Facing the Challenges of Multi-Channel Publishing in a Newspaper Company

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EXECUTIVE SUMMARY

Newspaper companies all over the world are faced with the challenge of how to react to digital convergence and reformulation of the media field. The study describes the transfer from paper-based publishing to multi-channel publishing in a Finnish newspaper publishing company and how this was experienced by the participants. The case analysis covers the news products of the company, the editorial processes, actors in the processes, the tools used to produce and manage news content, and the problems faced. During the transfer the company expanded its collaboration network to include several other media companies and some information technology companies. Lack of a revenue generation strategy for new digital services was one of the major problems in multi-channel publishing. Although the company offered a rich selection of digital services, 90% of the company’s income still derived from paper-based publishing. The experience gained with creating the digital services was however, seen valuable as a necessary preparation for the emergent future changes.

Keywords: case study; content management; digital publications; digital video; electronic media; emerging information technologies; information technology adoption; internet-based technologies; internet publication; news on-demand; news publishing; multi-channel publishing; online publishing; Web-based services

ORGANIZATION BACKGROUND

Keskisuomalainen is a regional daily newspaper covering the entire area of Central Finland. The paper is published seven days a week in the city of Jyväskylä and its everyday circulation amounts to about 76,000 copies. The paper was established in 1871 and it is the oldest Finnish newspaper. Today it is the fifth biggest newspaper among all Finnish seven-day papers by circulation. The newspaper is part of a media company called Keskisuomalainen
The company’s main businesses are publishing, printing, and delivering newspapers and other print products, and digital services. Table 1 describes Keskisuomalainen Ltd’s economical development through the last five years (Keskisuomalainen Ltd, 2004). Keskisuomalainen Ltd bought the majority of shares of Savon Mediat Lt at the end of 2001. The number of employees in Keskisuomalainen Ltd then grew with 500 people and the concerns net sales doubled.

Since the start of the digital convergence, the Finnish media business has become centralized so that there are basically two big media companies, Sanoma-WSOY and Alma Media (Tommila & Salokangas, 1998). Outside the two big media companies, five regional newspapers, including Keskisuomalainen, created, in 1998, a joint company, Väli-Suomen Media Lt, to enhance cooperation among the five in content production. In June 2000 the case company established together, with other 12 regional newspapers, a company called Arena Partners Lt to design and build new e-business and mobile solutions for customer interaction and multi-channel publishing (Arena Partners Lt, 2004-2005). In the central Finland region, Keskisuomalainen has almost a monopoly status in newspaper publishing. In the field of digital services there is a competition with various media, but the core business of Keskisuomalainen, the regional news publishing, is still outside the scope of international and big national media companies.

The newspaper Keskisuomalainen is an organization divided into an advertisement marketing department, a subscription marketing department, and an editorial department. This study concerns the editorial department of 100 employees. The editorial department is responsible for the creation of the content to be marketed, printed, and distributed by other departments.

In the utilization of information technology (IT) and in developing new kinds of services to facilitate multi-channel publishing, Keskisuomalainen has been one of the pioneering media companies in Finland, and Finland as a country has been one of the most active in the utilization of IT and particularly in the adoption of the Internet technologies. In April 2005 there was a broadband Internet connection in nearly 1,000,000 Finnish households. If the amount of the broadband connections is proportioned to the population rate (5.5 million people), Finland is fifth in this area among the European countries.

Pavlik (2001) states that in improving the efficiency to reach the audience, digital media facilitates improvements in the quality of journalism. Fast news delivery is an essential component of the quality. Digital media causes, however, problems as well. Compared to traditional

Table 1. Key figures of Keskisuomalainen Ltd

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, Me</td>
<td>42.2</td>
<td>49.6</td>
<td>90.0</td>
<td>90.0</td>
<td>97.7</td>
</tr>
<tr>
<td>Operating profit, Me</td>
<td>10.9</td>
<td>11.3</td>
<td>18.8</td>
<td>14.9</td>
<td>17.9</td>
</tr>
<tr>
<td>% from Net Sales</td>
<td>25.9</td>
<td>22.8</td>
<td>20.8</td>
<td>16.6</td>
<td>18.3</td>
</tr>
<tr>
<td>Profit, Me</td>
<td>11.5</td>
<td>11.8</td>
<td>10.8</td>
<td>9.3</td>
<td>10.2</td>
</tr>
<tr>
<td>Return on equity %</td>
<td>27.1</td>
<td>21.4</td>
<td>29.8</td>
<td>21.8</td>
<td>29.9</td>
</tr>
<tr>
<td>Return on investment %</td>
<td>29.1</td>
<td>17.2</td>
<td>29.1</td>
<td>24.7</td>
<td>30.0</td>
</tr>
<tr>
<td>Solvency Ratio %</td>
<td>69.6</td>
<td>52.3</td>
<td>58.0</td>
<td>63.9</td>
<td>38.7</td>
</tr>
<tr>
<td>Employees</td>
<td>353</td>
<td>363</td>
<td>870</td>
<td>870</td>
<td>848</td>
</tr>
</tbody>
</table>

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