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“They’re a Little Bit Squeezed in the Middle”

Strategic Challenges for Innovation in US Metropolitan Newspaper

Organisations

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This paper focuses on media innovation among publishers of metropolitan newspapers in the United States, in cities such as San Diego, Boston, Miami, Philadelphia and Dallas. The situation for metropolitan newspapers is difficult, as they fall between national newspapers, which can aim for extending their reach both nationally and globally, and local newspapers, which have a smaller cost structure and can cater to a more limited, and often more engaged, audience community. Our paper demonstrates that there seems to be great awareness of what can be done by US metropolitan newspapers, but managers are struggling with constraints, such as lack of financial and human resources and general organisational anaemia.

Keywords: metropolitan newspapers; innovation; strategic management; United States

Introduction

This paper focuses on media innovation among publishers of metropolitan newspapers (shortened in the following as “metro papers”), which are the most high-profile newspapers in US cities and states – in this case, newspapers in cities such as San Diego, Boston, Philadelphia, Miami, and Dallas. Metro papers represent only 2% of all newspaper titles, but 30% of all newspaper circulation in the United States (Reader, 2018), and therefore deserve more attention from researchers than they have thus far. The situation for these newspapers is difficult as they fall between national newspapers (*New York Times*, *Washington Post*, *Wall*

Street Journal, USA Today)¹, which can aim for extending their reach both nationally and globally, and local newspapers, which have a smaller cost structure and can cater to a more limited, and possibly more engaged, audience community.

In the debate concerning the current crisis in the newspaper business, it has been proposed that suitable solutions can be found in innovations, new business models and better ways of reaching out to audiences (Brüggemann et al., 2016). Innovation in the media business concerns change and adaptation to the new strategic environment that is beginning to take shape (Küng, 2017). Media innovation can entail, for example, the development of new platforms and business models or new ways of producing content (Krumsvik, Milan, Ni Bhroin, & Storsul, 2019). At large, the management of innovation should be one of the most critical areas of research in media management and economics (Mierzejewska, 2011).

For newspapers, innovation can be seen as the appropriate response in the face of changing social, economic and technological environments (see Küng, 2013, p. 9). Innovation can be supported by digital tools for creating, managing and distributing various forms of content. Newsrooms today are better equipped to adopt new technology (Kodjo, 2017; Linden, 2017). However, pursuing a continuous and aggressive innovation activity may be challenging for newspaper publishers, who then need to break loose from the old paper production model (Lehtisaari et al., 2018). Guided by the sociology of organisations and institutional theory (Lowrey, 2011), we note that newspaper organisations tend to reproduce the concepts of past successes, focusing on incremental changes (Järventie-Thesleff, Moisander, & Villi, 2014). This paper studies the accuracy of these premises in the context of US metro papers.²

We ask the following research question:

RQ: What factors promote or restrain strategic innovation activities for US metro papers?

The paper contributes to the study of strategic management in the media by describing the contemporary background of strategic innovation activities specifically in metro papers. We shed light on the strategic challenges with a special focus on the factors that promote or restrain innovation in media business models. The paper contributes to the theoretical discussion in the field of media management by arguing that there are several constraints that must be taken into account when applying theories of media innovation. In metro papers, these constraints include declining resources and isomorphic behaviours when faced with uncertainty about the market and new technology.

Our findings indicate that US metro papers are mostly rearranging existing business models rather than experimenting with radical innovations. Imitation and copying are core elements of media innovation (Boczkowski, 2005), but examples of breaking the barriers of legacy media are rare.

As metro papers have a limited geographical space for expansion, they must innovate by generating new sources of income and versatile pricing models for subscriptions. A common new source of income is organising events, which also promotes community engagement. However, these incremental innovation processes might not be enough in the difficult situation in which newspapers find themselves today. This represents a major challenge for strategic management, and there might be a need for newspaper organisations to innovate themselves altogether, aiming for a completely different model of newspaper publishing.

Organisational literature provides robust explanations for the difficulties that metro papers and their personnel are experiencing in adapting to the new environment. For example, McChesney and Nicols (2010) established that newspapers missed out on creating online business models, while Robinson (2011) identified that traditional working practices led to the slow adoption of digital tools. Strategic literature suggests withdrawal of capital

that remains from slowly dying firms and turnaround by investment in new products and services. Metro papers have sold real estate and subsidiaries to withdraw capital or maintain operations and have pursued digital audiences and advertising without notable financial success.

Background

Newspaper companies following a traditional business model are no longer as profitable as they used to be. The decline of print advertising and the growth of online advertising, the distribution of free online content and changes in consumers' media behaviour have combined to undermine the print industry's traditional business model. The basic print business model (Anderson & Gabszewicz, 2006) is clearly no longer working as effectively as it used to because it is based on attracting a mass audience by keeping content prices low and then selling this audience to advertisers who wish to reach them. That model was facilitated by publishers enjoying near monopolies on production and distribution in specific geographical areas, which limited competition for both the audience and advertising. In the digital age, such monopolies are extremely difficult to maintain (Villi & Picard, 2019). At the same time, US newspapers' online offerings generate only limited advertising and subscription revenue, and the weakening print product remains the primary revenue driver (Chyi & Tenenboim, 2017). Thus, technology-driven strategies have not (at least not yet) led to salvation for US metro papers.

It is important to note at the outset that research into innovation within media organisations is very rich and broad, encompassing everything from studies on forms of journalistic innovation and factors that influence media innovations (Storsul & Krumsvik, 2013), to journalistic practices in adopting or resisting innovation (Boczkowski, 2005; Usher,

2014), to more sociologically oriented approaches for managing creativity (Malmelin & Virta, 2016). Given the disciplinary breadth that characterises the field, it is probably not surprising that there are certain interpretive inconsistencies and definitional ambiguities.

This study constituted an attempt to observe and interpret the strategic situation of US metro papers by taking an institutional approach assuming that macro-level forces shape micro-level actions. This assumption is based on the tendency for organisations to resemble one another, termed as “institutional isomorphism” (DiMaggio, 1998). Explanations for this tendency include aspects like external pressures by other organisations or cultural expectations (coercion); responding to uncertainty in the market environment by modelling themselves on similar organisations in the field (mimetics); and professionalisation leading to increased similarities across organisations (normative pressures). Uncertainty about the market and new technology has been the primary driver of isomorphic behaviours. The focal point of this study was to illustrate how organisational and supraorganisational forces affect newspaper organisations. In his empirical study on US news organisations, Lowrey (2011) confirmed that organisational resources (size of the organisation and connectivity with users) alongside market characteristics of news organisations positively influence a news organisation’s ability to spur innovation.

For legacy media rooted deeply in a stable ecosystem of actors, routines, habits and norms, the upheaval brought about by technology and market uncertainty is often felt as a threat. The leap from print to digital publishing and the integration of different content, audiences and producers have been challenges for newspaper companies. It could be said that media innovation is actually less about technology than culture and organisational forms, as hindrances to change are often rather systemic and rooted in established practices and preferred work patterns (Ess, 2014). Also influential is what Deuze (2005) labelled the ideology of journalism – newsroom practices that are embedded in a particular form of

production. Going from products to services, from hardware to software and from audience to users includes changing mind-sets and oftentimes un-learning the trade and its institutional truths (Lehtisaari et al., 2018).

The strategic challenges for innovation (Küng, 2017) are affected by the size and tier of the newspaper. In the United States, there are three tiers of newspapers (Picard & Brody, 1997; Rosse, 1975). First, there is a small number of national newspapers, such as the *Washington Post*, *New York Times*, *Wall Street Journal* and *USA Today*. These newspapers are playing a game of scale, trying to reach millions of people throughout the country and, to some extent, even outside the country. They have sophisticated digital operations and large teams of advanced specialists.

The situation is different when one gets down to the tier of metro papers in cities such as Philadelphia, San Diego, Boston, Miami and Dallas. Such metro papers generally cover a wide geographic area – that is, the metropolitan area plus a group of suburbs or nearby towns. The regional markets are all big markets, but not national ones, which means that the newspapers are inherently geographically constrained to their metro area. Thus, there is a ceiling to what they can do in digital operations and otherwise. Their sellable audience – the audience that might subscribe and that they could advertise against – is essentially quite local.

Lastly, there is the tier of smaller, local newspapers. They often have a very strong focus and bond with a single community, with most subscription and advertising coming from within that market. They are closely aligned to local interests and tend to generate strong community engagement. They benefit from their tendency to have higher household penetration because of the lack of other local sources for news, information and advertising.

Data and Method

This study relied on both quantitative and qualitative data. The quantitative data cover the years 2006 to 2016. This timespan corresponds well with the accelerating digital transition in the newspaper business. The data were collected from several comprehensive datasets, where the major sources of data were the World Press Trends database and the Pew Research Center Newspaper factsheet.

In addition, we conducted 34 interviews with informants across the United States. The interview data were collected in the spring and summer of 2017 by semi-structured interviews with CEOs, editors-in-chief and other managers at US newspaper companies as well as with expert representatives from newspaper associations and universities.³ The interviewees were selected based on the ideal of a representative sample (company size and location) and snowball sampling (Heckathorn, 2011).

The interviews were carried out in a face-to-face setting or via Skype and lasted between 60 and 90 minutes. A semi-structured model based on a uniform set of questions was used for the interviews. The interview instrument consisted of questions divided into the following themes: (a) new business models for complementing and/or replacing old and non-relevant business models; (b) digital products, experiments, and services and platforms; (c) collaborative networks; (d) pricing models; (e) challenges for media management in the current situation; and (f) plans and strategy for the near future.

The qualitative data were transcribed by an external company and analysed by the authors. By applying thematic analysis, the interview material was classified according to the following themes: strategy, innovation, organisation, ownership structure, competition, collaboration, subscriptions, advertising, new income sources, pricing, print, social media, technology, audience and engagement. To discuss the findings, we have divided the themes

into three sections under the subheadings *US Metropolitan Newspapers Squeezed in the Middle* (audience, competition, ownership structure); *Factories for a Printed Product* (advertising, print, subscriptions, pricing, engagement); *Extending into New Businesses, Markets and Technology* (new income sources, technology, collaboration). The themes of strategy, innovation and organisation have an overarching role in the paper.

The results presented in the study are based on all 34 interviews. In the paper, “telling extracts” are reported from the data: articulate and apt expressions representing those views that were pronouncedly expressed by the interviewees (Silverman, 2001). An agreement was made with the interviewees to treat the responses anonymously. Every respondent has been assigned a unique ID number, and we indicate the position along with the quotation in the following way: Chief Executive Officer/President (*CEO*), Editor-in-Chief (*E-in-C*), Corporate Manager (*CM*), Representative of Media Association (*RMA*), Media and Communication Academic (*MCA*) and Media Analyst (*MA*).

US Metropolitan Newspapers Squeezed in the Middle

Metro papers in the United States have historically survived on a mix of local and national advertising and subscriptions. Regional players often experience challenges in digital markets because they have difficulty generating large numbers of online readers by comparison to national papers and because local advertisers and agencies often are not as adept or involved in digital advertising as their national counterparts. Although all newspapers are struggling with the changing fortunes of the industry, metro papers are squeezed between the advantages held by national and local news providers. With comparatively fewer resources, metro papers find it difficult to compete with national news providers, yet they need to cover and serve neighbourhoods, suburbs and smaller cities in the region. Possibly, it is the slightly smaller

metro papers that see even more depressing prospects; they are still metro papers, but are not situated in large cities. In addition, many of them are owned by hedge funds that can be said to care much more about squeezing out profits than providing the public with high-quality journalism. The following quotations encapsulate the views of many of the respondents, especially on how metro papers suffer from being in the “middle”:

They [metro papers] are probably in one of the hardest situations, I think, right now because their markets are disrupted. (...) You have to do all the best stuff well, but you’re not going to be the *New York Times*, where you can get as big and as rich as they are. They’re a little bit squeezed in the middle, and they also have more competition. (...) It’s a tough situation there. (#U27/RM)

Yeah, it’s the big metro papers that are struggling. Because I think they’ve got cost structures that are certainly not like those of the [*Washington*] *Post* or the [*New York*] *Times*, but are still pretty significant – I mean, exponentially larger than a community paper. They’ve got legacy costs of wages that are a lot higher than the digital startups pay. (#U14/CM)

It’s really difficult for them [metro papers] because they’ve lost the local advertising that used to support their business. And they can’t really go national. (#U18/CM)

I think metros are going to keep shrinking and shrinking and shrinking. They offer very little to advertisers that Facebook and Google don’t at a more targeted, efficient level. (#10/MA)

The more local, small town papers can be seen as somewhat more indispensable for readers because there is often no other resource for local news and information. By contrast, in any metropolitan area in the United States, there are at least four news television stations and two or three news or sports radio stations. In larger cities, there are substitutes for newspapers for accessing news and information, whereas more local publications are in many ways better insulated and protected.

So, I think you can be small and local and tightly embedded in your community and probably be okay, and then you can be big and international. I don't know if you can be medium-sized very effectively. (...) So, there's a sort of size gap that you can be on either end of the spectrum, in my estimation, but not in the middle. (#U23/CM)

They [metro papers] can't be all things to all people. They can't be good at covering local news because they can't cover all the communities that they're circulating [to]. They can't be good at covering national news because they don't have the staffing. So, what are they good at? And the problem is they're not good at anything anymore. At best, they're good at covering their core city that they're in. (#U25/CEO)

I mean, one of the things that happened to American newspapers that I really blame corporate consolidation for is that they became totally disconnected from their community, so no wonder no one wants to read them. They're not that important to read, right? (#U33/MCA)

This does not mean that newspapers at the ends of the spectrum would be safe, especially at the local end. Although small-town papers, as compared to metro papers, might

have less competition – in content available for the audience and media platforms available for local advertisers – and a closer connection with their communities, there are signs of the demise of local newspapers in the United States, which can then lead to the spread of “news deserts” (Abernathy, 2018; Napoli, Weber, McCollough, & Wang, 2018). Yet larger newspapers (with circulations of at least 250,000) are more likely than newspapers with a smaller circulation to have experienced layoffs (Grieco, Sumida, & Fedeli, 2018).

Factories for a Printed Product

Something that US newspaper companies certainly have in common is the rapid loss of advertising revenue (Figure 1) and losing the battle against Google and Facebook when it comes to digital advertising revenue. According to estimates (e.g. Richter, 2017), the majority of the growth in digital advertising is going to exactly two companies: Google and Facebook. In general, in the United States, the share of online advertising in 2016 was slightly below 32%. This rather low number is due, for example, to the continued strength of television advertising.

[Figure 1 near here]

Figure 2 indicates how the US media audience is increasingly better equipped for consuming digital media content. However, it should be noted that print is still clearly the most popular way to read a newspaper. In 2015, about half (51%) of the adult population consuming newspapers read only printed newspapers. Less than a fifth (17%) of adults used a computer and/or mobile device to read newspapers.⁴ Therefore, attracting a digital audience is both an

opportunity and a challenge. With its strategy, the *Washington Post* is aiming specifically at increasing its digital audience.

We would love if somehow our print subscription grew, [but] that's not our focus. It's not our goal; our goal, frankly, is to try to keep the rate of decline of print subscriptions relatively low. If we can manage the decline of print subscriptions while we dramatically increase the number of digital subscriptions and the size of the digital audience, that's really the path forward. (#U23/CM)

According to an overview by the Pew Research Center (Barthel, 2017), the growth in digital subscriptions at the *New York Times*, *Wall Street Journal* and *Washington Post* is countered by a decline in the industry overall. Interestingly, the *Washington Post* is a metro paper in print, which targets its print edition mainly at the local audience in Washington, D.C. Online, it is a global newspaper aiming for an extensive worldwide reach.

[Figure 2 near here]

Many metro papers continue to raise the pricing of their printed edition. According to an interviewee (#U17/CEO), the “core” readers are willing to pay for the print subscription almost regardless of how high the price is elevated. Yet those for whom the printed newspaper is not as indispensable do eventually reach a different conclusion.

We looked at the top 25 metro papers including nationals, the top 25 US papers. Guess what? They had almost tripled the price since the recession for a seven-day home delivery. Now a firm price is about \$590 or so per year. Used to be

not even \$300. You increase the price dramatically; are you surprised that print readership has declined? (#U3/MCA)

The challenge for many media organisations is that they are so busy with the operational aspects of digital products that they devote little time to deep strategic thinking, especially in news media companies without personnel specifically assigned to strategy and business development (Villi & Picard, 2019). A representative of a media association provided a good overview of the situation where media organisations are constantly disrupted and the requirements for strategy that this imposes:

I think we in the media sector are now just coming into the world that everyone else has already been in. (...) We [newspapers] were before in this really artificial safe place where it was easy and we didn't have to change that much. (...) General Electric started off making light bulbs and now they make jet engines and healthcare imaging devices, and they have a whole business in financing. They're nothing like what they were in the past. Every three to five years, you have to completely reinvent new lines of business and re-figure out your consumers and launch new things. (...) I think for the most part, that stuff is an opportunity. The flipside of being disrupted and constantly disrupted is that everyone else is too. If you're a publisher today who feels like you're a little behind on this stuff and you didn't quite keep up with the big things from two years ago, the good news is that over the next two years, it's going to be a new game anyway. (...) If you keep wanting to wait to get to the next stable space where it's going to be comfortable, it's going to stop changing; you're just never going to get there. (#U27/RMA)

Innovation can be easier for a newspaper like the *Washington Post*, with resources and talent, but other newspapers should also aim for innovative practices to avoid “failing slowly”.

So, we’re not enthusiastic about failure, but we try not to be slow about it. It’s much worse to fail slowly. If your whole outlook is “How can we hold onto print?” and your metrics tell you can’t hold onto print, then that’s a failing strategy and it’s going to fail very slowly, and by the time it has failed, it’ll be too late. If you look at your metrics and you say “Print is going down”, then what are the other things you could do? (#U23/CM)

However, it can be difficult to build an innovation culture with lean and fast development practices in a legacy media environment that never had R&D departments or budgets (Ess, 2014). Most metro papers are still very much products of the print era. They were designed and run basically as factories for a printed product – as news factories. Based on our interviews, in general, the newspapers know that something needs to be done, but they are not very innovative in refashioning themselves. It is not easy to distinguish what is mere product development or reorganisation and what is real innovation (Krumsvik et al., 2019). Considering this situation, a media and communication academic had a rather grim outlook on the general future of US newspapers, even indicating a “death spiral”:

They [US newspapers] are – not all of them, but most of them – in a death spiral. (...) They sort of cycle through different solutions, like becoming a digital ad agency, trying to become more local, and some of them are becoming

kind of clever at this. Like, developing a really good events business would be another example where you can see they're trying. It's not like they're unaware of what's eating away at their business. They are aware, but ... Truly out of the box attempts, ideas, you don't see that. That's why it's all spiralling down.

(#U28/MCA)

In general, it seems that little effort has been made to profoundly improve existing products or services or better serve core audiences. However, our data do indicate some metro papers moving gradually away from the "general store" model, where they try to cater to everybody with something, and instead have decided to leave certain beats for other media to cover.

We newspapers used to be the general store, so we were like Wal-Mart: there's a little bit of everything and you could find it. And now we've gotta be like a specialty store where, "No, sorry, we don't sell toothpaste". (...) How do we move people and create new beats that we think are gonna have more traffic and speak more to a sense of place? (...) So, for instance, our former movie critic is now our real estate writer. And real estate is huge here. It's a great beat. We get incredible traffic. And the reality is I can get movie reviews from the wires. It was nice to be able to have our own; we were holding onto him, you know. But it just comes to a point where you just realise it doesn't make sense. (#U34/E-in-C)

If a newspaper is in a death spiral (or failing slowly), it can be rather difficult to keep or grow reader revenues when the actual news product is becoming increasingly smaller and,

thus, less attractive to readers. This, in turn, makes the newspaper less attractive to advertisers, which further escalates the spiral. The following quotation summarises well the thoughts of many of the interviewed media and communication academics and analysts:

Fewer people are reading the paper, fewer people are advertising (...). Revenue's going down. Therefore, they cut the staff. Therefore, the product becomes thinner, and it becomes less essential to people's lives. The less essential it is, the fewer people subscribe. (...) What a lot of them [newspapers] are turning to is, "We're gonna get subscribers". And then, the problem becomes, well, you're trying to get subscribers for a product that's actually largely diminished from what it was. People know that. You don't have the ability to drastically improve the product because you're so much smaller than you used to be. (#U28/MCA)

Some comfort may be found in the fact that consumers, including younger ones, are ready to pay for online media content in general, as the examples of Apple Music, Netflix and Spotify indicate (see e.g. Lehtisaari, Grönlund, Linden, & Villi, 2016). Although these online content services represent entertainment media, they can create a "mental model" for pricing, as they can set a limit for what consumers are ready to pay for digital subscriptions to newspapers.

Extending into New Businesses, Markets and Technology

One area of new business that is experiencing rapid growth is the creation of vertical services alongside the core of newspaper publishing. *Dallas Morning News* is a good example of how

newspapers are diversifying sources of income. They have bought companies focusing, for example, on marketing automation, which helps them market on multiple channels online more effectively. They have also started companies on their own, focusing on digital marketing and content marketing. The companies help them in maintaining access to the marketing budgets of advertisers, who otherwise might be tempted to use their dollars increasingly with Facebook and Google. However, this diversification does not seem to solve the problems, as a decline in revenue has forced also *Dallas Morning News* to cut staff; they have determined that their future business will be supported largely by subscription revenue (Halkias, 2019).

The CEO of a newspaper company explained the idea behind providing an “ecosystem” where advertisers are offered a rather comprehensive service package that can keep them better in the grip of the media company:

We said though, before we become irrelevant to these companies [advertisers], we need to find ways that they can invest these growing marketing budgets with us again and recapture some of that share we lost. (...) We decided that we’re going to build what we call a marketing solutions ecosystem. (#U17/CEO)

Importantly, this service ecosystem is strongly connected to the media business. The following quotation reflects well the common understanding in the interviews that media companies, even when starting new ventures, should still act in the media business and not move into any unknown territory:

I think owning 7-Elevens [convenience stores] is a good business, but it’s not what we do. We do two things: we publish content that people want, and I

believe will pay for, and we help companies sell goods and services. That's what we've done for 175 years: publishing, subscriptions, advertising, marketing, selling goods and services. Let's stick to the things we know how to do and not go invest in things that we have no idea [about]. (#U17/CEO)

Extending into new businesses and markets would also require resources that many newspapers do not have, including the metro papers in bigger US cities. A representative of a media association underlined realism in how much US metro papers can invest in new ventures and can afford to take major risks:

They [US newspapers] really decided early on, several years back, that there have to be other slices of this pie if this is going to work. We can't just keep thinking that mixing print and digital advertising is going to somehow magically rise up and sustain us as a business. They really aggressively have gone out and built marketing services, business-to-business services. They do marketing and other advertising services, client consulting, ad planning, offline events, like real in-person community events that they'll plan for people. That's a really promising model, but it requires you to make investments in growth. That's, I think, a hard thing for a lot of the other markets to do. Say I gave you a business plan and you're running one of these papers that says you can make \$5 million more next year in revenue, but I need you to spend \$2 million to get it. Hire a certain number of people and build the business line to do it. For a lot of them [metro papers], these markets and other owners just aren't in a position to say, "Yeah, you can have the \$2 million". They're just too squeezed for that

stuff. It sounds like too much of a risk. That, I think, is a challenge.

(#U27/RMA)

Technology has come to play a defining role in the new strategic environment for media companies. It is “absolutely intrinsic” (Küng, 2017) to all activities, from creating and distributing content to building a relationship with the audience, as well as serving advertisers with support. Many new media companies, such as Netflix and BuzzFeed, and even some legacy media, such as the *Washington Post*, look more like tech companies than traditional media. There is wide variety in the adoption of new technologies, where some metro papers, such as *Deseret News* in Salt Lake City, have a long history of embracing technical innovation, while others are, owing to path dependency, less comfortable with trying new things.

It seems that in the United States, with the exception of the usual showcases such as the *New York Times* and *Washington Post*, the adoption of new technology is slow and mainly focused on streamlining existing processes to save costs and increase efficiency. There are also different challenges depending on size. For smaller local newspapers, digital opportunities are very limited. The following quotation illuminates well thoughts that seemed rather common at the smaller publications:

I just think some of those toughest months are ahead of us right now: I mean, what we do and how we employ AI [artificial intelligence], how we employ VR [virtual reality], and content automation and personalisation. (#U20/CEO)

Media companies can apply agile methods for creating new products, whether it is the Scrum model – a simple process for managing complex projects (Schwaber, 2004) – or the

lean startup model – the application of lean manufacturing to innovation with a focus on the end-user (Ries, 2011). These agile methods allow for iterating in short sprints and testing new ideas quickly. A manager stated that this had helped the company successfully deal with uncertainty, for instance, the frequent but unexpected changes that Facebook implements in its approach to media content:

I think that's helped us... just that the model even has built in failure. I mean, you know you are going to fail, you know not everything is going to work out.
(#U6/CM)

According to an expert interviewee, metro papers are now in a position where they could learn from each other, possibly even innovate together. In the United States, the disruption has reached a point where newspaper people have no doubt in their minds that they have to find new ways of doing things and be open to change (Lehtisaari et al., 2018). Newspapers seem to be ready to join forces in tackling issues that concern the whole industry, for instance, by exchanging information on effective practices (see Baumann, 2013). The following interviewee referred to this as “collaboration”:

The one thing that's positive is that there are more attempts for people who learn from each other and kind of work together towards a solution to this. Whereas, before, journalism was notorious for being a lone wolf culture, we'll do it ourselves, and we'll build our own tank. We're special, so what you're designing for us won't work. I think there's more collaboration than there used to be: maybe more institutions that span different players and bring them together. That's positive. There's more recognition that there's no going back.

There's more awareness of just how deep the hole is they're in. There's not as much denial as there used to be. (#U28/MCA)

Collaboration in the past primarily involved US newspapers from widely separated geographic markets and usually focused on business cooperation. Today, cooperation is taking place with geographically closer newspapers as well and involving news content development and cost sharing.

Discussion

Digital media products face entirely different issues that demand different strategies, content and presentation, business models and operating structures. Operating in the digital environment is forcing newspaper companies to make significant investments in technology, software and systems as well as the personnel to manage and operate them. Large newspaper organisations in the United States, such as the *New York Times*, *Washington Post* and *Wall Street Journal*, which have led these developments, perceive those investments as central to their strategies and future growth. However, many smaller media organisations seem to think that they must follow the bigger players without developing their own business models and strategies or without regard to whether they will be equally useful (Villi & Picard, 2019).

Following our research question, this paper contributes to the study of strategic management in the media by shedding light on the factors that promote or restrain innovation in media business models among US news media publishers. We have presented a case arguing for the institutionalism of metro papers and their isomorphic behaviours when faced with uncertainty relating to the market and new technology. In line with Lowrey (2011), we

found that in dealing with uncertainty, managers tend to cling to familiar, available models instead of aspiring for radical change.

There are about 1,350 daily newspapers in the United States⁵, of which only four are national newspapers. There is a world of difference between many metro papers and national newspapers. Our study demonstrates that, in general, the publishers of US metro papers are acutely aware of what could be done, but managers are struggling with constraints, such as a lack of financial and human resources as well as general organisational anaemia (cf. Goyanes & Rodríguez-Castro, 2019; Jenkins & Nielsen, 2018; Reich & Hanitzsch, 2013). Viewed pessimistically, this can be linked to the situation described in several of the interviews as “failing slowly”. Failing slowly refers to the long-time development of declining circulation, ageing subscribers and an eroding position in media advertising markets – there is considerable data to support this. The aggregated circulation of US newspapers has been declining since the mid-1950s, and the curve steepened further in the 1990s (Davies, 2006).

Approaching this failing slowly issue purely from an accounting and finance perspective, it might be wise in an economic sense to just terminate the unprofitable operation as soon as possible instead of tolerating losses for years. However, if the proverbial cow is still giving milk, it makes sense to keep it alive and running until the milk runs out (cf. constantly raising the cost for subscribing to a printed edition). Thus, failing slowly indicates a state where the newspaper is not losing readers and other income sources at a drastic pace but is neither taking any major risks to create new products, services or other business opportunities nor investing more in (quality) content production. The attitudes and modes of action can be protective rather than actively seeking diverse exits from this complicated situation (Villi & Hayashi, 2017). The danger in failing slowly is that it is less perceptible than “dying quickly”, and thus might not lead to possibly necessary large-scale and profound actions in the organisation.

What, then, would be a solution to prevent metro papers from failing slowly?

According to some estimates, cooperation and joint innovation might be of help, making partnerships a more regular part of the institutional repertoire (Anderson, Bell, & Shirky, 2013). Another view that emerged in our study is that newspapers should focus less on incremental innovations (Järventie-Thesleff et al., 2014) and more on innovating themselves altogether: the way of doing journalism, the way of working and the whole mind-set (Storsul & Krumsvik, 2013). The newspapers could also take note of entrepreneurial journalism outlets and their hybrid practices (Carlson & Usher, 2016; Ruotsalainen & Villi, 2018), which generally evolve more quickly than the practices in established media companies, where innovation tends to follow a more incremental path (Krumsvik et al., 2019).

The continuing change may obscure strategic and technological failures of the past 20 years and bring new challenges, but it will not change the fundamental challenge facing metro paper publishers: relevance to audiences (cf. Lewis, Holton & Coddington, 2014; Zamith, 2018). Metro papers' past successes were created by growing urban populations, providing some content designed to interest everyone, rising print advertising expenditures and strategies for driving out or absorbing smaller suburban competitors. Now, in many metro areas, population and advertising growth have ended, which has changed the markets and their resources (Doyle, 2013; Mierzejewska, 2011; Picard, 2015). The financial resource of advertising has declined dramatically in all metropolitan areas. Compounding that is an enormous increase in broadcast and digital types of news and information available for those less interested in quality journalism.

Conclusion

A question worth addressing is whether isomorphism is in some way related to the ownership structure of newspapers. In light of increasing ownership concentration at all levels (national, regional and local), it can be hypothesized that isomorphism is driven by cross-company holding structures through the replication of successful innovation initiatives. Our study and collected data did not probe for ownership and its effects on innovation decision making; therefore, the hypothesis of ownership driven isomorphism cannot be confirmed.

Nevertheless, this question merits further research in future studies.

Although the study focused on US newspapers and the findings are not directly generalisable to media markets in other countries, it is possible to recognise similar challenges elsewhere, for example, connected to uncertainty regarding the development of social media platforms and the consequent changes in audience behaviour. What is often common among media firms is “observant behaviour” (Hasenpusch & Baumann, 2017),

To conclude, US newspapers cannot expect to return to the uniquely enriching days of the 1980s and 1990s, and 20 years of experience reveal that merely chasing clicks, digital readers and revenue is not a successful strategy for metro papers. Nonetheless, they can find ways to meet the expenses for providing quality journalism to those who really want it and are willing to pay for it. This will require being closer to those news consumers, covering communities differently than most metro papers do now, ensuring that the practices of journalism are aligned with the interests of news consumers, changing news products and pricing, and developing more realistic expectations of the company size needed and rewards for doing so. Importantly, those changes will not require massive investments and innovation that would be impeded by diminishing resources.

Thus, the solution does not lie merely in new technologies or better use of technology but in journalism that better meets the needs of the socially, economically and politically

active citizens in urban areas. Technologies are tools that can be deployed, but they cannot be the focus for newspaper survival.

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- ¹ Circulations of the *New York Times* and *Washington Post* are primarily metropolitan, but they play national roles for their national and international reporting as reputable newspapers.
- ² The study is part of a larger research project aimed at offering insights for news media companies to overcome challenges in their changing business environment. In addition to the United States, the project team has made similar studies in the Nordic countries (Sweden, Norway, Denmark) and Germany. Findings from those studies have been published previously in Lehtisaari et al. (2018) and conference papers.
- ³ Interviews were conducted at the following organisations: American Press Institute, Bloomberg View, Boston.com, Brigham Young University–Idaho (BYU–Idaho), California Newspaper Publishers Association, Coronado Eagle & Journal, Dallas Morning News, Deseret News, Embarcadero Media, Gatehouse Media, George Washington University, Institute for the future, Matter.vc, Miami Herald, Monday Note, New England Newspaper and Press Association, the New York Times, New York University, News Media Alliance, Newsonomics, the Nieman Journalism Lab at Harvard University, Philadelphia Inquirer, San Diego Union-Tribune, Spirited Media, the Boston Globe, the Shorenstein Center at Harvard, the Washington Post, University of Texas and Voice of San Diego.

⁴ Nielsen Scarborough USA, <https://www.nielsen.com/us/en/insights/news/2016/newspapers-deliver-across-the-ages.html>

⁵ WAN-IFRA Report World Press Trends 2017