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Strategy and business model: The Digital Revolution in the Newspaper Industry

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TABLE OF CONTENTS

<i>Chapter 1 – The Evolution of Press Industry</i>	4
1.1 The origins of the press industry	4
1.2 Three fundamental evolutions in communication system	9
1.3 The first crisis: the birth of Radio and Tv	10
1.4 The Fourth Industrial Revolution: effects on journalism	12
1.5 Main newspaper’s revenue streams	21
<i>Chapter 2 – The Disruptive Wave of the Digital Revolution</i>	25
2.1 Digital disruption of business	25
2.2 New era of communication, a comparison between business models	31
2.3 The online newspaper: a new structure	34
2.4 Google and Facebook, who is ruling the game	40
2.5 Normative landscape and copyright issues	45
<i>Chapter 3 – The reaction of the global press to the Digital Revolution</i>	51
3.1 <i>The Guardian</i> , a British case study	51
3.2 The New York Times, who runs the games	58
3.3 The Washington Post, the winning business model	63
3.4 La Repubblica, an Italian perspective	68
3.5 A business comparison, takeaways from the case studies	71
<i>Chapter 4 – A (theoretical) digitalized business model</i>	77
4.1 People’s trust in newspapers	81
4.2 How to implement a strategic plan	82
4.3 What about the future?	86
CONCLUSIONS	88
REFERENCES	90

ABSTRACT

In the first chapter of this dissertation, we will analyze the history of the editorial evolution in pills. We will talk about the birth of the newspaper as a tool of information necessary for evolution of society in each of the most important countries in the world: USA, UK and Italy. But we will also pass through the first crisis which this industry had to face since the introduction of additional and important broadcasters such as Television and Radio. Finally, we'll talk about the first online newspapers giving some good examples of innovation in the first stages of revolution.

In the second chapter our look will be on the process of disruption, with a focus on the stages of the technological disruption and how it can be an opportunity instead of a threat. Then we'll enter more specifically in the composition of an online newspaper, coming to some conclusions about the different business models adopted by competitors. Moreover, we will give some ideas about the revenue streams of a newspapers, besides the classic editorial work. In this chapter there will be also a mention to new competitors in the information landscape, represented by Google, Facebook and, more in general, news aggregators.

In the third chapter we will compare different case studies, in order to track some different behavior in the management of crisis by some of the most important titles in the world, from different countries (The New York Times, The Washington Post, The Guardian and La Repubblica).

Finally, the fourth and last chapter is about some previsions about future of journalism, with a look on the new technologies and new challenges that the industry is going to face but which can be new opportunities to improve the business. Then, according to the takeaways of the model previously analyzed, some questions which everyone has a business in the editorial industry should take himself in to understand the status of his management.

Chapter 1 – The Evolution of Press Industry

“Reading the morning newspaper is the realist's morning prayer. One orients one's attitude toward the world either by God or by what the world is. The former gives as much security as the latter, in that one knows how one stands.”

(Friedrich Hegel)

1.1 The origins of the press industry

Once upon a time there were the “Gazettes”. The first one was in France, in Lipsia around 1630. It was composed by a limited number of pages (about 4) with small layout. They were written clumsily and reported war, commercials, dynastic and diplomatic facts.¹

They say these gazettes were the first real periodicals of information and spread the tendency of receive news weekly. This led the public to subscribe, guaranteeing them revenues in the long term.

The gazettes were often published by license, in authorized printers. Sources tend to be always institutional ones and news were written and selected in order to not result uncomfortable for the government.

Institutions and powerful powers guaranteed to gazettes subventions and protection so that they were profitable even though the small number of copies.

In these years in France, Théophraste Renaudot decided to implement them with commercial ads, which became the main financing tools of newspapers.

1.1.1 In United Kingdom

In 1800 the technological progress was advancing, and newspapers was starting to rise up against the institutional control. In this aspect, the UK had a primacy. Since 1712 newspapers were taxed as the government was concerned about the freedom of the

¹ Oliviero, B. (2006). La democrazia della stampa. *Storia del giornalismo*.

press. This taxation became too narrow when in the Stamp Act of 1814 the fee reached 4 pence a copy². This caused the price of a single newspaper rise to 7 or 8 pence per day. These taxes of knowledge – as they were called – limited the fruition of the newspaper to the working class and made press not so as free as it was born to be.

In that context (that will change only in 1855)² in UK started to circulate the *unstamped*³ newspapers. In the 19th century, the unstamped newspapers became the main instrument of communication for the working class. The tax represented also good health of the publishing industry and the desire of the government to take part to profits.

A crucial name in the landscape of English press was “The Times” directed by John Walter. Even if in the first years the newspaper took benefit from many financings helps by politicians and private citizens, his editorial line was to make information without any constraint. Hence Walter wanted to be independent from any political party or social class.

Over the years, The Times reached a high level of quality in information they gave, accurate and complete. It separated from the financial support of the politics and started to give an objective point of view also about many tricky institutional issues.

Since the very end of 1700, the English press has already a strong identity. There were many newspapers that covered different subjects and enjoyed the trust of a very devoted public. Impressive was the strong entrepreneurial autonomy that many newspapers had.

First of all, England has a developed publishing market financed by a rich middle class. They represented the *critical mass* of the society, the one that met in cafes, clubs and academies and different meeting places where they share their opinions.

At that time press was an essential tool for the society, and even if it was still far away from the real impartiality, it was fundamental in developing a common critical spirit.

It was in England that was born the definition of “fourth estate” talking about press. It was the fourth element of the socio-political organism of UK.

After Times, about 1000 new newspapers came out especially periodical ones and they were sold mainly under subscription.

² Oliviero, B. (2006). La democrazia della stampa. *Storia del giornalismo*.

³ Newspaper that doesn't pay the taxes, basically illegal but tolerated in some ways

Daily newspapers consisted of four to eight pages closely typed columns of reports of parliamentary debates or speeches by important statesman

In the end of the century, there was an effort to expand circulations by newspapers that innovate their framework with some 'reader-friendly' changes such as headlines, illustrations, interviews. Stories became shorter and columns turned into paragraphs.

1.1.2 In Italy

The spread of weekly newspapers was quick also in the Italian peninsula. Especially in some cities such as Turin, Bologna, Rome and Mantua but also in small centers like Rimini².

At that time, Venice was the capital of publishing industry. However, the Italian city quickly lost his supremacy because of the regression of the country in a second place in the European political life.

This led to the impossibility for Italian cities of becoming large metropolitan areas as London and Paris and therefore the creation of a strong publishing system.

It is true that in Italy, at that time, the Church had a fundamental role, exercising a strict control on whatever was written and printed. It was a power that feared the increasing spread of free media.

In the first 30 years of 1800 Italy was far behind the other European cities and United States. First of all, Italy didn't have a modern and concerned audience, inspired by progressive ideal. After Napoleon, free press was abolished in every part of the peninsula. The king was intimidated by the seeds of subversion diffused time before. Free press began to appear – only partially – in 1848 with the Albertine Statute². This was very limited to some strict rules, but it was the first step for the press freedom in the country.

After that many newspapers started to circulate. It is estimated that in 1858 in Italy were published about 300 newspapers: 117 in the Savoy reign, 68 in the kingdom of the Lombardo Veneto, 27 in Tuscany, 16 in Rome and 50 in the South of Italy.

A little number of them was daily newspapers, most of them were montly or weekly magazines. Then there were some periodicals about culture, literature, religion and technical journals.

However, the situation was still being backward in respect to other western countries, in both quality and quantitative aspects. Editors of newspapers were still intellectuals, political representatives, religious, teachers and lawyers. Most of the time newspapers were in loss; at the beginning they were financed by private or public institutions, but they always ended early. Nevertheless, journalism had become an important aspect of modern life, not as a polemical and political instrument but as a pedagogical and propagandistic one.

1.1.3 In USA, the penny press

American press in the 19th century was very different from how we know it today. First of all, there were three main categories:

- **Political press**
- **Commercial papers**
- **Penny press (later)**⁴

The first one, the political press was initially the most representative. It was developed during the Revolution as a instrument of debate and propaganda. In fact American press was more polemic and less objective respect to other nations: language was aggressive, violent and sometimes vulgar.

Political press (or party press), was diffused especially right before the Civil War. At that time, press was more than an information tool, but first of all it was a method of communication and a tool of a political fighting.

Editors of newspapers were often influent political or public figures that expressed about critical issues of that century such as the imposition of customs duties, the abolition of slavery, the national bank and the very popular election campaign.

In general, American press played a role in building a national identity around capitalistic and bourgeois values.

Furthermore, political press developed a sort of local identity: every community owned his newspaper. This also led to the growth of strong divisions between North and South of the country especially about the slavery issue.

⁴ Pedemonte, E. (2010). *Morte e resurrezione dei giornali*. Garzanti.

The **commercial papers** (or business papers) were the second stream of press industry. They were grey newspapers dedicated to economic news, commercial ads and information about prices, companies, business opportunities. They represented the business journalism based on accuracy and concreteness.

The great revolution happened in the first half of 1800 when in America the **penny press** spread among the people. Party papers were available especially for the middle class: they costed 6 penny a copy, composed by four pages of which the first and the last ones were occupied by advertisements. The other pages told instead about heavy subjects and long reports about political debates⁴. Around 1833 some journalists created a new kind of newspaper, low cost, explicitly oriented to popular classes characterized by a brand-new style of content. The *penny paper* indeed costed 1 penny and it was sold not only under subscription but also through paperboys all over the streets⁴.

New York was the place of birth of the penny press, the biggest and the most cosmopolite city of United States. The first publication of this type was ‘The Sun’ founded in 1833 by Benjamin Day⁴. The new format of this newspaper - smaller than traditional ones, easier to handle, ideal for occasional and faster reading – decreed the birth of the *tabloid* format.

The Sun’s subtitle was ‘It shines for all’ and started a real revolution for American press: no more long articles about institutional issues from the Congress or Parliament, but short and precise news.

The facts were the real core of this new penny press. They wanted to give their public easy news to read and understand, making an information available to everyone -facts of *human interest* as they were called. The subjects were accidents, fire, collapses but also shows, inaugurations and curiosities.

In a short time, The Sun reached an edition of 20.000 copies, more than Times did in London at the same moment.⁴

Another important legacy left by the penny press was the re-organization of the structure of the newspaper. Right after The Sun, another publication came to light: the ‘Morning Herald’, founded in 1835 by the Scottish James Gordon Bennet⁴. He was able to give the newspaper greater weight, giving more space to political and economic information, improving the organization of pages through section, implementing with sport news and building a stronger network with foreign correspondents.

The penny press introduced the journalism of scandals and investigation. The penny papers were ‘commercials’ they went all on advertisement and the editions were so high that they were able to cover all the advertising investments. This made possible to be independent from the politics. Unlike the party papers that survived thanks to subscriptions and institutions, penny press declared proudly itself non-partisan.

1.2 Three fundamental evolutions in communication system

The history of mass media could be watched as a continual transformation, without any meaningful interruptions. The changes happened went from the scarcity to the abundance. In fact, if in first years – first half of 1900 – messages and resources of information were limited and a situation of scarcity was recorded as the years passed, numbers of messages and broadcasters have increased. This happened with the technological innovation that led the information to be in a position of abundance. In the first place, this was a very slow process but then it took more accelerated rhythms. Even if the passage from scarcity to abundance represents an issue also in a more juridical way –in Italy the process follows the Gasparri laws from 2004 which regulates all the communication area – it is very useful to synthetize the great change that has a strong impact in the whole society.

Recently the first engine for this change was the birth of Television and Radio, and more in general the electronic communication.

Legislative interventions in the first place were committed to guarantee every citizen from the situation of scarcity. Today regulations recognize the abundance condition and try to manage the huge traffic of data.

In this journey from scarcity to abundance, according to scholars, three main cracks can be identified– scientific discoveries that contributed to mutate the structure of mass media communication system and its function⁴.

These 3 phases are:

⁵ Legge 3 maggio 2004, n. 112, “Norme di principio in materia di assetto del sistema radiotelevisivo e della RAI-Radiotelevisione italiana Spa, nonché delega al Governo per l’emanazione del testo unico della radiotelevisione”

First. *Broadcasting revolution*: the commercialization of televisions in all parts of Europe and outside, in 1980 -90;

Second. *Digital is better*: the advent of digitalization right after the previous period. In some countries it overlaps the commercialization phase;

Third. *“Datacracy”*: The birth of Internet and ICT that characterizes present years;

1.3 The first crisis: the birth of Radio and Tv

In 1920 appeared first real signals of the new era: real time communication. Just when newspapers had reached the apex of their diffusion, a new medium made his appearance, the radio.

The first one was 1922 in Great Britain, when was created BBC (British Broadcasting Corporation), a public broadcaster⁴.

Hence, in a few years radio stations began a strong presence in houses all over the world. In 1925 there where already the 85% of British people that could listen to radio programs; in 1938 in USA the 90% of the families in metropolises and 79% in the country side⁶.

Under the point of view of information, radio was a radical change. It didn't communicate more through writing but with the voice. This conferred a different and strongest emotional impact for the public.

In terms of time, radio made possible to produce real time bulletin even several times a day.

A more direct relationship between governors and citizens was created: the one that Max Weber defined 'charismatic power'⁷.

Another pro of the radio was that it was able to reach a wider audience than newspapers, crossing national borders.

Recognized the great possibilities of this instrument, governments of all countries hurried to institute a public monopoly on the radio broadcasts.

⁶ Murialdi, P., & Panarari, M. (2006). *Storia del giornalismo italiano: dalle gazzette a Internet* (p. 46). Bologna: Il mulino.

⁷ The radio would become the favorite instrument used by totalitarianisms. Without it probably Fascism and Nazism could not have happened

People had the possibility to hear the same speech from a politician at the same time, through speakers in the streets or in their own house.

Meanwhile, some other inventions contribute to keep press strong. Photography for example, joined new technologies. It was diffused the use of the color and the quality of the print was improved too. Cameras became easier to handle and reproduction techniques more economic. This contributed to give birth to the photojournalism and weekly magazines with illustrations. In the twenty years between the First and the Second World War, newspapers reached the maximum number of sales in history. At the end of '30 in Uk there were sold 376 copies every 1000 residents, 309 in the United States, 274 in France and 102 in Italy⁶.

These data were the highest registered in history of journalism. After that time, numbers were destined to fall irreversibly.

The '50s of 1900 were the times of the ultimate mass media: television. Its arrival marked a new and radical discontinuity for in the history of information – and communication -. In brief time it became the most diffused medium of the mass culture, also reference point for all the leftist intellectuals. Under the point of view of information, the broadcast journalism in televisions was an important news, exercising his influence.

Print press obviously suffered by entrance of his new competitor. The maximum levels of splendor were in '30s and '40s – especially in 1945 and 1946 -. After 1960 was recorded a decrease in print run, in particular:⁶

<i>Number of copies sold</i>	<i>France</i>	<i>Usa</i>
<i>In golden age</i>	16 million	1,25 per family
<i>After birth of Tv</i>	≈ 12 million	0, 80 per family

Table 1 Murialdi, P., & Panarari, M. (2006). Storia del giornalismo italiano: dalle gazette a Internet (p. 46). Bologna: Il mulino.

Newspaper industry reacted to this disruptive innovation, trying to imitate the way of communication of radio and television under the aspects of vitality and colloquialism. On the other hand, they set themselves as different medium, complementary, more detailed and fuller of comments, deep interpretation of the news that the others broadcasted quickly but often superficially. Quality journalism was the answer to electronic media, especially by the American press.

The intuition of editors was that the only way to attract advertising investments was to win the trust of the well-educated audience and the middle class.

The newsmagazines became more and more popular and in all European countries were born a lot of periodicals about all kind of subjects, characterized by their vitality and brilliance of the articles.

By the way, the “serious” information was relatively surpassed by more evasive and entertaining publications. Mass media, in that period were completely involved in the birth of neo capitalist and mass society, the one pervaded by a consumerism fueled by the great presence of advertising in every aspect of life.

At that time, producing information became more and more expensive and the economies of scale of the editorial firms grew.

The tendency was to concentrate and integrate the major mass media firms in the financial establishment in which the profit was the common goal. The work of the journalist became harder and faced the issue of overabundance of news. Journalists were forced to selected news and search in a sea of information often redundant and confusing.

In that climate of abundance, a lot of small realities died leaving room to the giants of information that invested in “quality journalism”.

In 1979 began the real economic expansion of the market. Big newspapers increased the number of foreign correspondents in order to have more deep description of events, also in real time, to react to the challenge of televisions.

These moves premised advertising investors to reach a more focused market segment than the Tv’s one. Anyway, profits were stable.

1.4 The Fourth Industrial Revolution: effects on journalism

The web journalism history develops in a brief time frame but is rich of rapid changes. We could find the origin of this enormous process of modernization in communication in the first half of 1980 when some of the American publishing companies – especially Times and Knight-Ridder – launched the first ‘electronic newspapers⁸. The new technology used the *videotext* service that premised to send the electronic text through the telephone line or the TV cable.

⁸ Lisiero, U. (2012). *News (paper) revolution: l’informazione online al tempo dei social network*. F. Lupetti.

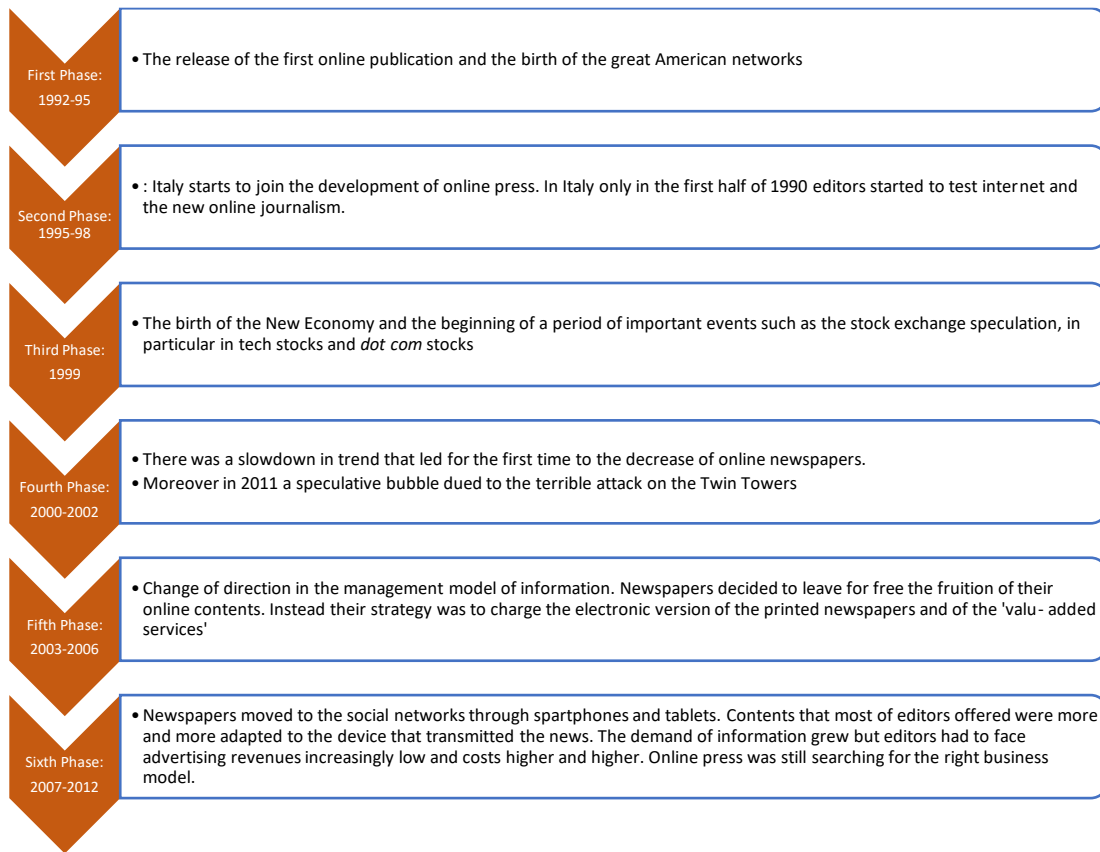
The scenario of that time seen a lower diffusion of print newspapers and an increasing rise of cost of paper. This was the reason why the communication system needed to try new ways of distribution.

The amount spent for the investments in this new technology was substantial – for videotext the American industry used over 100 million dollars – however the results were relatively limited. Another try to avoid costs derived from print was the *auditext*, a service through which readers could have access to a pre-registered menu of news by their telephone.

The free formula was adapted right away in the model of *auditext*. Although the final user had to ear some advertisements before the news. This way the ‘Atalanta Journal-Constitution’, for example, reached one million of calls in a months.

Initially, the first online commercial services made of newspapers a source of strength. On the other hand, for the newspapers the deal with the great advertising providers was not a profitable operation. In fact, the technical infrastructure took around the 80% of the revenues from subscriptions. The digital literacy of people in these years went so fast that newspapers never gave up on their online editions.

The rise of online newspapers began in United States and the literature divides it in six different phases:



The real web pioneers were small newspapers that immediately moved to internet in order to exploit the opportunity of increasing their distribution keeping a costs' steady level.

However, the traditional support remained the most used by editors because guaranteed sure earnings with advertising and the cover price.

The first one that tried to invest more seriously in the web version of the newspaper was the 'Mercury News' from San Josè, California in 1993. His experimental edition on Web was available on the portal America On Line under a monthly subscription of \$9,95 per months. His large success, despite the fairly coarse design, was due to two main services that this kind of model offered: first of all, it was possible to check the earlier issues from the archive. Second of all, it gave the chance to interact directly with journalists in a way that was more incisive than the letters column.

After the New York Times and The Washington Post went online in 1994 with their electronic version, thanks to some internet providers such as AOL and The Gate, all the main American edition moved to online version searching for alternative businesses.

In 1994 some controversies happened especially among journalists that accused editors of making not enough investments. Hence, some of the professional journalists decide to create their own information website, composed by a lot of column from the traditional newspaper and a good coverage of local news. Another journalist, David Talbot, followed this trend creating a new website ‘Salon’, the first *webzine*, a magazine created online without a background in a traditional edition.

On 27th October of 1994 was born ‘Wired’, that introduced *banners* for the first time in his website. It was about a very clear and simple little box with a brief message.

On 20th January of 1996 the online version of New York Times came out. The edition permitted to readers to have free access to the front page and after one month of free subscription required to register to the website on order to read the articles. In fact, the mutual service consists in sharing articles in exchange of a great number of personal data. This information was used by the website to build a database of about 13 millions of profiles which were used to have big demographic information in order to better orient advertisement.

Revenues in dollars from advertising on 2003 were 88 millions and came from the 80% of commercials. For foreign readers, subscription was of \$35 per month.

After a first period of good results, the newspaper decided to make the service free for international readers too.

Instead, the digital edition of the newspaper in newsstand costed 13 dollars per week and it included also the insert ‘Sunday’ and some other contents such as crosswords, historical archive and the email alert about main news, obituaries and job offers

1.4.1 Wall Street Journal: the first example of good online journalism

On 1996 online version of ‘The Wall Street Journal’ was born. This newspaper was for a long time one of the most able to attract a large number of subscribers. In fact, at the end of the same year the subscribers were 50 thousand and 165 thousand one year later; in 2004 they were about 700 thousands. The WSJ strategy was to charge less the subscription for the printed newspaper – 39 dollars per years instead of 79 dollars -. Furthermore, an additional and reduced fee was provided for whom customized their edition based on their preferences, with their own title’s portfolio and the news alert service.

Web users were used to reward the richness of contents such as legal text, historical documentations and online consulting. In this field, the WSJ together with 'Dow Jones' were very advanced, offering a big database available not only for firms but also for the public.

Moreover, the periodical implemented a strong synergy integrating all the resources that its editor made available. This strategy makes possible to be responsive to all the users' needs.

The brand finally was a very important element of the success of the WSJ reflecting quality and credibility also with his background as a printed newspaper.

In 2002 over the 90% of whom tried the free version of the publication, confirmed their subscription in following months.

Similarly, the British 'Financial Times' that gave a free part of his newspaper with news such as real-time quotes of the main world indexes. In addition, the access to the entire periodical was under payment of a fee.

'The Economist' instead, came up with a intermediate solution. Hence, a part of the newspaper was free and the access to the archive was charged. This last solution is considered powerful by the ones that are into the financial sector that are willing to pay for that kind of contents. For 'The Economist' there is also the chance to have a sort of 'pay per view' i.e. acquire single articles for \$2,95.

From 1996 to 2000 the number of online newspapers went from 1.300 to 3.100. The majority continued in using the free model commending the revenues to use of banners, as in the printed press was useful.

1.4.2 Some data about the diffusion of online journalism

According to the report "State of News Media" realized by the Pew Research Center's Project for Excellence in Journalism, value of revenues on printed press, in 2010 was of 22,8 millions of dollars against 25,8 millions of dollars of online newspapers. The

survey stated that 46% of American readers admit using internet as a main source of information and only 40% declare to be a habitual reader of printed newspapers⁹.

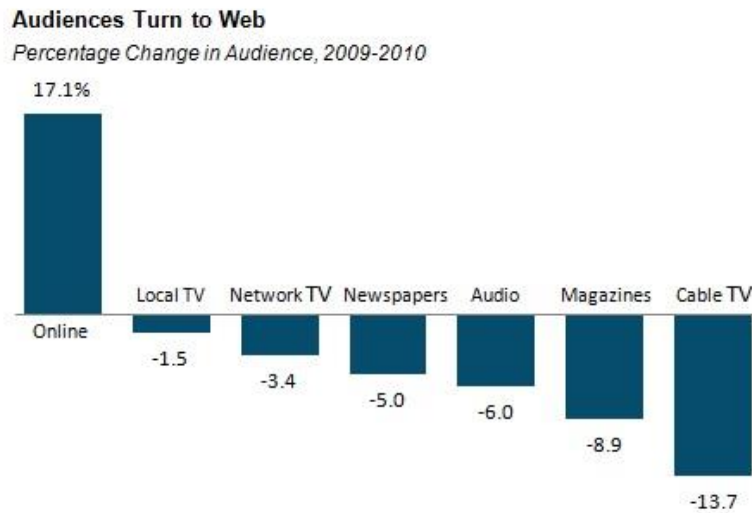


Fig. 1 Audience Turn to Web, Source: Nielsen Media Research, Pew Research Center for the People & the Press, Audit Bureau of Circulation (Pew Research Center, 2019) (Pew

The amount of revenues of the printed press is about 22,8 millions of dollars while for online newspapers amounts to 25,8 billion.

Talking about advertising, the report shows also how the printed press is the one that suffers more the decrease of investments by advertising companies. In 2011 the advertising market of the printed press registered a

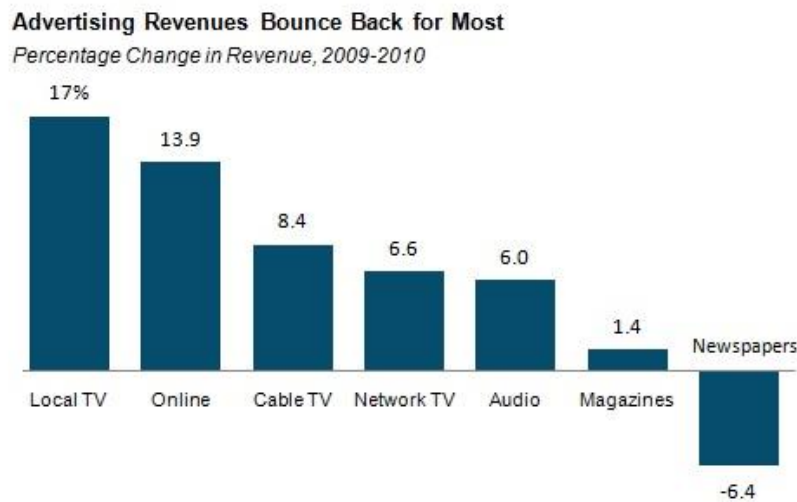


Fig. 2 Advertising Revenues Bounce Back for Most, Source: Nielsen Media Research, Pew Research Center for the People & the Press, Audit Bureau of Circulation

decrease of the 6,4% of the revenues, while the online press contributed to an increase of the 13,9. According to the report, printed newspapers had lost in four years the 48%

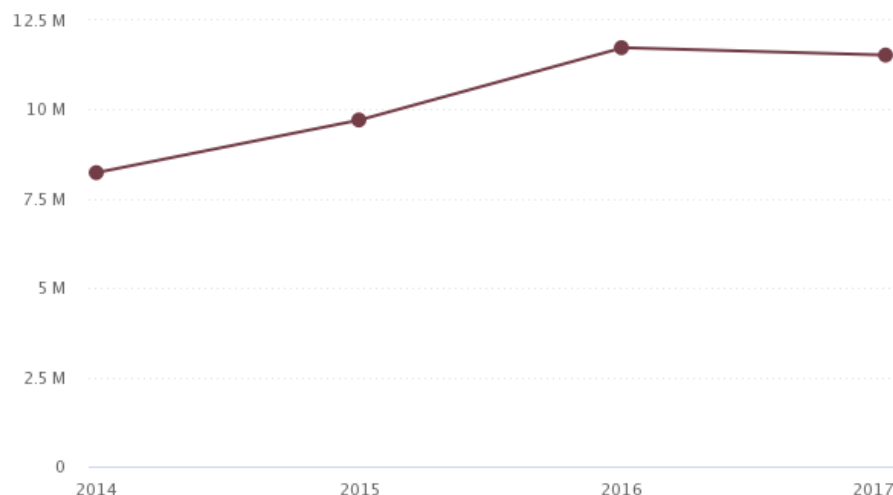
⁹ "Usa, l'online supera la carta per fatturato e numero di lettori, Source: EJO, March 2011, P. Macri <http://tinyurl.com/938zkfs>

of the advertising revenues. Moreover, in 2011 the profit margin of the printed press amounted to 5% against the 20% in the beginning of the 90s.

Also the research made by Pew Research Center made an overview ‘on the health of the U.S. news industry, including custom analysis of news audience behavior’. The analysis is made on the top 50 U.S daily newspapers based on circulation, including New York Times, Washington Post and Wall Street Journal – even if it does not have a Sunday edition -. Moreover, these three big entities had a specific analysis reported in other platforms, as the Pew Research Center says: “The New York Times in their financial statements and The Wall Street Journal in reports available on the Dow Jones website. (The Washington Post does not fully report digital circulation in any forum.)” As we can see from the graph, in 2015 there was a slight increase of unique visitors per month in online editions. Then in 2017, with the great boom of Facebook, the turnout on newspapers’ websites increased a lot by 21% respect to 2015.

Unique visitors of newspaper websites

Average monthly unique visitors of the top 50 U.S. newspapers by circulation



Note: For each year, the average traffic for each website for October/November/December was calculated; the data point represents the overall average of those numbers. Analysis is of the top 49 newspapers by average Sunday circulation for Q3 2016 and Q3 2017, according to Alliance for Audited Media data, with the addition of The Wall Street Journal. For each newspaper, the comScore entity matching its homepage URL was analyzed.

Source: comScore Media Metrix Multi-platform, unique visitors, October–December 2014, 2015, 2016 and 2017.

PEW RESEARCH CENTER

Fig. 3 Source: Pew Research Center

For what concern the circulation of both digital and printed newspapers, the Pew Research Center provided another graph – the one below -. Even though the digital

circulation is “more difficult to gauge”, the graph shows clearly a strong decrease in the diffusion of newspapers. In particular the Pew Research Center specifies that declines in 2017 were higher in print circulation. Therefore, weekday printed press decreased by 11% and Sunday one decreased by 10%. Notice that the maximum apex of circulation was recorded in 1984.

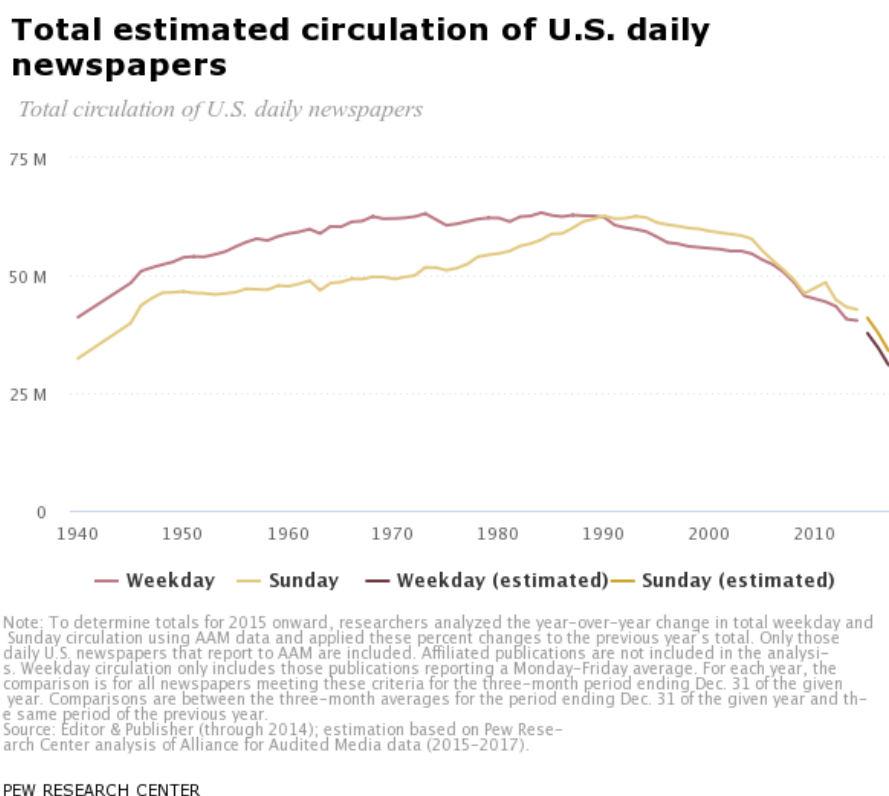


Fig. 4 Source: Pew Research Center

1.4.3 Italian approaches to online press

In Italy the birth of web revolution began in 1994 and the first newspaper that launched his first online version is ‘Unione Sarda’⁸. In their editorial they explained it was the first *hypermedial* newspaper. This meant that an user has a the possibility to navigate in a more complex structure, not only an informatic version of the printed paper but a real experience in which every information and content were linked with each other. Hypermedial text makes possible to read articles from all around the world searching for single words or entire articles from every kind of index.

Later other Italian newspapers moved on internet: in 1995 the first online edition of 'l'Unità' in the same year the 'Corriere della Sera' together with 'Gazzetta dello Sport'⁸. In that period the trend was the one of prudence, no one wanted to risk too much in this big change to digital. In fact, most of these newspapers just transposed the printed edition in an electronic one, at the lowest cost. Initially the goal was to collect the same amount of selling advertising spaces in articles.

In 1997, after the first experiment of "Repubblica", the same editor creates "Repubblica.it"⁸. The peculiarity of this new version is the coexistence in the same website of the electronic version of the issue and a brand-new online newspaper, controlled by a redaction of journalists working exclusively for that. Online editorial team is responsible for monitoring and giving news quickly and real time.

Is remarkable the birth of "Il Nuovo", the first online newspaper without a corresponding printed edition. Il Nuovo represented the response to new millennium that was meant to be revolutionary in all fields.

This project guaranteed the edition of about 150 news daily and a newsroom of 30 reporters, 200 collaborators and other columnists⁸. It was the first online independent newspaper but closed in December of 2003. In the same period there had been a crisis of online information which led to the closure of CNN Italy. This last event confirmed that the element of the *brand's strength* was only a myth. Moreover, in that period there was the speculative bubble of Dot-com ¹⁰that contributed to the failure of many information enterprises.

In 2000 was very influent "eDay.it" that was a newspaper conceived exclusively for Web. It was entirely free and updated online during the day. The newsroom of eDay employed 15 journalists. The layout consisted in four columns in pdf format offering the standard edition and an exclusive version that the user can customize based on his preferences. After a month from its birth, eDay.it counts 38 thousand users, 7 thousand registered to the customized versions.

One year later unfortunately, eDay has to close. The lack of advertising revenues doesn't let the newspaper to continue.

¹⁰ Also known as the internet bubble, consisted in a rapid rise in U.S. technology stock equity valuations fueled by investments in internet-based companies during the bull market in the late 1990s. During the dotcom bubble, the value of equity markets grew exponentially. [credits: Investopedia.com]

The online business model often shows itself too much weak: it involves great investments in advertising, start-up costs and the impossibility of guaranteeing returns on capital that makes difficult the continuation of this kind of enterprises.

1.5 Main newspaper's revenue streams

To sum-up the history presented and the main changes that affected the newspaper industry, it is interesting to disentangle the current business models of the main players. Today, the main presence in a newspaper's revenues landscape is again advertising. As we saw, in the past advertisers used to depend a lot from their presence on press because it was the only way people got their information. Thanks to the Internet revolution, with websites and social network such as Facebook and Google, advertisers have multiple choice on which channel they can address their promos - we will talk later about how GAFA (Big Four Companies) are affecting the industry-.

Still, for some companies advertising remains the first revenue source. For example, the New York Times can still count on advertising in all its shapes. About 90% of the advertising revenues come from display ads, like banners and buttons and they are both on digital and printed version¹¹. The rest of ad revenues are composed by classified ads and so called "other" advertising that involves free-standing inserts, branded objects and so on.

1.5.1 Circulation revenue

Most of times, newspapers depend also on circulation revenue. That is "the money generated through paid print subscriptions and sold copies of the papers" according to GoBankingRates¹². In the digital era obviously, the circulation revenue includes subscriptions to the online and mobile newspaper's versions.

Another interesting element is the *paywall*. Many times, newspapers make available to readers for free, a little bit of the contents in their website and then submit them to the paywall which is a pop-up window that warns you that you've read all the articles for free and you need to pay in order to have more, having access to the complete mobile or online version.

¹¹ "How the newspaper industry is profitable today", Source: GoBankingRates.com, 2017, B. Bird

¹² <https://www.gobankingrates.com/making-money/business/newspaper-industry-surviving-today/>

1.5.2 Sponsors

Sometimes, printed newspapers include articles that are sponsored by companies, the so-called *sponsored content*.

The sponsored content consists in an article that is directly linked to a business which paid the newspaper to print and produce that content.

For example, there could be articles that talk about divorcing solution for couples that are promoted (and paid) by a law firm.

Hence, generally this kind of contents are built on preferences of the users and try to satisfy the more frequent requests that readers make.

Often there can be the problem of transparency, because sponsored contents are written like a normal article or story, but they have behind a precise intend of advertising.

1.5.3 Event Hosting

It's an alternative way through which newspaper could raise money. According to a research in a study made by Tow Center for Digital Journalism ¹³the authors identify Events hosting a good chance to enter in different kind of business. In fact, events offer "opportunities for many sponsorships, ticket sales and other income streams". Especially for local newspapers this represent a fundamental action to emerge in the landscape and differentiate the product.

Not less important is the opportunity of a face-to-face interaction with readers and users that makes possible customer loyalty

1.5.4 Media services

There is other useful initiative that newspapers can take in consideration to capitalize their skills (editorial, design and communication).

These are additional services, not strictly related with journalism but that could be offered to other realities and different business.

Hence, a newspaper could build apps, websites or simply counseling for medium-sized business. According the Tow Center's research, this could be also an opportunity to build a strong identity and an heritage associated with the brand.

¹³ "Local News in a Digital World: Small-Market Newspapers in the Digital Age", Damian Radcliffe and Christopher Ali, Columbia Journalism School, 2017

1.5.5 Newsletters

Recent studies made by the LSE University ¹⁴ had noticed how the old practice of the newsletter sent by e-mail could be indeed very modern also in a society that we think doesn't use the email tool in an era of social network or instant messages.

According to the study, a lot of newspapers started their own newsletter depending on the size of the business. For example, the Washington Post in 2015 had 61 different newsletters, the Wall Street Journal had 43 and The New York Times had 33. Moreover, Forbes had 30, The Daily Telegraph had 29 and The Guardian has 26.

In fact, it has been noted that newsletter practice was coincident with a huge growth both in the numbers of subscribers and engagement. The likelihood to become subscribers for who sign up to the New York Times' newsletter is even double.

Actually, the newsletter offers many advantages in terms of clarity and speed, considering that the time to spend on reading news or contents are becoming less and less. Many of these advantages are:

Advantages of E-mail Newsletters

Less spam

It's one of the reasons why this kind of contents could be even preferred to any other on web. Google has more strict policy to control and manage spam, that are messages of advertising that most of the time we don't require

Easy to read

Email is usually the easier and more familiar technology and permits a flexible use by an higher number of people that can read news simply consulting their e-mail address

Short and more assimilable

Nowadays we are overwhelmed by informations and material. This way, the newsletter offers a short summary of more important subjects.

More focus by readers

If the reader is signed up to a newsletter, is a great sign of loyalty to that kind of news provider. This gives the opportunity to make them read more widely the contents. Also, users don't have to remember to search for information but they have yet a list of more important ones sent by email.

More personal

Is a way to build a strong relationship with the readers. Email is something very personal, more than any other social network. Sending news by email is a good way to make readers feel special.

¹⁴ "Back to the Future, Email Newsletters as a Digital Channel for Journalism, Charlotte Fagerlund, LSE, POLIS

Moreover, the newsletter could be useful to advertising providers in order to identify the target for their banner. Often, people who use e-mails have an high level of education and sometimes higher income with respect to the population which prefers social network like Facebook.

If someone could think that email is something old and adapt only for old part of the population, the answer is: it depends. It is given by some surveys made by the Pew Research Center that stated that social network are frequently used by a younger age population while e-mail is something used more by older age population.

However, there are some interesting cases in which someone can reach a large slice of younger people through e-mails. It is the case of The Skimm, that born as a current-events newsletter aimed at millennial women of all ages. The incredible thing about Skimm, founded in 2012 is that the brand counts about 7 million subscribers, twice as many as the New York Times.

Every morning readers receive their newsletter that contains information, an editorial line built around storytelling with the caption “*all about making it easier to live smarter*”. Everything is given with a genuine and simple language that gives also credibility to the contents.

The challenges are many for newsletters. The market is defined “crowded” and is necessary to find some way by media companies to overcome this crowd and emerge in the communication market. The predictions for the future are very uncertain. One way could be to develop actual apps that can be consulted by mobile in which readers receive only newsletter which can be characterized by the same features of readability and clarity that old one had.

Chapter 2 – The Disruptive Wave of the Digital Revolution

“Journalism can never be silent: That is its greatest virtue and its greatest fault. It must speak, and speak immediately, while the echoes of wonder, the claims of triumph and the signs of horror are still in the air.”

Henry Anatole Grunwald

2.1 Digital disruption of business

Nowadays, the disruption of industry is a very crucial topic. According to Harvard Business Review, *disruption* is “a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses¹⁵”.

Hence, some companies focus on improving products and services to satisfy their most profitable customers, so they take care to some specific segments in spite of others that are ignored.

Potential entrants could take benefits from those overlooked segments, investing and offering them at lower price.

These entrants then move upmarket satisfying requests of the same more profitable customers above acquiring advantages that drove them into success.

¹⁵ “What is disruptive innovation?”, C.M. Christensen, M. E. Raynor, R. McDonald, Harvard Business Review, <https://www.hbr.org/2015/12/what-is-disruptive-innovation> (Newman, Digital news publications, 2019) (ComScore, 2016) (Christensen, Raynor, & McDonald, 2015) (Abbosh, 2018) (Nichols, Shabbir, & Nielsen, 2017) (Simon, 2018).

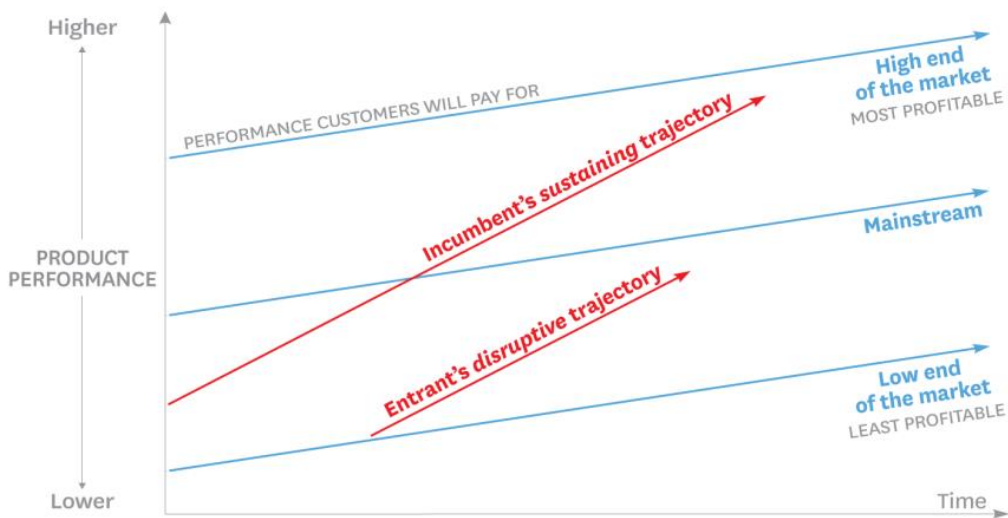


Fig. 5 How does Disruption work? Source: Clayton M. Christensen, Michael Raynor and Rory McDonald

Disruption has occurred when so called *mainstream customers* “start adopting the entrants offering in volume¹⁵”.

As we can see from *Fig. 5*, the red lines represent how products improve during time from the perspective of the incumbent companies and the entrants.

Blue lines instead show the customers’ willingness to pay for (good) performances. As we can see, incumbents split immediately up, satisfying more demanding customers. The first red line is clearing missing the “lower end of the market” representing the less profitable slice of customers. This last portion of the market is instead taken by the entrants that, finding a foothold in segments with less profit’s possibilities, position their selves in a *disruptive trajectory* improving more and more their performance until they reach higher performance (and profits) segments: first the mainstream customers then, potentially, the high end of the market.

So, if disruptive innovations take hold, it means that incumbent firms had overlooked some kind of particular markets. Therefore, incumbents create a breach for entrants that give to “low-end customers” those products with enough quality to satisfy them. According to the Harvard Business Review¹⁵, disruptors make sure to “turn non-consumers into consumers” in a view of new market footholds.

As every great change, disruption is part of a process. Most of the innovations started as a small-scale experiment. In fact, the producers of these kind of products initially had focused more on the business model of the innovation rather than on the product itself. Once they found the right way to sell and insert themselves in the market, they can pass from the margin of the market to first, the mainstream customers starting slowly to erode the market share of the incumbents.

Once this first - but required - process has been made, entrants can expand their presence and most important, their profitability.

The real problem is that often, incumbent firms tend to overlook the new entrants. This happens because of the time that a good process of disruption can take. This makes the “established” firms to ignore new competitors that for the first time appear in the market.

A great example is made by the entrance of Netflix in the entertainment market. For the first time in 1997, Netflix launched his platform, a service that resulted not attractive to customers which at that time, were loyal to Blockbuster that sold new releases of movies.

The new entrant offered a good inventory of movies and has the advantage of having an exclusive online interface. On the other hand, it took several days to deliver movies through the USA.

Therefore, initially Netflix attracted a very small slice of customers, the one not interested in having movies immediately. For this reason, Blockbuster didn’t care about this new potential “danger” and simply ignored the fact.

As the technology gave Netflix the opportunity of expanding its business, allowing it to shift into streaming video, suddenly also the Blockbuster’s customers became appealing for this kind of business model.

Netflix offered a faster, low-cost, high-quality and on demand service that at that time the historical provider of movie like Blockbuster couldn’t offer because of its late counterattack to new competitors.

Moreover, during the Mobile World Congress of 2018 some researchers by Accenture ¹⁶developed a method to measure the *disruption index*, that means industry’s current level of disruption. In addition to that, they found also the index that measures the susceptibility to future disruption of an industry.

To do that, they stated four main and distinct states of disruption:

- Durability
- Vulnerability

¹⁶ “Disruption need not be an enigma”, O. Abbosh, M. Sutcliffe, V. Savic, Accenture, February 26, 2018
<https://www.accenture.com/us-en/insight-leading-new-disruptability-index>

- Volatility
- Viability

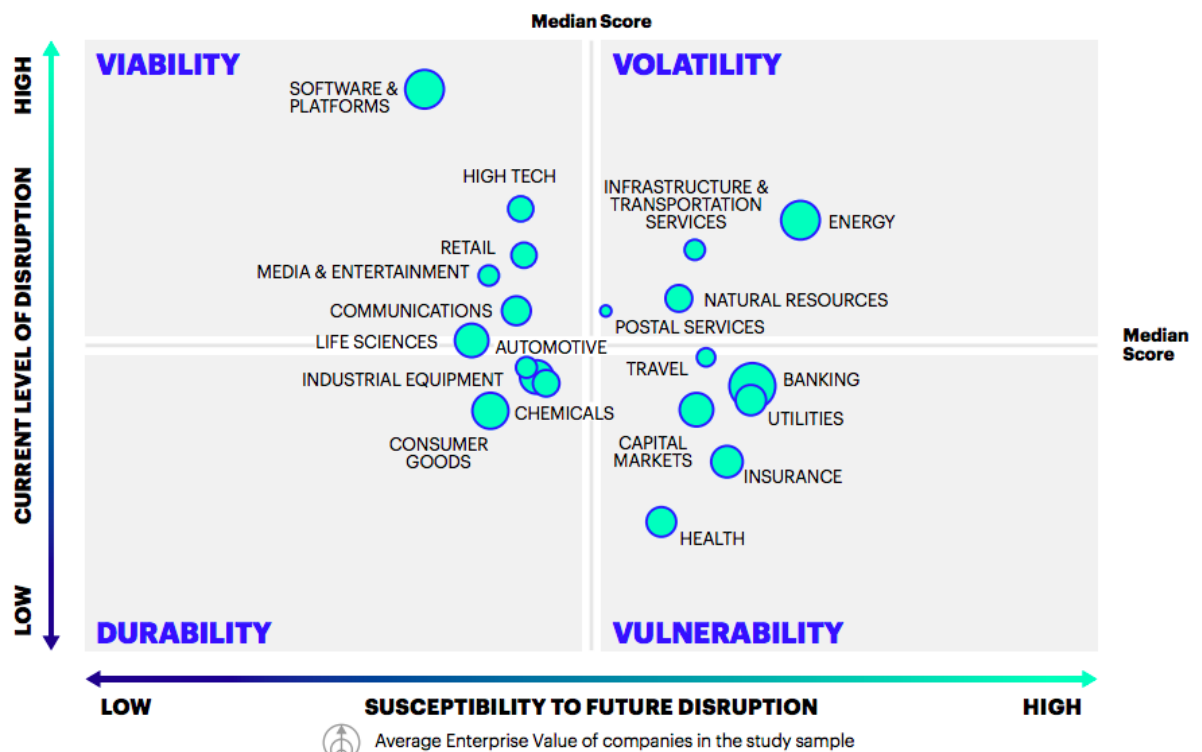


Fig. 6 Scatter Plot of Business Disruption, Source: Accenture

DURABILITY

It is the condition by which a business is able to remain useful and functional, without any kind of excessive innovation and updates. Generally, businesses that produce durable goods have some advantages in controlling sudden entrance of non-traditional business in the competitive landscapes.

In the durability field we can find industries that are mature and efficient. For example, there are business that produces alcoholic beverages, chemicals, tires and rubber etc... For business collocated in this state, disruptors who are attracted to the sector are relatively few.

VULNERABILITY

In the most theoretical way, vulnerability is the degree to which a business made by any kind of activity is susceptible to degradation and exposed to hostile agents or

external factors. In this state we find businesses such as: health and care, insurance and utilities as well as capital markets.

Business in this state are generally characterized by a structural weakness. This led to the explosion of the business at some risks. However, there are a lot of barriers to entry that inhibit the potential entrants in a temporary way. But often, this kind of businesses face difficulties on improving efficiency and they are susceptible to the hazard of the “opportunistic disruptors”. For example, for the health care market, some entrants are experimenting new technologies with artificial intelligence. Hence, a lot of incumbents are forced to increase innovation costs in order to stay competitive in the market.

VOLATILITY

Volatility generally represents the dispersion of the revenues for a precise kind of market. In most cases, the more volatile is a market, the riskier.

In this state we can find markets such as energy, transportation, natural resources and travel ones. Often, business located in this kind of classification are very susceptible of disruption especially in the short term.

If a volatile market used to enjoy strong barriers to entry, now they are all been demolished by new entrants that had unlock all the sources of value. Moreover, the old strengths have become weaknesses.

For example, in transportation field, the old taxies and on-demand systems have been overtaken by new options like mobile apps such as MyTaxi or Arro.

VIABILITY

The viability of a business measured its ability to survive and sustain profits in a precise period of time.

In other words, viability is how long a business can stay profitable. In this state we find business such as communications, high tech, retail and media & entertainment. Usually we talk about industries that suffered for a log disruption yet and they are trying to find new structural efficiencies. The only problem is that the innovation requires short-lived competitive advantages.

In this case the disruption is not violent but gradual and constant. A right example is made by newspaper industry indeed, that lies on the viability state. In fact, the industry as we told, is suffering by the exploitation of digital information. Someone is facing the problem introducing new methods to make revenue but there is the problem of high

costs of labor and production costs that make consumer demand shifts. Hence, the industry has a low susceptibility of future disruption in the short term but a high current level of disruption.

As we can see from *Figure 6*, the four states represent both level of current disruption and the degree of susceptibility of future disruption of a business. Hence, according to the pattern the more volatile the business is, the riskier is the disruption period both in present and in the immediate future.

But the disruption can be seen also and mainly as an opportunity to improve the core of business and challenge a new kind of know-how. In particular, there are some action that every business, depending on which state they are facing with, could do to deal with the disruption with better results.

In the **viability** period for example, firms should try to carry out actions which promote a constant state of innovation. They should develop new capabilities investing on them, especially in the digital marketing and analytics. All of these moves should attract customers and make possible to get close to new adjacent markets.

For what concerns the **durability** period, firms cannot stand and watch how much the world suffers constant changes every day and in a very rapid way. Business in this stadium, need to be proactive on changing their core business in order to stay competitive in the market. The goal should be no more centered on the cheaper offer to customers but on the targeting and customization, enlarging efficiency of products. On a state on **vulnerability**, with a low current disruption but a high risk of future one, a strategic move can be focus on implementing scale innovations using technology and data in order to build services useful to help customers in their difficulties. This requires building architecture using labs and hubs.

Businesses that lie in the **volatility** state have to go through a careful and strategic period of changes. The goal should be to avoid the potential obsolescence of the core business. This way, they should find a balance between the old core business and a brand new one. This should be done neither too quickly, because business can become financially too thin, neither too slowly avoiding obsolescence. Very important matter in this phase is to have confident financial restructuring actions.

2.2 New era of communication, a comparison between business models

A very crucial problem in the press landscape remains which kind of business model is better to adopt in order to overcome the current and apparently insurmountable crisis. As we realized that probably printed press is going to be just a luxury item, the right question is: which is the better business model for Web?

We know that revenue from adverts give users the possibility to benefit from all news for free. As we stated, often this kind of revenue stream result insufficient to cover all the production costs.

The Digital Revolution carried a sort of euphoria derived from the apparent costs cut. The hope initially, was to continue to rely on advertising revenue, as printed press did ever since its birth. In fact, also the old revenue method of banner has slowly lost its function. This caused many problems to newspapers that had invested a lot of money in this kind of Web tool.

The *advertising-based* method that should have ensured the subsistence of newspapers let contents to be free for users turned out to be temporary and not right for the long run.

As a matter of fact, after years of *free for all* contents, users are not available to pay for every service that used to be free and now is provided under payment.

We have seen also an evolution from free information to the *on-demand* one. For example, some financial and economic newspapers, in USA, have understood that some technical news linked to finance or stock indexes could be very appealing to a certain kind of public interested to the subjects. Usually these are very reliable sources and the user is well-disposed to pay for a specific content and news that could help him to handle his investment portfolio.

This is the reason why the economic information websites are more likely to survive also without the help of advertising incomes.

If economic information results privileged, we can't say the same for the rest of informative material of newspapers that don't treat economic subjects. These are the so-called generalist newspapers. The good performance of this kind of newspaper is way more complicated because if it's true that the scarcer a good is the more valuable, the supply of generalist news on Web is enormous.

Someone thinks that the best business model for Web information is a fair compromise between free supply of contents and a charged slice of generalist information.

This way it could be possible to give some free contents – basic offer – and add a series of value-added services for which users will be ready to pay for – premium offer -.

The business model of online newspapers suffers for the competition of Google. It's also true that if newspapers were to give up to the traffic generated by searching engines they would assist at a decrease of their audience of at least 50%.

For example, some newspapers started to disengage from Apple and the diffusion of contents that the company offered through its mobile apps.

In fact, for the publications, iOS Apple retains 30% of revenues. This is the reason why a lot of news media launched their own information apps different from Apple.

An interesting idea was the one of David Leigh, vice director of the department of investigative journalism of “The Guardian”. He proposed the institution of a micro-tax of £2 for each 3G contract subscribed.

In the British journalism landscape is not permitted to make pay for news because the BBC offers high quality information for free. This method would be useful to redistribute millions of pounds to many editorial groups.

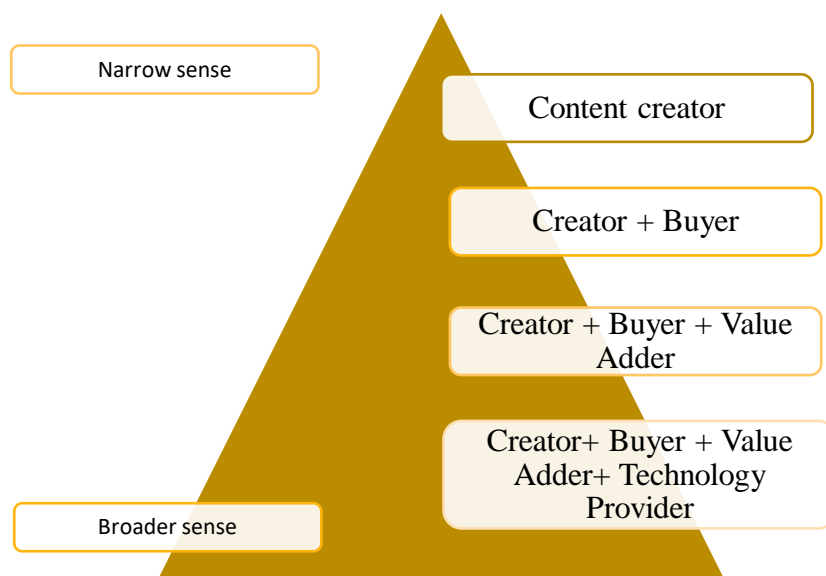
Here we can summarize the main business strategies developed in the overtimes:

- *Consultation under payment:* Initially, editors wanted to translate the same business model of the printed press in the online version. The subscription model turned to be unsuccessful and many of the newspapers that had started to use it, were forced to a quick reverse.
- *Free consultation with advertising revenues:* this is the strategy followed by the main editorial groups after the failure of the subscription method. This kind of model is inspired by the one followed by televisions. This consists in the delivery of contents for free joined by commercials.
- *Freemium consultation:* the name derived by a mix of two ways of fruition. The free one with limited functions that has an expiry date after which user can choose to continue under payment of a fee or not. There are several modes which depend on the choice of the provider. Then there is the premium version that can be signed any time and give directly the possibility to access to every service provided by the newspaper's website. Freemium consultation is actually very useful because readers are able to test the websites, and this creates a relationship of trust between newspaper and users.

- *Multirevenues business model*: this method is been adopted by editors who saw the low profitability of advertising on Web. Some newspapers try to diversify their business offering users different kind of contents, not only informative ones. The basic idea is to leave journalistic papers for free and make available the so-called value-added contents under payment of a fee. This kind of “special” services could be the consultation of archives or the information delivery by SMS or email.
- *News for personal info*: Is very typical business strategy adopted by the biggest social network realities. This consists in letting users to have access to any kind of content for free in exchange for his personal information or data. These data are destined to advertisers that use them to monitor users’ preferences and better orienting the announces.
- *Premium product*: With the birth of personal devices as smartphones and tablet, some newspapers started to propose to their users, new versions of the newspaper available only for these devices. Even if contents are edited by the same staff of the “normal” newspaper, they offer brand new contents for a very competitive prices (i.e. \$0,99 per copy or \$1,99 per month and \$19,99 per year). This permits to approach the customers’ needs and offer them more affordable service that they can easily join anywhere just using instruments they use every day.
- *Content provider*¹⁷: Some newspapers, service decided to overcome crisis becoming content providers. Hence, they use the “content based” model providing information and all kind of service, multimedia or not, to other Web realities or even other companies. Usually a content provider offers know-how and leadership in a particular market and it became important, knowing and understanding customers’ needs. This is also a job of consulting by realities like newspapers. In the narrow sense, content provider is the creator. This is the journalist or agencies which concentrate the business on producing content. Therefore, journalists create content for websites as freelancers or as employees of agencies or media companies. In the broader sense, the content provider is also a buyer, a “value adder” and finally technology provider.

¹⁷ Krueger, C. C., & Swatman, P. M. (2004). Who are the Internet Content Providers? In *Digital Communities in a Networked Society* (pp. 27-38). Springer, Boston, MA.

Actually, many newspapers fall in this category. They are companies that both purchase some content from external providers and produce their own in-house. Then they add value to content they had purchased for example offering users premium versions of the product with personalized content. The creation of technology is then an additional advantage. Media that are able to do that, offer to their readers the possibility to join content entirely from their sources.



2.3 The online newspaper: a new structure

The widespread presence of internet that reach users anywhere and everywhere has led to the emergency of new informative offers and new consumption patterns. The effect of digitalization on information field has led to a radical change in communication paradigms and a great impact on the business models.

Digitalization in the communication field, is not just a migration phenomenon or a conversion of an analogic product in a digital one. In particular, in the case of a newspaper born exclusively online, it's not about a remake of printed product but of a brand-new informative tool (a website, an app etc...).

According to the last Agcom Report (2018)¹⁸ about information consumption, internet succeeded to be the second most used medium with an informative goal.

¹⁸ Agcom. (2018). Osservatorio sulle testate online *Annual Report 2018*

In a very short time we have seen that the scarcity of information turned to be overabundance. In the first place this change was joined by a phase of disintermediation between user and news producer. Now we are in the second phase, which implies the intermediation of new subjects (online realities). This has led to an algorithmic distribution of information. Online platforms represent a fundamental instrument of innovation for editors and citizens.

Given the important role that these new platforms are covering in this crucial period, in particular social networks, generally the “mobile fruition” of information is radically modifying its distribution and consumption methods.

With an analysis of the navigation in main social networks an important result emerges: *just-online* newspapers are the main source of information¹⁸.

This new method of fruition causes a disintegration of the provision of content. Hence, platforms are intermediaries for the access to online information which sometimes is something completely random from the users’ point of view.

The structure of the online newspapers’ market is very difficult to identify, also because it is object of constant innovation. First, there are few entrance barriers both in normative sense and especially in an economic one. Years after years new subjects enter in the market and other exit because of many difficulties in the economic development of this kind of firms. Many of the editors come from traditional realities, in particular daily newspapers or periodicals and sometimes the editorial staff is so little that is even very difficult to considerate them part of a real newspaper.

The organizational structure, which is different depending on the size and nature of the firm, is composed generally by some “amatorial” editors that could be the founder and another person who is responsible of administrative stuff (advertising and sales). Then there are some external advisors (most of the time journalists) and an IT specialist who has to manage apps and the websites.

Talking about organization of work, practically in online newsrooms the structure is mainly horizontal with very fast rhythms that can ensure the widest coverage of news in real time. The figure of the professional journalist, usually the chief of the newspaper alongside therefore other figures (not necessarily intermediate professionals). They can be journalist or not and they have multiple functions and can handle different processes of editorial job such as writing texts, editing, video making and photography.

Usually, the total number of employees of an online newspaper is about 18 people including IT specialists and editors. This is a kind of structure that put in a high position of importance the supporting figures who manage informative services such as commercial activities (sales and administration) and IT support.

Because of the high level of competition in the online editorial sector, firms try to create their own market power by differentiating the product.

We can talk about two different type of differentiations: the horizontal one that involves the placement of the product for the public and the second one which manages the qualitative choices of the product itself.

2.3.1 Horizontal strategy: editorial line

Through online editors, there are some newspapers specialized in informative subjects (politics, economics or current affairs), then there are some others that represent something different than just a news' sources. These last kinds of newspaper are real databases.

Hence, the variety of the supply is so big that involves journalists who start their own business becoming editors, but also other newspapers run by non-professional journalists who however are able to convey information to specific sectors.

Moreover, users now can have access to news by multiple platforms and sources. For this reason, there is no more the need to subscribe or take in account a single product. In general, the "generalist newspapers" are less in favor of increasing in number of more specialized newspapers. Specialization offers more chances for editors also in terms of differentiation of the product, this led to a little (but significative) competitive advantage.

Talking about specialization the main subject of this new kind of information is sport (especially football) followed by finance and science and technology.

In addition to that, it seems also that the willingness to be informed about what happens in the world is decreasing year by year also because of the strong position that social network like Instagram is taking for some time.

2.3.2 Vertical strategy: the quality issue

This is a crucial matter which affect a lot the positioning of a newspaper in public. Is been proved that lately there is a lack of commitment in the recruitment of journalists. One of the reasons is obviously the scarcity of resources that permit to hire

professionals. On the other hand, there also is a bad distribution in investments, especially in the advertising ones.

Talking about quality there is also the problem of the “being everywhere, first, in the shorter time possible” pathology. In fact, with the real time information, people don’t need any more to be patient to have a news, users want everything immediately. Therefore, newspapers have to adapt to these kinds of timing and try to offer the higher number of news rapidly.

This is also the cause of the low-quality journalism, made of take information quickly, often from sources which are different from the newspaper’s editors. Sources can be also social media users or news agencies. For sure, there is no more the tendency to care about the news like when there was time between editing and printing the newspaper.

As we said, often editors are more concerned in bring to the newspaper more financial resources than care about the real quality of news. Especially in the generalist journalism, there is a great concern in cover multiple subjects which many times no one of the journalists in the newsroom has a clue about.

Then, there is a great attention to the positioning on searching engines. Google is the most powerful intermediary of our time. The SEO optimization has surpassed in importance in a very short time the quality.

2.3.3 The Vice Media Case as a good strategy with competitive advantage

In the landscape of the many online realities that today we know (and we don’t know), is important to take in consideration who has been really able to leave his mark. Vice is still one of the major examples of good conduction of a mainly digital business which, as years pass, doesn’t seem to lose its credibility to the public. Here briefly we’ll talk about this interesting case study.

Vice idea was born around 1994 as a newsprint distributed in the city of Montreal and its name was *The Voice of Montreal*. Initially, the business model of the newspaper was not clear, and it took a long time and many changes to build a strong brand image. Right after its birth, the Voice’s management understood that they should have need more dispersed market in terms of geography in order to produce more revenues. In fact, the limitation on Montreal’s borders were too tight to enlarge their portfolio of advertising offers to finance the newspaper.

The strategy of the aggressive expansion was based on fact that they were become more appealing to advertisers if they started to have a national presence.

Hence, in 1996 *The Voice of Montreal* left the floor to a new name: *Vice* and from Canada, start to expand also in the United States.

In 2002 Vice began his expansion all over the world, reaching Japan and United Kingdom where it launched the record label Vice Music. Together with both Vice Music and Vice Fashion, Vice's management started to study preferences of young generations, notice that there was a correlation between the tastes in music and fashion and the geographic area. Then in 2006 Vice started to experiment the video content with *Vice Guide to Travel*⁴².

Also, the advertising strategy was studied and experimented. In fact, Vice tried to make agreements only with brands which were strictly related to the newspaper's target. Through years, Vice continued to grow also thanks to acquisitions and improvements on the organizational structure.

After the first period of adaptation, Vice started to cross all boards, reaching Australia, Europe, Brazil, Mexico, South Africa, China and India. In these last two part of the world it was taken a totally different approach from finding the simple common points of global youth culture. As the executive managing director Hosi Simon said: "Basic human needs for self-expression are the same, but the vehicle is different. China is a big country with a small counterculture – so the self-expression may not be familiar to us like skateboarding". Moreover, Vice faced also some political risks due to the strong political power in China which tends to limit the expression. In India, the story was lightly different but not so much from the Chinese one. Simon said: "In India, there is an impending revolution of youth culture. You can just feel it's about to happen." Here Vice proposed itself as a vehicle in order to providing a voice to the youth in that revolution.

The main secret of the Vice's success was definitely in its capacity to dominate a little niche segment: the youth generation. Later Suroosh Alvi, Vice's co-founder, will affirm that their main goal was to create a voice by touching the local culture and translate to a global audience.

Data from 2013 show us that the 80% of online content was local and the remaining 20% was global⁴².

It must be said that the production of video content represented a great challenge for the revenues of Vice.

The strategy of producing valued global content consisted in sending someone from the Vice's staff in the shooting place to educate local video producers about the Vice's way technique of videomaking. Before they were posted on the website, content passed through a check in the editing suites in the main headquarters of the media company (New York but also UK, Messico, Australia and Los Angeles).

This way Vice has a very wide-ranging control in the market. Instead of direct the video production just from New York, they prefer to have an editing, production and activation capabilities in as many places as possible. This is a good way also to let locals to contribute to the content in order to have a more authentic and convincing product starting sort of franchising in every place they reach.

The "globalization process" of Vice didn't remain the same but somehow adapted to the country in which it happened. Modes of expansion were different for example in Indonesia and Malaysia as well as in Mexico, Vice bypassed the expansion route taken years before and experimented different way to become known.

Therefore, in Mexico Vice sold its digital products to Sky Mexico which broadcasted the documentary *Heavy Metal in Baghdad* and only after the content was spread around and there were organized some events to raise awareness, the magazine was launched for the first time.

Moreover, Vice has the unique capability of closing agreements with great and global companies such as Intel or YouTube. The many videos signed Vice on the most famous online broadcaster in the world do nothing but raise its credibility and appeal for future investors.

Finally, here we summarize the Vice's main active business lines so far:

Vice News for News	Noisey Music	Motherboard Tech and Science	Broadly Women's interests	Munchies Food and Cooking
Vice Sports	i-D Fashion	Garage Arts	Amuse Lifestyle	Vice Impact Advocacy
	Vice Games Video games	Tonic Health and Wellness	Free Personal finance	

Moreover, Vice operates also in other entities, online and offline. These include: *Vice Magazine*, a printed magazine quarterly published, which focuses on different themes every time. Then we have *Vice News* a digital brand which produces a nightly news program on air on HBO and some other content for YouTube.

Viceland is an actual cable television network which operates with local cable providers in several parts of the world. As we said before, there is also *Vice Music* the in-house record label of the company which released records by a lot of famous artists. Finally, we have *Vice Films*, the movie label whose products were presented to the Venice Film Festival and later even sold to Netflix.

2.4 Google and Facebook, who is ruling the game

As the influence of searching engines increased, new ways of news-scouting were developed on Web.

The so-called *news aggregators* (or mobile aggregators) today, are rapidly taking the place of the direct research in the newspapers' websites.

According to a report¹⁹ made by Reuters Institute, given that nowadays two third of the sample (made through YouGov survey to over 75,000 online news consumers in 38 countries including South Africa) uses the smartphone for news weekly, these are data about users which access to the news using mobile news aggregators:





Service	North America	EU	Asia	Latin America	South Africa*
 Google News	17% (+4)	17% (+7)	28% (+7)	41% (+20)	38%
 Apple News	8% (+1)	5% (+1)	10% (-)	5% (-1)	n/a
 Upday	3% (+1)	4% (+2)	5% (-)	5% (+2)	10%
 Flipboard	4% (-1)	2% (-)	4% (-1)	3% (-)	7%

Fig. 7 Proportion of users that take advantage of news aggregator in the selected region (last week 2017 and 2019), Source: Reuters Institute Digital News Report

¹⁹ Levy, D., Newman, N., Fletcher, R., Kalogeropoulos, A., & Nielsen, R. K. (2019). Reuters Institute Digital News Report 2014. *Report of the Reuters Institute for the Study of Journalism*.

As we can see, there are nowadays different news aggregators. For sure, the most used are Google News and Apple News. Giant companies, the so-called GAFAs, to which belong Google, Apple, Facebook and Amazon, are also known as OTT – Over-The-Top – which are the companies that provide services and content through the Internet. The peculiarity of the OTT is that they act without a real physical infrastructure but through different networks -from that the term over the top²⁰ -.

Generally, Google works through an algorithm, doesn't matter which field we're talking about. In news the most used method to "fight" the battle against the giant is the SEO tool. As we mentioned in previously, SEO is an acronym for "Searching Engine Optimization". It means use keywords or simply editing articles in order to make that specific article as much visible as possible in a basic Google research. Most of the times, online newspapers work so much on this tool and often (sadly) is the only issue that matters. Making a good SEO means rise through the Google ranking and made your website eligible to be insert in the Google News feed.

A news aggregator delineates simple rules which are essential to let websites join their collection. The aim is to give users the best news, an authentic journalism and in particular the most heterogenous news supply possible.

Hence, the algorithm on the basis of which a single article is evaluated works respecting the follow rules:

- Innovative nature of its content
- Variety
- Informative nature of the content
- Originality
- It must respect the preferences of the users

Moreover, the best practice involves also that content should be clear and free of grammatical errors as well as transparency in the information such as places and dates or names and contact²¹.

Then, it is not allowed inserting more advertisement than the actual substance of the content and language must be related to the respect of everyone.

²⁰ Agcom. (2012). *Annual Report 2012*. agcom.it

²¹ www.googlenews.com

Briefly, aggregators such as Google News analyze more than 40 thousand news websites per day with a frequency of 10 minutes from one to another, taking in account the main indicators.

In a few words, Google select a range of most important news (according to the algorithm) and aggregate all the websites that talk about that story, classifying them by importance.

The Google News homepage thus, become a rich catalogue of all the main news of the day based also on the reader's preferences. This phenomenon has a double interpretation.

The first is – as also Google says²¹ – the aggregator let news to be found and gives newspaper higher visibility. On the other hand, it is also true that if Google become the central searching engine for news, websites' homepages will be more and more marginal. This could lead an huge slice of advertising market, which is relying on the visibility in the homepages, to give up.

Literature defines this process as an *atomization* of information. It doesn't count anymore the authority of the newspaper itself neither their editorial line. Today the only thing that matter is the single news, article or comment, lost in the huge tide of online information.

Actually, there is a crucial difference between aggregators like Google News, Upday and Flipboard which re-direct news to the original newspapers and aggregators like Apple News. In fact, this last one has the goal to become an independent source of news, republishing full articles in return for shared revenues coming from advertising or subscriptions.

Another important “competitor” that should be taken in account is the social media giant, which involves also messaging tools such as Whatsapp, Instagram and Snapchat.

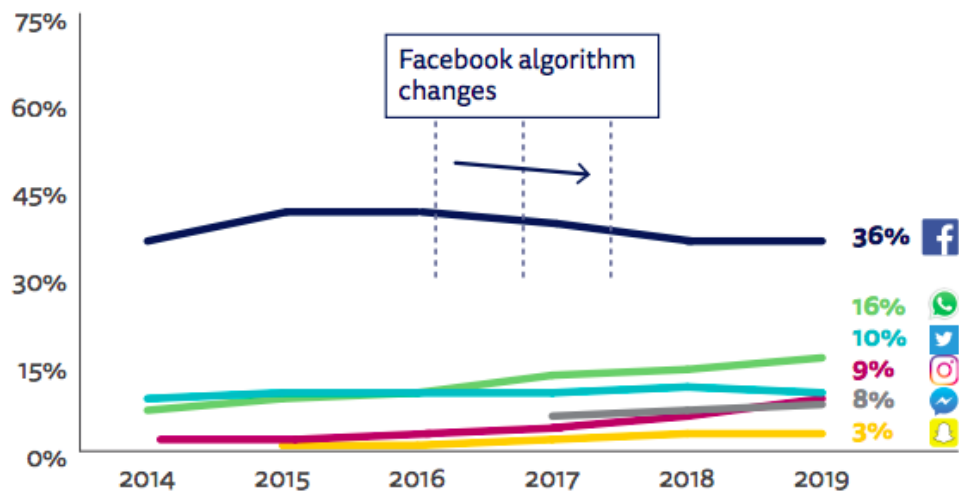


Fig. 8 Weekly Use for News from main social media from 2014 to 2019, Source: Reuters Institute

In this field, it is obviously Facebook controlling the information by social media but it is also true that lately Facebook use is leaving place its other platforms such as Instagram. As we can see from the graph (Fig. 8), the most used platform to reach information was Facebook, in the time-lapse between 2014 and 2019. The research is been made by the Reuters Institute²² in a sample of about 23.500 subject for each area which includes UK, US, Germany, Spain, Italy, Ireland, Denmark, Finland, Japan, Australia and Brazil (Australia and Ireland excluded).

Talking about atomization of the information, social networks are even more dangerous for the newspapers and their social impact. The spread of content differs from the one that we find in respected websites such as blogs or simply pages created directly by users. Hence, it is making more and more difficult to capture the real essence of a journalist job which includes also the most important feature of factchecking. A valid example of this phenomenon is the Five Stars Movement, directed by the Italian comedian Beppe Grillo who has been able to create a real political party which today is running the country.

The possibility to create a personal content and share it without any important control on what the content talks about is a double-edged sword. If it's true that social media

²² Levy, D., Newman, N., Fletcher, R., Kalogeropoulos, A., & Nielsen, R. K. (2019). Reuters Institute Digital News Report 2019. *Report of the Reuters Institute for the Study of Journalism*. Available online: <http://reutersinstitute.politics.ox.ac.uk/publication/digital-news-report-2014>.

give the democracy a new raison d'être, it is also true that this way is more likely that fake news take the place of real information, made by ethic and big work of checking. Moreover, it's also important analyzing the publishers' point of view. According to a survey made by the Reuters Institute²², here there are how publishers value the platforms related to the visibility of their content:

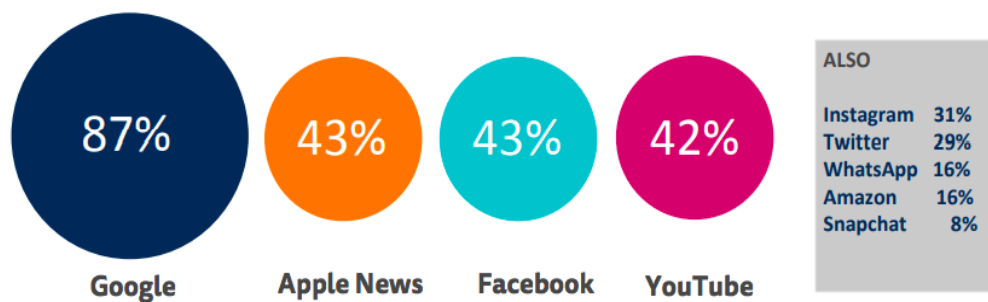


Fig. 9 How publishers rate platforms going into 2019 - Source: Reuters Institute, Journalism Media, and Technology Trends and Predictions 2019, January 2019, Oxford

In this field of different issues, it is important to take in account that thanks to Facebook and others social media, the relationship between editor and reader is radically changed. The possibility to write comments or react through little emoticons give in a certain way the users the freedom to express their thoughts concerning a determinate issue and eventually receiving instantly a response by the editor of that content. This is seen as a democratic way to make information. Also, nowadays talking about news media, is crucial for newspapers to determine which content make more numbers in terms of *shares*.

Some studies made by the Journalism Studies ²³ have analyzed the users' behavior when they approach a news through social media like Facebook. According to the paper, there are three main elements which through determine the "virality" of an online content:

1. Reach
2. Evaluation
3. Deliberation

²³ Sara Bentivegna & Rita Marchetti (2019): News Users on Facebook: Interaction Strategies on the Pages of El País, la Repubblica, Le Monde, and The Guardian, Journalism Studies

The reach is intended as the volume of the online sharing of a determined article, the evaluation refers to the number of likes on an article and deliberation is the comments that users write.

Moreover, the comments are the most common used by users and even they are considered expression of incivility and vulgarity, they are very positively regarded by news organizations contributing to vehiculate traffic to their content.

The interest expressed by users through the analysis of reactions and comments is very different from country to country and it depends also from the specific historical moment take in account. Often, newspapers especially online ones choose to focus on discuss a particular issue integrated with videos, opinions and photographic galleries in order to increase views.

Preferences analysis is today also the basis of understanding which the most interesting subjects for readers are. It contributes to construct the editorial line and an efficient advertising strategy.

2.5 Normative landscape and copyright issues

It's impossible to talk about the new competitive landscape in information industry without mention the copyright normative which regulates the Digital Single Market (DSM). It is a “strategy designed by the European Commission for the best possible access to the online world for individuals and businesses.” (European Commission, 2019).

The basis is the free movement of people, data and services which is ensured only when all the realities have access to online and offline resources under the same conditions.

The DSM is constructed on three fundamental pillars:

1. Access
2. Environment
3. Economy & Society

The aim of the 3 pillars is based on avoiding cross-border barriers and facilitate the access on online content for customers making it safer (access). Then the Eu is trying to create an efficient environment for the online market. Create new and more

advanced infrastructures is one of the main goals. Moreover, make easier the level playing between market players. Finally, an economic choice which concern also about social welfare, the DMS is trying to increase the level of digital skills in the population. Data from the EU website say that the 47% of the EU population is not properly digitally skilled and it is a crucial point also for the skills that the future jobs will require. In fact, the 90% of jobs in the near future will be highly digitalized and therefore will demand a certain digital know how²⁴.

In 2019 they updated rules for the copyright. In particular, the new regulation is included in the article 11 of the new Directive and is also known as “link tax”.

World is changing, and old ones resulted already obsolete. The regulation stated, for what concern online editors, that journalists have right to obtain a certain amount of the revenues linked to the copyright which their editor earns for a single product.

First of all, the disposition states the importance of the free press. Moreover, for the European parliament is recognized the need of a pluralist press which could guarantee quality and access to the information for every citizen. This gives a fundamental contribution to the correct functioning of a democratic society. At the same time, the production of quality content must be supported and sustained in order to promote the availability of reliable information.

The Directive approved by the European Commission on 26th March 2019, defines first of all, the typologies of editors which must be included in the new copyright protection. Overall the publication of journalistic nature, there are for example daily newspapers, weekly or monthly magazines, also the one about particular interests or subjects. There are also periodicals sold under subscription and information websites. The publications of journalistic nature include mainly literary works but more and more often, they contain other kinds of work and materials such as photos and videos. Scientific papers or journals as well as websites such as blogs, which give information that doesn't follow any editorial initiative neither is subjected to any control, are excluded from the category.

The rights granted to the editors should not include the simple hypertext links not even to the simple facts reported on their newspapers.

²⁴ “*Shaping the Digital Single Market*”, European Commission, last update 4 July 2019. <https://ec.europa.eu/digital-single-market/en/policies/shaping-digital-single-market>

In the text of the Directive there is a specific mention for the economic rights that authors, whose works are included in publication of journalistic nature, have right of a fair quota from revenues that editors of newspapers receive for the use of their publications in the information society. This fact should not affect the national normative of each Member State with regard to property or exercise of rights in the field of employment contracts.

Summarizing, by *publication of journalistic nature* is meant a set of works mainly of journalistic nature which can include other kind of materials. They have these characteristics:

- a. They represent a single element in a periodic publication or regularly updated which has a single title by a magazine or a periodical about a specific or general subject.
- b. It aims to provide to the public information about news or other subjects.
- c. It is published with any instrument of communication under the initiative and responsibility of an editor as well as under the control of a service provider²⁷.

By *service provider*, thanks to the description given by the Directive, we mean any online service which has a crucial role on the online content market. It should exercise this role in competition with other online content services such as audio and video streaming online services, aimed to the same target of customers. Therefore, the Directive concerns those services which have as a main goal to memorize and let the users to upload and share a big number of contents. This activity has a profit purpose, directly or indirectly, by organizing and promoting them in order to attract a wider audience, also by action of customized advertising.

The open source platforms of sharing and development of content, as well as non-profit online encyclopedias. Finally, the Directive doesn't include the online services which aim to facilitate the piracy of materials.

In other words, what emerges from the other crucial part of the new Directive - art. 13 - is that Internet giants that allow users to upload content to their platforms such as Wikipedia, Facebook and YouTube remain not liable for copyright infringements, but are required to remove quickly the content if the copyright requires it. This has an obligation for these platforms which have to negotiate with content creators deals that

could permit the use of their works. Whether we believe it or not, it appears that Europe is trying to limit and put a stop to the great power of these immense companies.

The intellectual copyright professor of Trinity College of Dublin and EU Fulbright Scholar of New York University Giuseppe Mazziotti has further clarified the question. He said: *“Article 11 creates a new right for editors of news and content of journalistic nature of short run (2 years from publication). For the European Commission and the Parliament is a right that enforces the power of editors in a moment of big industrial crisis. It encourages and simplifies the conclusion of licenses between them and aggregators of content and other digital services for example news portals or social networks which take profit from the use of news without authorizations”*.

The name “link tax” is actually wrong because as explains Mazziotti: *“Is not a right which covers only links or brief use of fragments of a text but more generally it covers the publication of content online.”*

For what concerns article 13 he also affirmed: *“The article 13 clarified with a several delay that the fruition of contents updated and shared with the public on platforms must be considered as a mean of communication by the platforms. They must conclude licenses with legitimate owners of contents demonstrating they did their best using banks of data and new technologies available. This is done in order to be sure to respecting the copyright laws. It can be possible also through the help of the copyright collecting agencies, for example the SIAE in Italy”*²⁵.

2.5.1 The DMCA – the “American way” of copyright regulation

In the previous paragraph, we have discussed the new copyright regulation in the EU and how the Union is working for protecting creators of content in the digital era.

We now move overseas addressing the issue of the American law for the digital copyright.

The Digital Millennium Copyright Act is a law enacted by the United States Congress, under the Bill Clinton government. It was aimed to regulate the digital media market “in the wake of emerging new information communication technologies” (Indiana University).

²⁵ *“Verso una direttiva Europea per il diritto d’autore”*, Il Sole 24ore (Feb 2019). R. Capozucca, G. Giardini. <https://www.ilsole24ore.com/art/verso-direttiva-europea-il-diritto-d-autore-ABOzOHVB>

The DMCA is not applicable in countries outside USA but all the websites hosted in the United States must comply with the law. It implements two of the World Intellectual Property Organization's (WIPO) treaties of 1996.

The DMCA is structured by five sections (or title): We will now focus on the Title II, the "Online Copyright Infringement Liability Limitation Act". This section, in a certain way represent a security for the online service providers (OSP). In the law an OSP is defined as "an entity offering the transmission, routing, or providing of connections for digital online communications"²⁶.

The OSP must adhere for certain safe harbor guidelines and have the obligation of promptly block the access to infringing material (or remove it) whether they receive a notification of infringement from a copyright holder. Moreover, the OSP have a safe harbor, through a counternotification provision, from liability in the case in which the claim is not right.

In the official text of the DMCA, the OSP is safeguarded as follows: *A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, 17 USC 101 note. Online Copyright Infringement Liability Limitation Act. 17 USC 101 note. 112 STAT. 2878 PUBLIC LAW 105–304—OCT. 28, 1998 for infringement of copyright by reason of the provider's transmitting, routing, or providing connections for, material through a system or network controlled or operated by or for the service provider, or by reason of the intermediate and transient storage of that material in the course of such transmitting, routing, or providing connections, if:* then it lists all the circumstances as follows:

1. *the transmission of the material was initiated by or at the direction of a person other than the service provider;*
2. *the transmission, routing, provision of connections, or storage is carried out through an automatic technical process without selection of the material by the service provider*
3. *the service provider does not select the recipients of the material except as an automatic response to the request of another person*
4. *no copy of the material made by the service provider in the course of such intermediate or transient storage is maintained on the system or network in a*

²⁶ "About the Digital Millennium Copyright Act", Indiana University, last update August 2019. <https://kb.iu.edu/d/alik>

manner ordinarily accessible to anyone other than anticipated recipients, and no such copy is maintained on the system or network in a manner ordinarily accessible to such anticipated recipients for a longer period than is reasonably necessary for the transmission, routing, or provision of connections

5. *the material is transmitted through the system or network without modification of its content.*²⁷

The OCILLA law in its integrity, gives the OSP a great advantage. In fact, they are not forced to make decisions about whether or not the material is infringing.

²⁷ DIGITAL MILLENNIUM COPYRIGHT ACT, PUBLIC LAW 105-304—OCT. 28, 1998, US

Chapter 3 – The reaction of the global press to the Digital Revolution

Great journalism will always attract readers. The words, pictures and graphics that are the stuff of journalism have to be brilliantly packaged; they must feed the mind and move the heart.

(Rupert Murdoch)

3.1 *The Guardian, a British case study*

In our analysis it's important to take in consideration how newspapers around the world are facing the great press crisis of these years.

The British newspaper "The Guardian" is in this sense, a good example of resilience. The Manchester Guardian's first edition appeared on 5 May 1821 and the newspaper was founded by John Edward Taylor after the Peterloo massacre of 1819.

It was Taylor's nephew CP Scott to give the Guardian the liberal values and the international reputation. He was editor since 1872 and maintained his position for 57 years.

Today, the Guardian is the main product of the Guardian Media Group (GMG). The GMG's core business is the Guardian News & Media (GNM). The Guardian newspaper is published six days a week and for the Sunday edition there is the Observer, the world's oldest Sunday newspaper²⁸.

The GMG's owner is *The Scott Trust* that represents the sole shareholder of the company. This feature ensures, according to the mission of the company, the stability and the financial and editorial independence of the journal. According to the Guardian Media Group's websites, the Scott Trust was originally created in 1936 *to ensure the perpetual independence of the business and to safeguard the journalistic freedom and the liberal values of the Guardian free from commercial and political interference.* ²⁹ In 2008 the Trust was replaced with The Scott Trust Limited, a limited company with

²⁸ <https://www.theguardian.com/gmg>, 2018 jul 24

²⁹ <https://www.theguardian.com/the-scott-trust>, 2015 jul 26

the same values as the previous one. Moreover, all the GMG's profits are reinvested in journalism not benefiting neither owners nor shareholders. The Scott Trust has some important values and purposes since the time of the foundation of the company. In the website there are summarized the core ones, which are:

- To secure the financial and editorial independence of the Guardian in perpetuity, without party affiliation. Moreover, to run the journal as a profit-seeking enterprise managing it in an efficient and cost-effective manner;
- All the Trust's business must be consistent with the main objective and not invest in activities which may be in conflict with the Trust's values;
- Everyone should respect the values and principles of the Group. These principles promote freedom of press and liberal journalism, both in Britain and elsewhere.

In an essay called "A mission for journalism in a time of crisis³⁰" published by the Guardian's editor-in-chief Katharine Viner, it is clear the vision of the company. This one is to follow the 5 main principles stated by the origin of the Guardian. First of all, the newspaper set the objective of developing ideas to improve the world not just criticize it. Then, there is a great collaboration with users and readers in order to be sure to have a great impact on the community. The diversification is crucial, this is related to a various newsroom. This could bring to reach a greater range of stories being well covered on several issues around the world. Finally, there are the meaningfulness of their work and the fairness with which the stories are told.

On January 2016 the chief executive and News & Media editor-in-chief stated a three-year business plan with the aim to increase the operating efficiency, reducing costs and finding new opportunities in a global scale.

In the points of this plan also some interesting goals figure:

- *Align editorial and commercial operations to harness higher-growth membership and digital opportunities*
- *Implement an advertising model that tracks evolving market trends which runs around branding content and video and data.*
- *Focus on the American and Australian market to make them contribute more to the content supply.*

³⁰ "A mission of journalism in a time of crisis", Katharine Viner, 2017, Source: theguardian.com

- *Creation of a new team which can deal with data and insight to support the innovation.*

The planification aims to enhance the loyalty of readers and develop new revenue streams in order to be easily adapted to the changes in the media market. The only way to monitor the developments of the new strategy is to look at the financial report which is published on the official website of the Guardian Media Group.

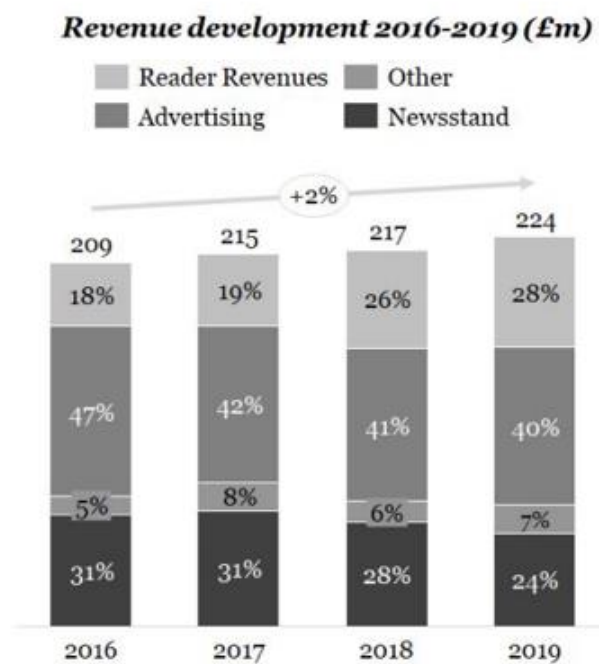


Fig. 10 Revenue development after the three-year business plan, source: Annual Report and Consolidated Financial Statements for the year ended 31 March 2019, Guardian Media Group

As we can see from the graph up here, the revenues from the readers' contribution and subscriptions increased of 2% from 2016 to 2019 reaching the 655,000 paying supporters in the last year. The advertising revenues stream saw a decrease of 7% in the long run³¹.

According to the Report, there were some innovation in the Guardian structure and business. It was launched a new daily podcast, *Today in Focus* which talks about different relevant issues of general knowledge.

³¹ Annual Report and Consolidated Financial Statements for the year ended 31 March 2019, Guardian Media Group

Then there is underlined the relaunch of *Guardian Weekly*, the international magazine. Furthermore, there has been introduced a new premium version of the Guardian app which includes some interesting features for the users and the accessibility to the content. In fact, in 2018 The Guardian app updated its mobile product through the function “Live and Discover” on the premium version of the application. After a screening of the users’ preferences, according to an article from The Guardian³².

“we heard about pockets of time throughout the day – five minutes waiting for the bus, for instance, or half an hour before going to sleep – when they choose to spend time with us.”

The new function is based on conclusions set out after a screening of readers opinions which underlined what was already working well and what could be even better. The “Live” option let the readers know about what’s happening in the world in the exact moment in which it happens. With a “swipe left” movement, the user can be informed about what’s going on simply reading the constantly updated feed. With a click on the title, it is possible to read the news fully and more in details.

On the other side there is the “Discovery” function, which offers some additional and crucial issues that the user could have missed during the day (a story, an important interview or simply a video-recipe of something tasty). All these new features let the readers have a better experience of the Guardian’s offer in a smarter way and in line with the frenetic schedule of everyday life.

³² “Introducing ‘Live and Discover’ to the premium tier of The Guardian app”, Caspar Llewellyn Smith, May 2018

Print v digital revenues 2016 –2019 (£m)

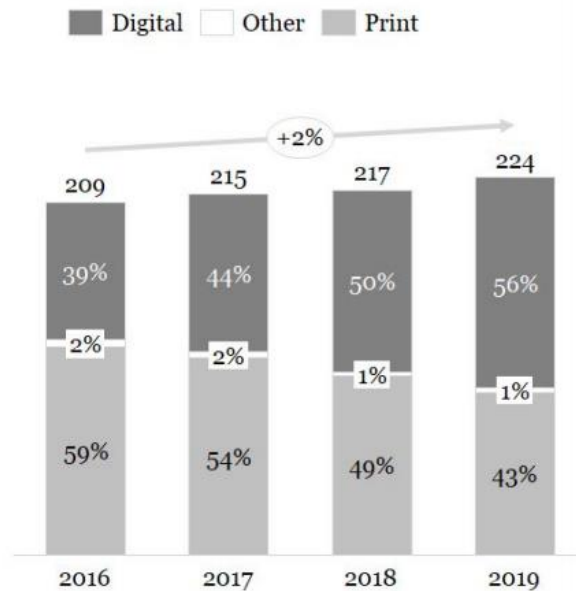


Fig. 11 Print v digital revenues after the three-year business plan, source: Annual Report and Consolidated Financial Statements for the year ended 31 March 2019, Guardian Media Group

Looking at the differences between the digital and printed version, we can see that in the single year the percentage of the digital version have become predominant since 2018 and more generally, though the years the digital newspaper has acquired a dominant position in the revenue stream of the GMG. The highest difference in percentage is outlined in between 2018 and 2019 when the decrease was of 6%, the biggest drop in a four-year horizon. In the report is also underlined the so called ‘relationship strategy’ adopted by the Guardian in its plan: it’s about building a deeper relationship with readers and it was launched in 2016. Moreover, the goal involved also the increase of reader revenues and also a decrease of costs of about 20%.

Besides having reached the goal increasing to a huge number the audience of the newspaper, the Guardian reached also another important set goal. In fact, for the core business GNM, the financial goal was to break even at operating EBITDA and so it was.

Next level of objectives is been set by Katharine Viner and David Pemsel in April 2019. Encouraged by the previous success, they set indeed a new three-years plan whose two main ambitions are:

- Two million supporters who can contribute to the Guardian through regular payments or subscriptions by 2022
- A financial sustainability which can remain in line with the expected long-term annual returns of the Scott Fund (£25-30m)

As we said before, the Scott Trust Fund is the unique investor of the Guardian Company. It consists of some investments, both long-term and short-term ones which make possible to diversify the business of the big Media company.

In October 2017 was born the GMG Ventures, a creation of Guardian media Group. It is an independent venture capital fund which has the goal to support the GMG's strategy contributing to the financial returns. It is focused on the news, media and entertainment sector and it's a thematic investor. The funding process of the Scott Trust could be summarized in the following figure³³:

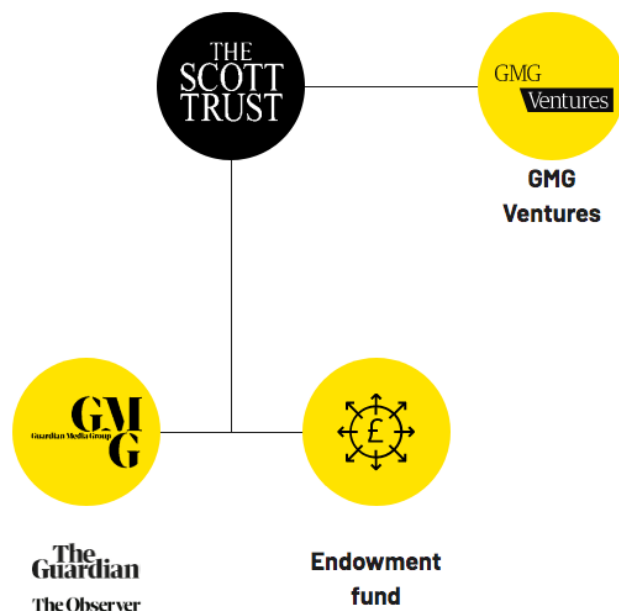


Fig. 12 Scott Trust's funding hierarchy, Source: gmgventures.co

The GMG Ventures have in its portfolio 17 direct investments both in “early stage companies” and in global incubator and accelerator programs. In a few years, the GMGV have collect several companies in which invest, aiming to different strategies of optimization depending on the single case.

³³ Gmgventures.co/about-us/

The direct investments involve companies such as: Cadmium, Radical, Resemble, Auxuman, Streetbees, DirtyLemon, Founders Factory and so on. The last one, the Founders Factory involves and runs itself incubators and accelerator programs. All these projects are aimed to companies and founders whose values are aligned with those of The Scott Trust and The Guardian.

The Guardian Media Group Ventures have as a specific objective to help companies in which they invest in improving their performance in four different areas: Creation of content, Distribution or Discovery, Consumption or Interaction and Monetization or Purchase. In brief, the **Creation** phase consists in seeking a balance between quality and high volume of content at a lower cost. These should be done in an audience expansion perspective. It's important delivering content in a multi format ways (video, audio etc...) making them available in multiple platforms. It is important then to develop a strong ownership and authenticity, avoiding piracy or plagiarism. Moreover, it's necessary to diversify the workforce and facilitate lifelong learning.

The **Distribution or Discovery** part seeks the *hyper-relevance* (i.e. the personalization) of content, also through redefining the concept of "local" and identifying new communities to talk to. These points include also the real-time distribution of content and the facilitation of sharing or P2P³⁴ methods. The **Consumption or Interaction** process is the one which addresses the possibility to consume the content in different and easy ways such as on-demand, on and off-line in a more practical way which can fit the new (and frenetic) world. Finally, the **Monetization or Purchase** of content seeks a more sustainable business model, through ensuring local news. Then, trying new business models (called disruptive) which can by-pass the standard market channels.

It seems like The Guardian is facing well the editorial crisis, not stopping its innovation in front of the multiple challenges which the market places every day. The Guardian Media Group chief executive, David Pemsel in fact argued:

"GMG is now a more reader-funded, more digital, more international business. Although the significant turbulence in the global media sector shows no sign of abating any time soon, we have developed a set of core strengths which will help to ensure the Guardian's ongoing independence and financial sustainability for the long term."

³⁴ Aka: "Peer-to-peer"

3.2 The New York Times, who runs the games

The New York Times, also abbreviated in NYT or NYTimes is a famous American newspaper founded in 1851 by Henry Jarvis Raymond, a journalist and politician, and the banker George Jones. The edition was initially sold for a penny and its original name was The New York Daily Times which immediately started its rise.

In 1857 it changed its name in New York Times.

After Raymond and George Jones's death, the newspaper was acquired by Charles Ransom Miller and the paper was published under the New York Times Publishing Company. In the meantime, the New York Times expanded internationally and created its Sunday edition (the *Today's Paper*) and joined the New York Herald Tribune and the Washington Post creating the *International Herald Tribune*.

The most influent publisher of the famous newspaper certainly remains Sulzberger, descendant of the "Ochs era" and the family which continued to run the newspaper expanding more and more the notoriety of the brand.

The New York Times Company, which owns the newspapers also controls other media products. Arthur Ochs Sulzberger Jr. is the Chairman of the company and Mark Thompson is its President and CEO. The NYTCO is listed on the New York Stock Exchange as NYT.

NYT's capabilities are mainly the strength in their accountability and the loyal audience given also by its history and the fact that the New York Times exists for decades and developed a strong name and ensure itself an huge group of loyal readers. On January 22, 1996 the newspaper's official website, NYTimes.com was born and began its race in the digital era of press. Nowadays, the value and the mission of the New York Times is to pursue the digital version of the newspaper, improving it in order to create a sustainable business model for news. Obviously, these goals have to be addressed in the full respect of the quality journalism, which is for years the main distinctive feature of the NYT.

Today, the NYT Is in fact a global news provider, considered the leading one in the market and is the most successful news subscription businesses³⁵. An important

investment in which the newspaper believes a lot is the newsroom. In fact, in 2018 they had 1,550 journalists, becoming part of the staff sent in more than 160 countries in order to have the major covering of worldwide news. The plan to invest in new journalists was renewed for 2019. Today, the journalists have become 1,600.

According to the Annual Report (2018) of the Company, the digital was subjected to some progresses. In fact, they reached about 716,000 new digital-only subscriptions during the 2018 generating \$709 million of total digital revenue. The new goal, to reach by the end of 2025 is the 10million subscriptions.

“We envision a world where every reader believes quality journalism is worth paying for, and we can see an increasingly clear path toward that ambition. Our recent success in scaling our digital business along with our analysis of the market opportunity in the U.S. and around the world give us great confidence.”

(Mark Thompson, NYT CEO, Annual Report 2018)

Summarizing, the main businesses of the Company, besides the newspaper are:

- The websites, including NYTimes.com
- The mobile applications such as the core news applications, interest-specific applications which include Crossword and Cooking sections.

The New York Times Company has continued in years to make several investments in digital products without forgetting the mission of delivering quality journalism and offering important investigative reports. In addition, the NYT created a new TV show “*The Weekly*”, began in 2019. The significant growth recorded in the last years are due to the “subscription-first” strategy which we’ll discuss shortly.

3.2.1 The paywall model, how well does it work?

It is a very diffused trend that in USA a lot of newspapers follow the so-called paywall method. It seems that more than the 75% of the American media use this model. The New York Times is in this case, the main example.

The paywall model consists in leaving a certain quota of the articles on the website for free and asking for a subscription after crossing the threshold. The case of the New York newspaper started in 2011 when it began to offer its content for free, for a maximum of 20 articles and then gradually bringing them to 10. On December 2017 the number of free articles decreased to 5. There were also other important changes and (as we can see from the Fig. 13) on June 2012 the website started to publish new in Chinese and the number of the digital subscriptions overcame the half a million of subscribers. On February 2016 the newspaper started to publish also in Spanish with a dedicated newsroom and covered three of the four main languages spoken in the world. At the same time, the section dedicated to games, free so far, started to be charged and registered a big increase in the number of subscribers. In the end of 2016, the NYT reached the 2 millions of subscribers and overcame this number in the first months of 2017. Also, the Cooking section became under payment in 2017 leading to an additional increase of subscriptions.

Moreover, the editor A. G. Sulzberger is the author of the Innovation Report of 2014, an important text about the increase and involvement of the both digital and printed audience. He was one of the main forces under the latest digital strategies, included the model based mainly on subscriptions.

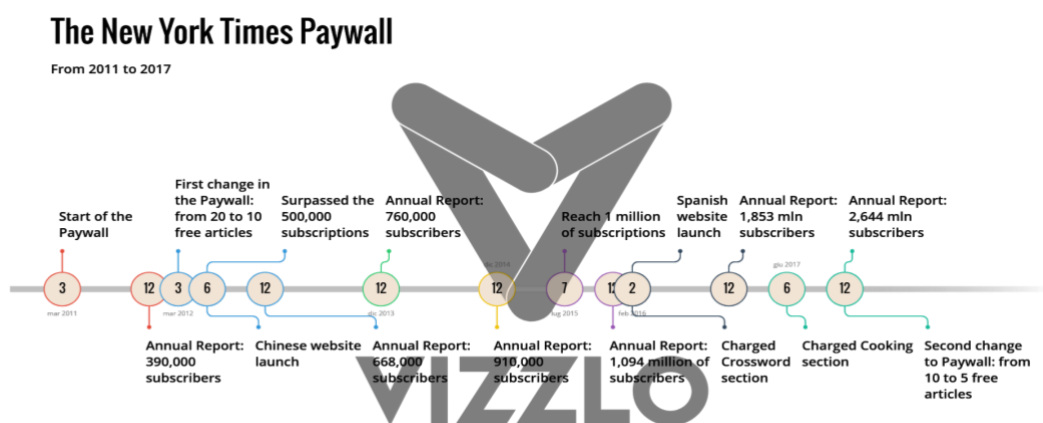


Fig. 13 The New York Times Paywall from 2011 to 2017, the more crucial changes, Simone Bonaccorso, Sole24ore Business School, 2017

3.2.2 Competition and other businesses

The NYT's competitive landscape is full of other media with which the newspaper competes on subscriptions and advertising, both in the print and digital products.

Features on which the competition is generally based are platform, format, content, quality, service, timeliness, price. The advertising competition is instead based on audience, rates, targeting capabilities, results and so on. Main competitors are The Wall Street Journal, The Washington Post and other huge realities on the information market on the American landscape. The international version of the NYT competes with other realities around the world such as Financial Times, Bloomberg, Time and The Economist. Although there are nowadays other competitors in the digital scene which is important to consider the existence in the subscribers and advertising competition. The New York Times competes with several international websites such as: Vox, Vice, BuzzFeed, News and HuffPost as well as the news aggregators previously untreated. Some of these digital media are free to users. In addition, the NYT competes in advertising on different programmatic buying channels and it has digital marketing agencies which compete with other similar agencies in the market, including also those of other publishers.

Moreover, the newspaper has additional businesses from which it attracts revenue, they are:

- The licensing division, which spread articles, graphics and photos from The Times itself and other publications (about 1800 different newspapers worldwide). They also include some business including the distribution of their digital archive giving licenses to electronic databases to resellers in other markets such as: professional and library markets, magazine licensing, news digest, book development and rights and permissions.
- *Wirecutter* a product review website, founded in 2011 but acquired by the New York Times Company in 2016. It represents a guide on whatever products (gear and gadgets) an user needs, giving reviews and choosing the best. The recommendations are made by the work of journalists, scientists and researchers. In this business there are affiliate referral revenue that is revenue generated by an offer of some direct links to merchants in exchange for a portion of the sale price³⁶
- A printing service which uses the excess printing capacity in the Company's facility printing products for third parties.

³⁶ 2018 Annual Report, New York Times Company, "Other businesses"

- The NYT Live, a platform for the live journalism which reunites economic leaders, academia and governments in conferences and events in order to discuss topics spanning from education to sustainability to luxury.

According to the 2018 Annual Report of the Company, the business environment is characterized by a number of factors. These are identified in the competition of the industry, which is very high. New competitors can rise anytime because emerging companies have the same initial resources. It is important to remind the dynamics of the advertising market. Generally, the revenue from forms of advertising such as branded content or other customized advertising are lower than the traditional forms such as the digital display advertising and print advertising. Also, the Annual Report underlines that today users are enabled to turn off the advertising in some websites so it's more difficult to receive revenue from advertisers once users decide to block the ads. Moreover, some changes in the distribution of budget or shifts in marketing strategies by advertisers could affect the economic conditions of the advertising market. The most important source of revenue for the New York Times comes by subscriptions. Hence, the Company bet a lot on this field and instituted the "subscription-first" model. Of course, with the numerous changes in the expectations of consumers, the company is trying to evolve more and more its subscription strategy. The growth of the "digital subscriber base" depends on many features such as the engagement of users and the delivering of high-quality products.

The NYT's strategy is basically built on the loyalty of subscribers, who are willing to pay for excellence. The investments made on the newsrooms and in new forms of visual and multimedia products are the core strategy of the company. "Provide a journalism worth paying for" seems a mantra that is really paying off. To enhance the consumers' engagement, in 2018 the Company invested in marketing initiatives to enforce the brand reputation. Then there has been a serious commitment in reaching more users from United Kingdom and Australia and using third-party platforms.

(In thousands)	Years Ended			% Change	
	December 30, 2018	December 31, 2017	December 25, 2016	2018 vs. 2017	2017 vs. 2016
	(52 weeks)	(53 weeks)	(52 weeks)		
Subscription	\$ 1,042,571	\$ 1,008,431	\$ 880,543	3.4	14.5
Advertising	558,253	558,513	580,732	—	(3.8)
Other	147,774	108,695	94,067	36.0	15.6
Total	\$ 1,748,598	\$ 1,675,639	\$ 1,555,342	4.4	7.7

Fig. 14 NYT Subscriptions and Advertising revenue, Source: 2018 Annual Report NYTC

As we can see below (Fig. 14) revenues from subscriptions are clearly higher than advertising, confirming the company's commitment in this kind of strategy.

Besides the advertising revenue and subscription revenue there is another section called "Other revenue" which refers to the other business we talked about before (3.2.2). In the 2018 Annual Report there is the comparison between 2018 and 2017 other revenue. Hence, in 2018 they recorded an increase in this kind of profits of about 36% respect to 2017 and it was due to the printing operations and the rental of some additional spaces in the NYT building in New York. The digital other revenue was \$49.5 million in 2018 about a 18% more than the previous year, many of which associated with the referral revenue of Wirecutter. Generally, in 2018 the increase of revenue was recorder of about 36.7% more than 2017.

3.3 The Washington Post, the winning business model

*"The Internet is transforming almost every element of the news business: shortening news cycles, eroding long-reliable revenue sources, and enabling new kinds of competition, some of which bear little or no news-gathering costs. There is no map and charting a path ahead will not be easy. We will need to invent, which means we will need to experiment. Our touchstone will be readers, understanding what they care about – government, local leaders, restaurant openings, scout troops, businesses, charities, governors, sports – and working backwards from there."*³⁷

³⁷ <https://www.washingtonpost.com/national/jeff-bezos-on-post-purchase/2013/08/05>

These are the words Jeff Bezos, the American entrepreneur, founder CEO and president of Amazon.com INC, wrote in his letter to The Washington Post's employees at the moment of its purchase of the historic news company owned since its birth by the Graham family.

The Washington Post was founded in 1877 by Stilson Hutchins, an independent-minded Democrat. During first years of the newspaper, a lot of important people of the American landscape contributed as editors in the WP. They were, for example Joseph Pulitzer who wrote for The Post and also Theodore Roosevelt, at that time still unknown. The Graham family entered into the ownership of The Post in 1946, when after a period of bankruptcy, the company was sold to Eugene Meyer's son-in-law, Philip L. Graham, who maintained its position until 1963. In 1961 Philip Graham bought Newsweek magazine. After the death of Philip Graham, his wife became president of The Washington Post, in 1963. Under her ownership The Post acquired a new facility in Alexandria in 1966 and guided the publication in 1971 of a series of stories based on some discoveries in the Pentagon Papers. Then, The Post was the first to reveal the illegal activities under the Nixon's administration which led him to the resignation in 1974.

In 1973 Katharine Graham is elected chairman of the board and chief executive of The Washington Post Co. as well as she continued to be a publisher of The Washington Post newspaper. In 1976, Katharine's son Donald E. Graham was elected vice president and general manager of The Post. In 1984 The Washington Post Co. purchases Stanley H. Kaplan Educational Centers. In 1992 the company acquired the Gazette, which was a magazine about community and business in Maryland, but also military publications.

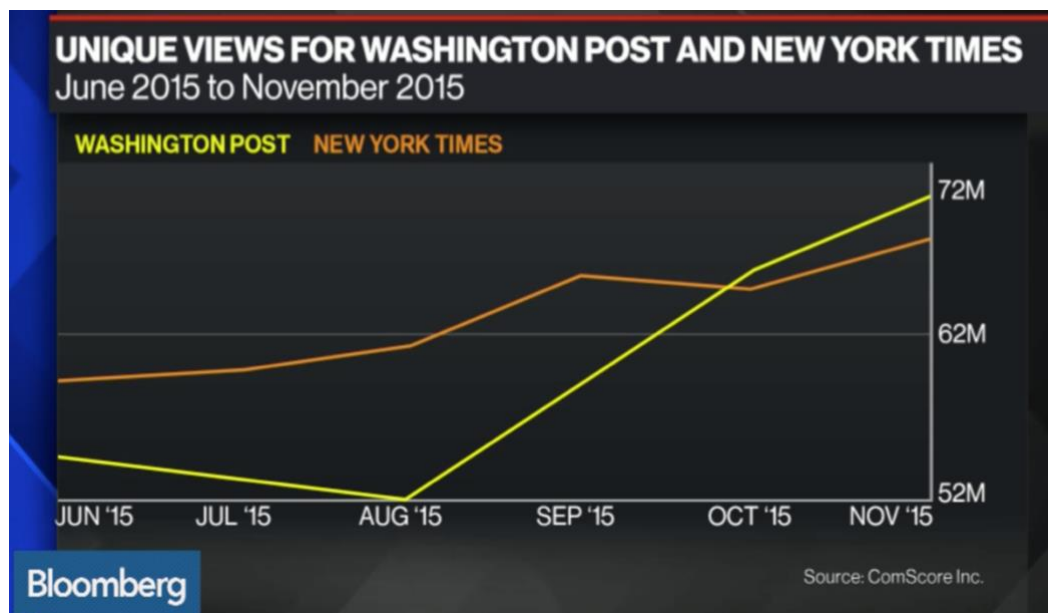
In 1996 the website Washingtonpost.com was launched. Later in 2007 The Post started to be described as an education and media company. In 2009 the online and print operations were integrated and in 2011 a social-media marketing company called SocialCode was sold.

Finally, in 2013 after a crucial period of great losses for The Post, the company was acquired by Jeff Bezos, together with its affiliated publications in October 1st for \$250 million. The Washington Post Co. also changed its name, to reflect the changes after this important takeover with Amazon's CEO becoming Nash Holdings.

In short, between 1970 and 1990 The Post has a big monopoly position in the city of Washington. ³⁸

Despite Jeff Bezos owns The Post, it remains an independent company. In fact, Bezos bought the newspaper through his personal fortune not the Amazon one. Indeed, the Nash Holdings LLC is Bezos's personal investment firm acquired The Post, both the print and digital editions as well as Express, the daily free paper, El Tiempo Latino, the weekly Spanish-language paper, the Gazette community papers in Maryland and some magazines such as New Homes Guide and Apartment Showcase.

The results has been impressive: after only two months of Bezos' ownership, The Post has surpassed The New York Times concerning the unique US web visitors. This was an amazing rise in the fortune of the newspaper which everyone feared the worst for. According to an article from Bloomberg, Amazon CEO's strategy wasn't focused on profits but on the technology. He bet a lot on The Post's app and one of his first actions was to integrate the newsroom with about 80 new professional figures from different fields: developers, wen analysts, big data analysts, web designers and video editors. Everything was made with a specific mission, updating the newspaper news supply without sacrifice the quality which readers were loyal to. Moreover, new strategy focused on distributing the innovative products on the widest range of platforms possible, Instagram, Facebook, Twitter in order to attract new public aiming to the increase of subscriptions through these new distributive channels. Since The Washington Post is a private company, they don't disclose the profits or even the



³⁸ Washington Post Co. timeline, washingtonpost.com

number of digital subscribers they have. The data we have are limited to the unique visitors and, as we can see from the figure below (Fig 15) in 2015, two years right after the purchase by Bezos, The Post overcame the “king” of the market NYT in the number of users on their websites. A very good news for a business which is relatively new in the digital innovation.

Since the very beginning, Bezos said did not have a clear plan, but the move was immediately share content with the main distributors in circulation, working with Google and Apple News making the mobile site faster assuming that the readers will choose a channel based on how fast it is. Once the news is edited, it is distributed on the different platforms adapted in every different way according to the channel (Instagram post has different features than a Facebook or Twitter post).

What Graham said about the Washington Post’s strategy right before the purchase to Bezos is that they were a great newspaper but there was a lack of know-how in terms of technologies and innovation. Trusting on the Bezos’ talent for technology was a truly good thing and permitted to focus on the main goal of the newspaper’s owners, to turn a very good but local newspaper in a global reality which could represent a reference point in the international information landscape.

Moreover, in an interview made by the Columbia Journalism Review to the “digital minds” of The (new) Post, Shailesh Prakash and Joey Marburger, they talked about the initial vision of Bezos:

“It was Bezos who brought this up. He said that when Amazon made the Kindle, they didn’t think, ‘Let’s get rid of the book and come up with a new way to read books.’ Their whole approach was, ‘How can we keep everything that’s fantastic about a book and also add in the gifts of digital?’”

It appears that the secret of Bezos’ strategy was, first of all, the speed of the digital content, maintaining exactly the same quality and experience which the readers used to know. Then they added:

“He mentioned that when you read a newspaper, the ease with which you browse it is so much better than digital browsing. He called it cognitive overhead. So a lot of our design choices have been to reduce cognitive overhead. And speed is a big factor. You

don't expect that when I open up this newspaper I'm going to wait. It's there. It's beautiful. It's relaxing."

The great idea of The Post's developers is trying to sell the new technology and the know-how to other companies, in order to make them improve their performance.

In the past, the newspaper made relatively a big amount of money having a small number of readers. The new strategy is based instead on attracting as many users as possible on new products in order to sample them depending on their preferences and determine new trends which could be useful to implement the business model in the mobile supply of content. Once you do that, you can start to retain your customers offering them an high-value product, the one which they are willing to pay for. Briefly, under Amazon's view it is time to merge quality journalism with the best technology in order to make people come back to you.

Of course, this could represent a real additional business for the company and could be a good driver for new profits.

Clearly, other newsrooms tend to copy too much from The Post's strategy, but the problem is focusing on which are the initial capabilities and which is the real goal. Then, it is very important to listen to the readers, who are the most important part of the business strategy, they can tell you how you can build it.

Summarizing, The Washington Post has conducted an important strategy action in different aspects, arriving to grow in digital subscriptions by the 145 percent. In particular, there are four areas for which The Post deserves to be mentioned, we can call them "the four C":



Fig. 16 Source: "Stop the presses!", KPMG, 2017

3.4 La Repubblica, an Italian perspective

On the 14th January of 1976 Eugenio Scalfari, former editor of the magazine “L’Espresso” created “La Repubblica”, with the aim of including in a newspaper a modern idea just as weekly newspapers, huge laboratories of language and professional Italian journalism.

La Repubblica declares itself unequivocally left-wing and, at first was distributed in newsstands only from Tuesdays to Sunday.

A great intuition for that times was the font format which differed from other newspaper for being more elegant but also attractive for the readers. Also, the titles were designed to be musical and catchy. In the 80s arrived the supplements such as: *Affari & Finanza* and *Il Venerdì*.

In 1996 a new and experimental version of a website was born and exactly one year later they launched the official Repubblica website: *repubblica.it* which, in short time became one of the most important and visited information website in Italy. In addition, La Repubblica publish in every region in Italy having a number of local editions which add to the national newspaper.

Repubblica is controlled by GEDI S.p.a. which is a public company listed in the MTA market. GEDI is one of the most important editorial groups in Italy. It works in every sector of communication. GEDI owns most of the Italian editions, among them printed newspapers such as *La Stampa*, *Limes*, *L'Espresso*, *National Geographic Italy* and radio stations (*Deejay*, *Capital*, *m2o*, etc...) and digital editions (*HuffPost Italy*, *Rep.*, *LaRepubblica.it*, *RepTV*, *Business Insider*, etc...).

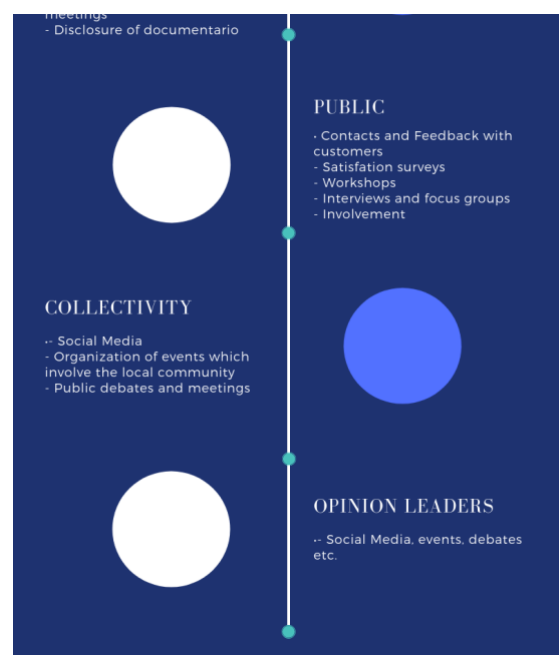
As we saw, La Repubblica is only a little part of the giant network of GEDI Group which controls a very big part of the information in the country. For several years, the Group is committed to implement its enormous supply of products with a digital one, in order to approach new generations and satisfy new needs of speed and immediacy of news. The company indeed, has created a digital division which deals only with the online field, editing magazines and additional content, which enhance the quality of the products.

The distribution strategy is differentiated depending on platforms and it includes both free and paid models. The kind of offer is guided by the specific informative needs of the readers on the platforms and also is led

by the maximization of value on the long-run. In 2018, according to an “Audiweb”



Fig. 17 How GEDI involves its stakeholders, source: GEDI Group



research which measures which one is the best operator to representing the mobile and browsing traffic, GEDI has been classified as the sixth on the whole Italian digital market. The classification includes also platforms as Google, Facebook and Amazon. The GEDI Company, cares a lot about the relationship with the stakeholders in order to optimally pursue its sustainable strategy. In fact, GEDI is really committed in building relationships of trust, founded on principles of transparency and listen. Over the years, GEDI has implemented constantly the activities which can involve the stakeholders in the Group activities³⁹. These are summarized in the graph below (Fig.17):

For what concerns the business model and the strategy of GEDI Group, in particular according to the sustainability report of 2018 provided by the company website, GEDI decided to concentrate efforts around four main points:

- Develop the traditional activity with constant implementations of products without forgetting to take the new opportunities that the market is able to offer;
- Expand the content supply of GEDI's brands for the new digital platforms taking in account the digital transformation in place;
- Succeed in the advertising market;
- Preserve the profitability of the firm in an era of global crisis, operating on costs and firm's re-organization;
- Group's synergies;
- Enforce the commitment in the radio business.

The digital transformation has affected a lot the formulation of strategy for many of the companies in the information market. GEDI, on its part, has implemented its strategy model developing five projects:

1. **Products and digital platforms:** Besides the launch of Rep: the digital native version of the newspaper with more than 30k subscribers, there is also "Cubo". This integrates in one digital space both the video area and the paid real time website.
2. **Video:** There is a distribution and monetization of video content on Youtube and Facebook.

³⁹ "Dichiarazione consolidata di Carattere Non-Finanziario, Bilancio di Sostenibilità 2018", Source: GEDI Group

3. **Technological projects and funding:** Through several deals with main technological companies (Google and Youtube), and some projects with press associations, GEDI has obtained funding to improve its technology.
4. **Innovation in payment methods:** The new system “SWG” (Subscribe With Google) allows more simplified payments of premium content and adds to the already existing Facebook method.
5. **Data Lake:** GEDI started with the advertising agency Manzoni the Data Lake project for the integrated management of data, for both editorial and analytical purposes.

According to the results of the digital division registered in 2018, Repubblica.it confirmed itself to be as the first information website with 2,94 millions of unique users per day.

Moreover, over years the digital contents have been enriched with new format and entertainment products such as:

- **Webseries**
- **Reportage:** in particular investigative journalism and insights about current events and society.
- **Live streaming and studio productions:** There has been a coverage of events through video production by the Visual Desk.

Briefly, La Repubblica concentrates its core business on the diversification of its business. It offers a great variety of services and let the customers decide which one it is worth to pay for.

3.5 A business comparison, takeaways from the case studies

The business strategy could be analyzed under the point of view of the so-called *Blue Ocean strategy* which consists in analyzing the company's moves through a precise scheme made of three crucial propositions that the firm take in place in the moment that it decides to implement its strategic model. They are:

- value proposition: when the firm decides to make its offer appealing for buyers;

- profit proposition: when the firm focuses on offering something more in order to attract profits;
- people proposition: when the firm enhances the employees' awareness to gain some goals.⁴⁰

It is important to take in mind that the three propositions must be aligned each other, because they are co-dependent and the one can affect other two.

Hence, in a Blue Ocean strategy, the New York Times tried to enforce its people proposition, focusing on invest in newsrooms and developing a strong sense of belonging in the staff of its journalists. Moreover, there was also a preponderance of value proposition, in fact NYT offered itself also as a provider of skills, working with third parties and offering services which collocate outside the classic editorial job, also by making its buildings available for different business purposes. In this sense, the B2B strategy could be a good way to enhance the firm's presence and acquire some additional competitive advantage in the very crowded environment such as the information one.

As we can notice, The Post's strategy is the most practical and maybe the most functional one with respect to the other big newspaper we analyzed. In a view of profitability in the long run, the move of selling the company to an external investor has really paid off. Especially when this investor is Bezos, which in a few years built a strong empire only on the Internet, making profitable all of its business, the trust between families (i.e. Graham and Amazon) revealed to be winning.

A good takeaway of this case study is that, when it comes to innovation and digitalization, it is required to diversify, update the old work and take all the positive benefits that such a rich investor can bring to your company.

The framework in this case, is so clear: through the selling, Graham family offered The Post's capabilities which are the know-how in terms of high-quality journalism, infrastructures but also the brand name which luckily, continues to be a strong advantage for the company. In addition to that, The Washington Post has the credibility which Amazon needs in an optic of loyalization of customers.

Bezos acquired the newspaper not with Amazon's money but with its own funds. This results to the public opinion a noble gesture, meaning that he cares about contributing

⁴⁰ "The Importance of Alignment", Medium Corporation, last updated Oct. 7 2015. (Medium Corporation, 2015)<https://medium.com/@BlueOceanStrtgy/the-importance-of-alignment-15032fa4369>

to good and free journalism. Finally, there are all the capabilities that Amazon's legacy brought in the Graham's company. Technological tools and experience of the employees contributed to make a well-developed firm in a tech force as there aren't yet in the market. Synergies created with this selling form alone a great competitive advantage for the firm.

As we're talking about strategy, The Post focused on enhancing its profit proposition, developing its internal capital in order to make its offering more appealing for the market.

For what concerns The Guardian's profit proposition was made in a slightly different way that is focusing on the relationship with its readers and trying to enlarge the supply of contents through an expansion of its core business. Moreover, the uniqueness of the Trust's ownership could be a strength because it ensures the financial stability avoiding contrasts in the board and guaranteeing the loyalty of the entire company to the firm's mission and vision. Differently from The Post, The Guardian's company decided not to share its know-how with other and external investors but to enlarge itself its capabilities and invest in some other initiatives in order to expand its control.

Finally, the Repubblica appears to be the weakest reality on the market because so far. Its strategy seems to be focused on the development of both people and value proposition. There is a great attention to the relationship with stakeholders, with a vision of transparency and loyalty but also a tendency, by the view of GEDI, to appear a good company to invest in. Then, the great differentiation of the GEDI company permits a good coverage of the existent market forms but on the other hand, maybe a dispersion of the core business.

The basic idea under a good conception of journalism nowadays starts from having an healthy information ecosystem, where publishers, editors and journalists could work in order to create real news. For real news we mean a real piece of story, which really could be useful for the personal growth of the individuals and could be free of external influences (political and institutional). The main mantra behind the mission of the New York Times is "fire not hire", which is true under some specific assumption: you can have a lot of journalists in your newsroom and make them produce a great number of articles that permits you to arrive on the top of the Google research bar. The single news will stay there for a day, maybe a week, just enough time to run out and the public interest it's still on that news. But then the news will be forgotten. The newspaper's contribution for the readers will have been maybe a 15%. It's different when you hire

slightly more journalists, but you give them the opportunity to stay on that single story to get deeply in it and analyze for month the evolution of that topic. The final result will be surely more valuable for readers and will contribute to enhance the reputation of your newspaper, with a great return in image but also in subscription, because it will be mean that behind the single edition there is analysis and desire to inform.

In addition to that, it is also useful to know that in some countries (like Italy), the attention to the everyday news is very low. This is maybe caused by the great number of little blogs and “pop” newspapers, born on the Internet, which are really exploiting the Web offers. Their presence on social network is pushy, they understood that in order to survive it is necessary to develop an editorial plan which should be specific for the single platform. Newspapers in this sense, should try to copy new competitors and try to adapt their communication model to the new tools.

Advertising model is no more functional in a market where there is a real monopoly of the giants, a winning business model should be built on solid capabilities which should be in part, taken from the original composition of the company, which could be brand name, professional journalists and infrastructures, in part they should be created on going. Moreover, the b2b strategy seems to be already too undervalued by press industry. In reality, offering to other (and different) companies services to improve, for example, their communication could be a good way to attract value and revenue which could be used for journalistic propositions and to realize the original purpose of the newspaper: inform and do it good.

Basically, we can state that the editorial crisis in the world is anchored to two main dimensions. The first one, as we often said is of economic nature, with the shifting of advertising model to new online realities such as Google. As we saw in previous chapters, also the financial stability of newspapers collapsed which is why the number of journalists in the newsrooms is fallen. The second dimension, maybe the most complicated to understand is the social one. If we take a look on the daily trends on social media, we can find that every day the most searched topics on Internet are the entertaining ones. It appears people have the spasmodic desire to know about the life of characters of the showbusiness but seems to totally ignore the really important news about the everyday events on earth. The very little attention especially of the young people, about news is impressive and sometimes scary. This decreasing of people who read newspapers is recorded especially in developed countries such as USA, Western Europe and China, where the technological progress is advanced. In other countries

such as India, press industry's situation is actually very florid. In the first part of this dissertation we saw that information and, in general the appetite for news became very common with the spread of literacy in the society. As people became able to write and read, newspapers became the only instrument of democracy and freedom. So, newspapers era could be related to the modern society. What is already not under control is the passage between that modern society to a post-modern society, where individuals (especially the so-called *millennials*) search for news, but more often they are news by famous entertainer, very different news from the ones by The New York Times or The Post. This is true also for the news television and the radio, which are seeing an important decrease in their audience.

All these problems could be related to a growing feeling of "not-belonging" for which everyone feels an outsider in its own community.

The idea behind great ideals in history was always be the communitarian sense of belonging to something called society where "no matter happens, we are together". This is, in general, the main reason which makes humans join each other. Press represented for a long time the glue of this purpose, until something broke.

Facts and political figures of these years created a huge distrust in people. Just think about the Trump elections or the British referendum, events that did nothing but make people think that they don't count anymore in the politic decisions. Press and Tv are doing their part in this big process of exclusion of the individuals from the public life. News are often aseptic and there is no involvement of readers. And if you don't talk to me, if politics or institutions don't care about me anymore, why should I care about them?

This dimension is possibly the most difficult one to understand for companies and also the trickiest challenge to face. Is true that advertisers are shifting to social media but is also true that this situation could be reversed knowing how bring again people on newspapers. The most followed entertainers, the so-called *influencers* are mainly supported by advertising companies, which invest to these people only because they engage users to their content. But why people care more about personal information of totally unknown figures than important facts which could be potentially concern them too? The answer is always the same: that unknown figures make them feel heard, important and part of a little community.

Elites are the only category which are not touched by the editorial crisis yet. Bankers are already interested in financial news, politicians already want to know what's happening in the opposition. Common people are the new objective to try to flirt with. To summarize, besides all the economic possible solutions (which could be various) newspapers' new commitment should start on focus on create a new awareness, through the engagement of readers in stories they tell.

New stories should regard everyday life, city districts, suburbs, everything that could make an ordinary man/woman, who is the real strength as well as the original beneficiary of the press purpose, an active and mindful part of its own community.

Chapter 4 – A (theoretical) digitalized business model

“At this time of uncertainty and disruption ... the challenge is not simply to spend time on strategy, but to truly inject courage into strategy – by engaging in courageous conversations, sparking courageous considerations, and ultimately making and acting upon courageous choices.”

(Jonathan Goodman)

Previous chapters have been useful for us to understand how complex it is to build a digital business model which could fit the actual revolution of these years. First of all, it's important to take in consideration that a good business model tries to mix the quality of a product with a high (and aware) grade of innovation. In this chapter we will try to understand, referring to previous examples, how can a newspaper structure its business strategy in order to face the crisis of the press through an improvement of its technology and involvement of readers and users.

Obviously, our analysis will be just hypothetical, we will focus more on the strategical aspects of our business model, without dwelling too much on the accounting topics.

Actually, it is useful to focus on the strategic plan of our hypothetical newspaper, which is the starting point from which a company today can start to compete in order to insert itself in the information field.

Finally, we can take some assumptions based on our previous analysis. According to a report by the World Economic Forum, there are five basic assumptions which everyone needs to take in consideration about the future of press⁴¹. These are:

- One. The transition from a world where newspapers were “gatekeepers” to a reality in which aggregators control the news agenda.** Today we search for an information no more through a single publisher but via clusters of information such as Google News.
- Two. People tend to use more and more social media rather than search engines for news, this led to more “news diets”**

1. ⁴¹ “Five things everybody needs to know about the future of journalism”, Rasmus Kleis Nielsen, Meera Selva, World Economic Forum, 2019

Three. Press is losing the trust and the attention of the community. A survey by the Reuters Institute stated that in 37 markets, only the 17% of readers are “News lovers”, meaning that access to the news providers more than 5 times per day. The 35% of them is just a “Casual user” who accesses less than one per day (Fig. 17).

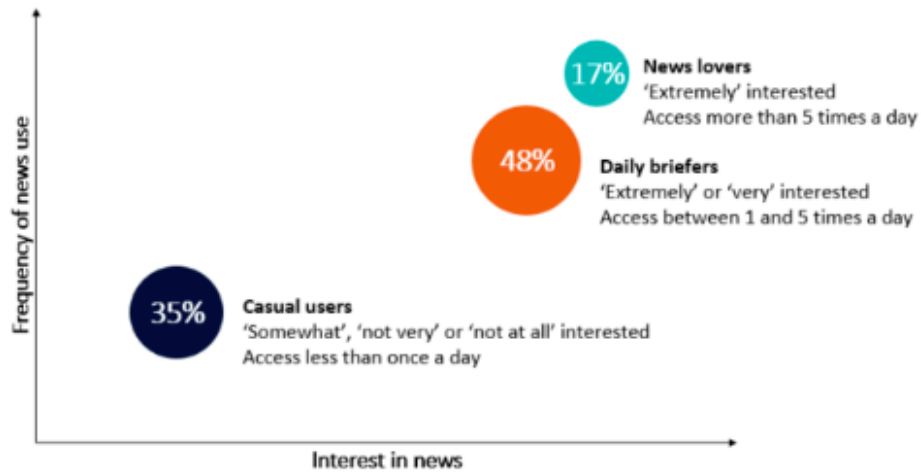


Fig. 18 Increasing information inequality based on interest and use, source: Reuters Institute by Weforum, 2019

Four. The retrenchment of newsrooms due to the authority of Google and Facebook and the weakening of the information. The control of giants led to the decline of funding of professional journalism. Advertisers are moving more and more where their business is more captured.

Five. The digitalization and social media made possible the most diverse voices to be heard, from the most superficial ones to the most qualitative journalism ever. This shows a double function of the Web information: you can find the best but you can also run to the worst.

Obviously, these features depend from country to country, but one can meet that in more technologically developed ones, these kinds of characteristics are very present, especially in countries when press is controlled by some institutional investor, which make it less trustable and weaker.

According to a report by the KPMG society ⁴²about the financial crisis of the press, these kinds of businesses have 3 main strategic possible options:

- Be a seller
- Consolidate their competition
- Remain independent

This should be accompanied by some other goals to be fixed such as achieving greater scale through the consolidation of a larger market position. Then it is necessary the so-called top-line growth, which is experimenting an increase in gross sales and revenues, as we saw for some strategy adopted through the differentiation of the business. It is obviously very important aiming to the revenue stability like the Washington Post and its strategy of joining the Bezos' family.

Moreover, there should be a net cut with the past in terms of innovation, opting for a digital only model or alternatively, for a limited print model still focusing more on the digital development. As we saw, the important thing to care to is the monetization of every aspects of the activity, or at least trying to do it on the real assets such as the readers base and the way they interact and share content you, as a newspaper, produce online.

Hence, depending on the strategy you'll choose for develop your activity in the market (see differentiation we made in the page before), you can adopt different "sub-strategies" in addition to the one that we've just mentioned. For example, for a **seller** strategy option, it could be useful to schedule some initiatives in order to improve performances, understanding how to better allocate capital and manage the budget more efficiently and try to fill the capability gaps through some acquisition. It is crucial then, understanding the potential buyers in the market, evaluating the synergies which our business could create with them. For example, The Post evaluated the important synergy of the technological improvement, choosing as its buyer the big company Amazon enhancing the possibility to gain better performances.

If the option is to **consolidate** the business the Report suggests to review and update the M&A strategy, identifying synergies and potential targets.

⁴² "Stop the presses", Scott Purdy, Phil Wong, Paul Harris, KPMG Company, 2017

Finally, if the business wants to remain independent, it could be necessary to prepare it for the future growth, through reallocating resources and re-defining costs. Moreover, in this case it is higher the risk of hostile bids but also changes in the control of the company. In both cases, the whole organization needs to be prepared and ready to react to a multiplicity of scenarios.

In general, we understood that the old business model needs to be refreshed in some aspects, looking for methods to monetize data and finding technology partnerships to upgrade the business.

Other important shifting should regard:

- ***Products***: concentrate the operation for new platforms such the mobile one and make it the main delivery channel from which start to distribute content;
- ***Editorial aspect***: Made the decision of shifting to the mobile, the next concern should be for the form of the content. The new business has to try to adapt to the new platforms, also in terms of length and immediacy of content;
- ***Choose channels***: Always prefer and take a look on the social media platforms, which are so important nowadays and become a force also in posting daily content (videos and articles) in order to attract users and increase turnout of readers on the page;
- ***Advertising programming***: There should be a massive targeting of ads, adapting it to the consumers, preferably not demographic targeting. This could led to the employment of a smaller direct sales force;
- ***Advertorials***: Aim to develop content more content in collaboration with advertisers, in all platforms;
- ***Enhance the technological services for users***: Possibly developing a centralized system that can be used by all organization.

Finally, it is necessary to optimize the capital available in order to use it for a more sustainable business model which can align the strategy with the modern ages. Also, concentrate to the possible future investments in new capabilities for the firm and, as KPMG Company suggests, institute a better discipline in tracking and managing ROI.⁴³ Another aspect shouldn't be underestimated is the website design as well as the

⁴³ "Stop the presses", Scott Purdy, Phil Wong, Paul Harris, KPMG Company, 2017

form used in the social media which is very different from the one used on the mobile version or on the print paper. In general, the line to follow is the elasticity and the adaptation to the current times.

4.1 People’s trust in newspapers

There is also a very important issue to pay attention to, that is the element of trust which readers and population have with regard to press, online or print it doesn’t matter. It seems something external from the strategy model of a newspaper but, in fact, it represents a crucial part of the experimentation of new business model and how it can attract people.

Thanks to the Reuters Institute’s Report on the News environment ⁴⁴we can also analyze the behavior of readers, based on some interviews and surveys made by the Institute.

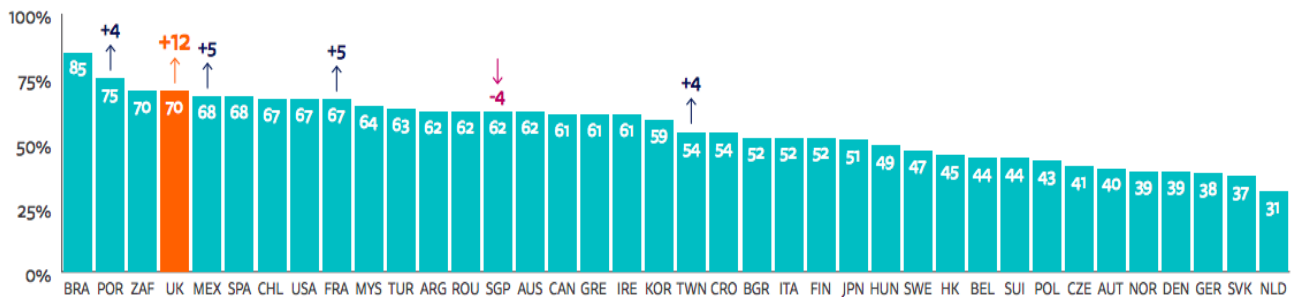


Fig. 19 "Proportion concerned about what is real and what is fake on the internet then it comes to news - all markets", Source: Reuters Institute Digital News Report 2019

The infographic below allows us to understand the percentage of people who still trust the press in all countries. It registers an high concern in Brazil, which means less trust in the news sector, followed by the United Kingdom and France. In Italy is relatively still on something between the trust and the pure skepticism. The crucial fact that we can read is the very high level of the British press in this survey. The Report gives also a possible answer to this increasing concern – which by the way, grew also by the 12% in Britain -.

⁴⁴ Levy, D., Newman, N., Fletcher, R., Kalogeropoulos, A., & Nielsen, R. K. (2019). Reuters Institute Digital News Report 2014. *Report of the Reuters Institute for the Study of Journalism*

In fact, they found that the consequence of this concern is leading to a slow approach to “more reputable source of news”. It is actually a positive finding in this sense. For the record, about 26% of the interviewed is approaching this view, then a 24% admitted they stopped using sources with a “less accurate reputation”. Finally, there is a 29% which choose not to share a potentially inaccurate article.

Talking about age, the difference is captured for example between UK and USA, where the range of age of who said they have started using more reputable news source is very different. In United Kingdom the most aware range is the one between 18 and 24 years old but in USA only the over 50 is really caring about the quality of news they read. In general, however for news of a certain importance, people tend to trust more the most famous and reliable newspapers.

4.2 How to implement a strategic plan

It is important to suppose a good strategic plan for our business. To do that, we can start from the building of a hypothetical strategic plan for our business, concentrating our attention on the operating improvements we could do.

First of all, it is useful to have a small recap of some crucial passages in the building of a strategic plan of a business:



Fig. 20 Strategic Planning Process Model

As we can see from the Fig. 20, one of the steps regards the **definition of the strategy**. It means that the company is required to identify the specific issues and make choices that the process should address. Then it is necessary to clarify roles in the companies, each with its task and job in the strategic process. The best move to do in this case, is to involve everyone on the company, from the shareholders to the employees (especially them). Sometimes, a planning committee is created in order to put on paper the decision and the goals of the new strategy. Did this, the committee should collect as more information as possible to identify the criticisms before making any move and action.

A second step is the one in which the company **defines the vision and mission** of the specific strategy. The Vision underlines what the organization wants to be, concentrating on the future, guiding the actions of the company based on the purposes. For the employees for example, the vision statement gives a guideline about how they should behave inspiring them to do their best, being a sort of “vademecum” for best results.

On the other hand, the Mission Statement is responsible for giving fundamental purposes of the company, this time concentrating on the present and not on the future. The mission informs about the established level of performance of the organization, giving objectives.

While the vision is aimed to everyone, included the public, the mission is primarily dedicated to the shareholders and the leadership team. In the specific case of a newspaper company a good example of mission statement could be the one of The New York Times:

“We seek the truth and help people understand the world”⁴⁵

The goals and objectives’ identification is a passage which can vary from a company to another, it comes after the study of the environment and the establishment of the mission taking in consideration the critical issues and some solution to face them. The goals could be financial or, in the case of a newspaper could involve the reaching of a certain number of users or readers in a established range of time – as we saw for the three-years business plan carried on by The Guardian Media Group in Chapter 3 -.

⁴⁵ “Mission and Values”, nytco.com

Next passage involves the formulation of a swot analysis, which could be helpful to identify the strengths and the weakness of our company, building a plan which could aim to exploit the opportunities and avoid the threats of the market. Below, there is a sample of a SWOT analysis which could represent an hypothetical media company which is trying to enforce its strategy plan in a moment of crisis of the industry. To build this SWOT we took in consideration all the example of newspapers we made in the previous chapters.

A media company SWOT Analysis

		HELPFUL	HARMFUL
INTERNAL	Strengths S	<ul style="list-style-type: none"> • Strong Reputation • International coverage of our newsroom • High know-how • 	Weaknesses W
			<ul style="list-style-type: none"> • Low online presence • Lack of diversification • Few investments in technology
EXTERNAL	Opportunities O	<ul style="list-style-type: none"> • Increase the multimedial content • Exploit social media to enhance coverage of news • Use the competences to offer B2B services 	Threats T
			<ul style="list-style-type: none"> • High Competition • Crisis of the press industry • Lack of readers' interest due to social media • New entrants (i.e. News aggregators)

Fig. 21 SWOT Analysis of a media company

Finally, the new company has to face a last step which regards the actual implementation of the potential strategy. It means studying the possible threats which the organization could encounter during the operation, but it also means the evaluation of the models with which the business will be presented to the public.

For example, a crucial issue for a media company is the paywall model, which during years has been used from journals as much as criticized.

A lot of newspapers use the paywall, but it doesn't mean that it couldn't be a good model to attract revenues. According to an article of Medium Corporation⁴⁶, some British newspapers figured out that people is willing to pay for a content, if they believe it is worth. Many of these papers chosen to adopt the *edition-based approach* refusing to send a lot of breaking news during some important events but focused on providing deeper analysis of the fact, something that could represent a point of arrive instead of a passage as other newspaper did.

The research of the model is something that should start from a careful study of the competitive environment and the preferences of the readers, identifying the tendencies in reading and the preferred formats.

To the present day, The Washington Post model is maybe the best one to represent a real innovation of the business strategy. We can indeed learn some important lessons from The Post's case study. More than that, there are some questions to give our business in order to understand if we're moving in the right direction:

- *Is our technology up to date?*

The issue is seriously understanding how our company is updated in technological tools, if our users can have a great and fast experience on our website and pages and what we can do in order to build our own infrastructure exploiting the resources available.

- *What game are we playing?*

In The Post's case, during a conference Garcia-Ruiz from The Washington Post said that the newspaper became digital twenty-years before the real innovation. What Bezos did for real was changing the audience strategy. Instead of basing

⁴⁶ "Paywall strategies: What publishers can learn from The Times, Mittmedia, and Le Monde", Source:

the paper on local journalism, Bezos went bigger producing in scale for everybody. What he did was looked at the audience and adapted the coverage.

- *Do users like us?*

Besides the charts and rankings, what really matters is the analysis of how much time users spent on our website, how much they like articles and their opinion about the function of the whole system.

- *Is our newsroom culture right?*

During the conference, Garcia-Ruiz asked the audience: “Do you have a print newsroom that has been modified to do digital or do you have a newsroom structured to win a both?” and then he answered: “You need to be the second option”. In fact, the newsroom needs to be changed but in a smart way, not disrupting the existing culture but updating, making them develop new skills. The right word is re-organize and this includes of course the opening of a series of new positions. ⁴⁷

4.3 What about the future?

Predictions on future of journalism are really going to messy hypothetical situations which could characterize the future times. A recent Report from the Reuters Institute⁴⁸ noticed some changes in the journalism as we all know it. Starting from what we said some pages before, there will be an increasing updating of newsroom, not only from the point of view of the technology and the digital skills, but also in the gender diversity also by using some automated tools which can monitor the gender and ethnic diversity of content. This is very important also for the quality of news: a balanced diversity in newsrooms could led to more precise and specialized articles depending on the skills of each journalist.

⁴⁷ “How did the Washington Post go from sinking to winning?”, Freia Nasher, Source: medium.com

⁴⁸ Newman, N. (2019). Journalism, media, and technology trends and predictions 2019

Moreover, apparently publishers will invest more on the Artificial Intelligence (AI) and the Machine Learning (ML) without however damaging the journalist professionalism. The three main categories in which the AI and ML will have an impact will be:

- Personalization of content and creation of better recommendations for readers
- Robo-journalism
- Tools to help journalists as a support in dealing with information overload

In particular, there will be a transformation also in the researching process for news. In these years yet we're assisting to a massive use of the vocal and audio messages. Also, Google and Amazon have developed tools which can recognize your voice and do the job of research just as you're doing on the computer, only with a vocal command. Newspaper have to be prepared to this kind of change, which seems the most near one. The research of news and articles by smart speakers and audio devices will influence also the style of writing content and the optimization on the search engines. SEO activity will upgrade shortly, and newsrooms need to be prepared to adapt also in this case.

The future is in video content and podcasts, this could scare the traditional journalists which could see in it a threat to the quality information. In this sense, the human capital is essential to make technology and people coexist in the right way.

CONCLUSIONS

After our dissertation on the press industry, the impression is of a landscape pretty difficult to predict and in some way, manage.

Basically, it could be useful starting from the idea that freedom is the key element of a democracy. In order to be free, people need to be informed and the digitalization is having these years a double function. On one hand it makes us reduce distances, being sometimes authors of our own story and let us be able to tell about the world and know everything we want, when and where we want to.

On the other hand, though digitalization exposes us in danger. Many of the news shared today are the so-called fake news, aka not checked information, often false and sometimes used to manipulate people, as in the case of the Trump election in 2017 when the most shared fake news on social networks was far more popular than the main news broadcasted by the national media.

In this dissertation we were able to analyze the structure of some of the most influent newspapers of our times. However, most of realities in the press industry, especially the ones that are suffering the passage between two radically different situations, find very hard to earn their place between the giants of Internet.

Everything is getting faster and faster, people have no more the attention of old times and the newspapers should try to offer the higher-quality information ever which is readable in the shortest time possible. To this problem, the presence of new competitors is added and make everything more challenging. The high number of firms which try to offer an information to the public, makes the undertaking harder than it used to be. Readers have a lot of choices and their bargaining power is very high so it's very easy falling in an unsuccessful business model.

As we saw from the previous chapter, news aggregators are do an huge job of selection and distribution of contents, excluding sometimes the real authors of the same contents from a fair revenue derived from that distribution to the public.

Especially in Italy, the situation is crucial because press is not properly ready for the big change in place. It is necessary to invest in newsrooms, which are not – as many can think - a useless cost but is instead a precious resource. Prepared and diversified newsroom made by flexible journalists could be a golden ticket for the success.

Finally, they say there is a real crisis in the global press industry, they assert the press will die in a few years and it cannot survive in the battle against the giants. Newspaper

are increasingly losing readers, revenue and in some way (most important) the sense of mission. We can say that also the press crisis is a fake news which is influencing the entire market that for decades worked as a defender of people.

Crisis is not a failure, as we saw in the first chapter, the industry passed through some other crisis, but it never succumbed. It should look to a crisis as an opportunity instead of a threat. The information is the most precious weapon we have against the bad power of some men. It just has to find a way, in which it can combine the tradition of high-quality journalism with the merciless boost of the innovation.

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SUMMARY

This dissertation is about the reaction of the press industry after the biggest change of our time: The Digital Revolution.

1. Evolution of press: In 1630 in Lipsia, France was happening something that would change the course of democracy in the world. In that years, press was born and initially it talked about war reports, commercials but also dynastic and diplomatic facts.

In the different countries press had different treatments and it was watched already as something inconvenient for many of the European institutions.

United Kingdom was the first country to get free from the institutional control in 1800 but in a few time, government put a taxation on each copy of newspaper. These taxes of knowledge – as they were called – limited the fruition of the newspaper to the working class and made press not so as free as it was born to be. A reality which distinguished itself from the other was The Time, directed by John Walter who decided to continue the ownership of the newspaper free from any political party or social class. At that time press was an essential tool for the society, and even if it was still far away from the real impartiality, it was fundamental in developing a common critical spirit.

In Italy, main cities where press was already a big reality were Turin, Bologna, Rome, Mantua and also Venice, which was the capital of publishing industry at that time. Unfortunately, Italy lost its position in the market because of the impossibility of Italian cities to become large metropolis. This made the country fell behind big cities such as London and Paris. It was also important the influence that the Church had to the society. In the first 30 years of 1800 Italy was far behind the other European cities and United States. In fact, Italy didn't have a modern and concerned audience, inspired by progressive ideal.

Editors of newspapers were still intellectuals, political representatives, religious, teachers and lawyers. Most of the time newspapers were in loss; at the beginning they were financed by private or public institutions, but they always ended early. Nevertheless, journalism had become an important aspect of modern life, not as a polemical and political instrument but as a pedagogical and propagandistic one.

American press in the 19th century was very different from how we know it today. First of all, there were three main categories:

- Political press
- Commercial papers
- Penny press (later)

The political press was the most representative one. It was an instrument of propaganda and it was characterized by an aggressive and sometimes vulgar language. Editors of newspapers were often influential political or public figures that expressed about critical issues of that century such as the imposition of customs duties, the abolition of slavery, the national bank and the very popular election campaign.

Commercial papers (or business papers) were dedicated to economic news, commercial ads and gave information about business, prices and opportunities. But the great revolution came with the birth of the penny press. While party papers were available especially for the middle class, for a price of 6 penny a copy and big pages, penny papers (born in New York around 1833) were created by some journalists and they were designed to be oriented to popular classes. They costed 1 penny and they were sold both through subscriptions and through paperboys. The new format of this newspaper - smaller than traditional ones, easier to handle, ideal for occasional and faster reading – decreed the birth of the *tabloid* format. They were aimed to give their public easy news to read and understand, making an information available to everyone -facts of *human interest*.

The changes happened in the history of mass media went from the scarcity to the abundance. In fact, in first years – first half of 1900 – messages and resources of information were limited, and a situation of scarcity was recorded as the years passed, numbers of messages and broadcasters have increased. The first engine for this change was the birth of Television and Radio, and more in general the electronic communication.

In this journey from scarcity to abundance, three main cracks can be identified:

Fourth. *Broadcasting revolution*: the commercialization of televisions in all parts of Europe and outside, in 1980 -90;

Fifth. *Digital is better*: the advent of digitalization right after the previous period. In some countries it overlaps the commercialization phase;

Sixth. “*Datacracy*”: The birth of Internet and ICT that characterizes present years;

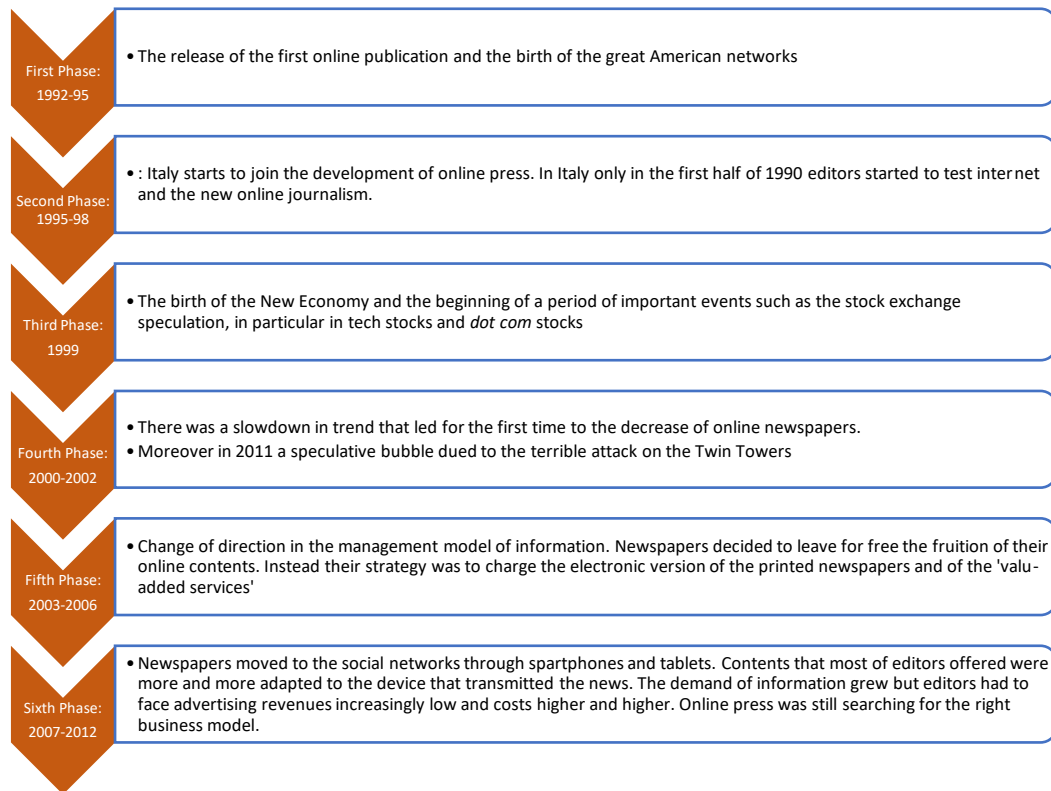
Under the point of view of information, radio was a radical change. It didn't communicate more through writing but with the voice. This conferred a different and strongest emotional impact for the public.

In terms of time, radio made possible to produce real time bulletin even several times a day. Another pro of the radio was that it was able to reach a wider audience than newspapers, crossing national borders. The '50s of 1900 were the times of the ultimate mass media: television. Its arrival marked a new and radical discontinuity for in the history of information – and communication -. In brief time it became the most diffused medium of the mass culture, also reference point for all the leftist intellectuals.

Under the point of view of information, the broadcast journalism in televisions was an important news, exercising his influence. Newspaper industry reacted to this disruptive innovation, trying to imitate the way of communication of radio and television under the aspects of vitality and colloquialism. On the other hand, they set themselves as different medium, complementary, more detailed and fuller of comments, deep interpretation of the news that the others broadcasted quickly but often superficially. Quality journalism was the answer to electronic media. The work of the journalist became harder and faced the issue of overabundance of news. Journalists were forced to selected news and search in a sea of information often redundant and confusing.

In the first half of 1980 when some of the American publishing companies launched the first 'electronic newspapers The scenario of that time seen a lower diffusion of print newspapers and an increasing rise of cost of paper. This was the reason why the communication system needed to try new ways of distribution. Initially, the first online commercial services made of newspapers a source of strength. On the other hand, for the newspapers the deal with the great advertising providers was not a profitable operation.

The rise of online newspapers began in United States and the literature divides it in six different phases:



In the landscape of the new changes, there was some realities which were able to handle the online journalism in the first place. One of these was The Wall Street Journal, which released its first online version in 1996. The WSJ strategy was to charge less the subscription for the printed newspaper – 39 dollars per years instead of 79 dollars -. Furthermore, an additional and reduced fee was provided for whom customized their edition based on their preferences, with their own title’s portfolio and the news alert service. Moreover, the periodical implemented a strong synergy integrating all the resources that its editor made available. This strategy makes possible to be responsive to all the users’ needs. And so did the Financial Times. The Economist instead adopted an intermediate solution: it offered a part of the newspaper was free and the access to the archive was charged.

Today, the main presence in a newspaper’s revenues landscape is again advertising. Thanks to the Internet revolution, with websites and social network such as Facebook and Google, advertisers have multiple choice on which channel they can address their promos. Still, for some companies advertising remains the first revenue source but there are some other revenue categories: Circulation revenue, Sponsors, Event Hosting, Media Services and Newsletters.

2. The Disrupting Wave of the Digital Revolution

Nowadays, the disruption of industry is a very crucial topic. According to Harvard Business Review, *disruption* is “a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses. Potential entrants could take benefits from those overlooked segments, investing and offering them at lower price. In this slow but intense process, if disruptive innovations take hold, it means that incumbent firms had overlooked some kind of particular markets. during the Mobile World Congress of 2018 some researchers by Accenture developed a method to measure the *disruption index*, that means industry’s current level of disruption. In addition to that, they found also the index that measures the susceptibility to future disruption of an industry.

To do that, they stated four main and distinct states of disruption:

- Durability
- Vulnerability
- Volatility
- Viability

according to the pattern the more volatile the business is, the riskier is the disruption period both in present and in the immediate future.

But the disruption can be seen also and mainly as an opportunity to improve the core of business and challenge a new kind of know-how.

In the **viability** period for example, firms should try to carry out actions which promote a constant state of innovation. For what concerns the **durability** period, firms. need to be proactive on changing their core business in order to stay competitive in the market. On a state on **vulnerability** businesses should focus on implementing scale innovations using technology and data in order to build services.

But, which is the better business model for Web? The *advertising-based* method that should have ensured the subsistence of newspapers let contents to be free for users turned out to be temporary and not right for the long run.

Especially in USA, we have understood that some technical news linked to finance or stock indexes could be very appealing to a certain kind of public interested to the subjects. If economic information results privileged, we can’t say the same for the rest of informative material, the so-called generalist newspapers. The good performance of this kind of newspaper is way more complicated because if it’s true that the scarcer a

good is the more valuable, the supply of generalist news on Web is enormous. Basically, there are some main business strategies developed in the overtime by this kind of press, these are:

- Consultation under payment
- Free consultation with advertising revenues
- Freemium consultation
- Multirevenues business model
- News for personal info
- Premium product
- Content provider: this is a particular case, many newspapers fall in this category. They are companies that both purchase some content from external providers and produce their own in-house.

Digitalization in the communication field, is not just a migration phenomenon or a conversion of an analogic product in a digital one. In particular, in the case of a newspaper born exclusively online, it's not about a remake of printed product but of a brand-new informative tool. Generally, the "mobile fruition" of information is radically modifying its distribution and consumption methods. With an analysis of the navigation in main social networks an important result emerges: *just-online* newspapers are the main source of information. Talking about organization of work, practically in online newsrooms the structure is mainly horizontal with very fast rhythms that can ensure the widest coverage of news in real time. The figure of the professional journalist, usually the chief of the newspaper alongside therefore other figures (not necessarily intermediate professionals). They can be journalist or not and they have multiple functions and can handle different processes of editorial job such as writing texts, editing, video making and photography.

Because of the high level of competition in the online editorial sector, firms try to create their own market power by differentiating the product.

We can talk about two different type of differentiations: the horizontal one that involves the placement of the product for the public and the second one which manages the qualitative choices of the product itself. As the influence of searching engines increased, new ways of news-scouting were developed on Web.

The so-called *news aggregators* (or mobile aggregators) today, are rapidly taking the place of the direct research in the newspapers' websites.

As we can see, there are nowadays different news aggregators. For sure, the most used are Google News and Apple News. Giant companies, the so-called GAFAs, to which belong Google, Apple, Facebook and Amazon, are also known as OTT – Over-The-Top – which are the companies that provide services and content through the Internet. In news the most used method to “fight” the battle against the giant is the SEO tool. As we mentioned in previously, SEO is an acronym for “Searching Engine Optimization”. It means use keywords or simply editing articles in order to make that specific article as much visible as possible in a basic Google research. Of course, news aggregators put some rules in order to join their community which for example include variety, originality, informative nature and so on. In this era, we talk about atomization of the information, a time when The possibility to create a personal content and share it without any important control on what the content talks about is a double-edged sword. Hence, it is making more and more difficult to capture the real essence of a journalist job which includes also the most important feature of factchecking. the relationship between editor and reader is radically changed. The possibility to write comments or react through little emoticons give in a certain way the users the freedom to express their thoughts concerning a determinate issue and eventually receiving instantly a response by the editor of that content. Preferences analysis is today also the basis of understanding which the most interesting subjects for readers are. It contributes to construct the editorial line and an efficient advertising strategy.

It’s impossible to talk about the new competitive landscape in information industry without mention the copyright normative which regulates the Digital Single Market (DSM). It is a “strategy designed by the European Commission for the best possible access to the online world for individuals and businesses.” (European Commission, 2019). World is changing, and old ones resulted already obsolete. In particular, we focus on the Directive approved on March 2019 where there is a specific mention for the economic rights that authors, whose works are included in publication of journalistic nature, have right of a fair quota from revenues that editors of newspapers receive for the use of their publications in the information society. In USA the text which regulates the rights for press and journalists is The Digital Millennium Copyright Act (DMCA) approved by the Bill Clinton administration. It implements two of the World Intellectual Property Organization’s (WIPO) treaties of 1996.

3. The Reaction of The Global Press to the Digital Revolution

In our analysis it's important to take in consideration how newspapers around the world are facing the great press crisis of these years.

The British newspaper "The Guardian" is in this sense, a good example of resilience. Today, the Guardian is the main product of the Guardian Media Group (GMG). The GMG's core business is the Guardian News & Media (GNM). The Guardian newspaper is published six days a week and for the Sunday edition there is the Observer, the world's oldest Sunday newspaper. *The Scott Trust* represents the sole shareholder of the company. This feature ensures, according to the mission of the company, the stability and the financial and editorial independence of the journal. The vision of the company is clear. This one is to follow the 5 main principles stated by the origin of the Guardian. First of all, the newspaper set the objective of developing ideas to improve the world not just criticize it. Then, there is a great collaboration with users and readers in order to be sure to have a great impact on the community. The diversification is crucial, this is related to a various newsroom. This could bring to reach a greater range of stories being well covered on several issues around the world. Finally, there are the meaningfulness of their work and the fairness with which the stories are told. Through the analysis of the financial report of the company we can see that from 2016 to 2019 the company reached the goal increasing to a huge number the audience of the newspaper but also another important set goal. In fact, for the core business GNM, the financial goal was to break even at operating EBITDA and so it was. Moreover, The Guardian Company runs several other businesses. In October 2017 was born the GMG Ventures, a creation of Guardian media Group. It is an independent venture capital fund which has the goal to support the GMG's strategy contributing to the financial returns. It is focused on the news, media and entertainment sector and it's a thematic investor. In a Blue Ocean Strategy view The Guardian appears to have enhanced its profit proposition focusing on the relationship with its readers and trying to enlarge the supply of contents through an expansion of its core business.

The New York Times, also abbreviated in NYT or NYTimes is a famous American newspaper founded in 1851 by Henry Jarvis Raymond, a journalist and politician, and the banker George Jones. The New York Times Company, which owns the newspapers also controls other media products. Arthur Ochs Sulzberger Jr. is the Chairman of the company and Mark Thompson is its President and CEO. The NYTCO is listed on the

New York Stock Exchange as NYT. NYT's capabilities are mainly the strength in their accountability and the loyal audience given also by its history and the fact that the New York Times exists for decades and developed a strong name and ensure itself an huge group of loyal readers. Nowadays, the value and the mission of the New York Times is to pursue the digital version of the newspaper, improving it in order to create a sustainable business model for news without underestimate the importance of quality journalism, which is for years the distinctive feature of the newspaper.

Today, the NYT Is in fact a global news provider, considered the leading one in the market and is the most successful news subscription businesses.

The main businesses of the Company, besides the newspaper are:

- The websites, including NYTimes.com
- The mobile applications such as the core news applications, interest-specific applications which include Crossword and Cooking sections.

Moreover, The New York Times is emblematic example in using the notorious paywall model which consists in leaving a certain quota of the articles on the website for free and asking for a subscription after crossing the threshold. The NYT's competitive landscape is full of other media with which the newspaper competes on subscriptions and advertising, both in the print and digital products. Features on which the competition is generally based are platform, format, content, quality, service, timeliness, price. In addition, the NYT competes in advertising on different programmatic buying channels and it has digital marketing agencies which compete with other similar agencies in the market, including also those of other publishers. The newspaper has additional businesses from which it attracts revenue, they are: The licensing division, *Wirecutter*, the printing service, The NYT Live. The most important source of revenue for the New York Times comes by subscriptions. Hence, the Company bet a lot on this field and instituted the "subscription-first" model. Of course, with the numerous changes in the expectations of consumers, the company is trying to evolve more and more its subscription strategy. The investments made on the newsrooms and in new forms of visual and multimedia products are the core strategy of the company. "Provide a journalism worth paying for" seems a mantra that is really paying off. The Washington Post was founded in 1877 by Stilson Hutchins, an independent-minded Democrat. In 1973 Katharine Graham is elected chairman of the board and chief executive of The Washington Post Co. as well as she continued to be a publisher of The Washington Post newspaper. Graham family has been running for

a long time the newspaper until in 2013 after a crucial period of great losses for The Post, the company was acquired by Jeff Bezos, together with its affiliated publications in October 1st for \$250 million. The Washington Post Co. also changed its name, to reflect the changes after this important takeover with Amazon's CEO becoming Nash Holdings. Despite Jeff Bezos owns The Post, it remains an independent company. In fact, Bezos bought the newspaper through his personal fortune not the Amazon one. Indeed, the Nash Holdings LLC is Bezos's personal investment firm acquired The Post, both the print and digital editions. After only two months of Bezos' ownership, The Post has surpassed The New York Times concerning the unique US web visitors. bet a lot on The Post's app and one of his first actions was to integrate the newsroom with about 80 new professional figures from different fields: developers, wen analysts, big data analysts, web designers and video editors. Everything was made with a specific mission, updating the newspaper news supply without sacrifice the quality which readers were loyal to. Also, the aim was to distribute the content in the widest possible range of platforms: Instagram, Facebook, Twitter.

The Washington Post has conducted an important strategy action in different aspects, arriving to grow in digital subscriptions by the 145 percent, focusing on four main areas such as: Circulation, Content, Customers Loyalty and Customer Experience.

Finally, talking about the Italian landscape, in 1976 Eugenio Scalfari, former editor of the magazine "L'Espresso" created "La Repubblica", with the aim of including in a newspaper a modern idea just as weekly newspapers, huge laboratories of language and professional Italian journalism. A great intuition for that times was the font format which differed from other newspaper for being more elegant but also attractive for the readers as well as the titles which resulted catchy and musical. In 1996 a new and experimental version of a website was born and exactly one year later they launched the official Repubblica website: *repubblica.it* which, in short time became one of the most important and visited information website in Italy. Repubblica is controlled by GEDI S.p.a. one of the most important editorial groups in Italy. The company owns most of the Italian editions, among them printed newspapers. The distribution strategy of La Repubblica is differentiated, depending on platforms and it includes both free and paid models. GEDI has been classified as the sixth on the whole Italian digital market. The classification includes also platforms as Google, Facebook and Amazon. The GEDI Company, cares a lot about the relationship with the stakeholders in order to optimally pursue its sustainable strategy building with them relationships of trust,

founded on principles of transparency and listen. The digital transformation has affected a lot the formulation of strategy for many of the companies in the information market. GEDI, on its part, has implemented its strategy model developing five projects: Products and digital platforms, Video, Technological projects and funding, Innovation in payment methods and Data Lake. In 2018, Repubblica.it confirmed itself to be as the first information website with 2,94 million of unique users per day.

4. A (theoretical) digitalized business model

First of all, it's important to take in consideration that a good business model tries to mix the quality of a product with a high (and aware) grade of innovation.

According to a report by the World Economic Forum, there are five basic assumptions which everyone needs to take in consideration about the future of press⁴⁹. These are:

- The transition from a world where newspapers were “gatekeepers” to a reality in which aggregators control the news agenda.
- People tend to use more and more social media rather than search engines for news, this led to more “news diets”
- Press is losing the trust and the attention of the community
- The retrenchment of newsrooms due to the authority of Google and Facebook and the weakening of the information.
- The digitalization and social media made possible the most diverse voices to be heard, from the most superficial ones to the most qualitative journalism ever.

In this landscape, there could be three position which a newspaper can take which are be a seller, consolidate the competition or remain independent. Hence, depending on the strategy you'll choose for develop your activity in the market you can adopt different “sub-strategies”. At the base of this operation, there should be a net cut with the past in terms of innovation, opting for a digital only model or alternatively, for a limited print model still focusing more on the digital development. As we saw, the important thing to care to is the monetization of every aspects of the activity, or at least trying to do it on the real assets such as the readers base and the way they interact and share content you, as a newspaper, produce online. Other important shifting should regard:

- **Products:** concentrate the operation for new platforms such the mobile one and make it the main delivery channel from which start to distribute content;
- **Editorial aspect:** Made the decision of shifting to the mobile, the next concern should be for the form of the content. The new business has to try to adapt to the new platforms, also in terms of length and immediacy of content;
- **Choose channels:** Always prefer and take a look on the social media platforms, which are so important nowadays and become a force also in posting daily content (videos and articles) in order to attract users and increase turnout of readers on the page;
- **Advertising programming:** There should be a massive targeting of ads, adapting it to the consumers, preferably not demographic targeting. This could led to the employment of a smaller direct sales force;
- **Advertorials:** Aim to develop content more content in collaboration with advertisers, in all platforms;
- **Enhance the technological services for users:** Possibly developing a centralized system that can be used by all organization.

Finally, it is necessary to optimize the capital available in order to use it for a more sustainable business model which can align the strategy with the modern ages.

It is important to suppose a good strategic plan for our business. To do that, we can start from the building of a hypothetical strategic plan for our business, concentrating our attention on the operating improvements we could do.

Besides all the steps useful to implement the strategic plan, a crucial passage is constructing a SWOT analysis. It could be helpful to identify the strengths and the weakness of our company, building a plan which could aim to exploit the opportunities and avoid the threats of the market. In the dissertation we made an example of SWOT of an hypothetical media company:

A media company SWOT Analysis

		HELPFUL	HARMFUL	
INTERNAL	Strengths S	<ul style="list-style-type: none"> • Strong Reputation • International coverage of our newsroom • High know-how • 	Weaknesses W	<ul style="list-style-type: none"> • Low online presence • Lack of diversification • Few investments in technology
	EXTERNAL	Opportunities O	<ul style="list-style-type: none"> • Increase the multimedial content • Exploit social media to enhance coverage of news • Use the competences to offer B2B services 	Threats T

Finally, the new company has to face a last step which regards the actual implementation of the potential strategy. It means studying the possible threats which the organization could encounter during the operation, but it also means the evaluation of the models with which the business will be presented to the public.

For example, a crucial issue for a media company is the paywall model, which during years has been used from journals as much as criticized.

A lot of newspapers use the paywall, but it doesn't mean that it couldn't be a good model to attract revenues.

We can indeed learn some important lessons from The Post's case study. More than that, there are some questions to give our business in order to understand if we're moving in the right direction:

- *Is our technology up to date?*
- *What game are we playing?*
- *Do users like us?*
- *Is our newsroom culture right?*

Finally, the prospective about future is challenging. In particular, there will be a transformation also in the researching process for news. In these years yet we're assisting to a massive use of the vocal and audio messages. Also, Google and Amazon

have developed tools which can recognize your voice and do the job of research just as you're doing on the computer, only with a vocal command. Newspapers have to be prepared to this kind of change, which seems the most near one. The research of news and articles by smart speakers and audio devices will influence also the style of writing content and the optimization on the search engines. SEO activity will upgrade shortly, and newsrooms need to be prepared to adapt also in this case.

The future is in video content and podcasts, this could scare the traditional journalists which could see in it a threat to the quality information. In this sense, the human capital is essential to make technology and people coexist in the right way.

The basic idea under a good conception of journalism nowadays starts from having an healthy information ecosystem, where publishers, editors and journalists could work in order to create real news. For real news we mean a real piece of story, which really could be useful for the personal growth of the individuals and could be free of external influences (political and institutional).

Basically, we can state that the editorial crisis in the world is anchored to two main dimensions. The first one, as we often said is of economic nature, with the shifting of advertising model to new online realities such as Google. As we saw in previous chapters, also the financial stability of newspapers collapsed which is why the number of journalists in the newsrooms is fallen. The second dimension, maybe the most complicated to understand is the social one. If we take a look on the daily trends on social media, we can find that every day the most searched topics on Internet are the entertaining ones. It appears people have the spasmodic desire to know about the life of characters of the showbusiness but seems to totally ignore the really important news about the everyday events on earth.

Newspapers era could be related to the modern society. What is already not under control is the passage between that modern society to a post-modern society, where individuals (especially the so-called *millennials*) search for news, but more often they are news by famous entertainer, very different news from the ones by The New York Times or The Post.

Facts and political figures of these years created a huge distrust in people. Just think about the Trump elections or the British referendum, events that did nothing but make people think that they don't count anymore in the politic decisions. Press and Tv are doing their part in this big process of exclusion of the individuals from the public life.

News are often aseptic and there is no involvement of readers. And if you don't talk to me, if politics or institutions don't care about me anymore, why should I care about them?

This dimension is possibly the most difficult one to understand for companies and also the trickiest challenge to face. It is true that advertisers are shifting to social media but it is also true that this situation could be reversed knowing how to bring people on newspapers.

Besides all the economic possible solutions (which could be various) newspapers' new commitment should start on focus on create a new awareness, through the engagement of readers in stories they tell.

New stories should regard everyday life, city districts, suburbs, everything that could make an ordinary man/woman, who is the real strength as well as the original beneficiary of the press purpose, an active and mindful part of its own community.

It is also true that this is the era of fake news, where post-truth is taking the place of the high level information. According to that, we can also say that the crisis of press is a fake news too, which is influencing the entire market that for decades worked as a defender of people.

A crisis is not a failure, as we saw in the first chapter, the industry passed through some other crisis, but it never succumbed. It should look to a crisis as an opportunity instead of a threat. The information is the most precious weapon we have against the bad power of some men. It just has to find a way, in which it can combine the tradition of high-quality journalism with the merciless boost of the innovation.