The Digital Newspaper

VOL. CLVII . . No. 54,259 · ©2008 The New York Times · $1.25

Several kinds of e-Readers like the Sony PRS-300 or Apple's iPhone to read the newspaper with

UNIVERSITY OF TWENTE.

Proposing a business model for Wegener, when offering digital content on e-Readers

Amanuel Tunç
Master of Business Administration
Innovation & Entrepreneurship

WEGENER

Wegener, a Dutch publisher of regional dailies, is facing a big problem. As the same for other newspapers, Wegener is seeking for a solution to receive more revenues from subscribers to their local newspapers. A very interesting market is that of the e-Readers. A lot of digital books (e-books) can be read on such devices and also publishers of newspapers or magazines are trying to publish their content on these e-Readers. Wegener doesn't know a lot about the opportunities in this market and what the benefits of the e-Readers can be for them. A very important factor is to know what kind of business model Wegener has to apply, in order to make the e-Readers work in their industry and finally to receive more revenues. Other devices like notebooks or mobile phones can also be important for the newspaper industry.

The Digital Newspaper

Proposing a business model for Wegener, when offering digital content on e-Readers

Amanuel Tunç
S0094498

Master of Business Administration

Innovation & Entrepreneurship

Committee:

- *M.L. Ehrenhard: Assistant Professor Strategy & Entrepreneurship at faculty Nikos, University of Twente*
- *K. Zalewska-Kurek: Assistant Professor at faculty Nikos, University of Twente*
- *S. Böcker: Director Program & Business Development at Wegener*

August 2010

The business strategy is if we can get a critical mass of very local content and a local audience, then we can target ads better than we ever could down to a town level."

- Jeff Jarvis, 2004 –

Executive summary

This research has been done for Wegener, a Dutch publisher of regional and local newspapers, in order to see if e-Readers can be used. Because news is becoming available for free, Wegener is seeking new ways of offering content. Devices like e-Readers can be a nice way of offering content to customers. The research will show where to focus on when content is being offered on e-Readers, and how revenue can best be appropriated.

In this research, the following main research question was formulated:

What (combination of) business model(s) creates the most value for Wegener, when it delivers its content on e-Readers to its customers?

This question was divided in four sections, each with a sub question:

1. *What is the behavioral intention of readers of newspapers to use an e-Reader as a replacement for the printed newspaper?*
2. *How can Wegener create most value, when offering content via e-Readers to its customers?*
3. *How can Wegener deliver most value to its customers, when offering content via e-Readers?*
4. *How can Wegener appropriate most value, when offering content via e-Readers to its customers?*

For the first sub question, the UTAUT model was used. This is a technology acceptance model that tries to explain what the intention and usage behavior of users is when using a new technology. This model shows that behavioral intention of consumers to use an e-Reader as a replacement for the printed newspaper will increase the most if consumers perceive e-Readers as useful and usable devices to read the news(paper) with. Next to that, e-Readers should also be quick in reading the news(paper) digitally. Other factors like influence from the social environment or the ease of use of e-Readers have a less effect on the behavioral intention.

For the process of value creation, it is clear to see that the focus should remain on regional and local news, because this is the biggest value for the customer. There are not many newspapers in the Netherlands that offer that kind of news. The results of the online questionnaire also show that the willingness to pay for digital regional and local news is the highest compared to other forms of digital news. It is also important to look at personalized news, which means that customers can select which news they want to receive and therefore only pay for the news that they want. The willingness to pay for this kind of news is a bit lower than for regional and local news.

For the process of delivering value, when looking at certain customer needs, the results of this research make clear that respondents don't think that textual news is enough. They also want to see photos and videos. However, they find it important that the text is pleasant to read, even when they receive photos and videos. So at this moment, e-Readers are not good enough to please these customer needs. They are still only capable of showing black and white text and no photos and videos. It is best for Wegener to wait for better e-Readers that can show color and are able to show photos and videos. Only then, these customers needs can be pleased. According to the results of the online questionnaire, the willingness to pay for news on an e-Reader is lower than news on other mobile devices (photos/videos). The above described customer needs already showed that the respondents want to see photos and videos on their screen, when receiving news. When appropriating value, it has been clear that subscriptions are still being preferred more than small amounts per article. It's because subscriptions are easier for customers and according to the white papers, an easy payment method is important for customers. At this moment, transaction methods for small amounts per article are still not attractive enough for companies, because transaction costs are too high. To attract customers for subscriptions, a free trial period is very important. When the customer doesn't own an e-Reader yet, giving an e-Reader for free with a subscription can also be a nice way of attracting customers.

To appropriate value, it is important to know how much the customers are willing to pay for the product. This research showed that respondents will consider a subscription if it is between 2,5 – 5 Euros per month. They will not consider subscribing anymore if the price exceeds 10 Euros per month. This leaves a group between 5 – 10 Euros which also thinks that subscription is still cheap, but probably will not subscribe to it. Compared to the tariffs of the printed newspaper, these prices are very low. The online questionnaire also showed the willingness to pay for different kinds of news. Again, regional and local news has the highest willingness to pay compared to personalized news or news on other mobile devices. These percentages are still very low, but not surprising, because people are still used not to pay anything for digital news.

At the end of this research, the following recommendations have been made for Wegener:

1. When offering digital news on e-Readers to its customers, Wegener has to have a strong focus on regional and local news
2. News should be offered together with photos and/or videos, so the current e-Readers are not good enough
3. Keeping the price between 2,5 and 5 Euros per month will attract most of the customers
4. Customers prefer (monthly) subscriptions more than small amounts per article
5. Personalized news is an important trend that has to be followed

Table of contents

List of figures and tables

Figures

Tables

Preface

This master thesis that lies in front of you is the result of a research on the possibilities of e-Readers for the newspaper industry and has been done by order of Wegener, a Dutch publisher of regional and local newspapers. With this thesis I will finish my study Business Administration with the Master Innovation & Entrepreneurship at the University of Twente.

At the beginning of my research I had little knowledge about e-Readers. Therefore I had to spend the first few weeks in reading about problems in the newspaper industry and about how e-Readers and other mobile devices can be a solution for this problem. After that, I had to search for literature and after having made my theoretical framework, I had to do the 'real' research. Therefore I want to thank the following persons working at Wegener that took the time to answer some questions in an interview: Rob de Spa, Helen Zuurmond and Marco Vink. Next to that, I also want to thank Edward Bongers (Media Groep Limburg), Christian ten Hoope (NRC Handelsblad), Piet Bakker (PhD at University of Utrecht) and Michel Suijkerbuijk (eReaders Groep BV) for their time to answer some questions in an interview. To do a nice quantitative research, Wegener gave me the possibility to work with Newcom Research & Consultancy which applied my questions in a online questionnaire. I am very grateful for that, because it has given this report a strong validity and reliability. Next to that, I want to thank all my colleagues of the Marketing department at Wegener Enschede for a nice and pleasant period working together.

There are some other persons that I want to express my special thanks for. The first is my supervisor of Wegener, Sylvia Böcker, who gave me the opportunity to do such a nice and interesting research for Wegener. Although I haven't seen any other person within Wegener having a busier agenda than Sylvia, I thank her for her supervising. Furthermore, I want to thank André Kooij for giving me a nice working place at his Marketing department at Wegener in Enschede. Also special thanks to Aart Markies, who always took the time to provide me with new information about the market of e-Readers or digital news. I also want to thank Sinéad Wall, who worked me through a difficult period of this thesis. Thanks to Ilona Sikkink, who made it possible for me to apply my questions in an online questionnaire, done by Newcom Research & Consultancy. Another thanks to Nathalie den Engelse, who really helped me with doing the analyses with SPSS. And of course my supervisors of the University of Twente, Michel Ehrenhard and Kasia Zalewska-Kurek, who really helped me doing this research. Our meetings were very helpful and they both always provided me with tips and insights to do a good research.

I also can't forget the support of my friends and family who always kept faith in my research. Although they kept asking me "When will you finish your thesis?", their support has also been indescribable.

Amanuel Tunç
June, 2010

1. Research approach

In this chapter, the research approach will be described. First some information about Wegener will be described. Next, the research problem will be stated, the reason for doing this research. This will be followed up by describing the scientific and practical relevance of this master thesis. Also the main goals of this research will be described. At the end of this chapter, the research question and the sub questions that will help me to answer the main research question will be described. The last paragraph shows the research structure, a figure that gives a clear overview of the whole research.

1.1 Company information

Wegener is the biggest publisher of regional and local newspapers in the Netherlands with a lot of establishments across the country. The head office is located in Enschede. In total, Wegener offers seven regional daily newspapers with about 800.000 copies that reach 2.6 million people each day. These are the Twentsche Courant Tubantia, De Stentor, De Gelderlander, Brabants Dagblad, Eindhovens Dagblad, BN/DeStem and PZC. The range of distribution is stated in figure 1. At this moment, Wegener is also trying to reach customers in the white areas of the figure. Next to these newspapers that customers have to pay for, Wegener also delivers around 225 different kinds of free papers in a week, with about 8.6 million copies. Wegener also has online services like Autotrack and Jobtrack.

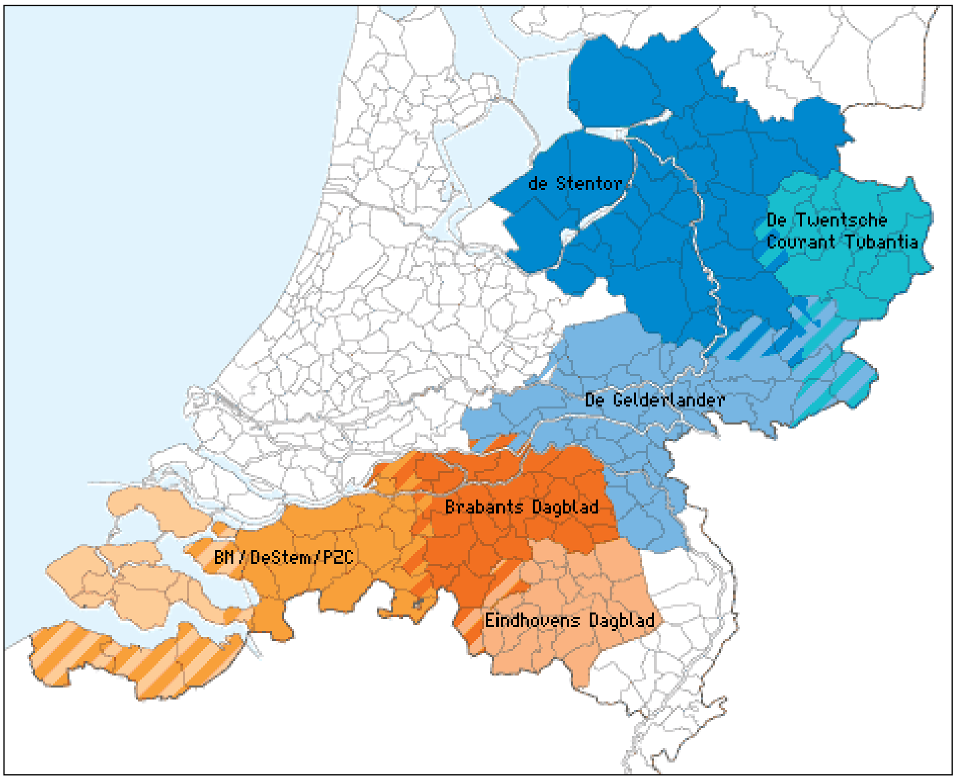


Figure 1: Range of distribution of the seven regional daily newspapers of Wegener (www.wegenernieuwsmedia.nl)

1.2 Research problem

The newspaper industry is facing declining subscription and advertising revenues and they are forced to seek new alternative ways to attract new audiences and to get more revenues (Ihlström Eriksson et all. 2007). The declining subscription revenue is a result of the available free news on the internet and most of the time especially younger people are not willing to pay for news. Another big problem is that also advertisements are declining. In figure 2, it is clear to see that the subscriptions from households in the Netherlands to newspapers have strongly declined. This figure is based on numbers of the Dutch bureau of statistics (www.cbs.nl).

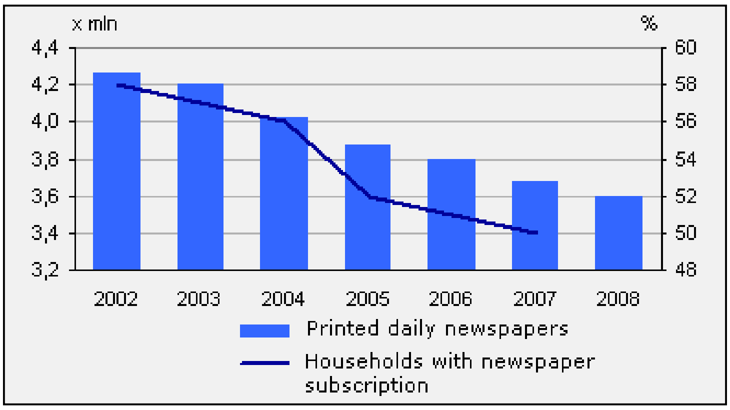


Figure 2: Printed newspapers and their distribution in the Netherlands, 2002-2008 (CBS)

In addition to that, more and more people visit websites with free news. So the internet has taken over the traditional way of getting news like the printed newspaper or radio and television. This increase in the usage of the internet is stated figure 3. In 2008, more than the half of the internet users used it to listen to the radio and/or to watch television. Less than the half used it to read and/or to download a newspaper. More than 30 percent of the total internet users used it for both (www.cbs.nl).

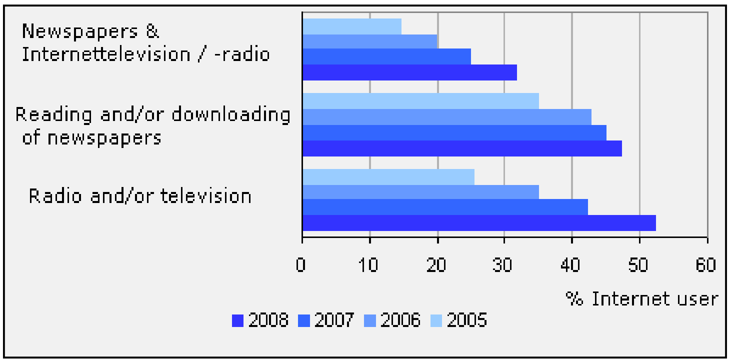


Figure 3: The use of media on the internet in the Netherlands, 2005-2008 (CBS)

Wegener is also facing this problem. As the same for other newspapers, Wegener is seeking for a solution to receive more revenues from subscribers to their local newspapers. A very interesting market is that of the e-Readers. A lot of digital books (e-books) can be read on such devices and also publishers of newspapers or magazines are trying to publish their content on these e-

Readers. Wegener doesn't know a lot about the opportunities in this market and what the benefits of the e-Readers can be for them. A very important factor is to know what kind of business model Wegener has to apply, in order to make the e-Readers work in their industry and finally to receive more revenues. This report refers to e-Readers when talking about the new devices especially made for digital reading. Other devices like notebooks or mobile phones that can be used for reading books are not in this category, but can also be important for the newspaper industry.

1.3 Relevance

1.3.1 Scientific relevance

One of the scientific relevancies is to test the UTAUT model (Venkatesh, 2003). This model is about usage intention and behavior to use a new system. It is seen as a unified model for explaining user acceptance (Ihlström Eriksson & Svensson, 2007). Therefore, testing this model shows the behavioral intention of consumers towards the new technology of e-Readers. Next to that, a new business model for a new market is being formed. The newspaper industry has experienced and is still experiencing problems finding successful business models for mobile content (Ihlström Eriksson, 2008). Because Wegener wants to use the e-Readers as a distribution channel, a new business model has to be proposed.

1.3.2 Practical relevance

Wegener wants to know in what way the e-Readers are important when offering content digitally. There is little information about what customers really want. Therefore, this research has to show what customers' needs are and how much and when they are willing to pay for digital content on e-Readers and if Wegener is able to create and deliver that value, and appropriate revenue.

1.4 Research goals

The e-Readers might be a way for Wegener to get more subscriptions to their content and hence get more revenues. Therefore the three main research goals are:

- Wegener wants to know if customers will accept that an e-Reader will replace the printed newspaper. Therefore, it wants to know what certain intentions of their customers are to use this new technology.
- It is important to give a clear description of the developments of e-Readers and what benefits they can have for publishers of newspapers. Wegener wants to know what the possibilities of these devices are and how this market is developing.
- When using these e-Readers, Wegener needs a new business model in order to know how the revenues can be at a maximum level. The old business model will not work anymore when there is a shift from printed newspapers to the e-Readers. Therefore, it has to know how it can create valuable content for e-Readers. Next to that, It also wants to know how much and when customers are willing to pay for this content.

1.5 Research questions

The research problem and relevance showed why this research is being done for Wegener. The research goals made it clear where the focus of this research has to be. Therefore the following central question is addressed:

What (combination of) business model(s) creates the most value for Wegener, when it delivers its content on e-Readers to its customers?

The following definition will be used for an e-Reader: *an electronic device that can present digital content, but with the feeling of real paper* (www.ereadernieuws.nl). This means that other devices like smartphones, iPods, iPhones, notebooks etc. do not fall in that category, because they don't have the feeling of real paper. However, also these devices will be elaborated on in this report to make the distinction with e-Readers more clear.

To answer the central question in a nice and structured way, a few sub questions have to be addressed. These sub questions will focus on every part that is important to fully answer the central question. These sub questions are as follows:

5. *What is the behavioral intention of readers of newspapers to use an e-Reader as a replacement for the printed newspaper?*

6. *How can Wegener create most value, when offering content via e-Readers to its customers?*

7. *How can Wegener deliver most value to its customers, when offering content via e-Readers?*

8. *How can Wegener appropriate most value, when offering content via e-Readers to its customers?*

1.6 Research structure

To give an overview of this research, figure 4 shows the research structure and makes clear what this research will do in order to answer the sub questions and how this is going to be. The boxes on the right side of the figure show the chapters (CH) of this research and also the sub questions (SQ). The boxes on the left side of the figure show what every specific chapter will in hold.

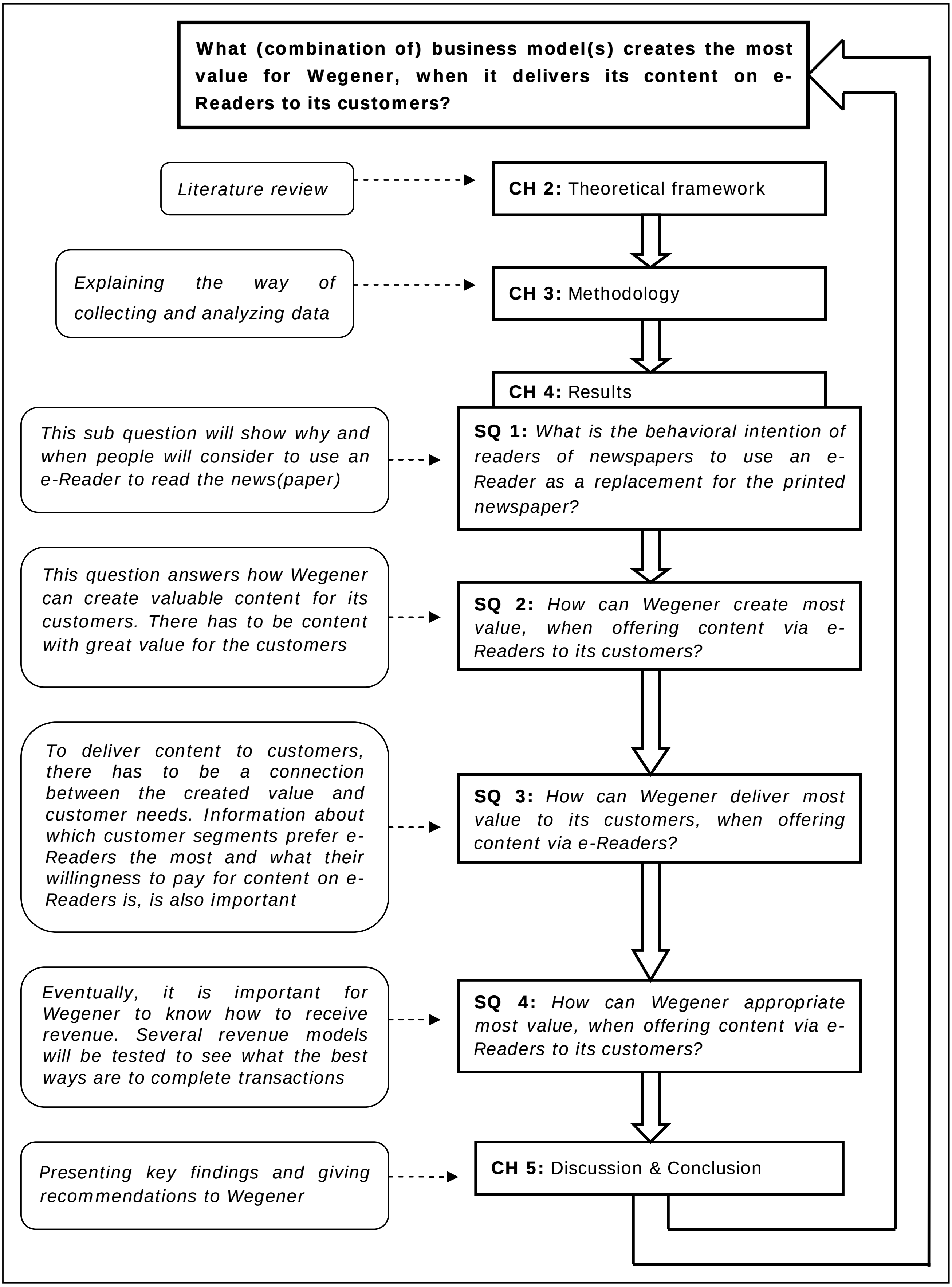


Figure 4: Research structure

2. Theoretical framework

In this chapter the theoretical framework will be presented. First, there is a description on the development of the market of digital reading. Next to that, also some information about the e-Readers will be described. Because it is a new technology, giving some information about the advantages and disadvantages of these devices is important. After that the UTAUT model (Unified Theory of Acceptance and Use of Technology) will be explained, which will be used for the analysis of the acceptance of e-Readers. This model will be used because it clarifies the behavioral intention and the use of a new technology better compared to other technology acceptance models. In the end of this chapter an explanation will follow on which theory has been used for this thesis and shows you which model will be tested.

Digital reading and the acceptance of e-Readers

2.1 The development of the market of digital news

At the moment, reading news on the internet or other mobile devices is very popular and easy available. However, the consumers' willingness to pay for online or digital news is still very low. Four different white papers will be used that describe the development of the market of digital news and give insight in the consumers' acceptance of technology and willingness to pay. Next to these white papers, also other information from desk research will be used. There will be also a description why a platform for news can also be a very important channel for publishers to offer content to their customers. At the end, two examples will be given: offering content directly to your customers or via a platform.

2.1.1 Consumers

According to PriceWaterhouseCoopers (PWC) (PWC, 2009), there is a growing segment that is increasingly demanding specialized, targeted and relevant information. The vast majority is still interested in general news, but the upcoming segment should not be ignored. In that same research, the willingness to pay for that specialized news online is higher than the willingness to pay for general news. This is also because general news is mostly available for free on other websites, television or radio. According to The Nielsen Company (Nielsen, 2010), 71% of the respondents say that online content has to be considerably better than what is available for free, before they will pay for it. 79% therefore says that they would no longer use a website that charges them, if that information can be found somewhere else for free.

The Boston Consulting group (BCG) (BCG, 2009) concludes that consumers are willing to pay an average of $4,50 per month to get online news on their PC or mobile. The average amount that consumers are willing to pay is from $3,- in Australia and the US to $7,- in Italy. Next to these average amounts, there are also upper limits of an amount that consumers are willing to pay, which vary from $9,- to $16,- per month. Nielsen (2010) states that 78% of the respondents says that the online content should be for free if they are already subscribed to a newspaper. So also

Wegener should think if its current customers should receive content on e-Readers for free, or maybe cheaper than other subscribers.

According to Olswang's survey (Olswang, 2009), the willingness to pay for digital news increases when there is an easy payment solution. Think about the iTunes store for the iPhone, iPod Touch and iPad. According to The Nielsen Company (2010), 43% of its respondents says an easy payment system would make them more likely to buy content online. But when looking at micro-payments for newspaper articles, only a small percentage of all adults (19%) is willing to pay for newspaper articles that can be read on a mobile phone or e-Reader (Olswang, 2009). Olswang makes a distinction between iPhone adults and all the adults, because it says that iPhone users are far more willing to pay for all kinds of content compared to other adults. From the iPhone users, 30% is willing to make micro-payments for newspaper articles.

2.1.2 Publishers

According to PWC (2009) it is important for publishers of newspapers to focus on niche markets. With niche markets PWC refers to the customers that increasingly demand specialized, targeted and relevant information. This does not mean that the customers that also read general news are not important anymore. Both the needs of the customers of mass markets (general news) and those of niche markets (specialized news) have to be fulfilled. The BCG (2009) states that the willingness to pay for online news is at its highest, when that news is *unique* (subject-specific; special coverage), *timely* (real time delivery of breaking news) and *convenient* (personalization; news archives) for the customer.

Another point of PWC (2009) is that strategic partnerships can be very helpful to fulfill these needs of the niche markets. These niche markets are often difficult to reach for newspapers. A platform for specialized digital news from several news providers is something that can be a good solution. This is also what Olswang's survey (2009) points out: a platform with easy payment methods is more likely to attract customers. This report especially points to the iTunes store which is a good example.

PWC (2009) also states that their research reveals that nowadays it is very important for newspapers to have constant dialogue with their readers. This can help newspapers to meet the changing demands of the customers.

2.1.3 Platforms

Content can also be offered through some kind of platforms. Amazon (www.amazon.com) is the biggest online retailer in the world and offers a lot of e-books for the Amazon Kindle, an e-Reader. Amazon has made agreements with publishers of books. Via Amazon they can sell their e-books to readers. In the United States, the Hearst Corporation is "one of the nation's largest diversified media companies" (www.hearst.com). Hearst offers newspapers and magazines but also some television channels. This company has started with the platform Skiff (www.skiff.com), which is a platform that brings publishers of newspapers and magazines together with customers via a platform for online news. In the Netherlands, the eReaders Groep BV (www.ereaders.nl) is also trying to start a platform called eLinea, which has the same purpose as Skiff. These platforms can meet the demands that the white papers also stated: customers want specialized, targeted and relevant information. Instead of reading the whole newspaper, customers prefer to only read those pages or articles that they find interesting. The eLinea platform has contacts with a lot of magazines and newspapers. A customer can subscribe to different kinds of newspapers or magazines and one price is being made. For example, a customer can choose to get only the regional news of the TC Tubantia (Wegener), the general news of the Telegraaf, the soccer news of Voetbal International and also the most popular articles of HP/de Tijd. One subscription is being made for these different sources of news. Unlike Amazon, which holds 70% of the revenue, eLinea holds only 30% of the revenues of the subscriptions. The rest is for the publisher. In appendix A, a figure is presented to show how eLinea works. Before publishers like Wegener participate in some kind of platforms, it is very important for them to know what the demands of their customers are and if and how much they are willing to pay for such customized and specialized news. In the next two paragraphs, two examples (Amazon and NRC Handelsblad) show how publishers can reach the customer: through a platform or directly.

2.1.4 Example 1: New York Times

Published in New York, the New York Times is an American daily newspaper (www.nytimes.com), but is internationally known and very popular. Also this newspaper is facing declining revenues. Because of that, the New York Times has several possibilities to read their newspaper in a digital way. One of those options is to read it on the Amazon Kindle (www.amazon.com/kindle), an e-Reader. Amazon has a contract with several newspapers and one of them is the New York Times.
The New York Times is only readable on the Kindle and not on other e-Readers, because it has an agreement with Amazon. That is a disadvantage, because the Kindle does not support files that are very popular in Europe, like ePub (www.ereaders.nl). On the other hand, Amazon is the biggest online retailer in the world and offers about 360.000 e-books and a lot of other newspapers and magazines that are readable on the Kindle (www.amazon.com). So an owner of the Kindle is always directly linked to Amazon. For the owners outside the US that can be a problem, because only the e-books of Amazon (in English) are readable. Next to that, the Kindle is still quite expensive: $259,- (about €195,-) for the 6” display version and $489,- (about €370,-) for the 9.7” display version. The newest version, the Kindle 2, has the opportunity to download e-books or newspapers directly to the device through the 3G network, also in countries outside the US. This is an advantage for the users of the Kindle outside the US, because they are able to download content from Amazon (www.amazon.com).
As said before, users can subscribe to the New York Times on a Kindle. Amazon gives a 14-day free trial on this newspaper, but after that it will cost $13,99 per month for customers in the US. For foreign customers, the New York Times will cost $27,99. With the 3G network, the New York Times will be delivered at the Kindle at 5:00 AM on the weekdays and 5:30 AM on weekends, at New York City local time (www.amazon.com). The New York Times is also going to offer separate articles next to the whole newspaper.

One of the biggest problems for the New York Times is the fact that Amazon demands a high rate of the revenue from subscribers to the newspapers, like the New York Times, on the Kindle. They want 70%, so only 30% is for the New York Times (or other newspapers). The question arises if the Amazon's Kindle is "a platform that's going to save newspapers in the near term" (www.paidcontent.org, 06/05/2009). Next to that, publishers are concerned of the fact that Amazon handles very low prices for e-books, with an average of 9,99 dollar per e-book (www.informatieprofessional.nl).

2.1.5 Example 2: NRC Handelsblad

In the Netherlands, the first newspaper that introduced its content digital for e-Readers or as an application for the iPhone and iPod Touch, is NRC Handelsblad and call it the ePaper (www.epaper.nrc.nl). They offer their ePaper in an ePub, PDF and MobiPocket format. The next chapter will elaborate more on these different kinds of formats. However, it is nice to see that the NRC ePaper is available on several formats.

NRC Handelsblad gives a try-out of the ePaper to already existing subscribers to their newspaper, which means that the customers can try the ePaper of NRC Handelsblad for free for six weeks. After that, there is a choice to subscribe to the ePaper. This can be done by subscribing to the NRC Handelsblad Digitaal, which consists of three products: the NRC ePaper (the format especially made for e-Readers), the NRC Digital edition (an online newspaper in the exact layout as the printed newspaper) and the NRC online archive (more than 700.000 articles since 1991). This subscription for the first year is €12,50 per month, €36,- per quarter of the year or €139,50 per year. After the first year, the prices will be respectively €16,50, €48,50 and €189,-. The subscription to the printed newspaper is far more expensive, namely €89,- per quarter of the year or €326,- per year (www.epaper.nrc.nl).
The ePaper does not contain advertisements. The main focus for NRC Handelsblad is to get revenue from paying customers. NRC Handelsblad is also looking at the possibilities of advertisements, but this is relevant when there is a good mass of paying customers (email Direct Marketing Manager eProducts NRC Handelsblad, 26/11/09).

The ePaper is available every weekday from 3 PM, just as the printed version. This is very late for those who want to read the news in the morning. Saturdays, the ePaper is available from 7 AM. Sundays, there is no ePaper available (www.epaper.nrc.nl).

2.1.6 Summary

From the white papers it has been clear that consumers are more likely to pay for a newspaper on a PC or mobile device when the news contains customer-specific, targeted and specialized news with easy payment solutions. Publishers have to keep in mind that both the needs of the customers of mass markets (general news) and those of niche markets (specialized news) have to be fulfilled. To meet the demand of the niche market, news has to be unique, timely and convenient. A platform for specialized digital news from several news providers, with constant dialogue with and between readers, is something that can be a good solution.

2.2 E-Readers: a new technology

In the market of books, e-Readers are seen as the next step in digital reading. Readers can fill their e-Reader with a lot of digital books and don't need to carry those heavy books with them no more. These devices can also be a good solution to the declining subscriptions in the newspaper industry. This has to do with a lot of advantages of the e-Readers in comparison to other digital devices like notebooks or mobile phones. But we don't need to forget that other mobile devices can also be used as e-Readers. This paragraph will elaborate more on the functions, possibilities and the technology of e-Readers.

2.2.1 Screen technology

Why buying an e-Reader when you can read the news on your phone or computer? Well, the biggest difference between e-Readers and other digital devices is that e-Readers have a screen just like printed paper. The technology that is used is called e-Ink (electronic Ink) (www.eink.com). With such a screen, the reader will not be tired of reading for hours on such a device. The batteries also last longer than other devices with LCD screens.

A disadvantage of an e-Ink screen is the fact that it cannot show color and therefore cannot show color photos or videos. That means that the e-Readers with e-Ink can only be used for reading books or newspapers that are not in color. Also black and white photos are difficult for e-Readers to show properly. Next to that, eInk is still a bit slow when a page is being turned. This slowness also limits e-Readers to show videos. Of course, this technology is still being adjusted. There is no doubt that in the future also photos and videos can be shown on e-Readers and that they will be faster (www.ereaders.nl). Liquavista (www.liquavista.com), a Dutch company, is developing such e-Readers. Expectations are that in the summer of 2011 these e-Readers will be available.

2.2.2 EPUB

The format ePub is the best known format in the Netherlands (www.ereaders.nl) and is probably going to be the standard format for e-Readers. One of the biggest online web shops in the Netherlands, Bol (www.bol.com), sells its e-books in an ePub format. Also other e-book stores like Ebook.nl and Libris.nl offer their e-books in this format. The biggest difference with other formats like PDF or Word, is the 'open standard' of ePub. This means that an ePub-file automatically adjusts itself to the screen size of the e-Reader. So a smaller screen size of an e-Reader will make sentences shorter, so that the file still will be readable and the reader does not have to scroll from left to right or up and down. Another format is MobiPocket. This format is used a lot by Amazon, but in the Netherlands the ePub format is used more. The popular e-Readers in the Netherlands don't support the MobiPocket format always. But there are software tools to convert MobiPocket files to an ePub format (www.eburon.nl). The problem of ePub is the fact that it still has problems to show text appropriate when there are also black and white images in that content. Also this problem is still being adjusted.

2.2.3 Making the right format

There are several programs or firms that can make the format ePub out of other formats. On the website of Eburon, a website for publishers, several software packages are being presented to convert text into an ePub format (http://www.eburon.nl). This can be done by using .txt, XHTML, XML, PDF or even other formats. When Wegener decides to make the right format for e-Readers in-house, it can choose to use a good software program.

It is also possible to outsource the making of the ePub content, because there are several other firms that can do that better and quickly (http://www.eburon.nl). One of these firms is Tecnavia (http://www.newsmemory.com). Wegener already works with this firm, because Wegener's ePaper on the intranet is being constructed by Tecnavia. Next to that, there is also Atex (www.atex.com), the supplier of Wegener's editorial systems. They also have the ability to make ePub formats (Garavaglia D., 2010).

2.2.4 Digital content on E-Readers

PWC (2009) did a market research in the field of digital newspapers. The unfortunate conclusion of their research is that consumers are unwilling to pay for online content on mobile devices, mostly because it is difficult to read complete articles on those devices. They think mobile devices are only useful to give a quick overview of headlines and breaking news. The consumers also were unwilling to pay for news on an e-Reader, mostly because they were unfamiliar with the e-Readers. The market research of the BCG (2009), which had more than 5000 participants across Europe, shows similar results: only 14% of all participants prefer to receive online news on an e-Reader. The smartphone is more popular (32%). Also Olswang's research (2009) points out that only 19% of its adult respondents said that they would be willing to pay for online news that would be received on a PC or a device such as a mobile phone or e-Reader. All these results are not so surprising, while most people are still not so familiar with e-Readers. Expectations are that the market of e-Readers will grow quickly in 2010 (www.villamedia.nl). According to the results of TNO (www.tno.nl) which conducted a market research on e-Readers in the Netherlands, there will only be a breakthrough in e-Readers when the price for the devices will be below $100,-. There is also one condition: there has to be valuable digital content for the customer.

2.2.5 Summary

It has been clear that the format ePub is the one that is going to be used the most in Europe and the Netherlands. This format is especially made for digital reading and has advantages compared to other formats like PDF or .doc. The eInk technology is at the moment not good enough to produce color, so only text can be shown. In the future this has to be adjusted so that also photos or videos can be shown on these devices. Research showed that the willingness to pay for digital content on mobile devices is very low, in contrast to other news providers. Reasons are mostly because it is difficult to read complete articles on those devices. Because a lot of people are still unfamiliar with e-Readers, the willingness to pay for digital news on these devices is also very low.

2.3 Unified Theory of Acceptance and Use of Technology

The UTAUT model (Venkatesh, 2003), which is a technology acceptance model (TAM) tries to explain what the intentions of the users are when using information systems, and subsequent what the usage behavior is. Although the UTAUT model normally is being used for technology acceptance on the work floor (like most of the TAM's), this model is also very useful to know how customers will react on a new technology. Venkatesh comes up with four constructs that are direct determinants of usage intention. These four constructs are related to previous TAM's. Venkatesh also includes possible questions to know how to measure that construct. The UTAUT model is presented in figure 5. E-Readers are still unfamiliar to people and only a few work or have worked with these devices. That is why only the behavioral intention of the customers of Wegener will be measured to use an e-Reader as a replacement to the printed newspaper. Therefore also only three of the four direct determinants will be used for the analysis, since the fourth determinant (Facilitating Conditions) only measures the usage behavior. The other determinants will be explained in the next paragraphs.

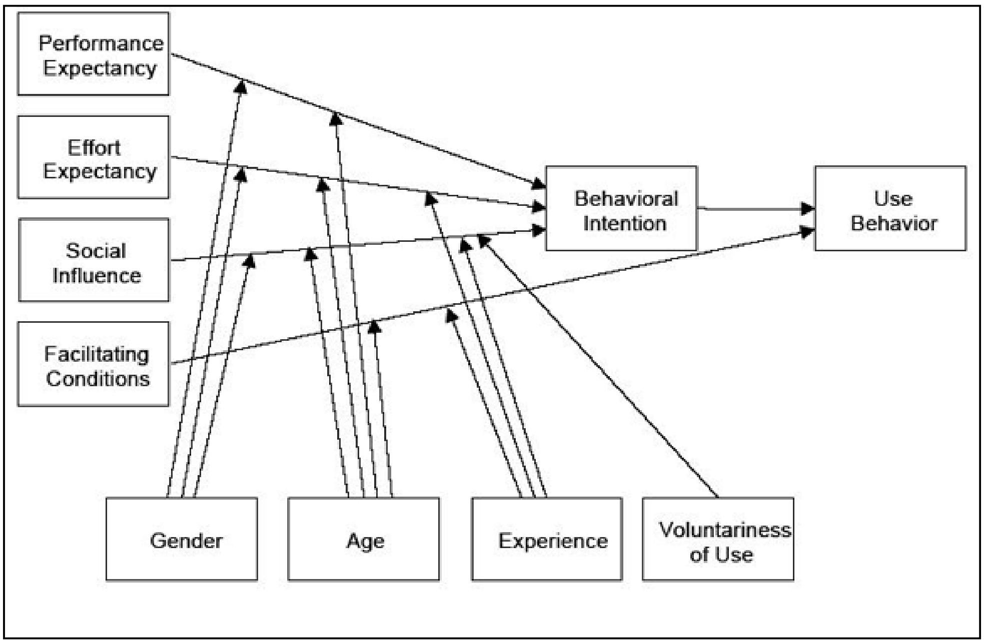


Figure 5: Unified Theory of Acceptance and Use of Technology (Venkatesh, 2003)

2.3.1 Direct determinants

Performance expectancy

This construct is being defined as "the degree to which an individual believes that using the system will help him or her to attain gains in job performance" (Venkatesh, 2003). This construct contains 'perceived usefulness' which explains the enhancement of job performance when using a new system. This construct also measures whether a user performs an activity because there is a valued outcome distinct from the activity itself and whether or not the new system is better than the previous one. At the end, performance expectancy will also show if the new technology has an impact on the consequences of the behavior of the user.

Effort expectancy

The definition of this construct is: “the degree of ease associated with the use of the system” (Venkatesh, 2003). This construct measures if the new technology is free of effort and easy to use for the user. Of course it is possible that the user perceives the new technology as difficult to use.

Social influence

This third construct means “the degree to which an individual perceives that important others believe he or she should use the new system” (Venkatesh, 2003). So the user of the system can be influenced by others to use the new technology. It can also be that the new technology is being used because it represents some kind of a status or image.

2.3.2 Indirect determinants

There are also four other constructs that influence the direct determinants: Gender, Age, Experience and Voluntariness of use (Venkatesh, 2003). Only the last indirect determinant will not be used, because there is always a voluntariness to use an e-Reader to read the newspaper with. The other three are important. These indirect determinants do not have a direct impact on the behavioral intention or the usage behavior of a new technology. Though, for the analysis of the behavioral intention of customers to use an e-Reader, it is useful to know if there is a difference in acceptance between male and female or young and old respondents (or the two other indirect determinants). This will also give Wegener a better focus on a customer segment.

Business model for the newspaper industry

2.4 Value creation

This paragraph will elaborate on the elements that are important for the process of value creation. For Wegener it is first very important to create valuable content for its customers. If the content does not have value, it will not be purchased. Therefore the pillars of an e-business model from Osterwalder and Pigneur (2002) will be used as the structure for the theoretical framework for the business model. So this paragraph will elaborate on the pillar of Infrastructure Management, which is the pillar for value creation. Next to that, the four drivers of value creation from Amit & Zott (2001) will be used to describe what factors are important to create value.

2.4.1 Pillar of value creation

A well known author that describes the several factors that are important for a business model is Osterwalder. In his article, together with Pigneur, an e-business model is being presented (Osterwalder & Pigneur, 2002). Their business model rests on four pillars:

- **Product innovation**: all product related aspects that are important to offer value to a customer segment and the capabilities that are needed to do that.

- **Infrastructure management**: the activities that are needed to create and deliver value, with internal resources and assets and external resources from the network.
- **Customer relationship**: to deliver value it is important to have a good information strategy, delivering value through new and multiple channels and create trust and loyalty from the customer towards the company.
- **Financial aspect**: this consists of a revenue model and will result in the profit for the company, by extracting the costs from the revenues.

These four pillars are used for a complete business model. Since this chapter is about the creation of value, the Infrastructure management pillar will be used. This pillar is important because it describes what factors are important to create value. This pillar is being determined by the internal resources and assets and the external resources of the network. Internal resources can be tangible, something that a company really possesses. These internal resources can also be intangible like trust or a good customer relationship. Also external resources, resources of the network, can be beneficial for firms, because stable (but also weaker) ties can provide a firm with information or knowledge that a firm itself does not have. Nowadays, there is almost no company that works without a network of partners.

2.4.2 Four drivers of value creation

One of the most cited authors in the field of value creation are Amit & Zott (2001). They combine several theories about value creation to understand more about creating value in e-businesses. With their theoretical framework and data analysis, Amit & Zott come up with four value drivers of e-business that are important for value creation:

- **Efficiency**: the e-business has to work efficiently by for example reducing costs, work with high speed, simplifying transactions, allowing customers to benefit from scale economies etc.
- **Complementarities**: offering a bundle of goods together is better than offering them separately. These complementary goods can be offered vertically (e.g. after sales) or horizontally (e.g. camera and film) as well as online and offline (e.g. returning merchandise).
- **Lock-in**: when customers want to change from supplier and these switching costs are higher than staying with the current supplier, more repeat transactions will follow. This lock-in can also be a result of trust and loyalty from the customer to the supplier.
- **Novelty**: the business has to offer something new like a new and innovative product, a new transaction structure etc.

These drivers show which factors are important to create value and they can be categorized within the internal resources of Osterwalder & Pigneur (2002). Next to the fact that internal resources of Wegener are important, these drivers show what Wegener has to do to create value when they want to offer their content digitally to its customers.

2.4.3 Process of value creation

First, it is important for Wegener to look at its internal resources to know how to create the value. Within these resources, Wegener needs to look how it is able to use the four drivers of value creation of Amit & Zott (2001) to create value. Next to these internal resources, it is also of importance to look at how strategic partnerships can be beneficial to create value. This process of value creation is presented in figure 6.

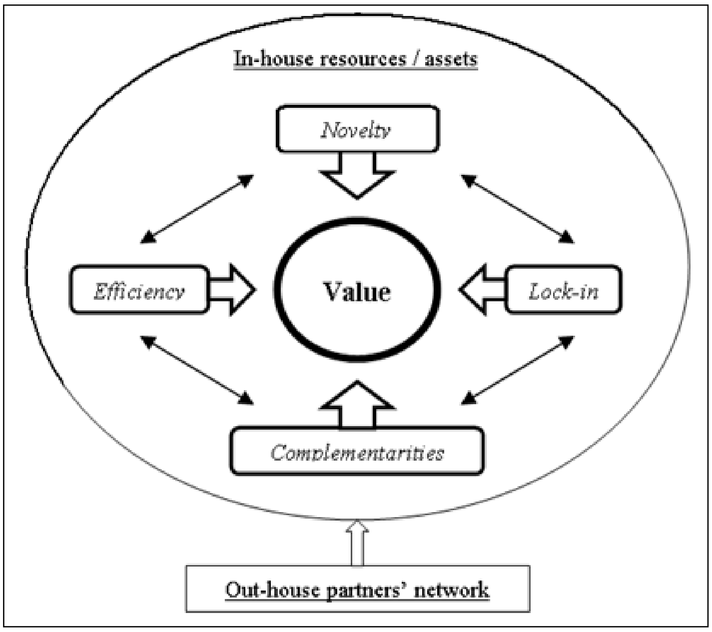


Figure 6: Process of value creation

2.5 Delivering value

This paragraph will elaborate on the elements that are important to deliver the created value to the customer. When valuable content has been created, this value now can be offered to the customers. The two pillars of Osterwalder & Pigneur (2002) will be used: the Product-innovation pillar and the Customer relationship pillar. With these two pillars, a firm knows what important factors are, when delivering the product to the customers.

2.5.1 Pillars of delivering value

The creation of value is connected with offering this value to the customer. In order to create value, you have to know who your customers are and what they want. When a firm can meet these demands of the customer, value is created. According to Osterwalder & Pigneur (2002), the Product-innovation pillar and the Customer relationship pillar are the two pillars that are important when a firm wants to offer value to the customer. The Product-innovation pillar means that the firm has to know on which segment it wants to focus, and which capabilities it has to posses to do that. Wegener has to know which customer segment is the most interested in reading the newspaper on e-Readers. It also has to know what the customer needs are, in order to be able to deliver the highest value to the customer. The Customer relationship pillar (Osterwalder & Pigneur, 2002) is also important in the process of delivering value. A firm has to interact with its customers to know what they are willing to pay for. This will also help the firm to know what capabilities they have to possess to meet the customer demands. When a customer segment is chosen, the firm needs this/these distribution channel(s) to interact with the customer. By interacting with the customer, a firm can gather more information to improve their products. Next to that, interaction also creates trust and loyalty from the customer towards the firm. Nowadays, trust and loyalty are a very important element in this virtual world (Osterwalder & Pigneur, 2002). But the customer relationship is also important to know if a platform for digital news is a nice way to deliver content to the customer, since such platforms are mostly provided by third parties. The third factor that is very important in the process of delivering value, is to know when customers are willing to pay for digital news on e-Readers. This is not the same as customer needs. With customer needs, the customer explains what he or she wants to have, when receiving digital content on e-Readers (or maybe other mobile devices). But the willingness to pay shows when people are also willing to pay for digital news. When a firm an meet customer demands, it is more likely that customers are willing to pay.

2.5.2 Process of delivering value

The process of delivering value is connected to the process of value creation. In order to create value, a firm has to know what the needs of its customers are. And to deliver the value to its customers, a firm has to create that value first. But still there is a clear distinction between the two processes, because the process of value creation is being done within the company. The process of delivering the value happens outside the company, where it wants to reach to its customers. To deliver value, a firm has to know on which customer segment it has to focus and what capabilities it has to posses to do that. Next to that, a firm has to have a good information strategy with its customers to know what the needs of its customers are and to let customers have trust in your company and are loyal. These factors will also show when customers are willing to pay for news on an e-Reader. This process of delivering value to the customers is presented in figure 7.

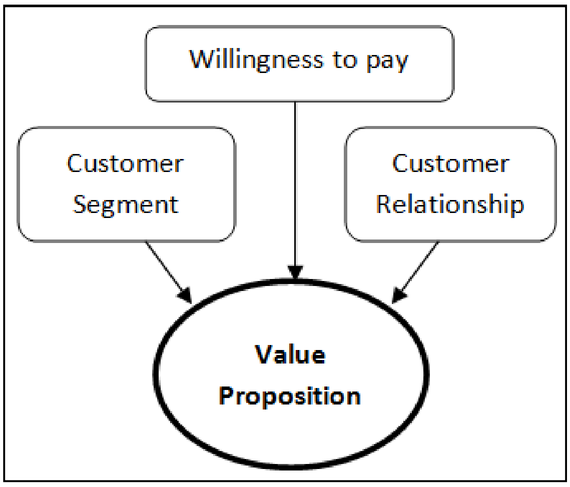


Figure 7: Process of delivering value

2.6 Value appropriation

This chapter will elaborate on the elements that are important for a company to know how to appropriate value, by receiving revenue. Since there are a lot of different kinds of revenue models, these will be categorized into three revenue models: Direct, Indirect and Non-revenue models.

2.6.1 Receiving revenue

Eventually, almost every business model has to lead to revenue. That is why also Osterwalder & Pigneur (2002) include this part in their fourth pillar, Financial aspect. But they do not elaborate deeply into these revenue models, but state only that a firm needs to extract the costs from the revenues to see what the profit is. To know what the best way is to receive revenue, There will be a reflection on several authors that elaborate more on revenue models. Since there are no models for e-Readers or digital reading, revenue models for web based companies or online businesses will be used, because these are closely linked to e-Readers. Hoffman & Novak (2005) make a distinction in several revenue models which can also be used in combination with others, because different kinds of revenue streams are possible. Also Rappa (2007) makes a distinction between several revenue models and he includes some of the same revenue models as Hoffman & Novak. There are also more authors, like Gallaugher et all. (2001) that distinguish different kinds of revenue models. Crook (2007) elaborates more on revenue models for free-to-play games, and his insight can also be interesting in the field of digital content for e-Readers.

2.6.2 Revenue models

By looking at the several authors that elaborate on a lot of revenue models, a distinction between three different kinds of revenue models will be made(table 1).

- Direct revenue models: a direct revenue stream from the customer to the firm
- Indirect revenue models: a revenue stream via or from other parties
- Non-revenue models: no revenue stream, but chance of getting revenue

Several authors talk about their own model and these have been clustered into the category which they fit in. A short description makes it clear why that model fits into a category. And the different categories again fit into one of the three revenue models.

As you can see in table 1, the direct revenue model has been divided into two categories:

- Subscriptions: receiving revenue from customers that have to pay an amount every period (monthly, annual etc.).
- Non-regular revenue: direct revenue for the firm, but not on a regular basis as the subscription.

Hoffman & Novak (2005) talk about *Subscription fees*, regular payments (annual, monthly, weekly etc.) that customers do in order to receive a product. Rappa (2007) and Gallaugher et all. (2001) also talk about these regular payments but call it respectively *Subscription model* and *Subscription fee for online content*.

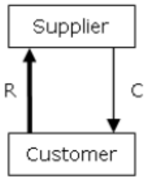
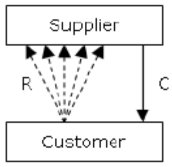
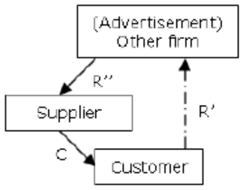
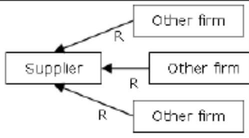
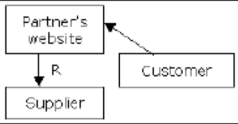
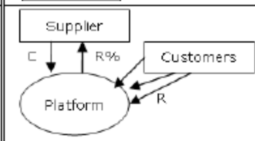
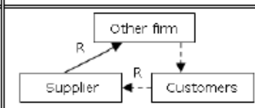
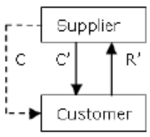
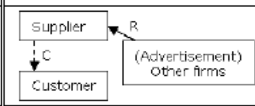
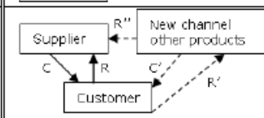
Revenue Model	Authors' model	Description	Figure
Direct			
Subscription	Subscription fees (Hoffman & Novak, 2005)	Regular payments for access of information or services provided into the marketplace	
	Subscription model (Rappa, 2005)	Users are charged a periodic fee to subscribe to a services	
	Subscription fee for online content (Gallaugher et all. 2001)	Typical revenue streams, mostly in print-based publications	
Non-regular	Pay-per-view (Hoffman & Novak, 2005)	Charge a fee for each access to information	
	Micro-payment (Hoffman & Novak, 2005)	Collection of very small transaction fees, but in high volumes	
	Transaction fees (Hoffman & Novak, 2005)	The firm collects a fee for each transaction that is conducted through its e-Business infrastructure	
	Utility model (Rappa, 2007)	A 'pay as you go' approach	
	Per-unit fee for online content (Gallaugher et all. 2001)	A customer wants a specific item and is willing to pay for it	
Indirect			
Advertisement	Referral fees (Hoffman & Novak, 2005)	Providing customers information about products/services on other sites. When customer conducts business there, the firm that is referred to pays a fee to the referring firm	
	Online advertising (Gallaugher et all. 2001)	Charging goods with a very low price and receiving revenue from advertisements from other firms	
	Pay-per-performance (Hoffman & Novak, 2005)	Fee is collected if the customer completes a transaction with other firm	
	Advertising model (Rappa, 2007)	A website provides content and services mixed with advertising messages in the form of banner ads	
	Advertising (Hoffman & Novak, 2005)	Allowing the firms' e-Business to serve as an advertising platform for other companies	
	Affiliate programs (Gallaugher et all. 2001)	Working with a partner and receiving revenue depending how much customers travel through partners' website	
	Affiliate model (Rappa, 2007)	People can surf through some kind of a platform and firm receives percentage of revenue	
Sponsoring	Donations (Crook, 2007)	Sponsoring a company can result in extra revenue	
Non-revenue	Ransom model (Hoffman & Novak, 2005)	Provide some information free and then charge for completion or further access to the information	
	Value-added services (Hoffman & Novak, 2005)	Fees are collected on new services that are provided for 'free' goods and services offered on the internet	
	Subscription tiers (Crook, 2007)	Users can play the core game for free, but to have access to elite weapons or other content, a subscription fee is necessary	
	Online advertising (Gallaugher et all. 2001)	Charging goods for free, but receiving revenue from advertisements from other firms	
	Sale of additional merchandise (Gallaugher et all. 2001)	Once a firm sells something to a customer. A new channel for other products is opened	

Table 1: Direct, Indirect and Non-revenue models

Next to these regular payments, there are also non-regular payments that are not fixed like the subscriptions. Hoffman & Novak (2005) talk about *Pay-per-view*, where a customer is charged for a fee for each access to information. There also other non-regular revenues like *Micro-payments*, *Transaction fees* (Hoffman & Novak, 2005), *Utility model* (Rappa, 2007) and *Per-unit fee for online content* (Gallaugher et all., 2001).

There are also a lot of revenue streams that can be seen as indirect revenues. These are revenues that a firm collects through other firms or partners and can be divided into two categories:

- Advertisement: using other firms to receive revenue
- Sponsoring: being a sponsor for other firms can result in revenue from customers

A lot of authors talk about advertisement models. This research will not go deeply into advertisement models, because there will be a look at the value of the content on e-Readers. However, for the categorization it is good to show all the models. Hoffman & Novak (2005) talk about *Referral fees*, which means that a firm places information about its products on other websites. The other way around, they also talk about *Advertising*, which means that a firm allows other firms to place advertisements on their website. In both ways, a firm can receive revenue. Rappa (2007) talks about an *Advertising model* where a firm places messages, for example in the form of banner ads. Also Gallaugher et all. (2001) talk about these advertisements and call it *Online advertising*. It is also possible that a firm collects a fee when a customer completes a transaction, called *Pay-per-performance* (Hoffman & Novak, 2005). Two other revenue models are *Affiliate programs* (Gallaugher et all., 2001) and *Affiliate model* (Rappa, 2007) which both mean that a firm decides to participate in some kind of a platform where customers can choose to buy the firms' product. But the firm has to leave a percentage of that revenue for the partner.

The other category of indirect revenues is sponsorship and Crook (2007) refers to this as *Donations*. When a firm sponsors another firm, for example by banner ads, customers can eventually buy something from the sponsoring firm.

Non-revenue models makes you think that the firm does not receive any revenue. In a part, that is true. But non-revenue models mean that a firm has a possibility to receive revenue, but it has to receive nothing first. There are several models that are very important in this categorization, see table 2. Hoffman & Novak (2005) talk about the *Ransom model*, where customers first get something for free but have to pay for further access. The same is called *Subscription tiers* by Crook (2007) where customers can upgrade a free game by a small monthly subscription. With free goods it is also possible to receive revenue from advertisements, Gallaugher et all. (2007) call it *Online advertising*. Hoffman & Novak (2005) also talk about *Value-added services*, which means that a firm can receive revenue by giving extra service to a free product. The last non-revenue model is called Sales of additional merchandise (Gallaugher et all., 2001). A company opens a new channel when a customer buys a product.

2.6.3 Process of value appropriation

As you have seen, there are a lot of different kinds of revenue models. For Wegener it is important to know which of these revenue models are important. Revenue can be received through direct revenue models, just like the customer is paying a subscription for the printed newspaper. Revenue can also be appropriated through indirect revenue models, for instance by paying for every newspaper article that is being read on an e-Reader. It is also possible that only a small summary of an article is being offered for free, but that the customer has to pay to see the whole article. Or maybe even giving a try-out for the whole newspaper on an e-Reader for free, but after the try-out the customer has to pay, This process of value appropriation is being presented in figure 8.

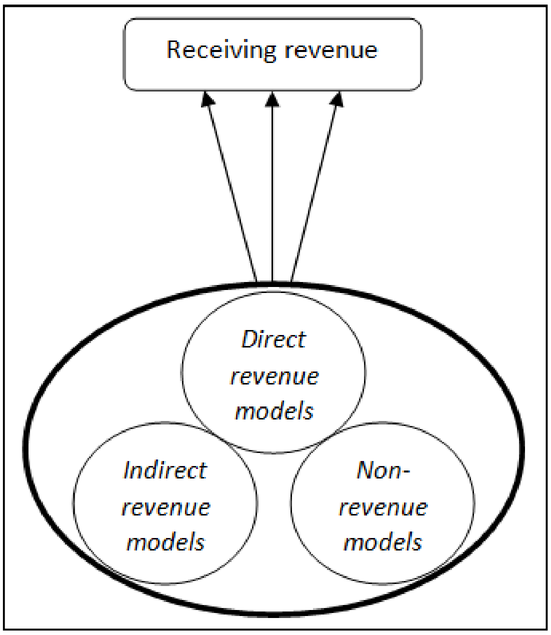


Figure 8: Process of value appropriation

2.7 Summary theoretical framework

The first paragraph of this chapter is about the advantages and disadvantages of e-Readers. It is important to know what the possibilities are of e-Readers. It has been clear that ePub is the format that is used the most for reading on e-Readers. Formats like xml .txt PDF can be converted to an ePub format. A problem is that the eInk screen technology is not advanced enough yet to produce color and to show photos or videos.

The second paragraph is about the development of the market of digital news. It is clear that the willingness to pay for online news is very low. But there is also a growing segment of customers that are willing to pay for news on a mobile device when there is some kind of a platform that contains customer-specific and specialized news with easy payment solutions.

The third paragraph is about the acceptance of technology and therefore the UTAUT model will be used, a technology acceptance model (TAM) to analyze the behavioral intention of customers to use e-Readers. This model is important because it clarifies the behavioral intention to use a new technology better compared to other TAM's.

The other three paragraphs are about the process of creating, delivering and appropriating value. The three processes have been outlined and presented separately in the theoretical framework. In figure 9 these processes are put together as one process. As you can see, also the UTAUT model is presented in this figure. The behavioral intention is important to know in advance so that the firm can create value. There is also a connection between the process of value creation and value delivering, presented by two big arrows. A firm has to have constant dialogue with its customers to know how to meet changing customer demands, and delivering the value is only possible when the firms' value is being focused on, because it is important to deliver high value to the customer. Eventually, this will lead to appropriating value: receiving revenue.

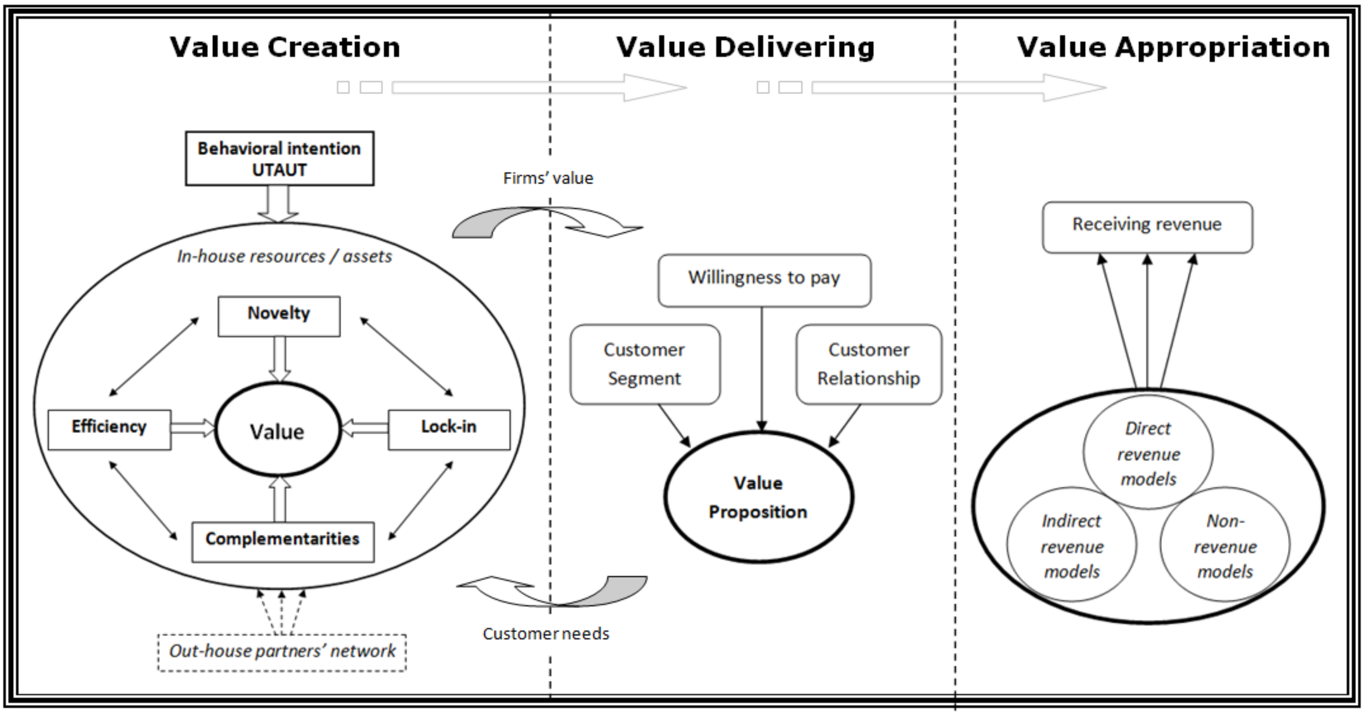


Figure 9: Presentation of the theoretical framework

3. Methodology

3.1 Research design

This research has a quantitative and a qualitative side. For the qualitative research, interviews with people within Wegener have been used. These people gave insight in how Wegener can create value. Also interviews with people outside Wegener have been used. These people have information about possibilities and bottlenecks in this market.
For this research, also a survey has been applied (see appendix B). This is the quantitative side of this research. Wegener wanted a good quantitative research, and so it outsourced the questionnaire to Newcom Research & Consultancy (www.newcomresearch.nl). They applied the questions in an online questionnaire (see appendix B). This online questionnaire is used to know what the behavioral intention of the customers is to use an e-Reader as a replacement for the printed newspaper. Next to that, the online questionnaire also contained questions about how and when customers are willing to pay for digital news on e-Readers. So the online questionnaire will also help to answer the sub questions about the processes of delivering and appropriating value.

3.2 Quantitative research

3.2.1 Selection & sample

Newcom Research & Consultancy has a national representative research panel that consists of 1000 people across the Netherlands. According to Newcom, this research panel is representative for the whole Dutch adult population. The online questionnaire has been filled in by 417 respondents. This means the response rate is almost 42% which is quite high. However, a lot of respondents answered questions with ‘Don’t know’.

3.2.2 Measurement

With the online questionnaire, the behavioral intention of the customers of Wegener will be measured when they want to use an e-Reader as a replacement of the printed newspaper. For this research it is also important to know which direct determinants of the UTAUT model are meaningful to focus on. Next to that, there will be also a measure what the needs of the customers are, and when they are willing to pay for digital news on e-Readers. The difference between customer needs and willingness to pay is that the needs are those features that customers want to have in digital content. But needs do not mean that customers want to pay for it. The willingness to pay shows to what extent customers want to pay for that content on e-Readers. Of course it is also important for Wegener to know how it can set a price for different kinds of products. For this, the Value-Based-Pricing strategy will be used. Finally, it is also important to know how and how much the customers want to pay, because there are a lot of ways for Wegener of receiving revenue from their customers.

3.2.3 Data collection

The data has been collected with an online questionnaire. Together with the two supervisors, the questions for the online questionnaire have been made. Newcom Research & Consultancy conducted this survey and gave the results in an SPSS format. The questionnaire is in Dutch and is stated in appendix B.

3.2.4 Data analysis

To analyze the results of this online questionnaire, the statistical program called SPSS (Social Package for the Social Sciences) has been used. This is a very known and popular program to make statistical calculations and graphical figures. Graphical figures will make results clear and are a great way to draw conclusions.

3.3 Qualitative research

3.3.1 Selection & sample

For the qualitative research, three managers within Wegener have been interviewed with each of them important information for this research. The first one is the Director of Editorial Development, who is important because the editorial staff decides which news has value and will be published in the newspaper. The second one is the Manager of Customer Value, because she knows a lot about what the value is for the customers of Wegener. The last one is the Manager of New Business Development, because he makes the long-term plans for new business.

The interviews with people outside Wegener are also important , because these people have other information about the market of digital news. Here the interview with the Coordinator of the 3D-project (Designing the Daily Digital (www.dailydigitaldesign.com)) will be used. This is a big project to know more about the market of digital media. This respondent is also a PhD (Doctor of Philosophy) in Communication & Science and has written several articles about the digitalization of newspapers. He has a lot of knowledge about the opportunities or bottlenecks for newspapers, when offering news digitally. Next to that, also an interview with the Director of eReaders Groep BV took place, a company that is building a platform for digital news called eLinea. He is important for this research because this platform can be a distribution channel for Wegener to offer content digitally to customers via e-Readers. There has also been an interview with the Manager Multimedia of Media Groep Limburg, also a publisher of regional daily newspapers which has some interest in eLinea. Next to that, also the Manager New Media of the NRC Handelsblad has been interviewed. This daily newspaper has been the first newspaper in the Netherlands that started to offer their newspaper on e-Readers or other mobile devices. Next to these interviews, together with the Director of Editorial Development and the Head of Creditors' Administration of Wegener, there has been a meeting with two managers of Apple. This meeting provided this research with information about the possibilities of the products of Apple for digital publishing. Together with the Program Manager of Wegener, a meeting has been joined with the Director of eReaders Groep BV, where he showed how content of Wegener as an ePub format looks like on an e-Reader.

3.3.2 Measurement

The interviews with people within Wegener made it clear which internal and external resources of Wegener are important to create value. These interviews have been important to see how Wegener is able to create value. Information from the interviews with people outside Wegener will be used to see how they think value should be created. The differences and resemblances will then be showed.

The interviews with people outside Wegener were important to know how value has to be offered to the customers and how revenue can be received. These interviews showed a lot of opportunities for Wegener, but also the bottlenecks that are present, when offering the content digitally on e-Readers. The insights of the people outside Wegener will also be compared with those of the people within Wegener.

3.3.3 Data collection

For most of the interviews, semi-structured interviews (Babbie, 2009) have been used. I think a semi-structured interview is the best structure for an interview to use, because it allows an interviewer to talk more open but still keep focus on the structure and questions of the interview. With the help of a voice recorder, the interview could have been heard afterwards and so a I could remind all the important aspects that were mentioned in the interview. The interview with the Manager Multimedia of MGL has been done by telephone (Babbie, 2009), because of the distance between MGL and Enschede. The interview with the Manager of New Business Development has been done by letter, because an appointment for a semi-structured interview would be too late for the planning of this research.

3.3.4 Data analysis

With the data that is collected, this research tries to discover resemblances in each of the three processes of value. It tries to see how the people within Wegener think that their newspaper can be of more value for the customer. Also an analysis to see if the people outside Wegener have resemblances in their answers about the process of value delivering and appropriating will be done. These resemblances give Wegener a good insight in the opportunities of offering the newspaper digitally on e-Readers and receiving revenue from its customers. The data from the interviews with people outside Wegener will also be compared with the results from the online questionnaire, to see if there are resemblances between the vision of the interviewees and the customers of Wegener.

4. Results

In the first paragraph of this chapter the online questionnaire will be used to measure the behavioral intention of customers to use e-Readers. In his article, Venkatesh (2003) already gives examples of questions that can be used to measure each of the direct determinants of the UTAUT model. This research will show which determinants are important. At the end of this chapter, the first sub question will be answered:

- *What is the behavioral intention of readers of newspapers to use an e-Reader as a replacement for the printed newspaper?*

In the second paragraph of this chapter the interviews within Wegener will be used to know how Wegener is able to create value. These interviews will show how Wegener uses its internal and external resources (Osterwalder & Pigneur, 2002) together with the four drivers of value creation (Amit & Zott, 2001) to create value for the customer. The interviews with people outside Wegener also have some important insights for this process of value creation and will also be used. At the end of this paragraph, the second sub question will be answered:

- *How can Wegener create most value, when offering content via e-Readers to its customers?*

The third paragraph includes the analysis for delivering value to the customer. For this, the interviews with people outside Wegener have been used. The results are important for Wegener to know on which customers it has to focus and how this value has to be delivered to its customers. These insights will also be compared with those of the interviews with people within Wegener. Also some information from market research about digital reading will be used, because research shows some interesting insights in consumer behavior. The online questionnaire will also be used for this process to see what the needs of the customers of Wegener are and when they are willing to pay for digital news. So at the end of this paragraph, the third sub question will be answered:

- *How can Wegener deliver most value to its customers, when offering content via e-Readers?*

This research also explains what factors are important when Wegener wants to receive revenue for digital news. Here the information from the interviews with the people outside Wegener and market research will be used again. Next to that, the online questionnaire also contains questions about in what way people want to pay for digital news and how much. Therefore, in this last paragraph, the last sub question will be answered:

- *How can Wegener appropriate most value, when offering content via e-Readers to its customers?*

4.1 Respondent characteristics

The online questionnaire has been filled in by 417 respondents. Since the online questionnaire has been sent to a research panel of 1000 respondents, the response rate is 41,7% which is very well. From these 417 respondents, almost 52% was male and 48% was female. The largest group of the respondents (41,2%) is between 31 and 50 years old and next comes the group between 51 and 64 years old (30,2%). From all the respondents, 53% has a subscription on a newspaper. The largest group is subscribed to the newspaper Telegraaf (13,4%) and also the largest group of respondents does buy a single copy of this newspaper often (21,3%). These results are shown in table 2 and table 3 Since respondents could have more than one answer on which newspaper they are subscribed to or buy a copy from, the total percentage of both tables is not the same.

Characteristics	Number (n)	Percentage (%)
Gender		
Male	215	51,6
Female	202	48,4
Age		
<18	6	1,4
18-30	78	18,7
31-50	172	41,2
51-64	126	30,2
64>	35	8,4
Subscribing to a newspaper		
Yes	222	53,2
No	193	46,3

Table 2: Respondent characteristics

Newspapers	Subscription		Buying copy	
	n	%	n	%
Telegraaf	56	13,4	89	21,3
TC Tubantia	6	1,4	6	1,4
Volkskrant	11	2,6	34	8,2
De Stentor	18	4,3	5	1,2
NRC Handelsblad	7	1,7	20	4,8
De Gelderlander	12	2,9	6	1,4
Brabants Dagblad	8	1,9	9	2,2
Eindhovens Dagblad	5	1,2	7	1,7
BN/deStem	9	2,2	11	2,6
Dagblad v.h. Noorden	9	2,2	6	1,4
Het Parool	7	1,7	6	1,4
Trouw	4	1,0	12	2,9
Overige	77	18,5	61	14,6
No sub. / no copy	220	52,8	234	56,1

Table 3: Respondent and newspaper characteristics

4.2 Reliability analysis

Because I applied an online questionnaire to measure the constructs of the business model in this research, these constructs have to be tested for their reliability. Figure 10 shows the mean, standard deviation, Cronbach's alpha and the number of items. The Cronbach's alpha is conducted as a statistical measure for the internal consistence. The number of items means that the construct consists of a certain number or questions in the online questionnaire.

Most of the constructs were measured on a 5 point Likert-scale, where 1 means the respondents totally disagree and 5 means the respondents totally agree. An analysis is reliable when the Cronbach's alpha is above 0,6. The "Value-Based-Pricing" construct and the construct "Willingness to pay: what amount for certain news" are measured by open questions, where 1 refers to the fact that there has been a response and 2 means that the respondent didn't know what to answer.

Construct	Mean	Standard deviation	Cronbach's Alpha	Number of items
UTAUT				
Performance Expectancy	3,08	,918	,703	2
Effort Expectancy	3,87	,768	,751	2
Social Influence	2,98	,806	,221	2
Customer needs	3,61	,482	,957	4
Willingness to pay: under what condition?	2,27	,842	,891	4
Customer relationship	3,16	,645	,844	2
Revenue models	3,24	,748	,918	5
Value-Based-Pricing	1,41	,439	,937	5
Willingness to pay: what amount?	1,49	,452	,890	3

Figure 10: Reliability analysis

Almost all constructs have a Cronbach's alpha of 0,7 or higher, except for Social Influence which has a Cronbach's alpha of only 0,22. This is very low and therefore very unreliable. This unreliability can be caused by using only two items for the construct. However, also the other two constructs of the UTAUT model only have two items. When having such an unreliable construct, a researcher has to consider whether using that construct or not. However, since the construct Social Influence is a part of the UTAUT model, this research will continue with that construct, but will remove one item. Taking a look at the two items (statements) that have been used for that construct, it shows that they are too different. The first statement *'I would consider buying an e-Reader more if friends/acquaintances in my neighborhood already have one'* is a right question to measure Social Influence. However, the second question '*Technological devices like e-Readers are a symbol of status and using these devices contributes to a certain image*' has probably being interpreted wrong by many respondents. Even though Venkatesh (2003) uses status and image as items to measure Social Influence, this research will leave out the second statement. Therefore the construct Social Influence will only have one item, which is not very well for scientific research. However, it is the best option right now, because removing the construct Social Influence will result in a very minimal UTAUT model.

4.3 UTAUT: Behavioral intention

As explained before, to test the UTAUT model, only three of the four direct determinants will be measured, because this research is only interested in the behavioral intention of consumers to purchase an e-Reader. Therefore *Performance expectancy, Effort expectancy* and *Social influence have been tested*. In his article, Venkatesh (2003) shows questions that are helpful to test these determinants. Those questions have been applied in a Likert scale (Babbie, 2009) in the form of statements (see Appendix B). To test the model, a regression analysis with SPSS have been done, to see what the correlation is between the direct determinants and the behavioral intention. Because it is difficult to ask respondents about their intention, that variable is replaced by the willingness to pay for news on an e-Reader. This is almost the same as behavioral intention, but it will loose some scientifical strength. Therefore the following question of the online questionnaire as the dependent variable will be used: *If I would have an e-Reader, I would be willing to pay for digital news (although without photos and videos), because it is so pleasant to read.*

4.3.1 Regression analysis

To see if the three constructs really have an effect on the willingness to pay, a multiple regression analysis has been done. The three constructs *Performance expectancy (PE), Effort expectancy (EE) and Social influence (SI)* are used as the (independent) predictor variables and *Willingness to pay for news on an e-Reader (WTP)* is the outcome variable. As mentioned before, the construct Social Influence will consist of only one item. In order to make a right regression analysis, the items of the three constructs have been put together in SPSS and formed a new variable with the means of the construct's items. This is necessary for a right regression analysis. First, a simple multiple regression analysis has been done to see how the constructs effect the Willingness to pay for e-Readers. The analysis shows that the R Square for PE is 0,158. That means that PE can explain 15,8% of the variance in WTP. When adding EE to the model, R Square increases to 0,160, a very small increase. When adding the last variable SI, R Square increase to 0,172. That means that all the three variables explain only 17,2% of the variance in WTP. This is a very low R Square and therefore it shows that the Willingness to pay for news on e-Readers is being influenced by far more than only these three constructs. These results are shown in figure 11.

Variable	R Square	B	Standard error B	Beta	t	Sig.
Performance Expectancy	,158	,328	,057	,327	5,776	,000
Effort Expectancy	,160	,064	,061	,054	1,051	,294
Social Influence	,172	,103	,047	,117	2,169	,031

Figure 11: Simple Multiple Regression Analysis

As explained above, when adding EE to the model, R Square increases only a little bit. A stepwise multiple regression analysis can make this more clear, because this analysis adds an independent variable to the model every step and does that in a sequence of relative effect on the dependent variable. So the variable with the highest F-value will be entered first, and next comes the variable with the second highest F-value, and so on. So this analysis really shows which construct of the UTAUT model has the most effect on the Willingness to pay for news on an e-Reader. When doing a stepwise multiple regression analysis, the variable EE is being left out, because it has a significance of ,294 and therefore doesn't have a significant effect on the willingness to pay. PE is the variable that is being entered first, because it has the highest F-value. Next, SI is being entered. After this next step, R Square is 0,169, which means that these two variables explain 16,9% of the variance in WTP. These results are shown in figure 12.

Variable	R Square	B	Standard error B	Beta	t	Sig.
Performance Expectancy	,158	,347	,054	,346	6,400	,000
Social Influence	,169	,104	,047	,118	2,186	,029

Figure 12: Stepwise Multiple Regression Analysis

According to these results of the multiple regression analysis, Effort Expectancy is not a predictor of WTP and therefore has no significant effect on the behavioral intention. Performance Expectancy is the construct that explains WTP the most. Its B-value shows that if Performance Expectancy increases with one unit, WTP will increase with 0,347. Next comes Social Influence which has a B-value of 0,104 which means that if Social Influence increases with one unit, WTP increases with 0,104. However, Social Influence only consists of one item and with two items that construct became unreliable. Therefore it is difficult to accept the fact that Social Influence has a relative impact on WTP.

4.3.2. Analysis of Variance

Next to these direct determinants of the UTAUT model, there are also indirect determinants that can have an effect on the correlation of the direct determinants (predictor variables) and the WTP (outcome variable): Age, Gender and Experience. As explained before, the fourth indirect determinant *Voluntariness of use* is left out, because it is not applicable for the use of e-Readers. Of course everyone can choose for itself to use or not to use an e-Reader. To measure whether these indirect determinants have an effect on the direct determinants, the General Linear Model analysis (GLM) will be used, which is an analysis of variance between groups.

The first analysis is for the direct determinant Performance Expectancy. Figure 13 shows that with an α (alpha) of 0,05, there is no indirect determinant that is significant. Although Gender is close to the α, it still is not significant, but it shows that Gender is more important for the Performance Expectancy than Age or Experience. This means that there is a difference in gender, when an e-Reader is being perceived as a useful and usable device to replace the printed newspaper.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected model	19,014	20	,951	1,137	,309
Intercept	260,062	1	260,062	311,063	,000
Age	3,624	4	,906	1,084	,364
Gender	2,803	1	2,803	3,353	,068
Experience	2,389	2	1,194	1,429	,241
Age + Gender	,617	4	,154	,184	,946
Age + Experience	2,497	4	,624	,747	,561
Gender + Experience	1,009	1	1,009	1,207	,273
Age + Gender + Experience	,859	3	,286	,342	,795
Error	304,320	364	,836		
Total	3973,750	385			
Corrected Total	323,334	384			

Figure 13: GLM analysis of Performance Expectancy

When doing a GLM analysis for Effort Expectancy, again there is no indirect determinant that is significant with an α of 0,05 (figure14). Only Age and Experience together are close to α, but are still not significant. However, it is surprising to see that Age and Experience separately are absolutely not significant. But when they are put together in the analysis, they are almost significant.

Source	**Type III Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Corrected model	17,850	20	,893	1,558	,060
Intercept	401,654	1	401,654	700,929	,000
Age	3,106	4	,777	1,355	,249
Gender	,080	1	,080	,140	,709
Experience	2,236	2	1,118	1,951	,144
Age + Gender	2,762	4	,691	1,205	,308
Age + Experience	5,025	4	1,256	2,192	,069
Gender + Experience	,672	1	,672	1,173	,280
Age + Gender + Experience	3,420	3	1,140	1,990	,115
Error	206,864	361	,573		
Total	5951,000	382			
Corrected Total	224,715	381			

Figure 14: GLM analysis of Effort Expectancy

Doing the same analysis for Social Influence, figure 15 shows that no variable is significant with the direct determinant. All variables show a significance of 0,1 or higher. That means that the indirect determinants don't have any impact on Social Influence. However, keep in mind that Social Influence only consists of 1 item and therefore these results are difficult to interpret as reliable.

Source	**Type III Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Corrected model	16,185	20	,809	,748	,775
Intercept	190,040	1	190,040	175,712	,000
Age	7,172	4	1,793	1,658	,159
Gender	1,273	1	1,273	1,177	,279
Experience	5,012	2	2,506	2,317	,100
Age + Gender	1,333	4	,333	,308	,872
Age + Experience	6,230	4	1,558	1,440	,220
Gender + Experience	,034	1	,034	,032	,859
Age + Gender + Experience	1,355	3	,452	,418	,740
Error	410,987	380	1,082		
Total	3777,000	401			
Corrected Total	427,172	400			

Figure 15: GLM analysis of Social Influence

So these results showed no significant variances of the different groups of respondents. Only gender was almost significant in the analysis of Performance Expectancy. Gender and Age together were almost significant in the analysis of Effort Expectancy. Chapter 4.5.5. will elaborate more on the characteristics of the respondents, looking at the willingness to pay. However, the regression analysis for the UTAUT model did not show significant results for these different groups.

4.3.3 Conclusion

The goal of this chapter was to know the behavioral intention of consumers to purchase an e-Reader. Based on the results of the online questionnaire, the first sub question will be answered: *What is the behavioral intention of readers of newspapers to use an e-Reader as a replacement for the printed newspaper?*

The regression analysis results in a UTAUT model as in figure 16. It shows the B-values for both regression analyses. Because Effort Expectancy was left out with the stepwise multiple regression analysis, that construct does not have a B-value. The UTAUT model shows that Performance Expectancy has the most effect on Behavioral Intention. The stepwise multiple regression analysis put Performance Expectancy first in the model, which means that construct is the most important. The B-value of ,347 shows this importance. If Performance Expectancy increases with one unit, the intention to use the e-Reader as a replacement for the printed newspaper increases with 0,35. Effort Expectancy is left out of the stepwise multiple regression analysis. The B-value of the simple multiple regression for this construct is also very low. Therefore this construct is less important for Behavioral Intention. Social Influence was the second important construct within the stepwise multiple regression analysis. Its B-value is ,104 which means that an increase of Social Influence with one unit will let Behavioral Intention increase with 0,1. However, since Social Influence only consists of one unit, the reliability of this construct becomes in danger.

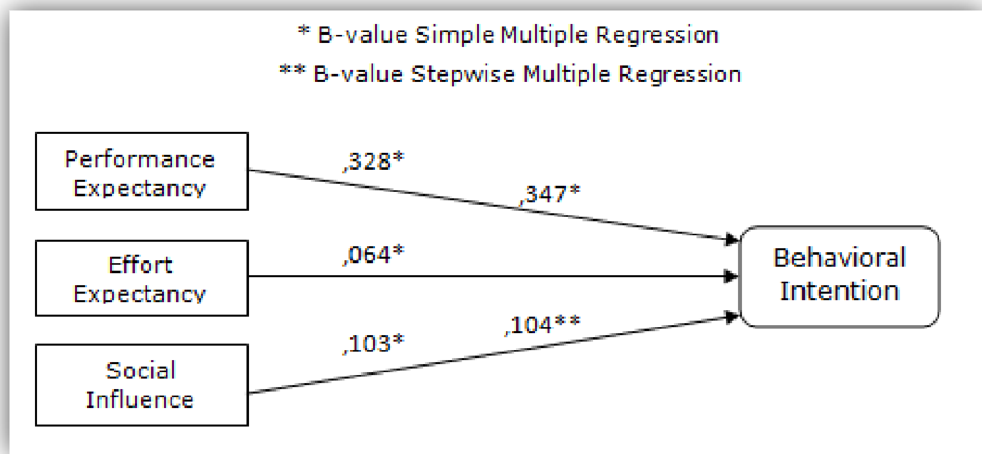


Figure 16: UTAUT model after regression analysis

The General Linear Model analysis showed that the indirect determinants do not have an impact on the three constructs Performance Expectancy, Effort Expectancy and Social Influence. However, the analysis showed that gender is important for Performance Expectancy, but was not significant. Chapter 4.5.5 will elaborate more on respondent characteristics, to know on which customer segment Wegener has to focus. For the UTAUT model, the indirect determinants showed no significant effect.

4.4 Business model: Value Creation

4.4.1 Internal resources

The interviews with the people within Wegener made it clear that Wegener has an internal resource that is very important, namely the fact that it produces regional and even local news. That makes the news of Wegener unique, because in the same region no other newspaper has the same news. Wegener publishes several daily newspapers in different regions in the Netherlands and every regional newspaper contains news about that region. Only to make a complete newspaper, Wegener also publishes general news like other newspapers (e.g. inland and abroad). The Manager Multimedia of MGL also mentioned the importance of the value of regional news which is often unique, compared to other newspapers.
Wegener also has intangible resources that are important to create value. There is a copyright on all their newspapers, so this results in the creation of value, because no other newspaper is able to produce the same regional news as Wegener, without referring to. Next to that, the Director of Editorial Development also believes that Wegener has become a trusted brand towards its customers. This trust in Wegener's newspapers has to be cherished.

4.4.2 Novelty

Amit & Zott (2001) refer to four value drivers that are important to create value: *efficiency, complementarity, lock-in* and *novelty*. Novelty is important, because Wegener has to offer something new to the customer. It is obvious that e-Readers are something completely new. But Wegener is not the only one that wants to offer their content digitally, on e-Readers or other devices. There are more publishers with this idea. There has to be something like a 'Killer App', which has big value for the consumer (www.ereadernieuws.nl). The mobile phones for example became very popular when they had an SMS function. That is why the Director of Editorial Development believes that Wegener has to offer more. He thinks that 'user generated content' can be valuable, especially for regional or local news. User generated content means that customers will be involved in the production of news. For example, if a school in Enschede is on fire, people that are close to that fire can make photos and upload them (together with some text) to the editorial department. That department will see if the pictures are valuable enough to post it digitally. If a photo of a customer is used, this customer can be rewarded in several ways. Also the Manager Multimedia of MGL said that user generated content can be valuable, but only for uploading photos or videos. Sometimes, with big parties or festivities for example, it is even possible not to use own photographers, because customers upload a lot of own photos. The Coordinator of the 3D-project said that user generated content is very difficult to apply. There is a big chance that the quality of the news will be low because that news comes from the customers, who are not journalists. A company has to organize this very well, which often means that the whole editorial department has to be changed.

The Director of Editorial Development mentioned another big chance for Wegener. He said that people not only want to read the news, but also want to have instant information about other things. For example, people want to know what restaurant in their village is best reviewed, or what movie plays in the evening at the cinema, or maybe if there is a construction on certain roads in the city. And this is a big opportunity for Wegener as a publisher of regional and local news. According to him, Wegener has to create scarcity, which means that it has to offer unique news or information to the customer. Also the Coordinator of the 3D-project mentioned the fact that people are very interested in that kind of information. National or international news has everyone and you can't ask people to pay for that. For unique and scarce news, people are willing to pay. TBI Research (www.tbiresearch.com) has done a small research about paywalls and concluded carefully that newspapers in small markets, like regional news, have a better position to make paywalls profitable.

The Director of Editorial Development also believes that people want to participate in some kind of networks and want to have discussions with other people. This is why social networks like Facebook, Twitter, Linked In and Hyves are so popular. Also the Director of eReaders Groep BV believes in these networks. That is why he thinks that his platform called eLinea can be successful because it allows customers to engage in a network. People like to react on articles and have discussions with others.

4.4.3 Efficiency

According to the Director of Editorial Development, efficiency is very important but also difficult for Wegener. He thinks that e-Readers are not the only devices that are important. He thinks that there has to be a system that supports several devices where digital news for every device should be managed. Also the Manager of New Business Development mentioned the fact that it is important to use every device from its own power. With other words: every device has its own possibilities, strengths or maybe some weaknesses and you have to be able to support every device as good as possible. The Director of Editorial Development elaborated further by saying that offering digital news only on an e-Reader is less difficult than offering it on other different devices also, like the iPhone, iPad or smartphones. This is because every device has its own specifications and possibilities. It is not enough to write text and offer that text through the several channels. That is why he thinks that a big database is needed, where all the journalists and editors can place their content: text, photos, videos or others. From that database, for every channel, the right content can be picked. For e-Readers only text can be used and for other devices also a photo or a video. In that way all the customers can be pleased, but this process is very difficult to manage. Next to that, it is also difficult to keep the costs low with such way of working. The Manager Multimedia of MGL also believes that a publisher has to be able to support different kinds of devices. But he also mentions the difficultness of keeping the costs low.

4.4.4 Complementarity

According to the Manager of Customer Value, Wegener does not offer a lot complementary products, because actually there are not many complementary products that are valuable. Sometimes there is a special offer in one of the newspapers in combination with a magazine. The problem is that Wegener has not really measured if these special offers really help to attract new customers. What Wegener does have are a lot of try-outs for new customers. For a low subscription they can try the newspaper for certain weeks. Also these kind of special offers are difficult for Wegener to measure if they help to attract new customers. Most of the time, the customers will not continue with a subscription after the try-out. The Manager of Customer Value said that customers will stay if the newspaper satisfies their needs. A try-out is a possibility for them to see what the newspaper offers, for a low subscription. But if that newspaper does not offer them what they expected, they will not stay subscribers.

What this manager also mentioned was that in the future there will be a lot of channels where Wegener can offer digital content. Then it should be possible to offer complementary products. For example, offering the printed newspaper together with a digital version for e-Readers, or maybe even the e-Reader version for free. There are a lot of possibilities, but according to the Manager of Customer Value these offers are important in the future. Also the Coordinator of the 3D-project mentioned that it can be valuable to offer products together. But he thinks that a publisher has to keep in mind that current customers should have to pay less than new customers.

4.4.5 Lock-in

The last value driver of Amit & Zott (2001) is lock-in. Wegener has to be able to retain its customers and not let them go to competitors. The fact is that Wegener does not have a lot of competitors with regional news. In regions where Wegener does not offer a newspaper, there are other newspapers, but the question is if these newspapers are seen as competitors because Wegener is not active in that region. However, it is still important for Wegener to retain its customers in order to receive revenue. The Manager of Customer Value mentioned that Wegener is paying a lot of attention to its existing customers. In their newspapers, Wegener places special offers for other products, only meant for the already existing customers. Customers can have some reduction on other products or services because they are subscribers to a newspaper of Wegener. Next to that, the Manager of Customer Value mentioned that the longest subscribers also get an extra reduction or special offer. So Wegener does try to retain its customers. Also the Director of Editorial Development mentioned that it is important to have some kind of rewards for the current customers to keep them satisfied with the newspaper. If you pay attention to your customers, they have a special feeling. This feeling creates trust from your customers towards the company, and this trust is very important. Both managers also think that it is important to pay special attention to the current customers when content will be offered digitally. These customers should get a special offer for receiving content on an e-Reader or other devices. Also the Coordinator of the 3D-project mentioned that existing customers have to be special for a company and they should always be pleased. That is why he thinks that the existing subscribers should get the digital version (almost) for free. TBI Research (www.tbiresearch.com) mentions that a newspaper (which one is unknown) has had a positive effect in retaining customers, because it offered its digital content for free to its already existing customers.

4.4.6 External resources

When Wegener wants to offer its content digitally, it has to be able to offer it in different kinds of formats, like ePub and PDF. Wegener has a partner that can help to convert the content into these formats; this company is called Tecnavia (www.newsmemory.com). Tecnavia already makes the ePaper, the digital version of the newspapers of Wegener which is only available on the intranet for employees of Wegener. According to the Director of Editorial Development, Tecnavia is quite expensive and therefore probably not very interesting for this problem. Another party like Atex, the supplier of Wegener's editorial systems, can also make ePub files from the content of Wegener. MGL is working with X-Cago (www.x-cago.com) which has interesting ideas for making the right content for several platforms. The Director of Editorial Development also thinks that Apple can be a serious partner. The products of Apple like the iPod, iPhone and more recently the iPad, have shown that people are willing to pay for digital content (music, games, applications, etc.) because it is so simple to purchase them through the iTunes store. The Manager of New Business Development mentioned that Wegener is not a technical company but a publisher of content. So of course Wegener is alert to these third parties that can be interesting. Also the Manager of Customer Value believes that it is important to have some kind of partnerships, in order to be able to offer digital content through several channels. Eventually, collaborations with external parties are depending on what the costs are and these costs have to be compared with costs and revenues without collaborating with such parties.

4.4.7 Conclusion

The goal of this chapter is to see how the people within Wegener think that value should be created. Based on those interviews, the second sub question of this research is answered answered: *How can Wegener create most value, when offering content via e-Readers to its customers?*

It is very important to keep the focus on regional or local news. This is the biggest value for the customer. All the interviewees mentioned that regional or local news is very important, because other newspapers don't and can't offer this kind of news. When switching to digital news, it is very difficult to ask money for news that other newspapers, websites or mobile applications offer for free. But Wegener has a good position because it offers regional or local news. That is why the main focus should be on this kind of news and not on national or international news.

According to the interviewees, it is also very important to offer the customer more than only news. Think about user generated content or information about all kinds of facilities in the city or region. The problem is that the current e-Readers are not always capable of working with these kinds of content. That is why it is important to use e-Readers to their capabilities. They should not be treated as other devices like smartphones or laptops. But e-Readers are only one of the several kinds of channels. Other devices have their own advantages. Therefore, Wegener has to be able to support the different kinds of devices and should not offer the same content on all of them. This way of working is of course more difficult than offering the same content on all the different devices. Therefore Wegener has to search for an efficient way to support all of the devices.

Next to that, offering complementary products have positive effects within the current situation with the printed newspaper. Offering complementary products with the e-Readers probably will help to attract customers to use an e-Reader with content from Wegener. In chapter 4.4 it will be clear that offering an e-Reader for free, when a customer subscribes, is a positive factor to attract customers. This is also important to retain customers. It is also important that already existing customers will be kept satisfied, so they should get the digital version for a lower price than new customers.

Since Wegener is a publisher of content, it is also important to work together with other technical parties. Especially for the e-Readers, it is important to know how and where to create the ePub format. The next chapter will show what customers want and how created value should be delivered.

4.5 Business model: Delivering value

4.5.1 Customer needs

First it is important to know more about customer needs, when offering content digital on e-Readers. Because of the fact that e-Readers are actually only made for reading, these devices are perfect to use when only text is being shown. However, 43,4% of the respondents of the online questionnaire says they think that text is not enough when they want to receive news digitally. Only 22,8% says that text is enough. I also asked if they believe that photos and videos should also be offered next to the textual content. 52,3% agreed and even 19,2% fully agreed with this. Of course also the majority thinks that digital news has to be pleasantly readable: 54% agreed and 36,2% fully agreed that digital content has to be pleasant for the eyes to read. And although 52,3% of the respondents prefers photos and videos when receiving digital content, 42,7% of all the respondents says that it is more important to have digital news that is pleasant to read than to be able to see photos and videos. All these results are being showed in figure 17.

According to the Coordinator of the 3D-project, people nowadays also want more than only news. They want other information about their city, like what the best reviewed restaurant is, what movie is being played in the evening at the cinema or maybe even if there are certain road constructions. And according to him, a publisher of regional newspapers like Wegener is the best candidate to make business out of this opportunity. Also the Director of Editorial Development mentioned this opportunity. The problem is that the e-Readers at the moment can't fulfill these needs because of some limitations on these devices. But other devices like the iPhone or iPad are able to do this. The two managers of Apple said that nowadays people want to be online all the time. They do not only want to be up to date with news, but also want to have more local information with one press of a button. According to them, people are more willing to pay for news or applications online, if there is an easy paying method like the iTunes store.

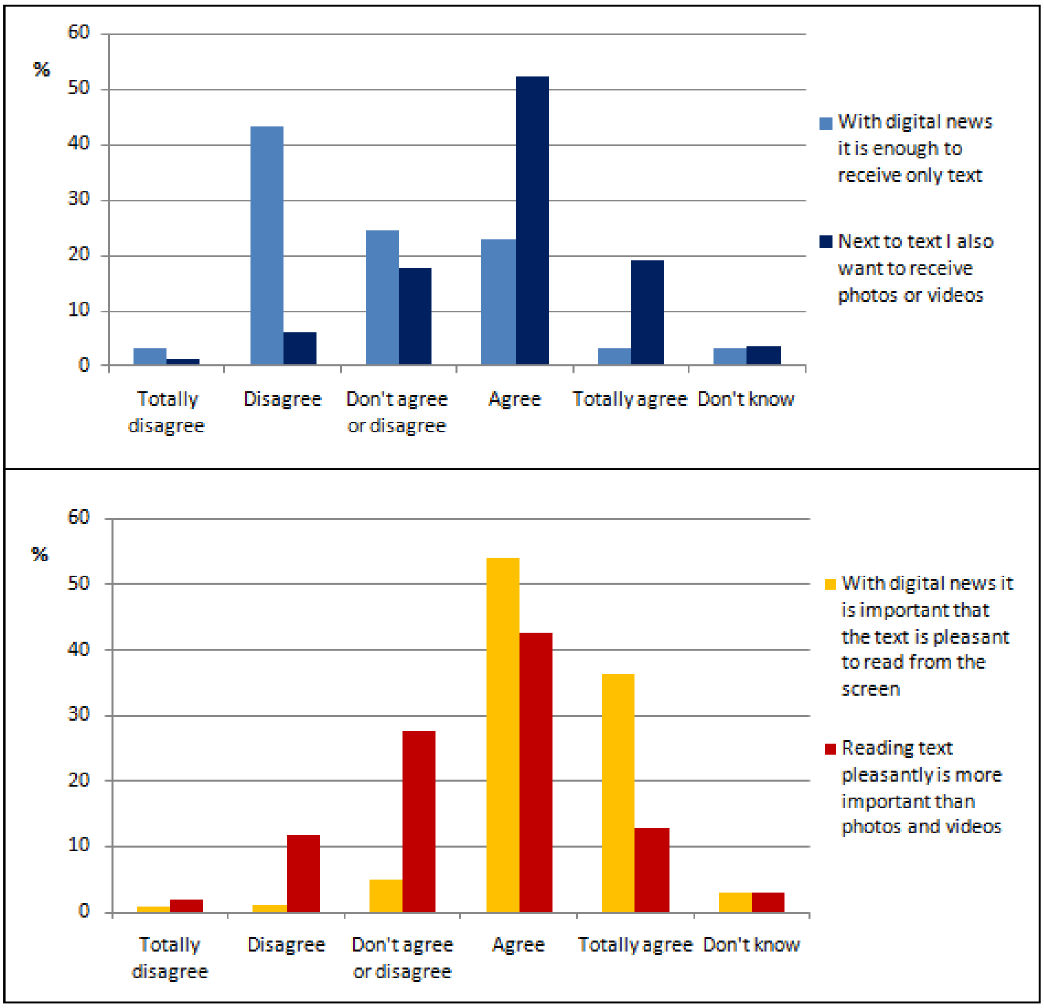


Figure 17: Customer needs

4.5.2 Customer relationship

According to the Manager of Editorial Development of Wegener, becoming a trusted brand is very important. He says that a good relationship with customers is essential for good business. To create a good relationship there has to be communication between the company and its customers. According to the Manager of Customer Value of Wegener there are several ways of interaction between Wegener and its customers. Most of the time it is for retaining customers by giving them special offers. But also to know if there are any complaints about the newspaper and if there are certain needs.

Most of the respondents of the online questionnaire also think that a good relationship between the newspaper and its readers is important. 38,6% of the respondents agrees that communication and interaction between the newspaper and the consumer (email / telephone) is important. 13,4% disagrees with this statement. 35% agrees/disagrees and the rest is divided (see figure 18)

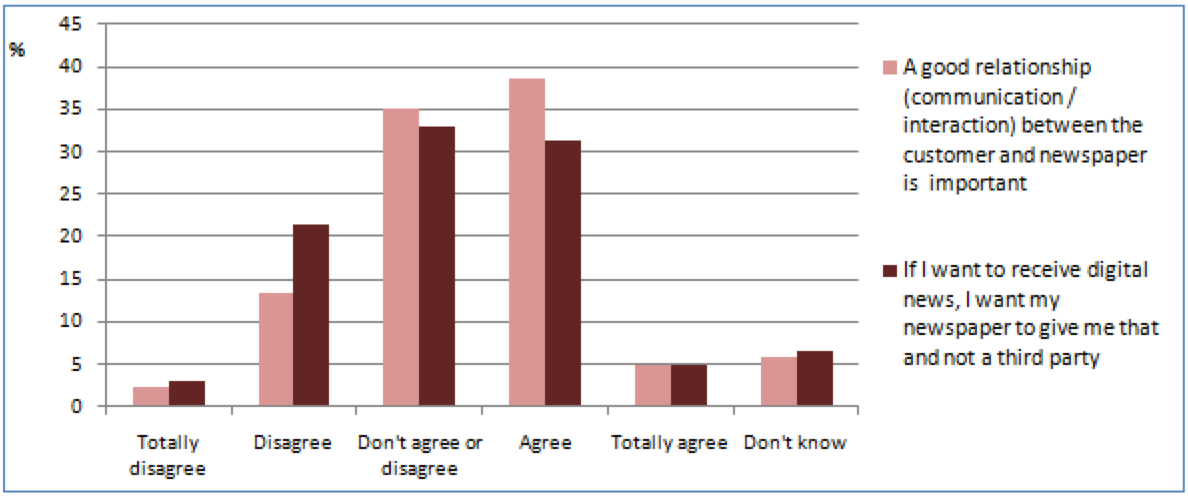


Figure 18: Customer relationship

There has also been a question about what the respondents think about receiving content from another party instead of the newspaper. The differences are a bit smaller here, but still there is a majority that agrees that the newspaper itself has to offer the content digital instead of a third party (see figure 12). These two statements measure if customers think a good relationship is important. It also says something about the fact if Wegener should use a third party or platform to offer its content digitally on e-Readers. According to these results, there is a majority that believes that a relationship with the newspaper is important. But there is also a group that doesn't find it necessary to receive the news digitally form their newspaper. Chapter 4.3.4 will look if there is a correlation between these results and the results from the questions if the respondents prefer to receive personalized news via a platform.

4.5.3 Willingness to pay: under what condition?

The Nielsen Company (2010) has done a research on willingness to pay for online content across several countries. Their research states that 34% of the respondents says they would consider paying for a digital newspaper. Only 8% already pays and 58% would not pay for digital content from newspapers. There are some differences in different countries, but overall these percentages are close to each other. Appendix C shows all the results from Nielsen's research. This paragraph will show the results of the questionnaire about the willingness to pay.

4.5.3.1 e-Readers or other devices

According to the online questionnaire, the overall willingness to pay for digital news is very low, but this is not so surprising because people are still used not to pay anything for digital news. Only 7,7% of the respondents agrees and only 1,4% fully agrees with paying for news on an e-Reader. These percentages are low because the respondents already made clear that they don't think that text is enough to receive as digital news. This is already stated in chapter 4.3.1. When this digital news contains photos and videos, 9,6% agrees and 1,2% fully agrees so these groups are more willing to pay for digital news if this news contains more than only text, but again these percentages are very low. See figure 19 for these results.

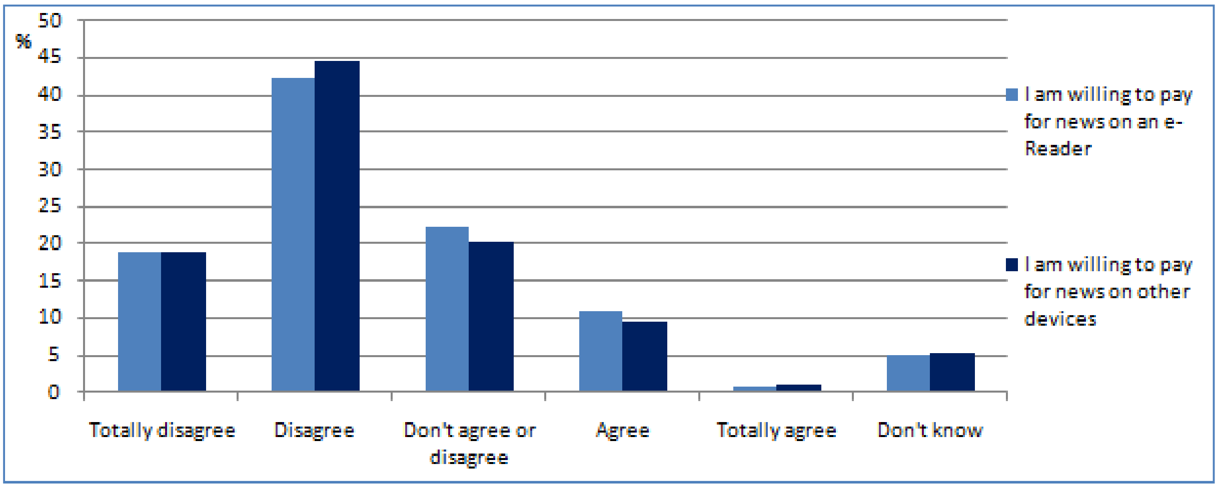


Figure 19: Willingness to pay for news on an e-Reader or other devices

4.5.3.2 Personalized or regional/local news

The results for the willingness to pay for digital news on an e-Reader or other devices are not very positive, though not surprising. Several interviewees mentioned that there are other important factors to focus on. The Director of eReaders Groep BV said that people nowadays prefer news that is specialized to their needs. He said that a platform like eLinea can give consumers that personalized news with one subscription for the whole bundle of news. The Manager New Media of the NRC Handelsblad said that eLinea is an interesting opportunity, and that is why the NRC Handelsblad has also showed some interest in that platform. He mentioned that there are customers of the NRC Handelsblad that prefer specific and personalized news. The problem is that sections that will not be preferred a lot are not attractive anymore for the NRC to produce. For example, to make a complete newspaper, the NRC also has a sport section. If customers can choose for specific sections, they will probably prefer to get some sport news from the AD (Algemeen Dagblad) and maybe other news from the NRC Handelsblad. That sport section of NRC Handelsblad then is a big risk to produce, because it still has a lot of costs. If you offer a complete newspaper, people have paid for the whole paper and will probably also read the sport section.

Next to personalized news, according to the white papers of the BCG (2009) and PWC (2009), there is also a growing segment that demands specialized and targeted news. The white paper of the BCG (2009) says that the willingness to pay for online news is the highest when that news is *unique* (subject-specific; special coverage), *timely* (real time delivery of breaking news) and *convenient* (personalization; news archives) for the customer. See appendix C for the figure of these findings of the BCG. The white paper of PWC (2009) also states that there is a growing segment that is increasingly demanding specialized, targeted and relevant information. They elaborate further by saying that the willingness to pay for that specialized news is higher than for general news. This important trend is also mentioned by all of the interviewees. According to them, a publisher of newspapers has to be able to support the needs of the customers that demand specific and specialized news. That means that there has to be a focus on niche markets as well as the mass market that still wants a regular newspaper. Wegener is a publisher of regional and local news, so actually it already has unique news if you compare that to other newspapers. That is also the biggest value of Wegener and, according to several interviewees, also the biggest reason for most of the subscribers to read these newspapers. But the problem still remains how to receive revenue from offering this news digitally.

When we take a look at the results of the online questionnaire (figure 20), we can see that the willingness to pay for personalized news is a little bit higher than the percentages of the willingness to pay on the previous page about e-Readers or other devices. According to the online questionnaire, 11% of the respondents agrees with the statement to be willing to pay for personalized news, because the consumer will only receive news that it wants to receive. 0,7% fully agrees. The willingness to pay for regional/local news is higher than all the previous percentages. 11,3% agrees and 1,7% fully agrees and is willing to pay for regional/local news because this news is unique according to other newspapers. Still these percentages are very low.

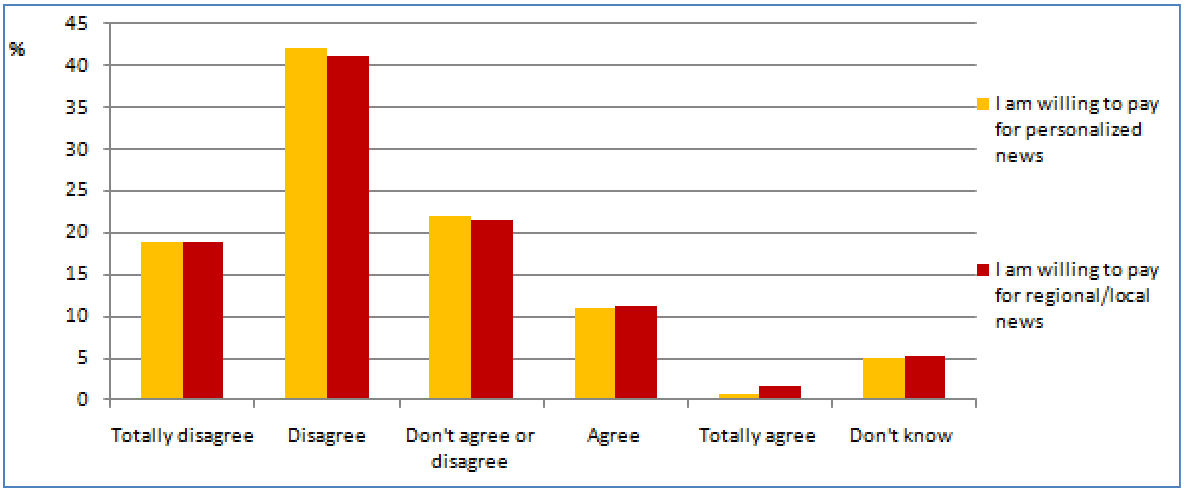


Figure 20: Willingness to pay for personalized or regional/local news

4.5.4 Platforms

As mentioned before, it is also possible for publishers to offer their content to their customers via platforms. So these platforms can offer the news personalized for the customer. The eReaders Groep BV has started such platform in the Netherlands called eLinea. This platform receives content from different publishers (newspapers and magazines), then transforms the content into a PDF or ePub format (or others) and then offers it to the customers, who can select what news they want to receive. According to the Manager of Editorial Development and the Manager of Customer Value within Wegener, this channel has some negative sides. The negative side is the fact that Wegener will lose its customers, because they will become customers of the eReaders Groep BV. These customers will read your news and will pay a small amount of money, but they don't have a feeling or relationship with the newspaper. The Manager Multimedia of MGL mentioned that such a platform is important because according to him people nowadays want personalized news. And eLinea can offer that. The fact that a publisher will lose its customers to a platform is a risk that a publisher has to take. The Manager New Media of the NRC Handelsblad also mentioned that such platform can be valuable when the customers want personalized news. The positive side of such platform is that there are customers that prefer platforms like this. The online questionnaire has not shown clearly that people are willing to pay for personalized news, as mentioned in paragraph 4.5.3.2. The percentages are, together with regional or local news, higher than other percentages, but are still very low. Maybe it is because they are not familiar with it and maybe don't know the exact benefits of such a platform.

4.5.5 Customer segment

According to the white paper of the BCG (2009), there is a difference in age in the choice of medium for news consumption. It is not surprising that younger people prefer online news more than older people and that older people prefer the printed newspaper more than younger people. According to this white paper, the younger segment (16-30) prefers news online the most (36%). This segment also prefers news on an e-Reader or mobile device the most, but these percentages are very low. The most important reasons for these low percentages are because people are still unfamiliar with e-Readers and still find it difficult to read on mobile devices (PWC, 2009). According to the Coordinator of the 3D-project, several customer segments are important. A company should not focus only at one segment. There is a segment that prefers e-Readers, one that prefers a smartphone or iPhone, one that still prefers the printed newspaper and even other segments. The key for a publisher is to be able to satisfy all the needs. This is also what the Director of Editorial Development mentioned: it is difficult to implement, but Wegener has to be able to produce unique news for the different kinds of channels. The Manager Multimedia of MGL also mentioned the importance of focusing on several segments. According to him, a publisher has to be able to support several devices. Focusing on one segment, and so most of the time on one device, is not good. The focus has to be on valuable content and how this content can be delivered on different kinds of devices.

As mentioned before, the willingness to pay for several kinds of digital news is very low. Because the percentages are so low, it is difficult to say anything about which customer segment should be focused on. However, table 4 is the result of the function Cross table of SPSS. This table shows the results of the online questionnaire about the willingness to pay for the several kinds of news, divided to age and gender.

Looking at gender, it becomes clear that female respondents are slightly more willing to pay for digital news. For the willingness to pay for digital news on e-Readers, it is clear to see that from the female respondents, 20 respondents (16 agree and 4 totally agree) are willing to pay, which is 10,9% from the total female respondents that answered this question. From the male respondents, only 8,7% is willing to pay for digital news on an e-Reader. For other mobile devices, 12,8% of the female respondents and 10,1% of the male respondents is willing to pay. For personalized news, the willingness to pay increases a little bit. From the female respondents, 13,9% is willing to pay. Again, male respondents are less willing to pay, with 11% of them that are willing to pay for personalized news. The biggest difference in gender comes with regional / local news. 16,7% of the female respondents is willing to pay for this kind of news and only 11% of the male respondents is also willing to pay for regional / local news.

Willingness to pay for digital news on an e-Reader							
Gender	Age	Totally disagree	Disagree	Don't agree / don't disagree	Agree	Totally agree	Total
Male	<18	1	1	1	1	0	4
	18-30	6	14	6	2	2	30
	31-50	22	40	22	3	0	87
	51-64	14	29	14	7	0	64
	64>	5	8	6	3	0	22
	Total	48	92	49	16	2	207
Female	<18	0	0	1	0	0	1
	18-30	9	28	4	2	1	44
	31-50	12	36	17	7	2	74
	51-64	10	28	9	7	1	55
	64>	2	4	4	0	0	10
	Total	33	96	35	16	4	184
Willingness to pay for digital news on other mobile devices than e-Readers							
Male	<18	1	1	1	1	0	4
	18-30	6	13	4	6	1	30
	31-50	22	42	17	8	0	89
	51-64	12	32	16	4	0	64
	64>	3	9	8	0	1	21
	Total	44	97	46	19	2	208
Female	<18	0	0	1	1	0	2
	18-30	7	23	7	6	2	45
	31-50	14	35	17	7	1	74
	51-64	12	26	11	7	0	56
	64>	2	5	3	0	0	10
	Total	35	89	39	21	3	187
Willingness to pay for personalized news							
Male	<18	1	1	1	1	0	4
	18-30	7	13	5	5	0	30
	31-50	24	39	21	6	0	90
	51-64	10	30	15	9	0	64
	64>	4	7	8	2	0	21
	Total	46	90	50	23	0	209
Female	<18	0	1	0	1	0	2
	18-30	9	26	5	4	0	44
	31-50	10	28	22	10	3	74
	51-64	11	27	12	7	0	57
	64>	3	3	3	1	0	10
	Total	33	86	42	23	3	187
Willingness to pay for regional / local news							
Male	<18	1	1	1	1	0	4
	18-30	7	14	5	2	2	30
	31-50	22	38	21	9	0	90
	51-64	12	27	16	7	1	63
	64>	4	6	11	1	0	22
	Total	46	86	54	20	3	209
Female	<18	0	1	0	1	0	2
	18-30	9	21	6	8	0	44
	31-50	11	33	20	10	1	75
	51-64	11	27	8	6	3	55
	64>	2	4	2	2	0	10
	Total	33	86	36	27	4	186

Table 4: Cross table of willingness to pay divided to age and gender

Looking at age, it is clear to see that the older respondents (between 51-64 years) are more willing to pay for news on e-Readers, compared to the younger respondents. From the 126 respondents between 51-64 years, 12% is willing to pay for news on an e-Reader. Although there is only a small difference compared to two younger groups, it is not a coincidence that these percentages are higher and therefore older people prefer e-Readers more than the younger generation. Relatively seen, the percentages of the groups of respondents between 31 – 50 and 51 – 64 years for the willingness to pay for digital news on other mobile devices than e-Readers are lower than the younger group, namely only 9,3% for the group between 31 – 50 years and 8,7% for the older group between 51 – 64 years.
From the respondents between 18 – 30 years, 11,5% is willing to pay for personalized news. For the group of respondents between 31 – 50 years, this percentage is 11%. For the group of respondents between 51 – 64 years, this percentage is a little bit higher: 13%. So it is difficult to say where the focus has to be here. The nice thing about personalized news is the fact that there doesn't have to be a strong focus on certain segments of age or gender, since every person (young/old, male/female) can select the news itself.
For regional and local news, the results of the online questionnaire show that 15,4% of the younger people between 18 – 30 years are willing to pay for this kind of news. This percentage is slightly higher than the group 31 – 50 (11,6%) and the group 51 – 64 (13,5%).

To see if there is a correlation between the several ways of digital news and age and gender, the cross table also comes with a Chi-Square analysis. For this analysis, the Pearson Chi-Square will be used. This test is chosen above the Likelihood Ratio, because the sample of respondents (n=417) is quite high in this research. For every test, the nul hypothesis means that there is no correlation between the row and column variable, so the two variables are independent. Figure 21 shows the Chi-Square analysis.

Gender	*Value*	*df*	*Asymp. Sig. (2-sided)*
Willingness to pay for digital news on an e-Reader * Gender			
Male	18,879	16	,275
Female	14,718	16	,545
Willingness to pay for other mobile devices (photos and videos) * Gender			
Male	19,916	16	,224
Female	11,611	16	,770
Willingness to pay for personalized news * Gender			
Male	9,334	12	,674
Female	17,490	16	,355
Willingness to pay for regional / local news * Gender			
Male	17,835	16	,334
Female	12,419	16	,715

Figure 21: Pearson Chi-Square test on willingness to pay

When looking at those results, not even one of the tests has a p-value (Asymp. Sig.) less than ,05. Therefore, all tests should not reject the nul hypothesis. Although this research showed that there are differences in the willingness to pay for the several ways of news, when looking at age and gender, we can't say that these differences are significant.

4.5.6 Conclusion

The goal of this chapter is to know how Wegener should deliver the newspaper or content on an e-Reader to their customers. For this process, the interviews with people outside Wegener have been used and their thoughts have been compared with those of the people within Wegener. Also some information from several white papers has been used. The online questionnaire has been important for this process to know more about the customers' needs and their willingness to pay. Therefore, in this paragraph the third sub question will be answered: *How can Wegener deliver most value to their customers, when offering content via e-Readers?*

According to the results of the online questionnaire, respondents answered that only text is not enough to receive. They also want to see photos and/or videos related to the textual news. However, they do say that the text has to be pleasant to read. They even say that pleasantly readable text is a bit more important than photos and/or videos. At this moment, e-Readers work at their best when showing text only. This is because e-Readers can only show black and white, other colors are impossible to show yet. Next to that, the e-Readers are also to slow to show videos. There are a lot of developments going in the field of e-Readers to make them faster and capable to show color. If that will be possible in the future, customer needs can be fully pleased.

Respondents also made clear that a good relationship between the newspaper and the customer (via email or telephone) is important. However, when receiving digital news, respondents do not necessarily want to receive this from their newspaper. While most respondents do feel that they want to receive this from their newspaper that they trust, another large group thinks that a third party can also give them that news.

The willingness to pay for digital news on e-Readers is very low (7,7% agrees; 1,4% fully agrees). This is not so surprising and is even expected as a result of the online questionnaire. This willingness to pay for news on other mobile devices is a bit higher (9,6% agrees; 1,2% fully agrees), because these mobile devices can show photos and/or videos. However, also these percentages are very low. The willingness to pay for personalized news is again a bit higher than the previous two (11% agrees; 0,7% fully agrees. However, the highest willingness to pay is for regional and local news, but these percentages are also still very low (11,3% agrees; 1,7% fully agrees). As we can see, all percentages are very low but this is not so surprising. There are only little differences in these results, but it cannot be a coincidence that the willingness to pay for regional and local news is the highest. As mentioned in the previous chapter of value creation, regional and local news should be the main focus.

It is difficult to say on which customer segment Wegener has to focus on. The online questionnaire shows that the younger respondents prefer other mobile devices slightly more compared to the older respondents. These older respondents are slightly more willing to pay for news on e-

Readers. However, the Chi-Square analysis showed that there is no significant relation between the willingness to pay for the several ways of news and age and gender. Therefore it is difficult to say on which customer segment the focus has to be

4.6 Business model: Value appropriation

This paragraph will show the results of the online questionnaire about how much customers are willing to pay for certain ways of receiving digital news. Therefore the Value-Based-Pricing strategy has been used. This paragraph will also show in what way they want to pay for that digital news, according to the three categories of revenue models.

4.6.1 Transaction methods

According to the Manager New Media of the NRC Handelsblad and the Coordinator of the 3D-project, people are far more willing to pay for news if there is an easy transaction method. Also Nielsen's research states that 43% of its participants says that an easy payment method would make them more likely to buy digital content. People don't want to register every time they want to purchase something. That is why the iTunes store of Apple is a success. Users purchase a lot of applications and games for small amounts, because it is so easy to purchase. Also think about the SMS-function on mobile phones: on average it costs about 25 cents per SMS but everyone does it a hundred times a month, because it is so easy. The Manager of New Business Development of Wegener also mentioned the fact that there has to be a simple transaction method for micro-payments. Otherwise it is difficult to talk about paid content. People want to have a safe and easy way of paying small amounts for products that they like. However, creating an easy transaction method for customers does not always mean that it is also a good transaction method for the company. Payments always have some transaction costs for the company itself and until now there is no transaction method that keeps the costs very low. The payments for products in the iTunes store are very easy for customers, but according to the Manager New Media of the NRC Handelsblad, also Apple has a loss if customers buy only 1-4 products in a month. If a customer buys more than 4 products from the iTunes store in a month, the revenue exceeds the costs from the transactions.

4.6.2 Direct revenue models

According to the online questionnaire, most of the respondents prefer a subscription to pay for news. 40% of the respondents agrees with the first statement and prefers a subscription more than a small amount per article. Another group, 46% of the respondents, disagrees with the second statement and does not prefer a small amount per article more than a subscription (figure 22). So according to the online questionnaire, people still prefer subscriptions more than non-regular payments. This does not mean that micro-payments are not important. The group that prefers micro-payments is very small, but if the future brings an easy transaction for micro-payments, consumers should know about that.

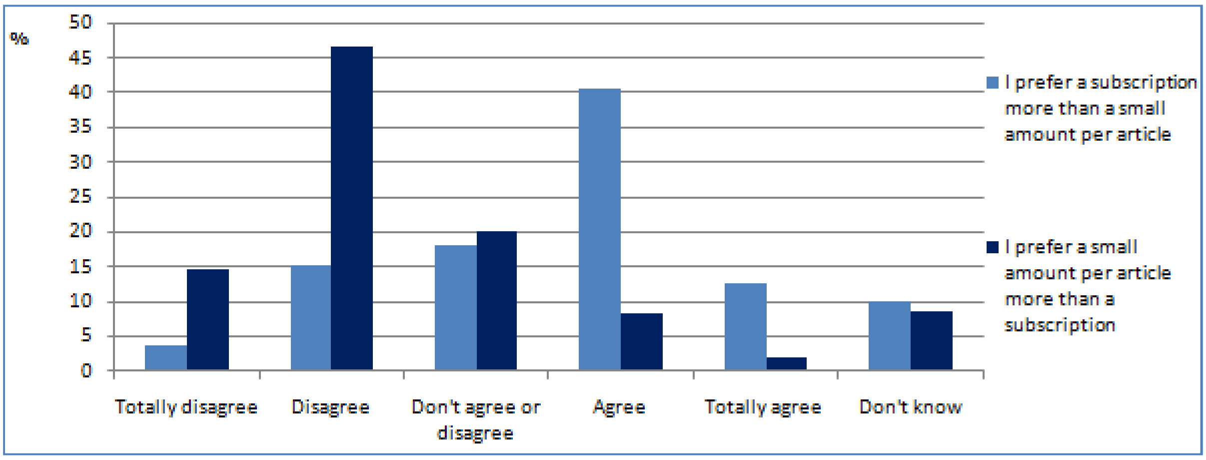


Figure 22: Subscription or small amount per article

It is clear to see that subscriptions are preferred more than micro-payments. However, it is also important to see if there is a correlation with the willingness to pay for news on e-Readers. According to the correlation-matrix in figure 23, the correlation between the two variables (0,156) is significant at a 0,01 level. Although the correlation is quite small, the willingness to pay will increase if subscriptions will be offered instead of micro-payments.

		Preferring subscription more than micro-payments	Willing to pay for digital news on e-Readers
Preferring subscription more than micro-payments	Pearson Correlation	1	,156**
	Sig. (2-tailed)		,003
	N	375	362
Willing to pay for digital news on e-Readers	Pearson Correlation	,156**	1
	Sig. (2-tailed)	,003	
	N	362	391

Figure 23: Correlation-matrix of willingness to pay for news on e-Readers and direct revenue models

4.6.3 Indirect revenue models

This part is about advertisements and especially how a firm can get revenue from advertising companies or by getting revenue from own advertisements at other firms. This is all not the case for the research. However, there is one important factor if we look at digital news on e-Readers. For mobile phones there is also an application that can send advertisements to the owner of the mobile phone, whereby the subscription will reduce with 5 Euros. The same construction is possible for e-Readers (or other devices). According to the online questionnaire, 44,1% of the respondents agrees and therefore does not mind receiving advertisements, if therefore the price for the digital news will decrease. Another 10,3% totally agrees. So it is clear to see that the respondents do not mind receiving advertisements, but only if the subscription becomes cheaper.

But it is also necessary to see if this will lead to a higher willingness to pay. Therefore again a correlation matrix is needed to see if these two variables correlate. Figure 24 again shows that there is a correlation between these two variables (0,167) and is significant at a 0,01 level.

		Don't mind receiving advertisements, if subscription becomes cheaper	Willing to pay for digital news on e-Readers
Preferring subscription more than micro-payments	Pearson Correlation	1	,167**
	Sig. (2-tailed)		,001
	N	389	372
Willing to pay for digital news on e-Readers	Pearson Correlation	,167**	1
	Sig. (2-tailed)	,001	
	N	372	389

Figure 24: Correlation-matrix of willingness to pay for news on e-Readers and indirect revenue models

4.6.4 Non-revenue models

As explained in paragraph 2.6.2 there are also non-revenue models, where a firm can receive revenue by first offering a product for free or giving extra service. Think about a trial period that can be for free or for a cheaper price. The online questionnaire also has a statement that makes clear whether the respondents will consider subscribing to news on an e-Reader, if they will receive an e-Reader of about €200,- for free. These subscriptions are the most seen with mobile phones, where customers will get a mobile phone for free, but have to pay an amount every month. According to the online questionnaire, 28,1% agrees and therefore will consider to subscribe, when they receive an e-reader for free. Another 7,9% totally agrees. These percentages seem positive, however there is also 19,2% that disagrees and 7,2% that totally disagrees with this statement.

There is another non-revenue model that can be a good way to receive revenue. Trial periods are a good way to attract new customers, as mentioned by the Manager of Customer Value. Also with the printed newspapers there are trial periods. These trial periods can be a good way for customers to see what the newspaper has to offer. If they like what they see and the product meets their expectations, they will probably subscribe to it. In the online questionnaire, there is also a statement about trial periods. According to the online questionnaire, a free trial period is a good way for the respondents to see what the newspaper has to offer. 41,2% of the respondents agrees with the statement and therefore would consider a free trial. Another 10,6% totally agrees. One condition to this statement is that customers already have to own an e-Reader.

Figure 25 shows the correlation matrix for the non-revenue models. This matrix shows that the correlation is higher than the other revenue models and is significant. These non-revenue models have a correlation with the willingness to pay for digital news on e-Readers of 0,312 and 0,264, while the correlation for direct revenue models was 0,156 and for indirect revenue models was 0,167. Therefore it shows that non-revenue models are very important to attract customers and eventually receiving revenue.

		Considering subscription when receiving e-Reader for free	When having an e-Reader, I would definitely consider a free trial period	Willing to pay for digital news on e-Readers
Considering subscription when receiving e-Reader for free	Pearson Correlation	1	,577**	,312**
	Sig. (2-tailed)		,000	,000
	N	381	378	368
When having an e-Reader, I would definitely consider a free trial period	Pearson Correlation	,577**	1	,264**
	Sig. (2-tailed)	,000		,000
	N	378	390	375
Willing to pay for digital news on e-Readers	Pearson Correlation	,312**	,264**	1
	Sig. (2-tailed)	,000	,000	
	N	368	375	391

Figure 25: Correlation matrix of willingness to pay for news on e-Readers and non-revenue models

4.6.5 Value-Based-Pricing

A lot of companies think that it is sufficient to set the highest possible price for their product. That is only a short-term thought. According to Anderson et al. (2010) it is important for the long-term to apply a Value-Based-Pricing strategy. This is especially important to create a good relationship with the customer. According to the authors, there are six important questions that a company has to ask itself in order to set a good price for the product. Because the market of e-Readers is still very young, Wegener has to know how the customers think about prices for a digital newspaper on an e-Reader. That is why the last question of the Value-Based-Pricing strategy is important: *What is the customer's expectation of a fair price?* Since there is not much information about what customers want to pay for digital news, this question is important to know how high (or low) the price for digital content should be. According to Anderson et al. (2010) it is possible to divide that question in more precise questions like: At what price do you perceive the system to be a bargain / a great buy for the money? At what price do you begin to perceive the system as so expensive that you would not consider buying it? These and some other questions help a company to set a fair price for the customers.

In the online questionnaire, almost the same questions have been used for subscriptions of news on an e-Reader. For the other possible ways of receiving news, the respondents have been asked how much they are willing to pay. The first two questions were as follows: *At what amount of money per month do you think a subscription of news on an e-Reader is cheap? At what amount of money per month would you consider to get a subscription of news on an e-Reader?* According to the results, 20% of the respondents believes that a monthly subscription is cheap between 5 and 10 Euros. Another 16% thinks that a subscription is cheap between 2,5 and 5 Euros. Keep in mind that almost 41% doesn't even know what to answer. When the respondents consider getting a subscription, these percentages are lower. 13% of the respondents would consider getting a subscription between 2,5 and 5 Euros and 17% would consider it if the subscription costs between 5 and 10 Euros. And 46% doesn't know what to answer (figure 26). These results show some surprising facts. In chapter 4.3.3 most of the respondents showed a very low willingness to pay for digital news. But here most of the respondents still show that they will consider getting a subscription for a certain price. Of course these amounts are still very low in comparison to the prices of subscriptions to the printed newspapers.

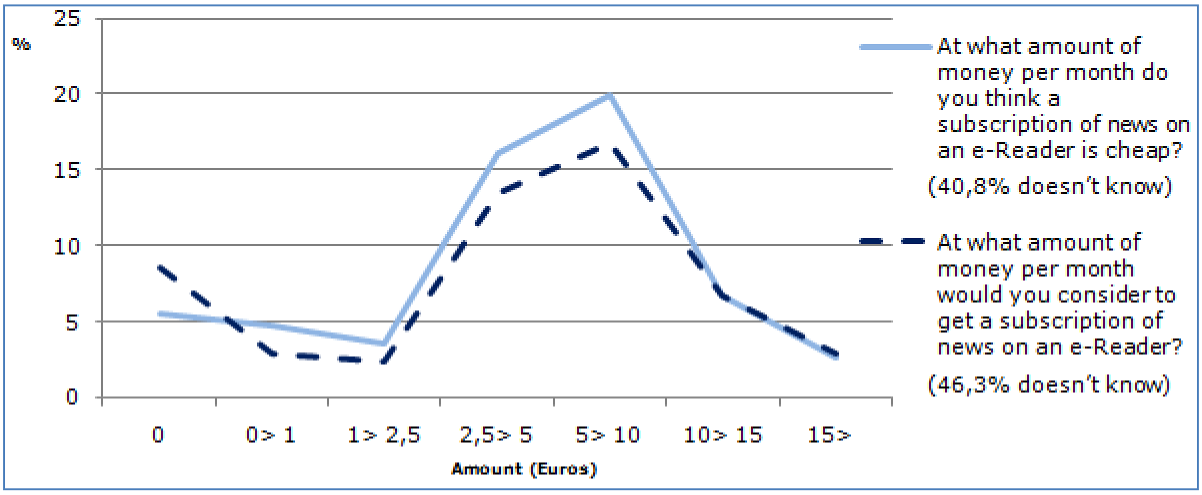


Figure 26: Value-Based Pricing 1

The Value-Based-Pricing strategy also consists of questions about when consumers think that a subscription is expensive and when they would not consider anymore getting a subscription. While 20% of the respondents thinks that a subscription between 5 and 10 Euros is cheap, almost 13% thinks that this is expensive. Another 12% thinks that a subscription between 10 and 15 Euros is expensive and 14% thinks a subscription between 15 and 20 Euros is expensive (figure 27).

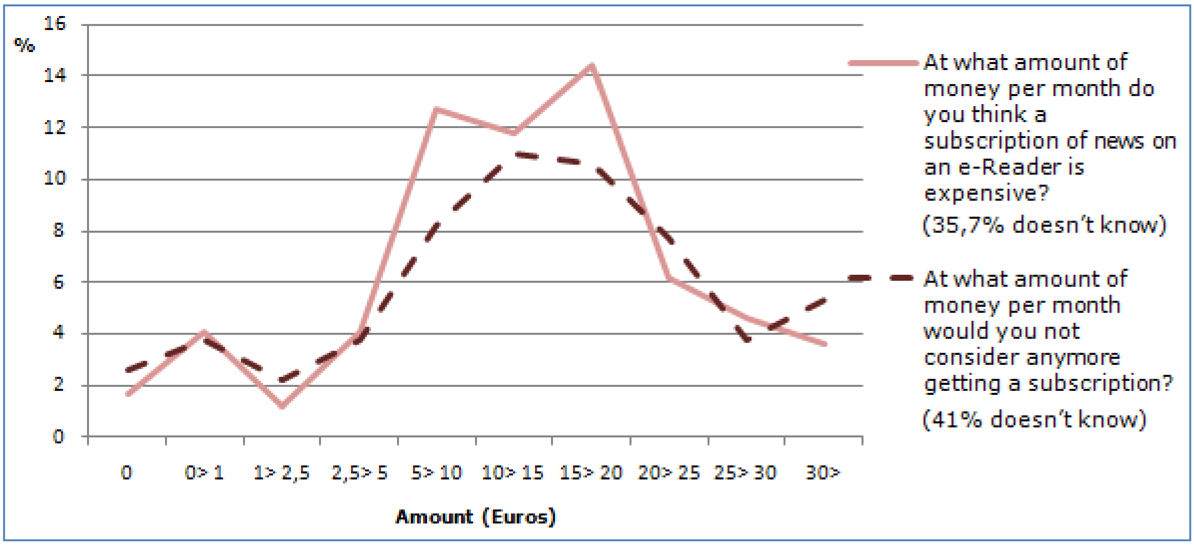


Figure 27: Value-Based-Pricing 2

While most of the respondents show that they think a subscription is expensive between 5 and 20 Euros, it is also clear to see when the respondents will not consider anymore getting a subscription. The line shows that 10 Euros is the maximum amount that they monthly want to pay for news on an e-Reader, because the dotted line declines after 10 Euros. Again most of the respondents answered this question between 5 and 20 Euros. The two boxplots in figure 28 also give a good view of the results. The left boxplot shows that half of the respondents lie in the box, which means a willingness to pay between 2,5 – 10 Euros per month for a subscription on an e-Reader. It also shows that probably most of the respondents will consider a subscription for a maximum of 5 Euros. The right boxplot shows that half of the respondents will not consider a subscription anymore when the price exceeds 5 Euros.

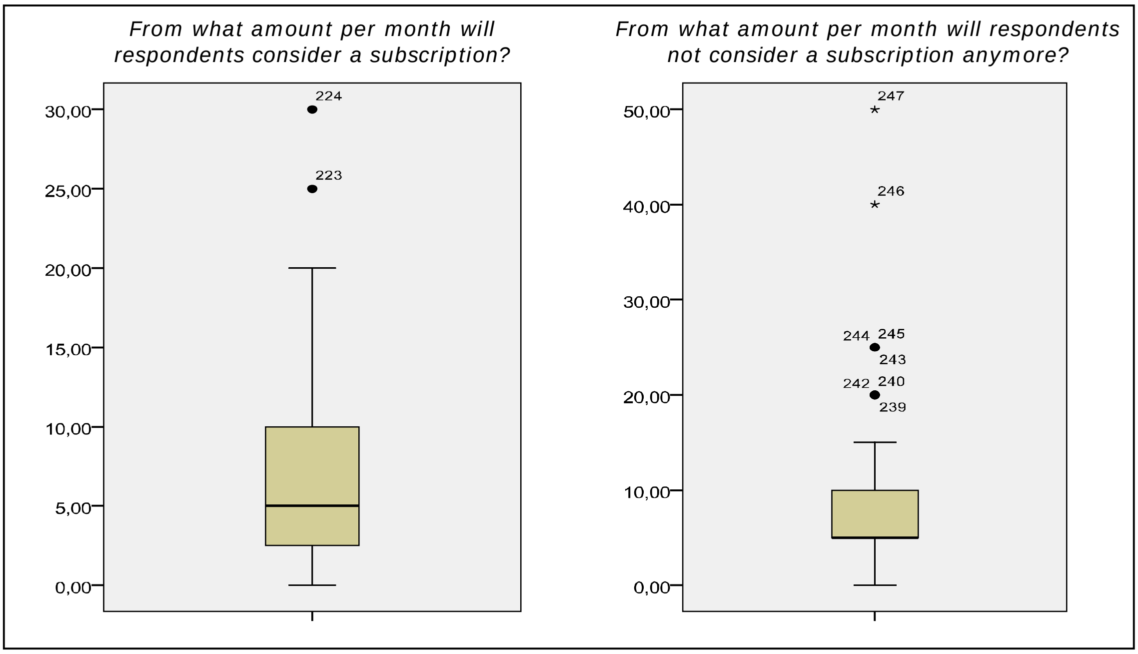


Figure 28: Boxplot Value-Based-Pricing

Next to these questions, the Value-Based-Pricing strategy also consists of a question about how much the respondents are willing to pay when news on an e-Reader meets all their expectations. According to the online questionnaire (figure 29), 15% of the respondents is willing to pay between 5 and 10 Euros, if the news on an e-Reader meets all the expectations. But also almost 10% doesn't want to pay anything.

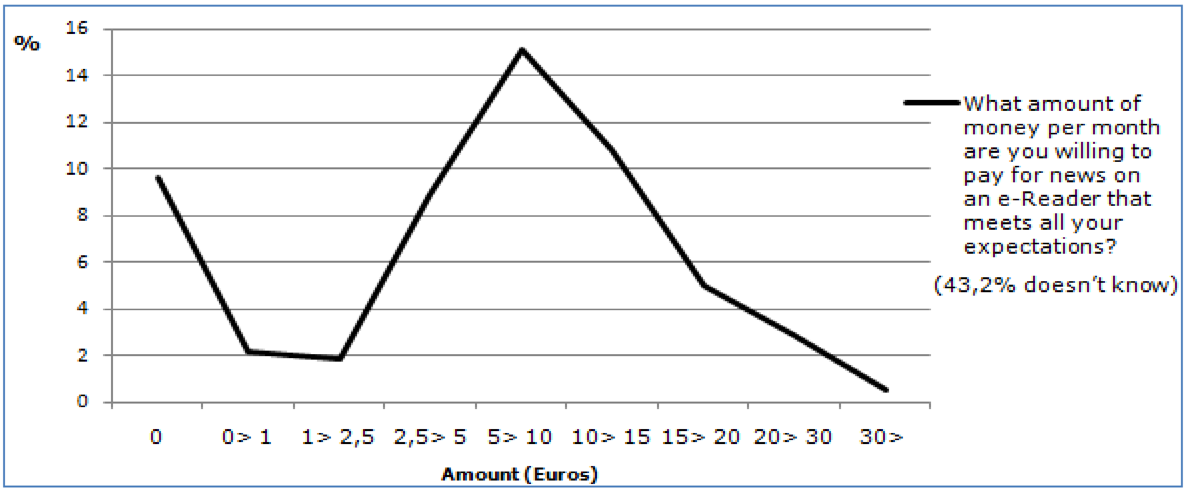


Figure 29: Value-Based-Pricing 3

4.6.6 Willingness to pay: what amount for certain news?

It is also important to know how much the respondents are willing to pay if they will receive personalized news, regional / local news, or news on other devices than e-Readers. Figure 30 shows that most of the respondents don't want to pay anything. However, when looking at those that want to pay an amount, the willingness to pay is the highest for regional or local news. As mentioned before, several white papers stated that willingness to pay for digital news is the highest when that news is unique. Also interviewees mentioned that news has to have a high value for the customers that other newspapers do not offer. Newspapers of Wegener have regional and local news, news that other newspapers don't have. Apparently, this uniqueness is important for the respondents and therefore 15% is willing to pay between 2,5 and 5 Euros per month. Another 11% is willing to pay between 5 and 10 Euros.

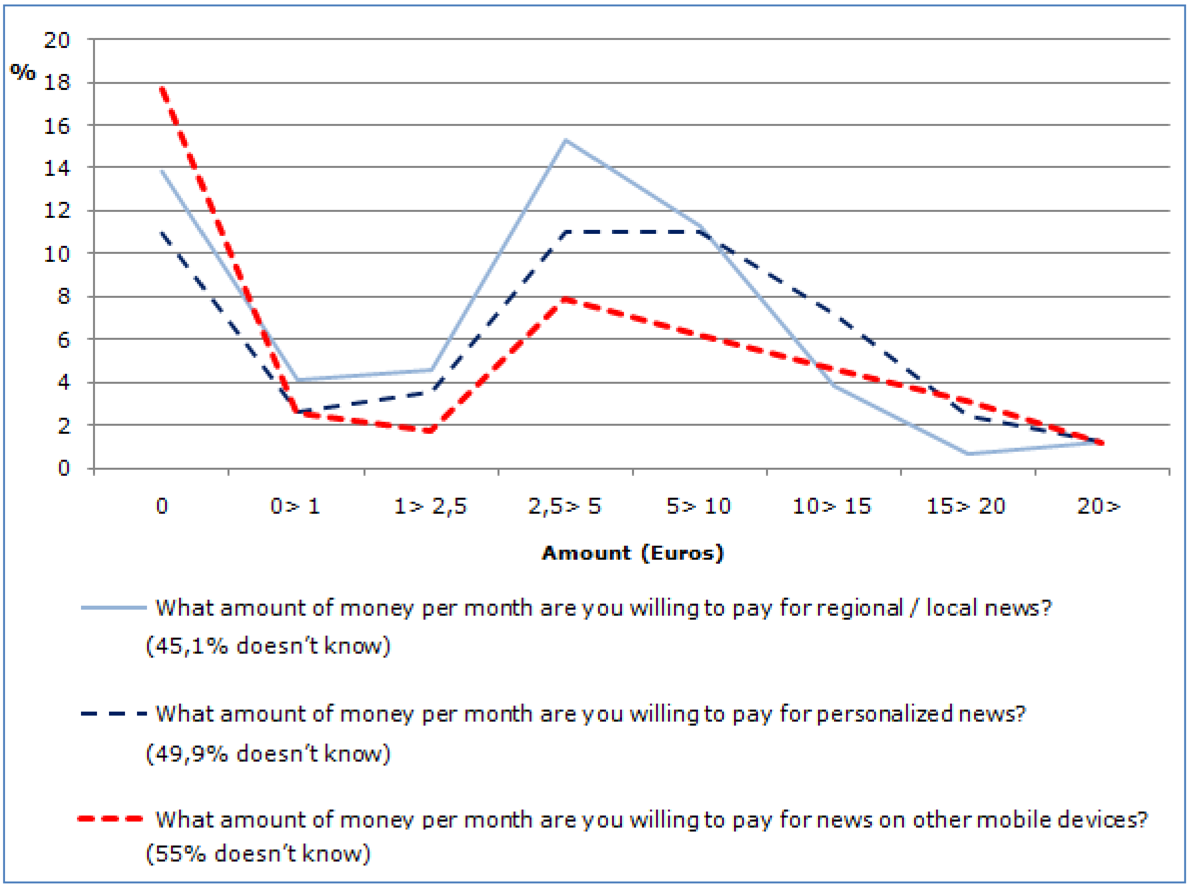


Figure 30: Amount per month willing to pay

Several white papers and interviewees also mentioned that personalized news is an important trend. 11% of the respondents mentioned a willingness to pay for this kind of news between 2,5 and 5 Euros and another 11% also is willing to pay between 5 and 10 Euros. So these percentages are a bit lower than regional and local news. However, more respondents are willing to pay 10 Euros or more for personalized news than for regional / local news, but these are very small percentages and the line is in a declining phase. The willingness to pay for news on other mobile devices is very low. 18% doesn't want to pay anything and even 55% doesn't even know what to answer. That leaves only a small group that is willing to pay an amount per month for news on mobile devices. The highest percentage of this group that is willing to pay is between 2,5 and 5 Euros, namely 8%. In the previous chapters, the respondents showed that they think that news with photos and videos is necessary. This low percentage shows the opposite. The low percentages are because most of the people nowadays already have a mobile phone or smartphone where they can read news for free because of an internet connection. However, the restrictions of the online questionnaire did not allowed me to ask more about this willingness to pay and therefore make more distinctions in other mobile devices with or without personalized or regional / local news.

4.6.7 Conclusion

The goal of this chapter was to know more about how consumers are willing to pay for digital news and how Wegener should set the price for its digital content. Especially the online questionnaire gave me this information, but also some information from several white papers has been used. Therefore, in this paragraph the last sub question will be answered: *How can Wegener appropriate most value, when offering content via e-Readers to its customers?*

First of all, it has been clear that the respondents prefer a subscription more than a small amount per article. Subscriptions are easier for customers and also easier for firms to apply. However, a small amount per article can be important in the future of this digital world. But then there has to be an easy transaction method that is beneficial both for the consumer and the firm. So looking at direct revenue models, subscriptions are still the most important ways of receiving revenue.
Indirect revenue models were not a part of this research, because these revenue models are more about advertisements. Because the focus is on the value for the customers, the online questionnaire also included one question about the price for a subscription when adding advertisements. Respondents showed that they don’t mind receiving advertisements, if the subscription becomes cheaper. This is being applied by telephone providers and can also be a good way for Wegener to attract more advertisers. However, the ePub format still has problems with photos and thus also with advertisements. So in the nearby future, it has to become easier for Wegener to have a format where advertisements can be included.

In my opinion, non-revenue models are the most important ways to attract customers and eventually receive revenue, because non-revenue models can result in direct revenue models. A free trial period can be a nice way of attracting customers to subscribe for news on an e-Reader. A lot of respondents agreed they would definitely consider such a trial period. The only condition is that customers already have to own an e-Reader. Therefore it is also possible to use subscriptions as the mobile industry. In that market, consumers find it normal to get a subscription where they will receive their favorite mobile phone (almost) for free. This same construction can be a very nice way to attract customers to get a subscription. Not only for e-Readers, but maybe also for other devices. The online questionnaire showed that 26% of the respondents prefers this kind of a subscription.

The Value-Based-Pricing strategy first showed that the respondents think a subscription on an e-Reader is cheap between 2,5 and 10 Euros. When considering a subscription, most of the respondents are willing to pay between 2,5 and 5 Euros. Second, when asking the respondents when they will not consider a subscription anymore, they answered that a subscription more than 10 Euros is too expensive. Also a large group answered that a subscription between 5 and 10 Euros per month is too expensive. Combining these two questions together, the online questionnaire shows that a subscription between 2,5 and 5 Euros will (probably) be a good price for news on an e-Reader. However, these amounts are very low in comparison to the tariffs of the subscriptions for printed newspapers.

Next to the Value-Based-Pricing strategy, the online questionnaire also showed the willingness to pay for different kinds of news. Wegener is a publisher of regional and local news and according to the results of the online questionnaire, this kind of news has the highest value for the customer. Although a lot of respondents don't know what to answer and the fact that there is also a group that still doesn't want to pay anything, more than 15% of the respondents is willing to pay between 2,5 and 5 Euros for regional or local news. This percentage is higher than personalized news (11%) and news on other mobile devices (8%). These percentages also clearly show that news has to have big value and has to be unique for the customer.

5. Discussion & conclusion

In this chapter, the main research question will be answered:
What (combination of) business model(s) creates the most value for Wegener, when it delivers its content on e-Readers to its customers?

Therefore, this chapter will first elaborate on the key findings of this research, which are the outcome of answering the four sub questions stated in the research approach (chapter 1). These key findings will show the most important results of both the qualitative and quantitative research. On the basis of these key findings, recommendations will be given to Wegener and show guidelines in how it should act when it wants to offer its content on e-Readers. In the end, some implications and limitations of this research will be discussed.

5.1 Key findings

5.1.1 Behavioral intention

First of all, the results of this research showed that consumers have a low behavioral intention to use an e-Reader as a replacement of the printed newspaper. This is not surprising because this is the overall problem for publishers. However, the regression analysis showed that Performance expectancy is an important construct which has the biggest effect on the behavioral intention of consumers. This means that behavioral intention of consumers to use an e-Reader as a replacement for the printed newspaper will increase the most if consumers perceive e-Readers as useful and usable devices to read the news(paper) with. Next to that, e-Readers should also be quick in reading the news(paper) digitally. According to the regression analysis, Social Influence is the second important construct. However, this construct is a bit unreliable because it consists of only one item. The last construct is Effort Expectancy, which has only a very small effect on the behavioral intention. Keep in mind that the UTAUT model in this research is only about the behavioral intention and does not mean that consumers will actually buy an e-Reader. However, it is important to know what the behavioral intention is, so that Wegener can focus on that.

5.1.2 Regional and local news

A significant key finding of this whole research is the fact that regional and local news is very important. The qualitative and quantitative research both showed that standard news, like inland news, is broadly available and that people are not willing to pay for this kind of news because it is available for free elsewhere. Other newspapers do not offer regional and local news, while Wegener has seven regional newspapers. White papers mentioned that people are willing to pay for news that is unique. Regional and local news is unique because Wegener is one of few publishers of regional and local news. In some areas of the Netherlands, Wegener is even the only publisher of this kind of news. Regional and local news has also a lot of other benefits, because news can then turn into other information like what the best restaurant in town is, which movies are playing in the nearest cinema or if there are any construction roads. According to the interviewees, this is an important process to focus on.

5.1.3 Customer needs

Looking at customer needs, at this moment it has been clear to see that e-Readers are not good enough to please the customer needs of the bigger market, only a very small niche market. The results of the questionnaire clearly showed that only textual news is not enough and that digital news has to come with photos and videos. E-Readers can only show black and white colors and still have problems with photos. Photos in a PDF file can be shown with no problem. However, PDF is an easy format for big screens but not for smaller screens, where the format EPUB is more appropriate for. But EPUB also still has problems with photos that have to be shown together with the text. Next to that, e-Readers are too slow to show videos. Even a video in black and white is impossible because of the fact that the screen of an e-Reader is too slow to show moving images. The e-Readers are still being developed to let these shortcomings disappear. Therefore, it is better to wait for e-Readers that are capable of showing text with photos and videos.

5.1.4 Willingness to pay

It is not so surprising that the willingness to pay for digital news is very low. This is the big problem for all publishers of news. But this research showed some differences in the willingness to pay. For e-Readers, the willingness to pay is the lowest (9,1%), especially for people between 18-30 years or younger. The older segment has a higher willingness to pay for news on an e-Reader, but still these percentages are very low. As mentioned before, most of the people want to see photos and videos and therefore they are not willing to pay for news on the current e-Readers. But the willingness to pay for news on other mobile devices that can show photos and videos is also very low (10,8%). This clearly shows that overall, people don't want to pay for digital news. This is not so surprising and therefore it is important to know what people like to receive as digital news. If they like something, they will probably also want to pay for it, even if their willingness to pay at this moment is very low.

Personalized news is an important new trend that allows customers to select what kind of news they want to receive. In the Netherlands, the eReaders Groep BV started a platform called eLinea. This platform is still in a pilot phase and works together with e.g. NRC Handelsblad and Voetbal International. A customer can select what kind of news he or she wants to receive. The willingness to pay for personalized news has a higher percentage (11,7%) than the previous percentages of the willingness to pay. A problem of eLinea is that people become customer of eReaders Groep BV and not of Wegener anymore. However, customers do not feel negative about that. They do feel that communication and interaction in the form of email and telephone between the newspaper and the customer is important. But when receiving digital news, there is a large group that doesn't mind receiving it from another party.

The highest willingness to pay is for regional and local news (13%). This percentage is still very low, but not a coincidence that it is the highest percentage, because the qualitative research also stated: regional and local news is very important. So the high percentage of willingness to pay for regional and local news confirms the importance of this kind of news.

5.1.5 Revenue models

Looking at revenue models in order to know how revenue can be appropriated, it has been clear that the respondents prefer a subscription more than a small amount per article. Some interviewees also mentioned that the transaction has to be very simple. Micro payments are still not easy enough and also have high transaction costs. Subscriptions are still the easiest way of receiving revenue and also consumers prefer this way of paying. However, looking at iTunes of Apple, micro payments can be a very important way of paying in the future and should not be ignored if a nice transaction method is being developed.

There are also some ways of attracting customers and receiving revenue by first giving them something for free. Most of the respondents will try a free trial period to receive news on an e-Reader. If they like what they receive, people will subscribe to it. It is also possible to offer customers a subscription with an e-Reader for free. However, because the subscription will become much more expensive, only a group of 26% is willing to do that.

Another big issue in the digital world is advertising. A large group doesn't mind receiving advertisements if the subscription becomes cheaper. As already mentioned, e-Readers have a problem with photos, so advertising can only be important in the future, when the e-Readers become better. However, it is important to already focus on.

5.1.6 Value-Based-Pricing

In order to know how much people are willing to pay for news on an e-Reader, the Value-Based-Pricing strategy has been applied. It first showed that the respondents think a subscription on an e-Reader is cheap between 2,5 and 10 Euros. However, they will consider a subscription when they have to pay between 2,5 and 5 Euros. Second, it also showed that the respondents think that a subscription between 5 and 10 Euros is expensive and that they will not consider a subscription anymore if it exceeds 10 Euro. So there is an overlap in the answers of the respondents. But combining these answers together, it is clear to see that a price between 2,5 and 5 Euros is a price that attracts most of the customers. A price more than 5 Euros per month will have less attraction to customers. However, there is one condition: if the news on an e-Reader meets all expectations, a big group of respondents is willing to pay between 5 and 10 Euros per month. These prices are much lower in comparison to the subscription for printed newspapers, where subscribers have to pay about 25 Euros per month for a full subscription (six days per week).

As described before, the willingness to pay for regional and local news is the highest. When asking respondents about how much they are willing to pay for personalized or regional and local news, a group of 15% is willing to pay between 2,5 and 5 Euros and 11% between 5 and 10 Euros for this kind of news. For personalized news, 11% is willing to pay between 2,5 and 5 Euros and also 11% is willing to pay between 5 and 10 Euros.

5.2 Recommendations

This paragraph will give a few recommendations for Wegener, on the basis of the key findings of the previous chapter.

1. When offering digital news on e-Readers to its customers, Wegener has to have a strong focus on regional and local news. To deliver a full newspaper, also inland or abroad news can be offered. However, this research showed that regional and local news has the biggest value for customers and the highest willingness to pay. This kind of news can then also result in information about several regional and local facilities, information that you can't find in other newspapers.
2. News should be offered together with photos and/or videos. Because the current e-Readers are not capable of showing color, cannot show photos in a proper way in an ePub file and are not fast enough to show videos, only a small niche market will be reached with news on an e-Reader that is black and white, maybe with photos but definitely without videos. The willingness to pay for digital news on an e-Reader (only text but very pleasant to read) is the lowest in this research compared to other ways of receiving digital news. Therefore waiting for e-Readers with a color screen and fast enough to show videos is better. These developments are already taking place worldwide.
3. Keeping the price between 2,5 and 5 Euros per month for a subscription will probably attract a lot of customers. However, these prices are very low compared to the tariffs for the printed newspaper and will not be sufficient to cover all the costs. A subscription between 5 and 10 Euros can work if the content that is being offered will meet all the expectations of the customers. Therefore it is important to apply a free trial period on news on an e-Reader, whereby customers can see what Wegener offers. If it meets the expectations of the customers, they will be willing to pay for it.
4. Customers prefer (monthly) subscriptions more than small amounts per article. Small amounts per article have high transaction costs, both for customers and the company. Therefore, offering subscriptions is the best, but developments in new ways of small transactions should not be ignored, because several ways of digital news on e-Readers (or other devices) can be attractive with a nice, easy and cheap transaction method.
5. Personalized news is an important trend that has to be followed. Next to regional and local news, personalized news has the second highest willingness to pay. BN/deStem, one of the seven newspapers of Wegener, is already working together with eLinea of eReaders Groep BV, a platform that offers personalized news. The board of directors of Wegener should follow this process in order to know if personalized news is a nice way of offering content on e-Readers. The nice aspect of eLinea is the fact that it also works with a monthly subscription, based on all the selections of news that the customer has selected.

5.3 Limitations

For the UTAUT model, this research has only looked at the behavioral intention of consumers and not at their actual acceptance to use an e-Reader. Therefore there is a limitation on testing the complete model. However, in the research approach and the methodology chapter is explained why this research has only looked at the behavioral intention. Next to that, the online questionnaire did not include a question about the behavioral intention, because it is difficult to ask directly to the respondents' intention. Therefore in the regression analysis, behavioral intention is replaced by the willingness to pay. Although willingness to pay is closely related to behavioral intention, it is not scientifically strong to change constructs in the model.

The construct Social Influence only consists of one item. First, this construct also consisted of two items, just as the other constructs of the UTAUT model. But its Cronbach's alpha was very low, which made the construct too unreliable. Therefore one item was deleted, leaving the construct Social Influence only with one item. Although this is scientifically not very strong, the construct Social Influence has been included in the analyses, because otherwise the UTAUT model would be too incomplete.

The online questionnaire was restricted to a certain number of questions. To include more questions, Wegener had to pay more to Newcom Research & Consultancy. Therefore there are certain areas of the business model that could be tested better, like asking more about revenue models and the respondents' willingness to pay for several ways of digital news. It is also better to have more questions for each of the direct determinants of the UTAUT model, in order to measure each construct very well. Again, because of a restriction to a certain number of questions, each direct determinant is only measured by two statements (variables).

5.4 Implications

5.4.1 Scientific implications

In this master thesis, the UTAUT model has been tested. However, the complete UTAUT model has not been used for this thesis, because there has only been a look at the behavioral intention of customers to use the e-Reader as a replacement of the newspaper. Still this research made a contribution in testing the UTAUT model. But in order to know exactly what certain intentions of customers are to use an e-Reader as a replacement for the printed newspaper, future research is needed.

Next to the UTAUT model, a new business model has been proposed for Wegener, in order to know how to use e-Readers as a new distribution channel of its content. Interviews and an online questionnaire were used to come up with this business model. This model showed how several business models of different authors are put together as one model. It is important to see that for Wegener, and maybe even for other publishers as well, three processes are very important: value creation, delivering value and value appropriation. However, since the development of e-Readers and other mobile device goes very fast, customer needs, willingness to pay and other important factors will also change. Therefore, future research on new developments in the market of e-Readers or other devices is very important.

5.4.2 Practical implications

For Wegener, this research will be helpful to know whether e-Readers are a good distribution channel to offer its content to its customers. The online questionnaire has provided Wegener a lot of information about the customer needs. It also provided Wegener information about when and for which price customers are willing to pay for digital news on e-Readers. But since e-Readers are still in a developing phase, more research will be needed the upcoming years. However, the business model that is proposed in this master thesis will give Wegener a guideline about how and where to focus on. But not only for Wegener, also other publishers or digital content providers can benefit from the business model proposed in this thesis. Because the phenomenon of e-Readers is still new, the information from this master thesis can help others to know what certain customer needs are and what customers are willing to pay.

References

Articles

Alt R. & Zimmerman H.D. (2001). *Preface: Introduction to Special Section – Business Models*. Electronic Markets, vol. 11 (1), pp. 3-9

Amit R. & Zott C. (2001). *Value creation in e-business*. Strategic Management Jornal, vol. 22, no. 6/7, pp. 493-520

Anderson J. C., Wouters M & Van Rossum W. (2010). *Why the highest price isn't the best price*. MIT Sloan Management Review, Vol. 51, No. 2

Bakker P. (2009). *De restaurateur en de boekhouder – een modern media-sprookje*. www.denieuwereporter.nl, 20/11/2009

Bakker P. (2002). *Free Daily Newspapers – Business Models and Strategies*. The International Journal on Media Management, vol. 4, no. 3, pp.180-187

Chakrabarti A. & Gurey P. (2009). The Changing World of E-books. 7th International Caliber, Pondicherry University, Inflibnet Centre

Crook A. (2007). *Top 10 revenue models for free to play games*. Freetoplay.biz. The business and design of free-to-play games. http://freetoplay.biz/2007/08/02/top-10-revenue-models-for-free-to-play-games/

Dyer J. & Singh H. (1998). *The relational view: cooperative strategy and sources of interorganizational competitive advantage*. Academy of Management Review 23: 660-679

Gallaugher J.M., Auger P. & Barnir, A. (2001). *Revenue streams and digital content providers: an empirical investigation*. Information & Management, 38, 7, pp. 473-485

Hoffman D.L. & Novak T.P. (2005). *A conceptual framework for considering web-based business models and potential revenue streams*. International Journal of Marketing Education 1(1): pp. 7-34

Ihlström Eriksson C., Kalling T., Akesson M. & Fredberg T. (2008). *Business models for M-services: exploring the e-newspaper case from a consumer view*. Journal of Electronic Commerce in Organizations, Vol. 6, No. 2, pp 29-57

Ihlström Eriksson C. & Svensson J. (2007). *The Mobile E-newspaper Innovation – Examining the Pre-adoption Phase*. Proceedings of 6th Annual Global Mobility Roundtable

Nordqvist S. & Picha M. (2007). *Mobile e-paper devices – changing media habits and challenging traditional journalism*. Innovation Journalism, May 23, 2007

Osterwalder A. & Pigneur Y. (2002). *An e-business model ontology for modeling e-business*. 15th Bled Electronic Commerce Conference, June 17-19, 2002

Porter M. (1985). *How information gives you competitive advantage*. Harvard business review

Rappa M. (2000). *Business models on the web*. North Carolina State University. www.digitalenterprise.org

Schumpeter J. (1934). *The theory of economic development: an inquiry into profits, capital, credit, interest, and the business cycle*. Harvard University Press: Cambridge, MA

Timmers P. (1998). *Business models for electronic markets*. CommerceNet, Research Note, 1998

Venkatesh V. (2003). *User acceptance of information technology: toward a unified view*. Management Information Systems Quarterly, vol. 27, no. 3

Wijnhoven F. & Kraaijenbrink J. (2008). Product-oriented design theory for digital information services. Internet research, pp. 93-120. Emeraldinsight.com

Williamson O. (1975). *Markets and hierarchies, analysis and antitrust implications: a study in the economics of internal organization*. Free press: New York

Books

Babbie E. (2009). *The practice of social research*. Wadsworth Cengage Learning, 12th edition

Field A. (2009). *Discovering statistics using SPSS*. Sage Publications. 3rd edition

White papers

Boston Consulting Group (10/2009). Willingness to pay for news online: key findings from an international survey

Olswang (11/2009). The Penny Drops. Olswang Convergence Survey 2009

PriceWaterhouseCoopers (04/2009). Moving into multiple business models. Outlook for Newspaper Publishing in the Digital Age

The Nielsen Company (02/2010). Changing models: a global perspective on paying for content online

Van Dort M. (2008). Presentatie: Visie op e-Readers. WPG Uitgevers Kaderbijeenkomst, TNO

Others

Schmitz C. & Kirk A (10/2009). *eReading and eReaders*. Berlingske Media, Edda Media and Mecom. Presentation of Berlingske Media, 2009

Böcker S. (2009). Wegener eReader/ePaper propositie. Presentation at Wegener Rosmalen, 21/10/2009

Garavaglia D. (2010) *Create new digital revenue streams: Publishing to e-readers, iPad and tablet devices.* Presentation of Webinar of Atex

Email Direct Marketing Manager eProducts NRC Handelsblad, 26/11/2009

Presentatie: *e-Readers: huidig aanbod en verwachte ontwikkelingen*. eReaders groep BV, Biebviewer 03/11/2009

Presentatie: *Artikelenplatform eLinea: 'krant en tijdschrift op maat*. eReaders Groep BV, 11/2009

Websites

www.amazon.com/kindle

www.atex.com

www.cbs.nl

www.dailydigitaldesign.com

www.denieuwereporter.nl

www.ebook.nl

www.eburon.nl

www.eink.com

www.elinea.nl

www.epaper.nrc.nl

www.ereaders.nl

www.ereaderclub.nl

www.ereadernieuws.nl

www.hearst.com

www.hetnieuweuitgeven.nl

www.idpf.org

www.informatieprofessional.nl

www.libris.nl

www.newcomresearch.nl

www.newsmemory.com

www.nytimes.com

www.paidcontent.org

www.skiff.com

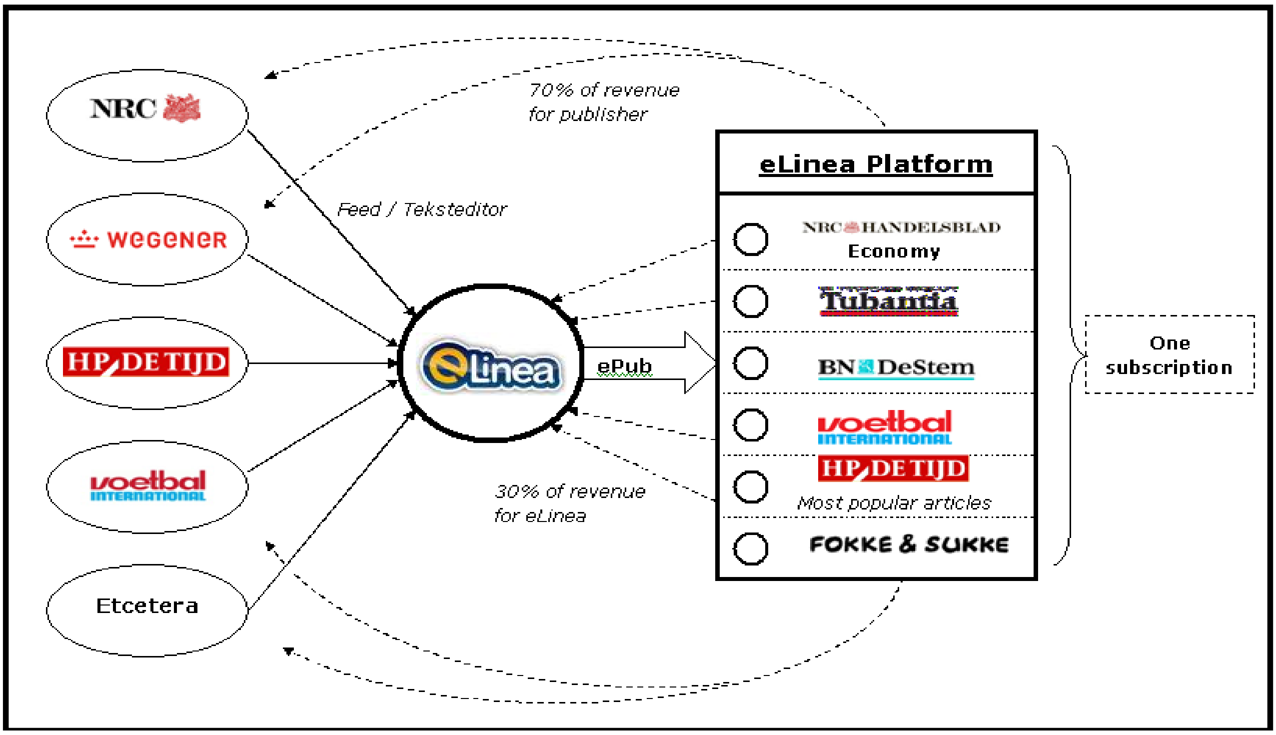
www.tbiresearch.com

www.tno.nl

www.villamedia.nl

www.x-cago.com

Appendix A: eLinea platform

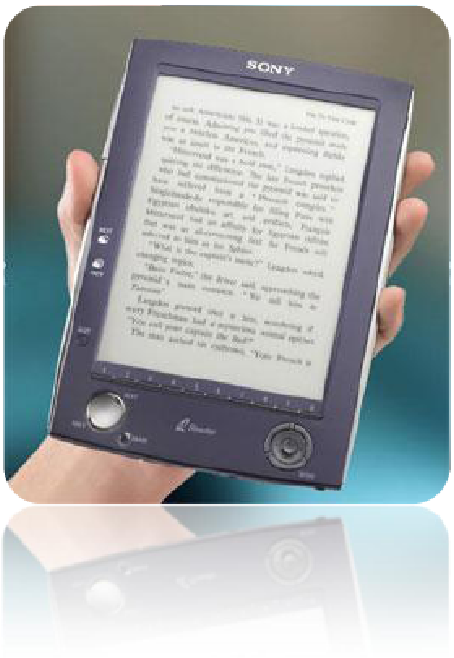


Appendix B: Online questionnaire

Hieronder ziet u een korte uitleg over e-Readers. Wij vragen u deze tekst eerst goed door te lezen voordat u de vragen beantwoord.

e-Readers zijn nieuwe technologische apparaten die digitale boeken kunnen weergeven zonder dat dit irritaties geeft voor de ogen. Dit komt vanwege het gebruik van een andere schermtechnologie. Meer bekende apparaten zoals mobiele telefoons, PDA's of laptops hebben meestal een standaard LCD scherm wat niet bepaald geschikt is voor langdurig lezen. Op e-Readers kunnen ook kranten worden weergegeven of kunnen kranten hun nieuws aanbieden. De e-Readers kunnen helaas (nog) geen kleur weergeven en kunnen daardoor ook nog geen foto's en video's laten zien. Wel gaat de batterij van een e-Reader veel langer mee dan de batterijen van andere apparaten. De aanschafprijs van een eenvoudige e-Reader ligt momenteel ongeveer tussen de 150 en 200 Euro.

Afbeelding e-Reader



Wij willen u nu graag een aantal vragen stellen over de e-Reader.

1. Was u voor dit onderzoek bekend met het bestaan van de e-Reader?	❍ Ja ❍ Nee ❍ Weet niet

2. Kunt u aangeven in hoeverre u het oneens dan wel eens bent met de onderstaande stellingen?

	Helemaal mee oneens	Oneens	Niet eens/ niet oneens	Mee eens	Helemaal mee eens	Weet niet/ geen mening
Een e-Reader lijkt mij een nuttig en bruikbaar apparaat om de krant mee te lezen	❍	❍	❍	❍	❍	❍
Ik denk dat het lezen van de krant met een e-Reader sneller gaat dan met een papieren versie van de krant	❍	❍	❍	❍	❍	❍
Het gebruik van een e-Reader lijkt mij eenvoudig	❍	❍	❍	❍	❍	❍
Ik denk dat ik snel in staat zou zijn om met alle functies en mogelijkheden van de e-Reader om te kunnen gaan	❍	❍	❍	❍	❍	❍
Ik zou eerder overwegen een e-Reader aan te schaffen als bekenden in mijn omgeving er ook één zouden hebben	❍	❍	❍	❍	❍	❍
Technologische apparaten zoals een e-Reader zijn een statussymbool en het gebruik van ervan draagt bij aan een bepaald imago	❍	❍	❍	❍	❍	❍

Hieronder ziet u opnieuw een korte uitleg. Deze uitleg gaat over digitaal nieuws. Wij willen u wederom vragen om deze tekst eerst goed door te lezen voordat u verder gaat met het beantwoorden van de vragen.

De digitalisering van het nieuws heeft er toe geleidt dat consumenten vandaag de dag hun nieuws kunnen personaliseren. Dit betekent dat de consument van tevoren een selectie kan maken van verschillende digitale nieuwsbronnen en dit nieuws gebundeld, digitaal krijgt aangeboden. De consument kan bijvoorbeeld landelijk nieuws ontvangen van de Telegraaf, regionaal nieuws van de dagbladen van Wegener, economisch nieuws van de NRC en voetbalnieuws van Voetbal International. Dit digitale pakket aan nieuws wordt dan als 1 bundel aangeboden, met 1 abonnementsprijs.

Apparaten zoals PC's, laptops, PDA's of mobiele telefoons worden veel gebruikt om het digitale nieuws mee te lezen. Deze apparaten hebben meestal een LCD scherm, wat betekent dat langdurig lezen op deze apparaten vermoeiend kan zijn voor de ogen. De batterijen van deze apparaten gaan ook minder lang mee dan die van e-Readers. Voordeel is wel dat zij kleur kunnen weergeven. Ook hebben zij een hogere resolutie dan de e-Readers waardoor foto's en video's probleemloos kunnen worden weergegeven.

3. Leest u wel eens digitaal nieuws?	❍ Ja ❍ Nee ❍ Weet niet

4. Kunt u aangeven in hoeverre u het oneens dan wel eens bent met de onderstaande stellingen?	Helemaal mee oneens	Oneens	Niet eens/ niet oneens	Mee eens	Helemaal mee eens	Weet niet/ geen mening
Bij digitaal nieuws vind ik het voldoende om alleen tekst te ontvangen	❍	❍	❍	❍	❍	❍
Bij digitaal nieuws vind ik het naast de geschreven tekst ook belangrijk om foto's en videobeelden te kunnen zien	❍	❍	❍	❍	❍	❍
Bij digitaal nieuws vind ik het belangrijk dat de tekst prettig leesbaar is vanaf het scherm	❍	❍	❍	❍	❍	❍
Bij digitaal nieuws vind ik het belangrijker dat de tekst prettig leesbaar is vanaf het scherm, dan dat ik foto's en videobeelden kan zien	❍	❍	❍	❍	❍	❍

5. Kunt u aangeven in hoeverre u het oneens dan wel eens bent met de onderstaande stellingen?	Helemaal mee oneens	Oneens	Niet eens/ niet oneens	Mee eens	Helemaal mee eens	Weet niet/ geen mening
Ik zou bereid zijn om te betalen voor digitaal, gepersonaliseerd nieuws omdat ik dan alleen nieuws ontvang dat ik wil lezen	❍	❍	❍	❍	❍	❍
Als ik een e-Reader zou hebben, dan zou ik bereid zijn om te betalen voor digitaal nieuws (ondanks het ontbreken van foto's en videobeelden), omdat het prettig lezen is met een e-Reader	❍	❍	❍	❍	❍	❍
Ik zou bereid zijn te betalen voor digitaal nieuws via andere mobiele apparaten dan de e-Reader, omdat dit digitale nieuws foto's en videobeelden bevat	❍	❍	❍	❍	❍	❍

Ik zou bereid zijn te betalen voor digitaal regionaal of lokaal nieuws omdat dit uniek is en andere kranten mij dat niet kunnen bieden	❍	❍	❍	❍	❍	❍

6. Kunt u aangeven in hoeverre u het oneens dan wel eens bent met de onderstaande stellingen?						
	Helemaal mee oneens	Oneens	Niet eens/ niet oneens	Mee eens	Helemaal mee eens	Weet niet/ geen mening
Een goede relatie in de vorm van communicatie en interactie tussen de krant en de consument (bijvoorbeeld via e-mail of telefoon) vind ik erg belangrijk	❍	❍	❍	❍	❍	❍
Als ik het nieuws digitaal wil ontvangen, wil ik wel dat *mijn* krant mij dat nieuws biedt in plaats van een andere partij. Dit omdat de relatie met mijn krant een bepaald vertrouwen heeft	❍	❍	❍	❍	❍	❍

Tot slot ziet u hieronder nog één keer een uitleg. Dit keer gaat het over betalen voor nieuws. Wij willen u wederom vragen om deze tekst eerst goed door te lezen voordat u verder gaat met het invullen van de vragen.

Er zijn veel mogelijkheden om te betalen voor nieuws. Dit kan bijvoorbeeld zijn in de vorm van traditionele krantenabonnementen of in de aankoop van losse nummers van de krant. Anders dan bij het betalen voor gedrukt nieuws (lees: de krant) is het bij de betaling voor digitaal nieuws ook mogelijk dat er bijvoorbeeld per artikel wordt betaald.

Nu volgen er een aantal stellingen.

NEWCOM RESEARCH & CONSULTANCY

7. Kunt u aangeven in hoeverre u het oneens dan wel eens bent met de onderstaande stellingen?	Helemaal mee oneens	Oneens	Niet eens/ niet oneens	Mee eens	Helemaal mee eens	Weet niet/ geen mening
Als ik betaald digitaal nieuws zou willen ontvangen dan gaat mijn voorkeur uit naar een abonnement boven een te betalen bedrag per artikel	O	O	O	O	O	O
Als ik betaald digitaal nieuws zou willen ontvangen dan zou mijn voorkeur uit gaan naar een te betalen bedrag per artikel boven een abonnement	O	O	O	O	O	O
Als ik betaald nieuws zou willen ontvangen dan zou ik het niet erg vinden als er ook advertenties worden getoond als daardoor de prijs voor het digitale nieuws zakt	O	O	O	O	O	O
Een abonnement op digitaal nieuws zou voor mij het overwegen waard zijn als ik daar een e-Reader bij zou krijgen t.w.v. €200	O	O	O	O	O	O
Als ik een e-Reader zou hebben dan zou ik zeker een gratis proefabonnement overwegen waarin ik de krant op mijn e-Reader ontvang	O	O	O	O	O	O

Hierna volgen nog een aantal open vragen over hoeveel u bereid zou zijn om te betalen voor de e-Reader en digitaal nieuws.

Om u een indicatie te geven: een gemiddeld maandabonnement van een papieren krant kost gemiddeld tussen €20,-en €30,-.

8. Bij welk bedrag per maand begint u digitaal nieuws op een e-Reader (dus alleen tekstueel nieuws) goedkoop te vinden?	O Euro……. O Weet niet

9. Bij welk bedrag per maand zou u overwegen om digitaal nieuws via een e-Reader (dus alleen tekstueel nieuws) aan te schaffen?	❍ Euro……. ❍ Weet niet

10. Bij welk bedrag per maand begint u digitaal nieuws op een e-Reader (dus alleen tekstueel nieuws) duur te vinden?	❍ Euro……. ❍ Weet niet

11. Bij welk bedrag per maand zou u niet meer overwegen om digitaal nieuws via een e-Reader (dus alleen tekstueel nieuws) aan te schaffen?	❍ Euro……. ❍ Weet niet

12. Welk bedrag per maand zou u bereid zijn te betalen voor regionaal en lokaal nieuws via een e-Reader (wat dus niet aangeboden wordt door andere kranten)?	❍ Euro……. ❍ Weet niet

13. Welk bedrag per maand zou u bereid zijn te betalen voor digitaal gepersonaliseerd nieuws (waarbij u dus zelf kunt bepalen welk nieuws u wilt ontvangen)?	❍ Euro……. ❍ Weet niet

14. Welk bedrag per maand zou u bereid zijn te betalen voor digitaal nieuws op een e-Reader als dit nieuws aan al uw verwachtingen voldoet?	❍ Euro……. ❍ Weet niet

15. Welk bedrag per maand zou u bereid zijn te betalen voor digitaal nieuws op mobiele apparaten anders dan e-Readers, (waarbij u dus ook de mogelijkheid heeft om foto's en video's te kunnen bekijken maar zonder de leeskwaliteit van een e-Reader)?	❍ Euro……. ❍ Weet niet

NEWCOM
RESEARCH & CONSULTANCY

We zijn bijna aan het einde gekomen van de vragenlijst. Tot slot willen we u nog een paar algemene vragen stellen over uw achtergrond.

16. In welke leeftijdscategorie bevindt u zich?	❍ Jonger dan 18 jaar ❍ 18-30 jaar ❍ 31-50 jaar ❍ 51-64 jaar ❍ Ouder dan 64 jaar

17. Wat is uw geslacht?	❍ Man ❍ Vrouw

18. Heeft u een abonnement op een krant of is er een 'vaste' krant die u regelmatig leest?	❍ Ja ❍ Nee → einde ❍ Weet niet → einde

19. Heeft u een abonnement op één van de onderstaande dagbladen? *Er zijn meerdere antwoorden mogelijk.*	❑ Telegraaf ❑ TC Tubantia ❑ Volkskrant ❑ de Stentor ❑ NRC Handelsblad ❑ de Gelderlander ❑ Brabants Dagblad ❑ Eindhovens Dagblad ❑ BN/DeStem ❑ Dagblad van het Noorden ❑ Parool ❑ Trouw ❑ Geen van bovenstaande ❑ Anderen

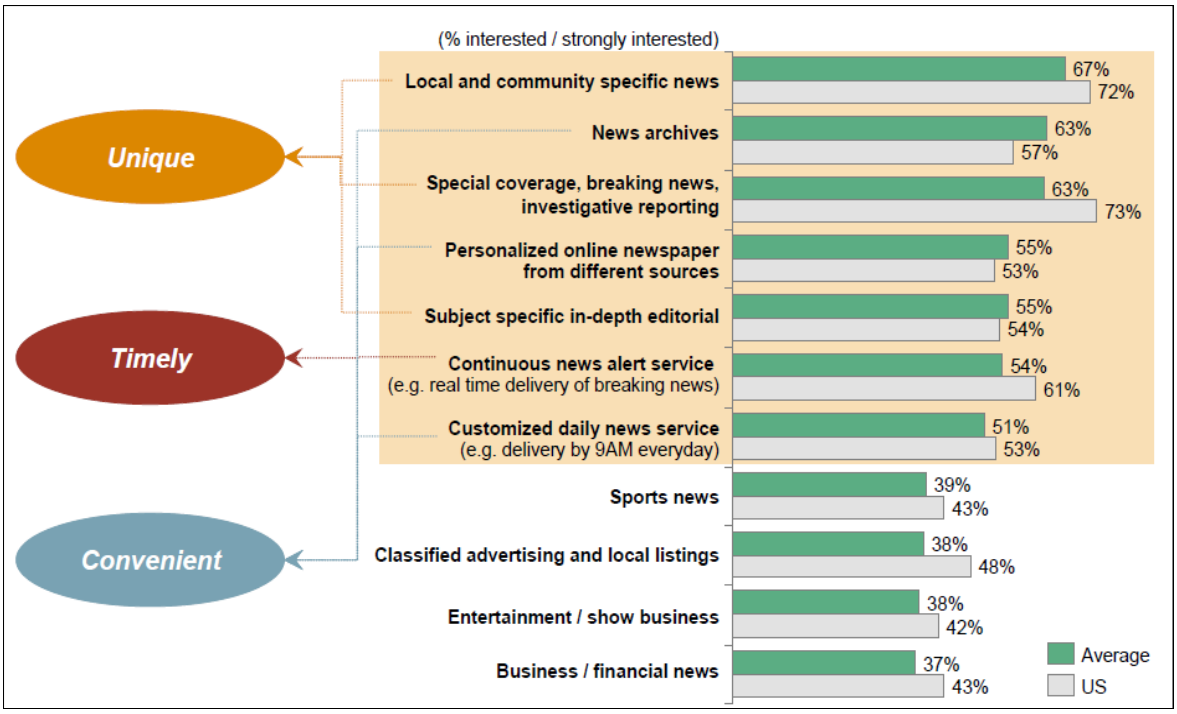
Einde

Dit is het einde van de vragenlijst. Hartelijk dank voor uw deelname. Wij wensen u nog een fijne dag!

Appendix C: Willingness to pay for digital news

Newspapers	Total	AP	EU	MEAP	LA	NA
Have already paid for	8%	10%	6%	13%	12%	6%
Would consider	34%	36%	32%	35%	40%	27%
Will not pay	58%	54%	62%	52%	48%	66%

(Nielsen, 2010. AP = Asia Pacific, EU = Europe, MEAP = Middle East/Africa/Pakistan, LA = Latin America, NA = North America).



(BCG, 2009)