

Strategic Design Towards Platform Collaboration in The Newspaper Industry

A Design Science Research Study

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Technological advancements have transformed most content-based industries, and one industry that witnessed major changes is the newspaper industry. Online channels by newspapers continue to gain traction and generate complementary revenues besides traditional print channels. Moreover, publishers continue to make strategic investments into their online channels to achieve competitiveness and financial sustainability in the long run. However, these changes were accompanied with challenges as well. The popularity of ad-blockers and new competition by social media platforms (e.g., Facebook) continue to undermine the commercialization efforts among publishers.

In recent years, though, an increasing number of publishers opted to replicate their traditional print business in the form of digital subscriptions. Yet, digital subscriptions have their own difficulties; publishers need to convince readers to pay for online content. Secondly, the churn rate, which is the cancelation of subscriptions, is still at a high rate. This suggests there is a misalignment in the value proposition between publishers and readers to pay for online content. Meanwhile, technology organizations have recognized the potential to pool content by different publishers in the form of news aggregator platforms (Apple News+). But publishers are hesitant to accept new powerful intermediaries, as they fear to be commoditized.

In this kind of situations, competition literature suggests strategic alliances. Strategic alliances (e.g., industry consortia) are considered to be a way to create entry barriers for prospective rivals, or outbalance organizational shortcomings in a collaborative and competitive fashion. So far, most publishers, though, had very few avenues for collaborations and were largely non-commercial in their nature (e.g., data protection laws). As such, a strategic alliance among publishers in a commercial setup like operating a collaborative subscription service is an under researched area.

One solution to address the aforementioned challenges would be the development of a collaborative subscription prototype that takes the form of an interorganizational digital platform. First, a subscription service that aggregates a pool of online newspapers would simplify the boarding process for new paying subscribers. Secondly, having access to a large pool of different online content would arguably increase the value proposition for readers. As this kind of service has its potential, we lack knowledge as to how to design a collaborative and competitive (i.e., coopetition) subscription service in the first place. Therefore, we propose following research question: What are the design principles of a collaborative subscription service for the online newspaper industry?

To answer the research question, we draw on strategic alliance, digital platform, business model literature and apply design science methodology to derive design principles for prototypes that resembles a collaborative subscription service. This study could have major implications for the newspaper industry and propose an alternative to centralized news aggregator platforms.