Exploring the transformation of media sector through the lens of service-dominant (S-D) logic

This thesis explores the on-going change in the media sector, using service-dominant (S-D) logic as a lens to explain it. The starting point is the basic premise of S-D logic: value co-creation between customers, partners, employees, and competitors. The novelty in this work is the application of (S-D) logic in the context of industry transformation. Another aim is to introduce service management to the field of media management and economics. The study also offers tools for media professionals in their search for sustainable competitive advantage.

Two theoretical constructs summarize the findings: (1) a trend analysis, and (2) the business model approach. The trend analysis shows the opportunities available for media companies in the creation of their own futures – instead of merely reacting to external changes. The business model construct crystallizes the industry transformation towards S-D logic. Both can be used for deepening the research in media management. A contribution to S-D logic is the integration of its core idea of value co-creation with the design of individual offerings.
Exploring the transformation of media sector through the lens of service-dominant (S-D) logic

Anna Viljakainen

Doctoral dissertation for the degree of Doctor of Science in Technology to be presented with due permission for public examination and criticism in TUAS building in Lecture Hall AS1, at Aalto University School of Science (Espoo, Finland), on the 27th of March 2015 at 12 noon.
Preface and acknowledgements

There are a great number of individuals who have made the writing of this thesis possible, and whom I would like to thank sincerely. I am very deeply grateful for all the support I have received during these many years and use the opportunity here to thank you personally. I am very fortunate having being able to study a subject area that is at the same time topical, practical, and extremely inspiring in co-operation with a great number of amazing individuals and scholars.

For the past ten years the main focus in my work has been on the media. In my current job, working as a research scientist on various projects that develop and commercialize technologies, the clients have been to a great extent media firms. I have presented my research findings on the current state and the future of media and advertising markets to various audiences. Very often, the audience has consisted of media professionals. I have read countless articles and reports and been to numerous conferences, which all to a great extent say the same thing: the future of traditional media – and especially printed media – is not a particularly bright one. ‘There is no light at the end of the tunnel for newspapers’ read a newspaper title a few years back, a quote from the chief-editor. Portraying a picture of a dinosaur with a text ‘Where did the dinosaurs make their big mistake??’ for a conference audience consisting mainly of newspaper top executives was quite a brave move from a young media professional, I thought. Consequently, the initial motivation for writing this study was to explore what might the future of traditional media look like. I wanted to have a better answer the next time I was asked. Until now, I was using statistics that were more or less pointing downwards. To date, I do not have one single answer but I do know there is a future for media, but not for the old business models and mind-sets.

The most insightful and exciting part of this journey for me personally has been the new world of service research, and service-dominant (S-D) logic in particular, both of which came to life from the empirical data. I would see that the value- and service-based perspectives became more and more apparent when analysing the data, but I did not have enough competence at the time to understand their meanings. Therefore, I contacted one of the most prominent scholars in service innova-
tion and business model research, my thesis instructor Professor Marja Toivonen. Professor Toivonen opened the doors for me to this new area of research. I find these worlds both challenging and extremely fascinating, and I hope to continue my academic career within these research areas in new industrial contexts in the years to come. Marja, I am so very grateful and indebted for all the time and effort and support you have given me throughout the process. You believed in me at times when it was very much needed, and you challenged me when it was necessary. Dr Anu Seisto, my thesis instructor and team leader, you have no idea how much I value your input and your support, both academically and personally. You are both wonderful people and bosses, and your knowledge and competences in these research areas is enormous. You are great thinkers, and very passionate about research which is reflected in everything you do. You always have an answer, no matter how difficult the question. I could not have done this without you, Marja and Anu. Thank you. I also want to thank my supervisor Professor Eila Järvenpää for the good advice I have received from you over these years, as well as my external examiners Professor Robert G. Picard and Professor Lars Witell for the valuable comments and suggestions you have given me to improve my work. I also wish to thank sincerely my opponent Professor Stephen L. Vargo, who has together with Professor Robert Lusch been in the forefront in introducing one of the most influential new approaches highlighting the important role of customers in value creation, and inspiring a topical discussion that has resulted in a great number of new research avenues.

I consider myself very fortunate having been able to work with some of the world’s most prominent academics in the area of service research. I was given the opportunity to finalize this thesis at the Cambridge Service Alliance. The Service Alliance and the University of Cambridge Institute for Manufacturing (IfM) have an environment of encouragement, motivation, and great support. In particular, I would like to express my sincere gratitude to Professor Andy Neely, who is one of the world’s leading authorities in the area of servitization of manufacturing, organisational performance measurement and management. Professor Neely dedicated his time and gave his support at crucial times, and during these discussions the focus and title of this thesis were crystallized. I would also wish to thank my co-workers and PhD colleagues at the Service Alliance who are very talented and hard-working academics. I have great respect for your dedication and the high level of your research. Dr Veronica Martinez, Dr Florian Umetzer, and Dr Mohamed Zaki thank you for everything. I look forward to continuing our cooperation. Jacqueline Brown, Dr Markus Eurich, Jingchen Hou, Ari Ji, Professor Janet McColll-Kennedy, Dr Stefano Miraglia, Angela Walters, and Claire Weiller, thank you for the inspiring discussions. I thank you all for the amazing support during the past six months.

I would like to thank my fellow workers from VTT with whom we have been working together for over six years. This work has been accomplished in close cooperation with others. In particular Tuomo Tuikka, Petteri Alahuhta, Tua Huomo,
Ulf Lindqvist, Caj Södergård, Hannele Antikainen, Maiju Aikala, Kaisa Vehmas, Pirjo Friedrich, Olli Kuusisto, Ville Könönen, and Peter Ylén – thank you for giving the time and support for being able to work on my research and articles. And thank you for enabling two research exchanges during this process. I would also like to thank my main financier, Tekes – the Finnish Funding Agency for Innovation, and especially Anna Alasmaa, Ismo Turunen, and Jaana Auramo for their great support. Members of the two steering groups that have guided my work during these years are sincerely thanked for their time and valuable comments, especially Eskoensio Pipatti and Kristiina Markkula. I am also thankful for inspiration and numerous discussions with academics from different fields: Dr Nicky Athanassopoulou, Dr Alan Cousins, Dr Mélanie Despeisse, Mikko Dufva, Dr Bernard Dusch, Professor Nils Enlund, Dr Simon Ford, Mikko Grönlund, Dr Anu Helkkula, Dr Imoh Ilevbare, Dr Kari Karpinnen, Krista Keränen, Juliane Kirchner, Assistant Professor Christian Kowalkowski, Iiro Salkari, Dr Katja Lehtisaari, Professor Gregory Lowe, Elliott More, Professor Hannu Nieminen, Katri Ojasalo, Dr Karen Smith, Peter Templeton, Dr Chander Velu, and many others.

For the personal support I wish to thank my family and friends who supported me during the different phases of this journey. Inka, Pekka, Laura, Minna, Lauri, Saara, and Olavi, thank you for always being there for me and believing in me. You are the reason I am on this path, and I miss you a lot living abroad. Sanna Piirainen and Johanna Wääänänen, thank you for the countless times you have given your support during this process, and the great number of inspiring discussions that have elevated my thinking. Andrea Alvarez and Krista Alvarez, thank you for always being there and your friendship. In the final phase there are a few people who offered their support and understanding, as well as an environment of joy and encouragement which is very much the reason I was able to finish this work. I value your friendship dearly Mélanie Despeisse, Simon Ford, Imoh Ilevbare, Veronica Martinez, Javier Seijo Muras, María Dolores Torres Pérez, Florian Urmetzer, Elli Verhulst, and Mohamed Zaki. Thank you for all your support and kindness!

I dedicate this work to my grandfather Dr Jarmo Kostia who no longer is among us, and grandmother Eeva Kostia. If it weren't for your love and support guiding us grandkids over the importance of education, I would have not written this book. Thank you.

Cambridge, 17th June 2014

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List of publications

This thesis is based on the following articles. The publications are reprinted with kind permission from the publishers.


Author’s contributions

**Article I** ‘Show me the money! The quest for an intermedia currency in the Nordic countries’ describes why and how multimedia audience measurements that require inter-organizational cooperation between competitors are built to national advertising markets. Interviews were planned, carried out, and analysed by Viljakainen. She was also responsible for the planning and execution of related research and was the sole author of the journal article.

**Article II** ‘From product to service categories and the transformation of audience research’ describes how the adoption of a new value creation perspective, the S-D logic, challenges the traditional audience information systems used by media firms. The empirical analysis contains two sets of interview data. The first set was planned, carried out, and analysed by Viljakainen herself, and the second set was planned and carried out by Viljakainen and Aikala collectively, and analysed by Viljakainen. Viljakainen was responsible for the planning and execution of related research herself, and was the sole author and presenter of the conference paper.

**Article III** ‘Industry transformation towards service logic: A business model approach’ presents industrial transition into value- and service-based business and develops a service-oriented business model construct, using the magazine publishing as the case. Interviews were planned and carried out by Viljakainen and Aikala. Viljakainen was responsible for the initial analysis of the data, re-examined by Toivonen and Aikala. Viljakainen and Toivonen wrote the working paper together. Viljakainen developed the structure of the paper and wrote the empirical part; the theoretical part is the result of dialog between Toivonen and Viljakainen.

**Article IV** ‘The futures of magazine publishing: servitization and co-creation of customer value’ takes a futures studies approach in describing the impacts and discontinuities of the adoption of new value creation perspectives and competitive strategies in the magazine markets. Interviews were planned and carried out collectively by Viljakainen and Aikala. Viljakainen was responsible for coding and analysing the interview data. Viljakainen and Toivonen wrote the journal article together. Viljakainen was mainly responsible for the empirical analysis and the literature review, Toivonen for the foresight approach.
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Abstract

Tiivistelmä
1. Introduction

‘Demographics don’t help us to predict what consumers perceive as a phenomenal experience. It would help us to gain more understanding as to in what contexts these experiences are born, and what kind of things are good experiences. This way our aim would no longer be – what it has strongly been in the past – to slice consumers into target segments and offer them segmented services. But rather, to improve the findability of our contents. This way our services would clearly state what is on offer for what kind of emotional states or motives. We need more understanding on how people perceive media contents and how they separate them in different contexts: ‘I want this, and I don’t want that.’

Director, Finland’s public service broadcaster, Spring 2010.

1.1 Background and research context

The following chapter first introduces the on-going general changes in the media sector, and then defines the main concepts in the research context.

1.1.1 Technological change and the media sector

Technological change and digitalization is dramatically impacting all businesses and entire industries: no organization can opt out from the transformations taking place. Technological development has led to an increased global competition, and to changing customer wants and needs. Following these developments and the commoditization of product markets, firms experience decreasing product margins and an increased challenge to differentiate themselves from the competitors and find new and stable sources of revenue (Gebauer, Fleisch, & Friedli, 2005; Kowalkowski, Kindström, Alejandro, Brege, & Biggemann, 2012; Neely, 2008; Oliva & Kallenberg, 2003; Raddats & Easingwood, 2010). On one hand technological change can make existing capabilities obsolete thus making a firm loose its competitive advantage (Afuah, 2000). On the other, digitalization presents an
opportunity for a firm to differentiate itself from its competitors and respond to the changing customer needs. Technological development has challenged the ways of value creation: the focus is increasingly taken from the value-chain thinking, where each entity adds new value to a product, to the ecosystems perspective, where value is co-created with customers, suppliers, partners, and allies (Normann & Ramirez, 1993). The ecosystems perspective breaks down the traditional boundaries between the internal business units of the firm, and the outside environment (Prahalad & Ramaswamy, 2004).

Technological development and the changing consumer preferences have a major impact on media, too (Chan-Olmsted, 2006a). There are several phenomena that are changing the industry logics: media convergence, changing media use habits, increasing global competition with new entrants, and the volatility of the advertising markets, to name a few. Media convergence refers to the blurring boundaries between the sectors of media, telecommunications, and information technology (Küng, Picard, & Towse, 2008). At the same time, media firms must comply with social responsibilities and regulations, which do not make it easy to sustain competitive advantage and profitability. As Küng (2007, p. 26) puts it: ‘while technological change is always present in the media field, it can be argued that the volume and velocity of the changes now underway […] have created a peculiarly challenging environment for the media, where existing business models are clearly expiring, but the volume and velocity of change makes outcomes non-linear and unpredictable.’

Media convergence has initiated the building of strategic networks among media organizations that have previously operated autonomously (Gulati, Nohria, & Zaheer, 2000). Media markets are experiencing consolidation in terms of group and cross-media ownership, as firms attempt to increase profits and achieve efficiencies (Gershon, 2006). Historically media firms have concentrated on producing one single product (such as a printed newspaper or a broadcasting channel), and widening the product portfolio has meant replicating the initial product to a new market segment (Picard, 2005). The aim has been to produce ‘stars’ that are able to draw massive audiences and which can be duplicated at a low cost, while bearing a great weight on the economics of media companies (Arrese Reca, 2006; Küng, 2007). Because of a dualistic revenue structure (i.e. product and audience [i.e. advert] sales) and public interest concerns, the objective has been to produce a product that would appeal to the largest possible amount of marketable consumers (Chan-Olmsted, 2006c). Consequently, media management literature has traditionally focused on the management of one single type of media product. The situation is however now changing, and media firms are looking for economies of scale and scope through horizontal and vertical integration, as well as risk reduction in broadening their portfolios with new titles through different platforms. (Picard, 2005; see also van Kranenburg, Hagedoorn, & Pennings, 2004) Media firms are entering into partnerships not only within the media sector, but also outside it. Technological development presents an opportunity for the old and new
players to adopt new value creation perspectives, and develop new products and services that support this transition.

The focus in media companies’ growth strategies will increasingly be shifted away from individual products to new types of transactions and business areas. Brand strategies will increasingly focus on such issues as consumer expectations and behaviour. The role of brands and branding are becoming central in safeguarding the traditional business and building new business endeavours. In effect, brands will depart from single products to the emphasis on value propositions in transactions. Also, brands will be built as a collaborative effort in the media ecosystems. (Galbi, 2001) The focus in portfolio development will increasingly be on the provision of new types of services which are seen to increase the contact with customers leading to increased loyalty (Picard, 2005). Rolland (2003) observes that convergence is a strategy for creating new value: ‘traditional media may discover that not only are the technologies and the business ideas different, but the logic of value creation may also be different.’ Johansson (2002) discusses the strategy of on-line community building where value is created by a network of people who gather around media products.

Technological advancements are changing the way people access information (Castells, 2000). Mobile technologies (such as smart phones, tablets, e-reading devices) and the ecosystems around them are evolving at an exponential rate (Peppard & Rylander, 2006). Consumer needs are changing along with the growing selection opportunities, and the differing media-use habits are leading to the fragmentation of audiences (Napoli, 2011, 2012). The markets are shifting away from homogeneous mass audiences into new demographic and psychographic niche markets (i.e. the demassification of media) as a consequence of consumers’ increased ability to customize their media experiences and create personalized content in participatory contexts (Gershon, 2006; Küng, 2007). The world is becoming much more complex for media that need to satisfy the increasingly diversified needs of audiences (McDowell, 2006), forcing media firms to shift their focus from the development and delivery of content to relationship building with the consumer (Chan-Olmsted, 2000). Media firms that are driven by the needs of consumers rather than the needs of advertisers have better chances for survival (Husni, 1988).

Tightening global competition in the advertising markets is another consequence of convergence. For example, in Finland from 1900s to 1920s the primary advertisement media were newspapers, magazines and outdoor media. It was not until 1956 that television advertisement, and in 1985 radio advertisement emerged as the result of industry deregulation and the birth of commercial TV and radio stations. (Heinonen & Kontinen, 2001) Advertising became the economic engine for mass media, because it provided the outlet for marketers to sell their products instantly and easily to huge audiences (Redmond, 2006). Media firms are now facing new competitors and new technologies from within and outside the tradi-
tional media sector. Big international players such as Google and Facebook are not only taking an increasing share of consumers’ time, but also advertisers’ money (Picard, 2011). Mass media is no longer considered the optimal way to reach small niche audiences (Gershon, 2006). The power of advertising is weakening as consumers have increased access to information, more influence over the expectations and opinions of other consumers, and the ability to choose how to transact with firms (Prahalad & Ramaswamy, 2004). Content and advertising is progressively transferring to online media and to the new players who provide quantifiable results and efficiency. At the same time the market economy fluctuations have a severe impact on advertising expenditures and on media economics; especially newspaper advertising suffers from economic downturns (Picard, 2001; Schrape, 1993; van der Wurff, Bakker, & Picard, 2008). Changes and the volatility of advertising markets is a serious threat for the viability of traditional media companies that rely extensively on advertising revenue.

Based on the above-described summary about the development of the business environment in the media sector, the underlying assumption in this thesis is that media firms are adopting a new value creation perspective to answer to the on-going challenges. In order to explore this assumption in more detail, this dissertation introduces service-dominant (S-D) logic as a view that provides theoretical basis for an alternative way to understand value issues (Lusch & Vargo, 2008). S-D logic focuses on the process of collaborative value creation (not products), highlighting the important role of customers and the ecosystems nature of the market (i.e. seeing the environment as a system where different actors create value by integrating resources; Lusch & Vargo, 2014). It focuses on the concept of ‘service’, not ‘services’. The former refers to the process of using one’s competences for the benefit of another party, the latter to a particular type of goods (outputs) that are vehicles for service provision. In other words, service is a process, and services units of output (Vargo & Lusch, 2004b).

S-D logic criticizes the traditional goods-dominant (G-D) approach that dominates both academic and managerial thinking, in that the tradition sees value as being the property of goods that are created by firms and then distributed to consumers. Lusch, Vargo, and O’Brien (2007) argue that seeing the external (legal, competitive, social, physical, technological) environment as uncontrollable to which firms need to adapt is very much a G-D approach. They propose that the external environment should be seen as a resource that firms can benefit from and co-create with to overcome resistance. The fundamental premise in S-D logic is that firms operate as part of value networks and draw upon the collection of resources of network partners. In S-D logic customers, employees, and organizations are all operant resources; i.e. dynamic resources capable of creating value by performing actions to other resources. All parties in the networks are at the same time value-creators and value beneficiaries (service-for-service), which makes the traditional division between suppliers and customers extinct. (Lusch & Vargo, 2006a)
1.1.2 Main concepts in media research

In this chapter the main concepts linked to media will be presented. Opening up these concepts early in the text is important in order to make the context-specific aspects in the research questions more comprehensible. Other theoretical and contextual concepts used in this study will be defined in the literature review (Chapter 3).

Audience information systems (Napoli, 2003a) refers to the conceptualizations on the reach and effectiveness of each media and their audiences negotiated between key institutional stakeholders in a specific media market (i.e. media firms, advertisers, and market research companies). These systems are used for trading advertising space and airtime. Fundamentally, audiences in these systems are defined in a way that they support the interests of media organisations (Napoli, 2011). Audience information systems is a concept utilised in the academic context highlighting the fact that the measurements and sales of audiences are socially constructed and guided by economic and political motives (Ettema & Whitney, 1994; Napoli, 2011). The concepts of media currency, media metric, and media audience measurement, are commonly used in managerial practice. They refer to the established rates set for buying and selling advertisement space for each media in a specific advertising market; for example, the National Readership Survey (NRS) portray magazine and newspaper readerships, TV Audience Measurement (TAM) viewing figures, and the National Radio Listening Survey (NRS) listening figures. (Viljakainen, 2013a, 2013b) The concept of audience information systems is used in this study, because it highlights the path-dependent nature of business practices and the reason why it is very difficult to depart from old habits.

The concepts of industry and sector are used interchangeably. The media sector refers to the industry of traditional or legacy media. Legacy media refers to media that were distributed before the introduction of the Internet (i.e. print media, television, and radio), and companies originally doing business with pre-internet media regardless of their current online presence (Miel & Faris, 2008). Advertising markets include magazine and newspaper publishing, TV and radio broadcasting, outdoor media, and online media. Industry transformation can be defined as changes taking place in the business models, business practices, or managerial mind-sets within the traditional media sector. The transformational approach thus refers to change taking place within an entire industry in a specific context (cf. Demil & Lecocq, 2010). The term transition is generally used to refer to organizational transitions. For instance, it can mean a transition from products to services (i.e. servitization) or from a goods-dominant to a service-dominant mind-set (Gebauer et al., 2005; Kowalkowski, 2010; Vargo & Lusch, 2008a).
It is important to point out that the term *media* itself incorporates a strong goods-dominant connotation. Küng, Picard, and Towse (2008, p. 7) suggest that media refers to ‘technologies (print, radio, television, sound recording and such like) through which the content created for groups of consumers is moved and organized. Firms in the media industries act as packagers of materials that utilize those technologies.’ Wirtz (2011, p. 12) follow on the same logic suggesting media refers to ‘all goal-oriented technical means or instruments for the procurement of information in print, visual, or auditory forms as well as the organizational and institutional entities behind them that generate and provide this information. The information is directed, in a traditional manner, at a broad and public audience.’ *Media companies* are seen as producers because ‘they acquire and combine resources to create a product or service that is purchased by others’ (Picard, 2002, p. 21).

The *media management* discipline exists to ‘build a bridge between the general discipline of management and the specificities of the media industry and media organizations’ (Küng, 2007, p. 24). *Media economics*, then, is ‘the study of how media industries use scarce resources to produce content that is distributed among consumers in a society to satisfy various wants and needs’ (Albarran, 2002, p. 5). Picard (1989, p. 7) suggests media economics ‘is concerned with how media operators meet the informational and entertainment wants and needs of audiences, advertisers, and society with available resources.’ He further continues (Picard, 2006, p. 23-24) two decades later that ‘media economics is not only concerned with market-based activities because its base is the study of choices made in using resources at the individual, firm, industry, and society levels and how the benefits of those choices can be maximised […] Researchers in the field are guided by beliefs that financial and economic concerns are central to understanding communications systems and firms…’ Media economics, thus, has strong roots in the neo-classical economics approaches (cf. Albarran, 2010; Küng et al., 2008; Picard, 2006; Wildman, 2006).

### 1.2 Research gaps and research motivation

The following chapter introduces the main research gaps in literature the findings attempt the address. This is followed by a description of the main motivations behind the study.

#### 1.2.1 Research gaps

This study identifies six main issues less frequently or inadequately examined in scholarly literature. These gaps, which the study aims to narrow, are presented in Table 1 and more thoroughly discussed thereafter (together with respective references).
Table 1. Gaps in research the study attempts to address.

<table>
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<th>No.</th>
<th>Gaps in research</th>
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<tr>
<td>1.</td>
<td>The perspective of media as service has been lacking in media management studies.</td>
</tr>
<tr>
<td>2.</td>
<td>Strong theoretical analysis on business models in the media content markets, and newspaper and magazine publishing in particular, has been rare.</td>
</tr>
<tr>
<td>3.</td>
<td>Systematic applications of service-dominant logic to business model design are only beginning.</td>
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<tr>
<td>4.</td>
<td>Research on the contribution and challenges of S-D logic in the analysis of service management and innovation has emerged only recently.</td>
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<tr>
<td>5.</td>
<td>Studies on servitization have generally concentrated on traditional manufacturing and B2B contexts.</td>
</tr>
<tr>
<td>6.</td>
<td>The linkage between industry servitization and S-D logic is not always clear in scholarly discussion.</td>
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As already suggested, there is a strong goods-dominant connotation in media and technology has played a central role in the media sector, which have both impeded a service-thinking in this industry. Even if a number of scholars have linked a fundamental service perspective to media (see Chapter 3.4.3) the service concept has to a great extent been absent in the media management scholarship. This is the first gap in research this study attempts to fulfill: apply the service-based perspective to this specific domain.

Media convergence has challenged the business models of the traditional media industry by changing the costs, functions, structures, and value chains of the market (Küng et al., 2008). Despite this reality, strong theoretical analysis on business models in the media content markets, and newspaper and magazine publishing in particular, has been rare (Fetscherin & Knolmayer, 2004) – the second research gap in this study. Following the organizational ecology perspective on industry life cycles (Carroll, 1987; Hannan & Freeman, 1989) already a decade ago all traditional media had reached maturity with high sales volumes and profits, stable market shares, and high entry and exit barriers, while newspapers were nearing decline (Picard, 2002). Because of technological advancements the barriers for entry in the content creation and global distribution markets have since then radically reduced. Lehman-Wilzig and Cohen-Avignon (2004) suggest, that traditional media have two possibilities to respond to the prevailing challenges; to either adapt and change (suggesting mediamorphosis), or to become extinct (suggesting mediacide). The authors predict the development of the former with each
medium adapting. To date a great majority of media management research focuses on the external environment, structural characteristics of the market, industry output, media firms’ strategies at a conceptual level, and audience research, lacking deeper knowledge on the aspects and strategy processes within media organizations, especially when it comes to managing organizational change – the structure, people, and the processes (Küng, 2007). Albarran (2006) and Mierzjewska and Hollifield (2006), too, identify the lack of change management studies in the field of media management.

In recent years the business model concept has become commonplace in concretising the most important components derived from and reflecting the strategy (Nenonen & Storbacka, 2010a). However, until now the business model framework has to a large extent focused on goods production and technological context. Several researchers (Al-Debei & Avison, 2010; Fielt, 2012; Teece, 2010) have noted that the theoretical foundations of the concept need to be strengthened. In specific, systematic applications of service-logic to business model design are only beginning (Grönroos, 2011a; Zolnowski, Semmann, & Böhmann, 2011), which is the third research gap this study attempts to address. For example, Nenonen and Storbacka (2010a) and Maglio and Spohrer (2013) have highlighted the systemic nature of business models which is a general focus in S-D logic (i.e. the service system). Fielt (2012) and Rampen (2011) have analysed the implications of service-based thinking to the business model construct, using Osterwalder’s (2009) business model canvas as the framework. This study aims to fill the gap by proposing a generic business model framework based on service logic and a real world instance about its implementation (cf. Demil & Lecocq, 2010).

Fourthly, research on the contribution and challenges of S-D logic in the analysis of service management and innovation has emerged only recently (Gebauer, Edvardsson, Gustafsson, & Witell, 2010; Kowalkowski, 2010). Service management research has typically focused on the distinctive approaches required to yield revenue from services as manufacturing companies increasingly add services to their total offerings. It is generally accepted that the managerial requirements in service business differ to a great extent from those of traditional manufacturing. (Gebauer & Fleisch, 2007; Grönroos, 2000, 2007; Normann, 1984, 2000) The development of new services enables strategic renewal, which has been the area for service innovation research (Chesbrough, 2005; Galouj & Weinstein, 1997; Spohrer & Maglio, 2008). Recently, the focus is being shifted from services per se, and from the producers’ perspective to the customer – on the use value of services or their ability to solve customers’ problems (Löfberg, Witell, & Gustafsson, 2010). Service innovation is increasingly seen as taking place within service systems by partnering with others (Agarwal & Selen, 2009). These developments point to the direction of S-D logic. Gummesson et al. (2010) argue that the increased focus on service has necessitated the need to re-examine its implications to the management disciplines, and the domain of service management in particular.
Servitization (Vandermerwe & Rada, 1988) refers to ‘the process of creating value by adding services to products’ (Baines, Lightfoot, Benedettini, & Kay, 2009, p. 547). It is generally recognized as a competitive strategy adopted by traditional manufacturers (Neely, 2008; Oliva & Kallenberg, 2003; Wise & Baumgartner, 1999). Therefore, following the fifth research gap, studies on servitization have traditionally concentrated on manufacturing and B2B (Business-to-Business) contexts. For example, Gebauer et al. (2005) have studied servitization in equipment manufacturing companies, Kowalkowski et al. (2012) in the context of industrial marketing with manufacturers of trucks, Neely (2008) in over 10,000 manufacturers ranging from metal and coal mining companies to machinery and equipment manufacturers, and Raddats and Easingwood (2010) in sectors such as aerospace, electrical machinery, and medical equipment. The media sector operates in the content creation markets. Media is a manufacturing industry in that media firms are producers of media products and services that can be bought by others (Picard, 2002, 2011). Media firms produce content for two specific customer groups: consumers and advertisers (Albarran, 2002; Picard, 1989). Media content creation is generally seen as non-standardizable referring to both the processes of production and media-use (Arrese Reca, 2006; Chan-Olmsted, 2006b) which separates the sector from traditional manufacturing. Therefore, this study extends servitization to the B2C context away from traditional B2B manufacturing.

And finally, when looking S-D logic from the managerial perspective, the linkage between industry servitization and S-D logic is not always clear in scholarly discussion (for example Kowalkowski, 2010). Following Kowalkowski (2010), servitization and S-D logic should be considered as two distinct phenomena or transitions that may, or may not, take place simultaneously. Servitization refers to a competitive strategy (Baines et al., 2009; Neely, 2008; Vandermerwe & Rada, 1988), S-D logic to a value-creation perspective or a mind-set (Vargo & Lusch, 2004a, 2008b). The former focuses on services (i.e. the production of particular types of goods: output), the latter on the concept of service (i.e. the process of using one’s competences for the benefit of another party: value creation). These two concepts are often discussed interchangeably, making the scholarly discussion at times blurry. However, there is a distinct difference between competing with services and competing through service (Lusch et al., 2007; Vargo & Lusch, 2008b). This is the sixth and final research gap this study attempts to fulfil with concrete case examples from the traditional media sector.

1.2.2 Research motivation

The media sector is in the midst of change which is hindering the ability of media management and media economics research community to adopt a universal theory for media management (Albarran, 2006). The fundamental motivation behind this study is to advance the theoretical underpinnings on the on-going transformations taking place in the media industry. Looking at the industry’s develop-
ment, S-D logic provides an opportunity to do so. Therefore, S-D logic is intro-
duced to media academics and practitioners as a possible foundation for a new
dominant logic.

Due to the turbulent business environment, new theoretical approaches are
needed to renew and supplement the existing research traditions in media man-
agement; S-D logic enables a possible transformation to a new managerial mind-
set to regain competitiveness. It enables media firms to provide better value for
customers and other stakeholders in media ecosystems, and thus, generate in-
creased revenues. The opportunity to do so emerges from the change of the mind-
set: from the producer perspective to looking at value creation through the lens of
the customer. This study challenges the prevailing general ‘there is no light at the
end of the tunnel’ –attitude within the media sector and shows what the possible
transformational journey is, how it is done, and what the problems might be on the
way. The study aims to show how the fundamental purpose of media is service,
even if the focus in recent years is one-sidedly put on technologies and the effi-
ciency of operations.

S-D logic has its roots in phenomenon-based research where the early studies
provided empirical evidence of a phenomenon taking place to enable other schol-
ars to proceed with the scientific work (von Krogh, Rossi-Lamastra, & Haefliger,
2012). To date S-D logic is not considered a theory, but rather, an open-sourced
work-in-progress on its way of becoming a theory (Gummesson et al., 2010; Vargo
& Lusch, 2008c). Advances are welcomed to provide new scientific knowledge. In
specific, one of the challenges of S-D logic has been its applicability to managerial
practice. Therefore, the aim of this study is on one hand to develop theory for the
field of media management, and on the other to contribute to the scientific inquiry
of S-D logic. These aims are pursued using S-D logic as a lens to explain industry
transformation. And finally, the aim is to elevate the understanding on the relation-
ship between S-D logic and servitization, which to a large extent seems unclear in
scholarly debate.

1.3 Objectives and scope

This chapter indicates the aims of research and defines its scope and ‘borders’. This
is followed by a section that states the research problem and the questions
this study attempts to answer in each of the four articles.

1.3.1 Aims and scope of the dissertation

This research pursues the aims of applying S-D logic for theory building in industry
transformation and introducing a service perspective to media management and
media economics research. The former refers to the appeal for applying and build-
ing S-D logic further towards a theory of exchange (Vargo, 2007). The latter refers to changing the focus from individual products to service and value creation in media management and media economics research. This study introduces a new theoretical avenue to the field of media management which has been criticized as being scattered and unsystematic with only limited practical and theoretical contributions (Albarran, 2008; Mierzewiska & Hollifield, 2006).

The advancement of media management research is important in its own right as a disciplinary area and it is also essential in terms of managerial implications. The execution of S-D logic is a great challenge for any organization, especially those operating in highly competitive environments. This study provides tools how to meet this challenge; futures studies perspective is introduced as a way to identify an alternative logic of doing business, and the business model construct as a tool to address change to gain sustainable competitive advantage.

The aim of this study is to explore in which way S-D logic can be used as a lens (Lusch et al., 2007) to explore and explain industry transformation, and accordingly, the main focus in put on S-D logic, with lesser emphasis on other schools of thoughts within service research. The traditional service marketing approach is, however, discussed in the business model analysis, as its concept ‘service logic’ is near to S-D logic in this specific context (Grönroos, 2006a, 2011b). Furthermore, S-D logic has received a great deal of reactions from the research community – both supportive and criticism – to which both Vargo and Lusch have responded quite vigorously during the past ten years (Lusch & Vargo, 2006b, 2006c). Therefore, the author of this study has made a considered decision not to repeat either the criticism or a profound historical review already widely discussed, but rather, to explore the applicability and practical implications of S-D logic.

Applying S-D logic as a lens to explore industry transformation raises the issue of the basic nature of this theoretical approach: the extent to which it examines economic phenomena or provides a managerial tool. This is a topical issue in the academic discourse on S-D logic. At the early stages of development in particular, S-D logic was primarily a new way to understand how markets work (‘general theory of the markets’; Vargo & Lusch, 2004a), but nowadays it has been increasingly applied in the managerial context, too (‘S-D logic of marketing’; Vargo & Lusch, 2008b). These two aspects of S-D logic are also visible in this work, and both of them are necessary from the viewpoint of the research problem. On the one hand, this study explores the current developments at the level of an industry and therefore the focus is phenomenon-oriented; based on the empirical material, the author describes trends that indicate the growing importance of service- and value-based thinking in the media markets. On the other hand, this study emphasises managerial implications at the company-level; the business model construct developed on the basis of service logic is the most illustrative attempt in this area. Throughout the work, the study aims to make clear which perspective is used. For example, when examining the linkage between servitization and S-D logic (Chap-
ter 1.2.1), the viewpoint is managerial. The chapter that discusses the specificity of media products (Chapter 3.4.3.) in media management research and practice – for example, the way in which media products are valued – focuses on S-D logic as a theory about markets.

In respect to the discussion on the field of media management and media economics, the author follows prominent scholars (Mierzjewska & Hollifield, 2006; Picard, 2006) limiting the sample of published research to three main scholarly journals (i.e. *Journal of Media Economics*, *International Journal on Media Management*, and *Journal of Media Business Studies*), which have been established among a small group of academics to advance the theoretical underpinnings of the research domain. However, the sample does not represent the full body of research, as the scholarly community is scattered and publishing in high-level journals from other domains, such as those in the fields of management and strategy. In this thesis these publications nevertheless represent the main school of thought and state-of-the-art in media management and media economics research. The author of this study wishes to address this very specific research community that has explicitly stated these journals and two conferences organized by the *European Media Management Association* (EMMA), and the *International Media Management Academics Association* (IMMAA) are the main forums for academic discussion (Albarran, Chan-Olmsted & Wirth, 2006).

### 1.3.2 Research problem and questions

The *research problem* in this study is the following:

*How can S-D logic framework be used as a lens through which the phenomena of media business transformation can be explored and explained?*

More specifically, the study aims to answer the following two *research questions*:

1. *How does a transfer from a goods-dominant to a service-dominant logic manifest itself in the current business practices and future trends in the media industry?*
2. *What are the central topics to understand better the on-going change in the media sector?*

Each article in this study tackles the questions from a particular viewpoint, as follows:

*Article 1* answers the questions of why the time is optimal for the adoption of a new value creation perspective, and what challenges (or movements) there exists in the markets that may hinder (or advance) it. In specific, it illustrates (1) how deeply rooted goods-dominant (G-D) logic is in the media industry’s strategies,
processes, and mental models, and (2) how the industry is beginning to mobilise and integrate resources as well as develop competencies relevant in adapting to S-D mind-set. The findings show how fundamentally grounded the economics worldview is in the field of media management – both theory and practice. The study uses audience information systems as the industry case. The findings of this study illustrate how these systems are the embodiments of G-D logic; they are dominant designs which have strategic importance to the industry because they impact the future competitiveness of each media. This article titled ‘Show me the money! The quest for an intermedia currency in the Nordic Countries’ was published in *Journal of Media Business Studies* in 2013 to reach the media management research community.

**Article 2** illustrates the increase in service-based thinking in the media industry, and its impacts on media firms’ service offerings. It supports the premise in this study to analyse and explain industry transformation, by taking media audience measurements as the case context to explain the linkage between: (1) industry servitization, and (2) the adoption of S-D logic. In specific, it shows the effects on service offering and competitive strategies when transferring to S-D logic. S-D logic is particularly suitable for the study on the evolution of audience information systems, because they are becoming obsolete due to increasing service-orientation. This article with the title ‘From product to service categories and the transformation of audience research’ was published and presented at the 6th Conference of the International Media Management Academic Association IMMAA in 2013 to reach the media management research community.

**Article 3** tackles the issue of industrial transition into value- and service-based business and identifies the managerial implications when transferring to S-D logic. It incorporates a service management perspective by integrating the business model framework (Osterwalder & Pigneur, 2002, 2009; Osterwalder, 2004) and the approach of S-D logic. In specific, it: (1) uses the business model construct as a tool to address industrial change towards service-logic, (2) develops a new service-logic business model construct, and (3) identifies certain aspects of service-logic that need specification to make the framework applicable as the basis of a business model. The magazine publishing markets are used as a case context to illustrate the movement and modifications currently taking place. The article is titled ‘Industry transformation towards service-logic: A business model approach’ and was published in the Cambridge Service Alliance publication series in 2013 to reach the academics and practitioners in the scholarly field of services.

**Article 4** looks into the future of magazine publishing with the aim of providing an overview of the on-going general trends and their practical implications for media firms. It supports the premise of this study by (1) identifying trends that indicate industry servitization and the adoption of S-D logic, (2) exploring internal and external factors that support the future development of the trends and their potential sources of discontinuity, and (3) introducing foresight as a method to
recognize an alternative logic of doing business to gain sustainable competitive advantage. Overall, the aim of this article is to provide concrete insights on the development of trends in the long-term and the common mental models found in the industry, for media managers to be able to create their own futures. This is a key capacity of foresight. This article with the title ‘The futures of magazine publishing: Servitization and co-creation of customer value’ was published in 2014 in the journal *Futures* to reach the futures studies scholars.

All articles contribute to both the first and the second research question. The specific issues discussed in each article are summarized in Table 2.

**Table 2.** The two research questions and the main contributions of each article.

<table>
<thead>
<tr>
<th>RQ1: How does a transfer from a G-D to a S-D logic manifest itself in the current business practices and future trends in the media industry?</th>
<th>RQ2: What are the central topics to understand better the on-going change in the media sector?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Article 1</strong></td>
<td>Concluding that the business practices in the media sector have been goods-dominant.</td>
</tr>
<tr>
<td><strong>Article 2</strong></td>
<td>Describing phenomena that reflect emphasis on use value and servitization of offerings.</td>
</tr>
<tr>
<td><strong>Article 3</strong></td>
<td>Crystallizing the transformation into a change in the business model of media companies.</td>
</tr>
<tr>
<td><strong>Article 4</strong></td>
<td>Identifying trends that indicate the continuation of service-orientation and analysing the sources of discontinuity when adopting a value- and service-based thinking.</td>
</tr>
</tbody>
</table>

In this study the concepts of service-based perspective and service-orientation are used interchangeably when discussing both the adoption of S-D logic and a servitization strategy in the media industry. This is to emphasize the findings of this study which suggest these two phenomena are not necessarily to be seen contradictory.
2. Methodology

The following chapter describes the research process and methods. In specific, it explains the philosophical and epistemological stance, the way in which research was conducted in practice, what material and sample were used, as well as the way in which data were collected and analysed.

2.1.1 The philosophical approach of the study

Social scientists embrace either a subjective or an objective philosophical approach to research which make specific assumptions related to ontology (reality), epistemology (knowledge), and human nature (relationship between humans and their environment). The methodological choice is influenced by these assumptions. The basic question in epistemology is the question of the nature of knowledge being investigated; it discusses the scope of and ways to acquire knowledge. Ontology is concerned with the phenomenon in regards to how the researcher sees the reality, and discusses the questions of being and existing. (Burrell & Morgan, 1979; Kakkuri-Knuutila, 1998)

An objectivist approach would suggest a positivist epistemological stance which sees knowledge as real and objective, something that can be acquired and exchanged with others. The ontological assumption in this approach is realism, suggesting that the world is seen as a concrete structure independent of individual effort. It takes a deterministic view of humans seeing people as products of their environment acting based on their on-going social settings. Positivists embrace the belief that a researcher is a neutral observer who creates knowledge by testing hypotheses to find regularities in the social world. Thus, an objectivist approach advocates the choice of nomothetic research methods that follow the natural sciences traditions, favouring quantitative methods such as statistical or other mathematical methods. Nomothetic research methods embrace the covering law model of explanation in the attempt to discover causal relationships and assume empirical observations are generalizable. The critics of this approach argue that the simplification of research findings is impossible because individual observations
are not independent from one another, and always involve interpretation. (Beam, 2006; Burrell & Morgan, 1979; Kakkuri-Knuuttila & Heinälahti, 2006)

This study incorporates a subjectivist approach with an ontological assumption of the reality as something that evolves and changes by the influence of human action and interaction (i.e., nominalism; Morgan & Smircich, 1980). This assumption is consistent with the S-D logic that sees the external environment as a resource that organizations can co-create with, and not something that is uncontrollable to which firms need to adapt (Lusch et al., 2007). Furthermore, a subjectivist approach is deeply grounded in an anti-positivist epistemological stance that emphasizes phenomenological insight that is fundamental in S-D logic, too; humans are seen as conscious beings. Thus, the nature of humans in the subjectivist approach is voluntaristic with people having a free will that is not determined by the social world they live in. A subjectivist approach suggests the choice of ideographic research methods that emphasize subjectivity in data collection thus favouring qualitative methods. Subjectivists embrace the belief that a researcher cannot be a completely neutral observer. (Beam, 2006; Burrell & Morgan, 1979; Kakkuri-Knuuttila & Heinälahti, 2006)

2.1.2 Research method

Yin (2003) and Eisenhardt (1989) recommend the use of exploratory research methods when the topic is new and there exists only limited knowledge on the subject area. On one hand S-D logic is a new conceptual framework that must be tested and comprehended in real-life settings prior to becoming a theoretical framework (Gummesson et al., 2010), and on the other hand new theoretical perspectives are encouraged to challenge media management research traditions (Albarran, 2006, 2008; Mierzewska & Hollifield, 2006), thus making the choice of an exploratory research method appropriate. Even though qualitative research implies subjectivity in describing and understanding the world, it is useful for examining phenomena that evolve and change. The aim of this research was to understand the phenomena by using peoples’ descriptions and meanings in real-life organizational settings – a key capacity of qualitative research (Gephart, 2004). As this study attempts to pinpoint possible future directions, human judgement is required (Toivonen, 2004). Inductive and interpretative qualitative research reveals peoples’ views of the reality using words and texts to collect narratives with situational details (Gephart, 2004).

This study incorporates a qualitative research method and case studies. Case study research is an exploratory research strategy that examines a phenomenon in its context using a variety of data collection methods, such as interviews, archival data analysis or observational methods. Using various data collection methods and sources of data improves the ability to draw conclusions and fulfils the data triangulation requirements in qualitative research. (Eisenhardt, 1989;
Different cases are seen as distinct units of analysis for gathering rich and qualitative empirical evidence to find patterns and relationships within and across cases (Eisenhardt & Graebner, 2007). Finding patterns of behaviour across cases improves validity and enables some analytical (although not statistical) generalizability (Kvale, 1996). Each case is carefully selected on the basis of its properties to bring new insight and evidence for theory-building (Eisenhardt, 1989; Yin, 1994). The purpose and questions of research and the theoretical context essentially affect the case selection. Access to organizations, resources and cost related to data collection, as well as time constraints similarly influence the case study sample. (Rowley, 2002) The sampling thus very fundamentally differs from quantitative statistical research where the sample is drawn to represent the whole population (Eisenhardt & Graebner, 2007; Eisenhardt, 1989). When the aim is to apply S-D logic for the theoretical analysis of industry transformation, a vast number of cases are needed to handle complexity and change as well as provide detailed empirical evidence (cf. Gummesson et al., 2010).

Case study research is particularly applicable when the research area is new and there is a need for a fresh perspective (Eisenhardt, 1989). In essence, it is phenomenon driven research that is used when the existing theories are failing to explain the research question (Eisenhardt & Graebner, 2007). The questions and insights generally emerge and crystallize during data collection and are not clearly defined in advance (Rowley, 2002). A well-executed case study research answers the questions of ‘How?’ and ‘Why?’ instead of merely describing the phenomenon – ‘What happens?’ (Yin, 1994) The role of the observer in this research strategy is central because the goal is to build novel theory that is most likely ‘accurate, interesting, and testable’ (Eisenhardt & Graebner, 2007, p. 26). For these reasons the critics of this approach say that it may lack rigour and objectivity (Rowley, 2002). Eisenhardt and Graebner (2007) argue that case study research is justifiable when the research question at hand is significant and when existing theories fail to offer feasible answers. For the sake of research validity and generalizability, the researcher will have to maintain objectivity in data collection and analysis, even though data analysis draws from the researcher’s past experience and expertise on the subject area (Rowley, 2002). The choice of a qualitative research method essentially implies greater subjectivity in describing and understanding as the world is seen as something that evolves and changes – a subjectivist ontological assumption (Gephart, 2004). All research methods have weaknesses and the choice of the method determines the level at which conclusions can be drawn (McGrath, 1981; Scandura & Williams, 2000).

Case study research is about understanding the complexity of contemporary phenomena in-depth, and gaining a holistic view on events taking place in real-life contexts. Case studies can apply a quantitative or qualitative approach. Quantitative case studies aim at matching patterns across individual firms and making statistical generalizations based on sample populations. Qualitative case studies
aim to go deep into the understanding of the phenomena examined and make analytical generalizations as a dialog between theory and empirical findings. The approach in this study represents the tradition of qualitative in-depth case studies, using multiple cases. (Yin, 2003, 2009) Following this approach, the author has identified a variety of outcomes from the empirical material that reflect the increased adoption of value- and service-orientation.

2.1.3 Case study sample

The data of this study are derived from three research projects\(^1\) funded by the Finnish Funding Agency for Technology and Innovation Tekes. The first and second research projects were looking into the Nordic advertising markets (Finland, Norway, and Denmark) and the audience information systems in particular. The third research project concentrated on the publishing business and forest industries, especially on the future of magazine publishing. All these projects aimed at supporting the candidate’s dissertation research. Thus, the projects were planned in a way that enabled empirical research. Academic outputs in the form conference papers and peer-reviewed journal articles were the central outputs in the projects. The proposals for the projects 1 and 2 were initiated by the author herself. In all projects, the financing organizations and project management teams accepted the academic focus and appreciated it. The primary data collection and analysis were conducted by the author herself.

The case study sample used in this study is presented in Table 3 and Table 4. Case studies using organizations and firms as units of analysis is a common research strategy in the media management discipline (Doyle & Frith, 2006). The selection of cases in case study research follows the principles of theoretical sampling, not statistical sampling; i.e. each case is selected for its ability to reproduce or extend the emerging theory (Eisenhardt, 1989).

The companies in this study are both horizontally integrated media conglomerates and small- and medium-sized enterprises (SMEs), in all three countries under study: Finland, Norway, and Denmark. Media buying organizations (i.e. media agencies), market research companies, and associations representing the interests of advertisers from the three countries are also represented in the sample. All major associations representing the interests of the Finnish media were interviewed; i.e. magazine and newspaper publishers, TV and radio broadcasters, outdoor media, and online media. The method applied in deriving the sample was a so-called snowball sampling method (Arksey & Knight, 1999) where new cases

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\(^{1}\) (1) MOBI ME – Building exchange rates for media currencies; (2) QUEST – The Quest for an intermedia currency; and (3) FUMAGA – The Future Magazine. The first two projects were part of the Next Media Programme, funded by Tivit ICT SHOK. The third project was part of the Tekes SERVE program.
are added to the sample based on recommendations obtained from other interviewees. The initial case study sample was provided by the project steering groups. Each case provided a different amount of data because the aim of this study was to identify as many viewpoints as possible that explain the two phenomena under study, and not to make cross-case comparison. Some of the interview material from Article 1 is also used in Article 2, and the same with Articles 3 and 4. Therefore, the interview data is overlapping in the different articles, and the introductory section (i.e. the main part which summarises and compiles the main research questions, conclusions, and contributions of this study derived from each of the four articles). New interview data was gathered for some of the articles and the introductory section. The number of organizations in the sample is quite large \( n = 39 \), because the findings of this study are based on four articles, each with separate research questions. Altogether 50 people were interviewed, interviews lasting from 60 to 90 minutes. With the exception of four interviews all were recorded and transcribed, preventing the loss of data and increasing reliability.

In Article 1 the main data consists of 39 semi-structured face-to-face interviews from Finland, Norway, and Denmark. Each interviewee was closely involved in the project where a common audience information system to national advertising market was built. The development of audience information systems and the measurements practices and sales of audiences are socially constructed by institutional stakeholders in a specific media market and guided by economic and political motives (Ettema & Whitney, 1994; Napoli, 2011). This is especially the case, when the aim is to integrate existing data in new systems (Viljakainen, 2013b). Eisenhardt and Graebner (2007) suggest that a sample should be such that it is able to fully cover all relevant aspects of the phenomena under study (Eisenhardt & Graebner, 2007). Therefore, the sample of this study consists of all relevant individuals – including project initiators and leaders – who took part in the national projects where common audience information systems for all media were built to the advertising markets. The aim of this method was to strengthen the reliability of the results. The individuals who took part in the projects came from a variety of backgrounds and were carefully peer-selected by other members in the projects because of their distinctive knowledge and competencies. These individuals were representatives from media firms, media agencies (i.e. firms that buy media advertising space and airtime on behalf of advertisers), consultants that had previously worked within the media industry, associations representing the interests of media and advertisers, and research firms that develop and commercialize audience information systems. The sampling followed the snowball sampling method (Arksey & Knight, 1999) where new people were contacted and interviewed based on recommendations obtained from other interviewees. It was possible to interview all key people who took part in the national audience information systems building projects because of references from colleagues and the small Nordic media community where people are closely connected. In Article 2 the data consists of 50 semi-structured face-to-face interviews in selected case organizations in Finland, Denmark, and Norway (no data was obtained from Sweden).
The majority of these interviews (n = 39) is the same as in Article 1, but also new interviews were conducted with magazine publishing professionals (n = 11). These additional interviews were part of the data-set from Articles 3 and 4.

The findings in Articles 3 and 4 are based on case study research conducted in two Nordic countries: Finland and Norway. The main data consists of 13 semi-structured face-to-face interviews within ten companies, and two lobbying organizations. In one company two people were interviewed. In total, nine interviews were conducted in Finland, and four in Norway. The chosen publishers include key players in the surveyed magazine markets; in other words, they are among the largest publishers of consumer magazines in terms of circulations and readerships. In order to be able to fully capture the phenomena under study – servitization and increasing value orientation – both SMEs and large media conglomerates were selected to the sample.

Table 3 shows the case study sample with the number of interviewees, the company name, the line of business, and the country and time of interview. Table 4 presents the case study sample in terms of the home domicile, geographical presence, the main media activities, number of personnel and total revenue of each selected company. The main criterion was that the selected publishers are established in the local media markets with media brands that reach large audiences. Therefore, the main media brands for each organization are also identified.
Table 3. Case study sample indicating the company name, the number of interviewees from each company (figure in brackets), the country and time of interview, and line of business of the interviewed firm.

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Line of business</th>
<th>Time of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-lehdet Oy (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>Alma Media Kustannus Oy Aamulehti (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>Dagmar Oy (1)</td>
<td>Finland</td>
<td>Media agency</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>Finnish Audit Bureau of Circulations (1)</td>
<td>Finland</td>
<td>Monitoring national newspaper and magazine readerships</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>Finnpanel Oy (4)</td>
<td>Finland</td>
<td>Monitoring national TV and radio consumption</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>IAB Finland (1)</td>
<td>Finland</td>
<td>Trade association for digital marketing</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>Outdoor Impact (1)</td>
<td>Finland</td>
<td>Trade association for outdoor media</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>PHD Worldwide (1)</td>
<td>Finland</td>
<td>Media agency</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>Public service broadcasting company YLE (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>Sanoma Television Oy / Nelonen Media (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>The Association of Finnish Advertisers (1)</td>
<td>Finland</td>
<td>Trade association for advertisers</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>The Finnish Association of Marketing Communication Agencies (1)</td>
<td>Finland</td>
<td>Trade association for communications industries</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>TNS Gallup (4)</td>
<td>Finland</td>
<td>Market research</td>
<td>Spring 2010</td>
</tr>
<tr>
<td>Alma Media Kustannus Oy Aamulehti (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2010</td>
</tr>
<tr>
<td>Lapin Kansa (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2010</td>
</tr>
<tr>
<td>Suomen Paikallisnomat Oy (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2010</td>
</tr>
<tr>
<td>Company Name</td>
<td>Country</td>
<td>Category</td>
<td>Year</td>
</tr>
<tr>
<td>--------------</td>
<td>---------</td>
<td>----------</td>
<td>------</td>
</tr>
<tr>
<td>The Finnish Newspapers Association</td>
<td>Finland</td>
<td>Trade association</td>
<td>Spring 2011</td>
</tr>
<tr>
<td>The Finnish Periodical Publishers’ Association (FPPA)</td>
<td>Finland</td>
<td>Trade association</td>
<td>Spring 2011</td>
</tr>
<tr>
<td>Otavamedia</td>
<td>Finland</td>
<td>Media firm</td>
<td>Spring 2011</td>
</tr>
<tr>
<td>Sanoma Magazines Finland</td>
<td>Finland</td>
<td>Media firm</td>
<td>Spring 2011</td>
</tr>
<tr>
<td>SanomaMedia Finland</td>
<td>Finland</td>
<td>Media firm</td>
<td>Spring 2011</td>
</tr>
<tr>
<td>Aller Media</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2011</td>
</tr>
<tr>
<td>Aller Norge</td>
<td>Norway</td>
<td>Media firm</td>
<td>Fall 2011</td>
</tr>
<tr>
<td>Bonnier Media</td>
<td>Norway</td>
<td>Media firm</td>
<td>Fall 2011</td>
</tr>
<tr>
<td>Bonnier Publications</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2011</td>
</tr>
<tr>
<td>Egmont Hjemmet Mortensen</td>
<td>Norway</td>
<td>Media firm</td>
<td>Fall 2011</td>
</tr>
<tr>
<td>Forma Publishing Group Oy</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2011</td>
</tr>
<tr>
<td>JCDecaux Finland</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2011</td>
</tr>
<tr>
<td>TNS Gallup Norge</td>
<td>Norway</td>
<td>Market research</td>
<td>Fall 2011</td>
</tr>
<tr>
<td>Aegis Media / Carat</td>
<td>Norway</td>
<td>Media agency</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>Analysetjenester AS</td>
<td>Norway</td>
<td>Consulting</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>ANFO Annonsøforeningen</td>
<td>Norway</td>
<td>Trade association for advertisers</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>Carat København</td>
<td>Denmark</td>
<td>Media agency</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>Dansk Annonsforening</td>
<td>Denmark</td>
<td>Trade association for advertisers</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>Kreativitet &amp; Kommunikation DRRB</td>
<td>Denmark</td>
<td>Trade organisation for communications industries</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>MediaCom</td>
<td>Denmark</td>
<td>Media agency</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>Mediebedriftes Landsforening (MBL)</td>
<td>Norway</td>
<td>Trade association for media organizations</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>Company</td>
<td>Country</td>
<td>Industry</td>
<td>Date</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------</td>
<td>-------------------</td>
<td>------------</td>
</tr>
<tr>
<td>TNS Gallup Danmark (1)</td>
<td>Denmark</td>
<td>Market research</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>TNS Gallup (1)</td>
<td>Finland</td>
<td>Market research</td>
<td>Spring 2012</td>
</tr>
<tr>
<td>A-lehdet Oy (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2012</td>
</tr>
<tr>
<td>Aller Holding A/S (2)</td>
<td>Denmark</td>
<td>Media firm</td>
<td>Fall 2012</td>
</tr>
<tr>
<td>Bonnier Publications (1)</td>
<td>Denmark</td>
<td>Media firm</td>
<td>Fall 2012</td>
</tr>
<tr>
<td>Sanoma Magazines Finland (1)</td>
<td>Finland</td>
<td>Media firm</td>
<td>Fall 2012</td>
</tr>
</tbody>
</table>
Table 4. The domicile, geographical domain, main media activities, total revenue, size, and main brands of the sample media organisations (Harrie, 2009; Annual reports).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A-lehdet Oy</td>
<td>Finland</td>
<td>FI, Baltic countries</td>
<td>Magazines and periodicals, digital services</td>
<td>95</td>
<td>479</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Eeva (FI), Apu (FI), Avotakka (FI)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aller Holding A/S</td>
<td>Denmark</td>
<td>DK, FI, NO, SE</td>
<td>Newspapers, magazines and periodicals, books, digital services</td>
<td>(560)</td>
<td>(2,024)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Familie Journalen (DK), Se og Hør (NO), Allers (SE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alma Media Oy</td>
<td>Finland</td>
<td>FI, SE, Baltic countries, other countries in Europe</td>
<td>Newspapers, magazines and periodicals, books</td>
<td>320</td>
<td>2,851</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Aamulehti (FI), Iltalehti (FI), Kauppalehti (FI)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonnier AB</td>
<td>Sweden</td>
<td>DK, FI, NO, SE, Baltic countries, other countries in Europe</td>
<td>Newspapers, magazines and periodicals, books, radio, TV/film production, TV channels, film/video distribution, music publishing, TV 4 (SE)</td>
<td>3,349</td>
<td>(10,144)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dagens nyheter (SE), Illustrert vitenskap (NO), Radio Nova (DK), Bo bedre (DK), Børsen (DK)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egmont</td>
<td>Denmark</td>
<td>DK, FI, NO, SE, Baltic countries, other countries in Europe</td>
<td>Magazines and periodicals, books, radio, TV/film production</td>
<td>[1,621]</td>
<td>[6,400]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hjemmet (DK, NO), Hemmets Journal (SE), TV 2 (NO)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etanemata</td>
<td>Finland</td>
<td>FI, Baltic countries</td>
<td>Magazines and periodicals, books, digital services</td>
<td>[144]</td>
<td>[433]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>TV-Maailma (FI), Seura, (FI), Kotiliesi (FI)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yleisradio Oy</td>
<td>Finland</td>
<td>FI, SE</td>
<td>Radio, TV/film production, TV channels</td>
<td>(3092)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Yle Radio 1 (FI), TV 1 (FI), YLE Finland (SE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanoma Media</td>
<td>Finland</td>
<td>DE, FI, NO, SE, Baltic countries, other countries in Europe</td>
<td>Newspapers, magazines and periodicals, books, radio, TV channels, TV distribution, film/video distribution, music publishing, YLE Finland (SE)</td>
<td>[2,219]</td>
<td>[9,597]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Helsingin Sanomat (FI), Aku Ankka (FI), Radio Aalto (FI), Nelonen (FI)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The majority of interviewees in the study are from the top management or management positions; the occupations in the sample are presented in Table 5. In Articles 1 and 2, the interviewees were individuals who had an important role in the building of national audience information systems, thus the sample does include individuals not necessarily from top management positions. The interviewees in Articles 2 and 3 represented mainly the top management whose concern the issues of the business model are.

Table 5. Interviewees by occupation in the sample.

<table>
<thead>
<tr>
<th>Occupations of interviewees</th>
<th>Number of interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director MD / Chief Executive Officer CEO</td>
<td>15</td>
</tr>
<tr>
<td>Deputy MD</td>
<td>1</td>
</tr>
<tr>
<td>Senior Vice President of Marketing</td>
<td>1</td>
</tr>
<tr>
<td>Country Manager</td>
<td>1</td>
</tr>
<tr>
<td>Business Development Director</td>
<td>1</td>
</tr>
<tr>
<td>Business Unit Director</td>
<td>2</td>
</tr>
<tr>
<td>Buying Director</td>
<td>1</td>
</tr>
<tr>
<td>Client Service Director</td>
<td>1</td>
</tr>
<tr>
<td>Creative Director</td>
<td>1</td>
</tr>
<tr>
<td>CRM Director</td>
<td>1</td>
</tr>
<tr>
<td>Director of Sales and Marketing</td>
<td>1</td>
</tr>
<tr>
<td>Director of Consumer Insight</td>
<td>1</td>
</tr>
<tr>
<td>Marketing and Associate Director</td>
<td>1</td>
</tr>
<tr>
<td>Marketing and Research Director</td>
<td>2</td>
</tr>
<tr>
<td>Marketing Director</td>
<td>3</td>
</tr>
<tr>
<td>Planning Director</td>
<td>1</td>
</tr>
<tr>
<td>Production Director</td>
<td>1</td>
</tr>
<tr>
<td>Research Director</td>
<td>3</td>
</tr>
<tr>
<td>Purchase and Production Manager</td>
<td>1</td>
</tr>
<tr>
<td>Customer Insight Manager</td>
<td>1</td>
</tr>
<tr>
<td>Account Manager</td>
<td>1</td>
</tr>
<tr>
<td>Consultant</td>
<td>2</td>
</tr>
<tr>
<td>Managing Editor</td>
<td>1</td>
</tr>
<tr>
<td>Journalist</td>
<td>1</td>
</tr>
</tbody>
</table>

2.1.4 Research process

The findings of this study are based on research work conducted in three projects (see Chapter 2.1.3). In project 1, the author of this study was responsible for the research and reporting of the state-of-the-art of national and international audience information systems, concentrating in particular on the building of a common
audience information system to the Finnish market. In project 2 the author was the project leader and the sole researcher focusing on the building of audience information systems in the Nordic advertising markets (Finland, Norway, and Denmark). In project 3 the author was task leader and responsible for the survey and analysis of the business transformation in Nordic magazine publishing markets. The entire research process is presented at the end of this chapter in Figure 6, and explained thoroughly in the following chapter.

The research work was guided by two project steering groups, which met on a regular basis. The first steering group meetings were the subset for each research project with the scope of research and research/interview questions mutually agreed upon. The first project steering group was focusing on the development of audience information systems and met seven times between the years of 2010 and 2011. The second steering group was looking at the future of magazine publishing and met six times between 2010 and 2012. The author presented the progress of her work as well as findings from literature and case studies in these group meetings, but also in conferences (nine in total between the years of 2012 and 2014), and workshops (one workshop in spring 2011 and three in spring 2013). During these occasions she was given direct feedback. This practice was important for increasing the reliability of the results and reducing researcher bias. Also, these encounters gave some implications as of the generalizability of the research findings. The author was similarly given suggestions for new research avenues that most often led to the extension of interview questionnaires.

Models developed in this study – the four-field model on audience information systems developed in Article 1 and the service-logic business model in Article 3 – were externally validated in the encounters with the steering groups in spring 2012 and spring 2013, respectively. This practice is often referred to as communicative validation where knowledge claims are given to members in relevant communities for discussion and falsification – commonly used in qualitative research to legitimate knowledge (Kvale, 1996). The first steering group consisted of representatives from media firms (newspaper and magazine publishing, TV and radio broadcasting), media agencies, and associations representing the interest of media and advertisers, as well as market research companies. The participants in the second steering group came from magazine publishing, paper and pulp, and printing companies, as well as associations representing the interest of media. Academics from other research institutes and universities were present in the steering groups intensifying the extent of falsification endeavours thus augmenting the validity of knowledge (cf. Kvale, 1996). The author also presented her findings in workshops and conferences arranged by the Finnish Service Alliance, with participants from universities and research institutes from Finland and the U.S., as well as industrial representatives. At the final stages of writing she presented her work at a seminar arranged in the University of Cambridge. Furthermore, the trustworthiness and applicability of knowledge was tested in the form of developing new frameworks; this practice refers to pragmatic validation (cf. Kvale, 1996).
The articles are placed in the order of their writing, which portrays the development of thinking. This is a logical approach, because the aim was to develop theory of the phenomena as it happens in the real-world – the key capacity of a theory building approach (cf. Eisenhardt, 1989; Yin, 1994). The research process progressed from understanding the phenomena in the field of media management and economics to the emergence of S-D logic from empirical data; the data collection and analysis of the third article was in progress when writing the second article. In other words, S-D logic emerged from data concerning the futures of magazine publishing, while the author was writing both early draft of the third article, and the second article on the evolution of audience information systems. Conducting data collection in parallel with writing early draft versions of the literature review and methodology is not uncommon in case study research (Rowley, 2002). With inductive research as strategy, initial research questions were defined in the beginning of each research project, which were then crystallized during the research process. Yin (1994, 2003) suggests that the use of a theoretical framework based on existing research is useful in guiding a case study research process, and drawing conclusions from data. Theoretical framework drawn from literature is also important in formulating the research question (Rowley, 2002). Both research projects in this study began with a literature review covering both academic literature and open-access industry research reports and analysis. Archival and statistical data on the general change indicators – for example, magazine readerships and circulations, and the sales of audiences – were used as supplementary material.

This study used interviews and written documents as data sources which is common in case study research (cf. Rowley, 2002). The main data consists of face-to-face interviews that were conducted between the years of 2010 and 2012. This method was chosen, because it is particularly suitable for studying strategic phenomena allowing interviewees to reflect on their day-to-day practices (Eisenhardt & Graebner, 2007). Face-to-face interviewing enables the collection of detailed and tacit knowledge that portray well the reality, because the motivation of the interviewees is usually high. The main challenge compared to many other more structured approaches is the risk of making subjective interpretations of the results. Thus, the interviewer must possess adequate craftsmanship conducting interviews and extensive knowledge of the theme of interest, because (s)he participates in knowledge production (Kvale, 1996). In this study the risk of subjectivity in interpretation of results was attempted to diminish by using two researchers in data collection and analysis (Articles 2 and 3), doing an extensive literature review on a wide range of theoretical frameworks before and during data collection, and presenting the preliminary findings on continuous basis to industrial representatives and group of peers in various conferences, meetings, and workshops. Also, around half of the steering group meetings and workshops were recorded, and two of them were transcribed. This material has been used as data in Articles 1 and 2, in the same way as interview transcribes. After each meeting minutes were written.
and sent to the board members for approval. These written documents have also been used as data sources.

In the present study the interview method was focused (semi-structured), where the general themes of interest were decided beforehand but within them the respondents were given a great deal of freedom to respond to the interviewer making additional questions based on what was said (Bryman & Bell, 2011; Fontana & Frey, 2005). The issue of reliability must be carefully considered in interviewing; the use of more than one person and the knowledge development of each interviewer during the research process do affect the development of discussions and thus knowledge that is collected. Thus, basing data collection and analysis on strong theoretical ground increases the reliability of results. (Kvale, 1996) Also, an interview guide increases the reliability of the findings especially when there were more than one interviewer (Yin, 2003). In this study interview guides with the general themes of interests were used. The theme structure in Articles 1 and 2 included the driving forces and mechanisms behind interorganizational cooperation in advertising markets with respect to audience sales and measurement practices. The structure in Articles 2 and 3 included general change mapping in the magazine markets, and more specific questions about the business model change and the transformation towards increasing service orientation. The lists of research and interview topics are presented in Appendix A (Articles 1 and 2) and Appendix B (Articles 3 and 4). Theoretical saturation in data collection was reached when no new categories or properties emerged to explain the frameworks of the study (Glaser & Strauss, 1967).

The research process and data analysis in this study followed an abductive research process, which is appropriate when the aim is to discover something new. This is an iterative process of systematically going back and forth between theory and data. During this process a new framework is built so as to have a better understanding of the phenomenon under study. (Dubois & Gadde, 2002) The aim of the empirical data analysis and interpretation in this study was to develop a holistic understanding based on the interviewees’ responses, and thus a coding tool was not used. Quotations illustrate the level at which extracts were drawn from the transcribed material. The technique was a modification of a matrix format, whose purpose is to derive meanings from data and reduce the vast amount of data (Huberman & Miles, 1994). In this technique constructs are placed on one axis, and occurrences on the other, to enable the analysis of complex qualitative data. The way in which empirical data was handled is explicitly illustrated in Article 4, where the trends table (see Chapter 4.5) forms the basis of analysis. Here, trends are placed as constructs, and their impacts and discontinuities are seen as their occurrences. The data analysis technique in all articles followed this approach. For example, in Article 3 the building blocks of the business model canvas (Osterwalder & Pigneur, 2002, 2009) formed the constructs and the expressions of the increasing service orientation formed the occurrences. Step by step – along with the deepening of theoretical knowledge and finding contradictions to
existing knowledge – either new or modified frameworks were developed. The data analysis procedures followed the steps introduced by Bryman and Bell (2011), where the interview transcribes are handled many times. In this technique the initial rounds concentrate on getting the general picture without making interpretations, and the following rounds on making notes and finding contradictions, and finally on developing a radically modified framework based on deeper theoretical analysis. The final stage also includes the re-coding of data to enable an empirical illustration of the new framework. Following Yin (2003) two researchers performed data analysis in the initial rounds before entering into the later stages.

The summary of the research process is presented in Figure 6.
3. Literature review

‘The paradox of the twenty-first-century economy: Consumers have more choices that yield less satisfaction. Top management has more strategic options that yield less value. […] We now need a new frame of reference for value creation. The answer, we believe, lies in a different premise centred on co-creation of value. It begins with the changing role of the consumer in the industrial system.’

(Prahalad & Ramaswamy, 2004, p. 2)

‘Strategy is the art of creating value […] strategy is the way a company defines its business and links together the only two resources that really matter in today’s economy: knowledge and relationships or an organization’s competencies and customers.’

(Normann & Ramirez, 1993, p. 65)

The following chapters introduce the theoretical foundations of this study. The chapter begins with a background analysis on why the value perspective is becoming to the fore in many areas of research, and the reasons behind choosing S-D logic as the main conceptual lens for this study. This is followed by a more profound review on the service-dominant (S-D) logic – its roots and main differences to the dominant academic and managerial thinking. Thereafter, the study introduces servitization as a competitive strategy based on service offerings (Anderson & Narus, 1995; Baines et al., 2009; Oliva & Kallenberg, 2003), and explores the linkage between industry servitization and adaptation of S-D logic. It is important to note here, that servitization clearly distinguishes between products and services assuming firms can create value. It is, however, an interesting question whether increases in service offerings may contribute to the awareness of the significance of value co-creation, and therefore both phenomena are discussed. The chapter concludes with review of the media management and media economics, and discusses the novelty when S-D logic is applied to this domain.
3.1 Background

The fundamental logic how a firm creates value is changing as the world markets are becoming more competitive and increasingly unpredictable (Normann & Ramirez, 1993). The forces of competition are changing in response to the major events taking place since the 1990s – convergence of industries and technological development among them (Prahalad & Ramaswamy, 2004). The value perspective is becoming to the fore in many fields of research and the focus is increasingly shifted from the provider perspective on the use value, the ‘user’ being a ‘customer’ or ‘client’ (Kim & Mauborgne, 1999; Matthyssens & Vandenbempt, 2008). There is an emerging reality that individuals are not passive recipients of goods, but rather, they actively participate in the process of value creation of institutions – governmental bodies, hospitals, universities, firms, and alike. The role of the consumer is seen as changing due to technological advances; people are becoming increasingly knowledgeable with access to extraordinary amount of information, connected to one another, and active in experimenting and sharing. (Prahalad & Ramaswamy, 2004) Hence, the traditional view that organizations unilaterally create value by embedding it into products and exchange it for money with consumers is being replaced with the idea that individuals and their communities and firms and their networks jointly co-create value (Grönroos, 2008; Vargo & Lusch, 2004a). In a value-based approach a firm does not create value for the consumer, but co-creates with the customer. (Prahalad & Ramaswamy, 2004)

The perspective of value creation from the viewpoint of the customer is surfacing in service research, too. Service is increasingly seen as a perspective or mindset, rather than a specific type of market offering. (Edvardsson, Gustafsson, & Roos, 2005) A value-based view, with service as a mediating factor in the process of value creation, is introducing new opportunities for firms to develop their business strategies in ways that has traditionally been unique to service firms only (Grönroos & Ravald, 2009; Grönroos, 2011a). A value-based approach suggests that companies obtain competitive advantage and profitable growth by offering their clients new value that goes beyond the conventional context. New value offerings are born by redefining clients’ problems, discovering hidden demands or creating new demands. (Hoover, Eloranta, Holmström, & Huttunen, 2001; Kim & Mauborgne, 1999; Matthyssens & Vandenbempt, 2008) When the focus is changed from product manufacturing to offering customer-centric solutions firms begin to integrate resources from partner networks that cross conventional industry borders (Normann & Ramirez, 1993). Within these networks, the task of a firm is to leverage and reconfigure resources which enable unique co-creation experiences, because value is created when customers satisfy their unique needs while interacting with firms and other customers (Prahalad & Ramaswamy, 2004). In other words, resources need to be mobilized to co-create value (Nenonen & Storbacka, 2010b). The role of a value proposition is no longer to act as the proposal for a service offering, but rather to offer co-creation opportunities and build
resource integration between different social and economic actors within service ecosystems (Frow et al., 2014; Vargo & Lusch, 2010). *Service ecosystems* are ‘relatively self-contained, self-adjusting systems of resource-integrating actors connected by shared institutional logics and mutual value creation through service exchange’ (Lusch & Vargo, 2014, p. 161). An ecosystem perspective looks at the relationships and interdependencies between actors and the way in which actors adapt to and evolve due to environmental changes, or alternatively the way in which ecosystems collapse when the changes taking place are too drastic (Frow et al., 2014).

A shift from seeing value creation taking place within firm boundaries to seeing value being co-created in a networked market has initiated the need to change the concepts used to depict and manage value creation. *Service-dominant (S-D) logic* is a value co-creation perspective that attempts to do so. (Nenonen & Storbacka, 2010a) In effect, S-D logic is one of the most influential new approaches in scholarly marketing debate that highlights the important role of customers in value networks and in the process of value co-creation. S-D logic argues that co-creation of value between the provider and the customer is the core phenomenon of service. This argument does not radically differ from many other theories of the service marketing school (for example Berry, 1983; Grönroos, 1982, 2000; Parasuraman, Zeithaml, & Berry, 1985), within which S-D logic has emerged (Vargo & Lusch, 2008c). The main novelty in S-D logic is seeing service as the basis for business activity and as a new logic for general management and marketing (Gummesson et al., 2010). Consequently, S-D logic extends the perspective from the customer-provider dyad to broader contexts in markets and social systems. It links the conceptualization of value creation to the emerging thinking about the institutional and ecosystems nature of the market and the firm (Vargo, 2009). When the perspective is extended to the broader context, S-D logic is linked to studies in several different disciplines, such as institutional economics and systems theory, the resource-advantage theory, core competency theory, and the market orientation (Vargo & Lusch, 2004a; Vargo, 2009). S-D logic is seen to reduce the gap between the separated thoughts of B2B and B2C marketing (Vargo & Lusch, 2008c).

### 3.2 Service-dominant (S-D) logic

This section first briefly discusses the historical roots of S-D logic, and then moves on to the discussion on how S-D logic differs from the contemporary goods-centred view that considers goods as the main unit of exchange and source of economic activity.
3.2.1 A brief history of S-D logic

The formal marketing scholarship inherited its foundation from classical and neo-classic economics that dominated in the 19th and the beginning of the 20th century. The seminal work of Adam Smith (1904, 'The Wealth of Nations') formed the foundations for present-day economics and marketing disciplines by concentrating on tangible output that can be quantifiable in terms of exchange value. (For a profound historical review, see Lusch & Vargo, 2006; Vargo & Lusch, 2004) The subdiscipline of services marketing emerged in the U.S. in the late 1970s to separate services from goods by having distinctive characteristics of intangibility (as opposed to the tangible nature of physical products), inseparability (simultaneous production and consumption), heterogeneity (inability to standardize), and perishability (inability to produce ahead or place in inventory) (Lovelock & Gummesson, 2004; qtd in Vargo & Lusch, 2008a, 2008c). At the same time service marketing was introduced in the Nordic School of Marketing, emphasizing customer focus, relationships, and the network nature of service (Grönroos, 1982, 2004, 2007). Both services and service marketing are important foundations for S-D logic (Vargo & Lusch, 2008b). However, Vargo and Lusch (2006) argue that the marketing school of thought should not separate goods and services into distinct research areas, but rather, the whole economy should be considered as service economy where the basis for business activity is service. Service is defined as 'the application of specialized competences (knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself' (i.e. self-service) (Vargo & Lusch, 2004a, p. 2). In other words, service is provided either directly applying the specialized competencies among parties, or indirectly embedding the specialized skills and knowledge in a service vehicle, that is, a good (Vargo & Lusch, 2008c). Consequently, S-D logic evolved from the mainstream service management school of thought in the 2000s (Gummesson et al., 2010).

The article titled “Evolving to a New Dominant Logic for Marketing” by Stephen L. Vargo and Robert L. Lusch published in the Journal of Marketing in January 2004 was outset of the S-D logic. In this article S-D logic is defined as a funda-

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2 Apart from services and service marketing, services have been studied in several other scientific fields such as service economy (Canton, 1984; Gallouj, 2002; Gummesson, 1995; Metcalfe & Miles, 2000), service engineering (Bullinger, Fähnrich, & Meiren, 2003; Meiren, 1999; Sakao & Shimomura, 2007), service operations management (Neely, 2008; Roth & Menor, 2003; Voss & Zomerdijk, 2007), and service innovation (Chesbrough, 2005; Spohrer & Maglio, 2008). In addition to the business economics, service research has also been active for example in the fields of sociology, economics, regional studies, and general innovation studies.
mental shift in worldview’ (p. 2). It has also been seen as a ‘management philos-
ophy’ or ‘mindset’ (Lusch & Vargo, 2008). Later it was seen as an ‘organizing
framework, rather than theory’ (Vargo & Lusch, 2008a) ‘for understanding eco-
nomic phenomena’ (Lusch & Vargo, 2011, p. 1303). Gummesson and his col-
leagues (2010, p. 17) argue it is a ‘new logic for management in general and for
marketing and the functioning of the market economy’. S-D logic can also be seen
as a ‘shift in logic of exchange, not just a shift in type of product that is under in-
vestigation’ (Vargo, 2007, p. 56, emphasis in original), and a ‘conceptual lens
through which we can view exchange, markets, enterprises, and competing
through service’ (Lusch, Vargo, & O’Brien, 2007, p. 5; emphasis in original). Mag-
lio et al. (2009, p. 397) crystallizes it as ‘a new paradigm for thinking about re-
sources, exchange, and human action.’

S-D logic stresses the perspective of reciprocal exchange and application of re-
sources and value creation in networks (i.e. the service-for-service foundation).
This argument is in line with the network theory (Håkansson & Snehota, 1995).
The available resources in the network and the value creation context determine
how value is perceived (Vargo, 2007). S-D logic suggests that organizations,
households, and individuals are all resource integrators and co-creators of value,
and the process of service is performed through intermediaries – organizations,
money, goods, and networks (Vargo & Lusch, 2008c). The general locus for value
co-creation in S-D logic is a service system that consists not only of the provider
and customer but also of other stakeholders, including competitors. A firm needs
to commit itself to collaborate with and provide service to all parties in the system
(Lusch et al., 2007). Maglio et al. (2009) and Spohrer et al. (2007) suggest organi-
zations, households, and individuals are all service systems with dynamic re-
sources that co-create value through interaction and resource integration. Spohrer
et al. (2007, p. 7) define a service system as ‘a value-coproduction configuration of
people, technology, other internal and external service systems, and shared in-
formation.’ Taking a systemic perspective inherently suggests that the focus is put
on the benefit each actor in the system generates for the whole (actor-to-actor,
A2A; Vargo & Lusch, 2011; Wieland, Polese, Vargo, & Lusch, 2012). This is espe-
cially interesting in the case context of this study – the media markets – where the
fostering of engagement platforms and empowerment of people in communities is
becoming increasingly apparent.

It is suggested that S-D logic, to date, is not a theory, but rather ‘a logic, per-
haps one that can unite other logics and form the foundation and lexicon for a
has been initiated to return to a theory of exchange or the theory of the market, to
challenge the general theory of marketing offered by the economics disciplines;
i.e. the focus is to be shifted from products back to the understanding how to cre-
ate value. The dialogue between S-D logic researchers and service scholars out-
side the marketing school is only beginning. This study attempts to fill this gap by
using S-D logic in the exploration of industry transformation.
3.2.2 S-D logic versus G-D logic

S-D logic starts from the critique of the traditional economics worldview – the goods-dominant (G-D) logic – that is the main basis of contemporary academic thinking and managerial efforts (Lusch & Vargo, 2006b; Maglio et al., 2009; Vargo & Lusch, 2004a; Vargo, 2007). G-D logic is seen as a manufacturing-based model of marketing (or a ‘neoclassical economics research tradition’ [Hunt, 2000], ‘manufacturing logic’ [Normann, 2001], and ‘old enterprise logic’ [Zuboff & Maxmin, 2002]; qtd in Vargo & Lusch, 2008c) that was developed during the Industrial Revolution, which treats units of output (tangible goods and intangible services) as the key components of exchange. Following the economics discipline, value is the property of goods that are created by the firm and then distributed to consumers. S-D logic does not separate products from services, but see them as tools or vehicles for service provision; i.e. the purpose of goods is to deliver service. (Lusch et al., 2007; Vargo & Lusch, 2004a, 2004b) Services, like goods, render service that creates value (Gummesson, 1995; Kotler, 1977), including the satisfaction of higher order needs (Vargo & Lusch, 2004b). As such, S-D logic treats goods subordinates to service in respect to their classification and function, but not inferior because they function as the intermediaries (Vargo & Lusch, 2006). The central differences between G-D and S-D logics are summarized at the end of this chapter in Table 7.

Discussions about the financial issues, such as the productivity and profitability of a firm, are only beginning in S-D logic. This discussion is essential when the framework is applied to the business management and economics disciplines. S-D logic recommends the increasing of efficiency through effectiveness instead of making efficiency primary, suggesting firms should consider financial feedback as a way to learn to get better at serving customers and not focus solely on profit maximization (Vargo & Lusch, 2004a; Vargo, 2009). Financial feedback in S-D logic terms may, or may not, include profits (Lusch & Vargo, 2006a). Thus, S-D logic suggests a long-term orientation with emphasis on learning when it comes to finances, which is not necessarily congruent with the Western capital markets’ focus on short-term goals (Payne, Storbacka, & Frow, 2008). Following S-D logic price may be set for a product or service as part of the value proposition but it can only be confirmed as value in the use context (Lusch & Vargo, 2006b).

Acknowledging financial aspects (i.e. pricing, revenue and cost structures) from the focal company perspective are necessary in the business model context (Osterwalder & Pigneur, 2009; Osterwalder, 2004). A business model is a managerial tool that depicts the business opportunities from the focal company perspective and does not focus on the activities of customers and partners per se (cf. Nenonen & Storbacka, 2010; Zott & Amit, 2010). Firms that adopt S-D logic need to develop new strategies and practices for interacting with customers and partners (Vargo & Lusch, 2004a; Vargo, Maglio, & Akaka, 2008). For instance the
elements in a co-production process are to be planned to achieve a successful customer experience (Edvardsson, 1997) and sustainable competitive advantage. To succeed in the creation of successful customer experiences the value propositions must meet customer expectations. Thus, not only do firms need better understanding of the use context, they also need tools to convince their customers beforehand about the use-value (Kowalkowski, 2010). Following this premise, practical implications that can be embraced by company managers are necessary for engaging practitioners into a new logic (cf. Levy, 2006). For the majority of firms it poses a challenge to continuously concentrate solely on value-in-use (Kowalkowski, 2010), and for this reason it is important to develop tools that pinpoint how customer value is actually monetized.

Instead of marketing to customers, S-D logic focuses on marketing with customers and other stakeholders to co-create value. The firm is seen as a resource integrator. S-D logic makes a distinction between operand resources (i.e. tangible and static resources that require action to become valuable) and operant resources (i.e. intangible and dynamic resources capable of creating value); the former being the main emphasis in G-D logic and the latter the key source of competitive advantage under S-D logic. (Vargo & Lusch, 2004a, 2008b) Vargo and Lusch (2004a, 2008b) argue that G-D logic is an outdated logic, because it separates the producer and the customer mainly for the reasons of maximizing organizational efficiency and profits; producing and standardizing goods away from the market increases production control and efficiency. G-D logic focuses on the exchange of output (Vargo & Lusch, 2004b), whereas S-D logic looks at the process of collaborative value creation in ecosystems of individuals and organizations, where each party specializes in, exchanges, and applies competencies for their own wellbeing (Lusch et al., 2007). S-D logic shifts the focus from transactions to a relational approach; to long-term relationships that are based on interaction and collaboration (Vargo & Lusch, 2008c). Collaborative network relations where firms can simultaneously collaborate and compete are based on the idea of transparency and information symmetry (Lusch & Vargo, 2006a; Vargo & Lusch, 2004a). Information symmetry refers to equity and the sharing of relevant information that enables employees, customers, and partners to make more informed decisions. It has become vitally important in a global marketplace to increase the trustworthiness of organisations. (Lusch, Vargo, & Malter, 2006) Information symmetry may however be a great challenge to obtain in reality due to power struggles and politics. Furthermore, not all relationships can or must be built for long-term, especially when customers or partners are G-D orientated. (Kowalkowski, 2010, 2011a)

Central views and concepts distinguishing the differences between the goods-dominant and the service-dominant logic are summarized in Table 7.
Table 7. Central views differentiating goods-dominant and service-dominant logics (Lusch et al., 2007; Lusch & Vargo, 2006a; Maglio et al., 2009; Merz, He, & Vargo, 2009; Vargo & Lusch, 2004a, 2011; Vargo et al., 2008).

<table>
<thead>
<tr>
<th></th>
<th>Goods-dominant (G-D) logic</th>
<th>Service-dominant (S-D) logic</th>
</tr>
</thead>
</table>
| **Unit of exchange and basis for competition** | - Production of merchandise.  
- People exchange money for goods.  
- Value utility of the product destroyed in the consumption process.  
- Goods are the source of competitive advantage.  
- Brands are operant resources.  
- Brand value embedded in the physical goods through value-in-exchange. | - Exchange of knowledge and skills.  
- Service is exchanged for service.  
- Value created for both parties in the exchange.  
- Operant resources as source of competitive advantage; they enable the development of compelling value propositions to changing customer needs.  
- Brands are operant resources.  
- Brand value co-created with stakeholders through value-in-use. |
| **Role of goods**             | - Units of output.  
- End products produced and distributed by firms.  
- Services add-ons to enhance the value of products. | - Vehicles for service provision and distribution. |
| **Value of goods**            | - Measured in terms of value-in-exchange (i.e. price).  
- Value embedded in products added by producers.  
- Focus on transactional exchange. | - Measured in terms of value-in-use (i.e. economic, functional, and psychological dimensions of value).  
- Applying competencies that makes goods useful and valuable.  
- Focus on relational exchange: customers combine and experience service-related resources. |
| **Meaning of value**          | - Determined by the supplier/producer.  
- Value produced by adding attributes to products and services. | - Value is co-created.  
- Value determined uniquely and phenomenologically by the beneficiary in the consumption process either in direct interaction or indirectly mediated by a good.  
- Firms can only offer value propositions. |
<table>
<thead>
<tr>
<th>Organizational resources</th>
<th>Tangibles.</th>
<th>Competences (knowledge and skills), relationships, information.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role of firm</td>
<td>Produce and distribute value.</td>
<td>Resource integrators engaging customers and network partners in value co-creation. Value co-creation: (1) co-creation of value (i.e. value-in-use or ‘consumption’ process) and (2) co-production of service (i.e. shared creation of the core offering).</td>
</tr>
<tr>
<td>Role of customer</td>
<td>Target: recipient of goods who destroy value created by producer. Operand resource: a static resource to be acted on to create value. Consumers, segmented and isolated entities being targeted and promoted to (one-sided, propagandistic) advertising.</td>
<td>Resource co-creators of value and co-producers of service. Operant resource: a dynamic resource capable of creating value by performing actions to other resources. Beneficiaries related to the context of their networks being engaged into conversation and dialog. Source of innovation.</td>
</tr>
<tr>
<td>External environment</td>
<td>Uncontrollable to which firms need to adapt. Firm withholds information from customers and partners, based on knowledge barriers and favouring systems (information asymmetry).</td>
<td>A resource firms can benefit from and co-create with. Firms operate and collaborate in value networks that draw upon the collection of resources. Relevant information shared with customers and partners, based on trust, truth, and openness (information symmetry).</td>
</tr>
<tr>
<td>Source of economic growth</td>
<td>Selling goods (products and services). Focus on profit maximization from output sales.</td>
<td>Applying and exchanging specialized knowledge and skills. Focus on financial feedback and learning to become better at serving customers and, thus, making money.</td>
</tr>
</tbody>
</table>
3.3 Servitization

Servitization is a phenomenon recognized in the industrial context over two decades ago as an approach to create new value to customers by adding services to material products (Vandermerwe & Rada, 1988). It is a market strategy being adopted by more and more companies particularly in the B2B manufacturing context to differentiate the firm from its competitors (Baines et al., 2009; Brown, Gustafsson, & Witell, 2009; Kowalkowski, Witell, & Gustafsson, 2013; Neely, 2008). Literature on servitization generally suggests that firms initially offer products, and start adding more and more advanced services to their offering as they accumulate more experience and value adding capabilities in service business (Gebauer et al., 2005; Oliva & Kallenberg, 2003). Oliva & Kallenberg (2003) have introduced the product-service continuum (see also Fundin, Witell, & Gebauer, 2012; Gebauer, Bravo-Sanchez, & Fleisch, 2008; Gebauer & Friedli, 2005; Neu & Brown, 2005), which depicts a unidirectional stepwise transition from pure product business (where services such as product repair and maintenance are regarded as add-ons) to the entering of service business (for example consulting or training which considers products as add-ons). Traditionally studies on servitization have included a stepwise view – firms move from simple to more advanced services along with organizational cautiousness and adaptation. This perspective clearly originates from the manufacturing and B2B context from which servitization has evolved. However, there are also contradicting views (for example Kowalkowski et al., 2013; Turunen, 2011) suggesting servitization is not necessarily a sequential process following the supplier’s progress in competencies related to service business execution, but rather, it can be guided by the motives and needs of users.

Literature on servitization suggests that opposite to the previous tendency of considering services as the ‘necessary evil’ they are increasingly being implemented as the main differentiation factor in corporate strategy (Baines et al., 2009) following the commoditization of product markets (Kowalkowski, 2010). In publishing industries for example firms engage in information service strategies; a wider range of information products and services are built upon the printed product base (Picard, 2002).

Organizational processes and principles related to the execution of servitization strategies differ to a great extent from those related to traditional manufacturing business (Baines et al., 2009; Voss, 1992). Therefore, a range of authors have studied the drivers behind servitization (Wise & Baumgartner, 1999), strategies for implementation (Gebauer et al., 2005; Gebauer & Friedli, 2005; Kindström & Kowalkowski, 2009; Mathieu, 2001; Oliva & Kallenberg, 2003), and the organizational challenges related to the transition (Cohen, Agrawal, & Agrawal, 2006; Gebauer & Friedli, 2005). Overall, three general motives behind the adoption
service-based strategies can be distinguished (Neely, 2008; Oliva & Kallenberg, 2003; Raddats & Easingwood, 2010): (1) economic, (2) user needs, and (3) competitive motives. The economic motives relate to the organization’s pursuit of higher profit margins and more stable revenues (Brown et al., 2009; Gebauer & Friedli, 2005; Wise & Baumgartner, 1999). Services are seen as being more resilient against the economic cycles (Gebauer & Fleisch, 2007; Oliva & Kallenberg, 2003). User needs relate especially to the B2B context, where customers increasingly demand services (Vandermerwe & Rada, 1988) to be able to focus on their core business and outsource the non-core functions (Oliva & Kallenberg, 2003), and to reduce operational risk (Neely, 2008). Finally, servitization is seen to advance a firm’s competitive advantage. It is suggested that because services are intangible and their production is labor-dependent, competitors find it more difficult to imitate them (Gebauer & Friedli, 2005; Oliva & Kallenberg, 2003). Also, services in the total offering reduce the need to compete on the basis of cost (Neely, 2008).

The adoption of a service-based strategy is accompanied with a wide range of challenges, especially those related to organizational processes, strategies, and corporate culture (Oliva & Kallenberg, 2003). Therefore, a range of authors have studied critical success factors, which include, the adoption of a clearly defined service strategy (Fischer, Gebauer, Gregory, Ren, & Fleisch, 2010; Wise & Baumgartner, 1999), appropriate organizational arrangements and resource allocation (Gebauer et al., 2005), recognition of the financial potential and benefits in service business (Mathieu, 2001), establishment of appropriate service culture (Gebauer et al., 2005; Mathieu, 2001) combined with an attitudinal change of seeing services as value-adding (Fischer et al., 2010; Gebauer et al., 2005; Gebauer & Friedli, 2005).

Servitization highlights the importance of value-based thinking and customer focus in gaining sustainable competitive advantage. It also emphasizes the role of employees as resources (Baines et al., 2009; Mathieu, 2001). However, there are some key differences that must be acknowledged when discussing servitization and S-D logic in the one and same context. As suggested by Kowalkowski (2010) servitization and S-D logic should be considered as two distinct phenomena or transitions that may, or may not, take place simultaneously. At the core of servitization is making the distinction between products and services and the assumption that firms create value. Vandermerwe and Rada (1988), the initiators of the term servitization, suggest services differ from products by being intangible and performed rather than tangible and produced. Baines et al. (2009) suggest that literature generally assumes that servitization includes the notion of delivering product-based services. This perspective is to a great extent goods-dominant and inconsistent with the S-D logic which does not make a separation between products and services (i.e. both are output and vehicles for service provision), and argues that firms cannot create value but value is always co-created with the beneficiary. Servitization stresses the role of services in the creation of competitive advantage, S-D logic argues it is knowledge that enables the development of
compelling value propositions (Lusch, Vargo, & Tanniru, 2009). Furthermore, servitization literature suggests firms add services to their offerings in the expectations of higher returns (Gebauer & Friedli, 2005; Neely, 2007). From S-D perspective this is a G-D mind-set, and a company should rather regard financial income as feedback to become better at serving customers (Vargo & Lusch, 2004a). The findings of this study argue that firms enter into service- and value-based business to increase customer engagement, and consequently, financial returns.

Following to a great extent the thoughts of Ramaswamy (2011), both perspectives – servitization and S-D logic – are adopted in this study because the design of individual goods and services cannot be neglected even if the significance of co-creation is emphasized. In effect, what Prahalad and Ramaswamy (2004) suggest is that the interaction between individuals and companies and the co-creation experience is very much affected by consumer choice; i.e. the freedom to choose the product or service, the channel for the co-creation experience to take place, as well as the mode and price of the transaction. Furthermore, Edvardsson (1997) argues that for a customer experience to be successful the perquisites (including a prototype of the co-production process) must be carefully planned.

3.4 Media management and media economics

This chapter introduces the reader to the domain of media management and media economics. The chapter begins with a brief historical review of the scholarship, followed by a review on the theoretical approaches used by the scientific community. The chapter ends with the discussion on the specificity of media products from the service perspective.

3.4.1 A brief history of the scholarship

Mass media was born during the Industrial Revolution as part of radical shift from agrarian to urban-centred societies and the coeval rise of literacy (Redmond, 2006). Originally communications scholars came from the disciplines of sociology, psychology, history, political science, and literary criticism. These traditions are still visible in the scholarship, largely because until the first-half of the 20th century, media executives did not consider media as commercial enterprises. The stronger commercial characteristics appeared only in the second-half of the 20th century, the time when the advertising expenditure markets in the U.S. grew exponentially, and newspapers, magazines, commercial television, and radio became highly profitable businesses. However, despite the increased market competition due to these developments, scholars and educational institutions took their time to develop an interest in media economics. (Picard, 2006)
The field of media economics emerged in the 1970s, and media management in the 1980s. Media management emerged along with the transform of media firms into media conglomerates. It is suggested that because of the novelty of the scholarship, the research field is scattered and unsystematic and the literature has only limited practical and theoretical contributions. (Albarran, 2006, 2008; Küng et al., 2008; Picard, 2006) Mierzewska and Hollifield (2006) argue that studies in this area are to a large extent based on conceptual frameworks, and applied theories are mostly taken from the general field of organizational studies. This implies that media management is still not a distinctive scholarly field on its own (Ferguson, 1997). Moreover, media industries are seen to possess inherently distinctive characteristics making the adoption of generic management and economics theories somewhat problematic (Chan-Olmsted, 2006a; Chatterjee & Wernerfelt, 1991). On the other hand the widely adopted media-related disciplines such as media economics, political economy, and communications studies are not anchored in the study of organizations (Mierzewska, 2011). Consequently, the field of media management is seen as particularly receptive to new research avenues, methodologies, interdisciplinary with other academic areas and theoretical approaches (Mierzewska & Hollifield, 2006). It is suggested that media management researchers should ‘take risks by testing new theoretical assumptions that challenge existing paradigms’ (Albarran, 2006, p. 16), the key focus of this study.

The media management and economics research field consists of only a small group of scholars (Mierzewska & Hollifield, 2006). However, since the 1980s a growing body of literature has been developed, explaining the influences of economic and financial forces and strategies on media. To respond to the challenge of being a geographically and academically scattered field of research, three primary academic journals to the scholarship have been established: (1) Journal of Media Economics (JME) in 1988 (with focus largely on media economics), (2) Journal of Media Management (JMM) in 1999 (with focus on managerial issues), and (3) The Journal of Media Business Studies (JOMBS) in 2004 (with focus on issues related to media companies). The issues covered in these journals have been progressing from the introduction of basic concepts in media analysis and studies on industry structure and competition in late 1980s and early 1990s, to market oriented and macroeconomics studies and studies related to internationalisation in the 1990s, and to approaches related to business economics such as business models and strategies in the turn of the millennium. Today, the general focus in the field is on the change taking place within the media business environment and the media organizations. (Chan-Olmsted, 2006a; Picard, 2006) In addition to the three main academic journals, two key academic associations have also been established: the European Media Management Association (EMMA) founded in 2004, and the International Media Management Academics Association (IMMAA) founded in 2005 (Küng, 2007).
3.4.2 Theoretical approaches in media management and media economics

Following the work of Mierzjewska and Hollifield (2006), an examination on the theoretical approaches published in media management and economics research was conducted. It must be emphasized, that this examination does not represent the full body of research on media management and economics. However, it does provide implications on the development and trends in the theoretical approaches and issues covered in the scholarship (Picard, 2006). In total 709 articles published in the Journal of Media Economics (JME, n = 336, years 1988–2013), The International Journal on Media Management (JMM, n = 246, years 1999–2013), and Journal of Media Business Studies (JOMBS, n = 108, years 2007–2013) were coded based on the article title and abstract (when submitted on the journal website) following the Media Management theory classification presented by Mierzjewska and Hollifield (2006). The time periods were chosen to cover all published articles during the existence of the journals. When the title or the abstract did not give full certainty on the category, the article (when provided) was read. In case the title did not give a certainty, and the abstract and full article was lacking, the article was rejected (n = 19). The results of this examination are presented in Table 8.

Table 8. Distribution of Published Media Management and Media Economics Theories.

<table>
<thead>
<tr>
<th>Media Management Theory</th>
<th>JME</th>
<th>JMM</th>
<th>JOMBS</th>
<th>Total, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Management Theories</td>
<td>184</td>
<td>85</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Technology, Innovation, Creativity theories</td>
<td>40</td>
<td>89</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Political economy / Normative approaches</td>
<td>48</td>
<td>14</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Audience / Media consumer / Behaviour theories</td>
<td>35</td>
<td>25</td>
<td>5</td>
<td>9</td>
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<td>Organizational / Professional culture theories</td>
<td>8</td>
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<td>Structural Contingency theories</td>
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<td>Total, n = 690</td>
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Mierzjewska and Hollifield (2006) examined in total 309 articles published during 15 years in the Journal of Media Economics (JME) and The International Journal on Media Management (JMM). According to their findings, the main theoretical approaches in the media management and economics scholarship at the time were distributed the following: Strategic management theories (54 %), Technology, innovation, creativity theories (21 %), Audience / media consumer / behaviour theories (12 %), Structural contingency theories (9 %), Political economy / normative approaches (5 %), and Organizational / professional culture theories (3 %).
In accordance with Mierzewska and Hollifield (2006), Mierzewska (2011), and Chan-Olmsted (2006b), strategic management theories in the media management literature focus on the structures of the media markets and the strategic management of the resources. These authors propose that strategic management is the most widely used theoretical framework in the media management and economics scholarship, with three main theoretical frameworks: the structure-conduct-performance (SCP) framework, the resource-based view (RBV) of the firm, and the ecological niche theory.

Strategic management is the study on why some firms outperform others (Mierzewska, 2011). The **SCP framework** (Bain, 1956) focuses the linkages between the media industry structure (i.e. the number, size, and location of firms and types of products ranging from monopoly, to oligopoly, monopolistic competition, and perfect competition) and company performance and conduct (Fu, 2003; Hellman & Soramäki, 1994; van der Wurff & van Cuilenburg, 2001). The **RBV** (Penrose, 1959; Pfeffer & Salancik, 1978; Schumpeter, 1934) focuses on the unique skills and assets of media companies that are basis of their competitive advantage and interorganizational cooperation (Chan-Olmsted & Chang, 2003; Liu & Chan-Olmsted, 2003; Oba & Chan-Olmsted, 2007). The ecological **niche theory** (Dimmick & Rothenbuhler, 1984) examines how firms compete for scarce resources, such as advertising income or audience attention (Albarran & Dimmick, 1993; Dimmick, Patterson, & Albarran, 1992; McDowell, 2004). The study of strategic management also covers a wide range of other topics. These are, among others, transnational media management (Gershon & Kanayama, 2002; Gershon, 2000; Hollifield, 2001; Strube & Berg, 2011), mergers, acquisitions, and consolidation (Greco, 1999; Muehlfeld, Sahib, & van Witteloostuijn, 2007; Owes & Alexander, 2011; Pettier, 2004), brand management and branding (Galbi, 2001; McDowell, 2011; McDowell & Sutherland, 2000; Sung & Park, 2011), and pricing strategies (Bel & Domènech, 2009; Koschat & Putsis, 2000; Shaver, 1995).

Research on **technology and innovation** has become one of the most critical areas in media management and economics research since the turn of the millennium. Emerging technologies have both the potential to disrupt the existing business models, and force industrial progress. The studies in this field focus on the development, adoption, and impact (both social and economic) of new technologies. (Mierzewska & Hollifield, 2006; Mierzewska, 2011) The general frameworks (cf. Mierzewska, 2011) adopted in the field are the new product development theory (Chan-Olmsted, 2006; Franke & Schreier, 2002; Small, 2012), diffusion theory studying the adoption and consumer behaviour related to new technologies and innovations (Atkin, Neuendorf, Jeffres, & Skalski, 2003; Buzzard, 2002; Pashupati & Kendrick, 2008; Schoder, Sick, Putzke, & Kaplan, 2006; Sedman, 1998), uses and gratifications with focus on media-use and the utilities consumers’ receive from media-use (Dimmick, Chen, & Li, 2004; Putzke, Schoder, & Fischbach, 2010; van der Wurff, 2011), and studies on the effects of adopting technologies on organizations and employees, including for example, the effects
on processes and skills (Ferguson & Greer, 2013; Phillips, Singer, Vlad, & Becker, 2009; Schultz & Sheffer, 2008).

Structural contingency theories in the scholarship study the effects of organizational structures to firms’ economic performance, and the effects of ownership structures (i.e. public vs. private ownership, chain vs. independent ownership) or media managers’ professional values on media content and organizational priorities (Mierzewski & Hollifield, 2006; Mierzewska, 2011). The theoretical foundation in contingency theory (March & Simon, 1958) is that firms adopt structures according to the specific contingencies in the market environment to maximize their efficiency and financial returns (Donaldson, 1996). The studies in this area are vast, including the influence of ownership and size on survival (Husni, 1988; Picard & Rimmer, 1999; Picard & van Weezel, 2008) or profit expectations (Demers, 1996, 1998), ownership structure on financial performance (An, Jin, & Simon, 2006; Demers & Merskin, 2009; Maguire, 2009), consolidation on financial returns (Kolo & Vogt, 2003; Van Kranenburg & Hogenbirk, 2006), ownership structure or pressures for profit maximization on content (Hoag, 2008; Lacy, 1991; Price, 2003; Yanich, 2010) and management practices (Edge, 2003; Fedler & Pennington, 2003).

Research on media audiences, consumers, and consumer behaviour is an established research area in the media management and economics scholarship. It covers a wide array of topics ranging from consumers’ attitudes towards media products and services (Chyi & Lasorsa, 2002; LaRose & Atkin, 1991; Vlachos, Vrechopoulos, & Doukidis, 2003), willingness to pay for media content (Albarran & Umphrey, 1994; Chyi, 2005, 2012; Schwer & Daneshvary, 1995), spending on media (Dupagne, 1997; McCombs & Nolan, 1992), media-use time and habits (Becker & Clement, 2006; Cuñado & Pérez de Gracia, 2012; Garcia Pires, 2013; Madden & Savage, 2000; Newell, Pilotta, & Thomas, 2008), audience information systems and metrics (Adams, 1994; McDowell & Dick, 2003; Taneja & Mamoria, 2012; Viljakainen, 2013b), and consumers’ attitudes towards and recall of advertising (Potter, Callison, Chambers, & Edison, 2008; Sonnac, 2000).

Political economy approaches generally look at the regulatory and policy issues affecting the structures and economic determinants of the media industry (Küng, 2007). The following research streams can be found from within this area; the impact of public policy decisions on prices (Bates, 1988; Kennet & Uri, 2001), firms’ financial returns (Kwoka Jr., 1988), media content (Machill, 1996; Papandreou, 1998), industry structures (Brown, 1989; Gustafsson, 1993), ownership structures (Barrett, 2005; Gershon, 1993), management practices (Albarran & Loomis, 2004; Picard & Chon, 2004), and competition (Brennan, 1990). Also media pluralism (i.e. the public having access to a great diversity of viewpoints and information from different sources; Freedman, 2005; Hilliard & Picard, 1989) as well as issues related to public service media (Brown, 1996; Lin, Fu, Yeh, & Huang, 2013; Lowe & Berg, 2013) are of interest.
Organizational culture theories in the scholarship focus, among others, on the professional cultures, conflicts, routines and norms, and management practices (cf. Mierzewska, 2011). The following research areas were found in the literature review: the role of owners’ values in building corporate culture (Gershon & Kanayama, 2002), managing professionals (Adams-Bloom, 2009; Killebrew, 2003) or change (Achtenhagen & Raviola, 2009; Napoli, 2003b; Picard & van Weezel, 2008; Sylvie, 2003), strategic management or human resources management practices (Becker, Vlad, Daniels, & Martin, 2007; Condra, 2005; Siocum & Albarran, 2006), leadership (Tsourvakas, Zotos, & Dekoulou, 2007), and risk-taking or risk-aversion (Lowrey, 2006; Owens & Carpentier, 2004).

The findings of this examination show, that with the exception of one author (Rolland, 2003, ‘Convergence as strategy for value creation’ published in the International Journal on Media Management) the service concept has been missing in media management and economics scholarship.

3.4.3 The specificity of media products

Taking the perspective of media as service – as stated above – has been rare in media management studies. Despite this reality, media goods are seen to possess very unique and distinctive characteristics that distinguish them from other consumer goods. In fact, a number of scholars have incorporated the fundamental service perspective into media goods, suggesting they involve the use of competencies for the benefit of another entity (i.e. service), and the focus on the use-value. Also, employees are essentially operant resources with distinctive competencies. These perspectives will be further elaborated in the following chapter in which S-D logic is used to understand the ways in which the media markets work and change today.

In the dominant media management literature employees are a creative workforce (Caves, 2000; Lavine & Wackman, 1988; Picard, 2011; Redmond & Trager, 1998) and a core strategic resource for gaining sustainable competitive advantage. Mierzewska and Hollifield (2006, p. 55) argue, that as media products are information products, their quality is reliant on the competencies of the individuals producing them; ‘...knowledgeable, talented employees are the most valuable resource that media corporations control.’ Redmond (2006, p. 116, 128, emphases in original) continues: ‘...media organizations depend on human creativity more than ever...They are susceptible to the whims, emotions, hopes, fears, and idealism of the...people who labour within them...The quality of what is produced depends on them more than on the technology they use. The difference between merely doing acceptable work and striving for exceptional achievement is held closely within the hearts and minds of media workers.’ Arrese Reca (2006, p. 186) suggests: ‘Media products depend on people’s talent to a large extent so it would
be fair to consider media products as talent products. In fact, the media sector embodies the principle that states that the most important asset of business is its people. [...] the way talent is used is at the root of their success or failure.” However, because of the competitive pressures in today’s business environment media professionals are increasingly seen as ‘assembly line workers for information processing’ with strict deadlines, leading to ‘increased standardization, predictability, reproducibility, and replaceability of journalistic competence’ (Rolland, 2003, p. 18). Following the focus on people as key resources to gain sustainable competitive advantage, the resource-based view (RBV) is a widely adopted theoretical framework in media management studies as it emphasizes the critical value of firms’ internal resources and the firm’s ability to manage those resources (cf. Chan-Olmsted, 2006a).

Literature further suggests (Arrese Reca, 2006; Chan-Olmsted & Chang, 2003; Chan-Olmsted, 2006a, 2006b; Wirtz, 2011) that media products differ from other products by incorporating two inseparable components: (1) the intangible component (i.e. the content which can be news, entertainment etc.), and (2) the tangible component (i.e. the distribution medium or platform for content delivery which can be a TV set, printed magazine etc.). Wirtz (2011) argues media products are refined services because of the intangibility of production and storage on a tangible medium. It is generally accepted that people choose media mainly because of the content, not the medium itself. The content is consumed from a repertoire of platforms that are chosen for regular use (Chan-Olmsted, 2006b). More specifically, the choice is seen to be driven by the content’s ability to satisfy specific consumer needs and goals (related to its informativeness, persuasiveness, or entertainment value; Arrese Reca, 2006). In specific, enjoyment as the satisfaction of higher order needs has been linked to the use of media (Oliver, 1993; Tamborini, Bowman, Eden, Grizzard, & Organ, 2010). Clement et al. (2006) have linked high levels of hedonic benefits to the use of media products. Calder and Malthouse (2004) found that newspaper reading is linked with specific experiences and perceived benefits, for example, the feeling of becoming smarter and more interesting. Rolland (2003, p. 19) suggest, that ‘solving customer problems is what creates value […] journalism creates value for customers by solving their information problem.’ Lacy and Simon (1993) too, observe a link between the consumption of media products and five basic elements of user gratification: (1) observing the environment, (2) making decisions, (3) entertainment, (4) social cultural interaction, and (5) self-understanding. Consequently, for example, assessing and managing the quality of media products has traditionally presented a challenging task. Sustaining quality is however pivotal for media product management that relies heavily on customer loyalty and repeat purchases. (Arrese Reca, 2006)

Media differ extensively in the way they deliver content and the way in which they are perceived; the consumption is dependent upon various human senses (e.g. print media relying upon the sense of sight and radio upon the sense of hearing) and the use context (e.g. attention given to newspapers differs from that given
on outdoor media) (Picard, 2002, 2011). Nelson (1970) acknowledged media belonging to the category of experience goods, suggesting the products can only be valued in the consumption process. The experience good concept places emphasis on the phenomenological side of value, which is essential in S-D logic; actors determine the value uniquely and experientially in a specific context (Vargo & Lusch, 2008b; Vargo, 2007). There exist high levels of uncertainty in terms of the quality of an experience good prior to the actual consumption (Clement et al., 2006). Calder and Malthouse (2004, p. 123) argue that media products are experience brands associated with many features, namely, involvement, enjoyment, wantedness, and experience: ‘people don’t just use media, they experience it’. Moreover, as Chan-Olmsted (2006b, p. 173) puts it: ‘content creation…by nature, is heterogeneous, nonstandardizable, and individually evaluated based on consumers’ personal tastes.’ This suggests that people do not experience media products as isolates, but interpret their value subjectively, as tightly linked to their unique life context and situations, as well as available resources (Arrese Reca, 2006). The tradition of measuring and conceptualizing media usage (i.e. exposure) does not capture the subjective nature of media experience (Calder & Malthouse, 2004). In essence, seeing media products and services as only vehicles for service provision shifts the focus from the producer and transaction perspective to the perspective of the customer and the use-context; i.e. from value-in-exchange to value-in-use (Gummesson, 1995; Vargo & Lusch, 2004a).

The role of strong brands is seen key in developing media as experience goods that consumers trust (Arrese Reca, 2006). In effect, trust is a key focus area for firms adapting to new value-based perspectives, because the value creation process and the brand are seen inseparable; the co-creation experience that creates trust is the brand. Thus, consumers legitimize brands and give them meaning, after which advertising can be used to strengthen and support the identity. (Prahalad & Ramaswamy, 2004) Branding is relatively new to the scholarly field of media management, since the notion media as brands was not adopted until the mid-1990s, the time when advances in digital technology increased the competition for audiences. Since that time, brand management strategies where media products and services are gathered under strong parent brands are increasingly being implemented. (McDowell, 2006, 2011) Branding has become critical for media organisations’ survival, as media products are increasingly substitutable due to technological advancements (Chan-Olmsted, 2006b; Ha & Chan-Olmsted, 2001; Lis & Post, 2013; Siegert, Gerth, & Rademacher, 2011). Literature suggest that a strong correlation between the personality of a media brand and the consumer’s self-conception leads to increased loyalty (Nienstedt, Huber, & Seelmann, 2012).

Media products are often called dual products (Napoli, 2003a; Picard, 1989, 2011) or combined products (Wirtz, 2011) referring to their purpose to serve the needs of and gather revenues from two distinct customer segments: consumers and advertisers. However, media are also seen as having a third party to serve:
the community and society as a whole (Lavine & Wackman, 1988; Napoli, 2003a; Picard, 2000, 2011; Schultz, 1993). Media products are referred to as public goods (Albarran, 2002; Chan-Olmsted, 2006a; Picard, 1989; Wirtz, 2011), referring to their non-exclusivity (i.e. everyone can use them) and non-depletability (i.e. consumption of one individual does not affect with their availability to others but yield scale economies). Furthermore, media is subject to regulatory control (Chan-Olmsted, 2006b; Küng et al., 2008; Napoli, 2006; Picard, 2005) because it is seen as a critical infrastructure industry having vast influence on nations’ economic, political, and social processes (Mierzewska & Hollifield, 2006; Mierzewska, 2011). Thus, not only are media products valued from the economic standpoint drawing profits from satisfying the needs of audiences and advertisers, but also for their socio-cultural value shaping attitudes, behaviours, and opinions, as well as peoples’ welfare regarding politics and culture (Arrese Reca, 2006; Napoli, 1997, 2003a; Picard, 2011). Seeing media as serving the public interest (which can be either regulatorily mandated or seen as a social obligation based on the codes of ethics) and cultural products that rely on the critical resource of creativity (Küng, 2007), once again, incorporates a service-orientation: using competencies for the benefit of another entity – the (members of) society – that exceeds the primary profit maximization concerns. Also, value of the content is determined by the beneficiary. (cf. Chan-Olmsted, 2006a; Napoli, 2006) Recent research has however suggested that the profitability expectations, concentration of ownership, and demands from advertisers are increasingly outrunning the public service concerns (for more comprehensive view on this topic, see for example Napoli, 2001, 2006).

Despite the above mentioned distinctive qualities of media products, the general focus in measuring the value of media is still very much based on the exchange value (see for example Buzzard, 2002). Because of the dualistic revenue structure, the focus is on prices and pricing; the size of the audience determines the price of media product and advertising rates (for example, cost-per-thousand contacts, CPT), not production costs (Arrese Reca, 2006). Consequently, the audience is defined in a way, that it supports the economic and strategic interests of media organisations. Napoli (2011) and Ettema and Whitney (1994) have introduced the concept of institutionally effective audience, which suggests that the definition, measurement and sales practices of audiences are socially constructed by the stakeholder in media markets; media firms, advertisers, and the audience research firms. Audience information systems operate as ‘market information regimes’ for trading advertising space and time (Anand & Peterson, 2000). The term ‘effective’ suggests that audiences can be efficiently incorporated into the economics of media (Napoli, 2011). As Redmond (2006, p. 126; emphasis in original) suggests, the current studies concentrate on maximizing returns focusing on ‘what the audience wants while paying little attention to what the audience may need.’ However, while the institutional constructions of audiences are becoming more and more inadequate and ineffective, any attempt to change them will be fiercely resisted by the stakeholders monetizing them (Napoli, 2011; Viljakainen,
Literature further suggests that the influence of marketers is unlikely to be diminished in the future because of a growing internationalization and increasing purchasing power of advertisers and media-buying companies (Sánchez-Tabernero, 2006). As suggested by Napoli (2011, p. 5) "Traditionally, the holy grail of media strategy [...] has involved the acquisition of as many "eyeballs" as possible. More recently, the focus has reoriented around attracting only the most desirable "eyeballs"; i.e. those eyeballs attached to the kind of people highly valued by advertisers." These aforementioned topics are further discussed in Articles 1 and 2.

And finally, it is important to note that the value chain thinking has been deeply rooted in the media management school of thought and is seen as the core of media business being very distinctive from any other industry (cf. Mierzewska, 2011). For example Picard (2000, p. 62) in his article on business models in the new digital era suggests: 'A business model [...] embraces the concept of the value chain [...] the value that is added to a product or service in each step of its acquisition, transformation, management, marketing, sales, and distribution [...] This value chain concept is particularly important in understanding market behaviour because it places the emphasis on the value created for the customer who ultimately makes consumption decisions.' He continues in his later publication (Picard, 2002, p. 37-38): 'The development of information and entertainment and its packaging and programming for use are the essential activities that take place in the value chain and the activities that provide the highest true value added in the process [...] The core activity of [...] media is the creation, acquisition, and packaging that transfers information, and creates individual brands that serve consumer needs.' The fundamental logic has been that media firms – professional journalists – are creators of value (Picard, 2010). This perspective embraces the idea of cooperation with customers, but does not explicitly discuss it. Furthermore, it undermines the importance of the use-context and customer engagement in value creation, which is particularly noticeable in audience research practices that have traditionally centralized around product reach (Napoli, 2012). This kind of thinking is inconsistent with S-D logic, which suggests that the firm cannot create value but value is always co-created with the beneficiary and is phenomenological, i.e. uniquely experienced in the use context. However, recent developments in literature suggest that the determination of value in media management has shifted away from content producers to the media users (Picard, 2010), which points to the direction of S-D logic. Furthermore, the perspective that media firms use their knowledge and skills to create, select, organize, and contextualize content (Picard, 2002) inherently suggests media firms provide inputs into the value creation activities of the customer, a viewpoint emphasized by S-D logic. Thus, the competencies are in fact the main source of value regarding both the provider and customer.
4. Results

'No power in the world can help us predict in advance that this is very valuable content to people, and that is not. The worldview of media is that the more money and resources spent, the better the experience. No! Video of a puppy on YouTube can produce a much bigger memory trace and emotional experience, than a 200 million dollar 3D animation.'

Director, the Finnish public service broadcaster, Spring 2010.

In the following chapter the existing knowledge in media management research is integrated to the empirical findings of this study. The findings from each article will be individually discussed from the second subchapter onwards. The chapter ends with a summary of the main findings when media is seen as service.

4.1 Bridging the literature and results: the current worldview in the media management practice

Findings of this study suggest that G-D logic has been a fundamental mind-set in the media management practice. Consistent with the traditional marketing view, the economic activity is largely based on the production and distribution of products that can be sold to consumers and advertisers (cf. Vargo & Lusch, 2004a). Segments of the audience are assigned distinct economic value (cf. Napoli, 2011). Maximizing media product reach means increasing revenues from audience sales, since advertisers prefer larger circulations (Picard, 2002, 2011). The tradition of audience information systems to quantitatively measure the basic audience exposure to media and product reach supports this thinking. The units of output sold – products and audiences (the latter referring to circulations, readerships, viewers, listeners, or unique visitors) – have been the core of economic activity. Thus, moving into an S-D logic mind-set, where the financial performance is primarily
seen as feedback for making better value propositions (Vargo & Lusch, 2004a, 2008b) is a giant leap.

The findings of this study argue that traditional media firms are servitizing and adopting new value creation perspectives. In accordance with Vargo and Lusch (2004a) and Lusch and Vargo (2006a), it would not be accurate to argue that media are only now entering an ‘era of services economy’ when adding services to their total offerings and adopting an increased consumer-orientation, but rather, it has always been the case. It has only now become more apparent because of increased competitive pressures; the focus is shifted from one-way mass communication to the customer and value-based strategies to better meet the needs of fragmenting audiences. In other words, it is increasingly recognized that media business is not based on transactions of mass media products, but rather on relationship building and developing customized value proposition that meet the specific needs of both end customers and business partners – a viewpoint highlighted by S-D logic. The customer is increasingly put in the centre of activity, and value is more consciously co-created with stakeholders in the media ecosystem. However, the findings also show that there are factors that slow down change. The media firms show typical features of structural inertial (cf. Amburgey, Kelly, & Barnett, 1993) and the business experiences risks of mortality when core changes are made (cf. Dobrev, 1999). There exist path-dependencies (i.e. current developments and decisions are dependent on historical events; David, 1985; Nelson & Winter, 1982) in the basic logics, resources, and processes how media business is conducted. Also, media firms have been developed into strong organizational cultures with very distinctive codes of conduct that are not easily changed without causing great turmoil (Picard, 2005; Redmond, 2006).

Lusch and Vargo (2008, p. 94) suggest that ‘executing on service-dominant logic in a globally hyper-competitive marketplace will be challenging for many organizations. Old ways of doing things and entrenched habits die slowly. When this involves not only ways of doing things in the firm but also across the firms, in today’s large global supply and value-creation networks, the challenge is even more daunting.’ This is especially the case within the media markets, since until very recently media business was flourishing. Consequently, changing the focus from the media to the consumer does not come easy. For example, McQuail (1987, p. 160) observes the following: ‘Media professionals tend to show a high degree of autism [to the needs of audiences], consistent perhaps with the attitude of other professionals, whose very status depends on their knowing better than their clients what is good for them.’ The value of journalism in the world of mass communication has based on the assumption that access to exclusive information is what creates value for the customer and to media themselves, and the most valuable kind of information has been the first release; this has now been undermined by media convergence (Rolland, 2003). As suggested by Redmond (2006, p. 133): ‘It is natural, in one sense, to do what worked in the past. However, with the envi-
ronment undergoing rapid technological change, this is a trap that can lead to serious decline and, potentially, organizational death (Whetten, 1988).

In the following four subchapters the findings from each article will be individually discussed.

4.2 Article 1: The quest for an intermedia currency in the Nordic countries

Article 1 (Viljakainen, 2013b) studies the transformation of audience information systems in the Nordic advertising markets. The findings are based on case study research conducted in three Nordic countries: Finland, Norway, and Denmark. The study investigates the motives and challenges behind the on-going resource integration and mobilisation efforts in competitive business alliances. The article illustrates the fundamental settings when executing on S-D logic; audience information systems are a strategic resource for media firms having direct implications for the future competitiveness of media. The study makes two central findings:

1. G-D logic is deeply rooted in the media industry’s strategies, processes, and mental models, and
2. the media markets are beginning to mobilise and integrate resources as well as develop competencies relevant to the adoption of S-D logic.

The findings suggest that a shift to S-D logic is a fundamental change in mind-set that must be adopted by both sellers and buyers to be a success (cf. Kowalkowski, 2011). It will be a challenge, because to date the revenue structures of media firms have been dualistic (product and audience sales) and focused on transactional exchange; the bigger the audience, the higher the income (see also Napoli, 2003, 2011). The findings of this study however show, how the previously autonomous media firms are beginning to cooperate (cf. Gulati, Nohria, & Zaheer, 2000) with competitors and non-competitors because each possess specialized knowledge and capabilities that are valuable for the other partners. The cooperation is due to external pressure coming mainly from advertisers to build common audience information systems for national advertising markets. Until now each media has possessed proprietary knowledge and systems related to audience measurements that have served their own needs. The building of a common system requires resource integration and the sharing of knowledge. This is a step forward towards an ecosystems nature of markets and the development of collaborative capabilities which is relevant in the adoption of S-D logic (cf. Lusch & Vargo, 2008).

The study recognizes the elements of commitment, trust, openness, reciprocity, and negotiations to be key to competitive alliance success. These elements were identified in an abductive research process (Dubois & Gadde, 2002) by simultane-
ously drawing on the body of literature on inter-organizational collaboration – the resource-based view of the firm (Penrose, 1959; Pfeffer & Salancik, 1978; Schumpeter, 1934), strategic network theory (Afuah, 2000; Gulati et al., 2000), and the knowledge-based theory (Carlile, 2002, 2004; Grant & Baden-Fuller, 1995) – and empirical data. These findings are important when discussing an increased value-orientation, because a commitment to collaborative endeavours is ‘philosophically grounded’ within S-D logic (Lusch et al., 2007, p. 5). As suggested by Vargo and Lusch (2004a), firms entering resource networks need to be able to simultaneously compete and collaborate, as well as manage their network relationships. This ability is based on openness and the transparency and symmetry of information in network relations (Lusch & Vargo, 2006a). However, the findings of this study show how power struggles and politics may make the achievement of information symmetry very problematic in reality. Kowalkowski (2010) has made similar findings. Therefore, the ideal state of information symmetry may be a great challenge to obtain in reality, and is not only characteristic to the media industry but also generalizable to other industries.

This study looks at advertising markets and inter-organizational collaboration focusing on the development of audience information systems. The results indicate that the Nordic media advertising markets are adopting a consumer perspective by transferring from silo- and media-centric measurements to holistic (cross-media) and consumer-centric media audience measurements practices. Media have long traditions of measuring the reach and effectiveness of each media with separate audience information systems, which are very detailed documentations on the reach of the specific media vehicle. Thus, each media possesses specialized knowledge and a unique path-dependent proprietary dominant design standard and related processes which are hard to change (see also Amit & Zott, 2001; Carlile, 2004; Nelson & Winter, 1982). Due to technological advancements these standards and processes are however becoming outdated (see also Napoli, 2011). Increasingly efforts are being taken, where the consumer is put in the centre of research activity. This study introduces the development of ‘multimedia metrics’ (i.e. audience information systems where the metrics of each media are scaled against one another with specific exchange rates to establish the common reach and effectiveness) that are shifting the focus from pure exposure to the role of media in peoples’ lives, and the relationships people have with different media. Hence, the results of this study indicate that use value and media experience is becoming an increasingly important area of interest.

However, the findings also indicate that the efforts undertaken in the surveyed media markets still contain a strong commercial and goods-dominant undertone, since the target is a marketable ‘consumer’ and the aim is to understand how they react to commercial messages. Thus, while the aim is to understand the value-in-use, the ultimate objective is to enhance the value-in-exchange of output; i.e. the price of media products. The motive of media sellers to date is to retain advertising income in legacy media, while the media buyers’ motive is to verify the net reach
and gross impact of advertising campaign. Audience information systems yield network externalities and have high switching costs (cf. Shapiro & Varian, 1999) having large number of users. Furthermore, since audience information systems function as dominant designs, efforts are being taken to improve them, not to change them (see also Murmann & Frenken, 2006). As Carlile (2004) puts it, the markets are experiencing a 'curse of knowledge' because media are unwilling to abandon their specialized knowledge; it has not yet rendered their capabilities obsolete (cf. Afuah, 2000). Thus, the G-D logic is deeply rooted in the practices of both the sellers and the buyers. This study is very illustrative example on how taking the customer perspective does not inherently suggest the adoption of S-D logic – a viewpoint underlined on numerous occasions by Vargo and Lusch (2006, 2008c).

The findings of this study conclude that the current audience measurement practices are becoming less feasible because of increasing media fragmentation, and the common recipes and mental models should be questioned to disrupt the established industry logics. It sets the right agenda in that the focus should increasingly be shifted toward the user, the co-creation of value, and the use context. Hence, the first article functions as the opening for the subsequent articles that dive into S-D logic.

4.3 Article 2: From product to service categories and the transformation of audience research

Article 2 (Viljakainen, 2013a) contributes to the discussions of the scientific community on how to understand the business of media. Based on the encouraging feedback received in a conference on the novelty of the service- and value-based thinking in this particular industrial context, the scope of the study was clarified. The findings of this paper are based on case study research conducted in three Nordic countries: Finland, Norway, and Denmark. The article analyses and explains industry transformation towards increased service-orientation, by taking audience information systems as the case context to explain:

1. the linkage between industry servitization, and
2. the adoption of S-D logic.

Article 2 applies the framework introduced by Kowalkowski (2010) which describes the difference and linkage between a product-service transition and the transition from G-D to S-D logic (Figure 9, published with permission). Kowalkowski identifies two distinct dimensions in the transition towards a service-orientation: (1) strategic repositioning (i.e. transition from products to services), and (2) value creation perspective (i.e. transition from G-D to S-D logic). Following Maglio et al. (2009) servitization concentrates on the shift in the type of product that is being exchanged and S-D logic on the shift in logic of exchange. It is important to notice
here, once more, that S-D logic does not separate goods and services, but sees both of them as vehicles for service provision. However, the topic of this study necessitates the application of S-D logic as a lens to explain industry in transformation.

Figure 9. Shift in the type and logic of exchange in media (cf. Kowalkowski, 2010).

The findings of Article 2 argue that the dominant practices in audience information systems – regardless of their increased human-centric approaches (for example, see Romaniuk & Gugel, 2010) – still incorporate a strong G-D focus. This argument is based on Napoli’s (2011) findings that suggest the dimension of engagement is increasingly being integrated to the context of media effectiveness. Thus, Article 2 argues that it is a consumer that is put at the centre of research activity, a marketable target and segmented recipient for media products and services. However, the dimension of consumer engagement (i.e. loyalty, appreciation, emotion etc.; Napoli, 2011) suggests use-value, and thus, is a step forward towards S-D logic.

The findings of this article suggest that traditionally media products (goods and services) have represented the core unit of exchange. Their value is determined by the media firm, and the focus is on maximizing the sale of products and audiences by maximizing exposure in targeted audience segments. It is a unidirectional model, where producers are centralized distributors and audiences passive receivers of (mass) media content. Each medium have their own audience measurement practices built on the basis of their own needs and interests. The more audience, the more valuable is the product for media and advertiser, but not nec-
essarily for the customer. Furthermore, any effort to change the prevailing practices in advertising markets is a technical, financial and political struggle due to the path-dependent nature of audience information systems; each system has been initiated and built over a number of years to serve their respective mediums (cf. Napoli, 2011). Hence, as long as advertising represents a strategic issue because it impacts the future competitiveness of media companies, the dominant practices that emphasize the needs of advertisers are not likely to be replaced.

Despite these challenges, the article argues that the focus in media business is moving from making goods or services to assisting customers in their value creation process thus setting pressures to change the common practices. Servitization in media markets is apparent in the development of strong media brands with strong value propositions manifested not only in products and related services, but in service-dominant offerings (cf. Grönroos, 2008) – products, services, information, and interactions. Thus, value is increasingly being co-created with customers and partners in communities where people create value by engaging instead of being produced and sold.

The empirical findings of the study argue that adapting to S-D logic will set new requirements for audience information systems, by transferring the focus from the provider, to the customers’ needs and interests (cf. Napoli, 2011) and the use-context. The competencies (knowledge and skills) of media professionals, customers, and partners are becoming the main source of value, not the (mass) media product. The study identifies online and offline media communities, where the service is wrapped around the value proposition of a strong media brand, as examples that identify the mutual and reciprocal nature of value creation. It further suggests, that to be able to identify (and monetize) the service experience which concentrates on the phenomenological side of value creation (for example Helkkula, 2010), new methods and tools are to be created and implemented for media audience research. Also the traditions of operating with closed and asymmetric information are to be replaced by openness and transparency (cf. Kowalkowski, 2010; Prahalad & Ramaswamy, 2004). It further suggests that customers and business partners are to be seen as operant resources operating as part of their own networks as they have become fundamental determinants of media firms’ success. The findings of this study conclude that the dualistic revenue structures of media companies are gradually being replaced with a model that incorporates a number of small streams of revenue gathered from a variety of sources which will put pressure on traditional audience information systems to evolve towards new measurement practices.
4.4 Article 3: Industry transformation towards service logic: A business model approach

Article 3 (Viljakainen, Toivonen, & Aikala, 2013) incorporates a service management perspective. The article integrates the business model framework (Osterwalder & Pigneur, 2002, 2009; Osterwalder, 2004) and the approach of S-D logic, using the magazine publishing markets as the industry case to illustrate the modifications taking place in the business model. The findings of this study are based on case study research conducted in two Nordic countries: Finland and Norway. This study has three main contributions:

(1) The business model construct is used as a tool to address industrial change towards service-logic,

(2) a new service-logic business model construct is developed, and

(3) the specific aspects of service-logic that need specification to make the framework applicable as the basis of a business model are identified.

This study uses the more straightforward expression ‘service-logic’ to discuss both the approaches of service-dominant logic (Vargo & Lusch, 2004a, 2008b) and service-logic (Grönroos, 2006b, 2011b). The article synthesizes the scarce literature on approaches that apply a value-based analysis and recognizes the separate phenomena of co-creation of value and co-production of service. There exists a main difference between the two approaches; S-D logic emphasizes more clearly co-creation of value, whereas service-logic highlights the role of the customer arguing that co-creation is always dependent on co-production. This distinction is however not particularly emphasized when discussing business models.

Research on business models started to accumulate in the mid-1990s along with the technological advancements which changed the earning logic of companies in many ways (Ghaziani & Ventresca, 2005; Hedman & Kalling, 2003). Since that time the business model concept has become more commonly used in concretising the most important components or ‘building blocks’ derived from and reflecting the strategy (Nenonen & Storbacka, 2010b). A strong motivation behind business model research has been to develop the managerial activities of the company. As such, it has been suggested that the theoretical foundations of the business model concept should be strengthened (Al-Debei & Avison, 2010; Fielt, 2012; Teece, 2010). In particular, systematically applying the service logic in business model design is only beginning (Grönroos, 2011b; Zolnowski et al., 2011).

A business model can either be used as a static model (i.e. a blueprint of components and mechanisms describing how an organisation generates revenue and creates value) or as a transformational model (i.e. a tool to address change in the organization, industry, or the business model itself; Demil & Lecocq, 2010). The
focus in the article is on the latter approach; it uses the business model to de-
scribe the growing value-orientation and service-based thinking in magazine pub-
lishing, and explores the changes in the business model itself. The findings argue,
that the traditional business models are grounded on G-D logic, and further sug-
gest how each of the building blocks should be modified when the theoretical
principles of service logic are applied in them. This study verifies the business
model approach via application (cf. Fiebt, 2012) in the service context.

The fundamental purpose of a business model is to function as a managerial
tool. The findings of this study argue that if the revenue logic would be removed,
the model would no longer be an actual business model. This reflects the general
challenge in integrating service logic and business models: ‘translating’ the co-
creation phenomenon into business thinking from the focal company perspective.
Thus, it is important to note that a business model has to depict the managerial
opportunities for the focal company to influence value co-creation (cf. Nenonen &
Storbacka, 2010; Zott & Amit, 2010). The model offers insights about the essential
role of customers and partners in value creation. A traditional G-D logic based
model was chosen as the foundation for the development of a new business mod-
el construct because ‘the most successful dominant logics over time are those that
are embraced by both managers and scholars […]S-D logic should be’ delineating
its practical implications so as to engage the managers’ (Levy, 2006, p. 61-63).
Moreover, ‘without critical reflection of the existing product-oriented business
model, it is difficult to approach the service business’ (Fischer et al., 2010, p. 617).

Conveying the business model around the value logic has been typical in many
studies (Afuah & Tucci, 2003; Chesbrough & Rosenbloom, 2002; Johnson,
Christensen, & Kagermann, 2008). For example, Amit and Zott (2001) suggest
that the business model construct may be used as a unified unit of analysis that
captures value creation emerging from multiple sources. It is also increasingly
emphasized that customer value is a necessary precondition for the emergence of
business value. Based on the literature, the study suggests a new business model
construct consisting of four main components: (1) value co-creation; (2) resource
integration; (3) value proposition and configuration of offerings; and (4) financial
aspects. In line with S-D logic and other studies that combine S-D logic with the
business model construct (Maglio & Spohrer, 2013; Nenonen & Storbacka,
2010b), the new business model design considers the systemic context of value
creation. Figure 10 presents the proposal for a service-based business model.
In this new model, in line with S-D logic, value co-creation is considered to be the core of market characteristics of the business model, and the first main component. The second main component is the integration of resources, which S-D logic has pointed out to be a central activity of all stakeholders involved in service relationships. Before the value can be realised, a single input has to be integrated with other resources (Vargo & Lusch, 2011). Hence, the components of value co-creation and resource integration are mutually interlinked. Customers and partners are seen as important actors in both value co-creation and resource integration to emphasise the ecosystems nature of markets, breaking away from the traditional value-chain view inherent in G-D business models.

Under the main component of value co-creation the context of customers and partners (i.e. the situational factors that determine the service-related experience; cf. Lusch et al., 2007), the engagement platforms (i.e. the means that facilitate the co-creation of value; Ramaswamy, 2011) and co-production practices (i.e. the actual service process; Auh, Bell, McLeod, & Shih, 2007; Lengnick-Hall, Claycomb, & Inks, 2000) are identified as the sub-components. The empirical findings suggest that emphasis on media experience reflects the importance of customer context, the building of one story across multiple channels suggest the existence of engagement platforms, and the empowerment and interaction of and with people within online and offline media communities reflect the co-production practices in the magazine publishing industry.

**Figure 10.** Integration of service logic with the business model construct (Viljakainen et al., 2013).
Under the main component of resource integration the model separates the *using* of resources from *having* resources, acknowledging that resources are more or less valuable depending on how they are being used (Vargo & Lusch, 2004a). It identifies the following subcomponents: *own resources*, *partner and customer resources*, and *resource mobilisation and development*. The subcomponents are founded from S-D logic that emphasises the importance of knowledge and skills as the fundamental sources of competitive advantage (Lusch et al., 2007). S-D logic is similarly closely connected to the approach of effectuation (Lusch & Vargo, 2012), which has developed a model of expanding cycles of resources. Effectuation is a logic which assumes that action is not guided by pre-determined and clearly specified goals, but rather, goals are negotiated between stakeholders which result in new opportunities in a transformed environment (Dew, Read, Sarasvathy, & Wiltbank, 2008). The new business model incorporates an iterative process that includes the identification of own resources and the acquisition of stakeholder resources (Read, Dew, Sarasvathy, Song, & Wiltbank, 2009). The iterative process also builds the foundation for the firms’ continuous fostering of innovation.

Following the empirical findings, the emphasis on building and sustaining *strong content brands* that attract readers and marketers is a key internal resource, partner resources are obtained from the ecosystem surrounding the company, and resource mobilisation and development reflect the effectual approach with an increasing service-orientation in skills development (cf. Nair, Paulose, Palacios, & Tafur, 2013). The findings of this study support those made by Merz, He, and Vargo (2009), who argue that brands are being recognized to be among the most valuable assets of firms. There is a shift from seeing brands as being created by firms and embedded into goods, to brand value being co-created by all stakeholders in media ecosystems and perceived for the use-value. This finding is consistent with S-D logic which suggest that the value of brands rises when the focus is put on solutions and the intangible experience (Lusch & Vargo, 2008). Following this logic, brands can be seen as operant resources, and thus, key sources of competitive advantage (Merz et al., 2009). The findings suggest that the development of strong brands with strong value propositions is increasingly important for media firms to build commitment and trust among business partners, advertisers, and consumers. The findings of this study show how emotional branding strategies are becoming the focus in media firms. Emotional branding is a concept consistent with the S-D mind-set where ‘customers form strong bonds with brands that are meaningful to them, captivate them, and compellingly enrich their lives’ (Merz et al., 2009, p. 335). In effect, as one of our interviewees put it, media firms are aiming at building brands that consumers are ‘in love with’.

The *value proposition* has a central role in the new business model; it functions as a mediator in the continuous interaction between resource integration and value co-creation. It pinpoints the ways in which the focal company contributes to
the value creation of the customer, and consequently generates value and new resources for itself (cf. Demil & Lecocq, 2010; Vargo & Lusch, 2011). The findings of this article suggest that the configuration of offerings – the individual products and services – should not be neglected even though the importance of co-creation is emphasised (cf. Ramaswamy, 2011). The findings argue that the strong emphasis on service (i.e. the support provided by one party for another party’s practices and processes) has to a large extent led to the neglect of goods and individual services. Thus, the new business model returns back to some of the more traditional analyses of service logic (for example Edvardsson, 1997) by suggesting that configuration of offerings should be tightly linked to the value proposition. The empirical findings however strongly confirm the central argument of S-D logic; products and services are only vehicles for service provision (Vargo & Lusch, 2004a, 2008b).

Finally, the main component of financial aspects was conserved in the new business model, because it is acknowledged that these aspects (e.g. productivity or profitability) are only beginning in S-D logic context. S-D logic recommends the increasing of efficiency through effectiveness instead of making efficiency primary (Vargo, 2009). The findings argue that service business model should consider the total financial benefit gained by different stakeholders, but highlights that the main focus should be on the benefits of the focal company, and subsequently on the customers and partners that essentially influences it. The empirical evidence suggests that magazine publishers are increasingly collecting revenues of small streams (for example, revenues from brand licencing or delivering and cashing content through partners’ channels) complying with S-D thinking about the ecosystems nature of markets, and reconciling simultaneously the value-driven and cost-driven business.

4.5 Article 4: The futures of magazine publishing: servitization and co-creation of customer value

Article 4 (Viljakainen & Toivonen, 2014) is the final article in the story-line of this thesis and opens up a futures perspective in the media sector. It explores the business opportunities created by trends and also maps the sources for discontinuities. An important scientific novelty in this study is the application of foresight approach in the service context – the vast majority of earlier applications have focused on the future development of various technologies. The findings of this study are based on case study research conducted in two Nordic countries: Finland and Norway. The study has three main contributions:

(1) It identifies trends that indicate industry servitization and the adoption of S-D logic in magazine publishing.
(2) It explores internal and external factors that support the future development of the trends and their potential sources of discontinuity when entering a service-orientation.

(3) It introduces foresight as a method to recognize an alternative logic of doing business to gain sustainable competitive advantage.

The article combines the perspectives of futures studies and foresight – the former being a more academic approach and latter highlighting the active role of stakeholders in ‘making the future’. Both are perspectives that can help organizations improve their responsiveness to the changing external environment and realign their strategy (Rohrbeck, 2012) to remain competitive (Castorena, Rivera, & González, 2013). They enable the exploration of multiple possible futures rather than predicting only one future (Rohrbeck & Bade, 2012). Recognizing the drivers of change is considered important because they have the capacity to impact the way in which firms in a specific industry create value for their customers (Vecchiato & Roveda, 2010). A trend is a general direction found in the long-term development of an industry (von Grodeck & Schwarz, 2013), a driver is an internal or external factor that supports the development of trends (Castorena et al., 2013). The approach of foresight is used in this study to detect the drivers of change and explore their consequences for the publishing industry (cf. Rohrbeck, 2012), and to identify an alternative business logic (Rohrbeck & Gemünden, 2011). Trends analysis is a foresight methodology (Day & Schoemaker, 2004) that enables the identification, prediction, and interpretation of change (Coates, 2004). Exploring trends enables the identification of a shift to a new contextual phenomenon (von Grodeck & Schwarz, 2013). Thus, the chosen approach is appropriate for studying industry transition towards S-D logic.

In line with the other articles, this article highlights that the magazine publishing industry is both servitizing, and adapting to S-D logic in the efforts to create new value for their customers to remain competitive. The magazine publishing markets resemble in this respect many manufacturing industries that adopt new service-based strategies because of technological development and increased competition, changing customer demands and needs, decreasing product margins and differentiation, cyclical economic climate, and the need for new and stable sources of revenue (Gebauer et al., 2005; Gebauer & Fleisch, 2007; Kowalkowski et al., 2012; Oliva & Kallenberg, 2003; Raddats & Easingwood, 2010).

Table 11 summarizes the findings of the study. The article identifies seven trends and their impact on publishing companies. The trends are: (1) dispersing customer base; (2) changing media use habits; (3) erosion of product business; (4) shift from product to value-adding brands; (5) shift from R&D to innovation; (6) shift from autonomy to partnering and sharing in ecosystems; and (7) the changing resource and capability needs. The first three trends relate to the changing business environment. A dispersing customer base refers to the fragmentation of both
media and audiences, and the increased power of people to choose the time, place, and content of media consumption. The increase in media content options and audience autonomy is causing changes in media use habits. At the same time audiences for printed products are becoming smaller, thus eroding the product business and seriously affecting the economics of media companies. The final four trends relate to publishers’ behaviour. Increasingly, the focus in publishing is shifting from product development and delivery to the provision of solutions to both B2B and B2C customers and brand building. Consequently, slow-paced R&D activity that looks at historical market research data is increasingly being replaced with agile service innovation that relies on co-creation within media ecosystems. Consequently, the borders are opening up rapidly, as publishers are seeking resources from the ecosystem and engaging in partnership outside the traditional media business. These developments are fundamentally altering the resource and capability needs, as the focus is gradually shifted from the publisher’s perspective to the changing external environment and to the customer.

The adoption of S-D logic in this study is discussed by showing the impact of trends when media is seen as service. For example, the dispersion of customer base means that publishers need to develop stronger value propositions to smaller niche markets, but at the same time, they are able to pursue new audiences due to technological advancements. The changing media use habits imply the need for better and deeper understanding of customers’ dynamic needs that constantly change, and the changing focus on the use-value and media experiences. Following the erosion of product business publishers are confronted with increased accountability pressures, and the focus is shifted from product delivery to service provision. Publishers’ behavioural changes also include the introduction of service-dominant offerings around strong media brands with strong value propositions that add value and engage both customers and partners. Service innovation with customers and partners is taking place within media ecosystems crossing industry borders, not within media organizations. And finally, the capabilities and resources are being developed to better suit the world where value is co-created instead of being internally produced and sold.

Servitization is explored by concentrating on the reformations taking place in the processes, strategies, and corporate cultures of interviewed magazine publishers. Because of the dispersing customer base, publishers are establishing separate service business units to develop services that meet the specific needs not only of end-customers, but also customers in the B2B sectors. New tools are being developed to gain better understanding on the dynamic customer needs, and also, to react more quickly to the needs with new services. As the economics are threatened due to eroding product business, publishers are increasingly focusing on cost-efficiency and innovating new smaller sources of revenues from service business. For being able to develop value-adding brands, new relationships with stakeholders within service ecosystems are established, and internal processes that support the transformation into service business. In specific, publish-
ers are putting a lot of emphasis in developing an internal culture and management practices that support service innovation. Alliances and partnerships are being established to draw and mobilise resources from the ecosystem.

The sources of discontinuity are discussed to provide market actors meaningful information on how to orientate the strategy and organizational development activities towards the future. The findings of this study show, that in many cases publishers are not able to recognize that services do not necessarily immediately provide the anticipated financial returns which hinders the transition into service business. In other words, there is a challenge of recognising the financial potential in services, and seeing them as value-adding. This is especially the case when income from services is only fraction of product sales. In effect, fully capitalizing the constantly changing needs of smaller and smaller customer segments has proven to be of a great challenge. Nevertheless, the findings agree on the necessity of maintaining deep customer understanding for being able to develop economically sustainable offerings. At the same time in many cases it seems to be the reality that the organizational strategies, processes, and structures do not support the transition into service business. In specific, a service strategy is in many cases lacking, the sales practices and corporate culture are fundamentally product-centred; focus is put on increasing organisational efficiency, and less resources are available for innovation activity. It is evident that publishers are risk averse in investing the majority of resources to product development behind closed doors in the hopes of more predictable outcomes. Also, services are to a large extent considered add-ons; they support the product business which still to date brings the majority of turnover.

Overall, the empirical findings in this study suggest that in the coming years the magazine business is expected to change quite dramatically, which is going to be a great challenge. The key for being able to change the industry logic and regain competitiveness is to break free from the dominant recipes. This is consistent with findings in existing literature (for example Gulati, 1999; Kowalkowski et al., 2012; Matthyssens & Vandenbempt, 2008).
<table>
<thead>
<tr>
<th>The trend</th>
<th>The main contents of the trend</th>
<th>Impacts on media as service, new services</th>
<th>Impact of services on the publisher</th>
<th>Sources of discontinuity</th>
</tr>
</thead>
</table>
| **Dispersing customer base** | • Increasing array of platforms and content options (i.e. media fragmentation).  
• Dispersion of audience attention across content options (i.e. audience fragmentation).  
• Consumers gaining more power (i.e. audience autonomy). (cf. Napoli, 2003, 2011) | • Shift from general magazine titles offered to mass markets into segmented niche markets with stronger value propositions.  
• Technological development opening up doors for new consumer segments. | • Establishment of B2B customer base.  
• Establishment of separate service business units which may carry less path-dependent constraints (cf. Brown et al., 2009; Christensen, 1997; Teece, 2007) and lead to increased profits and revenues attributed to services (cf. Oliva & Kallenberg, 2003).  
• Focus increasingly on co-producing the right content/service, at the right time, through the right platform, in the right form, to the right mind-set. | • Traditional media has fewer opportunities to affect consumers’ choices.  
• Limited growth opportunities in B2C markets.  
• Fully capitalizing the changing needs of smaller audiences with new concepts a great challenge.  
• Lack of sufficient financial returns from B2B services leading to the inability to recognize their financial potential (cf. Fundin et al., 2012; Mathieu, 2001; Oliva & Kallenberg, 2003). |
| **New media use habits** | • Increasing array of options causing differing consumer needs and media-use habits (cf. Napoli, 2011).  
• Changes in the way people access information.  
• Consumers becoming more critical towards ready-made content. | • New consumer understanding for service development and sales of audiences.  
• Understanding what customers value going beyond the obvious needs and wants into the less obvious criteria of valuation (e.g. emotional needs and media experience) (cf. Payne et al., 2008; Ulaga & Reinartz, 2011). | • Digital media setting new standards to speed up processes and reaction times.  
• Increases in tools and methods for better understanding customer behaviour, needs, and wants. | • Increasing array of content and platforms to be updated and managed at different sequences.  
• A deep understanding on the customer needs and wants crucial for developing economically sustainable offerings, but hard to obtain (cf. Vargo & Lusch, 2004a, 2008b).  
• Decision-making intuition-driven, |
Focus from product effectiveness to the offering’s effectiveness in user’s context (cf. Oliva & Kallenberg, 2003).

<table>
<thead>
<tr>
<th>Gradual erosion of product business</th>
<th>Improving accountability for delivery as marketers demand more value for money.</th>
<th>Increased focus on cost-efficiency, organizational flexibility, and agile processes.</th>
<th>Departing from a dualistic revenue structure into a greater number of small revenue streams.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gradual erosion of print media readerships (cf. Küng et al., 2008).</td>
<td>Revenue from ‘cash cows’ – the big circulation magazines – decreasing.</td>
<td>Income from online and offline services only fraction of product sales.</td>
<td>Editorial content becoming less attractive to marketers.</td>
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<td>Volatility of the advertising markets.</td>
<td>Advertising spending from traditional to new media.</td>
<td>Losing advertising income a serious long-term threat for the viability of publishers.</td>
<td>Customer needs and the current strategies, organizational processes, and cost structures seem incompatible.</td>
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<td>From printed products to value-adding cross-media brands</td>
<td>Focus from printed products to solutions.</td>
<td>Emphasising the primacy of efficiency; cost-cutting, reorganizations, and outsourcing.</td>
<td>Changes the logic of magazine publishing a challenge due to path dependencies, organizational inertia, and lock-in (cf. Prahalad &amp; Ramaswamy, 2004).</td>
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<tr>
<td>Commercialization of strong content brands for B2B and B2C customers.</td>
<td>Readers becoming increasingly committed to and trusting to selected media brands.</td>
<td>Challenges to recognize the financial potential in service business (cf. Mathieu, 2001; Oliva &amp; Kallenberg, 2003) due to small market size, majority of weak brands, and a past record of stable and high revenue from product.</td>
<td>Corporate culture and structure, human resources management, and service development processes critical elements in developing service strategies (cf. Fischer et al., 2010; Gebauer et al., 2005; Matthysens &amp; Vandenbempt, 2008; Oliva &amp; Kallenberg, 2003).</td>
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<tr>
<td>Brands increasingly vital in attracting advertisers.</td>
<td>Comprehensive magazine concepts and strategies built around brands with stronger value propositions.</td>
<td>Close cooperative relationships with partners and selected advertisers.</td>
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<td></td>
<td>Magazines developed to be present in their readers’ lives.</td>
<td>Corporate culture and structure, human resources management, and service development processes critical elements in developing service strategies (cf. Fischer et al., 2010; Gebauer et al., 2005; Matthysens &amp; Vandenbempt, 2008; Oliva &amp; Kallenberg, 2003).</td>
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<td></td>
<td>Introduction of service-dominant offerings (cf. Grönroos, 2008): goods (e.g. print and online magazines), services (e.g. brand licensing, online shops, special advertising solutions, apps), information (i.e. professionally created</td>
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<td>Close cooperative relationships with partners and selected advertisers.</td>
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content cashed in partners’ channel), and interactions (i.e. online communities and offline services).

- Introduction of ‘service journalism’ which benefits and adds value to the reader.
- Lack of service strategies inhibiting the ability to seize service opportunities (cf. Fischer et al., 2010).
- Transition into service business a marketing challenge (cf. Oliva & Kallenberg, 2003).
- Byers too would need to adapt to S-D mind-set for the transition to be successful (cf. Kowalkowski, 2011b).
- New concept launch very much based on personal enthusiasm, entrepreneurial spirit, market research, as well as trial and error (cf. Fischer et al., 2010).

### From product development to service innovation

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<th>From product development to service innovation</th>
<th>Service innovation</th>
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<tr>
<td>• Changing focus from R&amp;D (incl. international benchmarking, brand licensing, and market research) to innovation; from forecasting to foresighting (cf. Read et al., 2009) because customers cannot predict their experiences (cf. Prahalad &amp; Ramaswamy, 2004).</td>
<td>• Change in logic that all should be done in the professional end.</td>
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<td>• From recognizing opportunities based on historical data to experimental development (cf. Normann &amp; Ramirez, 1993).</td>
<td>• Building and maintaining communities as platforms for engagement, idea generation and co-development.</td>
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<td>• Changing innovation speed and cycles, decreasing the financial risks.</td>
<td>• Deeper understanding on the user experience and engaging readers.</td>
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<td></td>
<td>• Understanding the user experience and engaging readers becoming crucial to successful service launch (cf. Helkkula &amp; Holopainen, 2011; Viljakainen et al., 2013).</td>
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<td>• New concept launch very much based on personal enthusiasm, entrepreneurial spirit, market research, as well as trial and error (cf. Fischer et al., 2010).</td>
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<td>• Increased emphasis on processes, tools, and corporate culture that support innovation (e.g., task forces and innovation days, internal test laboratories etc.) and accelerate the pace of commercialization (cf. Prahalad &amp; Ramaswamy, 2004).</td>
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<td>• Fostering pilot trial mentalities: ideas tested in a shorter time span and terminated if they do not work.</td>
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<td>• All ideas, even small ones, are scrutinized.</td>
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<td>• Bringing otherwise disconnected people together to generate ideas.</td>
</tr>
<tr>
<td></td>
<td>• Allocated resources for systematically developing new offerings diminished.</td>
</tr>
<tr>
<td></td>
<td>• Small size of the markets and turbulent economic climate are limiting development resources.</td>
</tr>
<tr>
<td></td>
<td>• Risk aversion; resources to a large extent put on product development to get more predictable outcomes (cf. Gebauer et al., 2005).</td>
</tr>
<tr>
<td></td>
<td>• Development of services that support the product business which still brings the majority of turnover. Service considered ‘add-ons’. (cf. Fischer et al., 2010).</td>
</tr>
<tr>
<td></td>
<td>• Markets establishing dominant service designs limiting the variability in service offering and pricing (cf. Fischer et al., 2010).</td>
</tr>
</tbody>
</table>
### Alliances across borders
- The value network in publishing is opening up and changing rapidly.
- New entrants in the media ecosystem coming from within and outside traditional media business.
- Consumers, entrepreneurs, and businesses starting to work collectively.
- New service offerings enabled by partnering to co-produce value (cf. Agarwal & Selen, 2009; Windahl & Lakemond, 2006).
- Media content published and cashed in own channels and channels provided by key partners.
- Co-operative mind-set, flexibility, trust, and relationship management seen key in service innovation with network partners (cf. Kowalkowski, 2011b; Matthyssens & Vandenbempt, 2008; Raddats & Easingwood, 2010).
- Building (strategic) alliances with competitors and non-competitors across industrial borders to develop new business opportunities and regain competitiveness (cf. Küng et al., 2008).
- Resource mobilisation and integration from the media ecosystem to create value for customers.
- Strategic networks established among organizations that have previously operated autonomously (cf. Gulati et al., 2000).
- Strategic competitive alliances formed under external pressure may lead to zero-sum relationships (cf. Viljakainen, 2013b).
- Product-centred corporate culture, sales orientation, and sales commission practices may slow down the adoption of service-orientation (cf. Kindström & Kowalkowski, 2009; Payne et al., 2008; Teece, 2007).
- Authoritarian journalist power still deeply rooted in culture.
- Core capabilities (i.e. knowledge, 

### Changing key resources and capabilities
- Increased need for dynamic capabilities (i.e. abilities to sense and seize opportunities and reconfigure assets) in service innovation with customers and network partners (cf. Coates, 1996).
- Transfer from authoritarian journalist power to the appreciation of skills of customers and professionals.
- Endorsement of multi-platform publishing and service creation, reader engagement, crowdsourcing (i.e. outsourcing part of the design work to an unknown crowd on the internet; Brabham, 2008), co-creation, and amateur professionalism.
- Online communities acting as platforms for real-time idea generation and
- Openness and transparency in communication and work practices (cf. Vargo & Lusch, 2004a, 2008c).
- Reduction of middle-management layers to promote openness.
- Appreciating leadership skills to say ‘yes’ instead of ‘no’ to new ideas.
- Creating an environment for uncertainty tolerance that inspires employees to inno-
Table 11. New trends and their impact on publishing companies based on an increasing service orientation.
5. Discussion

This chapter first discusses on the theoretical implications of the study, then moves on to the issues of reliability, validity, and generalizability of the research findings. Thereafter the chapter makes recommendations for further research, and ends up with the discussion on the implications to management practice.

5.1 Summary and conclusions

The general aim of this thesis was to explore the phenomena of media business transformation, and to see how S-D logic can be used as a lens to explain it. More specifically, the attempt was to apply S-D logic for theory building in industry transformation and introduce a service-perspective to the field of media management and media economics. The study has been guided by two research questions: (1) how does a transfer from a G-D to a S-D logic manifest itself in the current business practices and future trends in the media industry, and (2) what are the central topics to understand better the on-going change in the media sector. This section of the study focuses on answering the two research questions, and summarizing the empirical findings in relation to existing research results.

The main findings of this study have been synthesized in Table 12. This table shows several elements in the media sector that indicate the adoption of a service mind-set and concrete activities that are in line with S-D logic. These topics are more thoroughly discussed thereafter in the concluding chapters of this study.
<table>
<thead>
<tr>
<th><strong>Unit of exchange</strong></th>
<th><strong>S-D logic</strong></th>
<th><strong>Central empirical findings that support this thinking</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Service is exchanged for service</td>
<td>From the development and delivery of mass media products to assisting customers in their value creation process</td>
<td>From single media products (e.g. printed magazines) to the emphasis of value propositions</td>
</tr>
<tr>
<td></td>
<td>Development of customized value propositions that meet the specific needs of customers and partners</td>
<td>The introduction of service-dominant offerings (i.e. products, services, information, and interaction)</td>
</tr>
<tr>
<td></td>
<td>Media brands built together with stakeholders in media ecosystems (incl. customers, partners, competitors)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Role of media goods</strong></th>
<th><strong>Vehicles for service provision</strong></th>
<th><strong>Central empirical findings that support this thinking</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Media is not technology through which content is moved to audiences</td>
<td>Media is a vehicle for the provision of higher-order benefit or service and an enabler of experience</td>
<td></td>
</tr>
<tr>
<td>People choose media products because of the service they render, not for the medium itself</td>
<td>Media goods satisfy specific needs and goals (e.g., information, persuasion, or entertainment needs)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Value of media goods</strong></th>
<th><strong>Measured in terms of value-in-use</strong></th>
<th><strong>Central empirical findings that support this thinking</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Media can only be valued in the consumption process</td>
<td>People benefit from the media goods also in future transactions (self-service)</td>
<td></td>
</tr>
<tr>
<td>Focus on media experience and the role of media in peoples’ lives away from the sole exposure (value-in-exchange)</td>
<td>Focus on the co-creation experience embodied in media brands through different engagement platforms</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Meaning of value</strong></th>
<th><strong>Value is co-created</strong></th>
<th><strong>Central empirical findings that support this thinking</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in logic that all should be done in the professional end</td>
<td>Value co-created together with customers and partners instead of being embedded in products that are sold</td>
<td></td>
</tr>
<tr>
<td>Value creation in online and offline media communities is mutual and reciprocal</td>
<td>People experience media and interpret their value subjectively</td>
<td></td>
</tr>
<tr>
<td>Media experience is influenced by the unique life contexts and other available resources of users</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Organizational resources</strong></th>
<th><strong>Competences, relationships, information.</strong></th>
<th><strong>Central empirical findings that support this thinking</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge and skills of creative media professionals is the key source of competitive advantage</td>
<td>Strong content brands that attract readers and marketers is an important internal resource</td>
<td></td>
</tr>
<tr>
<td>Strong value propositions are wrapped around strong media brands that build trust</td>
<td>People form bonds with media brands which they perceived meaningful and relevant</td>
<td></td>
</tr>
</tbody>
</table>
Value creation and brands are inseparable: co-creation experience that creates trust is the media brand

<table>
<thead>
<tr>
<th>Role of media firm</th>
<th>Resource integrator, not a producer or distributor</th>
<th>Shift in mind-set of being a value distributor to a value co-creator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Media firms provide inputs into the value creation activities of the customer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mobilise and integrate resources from the media ecosystems that cross traditional industry borders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide and sustain the context and infrastructure where people create value by engaging</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increasingly from autonomy and media silos to cooperation and openness</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Role of customer</th>
<th>A resource, not a target</th>
<th>Co-creators of value and co-producers of service engaged in conversation and dialogue within communities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Sources of innovation who legitimize media brands and give them meaning</td>
</tr>
</tbody>
</table>

| External environment | A resource, not something that needs to be adapted to | A resource that can be benefited from and co-created with: a better future can be created |
|                     |                                                     | Customers and partners are essential determinants of media firms’ success |
|                     |                                                     | New service offerings enabled by partnering to co-produce value |
|                     |                                                     | Information sharing with customers and partners increasingly based on openness, symmetricity, and truthfulness |
|                     |                                                     | Long-term contracts increasingly replaced with relationship building based on cooperation and trust |

| Source of economic growth | Efficiency follows effectiveness | The better the use value (media experience), the more money |
|                          |                                | From dualistic revenue structure (product sales) to small streams of revenue (ecosystems nature of markets) |
The technological change underway is transforming media consumption habits and causing media and audience fragmentation. Media is experiencing demassification and moving away from homogeneous mass audiences into niche markets as a consequence of peoples’ increased ability to customize their media experiences and increasingly diversified needs. The old business models are being challenged as traditional media are reaching maturity, even decline. Faced with these challenges media firms have two possibilities: either adapt and change (i.e. mediormorphosis), or seize to exist (i.e. mediacide) (Lehman-Wilzig & Cohen-Avigdor, 2004). This study anticipates the former. Literature suggests that the focus in media firms’ growth strategies is increasingly on new types of transactions and business areas (Galbi, 2001), and on services (Picard, 2005). Media organizations are shifting their focus from the development and delivery of goods to relationship building (Chan-Olmsted, 2000). This is logical, since firms facing uncertain environments are more likely to innovate (Brown & Eisenhardt, 1997) and seeking new competitive differentiation from beyond product business is especially relevant for industries that are reaching maturity (Kowalkowski, 2010). Service-based strategies are increasingly being adopted by more and more media companies as a way to differentiate a firm from its competitors. The findings of this study show how traditional media companies are gradually changing the logic how they perceive their audiences and the way in which they create value for their customers. Media firms are creating new competitive strategies by adding services to their total offerings (i.e. servitizing) and adapting to new value-creation perspectives to gain sustainable competitive advantage. The industry is undergoing a transformation towards value- and service-based business.

The underlying claim in this study is that service-dominant (S-D) logic is a value creation perspective, a mind-set, for media firms to be better able to adapt to the challenges they are facing and change the course of direction. Following S-D logic, an environment is not to be considered uncontrollable, but as a resource firms can benefit from and co-create with. Firms operate as part of value networks and can draw upon the collection of resources from customers, employees, and partners. The study discusses the servitization phenomena simultaneously with S-D logic, because servitization raises the importance of value-based thinking and customer focus when companies pursue sustainable competitive advantage. It also emphasizes the insight that employees are core resources (Baines et al., 2009; Mathieu, 2001), which is fundamental in S-D logic, too. The two perspectives however do have differences. The findings of this study show how servitization and S-D logic are in fact two separate phenomena, which in the case of media sector are taking place simultaneously (cf. Kowalkowski, 2010). Media firms are creating value by adding services to their offerings in the expectations of higher returns (Gebauer & Friedli, 2005; Neely, 2007). This perspective is to a large extent goods-dominant and inconsistent with S-D logic that does not separate products and services from the service provision. At the same time the findings of this study illustrate how media firms are entering into service- and value-based busi-
ness to increase customer engagement through better customer service, and consequently, their financial returns.

The findings of this study argue that media firms can no longer regard themselves as value distributors due to the active role of user communities and the co-creation of value. Value is increasingly being co-created with customers and partners instead of being produced and sold. In effect, media business increasingly means assisting customers in the value creation process, sustaining engagement platforms, and developing customer-centric solutions from resources drawn from partner networks that cross conventional industry borders. This development does not comply well with the traditional management and economics thinking (Gummesson et al., 2010). The results of this study argue that a goods-dominant mind-set is deeply rooted in the media industry’s strategies, processes, and mental models. An economics worldview is fundamental in media management – both theory and practice. Adoption to a service-perspective however necessitates fundamental changes in the ways of thinking (Maglio et al., 2009) which is a great challenge for any organization, especially those operating in highly competitive environments. It is extremely difficult to depart from the old habits. (Lusch & Vargo, 2008) Nevertheless, the findings of this study show how the industry is initiating practices which are relevant in adapting to S-D mind-set.

The traditional media management thinking has a strong focus on the value chain and its efficiency which depicts a G-D mind-set. Following the findings of this study, contracts with key partners are generally long-term, information exchanged is to a great extent asymmetric, and emphasis is put on cost-efficiency. This has become even more important in the turbulent economic environment and traditional media nearing decline. The product business has been too big of a goldmine for media to quickly adapt to the changing environment. The study does not suggest media should exit their current business that is still in many cases prosperous, but to change their mind-set, or more specifically, their strategies and practices, towards the customer. The traditional economics worldview should be questioned in time when it does not seem to work for the benefit of media organizations. In specific, the media concept defined as ‘technologies (print, radio, television, sound recording and such like) through which the content created for groups of consumers is moved and organized’ and media firms as ‘packagers of materials that utilize those technologies’ (Küng et al., 2008, pp. 7) ought to be redefined when entering a new value- and service-based perspective. The findings of this study confirm, that media products can only be valued while being consumed, suggesting the phenomenological side of value creation, the unique service experience of each individual, and the importance of the user’s context and networks. The idea of authoritarian journalist power which inherently suggests media is a value creator is increasingly being replaced with the idea that value is co-created with actors in the media ecosystems – partners, competitors, and customers. Increasingly, the competencies of media professionals are manifested in strong
media brands with strong value propositions, around which the business is built. Media brands attract business partners, advertisers, and consumers.

An interesting question is whether an industry operating in two-sided markets should experience greater challenges in adopting S-D logic compared to industries operating in either B2B or B2C markets only. According to Vargo and Lusch (2011) there is no difference between B2B and B2C in S-D logic. On the contrary, the authors highlight that S-D logic makes this separation useless – the essential viewpoint is A2A (actor-to-actor): all actors engage in value co-creation. In practice, the situation is more complicated because the awareness of companies about the logics of markets influences their behaviour. The core question is the level at which media firms understand their customers’ context – whether they are businesses or consumers – and the extent to which this understanding affects their ability or willingness to adopt S-D logic (cf. Ibid.).

The findings of this study indicate that media firms aim at consciously co-creating value with both end-customers in the form of crowdsourcing, and business partners in online and offline services. However, it seems the B2C markets have evolved into the value co-creation sphere more naturally following the recent macro-level developments. The value logic seems to be easier to understand in B2C markets where a deep customer understanding is more inherent to the relationship. Media communities are built around strong brands with strong value propositions; the relationship between the media user and the brand has become close and personal. In the B2B markets, the question relates to the nature of interaction in business partnerships. Byers too need to adopt S-D mind-set for the transition to be successful (Kowalkowski, 2010). Businesses are also guided by path-dependent routines and practices (Nelson & Winter, 1982). Typically, the B2B customers of media firms have been accustomed to focus on value-in-exchange in advert sales; this practice may slow down the adoption of S-D logic (cf. Kindström & Kowalkowski, 2009; Payne et al., 2008).

However, in both B2B and B2C markets the adoption of S-D logic is essential for safeguarding media firms’ viability in the future. Due to the deterioration of the traditional business, media firms must co-create value in new ways together with their customers. This value co-creation is increasingly taken into account in the development of new offerings and does not depend on the nature of offerings – value logic is equally possible in goods and services. In the media sector, material products are the embodiments of the strong value proposition attached to brands in both B2B and B2C markets and still yield the majority of turnover in this sector. It is also important to points out that goods logic does not disappear – even the founders of S-D logic have stated that the problem is not goods logic as such but its dominance, which is not compatible with the drivers of the modern economy (Vargo & Lusch, 2008b).
The study does not assume that media firms should make a choice between G-D logic and S-D logic, nor that the industry should adopt a totally 'new' dominant logic to replace the 'old' thinking. According to Vargo and Lusch (2008b), the question is not about an either-or choice; in particular circumstances, a G-D logic perspective focusing on material products may be more appropriate. S-D logic is a lens for understanding how things operate, rather than a normative science (Vargo et al., 2008). Fundamentally, adopting a dominant thinking where all action is mechanically based on one particular mind-set is not desirable. It is not even possible. However, the present macro-level developments – technological development and peoples' access to information, among others – are putting user-centricity and co-creation to the fore. It is increasingly impossible for businesses that want to prosper to unilaterally create and deliver value attached to products (goods and services). The context of customers and partners determines the experience, and each actor is influenced by their past experiences and the availability of other resources in their networks. (Vargo & Lusch, 2008b) Therefore, S-D logic is a mind-set that enables media firms to understand and respond to the changes as they happen in the real-world. It enables firms to learn to get better in responding to the actual customer needs, and consequently, making money (Vargo & Lusch, 2004a).

Adapting to a new value creation perspective, and S-D logic in particular, has many implications for media organizations. In specific, it means a change in mind-set; media are not able to create value by themselves but value is always co-created with partners and customers. Media does not produce media products and sell them to consumers, but use their knowledge and skills that benefit people and partners. The idea of a success of a media product when it reaches the largest amount of marketable people should be questioned, and the idea that people experience media products which makes them loyal and engaged should be embraced. What this means is that media cannot determine the value of a product, only customers can. The key resource, and the most important competitive advantage, is knowledge and skills which can be found from the ecosystem, not only within the firm. However, people are media organizations' most important assets and should be treated as such. The role of a media firm is becoming the resource integrator who engages customers, employees, and partners in value co-creation, and not the deliverer of value. Therefore, a customer should be seen as a re-
source and not as a target. A media firm can economically prosper when it is able to provide its clients experiences they are willing to pay for. Therefore, the focus should be increasingly put on getting better at offering good experiences, away from solely maximizing exposure. Following the value-based approach, continuous adaptation, speedy reaction times, and setting long-term goals have become the critical elements of strategy that is all about recognizing opportunities and allocating resources from an ecosystem dynamically (Prahalad & Ramaswamy, 2004). A shift to value- and service-based business will not be easy, will likely progress cumulatively rather than rationally and suddenly, and necessitates changes in mind-sets of the client side, too. However, for being able to change the course of direction the media markets need to break free from the dominant logics to regain competitiveness (cf. Kowalkowski, Kindström, Alejandro, Brege, & Biggemann, 2012; Matthyssens & Vandenbempt, 2008).

### 5.2 Reliability, validity, and generalizability

Following Yin (2003), the quality of the design and execution of case study research is judged based on its: (1) reliability (i.e. the study can be repeated by another researcher with compatible results); (2) construct validity (i.e. the selected measures appropriately measure the phenomenon); (3) external validity (i.e. the scope at which the finding are generalizable); and (4) internal validity (i.e. the research is able to detect causal relationships when they exist). According to the author, these are quality tests that must be properly managed. Appropriately addressing them is a perquisite for research to be considered as accumulating knowledge in a specific scholarly field (Rowley, 2002). There are certain restrictions on the applicability of theory and comprehension of research findings. Researchers are guided by internal sets of values and beliefs, as well as the level of experience. Moreover, research results may only be applicable to certain contexts – specific organizational forms or historic period, for example. (Bacharach, 1989) For these reasons, theory must also be able to answer the question: ‘When?’ A researcher must identify the shortcomings of his/her findings for being able to respond to the falsification attempts. Theory is falsifiable when the variables are consistent (reliability), accurate (validity), and when the restrictions related to their generalizability are properly articulated (Bacharach, 1989).

Reliability and validity discusses the adequacy of the applied measures to actually measure the concept under study (Beam, 2006). Addressing the issue of reliability is particularly challenging in case study research that relies heavily on interpretation and subjectivity in data collection and analysis. How to assure that another researcher can reproduce research findings using the same sample and face-to-face interviewing method to study the same phenomenon? Yin (2003) and Eisenhardt and Graebner (2007) suggest a careful documentation of the research process as a good way to augment research reliability. For this reason, this study
describes in detail the research process, the relevant communities where knowledge was validated, and data coding and analysis methods (Chapter 2.1.4). Eisenhardt and Graebner (2007) further propose that error and bias of both the observer and the respondent pose a threat to the reliability of research. Respondent error refers to the tendency to see things differently in various circumstances, and observer error to the divergent ways of researchers to conduct research thus limiting the comparability of data. Bias refers either to the respondent saying things which does not fully capture the reality or observers interpreting answers differently. Rohrbeck (2011) in his study proposes various tactics to overcome these threats, with the use of well-informed respondents, semi-structured interview method, and the use of more than one interviewer, among others. This study has used these tactics – respondents from the top management level or people highly involved in the projects under study, semi-structured interviewing with an interview guide, and two observers both conducting interviews and analysing data – to increase the reliability of the results.

Construct validity refers to the measurement’s accuracy and adequacy to measure the phenomenon under study (Scandura & Williams, 2000). It can be further divided into: (1) convergent validity (i.e. concepts used are unambiguous and all measurements point to the same direction); and (2) discriminant validity (i.e. concepts used are distinguishable from other similar and/or irrelevant concepts; Bacharach, 1989). In other words, validity focuses on the question of whether what is measured actually reflects the reality and what the researcher attempts to measure; the ‘truthfulness’ of research (Beam, 2006). In the case of qualitative research, validity to a great extent focuses on the issue of minimizing observer subjectivity. Execution of a case study research with face-to-face interviewing is very much dependent on the skills and competencies of the interviewer who is an active member in the process. An interviewer must have a good understanding on the research questions and propositions for being able to make good questions, and listen and interpret answers in an unbiased manner (Rowley, 2002). Using various informants and data collection methods, as well as submitting the research findings for a group of peers to discuss have been identified as tactics for ensuring research validity (Rohrbeck, 2011). This study has used all of these tactics (see Chapter 2.1.4 Research process). Furthermore, the author of this study was a member in the research projects’ steering groups which met on a regular basis for a number of years, thus augmenting the comprehension of the underlying phenomena and thus, the drafting of research questions. The author of this study has years of experience working for the media industry (on the audience information systems in particular) which however does raise the question of objectivity. Nonetheless, working in close cooperation with practitioners and academics in the relevant communities and receiving constant falsification attempts does raise the reliability and validity of the results.

External validity refers to the scope at which research findings are generalizable from one temporal and spatial context or individual to another. It discusses
such issues as the impact of the sample or research methodology on the generalizability of results. (Rowley, 2002; Scandura & Williams, 2000) The consideration of external validity becomes central in research that attempts to build theory and emphasizes the contributions to management practice, the focus of this study. This study uses multiple case studies instead of a single case to enhance the generalizability of the results. External validity can also be increased by using more than one research method, because one method may cover the shortcomings of another method (i.e. triangulation; Scandura & Williams, 2000). This study has used interviews, archival data analysis, industry research reports, transcripts and minutes from steering group meeting and workshops, and academic papers as sources of data. Research findings have also been presented to and discussed with both business practitioners and academics in several conferences and workshops, which have given many implications as to the generalizability of the developed frameworks. For example, the critical success factors presented in Article 1 have been reported to industry representatives to follow through the national project. Also, the service-logic business model construct developed in Article 3 has been presented to industry representatives, members of the Finnish Service Alliance, and a group of scholars at the University of Cambridge. Therefore, even if there might be some concerns as to the validity of the research findings, which is inherently the case with case study research, the managerial implications are a strength of this study.

Case study research was selected as the methodology, because it ‘allows for thorough and in-depth investigation over a prolonged period, taking into account of the complexities of context’ and also because ‘it is useful in conducting exploratory research, when the aim is to gain insight about […] areas of organizational activity that are not yet well documented or understood and that can only be teased out through prolonged, detailed, and multi-layered scrutiny’ (Doyle & Frith, 2006, p. 565). This was particularly the case with the initial research project focusing on the evolution of audience information systems, and later on in the research regarding the study on the increased service-orientation. The common challenge with case study research that focuses on particular contexts is its limitations when it comes to making adequate scientific generalizations (Doyle & Frith, 2006). However, generalization requirements on the basis of the sample are originated from the positivist research traditions and there is on-going debate whether case studies should be judged based on their insight rather than their statistical generalizability (Rowley, 2002). This refers to naturalistic generalization which emphasises the translation of experiences and tacit knowledge into explicit propositions (Kvale, 1996), allowing readers to interpret and internalize research findings into their experiences (Rowley, 2002). This form of generalization is relevant in the current study that applies a value-based analysis. In this study, the way of generalizing from the empirical findings is analytical generalization. It refers to making rational judgements whether the findings from one study can be used as an indicator for what might take place in another setting. One form of analytical generalisation is seeking precursors; it corresponds to the idea of this study of seeking such phe-
nomena in the leading media companies that in the future can be expected to become relevant in a wider scope in the entire sector. (Kvale, 1996) Analytical generalization is a common type of generalization in qualitative research and aims at generalizing to a theory of the phenomenon under study with wider applicability than the specific sampled population and case studies. What this means is that the results of a study contribute to the building of a theory of the specific phenomena, not to making statistical generalizations from the sample. Analytical generalization is made possible by raising the empirical findings to a general level. (Yin, 2003) This form of generalization corresponds to the attempt of identifying the phenomena of increased service-orientation in the magazine publishing sector, and expecting it to be relevant in the entire traditional media sector.

Recent developments in the Western European markets support this attempt; successful media companies are increasingly establishing themselves as service companies. For example, Pearson⁴ (UK) and Sanoma⁵ (Finland) have become learning companies operating in the educational sector. Bertelsmann⁶ (Germany) has entered into the B2B sector offering services such as data management and IT services. Vivendi⁷ (France) offers pay-tv and telecommunications services. Lagardère⁸ (France) operates in retail and distribution services market, and Reed Elsevier⁹ (UK) offers B2B information solutions to public and private sectors. Leading U.S. media companies reflect this development, too. One of the pioneers, The Walt Disney Company¹⁰, opened its first Disneyland theme park already in 1955 and offers a wide range of digital entertainment services. Comcast¹¹ operates in the theme park sector as well. Twenty-first Century Fox¹² and Time Warner Inc.¹³ offer home entertainment services, and Viacom¹⁴ operates in the educational sector, News Corporation¹⁵ offers a wide range of B2B services for partner organizations. However, as the sample size in this study was limited, the case studies should be validated in future studies both with bigger samples from the media industry and with new empirical studies in other industries, which is to increase the internal validity and applicability of the research findings.

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⁵ https://www.sanoma.com/, retrieved 16.1.2015
⁹ http://www.reedelsevier.com/Pages/Home.aspx, retrieved 16.1.2015
¹⁰ http://thewaltdisneycompany.com/, retrieved 16.1.2015
¹³ http://www.timewarner.com/, retrieved 16.1.2015
5.3 Theoretical implications

The purpose of the following chapter is to reflect the results of this study against those obtained by others in existing research. Each research gap presented at the beginning of this study (Chapter 1.2.2) will be individually discussed to reflect how the findings of this study bring new knowledge to existing research. In specific, the attempt is to show how the findings support or contradict with previous research, or alternatively create new. Following Gummesson et al. (2010) S-D logic is a work-in-progress; it offers new concepts that need to be understood and tested in real-life organizational settings. It is ‘open-sourced’ (Vargo & Lusch, 2008b) to other scholars to continue the work in generating and testing it forward towards a theory, and augmenting its practical relevance. This study applies S-D logic for theory building in industry transformation with the aim of yielding both theoretical and practical relevance. Theories are valuable when they help organizations see the future consequences of their current actions (Mierzewska & Hollifield, 2006). This study uses servitization and S-D logic as lenses to identify the anticipated consequences of the current strategies to the media industry’s development in the future.

1) The perspective of media as service has been lacking in media management studies.

The findings of this study show that the service perspective has to a great extent been absent in the media management scholarship but it can be linked to media. People do not buy media products or services for the sake of the actual medium (i.e. the TV set or printed magazine), but for the service it renders (cf. Gummesson, 1995; Norris, 1941); they satisfy specific needs and provide experiences. Media content products are the embodiments of knowledge and competencies (cf. Normann & Ramirez, 1993; Prahalad & Hamel, 1990) which is the main source of their competitive advantage (cf. Arrese Reca, 2006; Redmond, 2006; Rolland, 2003). Also, media management literature emphasizes the value-in-use of media products (Calder & Malthouse, 2004; Clement et al., 2006; Nelson, 1970), and the co-creation experience (Arrese Reca, 2006; Nienstedt et al., 2012) which create value and point to the direction of S-D logic.

This study answers to the call of challenging existing media management and research traditions with a new theoretical avenue (cf. Albarran, 2006, 2008; Mierzewska & Hollifield, 2006). The findings show how the focus in media business is shifting from the development and delivery of mass media products, to the emphasis of strong value propositions embodied in service-dominant offerings (i.e. products, services, information, and interaction) that meet the unique and specific needs of individual customers. For example, magazines promise to solve their readers’ problems and become so close that their messages are as personal as ‘love letters’. This emphasizes the founding premise of S-D logic: firms cannot
create or deliver value unilaterally, but can only offer value propositions. People experience media differently, and interpret their value subjectively. The individual media experience – which is increasingly the centre of attention for media – is influenced by the user’s context, past experiences, and the other resources available in his/her own network that are being brought into the service experience. This is in-line with S-D logic which suggest that the multiple relationships in the user’s economic and social context contribute the value creation, and before the value can be realized, the input from the provider is integrated with other resources (Vargo & Lusch, 2011). The findings of this study show how this is very much apparent in online and offline media communities where people are empowered to engage and interact to co-create value. It is increasingly acknowledged that customers have an essential role in the success of media firms. Consequently, the authoritarian journalistic power that has yielded media products is being replaced with ecosystems thinking; media brands are co-created with customers, partners, allies, and competitors within service systems. Smaller streams of revenues are drawn from service-dominant offerings rather than solely from product and audience sales.

(2) Strong theoretical analysis on business models in the media content industries, and newspaper and magazine publishing in particular, has been lacking.

It is generally suggested that the business model approach should be verified via application (Fielt; 2012). This study uses the business model construct as a tool to understand the transition taking place in magazine publishing companies and the industry as a whole; the study thus incorporates both theoretical and empirical analysis on business models. This way of studying business models is referred to as a transformational approach where both the changes in the business model itself and the content of change in a specific context are examined (Demil & Lecocq, 2010). In specific, the results show how the various building blocks in a business model should be changed when G-D logic is replaced with S-D logic. Research on the transforming business model is particularly topical, because the field of media management is at an important crossroads in the new global competitive marketplace (Albarran, 2006).

Furthermore, research on managing change has been raised as particularly important within the media management scholarship (Küng, 2007; Mierzewska & Hollifield, 2006). This study has used a futures studies perspective to identify the possible consequences of the current strategies to the industry’s development. The futures approach has been chosen, because it enables organizations to update their strategies in response to the changing external environment (Rohrbeck, 2012). Foresight is introduced as a method or tool to identify S-D logic as an alternative way of creating value for customers (cf. Rohrbeck & Gemünden, 2011; Vecchiato & Roveda, 2010). It pinpoints how media organizations can create their own futures instead of merely reacting to the changes in the external environment (cf. Daheim & Uerz, 2008). However, the common mental models found in the
industry that may slow down change need to be identified and reshaped (Rohrbeck, 2011; Vecchiato & Roveda, 2010)

(3) Systematic applications of service-logic to business model design are only beginning.

This study integrates the business model thinking with service research. It identifies the key components of a business model based on service-(dominant) logic, and in this way answers the need to concretize S-D logic. Simultaneously, it aims to strengthen the theoretical basis of business model constructs that several researchers have considered deficient (Al-Debei & Avison, 2010; Fielt, 2012; Teece, 2010). The business model construct usually consists of four main components: resources of a firm, value proposition, market characteristics, and revenue model (Seppänen & Mäkinen, 2007). This study has opened up these components in the S-D logic framework. Following the argumentation of others (Nenonen & Storbacka, 2010a; Zott & Amit, 2010), the S-D logic based business model has been depicted to show the managerial opportunities from the focal company perspective. The findings of this study argue, that the previous proposals which have applied S-D logic to business model thinking have either been too complex and unable to function as managerial tools, or have not taken the focal company perspective thus lacking the central function of a business model (see for example Fielt, 2012; Rampen, 2011; Zolnowski et al., 2011).

The study includes both a generic representation of S-D logic based business model, and real-life illustrations about its implementation in the media industry (cf. Demil & Lecocq, 2010). The model replaces the value-chain view of separating the provider and the market with a service ecosystem perspective suggesting that customers and partners are important actors in both value co-creation and resource integration. The value proposition has an important role as a mediator in the continuous interaction between the two, depicting the way in which a firm aims at contributing to the value creation of its customers thus generating value and resources for itself (Vargo & Lusch, 2011). The findings of this study strongly suggest that the significance on material products and individual services has not disappeared (cf. Ramaswamy, 2011). In effect, following the empirical observations from magazine publishing, the configuration of offering has become even more important as firms aim at satisfying customer needs via an increasing number of channels (cf. Seck & Philippe, 2013). Furthermore, this study revealed some starting points for the analysis of the linkages of financial issues to the co-creation of use value in the media context. The discussion about financial issues such as productivity and profitability is only beginning in S-D logic.

(4) Research on the contribution and challenges of S-D logic in the analysis of service management and innovation has emerged only recently.
Because of the increasingly competitive marketplace, strategic and innovation management have been raised as the key research areas in the media management and economics scholarship (Mierzewska & Hollifield, 2006). The findings of this study identifies the production of service offerings and the related reformatons taking place in magazine publishers’ processes, strategies, and corporate cultures, as well as the central challenges and discontinuities when organizations are faced with such changes. For example, the lack of clearly defined service strategies, inability of seeing services as value-adding or their financial potential, and the challenge of making the appropriate attitudinal change were in many cases hindering the ability to seize service opportunities in the interviewed firms, thus supporting the findings in service management literature (Gebauer et al., 2005; Gebauer & Friedli, 2005; Mathieu, 2001; Oliva & Kallenberg, 2003). Also, the findings show how publishers build and maintain the infrastructure for engagement platforms which facilitate the co-creation of value, promote a positive overall media experience, and customer loyalty. An engagement platform – an online and offline community, for example – is where the actual service process (i.e. co-production) takes place. The findings similarly highlight increased resource integration from media ecosystems that cross traditional industry borders. For example, media firms are partnering with private medical clinics and brand owners to offer new services.

The findings confirm that following an increased service-orientation, new kind of skills are being emphasized (cf. Nair et al., 2013). In specific, in accordance S-D logic and the effectual approach (cf. Read et al., 2009) the findings point to the fact that a resource can be more or less valuable depending on how it is used. Moreover, the effectual approach becomes apparent in explaining the transfer from traditional R&D activity to experimental innovation and the consequent changes in publishers’ corporate culture (e.g. the fostering of innovativeness and transparency in communication and work practices).

(5) Studies on servitization have generally concentrated on manufacturing and B2B contexts.

The findings of this study show how the case industry is showing resemblance to many manufacturing industries in adopting service-based strategies to remain competitive. This is largely due to the same external market forces that are shaping both B2B and B2C markets: technological development leading to increased competition, changing customer demands and needs, decreasing product margins and ability to differentiate, cyclical economic climate, and the need for new and stable sources of revenue. Media has to a great extent been protected from heavy competition in the past, which has now ended due to the changes in the markets and technological development. Media are facing fierce competition which requires new understanding on markets and competition (Albarrán, 2006; Picard,
Media organizations are increasingly turning to services (Picard, 2005) for gaining sustainable competitive advantage.

This study extends servitization to the B2C context away from traditional B2B manufacturing. However, the study also incorporates the approach of S-D logic which is seen to reduce the gap between the separated thoughts of B2B and B2C marketing (Vargo & Lusch, 2008c). The separation of B2B and B2C dates back to the introduction of the monetary system where people became consumers, exchanging money for the goods of producers (Wieland et al., 2012). In essence, Vargo and Lusch (2011) argue 'it's all B2B', namely, that all actors – including people and firms – involved in economic exchange are at the same time integrating and providing resources for value co-creation. This perspective makes the separation between the two extinct. The authors introduce a more generic ‘actor-to-actor (A2A)’ orientation, which underlines this perspective: seeing all economic exchange activity as B2B. The findings of this study support this thinking; also consumers create value for the providers in many ways. Online and offline media communities are illustrative examples of this perspective. In-line with a traditional B2B view, the end-customer using the media product can be seen as a partner co-creating the service, and not primarily as a target which is often emphasized in B2C marketing.

Studies on servitization have traditionally assumed that firms move from simple to more advanced services along with organizational cautiousness and adaptation. The findings in this study comply with recent views (for example Kowalkowski et al., 2013; Turunen, 2011) suggesting that servitization is not necessarily a sequential process. In media there is no separation between simple and advanced services, only an offering that has become more relevant to its user because of an increased service-orientation. Media firms are servitizing by introducing service dominant offerings (i.e. products, services, interaction, and information; Grönroos, 2008) around strong brands that engage consumers and partners in co-creation of value and co-production of service. This challenges the general line of thought of seeing services as value-adding activities in value propositions (Baines et al., 2009; Gebauer et al., 2005; Vandermerwe & Rada, 1988).

The linkage between industry servitization and S-D logic is not always clear in scholarly discussion.

This study illustrates how the media industry is at the same adopting a new competitive strategy adding services to the total offering (i.e. servitizing) and a new value-creation perspective (i.e. S-D logic), and their implications on the business practices. In specific, it shows how one affects the other: adding services to the total offerings contributes to the awareness of the significance of consumer-orientation and value co-creation. Also, the findings elevate the understanding on the main differences between the two approaches. In particular, how servitization distinguishes between products and services and assumes that firms can create
value, and by contrast how S-D logic only sees goods as output and vehicles for service provision and assumes that value is always co-created. Following the thoughts of Kowalkowski (2010) the findings confirm that servitization and S-D logic are two separate phenomena or transitions which in the case of media are taking place simultaneously. This study however also pinpoints some of the commonalities that can be found in servitization and S-D logic research. For example, both schools of thought emphasize the need for a deep understanding on the customer needs and circumstances (Gebauer et al., 2005; Raddats & Easingwood, 2010; Vargo & Lusch, 2004a, 2008b).

5.4 Recommendations for further research

S-D logic is a work-in-progress. It is open sourced to scholars to test it in real-world organizational settings to augment its theoretical and practical relevance. (Gummesson et al., 2010; Vargo & Lusch, 2004a, 2008b) The findings of this study suggest that a change towards growing value-orientation and service-based thinking is apparent in magazine publishing. The scarcity of empirical studies on both servitization and value-based perspectives in the media management and media economics scholarship welcomes further research, but also critical discussion. Particularly S-D logic requires fundamental changes in the managerial worldviews (Lusch & Vargo, 2008; Maglio et al., 2009), thus necessitating profound discussions in the field. These two phenomena should be empirically studied outside the magazine publishing sector in other media sectors to increase the generalizability of the results in explaining media industry transformation.

Further analysis is welcomed on the implications of servitization in the media sector, since research on servitization strategies generally have concentrated on manufacturing contexts (for example Gebauer et al., 2005; Kowalkowski et al., 2012; Neely, 2008; Oliva & Kallenberg, 2003; Raddats & Easingwood, 2010). Also, the adoption of S-D logic is an area where further studies would also be of great benefit. The author encourages research into new areas when it comes to the common processes, mental models, strategies, and corporate cultures found in the media industry, which lock-in to the traditional goods-dominant thinking. This is important, because it is extremely difficult, although necessary, to depart from the old habits when adopting a service-orientation and a new value-creation perspective (Kindström & Kowalkowski, 2009; Lusch & Vargo, 2008; Payne et al., 2008). In effect, media management scholars have invited new research endeavours on changing business models and strategy processes within media organizations, especially when it comes to managing organizational change – the structure, people, and the processes (Albarran, 2006; Küng, 2007; Mierzewska & Hollifield, 2006).
This study introduces a service-logic business model that requires further validation and application outside the case industry. In specific, the study raises two major issues related to the specification needs of S-D logic in this context, which need more detailed research. Firstly, the findings suggest that the design of individual products and services as an integral part of the value proposition cannot be neglected even if service-provision is emphasized (see also, Ramaswamy, 2011). Secondly, the analysis on the financial aspects of organizations is only beginning in S-D logic context requiring further research. Furthermore, the study has selected the transformational approach in business model research (i.e. looking at the change of the business model itself and using the construct as a tool to address the change taking place in the context of magazine publishing; cf. Demil & Lecocq, 2010) which need further validation. In regard to the application of the developed service-logic business model, the case studies should be validated with bigger samples from both the magazine publishing industry and other industries.

The business model construct developed in this study is an attempt to answer the question how customer value is turned into profitable business. However, there is a need for a more specific research in this area. In particular, more knowledge is needed on how to measure and monetize the use value. The finding of this study suggest that media are increasingly focusing on the service experience which concentrates on the phenomenological side of value creation (see also, Helkkula, 2010; Napoli, 2011, 2012). This area of research is particularly interesting, but challenging (Chesbrough & Spohrer, 2006). For example, Maglio et al. (2009) argue that the measurement concept stems from the fundamental economics worldview, which does not comply with service-thinking. Solving this question would however increase the applicability of the new logic in the media management practice, especially in the current situation where the industry is struggling for its survival.

The findings of this study also suggest that brands have become important operant resources for media firms. However, there is still little research within the media management domain on media brands and brand management (Arrese Reca, 2006). Especially the dynamic and iterative process of co-creation of value in media brand communities is an area of research that would benefit both the media management domain and S-D logic, because brand value refers to the ‘perceived use value determined collectively by all stakeholders’ (Merz et al., 2009, p. 329).

Entering into service-thinking suggests that the focus is put on the distribution of competencies and connecting value propositions in value networks, or service systems (Maglio & Spohrer, 2008). Firms that adopt S-D logic need to develop new strategies and practices for managing interactions with customers and partners (Vargo & Lusch, 2004a; Vargo et al., 2008). The findings of this study confirm that service business model innovation, the distribution of resources, and value propositions connecting members in media ecosystems are especially fruitful.
areas for future research. The media ecosystem should be explored, to gain deeper understanding on the different stakeholders in it and how each entity creates and captures value. Also, the capabilities related to the adoption of value and service-based perspectives are an important area of research, to give insight on the capability development needs. Strategies and practices related to the management of interactions within ecosystems, and the development of services are topics where further research is encouraged. This study has introduced only a handful of topics that assist in understanding the on-going industrial change towards service business. Therefore, new topics on business practices with further analysis are highly encouraged to better understand the usefulness of S-D logic in the analysis of industrial transformation.

5.5 Managerial implications

With the aim of advancing both theory and management practices a researcher is confronted with the basic dilemma of trying to combine the needs of academic world that rewards description driven and problem focused research with the professional world that rewards prescription driven and solution focused research (van Aken, 2004). The aim of this study is to provide answers to both needs.

The media industry is undergoing major changes due to the increasingly unpredictable business environment. This study uses comprehensive case illustrations to pinpoint why and how an alternative logic of doing business should be adopted in order to gain sustainable competitive advantage. On one hand, it proposes that media is fundamentally service, not a product. On the other hand, it suggests that a new competitive strategy based on services is being adopted (i.e. servitization). Both perspectives set completely new requirements for the firm and affect its long-term survival.

The main emphasis of S-D logic has been on the theory development. However, Vargo and Lusch (2008a) have identified some managerial implications, which will be discussed next. The empirical findings of this study indicate that these aspects have very specific meanings in the media management practice.

(1) Moving the focus from being a provider making goods or services to assisting customers in their value creation process.

Seeing media as service instead of a product is not a new concept. Digitalization is now making the service-for-service exchange, which has always been present, more visible. Media have long traditions of seeing their primary purpose as serving their audiences and the social responsibility, not necessarily maximizing their financial returns. This dates back to the ownership structures, a great deal of media firms having been owned by their founding families with less emphasis on
money and more on, say, benefits such as prestige (Picard & van Weezel, 2008; Picard, 2006). Media products are categorized as experience goods that are valued while being consumed, which pinpoints to the subjective nature of media experience, and to the direction of S-D logic. Fundamental in this mind-set is that media products and services are being bought because of the service they render. They satisfy specific needs. The media vehicle is only technology, a distribution mechanism for the provision of higher-order benefit or service and an enabler of experience. Placing a premium magazine on the coffee table gives certain pleasure to a home-décor enthusiast. Reading a weekly gossip magazine while waiting for the appointment at the dentist makes the wait more tolerable. Or waking up on a Sunday morning for the explorations of Jacque-Yves Cousteau and his crew on the Calypso makes some people want to stay in bed. Following an insight that was told in an interview – the opening quote of this book – the emphasis should increasingly be put on the understanding what makes a good experience enabling customer analysis based on use value of service, and less on the segmentation of customers based on demographics to offer them segmented contents to maximise exposure (i.e. seeing customers as targets to whom value is sold). Better understanding on the situational factors and context that determine the service-related experience is pivotal in a value-based view (Lusch et al., 2007). Oliva and Kallenberg (2003) suggest it is typical to change the focus from product efficiency (value-in-exchange) to the offering’s effectiveness in the user’s context (value-in-use) when services are added to product offerings. S-D logic emphasizes the value-in-use during the whole lifetime of the product, not only the value-in-exchange which is very much the case in valuing media. The role of the firm is to provide the context and infrastructure to which individuals bring their own unique situational contexts that shape their experiences (Prahalad & Ramaswamy, 2004).

The findings of this study confirm that the tradition of measuring, conceptualizing, and monetizing media usage (i.e. exposure) in audience information systems does not capture the subjective nature of media experience (cf. Calder & Malthouse, 2004; Napoli, 2011), and the idea of assisting customers in the value creation process. The challenge, then, becomes how to concretize, measure, and monetize the service experience and the phenomenological side of value creation. Following Chesbrough and Spohrer (2006), measuring service productivity, quality, and innovation is a great challenge. Maglio et al. (2009) further suggest that the fundamental measurement concept dates back to the economics worldview, which does not comply with service-thinking. This study makes similar observations: the traditional audience information systems – the dominant designs – are out-dated and do not fit the world of S-D logic. With the aim of providing an answer to the question of how customer value is in fact turned into profitable business, this study developed the service-logic business model construct to function as a management tool, and is described in detail in Article 3 (Chapter 4.4). The opportunities and challenges associated with the transformation to the new mind-set are described more profoundly in Article 4 (Chapter 4.5).
(2) Seeing value as being co-created with customers and partners instead of thinking it as being produced and sold.

The current focus in media management practice is still to a great extent on the cost-efficient management of content creation and delivery in the value chain, and on technology. The publishing industry, for example, is departing from the traditional paper and printing industries into information and knowledge content industries; that is, from the creation and distribution of printed products to the activity of gathering, creating, packaging, and storing information (Picard, 2002). However, the findings from magazine publishers in this study suggest there is a gradual shift from treating readers as audiences to gathering communities where people create value by engaging; co-creation is becoming a norm in service innovation. Entering a value-based mind-set means that the boundaries between internal business units and between the firm and the outside environment should be broken down to leverage the portfolio of competencies that exist within the external environment (i.e. partners, suppliers, customers); ideas have to be increasingly taken outside specific organizational units and outside the firm (Prahalad & Ramaswamy, 2004). The doors, behind which product and service development is still to a great extent exercised, should be opened. In fact, resources that enable service provision are drawn from the ecosystems. Within service systems the sales unit is a flow of service, which is a carefully considered configuration of offerings and partner networks, and payment mechanisms for providing and maintaining a certain level of service (Lusch & Vargo, 2008). Central in this practice for media is the development of strong brands with strong value propositions people can related to, around which the service system can be built. For example, magazines brands which are considered relevant and present in their readers’ life are being co-created with customers and partners. Accordingly, the traditional dualistic revenue structure is replaced with a greater number of smaller income sources co-produced with an increasing number of partners (both within and outside the traditional industry borders) in the business ecosystem.

Media products are often referred to as cultural products (Küng, 2007) or public goods (Albarran, 2002; Chan-Olmsted, 2006a; Picard, 1989; Wirtz, 2011) shaping the attitudes, behaviours, and opinions, as well as peoples’ welfare (Arrese Reca, 2006; Napoli, 1997, 2003a). Media products are also seen as information products referring to the competencies of the individuals producing them (Mierzewska & Hollifield, 2006), or experience brands referring to the feelings and experiences they render (Calder & Malthouse, 2004). Adapting to S-D mind-set inherently suggests ethical and sustainable behaviour (Vargo & Lusch, 2008c). It is suggested media firms have traditionally incorporated a strong sense of social obligation based on code of ethics and morals (Küng, 2007). Recently, however, the increased profitability expectations, concentration of ownership, and demands from advertisers are overrunning the public service concerns (Napoli, 2001, 2006). Media companies are locked in the traditional thinking of creating value which is to
a great extent based on managing cost; the firms’ capabilities, behaviours, and infrastructures seem to be based on this view (cf. Prahalad & Ramaswamy, 2004).

(3) Considering organizational resources in terms of knowledge and skills, not primarily as tangibles.

Vargo and Lusch (2008c) argue, that a G-D mind-set treats employees as under-valued operand resources who in many cases are easily replaced. S-D logic in contrast considers employees as operant resources and key sources for innovation, who are empowered to value co-creation. Knowledge embodied in people is seen as the main source of competitive advantage and firm value (Lusch et al., 2007; Vargo & Lusch, 2008c). Thus, a firm should continuously invest in developing the specialized skills and knowledge of its workforce which is the main source for economic growth (Lusch & Vargo, 2006a). In specific, organizations should develop internal competencies and a corporate culture for being able to work with other actors openly and truthfully (i.e. collaborative capability), and for absorbing important information from the environment (e.g. trends and know-how) and transforming this knowledge into organizational resources (i.e. absorptive capability; Lusch & Vargo, 2008). Organizations should also be able to adjust themselves to the changing climates (i.e. adaptive competence; Lusch et al., 2007). Vargo and Lusch (2004a, 2008c) and Lusch and Vargo (2006c) have further identified transparency and symmetry of information in all exchange relations – with employees, customers, and partners – to be key when entering the service mind-set. In reality the achievement of information symmetry and transparency may prove to be a great challenge, particular when politics and power play are involved (Kowalkowski, 2010; Napoli, 2011; Viljakainen, 2013a, 2013b). However, it is key success factor when adapting to S-D logic.

Media workers are a creative workforce and a core strategic resource for gaining sustainable competitive advantage (Caves, 2000; Lavine & Wackman, 1988; Redmond & Trager, 1998). The quality of media is dependent on the talent, creativity, idealism, and vibes of media workers, and thus, they are the most valuable resource for a firm (Arrese Reca, 2006; Mierzewska & Hollifield, 2006; Redmond, 2006). Creativity is a critical resource for media (Küng, 2007), since the process of content creation is heterogeneous and nonstandardizable (Chan-Olmsted, 2006b). Furthermore, the content’s value is uniquely determined by the beneficiary (Chan-Olmsted, 2006a; Napoli, 2006) in the use context. Knowledge embodied in media content production and delivery has always been the key source of competitive advantage for media – a viewpoint emphasized by S-D logic. Nevertheless, because of the competitive pressures in today’s business environment media professionals are increasingly seen as assembly line workers who are replaceable, largely because they create standardized products (Rolland, 2003).

Adapting to S-D logic will place new demands for corporate culture and leadership. For example, the interactions between management and employees in S-D
logic are based on trust, openness, and dialogue. (Lusch et al., 2007; Vargo & Lusch, 2008c) This study has made similar findings. For example, interviews with magazine publishers revealed the increased need for openness and transparency in communication and work practices. Reducing middle-management layers was suggested to open up work communities. Furthermore, top management was seen as having the responsibility to create an environment that contribute to a higher uncertainty tolerance and which inspires employees to innovate, and bring ideas forward. Fostering a culture where mistakes are allowed and new leadership skills to say ‘yes’ instead of ‘no’ to new ideas were raised as pivotal. The findings of this study also captured the need for developing capabilities that enable the firm to sense and seize opportunities and reconfigure its assets to break free from the old recipes. Adaption to value-based thinking means that knowledge should be transparent to all workers, not just top management (Prahalad & Ramaswamy, 2004).

(4) Increasing efficiency through effectiveness instead of making efficiency primary.

A goods-dominant mind-set emphasizes the primacy of efficiency (Vargo & Lusch, 2008a). S-D logic does not discard the importance of efficiency for organizational well-being, but rather, it proposes that efficiency is the result of being effective in creating customer well-being (Vargo & Lusch, 2008c). Efficiency and effectiveness are complementary, not mutually exclusive; effectiveness is the pathway to efficiency (Vargo & Lusch, 2008a). Consequently, S-D logic recommends that firms should consider financial feedback as a way to learn to get better at serving customers and not focus solely on profit maximization (Vargo & Lusch, 2004a; Vargo, 2009).

Emphasizing the primacy of efficiency and financial return does not comply well with the structures, cultures, and overall atmosphere of media organizations (Redmond, 2006). Van Weezel (2009) found in his study on newspaper publishers that outsourcing has a negative effect on company performance. Findings of this study however suggest that cost cutting is currently implemented in publishers' infrastructure and editorial staff where large investments are tied. Reusing of old material and outsourcing to increase efficiency are typical efforts to cut costs. Physical reorganizations of editorial rooms are being carried out, to increase efficiency. Redmond (2006) has shown that emphasizing the primacy of efficiency in media organizations may in fact cause considerable loss in organizational effectiveness. He further suggests that by helping employees to perceive themselves as stakeholders in the firm’s success may in fact increase their dedication, and thus, the overall effectiveness of the firm. Creative media workers are seen as being especially receptive to empowerment.
(5) **Seeing customers as resources, not handling them as targets.**

Following S-D logic the environment is a resource that firms should benefit from and co-create with. The fundamental premise in this logic is that firms operate as part of value networks, and therefore can draw upon the collection of resources. Service provision means that resources are combined and integrated from the network (Vargo & Lusch, 2011). This means that customers, too, are resources capable of creating value by performing actions to other resources (Lusch & Vargo, 2006a). Media can no longer consider themselves as value-distributors, because of the active role of media communities where co-creation of value takes place. Consequently, the focus should be shifted from positioning the firm and managing product development in the value chain, to the thinking of how the resources in the value network can be reconfigured and mobilized. Because of the increasingly unpredictable environment the ability to recognize future opportunities based on historical data is diminished, suggesting media firms are entering into experimental development away from the traditional market research activity that focuses on consumer segmentation based on demographics (cf. Normann & Ramirez, 1993). The findings of this study suggest that media are experiencing a challenge for maintaining customer understanding, because of the dynamic nature of customer needs and wants. S-D logic nevertheless stresses that a lack of deep understanding on the customer needs and circumstances does inhibit the ability to develop economically sustainable offerings (Vargo & Lusch, 2004a, 2008b). Building and maintaining long-term customer relationships that enhance well-being, and acknowledging that customers are valuable resources who should be invested in is key when entering the S-D logic mind-set (Vargo & Lusch, 2004a, 2008c).

The findings of this study clearly suggest that media users have become active resources who create for themselves and co-create with others and this activity does not comply well with the traditional management and economics thinking (cf. Gummesson et al., 2010). Thus, the practices and mental-models should evolve. Adapting to S-D logic means that media firms need to develop new strategies and practices for managing the interactions not only with partners, but also with customers (cf. Vargo & Lusch, 2004a; Vargo, Maglio, & Akaka, 2008). Information being exchanged should be based on honesty, symmetricity, and transparency as customer engagement has become increasingly important in service innovation (Lusch & Vargo, 2006a). This study argues that the tradition of measuring and monetizing media audiences represents a goods-dominant mind-set: customers are segmented recipients of media products that are seen as operating in a sequential manner (first becoming aware of a product, thereafter interested, loyal, appreciative, and finally buying the product) when presented with the right stimuli through the right channel, for a number of times. Therefore, the system should be renewed to present the insight that customers are resources, not targets.
In line with the emphasis on interaction with the environment, customers should be seen as a resource that co-creates value and co-produces the service while operating as part of his/her network. The value of the product or service is determined experientially by the customer in the use context, and is profoundly influenced by the other actors in the network, because his/her resources are integrated with those found in the network. Thus, the value propositions a firm can offer should be different from one to another. S-D logic proposes that the main role of a firm is to act as the resource integrator providing inputs into the value creation activities of its customers, which is a quite different role to which media is accustomed. The study suggests that media are adopting service-dominant offerings that consist of not only goods, services, and information, but also interactions which clearly reflect the necessity of network thinking. For example, the online community for Finnish Vauva [Baby] magazine yield network externalities (Shapiro & Varian, 1999); the more mothers discussing issues related to baby care, the more valuable the community becomes for everyone – the users, media, and the partners. Or the idea of offline services, where the service is co-produced with partners and wrapped around strong content brands, and where the service is an input for the value creation activity of the customer. For example, Cosmopolitan magazine is organizing beauty consultancy and fashion evenings to its subscribers. However the dominant logic in audience sales is still to a large extent the monetization of contacts – the exposure – because it is what global advertisers are accustomed to buy. The findings of this study suggest that the tendency to see customers in the context of their networks is becoming a norm in service innovation, and now it ought to be incorporated to the other functions and mental models, too.
References


Journal on Media Management, 9(2), 77–86.
doi:10.1080/14241270701263988


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Appendix A: List of interview topics in Articles 1 and 2

(1) What is the state-of-the-art of national audience information systems (AIS)?
   • What kind of AIS data exists?
   • What is the extent of comparability between AIS data?
   • How can comparability between AIS data be reached?
   • What is the basic need why comparability is sought? For whom?

(2) Why are consumer-centric AISs being built?
(3) How are they built? Who initiated them? Who are the stakeholders?
(4) How did the process go?
(5) What were the critical success factors in the building process?
(6) What were the bottlenecks?
(7) Who holds the power in the local advertising markets? Why?
(8) Is the power structure changing? Why?
(9) What are the resources and competencies of the different stakeholders?
(10) How are resources mobilised and integrated to build new AISs?
(11) What opportunities and threats are presented in the process, and for whom?
(12) What kind of added value or synergy exists in integrating existing AIS data?
    And for whom?
(13) What is the strength of each AIS?
(14) What data is needed to be able to better serve consumers and advertisers?
(15) What is the media use data we need? Why?
Appendix B: List of interview topics in Articles 3 and 4

(1) What are the current external trends in magazine publishing?
(2) How are they affecting the firm? How is the business changing? Why?
(3) What impact do they have on the organisational practices and strategies?
(4) What is the lifespan of offerings? How is it changing?
(5) What kind of changes are undergoing or expected in the value chains?
(6) What is the future of magazine publishing?
(7) What are the new revenue models?
(8) How are new products and services being developed and launched now? In the future?
(9) What kind of new service offerings are being developed now? In the future? For whom?
(10) What is the impact of services to company practices?
(11) How do publishers gather consumer insight? Have the methods changed?
<table>
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<tr>
<th>Title</th>
<th>Exploring the transformation of media sector through the lens of service-dominant (S-D) logic</th>
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<td>Author(s)</td>
<td>Anna Viljakainen</td>
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| Abstract | This thesis explores the on-going change in the media sector, using service-dominant (S-D) logic as a lens to explain it. The starting point is the basic premise of S-D logic: value co-creation between customers, partners, employees, and competitors. The novelty in this work is the application of (S-D) logic in the context of industry transformation. Another aim is to introduce service management to the field of media management and economics. The study also offers tools for media professionals in their search for sustainable competitive advantage.  
  
Two research questions structure the work: (1) how does a transfer from a goods-dominant to a service-dominant logic manifest itself in the current business practices and future trends in the media industry, and (2) what are the central topics to understand better the on-going change in the media sector. Case studies have been carried out with face-to-face semi-structured interviews (n = 50).  
  
The main result is that the traditional media industry is transforming towards growing value-orientation and service-based thinking. The industry is also ‘servitizing’: the companies provide service offerings in addition to material products. A central driver is technological change, which modifies media consumption habits and causes fragmentation of media and audiences. A change is also taking place in the way in which media firms perceive their audiences and the opportunities for value creation. Media business is an illustrative example of the shift to assisting customers and to sustaining communities where people create value by engaging. In this new world resources are being mobilized and integrated from a service ecosystem that crosses industry borders. On the other hand, traditional media is heavily goods-oriented and the adoption of the new perspective is challenging.  
  
Two theoretical constructs summarize the findings: (1) a trend analysis, and (2) the business model approach. The trend analysis shows the opportunities available for media companies in the creation of their own futures - instead of merely reacting to external changes. The business model construct crystallizes the industry transformation towards S-D logic. Both can be used for deepening the research in media management. A contribution to S-D logic is the integration of its core idea of value co-creation with the design of individual offerings. |
ISSN-L 2242-119X  
ISSN 2242-119X (Print)  
ISSN 2242-1203 (Online) |
| Date | March 2015 |
| Language | English, Finnish abstract |
| Pages | 146 p. + app. 78 p. |
| Name of the project |  |
| Commissioned by |  |
| Keywords | service management, service-dominant (S-D) logic, business models, media management, industry transformation, futures studies, foresight |
| Publisher | VTT Technical Research Centre of Finland Ltd  
P.O. Box 1000, FI-02044 VTT, Finland, Tel. 020 722 111 |
Nimeke
Palvelukeskeinen logiikka näkökulmana mediatoimialan muutoksen tutkimuksessa

Tekijä(t)
Anna Viljakainen

Tiivistelmä

Väitöskirja keskittyy kahteen tutkimuskysymykseen: (1) kuinka siirtymä tuotelähtöisestä palvelukeskeiseen logiikkaan ilmenee mediateollisuuden nykyisissä käytännöissä ja tulevaisuuden trendeissä, ja (2) mitä keskeisiä aiheita pitäisi analysoida tarkemmin, jotta vaalien olevaa media-alan muutosta voidaan paremmin ymmärtää. Työn tulokset pohjautuvat tapaustutkimuksiin ja teemahaastatteluihin (n = 50).


Väitöskirjassa käytetään kahta teoreettista lähestymistapaa, jotka kiiyttävät löydöksiä tarkemmalta tasolla: (1) ennakkointia ja trendianalyysia sekä (2) liiketoimintamallia. Ennakkointia käytetään menetelmänä tunnistaa keinoja, joilla mediayritykset voivat luoda omaa tulevaisuuttaan eikä vain reagoida muutoksiin ulkoisessa ympäristössä. Liiketoimintamallit toimii työkaluna tunnistaa toimialan tasolla tapahtuvaa muutos kohti palvelukeskeistä logiikkaa. Palvelukeskeisen logiikan osalta työ korostaa yksittäisten tuotteiden ja palveluiden suunnittelua arvon yhteisluonnin lisäksi.

ISBN, ISSN
ISSN-L 2242-119X
ISSN 2242-119X (Painettu)
ISSN 2242-1203 (Verkkojulkaisu)

Julkaisuaika
Maaliskuu 2015

Kieli
Englanti, suomenkielinen tiivistelmä

Sivumäärä
146 s. + liitt. 78 s.

Projektin nimi

Rahoittajat

Avainsanat
palveluiden johtaminen, palvelukeskeinen logiikka, liiketoimintamallit, mediajohtaminen, toimialan muutos, tulevaisuuden tutkimus, ennakkointi

Julkaisija
Teknologian tutkimuskeskus VTT Oy
PL 1000, 02044 VTT, puh. 020 722 111
Exploring the transformation of media sector through the lens of service-dominant (S-D) logic

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