’re not there yet." (HoM) |              | -                    |
| Goal of serving the customers          | "We are here to serve the customers, that’s our goal." (HoM)                                                                                                                                                 |              | -                    |
| Providing interesting new topics       | "Stumbling into a topic you didn’t know that you were interested in and no algorithm can provide you with that, […] the information you didn’t know you were interested in." (HoM) |              | -                    |
| Sociodemographic and behavioral data   | "You can combine customer data with behavioral data. You can get the full perspective of them." (Q) Is this already working?  
A: "I would say not yet. We are on our way. Right now we’re prototyping." (HoM)                                                                 |              | -                    |
| Understanding customer needs           | "But what we then found is that (in our customers) there are clear different kind of needs, […] functional and emotional." (CEO)  
"Segmentation is really important, because we talked about needs. The customers needs for news ads are a new dimension of what we want to do editorially." (Q) "No, of course. Yes! A: "Exactly, and that’s a big contribution of the pyramid project." (HoM)  
"Now we’re constantly monitoring data and we’re working data informed. We are listening a lot to our readers by looking at how they act on the website, what they read, how long they read, what time they read […] and we’re trying to analyze that data and use it to do better journalism. We’re not letting our readers dominate us, but we are listening to them and how they act on our platform, also on Facebook and other platforms. That is a real shift in how we think about the readers." (EIC)  
"Everything from security to editorial content, to how the business model is implemented, everything comes to the customer needs. Everything goes in there." (CEO)  
"The needs segmentation, we have used it in our product development. We’ve used it for, and we use it […] but we haven’t tagged the customer base according to it. Tagging is not important today. Data is collected in one place and we use dynamic segmentation." (HoM)  
"Back then, we never talked about the readers. We never considered the readers’ views as important. They were just readers, they were paying and they should be happy and don’t complain."
(CEO)  
(EIC) |              | -                    |

**Figure 5.** Data structure in SDL themes.
Figure 5. Continued.
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<th>1st order concepts</th>
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<tr>
<td>Investigative journalism</td>
<td>Reader interaction is going to strengthen the investigative part of our business. I would also say when we do investigative journalism and then decide, “Okay, we’re going to make the readers pay for this, we’re not going to give it away for free,” we see that our readers are willing to pay for it.” (HOC)</td>
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<tr>
<td>Reliable news</td>
<td>“I think that this development that we experience now with alternative facts, fake news, lies, and all that. What’s happening in the world shows the importance of a quality journalist that is secured, that is reliable. People will come back to the safe editorial harbors because the need for reliable news will grow in the future. We’re in a transition period.” (HOC)</td>
<td>+</td>
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<tr>
<td>Everyone’s his own journalist</td>
<td>“Today everybody can be their own journalist, almost everybody gets tools and channels to produce the words with their own vision of reality. And that is fine. But there is a risk to blur the conception of the world on information that might not be based on facts but on pure lies form undemocratic senders with hidden agendas. This must come to an end. People must be more source critical and quality media need to review facts even better.” (HOC)</td>
<td>+</td>
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<tr>
<td>Hidden agendas</td>
<td>“There are Hidden agendas, there are undemocratic actors using the new tools.” (HOC)</td>
<td>+</td>
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<tr>
<td>Readers’ embusman</td>
<td>Q: “How do you deal with transparency in your selection, production and distribution of contents?” A: “Yes, our Editorial Chief has a blog and a column every Sunday, talking about when there’s something going on. He’s usually addressing it as an editorial issue.” (R2M)</td>
<td>+</td>
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<tr>
<td>Searching for sources</td>
<td>“Searching for sources, and the sources are there. It happens now and then that the sources reply, then some stories could not have been written without ‘almost, which is quite interesting.’” (HOC)</td>
<td>+</td>
<td></td>
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<tr>
<td>The field</td>
<td>Q: “The Pyramid that but doesn’t actually deal with that.” A: “We will.” Q: “Okay, that’s what I want to know.” A: “Yes, we will because our believe is that it’s only together with the readers we encourage journalists that feel is relevant.” (HOC)</td>
<td>+</td>
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<td>All of them (our journalists) are out there in social media and scan for news or follow their own topics. I would say perhaps half of the journalists are also very active and engaging with the readers.” (R2M)</td>
<td>+</td>
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<tr>
<td>Tips from readers</td>
<td>“We often invite readers to tip us what to write about and in that sense social media has a very big impact.” (HOC)</td>
<td>+</td>
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<td>“We have always been dependent on our readers to find the topics. We have always got a lot of tips from the readers. You should really look into this. You should really talk to this person.” Or, “I have something. I have something you should write about.” I hope that interaction would grow in the future and give us more opportunity to talk to the readers. Because I think there are a lot of news out there that we don’t get to hear about.” (R2M)</td>
<td>+</td>
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<td>Sometimes you need to change the article several times because of the reader input. That was the big fight 10 to 15 years ago, then when the feedback loop was opened. Now, this is not an issue.” (HOC)</td>
<td>+</td>
<td></td>
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<tr>
<td>Readers’ polls</td>
<td>“We have a survey on the site, please give us feedback that’s going 24/7.” (HOC)</td>
<td>+</td>
<td>Dialogue with customers</td>
</tr>
<tr>
<td>“The readers […] could choose from 10 different books and the literature critics wrote about those books, […] Sending those smaller reader interaction projects will be much more common, it’s a great source of journalism I think.” (R2M)</td>
<td>+</td>
<td></td>
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<tr>
<td>Tailored communication</td>
<td>“Now we can be much more sophisticated with what we publish or the message we communicate for that customer.” (CEO)</td>
<td>+</td>
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<td>“The next step now is to formulate the correct actions. How to make them not to turn. Then you need to co-operate with the newsletter because they know communications […] It’s the product you bought. […] The messages or content you need needs to be from the newsletter.” (HOC)</td>
<td>+</td>
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<tr>
<td>Customer research</td>
<td>“Research with focus groups in specific areas for example, right now we are interviewing women because they find that the news in the paper the readership was 50/50 between men and women. But digitally, the readers on site are more men.” (R2M)</td>
<td>+</td>
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<tr>
<td>Hate news</td>
<td>Q: “How do you plan to enhance the dialogue, well, do you think that dialogue could be enhanced?” A: “I mean, before we had a possibility to comment (from the readers) but we need to handle the unwanted messages. We are soon launching a new function.” (CEO)</td>
<td>+</td>
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<tr>
<td>Follow specific journalists</td>
<td>“Many readers have a close relationship to specific journalists and with a simple click they easily can follow the journalist of choice.” (CEO)</td>
<td>+</td>
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<tr>
<td>Engagement in chat</td>
<td>“We can really see the people are engaged in our opinion material […] It’s easier to have an interaction today and in some customer segments they want to discuss, they don’t want to post on Facebook, but when we have chats […] then we can see an anonymous engagement.” (CEO)</td>
<td>+</td>
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<tr>
<td>Delivering on dialogue</td>
<td>We have a lot of views […] coming into us which we don’t really systematize or act upon. The data coming in from phone customer service and from their web service, it’s easier to quantify, but [asks thread] there’s so much more.” (HOC)</td>
<td>+</td>
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<td></td>
<td>(Sears thread) there’s so much more.” (HoM)</td>
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<td>New predictive model</td>
<td><em>Now [...] we can see from different perimeters, (and) “Okay, what kind of message do we need to publish depending on what we see?” (CEO)</em></td>
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<td></td>
<td>Q: “This predictive model is in place?” A: “Yes, we are testing it.” (HoM)</td>
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<tr>
<td>Management behind the scene</td>
<td>“Well, behind the scene is business. As a business person, you’re behind the scene most of the time, which is totally natural in an editorial company.” (CEO)</td>
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<tr>
<td>Common spaces</td>
<td>“Look around here, how squeezed it is here.” (CEO)</td>
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<tr>
<td>Investment in CRM</td>
<td>“We’ve made heavy investments in the CRM systems to make sure that we could align a print customer and a digital customer at the same time.” (CEO)</td>
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<tr>
<td>Investment in digital development</td>
<td>[We have] invest[ed] in innovative digital development, (because we) need to be multi-channel, (and) we have a completely new content management system. This makes it possible for the journalist to work in a much more efficient way.” (CEO)</td>
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<td>Internal communication</td>
<td>“It is important to communicate to the organization, and to the board, in addition to the associates. What are we aiming for and how are we going to achieve it.” (HoM)</td>
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<td>Involvement of different areas</td>
<td>“I think, doing all this work with a needs segmentation, involving the newsroom, and involving the product development. That was a breakthrough.” (HoM)</td>
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<td>Cross functional teams</td>
<td>We have cross functional teams... (for example) when it comes to the digital area, they are not separate organizations anymore. Now, we move together with the digital press team, with the premium editor team. Now, they’re sitting together.” (HoM)</td>
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<td>Sense of unity</td>
<td>“In order to create the readership or engagement, [...] we believe that the content is the best way of promoting our products. There’s no (better) advertising campaign [...] But then, which segments are we going to target, within which articles? Then there are no two organizations anymore, there is one.” (HoM)</td>
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<td>Watchdog role</td>
<td>&quot;I think the newsroom would not exist without that. At least not our newsroom. In public service and other institutions they could react on news and do a good job there, but we have to create the news. We have to be the ones poking on the politicians and the directors and managers. Make them feel a bit uncomfortable.” (EIC)</td>
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<td>Hidden agendas</td>
<td>&quot;There are hidden agendas, there are underdemocratic [actors] using the new tools.” (HoC)</td>
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<tr>
<td>Conservative stanling</td>
<td>&quot;Then defending the readers, yes, that’s where the conservative part comes in. That you can rely on our editorial section to be conservative.” (HoM)</td>
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<tr>
<td>Investigative journalism</td>
<td>&quot;Reader interaction is going to strengthen the investigative part of our business. I would also say, when we do investigative journalism and then decide, “Okay, we’re going to make the readers pay for this, we’re not going to give it away for free”, we see that our readers are willing to pay for it.” (HoM)</td>
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<tr>
<td>Integrity</td>
<td>&quot;You can have a dynamic product without losing your integrity. We never interfere with what our journalists write. They choose, they have the integrity, but they can choose different things within their integrity. Different angles.” (CEO)</td>
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<td>Reliable news</td>
<td>&quot;I think that this development that we experience now with alternative facts, fake news, lies, and all that. What’s happening in the world shows the importance of a quality journalist that is secured, that is reliable. People will come back to the safe editorial harbors because the need for reliable news will grow in the future. We’re in a transition period.” (HoC)</td>
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<td></td>
<td>&quot;We have narrowed it down to news, culture, business and editorial. This is our core area. The others, well, it’s nice to have but here is where we should be at our best: I think reliable source and to know that this is true. That’s the position.” (HoM)</td>
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<tr>
<td>Trustworthiness</td>
<td>&quot;We are trustworthy.” (HoM)</td>
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<td></td>
<td>&quot;But saying that you can still have an editor in chief and a CEO. The integrity, that’s something else. And that needs everybody to respect. You need to have an unquestionable integrity for the journalism otherwise, your trustworthiness will erode which is a disaster for a qualitative newsbrand.” (CEO)</td>
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<td></td>
<td>&quot;People will realize, I would like to know the truth.&quot; I think there will be a revival of truth within 10 years.” (HoC)</td>
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<tr>
<td>Clear brand values</td>
<td>&quot;When we made the whole strategy, one extremely important part for our success is that, we changed the business model; we changed the production, we changed distribution. I think I said that to you, but we didn’t change the brand and the fact that we sell qualitative news.” (EIC)</td>
<td>Brand Values</td>
<td></td>
</tr>
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<td></td>
<td>&quot;You can’t A-B test who you are. You have an identity, you have a brand, you’re a brand promise.” (HoM)</td>
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<td></td>
<td>&quot;What we haven’t changed is the brand and the our core content area. I think there is a risk to make the mistake of changing the wrong things in the digitalisation change process. It’s not the question about changing the core of what you sell, but how to make sure to be in the frontline when it comes to offer leading edge digital solutions to your customers.” (CEO)</td>
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**Figure 6.** Data structure in qualitative news (shadowed concepts indicate a negative relationship to second order SDL themes, as shown in Figure 5).
“hidden agendas” and “hate news” respectively), fuel the assigned role of the press as an “independent monitor” of powerful societal actors, but curbs the imagined potential of a meaningful dialogue with customers in SvD. Similarly, the commitment of SvD to “tell the truth” as part of its value proposition is strongly locked in the nature of news reliability that journalism provides (“reliable news” in our emergent first-order nodes), but again, in our view, this belief potentially interferes with a communication understood as a dialogue with readers and most notably, with the possibilities of value co-creation.

Despite The Pyramid project, the value proposition of SvD -based in qualitative news articulated in a value proposition of social cohesion, telling the truth and independent monitoring of third social actors- retains some shared beliefs, values and ideals that, mostly unconsciously, set barriers to business innovation. For example, based on the value of providing readers with a homogenous understanding of society and the assumption that clusters of readers form societal hermetic silos, SvD does not consider (not even in the long run according to its top management) a full personalisation of their offering in which customers can largely control what contents they want to receive from SvD.

To this extent, there is no evidence that SvD has fully incorporated SDL’s fundamental premise that actors cannot deliver value but can only participate in the creation and offering of value propositions, and that value is always uniquely and phenomenologically determined by the beneficiary into its business strategy. This, eventually, requires an approach still more customised and beneficiary oriented, in which relations with customers transcend the current “Allt om/snabbt om” feature and the SvD’s circulation boosting work in social media. Although SvD claims that its promotional activities have entered a communication mode, its use of social media within an advertising multiplatform strategy is still largely focused on reaching out for audience and its account of feedback seems basically restricted to reactive positive comments on Twitter by readers that appreciate different aspects of The Pyramid. Despite the perceived value of customers as providers of tips, corrections and insights about the public interest, SvD has not incorporated -through managerial tools of any kind- these interactions as part of its business but remain informal and gracious practices not subject to control and management. In this sense, SvD has some room for better integrating customers as a valuable resource.

Our analysis of the SvD case suggests that in the highly-institutionalised context of legacy newspapers this process of value co-creation is strongly defined by specific institutional arrangements. Vargo and Lusch (2016) have suggested that value co-creation is coordinated by existing institutions. In our analysis, we see how this coordination can hold sufficiently enough sway to define boundaries of what is acceptable and, perhaps, even imaginable by organisations. Even in our exemplary case of a leading innovative newspaper, SvD, the normalising effects of some shared beliefs, values and ideals, significantly restrain the conceptual boundaries and practical implications of customisation, resource development and coordination, and marketing communication in legacy newspapers. This, possibly, offers newspapers some untapped opportunities in understanding what marketing is and can deliver to their business and society.

Discussion

The purpose of this paper was to investigate state-of-the-art innovation activities within the newspapers industry from a servitisation and SDL perspective.
In our exemplary case of The Pyramid project in SvD, our findings are similar to those of Fließ and Hagenhoff (2016) with the identification of some of the servitisation strategies identified in German newspaper organisations, specifically those linked with cross-selling, new product offerings and product design. From the data gathered, despite first steps in service offerings linked to existing products, brand and to the core knowledge of the organisation, strategies associated with technology, such as advanced CRM systems were not evident. This is understandable in the light of analysis of the findings from SDL, where little change in the role of the customer has been noted. Consequently, it could be said that there has been limited servitisation and that this advancement across the service continuum is rather an alteration in the distribution format (from offline to online) than a new understanding of the service logic of the business.

Some implementation of SDL has been observed in that there is a focus on customer needs and customer-derived value, but no evidence of a detailed co-creation effort has been found (to date). However, despite the significant merits of SvD’s strategy, particularly in its efforts to gain further understanding of the needs of different target groups, it still seems to fall short in fully acknowledging that, in line with Vargo and Lusch (2016), value is co-created by multiple actors, always including the beneficiary. SvD seems to be partly still in a unidirectional mode of value creation, with little room for an active involvement of users. As we show in our analysis, this is particularly obvious in three key implications of the SDL premise of value co-creation: customisation, resource development and coordination, and marketing communication as a dialogue.

Our results also claim that our exemplary case of a commonly considered highly innovative newspapers allows us to infer some current beliefs, values, ideals in the field that shape the practice of qualitative news in newspapers and define in a restrictive way the possibilities of co-creation of value in the industry. However, as our analysis from a SDL perspective suggests, not all normative aspects of qualitative news bring similar implications to the activities organised under The Pyramid. While some institutional arrangements impose clear-cut boundaries to value co-creation, such as the belief that clusters of readers result in societal silos or the journalists’ monopoly in reliable news, others do not. In our data, we do not see an uncontested limiting effect in other institutional arrangements such as the ideal role of the press as a watchdog or the value of providing interesting new topics (“watchdog role” and “providing interesting new topics” respectively in our 1st order concepts), suggesting a possible accommodation to relevant innovative goals and efforts. To mark this distinction between these shared beliefs, values and ideals that act as institutional barriers to innovation and other institutional components that are neutral to service orientated innovation strategies, we propose the term institutional limits to SDL and servitisation.

The gaps identified in this research, specifically in the implementation of servitisation strategies in the areas of customisation, resource development and coordination, and marketing communication as a dialogue, present numerous opportunities for newspapers management for the future. The development of advanced CRM systems will require a further integration of technology and strategy, and can be used as powerful means to progress in building relationships with customers based on their needs and behaviour. Interacting with customers remains a challenge in this industry and CRM tools can be used to organise and develop ways to interact. However, more advanced CRM alone will not deliver service dominant innovation. The integration of technology will need to be
coupled with further and more relevant customisation. Packing content in one-size-fits-all forms is based on the fantasy of a homogenous readership and a uniform public agenda, but newspaper customers already select their readings in ways that go beyond the control of editors and marketers, and societies are today more complexly articulated than ever. Alternative information providers such as social media and news curators already allow users to pick up topics and sources in ways that newspapers could consider suitable also for them. Similarly, the Internet has revolutionised the possibilities for value co-creation – if not co-production – and specifically facilitates the mobilisation and coordination of crowd sources. The future of newspapers may depend on their capability to tap the potential of their readers and other stakeholders as unique, non-replicable, valuable resources upon which to leverage new business, customer and societal value. Finally, none of these possibilities can be fully developed without a truly bidirectional dialogue with customers. This requires a reassignment of roles so that readers become actual actors. Other industries are already integrating in their decision-making processes customers’ opinions and intentions in a fashion that transcends the more typical consumer decision journeys, engagement monitoring and satisfaction surveys, tools which, although already used to different degrees by SvD, are still largely new to newspapers. However, as we have identified some institutional limits to SDL and servitisation, for these initiatives to happen, newspapers need to question, rethink and re-evaluate the propriety of some of the institutional components – shared beliefs, values and ideals, but also rules and laws – that today the industry takes for granted.

Limitations, further research and conclusions

Limitations of this research include those traditionally associated with qualitative and case study research, including issues related to generalisability. The findings are associated with The Pyramid project at SvD, and are thus specific to this initiative. Other legacy newspapers and other players that enter the industry, such as journalistic start-ups and native digital news providers could be bringing innovation initiatives to the industry that more fully align with the implications of a SDL perspective on marketing. These initiatives could have passed unnoticed to INMA. Also, it is not impossible that INMA, embedded in the current normalising practices of legacy newspapers, selects innovation projects that fully comply with the demands of the current rules, norms and concepts that dominate the industry. Future research could expand the number of cases, purposely scanning institutionally conflicting innovations, both in the developed and in the developing markets as well as in varying types of media. Contrasting innovation in native online news providers, perhaps not subject to the same type of institutional arrangements (such as the fully distributed Buzzfeed or Now This) can also suggest more flexibility to value co-creation alternatives. In our research, we have paid very limited attention to the advertisers’ side of SvD business model and the possible impact of The Pyramid project on it. Further investigation into the effect on advertisers is also necessary.

From a theoretical perspective, our paper suggests that in some industries institutional arrangements can have such a strong impact in SDL that it transcends a mere coordination of the process of value co-creation through actor-generated institutions (Vargo & Lusch, 2016). Our analysis in the legacy newspapers industry would indicate that existing components - such as beliefs, values and ideals - within institutions define
clear boundaries to (1) what is legitimate value, (2) who are legitimate actors and (3) which are legitimate activities in the value creation process. This approach deserves conceptualisation and theoretical refinement that goes beyond the scope of this analysis.

In conclusion, the case of SvD, a role model in newspapers innovation, exemplifies how the industry understands the service dimension of its offering, where goods (e.g. print and online editions, and recently events and perhaps other initiatives) are distribution mechanisms for the provision of services addressing specific customer needs (e.g. summarise the present, be updated, see the whole picture and discuss). This understanding of service as the fundamental basis of exchange in news provision is moving newspapers towards servitisation. However, despite the advancements in this direction, our case would suggest that the industry could still be locked in a unidirectional mode of value creation, that hinders the participation of all actors in the creation and offering of value propositions. Today, newspapers address the above-mentioned customer needs through specific practices (e.g. a well-developed provision of news aiming at “social cohesion,” a forceful public agenda setting resulting from their role as “independent monitors,” and a commitment to “tell the truth” that distrusts an open discussion with readers) strongly determined by some specific shared beliefs, values and ideals that allow little room for an active involvement of users. This has limited customers to a role that has barely changed since the original only-print mode of news provision established more than a century ago.

This paper proposes that, from a service-centred view, the business sustainability of qualitative news may require of newspapers to become more inherently beneficiary oriented and relational. For this to happen, the newspaper industry may need to consider changes in those shared beliefs, values and ideals composing the institutional arrangements of qualitative news that limit value co-creation.

**Disclosure statement**

No potential conflict of interest was reported by the authors.

**Notes on contributors**

_Joaquín Cestino_ is currently a PhD Candidate at Jönköping International Business School (JIBS), Sweden and member of the Media, Management and Transformation Centre at JIBS. His research focuses on entrepreneurship and innovation in media organizations, with a particular interest in legacy newspapers and journalist entrepreneurs and processes of institutional change in the field of written news. Joaquin joined MMTC after a long professional experience in marketing management positions in leading fast-moving-consumer-goods firms and legacy media. His research has been awarded by the European Media Management Association and the International Symposium on Media Innovations.

_Adele Berndt_ is currently an Associate Professor at Jönköping International Business School (JIBS), Sweden and member of the Media, Management and Transformation Centre at JIBS as well as affiliated to the Gordon Institute of Business Science. She studied and worked in South Africa prior to her move to Sweden in 2012. Her areas of marketing interest include Services’ Marketing and Consumer Behaviour. She has presented papers various national and international conferences as well as authored and edited a number of books on these topics. She is a member of the Academy of Marketing Science and the European Media Management Association (EMMA).
ORCID

Adele Berndt http://orcid.org/0000-0002-6633-632X

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