NEW ONLINE MEDIA BUSINESS MODELS

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Introduction

The business of online news is experiencing financial difficulties and is driven to look for alternative ways to increase revenue from digital content. Practice shows that literal reproduction of traditional business models is not effective in a constantly changing environment. The Internet should be seen as a new business environment for the media and not just as a different environment for distribution (Curley, 2004). This upgraded outlook on news production on the Internet requires new working business models to be created – funding through subscription and advertising given today's oversupply of media products is far from sufficient. Approved media players and new participants in the information market are looking to minimize the effects of the advertising 'apocalypse' and to introduce new and effective profitable approaches.

There are several factors that have a direct impact on the transformation of the business models into online media.

(a) Developing the Internet as a global multimedia platform. Convergence allows for the first time in history to have a unified communication infrastructure that connects all activities in society (van Dijk, 2006). The next evolutionary level in media – the high technology media – is a fact thanks to features such as multimedia, hypertextuality and interactivity. Reality is marked by a culture dominated by media and information products with their signs, symbols and meanings (van Dijk, 2006).

(b) Massive use of Information and Communication Technologies (ICT). ICT is seen as an important engine of innovation in organizations. This is largely the case for online media organizations that are developing an online environment; organizations that have the opportunity to quickly and efficiently implement the latest digital assets in their work and thanks to that – to discover new ways of financial and reputational benefits.

(c) Digital behaviour of the audience. The audience operates with a variety of devices that access multiple online media, corporate websites, social media.

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The ways in which the audience searches and consumes media products and the technologies through which such products are created and disseminated is different, which implies the need for a complete transformation of business models not only of traditional but also of digital based media.

(d) Transformation of the paradigm for creating and distributing digital news. The framing of information in a certain context is now beyond publishers' authority due to the involvement of users as new content creators. This prompted professional journalists to learn to work with an enriched set of tools, to expand their qualification profile, and offer media content in new forms.

Literature Review

There are various arguments in the scientific literature on dealing with the disrupted business models of the media: (a) new sources of income are needed; (b) existing sources of income should change; (c) the effectiveness of the proposed product should be reconsidered. The authors of the analyzes are unanimous that the linear approach of 'content-distribution-audience' is too simplified in the Internet environment. Business models in the media of the last two decades of the 20th century do not work and there's a need for new ways to monetize.

The main problem of companies with economic losses is that they offer obsolete products without changing the creation methods and the methods of reaching the audience (Picard, 2011). A large part of the examined new business models need to seriously concentrate onto the needs of the users in order to start working. A number of the new online media business models rely precisely on their audience and the happier that audience is, the greater the chance for said audience to contribute to the existence of a given company (AP, Digital Monetization PDF, 2018).

There is a different approach in the scientific literature when analysing the new media business models. Wirtz et al. (2015) identify four important research centres: innovation, change & evolution, performance & controlling and design.

Picard (2000) focuses on ways to change the business models at the end of the 20th century under the influence of technological change and seeking an audience. He examines the appearance and consequences of the changes and their effect onto the creators of digital content. In his publications (2014) he describes the new business models from the point of view of access to content. Paid models are also researched by various research centers as well (Reuters Institute and University of Oxford, 2017), Medium (2018). Some publications focus on specific models as subscription (Skok, 2017), aggregator web sites (Hu, 2017), digital monetization (Nakashima, Cai, 2017), paywall (Sjøvaag, 2015). Other research focus of business model according to the type of media, for example, newspapers

in digital environment Spil et al. (2015), Kolo (2016). There is the perspective form the point of view of innovations – Evens et al. (2018), Wirtz (2017).

Context and Definitions

The business model conceptualizes the basic business logic of a company. The model reveals the capabilities of the given company and the ways in which the company creates a valuable product or service and what distinguishes them from the competition, how the company reaches consumers and sells its products or services on the market, and how it earns money from it (Picard, 2011). The business model can also be summarized as 'stories explaining how companies work' (Magretta, 2002). 'A good business model,' Magretta says, answers Peter Drucker's old questions: Who is your customer? What does your customer value? The model also answers the basic questions each manager should ask themselves. How do I make money in this business? What is the basic economic logic that explains how value can be added for the customers, for a suitable price?' Business models are structured instruments for managing and are critical to success (Magretta, 2002).

Wirtz (2015) defines the following: 'A business model is a simplified and aggregated representation of the relevant activities of a company. It describes how marketable information, products and/or services are generated by means of a company's value-added component. In addition to the architecture of value creation, strategic as well as customer and market components are taken into consideration, in order to achieve the superordinate goal of generating, or rather, securing the competitive advantage.'

A new online media business model in this text means a dynamic process of creating and using innovative methods through which online media expand its set of tools for generating incomes and extracting reputational benefits.

Research Approach

Regardless of the growing research interest in the topic of new business models in online media, we detect the following scientific problem: the academic literature on the subject is still insufficient and the identification of business practices has been made fragmentarily. At the same time, we realize that the process of emerging and implementing innovations for profit in digital media is something that is currently developing, so each research will present a snapshot of the situation.

The main research question we seek to answer is what new business models arise in online media and how they can be systematized. This will be achieved by looking at production methods, distribution forms and channels, ways and

means of consumption. Any change a company makes in any part of the chain, is considered a new business model.

The first phase of the research was the collection and analysis of expert opinions published on the Internet by the authors of the Poynter, Pew Research Center, Nieman Lab, Medium, Online Journalism Blog, Huffington Post, European Media Management Association. Experts have best identified the business models that come from the traditional ones – paid access to content and the varieties thereof. That makes sense, since newspapers are the first online media and transfer a familiar work model into the Internet.

The other groups of business models we have discovered and systematized are listed incidentally and incompletely in the sources analyzed.

The second phase of the research allowed us to bring out other business models as well, that are not described in the scientific literature or in research reports. In this part we made a documentary analysis. We have observed the practices of media web sites such as The New York Times, Financial Times, The Economist, Forbes, Associated Press, Los Angeles Times, ProPublica, Daily Mail, Le Monde, The Wall Street Journal, The Guardian, BuzzFeed, Mashable, De Correspondent, Ricochet Media, Krautreporter, Süddeutsche Zeitung, Bild, Gazeta Wyborcza. Through this method we brought out four more groups of business models.

Findings

We have identified five main groups in which new business models are developing: (1) access; (2) audience; (3) external organizations; (4) content; (5) technologies. Each group consists of specific business models, with described key characteristics.

In the first group, 'access', we have placed the following business models: (1) "No Ad, No Content", (2) Freemium; (3) Paywall – Metered Paywall (Soft Paywall) and Hard Paywall; (4) Trial Access; (5) Free Offer/Free-access Model.

In the second group, 'audience', we have included these business models: (1) Crowdfunding; (2) Crowdsourcing and (3) Digital Communities.

In the third group, 'external organizations', we have placed the following business models: (1) Donor Funding, (2) Affiliate.

The fourth grou, 'content', includes the following business models: (1) Robotized Journalism, (2) Information Aggregators, (3) Native Ads, (4) Fake News, (5) New Media Content, (6) Clickbait, (7) Monetization, (8) Distribution Platforms, (9) Personalized (Customized) Content.

The fifth examined group, 'technologies', includes the following business models: (1) Digital Assistants, (2) Blockchain, (3) Internet of Things (IoT).

Access

Specific models for accessing digital news via payment (wholly or partly) have been created and successfully implemented by a significant number of media websites around the world. Gackaitė (2018) describes the advantages of the paid access: (1) contributes to the quality and efficiency of professional journalism, as more resources can be allocated to work for the public interest; (2) the market boundaries are levelled out; (3) consumers are given the opportunity to participate in journalistic processes; (4) the funds go to perform journalistic tasks; (5) allows for journalistic initiatives. The author also marks some negative notes, according to which the audience will look for a free alternative, will be confronted emotionally until a complete refusal to use all of the brand's products; will change their habits.

'No Ad, No Content'

The increased use of ads blocking software forces the media industry and advertisers to face serious problems. The motives of users to isolate themselves from the ad content is explained with the lack of added value to their online activities. Installing adblock is a steady trend. Research show that the process is growing by switching from desktop to mobile devices. An effective solution can be to work towards increasing the relevance of the offered advertisements.

Usually, the measures taken by media companies when they encounter a used who has an adblocker installed, are to offer options to anyone, wishing to access their content – either to turn off the adblocking software, or to pay for an ad-free subscription. A third was is offered by the The Seattle Times, who give users an opportunity to create a free test account with a certain limit, after which a subscription follows. In the third approach, the benefit comes from turning an anonymous user into an actual involved part of the audience. Therefore, the strategies of adblock programs and a subscription program are intertwined. That leads to new subscriptions and registrations of users, who are part of the potential audience.

Freemium

The name of the Freemium business model comes from the words 'free' and 'premium'. The model is a hybrid one, where the media offers a part of the article or content for free, but requires payment to access the entire content. That premium content is accessible exclusively to subscribers. The utilization of this method is considered an effective way to attract the attention and increase the loyalty towards a specific website. This is a strategy to increase the number of users and to generate more incomes through micropayments.

Paywall

The Paywall business model is examined as a corporate strategy. It is a digital mechanism that separates the free content from the paid one in a single web site (Sjøvaag, 2015). The main trend behind the Paywall strategy is the viewpoint that online news are a different product, that is not offered by the newspapers (Picard, 2014). There are several varieties of that business model, depending on the type of the media content and the policies of each company. There is often a switchover from one type of paywall to another, depending on the habits, preferences and behavior of the audience in the online environment.

Metered paywall (soft paywall)

Access to a limited number of articles and opportunities for social media sharing opportunities (Picard, 2014).

This turns out to be one of the most profitable modern business models of online media. It is based on the limitation to a certain number of articles that a user can read for a period of time (often per month), after which the user has to pay a subscription amount to gain an unlimited access to the content of the site. The advantages of this business model over the hard paywall are that (1) the user receives part of the content and decides whether it is worth paying for the rest and (2) that this approach does not interfere with the profit from banner ads because users still have access to content, albeit limited (AP, Digital Monetization PDF, 2018).

Working with soft paywall, media managers need to keep in mind that (1) it is important to discover the motivation of the audience to subscribe to paid content, not to rely on the fact that their content is worth the price and (2) they must invest in creating content that the audience uses the most, because there is a strong correlation between how much a reader is involved and for how long he/she continues to pay for content.

Hard paywall

This business model includes a charge for all site content. This mode of consumption is equivalent to paper media purchase – a newspaper or magazine or a subscription for a television channel – when access to the entire content is limited until the subscription is paid. That is why this model is often used by print editions that have switched to a digital form, offering an online version of their physical edition, and by media, that rely on a steady loyal audience and long term subscriptions.

Trial access

The trial access business model provides access to the best journalism products for a limited period of time with the idea that readers would later on turn into subscribers. There are good practices in terms of implementing that model, offered by the German editions of Süddeutsche Zeitung, offering a two-week subscription period. Süddeutsche Zeitung has introduced the special job title of Text Marketing Editor, whose task is to select publications for free access.

Free offer/ Free-access model

Free-access business model appears in moments of strong competition between multiple media brands in the Internet. That model describes any type of access that does not require subscription or payment. Creating access barriers leads to the audience migrating to web sites without limitations for the user. Repubblica. it and Corriere.it allow free use of their versions for desktop PCs/laptops, but require an access fee via mobile devices.

   In countries like Bulgaria, this model relies on ads, high traffic, sensational, unverified or deliberately distorted content. This is the business model of some emerging online media that is focusing on an uncritical and apathetic to the media reality audience.

Audience

The modern audience is active. The ideology about its participation in the media process has changed. An important trend is observed: disappearance of the limitations between the roles of the producer and the user, whereby such phenomenon is described with the term 'co-creative labour', thus recognizing the more active participation of the audience in the process of creating and distributing media content and experiences. This is a concept that is the opposite of the consumption culture; it may be encountered under the name 'participatory culture', and is identified with low barriers of literary expression and civil society involvement, strong support for creating and sharing content, informal mentorship from the more experienced to the new users, belief in the importance of user contributed content, a sense of social connection between users (Jenkins, 2006).

   The media transfers larger part of the control over to the users, by allowing them to choose, filter, search, control and participate in multiple forms of communication (Picard, 2011). A typical role of the modern user is also to write, talk, take photos and videos and to broadcast (Banks, Deuze, 2009). That extraordinary proactivity of the modern audience demonstrates a cognitive surplus, consisting of two things: (1) free time and talent and (2) an alternative before the audience not to be just a consumer, but, aided by media instruments, to

turn into a creator (Shirky, 2010). The research showed three new ways in which the audience may participate as an investor of media content (material asset) and as an online engine to drive positive reputation for a media brand (non-material asset).

Crowdfunding

An early innovator in group funding for journalism is the platform Spot.us (started in 2008), which is a model for funding independent and local journalism. The platform is an attempt to push the frontiers of transparency and participation in the process of journalism. Kickstarter is another platform for fund raising for all sorts of projects, including related to journalism. The dynamic of group funding in the context of journalism is as follows: individual projects – 43 %, group projects – 29 %, media organizations – 22 %, institutions – 7 %. The number of projects, related to journalist activity is a small one, compared to other areas (for example, there are about 21.000 music projects funded, compared to 655 in the area of journalism) (Vogt, Mitchell, 2016). This business model is used by De Correspondent (The Netherlands), Ricochet Media (Canada) Krautreporter (Germany). The first example of a similar attempt to fund an online media in Bulgaria is Клин/Клин (Klin/Klin).

That business model is yet to be developed, as the group funding market for journalistic projects is a very small one. However, it shows an important trend – the financial support is an expression of the public support for media projects that are interesting to the public.

Crowdsourcing

Crowdsourcing is a practice that engages the 'crowd' or a group of people who can help achieve a particular goal. Powered by new technologies, this practice can be deployed in many fields and at many levels, and consumers are a valuable source of ideas, information, experience, and resources. Online media regularly take advantage of the opportunity for the audiences to turn into a source of journalistic information. Audience participation in the creation of media products is known as 'civic journalism', which undergoes tremendous development with the capabilities of digital technologies and the Internet.

Crowdsourcing is most beneficial to online media for unforeseen events – extraordinary and exclusive news, natural disasters, civil protests. On the other hand, users can be a valuable source of ideas and themes that they transmit directly to the media or disseminate in social media and networks, turning them into a part of the agenda and thus turning themselves into an active part of the communication process.

Digital Communities

The business model of creating digital communities is also aimed at seeking long term stability. The trend for investing in online media projects can be seen in countries where a serious crisis has been observed due to a drop in revenue from the press – cuts in circulation and fewer advertisers. The fast online development may be observed in countries like Poland, according to a Reuters research, while in markets like Germany, where the press continues to hold good positions, the publishers have more time for the transformation [1].

The building of online communities is of great reputational value for the media organizations that can rely on a loyal audience – a key factor for prosperity in the presence of a large number of competitors for both regular consumption, and for ideas and development guidelines and contribution to the good image of brand. Also, the feeling of being part of a community can enhance the sense of responsibility of individuals for the existence and development of the media, respectively, to readiness for financial support. Digital communities are built through ongoing communication with the audience, provision of subscriptions and bonuses, through RSS feeds, through profiles across different platforms, and through giving voice to its members through forum support. Picard (2014) says that 'readers of the Guardian in the UK, for example, are less interested in subscriptions to general web access, but more interested in memberships because of their connotations of community and association'. Other examples come from CNN with their iReports, BBC with Have Your Say, dnevnik.bg with 'От вас' ('Ot vas'; 'From You'), bTV with 'Аз, реПортърът' ('Az, reporterat'; 'I, the reporter').

External organizations

We look at the business model of 'External Organizations' as a form of cooperation that manifests itself in two ways. The first type of partnership is funding through external organizations in order to maintain free press and democracy, while the latter only brings financial benefit for the parties to the contract.

Donor Funding

The business model of donor funding works primarily as official help for media – mainly for investigating online media and for alternatives to the mainstream media. The emergence of the model is related to the support and protection of independent media. The donors can be government organizations, EU programs, private organizations, foundations, global and international organizations.

Behind them are generally larger donations or grants. Non-governmental organizations are creators of media sites such as ProPublica and The Center for Public Integrity.

According to a report by the Center for International Media Assistance (2018), such method of funding has been received by Deutsche Welle, Radio Netherlands, BBC. Independent media in developing countries still do not receive sufficient support.

Affiliate

The Affiliate business model is a partner program between an online merchant and a media site. The media has tools to forward its audience to the seller's site. That may happen through links, photos, banners. Depending on the program, the media has various opportunities for profit: upon every click on a link or when making a sale to a client, who has come via a link.

One of the pioneers in cooperation programs is Amazon. An example of media that regularly uses this model, is Mail Online.

Content

Media content undergoes transformation, depending on who creates it, on what kind of tools are used, how it is presented, and in what context it is presented to the audience. Robotized Journalism

The news creation algorithms are a business model, also known as robotized journalism. The technologies provide the opportunity for an automatic generating of content through algorithms. Associated Press (AP), Los Angeles Times, Guardian, Forbes, New York Times, ProPublica already have experience in this area. The benefits of information selection done by a machine can be found in the speed of creating and publishing, reducing the number of errors, higher efficiency, generating routine news stories for which clear, accurate and structured data is available, more time for journalists to create analytical publications, interviews, investigative material.

The critique of this business model is in two directions: (1) the publisher may lose control of distribution and (2) there is opacity and unpredictability for algorithms controlled by technology companies and driven by commercial motives (Bell, 2016). However, this business model will continue to be used because journalists can transfer routine work, such as covering sporting events and technology indices, allowing them to focus on developing relevant topics for society.

Information Aggregators

The business model of aggregator news web sites is an example of a digest – reprinting of interesting publications from various sources. Nowadays that

happens easily and quickly thanks to the technologies, but there also needs to be a business strategy behind creating a similar site. An example of successful implementation of this business model is The Huffington Post (HuffPo), Techmeme, Google News, and in Bulgaria, for many years, the 'Gyvech' platform (www.gbg.bg) has been working on this principle.

These aggregators can be both desktop versions of websites and mobile applications that are becoming more and more popular, and with their software development they provide a wide range of features and convenience for the users. Their principle of work is to select news from different sites according to the personal interests and preferences of the individual user who can control the type of information he/she sees. Positioning in such applications and the access through them is yet another example of a new model for attracting an audience in online media. Examples of such applications are Flipboard and Feedly, which are leaders in the field.

Native Ads

This business model is based on sponsored or branded content masked as a journalistic product. It functions as a natural media content and fits into the general information stream. This is an unobtrusive ad with interesting content that is fully integrated into the stylistics and design of the media it is designed for. The user experience is defined as a smooth and continuous process, and the content is displayed without any problems on desktop and mobile devices.

The model is applied by well-known publishers such as Time Inc, Forbes, Wall Street Journal, New York Times, The Guardian, as well as by new media companies such as Buzzfeed, The Huffington Post, Thought Catalog, Slate. A clear indication that this is a sponsored content is required.

In social networks, native ads acquire the form that is typical for them. In Twitter it is in the form of tweet messages, in Facebook it looks like publications in the news field, and in Instagram – there are photos.

Fake News

A number of researchers, experts and users register a threat to democracy due to the growing business model of fake news. There are purposefully created web sites, distributing factually untrue content, purely for profit – traffic brings serious advertising revenue. The model functions in the following way: (1) someone posts false information on a fake news web site, then pays to advertise a link to the post in the news feed of Facebook users; (2) Facebook earns an amount of money from the ad for every person who clicks the link or for every 1,000 users who see the ads; (3) Facebook users click on the advertised links and go to the fake news

website, generating an impression for each ad displayed on the website; (4) the fake news site earns revenue from the registered ad impressions, amounting to millions of page views and tens of thousands of dollars a month; (5) fake news makers advertise their page to the fans by raising an organic Facebook audience to which they can share links at no cost; (6) users can share these links on their own Facebook pages by stimulating the organic scope of the fake news, and the publication becomes viral (Haenschen, Ellenbogen, 2016). The publication of unverified or delieberately false information has been referred to in the times before the Internet, as a 'journalistic duck'. Typical examples are the web sites 'The Onion News' and 'World News Daily Report', and in Bulgaria – 'Ne!Novinite' (nenovinite.com) and the blog 'Bazikileaks' (neverojatno.wordpress.com).

New Journalistic Forms

New journalistic forms are defined as particular and specific textual, visual and/or audio approaches for the presentation of journalistic content (for example 360-degree photo, status in a social network for sharing, interactive infografics). These are the specific formats for the reproduction of journalistic content, which in turn is subject to a separate genre classification, whereas the genre of a given content is independent of its audio and/or visual format.

Among the new journalistic forms we may distinguish: longread (long texts), vertical video, video comment, web video, visual radio, interactive infographics, 360-degree video and photos, drone journalism, augmented reality, notification content.

The use of new journalistic forms for presentation and dissemination of information is key in the online environment due to the large number of potential sources from the audience's perspective and the media's desire to show their own, unique and author content in a convenient, interesting and engaging way. Apart from being a sign of quality and originality, this is also a way of creating and maintaining a loyal audience that is ready to consume and, where necessary – to pay for the content it finds valuable.

Clickbait

The term is related to the words that make up it – a bait for clicks. The goal of the media using this business model is to have as many users as possible accessing their pages in order to generate profits based on the sale of advertising items. Most often, the content of a clickbait is disappointing because the title is misleading, giving partial or deliberately distorted information.

The most common approach to creating headlines aimed at opening the article, is to make the titles incomplete in order for an audience to open the link, to see

the rest; or the titles can be highly hyperbolized when describing given event or individual. They are often not wrong, but are very Excellent exaggerated and placed in an unsuitable context.

Often, media using this model rely on popularity in social media and networks, as well as on other platforms such as positions in portals, online trading sites, and forums.

Monetization

According to forecasts, the revenues of the world's largest video sharing platform, YouTube, will reach $ 27 billion in 2020. A large portion of that revenue is not for the owner company – the Google related company Alphabet, but go towards the creators of the showed content and to the holders of the copyrights. The revenue from advertising is 45% in favor of YouTube and 55% in favor of the creators of the respective channel.

This business model enables media companies to follow the trend of creating more video content and develop their own YouTube channels – that way they have a distribution platform and at the same time receive funding according to the popularity of their content.

Distribution Platforms

In the traditional media era and the initial stages of online media development, an audience would reach media content after searching for and finding a particular product type. Finding information by opening the home page of a news site is no longer a typical consumer behavior. Consumer behavior for receiving content is changing and this affects the distribution practices of media.

Here we take a look at social networks as additional distribution platforms for media brands. Such channels include Facebook, Twitter, Instagram, Tumblr, SlideShare, as well as communication platforms such as Viber, where public accounts such as BBC, HuffPost, DW, in Bulgarian – Offnews, dnevnik.bg, Nova, 24chasa, BNT news and many others, provide access to content.

Customized Content

The possibilities of online communication allow not just for quick consumer feedback, but also for the selection of topics and areas that the recipients are interested in. This does not mean creating a product that targets only a part of the audience, but rather every visitor of the media gets exactly the information that suits his/her interests. Some of the biggest news sites in the world have the option called 'selected content'. That option helps people have their own home page on

the site that shows materials tailored to the reader's preferences, and because of the growing use of mobile devices, trends point towards selecting notifications and custom design of the online media's mobile notifications.

Technologies

Technologies are an integral part of new business models of media and are the basis for much of the research in this study. Some new trends, however, offer entirely new opportunities that will develop in the coming years; they are entirely related to the technical creation and dissemination of the media and will be a key factor in the activity of the media organizations.

Digital Assistants

Digital assistants made their way with the creation of Siri – Apple's assistant, in 2011. Soon after, Google Now by Google and Microsoft's Cortana followed. Virtual Assistants can perform certain user-defined tasks using sophisticated software algorithms, Internet access, and GPS. They are looking for the information required by the user, and it is precisely the collaborative work with such assitants, as well as the use of the Search Engine Optimization (SEO), that are the foundation of a business model for any online media. Turning the brand into a reliable and quality source of information and the good positioning in search engines can lead to greater use of digital assistants, and therefore, more profits.

The business model is yet to grow wildly following the pace of development of digital assistants, which are being improved year after year. Making online media a regular source and even a pre-set one in the operating system of smart devices is expected to be a serious direction for development.

Blockchain

The block (blockchain) is a distributed database in which the storage devices are not connected to a shared server. This database stores a constantly growing list of ordered records, called blocks. The main advantage of this database is that it provides a way to record and transfer data that in a manner that is transparent, safe, verifiable, and resistant to interference. This technology has the ability to make the organizations that use it transparent, democratic, decentralized, effective and secure. This will probably require a change in many industries over the next 5 to 10 years. Everyone can post information on the Internet, and other people have access to it from anywhere in the world.

The blockchain technology is yet to be seriously introduced in the media, providing a number of interesting opportunities for profit and the development of the media business. Deloitte defines several main directions of media development thanks to blockchain: (1) new pricing options for paid content – the technology can be used for micropayments, and small amounts of money for access to specific content can be easily identified and exchanged; (2) audience analysis can be made much easier and more efficient, and also, the advertising market can become more free and transparent, while tracking the effect of advertising can much more accurate; (3) improving the system for selling licensed editions – payments can be tracked almost in real time and the data become much more accurate; (4) better payment management, no barriers to access from different countries, direct connection and measurement of the consumption of the individual user, automated real-time payment.

Internet of Things (IoT)

The Internet of Things is a term explaining the connection of each electrical device to the global network. In addition to smartphones, many other smart devices are becoming more and more popular – cars, boilers, washing machines, lighting appliances, smart home systems, headphones and other accessories, security systems and more. In addition to their basic function, a number of these devices also have an informational function – for example, some of them show or tell information about the latest news, weather, traffic situation.

The transformation of a source from which such types of devices draw information, is one of the online media business models that we anticipate will develop seriously in the third decade of the 21st century. The reason for this is the future spread of the 5G frequency, which will be a factor for an enormous increase in the quality and capabilities of Internet connectivity, and thus for the connection and use of previously unusual devices for distribution of media products.

Conclusion

Creating new business models in online media is a dynamic process that is still under development. Modern business models are relevant to digital reality. There is a strong link between the development of communication technologies and the innovative business initiatives of media organizations. Interaction between them will continue, as technologies are still far from done in terms innovations. It is yet to be seen exactly how the media will be integrated into the upcoming digital assistants, blockchain and the Internet of Things.

An essential feature of the media business is that it represents both a business venture and a civic institution (Abernathy, 2016). In an environment of intense

competition, concerns arise about how media organizations will determine their priority and whether they can balance between the commercial interest to boost the returns on their assets, and the mission for quality journalism in the public interest. In the observed business models we see both goals. They are implemented by well-established media brands with traditions (The Guardian provides various forms of subscription with the call 'Help us deliver the independent journalism the world needs), as well as from newly emerged virtual specific brands (ProPublica's mission is 'To expose abuses of power and betrayals of public trust by government, business, and other institutions, using the moral force of investigative journalism to spur reform through sustained spotlighting of wrongdoing'). We have also noticed the application of models of distorted media reality – in some media in the form of humorous and sarcastic ridicule of important social processes, in others – an apparently deliberate manipulation of the audience. The effect of the latter is alarming and requires action in two directions – setting clear regulatory rules for working in a digital environment and introducing media literacy training as early as middle school.

Media organizations use convergent business models. There is a traditional understanding of paid content and abandoning the idea of a completely free product. Here we see a change in the attitudes of the audience that is willing to pay for access for two reasons – the first reason is found in the search for quality journalistic materials, the second is in the desire to belong to a certain community. The 'content' business model is built around the idea of new forms of content and its quality. The characteristics of the content influence the payment preferences. Various business organizations also have the opportunity to provide media content through different forms of partnership. The 'audience' business model focuses on the altered paradigm of audience participation in the entire media process. Consumers are now active content creators and distributors and have the professional tools of journalists. We see convergence of the roles of the source and the recipient of information, and this process is at the core of looking for business models with active collaboration of the audience. This business model is particularly important because it creates important intangible assets in the form of a positive online reputation that provides material valuation. The 'technology' business model is about to be spread even more seriously and create a new wave of transformations of the business models of media companies.

The questions for discussion may be related to the proposed systematization of the new business models as well as to the emergence of new models or variants of the described ones. The future research on the topic will examine each of the described models in depth, as well as the specific media products created as a result of applying these models. Another interesting research direction is the new professional roles and competencies of journalists needed to apply business models in the constantly transforming media environment.

New Business Models

in Online Media

ACCESS

No Ad, No Content
Freemiu
Paywall

Soft Paywall
Hard Paywall

Trial Access
Free Access

AUDIENCE

Crowdfunding
Crowdsourcing
Digital Communities

ORGANISATIONS

Donor Funding
Affiliate

CONTENT

Robotized Journalism
Information Aggregators
Native Ads
Fake News
New Media Content
Clickbait
Monetization
Distribution Platforms
Customized Content

TECHNOLOGIES

Digital Assistants
Blockchain
Internet of Things

Fig. 1. Infographic of New Online Media Business Models

Notes:

[1] Alessio Cornia, Annika Sehl, Rasmus Kleis Nielsen. Private Sector Media and Digital News. Reuters Instiute. The document is available at this address: http://reutersinstitute.politics.ox.ac.uk/sites/default/files/research/files/Cornia%2520-%2520Private%2520Sector%2520Media%2520and%2520Digital%2520News%2520FINAL.pdf Last visited on 11.02.2018

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NEW ONLINE MEDIA BUSINESS MODELS

Abstract

This study focuses on identifying the new business models in online media. Documentary analysis of practices for introducing new business models from web-based media has been carried out. Web sites of global media brands and research centers have been observed. The new business models are grouped into five groups in terms of access, content, audience, external organizations, technologies. Each affiliation group lists all the registered 22 current business models of the online media.

Key words: online media, new business models, online news, digital content, pay models

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