Moving Towards a Data-Driven Business Model (DDBM) in the Online Newspaper Publishing Industry

Nettavisen Case Study

Mohamed Zaki, Tor Lillegraven and Andy Neely
Introduction

- The current strategy of news online start-ups to survive and compete against large incumbent publishing firms and new media players, such as Facebook and Google.

- The benefits and challenges associated with leveraging ‘big data’ to construct data-driven business models (DDBM) for online news businesses.

- How online news can use the ambidexterity strategy to explore or exploit business model opportunities.
Website and Mobile AD Event

FLOW OF ONE TYPICAL MOBILE AD EVENT

1. A mobile user visits a site or opens an app
2. That site or app sends a request to an ad exchange for an ad
3. The ad exchange starts a real-time auction
4. That auction may or may not be contextualized by additional information from a data management platform (DMP)
5. A real-time auction begins
6. Ad networks bid on that ad
7. The ad exchange selects the highest bid and sends the winning ad creative to the app or site
8. The user sees the winning ad and either ignores it, pays attention to it, or engages with it
9. Verification tools review the user for fraud
10. Attribution platforms measure that attention and/or engagement, and record that data in analytics
11. The mobile user continues on their way, unaware that multiple transactions occur in milliseconds at every click, tap, or phase shift in the app
The focus firm of this case study—Nettavisen—is moving towards a data-driven business model (DDBM), where user-buying patterns become increasingly important.

The firm aims to stop data leakage and use an ambidexterity strategy to explore DDBM opportunities.

This creates an opportunity for Nettavisen to understand better its cross-platform audiences.

Create powerful data journalism stories, streamline business processes and identify new products and services for customers.
Nettavisen’s History and Background

1996
Establishment of Nettavisen

1999-2001
Acquisition by Swedish IT company

2002-2007
Acquisition by TV2

2008
Separation and Growth

2013
Acquisition of blogg.no Blogging Platform

2014
Data-Driven Business Model
Nettavisen’s Current Business Model

• The basic business model of Nettavisen has traditionally been purely display-ad-based.

• The firm is free of concerns about cannibalising existing businesses and focuses only on attracting as many people as possible to its website.

• Digital media is highly dynamic which front-runners face a constant need for exploration.

• This was a key difference from a number of the established newspapers, which had to balance their online exploration with the need to protect the printed newspaper.
Competitive advantage

• Nettavisen had no journalistic legacy to protect. They had the freedom to publish news as it happens.

• Established news sites managed by publishers, who had to think about what news should be saved for tomorrow’s printed products.

• Through the acquisition of ‘blogg.no’, that has been seamlessly added to Nettavisen’s existing portfolio of websites.

• The blogger site is also creating new verticals for Norwegian advertisers.

• They use a network of thousands of individual Norwegian bloggers to provide content, which is also used to engage in a highly controversial strategy of blending commercial and editorial content.
Nettavisen’s Data-Driven Business Model

1. Target Outcome
Big Data Analytical approach to help Nettavisen’s editorial decision makers to improve user and advertiser experience.

2. Offering
- **Data**: Personalized content and curation to users
- **Information**: Gauge sentiment towards products and services users are likely interested in
- **Knowledge**: Advertisers’ profiles for automatic recommendations

3. Personnel Issues

4. Key Activities
   - **Data acquisition**: Blogging data, user generated and tracked mobile data
   - **Aggregation**: Merger of multiple diverse data sets
   - **Processing**: Near real-time processing
   - **Descriptive analytics**: Statistical dashboard
   - **Predictive analytics**: Content and advertising recommendations

5. Revenue Model
Advertising Revenue Model

4. Financial Resources Issues

5. Data Practicality Issues

6. Competition Issues

7. Collaboration Issues
Questions
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Invited speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 14&lt;sup&gt;th&lt;/sup&gt; 2015</td>
<td>The transition towards a data-business model</td>
<td>Dr. Mohamed Zaki, Dr. Tor Lillegraven &amp; Prof. Andy Neely</td>
</tr>
<tr>
<td>2016 Webinars</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan. 11&lt;sup&gt;th&lt;/sup&gt; 2016</td>
<td>Innovating Your Business Model: The Capability Assessment Tool</td>
<td>Prof Andy Neely</td>
</tr>
<tr>
<td>Feb 8&lt;sup&gt;th&lt;/sup&gt; 2016</td>
<td>Knowledge Management Capabilities of Lead Firms in Innovation Ecosystems</td>
<td>Dr. Chander Velu</td>
</tr>
<tr>
<td>Mar 14&lt;sup&gt;th&lt;/sup&gt; 2016</td>
<td>Critical success factors on the shift to services</td>
<td>Dr. Veronica Martinez</td>
</tr>
</tbody>
</table>