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► To cite this version:

Pierre-Jean Benghozi, Inna Lyubareva. When organizations in the cultural industries seek new business models: a case study of the french online press. *International Journal of Arts Management*, 2014, 16 (3), pp.6-19. hal-01066416

HAL Id: hal-01066416

<https://hal.science/hal-01066416>

Submitted on 23 Aug 2022

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Draft

When Organizations in the Cultural Industries Seek New Business Models: A Case Study of the French Online Press

Pierre-Jean Benghozi, Inna Lyubareva¹

Abstract

The creative industries face a constantly changing competitive environment: dematerialized transactions, market extensions, new offerings and new customer relations. As a result, constant innovations in organizational arrangements and business models have become a competitive advantage and threaten traditional models. They frequently refer to unknown combinations between the free-of-charge offerings and a variety of original pricing strategies. The case of the periodic press serves to illustrate. An empirical analysis of 149 French press Web sites demonstrates the co-existence of three classes of online business model: *a minima digital*, *pure players* and *exploring leaders*. The study puts forward the original mechanisms for gratis content funding in the periodic press. These results are consistent with observations made in other countries and confirm the authors' basic assumption regarding the variety of existing business models and the elements that shape their diversity.

Keywords Business model, press industry, ICT creative industries, free offerings

Introduction

In the creative and cultural industries¹ the ability to develop new services and structure new business models (BMs) boils down to the coupling between technological media and new forms of distribution and production. The current emergence in the marketplace of cultural goods made available by technology suppliers or telecommunications operators not only results in a rebalancing but structurally changes BMs and the very architecture of economic sectors.

These developments are of particular interest to economists and managers studying the BM response to the change from analogue to digital in the cultural industries. There is a body of literature (e.g., Jacobides, Knudsen and Augier, 2006; Evans, Hagi and Schmalensee, 2006; Bakhshi and Throsby, 2010) underlining the destabilizing role of information and communication technologies (ICT) to explain the current transformations. New technologies and the development of online markets have created opportunities for new digital transactions and services (clicks and bricks), market extension and globalization, the design of new offerings (long tail, customization), and new customer relations (social media, recommendations and comments). The periodic press (newspapers and magazines) does not depart from the rule: it has witnessed a significant decrease in revenues and a sharp rise in ICT investments (Doyle, 2014).

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Actors in the creative industries face an ever-changing competitive environment, to which they try to adapt through organizational arrangements and BMs. There is much research showing that constant experimentation and innovation in this area has become a key competitive advantage (Giesen et al., 2007; Zott and Amit, 2008; Chesbrough, 2010; Hayashi, 2009; McGrath, 2010). As a result, traditional BMs, which were dominant and stable in their respective industries (such as media, film, music and publishing), have given rise to a multiplicity of arrangements in business management and the emergence of disruptive and innovative BMs, which successfully co-exist in the same market segments (Grefe and Sonnac, 2008; Abecassis and Benghozi, 2012). Moreover, in many cases the competition is centred on the innovation rather than on the content (O'Connor, 2007). For example, hundreds of music and video-on-demand platforms have similar content. An important property of the new digital economy is constant junction between the market and non-market spheres – that is, between free offerings and a variety of pricing strategies or between value creation and value capture in the value chain. The findings on the modalities of free (gratis) economic models (Anderson, 2009; Shapiro and Varian, 1999) prove the existence of a variety of approaches in this domain: public financing, sponsored links, freemiums, crowdsourcing, bundling. Whether in music, film, audiovisual products or publishing, the creative sectors are, from this viewpoint, at the forefront of innovations in free offerings.

New configurations call for new strategies and new ways of building competitive positions. In order to gain access to new markets and adapt their business to the new reality, the actors try various innovations. Newspaper and magazine publishing is a case in point. The multiplication of BMs or of ways of making cultural content available reflects systematic strategies for innovating and exploring alternative forms of value creation, capable of ensuring sustainability and profitability. Yet little is known about which elements contribute to the structure of and shape the diversity of new online BMs in the creative industries or how these arrangements combine the properties of traditional and new BMs, and thus why no production sector today entails a dominant sustainable model. These are the questions this article addresses using the case of the periodic press in France.

On the one hand, the press sector shares some dynamics with other areas of culture (cf. Grefe and Sonnac, 2008; Lyubareva, Benghozi and Fidele, 2014). On the other hand, the economic characteristics of the industry determine the transformations taking place around the world: new readership practices, the switch of advertisers from print to the Web, and the downturn of the entire advertising market with the resultant reduction in employment (McChesney and Nichols, 2011; European Newspaper Publishers Association, 2013). The French industry is particularly interesting as it has long been declining in terms of sales due to its traditional structural features: dependence on government funding, weak distribution network compared to other OECD countries, delayed computerization of retail outlets, and the high cost of distribution and stock management (Tessier and Baffert, 2007). In the radical new digital economy, these features further complicate an already complex situation and lead the actors to experiment with new business solutions.

We begin by acknowledging the multiplicity of BM arrangements in the French press made possible by ICT. In the next section we present an empirical analysis of 149 Web sites and identify the co-existence of three classes of online BM: *a minima digital*, *pure players* and *exploring leaders*. We then discuss the importance of a free economy in the periodic press and present the original mechanisms for gratis content funding; in this section we also discuss some common and unique trends in the industry in France and in other countries. The results confirm our basic assumption that today there are many different ways of generating revenues – one particular BM cannot be imposed and many BMs can co-exist in harmony. The periodic press is becoming structured around diverse offerings and appropriation models.

Transformation of the Press by ICT and BMs

Despite differences in the definition of the BM concept, researchers agree on the central role of three structural elements: value creation, value capture and value network (Shafer et al., 2005; Teece, 2010; Osterwalder and Pigneur, 2009). The words “creation” and “capture” reflect two basic functions that all organizations must perform to remain viable. Firms develop core competencies and positional advantages to perform functions that are different from those of their competitors, and they implement different strategies to arrogate created value. In turn, value creation and capture occur within a value chain that includes suppliers, partners, customer relationships and distribution channels, thereby extending the company’s resources (Shafer, Smith and Linder, 2005). The impact of ICT is perceptible at all stages of the production and commercialization cycle (Curien, Gensollen and Gille, 2004; Debande and Chetrit, 2001): design and development, publication and promotion, distribution of content, distribution of derivative products (books, software, videos, etc.) and participation of new players in the value network. The development and diffusion of new technologies cause actors in the creative industries to re-consider their BMs, which historically were based on the marketing of physical objects and in-house content development.

Due to the impact of ICT, the periodic press has experienced multiple organizational arrangements as well as unusually strong competition between traditional publishing actors and new players. The range of organizations is accompanied by the emergence of new actors – digital platforms – corresponding to different pioneering BMs. The growing diversity of organizations in digital publishing feeds on the increasing variety of its mutations and contexts (Dagiral and Parasio, 2010; Attias, 2007). The French industry is not immune to these transformations: it reveals great disparity in terms of content and services, pricing and distribution strategies, and devices for interacting with readers. Indeed, one of the main effects of digitalization is the ability to multiply the terms of content provision and marketing due to new opportunities for content dematerialisation and delinearization.. One of the first tasks of this study was to identify – during the preliminary coding of newspaper Web sites – which modalities have proved to be most significant: offerings structure, revenue streams and pricing terms, interactivity with customers and suppliers, or distribution network.

Firstly, the supply structure is constantly evolving in terms of both the new contribution opportunities given to readers and customized interfaces and content. Newspapers tend to complement their online offerings with external content provided by guest bloggers (editorials) and readers (comments written beneath articles and readers’ blogs). Readers’ contributions are not limited to text: in some cases, the posting of pictures, sound and videos is part and parcel of the offering (user-generated content, or UGC). Therefore newspapers no longer offer an indivisible medium – newsprint – aggregating the content in one way only. They are open to new services such as personalized browsing,² while thematic RSS feeds enable them to offer readers content tailored to their wants and needs. Moreover, with online offerings readers are often informed of others’ choices and interests through statistical information (most read, most commented on, most shared). The frequency of rolling releases is another innovation made possible by new technologies, and it has profoundly changed the practices of readers, who are led to increase their contacts with one particular publication instead of simply making an occasional purchase (on a daily basis at best).

The second important point is the variability of content monetization. In addition to subscription pricing, a strategy widely adopted in the print media, a variety of pricing options has developed with ICT. Articles and associated services can be sold per unit or offered free of charge for a limited period (time credit: access to the issue for 24 hours) or in limited quantities (quantity credit: access to three items). In addition, publishers can sell offline services (PDF

articles) and access to digital archives.

The third significant trend is the evolution of interfaces available to readers and, consequently, new readership structuring built around interactivity. New technologies have opened up access to a wide range of interactivity devices: from article-assessment mechanisms (“Like”) – which content publishers can use to better target their production – to the constitution of their own social networks, exclusive to some readers. In the same vein, the creation of a page on existing social networks (e.g., Facebook) is a new option in the interaction between publishers and consumers. These interactivity devices are often supplemented with discussion forums.

Finally, new distribution channels, previously unavailable to players in this industry, have developed. These include social networks (e.g., Facebook, via the article sharing feature) and digital kiosks, where a publication is available via subscription or on a per unit basis, on various supports (computers, tablets, smartphones, print version).

We consider it essential to understand the nature of current changes. Special attention is paid to the fact that today’s online offerings are combined, for different reasons, with the emergence of new supplies of free content. By systematically reporting the supply modalities and economic terms offered by newspaper Web sites, we hope to identify the dominant strategies entailed in industry digitalization and to show whether some dominant forms might be lurking behind the large observable variety. Unlike the many studies in the area examining mainly distribution or aggregation Web sites (for instance, in the music industry), in this study the focus is the economics of content producers. This permits us to consider the question of how BMs are rooted in the organization of production.

Classes of BM in the Periodic Press: Empirical Analysis

Methodology

The empirical study involves 149 BMs of French newspaper Web sites. These were selected on the basis of the newspaper national association site OJD (<http://www.ojd.com>) in order to represent a wide variety of BMs across a range of contexts, institutional and thematic categories, publication frequency, location and size: local and national press, general and specialty press, traditional and new media actors, and so on.

Through an online review of various sites we ranked each across seven dimensions: (1) institutional category, location, theme, publication frequency; (2) content and online services; (3) devices for interaction with readers; (4) storage devices; (5) content production networks; (6) distribution devices; and (7) pricing strategies. A total of 50 characteristics were found necessary to delineate each site. We coded each characteristic of the BM as a binary variable. We then conducted a multiple statistical analysis in order to compile a typology of BMs, extricate their stereotypes from the database and determine their structural elements. The analysis proceeded in two phases: factor analysis and cluster analysis. Multiple correspondence analysis (MCA), with its associated clustering, is not based on distribution and therefore is free of assumptions about data properties (Greenacre, 1984; Clausen, 2008). The main assumption of this method is that all relevant variables are included in the analysis (Hair et al., 1995). We used R tools. To our knowledge, this analytic approach has never been used before with respect to the creative industries (Lyubareva, Benghozi and Fidele, 2014).

Our analysis proceeded with identification of principal factors (axes) explaining the diversity and shape of BMs in the creative industries. MCA makes it possible to select the informative variables from the database and regroup those forming the same axis (regrouping associated variables). Extraction of the principal axes enables association of Web sites in the

sample with a small number of dimensions containing rich information about specific features of BMs. The sequence of eigenvalues associated with each axis (i.e., the inertia or variance explained), with higher inertias on the first five axes than on the following axes, leads us to focus the analysis on those dimensions summarizing more than 50% of the total variability of the sites' characteristics in the sample. Visualization of the factorial design presents information contained in the first two factorial axes (see Figure 1). The scope of these elements determines the main orientation of the axes. On this basis, we conduct a cluster analysis (hierarchical ascendant classification) in order to compile a typology of online BMs and to determine the role of specific factors in structuring these models. This operation implies the hierarchical classification of individuals and their progressive aggregation according to the distance to axes and to other individuals.

[Figure 1 about here]

Three Classes of BM: A *Minima Digital*, *Pure Players* and *Exploring Leaders*

The results of the analysis indicate the existence of three distinct classes of online BM (see Table 1).

In view of the identified variables, we characterize the three models as *a minima digital* for Class 1, *pure players* for Class 2 and *exploring leaders* for Class 3.

[Table 1 about here]

A Minima Digital

A minima digital publications are those that are not open to the Internet or to exploiting similar opportunities. While some publications try to build up their audiences and foster a community of readers by positioning themselves as a reference portal in the field, those in this class are content with minimal Internet exposure. Their sites may be mere showcases and they offer little interaction with readers. Of the 24% of sites in our sample that had only a “showcase” Facebook page, 78% belonged to Class 1. Also, of the 28% of 149 sites that did not provide a comments section beneath their articles, 95% belonged to Class 1.³

Another example of this lack of commitment to digital devices is the handling of online archives: 59% of sites in Class 1 did *not* provide access to archives, even for payment, while the figures were 6% and 10%, respectively, for Classes 2 and 3. Publications in Class 1 made little use of sponsored links as a means of raising revenue. Of the 149 publications analyzed, 39% had no sponsored links, and of these 88% belonged to Class 1.

Class 1 publications are driven by a strong desire to protect a traditional, cost-effective BM. They dread seeing this BM challenged and cannibalized by online availability. These players launch online only because they are forced to jump on the bandwagon and are the least affected by technological innovation. They sit on the fence regarding online publishing – while they do launch online, unambiguously and deliberately, they strive to preserve their historical model and do not develop related services and features to any great extent.

Publications in this class include *Gala*, *TV 2 Semaines*, *La Presse de la Manche* and

Métro. The most representative are *Top Vélo*, *Lutte Ouvrière*, *Tarn Libre*, *Le Courrier du Pays de Retz*, *Bretons* and *Canard Enchaîné*.

It is interesting to note that this class is marked by its publication frequency. It consists of 71.6% of (bi)weekly, (bi)monthly and quarterly print publications and only 28.4% of dailies. This corroborates the result concerning the entire sample, namely that of the 52% with a publication frequency other than rolling release or daily, 75% belong to Class 1. This finding is consistent with another of our observations: Class 1 contains the largest number of magazines: 71.43% of magazines in the entire sample (the other 28.57% are in Class 3).

Pure Players

Class 2, *pure players*, brings together the new players that aim to build original and consistent economic models in order to achieve an original and stable position. Of the sample, 100% of online publications belong to this class. In contrast, only two traditional print newspapers (*20 Minutes* and *France Soir*⁴) share Class 2 features. Among the most representative of this class are *France Info Net*, *Atlantico*, *Slate*, *Quoi.info* and *Rue89*.

This class stands out because of the richness of its content and related services (offered free of charge) and strong reader editorial involvement. The emphasis on gratuity is not only due to the use of sponsored links but also correlates with the marketing of products and services that are independent of the main content (articles), namely books, comics, tutoring, dictionaries and so on. However, some publications, such as *Mediapart*, are market out: these new players have managed to build original BMs due to a variety of content pricing mechanisms (time/quantity credit and various online subscriptions). They nevertheless adhere to the same editorial framework as information producers. They are based on a common vision of the press, but innovate mainly in terms of BMs, modes of journalistic production, and building a new relationship with a network of readers and contributors.

Exploring Leaders

Class 3, *exploring leaders*, is represented by the major players, such as *L'Équipe*, *La Tribune*, *L'Humanité*, *Libération*, *Le Figaro* and *Le Journal du Dimanche*, which are eager to protect their leadership position and are well aware that, to do so, they must explore the new configurations opened up by the Internet. This class is made up of 80.4% of newspapers and 63% of dailies. It includes all the major newspapers (Table 2).

[Table 2 about here]

Publications in this class remain highly dependent on traditional payment methods. These newspapers are trying to generate new revenue while preserving the old (or at least avoiding further decline in revenues from the print edition).

Compared to the traditional model, the originality of the online approach of this class is reflected, first, in new forms of pricing for the main content and marketing-related services: time/quantity credit devices, online subscriptions supplemented by mobile and tablet offerings (Web+), sale of digital archives and offline consumer services.

Also, sponsored links (which also applies to Class 2, where this strategy is used by 64.7% of publications) is the most prevalent strategy in Class 3, used by 98% of players. It is

particularly important for these publications, as it is a natural extension of traditional press funding, relying on advertising, both in the BM and, if necessary, in the organization of press advertising companies.

This class of BM is also characterized by interaction with readers via social networks, feedback/commentary systems and statistics on articles. However, reader involvement does not necessarily include participation in main content production, which is often highly centralized. Thus few publications in this class have readers' blogs or other forms of UGC. This is one of the notable distinctions of Class 2. Finally, an important feature of this class of BM is its strong focus on personalized offerings through RSS feeds and customized browsing services (Tables 3 and 4). This result is all the more remarkable in that over 60% of these industry players provide free customization services.

[Table 3 about here]

[Table 4 about here]

The proliferation of ways to make content available reflects the systematic exploration strategies of alternative BMs to ensure sustainability and profitability in the new environment. This explains the continual trial and error as well as the numerous changes in strategy as content providers test solutions online in search of the "right" one. The cases of *Le Monde* and *Le Parisien* will serve to illustrate. The positions of these newspapers show the possible consequences of such a choice for the publications' internal organization and editorial structuring; they are being forced to reconcile multimedia production objectives and methods that are sometimes poles apart. Thus *exploring leaders* is a class where traditional media players are trying to develop their offerings with a wealth of editorializing and content: these major publications launch resolutely on the Internet to protect their leadership positions and do not balk at exploring different content configurations and types.

Summary

To sum up, our results (see Table 1) show that regardless of whether it is a newspaper, a magazine or a new entrant, the publication's presence in the traditional media and the publishing frequency of any print version are widely discriminating variables over all three classes, even though the institutional variables lose their relevance online (Figure 2).

[Figure 2 about here]

Conversely, characteristics such as geographic area of circulation or information sources do not play a significant structural role. Indeed, our sample consisted of 55% national publications and 45% regional, evenly distributed between Class 1 (52% national, 48% regional) and Class 3 (45% and 55%). This finding was unexpected, as one might assume that structuring by genre (sports, local community, geographical or cultural classification) would instead encourage the online exchange modes that already existed in many communities, such as online groups sharing interests.

The variability in types of online pricing and subscription plans offered to readers is

another striking class parameter. Figure 3 shows that Class 3 actors offer a wide range of online subscription options. It is important to stress that this diverse range of offerings is no mere replication of the pricing scheme for the print version. For example, 64% of publications in Class 1, while offering a limited number of online options, nevertheless feature a diversity of subscriptions for their print versions.

[Figure 3 about here]

Discussion: Online Offerings and Profitability

Launching on the Web comes with radical market changes to do with content production and competitive structure. A previously highly concentrated press (because of operational costs) today comprises a large number of actors of various sizes chasing the small number of readers who are willing to pay. Some of these publications offer specific content (sports, business, technology), while others aggregate content of any kind. This raises the question of the profitability of online offerings.⁵ International experience demonstrates the limitations of the paywall strategy, which has been adopted by many publications but has often attracted a limited number of readers (Table 5). At the same time, one can see that if the free offering is deemed central to the current debate in the creative industries, it is due not so much to the availability of general content as to the numerous alternative economic models that have been set up. Each of these models seeks to reconcile e-free offerings and e-profitability.

[Table 5 about here]

The omnipresence of free offers on Web sites – regardless of class – reflects the importance of a free economy that feeds on the specific dimensions of digital formats: the importance of the content on offer, the increasing variety of information, and the proliferation of means of access and pricing modalities. Our findings show that, with few exceptions,⁶ the digitalization of periodic publications results in publicly available offerings, at least for some of their content.

The press sector, like many other sectors, is marked by a strong link between market and non-market forces. Our analysis reveals some dominant free-offerings BMs employed by the French online press, as also described in the literature (Anderson, 2009; Shapiro and Varian, 1999). Our study identifies four modalities: advertising (62%), bundling (26%), freemium (54%) and participative (14%).

Advertising is one of the most commonly used vehicles in the media, particularly radio and television. It is important in making an audience valuable to third-party advertisers. Content provided free of charge is bound to attract viewers or listeners – who are potential consumers, with features that can be identified according to the types of program provided. The media can then sell advertising space to the relevant goods and services suppliers eager to promote their products to the target audiences. The weight of this model is reflected in the online media, where the availability of free content has been systematically identified. In addition, going online supports the diversification of the advertising media itself (banners, sponsored links, pop-ups), thus making advertisements more readily acceptable to readers. Several converging trends encourage the press to embrace online advertising: the significant decline in print sales and associated advertising revenues; the redistribution of advertisers' resources, leading to the

development of online advertising at the expense of traditional supports; and the fact that revenues from online sales have so far been unable to offset the squeeze associated with the decline in print sales.

In the bundling model, free offerings are also possible. When a product or service is provided free of charge, consumers do pay – but for another product. This model can even be found in the print media, where newspaper sales result from the provision of virtually free weekend magazines, books and DVDs. In the online media, this could be considered either as a new way of building up an economically sustainable supply by means of coupling of print and mobile versions or as the marketing of goods and services that are not directly associated with the main content of the publication (books, comics sections, etc.).

In order to succeed, many publications have developed and tested a new method of online valuation often called the “freemium” model – an amalgamation of the words “free” and “premium” – whereby only part of the site’s offering is free of charge. Sometimes this content is of inferior quality (outdated information, low value-added content or content of purposely poor technical quality) or limited in supply (excerpts, artificial limits on performance or speed of access). These free offerings are loss leaders, intended to get consumers to choose high-added-value paid products. This model corresponds to the classical approach that media companies use when promoting online content that they have funded initially with print sales and for which they are striving to find additional resources online.

The participative model implies using the creativity, intelligence and know-how of a large number of Internet users. Online content is free in exchange for consumers’ contributions: they create value by improving service or generating information. This model proliferates in the majority of cultural sectors in France and in other countries. For instance, recent studies of the audiovisual sector accord the participative model special status by distinguishing it in an aggregated BM class (Lyubareva, Benghozi and Fidele, 2014). For the newspaper industry, as for other cultural sectors, the problem lies not so much in the choice of economic valuation of generated content as in the choice of a model that allows for the involvement of strong players and the aggregation of high-quality contributions.

Finally, we discovered some additional alternative funding mechanisms in the French press: donations and/or the offer of services different from the main journalistic production (sales of books, training courses, and so on). These alternative economic models and their sustainability are topics worth studying in the future.

The models described above fit the three BM classes identified in our study and represent important trends in the international press. For example, Class 3 stakeholders (*exploring leaders*) favour freemium models (web/web + subscription, time/quantity credits, per-unit sales, etc.), bundling (marketing higher-added-value services) and advertising. It is important to note that the free-offerings funding model – via advertising – though shared by players in Classes 1 and 2 (37% and 65%, respectively), is an integral part of the *exploring leaders* BM (98% of players in Class 3). Indeed, the international experience tells us that successful paid digital circulation (online subscriptions) is an indicator of audience strength resulting from the newspaper’s reputation, experience and content. For instance, the *New York Times*, the *Wall Street Journal* and the *Financial Times* are strong performers because they target those who are accustomed to paying for their information (Brown, 2013; Edmonds et al., 2012).

Class 2 (*pure players*) is characterized by a combination of the bundling and participative models, based on strong consumer involvement in content production. However, bundling in Class 2 often departs from that in Class 3. In Class 2 it is primarily a matter of marketing goods and services that are independent of the main offering (comics, dictionaries, books, etc.). Although our results show that the participative model is rarely combined with the freemium model (readers get charged for main contents), the case of *Mediapart* shows that the

two approaches are not incompatible. The same dynamics, with decentralized production on the one hand and free content and indirect revenues on the other, can be observed in the case of US online media (*pure players*) – for example, the *Huffington Post* or *Demand Media*.

Finally, the use of free online offerings by models in Class 1 (*a minima digital*) is relatively light: only 37% of players resort to the most common model – advertising. In addition, more than 30% of publications in Class 1 are based on the free-offerings model that resembles freemium (free offerings are meant to lead consumers to pay for other products), but online content is financed exclusively by print sales. These observations are in line with the finding of US studies that many publications focus on print revenue models and are not putting sufficient effort into the new digital revenue categories (Edmonds et al., 2012). These results are preliminary and more information on the French and international press is needed before conclusions can be drawn. However, they provide some interesting insights. Firstly, the press reveals a multiplicity of free-offerings models in addition to the advertising model. Secondly, various publications perform quite differently and their strategic choices are related, at least in part, to their positioning. This can be explained by the fact that press stakeholders face difficulties of various kinds, depending on their positioning. For example, by targeting audiences, magazines have managed to maintain their circulation but their commercial offering suffers from a lack of reactivity (compared to other online content), which slows down their adaptation to new contexts. Daily newspapers, given the drop in advertising revenues, seek to exploit online content initially financed with print sales and for which they are trying to find additional resources online. Finally, the new independent online press (*pure players*), often faced with inadequate revenues, seek to diversify their activities and occupy new niches in the participative and socially responsible media.

Conclusion

This analysis has demonstrated significant differences and discriminating criteria in terms of the elements of a BM: offerings structure, partner network, revenue streams, interactivity with readers and modes of distribution. Class 1, *a minima digital*, features a strong desire to protect a traditional model and is little concerned with technological innovation, adopting instead a follower attitude. Actors in this class are not putting great effort into the new digital offering, interaction tools, revenue categories or distribution channels. Their online content merely displays the full or partial print version in its original layout. Class 2, *pure players*, brings new entrants. Their objective is to position themselves in the industry through the original BM. They often put the accent on the gratuity of their offerings, the strong relationships with readers' and contributors' networks, and new distribution channels. At the same time, the offerings structure (i.e., complementary online services) and revenue categories are not necessarily technically advanced. Finally, Class 3, *exploring leaders*, is represented by publications willing to protect their leadership position and to explore the new configuration made possible by the Internet. Media actors in this class are highly dependent on traditional revenue models and therefore strive to generate new revenue sources while preserving the old ones. The focus is on exploitation of various revenue streams and distribution channels, as well as on drawing the maximum from the new technologies for the development of original high-quality offerings. The ongoing innovation observed in the *exploring leaders* class leads us to suggest that rich pricing strategies constitute one of the defining characteristics of the French press. International Web sites rarely offer such an array of pricing and subscription options.⁷

New configurations call for new strategies on the part of stakeholders in the cultural industries. In many cases, strategies are aimed less at profitability and more at capturing audiences and increasing growth and market share. Many sites defend and justify their

economic model by their visitor numbers, advertising campaigns and page views, not to mention the turnover or economic performance resulting from audience performance. This leads, ultimately, to a high degree of opacity regarding prices and profitability requirements, and gives full weight to the free offerings dynamics. Free services may be provided to generate traffic, to fuel supporting resources, to expand and consolidate a market, or even in order to match subsidies.

However, when free offerings are available, the system operates in parallel with a form of revenue generation. Our case study clearly shows this. The information on the generated income structure needs to be further analyzed in order to determine the relative importance of different revenue models.

Behind a common phrase in the online economy – free offering – lies a very different dynamics. Such variety by no means guarantees the sustainability and viability of future offerings and may in fact be a sign of uncertainty in the sector. The time has come when online offerings and e-profitability could well co-exist. Aside from the prediction of a progressive generalization of free offerings by all players in the value chain, in a domino effect, the question now is when will the market stabilize and evolve into something resembling conventional industrial economic models. At the end of the day, the future appears very uncertain in a cultural world that serves as a laboratory for the Internet, but where disruptive technologies and applications appear regularly without being, in most cases, developed and controlled by actors belonging to the cultural world.

Notes

1. The historical meaning of the terms “cultural industries” and “creative industries” is discussed in the literature (e.g., Garnham, 2001; Schlesinger, 2007; Tremblay, 2008; O’Connor, 2009; Bouquillon, 2010). Since the debate is ongoing, in this article we make no distinction between the two.
2. Customized browsing means that users are able to choose the themes they wish to explore on the home page of a Web site (for instance: <http://news.google.fr/>).
3. In terms of supply structuring and interactive devices, the publication *Les Inrockuptibles* in Class 1 is one of the rare cases where an online rolling release magazine upgrades its offering with article-evaluation devices, readers’ comments and editorial blogs as well as interaction via social networks.
4. The case of *France Soir* is particularly interesting. In 2012, after filing for bankruptcy, this daily went exclusively online.
5. Detailed analysis of this question is beyond the scope of this article, which discusses only revenue streams and pricing terms. Clearly, however, it is important for our understanding of the overall cost-effectiveness of the online press.
6. The content of *Mediapart*, *Minute*, *Présent* and *Rivarol*, for example, is reserved exclusively for subscribers.
7. In the framework of our study, we examined 23 international press Web sites on the same structural basis in order to make a quick comparison. This preliminary cross-country analysis is still incomplete, however; more detailed information is needed before a thorough analysis can be conducted.

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TABLE 1 THE THREE BM CLASSES

Class 1: A anima digital	Class 2: Pure players	Class 3: Exploring leaders
No read/comment statistics on articles	Frequency of rolling release	Availability of Web and WEB+ subscription pricing
No Twitter account	Site not provided by a conventional media player	Availability of time credit/quantity credit pricing
No content-sharing via social networks	Free access to archives	Availability of per-unit sale pricing
No article evaluation	Statistics on articles (most read, most commented on, etc.)	Paid offline consumption
No RSS feed	Availability of other per-unit paid services	Paid access to archive
No sponsored links as income model	No online sales (free online content and services)	Twitter account
No online payment availability (subscription, time credit/quantity credit/per-unit sale)	Possibility to consult and set up a readers' blog after subscribing	Statistics on articles (most read, most commented on, etc.)
No readers' comments	Possibility to contribute in UGC mode after subscribing	Sponsored links among other income sources
No UGC	Twitter account	Mobile version
No online archives	Possibility to evaluate articles	Readers' comments
No mobile version	Access to content from other publications	Facebook page

Note: Only the main characteristics of each class are included. These features are evident when one compares the three classes. For example, “no sponsored links as income model” in Class 1 means that the number of players using this income model is low compared to the other two classes and compared to the distribution of this variable in the sample. Note that the list of characteristics in each class is not comprehensive.

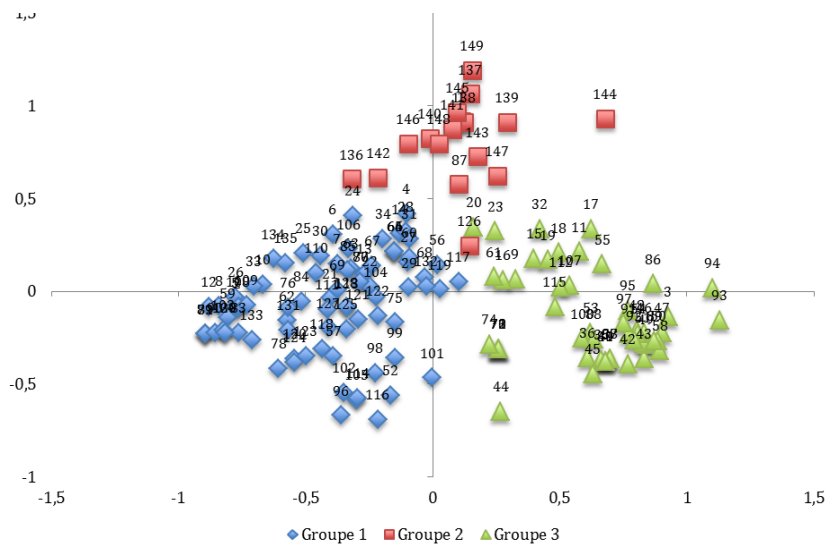


FIGURE 1 CLOUDS OF DOTS FOR 149 PRESS WEB SITES

Note: The vertical axis corresponds to a combination of different characteristics of publication frequency, free content and mechanisms for interactivity with the audience. The horizontal axis combines the scope of the variables of pricing strategies, supply structure and distribution devices.

TABLE 2 FRANCE'S SEVEN LARGEST NEWSPAPERS: DISTRIBUTION FIGURES

Newspapers	Copies
Ouest-France	743 213
Le Figaro	321 101
Le Monde	292 062
Sud Ouest	288 370
L'Equipe	285 386
Le Parisien	284 196
La Voix du Nord	259 791

Source: OJD (<http://www.ojd.com>)

TABLE 3 CONTENT PERSONALIZATION: RSS FEED

Number of customized RSS feeds	0	1-11	12-26	27-45	45+
Class 1: A minima digital (%)	85.7	39.53	30.00	9.09	0.00
Class 2: Pure players (%)	4.48	20.93	15.00	18.18	0.00
Class 3: Exploring leaders (%)	10.45	39.53	55.00	72.73	100.00

TABLE 4 CONTENT CUSTOMIZATION: BROWSING

	No customized browsing (%)	Customized browsing (%)
Class 1: A minima digital	65.98	32.69
Class 2: Pure players	16.49	1.92
Class 3: Exploring leaders	17.53	65.38

FIGURE 2 NEWSPAPERS, MAGAZINES AND NEW ENTRANTS WITHIN THE THREE CLASSES

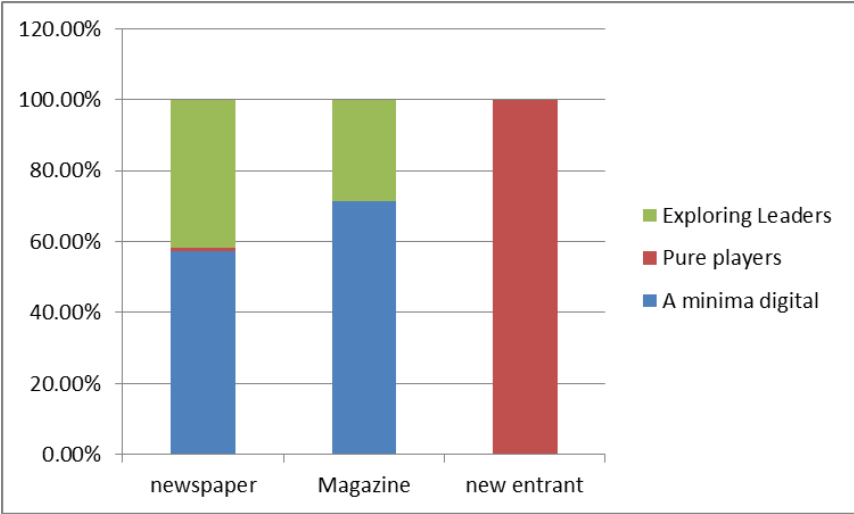


FIGURE 3 NUMBER OF SUBSCRIPTION OPTIONS IN THE THREE CLASSES

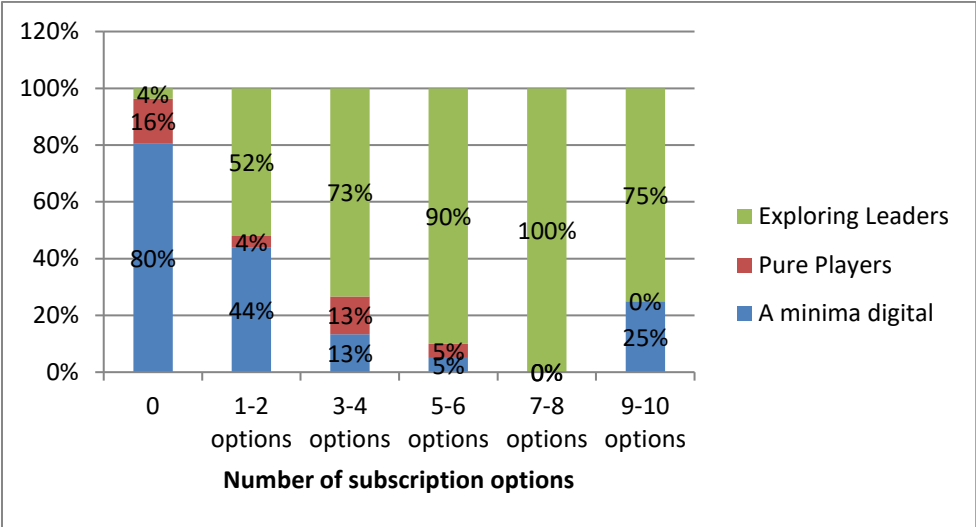


TABLE 5 DIGITAL NEWSPAPER SUBSCRIPTIONS GLOBALLY (30 JUNE 2013)

Publication	Country	Paywall launch	Subscriptions
Financial Times	UK	2007	334 000
The Australian	Australia	2011	51 000
Australian Financial Review	Australia	2002	30 000
New York Times	US	2012	738 000
The Times	UK	2010	332 000
The Daily Telegraph	UK	2013	10 000*
Wall Street Journal	US	2007	900 000
Washington Post	US	2013	5 000*
South China Morning Post	Hong Kong	2012	20 000*

* Estimate

Source: Telecom Markets (2013)