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Abstract

Task submission based on SAGE Business case: Nettavisen Online Newspaper publishing

AssesSment 1

IT Portfolio theory and RBV - MIS782

# Competitive advantage of Nettavisen

* Nettavisen was established in Norway in 1996 as an online start-up which increased revenue and share in the Norwegian market through use of ground-breaking business models which enabled them to outrun legacy publishing companies (Zaki, Boe-Lillegraven & Neely, 2016). While the online technology was still new, legacy publishers were reluctant to invest in the new digital platforms but Nettavisen established an online news site within a few years which was one of leading sites then. This initial successful outcome gave an edge to Nettavisen over the competitors in Norwegian market.
* Nettavisen’s strategic intent was very clear as its desired competitive advantage. Nettavisen focused only on having as many consumers as possible for its website. While other competitors had to balance between online and printed media, Nettavisen, being online news site, had freedom to publish news on the go rather than keeping it for another day to publish which gave them competitive advantage in the market (Zaki, Boe-Lillegraven & Neely 2016, p. 6).
* Nettavisen has been moving towards a business model where pattern of user’s purchase is one of the important aspects. Big data strategy is being pursued by them to analyse user data across web (social media, blogging data, purchase history etc) on different platforms such as desktop, tablets and mobiles for decision making which will be improving user and advertiser experience. This is a strategic move by Nettavisen which will help editorial decision making and have its own Data Driven business model (DDBM). Nettavisen’s management is quite transparent and practical about its aims for the Nettavisen, which involve product development, exploring and capturing new marks and quality improvements. Realizing the potential of big data analytics, Nettavisen is trying to push the boundaries of online exploration.
* Nettavisen had no legacy to protect, as opposed to established news companies which had brand name to manage. Nettavisen acquired ‘Blogg.no’ in 2013, a blogger site in Norway, added seamlessly to its existing portfolio of website. This blogging community has network of thousand of Norwegian bloggers which provide content to the site and new verticals for Norwegian advertisers. The verticals provided by the bloggers are targeted by the advertisers and brand products to be associated with specific bloggers. The revenue generated from user hits to the blogger’s site is shared by Nettavisen and each individual blogger.
* Nettavisen uses internal data (existing databases) as well as external data sources (social media. blogs) which are used for advertising, sales, user management, web logs etc. The firm collects unstructured data from multiple digital channels (ex. Images, video, texts from social media such as Facebook, Instagram, twitter etc) to understand needs of online users. Nettavisen obtains continuous feedback from blog data which helps them to be more reactive towards real time market demands and try to attach more users to the news site.
* The approach by Nettavisen in online publishing pushed the competitors to do online experimentation more aggressively. Nettavisen’s current approach to move towards data driven business model that can understand audience needs through creativity and imagination which is strategic investment to gain competitive advantage over media such as Facebook and google. They use their own data sets as well as external big data sets and aim to reduce data leakage in Norwegian market.

# RBV and IT Portfolio

Nettavisen management is relatively clear and realistic about objectives for the company, product developments, capturing new markets and improving quality are most important of them.

Nettavisen has been moving towards Data driven business model since 2014, critically thinking of user buying pattern on digital platform accessed via desktops, mobiles and tablets across different media channels.

* Resource based view (RBV) of Nettavisen
  + - Nettavisen has young and diverse workforce of 76 employees, ageing in thirties on average, most of them are with online experience and approximately 50% of the employees have some experience from printed media (Zaki, Boe-Lillegraven & Neely 2016, p. 8).
    - They Invested in blogging site ‘blogg.no’ which was seamlessly added to portfolio of Nettavisen and it created new verticals in Norwegian market and these verticals were targeted by brands to advertise their products which increased revenue of Nettavisen.
    - Investments in Big data analytics to implement its own Data Driven business model
    - Revenue generated from traffic on blogger’s site is shared between bloggers of the site and Nettavisen which was one of the managerial capabilities of the firm.
    - No journalistic legacy to protect and had freedom to publish the news as it happened.
    - Nettavisen offered better salaries offered than its competitors in Norwegian market.
* IT Portfolio of Nettavisen
  + Strategic IT investments: Nettavisen focuses on increasing users of online news site and had made strategic investments accordingly
    - Acquisition of ‘blogg.no’
    - Moving towards Data Driven business model (DDBM) through big data analytics
  + Informational IT investments:
    - Internal and external data sources:
      * Social media
      * Blogging
      * Click stream data
      * Mobile data
    - Advanced algorithms are being used to understand reader habits and generate relevant content and advertising for readers.
    - Continuous feedback is received through blog data helps the firm to be ready for real time market demands.
* VRIO:
  + First mover towards DDBM considering the big data and online platform as most assuring business prospects in future.
    - Nettavisen has been moving towards DDBM since 2014 considering importance of user buying patterns (Zaki, Boe-Lillegraven & Neely 2016, p. 6).
    - Big data strategies are being pursued to analyse high volume of user data (browsing data, texts from social media, blogged content and purchasing habits across different devices)
    - Big data analytical approach will be used to help Nettavisen’s editors for making decisions to improve experiences of user and advertisers.
  + Currently the resources and capabilities held by Nettavisen are quite rare and competitors are trying to imitate them but struggling with implementing disruptive data driven business model.
  + Internal Issues:
    - Personal Turnover
      * Nettavisen is reluctant towards investment for long term in dedicated resources to build in-house teams as high risk of top employees of firm being hired by competitors persisted.
    - Collaboration
      * Acquisition of ‘blogg.no’ brought a challenge to collaborate between the firm and the bloggers as bloggers have their own agendas, it is challenging to integrate them into the Nettavisen’s procedures and beliefs.
    - Lack of data practices
      * Issue with linking of internal and external data sources
      * Multi-channel view complicates ambition of understanding user needs and behaviour
      * Lack of computing capabilities to link audience preferences to real time advertising through current analytics tools (Zaki, Boe-Lillegraven & Neely 2016, p. 10)
  + External issues:
    - Competition
      * Legacy brands are integrating their online and print operations which enabled well-known brands to pursue consumers and generating revenue.
      * Presence of millions of websites make the advertising rates highly competitive and are kept low.
      * Google and Facebook are currently seizing most of the search and displaying advertising in markets of Europe (Stone, 2014).
    - Financial resources
      * For Nettavisen to generate revenue and stay competent in Norwegian market, a distinct quality product is required which should support cost effectiveness of firm, diverse revenue streams and focus on niche audience.
      * Revenue generated by online traffic amounts to approximately 70% of total revenues while there has been growth in other services such as shopping and betting.

(Zaki, Boe-Lillegraven & Neely 2016, p. 11).

* Conclusion
  + Current trends are pointing towards increase in usage of digital platforms. The survey by Bain & Company in 2013 showed there is rise in usage of digital platform for consumption of media driven by mobiles and tablets and there has been power shift to consumers who can decide what content they want to view (Colombani, 2013). Nettavisen had in excess of 5 million visitors in first week of November 2014 (Maeland, 2014). Out of these 5 million, 2.2 million were from mobile users. These numbers are huge considering population of Norway is around 5 million and Nettavisen being as online platform with such stats, it is likely to have higher market shares in near future.
  + IT portfolio theory and RBV helps in understanding temporary competitive advantage of Nettavisen in Norwegian market. I am saying it as temporary because of the employees which Nettavisen have may not be considering long term stay in Nettavisen as they just want the Online publishing in the resume and Nettavisen is reluctant towards any in investment towards dedicated resource building considering the potential risk of losing top employees to the competitors.
  + VRIO helped to understand that even though Nettavisen currently holds resources such as blogging site which is rare, valuable and inimitable but it is not very organised which means if Nettavisen is not able to get hold of its resources and have them organised to get in line with firm’s procedures and beliefs, it is likely that the competitive advantage will be proven to be temporary.
  + Strategic investment by Nettavisen to build its own DDBM to enhance user and advertiser experience and generate bigger revenue is one of the key aspects in Norwegian markets considering other competitors are struggling to implement disruptive business model. The management realised potential of big data and online platforms to build on its current model and aims to improve quality of services (Brownlow et el., 2015).
  + Since separation from TV2 in 2008, Nettavisen seen revenue loss until 2011, when they first became profitable after 15 years of its establishment, reason was increase in sales revenue, growing traffic and control on costs. They have minimised boundaries between editorial and commercial content which helped user experience (Zaki, Boe-Lillegraven & Neely 2016, p. 9)
  + Nettavisen also aims to stop the data leakage in Norwegian markets considering potential competitors such as Google and Facebook who are trying to capture most of the search and advertise in European market.
  + Different IT goals needs to have different IT investments (Weill & Aral, 2006), as Nettavisen is focused toward consumer experiences, they have invested in strategic and Informational assets for achieving it.

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