Service possibilities in the value chain of printed magazines

VTT Symposium on Service Innovation
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Current value chain of printed magazines

Reader

Publisher

Advertiser

Printer

Paper producer

Ink manufacturer

Machine manufacturer

Purchasing decision

Magazine

Paper as brand builder

Target group, media environment

Advertainment

Paper

Purchasing decision

Content data

Paper

PAPER PRODUCER
Times of change for magazine publishing

- How do people interact with tablets in general?
- How does magazine content consumption differ on tablet devices versus online or in print?
- Are there any user needs that aren’t being met?
- And if so, how can we use these insights to make richer, more engaging advertising?

- User behaviors around tablets – and digital magazine content in particular – are rapidly evolving
- 32.9% of people who had downloaded the app also purchase issues from the newsstand

Source: Bonnier
Current value chain of printed magazines

Reader

Purchasing decision

Magazine

Target group, media environment

Advertiser

PAPER PRODUCER

Paper

Printing, paper

Printing data

PUBLISHING

Ink manufacturer

Machine manufacturer

Paper as brand builder

Advertisement
Future Magazine

- Forest Sector and services
- What do service business and service design mean in the process industry?
  - As there are no machines or devices sold that could be maintained or repaired, what is the mindset that should be taken?
  - A stepwise servitization process is very challenging
  - There is a lot of knowledge of paper properties but is that enough?
Servitization of paper production

- Paper manufacturers have to identify together with various value chain actors possibilities for innovative uses of paper, and facilitate the development and utilization of these new possibilities
  - moving from pure manufacturing to *knowledge-intensive business services (KIBS)*
  - moving towards integrated solutions which are *bundles of physical products, services and information*
  - understanding the use context and the use value of goods and services and aiming to *create this value together with customers* and other actors linked to the value creation system
Future Magazine – case studies

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Hybrid media as a service

Using technology to take the print user to the digital content

Using technology to provide the digital user a physical product
Possibilities:

- Involving the users into the creation of appealing and useful applications
- Working together within the value chain
- Measurability
- Better understanding of users
- Interactivity
- Making printed magazines more interesting for the advertisers and the consumers
Social reading and publishing services

- Increasing number of on-demand printing services

- **Scribd.**

  "...world’s largest social reading and publishing company … easy to share and discover entertaining, informative and original written content across the web and mobile devices"
  - >70 million readers every month
  - >20 million embeds, >1 billion pages converted to HTML5
  - Tens of millions of documents published
  - Millions of readcasts every month
  - **Premium print options**
Future Magazine – case studies

HYBRID MEDIA
- Global potential
- Trends
- Magazines in the media mix
- Literature data

NEW TITLE LAUNCH
- How is it done now?
- What would be needed?
- Interviews with publishers in Finland

- What kind of services could be offered?
Current launching process inefficient

- The process for launching a new magazine title is not very efficient, and because of the inefficiency there is a high risk of not being able to launch a title on time, i.e. when the topic is trendy.
- Several talked about “lost possibilities”, meaning that permission was not given for testing an idea, or a new idea was not even thoroughly discussed.
- Two publishers reported having a structured approach in building a new service or application.
  - qualitative testing with new magazine concepts within the focus groups
  - concept idea testing with a large group of consumers.

→ Need for better and smarter utilization of trend data
Gradual erosion in readerships

- Lack of a long term plan
  - A lot of effort is given to increase the circulation of magazines, which in the worst case means that short term magazine subscriptions are sold at a very low price

- Gradual erosion in readerships
- New magazine titles are targeted to smaller and smaller target groups.
  - The big circulation magazines, have had a major role in financing the more experimental titles, but their share in total revenue will gradually decrease

- Losing advertisers on the print side is a real problem

→ Need for ways to support advertising in print
Conclusions

- Through close co-operation, the paper maker could offer knowledge that is very important for the publisher from the viewpoint of printed magazines.
- There are clear customer needs that could be answered by providing knowledge-intensive business services (KIBS):
  - Solutions to support advertising in printed magazines
    - Knowledge on the possibilities and advantages of combining print with digital (hybrid solutions)
  - Solutions to offer premium print services into social media services
  - Solutions for more efficient use of trend data and weak signals to speed up the process of new title launch
VTT creates business from technology